

First-Time Home Buyers: NAR Survey of Home Buyers & Home Sellers 2007

By: Karen Deis, ApartmentToolKit.com, *Because the addresses never change, but the people who live there do, so you are constantly marketing to new people.* Karen has been in the real estate and mortgage business for 28 years, has interpreted the statistics using the NAR survey for 12 years in her own businesses.

Around this time every year, the National Association of Realtors® publishes a report on the home buying and home selling habits, ethnicity, age, income and demographics of different areas of the country.

This survey has been published for over 12 years (that I know of) and while it is written specifically for the real estate industry, the information is invaluable for both loan officers and agents because it helps identify niche markets and trends, so you can target where it might be best to spend your marketing efforts and advertising dollars.

I can also assure you that not many people even know that this survey exists. This **White Paper** gives you all the facts but more importantly, *interprets* them for you, so you know exactly what to do next.

White Paper: What You Need to Know When Working with First-Time Homebuyers (2007 NAR Survey Results interpreted by Karen Deis, President, ApartmentToolKit.com)

Over the past twelve years, first-time homebuyers were responsible for buying 42% of all the homes purchased in the US. In 2006 that number dipped to 36% but in 2007 it again increased to 39%. Overall, 12% of first time buyers were NOT born in the United States, versus 8% of repeat buyers. And 70% bought a home because they wanted to own real estate and establish a household.

The National Association of Realtors® mailed 150,000 questionnaires and received 9,966 responses. They obtained names and addresses from Experian, who maintains a database of recent buyers derived from county records.

- **First-time homebuyers made 39% of all home purchases.**

If you don't have a system to attract first-time homebuyer prospects, you are missing almost 40 percent of the purchase market. Yes, you can have more than one niche, however, your marketing, seminars and the way you sell to FTHB has to be unique and different.

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

75% rented an Apartment or Home prior to purchasing
18% Lived with Parents

Now you know where to find them. Over three-fourths are living in apartment complexes or renting single-family homes. Mailing lists to market to potential first time homebuyers can be found at www.ApartmentToolKit.com

For 18% who are living with parents, consider marketing to your database of clients, who have children within the 24-35 age group. Parents will recommend people they feel comfortable with and have a big influence on whom they choose.

- **The marital status of first time home buyers is:**

51% Married Couples
11% Unmarried Couples
25% Single Female
11% Single Male

Holding first-time homebuyer seminars is another method to attract prospects interested in purchasing a home. However, buyers who are single, have different issues and concerns than married couples. Consider holding “Women-Only Home Buying Seminars” or “Couples-Only” events instead of trying to be all things to all people.

- **Medium Age of First-Time Home buyers.**

52% were age 24-35 years old
21% where age 35-44 years old

Ages 24-35 are considered Generation X. In Joe Burslem’s blog called “Meet the New Real Estate Customer” he says that they’ve grown up with computers and understand technology better than Generation Y. 87% shop online and 50% do all their banking online. Since they were raised with little or no supervision (both parents worked) they are fiercely independent, blunt and skeptical. They’ve been bombarded with marketing messages since birth so they have sophist acted BS radar.

A majority of them are planning for their financial future. They have always had easy access to credit and have been warned about Social Security not being around for them. They don’t expect a free ride and have been investing at an early age.

When planning your marketing tactics, an awesome website is critical but you need to “tell it like it is” or they will move on!

- **The Average Income For First Time homebuyers**

\$68K Married
\$68K Unmarried Couple
\$44K Single Female
\$52K Single Male

While this is the medium income reported, the income earned versus the price of a home in your area will vary greatly. Single females earn an average of \$8,000 less, but purchase 14% more homes than single males.

- **Ethnic Distribution of First Time Homebuyers**

76% White/Caucasian;
10% Black;
8% Hispanic
6% Asian/Pacific Islander
(88% were born in the US and 12% were not born here)

The responders were permitted to select as many races and ethnicities as they felt applied, so the sum exceeds 100%. When developing your marketing pieces, consider creating them in different languages, especially for the Hispanic and Asian market! You can find websites who will translate your word docs into another language but be sure to have someone review it to make sure the translation applies to the real estate and mortgage industry.

- **Purchase Price Range of First-Time Homebuyer**

38% purchased a home in the price range of \$100K to \$175K

Some areas of the country are more affordable than others. If your MLS statistics indicate that your housing prices are out of the buying range of first time homebuyers, you may not want to add this niche to your marketing plans.

- **Expected Length of Time to Buy Another home**

28% plan to move within 5 years

In fact, 8% of those first timers plan to move within 2-3 years. If you keep in touch on a regular basis, you stand a good chance of both listing their home and selling them another one.

Only 17% of repeat buyers plan to move within 5 years! In working with first time homebuyers, they will buy another home within a shorter period of time than a repeat buyer, who moves every 7 to 10 years.

- **Information Sources For First Time Homebuyers**

87% used the Internet to gather information

49% Used Newspaper Ads

44% Open Houses

30% used Home book or magazine

29% found they home they purchased on the Internet;

56% did a virtual tour online

9% TV

Unless you can say without a doubt that you get most of your leads by advertising in the local homes magazine, you may want to consider switching your marketing dollars to developing an awesome website. Be sure that you have a first-time homebuyer toolbar and plenty of resources for them to read and download. Use your marketing dollars to drive eyeballs to your site through traditional marketing, business cards, ads, etc.

- **How First-Time Buyers Found Agents to Work With.**

54% relied on family, friends to help them find a real estate agent

32% interviewed 2 to 3 agents before choosing one to work with.

9% found their real estate agent on the Internet

1% Thru Newspaper and Home Magazine Ads

The name of the game here is networking and developing a referral-based business. For repeat buyers, only 68% of people would DEFINITELY use their agent again, meaning that 32% are asking others for referrals all over again.

- **Financing the Home Purchase**

73% used own savings as down payment:

22% received gift funds

98% used a mortgage to finance the purchase

81% chose a Fixed-Rate Mortgage

Single males accumulated more of their down payment from savings than single females. Single females relied on gifts of money. The third source of down payment funds was from the sale of stocks and bonds. It's important to consider this information when creating the content for first time homebuyer seminars, your website and print ads.

The information has been obtained from the NAR's "Profile of Home Buyers and Sellers 2007". You can purchase the entire survey online at Realtor.org.