

White Paper

National Association of Realtors® 2010 Survey Results – First Time Home Buyers

The 2010 report, **Profile of Home Buyers and Sellers 2010**, is out and contains a wealth of information about first time buyers, repeat buyers, investment property, FSBOs...you name it! However, we've extracted the info about first time buyers because they represent over one-half of all homes purchased last year.

What has skewed the numbers (a little) in 2010 was the extension of the first time home buyer tax credit—which was available for the first half of the year. The number of first timers who bought homes increased by 3%.

Overall, you'll find that some of the numbers have changed significantly over last year.

In this white paper, we will not only share some of the more important numbers, but how you can use this information to increase your business from first time buyers.

- **First-Time Buyers Made up 51% of All Home Purchases**

The number of has increased 3% over last year, regionally,

- 56% - Northeast
- 51% - Midwest
- 46% - South
- 52% - West

TIP: If you don't have a first time homebuyer marketing plan in place using seminars, social media and printed advertising that targets this niche, you are ignoring ½ of the real estate market.

- **Living Arrangements Prior to Buying their First Home**

75% of FTHB lived in an apartment or rented a home or condo prior to purchasing their first home. This is a 3% decrease over last year. However, 21% lived with parents prior to purchasing. This is a 3% increase—so the number pretty much remained the same. Broken down even further by single, married or unmarried:

- 52% Single Female
- 55% Single Male
- 67% Unmarried couples
- 45% Married couples

TIP: You can find a significant number of first time buyers living in apartment complexes. Use a majority of your marketing dollars to market to apartment complexes. [You can purchase apartment complex mailing lists at www.ApartmentToolKit.com.]

- **Marital Status of First Time Buyers**

The big change here is that the percentage of single female FTHB has decreased and the single male population has increased.

- 48% Married couples
- 12% Unmarried couples
- 23% Single females
- 15% Single Males

TIP: Since a combined 38% of FTHB are single, think about hold a First-Time Home buying seminars for “Singles Only”. They have a different motivation to buy a home versus married couples.

- **Median Age of First Time Buyers**

There was an increase of 3% in the FTHB between the ages of 24-35. This could be due to the home buyer tax credit.

- 11% - age 18-24
- 56% - age 24-35
- 19% - age 35-44

TIP: A killer website and a couple of social networking sites need to be part of your overall marketing plan. About 1/3 of the info you post on your sites should be targeted towards FTHB.

- **Average Income of First-Time Buyers**

Interesting that single women made an average of \$6,700 LESS than single men, but are still buying more homes.

- Married Couples Income - \$71,200
- Unmarried Couples Income - \$62,600
- Single Female \$46,100
- Single Male \$52,800

TIP: Consider “niching” those first time home buying seminars even further by offering a “Women Only” or “Couples only” event.

- **Purchase Price Range**

The price range that changed (from 2009) the most was the \$100K to \$125K range—it increased 3%.

- 11% - Price Range \$ 75K to \$100K
- 15% - Price Range \$100K to \$125K
- 15% - Price Range \$125K to \$150K
- 12% - Price Range \$150K to \$175K
- 8% - Price Range \$175K to \$200K

TIP: Some areas of the country are more affordable than others, however, based on this info, a total of 41% of FTHB purchased homes \$150K and below. Check out listings in that price range and see if the sellers will offer closing cost incentives, or special financing options like FHA or USDA (if the property qualifies).

- **Moving Distance from Current Residence**

It's the same as 2009 - FTHB move an average of 12 miles from where they are living now (that includes apartments and living with parents).

TIP: If you are marketing to apartment complexes, consider the location of the complex and compare it to the housing supply (in the \$150K range and below) within a 12 miles radius of the apartment complex.

- **Information Sources PRIOR to Buying a Home**

The Internet is now the primary way that FTHB do their research—with printed newspaper ads decreasing 5% over 2009. (Side note: According the NAR, the typical buyer who used the Internet is 37 years old with an income of \$74,200. The typical buyer who did NOT use the internet is 57 years old, with a median income of \$55,200. However the Internet user took double to time to find a home than a non-Internet user.)

- 92% - Internet Search Prior to Purchase
- 44% - Did a Virtual Tour
- 35% - Newspaper Ad
- 43% - Open Houses
- 23% - Homes Magazines
- 8% - TV

- **Internet & Social Networks**

This is different than the “information sources” in that 1/3 of the FTHB found both their home and their real estate agent that they ended up doing business with – online. Social networking is still a small percentage, but it did not even appear on the radar screen in 2009.

- 37% - Found Home Online
- 30% - Found their real estate agent online
- 2% - Found home on social network

TIP: In regard to the age groups who use social networking sites, 42% of people between the ages of 18-24 use social networking several times a day. 19% between ages of 25-44 use it every day. Ages 44+ use it several times a week. Suggest that you post listings on Facebook, Active Rain and use single property websites like www.KarensUnfairAdvantage.com to target first time buyers.

- **Financing the Home Purchase**

You guessed it, 95% of the mortgages were fixed rates, but here's how it breaks down.

- 27% - Conventional
- 56% - FHA
- 7% - VA
- 5% - Other

TIP: To set yourself apart from everyone else out there and quoting 30-year fixed rate mortgage, consider offering a 25-year fixed rate. While the payment is a little higher, the principal reduction (even after 5 years) and interest savings are significant.

- **Source of Down Payment**

This is a huge change over 2009 which was 61% from own savings and 22% from gift funds. It might be an indication that you clients are trying to get their financial house in order—pay off debts and save more money.

- 74% - Own Savings
- 27% - Gift Funds

TIP: Brush up on your rules for gift funds as they are a little more complicated because of the tightening of the mortgage rules.

- **FTHB Tenure in Home Resale**

You guessed it; people are planning to hold onto their homes for a longer period of time than in previous years.

- 3% - Plan to sell home 2-3 years after buying
- 16% - Plan to sell home in 4-5 years after buying
- 4% - Plan to sell home 6-7 years after buying
- 14% - Plan to see home 8-10 years after buying

TIP: Looks like the old adage that people sell their home within 7 years is no longer the norm. It's the 4-5 year and 8-10 year level, which means that your marketing plan to stay in touch and connected needs to be more long-term. That's where a living-and-breathing database is worth the time and money you spend on nurturing it.