
THE 2002 NATIONAL ASSOCIATION OF REALTORS® PROFILE OF HOME BUYERS AND SELLERS

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PREFACE

THE HOUSING SECTOR DEMONSTRATED TREMENDOUS RESILIENCE IN 2001. THE MILD

recession in 2001 was tempered by a strong housing market. Historically low mortgage rates and consistently healthy consumer spending propelled the housing market to record levels. There were 6.2 million total single-family homes sales in 2001—an increase of 69 percent over ten years. Despite strong home price appreciation, the favorable mortgage rate environment helped keep housing affordable. As a result, many households were able to achieve the American Dream of homeownership. In 2001, the U.S. homeownership rate rose to 67.8 percent—an all-time high.

But regardless of economic conditions or level of consumer confidence, buying a home can be a daunting task. How does one find a home? How much home can a household afford? Is a homebuyer likely to be better off purchasing a home in a metropolitan/urban area or in the suburbs?

Selling a home is no less of a challenge. Is a property priced appropriately and competitively? Can the home be sold within a reasonable timeframe? What is the best way to market a home—is it through newspaper ads, open houses, the Internet or some other means?

Real estate professionals assist housing consumers in facing those challenges and addressing those concerns. REALTORS® and other real estate professionals provide a wealth of experience and knowledge about all aspects of the housing market, including a firm understanding of the legalities involved in purchasing a home. They also have specialized knowledge about the markets that they serve; this benefits home sellers and enables their properties to sell quickly and at competitive prices.

The NATIONAL ASSOCIATION OF REALTORS® regularly conducts a survey of homebuyers and sellers to gather information about their most recent experience in buying or selling a home, and the role of real estate professionals in those transactions. The survey includes questions about housing consumers, including traditional demographic characteristics such as age, gender, race and ethnicity, income, and type of household. Results of the survey provide the Association with a *Profile of Home Buyers and Sellers*. The *Profile* allows REALTORS® and other real estate professionals to better determine who their clients are, what their clients want from real estate agents, and ways that real estate professionals can improve their products and services for homebuying and selling consumers.

The 2002 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers shows that homebuyers typically rely on a real estate professional to sort through the myriad of information available about homes and the home sales transaction, and value a real estate agent's help in negotiating for the best possible deal. Home sellers use the expertise of a real estate professional to properly price their properties and market them in a fashion that leads to a quick sale. Real estate agents and brokers successfully serve both buyers and sellers in the U.S. housing market.

*Over 72 million families
owned homes in 2001.*

Kevin J. Thorpe, *Principal Author*

Wannasiri Chompoopet,
Research Survey Analyst

Kate Anderson, *Editor*

Homebuyers rely on a real estate professional to sort through information about homes and home sales transactions.

NOTES TO THE 2002 HOME BUYER AND SELLER PROFILE

At the beginning of 2002, the NATIONAL ASSOCIATION OF REALTORS® mailed an 8-page questionnaire to 37,000 consumers who either bought or sold a home during 2001. The survey resulted in 5,700 usable responses. Eight hundred (800) questionnaires were returned due to invalid addresses. As a result, this survey had an adjusted response rate of 15.7 percent. The names and addresses were obtained from Experian, a firm that maintains an extensive database of recent homebuyers derived from courthouse records. Unless otherwise noted, the median is the primary statistical measure used throughout this report. Due to rounding, percentage distributions may not add to 100 percent.

This report consists of eight chapters that focus on specific areas of the homebuying and selling process.

Chapter 1: Homebuyers: Characteristics of Buyers and the Homes They Purchase

Chapter 2: Homebuying: The Search Process

Chapter 3: Homebuying: The Role of Real Estate Professionals

Chapter 4: Homebuyers: Use of the Internet

Chapter 5: Homebuyers: Financing the Home Purchase

Chapter 6: Homesellers: Characteristics of Sellers and the Homes They Sell

Chapter 7: Homeselling and Real Estate Professionals

Chapter 8: Homeselling: For Sale By Owner

All information in this *Profile* is characteristic of 2001. 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 in regional breakouts using the Census Bureau definitions of the Northeast, West, Midwest and South.

REPORT HIGHLIGHTS

BOTH CONSUMERS AND REAL ESTATE PROFESSIONALS BENEFIT FROM UNDERSTANDING

the homebuying and selling process. Consumers can learn from the experiences of the millions of homeowners who have completed prior real estate transactions. Real estate agents can learn how to tailor their products and services to attract and better serve the buyers and sellers of the future.

Despite the growing presence of the Internet, real estate agents continue to be the leading information source used by homebuyers. In a world filled with newspaper advertisements, real estate magazines, yard signs, and the Internet, almost half of homebuyers first find the home they ultimately purchase through the services of a real estate agent. Nearly four out of five homebuyers use a real estate agent as an informational source. Homesellers also rely on the knowledge and expertise of real estate professionals; nearly 80 percent of sellers use a real estate agent to assist in the selling process.

Real estate agents continue to be the leading information source used by homebuyers.

HOMEBUYERS IN 2001:

- Forty-two percent of homebuyers purchased a home for the first time in 2001.
- The typical homebuyer household consisted of a married couple aged 36 years old with a household income of \$71,300.
- The most important reason for purchasing a home was the “desire to own a home.”
- The typical home purchased was an existing single-family detached house located in the suburbs.
- The typical search took seven weeks during which the buyer visited ten homes.
- Nearly four out of five homebuyers used a real estate agent as an important information source and to assist in the transaction.
- Buyers were most likely to learn about the home that they ultimately purchased through a real estate agent.
- More than half of homebuyers first learned about their real estate agent from either prior experience or referrals.
- More than half of repeat homebuyers began their home search before they placed their previous home on the market.
- More than eight out of ten homebuyers received recommendations from their real estate agent about sources for other real estate related services and/or products.
- Nearly 90 percent of homebuyers who received at least one such recommendation purchased at least one product and/or service based on the real estate agent’s advice.
- Two thirds of buyers said that they would definitely use the same agent again in a future transaction.

Nearly four out of five homeowners sold their home with the help of a real estate professional.

USE OF THE INTERNET:

- Forty-one percent of homebuyers used the Internet as an information source.
- Homebuyers who searched on the Internet were actually more likely to use a real estate agent to complete the home search and close the transaction.
- Internet users tended to be younger and purchased more expensive homes than other homebuyers.
- Virtually all homebuyers who used the Web found using the Internet in their home search to be at least “somewhat valuable.”
- Sixty-three percent of buyers said the Internet shortened the search time for their new home.

HOME SELLERS IN 2001:

- Eighty-four percent of repeat homebuyers sold their previous home at the same time they purchased their new residence.
- Repeat homebuyers needed only four weeks to sell their previous home.
- Nearly four out of five homeowners sold their previous home with the assistance of a real estate agent.
- Sellers of homes typically interviewed just one real estate agent before selecting the agent who ultimately sold the home.
- Over half of home sellers chose their agent based on prior interaction with the agent or based on a referral from friends, relatives, or another broker.
- The most widely reported marketing tools for agent-assisted transactions were yard signs, newspaper advertisements, and the Internet.
- Seven out of ten sellers said that they would use the same agent in future transactions.
- Forty percent of sellers used the same real estate professional who assisted them in selling their previous home to help in their most recent purchase.
- Thirteen percent of homes were sold by the owner directly (FSBO).
- Sellers of homes who sold their homes themselves (FSBO) tended to be older and earned less money than agent-assisted sellers.
- Homes sold with the assistance of a real estate professional had a median sales price 27 percent higher than those sold FSBO.

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To purchase a copy of the complete ***2002 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers***, call NAR's Customer Service at 1-800-874-6500. Ask for item #186-45-02. Cost is \$35 for NAR Members; \$50 for nonmembers.

The NATIONAL ASSOCIATION OF REALTORS®, “The Voice for Real Estate,” is the nation’s largest professional association, representing more than 800,000 members involved in all aspects of the real estate industry.

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About NAR's Research Division

The Research Division of the NATIONAL ASSOCIATION OF REALTORS® produces the premiere measurement of residential real estate activity – the existing home sales series – and analyzes how changes in the economy can impact the real estate business. It examines trends in real estate practices, and how NAR members are adapting technology in their business operations. NAR Research also looks at recent regulatory and legislative policy proposals and how those policies could affect REALTORS® and their clients, America's property owners.

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