

Adapt & Survive: The evolution of the UK buying agency market

The popularity of buying agents has increased dramatically in recent years, and the market is showing distinct signs of maturity. But whilst it may be easy to become a property finder, the wheat will eventually be separated from the chaff, says Caroline Takla...



The buying agency market has become one of the fastest growing sectors within the UK property market.

With figures supporting a multibillion pound industry, and with the barriers to entry often limited to just a mobile phone and a laptop, in London alone I'm reliably informed that there are now over 400 operators.

Whilst some of us may grumble at these statistics as they can only mean a dilution of clients, one clearly positive outcome is that buyers are increasingly embracing the concept of buying agents. As our popularity in general has increased, our market is showing distinct signs of maturity.

Although there have been independent buying agents operating in the UK since the 1970s, when I set up The Collection LLP in 2009, the market was still very much in its infancy. For example, I almost always had to explain

to potential clients why they needed to engage a buying agent in general, before getting to pitch our services in particular. There would often be a series of very predictable frequently asked questions and/or objections that I'd have to answer/overcome, that all ultimately boiled down to two key points:

- a) how is a buying agent different to a selling agent?; and
- b) why should a fee be paid for providing this service?

Having encountered these questions and objections time and again, I would reel off very well-rehearsed answers to overcome these protestations at our fees and the exclusive nature of our contract. Although not every pitch would result in acquiring a client, it was quite rare that I would have to pitch my services against a competitor.

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Recently though, my team and I have noticed that we are decreasingly having to explain the benefits of retaining a buying agent – but rather – how our service is distinct/compares to our competitors. Clients are now typically approaching us with clear objectives of how they'd like us to serve them without needing to toy with the principle of engaging a buying agent in the first place.

Thus the market for property finders has clearly evolved. There are a number of reasons for this evolution.

Firstly, the buying agency sector remains unregulated with such minimal barriers to entry, making it fertile ground for experienced property professionals with entrepreneurial flair to set up their own buying agencies, or at the very least “go it alone”. Increased competition is therefore inevitable.

Secondly, introducers of business need to refer more than one service provider to comply with anti-bribery and corruption policies within their organisations, therefore by definition, competition will arise there.

Thirdly, property values in London in particular are amongst the highest globally, making it only affordable to the global super rich. As property values increase, it's becoming more evident to those clients that advice should be sought when investing such vast amounts of money. Demand for property finders has also therefore increased, fuelling the industry further.

Fourthly, less and less property is becoming available on the market in prime postcodes. Transaction costs have become higher therefore the hold time to recover these costs has inevitably become longer. With fewer and fewer transactions taking place, buyers – whether based in or out of London – need assistance with unearthing the best assets on or off market.

Finally, whereas historically the services of a buying agent would have been reserved for the wealthy, increasingly, young career-focussed professionals who simply do not have enough time are now engaging buying agents, at lower price brackets.

Another distinct sign of market maturity is the creation of awards and accolades recognising the top buyers in the industry. For example, we were very fortunate to have been listed in Eprivateclient's Top 25 Residential Property Buyers for three consecutive years since the accolade was launched in 2013

So what does the future hold for the buying agency sector?

Firstly, I think it's imperative that it becomes regulated. Whether we like it or not, we are offering advice on large sums of money, and it's inconceivable to me that an individual with very minimal “property” experience can act for clients in this way without demonstrating a sufficient level of competency.

Secondly, higher fees. Clients will understand that you'll get what you pay for, with the old adage “if you think it's expensive hiring a professional, try working with an amateur” resonating. Sadly, at present, all too often clients may only get to understand this many years after they have completed a transaction and paid across their “discounted” 1% fee. Retaining a consultancy/individual with a proven track record is imperative, and the

difference in fees will soon pale into insignificance.

Thirdly, with the demands of modern life, I expect more and more people to turn to the services of a buying agent, and not just the super-rich.

Fourthly, the wheat from the chaff will be separated. Whilst it may be easy to become a property finder, it takes more than one or two clients to have longevity in the business.

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Finally, buying agents will find that they will undoubtedly need to diversify their service offering in order to generate annuities. Evolving further into full service property companies is only a matter of time, with many consultancies now already offering residence management for example.

The key to any evolutionary process is that there will be those that adapt and survive, and those that become extinct.

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