

Technological innovation set to change real estate industry

The internet and technology in general have substantially changed the South African residential real estate industry, with many of the innovations seen globally embraced by estate agencies locally.



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"According to the National Association of Realtors in the United States, 90% of consumers now begin their real estate journeys on the web. And we are seeing similar trends here in South Africa," says Dr Andrew Golding, chief executive of the Pam Golding Property Group.

"In addition, the California Association of Realtors says more than eight out of ten home buyers are accessing home information on their smart phones and computer tablets in a trend to mobile which is also mirrored in South Africa, and probably set to increase even further as our access to more bandwidth improves.

"A recent study released by researchers at the University of Colorado and Carnegie Mellon University found that fibre-optic connections can add \$5,437 to the price of a \$175,000 home - about as much as a fireplace, or half the value of a bathroom," Dr Golding explains.

Fibre to home

"This is to some extent being mirrored here in South Africa with the introduction of 'fibre to home' across entire suburbs, such as Parkhurst in Johannesburg, and in the process, undoubtedly adding value to the suburb itself and the properties within it. Such features are also being incorporated as standard in many new upmarket developments such as Steyn City and Park Central in Gauteng.

"For estate agents, the use of tablets for presentations to clients is now commonplace, giving real time listing information and enabling quick and easy storage of notes, templates and presentation discussions. Some companies now have proprietary software that facilitates e-mail reports to sellers and follow-ups with buyers regardless of the device they might be using," Dr Golding says.

"However, one interesting technological innovation that has not yet reached our shores from a real estate perspective is Google Glass. The high-tech internet-powered computer, which is worn like a pair of eyeglasses, debuted to the general public in the US recently, at a unit cost of \$1,500. But well before its full-fledged consumer launch, it had already begun trickling into the real estate industry, particularly on the residential side."

For example, in June 2014 real estate company Trulia, launched an app for Google Glass which allows users to see alerts about nearby for sale apartments while walking around a New York neighbourhood. Users can also browse photographs of homes, save a listing and contact an agent through the app.

Pace is accelerating

"Whether or not this particular innovation takes hold in South Africa remains to be seen, but what seems certain is that the pace of technological advances is set to accelerate exponentially in the coming years and that residential real estate - being the multi-trillion dollar industry it is, is likely to benefit," adds Dr Golding.

"The big question, of course, is whether or not these technological innovations will lead to significant changes to the role and function of the individual estate agent. As is the case with many other industries, some argue that some degree of disintermediation by technology is inevitable.

"Another view is that, unlike the disintermediation of the travel industry, for example, where direct booking on-line is commonplace, the real estate industry finds itself in a world where house prices are typically three to five times the annual household income of the buyers, a home purchase is significantly more complicated and risky than booking a vacation and residential property is as distinctly individual as the people who buy and sell it. To date, there is no technology that can overcome this fundamental fact and mitigate the risks associated with it," he concludes.

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