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Housing Market Trends

SUMMER 2016

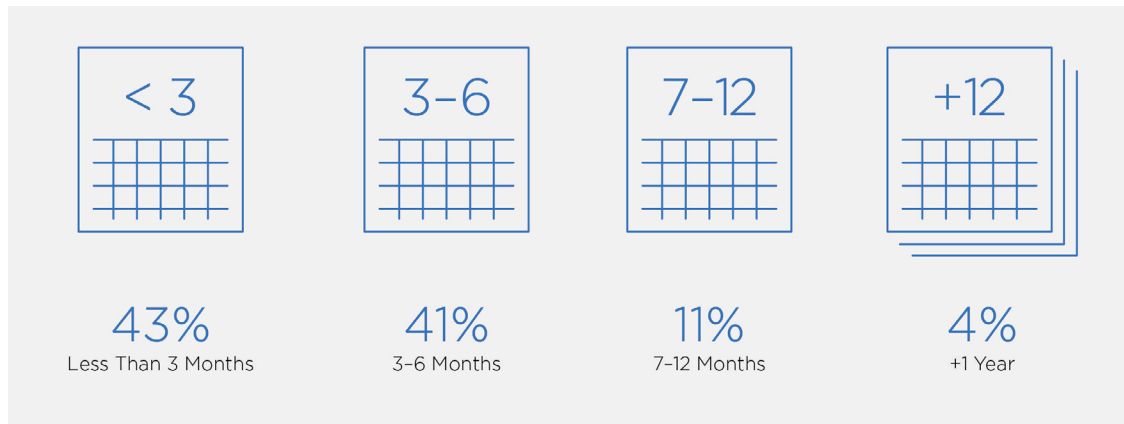
How today's buyer searches for—and chooses—a home

We're midway through the year and the real estate season is in full swing. What better time to take a temperature check—not on the summer heat, but on how buyers search for homes? Data from the Zillow Group Marketplace Report reveals some interesting new facts—and confirms other established ones—about the evolution of buyer behavior.

While **the average buyer takes a little more than four months to find their new home**, younger millennials (age 18-24), spend the least amount of time searching, averaging just 3.7 months. With housing inventory [still significantly low](#), competition remains heavy, so those who plan to make a move this year **might not have the luxury of time** when considering their options.

How Long Do Buyers Search for a Home?

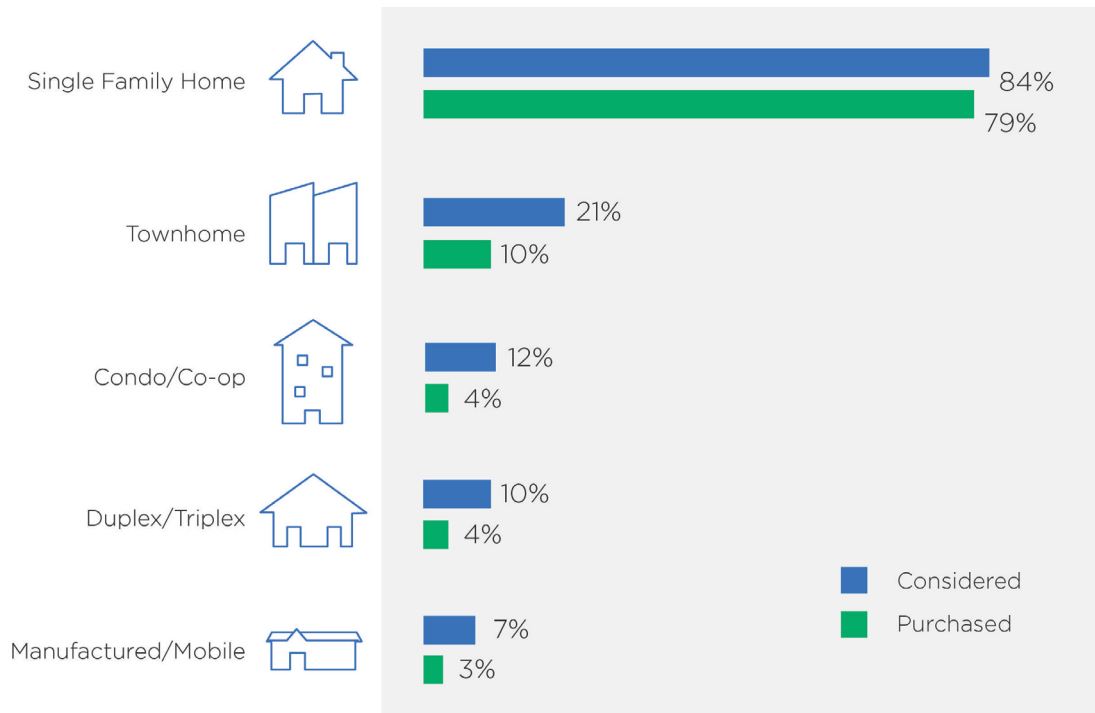
Average search time is **4 months**.



On average, buyers take four months to find their new home.

Single family homes are the most popular property type. Eighty-four percent of buyers consider them and 79 percent ultimately purchase one. In a distant second place is the townhouse, which only 21 percent of home buyers consider and 10 percent purchase.

Hands-Down Winner: Single Family Homes



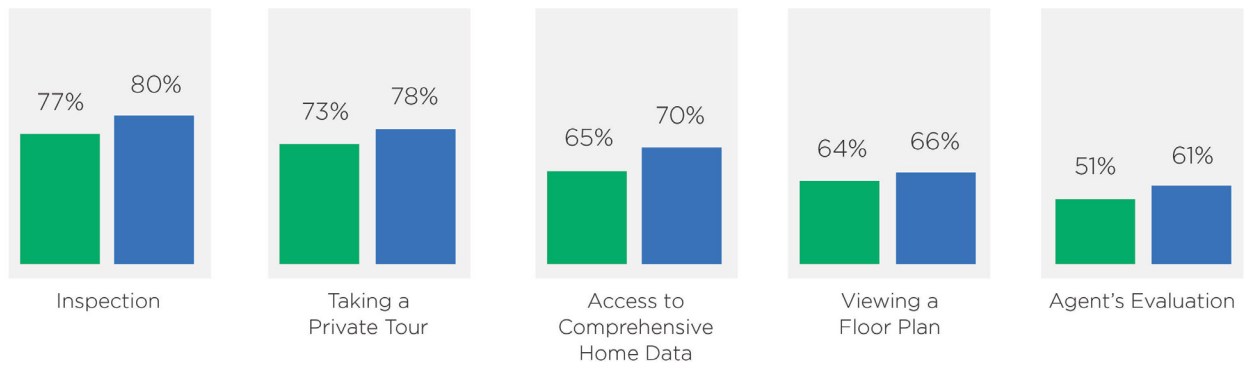
Buyers consider nearly every type of home, but single family homes are the ultimate winner.

There are several criteria first-time home buyers use to determine if a home is “the one”—from whether or not the home is staged to having the home pre-inspected. First-time home buyers in particular rank nearly all of those criteria higher in importance, but generally, 86 percent of all buyers pinpoint a **home tour as crucial to their decision**, visiting seven homes on average. Hot fun in the summer sun.

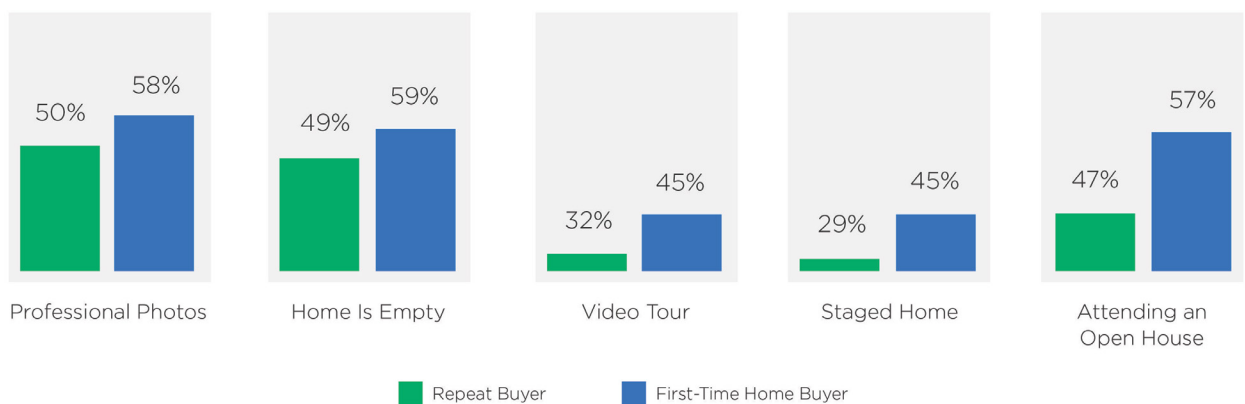
Additionally, access to a home’s comprehensive data and history is a factor that 67 percent of buyers take into consideration; having that information is second only to inspections and home tours.

How Buyers Determine a Home Is “The One”

⬆️ Top 5 Criteria



⬇️ Bottom 5 Criteria

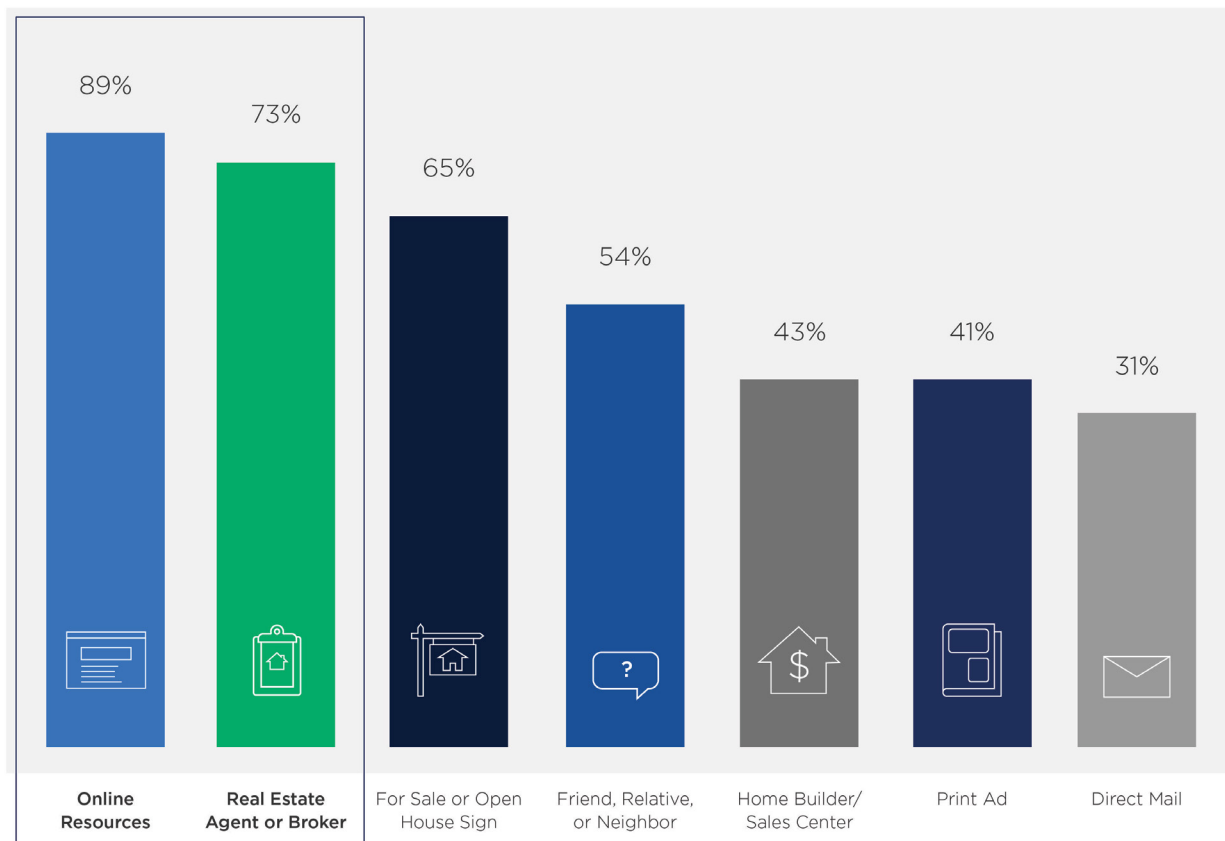


Buyers take a number of factors into consideration when deciding which home to buy.

When searching for homes, 89 percent of all buyers use an online resource—and there is no significant difference for online use among those under age 65. **Seventy-three percent use a real estate agent or broker to find their home**, while only 41 percent use a print ad and a far distant 31 percent credit a direct mail piece.

Among the under 65 buyers, going online to search for a home is becoming more prevalent—especially over offline sources like print and direct mail—but **not at the sacrifice of real estate agents**.

Top Resources Buyers Use to Search, Shop or Purchase



Online resources and real estate agents beat offline resources when it comes to how buyers search for homes.

Where agents fit into the search

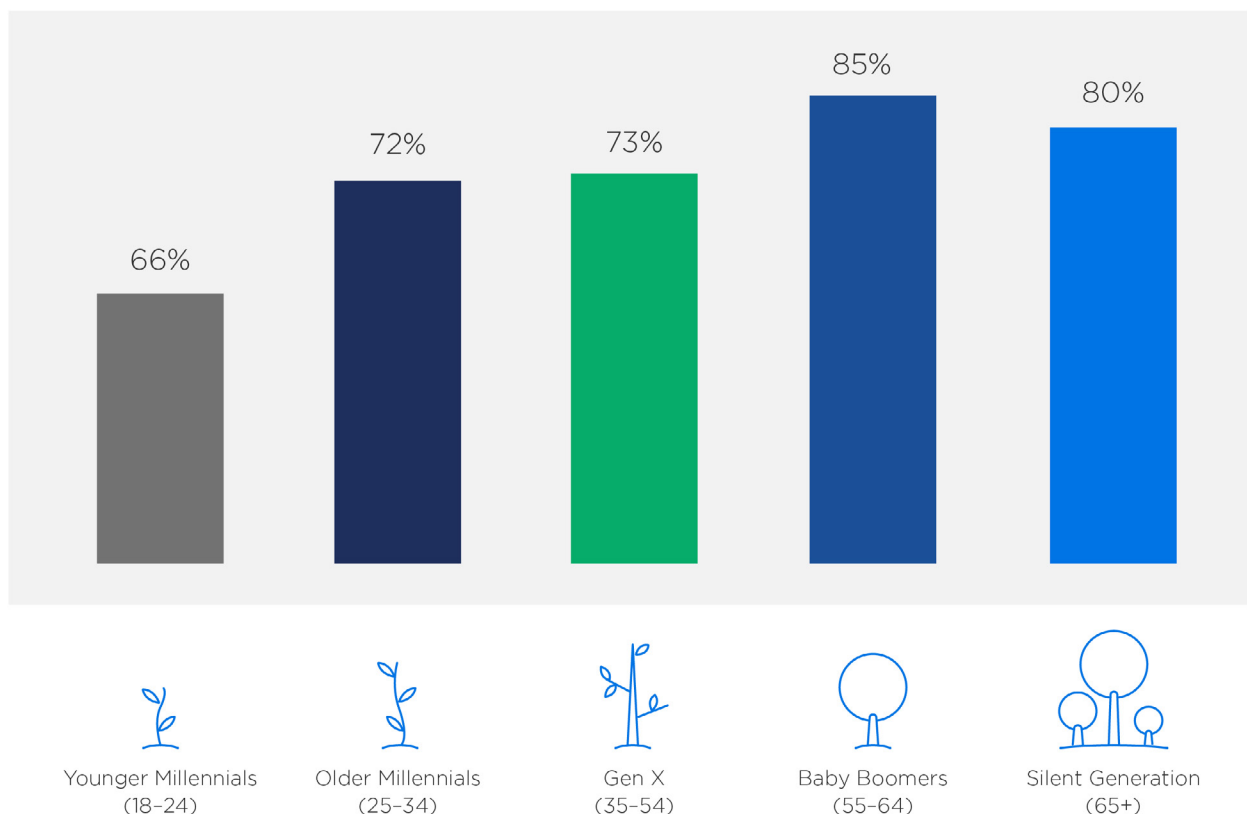
So relax—you still have a job: 73 percent of buyers use a real estate agent in their home search.

Boomers (age 55–64) are significantly more likely to involve an agent (85 percent) than millennials (71 percent) and Gen Xers (age 35–54; 73 percent), but more members *within* those younger cohorts use a real estate agent rather than go it alone.

“Despite using real estate agents less often, younger buyers tend to rely on them earlier in their process.”

LAUREN SPOHR, ZILLOW GROUP SENIOR MANAGER, INSIGHTS

Who’s Most Likely to Use an Agent?



Every cohort calls on a real estate agent to guide them along the home-buying process.

Timing is everything—but not in the way you might think. About half of all buyers (51 percent) involve a real estate agent at the very beginning of their home search. Of those, **boomers are significantly more likely to bring in an agent *after* they start touring homes.**

When Buyers Decide to Involve an Agent

Millennials and **Gen Xers** are more likely to try a search on their own, *then* give you a call.



Most buyers bring in an agent at the beginning, but boomers tend to wait until further in the process.

The majority of buyers who use a real estate agent **find them through referrals (32 percent) or online (28 percent)**. There are three types who are significantly more likely to use the Internet to find you; they are buyers who:

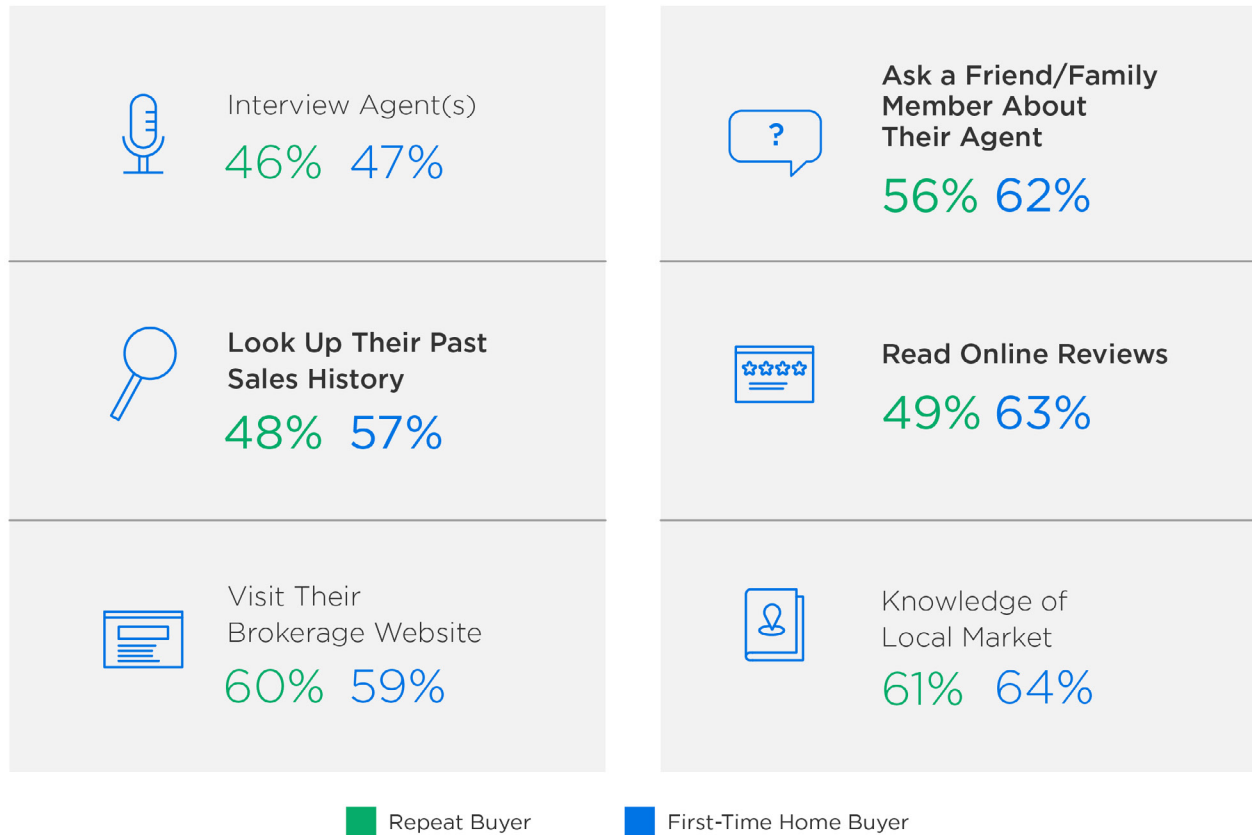
- Are under age 55 (in other words, Gen Xers and millennials)
- Start the search on their own
- Involve an agent at the home touring stage or later

Agents who know their area will have the edge among buyers: 62 percent of all buyers say that a real estate agent's **local market knowledge is their primary evaluation criteria**, followed by a visit to an agent's brokerage website, asking a friend or family member about their experience with an agent and reading online reviews. **First-time home buyers specifically rank these latter three factors as even more important.**

"The more informed the buyer is about market conditions and their ability to buy, the quicker they are to act."

HEDDA PARASHOS, PALISADE REALTY INC.

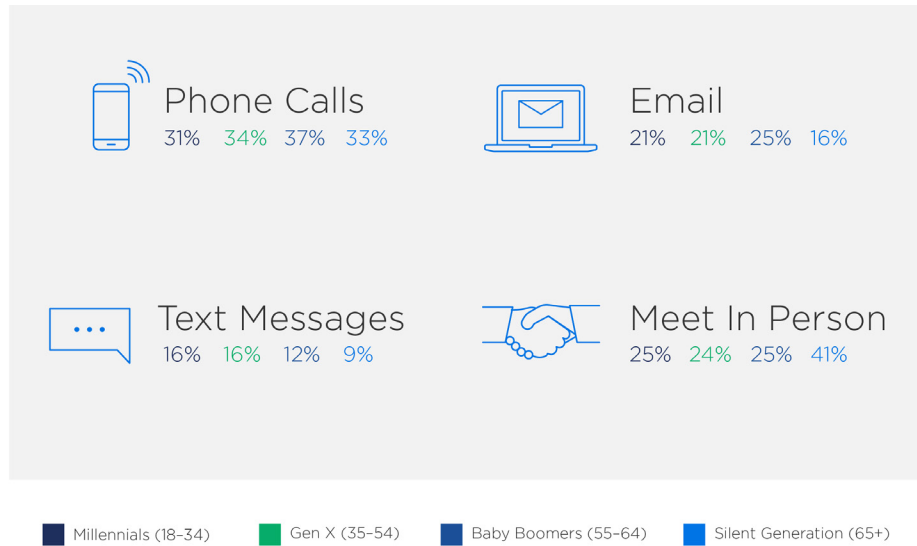
How Buyers Evaluate a Real Estate Agent



Yes, they're judging you—and first-time home buyers particularly rank nearly *everything* as important to have.

Not surprisingly, a real estate agent's response time is critical in impressing the buyer: 78 percent expect **a response within a day**. And it definitely matters *how* you get back to buyers. While 41 percent of Silent Generation buyers (65 and older) most often prefer you meet them in person, **a phone call is the first choice of initial contact** for everyone else.

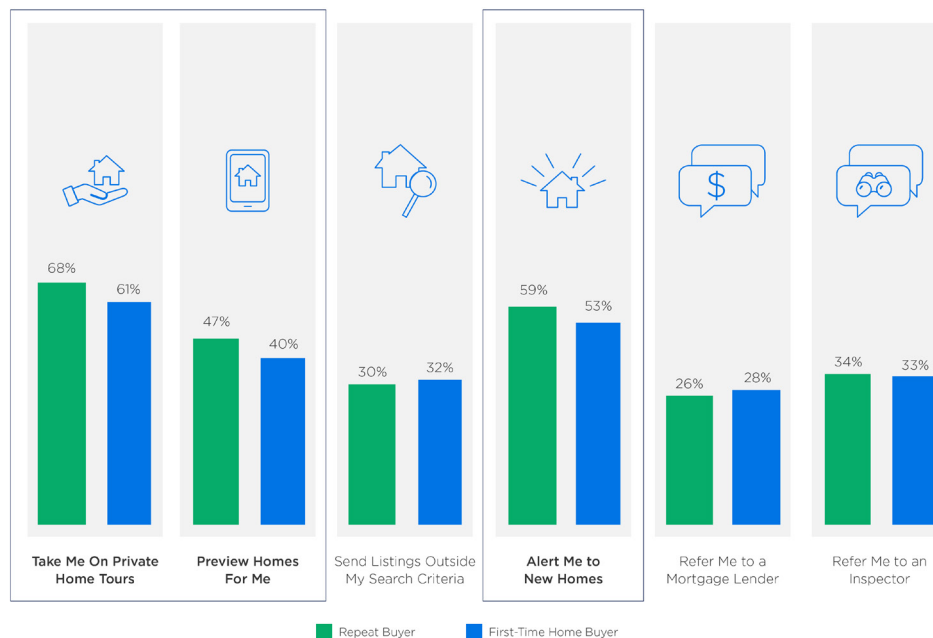
Preferred Method of Communication with Agent



Contacts want to hear your voice when you respond to their initial inquiry.

Once they choose an agent to work with, the services buyers expect from you are **ones only a real estate professional can provide**: Taking buyers on private home tours (65 percent), alerting buyers to new homes (56 percent) and previewing homes for buyers (44 percent) are the top three services where you have an opportunity to stand apart from the competition. **These same three services are significantly important to repeat buyers.**

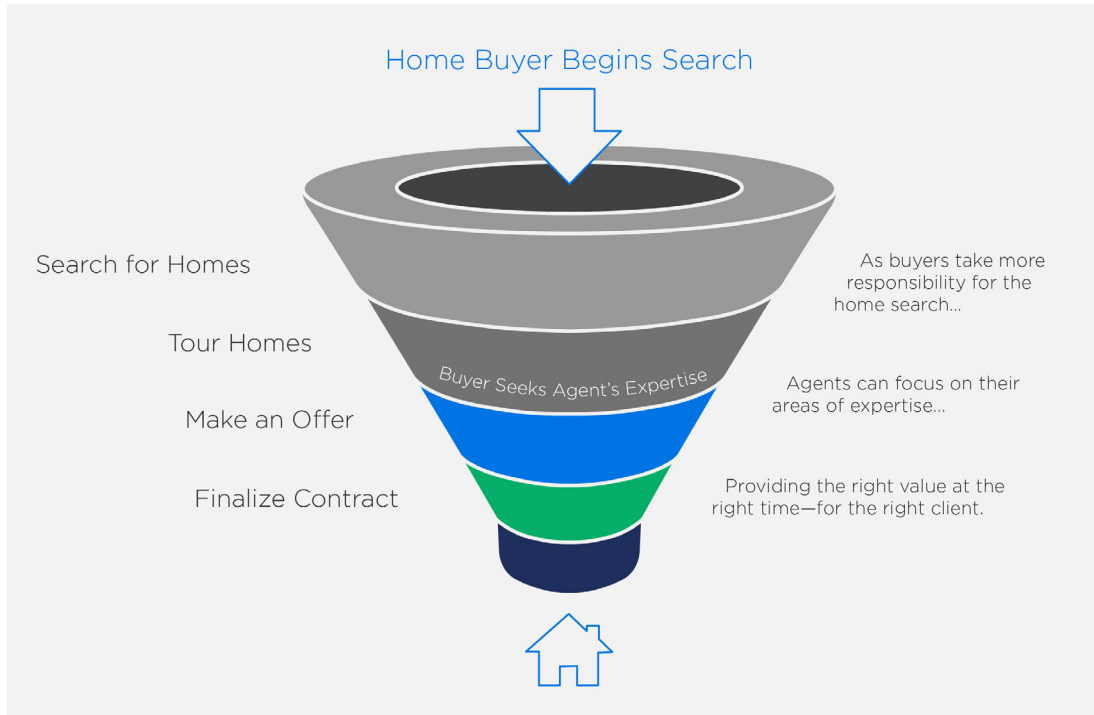
Top Services Agents Provide Their Clients



What buyers want most from you is your professional expertise and insight.

Key Takeaways

The Role of the Agent in Today's Digital Market



The role of the agent has shifted: Buyers need you at pivotal points later in the process.



Agents are still a significant factor in the home buying process, but the role has evolved. Buyers are taking more responsibility in the initial home search, but still rely on agents to help evaluate the homes they pick.



Home tours and previewing homes for buyers are what agents should focus on. Spend the time identifying what your buyers want and cater to that; show your knowledge of the inventory and local neighborhoods, etc.



Your responsiveness is key to getting new clients: Most buyers want to hear back from you within a day of making their initial inquiry to you.



Knowing what buyers want and adapting to different demographics is crucial. First-time home buyers don't use real estate agents as often as repeat buyers, but those who do rely heavily on your expertise.

Source: 2016 Zillow Group Marketplace Report.