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NAR & ASHI 2001 Home Inspection Study

Executive Summary

Overview:

Market Enhancement Group, Inc. (MEG) conducted the first-ever National Home Inspection Study during February, 2001. MEG was commissioned by the National Association of Realtors (NAR), based in Chicago, Ill., and the American Society of Home Inspectors (ASHI), based in Des Plaines, Ill., to conduct two studies, of home buyers and realtors, about attitudes and perceptions of the role and importance of home inspections in the real estate process.

Methodology:

The home buyer study was conducted through MEG's omnibus poll, which comprised 1000 telephone interviews divided equally between four census regions: Northeast (250 interviews), Midwest (250 interviews), South (250 interviews), West (250 interviews). Survey respondents are U.S. consumers who purchased a home within the last 18 months. Results are projectable at two standard deviations (a 95% confidence interval). Overall survey results are subject to a maximum sampling error of +/- 3.2%. Each of the four census regions has a maximum sampling error of +/- 6.3%.

The realtor study was conducted through MEG's omnibus poll, which comprised 900 telephone interviews divided equally between four census regions: Northeast (225 interviews), Midwest (225 interviews), South (225 interviews), West (225 interviews). Survey results are projectable at two standard deviations (a 95% confidence interval). Overall survey results are subject to a maximum sampling error of +/- 3.4%. Each of the four census regions has a maximum sampling error of +/- 6.7%.

Major Findings: Home Buyers Survey

- Seventy-seven (77%) percent of all recent home buyers obtained a home inspection prior to the purchase of their homes. Among these home buyers:
 - 81% had a contingency placed in the contract for the inspection.
 - 79% attended and participated in the home inspection.
 - 97% believe that the home inspection was a good value for the price they paid.
- Only twenty-three (23%) percent of recent home buyers nationally bought a home without a home inspection.
- Most recent home buyers nationally chose their home inspectors based upon the recommendations of a real estate agent (69%). Among these home buyers, 65% were first time buyers and 71% had previously purchased a home.
- A majority of home buyers (57%) personally requested home inspections be conducted on properties they were in the process of purchasing, while 43% followed their real estate agent's recommendation to include a home inspection in the real estate process.
- More than half (54%) of home buyers had knowledge of the inspector being a member of a professional home inspector organization. Of those aware of their inspectors professional affiliations, the most frequently (18%) cited organization was the American Society of Home Inspectors (ASHI).

DIFFERENCE BY GEOGRAPHY

- Incidence of getting a home inspection prior to home purchase was the highest in the West Region (81%) and the South Region (80%), followed by the Midwest Region (77%) and the Northeast Region (70%).
- Home buyers selecting their home inspector based on the recommendation of a real estate agent was the highest in the West Region (75%).
- For home buyers getting a home inspection, the percentage of inspections conducted at their personal request was highest in the South Region (65%) and the West Region (60%), followed by the Midwest Region (53%) and the Northeast Region (47%).
- For home buyers getting a home inspection, the percentage of inspections conducted at the real estate agent's request was highest in the Northwest Region (53%).

Major Findings: Realtors Survey

- According to realtors, eighty-four (84%) percent of buyers requested a home inspection as part of the purchase contract.
- Nearly all realtors (99%) recommend that the buyer get a home inspection, with 92% saying they ALWAYS make this recommendation, and an additional 7% saying they OFTEN make this recommendation.
- Most realtors (84%) have not had any sellers contracts terminated as a result of a home inspection.
- Using a mean score on a 5-point scale (with 1 being "strongly disagree" and 5 being "strongly agree") to evaluate the attitudes about the impact of home inspections on the real estate process, realtors strongly agreed (4.51) that the home inspection increases buyer confidence in their purchase, and they agreed (4.29) that the home inspection increases buyer confidence in their real estate agent/broker.

DIFFERENCE BY GEOGRAPHY

- Nearly all realtors in the Northeast Region (98%) recommend the buyer get a home inspection, with 92% saying they ALWAYS make this recommendation, and an additional 6% saying they OFTEN make this recommendation. In the Midwest Region, all (100%) realtors recommended the buyer get a home inspection, with 93% ALWAYS recommending and 7% OFTEN recommending.
- Seventy-three (73%) percent of realtors in the West Region said that what they liked most about the home inspection process is that it protects the buyers. Following this region were the Northeast Region (63%), the Midwest Region (56%), and the South (54%).
- The percentage of realtors who did not have any contracts terminated as a result of a home inspection was highest in the West Region (87%) and the Northeast Region (86%), with the Midwest and South Regions close behind (81% each).
- Using a mean score on a 5-point scale (with 1 being "strongly disagree" and 5 being "strongly agree") to evaluate the attitudes about the impact of home inspections on the real estate process, realtors in the South and West Regions "strongly agreed" (4.55) that the home inspection increases buyer confidence in their purchase. Those in the Midwest Region (4.53) and the Northeast Region (4.39) also agreed with that statement.