

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



Despite their candor regarding things that bothered them about the homebuying process ("Homebuyers Say the Darndest Things," January 2001 *Tierra Grande*), the vast majority of people responding to the Center's homebuyers' survey gave their sales agents high marks and would happily use them again and recommend them to their friends.

Most buyers responding to the survey bought their home through an agent (82 percent). Of those using an agent, 64 percent had an agreement to be represented by a buyer's agent, and 8 percent did not know who the agent represented. Eighty-five percent of those who used an agent said they would use the agent again or recommend the agent to their friends. Clearly, the incidence of buyers unhappy with their agents was rare among this group. However, the survey sample included only people who successfully completed the homebuying process. Those who were unsuccessful in buying a home may have offered less positive perspectives.

Although some respondents harbor the notion that they could strike a better bargain if an agent was not involved, that was not prominent among reasons given for not using an agent (Chart 1). Most buyers who did not use an agent simply found the house before they encountered an agent. Many bought new homes. Some responded to a seller's yard sign. Others already knew the seller. Considering that current markets offer advantages to sellers, the small percentage of nonagent sales is remarkable.

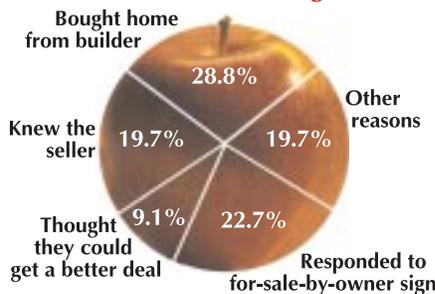
**Who Completed the Surveys?**

In the summer of 2000, the Real Estate Center, in cooperation with Lawyers Title Company, mailed questionnaires to 3,000 homebuyers who had purchased homes in late 1999 in Dallas-Fort Worth, Houston, San Antonio and Austin. The survey asked about all aspects of the homebuying experience.

Three hundred eighty people responded to the survey. The median age of respondents was 40.3 years. Four of every five were non-Hispanic whites. Seven percent were Hispanic, 4 percent were non-Hispanic blacks, 4 percent were native Americans and 2.4 percent were Asian.

The average respondent was probably more affluent than the average homebuyer, as the \$140,000 median home price reported was considerably higher than the median home price (\$109,000) recorded by the MLSs in those areas.

**Chart 1. Reasons Why Buyers Did Not Use An Agent**



Source: Real Estate Center at Texas A&M University

Limited evidence indicates that ethnic minority buyers use agents to a lesser degree than the population in general (Chart 2). It appears licensees have made progress in serving the Hispanic and Native American communities but need to work harder to reach African-American homebuyers.

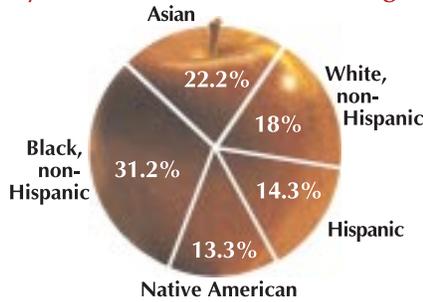
**What Services are Most Valued?**

The survey questionnaire listed 11 services commonly performed on behalf of homebuyers.

- Qualifying (helping buyers determine how much home they can afford)

- Searching the market (helping buyers find appropriate homes)
- Showing homes currently on the market
- Providing information about neighborhoods and public services
- Helping buyers determine how much to offer for a specific home (if the agent is the buyer's representative)
- Preparing and submitting a sales contract with the buyer's offer
- Negotiating with the seller on behalf of the buyer (if the agent is the buyer's representative)
- Explaining the types of loans available and providing information on current terms
- Referring buyers to specific mortgage lenders
- Helping buyers get ready for the closing by helping them get surveys and inspections completed
- Keeping buyers informed of how the transaction is going.

**Chart 2. Ethnic Background of Buyers Who Did Not Use an Agent**



Source: Real Estate Center at Texas A&M University

agent to friends rated agent performance much lower, as might be expected.

The most significant differences in satisfaction, measured statistically, between those who would use the agent again and those who would not were in performance of four services: preparing to close, showing homes, negotiating and keeping the buyer informed. The last of these — keeping the buyer informed — represented the greatest difference between satisfied and disgruntled buyers.

Overall, it appears most buyers are happy with the services they receive from sales agents. A large percentage of buyers would use the same agent again. The small group of buyers who would not use their agent again are most dissatisfied with their agent's ability to keep them informed during the process.

**Table 1. Importance of Specific Services and How Well Agents Performed Them**

| Brokerage Service          | Percentage of Respondents Who Consider the Service Important | Percentage of Respondents Who Rate the Agent's Performance* |      |
|----------------------------|--|---|------|
|                            |  | Excellent   | Poor |
| Searching the market       | 91.1   | 49.8  | 3.9  |
| Preparing contract         | 91.0   | 52.2  | 4.5  |
| Keeping buyer informed     | 90.4   | 45.8  | 8.7  |
| Showing homes              | 88.2   | 53.4  | 3.6  |
| Negotiating                | 84.5   | 44.0  | 8.9  |
| Preparing for closing      | 81.1   | 43.3  | 6.9  |
| Deciding how much to offer | 75.5   | 37.0  | 9.0  |
| Providing information      | 73.3   | 33.9  | 8.6  |
| Referring lenders          | 50.5   | 31.9  | 10.4 |
| Qualifying                 | 48.9   | 30.4  | 7.2  |
| Explaining types of loans  | 44.5   | 22.3  | 10.6 |

\*These ratings represent the highest and lowest ratings on a five-part scale.

Source: Real Estate Center at Texas A&M University

Respondents who used agents were asked to rate how important each of these services were to them on a scale of one (not important) to five (very important). Table 1 ranks these services according to the percentage of respondents who rated the service either four or five.

Note that the most valued services are those that agents have traditionally provided. These are the things that buyers expect agents to do and things that are hard to accomplish without an agent, such as touring homes and putting together an earnest money contract.

Respondents were then asked to evaluate how well their agent performed these services on a scale from poor to excellent. The percentages of respondents who reported excellent performance and poor performance are shown in Table 1. For most services, a large fraction of respondents regard agents' performance as excellent. Fortunately, the services that received the lowest evaluations were the ones buyers considered least important.

Table 2 further breaks down the evaluations of services provided focusing on four different groups of respondents. Some results are not surprising. For example, the buyer's agent contractually works on the behalf of the buyer, so the buyer should feel more satisfied with the performance of services. And, in fact, the performance ratings consistently run higher in this group than in the total sample of respondents, though not enough to be statistically significant.

The last column of Table 2 provides a more telling contrast. Those who said they would not use the agent again nor recommend the

Many things can go wrong during the homebuying process. Some of these — such as a difficult seller or a problem clearing the title — are beyond the agent's control. One thing agents can control is how they communicate with buyers. Buyers realize this. Consequently, agents who do not keep buyers well informed are least likely to earn repeat business. ♦

Dr. Harris is a research economist with the Real Estate Center at Texas A&M University. His e-mail address is [j-harris@tamu.edu](mailto:j-harris@tamu.edu).

**Table 2. How Various Groups of Respondents Rated Agent Performance (Percent of Group Who Rated Performance Very Good or Excellent)**

| Service                    | Total Sample of Respondents | Those Who Think the Service is Important |                                       | Those Who Would Not Use Agent Again |
|----------------------------|-----------------------------|--|---------------------------------------|-------------------------------------|
|                            |                             | Those Who Used a Buyer's Agent           | Those Who Did Not Use a Buyer's Agent |                                     |
| Searching the market       | 75.7                        | 77.8                                     | 78.5                                  | 28.9                                |
| Preparing contract         | 77.8                        | 81.6                                     | 80.1                                  | 25.7                                |
| Keeping buyer informed     | 70.8                        | 74.1                                     | 74.9                                  | 10.3                                |
| Showing homes              | 77.2                        | 80.2                                     | 79.1                                  | 18.4                                |
| Negotiating                | 67.5                        | 74.6                                     | 67.7                                  | 7.7                                 |
| Preparing for closing      | 68.2                        | 73.1                                     | 72.3                                  | 12.8                                |
| Deciding how much to offer | 77.8                        | 81.6                                     | 80.1                                  | 25.7                                |
| Providing information      | 58.8                        | 65.2                                     | 61.7                                  | 7.9                                 |
| Referring lenders          | 55.0                        | 71.7                                     | 55.8                                  | 30.3                                |
| Qualifying                 | 51.3                        | 73.3                                     | 55.0                                  | 14.3                                |
| Explaining types of loans  | 41.2                        | 60.9                                     | 41.8                                  | 8.1                                 |

Source: Real Estate Center at Texas A&M University



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Texas A&M University  
2115 TAMU  
College Station, TX 77843-2115

<http://recenter.tamu.edu>  
979-845-2031  
800-244-2144 orders only

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