

SA estate agents welcome proptech, digital transformation a non-negotiable

Over 60% of respondents in the third annual [PayProp State of the Rental Industry Survey](#) saw automation increase in their businesses over the course of the past year, and almost 70% believe that automation will have a positive impact on their job over the next five years.



Source: Gallo/Getty

The survey, which highlights real estate professionals' views and experiences surrounding proptech, their rental portfolios, landlords, the impact of Covid-19 and the outlook for 2022, indicates that technology is no longer an optional extra, says Johette Smuts, PayProp SA's head of data analytics and author of the report.

"The business benefits of digital transformation make it a non-negotiable in any estate agency's day-to-day operations," she says.

Tenant outlook

In other findings, the pandemic's financial impact on consumers is still evident in the 2021 survey results, Smuts continues. "Many tenants lost their jobs or at least part of their income, and the unemployment rate is at an all-time high. Affordability remains an issue for many tenants and is one of the main factors behind sluggish rental growth over the past two years."

She says 71.5% of participants reported implementing lower than usual rental increases in 2021 (compared to 70% in 2020), with 24.2% saying increases were roughly the same as always (compared to 23% in 2020).

The ongoing financial impact of the pandemic is also evident in rent arrears. As PayProp's quarterly Rental Index reports, arrears peaked among PayProp's client base in 2020, but have been improving steadily since. "Our survey participants, including a broad base of property professionals within and outside our client base, have now confirmed this trend. 45% said arrears were worse than before the pandemic, compared to 77% in 2020. 43.5% said they were about the same in 2021 as before the pandemic, compared to 20% in 2020. And almost 12% said that tenants' arrears position had improved," says Smuts.



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The landlord position

Landlords were not immune to the effects of the pandemic, with some choosing to manage their own rental portfolios rather than through a rental agent. Others are reportedly putting increased pressure on agents to renegotiate the commission they pay. Almost 63% of industry professionals said they lowered the commission they have been charging during the pandemic to keep a landlord as a client (in line with 2020's 65%).

On a more positive note, survey respondents indicated that landlords are becoming more informed on the industry itself. 52.7% said they don't think landlords have a good understanding of the rental market, a significant improvement compared to 2020 (65%) and 2019 (74%).

Business priorities

The accelerated move towards doing business digitally has unfortunately also brought a rise in global cybercrime along with it, but the survey shows property professionals recognise the threat and understand that client money protection is paramount. More than 50% of respondents said that safety of client funds is their number one consideration when it comes to proptech. A further 18% cited systems security as their first priority. Rounding out the top three was support: as proptech is increasingly critical to their businesses, agents want to know they can access help quickly.



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Rising to the challenge

When asked what the most challenging part of their rental businesses is, a third of survey respondents indicated that, as with the previous year, finding quality tenants was the hardest element. However, this percentage dropped from 51.5% of respondents in 2020 to 31% in 2021, showing substantial improvement. 26.5% said finding new rental properties is their biggest challenge, pushing this worry into the top three challenges for the industry. The third biggest challenge, chosen by 20.7% of participants, was managing tenant arrears, in line with 2020.

Optimism abounds

Despite challenging market conditions, Smuts says that business owners and partners were almost twice as likely to have considered buying another agency than selling their own this year. She says that it's encouraging to see that this optimism also extends beyond the boardroom with 81.6% of the survey participants feeling optimistic about the future of the rental industry.

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