

HOW HAS THE REAL ESTATE INDUSTRY RESPONDED TO COVID-19?

An industry-wide research survey conducted by Prop Data

June, 2020



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The story behind the survey

Prop Data is the leading digital marketing and business management platform for real estate professionals in South Africa, serving more than 14,000 professionals and many of the country's leading real estate brands.

Over the past 20 years, our mission has been to serve and support the agenda of the real estate industry, including agents, agencies, developers, national brands, and everyone in between.

Given the impact of the COVID-19 pandemic on our customers and the industry at large, we recognised a critical need to engage with professionals across the real estate space, to:-

- 1 Better understand all the ways in which the real estate industry is being affected; and
- 2 Provide meaningful, actionable insights and recommendations, so that role-players from across the industry can adapt and optimise the way they do business in a rapidly changing and challenging environment.

With these goals in mind, we distributed a web-based survey to approximately 25,000 respondents across the country, asking key questions about their lockdown experiences and their future plans.

We truly hope our findings, insights, and recommendations, summarised on pages 3 -9, will bring fresh perspective and purpose to the way you work. If you have any questions or if we can help you in any way at all, please don't hesitate to give us a call.



Mark Buttress

CEO, PROP DATA

Summary of 8 key findings & insights

THE GOOD

- 1 You found a way to stay in business.**
 - With most real estate professionals securing mandates during lockdown and feeling optimistic.
- 2 You spotted unique customer opportunities.**
 - More first-time buyers, investors, repeat buyers, and realistic sellers with a 'need to sell'.

THE BAD

- 3 Your earnings took a serious hit.**
 - Earnings reduced by more than 75%, with cash reserves under pressure going forward.
- 4 Motivation and morale haven't been easy.**
 - Reduced earnings, disrupted work patterns, and other factors causing a reduction in morale.

THE INNOVATIVE

- 5 Virtual show houses have helped, but are not saving the day.**
 - Mixed success with virtual show houses, with industry slow to try new tools.
- 6 You took remote working in your stride.**
 - 70% of the industry felt positive about the shift to remote working with many enjoying the change.
- 7 You're seeing results from social media & mobile messaging.**
 - With people homebound and online, social media and mobile messaging have proved effective.
- 8 Your digital strategy has become your primary strategy.**
 - The industry is shifting to embrace digital tools, to reduce costs and maximise impact.

Ways your business can take action

Get strategic about your business

- The secret to success in the current real estate environment is a level head and a willingness to be strategic about one's approach.
- Harness digital platforms like G-Suite, Slack, and Prop Data, so you can stay in touch with your team and be maximally productive under remote working conditions.
- Optimise your budget to focus on measurable digital strategies, cut costs wherever possible and be prepared to work diligently.

Communicate and support your staff more than ever

- Business leaders should do whatever they can to support their staff during this difficult season, with even more communication than normal.
- Continue to encourage your staff to adhere to safe and responsible social distancing practices.
- Recognise those staff who are working diligently and be sensitive to the needs of individuals in your teams, particularly those who are struggling to remain motivated or who need your help.

The most progressive thing you can do is remain active and visible

- There has already been enormous disruption to the industry. Simply by finding a way to keep your doors open and remain visible, you may find yourself making unexpected gains, as many of your competitors will be unable to keep moving forward.
- At times like this, simply by staying active you may find yourself moving forward!



On your approach to customers

Recognise your roles as advisors, with your customers' best interests at heart

- While many clients may be in panic mode or have difficulty making decisions, real estate professionals should appreciate their important roles as expert advisors and recognise that truly serving their clients' best interests will deliver lasting returns.

Good advice to customers should recognise current realities

- Being sensitive to their needs at all times, real estate agents should encourage their clients to take advantage of the current buyer's market.
- Consider running promotional campaigns highlighting the favourable borrowing conditions.
- Likewise, they should encourage their sellers to not take chances with overpricing and to seriously consider any counter-offers they may receive.

Offer your customers virtual show house and viewing options

- South Africa's lockdown may be ending, but the threat of COVID-19 will remain with us for some time.
- Provided virtual show houses are appropriate for their target audience and customer, real estate professionals and business owners should make use of them to make as many options and channels of engagement available to customers as possible.

On your digital strategy

Develop a digital strategy for your business

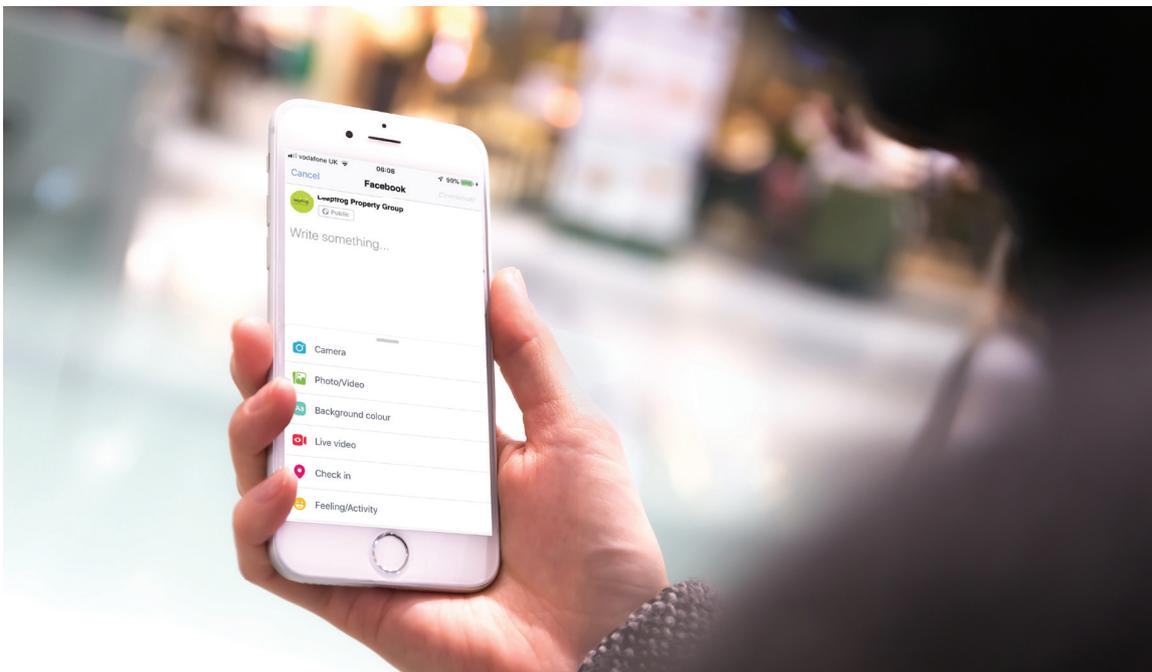
- In a world where budgets are under pressure and social distancing is a daily reality, a digital strategy is no longer a 'nice-to-have', but an absolute essential.
- Digital marketing is more measurable than any other form of marketing, which means one can make informed budget decisions, with bankable results.

Start with your branded website - it's far more important than you think

- Whether you're an agent, a broker or an agency, your branded real estate micro-site or company website should be the cornerstone of your digital strategy. Perhaps that's why so many survey respondents ranked their branded website right alongside the property portals.
- Your website conveys your value proposition to your customers and it represents a 'catchment zone' for a host of digital channels, including organic search, paid search, social media marketing, email marketing, e-signatures, property alerts and more. Many of these tools will generate bankable leads, with little to no cost to you.
- As part of an integrated digital strategy, many of our Prop Data customers receive extremely high lead volumes from their branded websites, without having to pay expensive advertising costs.
- At a time when your budgets are tight and your customers find themselves online more than ever before, focusing on your real estate website is the safest bet you can make.

Use social media to engage customers while they're online

- During the lockdown, internet traffic has increased dramatically, since people are homebound as the virus spreads across the country. Reaching customers through social media is a smart and cost-effective move.
- Do everything possible to ensure your content and advertising is relevant, engaging and value-adding for readers and customers.



Take full advantage of the property portals

- Property portals have always been the mainstay of the real estate marketing mix. However, since your listings are always competing against other listings, it's important to be strategic.
- Consider using paid features and options to get your listings to the top of the pile.
- If you're a Prop Data client, you'll know that we enable seamless syndication to over 15 of the country's best property portals and online classifieds, so you'll have all the options at your fingertips.

Use Whatsapp & SMS to engage customers more directly

- WhatsApp is currently the most popular mobile app in South Africa. You'll find it on 58% of South African mobile phones. During the lockdown, it emerged as the top COVID-19 information source.
- Real estate professionals and business leaders have clearly realised the value in unlocking its potential and should continue to do so.
- Be sure to integrate WhatsApp capabilities within your branded website. This allows clients to message you directly about listings or services of interest via Whatsapp.
- With its exceptional 'reach', SMS continues to be a powerful tool which should form part of your toolkit - provided you utilise best practices, including securing customer opt-ins. Make sure your messages are well-written, relevant, and useful.
- The difference between 'adding value' and 'spam' is often timing and context.

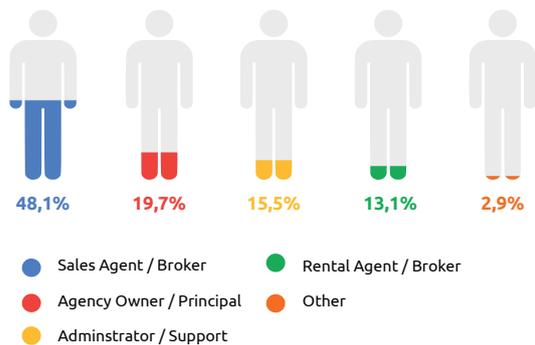
Consider using a trusted partner for all your digital needs

- An effective digital marketing strategy should include a number of components, including the elements mentioned above, all working together cohesively to enable maximum visibility and generate leads.
- We know this might sound overwhelming - but we're here to help. At Prop Data, our mission is to enable real estate professionals to achieve maximum digital impact, with minimal cost and stress.
- If we can help you with free advice or a demonstration of any of our products, we'd love to hear from you.

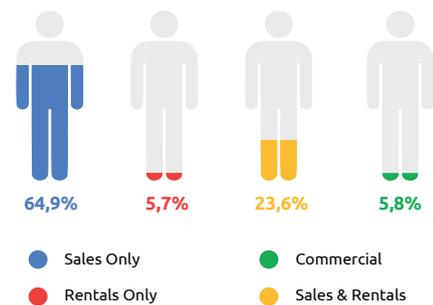
A little bit about who completed the survey

- 945 real estate professionals and business owners completed the survey.
- 182 of the respondents were business owners and principals.
- 763 of the respondents were real estate professionals of other kinds, including agents, brokers, administrators and others.
- The respondents originated from a broad and representative base of the industry, with very balanced representation across different real estate segments, agency sizes, and markets.

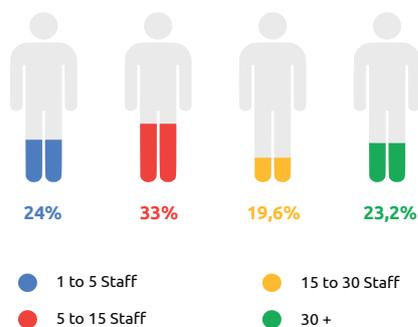
Respondent Types



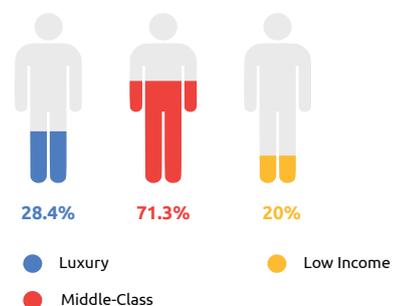
Agency Profile



Agency Size



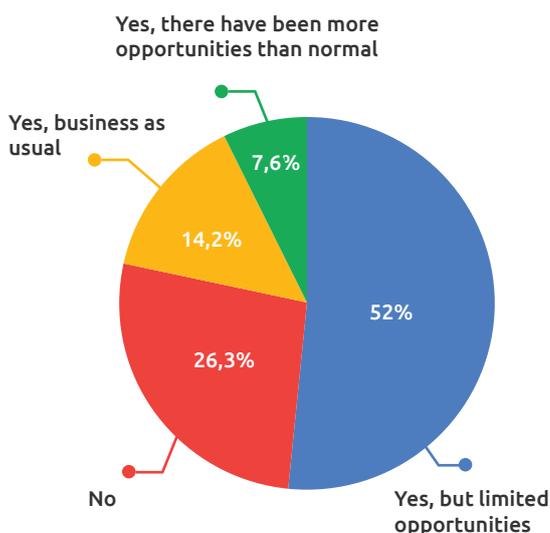
Markets



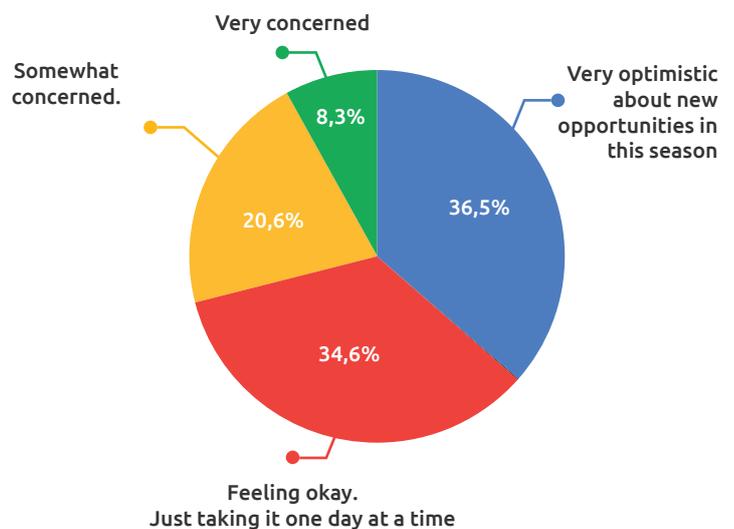
You found a way to stay in business

- **Mandates secured.** Over 50% of you said you were able to win new mandates during stages 4 and 5 of lockdown. In fact, there were even pockets of new opportunity and increased activity in certain customer segments (See Insight 2).
- **Engaged staff.** 38% of business leaders who responded to the relevant question even mentioned that they noticed staff rising to the challenges of the new environment and increasing their focus levels.
- **Optimism in the air.** In light of the above, 64–70% of you are either feeling neutral or optimistic about the future and your ability to recover.
- **Real estate industry showing resilience.** 38% of business leaders who responded to the relevant question even mentioned that they noticed staff rising to the challenges of the new environment and increasing their focus levels.

Have you been able to secure new mandates during lockdown?



Overall, how are you feeling about your work in this new environment?



Take Action



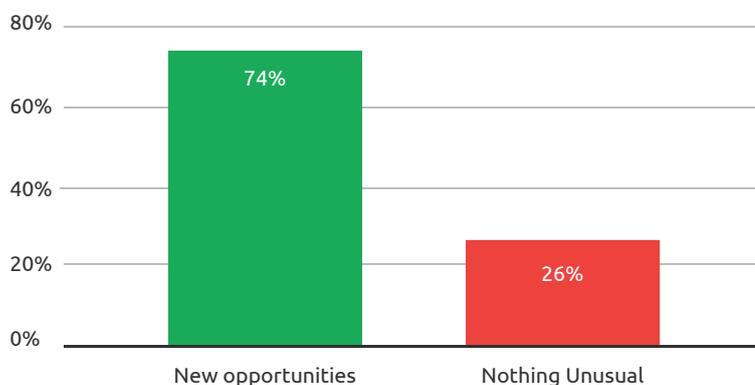
Although the environment has certainly taken its toll on many, the majority of the industry has been able to remain positive and to keep moving forward.

The good news is that there are still customers looking to buy, sell, rent, and let property - after all, people will always need somewhere to live. Those real estate professionals who are able to seize the moment, adapt and stay focused will be able to increase their market share more readily than under normal trading conditions.

You spotted unique customer opportunities

- **Increased 'need to sell'.** 42% of real estate professionals spotted sellers looking to sell due to financial pressures, a nod to current tough economic conditions. Thankfully, 26% of real estate professionals mentioned that these sellers have been more realistic about selling prices.
- **New buying activity.** 74% of real estate professionals spotted higher-than-normal first-time buyers, investors, and repeat buyers in their markets.
- **Buyers looking for 'lockdown deals'.** 55% of real estate business owners noticed buyers looking for good deals or buyers specifically encouraged by low interest rates.
- **More activity below R3 Mn price threshold.** 47% of real estate professionals identified the R1 million to R3 million market segment to be most active during the lockdown. On the other hand, 43% of real estate professionals found the below R1 million market segment to be most active.
- **Market forces at play.** Low interest rates, the increase in the transfer duty threshold and increased home loan approval rates have helped catalyse activity from buyers - particularly in the middle to lower end of the market.

Are you seeing any new opportunities?



Take Action



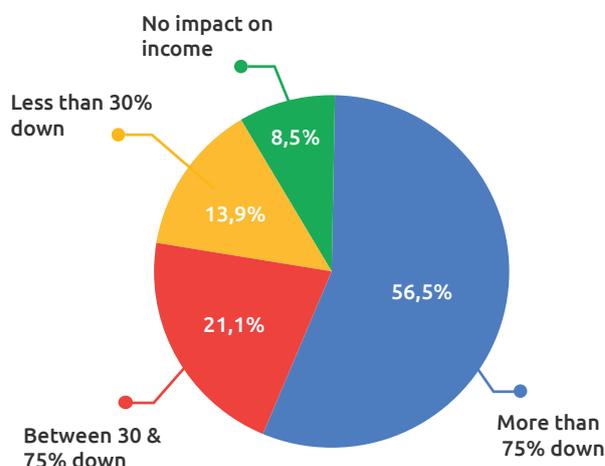
While being sensitive to their needs at all times, real estate agents should encourage their clients to take advantage of the current buyer's market. Consider running promotional campaigns highlighting the favourable borrowing conditions. Likewise, they should encourage their sellers to not take chances with overpricing and to seriously consider any counter-offers they receive, particularly as property prices decline.

Macro conditions will continue to stimulate market activity. At a time like this, while many clients may be in panic mode or have difficulty making decisions, real estate professionals should appreciate their important roles as expert advisors and recognise that truly serving their clients' best interests will deliver lasting returns.

Your earnings took a serious hit

- Deeds office closures.** Although agents were able to secure new mandates and tap into new customer opportunities, local deeds offices remained closed until early May. Once given the green light to open, these offices have had to get COVID-19 precautions in place. Additionally, they dealt with a backlog preventing the processing of new property transfers.
- Difficulty doing deals.** 55% of professionals noted that the most challenging aspect of working during lockdown was being unable to have face-to-face time with customers. They also cited the inaccessibility of properties as a major barrier to doing deals.
- Impact on agents.** With this in mind, nearly 50% of professionals earned less than 25% of their normal income over lockdown levels 4 and 5 - a reduction of more than 75%.
- Impact on agencies.** 63% of agencies experienced more than a 75% drop in revenue over the period.
- Finances and reserves are low.** 36% of business leaders believe that their business will not survive longer than 1 to 3 months if trading conditions do not change dramatically.

Has your personal income been impacted since the start of the lock-down?



Take Action



The industry is certainly reeling from the impact of lockdown. Still, real estate professionals can find comfort in the fact that most deeds offices are back in action. In addition, lockdown restrictions have continued to lift. Agencies and brokerages should optimise their budgets wherever possible for longer-term sustainability.

There will continue to be market activity and those who are able to stay in business, remain visible, and engage consistently with their market may be able to leapfrog their competitors.

Motivation and morale haven't been easy

- **Low morale.** 40% of business leaders indicated staff motivation and focus was a challenge during lockdown levels 4 and 5. Several factors were likely to have contributed to this, including reduced earnings and a range of disruptions to normal living and working rhythms.
- **Low earnings and disrupted patterns.** 35% of professionals revealed their salaries had been cut, while 20% were forced to work reduced hours.
- **Remote is not to blame.** On its own, remote working does not appear to have had a negative impact on staff morale. 52% of real estate professionals found the adjustment “fine” to “surprisingly positive”.
- **Many are bucking the trend.** Interestingly, 38% of business leaders noticed certain staff rising to the occasion and improving their focus over the same period - in contrast to the 40% who reported issues with staff morale.



Take Action



COVID-19 has had a tremendous economic and health impact on staff across the world. Business leaders should do whatever they can to support their staff during this difficult season. Providing incentives where possible, recognising high-performing staff, and providing mentorship and emotional support is vital.

Real estate professionals should ensure they remain in constant communication with their employers. If any challenges are experienced, they should bring such matters to the attention of their leaders or employers. Digital platforms are the best solution right now and can help maintain lines of communication, even at difficult or unusual times.

Virtual show houses have helped, but are not saving the day

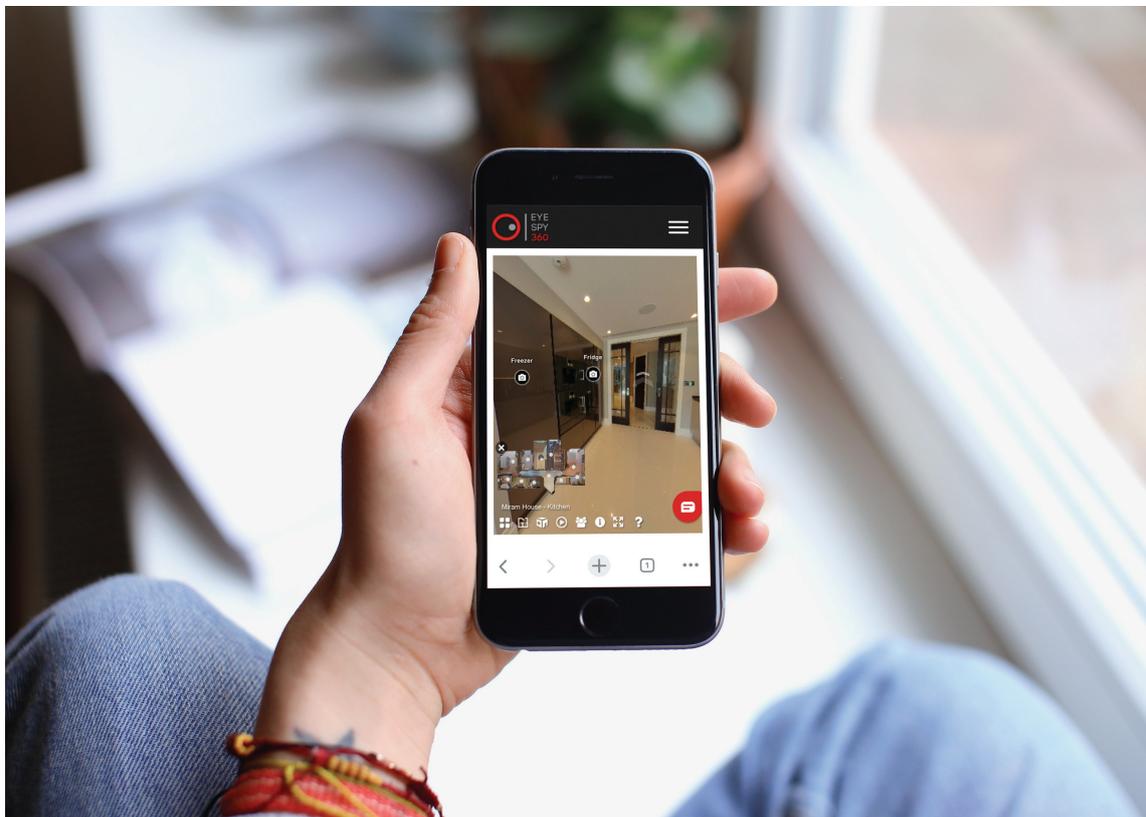
- **Agents aren't yet sold.** The majority of agents did not hold virtual show houses or viewings over lockdown. For those who did, only 18% of real estate professionals believe that virtual show houses are effective in marketing property.
- **Agents still aim to give it a try.** What's interesting is that 37% said they had not seriously considered them. Under lockdown level 3 and beyond, 49% of agents said they would use virtual and 3D tours as part of their marketing.
- **Tools used.** The tools used to greatest effect by agents were:
 - Recorded video tours - 35%
 - Video conferencing (e.g. Zoom) - 33%
 - 360/3D Walkthrough tours (e.g. Matterport) - 15%
- **Business owners considering the shift.** 39% of business leaders indicated that they didn't seriously consider doing virtual show houses over the period. However, a large number are considering investing in them during level 3 and beyond. 48% said virtual and 3D tours would be key future digital tools.

Have you attempted to hold virtual show houses over the lock-down period?

(Real Estate Professional responses)



Take Action



On the whole, the real estate industry has been slow to utilise virtual showing technologies. Yet virtual tours remain a useful way to showcase properties when physical visits are not possible or convenient for customers. South Africa's lockdown may be ending, but the threat of COVID-19 will still linger. Vaccine estimates are predicted to be 12–18 months away from being available to the entire population.

Provided virtual tours are appropriate for their target audience and customer, real estate professionals and business owners should recognise the value of harnessing their power. Virtuals tours should also adhere to best practices. For example, staging, proper lighting, and promotions across the right channels are crucial for their success.

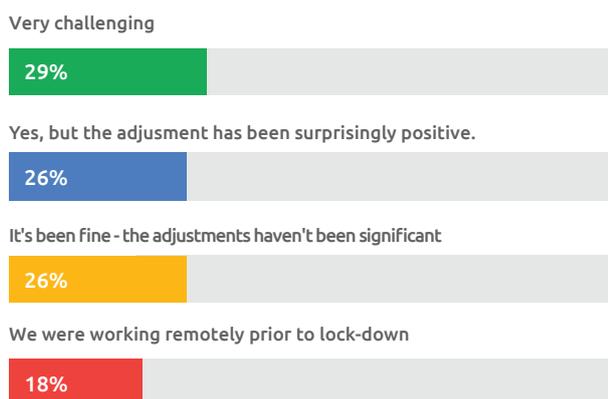
You took remote working in your stride

- **The majority transitioned to remote smoothly.**
 - Only 29% of real estate professionals found the transition to remote working very challenging, with 18% of all respondents indicating that they were working remotely prior to lockdown.
 - A similar pattern was witnessed with business leaders. Only 33% of business leaders have found the transition to remote working very challenging, with 18% of all respondents indicating that they were working remotely prior to lockdown.

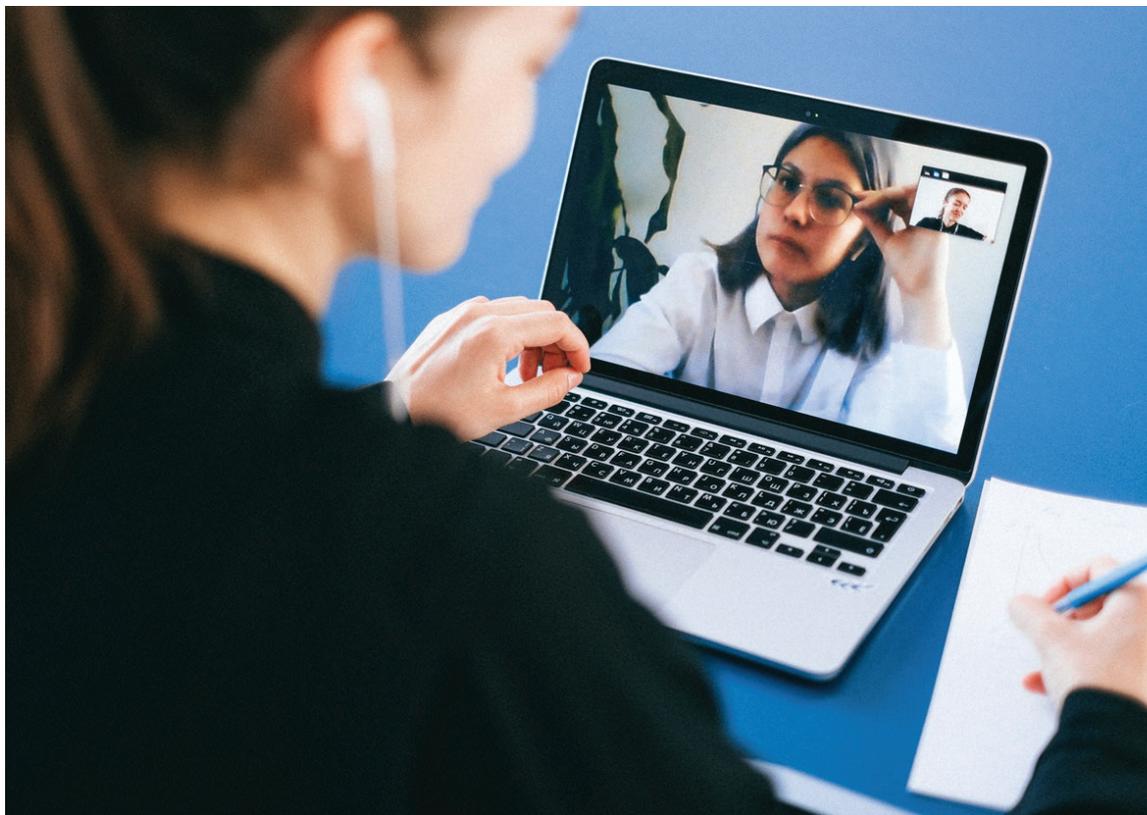
- **Many even benefited from remote working.**
 - 52% of real estate professionals found the adjustment “fine” to “surprisingly positive”.
 - 59% of business leaders believe the transition to remote working has been “fine” to “surprisingly positive”.

How have you experienced working remotely?

(Real Estate Professional responses)



Take Action



For certain activities, like a property viewing with a serious buyer, the 'remote' approach will obviously not yield the best results. However, overall, real estate professionals and business leaders saw a tremendous benefit in increased levels of remote working.

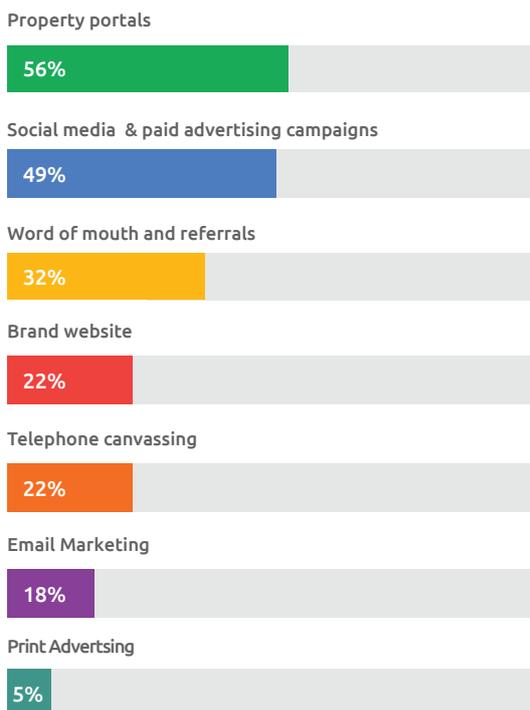
This may have been due to remote working recognising the value to be derived from web-based and digital tools, which for many has represented an overdue shift. Many professionals are using collaboration and productivity platforms like G-Suite, Slack, and Prop Data to support their remote work. If you haven't already done so, now is the time to make the shift.

You're seeing results from social media, WhatsApp, and SMS marketing

- Best quality leads are social.** 49% of real estate professionals believe social media and paid advertising campaigns will deliver the best quality leads over the level 3 lockdown and going forward. Business leaders also felt the same. 49% said they saw their best quality leads coming from social media and paid advertising.
- Biggest marketing focus is social.** Interestingly, 53% of real estate professionals indicated that their biggest marketing focus will be on social media, ahead of the property portals, while 60% of business leaders agreed.
- The rise of mobile communications.** 58% of real estate professionals said WhatsApp and SMS marketing would be part of their future strategy. Business leaders were even more enthusiastic. 63% of business leaders are investing in digital tools focussed on WhatsApp and SMS marketing.

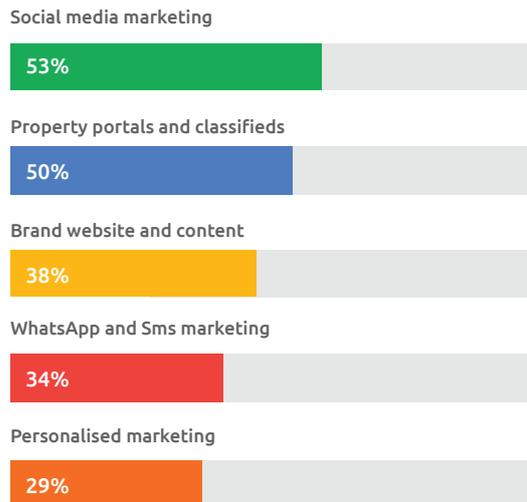
Where do you foresee your best quality leads coming from during level 3?

(Real Estate Professional responses)



Where will your biggest marketing focus be?

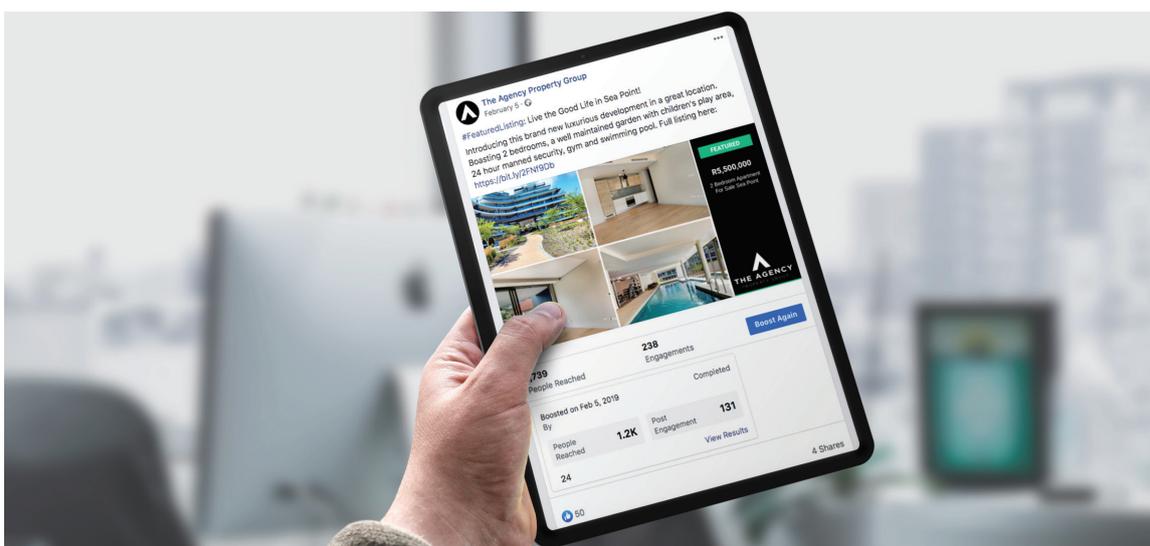
(Real Estate Professional responses)



Take Action

- **Harness social media to meet customers where they are.** During the lockdown, internet traffic has increased dramatically since people are homebound as the virus spreads across the country. Reaching them through social media is a smart move.

Real estate agents and business leaders should definitely explore organic and paid social media marketing. Most social media platforms offer exciting ad formats to promote property listings and services, laser-focused targeting, remarketing potential and an environment to engage with clients in real-time.



- **Use SMS for reach.** It's easy to discount SMS marketing in favour of flashier options like social media and WhatsApp. However, it has a distinct advantage: reach. If a client or potential client has a phone, you can easily send them a marketing message about your agency or listings that may be of interest.

However, it's essential to use SMS best practices - starting by ensuring you have the necessary customer opt-ins, so as to be sensitive to your customers' privacy. Make sure your messages are well-written, relevant, and useful. The difference between 'adding value' and 'spam' is often timing and context.

- **Embrace WhatsApp for flexibility.** WhatsApp is currently the most popular mobile app in South Africa. You'll find it on 58% of South African mobile phones. During the lockdown, it naturally emerged as the top COVID-19 information source. Real estate professionals and business leaders have clearly realised the value in unlocking its potential.

The first step is to integrate WhatsApp capabilities within your branded website. This allows clients to message you directly about listings or services of interest via Whatsapp. It pays to have a professional profile picture and status message to make a good first impression. Real estate agents should also consider developing area-specific communities and looking to selectively share listings or service offers via such groups.

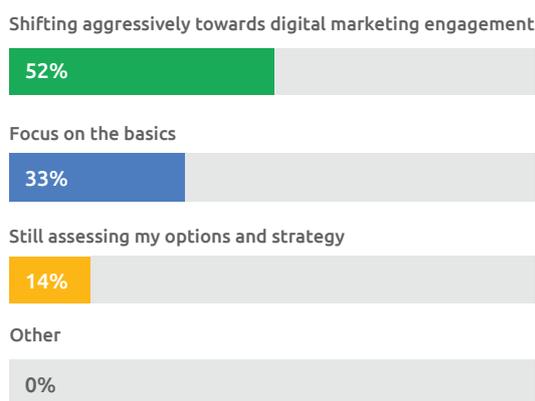


Your digital strategy has become your primary strategy.

- **A noticeable shift to digital.** 52% of business leaders are shifting their marketing approach aggressively towards digital engagement and communication. This was significantly higher than the 33% of leaders who are preferring to 'stick to the basics'.
- **Omni-channel approach.** Besides social media and mobile marketing, 53% of business leaders will be turning to property portals and classifieds.
- **You're seeing value in your branded website.** 44% of business leaders and 34% of agents and brokers are planning to leverage their brand website as a key part of their digital marketing strategy going forward.

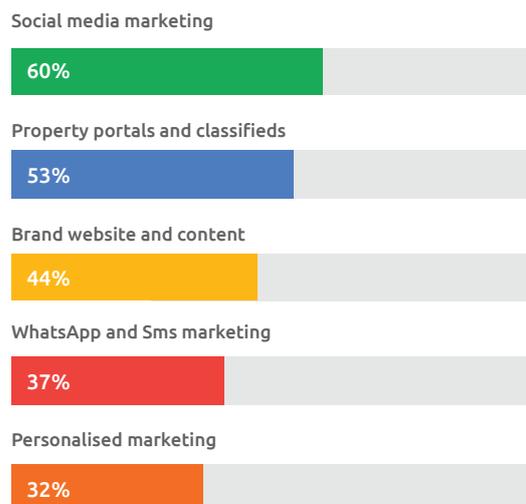
What best describes your marketing approach in this new environment?

(Business leaders responses)



Where will your biggest marketing focus be?

(Business leaders responses)



Take Action

Develop a digital strategy. During the lockdown, digital tools were essential to enable the industry to trade - and this will continue to remain true, with COVID-19 continuing to be a reality at play in our environment. Those who are able to embrace digital tools will be positioned to grow their market share. Now is the time to develop a deliberate digital strategy that will maximise the prospects of your business.

Start with your branded website - it's far more important than you think.

Whether you're an agent, a broker, or an agency, your branded real estate micro-site or company website should be the cornerstone of your digital strategy. Perhaps that's why so many survey respondents ranked their branded website right alongside the property portals.

After all, it conveys your value proposition to your customers better than anything else and it represents a 'catchment zone' for a host of digital channels, including organic search, paid search, social media marketing, email marketing, e-signatures, property alerts and more.

Many of these channels don't cost you a cent to derive benefit from. As part of an integrated digital strategy, many of our Prop Data customers receive extremely high lead volumes from their branded websites, without having to pay expensive advertising costs. At a time when your budgets are tight and your customers find themselves online more than ever before, focusing on your real estate website is the safest bet you can make.

These are a few questions we recommend you ask yourself:

- Is your website professional, modern, and feature-rich?
- Are your listings compelling?
- Do your agents have online profiles?
- Is your website SEO-friendly and findable by search engines?
- Are you posting a regular stream of relevant, helpful content?
- Is your website connected to your other digital marketing activities?

Take full advantage of property portals. Property portals have always been the mainstay of the real estate marketing mix. However, since your listings are always competing against other listings, it's important to be strategic. Consider using paid features to get your listings to the top of the pile.

Spend extra time making your listings shine. Sourcing professional images and media (like video tours), using great listing copy, and completing the right fields can help you get more traction and expose your listings to more eyeballs.

If you're a Prop Data customer, you'll know that we enable seamless syndication to over 15 of the country's best property portals and online classifieds, so you'll have all the options at your fingertips.



Consider using a trusted partner for all your digital needs.

As mentioned elsewhere in this report, in addition to leveraging your branded website and the property portals, an effective digital marketing strategy should include social media, mobile marketing, email marketing, and more.

We know this might sound overwhelming - but we're here to help. At Prop Data, our mission is to enable real estate professionals to achieve maximum digital impact, with minimal cost and stress. If we can help you with free advice or a demonstration of any of our products, we'd love to hear from you.

An open invitation to shift to digital

In the wake of the pandemic, Prop Data experienced a surge of interest from real estate professionals in our digital products and services. Thousands of agents joined us for our webinars during lockdown - and we've already welcomed a number of new customers to the Prop Data family.



In a world where budgets are under pressure and social distancing is a daily reality, a digital strategy is no longer a 'nice-to-have', but an absolute essential. Digital marketing is more measurable than any other form of marketing, which means one can make informed budget decisions, with bankable results.

There's a quote that's been going around in technology circles recently, which sums it up perfectly.

*“There are **decades** where nothing happens, and there are **weeks** where decades happen.”*

The top real estate professionals from around the world are making the transition to digital. If you want to join them, we'd love to help you get the most out of your digital strategy.



Talk to our team

You've read the results. You know what actions to take. Get in touch with Prop Data to plan your next step.

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