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EMBRACING THE ONLINE REAL ESTATE MARKET

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Yahoo! Real Estate

EMBRACING THE ONLINE REAL ESTATE MARKET

The online real estate market is growing in size and influence. We learned from the 2007 California Association of Realtors® report that 86% of home buyers started using the Internet as part of their research process before selecting a specific home and before contacting a real estate agent.¹

Real estate professionals have been responding to this new reality by taking the first step -- building out their own web sites and shifting marketing dollars from offline to online. According to Borrell Associates, a combination of the slump in home sales and the increasing influence of the Internet will force a dramatic sea of change in real estate marketing strategies deployed by agents, brokers and builders. Online media is forecasted to become the #1 ad spend medium for real estate professionals, capturing more than 30% of the total real estate ad spending by 2012.²

To help real estate professionals navigate this changing landscape, Yahoo! Real Estate commissioned comScore, a leading online audience measurement service provider, to study online behavior of real estate consumers. What follows are insights and strategies for working with the four distinct audience segments that have emerged.

To compete going forward, real estate professionals who are active online will need to go a step further to segment their potential online target prospects -- who they are, what types of information they consume, and how best to reach them online. This white paper is for real estate professionals that are already active online and who are ready to take their online marketing efforts to the next level.

67 million
consumers
are turning
to the
Internet for
real estate
information

RESEARCH METHODOLOGY

In November 2007, comScore studied online “in-market real estate consumers” -- those Internet users who have already or plan to rent, buy, sell or finance properties in the next six months or those who use online resources to track the real estate market. 1,507 respondents completed an online survey during the period of October 24 -- November 2, 2007. Additionally, during November 2007, the study observed and analyzed the online activity of 744 people who participate in comScore’s nationally representative Internet panel.

¹ C.A.R. 2007 Internet vs. Traditional Buyer Survey

² Borrell Associates, Real Estate Outlook 2007-2012

UNDERSTANDING THE REAL ESTATE UNIVERSE

This study determined that there are 67 million people actively engaged in real estate activities online:

- Buyers: Purchased property in the past six months or plan to purchase property in the next six months
- Sellers: Sold property in the past six months or plan to sell property in the next six months
- Renters: Rented property in the past six months or plan to rent property in the next six months
- Financers: Applied for a new mortgage, refinanced an existing mortgage, or got a home equity loan or line of credit (in past six months or plan to in next six months)
- Others active in real estate category: Work with a real estate agent or used online sources to keep track of the real estate market.

Online Real Estate Consumer

The typical online real estate consumer is 45 years old (with almost one-half between the ages of 35-54). Women make up 51% of the online real estate market. 72% of these in-market consumers currently own real estate property and a detached single family house is the primary residence type for 73% of these owners.

Online Real Estate Activities

Nearly one-half of real estate consumers have used online sites to view real estate listings and over one-quarter keep track of the real estate market using online resources.

Respondents typically use real estate sites to:

- browse homes for sale
- view property photos, virtual tours and videos
- research schools and neighborhoods
- look-up home values
- use mortgage calculators

FOUR MAJOR CONSUMER SEGMENTS

Within the entire market of 67 million people actively engaged in online real estate activities, four distinct segments emerge:

- “Passionates” – Highly Engaged and Interested - 6% of total market
- “Conventionals” – Traditional and Looking for Guidance - 14% of total market
- “Actives” – The Online Engager - 19% of total market
- “Future Prospects” – Just Looking Right Now - 61% of total market

Figure 1 details how the major segments are involved in the real estate market (whether they are renters, buyers, sellers, financiers, and/or those actively watching the market). Since each segment conducts real estate-related research online, they are all compelling targets and reachable through online marketing activities. We encourage real estate professionals to set your own prioritization of the segments to target based on your business objectives.

	Passionates	Conventionals	Actives	Future Prospects
Buyer	79%	53%	53%	8%
Seller	45%	27%	27%	3%
Financer	82%	70%	71%	21%
Renter	29%	10%	12%	13%
None of the Above	0%	0%	0%	62%

Figure 1.

Figure 2 below provides an overview of each segment including their Real Estate Activity, Attitudes, Sources Used, and Features Used on Real Estate Sites.

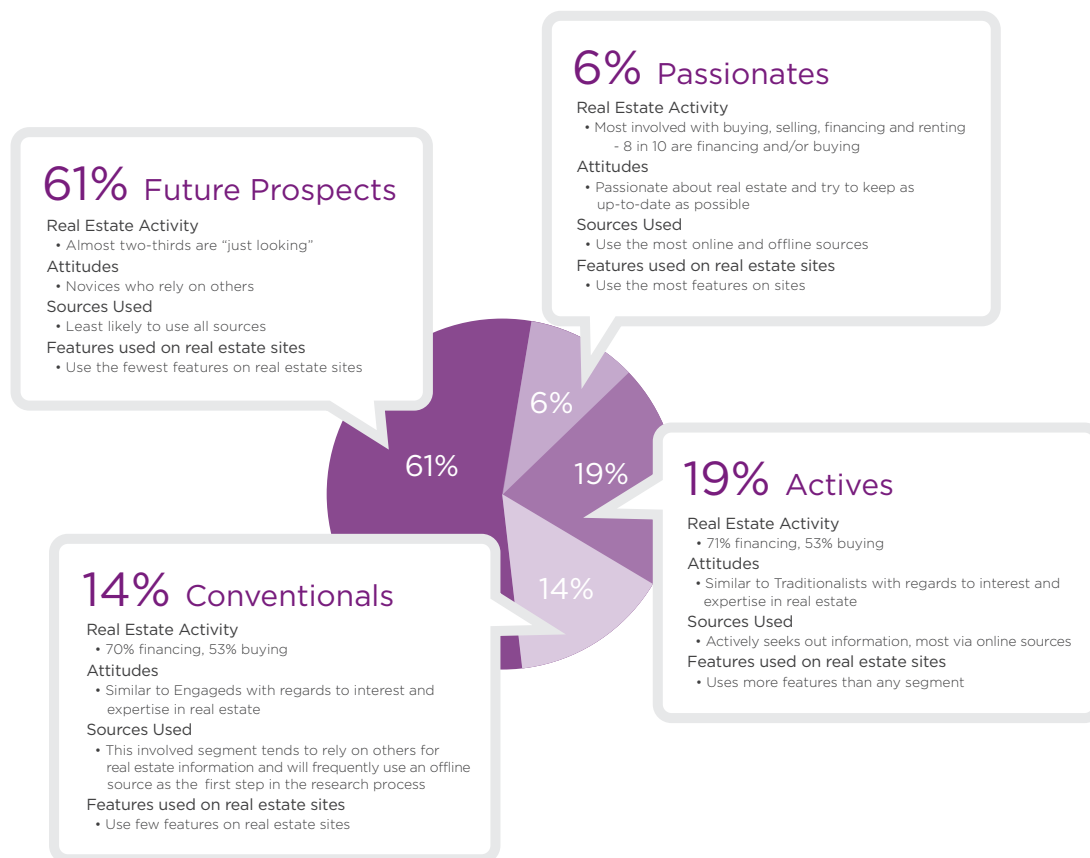


Figure 2.

Now, let's take a closer look at each of these four consumer real estate segments and analyze the marketing implications for real estate professionals.

SEGMENT PORTRAITS

Passionates: Highly Engaged and Interested

While just 6% of the total market or 4 million consumers, Passionates are most involved with real estate activities -- buying, selling, financing, and renting. An extremely attractive target, 79% of Passionates are in the market to buy, 82% to finance, and 45% to sell real estate in the next six months. Passionates are active real estate consumers who spend a lot of time thinking about real estate, and their friends and family look to them for real estate information. In particular, they are key influencers who advise their friends and family on how to use the Internet for researching real estate.

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The typical Passionate is a 38-year old male, highly educated (29% with an MBA) and an average household income of \$202,000. 82% of Passionates own property (with 42% owning two or more properties) with an \$838,000 average property value.

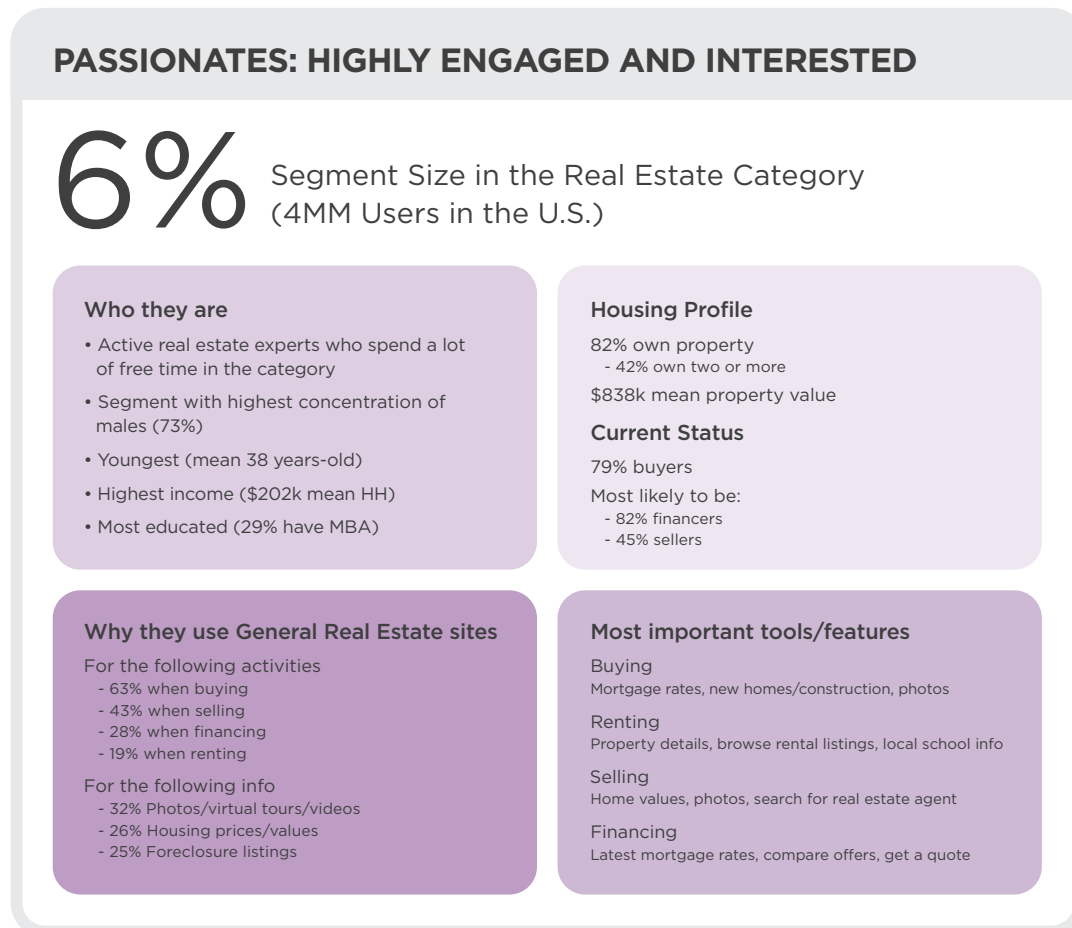


Figure 3.

The Passionate is an advanced Internet user who also is an early adopter and highly values the Internet as a source of real estate information. They are the most sophisticated Internet researchers – visiting real estate sites early in the buying cycle and visiting multiple sites with specific goals in mind. Before working with an agent, Passionates will do their own research online, and they use the widest variety of sources when looking for real estate information. Though many do look for the “one stop shop” real estate site, they are more likely than other segments to visit multiple sites depending on the type of information that they are looking for or the topic that they are researching. About one-half want the ability to search for open homes on real estate sites.

Targeting Passionates

Since Passionates spend a lot of time online on multiple web sites, it is important to reach them where they are online. Authoring your own blog, being present on mainstream social networks and industry-targeted communities, and participating in other consumer focused Q&A sites are great ways to reach Passionates. Also, since they use search engines, it goes without saying that real estate professionals should have their own agent or broker web site and that those web sites should incorporate an ongoing search engine optimization effort as well as a sponsored search marketing program.

Marketing messaging should be targeted with specific references to domain knowledge, expertise, and depth of services offered, as Passionates are action-oriented and need real estate professionals who can help them achieve their goals quickly and successfully. You may find Passionates on local real estate blogs, finance-related sites, large real estate search and portal sites, as well as web search engines.

Conventionals: Traditional and Looking for Guidance

9 million people (14% of the category) are Conventionals. The typical Conventional is a 43 year-old married male (53%) with an average income of \$69,000. 82% own property with an average value of \$349,000. More than one-quarter of Conventionals own two or more properties. 70% of Conventionals are financing properties, just over half are buying properties, and just over one-quarter are selling properties.

Conventionals tend to use offline sources (e.g., newspapers) as a first step in the real estate research process and real estate agents are their most important source of information. When thinking of buying a new home, determining what they can afford is their priority. After these initial steps, almost all Conventionals turn to the Internet for additional information. When buying real estate, 83% use online sources during the process and when selling almost three-quarters use online sources to aid them. More than 40% of Conventionals turn to MLS sites as the first place they do research.

More than two-thirds of Conventionals use real estate sites early in the buying cycle, and a similar number use general real estate sites to research all aspects of real estate including listings, schools, neighborhoods, real estate agents, home values, and mortgage financing. When financing, 28% research mortgage rates online first (compared to 21% who talk to their local bank first or 13% who discuss it with their real estate agent).

...typical
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Figure 4.

Targeting Conventionals

Conventionals rely on real estate agents as their most important source of information. Since they use offline sources of information before researching online, it is important to think of reaching them online as an extension of your offline marketing efforts. Specifically, your marketing copy offline should reinforce your presence online, including your website URL, your blog URL, your email address, or your social network profile names. Keep in mind that even though their name implies that they are offline, Conventionals spend time researching online to supplement their offline activities. Marketing messaging can be more branding oriented with the calls to action focused on driving offline interaction to online, as suggested previously. You may reach Conventionals on local newspaper web sites and large real estate search and portal sites.

Actives: The Online Engager

There are 13 million Actives, or 19% of the overall online real estate category. The typical Active is a highly educated 44-year old married male (52%) with an income of \$87,000. 82% own property, with an average value of \$410,000. 71% of Actives are financing properties, just over half are buying properties, and just over a quarter are selling properties.

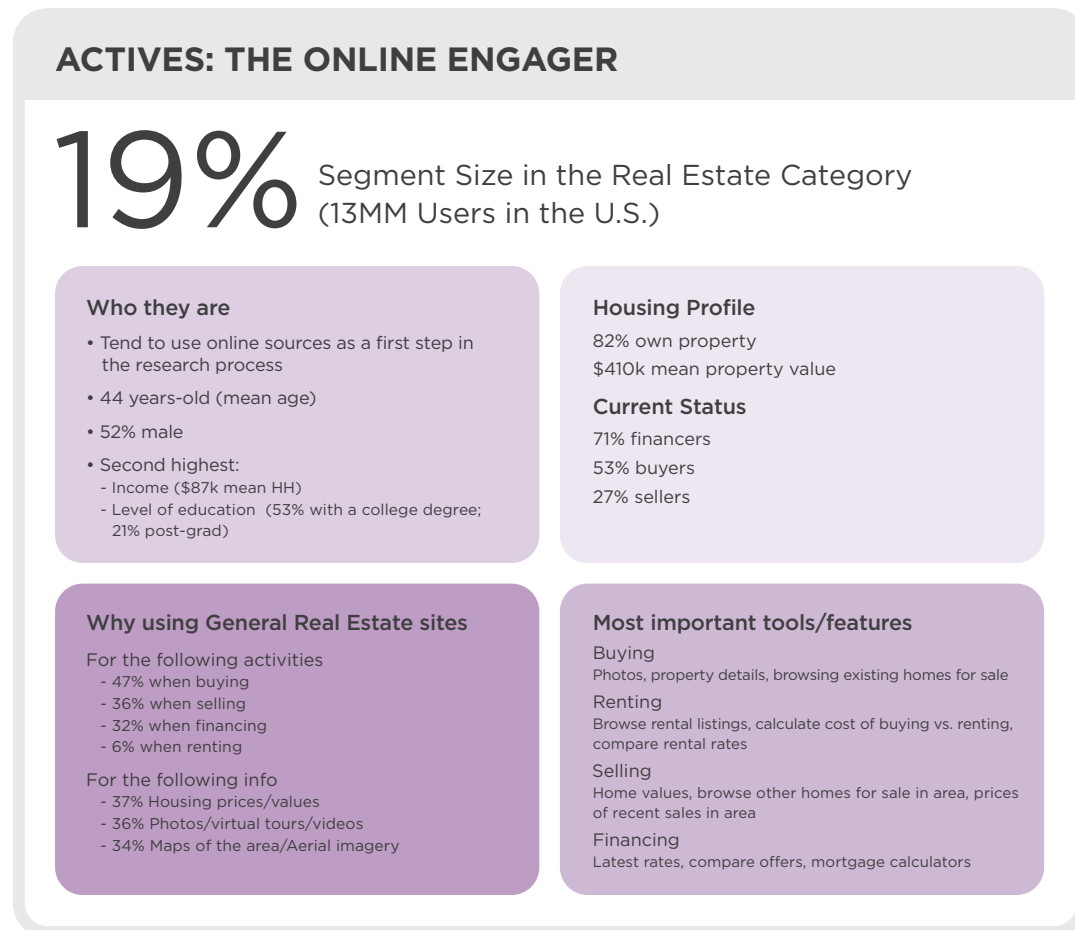


Figure 5.

As their name suggests, Actives seek out information in a thorough way, mostly via online sources. More than 70% conduct online real estate research themselves to supplement what their real estate agent does for them. They tend to use online sources as a first step in the research process. Most use multiple sites and many tools for researching real estate. No single source is considered a “one-stop shop” for them, and they use different sources depending on their needs.

About three-quarters use search engines to find sites where they can obtain real estate information. Reflecting their active and engaged hunt for information and knowledge, Actives use more features on real estate web sites than any other segment. When researching financing, they tend to use finance company web sites more often than the other segments.

Targeting Actives

Since Actives use multiple sites for information, you should have a presence on many real estate web sites. In particular, real estate professionals should distribute their listings to as many real estate search and portal sites as appropriate. Actives are also busy financing, so partnering with mortgage brokers, both online and offline is a great way to reach them by sharing referrals. For this group, it's also important to be listed in the emerging category of online real estate agent directories, as Actives are more likely to use those sites as well. From a marketing perspective, repeated "impressions" in front of this constituency is critical as Actives are still contemplating what service providers to collaborate with. You can find Actives on local MLS sites, newspaper web sites and large real estate search and portal sites.

Future Prospects: Just Looking Right Now

The largest segment comprising 61% of the category or 41 million consumers, Future Prospects are not actively engaged in real estate transactions right now. However, Future Prospects are a surprisingly important segment to target due to their high engagement in the category. Future Prospects are the least active in real estate transactions and the least likely to own property, though they are more engaged in the real estate category than the general population. They mostly go online to view listings and follow the market.

Future Prospects are a surprisingly important segment to target due to their high engagement in the category.



Figure 6.

The typical Future Prospect is a 45-year old married female (55%) with an average income of \$69,000. They are the oldest segment, and the one with the largest percentage of females. About two-thirds of Future Prospects own property with an average home value of \$324,000. 36% rent their primary residence, making them prime future buyer clients.

When it comes to real estate, almost two-thirds are “just looking” and are not actively in market to buy, finance, sell, or rent. Because of this, less than 10% are working with or looking for a real estate agent. When buying a new home, looking at their finances to see what they can afford is the first step for many of them. They use financial institution sites to find the best rates for financing.

Since they are the least knowledgeable about real estate compared to the other segments, Future Prospects are more likely to enlist outside help. General purpose real estate sites are most popular among Future Prospects for their ease of use and availability of information. Future Prospects believe that search engines are good centralized locations for real estate information, and it's the first stop for research for 57% of them. Future Prospects use search engines to find specific real estate information such as mortgage rates, school information, maps of the area, blogs, credit scores, and real estate news.

Targeting Future Prospects

Future prospects are actively looking for information about the real estate market, tracking real estate activity, and trying to keep up to date. Although they may not be in the market to purchase in the next 6 months, their online activity in the real estate space suggests that it is on their mind for the future. Once this segment becomes more serious about home shopping and buying they will rely on a real estate agent to assist them, so investments that get you in front of their selection process are important. For this group, awareness is the most important marketing objective, and marketing investments should be geared toward consistently putting your brand front-and-center. Graphic media campaigns on newspapers sites and real estate sites that enable local targeting, search engine marketing in your local market, and listing your profile in the emerging category of online real agent directories should be considered in the marketing mix for this segment.

CONCLUSION

The online real estate space will continue to grow as more consumers go online for researching real estate information. Most real estate professionals have recognized this and are active online in order to reach buyers, sellers and their future clients. For the savvy real estate professional the next step is to expand your online marketing strategy with the four online consumer segments in mind. Real estate professionals should maintain your own agent web sites and continue to syndicate listings on as many real estate search sites. In order to advance online, real estate professionals need to develop targeted marketing strategies to attract and retain each of the segments that they determine are important to their business. The table below summarizes some suggested marketing tactics to take under consideration in order to reach each of these important consumer groups.

Since they are the least knowledgeable about real estate compared to the other segments, Future Prospects are more likely to enlist outside help.

Segment	Strategy	Tactics
Passionates	Become an expert in your area of specialty (condos, foreclosures, neighborhood-specific) and promote yourself as an authority on that subject.	<ul style="list-style-type: none"> • Author your own blog or comment in others on your area of expertise • Answer questions on Q&A sites and participate in message boards • Create a profile of yourself in online agent directories • Search engine optimization • Search marketing • Advertise on financial web sites
Conventionals	Use online marketing as an extension of your existing offline advertising.	<ul style="list-style-type: none"> • Maintain your own agent web site incorporating elements of your offline advertising • Advertise on local newspaper sites
Actives	Participate in multiple real estate search and portal sites and search engines.	<ul style="list-style-type: none"> • Listings distribution or syndication. • Search marketing • Create a profile of yourself in online agent directories • Partner with mortgage brokers for referrals • Advertise on real estate search and portal sites
Future Prospects	Don't ignore this large segment online. When they are ready to buy they will rely on an agent. Leverage your area of expertise to build your brand.	<ul style="list-style-type: none"> • Conduct local branding campaigns on newspaper and locally targeted sites • Create and maintain your agent profile on as many sites as offer them • Author your own blog or comment in others • Host informational webinars • Search marketing

ABOUT YAHOO! REAL ESTATE

Yahoo! Real Estate is the #1 single real estate site on the Internet, according to comScore Media Metrix June 2008 data. Also, according to comScore, Yahoo! Real Estate visitors are twice as likely as internet users to purchase a new residence in next 6 months, twice as likely to have sold or changed their primary residence in last 6 months and almost four times as likely to have applied for second home mortgage online in last 6 months. Yahoo! Real Estate provides users with one of the most comprehensive sets of real estate information and listings, including new and for-sale home listings, apartments for rent, home values, local schools, detailed neighborhood overviews, and home mortgage rates. Yahoo! is headquartered in Sunnyvale, California. To learn more about display advertising or listings distribution on Yahoo! Real Estate, visit realestate.yahoo.com/partner. For additional copies of this white paper email realestate-category@yahoo-inc.com

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