



## Home Buyer and Seller Generational Trends



**2013 National Association of REALTORS®**

**Home Buyer and Seller**

**Generational Trends**

**NATIONAL ASSOCIATION OF REALTORS®**

**Research Division**

**July 2013**

## Contents

Highlights.....	3
Characteristics of Home Buyers .....	6
Characteristics of Homes Purchased .....	20
The Home Search Process.....	35
Home Buying and Real Estate Professionals .....	48
Financing the Home Purchase.....	60
Home Sellers and Their Selling Experience .....	69
Home Selling and Real Estate Professionals .....	92
Methodology .....	103

## **Highlights**

### **Characteristics of Home Buyers**

- Among the generations, Gen X comprises the largest group of recent home buyers, followed by Gen Y, and then younger Baby Boomers, older Baby Boomers, and the Silent Generation. The G.I. Generation represented less than 1 percent of recent buyers.
- While the demographics of recent buyers fall mostly in the expected range, income peaks for ages 33 to 57, and the prevalence of children in the home peaks for buyers under 47.
- Among buyers under 32 years of age, 79 percent are first-time home buyers, compared to only 5 percent among buyers aged 67 to 87.
- The prior living arrangement varies greatly for recent home buyers. Among those who are 32 and younger, 65 percent rented an apartment and 22 percent lived with parents, relatives, or friends. Among those who are older than 58 years of age at least 65 percent owned their previous residence.
- There are varying reasons why buyers buy, but younger buyers tend to buy to own a home of their own, while older buyers are buying to be closer to family, friends, and relatives.
- As age increases among recent home buyers, the rate of owning more than one home also increases.

### **Characteristics of Homes Purchased**

- At least 80 percent of buyers who are aged 57 and younger bought a detached single-family home, while it is increasingly common for buyers over the age of 57 to purchase townhouses and condos.
- Fourteen percent of buyers over the age of 48 purchased a home in senior-related housing for themselves or others. This is most common for buyers over the age of 67, a category in which over one-quarter of buyers purchased a home in senior-related housing.
- While younger buyers tend to stay close to their previous residence, often staying within 10 miles, older buyers tend to move longer distances, typically more than 20 miles from their previous home.
- For younger generations of buyers, convenience to jobs, affordability, and quality of the school district play a bigger factor than to older generations who place higher importance on convenience to friends and family and health facilities.
- As age of the home buyer increases the age of the home declines.
- While younger buyers placed a high importance on commuting costs, older buyers placed higher importance on landscaping for energy conservation and environmentally friendly community features.
- The older the home buyer, the fewer compromises the buyer tended to make with their home purchase. Younger buyers tended to make sacrifices on the price of the home, size of the home, and condition of the home purchased.

### **The Home Search Process**

- Among all generations of home buyers the first step in the home buying process is looking online for properties for sale.
- Younger generations of buyers typically find the home they purchase through the internet, while older generations of buyers first found the home they purchased through their real estate agent.
- As ages increases the home buyer is less likely to consider purchasing a home in foreclosure.
- The frequency of internet use in the home search process was directly related to age. Younger buyers not only more likely to use the internet during their search, they use the internet more

frequently during their home search process. Older buyers are more likely than younger buyers to be more occasional users during their home search.

- Home buyer satisfaction with the home buying process increases as age increases. This may be due to not only tightened inventory in lower price brackets, but also realistic expectations of older buyers who are often repeat buyers.

### **Home Buying and Real Estate Professionals**

- Buyers gain many benefits from working with a real estate. Among age groups, younger buyers are more likely to want the agent to help them understand the process as they are more likely to have never purchased a home before.
- Younger buyers were predominately referred to their agent through a friend, neighbor, or relative, while older buyers were more likely to use an agent again that they previously used to buy or sell a home.
- When choosing an agent, younger buyers were more likely to place the agent's honesty and trustworthiness as a higher factor than older buyers, while older buyers rate the agent's knowledge of the neighborhood as a higher factor—perhaps because older buyers tend to move longer distances and may not necessarily know the neighborhood.

### **Financing the Home Purchase**

- Older buyers are less likely to finance their home purchase in comparison to younger buyers; when they do finance, the share of the home they financed is typically smaller.
- Buyers have a variety of sources for a downpayment on a home. The source is predominately savings for younger buyers, while older buyers are more likely than younger buyers to use proceeds from a sale of a primary residence.
- Despite record housing affordability, many buyers still make financial sacrifices. Fifty-eight percent of buyers under the age of 32 made sacrifices, compared to just 20 percent of buyers aged 67 to 87. Common sacrifices were cutting spending on luxury or non-essential items, cutting spending on entertainment, or cutting spending on clothes.
- Younger buyers were considerably more optimistic that their home purchase was a good financial investment in comparison to older buyers. Eighty-five percent of buyers under 32 considered their purchase a good financial investment compared to 50 percent of buyers 88 years of age and older.

### **Home Sellers and Their Selling Experience**

- Among the generations, Gen X is the largest group who are recent home sellers followed by both younger Baby Boomers and older Baby Boomers, the Silent Generation, and Gen Y. The G.I. Generation represented less than 1 percent of recent buyers.
- As age increases, the rate of marriage among sellers declines and the rate of single female households increases; perhaps due to death, divorce, and also single female first-time buyers tend to be older as a household type.
- Older buyers tend to move further distances, and are more likely than younger buyers to buy in other regions and less likely than younger buyers to buy in the same state as the home sold.
- There is a clear trend of moving to larger, higher priced homes for Gen Y and Gen X, moving into a similar home for younger Boomers, and downsizing in both square footage and price for older Boomers, the Silent Generation and the G.I. Generation.
- The reasons for selling a home vary; however for younger buyers many want to upgrade to a larger home or to accommodate job relocation. In comparison for older buyers many opt for a smaller home due to retirement, because the upkeep of the home is too difficult due to health or financial limitations, or to be closer to friends and family.
- Typically, the older the home seller, the longer the tenure in their home has been.

- Older home sellers typically are more likely to reduce their asking price and less likely to offer other incentives to attract buyers such as home warranty policies or assistance with closing costs.
- Older home sellers are generally more satisfied with their selling process as their tenure is longer in the home. They also predictably have more equity and are in a more favorable selling position.

### **Home Selling and Real Estate Professionals**

- Younger sellers are more likely to use the same real estate agent or broker for their home purchase than older sellers.
- There is a higher level of service provided by real estate agents for older sellers than for younger sellers.
- Younger sellers typically want their selling agent to help sell the home within a specific timeframe, while older sellers are more likely to want their selling agent to help seller market the home to potential buyers.
- For older sellers, the reputation of the agent is a larger factor in choosing a real estate agent to work with than for younger sellers, who place more importance on the agent being honest and trustworthy.
- Middle-aged sellers are more likely to initiate discussions about compensation with their real estate agent than both younger and older sellers.
- Older sellers are more likely to recommend their agent or broker to others than younger sellers.

## CHARACTERISTICS OF HOME BUYERS

- Exhibit 1-1 AGE OF HOME BUYERS
- Exhibit 1-2 HOUSEHOLD INCOME OF HOME BUYERS
- Exhibit 1-3 ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS, 2001-2012
- Exhibit 1-4 NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD
- Exhibit 1-5 RACE/ETHNICITY OF HOME BUYERS
- Exhibit 1-6 PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD
- Exhibit 1-7 NATIONAL ORIGIN OF HOME BUYERS
- Exhibit 1-8 FIRST-TIME HOME BUYERS IN AGE GROUP
- Exhibit 1-9 PRIOR LIVING ARRANGEMENT
- Exhibit 1-10 PRIMARY REASON FOR PURCHASING A HOME
- Exhibit 1-11 PRIMARY REASON FOR THE TIMING OF HOME PURCHASE
- Exhibit 1-12 NUMBER OF HOMES CURRENTLY OWNED
- Exhibit 1-13 OTHER HOMES OWNED

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-1

### AGE OF HOME BUYERS

*(Percentage Distribution)*

	Year Born:	Age in 2012:	Percent in Category	Median Age in Group
<b>Millennials/Gen Y/Gen Next:</b>	<b>1980-2000</b>	<b>32 and younger</b>	28%	28
<b>Gen X:</b>	<b>1965-1979</b>	<b>33 to 47</b>	31	39
<b>Younger Boomers:</b>	<b>1955-1964</b>	<b>48 to 57</b>	18	53
<b>Older Boomers:</b>	<b>1946-1954</b>	<b>58 to 66</b>	14	62
<b>Silent Generation:</b>	<b>1925-1945</b>	<b>67 to 87</b>	10	71
<b>G.I. Generation:</b>	<b>1900-1924</b>	<b>88 and older</b>	<1%	90

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-2

### HOUSEHOLD INCOME OF HOME BUYERS

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
Less than \$25,000	5%	5%	3%	5%	6%	10%	5%
\$25,000 to \$34,999	7	8	4	6	7	10	40
\$35,000 to \$44,999	9	13	5	7	8	12	25
\$45,000 to \$54,999	9	12	7	8	11	11	*
\$55,000 to \$64,999	8	12	6	7	7	11	5
\$65,000 to \$74,999	9	9	10	6	10	10	*
\$75,000 to \$84,999	9	10	9	7	8	9	*
\$85,000 to \$99,999	11	11	11	10	11	10	*
\$100,000 to \$124,999	12	11	14	15	14	6	*
\$125,000 to \$149,999	7	5	11	9	5	4	25
\$150,000 to \$174,999	4	3	7	6	4	2	*
\$175,000 to \$199,999	3	2	3	5	2	1	*
\$200,000 or more	8	2	10	12	8	5	*
<b>Median income (2011)</b>	<b>\$78,600</b>	<b>\$66,200</b>	<b>\$93,100</b>	<b>\$93,400</b>	<b>\$76,200</b>	<b>\$61,800</b>	<b>\$37,000</b>

\* Less than 1 percent

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-3

### ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS, 2001-2012

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>Married couple</b>	65%	63%	71%	61%	64%	63%	48%
<b>Single female</b>	16	12	14	20	19	20	22
<b>Single male</b>	9	10	6	10	10	10	26
<b>Unmarried couple</b>	8	14	8	6	4	4	4
<b>Other</b>	2	1	1	3	3	2	*

\* Less than 1 percent

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-4

### NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD

*(Percentage Distribution of Households)*

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>None</b>	59%	55%	30%	70%	91%	97%	74%
<b>One</b>	18	24	23	18	6	2	4
<b>Two</b>	16	15	31	8	2	*	9
<b>Three or more</b>	7	6	15	5	2	1	13

\* Less than 1 percent

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-5

### RACE/ETHNICITY OF HOME BUYERS

(Percent of Respondents)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>White/Caucasian</b>	85%	84%	81%	85%	88%	94%	83%
<b>Hispanic/Latino</b>	7	9	9	5	4	2	*
<b>Black/African-American</b>	4	4	5	7	5	2	*
<b>Asian/Pacific Islander</b>	4	5	6	3	3	1	*
<b>Other</b>	2	2	3	2	2	2	17

\* 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.

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-6

### PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>English</b>	96%	96%	93%	96%	97%	99%	100%
<b>Other</b>	4	4	7	4	3	1	*

\* Less than 1 percent

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-7

### NATIONAL ORIGIN OF HOME BUYERS

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>Born in U.S.</b>	90%	93%	87%	91%	92%	94%	86%
<b>Not born in U.S.</b>	10	7	13	9	8	6	14

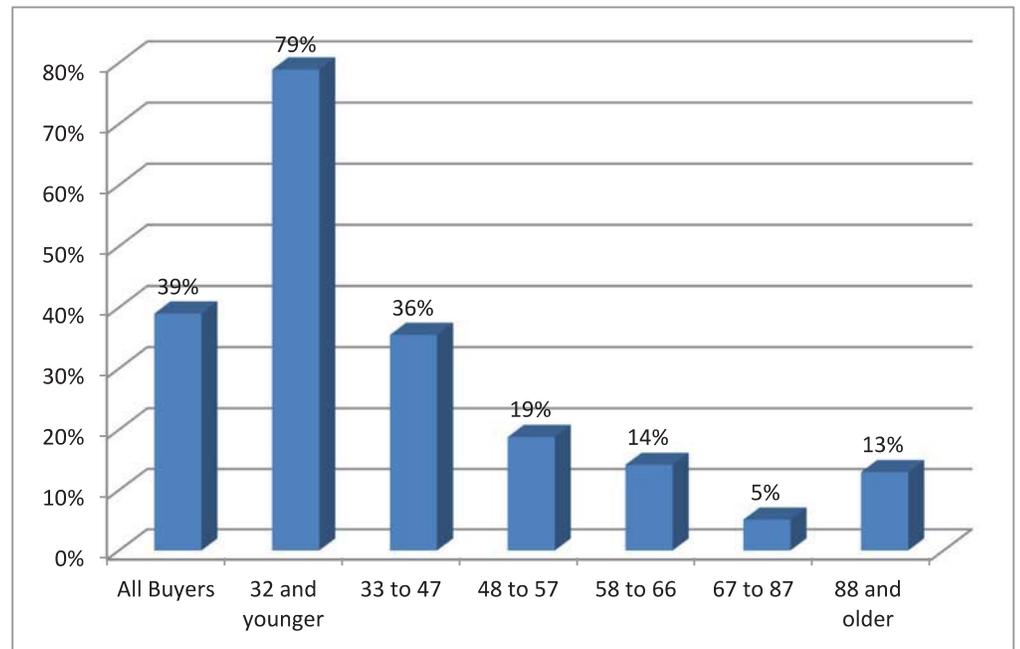
## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-8

### FIRST-TIME HOME BUYERS IN AGE GROUP

(Percent of all Home Buyers)

<b>All Buyers</b>	39%
<b>32 and younger</b>	79%
<b>33 to 47</b>	36%
<b>48 to 57</b>	19%
<b>58 to 66</b>	14%
<b>67 to 87</b>	5%
<b>88 and older</b>	13%



## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-9

### PRIOR LIVING ARRANGEMENT

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>Rented an apartment or house</b>	46%	65%	50%	38%	29%	14%	25%
<b>Owned previous residence</b>	42	12	42	53	65	81	71
<b>Lived with parents, relatives or friends</b>	11	22	7	8	6	5	4
<b>Rented the home buyer ultimately purchased</b>	1	1	1	1	1	1	*

\* 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.

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-10

### PRIMARY REASON FOR PURCHASING A HOME

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
Desire to own a home of my own	30%	50%	32%	21%	14%	7%	*
Desire for larger home	11	9	17	9	7	6	4
Job-related relocation or move	9	6	13	13	8	*	9
Change in family situation	8	10	7	9	9	5	*
Affordability of homes	7	12	6	6	6	2	13
Desire to be closer to family/friends/relatives	6	1	3	4	13	24	39
Desire for a home in a better area	6	2	7	5	7	8	22
Retirement	4	*	1	3	13	15	*
Desire for smaller home	4	*	1	6	8	15	*
Desire to be closer to job/school/transit	4	2	5	7	2	1	*
Establish household	2	4	2	1	0	0	*
Desire for a newly built or custom-built home	2	1	2	3	2	2	*
Financial security	1	1	1	2	1	1	*
Desire for vacation home/investment property	1	*	*	3	1	2	*
Purchased home for family member or relative	1		*	1	2	2	*
Tax benefits	1	1	1	1	1	1	*
Greater number of homes on the market for sale/better choice	1	1	1	1	1	2	*
Other	4	1	3	6	5	8	13

\* Less than 1 percent

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-11

### PRIMARY REASON FOR THE TIMING OF HOME PURCHASE

(Percentage Distribution)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>It was just the right time for me, I was ready to buy a home</b>	37%	43%	36%	33%	33%	40%	35%
<b>It was the best time for me because of affordability of homes</b>	19	22	18	16	19	15	10
<b>I did not have much choice, I had to purchase when I did</b>	14	8	16	19	20	13	15
<b>It was the best time for me because of mortgage financing options available</b>	12	14	14	13	7	6	*
<b>It was the best time for me because of availability of homes for sale</b>	7	6	7	6	8	8	*
<b>Other</b>	9	6	7	10	11	16	40
<b>I wish I had waited</b>	2	1	1	2	2	2	*

\* Less than 1 percent

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-12

### NUMBER OF HOMES CURRENTLY OWNED

*(Percentage Distribution)*

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
<b>One</b>	81%	93%	79%	72%	74%	76%	78%
<b>Two</b>	15	7	16	21	18	18	13
<b>Three or more</b>	5	1	5	7	8	6	9

## CHARACTERISTICS OF HOME BUYERS

Exhibit 1-13

### OTHER HOMES OWNED

(Percent of Respondents)

	AGE OF HOME BUYER						
	All Buyers	32 and younger	33 to 47	48 to 57	58 to 66	67 to 87	88 and older
Recently purchased home only	77%	90%	76%	69%	67%	67%	57%
One or more investment properties	11	6	14	13	13	11	13
Previous homes that buyer is trying to sell	5	1	5	7	7	8	17
Primary residence	5	2	4	7	8	8	9
One or more vacation homes	4	1	3	5	6	8	*
Other	3	1	2	4	4	4	*

\* Less than 1 percent