

REALTORS® CONFIDENCE INDEX

Report on the January 2015 Survey



NATIONAL ASSOCIATION OF REALTORS®

Research Department

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The *REALTORS® Confidence Index (RCI)* Report provides monthly information about real estate market conditions and expectations, buyer/seller traffic, price trends, buyer profiles, and issues affecting real estate based on data collected in a monthly survey of REALTORS®. The January 2015 report is based on the responses of 4,259 REALTORS® about local market conditions in January. Of these, 1,979 respondents closed a sale and provided information about the characteristics of their last transaction for January, which, on a combined basis, are viewed to be representative of the sales for the month¹. Responses were received from February 2-9, 2015. All real estate is local: conditions in specific markets may vary from the overall national trends presented in this report.

The Report also contains commentaries by the Research Department on recent economic data releases and policies affecting housing. This week's commentaries look at pent-up sellers, foot traffic data, and the diversity of first-time home buyers.

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¹ The survey was sent to 50,000 REALTORS® who were selected through simple random sampling. To increase the response rate, the survey is also sent to respondents in the previous three surveys and who provided their email addresses. The number of responses to a specific question varies because the question is not applicable to the respondent or because of non-response. To encourage survey participation, eight REALTORS® are selected through simple random sampling drawing to receive a gift card.

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SUMMARY

The information provided by REALTORS® about local market conditions in January 2015 indicated a broad uptick in confidence and market activity compared to that in December 2014. The *REALTOR® Confidence Index –Current Conditions*, the *RCI-Buyer Traffic Index*, and the *RCI-Seller Traffic Index* all increased, reflecting higher buying and selling activity across most local markets in January.

REALTORS® reported more buyer activity in their markets on the heels of lower mortgage rates but not enough inventory to match demand. Inventory was reported as “low” in most areas, especially for “fresh” and “affordable” listings. A lower than normal level of new construction contributed to the lack of inventory. Qualifying for a mortgage was reported as difficult, although becoming easier (TX, CA, NY). Problems facing potential home buyers included modest income growth, weak credit and income profiles, and in the case of condominium buyers, projects not meeting eligibility guidelines for borrowers to obtain FHA/VA or conventional financing.

Looking ahead at the spring market and the increased buying interest, REALTORS® were broadly more optimistic about the outlook for the next six months. REALTORS® cited the positive effect of mortgage rates now at less than 4 percent and the reduction in FHA monthly mortgage insurance premium rates (by 0.5 percentage points). Optimism also increased in anticipation of the seasonal uptick in the spring season.

REALTORS® in states adversely affected by the harsh winter (e.g., MA, PA, and IL) reported market slowdowns. In states with more oil and gas extraction activity (e.g., TX), there was concern about the impact of the steep drop in oil prices in their market. In coastal areas (e.g., FL, NJ), the uncertainty regarding flood insurance rates continued to be reported as affecting sales.

January 2015 REALTORS® Confidence Index Survey Highlights

	Jan 2015	Dec 2014	Jan 2014
RCI –Current Conditions: Single Family Sales /1	58	51	60
RCI- 6 Month Outlook: Single Family Sales /1	72	67	69
RCI –Buyer Traffic Index /1	56	47	59
RCI-Seller Traffic Index /1	41	38	43
First-time Buyers, as Percent of Sales (%) /2	28	29	26
Sales to Investors, as Percent of Sales (%)	17	17	20
Cash Sales, as Percent of Sales (%)	27	26	33
Distressed Sales, as Percent of Sales (%)	11	11	15
Median Days on Market	69	66	67
Median Expected price growth in next 12 months (%)	3.2	3.2	3.8

/1 An index of 50 indicates a balance of respondents having “weak”(index=0) and “strong” (index=100) expectations. An index above 50 means there are more respondents with “strong” than “weak” expectations. The index is not adjusted for seasonality effects.

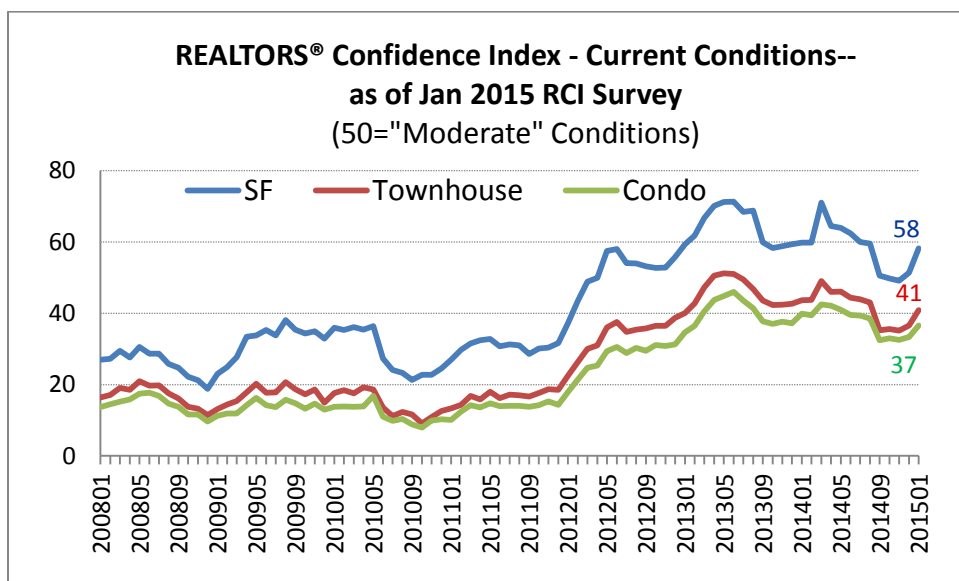
/2 NAR’s 2014 Profile of Home Buyer and Sellers (HBS) reports that among primary residence home buyers, 33 percent were first-time homebuyers. The HBS surveys primary residence home buyers, while the monthly RCI Survey surveys REALTORS® and captures purchases for investment purposes and vacation/second homes.

I. Market Conditions

Market Activity Improved in Most Markets in January 2015

Local markets broadly picked up across all property types in January 2015 compared to December 2014, although activity was more modest compared to a year ago. The indexes for the *REALTORS® Confidence Index-Current Conditions* across property types all rose in January 2015 compared to December 2014. The index for single-family homes was 58 (51 in December 2014; 60 in January 2014). The indexes for townhomes and condominiums also improved although they are still below 50. REALTORS® reported that FHA's and the GSE's (Fannie Mae and Freddie Mac) financing eligibility regulations continued to make condominium financing difficult to obtain². An index above 50 indicates that the number of respondents who viewed their markets as "strong" outnumbered those who viewed them as "weak."³

REALTORS® reported that the decline in the 30-year fixed mortgage rate to less than 4 percent since October 2014 has attracted buyers, but there is not enough supply, especially for "affordable" and "fresh" listings. At the local level, REALTORS® in states adversely affected by the harsh winter such as Massachusetts, Pennsylvania, and Illinois reported market slowdowns.



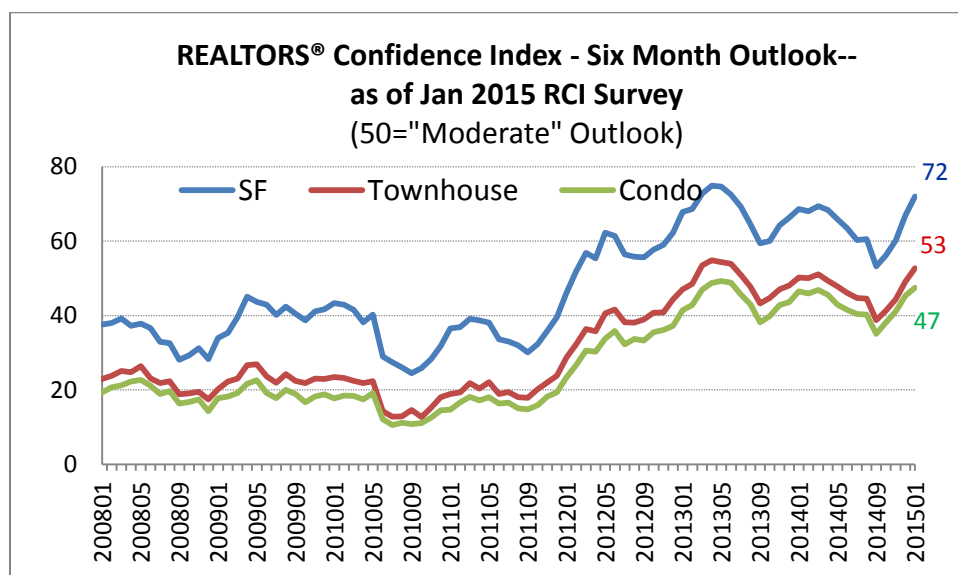
² These regulations pertain to ownership occupancy requirements, delinquent dues, project approval process, and use for commercial space. Read the Statement of NAR Submitted for the Record to the Senate Committee Housing and Banking Affairs on December 9, 2015 at <http://www.ksefocus.com/billdatabase/clientfiles/172/1/2180.pdf>

³ An index of 50 delineates "moderate" conditions and indicates a balance of respondents having "weak" (index=0) and "strong" (index=100) expectations or all respondents having moderate (=50) expectations. The index is not adjusted for seasonality effects.

REALTORS'® Confidence About the 6-Month Outlook Improved

Confidence about the outlook for the next six months improved significantly in January 2015. In the single family market, the *REALTORS® Confidence Index - Six-month Outlook* increased to 72 (67 in December 2014; 69 in January 2014). For the first time since mid-2013, the index for townhomes rose above 50, indicating that the number of respondents who view the townhomes market as “strong” outnumber those who view the market as “weak.”

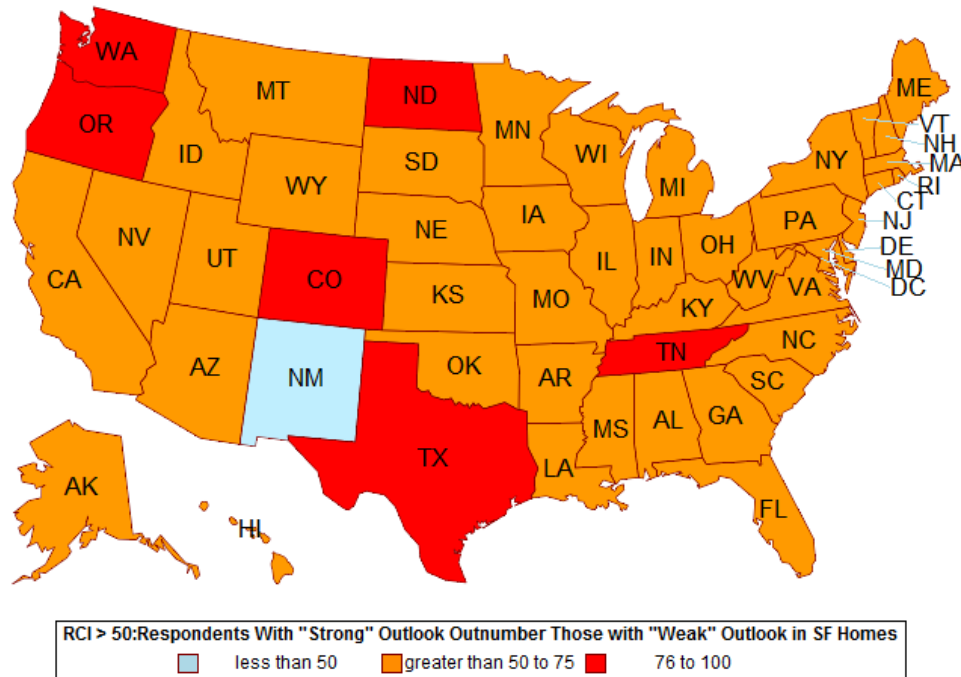
The anticipated seasonal uptick in sales in the spring, the positive effect of low mortgage rates, and lower mortgage insurance premium payments underpinned the increased confidence. For loans originated starting January 26, 2015, FHA will charge a monthly mortgage insurance premium of 0.85 percent on the outstanding loan balance, down from 1.35 percent. The GSEs (Fannie Mae and Freddie Mac) also increased the maximum loan to 97 of the house’s value, up from 95 percent.



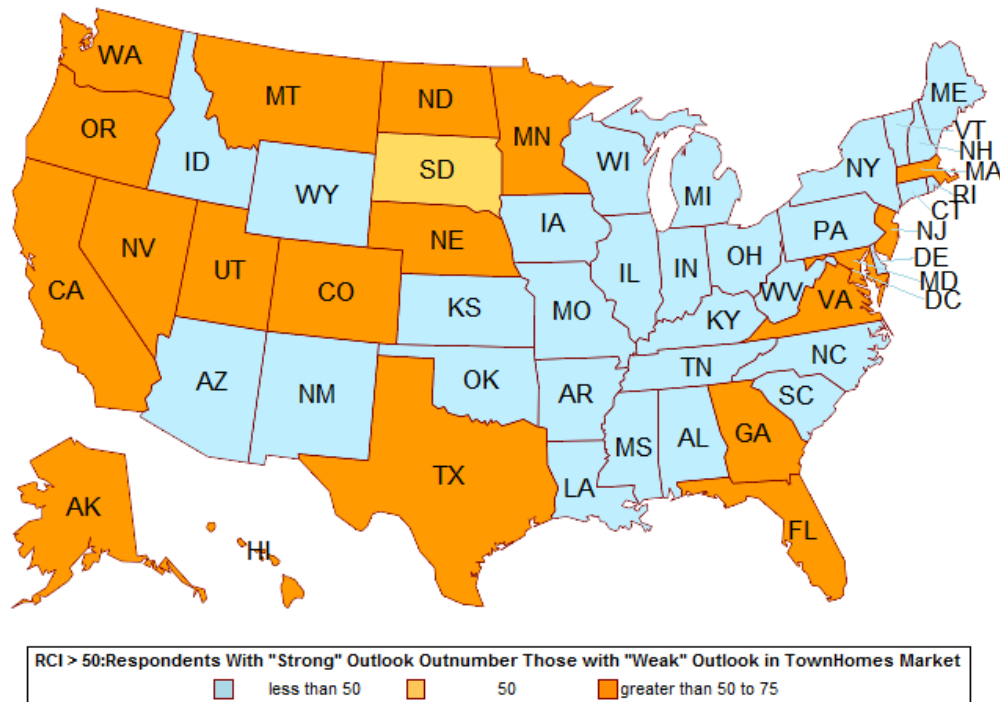
The following maps show the *REALTOR® Confidence Index-Six-month-Outlook* by state⁴ as well as employment growth, a key driver of housing demand. Across many states, the index was greater than 50, which means that the number of respondents who have a “strong” outlook outnumbered those with “weak” outlook. The outlook for single family homes was strongest in North Dakota, Colorado, Texas, Washington, and Oregon, states that have experienced strong job growth due to the oil/gas and information technology sectors.

⁴ The market outlook for each state is based on data for the last 3 months to increase the observations for each state. Small states such as AK, ND, SD, MT, VT, WY, WV, DE, and the D.C. may have less than 30 observations.

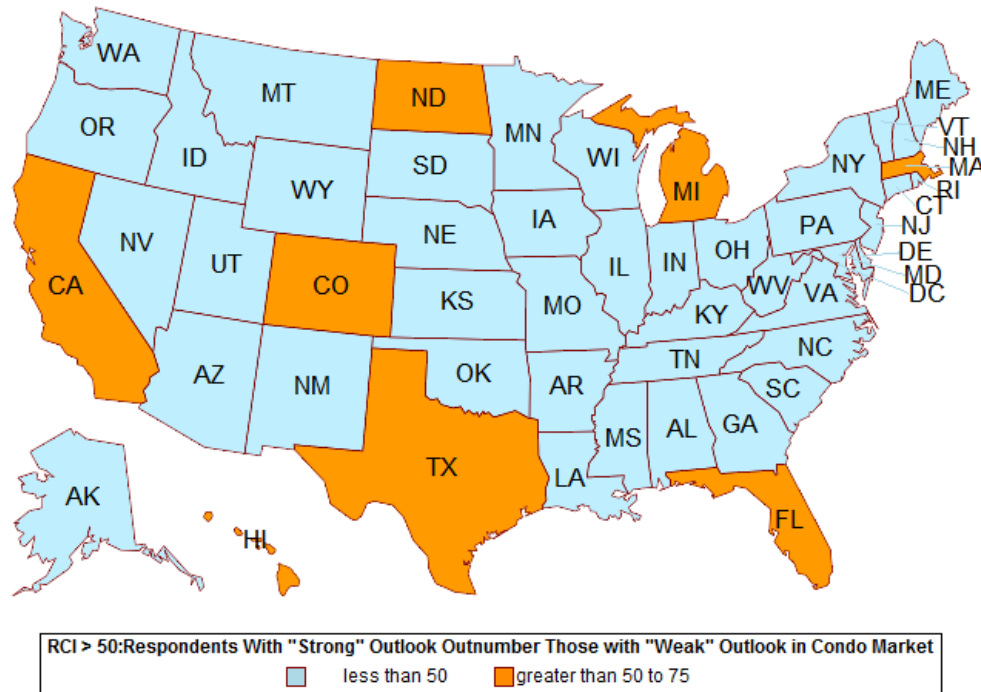
REALTORS(c) Confidence Index: Outlook in Next Six Months for Single-Family Homes
Based on Nov 2014-Jan 2015 RCI Surveys



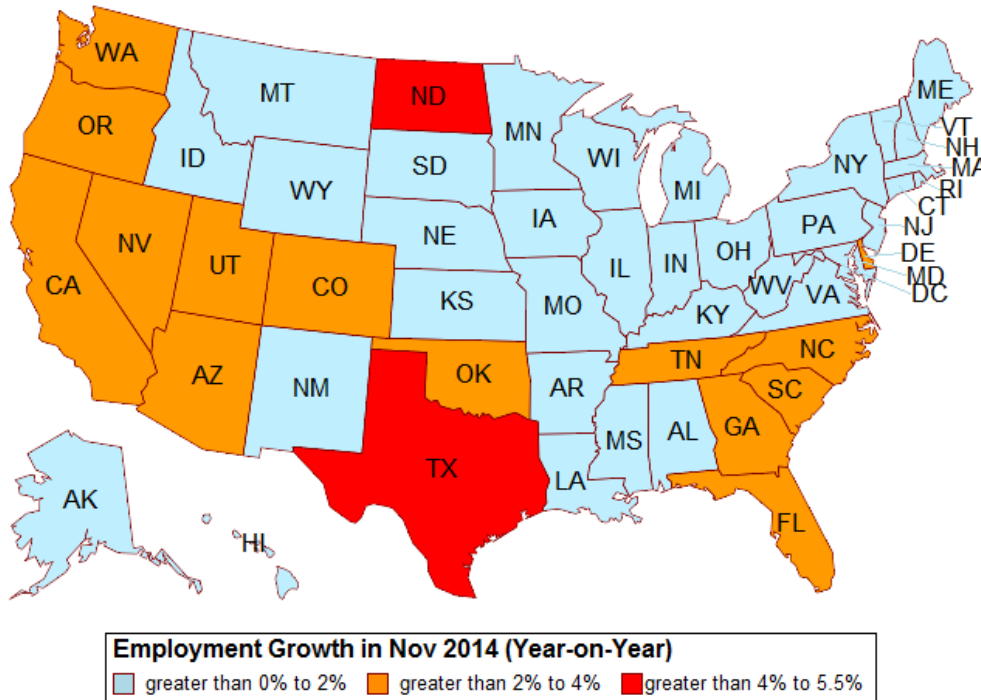
REALTORS(c) Confidence Index: Outlook in Next Six Months for Townhouses
Based on Nov 2014-Jan 2015 RCI Surveys



REALTORS(c) Confidence Index: Outlook in Next Six Months for Condominiums
Based on Nov 2014-Jan 2015 RCI Surveys



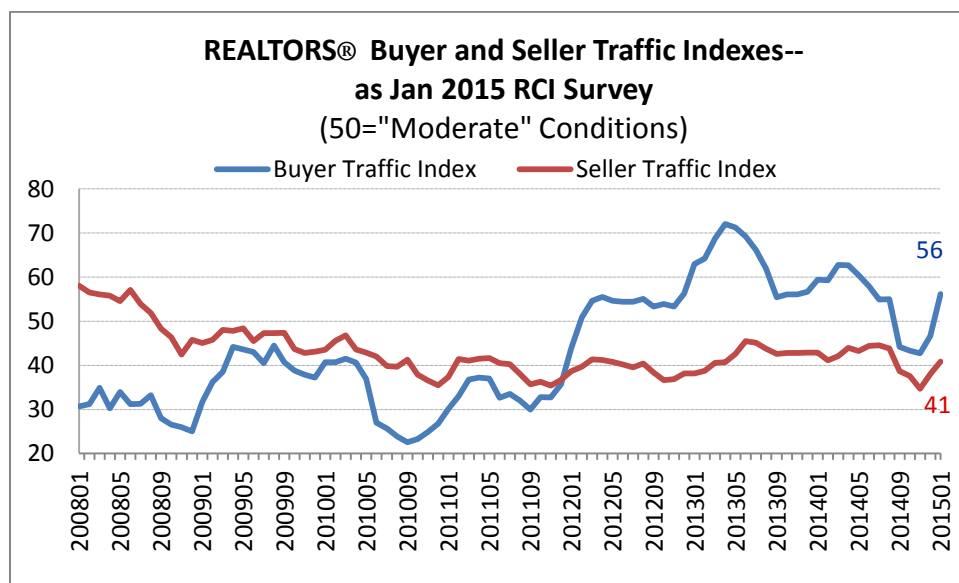
Non-farm Employment
Year-on-Year Growth in Dec 2014



REALTORS® Buyer and Seller Traffic Indexes Increased in January 2015

Buyer and seller traffic broadly increased in many local markets in January 2015 compared to December 2014, although weaker compared to a year ago. The Buyer Traffic Index registered at 56 (47 in December 2014; 59 in January 2014). Respondents reported that lower mortgage rates were boosting homebuying.

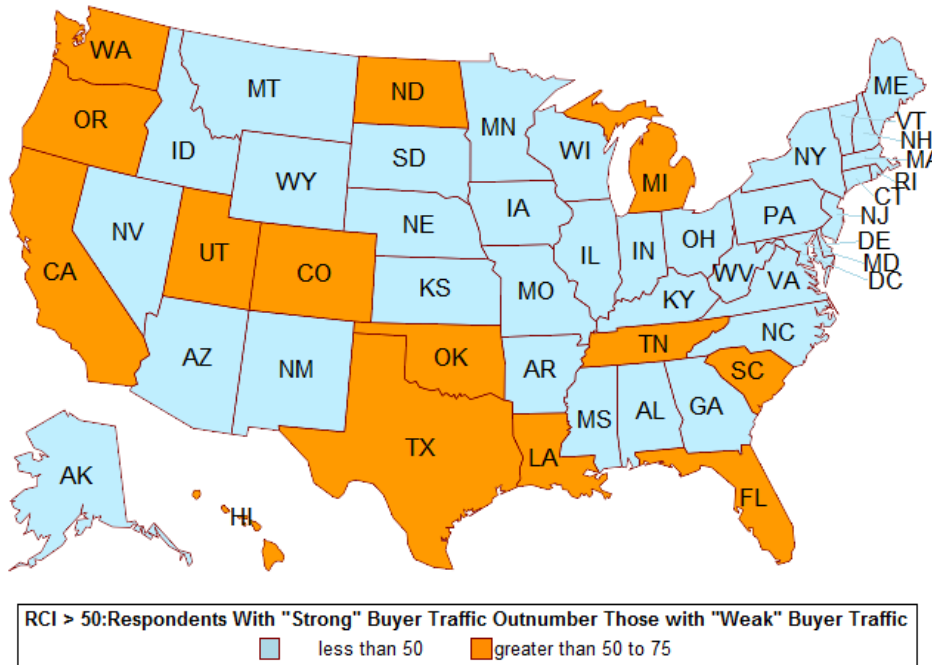
However, supply remains broadly low compared to demand. The Seller Traffic Index registered at 41, indicating “weak” supply in many markets (38 in December 2014; 43 in January 2014). Although prices have been rising, many homeowners are still reluctant to list as they wait for prices to pick up further to build up more equity. About 19 percent of mortgaged properties, mostly lower priced homes, have equity below 20 percent.⁵



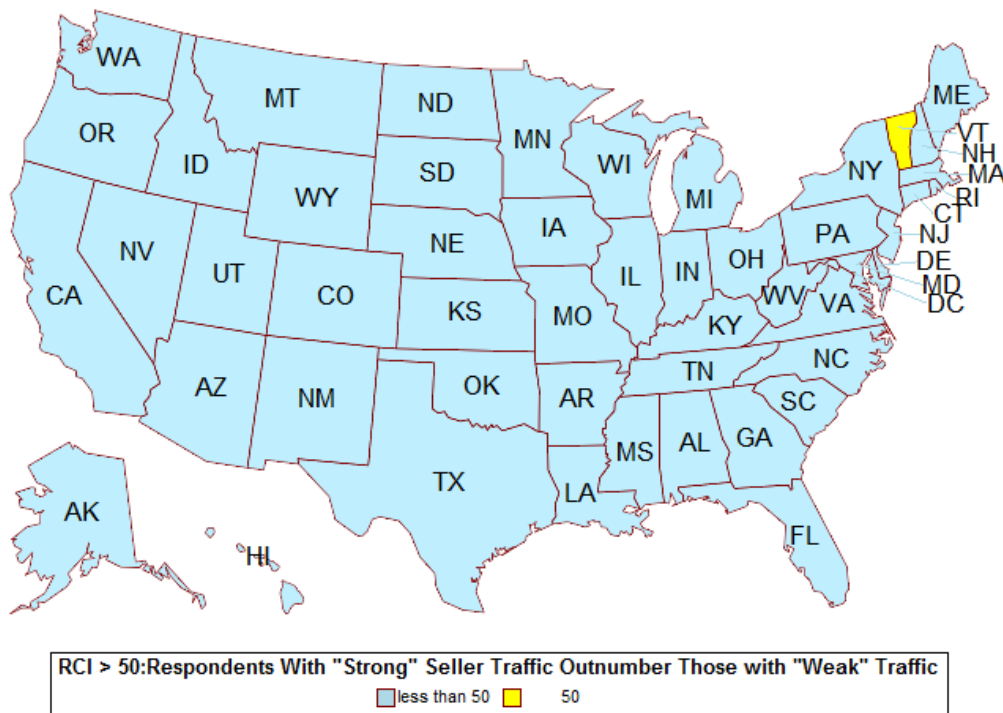
The following maps show the buyer and seller traffic index by state . An index below 50 indicates that more REALTOR® respondents viewed traffic conditions as “weak” compared to those who viewed conditions as “strong.” Buyer traffic was broadly “strong” in the states that have larger oil and gas extraction and information technology sectors, as well as in Florida and the District of Columbia. In all states, except Vermont, seller traffic was “weak”, an indication of the low pace of listings in many markets. Supply has been tight with new construction coming in at less than the normal pace of 1.5 million units.

⁵ Based on Corelogic’s Third Quarter 2014 Equity Report, 19 percent of mortgaged residential properties have less than 20 percent equity (under –equited) and 10.3 percent are in negative equity. Home equity is concentrated at the upper end of the market; about 94 percent of homes priced at \$200,00 and above have positive equity, while only 85 percent of homes priced at below \$200,000 have positive equity. <http://www.corelogic.com/research/negative-equity/corelogic-q3-2014-equity-report.pdf>

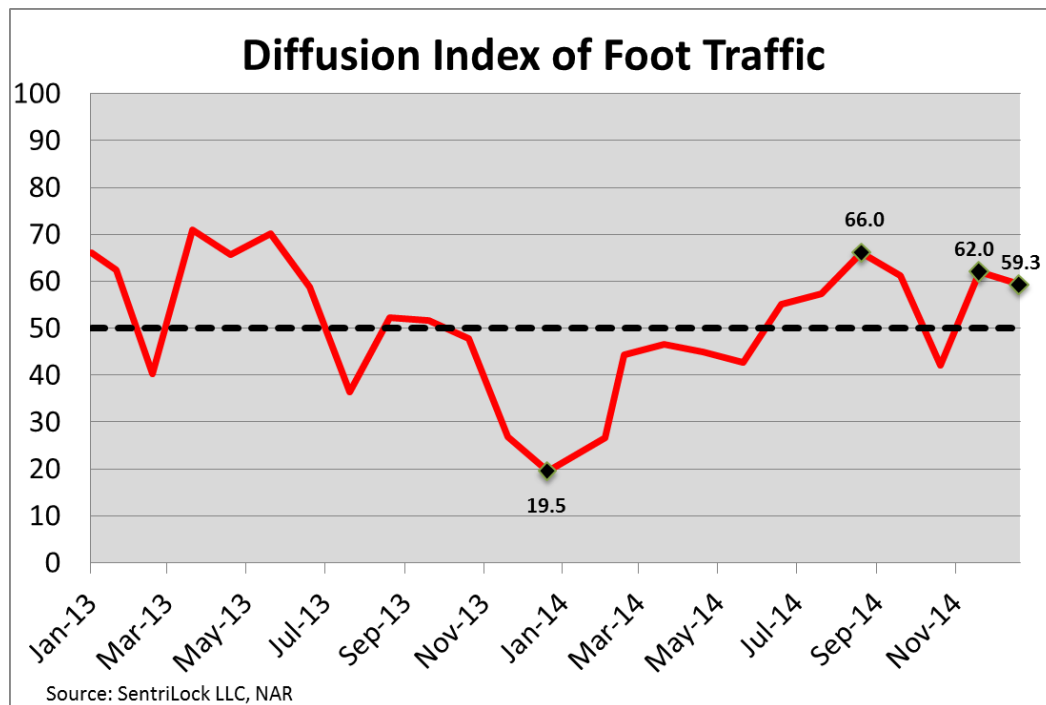
REALTORS(c) Buyer Traffic Index
Based on Nov 2014-Jan 2015 RCI Surveys



REALTORS(c) Seller Traffic Index
Based on Nov 2014-Jan 2015 RCI Surveys



NAR also tracks data on the number of properties shown by REALTORS® using Sentrilock, LLC data⁶. The foot traffic index eased slightly in January, but remains more than three times higher than its level from a year earlier. Showings need not necessarily translate to sales, but foot traffic has a strong correlation with future contracts and home sales (see Commentaries).



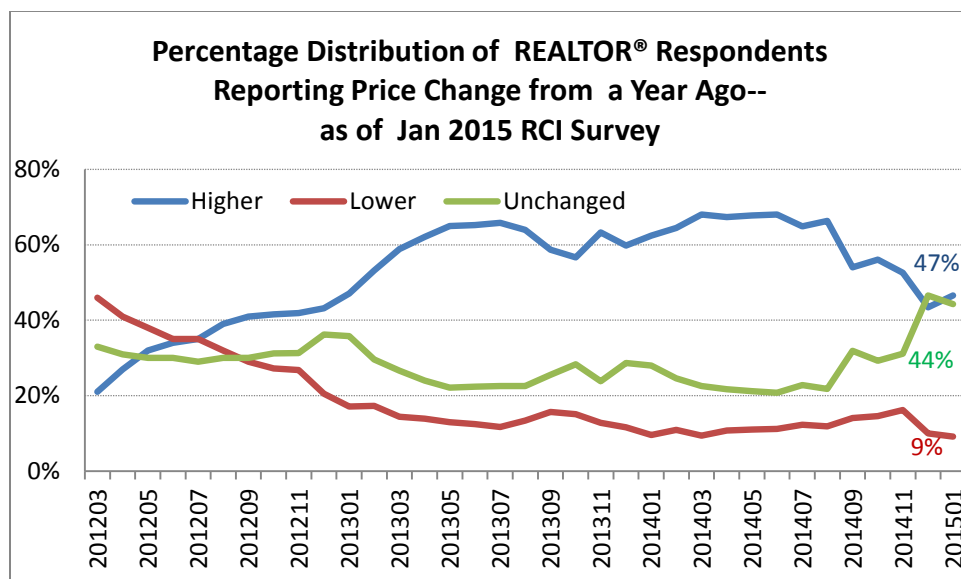
Home Prices Continued to Increase Modestly in January 2015

Home prices continue to increase modestly. Approximately 47 percent of REALTOR® respondents reported that the price of their “average home transaction” was higher in January 2015 compared to a year ago (43 percent in December 2014; 62 percent in January 2014). The median home price of an existing home as of December 2014 was \$209,500 (\$207,200 in November 2014; \$197,700 in December 2013). A moderation in home price growth is a boon

⁶ Every month SentiLock, LLC. provides NAR Research with data on the number of properties shown by a REALTOR®. Lockboxes made by SentiLock, LLC. are used in roughly a third of home showings across the nation. Foot traffic has a strong correlation with future contracts and home sales, so it can be viewed as a peek ahead at sales trends two to three months into the future.

The index surged above the “50” mark which indicates that more than half of the roughly 200 markets in this panel had stronger foot traffic in December of 2014 than the same month a year earlier. This reading does not suggest how much of a change in traffic there was, just that more than half of the markets tracked experienced more foot traffic in December of 2014 than 12 months earlier.

for homebuyers, especially first-time buyers. REALTORS® have reported about the lack of “affordable” housing in many areas as home prices rebounded starting in 2012. On the other hand, a slower growth in home prices may keep supply from increasing until prices move to a level to move homeowners to positive equity.



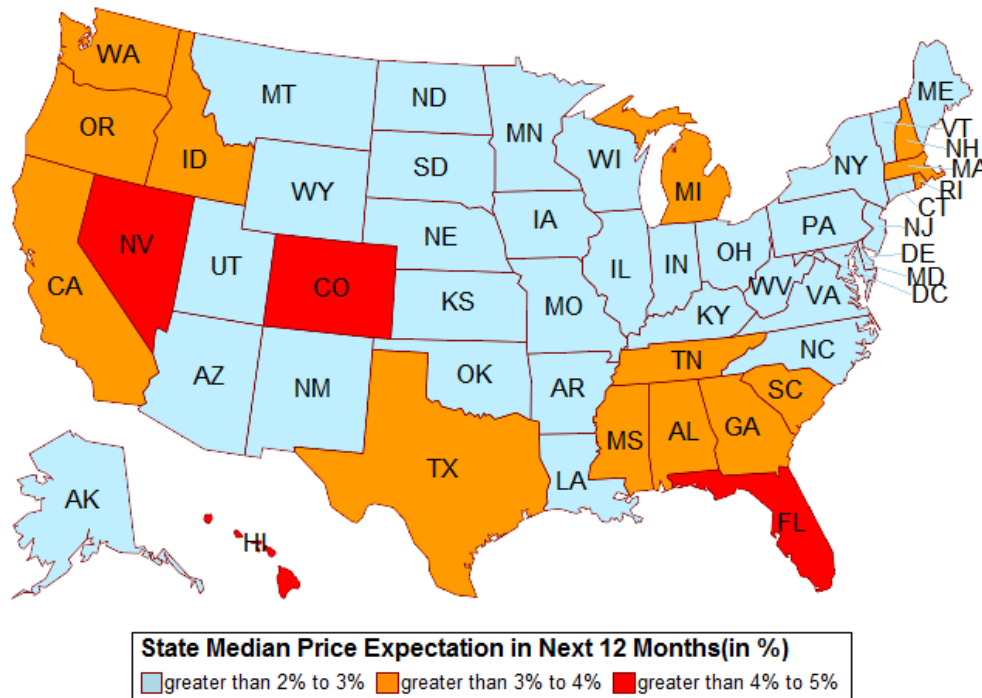
REALTORS® Expect Modest Price Growth in the Next 12 Months

REALTORS® expected prices to increase modestly in the next 12 months, with the median at about 3.2 percent. The map shows the median expected price change in the next 12 months by the state of REALTOR® respondents in the Nov 2014 – Jan 2015 surveys⁷.

States with the most upbeat price expectations (red) include the District of Columbia, Florida, and Nevada where prices are expected to increase at about 4 to 5 percent. In most of the West Coast region and South Atlantic states, prices are expected to increase 3-4 percent. REALTORS® expect more modest price growth along the Midwest region from North Dakota to Oklahoma, possibly on account of the concerns about the effect of falling oil prices.

⁷ In generating the median price expectation at the state level, we use data for the last three surveys to have close to 30 observations. Small states such as AK, ND, SD, MT, VT, WY, WV, DE, and the D.C. may have less than 30 observations.

**Median Expected Price Change of REALTORS® in Next 12 Months, By State
Based on Nov 2014-Jan 2014 RCI Surveys**

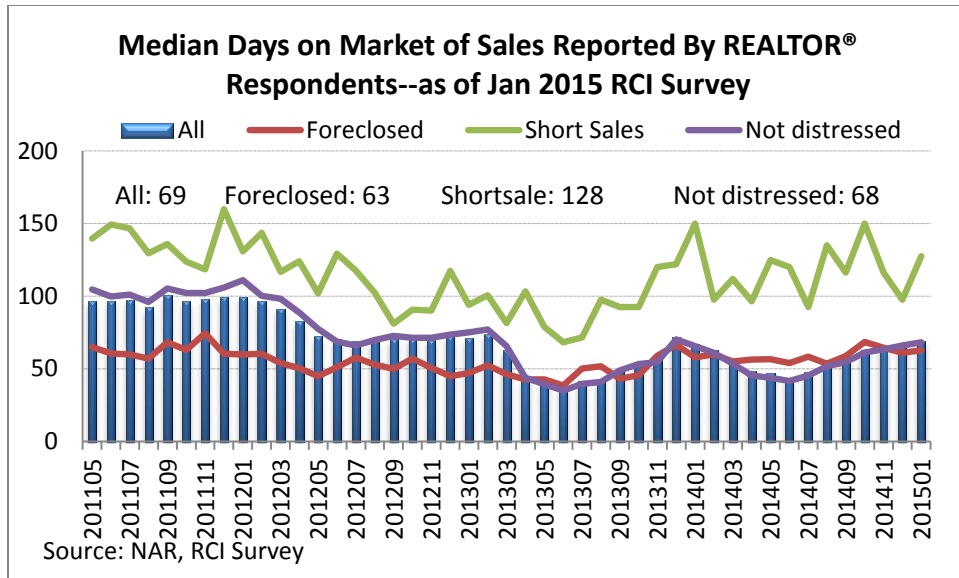


Properties Were Typically on the Market at 69 Days in January 2015

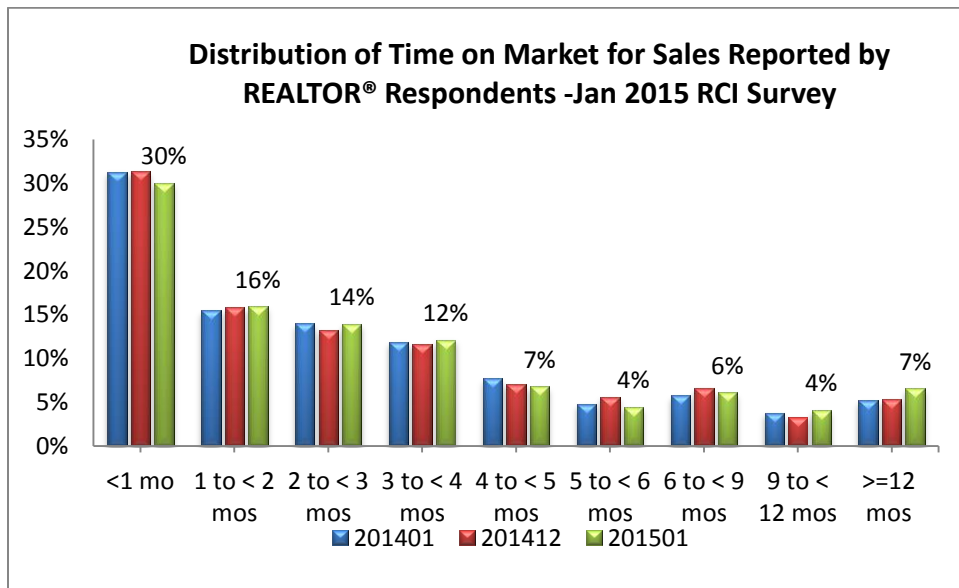
Properties that closed in January were typically on the market at 69 days (66 days in December 2014; 67 days in January 2014)⁸. REALTORS® reported that first-time buyers are “cautious” and seeking “affordable” listings, generally in the \$150,000-\$300,000 price range.

Short sales were on the market for the longest time at 128 days (98 days in December 2014 ; 150 days in January 2014) . Foreclosed properties were on market at 63 days (61 days in December 2014; 58 days in January 2014). Non-distressed properties were on the market at 68 days (66 days in December 2014 ; 66 days in January 2014).

⁸ This is the median days on the market. A median of say 30 days means that half of the properties were on the market for less than 30 days and another half of properties were on the market for more than 30 days.



Approximately 30 percent of properties were on the market for less than a month when sold (31 percent in December 2014; 31 percent in January 2014).

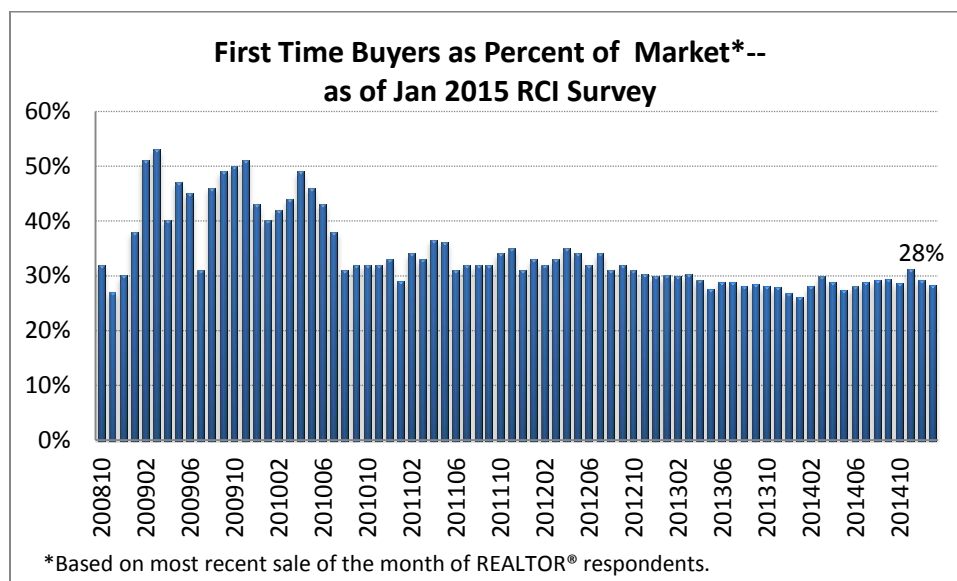


II. Buyer and Seller Characteristics

Sales to First Time Buyers: 28 Percent of Sales

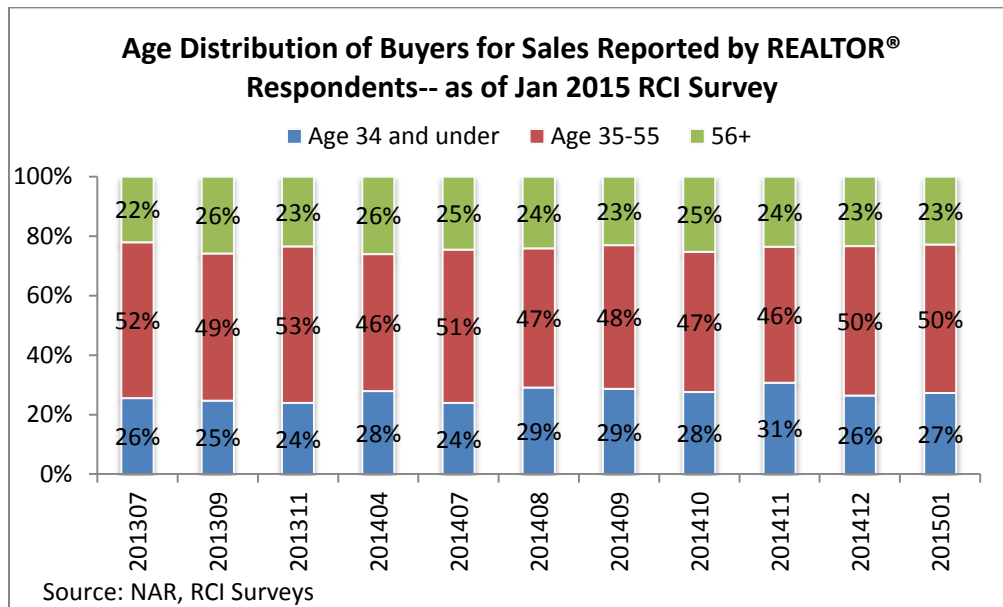
The share of first-time homebuyers decreased to 28 percent of existing home sales (29 percent in December 2014; 26 percent in January 2014).⁹ With 30-year fixed mortgage rates now at below 4 percent, REALTORS® reported increased buyer interest in their markets. However, there is not enough inventory to match demand, especially for “fresh” and “affordable” listings . REALTORS® also reported that interested first-time homebuyers continue to find it challenging to obtaining financing because of weak credit and income credentials and inability to pay the required downpayment. Among the “young” age group, there is a preference for renting than owning, possibly because they are still saving up for a downpayment.

Recent regulatory changes are expected to make owning a home more affordable for responsible borrowers. FHA-insured loans originated on January 26, 2015 and onwards will face a lower monthly mortgage insurance premium from an annual rate of 1.35 percent to 0.85 percent . NAR’s analysis indicates that the reduction in the annual mortgage insurance premium will save homeowners \$990 in the initial year, attracting homebuyers which will create about 90,000 to 140,000 home purchases. The GSEs (Fannie Mae and Freddie Mac), which previously bought only loans with 5 percent or more downpayment are now purchasing loans with 3 percent downpayment made to borrowers who meet their underwriting guidelines along with other requirements such as participating in a borrower education program.

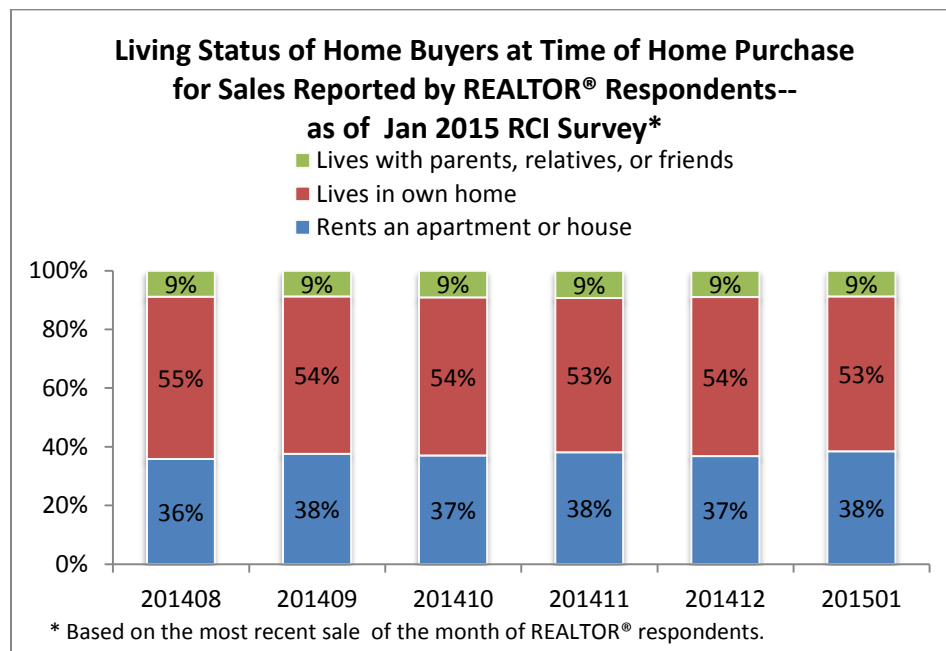


⁹ First time buyers accounted for about 33 percent of all homebuyers based on data from NAR’s 2014 *Profile of Home Buyers and Sellers*. This is a survey of primary residence homebuyers and does not capture investor purchases but does cover both existing and new home sales. The *RCI Survey* is a survey of REALTORS® about their transactions and captures purchases for investment purposes and second homes for existing homes.

About 27 percent of buyers were 34 years old and under, typically the age-group of first-time home buyers.

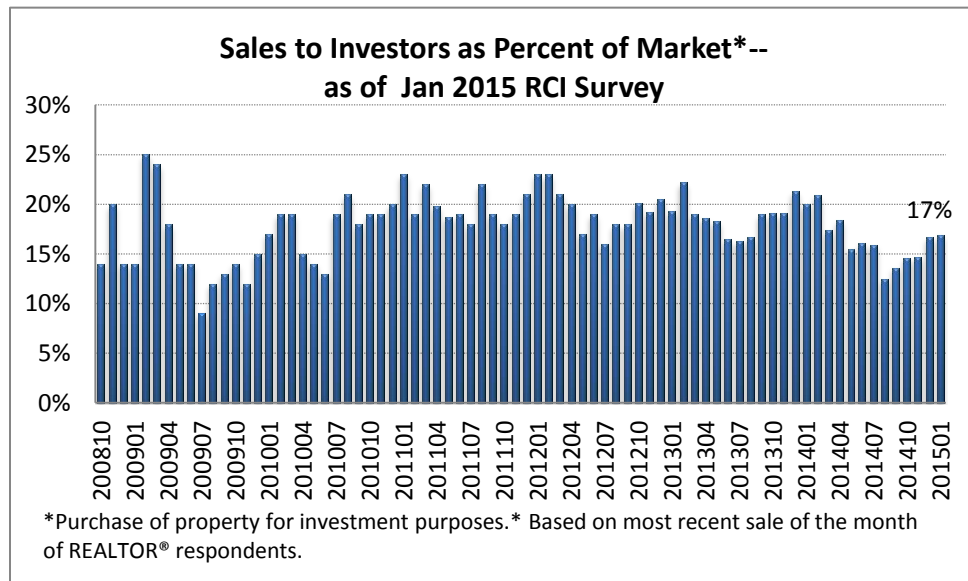


About 38 percent of buyers were renters, a group that includes first-time homebuyers.



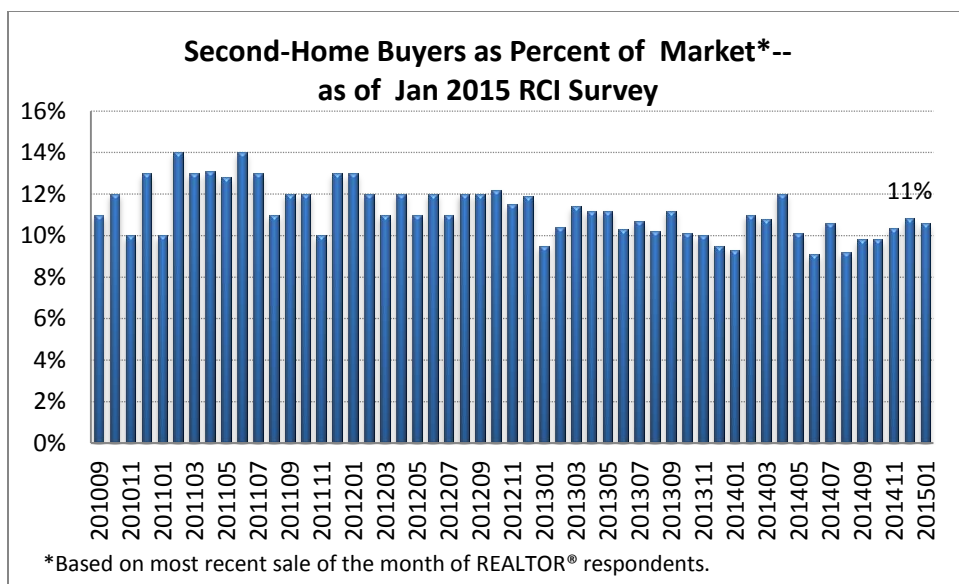
Sales for Investment Purposes: 17 Percent of Sales

As interest rates have fallen, purchases for investment purposes appeared to be on the uptrend again after dipping in the middle of 2014. Approximately 17 percent of REALTORS® reported that their last sale was for investment purposes (17 percent in December 2014; 20 percent in January 2014).

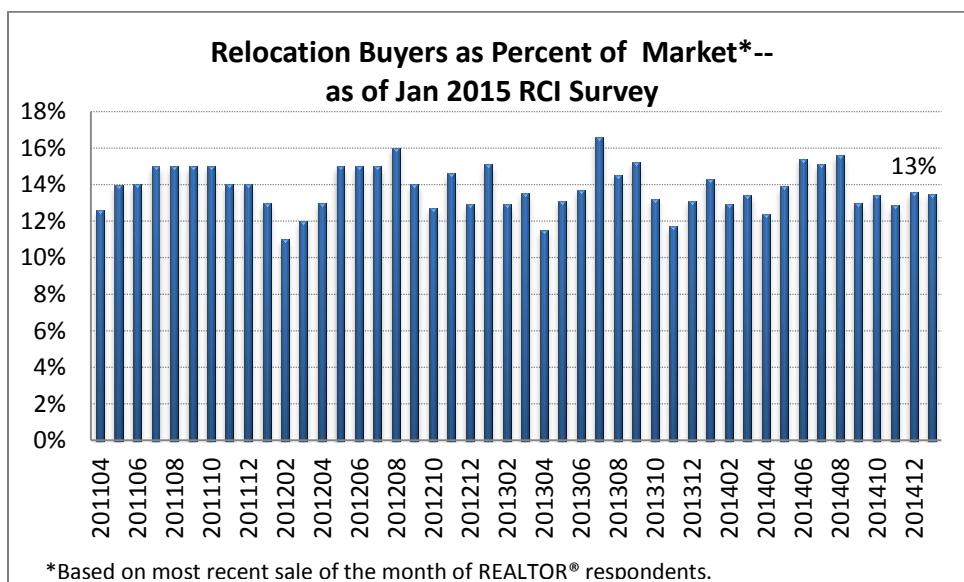


Second-home Buyers and Relocation Sales

Purchases for vacation/second home purposes and for job/business relocation purposes have been reported as relatively constant since 2010. About 11 percent of reported sales were for a second home. The bulk of second home buyers are almost split between those in the 35-55 age group and the 56 and over age group.



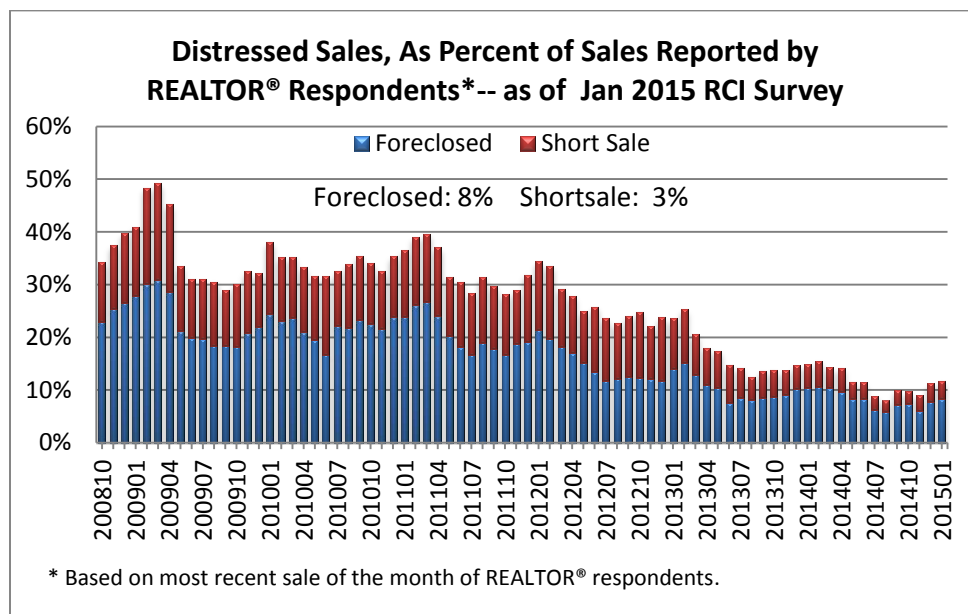
About 13 percent of sales were by relocation buyers who moved due to a job-related change. Most relocation buyers are in the 35-55 age group.



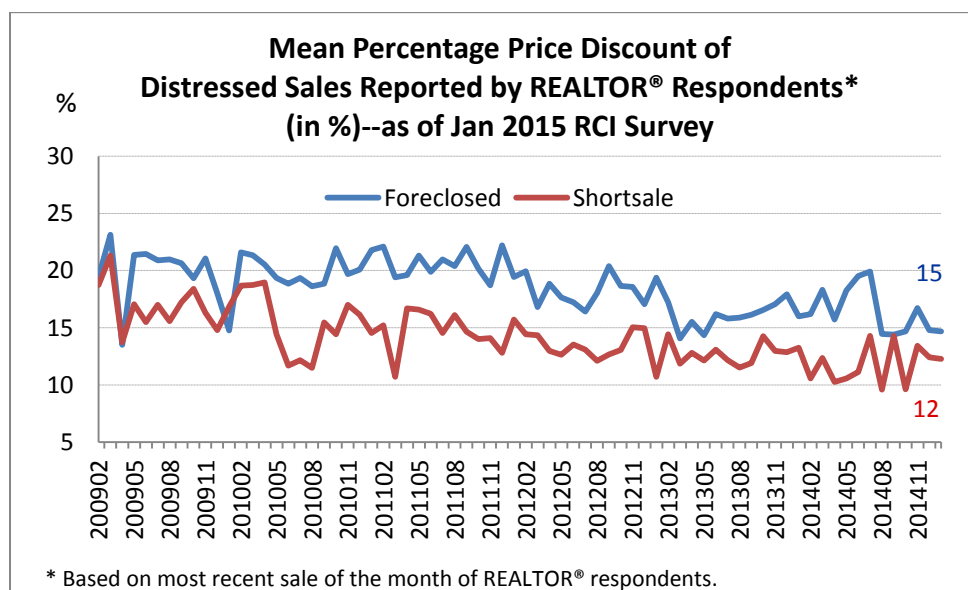
Distressed Sales: 11 Percent of Sales

With rising home values and fewer foreclosures, sales of distressed properties have generally been on the decline compared to the magnitude in the wake of the Great Recession. In January 2015, distressed sales accounted for 11 percent of sales: 8 percent of reported sales

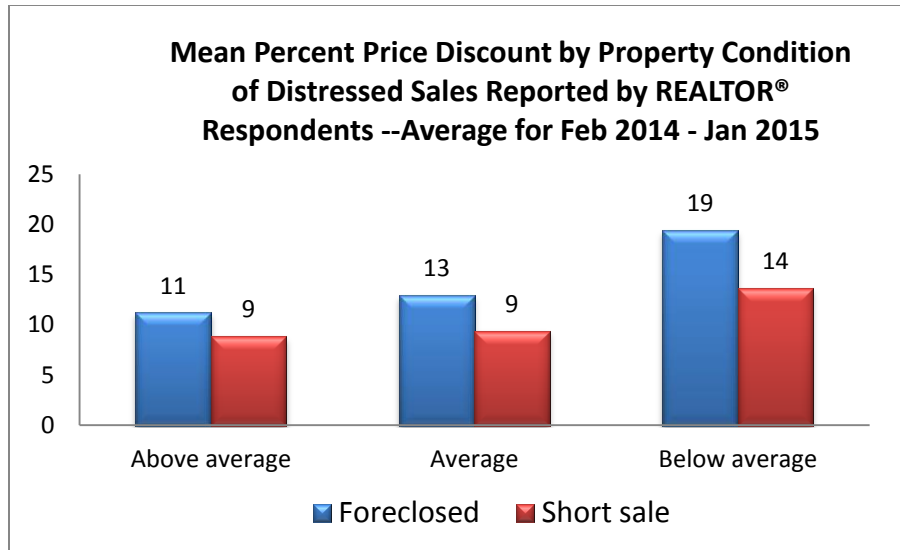
were foreclosed properties, and about 3 percent were short sales.¹⁰ Fewer foreclosed properties on the market explains to some degree why investment sales have generally been on the decline.



Foreclosed property sold at a 15 percent average discount, while properties sold as short sales sold at an average of 12 percent discount. For the past 12 months, properties in “above average” condition were discounted by an average of 9-12 percent, while properties in “below average” condition were discounted at an average of 13-19 percent.

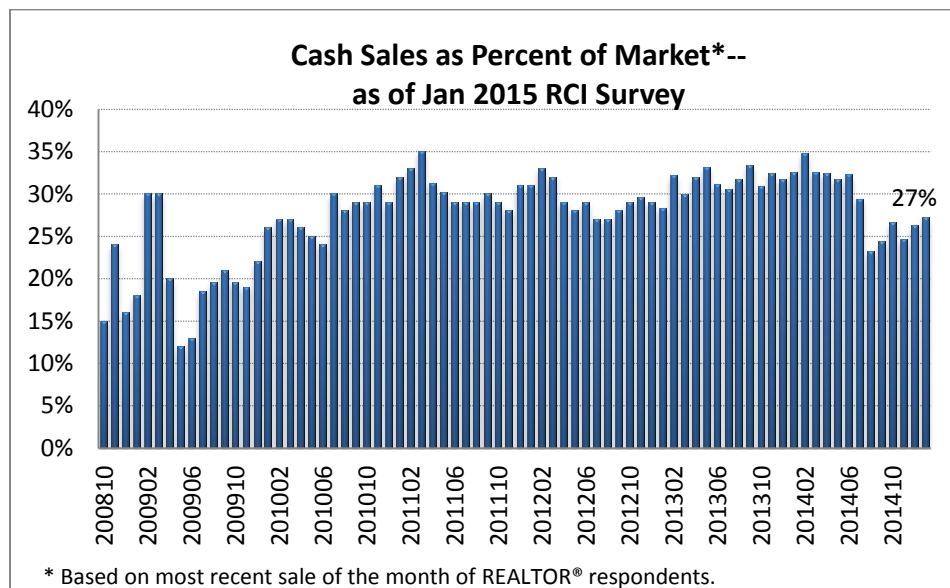


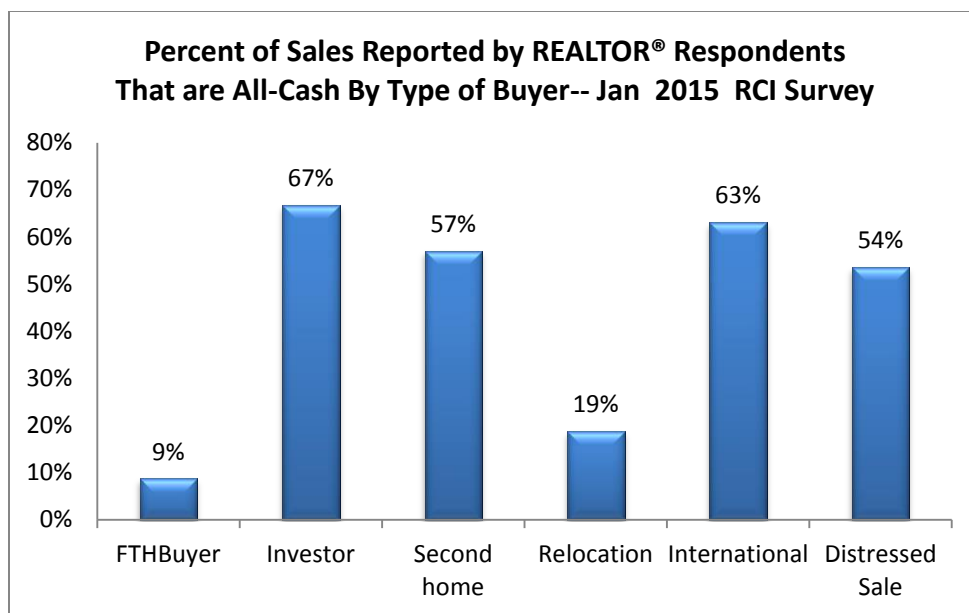
¹⁰ The survey asks respondents to report on the characteristics of the most recent sale for the month.



Cash Sales: 27 Percent of Sales

Approximately 27 percent of REALTOR® respondents reported that their last transaction was a cash sale (26 percent in December 2014; 33 percent in January 2014). Buyers of homes for investment purposes and second homes and foreign clients are more likely to pay cash than first-time home buyers. Less than 10 percent of first-time homebuyers make an all cash purchase.





First time Home Buyers Who Put Down “Low” DownPayment: 66 Percent

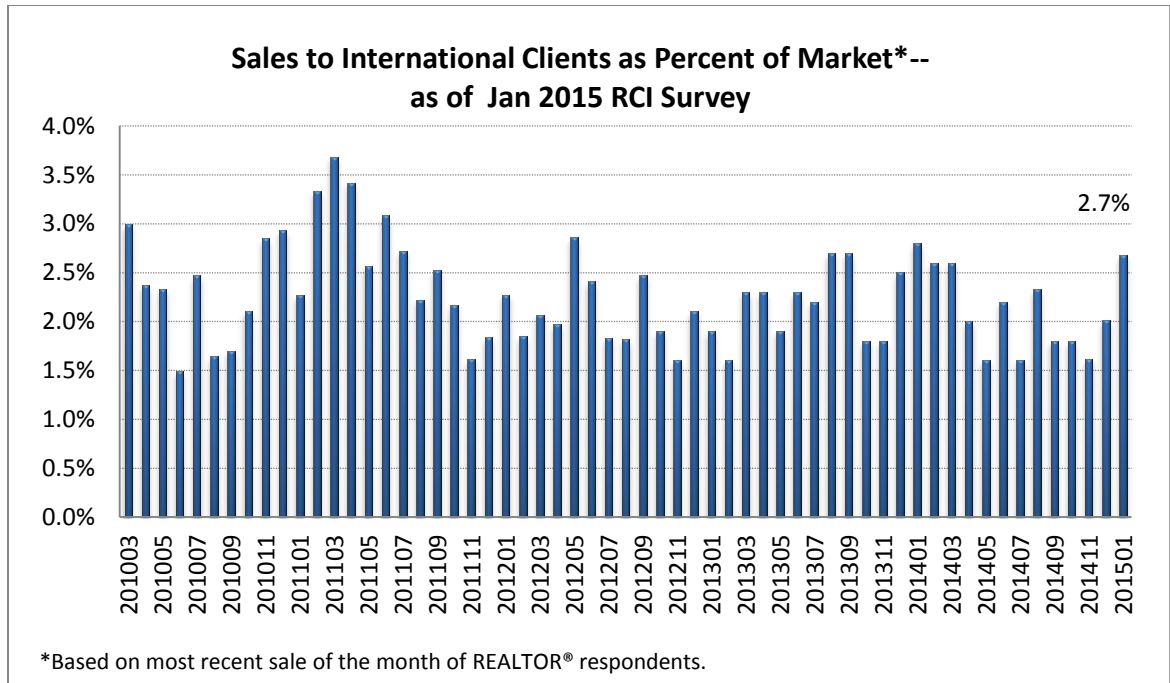
The majority of first-time homebuyers make a “low” downpayment. Among first-time buyers reported to be obtaining a mortgage in the months of November –January 2015, about 66 percent made a downpayment of 6 percent or less.¹¹ Although this is a decline from the 77 percent figure in early 2009, this is higher than the 61 percent figure at the beginning of 2014, indicating some easing of credit.

Recent announcements by the FHA and the GSEs are likely to increase the access of borrowers to low downpayment loans. FHA, which insures loans originated at 3.5 percent downpayment has rolled back the annual mortgage insurance premium from 1.35 percent to 0.85 percent, saving borrowers about \$990 in the first year and potentially attracting about 175,000-375,000 homebuyers. The second announcement by the government sponsored enterprises (“Fannie Mae” and “Freddie Mac”) that they will accept loans originated with a 3 percent down payment for borrowers that meet the standard eligibility underwriting guidelines and other qualification guidelines such as participating in a borrower education program.¹² Borrowers making a low downpayment may still face higher costs for risk adjustment (called loan level pricing adjustments) in the case of GSE-backed loans, and borrowers will also be required to purchase private mortgage insurance.¹³

¹¹ Based on the REALTOR® respondents’ most recent sales for the survey months, which altogether are viewed to be a representative sample of all sales for these months.

¹² <http://www.fhfa.gov/Media/PublicAffairs/Pages/Statement-of-FHFA-Director-Melvin-L-Watt-on-Release-of-Guidelines-for-Purchase-of-Low-Down-Payment-Mortgages.aspx>

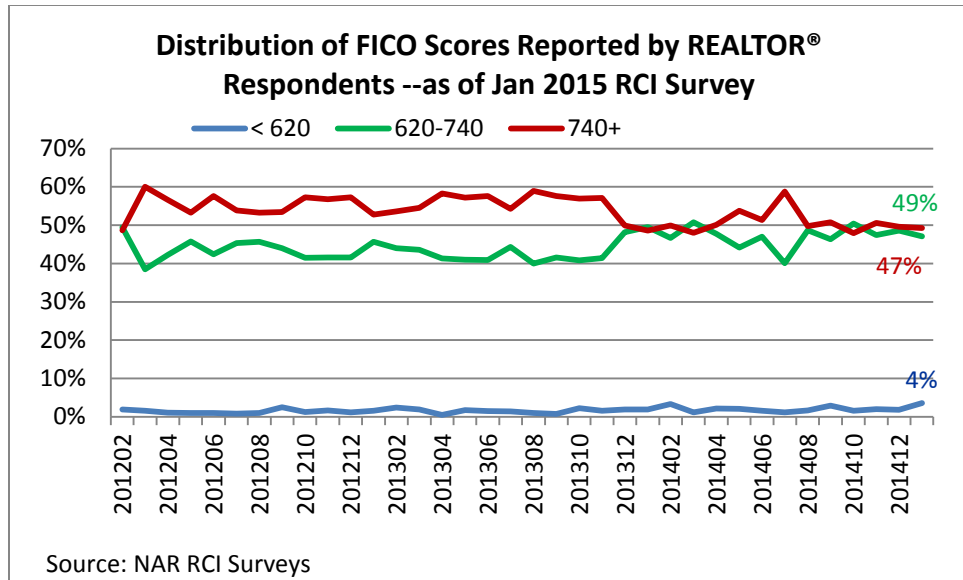
¹³ For FHA-insured loans, the upfront mortgage insurance premium is 1.75 percent of the base loan amount, and the annual premium is 1.35 percent for 30-year loans with LTV of 95 percent or more. For GSE-backed loans, the upfront loan level price adjustments is as low as 0.25 percent for borrowers with FICO score of 740+ for 60% loan-



III. Current Issues

Credit Conditions Slowly Easing

Credit conditions are slowly easing, although credit continued to flow to those with high credit scores. Almost half of REALTORS® providing transaction credit score information reported FICO credit scores of 740 and above; in 2013, the share was hovering at about 60 percent. About 4 percent of REALTORS® reported a purchase by a buyer with credit score of less than 620, up from about 1-2 percent in 2012-2014. In a normal market, the share of credit scores below 620 would be closer to 5 percent.



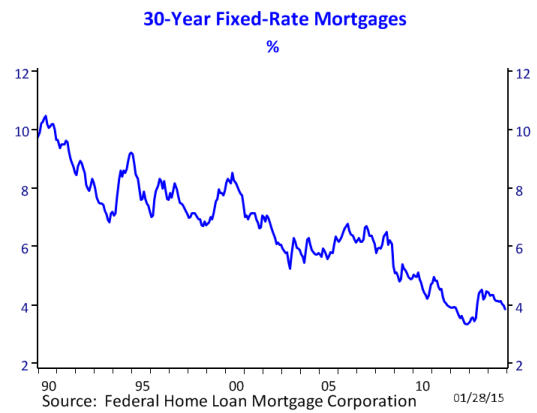
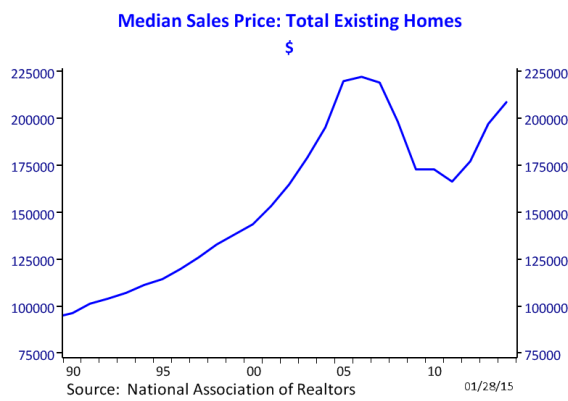
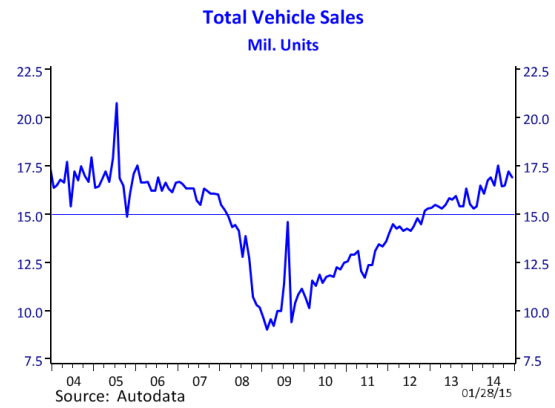
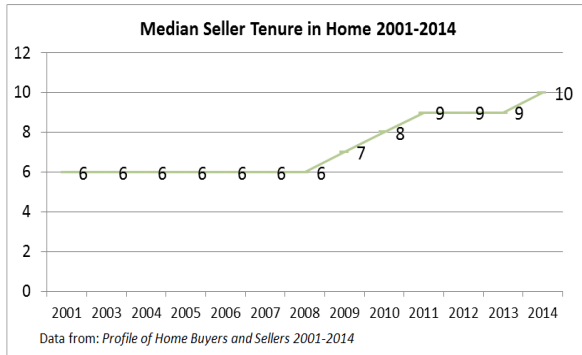
Potential buyers facing credit limitations might want to consider a mortgage origination by community banks and credit unions.

IV. Commentaries by NAR Research

Pent Up Sellers?

Lawrence Yun, Chief Economist

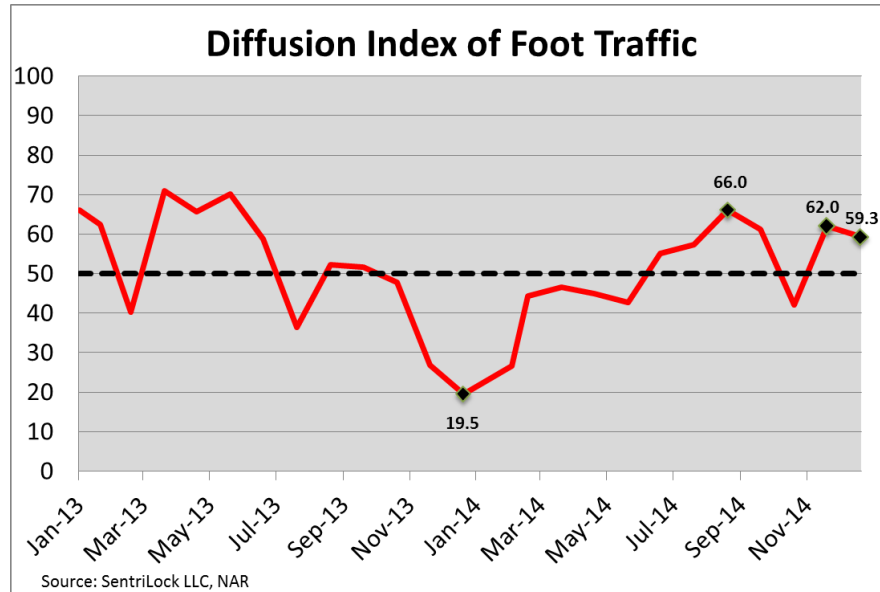
- For how long can people not move? Historically home sellers lived in their homes for 6 or 7 years before deciding to put it for sale and make the next move. That was not the case in 2014. A typical home seller had lived in the same home for 10 years.
- A somewhat related trend was occurring for vehicles. The historic average age of a car was around 9 years. Then it rose to a record high of 11.4 years in 2013 and car sales remain tepid. But then in 2014 vehicle sales began to soar above historic average – to make up for the lost years, perhaps. The reason for holding on to the car for longer up to 2013 was no doubt due to weaker economic conditions and stagnant wages. However, with the economy strengthening and the job creation accelerating, people are ditching their old cars for new shiny ones. Could a same bursting out phenomenon occur for home sales in 2015?
- The underlying economic conditions for vehicle sales and home sales are the roughly same. Homes, however, have other special factors. Namely, the housing market crash had put a sizable number of homeowners in an underwater status and a good portion of them did not want to bother with the frustrating short-sale process. They have been waiting for home value to turn higher. Well, home values have been turning for the better, up 25 percent over the past 3 years on average. Therefore, there are likely pent-up sellers who had to wait in a better position to make the next move in 2015.
- One other factor for homes that is less relevant for auto sales is the lock-in effect of low interest rates. Mortgage rates have been unimaginably low and homeowners like it. They do not want to give that up to buy the next home. That is understandable. But today's mortgage rates are also at essentially historic lows. So making the next move still means tapping the very low mortgage rates. Will 2015 therefore be a break out year for home sellers?



Foot Traffic in January 2015

Ken Fears, Director, Regional Economics and Housing Finance Policy

The foot traffic index eased slightly in January, but remains more than three times higher than its level from a year earlier. The announcement of a reduction in FHA fees in combination with mortgage rates that approached 3.5%, no doubt brought more prospective buyers to the market. Consumer confidence rose in January despite softening economic numbers. Mortgage rates, gas prices, and employment prospects appear to be driving consumer attitudes. The spring market looks promising.



Every month SentiLock, LLC. provides NAR Research with data on the number of properties shown by a REALTOR®. Lockboxes made by SentiLock, LLC. are used in roughly a third of home showings across the nation. Foot traffic has a strong correlation with future contracts and home sales, so it can be viewed as a peek ahead at sales trends two to three months into the future. For the month of January, the diffusion index for foot traffic eased 2.7 points to 59.3, but was more than three times the 19.5 level from a year earlier.

The index surged above the “50” mark which indicates that more than half of the roughly 200 markets in this panel had stronger foot traffic in January of 2015 than the same month a year earlier. This reading does not suggest how much of a change in traffic there was, just that more than half of the markets tracked experienced an increase in foot traffic during January 2015 relative to the same period 12 months earlier.

Foot traffic held nearly steady in January at a relatively high level. Consumer confidence combined with low mortgage rates combined to stir buyer interest. Inventories have eased in recent months, though, limiting buyer options and foot traffic. Credit overlays remain, but changes to FHA pricing and new loan products at the GSEs are chipping away at access issues. These trends bode well for the early spring market.

How are First-time Buyers Becoming More Diverse?

Brandi Snowden, Research Survey Analyst

Using data from NAR's 2006-2014 *Profile of Home Buyers and Sellers*, we can examine how the demographics of first-time homebuyers have changed over the last 9 years. What do these numbers show us about the diversity of buyers, and what insight can they provide for the future? The demographic characteristics of first-time buyers overall has remained consistent over the last 9 years with slight increases and decreases.

Household Composition of First-Time Buyers:

- Since 2006 the distribution of first-time buyers' household composition has remained predominantly married couples, making up an average of 52% of first-time buyers.
- On average 22% of first-time buyers were single females and 12% were single males or unmarried couples.

Household Composition of First-Time Buyers

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Averages
Married Couple	49%	51%	49%	49%	48%	54%	55%	56%	54%	52%
Single Female	27%	25%	24%	25%	23%	21%	19%	19%	18%	22%
Single Male	11%	11%	12%	12%	15%	12%	11%	11%	11%	12%
Unmarried Couple	11%	11%	12%	12%	12%	12%	14%	13%	15%	12%
Other	2%	2%	2%	1%	1%	1%	1%	2%	2%	1%

Median Age of First-Time Buyers:

- The median age of first-time buyers has remained within a 3 year age gap between 30-32 years old.
- The average median age of first-time buyers since 2006 was 31 years old.

Median Age of First-Time Buyers

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average
Median Age	32	31	30	30	30	31	31	31	31	31

Racial and Ethnic Distribution of First-Time Buyers:

- The racial and ethnic distribution of first-time buyers has remained predominately White/Caucasian, making up an average of 77% of first-time buyers since 2006.
- The averages of other races and ethnicities are:
 - Black/African American: 8%
 - Hispanic/Latino: 8%
 - Asian/Pacific Islander: 7%
 - Other: 3%

Racial and Ethnic Distribution of First-Time Homebuyers

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Averages
White/Caucasian	73%	76%	78%	79%	76%	75%	77%	80%	78%	77%
Black/African American	11%	10%	8%	7%	7%	9%	7%	6%	7%	8%
Hispanic/Latino	9%	8%	8%	6%	8%	11%	10%	8%	7%	8%
Asian/Pacific Islander	7%	6%	5%	7%	7%	7%	7%	7%	8%	7%
Other	3%	3%	2%	2%	2%	2%	3%	3%	3%	3%

Note: Respondent could choose more than one racial or ethnic category

Country of Birth of First-Time Buyers:

- Since 2006 the number of first-time buyers who were born in the U.S. has increased and then decreased settling back to 86% in 2014, the same as in 2006.
- On average 87% of first-time buyers were born in the U.S. and 13% were born outside of the U.S.

Country of Birth of First-Time Buyers

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Averages
Born in the U.S.	86%	88%	89%	88%	87%	85%	87%	87%	86%	87%
Born outside of the U.S.	14%	12%	11%	12%	13%	15%	13%	13%	14%	13%

Primary Language Spoken by First-Time Buyers:

- Over the last 9 years, English has remained the primary language of first-time buyers.
- On average 7% of first-time buyers spoke other languages, while 93% spoke primarily English.

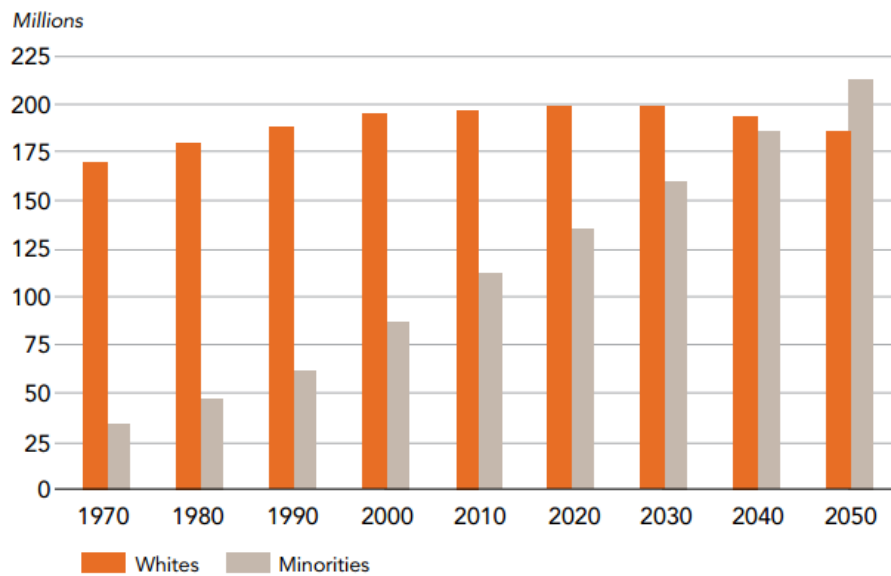
Primary Language Spoken by First-Time Buyers

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Averages
English	93%	93%	94%	94%	92%	91%	93%	93%	92%	93%
Other	7%	7%	6%	6%	8%	9%	7%	7%	8%	7%

The Future of First-Time Buyers:

- While the demographics of first-time buyers over the last 9 years have not necessarily seen great changes, there is still the outlook for the future.
- William Frey, of the Brookings Institution, recently published the book “Diversity Explosion” which looks at the demographic future of America.
- Frey expounds that America is becoming a country with no racial majority, with a dramatic growth of young minority populations expected.
- Frey predicts that sometime after 2040 there will be no racial majority; this would ultimately change the demographics of the first-time homebuyers moving towards greater diversity.

FIGURE 1.1
U.S. White and Minority Populations, 1970–2050



Source: U.S. censuses and Census Bureau projections, various years.

For more information on this research, check out the:
2014 Profile of Home Buyers and Sellers and William Frey's book *Diversity Explosion*