



National Association of REALTORS®

2013 PROFILE OF HOME BUYERS AND SELLERS

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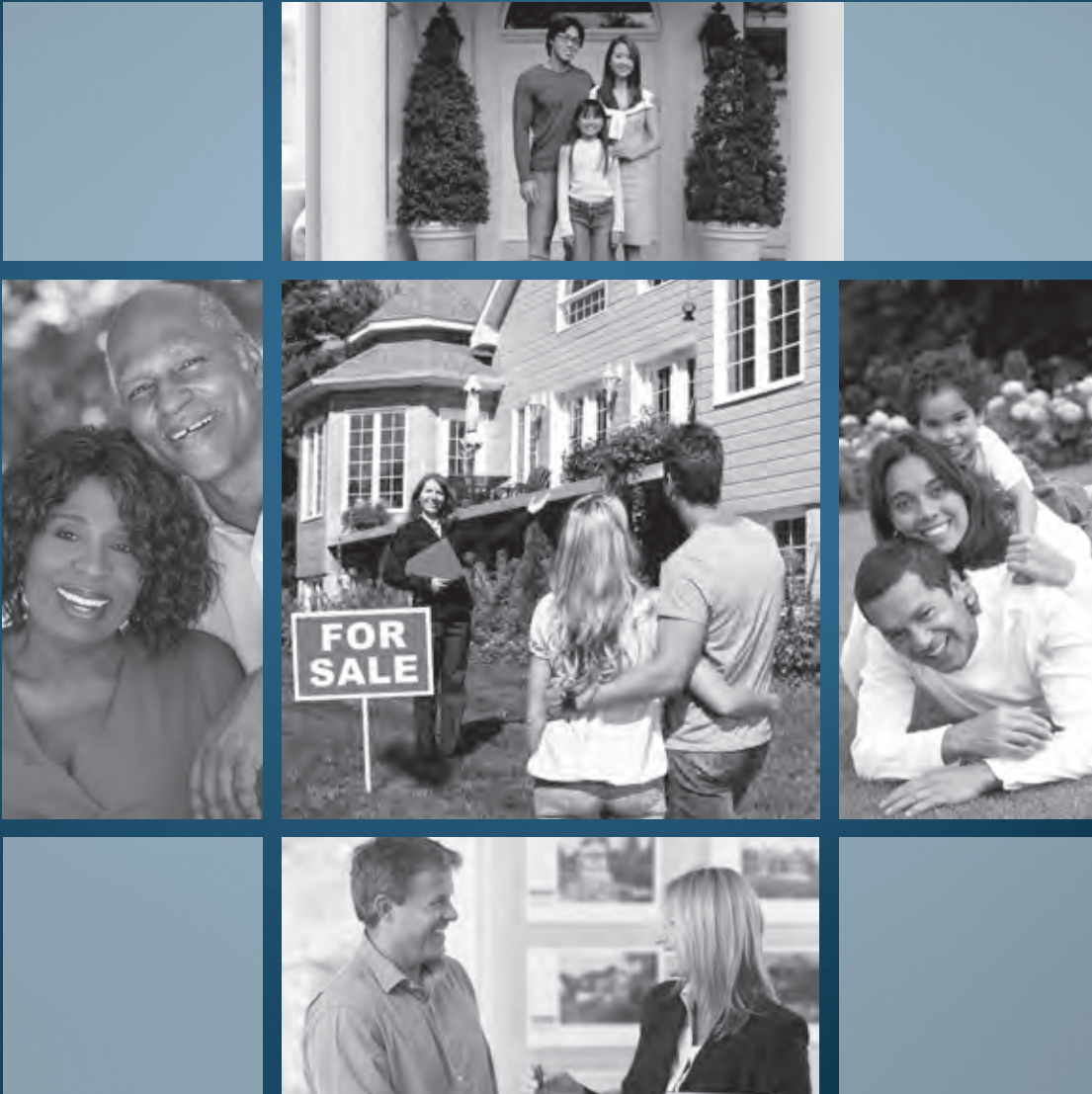
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Contents

Introduction	5
Highlights	6
Chapter 1: Characteristics of Home Buyers.....	8
Chapter 2: Characteristics of Homes Purchased	23
Chapter 3: The Home Search Process	42
Chapter 4: Home Buying and Real Estate Professionals	57
Chapter 5: Financing the Home Purchase.....	69
Chapter 6: Home Sellers and Their Selling Experience	80
Chapter 7: Home Selling and Real Estate Professionals.....	99
Chapter 8: For-Sale-by-Owner (FSBO) Sellers	110
Methodology	119
List of Exhibits	120

Introduction

For most home buyers, the purchase of real estate is one of the largest financial transactions they will make. Buyers purchase a home not only for the desire to own a home of their own, but also because of changes in jobs, family situations, and the need for a smaller or larger living area. This annual survey conducted by the NATIONAL ASSOCIATION OF REALTORS® of recent home buyers and sellers helps to gain insight into detailed information about their experiences with this important transaction. The information provided supplies understanding, from the consumer level, of the trends that are transpiring and the changes seen. The survey covers information on demographics, housing characteristics and the experience of consumers in the housing market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

Buyers continue to face tighter credit standards than seen in previous years. This year's report continued to show an elevated share of married couples and suppressed levels of single buyers, similar to last year's report. Married couples who purchased a home have the advantage of more buying power and added financial stability—their typical household incomes are higher than single households.



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Due to suppressed inventory levels in many areas of the country, buyers are typically buying more expensive homes as prices increase. While the search time for buyers stayed the same length as in previous years, the selling time for sellers dropped substantially.

Buyers need the assistance of a real estate professional to help them find the right home for them, help them understand the process, and negotiate terms of sale. Sellers, as well, turn to professionals to help sell their homes within a specific timeframe, market their home effectively and find the right buyer. As the market changes and evolves, the need for a professional to help with the transaction has increased. More buyers and sellers are turning to professionals to help them with this transaction. Satisfaction with agents continues to be high.

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 also provide the information necessary to address the needs of America's real estate consumers.



Highlights

Characteristics of Home Buyers

- Thirty-eight percent of recent home buyers were first-time buyers, which is still at a suppressed level from the historical norm of 40 percent.
- Fourteen percent of buyers purchased a multi-generational home due to children over the age of 18 moving back into the house, cost savings, and health and caretaking of aging parents.
- The typical buyer was 42-years-old, while the typical first-time buyer was 31 and the typical repeat buyer was 52.
- The 2012 median household income of buyers was \$83,300. The median income was \$64,400 among first-time buyers and \$96,000 among repeat buyers.
- Sixty-six percent of recent home buyers were married couples—the highest share since 2001.
- For 30 percent of recent home buyers, the primary reason for the recent home purchase was a desire to own a home.

Characteristics of Homes Purchased

- New home purchases continue to drag at a share of 16 percent of all recent home purchases.
- New home purchasers bought a new home to avoid renovations or problems with plumbing or electrical, and the ability to customize their home. Home buyers who bought previously owned homes purchased their home for a better price and overall value, and the charm and character their home provides.
- The typical home purchased was 1,900 square feet in size, was built in 1992, and had three bedrooms and two bathrooms.
- Eighty percent of home buyers purchased a detached single-family home.
- Fourteen percent of recent buyers over the age of 50 bought a home in senior-related housing, either for themselves or for a friend or relative.
- When considering the purchase of a home, heating and cooling costs were at least somewhat important to 85 percent of buyers and commuting costs were considered at least somewhat important by 73 percent of buyers.

The Home Search Process

- For 42 percent of home buyers, the first step in the home-buying process was looking online for properties and 14 percent of home buyers first looked online for information about the home buying process.
- The use of the Internet in the home search rose slightly to 92 percent.
- Real estate agents were viewed as a useful information source by 87 percent of buyers who used an agent while searching for a home.
- The typical home buyer searched for 12 weeks and viewed 10 homes.
- For more than half of buyers finding the right home was the most difficult step in the home buying process.
- Approximately nine in 10 recent buyers were at least somewhat satisfied with the home buying process.

Home Buying and Real Estate Professionals

- Eighty-eight percent of buyers purchased their home through a real estate agent or broker—a share that has steadily increased from 69 percent in 2001.
- Forty-two percent of buyers found their agent through a referral from a friend or family member and 12 percent used an agent they had used before to buy or sell a home.
- Twelve percent of buyers used online recommendations when searching for an agent and it influenced half of those buyers.
- Two-thirds of recent buyers only interviewed one agent before they found the agent they worked with.
- More than half of buyers reported what they want most from their real estate agent is to find them the right home to purchase.
- Eighty-eight percent of buyers would use their agent again or recommend to others.

Highlights

Financing the Home Purchase

- Eighty-eight percent of home buyers financed their recent home purchase. Among those who financed their home purchase, buyers typically financed 90 percent.
- The share of first-time buyers who financed their home purchase was 95 percent compared to 86 percent of repeat buyers.
- More than half of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing.
- Twenty-four percent of buyers reported the mortgage application and approval process was somewhat more difficult than expected and 16 percent reported it was much more difficult than expected.
- Twelve percent of buyers overall cited saving for a downpayment was difficult. Forty-three percent of buyers reported student loans, 38 percent reported credit card debt, and 31 percent car loans as the reason for the difficulty.

Home Sellers and Their Selling Experience

- Almost half of home sellers traded up to a larger size and higher priced home and 59 percent purchased a newer home.
- The typical seller lived in their home for nine years. The median tenure has increased in recent years. In 2007, the typical tenure in home was only six years.
- Eighty-eight percent of sellers were assisted by a real estate agent when selling their home.
- Recent sellers typically sold their homes for 97 percent of the listing price, and 47 percent reported they reduced the asking price at least once.
- Thirteen percent of recent sellers had to delay or stall selling their home because the value of their home was worth less than their mortgage.
- Thirty-six percent of sellers offered incentives to attract buyers, most often assistance with home warranty policies and closing costs.

Home Selling and Real Estate Professionals

- Thirty-nine percent of sellers who used a real estate agent found their agents through a referral by friends or family, and 25 percent used the agent they worked with previously to buy or sell a home.
- Two-thirds of home sellers only contacted one agent before selecting the one to assist with their home sale.
- Eighty-five percent of sellers reported that their home was listed or advertised on the multiple listing (MLS) website.
- Among recent sellers who used an agent, 84 percent reported they would definitely (65 percent) or probably (19 percent) use that real estate agent again or recommend to others.

For-Sale-by-Owner (FSBO) Sellers

- The share of home sellers who sold their home without the assistance of a real estate agent was nine percent. Forty percent knew the buyer prior to home purchase.
- The primary reason that sellers choose to sell their home without the assistance of a real estate agent to a buyer they did not know was that they did not want to pay a fee or commission (46 percent).
- Approximately one-third of FSBO sellers took no action to market their home, and 64 percent did not offer any incentives to attract buyers.
- The typical FSBO home sold for \$184,000 compared to \$230,000 among agent-assisted home sales.

Methodolgy

In July 2013, NAR mailed out a 122 question survey using a random sample weighted to be representative of sales on a geographic basis to 148,011 recent home buyers. The recent home buyers had to have purchased a home between July of 2012 and June of 2013. A total of 8,767 responses were received. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 6.1 percent.

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 2013, with the exception of income data, which are reported for 2012. 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. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South and West. 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.

