



Episode 07: Data and Research and Trends, Oh My!

Let's be honest -- REALTORS face an ever-changing industry. With emerging tech, growing trends, and a booming market, it's vital to keep up. Join me, Gilbert Gonzalez, CEO for the San Antonio Board of Realtors, as I get real with experts on what REALTORS need to know about this industry. It's time to get real.

GG ([00:23](#)):

So today I'm talking with Dr. Jessica Lautz, Vice President of Demographics and Behavioral Insights for NAR. Jessica, thank you so much for joining us today.

JL ([00:31](#)):

Thank you so much for having me. I'm excited to be here.

GG ([00:34](#)):

You know, your position. Is it relatively new?

JL ([00:39](#)):

Yes, so I've actually been in NAR since 2007. And really the whole idea of having behavioral economics and having surveys that are really driving decisions at NAR but then also really informing members has evolved into a much bigger section of the research group than it had been historically. So I think the, the business in itself has evolved over time,

GG ([01:08](#)):

You know, and I think that's the interesting thing in doing research, the amount of reports and studies that y'all do is pretty awesome. And I want to highlight the value that they are to our members to pull these reports and see what they, because it will affect how they do their marketing. The type of clients they can look for. It's fantastic. Can you tell us a little bit of all the kinds of reports you get to do?

JL ([01:31](#)):

Yeah, so the two that I really love the most are, we do one called a profile of home buyers and sellers and that's released in November. And with that report we can look at all the buyers and sellers who purchased them last year. We send out a massive survey across the nation and we get the data back. And we're able to slice and dice that into some really unique ways. So first time home buyers, repeat buyers, we break out this data by generations actually in March. We look at those who are pet lovers and how the animals and we call a report animal health, melding out with some other data that we grab from members. So it's really an interesting data set to be able to work with. And the second one that I love is our member profile. We've been doing research on members and we send you guys tons of

surveys. We know that you see receive them. But our big one that we do every year is a member profile. And that way we look at what are the trends and transactions, how are the business practices evolving, how is technology evolving? And we released that we'll be releasing it in June this year.

GG (02:39):

You know, and I want to have the opportunity to ask lots of questions about both those surveys, but how you mentioned you conduct them by sending out mass emails. I assume you're sending them to just consumers in general. Are these clients consumers? Like how, what's the methodology for the buyer seller survey?

JL (02:58):

Yeah, so that really cool because what we do is that we actually buy data from experience. See who's purchased a home in the last year, last 12 months. We actually mail out this survey to consumers so they get a paper copy to their mailbox. Not many people do anymore, send out mail surveys, but we give the opportunity to take this survey in English and in Spanish to take it via the paper surveys, take it online if that's more convenient. Who we want to put the survey out there, the way that consumers feel comfortable taking it and giving us this information that is so invaluable.

GG:

Is it one time a year that you send it out or is it a constant flow of information?

JL (03:39):

It is one time a year that we send it out. It should be really interesting this year we're gonna slice and dice the data, not just by the general thing that, that we typically do, but we're going to also slice and dice it by those who purchased a home pre coronavirus and those who purchased the home post coronavirus because I think we're going to get some pretty interesting data that way.

GG (03:58):

So the membership survey, you said that the, obviously those are coming to us by email. We're not getting those on paper.

JL (04:05):

Right. Yes.

GG (04:07):

What could our members do to make sure that we're giving you the best data to work with to make your reports?

JL (04:14):

Yeah, so that's a great question. We know that we survey you guys a lot. So one of the surveys that we were doing is the flash story, we were doing it every single week for 10 weeks. Looking at the impact of the coronavirus, the member survey is probably the largest survey that we send out and we send it out to about a hundred thousand members. So we have a lot of surveys that are in the field that you are receiving. We appreciate any information that you guys can give us on them. Because we're trying to really gather information to make business decisions for members to try and have the right tools that you guys can use in your business practices. Right now.

GG (04:54):

You sound like you love data.

JL (04:57):

I do. I really love data. Yes. I very much nerd out on it.

GG (05:02):

And that's awesome. I know that a lot of data sounds overwhelming to me, but I'm glad you're there to help synthesize all that information. So talking about the home buyer home seller profile, how big of a report is that? Can you tell our members what to look for when they see that?

JL (05:22):

Yeah, so this one is really my favorite report that we do. It's 150 pages long. We release it third quarter. So like October, November timeframe every year when we put the report out. It's so fascinating because we really can see who the, who the recent home buyers are, why they're buying a home today. How has it changed over time? We can look at the growing segment of single females or unmarried couples in the market. And we can see the ages of virus, all kinds of different demographics. And we can also see why they're buying a home and why this is important to them today. So I think that becomes a really good tool for our members Right Now is free to Right Tools, Right Now, you can actually grab the report for free. So it is a really good resource for people.

GG (06:10):

I mean the first write out the the shoot, the first one is first time home buyers make up 33% of buyers.

JL (06:20):

Yeah. And this is a segment of home buyers where the historical norm, we've been doing this since 1981 the historical norm is 40%. So we know with under the historical norm right now we know that affordability is a really big constraint inventory at those really affordable price brackets for entry level buyers is very hard. And we do see that buyers are coming into the market as first time home buyers. They have mom and dad's help and so that's giving them the edge up. But some buyers really just don't have right now.

GG (06:51):

And the average typical buyer was 47 years old. So I think a first time home buyer, I think of those who are just starting off whether right out of college 47 is more established in the career.

JL (07:06):

Yeah. So your typical first time home buyer was 33 and 47 is for all the buyers overall. That age that's pushing that up though is a repeat buyer. Your repeat buyers used to be in their mid thirties when we look back at the 1980s because people traded it up really quickly and now your repeat buyer is in their mid fifties is crazy. So you really do see some really fascinating timelines with this data.

GG (07:31):

And why do you think that the older buyer is happening?

JL (07:37):

So people stayed in their home longer during the recession. They were perhaps underwater in their home, but they also, when they went into their home buying, they actually said, you know what, I'm going to stay put here for a longer period of time. Then historically we've seen, you'll also see people who traditionally would have been approaching retirement in their mid fifties or at least thinking about retirement, paying off their home and staying put and now you see them actually thing, you know what, I want to move closer to the grandkids. I want to move into perhaps the same size of home, but a place

that fits me and my family better. So it is an interesting time to see the buyers who are purchasing multigenerational homes well in their mid fifties.

GG (08:18):

When, what are these people looking for? Like does a report go into what characteristics of a house property is, is attractive to them?

JL (08:27):

Yeah. And this is where I think it's really fascinating what the pandemic, because I think what we're going to see and what we're already starting to see from our members perspective is that there's more people who are looking for small towns, rural areas. Right now you have about half of of recent home buyers did purchase in suburban areas. They're purchasing a home that was built in the nineties about 2000 square feet or a little less that you're seeing that that's just your typical bread and butter home. But I think we're going to see some changes here coming out of this.

GG (08:59):

So you're saying more people want to move to the burbs and not be urban?

JL (09:04):

Yes. And, you know, I think we all love the beauty and the revitalization of cities. And we're seeing a lot of that happening across the US but I think people probably want a little more elbow room in our own place, but they also want that less dense living. I think coming out of this but, things that are really interesting are the beautiful luxury condos that are being built downtown are I think always going to be attracted to some of the population.

GG (09:33):

Now this was something that was happening in general, or you're saying this was exacerbated because of COVID.

JL (09:39):

It's exacerbated because of COVID. And we are seeing that a quarter of our younger millennials, they purchased in small towns last year. So this is something that's already been happening where people are seeking affordability a little more space.

GG (09:52):

You know, and one of the interesting things that we can address about millennials cause is your report goes into the actual buying power of millennials. And what did it find?

JL (10:01):

That millennials are a powerhouse of the segment. Everyone thinks they're eating avocado toast and they're buying expensive coffees. They're not, they're purchasing homes too. I mean, it may be making their own other habitats in their own kitchen. I don't know.

GG (10:14):

They probably still are buying the avocado toast, but they're also buying houses, which is new. Right?

JL (10:19):

They are. So that's a huge misconception about them. We've seen that they are the strongest than the largest buying segment that's out there today. One of the things that's hard about the millennial generation is they're from their mid twenties all the way up to nearly 40 years old. So it's hard to place

one stereotype on this, on the largest adult generation that we have right now, but they are the largest adult buying generation right now.

GG (10:45):

Does the report or does NAR contemplate the idea that, okay, we know that this study is showing more and more people are moving to the suburbs. What's that going to do for all the investment in downtown? I know San Antonio was going through every development of downtown, making it more livable, making sure we had grocery stores and transportation and focusing on all, all of those issues that come with urban living. What does that do to us as a community and just as a nation in general when everyone's moving out?

JL (11:15):

So I think that there's, there's a mix of what's going on right now. You actually see a lot of baby boomers who are approaching retirement who are saying, you know what, I do want still to have this beautiful living, but perhaps I'm on one floor. And that is really lends myself more to a condo type of environment. I think there's a lot of people who are going to be attracted to the amenities that city centers offer, that walkability, the ability to have that entertainment at your fingertips. But a lot of that comes at a price point, that some buyers can't afford it. So that does push them out to the burbs and to small towns where they might be able to a little more bang for their buck. But those who can afford it, those amenities are a very strong attraction to city centers.

GG (12:01):

When we talk about affordability, what is it that the study shows with regards to financing the purchase of a home?

JL (12:10):

So I think there's a lot of misconceptions that can be placed on the financing. A lot of people think you need more than 3% down or more than even 20% down to enter home ownership. And that's a really big misconception that can hold people back. What we do see is that traditionally or first time home buyer has a very has a smaller down payment even 6% last year. So we do see that people are taking advantage of the programs that are out there. But the buyers are being held back, may not know about them, but it's just hard to save that amount of money to if you don't have mom and dad's help or if you don't have a leg up from somewhere.

GG (12:50):

When you mentioned the baby boomers I think we talked a little bit before this phone call and you mentioned though that we are actually, we're in a the lowest birth rate for a while currently.

JL (13:04):

Yeah. We're actually, I would say a birth bust. So it's more than 35 years that we have seen this birth rate as low as it is. And I think it's a fascinating thing because a lot of this has to do with finances. It's expensive to have kids. And so the thought of having a child, especially if they're paying their own student loans, that their own housing costs, it can be very expensive for them to contemplate even having one child, let alone bringing a second child in.

GG (13:35):

Now I know I want to ask you about flash surveys a little bit later and I don't know if that's one of the, one of the questions, but there's a lot of assumptions that we will have another baby boom because of everyone being locked in at home. I mean, is that what you're predicting as well?

JL (13:51):

I think it's a possibility, but I think we have to approach that idea with the caveat that a lot of millennials have either been furloughed or lost their position during this crisis. And so as they are rehired back, they may say, yes, this is an opportune time for me and my family to add an addition in the house of a new baby. That being said, we have to remember that the reason why there has been a baby bust is really because of finances. So I think that has yet to be seen, though we could see it.

GG (14:23):

Right. There's that pressure that it's still, it just because we've all been home doesn't make it any more affordable to still have kids like you mentioned.

JL (14:31):

Right? Yeah, yeah. That is absolutely correct.

GG (14:35):

And so I know one of the interesting things about the report was the multigenerational homes. I thought that was a, a small trend from a couple of years back. But no, it's still going apparently.

JL (14:47):

It is. So nationally we're seeing the numbers staying pretty steady. That being said, if you slice and dice the data because it's really very interesting. For those who are in the minority community who are purchasing homes, and last year about a quarter of minority did purchase a multigenerational home. If you look at the GenXers and the younger boomers, what you see is that they very much want a multigenerational home. One in six of them did purchase one. And so as you look at those different segments, there are a lot of families who are taking care of each other and they have been taking care of each other coming out of the great recession. It can help to alleviate some of those healthcare costs that are really expensive if you have grandma and grandpa who are willing to have daycare or if you need senior care and you have an adult who's willing to help with that. So I think that there, it goes both ways that families do want to take care of each other in a situation.

GG (15:45):

When I think of multigenerational, the question I have is growing up, I remember lots of multigenerational homes within my family, you know, aunts lived with their, their kids and then a grandparent lived with them or an uncles live together. So is this something that we've recently started to kind of pay attention to or is this and it's always been there or is this what we were thinking about as more homes are being built to be multigenerational?

JL (16:15):

So I think it's a little of both. I think that the baby boomer generation that some of them did go away from this idea, but it's not a new concept. Families have been doing this for generations and it, especially if we look at the European culture, we can see that people are still doing this and it's never went away. So I think it's, it's one of those things that have been here. But people are embracing more as people are looking to take care of each other. And there are some builders as you mentioned that are actually saying, yeah, let's build an attached unit to this main structure where perhaps there is not a full kitchen, but there is something that can make life easier for essentially two families living together.

GG (16:57):

The cool thing about your surveys is that you have actually broken them up into smaller surveys, whether it's the pet survey, roommates, down payment assistance, LGBT. Tell me a little bit about the various kind of sub surveys that you, you extrapolate.

JL (17:14):

Yeah, because we have this wealth of data within the data side, we really can slice and dice the data, are collected over a few years and see if this is a growing trend in some area. The animal health one I think is a lot of fun because we can look at really the role that pets are playing. On down payments. We can really see the struggles and misconceptions that are out there for buyers and potential buyers. On the LGBT segment. This is a segment that a lot of people are feeling more comfortable self-identifying as we look at some like younger generations of home buyers. And so becomes an interesting segment to look at as well. But of course on all of these we need to make sure that we have enough data to really approach this. Have any interesting story that we can tell. And look at the different buying activities.

GG (18:03):

One of the interesting stories to tell is the fact that more people are purchasing homes as roommates. So what is the definition of a roommate and what does that mean? That, so my friend and I have chosen to just buy a home together.

JL (18:20):

Yes, that's exactly it. So what we have seen is, but you know, this isn't seem like a big number, but it has grown from 2% to 4%. And while we thought that chair double in the last year for first time home buyers, it becomes very interesting because we know that affordability is playing a role. We know that we have a drop in marriage rates in the us and people are saying, how can I purchase a home with someone else who is not my romantic partner and be able to own a place together. Now I'm not an attorney. I would definitely say probably getting us for me involved in case you guys want to go your separate ways, you always look for force in that house. But it certainly seems to be a growing and popular segment right now.

GG (19:03):

Yeah. That just seems fascinating to me that I would buy some thing huge, something huge with someone who, I don't know. That just sounds problematic to me. So that was fascinating to read that that's happening a little bit more and more. One of the things that y'all have recently implemented is flash surveys. Can you tell, tell us a little bit about those?

JL (19:25):

Yeah. So what we're trying to do, and we have done these on and off as different issues perfectly and we're trying to do just a quick survey of our members. It's open for 24 hours. We need your opinion. So of course the coronavirus top of mind for a lot of people right now and especially in the real estate industry, how it's impacted the industry in different ways. But what we wanted to see and what we saw very quickly in the data is how our members brilliantly pivoted and changed their business. What more online embraced technology are still working with buyers and sellers as they're in the market right now to really help them find that home of their own. We'll continue to evolve this survey because we need to now look at States reopening and how our members are embracing that and how buyers and sellers are coming back into the market with a force and perhaps looking at different home features now than they did before.

GG (20:18):

And that's fascinating to me because I assume being in a quarantine or self-isolation phase, the tiny house craze may be bust. Just a guess.

JL (20:30):

So I'm just going to laugh at that because it's so hard for me to imagine living in a tiny house right now after being home for several weeks. That, I think that could be very, very challenging. But I think that there's some people who are very devoted to the tiny house trend having a smaller footprint, so I think we have yet to see what's going to happen there.

GG (20:51):

You know, and I, and I don't mean to make light of it. I know some people, they don't have the option to have huge houses, but I assume more and more people are looking for the spaces that would accommodate this becoming a part of our culture. So an office or a backyard where people can play or I know I've seen a lot of friends and family when we quarantined, they move somebody in with them and it's like, Hey, we're in this together because we can help each other. So what have you been able to tell? Is the trends going? What are, what are buyers looking for now?

JL (21:26):

So already in that splash survey data, we're seeing that the number one feature that buyers are now looking for that they hadn't before was that home office. And we even had people write in and say two home offices. So I think that that's a really interesting one, the bigger yard space as well, because people not only want to exercise and have their own space where they don't feel like they're in any jeopardy, social distancing, but also to grow their own food, which I think is also a fascinating trend that we could see coming out of this. But as people perhaps go to the office only once a week or only a couple of times a week, they that can give them an opportunity just for more elbow room as they don't need to go into and close to their city center as much.

GG (22:11):

So is there anything else that has changed based on these surveys because of the COVID pandemic is, you know, this or anything that stayed the same? You know, what's, it's consistent. People still want to live out in the suburbs or something that's been drastic to those two points.

JL (22:29):

So we're not seeing anything quite yet. That being said, I think that there are some buyers and sellers who dress right now are coming back into the market. So I think it's going to be very interesting in the coming week how we see that shift and behavior. We do have some people saying that they do expect to bring an older adult relative in their home and perhaps they didn't have that relative with them before, but they're very much missing them. Now. The other thing that is a little lighter is that we saw shelters around the country completely clear how to have animals to adopt or to foster. And so that is a driver of where people move to and the space they need within their home. And that could shift some people's living situations.

GG (23:07):

Do you think that the financing of a home will change in your future reports that perhaps it's going to become a little bit more difficult. I know that's what some members have told me is the housing will stay available, but the ability for lenders and mortgage companies to provide those loans is going to get a little bit more difficult.

JL (23:27):

Yeah, that's going to be one of the struggles. And especially as we did see a lot of refinancing as rates lowered and people took advantage of that. We know that appraisers were backed up just with all of the loans that they were having to come in with refinancing. But we also thought that lenders were also having to slow down that profit. So you could just see delays in that process. As this credit availability has been tightened a little.

GG (23:53):

I want to transition a little bit to our membership survey if you will. Can you, can you tell us a little bit about that survey and the overall themes that come out of it?

JL (24:04):

Yeah, so I think this is a really cool one that we do every year and you can really see how our members are changing amongst themselves too. We always have a lot of turn in a relative industry but we're actually seeing more younger members entering. We're seeing more females enter. And we're also seeing more minorities enter. So it is becoming a very diverse membership base. If we look back at this report 30 years ago, 40 years ago, where we could see is that your typical member was a white male who was in their forties and now you're looking at a female who's in her fifties. So I think that there's some really big changes within this data set. And I love seeing that transition over time.

GG (24:51):

And how long is a REALTOR® usually in the profession?

JL (24:56):

That is a great question. So what we do see is that for our members, they're in the median tenure and it ranges between 10, 12 years. Given which year, you're looking at, you always see a constant churn because it is a place where entrepreneurs jump in and they say, I really want to start my own business. It's something that I can make my own hours. But then you do see that some people fall off and they say, this isn't necessarily for me. So you do constantly see that turn.

GG (25:26):

Do we know how many people are in the business for longer than 10 years?

JL (25:31):

Not off the top of my head.

GG (25:35):

It's a surprising number though, is from what I understood, somebody once said it was about a 20% have been in it for longer than 20 years. I won't hold you to that one.

JL (25:43):

Okay. I can totally look it up on my other screen.

GG (25:48):

But the interesting thing about that though is there are a lot of members who potentially did not live through 2008 and the market crashed. That was then, I mean, that's a true statement, right?

JL (26:01):

That absolutely is a true statement. As you see this churn of new members coming in there's a lot of people who actually may only have one or two years of experience in real estate may have just joined this year. And so this probably is one of those times where they're really learning the business, but they're also really learning how to accommodate and work with clients in this new virtual world.

GG (26:24):

One of the interesting things about the member too though, that this study found is that most of the members who are in the business for a longer period of time show an interest in being politically active. Is that, can you tell us a little bit about what found with regards to that part of the report?

JL (26:45):

Yeah, it's very interesting. So we know that our members are incredibly involved in their community. They volunteer, they donate their time, their money, their resources. And those who stay in the membership longer tend to be those who are active and physically participate but also are involved in

the REALTOR® party. So they're very interested in it doesn't mean that R or D it just means that they do have the care of the community around them and it makes them a good REALTOR® and someone who is very active in that.

GG (27:21):

And my curiosity was, when we say politically active, we're, we're saying in involved in politics, politics, the traditional legislature politics, not necessarily does it have a component also that being politically active means that they're active in a charity that they're passionate of or in another form of industry, Whether it's a fair housing or something of that nature?

JL (27:45):

Absolutely. And that's, I would say it's a broad umbrella of those who really are active. Even with the coronavirus, we found that more than six than 10 members started of volunteering and donating to really help the industry and help their community. So I think it's a fascinating love of their own community that we see among a REALTOR® membership. And they're actually donating quite a bit of money on an annual basis to really be involved in that

GG (28:15):

From all of the studies. What do buyers and sellers want from their REALTORS®?

JL (28:21):

Oh, so the bread and butter of the industry, this is not going to be surprising to like any REALTOR® who is, has clients who they just really love because what you see from the clients is they want someone who's honest, has integrity, it has good listening skills, has a good reputation. They want someone who's really involved and cares about them through that transaction. And I think it really goes both ways from our REALTORS® to their clients too.

GG (28:47):

So Jessica, I know that there is so much information in these reports, we've barely touched a small component of it. What is your favorite takeaway from all of these reports?

JL (29:00):

You know, I think that the REALTOR® membership is just such a dynamic and they've burst membership and it's so it's fascinating to see how our members really change and they find their niches when working with buyers and sellers. And there is a vast number of buyers and sellers who are incredibly diverse out there as well. So I love seeing just the interaction between the two.

GG (29:27):

If you were going to help our members get the most out of this report, what would you tell them? What, you know, they're there, they've listened to the podcast, now they're curious about this report. They're going to go look it up. What is the best way for them to get full value out of this report?

JL (29:42):

So right now at NAR, you have a program called Right Tools, Right Now and you can not only download the profile from buyers and sellers for free, you can get the member profiles for free. You can take any courses, you can take a number of courses. Even Telemed Health right now is available for free. So we want to make sure that we have these resources for our members. But the profile of home buyers and sellers, it's my favorite report. I think it really does show the changing dynamics of buyers and sellers in the industry right now and it shows how they're entering the market. So it's a good one to see, who your next client could be.

GG (30:18):

Jessica, I appreciate you taking the time to, to educate us a little bit about this excellent product that NAR puts out there.

JL (30:26):

Thank you so much for having me. It's been a lot of fun.