

Real-time negotiations and virtual sales



Peter Gibbons, a founder and managing director of leading online auction and property sales platform Openn.

Proptech delivers wider market access

If anything comes close to being a modern miracle worker, it's proptech. Technology designed specifically for real estate, proptech can be bots, apps, QR codes or a complete platform for bidding on and buying a home.

A three-bedroom house built by a robot? It happened in Perth, care of Fastbrick Robotics. A virtual cherry blossom festival inside a shopping centre? All done at the touch of a proptech app in Sydney's World Square.

Australia had more than 270 proptech companies by 2019, according to proptech tracker Unissu, with investment growing more than 400 per cent since 2013.

Commercial property managers were the first to pounce on the Internet of Things (devices embedded in everyday objects) to gather data about how buildings were being used.

These managers were also quick to see huge potential; for example, global real estate services firm JLL is investing up to \$US100 million in proptech innovation, including Australian start-ups. "Often companies adopt a 'wait and see' approach with technology, but the way that proptech is moving so fast, companies can't afford to adopt this mindset," Richard Fennell, JLL's Australian head of asset management, has noted.

The COVID crisis has only spurred proptech's growth. In 2021, Australia could have as many as 650 start-ups, scale-ups and established proptech firms, according to the not-for-profit trade group Proptech Association Australia.

Almost two-thirds of these focus on residential

real estate, reflecting an urgent need for contact-free deliveries and building access – and for new ways to buy property online.

Many firms are collaborating to make lockdown life easier, such as concierge proptech Erin Living pairing with Groundfloor to ensure safe parcel delivery and storage via a single app.

Online property sales took off during last year's lockdowns, and about four or five auction proptechs now account for 14 per cent of transactions in Australia.

A chief concern of both buyers and vendors, however, is lack of transparency. At an on-site auction, everyone can see everyone else's bids. In a sale by expressions of interest no one knows who is bidding what until the deal is sealed – and that can cause grief for a potential buyer who might have been prepared to increase their offer.

It was a situation former banker and property investor Peter Gibbons was keen to solve.

In 2016 – as house prices slumped in his home town of Perth after the mining boom – he and two estate agent partners built Openn, an online negotiation platform to ensure vendors see the best offers and buyers know how much their rivals are bidding.

"Under private treaty legislation, agents don't disclose offers," Gibbons says. "We created Openn under auction law, which requires being open about offers."

"Lack of transparency is a persistent problem in private sales."

"For example, a buyer asks, 'What do I need to pay to secure this property?' The response from

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Peter Gibbons

the agent is, 'I can't tell you the price, but please put in your best offer'.

"Perhaps that buyer misses out and says, 'I would have been happy to pay more!' The bidder walks away disgruntled, the vendor could have got more, the money is left on the table and nobody has won."

"With Openn, we have built a technology platform so that transparency is integral to the process. You can't miss out on a property without having a chance to improve your offer."

Openn is not a disruptor but a tool to help agents, Gibbons adds.

"To be very clear, we wanted to make agents

absolutely central to the sales process," he says. "We are a B2B. Agents are our primary customers, and we've trained more than 4000 agents in the past few years."

Openn's tech allows an agent to simultaneously manage multiple offers; one agent reported 65 on the platform at once. It has the ability to capture every bid, every bidder, how many times they bid, what increment they used, at what point they dropped out, and the standard deviation between winners and those coming second and third, creating real-time data that has the potential to be used as lead indicators in the market.

COVID-19 has presented a silver lining for Openn, with many agents taking the time to learn how the platform can help them, Gibbons says. Uptake has been strongest in regional markets such as Geelong, Bunbury, Broome and greater Darwin, with agents then recommending the platform to their corporate network.

Particularly chuffed was one WA agent, who recently sold a farm for \$1 million above reserve to an interstate buyer via Openn.

Openn now has 21 full-time staff across Perth and Geelong, plus 17 full-time contractors. The firm is about to expand to the US, where a pilot program in Connecticut has been launched to a tri-state market of 40 million people.

"The overwhelming feedback is that the US is very ready for transparency," says Gibbons. "If we get it right, the returns are amazing."

"I think we have been recognised as the world's best platform in this space, so we will continue to look for partners who can help us scale up."

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