



National Association of REALTORS®

# 2014 PROFILE OF HOME BUYERS AND SELLERS

## Highlights

### Characteristics of Home Buyers

- Thirty-three percent of recent home buyers were first-time buyers, which is still suppressed from the historical norm of 40 percent among primary residence buyers.
- Thirteen percent of buyers purchased a multi-generational home due to cost savings, children over the age of 18 moving back into the house, and health and caretaking of aging parents.
- The typical first-time buyer was 31-years-old, while the typical repeat buyer was 53.
- The 2013 median household income of buyers was \$84,500. The median income was \$68,300 among first-time buyers and \$95,000 among repeat buyers.
- Sixty-five percent of recent home buyers were married couples.
- For 24 percent of recent home buyers, the primary reason for the recent home purchase was a desire to own a home, while nine percent purchased due to a job-related relocation or move, and eight percent bought for the desire to be in a better area or a change in family situation.

### 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 1,870 square feet in size, was built in 1993, and had three bedrooms and two bathrooms.
- Seventy-nine percent of home buyers purchased a detached single-family home.
- Thirteen percent of recent buyers over the age of 50 bought a home in senior-related housing.

- When considering the purchase of a home, heating and cooling costs were at least somewhat important to 86 percent of buyers and commuting costs were considered at least somewhat important by 70 percent of buyers.
- Buyers expect to live in their home for 12 years after buying.

### The Home Search Process

- For 43 percent of home buyers, the first step in the home-buying process was looking online for properties and 12 percent of home buyers first looked online for information about the home buying process.
- Ninety-two percent of buyers use the internet in some way in their home search process and 50 percent of buyers use a mobile website or application in their home search.
- Real estate agents were viewed as a useful information source by 98 percent of buyers who used an agent while searching for a home.
- The typical home buyer searched for 10 weeks and viewed 10 homes—this is two weeks shorter than the previous year's report.
- Approximately nine in 10 recent buyers were at least somewhat satisfied with the home buying process.
- 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 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.
- Two-thirds of recent buyers only interviewed one agent before they found the agent they worked with.

## Highlights

- Eighty-eight percent of buyers would use their agent again or recommend to others and 63 percent of buyers who purchased their home in the last year have recommended their agent to other buyers.
- Eighty-eight percent of home buyers financed their recent home purchase. Among those who financed their home purchase, the buyers typically financed 90 percent.
- The share of first-time buyers who financed their home purchase was 95 percent compared to 84 percent of repeat buyers.
- Forty-six percent of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing.
- Twenty-six percent of buyers reported the mortgage application and approval process was somewhat more difficult than expected and 18 percent reported it was much more difficult than expected.
- Twelve percent of buyers overall cited saving for a downpayment was the most difficult task in the home buying process. Among those buyers, 48 percent report credit card debt, 44 percent reported student loan debt, and 36 percent car loans delayed them saving for a downpayment.
- Eight in 10 buyers believe their home is a good financial investment.

## Home Sellers and Their Selling Experience

- Forty percent of home sellers traded up to a larger sized home, 47 percent purchased a more expensive home, and 53 percent purchased a newer home.
- The typical seller lived in their home for 10 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 45 percent reported they reduced the initial asking price at least once.
- Seventeen 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-eight percent of sellers who used a real estate agent found their agents through a referral by friends or family, and 22 percent used the agent they worked with previously to buy or sell a home.
- Seventy percent of home sellers only contacted one agent before selecting the one to assist with their home sale.
- Ninety-one percent of sellers reported that their home was listed or advertised on the multiple listing (MLS) website.
- Among recent sellers who used an agent, 83 percent reported they would definitely (68 percent) or probably (15 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-four percent knew the buyer prior to home purchase.
- Among sellers who did not know the buyer of the home previously, 15 percent were contacted by a buyer they did not know to buy the home.
- FSBOs typically have a lower median selling price: \$208,700 compared to \$235,000. Thus, the typical agent-assisted home sale typically has a 13 percent higher sales price than the typical FSBO sale.
- Half of FSBO sellers took no action to market their home, and 73 percent did not offer any incentives to attract buyers.

## Methodology

In July 2014, NAR mailed out a 127-question survey using a random sample weighted to be representative of sales on a geographic basis to 72,206 recent home buyers. The recent home buyers had to have purchased a home between July of 2013 and June of 2014. A total of 6,572 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 9.4 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 2014, with the exception of income data, which are reported for 2013. 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.

