

A Reprint from *Tierra Grande*, the Real Estate Center Journal

INTERNET HOMES

Sell for More



By Mark G. Dotzour

Homes listed on the Internet take longer to sell but bring more money when they are purchased. Those are the conclusions of University of Texas-San Antonio professors who researched more than 50,000 Texas transactions.

In a new technical report written for the Real Estate Center, James Ford and Ronald C. Rutherford conclude that homes listed on the Internet take approximately 6 percent longer — about three days — to sell than homes not listed on the Internet. They also conclude that Internet-listed homes sell for about 1.4 percent more than homes not listed on the web. These findings are based on a study of 50,078 residential sales in the Dallas-Fort Worth Metroplex in 1999.

The researchers also surveyed real estate professionals on how they use the Internet and how they feel about it. Ford and Rutherford found that more than 90 percent of respondents have a website. Of these, 43 percent have been in operation for more than two years. Website content includes:

- listing information (80 percent),
- mortgage calculators (54 percent),
- virtual tours (45 percent) and
- mortgage qualifying (43 percent).

More than 93 percent of the respondents place at least some Multiple Listing Service (MLS) listings on the Internet site maintained by the regional or local MLS, and 88 percent place all listings on that site. Only 2 percent say they never put listings on the Internet.

Exposure to more people was cited as the major advantage of an Internet listing (63 percent). Other advantages mentioned included easy buyer access (14 percent) and usefulness as a listing tool (4 percent). About 41 percent of the respondents attribute one or more sales to an Internet listing. Seventy-eight percent believe Internet listings have increased the number of inquiries, and 35 percent think Internet listings have a shorter time on the market.

While only 11 percent of respondents believe the Internet results in a higher sales price, nearly 83 percent think the Internet will increase total future sales. Eighty-eight percent see the Internet as a serious challenge to the traditional real estate model.

Only 28 percent of respondents believe the Internet will have a short-term (within two years) effect on the commis-

sion fee structure, but 53 percent think it will affect commissions over the long term (five to ten years).

Of the home sales studied, 92.6 percent of the houses were listed on the Internet. Smaller, older, rental and foreclosed homes without a pool or fireplace are less likely to be listed on the web. Homes listed with an agent who has less than three years experience also are less likely to be listed on the web.

The researchers used sophisticated statistical methods to account for differences in location, age, size and other physical characteristics of homes in the sample.

For more information on survey findings, order Center technical report #1451, *Internet Influences on Residential Real Estate Market* by calling 1-800-244-2144. ♦

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