Real Estate Facts Column

**Low Supply and Price Growth Keep First-time Buyers on the Sidelines**

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***(513 Words)***

The National Association of Realtors®’ *2017*[*Profile of Home Buyers and Sellers*](https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers) shows that despite strong interest in owning a home, a continued drought in housing supply has led to price growth over the past year. This accelerated price growth has kept many first-time home buyers out of the market, even when the economy has experienced steady job gains and mortgage rates at record lows.

“The share of sales to first-time home buyers went backward to 34 percent, from 35 percent in 2016, which is the fourth lowest share since 1981. Individuals who wanted to buy their first home faced roadblocks last year through a rise in home prices and inventory shortages – with the lower end of the market witnessing the worst of the supply crunch,” said **[full name and title of your local spokesperson]**.

*The Profile of Home Buyers and Sellers* identified numerous current consumer housing trends that affect first-time buyers, including mounting student debt balances and smaller down payments.

**Characteristics of first-time buyers**

The median age of first-time buyers was 32 years old, and first-time buyers saw their household income grow from $72,000 a year ago to $75,000 in 2017. First-time buyers purchased a slightly smaller home (1,640 square feet compared to 1,650 square feet in 2016) that was also more expensive ($190,000 versus $182,500 in 2016). Fewer first-time buyers purchased a home in an urban area (17 percent compared to 20 percent in 2016).

**Student debt**

Student debt balances continue to grow, making it more difficult for first-time house hunters to break into the market. The report found that over 40 percent of first-time buyers had student debt, and the typical debt balance increased in the last year from $26,000 to $29,000.

“The homeownership rate has fallen, and fallen more steeply among younger generations, in a large part because of student debt delaying their ability to buy a home, typically by seven years,” said **[last name of your local spokesperson]**.

**Down payments**

The increase in home prices pulled the typical down payment for first-time home buyers to 5 percent, compared to 6 percent in 2016. The primary source of funding for a down payment among first-time buyers was personal savings, followed by a gift from a friend or relative. “More than 50 percent of first-time buyers said it took a year or more to save for a down payment, and 25 percent said saving was the most difficult task in the entire buying process,” said **[last name of your local spokesperson]**.

The report also found that nearly 90 percent of all buyers ended up purchasing their home through a real estate agent. Finding the right property to buy and help negotiating the terms of the sale were the most common benefits that buyers wanted from their agent.

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