



## Inside Real Estate

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# Reaching out to First-Time Home Buyers

Newspapers partner with Realtors, mortgage companies

*By Jennifer Streisand*



While appreciation of single-family home prices tapered off to single digit rates during the second quarter of 2006, the median single-family home price in the United States was \$227,500 — up from \$219,400 in 2005 — according to the National Association of REALTORS® (NAR). The national median condominium price was \$225,800 in the second quarter of 2006.

Even though the NAR reports that there are slower sales in 2006, resulting in a higher inventory of homes and lowering prices, the high median home price in many markets still might leave potential first-time home buyers wondering if they can afford to buy rather than rent. To attract first-time home buyers, newspapers are working with mortgage companies and Realtors.

### Fairs and seminars

In recent years display real estate advertising at *El Clasificado*, a Spanish-language weekly in Los Angeles, declined because the newspaper's clients had a lack of inventory. The housing market in Southern California was so robust that houses sold within days of appearing on the market, explained Publisher and CEO Martha C. de la Torre.

The median price of a single-family home in Los Angeles in the second quarter of 2006 was \$576,300 according to the NAR. This is considerably higher than the national median.

*El Clasificado* is planning a first-time home buyer fair for 2007, said de la Torre. It will be very grassroots oriented and give real estate advertisers an additional connection with *El Clasificado*.

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The fair will also provide additional real estate information to the Hispanic community. This is a critical step to make home ownership possible for more families of Mexican heritage in the United States, according to a 2004 study published by the Tomás Rivera Policy Institute at the University of Southern California. According to the study — entitled *El Sueño de su Casa: the Homeownership Potential for Mexican-Heritage Families* — the lack of accessible information is a key barrier to buying a home, but it can be overcome through the efforts of community organizations, financial institutions and Realtors.

To help customers and readers improve the quality of their lives and businesses, El Clasificado publishes a consumer advice column that includes guidelines on financing, refinancing and selling a home.

“We are developing a series of homeowner tips for apartment dwellers and potential home buyers that we will launch in fall 2006,” she said. “This section will segue into our first-time home buyer fair in 2007.”

To further accommodate the fast-moving real estate market, El Clasificado plans to have upgraded capability on its Web site that will enable real estate advertisers to publish online ads immediately.

The Post-Bulletin in Rochester, Minn., is exploring the possibility of a first-time home buyer seminar, said Sue Lovejoy, classified advertising manager. She is working on strengthening ties with the local Realtor association.

“We are active members for all of their committees and participate in community projects with them,” she noted. “In all of our real estate publications, we also promote the advantage of using a Realtor.”

In addition, the newspaper is exploring ways to assist Realtors, including working with them to increase weekend open house attendance.

### Noting differences

According to the NAR, renting can cost over seven times more annually than owning. In 2006 average rents are expected to increase 4.1%, but there is no wealth accumulation in renting.

The Bozeman (Mont.) Daily Chronicle works with Realtors to advertise the comparison between owning a home and renting, said Aurene Sinnema, assistant business manager and classified supervisor.

“We have some targeted advertising and our *Realtor Guide*, which we publish once a year,” she said.

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### Partnership

Highlighting differences between owning and renting and targeting potential home buyers on a limited budget were the goals of an advertising partnership between Wells Fargo Home Mortgage and the Waterloo (Iowa) Courier.

The partnership included a 12-page section in May 2006 that advertised 92 homes ranging from \$36,900 to \$130,000 in the local market, said Jack Emkes, branch manager of Wells Fargo Home Mortgage in Cedar Falls, Iowa. The project was an outgrowth of the Great American Homeowner Challenge promoted by Wells Fargo.

“We are encouraging people to bust the barriers and the myths of home ownership,” Emkes said. “We are dispelling all of those myths to show customers, ‘Look, you can buy a house. It is really not that hard to do, and it does save you money.’”

Wells Fargo did a lot of legwork for the section, including providing artwork for the ads and writing a letter that it and the newspaper distributed to Realtors.

The section was helpful to new Realtors starting out because some of their properties are less expensive, and the newspaper was able to give these properties more exposure with the partnership, said Classified Advertising Manager Sharon Jordan.

“We tend to see higher-end houses in the Waterloo Courier, and not the lower-end houses, especially with pictures,” she said. “The project enabled us to run pictures of the low-cost houses. In our real estate section, if a Realtor has a home that is \$300,000 and one that is \$85,000, the Realtor is going to do more promotion on the \$300,000 house simply because the commissions are higher.”

A week after the newspaper advertisements appeared, open houses were held to showcase the homes, she said.

The combination of resources between Wells Fargo and the newspaper made the project a successful endeavor. Wells Fargo can easily produce promotions to target first-time home buyers, but the power of the newspaper facilitated production and distribution.

“The newspaper was the best medium that we could use to have the most exposure,” Emkes said.

Wells Fargo was pleased with the results of the partnership. A similar project in

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Waterloo was anticipated for fall 2006.

“Realtors are excited about it, particularly some of the Realtors who did not participate in the spring,” said Emkes. “They want to participate because they have seen the value in it.”

### Legislation in the United States

To help more potential home buyers with low and moderate incomes, the U.S. House of Representatives passed the Expanding American Homeownership Act of 2006, which will implement reforms in the Federal Housing Administration (FHA). These reforms include giving the FHA more flexibility to increase loans and eliminating the mandatory 3% down payment. The bill awaits passage in the Senate, said Erin Hamm, press secretary to Sen. Jim Talent (R-Mo.), who introduced the legislation.

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