

RISE OF THE ROBOT ESTATE AGENT: STUDY EXAMINES THE FUTURE OF HOME BUYING

New technologies are transforming the way people buy a home, according to HSBC's latest Beyond the Bricks home buying report, *The future of home buying*.

The report combines results of more than 9,000 people in nine countries with insights from leading Property Technology (PropTech) expert James Dearsley. Dearsley predicts property will be the next industry to face disruption, with property websites using technologies such as artificial intelligence and virtual reality to transform each stage of the home purchase and deliver end-to-end services including many of those traditionally offered by estate agents.

PropTech is becoming the new FinTech (financial technology) and will bring similarly radical changes over the coming years. Funding of disruptive Property Technology firms has grown phenomenally, from USD221 million in 2012 to over USD2 billion in 2016¹.

According to Charlie Nunn, HSBC's Head of Group Retail Banking and Wealth Management:

"The process of buying a home will change beyond recognition in the coming years. It will be a more streamlined transaction, with buyers and sellers having greater control and relying much more on technology. The speed at which the digital revolution in home buying rolls out around the world will depend on local regulatory environments and people's willingness to trust technology for such an enormous purchase."

An easier process

Dealing with the many people involved (estate agents, solicitors, sellers and developers) was identified by 37% of recent home buyers as the most stressful part of the home buying process, followed by negotiating the price (29%), fees (28%), and understanding the legal paperwork (24%).

According to Property Technology expert James Dearsley:

"New technologies have the potential to disrupt the property industry by making the purchase process much easier and reducing the number of people involved in a sale, so that buyers and sellers feel more in control."

We are already seeing the rise of online do-it-yourself platforms, such as Tepilo in the UK, that allow home owners to market their own properties and negotiate directly with sellers. All houses may be sold this way in the future, with property websites offering end-to-end marketing, search, financing, negotiation, transaction and conveyancing services that significantly reduce the time and hassle for home buyers.

¹www.cbinsights.com/blog/real-estate-tech-startup-funding

For traditional estate agents, this means a radical redefining of their role to become technology providers and expert advisers.”

A drone’s eye view of the property market

Finding a property is already something that is largely done online, with almost nine in ten (89%) recent home owners looking for available properties online and a similar proportion (86%) searching online for house prices. UK home buyers are the most digitally active home hunters, with 93% using online channels to research their recent property purchase, compared to only 67% in the UAE.

According to James Dearsley:

“With most people already doing their property research online, the days of physically visiting an estate agent’s office may be almost over. Property websites will become considerably more sophisticated, using big data to bring more and better properties in front of prospective buyers and taking over much of the traditional estate agent’s role.

There will be no more ‘fifteen minute windows’ to view a property. Virtual reality will allow home buyers to view more homes, narrow down their choice and then ‘live’ in a virtual version for several days to truly try before they buy.”

Ready for robots?

When it comes to home buying finances, almost three-quarters (74%) of recent home buyers researched finance options online.

Mortgage brokers and banks are still the most trusted sources of mortgage advice (41% and 35% respectively), while only 11% of people have embraced the idea of using robo-advisers such as chatbots and humanoids for mortgage advice according to HSBC’s separate Trust in Technology survey.²

James Dearsley comments:

“Brokers are still the most trusted source of mortgage advice but in an increasingly time-poor society, banks, mortgage brokers and advisers will need to offer instant service and analysis to meet the rising expectations of consumers.

We can expect to see more on-demand services, retaining the important human touch but provided digitally through live chat or video. With all of our personal information held digitally, not physically, AI will assist by analysing personal data, assessing lending criteria and narrowing down product options. This will allow instant mortgage approvals and mortgage solutions that are much more tailored to individuals’ needs.”

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Media contacts: For more information or to arrange an interview, please contact Nick Gaff (nick.c.gaff@hsbc.com; 0774 7244 774)

² HSBC Trust in Technology survey 2017

The research

Beyond the Bricks is an independent consumer research study into global home ownership, commissioned by HSBC. It provides authoritative insights into peoples' attitudes and behaviour towards home buying, renting and funding around the world.

This factsheet, *The future of home buying*, represents the views of 9,009 people in nine countries: Australia, Canada, China, France, Malaysia, Mexico, UAE, UK, USA.

The findings are based on a survey of home owners and non-owners aged 18 or older from a nationally representative online sample in eight countries and a nationally representative face-to-face sample in the UAE. The research was conducted by Kantar TNS in October and November 2016.

Figures in this factsheet are from HSBC's Beyond the Bricks survey unless stated otherwise.

James Dearsley

A global commentator and keynote speaker on the subject of property technology, James was voted the most influential person in PropTech in 2016 by mortgage lending and investing marketplace, LendInvest. Having spent 15 years working in UK and international property markets, James is the co-founder of PropTech Consult, a firm that specialises in helping global corporations and smaller start-ups to understand the digital transformation taking place in the property sector.

Definitions

Recent home owners/buyers: Those who bought their home in the last two years.

Property technology (PropTech): Use of new technology to innovate and streamline processes in the property sector.

Artificial Intelligence (AI): The use of machines and systems to imitate intelligent human behaviour.

Estate agents: Professionals involved in the selling and renting of buildings for individuals or businesses. Also known as real estate agents or realtors.

Solicitors: Members of the legal profession qualified to deal with conveyancing, the drawing up of wills and other legal matters. Also known as attorneys.

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