

April 1, 2021

COVID-19's Acceleration of PropTech

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The COVID-19 pandemic continues to force a large portion of the workforce to work from home, and projections show that these working conditions are likely to linger for the foreseeable future. Companies including Google, Facebook, Apple, Amazon, and Microsoft all have either extended their return-to-office dates, implemented hybrid work location policies, or allowed for permanent work-from-home altogether for many of their employees. With these drastic changes where many “workplaces” are now located, the real estate market continues to bear the brunt of the drastic surge in remote working, creating uncertainty and risk for the remainder of 2021.

Residential real estate, however, has not necessarily felt many of the negative effects of COVID-19. In fact, though housing markets initially slowed quickly in the early days of the pandemic, residential real estate soon after began to show signs of bouncing back. Due in part to low interest rates, many home seekers decided to capitalize on this opportunity, resulting in the rise of pending home sales. One of the key factors that assisted real estate professionals and their clients in mitigating or eliminating their chances of contracting COVID-19 while searching for and showing homes was through the employment of various “PropTech” apps and platforms.

PropTech is a combination of “Property” and “Technology.” Though various PropTech applications have existed for some years, the real estate industry has recently seen a dramatic acceleration in PropTech’s innovation and usage due to the pandemic.

Home Matching

One form of PropTech being employed at a high rate is automated home matching platforms such as Zillow, Offerpad and Trulia. Using machine learning, some real estate search engines are now able to automatically generate a list of potential “dream home” matches for home seekers. Comparable to highly accurate online recommendation systems such as those within Netflix and YouTube, home seekers can select between “must-have” features of a home and “nice-to-haves.” Accordingly, users of home matching search engines are now able to enjoy the experience of searching for houses without having to leave the comfort and safety of their homes. Many of these home matching platforms apply the same technology to the search for rental homes.

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Virtual Tours

The development of PropTech has evolved into more than mere home matching, though. Home seekers are also able to tour the houses they are matched with, without ever setting foot in a property. In fact, the technology-driven real estate agency, Redfin, has offered virtual tours for some time now. Since COVID-19, Redfin has seen an uptick in its online traffic and activity, partially due to its offerings of virtual tours.

Virtual tours, however, are not the only PropTech option available for showing a home. Real estate agents and brokerages have also found themselves giving virtual tours through online platforms such as YouTube Live and Facebook Live. For example, Nest Seekers, a New York-based real estate agency, has already noticed the potential in providing some degree of a video component in its real estate listings. In fact, approximately 60% of Nest Seekers' listings already have a video component, while 100% of its listings will have some form of a video component in the future.

Ultimately, virtual tour PropTech will likely remain in use to a high degree long after COVID-19 subsides because of the benefits it provides to both home sellers and homebuyers. Consumers of residential real estate all understand the inconveniences and disruptions that can be brought with property viewings. Quite often, conventional open houses have typically been held for several hours on weekends for anyone to view a property in person. But with virtual tours available in lieu of onsite walkthroughs, real estate agencies that decide to employ this PropTech will likely see growth in their operations due to its appeal to home sellers and homebuyers under the new health dynamics of the industry.

Contactless Solutions

PropTech is also available for many other steps of the home-buying process. For example, Beeline, a company focused on streamlining the loan application process, has condensed the time it takes to complete a loan application down to 15 minutes. By connecting its service to a variety of an applicant's personal data sources—such as his or her bank, paystubs, and tax documents—Beeline's system can then integrate and analyze all of the gathered data in real-time to fill in areas of a loan application within minutes. A similar online platform Rocket Mortgage guides a borrower through the loan application and approval process, connects the borrower with lender options, closes the loan and manages online post-closing.

Additionally, PropTech solutions are now being provided for consumers all the way through closing. For example, Realtor.com and Qualia recently teamed up to provide digital home closings. Through their service, consumers are now able to manage and review documents digitally, track progress in real-time, and communicate with the title company of their choice. And though this solution is currently not available in every state, electronic closings look to be promising for all parties involved in remote real estate transactions. An October 2020 Qualia homebuyer survey revealed that more than 60 percent of respondents wanted a fully digital closing experience. Title and escrow providers would benefit from the digital shift as well, because their network would be increased to more than 140,000 additional agents currently registered with Realtor.com.

Streamlined Development

It is important to note that not all PropTech is geared towards traditional homebuyers. There are also solutions available for real estate investors, developers, and the industry's other professionals. For example, Local Logic, a real estate investment software company, provides a platform for users to search for and analyze real estate at a macro level. Through its services, Local Logic provides investors with consumer demand in a user's desired area of interest. And in support of its 30 billion data points used to calculate demand for investors, Local Logic has partnered with multiple leading real estate companies including Zillow and Realtor.ca.

Site Management

PropTech further provides for solutions to investors upon their acquisition of rental and multi-unit properties. Yardi, for example, is one of the biggest “virtual landlord” services in the country. Its services span from building monitoring to automated rent collection, all of which enable both small and large investors to oversee their properties. Additionally, widely used technology such as Amazon Ring have extended into PropTech, as the systems are now being used to screen tenants and identify permitted occupants and visitors.

Final Thoughts

While all PropTech advancements may not remain in use for an extended period following COVID-19, PropTech that increases the convenience for home sellers, homebuyers, and other real estate professionals will likely continue to be used well into the future. As recent history has shown, people gravitate to services that provide them with an increase in convenience. Whether it is ordering and receiving meals through Grubhub or Doordash, or catching a car ride through rideshare companies, people are willing to choose services that save them time and energy.