



National Association of REALTORS®

2015 PROFILE OF HOME BUYERS AND SELLERS

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Introduction

Buying a primary residence for home buyers is a major financial decision but also an emotional decision that involves many lifestyle factors. For most home buyers, the purchase of a primary residence 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 unique experience with this transaction. The information provides understanding, from the consumer level, of the trends that are transpiring. The survey covers information on demographics, housing characteristics, and the experience of consumers in the housing market. Buyers and sellers also provide valuable information about the role that real estate professionals play in home sales transactions.

Demographics continue to shift as the share of first-time home buyers dropped further from last year's report to 32 percent of the market. This is second only to the lowest share reported in 1987 of 30 percent. Last year's report had a share of first-time buyers of 33 percent. First-time home buyers are traditionally more likely to be single male or female home buyers and traditionally have lower incomes. As the share of repeat buyers continues to rise, the number of married couples increases and the income of home buyers purchasing homes is higher. Married couples have double the buying power of single home buyers in the market and may be better able to meet the price increases of the housing market.

Tightened inventory is affecting the home search process of buyers. Due to suppressed inventory levels in many areas of the country, buyers are typically purchasing more expensive homes as prices increase. The number of weeks a buyer is searching for a home remained at 10 weeks. Buyers continue to report the most difficult task for them in the home buying process is simply finding the right home to purchase.

Increased prices are also impacting sellers. Tenure in the home had risen to a peak of 10 years, but in this year's report it has eased back to nine years. Historically, tenure in the home has been six to seven years. Sellers may now have the equity and buyer demand to sell their home after stalling or delaying their home sale.

Buyers need the help of a real estate professional to find the right home for them, negotiate the terms of the sale, and assist with price negotiations. Sellers, as well, turn to professionals to help market their home to potential buyers, sell within a specific timeframe, and price their home competitively. For-Sale-By-Owner (FSBO) sales have dropped to the lowest level recorded in this survey at eight percent of sales, while the use of the agent to sell the home stays at historic highs. Likewise, buyers use of the agent is at historic highs as buyers purchasing directly from a previous owner or through a builder falls.

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.

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Highlights

Characteristics of Home Buyers

- First-time buyers made up 32 percent of all home buyers, down from 33 percent last year.
- The typical buyer was 44 years old, and had a median household income of \$86,100.
- Sixty-seven percent of recent buyers were married couples, 15 percent were single females, nine percent were single males, and seven percent were unmarried couples.
- Thirteen percent of home buyers purchased a multi-generational home to take care of aging parents, for cost savings, and because children over the age of 18 are moving back home.
- Ninety percent of recent home buyers identified as heterosexual, three percent as gay or lesbian, one percent as bisexual, and seven percent preferred not to answer.
- Eighteen percent of recent home buyers are veterans and three percent are active-duty service members.
- At 30 percent, the primary reason for purchasing a home was the desire to own a home of their own.

Characteristics of Homes Purchased

- Buyers of new homes made up 16 percent and buyers of previously owned homes made up 84 percent.
- Most recent buyers who purchased new homes were looking to avoid renovations and problems with plumbing or electricity at 34 percent. Buyers who purchased previously owned homes were most often considering a better price at 32 percent.
- Detached single-family homes continue to be the most common home type for recent buyers at 83 percent, followed by seven percent of buyers choosing townhomes or row houses.
- Senior related housing increased this year to 14 percent, with buyers typically purchasing detached single-family homes.
- There was only a median of 14 miles between the homes that recent buyers purchased and the homes that they moved from.
- Home prices increased slightly this year to a median of \$220,000 among all buyers. Buyers typically purchased their homes for 98 percent of the asking price.
- The typical home that was recently purchased was 1,900 square feet, had three bedrooms and two bathrooms, and was built in 1991.

- Heating and cooling costs were the most important environmental features for recent home buyers, with 84 percent finding these features at least somewhat important.
- Overall, buyers expect to live in their homes for a median of 14 years, while 23 percent say that they are never moving.

The Home Search Process

- For 42 percent of recent buyers, the first step that they took in the home buying process was to look online at properties for sale, while 14 percent of buyers first contacted a real estate agent.
- Seventy-eight percent of recent buyers found their real estate agent to be a very useful information source. Online websites were seen as a very useful information source at 82 percent.
- Buyers typically searched for 10 weeks and looked at a median of 10 homes.
- The typical buyer who did not use the Internet during their home search spent only five weeks searching and visited five homes, compared to those who did use the Internet and searched for 10 weeks and visited 10 homes.
- Among buyers who used the Internet during their home search, 87 percent of buyers found photos and 84 percent found detailed information about properties for sale very useful.
- Fifty-nine percent of recent buyers were very satisfied with their recent home buying process, up from 56 percent a year ago.

Home Buying and Real Estate Professionals

- Eighty-seven percent of buyers recently purchased their home through a real estate agent or broker, and eight percent purchased directly from a builder or builder's agent.
- Having an agent to help them find the right home was most important to buyers when choosing an agent at 53 percent.
- Forty-one percent of buyers used an agent that was referred to them by a friend, neighbor, or relative.
- Nearly seven in ten buyers interviewed only one real estate agent during their home search.
- Eighty-eight percent of buyers would use their agent again or recommend their agent to others.

Highlights

Financing the Home Purchase

- Eighty-six percent of recent buyers financed their home purchase. Those who financed their home purchase typically financed 90 percent.
- First-time buyers who financed their home financed 94 percent of their home compared to repeat buyers at 86 percent.
- For 60 percent of buyers, the source of their downpayment came from their savings. Thirty-eight percent of buyers cited using the proceeds from the sale of a primary residence was the next most commonly reported way of financing a home purchase.
- Forty-six percent of buyers saved for their downpayment for six months or less.
- The most difficult step in the home buying process was saving for a downpayment, as cited by 13 percent of respondents.
- Of buyers who said saving for a downpayment was difficult, 51 percent of buyers reported that student loans made saving for a downpayment difficult. Forty-seven percent cited credit card debt, and 35 percent cited car loans as also making saving for a downpayment hard.
- Buyers continue to see purchasing a home as a good financial investment. Eighty percent reported they view a home purchase as a good investment.

Home Sellers and Their Selling Experience

- The typical home seller was 54 years old, with a median household income of \$104,100.
- For all sellers, the most commonly cited reason for selling their home was that it was too small (16 percent), followed by a job relocation (14 percent), and the desire to move closer to friends and family (13 percent).
- Sellers typically lived in their home for nine years before selling, declining from 10 years in last year's report.
- Eighty-nine percent of home sellers worked with a real estate agent to sell their home.
- For recently sold homes, the final sales price was a median 98 percent of the final listing price.
- Recently sold homes were on the market for a median of four weeks.
- Thirty-seven percent of all sellers offered incentives to attract buyers.

- This year, home sellers cited that they sold their homes for a median of \$40,000 more than they purchased.
- Sixty-one percent of sellers were very satisfied with the selling process.

Home Selling and Real Estate Professionals

- Seventy-two percent of recent sellers contacted only one agent before finding the right agent they worked with to sell their home.
- Ninety-one percent of sellers listed their homes on the Multiple Listing Service (MLS), which is the number one source for sellers to list their home.
- Agents receive their compensation predominantly from sellers at 76 percent.
- The typical seller has recommended their agent once since selling their home. Thirty-two percent of sellers recommended their agent three or more times since selling their home.
- Eighty-four percent said that they would definitely (67 percent) or probably (17 percent) recommend their agent for future services.

For-Sale-by-Owner (FSBO) Sellers

- Only eight percent (down from nine percent) of recent home sales were FSBO sales. This is the lowest share recorded since this report started in 1981.
- The median age for FSBO sellers is 54 years. Seventy-seven percent of FSBO sales were by married couples that have a median income of \$104,100.
- FSBOs typically sold for less than the selling price of agent-assisted homes; FSBO homes sold at a median of \$210,000 (up from \$208,700 the year prior), yet lower than the median of all homes at \$245,000.
- FSBO homes sold more quickly on the market than agent-assisted homes. All FSBO homes typically sold in less than two weeks—often because homes are sold to someone the seller knows.
- Seventy percent of successful FSBO sellers were satisfied with the process of selling their home.
- Nine in 10 FSBO sellers who both knew and did not know the buyer were satisfied with the home selling process.