PERSPECTIVE

2020 Real Estate industry pulse check

MACQUARIE

Contents

What's the state of the real estate industry today?

How are agencies performing?

And what are higher performing agencies doing to ensure longevity and maintain outperformance in an evolving landscape?

To answer these and other key questions, Macquarie Business Banking ran a targeted survey of real estate agencies around the country. It reveals an industry adapting to a changing operating environment, with the best performing agencies re-shaping their businesses to drive growth and create an exceptional client experience.

Introduction

An evolving market landscape. Outside of typical market cycles, the industry is continuing to evolve.

After three decades of exceptional growth, Australia's property market softened considerably from mid 2018, with property values and sales volumes falling across most of the country.

Whilst almost every state has been impacted by economic shifts, weak wage growth, and efforts by the Australian Prudential Regulation Authority (APRA) to cool the investor market, the market has recovered.

The final two quarters of 2019 saw a noticeable pick up in market activity, as property values trended upwards and market sentiment improved on the back of low interest rates, a rising population and APRA's recent relaxation of lending restrictions.

Many agencies are now performing well once again against this favourable backdrop, but the events of 2018/2019 have again highlighted the impact of market volatility and the need to rethink business models for success both now and in the future.

Compounding these market cycles, long-term structural change has gathered pace at an unprecedented level. Regulatory considerations, technological innovation and a host of new, digitally-enabled competitors continue to put pressure on margins, with market incumbents compelled to invest in improving the client experience to meet rising client expectations. Competition for great people is intense, as is the need for agencies to maximise their investment in people by lifting skills and equipping staff with the tools they need to operate at peak efficiency and deliver exceptional client service.

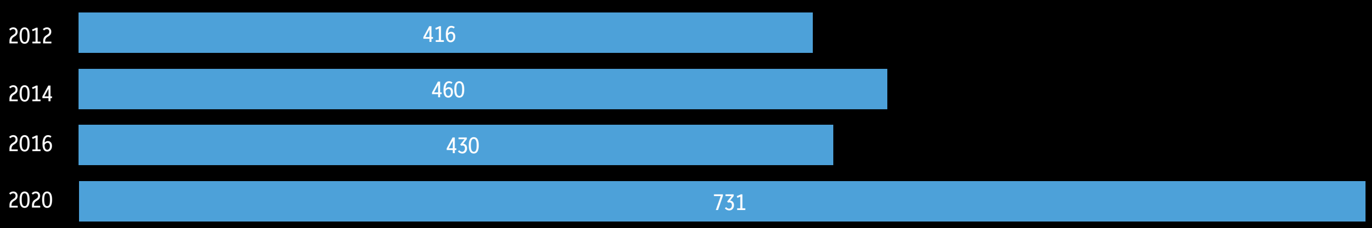
In this environment, adaptability and resilience are the keys to success. Only those who can transform their businesses to meet the demands of an evolving industry and increasingly discerning clients can expect to thrive. Our 2020 pulse check shows that higher performing agencies have been at the forefront of adopting new technologies, developing their staff and transforming their processes with the client at the centre. The result is a vastly improved client and employee experience, underpinned by greater efficiency, driving superior results across market cycles and establishing the right foundation for the Real Estate Agency of the future.

Domonic Thompson
National Head of Residential Real Estate
Macquarie Business Banking

About the research

Our 2020 pulse check is based on a focused online survey of **731 real estate agencies across Australia,** conducted for Macquarie Bank by Fiftyfive5 in October 2019. It builds on six previous benchmarking studies since 2007 to provide a detailed picture of the market's evolution.

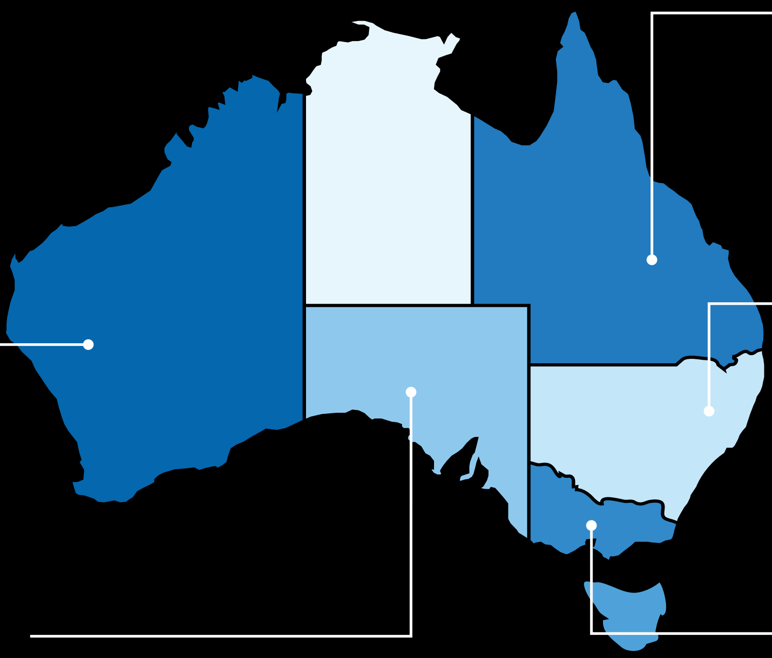
Respondents



Participant profile Respondents - full survey completions

WA
98 survey completions
18% of participation

QLD
91 survey completions
17% of participation



NSW/ACT
194 survey completions
35% of participation

SA
32 survey completions
6% of participation

VIC
122 survey completions
22% of participation

Key trends

Efficiency is critical as margins and profits come under pressure

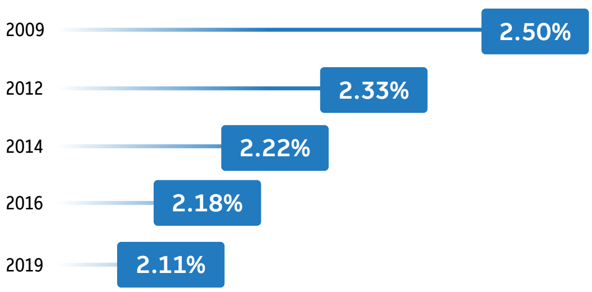
A softening property market and intensifying competition have continued to impact revenues and profit margins, making efficiency more critical than ever. Yet our survey also shows that the best performing agencies are successfully adapting to the changing environment – and earning above-average margins as a result.

Here are three key trends shaping the real estate industry today:

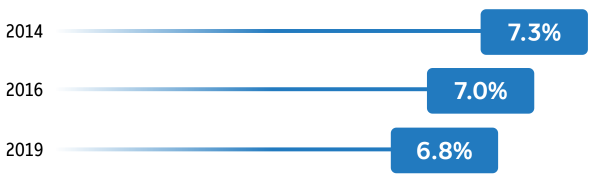
1. Commissions are falling

Underlying these revenue and profit pressures is a long-term structural decline in commission rates. Historically, rates have come under pressure from increased competition as an increasing number of agencies pursue a limited market. More recently, new, digitally-enabled entrants have found new ways to deliver a compelling service proposition more efficiently. Since 2009, the average sales commission has steadily fallen from 2.5% to 2.15%, while property management commissions have dropped from 7.3% in 2014 to 6.8% in 2019.

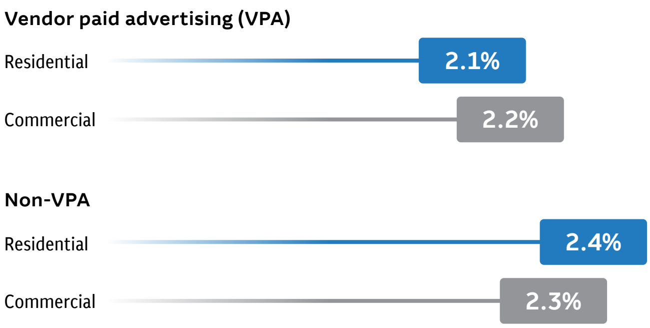
Long-term trend residential sales commission (VPA)



Average property management commission (excluding GST and add-ons)



Residential and commercial sales commissions

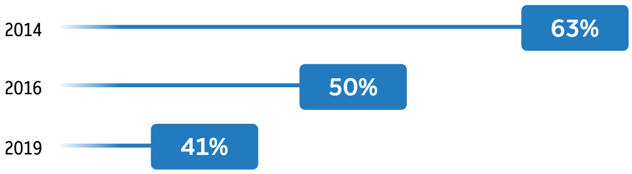


Key trends

2. Revenues and profits are under pressure

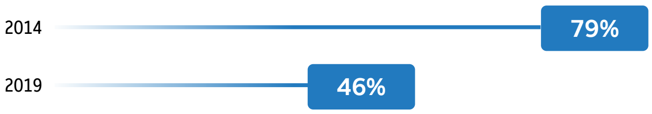
Unsurprisingly, fewer than half (46%) of businesses saw revenue grow in FY2019 during challenging market conditions, down from 79% five years earlier. And while 89% of agencies made a profit in FY2019, 27% had margins of 1% to 10%.

Agencies who increased profit margin over prior year

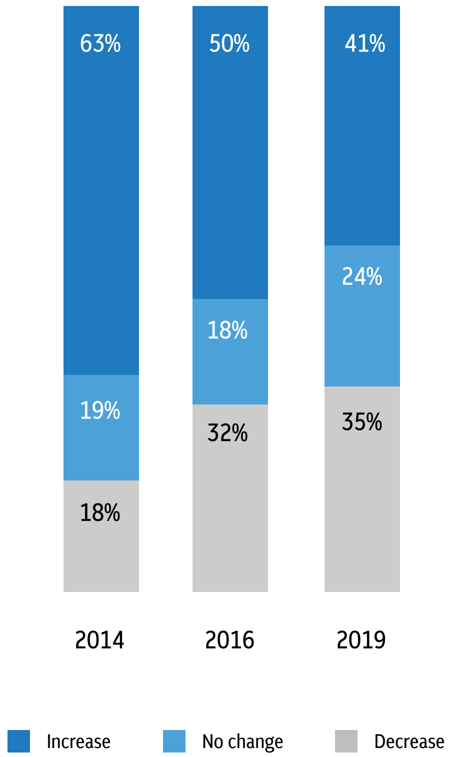


Despite some recent improvement in market conditions, 88% of agencies are still concerned about margin pressure in this improved environment.

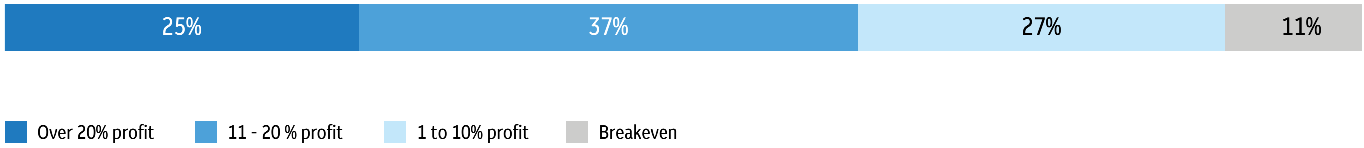
Businesses with revenue growth



Agencies profit performance v prior year



Agencies making a profit

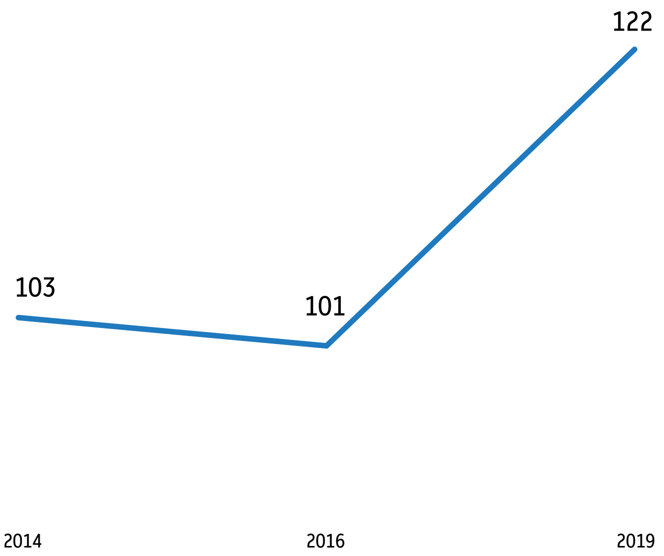


> "Compared to previous years, this year's pulse check included a greater number of larger businesses with higher revenues, more properties under management, and larger teams, reflecting a certain level of industry consolidation. However, looking beneath the headline numbers, it's clear our survey took place against a tough backdrop, with many agencies experiencing falling revenues and difficult market conditions."
>
> **Domonic Thompson,** National Head of Residential Real Estate, Macquarie Business Banking

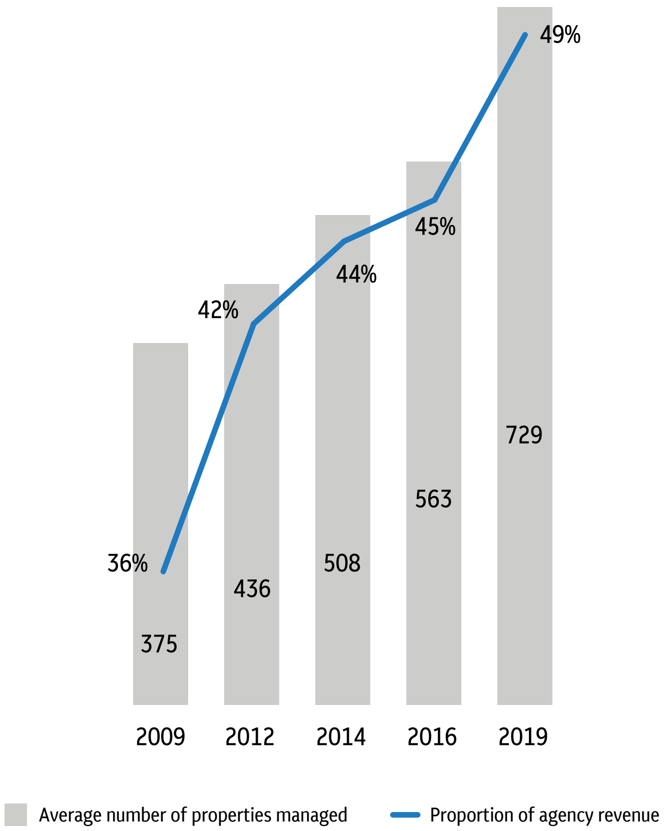
3. Property management is more important than ever

As sales volumes falter, property management has become increasingly valuable as a source of recurring revenue streams that agencies can rely on and build out to meet fixed costs. Since 2007, the average proportion of agency income from property management has risen from 29% to 49%, with the average agency now managing 729 properties. Our research also shows that some of the best performing agencies are highly focused on leveraging the broader needs of the clients (both landlord and tenant) within their property management portfolio by creating their property management portfolio additional income lines, through value-added services such as utilities connections, maintenance, insurance, and even financial services.

Average properties under management per full time property manager



Property management - trend over time



State of the states

Soft market conditions in New South Wales and Victoria, while the rest of the country tightens

With sharp sales price and volumes falls having a material impact on most real estate businesses across the country across FY2019, agencies have had to adapt.

Lower sales volumes have driven a heightened level of competition for fewer transactions (with an average of 120 residential sales per year) at the expense of margin (with sales commissions falling relative to prior years), but have also driven a focus on property management as agencies look to bolster cashflow in a soft market (with an average of 718 properties managed per agency in FY2019, up from 650 in FY2018).

Victoria leads the country with average properties under management, with an average of 898 properties managed per agency. The impact on revenue and profitability is evident with one-third of business in all states (except SA) delivering a profit margin under 10%, and the largest number of breakeven/loss making businesses being represented in NSW and VIC, where the fall was most heightened.

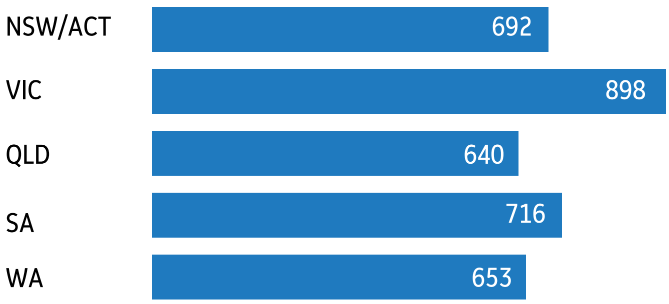
NSW continues to generate the highest average revenue per FTE at $219K, with most other states aligned on staff/income ratio. The average turnover in all states lies between $1m and $3m, with Victoria having the greatest number of businesses generating revenue greater than $3m.

WA and QLD maintain a strong focus on property management income (generating greater than 50% of revenue from property management), whilst NSW, VIC and SA maintain sound sales revenue lines, despite the softening market during FY2019.

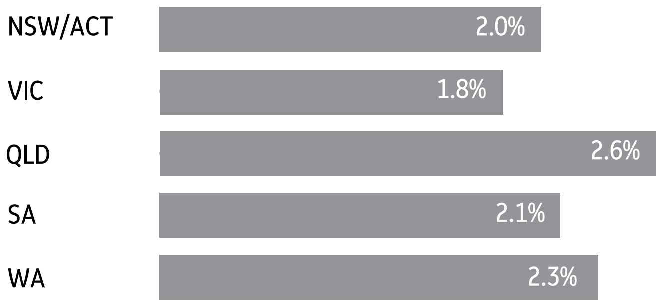
Queensland continues to maintain the highest sales commissions in the country (2.6%), while competition in Victoria ensures that their sales commissions are the most competitive of all states, at 1.8%.

Property management commissions are also the most competitive in VIC at 5.8% across the largest properties under management portfolios in the country.

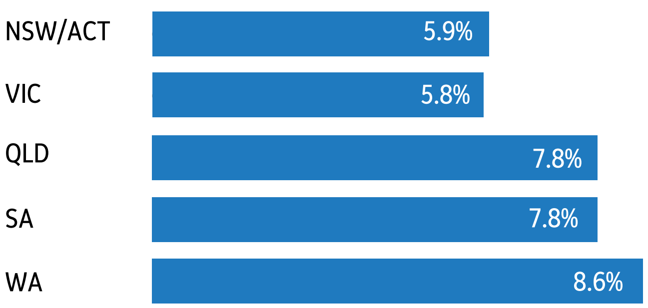
Average number of residential properties managed per agency



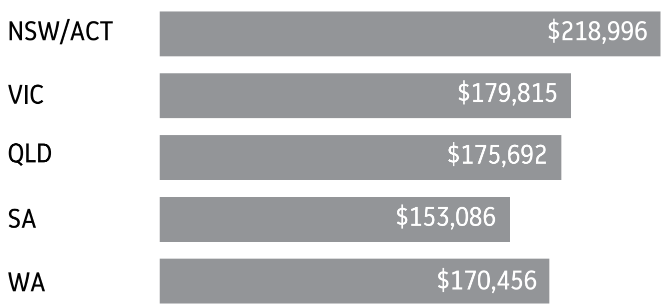
Average sales commission (residential-vendor paid advertising)



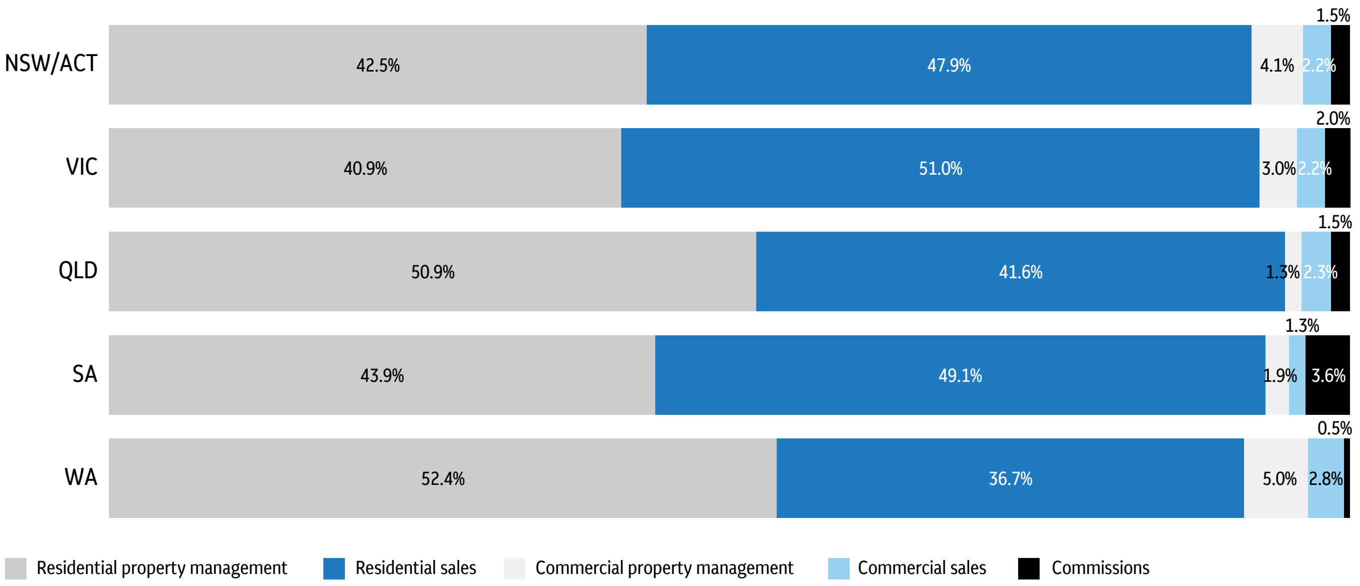
Average property management commssion (residential, excluding GST)



Average revenue per (FTE) staff member

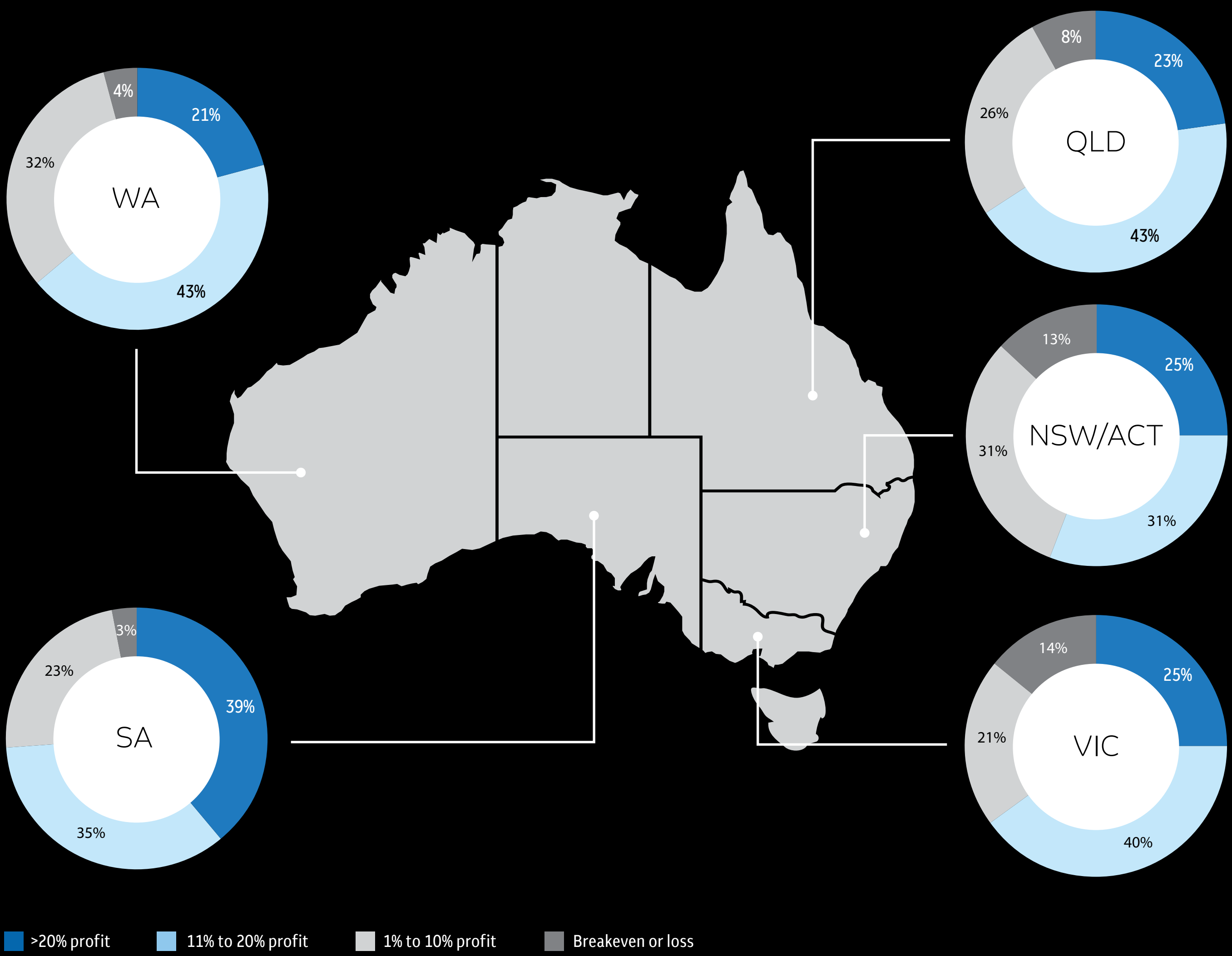


State profiles Revenue sources

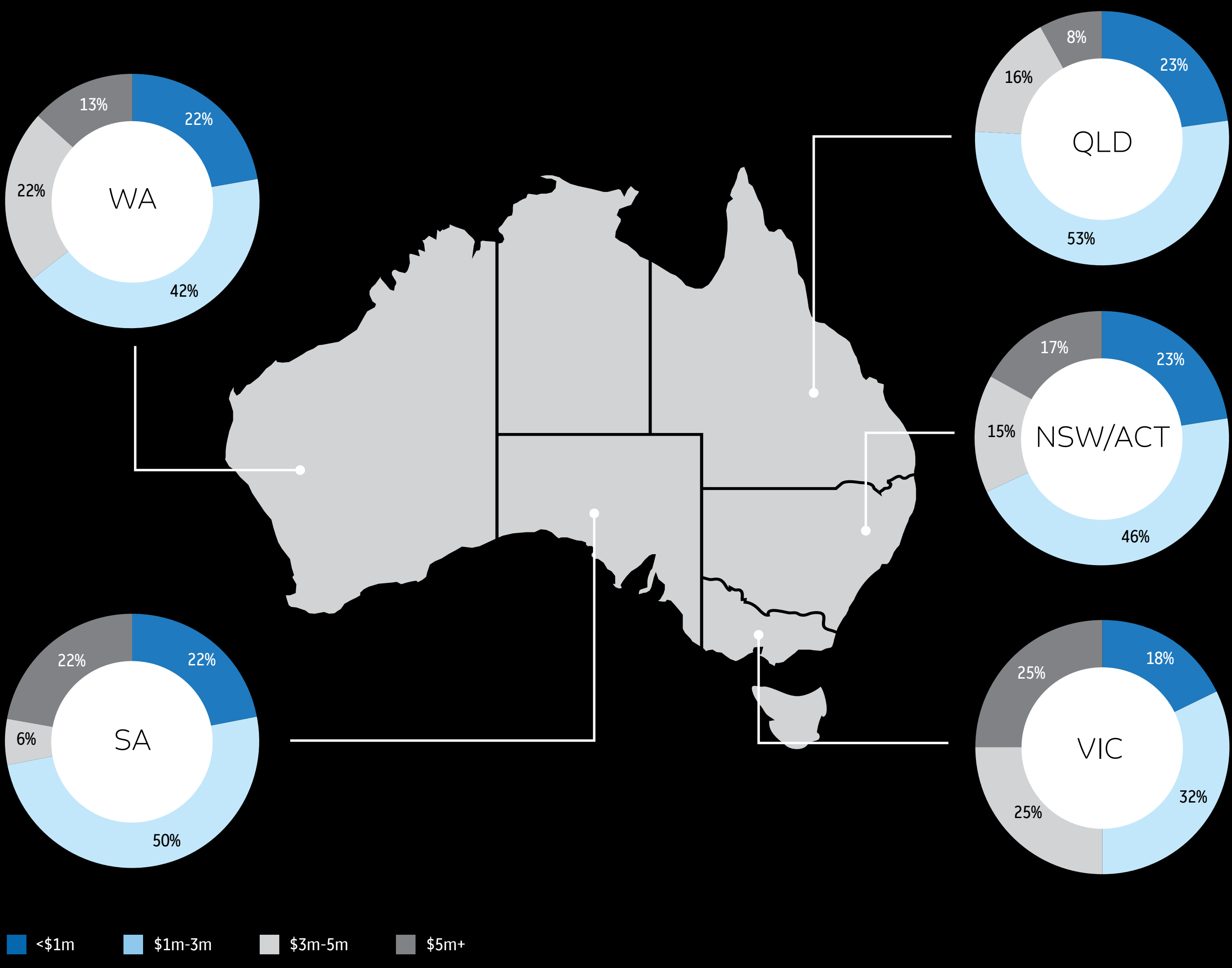


State of the states

State profiles **Profit margins**



State profiles Revenue



The higher performers

Adaptability and resilience across market cycles are critical elements of successful business leadership

In this year's survey, we've taken a different approach to analysing performance, with a view to identifying agencies that have not only achieved consistently above-average financial results, but also have the mindset and outlook required for sustainable success in a rapidly adapting environment.

The higher performers in our survey are not necessarily larger than their competitors, although all have healthy revenues ($1m or more in FY2019). They are also comfortably profitable, with a margin of 20% or higher. Most importantly, they are highly adaptable, have a strong self awareness of the need to be focused on their ability to evolve their businesses by identifying and responding to change.

Whilst adaptability is critical for any business, higher performing agencies are also more likely to rate themselves highly for resilience and entrepreneurialism, as well as clarity on vision and strategy – attributes that agency leaders see as important for success, but which many agencies believe are a weak point.

The benefits of this active, adaptable mindset are reflected both in their operations and their financial results. Higher performers generally use a wider range of technologies across the business (5.5 versus 4.8 among other businesses), helping to drive efficiency and create a superior client experience. They are also adept at developing and retaining their existing staff, rather than competing for experienced people in a highly competitive environment. As a result, they are able to create a better employee experience, which contributes to to an improved client experience delivered by skilled, confident and contented staff.

Together, characteristics like these help higher performers to operate more efficiently, with better cost controls and higher margins. That enables them to focus less on cashflow volatility and more on their strategy and vision. They also help them achieve sustained growth despite a weaker property market, with around two in three (64%) growing revenues in FY2019, while 57% also increased profitability.

Defining higher performers

Revenues
$1m or more in FY2019

Profit margins
20% or higher in FY2019

Mindset
Adaptable: agree they are able to evolve the business to respond to change

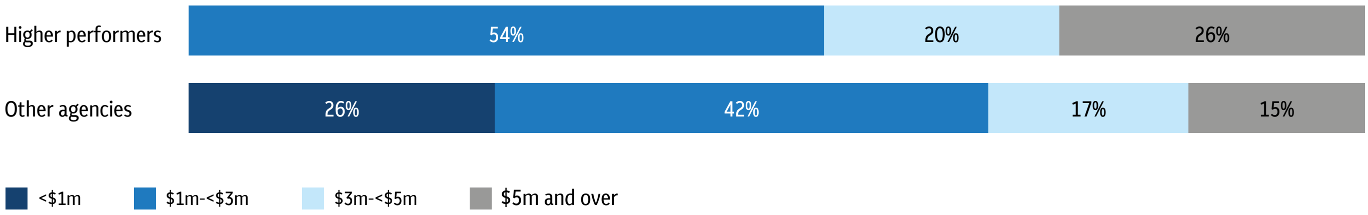
How our survey respondents measured up

16%
Higher performers

84%
Other agencies

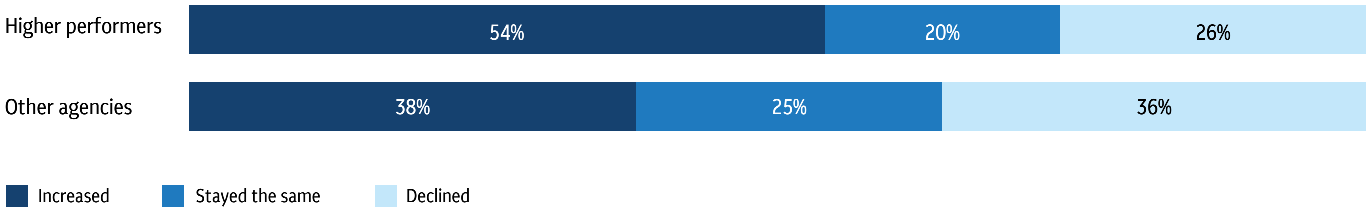
Profile of a higher performer

Revenue FY2019



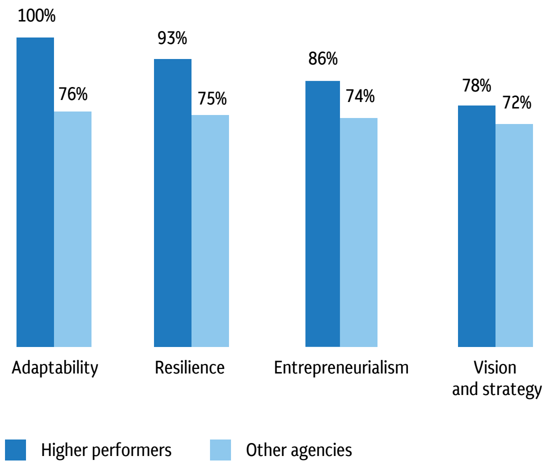
Change in revenue versus prior year

Change in profit versus prior year



Mindset

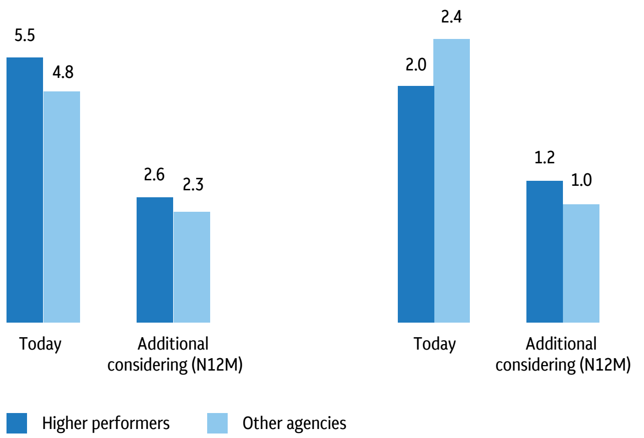
We rate strongly or very strongly for



Technology and operations

Average number of technology types used

Average number of value added services



Sales

Commissions edge lower as supply tightens

Softer trading conditions in 2019, as well as the impact of technology and new business models, have continued to place pressure on sales commissions.

Sales figures across the country clearly show the impact of a weaker market, with average residential sales per agency falling from a peak of 148 in FY2016, to just 116 in FY2019. Whilst responses for this years' pulse check have shown many characteristics of industry consolidaiton and operations getting bigger, more than half of the agencies we surveyed said they had sold fewer than 100 residential properties last financial year.

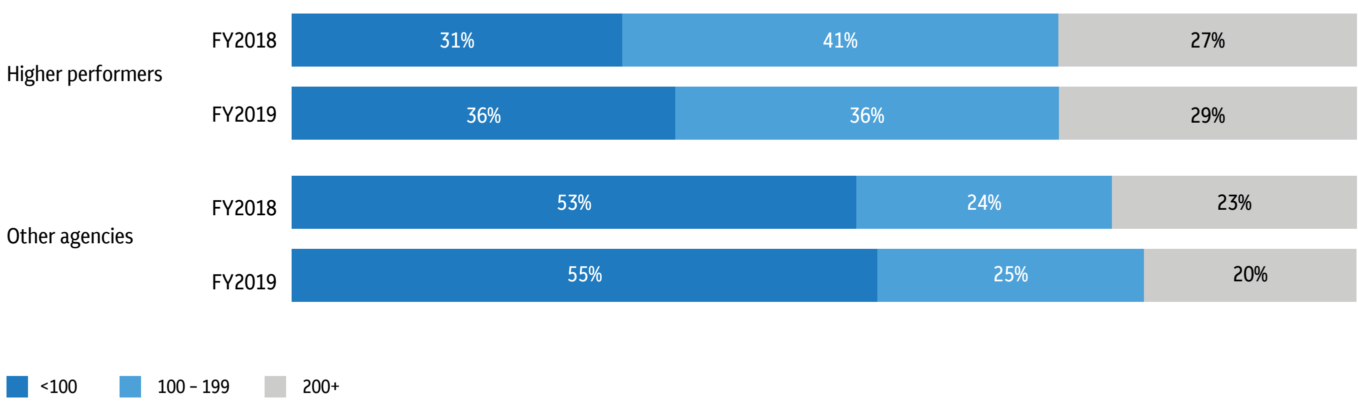
As noted above, tighter supply and intense competition has put pressure on commissions, which have edged down to a national average of 2.1% for residential sales (vendor paid advertising).

Interestingly, higher performing agencies do not seem to be attracting higher commissions in the current market. Instead, their focus appears to be on having clarity of vision and strategy in their business, with a resounding focus on execution into exceptional client experience, their brand and providing an exceptional employee experience, allowing them to capture a higher volume of sales. 65% of higher performers completed 100 sales or more in FY2019, compared to only 45% of other agencies, supported by larger sales teams – an average of 11.1 salespeople at each higher performing agency, compared to 8.3 at other agencies.

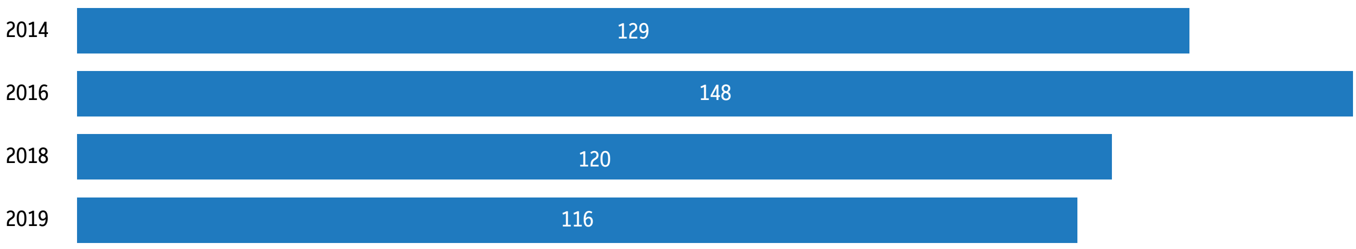
We see technology and automation impacting processes, allowing this trend to continue, and also observe higher performing agencies focusing on simply doing more with clients (looking to leverage the broader lifetime needs), rather than being reliant on sales commissions getting any downward pressure relief any time soon (or volume levels returning to historic levels).

This is not is a race to the bottom; it's all about the agency value proposition, and the value agencies articulate to market that will change the industry dynamic.

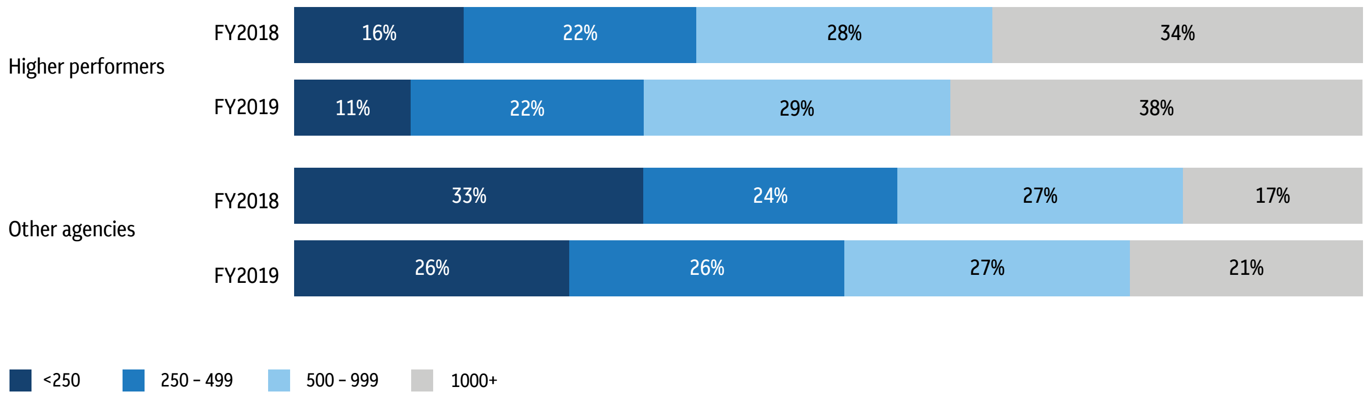
Residential sales by performance



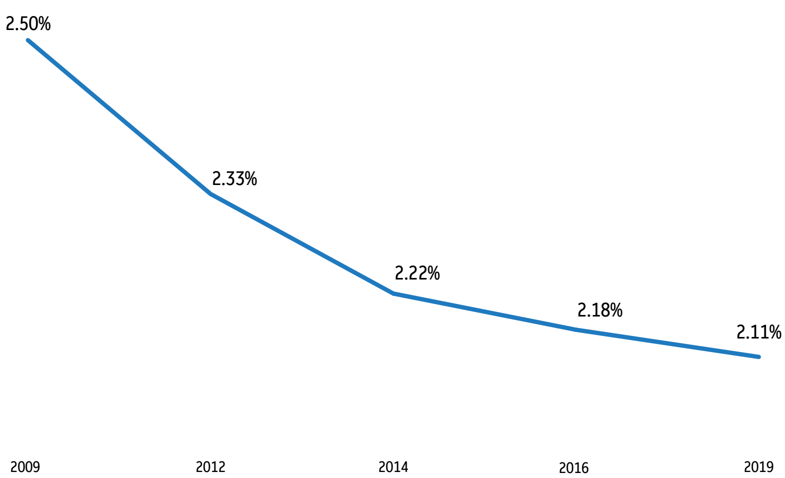
Average number of residential sales per office

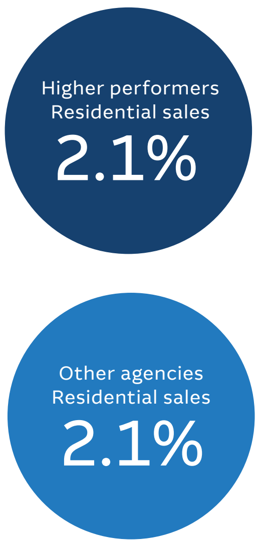


Residential properties managed



Average sales commission rates (VPA)
Long-term trend





The survey tells us that higher performers are not driving success typically through price, but are instead working on factors such as margin (through efficiency improvements and cost management) and also strong value proposition to ensure clients the perceived value from the service is stronger then their competitors.

Property management

Portfolios increase as consolidation continues and agencies seek stability

Beyond the importance of recurring revenue is the understanding of the true value of the client. As noted above, 2019 has seen a continued focus on property management as the industry recognises the importance of recurring incomes and efficiencies derived from larger property management businesses a reliable source of recurring income. With sales revenues under pressure, residential property management now accounts for more than half of agency revenues in WA and Queensland, and over 40% in other states. Yet increased competition has also seen property management commissions trend downwards, with the national average commission falling 0.5% over the last five years to 6.8% (excluding GST and add-ons).

Higher performers generally manage substantially more residential properties than other agencies, with 88% managing more than 250 properties and 36% managing over 1,000 properties. They also manage significantly more properties per full time employee, an average of 131 versus 120 among other agencies, reflecting greater efficiency supported by higher technology adoption.

As a result, they are able to offer highly competitive commissions – an average of 6.7%, compared to offer 6.9% for other agencies.

Meanwhile, improved efficiency and technological innovation has boosted the number of properties per full time property manager significantly since 2016, from 101 to 122. This improvement in efficiency from technology and automation has allowed agencies to revisit the traditional role of a property manager, and helped align the structure of the business to client experience in many instances. Not only have traditional roles and responsibilities been challenged, but we have also seen many agencies take a different view of both landlords and tenants, with a focus more on them as 'clients', with lifetime property services needs to be delivered into. With this comes a focus on broader revenue sources for the agency through services that can be provided to fulfill these lifetime needs, building a long lasting relationship and relevance between the business and client.

Residential property management commission

Higher performers

6.7%

Other agencies

6.9%

Lower commissions do not demonstrate agencies are buying business, but instead, are simply finding ways to deliver services efficiently, through technology, automation, or off-shoring, which allow increased portfolio numbers, while not negatively impacting customer experience or employee experience. In fact, very much the contrary.

Average commission rates for residential property management (excluding GST and add-ons)
Long-term trend

Average properties under management per full-time property manager

Higher performers
131

Other agencies
120

As the industry continues to embrace technology and automation, and gives more consideration to outsourcing, more are discovering the ability to deliver their services to clients not only with an improved customer experience, but also improving the employee experience.

> "Successful agencies understand that rent rolls are more than just a source of cashflow, but clients with significant needs – offering significant revenue opportunities for the longer term."
>
> **Domonic Thompson,** National Head of Residential Real Estate, Macquarie Business Banking

Technology not only has an importance in efficiency, but often higher performers are seeing technology as an improvement in customer experience, therefore delivering a greater value, in conjunction with efficiency.

Challenges

Market conditions continue to expose and challenge traditional business models

But being able to adapt to an evolving industry will require agencies to be more agile than ever before. As you would expect, a weaker market has brought costs into focus, with agencies under pressure to maintain margins as revenue growth slows. 88% of agencies identify margin pressure as a challenge, with around a third (32%) describing it as a major challenge, while 84% say they have been affected by deteriorating economic conditions. As a result, many are grappling with the need to drive efficiencies across the business, in part by integrating technology platforms to automate processes (a challenge for 79% of agencies) yet 54% of agencies say that a lack of time is a key barrier to innovation, along with cost (43%) and a lack of knowledge (38%).

Attracting and retaining talented people also remain key challenges, affecting 87% and 68% of agencies respectively. Competition for staff is not a new challenge, but the skills and capabilties required in a tech enabled world with a focus on delivering exceptional client experiences is different to today. With people being an agency's greatest asset, it is imperative to ensure staff mindset, skills and roles are aligned to the business vision and strategy.

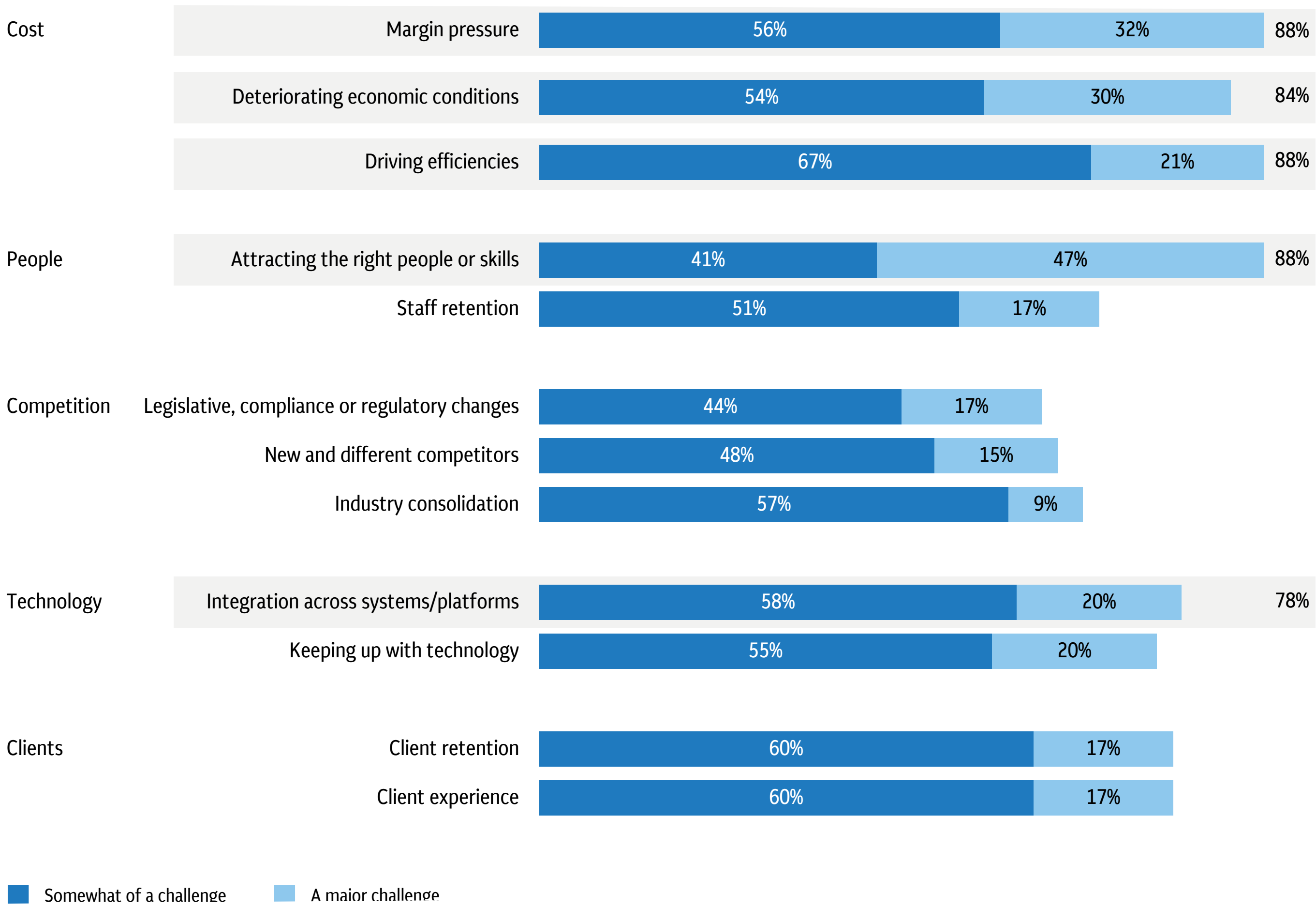
Notably, higher performing agencies tend to face fewer challenges across most areas of the business, reflecting their optimistic outlook and ability to focus on grasping opportunities, rather than procrastinating over challenges. In particular, margin pressure is a major challenge for just 16% of higher performers, compared to 37% of other agencies. They are also less likely to say that it is a major challenge to attract the right people (40% versus 51%) and keep up with technology (14% versus 22%), reflecting these agencies' investing ahead of the curve in the right workplace culture and employee environment as well as oppeness greater openness to innovation and their willingness to adapt to the challenges of an evolving competitive environment. Most importantly, higher performing businesses have greater clarity on vision and strategy, and have confidence in executing business decisions aligned to these elements.

"Our survey shows most participants have three principals or fewer, typically busy driving income, so it comes as no surprise to learn that a lack of time is the main barrier to innovation.

It is imperative that businesses prioritise time for critical decision making, and maintain focus on vision and strategy. Many higher performing agencies ensure diversity and breadth across their leadership teams, to allow focus and accountability to key themes."

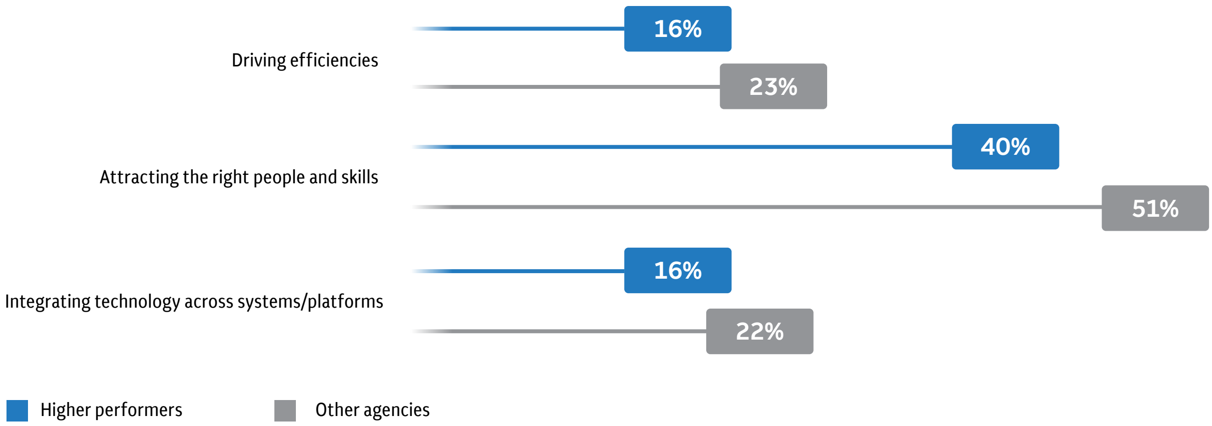
Domonic Thompson, National Head of Residential Real Estate, Macquarie Business Banking

Challenges


Cost
Margin pressure 56% 32% 88%
Deteriorating economic conditions 54% 30% 84%
Driving efficiencies 67% 21% 88%
People
Attracting the right people or skills 41% 47% 88%
Staff retention 51% 17%
Competition
Legislative, compliance or regulatory changes 44% 17%
New and different competitors 48% 15%
Industry consolidation 57% 9%
Technology
Integration across systems/platforms 58% 20% 78%
Keeping up with technology 55% 20%
Clients
Client retention 60% 17%
Client experience 60% 17%
Somewhat of a challenge
A major challenge

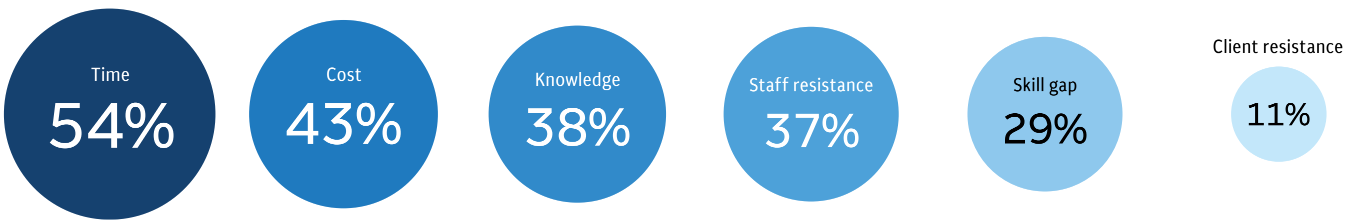
Challenges

Key challenges



Higher performers tend to be less concerned about efficiencies in their business, as they may have an ongoing focus. Similarly, with people, higher performers focus on evolving the work environment, to be more conducive to future needs, and place more importance on continuing to refine the systems integration across the business as their technology investment evolves. Higher performers typically review efficiency metrics as a matter of course and a result of other efforts.

Barriers to innovation



Innovation does not simply happen. Instead it fosters itself in an environment where challenging existing ways and thinking is revered and where there is accoutnability for such across the businsess. With clients willing to innovate the way they do business, objections based on time and cost render businesses vulnerable to competitors.

Opportunities

Adding value and creating a vision for the future

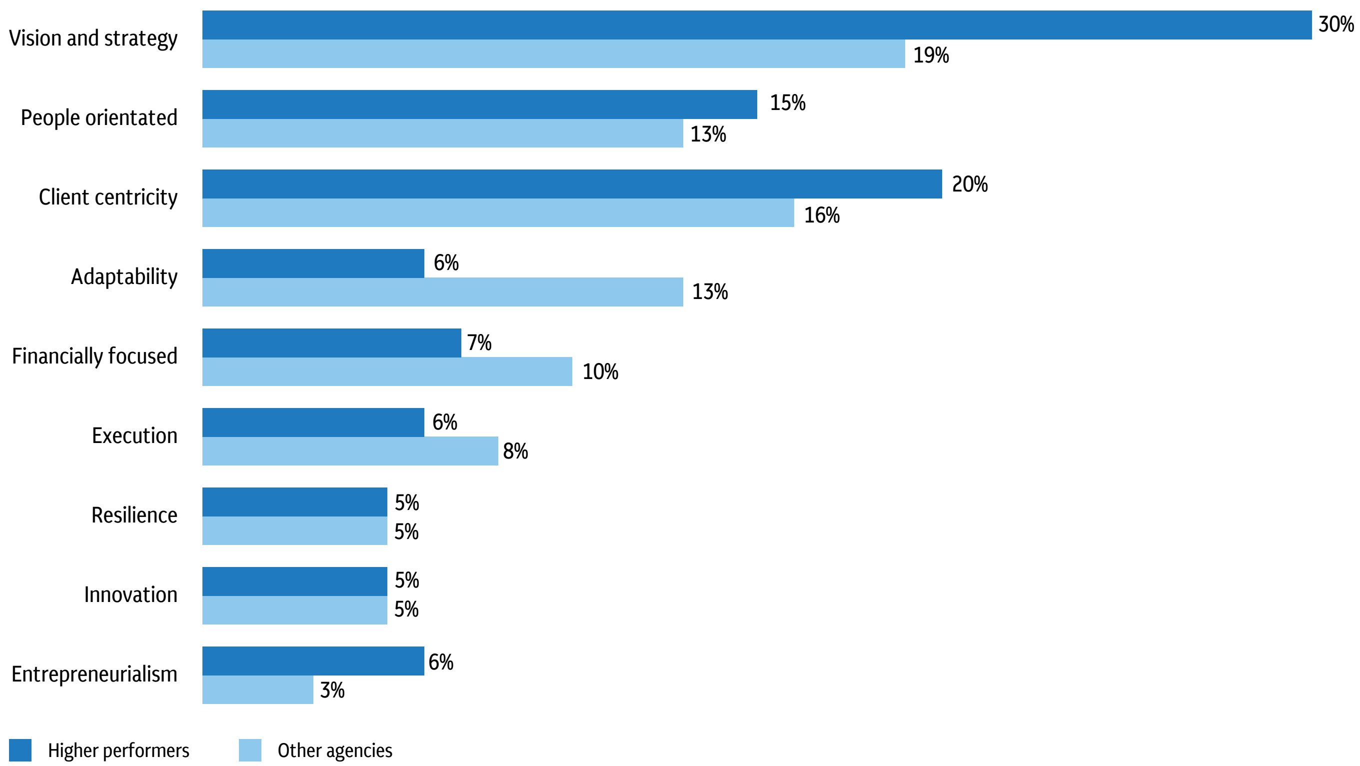
Looking beyond the traditional role of real estate agencies, and focusing more on more the broader property services needs of its clients highlights so much potential for the industry. For those already engaged with all nature of clients across their businesses, the opportunity is ready to be capitalised upon.

Market volatility remains a constant challenge in the Real Estate industry, as agencies have historically focused heavily on sales to drive success. Against challenging market conditions, and with a heightened awareness of the need to adapt, many agencies are making inroads to improve their performance and are reshaping business models,to ensure sustainability and longevity. Our pulse check reveals a range of opportunities already under consideration for agencies to improve their performance and reshape their business models to meet the demands of a changing market, setting the right foundations for delivering business transformation.

Looking at the areas where agencies plan to focus over the next 12 months also reveals marked differences between higher performing agencies and their peers. While the vast majority of agencies say increasing revenue per staff member is a key priority, higher performers are significantly more likely to do so by investing in technology, boosting their branding and marketing, and expanding the their offering with new value added services like maintenance (31%), individual occupier services (30%), insurance (22%) and financial services (19%).

In contrast, other businesses are more likely to be focused on improving cashflow and reducing costs, as well as reworking their business models to compete more effectively with their higher performing peers.

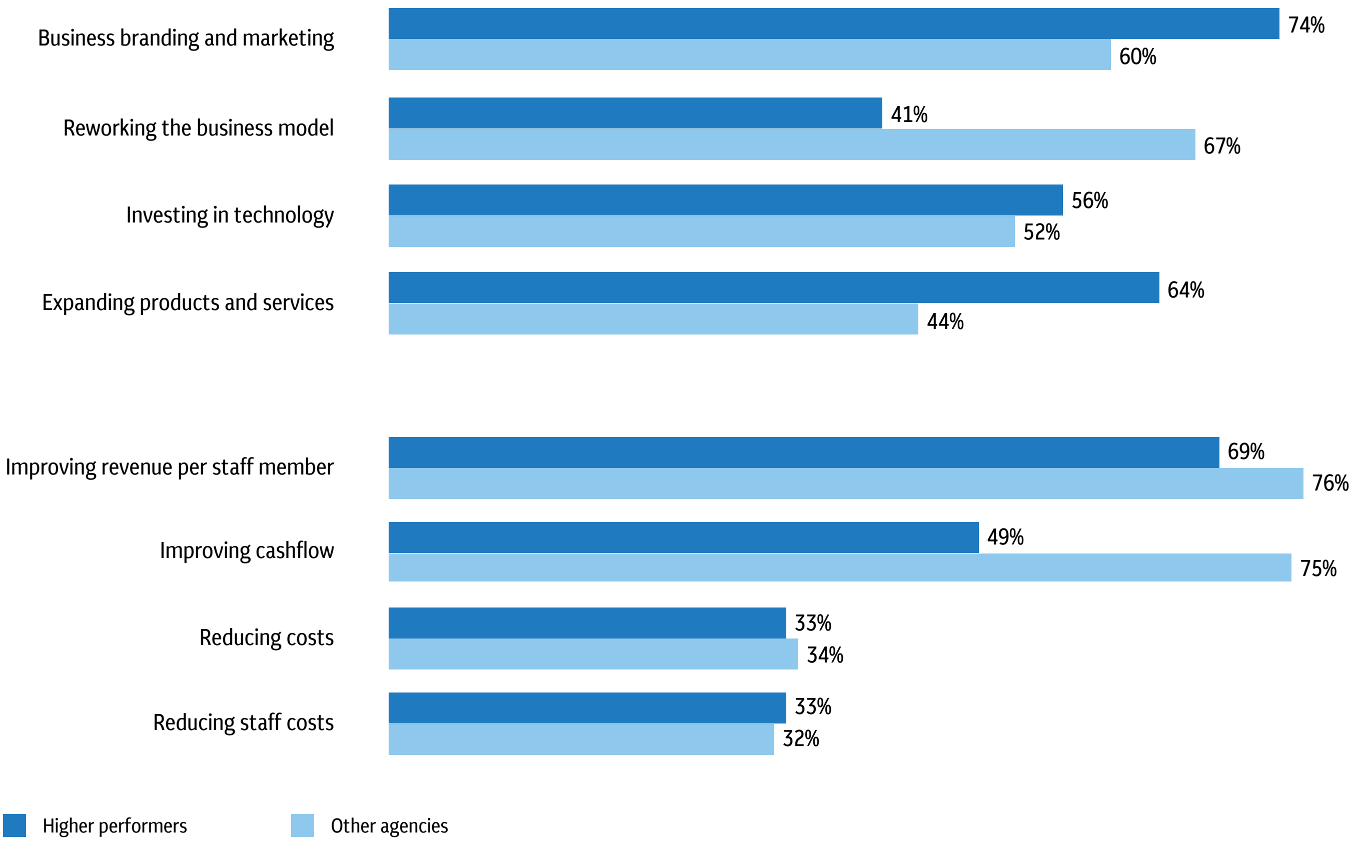
Qualities most important for future success



Opportunities

Higher performers are looking to the future and making strategic decisions against vision and strategy, whilst other agencies are more focused on business fundamentals of costs and cashflow, which should be part of BAU.

Focus areas for the next 12 months



While adjacent revenue opportunities in real estate is not a new concept, the build out of additional revenue is seen as a key component to future proofing businesses, and ensuring longevity and relevance, while also reducing the threat from competitors, as well as new entrants in the space.

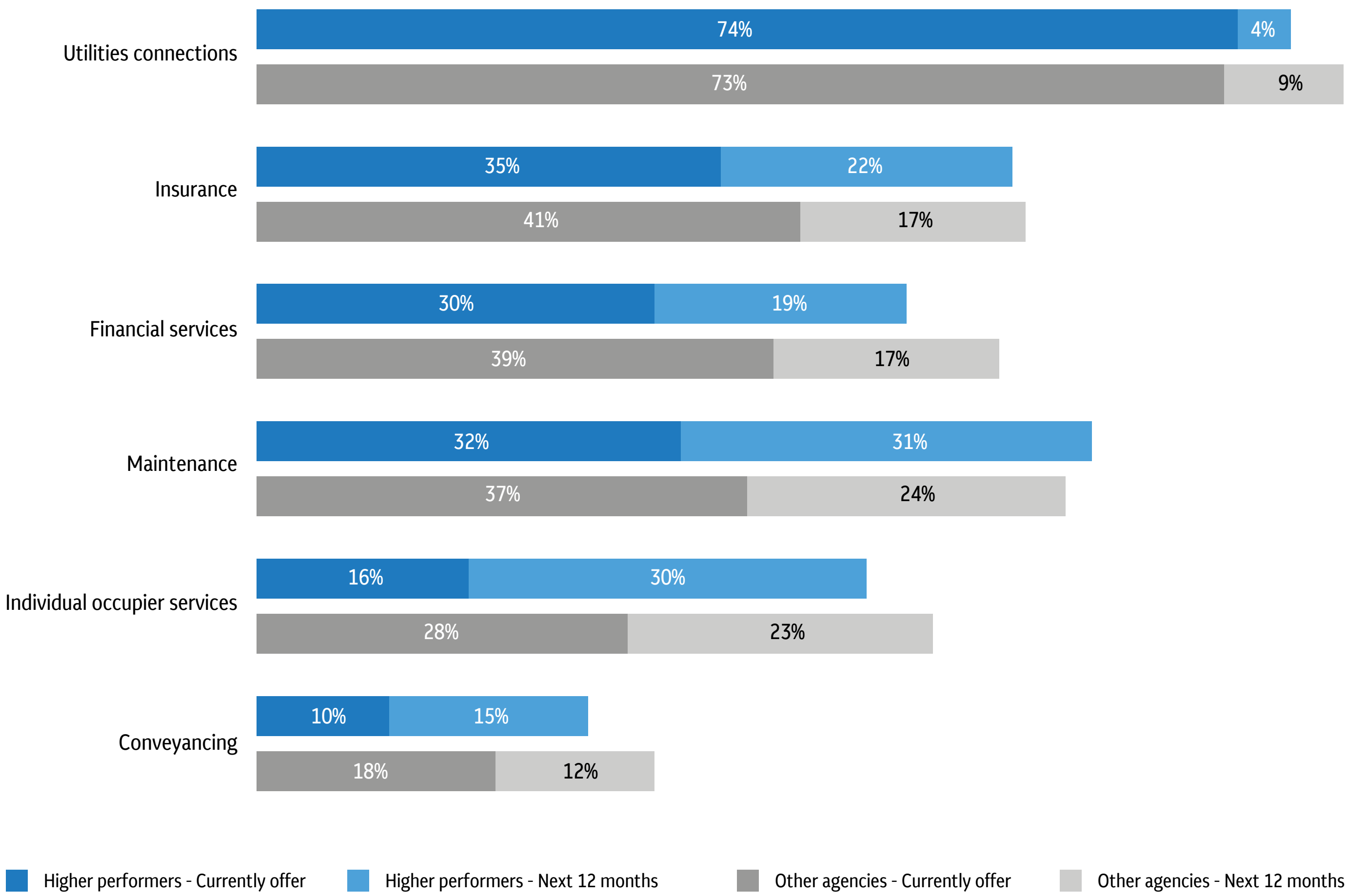
The difference between success and failure in delivering adjacent services to clients (and additional revenue to the business) is based on customer experience. Taking a Human Centred Design (HCD) approach to providing further services to clients is about understanding the pain points you are looking to solve for your client, and not simply about generating more revenue from them.

The industry as a whole has a greater intent on delivering additional services to its clients, yet remains unclear on exactly how to execute and package.

Higher performing agencies appear to be focused on superior execution and refining fewer services, rather than offering a broad range of services simultaneously.

With client expectations heightened, this seems to be an appropriate strategy to address the opportunity.

Value added services



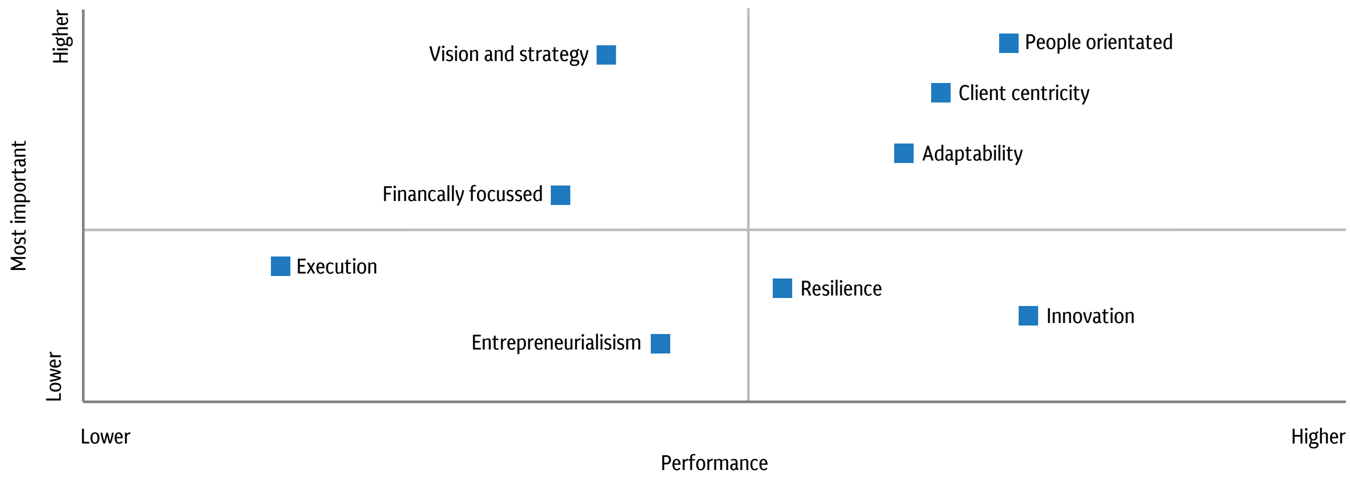
Opportunities

Our survey asked business leaders to consider key attributes for success and to asses current performance against perceived importance.

While most business leaders indicated relatively strong performance against key performance metrics of people orientation, client centricity and adaptability, there are clear performance gaps in critical areas such as vision and strategy and financial focus.

With transformation requiring critical thinking and decision making around many aspects of business, the ability to do this effectively without clarity of vision and strategy, and superior execution, highlights a key challenge and significant opportunity to get ahead of peers.

Key attributes for success: current performance versus perceived importance



> “Most agencies are developing a range of value-added services; yet it’s important to remember that execution can be the difference between a healthy income stream, and an underutilised service that never quite delivers on its promise.”
>
> **Domonic Thompson,** National Head of Residential Real Estate, Macquarie Business Banking

People

With the experience of your employees having direct impact on the experience of your clients, the importance of attracting and retaining a diverse and multi generational workforce is more important now than it has ever been.

Talent remains a core challenge for agencies; with 47% of respondents citing attraction of people to be a challenge, and 17% of respondents citing retention to be problematic.

For higher performers, attracting staff is less challenging than for other agencies (40% of higher performers citing attraction as a challenge, in contrast with 51% of other agencies). So why is this the case?

Our pulse check also shows agencies across the country actively responding to the challenge of attracting and keeping high quality staff. Most plan to invest in training and development (68%), while 41% are also focused on increasing flexibility and diversity. Compared to other agencies, higher performers are more likely to focus on developing existing staff (72%) than on recruitment and retention (49%), and less likely to see staff retention as a challenge. That suggests many have already addressed the challenges of attracting and keeping good people, leaving them free to concentrate on developing skills, focusing on high productivity and performance.

Staff levels have risen from an average of 19 in-house employees in 2016, to 24.7 in 2019, reflecting the ongoing trend towards consolidation across the industry, as smaller operators struggle to navigate recent lower activity levels and adapt to structural transformation.

Meanwhile, despite this backdrop, and with transformation an ongoing agenda for the Real Estate industry, the distribution of staff across sales, property management and support roles has remained largely unchanged.

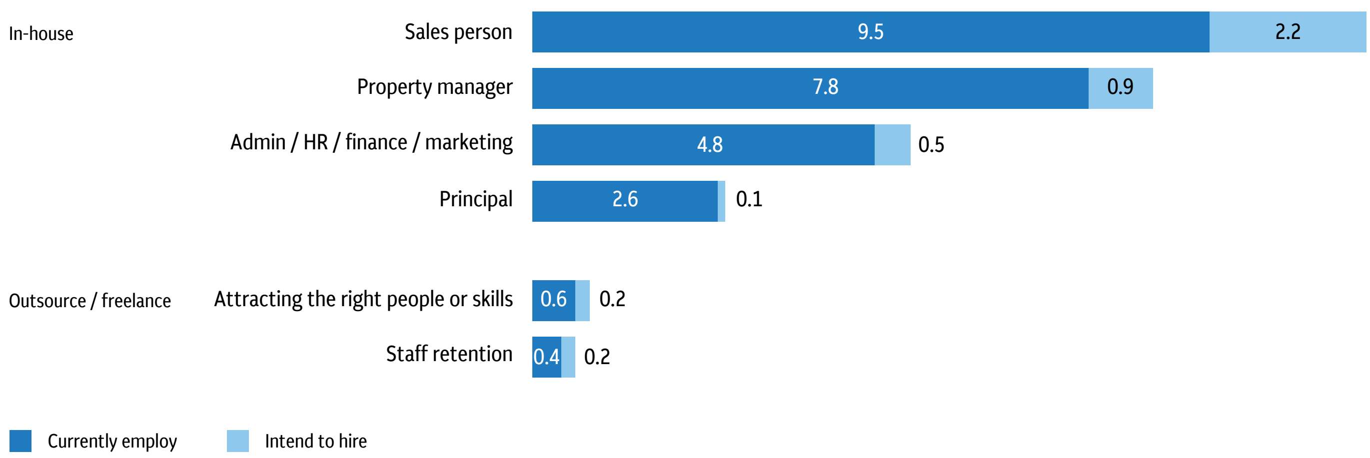
But while higher performing agencies and other agencies have similar proportions of sales and property management staff today, they seem set to diverge with higher performers reporting a higher propensity to boost property management staff, while other agencies are much more likely to hire salespeople in an effort to drive growth. This finding further illustrates the value higher performers place on property management – not just in terms of asset growth, but as a source of long term revenue oportunites that align with the longer term needs of their clients.

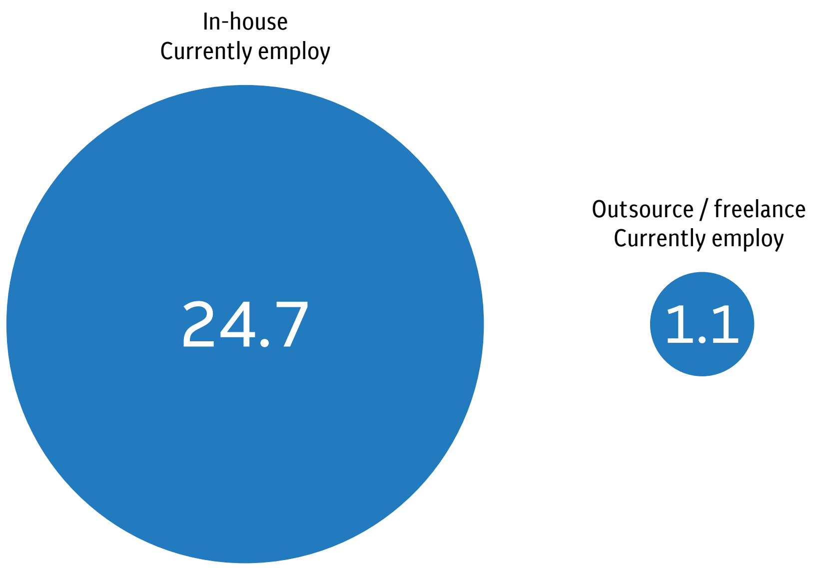
Overall, our experience suggests that agencies who optimise their processes to create a better client experience can also offer their staff a better and more satisfying experience at work, boosting staff longevity and reducing churn. That in turn enables them to retain skilled staff whose skills further enhance the client experience, in a virtuous circle that fuels long-term success.

> “By creating a clearly articulated vision and strategy for the future, higher performing agencies put the foundations in place to attract, engage and inspire high quality staff, helping to overcome the challenges of recruitment and retention.”
>
> **Domonic Thompson,** National Head of Residential Real Estate, Macquarie Business Banking

People

Average staff levels

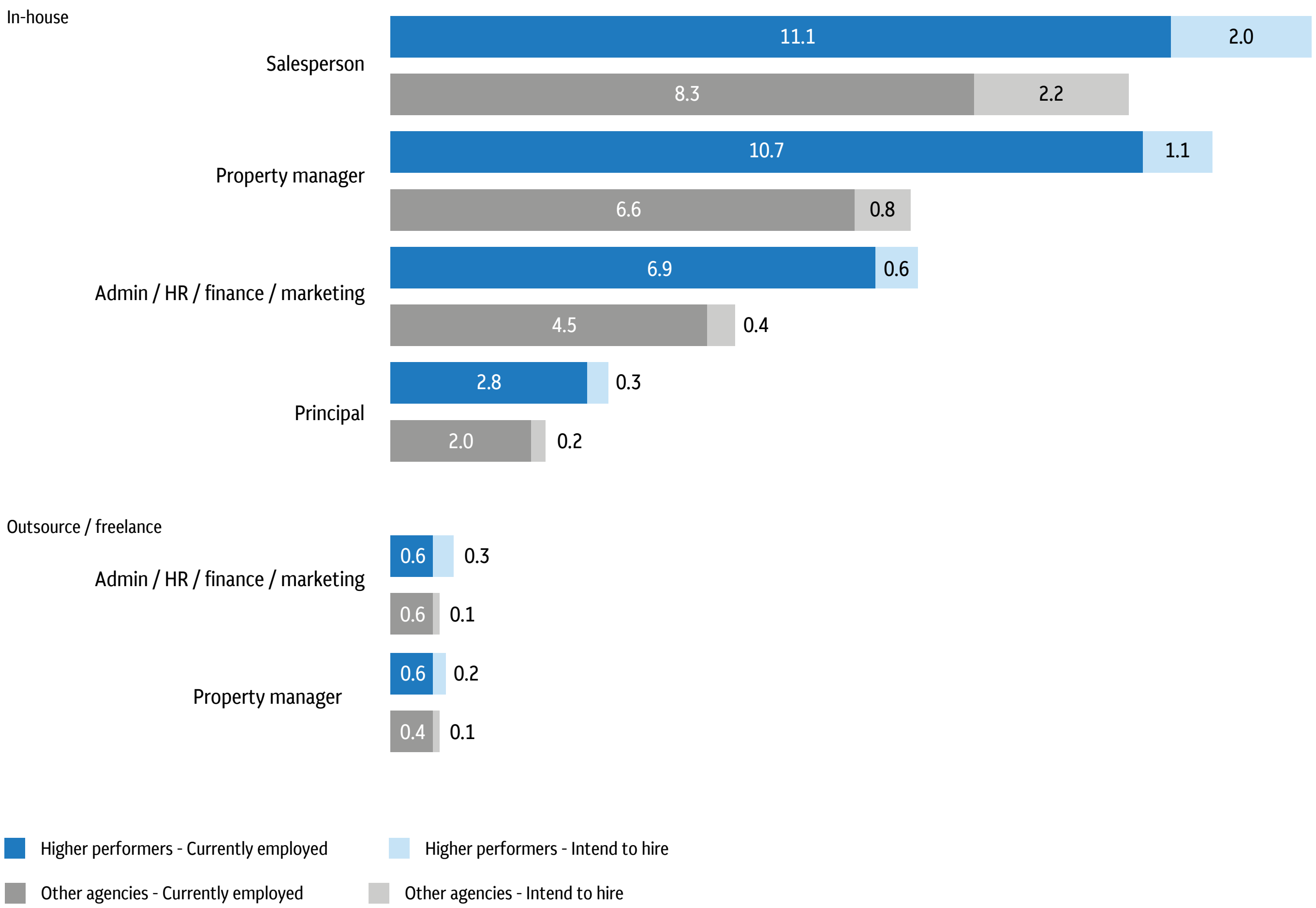




Higher performers have outsourced more (albeit slightly).

The increase in utilisation of outsourcing and off-shoring tasks has allowed agencies to look beyond the cost savings and consider the process as a stepping stone to the bigger transformation agenda. The ability to rethink roles and responsibilities and the skills required to service clients in an integrated manner with technology as an enabler is critical for any business leader.

Staff profiles and hiring intentions by performance



> "Outsourcing remains an underutilised opportunity across the industry, accounting for just one in every 25 full-time staff. While we have seen an increasing appetite to at least consider outsourcing some activities, take up has been low, meaning that agencies may be overlooking opportunities to simplify their processes and free up valuable resources."
>
> **Domonic Thompson,** National Head of Residential Real Estate, Macquarie Business Banking

Technology

Technology and automation continue to streamline administration and reduce manual processing, allowing agencies to redefine business models which improve both customer experience and employee experience. When aligned with both vision and strategy within the business, technology can be a powerful enabler.

Technology use continues to rise across the industry, although the uptake of new technologies remains uneven. Not only are some agencies investing more than others, but not all of those who are investing are experiencing the same level of benefit from their investment. At the same time, the technology landscape is rapidly maturing, new entrants continually entering the industry looking to solve for a broad range of needs of the agency, from CX to HR, Productivity and Data.

In general, higher performing agencies are more likely to have considered almost every type of technology covered by our survey, having a greater appetite to try embrace new technologies more broadly, willing to test and adapt rather than stand back and stagnate. Looking forward, they are also significantly more likely to focus on introducing or expanding cloud-based systems, supporting flexible working opportunities for staff and enabling greater flexibility in engaging with the business for it's clients and suppliers. Data is also firmly on the agenda, with many already looking beyond technology as an operational tool, instead seeing data as an opportunity to drive new opportunities. suggesting that they are already thinking beyond using technology as an operational tool, to using data to drive new opportunities.

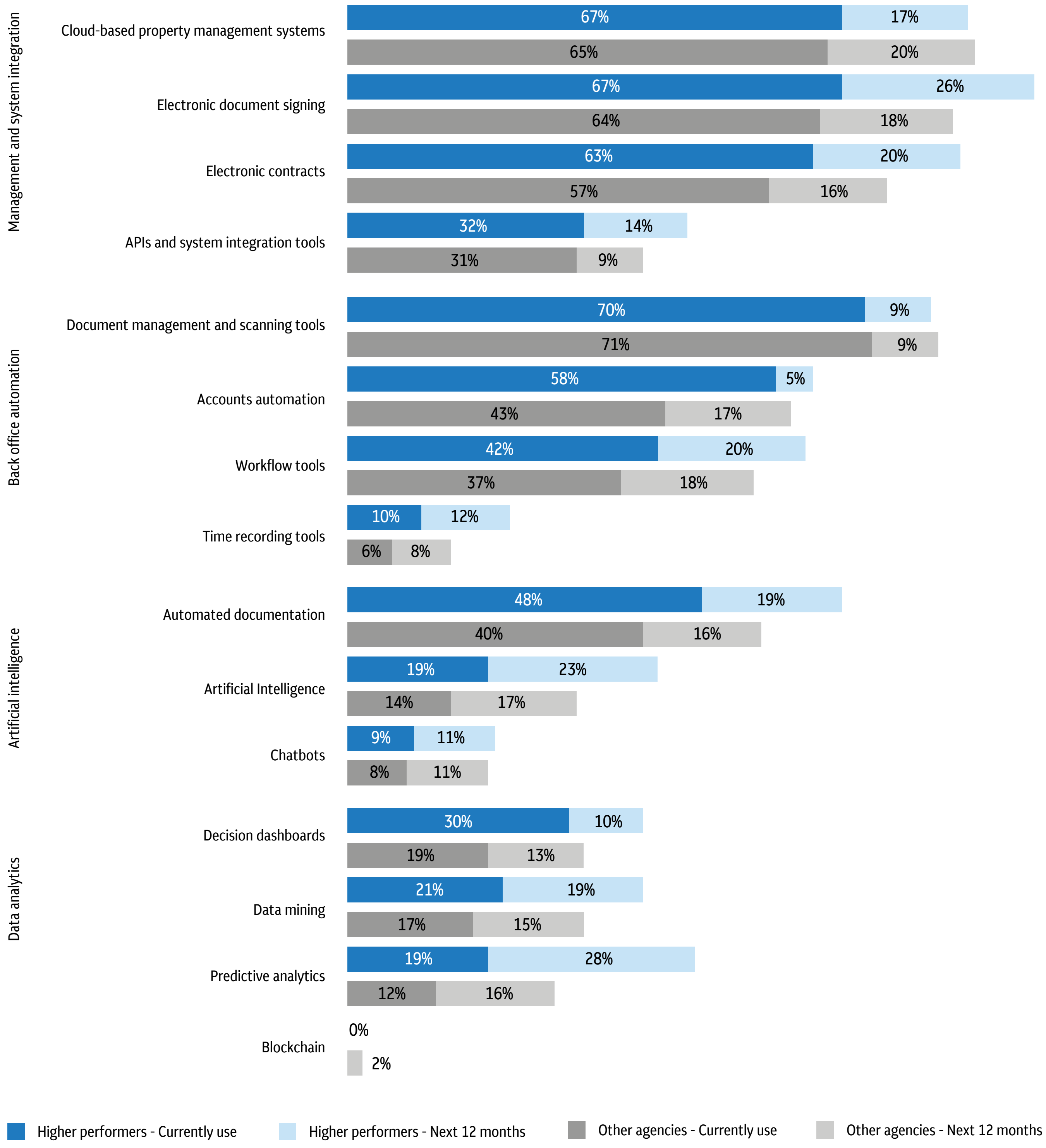
This appetite for trying new things does not always mean that it is working, but does highlight a mindset of entrpreneurialism and vision, which encourages adoption and evolution without hindrance of fear of failure.

Nonetheless, both higher performers and other agencies continue to see improving technology utilisation as a key priority, cited by 77% of agencies, while 79% say integrating technology platforms is a key challenge. These findings underline the need to start with a clear vision and strategy, then use technology to enable and support them, not the other way around.

While technology continues to dominate the focus and attention of agencies, data is becoming an increasingly greater component in critical decision making and business investment. Higher performing agencies are taking a longer term view with technology partners, ensuring strategic alignment and greater understanding of data flow and ownership, understanding that data is a key driver in maximising client experience and delivering a superior offering to market.

Agencies benefit most strongly from technology when they adopt a human-centred design approach, with a focus on the customer and employee experience, using innovation to support their vision, not to shape it.

Technology use and intention to adopt



Adapting to an evolving industry

Building the foundations for success, now and in the future – our view based on the pulse results

Business model

- Industry transformation is underway, with business models evolving. This requires leadership and a strong vision for the future. Question and re-examine every aspect of the business model, engineering the business for resilience and longevity
- Establishing an agile business culture will be a critical characteristic of success
- Build and support your property management business to create a sustainable income stream
- Businesses built with human centred design in mind will evolve with their clients, and be better able to identify ways to deliver value over the longer term

People

- Make it a priority to find and keep the best (and right) people. Your people are your biggest asset
- Enable them with technology to deliver superior CX
- Boost staff retention and improve client service by optimising the employee experience
- EX is key to CX. Create a high performance environment through vision, strategy, empowerment and accountability
- Foster flexibility and diversity
- Use automation to redefine roles and responsibilities. Recruit for the roles of the future
- Create a workplace and culture that people seek out and where high performers thrive

Clients

- Focus on improving the client experience, using a human-centred design approach to all aspects of decision making
- Understand the direct link between employee experience and the client experience
- Consider your clients' needs beyond the transactional, and look to add value in ways that create additional revenue opportunities

Technology and operations

- Start with a clear vision and strategy for the business
- All decisions around technology and systems should align with the vision in both the short and long term, then be appling it to technology purchasing decisions
- Always consider the impact of decisions on both CX and EX
- Ensure that technology solutions are aligned with long-term strategy, as well as current business needs
- Create a culture of adoption through accountability and employee engagement in design and implementation
- Utilise technology to replace repetitive tasks and manual processing, to allow staff to focus on value add tasks

Talk to us

For a closer look at how your business is performing against key industry benchmarks, please contact your Macquarie Relationship Manager, call **1800 442 370** or **visit www.macquarie.com.au/business-banking/real-estate-industry**