

# **2006 Stewart Homebuyers Survey**

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## **2006 Homebuyers Survey**

Technology continues to alter the manner in which homebuyers search for homes and ultimately their expectations on the transaction-services industry. This is the first of an annual survey to be conducted by Stewart Title Guaranty Company to gauge homebuyer expectations, satisfactions and input on how the real estate transaction-services industry needs to evolve to better serve their customers.

### **Methodology**

Stewart affiliated title offices were sent a single-page survey for completion by homebuyers (the survey is included at the end of this report). Surveys were distributed to homebuyers following closings in the last eight business days of March 2006. Offices were instructed not to assist the buyer in completing the survey and also not to reject any completed surveys.

### **Executive Summary**

A total of 1,125 surveys from homebuyers were returned.

First time homebuyers represented 35.8 percent of all respondents with repeat purchasers at 64.2 percent. This corresponds with the 2005 National Association of REALTORS® Profile of Homebuyers and Sellers which reported 40 percent of homebuyers did so for the first time. These and other data are presented in Table 1.

Almost six-in-ten homebuyers (57.2 percent) utilized the Internet in their search for a home.

A real estate agent found the specific home purchased for 43.7 percent of homebuyers. (This does not include the number of buyers that found their home by real estate agents' signs, real estate broker/company/agent advertisements in newspapers and magazines nor real estate broker/company/agent Web sites). One-in-nine buyers found their home by searching the Internet and one-in-ten found the property from the yard sign. Only 3.3 percent found their specific house via newspaper ads. Many respondents wrote in comments that they had found their home through either a family member or friend.

When asked how more valuable they expected their home to be one-year from the date of closing, none estimated their property would decline in value. The median value increase estimate was 10.0 percent for both first-time and repeat homebuyers. This is in line with the national average as reported by the Office of Federal Housing Enterprise Oversight (OFHEO) <http://www.ofheo.gov/HPIState.asp?FormMode=Summary> which found a one-year 12.95 percent average increase in housing values for 2005.

Buyers rated each of the transaction service providers (lenders, real estate agents, and title) extremely high. Respondents were asked to assign a grade rating of either A (Excellent), B, C (Average), D or F (Unsatisfactory). By converting this to a grade point average (GPA) where an A is a 4.0 and an F is a 0.0, it becomes immediately clear how well each transaction service did in their services. Table 2 covers the numbers, scores and percentages.

Real estate agents were rated as Excellent by 85 percent of all buyers. Less than one-half of one percent rated the services of the real estate agent as Unsatisfactory. Overall agents received a 3.79 GPA on a 4.00 scale.

Lenders received a 3.57 GPA with 73.1 percent of respondents assigning an Excellent rating.

Of the 1,095 buyers grading title service providers, 88 percent gave an Excellent score and none rated the service as Unsatisfactory. Overall, the title grade was a 3.87 GPA.

Table 2 also compared the ratings for these services categorizing the results by first-time and repeat buyers. There was no statistically significant difference between these two groups.

When asked “What one facet of the homebuying process needs most improvement?”, buyers responded predominantly with one of two major themes. The amount of paper involved was the number one issue (and correspondingly, the number of signatures required). In this day and age of technology, buyers expect much greater use of technology and less paper. The second major theme was communications, or lack-there-of, from the parties involved in the transaction. This validates the title industry push towards a paperless process with electronic signatures and transaction management via the Internet. These comments are included with this report.