NabeWise
Neighborhoods Revealed

The Demand for Better Neighborhood Information:
A Consumer Perspective.

NabeWise Media

July 2011

Ann Baldinucci
ann@nabewise.com

Diana Sonis
diana@nabewise.com

www.nabewise.com

Abstract

People who are moving want in-depth neighborhood information. While the real estate industry is adopting new local data solutions to meet this need, consumers are still unsatisfied with the available offerings. To understand why this is the case, we conducted a series of surveys examining the types of local information consumers want. Here are our 6 key findings about the real estate consumer's demand for neighborhood information:

Finding #1: Neighborhood information is extremely important to people who are moving. In fact, 82% said the neighborhood was "as important" or "more important" than the property they were buying or renting.

Finding #2: People are going to great lengths to understand neighborhoods and 51% said lack of neighborhood information was the most difficult part of figuring out where to live.

Finding #3: People care about such a broad range of neighborhood information that most of the available solutions fall short of meeting the need. In fact, survey respondents' preferences were distributed across all of the 26 types of neighborhood information we presented.

Finding #4: Neighborhood information preferences clearly differ between Families, Singles, and Couples, as well as between Urbanites and Suburbanites.

Finding #5: While some consumers respect real estate agents for their in-depth neighborhood knowledge, many worry that agents are biased. Only 25% of our respondents used an agent to understand neighborhoods.

Finding #6: 92% of our respondents said real estate websites should have neighborhood information and 76% said they would be more likely to use a real estate firm if they had neighborhood information on their website.

It is clear that to stay relevant and current, neighborhood information must be an integral part of the modern real estate firm's solution. However, existing solutions fall short of providing consumers with the necessary neighborhood information for an informed decision. The ideal solution must 1) match people to neighborhoods using a broad range of information, 2) enable people to visualize what it would be like to live in the neighborhood through rich data, content and visuals, and 3) include third-party, unbiased perspectives.

Introduction:

Real estate consumers want in-depth neighborhood information. When people move they want to find an area that fits their identity, lifestyle, and values. Evidence abounds that our society has been trending towards a more nomadic existence. Gone are the days when you stayed within the same neighborhood your entire life. In fact, one-third of people in their twenties move to a new residence every year[1]. Inter-state and inter-neighborhood movement is on the rise as consumers accept jobs wherever they are available, and exploration of new areas becomes the norm. All this mobility means greater demand for city and neighborhood-level information. Not only do young people move more often, but they also place more importance on neighborhoods. In their recent paper, *The Lifestyle Search Opportunity*, The WAV Group cited a Cisco Inc. study about the retail banking industry and Gen Y: "Gen Y's are much more interested in the environment in which they live, not just the house itself."[2]   Furthermore, today's consumers don't only care *more* about neighborhood information, they want it customized and technology driven. Gen Yers are known for being tech savvy.

In our conversations over the course of building NabeWise Media, people have told us that their primary ways of figuring out where to live when they move are 1) piecing together fragmented and incomplete information online, 2) talking to friends and asking where they should live, and 3) driving around neighborhoods touring in person. What people have told us is that none of these approaches are efficient, and none of them paint a complete picture of what it would be like to live somewhere.

The limitations on the real estate industry from the Fair Housing Act (FHA) further complicate the availability of neighborhood information for people moving. Quality of schools and residents' stage of life (e.g. families, singles, etc.) are just two examples of traits that real estate agents and brokerages have told us that they can't speak about. Both of these are key attributes that people moving consider when selecting a neighborhood.

Today, the real estate industry approaches the challenge of providing neighborhood information in a variety of ways, but we have noticed some trends. Small and medium-sized brokerages often create a neighborhood guide section on their website and then feature lengthy neighborhood descriptions and sometimes neighborhood photos. These descriptions typically avoid addressing anything negative about the neighborhood and any topics that are covered under the FHA. Larger brokerages often license demographic/census data, rent/home prices, business directories (restaurants and business listings, e.g. Zagat), transit/walkability data, and sometimes school information.

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[1] Henig, Robin Marantz. (2010, August 18). What Is It About 20-Somethings? *The New York Times.* Retrieved from http://www.nytimes.com/2010/08/22/magazine/22Adulthood-t.html.
[2] Wilson, Marilyn. (2010, November). The Lifestyle Search Opportunity. Retrieved from http://bit.ly/pFlHUq.

One of the most recent responses to the need for neighborhood information (and one that is garnering a lot of attention) is a new concept called Lifestyle Search. The WAV Group defines Lifestyle Search as, "the ability for consumers to find their 'best places to live.' It enables users to submit lifestyle criteria and more importantly allows them to prioritize the most important factors for their individual family's needs. Once they submit the data, the search will return results that highlight areas that best match their criteria based on the lifestyle priorities they defined…"

Currently, there is a sense in the real estate industry that adopting new technology tools is critical to the success of your business, especially given that the up-and-coming Gen Yers are a tech-savvy group. Additionally, many real estate firms have a growing sense that neighborhood information is a vital component of any new technology adoption. Yet, despite this new focus on neighborhood information solutions, consumers were still telling us they didn't have enough information to confidently make such an important decision.

We wanted to understand why this was the case. As part of our ongoing research into the real estate consumer's information needs, we began a series of consumer surveys. Specifically we wanted to examine what neighborhood information is important to people when they are moving and where people need help understanding neighborhoods. Even more specifically, we wanted to understand what the real estate industry could do with neighborhood information to provide the best possible all-around service to consumers. This paper will examine our findings from this first survey and propose some implications to be further examined in subsequent research.

Profile of Survey Respondents:

We distributed our survey through email and social media channels and received 125 responses. It is important to note that the sample size and the participant's self-selection may have skewed the results. We targeted people who had moved recently. 72% of respondents moved in the last two years. We focused on people who were Generation Y and Generation X, since these people represent the future of real estate and our core demographic at NabeWise. 46% of our respondents were between 18-25, 38% were 26-35, and 17% were 36 and over. Additionally, 70% of respondents moved to an urban area in their last move, 24% moved to a suburban area and 6% moved to a rural area. Finally, 40% of respondents listed themselves as single, 36% were part of a couple, and 18% were part of a family.

Findings:

Finding #1: Neighborhood information is extremely important to people who are moving.

When you last moved what was more important to you?

- 28% — The neighborhood was more important
- 18% — The property was more important
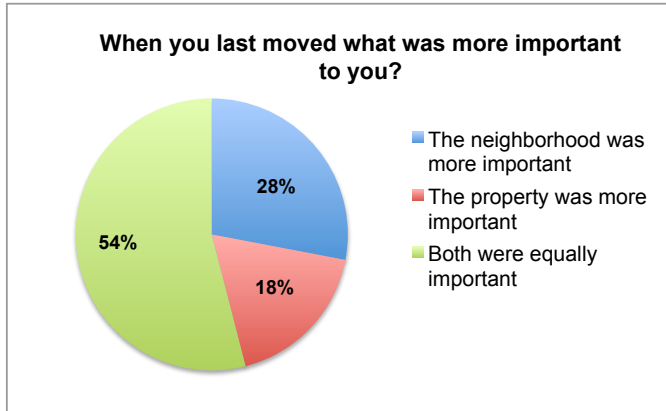- 54% — Both were equally important

Figure 1

Our research supports the emerging importance of neighborhood information. 82% of respondents said the neighborhood was "as important" or "more important" than the property they were buying or renting. 28% of respondents said the neighborhood was actually more important to them than the property. We were impressed with just how important the neighborhood was in people's moving decision.

Finding #2: People are going to great lengths to understand neighborhoods.

Not only do people care about the neighborhood, but they also spend a lot of time understanding their options. The number one research method (79% of respondents) is to visit neighborhoods in person. In addition, 64% of people researched online, 62% asked their friends, and 25% of people used a real estate agent to understand neighborhoods.

If you had to do research, did you:

- Visit in person — 79%
- Research online — 64%
- Ask friends/acquaintances — 62%
- Talk to a real estate agent — 27%
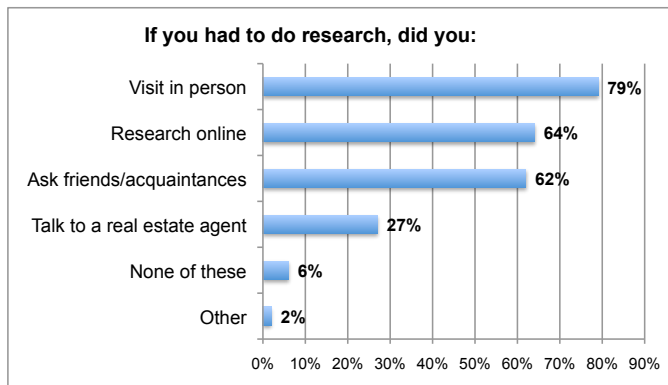- None of these — 6%
- Other — 2%

Figure 2

People could select more than one checkbox, so percentages add up to more than 100%

The fact that people are visiting neighborhoods in their research may seem obvious. However, let's pause and consider what this really means. This represents tremendous time and effort for people. In our ongoing consumer interviews at NabeWise, we spoke with many people about this issue. They told us that they tour neighborhoods in person because the available information is fragmented and incomplete.

This survey confirmed that a lack of neighborhood information is a major pain point for consumers. We asked people an open-ended question: "What was the most difficult part of figuring out where to live?" The #1 reason cited by 51% of respondents was lack of good neighborhood information. Here's an example:

> *"[Most] frustrating: not knowing what the neighborhoods were like without visiting. You really have to ask around. Talk to locals."*

Most other respondents cited not being able to afford what they wanted or the difficulty of finding a good real estate agent.

How many neighborhoods did you visit in person before settling on your current neighborhood?

- 0-1 nabes
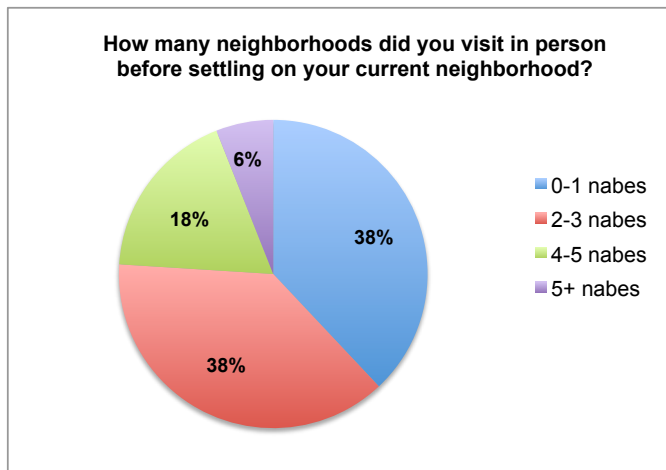- 2-3 nabes
- 4-5 nabes
- 5+ nabes

Figure 3

Furthermore, people are visiting multiple neighborhoods. This increases the inefficiency and time commitment for movers. 38% of our respondents visited 0-1 neighborhoods. Two of the most common reasons for not visiting more than one neighborhood were 1) people were moving within their current area or 2) people were moving from far away and were not able to visit at all. The majority of respondents (68%) visited 2 neighborhoods or more, while 24% of people visited 4 neighborhoods or more. These findings confirm that people are spending tremendous amounts of time exploring neighborhoods. However, some respondents added that visiting a neighborhood in person also does not provide a complete picture of a neighborhood. For example, one respondent said:

> "I think local opinion is most important but it is sometimes difficult to get an honest answer from people in your building or on the street. It is sometimes easier to just read such things online."

Finding #3: People care about a broad range of neighborhood information.

NabeWise has been gathering data on what people want to know about neighborhoods for the last two years. As part of our research, we have been tracking metrics on how users interact with our website, NabeWise.com. While consumer interviews produced a set of important attributes, we validated them through data gathered from our site. Our NabeFinder, a matching tool that allows users to filter neighborhoods based on individual lifestyle preferences and practical needs, provided insight into what attributes people were interested in.
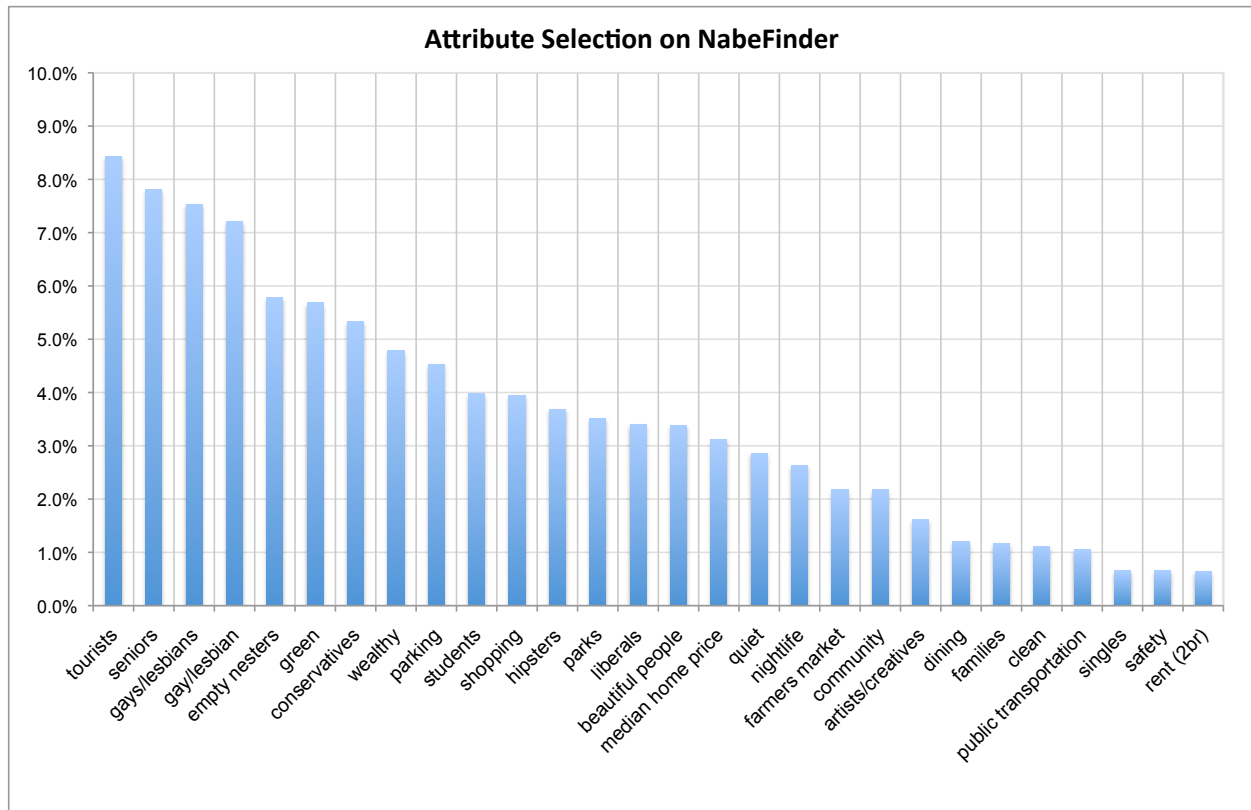
Figure 4

Figure 4 shows the number of times an attribute was selected on our NabeFinder and suggests that people are interested in a broad range of information. Notice that no single attribute represents more than 8.4% of total selections. People's selections are distributed across all of our 28 attributes.

To further explore this, our survey asked people which factors they considered when they moved into their current neighborhood. We found that a broad range of information was important to their neighborhood selection process.
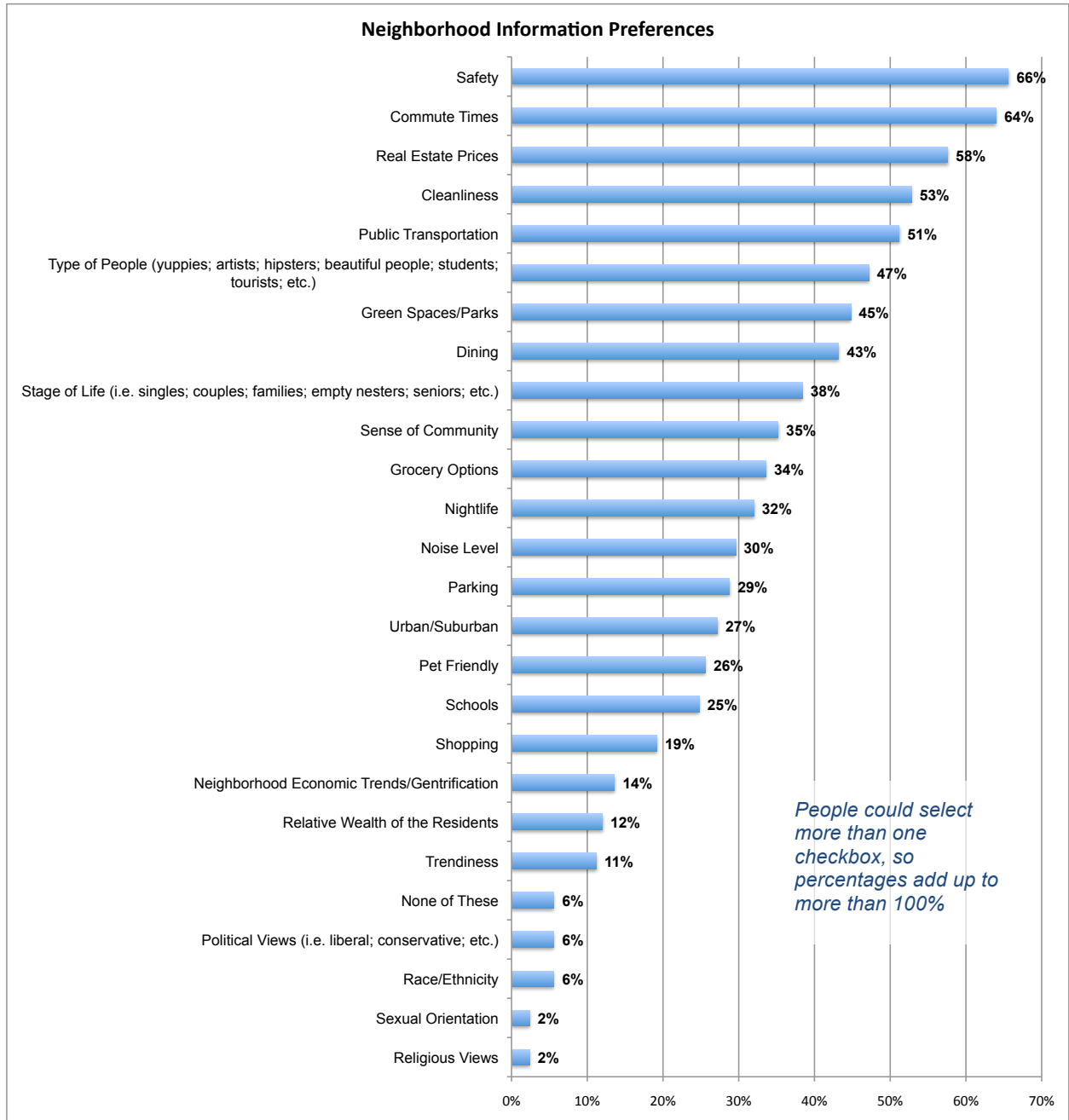
Neighborhood Information Preferences

Category	Percent
Safety	66%
Commute Times	64%
Real Estate Prices	58%
Cleanliness	53%
Public Transportation	51%
Type of People (yuppies; artists; hipsters; beautiful people; students; tourists; etc.)	47%
Green Spaces/Parks	45%
Dining	43%
Stage of Life (i.e. singles; couples; families; empty nesters; seniors; etc.)	38%
Sense of Community	35%
Grocery Options	34%
Nightlife	32%
Noise Level	30%
Parking	29%
Urban/Suburban	27%
Pet Friendly	26%
Schools	25%
Shopping	19%
Neighborhood Economic Trends/Gentrification	14%
Relative Wealth of the Residents	12%
Trendiness	11%
None of These	6%
Political Views (i.e. liberal; conservative; etc.)	6%
Race/Ethnicity	6%
Sexual Orientation	2%
Religious Views	2%

People could select more than one checkbox, so percentages add up to more than 100%

Figure 5

While a broad range of information was important, Safety and Commute Times were clear winners with more than 60% of respondents valuing that information. Close runner-ups included Real Estate Prices, Cleanliness, and Public Transportation as more than 50% of respondents said these mattered in their selection. Additionally, Green Spaces/Parks (44%), Dining (42%), Sense of Community (34%), and Grocery Options (33%) were likewise important.

Finding #4: Neighborhood information preferences vary across stages of life and urban/suburban destinations.

Given that different attributes are variably important to different types of people, we further segmented our results to see how preferences changed across Stage of Life (e.g. Singles, Couples, Families) and Urban/Suburban destinations. Figure 6 shows our most interesting findings concerning Stages of Life:
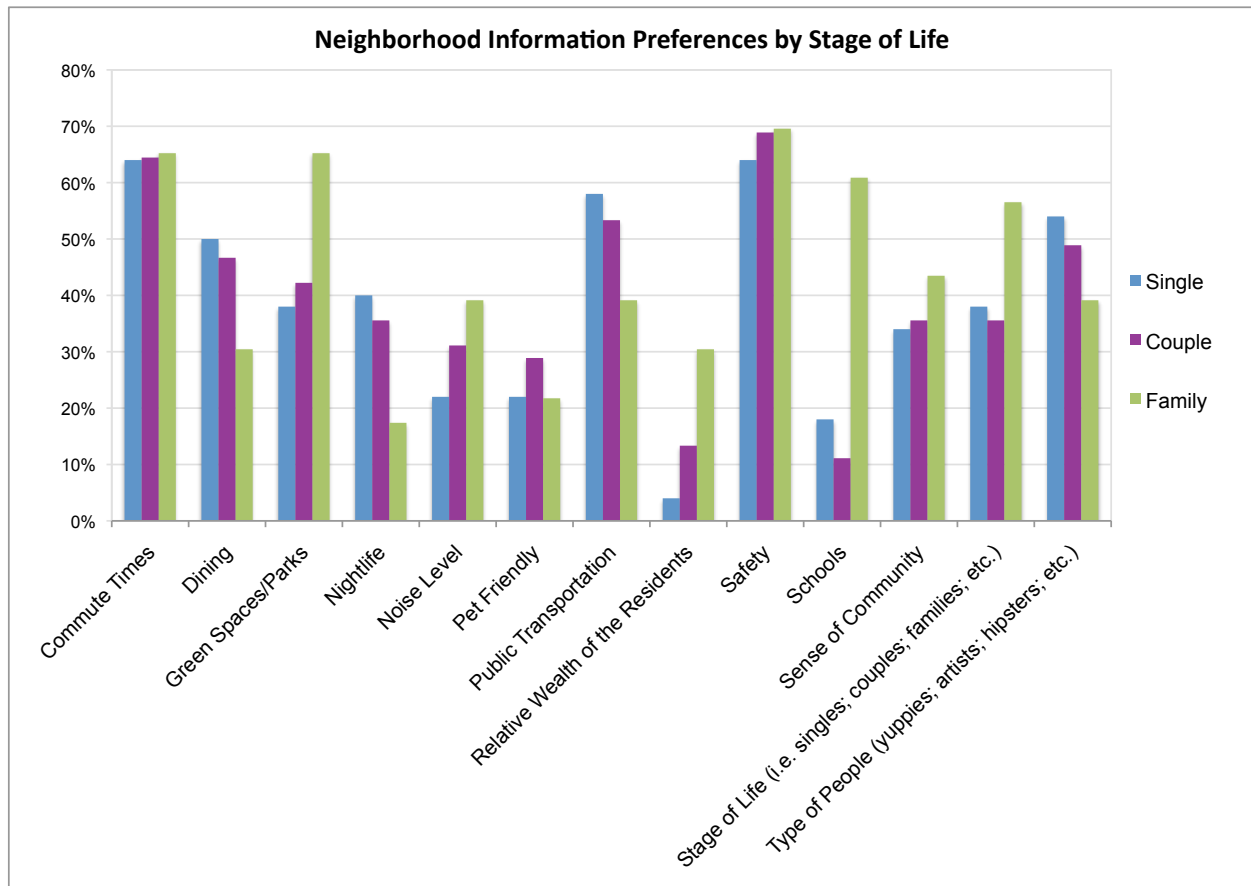

Figure 6

The most consistently valued attributes were Commute Times and Safety. Thus, no matter the Stage of Life of the real estate consumer, this information is relevant and important.

After that, we began to notice some differences, particularly with respect to Families. More Families (61%) cared about schools than Singles (18%) and Couples (11%). Also of note is that many more Families (65%) than Singles (38%) or Couples (42%) cared about Green Spaces and Parks. Conversely far fewer Families cared about the Dining, Nightlife, and Public Transportation Options in their neighborhood. Similarly, Noise-level and Sense of Community mattered more to Families than Couples or Singles.

Some slightly less obvious findings: More Families (57%) cared about the Stage of Life of other residents in their neighborhood than Singles (38%) and Couples (36%). Additionally, more Families (30%) cared about the relative wealth of their neighbors than Singles (4%) and Couples (13%). Conversely fewer Families (39%) than Singles (54%) and Couples (49%) cared about the Types of People, such as Yuppies or Artists, in the neighborhood.

We also noticed that Couples' attribute preferences generally fell between those of Singles and Families. However, there was one deviation from this, in that more Couples (29%) than Singles (22%) and Families (22%) cared about whether a neighborhood was Pet-Friendly.

Next, let's look at Figure 7, which contains our most interesting findings concerning Urban vs. Suburban destinations:
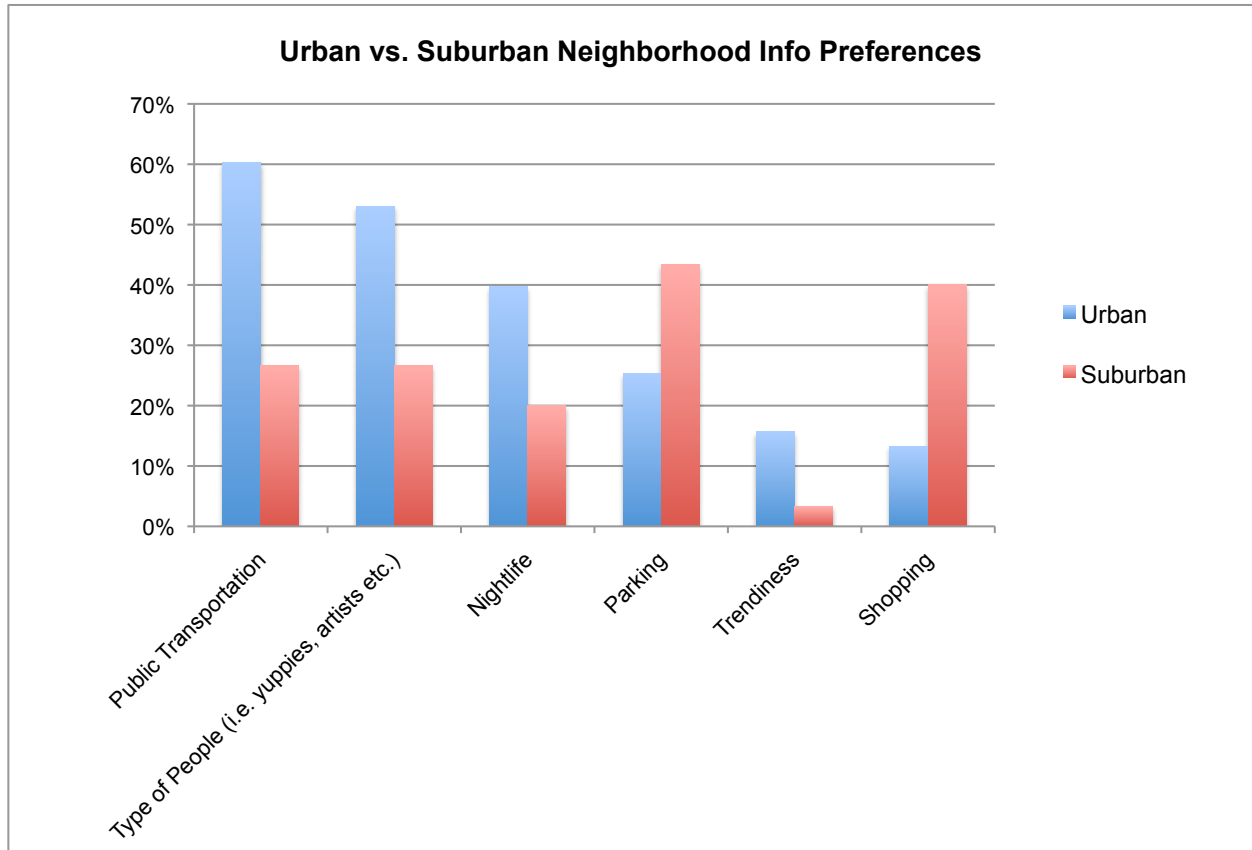

Figure 7

More Urbanites were interested in the Public Transportation, Nightlife, Types of People, and Trendiness in their neighborhoods than Suburbanites. More Urbanites were also interested in Types of People and Trendiness than Suburbanites. However, more Suburbanites were interested in Parking and Shopping than Urbanites. We also found that Safety, Commute Times, Real Estate Prices, Cleanliness, and living next to abundant greenery was important to people no matter where they lived.

Now that we've explored consumers' wants, let's consider how the real estate industry should use neighborhood information to best serve consumers.

Finding #5: While some consumers respect real estate agents for their neighborhood knowledge, many worry that agents are biased.

In Figure 2 we saw that only 25% of our respondents used a real estate agent to understand neighborhoods. When we asked people why they did not use an agent, a consistent concern was that agents were biased. Many respondents felt agents would be incentivized to sell the neighborhood in order to sell a home. A few examples:

> *"I feel [real estate agents] are biased and all they are trying to do is make a sale. People that know the area can be more upfront with you."*

> *"[Real estate agents] generally just tell you what they think you want to hear as opposed to actual information about neighborhoods."*

> *"I had a hard time distinguishing between a real estate [agent] just "selling" a nabe and really telling it how it was. For the most part, it seemed like cheesy lines."*

This information drove us to look at why other respondents *did* use an agent to understand neighborhoods. Many of these people simply said that they thought their agent would know the neighborhoods. Some people went further; they believed their agent would have specialized neighborhood knowledge that would be difficult to find anywhere else. Here are some examples:

> *"It's nearly IMPOSSIBLE to find dog-friendly places in our price range, so we relied on a real estate agent to track one down for us."*

> *"I was buying a new house in an area with "amenities" like wells and septic systems and wildfire danger that I wasn't familiar with. I wanted someone who knew the pros and cons of each neighborhood and house that I looked at."*

> *"Real estate agents had a better sense of actual current market values in the area, and gave better advice on bids vs. list price compared to online resources…"*

If many people are concerned about agent bias, yet others rely on agents for their specialized knowledge, how should an agent respond?

Agents will always have specialized, in-depth knowledge of neighborhoods that is tough to get anywhere else. However, real estate agents need to do something to respond to this issue of bias. Based on our research, we concluded that the real estate industry should embrace neighborhood information that is

independent and unbiased. The agent who possesses specialized knowledge, but also provides unbiased information, builds credibility and trust with her clients.

Consider the parallel between the real estate industry and the retail industry, which has embraced enhancing their sales efforts with third-party information through user-written reviews and ratings. A study conducted by the e-tailing Group and PowerReviews found that:

> *"83% of respondents are more confident making a purchase decision when they conduct their own research online vs. speaking to a salesperson in the store."*

> *"Friends and likeminded consumers (people with similar interests/personalities) are more influential than experts, including brands, doctors/scientists, retailers, and influential bloggers."*

> *"72% of respondents said they trusted retail sites with customer ratings on products and preferred to purchase from such retailers."[3]*

The fact that people value third-party, independent information on every day purchases implies that they would also seek out this type of information for even larger decisions like purchasing real estate and deciding where to live. Furthermore, referring clients to independent resources could allow real estate agents to comprehensively meet their clients' research needs without violating the Fair Housing Act.

Finding #6: Real estate websites must have neighborhood information in order to be taken seriously.

When we asked people if they thought real estate sites should have neighborhood information, 92% said yes. 76% said they would be more likely to use a real estate firm if they had neighborhood information on their website. We also asked what kind of information they wanted to see as shown below in Figure 8.
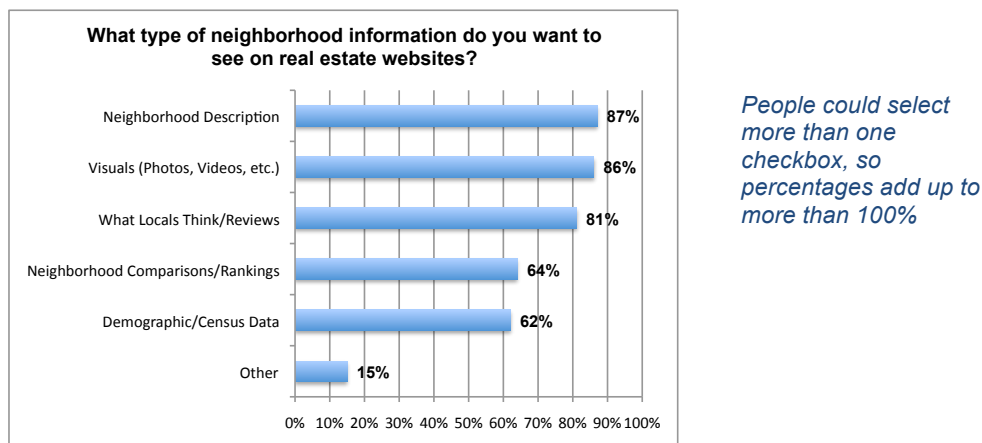

What type of neighborhood information do you want to see on real estate websites?

Neighborhood Description	87%
Visuals (Photos, Videos, etc.)	86%
What Locals Think/Reviews	81%
Neighborhood Comparisons/Rankings	64%
Demographic/Census Data	62%
Other	15%

People could select more than one checkbox, so percentages add up to more than 100%

Figure 8

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[3] Freedman, L., Luedtke, Pehr. (2010, May 26). 5 Social Shopping Trends Shaping the Future of Ecommerce. Retrieved from http://www.powerreviews.com/case-studies.php.

The most desired types of information were Neighborhood Description, Visuals, and What Locals Think/Reviews, followed by Neighborhood Comparisons/Rankings and Demographic Census Data. Clearly, people want all kinds of neighborhood content on real estate websites.

We also noticed that many of our survey respondents said that property information, prices, census, and demographic data were easy to find. The most difficult part for many was finding more qualitative information about neighborhoods. For example:

> *"Most frustrating would have been that I only saw a picture of the house I was renting. There were no neighborhood pictures and no reviews. The easiest was finding out exactly what the house looked like inside and out, there were very up to date pictures...."*

> *"As far as pictures/ideas of what the nabe looked like, I found searching on google maps was the best bet. Also, I was interested in the trendiness/hip/cool areas to live [and] to some extent this information was rather limited. The easiest was finding prices of the nabes as well as the demographics."*

> *"[Most] Frustrating–understanding the 'feel' of the area... wanting a snapshot. Easiest–price."*

Conclusion:

In our ongoing research, supported by our latest consumer survey, it became clear that people truly consider a very broad range of factors in trying to recreate their lifestyle in a new area. Beyond the initial must-haves like safety and commute times, consumer preferences tend to disperse along a unique range of criteria that is based on people's stage in life and preferences. Finding and filtering neighborhood information based on these specific criteria is extremely important to real estate consumers, and as we have seen, people will go to great lengths to make an informed decision.

While people are eager for this information, consumers are also concerned that real estate agents could be incentivized to misrepresent a neighborhood in order to sell a property. While it is true that some people are not comfortable with real estate agents selling them on a neighborhood directly, they do believe that the real estate industry would provide a better service by having relevant and accurate neighborhood information from unbiased third-party sources. This adds credibility, authenticity, and efficiency to the real estate search experience.

The neighborhood information solutions available today on various real estate sites fall short of the full-service solution that today's tech-savvy consumer expects. Even lifestyle search, which is becoming popular and offers great national coverage, does not provide a true understanding of a neighborhood. We propose that following the needs of the real estate consumer will lead the real estate industry to a more comprehensive solution.

The ideal solution must 1) match people to neighborhoods using a broad range of information, 2) must enable people to visualize what it would be like to live in the neighborhood through rich data, content, and visuals, and 3) must include third-party, unbiased perspectives.

Delivering on this comprehensive vision may be beyond the capabilities of many real estate firms, especially the small and medium-sized brokerages. Zillow and Trulia have grown in large part due to their leadership in local data and content and arguably even their current solution doesn't go far enough. Zillow's Zestimate data proved to be hugely popular with users and Trulia is placing big bets on local data with their acquisition of Movity. It is clear that to stay relevant and current, neighborhood information must be an integral part of the modern real estate firm's solution.