

2006
REALTOR[®] Technology
Survey



Center for REALTOR[®] Technology
National Association of REALTORS[®]

May 2006

Table of Contents

Table of Contents.....	2
Authors.....	3
2006 REALTOR® Technology Survey.....	4
Introduction.....	4
Methodology.....	4
Executive Summary.....	5
Survey Findings.....	7
Participant Profile.....	7
Technology Sourcing.....	9
Lead Generation.....	16
Third Party Leads.....	24
Client Relations.....	27
Comparative Market Analysis (CMA).....	30
Mapping.....	31
Forms and Contract Software.....	32
Transaction Management.....	34
Security.....	38



Authors

This survey and report were authored by the Center for REALTOR® Technology and Clareity Consulting.



Center for REALTOR® Technology

NAR's Center for REALTOR® Technology was established to provide technology leadership, guidance and assistance for its members. CRT makes available informed industry insight, research and open-source applications through its mission of implementation, advocacy and information. CRT is an NAR resource serving both members and the real estate industry. For more information, visit <http://www.realtor.org/CRT>

Mark Lesswing
mlesswing@crt.realtors.org

Todd Costigan
tcostigan@crt.realtors.org



Clareity Consulting

Clareity Consulting provides a wide variety of information technology and management consulting services to MLS, Associations, brokers, franchises, and software and service companies that serve the residential real estate market. For more information, visit <http://www.callclareity.com/>

Gregg Larson
Gregg.Larson@callclareity.com

Matt Cohen
Matt.Cohen@callclareity.com

The Center for REALTOR® Technology would like to thank all those who contributed by taking their time to complete the survey and offer their opinions on state of real estate technology.



2006 REALTOR® Technology Survey



Introduction

Understanding REALTOR® technology trends through surveys is one of the tools the CRT uses for its ongoing research. In April 2006, CRT distributed an online survey designed to examine the use of technologies within the real estate industry and what can be done to improve its efficiency and use.

Please direct any questions or comments about the survey to:

Mark Lesswing

Vice President

mlesswing@realtors.org

Todd Costigan

Senior Manager, Industry Relations

tcostigan@realtors.org

Methodology

The 2006 MLS REALTOR® Survey is the fifth annual survey completed by the National Association of REALTORS® Center for REALTOR® Technology (CRT). The survey reviews REALTOR® technology practices and trends. Since its inception, the survey has asked timely questions about real estate technology and the REALTOR® business practices they support.

CRT distributed a survey link, via email, in February 2006 to over 20,000 REALTORS® including brokers, agents and agent assistants. There were 719 responses with 17% from brokers and 79% from agents. The survey has a margin of error of plus or minus 4%.



Executive Summary

The goal of 2006 REALTOR® Technology Survey was to uncover opportunity for technology improvements the real estate industry. The areas covered include technology sourcing and costs, lead generation, listing, sales and transaction closing processes. We also look at the state on information security in the real estate industry.

One of the most compelling findings this year is that 86% of agents and 78% of brokers want their MLS to expand the information and technology tools they provide. One of the key drivers for this response could be that 44% of agents reported they had consumers come to them with some form of property information the real estate professionals themselves were not receiving via their MLS or brokerage. If there is one finding in this survey that REALTORS® should take note of, this is it.

In a related finding, two thirds of the agents that said they did not want more information or technology from their brokers wanted their MLS to provide more. Seventy-five percent rated the MLS an exceptional or reasonable value, while only seven percent rate it a poor value.

The fastest growing technology in real estate appears to be online transaction management. Twenty-six percent of respondents use a Transaction Management System (TMS) today – representing a 100% growth rate over the previous year. Of those not currently participating in a TMS, 72% are ‘Very Interested’ or ‘Interested’ in doing so – clearly indicating this is a category with continued growth potential. In contrast to the satisfaction with online forms, 70%t were ‘Very Satisfied’ or ‘Satisfied’ with their TMS. The main recommendations for improving TMS were simplifying setup and MLS data integration.

This survey indicated that Global Positioning System (GPS) usage by REALTORS® is rising dramatically. Twenty-four percent use GPS today and 20% intend to purchase or replace a GPS in the next year.

Referrals and repeat business still lead the Internet for the highest source of leads, but in the past year, the percentage of respondents receiving leads from the Internet has grown from 30% to 42%. However, only 21% are satisfied with the number of the Internet leads they receive. Sixty percent have IDX search capabilities on their web site, a slight increase from the previous year’s 52%. Sites with IDX listings generate more leads than sites without listings.

And in a surprise finding, half of the respondents indicate that it takes them less than two hours to respond to a lead, and only two percent indicated that it took them more than one day to respond. This finding differs significantly from many earlier surveys and studies. Broker sites, agent sites, Realtor.com, and public MLS sites are the top four sources for Internet leads.

Sixteen percent currently participate in a lead generation programs where they pay for the leads. Forty percent of those that had participated in such a program have stopped their participation. The effectiveness of some lead programs appears to be low. Less than 15% of those participating in lead generation programs are satisfied with the results. Sixty-seven



percent indicated that no sales last year resulted from “purchased” leads, 24% reported 1-3 sales per year, and less than 10% reported more than 3 sales per year from these programs. When asked, “How could these programs be more effective?” respondents indicated that better lead qualification and screening are the keys.

Forty-six percent use the phone as their primary tool for communicating with active customers, followed by email (33%) and regular mail (18%). The most popular methods for staying in touch with former customers include mailings, email and phone calls. Compared with the previous year, phone use dropped nine points to 22% and email use increased 10 points to 27%. When asked, “What would help you stay in touch with your former clients more effectively?” the most common response could be summed up as follows: An orderly and systematic marketing program, that sends emails and cards and furnishes reminders when to give them a call, which has prewritten content and messages.

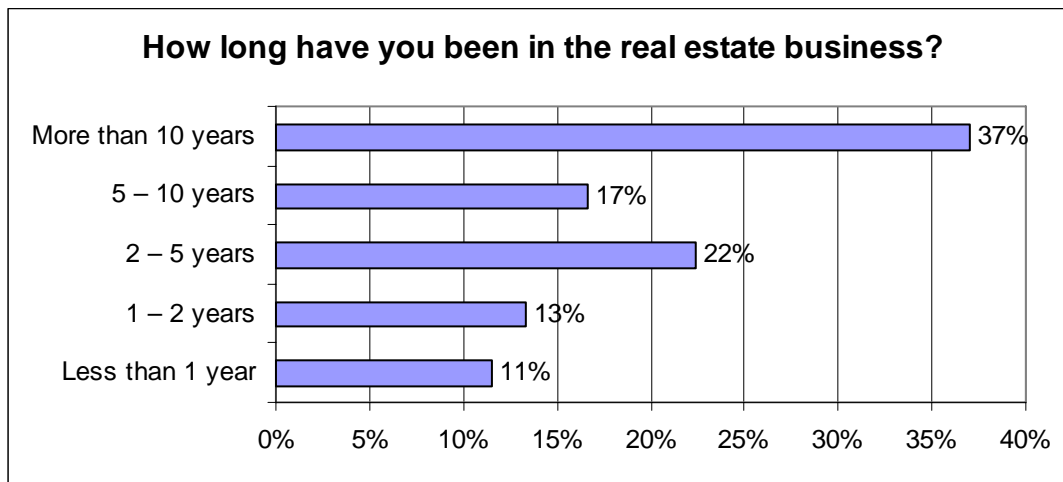
Sixty-two percent use automated forms management software representing an increase of 5% over the previous year. While 40% are somewhat dissatisfied or very dissatisfied with their forms/contract software, the percentage of those 'very satisfied' with their forms/contract package increases 20 points when both MLS listing and contact information is automatically loaded, resulting in far superior satisfaction levels. Sixty-eight percent enter information into the software manually, so clearly customer satisfaction can be improved by integrating MLS and CRM systems with forms applications.

One quarter of respondents had been affected by hacking, viruses or spyware in the previous year, and another 27% did not know or were not sure. Of those affected, 50% reported service interruption and 35% reported unauthorized computer access. Only 33% percent of respondents are aware of written security policies that they are subject to. Less than a third of respondents receive computer security education from the MLS or brokerage. Clearly the industry needs to step up its security education and security policy awareness.

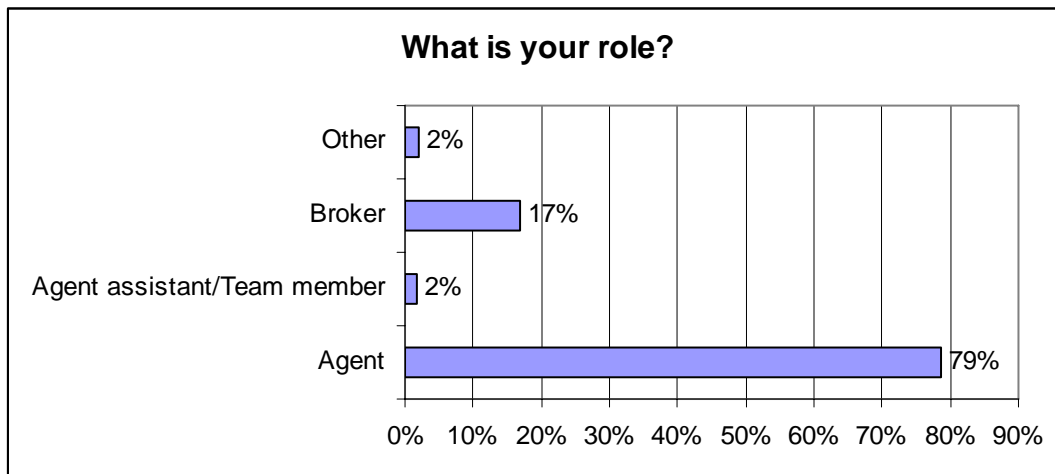
Survey Findings

Participant Profile

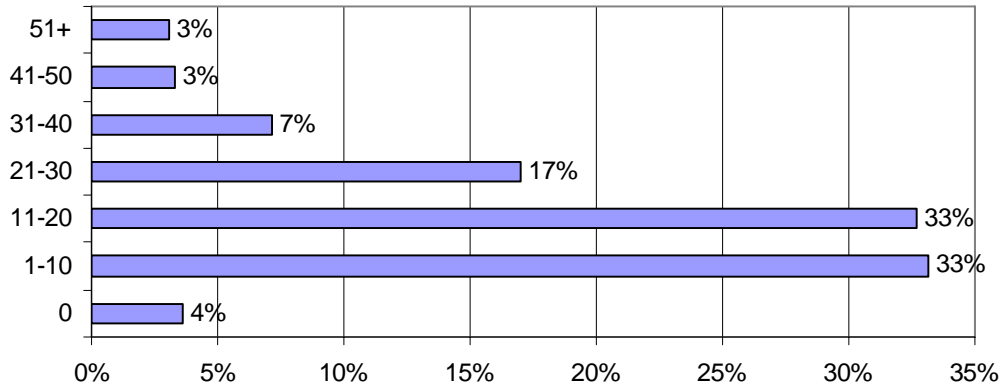
CRT surveyed a wide variety of real estate professionals to determine if there were differences across lines of experience, industry role, firm size, and productivity. Throughout this report, results are segmented by respondent profile.



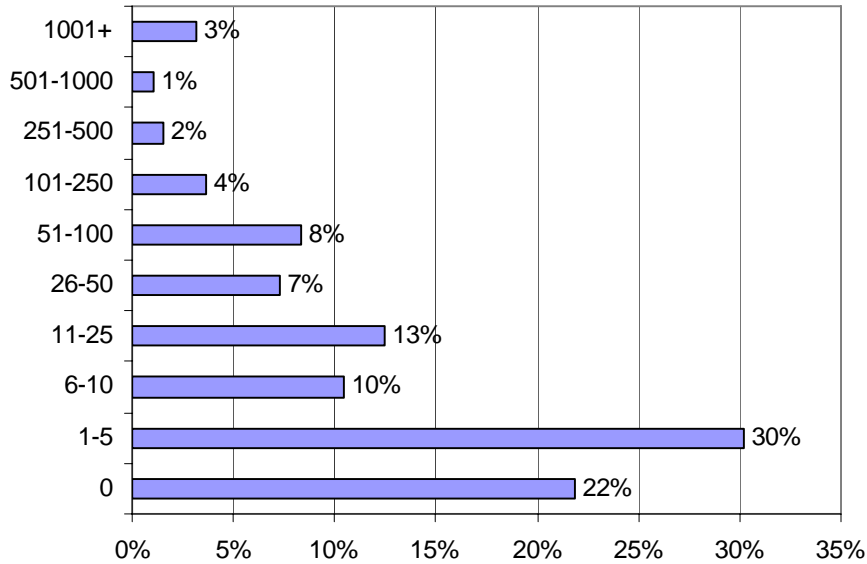
Interestingly, there is no correlation between how long a respondent has been in the real estate business and how they answered later questions such as technology owned, technology planned to purchase, transaction management use, web site ownership or lead reseller usage.



If you are an agent, what is your approximate number of sides per year?



If you are a broker, how many agents are in your company?

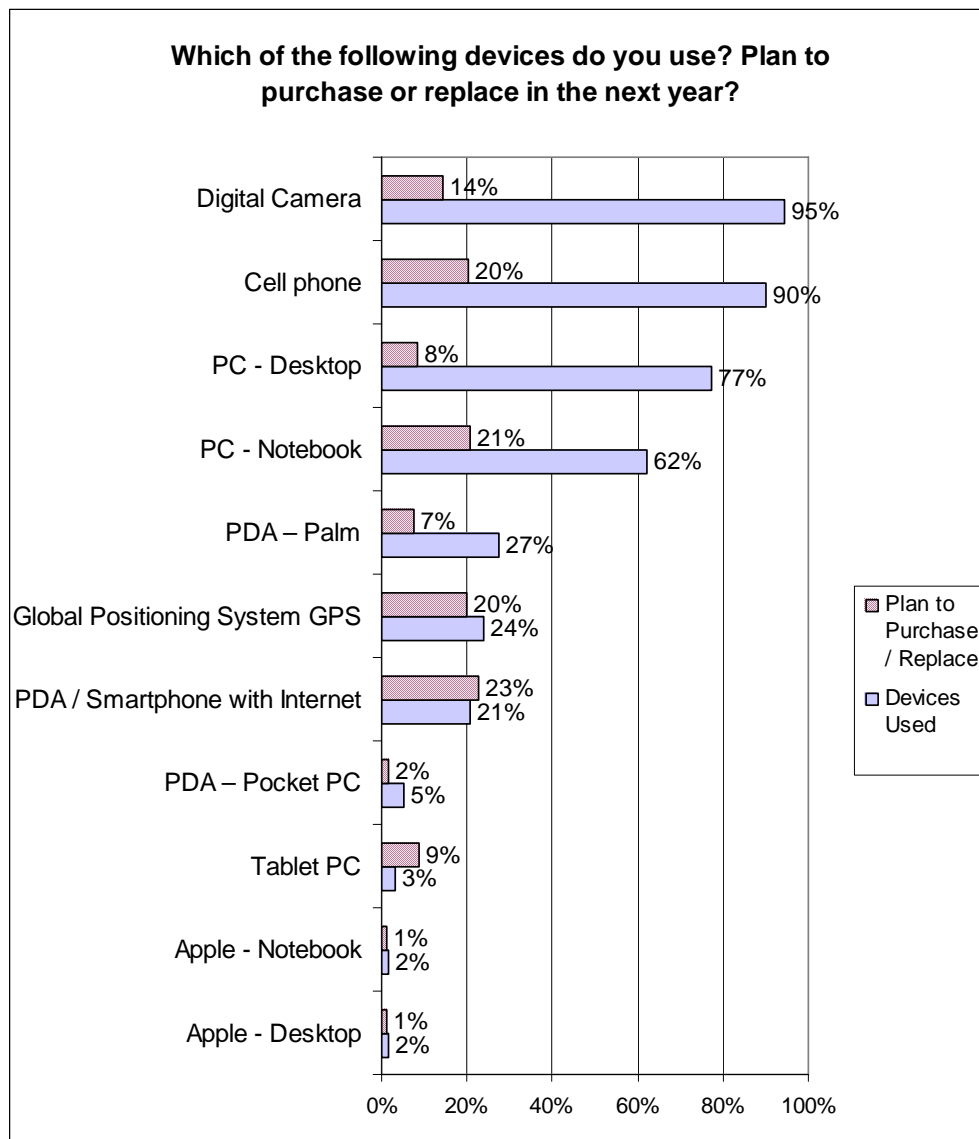


Technology Sourcing

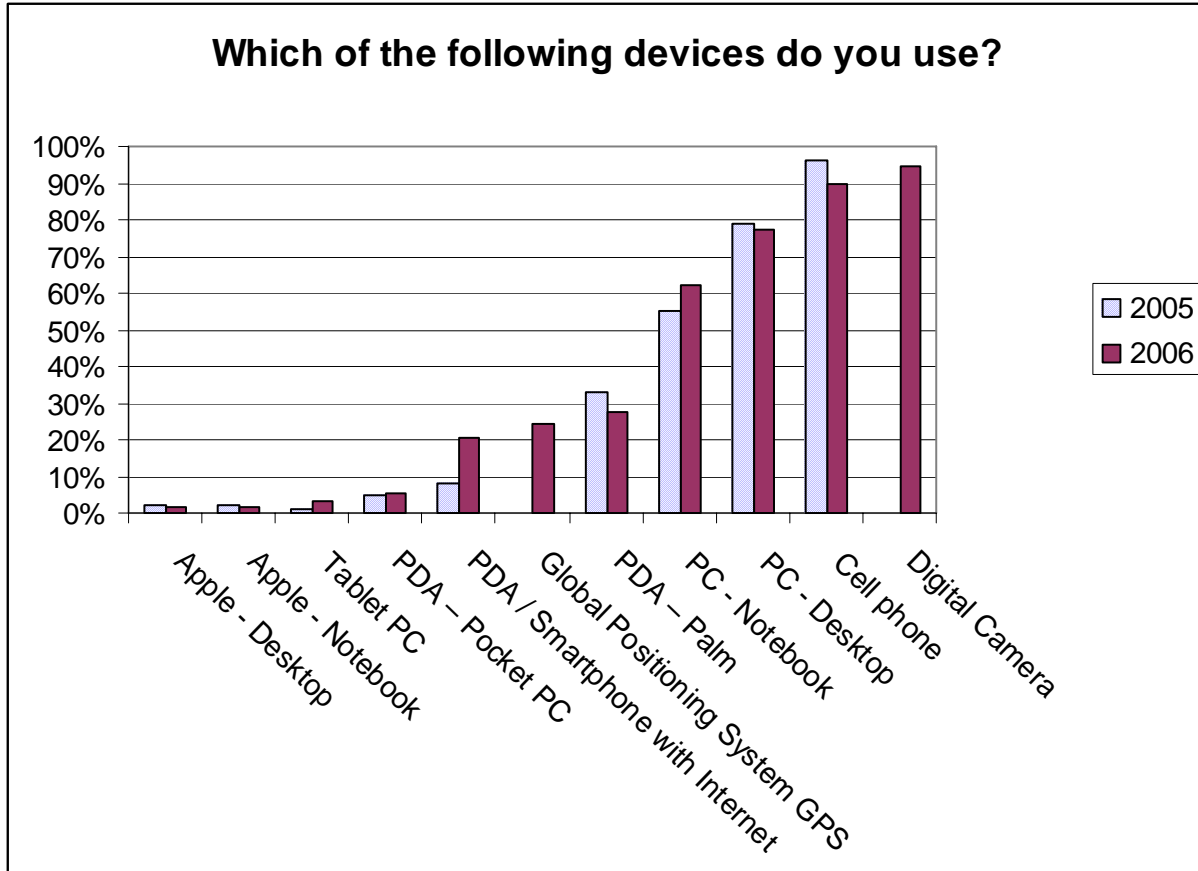
Providing property information to consumers is an important role for real estate agents. Yet despite that important role 44% of agents have had a consumer come to them with property information that they didn't have access to via the MLS system or provided by their broker.

Technology Spending

Use of most technologies has remained steady since the 2005. This is the first year that Global Positioning System (GPS) use has been measured. Twenty-four percent use GPS, and 20% intend to purchase or replace a GPS in the next year.

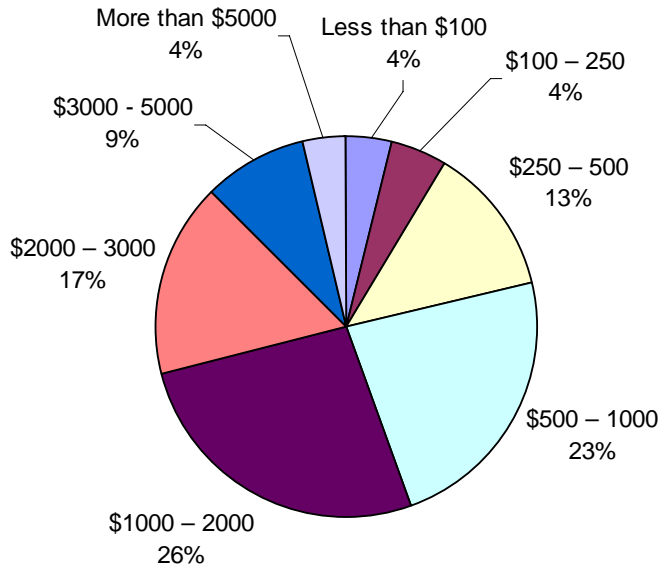


Another growth category was “PDAs and Smartphone with Internet” expanding from eight percent in 2005 to 21% in this survey. Digital camera use was not measured the previous year, but this year it was measured at 95%, the highest use of any device category.



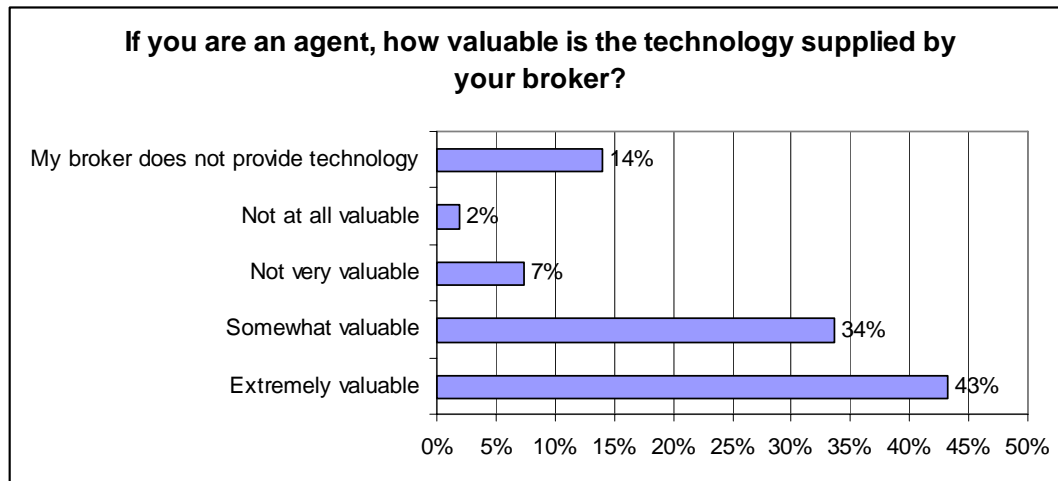
Fifty-six percent of agents spent more than \$1000 on technology in 2005, and 30% of agents spent more than \$2000.

If you are an agent, how much did you spend in 2005 on technology?



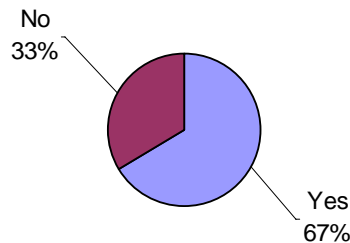
Broker Sourcing

Brokers play a significant role in agent technology use. 86% of agents indicated that their broker provides them technology. 77% of the agents found that technology somewhat or extremely valuable.

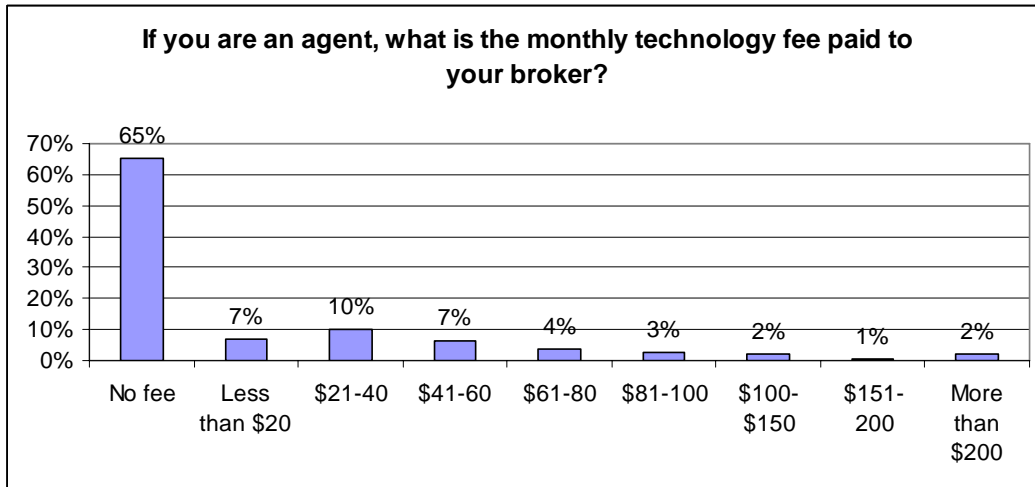


Sixty-seven percent of agents want their broker to expand their technology offering. The better the agent's perception of the value of the broker-provided technology, the more the agents want the broker to expand the technology offering. However, there does not seem to be a relationship between the value of the technology provided by the broker and the high percentage of agents (see MLS Sourcing section below) that want MLSs to expand their technology offering.

Do you want your broker to expand the amount of technology they offer you?

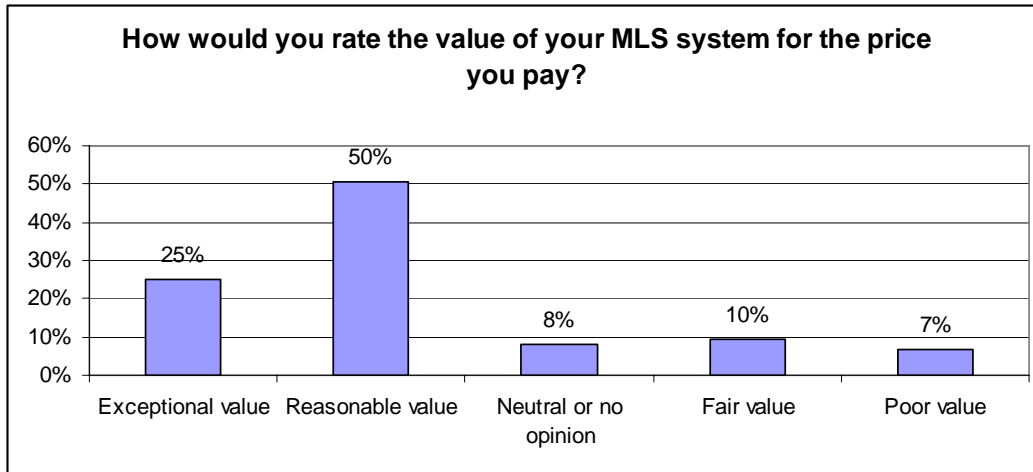


More than a third of brokers charge agents a separate technology fee.



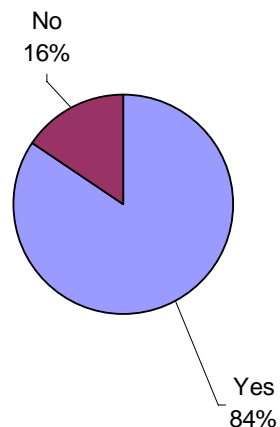
MLS Sourcing

Seventy-five percent of respondents rate the MLS an exceptional or reasonable value, while only seven percent rate it a poor value.



Eighty-four percent want the MLS to expand the technology and service offered. Sixty-seven percent of those that did not want their broker to expand the amount of technology offered did want the MLS to expand their offering.

Do you want your MLS to expand the technology and service offered?



When one examines the answer to this question by role, one finds agents and others desiring the expansion of MLS technology and service more than brokers, but not by very much, with 86% of agents and 78% of brokers desiring the MLS expansion of technology and service.

"Do you want your MLS to expand the technology and service offered?"

	Agent	Agent assistant / Team member	Broker	Other
Yes:	86%	82%	78%	93%
No:	14%	18%	22%	7%

From the chart below, there is no clear correlation between the size of the company and the brokers' desire for MLS technology and service expansion.

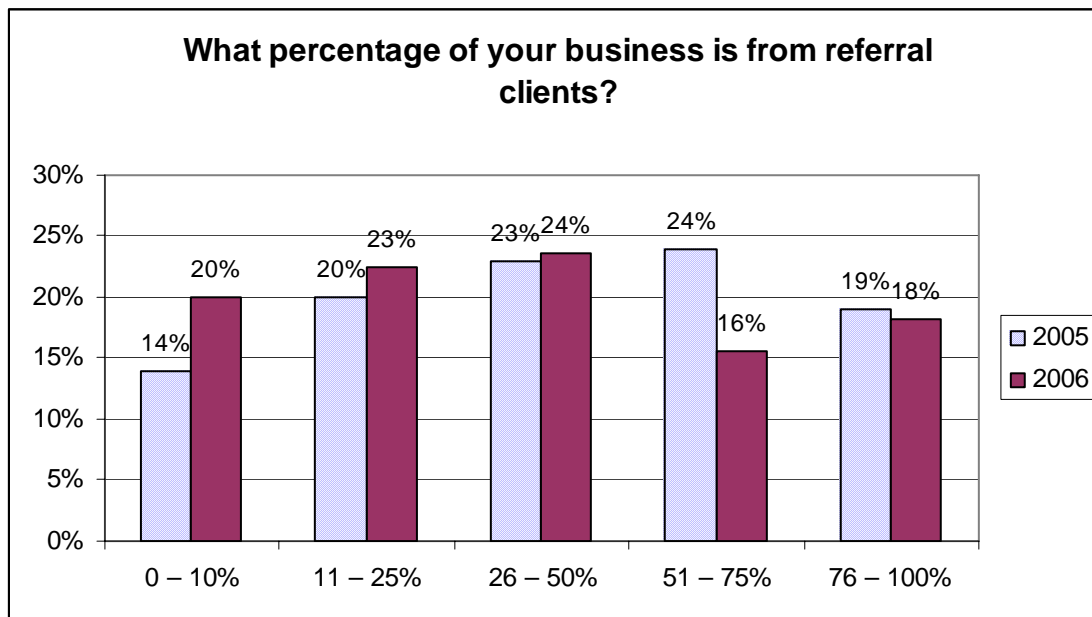
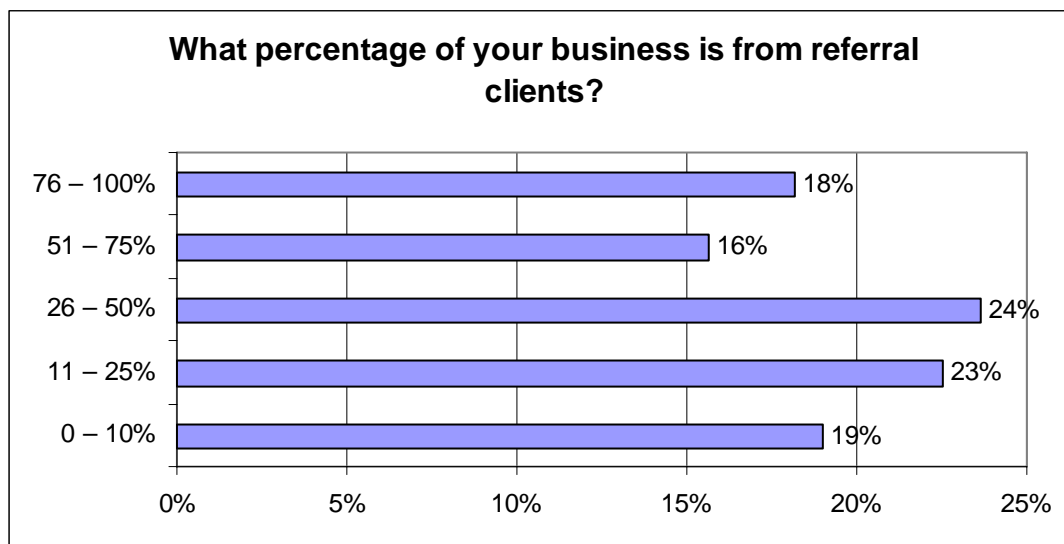
Do you want your MLS to expand the technology and service offered?

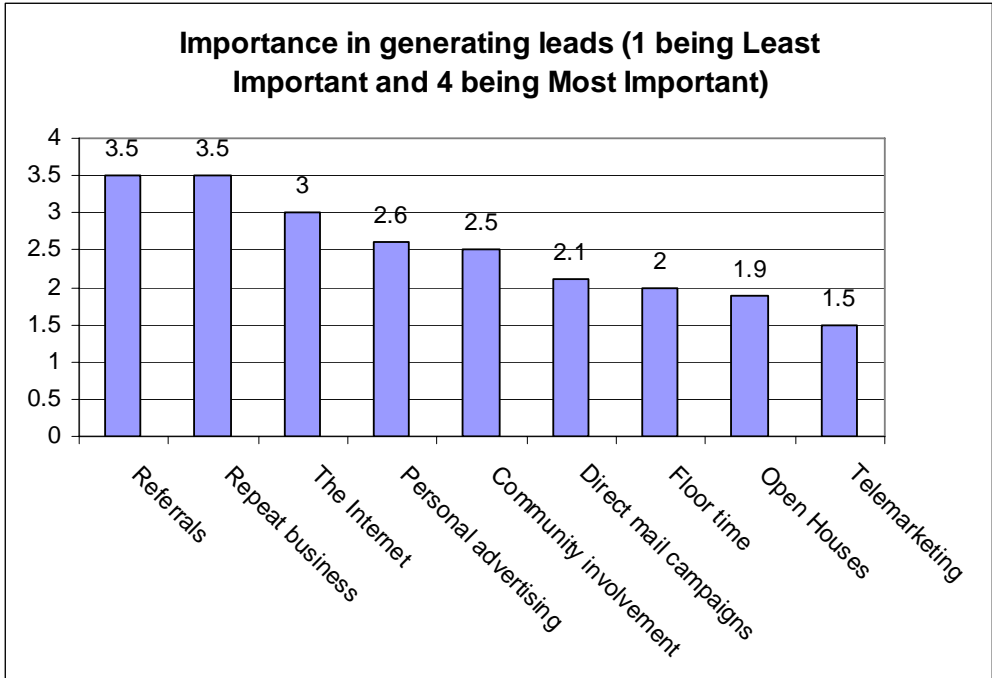
If you are a broker, how many agents are in your company?

	0	1-5	6-10	11-25	26-50	51-100	101-250	251-500	501-1000	1001+
Yes:	88%	82%	80%	100%	58%	75%	71%	67%	50%	100%
No:	13%	18%	20%	0%	42%	25%	29%	33%	50%	0%

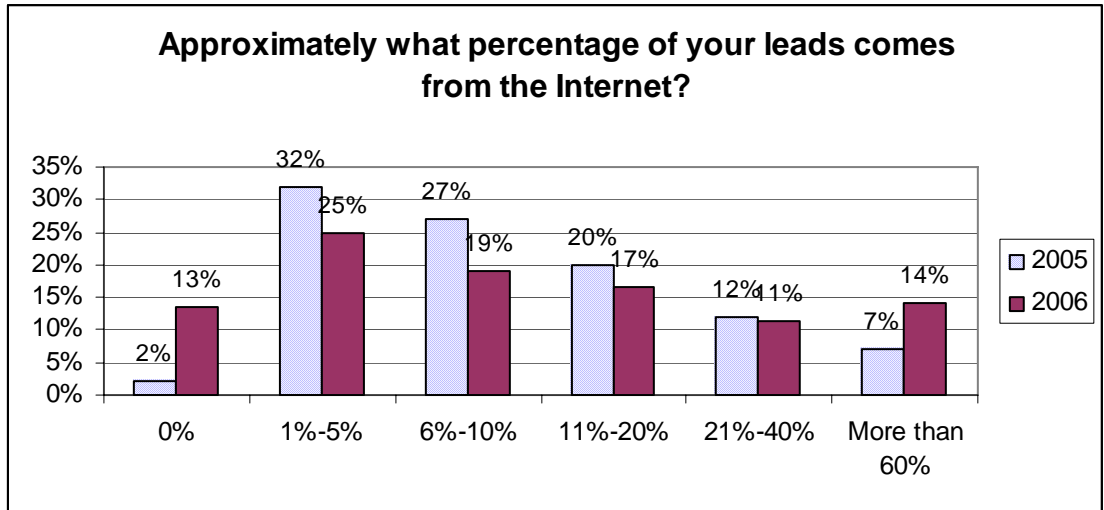
Lead Generation

Thirty-four percent of agents receive the majority of their business from referral clients. Though the Internet is the third highest rated source of leads, following referrals and repeat business, only 21% of respondents are satisfied with the amount of Internet leads they receive.

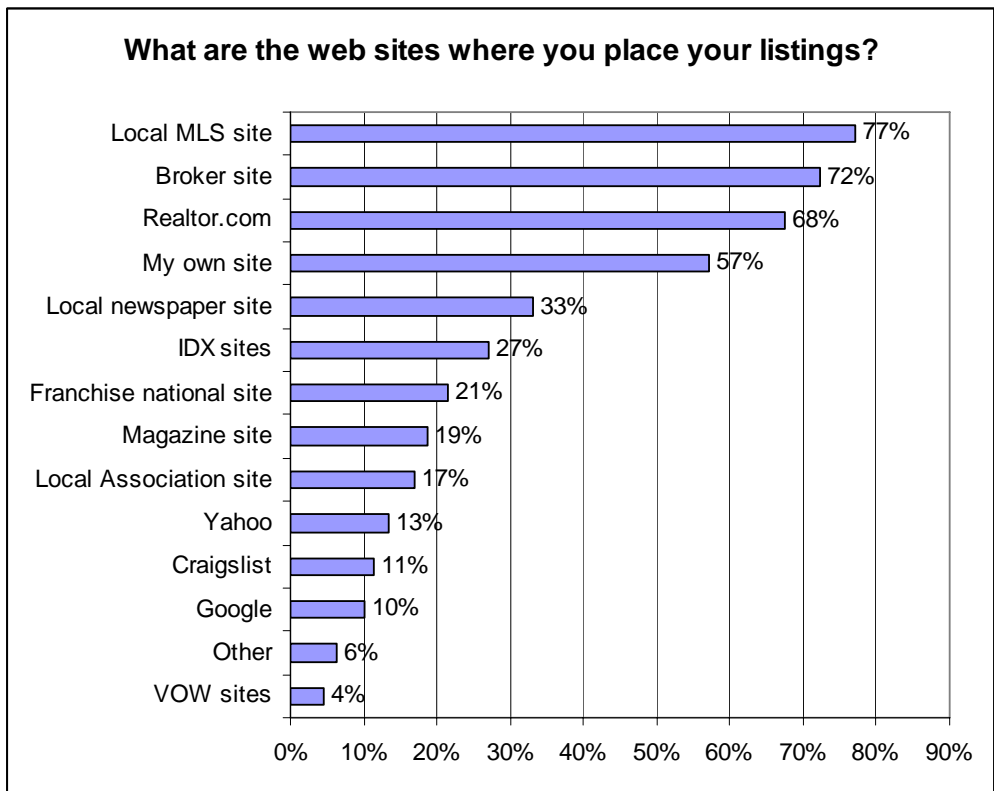




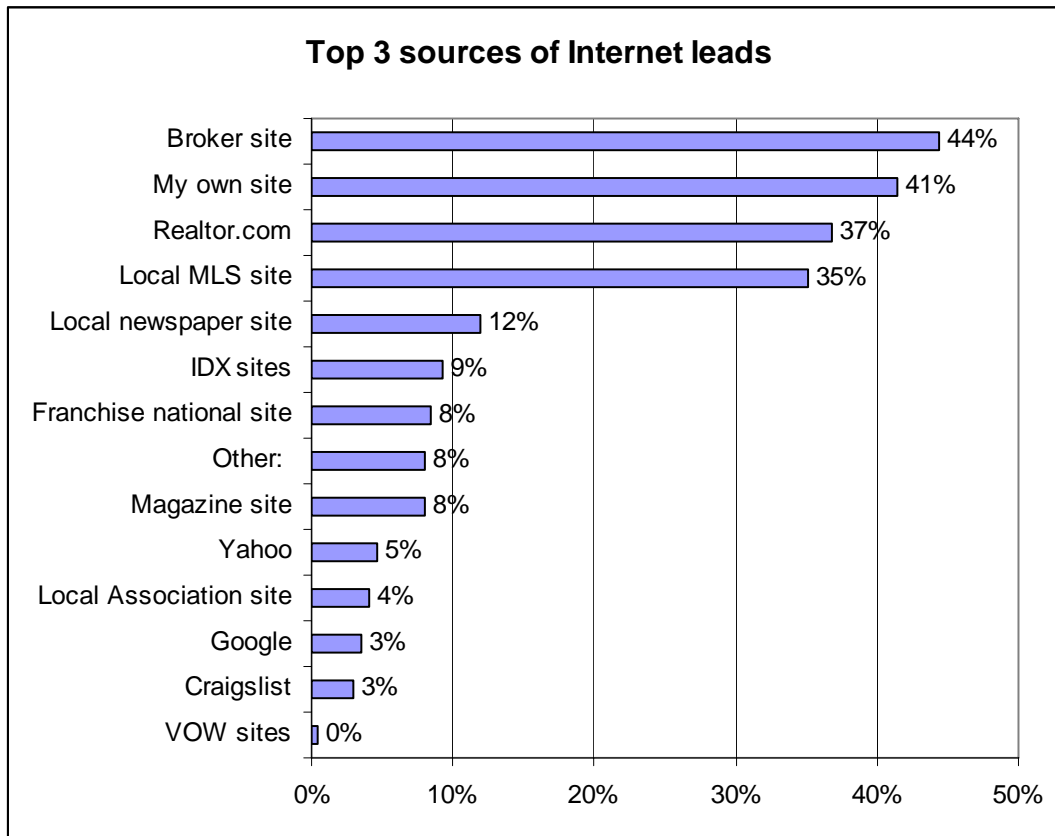
Last year, 30% of respondents were receiving more than 10% of their leads from the Internet, and this year that percent has risen to 42%.



The most popular web sites for agents to place listings are at local MLS site, the broker's site, Realtor.com and their own site. Those are the only places where a majority place listings online.

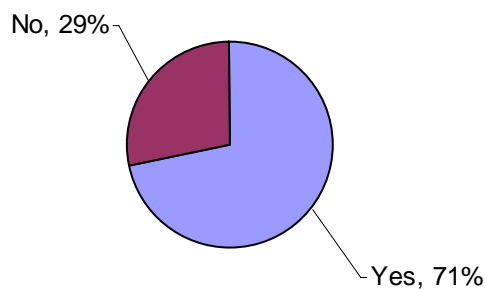


The broker web site, their own web site, and Realtor.com were the top three sources of Internet leads. Realtor.com edged out the local MLS site, which was in the top three last year.

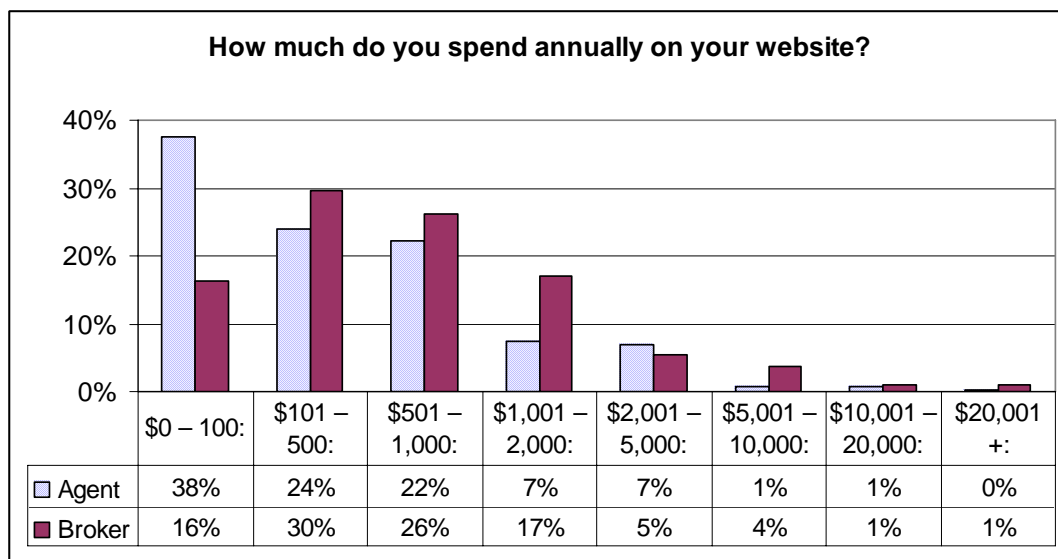
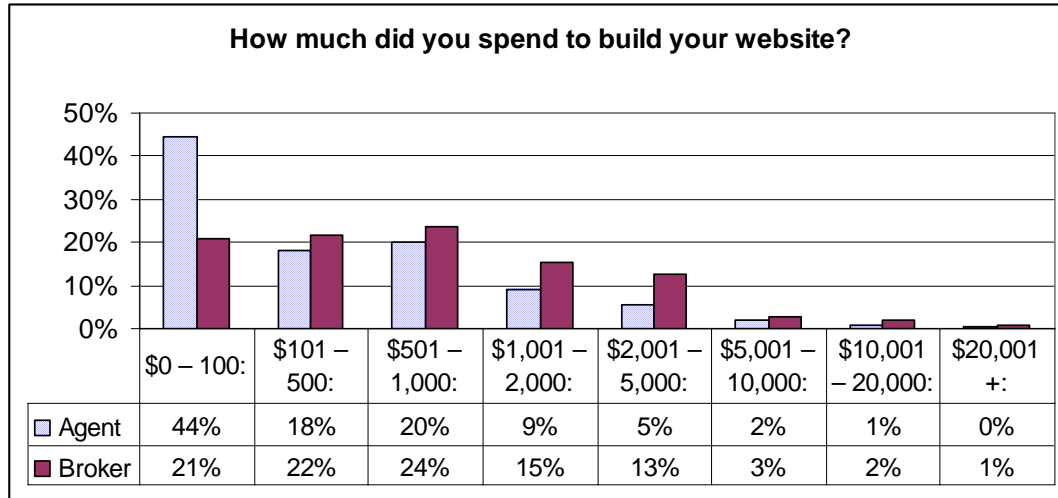


Last year, 68% indicated they had a business web site and this year 71% did so - the percentage of those with business web sites has not trended upward significantly.

Do you have a business web site?

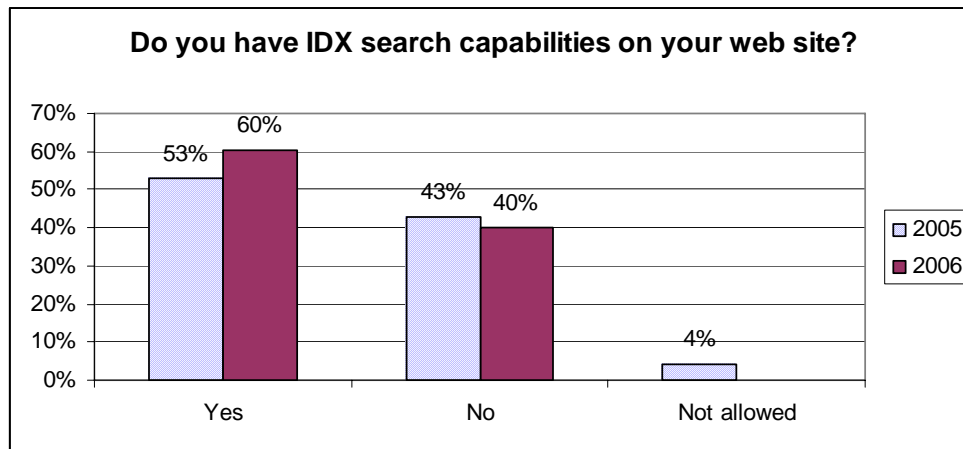


Given that the Internet is the third most important source of leads, it is surprising that the majority of agents spent less than \$500 to build or maintain their website, and that a supermajority of brokers (67%) spent less than \$1,000.



Where the money was spent on the web site (web site content, lead generation, search engine optimization techniques or other capabilities) was not asked in this survey.

Sixty percent of respondents have IDX search capabilities on their web site, a slight increase from the previous year's 52%.



IDX listings are an important part of an effective web site. Thirty-four percent of those with IDX search capabilities on the web site had more than 20% of leads coming from the Internet. Only 19% of those without IDX search had more than 20% of leads coming from the Internet.

Do you have IDX search capabilities on your website?

Approximately what percentage of your leads comes from the Internet?

	Yes	No
0%:	5%	23%
1% - 5%:	19%	33%
6% - 10%:	23%	13%
11% - 20%:	20%	14%
21% - 40%:	15%	8%
40% - 60%:	11%	6%
More than 60%:	8%	5%

As illustrated below, there is a clear correlation between web site spending and Internet leads. Greater web site investment has a direct relationship to the percentage of leads coming from the Internet. The 2007 survey will look where the money is spent, in terms of web site content, lead generation, search engine optimization techniques or other capabilities.

How much do you spend annually on your website?

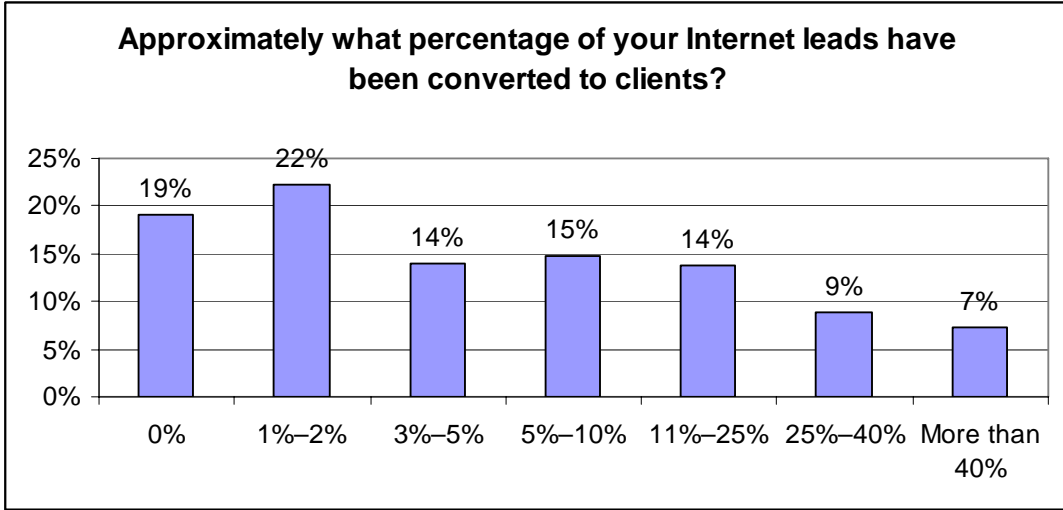
Approximately what percentage of your leads comes from the Internet?

	\$0-100	\$101-500	\$501-1,000	\$1,000-2,000	\$2,001-5,000	\$5,001-10,000	\$10,001-20,000	\$20,001+
0%:	25%	8%	8%	2%	0%	0%	0%	0%
1% - 5%:	32%	23%	22%	25%	5%	10%	0%	0%
6% - 10%:	14%	23%	26%	16%	19%	0%	0%	20%
11% - 20%:	11%	21%	16%	26%	24%	30%	20%	20%
21% - 40%:	7%	12%	14%	12%	29%	10%	0%	20%
40% - 60%:	6%	8%	8%	16%	12%	10%	40%	0%
More than 60%:	4%	4%	7%	4%	12%	40%	40%	40%





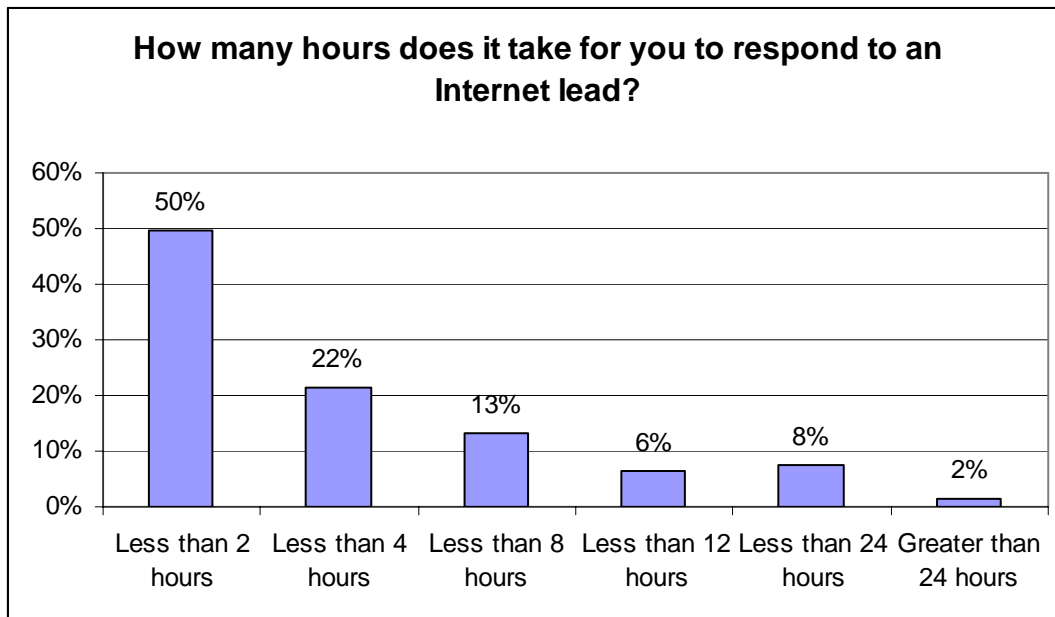
Last year, only 60% of respondents that received Internet leads indicated that Internet leads lead to sales, a figure that has risen to 81% this year. Fifteen percent utilize a service or technology to qualify Internet leads.



Thirty-six percent of Realtors take action to maximize traffic to their web site, the same percentage as found in the 2005 survey. The most common activities include:

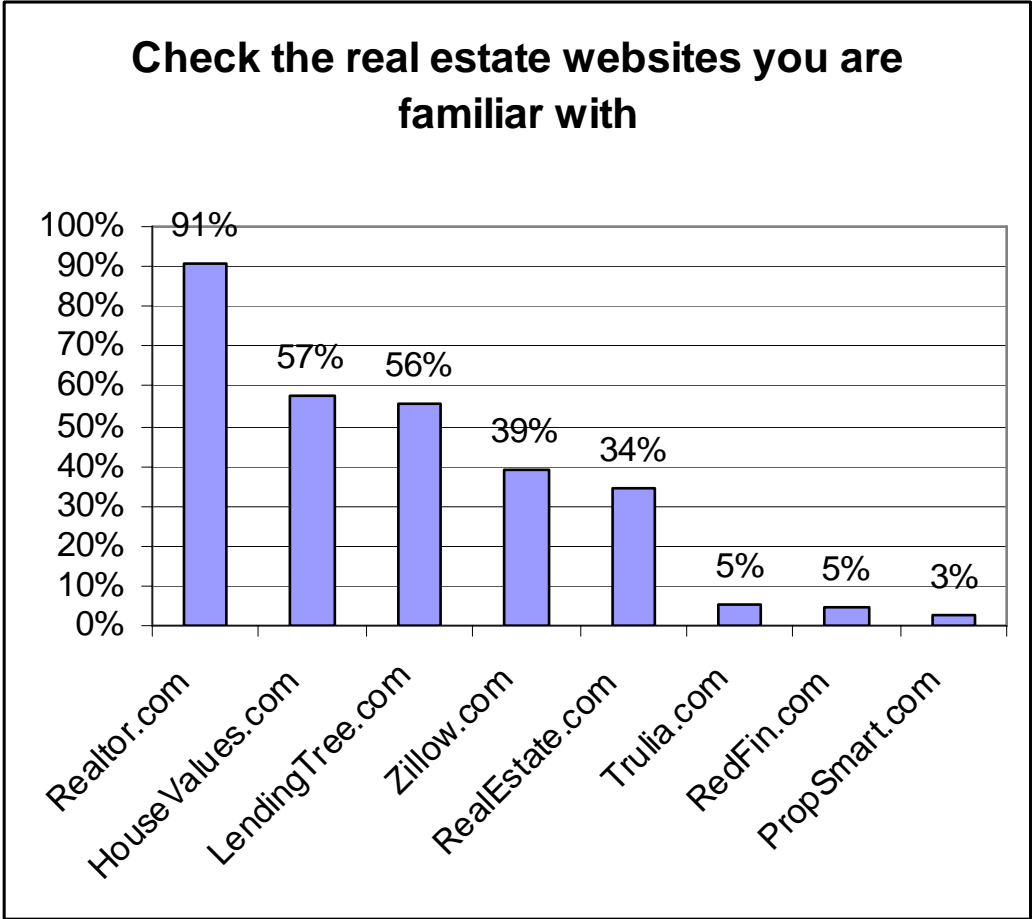
1. Advertise on print marketing materials (flyers, letters, business cards, etc.)
2. Advertise in newspaper
3. Buy search engine key words / Pay-per-click
4. Optimize site for search engines
5. Search engine submission
6. Direct mail
7. Add content
8. Advertise on other web sites
9. Enhanced Realtor.com listing
10. Web site rider on signs

Half of the respondents indicate that it takes them less than two hours to respond to a lead, and only two percent indicated that it took them more than one day to respond. This fact contrasts sharply with many other studies and surveys in recent year. Perhaps REALTORS® are coming to understand the need to respond quickly to Internet leads to receive maximum benefit.



Third Party Leads

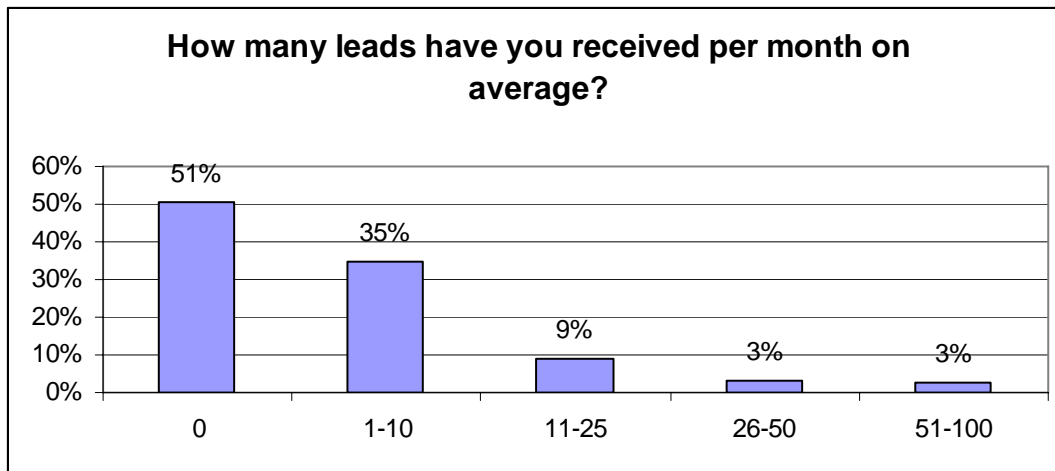
Ninety-one percent of respondents were familiar with Realtor.com, more than any other real estate web site.



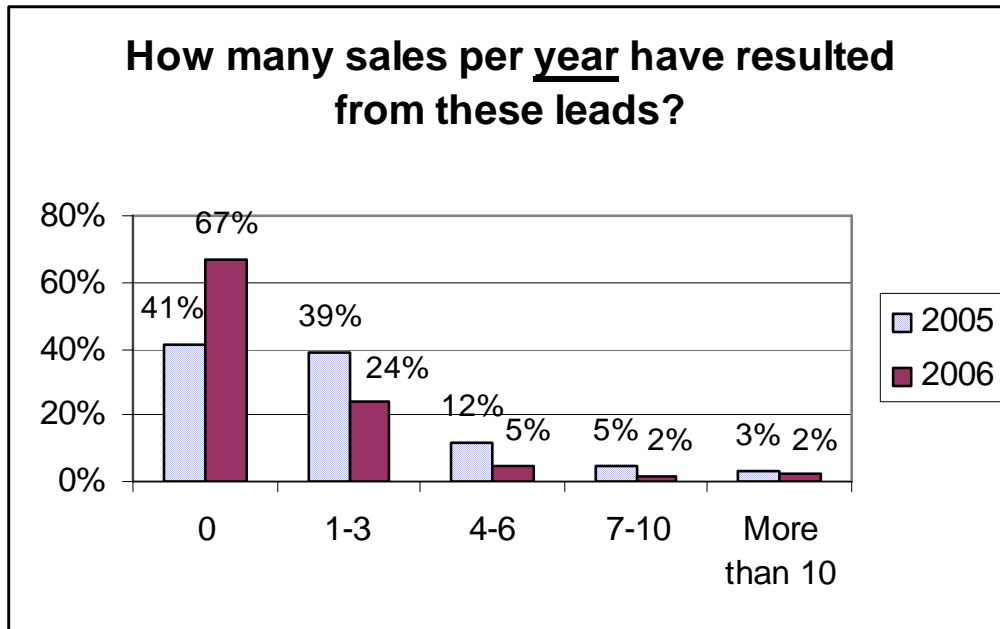
Fifty-three percent of respondents find third party lead programs useful or valuable, but only 16% currently participate in a lead generation programs where they pay for the leads. Forty percent of those that had participated in such a program have stopped their participation. Less than 15% of those participating in lead generation programs are satisfied with the results.



Of those participating in lead generation programs, 51% did not receive any leads, and the majority of those that did receive between 1 and 10 leads per month.



Sixty-seven percent indicated that no sales last year resulted from leads, 24% reported one to three sales per year, and less than 10% reported more.



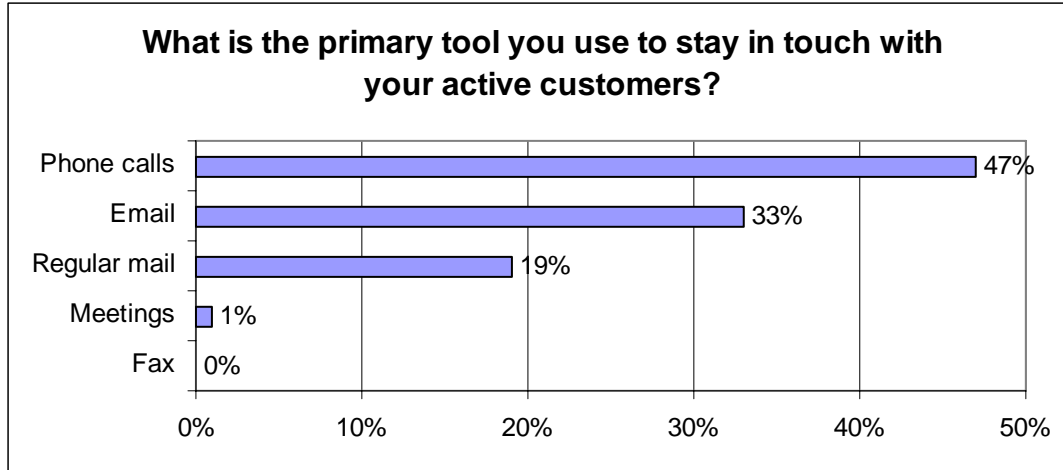
When asked, “How could these programs be more effective?” respondents answered as follows:

- Better and more timely lead screening / qualification
- Charge less or provide more valuable leads or a combination of both
- Charging referral only if it leads to a sale

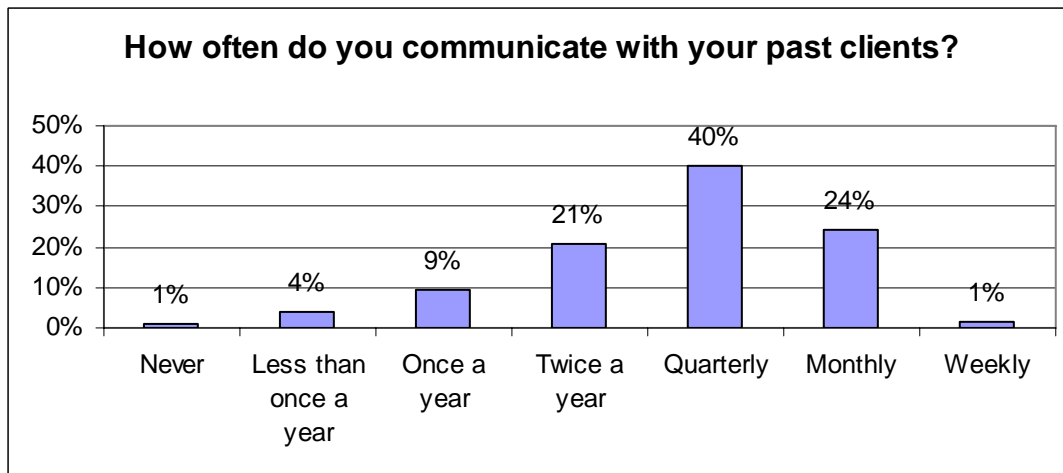
The need for better and timelier leads is consistent with survey results in 2005. The following quote sums up a many of the comments in this areas: "Buyers/Sellers need to be thoroughly pre-qualified. Since this will never happen, devoting time and money to find a needle in a haystack is a waste of my resources."

Client Relations

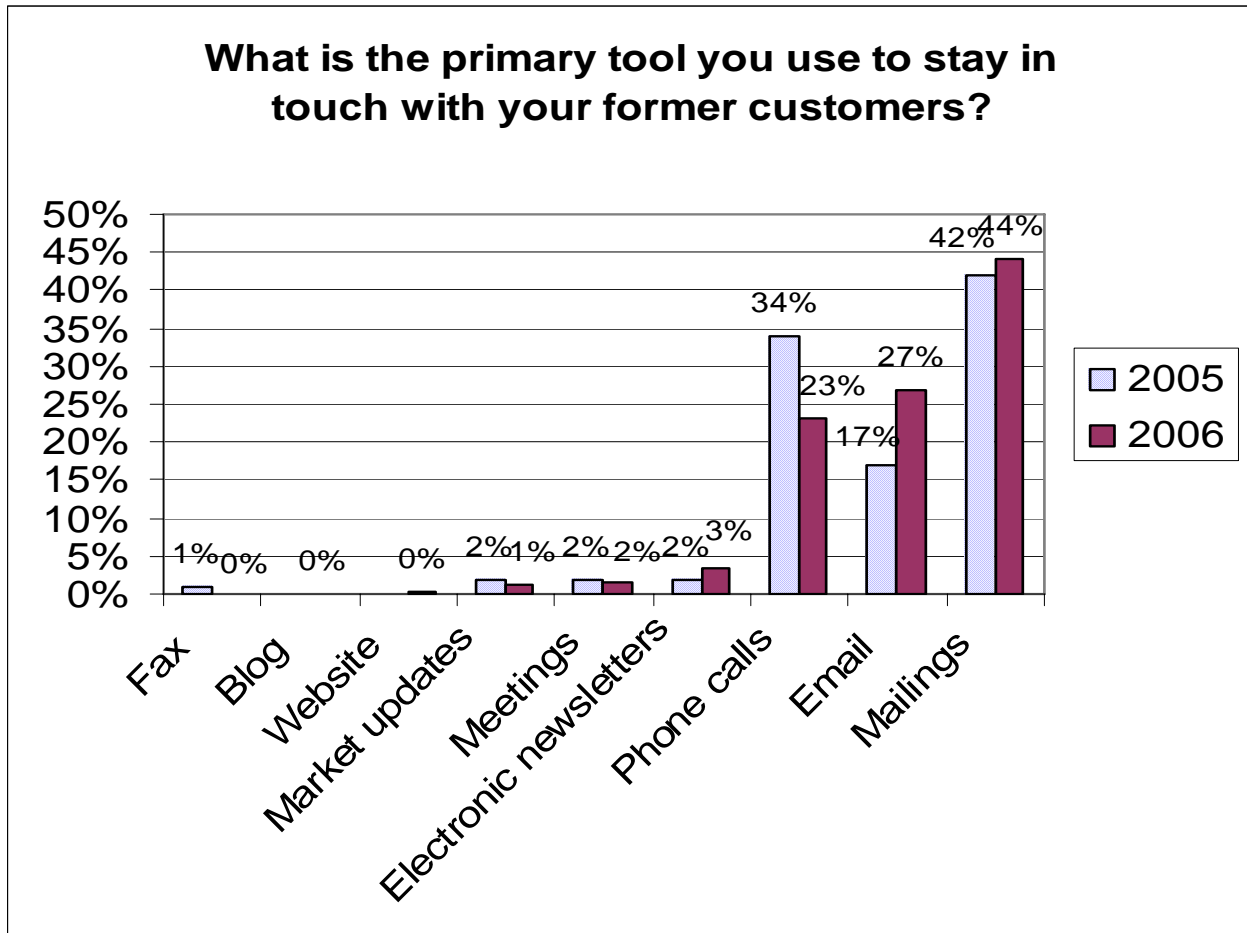
Forty-six percent use the phone as their primary tool for communicating with active customers, followed by email (33%) and regular mail (18%).



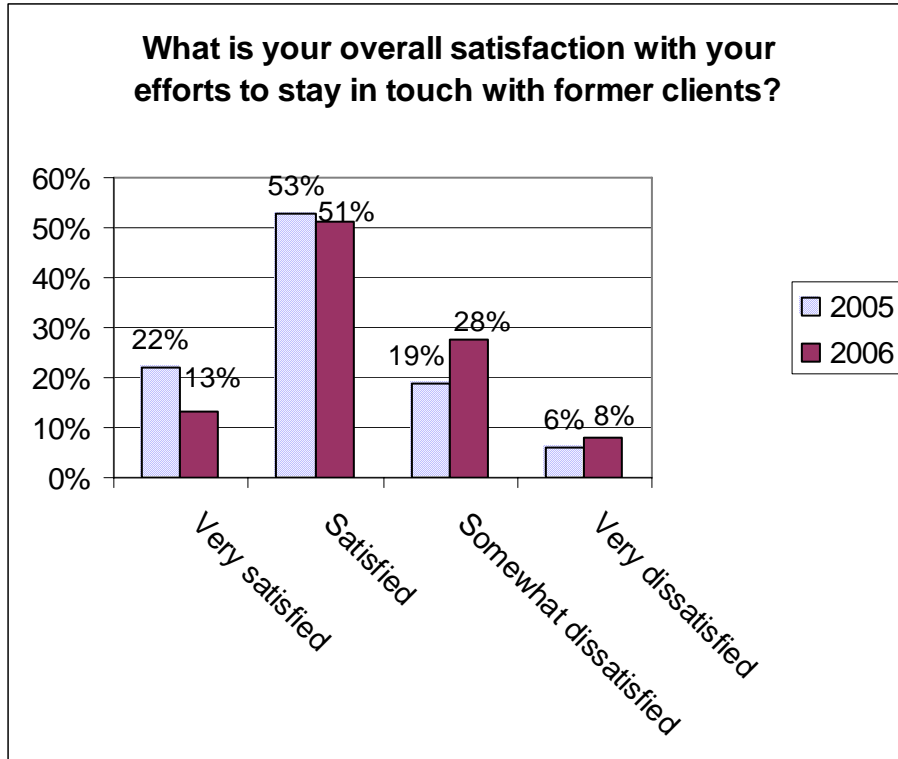
Sixty-four percent of agents communicate with past clients quarterly or more frequently, while only five percent communicate with them less than once a year or never.



The most popular methods for staying in touch with former customers include mailings, email and phone calls, the same as in the 2005 survey. However, compared with that survey, phone use dropped nine points to 22% and email use increased 10 points to 27%.



Sixty-four percent indicate that they are satisfied or very satisfied with their efforts to stay in touch with former clients – a decrease from 75% the previous year. Agents recognize that there is room for improvement in their efforts, especially given the previously stated importance of repeat business and referrals.

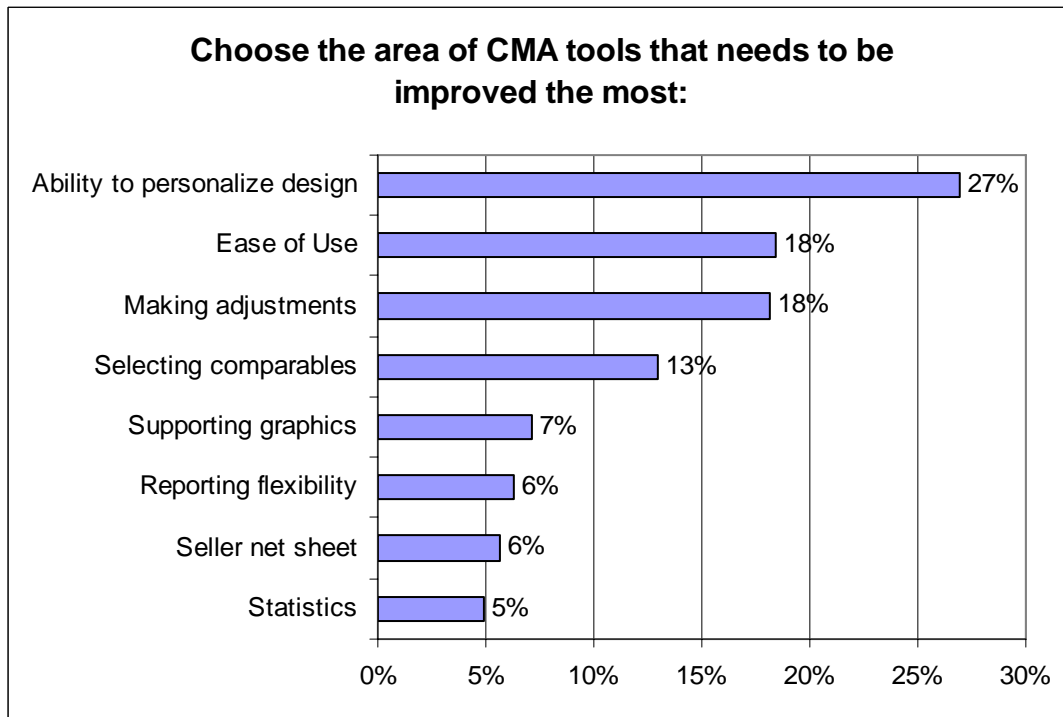
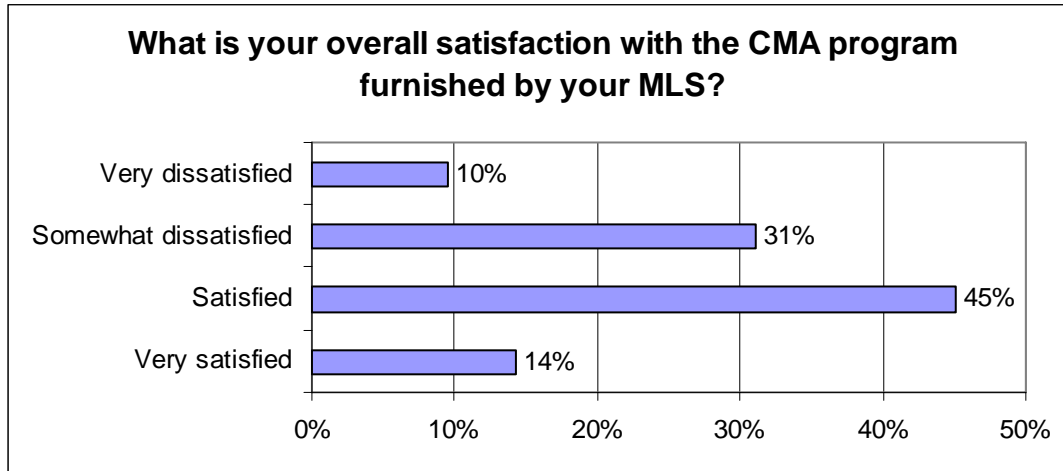


When asked, “What would help you stay in touch with your former clients more effectively?” the responses could be summarized as follows:

- An orderly and systematically organized marketing program that sends email birthday cards and reminders when to give them a call, which has prewritten messages
- More time, more organization
- An assistant
- Good scripts
- Coaching
- Affordable automated mailings

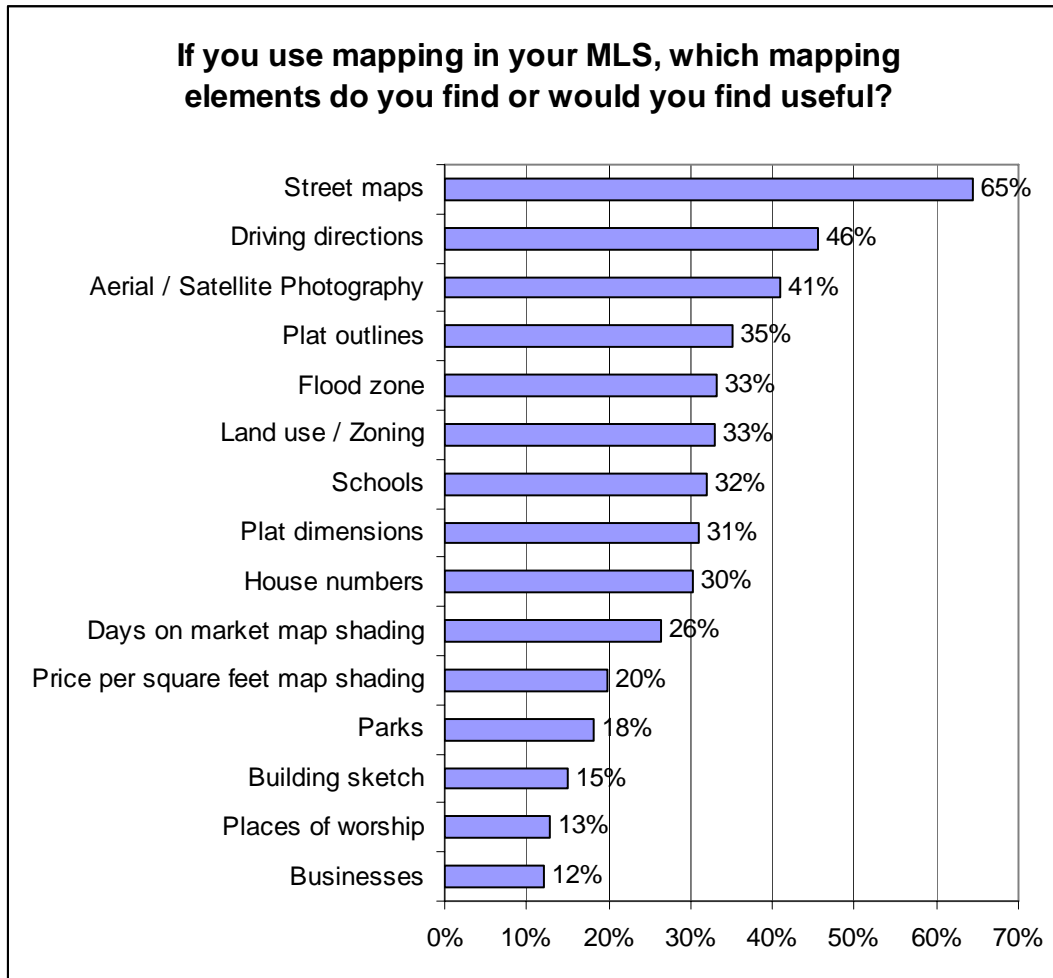
Comparative Market Analysis (CMA)

Ninety-six percent use the CMA as part of the listing presentation. Only 10% are very dissatisfied with the CMA furnished by the MLS and an additional 31% are somewhat dissatisfied. The primary reason remains the same as last year, the inability to personalize and customize the report.



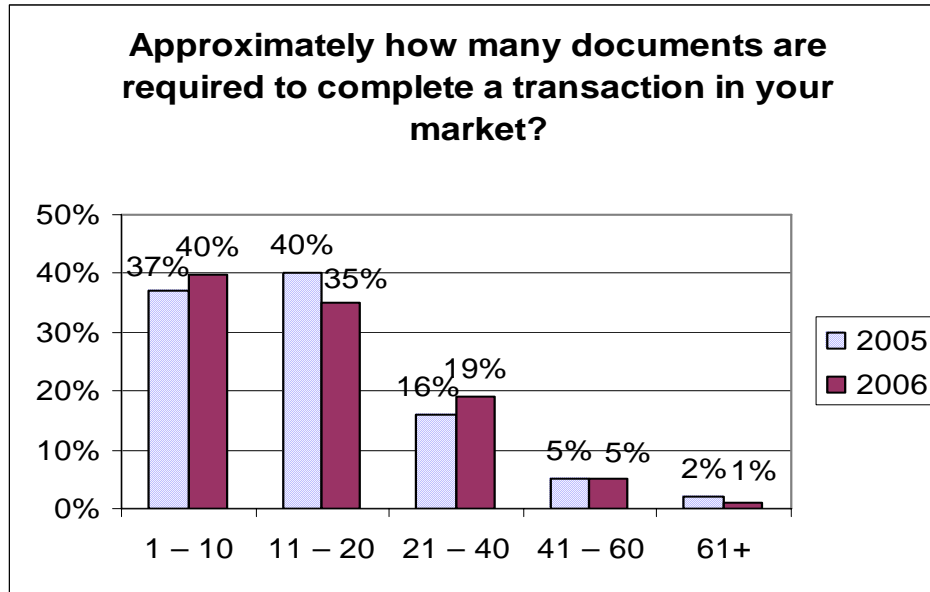
Mapping

There has been a rapid expansion in the past few years of the availability of various data layers in maps surrounding the property for sale. Of those, respondents find street maps most useful, with driving directions and aerial photography being the second and third most useful map elements.



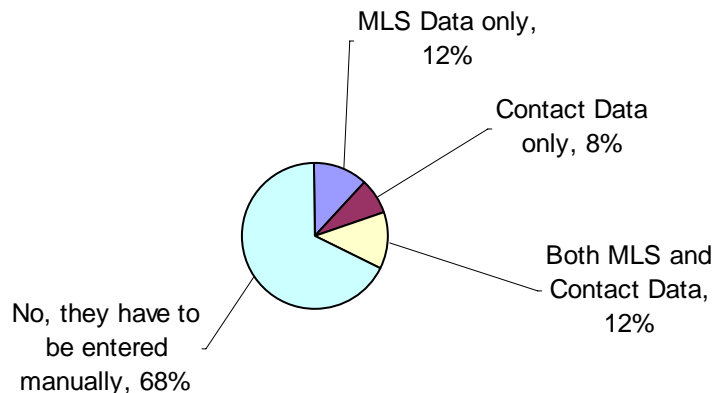
Forms and Contract Software

Forty percent of respondents use less than ten documents to complete a transaction, and an additional 35% use less than twenty documents.

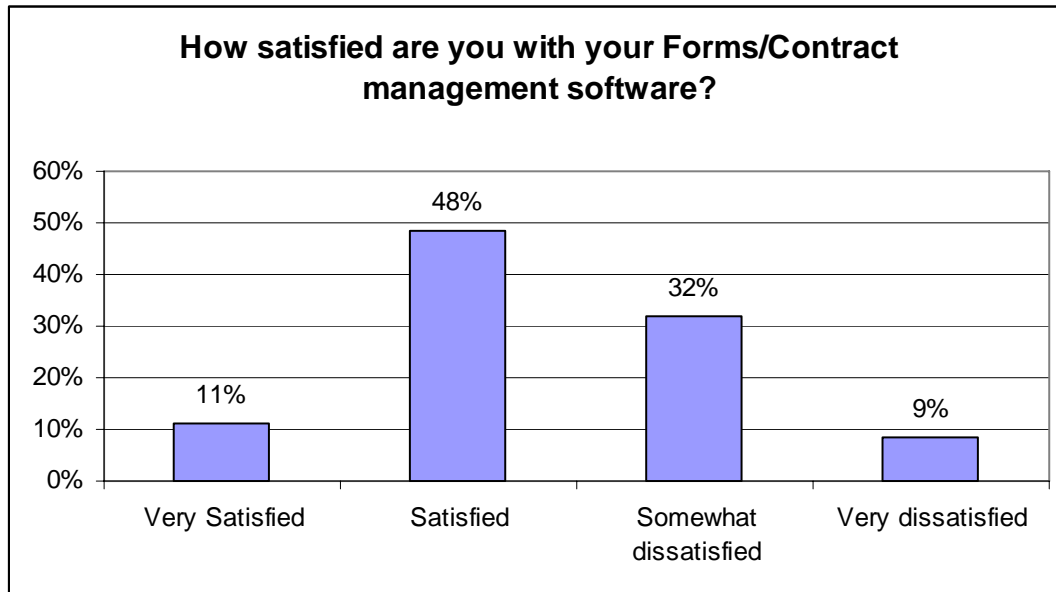


Sixty-two percent of respondents use automated forms management software, an increase of five percent over the previous year. Sixty-eight percent enter information into the software manually.

Does MLS and Contact data load automatically into your Forms/Contract management software?



Almost 60% are very satisfied or satisfied with their forms/contract software.



As illustrated below, the percentage of those 'very satisfied' with their forms/contract package increases 20 points when both MLS listing and contact information is automatically loaded, resulting in far superior satisfaction levels.

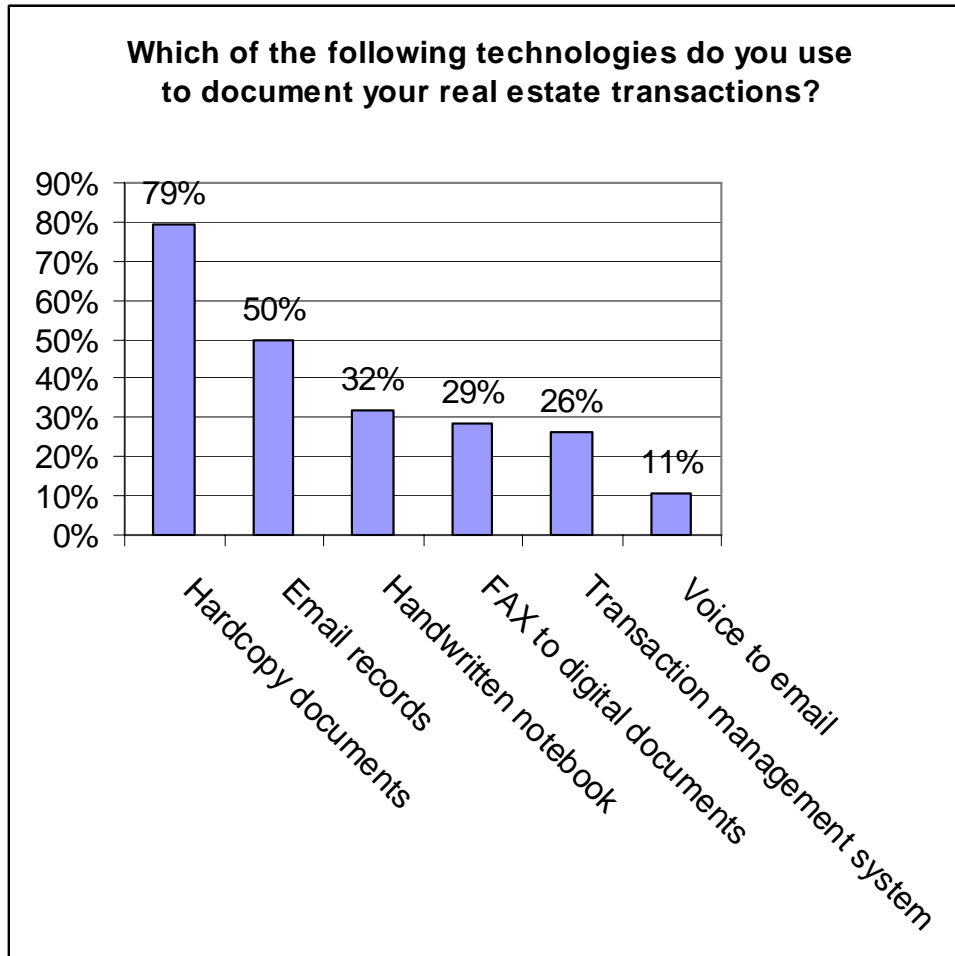
Do MLS and Contact data load automatically into your Forms/Contract management software?

How satisfied are you with your Forms/Contract management software?

	MLS Data only	Contact Data only	Both MLS and Contact Data	Manual Entry
Very Satisfied:	6%	7%	30%	9%
Satisfied:	65%	59%	57%	42%
Somewhat dissatisfied:	29%	33%	9%	38%
Very dissatisfied:	0%	2%	4%	11%

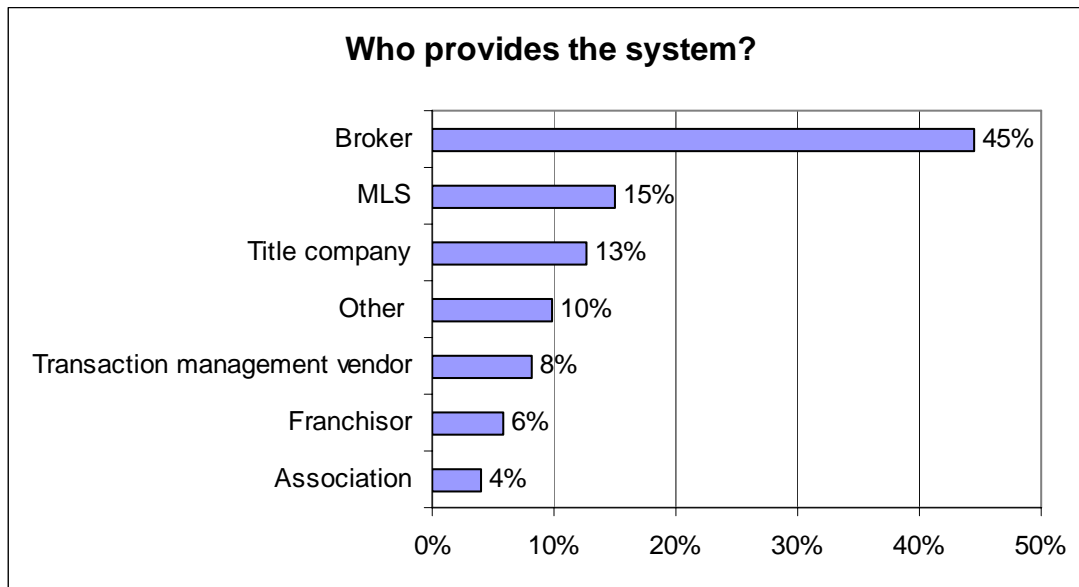
Transaction Management

Twenty-six percent of respondents use a Transaction Management system – a 100% advancement over the previous year's 13%, but still less in use than most other methods, such as those listed below:



One might expect that as agents are more productive, they may wish to take advantage of the efficiencies of online transaction management, but there was no such correlation found.

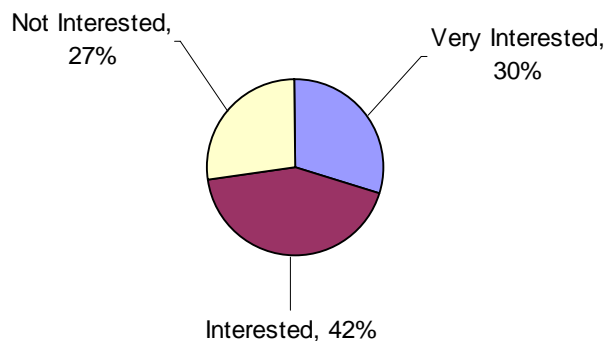
The broker is by far the primary provider of transaction management systems, providing 45%. The MLS is a distant second, providing 15%.



Note that in the chart above, 'other' generally signifies the agent themselves, contracting directly with the transaction management vendor or using tools they have had developed themselves.

Of those not currently participating in an automated transaction management system, 72% are 'Very Interested' or 'Interested' in doing so – clearly this is a category with growth potential.

If you answered no, how interested are you in participating in an automated transaction management system?



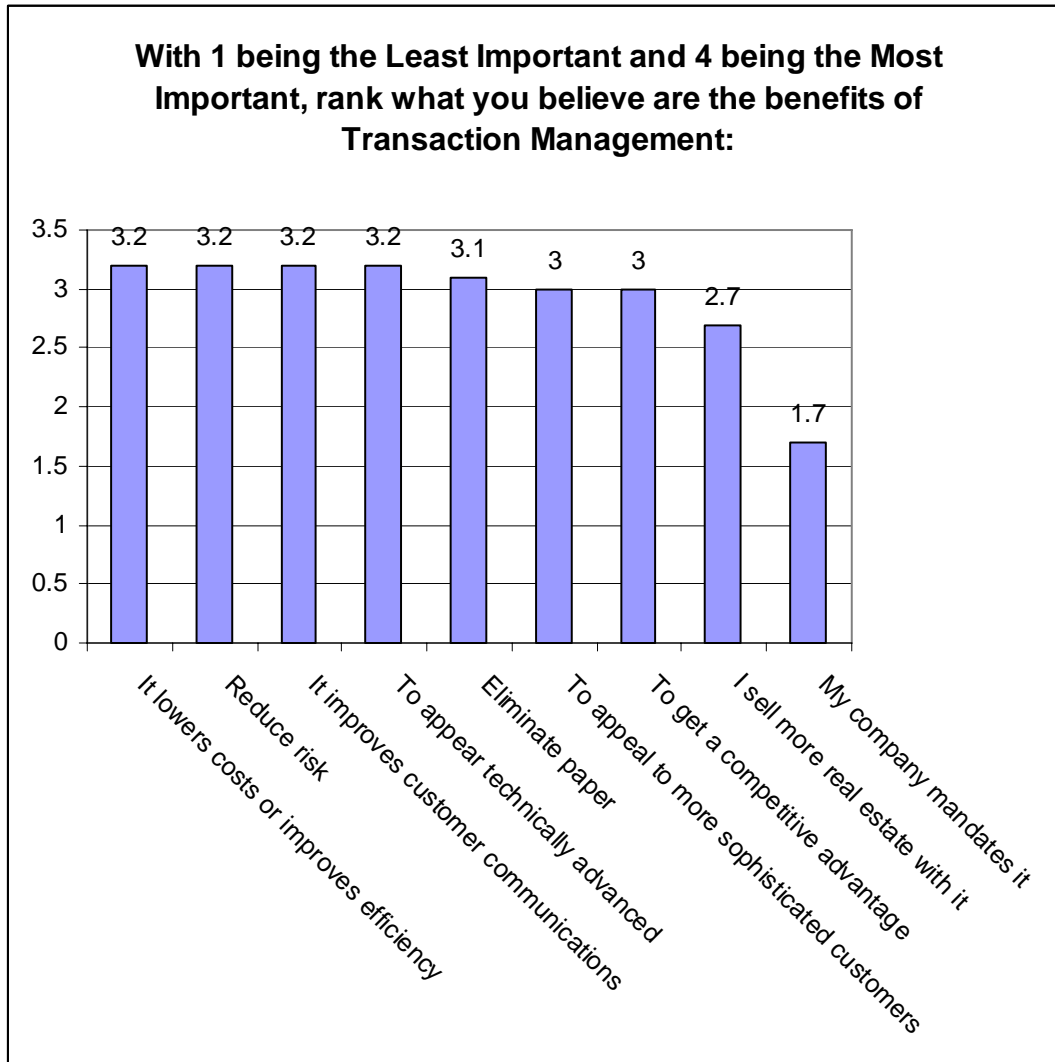
Seventy percent of respondents were 'Very Satisfied' or 'Satisfied' with their transaction management system.



Respondents had the following recommendations for improving Transaction Management systems:

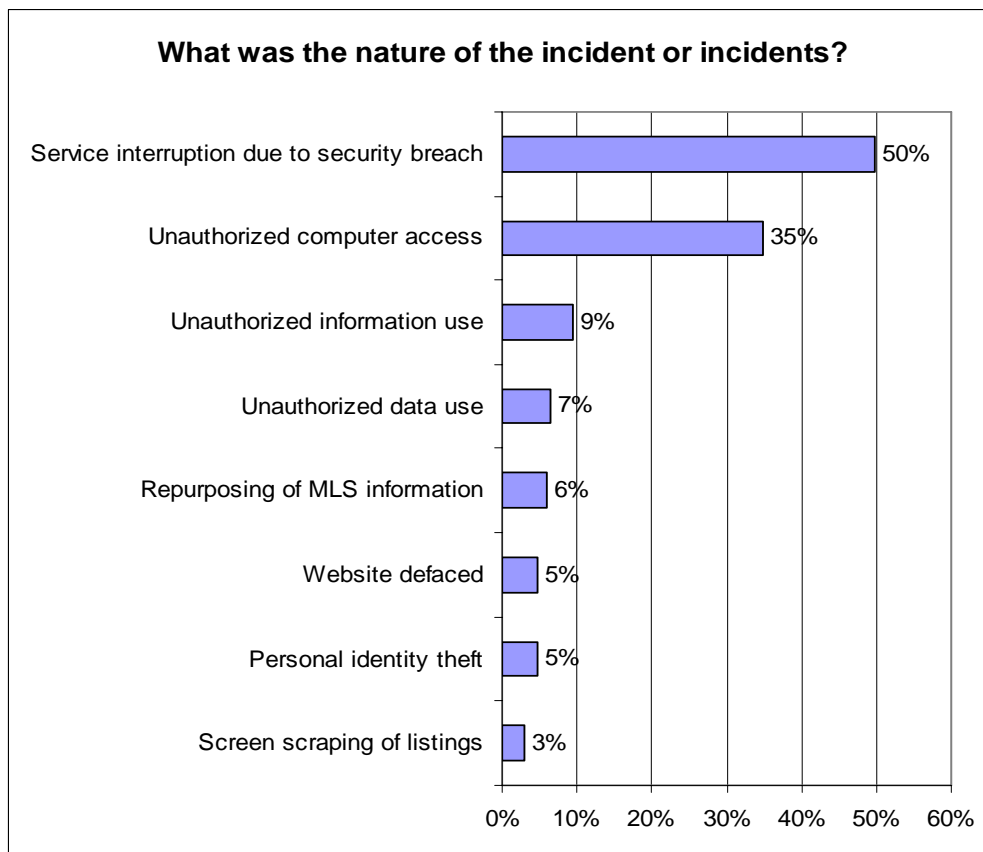
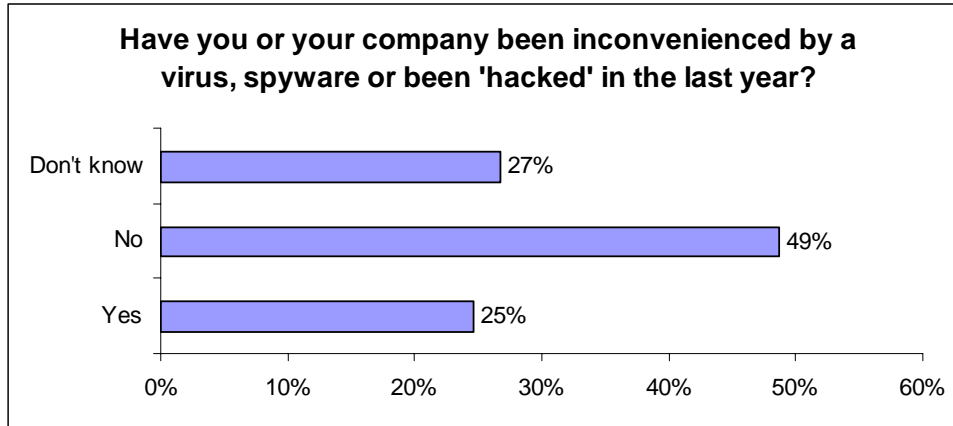
- Simplify setup and use, improve organization
- Keep up with MLS changes (data integration)
- Have the client's information automatically go from the MLS client database into the transaction and form database
- Link to my database
- Allow means for assistant to cover for you
- Auto-notification of changes
- Be able to customize it more
- Incorporate more steps of the process not just the closing
- Cost less
- Actually read the contracts and look for holes or conflicting dates

Respondents appreciated many of the benefits of transaction management equally, including the lowering of costs, the improved efficiency, the reduced risk, the improved customer communications, and the need to appear technically advanced. Nearly as important were the benefits of eliminating paper, appearing more sophisticated and use of the technology for competitive advantage.



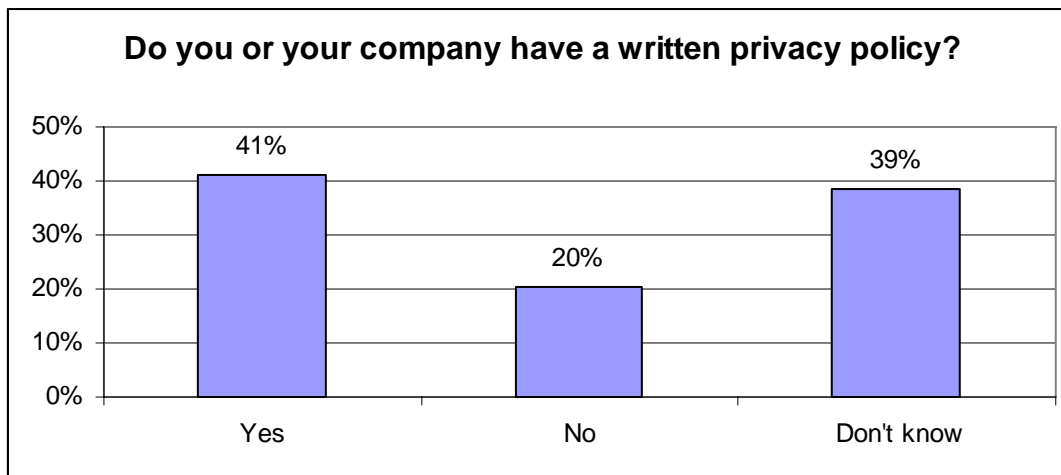
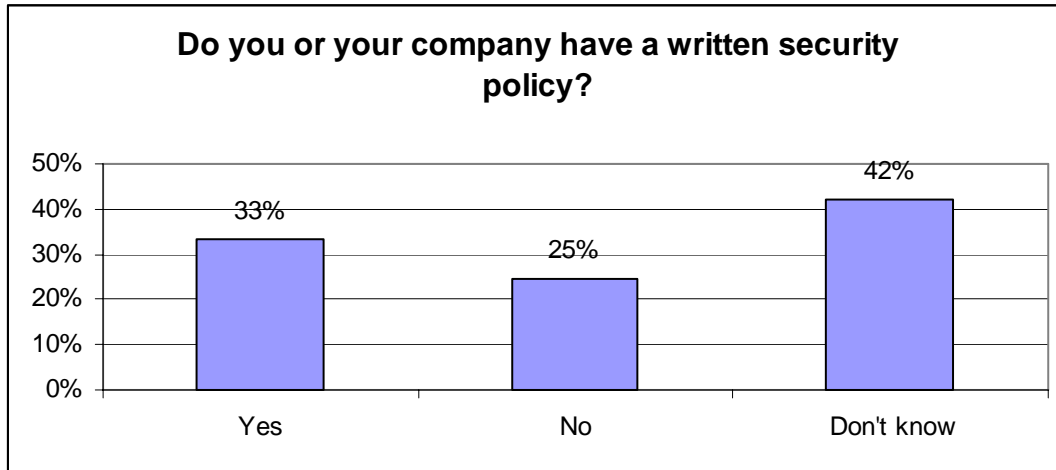
Security

One quarter of respondents had been affected by a security incident in the previous year. Another 27% did not know or were not sure if they had been affected. Of those affected, 50% reported service interruption and 35% reported unauthorized computer access. This is an area where the industry needs to see improvement.

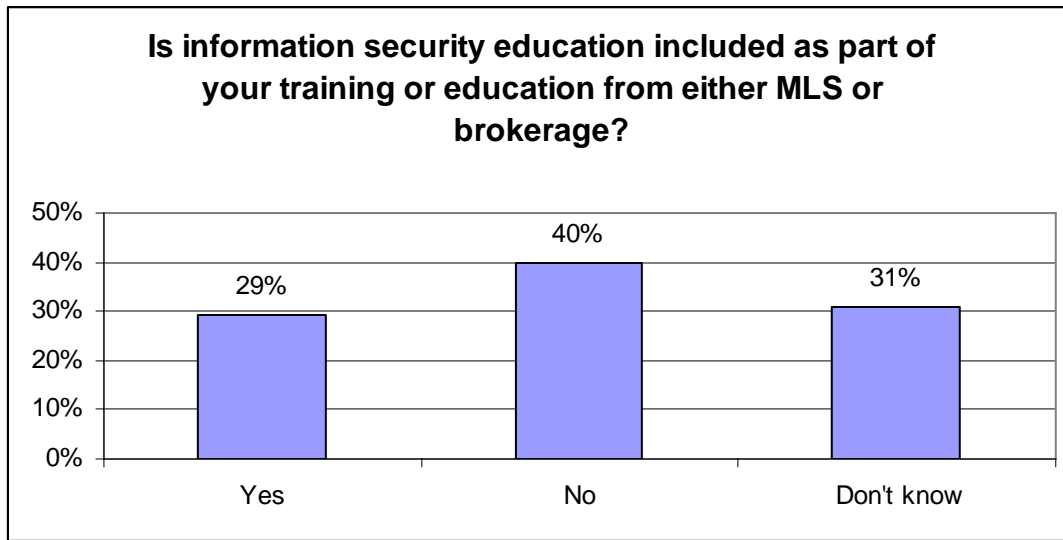


Ninety-seven percent of respondents use antivirus software and 85% use anti-spyware software on their computer. Eighty-two percent check for and install security updates for their computer regularly (at least monthly).

Thirty-three percent of respondents are aware of written security policies that they are subject to, and 41% have a written privacy policy. Again this is an area where MLSs, brokerages and associations should play a role and become more proactive..



Less than a third of respondents receive information security education from the MLS or brokerage.



Fifty percent of respondents had changed all of your computer and other passwords in 2005 or since, and 78% report that at least some of their passwords are 'strong', being at least eight characters and containing letters, numbers and punctuation.

Are your passwords at least 8 characters, containing letters, numbers and punctuation?

