



### ScratchThat Podcast Episode 25: Survey Says

Emily: Hey, I'm Emily Chenevert, advocacy nerd, Peloton enthusiast, wife and mama to two and CEO of the Austin Board of REALTORS®. Every day real estate is changing, so we're taking it to the experts to unpack major topics that you need to know about to be successful in this business. Scratch what you think you know about this business and listen up for a fresh take on an old industry. Dr. Jessica Lutz is one of the masterminds that helps interpret the market on a national level for us in her role as the Vice President of Demographics and Behavioral Insights at the National Association of REALTORS®. The core of her research focuses on analyzing demographic trends for both NAR members and housing consumers. We talked about trends in housing related to everything from basing our home buying decisions on our four-legged friends needs to marijuana. Trust me, the definition of a hot property has evolved a little. I think we're all having newfound realizations about the value of our homes as we've been stuck in place for a few weeks. And she's even analyzed how those experiences could create shifts in the immediate term as our markets are ramping up again. We started with a focus on her work at NAR and learning more about what she's thinking about these days. What excites you about real estate? What made you that committed to it that you wanted a PhD?

Jessica: I've worked in this field since 2007, and I love NAR. I love the work that we're doing. And so, I really wanted to take it a step further. Um, and the degree that I have is really more on behavioral economics. So, it looks at the role, um, and how interconnected all of the disciplines are. So, it's not just economics, it's also, um, the demographics and it's the sociological decisions that people make and the psychology behind home buying. So, it was all of those things really mixed together and so I really enjoyed working on my degree.

Emily: Okay. So, having that context, I feel like the environment that we've been in with the pandemic would be just like a playground for you because we're all having

such new realizations about our experiences and our homes, our homes mean something different to us. What's your like headline takeaway from this experience and how has it been fun, in that quarantine terrible kind of way?

Jessica: In a quarantine terrible type of way, okay.

Emily: Right, right, naturally.

Jessica: Um, so we are doing the weekly flash survey. We actually just released the latest one a couple of hours ago, so that's been really good. And a couple of the new questions that we added were really about how people's relationship to their home is changing. So, what are the home features that buyers are starting to really place a preference on. Uh home offices, they were not invoked. No one cared about a home office cause you have a laptop, you can go sit on the couch and do your work. But now everyone really cares, and people not only want a home office in their new home, they want to home offices because my spouse, my partner, my sister, she needs to work somewhere else. I do not need that sound around me. So, this is a really fascinating trend. But then we also asked about the density. So, people living in city centers and are, they're going to start wanting rural areas, small towns. And we are starting to see that right now too.

Emily: Yeah. I think for those of us who have been on the front lines of land use conversations at associations from an advocacy perspective, we are thinking a lot about what we've been advocating for in terms of smart growth and new urbanism and still believing in our commitment to compacting connecting communities. But maybe is there a middle ground there seeing as what we've all experienced in those very urban, very dense settings.

Jessica: Yeah, absolutely. So I'm in a townhouse and the, it's beautiful whether it's, we all have our windows open and my husband literally was scared to come downstairs from the one home office that we have because I was sitting at the kitchen table and he thought I was on a conference call. No, it's the neighbor next door sitting in his backyard on a conference call,

Emily: Oh wow.

Jessica: I think like thinking about like how we can have these walkable communities but still perhaps have a little more yard space.

Emily: A little privacy. Yeah.

Jessica: Yeah, exactly.

Emily: Did you in the flash survey that you've done, have you done any work related to open concept versus putting some more walls up, also? Cause I, you know, I'm thinking everybody needs their space.

Jessica: Yeah. We haven't gotten too deep on that yet, but that is a great next question that asks. We're switching up the questions every week, so that's certainly one to follow up on. We did talk about, and I think it's really fascinating too that people are going to start having different people living with them. So even if they need that space, perhaps an older adult that was once in senior related living, now they're perhaps going to want that older adult living with them or a new baby boom or a puppy boom that we could have as well.

Emily: Let's talk about the puppy boom a little bit. NAR recently published some information related to an increase in pet adoptions during this time. I have a Frenchie. He is absolutely an emotional support animal at this point. Um, are we seeing an increase in pet adoptions? How does that relate to what people want in their homes? What's the behavioral insight on that front?

Jessica: Yeah, I love this. I have five animals in this home and so absolutely they 100% are the companion that I need right now. We are seeing shelters around the country have been cleared out either with people adopting or fostering because they want the company in their home. They need entertainment for their kids, they need some walking. And so, this is a good excuse to go outside and have a walk several times a day. So, we have seen that. And on the buyer side, we've already seen that for single females, for unmarried couples, it's actually more important to them to be close to the dog park, have that fenced yard than it is to be close to good schools because they don't necessarily have a kid in the home. So, we are seeing that people really need this space and the neighborhood for their pets.

Emily: Yeah. So, our fur babies matter and we're buying homes that accommodate what they require. I want to ask you about the demographics related to our membership now. So, I know that at ABoR we're definitely seeing a membership that's skewing younger. Are you seeing that at the national level? Are there any other kind of interesting facts related to the demographics of our membership at large?

Jessica: Yes. So, we are seeing, we're seeing more younger members who are coming in. We're also seeing that people may be retiring at this point as well. So, you're seeing that just change that shift. We're also seeing a growth in female members nationally and a growth in minority members. So, we really are seeing a change in our membership for female members, it's near an all-time high. So, we really are seeing a lot of diverse members coming in.

Emily: That's excellent. As the first female CEO at ABoR. I appreciate that. Um, so you know that, that's an interesting comment about we're seeing people retire. You know, there, there is obviously the market is being impacted by the virus and by everything that's happening right now. And as I'm thinking about what the demographic has been before the last couple of years, especially for ABoR at least it does skew towards what could be a retirement age. So is this the point where people say, I'm good, I'm going to tap out now. Do you think that we'll see that change?

Jessica: So, it's really interesting when it comes to real estate because it's rarely someone's first career. So only 4% of members really, it's their first career. What we see is that it's often a retirement career. So, people may actually move to a different area and decide, you know what, I still want to work our time. This is something that's always interested me. And this is a retirement career for me. So, we do see our membership older in that sense or more seasoned rather in that sense. The other thing that we see is there is a lot of younger, younger adults who want to set their own hours, be their own entrepreneur and jump in and really do kill it in real estate as well. So, you see both spectrums entering at different ages.

Emily: And I guess I'm just thinking about when I see a market shift, like the one that we're all experiencing, which is really to determine whether or not it'll be a shift or just a pause in the market, given the environment to be determined. But when I see something like this, I wonder for those folks that felt like it was a retirement plan, is it worth it still, you know, do they make changes and just think, well this is not what I thought it was going to be and this is not the best time to hop in there.

Jessica: What we do see is that it's a little counter cyclical, so people may actually be taking a pause in a different career. So, they may have worked as a bartender, as a waitress, and now suddenly they have a definite pause that they have there. And so, they may say that real estate is something that's always interested me. I could take the classes online. This is something where I might be able to jump into this and really sharpen my saw as at least have a backup plan if and when I go back to work, maybe I can work both careers. And we do see that as well as people start in real estate. They often do work a second career.

Emily: You also have another kind of interesting expertise you published, or your team did a report on marijuana and real estate, a budding issue, earlier which I applaud NAR for tackling, but, um, Texas is not, uh, has not legalized marijuana yet. I, you know, I think all States are having the conversation to some degree, but we do have a lot of members who are selling properties to folks that are moving to those states or moving in from those states. And of course, even hemp fields have, um, you know, implications with regards to real estate

transactions, especially commercial ones and land exchanges here in Texas. What were your findings on the commercial side? What are you thinking about the residential side? What impact is this going to have? Maybe in our state if we do legalize at some point.

Emily: Even if it's not legal, you can learn from the states who come before you. And so, what we really found this year, we broke out, um, states where it's been legal for a longer period of time. So pre 20, 2016 and then post 2016. And what we found is those who have been legal for a longer period of time, absolutely. You see that the commercial land prices, the warehouses, storefronts that perhaps were vacant, all of those have a bigger demand for them right now. But then you also see on the residential side, some complications that comes with that. So, thinking about HOA rules or property managers and how they're going to work with leasing that property. And you also see lease complications on the commercial side as well. So, there are complications, but there's absolutely a growth opportunity unintended there for our commercial folks.

Emily: Well done. But it does make sense that there would be this kind of yin and yang with it, right? That there are optics with it, there are perspectives that are varying with regards to its highly political. And so, with that comes these implications, especially with regards to the residential side. That makes sense to me. What research are you working on right now? Aside from the flash surveys related to the pandemic.

Jessica: We also just put out a sustainability report looking at the value of sustainability. So, our members really do find that clients want a sustainable home. Um, if they can find it. Inventory of course, is plaguing the nation right now. So if they can find a property that is sustainable, it does make sense to market that because there's a lot of people who want to cut down on their utility costs, perhaps with good insulation, good windows, good doors, and that means a bigger home or a closer in home to wherever they want to live. So that really is a tradeoff that consumers do see right now. So that...

Emily: What features are most desirable when they're seeking the sustainable properties?

Jessica: Things that are going to hit your pocketbook at the end of the month. So thinking about those windows and doors, the energy efficiency that you could have within the home, but then also thinking about having energy efficient appliances, um, making sure that perhaps you have that Nest thermostat, something along those lines that really can, uh, watch your utility costs.

Emily: And then given the fact that the MLS helps acutely measured that consumer response to those types of sustainability features, is the MLS properly structured

now to manage that data flow? Are standards appropriate? You know, for a long time there was the conversation about the green MLS and whether our fields adequately accommodated capturing that kind of data. Do you feel like in your research you're able to get what you need?

Jessica: What we're doing is we're serving on the member perspective, but we do have a question in there asking, does your MLS actually have green data fields? Do they have this information for you? Some do and some don't. So, if yours does, you probably are ahead of the curve there. And making sure that you do have that information that agents can plug in and that on the buying side they can look for those features.

Emily: Well, certainly in Austin, sustainability is a prolific, uh, topic here. So, we're, we, we've had green fields for a long time, but even, you know, having them, it's one thing encouraging members to use them and learn how to use them properly as another. And it's, it is an interesting question of how we equate real value when we're thinking about the algorithms behind value placements and not just the consumer judgment call in association with those improvements. So, I think we'll continue to see more of that evolve.

Jessica: Yeah, absolutely. And just like a high tag home, some of those things are really important to a consumer, but you can also make that transformation to an older property once you're into that home.

Emily: Yeah. The question is how important is it upfront versus me knowing that I can do that when I'm ready. Well, let me ask you, what are your hot takes for the rest of the year? What do you think REALTORS® should be paying attention to with regards to consumer demographics and insights? How much more will behaviors change as we continue this year?

Jessica: I think we're going to see a shift. We've absolutely seen a pause in consumer behavior, but they're still working with their member, with the REALTOR® because they do want to have that transaction be a go once they have the stay-at-home orders lifted or they feel confident to move forward in that transaction. We've seen a big shift towards embracing technology right now and it's both on the buyer, the seller side, the REALTOR® side, so making sure that you're still working with those potential sellers. Say, how can I fix up my home to sell? I have time to DIY some projects right now, and many members are working with clients in that way, so that's a shift that we haven't seen before. Usually when you want to sell, you're ready to sell and you need to go and now you have the time to actually do that. It's an interesting shift.

Emily: It, this time is interesting because it's actually what REALTORS® do best is that they connect, right? And so, while the actual transaction itself may be slowing to

some degree, this is such an opportunity for our members to do what they do every day really, really well and it's to connect with their clients, connect with their sphere. Just really feel top of mind for those folks who might have some really hard questions about what their next move should be.

Jessica: And that buyer demand is going to be there because people are cocooning in place. So, if they were even a thought in the back of their head about wanting to move, they're probably really going to want to move coming out of this.

Emily: Yeah. Who has realized their pantry is too small? Who has realized that there's not enough office space, that they don't have a home gym?

Jessica: Yes, yes.

Emily: I do think it's really interesting because our home is our refuge right now, but it's also in our face, either sufficient or not. And if it's not, you're pretty motivated to get out of there perhaps.

Jessica: Absolutely. Absolutely. And you probably are evaluating who you're living with, whether that means more people with you or perhaps less.

Emily: That's true. Or our four-legged fur friends. That's amazing. Well, let's wrap up with our rapid round of fun questions. What is your favorite way to unwind after you're done zooming for the day?

Jessica: Complicated recipe or a yoga class.

Emily: Oh, I love that. Okay. What is your favorite pet, cats or dogs?

Jessica: Oh, I have four cats. They outnumber the dog.

Emily: Okay, that's awesome. What are the top three websites you visit day to day?

Jessica: Twitter? Um, refreshing more and more. Instagram, planning my next home project, I, much to my family's dismay and probably zoom right now, honestly.

Emily: Yeah. Oh, I know. Isn't that true? Who is doing amazing work in our community right now?

Jessica: So, I want to plug just not one person, but I want to plug a program. Right Tools, Right Now, it's an amazing program and members can take advantage of taking free courses, downloading free publications, um, being able to really sharpen their saws during this time where they have a moment. Instead of a person, that's a thing.

Emily: I love it. Yeah. Well I remember when the first Right Tools, Right Now came out at the last market turn and it was really powerful. It was a good time to just demonstrate value as an association. So, I applaud NAR for bringing it back around and we'll do our part in helping plug it too. What are you currently streaming? What's your favorite TV show maybe that you picked up in this time?

Jessica: Oh, okay. Well it's slightly embarrassing. I love Outlander, so I'm definitely streaming those.

Emily: I love it!

Jessica: For podcasts, I like to give my brain a rest, obviously. So, I've been listening through Encyclopedia Womannica, um, and The Sporkful. So, it's a daily pod of a badass woman in history and then The Sporkful is all on cooking, so that's great.

Emily: Oh, that's awesome. That's great. Well thank you so much Jessica. It's just awesome to get to know the staff that works so hard on behalf of our members every day at , and your insights are awesome. It's just really cool to hear what you guys are talking about and what's cooking over there. We appreciate you.

Jessica: Thank you so much. This was a lot of fun. I appreciate it.

Emily: Thanks for tuning in. Like what you hear? Let's continue this conversation. Give us some love by leaving us a review on iTunes and let your friends know about the show by sharing this episode on social media. You can also follow along and tag me @emchenevert, that's emchenevert. Until next time.