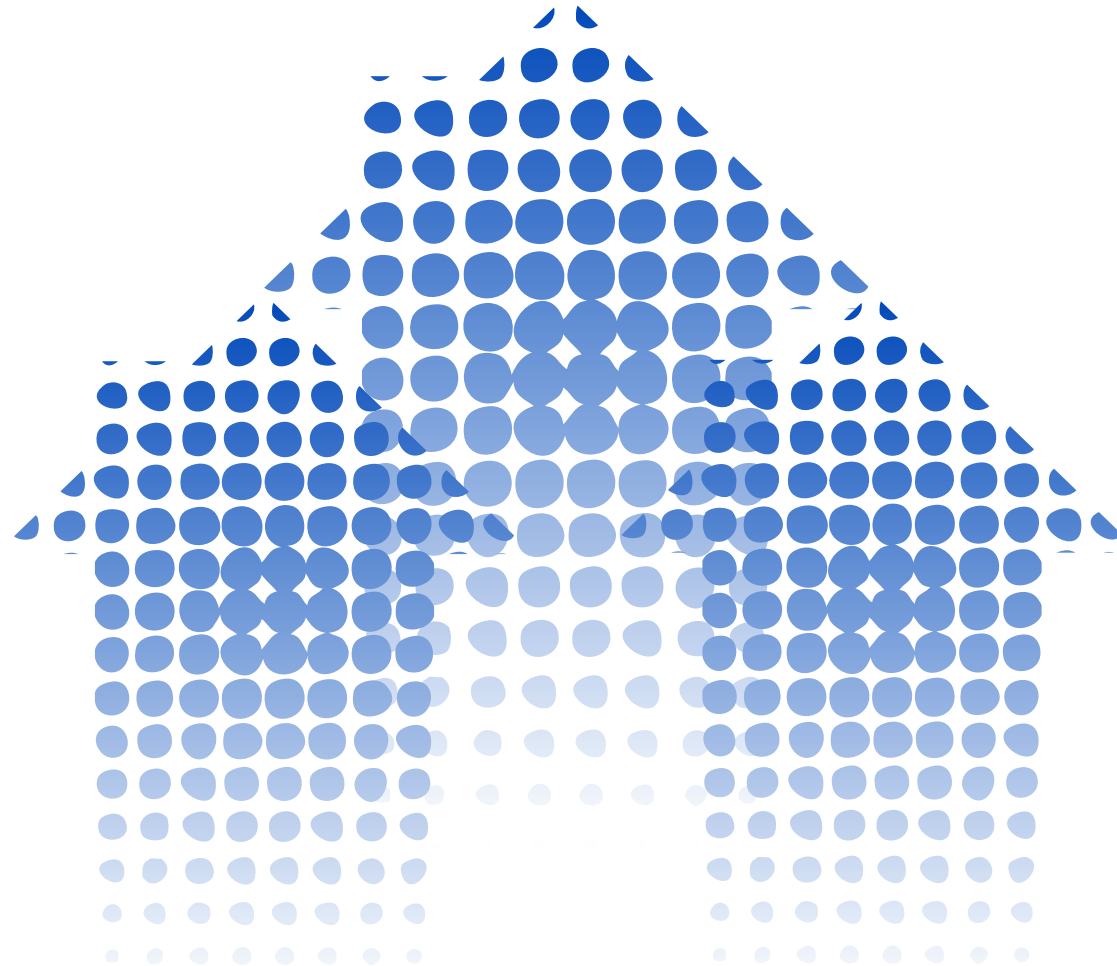


The Digital House Hunt:

Consumer and Market Trends in Real Estate

A Joint Study from The National Association of REALTORS® and Google



Study Objective:

To better understand the evolving role of digital media in the consumer home search process.

Google and NAR collaborated to uncover trends and insights around digital media usage among home shoppers, whether they were looking for an existing home, a newly constructed home, or an apartment. Together, Google and NAR's individual research results tell a cohesive story about today's uber-connected home shopper.



Introduction

Over the past decade, our world, and particularly the world of house hunters has become increasingly digital. Consumers are going online at a rapid pace to look for information to support their buying decisions. They watch “how-to” videos on YouTube, they read review sites, they look up specific brands on search engines, and even research on the go with their smartphones and tablets.

Google calls this idea ZMOT, or the Zero Moment of Truth*; the idea that shopping is no longer about showing up in a store, or in our cases at a brokers’ office or an open house, seeking advice or counsel on what to buy or how much they should pay. As Google’s ZMOT handbook for marketers explains, “the sales funnel isn’t really a funnel anymore.” Today there is a new, empowered consumer generation that does its homework ahead of time at this new and critically important Zero Moment of Truth.

Per the handbook, penned by Jim Lecinski, Google’s ZMOT expert, we know that “at the Zero Moment of Truth, today’s shoppers bounce back and forth at their own speed in a multichannel marketplace. They switch devices to suit their needs at any given moment. They search; go off to look at reviews, ratings, styles and prices; and then search again. They see ads on TV and in newspapers and online. They walk into local stores to look at products. They talk to friends, over the back fence and on social media. Then it’s back to ZMOT for more information.”

The story is no different for home shoppers. Real estate professionals know that their customers are uber-connected and informed. Nine in 10 home buyers today rely on the internet as one of their primary research sources, and 52 percent turn to the web as their first step.¹ In fact, real estate related searches on Google.com grew 22% year-over-year. Additionally, approximately one-fifth of real estate related searches happen on mobile devices, and Google real estate related searches on mobile devices grew 120% percent year-over-year from 2011 to 2012.²

In today’s complex, rapidly changing, and digitally driven media environment, capturing a home shopper’s attention in order to build a real estate business and personal REALTOR® brand is tougher than ever. NAR and Google developed this joint study in order to help real estate professionals address these very challenges.

Through research and insights, the study aims to help real estate professionals understand that digital marketing strategies across paid search, video, display, mobile, and social channels are crucial in order to reach today’s house hunter. With these types of strategies in place, REALTORS® and brokers can position themselves to drive their businesses forward and win at the critical Zero Moment of Truth.

*The Zero Moment of Truth e-book from Google can be downloaded for free:

www.zeromomentoftruth.com

Report Highlights Not to be Missed:

- 90% of home buyers searched online during their home buying process¹
- Real estate related searches on Google.com have grown 253% over the past 4 years²
- Buyers use specific online tools during different phases of the home search process
- How important “local” search terms and websites are for buyers
- How mobile technology connects online to offline home buying—including the reading of online reviews
- How video and YouTube satisfy buyers’ research needs
- The role of age and gender in driving real estate decisions both on and offline
- Top states where online searches around first-time homebuyer tips, senior housing, and foreclosures are happening
- 36% of new home shoppers utilize a mobile device while they are watching TV

The Digital House Hunt:

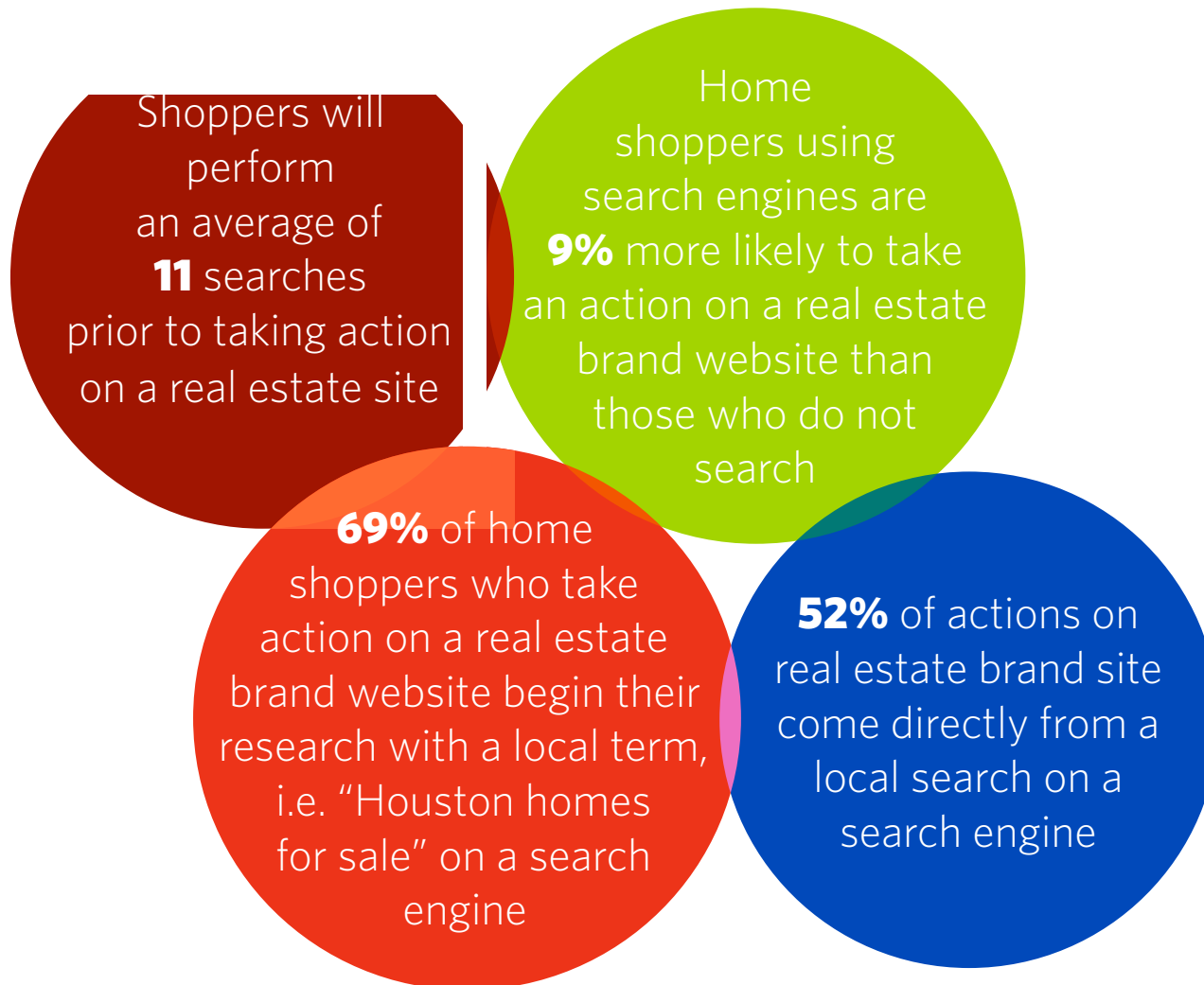
The Online Path to
Purchase in Real Estate

Section 1



Search Engines Play a Critical Role in the Real Estate ZMOT

- Home shoppers using search engines are actively engaged, raising their hands asking for more information or assistance.



Today's Home Shoppers are Likely to Conduct Their Research Both Online and Offline

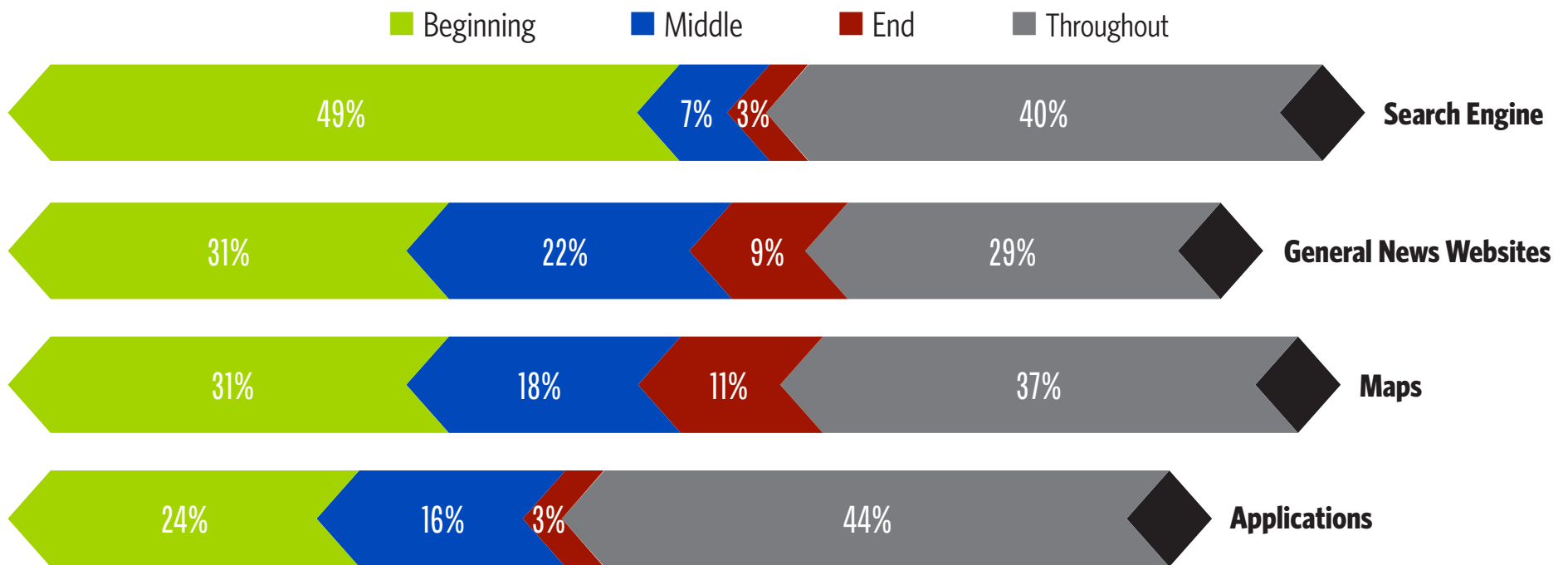
- Real estate consumers who use the internet while researching a home are more likely to use multiple sources
- REALTORS® using offline marketing and sales channels should incorporate digital to complement those efforts

	Used Internet to Search	Did Not Use Internet to Search
Internet	100%	0%
Real estate agent	89	71
Yard sign	53	44
Open house	46	29
Print newspaper advertisement	28	25
Home book or magazine	19	9

There is a Critical Mobile ZMOT

- 89% of new home shoppers use a mobile search engine at the onset and throughout their research
- Mobile applications are used by 68% of new home shoppers at the onset and throughout their research
- REALTORS® can employ various mobile marketing techniques to make sure they are discoverable at the mobile ZMOT

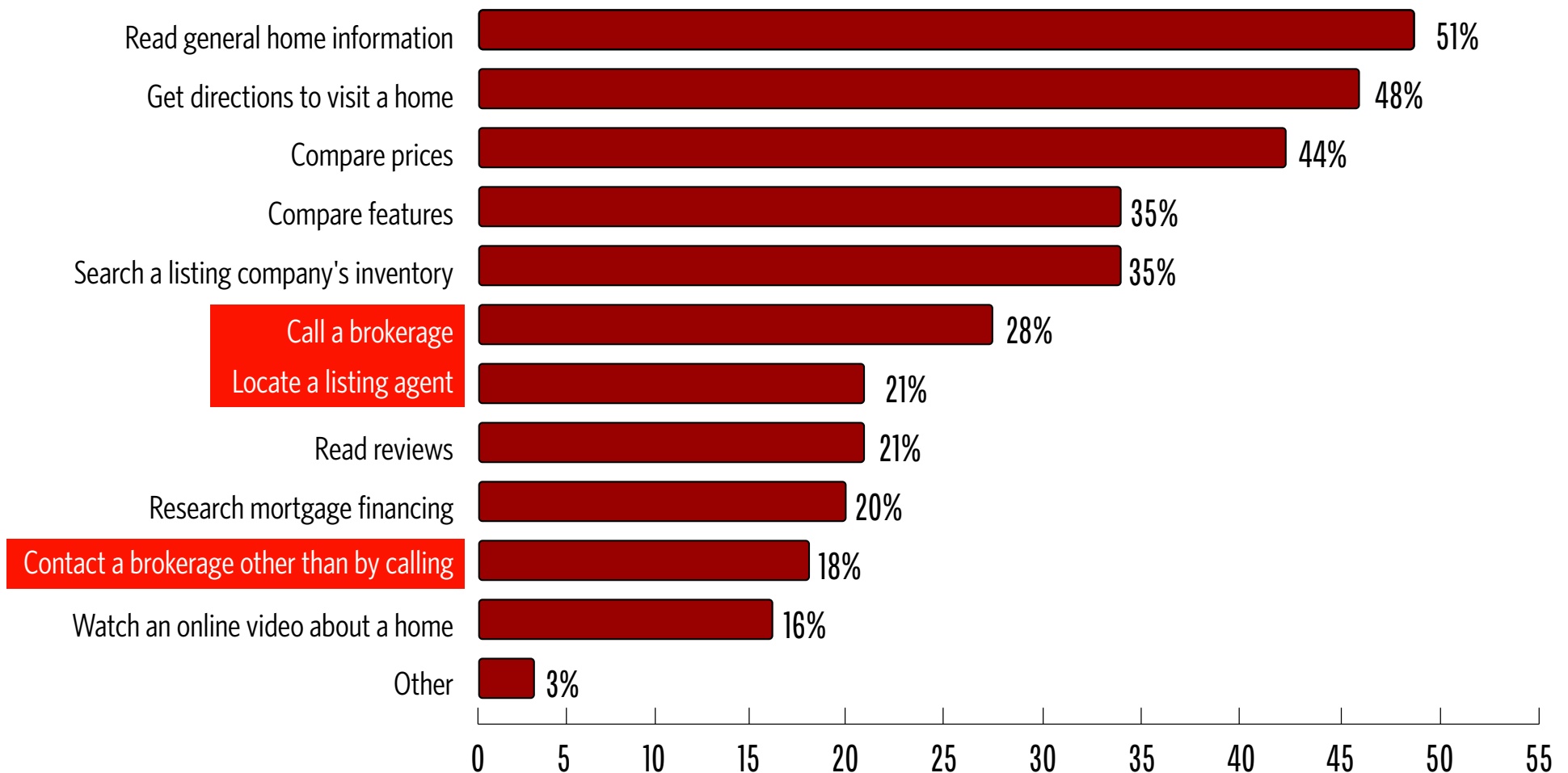
When During New Home Research Mobile Sources Were Used:



Source: Google & Compete Home Shopper Mobile Survey, 2012

Mobile New Home Shoppers Offer an Additional Source of Qualified Leads for REALTORS®

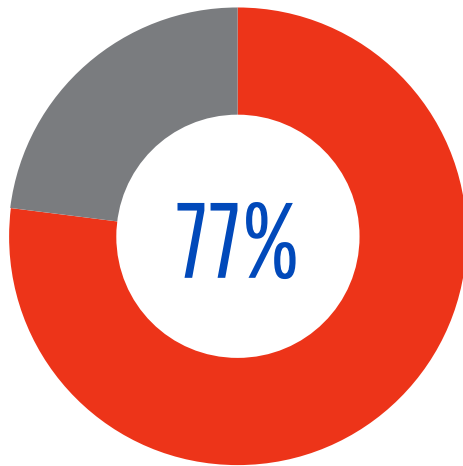
New Home Shopper Activity on Mobile Devices



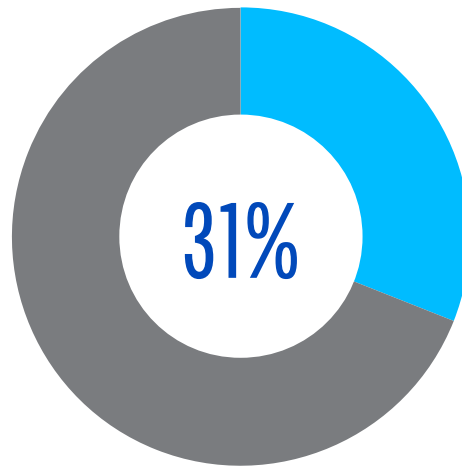
Source: Google & Compete New Home Shopper Mobile Survey, 2012

New Home Research Happens on the Go

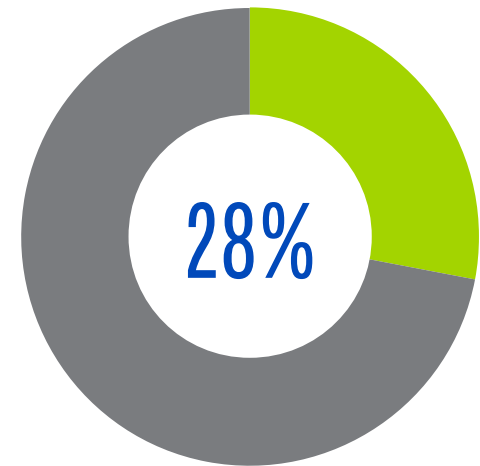
Locations Where New Home Shoppers Use Their Mobile Devices



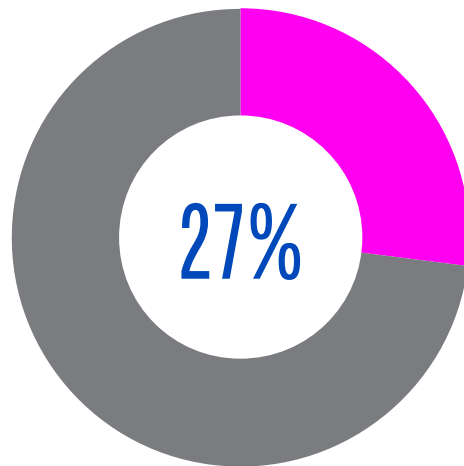
At home



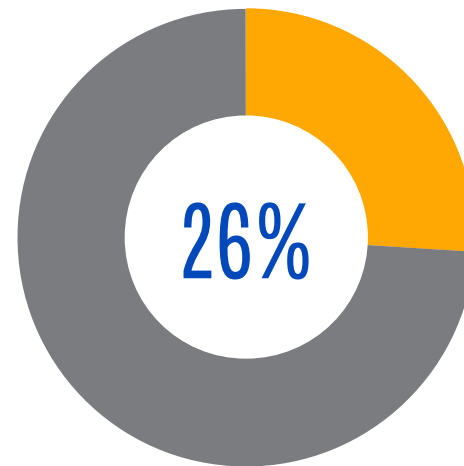
At work



Waiting in line

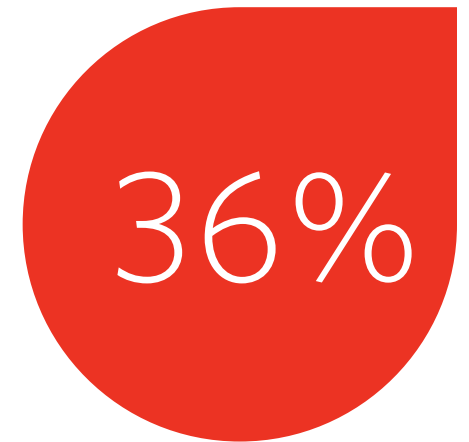


At restaurant



Other peoples' homes

New Home ZMOT Research Happens Across Multiple Screens and Touch Points at the Same Time

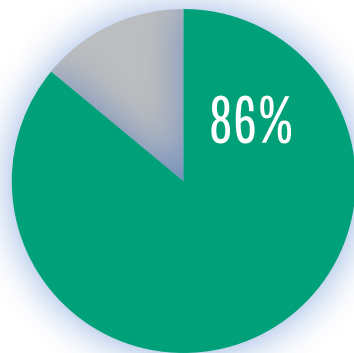


36% of new home shoppers use mobile and TV at the same time

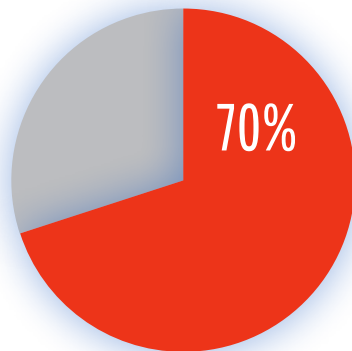
Video Satisfies Multiple Research Needs for House Hunters Representing Another Crucial ZMOT

- Opportunity for REALTORS® to market to home shoppers in online video environments

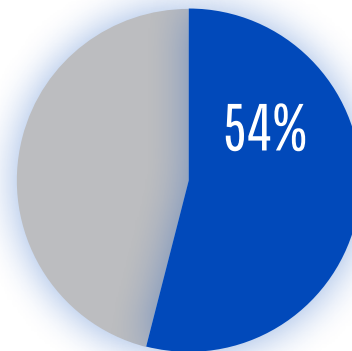
Video Usage Purpose for Home Shoppers



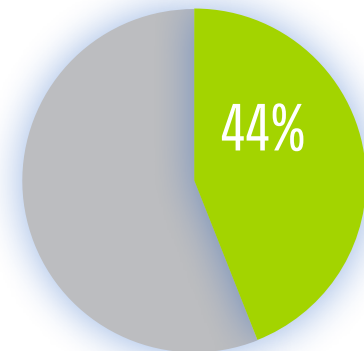
Find out more about a specific community



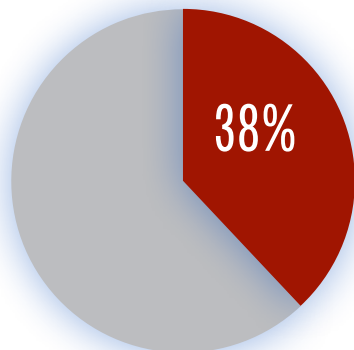
Tour the inside of a home



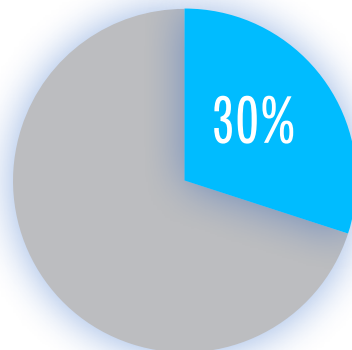
Obtain general information



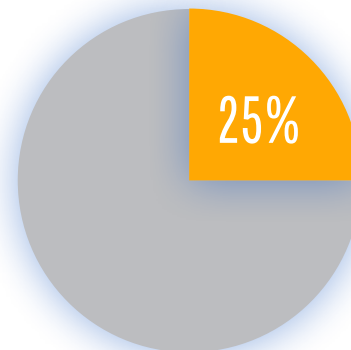
Compare features across multiple companies



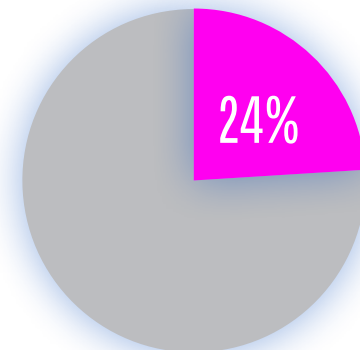
Understand specific features



Watch customer testimonials



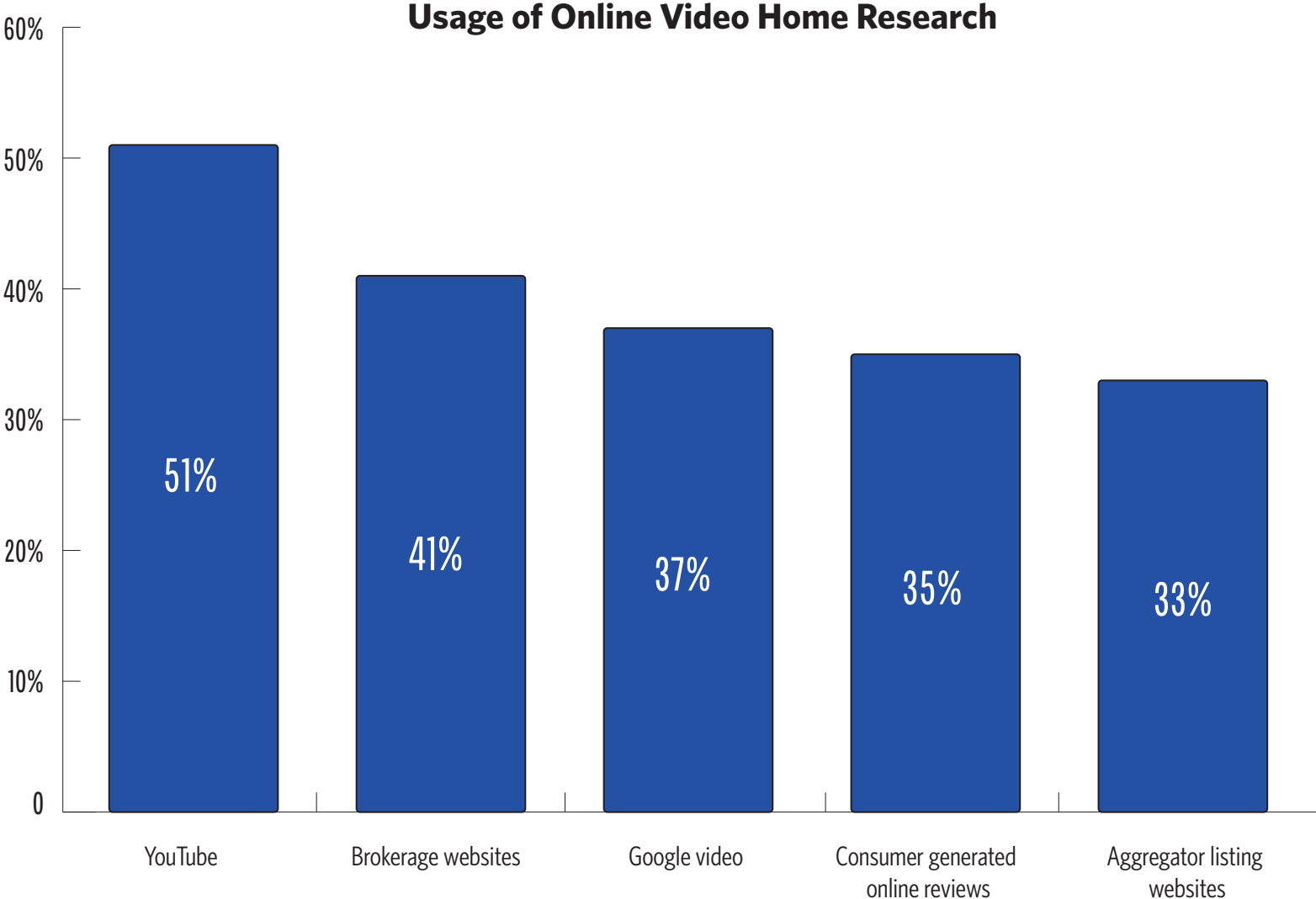
Decide which company to purchase from



Watch instructional videos

Source: Google & Compete Home Shopper Survey, 2011

YouTube Is the Top Video Research Destination for Home Shoppers

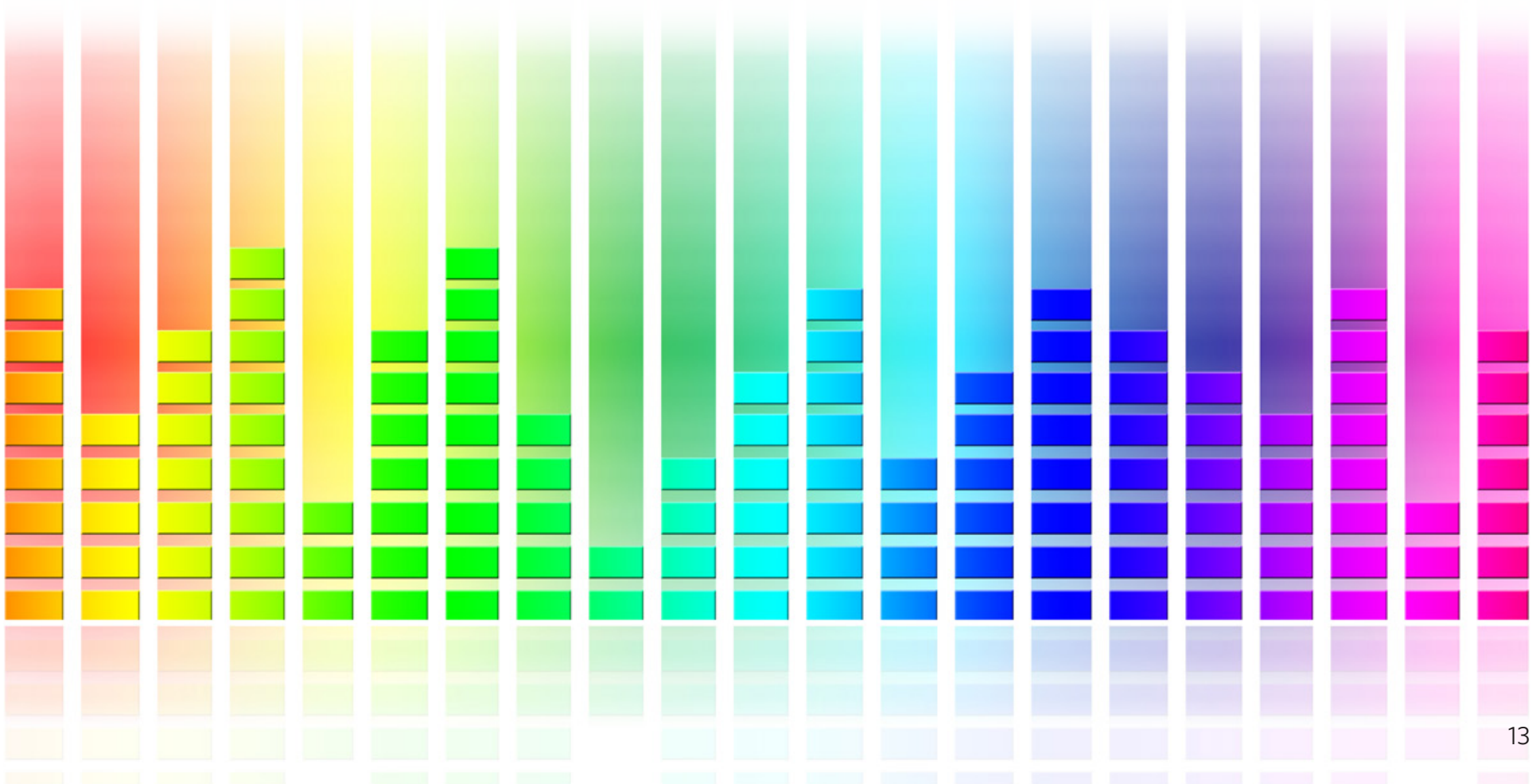


Source: Google & Compete Home Shopper Survey, 2011

The Digital House Hunter:

Demographics & Offline Trends

Section 2



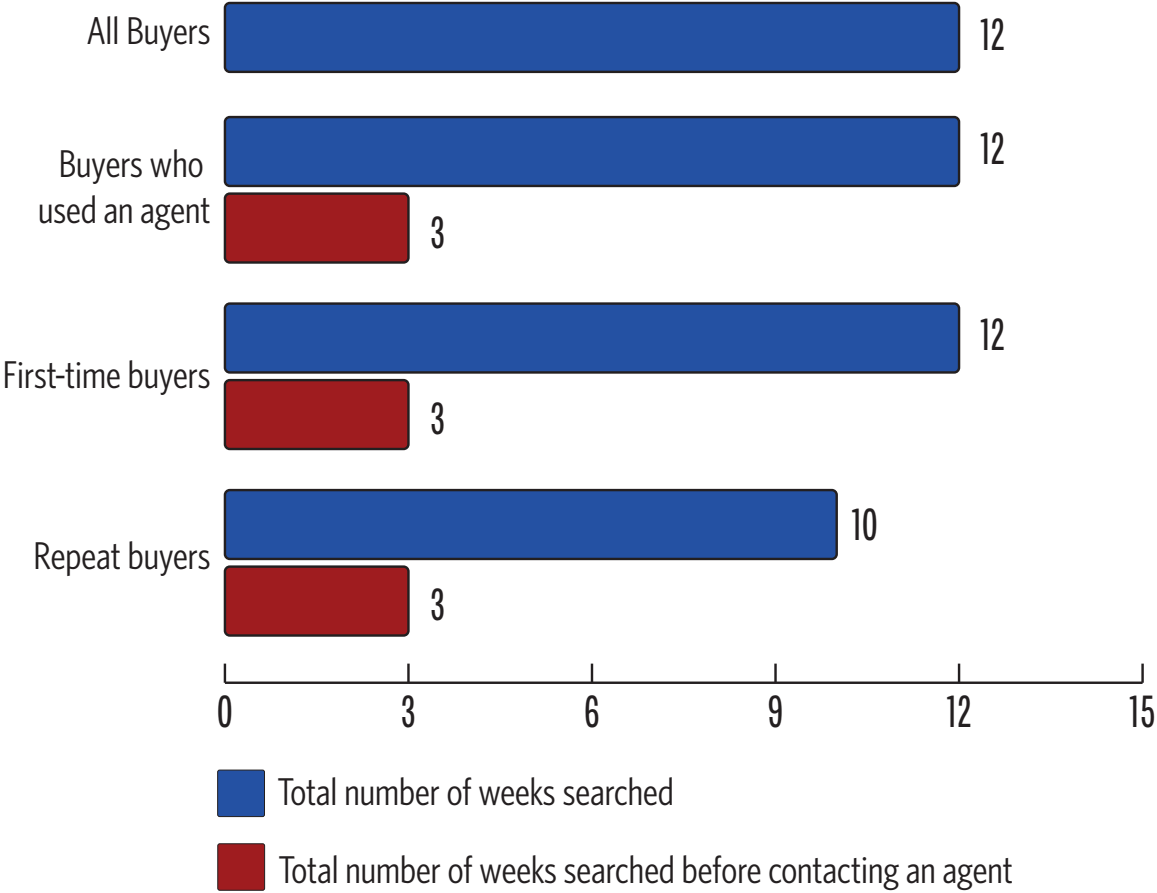
Today's Buyers Purchase Homes for Many Different Reasons

Desire to own a home of my own	30%
Desire for larger home	11%
Job-related relocation or move	9%
Change in family situation	8%
Affordability of homes	7%
Desire to be closer to family/friends/relatives	6%
Desire for a home in a better area	6%
Retirement	4%
Desire for smaller home	4%
Desire to be closer to job/school/transit	4%



Typical Home Buyers Take 3 months to Buy, but Engage with Agents Earlier in the Process

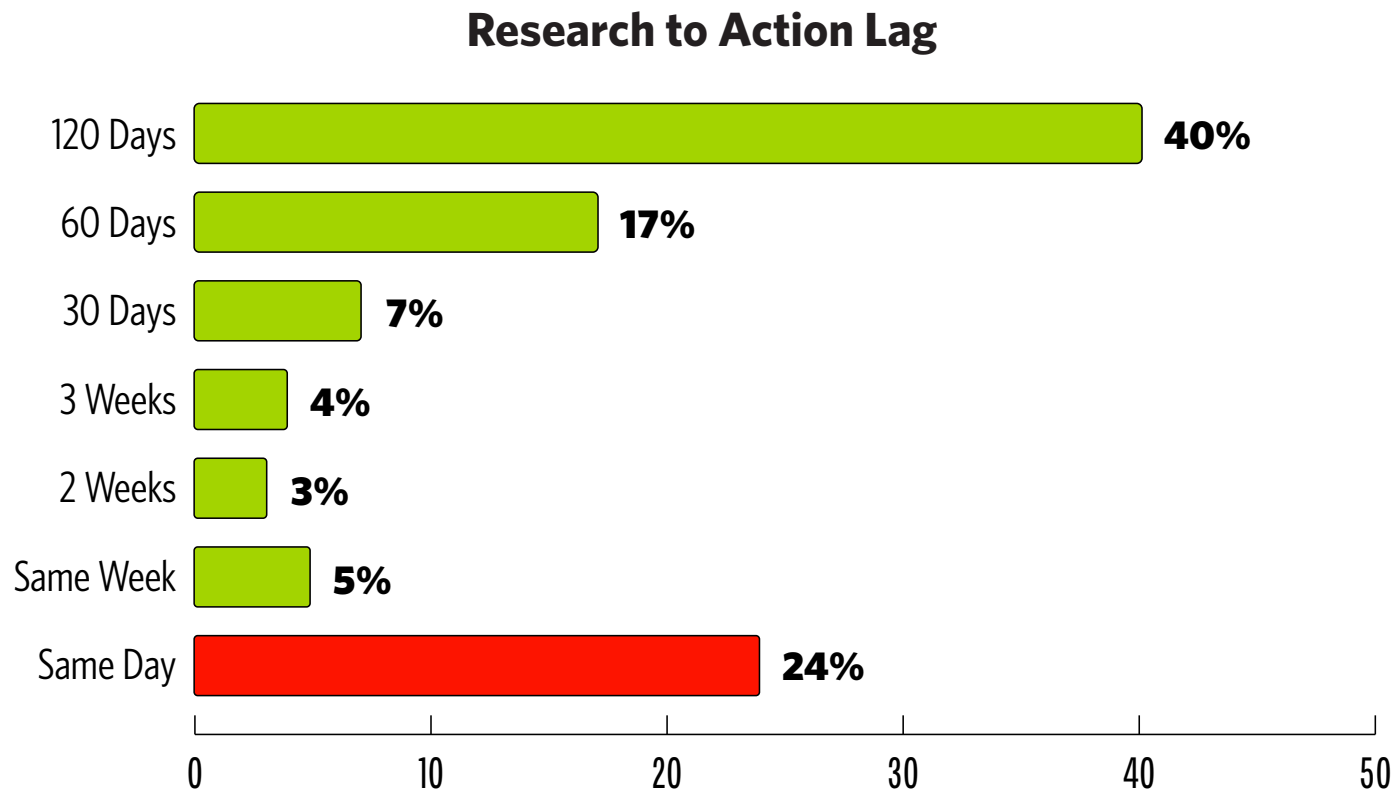
- Lengthy research window yields many opportunities to reach home shoppers during this time



Source: 2012 Profile of Home Buyers and Sellers

The Online Home Research Process is Also Varied

- New home shoppers are undecided and shop around online, though nearly one fourth complete an action on a real estate site the day they start researching

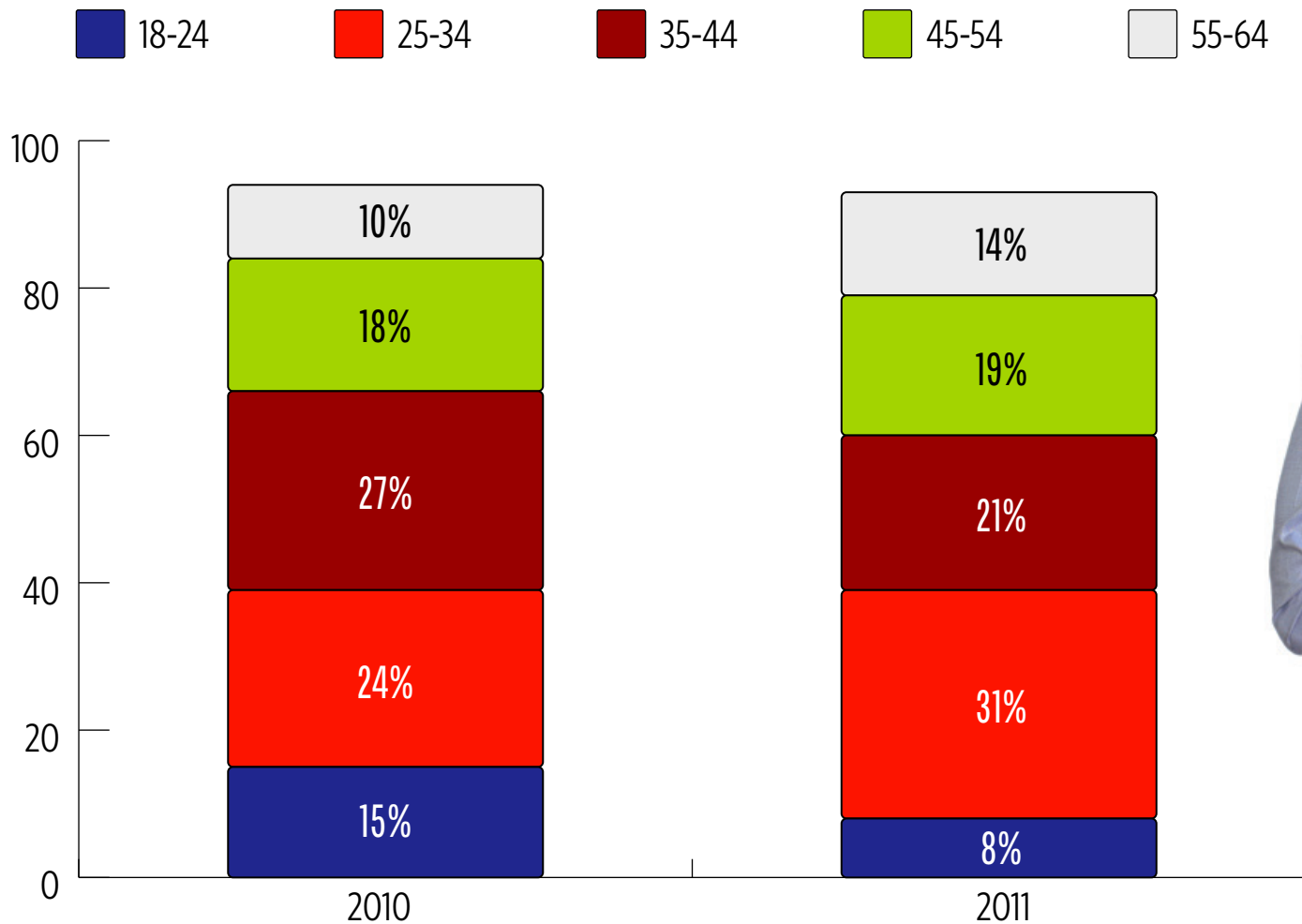


78% of new home shoppers visit 3 + sites prior to taking action on a real estate site



Age Groups Who Registered to Buy/Sell a Home on a Major Real Estate Brand Site

- 31% of home shoppers who take action on a real estate site are aged 25-34, surpassing all other ages

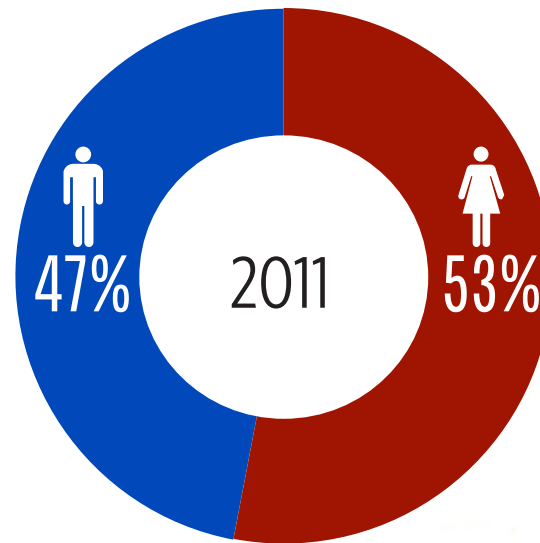
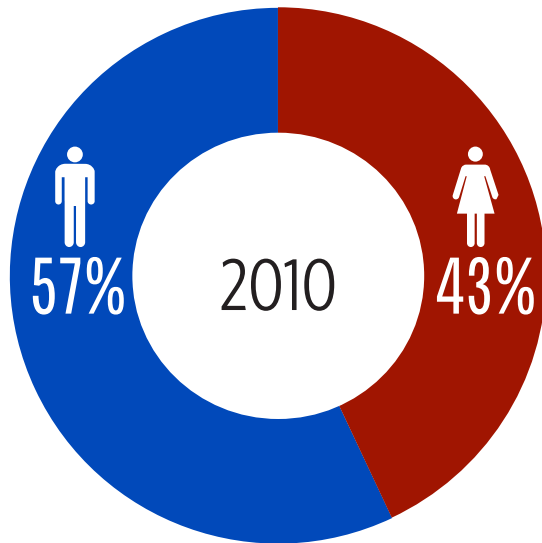


Source: Google & Compete Home Shopper Study, 2011 Buy/Sell Registrations in Q2 of each year

Men and Women Both Play Important Role in Real Estate Decision-Making Process

- REALTORS® should consider both target audiences as they develop their marketing messages

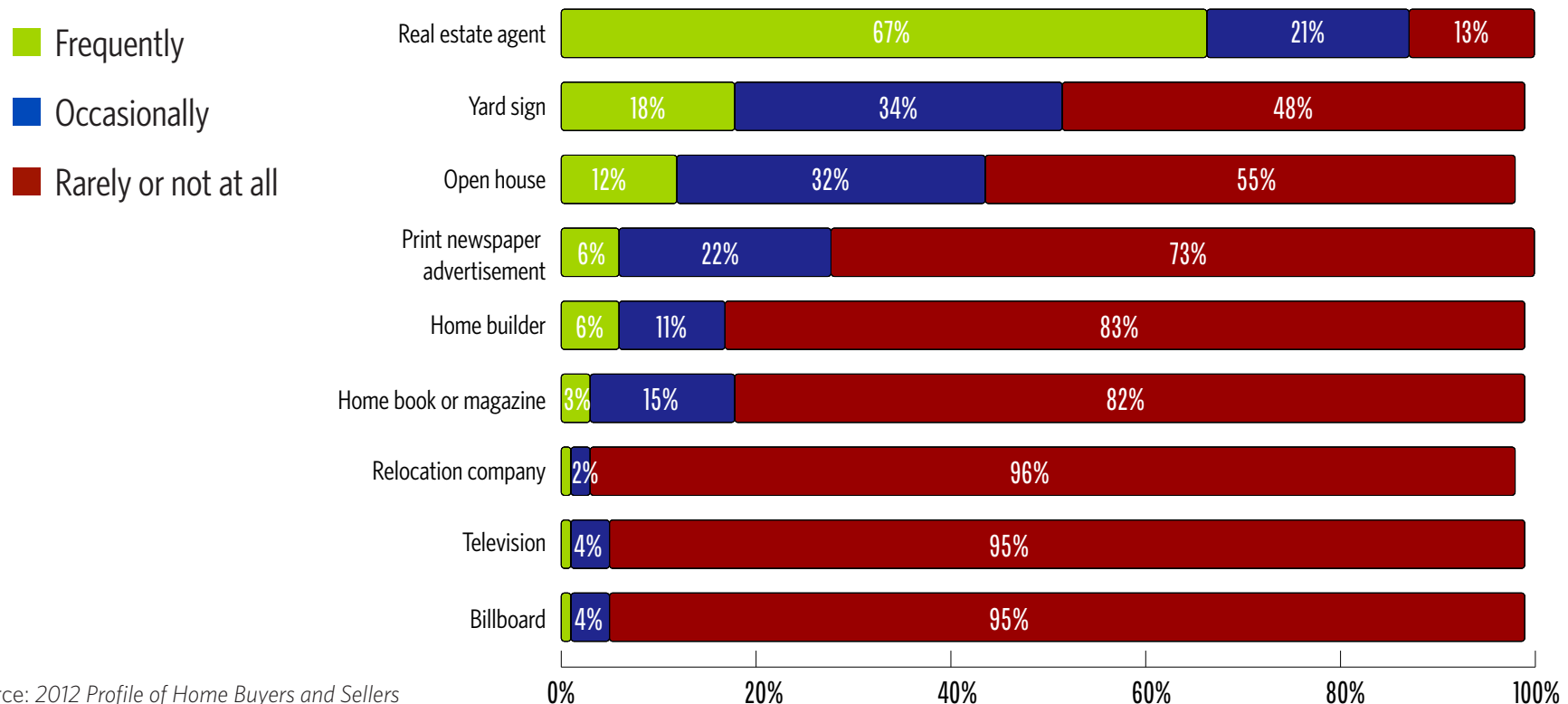
Users Who Registered to Buy or Sell a Home on a Major Real Estate Brand Site



Agents Remain Central to Offline Research, Though Other Traditional Offline Channels Trail in Importance

- Agents bridge the gap between internet research and viewing/buying a home
- 88% of buyers use an agent and 67% use an agent frequently
- TV, billboards, and print channels play minimal role in research and decision-making process for home shoppers

Offline Sources Used During Home Research



Source: 2012 Profile of Home Buyers and Sellers

Housing Segments:

Market & Consumer Trends

Section 3



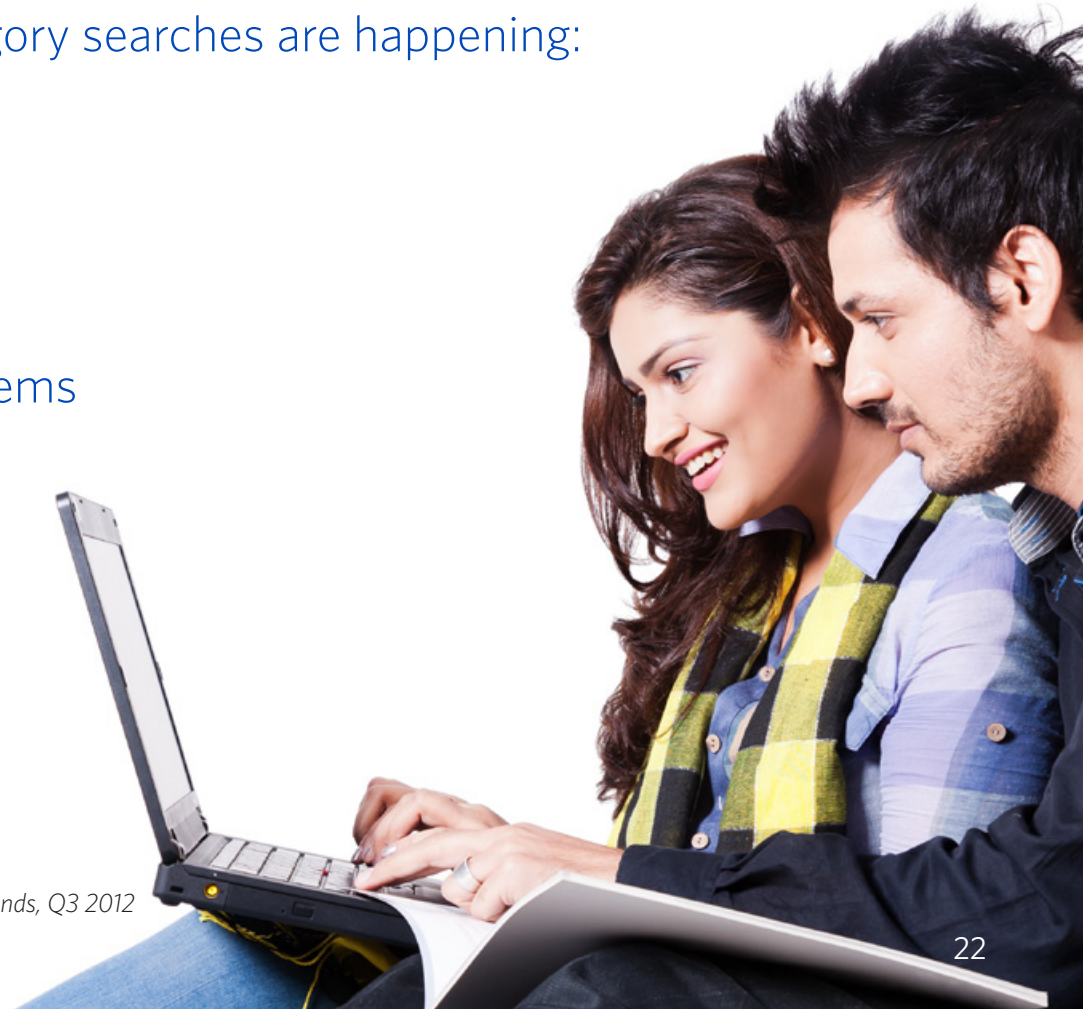
Home Shoppers Rely on Agents and Open Houses to Bring Their Online Research Into the Real World

- Number of agent-related videos on YouTube
 - 19,200** results for how to find a real estate agent
 - 88,400** results for real estate agent
 - 118,000** for buying a home
 - 21,800** how to get a mortgage loan
- Finding an agent and agent related searches on YouTube grew **46%** year-over-year
- Rising searches in “buying a house” category
 - Renting an Apartment
 - Renting vs. Buying
 - House Buying Process
 - Renting a House
- Search terms in open house category
 - Overall **+23%** year-over-year
 - Fall **+38%** year-over-year
 - Spring **+14%** year-over-year



First-time Buyers Continue to Turn Digital to Inform Their Research

- First-time buyer related searches on Google.com grew **5%** year-over-year
- **47%** of first-time home buyers used the Internet to search for a home
- **52%** of first-time buyers started their search online
- **77%** of first-time buyers drove by a home viewed online
- Top 5 states where “first-time buyer” category searches are happening:
 - Louisiana
 - South Dakota
 - Delaware
 - Mississippi
 - Wyoming
- “First-time Buyer” category rising search items
 - FHA Loan/FHA
 - Home grants
 - Home loan/Home loans
 - Buying a home
 - Home mortgage calculator
 - Home buyer assistance



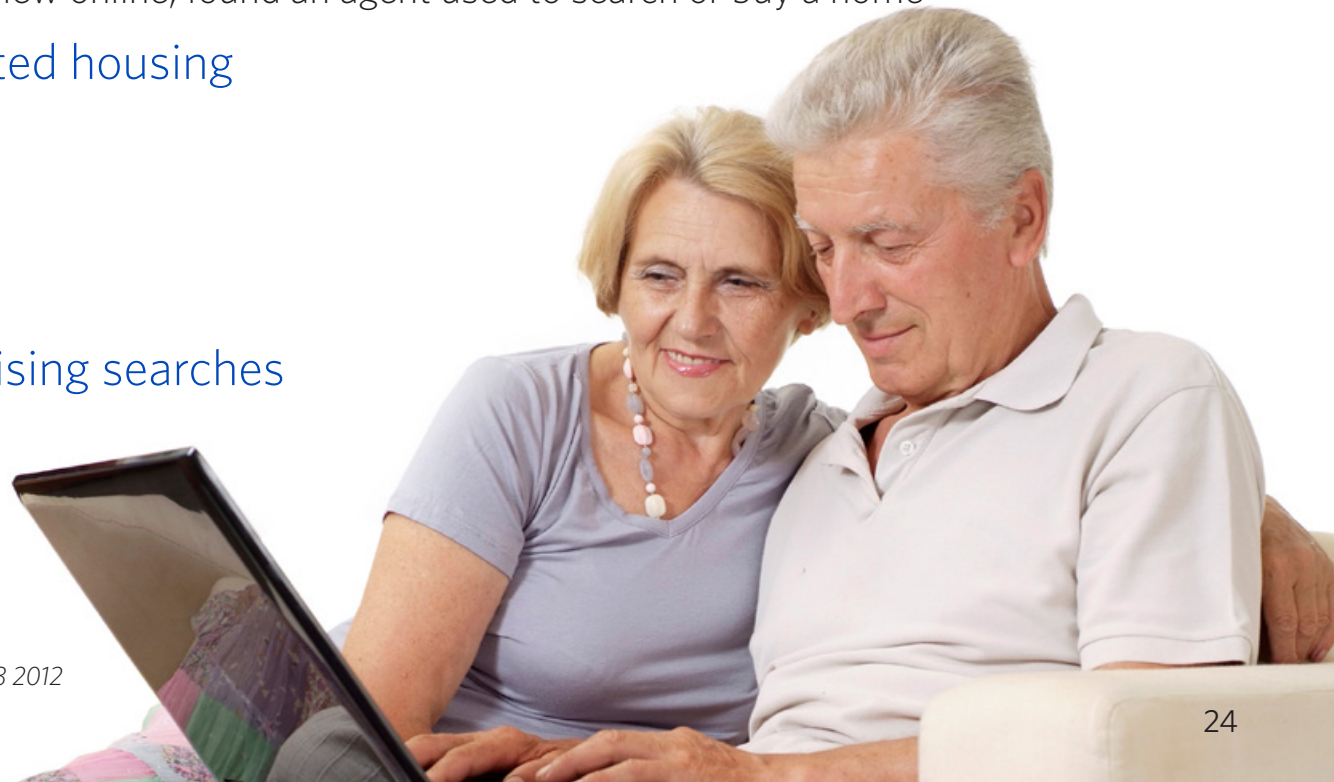
New and Existing Home Shoppers Both Rely on Digital While Researching

- Home builder related searches on tablets grew **362%** year-over-year.
- Real estate brokers related searches on tablets grew **300%** year-over-year.
- New home buyers place emphasis on virtual tours and videos showcasing properties and communities.
- Home buyers who purchased previously owned homes are more likely to bring their online research offline by walking through or driving by a home they viewed online.



Senior Housing Shoppers Turn to the Internet to Aid Their Research

- **75%** of senior home buyers go online to search for a home
- **39%** of senior home buyers began their research online
- **30%** of senior home buyers first learned about the home they eventually purchase online
- Senior home shoppers place high value on neighborhood information & interactive maps
- Senior home shoppers also partake in these actions as part of their research after looking online:
Drive by homes, walk through homes view online, found an agent used to search or buy a home
- Top 5 states where senior-related housing searches are happening:
Oregon Washington
North Carolina Virginia
Nebraska
- “Retirement Home” category rising searches
Retirement calculator
Retirement homes houston
Best retirement communities
Retirement homes denver



Some Real Estate Consumers Consider Foreclosures During Their Home Search

- Buyers who bought a foreclosed home with help of a real estate agent are more likely to use the internet in their search.
- Buyers of foreclosed homes place a high value on website photos, and detailed information about properties for sale
- Foreclosed home shoppers are more likely than shoppers not considering foreclosed homes to apply for a mortgage online, and look up more tips on how to get mortgage and general home buyer tips
- Foreclosure searches on desktop are up **7%** year-over-year and **180%** on mobile
- Top 5 states where foreclosure category searches are happening:
Florida, Nevada, Georgia, Arizona, Illinois
- Top foreclosure category search items
 - Foreclosure homes Foreclosure listings
 - Homes in foreclosure Foreclosures
 - Mortgage foreclosure



Vacation Shoppers Flock to the Web to Help Them Find the Perfect Second Home

- **93%** of vacation home shoppers used the internet during their home search
- **56%** of vacation home buyers started search their home search online
- **1/5** of vacation home shoppers used search engines
- Vacation home category searches
 - Florida
 - South Dakota
 - Oregon
 - South Carolina
 - Ohio
- Top vacation home category searches
 - Vacation rentals
 - Vacation home rentals
 - Rental homes
 - Rental vacation homes
 - Rent vacation homes



Methodology:

The Profile of Home Buyers and Sellers is an annual survey of recent home buyers and sellers. In July 2012, the National Association of REALTORS® mailed out a question survey to a random sample of 93,502 recent home buyers. The recent home buyers had to have purchased a home between July of 2011 and June of 2012. The Tailored Survey Design Method was used to survey the sample, which includes a pre-postcard mailing, the survey, a follow-up letter and a re-mailing of the survey. Using this method, a total of 8,501 responses were received. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 9.1 percent.

Google's research leverages proprietary internal data from Google's arsenal of research tools, as well as custom "path to purchase" Home Shopper studies and surveys that were conducted by the Google Real Estate team and Compete in both 2011 and 2012. In 2011, the focus was on home shoppers at large, while in 2012 the research focused on new home shoppers.

The Google & Compete study tracked clickstream behavior of anonymous in-market real estate consumers in Compete's US online user panel. Behavior was tracked backwards 90 days from what was defined as a conversion, one of many signals of interest carried out on a selection of real estate brand websites. During the study, Compete used its 2 million person panel to analyze online real estate visitation and engagement over an 18-month period. The analysis included a variety of real estate sub-categories such as brokerages, home builders and aggregators. By analyzing users' clickstream activity, or online

behavior in this way, Google was able to understand the duration of and resources used during the real estate research process.

Google and Compete honed in on activity during Q2 2011 and Q2 2012 specifically and looked at users' completing a desired end action or "conversion activity," on one of the many real estate websites. From there, activity was tracked backwards 90 days and the online behavior of those "converters" to uncover patterns and insights. Conversion events were defined as one of the following: registering to buy or sell, sharing a listing, submitting a lead form, using a mortgage calculator, viewing a contact phone number, and/or viewing directions to a home or agent office. Since home buying occurs offline, "conversion rate" refers to the number of users performing any of these actions divided by users who visit but do not convert within all of Q2 2011. This is a metric used as a proxy for user interest. A segment with a higher conversion rate can be seen as more qualified leads than those who convert less frequently.

Both research efforts also included a survey of in-market real estate seekers online; in 2011, the survey focused on home shoppers in general, with the survey reaching 923 respondents. In 2012, it focused on new home shoppers who utilize mobile devices, and reached 214 respondents.

Together, the clickstream and survey results brought to light a number of trends related to the online home seeker's shopping habits and searching patterns.