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## CRSs Pick Favorite Listing, Selling Techniques

# Survey Slams Door on Open Houses

By Jack C. Harris

**D**etermining the best way to contact would-be homebuyers and sellers is critical to the residential agent. Today's marketing arsenal includes the Internet, cable television and low-tech innovations like yard signs that transmit radio messages. At the same time, the sales agent's options include such long-time staples as the open house. The question on the lips of today's busy agent is: which techniques work best? A new Real Estate Center survey helps answer that question.

Whether or not to hold an open house is of particular concern to many agents. With an open house, an agent must be on site for the duration of the showing and be ready to impress each potential buyer who walks in the door. Considerable time (usually on the weekend) and effort are required. And, safety is a growing concern because there is no way to know whether a visitor is a serious buyer, just curious about the house or has more sinister motives.

Although open houses are popular with sellers, they appear to be losing their appeal among agents. Sellers see the open house as an indication the agent is actively promoting the listing. Agents know, however, the odds are long that an open house will produce a buyer.

In their 1990 book, *How to List and Sell Real Estate in the '90s*, Danielle Kennedy and Warren Jamison estimate the odds

are 250 to one that someone attending an open house will buy the home. On the other hand, the authors state that holding open houses may be a good way to interest people in other listings or to generate new listings from those who must sell before buying.

The National Association of Realtors (NAR) polled agents in 1995 and reported that open houses led to only 7 percent of all home sales. Referrals were the biggest sales-generating factor, accounting for 29 percent of all sales.

To determine what Texas sales agents find to be the most effective technique for attracting buyers and sellers, in early 1998 the Real Estate Center sampled Texas licensees holding the Certified Residential Specialist (CRS) designation. More than 36 percent responded.

### Public Open House Proves Ineffective

Almost all (97 percent) respondents have used public open houses (Table 1). But only 41 percent of them say the technique helps sell the house. While 32 percent agree that public open houses attract many potential buyers, 62 percent believe most people attending open houses are not serious buyers. In fact, three out of four (77 percent) respondents say most open houses are held merely to appease sellers. On the other hand, only 27 percent characterize holding an open house as a desperation tactic for homes that are not attracting interest.

Almost three-fourths of survey respondents (73 percent) think open houses are effective in interesting buyers in homes

**Table 1. Respondents' Experience with Public Open Houses**

Category of Respondent	Percent Using Open House	Percent with Favorable Results
Total sample	97.1	41.2
Position in firm:		
Owner	97.1	22.2
Broker/Owner	96.7	41.4
Manager	97.1	50.0
Broker	97.8	44.4
Salesperson	96.2	41.3
Type of firm:		
Independent, single office	95.5	33.3
Independent, multiple office	100.0	62.5
Franchise affiliate	97.4	35.1
Number of agents in office:		
1-15	96.6	33.9
16-35	96.6	46.4
More than 35	100.0	46.0
Market area:		
Large central city	96.3	38.5
Suburb of large city	97.5	44.9
Small metropolitan area	92.0	43.5
Small city	100.0	34.4
Rural area	100.0	50.0
Years of experience in sales:		
1-10	96.3	23.1
11-15	95.9	48.9
16-21	98.0	42.9
More than 21	97.7	42.9
Number of homes sold last year:		
1-12	95.7	54.5
13-29	96.9	38.1
30-45	95.3	48.8
More than 45	100.0	24.1

**Table 2. Respondents' Experience with Agent Open Houses**

Category of Respondent	Percent Using Open House	Percent with Favorable Results
Total sample	99.4	58.8
Position in firm:		
Owner	99.4	44.4
Broker/Owner	96.6	75.0
Manager	99.4	50.0
Broker	100.0	54.3
Salesperson	100.0	60.3
Type of firm:		
Independent, single office	97.7	73.8
Independent, multiple office	100.0	62.5
Franchise affiliate	100.0	53.9
Number of agents in office:		
1-15	98.2	60.7
16-35	100.0	65.5
More than 35	100.0	54.0
Market area:		
Large central city	100.0	59.3
Suburb of large city	100.0	57.5
Small metropolitan area	100.0	47.8
Small city	96.9	77.4
Rural area	100.0	66.7
Years of experience in sales:		
1-10	100.0	40.7
11-15	100.0	59.2
16-21	100.0	65.3
More than 21	97.7	66.7
Number of homes sold last year:		
1-12	100	65.2
13-29	98.5	59.4
30-45	100.0	64.3
More than 45	100.0	48.3

other than the one being shown. Slightly more than half (55 percent) believe open houses help generate new listing contracts. While these results are not much consolation to sellers, the numbers show that open houses may not be a totally inefficient use of the agent's time.

A slight majority (59 percent) says that open houses are especially important for unusual homes. Fewer (45 percent) agree that open houses are more effective for newly constructed homes. Respondents split (48 percent agreeing) on the idea that a home should be easy to find before considering an open house. Few (16 percent) think open houses should be restricted to the most active selling season.

### Agent Open Houses Work Better

The effectiveness of agent open houses is more apparent in the survey. An agent open house is held when the listing agent invites other agents to view the house when it is first placed on the market. The hope is that one or more agents have a buyer interested in the home. Almost all (99 percent) respondents use the technique, and 59 percent of these believe it is effective in selling homes (Table 2).

An even larger majority (65 percent) agree that agent open houses are more effective than public ones, although holding one does not preclude the other. Only 43 percent believe that holding an agent open house is essential to the sale of unusual home styles.

While a slight majority (52 percent) agree that most good agents are too busy to attend open houses, nearly half (47 percent) say that an incentive—such as a door prize or food—is essential to attracting agents. Most (83 percent) agree that the open house should be held when the home is first listed.

### Effective Listing Methods

Open houses are merely one of many techniques for attracting business. The survey asked respondents to evaluate the effectiveness of various tools (Table 3). Two methods—referral and community involvement—stand out. Both rank first in effectiveness and popularity. Despite advances in electronic communications, it appears that personal contact still matters most.

Open houses rank third in familiarity but drop to seventh in effectiveness. Conversely, using the Internet ranks seventh in use but fourth in effectiveness. Some of the techniques not widely used were much more highly regarded by those most familiar with them. When the scores are compiled for only those respondents using them, newsletters and television ads move up two positions in the rankings.

### Evaluating Proven Techniques

One of the keys to selling a listing is getting a serious buyer to see the home, especially in a highly competitive market. Table 4 shows how common methods for attracting buyers are evaluated by respondents. Of these, three particularly stand out. Yard signs, the Multiple Listing Service (MLS) and referrals score substantially higher. Although these approaches have been around for a long time, agents still feel they are the most effective.

Yard signs and the MLS are the most widely used tools, along with open houses, for attracting buyers. Note that open houses, however, rank tenth out of 13 in effectiveness. Although more than 95 percent of respondents use classified newspaper ads, agents rank it ninth in effectiveness. Perhaps it is because these techniques also give publicity to the firm that they are so commonly used in spite of their limited effectiveness.

**Table 3. Ratings of Techniques for Obtaining Listings**

Technique	Percentage Using Technique	Average Rating*
Referrals	100.0	4.64
Community involvement	97.6	4.05
Advertising the firm—newspaper	91.1	3.33
Internet home page	80.1	3.28
Cards to neighbors of existing listings	94.7	3.15
Neighborhood newsletter	64.8	3.09
Open house on existing listing	96.5	2.96
Offer of free CMA	88.7	2.91
Advertising the firm—television	48.1	2.79
Calling or visiting FSBOs	79.2	2.76

\*Scale of 1 for “not useful at all” to 5 for “very useful.”

**Table 4. Ratings of Techniques for Attracting Buyers to a Specific Home**

Technique	Percentage Using Technique	Average Rating*
Yard signs	98.8	4.68
Multiple Listing Service	98.2	4.66
Referrals	97.6	4.30
Listing on Internet	91.0	3.31
Newspaper feature ads	91.8	3.24
Direct mailings	94.0	3.24
Local magazines	86.7	3.21
Agency’s exclusive publications	63.0	2.97
Newspaper classifieds	95.3	2.95
Public open houses	98.8	2.88
Newsletters	68.5	2.79
Television listings	44.5	2.57
Homebuyer seminars	48.4	2.27

\*Scale of 1 for “not effective at all” to 5 for “very effective.”

**Table 5. Ratings of Techniques for Making the Sale to Someone Who Has Seen the Home**

Technique	Percentage Using Technique	Average Rating*
Home competitively priced	100.0	4.88
Home decorated to “show well”	98.2	4.63
Information on schools and services	98.8	4.27
Well-composed fact sheet	97.6	4.21
Information on the area	98.2	4.11
Evidence of energy efficiency	95.2	3.72
Offer of home warranty	98.2	3.53
Buyer representative agreement	90.4	3.35
Offer of seller financing	90.4	3.11

\*Scale of 1 for “not helpful at all” to 5 for “very helpful.”

### Most Effective Methods for Selling Specific Homes

What is the best way to impress on a potential buyer the advantages of buying a specific home? Survey respondents evaluate the alternatives in Table 5. There appears to be no substitute for a house that is competitively priced and decorated to show well. Well-presented information about the house and surrounding area likewise is highly regarded. Techniques that rank low are those involving extras, such as seller financing, warranties and offers of buyer representation. Even the lowest score is above the mid-range, indicating all techniques are regarded as at least somewhat helpful.

This survey shows that many agents find public open houses troublesome, dangerous and generally a waste of time. A minority consider them useful. In fact, only 24 percent of high-

volume agents feel open houses are effective. The open house does not rank high among techniques for generating listings or for attracting buyers. Agents who would like to stop holding open houses can find support here for that decision. Conversely, agents who have found the technique effective should know that a sizable group of agents share their experience. ☐

*Dr. Harris is a research economist with the Real Estate Center at Texas A&M University. Thanks to Chuck Venezia of Century 21 Executive Realty in Houston and Mike Beal of Century 21 Beal, Inc., in College Station for helping develop and test the survey. Special appreciation goes to all licensees who returned completed questionnaires.*

## Look Who’s Talking

The information described in the article was gleaned from a survey of Texas licensees, all of whom hold the Certified Residential Specialist (CRS) designation. Questionnaires were sent to 489 licensees, and 175 useable responses were returned, a 36 percent response rate. In addition to the questions described in the article, the questionnaire included a set of questions about the respondent (otherwise, the response was totally anonymous).



	Number of Respondents	Percent of Respondents
<b>Position within the firm:</b>		
Salesperson	79	46.5
Broker	48	28.2
Broker/Owner	30	17.7
Owner	9	5.3
Manager	6	3.5
<b>Type of firm:</b>		
Franchise affiliate	88	51.8
Independent, single-office	44	25.9
Independent, multiple-office	40	23.5
<b>Market location:</b>		
Suburb of a large city	80	47.1
Small city	32	18.8
Large central city	27	15.9
Small metropolitan area	25	14.7
Rural area	6	3.5
<b>Number of agents in the office:</b>		
1-15	59	34.7
16-35	61	35.9
more than 35	50	29.4
median	25	
<b>Years of experience in real estate sales:</b>		
1-10	28	16.3
11-15	49	28.5
16-21	51	29.7
more than 21	44	25.6
median	17	
<b>Homes sold during the last 12 months:</b>		
1-12	22	13.5
13-29	65	39.9
30-45	44	27.0
more than 45	32	19.6
median	28	

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