

The Real Estate Website 2007 Whitepaper



THE 2007 REPORT

BY PAPERCLIPCMS.COM



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The State Of Real Estate Online In 2007

THE OVERVIEW

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Within the last 10 years Real Estate websites have gone from being digital business cards to some of the most visually impressive, popular and interactive websites on the internet. They have gone from sideshow projects to state of the art, technologically advanced, main stream sites. Real Estate websites of all descriptions have been widely accepted and adopted by the general population. This trend has been growing steadily since the late nineties. In fact, back in March 2003, it was estimated that 10% of the total online population checked out a real estate or rental site.

Born out of this demand and growing popularity, today's real estate websites offer up media rich, interactive sites that convert targeted visitors into quality leads.

According to a recent REALTOR survey the internet is the number one tool that has become integrated into the tool kit of real estate professionals. Over 96% of those surveyed considered the internet an essential tool, beating out cell phones and digital cameras. 81% of those surveyed, stated that searchable listings online have transformed the way they do business. A further 73% stated that the internet has made selling easier. Perhaps the most striking statistic to come out of this survey is the fact that almost all of the clients had access to listings online and used them to help them determine the market.

A clear indication of the growing importance of the internet in real estate is the increasing use of the internet in lead generation. In 2005, 30% of leads came from online sources, in 2006 that number grew over ten percent to 42%. Further,

private, agent/agency websites are the number one source for on line lead generation. These private owner-operated sites generate more leads than the MLS and REALTOR sites.

In one year, from 2005 to 2006, the quality and conversion of these leads has grown. In 2005 a healthy 60% of all online leads lead to sales. In 2006 the number rose to 81%, a dramatic increase over the year before. In other words, for every 100 leads generated online, 81 of them converted into a sale.

What is so promising about these figure is that the cost of taking advantage of the internet is remarkably small. Agents who spent between \$2000 and \$5000 a year on their sites generated 60% of their leads from the internet. This is a powerful statement, for very small initial investment, it is possible to generate more leads, faster and with a better lead to sales ratio.

2007 is yet another growth year for real estate internet usage. There is every indication that the internet will continue to play an ever increasing role in generating quality leads and promoting strong sales figures. As this trend continues, real estate professionals who establish their online presence will consistently out perform their offline counterparts. Another critical aspect of this will be a widening performance gap between real estate professionals who choose to embrace, capitalize and integrate the benefits of real estate website technology and those who choose not too. By all accounts, this gap will become more apparent through this and coming years.¹

¹ All figures for this section taken from the 2006 Realtors Technology Survey which can be found here: <http://www.realtor.org/crtweb.nsf/pages/CRTsurvey?OpenDocument>

How Are Real Estate Websites Used?

USAGE INFORMATION

THE 2007 REPORT

How are real estate websites used?

It wasn't long ago when the internet was billed as the new reality for business. Back in the day, anything and everything was going to be replaced with online interaction. In the eyes of the futurists, daily human interaction was to be replaced by an efficient, fast and simple online one. While much of this prediction has fallen far short of expectation, there have been some industry sectors that have made the transition to online models quite effectively. Real estate is, of course, one of those industries. Apart from the statistics mentioned in the previous section, one only needs to look at modern property signage to see that URL's have become the most prominent feature. The reason for this is that now, more than ever, people are using the internet to shop for homes.

For real estate professionals, real estate websites have become a touchstone that prospective buyers use to educate themselves and start aligning their property needs. The more effective and complete a real estate website is, the more frequently it will benefit from repeat visitors. In a very real sense, real estate websites have become an integral part of the industry as a whole.

Real estate websites have become entrenched in the industry. There are several key reasons for this. Purchasing or renting real estate is one of the most important decisions people make. Rent or mortgage payments, more often than not,

constitute the lion share of their monthly expenses. This drives a need for education and overall market awareness. While traditional, offline methods exist for fulfilling this need, the internet provides a wealth of instantly available information. Further, the information is stable. In other words, it can be accessed by visitors time and time again. The salient point being that if a visitor finds what they are looking for and deems the information creditable, they will keep coming back. For a real estate professional having a website that can provide quality information to prospective clients looking to educate themselves engenders a working relationship. In turn, it is precisely this relationship that converts site visitors from leads into sales.

Part of the traditional role of an agent is to assess a clients needs and present them with options that fit their criteria. Every client is different, each having unique needs, including, budget, aesthetic appeal, proximity to schools, parking concerns, color preferences, size preferences, material preferences and so on. Therefore, a secondary function of real estate websites is to allow the customer to narrow their own field of search. A real estate website allows clients to begin sorting listed properties by their own needs/wants. They can then come to the table with a better understanding of what is available.

There is no doubt that the public have become much more market savvy. Almost half of the agents polled in the survey mentioned in the pervious section, had clients bring them information that was not provided to them through MLS or REALTOR systems. In other words, these clients brought to the table property information that they themselves found online. For real estate professionals, this translates into a direct savings of time and effort. Real estate professionals, working with a client's initial research can efficiently pool properties that meet their client's needs precisely. Out of this has come the very strong correlation between online lead generation and strong sale closures. The end result is that the real estate website has replaced the agent or professional as the primary educational element in a real estate transaction.

A third function of real estate websites, is the element of convenience. A client looking to purchase real estate can take their time and thoroughly research properties when it is convenient to them. Similarly, the lack of sales pressure at the outset of their real estate research greatly reduces stress at a time when clients feel most vulnerable. An informed client is a comfortable and confident client. The process of buying a home is already stressful enough. Having someone pressure you into a decision within a desired time frame only really benefits one party. It is not uncommon for clients to spend several months online researching properties and the market before stepping foot in a real estate office. Once at the table, these clients have a clear understanding of their needs and again, this makes the selling process much easier and more efficient.

As real estate websites get ever more popular there is some question as to the role of the real estate professional in the future. Will the traditional agent be replaced by real estate websites? All research indicates that the answer is no.

The while the internet is a sound fit within the real estate industry, it is not a replacement for trained real estate professionals. The general consensus amongst clients surveyed is that while agents assisted them finalize their property choices, they enjoyed and benefited from using the internet initially to see what the market was like. Real estate websites rarely sell properties. Instead they generate leads, educate potential clients and greatly increase and agents efficiency. At the end of the day however, the agent still has to close the deal – something which the internet has yet to master.

In the final analysis, real estate websites represent a bridging tool between real estate professional and client. For clients, real estate websites represent convince and information that can direct their eventual purchase. For the real estate professional, a real estate website is a source of valuable, educated and knowledgeable leads. In both cases, real estate websites are tools which facilitate efficient rapid closes that benefit both parties.

Real Estate Website Marketing

ADVERTISING AND MARKETING

THE 2007 REPORT

Real estate online marketing & ad trends

One of the most remarkable things about the growth of online real estate websites is that the majority of the visitors represent an ideal demographic. They earn more money with average median income of \$60,000+, and they have homes with a value of at least \$200,000. This represents a fantastic opportunity for real estate websites and capturing these visitors has become a major source of ad spending.

Online real estate ad spending will reach 1.8 billion this year alone, which equals approximately 15% of the projected 11.7 billion in total real estate ad spending. More interestingly however, is the speculation that these figures should more than double by 2010. As more attention is paid to online demographics, much of the money that will flow into real estate advertising will be shifted away from traditional outlets such as newspaper classified advertising and into online avenues. . Real estate classified ads are down about 8% this year. By 2010, newspapers will count for only 30% of the real estate ad spend (2.9 billion), which will equal less than the online advertising spend. ²

Online ads offer much more investment opportunity than traditional formats. A single online ad can be tracked through to the single click of a single user, thus making tracking both effective and efficient. The end result is the ability to tailor an advertising campaign to a market that can be authored based on substantial real world information. The online ad medium offers real estate websites an opportunity to effectively track their ROI by pricing their traffic and

² Media Post & Borell Associates

by actual leads and not only distribution. This is a very efficient way to monitor how successful a particular ad campaign is.

Search Engines:

Search engine use is quickly becoming a powerful source of traffic. 22% percent of visits to real estate websites were referred through search engines. Further, about 5.5 percent of individuals who leave a real estate website go to a search engine as their next online destinations. This makes having a search engine friendly site; one that is capable of climbing the rankings vitally important. There was a time when search could be ignored but today, search must be taken very seriously.³

Being indexed by a search engine; simply showing up in their rankings is not enough. To have a performance real estate website, it must be configured properly to allow it to rise quickly through the ranks. Effective search engine optimization or SEO is now a critical component of real estate websites. Traffic drops off substantially after the first result of the main page search listing.⁴ In other words, the first page of search listings garner more attention then any or all subsequent pages combined. Even on the first page of search results, the traffic distribution is uneven. It is estimated that the second paid listing receives 40% less traffic than the main listing however, after that point the decrease gets less dramatic losing online 5%-10% of traffic all the way down to the 10th listing.

It follows logically: if traffic consists of a specific and sought after demographic, and if more and more website leads are converting sales, then having a site which brings in traffic through high search listings makes sense. Search engine optimization is, without a doubt, going to be the fastest growing segment of real estate website expenditure. To learn more about search engine optimization visit the following link:

<http://www.paperclipcms.com/content/realestatepromotions.aspx>

³ Hitwise

⁴ Atlas



2007 And Beyond: A Glimpse into the Future

USAGE INFORMATION

THE 2007 REPORT

Based on the trends indicated through out this report it is possible to draw up a picture of the next generation of real estate websites. Real estate websites that are built to deliver results both in the form of quality leads and in search engine optimization.

A real estate website of the future offers quality tools and information designed to build a rapport with its visitors; too keep them coming back time and time again, making them a touchstone for their property search.

In the near future, real estate websites will be search engine optimized to facilitate a quick and smooth rise up the search engine rankings. These sites will be able become the dominant force within their niche markets, drawing a substantial amount of traffic from their natural search listings.

For agents, real estate websites of the future will be convert more visitors in to quality leads and more quality leads in into sales. As the trend in website behavior increases, more leads will come directly from an agents online presence. Further, these leads will be educated, able to define their needs and understand the market like never before. This alone will allow agents to sell more properties in less time.

To further the impact of these trends, the cost of implementation will continue to fall making powerhouse websites affordable to all. Instead of becoming a

burden or a necessary evil, these sites will offer up investment potential. That is, these site will return far more then their cost in both leads and sales.

There is a movement to push these changes into being now, rather than waiting for the future to bring them in. There are a handful of internet wise, real estate website design companies that are looking at these trends and launching the websites of tomorrow, today. What makes this so exciting is this forward thinking has already translated into great success.

PaperclipCMS.com is one such company. Born out of years of online marketing experience, our real estate website designs bring each of these elements to bare. Increased functionality, strong information architecture, and superior search engine optimization are all hallmarks of our work.

There are those real estate professionals who are content to ride the wave of complacency; to stick to what has always been around, simply because it is all they know. There is another group of real estate professionals who demand the best and are willing to invest in the future in order to see their business flourish. These real estate professionals are unwilling to be caught on the losing side of the technology gap and are highly motivated to embrace powerful real estate website design. If you see yourself as a cutting edge real estate professional looking to maximize your return on your internet investment, PapeclipCMS is seriously worth taking a look at.

More great PaperClipCMS highlights

If you would like to lean how PaperclipCMS can put your real estate website on path for the future contact us at <http://www.paperclipcms.com/Contactus.aspx>

Or view a complete range of our highly specialized real estate website products here: <http://www.paperclipcms.com/content/marketplace.aspx>

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