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Fastest growing market

Across U.S., Hispanics become a key factor in real estate industry.

By Alan J. Heavens
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Not only is the Hispanic real estate market the nation's fastest-growing, according to a Harvard University study, but some builders and real estate agents also consider it the most exciting.

"We are here, and we are here to stay," said Theodore Serrano, vice president of Geo Advertising & Marketing of Tucson, Ariz., a city where 61 percent of the population is Hispanic.

"You can't ignore us anymore. Whether you niche-market it or secondary-market it, it is not going away," he said. "It is exploding."

That is true not only in areas of the United States in which Hispanics traditionally live, such as Tucson, San Diego, and San Antonio, Texas, but also in Raleigh, N.C., which saw its Latino population grow by 1,200 percent between 1990 and 2000, said Serrano's partner at Geo, Georgia Lacy.

By 2015, projections show, 17 percent of the U.S. population will be Hispanic, he said, "making it the largest minority group in the country." According to the Census Bureau, there will be more than 98 million Hispanics, accounting for 25 percent of the population.

Hispanic-owned businesses account for \$495 billion in revenue and employ four million workers, Serrano said, quoting data from the Small Business Administration. According to the SBA, one in 20 U.S. businesses are owned by Hispanics.

"These people have jobs, they save, they love their homes - it's important to them," he said.

Serrano, a fourth-generation Mexican American, said he believed the mainstream had intentionally ignored the Hispanic market. "The last census, I think, showed people what they haven't wanted to see: that Hispanics are there, and we need to focus on them to sell more houses."

The homeownership rate for Latinos in metropolitan Philadelphia is 47.1 percent, compared with 55.5 percent for African Americans, 56.1 percent for Asians, and 73.6 percent for white people, 2000 census figures show.

In the city, Latinos were 8 percent of the population in 2000, compared with 6 percent in 1990. In the eight-county region, Latinos were 5 percent of the population, compared with 4 percent in 1990.

Nationally, Latinos were 13 percent of the population in 2000, up from 9 percent in 1990, Census figures show.

The Latino market can be a lucrative one for real estate agents, said Gary Acosta, vice chairman and chief executive officer of the National Association of Hispanic Real Estate Professionals.

"But to get things moving, agents must learn how to reach out to this community," Acosta said.

Hispanics' disposable income between 1990 and 2002 increased to \$17 billion, according to the Selig Center for Economic Growth at the University of Georgia.

A study by the Pew Center for Hispanic Studies concluded that Latinos "are the principal source of new workers" in the U.S. economy. Through the ups and downs of the recent economic slowdown, Hispanic workers have managed to maintain a higher growth rate in employment than non-Hispanics.

An important factor to consider is that the average age in the United States is 35, "while the average age among Hispanics is eight years younger," the study said.

Thirty-five-year-olds in this country are typically looking to buy their second house. But because of the age difference between the total population and the Hispanic population, the real estate industry is projecting that eventually three out of five first-time home buyers will be Hispanic, Serrano said.

"Hispanic families tend to be larger and younger than the traditional buyers," said Michael D. Lee, a consultant on ethnic diversity in the real estate market.

"Hispanics and Southeast Asians also tend to pool their money to buy a house, then pool it again and again to buy others," Lee said. "It's a great way to keep the market humming."

Builders in California and Texas, which have large Hispanic populations, already have begun constructing affordable housing for first-time buyers.

"It's a niche," said Walter H. Richardson, a builder in Newport Beach, Calif. "You find it and build to it."

Hispanics create a "sense of place" with their homes, Serrano said. Data show that Hispanics make twice as many grocery shopping trips per month than any other consumer market, and "their food baskets are 21 percent larger."

Because "they like to stay home... they emphasize large family meals," he said. "That means they spend more of their budget on food than any other consumer."

This need for a permanent sense of place "means that renters are a good target for builders looking for first-time buyers," Serrano said.

As with all newcomers to the United States, Latinos have real estate traditions influenced by the economies and politics of the places from which they came.

The desire for homeownership among Latinos, especially those originally from Mexico, appears to be stronger than among other immigrant groups, according to a survey by Fannie Mae, the nation's largest source of mortgage financing.

Seventy-four percent of Mexican Americans responding to the survey ranked buying a home from "very important" to "number-one priority," while 70 percent of immigrants from the rest of Latin America shared that view. For all immigrants, the figure was 61 percent.

Mexico, which is currently short about seven million housing units, is seeing home-building efforts that make U.S. efforts seem puny by comparison.

In 2002, a Baja California builder, Casas Geo, sold almost 28,000 houses throughout Mexico, 91 percent of them to people earning the equivalent of \$19,500 to \$33,000 a year. The average sale price is about \$20,000.

How do Realtors and builders reach the Hispanic market?

"To sell me is to know me," Serrano said. "Effective marketing requires builders and real estate agents to obtain consumer insight into what Latinos are doing in your area.

"You can't translate," Serrano said. "You have to create culturally for them." He cited as an example television programming made especially for Latinos, but noted that there were also regional variations in preferences.

"The kinds of foods Hispanics favor change from Tucson to El Paso to Raleigh-Durham," he said.

No matter how tuned in you may be to any ethnic market, you are liable to begin making assumptions that can result in stereotyping, even if you are looking for positives that will help sell more houses.

"All people are individuals, no matter what their cultural backgrounds are," Lee said. "You have to treat them as such."

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