



BUYING A HOME IN THE 21ST CENTURY





IT'S ALL CHANGE IN UK PROPERTY

Buying a new home isn't the sort of thing you do every day. Changes like rising stamp duty have stretched the length of time we stay in our homes, among the clients I speak to, it's become the norm to spend 10 to 15 years – rather than five – in a property.

But if I cast my mind back a few years, the way we bought and sold properties was completely different. From search through to sign-off, every stage of the property-buying journey has now changed and is only going to continue doing so.

Today, you'll find yourself searching among millions of properties to find 'the one' with the click of a mouse. Taking VR tours from the comfort of your own home. Securing a mortgage no matter how complex your remuneration. Liaising with conveyancers and solicitors on a common digital platform and signing documents without even putting pen to paper.

All these changes are the reason we've produced this report. It's a guide to what's changed in the past decade and how these developments will affect your next property purchase.

The residential property industry had remained relatively unchanged for more than 50 years. But it now offers speed, flexibility, access to information and solutions that fit your needs. One-size-fits-all mortgages are no longer the norm. Conveyancing no longer requires reams of paperwork.

Our clients have welcomed these developments. We understand that, for you, any innovation that streamlines the process is a welcome departure from the days when everything was done at an estate agent's convenience. Today, a tick-box solution won't work. You need tailored insight.

Over the following pages, we'll look at how homebuying has changed at every stage, highlighting where there are opportunities and challenges for buyers and sellers, and exploring how businesses are catering to your every requirement.

Here's to a frustration-free journey.

Jack

Jack Jones

Head of Banking
Investec Private Bank

BUYING A HOME: YOUR JOURNEY

Then and now – how does the homebuying process compare?

1 PROPERTY SEARCH

2005

Scan newspaper listings or a high-street estate agent shop window for available properties.



2020

Use a property aggregator site or housing appraisal platform to search, and to evaluate price fluctuations.

98% of homebuyers use the internet when searching for a property¹

IT TAKES AN AVERAGE
OF 19 VIEWINGS TO
REACH AN OFFER²

2 PROPERTY VIEWING

2005

Work alongside an estate agent to arrange a face-to-face viewing, usually during office hours.



2020

Arrange a viewing online, either via a freelance estate agent or a VR/AR tool at a time of your choosing. Follow with a face-to-face.

3 SECURING FUNDING



2005

Arrange a face-to-face meeting with a lender – usually a high-street bank – who will then evaluate your financial background and loan accordingly.

2020

Shop for a suitable mortgage provider online before meeting face-to-face with your chosen lender.

4 MAKING AN OFFER



2005

Once you've conducted all your research and have your paperwork in order, work with an estate agent to submit an offer.

2020

Ensure your finances and documentation are stored and backed up electronically before submitting an offer online.

70%

Even when their offer is accepted, 70% of buyers have at least one concern about making it to completion³

5 CONVEYANCING



2005

Instruct a local law firm to act on your behalf to transfer ownership. Send paperwork back and forth, through the post.

2020

Choose a law firm based on experience, not just locality, using digital solutions to minimise paperwork and hidden transaction fees.

ONE IN SEVEN

buyers and sellers incur additional costs because of delays in the homebuying process⁴

7 EXCHANGE CONTRACTS



2005

Exchange contracts via phone, between acting lawyers. Only at this point is there a legal obligation to buy and sell the house.

2020

The exchanging of contracts can be conducted in person, over the phone or electronically.

6 PROPERTY SURVEY



2005

Seek out a qualified surveyor and have them assess how much the property is worth and whether alterations are needed.

2020

Find a surveyor using an online search tool and decide whether to proceed with the purchase or negotiate a better deal.

35%

of buyers worry that a survey will reveal something unexpected⁵

The average time from starting a property search to exchanging contracts is 22 weeks⁶

¹ The Telegraph: "Are online estate agents any good?" ² Property Reporter: "Average number of viewings it takes to sell a property is on the rise" ³ Department for Business, Energy & Industrial Strategy: Research on Buying and Selling Homes ⁴ Department for Business, Energy & Industrial Strategy: Research on Buying and Selling Homes ⁵ Department for Business, Energy & Industrial Strategy: Research on Buying and Selling Homes ⁶ Which?

CONVENIENCE, CUSTOMISATION AND SERVICE

If there's one stage of the property-buying journey where change has been most keenly felt, it's search and viewings.

In just the last decade, we've witnessed a power shift in the homebuying journey. Ten years ago, you were expected to work at an estate agent's pace. Access to new properties came at their convenience, and often their point of view was the only one represented during the search and viewings stages. Today, you're in control. Simple tasks are simpler. Processes are automated. Endless amounts of information are available in the public domain.

When you're property hunting, you're going to encounter tools and services aimed at keeping you informed about your property decisions, simplifying the search and viewings phases, and freeing up experts to offer bespoke solutions.

A new way of finding property

According to the Telegraph¹, as many as 98% of us already turn to online shop windows when searching for a property.

Companies such as Rightmove, Zoopla and Purplebricks sit atop the pile of online search platforms rich in data and analysis. The information you receive comes from a much deeper well – one that represents more, and more diverse, viewpoints. No option is too complex, out of reach or deliberately withheld as it was in the past.

More recently, there has been a surge of smaller, increasingly technologically adept competitors entering the ring – Settled, Yopa, Nested and Hipla, to name a few. All focus on bringing you a much-needed dose of flexibility and convenience, be it information on buyers searching in the same area, transparency concerning fees – fixed or otherwise – or guaranteeing a move.

That's not to say that traditional bricks-and-mortar estate agents haven't responded to these changes. Most now

have a website, and in 2015, old-guard estate agents including Knight Frank, Savills and Strutt & Parker banded together to form OnTheMarket to challenge the then-incumbent portals Rightmove and Zoopla.

Investec Private Banker James Thomson notes that some of his clients turn to professional search agents, who are able to progress the property search, save time and provide access to off-market properties, and who are also responding to changes in the market with more robust technological platforms.

In this space, you can tap into experts with more detailed knowledge about a local area, benefit from closer working relationships with agents, and feel reassured knowing you're working with someone experienced in keeping to a tight brief.

Balancing human and tech

Dan Hughes is founder of Alpha Property Insight, a consultancy that advises property companies on how to benefit from technological changes in the market. He stresses that it's in these early stages of the property journey where you'll see the greatest changes.

Buyers and sellers today routinely narrow their search online against very specific criteria, he says, and viewings are often scheduled and even conducted remotely, often via a mobile device. Blyng, for example, is an AI-powered virtual assistant aimed at answering your questions before you're connected with an estate agent.

"Human input is not going anywhere any time soon," says Hughes. "We expect the data collection and crunching will be done increasingly by computers, with humans spending more time on the ethics and judgement side – two aspects that

¹ The Telegraph: "Are online estate agents any good?"



will become increasingly important as technology enables us to dig deeper into the numbers.”

Geophy, for example, which is currently focused on commercial property but with ambitions to expand to residential, offers real-time, artificial intelligence-powered valuations, using advanced algorithms to unpack traditional and unconventional data sets.

As smart or as adaptable as technology may be for simple – often mundane – tasks, more important is that real people are available to offer you advice on the issues that matter most.

AR/VR: there but not there

While it's fast becoming the norm to conduct the property search online,

viewings are still typically conducted face-to-face. That's not to say this stage of the process hasn't evolved over recent years to provide you with options that work for your specific situation. Travelling to view multiple properties in various locations can be tiring and time-consuming, and near-impossible if you're working or travelling in a far-off locale or foreign country.

Traditional agents often have set business hours, meaning early-morning, late-evening or weekend viewings aren't possible. However, the advent of augmented reality (AR) and virtual reality (VR) has helped to mitigate these challenges.

Already employed by BNP Paribas Real Estate, for one, VR technology allows you to interact with a 3D, computer-generated environment from anywhere in the world.

Strutt & Parker, as part of its recent *Housing Futures: New Horizons* report, ranked holoportation – a new type of 3D capture technology that allows high-quality 3D models to be reconstructed, compressed and transmitted in real time – as one of the eight property innovations that will shape the future of home ownership. EyeSpy360 provides software for agents to create 360-degree virtual tours and walk-throughs, 2D floorplans and 3D models of properties.

Whereas in the past you've been beholden to estate agent opening hours, often requiring time out of the working day just to see a property, tools like the above are again putting power into your hands.

There are also less-sci-fi-adjacent solutions in the viewings space. Viewber employs people local to an area as stand-ins for estate agents, facilitating viewings outside of office hours, anywhere in the country. To date, Viewber employs more than 7,000 part-time 'viewbers', of which 40% are former estate agents or work within the industry.

Ed Mead, co-founder of Viewber, points to a 2018 survey they conducted in which 97% of respondents said they'd benefit from seeing a property at evenings or weekends – exactly when most agencies are closed. A further 62% felt they'd missed out on an opportunity to buy a property because they couldn't see it when they wanted.

“Ultimately, Viewber is taking fixed costs and sit-in staff out of the equation,” he says.

In all cases, the focus is much the same: convenience, customisation and client service. Estate agents are adapting to suit your needs, operating outside of the traditional nine-to-five window, drawing on a broader, unbiased set of data, and using technology to free up face time with buyers.

“The ethics and judgement side will become increasingly important as technology enables us to dig deeper.”

Dan Hughes, Alpha Property Insight

TIME FOR A HUMAN TOUCH

Though the financing process has evolved, eliminating people altogether isn't feasible.

You've found the one. You're ready to make an offer. Securing funding is the next step in the property journey, and while search and viewings have been significantly touched by technology, the lending stage has evolved in a very different way.

Much has changed since the banking crisis: the way salaries are structured, standards for loan approvals, the monopoly retail banks and building societies once enjoyed in the loan space.

But while the open and sharing economies have given rise to new innovations in the lending space, face-to-face interaction remains an immovable part of securing a loan.

No more standard solutions

Emily Cvijan, Private Banker for private equity professionals at Investec, says that, above and beyond quick fixes and tech-savvy solutions, her clients are looking for – and need – a human touch, and for their unique requirements to be managed by an expert.

High-street lenders and online platforms offer services for homebuyers with a fairly standard income profile, perhaps a monthly salary and a bonus. But many of our clients have more complex income structures. You will require specific expertise, tailored solutions and regular contact with a financier.

"I think it always has to be a human that intelligently looks at the associated risk and the associated opportunity, looking backwards and forwards," Cvijan says.

James Thomson, a private banker at Investec, notes that his clients often operate in numerous funds and firms, with remuneration that might also include monthly drawings or carried interest returns.

"Specialist expertise in this area, coupled with the ability to call upon corporate and investment banking colleagues in understanding a fund, for example, means we offer holistic solutions that take all the subtleties of your circumstances into account," says Thomson. "We will take into account complex income structures and create bespoke solutions based on your individual situation."

"Proptech companies," continues Thomson, "are making inroads in the more client service-oriented areas of the business, such as buying and selling houses, mortgage broking, that sort of thing. We've also seen a couple of robo-mortgage advisors and brokers, but none so far are lending money at scale."

Certainly, there is a desire among banks to simplify the process – particularly on the administrative side. "But with that automation has come a reliance on computer-based processes in finance," Thomson says. "Assessing and understanding affordability, and gauging individual income requirements and circumstances is where that human element is badly needed."

Focusing on client service

Beyond the high street, you're likely to see alternative financing solutions – like peer-to-peer lending and crowdfunding – lurking on the periphery for vanilla deals.

There are companies that provide flexible short-term property finance for investors, developers and landlords, and those which provide investment platforms where individuals can invest as either a shareholder or lender in properties of their choosing. Some offer cash advance loans to aid individuals looking to purchase a



new home before selling the old, or to buy as little as 5% of a home and then rent the rest. At Investec Private Bank, we offer a link mortgage solution, tailored for clients of ours who want to make a purchase before they have sold their main property.

But numerous as they may be, there's good reason why alternative tools aren't as prevalent at this step compared with the search, viewing or conveyancing stages of the process.

Dan Hughes, founder of proptech consultancy Alpha Property Insight, notes that there has been a strong drive towards becoming that bit more client focused in lending solutions new and old. "Different clients will want to do the same thing differently," he says, "and so clearly there is no one-size-fits-all solution."

Hughes likens the situation to retail, where for many years there has been a debate about human versus tech as opposed to the now-standard blend of both. "Some people are happy buying clothes online; some want to try them on in

"It always has to be a human that intelligently looks at the associated risk and the associated opportunity."

Emily Cvijan, Investec Private Bank

a shop and benefit from technology in the buying and delivery stages," he says.

"I think we're seeing a slow evolution to a similar position in property. We can debate whether people want the traditional or technology-focused route. In truth, there is likely to be a place for both in the future depending on what the client wants."

Automating the simple things

Matt Taylor, partner and head of UK proptech at law firm Clifford Chance, emphasises that negotiating complex transactions will continue to require relationships, adding that understanding

the human and business drivers will guarantee the best results.

"I think this applies throughout the market and at all points in the transaction process," he says. "On the other hand, commoditised aspects are calling out for more efficiency; the key is not confusing keeping the human touch and building relationships with continuing laborious and manual processes just because that is the way it has always been done."

Thomson agrees: "At Investec, we try to automate the simple processes through the journey. But the human element is needed when complexity comes into play."

4

STREAMLINING THE TRICKY FINAL STEPS

The innovations in conveyancing, property surveys and exchanging contracts mean homebuyers benefit from a speedier process, reduced repetition and improved visibility.

Conveyancing, property surveys and the exchanging of contracts are an ominous presence throughout much of the homebuying process. They're also the phases at which reams of paperwork, together with constant back-and-forth, slow the process to a crawl.

Olly Thornton-Berry, co-founder and managing director of digital conveyancing platform Thirdfort, admits there are challenges across the board.

Even today, source of funds and compliance checks have a level of complexity that can compromise client service. And ever-increasing compliance burdens and fraud risk create a stressful and cumbersome journey from offer to completion.

"There's huge scope for automation throughout the transaction," Thornton-Berry says. "Conveyancing currently involves manually intensive paperwork, data calls and very little analysis. Clients should be able to onboard themselves in minutes, not repeat data-entry forms endless times or have little-to-no visibility on the transaction."

New solutions for old problems

Thirdfort is not the only name drawing on data analytics, facial recognition and document-scanning technology to prove the legitimacy of funds and eliminate physical documents from the mix.

In 2016, When You Move launched its technology-led conveyancing service aimed at easing the process. Search Acumen focuses on giving lawyers easy access to data on property boundaries and ownership.

We may even see blockchain turn contracts into digital code to be protected in shared, transparent databases. HM Land Registry, for one, is working with blockchain specialists to make the process of buying and selling homes faster and cheaper, while in October last year Clicktopurchase.com said it had completed the first online property transaction by blockchain for a home in Trowbridge, Wiltshire. The same platform was later used by HS Property Group to sell a four-bed in Oldham.

All this means it's becoming easier for you to sign documents, sort out stamp duty,

"There's huge scope for automation. Clients should be able to onboard themselves in minutes."

Olly Thornton-Berry, Thirdfort



transfer funds and swap contracts – with increased transparency giving you better visibility into what’s happening, and where the money is moving.

But no easy fixes

Matt Taylor, partner and head of proptech at law firm Clifford Chance, notes that we see waves of interest over particular technologies, which then settle down as expectations meet reality and the winners start to emerge.

“The excitement that we previously saw around AR and VR seems to have eased,” he says. “And blockchain/ distributed ledger technology has moved on from being the unlikely panacea for everything to a series of concrete and much more promising use cases.” In addition, the market for conveyancers is

highly fragmented. Software providers have either eschewed the market or been significantly underinvested by incumbents and new entrants who are scared off by the prospect of having to sign up thousands of small players. There’s also the fact that lawyers can be hesitant to adopt unproven solutions, meaning technology has struggled to cement that same foothold.

The complexity boils, at least in part, down to the number of parties involved. Where the property search and viewing stages involve you and the estate agent, the offer to completion steps involve you, estate agents, mortgage brokers, two conveyancers (yours and the seller’s), a mortgage lender, the land registry and HMRC.

“Not only is this disjointed, each party has differing incentives and priorities,” says Thornton-Berry. Where an estate

agent might be focused on the speed to completion, for example, a conveyancer is concerned above all with risk mitigation, with speed less of a priority.

Technology is enabling conveyancers to focus on assistance and client service, rooting out repetition and unwinding the complexity for you. We also understand that clients don’t want to be handed off to solicitors by their bank, but to have them there by their side to assist at all times.

Buyers should expect conveyancing, property survey and the exchanging of contracts to be completed faster than in the past. However, the biggest improvements are yet to come. Future improvements will lead to a more harmonious relationship between parties in this stage of the property journey and greatly reduce the onus on buyers.

5

KNOWLEDGE, NOT SHINY NEW THINGS

How you can benefit from the increased focus on convenience, customisation and client service.

Though homeowners are less inclined to move than they historically have been, there's never been a better time than the present to be in the market. Those looking to buy can now focus their attention on the buying – not on mundane or time-consuming administrative tasks.

From search to sign-off, the way we find and view property, secure funding, and organise conveyancing, surveys and the exchange of contracts has changed significantly over recent years, and will continue to do so.

Room for men and machines

By knowing the latest technological innovations and new business models, and which providers offer personalised solutions, you'll be able to take advantage of the increased focus on convenience, customisation and client service.

Technology has touched each stage of the homebuying process. Nearly all of us search for a property online. Augmented and virtual reality help us view properties off-site. Digital platforms are a one-stop shop for transferring funds and signing contracts. Access to and the use of data means that financial products can be more targeted, buyers and sellers joined more quickly, and decisions made with less risk.

At the same time, human input is not going anywhere soon – and nor will it

ever. As data collection and administrative tasks are increasingly done by machines, the experts will in turn be freed up to spend more and more time on making the judgement calls, gathering information to take a holistic view, and providing you with specific advice and insight.

Negotiating complex transactions still requires relationships. Understanding the role of human and technology is critical for you to achieve the best result – and that applies throughout the market and at all points in the homebuying process. On the other hand, you're seeking more efficiency; the key is not confusing keeping human interaction and building relationships with continuing onerous processes just because that is the way it has always been done.

Know your role

For you, there are added layers of complexity: traditional routes won't necessarily work. You need access to information, speed, flexibility, and a tailored approach that takes into account your multiple income streams encompassing salary, bonuses and carried interest.

At Investec Private Bank, our policy is to begin with a blank sheet of paper and build from there. In the current climate, you should expect the homebuying journey to be tailored – customised to fit every individual need.

TOP PROPTechs

Players you're likely to encounter
on your homebuying journey

Property search



Online search portal created by traditional players in 2015 to compete with online-only competitors. Third in the UK in terms of traffic.



Established in 2000, the first big name in the proptech space. The UK's largest online real estate search portal and property website.



Go-to source for computer-generated valuation estimates. Launched in 2008 and now one of the UK's leading search portals.



Scores buyers based on their buying position to provide data to agents and sellers. Buyers can see how their position compares with others and gauge what they can afford.



Appraisal platform that taps hyperlocal data and artificial intelligence to assess a property's market value. Currently commercial only but eyeing residential.



Always-on, AI-powered virtual assistant for buyers to ask and answer questions before they're connected with estate agents.

Property viewings



Platform to connect searchers with local stand-ins for estate agents to attend viewings outside of office hours, anywhere in the country.



Self-service 360-degree virtual tour platform for agents to upload panoramic photos and create VR tours.

Conveyancing and property survey



Uses big data to provide service applications to aid conveyancing searches and speed up solicitors' due diligence enquiries.



Brings brokers, clients and conveyancers onto a single platform. Buyers can track transaction statuses and file paperwork digitally.



Employs data-driven tools to verify a buyer's identity, validate funding sources and facilitate movement of money to smooth the journey to completion.

Exchanging contracts



An online execution platform that uses blockchain to facilitate the legally binding exchange of contracts – electronically.

At every stage



Online-only estate agent that has rapidly expanded after its launch in 2014. Charges fixed fees and employs local property experts who aren't based in branches.



Online estate agent that sells properties for a fixed fee. Advertises buyer-ready homes and a 'Settled Guide' throughout the process.



Fixed-fee, online estate agent that gives buyers and sellers visibility throughout their journey.



Offers a buying agent service and guarantees a client's home move, providing a cash advance to make buyers chain-free.

6

ABOUT INVESTEC PRIVATE BANK

We're a private bank built to service a small number of individuals with an entrepreneurial spark and an active desire to create wealth.

For these clients, who typically earn over £300,000 a year and have £3 million in assets, we offer extraordinary banking, lending services, and access to investments and financial planning through Investec Wealth and Investment. Our team of dedicated Private Bankers build long-term relationships, understand our clients' potential and tailor solutions to meet their specific financial needs.

About Investec

Investec offers banking and wealth & investment services driven by people who test convention, see possibilities and create out of the ordinary solutions. We value the power of relationships and partnerships with our clients.

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