

5 Top Blunders of Internet Home Buying

How to avoid the common pitfalls of online real estate searching

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While the painful real estate swoon appears likely to extend well into 2009—at least—the number of Americans using the Internet to find the home of their dreams is poised to keep on climbing. According to the 2008 National Association of Realtors Profile of Home Buyers and Sellers, 87 percent of home buyers used the Internet to search for homes in the past year. That's up steadily from 84 percent in 2007, 80 percent in 2006. But despite its mounting popularity, the Internet home-buying process can present a host of pitfalls. To help make your online real estate searching more effective, here's a look at the top five Internet home-buying blunders and what you can do to avoid them.

1) Assuming you can do it all yourself. The Internet allows users to handle for themselves many of the tasks that could once only be performed by real estate agents. The NAR profile, for example, found that the number of home buyers who first learned of their homes on the Internet has been rising in recent years—to 32 percent in 2008, up from a tiny 2 percent in 1997. Accordingly, the number of home buyers who first learned of their homes through agents has been declining—it was at 34 percent in 2008, down from 50 percent in 1997.

But although the Internet can provide heaps of helpful tips and research, it would be a mistake to assume that the Web is all you need to buy a house—unless you are an experienced real estate investor. The process of purchasing real estate can be extremely complicated from a legal standpoint, and it's easy to make a mistake if you don't have an expert advising you. And when it comes to something as expensive as real estate, those mistakes could cost you thousands of dollars. "Doing all the paperwork yourself is a huge mistake," says Joshua Dorkin, CEO of BiggerPockets.com, a real estate networking and information site. "There are so many things you can miss on a contract."

[See [5 Reasons to Hire a Pro to Sell Your House](#)]

2) Looking too narrowly. The sheer amount of information about the real estate market online can be overwhelming. As a result, buyers can be tempted to stick to just one or two popular real estate search engines, like Realtor.com, for their research. The problem with doing that, however,

is that you're missing out on the biggest advantages that the Internet offers.

First, you're closing yourself off to a smaller cross section of the homes that are out there. "A lot of the sites aren't comprehensive and don't have all of the new listings," says Pat Kitano, a cofounder of Domus Consulting Group, which works with real estate brokerage firms on technology marketing strategies. Don't assume that because a house is on one real estate website that it is on them all, says Greg Healy, vice president of operations at ForSaleByOwner.com. "It's still very fragmented," he says. Healy recommends using several websites to get a more complete picture.

Second, you miss all the breaking, up-to-the-minute information on the housing market that can make you a smarter consumer. Blogs have become a popular resource for real estate agents and others to post information as it happens. "If consumers are interested in a local area, they should find local real estate bloggers who know this breaking information," says Kitano.

[See [Six Secrets of Internet Home Buying](#)]

3. Ignoring the indies. One area that major real estate search engines often overlook is the market for homes sold by the owners. "A lot of people forget to think how many homes are sold without agents. The current estimate is that 20 to 25 percent of homes are" listed by owner, says Healy.

Your dream house could easily fall into that 20 to 25 percent. So how do you bring homes sold independently into your online searches? "Craigslist is one of the best resources," says Dorkin.

4. Falling for fake listings. Remember, the Internet is a giant playground for scammers, and unfortunately they have penetrated the world of online home buying as well. Combine big dollars for online advertising and a lot of people searching for homes, and the result is a proliferation of fake home listings. There are a number of red flags to look out for. "If there are no photos [of the house], that's a big warning sign. That's just people trying to collect page views," says Healy. But even if there are photos, it's not guaranteed to be legitimate. Legitimate websites will put watermarks on their home photos to brand those photos as their own. If a home's photos have several different watermarks on it, then you can guess you are looking at the work of a scammer.

[See [How To Avoid Foreclosure Rescue Scams](#)]

5. Putting too much stock in home valuation websites. Sites like Zillow.com and Cyberhomes.com have changed the way people buy homes by putting pricing information at buyers' fingertips. But they're not infallible. Don't assume to know what the value of a home should

be based on what these sites tell you about the neighborhood. There are many elements of a home's value that home valuation sites cannot incorporate. "Take their values with a grain of salt," says Dorkin. He recommends using this information merely as a range. Do other research to narrow that range. For example, [walkscore.com](https://www.walkscore.com) can tell you the number of amenities within walking distance of a location—those are some of the tangibles that can raise or lower the value of a home.

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