

Snap shot of a Seller and a Buyer

Solid Interest In Buying a Home

Despite solid interest in buying a home – sparked by steady job gains, record low mortgage rates and higher rents – the drought in housing supply in much of the country over the past year accelerated price growth and kept many first-time buyers out of the market.

Current consumer and housing trends, are showing buyers with: mounting student debt balances and smaller down payments; A increase in single female and trade-up buyers; Growing occurrence of buyers paying the list price or higher; and the fact that nearly all respondents use a real estate agent to buy or sell a home, which kept for-sale-by-owner transactions at an all-time low of 8 percent for the third straight year.



Student debt balances continue to grow.

Highlighting the additional challenges imposed on consumers trying to reach the market, 41 percent of first-time buyers indicated they have student debt (40 percent in 2016). The typical debt balance also increased (\$29,000 from \$26,000 in 2016), and over half owe at least \$25,000. Additionally, of the 25 percent who said saving for a down payment was the most difficult task in the buying process, 55 percent said student debt delayed saving for their home purchase.

Single females make up larger share of sales

Solid job prospects, higher incomes and improving credit conditions translated to continued momentum in the growing share of single female buyers. At 18 percent (matches highest since 2011), single women were the second most common household buyer type behind married couples (65 percent). Furthermore, single women purchased slightly more expensive homes than single men despite earning less. The overall share of single male buyers (7 percent) remained below unmarried couples (8 percent) for the second straight year.

Snap shot of the buyer

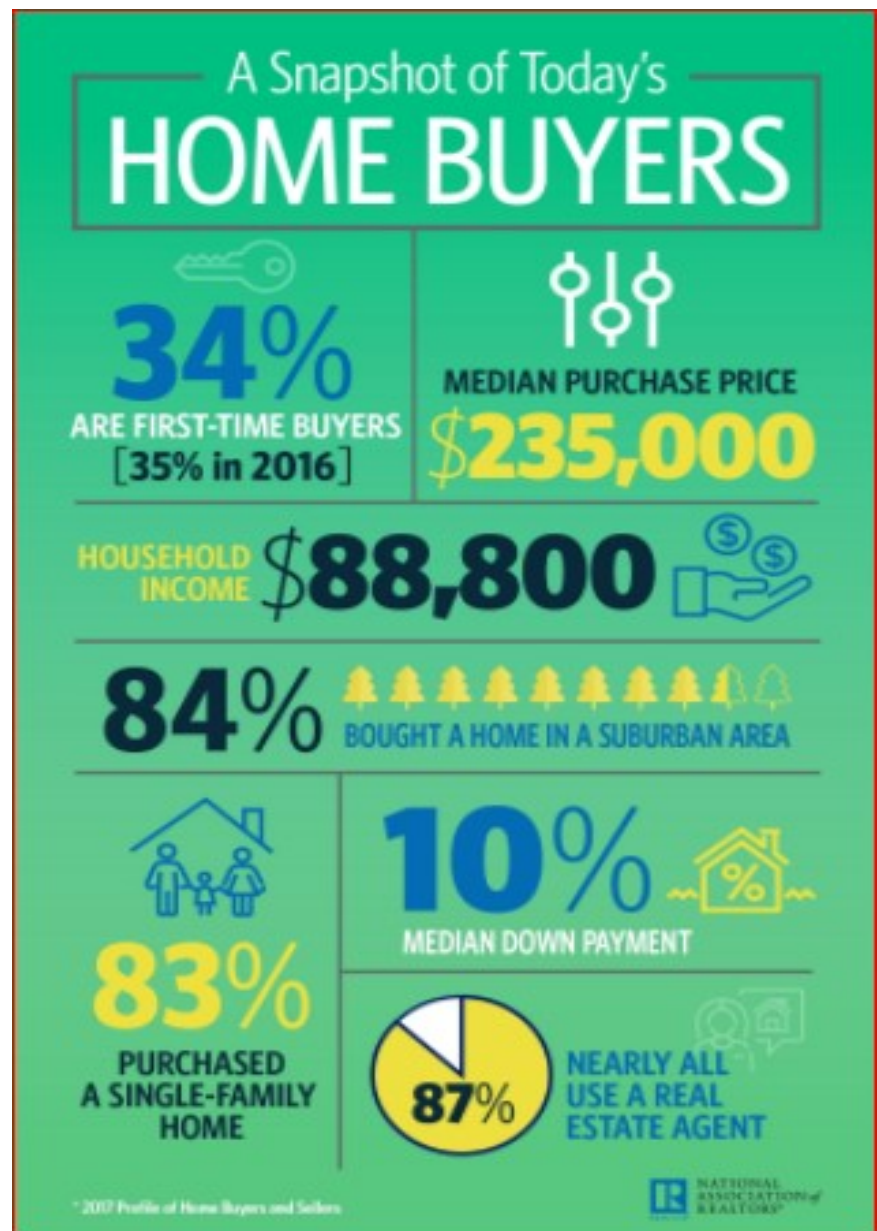
For most home buyers, the purchase of real estate is one of the largest financial transactions they will make. Buyers purchase a home not only for the desire to own a home of their own, but also because of changes in jobs, family situations, and the need for a smaller or larger living area. This annual survey conducted by the NATIONAL ASSOCIATION OF REALTORS® of recent home buyers and sellers provides insight into detailed information about their experiences with this important transaction. Here are highlights from the latest report.

Buyers had a slight rise in using proceeds from the sale of their primary residence, but still below the historical norm.

Drop in those who stalled their sale of the home because they were underwater to 10%, but it is still common among those who purchased 8-10 years ago at 26%.

Tenure remains at an all-time high of 10 years.

Weeks on market dropped to an all-time low of 3 weeks.



Snap Shot of the seller

The typical seller over the past year was 55 years old, had a higher household income (\$103,300) than last year (\$100,700) and was in the home for 10 years before selling – matching the all-time high set both in 2014 and a year ago. Prior to 2009, sellers consistently lived in their home for a median of six years before selling. With home values steadily rising over the past several years, sellers realized a median equity gain of \$47,500 (\$43,100 in 2016)

First-time buyers made up 34 percent of all home buyers, a decrease from last year's 35 percent.

Age for first-time buyers remains flat, but the age of repeat buyers continues to climb—now at an all-time high of 54.

Married couples continue at 3-year decline,

Single females increased for the 3rd year.

Buyer and seller use of agent remains at historical highs, 87% and 89% respectively

FSBOs remain at an all-time low of 8%.



Down payment amounts decrease for first-timers, rise for repeat buyers

The ongoing climb in home prices pulled the typical down payment for first-timers to 5 percent this year (6 percent in 2016), which matches the lowest since 2013. Meanwhile, higher home values likely gave more sellers the wherewithal to use the cash from their recent sale to make a bigger down payment on their new home purchase (14 percent; 11 percent in 2016). Repeat buyers' sales proceeds from their previous purchase (55 percent) surpassed their own personal savings (50 percent) this year as a larger source of their down payment.

Supply scarcity leads to increase in buyers paying list price or higher

Underscoring the supply and demand imbalances prevalent in many parts of the country, 42 percent of buyers paid the list price or higher for their home, which is up from a year ago (40 percent) and a new survey high since tracking began in 2007. Buyers in the West were the most likely (51 percent) to pay at or above list price.

Buyers report less difficulty obtaining a mortgage

The improving financial health of borrowers and a slight ease in credit standards are leading to a smoother process in obtaining a mortgage. Fewer buyers (34 percent) compared to a year ago (37 percent) indicated that the mortgage application and approval process was somewhat or much more difficult than they expected.

Buyers search for homes online & use a real estate agent

Data continues to show that the internet (95 percent) and real estate agents (89 percent) remain the top two information sources used during buyers' home search. Overall, 87 percent of buyers ended up purchasing their home through a real estate agent (88 percent in 2016), and finding the right property to buy and help negotiating the terms of the sale were the top two things buyers wanted most from their agent. Even for those who found the home they purchased online, nearly all still closed on it with the help of an agent (88 percent).
