

# “SURVEY SAYS...”

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So many times in real estate (and in many other professions too) we hear people or professional organizations say, or see authors claim, that a “recent study shows”, or “many surveys that have been done indicate”, or “research has proven”, or any number of other exaggerated or even fictitious claims. Where are these studies and/or surveys? Who conducted them? Were the questions biased in any way? Was the research peer reviewed? Is the work published by a reputable independent organization?

Who designed and conducted these inquiries? If there is actual data and not just opinions, is the data statistically significant? Was there any outside commercial or special interest money used to influence, fund or sponsor the study? Where are the controls, credentials, references and footnotes for these claimed studies? And it all seems to go completely unchallenged!

Let’s start at the top. The National Association of REALTORS® (NAR) is widely quoted as one of the major sources of authority in the real estate business. That certainly would appear to make sense. After all, the NAR says that in 2016 there were 1,233,704 million of us – in 2017, 1,308,616 (only slightly down from the all-time “market bubble” high of 1,357,732 in 2006). That makes the NAR the largest trade organization in the country with lots of experience and resources and a fair amount of influence and power. It may be worth noting that 63% of all REALTORS® are female and 65% of all REALTORS® specialize in residential brokerage. And, that large number of members provides for a very large number of data points to research and create statistics that may be useful in many ways. But, care still needs to be taken to ensure that any such effort is conducted properly without introducing unwanted bias (natural or induced) or, caving into commercial sponsors and large corporate interests. Who decided we needed this “survey”?

To illustrate my concern, let's consider one example of a fairly recent "profile" published by the National Association of REALTORS®: **2015 Profile of Home Staging**. Without going any further, what do you think is going to happen? Guess what their "finding" is going to be. I believe it is a forgone conclusion. First, let's take this opportunity to distinguish between the terminology, which is too freely interchanged in this area of discussion.

What I am about to describe is, at best, a survey, albeit a poorly designed and controlled survey. However, I guarantee that it will repeatedly be referred to as a study by the world at large – especially by those who find it beneficial to their interests and beliefs. In some cases it's just semantics, but in some if not most cases, either intentionally or unintentionally, using the word study gives the information more value and influence. The word study connotes a serious scientifically based effort to get to the truth of a matter. The word survey simply means some form of questionnaire or polling of opinions, beliefs, observations and perceptions.

Stated (in part) in the published report is the following Methodology:

*"The survey was sent to 49,104 REALTOR® members. There were 2,373 respondents for a response rate of 4.8 percent...."*

So, what's the problem? Twofold: first, our membership is led to believe that staging is undeniably important and that staging significantly and positively influences property values. Second, this information makes its way to the public (home owners/sellers) (repeated, restated, and misrepresented through countless "authoritative" sources of information in print and online) and, is consumed as hard fact and therefor a must-have service when listing their houses for sale.

Let's take a closer look at the data, i.e., the numbers that are reported in the Methodology: 49,104 is 4.2% of the 1,167,595 REALTOR® members total in 2015. Of the 49,104, only 2,373 responded (that is only 0.2% of the REALTOR® population). Further, they don't bother to state whether that miniscule response was predominately male or female, inexperienced or experienced, urban or suburban, or any number of other characteristics that might influence the results. Oh, by the way, the report did disclose that

3% of the respondents (71 people) did not work with buyers or sellers – so they were removed from the sample – further reducing the actual number of data points.

Regardless of all that, just consider the motivation factor in the response rate – whatever that rate may have been. What do people tend to do when they are asked to reply to a survey or complete a questionnaire? They make a decision – yes or no. I believe that people are more likely to respond positively and participate if they have an interest in seeing a particular result or have a strongly held opinion – more so if in favor of the question or issue at hand. They want their viewpoint to be reinforced or win. The rest of us tend to ignore the request or just toss the questionnaire.

So, is the participation (the response) likely to be biased or subjective?

Certainly, the term “accuracy” has no place in this discussion. Which leads me to another observation about this report: it states that the “Median dollar value spent on home staging per home was \$675.” And it was paid for by various parties, the agents, the sellers, or the listing companies. Okay, that information should be somewhat accurate. But the report goes on to provide a breakdown of what respondents indicated their belief of the “percent change in the dollar value buyer is willing to offer for a staged home compared to similar home”. Seriously? How could they possibly know that? Here are the reported perceptions by the numbers:

19% Not sure

0% Staged home had a negative impact compared to other similar home

10% No impact on dollar value

37% Staged home has increase of 1% to 5% of the dollar value

22% Staged home has increase of

6% to 10% of the dollar value

8% Staged home has increase of

11% to 15% of the dollar value

4% Staged home has increase of

16% to 20% of the dollar value

Wow – these folks must be absolutely clairvoyant. To be able to say with confidence that an average investment of \$675 could yield a 20% increase in the sale price of a home. A 20% increase on a \$300,000 home would be \$60,000. That is remarkable!!!

Not sure how you defend that belief though. Does the appraiser have to see the staging too? If not, how are they going to believe the house is worth \$60,000 more?

Ultimately, given the extremely small sample size and the inherent flaws and bias of this exercise, how can this be held out to the public as a basis for deciding whether staging is worthwhile or not?

So...I decided to share my concerns with NAR and I sent them an email attaching a copy of this article that I published on my website in June 2017. To my surprise, I promptly received a polite reply thanking me for my interest in the subject and advising and including a copy of their **2017 Profile of Home Staging** that had just been released. There was no real acknowledgement of my article or the criticisms it contained. Presumably, this new report would be a “revision” or “update” of the 2015 report – but that is not cited at all in the new report. That too is just a little odd. ??

Perhaps they have addressed their sins and repented. Let’s do a side by side comparison:

## 2015

1,233,704

49,104

2,373

4.8 percent

0.19 percent

total membership

survey sent to

useable responses

response rate

of total membership

## 2017

1,308,616

53,760

1,894

3.5 percent

0.14 percent

Remarkably, they did seem to address some of my concerns and criticisms of the earlier study. Here is the breakdown on the survey respondents used in the 2017 effort:

*Respondents most often worked with buyers as clients, at 56 percent. Forty-one percent of respondents worked with sellers as clients.*

*Of the real estate agents surveyed, the median age was 54 years – 51 percent falling into the age bracket between 50 to 64 years, 17 percent aged 65 years or over, and 11 percent between 45 to 49 years.*

*Seventy-one percent of respondents were female, and 72 percent were married.*

*The primary function of survey respondents was as a sales agent at 65 percent, followed by associate broker at 15 percent.*

*Respondents have typically been active as a real estate professional for a median of 11 years.*

*Nearly six of 10 (65 percent) survey respondents worked suburban/subdivision areas, followed by 34 percent in urban and central city areas, and 24 percent in small towns.*

Thank you – that's all good information that provides some insight into the natural bias that may be influencing the responses.

The impact of home staging on "time on market" was not addressed in the 2015 profile. But, the following findings appeared in the 2017 profile:

Respondents stated that home staging greatly increased time-8%, slightly increases-8%, does not impact time-8%, slightly decreases-23%, and greatly decreases-39%. Clearly these have to be pure speculation – there is no way of knowing what the impact was.

Let's do another study to study comparison on other reported "values":

<u>2015</u>		<u>2017</u>
19 percent	Not sure of impact on dollar value	26 percent
0 percent	Staged home had a negative impact	1 percent
10 percent	No impact on dollar value	25 percent
37 percent	Staged home - increase of 1% to 5%	31 percent
22 percent	Staged home - increase of 6% to 10%	13 percent
8 percent	Staged home - increase of 11% to 15%	3 percent
4 percent	Staged home - increase of 16% to 20%	2 percent

Given the relatively small sample size, there doesn't seem to be any significant change in these numbers.

There was one page of the report devoted to a ranking of home improvement recommendations by respondents.

#### Home Improvement Items Recommended

93% declutter home	89% entire home cleaning
81% carpet cleaning	80% remove pets during showings
75% complete minor repairs	68% landscape outdoor areas
68% painting walls	62% paint touchups
60% professional photos	42% grouting
13% other	

Believe it or not, I agree 110% with this list and if these fall into the realm of "staging", I'm all for it!!

## **DISCLAIMER**

**John P. Hale is a licensed real estate agent in Maryland and Pennsylvania. He is affiliated with Long & Foster Real Estate, Inc. in Westminster, Maryland. John has been licensed since 2000 and also practiced in Tucson, Arizona for many years. Mr. Hale holds the following designations and certifications awarded by the National Association of REALTORS® (NAR) and other authorized institutions: ABR-Accredited Buyers Representative, AHWD-At Home With Diversity, CNE-Certified Negotiation Expert, CRMS-Certified Risk Management Specialist, CRS-Certified Residential Specialist, CTA-Certified Tourism Ambassador, e-PRO-Online Real Estate Practice, GRI-Graduate of Realtor Institute, MRE-Master of Real Estate, MREP-Mortgage Real Estate Professional, and MRP-Military Relocation Professional.**

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