

2023

# PROFILE OF HOME BUYERS & SELLERS



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## 2023 Profile of Home Buyers and Sellers

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### Introduction

The NATIONAL ASSOCIATION OF REALTORS® *Profile of Home Buyers and Sellers* is an annual survey of recent home buyers and sellers who recently completed a transaction between July 2022 and June 2023. The flagship report has been published since 1981. The annual report allows industry professionals to gain insight into detailed buying and selling behavior. Each iteration of the report is as unique as the economic, social and demographic environment in which it is published.

While each year provides new opportunities and challenges for buyers and sellers, this year marked the end of the COVID-19 pandemic induced housing boom. The 2023 *Profile* shows some moderation in trends that moved towards all time highs and lows in the data. Some of the reversion in the data is likely due to the increase in mortgage interest rates, which moved between six and over seven percent in the period. Data in this year's report continues to show buyers encountering a housing market with limited housing inventory and affordability constraints. Other trends are likely a result of return-to-office demands.

For home buyers to compete in this year's housing market, they had to have a household income to support their purchase. The typical home buyer had a household income of \$107,000, up from \$88,000 the year before. With the rise in housing equity, due to the rise in home prices, there is an elevated share of buyers who are not financing their home purchase. Twenty percent of home buyers paid cash for their home, without financing it. In the 2022 report, 22 percent of buyers paid with cash for their home, but in 2021, this share was only 13 percent. Downpayments also grew this year for both first-time and repeat buyers—first-time buyers likely as they may need to have a stronger offer among all-cash buyers and among repeat buyers as they have increased housing equity. The typical downpayment for first-time buyers was eight percent, which is the highest share since 1997 when the typical downpayment was 9% for first-time buyers. The typical downpayment for repeat buyers was 19%, which is the highest share since 2005 when the typical downpayment was 21%.

Buyers were driven into the market with the desire own a home of one's own, to be near friends and family and the need for a larger home. Distance moved from the last home decreased from 50 miles to 20 miles, but remains elevated from previous years where 15 miles was typical. Similarly, while suburbs have boomeranged back

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(47 percent in 2023 report from 39 percent in the 2022 report), they remain under the norm seen in 2017 to 2021 when the share was over 50 percent of buyers. At the same time, small towns and rural areas remain more popular than they were over the same time period.

As competition in the market receded due to higher borrowing costs, first-time buyers had an opportunity to enter the market. Their share grew from a historic low of 26 percent to 32 percent. While this is a rise, this is still the fourth lowest share seen in more than four decades of data collection. The age of both first-time buyers and repeat buyers has declined one-year from historic highs seen last year to a median of 35 and 58, respectively. These are the second highest ages seen in the data set.

This year's report also saw a growing number of minority home buyers. Overall 81 percent of buyers were White/Caucasian, down from 88 percent last year. Ten percent of buyers were born outside the U.S., up from eight percent last year. Six percent of buyers spoke a primary language other than English, up from five percent last year.

Household composition of buyers continues to shift. Fifty-nine percent of recent buyers were married couples. This is the lowest share of married couples since 2010, while single women and men rose. Multi-generational living continues to remain popular with the 14 percent of all buyers purchasing a home that will house different generations for elder care, young adults moving back, and for cost savings. The share of buyers with children under the age of 18 dropped to the lowest level seen at 30 percent of all buyers.

The number of weeks a buyer searched for a home remained steady at 10 weeks from last year. Many buyers took advantage of virtual tours and virtual listings and used those in their search process, a transformation that happened in the pandemic and has continued among buyers' activity. Due to limited inventory, it is not a surprise, buyers continue to report the most difficult task for them in the home buying process was just finding the right home to purchase. However, overall 92 percent of home buyers are satisfied with the buying process.

Sellers continue to report the top reasons to sell were the desire to be close to friends and family and because their home was too small. Tenure has also maintained the high of 10 years, which has become common out of the Great Recession. Among sellers, 39 percent purchased a larger home and 28 purchased the same size home. This year, sellers sold their property typically at 100 percent of their asking price, and one-third received more than asking price for their home.

Buyers needed the help of a real estate professional to help them find the right home for them and negotiate terms of sale. Eighty-nine percent of buyers used an agent to help them purchase a home, an increase from 86 percent the

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year prior. The top item buyers want from their agent is help them find the right home to purchase. Buyers also found their agent helped them understand the buying process, pointed out unnoticed features and faults in the property, provided a better list of service providers and negotiated better sales contract terms.

Sellers, as well, turned to professionals to price their home competitively, help market the home to potential buyers, and sell within a specific timeframe. Eighty-nine percent of sellers used an agent to sell their home, an increase from 87 percent the year prior. While they survey asked about iBuyer of respondents, less than one percent of sellers used these online only programs. Seven percent of sellers sold via For-Sale-By-Owner (FSBO), a decrease from 10 percent last year and matching a series low seen in 2021. Over half of FSBO sellers knew the buyer of their home.

The information provided supplies understanding, from the consumer level, of the trends that are transpiring. This

survey covers information on demographics, housing characteristics, and the experience of consumers in the housing market, as well as for those who are not yet able to enter the market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

The *Profile of Home Buyers and Sellers* report has been the leading industry source of trusted insight into consumer behavior for over four decades. It has grown and evolved to keep up with changing home buying trends and the need for more information. NAR first administered the survey in 1981 with just 59 questions. In 2023, the survey contained 129 questions. Although the report has evolved, data has been collected for more than three decades describing the demographic characteristics of home buyers and sellers, buyers and sellers' experience in the home transaction process, as well as market characteristics including the use of real estate agents. One measure of how the market has changed is the manner in which the data is collected. In 1981, only a paper copy of the survey was offered. Today, recent home buyers can take the survey via paper or online, and in English or Spanish. Because of its long history and timely information available each year, the report is valued by REALTORS®, market analysts, and policymakers.

Data is collected from a nationally representative sample of recent home buyers who purchased a primary residence in the 12-month period between July and June. Data is also representative of the geographic distribution of home sales. Consumer names are obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records.

This report provides real estate professionals with insights into the needs and expectations of their clients. What do consumers want when choosing a real estate professional? How do home buyers begin the process of searching for a home? Why do some sellers choose to forego the assistance of an agent? The answers to these questions, along with other findings in this report, will help real estate professionals better understand the housing market and provide the information necessary to address the needs of America's real estate consumers.

The data set provides a wealth of data that is used to create a number of spin-off NAR reports including: *Home Buyer and Seller Generational Trends Report*, *Real Estate in a Digital Age*, *Veterans and Active Military Home Buyers and Sellers Profile*, *Profile of LGBT Buyers and Sellers*, *A Snapshot of Race and Home Buying in America*, *Downpayment Expectations and Hurdles to Homeownership*, and *Moving with Kids*.



### Highlights

#### Characteristics of Home Buyers

- First-time buyers made up 32 percent, up from last year's 26 percent. While an increase, it is well-under the 38 percent average seen since 1981.
- The typical first-time buyer was 35 years old this year, declining slightly from the high of 36 last year, while the typical repeat buyer age declined slightly to 58 years from an all-time high of 59 years.
- Fifty-nine percent of recent buyers were married couples, 19 percent were single females, 10 percent were single males, and nine percent were unmarried couples. This is the lowest share of married couples since 2010.
- Seventy percent of recent buyers did not have a child under the age of 18 in their home. This is the highest share recorded. In 1985, 42 percent of households did not have a child under the age of 18.
- Fourteen percent of home buyers purchased a multi-generational home, to take care of aging parents, for cost savings, and because of children or relatives over the age of 18 moving back home were the most common reasons.
- Eighty-one percent of buyers were White/Caucasian, seven percent were Hispanic/Latino, seven percent were Black/African-American, six percent were Asian/Pacific Islander, and six percent identified as some other race.
- Eighty-eight percent of recent home buyers identified as heterosexual, three percent as gay or lesbian, two percent as bisexual, one percent prefer to self-describe, and six percent preferred not to answer.
- Sixteen percent of recent home buyers were veterans and two percent were active-duty service members.
- At 26 percent, the primary reason for purchasing a home was the desire to own a home of their own. For first-time buyers, this number jumps to 60 percent.

#### Characteristics of Homes Purchased

- Thirteen percent of buyers purchased a new home, and 87 percent of buyers purchased a previously-owned home.
- Most recent buyers who purchased new homes were looking to avoid renovations and problems with plumbing or electricity at 45 percent. Buyers who purchased previously-owned homes were most often considering better price at 38 percent.
- Detached single-family homes continued to be the most common home type for recent buyers at 79 percent, followed by townhouses or row houses at 8 percent.
- Senior-related housing increased this year to 19 percent from seven percent last year (for buyers over the age of 60), with 17 percent of buyers typically purchasing condos and twelve percent purchasing a townhouse or row house.

- The median distance between the home that recent buyers purchased and the home they moved from was 20 miles. This is a decline from 50 miles last year, but is a reversion back towards the previously held norm of 15 miles.
- For buyers, 60 percent cited quality of the neighborhood as the most important factor determining the location. Convenience to friends and family and overall affordability of homes were cited at 45 percent and 39 percent, respectively.
- Buyers typically purchased their homes for 100 percent of the asking price, with 25 percent purchasing for more than asking price.
- The typical home that was recently purchased was 1,860 square feet, had three bedrooms and two bathrooms, and was built in 1985.
- Overall, buyers expected to live in their homes for a median of 15 years, while 22 percent said that they were never moving.

#### The Home Search Process

- For 41 percent of recent buyers, the first step that they took in the home buying process was to look online at properties for sale, while 20 percent of buyers first contacted a real estate agent.
- Ninety percent of recent buyers found their real estate agent to be a very or somewhat useful information source.
- Buyers typically searched for 10 weeks and looked at a median of seven homes, and viewed four homes only online. The number of weeks searching is unchanged from the 2022 report.
- Finding the right home was the most difficult task for buyers at 59 percent.
- All home buyers used the internet this year to search for a home. The most valuable content on websites were photos, detailed information about properties for sale, floor plans, and the real estate agent contact information.
- Ninety-two percent of recent buyers were at least somewhat satisfied with their recent home buying process.

#### Home Buying and Real Estate Professionals

- Eighty-nine percent of buyers recently purchased their home through a real estate agent or broker, and six percent purchased directly through the previous owner.
- Having an agent to help them find the right home was what buyers wanted most when choosing an agent at 50 percent.
- Forty-three percent of buyers used an agent that was referred to them by a friend, neighbor, or relative, 13 percent used an agent that they had worked with in the past to buy or sell a home, seven percent found their agent when inquiring about a specific property found online and seven percent found their agent through a website without a specific reference.

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- Seventy-one percent of buyers interviewed only one real estate agent during their home search.
- Ninety percent of buyers would use their agent again or recommend their agent to others.

### Financing the Home Purchase

- Eighty percent of buyers financed their home purchase, up slightly from 78 percent of last year, but still down from the 87 percent in the 2021 report.
- The typical downpayment for first-time buyers was eight percent, which is the highest share since 1997 when the typical downpayment was 9% for first-time buyers. The typical downpayment for repeat buyers was 19%, which is the highest share since 2005 when the typical downpayment was 21%.
- For 54 percent of buyers, the source of the downpayment came from their savings. Fifty-three percent of repeat buyers cited using the proceeds from the sale of a primary residence, while 23 percent of first-time buyers used a gift or loan from friends or family for the downpayment. First-time buyers increased their reliance of financial assets this year: sale of stock or bonds (11 percent), 401k or pension (nine percent), IRA (two percent), sale of cryptocurrency (two percent). Last year the total among all assets for first-time buyers was 20 percent, while this year was 24 percent.
- For first-time home buyers, 38 percent said saving for a downpayment was the most difficult step in the process.
- The majority of first-time buyers did make financial sacrifices to purchase a home. For those who did, the most common sacrifices buyers reported were cutting spending on luxury goods, entertainment, and clothes.
- Buyers continue to see purchasing a home as a good financial investment. Eighty-two percent reported they view a home purchase as a good investment.

### Home Sellers and Their Selling Experience

- The typical home seller was 60 years old, which is unchanged from last year's report.
- Sixty-three percent of sellers reported moving within the same state and moved a median of 35 miles. This is a notable change from the 2022 report when 24% moved within the state, and sellers moved a median of 90 miles.
- For all sellers, the most commonly cited reason for selling their home was the desire to move closer to friends and family (23 percent), because the home is too small (13 percent), or a change in the family situation such as a marriage, divorce, or new child (10 percent).
- Sellers typically lived in their home for 10 years before selling. Among seven of the last 10 years, the typical tenure has been 10 years. The most recent one-year dip was in 2021.
- Thirty-nine percent of sellers traded up to a larger home and 33 percent purchased a smaller home.

- Forty-eight percent of sellers did minor renovations before selling, 41 percent sold the home as-is, and 12 percent carried out major renovations.
- Eighty-nine percent of home sellers worked with a real estate agent to sell their home, seven percent sold via FSBO, and less than one percent sold via iBuyer.
- For recently sold homes, the final sales price was a median of 100 percent of the final listing price, maintaining last year's highest recorded since 2002.
- Recently sold homes were on the market for a median of two weeks, which is unchanged from last year.
- Ninety-two percent of sellers were at least somewhat satisfied with the selling process.

### Home Selling and Real Estate Professionals

- Sixty-five percent of sellers found their agent through a referral from a friend, neighbor, or relative or used an agent they had worked with before to buy or sell a home.
- Eighty-one percent of recent sellers contacted only one agent before finding the right agent they worked with to sell their home.
- Forty-six percent of sellers used the same agent to purchase a home, as sell their home. A share which rises to 84 percent for sellers who purchased a new home within 10 miles.
- Eighty-five percent of sellers used an agent who provided a broad range of services and management of most aspects of the home sale.
- Seventy-five percent of sellers reported that they provided the agent's compensation.
- The typical seller has recommended their agent once since selling their home. Twenty percent of sellers recommended their agent four or more times since selling their home.
- Eighty-seven percent said that they would definitely (73 percent) or probably (14 percent) recommend their agent for future services.

### For-Sale-by-Owner (FSBO) Sellers

- Seven percent of recent home sales were FSBO sales this year. This is an all-time low and matches the share seen in the 2021 report.
- The majority of FSBO sellers, 57 percent, knew the buyer of the home.
- Within rural areas, 14 percent sold via FSBO compared to three percent of sellers in urban areas.
- FSBOs typically sell for less than the selling price of other homes; FSBO homes sold at a median of \$310,000 last year, significantly lower than the median of agent-assisted homes at \$405,000.

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### Methodology Among Recent Buyers and Sellers

In July 2023, NAR mailed out a 129-question survey using a random sample weighted to be representative of sales on a geographic basis to 189,750 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2022 and June of 2023. A total 6,817 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 3.6 percent.

Data gathered in the report is based on primary residence home buyers. From the *Realtors Confidence Index*, 83 percent of home buyers were primary residence buyers in 2022, which accounts for 4,706,930 homes sold in 2022 (among new and existing homes). Using that calculation, the sample at the 95 percent confidence level has a confidence interval of plus-or-minus 1.19%.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending June 2023, with the exception of income data, which are reported for 2022. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.





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