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Naples Beach Hotel & Golf Club
Naples, Florida
April 14-17, 2010
Paper 4:  "Images from the Past: Discovering the Number One Reason for Residential Home Purchases"

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Paper 6:  "Land Leverage and House Price Cycles"

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3:30 -5:15 PM – MANGROVE B  
SESSION 42: REAL ESTATE POTPOURRI 2

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Paper 1:  "What Accounts for Return Differentials in 24-Hour Cities"

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Images from the Past: Discovering the Number One Reason for Residential Home Purchases

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Abstract
The primary aim of this paper was to investigate the unsolicited motives underlying consumers’ home choices. This research employed an innovative methodology incorporating the analysis of stories and pictures of real homebuyers in actual purchase situations to extend the typically more quantitative and limited methodologies employed in past research. Typically used in market research, ZMET is a research tool based on the notion of unconscious thoughts. Using visual images gathered by consumers to elicit and probe the metaphors that represent their thoughts and feelings, it was found that the reasons why people bought the homes they did was an emotional association between their past and the property attribute. The present methodology extends past property research which has predominantly taken a quantitative approach.

Keywords: behavioural real estate, qualitative research, housing choice
Introduction
Despite extensive research in residential real estate across a range of disciplines including finance, economics, architecture, geography and even marketing, there is still limited knowledge about what motivates people to put their money down for one house over all other alternatives. This study set out with research questions intended to discover from actual homebuyers, the motive that drive them to their home choice.

Background and Rationale for the Study
Home choice research in the past has been “theoretically underpinned by the rational man construct” (Diaz III, 1999, p.327) and based on the assumption that home choices are always preceded by lengthy decision making and an intense information search stage. A literature review revealed an overwhelming focus on the tangible factors influencing housing choice and a dearth of research looking at less tangible factors. Researchers in finance and economics for instance, have predominantly been interested in the relationship between house prices and the physical attributes of a house whereas property studies in architecture and geography have looked into the impact of environmental attributes on house prices. Home purchasers are always thought to have careful consideration for utility value such as size of land, size of property, location and neighbourhood (Baryla et al., 2000, Bates and Kane, 2003, Black et al., 2003, Crews and Dyhrberg, 2004, Jameson, 2004).

A majority of researchers have also chosen to look at a single variable as the source of information search and evaluation of alternatives. Rodriguez and Sirmans (1994) for example, considered the impact of a good view on property price. They used transaction data from 194 owner-occupant residential properties from Fairfax, Virginia. It not only concluded that “a good view adds about 8% to the value of a single-family house” but that “multiple regression analysis can be used to arrive at an estimate market value of a good view” (Rodriguez and Sirmans, 1994, p. 601). Other single variables that have been investigated include house numbers (Bourassa and Peng, 1999), floor numbers (Chau et al., 2001), water views (Benson et al., 1996), landscaping (Des Rosiers et al., 2002), location (Frew and Wilson, 2002) and house prices (Black and Diaz, 1996). However, the aforementioned studies concentrated on investigating the impact of one motivational factor on another real estate variable (usually house prices), rather than exploring multiple factors from the consumer’s perspective. These studies also tended to focus on utilitarian factors motivating home choice. This focus may have led either to important attributes being missed from the study, or results concentrating on outcomes and attributes which are unimportant to the homebuyer. In addition, economic motivations cannot explain how consumers differentiate between properties with very similar economic criteria (similar price range, similar size and age, same location). How do consumers, after examining a series of similar alternatives using their criteria of selection, arrive at a conclusion as to which to buy? Why did they buy what they bought? Why this house and not another?

A small number of studies have touched on the notion that house purchases can be driven by emotional motives. One such example is a recent study by Findsen (2005) who investigated the decision making processes of first homebuyers in New Zealand.
Although the research concluded that choice in home ownership involved many stages of separate purchase decisions, there was also an evocation that some respondents were flexible in their search methods and impulsive in the choices they made. The paper alluded to the possibility of the respondents experiencing an emotional “This is it!” moment and suggests further investigation.

The main emphasis on physical and tangible attributes within real estate research and the assumption that people apply a logical decision calculus in the effort to maximise utility has been questioned. Clapham (2002) noted that real estate researchers “have assumed that homebuyers are always rational and instrumental in their approach to housing decisions and that there is little empirical work to investigate and attempt to understand how different households perceive and react to the housing context facing them” (Clapham, 2002, p. 59). Bramley et al suggest that even the most plausible economic models have a propensity to be, “not so precisely fitting or consistent” (p.207) as to answer all the relevant questions. They recognise that what “the models fail to explain may be what other research approaches can begin to illuminate” (p. 208). Today, property researchers are encouraged to seek answers to critical questions such as, “what motivates people to be at this space rather than at other spaces and why do people choose to live where they do“ (Roulac, 2002, p. 14); to consider all aspects of non-financial decision factors” and to “examine the human influences that real estate consumers have on real estate demand” (Gibler and Nelson, 2003, p.63) . This knowledge is important because it would facilitate the identification of a number of important dimensions which might be of concern to buyers. Homebuyers with such information would be more aware of their decision-making process and the influences that determine their choices. This information may also be instrumental in helping real estate marketers and agents better understand the factors motivating consumers’ home choice behaviour. This paper aims to identify the non-calculative, non-economic and less tangible motives that determine a particular home for home purchasers.

**Methodology**

The heart of this research is the consumer and their home-buying experience, concentrating specifically on their decision-making processes and the impact of their past and present, direct and indirect experiences on their choices. Therefore, a humanistic perspective was taken and a naturalistic inquiry was adopted.

This study used The Zaltman Metaphor Elicitation Method (or more popularly known as ZMET) to investigate the issue at hand. ZMET is a hybrid qualitative research method that combines a series of other techniques such as the projective test, photography, Kelly Repertory Grid, means end chain and laddering. The rationale for utilising ZMET as a research method is detailed in another paper (see Khoo-Lattimore et al., 2009) but in the interest of brevity, we chose ZMET largely because it is a commanding tool to surface relevant constructs in consumer decision-making. It also fits in with the recent increase in support for qualitative approaches in real estate research to allow for a closer observation and deeper understanding of the buying behaviour of home purchasers (Levy and Lee, 2006).
Fourteen homebuyers participated in this study. This sample size is similar to that employed in past research using ZMET which has generally included samples of eight to sixteen respondents (Christensen and Olson, 2002, Lee et al., 2003, Sease, 2005, Vorell et al., 2003). One of the criteria to be eligible for the study was a genuine commitment to purchasing a property, a criteria that all of the respondents met by placing an offer on a legal contract to purchase a home or by attending an auction.

The research was conducted in three main stages. The first stage was an informal interview which involved getting to know potential homebuyers, their intention to purchase and their intended purchase. Stage two involved an assignment carried out by the participants after they had placed an offer for a house. In this assignment, participants collected eight to twelve pictures and/or photographs that represented reasons for their home choice. Photographs are deemed to be a powerful tool for projecting subjective emotion, especially when what participants value in a home may not be a tangible, physical attribute. Having homebuyers collect pictures that they define as relevant will yield meaningful insights and “increases the likelihood of uncovering important but previously unconsidered, customer issues” (Zaltman and Higie, 1993, p.10). Stage three followed after participants had submitted their photographs and pictures to the researcher. A semi-structured in-depth interview was conducted to ascertain the reasons behind their choice, constantly referring to and comparing it with their photographs. The method used in the interview in stage three follows that of ZMET (Zaltman, 1997), which focuses on exploring the participants’ thoughts and feelings about their home choice. This ten-step interview process, which lasted between sixty and ninety minutes, is presented in Appendix 1.

Step Ten of the process is the actual data analysis and coding process. This study follows closely the data analysis procedure in ZMET. Thus, only key constructs mentioned by at least one third of the participants were considered for analysis. The result is a consensus map that diagrammatically portrays the relationships among the elicited constructs.

Findings and Discussion

The chief discovery from this study was that the overriding motive for the respondents’ home choice was their emphatic connection with their past experiences. All fourteen respondents linked their reasons for home choice to aspects of their past, whether it was to avoid an unpleasant event in former times from recurring or to relive the positive memories of bygone days. These memories of past personal experiences are referred to as autobiographical memories (Baumgartner et al., 1992). Others have broadly defined autobiographical memories as memory for information related to the self (Baumgartner et al., 1992, Brewer, 1986), personal memory (Brewer, 1996) and episodic memory (Tulving, 2002).

In this study, it was found that the homebuyer’s reminiscences have direct impact on their home choice. For example, autobiographical memories proved to be an enormous underlying motivation for R5’s home choice. She wanted the house so much that she paid
an additional fifty thousand dollars for it. The reason why she did it, according to her
was, “so I said to my daughter: remember when you were a kid, you know like, you like
play in the garden, you know, so it’d be nice if Angelina (her granddaughter) has the
same thing, you know. So I’m not sure. It’s like…I don’t know the – the mind works
probably with familiar things. You know it’s more associated with familiar or for the
past or for whatever we’ve done in the past. So when we saw this house, we saw – yeah
my – my daughter – I – I knew it straight away when we saw the backyard, I was like: oh
like our villa (back in Jakarta), you know.” For each of the fourteen respondents, the
most frequently given explanation for their home choice was their recollection of other
people, places, events and relationships but given the intangible and subjective nature of
this motive, autobiographical memories had not been exposed as a motive for home
choice until now.

Past memory of living in a rented flat without appropriate space for entertaining has
pushed Respondent 12 to choose and buy a property that will allow her to do just that.
“One of the things I really wanted in a place was to have a big lounge and a dining area
sort of open plan, so that I could have – when I have people over uhm it’s just a lot – a
lot better. Cos my current lounge, if I have three guests, it’s crowded you know so. What
I really wanted was to be able to entertain and have people over for drinks or just, you
know, whatever.”

Not being able to enjoy the company of family due to space restrictions in the past also
motivated respondents to buy the home they did in the present. Respondent 1 noted, “I
mean last Christmas my parents came and my little brother came and I had to stuff them
into one bedroom because my flat mate thankfully was away. So I could – but you know it
would be easier if I had two bedrooms, so my little brother doesn’t have to sleep with my
parents… So yeah and you can have friends staying and you can have a spare room or an
office and a spare room for people to stay…”

Some of the respondents purchased because they were impressed by the views from the
properties. However, during the interview it soon became evident that the desire for
views was largely based on past experiences. Respondent 1 commented, “it should be
sunny and has a – have a view and those hills are quite important to me cos I grew up on
a hill, so I’ve always had it.” Respondent 4 made a similar comment when she said, “I
was brought up on a farm where I had a beautiful view through all my childhood we
would – the kitchen table was right where this wonderful view of fields and hills and I
think that I – I, for me particularly, I don’t want to settle for less than that, you know, I’m
used to having a nice view.”

An additional insight offered by this study is that consumers make choices based on
emotions. This is evidenced when feelings associated with memories and nostalgia were
a significant driving force behind consumer home choice. The emotions and feelings that
emanate from their autobiographical memories were reasons strong enough to drive
homebuyers to their purchases. Further support was found from nine of the respondents
who said that they experienced the “This is it!” feeling, characterised by a clear,
instructive idea that comes abruptly to mind. They reported the following: “when I saw
that house the first time I just knew it’s – it’s – it’s a good house” (R7); “we were in there for like five minutes – that night we made an offer on it and that night we got it” (R8); “every other house that we sort of gone through doesn’t smile at us, like it’s not a real warm feeling” (R9) and “I feel so this is it...this is it, this is what I want” (R5). With the exception of the recent publication by Munro and Smith (2008) and Khoo and Ndubisi (2008), emotion and feelings have not been investigated in property studies until now.

The elicitation of this construct as a motive for consumer home choice suggests that choice is a culmination of homebuyers’ past experiences and the feelings that they associated with those experiences. One’s past experiences and memories are evoked by certain features or attributes within a property resulting in the nostalgic feelings of pleasure. Although it remains to be tested, these feelings induced by autobiographical memories seem to have activated the ‘buy button’ for the respondents in this study.

Implications
The present findings reveal the role of autobiographical memories as a type of emotion-charged factor that impacts significantly in a real life home purchase situation and in doing so, provided insights into the deep-seated reasons that underlie people’s home choices. The role emotions play in home choice and its decision-making process is much more significant than has previously been acknowledged. The practical implications of the findings from this study cross several domains. An appreciation of how and what homebuyers choose what they did is advantageous to practitioners in predicting accurate property demands and value. Residential real estate agents are often heard to say, “Buyers are liars.” A statement such as this is the result of practitioners’ observations that homebuyers often ask to be shown properties reflecting an array of specific economic characteristics and criteria list such as the size of the property, the number of bedrooms, the location, the condition and the age of the property. Yet when they did buy, more often than not, they end up buying a house that does not fulfil the criteria in the checklists. This phenomenon has left many real estate marketers perplexed and frustrated. Thus, for real estate management and property marketers that are already devoting considerable resources promoting their housing stock, this new understanding of the most compelling reasons for why people choose to buy a particular home can be useful to devise new and quicker ways to sell a property.

Relatedly, in a personal selling context, real estate agents could expand on the homebuyer’s checklists by asking questions on the positive aspects of their past dwellings, including properties that they have grown up in. Questions such as, “What is special about the house you’re living in now?” or “What are the nice things about the house you grew up in that you would like in your new house?” will further help in matching a property to a homebuyer’s emotional needs but at present real estate agents are often trained to begin sales encounters by qualifying the client with questions about budget levels, number of bedrooms and other utilitarian attributes.
This study has distanced itself from using hypothetical choice and the quantitative method of ranking and rating attributes. Instead, it sought to understand consumer home choice by utilising a humanistic approach to gain access to the homebuyer’s own voice. The value of conducting this research on actual homebuyers provided access to the lived reality of individuals. Each homebuyer was interviewed before they bought their house and immediately after their purchase. This ensured that the meanings embodied in the words of the people under study were captured fresh to avoid meanings that may be lost by memory. Moving away from the practices of past housing research is a key component of data generation for this study and valued as such, because it is a means of discovering an unknown phenomenon (motives underlying consumer home choice) by helping to identify a key feature (autobiographical memories) that was previously obscure or unexplained. The research findings allow a fresh and non-stereotypical look at why people buy the homes they do and offer insight into the key motives that underlie a homebuyer’s choice. The research design for this study, and the significance it implies, therefore holds implications for research methodology.

**Conclusion**

In the movie, “Are We Done Yet?”, Nick and Suzanne have tied the knot and the couple is now looking for a home in which to raise their family. When they are shown a house in the suburbs, both Nick and Suzanne fall in love with the property despite it being obvious to the audience and to them, that there are structural flaws. Suzanne sees a claw foot bath in the bathroom and proclaims, “I’ve always wanted a claw foot bath!” while Nick sheds tears (literally!) as he realizes that he could finally have a separate, private toilet – something he had always wanted but never had. Emotions take over, they try to rationalize their purchase and buy the house on the same day without a building inspection. When they move in of course, they realise that the suburban dream does not come cheap. The find dry rot in all the walls, rust in the plumbing, major faults with the electrical wiring, leaks in the ceiling and problems with the foundations.

The above story is more than just a Hollywood family comedy. It symbolizes a type of emotion-charged decision situation that occurs in a real life home purchase situation, and this research has confirmed some of these intangible dimensions of emotion – the symbolic and historical aspect of autobiographical memories.
References


<table>
<thead>
<tr>
<th>Appendix 1: Core Steps in Implementing ZMET</th>
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<tr>
<td><strong>Step 1</strong> Storytelling. Participant describes the content of each picture they have taken or brought. The interviewer from refrain from interpreting pictures during interview.</td>
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<td><strong>Step 2</strong> Missed Images. Participant describes the picture(s) that he/she was unable to obtain and explains their relevance. Missed pictures may have important relevance too.</td>
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<td><strong>Step 3</strong> Sorting Task. Participant sorts pictures into meaningful groups and to provide a label or description for each pile. This helps to establish themes or constructs that are relevant to the participant.</td>
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<td><strong>Step 4</strong> Construct Elicitation. A structured interview where basic constructs and their interconnections are elicited using images as stimuli. This involves a modified version of Kelly Repertory Grid technique and the laddering technique.</td>
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<td><strong>Step 5</strong> The Most Representative Picture. Participant indicates which picture is most representative and gives reasons for the choice.</td>
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<td><strong>Step 6</strong> Opposite Images. Descriptions are elicited of pictures that describe the opposite of the task.</td>
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<td><strong>Step 7</strong> Sensory Images. Descriptions are elicited of what does and does not describe the concept in terms of colour, emotions, sound, smell, taste and touch. Sensory thoughts are images too and hence important to capture.</td>
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<tr>
<td><strong>Step 8</strong> Mental Map. Participant creates a map or causal model using the constructs that have been elicited.</td>
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<td><strong>Step 9</strong> Summary Image. Participant creates a summary image or montage expressing the topic under study by using digital imaging.</td>
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<tr>
<td><strong>Step 10</strong> Consensus Map. Researcher creates a map or causal model involving the most important constructs from the interview transcripts.</td>
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*Adapted from: Zaltman 1997*