

Hi Ian - please find below an open letter to you, regarding our observations about the effect OTM is having on the current decline in property transactions. I was surprised when I read the findings of my partner, statistician Dr Brad Payne, but you might wish to comment. We have no agenda in sending this other than supporting the property market overall.

Kind regards, and have a good weekend.

Richard Rawlings

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Cheltenham. Friday 30th October 2015

Open letter to Ian Springett, CEO On the Market, Agents' Mutual Ltd

"OTM's "One Other Portal" rule' is contributing to market decline"

Dear Ian,

I write as an estate agency consultant, trainer and marketer of 25 years in conjunction with my business partner, Bradley Payne, who holds a Doctorate of Statistics. On behalf of the approx 1000 agency branches we serve, as well as the wider industry, we believe we have identified that On The Market's "one other portal" policy is directly contributing to the current decline in transaction volumes in the UK, albeit inadvertently, and we would call on you, without other agenda, to withdraw it for the sake of our industry and prospective home-movers alike.

The current situation:

- Sales transactions have been down every single month of this year compared with the corresponding month of last year, dropping 4% across England and Wales on an annual basis, and 10% for London. (Source HMLR).
- Instruction levels have plummeted by 8% this year (Source Rightmove).
- Widely reported portal traffic figures show that visitor sessions on the property portals are down year on year by nearly 29% (Aug/Sept 2014 vs Aug/Sept 2015).

Pre-OTM, buyers assumed that most properties would appear on either Rightmove or Zoopla and there was therefore no need to "portal-hop". This is borne out by the fact that, according to research by Nielsen, a whopping 80% of homebuyers only use one portal to conduct their property search. (Just as people might use Google or Bing to search for information on-line, but are unlikely to use both). This was not a problem when most properties appeared on both sites. Consumers had not been conditioned to think that they need to go on multiple portals to check out every property.

However, it is a problem now! This is because the OTM one other portal rule has meant that far fewer properties are now duplicated on both Rightmove and Zoopla. Yet nobody told the consumer! Such a fundamental shift in consumer conditioning can take a decade to influence. The excellent OTM awareness campaign has only served to suggest that OTM is an *alternative*, not an "as well as".

The effect of this is that buyers are simply not being exposed to the same number of properties that they would have seen pre-OTM. This has led, not only to a decline in transactions, but also to a decline in new instructions because many people are not bringing their house to market (or are withdrawing it) simply because they do not believe they will find anywhere to buy. This has led to a vicious circle verging on a confidence crisis. And confidence is the one thing on which property markets thrive.

I am not suggesting that OTM is a bad thing - it's a great site. However other contemporary disruptors such as Uber, AirBNB, Amazon Prime, etc all started from the position of "consumer first". A "by the agent- for the agent approach" has unwittingly failed to recognise

the driving forces behind the proposition and in doing so has shot the industry it seeks to serve, along with the consumer, in the foot.

This problem could be quickly corrected if the one other portal rule were to be lifted, and on behalf of the industry and consumer alike, I would urge you to drop it to prevent further disruption to the industry and restore normal market conditions.

Yours sincerely,

Richard Rawlings and Dr. Bradley Payne.

Rationale

In 2014 there were two portals used by the majority of homebuyers, Rightmove and Zoopla. For argument sake let us assume both had 85% of the listings and 50% of homebuyers went to each portal. That would mean 100% of the home buying public saw 85% of stock available. (Of course there is an overlap as 15% of the listings were not on Rightmove and vice-versa).

Then in 2015 a third portal, On the Market (OTM), launches and its stock and visitor levels are understandably quite a lot lower than RM and Z. Based on the condition set by OTM, that an agent may only use one other portal in addition to OTM, results in a reduction in the number of listings in the two main portals used by the largest proportion of homebuyers.

Effect 1

Start with limited public awareness of OTM and assume that 50% of searches are still on RM and 50% are on Z, but 10% of stock has moved off each to OTM results in:

RM has 75% of listings with 50% traffic

Z has 75% of listings with 50% traffic.

Then listings viewed with the potential of a transaction have dropped from 85% to 75%.

Effect 2

Moving forward where awareness of OTM in the public grows and assume that 20% of homebuyers decide to use OTM instead of the other two portals (some of course will continue to use both or even 3 portals, but we need to account for a proportion who will only use 1 portal).

So 40% of searches are on RM and 40% are on Z, but now as 20% of the stock has moved off each to OTM then the net effect will be;

RM has 65% of listings with 50% traffic

Z has 65% of listings with 50% traffic.

OTM has 20% of listings with 20% traffic.

The result is that listings viewed with the potential of a transaction have now dropped considerably.