

Rental disruption to take a bite out of estate agents' lunch



Charles Tarbey: Estate agents will lose out. Supplied

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by Larry Schlesinger

The declining revenues of real estate agents could face another hit in the coming years with the arrival in Australia of San Francisco-based online rental bidding platform Rentberry.

Founded by Silicon Valley entrepreneurs Alex Lubinsky and Lily Ostapchuk, Rentberry could cut lucrative property management income streams from the nation's estate agents, who are already battling falling commission rates due to historically low listing volumes and the growing popularity of low-fee disruptors like Purplebricks and agent comparison websites like OpenAgent.

Rentberry allows landlords to list properties on their platform for free, screen and select tenants, collect the rent and even book in repairmen, potentially saving them the thousands of dollars they pay a year for a real estate agent to manage their property.

Rentberry earns its money by charging tenants a fee (\$US25) if they are successful with their rental application. Applying for properties is free. The company has flagged launching in Sydney and then Melbourne in the next few months with [Lubinsky claiming Australians will "love the concept"](#).

But perhaps not estate agents.

"My understanding is that Rentberry will cut out the agent," says real estate veteran Charles Tarbey, the chairman of Century 21 and recently appointed chairman of ASX-listed Property Connect.

Property Connect is trialling its own online rental bidding platform through Century 21 offices in WA and Victoria. Unlike Rentberry, it will seek to sign up real estate agents and property managers as users, rather than go directly to landlords.

Tarbey says what Rentberry is offering is potentially "very dangerous", especially if the landlord is inexperienced.

Too personal

"Who will check who is coming through to see the property? Who will vet the tenants? Who will give them advice about the things like lodging their bond and making rent payments?"

"I would not as an individual manage my own investment properties. It's too close and too personal. You need someone in the middle," says Tarbey, who backed Property Connect's recently oversubscribed \$1.5 million equity raising.

The Los Angeles-based company was founded in 2012 by Tim Manson, who wanted to create a more transparent system for negotiating rents than the current "inefficient" paper-based application process.

Manson previously worked in real estate as part of a family business and says he would often hear back from people who missed out on a rental property who said they would have paid more to secure it.

He moved to San Francisco and developed Property Connect's LiveOffer platform, which like Rentberry allows tenants to bid for properties and is now used by corporate landlords in the US.

"As renters put in their offer, they can see how they are placed against other applicants and change their offer to have a better chance of being successful," Manson says.

This might come in the form of offering a higher rent – something both the Tenant Unions of NSW and Victoria warns will be the wider outcome from online bidding platforms like Rentberry – but Manson says it could also mean non-monetary things such as be willing to move in earlier or take a longer lease.

"We're not trying to push rents up but provide properties at fair market value. Bidding has taken place on rentals for years and years, but there's been no transparency. We're handing control back to renters and optimising the result for landlords," he says.

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