

The Dirty Secret About Open Houses: They're Not About Selling Houses

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What is the true purpose of an open house? If you said, “To sell my house,” then guess again. The real answer is not what you think—and the truth is one of the best-kept secrets in the real estate business.

The real reason agents line up to do open houses is **to recruit clients**. Open houses are training and recruiting platforms for new agents, or agents who do not yet have listings of their own. Yes, they exist to sell homes, but they also exist to sell brokers. Brokers want unrepresented buyers to fall in love with their charm, their knowledge of the neighborhood, and their marketing prowess, all so they can represent the buyer walking through the door, whatever home they wind up buying. *Your house is the agent's best free marketing platform around.*

I spent 10 years as a real estate agent in Chicago, and weekend open houses were my rookie agent boot camp. In the early years, hosting an open house was the best way to practice with potential buyers and learn about the market. It was an opportunity to immerse myself in a neighborhood, to sound like a local expert, and to steep myself in recent area transactions all so I could impress the unrepresented buyer walking through the front door. Most times it worked. It's understood within the real estate industry that new agents cozy up to more successful listing agents, offering to host their weekly open houses, to pick up buyers. But these days, the buyers who visit open houses usually already have representation.

Today, outside of hot markets like San Francisco, San Jose, and New York, open houses are less useful than ever for selling a home. Real estate websites have replaced them. Most buyers find houses online in the middle of the night, when the kids are asleep, comparing one listing site to the next, clicking through slideshows, and scanning every angle of every photo. Websites, virtual tours, and virtually furnished floor plans are all used to find houses buyers deem worthy of actually visiting. Qualified buyers simply won't waste time visiting houses they haven't already checked out online.

The truth is, open houses are a waste of time. Don't believe me? Ask the National Association of Realtors®, which reported that, in 2014, only 9% of

buyers found the home they eventually purchased at an open house. That's down from 16% in 2004—and the number of buyers who even visited open houses has dropped accordingly, from 51% in 2004 to 44% last year.

For the most part, open houses are a relic of the days when access to listings was restricted to those with a real estate license. Open houses were the best way for buyers to peek inside a prospective house without having to make a solid appointment with their agent. (For some reason, people see this as “bothering” the agent whose job is precisely to be bothered in this way!) Open houses were a way for buyers to see as many properties as possible in one day and get to know a community.

Today's buyers save viewing properties IRL [in real life] for the *fourth* step in their buying process, not the first. (The second step is meeting their agent and third is getting pre-approved.) According to NAR, 43% of buyers use the Internet for their initial home search. They get to know the prices, finishes, school districts, and comparable sales before they ever talk to an agent. Thanks to the Internet, today's buyers are better informed than ever before.

Which all goes to say, open houses are just not what they used to be. Of course, new construction is a different beast entirely. Developers rely on model homes and unsuspecting novices to fall in love with fancy finishes that are seldom standard and sign the bottom line right there on the spot. And it works. Homebuilders have mastered the art of luring and closing.

But, please, don't cry for the dying of the open house. It just means the role of the real estate agent is changing. Home buyers are smarter, so agents now have to work smarter, too. And don't worry, buyers and sellers: As agents get smarter, your home buying and selling process should get easier.

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