
2006 Profile of Home Buyers and Sellers Virginia Report

Prepared for:
Virginia Association of REALTORS®

Prepared by:
NATIONAL ASSOCIATION OF REALTORS®
Research Division

December 2006



NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

2006 Profile of Home Buyers and Sellers Virginia Report

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2006 Profile of Home Buyers and Sellers Virginia Report

Introduction

Home buyers and sellers rely on real estate professionals to assist them in many aspects of the home sales transaction. From the initial search to the closing, real estate agents and brokers help guide home buyers through the many steps that culminate in a successful home purchase. Real estate professionals also help home sellers by developing a marketing plan, pricing the home competitively and utilizing their experience to assist sellers through each step of the process.

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

The *2006 Profile of Home Buyers and Sellers* describes the critical role that real estate professionals play in the real estate market. Buyers report that they depend on agents and brokers to help them find the right home and guide them through the process of completing the purchase. Sellers note that real estate professionals are key to marketing their home and negotiating the best price, contingencies, transaction date and other important elements.

This report, drawn from the national survey, provides REALTORS® in Virginia with insights into the characteristics and needs of their clients. It also helps REALTORS® to improve their client service. Others benefit from the findings of this research by better understanding the housing market and how the unique role of real estate professionals continues to be important as the housing market evolves.

THE NATIONAL HOUSING ENVIRONMENT

After more than a decade of setting one sales record after another, the housing market entered a period of somewhat lower sales and less robust price gains in late 2005 and early 2006. Existing-home sales peaked at over 7.2 million units in the second half of 2005 but declined steadily through the first half of 2006. At the same time, the inventory of homes for sale rose bringing with it a softening of home prices.

Reasons for the readjustment in the housing market are obvious: homes in many areas of the country became too pricey, affordability suffered and the home buying public lost confidence. Households and investors moved to the sidelines with many waiting to get back into the real estate market when property prices retreat to more suitable levels.

As the housing market eases from the frenzied pace of the past few years, home buyers, and especially first-time buyers, will benefit. They will have a greater selection of homes to choose from while reducing the odds that they will be priced out of the market due to rapidly escalating prices. Although mortgage rates have risen modestly from their recent lows, few analysts are predicting a sharp uptick in rates in the near-term.

Looking beyond to the intermediate term, the fundamentals for the housing market remain solid. The U.S. Census Bureau projects that more than one million new households will be formed

annually over the next several years. This pace of household formation is similar to the growth rate during the past decade. Most of this increase will stem from the natural formation of new households as children leave home. But some of this increase will also be attributable to population gains from immigration. Homeownership of non-native-born households meets and exceeds that of native-born households after about 25 years. With the strong flow of legal immigrants to the United States over the past 30 years, the gains in homeownership from this segment should continue.

In addition to the demand for housing based on increases in population, the aging of the U.S. population is also an important factor. The homeownership rate approaches 80 percent for households in their 60s and peaks at nearly 83 percent for households in their early 70s. Baby boomers, now just reaching age 60, will continue to purchase homes. Most will purchase a primary residence, but a significant share will also purchase a vacation home or investment property in the years ahead.

NOTES

In August 2006, the NATIONAL ASSOCIATION OF REALTORS® mailed an eight-page questionnaire to 129,500 consumers who bought a home between July 2005 and June 2006. The survey yielded 7,548 usable responses with a response rate, after adjusting for undeliverable addresses, of 6.3 percent. There were 342 unweighted responses from Virginia, yielding a response rate of 5.7 percent, which form the basis for this report. 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 2006, with the exception of income data, which was reported for 2005. 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 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.

2006 Profile of Home Buyers and Sellers

Virginia Report

Highlights

When buying or selling a home, today's real estate consumers have more choices than ever. For home buyers there are numerous ways to search for and find a home, a broad array of mortgage products with which they can finance their home and a growing list of services that their agent can provide to assist them in the process. Home sellers can choose to sell their home themselves or enlist the professional assistance of an agent who can provide various levels of service to best suit each home seller's needs. Because the real estate market is always evolving, it is important for real estate professionals to have a clear picture of today's home buyers and sellers. The *2006 Profile of Home Buyers and Sellers* describes the characteristics and motivations of recent home buyers and sellers in Virginia and in so doing helps real estate professionals track the changing demands of consumers in a dynamic market.

CHARACTERISTICS OF HOME BUYERS

- The median age of home buyers was 40 years old. Among first-time buyers, the median age was 33.
- The median household income of home buyers was \$85,500 compared to \$71,800 in the U.S.
- 62 percent of home buyers reported that there were no children under age 18 residing in the home.
- 62 percent of home buyers were married couples, 25 percent single females, 6 percent single males, and 7 percent were unmarried couples.
- First-time home buyers accounted for 29 percent of homes purchased in 2006.
- 54 percent of first-time home buyers were between 25 and 34 years old.
- The median income of first-time home buyers was \$71,300 compared to \$58,300 among all first-time buyers nationally.

CHARACTERISTICS OF HOMES PURCHASED

- 63 percent of homes purchased were detached single family homes.
- The typical home buyer purchased a home 16 miles from their previous residence.
- The median price of homes purchased was \$334,300 compared to \$214,000 in the U.S.
- The typical buyer purchased a home that was 1,956 square feet in size.
- Recent home buyers plan to live in their home a median of 5 years.

THE HOME SEARCH PROCESS

- Recent home buyers searched for a home for a median 8 weeks and saw a median 8 homes.
- 89 percent of home buyers used a real estate professional during their home search.
- 61 percent of home buyers used the Internet frequently to search for homes.
- Among home buyers, the typical Internet searcher was 39 years old and visited a median 9 homes. The typical home buyer that did not use the Internet to search for homes was 52 years old and saw a median 7 homes.
- 42 percent of home buyers first learned about the home they purchased from a real estate professional; 25 percent first learned about the home they purchased through the Internet.
- 73 percent of buyers viewed the Internet as a very useful tool in their home search.
- 72 percent of buyers rated real estate agents as a very useful information source with an additional 20 percent rating them somewhat useful.

HOME BUYING AND REAL ESTATE PROFESSIONALS

- 81 percent of home buyers purchased their home through a real estate agent.
- Buyers searched for a median of 2 weeks on their own before contacting an agent.
- 56 percent of first-time buyers were referred to their agent by a friend, neighbor or relative.
- 99 percent of buyers ranked honesty and integrity as a “very important” factor when choosing a real estate professional to assist with a home purchase.
- When asked about their agent's performance on those qualities considered important, 80 percent reported they were “very satisfied” with the honesty and integrity of their agent.
- 66 percent of recent buyers will definitely use their agent again, and an additional 19 percent will probably use the agent again or recommend to others.

FINANCING THE HOME PURCHASE

- 96 percent of home buyers financed their home purchase; 97 percent of first-time home buyers financed the purchase of their home compared to 96 percent of repeat buyers.
- Savings were the chief source of the downpayment for most first-time home buyers (72 percent).
- 70 percent of repeat buyers used proceeds from the sale of their primary residence toward the downpayment; 35 percent relied on savings for a portion of the downpayment.
- 51 percent of all buyers believe that their home purchase is a better financial investment than stocks.

HOME SELLERS AND THEIR SELLING EXPERIENCE

- The median age of home sellers was 45 years; they had a median household income of \$96,300.
- 65 percent of home sellers were married and 59 percent had no children under 18 years old living at home.
- The typical home seller owned their home for 5 years.
- The typical home was on the market for 4 weeks. 60 percent of home sellers did not reduce their asking price before their home sold.
- 90 percent of sellers used an agent or broker to sell their home.
- 68 percent of all sellers were very satisfied with the selling process.

HOME SELLERS AND REAL ESTATE PROFESSIONAL

- 75 percent of sellers contacted only one agent before selecting one to help assist in the sale of their home.
- When selecting a real estate professional, 48 percent of sellers received a recommendation from a friend, neighbor or relative.
- 60 percent of sellers used the same agent for their home purchase.
- 86 percent of sellers used the Internet to market their home.
- 90 percent of sellers used an agent that provided a broad range of services and managed most aspects of the sales transaction.
- 66 percent of sellers reported they would definitely use the same real estate agent again.

FOR SALE BY OWNER SELLERS (FSBO)

- 8 percent of sellers sold their home without the assistance of an agent compared with 12 percent of sellers nationally. Among all sellers, 4 percent were FSBO sellers who knew the buyer.
- 79 percent of FSBO sellers sold a detached single-family home.
- The median selling price of FSBO homes was \$249,500 compared with \$313,400 for agent-assisted home sales.

2006 Profile of Home Buyers and Sellers Virginia Report

Conclusion

Even as the housing market retreats from the frenzied pace of the past several years, home buying and selling remains an important segment of the national and local economies. Buyers and sellers continue to have opportunities to trade up, trade down, relocate or purchase a second home. As importantly, first-time buyers, accounting for 40 percent of the market, are discovering and capturing the benefits of homeownership.

The robust housing market of the past several years has supported the national economy with record sales activity and healthy price appreciation that has added trillions of dollars to the aggregate wealth of the nation's homeowners. As importantly, millions of households have become homeowners for the first time and can secure the financial and personal benefits that homeownership offers.

Consumers rely on the experience and expertise of real estate professionals to assist when buying and selling a home. Working in an extremely competitive environment, agents and brokers provide high levels of service to meet the varied needs of home buyers and sellers. The value that consumers place on the services offered by real estate professionals is reflected in the large majority of both buyers and sellers who would use their agents again or recommend them to others.

The *2006 Profile of Home Buyers and Sellers* allows real estate professionals to better understand their clients and how their needs are evolving over time. For example, survey results show that typical Virginia buyers had a higher income and were younger than buyers nationwide. Buyers were less likely to purchase a detached single family home, but more likely to purchase a home located in the suburbs compared with other buyers nationwide. Information in this report will assist REALTORS® as they strive to meet the varied needs of their clients while offering superior service to America's home buyers and sellers.

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Note: A complete set of Exhibits along with comparable national survey results are available in the full data report.

CHARACTERISTICS OF HOME BUYERS

Exhibit 1-11

AGE OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

Virginia

	All Buyers	First-time Buyers	Repeat Buyers
Less than 25 years	3%	7%	1%
25 - 34 years	31	54	22
35 - 44 years	26	24	27
45 - 54 years	21	10	25
55 - 64 years	12	4	14
65 - 74 years	6	*	9
75 years or older	1	*	2
Median age (years)	40	33	45
Married couple	40	33	44
Single female	43	31	50
Single male	38	30	43
Unmarried couple	38	36	39
Other	48	48	N/A

U.S.

	All Buyers	First-time Buyers	Repeat Buyers
Less than 25 years	5%	12%	1%
25-34 years	30	51	18
35-44 years	25	20	27
45-54 years	19	12	23
55-64 years	13	3	18
65-74 years	6	1	9
75 years or older	2	*	3
Median age (years)	41	32	47
Married couple	40	32	45
Single female	43	34	51
Single male	42	31	50
Unmarried couple	35	29	46
Other	49	46	54

* Less than one percent

CHARACTERISTICS OF HOME BUYERS

Exhibit 1-12

HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2005

(Percentage Distribution)

Virginia

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$25,000	3%	6%	1%
\$25,000 - \$34,999	4	5	3
\$35,000 - \$44,999	5	8	4
\$45,000 - \$54,999	8	13	6
\$55,000 - \$64,999	9	9	10
\$65,000 - \$74,999	9	13	7
\$75,000 - \$84,999	11	14	10
\$85,000 - \$99,999	12	14	11
\$100,000 - \$124,999	13	10	14
\$125,000 - \$149,999	7	2	9
\$150,000 - \$174,999	7	2	9
\$175,000 - \$199,999	5	*	7
\$200,000 or more	7	3	9
Median income (2005)	\$85,500	\$71,300	\$96,600
Married couple	\$99,700	\$81,900	\$111,100
Single female	\$63,400	\$46,600	\$73,100
Single male	\$85,400	\$64,400	\$91,700
Unmarried couple	\$84,800	\$71,400	\$93,300
Other	\$17,500	\$17,500	N/A

U.S.

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$25,000	4%	6%	3%
\$25,000 - \$34,999	8	14	5
\$35,000 - \$44,999	9	12	7
\$45,000 - \$54,999	10	14	8
\$55,000 - \$64,999	11	14	10
\$65,000 - \$74,999	10	10	10
\$75,000 - \$84,999	9	8	9
\$85,000 - \$99,999	9	8	10
\$100,000 - \$124,999	11	6	14
\$125,000 - \$149,999	6	3	9
\$150,000 - \$174,999	4	2	5
\$175,000 - \$199,999	2	1	2
\$200,000 or more	5	2	7
Median income (2005)	\$71,800	\$58,300	\$81,900
Married couple	\$82,000	\$66,200	\$91,700
Single female	\$48,100	\$43,300	\$53,600
Single male	\$66,100	\$56,800	\$72,200
Unmarried couple	\$76,000	\$63,600	\$96,400
Other	\$57,300	\$53,300	\$60,000

* Less than one percent

CHARACTERISTICS OF HOME BUYERS

Exhibit 1-9

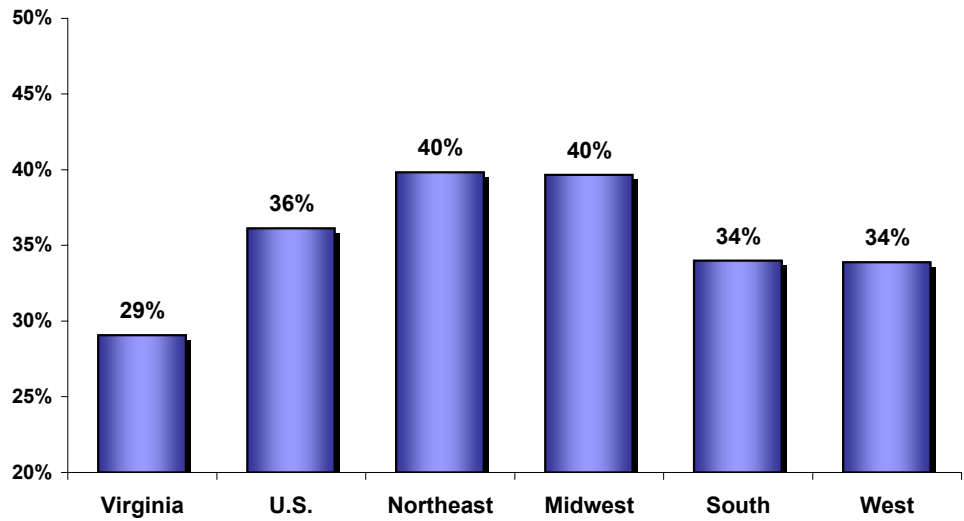
FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)

Virginia	29%
U.S.	36%
Northeast	40%
Midwest	40%
South	34%
West	34%

FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)



CHARACTERISTICS OF HOMES PURCHASED

Exhibit 2-12

PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

Virginia

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$75,000	*	*	*
\$75,000 to \$99,999	1	*	2
\$100,000 to \$124,999	2	4	1
\$125,000 to \$149,999	5	12	2
\$150,000 to \$174,999	9	12	7
\$175,000 to \$199,999	6	9	4
\$200,000 to \$249,999	11	21	8
\$250,000 to \$299,999	9	9	9
\$300,000 to \$349,999	10	9	10
\$350,000 to \$399,999	7	8	6
\$400,000 to \$499,999	13	8	15
\$500,000 or more	27	8	35
Median price	\$334,319	\$215,781	\$398,742

* Less than one percent

U.S.

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$75,000	5%	8%	3%
\$75,000 to \$99,999	6	11	4
\$100,000 to \$124,999	8	12	5
\$125,000 to \$149,999	9	13	7
\$150,000 to \$174,999	9	11	8
\$175,000 to \$199,999	9	9	9
\$200,000 to \$249,999	13	12	14
\$250,000 to \$299,999	10	8	11
\$300,000 to \$349,999	7	5	9
\$350,000 to \$399,999	5	3	6
\$400,000 to \$499,999	7	5	8
\$500,000 or more	12	5	16
Median price	\$214,000	\$165,000	\$249,000

THE HOME SEARCH PROCESS

Exhibit 3-6

USE OF INTERNET TO SEARCH FOR HOMES, BY REGION

(Percentage Distribution)

	Virginia	U.S.	Buyers who Purchased a Home in the:			
			Northeast	Midwest	South	West
Frequently	61%	59%	63%	61%	57%	56%
Occasionally	23	21	19	19	22	25
Not at all	16	20	18	19	21	19

THE HOME SEARCH PROCESS

Exhibit 3-14

LENGTH OF SEARCH, BY USE OF INTERNET

(Median Weeks)

Virginia

	Used Internet to Search	Did Not Use Internet to Search
All buyers	8	5
First-time buyers	8	5
Repeat buyers	8	4
Buyers using an agent	8	4
Before contacting agent	2	1
After contacting agent	6	3

U.S.

	Used Internet to Search	Did Not Use Internet to Search
All buyers	8	6
First-time buyers	10	6
Repeat buyers	8	5
Buyers using an agent	8	6
Before contacting agent	2	3
After contacting agent	6	3

THE HOME SEARCH PROCESS

Exhibit 3-11

WHERE BUYER FOUND THE HOME THEY PURCHASED, 1997-2006

(Percentage Distribution)

Virginia

	2006
Real estate agent	42%
Internet	25
Yard sign	13
Print newspaper advertisement	5
Friend, relative or neighbor	6
Directly from sellers/Knew the sellers	2
Home builder or their agent	6
Home book or magazine	1
Other	--

U.S.

	1997	1999	2001	2003	2004	2005	2006
Real estate agent	50%	49%	48%	41%	38%	36%	36%
Internet	2	4	8	11	15	24	24
Yard sign	17	15	15	16	16	15	15
Friend, relative or neighbor	9	8	8	7	7	7	8
Home builder or their agent	3	4	3	7	7	7	8
Print newspaper advertisement	8	8	7	7	5	5	5
Directly from sellers/Knew the sellers	4	3	4	4	5	3	3
Home book or magazine	3	3	2	1	2	1	1
Other	*	4	3	6	4	--	--

* Less than one percent

THE HOME SEARCH PROCESS

Exhibit 3-18

METHOD OF HOME PURCHASE, BY USE OF INTERNET

(Percentage Distribution)

Virginia

	Used Internet to Search	Did Not Use Internet to Search
Through a real estate agent/broker	86%	55%
Directly from builder or builder's agent	8	27
Directly from previous owner whom buyer didn't know	3	11
Directly from previous owner whom buyer knew	1	4
Foreclosure or trustee sale	*	3
Other	*	*

U.S.

	Used Internet to Search	Did Not Use Internet to Search
Through a real estate agent/broker	81%	63%
Directly from builder or builder's agent	10	21
Directly from previous owner whom buyer didn't know	5	5
Directly from previous owner whom buyer knew	2	10
Foreclosure or trustee sale	1	*
Other	1	1

* Less than one percent

HOME SELLERS AND THEIR SELLING EXPERIENCE

Exhibit 6-18

METHOD USED TO SELL HOME, BY SELLER URGENCY

(Percentage Distribution)

Virginia

	All Sellers	Seller Needed to Sell:		
		Very urgently	Somewhat urgently	Not urgently
Sold home using an agent or broker	90%	90%	89%	90%
Seller used agent/broker only	86	90	83	90
Seller first tried to sell it themselves, but then used an agent	4	*	7	*
For-sale-by-owner (FSBO)	8	8	8	10
Seller sold home without using a real estate agent or broker	7	8	6	9
First listed with an agent, but then sold home themselves	1	*	2	1
Sold home to a homebuying company	1	*	1	*
Other	2	2	2	*

U.S.

	All Sellers	Seller Needed to Sell:		
		Very urgently	Somewhat urgently	Not urgently
Sold home using an agent or broker	84%	84%	86%	82%
Seller used agent/broker only	80	82	81	78
Seller first tried to sell it themselves, but then used an agent	5	2	5	5
For-sale-by-owner (FSBO)	12	12	12	14
Seller sold home without using a real estate agent or broker	11	11	11	13
First listed with an agent, but then sold home themselves	1	1	1	1
Sold home to a homebuying company	1	1	1	*
Other	3	3	2	4

* Less than one percent

HOME SELLERS AND THEIR SELLING EXPERIENCE

Exhibit 6-22

SALES PRICE COMPARED WITH LISTING PRICE, BY SELLER URGENCY

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

Virginia

	All Sellers	Seller Needed to Sell:		
		Very urgently	Somewhat urgently	Not urgently
Less than 90%	6%	8%	8%	1%
90% to 94%	14	23	15	4
95% to 99%	30	19	33	34
100%	35	41	30	43
101% to 110%	9	9	10	6
More than 110%	6	*	5	12
Median (sales price as a percent of listing price)	99%	100%	99%	100%

* Less than one percent

U.S.

	All Sellers	Seller Needed to Sell:		
		Very urgently	Somewhat urgently	Not urgently
Less than 90%	7%	7%	7%	6%
90% to 94%	14	16	16	10
95% to 99%	41	39	41	43
100%	26	25	23	31
101% to 110%	9	11	9	7
More than 110%	3	2	4	4
Median (sales price as a percent of listing price)	98%	98%	98%	99%

HOME SELLERS AND THEIR SELLING EXPERIENCE

Exhibit 6-23

NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION (Percentage Distribution)

	Virginia	U.S.	Sellers who Purchased a Home in the:			
			Northeast	Midwest	South	West
Less than 1 week	6%	5%	4%	5%	6%	5%
1 to 2 weeks	31	27	29	21	27	30
3 to 4 weeks	16	15	10	14	15	18
5 to 6 weeks	7	7	8	8	6	7
7 to 8 weeks	8	8	6	11	9	7
9 to 10 weeks	7	4	5	4	5	3
11 to 16 weeks	12	16	15	16	16	16
17 or more weeks	14	18	24	22	17	13
Median weeks	4	6	6	8	6	4

HOME SELLING AND REAL ESTATE PROFESSIONALS

Exhibit 7-10

WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)

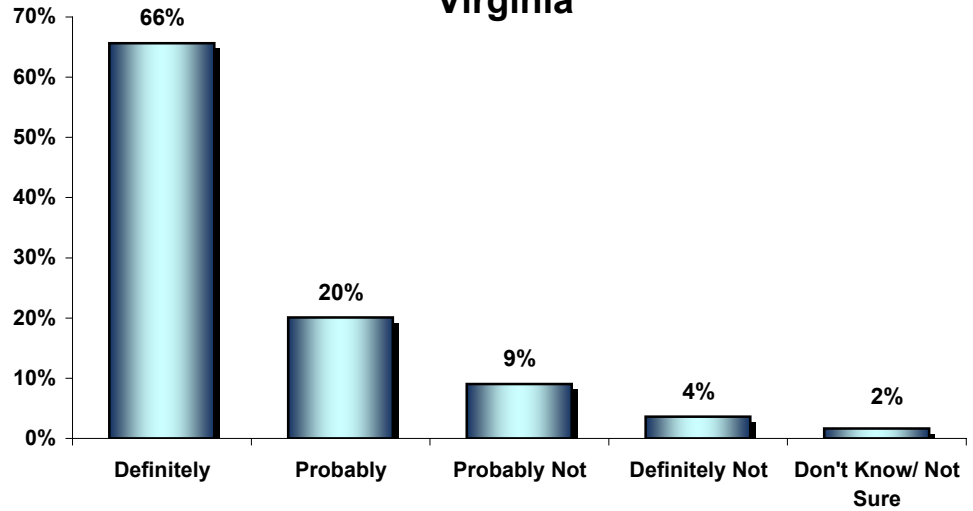
Virginia

Definitely	66%
Probably	20%
Probably Not	9%
Definitely Not	4%
Don't Know/ Not Sure	2%

WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)

Virginia



U.S.

Definitely	63%
Probably	19%
Probably Not	8%
Definitely Not	7%
Don't Know/ Not Sure	2%

WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)

U.S.

