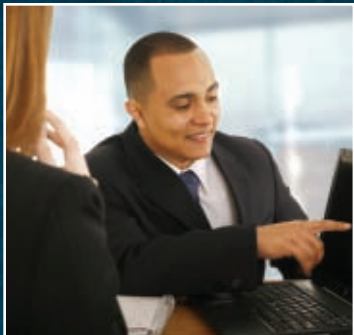




NATIONAL ASSOCIATION OF REALTORS®

Profile of Home Buyers and Sellers

2008



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The NATIONAL ASSOCIATION OF REALTORS®[®], "The Voice for Real Estate," is America's largest trade association, representing more than 1.2 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, sales agents, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

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Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

NATIONAL ASSOCIATION OF REALTORS®

Profile of
Home Buyers
and Sellers
2008

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INTRODUCTION



OR MOST HOUSEHOLDS, THE PURCHASE OR SALE OF A HOME IS ONE OF THE

most significant financial and lifestyle choices they can make. Even for experienced buyers, the process is often complex and requires a number of choices and decisions about such matters as location, commuting distance, type of home, price range and financing alternatives. Sellers are faced with a different array of equally challenging tasks on their path to the successful completion of a home sale.

Most home buyers and sellers rely on real estate professionals to assist them with their transaction. Surveys of both buyers and sellers consistently reveal that consumers value the guidance and advice offered by real estate professionals. Consumers expect real estate professionals to display high levels of knowledge, integrity and expertise. Most buyers and sellers report that their agent met or exceeded their expectations. In fact, a substantial majority of both buyers and sellers report that they would use the same real estate agent again or recommend that agent to others.

The NATIONAL ASSOCIATION OF REALTORS® surveys home buyers and sellers annually to gather detailed information about the home buying and selling process. These surveys provide information on demographics, housing characteristics and the experience of consumers in the housing market. Buyers and sellers also share information on the role that real estate professionals play in home sales transactions.

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

Paul C. Bishop, Ph.D

Harika "Anna" Barlett

Danielle Hale

THE HOUSING ENVIRONMENT



LTHOUGH THE PACE OF ACTIVITY IN THE HOUSING MARKET HAS BEEN SLOWING

since mid-2005, the past several months have proven even more challenging for homeowners as well as home buyers and sellers. Beginning in the fall of 2007, credit markets faltered and ultimately came to a near standstill following large losses on mortgage-related securities at financial institutions. As these losses cascaded throughout the financial system, lenders became increasingly reluctant to underwrite mortgages for all but the most creditworthy.

As credit market conditions tightened, the inventory of homes for sale rose markedly. Not only did those households compelled to sell their home for customary reasons such as job relocation place their home on the market, but rising foreclosures and sellers facing possible foreclosure added to the number of homes for sale. One consequence was a further decline in home prices as buyers bargained more aggressively while sellers had little recourse but to lower prices sufficiently to complete a sale. Despite a large selection of homes and lower prices in many areas, some potential buyers took a wait and see attitude and have remained sidelined.

As of fall 2008, the outlook for the economy and housing market is cloudy. Policymakers in the U.S. and abroad have taken actions aimed at restoring confidence in financial markets in order to forestall—to the extent possible—spillovers to the overall economy.

For home buyers and sellers, the current environment is more challenging than at any time in several years. Still, buyers and sellers are overcoming hurdles leading to the successful completion of home sales transactions. But, buyers and sellers are also making compromises and changing expectations along the way, most notably in the financing of their home. For example, buyers who completed their home purchase by the end of September 2007 more frequently financed 100 percent of the purchase price than buyers who completed a transaction since September (26 percent versus 21 percent). This shift has also required buyers to depend on savings for a downpayment more frequently since fall 2007. Furthermore, when asked about the timing of their home purchase, a greater share of buyers who purchased a home after September

2007 (16 percent) indicated that improved affordability of homes influenced when they made their home purchase compared with those that purchased before the onset of the turmoil in credit markets (6 percent).

With the increase in foreclosures, some home buyers have been more willing to consider such properties when searching for a home. Although still a small percentage, 6 percent of recent home buyers reported that they purchased a foreclosed property, up from 1 percent or less in recent years. When searching for a home, four in ten buyers considered properties in foreclosure, but noted that they could not find a property that they liked or had concerns about the complexity of the purchase process.

While home buyers and sellers are right to consider current conditions, it is important to remember that housing is also a long-term investment with both financial and non-financial rewards. Over a period of several years – even in markets experiencing lower than average rates of price appreciation – equity gains remain one of the chief sources of household wealth accumulation. In addition to the potential financial gains, buyers routinely point to other reasons for their home purchase. Chief among these is a desire to own a home to accommodate changing lifestyle considerations such as a growing family, retirement or job relocation.

HIGHLIGHTS

CHARACTERISTICS OF HOME BUYERS

- Forty-one percent of recent home buyers were first-time buyers.
- The typical first-time home buyer was 30 years old, while the typical repeat buyer was 47 years old.
- The 2007 median household income of buyers was \$74,900. The median income was \$60,600 among first-time buyers and \$88,200 among repeat buyers.
- About one-quarter of first-time buyers identified their race or ethnicity as non-white.
- Twenty percent of recent home buyers were single females, and 10 percent were single males.
- For two-thirds of recent home buyers, the primary reason for the recent home purchase was a desire to own a home.

CHARACTERISTICS OF HOMES PURCHASED

- New home purchases were 21 percent of all recent home purchases, down somewhat from 23 percent one year before.
- The typical home purchased was 1,825 square feet in size.
- Seventy-eight percent of home buyers purchased a detached single-family home.
- The median price of homes purchased was \$218,000 in the Northeast, \$174,500 in the Midwest, \$185,000 in the South, and \$267,000 in the West.
- When considering the purchase of a home, commuting costs were considered very or somewhat important by 80 percent of buyers.

THE HOME SEARCH PROCESS

- For one-third of home buyers, the first step in the home-buying process was looking online for properties.
- Eighty-seven percent of all home buyers and 94 percent of buyers aged 25 to 44 years used the Internet to search for homes.
- Real estate agents were viewed as a very useful information source by 81 percent of buyers who used an agent while searching for a home.
- The typical home buyer searched for 10 weeks and viewed 10 homes.
- Six percent of buyers purchased a home in foreclosure.

HOME BUYING AND REAL ESTATE PROFESSIONALS

- Eighty-one percent of buyers purchased their home through a real estate agent or broker. Among those who purchased a new home, this percentage increased to 54 percent from 50 percent last year.
 - Forty-three percent of buyers found their agent through a referral from a friend or family member.
 - Seventy percent of buyers would definitely use their real estate agent again or recommend the same agent to others.
-

FINANCING THE HOME PURCHASE

- Ninety-three percent of home buyers financed their recent home purchase.
- The percentage of first-time buyers who financed 100 percent of the purchase price with a mortgage dropped to 34 percent from 45 percent last year.
- Nearly half (46 percent) of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing in order to qualify for a mortgage.
- One-quarter of first-time buyers reported that the mortgage application and approval process was somewhat more difficult than they expected, and one-in-ten reported it was much more difficult than expected.

HOME SELLERS AND THEIR SELLING EXPERIENCE

- Slightly over half of home sellers traded up to a larger and higher priced home and slightly more than one-fifth traded down to a smaller and less expensive home.
- Eighty-four percent of sellers were assisted by a real estate agent when selling their home.
- Recent sellers typically sold their homes for 96 percent of the listing price, and 60 percent reported they reduced the asking price at least once.
- Forty-two percent of sellers offered incentives to attract buyers, most often assistance with closing costs and home warranty policies.

HOME SELLING AND REAL ESTATE PROFESSIONALS

- Thirty-eight percent of sellers who used a real estate agent found their agents through a referral from friends or family, and 26 percent used the agent they worked with previously to buy or sell a home.
- Ninety percent of sellers reported that their home was listed or advertised on the Internet.
- Among recent sellers who used an agent, 85 percent reported they would definitely (65 percent) or probably (20 percent) use that real estate agent again or recommend the agent to others.

FOR-SALE-BY-OWNER (FSBO) SELLERS

- The share of home sellers who sold their home without the assistance of a real estate agent was 13 percent. About half of them, 45 percent, knew the buyer prior to the home sale transaction.
- The primary reason that sellers chose to sell their home without the assistance of a real estate agent to a buyer they did not know was that they did not want to pay a fee or commission (59 percent).
- One-quarter of FSBO sellers took no action to market their home, and 72 percent did not offer any incentives to attract buyers.
- Forty-two percent of FSBO sellers used yard signs, and more than one-quarter listed on the Internet.

CHAPTER 1: CHARACTERISTICS OF HOME BUYERS

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NDERSTANDING TODAY'S "TYPICAL" HOME BUYER WILL HELP THE INDUSTRY

better serve its customers. Did buyers rent or own before buying their current home? What motivated them to buy? Why did they buy now?

While some answers are almost universal, other answers show that there are many "types" of home buyers today. Understanding these niches will enable real estate professionals to provide services of most value to consumers.

Four in ten buyers felt it was the right time to buy a home while one in five felt they had little choice about the timing of their purchase.

AGE OF HOME BUYERS

The typical U.S. home buyer is 39 years old. More than three-fifths of all home buyers nationally were under 45 years of age. The percentage varies regionally from a low of 58 percent in the South to a high of 67 percent in the Midwest. In the West 60 percent and in the Northeast 63 percent were younger than 45.

HOUSEHOLD INCOME OF HOME BUYERS

The 2007 median income of U.S. home buyers was \$74,900, meaning half of home buyers had a higher income and half of home buyers had a lower income. By region, typical buyer income ranged from \$70,800 in the Midwest to \$78,300 in the West.

ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS

The adult composition of home buyer households in 2008 was nearly identical to the composition in 2007. There was a slight decrease in the percent of married couple home buyers and a corresponding increase in the percent of single male home buyers, but the breakdown has been fairly stable since the shift that occurred in the early part of the decade. Nearly one-third of home buyers are singles, and the remaining two-thirds of buyers are couples.

Exhibit 1-1

AGE OF HOME BUYERS, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
18 to 25 years	5%	5%	6%	5%	6%
25 to 34 years	33	35	36	31	32
35 to 44 years	23	23	25	22	22
45 to 54 years	17	19	16	17	18
55 to 64 years	13	11	12	15	13
65 to 74 years	6	5	4	6	8
75 years or older	2	2	2	2	2
Median age (years)	39	39	38	40	40

Exhibit 1-2

HOUSEHOLD INCOME OF HOME BUYERS, BY REGION, 2007

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Less than \$25,000	4%	3%	4%	4%	3%
\$25,000 to \$34,999	7	6	7	7	7
\$35,000 to \$44,999	8	8	8	9	6
\$45,000 to \$54,999	10	10	12	10	10
\$55,000 to \$64,999	12	12	13	10	13
\$65,000 to \$74,999	9	9	10	9	8
\$75,000 to \$84,999	9	9	10	10	8
\$85,000 to \$99,999	10	10	10	10	11
\$100,000 to \$124,999	12	14	12	12	13
\$125,000 to \$149,999	6	6	5	6	8
\$150,000 to \$174,999	4	4	3	4	5
\$175,000 to \$199,999	2	2	1	3	3
\$200,000 or more	5	6	4	6	4
Median income (2007)	\$74,900	\$76,700	\$70,800	\$75,300	\$78,300

Exhibit 1-3

ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008
Married couple	68%	59%	62%	61%	61%	62%	61%
Single female	15	21	18	21	22	20	20
Single male	7	11	8	9	9	9	10
Unmarried couple	7	8	9	7	7	7	7
Other	3	1	2	2	1	2	2

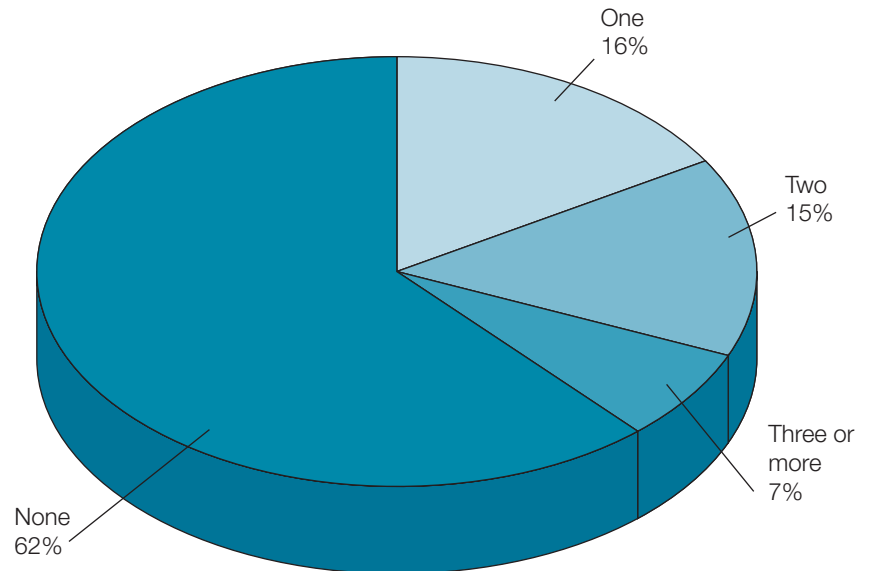
NUMBER OF CHILDREN

Three-fifths of home buyers do not have any children under 18 residing in the household. The majority of home buyers with children have one or two. They comprise 16 and 15 percent of all buyers respectively. Those with three or more children are 7 percent of all buyers.

Exhibit 1-4

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD

(Percentage Distribution of Households)



RACE/ETHNICITY OF HOME BUYERS

Eighty-four percent of home buyers across the U.S. self-identified as white/Caucasian. In the West, one in ten home buyers identified themselves as Hispanic/Latino, and one in ten home buyers identified themselves as Asian/Pacific Islander. In the South, 9 percent of home buyers reported their race as Black/African American.

Exhibit 1-5

RACE/ETHNICITY OF HOME BUYERS, BY REGION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
White/Caucasian	84%	89%	92%	82%	77%
Black/African-American	6	4	4	9	2
Hispanic/Latino	6	4	2	6	10
Asian/Pacific Islander	4	3	2	3	10
Other	2	1	2	2	3

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

RACE/ETHNICITY AND COMPOSITION OF HOUSEHOLD

While the ethnicity of home buyers overall was little changed from last year, the composition of married couples, single males, and single females buying homes shifted so that they were more predominantly Caucasian. A greater percentage of unmarried couple buyers were African American and Hispanic—8 and 9 percent respectively in 2008 compared with 6 percent each in 2007.

PRIMARY LANGUAGE SPOKEN

Across the U.S. 4 percent of home buyers primarily spoke a language other than English. Regionally, only 2 percent of home buyers in the Midwest primarily spoke a language other than English whereas 7 percent of home buyers in the West did so. Patterns in the Northeast and South were consistent with the national percentages.

NATIONAL ORIGIN OF HOME BUYERS

As was the case in 2007, nearly one in ten buyers was not born in the United States. Compared to the 2007 results, the West saw a slight increase in foreign-born buyers to 15 percent. The Northeast saw a decrease in foreign-born buyers from 11 to 8 percent.

Exhibit 1-6

RACE/ETHNICITY OF HOME BUYERS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
White/Caucasian	84%	86%	82%	86%	81%	72%
Black/African-American	6	4	10	7	8	11
Hispanic/Latino	6	6	4	3	9	6
Asian/Pacific Islander	4	4	4	4	2	2
Other	2	2	2	1	2	9

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Exhibit 1-7

PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
English	96%	96%	98%	96%	93%
Other	4	4	2	4	7

Exhibit 1-8

NATIONAL ORIGIN OF HOME BUYERS, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Born in U.S.	91%	92%	95%	91%	85%
Not born in U.S.	9	8	5	9	15

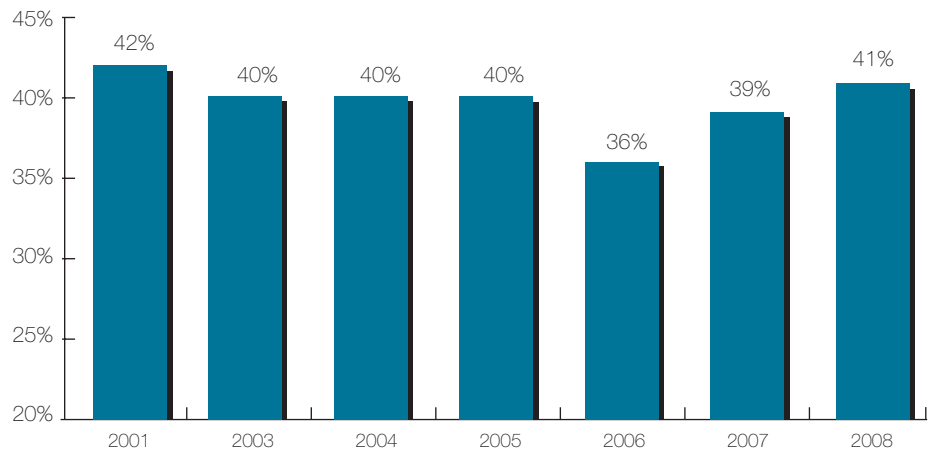
FIRST-TIME HOME BUYERS

In the years of rising prices and quick sales, first-time home buyers made up a smaller share of the market. As affordability improves but sales slow, it is more difficult for current homeowners to sell their homes. Unencumbered first-time buyers are therefore a larger share of purchasers, now 41 percent.

Exhibit 1-9

FIRST-TIME HOME BUYERS

(Percent of all Home Buyers)



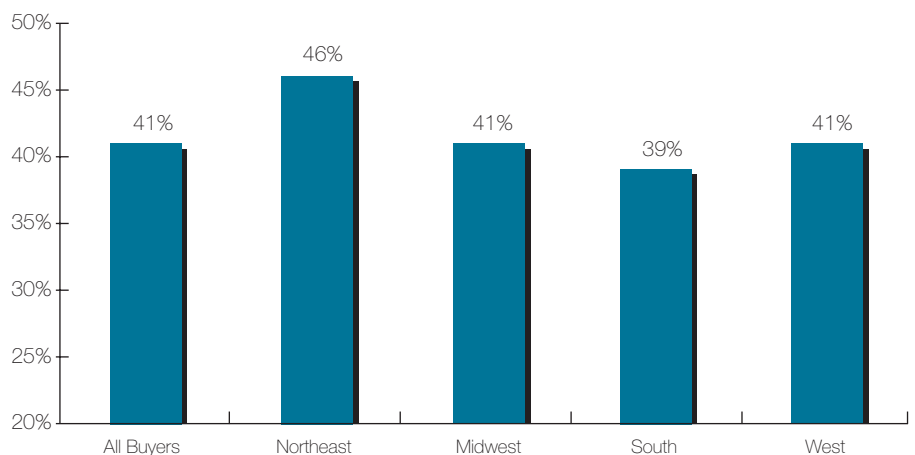
FIRST-TIME HOME BUYERS, BY REGION

First-time buyers in the Midwest (41 percent) are a slightly smaller share of the market than last year. In all other regions, and nationally, first-time buyers became a larger segment of the market. As in 2007, the Northeast had the largest share of first-time buyers. The West saw the largest gain in first-time home buyers—from 36 percent to 41 percent of the market in 2008.

Exhibit 1-10

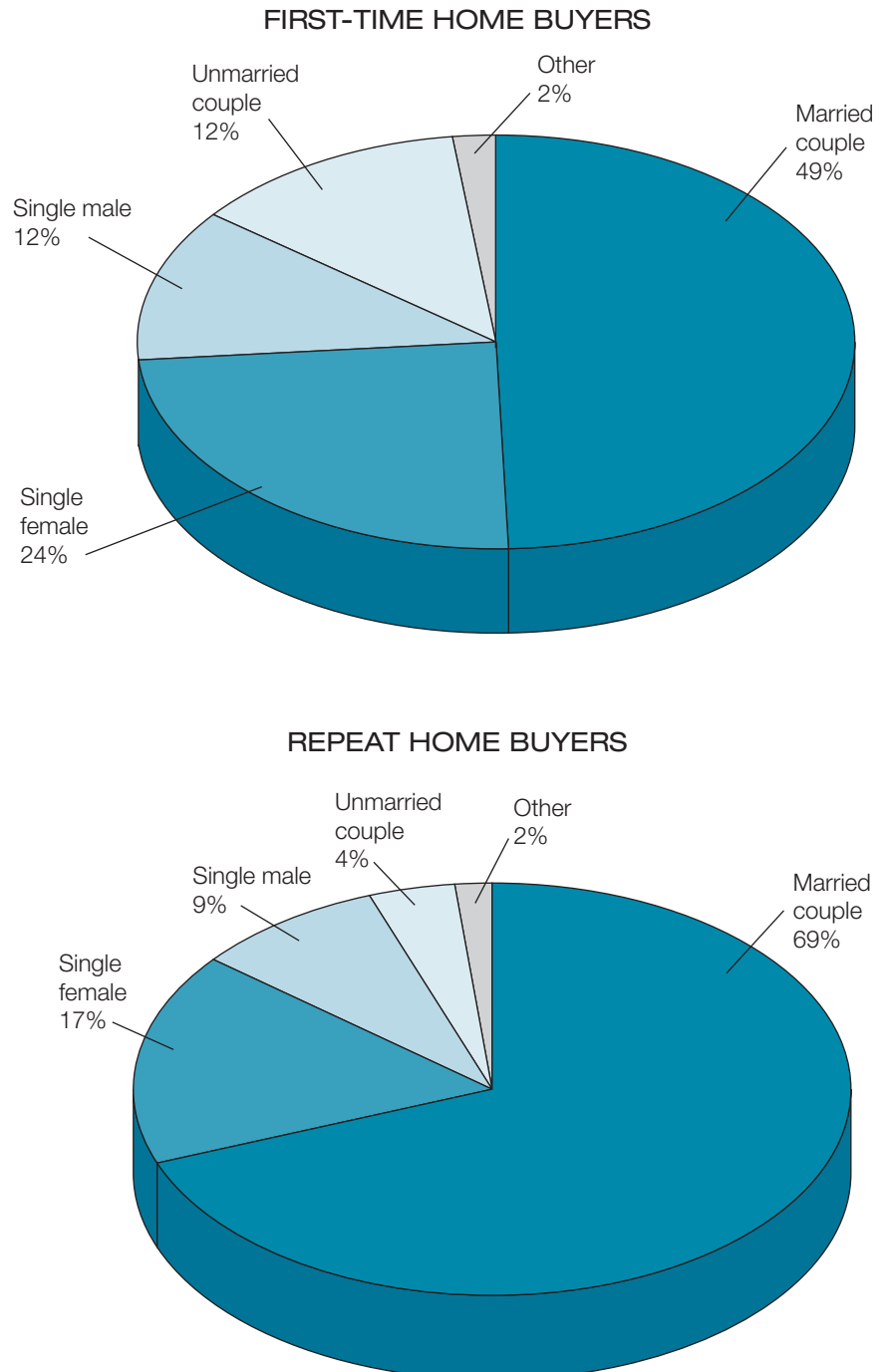
FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)



FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE

Married couples make up the largest group of both first-time and repeat home buyers. Interestingly, single female buyers accounted for nearly twice as large a share as single male buyers for both first-time buyers (24 and 12 percent) and repeat buyers (17 and 9 percent). Unmarried couples were a greater share of first-time buyers (12 percent) than repeat buyers (4 percent).

Exhibit 1-11**FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE***(Percentage Distribution of Households)*

AGE OF FIRST-TIME AND REPEAT BUYERS

Most first-time buyers (54 percent) are in the 25 to 34 age group, with an overall median age of 30. For repeat buyers, the median age is 47. Single females tend to be slightly older and unmarried couples tend to be slightly younger than the typical buyer, whether repeat or first-time.

Exhibit 1-12

AGE OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
18 to 25 years	5%	12%	*
25 to 34 years	33	54	18
35 to 44 years	23	20	25
45 to 54 years	17	8	24
55 to 64 years	13	5	19
65 to 74 years	6	1	9
75 years or older	2	*	3
Median age (years)	39	30	47
Married couple	39	30	45
Single female	44	32	52
Single male	39	30	48
Unmarried couple	30	28	45
Other	45	38	55

* Less than 1 percent

Exhibit 1-13

HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2007

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$25,000	4%	5%	3%
\$25,000 to \$34,999	7	10	5
\$35,000 to \$44,999	8	13	5
\$45,000 to \$54,999	10	15	7
\$55,000 to \$64,999	12	14	10
\$65,000 to \$74,999	9	10	8
\$75,000 to \$84,999	9	9	9
\$85,000 to \$99,999	10	9	11
\$100,000 to \$124,999	12	7	16
\$125,000 to \$149,999	6	3	8
\$150,000 to \$174,999	4	2	5
\$175,000 to \$199,999	2	1	3
\$200,000 or more	5	2	8
Median income (2007)	\$74,900	\$60,600	\$88,200
Married couple	\$86,500	\$70,400	\$98,500
Single female	\$51,800	\$47,400	\$57,600
Single male	\$61,100	\$53,500	\$73,700
Unmarried couple	\$73,400	\$64,900	\$94,500
Other	\$53,100	\$45,000	\$64,500

HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS

The typical home buyer household earned \$74,900 in 2007. The median income of repeat buyers (\$88,200) was about 45 percent greater than the median income of first-time buyers (\$60,600). Three-fifths of first time buyers made between \$25,000 and \$75,000 in 2007. Just over half of repeat buyers earned between \$55,000 and \$125,000 in 2007. The median income for married couples was higher than the overall median whether they were first-time or repeat buyers.

RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS

As in 2007, first-time buyers are more likely than repeat buyers to identify themselves as African-American, Asian, or Hispanic. Buyers who consider themselves white accounted for 89 percent of repeat buyers and only 78 percent of first-time buyers.

PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLDS

First-time buyers are also more likely than repeat buyers to speak a language other than English. Six percent of first-time buyers spoke a language other than English compared with only 3 percent of repeat buyers.

NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS

In addition to being more diverse and more likely to speak a language other than English, first-time buyers are more likely than repeat buyers to have been born outside of the United States. Only 8 percent of repeat buyers were foreign-born compared with 11 percent of first-time buyers.

Exhibit 1-14

RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
White/Caucasian	84%	78%	89%
Black/African-American	6	8	4
Hispanic/Latino	6	8	4
Asian/Pacific Islander	4	5	3
Other	2	2	2

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Exhibit 1-15

PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLDS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
English	96%	94%	97%
Other	4	6	3

Exhibit 1-16

NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Born in U.S.	91%	89%	92%
Not born in U.S.	9	11	8

PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS

Three of four first-time home buyers rented an apartment or house on their own before their first home purchase. Almost one in five first-time buyers lived with parents, relatives, or friends. Most repeat buyers (69 percent) owned their previous home but slightly more rented their previous residence—nearly one in four—than did so last year. The result is that, in contrast with 2007, renting was more common than owning prior to the home purchase in 2008 with 44 percent of all buyers reporting this arrangement.

Exhibit 1-17

PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Rented an apartment or house	44%	75%	23%
Owned previous residence	42	4	69
Lived with parents, relatives or friends	11	19	5
Rented the home buyer ultimately purchased	1	1	1
Not applicable or no change in living arrangement	2	1	2

Note: After selling their previous home, buyers may have rented a home or apartment before purchasing their next home. A first-time buyer could have acquired ownership of their previous home (as an inheritance or gift, for example) without having been the buyer of the home. Thus, a first-time buyer could have owned a home prior to their first home purchase.

PRIOR LIVING ARRANGEMENT AND HOUSEHOLD COMPOSITION

The shift in prior living arrangement from owning to renting is evident across

all types of households. Each group saw a decline in the share of those who owned their previous residence and a gain in those who rented their previous residence. Still, a majority (51 percent)

of married couples owned their previous residence. In contrast, a majority (67 percent) of unmarried couples rented their previous residence.

Exhibit 1-18

PRIOR LIVING ARRANGEMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Rented an apartment or house	44%	39%	49%	49%	67%	47%
Owned previous residence	42	51	33	33	16	37
Lived with parents, relatives or friends	11	8	16	17	16	11
Rented the home buyer ultimately purchased	1	1	1	*	1	1
Not applicable or no change in living arrangement	2	2	1	1	1	4

* Less than 1 percent

Note: After selling their previous home, buyers may have rented a home or apartment before purchasing their next home. A first-time buyer could have acquired ownership of their previous home (as an inheritance or gift, for example) without having been the buyer of the home. Thus, a first-time buyer could have owned a home prior to their first home purchase.

PRIMARY REASON FOR PURCHASING A HOME

More than one in three home buyers reported that a desire to own a home was the primary reason behind their home purchase. The second and third most frequently cited reasons given by home buyers were job relocation and a desire for a larger home, respectively. While first-time home buyers overwhelmingly listed the desire to own a home as the primary reason, the second and third most frequent responses were a change in family situation and the affordability of homes. For repeat buyers, the top reason noted for purchasing a home was a job relocation followed closely by the desire for a larger home.

Exhibit 1-19

PRIMARY REASON FOR PURCHASING A HOME, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Desire to own a home	34%	67%	11%
Job-related relocation or move	11	3	17
Desire for larger home	10	2	15
Change in family situation	9	9	10
Desire to be closer to family/friends/relatives	6	1	9
Desire for a home in a better area	5	2	8
Desire to be closer to job/school/transit	4	2	5
Affordability of homes	3	5	2
Desire for smaller home	3	*	5
Retirement	3	1	5
Desire for a newly built or custom-built home	2	1	3
Establish household	1	3	1
Financial security	1	1	1
Tax benefits	1	1	1
Greater choice of homes on the market	1	1	1
Desire for vacation home/investment property	1	*	1
Purchased home for family member or relative	1	*	1
Other	4	2	5

* Less than 1 percent

REASON FOR PURCHASING AND BUYER'S AGE

Among older buyers, the desire to own a home seems to become less important in relation to other factors

driving the home purchase. The desire to own a home is the most frequent reason given for a home purchase among all age groups except those 65 or

over. Buyers aged 65 or over responded most often that the desire to be closer to family is the primary reason for the purchase.

Exhibit 1-20

PRIMARY REASON FOR PURCHASING A HOME, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Desire to own a home	34%	62%	43%	19%	8%
Job-related relocation or move	11	3	12	14	1
Desire for larger home	10	2	12	7	6
Change in family situation	9	15	8	10	6
Desire to be closer to family/friends/relatives	6	*	2	7	26
Desire for a home in a better area	5	1	4	7	8
Desire to be closer to job/school/transit	4	2	4	4	2
Affordability of homes	3	5	3	3	2
Desire for smaller home	3	*	1	6	11
Retirement	3	*	*	6	12
Desire for a newly built or custom-built home	2	*	1	4	3
Establish household	1	4	2	1	*
Financial security	1	2	1	1	2
Tax benefits	1	*	1	2	1
Greater choice of homes on the market	1	2	1	1	*
Desire for vacation home/investment property	1	1	1	1	2
Purchased home for family member or relative	1	*	*	1	2
Other	4	1	3	5	6

* Less than 1 percent

**REASON FOR PURCHASING
AND COMPOSITION OF
HOUSEHOLD**

Unsurprisingly, the desire to own a home is the most often cited primary reason for the home purchase among

all types of households; just over one in four married couples cited the desire to own a home as the primary reason for a purchase whereas almost three in five unmarried couples did so. For married couples, job related moves were

the second most common reason for a home purchase. For all other groups, family situation changes were the second most frequently cited primary driver of the decision.

Exhibit 1-21**PRIMARY REASON FOR PURCHASING A HOME, BY ADULT COMPOSITION OF HOUSEHOLD**

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Desire to own a home	34%	26%	44%	44%	58%	34%
Job-related relocation or move	11	16	5	5	3	3
Desire for larger home	10	13	3	5	5	8
Change in family situation	9	7	14	10	9	14
Desire to be closer to family/friends/relatives	6	6	7	4	3	3
Desire for a home in a better area	5	6	3	3	3	3
Desire to be closer to job/school/transit	4	4	3	3	1	4
Affordability of homes	3	3	3	6	6	3
Desire for smaller home	3	3	4	3	1	8
Retirement	3	3	2	4	1	5
Desire for a newly built or custom-built home	2	3	2	3	1	2
Establish household	1	2	1	1	2	1
Financial security	1	1	2	2	2	1
Tax benefits	1	1	2	2	1	2
Greater choice of homes on the market	1	1	1	2	2	1
Desire for vacation home/investment property	1	1	*	1	1	3
Purchased home for family member or relative	1	1	1	1	*	*
Other	4	4	4	3	3	5

* Less than 1 percent

PRIMARY REASON FOR THE TIMING OF HOME PURCHASE

There are many reasons that drive the decision of home buyers to make a purchase at a particular time. Four in ten buyers felt it was the right time to buy a home while one in five felt they had little choice about the timing of their purchase. A majority of first-time buyers (52 percent) felt that it was the right time to purchase compared with over one-third (37 percent) of repeat buyers. A larger share of repeat buyers (25 percent) than first-time buyers (10 percent) had little choice in the timing. Fourteen percent of buyers were prompted to purchase a home when they did based on improved affordability with little variation between first-time and repeat buyers.

TIMING OF HOME PURCHASE AND BUYER'S AGE

Regardless of the buyer's age, their readiness to purchase was still the primary reason for the timing of the purchase. The share of buyers who felt they had little choice in the timing of their purchase increases with age through age 64. Buyers 65 years or older more often cited the availability of homes suggesting that many older buyers have more flexibility in the timing of their purchase.

Exhibit 1-22

PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
It was just the right time, the buyer was ready to buy a home	43%	52%	37%
Did not have much choice, had to purchase	19	10	25
It was the best time because of affordability of homes	14	16	12
It was the best time because of availability of homes for sale	10	8	11
It was the best time because of mortgage financing options available	7	9	5
Other	4	2	5
The buyer wished they had waited	4	3	5

Exhibit 1-23

PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
It was just the right time, the buyer was ready to buy a home	43%	53%	44%	39%	48%
Did not have much choice, had to purchase	19	8	18	23	16
It was the best time because of affordability of homes	14	17	16	12	7
It was the best time because of availability of homes for sale	10	8	9	10	13
It was the best time because of mortgage financing options available	7	8	7	7	2
Other	4	3	3	4	9
The buyer wished they had waited	4	3	4	5	4

NUMBER OF HOMES CURRENTLY OWNED

The vast majority of home buyers own only one home, the home they recently purchased. Owning a second or third home is more common among older age groups. Three percent of buyers aged 18 to 24 own more than one home compared with 23 percent of buyers aged 65 or older.

OTHER HOMES OWNED

Other than their recently purchased home, buyers under 65 most often own investment properties. For example, one in ten recent buyers between 45 and 64 years old own at least one investment property. Home buyers 65 or older frequently own investment properties and vacation homes. Compared with younger cohorts, a larger percentage also is in the process of selling a previously purchased home.

USE OF SOCIAL NETWORKING WEB SITES

While 44 percent of buyers use social networking Web sites with any frequency, two of five buyers aged 18 to 24 use social networking Web sites every day. One of five buyers 25 to 44 years old reported using social networking Web sites every day. In contrast, three of four buyers aged 45 to 64 and more than nine of ten buyers aged 65 or older never use networking Web sites.

Exhibit 1-24

NUMBER OF HOMES CURRENTLY OWNED, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
One	85%	97%	89%	79%	77%
Two	11	2	8	16	17
Three or more	3	1	2	5	6

Exhibit 1-25

OTHER HOMES OWNED, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Recently purchased home only	81%	97%	86%	73%	68%
One or more vacation homes	3	*	1	5	7
One or more investment properties	8	1	7	11	7
Primary residence	4	*	2	6	9
Previous homes that buyer is trying to sell	5	*	3	7	10
Other	2	1	1	4	3

* Less than 1 percent

Exhibit 1-26

USE OF SOCIAL NETWORKING WEB SITES, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Every day or nearly every day	14%	42%	19%	5%	1%
A few times a week	11	20	14	5	2
A few times a month	11	14	14	7	1
A few times a year	8	3	8	8	4
Never use social networking Web sites	56	21	44	75	91

CHAPTER 2: CHARACTERISTICS OF HOMES PURCHASED

H

OME BUYERS EXPRESS THEIR PREFERENCES FOR HOMES OF DIFFERENT types and in different locations through a complex process that leads to a home purchase. Constraints such as location of employment, income and age influence the home purchase process along with preferences based on lifestyle needs. All along the purchase process buyers are confronted with choices that lead in some cases to compromises and re-evaluation of expectations about the features of the home that they value most.

Forty-one percent of recent buyers ranked commuting costs as a very important influence in their home purchase decision.

NEW AND PREVIOUSLY OWNED HOME PURCHASES

Previously owned homes account for most sales each year, 79 percent in the current survey. This share has

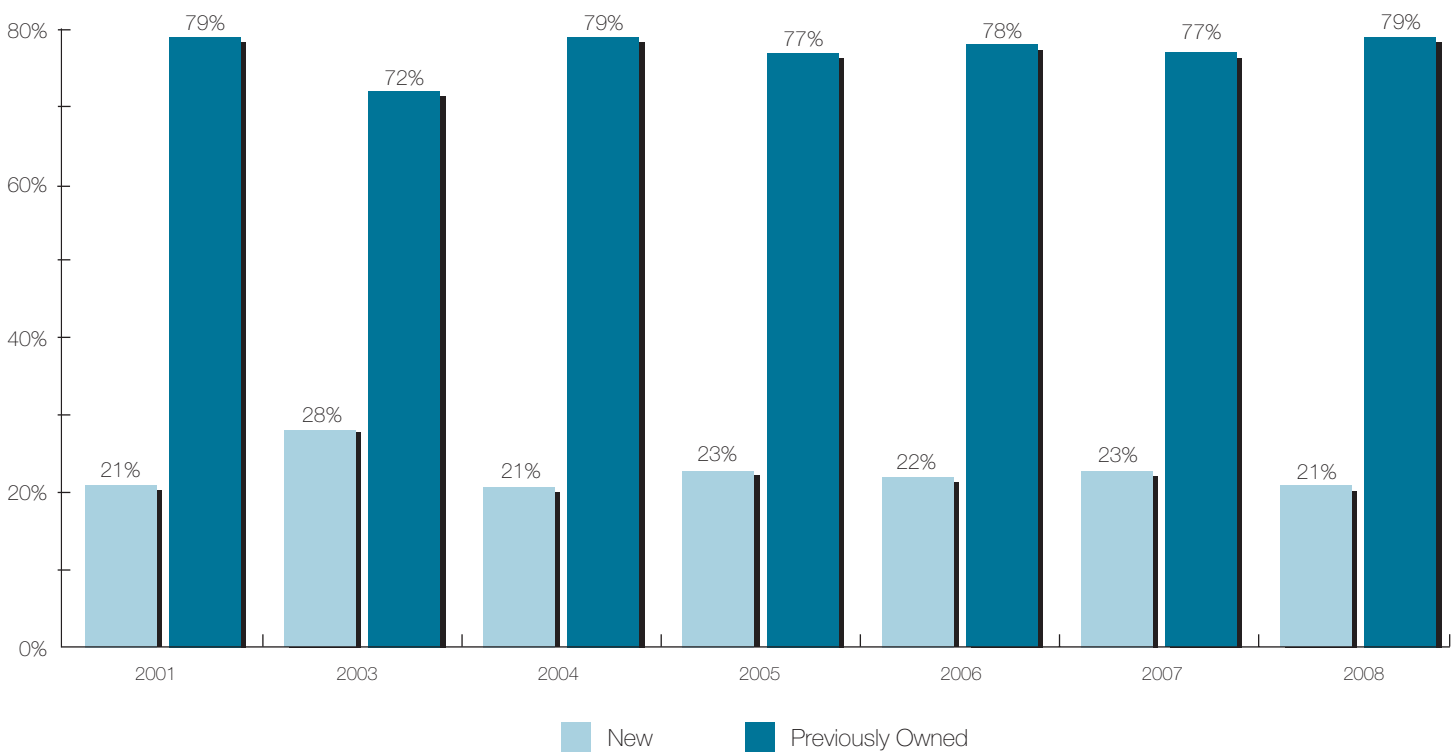
been relatively constant during both the years of high and rising sales and more recently during the weaker market. New home sales reflect the increases in demand for housing that cannot be

met by turnover in the existing stock of homes. This pattern of sales is more pronounced regionally where household growth and population trends vary.

Exhibit 2-1

NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 2001-2008

(Percentage Distribution)



REGIONAL PATTERNS

New home sales vary by region ranging from just 10 percent of sales in the Northeast to 27 percent of sales in the South and 24 percent in the West. This pattern reflects migration to the South and West from the Northeast and Midwest, which contributes to greater population growth and elevated demand for new homes in these regions.

Exhibit 2-2

NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
New	21%	10%	17%	27%	24%
Previously Owned	79	90	83	73	76

TYPES OF HOMES BY LOCATION

Nearly four of five homes purchased, according to the current survey, were detached single-family structures. Townhouses accounted for fewer than

one in ten sales while condos, in both small and large buildings, accounted for a slightly greater share. In suburban locations, 83 percent of homes purchased were detached single-family homes. Some variation is evident across

different locations with the greatest difference in urban areas where 61 percent of homes sold were detached single-family homes and nearly one-quarter were condos.

Exhibit 2-3

TYPE OF HOME PURCHASED, BY LOCATION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN A:				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	78%	83%	80%	61%	79%	68%
Townhouse/row house	8	9	7	10	5	3
Apartment/condo in building with 5 or more units	7	5	4	20	3	11
Duplex/apartment/condo in 2 to 4 unit building	2	1	3	4	1	5
Other	5	3	6	4	13	12

TYPES OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS

First-time buyers more frequently purchase townhouses or condos than repeat buyers, likely reflecting the

relatively lower cost of these types of homes in most areas. Ten percent of first-time buyers purchased a townhouse (versus 7 percent among repeat buyers) and an additional 11 percent purchased a condo (versus 8 percent among

repeat buyers). Buyers of new homes purchased townhouses more frequently and purchased detached single-family homes less frequently than buyers of previously owned homes.

Exhibit 2-4**TYPE OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES**

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Detached single-family home	78%	73%	81%	74%	79%
Townhouse/row house	8	10	7	11	7
Apartment/condo in building with 5 or more units	7	9	6	8	7
Duplex/apartment/condo in 2 to 4 unit building	2	2	2	2	2
Other	5	5	4	5	5

HOMES PURCHASED BY DIFFERENT TYPES OF HOUSEHOLDS

Married couple buyers purchase

detached single-family homes far more frequently than other types of household. In contrast, one in five single male buyers and a somewhat smaller share of single

female buyers opted for condos, both at the expense of detached single-family homes.

Exhibit 2-5**TYPE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD**

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Detached single-family home	78%	86%	63%	65%	76%	59%
Townhouse/row house	8	6	14	10	9	15
Apartment/condo in building with 5 or more units	7	3	14	16	8	7
Duplex/apartment/condo in 2 to 4 unit building	2	1	3	4	2	6
Other	5	4	6	4	5	11

LOCATION OF HOME PURCHASED

Over half of home buyers purchased a home in the suburbs, continuing a long running pattern where suburban locations have accounted for a majority of sales. Slightly fewer than one in five sales were in small towns or in urban areas. In the Northeast, suburbs accounted for a much smaller 41 percent of sales, offset by a much larger share of sales in small towns. Suburban locations not only dominated sales in the South, but the suburban share exceeded the share in all other areas.

LOCATION OF HOME PURCHASE AMONG FIRST-TIME AND REPEAT BUYERS

Purchases of homes by first-time buyers are more often in urban locations compared with purchases by repeat buyers. Nearly one-quarter of purchases by first-time buyers were in an urban area or central city compared with 13 percent among repeat buyers. Fifty-eight percent of repeat buyers purchased a home in the suburbs compared with 50 percent among first-time buyers.

Exhibit 2-6

LOCATION OF HOME PURCHASED, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Suburb/Subdivision	55%	41%	56%	60%	51%
Small town	16	27	14	12	19
Urban area/Central city	17	16	19	15	19
Rural area	10	14	9	10	10
Resort/Recreation area	2	1	1	2	1

Exhibit 2-7

LOCATION OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Suburb/Subdivision	55%	50%	58%	62%	53%
Small town	16	17	16	14	17
Urban area/Central city	17	23	13	11	19
Rural area	10	9	11	11	10
Resort/Recreation area	2	*	2	2	1

* Less than 1 percent

CHANGES IN LOCATION

Looking more specifically at repeat buyers, 40 percent sold one home and purchased another in a suburban location. Nearly one in five buyers who

sold a home in a location outside a suburb moved to the suburbs while 14 percent moved from the suburbs to another type of location. Just 4 percent of buyers moved from a suburban area

to a central city. In fact, more than one-third of buyers who sold a home in an urban area remained in an urban area.

Exhibit 2-8**LOCATION OF HOME PURCHASED VERSUS LOCATION OF HOME SOLD**

(Percentage Distribution Among those that Sold a Home)

LOCATION OF HOME SOLD	LOCATION OF HOME PURCHASED				
	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Suburb/Subdivision	40%	5%	4%	4%	1%
Small town	6	7	1	2	*
Urban area/Central city	7	2	6	1	*
Rural area	5	3	1	4	*
Resort/Recreation area	1	*	*	*	*

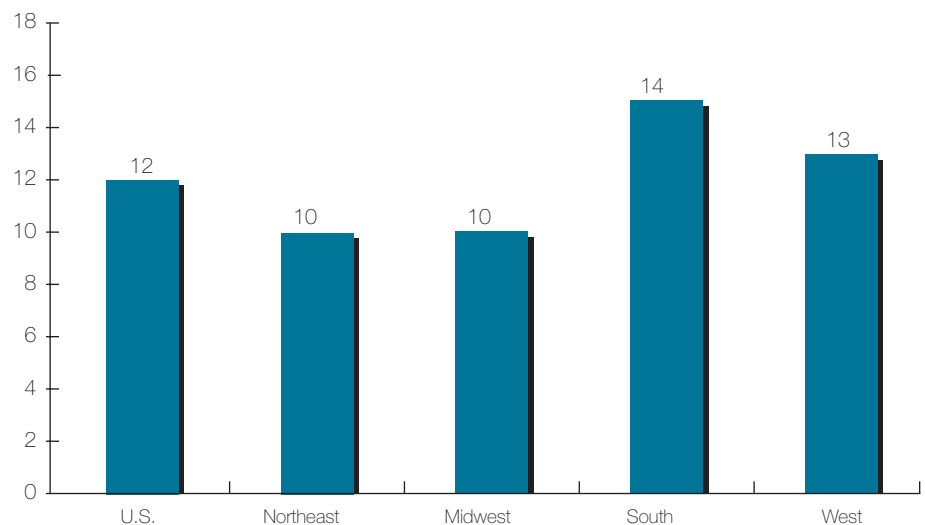
* Less than 1 percent

DISTANCE OF MOVE

Overall, home buyers moved a median of 12 miles from their previous residence. The median distance moved was greatest in the South at 14 miles and least in the Northeast and Midwest at 10 miles. In both the South and the West, migration from other areas of the country is reflected in a higher median distance.

Exhibit 2-9**DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE**

(Median Miles)



NEIGHBORHOOD CHOICE

Many considerations influence home buyers' neighborhood choice such as proximity to jobs and the quality of the school district. Overall, 62 percent of recent buyers ranked quality of the neighborhood, which reflects characteristics such as level of upkeep and overall appeal, as an important factor. Half of buyers considered convenience to their jobs as a critical

influence on their choice, followed by four in ten buyers who considered the affordability of homes paramount.

Since neighborhood features and amenities vary, buyers who purchase homes in suburban or urban locations rank factors quite differently. For example, 69 percent of suburban buyers considered the quality of the neighborhood an important influence on their choice, compared with 59 percent

of urban buyers and 42 percent of rural buyers. Urban buyers were three times more likely to consider public transportation an important feature of a neighborhood, compared with buyers overall. Rural buyers considered availability of acreage or large lots as frequently as the quality of the neighborhood or proximity to their job.

Exhibit 2-10

FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY LOCATION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN A:				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Quality of the neighborhood	62%	69%	58%	59%	42%	59%
Convenient to job	51	53	48	57	42	19
Overall affordability of homes	41	43	42	40	34	28
Convenient to friends/family	38	39	40	35	33	36
Convenient to shopping	27	29	24	30	17	24
Quality of the school district	27	32	26	16	21	12
Design of neighborhood	24	27	18	26	12	31
Convenient to schools	21	23	21	20	15	7
Convenient to entertainment/leisure activities	19	18	13	29	11	36
Convenient to parks/recreational facilities	16	16	12	21	8	27
Availability of larger lots or acreage	15	13	14	7	42	2
Convenient to health facilities	9	9	9	9	6	20
Home in a planned community	8	10	7	4	5	29
Convenient to public transportation	7	5	4	21	1	5
Environmentally friendly community features	6	6	5	7	6	15
Convenient to airport	6	7	4	8	3	5
Other	6	5	6	5	8	14

**NEIGHBORHOOD CHOICE BY
HOUSEHOLD TYPE**

The factors that influence neighborhood choice vary by household type also, although neighborhood quality is the most frequently cited factor for

each group. Compared with other households, married couple households more frequently considered quality of the school district and proximity to schools as an influence on their neighborhood choice. Single male buyers ranked

convenience to entertainment and leisure activities higher, while single female buyers expressed a preference for neighborhoods that were convenient to their friends and family.

Exhibit 2-11**FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY ADULT COMPOSITION OF HOUSEHOLD**

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Quality of the neighborhood	62%	64%	59%	61%	62%	58%
Convenient to job	51	50	50	54	58	53
Overall affordability of homes	41	40	44	42	45	50
Convenient to friends/family	38	36	45	36	37	36
Convenient to shopping	27	27	28	26	26	28
Quality of the school district	27	34	14	15	19	22
Design of neighborhood	24	25	23	22	23	20
Convenient to schools	21	26	14	11	17	24
Convenient to entertainment/leisure activities	19	17	19	27	20	17
Convenient to parks/recreational facilities	16	17	12	19	12	14
Availability of larger lots or acreage	15	18	7	11	16	17
Convenient to health facilities	9	9	9	9	5	10
Home in a planned community	8	9	8	7	5	7
Convenient to public transportation	7	7	8	9	7	13
Environmentally friendly community features	6	6	6	7	6	9
Convenient to airport	6	6	4	8	4	2
Other	6	5	7	5	4	6

HOME PRICES

The median price paid by recent home buyers during the period from mid-2007 through mid-2008 was \$204,000 compared with a median of \$215,000 in the previous annual survey, a decline of approximately 5 percent. The median price – which includes sales of all types of new and previously owned homes – was only slightly lower in the Northeast (\$218,000) and the Midwest (\$174,000). Compared with results from the previous survey, median prices fell in the South (down 6 percent to \$185,000) and in the West (down 16 percent to \$267,000).

PRICES OF NEW AND PREVIOUSLY OWNED HOMES

Among new home buyers, the median price paid during the survey period was \$248,000, down 5 percent from the previous survey. The median price of previously owned homes fell by a similar percentage to \$189,000.

Exhibit 2-12

PRICE OF HOME PURCHASED, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Less than \$75,000	4%	6%	7%	3%	1%
\$75,000 to \$99,999	6	8	8	7	1
\$100,000 to \$124,999	9	6	11	10	4
\$125,000 to \$149,999	11	9	13	12	5
\$150,000 to \$174,999	11	8	12	13	6
\$175,000 to \$199,999	9	7	9	10	7
\$200,000 to \$249,999	15	14	15	14	19
\$250,000 to \$299,999	10	11	9	9	14
\$300,000 to \$349,999	7	8	7	6	9
\$350,000 to \$399,999	5	7	4	4	7
\$400,000 to \$499,999	6	7	4	5	10
\$500,000 or more	8	9	3	7	17
Median price	\$204,000	\$218,000	\$174,500	\$185,000	\$267,000

Exhibit 2-13

PRICE OF HOME PURCHASED, NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A:	
		New Home	Previously Owned Home
Less than \$75,000	4%	1%	5%
\$75,000 to \$99,999	6	1	8
\$100,000 to \$124,999	9	4	10
\$125,000 to \$149,999	11	7	11
\$150,000 to \$174,999	11	10	11
\$175,000 to \$199,999	9	8	9
\$200,000 to \$249,999	15	21	14
\$250,000 to \$299,999	10	13	9
\$300,000 to \$349,999	7	9	6
\$350,000 to \$399,999	5	8	4
\$400,000 to \$499,999	6	8	5
\$500,000 or more	8	10	8
Median price	\$204,000	\$248,000	\$189,000

PRICES OF HOMES PURCHASED BY FIRST-TIME AND REPEAT BUYERS

First-time buyers purchase homes at all price levels, in part because entry level home prices vary quite widely in different areas of the county. The typical first-time buyer, however, purchased a home priced at \$165,000 or about 30 percent below the price of a home purchased by a repeat buyer. Married couples, whether first-time or repeat buyers, typically purchased higher prices homes.

PURCHASE PRICE AND ASKING PRICE

The median purchase price as a percent of asking price was 96 percent during the survey period. In the previous survey, the median percentage was 98 percent, suggesting that home buyers have more recently been able to purchase homes at a larger discount as the housing market softened. Notably, 73 percent of homes sold for less than the asking price compared with 65 percent in the previous survey. Homes in the Northeast and Midwest were more likely to be purchased for a larger discount from the asking price. In the Northeast, 41 percent were purchased for less than 95 percent of the asking price and in the Midwest the comparable figure was 43 percent.

Exhibit 2-14

PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$75,000	4%	6%	3%
\$75,000 to \$99,999	6	10	4
\$100,000 to \$124,999	9	12	6
\$125,000 to \$149,999	11	15	8
\$150,000 to \$174,999	11	12	10
\$175,000 to \$199,999	9	9	8
\$200,000 to \$249,999	15	15	15
\$250,000 to \$299,999	10	8	12
\$300,000 to \$349,999	7	4	9
\$350,000 to \$399,999	5	3	6
\$400,000 to \$499,999	6	3	8
\$500,000 or more	8	4	11
Median price	\$204,000	\$165,000	\$236,000
Married couple	\$227,600	\$176,000	\$255,000
Single female	\$166,000	\$150,000	\$187,000
Single male	\$185,000	\$170,000	\$200,000
Unmarried couple	\$171,000	\$161,200	\$207,600
Other	\$167,700	\$133,000	\$189,500

Exhibit 2-15

PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION

(Percentage Distribution)

Percent of asking price:	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Less than 90%	18%	20%	20%	17%	18%
90% to 94%	20	21	23	19	17
95% to 99%	35	36	35	35	34
100%	18	17	15	20	20
101% to 110%	6	5	4	7	9
More than 110%	2	1	2	2	2
Median (purchase price as a percent of asking price)	96%	96%	96%	97%	97%

HOME SIZE

The median size home purchased by recent home buyers was 1,825 square feet. First-time buyers purchased somewhat smaller homes than repeat buyers – a median of 1,580 square feet versus 2,030 square feet. Buyers of new homes purchased larger homes with one in five at least 3,000 square feet in size.

HOME SIZE BY HOUSEHOLD TYPE

The size of the home purchased can be influenced by many factors and preferences, some of which are related to the composition of the household. For example, married couple households typically purchase larger homes – a median of 2,010 square feet – both because of a greater frequency of dual income earners and, in some cases, the presence of children. Single male and female buyers often purchase smaller homes; for male buyers the median was 1,570 and for female buyers the median was 1,525.

Exhibit 2-16

SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
1,000 sq ft or less	7%	11%	4%	3%	8%
1,001 to 1,500 sq ft	24	34	17	15	26
1,501 to 2,000 sq ft	30	33	28	29	30
2,001 to 2,500 sq ft	16	12	19	19	16
2,501 to 3,000 sq ft	10	6	14	14	9
3,001 to 3,500 sq ft	7	2	10	10	6
3,501 sq ft or more	6	2	9	10	5
Median (sq ft)	1,825	1,580	2,030	2,095	1,760

Exhibit 2-17

SIZE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
1,000 sq ft or less	7%	3%	12%	13%	12%	13%
1,001 to 1,500 sq ft	24	18	37	32	27	29
1,501 to 2,000 sq ft	30	29	32	32	34	30
2,001 to 2,500 sq ft	16	19	11	11	14	15
2,501 to 3,000 sq ft	10	14	4	6	6	5
3,001 to 3,500 sq ft	7	9	2	4	5	5
3,501 sq ft or more	6	8	2	1	1	2
Median (sq ft)	1,825	2,010	1,525	1,570	1,655	1,630

SIZE AND COST

While home prices and sizes vary widely, the cost per square foot provides a comparable measure of the prices paid by recent buyers across regions and type of homes. Recent buyers reported that they purchased a home for a median price of \$109 per square foot. Homes in the Northeast and West are typically much more expensive than homes in the Midwest or South on a price per square foot basis. This regional pattern is evident across all types of homes. The most costly homes are condos in buildings with five or more units (\$184 per square foot) while the least costly are detached single-family homes (\$105 per square foot).

COMMUTING COSTS

In addition to the cost of the home, there also are many expenses, such as taxes and utilities that figure in to the total cost of housing. The cost to commute to work is one housing related expense that many recent buyers consider when purchasing a home. Forty-one percent of recent buyers ranked commuting costs as a very important influence on their home purchase decision. An additional 39 percent considered these costs somewhat important.

Exhibit 2-18

HOME SIZE AND PRICE PER SQUARE FOOT, BY REGION

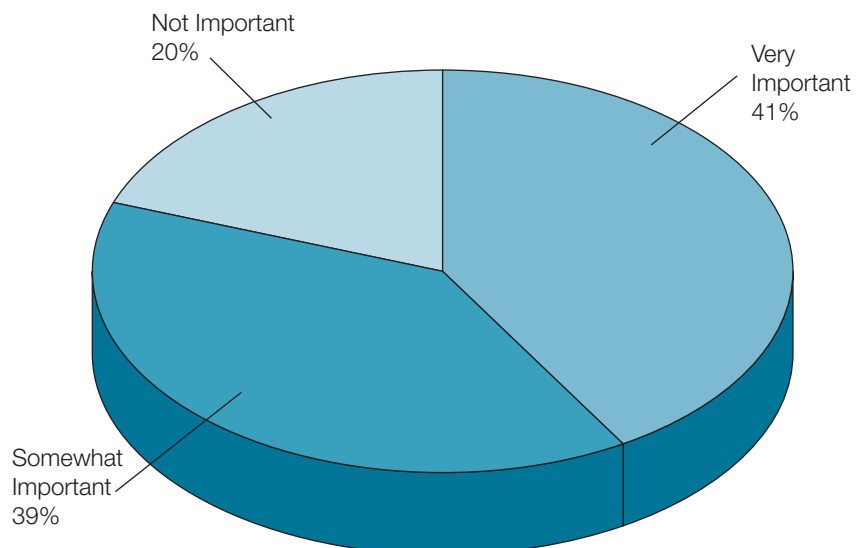
(Median)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
All homes purchased					
Square feet	1,825	1,695	1,790	1,900	1,790
Price per square foot	\$109	\$131	\$100	\$96	\$151
Detached single-family home					
Square feet	1,920	1,805	1,865	2,010	1,885
Price per square foot	\$105	\$123	\$98	\$95	\$146
Townhouse or row house					
Square feet	1,620	1,560	1,665	1,670	1,465
Price per square foot	\$132	\$142	\$104	\$122	\$201
Duplex/apartment/condo in 2-4 unit building					
Square feet	1,660	1,725	1,650	1,645	1,600
Price per square foot	\$119	\$133	\$111	\$101	\$208
Apartment/condo in building with 5 or more units					
Square feet	1,155	1,095	1,270	1,150	1,060
Price per square foot	\$184	\$203	\$128	\$180	\$258

Exhibit 2-19

IMPORTANCE OF COMMUTING COSTS

(Percentage Distribution)



ENVIRONMENTALLY FRIENDLY HOMES

With rising energy costs, home buyers are increasingly aware of energy efficiency and other environmentally

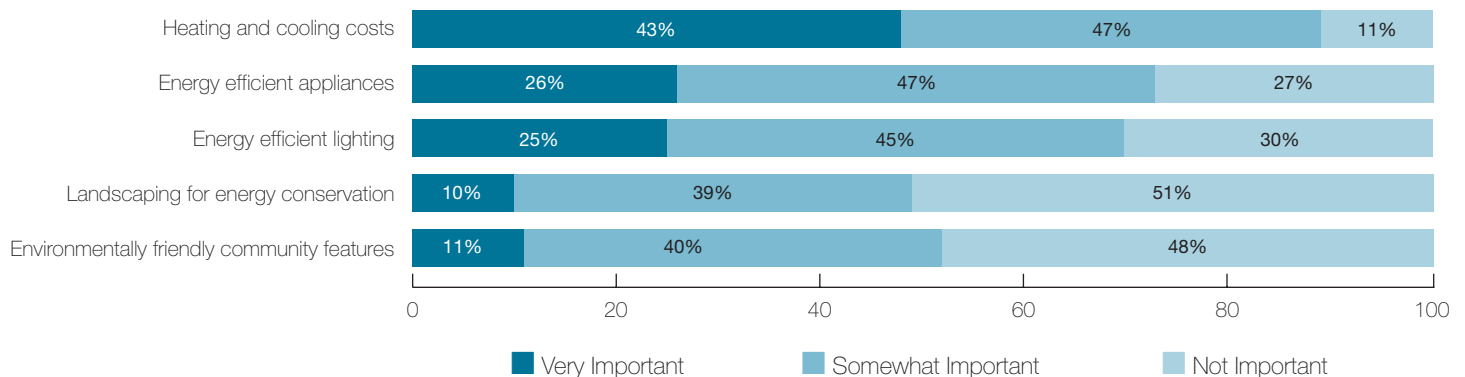
friendly features of homes. Forty-three percent of recent buyers considered a home's heating and cooling costs very important. Energy efficient appliances

were a very important consideration for 26 percent of buyers. A comparable percentage viewed energy efficient lighting as very important also.

Exhibit 2-20

IMPORTANCE OF HOME'S ENVIRONMENTALLY FRIENDLY FEATURES

(Percentage Distribution)



IMPORTANCE OF ENVIRONMENTALLY FRIENDLY FEATURES BY REGION

Heating and cooling costs were considered very important by the largest share of home buyers across all regions, ranging from 47 percent in the Northeast to 38 percent in the West. Other features, including energy efficient appliances and lighting along with landscaping and environmentally friendly community features were cited as very important by more buyers in the South and West than elsewhere.

Exhibit 2-21

ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED "VERY IMPORTANT", BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Heating and cooling costs	43	47	42	43	38
Energy efficient appliances	26	22	21	30	29
Energy efficient lighting	25	20	20	27	28
Landscaping for energy conservation	10	6	7	12	15
Environmentally friendly community features	11	9	8	13	15

MAKING COMPROMISES

When purchasing a home, many buyers consider, and perhaps reconsider, their preferences and expectations. For example, 19 percent of recent buyers made some compromises or lowered their expectations about the price of the home they purchased. A slightly smaller

percentage reduced their expectations regarding the size of the home, the condition of the home, and the distance of the home from their job. Compromises on the size and price of the home were more frequent among urban buyers than buyers in other types of locations. Rural buyers more often compromised on

the distance of the home from friends and family while suburban buyers more frequently reduced their expectations about lot size. Thirty-six percent of buyers reported that they made no compromises when purchasing their home.

Exhibit 2-22**CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY LOCATION**

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN A:				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural	Resort/ Recreation area
Price of home	19%	18%	18%	23%	17%	16%
Size of home	17	15	19	21	15	21
Condition of home	15	13	15	18	18	8
Distance from job	14	14	13	9	19	9
Lot size	13	15	12	9	10	9
Style of home	13	12	13	12	15	20
Distance from friends or family	7	6	7	5	11	11
Quality of the neighborhood	5	4	4	9	3	5
Quality of the schools	3	3	2	6	3	3
Distance from school	2	2	1	2	2	1
Other compromises not listed	6	6	5	5	7	7
None - Made no compromises	36	37	40	32	33	42

COMPROMISES BY FIRST-TIME AND REPEAT BUYERS

Forty percent of repeat buyers reported that they did not make any compromises when purchasing a home compared with 30 percent of first-time buyers. First-time buyers more often compromised on the price, size and distance of their home from their job than repeat buyers. New home buyers also reported making fewer compromises than buyers of previously owned homes. New home buyers more frequently reported that they compromised on the lot size and less frequently on the size and condition of the home.

Exhibit 2-23

CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Price of home	19%	22%	17%	17%	19%
Size of home	17	20	15	14	18
Condition of home	15	15	14	2	18
Distance from job	14	16	12	14	13
Lot size	13	14	13	19	11
Style of home	13	14	12	12	13
Distance from friends or family	7	8	6	8	7
Quality of the neighborhood	5	6	3	4	5
Quality of the schools	3	4	2	3	3
Distance from school	2	2	2	2	2
Other compromises not listed	6	5	6	6	6
None - Made no compromises	36	30	40	40	35

COMPROMISES BY HOUSEHOLD TYPE

Single male households were less likely than other types of households to lower their expectation regarding proximity to their job but more likely,

along with unmarried couples, to compromise on the price of the home they purchased. Unmarried couples were also more likely than other types of households to compromise on the distance to their job. Slightly more

than one-third of married couple and single households reported making no compromises. Unmarried households and buyers in other household arrangements reported making compromises more frequently.

Exhibit 2-24

CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Price of home	19%	18%	18%	21%	22%	26%
Size of home	17	16	18	18	17	21
Condition of home	15	14	16	14	14	23
Distance from job	14	15	11	9	19	11
Lot size	13	15	8	11	12	13
Style of home	13	13	13	11	12	16
Distance from friends or family	7	7	7	8	6	3
Quality of the neighborhood	5	4	5	5	6	10
Quality of the schools	3	3	2	2	3	5
Distance from school	2	2	1	1	1	2
Other compromises not listed	6	5	6	6	5	6
None - Made no compromises	36	36	37	37	32	27

EXPECTED LENGTH OF TENURE

Many home buyers view homeownership as a long-term commitment. Among recent buyers, the median expected tenure is ten years, although a large share (40 percent) does not know how long they plan to stay in the home they purchased. Expectations are similar between first-time and repeat buyers and between buyers of new and previously owned homes.

EXPECTED LENGTH OF TENURE AND AGE

Being generally more mobile, younger buyers expect to own the home they purchased fewer years than older buyers. The median expected tenure for buyers 24 years old or younger is six years while buyers 45 and older plan to stay in the home they purchased a median of 15 years.

Exhibit 2-25**EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES***(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
1 year or less	1%	1%	1%	1%	1%
2 to 3 years	4	5	4	4	4
4 to 5 years	13	18	9	12	13
6 to 7 years	3	4	2	2	3
8 to 10 years	15	15	15	15	15
11 to 15 years	4	4	5	4	4
16 or more years	20	16	22	20	20
Don't Know	40	37	42	42	40
Median	10	10	10	10	10

Exhibit 2-26**EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE***(Percentage Distribution)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
1 year or less	1%	1%	1%	1%	1%
2 to 3 years	4	9	5	3	2
4 to 5 years	13	21	17	6	3
6 to 7 years	3	5	4	2	1
8 to 10 years	15	16	16	14	10
11 to 15 years	4	5	4	4	5
16 or more years	20	8	18	25	19
Don't Know	40	36	35	44	60
Median	10	6	10	15	15

PRIMARY RESIDENCES AND SECOND HOMES

Some buyers purchase a home other than a primary residence for use as a vacation home or investment property. Buyers who purchased a home as their primary residence during the survey period paid a median of \$205,000. Buyers of non-primary homes paid a median of \$169,000. Second homes can range from a rustic cabin to a high end residence in a prime location. As evidence, a significant share (15 percent) of buyers who purchased a second home paid less than \$75,000 while nearly one in ten purchased a home valued at \$500,000 or more.

TYPES OF PRIMARY RESIDENCES AND SECOND HOMES

Although detached single-family homes account for a majority of sales, recent buyers of second homes more frequently purchased condos (22 percent) compared with buyers of primary residences (9 percent).

LOCATION OF PRIMARY RESIDENCES AND SECOND HOMES

One-quarter of second homes purchased by recent buyers were in urban locations compared with 17 percent of homes purchased by buyers of primary residences. Resort areas are a significant draw for buyers considering a second home purchase. Nearly one in ten buyers who purchased a second home between mid-2007 and mid-2008 did so in a resort area.

Exhibit 2-27

PURCHASE PRICE, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A :	
		Primary Residence	Non-primary Residence/ Second Home
Less than \$75,000	4%	4%	15%
\$75,000 to \$99,999	6	6	5
\$100,000 to \$124,999	9	8	12
\$125,000 to \$149,999	11	11	12
\$150,000 to \$174,999	11	11	10
\$175,000 to \$199,999	9	9	6
\$200,000 to \$249,999	15	15	14
\$250,000 to \$299,999	10	10	5
\$300,000 to \$349,999	7	7	5
\$350,000 to \$399,999	5	5	3
\$400,000 to \$499,999	6	6	5
\$500,000 or more	8	8	8
Median price	\$204,000	\$205,000	\$169,000

Exhibit 2-28

TYPE OF HOME, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A :	
		Primary Residence	Non-primary Residence/ Second Home
Detached single-family home	78%	79%	57%
Townhouse/row house	8	8	7
Apartment/condo in building with 5 or more units	7	7	14
Duplex/apartment/condo in 2 to 4 unit building	2	2	8
Other	5	4	13

Exhibit 2-29

LOCATION OF HOME, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A :	
		Primary Residence	Non-primary Residence/ Second Home
Suburb/Subdivision	55%	55%	36%
Small town	16	16	16
Urban area/Central city	17	17	25
Rural area	10	10	13
Resort/Recreation area	2	1	9

CHAPTER 3: THE HOME SEARCH PROCESS

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OME BUYERS RELY ON REAL ESTATE AGENTS AND A VARIETY OF ONLINE sources for information about properties for sale. Buyers use each of these more frequently and larger shares rank each as more useful than other sources such as newspapers or open houses. An increasing share of buyers also report that they found the home they ultimately purchased online, offsetting a decline in other sources such as print newspaper advertisements.

Eighty-one percent of recent home buyers found the Internet and agents very useful information sources.

THE FIRST STEP IN THE HOME BUYING PROCESS

With an increasing amount of information readily available to home buyers, there are a number of avenues that first-time and repeat buyers can pursue when beginning the search for a home. Given the convenience and round the clock accessibility, it is not surprising that one-third of buyers first looked for properties online when beginning their search. Seventeen percent of buyers started by contacting an agent while an additional 12 percent began the process by learning more about the home buying process.

While both first-time and repeat buyers most often start by looking for properties online, first-time buyers more often seek out information about the home buying process or talk with a friend or relative about the buying process. Repeat buyers more often begin by looking for properties online or by contacting a real estate agent, suggesting that these buyers not only are more comfortable with the process but also have a clearer understanding of what they are looking for when purchasing a home.

Exhibit 3-1

FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Looked online for properties for sale	33%	27%	38%
Contacted a real estate agent	17	13	20
Looked online for information about the home buying process	12	18	8
Drove-by homes/neighborhoods	9	8	10
Talked with a friend or relative about home buying process	7	12	4
Contacted a bank or mortgage lender	7	9	5
Visited open houses	4	3	5
Looked in newspapers, magazines, or home buying guides	3	3	3
Contacted builder/visited builder models	3	2	3
Contacted a home seller directly	1	1	2
Attended a home buying seminar	1	2	*
Read books or guides about the home buying process	1	2	*
Other	1	*	1

* Less than 1 percent

FIRST STEPS AND BUYER'S AGE

Greater differences emerge in how buyers begin the home buying process when looking across age groups. Approximately one-third of buyers younger than 64 years old began the search process online compared with 19 percent of those 65 or older. Among those contacting a real estate agent first, there is a clear correlation with age; older buyers are more likely than younger buyers to contact an agent when beginning the process. Compared with older buyers, younger buyers are more likely to begin the process by talking with friends or family or by gathering information online about the home buying process.

INFORMATION SOURCES

While one-third of buyers turn to the Internet first when beginning their search, 87 percent reported that they used the Internet as one of several information sources at some time in the process. The second most frequently cited information source was a real estate agent, used by 85 percent of buyers seeking more information about properties or the process of purchasing a home. First-time buyers are slightly less likely to use a real estate agent as a source of information as are buyers of new homes although agents are among the top two information sources for each group of buyers.

Exhibit 3-2

FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Looked online for properties for sale	33%	33%	37%	31%	19%
Contacted a real estate agent	17	11	14	22	30
Looked online for information about the home buying process	12	17	14	8	3
Drove-by homes/neighborhoods	9	7	8	12	11
Talked with a friend or relative about home buying process	7	18	7	5	9
Contacted a bank or mortgage lender	7	6	7	7	4
Visited open houses	4	2	3	6	7
Looked in newspapers, magazines, or home buying guides	3	3	2	4	7
Contacted builder/visited builder models	3	*	2	3	6
Contacted a home seller directly	1	2	1	2	2
Attended a home buying seminar	1	*	1	1	*
Read books or guides about the home buying process	1	*	2	*	*
Other	1	1	1	1	1

* Less than 1 percent

Exhibit 3-3

INFORMATION SOURCES USED IN HOME SEARCH, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Internet	87%	89%	86%	81%	88%
Real estate agent	85	85	86	73	89
Yard sign	62	61	63	54	65
Open house	48	44	51	52	47
Print newspaper advertisement	47	48	47	46	47
Home book or magazine	30	30	29	33	29
Home builder	22	17	25	61	11
Television	10	11	9	15	9
Billboard	7	8	6	19	4
Relocation company	5	4	6	8	4

INFORMATION SOURCES AND BUYER'S AGE

More than 90 percent of home buyers 44 years old or younger used the Internet as a source of information during the home buying process. While older buyers are somewhat less likely to use the Internet, use of real estate agents was broadly consistent across age groups ranging from 81 percent for those 65 years and older to 88 percent among those 18 to 24 years old. There was only modest variation in the use of other sources by buyers of different ages.

Exhibit 3-4

INFORMATION SOURCES USED IN HOME SEARCH, BY AGE

(Percent of Respondents)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Internet	87%	92%	94%	82%	56%
Real estate agent	85	88	86	86	81
Yard sign	62	63	64	61	56
Open house	48	34	48	51	46
Print newspaper advertisement	47	50	45	51	49
Home book or magazine	30	31	30	31	20
Home builder	22	14	20	24	26
Television	10	11	10	11	5
Billboard	7	7	7	7	6
Relocation company	5	2	5	5	1

FREQUENCY OF USE OF INFORMATION SOURCES

Perhaps more important than simply the use of various sources of information is the frequency with which

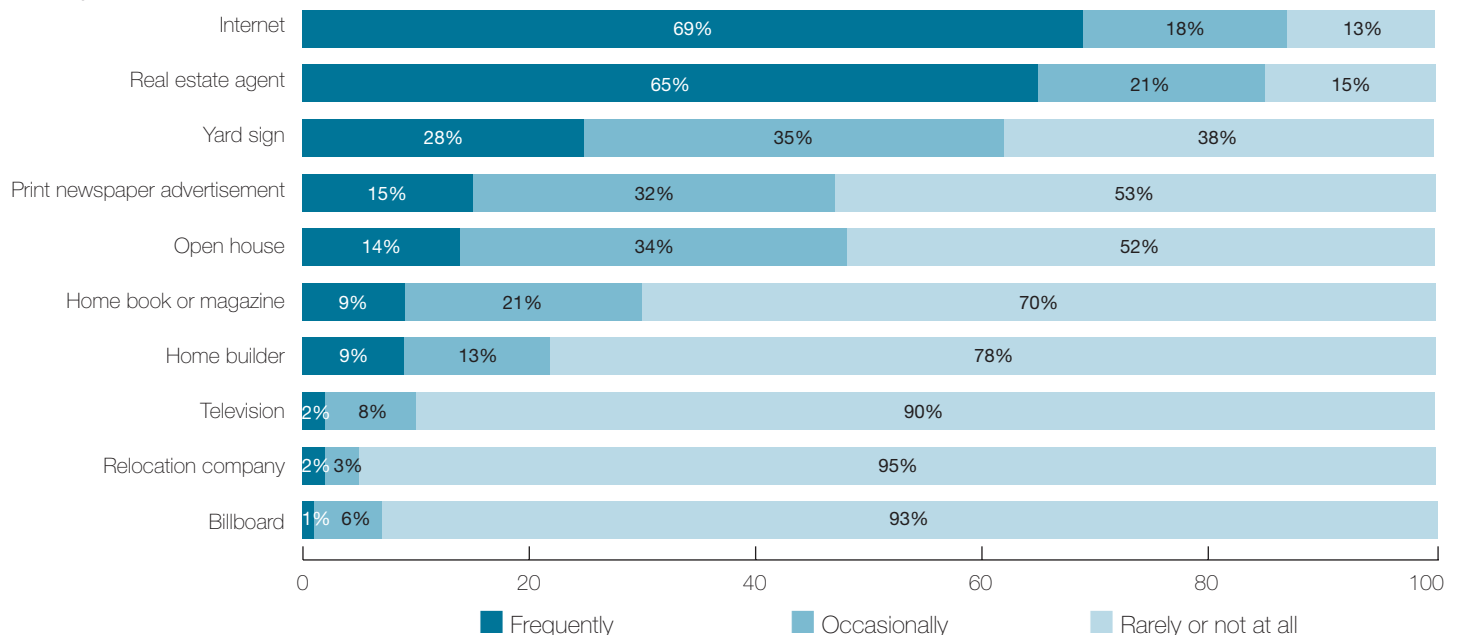
buyers access these sources. By a wide margin, the Internet and real estate agents are the information sources used frequently by the greatest percentage of home buyers. Sixty-nine percent of

buyers used the Internet frequently as an information source, followed closely by 65 percent of buyers who frequently used agents as an information source.

Exhibit 3-5

FREQUENCY OF USE OF DIFFERENT INFORMATION SOURCES

(Percentage Distribution)



USEFULNESS OF INFORMATION SOURCES

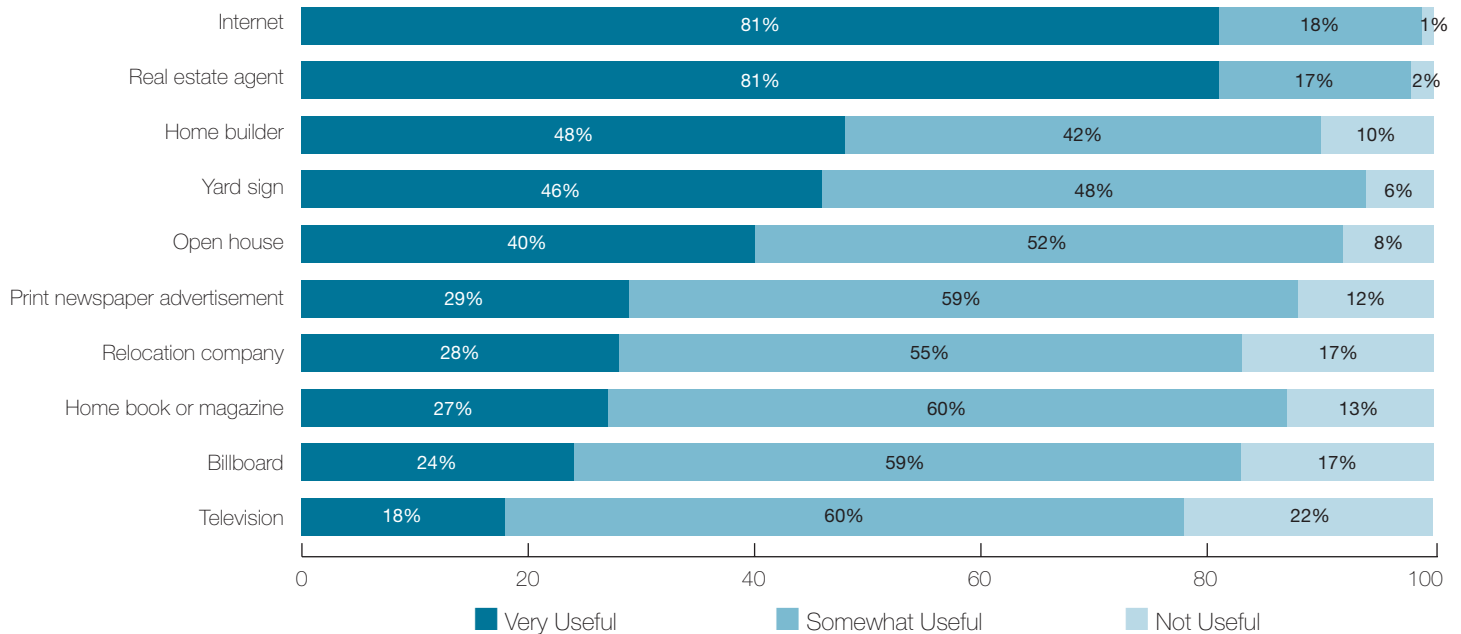
One explanation for the frequent use of the Internet and real estate agents is

that a large percentage of buyers find each source very useful in the home buying process. Eighty-one percent of recent home buyers found the Internet

and agents very useful information sources. Among all other information sources, fewer than half of home buyers found them very useful.

Exhibit 3-6**USEFULNESS OF INFORMATION SOURCES**

(Percentage Distribution Among Buyers that Used Each Source)

**LENGTH OF HOME SEARCH**

The length of the typical home search rose from eight weeks in 2007 to ten weeks in 2008. During the search for a home, buyers viewed a median of ten homes before making a purchase. The median length of the home search was unchanged in the Northeast and South, but rose from eight to ten weeks in the Midwest and West.

Exhibit 3-7**LENGTH OF SEARCH, BY REGION**

(Median)

Number of Weeks Searched	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
2001	7	7	7	7	7
2003	8	10	8	8	6
2004	8	12	8	8	8
2005	8	10	8	8	6
2006	8	12	8	8	8
2007	8	12	8	8	8
2008	10	12	10	8	10
Number of homes viewed	10	10	12	10	12

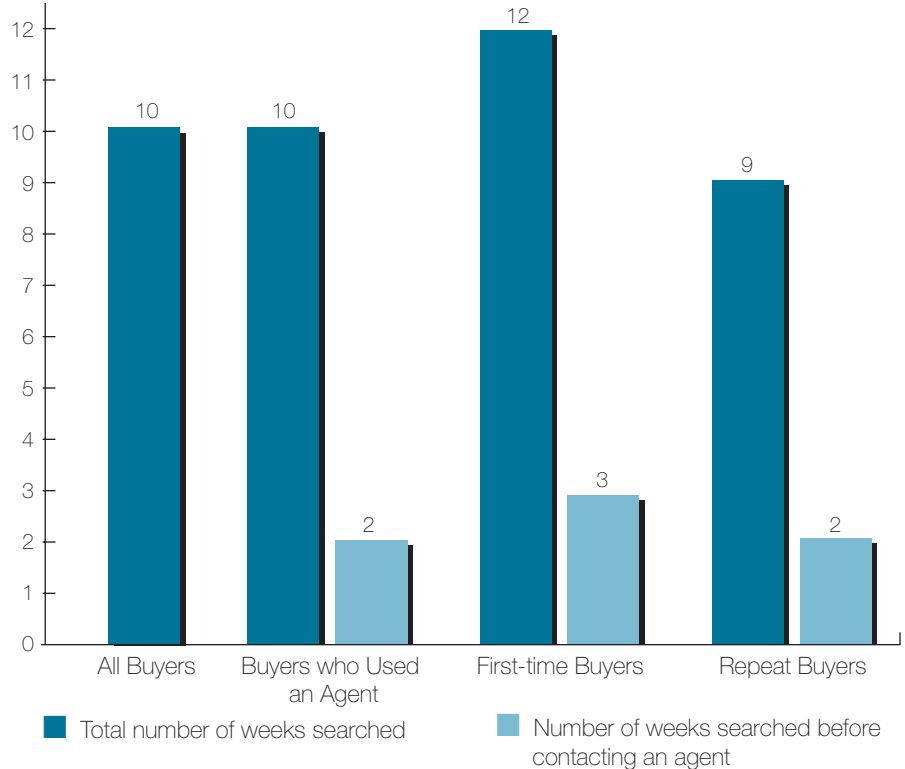
SEARCH TIME WITH AN AGENT

Among buyers who used a real estate agent when searching for and purchasing a home, the median length of the total search was ten weeks. Before contacting an agent, these buyers typically searched for two weeks. The median length of the home search for first-time buyers (12 weeks) was significantly longer than the typical search time for repeat buyers (9 weeks). First-time buyers also searched for a somewhat longer period before contacting an agent.

Exhibit 3-8

LENGTH OF SEARCH FOR BUYERS WHO USED AN AGENT, BY FIRST-TIME AND REPEAT BUYERS

(Median Weeks)



FINDING THE HOME

With the growing number of sources of information about homes for sale, buyers have many opportunities to find the home that they ultimately purchase. For example, 34 percent of recent buyers found the home they purchased through their real estate agent, unchanged from 2007. An additional 32 percent of buyers found their home on the Internet, up from 29 percent in 2007 and 11 percent five years ago. Despite the increasing role of the Internet, 15 percent of buyers reported that they found the home they purchased through a yard sign or open house sign.

Exhibit 3-9

WHERE BUYER FOUND THE HOME THEY PURCHASED, 2001-2008

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008
Real estate agent	48%	41%	38%	36%	36%	34%	34%
Internet	8	11	15	24	24	29	32
Yard sign/ open house sign	15	16	16	15	15	14	15
Friend, relative or neighbor	8	7	7	7	8	8	7
Home builder or their agent	3	7	7	7	8	8	7
Print newspaper advertisement	7	7	5	5	5	3	3
Directly from sellers/ Knew the sellers	4	4	5	3	3	3	2
Home book or magazine	2	1	2	1	1	1	1
Other	3	6	4	--	--	--	--

SEARCHING FOR HOMES IN FORECLOSURE

In some areas of the country, buyers have been attracted to homes in foreclosure. In fact, 6 percent of recent buyers purchased a home that

was in some stage of foreclosure. Fifty-six percent of buyers did not consider foreclosures when searching for a home and an additional 38 percent considered them but for a number of reasons did not purchase a foreclosed property. Twenty-

one percent of buyers reported that they could not find the right home while one in ten indicated that the process was too complex, and an additional one in ten reported that the home they did consider was in poor condition.

Exhibit 3-10**BUYER INTEREST IN PURCHASING A HOME IN FORECLOSURE, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES**

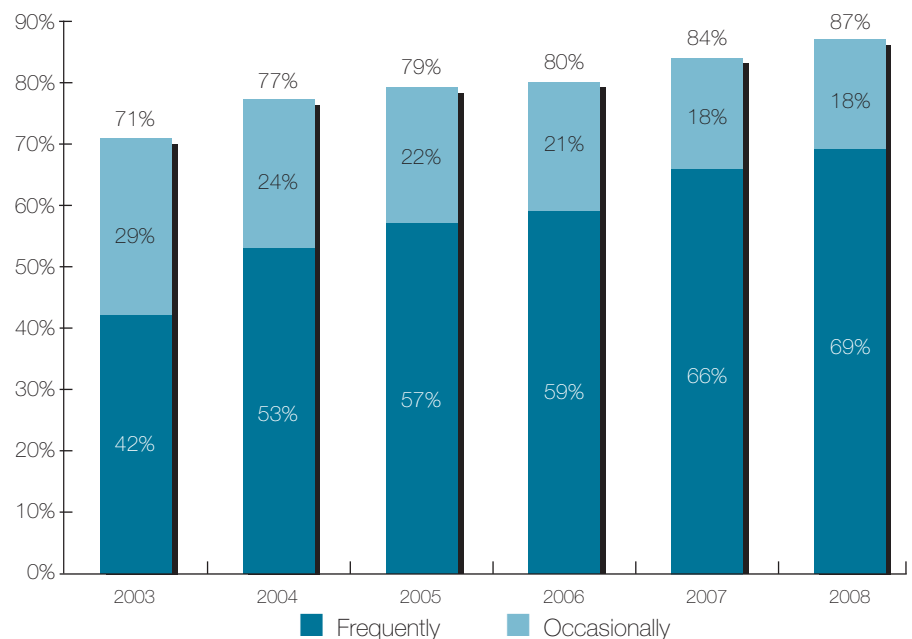
(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Purchased a home in foreclosure	6%	7%	5%	N/A	7%
Did not consider purchasing a home in foreclosure	56	48	61	71	52
Considered purchasing a home in foreclosure, but did not:	38	45	34	28	41
Could not find the right home	21	23	19	14	22
The process was too difficult or complex	12	16	10	9	14
The home was in poor condition	12	16	9	7	13
The home price was too high	5	5	4	3	5
The neighborhood was undesirable	5	6	4	3	5
Financing options were not attractive	3	4	2	2	3

N/A- Not Applicable

INTERNET USAGE TRENDS

Eighty-seven percent of home buyers used the Internet to search for homes, up from 71 percent five years ago. Not only has the trend in overall usage risen, but the percent of buyers who reported using the Internet frequently increased from 42 percent in 2003 to 69 percent in 2008.

Exhibit 3-11**USE OF INTERNET TO SEARCH FOR HOMES, 2003-2008**

ACTIONS TAKEN AFTER SEARCHING ONLINE

Three-quarters of home buyers drove by a home that they found online while nearly two-thirds walked through the home. Compared with repeat buyers, first-time buyers are somewhat more likely to request additional information.

CHARACTERISTICS OF INTERNET SEARCHERS

Younger home buyers tend to make greater use of online sources of information throughout the entire process of purchasing a home. Not surprisingly, then, there are some significant differences in the demographic characteristics of home buyers who use the Internet to search and those who do not.

Home buyers who used the Internet to search are more likely to be part of a married couple household (63 percent versus 52 percent). In contrast, those who did not use the Internet are more likely to be single.

Buyers who used the Internet were typically younger with a median age of 37 while those who did not use the Internet reported a median age of 54. Internet searchers also had a higher median household income.

There also are differences in the search process between each group. Those who used the Internet spent more time searching for a home (a median of 10 versus 6 weeks) and visited more homes (a median of 12 versus 6 homes).

Exhibit 3-12

ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	First-time Buyers	Repeat Buyers
Drove by or viewed a home	77%	78%	77%
Walked through a home viewed online	63	63	63
Found the agent used to search for or buy a home	27	28	27
Requested more information	24	29	21
Pre-qualified for a mortgage online	9	11	8
Contacted builder or developer	9	6	11
Applied for a mortgage online	6	7	5
Found a mortgage lender online	4	5	3

Exhibit 3-13

CHARACTERISTICS OF HOME SEARCHERS AND SEARCH ACTIVITY, BY USE OF INTERNET

(Percentage Distribution)

Household Composition	Used Internet to Search	Did Not Use Internet to Search
Married couple	63%	52%
Single female	19	27
Single male	9	14
Unmarried couple	8	5
Other	2	2
Median age (years)	37	54
Median income	\$77,300	\$58,100
Length of Search (Median weeks)		
All buyers	10	6
First-time buyers	12	6
Repeat buyers	10	5
Buyers using an agent	10	6
Before contacting agent	2	1
Number of Homes Visited (median)	12	6

SOURCES OF INFORMATION

With the exception of home builders and billboards, buyers who use the Internet to search for a home use each of the various sources more frequently than those who do not use the Internet to search. For example, 87 percent of buyers who used the Internet to search also relied on real estate agents as an information source compared with 72 percent of buyers who did not use the Internet as part of their search strategy.

FINDING A HOME

Even among buyers who used the Internet to search for homes, one-third reported that they found the home they purchased through a real estate agent. For those who did not search online, 38 percent found their home through an agent. The group of buyers not actively using the Internet to search found their home more frequently through a yard sign (22 percent versus 14 percent) or through a friend, relative or neighbor (16 percent versus 5 percent).

Exhibit 3-14

INFORMATION SOURCES USED IN HOME SEARCH, BY USE OF INTERNET

(Percent of Respondents)

	Used Internet to Search	Did Not Use Internet to Search
Real estate agent	87%	72%
Yard sign	64	54
Open house	50	37
Print newspaper advertisement	48	38
Home book or magazine	31	19
Home builder	21	24
Television	10	7
Billboard	7	8
Relocation company	5	2

Exhibit 3-15

WHERE BUYERS FOUND THE HOME THEY PURCHASED, BY USE OF INTERNET

(Percentage Distribution)

	Used Internet to Search	Did Not Use Internet to Search
Internet	37%	2%
Real estate agent	33	38
Yard sign/open house sign	14	22
Home builder or their agent	6	10
Friend, relative or neighbor	5	16
Print newspaper advertisement	2	4
Directly from sellers/Knew the sellers	2	6
Home book or magazine	1	1

METHOD OF PURCHASE

Home buyers, whether using the Internet as a tool in their search or not, overwhelmingly purchase their homes with the assistance of a real estate agent. Eighty-three percent of buyers who searched online purchased their home through an agent as did 65 percent of those who did not use the Internet. The difference in purchase method can be attributed, in part, to the higher share among those who did not use the Internet and purchased their home from a builder or from a seller that they already knew, each an example where buyers did not require an extensive online search for properties.

VALUE OF WEB SITE FEATURES

Photos and information about properties for sale were the two features ranked as very useful by more than 80 percent of buyers in the home search. Virtual tours were viewed as very useful by two-thirds of buyers. Viewed as least useful was information about upcoming open houses and information about recently sold properties.

Exhibit 3-16

METHOD OF HOME PURCHASE, BY USE OF INTERNET

(Percentage Distribution)

	Used Internet to Search	Did Not Use Internet to Search
Through a real estate agent/broker	83%	65%
Directly from builder or builder's agent	8	18
Directly from previous owner whom buyer didn't know	3	5
Directly from previous owner whom buyer knew	2	9
Foreclosure or trustee sale	3	3
Other	1	1

Exhibit 3-17

VALUE OF WEB SITE FEATURES

(Percentage Distribution Among Buyers Who Used the Internet)

	Very Useful	Somewhat Useful	Not Useful	Did not use/ Not Available
Photos	86%	12%	1%	1%
Detailed information about properties for sale	84	14	1	1
Virtual tours	68	24	4	5
Real estate agent contact information	45	36	10	9
Neighborhood information	44	41	8	8
Interactive maps	43	35	11	11
Pending sales/contract status	31	37	16	16
Detailed information about recently sold properties	26	42	17	16
Information about upcoming open houses	21	38	20	21

WEB SITES USED IN SEARCH

First-time and repeat buyers are in close agreement about the Web sites that proved to be of greatest value in their home search. Sixty percent of home buyers used the Web sites of multiple listing services (MLS). Repeat buyers are somewhat more likely to use REALTOR.com® than first-time buyers. One-quarter of home buyers used a variety of Web sites with property listings, with first-time buyers using these sites more frequently than repeat buyers.

USE OF WEB SITES AND BUYER'S AGE

Among buyers of different ages, the percent that used the top Web sites in their search varied little. More variation was evident in the use of for-sale-by-owner Web sites and newspaper Web sites, which were used more frequently by younger buyers. Forty percent of buyers between 18 and 24 used other Web sites with property listings compared with approximately one in five buyers 45 or older.

Exhibit 3-18

WEB SITES USED IN HOME SEARCH BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	First-time Buyers	Repeat Buyers
Multiple Listing Service (MLS) Web site	60%	60%	61%
REALTOR.com®	48	45	50
Real estate company Web site	46	46	46
Real estate agent Web site	43	44	42
For-sale-by-owner Web site	19	18	20
Newspaper Web site	11	13	9
Real estate magazine Web site	6	7	5
Social networking Web sites (e.g. Facebook, MySpace, etc.)	1	1	1
Video hosting Web sites (e.g. YouTube, etc.)	1	*	1
Other Web sites with real estate listings	25	31	21

* Less than 1 percent

Exhibit 3-19

WEB SITES USED IN HOME SEARCH, BY AGE

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Multiple Listing Service (MLS) Web site	60%	60%	61%	60%	60%
REALTOR.com®	48	42	49	48	44
Real estate company Web site	46	48	48	44	42
Real estate agent Web site	43	42	46	40	34
For-sale-by-owner Web site	19	22	21	17	14
Newspaper Web site	11	13	12	9	8
Real estate magazine Web site	6	6	6	6	4
Social networking Web sites (e.g. Facebook, MySpace, etc.)	1	1	1	1	1
Video hosting Web sites (e.g. YouTube, etc.)	1	1	*	1	2
Other Web sites with real estate listings	25	40	26	22	17

* Less than 1 percent

CHAPTER 4: HOME BUYING AND REAL ESTATE PROFESSIONALS

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OME BUYERS RELY ON REAL ESTATE AGENTS OR BROKERS TO BE partners as they navigate the home purchase process. Since most home buyers return to an agent they have used before or rely on a recommendation, an agent who satisfies buyers by providing the services that matter is likely to earn repeat business from the home buyer or their friends. An agent with integrity who is a knowledgeable guide through the process is likely to satisfy the buyer and will also likely gain future opportunities.

Referrals and use of an agent previously were the two most frequently cited ways that buyers found real estate agents.

METHOD OF HOME PURCHASE

The dominant method of purchase has been through a real estate agent or broker for some time. More recently, the share of home purchases through an agent has increased while purchases from builders or directly from the previous owner have declined. In 2008, Real estate agents or brokers assisted more than four out of every five buyers.

METHOD OF HOME PURCHASE, BY REGION

In all regions of the country, buyers tend to involve a professional, either a real estate agent or broker or a builder or builder's agent in the purchase. In areas where builders are active, such as the West and South, real estate agents were involved in a slightly lower share of transactions (78 and 80 percent). In the Northeast and Midwest, real estate agents were involved in a slightly greater share of transactions (84 and 83 percent). Foreclosure or trustee sales are most common in the West, where purchases directly from the previous owner are less common. (Note: Approximately 6 percent of homes purchased were in foreclosure, but half of these sales were through a real estate agent and are included in that category.)

Exhibit 4-1**METHOD OF HOME PURCHASE, 2001-2008***(Percentage Distribution)*

	2001	2003	2004	2005	2006	2007	2008
Through a real estate agent or broker	69%	75%	77%	77%	77%	79%	81%
Directly from builder or builder's agent	15	14	12	12	13	12	10
Directly from the previous owner	15	9	9	9	9	7	6
Through a foreclosure or trustee sale	1	1	1	*	1	1	3

Less than 1 percent*Exhibit 4-2****METHOD OF HOME PURCHASE, BY REGION***(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Through a real estate agent or broker	81%	84%	83%	80%	78%
Directly from builder or builder's agent	10	5	8	11	13
Directly from the previous owner	6	8	6	6	3
Knew previous owner	3	4	4	2	1
Did not know previous owner	3	4	3	4	2
Through a foreclosure or trustee sale	3	2	2	2	5

METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES

Real estate agents or brokers are most commonly involved in transactions for previously owned homes. Eighty-eight percent of these buyers used an agent or broker. Among new home buyers, the majority (54 percent) purchased through an agent or broker. Forty-three percent were assisted by a builder or builder's agent in the purchase of a new home.

METHOD OF HOME PURCHASE BY TYPE OF HOUSEHOLD

Real estate agents or brokers assisted in at least four of five purchases regardless of household composition. For all groups except "other", a builder's agent was the second most common method of purchase, followed, respectively, by direct purchase from the previous owner and purchase through a foreclosure sale. The share of unmarried couples using real estate agents or brokers was the greatest at 84 percent. Married couples were more likely than other groups to buy through a builder or builder's agent. A larger share of single male buyers purchased homes through foreclosures or trustee sales than any other group.

Exhibit 4-3

METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS OF:	
		New Homes	Previously Owned Homes
Through a real estate agent or broker	81%	54%	88%
Directly from builder or builder's agent	10	43	1
Directly from the previous owner	6	N/A	7
Knew previous owner	3	N/A	3
Did not know previous owner	3	N/A	4
Through a foreclosure or trustee sale	3	N/A	3

N/A- Not Applicable

Exhibit 4-4

METHOD OF HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Through a real estate agent or broker	81%	80%	82%	80%	84%	81%
Directly from builder or builder's agent	10	11	8	9	7	6
Directly from the previous owner	6	6	7	7	5	9
Knew previous owner	3	2	4	3	2	5
Did not know previous owner	3	3	3	4	3	4
Through a foreclosure or trustee sale	3	3	2	4	3	3

AGENT REPRESENTATION DISCLOSURE

Most buyers sign an agent representation disclosure statement. Repeat buyers were more likely than first time buyers to sign an agent disclosure statement (67 versus 60 percent), and they were more likely to sign the agreement at the first meeting (31 versus 26 percent).

BUYER REPRESENTATIVE ARRANGEMENTS

Sixty-one percent of all buyers had buyer representative agreements with their agent. There was no difference in the share of first-time or repeat buyers who did so, but repeat buyers were slightly more likely to have a written arrangement. Twelve percent of buyers did not know if they had a buyer representative arrangement.

REAL ESTATE AGENT COMPENSATION

Approximately two-thirds of agents were compensated by the seller, whether or not a seller's agent was involved. When the agent was paid by the buyer only, the compensation most commonly reported was a percent of the sales price.

Exhibit 4-5

AGENT REPRESENTATION DISCLOSURE, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

Disclosure Statement Signed?	All Buyers	First-time Buyers	Repeat Buyers
Yes, at first meeting	29%	26%	31%
Yes, when contract was written	25	24	26
Yes, at some other time	10	10	10
No	19	22	17
Don't know	17	18	15

Exhibit 4-6

BUYER REPRESENTATIVE ARRANGEMENT WITH AGENT, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Yes, a written arrangement	42%	40%	44%
Yes, an oral arrangement	19	21	17
No	27	26	29
Don't know	12	13	10

Exhibit 4-7

HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

	All Types of Representation	TYPE OF AGENT REPRESENTATION	
		Buyer Only	Seller or Seller and Buyer
Paid by seller	67%	68%	65%
Paid by buyer and seller	8	8	8
Paid by buyer only	14	14	14
Percent of sales price	12	12	11
Flat fee	1	1	1
Other	*	*	*
Don't know	1	1	2
Other	2	2	2
Don't know	9	7	11

*Less than 1 percent

WHAT BUYERS WANT MOST FROM AGENTS

Buyers most frequently respond (48 percent) that they want their agent to help them find the right home to purchase. The second and third most cited services that buyers look for are help with the price negotiations (14 percent) and help with negotiating the terms of sale (13 percent). Help with negotiating the price has gained importance—it garnered only 11 percent of responses in 2007. One of these top three reasons is cited by three of every four buyers.

WHAT BUYERS WANT, FIRST-TIME AND REPEAT BUYERS

Repeat buyers reported more frequently than first-time buyers that they wanted their agent to help them find the right home to purchase. The share of first-time buyers who wanted their agent to help them figure out how much home they could afford was three times greater than for repeat buyers—6 versus only 2 percent.

Exhibit 4-8

WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS

(Percentage Distribution)

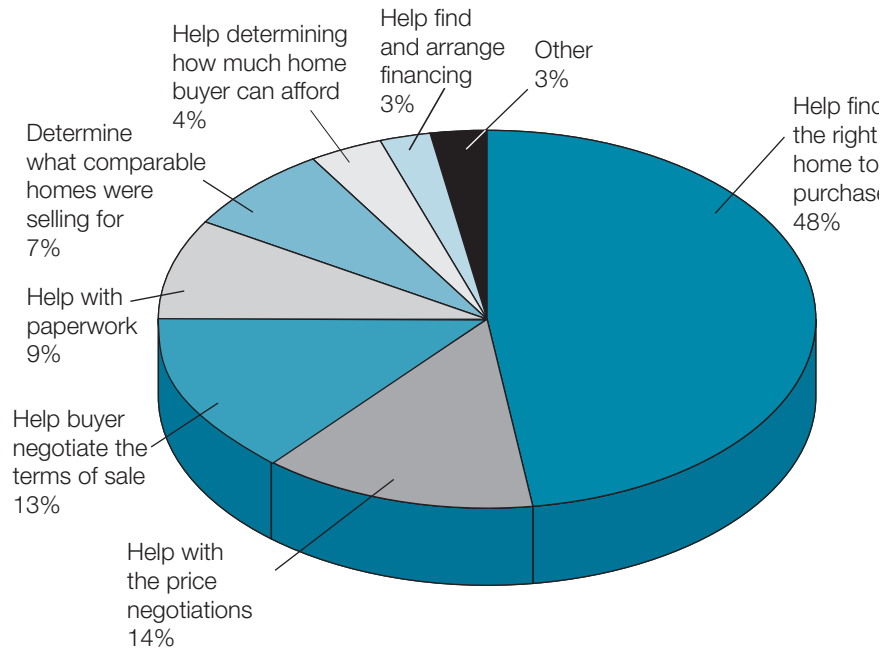


Exhibit 4-9

WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Help find the right home to purchase	48%	45%	50%	45%	48%
Help with the price negotiations	14	14	13	13	14
Help buyer negotiate the terms of sale	13	13	14	12	14
Help with paperwork	9	9	8	8	9
Determine what comparable homes were selling for	7	6	8	10	7
Help determining how much home buyer can afford	4	6	2	4	3
Help find and arrange financing	3	3	2	4	2
Other	3	3	2	3	3

WHAT BUYERS WANT, BY TYPE OF HOUSEHOLD

What buyers want most from real estate agents is similar regardless of household composition, but some differences are noteworthy. As in 2007, single males were more likely to want help with paper work (12 percent) than with price negotiations (10 percent) or terms of sale negotiations (11 percent). Unmarried couples were more likely to want help with price negotiations and negotiation of the terms of sale (16 and 13 percent) compared to last year (10 and 11 percent).

BENEFITS PROVIDED BY REAL ESTATE AGENT

The benefit most buyers say they receive from their agent is help understanding the process. This is true for repeat buyers (46 percent) and even more so for first-time buyers (79 percent). Further, a greater number of respondents indicated that they received this benefit in 2008 (60 percent) than indicated so in 2007 (57 percent). This difference was not isolated. In fact, an equal or greater share of buyers this year indicated that they received each benefit that was on the survey in both 2008 and 2007.

Exhibit 4-10

WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Help find the right home to purchase	48%	49%	48%	50%	42%	46%
Help with the price negotiations	14	14	14	10	16	12
Help buyer negotiate the terms of sale	13	13	15	11	13	14
Help with paperwork	9	8	8	12	10	5
Determine what comparable homes were selling for	7	8	5	7	7	8
Help determining how much home buyer can afford	4	3	5	3	7	6
Help find and arrange financing	3	2	3	3	3	1
Other	3	2	2	3	2	7

Exhibit 4-11

BENEFITS PROVIDED BY REAL ESTATE AGENT DURING HOME PURCHASE PROCESS, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Helped buyer understand the process	60%	79%	46%
Pointed out unnoticed features/faults with property	52	55	51
Negotiated better sales contract terms	43	45	41
Improved buyer's knowledge of search areas	43	40	44
Provided a better list of service providers	40	41	39
Negotiated a better price	37	38	37
Shortened buyer's home search	33	31	34
Provided better list of mortgage lenders	21	24	19
Narrowed buyer's search area	20	17	21
Expanded buyer's search area	19	20	18
Other	2	2	2
None of the above	6	4	7

HOW BUYER FOUND REAL ESTATE AGENT

Referrals (43 percent) and use of an agent previously (11 percent) were the two most frequently cited ways that buyers found real estate agents. First-time buyers tend to rely more on referrals (54 percent) whereas repeat buyers are more likely to revisit an agent they used before. The Internet was the third most common way that buyers found an agent, and increased for both first-time and repeat buyers over reported use in 2007.

Exhibit 4-12

HOW BUYER FOUND REAL ESTATE AGENT, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Referred by (or is) a friend, neighbor or relative	43%	55%	35%
Used agent previously to buy or sell a home	11	2	18
Internet Web site	9	10	9
Visited an open house and met agent	7	6	7
Saw contact information on For Sale/Open House sign	7	7	6
Referred through employer or relocation company	5	2	7
Referred by another real estate agent or broker	4	4	5
Personal contact by agent (telephone, email, etc.)	3	3	3
Walked into or called office and agent was on duty	3	3	3
Newspaper, Yellow Pages or home book ad	1	1	1
Direct mail (newsletter, flyer, postcard, etc.)	*	*	*
Advertising specialty (calendar, magnet, etc.)	*	*	*
Other	6	6	6

*Less than 1 percent

HOW THE BUYER FOUND AN AGENT BY TYPE OF HOUSEHOLD

While all households rely heavily on referrals when finding a real estate agent, single buyer and unmarried couple households are most likely to do so. Nearly half of these groups (49 percent) found their agent through a referral from a friend, neighbor, or relative. A greater share of 2008 buyers, except for unmarried couples, found their agent through a Web site than did so in 2007.

NUMBER OF AGENTS INTERVIEWED

Two-thirds of buyers contacted only one agent in their search process. Repeat buyers are more likely than first-time buyers to interview only one agent. This is likely because they more frequently have prior relationships with agents.

Exhibit 4-13

HOW BUYER FOUND REAL ESTATE AGENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Referred by (or is) a friend, neighbor or relative	43%	40%	49%	49%	49%	38%
Used agent previously to buy or sell a home	11	11	11	11	7	16
Internet Web site	9	9	8	11	8	9
Visited an open house and met agent	7	7	5	5	10	6
Saw contact information on For Sale/Open House sign	7	7	6	6	7	4
Referred through employer or relocation company	5	6	3	2	3	1
Referred by another real estate agent or broker	4	4	5	3	3	9
Personal contact by agent (telephone, email, etc.)	3	4	3	3	3	4
Walked into or called office and agent was on duty	3	3	3	4	3	6
Newspaper, Yellow Pages or home book ad	1	1	2	1	1	1
Direct mail (newsletter, flyer, postcard, etc.)	*	*	*	1	1	*
Advertising specialty (calendar, magnet, etc.)	*	*	*	1	*	*
Other	6	6	7	5	7	6

*Less than 1 percent

Exhibit 4-14

NUMBER OF REAL ESTATE AGENTS INTERVIEWED BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
One	67%	64%	69%
Two	19	21	17
Three	9	9	8
Four or more	5	6	5

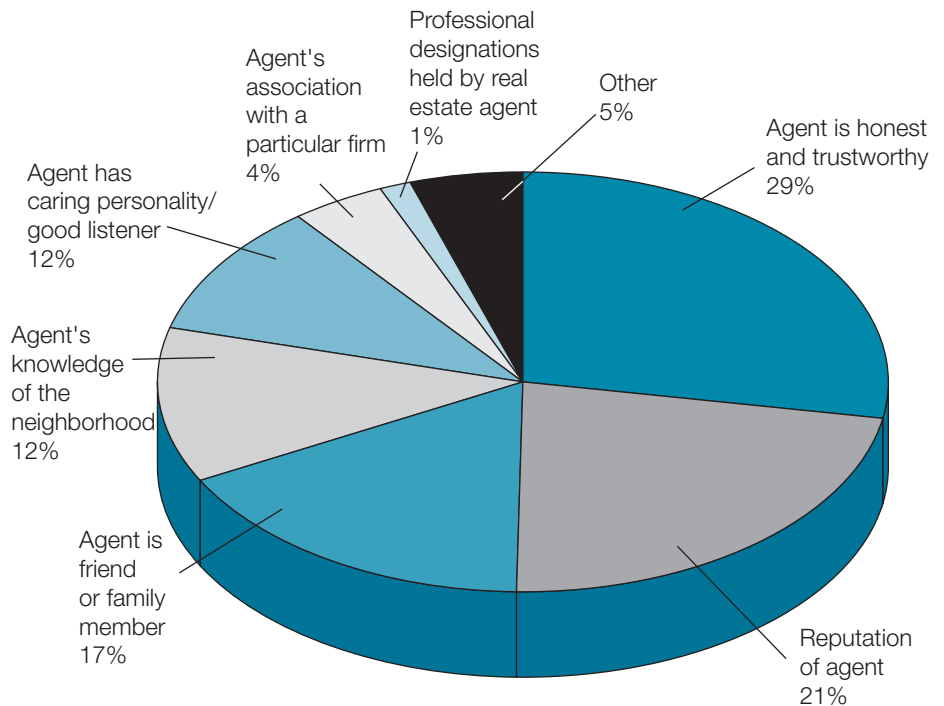
MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT

Nearly three out of ten buyers cited honesty and trustworthiness as the most important factor in choosing an agent. More than two out of ten said that the reputation of an agent was an important factor. Together, these two factors were considered most important for half of home buyers.

Exhibit 4-15

MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT

(Percentage Distribution)



IMPORTANCE OF AGENT SKILLS AND QUALITIES

Honesty and integrity of an agent was considered very important by the greatest number of buyers—97 percent. Knowledge of the purchase process, responsiveness, and knowledge of the real estate market were the other three qualities that were considered very important by more than 90 percent of home buyers.

Exhibit 4-16

IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Important	Somewhat Important	Not Important
Honesty and integrity	97%	2%	*
Knowledge of purchase process	94	5	1
Responsiveness	93	7	*
Knowledge of real estate market	92	7	1
Communication skills	84	16	*
Negotiation skills	83	15	1
People skills	79	20	1
Knowledge of local area	78	20	2
Skills with technology	37	51	12

*Less than 1 percent

**AGENT SKILLS AND QUALITIES
CONSIDERED 'VERY
IMPORTANT'**

The qualities and skills valued by buyers are nearly the same for first-time and repeat buyers and for buyers of new and previously occupied homes. Honesty and integrity was listed as 'very important' by more than 97 percent of buyers. First-time buyers were more likely to value knowledge of the purchase process as 'very important.'

**AGENT SKILLS AND QUALITIES
CONSIDERED 'VERY
IMPORTANT' BY TYPE OF
HOUSEHOLD**

Honesty and integrity and knowledge of the purchase process top the list of skills and qualities considered very important for all households regardless of composition. Relative to other buyer households, single males are least likely to report valuing people skills and communication skills. The share of single males listing these qualities as 'very important' was at least 12 percentage points below the share of all other buyers.

Exhibit 4-17**AGENT SKILLS AND QUALITIES CONSIDERED 'VERY IMPORTANT'
BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF
NEW AND PREVIOUSLY OWNED HOMES***(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Honesty and integrity	97%	97%	97%	98%	97%
Knowledge of purchase process	94	96	93	93	94
Responsiveness	93	93	93	92	93
Knowledge of real estate market	92	91	93	93	92
Communication skills	84	86	83	86	84
Negotiation skills	83	86	82	83	83
People skills	79	82	78	81	79
Knowledge of local area	78	74	81	84	77
Skills with technology	37	36	38	41	37

Exhibit 4-18**AGENT SKILLS AND QUALITIES CONSIDERED 'VERY IMPORTANT'
BY ADULT COMPOSITION OF HOUSEHOLD***(Percentage Distribution)*

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Honesty and integrity	97%	98%	98%	93%	97%	99%
Knowledge of purchase process	94	94	96	90	97	98
Responsiveness	93	93	94	86	93	96
Knowledge of real estate market	92	92	94	88	90	95
Communication skills	84	85	87	72	87	89
Negotiation skills	83	83	87	76	86	93
People skills	79	80	83	67	82	80
Knowledge of local area	78	79	80	70	74	77
Skills with technology	37	38	42	27	33	34

SATISFACTION WITH AGENT SKILLS AND QUALITIES

An equal or greater percentage of home buyers was 'very satisfied' with the qualities and skills of their real estate agent compared with results from the 2007 survey. Further, the top skills valued by buyers, honesty and integrity and knowledge of the purchase process, were also those skills with which the greatest share of buyers was very satisfied.

RECOMMENDING AGENT TO OTHERS

Fully 70 percent of home buyers indicated that they would either use their real estate agent again or recommend them to another buyer. An additional 19 percent would probably use the same agent or recommend them to another.

Exhibit 4-19

SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES

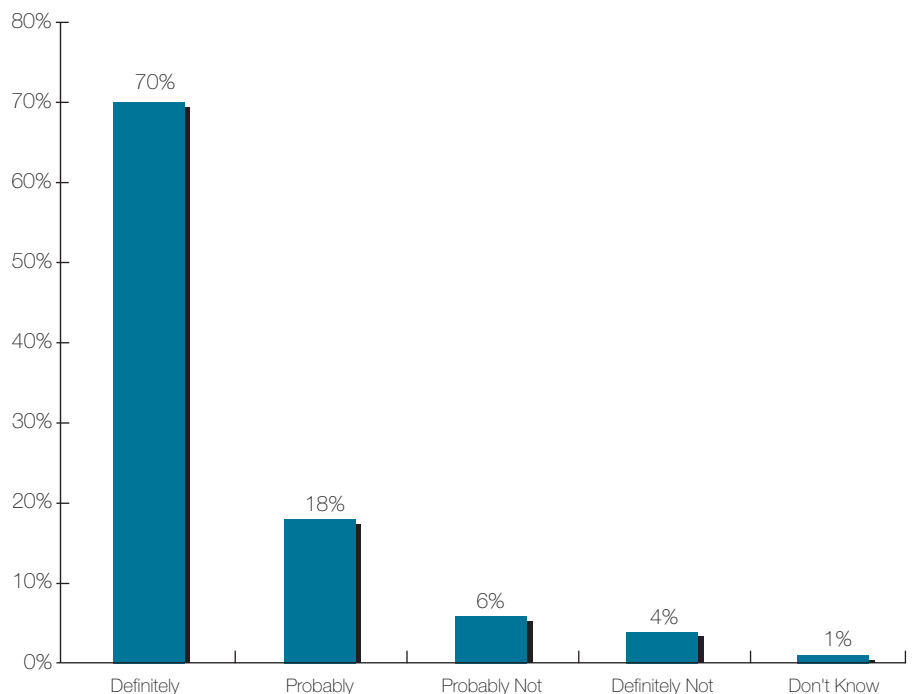
(Percentage Distribution)

	Very Satisfied	Somewhat Satisfied	Not Satisfied
Honesty and integrity	87%	10%	3%
Knowledge of purchase process	86	12	2
People skills	84	14	2
Knowledge of real estate market	83	15	2
Responsiveness	83	14	3
Communication skills	81	16	3
Knowledge of local area	80	17	3
Skills with technology	72	25	3
Negotiation skills	71	23	6

Exhibit 4-20

WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage distribution)



CHAPTER 5: FINANCING THE HOME PURCHASE

FINANCING THE PURCHASE OF A HOME CAN BE A SIGNIFICANT HURDLE FOR some buyers. Recently, tighter underwriting standards have made the process more challenging. In fact, a smaller share of both first-time and repeat buyers report that they financed the entire purchase price of their home with a mortgage. Moreover, a significant percentage of buyers reported that they made some type of financial sacrifice in order to qualify for a mortgage and complete the sales transaction.

Ninety-three percent of home buyers reported that they financed their home purchase with a mortgage.

BUYERS WHO FINANCED THEIR HOME PURCHASE

Ninety-three percent of home buyers reported that they financed their home purchase with a mortgage. Among younger buyers, the percentage was 98 percent, decreasing somewhat for buyers between 45 and 64 years old. Two-thirds of buyers 65 and older financed their home with a mortgage, reflecting a significant share who used equity built up over a number of years allowing them to forgo use of a mortgage.

USE OF MORTGAGE FINANCING BY HOUSEHOLD TYPE

At least 90 percent of households of all types used mortgage financing. Unmarried couple households rely on mortgages more often than other types of households. Single person repeat buyer households are least likely to finance their home purchase with a mortgage.

Exhibit 5-1

BUYERS WHO FINANCED THEIR HOME PURCHASE, BY AGE

(Percent of Respondents)

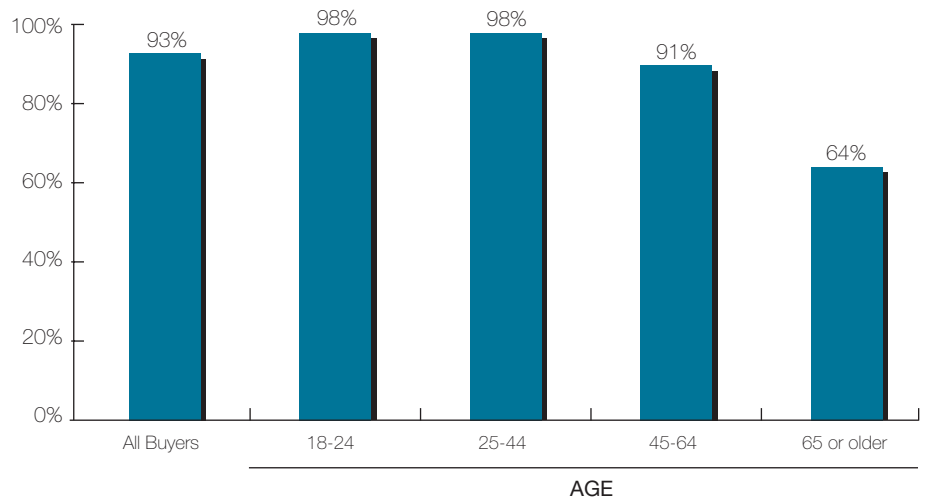


Exhibit 5-2

BUYERS WHO FINANCED THEIR HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	All buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
All Buyers	93%	94%	92%	91%	97%	90%
First-time Buyers	98	98	97	96	99	86
Repeat Buyers	90	91	87	87	91	93

PERCENT OF HOME PURCHASE FINANCED

The median percent of the home purchase financed remained unchanged at 91 percent, with first-time buyers typically financing a greater portion (96 percent) than repeat buyers (85 percent). One of the most significant changes in the characteristics of mortgage financing has been the sharp drop in the percentage of buyers who financed the entire purchase of their home, reflecting the tighter underwriting standards that many lenders implemented during the past year. In 2007, 29 percent of buyers reported that they financed their entire purchase with a mortgage compared with 23 percent in 2008. Among first-time buyers the share with 100 percent financing fell from 45 percent to 34 percent.

SOURCES OF DOWNPAYMENT

Savings remains the major source of downpayment funds for the purchase of a home. As the share of buyers financing with no downpayment decreased, the share of buyers who relied on savings rose from 52 percent in 2007 to 56 percent in 2008. Half (51 percent) of repeat buyers used the proceeds from the sale of their previous home, down from 60 percent in 2007. Twenty-six percent of first-time buyers used a gift from a friend or relative, up from 22 percent in 2007.

Exhibit 5-3

PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Less than 50%	7%	5%	10%	10%	7%
50% to 59%	4	1	6	5	4
60% to 69%	5	2	7	6	5
70% to 79%	11	6	15	14	10
80% to 89%	20	16	23	21	20
90% to 94%	11	12	11	10	12
95% to 99%	18	24	13	14	19
100% – Financed the entire purchase price with a mortgage	23	34	14	21	23
Median percent financed	91%	96%	85%	87%	92%

Exhibit 5-4

SOURCES OF DOWNPAYMENT, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among those who Made a Downpayment)

	All Buyers	First-time Buyers	Repeat Buyers
Savings	56%	69%	48%
Proceeds from sale of primary residence	34	3	51
Gift from relative or friend	13	26	6
Sale of stocks or bonds	8	8	8
401k/pension fund including a loan	5	8	4
Loan from relative or friend	5	7	3
Equity from primary residence buyer continues to own	4	*	6
Inheritance	4	6	3
Individual Retirement Account (IRA)	3	3	3
Loan or financial assistance from source other than employer	3	5	1
Proceeds from sale of real estate other than primary residence	2	1	3
Loan from financial institution other than a mortgage	1	1	1
Loan or financial assistance through employer	1	1	1
Other	5	7	4

* Less than 1 percent

SOURCES OF DOWNPAYMENT AND HOUSEHOLD TYPE

Sources of downpayment vary across households of different types as well, although savings is the dominant source of downpayment for all types of households. Compared with other types of households, a greater share of unmarried couples and single male households relied on savings. Married couples depended on the proceeds of the sale of a previous home more often than other buyers.

Exhibit 5-5

SOURCES OF DOWNPAYMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents Among those who Made a Downpayment)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Savings	56%	54%	54%	64%	66%	55%
Proceeds from sale of primary residence	34	40	29	22	13	18
Gift from relative or friend	13	12	15	13	22	12
Sale of stocks or bonds	8	8	8	11	8	9
401k/pension fund including a loan	5	5	6	5	8	4
Loan from relative or friend	5	4	6	5	6	6
Equity from primary residence buyer continues to own	4	5	3	2	1	6
Inheritance	4	3	6	5	5	7
Individual Retirement Account (IRA)	3	3	3	3	2	1
Loan or financial assistance from source other than employer	3	2	3	3	3	2
Proceeds from sale of real estate other than primary residence	2	3	2	2	2	*
Loan from financial institution other than a mortgage	1	1	1	2	1	1
Loan or financial assistance through employer	1	1	1	*	*	*
Other	5	4	5	5	7	6

* Less than 1 percent

SACRIFICES

For some households, the purchase of a home and qualification for a mortgage requires some type of financial sacrifice. Most often, buyers reported that they cut spending on luxury items (29 percent), entertainment (28 percent), or clothes (21 percent). By a wide margin, first-time buyers more often reported cutting spending in these areas compared with repeat buyers. As a group, 63 percent of repeat buyers and 41 percent of first-time buyers noted that they did not need to make any sacrifices.

SACRIFICES BY HOUSEHOLD TYPE

Across different types of households, single female and unmarried couple buyers more often reported making some type of sacrifice when purchasing a home. Nearly one-third of single female buyers cut spending on luxury items and nearly the same share reduced spending on entertainment; 29 percent also reported cutting spending on clothes. Among unmarried couple buyers, four in ten cut spending on luxury items, a nearly equal percentage reduced entertainment spending and three in ten reduced expenditures on clothing.

Exhibit 5-6

SACRIFICES MADE TO PURCHASE HOME, BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Cut spending on luxury items	29%	38%	22%
Cut spending on entertainment	28	40	20
Cut spending on clothes	21	31	14
Cancelled vacation plans	12	14	10
Earned extra income through a second job	7	9	5
Sold a vehicle or decided not to purchase a vehicle	5	7	4
Worked overtime	*	1	*
Other	5	4	5
Did not need to make any sacrifices	54	41	63

* Less than 1 percent

Exhibit 5-7

SACRIFICES MADE TO PURCHASE HOME, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Cut spending on luxury items	29%	27%	32%	26%	39%	24%
Cut spending on entertainment	28	26	31	26	41	23
Cut spending on clothes	21	18	29	16	31	20
Cancelled vacation plans	12	11	12	10	14	15
Earned extra income through a second job	7	6	9	6	7	8
Sold a vehicle or decided not to purchase a vehicle	5	5	4	6	7	6
Worked overtime	*	*	1	*	1	*
Other	5	4	6	3	4	3
Did not need to make any sacrifices	54	57	48	59	43	62

* Less than 1 percent

DIFFICULTY OF MORTGAGE PROCESS

Among recent home buyers, 7 percent noted that the mortgage application and approval process was much more difficult than anticipated, with an additional 20 percent noting that it was somewhat more difficult. It should be noted, however, that these views belong to those home buyers who successfully completed a home purchase transaction and do not include an assessment of the difficulty of the process by potential buyers who were unable or unwilling to complete the purchase of a home.

DIFFICULTY OF MORTGAGE PROCESS BY HOUSEHOLD TYPE

One in ten unmarried couples who purchased a home described the mortgage process as much more difficult than anticipated. Although there was some variation across other types of households, most did not consider the process difficult.

Exhibit 5-8

DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Much more difficult than expected	7%	9%	6%
Somewhat more difficult than expected	20	26	15
Not difficult/No more difficult than expected	73	65	79

Exhibit 5-9

DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution Among those who Financed their Home Purchase)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Much more difficult than expected	7%	8%	6%	6%	10%	10%
Somewhat more difficult than expected	20	19	21	19	22	32
Not difficult/No more difficult than expected	73	74	73	76	67	57

REJECTION BY MORTGAGE LENDERS

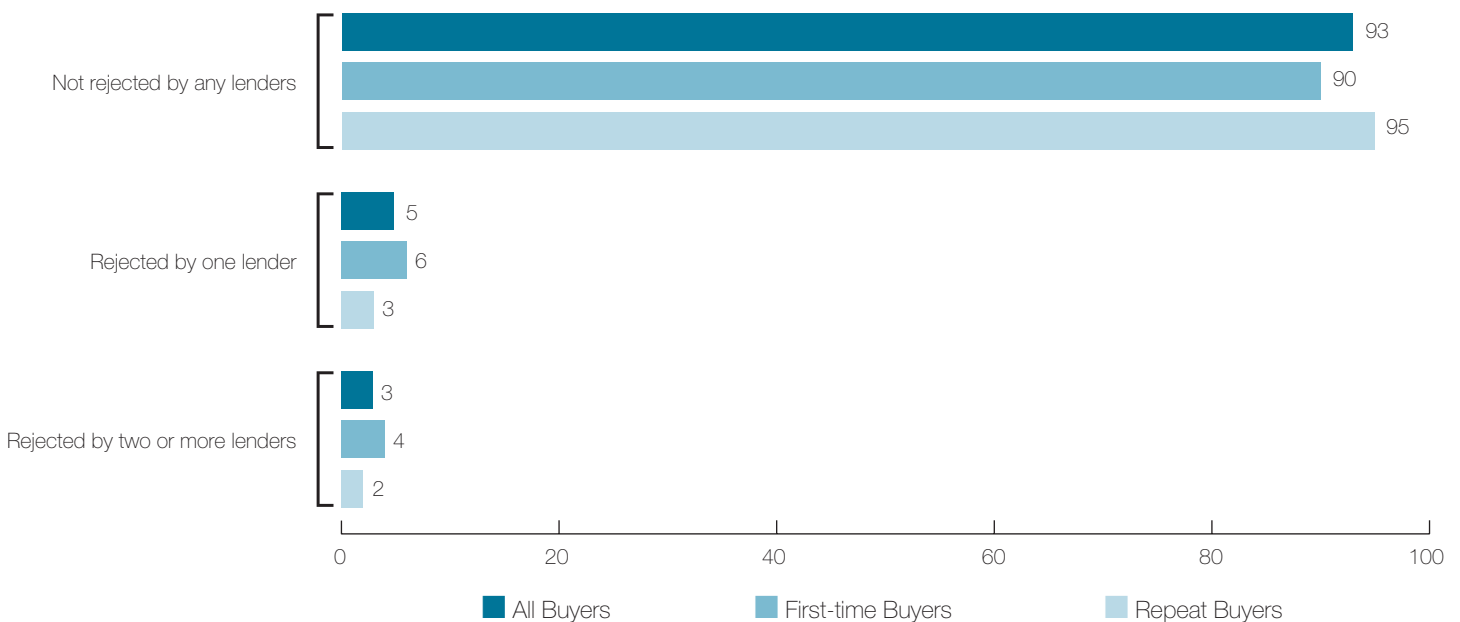
Among home buyers who

successfully financed the purchase of their home, just 5 percent reported that their mortgage application was rejected

by one lender, with an additional 3 percent experiencing a rejection by two or more lenders.

Exhibit 5-10**REJECTION BY MORTGAGE LENDERS, BY FIRST-TIME AND REPEAT BUYERS**

(Percentage Distribution Among those who Financed their Home Purchase)

**TYPE OF MORTGAGE**

Nine of ten home buyers who financed the home purchase secured a fixed rate mortgage, an increase from 81 percent in 2007. Just 4 percent of buyers indicated that the interest rate on their mortgage was fixed for an initial period before adjusting, down from 10 percent in 2007.

Exhibit 5-11**TYPE OF MORTGAGE, FIRST-TIME AND REPEAT BUYERS**

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Fixed-rate mortgage	91%	92%	90%
Fixed- then adjustable-rate mortgage	4	4	5
Adjustable-rate mortgage	2	2	2
Don't know	1	1	1
Other	2	1	2

HOME PURCHASE AS A FINANCIAL INVESTMENT

Eighty-seven percent of home buyers consider their purchase a good financial investment. Nearly half (47 percent) of buyers believe that their home is a better investment than stocks, with an additional 31 percent viewing it as equivalent to stocks. There is little difference in the perception of first-time or repeat buyers.

HOME AS AN INVESTMENT BY HOUSEHOLD TYPE

Across buyers from households of different types, there is strong agreement about the investment value of their home purchase. Single male buyers were somewhat less likely to consider their purchase a better investment than stocks, while single female buyers and unmarried couples were the most optimistic.

Exhibit 5-12

BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF:	
				New Homes	Previously Owned Homes
Good financial investment	87%	87%	87%	87%	87%
Better than stocks	47	49	46	43	48
About as good as stocks	31	30	32	34	30
Not as good as stocks	9	8	10	11	9
Not a good financial investment	3	2	4	3	3
Don't know	10	11	9	10	10

Exhibit 5-13

BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Good financial investment	87%	87%	87%	85%	88%	72%
Better than stocks	47	46	50	43	55	26
About as good as stocks	31	32	31	30	25	37
Not as good as stocks	9	10	6	12	8	9
Not a good financial investment	3	4	2	3	2	8
Don't know	10	9	11	12	11	20

CHAPTER 6: HOME SELLERS AND THEIR SELLING EXPERIENCE

S

ELLING A HOME CAN BE A COMPLEX PROCESS, ESPECIALLY SO IN MARKETS where sales activity has fallen and the inventory of homes for sale has risen. Since sellers place their home on the market for a number of reasons, the needs of sellers in different age groups, with different types of homes to sell or in different parts of the country, can vary substantially. Overall, more than four out of five sellers depend on the assistance of a real estate agent for help in pricing a home appropriately and in negotiating a sales agreement with potential buyers. In today's challenging climate, relatively few sellers, 13 percent, are willing to take on the responsibilities of a home sale without professional assistance.

Overall, 54 percent of home sellers purchased a home that was more expensive than the home they sold, while 22 percent purchased a less expensive home.

AGE

The median age of sellers who sold a home between mid-2007 and mid-2008 was 47. Sellers in the Midwest were often somewhat younger, although the variation across regions is relatively narrow.

Exhibit 6-1

AGE OF HOME SELLERS, BY REGION

(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
18 to 24 years	1%	*	1%	*	1%
25 to 34 years	20	17	22	20	18
35 to 44 years	25	24	28	23	25
45 to 54 years	23	26	21	22	23
55 to 64 years	19	20	18	21	16
65 to 74 years	10	8	7	10	14
75 years or older	3	4	3	3	3
Median age (years)	47	48	44	48	46

* Less than 1 percent

INCOME

The median 2007 income of recent home sellers was \$91,000. Sellers in the West reported the highest median income at \$95,700 while sellers in the Midwest had generally lower incomes with a median of \$87,700.

Exhibit 6-2

HOUSEHOLD INCOME OF HOME SELLERS, 2007

(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
Less than \$25,000	2%	2%	1%	3%	1%
\$25,000 to \$34,999	4	5	4	4	5
\$35,000 to \$44,999	5	5	4	5	5
\$45,000 to \$54,999	7	7	8	7	7
\$55,000 to \$64,999	10	11	12	9	10
\$65,000 to \$74,999	8	7	9	7	7
\$75,000 to \$84,999	9	8	10	9	8
\$85,000 to \$99,999	12	11	10	14	10
\$100,000 to \$124,999	18	17	19	17	19
\$125,000 to \$149,999	9	8	10	8	10
\$150,000 to \$174,999	6	7	6	6	6
\$175,000 to \$199,999	3	2	2	3	3
\$200,000 or more	8	11	5	8	9
Median income (2007)	\$91,000	\$92,100	\$87,700	\$91,100	\$95,700

HOUSEHOLD COMPOSITION

Married couple households continue to account for three-quarters of home sellers, a long-standing trend. Single person households represented more than one in five recent sellers with single females accounting for the greatest proportion.

CHILDREN

Like most buyer households, most sellers (57 percent) have no children under 18 years old at home. Of those with children at home, most have two.

Exhibit 6-3

ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS

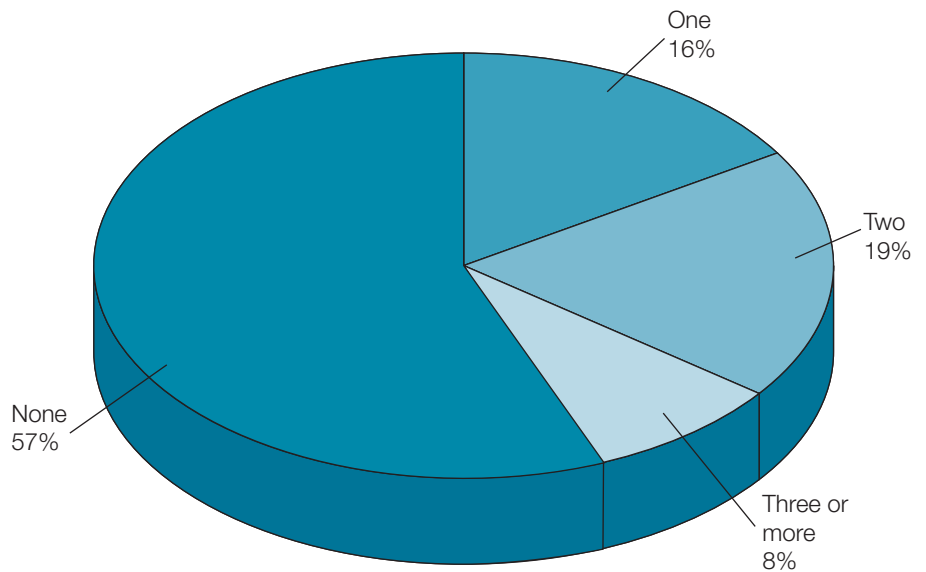
(Percentage Distribution)

	2004	2005	2006	2007	2008
Married couple	74%	71%	72%	75%	74%
Single female	15	17	17	15	15
Single male	5	6	6	6	7
Unmarried couple	5	3	4	3	3
Other	1	1	1	1	1

Exhibit 6-4

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOME SELLER HOUSEHOLD

(Percentage Distribution of Home Seller Households)



RACE AND ETHNICITY

Ninety-two percent of recent home sellers were white. The largest share of minority sellers was in the West where more than one in ten described themselves as non-White, most frequently Hispanic/Latino or Asian.

PRIMARY LANGUAGE

By a wide margin, a majority of home sellers indicated that the primary language spoken is English. Regionally, non-English speakers are a somewhat greater share of sellers in the West than elsewhere.

WHEN HOME WAS SOLD

A majority of repeat buyers (73 percent) reported that they had already sold their previous home. Nearly two-thirds sold their home in 2007 or 2008 while an additional 12 percent sold their home in 2006 or earlier. One in ten repeat buyers do not plan to sell their previous home. An additional 11 percent noted that their home was on the market but had not yet sold; 6 percent reported that their home was currently vacant while 5 percent were renting their home while it was on the market.

Exhibit 6-5

RACE/ETHNICITY OF HOME SELLERS, BY REGION

(Percent of Respondents)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
White/Caucasian	92%	91%	95%	92%	89%
Black/African-American	3	3	2	4	1
Asian/Pacific Islander	2	3	1	2	4
Hispanic/Latino	3	3	1	3	6
Other	1	1	1	1	2

* Less than 1 percent

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable.

The percentage distribution may therefore sum to more than 100 percent.

Exhibit 6-6

PRIMARY LANGUAGE SPOKEN IN HOME SELLER HOUSEHOLD, BY REGION

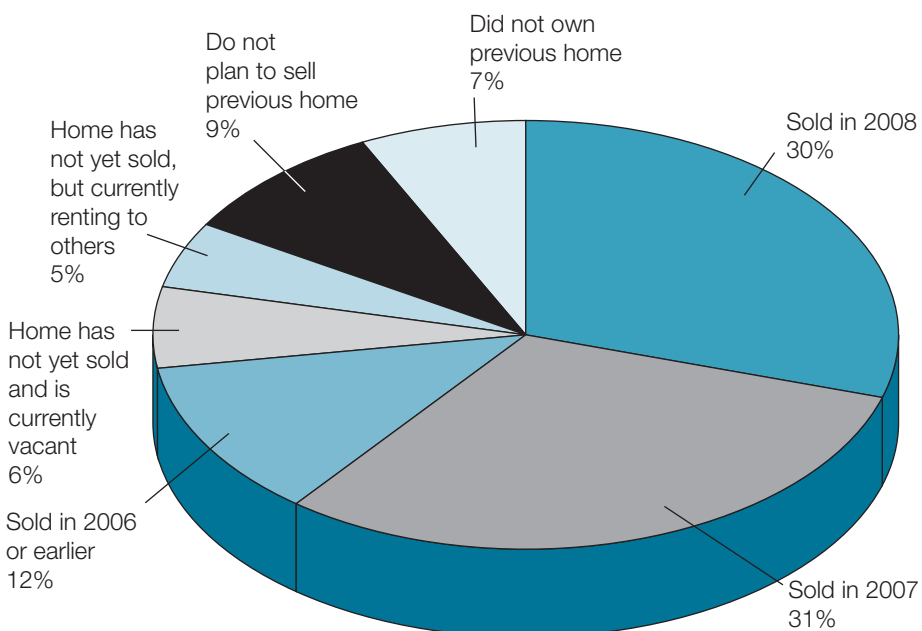
(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
English	98%	98%	99%	98%	96%
Other	2	2	1	2	4

Exhibit 6-7

HOME SELLING SITUATION AMONG REPEAT BUYERS

(Percentage Distribution)



SOLD AND UNSOLD HOMES BY REGION

The share of homes that remain unsold varies by region. For example, while the South accounted for 40 percent of the homes that were sold by recent sellers, 51 percent of unsold vacant homes of recent buyers also selling a home were in this region. Within the group of unsold homes now being rented to others, 31 percent were located in the West.

LOCATION OF SOLD AND UNSOLD HOMES

Just as most of the recently sold homes are in the suburbs, most unsold homes are also in the suburbs. Fifty percent of vacant unsold homes and a slightly greater percentage (52 percent) of unsold homes now being rented are in the suburbs.

PROXIMITY OF HOME SALE AND PURCHASE

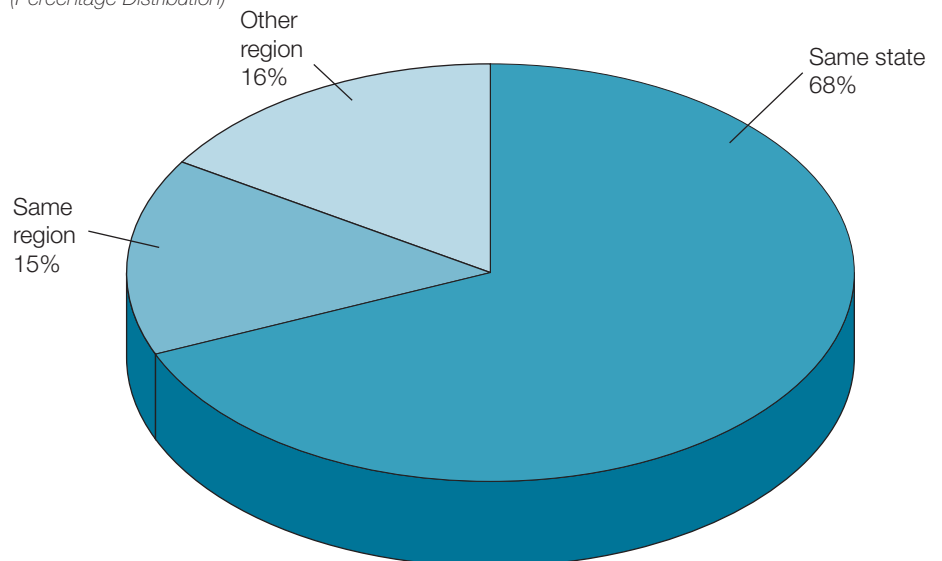
Most home sellers (68 percent) remain in the same state when they purchase their next home. Long distance moves to another state, within the same region, or to another region each account for about one of seven sales transactions.

Exhibit 6-8**HOMES SOLD AND FOR SALE, BY REGION***(Percentage Distribution)*

	Homes Sold	HOMES NOT YET SOLD	
		Currently vacant	Currently renting to others
Northeast	18%	13%	13%
Midwest	27	23	18
South	40	51	38
West	16	13	31

Exhibit 6-9**LOCATION OF HOMES SOLD AND FOR SALE***(Percentage Distribution)*

	Homes Sold	HOMES NOT YET SOLD	
		Currently vacant	Currently renting to others
Suburb/ Subdivision	54%	50%	52%
Small town	16	20	19
Urban area/Central city	15	13	18
Rural area	12	14	10
Resort/Recreation area	2	2	1

Exhibit 6-10**PROXIMITY OF HOME SOLD TO HOME PURCHASED***(Percentage Distribution)*

TYPE OF HOME SOLD

Eighty percent of sellers sold a detached single-family home, with the townhouse/row house the second most frequent type of home sold.

Sales of detached single-family homes accounted for a slightly larger share of sales in suburbs, small towns and rural areas. Although single-family sales still dominate in each type of location,

condos accounted for a much higher share of sales in urban and central city areas and resort areas.

Exhibit 6-11**TYPE OF HOME SOLD, BY LOCATION**

(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN A:				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	80%	84%	81%	63%	82%	62%
Townhouse/row house	8	8	7	13	2	5
Apartment/condo in a building with 5 or more units	5	4	2	13	1	14
Duplex/apartment/condo in 2 to 4 unit building	1	1	2	3	*	*
Other	6	2	8	8	16	19

* Less than 1 percent

LARGER OR SMALLER HOMES

In terms of home size, half of recent sellers purchased a home that was

larger than the home they sold while 22 percent traded down. The greatest share of move-up sellers (19 percent)

sold a home of 1,001 to 1,500 square feet, and half of them purchased a home of 1,501 to 2,000 square feet.

Exhibit 6-12**SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD**

(Percentage Distribution)

SIZE OF HOME SOLD	SIZE OF HOME PURCHASED					
	1,000 sq ft or less	1,001 sq ft to 1,500 sq ft	1,501 sq ft to 2,000 sq ft	2,001 sq ft to 2,500 sq ft	2,501 sq ft to 3,000 sq ft	More than 3,000 sq ft
1,000 sq ft or less	1	2%	2%	1%	*	*
1,001 to 1,500 sq ft	*	6	9	6	2	2
1,501 to 2,000 sq ft	*	3	9	7	4	4
2,001 to 2,500 sq ft	*	2	4	4	4	4
2,501 to 3,000 sq ft	*	1	2	2	2	4
More than 3,000 sq ft	*	1	2	1	1	6

* Less than one percent

■ TRADING UP 52%

■ REMAINING AT THE SAME SIZE RANGE 27%

■ TRADING DOWN 22%

AGE AND SIZE OF HOMES

When purchasing their next home, younger home sellers tend to purchase larger homes. For example, sellers between 18 and 34 years old typically purchased a home that was 660 square feet larger. Older sellers move to a modestly smaller home, suggesting that they are often considering many factors other than the size of a home when moving.

Exhibit 6-13**SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER***(Median Square Feet)*

	Size of home sold	Size of home purchased	Difference
18 to 34 years	1,547	2,207	660
35 to 44 years	1,839	2,423	583
45 to 54 years	1,937	2,135	199
55 to 64 years	1,970	1,945	-25
65 to 74 years	1,907	1,825	-82
75 years or older	1,830	1,770	-60

MORE OR LESS EXPENSIVE HOME

While the size of the home is one measure of trading up or trading down,

it is also the case that home sellers purchase homes that are more or less expensive than the home they sold. Overall, 54 percent of home sellers

purchased a home that was more expensive than the home they sold, while 22 percent purchased a less expensive home.

Exhibit 6-14**PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD***(Percentage Distribution)*

PRICE OF HOME SOLD	PRICE OF HOME PURCHASED								
	Less than \$100,000	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 to \$249,999	\$250,000 to \$299,999	\$300,000 to \$349,999	\$350,000 to \$399,999	\$400,000 to \$499,999	\$500,000 or more
Less than \$100,000	2%	3%	3%	1%	*	*	*	*	*
\$100,000 to \$149,999	1	4	6	5	2	*	*	*	*
\$150,000 to \$199,999	*	2	5	5	4	2	1	1	*
\$200,000 to \$249,999	*	1	2	2	3	2	2	1	1
\$250,000 to \$299,999	*	*	1	1	2	2	1	1	1
\$300,000 to \$349,999	*	*	1	1	1	1	1	1	1
\$350,000 to \$399,999	*	*	1	1	*	1	1	1	1
\$400,000 to \$499,999	*	*	*	*	*	1	1	1	2
\$500,000 or more	*	*	*	*	1	1	1	2	6

* Less than one percent

■ TRADING UP 54%

■ REMAINING AT THE SAME PRICE RANGE 24%

■ TRADING DOWN 22%

AGE AND COST OF HOMES

Age is also correlated with the price of the home purchased relative to the price of the home sold. Younger sellers tend to purchase a home that is significantly more expensive than older sellers. Home sellers 34 years old or younger, for example, purchased a home for a median of \$253,600 and sold a home for a median of \$177,000.

REASONS FOR SELLING HOME

The most frequently cited reason for selling a home is job relocation, reported by 22 percent of recent sellers. Selling a home because it was too small was the primary reason given by 17 percent of sellers and the top reason among sellers aged 44 years or younger. Moving closer to friends or family was the chief reason for selling a home among those 65 or older, cited by one-third of the sellers in this age group.

Exhibit 6-15

PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER

(Median)

	Price of home sold	Price of home purchased	Difference
18 to 34 years	\$177,000	\$253,600	\$76,600
35 to 44 years	\$216,900	\$280,000	\$63,100
45 to 54 years	\$212,200	\$250,000	\$37,800
55 to 64 years	\$200,000	\$210,000	\$10,000
65 to 74 years	\$218,000	\$222,400	\$4,400
75 years or older	\$180,000	\$188,200	\$8,200

Exhibit 6-16

PRIMARY REASON FOR SELLING PREVIOUS HOME, BY AGE

(Percentage Distribution)

	All Sellers	AGE OF HOME SELLER			
		18 to 24	25 to 44	45 to 64	65 or older
Job relocation	22%	11%	28%	21%	1%
Home is too small	17	33	29	9	5
Change in family situation (e.g., marriage, birth of a child, divorce)	12	11	13	13	6
Want to move closer to friends or family	11	6	5	12	33
Neighborhood has become less desirable	10	11	10	10	8
Home is too large	5	*	1	8	11
Moving due to retirement	5	N/A	*	8	12
Want to move closer to current job	5	*	6	5	1
Upkeep of home is too difficult due to health or financial limitations	3	*	1	2	11
Cannot afford the mortgage and other expenses of owning home	2	6	2	2	1
Other	8	22	6	10	10

* Less than 1 percent

N/A- Not Applicable

TENURE IN HOME

The typical home seller has owned their home for six years. Very few sellers (4 percent) owned their home for less than one year, while one in ten had

owned their home for more than 20 years. Sellers of detached single-family homes, which account for the largest share of homes sold, owned their home for a median of seven years. Sellers of

condos in buildings with five or more units, along with sellers of cottages, had the shortest tenure, with more than four in ten owning their home for three years or less.

Exhibit 6-17**TENURE IN PREVIOUS HOME, BY TYPE OF HOME**

(Percentage Distribution)

	All Types	Cabin/cottage	Duplex/ apartment/ condo in 2-4 unit structure	Apartment/condo in building with 5 or more units	Townhouse/ row house	Detached single-family home	Mobile/ manufactured home	Other
1 year or less	4%	*	9%	7%	9%	4%	1%	*
2 to 3 years	21	45	13	33	20	20	30	30
4 to 5 years	19	9	15	21	26	18	24	15
6 to 7 years	13	5	9	14	13	14	4	9
8 to 10 years	15	18	15	13	12	15	22	15
11 to 15 years	11	18	21	9	7	12	11	9
16 to 20 years	6	*	9	2	6	7	5	11
21 years or more	10	5	11	2	8	11	2	9
Median	6	4	9	4	5	7	5	7

* Less than 1 percent

TENURE IN HOME BY AGE

Younger home buyers tend to be more mobile resulting in a much shorter length of tenure when they sell their home. While the youngest group of sellers owned their home for a median of two years, those 65 and older sold their home after a median of 13 years.

Exhibit 6-18**TENURE IN PREVIOUS HOME, BY AGE OF SELLER**

(Percentage Distribution)

	All Sellers	AGE OF HOME SELLER			
		18 to 24	25 to 44	45 to 64	65 or older
1 year or less	4%	6%	6%	3%	2%
2 to 3 years	21	88	28	16	13
4 to 5 years	19	*	26	14	9
6 to 7 years	13	*	19	11	6
8 to 10 years	15	*	12	17	18
11 to 15 years	11	*	7	16	8
16 to 20 years	6	*	1	11	10
21 year or more	10	*	*	12	34
Median	6	2	5	8	13

* Less than 1 percent

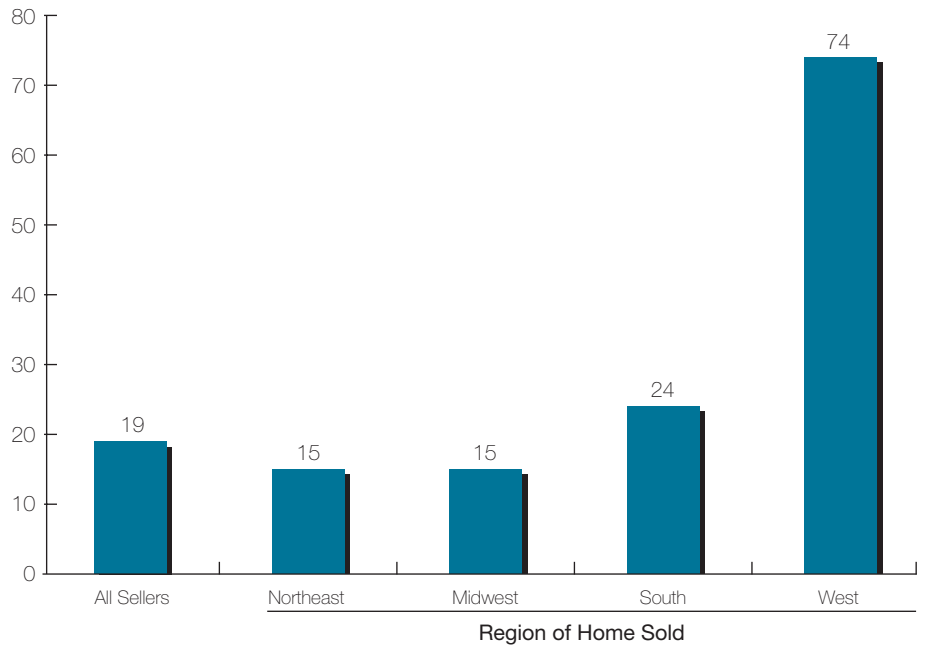
DISTANCE MOVED

Most sellers move a relatively short distance. In fact, the median distance moved among all sellers was 19 miles. Only sellers in the West moved a significantly greater distance, a median of 74 miles, indicating that many of these sellers were often moving for reasons such as job relocation or to be closer to family rather than purchasing another home in their community to either trade up or trade down.

Exhibit 6-19

DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION

(Median Miles)



DISTANCE OF MOVE AND AGE

The distance home sellers move is correlated with their age, with older home sellers typically moving the greatest distance. While sellers 44 years old or younger moved a median of 15 miles or less, sellers 45 to 64 years old moved a median of 26 miles. For sellers 65 years or older, the median distance was 34 miles reflecting the large share of sellers in this group who moved to be closer to family and friends or due to retirement.

Exhibit 6-20

DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY AGE

(Percentage Distribution)

	AGE OF HOME SELLER				
	All Sellers	18 to 24	25 to 44	45 to 64	65 or older
5 miles or less	24%	6%	24%	23%	21%
6 to 10 miles	14	11	16	12	12
11 to 15 miles	9	50	10	7	8
16 to 20 miles	5	6	6	5	4
21 to 50 miles	11	6	10	11	10
51 to 100 miles	4	11	4	4	7
101 to 500 miles	12	6	11	14	13
501 to 1,000 miles	10	6	9	10	9
1,001 miles or more	12	*	10	13	15
Median (miles)	19	14	15	26	34

* Less than 1 percent

METHOD OF SALE

Eighty-four percent of home sellers sold their home with the assistance of

a real estate agent. Use of a real estate agent was somewhat more frequent in the Northeast and West. For-sale-by-

owner (FSBO) sales accounted for 13 percent of transactions, with a higher frequency in the Midwest and South.

Exhibit 6-21**METHOD USED TO SELL HOME, BY REGION**

(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
Sold home using an agent or broker	84%	87%	82%	82%	87%
Seller used agent/broker only	81	85	80	79	86
Seller first tried to sell it themselves, but then used an agent	3	2	2	3	1
For-sale-by-owner (FSBO)	13	11	14	14	10
Seller sold home without using a real estate agent or broker	11	9	12	12	8
First listed with an agent, but then sold home themselves	2	1	2	2	1
Sold home to a homebuying company	1	*	1	1	1
Other	2	2	3	3	2

* Less than 1 percent

METHOD OF SALE AND URGENCY

The level of urgency with which sellers must complete the sale of their

home has a small influence on the method of sale. Regardless of urgency, over 80 percent of sellers were assisted by an agent. For those sellers feeling

little urgency, however, 16 percent sold their home as a FSBO compared with 13 percent among all sellers.

Exhibit 6-22**METHOD USED TO SELL HOME, BY SELLER URGENCY**

(Percentage Distribution)

	All Sellers	SELLER NEEDED TO SELL:		
		Very urgently	Somewhat urgently	Not urgently
Sold home using an agent or broker	84%	83%	85%	82%
Seller used agent/broker only	81	80	84	79
Seller first tried to sell it themselves, but then used an agent	3	3	2	3
For-sale-by-owner (FSBO)	13	12	11	16
Seller sold home without using a real estate agent or broker	11	11	10	14
First listed with an agent, but then sold home themselves	2	2	2	1
Sold home to a homebuying company	1	1	1	*
Other	2	4	2	2

* Less than 1 percent

BUYER AND SELLER RELATIONSHIP AND METHOD OF SALE

The characteristics of the home sales transaction often differ depending on whether the buyer and seller know each other. If the buyer and sellers know each other, the sale can be either an arms-length transaction consistent with

local market activity or it may involve considerations that would be atypical if there was no prior relationship.

Among all home sellers, 10 percent reported that they knew the buyer of their home. Among those sellers that were assisted by an agent, just 4 percent knew the buyer. In contrast, 45 percent of FSBO sellers indicated

that they knew the buyer of their home before the transaction.

Viewed from a different perspective, among those sellers that knew the buyer of their home, 60 percent were FSBO sales. Among the group of sellers who did not know the buyer of their home prior to the transaction, 89 percent were assisted by a real estate agent.

Exhibit 6-23

METHOD OF SALE, AND BUYER AND SELLER RELATIONSHIP

(Percentage Distribution)

Relationship by Method of Sale	Seller Knew Buyer	Seller did not Know Buyer
All sellers	10%	90%
Sold home using an agent or broker	4	96
Seller used agent/broker only	4	96
Seller first tried to sell it themselves, but then used an agent	10	90
For-sale-by-owner (FSBO)	45	55
Sold home without using a real estate agent or broker	47	53
First listed with an agent, but then sold home themselves	33	67
Other	25	75

Method of Sale by Relationship	All Sellers	Seller Knew Buyer	Seller did not Know Buyer
Sold home using an agent or broker	84%	32%	89%
Seller used agent/broker only	81	29	87
Seller first tried to sell it themselves, but then used an agent	3	3	3
For-sale-by-owner (FSBO)	13	60	8
Sold home without using a real estate agent or broker	11	54	7
First listed with an agent, but then sold home themselves	2	6	1
Other	3	9	3

METHOD OF SALE OVER TIME

The share of homes sold using a real estate agent has been relatively constant during the past six years, hovering around 84 percent. The FSBO share has remained at 12 percent to 13 percent for the past four years.

Exhibit 6-24

METHOD USED TO SELL HOME, 2001-2008

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008
Sold home using an agent or broker	79%	83%	82%	85%	84%	85%	84%
For-sale-by-owner (FSBO)	13	14	14	13	12	12	13
Sold to home buying company	1	1	1	1	1	1	1
Other	7	3	3	2	3	2	2

SALES PRICE AND LISTING PRICE

Among recently sold homes, the sales price was a median 96 percent of the listing price. More than one-third of homes sold for 94 percent or less of the listing price while 38 percent sold for a more modest discount of 95 percent to 99 percent of the listing price. Overall, 76 percent of recently sold homes sold for less than the listing price.

SALES PRICE AND URGENCY OF SALE

Home sellers with a very or somewhat urgent need to sell their home as quickly as possible were more likely to sell their home at a discount from the listing price. Seventy-six percent of sellers requiring a very quick sale sold their home for less than the listing price while 80 percent of those needing to sell somewhat urgently did so. Apparently, those needing to sell very urgently priced their home closer to market expectations, thus requiring less discounting from the listing price. Seventy-one percent of sellers, reporting little or no urgency to sell, sold their home for less than the listing price; an additional 20 percent reported that the sales price matched the listing price.

Exhibit 6-25**SALES PRICE COMPARED WITH LISTING PRICE, BY REGION**

(Percentage Distribution of Sales Price as a Percent of List Price)

	SELLERS WHO SOLD A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
Less than 90%	17%	17%	19%	15%	19%
90% to 94%	21	22	22	19	26
95% to 99%	38	39	39	40	32
100%	17	16	14	19	13
101% to 110%	4	4	3	4	7
More than 110%	3	2	2	3	4
Median (sales price as a percent of listing price)	96%	96%	96%	97%	96%

Exhibit 6-26**SALES PRICE COMPARED WITH LISTING PRICE, BY SELLER URGENCY**

(Percentage Distribution of Sales Price as a Percent of Listing Price)

	SELLER NEEDED TO SELL:			
	All Sellers	Very urgently	Somewhat urgently	Not urgently
Less than 90%	17%	19%	20%	10%
90% to 94%	21	22	22	21
95% to 99%	38	35	38	40
100%	17	18	13	20
101% to 110%	4	4	3	6
More than 110%	3	2	3	4
Median (sales price as a percent of listing price)	96%	96%	96%	97%

TIME ON THE MARKET

The median time on the market for recently sold homes was eight weeks. However, one-third of homes were on the market for 17 weeks or more compared with the one-quarter of home sales reported in last year's survey. Regionally, the median time on the market varied little. However, time on the market in the Midwest fell from 10 weeks in 2007 to eight weeks in 2008 and rose from six weeks in the West and South in 2007 to eight and nine weeks in 2008, respectively.

TIME ON THE MARKET AND SALES PRICE

Time on the market and sales price as a percentage of with listing price are highly correlated; generally, the longer a home is on the market the greater the discount from the listing price upon sale. For homes on the market less than one week, the median sales to listing price was 100%; 55 percent of homes sold at the listing price. As the time on the market lengthens, the difference between sales and listing price grows. For homes that were on the market for at least 17 weeks, for example, the median sales to listing price was 91 percent with just 4 percent selling at the listing price. Within this group, nearly one in four sold for less than 90 percent of the listing

Exhibit 6-27

NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION

(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
Less than 1 week	5%	5%	5%	5%	4%
1 to 2 weeks	19	21	19	19	16
3 to 4 weeks	13	13	11	14	11
5 to 6 weeks	6	5	7	6	7
7 to 8 weeks	9	8	10	7	11
9 to 10 weeks	5	5	4	3	9
11 to 12 weeks	8	7	9	9	6
13 to 16 weeks	7	8	4	7	8
17 to 24 weeks	10	9	10	12	9
25 to 36 weeks	10	9	10	9	10
37 to 52 weeks	6	7	6	6	5
53 or more weeks	4	2	5	4	2
Median weeks	8	8	8	8	9

Exhibit 6-28

SALES PRICE COMPARED WITH LISTING PRICE, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percentage Distribution of Sales Price as a Percent of Listing Price)

	All Sellers	SELLERS WHOSE HOME WAS ON THE MARKET FOR:					
		Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
Less than 90%	17%	4%	1%	7%	9%	14%	39%
90% to 94%	21	7	6	11	22	30	33
95% to 99%	38	26	47	54	49	42	21
100%	17	55	31	22	15	8	4
101% to 110%	4	2	9	4	3	4	1
More than 110%	3	7	5	2	1	2	2
Median (sales price as a percent of listing price)	96%	100%	99%	97%	97%	95%	91%

PRICE REDUCTIONS TIME ON THE MARKET

As the time on the market rises, so does the number of times the price is reduced from the original asking price. Overall, 40 percent of sellers noted that they did not reduce their asking price while 29 percent reduced it once. For homes on the market two weeks or less, four out of five did not reduce the asking price. For homes on the market at least 17 weeks, only one in ten did not reduce the price while 40 percent reduced it three or more times.

INCENTIVES TO PROSPECTIVE BUYERS

As the inventory of homes for sale increases and the pace of sales softens, sellers may add incentives to attract buyers. Among all recent sellers, 58 percent indicated that they did not offer an incentive. But, 18 percent of sellers reported that they offered assistance with closing costs and 15 percent offered a home warranty policy. Regionally, incentives were less prevalent in the Northeast and most frequent in the South. Nearly one-quarter of sellers in the South offered assistance with closing costs and one in five offered a home warranty policy to attract buyers.

Exhibit 6-29

NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percentage Distribution)

	All Sellers	SELLERS WHOSE HOME WAS ON THE MARKET FOR:					
		Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
None, did not reduce the asking price	40%	80%	78%	58%	43%	28%	9%
One	29	18	19	32	41	37	23
Two	16	2	3	6	12	24	28
Three	10	*	1	3	3	10	24
Four or more	5	*	*	*	1	2	16

* Less than 1 percent

Exhibit 6-30

INCENTIVES OFFERED TO ATTRACT BUYERS, BY REGION

(Percent of Respondents)

	All Sellers	SELLERS WHO SOLD A HOME IN THE:			
		Northeast	Midwest	South	West
None	58%	71%	59%	51%	60%
Assistance with closing costs	18	11	19	23	14
Home warranty policies	15	9	14	19	13
Credit toward remodeling or repairs	4	4	2	3	6
Other incentives, such as a car, flat screen TV, etc.	2	2	3	2	3
Other	5	5	4	5	5

* Less than 1 percent

INCENTIVES AND TIME ON THE MARKET

The longer a home is on the market, the more frequently sellers offered incentives to prospective buyers. Only 15 percent of sellers whose home was on the market for one week or less offered incentives compared with 56 percent of those with a home on the market for at least 17 weeks. Assistance with closing costs and home warranty policies were the two most frequently offered incentives regardless of time on the market.

Exhibit 6-31

INCENTIVES OFFERED TO ATTRACT BUYERS, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percent of Respondents)

	SELLERS WHOSE HOME WAS ON THE MARKET FOR:						
	All Sellers	Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
None	58%	85%	70%	64%	57%	57%	44%
Assistance with closing costs	18	4	11	14	19	19	26
Home warranty policies	15	7	13	17	15	15	17
Credit toward remodeling or repairs	4	*	2	3	4	5	5
Other incentives, such as a car, flat screen TV, etc.	2	2	1	1	2	3	3
Other	5	2	3	3	4	4	7

* Less than 1 percent

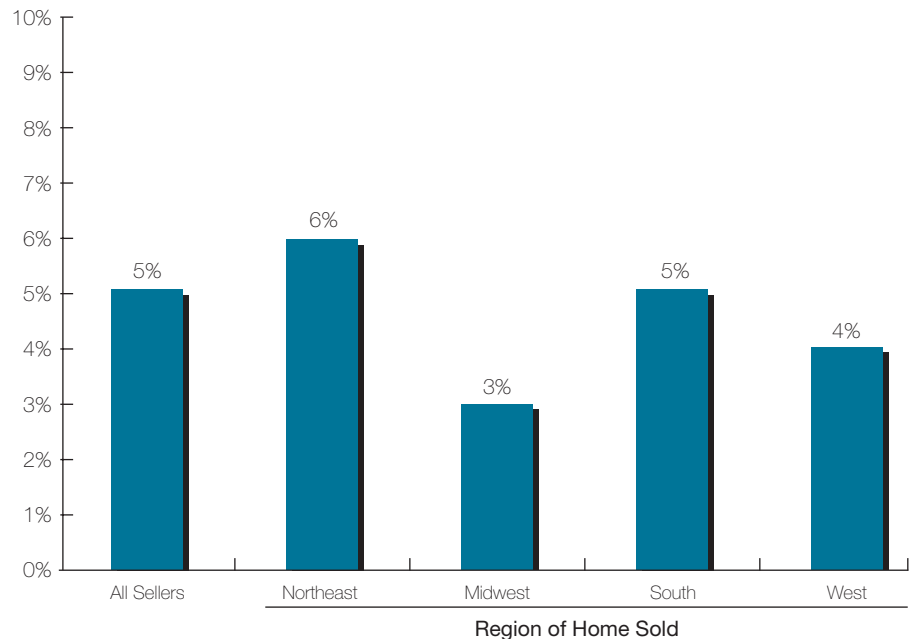
SHORT SALES

Five percent of sellers who also purchased a home recently reported that their home sale was a short sale, a transaction in which the seller's lender agrees to accept less than the outstanding mortgage balance. Short sales were less frequent in the Midwest (3 percent) and ranged from 4 percent to 6 percent elsewhere.

Exhibit 6-32

SHORT SALES, BY REGION

(Percentages)



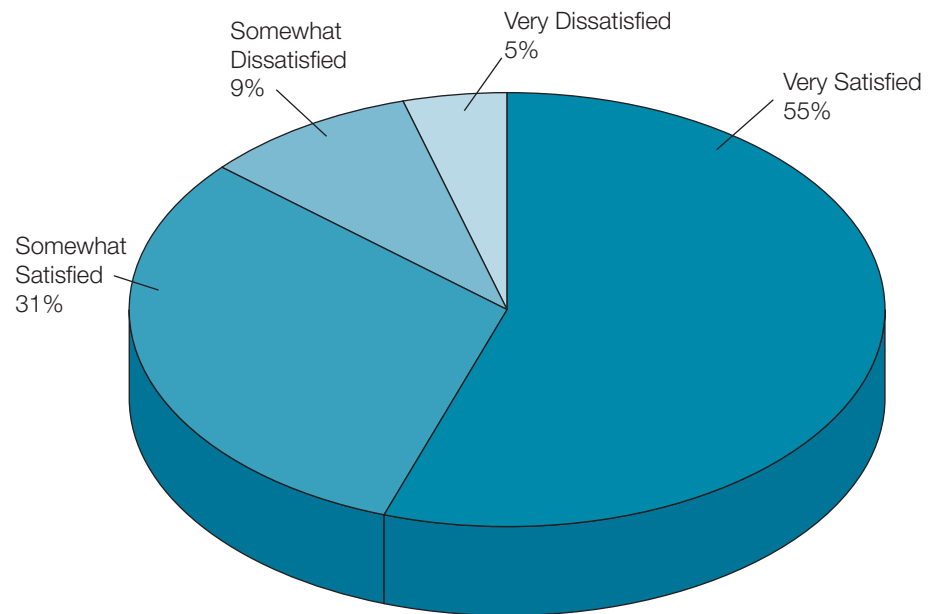
SATISFACTION WITH SALES PROCESS

Selling a home is more difficult today than it has been for several years, and that difficulty is reflected in sellers' satisfaction with the process. Fifty-five percent of sellers reported that they were very satisfied with the process, down from 63 percent in last year's survey. An additional 31 percent were somewhat satisfied, up from 17 percent in 2007. Fourteen percent of recent sellers were dissatisfied with the process, up slightly from one year ago.

Exhibit 6-33

SATISFACTION WITH THE SELLING PROCESS

(Percentage Distribution)



CHAPTER 7: HOME SELLING AND REAL ESTATE PROFESSIONALS

B

OTH HOME BUYERS AND SELLERS RELY ON REFERRALS WHEN TRYING TO find a real estate professional. They also both value reputation, and honesty and integrity, though they differ slightly on the relative importance of those characteristics. Further, most home sellers, like home buyers, are satisfied with the services they receive from their agent since most home sellers indicate that they would use the same agent or refer their agent to friends or family. When it comes to selling the home, most sellers want an agent who will offer a broad range of services and while most pay their agents based on a percentage of the sales price, one-third of sellers will initiate negotiations of the agent's compensation.

Overall, 21 percent of sellers indicated that what they wanted most from their agent was help pricing their home competitively.

FINDING A REAL ESTATE AGENT

Like home buyers, home sellers rely on referrals and their previous experience when looking for a real estate agent. Thirty-eight percent of sellers were referred by a friend, neighbor, or relative, while 26 percent used an agent they had worked with before. Other methods of finding an agent were cited very infrequently.

NUMBER OF AGENTS CONTACTED

Sixty-seven percent of home sellers contacted only one agent before selecting one to assist with their home sale. This is a slight increase over the share of sellers who contacted only one agent last year. Nineteen percent of buyers contacted two agents in the process. While some sellers do contact more than one agent, the significant role of referrals in the selection process is one factor accounting for the large share of sellers contacting only one agent.

Exhibit 7-1

METHOD USED TO FIND REAL ESTATE AGENT

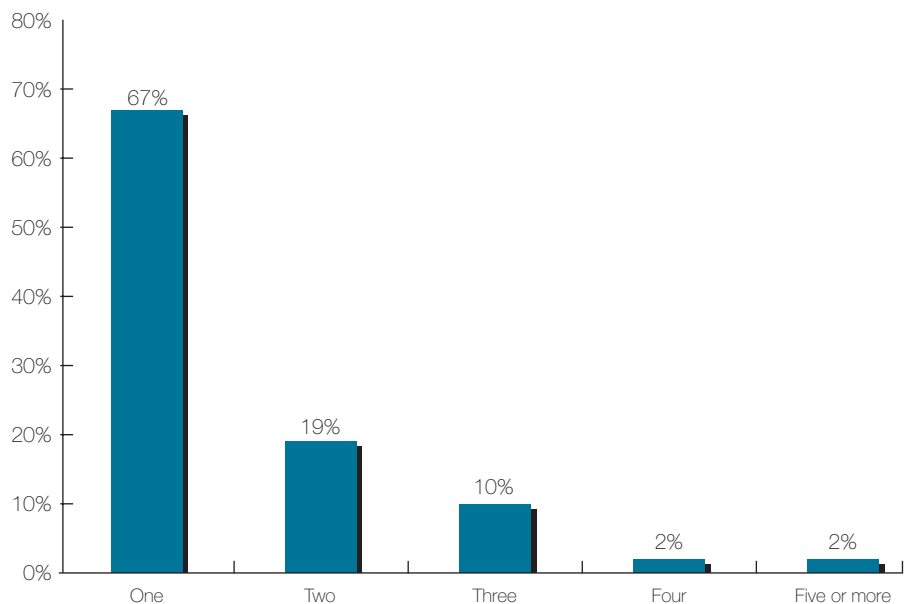
(Percentage Distribution)

Referred by (or is) a friend, neighbor or relative	38%
Used agent previously to buy or sell a home	26
Visited an open house and met agent	5
Referred through employer or relocation company	5
Personal contact by agent (telephone, email, etc.)	4
Saw contact information on For Sale/Open House sign	4
Internet Web site	3
Referred by another real estate or broker	3
Walked into or called office and agent was on duty	3
Direct mail (newsletter, flyer, postcard, etc.)	2
Newspaper, Yellow pages or home book ad	2
Advertising specialty (calendar, magnet, etc.)	1
Other	5

Exhibit 7-2

NUMBER OF AGENTS CONTACTED BEFORE SELECTING ONE TO ASSIST WITH SALE OF HOME

(Percentage Distribution)



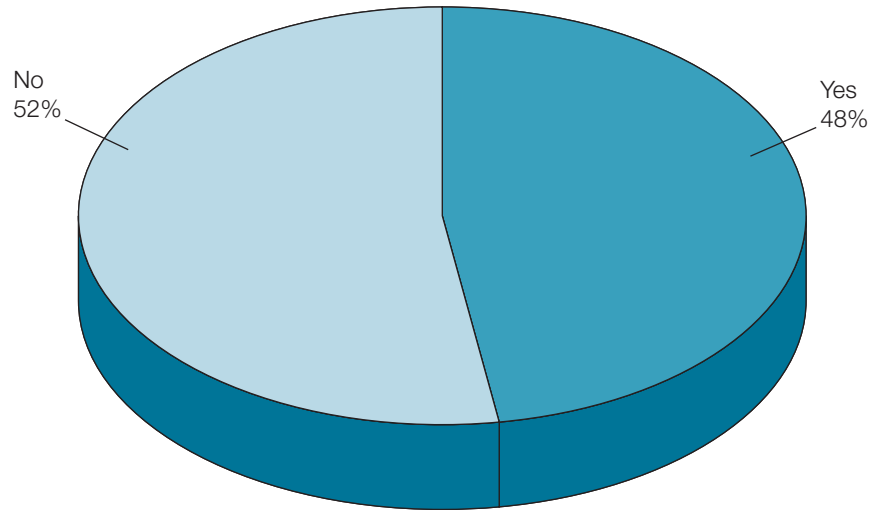
USING THE SAME AGENT FOR THEIR HOME PURCHASE

Among those sellers who indicated that they used an agent to buy a home, nearly half (48 percent) used the same agent to help them sell their home.

Exhibit 7-3

DID SELLER USE THE SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE?

(Percentage Distribution Among Sellers who Used an Agent to Purchase a Home)



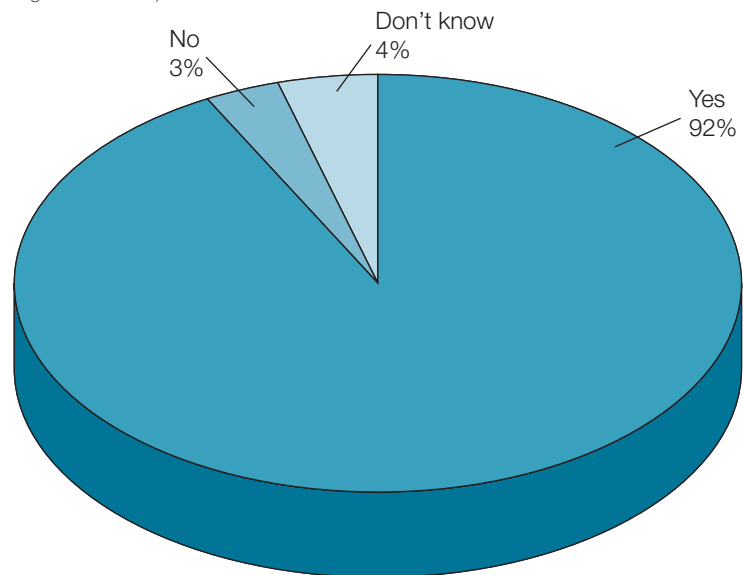
HOME LISTED ON MULTIPLE LISTING SERVICE

The value of the multiple listing service (MLS) is reflected in the significant share of sellers who use the MLS to market their property. Ninety-two percent of sellers listed their homes on a MLS. Only 3 percent of sellers did not list with a MLS while 4 percent of sellers were unsure.

Exhibit 7-4

HOME LISTED ON MULTIPLE LISTING SERVICE

(Percentage Distribution)



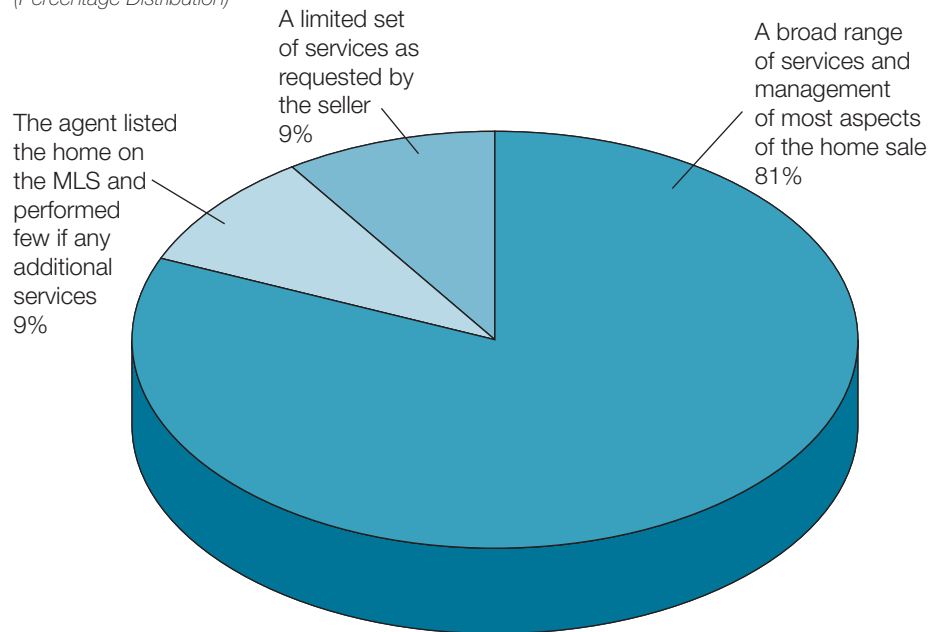
LEVEL OF SERVICE

A significant majority of sellers, more than four out of five, chose an agent who provided a broad range of services and managed most aspects of the sale. Given the range of options available to home sellers, about one in ten sellers indicated that they chose an agent offering a limited set of services, likely requiring active participation by the sellers in the sales process. An additional 9 percent of sellers worked with an agent who listed their home on the MLS and performed few if any additional services.

Exhibit 7-5

LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT

(Percentage Distribution)



A significant majority of sellers, more than four out of five, chose an agent who provided a broad range of services...

WHAT SELLERS MOST WANT AND LEVEL OF SERVICE

Overall, 21 percent of sellers indicated that what they wanted most from their agent was help pricing their home competitively. Other important considerations were help selling the home within a specific timeframe

(20 percent), help finding a buyer (20 percent), and help marketing to potential buyers (20 percent). When the responses are examined by the level of service a seller wanted, a few interesting differences were observed. Twenty-eight percent of sellers who requested

a limited set of services wanted help pricing their home competitively. By comparison, sellers who relied on an agent primarily to list their home with a multiple listing service were most likely to want help selling their home within a specified timeframe.

Exhibit 7-6

WHAT SELLERS MOST WANT FROM REAL ESTATE AGENTS, BY LEVEL OF SERVICE PROVIDED BY THE AGENT

(Percentage Distribution)

	All Sellers	LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
		A broad range of services and management of most aspects of the home sale	A limited set of services as requested by the seller	The agent listed the home on the MLS and performed few if any additional services
Help price home competitively	21%	22%	28%	18%
Help sell the home within specific timeframe	20	20	18	26
Help find a buyer for home	20	20	17	21
Help seller market home to potential buyers	20	20	19	19
Help seller find ways to fix up home to sell it for more	9	10	8	4
Help with negotiation and dealing with buyers	4	4	4	6
Help with paperwork/inspections/preparing for settlement	3	3	4	4
Help seller see homes available to purchase	1	1	1	1
Other	1	1	2	1

CHOOSING AN AGENT AND LEVEL OF SERVICE

The reputation of the agent was the most important selection factor for 36 percent of sellers. It was followed closely by 23 percent of sellers who indicated that the honesty and trustworthiness of the agent was most

important. Sellers requesting only a limited range of services placed more weight on an agent's association with a particular firm than others, while sellers whose agents only listed the home with a multiple listing service placed more weight on professional designations

than other groups of sellers. Sellers requesting a limited range of services or a listing with a MLS and little else considered an agent's commission as the most important factor in the decision more frequently than those who requested a broad range of services.

Exhibit 7-7

MOST IMPORTANT FACTOR IN CHOOSING A REAL ESTATE AGENT TO SELL HOME, BY LEVEL OF SERVICE PROVIDED BY THE AGENT

(Percentage Distribution)

	All Sellers	LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
		A broad range of services and management of most aspects of the home sale	A limited set of services as requested by the seller	The agent listed the home on the MLS and performed few if any additional services
Reputation of real estate agent	36%	39%	24%	24%
Agent is honest and trustworthy	23	23	22	22
Agent's knowledge of the neighborhood	13	12	13	21
Agent is friend or family member	12	12	13	8
Agent's association with a particular firm	5	4	13	6
Agent has caring personality/ good listener	5	5	5	4
Agent's commission	1	*	6	4
Professional designation(s) held by real estate agent	1	1	*	3
Other	4	4	4	7

* Less than 1 percent

METHODS USED TO MARKET HOME

Nine out of ten sellers using an agent listed their homes on the Internet. A yard sign was the second most frequently used method with eight out of ten sellers indicating that they had used this method. Only 59 percent of sellers

using an agent held an open house, and other marketing methods were used less frequently. While marketing methods vary by type of home, only mobile or manufactured homes were marketed most frequently by a method other than the Internet; 89 percent of sellers with agents used a yard sign to

market mobile or manufactured homes. Additionally, yard signs were used more frequently when selling detached single family homes and cabins or cottages. High-density homes, such as townhouses and condos, were marketed less frequently with yard signs.

Exhibit 7-8

METHODS REAL ESTATE AGENT USED TO MARKET HOME, BY TYPE OF HOME SOLD

(Percent of Respondents Among Sellers Who Used an Agent)

	TYPE OF HOME SOLD							
	All Homes	Cabin/cottage	Duplex/ apartment/condo in 2-4 unit structure	Apartment/condo in building with 5 or more units	Townhouse/row house	Detached single-family home	Mobile/manufactured home	Other
Listing on the Internet	90%	78%	85%	90%	88%	91%	87%	93%
Yard sign	80	78	71	41	67	84	89	69
Open house	59	72	68	63	69	58	43	40
Print newspaper advertisement	42	50	32	41	40	43	44	36
Real estate magazine	37	33	15	22	24	39	58	36
Direct mail (flyers, postcards, etc.)	22	26	21	26	21	22	11	14
Video	13	28	21	24	8	13	3	5
Television	5	6	15	1	3	5	2	2
Other	6	6	15	9	3	6	2	5

HOW REAL ESTATE AGENT WAS COMPENSATED

While some sellers' agents are paid by the buyer in part or in full, most sellers (80 percent) compensate their own agent in full. Three-quarters of sellers do so by paying a percent of the sales price. Only 3 percent paid a flat fee to the agent.

NEGOTIATING WITH THE REAL ESTATE AGENT

The majority of sellers (70 percent) negotiated the fees for selling their home. In 46 percent of discussions, the agent initiated the negotiation, whereas 24 percent of the time the seller was the initiator. Some sellers (13 percent) were not aware that commissions or fees were negotiable, while some (9 percent) were aware but did not bring up the issue.

Exhibit 7-9

HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

Paid by seller	80%
Percent of sales price	75
Flat fee	3
Per task fee	*
Other	*
Don't Know	1
Paid by buyer and seller	8
Paid by buyer only	4
Other	6
Don't Know	3

* Less than 1 percent

Exhibit 7-10

NEGOTIATING THE COMMISSION RATE OR FEE WITH THE REAL ESTATE AGENT

(Percentage Distribution)

Real estate agent initiated discussion of compensation	46%
Client brought up the topic and the real estate agent was willing to negotiate their commission or fee	24
Client brought up the topic and the real estate agent was not willing to negotiate their commission or fee	8
Client did know commissions and fees could be negotiated but did not bring up the topic	9
Client did not know commissions and fees could be negotiated	13

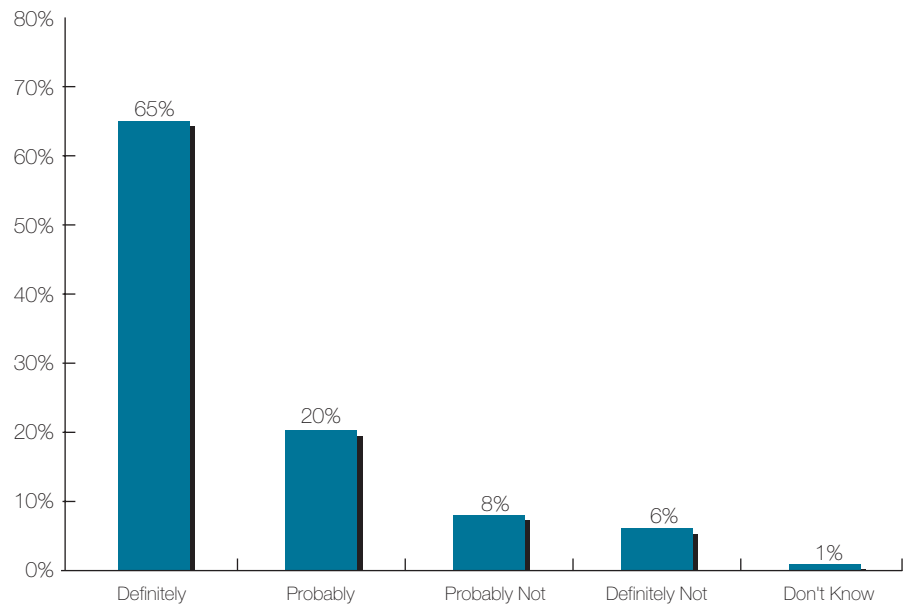
RECOMMENDING THE AGENT

While imitation is the sincerest form of flattery, repeat business and referrals are probably the sincerest form of business satisfaction. By that measure, most sellers were quite satisfied with their real estate agent. Eighty-five percent of sellers would definitely or probably use their agent again or recommend their agent to others. Only 14 percent of sellers would definitely or probably not use their agent again or not recommend their agent to others.

Exhibit 7-11

WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)



CHAPTER 8: FOR-SALE-BY-OWNER (FSBO) SELLERS

S

OME SELLERS SELL THEIR HOMES WITHOUT THE ASSISTANCE OF AN AGENT.

These sellers can be broadly classified into two groups: those who know the buyer and those who do not know the buyer. For-Sale-By-Owner (FSBO) sellers in each of these categories are fairly distinct. They prefer different methods of marketing their home, find different challenges in the process of selling, and offer different reasons for not using an agent. Finally, they draw slightly different conclusions about whether or not they will use an agent in their next home sale.

A relatively greater share of FSBO sales are located in rural areas and small towns, especially among FSBOs where the seller knew the buyer.

FSBO AND AGENT-ASSISTED SALES, BY LOCATION

Eighty-four percent of all sellers were assisted by an agent. Thirteen percent of sellers sold their home themselves as a for-sale-by-owner or FSBO. There is substantial variation across different locations, with agent assisted sales ranging from 71 to 88 percent of sales and FSBO sales ranging from 10 to 26 percent of sales. FSBOs tend to be more common in rural areas, small towns, and resort areas where sellers are more likely to know potential buyers. Rural areas, small towns, and resort areas all saw increases in FSBO sales over the previous year. Gains in FSBOs were largely driven by increases in sales where the buyer and seller knew each other prior to the transaction. In urban areas and suburbs, there was a slight shift from FSBO to agent-assisted sales.

FSBO TRENDS

The share of homes sold as FSBOs trended down as the housing market heated up; more sellers sought the advice and expertise of an agent to assist them in the sale. In 2008, there is a slight departure from this trend; an increased share of sellers who knew the buyer pushed FSBO sales up marginally to 13 percent. At the same time, agent assisted sales decreased slightly to 84 percent from 85 percent one year earlier.

Exhibit 8-1

FSBO AND AGENT-ASSISTED SALES, BY LOCATION

(Percentage Distribution)

	All Sellers	SELLERS WHO SOLD A HOME IN A:				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
For-sale-by-owner (FSBO)	13%	10%	16%	10%	26%	15%
Seller knew buyer	6	4	7	4	15	6
Seller did not know buyer	7	6	8	6	11	8
Agent-assisted	84	87	79	88	71	86
Other	3	3	5	2	3	*

* Less than 1 percent

Exhibit 8-2

FSBO AND AGENT-ASSISTED SALES, 2003-2008

(Percentage Distribution)

	2003	2004	2005	2006	2007	2008
All FSBO (For-sale-by-owner)	14%	14%	13%	12%	12%	13%
Seller knew buyer	5	5	5	5	5	6
Seller did not know buyer	9	10	8	7	7	7
Agent-assisted	83	82	85	84	85	84
Other	4	4	2	3	3	3

CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS

The median age of sellers is 47. Agent-assisted sellers are slightly younger (46) and tend to have a higher income. By comparison, FSBO sellers

who knew the buyer of their home tended to be older (49), whereas FSBO sellers who did not know the buyer tended to be younger (46). The youngest group were those who began as FSBOs and decided to work with

an agent (45) at a later point in the sales process. Married couples were more often part of this group, while the proportion of singles in this group was about half that among all sellers.

Exhibit 8-3**CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS**

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median age	47	47	49	46	46	46	45
Median income (2007)	\$91,000	\$80,200	\$82,600	\$76,750	\$93,300	\$93,500	\$84,500
Household composition							
Married couple	74%	71%	72%	69%	75%	75%	88%
Single female	15	17	17	16	15	15	8
Single male	7	8	6	10	6	6	3
Unmarried couple	3	4	3	4	2	3	*
Other	1	1	1	1	1	1	1

* Less than 1 percent

TYPE OF HOME SOLD

Four out of five recently sold homes were detached single-family properties. Among FSBO sales, a smaller percentage, 74% were detached single-family homes. However, the share of detached single-family homes and townhouses sold by FSBO sellers who knew the buyers was greater than the comparable percentages among sellers who did not know the buyer. Among those FSBO sellers who did not know the buyer, 18 percent sold a mobile or manufactured home.

Exhibit 8-4**TYPE OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS**

(Percentage Distribution)

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Detached single-family home	80%	74%	78%	70%	80%
Townhouse/row house	8	3	5	2	9
Duplex/apartment/condo in 2 to 4 unit building	1	1	1	1	1
Apartment/condo in a building with 5 or more units	5	6	3	7	5
Mobile/manufactured home	4	14	9	18	2
Other	2	2	2	2	2

LOCATION OF HOME SOLD

While 56 percent of homes sold with the assistance of an agent were located in suburbs or subdivisions, only 42 percent of those sold by a FSBO seller were in a suburb or subdivision. A relatively greater share of FSBO sales are located in rural areas and small towns, especially among FSBOs where the seller knew the buyer. Among FSBOs where the seller knew the buyer, 32 percent were located in rural areas and 20 percent in small towns compared with only 11 and 15 percent of agent assisted sales located in the respective areas.

Exhibit 8-5

LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

	All Sellers	FSBO		Agent-Assisted
		All FSBO	Seller Knew Buyer	
Suburb/Subdivision	54%	42%	37%	56%
Small town	16	19	20	15
Urban area/Central city	15	12	9	16
Rural area	12	25	32	11
Resort/Recreation area	2	2	2	2

Among FSBOs where the seller knew the buyer, 32 percent were located in rural areas and 20 percent in small towns...

SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS

The median selling price for all recently sold homes was \$204,900. The median price in FSBO sales was \$153,000, while the median in agent-assisted sales was \$211,000. Some of this difference is attributable to different composition of homes sold under the

two methods. FSBO sales include a smaller percentage of detached single-family homes and more often take place in small towns and rural areas. In nearly half of FSBO sales, the seller knew the buyer, and so in half of those sales, the home was sold at the asking price. This result is consistent with a view that friends or acquaintances are less likely to

engage in aggressive price negotiations, compared with parties in an arms-length transaction. Despite the difference in the median selling price, agent-assisted sellers sold their home for a median of 96 percent of their asking price compared with 97 percent of the asking price received by FSBO sellers who did not know their buyers.

Exhibit 8-6**SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS**

(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median selling price	\$204,900	\$153,000	\$165,000	\$150,100	\$211,000	\$211,000	\$200,000
Sales price compared with asking price:							
Less than 90%	17%	12%	9%	15%	18%	17%	22%
90% to 94%	21	15	13	17	22	23	19
95% to 99%	38	29	21	36	40	40	51
100%	17	36	49	25	13	13	9
101% to 110%	4	3	3	3	4	4	*
More than 110%	3	5	6	4	3	3	*
Median (sales price as a percent of asking price)	96%	98%	100%	97%	96%	96%	96%
Number of times asking price was reduced:							
None	40%	56%	65%	49%	38%	38%	38%
One	29	28	23	33	29	29	20
Two	16	8	7	9	17	17	19
Three	10	6	4	8	10	10	14
Four or more	5	1	*	1	6	6	9

* Less than 1 percent

TIME ON THE MARKET

The typical home was on the market for 8 weeks, the same length of time as in 2007. For-sale-by-owner homes were

on the market for fewer weeks—1 week in cases where the seller knew the buyer and 6 weeks in cases where the seller did not. Homes that were first FSBO

and then agent-assisted were on the market longer than others, at a median of 15 weeks.

Exhibit 8-7

TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Less than 1 week	5%	19%	38%	4%	2%	2%	1%
1 to 2 weeks	19	23	23	23	18	19	6
3 to 4 weeks	13	14	13	16	13	13	7
5 to 6 weeks	6	7	4	10	6	6	6
7 to 8 weeks	9	4	2	6	9	9	6
9 to 10 weeks	5	4	2	6	5	5	2
11 to 12 weeks	8	6	7	6	8	8	19
13 to 16 weeks	7	4	1	6	7	7	5
17 to 24 weeks	10	5	3	8	11	11	12
25 to 36 weeks	10	7	5	8	10	10	11
37 to 52 weeks	6	4	1	7	6	6	12
53 or more weeks	4	2	1	3	4	4	13
Median weeks	8	4	1	6	10	9	15

URGENCY OF SALE

Seller urgency varies between FSBO and agent-assisted sellers. Among all sellers, 20 percent reported needing to sell “very urgently” while 33 percent said they did not need to sell urgently. Nearly half of all sellers were in between

saying they needed to sell “somewhat urgently.” For-sale-by-owner sellers were more likely to indicate that there was little urgency in the sale of their home (39 percent), particularly in those cases where the seller did not know the buyer (42 percent), compared with

agent-assisted sellers (32 percent). The most pressured or motivated sellers were those that began as FSBOs and later sought the help of an agent. More than one-quarter of this group needed to sell “very urgently.”

Exhibit 8-8

SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

Sellers needed to sell:	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Very urgently	20%	19%	24%	16%	20%	20%	26%
Somewhat urgently	47	41	40	42	48	48	31
Not urgently	33	39	37	42	32	32	43

INCENTIVES OFFERED TO ATTRACT BUYERS

Among all sellers, 42 percent offered some kind of incentive to attract buyers. FSBO sellers who know the buyer of

their home were least likely to offer incentives (21 percent), while FSBO sellers who later sought the help of an agent were the most likely (59 percent). The most common incentive offered

by sellers was assistance with closing costs, except for FSBO sellers who ultimately worked with an agent. These sellers most commonly offered home warranty policies.

Exhibit 8-9**INCENTIVES OFFERED TO ATTRACT BUYERS, FSBO AND AGENT-ASSISTED SELLERS**

(Percent of Respondents)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
None	58%	72%	79%	66%	55%	55%	41%
Assistance with closing costs	18	13	9	17	19	20	16
Home warranty policies	15	3	1	5	17	17	27
Credit toward remodeling or repairs	4	1	1	1	4	4	2
Other incentives, such as a car, flat screen TV, etc.	2	4	4	4	2	2	5
Other	5	6	6	7	4	4	10

MOST IMPORTANT REASON FOR SELLING HOME AS FSBO

Fifty-nine percent of sellers who sold without the assistance of an agent to someone they did not know were motivated by the desire to avoid a commission or fee. Among sellers who knew the buyer, 24 percent were also motivated to avoid a commission or fee but more often found that selling to a friend or relative did not require assistance (58 percent).

Exhibit 8-10**MOST IMPORTANT REASON FOR SELLING HOME AS FSBO**

(Percentage Distribution)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Did not want to pay a commission or fee	44%	24%	59%
Sold it to a relative, friend or neighbor	27	58	3
Buyers contacted seller directly	14	7	20
Agent was unable to sell home	6	6	5
Did not want to deal with an agent	5	3	8
Seller has real estate license	2	1	3
Could not find an agent to handle transaction	1	1	1
Other	1	1	2

METHOD USED BY FSBO SELLERS TO MARKET HOME

Owners who sold without the assistance of an agent marketed their homes in a variety of ways, and the methods pursued tended to differ for those who knew the buyer compared with those who did not. For those who knew the buyer, 46 percent marketed to friends, relatives, or neighbors, while 45 percent said they did not actively market their home. When sellers did not know the buyer, 59 percent used a yard sign and 40 percent marketed on the Internet. For this group of sellers, only 24 percent marketed to friends, relatives, or neighbors, while only 9 percent said they did no marketing.

MOST DIFFICULT TASK FOR FSBO SELLERS

Two-thirds of FSBO sellers found some aspect of the home sale to be difficult. The tasks that FSBO sellers found most difficult differed depending on their relationship with the buyer. For those who knew the buyer, 12 percent found getting the price right to be the most difficult task. Nine percent found devoting time to the sale most difficult, and an additional 9 percent found selling within the amount of time planned to be most difficult. Among FSBO sellers who did not know the buyer, the top three difficulties were selling within the length of time planned (16 percent), fixing up the home for sale (15 percent), and getting the price right (12 percent).

Exhibit 8-11

METHOD USED BY FSBO SELLERS TO MARKET HOME

(Percent of Respondents)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Yard sign	42%	19%	59%
Friends, relatives, or neighbors	33	46	24
Listing on the Internet	27	10	40
Print newspaper advertisement	22	6	33
For-sale-by-owner Web site	18	7	27
Open house	18	5	28
Other Web sites with real estate listings	8	4	11
Direct mail (flyers, postcards, etc)	3	*	5
For-sale-by-owner magazine	2	2	3
Social networking Web sites (e.g. Facebook, MySpace, etc.)	1	1	2
Television	1	2	*
Other	3	1	6
None - Did not actively market home	25	45	9

* Less than 1 percent

Exhibit 8-12

MOST DIFFICULT TASK FOR FSBO SELLERS

(Percentage of Distribution)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Selling within the length of time planned	13%	9%	16%
Getting the price right	12	12	12
Preparing or fixing up the home for sale	11	7	15
Understanding and performing paperwork	10	8	11
Having enough time to devote to all aspects of the sale	8	9	7
Attracting potential buyers	8	3	11
Helping buyer obtain financing	5	7	3
Other	1	1	2
None/Nothing	33	45	23

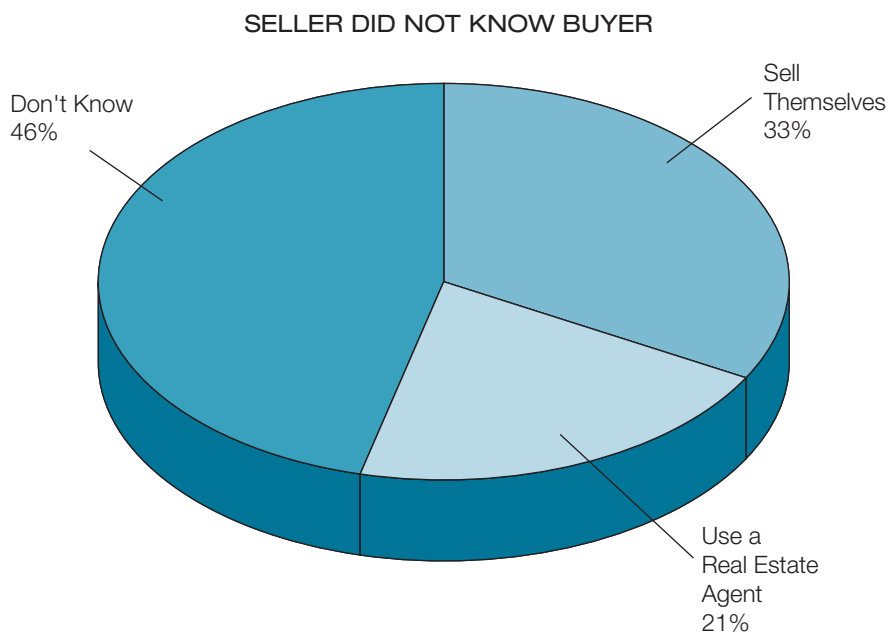
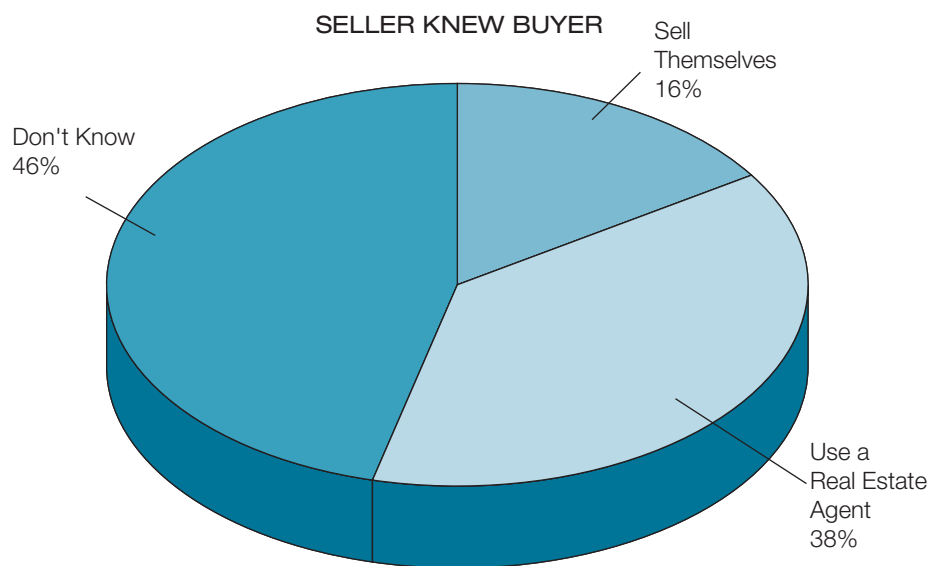
HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

Thirty-eight percent of FSBO sellers who knew the buyer of the home say that they would use a real estate agent to sell their current home. This is a substantial increase over the 19 percent in 2007 who indicated that they would use an agent. Only 16 percent of those FSBO sellers indicated they would sell their home again without the assistance of an agent, while 46 percent was not sure. Among FSBO sellers who did not know the buyer, 33 percent would try to sell without assistance again, whereas 21 percent would prefer to work with an agent. Forty-six percent of these sellers were also undecided.

Exhibit 8-13

HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

(Percentage of Distribution)



METHODOLOGY



IN AUGUST 2008, THE NATIONAL ASSOCIATION OF REALTORS® MAILED AN EIGHT-PAGE questionnaire to 133,000 consumers who purchased a home between July 2007 and June 2008. The survey yielded 10,053 usable responses with a response rate, after adjusting for undeliverable addresses, of 7.9 percent. 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 2008, with the exception of income data, which are reported for 2007. 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.

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