

Worldwide trust crisis forces real estate agents to adapt

The 2017 Edelman Trust Barometer has revealed that people around the globe are losing faith that "the system" is working in their favour.

This worldwide trust crisis has created a general climate of cynicism and fear affecting both political institutions and commercial organisations. The real estate industry is no exception and local experts say adapting is becoming essential.

"When it comes to trust, the real estate industry has more obstacles to overcome than most," says Schalk van der Merwe, franchisee for the Rawson Properties Helderberg Group.

"It's no secret that the industry of old developed a reputation for poor service and unprofessionalism. That's no longer the case - the establishment of the Estate Agency Affairs Board has done a huge amount to improve industry standards - but the damage done to the public's trust was severe, and we're still fighting against those old stigmas."

As a result, some consumers in the market to buy or sell property may be tempted to bypass agents altogether by adopting technology-only solutions. Technology remains one of the most trusted industries worldwide (76% of the general population believe technology to be trustworthy, according to Edelman's survey). The efficacy of these solutions in real estate, however, remains to be proven.

"A lot of people think real estate agents will be replaced by software altogether in the next few years," says van der Merwe, 'but if you look at the numbers, the opposite seems to be happening. More people are using real estate agents than ever before, which proves that technology alone isn't providing a good enough option."

Van der Merwe's observations are supported by research conducted by San Francisco-based venture capital firm, 8VC, which found the demand for real estate agents or brokers rose from 69% in 2000 to 88% in 2016. Local statistics are less easily accessible, but anecdotes from South African agents suggest a similar trend to be happening here.

"Technology may be trusted, but it often lacks transparency and authenticity, and it does little to address the emotional side of property transactions," says van der Merwe. "That's a big part of the experience and plays a huge role during negotiations, and it's an area in which the human touch can really make all the difference."

So, if technology alone can't fulfil consumers' real estate requirements, and the public remains dubious about the honesty of brokers, what can be done to renew people's faith in the industry?"

"I think the answer lies in the combination of people and technology," says van der Merwe. "As agents, we have to put customer experience first, address the public's fears in an open and honest manner, and provide service that is relevant to today's needs. Old school techniques aren't enough anymore - we need to move forward and embrace all the available tools, including technology."

This transformation is currently being driven by the EAAB in its mandate to "promote the standard of conduct of estate agents having due regard to the public interest" and 'prescribe the standard of training of estate agents". In order for the changes to be truly successful, however, van der Merwe believes consumers will need to do their part as well."

"As a consumer, your choices can either support positive change or delay it," he says. "Choosing an agent based on the cheapest available option undermines the skills and abilities of properly trained and experienced agents and encourages a lower standard of service delivery. That's not to say agents shouldn't be expected to justify their fees - they absolutely should - but choosing cheap for cheap's sake is never going to get you a better customer experience."

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