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e-business meets real e-state

jennifer s. cowley & john witherspoon

During 1999, the Real Estate Center surveyed members of the Texas Association of Realtors regarding their use of the Internet.

- 90% subscribe to an Internet service
- 92% have an e-mail address
- 84% check e-mail once a day
- 25% use e-mail to send contracts
- 26% have a personal website
- 25% have a company website
- 40% list properties online
- 60% generate Internet business
- 2.6% generate 20% e-business
- 11.7% generate 6-10% e-business
- 42.3% generate 1-5% e-business

The survey shows that the Internet is effective in generating business for Realtors. What does it take to create more business using the Internet? As more and more real estate companies jump online, firms are finding it necessary to provide quality information in an interesting format that attracts viewers. Realtor Dave Lockwood has created a website (www.davelockwood.com) that accomplishes both objectives. The *DaveLockwood Daily* looks like a newspaper and includes a Dear Dave column, online listings and information about the Houston area.

This creativity comes at a price. Lockwood has invested more than \$40,000 in the website over the past two and a half years, including approximately \$4,000 for initial website startup, and \$500 to \$1,000 a month for site maintenance. However, there has been a payoff. It took only two months to generate his first web-originated deal. By the end of its first year online, davelockwood.com accounted for 38 percent of his business; by 1999 it accounted for 55 to 65 percent of business.

Lockwood found website advertising provides a much higher return on investment than print advertising and notes the key to making a website work is advertising it as much as possible in as many places as possible. He estimates revenues to be ten times website costs.

According to Lockwood, the biggest challenge is the time it takes to get new listings on the website. An average of two weeks is required, with a minimum of three to four days needed to take pictures, send them to the website development company and get them on the web. Some listings sell before they even appear on the web. Lockwood attempts to get all "sold" listings off the site within seven to ten days.

Dave Neinberg with 4Guys.com, the company that designed and maintains Lockwood's website, reports that the initial cost of a website is typically \$7,500. The cost to maintain a site varies widely but can reach \$1,000 per month. Setting up a site takes between six and eight weeks, depending on the client. Neinberg stresses that the client has to compile the information to be placed on the site. He advises those interested in starting a website to allocate enough time for content development, ensure that adequate funds are available for the project and to be certain they are committed to doing business on the Internet. Lockwood adds that once the website is up, e-mail inquiries need to be treated like phone calls and answered quickly.

All of Neinberg's real estate clients who created websites have gone into the black. It took one client only four days to pay off site development expenses. The client spent \$7,000 developing the site and generated \$5 million in sales from the website in 1999 alone. The longest it took a client to break even was six months.

Neinberg says promotion is the key to a successful site. Like Lockwood, he says sites should be advertised everywhere — on the web and in print advertising. Lockwood even displays his web address on his truck.

Lockwood reports he was skeptical and a nonbeliever at first but found the results of doing business on the web spoke for themselves. The benefits of maintaining a website, he says, outweigh the costs.

Residential and commercial real estate professionals in small towns as well as large cities can reap the rewards of advertising on the Internet. In fact, 9 percent of professionals located outside of Texas' largest cities reported more than 10 percent of their business came from the Internet. By contrast, only 6 percent of real estate professionals in larger cities reported more than 10 percent of their business coming from the web. Houston and Austin are tied as the metro areas with the largest percentage of Realtors (7 percent) generating 10 percent or more of their business from the web.

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at a glance how realtors use their websites

38.4%	40.1%	21.9%	9.5%	22.7%	3.7%
advertising	property listing	solicitation of referrals	community service	links	other

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