NATIONAL ASSOCIATION OF REALTORS®

Profile of Home Buyers and Sellers

2010



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Introduction

Many individuals and families aspire to homeownership while others continue to enjoy both the financial and non-financial benefits of owning a home. In challenging economic times, the goal of buying a first home can seem daunting, no matter the motivation. Even for experienced homeowners looking to trade up, relocate or purchase a vacation property, buying or selling a home is a complex process. The financial uncertainties that would-be buyers and sellers consider in the best of times are magnified when the economy is only just emerging from a deep recession. There are a number of decisions that are part of the home purchase process and there are unknowns as buyers search for the right home that will meet their needs today as well as in the future.

It is no surprise that a majority of home buyers and sellers rely on the services and expertise of real estate professionals to assist them with their transaction. Buyers and sellers appreciate the knowledge and expertise of real estate professionals who can guide them through each step of the transaction. One indicator of client satisfaction is that a 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.

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The Housing Environment

Despite an official end to the Great Recession in June 2009, the economy remains a concern for policy makers, business owners and many families, largely because the near-term outlook remains very cloudy. Even amid signs of economic growth and recovery, the jobless rate in fall 2010 has hovered between 9 percent and 10 percent with most analysts foreseeing a very slow decline in the number of unemployed. On a more positive note, data from the Federal Reserve show that Americans are beginning to put their financial house in order; debt is being paid down and household net worth has rebounded from the lows reached during the depths of the financial crisis and recession.

While the economy moves forward, the real estate sector is searching for additional signs of stabilization. Late in 2009 and through early 2010, home buyers took advantage of one of several home buyer tax credits. Home sales rose significantly as a result of the credit, pushing purchases of existing single-family and condo properties to an annualized rate of nearly 6.5 million in November 2009. While sales decreased as expected once the tax credit expired in April 2010, home values appear to have found more solid footing with several measures of prices showing little change compared to the year before.

One of the wildcards in the housing recovery is the foreclosure crisis in some communities and shadow inventory. The rise in foreclosures is well known as is the concentration of foreclosures in a small number of states that experienced a rapid rise in prices and sales in the middle of the decade. More recently, investors have snapped up properties, sometimes competing head to head with first-time buyers seeking to take advantage of the now-expired home buyer tax credit. Looking ahead, the number of properties yet to come to the market because they are in foreclosure or are at risk of foreclosures is a much more difficult aspect of the current housing market to quantify. There are numerous estimates of the size of this shadow inventory, the wide range of estimates in part a reflection of the fact that there is no consistent or agreed-upon definition of what constitutes the shadow inventory. While deriving a precise number would be helpful, many analysts expect the number of repossessed properties or those with mortgages that are severely delinquent to remain a significant headwind for the market for some time to come.

Without a doubt, the past few years have been a stressful period for some homeowners and many that aspire to homeownership. A home purchase is a significant financial commitment, but it also entails many non-financial benefits. For the typical homeowner who purchases a property as their primary residence, they are also buying into a community. A long and distinguished body of academic research has shown that homeownership strengthens the community; homeowners have a stake in the community and are likely to invest through their participation in civic activities such as voting or volunteering their time. Moreover, it is now well documented that homeowners and their families benefit in a number of ways ranging from more positive feeling about the future to better health. Although the financial aspects of homeownership are important, they do not stand alone as the primary motivators for the purchase of a home. As this report shows, the desire to be a homeowner and lifestyle considerations are the dominant reasons for the purchase of a home.



Highlights

Characteristics of Home Buyers

- Fifty 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 49 years old.
- The 2009 median household income of buyers was $72,200. The median income was $59,900 among first-time buyers and $87,000 among repeat buyers.
- Twenty percent of recent home buyers were single females, and 12 percent were single males.
- For one-third of recent home buyers, the primary reason for their recent home purchase was a desire to own a home.

Characteristics of Homes Purchased

- New home purchases were at the lowest level in nine years—down to 15 percent of all recent home purchases.
- The typical home purchased was 1,780 square feet in size, was built in 1990, and had three bedrooms and two bathrooms.
- Seventy-seven percent of home buyers purchased a detached single family home.
- Eleven percent of buyers over 50 purchased senior-related housing or in an active adult community.
- When considering the purchase of a home, commuting costs were considered very or somewhat important by 76 percent of buyers.

The Home Search Process

- For more than one-third of home buyers, the first step in the home-buying process was looking online for properties.
- Nine in ten home buyers 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 12 weeks and viewed 12 homes.

Home Buying and Real Estate Professionals

- Eighty-three percent of buyers purchased their home through a real estate agent or broker.
- Four percent of buyers purchased a home in foreclosure and 6 percent of buyers purchased a short sale.
- Forty-eight percent of buyers found their agent through a referral from a friend or family member.
- More than half of buyers most want their agent to help them find the right home to purchase.
- Eighty-seven percent would recommend or use their agent again in the future.

Financing the Home Purchase

- Ninety-one percent of home buyers financed their recent home purchase.
- First-time buyers typically financed 96 percent of their home purchase, while repeat buyers financed 86 percent of their purchase.
- Forty-six percent of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing.
- More than one-quarter of first-time buyers reported their mortgage application and approval process was somewhat more difficult than they expected, and 14 percent reported it was much more difficult than expected.
- Seventy-one percent of all home buyers and 93 percent of first-time home buyers used the homebuyer tax credit during their home purchase.

Home Sellers and Their Selling Experience

- The typical seller lived in their home eight years before selling.
- Eighty-eight 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 57 percent reported they reduced the asking price at least once.
- The typical home was on the market eight weeks.

Highlights

- Forty-four percent of sellers offered incentives to attract buyers, most often assistance with home warranty policies and closing costs.
- Eighty-six percent of sellers were at least somewhat satisfied with their selling experience.

Home Selling and Real Estate Professionals

- Forty-one percent of sellers who used a real estate agent found their agents through a referral from friends or family, and 23 percent used the agent they worked with previously to buy or sell a home.
- Ninety-one percent of sellers reported that their home was listed or advertised on the Internet.
- Among recent sellers who used an agent, 83 percent reported they would definitely (63 percent) or probably (21 percent) use that real estate agent again or recommend 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 9 percent. Half of them knew the buyer prior to home purchase.
- The primary reason that sellers choose 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 (38 percent).
- Twenty-eight percent of FSBO sellers took no action to market their home, and 56 percent did not offer any incentives to attract buyers.
- Twenty-three percent of FSBO sellers reported getting the price right was the most difficult task, while 18 percent reported preparing or fixing up the home for sale was their most difficult task.



Chapter 1:

Characteristics of Home Buyers

In 2010 the continuation of the first-time home buyer tax credit and improved affordability conditions, along with the wide selection of available homes, continued to increase the share of first-time buyers. First-time buyers accounted for half of the buyer market, up from 47 percent in 2009.

The increase in first-time buyers reoriented the reasons why buyers now purchased a home and also increased the diversity of buyers. The change in buyers influenced the median household income of home buyers, and brought it slightly lower than in previous years. A buyer's readiness remains the primary driver of the timing of home purchases, but the first-time home buyer tax credit greatly influenced the buyer's willingness to purchase a home. The home buyer tax credit was cited as the primary reason to buy now for 13 percent of first-time home buyers and 17 percent of buyers aged 18 to 24.

DEMOGRAPHIC CHARACTERISTICS OF HOME BUYERS

- **Exhibits 1-1 through 1-4**

The largest share of home buyers were aged 25 to 34 and accounted for 36 percent of all buyers in 2010. More than one-fifth of home buyers were 35 to 44 years old. The median age of home buyers is unchanged from 2009 at 39 years old; however in two regions, the Northeast and the Midwest, the median age declined slightly. In the South and West the median age increased slightly.

Median household income of home buyers declined nationally and in all regions for the last two years. The decline in the median household income of home buyers shows how the affordability of homes has opened the market to home buyers who would not otherwise have been financially able to purchase a home.

Household composition of recent home buyers continues to evolve as the market opened to a larger share of first-time buyers and improved affordability. The share of married couples has declined to 58 percent in 2010 from 68 percent in 2001. The share of single buyers has increased to 32 percent from 22 percent in 2001. Single female buyers accounted for 15 percent of the market in 2001 and now account for 20 percent of the home buying market. Single male buyers accounted for 7 percent of the market in 2001 and now account for 12 percent of the market in 2010. Thirty-five percent of home buyers had children under the age of 18 in their household.

RACE, ETHNICITY, LANGUAGE AND NATIONAL ORIGIN OF BUYERS

- **Exhibits 1-5 through 1-8, and Exhibits 1-15 through 1-17**

Among all buyers nationwide, 82 percent reported their ethnicity as Caucasian. However, the race and ethnicity of home buyers varies greatly by the region in which they purchased a home.

Home buyers are most diverse in the West. Twenty-two percent of buyers in the West reported that their race was Hispanic or Asian. The South was also more diverse than the U.S. overall. Sixteen percent of home buyers in the South reported there race was Black or Hispanic. By household composition, racial identification does not vary significantly although single female buyers are more racially diverse. The largest difference was among households who had children under 18 in the home and those who did not. Among households who had children they were more diverse than all buyers.

The share of home buyers who speak English at home was 95 percent nationally. Again the West was more diverse and had a continued two-year increase in the share of home buyers who did not speak English, now at 9 percent. Overall the share of home buyers born in the US changed slightly from last year to 90 percent. In the West 83 percent of buyers reported being born in the US while the share in the Midwest was 94 percent.

First-time buyers are more diverse than repeat buyers and an increased share of first-time buyers identify themselves as a race or ethnicity other than Caucasian compared to 2009. First-time buyers are also more likely to speak a language other than English at home and are more likely than repeat buyers to have been born outside of the United States.

DEMOGRAPHIC CHARACTERISTICS OF FIRST-TIME AND REPEAT HOME BUYERS

- **Exhibits 1-9 through 1-14**

Record affordability and the availability of the first-time home buyer tax credit pushed the share of first-time home buyers to 50 percent from 47 percent in 2009 and 41 percent in 2008. The Northeast had the greatest increase in first-time buyers from 48 percent in 2009 to 56 percent in 2010. The Midwest, South, and West all saw modest increases in the share of first-time buyers.

The share of first-time single male buyers increased from 12 percent in 2009 to 15 percent in 2010. Among first-time buyers the share of single female buyers was 23 percent, and the share was 17 percent among repeat buyers. Married couples represent 48 percent of first-time buyers and 68 percent of repeat buyers. Thirty-two percent of first-time buyers had children under the age of 18 in the household, compared to 37 percent of repeat buyers. Repeat buyers were more likely to have more than one child in the home compared to first-time buyers.

The age of buyers remains nearly unchanged from 2009, with a median age of first-time buyers typically younger than repeat buyers, 30 compared to 49 years. The largest share of first-time buyers was between 25 and 34 years of age. The typical home buyer was 39 years old in 2010—the same age for the last two years.

Overall, the median income of home buyers decreased by $900 in 2009, which reflects a larger share of lower income buyers able to take advantage of improved affordability of homes. The decrease follows the $1,800 decrease in median incomes of home buyers in the last survey. The median income of first-time buyers decreased slightly while the income of repeat buyers increased slightly.

PRIOR LIVING ARRANGEMENT

- **Exhibits 1-18 through 1-19**

Similar to 2009, about half of all buyers reported renting an apartment or house immediately prior to making their home purchase. Three-quarters of first-time buyers were renters immediately before making their home purchase compared to 24 percent of repeat buyers. When comparing household compositions, married couples were more likely than other household types to own their previous residence before buying. Unmarried couples were the most likely to be renters before buying. Single men and single women were more likely than other household types to live with parents, relatives, or friends before buying.

Record affordability and the availability of the first-time home buyer tax credit pushed the share of first-time buyers to 50 percent from 41 percent in 2008.

PRIMARY REASON FOR HOME PURCHASE AND TIMING OF PURCHASE

- **Exhibits 1-20 through 1-24**

Consistently among buyers of nearly every age bracket, and every household composition - those with children and those without children, the primary reason for purchasing a home was the desire to own a home. Nearly one-third of all buyers cited this reason in 2010. While this remains the most cited reason among all types of buyers, it decreased in prominence in 2010 as the home buyer tax credit rose steeply.

The primary reason for purchasing a home differs is when looking at repeat buyers. The most important reasons repeat buyers' purchase a home is the desire for a larger home and a job-related relocation or move. Among first-time buyers, 53 percent reported the most important reason for purchasing a home is the desire to own a home. The home buyer tax credit ranked second among first-time buyers with 13 percent of first-time buyers citing this as their primary reason for purchasing a home, up from 6 percent in 2009.

The home buyer tax credit was also a significant motivation for those aged 18 to 24, with 17 percent of buyers citing it as their primary reason for buying a home. For buyers aged 25 to 44, the home buyer tax credit and the desire for a larger home were the primary reasons behind the desire to own a home of their own. For buyers aged 45 to 64, a job-related relocation or move was the second most cited reason for buying a home now. The desire to own a home is the most frequent reason given for a home purchase among all age groups except those 65 or older. Buyers aged 65 or over responded most often that the desire to be closer to family is the primary reason for the purchase.

For married couples and families with children under the age of 18 in the home, the desire to own a larger home was the second most frequently reported reason given for a home purchase. For singles, unmarried couples, and those without children in the household, the home buyer tax credit was the second most cited reason for buying a home.

The primary reason for the timing of the home purchase remains that it was just the right time to buy and the buyer was ready to buy a home. Affordability as a motivator has increased among first-time and repeat buyers and for buyers under 44 years of age. Among first-time buyers, especially as the primary reason for the timing of the home purchase, up from 27 percent in 2009. The number one reason for buyers aged 18 to 24 is now affordability of home - 39 percent of buyers cited this reason, up from 26 percent in 2009.

OWNERSHIP OF MULTIPLE HOMES

- **Exhibits 1-25 through 1-26**

Fourteen percent of recent home buyers own more than one home. Owning a second or third home is most common among buyers aged 65 or older. Ninety-nine percent of buyers aged 18 to 24 own only one home whereas only 76 percent of buyers aged 65 or older own just one home. One in ten buyers 45 or older owns an investment property in addition to the home they recently purchased.

Exhibit 1-1 AGE OF HOME BUYERS, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
18 to 24 years	6%	5%	6%	5%	6%
25 to 34 years	36	40	42	33	30
35 to 44 years	21	20	20	22	21
45 to 54 years	17	15	16	17	17
55 to 64 years	13	13	10	13	15
65 to 74 years	6	5	6	7	7
75 years or older	2	2	2	2	3
Median age (years)	39	37	35	40	41

Exhibit 1-2 HOUSEHOLD INCOME OF HOME BUYERS, BY REGION, 2009

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Less than $25,000	5%	3%	6%	5%	4%
$25,000 to $34,999	8	4	10	7	9
$35,000 to $44,999	9	8	10	9	10
$45,000 to $54,999	12	10	12	13	10
$55,000 to $64,999	10	11	12	9	10
$65,000 to $74,999	9	11	8	9	9
$75,000 to $84,999	10	11	11	8	10
$85,000 to $99,999	10	10	9	10	12
$100,000 to $124,999	11	13	11	11	10
$125,000 to $149,999	6	7	5	7	7
$150,000 to $174,999	4	4	2	4	4
$175,000 to $199,999	2	2	1	2	2
$200,000 or more	5	6	3	6	4
Median income (2009)	$72,200	$78,300	$65,800	$72,200	$73,100

Exhibit 1-3 ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS, 2001-2010

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009	2010
Married couple	68%	59%	62%	61%	61%	62%	61%	60%	58%
Single female	15	21	18	21	22	20	20	21	20
Single male	7	11	8	9	9	9	10	10	12
Unmarried couple	7	8	9	7	7	7	7	8	8
Other	3	1	2	2	1	2	2	1	1

Exhibit 1-4 NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD

(Percentage Distribution of Households)

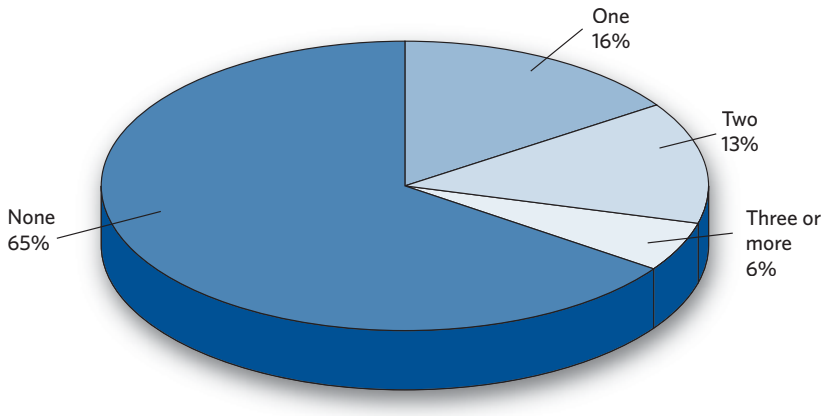


Exhibit 1-5 RACE/ETHNICITY OF HOME BUYERS, BY REGION

(Percent of Respondents)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
White/Caucasian	82%	88%	92%	79%	74%
Black/African-American	6	4	3	9	3
Hispanic/Latino	6	3	2	7	10
Asian/Pacific Islander	5	4	3	4	11
Other	2	2	1	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.

Exhibit 1-6 RACE/ETHNICITY OF HOME BUYERS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
White/Caucasian	82%	83%	81%	82%	84%	67%	77%	85%
Black/African-American	6	4	11	7	3	5	7	5
Hispanic/Latino	6	6	5	6	9	11	8	5
Asian/Pacific Islander	5	6	4	4	4	15	7	5
Other	2	2	1	2	2	8	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 1-7 PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
English	95%	95%	98%	95%	91%
Other	5	5	2	5	9

Exhibit 1-8 NATIONAL ORIGIN OF HOME BUYERS, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Born in U.S.	90%	90%	94%	90%	83%
Not born in U.S.	10	10	6	10	17

Exhibit 1-9 FIRST-TIME HOME BUYERS

(Percent of all Home Buyers)

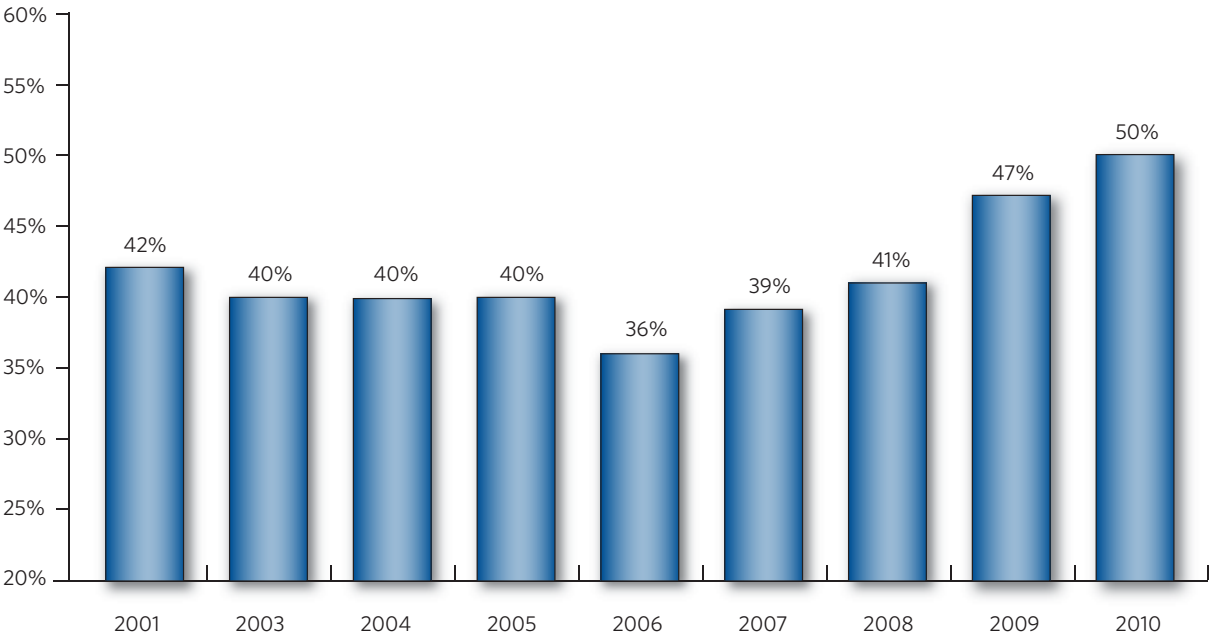


Exhibit 1-10 FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)

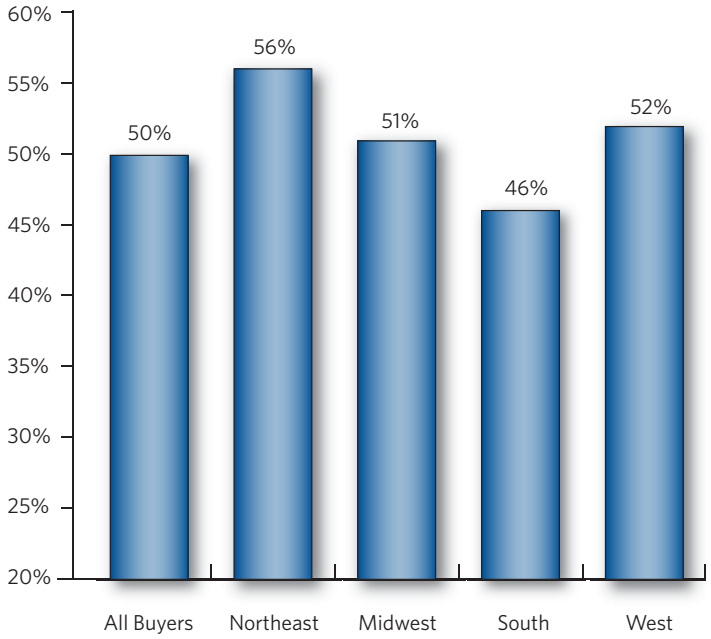


Exhibit 1-11 FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE

(Percentage Distribution)

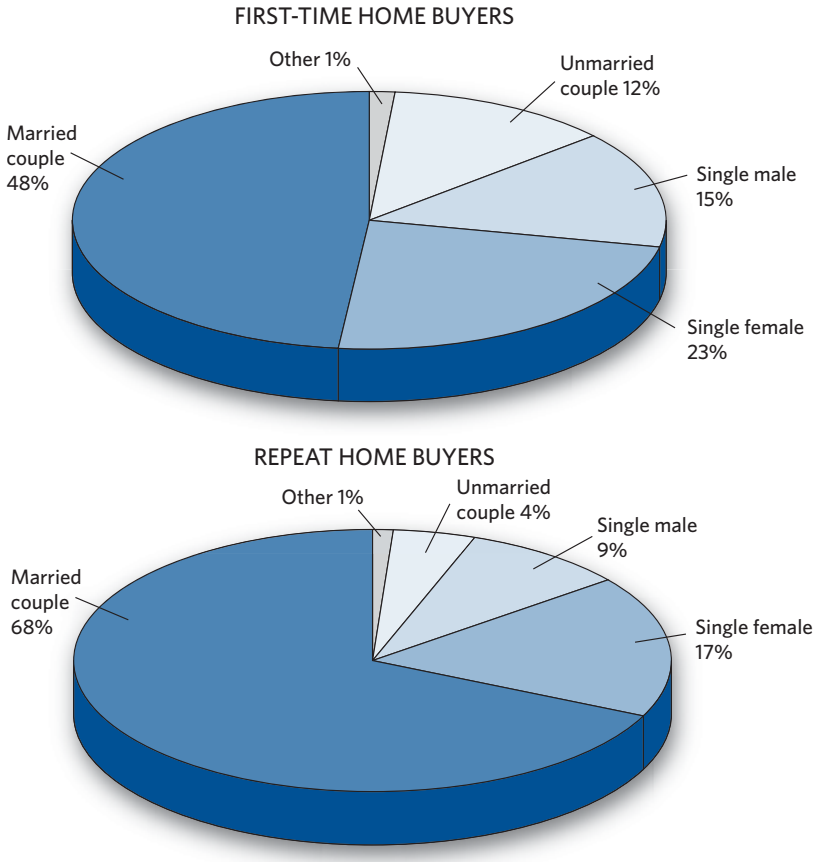


Exhibit 1-12

FIRST-TIME AND REPEAT HOME BUYERS BY CHILDREN IN HOUSEHOLD

(Percentage Distribution)

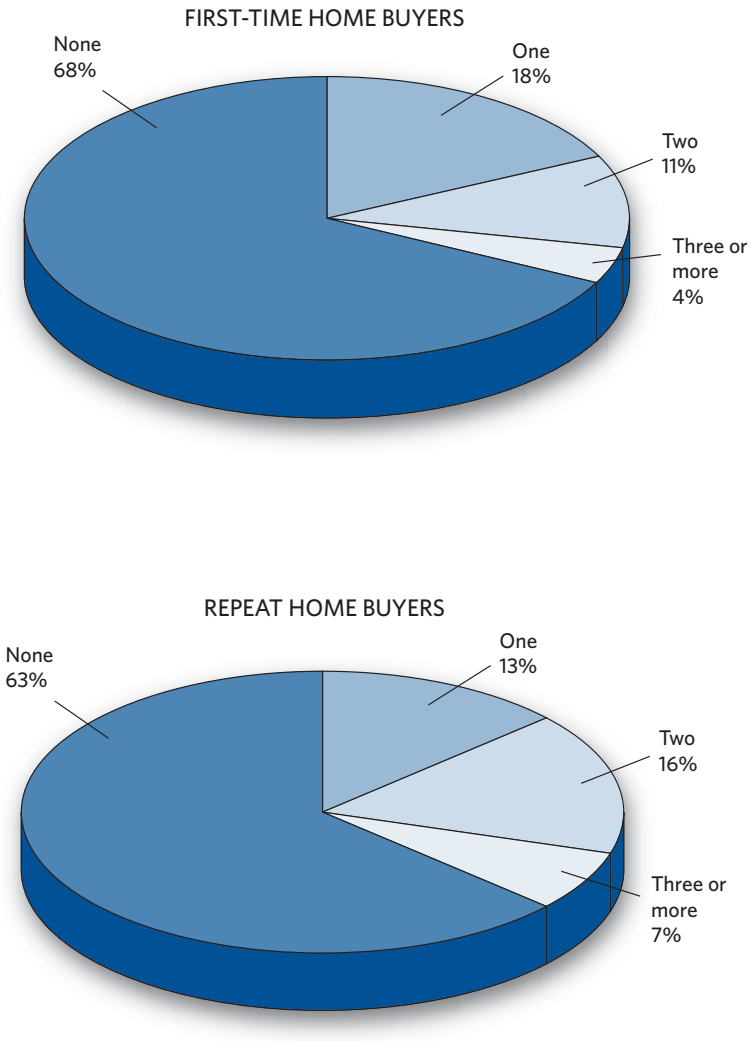


Exhibit 1-13 AGE OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
18 to 24 years	6%	11%	*
25 to 34 years	36	56	15
35 to 44 years	21	19	23
45 to 54 years	17	10	24
55 to 64 years	13	4	22
65 to 74 years	6	1	12
75 years or older	2	*	4
Median age (years)	39	30	49
Married couple	39	30	48
Single female	41	32	53
Single male	41	31	53
Unmarried couple	30	28	45
Other	44	36	53

* *Less than 1 percent*

Exhibit 1-14 HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2009

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than $25,000	5%	6%	3%
$25,000 to $34,999	8	11	5
$35,000 to $44,999	9	13	6
$45,000 to $54,999	12	15	8
$55,000 to $64,999	10	12	8
$65,000 to $74,999	9	9	8
$75,000 to $84,999	10	10	10
$85,000 to $99,999	10	9	11
$100,000 to $124,999	11	8	15
$125,000 to $149,999	6	4	9
$150,000 to $174,999	4	2	5
$175,000 to $199,999	2	1	3
$200,000 or more	5	1	8
Median income (2009)	$72,200	$59,900	$87,000
Married couple	$84,400	$71,200	$98,700
Single female	$50,600	$46,100	$57,700
Single male	$54,900	$52,800	$61,100
Unmarried couple	$69,700	$62,600	$97,200
Other	$57,300	$43,900	$77,500

Exhibit 1-15 RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
White/Caucasian	82%	76%	88%
Black/African-American	6	7	4
Hispanic/Latino	6	8	4
Asian/Pacific Islander	5	7	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 1-16 PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLDS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
English	95%	92%	97%
Other	5	8	3

Exhibit 1-17 NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Born in U.S.	90%	87%	92%
Not born in U.S.	10	13	8

Exhibit 1-18 PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Rented an apartment or house	49%	75%	24%
Owned previous residence	35	2	67
Lived with parents, relatives or friends	13	21	5
No change in living arrangement	2	1	3
Rented the home buyer ultimately purchased	1	1	1

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.

Exhibit 1-19 PRIOR LIVING ARRANGEMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Rented an apartment or house	49%	45%	52%	55%	67%	40%	51%	49%
Owned previous residence	35	43	26	21	15	30	36	33
Lived with parents, relatives or friends	13	8	20	21	17	26	10	15
No change in living arrangement	2	2	1	2	1	3	1	2
Rented the home buyer ultimately purchased	1	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.

Exhibit 1-20 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 of my own	31%	53%	10%
Desire for larger home	9	2	15
Change in family situation	8	7	10
Home buyer tax credit	8	13	3
Job-related relocation or move	7	2	12
Affordability of homes	6	8	4
Desire to be closer to family/friends/relatives	5	1	10
Desire for a home in a better area	5	2	7
Desire to be closer to job/school/transit	3	2	5
Desire for smaller home	3	*	5
Retirement	3	*	5
Establish household	2	4	1
Greater number of homes on the market for sale/better choice	2	3	2
Tax benefits	1	2	1
Desire for a newly built or custom-built home	1	*	2
Purchased home for family member or relative	1	1	1
Financial security	1	1	1
Desire for vacation home/investment property	1	*	1
Other	2	1	4

* *Less than 1 percent*

Exhibit 1-21 PRIMARY REASON FOR PURCHASING A HOME, BY AGE

(Percentage Distribution)

		AGE OF HOME BUYER			
	All Buyers	18 to 24	25 to 44	45 to 64	65 or older
Desire to own a home of my own	31%	46%	39%	21%	10%
Desire for larger home	9	1	10	8	3
Change in family situation	8	9	8	9	8
Home buyer tax credit	8	17	10	5	2
Job-related relocation or move	7	2	7	10	*
Affordability of homes	6	9	6	5	5
Desire to be closer to family/friends/relatives	5	1	2	7	28
Desire for a home in a better area	5	1	4	6	5
Desire to be closer to job/school/transit	3	3	3	4	1
Desire for smaller home	3	*	*	5	12
Retirement	3	N/A	N/A	5	10
Establish household	2	4	3	1	1
Greater number of homes on the market for sale/better choice	2	3	3	2	1
Tax benefits	1	1	1	2	1
Desire for a newly built or custom-built home	1	*	1	2	2
Purchased home for family member or relative	1	*	1	1	2
Financial security	1	1	1	2	1
Desire for vacation home/investment property	1	1	*	1	2
Other	2	1	1	4	6

* *Less than 1 percent*

N/A- not applicable

Exhibit 1-22 PRIMARY REASON FOR PURCHASING A HOME, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Desire to own a home of my own	31%	25%	39%	40%	44%	26%	29%	33%
Desire for larger home	9	12	3	3	4	2	15	5
Change in family situation	8	8	10	8	8	11	10	7
Home buyer tax credit	8	5	11	12	14	6	5	9
Job-related relocation or move	7	10	4	3	2	5	10	6
Affordability of homes	6	5	6	7	8	6	5	6
Desire to be closer to family/ friends/relatives	5	6	6	4	2	10	3	7
Desire for a home in a better area	5	6	3	4	3	9	6	4
Desire to be closer to job/ school/transit	3	4	3	3	1	7	4	3
Desire for smaller home	3	3	4	2	*	1	1	4
Retirement	3	3	2	2	*	4	1	4
Establish household	2	3	*	2	4	1	3	2
Greater number of homes on the market for sale/better choice	2	2	2	4	3	4	2	2
Tax benefits	1	1	2	3	1	5	1	2
Desire for a newly built or custom-built home	1	2	*	1	1	*	1	1
Purchased home for family member or relative	1	1	1	1	*	2	1	1
Financial security	1	1	2	1	1	1	1	1
Desire for vacation home/ investment property	1	1	*	1	1	*	1	1
Other	2	3	2	1	2	3	2	3

* *Less than 1 percent*

Exhibit 1-23 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	35%	36%	34%
It was the best time because of affordability of homes	28	33	23
Did not have much choice, had to purchase	12	7	18
It was the best time because of mortgage financing options available	9	11	7
It was the best time because of availability of homes for sale	6	4	8
Other	8	7	8
The buyer wished they had waited	2	2	2

Exhibit 1-24 PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, BY AGE

(Percentage Distribution)

		AGE OF HOME BUYER			
	All Buyers	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	35%	30%	35%	33%	42%
It was the best time because of affordability of homes	28	39	30	25	20
Did not have much choice, had to purchase	12	6	10	17	13
It was the best time because of mortgage financing options available	9	12	11	7	4
It was the best time because of availability of homes for sale	6	4	5	7	10
Other	8	7	7	9	9
The buyer wished they had waited	2	2	2	2	2

Exhibit 1-25 NUMBER OF HOMES CURRENTLY OWNED, BY AGE

(Percentage Distribution)

		AGE OF HOME BUYER			
	All Buyers	18 to 24	25 to 44	45 to 64	65 or older
One	86%	99%	91%	78%	76%
Two	11	1	7	18	18
Three or more	3	*	2	5	6

Exhibit 1-26 OTHER HOMES OWNED, BY AGE

(Percentage Distribution)

		AGE OF HOME BUYER			
	All Buyers	18 to 24	25 to 44	45 to 64	65 or older
Recently purchased home only	83%	97%	89%	73%	69%
One or more investment properties	7	1	6	10	10
Previous homes that buyer is trying to sell	4	*	2	6	11
Primary residence	3	2	2	5	6
One or more vacation homes	3	*	1	4	7
Other	2	*	1	4	5

* *Less than 1 percent*

Chapter 2:

Characteristics of Homes Purchased

While the housing market has had many changes due to the recession, the type of home a buyer is looking for has not changed drastically. Most home buyers purchased a detached single-family home in a suburban area.

One trend that has been affected by the recession is the increase in sales of previously owned homes compared to new homes. The typical home purchased in the survey period of mid-2009 through mid-2010 was smaller and less expensive than homes purchased in past years. However, when looking at the data closer, the trends remain. Repeat buyers purchase larger homes than first-time buyers and new homes are larger than previously owned homes. Eleven percent of recent home buyers over 50 years of age purchased a home in senior housing or an active adult community.

Once the buyer has moved in to their newly purchased home, they expect to live there for 10 years. Repeat buyers expect their tenure will be longer, while younger buyers expect their tenure to be shorter.

NEW AND PREVIOUSLY OWNED HOMES PURCHASED

- **Exhibits 2-1 and 2-2**

Since 2007, a trend has arisen where new home sales occupy a smaller share of homes sold. New home sales typically accounted for 21 to 28 percent of homes sold, however in the past two years the share has dipped into the teens. In 2010, 15 percent of homes sold were new homes. In part, this is due to declines in new home construction during the recession.

Regionally, the share of previously owned homes varies quite significantly. The South and West, continuing a several-year trend, have higher shares of new homes sold, while the Northeast and Midwest typically fall under the national share.

TYPE OF HOME PURCHASED

- **Exhibits 2-3 through 2-5**

Detached single family homes continue to be the most popular type of home purchased, accounting for 77 percent of the home buying market. Eight percent of buyer households purchased a townhouse or row house and 9 percent purchased a condo.

First-time home buyers and buyers purchasing new homes are slightly more likely to purchase a townhouse than other home buyers. Single buyers and buyers without children in the home are more likely to purchase a townhouse or a condo than other home buyers. More than eight in ten married couples, unmarried couples, and buyers with children under 18 purchase a detached single-family home.

LOCATION OF HOME PURCHASED

- **Exhibits 2-6 through 2-8**

More than half of buyers purchase a home in a suburb. Eighteen percent of buyers purchased in an urban area, 17 percent in a small town, and 11 percent purchased in a rural area. First-time buyers and buyers of previously owned homes were slightly more likely than other buyers to purchase in an urban area. Buyers of new homes and repeat buyers were slightly more likely to purchase in a rural area.

The highest share of repeat buyers, 27 percent, both purchased a home and sold a home in a suburban area. One in ten repeat buyers purchased in a suburb and sold a home in a urban area, while one in ten purchased in an urban area and sold in a suburb. One in ten repeat buyers sold in a suburb and moved to a small town.

SENIOR HOUSING AND ACTIVE ADULT COMMUNITIES

- **Exhibit 2-9**

Eleven percent of recent home buyers over 50 years of age purchased a home in senior-related housing or an active adult community. More than half of the homes purchased were detached single-family homes. Almost one-quarter were condos and 9 percent were townhouses. Most of the homes purchased were in the suburbs, but one in five was in a small town and one in five was in an urban area.

DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE

- **Exhibit 2-10**

Nationally, home buyers moved a median of 12 miles from their previous residence. There are slight regional differences. Buyers in the South moved a median of 13 miles from their previous residence, while buyers in the Midwest typically moved 9 miles.

FACTORS INFLUENCING NEIGHBORHOOD CHOICE

- **Exhibits 2-11 and 2-12**

For the past several years, the top factor influencing where a buyer purchased has been the quality of the neighborhood. Convenience to work is the second most important factor with about half of buyers citing its importance. Affordability of homes is also very important with 44 percent indicating it as a factor in their neighborhood choice.

For single home buyers and unmarried couples, the overall affordability of homes is a more important factor than to other home buyers. Quality of the neighborhood is most important to married couples than to other household compositions. Nearly half of those with children under the age of 18 cited the quality of the school district as an important factor when choosing a neighborhood. Those who did not have children were more likely to cite convenience to family and friends over those who did have children.

PRICE OF HOME PURCHASED

- **Exhibits 2-13 through 2-16**

Continuing a two year trend, the typical sale price declined for recent home buyers. The median price paid by recent buyers from mid-2009 to mid-2010 was $179,000. Prices were the highest in the West with a median of $219,500, followed by the Northeast. Prices were the lowest in the Midwest at a median price paid of $154,000.

Typically, new homes are more expensive than previously owned homes. The median price buyers paid for a new home was $219,900 compared to $170,000 for a previously owned home. Repeat buyers typically buy more expensive homes than first-time buyers. The median price repeat buyers paid for their home was $215,000 compared to a median price of $152,000 for first-time buyers. Single buyers and unmarried couples typically buy less expensive homes than married couples.

Buyers generally paid slightly less than the asking price, with the median purchase price 97 percent of the asking price, up from 96 percent in the previous survey. Eleven percent of buyers paid more than the asking price and one in five buyers paid the asking price of the home.

SIZE OF HOME PURCHASED

- **Exhibits 2-17 through 2-21**

The median size of homes purchased was 1,780 square feet. The square footage of homes purchased has declined for the past two years due to the large share of first-time buyers. Repeat buyers usually purchase larger homes than first-time buyers. Repeat buyers typically purchased a 2,000 square foot home whereas the first-time buyers purchased a 1,540 foot home.

Married couples and families with children under the age of 18 in their home typically purchased the largest homes, while single buyers typically purchased the smallest homes.

Homes purchased in the South were generally larger at a median of 1,860 square feet. Looking at price per square foot makes it possible to compare prices across regions and types of homes. Homes purchased in the West and Northeast were more expensive per square foot compared to those purchased in the Midwest and South. When looking at the type of home purchased, condos in buildings with 5 or more units were the most expensive type of home per square foot, while detached single-family homes were the least expensive.

The typical buyer purchased a home with three bedrooms and two bathrooms. One-third of single buyers purchased a home with one or two bedrooms compared to just one in ten married couples. Ninety-three percent of buyers with children under 18 purchased a home with at least three bedrooms.

YEAR HOME WAS BUILT

- **Exhibit 2-22**

The typical home purchased was built in 1990. By region the age of homes varies sustainably. Homes in the South were typically the newest homes and built in 1999, which is not surprising due to the high percent of new home sales in the South. Homes in the Northeast were typically the oldest homes and built in 1965. Homes in the Midwest were typically built in 1981 and homes in the West in 1995.

ENVIRONMENT FEATURES AND COMMUTING COSTS

- **Exhibits 2-23 through 2-25**

Commuting costs and environmental efficiency have increasingly factored into home buying decisions due to higher energy costs, but also as appeal of growing overall concern for the environment. Commuting costs were at least "somewhat" important to 76 percent of home buyers. Heating and cooling costs were at least "somewhat" important to 88 percent of home buyers. Energy efficient appliances and energy efficient lighting were "very" or "somewhat" important to a majority of home buyers.

By region, environmentally friendly features varied in importance. Heating and cooling cost are more important to buyers in the Northeast and the South than other regions. Energy efficient lighting and landscaping for energy conservation are more important to buyers in the West than other regions.

CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED

- **Exhibits 2-26 through 2-28**

More than a third of respondents said that they did not make any compromises when purchasing their home. However, 19 percent of buyers reported that they compromised on the price of the home, and 19 percent said they compromised on the size of their home. First-time buyers and unmarried couples are the most likely to make comprises when purchasing a home. Those with children under the age of 18 are more likely than those without children to make comprises when buying a home.

EXPECTED LENGTH OF TENURE IN HOME PURCHASED

- **Exhibits 2-29 and 2-30**

Forty-two percent of recent buyers were unsure of how long they expected to own their home. The typical buyer estimated they would live in their home for 10 years. Repeat buyers and buyers over the age of 45 estimated they would live in their home for 15 years. Buyers who were 18 to 24 years of age estimated they would live in their home for seven years before moving.

PRIMARY RESIDENCE AND SECOND HOME

- **Exhibits 2-31 through 2-33**

Second homes are generally less expensive than primary residences; however the disparity between the two has decreased in the past year. The median price of second homes increased to $160,000 from $143,500 and the median price of primary homes decreased to $180,000 from $186,000. Second home buyers more often purchased condos (18 percent) than did primary home buyers (7 percent). The location where second homes were purchased closely reflects those of primary homes.

Exhibit 2-1 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 2001-2010

(Percentage Distribution)

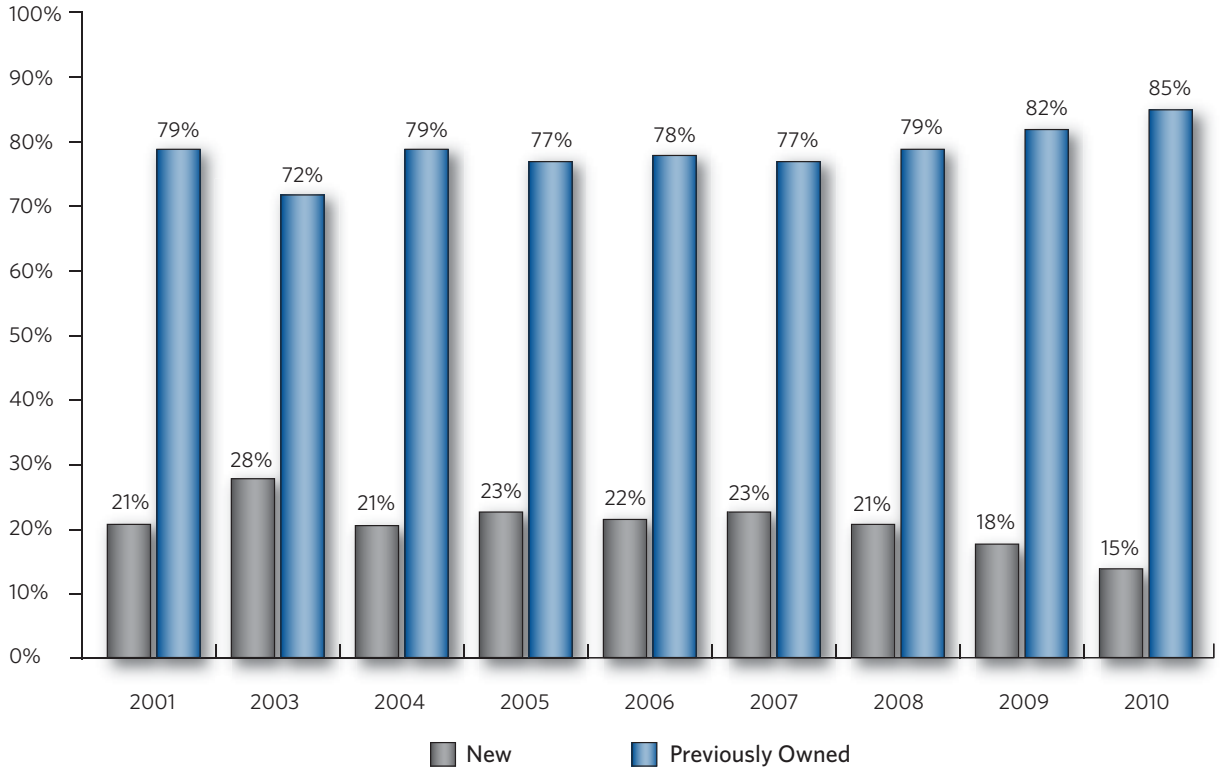


Exhibit 2-2 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
New	15%	9%	11%	21%	14%
Previously Owned	85	91	89	79	85

Exhibit 2-3 TYPE OF HOME PURCHASED, BY LOCATION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN A				
	All Buyers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	77%	76%	78%	77%	79%	77%
Townhouse/row house	8	9	8	8	7	7
Apartment/condo in building with 5 or more units	7	7	7	7	7	2
Duplex/apartment/condo in 2 to 4 unit building	2	2	2	2	2	4
Other	6	6	5	7	5	10

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

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Detached single-family home	77%	74%	79%	72%	77%
Townhouse/row house	8	10	7	14	7
Apartment/condo in building with 5 or more units	7	8	6	7	7
Duplex/apartment/condo in 2 to 4 unit building	2	2	2	2	2
Other	6	6	6	5	6

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

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Detached single-family home	77%	84%	62%	64%	81%	74%	87%	72%
Townhouse/row house	8	6	15	12	7	6	5	10
Apartment/condo in building with 5 or more units	7	3	12	15	5	14	2	9
Duplex/apartment/condo in 2 to 4 unit building	2	2	3	3	2	5	1	3
Other	6	6	7	6	6	2	5	7

Exhibit 2-6 LOCATION OF HOME PURCHASED, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Suburb/Subdivision	52%	52%	52%	52%	53%
Small town	17	16	18	17	17
Urban area/Central city	18	19	17	18	18
Rural area	11	11	11	11	12
Resort/Recreation area	1	1	2	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)

		BUYERS OF			
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Suburb/Subdivision	52%	52%	52%	54%	52%
Small town	17	17	17	16	17
Urban area/Central city	18	19	17	15	19
Rural area	11	10	12	13	11
Resort/Recreation area	1	2	2	2	2

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

(Percentage Distribution Among those that Sold a Home)

		LOCATION OF HOME PURCHASED				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
LOCATION OF HOME SOLD	Suburb/Subdivision	27%	10%	10%	6%	1%
	Small town	9	4	3	2	*
	Urban area/Central city	10	2	3	1	*
	Rural area	6	2	2	1	*
	Resort/Recreation area	1	*	*	*	*

* *Less than 1 percent*

Exhibit 2-9 SENIOR RELATED HOUSING BY TYPE OF HOME PURCHASED AND LOCATION

(Percentage Distribution)

	ALL BUYERS OVER 50
Share who purchased a home in senior related housing	11%
BUYERS OVER 50 WHO PURCHASED SENIOR RELATED HOUSING:	
TYPE OF HOME PURCHASED	
Detached single-family home	51%
Townhouse/row house	9
Apartment/condo in building with 5 or more units	13
Duplex/apartment/condo in 2 to 4 unit building	9
Other	17
LOCATION	
Suburb/ Subdivision	46%
Small town	19
Urban/ Central city	20
Rural area	13
Resort/ Recreation area	2

Exhibit 2-10 DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE

(Median Miles)

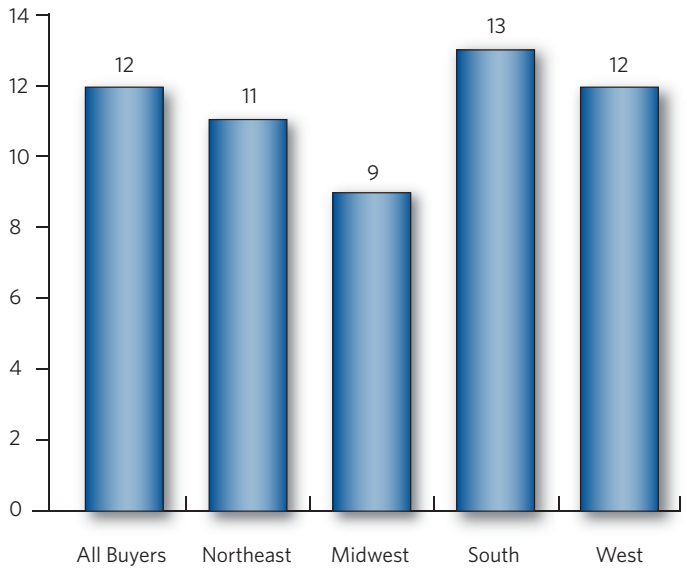


Exhibit 2-11 FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY LOCATION

(Percent of Respondents)

		BUYERS WHO PURCHASED A HOME IN A				
	All Buyers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Quality of the neighborhood	64%	65%	66%	62%	60%	64%
Convenient to job	49	49	50	49	50	45
Overall affordability of homes	44	45	45	44	44	36
Convenient to friends/family	39	38	38	40	42	40
Quality of the school district	25	26	25	26	25	23
Convenient to shopping	25	24	25	25	28	30
Design of neighborhood	24	25	25	23	23	32
Convenient to schools	19	20	19	19	18	15
Convenient to entertainment/ leisure activities	19	18	21	19	19	25
Convenient to parks/ recreational facilities	17	17	17	15	16	21
Availability of larger lots or acreage	15	16	16	12	12	13
Convenient to health facilities	9	9	10	9	8	11
Convenient to public transportation	7	7	7	9	7	6
Home in a planned community	6	6	5	7	7	17
Convenient to airport	6	5	5	6	6	4
Green (environmentally friendly) community features	5	4	4	6	4	9
Other	5	5	5	5	7	4

Exhibit 2-12 FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY ADULT COMPOSITION OF HOUSEHOLD AND CHILDREN IN HOUSHOLD

(Percent of Respondents)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Quality of the neighborhood	64%	67%	62%	57%	64%	58%	67%	63%
Convenient to job	49	47	51	49	58	41	49	49
Overall affordability of homes	44	42	47	49	47	46	43	45
Convenient to friends/family	39	36	48	37	38	36	34	41
Quality of the school district	25	33	15	11	24	18	48	14
Convenient to shopping	25	25	25	24	25	22	20	27
Design of neighborhood	24	27	20	21	22	22	23	25
Convenient to schools	19	24	12	9	17	16	43	7
Convenient to entertainment/ leisure activities	19	18	20	22	21	18	13	22
Convenient to parks/recre-ational facilities	17	18	14	17	15	11	19	15
Availability of larger lots or acreage	15	18	6	10	17	12	19	13
Convenient to health facilities	9	9	10	8	5	8	5	11
Convenient to public transportation	7	6	8	10	7	12	5	8
Home in a planned community	6	7	6	5	3	4	6	7
Convenient to airport	6	6	6	7	4	7	3	6
Green (environmentally friendly) community features	5	5	4	6	3	6	5	5
Other	5	5	6	6	4	13	5	6

Exhibit 2-13 PRICE OF HOME PURCHASED, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Less than $75,000	6%	4%	10%	7%	2%
$75,000 to $99,999	8	7	10	9	4
$100,000 to $124,999	11	8	14	12	8
$125,000 to $149,999	12	10	14	14	10
$150,000 to $174,999	11	8	14	11	10
$175,000 to $199,999	9	9	9	9	10
$200,000 to $249,999	13	15	13	12	14
$250,000 to $299,999	9	13	7	8	11
$300,000 to $349,999	6	7	4	5	8
$350,000 to $399,999	4	6	2	4	5
$400,000 to $499,999	4	6	2	4	6
$500,000 or more	6	8	2	5	11
Median price	$179,000	$212,000	$154,000	$169,000	$219,500

Exhibit 2-14 PRICE OF HOME PURCHASED, NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

		BUYERS WHO PURCHASED A	
	All Buyers	New Home	Previously Owned Home
Less than $75,000	6%	1%	7%
$75,000 to $99,999	8	2	9
$100,000 to $124,999	11	7	12
$125,000 to $149,999	12	11	12
$150,000 to $174,999	11	11	11
$175,000 to $199,999	9	11	9
$200,000 to $249,999	13	18	12
$250,000 to $299,999	9	12	9
$300,000 to $349,999	6	9	5
$350,000 to $399,999	4	6	4
$400,000 to $499,999	4	7	4
$500,000 or more	6	7	6
Median price	$179,000	$219,900	$170,000

Exhibit 2-15 PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than $75,000	6%	8%	4%
$75,000 to $99,999	8	11	4
$100,000 to $124,999	11	15	8
$125,000 to $149,999	12	15	10
$150,000 to $174,999	11	12	10
$175,000 to $199,999	9	8	10
$200,000 to $249,999	13	12	15
$250,000 to $299,999	9	7	12
$300,000 to $349,999	6	4	7
$350,000 to $399,999	4	3	5
$400,000 to $499,999	4	2	7
$500,000 or more	6	3	9
Median price	$179,000	$152,000	$215,000
Married couple	$208,600	$168,200	$239,000
Single female	$143,000	$127,000	$160,000
Single male	$150,000	$144,000	$155,000
Unmarried couple	$157,000	$150,000	$199,000
Other	$157,000	$140,300	$178,800

Exhibit 2-16 PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
Percent of asking price:	All Buyers	Northeast	Midwest	South	West
Less than 90%	17%	20%	20%	17%	13%
90% to 94%	19	23	21	21	12
95% to 99%	32	35	35	33	28
100%	20	15	17	20	27
101% to 110%	9	6	5	8	16
More than 110%	2	2	2	2	4
Median (purchase price as a percent of asking price)	97%	96%	96%	97%	99%

Exhibit 2-17 SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
1,000 sq ft or less	2%	3%	1%	*	2%
1,001 to 1,500 sq ft	19	26	11	10	20
1,501 to 2,000 sq ft	29	34	24	24	30
2,001 to 2,500 sq ft	23	22	24	27	23
2,501 to 3,000 sq ft	12	7	16	16	11
3,001 to 3,500 sq ft	8	4	11	11	7
3,501 sq ft or more	8	3	12	12	7
Median (sq ft)	1,780	1,540	2,000	2,000	1,700

** Less than 1 percent*

Exhibit 2-18 SIZE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
1,000 sq ft or less	2%	1%	3%	5%	2%	*	*	2%
1,001 to 1,500 sq ft	19	11	32	29	22	33	13	22
1,501 to 2,000 sq ft	29	25	36	34	32	30	23	32
2,001 to 2,500 sq ft	23	25	20	18	26	21	24	23
2,501 to 3,000 sq ft	12	16	5	7	8	7	15	10
3,001 to 3,500 sq ft	8	11	2	4	5	2	12	6
3,501 sq ft or more	8	11	2	4	4	6	13	5
Median (sq ft)	1,780	2,000	1,450	1,500	1,600	1,500	2,000	1,650

** Less than 1 percent*

Exhibit 2-19 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	1,780	1,600	1,700	1,860	1,700
Price per square foot	$101	$132	$91	$90	$124
Detached single-family home					
Square feet	1,850	1,700	1,800	1,980	1,800
Price per square foot	$98	$122	$90	$88	$120
Townhouse or row house					
Square feet	1,580	1,500	1,650	1,600	1,400
Price per square foot	$114	$133	$96	$108	$128
Duplex/apartment/condo in 2-4 unit building					
Square feet	1,100	1,860	1,580	1,600	1,280
Price per square foot	$106	$118	$103	$99	$149
Apartment/condo in building with 5 or more units					
Square feet	1,520	950	1,200	1,150	1,010
Price per square foot	$172	$240	$105	$137	$220

Exhibit 2-20 NUMBER OF BEDROOMS AND BATHROOMS, 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
One bedroom	3%	3%	2%	2%	3%
Two bedrooms	16	19	14	12	17
Three bedrooms or more	81	78	84	86	80
Median number of bedrooms	3	3	3	3	3
One full bathroom	22	30	13	5	25
Two full bathrooms	60	61	58	68	58
Three full bathrooms or more	19	10	28	28	17
Median number of full bathrooms	2	2	2	2	2

Exhibit 2-21 NUMBER OF BEDROOMS AND BATHROOMS, BY ADULT HOUSEHOLD COMPOSITION AND CHILDREN IN HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
One bedroom	3%	1%	5%	8%	2%	4%	*	4%
Two bedrooms	16	10	28	27	14	27	6	21
Three bedrooms or more	81	89	67	65	84	69	93	75
Median number of bedrooms	3	3	3	3	3	3	3	3
One full bathroom	22	15	30	32	32	32	17	24
Two full bathrooms	60	59	63	59	56	53	57	61
Three full bathrooms or more	19	26	8	9	13	15	27	15
Median number of full bathrooms	2	2	2	2	2	2	2	2

* *Less than 1 percent*

Exhibit 2-22 YEAR HOME BUILT, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
2010	4%	3%	2%	6%	4%
2008 through 2009	11	6	8	14	11
2005 through 2007	11	4	7	14	14
2000 through 2004	13	6	12	15	14
1985 through 1999	19	14	19	20	22
1960 through 1984	22	23	25	20	21
1911 through 1959	18	36	23	10	14
1910 or earlier	3	9	5	1	*
Median	1990	1965	1981	1999	1995

* *Less than 1 percent*

Exhibit 2-23 IMPORTANCE OF COMMUTING COSTS

(Percentage Distribution)

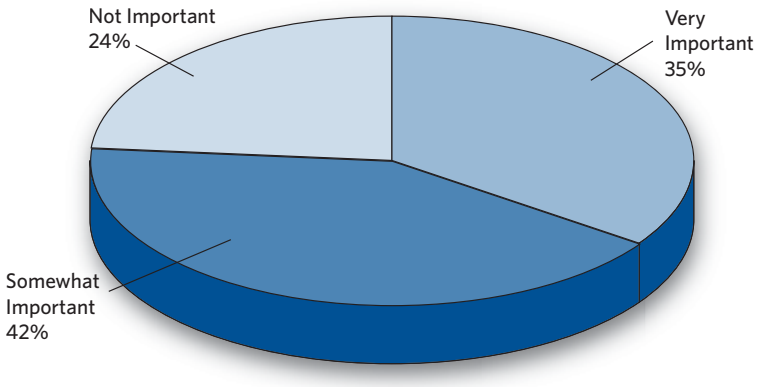


Exhibit 2-24 IMPORTANCE OF HOME'S ENVIRONMENTALLY FRIENDLY FEATURES

(Percentage Distribution)

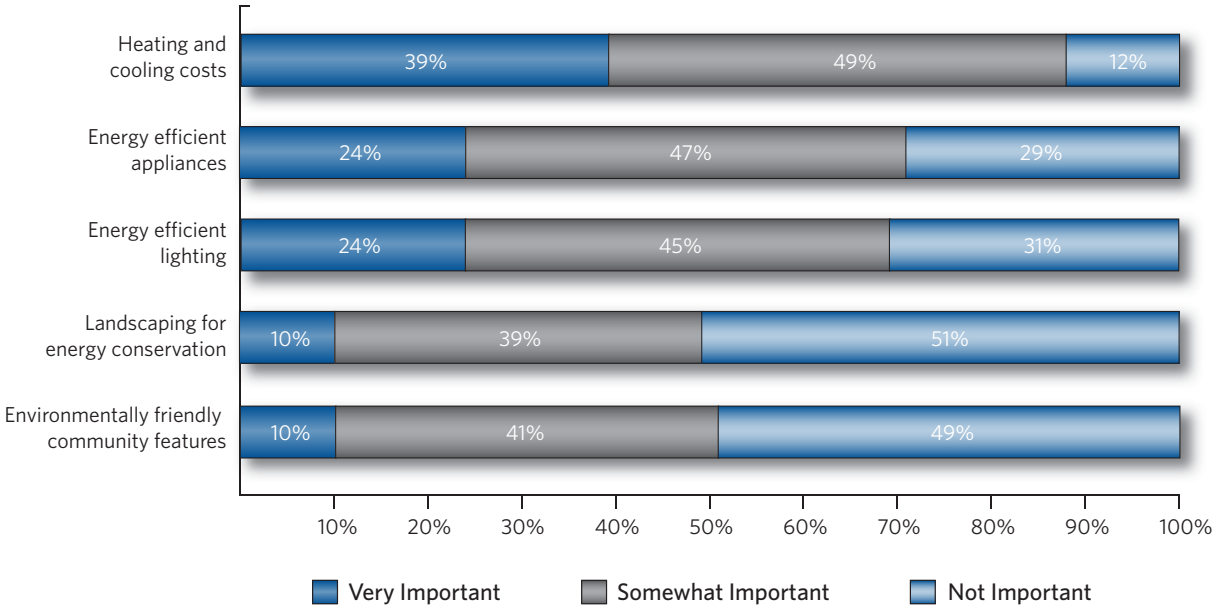


Exhibit 2-25 ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED "VERY IMPORTANT", BY REGION

(Percent of Respondents)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Heating and cooling costs	39%	42%	37%	43%	34%
Energy efficient appliances	24	22	20	27	27
Energy efficient lighting	24	22	19	26	28
Landscaping for energy conservation	10	7	7	10	17
Environmentally friendly community features	10	8	7	10	13

Exhibit 2-26 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY LOCATION

(Percent of Respondents)

		BUYERS WHO PURCHASED A HOME IN A				
	All Buyers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural	Resort/ Recreation area
Price of home	19%	20%	20%	19%	15%	17%
Size of home	19	19	17	19	19	13
Condition of home	17	17	18	17	15	11
Distance from job	14	14	13	14	14	20
Lot size	13	12	12	13	18	10
Style of home	13	14	11	14	11	6
Distance from friends or family	7	7	7	6	7	7
Quality of the neighborhood	6	6	6	6	7	2
Quality of the schools	3	3	3	3	3	4
Distance from school	2	2	1	2	2	1
Other compromises not listed	7	7	5	6	8	8
None - Made no compromises	35	33	37	36	33	38

** Less than 1 percent*

Exhibit 2-27 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Price of home	19%	21%	17%	17%	19%
Size of home	19	22	16	16	19
Condition of home	17	18	15	3	19
Distance from job	14	16	11	17	13
Lot size	13	13	13	17	12
Style of home	13	15	11	12	13
Distance from friends or family	7	8	5	9	7
Quality of the neighborhood	6	8	4	5	6
Quality of the schools	3	4	2	4	3
Distance from school	2	2	1	2	2
Other compromises not listed	7	7	6	6	7
None - Made no compromises	35	28	41	40	34

Exhibit 2-28 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage of Respondents)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Price of home	19%	18%	20%	21%	20%	18%	18%	19%
Size of home	19	18	20	19	19	31	20	18
Condition of home	17	17	18	15	20	17	18	17
Distance from job	14	15	11	12	16	10	15	13
Lot size	13	14	9	10	15	14	14	12
Style of home	13	12	15	12	14	15	12	13
Distance from friends or family	7	7	6	8	8	8	7	7
Quality of the neighborhood	6	5	6	8	8	13	5	6
Quality of the schools	3	4	2	2	5	4	5	3
Distance from school	2	2	1	1	1	2	4	1
Other compromises not listed	7	6	9	6	5	8	6	7
None - Made no compromises	35	34	34	40	30	31	32	36

Exhibit 2-29 EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
1 year or less	1%	1%	1%	*	1%
2 to 3 years	3	3	3	3	3
4 to 5 years	12	16	9	11	13
6 to 7 years	3	4	2	4	3
8 to 10 years	13	14	13	14	13
11 to 15 years	5	4	6	5	5
16 or more years	22	18	26	22	22
Don't Know	42	41	42	41	42
Median	10	10	15	10	10

Exhibit 2-30 EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE

(Percentage Distribution)

		AGE OF HOME BUYER			
	All Buyers	18 to 24	25 to 44	45 to 64	65 or older
1 year or less	1%	*	1%	1%	*
2 to 3 years	3	6	3	2	*
4 to 5 years	12	22	15	8	4
6 to 7 years	3	7	3	2	1
8 to 10 years	13	16	14	13	10
11 to 15 years	5	3	4	5	6
16 or more years	22	11	20	29	17
Don't Know	42	34	39	41	61
Median	10	7	10	15	15

** Less than 1 percent*

Exhibit 2-31 PURCHASE PRICE, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

		BUYERS WHO PURCHASED A	
	All Buyers	Primary Residence	Non-primary Residence/ Second Home
Less than $75,000	6%	6%	16%
$75,000 to $99,999	8	8	8
$100,000 to $124,999	11	11	8
$125,000 to $149,999	12	12	11
$150,000 to $174,999	11	11	16
$175,000 to $199,999	9	9	7
$200,000 to $249,999	13	13	9
$250,000 to $299,999	9	9	5
$300,000 to $349,999	6	6	8
$350,000 to $399,999	4	4	2
$400,000 to $499,999	4	4	2
$500,000 or more	6	6	9
Median price	$179,000	$180,000	$160,000

Exhibit 2-32 TYPE OF HOME, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

		BUYERS WHO PURCHASED A	
	All Buyers	Primary Residence	Non-primary Residence/ Second Home
Detached single-family home	77%	77%	50%
Townhouse/row house	8	8	11
Apartment/condo in building with 5 or more units	7	7	18
Duplex/apartment/condo in 2 to 4 unit building	2	2	6
Other	6	6	15

Exhibit 2-33 LOCATION OF HOME, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

		BUYERS WHO PURCHASED A	
	All Buyers	Primary Residence	Non-primary Residence/ Second Home
Suburb/Subdivision	52%	52%	53%
Small town	17	17	20
Urban area/Central city	18	18	17
Rural area	11	11	8
Resort/Recreation area	1	2	2

Chapter 3:

The Home Search Process

Real estate agents and the Internet continue to be the most important resources in the home search process. While the usage of the Internet has increased in the search process, it does not diminish the use of the agent, but rather provides a complimentary relationship: home buyers who used the Internet to search are more likely to buy their home through a real estate agent and often take steps to look at a particular property they saw online.

The most difficult part of the search process is finding the right property for the buyer. It is a process that increased in the length of the search from 2008 to 2009 and remains longer in 2010. The typical buyer searches for 12 weeks and views 12 homes during the process. Buyers find visuals on the Internet particularly useful—pictures of the property, detailed information about the property for sale, and virtual tours all aid buyers. Overall, 91 percent of buyers were very satisfied or somewhat satisfied with their home buying process.

THE FIRST STEP IN THE HOME BUYING PROCESS

■ Exhibits 3-1 and 3-2

When starting the home buying process, the Internet plays an ever increasing role. Thirty-six percent of buyers looked online for properties for sale as their first step. An additional 11 percent began by finding information online about the home buying process and 19 percent started by talking to an agent.

About one-third of first-time buyers first went online to look at properties for sale when starting their home search. First-time buyers were more likely than repeat buyers to look online for information about the home buying process and talk with a friend or relative about the process. Repeat buyers were more likely than first-time buyers to contact a real estate agent and drive by homes and neighborhoods as a first step.

Buyers in each age group between 18 to 64 were all most likely to look online for properties for sale as a first step in the home buying process. Buyers who were 65 or older were most likely to contact a real estate agent as their first step. In 2010, the percent of buyers ages 18 to 44 that contacted a real estate agent as their first step agent increased from 2009.

The Internet and real estate agents have remained the two highest-ranking sources by usefulness consistently for several years.

INFORMATION SOURCES

■ Exhibits 3-3 through 3-6

Eighty-nine percent of home buyers used the Internet as one of the information sources in their home search process. First-time home buyers and buyers under 44 years of age were most likely to use the Internet during their home search.

The second most used information source was the real estate agent. Eighty-eight percent of buyers used real estate agents during their home search process. Buyers of previously owned homes and buyers aged 18 to 24 were most likely to report using a real estate agent.

The third most commonly used information source was a yard sign. Fifty-seven percent of home buyers used yard signs in their search. Repeat buyers, buyers of previously owned homes, and buyers ages 45 to 64 were most likely to use yard signs in their home search.

The Internet and real estate agents have remained the two highest-ranking sources by usefulness consistently for several years. Eighty-one percent of buyers ranked both real estate agents and the Internet as very useful in their search process. The third ranked source is home builders with 42 percent of buyers finding them very useful during their search. While 57 percent of buyers use yard signs, fewer buyers find them very useful.

THE SEARCH PROCESS

- **Exhibits 3-7 through 3-12**

The length of the typical home search has remained the same at 12 weeks since 2009. While searching, buyers on average looked at 12 homes before deciding on their purchase. Buyers usually spent two weeks searching before they contacted an agent. First-time buyers searched longer for their first home, 12 weeks, compared with repeat buyers who spent 10 weeks in the process.

While the real estate agent and the Internet remain the top sources used in the home search, others are declining in prominence. The real estate agent remains the top source through which the buyer first learned that the home they ultimately purchase was for sale, at 38 percent. Thirty-seven percent of buyers reported that they found their home online. All other sources have decreased since 2001. About one in ten buyers found their home through a yard sign or open house sign, compared to 16 percent in 2004.

In some buying areas there are high levels of distressed sales. Half of all buyers and 57 percent of first-time buyers considered purchasing a foreclosed home but did not. The majority of these buyers could not find the right home or thought the process was too difficult or complex. Four percent of all buyers purchased a foreclosed home. Additionally, six percent of recent buyers purchased a short sale.

The home buying process involves many steps, from finding the house to financing and closing. For recent home buyers, 56 percent said the most difficult step in the process as finding the right property. Finding the right property is more difficult for first-time buyers and buyers of previously owned homes. Eighteen percent reported no difficult steps—repeat buyers and buyers of new homes were more likely than other buyers to fall into this category. For 14 percent of recent buyers, getting a mortgage was the hardest step in the process, especially for first-time buyers.

INTERNET USAGE TRENDS

- **Exhibits 3-13 and 3-14**

For the last three years, about 90 percent of home buyers used the Internet in their home search. Among buyers who reported using the Internet, 74 percent reported using it frequently. The Internet has become a way to add to and supplement the search process. Furthermore, as a result of searching online, buyers often walked through the home viewed online, found an agent, and drove by and viewed the home.

CHARACTERISTICS OF INTERNET SEARCHERS

- **Exhibit 3-15**

Buyers who use the Internet in their home search, compared to those who do not, vary demographically. The typical buyer who used the Internet in their home search was 37 years-old and had a median 2009 household income of $74,200. The typical buyer who did not use the Internet to search for home was 57 and had a median 2009 household income of $55,200. Additionally, the typical buyer who used the Internet searched for a home double the number of weeks and visited more than twice as many homes as the non-Internet searcher.

SOURCES OF INFORMATION

- **Exhibit 3-16**

Buyers who used the Internet to search for a home used other sources with higher frequency than those who did not use the Internet to search. Ninety percent of those who used the Internet used an agent compared to 73 percent of those who did not use the Internet. Fifty-eight percent of buyers who used the Internet also used yard signs compared to 43 percent of those who did not use the Internet. Additionally, 47 percent of those who used the Internet used open houses as an information source, compared to 30 percent of those who did not use the Internet.

FINDING A HOME

- **Exhibit 3-17**

Forty-one percent of buyers who used the Internet in their search first found the home through the Internet, five percent higher than in 2009. For buyers who used the Internet, 37 percent of them first found their home through their agent. In comparison, among buyers who did not use the Internet, 47 percent found their home through an agent. Buyers who did not use the Internet found their home more frequently through a yard sign or through a friend, relative or neighbor, or directly through the sellers than those who used the Internet to search.

METHOD OF PURCHASE

- **Exhibit 3-18**

While the vast majority of buyers use the Internet during the home buying process, the Internet does not replace the real estate agent in the transaction. Eighty-five percent of home buyers who used the Internet to search for homes purchased their home through an agent. In fact, buyers who used the Internet were more likely than those who did not use the Internet to purchase their home through an agent.

WEB SITES

- **Exhibits 3-19 through 3-21**

Visuals of the properties for sale are increasingly useful to buyers as more buyers use the Internet in their search process. Eighty-five percent of home buyers found photos very useful on websites. Eighty-three percent of buyers found detailed information about the property very useful when searching for a home. The least useful features include information about upcoming open houses or about recently sold properties, however both features were rated more useful in 2010 than in 2009.

Nearly sixty percent of home buyers used multiple listing service (MLS) websites, the most frequently used online resource. MLS is the most used website among first-time and repeat buyers and also amongst all age categories of buyers. REALTOR.com was the second most used site among repeat buyers and buyers of every age category. First-time buyers used real estate company websites and real estate agent websites more often than repeat buyers.

SATISFACTION IN BUYING PROCESS

- **Exhibit 3-22**

Fifty-seven percent of buyers were very satisfied with their recent home buying process. More than one-third of buyers were somewhat satisfied with the process. Ten percent were somewhat to very dissatisfied.

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	36%	32%	41%
Contacted a real estate agent	19	16	22
Looked online for information about the home buying process	11	15	8
Contacted a bank or mortgage lender	8	10	6
Drove-by homes/neighborhoods	7	6	9
Talked with a friend or relative about home buying process	7	11	3
Visited open houses	4	3	5
Looked in newspapers, magazines, or home buying guides	2	2	2
Attended a home buying seminar	2	3	*
Contacted builder/visited builder models	1	1	2
Contacted a home seller directly	1	1	1
Read books or guides about the home buying process	1	1	*
Other	*	*	1

** Less than 1 percent*

Exhibit 3-2 FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, BY AGE

(Percentage Distribution)

		AGE OF HOME BUYER			
	All Buyers	18-24	25-44	45-64	65 or older
Looked online for properties for sale	36%	34%	40%	36%	21%
Contacted a real estate agent	19	16	16	21	35
Looked online for information about the home buying process	11	16	13	8	4
Contacted a bank or mortgage lender	8	11	9	7	4
Drove-by homes/neighborhoods	7	4	5	10	12
Talked with a friend or relative about home buying process	7	13	8	4	6
Visited open houses	4	2	2	5	9
Looked in newspapers, magazines, or home buying guides	2	1	2	2	4
Attended a home buying seminar	2	1	2	1	*
Contacted builder/visited builder models	1	1	1	2	3
Contacted a home seller directly	1	1	1	1	2
Read books or guides about the home buying process	1	*	1	*	*
Other	*	*	*	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)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Internet	89%	92%	87%	88%	90%
Real estate agent	88	88	87	78	90
Yard sign	57	56	57	46	58
Open house	45	43	48	49	45
Print newspaper advertisement	36	35	36	37	35
Home book or magazine	23	23	23	30	22
Home builder	16	13	20	59	10
Relocation company	3	2	4	5	4
Television	7	8	6	15	7
Billboard	5	6	5	17	3

Exhibit 3-4 INFORMATION SOURCES USED IN HOME SEARCH, BY AGE

(Percent of Respondents)

		AGE OF HOME BUYER			
	All Buyers	18 to 24	25 to 44	45 to 64	65 or older
Internet	89%	95%	95%	87%	62%
Real estate agent	88	91	88	88	86
Yard sign	57	56	57	58	49
Open house	45	33	46	47	43
Print newspaper advertisement	36	37	33	40	37
Home book or magazine	23	22	23	25	21
Home builder	16	10	16	17	20
Relocation company	3	2	3	4	1
Television	7	7	7	7	4
Billboard	5	3	6	5	4

Exhibit 3-5

FREQUENCY OF USE OF DIFFERENT INFORMATION SOURCES

(Percentage Distribution)

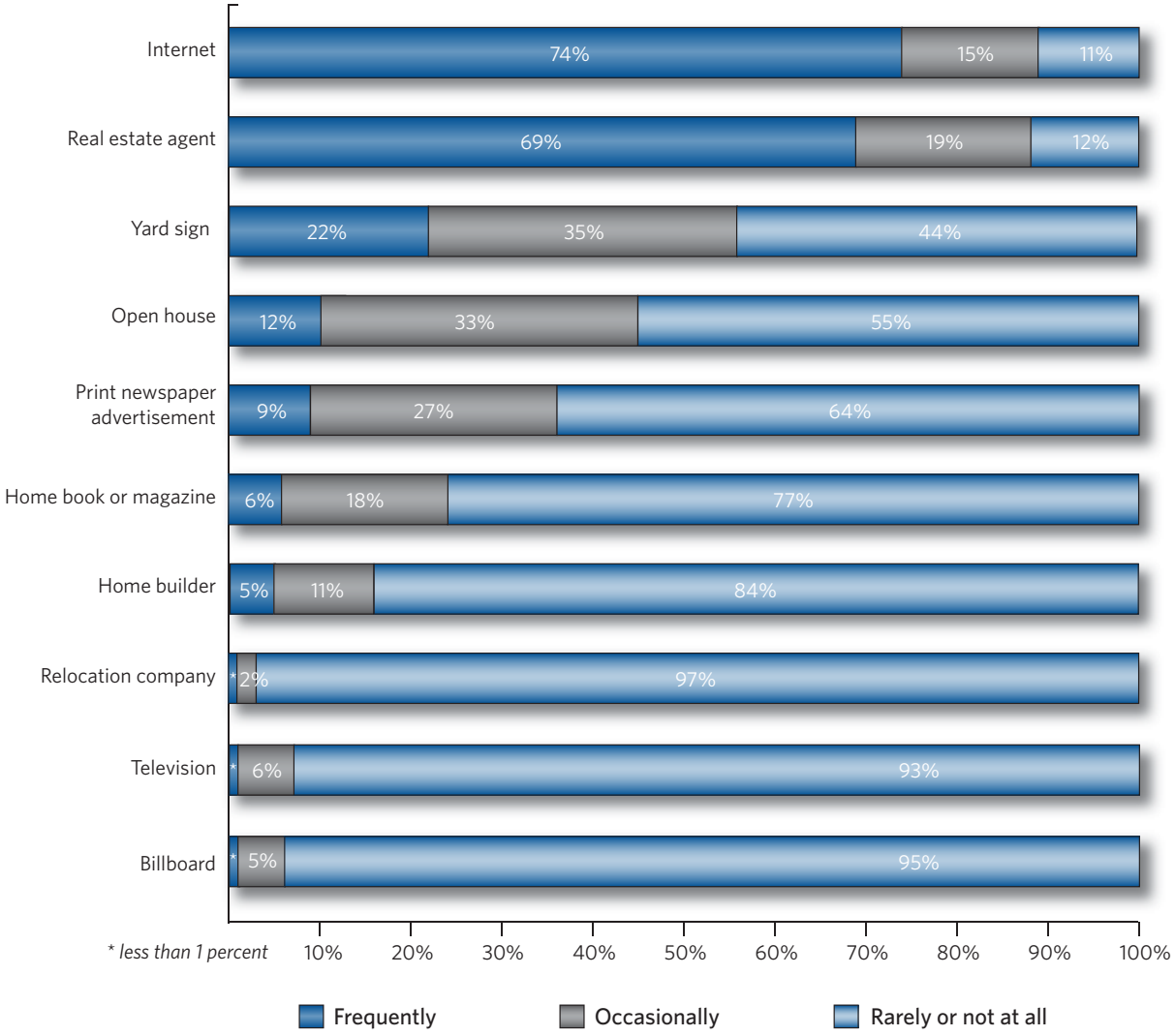


Exhibit 3-6

USEFULNESS OF INFORMATION SOURCES

(Percentage Distribution Among Buyers that Used Each Source)

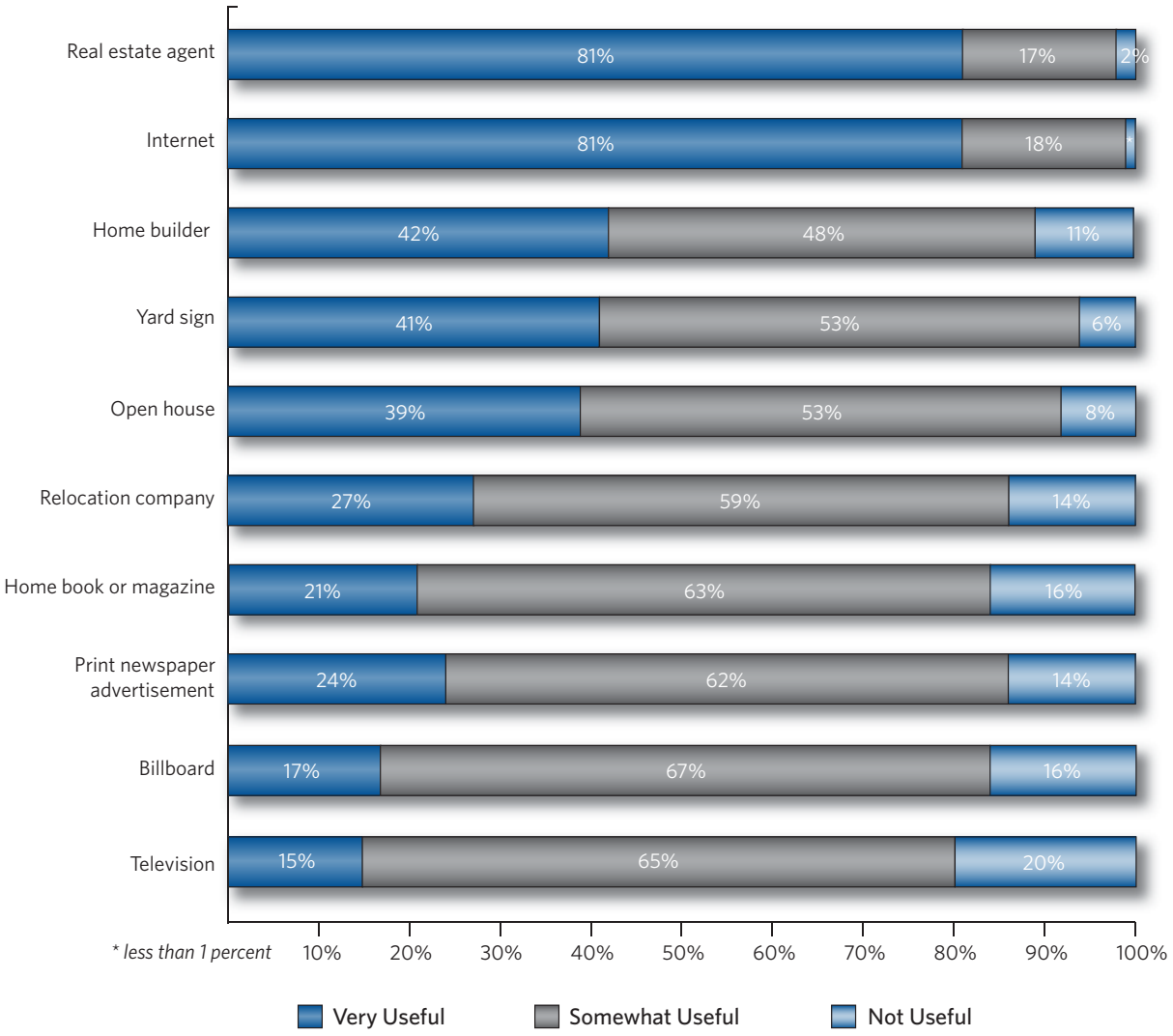


Exhibit 3-7 LENGTH OF SEARCH, BY REGION

(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
2009	12	12	10	10	12
2010	12	14	10	10	12
Number of homes viewed	12	12	12	10	15

Exhibit 3-8 LENGTH OF SEARCH FOR BUYERS WHO USED AN AGENT, FIRST-TIME AND REPEAT BUYERS

(Median Weeks)

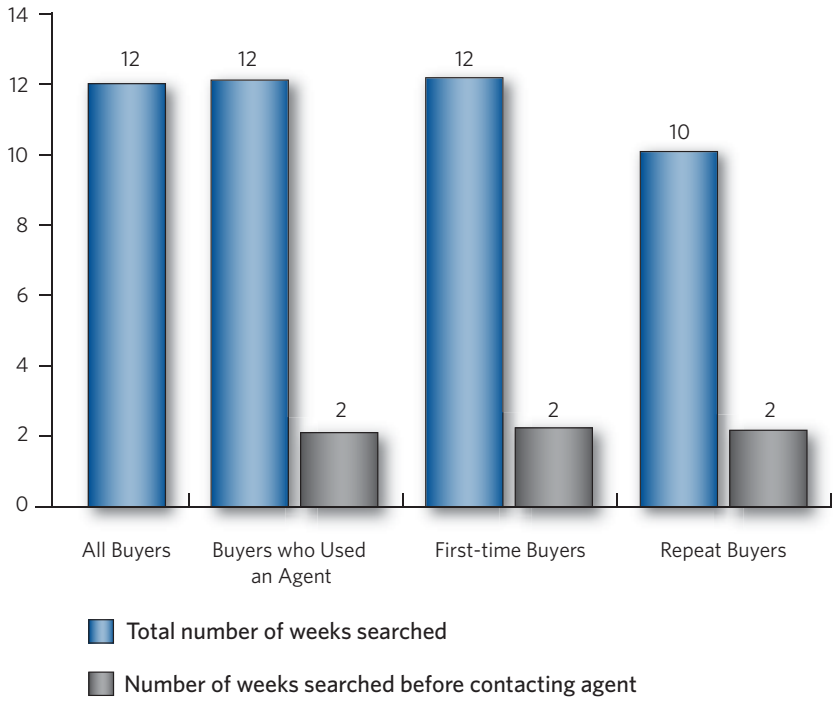


Exhibit 3-9 WHERE BUYER FOUND THE HOME THEY PURCHASED, 2001-2010

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009	2010
Real estate agent	48%	41%	38%	36%	36%	34%	34%	36%	38%
Internet	8	11	15	24	24	29	32	36	37
Yard sign/open house sign	15	16	16	15	15	14	15	12	11
Friend, relative or neighbor	8	7	7	7	8	8	7	6	6
Home builder or their agent	3	7	7	7	8	8	7	5	4
Directly from sellers/Knew the sellers	4	4	5	3	3	3	2	2	2
Print newspaper advertisement	7	7	5	5	5	3	3	2	2
Home book or magazine	2	1	2	1	1	1	1	*	*
Other	3	6	4	*	*	*	*	*	*

** Less than 1 percent*

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)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Purchased a home in foreclosure	4%	5%	4%	1%	5%
Did not consider purchasing a home in foreclosure	39	32	46	45	52
Considered purchasing a home in foreclosure, but did not:	57	63	50	54	43
Could not find the right home	26	28	23	23	26
The process was too difficult or complex	19	20	17	17	19
The home was in poor condition	17	21	13	13	17
The home price was too high	6	6	6	6	6
The neighborhood was undesirable	5	6	4	4	6
Financing options were not attractive	4	5	2	4	3

Exhibit 3-11 BUYER PURCHASED A SHORT SALE, BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Buyer purchased a short sale	6%	7%	5%
Buyer did not purchase a short sale	94	93	95

Exhibit 3-12 MOST DIFFICULT STEPS OF HOME BUYING PROCESS BY FIRST-TIME AND REPEAT BUYERS AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Finding the right property	56%	60%	53%	50%	58%
No difficult steps	18	12	23	23	17
Getting a mortgage	14	16	12	12	15
Saving for the down payment	11	16	5	10	11
Meeting the April 30, 2010 deadline to qualify for the tax credit	10	13	6	7	10
Apparisal of the property	6	5	6	6	6
Meeting the deadline to close on the purchase to get the tax credit (September 30, 2010)	3	5	2	4	3

Exhibit 3-13 USE OF INTERNET TO SEARCH FOR HOMES, 2003-2010

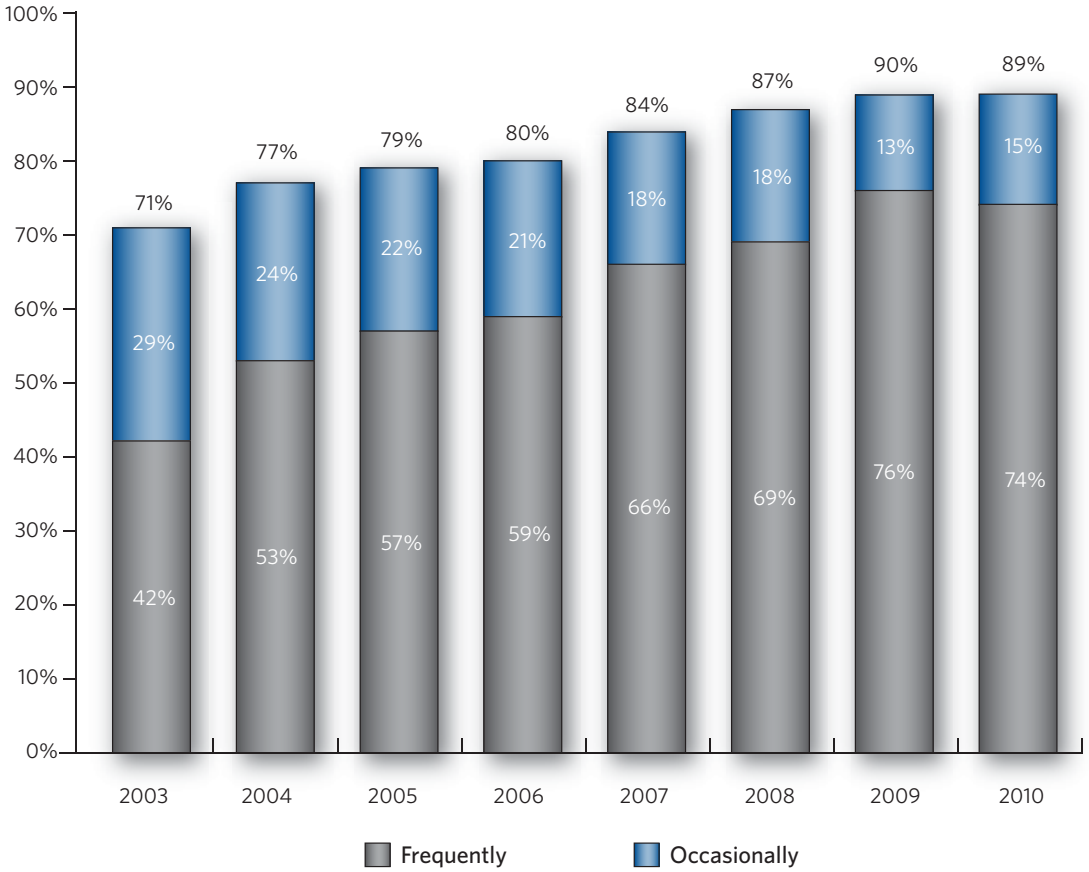


Exhibit 3-14 ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	First-time Buyers	Repeat Buyers
Walked through home viewed online	45%	44%	47%
Found the agent used to search for or buy home	29	30	29
Drove by or viewed home	21	22	20
Requested more information	3	3	3
Pre-qualified for a mortgage online	1	1	1
Contacted builder/developer	1	1	1
Applied for a mortgage online	*	*	*
Found a mortgage lender online	*	*	*

** Less than 1 percent*

Exhibit 3-15 CHARACTERISTICS OF HOME SEARCHERS AND SEARCH ACTIVITY, BY USE OF INTERNET

(Percentage Distribution)

Household Compostion	Used Internet to Search	Did Not Use Internet to Search
Married couple	59%	52%
Single female	20	22
Single male	11	18
Unmarried couple	9	6
Other	1	3
Median age (years)	37	57
Median income	$74,200	$55,200
Length of Search (Median weeks)		
All buyers	12	6
First-time buyers	12	8
Repeat buyers	12	6
Buyers using an agent	12	8
Before contacting agent	3	*
Number of Homes Visited (median)	15	6

** Less than 1 percent*

Exhibit 3-16 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	90%	73%
Yard sign	58	43
Open house	47	30
Print newspaper advertisement	36	28
Home book or magazine	24	16
Home builder	16	19
Television	7	5
Billboard	6	4
Relocation company	3	1

Exhibit 3-17 WHERE BUYERS FOUND THE HOME THEY PURCHASED, BY USE OF INTERNET

(Percentage Distribution)

	Used Internet to Search	Did Not Use Internet to Search
Internet	41%	N/A
Real estate agent	37	47
Yard sign/open house sign	10	19
Friend, relative or neighbor	5	14
Home builder or their agent	4	6
Directly from sellers/Knew the sellers	2	6
Print newspaper advertisement	1	3
Home book or magazine	*	1

** Less than 1 percent*
N/A- Not Applicable

Exhibit 3-18 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	85%	70%
Directly from builder or builder's agent	6	11
Directly from previous owner whom buyer didn't know	2	6
Directly from previous owner whom buyer knew	2	10
Foreclosure or trustee sale	5	3
Other	1	1

Exhibit 3-19 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	85%	14%	1%	1%
Detailed information about properties for sale	83	16	1	1
Virtual tours	61	27	5	6
Real estate agent contact information	45	35	10	10
Interactive maps	43	35	10	12
Neighborhood information	40	43	9	8
Pending sales/contract status	33	35	16	16
Detailed information about recently sold properties	30	39	16	15
Information about upcoming open houses	21	34	22	23

Exhibit 3-20 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	59%	59%	59%
REALTOR.com®	45	42	49
Real estate company Web site	43	44	43
Real estate agent Web site	42	43	42
Other Web sites with real estate listings	41	49	35
For-sale-by-owner Web site	15	14	16
Newspaper Web site	8	10	7
Real estate magazine Web site	4	4	4
Social networking Web sites (e.g. Facebook, MySpace, etc.)	2	2	1
Video hosting Web sites (e.g. YouTube, etc.)	1	1	*

** Less than 1 percent*

Exhibit 3-21 WEB SITES USED IN HOME SEARCH, BY AGE

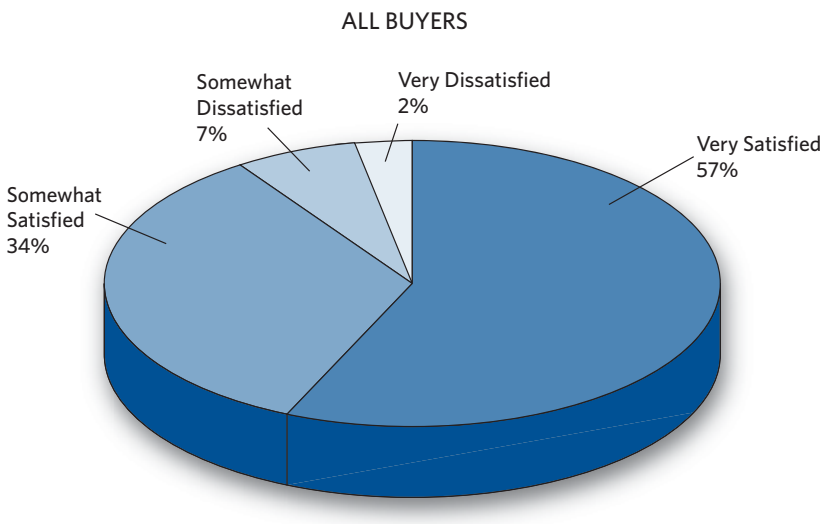
(Percent of Respondents Among Buyers Who Used the Internet)

		AGE OF HOME BUYER			
	All Buyers	18 to 24	25 to 44	45 to 64	65 or older
Multiple Listing Service (MLS) Web site	59%	57%	60%	58%	55%
REALTOR.com®	45	47	46	44	42
Real estate company Web site	43	45	44	43	38
Real estate agent Web site	42	41	44	41	40
Other Web sites with real estate listings	41	53	44	38	30
For-sale-by-owner Web site	15	12	16	14	10
Newspaper Web site	8	12	9	7	8
Real estate magazine Web site	4	5	4	4	6
Social networking Web sites (e.g. Facebook, MySpace, etc.)	2	2	2	1	1
Video hosting Web sites (e.g. YouTube, etc.)	1	1	1	1	*

** Less than 1 percent*

Exhibit 3-22 SATISFACTION WITH BUYING PROCESS

(Percentage Distribution)



Chapter 4:

Home Buying and Real Estate Professionals

Most buyers purchase their homes through a real estate agent or broker. While nearly all buyers of previously owned homes use real estate agents, a sizeable portion of new home buyers purchase their homes through developers. During this current downturn in housing, the portion of new homes is down significantly, so the share of buyers using agents is up noticeably.

Agents and buyers share a lot of critical information, so most agents have their buyers sign disclosure agreements. Buyer representative arrangements are sometimes less formal agreements between buyers and agents. In the past year, the sellers compensated the real estate agents in the majority of transactions.

Buyers are most often looking for real estate agents to help them find the right home. Buyers also want help with the negotiation and the paperwork. Some stand-out benefits that buyers received beyond their primary needs: help understanding the process and help pointing out unnoticed features or faults with a property.

Referrals are the primary method for finding an agent for most buyers. Most buyers only interviewed one agent during their search process. Buyers tend to look for agents with a good reputation who are honest and trustworthy. In the end, most buyers are satisfied with their agent and would recommend their agent to others.

METHOD OF HOME PURCHASE

- **Exhibits 4-1 through 4-4**

A majority of buyers purchase their home through a real estate agent or broker. In 2010, 83 percent of buyers used a real estate agent, up steadily from the 69 percent share in 2001. With new home sales declining, a smaller share of buyers purchased their home directly from a builder or builder's agent. One in twenty purchased a home directly from the previous owner.

Regionally, there are some differences. A greater share of buyers in the Northeast used a real estate agent compared with the South, which has a larger share of new homes and more buyers purchasing their homes directly from builders. Roughly six in ten buyers of new homes used a real estate agent, while almost nine in ten buyers of previously owned homes used a real estate agent. A similar share of buyers use a real estate agent or broker across various types of households.

AGENT REPRESENTATION AND COMPENSATION

- **Exhibits 4-5 through 4-7**

Due to the nature of the information that agents and buyers share, disclosure agreements are important. Roughly six in ten buyers sign a disclosure statement, with about a quarter of buyers signing one at their first meeting with an agent. A slightly larger share of repeat buyers signs a disclosure agreement than first-time buyers. Less than one in five buyers (17 percent) signed a written buyer representative arrangement. Four in ten buyers had an oral buyer representative arrangement.

Real estate agents were compensated by the seller only in about two in three transactions. The buyer alone paid in about one in seven instances, while in just under one in ten occurrences the buyer and seller both paid.

WHAT BUYERS WANT FROM AGENTS AND BENEFITS PROVIDED

- **Exhibits 4-8 through 4-11**

Buyers look to real estate agents to help with many aspects of the purchase. Just over half of buyers said that what they want most from their agent was help finding the right home. About one in seven wanted real estate agents to help negotiate terms of the sale, twelve percent wanted help with price negotiations, and one in ten wanted help with the paperwork. These percentages are similar among first-time and repeat buyers, new and previously owned home buyers, and various types of households.

Real estate agents serve many functions during the home purchase process. Buyers most often noted that the benefit of having an agent was helping them understand the process (66 percent), more so for first-time buyers. Also, about half of buyers noted that real estate agents pointed out unnoticed features or faults with a property, while more than four in ten said real estate agents negotiated better sales contract terms, improved buyers' knowledge of search areas, and provided a better list of service providers.

FINDING A REAL ESTATE AGENT

- **Exhibits 4-12 through 4-14**

Roughly half of buyers find their real estate agent through a referral from a friend, neighbor, or relative. First-time buyers are more likely to find their real estate agent from a referral. Repeat buyers more often use an agent they previously used to buy or sell a home. One in ten buyers found their real estate agent through a web site. There is little difference across type of households; however, unmarried couples tended to rely on referrals slightly more than other types of households.

Most buyers (64 percent) only interviewed one real estate agent in their search. Only one in six buyers interviewed three or more real estate agents before finding the best match. The search for a real estate agent was similar in terms of number of interviews for both repeat and first-time buyers.

Aside from personal characteristics like honesty, integrity and responsiveness which are very important skills and qualities that buyers look for in agents, knowledge of the real estate market and purchase process are very important qualities for over nine in ten buyers.

FACTORS WHEN CHOOSING AN AGENT

- **Exhibits 4-15 through 4-18**

The personal connection a buyer has with an agent is very important. The most important factor for buyers choosing an agent is whether the agent is honest and trustworthy. The reputation of an agent is also a significant factor for buyers, as is whether or not the agent is a friend or family member. Less important are an agent's association with a particular firm and professional designations held.

Aside from personal characteristics like honesty, integrity and responsiveness, which are very important skills and qualities that buyers look for in agents, knowledge of the real estate market and purchase process are very important qualities for more than nine in ten buyers. Buyers' preferences for real estate agents skills and qualities don't differ much between first-time or repeat buyers and buyers of new or previously owned homes. A greater share of single female buyers prefer agents with strong communication and negotiation skills in comparison to single male buyers.

SATISFACTION WITH AGENT

- **Exhibits 4-19 and 4-20**

Most buyers are satisfied with their agents. Almost nine in ten (87 percent) buyers would probably recommend their agent to others. Buyers are most often very satisfied with their agents' knowledge of the purchase process and their agents' honesty and integrity. Buyers tend to have slightly less satisfaction overall with agents' negotiation and technology skills.

Exhibit 4-1 METHOD OF HOME PURCHASE, 2001-2010

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009	2010
Through a real estate agent or broker	69%	75%	77%	77%	77%	79%	81%	77%	83%
Directly from builder or builder's agent	15	14	12	12	13	12	10	8	6
Directly from the previous owner	15	9	9	9	9	7	6	5	5
Through a foreclosure or trustee sale	1	1	1	*	1	1	3	10	4

**Less than 1 percent*

Exhibit 4-2 METHOD OF HOME PURCHASE, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Through a real estate agent or broker	83%	87%	86%	80%	83%
Directly from builder or builder's agent	6	5	4	9	5
Directly from the previous owner	6	6	6	5	4
Knew previous owner	3	4	3	2	2
Did not know previous owner	3	3	3	3	2
Through a foreclosure or trustee sale	4	2	3	5	7

Exhibit 4-3 METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

		BUYERS OF	
	All Buyers	New Homes	Previously Owned Homes
Through a real estate agent or broker	83%	58%	88%
Directly from builder or builder's agent	6	39	N/A
Directly from the previous owner	6	N/A	6
Knew previous owner	3	N/A	3
Did not know previous owner	3	N/A	3
Through a foreclosure or trustee sale	4	1	5

N/A- Not Applicable

Exhibit 4-4 METHOD OF HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD				
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Through a real estate agent or broker	83%	83%	86%	82%	79%	87%
Directly from builder or builder's agent	6	7	5	6	7	6
Directly from the previous owner	6	5	4	6	5	4
Knew previous owner	3	3	2	3	2	2
Did not know previous owner	3	3	3	3	3	2
Through a foreclosure or trustee sale	4	4	4	5	8	1

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	27%	24%	30%
Yes, when contract was written	22	22	23
Yes, at some other time	10	10	9
No	23	24	22
Don't know	18	19	17

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	17%	18%	17%
Yes, an oral arrangement	40	39	41
No	29	27	32
Don't know	13	17	10

Exhibit 4-7 HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

		TYPE OF AGENT REPRESENTATION	
	All Types of Representation	Buyer Only	Seller or Seller and Buyer
Paid by seller	65%	66%	63%
Paid by buyer and seller	8	8	8
Paid by buyer only	14	16	13
Percent of sales price	12	12	10
Flat fee	1	1	*
Other	*	*	*
Don't know	2	2	2
Other	2	2	2
Don't know	10	8	13

**Less than 1 percent*

Exhibit 4-8 WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS

(Percentage Distribution)

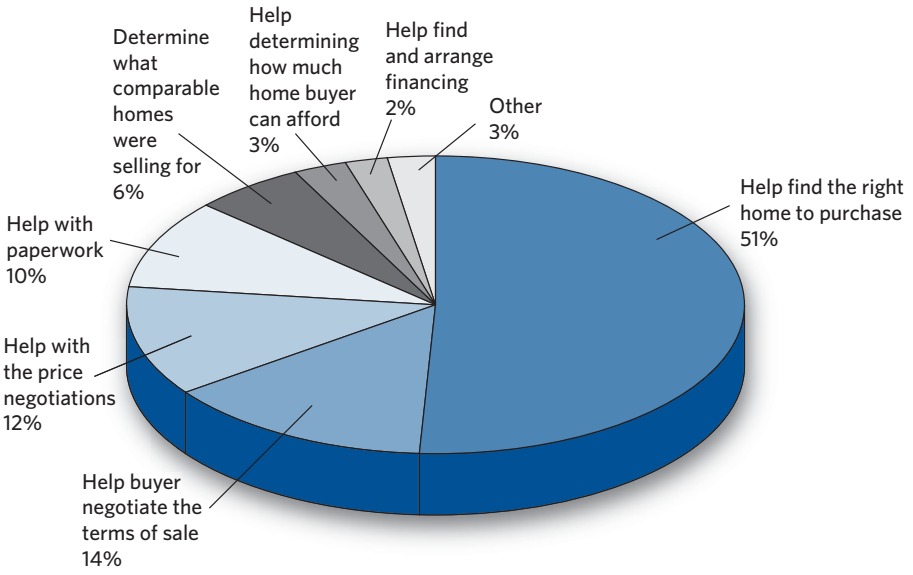


Exhibit 4-9 WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Help find the right home to purchase	51%	50%	51%	52%	51%
Help buyer negotiate the terms of sale	14	14	14	13	14
Help with the price negotiations	12	12	12	13	12
Help with paperwork	10	10	10	9	10
Determine what comparable homes were selling for	6	5	7	6	6
Help determining how much home buyer can afford	3	4	1	3	3
Help find and arrange financing	2	3	2	2	2
Other	3	2	3	2	3

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	51%	50%	54%	53%	49%	53%
Help buyer negotiate the terms of sale	14	14	13	14	18	7
Help with the price negotiations	12	12	12	10	13	12
Help with paperwork	10	10	7	11	9	6
Determine what comparable homes were selling for	6	6	5	6	6	8
Help determining how much home buyer can afford	3	2	3	3	2	10
Help find and arrange financing	2	2	3	2	2	2
Other	3	3	3	2	1	1

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	66%	80%	53%
Pointed out unnoticed features/faults with property	53	55	50
Negotiated better sales contract terms	42	43	40
Improved buyer's knowledge of search areas	42	41	43
Provided a better list of service providers	41	41	42
Negotiated a better price	34	34	34
Shortened buyer's home search	31	32	31
Expanded buyer's search area	22	25	20
Provided better list of mortgage lenders	21	22	20
Narrowed buyer's search area	18	17	19
None of the above	6	5	6
Other	2	1	2

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	48%	57%	39%
Internet Web site	10	10	10
Used agent previously to buy or sell a home	9	2	17
Visited an open house and met agent	7	7	7
Saw contact information on For Sale/Open House sign	6	5	7
Walked into or called office and agent was on duty	5	5	4
Referred through employer or relocation company	3	2	4
Personal contact by agent (telephone, email, etc.)	3	3	3
Newspaper, Yellow Pages or home book ad	1	1	1
Direct mail (newsletter, flyer, postcard, etc.)	*	*	1
Other	7	7	7

**Less than 1 percent*

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	48%	44%	53%	54%	56%	44%
Internet Web site	10	10	9	9	11	11
Used agent previously to buy or sell a home	9	11	8	7	4	6
Visited an open house and met agent	7	8	8	5	7	6
Saw contact information on For Sale/Open House sign	6	6	6	5	7	7
Walked into or called office and agent was on duty	5	5	4	6	4	9
Referred through employer or relocation company	3	4	2	1	2	5
Personal contact by agent (telephone, email, etc.)	3	3	3	3	4	4
Newspaper, Yellow Pages or home book ad	1	1	1	1	1	1
Direct mail (newsletter, flyer, postcard, etc.)	*	1	*	*	*	*
Other	7	7	6	9	5	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	64%	62%	66%
Two	21	22	19
Three	10	11	9
Four or more	6	5	6

Exhibit 4-15 MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT

(Percentage Distribution)

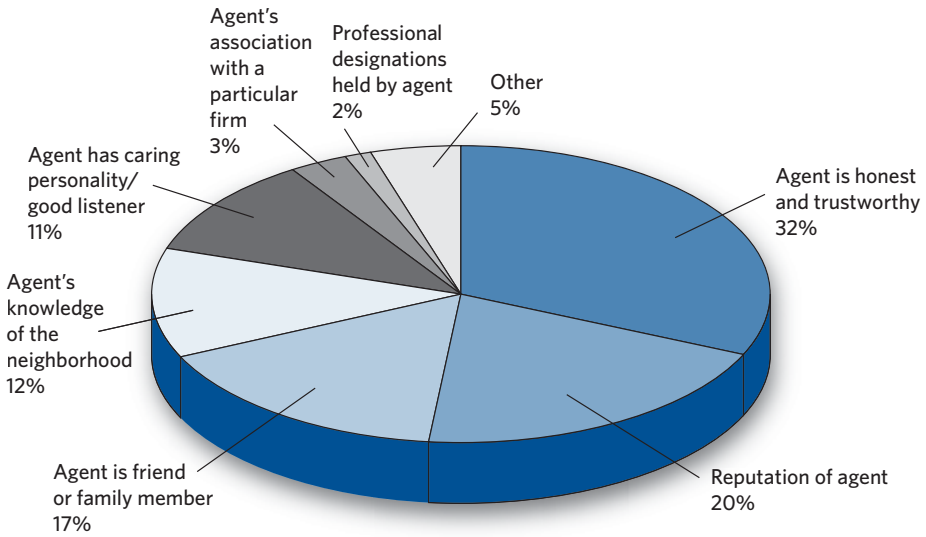


Exhibit 4-16 IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Important	Somewhat Important	Not Important
Honesty and integrity	98%	2%	*
Knowledge of purchase process	95	5	*
Responsiveness	93	7	*
Knowledge of real estate market	92	8	1
Communication skills	85	14	1
Negotiation skills	84	15	2
People skills	79	20	1
Knowledge of local area	79	19	2
Skills with technology	40	50	11

**Less than 1 percent*

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 of Respondents)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Honesty and integrity	98%	97%	98%	97%	98%
Knowledge of purchase process	95	96	93	92	95
Responsiveness	93	93	93	94	93
Knowledge of real estate market	92	91	93	93	92
Communication skills	85	86	84	85	85
Negotiation skills	84	85	82	85	84
People skills	79	80	79	81	79
Knowledge of local area	79	75	82	82	79
Skills with technology	40	38	41	40	40

Exhibit 4-18 AGENT SKILLS AND QUALITIES CONSIDERED 'VERY IMPORTANT' BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD				
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Honesty and integrity	98%	98%	98%	97%	97%	96%
Knowledge of purchase process	95	95	95	95	95	94
Responsiveness	93	93	93	91	95	87
Knowledge of real estate market	92	92	93	87	93	90
Communication skills	85	83	88	78	84	78
Negotiation skills	84	85	87	79	89	88
People skills	79	79	80	76	83	83
Knowledge of local area	79	80	81	75	73	75
Skills with technology	40	40	40	39	37	42

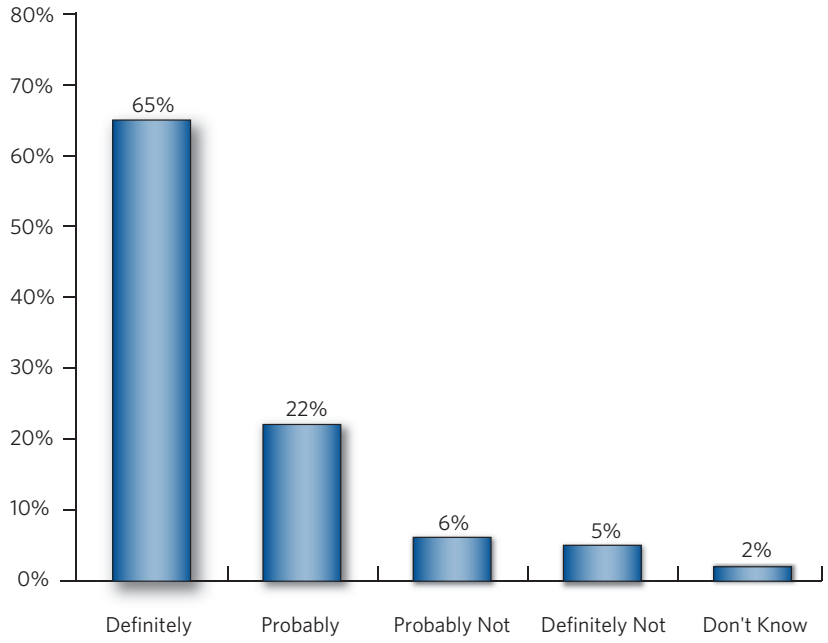
Exhibit 4-19 SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Satisfied	Somewhat Satisfied	Not Satisfied
Knowledge of purchase process	86%	12%	2%
Honesty and integrity	86	11	4
People skills	83	15	2
Knowledge of real estate market	83	15	2
Responsiveness	82	15	3
Communication skills	80	17	3
Knowledge of local area	79	18	3
Skills with technology	74	23	3
Negotiation skills	71	22	7

Exhibit 4-20 WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)



Chapter 5:

Financing the Home Purchase

Despite the ongoing weakness in the housing market, many home buyers continue to finance their home purchase in a similar fashion compared to previous years. Ninety-one percent of home buyers used some sort of mortgage financing, similar to the previous year's survey. Older buyers tended to use financing less often, most likely due to equity from other homes' they may have owned.

Homeowners continued to make sacrifices in order to reap the benefits of homeownership, giving up some luxury goods and some of their savings in order to invest in a home purchase. While the mortgage market has been tighter, the overwhelming majority of home buyers had little or no difficulty obtaining mortgage financing. Of those obtaining a mortgage, a considerable share (43 percent) turned to FHA loans that offered much smaller down payments. Also, ninety-three percent of first home buyers and just under half of repeat buyers took advantage of the home buyer tax credit, which offered a credit of up to $8,000 on a home purchase.

Home buyers continue to see homes as a very important investment in their future. Most indicated that homes were as good or better an investment than stocks as in past surveys.

BUYERS WHO FINANCED THEIR HOME

- **Exhibits 5-1 through 5-3**

More than nine in ten (91 percent) buyers financed their home purchase. Younger buyers were more likely to finance with 97 percent of those aged 25 to 44 financing their home purchase compared to slightly less than two-thirds of buyers 65 years and older who used financing.

Similar to the patterns based on age, first-time buyers are more likely to finance their home purchase than repeat buyers. A higher share of unmarried couples used financing than did married couples or single buyers.

One in seven (14 percent) buyers financed 100 percent of the purchase price with a mortgage. First-time buyers more often financed their entire purchase than did repeat buyers. The share of buyers who financed their home was similar for new homes verses previously-owned homes.

Most home buyers see their home purchase not only as a place to live but also as a good financial investment.

SOURCES OF DOWNPAYMENT AND SACRIFICES MADE TO PURCHASE HOME

- **Exhibits 5-4 through 5-7**

Savings was the most common source of funds for those who made a downpayment with two in three buyers using savings as a source of funding for a downpayment. Proceeds from the sale of a primary residence was the next most cited source of downpayment used by more than a fifth of buyers, and gifts from relative or friend were also selected by a sizeable number of buyers (18 percent). First-time buyers more often cited savings and gifts as sources of downpayment, and four in ten repeat buyers listed proceeds from the sale of their primary residence.

In order to finance their home purchase, more than half of buyers said that they did not need to make any sacrifices. Overall, one in three buyers cut spending on luxury items, while one in four cut spending on entertainment, and one in five cut spending on clothes.

DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS

- **Exhibits 5-8 through 5-10**

Over six in ten (61 percent) buyers said that the mortgage application and approval process was no more difficult than expected. That is down from 68 percent of buyers who said it was not difficult in the previous year's survey. A slightly higher percentage of first-time buyers felt the process of obtaining a mortgage was difficult compared with repeat buyers. A larger share of single female buyers felt that the process was not difficult compared with other groups.

Ninety-two percent of buyers were not rejected by any lenders, while only three percent were rejected by more than one lender.

TYPE OF MORTGAGE LOAN

- **Exhibits 5-11 and 5-12**

With historically low mortgage rates, almost all buyers (95 percent) chose fixed rate mortgages. There was very little difference between first-time and repeat buyers in their choice of mortgage. FHA loans were the most common type of loan, with 43 percent of buyers choosing this option, slightly above conventional loans. FHA loans were much more prevalent among first-time buyers compared with repeat buyers. More than half of first-time buyers (56 percent) chose FHA loans, while a similar share of repeat buyers used conventional loans.

HOME BUYER TAX CREDIT EXPERIENCE

- **Exhibit 5-13**

Roughly seven in ten buyers used the home buyer tax credit, another quarter of buyers did not qualify, and a small fraction was unaware of the tax credit. More than nine in ten first-time buyers used the tax credit for their home purchase. The tax credit, which was initially targeted towards first-time buyers, was expanded to repeat buyers during the time covered by the survey. However, only half of repeat buyers surveyed used the tax credit, while the other half did not qualify at the time they purchased their home. Some buyers were not eligible due to income restrictions.

BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT

- **Exhibit 5-14 and 5-15**

Most home buyers see their home purchase not only as a place to live but also as a good financial investment. Eighty-five percent of buyers feel that their home purchase is a good financial investment, while only four percent felt it was not a good investment. More than three in four believe that a home purchase is as good or better an investment as stocks. Looking across groups, a similar share of first-time, repeat, buyers of new or previously owned homes, and various types of households felt that their home purchase was a good investment.

Exhibit 5-1 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY AGE

(Percent of Respondents)

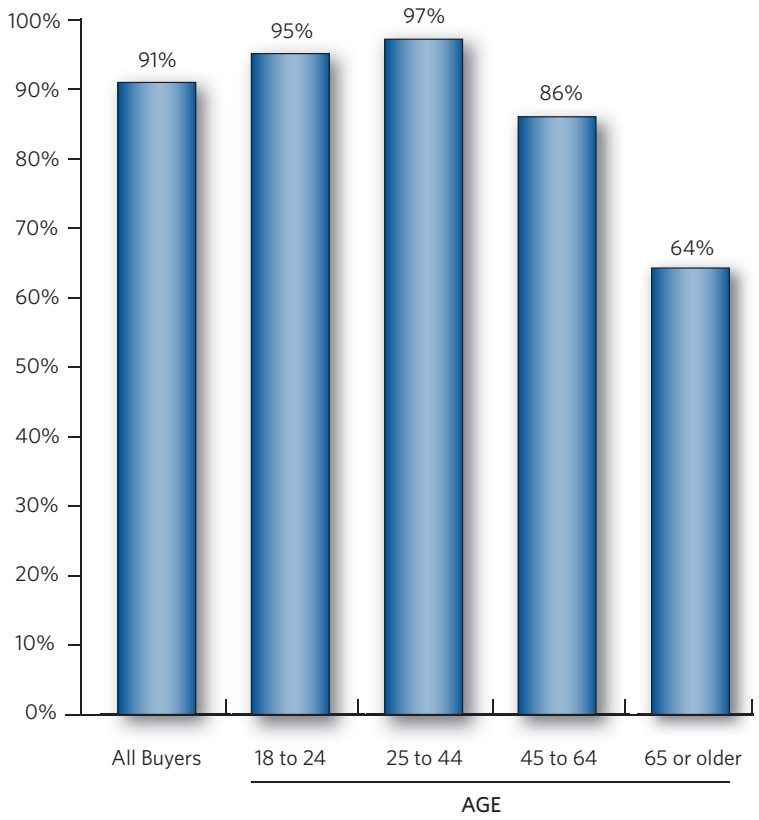


Exhibit 5-2 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

		ADULT COMPOSITION OF HOUSEHOLD				
	All buyers	Married couple	Single female	Single male	Unmarried couple	Other
All Buyers	91%	91%	89%	89%	95%	91%
First-time Buyers	96	97	94	95	97	94
Repeat Buyers	86	87	81	81	89	88

Exhibit 5-3 PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Less than 50%	8%	6%	12%	9%	8%
50% to 59%	3	1	5	4	3
60% to 69%	4	2	6	5	4
70% to 79%	10	7	14	11	10
80% to 89%	19	16	23	16	20
90% to 94%	12	14	10	11	12
95% to 99%	30	39	21	29	30
100% – Financed the entire purchase price with a mortgage	14	17	10	15	13
Median percent financed	92%	96%	86%	92%	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	66%	74%	57%
Proceeds from sale of primary residence	22	2	43
Gift from relative or friend	18	27	8
Sale of stocks or bonds	7	6	8
401k/pension fund including a loan	7	8	6
Loan from relative or friend	6	9	3
Inheritance	4	4	3
Individual Retirement Account (IRA)	3	3	3
Loan or financial assistance from source other than employer	2	3	1
Equity from primary residence buyer continues to own	2	*	3
Proceeds from sale of real estate other than primary residence	2	*	2
Loan from financial institution other than a mortgage	1	2	1
Loan or financial assistance through employer	1	1	*
Other	4	5	3

* *Less than 1 percent*

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	66%	65%	61%	71%	74%	64%
Proceeds from sale of primary residence	22	28	19	10	8	19
Gift from relative or friend	18	16	20	16	28	16
Sale of stocks or bonds	7	7	5	9	9	4
401k/pension fund including a loan	7	7	6	10	10	6
Loan from relative or friend	6	5	6	7	8	6
Inheritance	4	3	5	2	4	6
Individual Retirement Account (IRA)	3	2	5	5	2	6
Loan or financial assistance from source other than employer	2	1	1	1	1	1
Equity from primary residence buyer continues to own	2	2	2	1	2	1
Proceeds from sale of real estate other than primary residence	2	*	2	1	*	*
Loan from financial institution other than a mortgage	1	1	3	3	3	4
Loan or financial assistance through employer	1	1	*	*	*	*
Other	4	3	5	4	5	9

* *Less than 1 percent*

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 or non-essential items	33%	41%	25%
Cut spending on entertainment	25	23	29
Cut spending on clothes	20	26	14
Cancelled vacation plans	14	15	14
Earned extra income through a second job	6	9	4
Sold a vehicle or decided not to purchase a vehicle	5	6	4
Other	5	5	5
Did not need to make any sacrifices	54	45	64

Exhibit 5-7 SACRIFICES MADE TO PURCHASE HOME, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

		ADULT COMPOSITION OF HOUSEHOLD				
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Cut spending on luxury items or non-essential items	33%	31%	35%	30%	44%	38%
Cut spending on entertainment	25	23	29	24	34	22
Cut spending on clothes	20	17	28	17	26	22
Cancelled vacation plans	14	14	15	15	14	13
Earned extra income through a second job	6	6	7	6	7	3
Sold a vehicle or decided not to purchase a vehicle	5	5	3	5	7	6
Other	5	4	6	5	4	8
Did not need to make any sacrifices	54	57	50	58	43	54

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	14%	14%	13%
Somewhat more difficult than expected	26	28	23
Not difficult/No more difficult than expected	61	58	64

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	14%	14%	10%	14%	15%	18%
Somewhat more difficult than expected	26	26	23	27	26	27
Not difficult/No more difficult than expected	61	60	66	58	59	55

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

(Percentage Distribution Among those who Financed their Home Purchase)

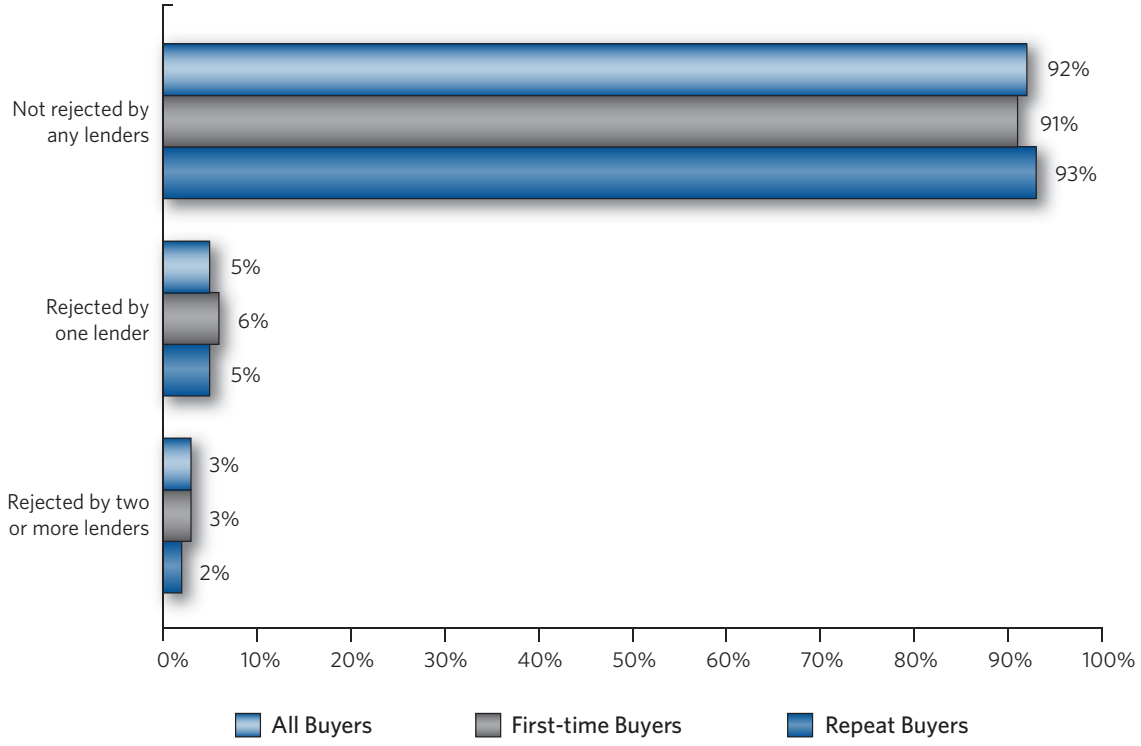


Exhibit 5-11 TYPE OF MORTGAGE, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Fixed-rate mortgage	95%	95%	94%
Fixed- then adjustable-rate mortgage	2	2	3
Adjustable-rate mortgage	1	1	2
Don't know	1	1	1
Other	1	*	1

* *Less than 1 percent*

Exhibit 5-12 TYPE OF LOAN, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Conventional	42%	27%	58%
FHA	43	56	29
VA	7	7	7
Other	4	5	3
Don't Know	4	5	3

Exhibit 5-13 USE OF THE HOME BUYER TAX CREDIT

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Used tax credit	71%	93%	48%
Did not qualify for tax credit	27	6	49
Was not aware of tax credit	2	1	3

Exhibit 5-14 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

				BUYERS OF	
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Good financial investment	85%	85%	84%	87%	84%
Better than stocks	47	49	44	45	47
About as good as stocks	30	29	30	32	29
Not as good as stocks	9	8	10	10	8
Not a good financial investment	4	3	6	4	5
Don't know	11	12	10	9	11

Exhibit 5-15 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD				
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Good financial investment	85%	85%	83%	86%	89%	79%
Better than stocks	47	45	48	47	52	50
About as good as stocks	30	30	29	29	27	23
Not as good as stocks	9	9	6	9	10	6
Not a good financial investment	4	5	4	5	2	8
Don't know	11	10	13	9	9	14

Chapter 6:

Home Sellers and Their Selling Experience

As market conditions stabilized, sellers continued to turn to real estate agents to guide them through the sales process. Sellers in 2010 were somewhat older than sellers in 2009. Still, nearly two-fifths were selling a home for the first time.

Sellers move for a variety of reasons, but a few reasons stand out: the previous home was too small, a job relocation requires a move, or because the seller wants to be closer to family and friends. Roughly half of all sellers cite one of these reasons as the primary motivation for their move. The differences in characteristics of the new home compared to the old home, such as size and price, vary with the age of seller; younger sellers are more likely to upgrade to larger, more expensive homes. Among all sellers, a majority purchase homes that are newer, larger, and more expensive than the homes sold.

During the sales process, a longer time on market is correlated with reduced sales price relative to asking price, an increased number of listing price reductions, and a greater likelihood of incentives. Thus, correctly pricing the home from the start may be an important key to a swift sale. As prices in the housing market have stabilized, seller expectations have become better aligned with buyer willingness to pay. The typical sales price during the period surveyed was a median 96 percent of the listing price, the first increase since this ratio began falling in 2006. While the majority of sellers do not use incentives, among those who do a home warranty policy and assistance with closing costs were the two most reported incentives.

Most sellers remain very satisfied with the home sales process.

HOME SELLER CHARACTERISTICS

- **Exhibits 6-1 through 6-6**

While the change in age of buyers by region was mixed, home sellers were older in 2010 than 2009. The median age of sellers who sold a home between mid-2009 and mid-2010 was 49 as opposed to 46 the previous year. Sellers in each region were older than in 2009, but the increase in median age in the West was so large that it supersedes the Northeast as the region with the oldest median seller age in 2010. The median 2009 income of recent home sellers was $90,000, a 1 percent or $1,100 decline from the previous year. While most regions saw declines, the median seller income in the South increased, replacing the Northeast as the region with the top median income at $94,000. The relative position of the other regions was unchanged.

As has been the case for the last several years, married couple households account for three-quarters of home sellers. Single person households represented about one in five recent sellers, with single females accounting for more than 2.5 times as many sellers as single males. Reversing a trend from recent years, the proportion of single female sellers increased in 2010. Two-fifths of seller households have a least one child under 18; this is slightly more than the share of home buyer households with children (35 percent).

Ninety-three percent of recent home sellers were white. The largest share of minority sellers in 2010 was in the South where nearly one in ten described themselves as non-White. Nearly all home sellers indicated that the primary language they speak is English.

HOME SELLING SITUATION

- **Exhibits 6-7 through 6-10**

A majority of repeat buyers (69 percent) reported that they had already sold their previous home. Among the quarter of repeat buyers who have not sold their previous home, nearly half do not intend to sell. Eight percent of repeat buyers did not own their previous home. For the first time, we asked sellers if this was their first selling experience. Nearly two-fifths of sellers were selling for the first-time while a little more than three-fifths were repeat sellers.

The share of homes that remain unsold varies by region and type of location. Using the share of homes sold by region as a benchmark, sellers with unsold homes are more concentrated in the South and West than in the Northeast or Midwest. Further, the share of rented unsold homes in the South is much larger than both its share of vacant homes and sold homes. The share of rented unsold homes in the West is larger than its share of sold homes but equal to the region's share of vacant unsold homes. Just as most of the recently sold homes are in the suburbs, most unsold homes are also in the suburbs. Sixty-five percent of vacant unsold homes and a smaller share (52 percent) of unsold homes now being rented are in the suburbs. This compares with 49 percent of recently sold homes in this area.

HOME SOLD VS. HOME PURCHASED

■ Exhibits 6-11 through 6-19

Most home sellers (71 percent) remain in the same state when they purchase their next home. Long distance moves to another region are somewhat more common (17 percent of sellers) than those to another state within the same region (13 percent of sellers).

Eighty-one percent of sellers sold a detached single-family home; and the townhouse or row house was the second most frequent type of home sold. Sales of detached single-family homes accounted for the largest share of sales in all areas though were not as dominant in the resort area markets.

Home size reflects financial and lifestyle considerations as well as the life-cycle of homeowners. Just over half of recent sellers purchased a home that was larger than the home they sold while 28 percent purchased a home in the same size range. The greatest share of sellers whose purchase was in the same size range (9 percent) sold and purchased homes of 3,000 square feet or more. Nearly two in five trade-up buyers purchased a home of at least 3,000 square feet. Consistent with previous Profiles, when purchasing their next home, younger home sellers tend to purchase larger homes, while older sellers generally purchase smaller homes. The median size of home purchased is highest for the 35 to 44 year age group while the median size of home sold is greatest for the 55 to 64 year age group. Overall, sellers in the 45 to 54 year age group reported little difference in the median size of home sold compared to the median size of home purchased. The bedroom/bathroom composition of homes sold at the median is the same regardless of household composition or number of children under age 18. The typical home sold has three bedrooms and two bathrooms. However, more than one-fifth of single and unmarried couple sellers had fewer than three bedrooms in the home they sold. One-quarter or more of single female and unmarried couple sellers had only one bathroom.

In terms of home age, 57 percent of recent sellers purchased a home that was newer than the home they sold while 20 percent purchased an older home. Nearly a third of those purchasing newer homes purchased one built at least as recently as 2008. The greatest share of those purchasing older homes bought homes built between 1985 and 1999, and the second largest share bought homes built between 2000 and 2004. A larger share of sellers purchased a newer home, and 55 percent purchased a home that was more expensive than the one they sold. Younger sellers, who are often looking to trade up to a larger home, purchase homes that are relatively more expensive than the home they sold. For example, home sellers under 34 years old purchased a home for a median of $253,300 and sold a home for a median of $155,000—an difference of 63 percent.

Sellers have many reasons for moving, and these reasons vary by age. Selling a home because it was too small was the motivation for 21 percent of recent sellers, the most frequently cited reason among all sellers, especially younger sellers. Selling a home for a job relocation was the primary reason given by 15 percent of sellers, a decrease over the 21 percent of sellers who gave this reason in the 2009 Profile. Moving closer to friends and family was the chief reason for selling a home among those 55 or older, and it becomes an even more commonly cited reason among older groups.

TENURE IN HOME

■ Exhibits 6-20 and 6-21

The typical home seller has owned their home for eight years. Sellers of detached single-family homes, which account for the largest share of homes sold, owned their home for a median of nine years. Sellers of condos in buildings with five or more units had the shortest tenure at the median—6 years. Age of the home owner also corresponds with tenure. Sellers under age 34 have typically lived in their home for 5 years before selling compared with a 12-year tenure for those sellers 55 to 64 years old.

DISTANCE MOVED

- **Exhibits 6-22 and 6-23**

Home sellers in mid-2009 to mid-2010 moved a median of 18 miles, one mile less than the year before. By region, those in the West still moved the furthest at the median (20 miles), but this distance is nearly half the median distance Western sellers moved the year before (41 miles). Age is also correlated with the distance home sellers move. While only about one in ten sellers under 44 years old moved 1001 miles or more, among sellers 65 years or older the proportion was nearly one in five. Still, many moves are local. Regardless of age group, the most common distance moved was 5 miles or less.

In a stabilizing housing market sellers understand the importance of working with real estate professionals. Eighty-eight percent of home sellers sold their home with the assistance of a real estate agent, an increase of 3 percent due to fewer for-sale-by-owner (FSBO) sales.

METHOD OF SALE

- **Exhibits 6-24 through 6-27**

In a stabilizing housing market sellers understand the importance of working with real estate professionals. Eighty-eight percent of home sellers sold their home with the assistance of a real estate agent, an increase of 3 percent due to fewer for-sale-by-owner (FSBO) sales. FSBOs declined in the Midwest and South while sellers' use of agents increased in every region except the Northeast where 89 percent of sellers used an agent, unchanged for each year.

The level of urgency with which sellers must complete the sale of their home does not correspond with the method of sale in an intuitive way. Regardless of urgency, more than 82 percent of sellers were assisted by an agent. Sellers with the greatest urgency were least likely to use an agent and most likely to try a FSBO sale, sell to a home buying company, or some other method.

The method of sale tends to differ in conjunction with the relationship between the buyer and seller. If the buyer and seller know each other, the sale can be either an arms-length transaction consistent with local market conditions or it may involve considerations that would be not be relevant in the absence of a prior relationship.

Among all home sellers, 8 percent reported that they knew the buyer of their home compared with 9 percent in the 2009 Profile. Among those sellers that were assisted by an agent, just 3 percent knew the buyer. In contrast, more than half of FSBO sellers indicated that they knew the buyer of their home before the transaction. In one in ten transactions where the seller knew the buyer an agent listed the home, but it was ultimately a FSBO sale. However, an agent was employed in three in ten transactions where the seller knew the buyer.

SALES PRICE AND TIME ON THE MARKET

- **Exhibits 6-28 through 6-32**

Among recently sold homes, the sales price was a median 96 percent of the listing price. This is a slight increase over the figure in the 2009 Profile (95 percent) and marks the first year of increase since the ratio began falling in 2006. While the market has seen price stabilization, sellers have not fully adjusted to buyers' expectations or are building in room to negotiate. Regardless of region, most sellers, between 76 and 81 percent, received less than their asking price and the greatest share of those receiving less, between 46 and 52 percent depending on the region, sold for between 95 and 99 percent of their asking price. One-fifth of sellers in the South received exactly what they asked for. Five percent of sellers in the South and Midwest and eight percent of sellers in the Northeast and Midwest received more than their asking price. Sellers who reported needing to sell very urgently were more likely to accept a price that was less than 90 percent of the asking price while those who reported less urgency were more likely to receive 95 to 99 percent of the original asking price. However, the median sales price to asking price ratio differed little if at all with the sellers who need to sell urgently.

The median time on the market for recently sold homes was 8 weeks—down from 10 weeks in 2009. More than a quarter of sellers reported that their home was on the market for two weeks or less. Lowered median time on market was seen across regions, and the most significant reduction was in the West where time on the market fell from 12 to 6 weeks.

Time on the market and the ratio of sales price to listing price are highly correlated; generally, the longer a home is on the market the greater the discount from the listing price upon sale. This generality is seen in the decreasing median sales to asking price ratio as time on market increases, for example, from 100 percent for homes on the market for less than one week to 91 percent for homes on the market 17 weeks or longer. Among homes on the market less than one week, more than half (56 percent) were sold at the listing price and only 2 percent were sold at less than 90 percent of the asking price. Among homes that were on the market for at least 17 weeks, the shares are nearly reversed; 45 percent of these sellers accept less than 90 percent of the asking price while only 5 percent sell at the listing price.

As the relative magnitude of the price reduction grows with the length of time on the market, so does the number of times the price is reduced from the original asking price. Overall, 43 percent of sellers noted that they did not reduce their asking price while 27 percent reduced it only once. For homes on the market two weeks or less, 83 percent did not reduce the asking price. For homes on the market at least 17 weeks, 88 percent reduced the price at least once and a quarter of those reducing the price at least once reduced the price at least 4 times. Working with an agent to correctly price a home for sale from the beginning is likely to result in fewer price reductions and if the sale is like typical sales, reduced with time on market.

INCENTIVES TO PROSPECTIVE BUYERS

- **Exhibits 6-33 and 6-34**

Sellers occasionally add incentives to attract buyers though there are regional variations. Incentives are least common in the Northeast and, in 2010, the West. The most frequently offered incentive regardless of region is a home warranty policy. The second most commonly offered incentive is assistance with closing costs. Not surprisingly, the longer a home is on the market, the more frequently sellers offer incentives. However, regardless of time on market, home warranty policies and assistance with closing costs remain the top two incentives most frequently offered by sellers.

EQUITY BY TENURE

- **Exhibit 6-35**

Home sellers reported that they typically sold the home they purchased for $33,000 more than they purchased it—about a 24 percent price gain. Generally, the longer a seller is in the home the greater the increase attributable to price appreciation; however, the recent path of home prices has resulted in the level of equity in homes with seller tenures of 1 to 5 years varies from that trend. Sellers who owned a home for one year or less typically reported greater gains than those who owned a home for 2 to 3 or 4 to 5 years. One explanation for these large gains is that they result from the rehabilitation and resale of formerly distressed properties.

SATISFACTION WITH SALES PROCESS

- **Exhibit 6-36**

As the housing market has stabilized, sellers' overall satisfaction with the selling process has improved slightly. Fifty-five percent of sellers reported that they were very satisfied with the process, up from 53 percent in last year's Profile and equal to the 2008 share though not quite on par with the 63 percent who were very satisfied in 2007. The same share of recent sellers as in 2009, 14 percent, indicated that they were dissatisfied with the process.

Working with an agent to correctly price a home for sale from the beginning is likely to result in fewer price reductions and if the sale is like typical sales, reduced with time on market.

Exhibit 6-1 AGE OF HOME SELLERS, BY REGION

(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
18 to 34 years	17%	13%	20%	18%	13%
35 to 44 years	24	24	25	25	19
45 to 54 years	21	21	21	22	19
55 to 64 years	22	25	19	19	32
65 to 74 years	12	15	11	12	13
75 years or older	4	3	4	5	6
Median age (years)	49	51	46	48	55

Exhibit 6-2 HOUSEHOLD INCOME OF HOME SELLERS, 2009

(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
Less than $25,000	3%	4%	3%	2%	2%
$25,000 to $34,999	4	3	3	4	7
$35,000 to $44,999	5	4	6	4	9
$45,000 to $54,999	8	7	9	9	5
$55,000 to $64,999	9	9	9	8	9
$65,000 to $74,999	8	11	8	6	7
$75,000 to $84,999	10	9	11	9	9
$85,000 to $99,999	12	9	14	13	12
$100,000 to $124,999	16	19	16	15	16
$125,000 to $149,999	9	8	9	11	6
$150,000 to $174,999	6	7	5	6	6
$175,000 to $199,999	3	4	2	4	4
$200,000 or more	8	9	5	9	9
Median income (2009)	$90,000	$93,300	$85,800	$94,000	$87,100

Exhibit 6-3 ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS

(Percentage Distribution)

	2004	2005	2006	2007	2008	2009	2010
Married couple	74%	71%	72%	75%	74%	75%	75%
Single female	15	17	17	15	15	14	16
Single male	5	6	6	6	7	6	6
Unmarried couple	5	3	4	3	3	4	3
Other	1	1	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)

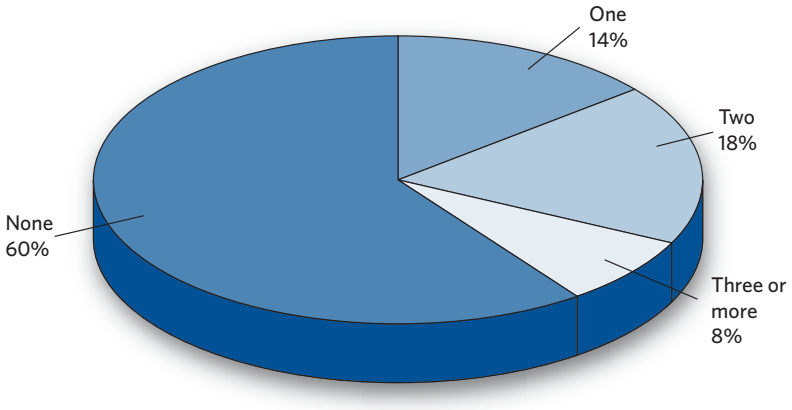


Exhibit 6-5 RACE/ETHNICITY OF HOME SELLERS, BY REGION

(Percent of Respondents)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
White/Caucasian	93%	96%	95%	91%	91%
Black/African-American	2	2	1	4	*
Asian/Pacific Islander	2	1	2	1	3
Hispanic/Latino	3	1	1	3	4
Other	1	1	1	1	1

** 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)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
English	99%	98%	100%	98%	98%
Other	2	2	*	2	2

** Less than 1 percent*

Exhibit 6-7 HOME SELLING SITUATION AMONG REPEAT BUYERS

(Percentage Distribution)

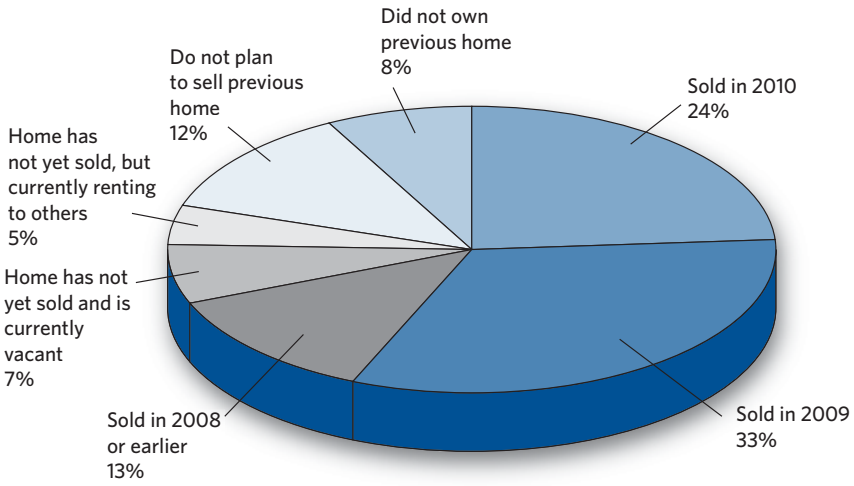


Exhibit 6-8 FIRST-TIME OR REPEAT SELLER

(Percentage Distribution)

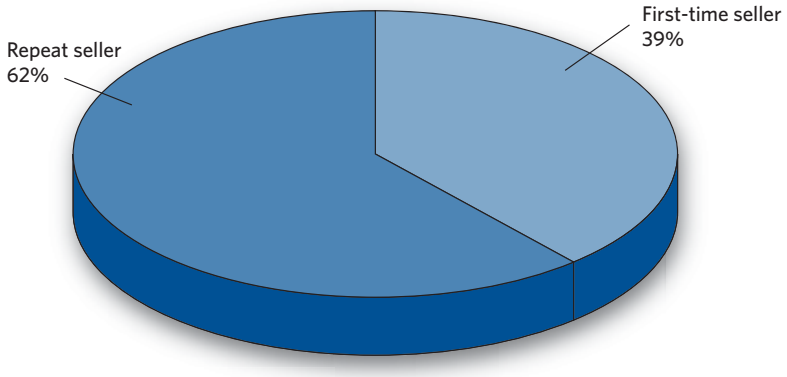


Exhibit 6-9 HOMES SOLD AND FOR SALE, BY REGION

(Percentage Distribution)

	Homes Sold	Home has not yet sold and is currently vacant	Home has not yet sold, but currently renting to others
Northeast	17%	15%	9%
Midwest	29	27	22
South	36	37	48
West	17	21	21

Exhibit 6-10 LOCATION OF HOME SOLD

(Percentage Distribution)

	Homes Sold	Home has not yet sold and is currently vacant	Home has not yet sold, but currently renting to others
Suburb/Subdivision	49%	65%	52%
Small town	20	10	17
Urban area/Central city	18	14	12
Rural area	12	10	15
Resort/Recreation area	2	*	4

Exhibit 6-11 PROXIMITY OF HOME SOLD TO HOME PURCHASED

(Percentage Distribution)

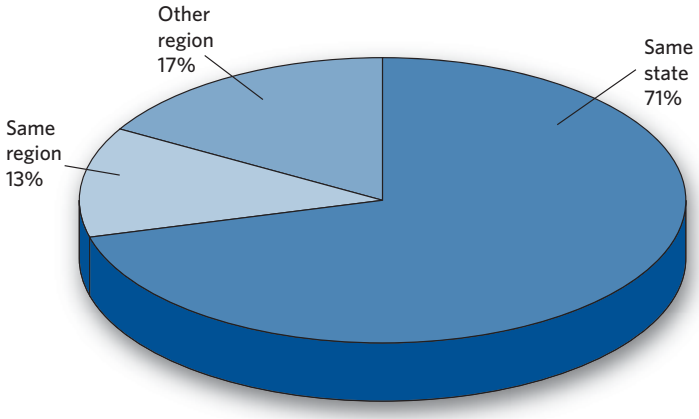


Exhibit 6-12 TYPE OF HOME SOLD, BY LOCATION

(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN A				
	All Sellers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	81%	79%	83%	80%	82%	32%
Townhouse/row house	7	7	8	5	8	18
Apartment/condo in a building with 5 or more units	5	7	3	5	1	5
Duplex/apartment/condo in 2 to 4 unit building	2	3	1	1	4	14
Other	6	5	6	9	5	32

** Less than 1 percent*

Exhibit 6-13 SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

	SIZE OF HOME PURCHASED					
SIZE OF HOME SOLD	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	*	*	*	*	*	*
1,001 to 1,500 sq ft	*	2	5	6	3	1
1,501 to 2,000 sq ft	*	2	7	8	5	5
2,001 to 2,500 sq ft	*	1	4	7	6	7
2,501 to 3,000 sq ft	*	1	2	3	3	5
More than 3,000 sq ft	*	1	2	3	3	9

** Less than 1 percent*

21% Trading Down 28% Remaining at the same size range 51% Trading Up

Exhibit 6-14 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	1,500	1,600	100
35 to 44 years	1,800	2,000	200
45 to 54 years	1,900	1,900	0
55 to 64 years	2,000	1,800	-200
65 to 74 years	1,900	1,800	-100
75 years or older	1,800	1,650	-150

Exhibit 6-15 NUMBER OF BEDROOMS AND BATHROOMS BY ADULT COMPOSITION OF HOUSEHOLD AND CHILDREN IN HOUSEHOLD

(Precentage Distribution)

		ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
	All Sellers	Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
One bedroom	1%	1%	2%	*	3%	*	1%	1%
Two bedrooms	16	14	19	23	23	15	13	18
Three bedrooms or more	83	85	79	77	74	85	86	81
Median number of bedrooms	3	3	3	3	3	3	3	3
One full bathroom	20	18	25	22	28	16	22	18
Two full bathrooms	61	61	53	64	69	84	60	61
Three full bathrooms or more	20	21	22	15	3	*	18	21
Median number of full bathrooms	2	2	2	2	2	2	2	2

** Less than 1 percent*

Exhibit 6-16 AGE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

	YEAR PURCHASED HOME WAS BUILT							
YEAR HOME SOLD WAS BUILT	2010	2008 through 2009	2005 through 2007	2000 through 2004	1985 through 1999	1960 through 1984	1911 through 1959	1750 through 1910
2010	*	*	*	*	*	*	*	*
2008 through 2009	*	*	*	*	*	*	*	*
2005 through 2007	1	1	1	1	1	1	*	*
2000 through 2004	1	3	2	3	3	2	1	*
1985 through 1999	2	4	5	5	7	4	2	1
1960 through 1984	1	4	4	3	6	7	3	*
1911 through 1959	*	1	2	2	4	4	4	*
1750 through 1910	*	*	*	*	1	1	1	*

57% Purchased a Newer Home 23% Purchased a Home the Same Age 20% Purchased a Newer Home

Exhibit 6-17 PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

	PRICE OF HOME PURCHASED								
PRICE OF HOME SOLD	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%	5%	3%	1%	1	*	*	*	*
$100,000 to $149,999	1	4	7	5	2	1	*	*	*
$150,000 to $199,999	1	3	5	4	4	2	1	1	*
$200,000 to $249,999	*	1	2	3	3	2	2	1	*
$250,000 to $299,999	*	1	1	2	2	1	1	1	1
$300,000 to $349,999	*	*	*	2	1	1	1	1	1
$350,000 to $399,999	*	*	1	1	1	*	*	1	2
$400,000 to $499,999	*	*	1	*	*	*	1	1	2
$500,000 or more	*	*	*	*	1	1	*	2	4

** Less than 1 percent*

25% Trading Down 21% Remaining at the same price range 55% Trading Up

Exhibit 6-18 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	$155,000	$253,300	$98,300
35 to 44 years	$198,000	$267,300	$69,300
45 to 54 years	$202,500	$236,900	$34,400
55 to 64 years	$220,000	$214,700	-$5,300
65 to 74 years	$199,000	$215,800	$16,800
75 years or older	$220,000	$180,600	-$39,400

Exhibit 6-19 PRIMARY REASON FOR SELLING PREVIOUS HOME, BY AGE

(Percentage Distribution)

		AGE OF HOME SELLER					
	All Sellers	18 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65 to 74 years	75 years or older
Home is too small	21%	46%	33%	16%	5%	6%	5%
Job relocation	15	18	22	23	10	*	*
Want to move closer to friends or family	13	5	4	6	16	34	49
Neighborhood has become less desirable	10	11	11	12	10	7	5
Change in family situation (e.g., marriage, birth of a child, divorce)	10	9	12	13	12	4	5
Home is too large	6	*	2	6	10	14	9
Moving due to retirement	6	*	1	3	15	13	1
Want to move closer to current job	5	6	7	6	4	2	*
Upkeep of home is too difficult due to health or financial limitations	4	1	1	4	6	7	7
Can not afford the mortgage and other expenses of owning home	3	1	1	4	4	4	7
Other	8	3	9	8	8	10	11

** Less than 1 percent*

Exhibit 6-20 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	3%	6%	6%	2%	3%	3%	*	9%
2 to 3 years	8	38	*	18	7	8	3	9
4 to 5 years	16	*	18	29	21	15	14	9
6 to 7 years	18	*	29	19	23	16	34	29
8 to 10 years	17	13	15	16	25	17	18	6
11 to 15 years	17	13	21	8	11	18	17	17
16 to 20 years	8	6	3	4	6	9	5	3
21 years or more	13	25	9	5	4	14	9	20
Median	8	9	7	6	7	9	7	7

** Less than 1 percent*

Exhibit 6-21 TENURE IN PREVIOUS HOME, BY AGE OF SELLER

(Percentage Distribution)

		AGE OF HOME SELLER					
	All Sellers	18 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65 to 74 years	75 years or older
1 year or less	3%	3%	3%	3%	1%	4%	3%
2 to 3 years	8	15	6	7	5	9	4
4 to 5 years	16	34	17	12	9	7	12
6 to 7 years	18	28	23	15	11	13	10
8 to 10 years	17	13	30	17	11	12	10
11 to 15 years	17	6	16	23	23	19	8
16 to 20 years	8	*	3	15	15	8	8
21 years or more	13	*	1	9	24	29	43
Median	8	5	8	10	12	11	16

** Less than 1 percent*

Exhibit 6-22 DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION

(Median Miles)

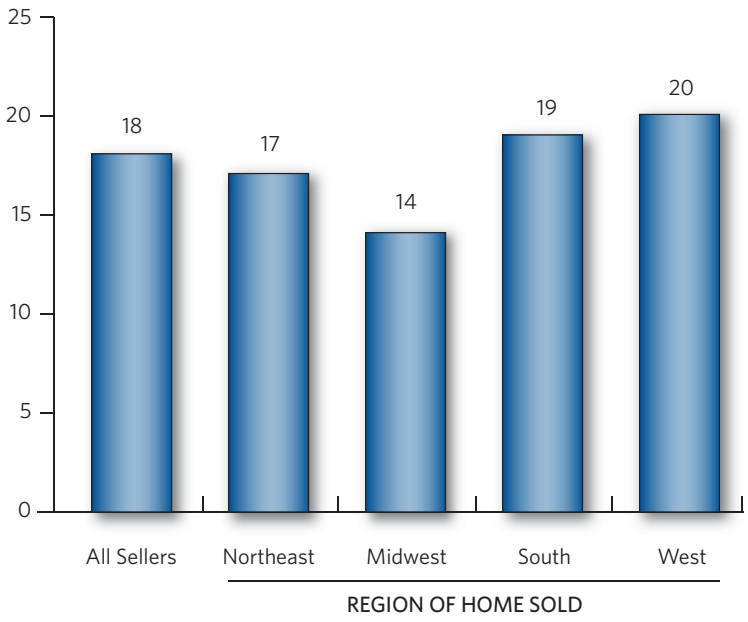


Exhibit 6-23 DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY AGE

(Percentage Distribution)

		AGE OF HOME SELLER					
	All Sellers	18 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65 to 74 years	75 years or older
5 miles or less	24%	28%	30%	25%	19%	18%	24%
6 to 10 miles	14	18	15	14	11	11	10
11 to 15 miles	10	11	10	11	10	8	6
16 to 20 miles	7	9	8	7	8	4	1
21 to 50 miles	11	13	10	10	12	9	12
51 to 100 miles	4	4	2	3	7	7	5
101 to 500 miles	11	7	9	12	11	14	14
501 to 1,000 miles	6	2	5	7	8	10	6
1,001 miles or more	14	9	11	12	16	19	21
Median (miles)	18	13	13	15	29	50	42

** Less than 1 percent*

Exhibit 6-24 METHOD USED TO SELL HOME, BY REGION

(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
Sold home using an agent or broker	88%	89%	88%	85%	92%
Seller used agent/broker only	85	87	84	83	90
Seller first tried to sell it themselves, but then used an agent	3	2	4	2	2
For-sale-by-owner (FSBO)	9	8	7	11	7
Seller sold home without using a real estate agent or broker	8	6	7	9	6
First listed with an agent, but then sold home themselves	2	2	1	2	1
Sold home to a homebuying company	1	1	1	1	*
Other	3	2	4	3	1

** Less than 1 percent*

Exhibit 6-25 METHOD USED TO SELL HOME, BY SELLER URGENCY

(Percentage Distribution)

		SELLER NEEDED TO SELL		
	All Sellers	Very urgently	Somewhat urgently	Not urgently
Sold home using an agent or broker	88%	82%	90%	88%
Seller used agent/broker only	85	81	86	85
Seller first tried to sell it themselves, but then used an agent	3	2	4	3
For-sale-by-owner (FSBO)	9	11	8	10
Seller sold home without using a real estate agent or broker	8	9	6	8
First listed with an agent, but then sold home themselves	2	1	2	2
Sold home to a homebuying company	1	3	1	*
Other	3	5	2	3

** Less than 1 percent*

Exhibit 6-26 METHOD OF SALE, BY BUYER AND SELLER RELATIONSHIP

(Percentage Distribution)

Buyer and Seller Relationship	Seller Knew Buyer	Seller did not Know Buyer
All sellers	8%	92%
Sold home using an agent or broker	3	97
Seller used agent/broker only	3	97
Seller first tried to sell it themselves, but then used an agent	10	90
For-sale-by-owner (FSBO)	52	49
Sold home without using a real estate agent or broker	51	49
First listed with an agent, but then sold home themselves	53	47
Other	8	92

Method of Home Sale	All Sellers	Seller Knew Buyer	Seller did not Know Buyer
Sold home using an agent or broker	88%	30%	93%
Seller used agent/broker only	85	27	90
Seller first tried to sell it themselves, but then used an agent	3	3	3
For-sale-by-owner (FSBO)	9	58	5
Sold home without using a real estate agent or broker	8	48	4
First listed with an agent, but then sold home themselves	2	10	1
Other	3	12	3

Exhibit 6-27 METHOD USED TO SELL HOME, 2001-2010

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009	2010
Sold home using an agent or broker	79%	83%	82%	85%	84%	85%	84%	85%	88%
For-sale-by-owner (FSBO)	13	14	14	13	12	12	13	11	9
Sold to home buying company	1	1	1	1	1	1	1	1	1
Other	7	3	3	2	3	2	2	3	3

Exhibit 6-28 SALES PRICE COMPARED WITH LISTING PRICE, BY REGION

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

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
Less than 90%	21%	22%	25%	18%	18%
90% to 94%	19	20	19	18	22
95% to 99%	38	36	37	40	37
100%	17	15	15	20	16
101% to 110%	4	6	3	3	4
More than 110%	2	2	2	2	4
Median (sales price as a percent of listing price)	96%	96%	95%	96%	96%

Exhibit 6-29 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%	21%	32%	21%	15%
90% to 94%	19	17	21	18
95% to 99%	38	26	38	42
100%	17	18	14	19
101% to 110%	4	4	4	3
More than 110%	2	3	1	3
Median (sales price as a percent of listing price)	96%	95%	95%	97%

Exhibit 6-30 NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION

(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
Less than 1 week	5%	5%	4%	6%	4%
1 to 2 weeks	23	20	23	22	28
3 to 4 weeks	13	15	10	15	13
5 to 6 weeks	6	5	7	5	8
7 to 8 weeks	6	5	7	6	6
9 to 10 weeks	4	4	5	5	3
11 to 12 weeks	7	9	6	7	5
13 to 16 weeks	6	7	7	4	9
17 to 24 weeks	9	9	8	11	8
25 to 36 weeks	8	8	8	8	7
37 to 52 weeks	7	9	9	7	3
53 or more weeks	6	5	8	5	6
Median weeks	8	8	8	8	6

Exhibit 6-31 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)

		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
Less than 90%	21%	2%	4%	8%	14%	20%	45%
90% to 94%	19	4	9	17	25	27	24
95% to 99%	38	18	46	55	44	42	22
100%	17	56	31	15	13	9	5
101% to 110%	4	16	7	2	3	1	2
More than 110%	2	4	2	3	1	1	2
Median (sales price as a percent of listing price)	96%	100%	99%	97%	96%	95%	91%

Exhibit 6-32 NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percentage Distribution)

		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, did not reduce the asking price	43%	83%	83%	52%	41%	24%	12%
One	27	16	15	36	46	42	18
Two	14	1	2	9	10	20	27
Three	9	*	*	3	3	10	21
Four or more	8	*	1	1	1	5	22

** Less than 1 percent*

Exhibit 6-33 INCENTIVES OFFERED TO ATTRACT BUYERS, BY REGION

(Percent of Respondents)

		SELLERS WHO SOLD A HOME IN THE			
	All Sellers	Northeast	Midwest	South	West
None	56%	67%	53%	52%	58%
Home warranty policies	25	16	29	30	21
Assistance with closing costs	20	11	23	24	17
Credit toward remodeling or repairs	5	5	4	6	6
Other incentives, such as a car, flat screen TV, etc.	4	2	5	5	3
Assistance with condo association fees	1	1	1	1	1
Other	4	4	3	5	5

Exhibit 6-34 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	56%	78%	65%	53%	55%	58%	47%
Home warranty policies	25	11	22	22	29	26	31
Assistance with closing costs	20	10	15	19	17	22	26
Credit toward remodeling or repairs	5	3	3	5	7	6	7
Other incentives, such as a car, flat screen TV, etc.	4	5	2	5	4	3	6
Assistance with condo association fees	1	*	*	1	*	1	2
Other	4	2	3	7	4	3	5

** Less than 1 percent*

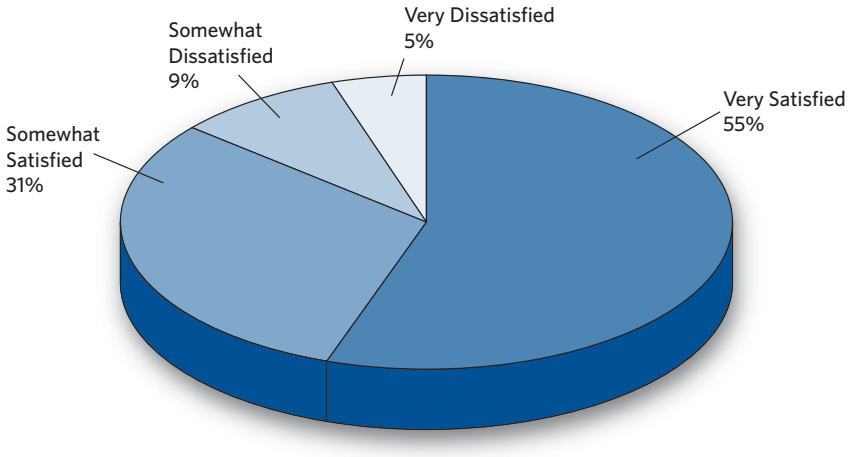
Exhibit 6-35 EQUITY EARNED IN HOME RECENTLY SOLD, BY TENURE IN HOME

(Percent of Respondents)

	All Sellers	
TENURE IN HOME	Dollar value	Percent
1 year or less	$37,626	17%
2 to 3 years	$0	0%
4 to 5 years	$6,000	3%
6 to 7 years	$17,000	11%
8 to 10 years	$35,000	26%
11 to 15 years	$49,000	40%
16 to 20 years	$79,100	78%
21 years or more	$108,300	152%
Median	$33,000	24%

Exhibit 6-36 **SATISFACTION WITH THE SELLING PROCESS**

(Percentage Distribution)



Chapter 7:

Home Selling and Real Estate Professionals

Relationships play a key role in the real estate transaction and generate future business. Referrals from friends and family and repeat business continue to be the top methods home sellers use to find a real estate agent. Given the importance of referrals and repeat business relationships, two-thirds of sellers contacted only one agent to assist with their home sale and one-half who used an agent to sell their home used the same agent to buy a new home. Home sellers place high emphasis on relational qualities such as strong reputation, evidence of honesty and integrity, and look to friends or family members when choosing an agent. The skilled sellers most often cited as an important influence on agent selection was the agent's knowledge of the neighborhood. Most sellers (four-fifths) have a comprehensive relationship with their agent, working with an agent who provides a broad range of services rather than an agent who offers a limited set of services. Sellers were even more satisfied with their agents in 2010 than in 2009; 84 percent of sellers indicated that they would recommend their agent or use the agent's services in the future as opposed to 81 percent a year ago.

Marketing of real estate continues to undergo changes. While the share of those using some types of traditional marketing media remains high, such as yard signs and print newspaper ads, these shares are decreasing. Real estate agents are making greater use of the Internet, social media, and video hosting web sites. The Internet remains the most dominant marketing tool with 91 percent of agent- assisted sellers reporting that the agent listed their home on the Internet. All Internet-related marketing methods were more prevalent in 2010, while most non-Internet tools were less prevalent.

FINDING A REAL ESTATE AGENT

- **Exhibits 7-1 through 7-3**

Good transaction experiences matter A referral from a friend, neighbor or relative is the most commonly cited method sellers used to find their real estate agent. Forty-one percent of sellers find their agents from referrals compared to 48 percent of buyers, but an additional 23 percent of sellers used an agent they had previously worked with compared with only 9 percent of buyers. No other single method of finding a real estate agent was used by more than four percent of sellers.

The fact that 64 percent of sellers find their agent from personal relationships explains why 66 percent of sellers contacted only one agent before choosing one to assist them with their home sale in 2010. Nearly one in five buyers interviewed exactly two agents while one in ten sellers contacted exactly three agents. Additionally, slightly more than half of home sellers who used an agent to sell their home used the same agent to buy their next home.

HOME LISTED ON MULTIPLE LISTING SERVICE AND LEVEL OF SERVICE

- **Exhibits 7-4 to 7-5**

The Multiple Listing Service (MLS) remained a vital resource for sellers in 2010. Ninety-three percent of sellers listed their homes on a MLS, while only 3 percent of sellers did not. These figures are exactly the same as in the 2009 survey. The level of service reported by sellers was also unchanged in 2010. Eighty percent of sellers worked with an agent who could provide a broad range of services and manage most aspects of the sale. Among the remaining fifth of sellers, a slightly greater share worked with agents who offered minimal services other than a listing on a MLS and a slightly smaller share worked with an agent who provided only a limited set of services.

WHAT SELLERS MOST WANT AND LEVEL OF SERVICE

- **Exhibits 7-6 through 7-7**

The top four goals home sellers say they most want their agent to accomplish when selling their home are the same for sellers regardless of the level of service they seek from their agent though the ranking of these four varies slightly. Among all sellers, pricing their home competitively was the most commonly sought goal, and this goal was also number one among sellers who sought a broad range of services and those who sought a listing on the MLS and few other services. Finding a buyer for the home was the second most common response among all sellers while it was the most frequently cited goal among sellers working with an agent who provided only a limited set of services. The other most wanted services reported by sellers were helping the seller market their home to buyers and finding a buyer within a specific timeframe.

While the timeframe was most important to 27 percent of sellers who worked with an agent providing only a limited set of services in 2009, only 16 percent of these sellers said this was most important in 2010. Among the group of sellers working with agents who provided minimal services other than a listing on a MLS, pricing a home competitively was important to 26 percent in 2010 compared to only 19 percent in 2009.

The nature of the seller-agent relationship and the strong role of referrals and repeat business could explain the fact that three of the top four responses regarding what is most important in an agent are relational: the reputation of the agent, the agent is honest and trustworthy, the agent is a friend or family member, and the agent's knowledge of the neighborhood. The reputation of the agent is the most important selection factor among all sellers regardless of the levels of service provided by their agent though sellers looking for a broad range of services from their agent were most likely to list this characteristic as most important. Honesty and trustworthiness were viewed as most important by more than one-quarter of sellers seeking agents who provided a limited set of services. Those seeking an MLS listing and few additional services were more likely than other sellers to cite the agent's knowledge of the neighborhood as the most important factor in their decision.

METHODS USED TO MARKET THE HOME

- **Exhibit 7-8**

The Internet and related marketing methods (including other web sites with real estate listings, social networking web sites, and web sites with video hosting services) saw gains in 2010, a year when other, more expensive marketing methods were less frequently used. Ninety-one percent of sellers using an agent reported that the agent listed their home on the Internet, up from 90 percent in 2009. Conventional marketing methods, while losing ground, have not disappeared. A yard sign remained the second most frequent marketing method used by 79 percent of sellers as opposed to 82 percent in 2009. The share of sellers who used an agent and held an open house remained third most common, slipping from 59 percent in 2009 to 56 percent in 2010. Other marketing methods were much less frequently used.

While other web sites with real estate listings, social networking web sites, and web sites with video hosting services are not yet as frequently used as print newspaper advertisements, these marketing outlets saw gains. Social networking websites more than doubled their prevalence as a resource increasing the 2 percent share of 2009 to 5 percent in 2010. In the same period, print newspaper advertisement use among sellers using an agent declined from 37 percent to 28 percent.

Good transaction experiences matter A referral from a friend, neighbor or relative is the most commonly cited method sellers used to find their real estate agent

AGENT'S PERFORMANCE AND COMPENSATION

- **Exhibits 7-9 through 7-11**

Little has changed in who compensates the agent, the structure of compensation, and negotiation of compensation from 2009. Most agents, 81 percent, are paid by the sellers in full. Smaller yet increasing shares of agents are paid by the buyers in part or in full, 9 and 5 percent respectively, up from 6 and 4 percent in 2009. As was the case in 2009, three-quarters of sellers pay the agent's fee as a percent of the sales price; only 3 percent paid a flat fee to the agent.

Most negotiations of compensation are agent-initiated discussions. A majority of sellers are aware that the agent's fees are negotiable. In more than one of every four client-initiated conversations the agent was unwilling to negotiate. One in ten sellers was aware that the commission and fees were negotiable but did not bring up the issue, and a similar share reported being unaware that compensation was negotiable.

With repeat business and referrals being the strongest sign of client satisfaction, most sellers, 84 percent, reported that they would recommend their agent or use the agent's services in the future. This is an increase from 81 percent in 2009.

Exhibit 7-1 METHOD USED TO FIND REAL ESTATE AGENT

(Percentage Distribution)

Referred by (or is) a friend, neighbor or relative	41%
Used agent previously to buy or sell a home	23
Personal contact by agent (telephone, email, etc.)	4
Visited an open house and met agent	4
Referred by another real estate or broker	4
Internet Web site	4
Saw contact information on For Sale/Open House sign	3
Referred through employer or relocation company	3
Walked into or called office and agent was on duty	2
Direct mail (newsletter, flyer, postcard, etc.)	2
Newspaper, Yellow pages or home book ad	2
Advertising specialty (calendar, magnet, etc.)	1
Other	6

Exhibit 7-2 NUMBER OF AGENTS CONTACTED BEFORE SELECTING ONE TO ASSIST WITH SALE OF HOME

Percentage Distribution)

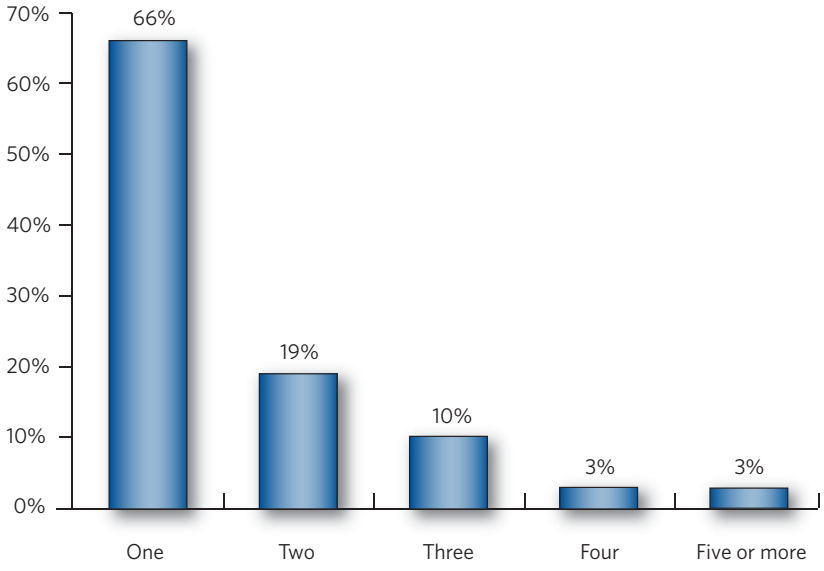


Exhibit 7-3 DID SELLER USE THE SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE?

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

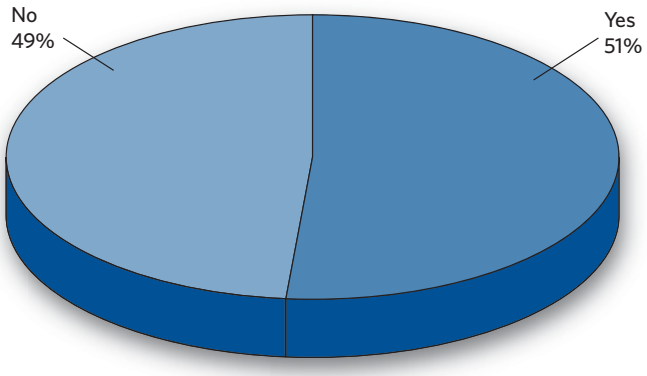


Exhibit 7-4 HOME LISTED ON MULTIPLE LISTING SERVICE

(Percentage Distribution)

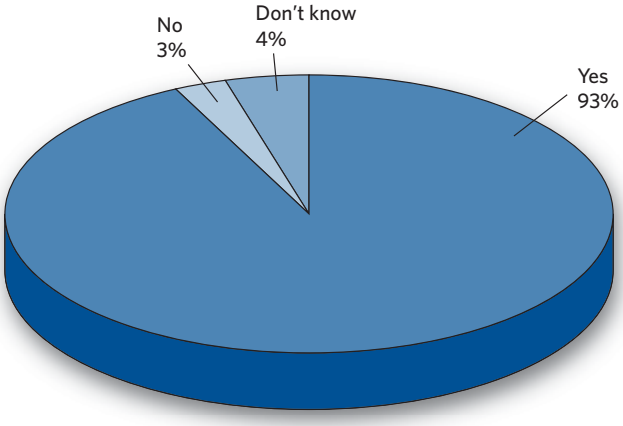


Exhibit 7-5 LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT

(Percentage Distribution)

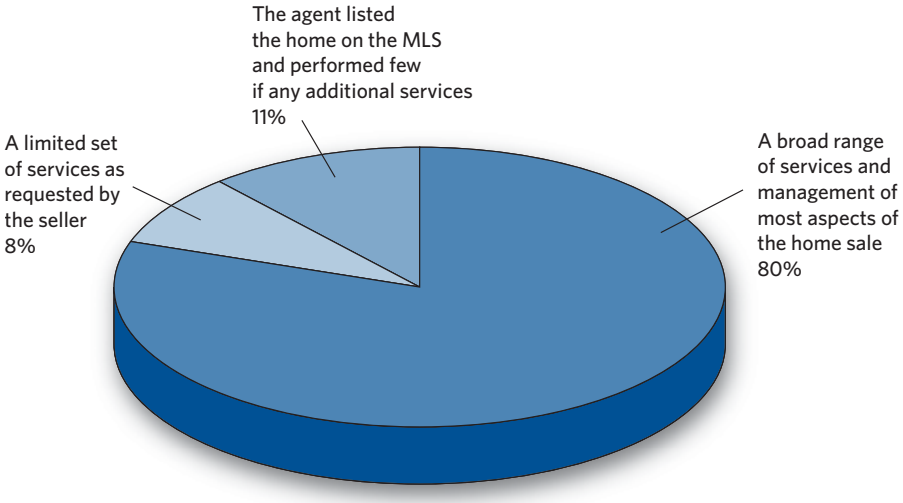


Exhibit 7-6 WHAT SELLERS MOST WANT FROM REAL ESTATE AGENTS, BY LEVEL OF SERVICE PROVIDED BY THE AGENT

(Percentage Distribution)

		LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
	All sellers	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	23%	22%	22%	26%
Help find a buyer for home	21	21	26	21
Help seller market home to potential buyers	20	20	18	19
Help sell the home within specific timeframe	19	19	16	21
Help seller find ways to fix up home to sell it for more	7	8	4	5
Help with negotiation and dealing with buyers	5	5	3	6
Help with paperwork/ inspections/preparing for settlement	4	4	8	3
Help seller see homes available to purchase	1	1	4	*

** Less than 1 percent*

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)

		LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
	All sellers	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 agent	35%	38%	28%	23%
Agent is honest and trustworthy	23	23	26	20
Agent is friend or family member	16	16	16	17
Agent's knowledge of the neighborhood	12	10	19	22
Agent has caring personality/ good listener	4	4	4	2
Agent's association with a particular firm	4	4	1	5
Professional designations held by agent	1	1	*	1
Other	4	3	6	10

** Less than 1 percent*

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	Town-house/ row house	Detached single-family home	Mobile/ manufactured home	Other
Listing on the Internet	91%	100%	89%	95%	95%	91%	79%	96%
Yard sign	79	50	62	34	65	83	82	65
Open house	56	30	57	64	62	55	39	46
Print newspaper advertisement	28	70	38	26	22	29	18	35
Real estate magazine	25	60	11	22	18	25	39	42
Other Web sites with real estate listings	25	11	36	26	24	25	24	27
Direct mail (flyers, postcards, etc.)	16	*	11	14	25	16	17	8
Video	12	*	4	8	15	12	3	*
Social networking Web sites	5	*	*	2	4	5	*	*
Television	2	10	10	2	1	2	3	*
Video hosting Web sites (e.g., YouTube, etc.)	2	*	*	1	*	2	*	*
Other	5	*	3	3	5	5	11	4

** Less than 1 percent*

Exhibit 7-9 HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

Paid by seller	81%
Percent of sales price	76
Flat fee	3
Per task fee	*
Other	*
Don't Know	1
Paid by buyer and seller	9
Paid by buyer only	5
Other	4
Don't Know	2

** Less than 1 percent*

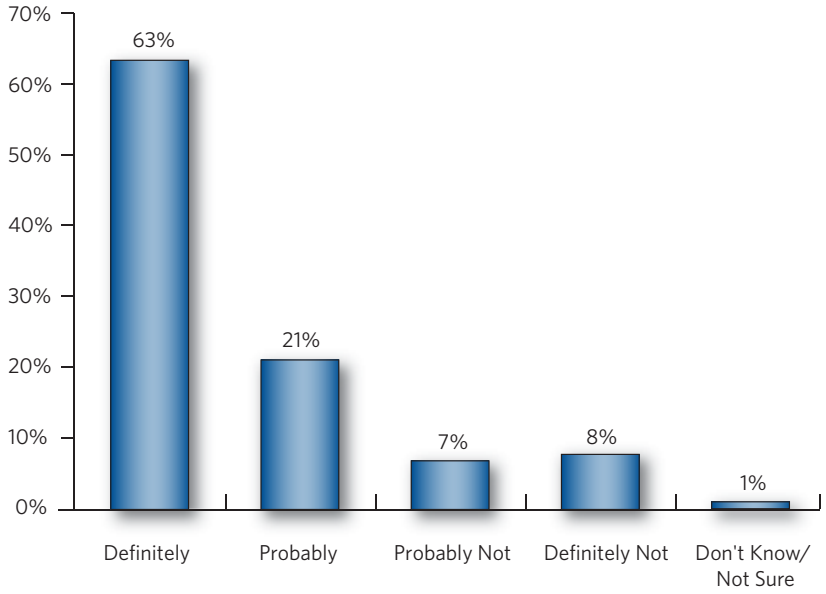
Exhibit 7-10 NEGOTIATING THE COMMISSION RATE OR FEE WITH THE REAL ESTATE AGENT

(Percentage Distribution)

Real estate agent initiated discussion of compensation	44%
Client brought up the topic and the real estate agent was willing to negotiate their commission or fee	25
Client brought up the topic and the real estate agent was not willing to negotiate their commission or fee	9
Client did know commissions and fees could be negotiated but did not bring up the topic	10
Client did not know commissions and fees could be negotiated	11

Exhibit 7-11 WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)



Chapter 8:

For Sale By Owner Sellers

For-Sale-By-Owner (FSBO) sellers decreased in 2010, continuing a trend in declines downward. Fourteen percent of sales were FSBOs in 2003 and 2004, compared to just nine percent in 2010. In this tough market, a greater share of sellers are turning to agents to help them sell their homes.

FSBOs are more popular in rural areas and center cities. Typically FSBO sellers have lower median incomes and are more often singles. FSBOs are also more common for mobile home sales.

Many sellers who opt for FSBOs are selling their property to someone they know like a friend, relative, or neighbor. This helps keep FSBOs on the market for less time and more often sellers receive 100 percent of the asking price. FSBOs are less likely to use incentives. Yard signs and Internet listings are the most popular method of marketing FSBOs. FSBO sellers most often struggle with pricing and preparing homes for sale. Of those who used FSBOs to sell to someone they knew, a greater share would use a real estate agent when selling their current home.

FSBO AND AGENT ASSISTED SALES, BY LOCATION AND OVER TIME

- **Exhibits 8-1 to 8-2**

FSBO sales declined to less than one in ten sales transactions in 2010, down from around one in seven sales in 2004. About half of FSBO sales typically occur when the seller knows the buyer, since a real estate agent is not usually needed in those types of transactions. In this difficult market agents are being more frequently called on to assist sellers.

Resort areas, rural areas and central cities tend to have the highest rates of FSBO sales, with only 6 percent of suburban area transactions being FSBOs.

CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS

- **Exhibit 8-3**

FSBO sellers are typically younger and have lower median incomes than agent-assisted sellers. About two in three FSBO sellers are married couples, compared to three in four agent-assisted sellers. A higher share of FSBO sellers is single.

CHARACTERISTICS OF HOMES SOLD BY FSBO AND AGENT-ASSISTED SELLERS

- **Exhibits 8-4 through 8-6**

Two in three homes sold as a FSBO are detached single-family homes compared with 83 percent of agent-assisted sales. FSBOs are more common for sellers of mobile or manufactured homes. One in five FSBO home sales transactions is a mobile or manufactured home. On the other hand, townhouses and row homes make up a higher share of agent-assisted sales (8 percent versus 3 percent).

The majority (54 percent) of agent-assisted sales occurred in suburban areas. A smaller share (40 percent) of FSBOs is located in suburban areas. One quarter of FSBOs take place in an urban area—higher than the share of agent-assisted sales.

FSBOs typically have a lower median selling price, though FSBOs typically received 100 percent of their asking price, whereas agent-assisted sales typically received 96 percent of their asking price. Some of the explanation for this is that among FSBO sales when the seller knew the buyer, more than two-thirds of the time the sales price was equal to the asking price.

THE SELLING PROCESS FOR FSBO SALES

- **Exhibits 8-7 through 8-9**

FSBOs were typically on the market less than agent-assisted homes. This is especially true of FSBOs where the seller knew the buyer. The median time on the market for FSBOs was four weeks compared to eight weeks for agent-assisted sales. Among FSBOs where the buyer knew the seller, the median time on the market was one week. Agents seemed to help in circumstances where homes were difficult to sell. Those who first tried a FSBO then sought out an agent had a median number of weeks on the market of 16.

A higher share of FSBO sellers needed to sell their homes very urgently, more so in cases where the sellers did not know the buyers. The sellers with the least urgency were FSBO sellers who knew the buyers.

About half of FSBO sales typically occur when the seller knows the buyer, since a real estate agent is not usually needed in those types of transactions. In this difficult market agents are being more frequently called on to assist sellers.

REASONS OF FSBOS, MARKETING, AND SELLERS EXPERIENCE

- **Exhibits 8-10 through 8-13**

Of FSBO sellers, roughly two in five used this route because they did not want to pay commission or a fee. Another one in three sold their property to a relative, friend or neighbor. In instances where the seller knew the buyer, sixty percent sold it to a relative, friend or neighbor. When the seller did not know the buyer, slightly less than six in ten sellers did not want to pay commission or a fee.

Yard signs, word of mouth to friends, relatives and neighbors, and Internet listings were the most common marketing methods for FSBOs. When the seller knew the buyer, 44 percent of the time the seller did not actively market the home. When the seller did not know the buyer 62 percent used a yard sign, and 41 percent marketed the home by the property on the Internet.

Pricing was the most difficult task for FSBO sellers. Almost one in four struggled getting the price right. Preparing the home for sale was their next most difficult task for FSBO sellers. Among those who knew the buyer, helping the buyer obtain financing was also a big challenge for the seller.

A larger share of FSBO sellers who knew the buyer would use a real estate agent rather than sell their current home themselves. However, among those who did not know the buyer, a larger share would attempt to sell their homes themselves rather than use an agent.

Exhibit 8-1 FSBO AND AGENT-ASSISTED SALES, BY LOCATION

(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN A				
	All Sellers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
For-sale-by-owner (FSBO)	9%	6%	7%	15%	13%	19%
Seller knew buyer	5	3	2	11	9	*
Seller did not know buyer	5	4	5	3	4	19
Agent-assisted	88	93	91	82	85	81
Other	3	1	1	3	2	*

** Less than 1 percent*

Exhibit 8-2 FSBO AND AGENT-ASSISTED SALES, 2003-2010

(Percentage Distribution)

	2003	2004	2005	2006	2007	2008	2009	2010
All FSBO (For-sale-by-owner)	14%	14%	13%	12%	12%	13%	11%	9%
Seller knew buyer	5	5	5	5	5	6	5	5
Seller did not know buyer	9	10	8	7	7	7	6	5
Agent-assisted	83	82	85	84	85	84	85	88
Other	4	4	2	3	3	3	4	3

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

		FSBO			AGENT-ASSISTED		
	All Sellers	All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median age	49	47	46	49	49	49	50
Median income (2009)	$90,000	$64,000	$64,800	$63,000	$93,200	$94,000	$78,400
Household composition							
Married couple	75%	68%	64%	74%	76%	76%	78%
Single female	16	18	20	16	15	15	10
Single male	6	10	14	6	5	5	10
Unmarried couple	3	3	2	4	3	3	*
Other	1	1	1	*	1	1	1

** Less than 1 percent*

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

(Percentage Distribution)

		FSBO			
	All Sellers	All FSBO	Seller Knew Buyer	Seller did not Know Buyer	Agent-Assisted
Detached single-family home	81%	67%	71%	62%	83%
Townhouse/row house	7	3	2	3	8
Duplex/apartment/condo in 2 to 4 unit building	2	3	2	5	1
Apartment/condo in a building with 5 or more units	5	4	4	3	5
Mobile/manufactured home	3	20	14	26	1
Other	2	5	7	1	2

Exhibit 8-5 LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

		FSBO			
	All Sellers	All FSBO	Seller Knew Buyer	Seller did not Know Buyer	Agent-Assisted
Suburb/Subdivision	53%	40%	38%	41%	54%
Small town	18	17	13	22	18
Urban area/Central city	17	26	30	22	16
Rural area	10	14	18	10	10
Resort/Recreation area	2	2	1	4	2

** Less than 1 percent*

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

(Percentage Distribution)

		FSBO			AGENT-ASSISTED		
	All Sellers	All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median selling price	$190,000	$140,000	$139,600	$155,700	$199,300	$200,000	$168,000
Sales price compared with asking price:							
Less than 90%	21%	14%	10%	18%	21%	20%	43%
90% to 94%	19	14	5	23	20	20	12
95% to 99%	38	21	14	29	40	40	23
100%	17	48	68	29	13	13	18
101% to 110%	4	2	2	1	4	4	*
More than 110%	2	1	1	*	2	2	5
Median (sales price as a percent of asking price)	96%	100%	100%	97%	96%	96%	93%
Number of times asking price was reduced:							
None	43%	59%	77%	38%	41%	42%	38%
One	27	29	19	38	27	27	19
Two	14	6	3	9	15	15	11
Three	9	3	1	5	9	9	13
Four or more	8	5	*	9	8	7	20

** Less than 1 percent*

Exhibit 8-7 TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

		FSBO			AGENT-ASSISTED		
	All Sellers	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%	17%	25%	9%	3%	3%	9%
1 to 2 weeks	23	26	36	15	23	24	10
3 to 4 weeks	13	16	8	23	13	13	11
5 to 6 weeks	6	7	5	8	6	6	4
7 to 8 weeks	6	3	*	5	6	7	3
9 to 10 weeks	4	4	4	4	5	4	6
11 to 12 weeks	7	5	1	8	7	7	5
13 to 16 weeks	6	8	12	4	6	6	4
17 to 24 weeks	9	3	2	3	10	10	13
25 to 36 weeks	8	5	5	4	8	8	14
37 to 52 weeks	7	4	1	6	8	7	13
53 or more weeks	6	6	1	10	6	6	10
Median weeks	8	4	1	6	8	8	16

** Less than 1 percent*

Exhibit 8-8 SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

		FSBO			AGENT-ASSISTED		
Sellers needed to sell:	All Sellers	All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Very urgently	18%	22%	18%	25%	17%	17%	23%
Somewhat urgently	41	34	37	31	42	41	46
Not urgently	41	44	45	43	42	42	32

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

(Percent of Respondents)

		FSBO			AGENT-ASSISTED		
	All Sellers	All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
No	56%	77%	81%	73%	53%	53%	70%
Home warranty policies	25	2	1	3	28	28	17
Assistance with closing costs	20	9	9	9	22	21	17
Credit toward remodeling or repairs	5	4	3	4	6	6	2
Other incentives, such as a car, flat screen TV, etc.	4	2	2	2	4	4	5
Assistance with condo association fees	1	*	*	*	1	1	*
Other	4	8	5	11	4	4	5

** Less than 1 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	38%	19%	57%
Sold it to a relative, friend or neighbor	32	60	5
Did not want to deal with an agent	12	11	13
Buyers contacted seller directly	11	6	15
Agent was unable to sell home	5	2	8
Could not find an agent to handle transaction	1	2	*
Other	1	*	2

** Less than 1 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	46%	30%	62%
Friends, relatives, or neighbors	39	1	11
Listing on the Internet	27	12	41
Open house	14	1	27
Print newspaper advertisement	12	1	23
For-sale-by-owner Web site	11	*	22
Other Web sites with real estate listings	7	*	14
Social networking Web sites (e.g. Facebook, MySpace, etc.)	5	*	9
For-sale-by-owner magazine	2	*	4
Direct mail (flyers, postcards, etc)	1	1	1
Video	1	*	1
Television	*	*	*
None - Did not actively market home	28	44	12
Other	2	1	2

** Less than 1 percent*

Exhibit 8-12 MOST DIFFICULT TASK FOR FSBO SELLERS

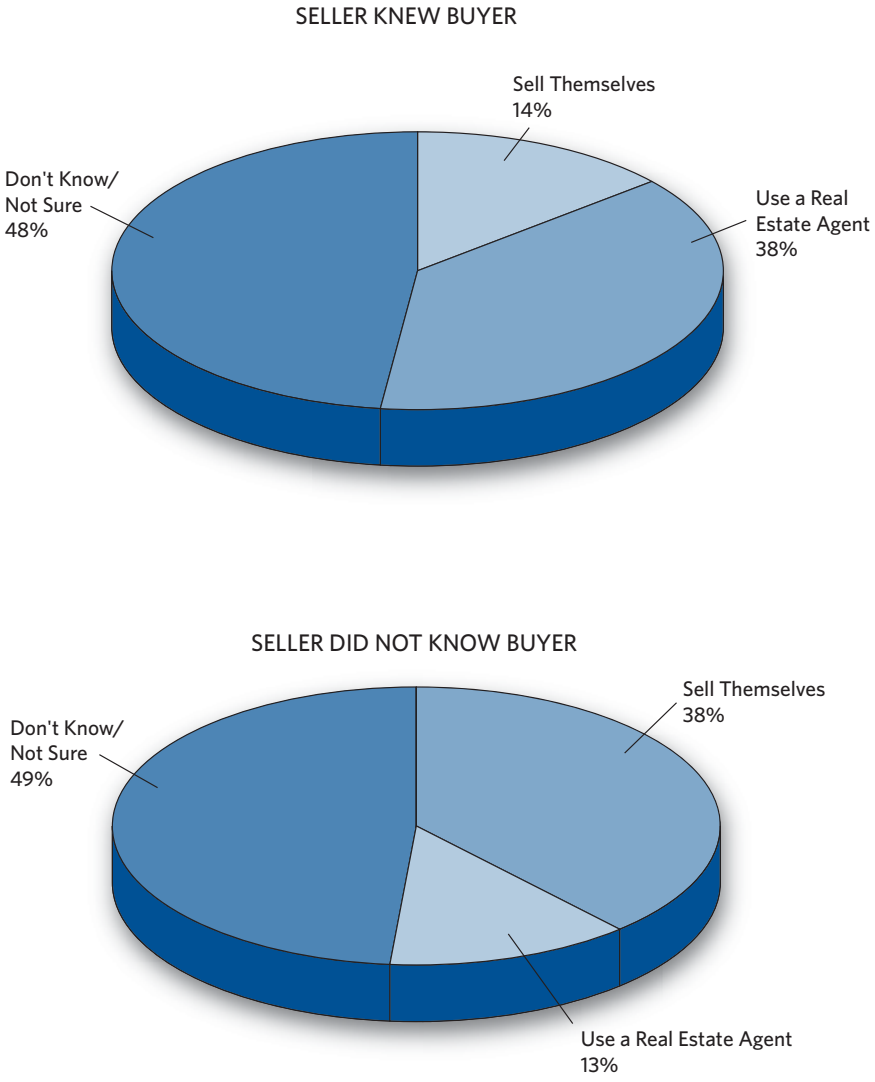
(Percentage of Distribution)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Getting the price right	23%	20%	23%
Preparing or fixing up the home for sale	18	16	19
Selling within the length of time planned	14	13	16
Having enough time to devote to all aspects of the sale	13	11	14
Attracting potential buyers	13	7	17
Understanding and performing paperwork	10	9	11
Helping buyer obtain financing	6	16	*
Other	4	9	*

** Less than 1 percent*

Exhibit 8-13 HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

(Percentage of Distribution)



Methodolgy

In July 2010, the NATIONAL ASSOCIATION OF REALTORS® mailed an eight – page questionnaire to 111,004 consumers who purchased a home between July 2009 and June 2010. The survey yielded 8,449 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 2010, with the exception of income data, which are reported for 2009. 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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