



# Beyond the Bricks

## The future of home buying

### Canada factsheet

New technologies are poised to transform the way people buy a home, according to HSBC's international study on home ownership, Beyond the Bricks.

Technology is already changing the way home buyers approach each of the three key phases of home buying – researching, financing and purchasing. And the change is accelerating fast, with significant

implications for consumers and the property industry.

Funding of disruptive property technology (PropTech) firms has grown phenomenally, from USD221 million in 2012 to over USD2 billion in 2016<sup>1</sup>. PropTech is becoming the new FinTech (financial technology) and will bring similarly radical changes over the coming years.

This is a snapshot of some of the key

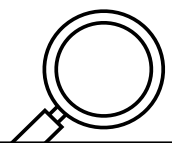
research findings from HSBC's survey of 1,000 people in Canada with insights from a leading international property technology expert, James Dearsley. It explores how property technology will affect each phase of the home buying process.

There are also some practical tips on how home buyers can make the most of new technologies.

<sup>1</sup>[www.cbinsights.com/blog/real-estate-tech-startup-funding](http://www.cbinsights.com/blog/real-estate-tech-startup-funding)

## 1 Researching

### Where should I live, which properties are available?



The research phase of the home buying process is already highly digital.

Almost all (97%) recent home owners searched online for house prices and a similar proportion (96%) looked for available properties online. Some eighty-eight percent went online to help research where they would like to live.

#### Research activities recent home buyers completed online



**97%**

Researching house prices



**96%**

Searching for available properties



**88%**

Researching which area to live in



**85%**

Researching regulations and tax rules etc.



**82%**

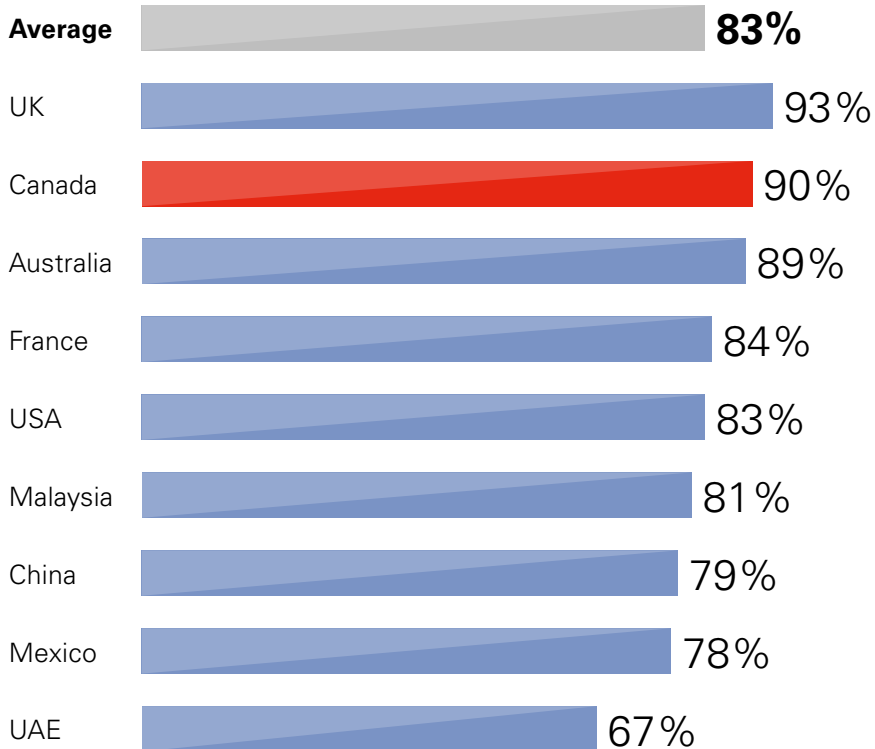
Researching the value of your current home

*Q. To what extent did you do the following activities online or offline?*

*(Base: Home owners who moved in the last two years and who completed the activity completely online, mostly online, or equally online and offline)*

In Canada, 90% of home buyers used online channels (websites, mobile, email, etc.) to research their recent property purchase. This is more digitally active than the average home hunter among the eight countries surveyed.

### Recent home buyers who researched online



*Q. To what extent did you do the following activities online or offline? A. Searching for available properties, researching which area to live in, researching house prices, researching the value of your current home, researching regulations and tax rules etc. (Base: Home owners who moved in the last two years and who completed the activity completely online, mostly online, or equally online and offline)*

## A drone's eye view of the housing market

**James Dearsley, PropTech expert**

"Virtual reality will allow home buyers to 'live' in a virtual version of a home for several days to truly try before they buy."

"With most people already doing their property research online, the days of physically visiting an estate agent's office may be almost over.

Property websites will become considerably more sophisticated, bringing more and better properties in front of prospective buyers and taking over much of the traditional estate agent's role. Using search, voice, photos and other data from your web history and connected devices – including personal artificial intelligence (AI) assistants like Amazon Alexa – you will get a detailed picture of your property preferences and be able to match them against different areas and homes.

Whether your priorities are being near health centres, work or schools, websites will draw upon thousands of

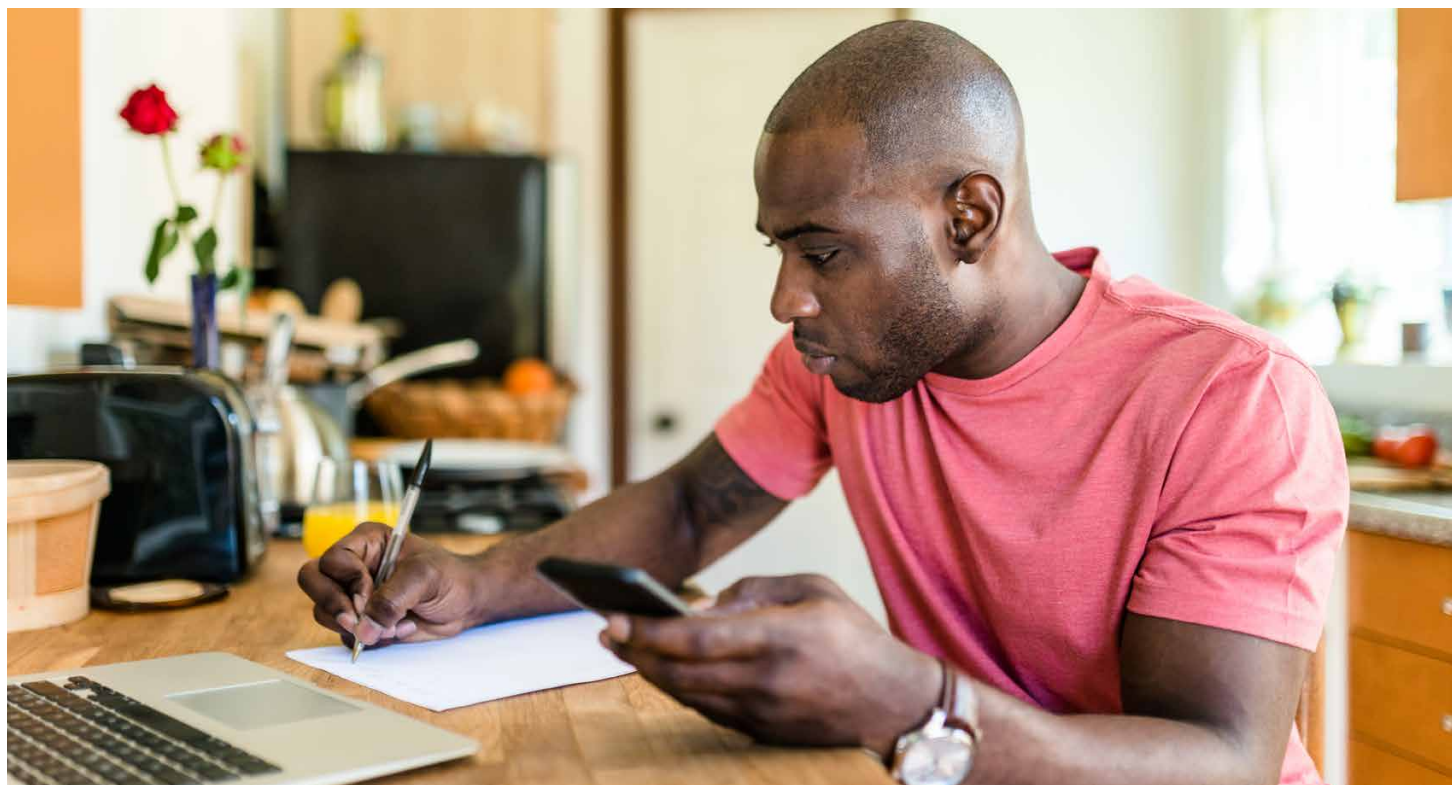
databases and use predictive analytics and AI to tell you the best place to be healthy, wealthy and wise.

When it comes to experiencing an area, better satellite technology in applications like Google Maps is already allowing home buyers to navigate local streets online. In the coming years, a massive expansion in the availability of camera-equipped consumer drones will allow people to visit an area remotely so they can experience it at different times of the day.

There will be no more 'fifteen minute windows' to view a property. Virtual reality will allow home buyers to view more homes, narrow down their choice and then 'live' in a virtual version for several days to truly try before they buy."



## 2 Financing

### What can I find out online?



Around three-quarters (74%) of Canadian home buyers went online to research finance options, which is consistent with the other eight countries surveyed. They were even more likely to identify what they could afford online, with an above average 77% of Canadian home buyers doing so.

#### What recent home buyers found out online

	 Researching finance options	 Identifying what I could afford
<b>Average</b>	<b>74%</b>	<b>73%</b>
UK	88%	85%
USA	79%	75%
Australia	77%	79%
Malaysia	77%	78%
Canada	74%	77%
Mexico	72%	71%
China	71%	64%
France	64%	80%
UAE	61%	61%

*Q. To what extent did you do the following activities online or offline?  
(Base: Home owners who moved in the last two years and who completed the activity completely online, mostly online, or equally online and offline)*

HSBC's separate global study, Trust in Technology<sup>2</sup>, looks at trusted sources of mortgage advice.

Traditional sources such as banks and mortgage providers, as well as friends and family, remain the most trusted.

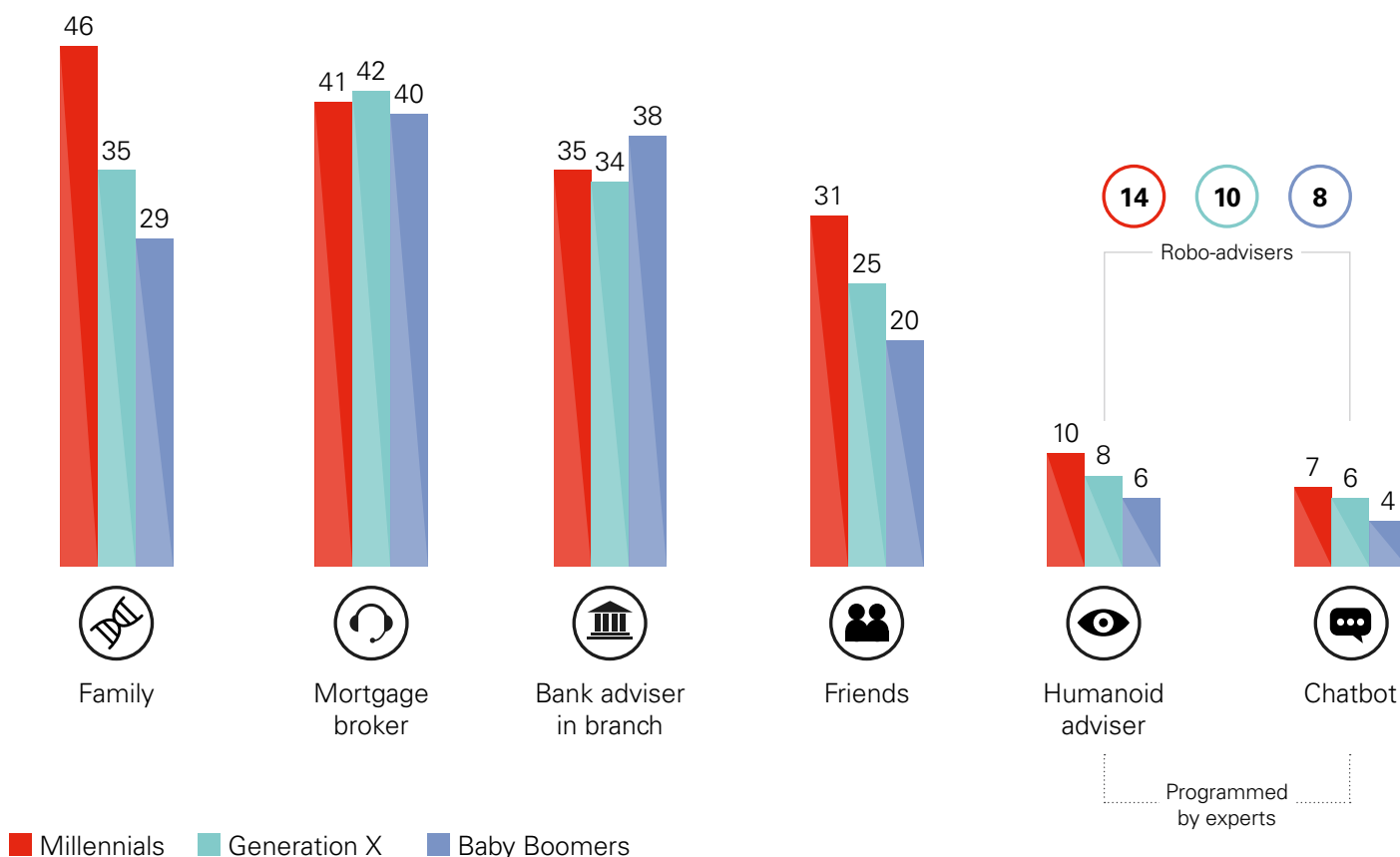
Consumers are yet to embrace the concept of robo-advisers (humanoids, chatbots) fully, although almost twice as many Millennials (14%) as Baby Boomers (8%) would trust them for mortgage advice.

Overall, Millennials are more trusting of new mortgage technologies than other generations, although not by a huge margin.

<sup>2</sup> HSBC Trust in Technology, May 2017

### Trusted sources of mortgage advice

%



Q. You are looking to buy a house, who/what would you be willing to trust to provide you with good quality and impartial advice on what type of mortgage you should have? (Base: All respondents in eleven countries)

## Banks, brokers and bots

**James Dearsley, PropTech expert**

Mortgage brokers are still the most trusted source of mortgage advice but in an increasingly time-poor society, brokers, banks and other advisers will need to offer instant service and analysis to meet the expectations of consumers.

We can expect to see more on-demand services, retaining the important human

touch but provided digitally through live chat or video. Oracle reports that 80% of brands will be using chatbots for customer interactions by 2020<sup>3</sup>.

With all of our personal information held digitally, not physically, AI will assist by analysing personal data, assessing lending criteria and narrowing down product options. This will allow instant

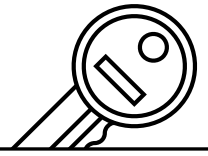
mortgage approvals and mortgage solutions that are much more tailored to individuals' needs.

The role of mortgage brokers and advisers will evolve to become a PropTech provider and enabler."

<sup>3</sup>Marketing Week 12 Jan 2017, article 'Rise of the Machines' by Mindi Chahal

# 3 Purchasing

## How can I ensure things go smoothly?



Traditionally, the estate agent has played a key role in the purchasing phase of the process.

Today, even this most human part of the process is shifting online: more than a quarter (29%) of recent home buyers started talking to an estate agent online and for a further 32%, online played an equal part in their initial conversations.

### How people began speaking to an estate agent

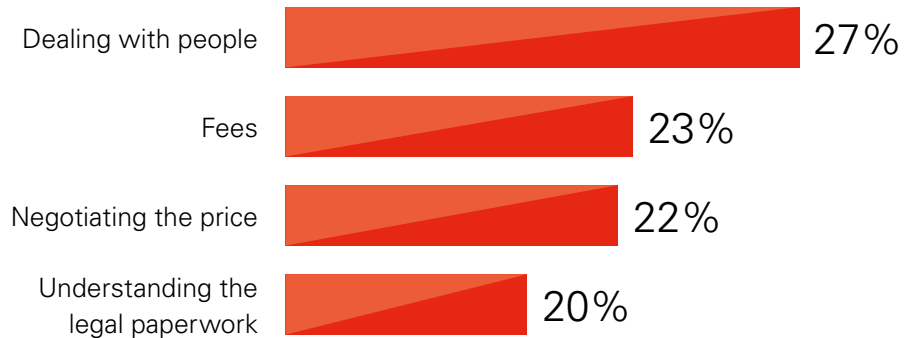


Q. To what extent did you do the following activities online or offline?  
 A. Began speaking to an estate agent (Base: Home owners who moved in the last two years)

Dealing with the many people involved (estate agents, solicitors, sellers and developers) is seen as one of the more stressful parts of the home buying process. More than a quarter (27%) of home owners found this to be a stressful aspect of their home purchase.

Other significant pain points in the buying process were fees, negotiating the price and understanding the legal paperwork.

### Home buying pain points



Q. Which activities were stressful when buying your home?  
 A. Activities that home owners found difficult (Base: All home owners)

## The 'artificial estate agent'

**James Dearsley, PropTech expert**

"Making the transaction process smoother and easier is the greatest opportunity for property technology.

The traditional role of the estate agent is ripe for reinvention, as we are already seeing through the rise of online do-it-yourself platforms (such as Tepilo and Purplebricks) that allow home owners to market their own properties and negotiate directly with sellers.

All houses may be sold this way in the future, with property websites offering end-to-end marketing, search,

financing, negotiation, transaction and conveyancing services that significantly reduce the time and hassle for homebuyers. Examples of how technology will simplify these processes include AI conveyancing (a growing number of law firms already use a legal AI, ROSS, to interpret legal documentation and handle basic paperwork) and live updates on the status of property chains.

These 'one stop property shops' would use a unique digital identity for each property, and could see the

entire home buying process from search to completion reduced to a matter of days.

New technologies will not only reduce time, cost and effort for home buyers, but also give them greater control over the purchase process and minimise the 'pain points' of dealing with many different intermediaries.

For the traditional estate agent, this means a radical redefining of their role to become a technology provider and expert adviser."

## Practical steps

Here are some practical steps drawn from the research findings, to help people realise their home ownership ambitions:

1

### Empower yourself with knowledge

Ensure you make informed decisions. Make the most of online tools and services to help you to find out more about the properties and areas you are interested in and the financial options available to you.

2

### Be clear on your priorities

New tools are on the way to allow you to view properties in much more detail from the comfort of your own home. With such visibility, being clear on your priorities for a property will help you narrow the search quickly and efficiently.

3

### Don't get left behind

Digitisation of property and personal information should help streamline the purchase process in future. Keep yourself up-to-date with new technology to ensure you feel comfortable using it to help you.

4

### Consider the experts

As buying a home becomes a more digital/online process, think about which tasks you feel comfortable doing yourself and where you may benefit from expert advice to help you navigate the home purchase process more successfully.

#### The research

Beyond the Bricks is an independent consumer research study into global home ownership, commissioned by HSBC. It provides authoritative insights into peoples' attitudes and behaviour towards home buying, renting and funding around the world.

This factsheet series, *The future of home buying*, represents the views of 9,009 people in nine countries: Australia, Canada, China, France, Malaysia, Mexico, UAE, UK, USA.

The findings are based on a survey of home owners and non-owners aged 18 or older from a nationally representative online sample in eight countries and a nationally representative face-to-face sample in the UAE. The research was conducted by Kantar TNS in October and November 2016.

This factsheet represents the views of 1,000 people in Canada.

Figures in this factsheet are from HSBC's Beyond the Bricks survey unless stated otherwise.

#### James Dearsley

A global commentator and keynote speaker on the subject of property technology, James was voted the most influential person in PropTech in 2016 by mortgage lending and investing marketplace, LendInvest. Having spent 15 years working in UK and international property markets, James is the co-founder of PropTech Consult, a firm that specialises in helping global corporations and smaller start-ups to understand the digital transformation taking place in the property sector.

#### Definitions

Millennials: Those born between 1981 and 1998.

Generation X: Those born between 1964 and 1980.

Baby Boomers: Those born between 1946 and 1963.

Recent home owners/buyers: Those who bought their home in the last two years.

Property technology (PropTech): Use of new technology to innovate and streamline processes in the property sector.

Artificial Intelligence (AI): The use of machines and systems to imitate intelligent human behaviour.

Estate agents: Professionals involved in the selling and renting of buildings for individuals or businesses. Also known as real estate agents or realtors.

Solicitors: Members of the legal profession qualified to deal with conveyancing, the drawing up of wills and other legal matters. Also known as attorneys.

#### Legal disclaimer

Information and/or opinions provided within this factsheet constitute research information only and do not constitute an offer to sell, or solicitation of an offer to buy any financial services and/or products, or any advice or recommendation with respect to such financial services and/or products.

© HSBC Holdings plc 2017. All rights reserved.

Excerpts from this factsheet may be used or quoted, provided they are accompanied by the following attribution: 'Reproduced with permission from Beyond the Bricks, *The future of home buying*, published in 2017 by HSBC Holdings plc.'

HSBC is a trademark of HSBC Holdings plc and all rights in and to HSBC vest in HSBC Holdings plc. Other than as provided above, you may not use or reproduce the HSBC trademark, logo or brand name.

Published by HSBC Holdings plc, London

**www.hsbc.com > Retail Banking and Wealth Management**

HSBC Holdings plc, 8 Canada Square, London E14 5HQ