

# Stone castles can be tough to renovate

By [Marcél du Toit](#)

14 Oct 2020

Stop me if this sounds familiar. You're in the market for a new home, and your estate agent takes you to see a series of houses that are totally out of your price range or that tick none of your boxes. As a seller, you get streams of uninterested or unqualified people traipsing through your home, and you end up paying fees of anywhere between 5% and 7.5% of the selling price for the privilege.



Marcél du Toit, CEO of residential property platform Leadhome

For years, the South African real estate industry has existed like this. Change? There was no reason to. There were few market disruptions or new entrants, and so it continued with its antiquated business model: stagnant, stuck in time, and profiting off lack of choice. Enough already. Times have changed, and real estate should too.

## Lack of certainty, transparency

The biggest gripes about the old model are the lack of certainty and transparency for the consumer, and the sheer cost of using an estate agent. Consumers don't know what their estate agents actually do for them, and they're paying through the nose without really understanding why. (Hint: what you're paying for is a long line of mouths to feed, starting with the franchisor, then the franchisee, and then the agent themselves. At each stage, there's a layer of costs, like offices, brochures, advertising and overheads. It's like a black hole.)

Thankfully, technology is changing everything – and it's all in favour of the consumer. That's bad news for the old-school real estate industry, which has largely failed to incorporate any technology solutions into its model. But it's great news for the South African consumer who is increasingly getting ease of experience, value for money, and a range of benefits from their property experience.

## Putting lipstick on a pig

But wait, the old boys club will shout. We're doing technology too! Look, we advertise online. Hey, we even have Facebook pages. What they fail to realise is that taking old processes and simply putting them online is not transformation. It's putting lipstick on a pig.

They fail to recognise that in 2020, consumers live online. Most prospective home buyers start their search there. They look at and buy things online all the time. Consumers are gravitating towards open platforms, like Amazon and Uber, which bring buyers and sellers together quickly and easily.

That's why one of the key inefficiencies that the new generation of estate agents is eliminating is the laborious manual process of setting up home viewings, as potential buyers now have the ability to book home viewings online. This is an important benefit: if a potential buyer sees a property that they like, they want to view it now. Not in a few days, after the estate agent finally gets around to setting up a viewing. Now. And then, once they've taken a virtual tour of the house and they're still interested, suddenly we have a real live lead.

## **Agents more efficient**

Using technology to underpin the entire buying and selling process doesn't just cut out the expensive middle layers and pass massive savings directly on to the customer. It also makes our agents far more efficient. Where 'traditional' agents in South Africa sell an average of 0.6 properties per month, or around R1m worth of monthly sales, our agents sell an average of 3.5 properties per month, or around R5m per month.

That's because we're driven by real-time data, which helps us understand the real value of each of our properties at a certain time. We work with the facts when setting pricing, and test the market to ensure sellers get the best possible price for their property. This is probably why we tend to sell properties quicker than most (35 days, versus the current industry average of 105 days).

## **Total transparency**

But perhaps the biggest benefit of technology is the ability to pioneer total transparency, where every seller knows exactly what they're paying for and what's happening with their transaction. They know how many enquiries there have been about their property, how many serious leads were screened to view, and exactly what the feedback was afterwards. Our consumers are at the centre of the journey and can track every step of the way on their custom online dashboards.

The nay-sayers (and the old boys' club) will try and dismiss the disruptors as 'online agencies'. They'll talk about the importance of high-touch, trust relationships in selling and buying a home. In that regard, we couldn't agree more. We fundamentally believe in the role of an agent and their expertise in the home buying and selling process. We just think the existing product is fundamentally not in favour of the consumer.

In the end, we're not here to disrupt anything. We're here to champion the consumer, and give them the choice and transparency they've been craving until now. If that ends up disrupting the old way, so be it. Any model that wasn't 100% focused on the consumer was due for extinction anyway.

## **ABOUT THE AUTHOR**

Marcel du Toit, CEO of residential property platform Leadhome

For more, visit: <https://www.bizcommunity.com>