



# The **Alto**gether **Future** of **Estate Agency Report**



**After a game-changing year, what's the future looking like in terms of the way estate and letting agents will operate?**

We spoke with both Alto experts and industry professionals to get a sense of the biggest trends in estate agency right now, focusing on:

- Which working styles will become more popular and which will decline?
- Where will agents work - and what will those workplaces look like?
- Have we reached a tipping point with the adoption of proptech?
- What will rapidly evolving customer needs mean for agents?

# 1. The self-employed spike

**The majority of experts we spoke to felt that the estate agency model will continue to shift towards self-employment.**

Despite the property market being a stand-out success during the pandemic, it hasn't been immune to the changes in working patterns seen in other industries.

We are now seeing more self-employed agents operating than ever before – and the rise of US self-employed concepts here in the UK continues to influence the market.

Self-employed agents have been lured by the prospect of more flexibility, the independence to shape the kind of business they want to run and longer term financial goals.

Starting off afresh can also have its benefits in terms of tech.

With portals such as Zoopla bringing together portal, data and software solutions under one roof, self-employed agents can lay the groundwork of a fully connected business from the very beginning.



There are risks of course, not least the financial security when compared with full-time employment in more traditional UK agency models.

We have no doubt that more traditional models will coexist, but expect to see the number of self-employed agents keep increasing

These self-employed agents are likely to respond to new niches emerging in the market.

Many will move towards a more bespoke service. They'll tend to have curated sets of listings that will allow them to offer a personal service to vendors.

And, harnessing local social media groups and virtual viewings will be key to their success.

Nicky Stevenson, managing director at Fine & Country UK, said last year that she expects self-employment to become a preference for more estate agents once the lockdown measures are fully lifted.

One industry professional we spoke to said that in the next ten years, up to a third of estate agents will be on the self-employed model.

It is difficult to gauge the exact number of self-employed agents currently in the UK but the numbers are certainly rising year-on-year, as new models continue to enter the market.

In February 2021, eXp UK, the American model which launched here in November 2019, said it now has more than 150 self-employed agents, earning a minimum of 70% of the commission they generate.

## 2. Harnessing the right tech for the right results

### **Technology will play an increasingly important role in the day-to-day running of estate agencies**

From virtual viewings and 360° tours, to e-signature solutions and property management software, there is no doubt that technology is transforming the way in which estate agencies operate.

And there is a general consensus that our industry's dependency on tech will only

increase, particularly with the potential extension and widespread adoption of remote working.

Expect to see technology used increasingly to improve service and communication with customers, to enhance collaboration between colleagues and to improve the efficiency of processes.

The best approach any modern estate agent can take today is to be open to the



right innovation for them, and using it to complement rather than replace what they already do.

Software and digital solutions are rapidly changing the way businesses are run and as the capability continues to increase, so too will the opportunities.

**Some of our top tech predictions:**

- A growing use of behavioural data to find future vendors earlier among passive homeowners, to address the ongoing supply shortage
- Virtual viewings becoming the norm, to pre-qualify buyers, meaning the in-person viewing becomes a higher conversion activity
- Social media continuing to grow in importance, but in new ways. Facebook is

emerging as the place to reach mature buyers, while newer platforms such as TikTok offer opportunities to tap into Generation Z and nurture them into future buyers

- Greater connectivity between platforms, with new APIs moving agents towards a single view of their whole business
- The emergence of new tech in related industries such as conveyancing, to address backlogs from the historically busy market in 2020 and 2021
- A focus on tech that can help give customers always-on online communication, such as Alto's PropertyFile integration
- Smaller agents getting to grips with digital marketing, using retargeting, SEO and paid other paid activity to get the brand response they want

### 3. The rise of the office hub

**Many businesses will continue to consolidate their branch networks in favour of central office hubs, allowing them to get the best of both.**

There's been a lot of debate in recent years about online vs, high street agents and whether there remains a future for traditional bricks and mortar estate agencies. In fact, the reality is that there is room for both.

Perhaps the more pertinent discussion is where will those businesses operate from?

The rise of self-employed agents mentioned earlier will clearly have an impact, but even some of the more traditional agency models are beginning to question what return on investment they get from prominent high street locations.

More and more agents are reducing their branch network and working from a central office hub.

In some cases, this is a larger customer-facing premises that consolidates existing branches.



In others, it's a remote hub facility, or even a shared office in co-working spaces.

One report published by property industry data analysts TwentyCi shows that 339 estate agency branches closed during 2020.

With calculations by one contributor to Property Industry Eye putting the estimated average cost of a high street branch at £132,000, it's easy to see the benefits of closing individual branches and working from a central hub office.

There is, of course, a wider issue at play here, namely the future of the retail industry

COVID-19 accelerated the shift towards online shopping, but it was already a trend in full flow.

In fact, research shows more people are shopping online now than they were when stores were closed during coronavirus lockdowns.

With the continued growth of retail parks and supermarkets rapidly shifting to a concession model, offering a range of services under one roof, footfall continues to move away from the centres of settlements towards outskirts.

Wherever the physical branch is, many of our experts felt that branches might move towards being more experience-led, with luxury, engaging experiences for clients that they can't get remotely.

This would mirror trends seen among high street retail success stories in recent years.

## 4. Customer demands changing the working day

### **Traditional working days will cease as agents use flexible working models to meet growing consumer demand**

One other prediction that we can confidently make is the end of traditional daytime working patterns for estate agents.

A combination of factors, including changing agency models and enhanced technology are transforming how and when agents communicate with consumers.

Time-pressured buyers and sellers are often only available in evenings and weekends, and processes are adapting to reflect this. It seems inevitable that working patterns will too.

In fact, there is evidence that this trend goes beyond the property industry. A survey by YouGov back in 2018 showed just 6% of UK workers do a traditional 9-5 working day.

The archetypal 9-6, Monday to Friday, week in the office would appear to be long gone >



and now there's a chance to create a more dynamic, flexible, tech-led workforce.

Tools such as Alto's PropertyFile, which allows for open communication with vendors and applicants online 24-7, will help agents move towards working in a more optimised way, with tech helping them reduce the out-of-hours admin burden.

That's not to say there won't be challenges in terms of moving towards more flexible working.

Many employees will still prefer the structure that comes with more set working hours, particularly if they're in non-customer-facing roles.

Carefully managing the preferences of these workers will be key.

Agents have always felt the pressure to be always-on. But with the changes in the last year, many will be feeling that pressure more than ever.

As such, our experts felt that agent wellbeing will rightfully become more of an issue in the coming years.

There'll be more moves towards open dialogue about estate and letting agent workloads, and more discussions about how they too can enjoy that all-important work-life balance.

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