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

New technologies are transforming the way people buy a home in Malaysia and globally, 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 (Australia, Canada, China, France, Mexico, United Arab Emirates, United Kingdom, United States) including Malaysia, with insights from leading Property Technology (PropTech) expert James Dearsley. The views of 1,000 people in Malaysia were obtained for this report. 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 RM 945 million (USD221 million) in 2012 to over RM8.5 billion (USD2 billion) in 2016.

According to Lim Eng Seong, Country Head, Retail Banking and Wealth Management, HSBC Bank Malaysia, "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".

"The traditional role of estate agents would be reinvented as we now have many online platforms where home owners can market their own properties and negotiate directly with sellers," added Eng Seong.

Currently, UK is leading with the most number of digitally active home hunters with 93% of them using online channels (website, mobile, emails, etc) to research their recent property purchase. Malaysia is ranked sixth among the nine countries surveyed, with 81% of digitally active home hunters.

However, Malaysia is ranked amongst the top three in the nine countries surveyed, when it comes to researching financing options with 77% of Malaysian home buyers going online to do this compared to the global average of 74%. UK is the top country for this with 88%.

Easing the pain

Dealing with the many people involved (estate agents, solicitors, sellers and developers) was identified by 49% of recent home buyers in Malaysia as the most stressful part of the home buying process, followed by negotiating the price (41%), fees (39%), and understanding the legal paperwork (38%). Globally though, the figures were lower with 37% of recent home buyers identifying it as the most stressful part of the home buying process, followed by negotiating the price (29%), fees (28%), and understanding the legal paperwork (24%).

"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,” said Property Technology expert James Dearsley.

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

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 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. However, Malaysia has a higher average at 77%, ranked after UK, USA and Australia.

Surprisingly, 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.*

“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,” said Dearsley.

“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, Artificial Intelligence (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.”

HSBC has identified some practical steps which may help people realise their home ownership ambitions:

1. Empower yourself with knowledge
Ensure you make informed decisions. Make the most of online tools and services to help you to find out more about the properties and areas you are interested in and the financial options available to you.
2. Be clear on your priorities
New tools are on the way to allow you to view properties in much more detail from the comfort of your own home. With such visibility, being clear on your priorities for a property will help you narrow the search quickly and efficiently.
3. Don't get left behind
Digitisation of property and personal information should help streamline the purchase process in future. Keep yourself up-to-date with new technology to ensure you feel comfortable using it to help you.
4. Consider the experts
As buying a home becomes a more digital/online process, think about which tasks you feel comfortable doing yourself and where you may benefit from expert advice to help you navigate the home purchase process more successfully.

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About HSBC in Malaysia

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The Hongkong and Shanghai Banking Corporation Limited

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