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Trends in the Use of the Internet for Marketing Residential Real Estate in New Zealand

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Abstract

Sales and purchases of residential real estate are the most significant financial transactions that the majority of the population are involved with. As such they are concerned that these transactions are carried out efficiently and to their best advantage. One of the most significant changes affecting modern society over the last ten years has been the growth in consumer use of the Internet. This research examines the intersection of these two important issues – i.e. the use of the Internet for marketing residential real estate. Over the last twelve years Lincoln University has biennially surveyed residential real estate buyers and sellers in Christchurch, New Zealand. Findings from this research include the rapid growth of Internet use in recent years at the expense of newspaper advertising. However, the radical change in real estate brokerage services predicted by earlier researchers has not occurred – at least not yet. But major changes in Internet access and use are still underway and their effects on real estate brokerage may not be fully played out for some time to come.

Introduction.

The growth of the use of the Internet, and in particular the World Wide Web, over the last 10 years has been phenomenal and impacted on nearly every area of life in developed societies.

One of the most important aspects of peoples’ lives is their physical living conditions, and in New Zealand, as in many other western countries, this is typically a residential property owned by the occupier. Owner-occupiers therefore have a particular interest in the operation of residential property markets and this paper examines how the Internet is impacting on marketing processes in this real estate sector in New Zealand.

Traditionally New Zealanders have adopted new technology rapidly, with the relatively small scale of the country and well developed infrastructure facilitating this process. Internet use has followed this pattern with World Wide Web access now available to the vast majority of New Zealand homes (80.7% in the most recent version of this survey).

Lincoln University has been teaching and researching real estate valuation and management since 1938, and over the last twelve years has been surveying house buying and selling practices in Christchurch, New Zealand on a biennial basis. This research project covers a wide range of real estate issues including listing, marketing, and selling practices, advertising and commission costs, pricing trends, market share of real estate agencies, spatial movements
and other demographic characteristics of buyers and sellers. The research has been funded by the Real Estate Network – a multiple listing bureau type organisation.

Although not the primary focus of this research, the questionnaires used have since 1999 included questions on the use of the Internet for real estate marketing purposes. This time series of similar survey questions answered by relatively large and homogenous samples of home owners has facilitated the identification of trends in Internet use. It has also helped in identifying if the predictions that were made back in the mid 90’s in relation to marketing real estate have indeed come to fruition.

**Literature review.**

Baen and Guttery in their 1997 paper “The Coming Downsizing of Real Estate- Applications of Technology” hypothesised that the growth of the Internet would significantly impact on the market for real estate brokerage services as well as other property related services. In relation to brokerage they predicted a reduction in the number of people involved in the industry and downward pressure on real estate commissions. Also predicted were an increase in fixed marketing fees per transaction and an increase in the support services provided by real estate brokers. The rationale for these outcomes was in part because the brokerage industry exists because of inefficiencies of the traditional real estate market. In the absence of cheap reliable market information real estate brokers act as information intermediaries as well as negotiators. It was believed that the rapid growth of cheap and available information over the Internet would reduce the role of real estate brokers and other property professionals as sources of information. As the value of providing that information had become part of the transaction cost (around 6% of sale price in the United States at that time) reduction of information costs and alternative sources were predicted to drive sales commissions down to around 3% of sale price.

Baen and Guttery (1997) also provide figures regarding Internet use in 1996, with 17% of the USA population 16 or older having Internet access at that time. Even in those early days of the World Wide Web the rapid growth of real estate content on web sites was highlighted. In January 1995 there were approximately 100 websites offering real estate for sale but by the end of 1995 this had grown to over 4,000 real estate related websites in the United States.

The paper also discussed how comprehensive marketing and purchasing information was then lacking on the majority of web sites but it was anticipated that, with the development of new technologies, provision of a much greater range of information was on the horizon. Of particular note was digital photography. Other comments in the paper related to how real estate professional bodies were trying to retain ownership of property market information in the face of the threat to their position from more widely available real estate information.

Benjamin & Chinloy (1995) conclude that sellers adopting technology will achieve higher sale prices in shorter time periods but Baen and Guttery (1997) debate this assumption saying that if innovations are adopted across the market place it is more likely that the brokerage industry would be more affected. They also observe that market information is power and real estate market information has previously been largely controlled by real estate brokers via the National Association of Realtors. The rapid emergence of virtually free information via the Internet would transfer some of that power to consumers.
Rosen (1996) supports this view and is also quoted in the Baen and Guttery paper as follows: “Underlying the squabbling [among agents] is the very real spectre that the information-laden Internet and World Wide Web could replace much of the public’s needs for agents’ traditional house hunting services.”

This threat was recognised by some in the industry at that stage and the National Association of Realtors tried to pre-empt the threat by establishing its own listing access vehicle. However, Baen and Guttery did not believe that this would be effective and predicted the availability of complete property marketing information to all market participants in the future – supplanting brokers developed information monopolies. The overall conclusion of Baen and Guttery was that in the new technological state of the world any inefficient real estate services were likely to be eliminated altogether. It was considered that the focus of the real estate brokers role would shift from being a provider of market information to a negotiator or facilitator of agreement between the buyer and seller.

Gilon and Cardenas (1995) also quoted in the Baen and Guttery paper concluded with an extract as follows: “Bill Gates, Chairman and founder of Microsoft Corporation, recently identified real estate as one of the industries that will be revolutionised by technological change”.

The focus of this paper will be to determine which of Baen and Guttery’s predictions regarding the future of the real estate brokerage profession have proved correct to date in the New Zealand context since their paper was written 10 years ago.

Bond, Seiler, Seiler and Blake (2000) examined the efforts of residential real estate brokers to keep up with Internet development by gathering listing information from existing real estate brokerage websites. Their study aimed to assess the degree to which the real estate brokerage industry had responded to the opportunities to promote properties and brokers via the Internet.

The literature review in the Bond et al paper repeats some of the early Internet usage figures used by Baen & Guttery. They additionally report that by the end of 1996 there were approximately 8000 real estate websites but the National Association of Realtors estimated in the same year only a few thousand properties were actually listed for sale on the World Wide Web. By October 1999, www.realtor.com listed 1.3 million homes for sale and 9% of all web pages on the Internet were associated with real estate.

Bond et al also note that non real estate organisations such as Genie, Prodigy and Compuserve devoted a great deal of space to real estate forums or bulletin boards on the web. Also America On Line had an active real estate desk. Local newspapers were attempting to protect the $2.5 billion classified advertising revenues they earn from realtors by offering their own real estate websites. Customers were reported as becoming much more sophisticated in regards to selling their home and are using the Internet not only to find properties, but to obtain ratings and evaluations of realtors and other real estate related services.

3.4 million American adults had web access as at 2000 and Bond et al considered it was inevitable that businesses such as real estate brokerage would need to sell their products and services in the low cost environment the Internet provides. They also note that small firms now have lower barriers to entry as a single employee can be represented on the web in a similar fashion to far larger organisations. Similarly, the Internet was perceived to have
reduced the barriers to owners selling their properties privately as they can now access much
the same market as traditional real estate brokers have been able to.

This reduction in entry barriers can result in increased competition and potentially lower
prices for brokerage services. In response, in addition to the properties they have for sale,
some brokers were actively adding additional services via the Internet particularly in relation
to providing more generalised information about localities, demographics, population,
services etc.

Bond et al detail the results of a survey of 1,800 Ohio real estate brokerage firms during 1999.
While only 16.5% brokerage firms operated their own websites, the vast majority had access
to a website maintained by somebody else. 16.1% of brokers stated they could not see the
benefits from using a website.

It was felt that from the overall brokerage industry perspective, it made more sense to have
one large website rather than thousands of individual small sites as users prefer to access a
single site for all listings. Those brokers who did maintain their own website believed that it
provided another way to reach potential customers. They also indicated a fear of losing
business if they did not have one. At the time of the survey these individual web sites had
been operational for approximately one and a half years on average. While the mean number
of hits per day was 440, this was extremely variable between different websites.

Another part of the survey dealt with website errors, and in particular firms were asked the
level of out of date listings on their websites. The mean percentage of stale property listings
was 2.81% but it was suspected these figures were under reporting the actual situation.
Surprisingly, 14.3% of the websites did not have photographs of listed properties. It was
reasoned that improvements in technology would address this problem. The paper also
mentioned the possibility of the future of virtual reality type walk through of entire properties.

The second section of the survey dealt with more technical aspects of how the Internet service
was provided, and also requested detail on the types of information available on websites.
Most had geographical information, asking price, floor and land area, typical features and a
picture of the outside of the house but only a small minority provided information on recent
comparable sales and most of those responding did not plan to make this type of information
available in the future.

The research conclusion was that the quality and quantity of information available over the
Web was steadily increasing, much of it due to the advances of technology that made it easier
to gather and upload that data. Brokers have a cheap means of promoting themselves and their
listings but face increased competition. The Internet allows buyers to shop at their own pace
and learn a great deal before they begin any actual negotiations. Sellers can now more easily
see other homes in the area and can be much better informed before they choose a broker.
Bond et al conclude that brokerage firms operating without listing their properties on a
website and continuing to keep pace with developments in the future do so at great economic
risk.

Littlefield, Bao and Cook (2000) report on research that comes closest in terms of objectives
and methodology to the research presented in this paper. Their research involved a mail
survey on Internet use of 1,500 purchasers of urban and rural properties in the south-western
Virginia/Maryland area of the USA. The response rate was 35.5 %.
Again, the research referred to the earlier papers outlined above and other studies dealing with the impact of the Internet on the real estate industry and the growth of real estate related websites (Bivins 1999, Patton 1999). However, it noted while the importance of the Internet to the real estate industry had been examined, there had been scant research investigating specific Internet usage from the home purchaser’s standpoint. In particular, it stated it was not known what proportion of consumers use the Internet to augment their search for property information and to what extent it is seen as beneficial.

The paper mentions a paper by Thrall (1998) which predicted home buyers in the future will be able to search using house specific information such as style, features and amenities, obtain location information and take a computer generated walking tour of both the targeted house and surrounding community without stepping outside their homes.

Littlefield et. al. break down the types of information gathered from the Internet into two main categories. One, regarding the broker/agent/company themselves and the other regarding specific properties available for purchase. They point out that availability of the Internet does not mean that it will be used, so the research was to investigate the usefulness of the Internet to real estate purchasers.

Results include 37% of respondents reporting using the Internet to find information on their property. This compares with 82% who indicated using brokers or agents and 61% who used newspapers. It was apparent that more than one source was used by many buyers. As would be expected, significant correlations were observed between use of the Internet and consumers having access to the Internet and awareness of Internet real estate information.

Of the 37% of respondents that used the Internet for sourcing a house 51.7% said they would use it for future home purchases. The authors hypothesised that those successful in using the Internet to find a house are likely to use it again in the future, but the converse could also be true. The rate of growth and consequent impact on traditional brokerage services may depend on consumers initial experiences. Their findings were somewhat different in that those with a greater degree satisfaction with the performance of the realtor showed lower potential to use the Internet in future home purchases in favour of personal service. On the other hand bad service will drive away customers even if the broker or agent is equipped with advanced technology.

Littlefield et al concluded that Internet use is important and growing strongly, but far from replacing agents and brokers at the time of the research. Significant relationships were found for Internet access, age, perceived effectiveness, awareness of the existence of real estate information on the Internet and prior use of the Internet for home buying.

The above review of the literature revealed little research had been done directly with consumers using the Internet to find properties and that much of the other research raised more questions than it answered. This is to be expected given the recent emergence and rapid growth of the Internet, but it is hoped the research reported below will at least throw some light on aspects of the current situation, even though it is unlikely to remain current for very long in this rapidly evolving environment.
Methodology.

The primary research instrument used in this research was a mail survey of buyers and sellers of residential house properties in Christchurch, New Zealand over a three-month period leading up to April 2005.

The questionnaire used was a slightly modified version of the document used in similar research carried out biennially over the last 12 years. It is a comprehensive survey with 72 individual data items of which only a small number relate to Internet usage.

This research was carried out on behalf of “The Real Estate Network” – a multiple listing bureau type organisation that dominates the residential real estate sector in Christchurch.

A sample of 1500 residential property sales was assembled from the Quotable Value New Zealand (QVNZ) database in April 2005. (In New Zealand the details of all property transactions are required to be reported by law and are maintained in a publicly available database). The questionnaire was mailed out on 16 May 2005 and respondents were assured confidentiality and anonymity in a covering letter. Participation was encouraged by respondents having the chance of winning one of five dinners for two at a city restaurant.

The response rate of 35.2% was very similar to previous years when this survey was undertaken.

Data from the completed questionnaires was coded and then entered into an EXCEL spreadsheet before being downloaded into SPSS for Windows (version 12) for analysis. Analysis generated results in the form of descriptive statistics with some of the responses also subject to correlational analysis.

In order to interpret the results that follow it is necessary to have some understanding of the operation of the residential real estate market in Christchurch.

Property Market Structure

The majority of residential property is bought and sold in New Zealand utilising the services of real estate agents (brokers in some countries). In New Zealand real estate agents are defined by law and required to be licensed. It is also possible for a company to be a real estate “agent” if it is under the control of a licensed person. Agents in turn can employ salespersons (who have to obtain a certificate of approval from the Real Estate Agents Licensing Board) who generally carry out the sales process and draw up sales agreements.

Payment for a successful sale is made by the vendor on a commission basis (traditionally in the vicinity of 3% of sale price) to the real estate agent. The real estate agent will share this with the salesperson on a mutually agreed basis. The agent generally meets office and advertising expenses and the salesperson does not receive a salary – only their share of the commission.
Advertising Media

There are a number of franchised marketing operations that promote a “brand” that individual real estate agents can operate under. The largest of these in Christchurch is “Harcourts” who publish a free weekly glossy magazine (The Bluebook) containing franchisees listings. This is widely distributed throughout the city.

The other franchise groups and individual agents tend to use a publication named “The Realtor” to advertise their listings. This is published by the Real Estate Network- a multiple listing bureau type of organisation, and will include the listings of any agent. Again this is a free weekly glossy magazine distributed throughout the city.

Both Harcourts and The Realtor also maintain websites containing their listings, as do most individual real estate agents. The Real Estate Institute of New Zealand also maintain a very large listing website – “Realenz”. This is available for advertising listings at relatively low cost to all real estate agents in New Zealand and is widely used by agents and frequently accessed by the public.

Since this research was carried out “Trademe”, the dominant general auction web site in New Zealand has established and heavily promoted a real estate section on their site available to anyone, including real estate agents. This has attracted a significant number of listings but its effect is not reflected in these findings.

Other common advertising media for real estate listings include “The Press” – the Christchurch metropolitan daily newspaper, the “Star Weekly” - a free metropolitan weekly “advertising newspaper”, similar weekly suburban newspapers, and the “Buy Sell and Exchange” – a weekly classified advertising publication.

There is also a publication and associated website named “Homesell” dedicated to vendors wanting to sell their homes themselves, without the involvement of a real estate agent.

There are also on site signs and window displays in real estate agents offices which are spread throughout the suburbs.
Results

Buyer’s Method of Locating Property

In 2005 the paper media remain the dominant method by which buyers identify properties with 54.6% using this method to find their new home (up from 43.2% in 2003). Of all methods the Realtor is clearly the most popular with 21.5% of buyers using this publication. The Press, the Bluebook and the Internet were all used by around 10% of buyers to find their home.

The “other” category accounted for a total of 14% of responses and further qualitative analysis revealed identifying the property through family and friends was the most common process for this group at 4.5%. Second equal was via personal acquaintance with the vendor or via open days at 1.35% each. Around 1% of buyers found their properties via each of: the “Homesell” publication, other private sale methods, or by being a tenant in the property.

Other methods mentioned were: via a wanted ad in a newspaper, letter box flyer, via builders, via a notice in a supermarket, word of mouth and via a mortgage broker.
A very similar question was asked in previous surveys so it was possible to examine trends over time as shown in Figure 2. The frequency of salespersons suggesting properties seems to be declining, but is still second in importance at 16.7%. On-site signs also seem to be losing their effectiveness (now 12.9%).

The use of the Internet to locate the property purchased has doubled every time this survey has been completed and the trend looks set to continue.
Importance of Different Media to Buyers

Buyers were asked to rate how important to them were various types of media for obtaining information prior to making their purchase. The overall response can be interpreted by comparing the bar sizes on the graphs below.

It is clear that the Realtor remains dominant as a source of information in finding a property to purchase, with the Bluebook in second place. This relationship has remained constant ever since this research was first carried out, but it appears the Bluebook may be strengthening its position over time.

It is also clear that The Press is an important second choice for information for many, but 25% do not use it at all.

Suburban Newspapers, Star Weekly and Buy Sell and Exchange are all rated unimportant or not used by approximately 90% of respondents.

Homesell is of moderate or some importance to around 39% of respondents but considered very important by only 7%. As would be logically expected, chi squared analysis revealed a statistically significant relationship between the importance of Homesell to purchasers and whether they purchased privately with no salesperson involved.

The Internet is not used by 21.9% of respondents and, as would be expected, this represents a similar percentage to those who do not have Internet access. However, 36.5% rate it as very important and a further 15.9% as moderately important. This combination means it is now ahead of The Press and third behind the Realtor and Bluebook in importance to buyers.
The relationship between Internet access and Internet use was also tested via correlational analysis and found to be highly significant.

Looking at the trends emerging, the importance of the Internet to buyers for pre-purchase information has also doubled every year since questions on this topic were included. This seems to be at the expense of the Press who have faced a general decline.

**Figure 4. Pre-Purchase Importance to Buyers**

Combined % of moderately or very important ratings

<table>
<thead>
<tr>
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<th>1997</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
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<tbody>
<tr>
<td>Realtor</td>
<td>83.9</td>
<td>75.7</td>
<td>81.3</td>
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<tr>
<td>Bluebook</td>
<td>55.8</td>
<td>57.9</td>
<td>60.6</td>
<td>67.2</td>
<td>69.7</td>
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<tr>
<td>Press</td>
<td>59.7</td>
<td>52.4</td>
<td>43.2</td>
<td>34.5</td>
<td>39.5</td>
</tr>
<tr>
<td>Internet</td>
<td>4.6</td>
<td>14.2</td>
<td>27</td>
<td>52.4</td>
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</tbody>
</table>

**DATA COLLECTED FROM SELLERS**

**Sellers’ Use of Salesperson**

81.8% of sellers used a real estate salesperson to sell their property. This is slightly down on previous survey results of 85.2% (2003) and 88% (2001).

**Media Influence on Choice of Salesperson**

The first part of this question asked if advertising in a particular publication influenced the sellers’ choice of salesperson. 19.6% of respondents said yes, and while this is an increase from the 12.8% recorded in 2003, the scale of the increase is unlikely to be statistically significant given the low total number of positive responses to this question (n=29).

The publication related factors that were ranked most highly in influencing the above decision are shown in Figure 5.
Again, due to the low number of responses involved (n=24), these results should be treated with caution, but it appears clear that having a large number of properties advertised and wide availability of the publication are clear influencing factors. As the number of properties appearing on the Internet is growing rapidly and the Internet is very widely and freely available the influencing factors revealed are likely to further strengthen the relative position of the Internet.

**Sellers’ Advertising Preferences**

35.4% of sellers asked their salesperson to advertise in particular publications, representing a decrease from the 42.1% reported in the 2003 survey.

Of these, 32.7% requested the Realtor as their first choice, 30.8% the Bluebook, 13.5% The Press and 19.2% the Internet. See Figure 6 below for trends over time.

The Internet was the second choice of 51.1% of respondents, more than twice the level of any other media. However the Internet was also rated as least important by 36.4% of the respondents.

This result was tested for correlation with Internet access, as it was becoming apparent that there was a bi-polar response to the Internet on a number of issues, with it being rated as either quite important with a large and growing group, or not important at all with a smaller and shrinking group. Unfortunately, the low numbers responding to this particular question meant the Chi squared analysis did not produce any meaningful results.
Importance of Different Media to Sellers

Sellers were also asked for information on how important to them were various types of media for obtaining market and pricing information while their property was on the market.

75.3% advised that they had consulted publications for pricing information before or during the time their property was on the market. This is similar to earlier survey results of 73.9% (2003) and 64.7% (2001).

Those who had accessed information media were then asked to rate the level of interest they took in various real estate media. The overall response can be interpreted by comparing the bars in Figure 7.

The Realtor retains its dominance over the Bluebook, but not by the margin it once had. The Press and the Internet are strong secondary sources of information. As would be expected, there is a highly significant correlation between having Internet access and the importance of the Internet as a source of information to sellers.

Analysing the time series data as shown below, there does not seem to be any discernable trend except for the growing importance of the Internet, as also evidenced by the responses to other questions in the survey.
Figure 8. Consulted More than 3 Times
DATA COLLECTED FROM BOTH BUYERS AND SELLERS

Effectiveness of Publications in Selling Properties

This was a new question in this year’s survey and asked both buyers and sellers to rank their top four publications in terms of their overall effectiveness in selling properties.

The results for the top ranked media are shown in Figure 9 and again reflect the relative positions of the various publications found in other questions and in earlier research.

Combining the first and second ranked publications does not change their relative positions.

Qualitative analysis of the “other” responses revealed Homesell to be the most common response in this category.

![Figure 9 First Rank for Effectiveness](image_url)
Publication Presentation Rankings

Another question was designed to determine respondents’ views on how well properties were presented in the various media. The results for the top ranked media are shown in Figure 10.

Figure 10. Presentation Ranking

The Bluebook has a slight edge over the Realtor in terms of presentation with the Internet in third place. When those ranked first and second are combined the positions of the Realtor and the Bluebook are reversed but the Internet remains in third position, clearly ahead of The Press.

Qualitative analysis of the “other” responses again revealed Homesell to be the most common response in this category.

Evaluating the trend data shown in the graph, it appears the Press is suffering while the Internet is growing strongly, The Realtor may be losing some ground, whereas the Bluebook is relatively stable in terms of presentation preferences.
Internet Access

The table below shows the growth in availability of access to the Internet by respondents over the last six years. Note the 1999 result did not distinguish between availability at work or home.

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<tr>
<td>Internet access at home</td>
<td>80.7%</td>
<td>66.9%</td>
<td>57.0%</td>
<td>52.7%</td>
</tr>
<tr>
<td>Internet access at work</td>
<td>68.7%</td>
<td>58.1%</td>
<td>55.3%</td>
<td></td>
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</table>

Respondents, who identified the Internet as a source of information for either buying or selling, were asked to identify which of a list of real estate related sites they had visited.

In this case the number of respondents who had visited the sites was recorded, rather than percentages, so figures could be compared to previous results. Not all of the sites previously surveyed were included and new sites were added this year, but some comparisons over time can be drawn as shown in Figure 11 below.

It is notable that all sites recorded increasing visits except for Propertystuff.co.nz but that the rate of growth has slowed.

Qualitative analysis of the comments on the sites visited yielded some interesting results as follows.

For the Realenz site there was wide appreciation of the volume and range of listings on the site. Most users rated the site as good or very good. Some of the criticisms made were that there were problems searching on prices, properties appeared and disappeared without apparent reason, links were dead ends, listings not updated regularly enough, and agents did not respond to e-mail enquiries.

Few comments were made on the Property Stuff web site, reflective of its low use. Those made were generally negative or at best OK.

Respondents did not seem to distinguish between the Realtor.co and Realtor.net web sites. Generally the Realtor ratings were OK or good, but again listings were found to be out of date. A number commented that the web site was no different from the paper version of the Realtor and did not take advantage of web possibilities such as more property details, photos, maps, addresses etc. There were also comments that it was very similar to Realenz but with less properties. Some users had difficulties with slow loading or missing links, difficult navigation and searching.
The Bluebook web site was generally very highly rated for ease of use and presentation of properties, but there were also strong criticisms regarding the lack of pricing information and limited listings. The pricing issue also led to problems with searching, with obviously inappropriate properties included in search results.

Similarly, the Open2View web site attracted polarised responses. Many users rated it highly, especially in terms of presentation and web features. But the limited listings, especially in Christchurch, price searching problems and slowness to load attracted criticism.

Amongst the “other” web sites visited the most commonly mentioned was Homesell, followed by Ray White. In both cases the sites were rated highly.

Generally, respondents found most websites quite useful, especially those that provided an e-mail new listings service, or details and photos not available in other media. Frustrations were out of date and unpriced listings, non-response from salespersons and slow loading and/or difficult to navigate sites.
Conclusions

As predicted by earlier researchers, the use of the Internet for the marketing of residential real estate has grown rapidly in New Zealand in recent years, with a doubling approximately every two years. To date this growth has largely been at the expense of traditional newspaper advertising.

Over 80% of households now have Internet access and they are likely to use it if buying or selling a house, at least as a secondary source of information. Changes in technology have meant the features, such as multiple photographs, movies, maps, virtual walk-throughs and multiple criteria searching predicted by Thrall in 1998 are now a reality.

While the web has lowered barriers to entry to the real estate industry and some growth in private sales is evident, the reality is that buyers and sellers prefer a small number of easily navigable websites with comprehensive listings rather than a plethora of individual brokers sites. The Real Estate Institute in New Zealand recognised this trend early and as a result their large site accessible cheaply to all agents dominated the web when this research was undertaken. This may be under threat, however, as since this research was carried out, “Trademe”, the dominant general auction website in New Zealand has aggressively entered the property market.

Some of the other predictions of earlier researchers have not transpired, at least not yet. In recent years there has been no significant reduction in the number of real estate brokers in New Zealand or changes in the nature of their services, but this research has coincided with a property boom which may have masked any effect. There does seem to have been some downward pressure on commissions (33.1% of sellers paid less than 3% in 2005 vs. 17.4% in 2003 and 20.2% in 2001). There was also a slight increase over the 2003 survey in the percentage of sellers paying separately for advertising from 30.8% to 35.8% but these results should be interpreted with caution.

It is hoped to again repeat and expand the coverage of this survey research in 2007 and with the residential property market in New Zealand returning to a more subdued level and a number of significant changes occurring in relation to the web environment for real estate marketing during 2006, it is likely further changes will be evident in the use of the Internet for marketing residential real estate.

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