

A dark blue map of the United Kingdom is overlaid on a lighter blue background. The map is populated with numerous small white dots and several larger, hollow white circles of varying sizes, representing property market data points across the country. The text is positioned on the left side of the map.

# State of the **Property Nation**

Zoopla

**2020**

# Chapter 03

## Agent diversification

# Introduction

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## Welcome to the State of the Property Nation 2020.

Each year, we survey more than 6,000 renters and buyers, and 675 sales and lettings agents, to generate a holistic view of the UK market.

This year, we've divided the findings into a series of chapters, each looking at a hot topic for the industry.

This chapter, we're exploring where agents and landlords are directing their attention to grow revenue.

Which products and services are agents focusing on in 2020? And what's the key driver behind the recent spike we're seeing in high street agent sales?

Make sure you're **signed up** to get notified as chapters are published, and we'd love to hear from you – follow us on **LinkedIn** to be a part of the conversation.

# Part 1: Agent optimism rooted in revenue diversification

The new decade is starting out with a renewed sense of optimism among agents about financial prospects for the year ahead.

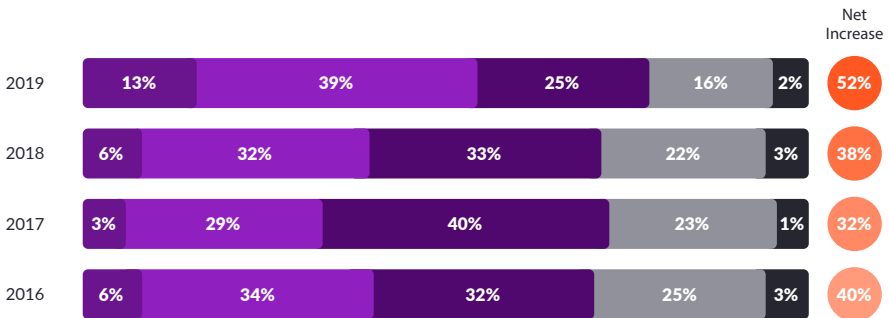
At a stock level, just over half (52%) believe more properties will come onto the market this year - that's a 37% increase on the 2018 figure.

A similar proportion of agents (50%) think that revenue from sales will increase this year.

Away from the core business, sales agents appear to be zoning in on alternative revenue sources.

A sizable proportion of those we surveyed predict increases in →

## View on amount of properties coming onto the market for sale over the next 12-18 months



## View on number of properties being sold over next year



Increase a lot
  Increase a little
  Stay the same
  Decrease a little
  Decrease a lot

revenue from broader consultancy services - including supplying and recommending mortgage advice and broking (43%), and providing legal services (42%).

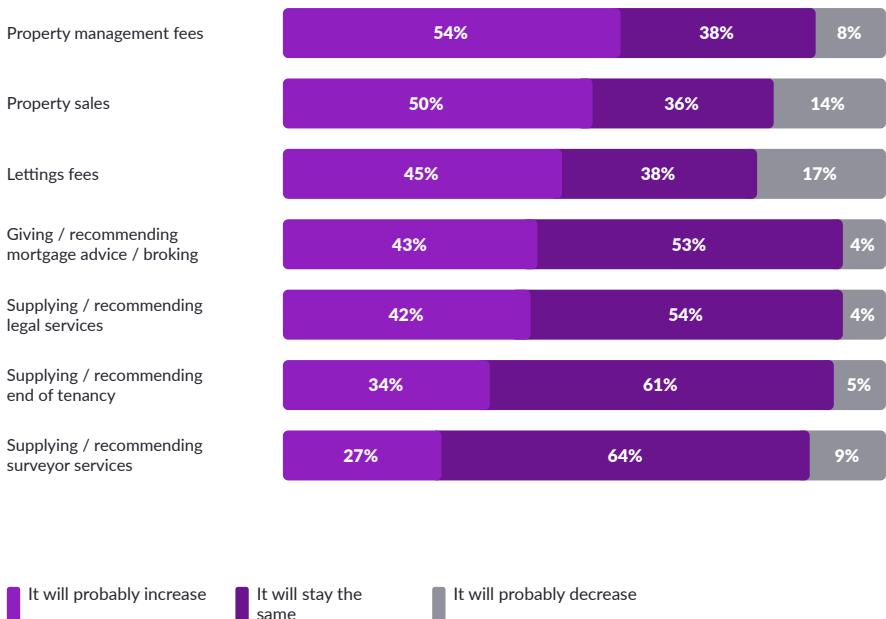
Lettings agents are also feeling the benefits of renewed buoyancy in their market, as demand outstrips supply and rents in many parts of the country.

Nearly nearly half of those we surveyed (45%) believe that revenue from the rental market will grow this year.

Diversification is also the order of the day among letting agents.

54% believe that revenues beyond those generated by traditional lettings, in areas such as property management fees, will grow in the next 18 months.

### Expected change in revenue source



# Part 2: Customer satisfaction key to driving growth

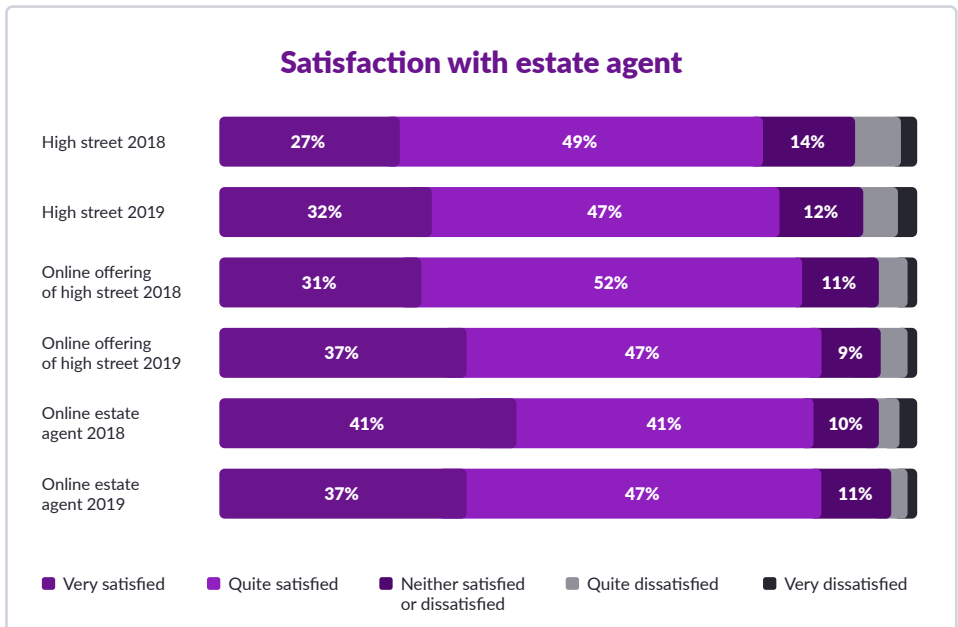
Best-in-class customer service appears to be driving consumers back to the high street, and we encourage agents with a high street presence to capitalise on this.

From 2018 to 2019, satisfaction with both traditional and online high street agents rose.

Those 'very satisfied' with the online aspect of their high street agent jumped from 31% in 2018

to 37% in 2019, while those 'very satisfied' with their high street-only agent was also up 19% year-on-year.

At a more general level, customer satisfaction among consumers has risen year-on-year across the board. Increases, although smaller, are still evident among online-only agents too.



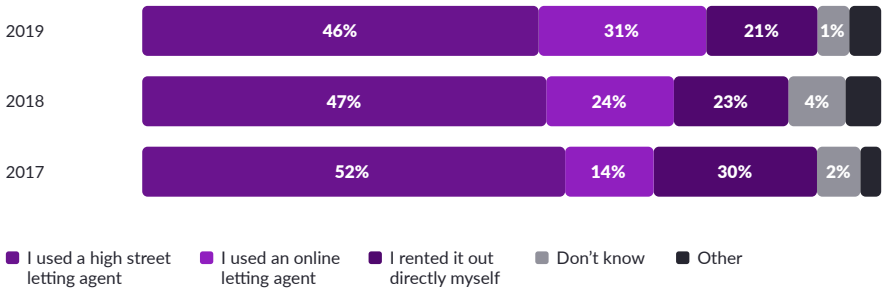
# Part 3: Landlords shift their focus online

Conversely, landlords are bucking the return to the high-street trend.

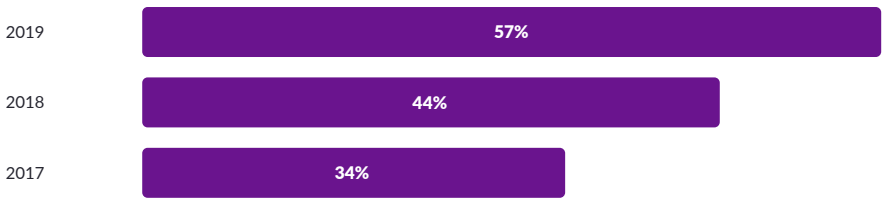
Nearly a third (31%) of those sampled used online-only or hybrid agents, up from 24% a year ago.

And future online agent use is firmly on all landlords' radars – with 57% saying they'd go down the online route to market future properties, up from 44% in 2018.

## How landlords rented out their last property



## Likelihood of using an online letting agent (% likely)



# Conclusion

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Encouragingly, agents tell us they're optimistic about transaction levels this year.

While we saw a spike in property price performance at the end of the last decade, we expect price rises to remain steady over the next twelve months, moderated by affordability pressures.

That said, there's no reason that agents' expectations of increased transactions won't come to fruition, as long as sellers keep a level head about asking prices.

Agents themselves are broadening the services they offer to boost market appeal, and help weather any future price pressure.

Back at a core business level, it's no surprise that offering exceptional customer service is vital.

However, it's also clear from our data that it's driving where consumers are actually spending their money.

Going the extra mile for today's consumer, ensuring contact models fit into their busy lives, will be increasingly key to winning listings.

Landlords, meanwhile, are fighting back against recent legislative pressure with tech.

There's also an opportunity for letting agents to optimise the range of products and services they offer to landlords during and after tenancy, through cloud-based property management software such as **Alto**.

State of the Property Nation research was conducted in November 2019. Information contained within this chapter was correct at the time of going to press in March 2020.



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