

MEASURING THE MARKET

Builders and architects weigh in on their preferred sources and data for keeping tabs on selling conditions

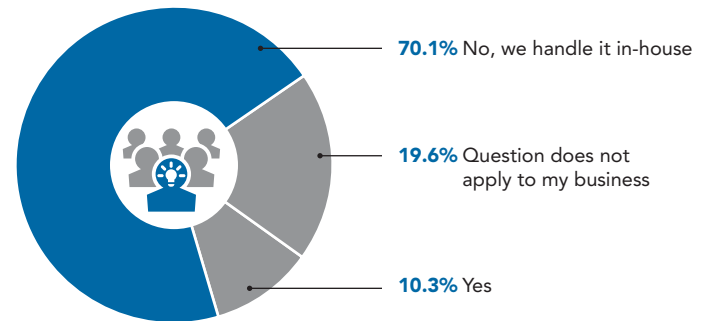
By Mike Beirne, Senior Editor

Zillow and Trulia were mentioned most often by builders and architects when the *Professional Builder Gauging the Selling Market* survey asked: What is the biggest single change during the past two years in the way you conduct market research? The online real estate brands, both owned by Zillow, provide listings and home valuation data, which respondents used to complement other sources for taking the pulse of the market. Social media was the second most mentioned change in market research activity, but the value of its utility was mixed. Some respondents lauded it for helping them see what the market is responding to, while others, such as one Illinois designer, wrote that the information is unreliable, saying, “You cannot believe what is posted.”

Another popular response to the question about how builders and architects have changed the way they gather market intelligence was “not much change at all.” These respondents saw more value from information gleaned directly from their local contacts. “Regional on-the-ground research is more predictive these days over MLS [Multiple Listing Service] or past market research numbers and trends,” a Kentucky custom home builder wrote. For more results about market research preferences, see the charts that follow.

METHODOLOGY AND RESPONDENT INFORMATION: This survey was distributed between Feb. 2, 2018, and March 8, 2018, to a random sample of *Professional Builder's* print and digital readers and to members of Builder Partnerships. No incentive was offered. By closing date, a total of 98 eligible readers had returned surveys. Respondent breakdown by discipline: 40% custom home builder; 21.7% production builder for move-up/move-down buyer; 17.4% diversified builder/remodeler; 6.1% architect/designer engaged in home building; 3.5% production builder for first-time buyer; 3.5% luxury production builder; 2.6% multifamily builder, and 5.2% other. Approximately 35.1% sold one to five homes in 2017, and 13.2% sold more than 100 units.

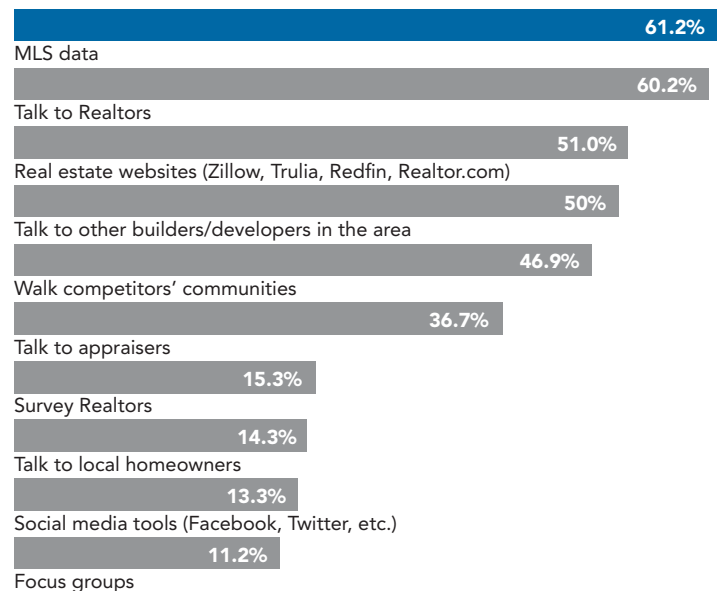
DOES YOUR COMPANY CURRENTLY PAY A THIRD PARTY TO PROVIDE MARKET RESEARCH?



BASE: 97; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

More than half of respondents said they conduct research to see where the market is regarding prices and what's selling. But that research isn't a budgeted activity for most, as most builders and architects rely on information from local sources and contacts.

WHAT SOURCES DO YOU USE TO COLLECT INFORMATION FOR MARKET RESEARCH?



BASE: 98; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

Boots on the ground and word of mouth are tried-and-true information sources, but the Multiple Listing Service seems to be the authoritative reservoir of real estate transactions for survey respondents, while online sites seem to complement information-gathering activities.

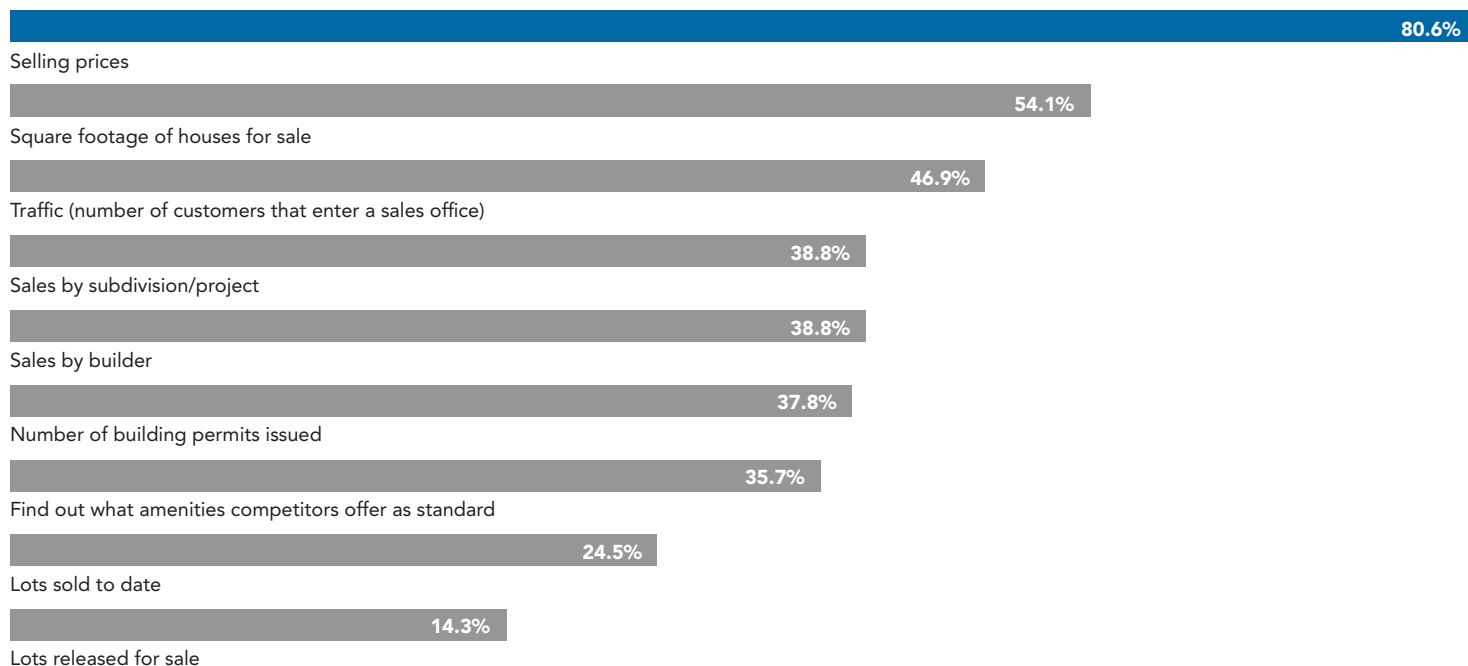
HOW EFFECTIVE DO YOU FIND THE FOLLOWING TACTICS TO BE?

	VERY EFFECTIVE	SOMEWHAT EFFECTIVE	NOT EFFECTIVE AT ALL	DON'T USE
MLS data	33.7%	48.8%	2.3%	15.2%
Walk competitors' communities	33.7%	38.6%	3.6%	24.1%
Talk to builders/developers in the area	30.1%	49.4%	7.2%	13.3%
Talk to Realtors	30%	53.3%	7.8%	8.9%
Talk to appraisers	19.5%	35.1%	11.7%	33.7%
Talk to local homeowners	17.4%	30.4%	8.7%	43.5%
Social media tools (Facebook, Twitter, etc.)	15.9%	30.4%	11.7%	42.0%
Real estate websites (Zillow, Trulia, Redfin, Realtor.com)	15.3%	52.9%	7.1%	24.7%
Survey Realtors	11.7%	24.7%	15.5%	48.1%
Talk to buyers of competitors' homes	7.5%	22.4%	4.5%	65.6%

BASE: 98; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

It's no surprise that the MLS is deemed the most effective market research tool. Information from that database is supported by more predictive market intelligence gathered from personal contacts with other builders, developers, and Realtors. Checking out what the competition is doing by walking their properties was also deemed very effective.

WHICH KIND OF INFORMATION DOES YOUR COMPANY DEEM IMPORTANT FOR GAUGING WHAT IS HAPPENING IN A PARTICULAR MARKET?

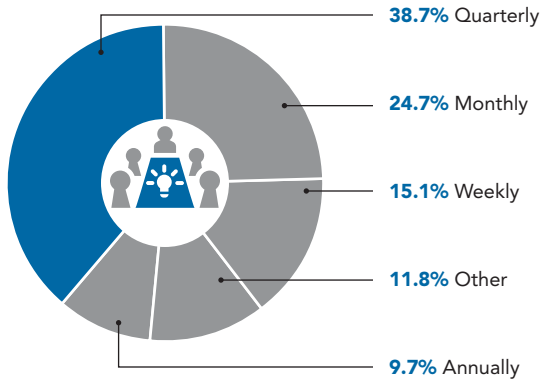


BASE: 98; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

Price, size, traffic, and sales were cited as the most important metrics by survey respondents. Useful information mentioned in the "Other" category included the cost of lots, how the local neighborhood submarket is trending, number and size of homes sold during a recent sales period, the number of days a house is listed on the market, and months of inventory.

[EXCLUSIVE RESEARCH]

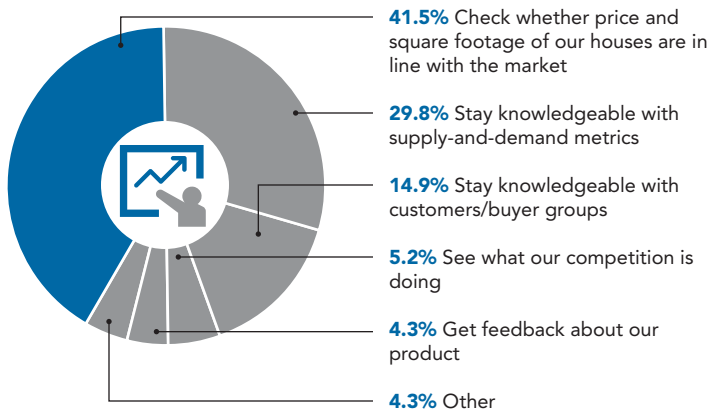
HOW OFTEN DO YOU REFRESH/CONSULT YOUR MARKET RESEARCH?



BASE: 93; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

Builders in the "Other" category stated that they periodically consult their market research, as needed, or "when planning a new project."

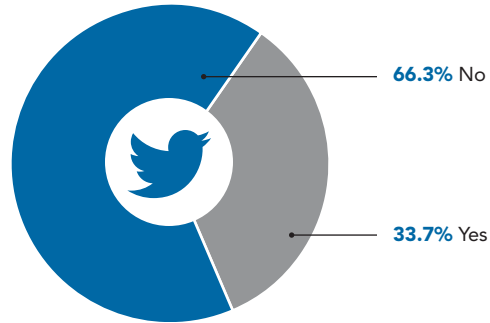
WHAT WOULD YOU SAY IS THE PRIMARY PURPOSE OF YOUR COMPANY'S MARKET RESEARCH?



BASE: 94; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

The main role of market research for builders and architects is to benchmark where their product stands in their part of the world as far as price and size are concerned. More macro insights, such as supply and demand and buyer activity and preferences, are secondary.

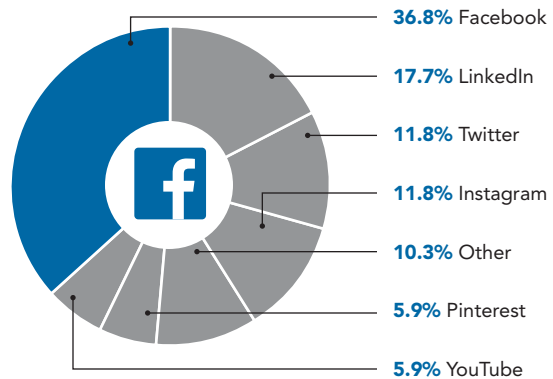
HAVE YOU USED SOCIAL MEDIA TOOLS FOR MARKET RESEARCH PURPOSES?



BASE: 95; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

A New York custom home builder stated that social media as a market research tool helps them gauge what the market is seeing and paying attention to. A Michigan multifamily builder commented that it was useful for seeing what is going on in the area, particularly with new business development. Most respondents use social media for promotion and advertising, followed by tracking and following up on responses.

IF YES, WHICH SOCIAL MEDIA TOOLS DID YOU USE?



BASE: 68; 2018 PROFESSIONAL BUILDER GAUGING THE SELLING MARKET SURVEY

Of the builders and architects who use social media, Facebook was used by more than a third. However, an Oregon builder deemed social media a waste of time, and an Illinois custom home builder reported receiving a substantial number of views when his company promoted projects, but no phone calls or on-site contact.