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Portrait of a Homebuyer

By Jack C. Harris

If a recent homebuyers survey is any indication, real estate professionals need not fear that the Internet and related technology will put them out of work anytime soon. Results show buyers are using the Internet as a tool for gathering information, but they still overwhelmingly choose to have a real estate professional guide them through the complicated buying process.

Who Completed the Surveys?

In the summer of 2000, the Real Estate Center, in cooperation with Lawyers Title Company, mailed questionnaires to 3,000 homebuyers who had purchased homes in late 1999 in Dallas-Fort Worth, Houston, San Antonio and Austin. The survey asked about all aspects of the homebuying experience.

Three hundred eighty people responded to the survey. The median age of respondents was 40.3 years. Four of every five were non-Hispanic whites. Seven percent were Hispanic, 4 percent were non-Hispanic blacks, 4 percent were native Americans and 2.4 percent were Asian.

The average respondent was probably more affluent than the average homebuyer, as the \$140,000 median home price reported was considerably higher than the median home price (\$109,000) recorded by the MLS's in those areas.

Nearly 90 percent of first-time buyers responding to the survey moved into detached single-family homes. In fact, detached single-family homes also were the overwhelming choice for repeat buyers and for all age groups.

Thirty percent of respondents were buying their first homes, while about 32 percent were buying their second or third

homes. About 89 percent of respondents bought existing homes. This finding was surprising considering that the survey sample was not restricted to people who bought homes through the Multiple Listing Services (MLS) but also included those who purchased directly from builders and from other non-MLS sources.

The highest prices paid were for two-to-four unit buildings (\$170,000), followed by single-family (\$146,500), townhouse (\$130,000), condo apartment (\$85,900) and manufactured homes (\$56,300).

Respondents 65 and older were the most likely to buy condo apartments and townhouses. Twenty-one percent of condo apartment buyers and 15 percent of townhouse buyers were in that age group, compared with less than 6 percent for the entire survey sample. Ethnicity made no apparent difference in type of home purchased.

Why Were They Moving?

Respondents were asked to give primary and secondary reasons for moving (Table 1). "Wanted a larger home" was cited most often and presumably motivates the typical move-up buyer. Almost as frequent was "tired of

Buyers who are better informed because of the Internet may make the agent's job easier.

hood, which might take longer to find than a good house, and those forced to move, possibly because they were waiting for a condemnation award or an insurance settlement. The quickest to find homes were divorcees, who might be less particular in their haste to escape a bad situation, and those relocating from another town, who often are limited to brief house-hunting trips to the new location.

Purchasers of townhouses (3.8 months), two-to-four unit buildings (3.3 months) and condo apartments (2.8 months) spent the least amount of time look-

ing, possibly because they were older and had a better idea of what they wanted. Manufactured home buyers averaged 4.5 months in their search.

Without comparable data from an earlier period, it is impossible to know whether the length of time respondents spent searching is abnormally long, though it would seem so. In most of the surveyed markets, homes attract multiple interested buyers who are faced with the task of finding a home they want and making an offer before someone else does.

How Did They Find Their Homes?

As shown in Table 2, almost half the respondents discovered their new home through an agent. Another large fraction responded to yard signs, the majority of which were placed by agents.

Table 1. Reasons for Moving and Length of Search

Reason	Percent	Median Age	Length of Search (in months)
Wanted a larger home	42	38	4.9
Tired of renting	37	35	4.2
Relocated from another town	25	44	3.5
Wanted a better neighborhood, schools	25	37	5.7
Wanted a more convenient location	17	41	4.2
Wanted a smaller or lower-maintenance home	12	50	4.2
Newly married	5	33	3.9
Divorced	4	41	3.3
Forced move	2	39	5.4

DESIRE FOR A BIGGER

house was the main reason cited for moving. Other respondents, including many 65 and older, said they were tired of renting.

renting," a response given by many first-time buyers. People who said they were moving primarily because they were "tired of renting" or were "getting married" were the youngest in the sample. The oldest median age group was made up of those who wanted smaller or lower-maintenance homes. Surprisingly, 24 percent of those older than 65 said they moved because they were tired of renting.

How Long Did They Look?

Respondents spent an average of 4.2 months looking at an average of 16.5 houses before buying. Respondents who used an agent spent 3.7 months searching compared to 5.8 months for those not using an agent. The length of search varied significantly depending on the reason for moving. Those who searched the longest were looking for a better neighbor-



Table 2. How Respondents Found the Homes They Bought

Method	Percent
Real estate agent	49
Yard sign	21
Friend or relative	11
Internet listings	7
Newspaper ad	5
Open house	3
Television ad	0

The Internet ranked fourth as a way of finding a home, ahead of newspaper classified ads. The highest percentage of respondents who used the Internet did so to collect information about homes and neighborhoods before making a commitment to an agent or lender (Table 3). The web was seldom used to find brokers and lenders or to communicate with agents. Some respondents expressed frustration that they could not find more information about homes on the Internet.

Apparently, consumers still are uncomfortable conducting real estate business over the Internet but do take advantage of the information it offers. While many real estate professionals see the Internet as a threat to the industry, better-informed buyers may actually make the agent's job easier.

Table 3. Importance of the Internet in Home Search

Function	Percent Ranking "Very Important"	Percent Ranking "Important"
Information about homes and neighborhoods	28	60
Communicate with agent	8	29
Find a lender	6	24
Find a broker	3	21

What Role Did Agents Play?

Most respondents (82.3 percent) used an agent in their search. Of these, 64.2 percent used a buyer's agent. These percentages varied little based on the type of home purchased, except in the case of those who purchased manufactured homes. A much

Table 4. Where Respondents Applied for Mortgage Loan

Method	Percent
At lender's office, referred by agent	23
At lender's office, not referred by agent	19
In broker's office, with assistance of agent	11
With loan officer located in broker's office	9
No mortgage loan	7
Over the Internet	4

lower percentage of that group worked with a real estate professional.

More than 75 percent of respondents agreed that the agent was a good source of information on houses and the community. The value of the agent's advice is apparent in the fact that almost half of respondents indicated that their agents in some way assisted with mortgage financing, either by providing a referral, through an in-house mortgage officer or a system in which the loan application is submitted through the brokerage office (Table 4). Two-thirds of buyers bought title insurance through a referral from the agent (Table 5).

These survey results underscore the extent to which homebuyers value the professional advice of agents and brokers. Clearly, respondents find the Internet a helpful tool. But it does not replace the expertise of real estate professionals.

Editor's Note: This is the second in a series of articles describing the results of the survey. A future article will reveal how respondents ranked the services offered by licensees. ➔

Table 5. How Respondents Selected Title Company

Method	Percent
Referral from real estate agent	66
Referral from lender	20
Referral from friends	8
Advertising and Yellow Pages	1
Don't know	6

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