

2022

PROFILE OF HOME BUYERS AND SELLERS



NATIONAL
ASSOCIATION OF
REALTORS®

2022 Profile of Home Buyers and Sellers

2022 Leadership Team

Leslie Rouda Smith, ABR, AHWD, C2EX, CIPS, CRB, CRS,
e-PRO, PMN
President

Kenny Parcell, ABR, AHWD, CRS, C2EX
President-Elect

Tracy Kasper, AHWD, C2EX, CIPS, CRS, GRI, SFR
First Vice President

Nancy Lane, AHWD, CCIM, C2EX
Treasurer

Charlie Oppler, AHWD, C2EX
2021 President

Shannon King, e-Pro, GRI, MRP
Vice President of Association Affairs

Kaki Lybbert, ABR, BPOR, C2EX, CRS, SRES
Vice President of Advocacy

Bob Goldberg
Chief Executive Officer

NAR Research Staff

Lawrence Yun, Ph.D.
Chief Economist and Senior Vice President

Jessica Lautz, DrRealEst
Vice President, Demographics and Behavioral Insights

Brandi Snowden
Director of Member and Consumer Survey Research

Meredith Dunn
Research Manager

Matt Christopherson
Senior Research Survey Analyst

Sidnee Holmes
Research Associate



Contents

Introduction 5

Highlights 7

Chapter 1: Characteristics of Home Buyers..... 9

Chapter 2: Characteristics of Homes Purchased 29

Chapter 3: The Home Search Process..... 49

Chapter 4: Home Buying and Real Estate Professionals..... 65

Chapter 5: Financing the Home Purchase..... 79

Chapter 6: Home Sellers and Their Selling Experience..... 93

Chapter 7: Home Selling and Real Estate Professionals.....113

Chapter 8: For-Sale-by-Owner (FSBO) Sellers.....121

Methodology 134

List of Exhibits135





Introduction

The NATIONAL ASSOCIATION OF REALTORS® *Profile of Home Buyers and Sellers* is an annual survey of recent home buyers and sellers who recently completed a transaction. The flagship report has been published since 1981. The annual report allows industry professionals to gain insight into detailed buying and selling behavior. Each iteration of the report is as unique as the economic, social and demographic environment in which it is published.

This year's report contains unique data which has emerged from a year of transition for the housing market. The summer of 2021 continued to see incredibly high demand for limited inventory. Buyers were driven into the market with the desire to be near friends and family and the need for a larger home. Distance moved from the last home increased from 15 miles to 50 miles as buyers looked to small towns and rural areas. However, inventory continued to sink and by January of 2022 reached the lowest level recorded by NAR since the data series began in 1999.

During the second half of the year's data collection for this report, the housing market started a contraction due to housing affordability. Housing affordability was a continual theme throughout the last year, first with the rise in home prices, and now the recent rise in mortgage interest rates which is a result of inflationary pressure. Unfortunately, the share of first-time buyers shrunk to the smallest share since data collection in the *Profile of Home Buyers and Sellers* started to just 26 percent. Additionally, while White/Caucasian and Hispanic/Latino buyers grew in this year's report, the share of Black/African American and Asian/Pacific Islander buyers declined.

The age of both first-time buyers and repeat buyers has climbed to the highest levels reported. While first-time buyers are held back by housing affordability, repeat buyers saw rising housing equity and the ability to make housing trades. Ninety-seven percent of first-time buyers financed their home purchase, with a typical downpayment of six percent (virtually unchanged from last year). While at the same time, the share of repeat buyers who financed their purchase dropped to 73 percent from 83 percent last year.

The number of weeks a buyer searched for a home grew to 10 weeks from eight weeks. Many buyers took advantage of new virtual tours and virtual listings and used those in

their search process. Buyers continue to report the most difficult task for them in the home buying process was just finding the right home to purchase.

The pandemic may have also spurred sellers to make a home trade. The top reasons to sell were the desire to be close to friends and family and because their home was too small. Tenure in the home rebounded to 10 years from last year's drop of eight years. Historically, tenure in the home has been six to seven years, but had increased after the Great Recession to nine to 10 years. Among sellers, 41 percent purchased a larger home and 32 purchased the same size home.

Buyers needed the help of a real estate professional to help them find the right home for them and negotiate terms of sale. Eighty-six percent of buyers used an agent to help them purchase a home. Sellers, as well, turned to professionals to price their home competitively, help market the home to potential buyers, sell within a specific timeframe, and fix up the home for sale. Eighty-six percent of sellers used an agent to sell their home. While the survey asked about iBuyers to respondents, one percent of sellers used these online only programs. Ten percent of sellers sold via For-Sale-By-Owner (FSBO), an increase from last year. However, half of FSBO sellers knew the buyer of their home.

The information provided in this year's report supplies understanding, from the consumer level, of the trends that are transpiring. This survey covers information on demographics, housing characteristics, and the experience of consumers in the housing market, as well as for those who are not yet able to enter the market. The report also provides valuable information on the role that real estate professionals play in home sales transactions.

The *Profile of Home Buyers and Sellers* report has been the leading industry source of trusted insight into consumer behavior for over four decades. It has grown and evolved to keep up with changing home buying trends and the need for more information. NAR first administered the survey in 1981 with just 59 questions. In 2022, the survey contained 129 questions. Although the report has evolved, data has been collected for more than three decades describing the demographic characteristics of home buyers and sellers, buyers and sellers' experience in the home transaction process, as well as market characteristics including the use of real estate agents. One measure of how the market has changed is the manner in which the data is collected. In 1981, only a paper copy of the survey was offered. Today, recent home buyers can take the survey via paper or online, and in English or Spanish. Because of its long history and timely information available each year, the report is valued by REALTORS®, market analysts, and policymakers.

Dr. Jessica Lautz
Meredith Dunn
Brandi Snowden
Matthew Christopherson
Sidnee Holmes

November 2022

2022 Profile of Home Buyers and Sellers

Data is collected from a nationally representative sample of recent home buyers who purchased a primary residence in the 12-month period between July and June. Data is also representative of the geographic distribution of home sales. Consumer names are obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records.

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 provide the information necessary to address the needs of America's real estate consumers.

The data set provides a wealth of data that is used to create a number of spin-off NAR reports including: *Home Buyer and Seller Generational Trends Report*, *Real Estate in a Digital Age*, *Veterans and Active Military Home Buyers and Sellers Profile*, *Profile of LGBT Buyers and Sellers*, *A Snapshot of Race and Home Buying in America*, *Downpayment Expectations and Hurdles to Homeownership*, and *Moving with Kids*.



Highlights

Characteristics of Home Buyers

- First-time buyers made up 26 percent, down from last year's 34 percent. This is the lowest share of first-time buyers since the data collection began.
- The typical first-time buyer was 36 years old this year, rising from 33 last year, while the typical repeat buyer age climbed to 59 years. Both are all-time highs.
- Sixty-one percent of recent buyers were married couples, 17 percent were single females, nine percent were single males, and 10 percent were unmarried couples. This is the highest share of unmarried couples recorded.
- Among first-time buyers, 18 percent of buyers were unmarried couples, and five percent were other household compositions. Both are the highest shares recorded.
- Fourteen percent of home buyers purchased a multi-generational home, to take care of aging parents, because of children or relatives over the age of 18 moving back home, and for cost-savings.
- Eighty-eight percent of buyers were White/Caucasian, eight percent were Hispanic/Latino, three percent were Black/African-American, two percent were Asian/Pacific Islander, and three percent identified as other. The share of White/Caucasian buyers and Hispanic/Latino buyers both grew this year, while the share of other racial and ethnic groups declined.
- Ninety-one percent of recent home buyers identified as heterosexual, two percent as gay or lesbian, two percent as bisexual, and five percent preferred not to answer.
- Twenty-two percent of recent home buyers were veterans and one percent were active-duty service members.
- At 22 percent, the primary reason for purchasing a home was the desire to own a home of their own. For first-time buyers, this number jumps to 62 percent.

Characteristics of Homes Purchased

- Twelve percent of buyers purchased a new home, and 88 percent of buyers purchased a previously-owned home.
- Most recent buyers who purchased new homes were looking to avoid renovations and problems with plumbing or electricity at 41 percent. Buyers who purchased previously-owned homes were most often considering better price at 31 percent.
- Detached single-family homes continued to be the most common home type for recent buyers at 79 percent, followed by mobile or manufactured houses at 8 percent.
- Senior-related housing held steady this year at seven percent (for buyers over the age of 60), with 17 percent of buyers typically purchasing condos and eight percent purchasing a townhouse or row house.



- The median distance between the home that recent buyers purchased and the home they moved from was 50 miles. This is a significant increase in distance moved, as the distance between 2018 and 2021 was a median of 15 miles.
- For buyers, 49 percent cited quality of the neighborhood as the most important factor determining the location. Convenience to friends and family and overall affordability of homes were both cited at 37 percent.
- Buyers typically purchased their homes for 100 percent of the asking price, with 28 percent purchasing for more than asking price.
- The typical home that was recently purchased was 1,800 square feet, had three bedrooms and two bathrooms, and was built in 1986.
- Overall, buyers expected to live in their homes for a median of 15 years, while 28 percent said that they were never moving.

The Home Search Process

- For 47 percent of recent buyers, the first step that they took in the home buying process was to look online at properties for sale, while 18 percent of buyers first contacted a real estate agent.
- Eighty-six percent of recent buyers found their real estate agent to be a very or somewhat useful information source.
- Buyers typically searched for 10 weeks and looked at a median of five homes, and viewed four homes only online. The number of weeks searching for a home grew from eight weeks seen in the 2020 and 2021 reports.
- Nearly all buyers used online tools in the search process at 96 percent.
- When asked where their internet searches were conducted, they typically conducted 60 percent of their search on a mobile device(s), and a desktop/laptop and 34 percent.
- Ninety-one percent of recent buyers were at least somewhat satisfied with their recent home buying process.

2022 Profile of Home Buyers and Sellers

Home Buying and Real Estate Professionals

- Eighty-six percent of buyers recently purchased their home through a real estate agent or broker, and 10 percent purchased directly through the previous owner.
- Having an agent to help them find the right home was what buyers wanted most when choosing an agent at 49 percent.
- Thirty-eight percent of buyers used an agent that was referred to them by a friend, neighbor, or relative, 12 percent used an agent that they had worked with in the past to buy or sell a home, and 10 percent found their agent when inquiring about a specific property found online.
- Sixty-seven percent of buyers interviewed only one real estate agent during their home search.
- Eighty-nine percent of buyers would use their agent again or recommend their agent to others.

Financing the Home Purchase

- Seventy-eight percent of recent buyers financed their home purchase, down from 87 percent in the 2021 report.
- The typical downpayment for first-time buyers was six percent, while the typical downpayment for repeat buyers was 17 percent.
- For 47 percent of buyers, the source of the downpayment came from their savings. Thirty-eight percent of repeat buyers cited using the proceeds from the sale of a primary residence, while 22 percent of first-time buyers used a gift or loan from friends or family for the downpayment.
- For first-time home buyers, 26 percent said saving for a downpayment was the most difficult step in the process.
- The majority of first-time buyers did make financial sacrifices to purchase a home. For those who did, the most common sacrifices buyers reported were cutting spending on luxury goods, entertainment, and clothes.
- Buyers continue to see purchasing a home as a good financial investment. Eighty-eight percent reported they view a home purchase as a good investment.

Home Sellers and Their Selling Experience

- The typical home seller was 60 years old, an increase from 56 last year.
- For all sellers, the most commonly cited reason for selling their home was the desire to move closer to friends and family (21 percent), moving due to retirement (11 percent), or the neighborhood has become less desirable (11 percent).
- Sellers typically lived in their home for 10 years before selling. This is an increase from eight years in last year's report, but reverts back to the same tenure seen in 2019 and 2020.

- Forty-one percent of sellers traded up to a larger home and 32 percent purchased the same size home.
- Eighty-six percent of home sellers worked with a real estate agent to sell their home, 10 percent sold via FSBO, and less than one percent sold via iBuyer.
- For recently sold homes, the final sales price was a median of 100 percent of the final listing price, the highest recorded since 2002.
- Recently sold homes were on the market for a median of two weeks, an increase from one week last year.
- Only 20 percent of sellers offered incentives to attract buyers, a drop from 26 percent of all sellers last year.
- Ninety-one percent of sellers were at least somewhat satisfied with the selling process.

Home Selling and Real Estate Professionals

- Sixty-three percent of sellers found their agent through a referral from a friend, neighbor, or relative or used an agent they had worked with before to buy or sell a home.
- Eighty percent of recent sellers contacted only one agent before finding the right agent they worked with to sell their home.
- Thirty-nine percent of sellers used the same agent to purchase a home, as sell their home. A share which rises to 85 percent for sellers who purchased a new home within 10 miles.
- Eighty-six percent of sellers listed their homes on the Multiple Listing Service (MLS), which is the number one source for sellers to list their home.
- Seventy-four percent of sellers reported that they provided the agent's compensation.
- The typical seller has recommended their agent once since selling their home. Twenty-seven percent of sellers recommended their agent four or more times since selling their home.
- Eighty-five percent said that they would definitely (73 percent) or probably (12 percent) recommend their agent for future services.

For-Sale-by-Owner (FSBO) Sellers

- Ten percent of recent home sales were FSBO sales this year. This is up from seven percent last year.
- The majority of FSBO sellers, 50 percent, knew the buyer of the home.
- Within rural areas 13 percent sold via FSBO compared to six percent of sellers in suburban areas.
- FSBOs typically sell for less than the selling price of other homes; FSBO homes sold at a median of \$225,000 last year, significantly lower than the median of agent-assisted homes at \$345,000.

2022 Profile of Home Buyers and Sellers

Methodology Among Recent Buyers and Sellers

In July 2022, NAR mailed out a 129-question survey using a random sample weighted to be representative of sales on a geographic basis to 153,045 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2021 and June of 2022. A total 4,854 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 3.2 percent.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending June 2022, with the exception of income data, which are reported for 2021. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South, and West. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.

Data gathered in the report is based on primary residence home buyers. From the *Realtors Confidence Index*, 87 percent of home buyers were primary residence buyers in 2021, which accounts for 5,857,350 homes sold in 2021 (accounting for new and existing homes). Using that calculation, the sample at the 95 percent confidence level has a confidence interval of plus-or-minus 1.41%.





NATIONAL
ASSOCIATION OF
REALTORS®