

How Buyers Bought Real Estate in 2020: Who is the Typical Buyer?

NAR or the National Association of REALTORS has released its 2020 Profile of Home Buyers and Sellers. The profiles are based on a survey using 131 questions mailed to over 132,550 recent home buyers who also purchased a primary residence between July 2019 and June 2020. The focus of this article will be buyers who sold one home to buy another. This was a national survey so your market may be quite different. Real Estate is local: there is no national Real Estate market so please contact me for information about your local market.

NAR conducts their survey annually. This year's results were unique as it was impacted by the pandemic starting in March of 2020.

As I learned years ago, buying a home is an emotional decision *justified* with logic. Your home is typically your largest asset and picking the "right one" involves many lifestyle factors. The buying process can be interesting enough when there is only one buyer involved, however, there are often situations involving more than one buyer. Family and friends may also be involved. People have different ways of making decisions and we all handle challenges and stress differently. Buying a home typically offers plenty of both.

- 31% were first-time buyers, compared to 33% in 2019. The historic number has been 40%;
- The typical buyer was 47 years old (33 for first-time and 55 for repeat buyers), with those aged 25 to 34 accounting for 23% of all sales;
- The primary reason for buying was the desire to own their own home: the numbers were 64% for first-time and 27% for repeat buyers;
- 85% purchased existing homes, 15% purchased new construction;
- 81% purchased detached, single family homes;
- Buyers moved a median distance of 15 miles while those who sold one primary residence to buy another moved a median distance of 20 miles;
- The median purchase price was \$272,500, up from \$257,000 in 2019 (\$230,000 for first-time and \$297,000 for repeat);
- Buyers typically paid 99% of the asking price; 15% paid more than asking;
- Buyers expected to live in their home for a median time of 15 years, 10 years for first-time and 15 for repeat, with 21% saying they would never move;
- 43% started their search online while 18% contacted a Real Estate agent;
- 91% found their agent to be a very useful or somewhat useful source of information;
- Buyers typically searched for 8 weeks and saw 9 houses, 5 of which were only viewed online;
- 97% of buyers used the Internet, the increase likely related to the pandemic;
- 64% were very satisfied with the home buying process;
- 88% used a Real Estate agent, 6% used a builder and 5% bought from the previous owner;
- 51% prioritized hiring an agent to help them find the right home;
- 87% financed their purchase with 95% of first-time and 83% of repeat typically financing 88% of the price. First-time buyers financed 93% of the price and repeat buyers financed 84%;
- 11% said that saving for a down payment was the most difficult step. 47% of them cited student loans as a problem with 43% citing high rent/ mortgage payments and 36% citing credit card debt;

- 83% view a home purchase as a good investment;
- Buyers typically searched online for 3 weeks before contacting an agent, two weeks during the pandemic;
- 72% of first-time buyers were renters, 72% of repeat buyers owned their previous residence;
- As far as motivating factors influencing location: 62% prioritized the quality of the neighborhood, 45% convenience to their job, 43% the affordability of the house;
- As far as characteristics of the home and how they compromised: 23% prioritized price, 20% condition, 31% did not compromise;
- 53% of buyers said that finding the “right property” was the most difficult part of the process, 26% mentioned financing (including saving for a down payment (13%), getting a loan (8%) and the appraisal (5%)), 17% cited the paperwork and 15% mentioned understanding the process. 20% reported no difficult steps, which was common for repeat new home buyers;
- 56% walked through homes they found online, down from 65% in 2019, 37% drove by to look at the exterior and did not go inside. Driving through a neighborhood to see if it meets your needs is an excellent way to narrow your focus while perhaps seeing areas you may not have been considering. Many buyers eliminate houses after seeing the exterior;
- For internet “shoppers”, 89% found photos and 86% found detailed property information very useful;
- 64% were “very satisfied” while 30% were somewhat satisfied and 7% were dissatisfied;
- 59% signed an agency representation disclosure at some point with 27% signing at the first meeting, 23% signed when their purchase contract was written, 11% signed at some other time. 28% had no representation agreement;
- 51% of buyers wanted a Real Estate agent to help them find the right house, 24% wanted help negotiating (13% mentioned “terms” while 11% mentioned “price”), 8% wanted help with paperwork and 6% wanted help valuing comparables;
- The top benefits Real Estate agents provided were: 62% said helping buyers understand the process, 61% said pointing out features or faults with properties, 48% said negotiating better terms, 47% said providing a list of service providers, 37% said negotiated a better price and 30% said shortened the home search;
- Buyers ranked a number of agent qualities as “very important”: 98% want honesty and integrity; 93% want them to be knowledgeable about the process; 93% want them to be responsive; 88% want communication skills, 83% want them to be able to negotiate and 48% mentioned technology skills;
- The median down payment was 12% for all buyers with 7% for “first-time” and 16% for “repeat”;
- 28% found the mortgage application process to be much more difficult than expected with only a 1% difference between first-time and repeat buyers.

Buying Real Estate is unique compared to most typical purchases: not only is it done much less frequently than other purchases, it typically involves multiple steps, each offering its own challenges. If you would like to discuss selling or buying or if you have any questions about the process, please contact me.

There is no time for inexperience, empty promises or false expectations!

HIRE WISELY! We are not all the same!