

THE 2006 NATIONAL ASSOCIATION OF REALTORS® PROFILE OF HOME BUYERS AND SELLERS



NAR RealtyCheck™



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

**THE 2006 NATIONAL
ASSOCIATION
OF REALTORS®
PROFILE OF HOME
BUYERS AND SELLERS**

CONTENTS

Preface.....	3
Highlights	5
Chapter 1: Characteristics of Home Buyers	7
Chapter 2: Characteristics of Homes Purchased	19
Chapter 3: The Home Search Process.....	32
Chapter 4: Home buying and Real Estate Professionals	45
Chapter 5: Financing the Home Purchase	55
Chapter 6: Home Sellers and Their Selling Experience	60
Chapter 7: Home Selling and Real Estate Professionals	73
Chapter 8: For-Sale-by-Owner Sellers.....	79
Conclusion	88
List of Exhibits.....	89

PREFACE

H

OME 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 NATIONAL ASSOCIATION OF REALTORS® 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 provides REALTORS® 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 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 have 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

Paul C. Bishop, Ph.D

Harika Bickicioglu

Shonda D. Hightower

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. 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. 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.

REPORT HIGHLIGHTS

W

HEN 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 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers* describes the characteristics and motivations of recent home buyers and sellers and in so doing helps real estate professionals track the changing demands of consumers in a dynamic market.

CHARACTERISTICS OF HOME BUYERS

- The typical home buyer was 41 years old. Among first-time buyers, the median age was 32.
- More than one-quarter of buyers reported a 2005 household income of at least \$100,000.
- Sixty-one percent of recent home buyers were married.
- For repeat buyers, the most important reason for their purchase was a desire for a larger home.

CHARACTERISTICS OF HOMES PURCHASED

- One in five homes purchased by recent buyers was newly built.
- Three-quarters of homes purchased were detached single-family homes.
- Neighborhood quality was the most important factor for buyers in selecting a location.
- The typical buyer purchased a home that was slightly more than 1,800 square feet in size.

THE HOME SEARCH PROCESS

- Eighty-five percent of home buyers used a real estate agent during their search for a home.
- Nearly three-quarters of buyers viewed the Internet as a very useful tool in their home search.
- A majority of buyers reported that they drove by a home viewed online.
- Typical buyers searched for eight weeks before finding the home they purchased.

HOME BUYING AND REAL ESTATE PROFESSIONALS

- Over three-quarters of buyers used a real estate agent to purchase their home.
-

- Nearly half of first-time buyers found their agent through a referral from a friend or relative.
- The most frequently cited benefit that buyers received when using a real estate agent was help understanding the home buying process.
- The agent's reputation and trustworthiness were the two most important factors buyers considered when choosing an agent.

FINANCING THE HOME PURCHASE

- Ninety-two percent of buyers financed their home purchase with a mortgage.
- First-time buyers most often relied on savings for their downpayment, while repeat buyers relied on equity in the home they sold.
- A majority of buyers view their home as a better financial investment than stocks.

HOME SELLERS AND THEIR SELLING EXPERIENCE

- Over three-quarters of sellers sold a detached single-family home.
- Half of sellers traded up to a larger home.
- The typical home seller owned their previous home for six years.
- Among sellers at least 65 years old, the most frequently cited reason for selling their home was a desire to move closer to friends or family.

HOME SELLERS AND REAL ESTATE PROFESSIONALS

- Eighty-four percent of sellers used a real estate agent to sell their home.
- Four in 10 sellers found their real estate agent through a referral from a friend or relative.
- When choosing an agent, the reputation of the agent was the most important factor.
- Half of sellers used the same agent in both their home sale and purchase.

FOR-SALE-BY-OWNER (FSBO) SELLERS

- FSBO sellers more frequently sold a home in a small town or rural area compared with sellers who were assisted by a real estate agent.
- The typical FSBO seller has owned two homes including the one they just sold.
- FSBO sellers relied on word-of-mouth and yard signs most often to market their home.
- One of the most difficult tasks for FSBO sellers was preparing or fixing up their home for sale.
- FSBOs accounted for about 12 percent of all sales, with two out of five FSBO transactions being between families and acquaintances.

CHAPTER 1: CHARACTERISTICS OF HOME BUYERS

U

NDERSTANDING WHO TODAY'S HOME BUYERS ARE IS AN IMPORTANT FACTOR

in assessing the state of the housing market and in anticipating how emerging changes in the characteristics of buyers will affect the market in the future. While age and income are two fundamental ways to characterize home buyers, the influence of different household and family arrangements, as well as changing racial and ethnic characteristics of buyers, are also significant. As this Profile shows, today's home buyers are more racially diverse and approach the home buying transaction with a variety of motivations, many of them tied to their age and experience.

For three-quarters of first-time buyers, the desire to own a home and establish their own household was the primary motivating factor underlying their home purchase.

AGE

Home buyers in the current survey reported a median age of 41 years. Buyers in the Midwest were typically the youngest, with a median age of 38, while buyers in the West and the South reported the highest median age at 42 years. Forty percent of buyers in the Midwest were 34 years old or younger compared with 33 percent of buyers in other regions.

INCOME

The 2005 median income of home buyers was \$71,800, nearly unchanged from the 2004 median income of buyers in the previous survey. Buyers in the Midwest reported the lowest median income (\$65,800) while buyers in the West had the highest median income (\$78,200). The median income of buyers in the Northeast was 5.7 percent higher and 3.7 percent higher in the West compared with results from the 2005 Profile. Median incomes of buyers in the Midwest and South were 1.5 percent and 3.3 percent lower, respectively. Twenty-eight percent of buyer households reported an income of at least \$100,000; over one-third of buyers in the West had an income in this range.

EXHIBIT 1-1

AGE OF HOME BUYERS, BY REGION

(Percentage Distribution)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
Less than 25 years	5%	3%	7%	4%	5%
25 - 34 years	30	30	33	29	28
35 - 44 years	25	28	25	23	24
45 - 54 years	19	19	17	21	19
55 - 64 years	13	12	10	13	15
65 - 74 years	6	6	5	7	7
75 years or older	2	2	2	3	2
Median age (years)	41	41	38	42	42

EXHIBIT 1-2

HOUSEHOLD INCOME OF HOME BUYERS, 2005

(Percentage Distribution)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
Less than \$25,000	4%	3%	5%	5%	3%
\$25,000 - \$34,999	8	8	9	9	6
\$35,000 - \$44,999	9	9	10	9	8
\$45,000 - \$54,999	10	8	12	11	9
\$55,000 - \$64,999	11	11	13	10	11
\$65,000 - \$74,999	10	10	10	12	10
\$75,000 - \$84,999	9	11	8	9	10
\$85,000 - \$99,999	9	11	10	9	9
\$100,000 - \$124,999	11	11	10	10	14
\$125,000 - \$149,999	6	7	5	6	8
\$150,000 - \$174,999	4	4	2	4	5
\$175,000 - \$199,999	2	2	1	2	2
\$200,000 or more	5	7	4	5	6
Median income (2005)	\$71,800	\$75,600	\$65,800	\$70,100	\$78,200

HOUSEHOLD COMPOSITION

The composition of households that recently purchased homes was virtually unchanged from the previous year. Over the past decade, however, there are trends that reflect many ongoing demographic changes. The share of married-couple home buyers has trended downward from 70 percent in the mid-1990s to 61 percent currently. Offsetting this decline is an increase in single-female home buyers; 22 percent of recent buyers were single females, compared with 14 percent in 1995. The shares of single-male and unmarried-couple home buyers have changed little during the past decade.

CHILDREN

Most home buyers (62 percent) have no children under the age of 18 residing in the home, a finding consistent with characteristics of home buyers in recent years. Fewer than one in five buyers have one child under 18 years old, with 15 percent reporting that two children reside in the home.

EXHIBIT 1-3

ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS

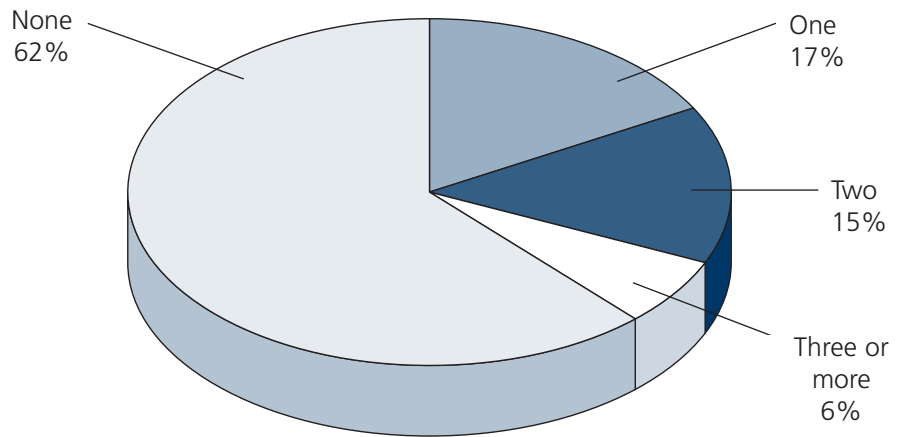
(Percentage Distribution)

	1995	1997	1999	2001	2003	2004	2005	2006
Married couple	70%	64%	66%	68%	59%	62%	61%	61%
Single female	14	18	18	15	21	18	21	22
Single male	9	11	9	7	11	8	9	9
Unmarried couple	6	5	6	7	8	9	7	7
Other	1	2	1	3	1	2	2	1

EXHIBIT 1-4

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD

(Percentage Distribution of Households)



RACE AND ETHNICITY

The racial composition of home-buying households is evolving over time, although changes from one year to the next are small. Eighty-one percent of recent home buyers describe themselves as white, compared with 83 percent in the 2005 Profile. Across each region, the share of white home buyers is down slightly. The share of non-white home buyers is greatest in the West and South and smallest in the Midwest.

LANGUAGE

Overall, 5 percent of home buyers reported that they primarily speak a language other than English. Buyers in the Northeast and the West were most likely to speak a language other than English.

FOREIGN-BORN BUYERS

Foreign-born buyers are an important component of the housing market. Eleven percent of recent home buyers reported that they were born somewhere other than the United States. The share of foreign-born buyers was greatest in the Northeast (15 percent) and lowest in the Midwest (6 percent).

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	81%	84%	88%	79%	77%
Black/African-American	7	4	6	11	3
Hispanic/Latino	6	5	3	6	9
Asian/Pacific Islander	5	5	2	4	10
Other	2	1	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

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%	93%	97%	96%	94%
Other	5	7	3	4	6

EXHIBIT 1-7

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.	89%	85%	94%	90%	87%
Not born in U.S.	11	15	6	10	13

FIRST-TIME BUYERS

First-time buyers are another important segment of home-buying consumers. They are at the leading edge of changes in the market and foretell many of the emerging trends in demographics that will influence real estate markets for several years. Among recent buyers, first-timers accounted for 36 percent, down four percentage points from the previous survey. Rising home prices, especially along the coasts, pushed many first-time buyers out of the market at the same time that investors and vacation home buyers ramped up their purchases. The net effect was a decrease in the share of homes purchased by first-time buyers.

The largest declines in the share of first-time home buyers were in the Northeast and Midwest. While 40 percent of recent sales in the Northeast were to first-time buyers, this share is down from 47 percent reported in the 2005 Profile. Similarly, the share fell to 40 percent from 45 percent in the Midwest. The share of first-time buyers, at 34 percent in the South and the West, was little changed from the percentage reported one year earlier.

EXHIBIT 1-8

FIRST-TIME HOME BUYERS

(Percent of all Home Buyers)

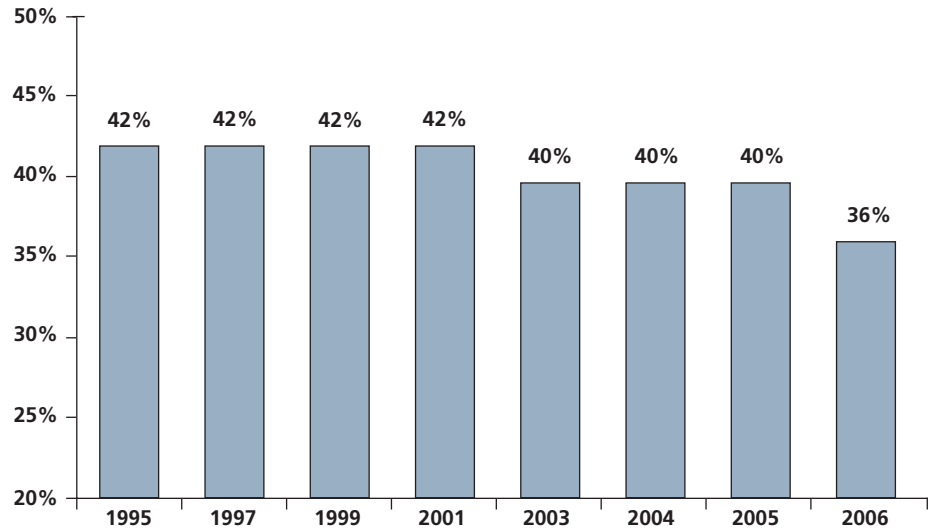
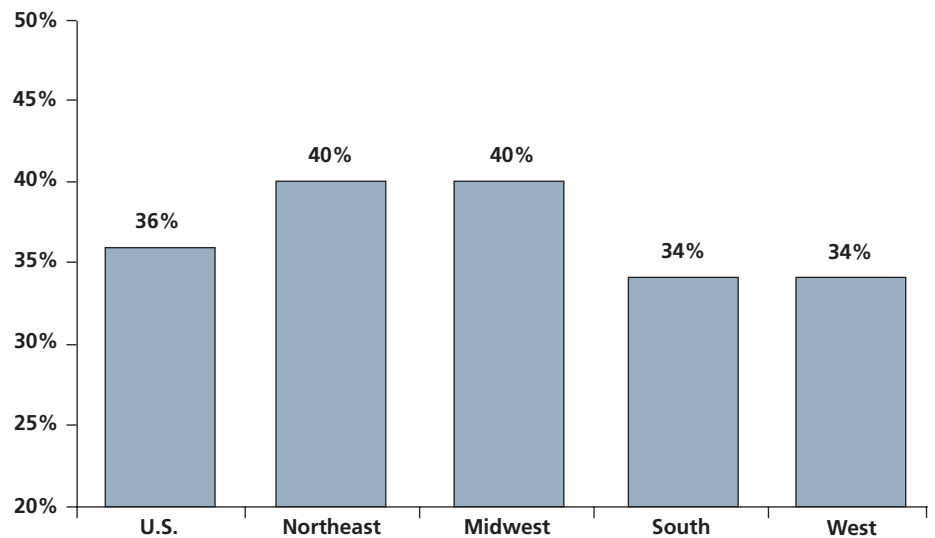


EXHIBIT 1-9

FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)



FIRST-TIME BUYER HOUSEHOLD COMPOSITION

Half of first-time buyers are married couples compared with 67 percent of repeat buyers. Larger shares of first-timers are single females (27 percent vs. 18 percent) and unmarried couples (11 percent vs. 5 percent). There is little difference in the share of first-time and repeat buyers who are single males

AGE OF FIRST-TIME AND REPEAT BUYERS

The typical first-time buyer was 32 years old while the typical repeat buyer was 47 years old – in both cases little changed from results in the 2005 Profile. Half of first-time buyers were between 25 and 34 years of age, while more than one-quarter of repeat buyers were between 35 and 44 years old and slightly less than one-quarter were between 45 and 54 years old.

The median age varies by household composition among both first-time and repeat buyers. While the typical first-time buyer who is married was 32 years old, the typical first-time buyer who is a single female was somewhat older at 34 years. Unmarried-couple, first-time buyers tend to be the youngest with a median age of 29. Among typical repeat buyers, married couples are younger than single buyers of either sex.

EXHIBIT 1-10

FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE

(Percentage Distribution of Households)

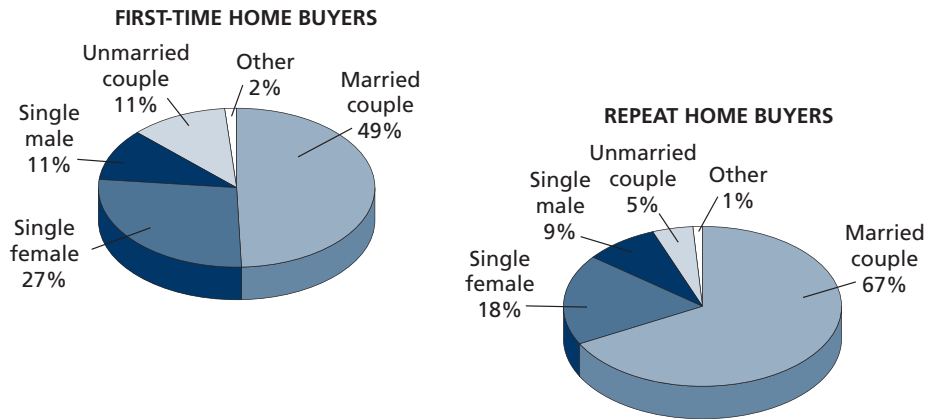


EXHIBIT 1-11

AGE OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	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	41 years	32 years	47 years
Married couple	40 years	32 years	45 years
Single female	43 years	34 years	51 years
Single male	42 years	31 years	50 years
Unmarried couple	35 years	29 years	46 years
Other	49 years	46 years	54 years

* Less than one percent

INCOME OF FIRST-TIME AND REPEAT BUYERS

The median income of first-time buyers was \$58,300 in 2005, 1.9 percent higher than the 2004 income of first-time buyers. One in five first-time buyers reported an income of less than \$35,000 while 14 percent had an income of at least \$100,000.

Repeat buyers had a median 2005 income of \$81,900, 1.6 percent lower than the median 2004 income of repeat buyers. Fewer than one in 10 repeat buyers reported a household income of less than \$35,000, while 37 percent had an income of at least \$100,000.

Among first-time buyers, married couples reported the highest median income (\$66,200) in 2005, followed by unmarried couples (\$63,600). The median income of single female buyers was lowest at \$43,300. Among repeat buyers, unmarried couples reported the highest median income (\$96,400) followed by married couples (\$91,700).

EXHIBIT 1-12

HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2005

(Percentage Distribution)

	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

RACE, ETHNICITY AND LANGUAGE

While four of five buyers, overall, were white, there are some notable differences when comparing first-time and repeat buyers. Less than three-quarters of first-time buyers described themselves as white. African Americans and Hispanics/Latinos each accounted for about one in 10 first-time buyers, with Asians accounting for 7 percent. Among repeat buyers, 86 percent described themselves as white. Repeat buyers were about half as likely to be a minority compared with first-time buyers.

The greater share of first-time buyers who are minorities is also reflected in the percentage of first-time and repeat buyers who primarily speak a language other than English. Among first-time buyers, 7 percent report that English is not their primary language, compared with 4 percent of repeat buyers.

FOREIGN-BORN BUYERS

While 11 percent of all buyers reported that they were not born in the United States, the share is higher among first-time buyers (14 percent).

EXHIBIT 1-13

RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
White/Caucasian	81%	73%	86%
Black/African-American	7	11	5
Hispanic/Latino	6	9	4
Asian/Pacific Islander	5	7	4
Other	2	3	1

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 1-14

PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLD

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
English	95%	93%	96%
Other	5	7	4

EXHIBIT 1-15

NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Born in U.S.	89%	86%	91%
Not born in U.S.	11	14	9

PRIOR LIVING ARRANGEMENT

Seventy-five percent of first-time buyers rented an apartment or house prior to purchasing their first home. A significant share (17 percent) lived with parents or relatives. Among repeat buyers, three-quarters moved from the home they owned to the home they recently purchased. Seventeen percent noted that they most recently moved from an apartment or house that they rented, having owned a home at some point in the past.

EXHIBIT 1-16

PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Owned previous residence	49%	4%	75%
Rented an apartment or house	38	75	17
Lived with parents, relatives or friends	9	17	4
Rented the home buyer ultimately purchased	2	3	1
Not applicable or no change in living arrangement	2	1	2

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.

Among repeat buyers, three-quarters moved from the home they owned to the home they recently purchased.

REASON FOR HOME PURCHASE

For three-quarters of first-time buyers, the desire to own a home and establish their own household was the primary motivating factor underlying their home purchase. All other reasons were of relatively minor importance. The motivation for repeat buyers is somewhat different, however. Although one in 10 repeat buyers reported that the desire to own a home was the primary reason for their home purchase, other factors more strongly motivated repeat buyers. For example, one in five repeat buyers was motivated by a desire for a larger home, while 16 percent reported that a job-related relocation spurred their recent home purchase. Roughly equal percentages – one in 10 – said that a change in their own family situation, a desire to live in a better area or a desire for a more convenient location closer to their job, school or relatives was the most important reason for their home purchase.

EXHIBIT 1-17

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/establish household	32%	74%	9%
Desire for larger home	14	4	20
Job-related relocation or move	12	4	16
Change in family situation	9	8	10
Desire for a home in a better area	8	3	11
Desire to be closer to job, school, relatives or transit	7	2	10
Desire for smaller home	5	1	7
Retirement	4	1	6
Desire for vacation home/ investment property	1	1	2
Purchased home for family member or relative	1	*	1
Other	6	2	9

**Less than one percent*

REASON FOR A HOME PURCHASE AND BUYER AGE

Motivations for a home purchase can be influenced by factors other than a buyer's experience in the housing market. Several differences in motivation for purchase are evident across age groups as well. For buyers 18 to 24 years old, 70 percent reported that a desire for a home of their own was the most important reason for purchasing a home. The desire to own a home was the primary motivation for 41 percent of buyers in the 25-to-44 age range and for one in five buyers in the 45-to-54 age range. The desire for a larger home and job-related relocation were also significant factors for buyers 25 to 64 years old. Among buyers 65 years or older, the primary motivations shift to factors such as a desire to own a smaller home (22 percent), relocations due to retirement (20 percent) and a desire to be closer to a job, school, relatives or transit (15 percent).

EXHIBIT 1-18

PRIMARY REASON FOR PURCHASING A HOME, BY AGE

(Percentage Distribution)

	All Buyers	AGE			
		18-24	25-44	45-64	65 or older
Desire to own a home of my own/establish household	32%	70%	41%	19%	4%
Desire for larger home	14	5	18	12	6
Job-related relocation or move	12	4	14	12	1
Change in family situation	9	11	8	11	10
Desire for a home in a better area	8	2	7	9	8
Desire to be closer to job, school, relatives or transit	7	4	6	8	15
Desire for smaller home	5	1	1	8	22
Retirement	4	N/A	*	8	20
Desire for vacation home/investment property	1	1	1	2	1
Purchased home for family member or relative	1	1	*	1	2
Other	6	2	4	9	11

*Less than one percent

N/A not applicable

SECOND-HOME BUYERS

Most homes are purchased with the intention of using them as the buyer's primary residence. Others, collectively referred to as second homes, are purchased as a vacation home or as an investment property. Second homes are often purchased by those who already own their primary residence and consequently, second-home buyers tend to be older and have a somewhat higher income than buyers of primary residences.

The median age of buyers of primary residences was 41 compared with 52 among those that purchased a second home. Seventeen percent of second-home buyers were at least 65 years old compared with just 8 percent of primary residence buyers.

Compared with all buyers who purchased a primary residence – both first-time and repeat buyers – second-home buyers' income is somewhat higher. The 2005 median income of buyers of primary residences was \$71,800, compared with \$73,500 among second-home buyers. Furthermore, 28 percent of primary residence buyers reported 2005 incomes of at least \$100,000, compared with 36 percent of second-home buyers.

EXHIBIT 1-19

AGE OF HOME BUYERS, BY INTENDED USE OF HOME

(Percentage Distribution)

	BUYERS WHO PURCHASED A:	
	Primary Residence	Non-primary Residence/ Second Home
Less than 25 years	5%	1%
25 - 34 years	31	13
35 - 44 years	25	21
45 - 54 years	19	24
55 - 64 years	13	23
65 - 74 years	6	15
75 years or older	2	2
Median age	41 years	52 years

EXHIBIT 1-20

HOUSEHOLD INCOME OF BUYERS, BY INTENDED USE OF HOME

(Percentage Distribution)

	BUYERS WHO PURCHASED A:	
	Primary Residence	Non-primary Residence/ Second Home
Less than \$25,000	4%	6%
\$25,000 - \$34,999	8	9
\$35,000 - \$44,999	9	7
\$45,000 - \$54,999	10	10
\$55,000 - \$64,999	11	12
\$65,000 - \$74,999	10	8
\$75,000 - \$84,999	9	4
\$85,000 - \$99,999	9	9
\$100,000 - \$124,999	11	12
\$125,000 - \$149,999	6	8
\$150,000 - \$174,999	4	4
\$175,000 - \$199,999	2	4
\$200,000 or more	5	8
Median income (2005)	\$71,800	\$73,500

CHAPTER 2: CHARACTERISTICS OF HOMES PURCHASED

HOME BUYER PREFERENCES VARY BY AGE, REGION OF THE COUNTRY AND ACROSS

urban and suburban settings. While a majority of home buyers purchase a detached single-family home, many buyers opt for a townhouse or condo. Younger buyers more often gravitate to an urban area, whereas older buyers, many with school-age children, look to suburban settings. While home buyer preferences are a major factor in the purchase of a home, proximity to one's job and the types of homes available for sale also influence the choices made by buyers.

By a wide margin, buyers rank the quality of the neighborhood – including characteristics such as the level of upkeep and appeal of the neighborhood and surrounding areas – as the most important factor influencing their choice of neighborhood where they purchase a home.

NEW AND PREVIOUSLY OWNED HOMES

New home construction is an important part of the residential real estate market. As demographic patterns shift and households relocate, homes will be built to accommodate new households. Nationally, the share of new homes purchased has remained at slightly over 20 percent for a number of years. In 2006, 22 percent of recent home buyers reported that they purchased a new home, while the remaining 78 percent of buyers purchased a previously owned home.

REGIONAL PATTERNS

Home buyers in the South purchased new homes more frequently than buyers in other regions of the country. More than one-quarter of homes recently purchased in the South were newly built. About one in five buyers in the Midwest and West purchased a new home. In the more densely populated Northeast, where buildable land is in shorter supply and construction costs are higher, only 13 percent of recent home sales were of newly built homes.

EXHIBIT 2-1

NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 1995-2006

(Percentage Distribution)

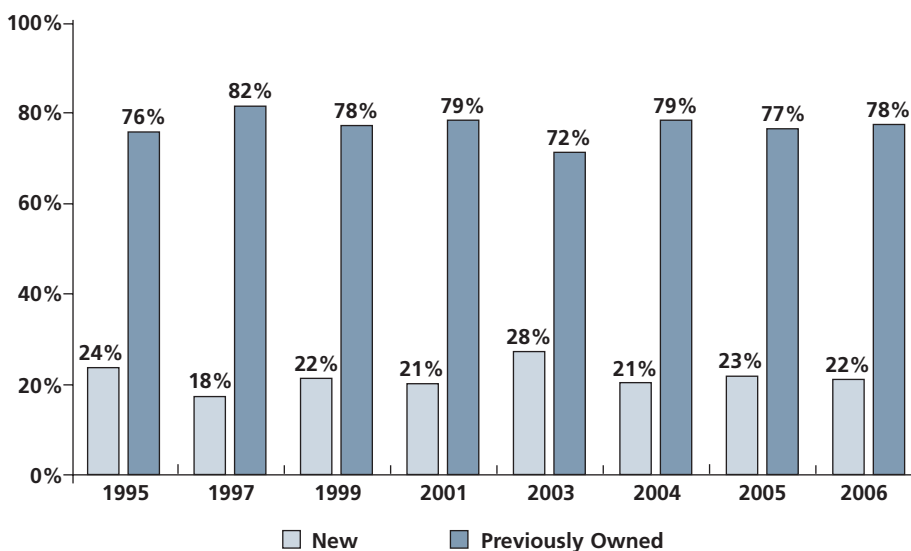


EXHIBIT 2-2

NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
New	22%	13%	21%	26%	22%
Previously Owned	78	87	79	74	78

TYPE OF HOME PURCHASED

Just as the share of new and existing homes purchased varies by region, so do the types of homes buyers in each region purchase. Overall, three-quarters of recent home sales were detached single-family homes. Some of the regional purchase patterns reflect buyer preferences, but they also are affected by differences in the composition of the local housing stock. Buyers in the Northeast, for example, were somewhat less likely than buyers in other regions to purchase a detached single-family home; about one in 10 homes purchased were townhouses or row houses, and about one in 10 were condos in buildings with five or more units.

HOMES OF FIRST-TIME AND REPEAT BUYER

First-time and repeat buyers also have different preferences and purchase patterns. For example, 66 percent of first-time buyers purchased a detached single-family home, compared with 80 percent of repeat buyers. Since detached single-family homes are frequently more costly than other types of homes, some of this difference reflects the more limited financial resources of many first-time buyers. Instead, first-time buyers were nearly twice as likely to purchase a townhouse, row house or condo in a building with five or more units.

EXHIBIT 2-3

TYPE OF HOME PURCHASED, BY REGION

(Percentage Distribution)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
Detached single-family home	75%	70%	77%	76%	75%
Townhouse/row house	9	11	8	10	8
Apartment/condo in building with 5 or more units	8	8	8	7	10
Duplex/apartment/condo in 2 to 4 unit building	3	5	4	2	2
Other	5	5	3	6	5

EXHIBIT 2-4

TYPE OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Detached single-family home	75%	66%	80%
Townhouse/row house	9	13	7
Apartment/condo in building with 5 or more units	8	11	6
Duplex/apartment/condo in 2 to 4 unit building	3	3	3
Other	5	6	4

LOCATION OF HOMES PURCHASED

Among recent buyers, the suburbs still dominate as the most frequent location for a home purchase. Fifty-five percent of buyers purchased a home in the suburbs, although this share varies markedly across regions. Sixty-three percent of homes purchased in the South were in a suburb, compared with 43 percent in the Northeast. Instead, buyers in the Northeast, relative to other regions, more often purchased a home in a small town or rural area. Buyers in the West more often purchased a home in an urban area or central city, compared to those in other regions. Still, many of these differences can be attributed to the urban/suburban makeup of these areas rather than buyer preferences alone.

BUYER LOCATION PREFERENCES

Within the constraints imposed by the types of homes available and the characteristics of each region, first-time and repeat buyers exhibit somewhat different location preferences. While most buyers, whether first-time or repeat buyers, purchase a home in the suburbs, the most significant difference is that first-timers are more likely to purchase a home in an urban area or central city. Twenty-three percent of first-time buyers purchased a home in an urban area compared with 14 percent of repeat buyers. This finding is consistent with the results described earlier showing that first-time buyers are more likely to purchase a townhouse or condo, both of which are more prevalent in urban areas.

EXHIBIT 2-5

LOCATION OF HOME PURCHASED, BY REGION

(Percentage Distribution)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
Suburb/Subdivision	55%	43%	55%	63%	49%
Small town	17	26	19	12	17
Urban/Central city	17	14	18	15	23
Rural area	9	15	8	9	8
Resort/Recreation area	1	2	*	1	2

* Less than one percent

EXHIBIT 2-6

LOCATION OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Suburb/Subdivision	55%	52%	57%
Small town	17	15	18
Urban/Central city	17	23	14
Rural area	9	9	10
Resort/Recreation area	1	1	2

CHANGES IN LOCATION

For those buyers who also sold a home, most purchase a home in the same type of location as their previous home. For example, 40 percent of buyers sold a home in the suburbs and also purchased a home located in the suburbs.

DISTANCE FROM PREVIOUS HOME

Recent buyers moved a median of 13 miles. Buyers in the Northeast tended to move the shortest distance from their previous residence (a median of 10 miles), while buyers in the South moved the greatest distance (a median of 15 miles).

EXHIBIT 2-7

LOCATION OF HOME PURCHASED VERSUS LOCATION OF HOME SOLD

(Percentage Distribution Among those that Sold a Home)

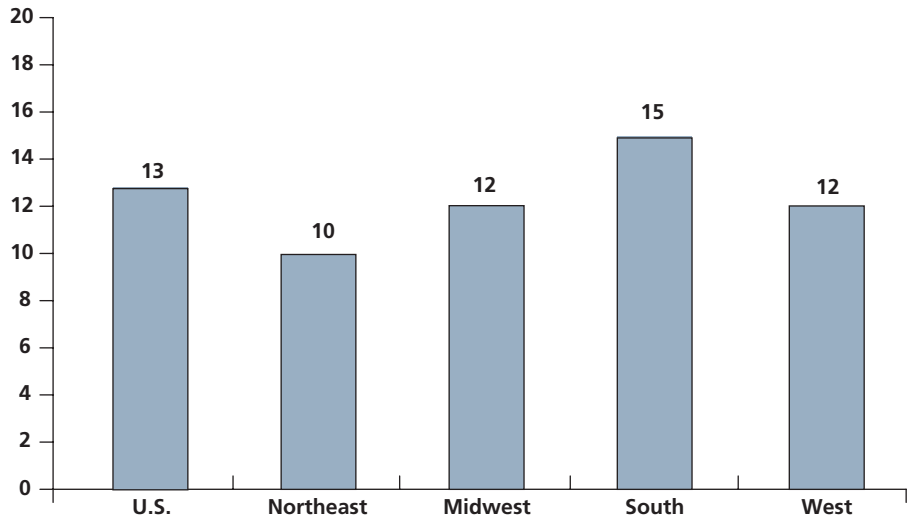
LOCATION OF HOME SOLD	LOCATION OF HOME PURCHASED				
	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Suburb/Subdivision	40%	5%	3%	4%	1%
Small town	4	7	1	1	*
Urban area/Central city	8	3	7	2	*
Rural area	4	3	1	3	*
Resort/Recreation area	1	*	*	*	*

*Less than one percent

EXHIBIT 2-8

DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE

(Median Miles)



NEIGHBORHOOD CHOICE

There are a number of factors that determine the specific location where buyers purchase a home. Some of these reflect constraints such as the location of a buyer's job, whether or not there are school-age children present in the home, and the financial resources a buyer has to devote to the purchase of a home. By a wide margin, buyers rank the quality of the neighborhood – including characteristics such as the level of upkeep and appeal of the neighborhood and surrounding areas – as the most important factor influencing their choice of neighborhood where they purchase a home. A convenient location near the home buyer's job was ranked as the next most important feature, followed by convenience of the location to friends and family.

Buyers choose different locations for a variety of reasons, however. Urban buyers were more likely to rank convenience to their job and to shopping as more important characteristics of a neighborhood than buyers in a small town or rural area. The quality of the school district was less important in neighborhood choice for urban and resort buyers than suburban buyers.

EXHIBIT 2-9

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	63%	69%	60%	57%	51%	55%
Convenient to job	48	49	42	54	40	32
Convenient to friends/family	36	36	39	38	28	43
Design of neighborhood	28	31	27	25	21	33
Convenient to shopping	28	31	22	30	15	33
Quality of the school district	27	32	24	13	25	16
Convenient to schools	19	21	20	15	17	12
Convenient to entertainment/leisure activities	19	19	12	33	9	42
Convenient to parks/recreational facilities	16	15	14	23	8	31
Convenient to health facilities	11	12	11	10	6	24
Home in a planned community	11	13	10	5	6	24
Convenient to airport	7	8	4	9	3	15
Convenient to public transportation	7	5	4	17	2	6
Other	9	7	11	8	23	10

HOME PRICES

The median price paid by home buyers over the period from mid-2005 to mid-2006 was \$214,000, up 9.7 percent from the median price paid among survey respondents in the 2005 survey. The median price, which includes all types of homes, both new and previously owned, varies widely by region. In the Midwest, the median price was \$174,900, while in the West the median price was a much steeper \$320,000. Fully 25 percent of homes sold in the West over the survey period were priced at \$500,000 or more.

PRICES OF NEW AND PREVIOUSLY OWNED HOMES

The median price recent buyers paid for a newly built home during the period from mid-2005 to mid-2006 was \$250,000. The median price for a new home was 10.5 percent higher than the median price reported in the 2005 survey. Previously owned homes sold for a median of \$200,000 over the same period, up 8.1 percent compared to the median price paid by home buyers one year earlier.

EXHIBIT 2-10

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	5%	7%	6%	5%	1%
\$75,000 to \$99,999	6	5	10	8	1
\$100,000 to \$124,999	8	5	10	10	2
\$125,000 to \$149,999	9	6	12	12	5
\$150,000 to \$174,999	9	5	13	11	4
\$175,000 to \$199,999	9	6	11	11	6
\$200,000 to \$249,999	13	11	15	14	12
\$250,000 to \$299,999	10	12	8	8	13
\$300,000 to \$349,999	7	9	5	6	11
\$350,000 to \$399,999	5	8	3	4	7
\$400,000 to \$499,999	7	11	4	4	12
\$500,000 or more	12	14	4	8	25
Median price	\$214,000	\$265,000	\$174,900	\$183,000	\$320,000

EXHIBIT 2-11

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	5%	*	6%
\$75,000 to \$99,999	6	2	7
\$100,000 to \$124,999	8	4	9
\$125,000 to \$149,999	9	7	10
\$150,000 to \$174,999	9	9	9
\$175,000 to \$199,999	9	10	9
\$200,000 to \$249,999	13	17	12
\$250,000 to \$299,999	10	13	9
\$300,000 to \$349,999	7	10	7
\$350,000 to \$399,999	5	7	4
\$400,000 to \$499,999	7	8	7
\$500,000 or more	12	13	11
Median price	\$214,000	\$250,000	\$200,000

*Less than one percent

HOME PRICE OF FIRST-TIME AND REPEAT BUYERS

First-time buyers generally purchase less-expensive homes than repeat buyers. Over the most recent survey period, the median price paid by first-time buyers was \$165,000, versus \$249,000 among repeat buyers.

EXHIBIT 2-12

PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	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

PURCHASE PRICE AND ASKING PRICE

In most cases the purchase price and the asking price of a home differ. In weak markets, sellers may have to lower their asking price, while in strong markets several competing bids may lead to a final purchase price in excess of the asking price. Overall, 32 percent of homes were purchased at the asking price, while 13 percent sold for more than the asking price. However, differences emerge when comparing price patterns across regions. In the Midwest, one-fourth of homes sold for the asking price and 9 percent sold for more than the asking price, while in the West, 37 percent sold at the asking price and 19 percent sold for more.

EXHIBIT 2-13

PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION

(Percentage Distribution)

Percent of asking price:	All Buyers	BUYERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Less than 90%	8%	10%	10%	7%	5%
90% to 94%	13	17	16	12	9
95% to 99%	34	35	40	34	30
100%	32	28	25	35	37
101% to 110%	11	9	7	11	16
More than 110%	2	2	2	2	3
Median (purchase price as a percent of asking price)	99%	98%	98%	99%	100%

HOME SIZE

The typical home purchased was 1,815 square feet in size. Homes purchased by first-time buyers are typically smaller, in part because first-time buyers are more likely to purchase condos or townhouses than detached single-family homes. Among recent first-time buyers, the home they purchased was typically 1,516 square feet in size, while repeat buyers purchased a somewhat larger home that was a median 1,993 square feet.

SIZE AND COST

A home's cost per square foot varies by type of home and by region. Among all homes purchased, regardless of type, the median price per square foot was \$118, ranging from \$187 per square foot in the West to \$98 per square foot in the South. Some of this variation is attributable to differences in the mix of housing types. On a square-foot basis, condos in buildings with at least five units were the most costly, while detached single-family homes were the least costly. Detached single-family homes in the South tended to be larger and less costly; they were just over half the cost per square foot of a slightly smaller home in the West, for example. The largest variation in cost per square foot was among condos in buildings with at least five units. The typical unit in the West was approximately 25 percent smaller than the median size unit in the Midwest, but more than twice the price per square foot.

EXHIBIT 2-14

SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
1,000 sq ft or less	8%	14%	4%
1,001 to 1,500 sq ft	24	35	18
1,501 to 2,000 sq ft	30	31	29
2,001 to 2,500 sq ft	17	11	21
2,501 to 3,000 sq ft	10	5	13
3,001 to 3,500 sq ft	6	2	8
3,501 sq ft or more	6	2	8
Median (sq ft)	1,815	1,516	1,993

EXHIBIT 2-15

HOME SIZE AND PRICE PER SQUARE FOOT, BY REGION

(Median)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
All homes purchased					
Square feet	1,815	1,804	1,789	1,865	1,753
Price per square foot	\$118	\$144	\$104	\$98	\$187
Detached single-family home					
Square feet	1,928	1,884	1,884	1,984	1,896
Price per square foot	\$112	\$140	\$101	\$94	\$180
Townhouse or row house					
Square feet	1,629	1,725	1,617	1,658	1,452
Price per square foot	\$136	\$131	\$120	\$131	\$219
Duplex/apartment/condo in 2-4 unit building					
Square feet	1,587	1,751	1,577	1,589	1,334
Price per square foot	\$129	\$143	\$121	\$121	\$185
Apartment/condo in building with 5 or more units					
Square feet	1,151	1,266	1,295	1,175	963
Price per square foot	\$189	\$203	\$123	\$172	\$296

MAKING COMPROMISES

Home buyers must weigh many factors and consider trade-offs that make one home more or less desirable than another. The most frequent compromise that buyers reported is on the size of the home. One in five buyers nationally reported compromising on the size of their home; among urban buyers 26 percent adjusted their expectations on home size. The price of the home was the next most cited compromise, especially in resort and urban areas where home prices are often much higher. Urban buyers were less likely than buyers in other areas to make compromises involving distance from their job, while rural buyers more often cited distance from family or friends as a compromise they made. Overall, 36 percent of buyers reported that they made no compromises when purchasing a home.

EXHIBIT 2-16

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 area	Resort/ Recreation area
Size of home	19%	17%	18%	26%	18%	18%
Planned expenditures/ price of home	17	17	17	21	14	22
Condition of home	15	13	17	19	16	11
Lot size	14	14	15	13	17	12
Style of home	14	13	13	16	14	11
Distance from job	13	13	12	8	18	11
Quality of the neighborhood	7	5	7	12	5	6
Distance from friends or family	7	6	6	5	12	8
Quality of the schools	3	3	2	4	3	5
Distance from school	2	2	1	1	3	3
Other compromises not listed	6	6	6	6	9	7
None – Made no compromises	36	37	37	32	33	41

COMPROMISES BY FIRST-TIME AND REPEAT BUYERS

Given the varying financial resources, preferences and demographic characteristics of first-time and repeat buyers, it is not surprising that differences emerge in the trade-offs these buyers are willing to make. One-quarter of first-time buyers compromised on the size of their homes compared with 16 percent of repeat buyers. Nearly equal percentages of first-time and repeat buyers compromised on the price of their homes. First-time buyers were somewhat more willing than repeat buyers to compromise on the home's style, the distance from work and the quality of the neighborhood. Thirty-two percent of first-time buyers reported that they made no compromises, compared with 37 percent of repeat buyers.

EXPECTED LENGTH OF TENURE

Buyers purchase a home with various expectations about how long they will own that home. First-time buyers may plan to own a home for a shorter period of time than repeat buyers while those with jobs subject to relocation may have a shorter time horizon than buyers with a more predictable employment outlook. Overall, recent home buyers reported that they expect to stay in the home they purchased a median of eight years. One-quarter are uncertain, while one in five plans to remain in their home for at least 16 years. The median expected tenure among first-time buyers is six years, while repeat buyers plan to remain in their home a somewhat longer period of nine years.

EXHIBIT 2-17

CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Size of home	19%	24%	16%
Planned expenditures/ price of home	17	18	17
Condition of home	15	16	15
Lot size	14	13	15
Style of home	14	16	13
Distance from job	13	16	11
Quality of the neighborhood	7	9	5
Distance from friends or family	7	8	6
Quality of the schools	3	4	3
Distance from school	2	2	1
Other compromises not listed	6	5	6
None – Made no compromises	36	32	37

EXHIBIT 2-18

EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
1 year or less	1%	1%	1%
2 to 3 years	11	14	10
4 to 5 years	18	25	14
6 to 7 years	7	8	7
8 to 10 years	12	11	13
11 to 15 years	6	4	7
16 or more years	20	16	22
Don't Know	24	20	26
Median (years)	8	6	9

EXPECTED TENURE AND AGE

Younger home buyers, whose job or family situation may be more unsettled, generally plan to stay in the home they purchased a shorter period of time than older buyers. The typical buyer 24 years old or younger expects to remain in their home for five years, while buyers aged 45 to 64 years expect to stay in their home for a median of nine years. Although buyers 65 years or older plan to stay in their homes for 12 years, half report that they don't know how long they will remain in their home.

PRIMARY RESIDENCES AND SECOND HOMES

A majority of buyers who purchase a home do so with the intention of using it as their primary residence. But, as real estate has become a viable alternative to financial investments such as stocks and bonds, some households have purchased homes as investment properties or vacation homes. Among recent buyers who purchased their home as a primary residence, the median price paid was \$214,900. Among those that purchased a non-primary home or a second home, the median price paid was \$189,000.

EXHIBIT 2-19

EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE

(Percentage Distribution)

	AGE				
	All Buyers	18-24	25-44	45-64	65 or older
1 year or less	1%	1%	1%	1%	1%
2 to 3 years	11	17	13	8	6
4 to 5 years	18	36	23	11	5
6 to 7 years	7	12	9	6	2
8 to 10 years	12	11	12	14	10
11 to 15 years	6	2	6	7	7
16 or more years	20	8	18	25	20
Don't Know	24	12	18	28	49
Median (years)	8	5	6	9	12

EXHIBIT 2-20

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	5%	4%	9%
\$75,000 to \$99,999	6	6	9
\$100,000 to \$124,999	8	8	9
\$125,000 to \$149,999	9	9	8
\$150,000 to \$174,999	9	9	8
\$175,000 to \$199,999	9	9	10
\$200,000 to \$249,999	13	13	9
\$250,000 to \$299,999	10	10	9
\$300,000 to \$349,999	7	7	7
\$350,000 to \$399,999	5	5	6
\$400,000 to \$499,999	7	7	5
\$500,000 or more	12	12	12
Median price	\$214,000	\$214,900	\$189,000

TYPES OF PRIMARY RESIDENCES AND SECOND HOMES

Some of the price difference between homes purchased as a primary residence and those purchased as a second home is attributable to the type of home purchased. Over three-quarters of homes purchased as primary residences were detached single-family homes, compared with 61 percent of second homes. Condos and townhouses account for a higher share of second home purchases than primary residences.

LOCATION OF PRIMARY RESIDENCES AND SECOND HOMES

Primary residences and second-homes are most often located in the suburbs. However, second homes are more likely to be located in urban areas or resort locations than primary residences. In both cases, condos are a popular choice, which is consistent with survey findings showing a higher share of condo purchases among second home buyers than among buyers of primary residences.

EXHIBIT 2-21

TYPE OF HOME, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A:	
		Primary Residence	Non-primary Residence/ Second Home
Detached single-family home	75%	76%	61%
Townhouse/row house	9	9	11
Apartment/condo in building with 5 or more units	8	8	14
Duplex/apartment/condo in 2 to 4 unit building	3	3	5
Other	5	5	9

EXHIBIT 2-22

LOCATION OF HOME, PRIMARY RESIDENCE AND SECOND HOME

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A:	
		Primary Residence	Non-primary Residence/ Second Home
Suburb/Subdivision	55%	56%	49%
Small town	17	17	16
Urban/Central city	17	17	21
Rural area	9	9	9
Resort/Recreation area	1	1	5

CHAPTER 3: THE HOME SEARCH PROCESS

HOME BUYERS CAN TURN TO MANY INFORMATION SOURCES WHEN SEARCHING

for a home. Real estate agents and the Internet are two of the most often used and are viewed by most buyers as very useful when searching for a home. Buyers most often first learn about the home they purchase through a real estate agent, even as a growing amount of home buying information is available on the Internet.

First-time buyers who used the Internet spent a median of 10 weeks searching for a home, somewhat longer than the typical Internet-using repeat buyer who spent eight weeks.

LENGTH OF SEARCH

The typical home buyer searched for eight weeks and viewed nine homes. The length of search and the number of homes visited has varied little in recent years. On a regional basis, however, buyers in the Northeast typically searched for 12 weeks, 50 percent longer than buyers in other regions. Although buyers in the West searched for a median of eight weeks, they typically saw 11 homes, more than buyers in the Northeast with a longer search period and more than buyers in the Midwest and South who searched for a comparable length of time.

FIRST-TIME AND REPEAT-BUYER SEARCH

Both first-time and repeat buyers searched for a median of eight weeks, but repeat buyers viewed more homes during that period. The typical repeat buyer viewed 10 homes, while first-time buyers viewed a median of eight homes.

EXHIBIT 3-1

SEARCH ACTIVITY OF HOME BUYERS, BY REGION

(Median)

BUYERS WHO PURCHASED A HOME IN THE:

Number of Weeks Searched	All Buyers	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

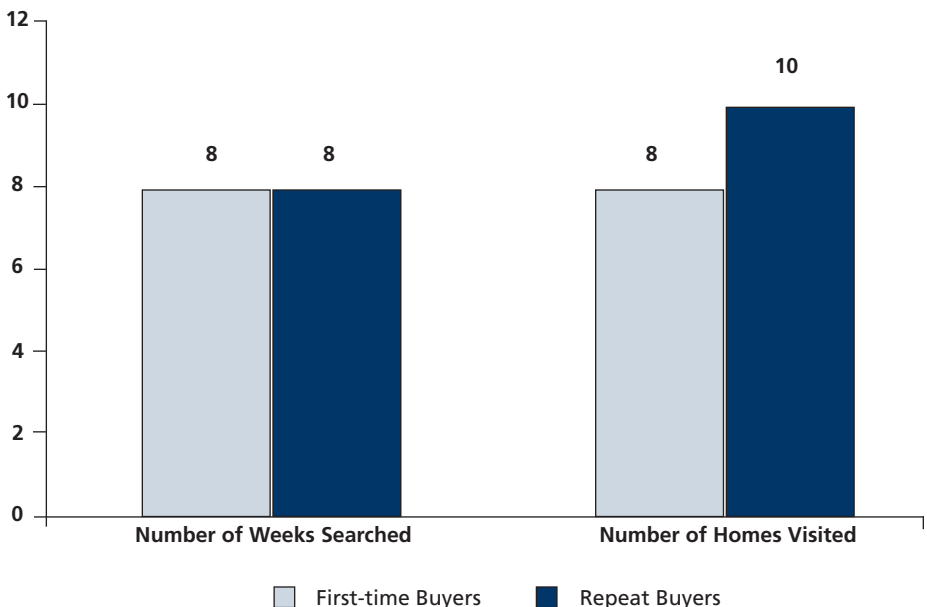
Number of Homes Visited

2001	10	11	8	7	10
2003	10	9	10	9	12
2004	9	8	10	9	10
2005	9	8	11	9	9
2006	9	8	9	8	11

EXHIBIT 3-2

SEARCH ACTIVITY OF FIRST-TIME AND REPEAT BUYERS

(Median)



SEARCH TIME WITH AN AGENT

The typical search time for buyers who used an agent was the same for both first-time and repeat buyers. However, first-time buyers reported that they spent a median of two weeks searching on their own before contacting an agent compared with repeat buyers who spent a median of three weeks searching. After contacting an agent, the typical first-time buyer spent an additional six week searching with that agent compared with a median of five weeks among repeat buyers.

INFORMATION SOURCES

Home buyers have a variety of information sources available to them in their home search. Eighty-five percent reported that they used a real estate agent as a source of information, with little difference in usage between first-time and repeat buyers. The Internet was used by 80 percent of home buyers to find information about specific properties or to find information about a community. First-time buyers tend to use the Internet somewhat more frequently than repeat buyers. Yard signs were used by nearly two-thirds of buyers at some point in their search. Just over half of buyers used print newspaper ads.

EXHIBIT 3-3

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

(Median Weeks)

	All Buyers	First-time Buyer	Repeat Buyers
All buyers	8	8	8
Buyers using an agent	8	8	8
Before contacting agent	2	2	3
After contacting agent	6	6	5

EXHIBIT 3-4

INFORMATION SOURCES USED IN HOME SEARCH BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Real estate agent	85%	84%	85%
Internet	80	83	78
Yard sign	63	63	62
Print newspaper advertisement	55	54	56
Open house	47	44	49
Home book or magazine	34	34	33
Home builder	26	19	30
Television	11	13	10
Billboard	9	9	8
Relocation company	5	4	6

USEFULNESS OF INFORMATION SOURCES

Seventy-three percent of buyers rated the Internet as very useful with an additional 25 percent rating it somewhat useful. Real estate agents were viewed as a very useful information source by 69 percent of buyers. No other information sources were considered “very useful” by more than half of home buyers.

FREQUENCY OF INTERNET USAGE

Some home buyers use the Internet as a resource more frequently than others. Overall, 59 percent of home buyers noted that they used the Internet frequently while an additional 21 percent reported that they used it occasionally. Buyers in the Northeast and Midwest used the Internet more intensively than buyers in other regions. In contrast, buyers in the South and West used the Internet less intensively, although the share who used the Internet at all was consistent with other regions.

EXHIBIT 3-5

USEFULNESS OF INFORMATION SOURCES

(Percentage Distribution Among Buyers that Used Each Source)

	Very Useful	Somewhat Useful	Not Useful
Internet	73%	25%	2%
Real estate agent	69	20	11
Yard sign	31	40	30
Open house	22	30	48
Print newspaper advertisement	20	37	43
Home builder	15	17	68
Home book or magazine	11	24	65
Billboard	3	9	88
Television	3	13	85
Relocation company	2	7	91

EXHIBIT 3-6

USE OF INTERNET TO SEARCH FOR HOMES, BY REGION

(Percentage Distribution)

	LOCATION OF HOME PURCHASED:				
	All Buyers	Northeast	Midwest	South	West
Frequently	59%	63%	61%	57%	56%
Occasionally	21	19	19	22	25
Not at all	20	18	19	21	19

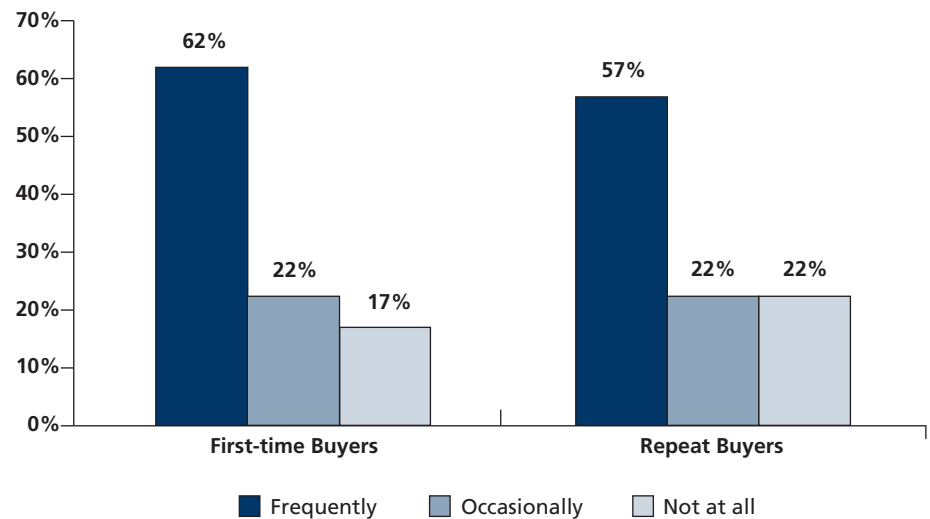
FIRST-TIME BUYERS' INTERNET USAGE

First-time buyers use the Internet more often and also more frequently than repeat buyers. While 83 percent of first-time buyers used the Internet, 62 percent report that they used it frequently. In contrast, 78 percent of repeat buyers used the Internet, with 57 percent reporting that they used it frequently. Some repeat buyers are familiar with the area where they intend to purchase a home or rely on other sources such as open houses or home builders more often than first-time buyers.

EXHIBIT 3-7

USE OF INTERNET TO SEARCH FOR HOMES BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

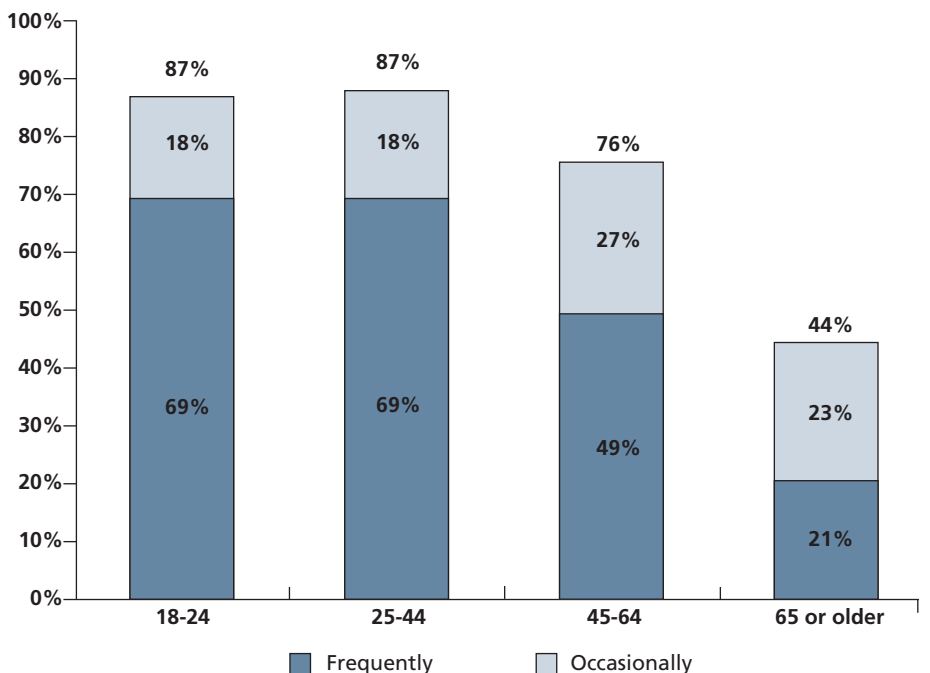


INTERNET USAGE AND BUYER AGE

Home buyer use of the Internet varies considerably by age, with younger home buyers using it more frequently than older buyers. Sixty-nine percent of home buyers 44 years old or younger reported that they used the Internet frequently in their home search. About half of buyers 45 to 64 years of age used the Internet frequently, while only one in five buyers 65 or older used it frequently.

EXHIBIT 3-8

USE OF INTERNET TO SEARCH FOR HOMES, BY AGE

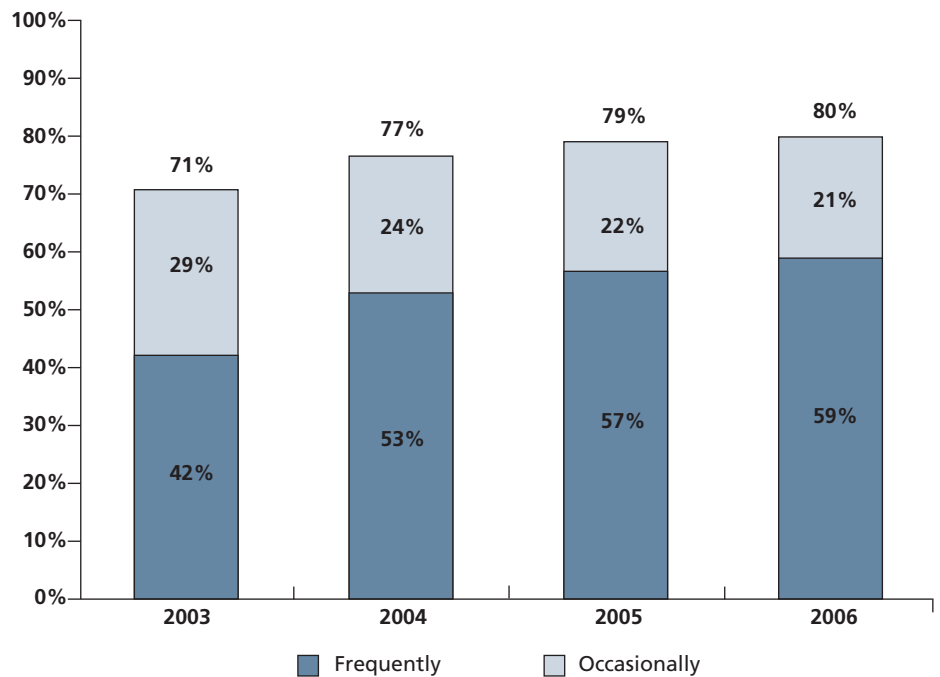


INTERNET USAGE TRENDS

Internet usage in the home search process has steadily increased over the past decade. Not only is overall usage up from 71 percent in 2003 to 80 percent in 2006, but the percentage of buyers who reported that they used the Internet frequently has risen from 42 percent to 59 percent over the period.

EXHIBIT 3-9

USE OF INTERNET TO SEARCH FOR HOMES, 2003-2006



ACTIONS TAKEN

After gathering information online, three-quarters of home buyers reported that they drove by specific properties, while 61 percent walked through a property viewed online. Just over one in five found a real estate agent or requested more information about a property. First-time buyers more often requested additional information about a home viewed online.

EXHIBIT 3-10

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
Drove by or viewed a home	74%	75%	73%
Walked through a home viewed online	61	58	62
Found the agent used to search for or buy a home	23	24	22
Requested more information	22	28	19
Contacted builder or developer	11	8	13
Pre-qualified for a mortgage online	7	8	6
Applied for a mortgage online	5	6	4
Found a mortgage lender online	4	5	3

FIRST LEARNING ABOUT HOME PURCHASED

Thirty-six percent of home buyers first found out about the home they purchased through a real estate agent, unchanged from the percentage reported in the 2005 Profile, but down from 50 percent in 1997. Twenty-four percent of buyers reported that they first learned about the home they purchased on the Internet. Consistent with past years, 15 percent of home buyers reported that they first learned about the home they purchased from a yard sign.

FIRST LEARNING ABOUT THE HOME ON THE INTERNET

The rapidly growing volume of information about real estate on a wide variety of Web sites provides home buyers with a vast number of ways to learn about homes for sale and the home buying process. Consistent with results published in the 2005 Profile, 24 percent of home buyers reported that they first learned about their home on the Internet. Although unchanged from the previous year's results, the percentage has increased sharply from 2 percent in 1997, clearly signaling the increasing importance of online information in the search process for most buyers.

EXHIBIT 3-11

WHERE BUYER FOUND THE HOME THEY PURCHASED, 1997-2006

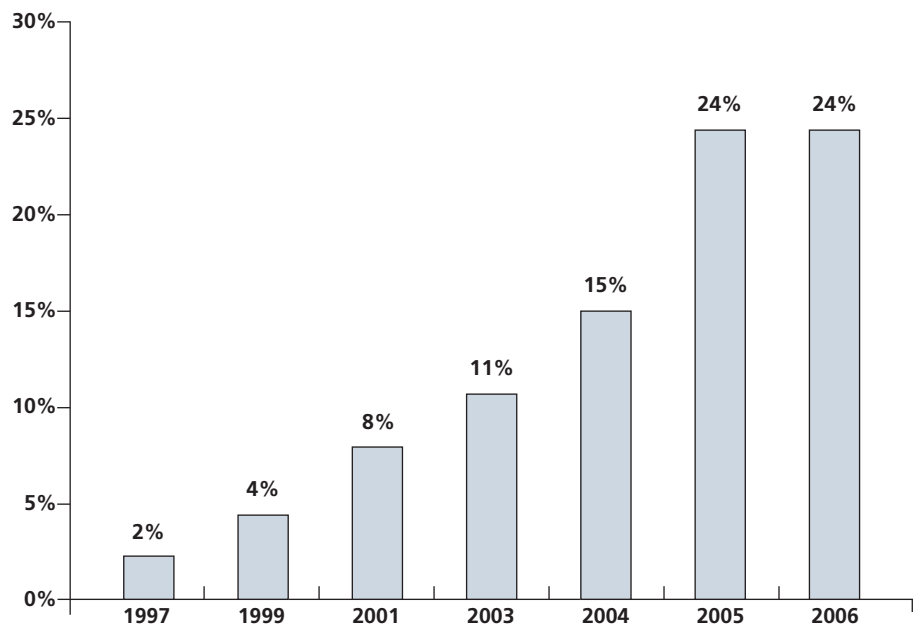
(Percentage Distribution)

	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, neighbor or relative	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

EXHIBIT 3-12

BUYERS WHO FOUND THEIR HOME ON THE INTERNET, 1997-2006



CHARACTERISTICS OF INTERNET SEARCHERS

There are some notable differences in the demographic characteristics of buyers who use the Internet to search for a home and those who do not. Internet searchers were more often married couples (63 percent versus 54 percent) and less likely to be single females (20 percent versus 26 percent) and less likely to be single males (9 percent versus 12 percent).

The typical Internet searcher is also younger than those who do not use the Internet in their home search. The median age of Internet searchers was 39, compared with 51 among those who did not use the Internet. More than one-third of Internet searchers were between 25 and 34 years old, compared with 17 percent of those who did not use the Internet. Among those who did not use the Internet, 42 percent were over 55 years old compared with 16 percent of Internet searchers.

Internet searchers tend to have higher incomes, as well. The median income of buyers who used the Internet to search for a home was \$74,300, compared with \$61,000 for those who did not use the Internet. Thirty percent of Internet searchers reported an income of at least \$100,000, compared with 21 percent of those who did not use the Internet to search.

EXHIBIT 3-13

CHARACTERISTICS OF HOME SEARCHERS, BY USE OF INTERNET

(Percentage Distribution)

Household Composition	Used Internet to Search	Did Not Use Internet to Search
Married couple	63%	54%
Single female	20	26
Single male	9	12
Unmarried couple	7	7
Other	1	1

Age of Buyer Household	Used Internet to Search	Did Not Use Internet to Search
Less than 25 years	5%	3%
25 - 34 years	34	17
35 - 44 years	26	18
45 - 54 years	19	21
55 - 64 years	11	19
65 - 74 years	4	15
75 years or older	1	8
Median age (years)	39	51

Household Income (2005)	Used Internet to Search	Did Not Use Internet to Search
Less than \$25,000	3%	7%
\$25,000 - \$34,999	8	11
\$35,000 - \$44,999	8	13
\$45,000 - \$54,999	10	12
\$55,000 - \$64,999	11	11
\$65,000 - \$74,999	11	10
\$75,000 - \$84,999	10	7
\$85,000 - \$99,999	10	7
\$100,000 - \$124,999	12	9
\$125,000 - \$149,999	7	4
\$150,000 - \$174,999	4	2
\$175,000 - \$199,999	2	1
\$200,000 or more	5	5
Median income	\$74,300	\$61,000

LENGTH OF HOME SEARCH

The length of time buyers spend searching for a home depends on whether or not they use the Internet as part of their search strategy. Among all buyers who used the Internet to search, the typical buyer spent eight weeks searching, while the typical buyer who did not use the Internet spent six weeks. First-time buyers who used the Internet spent a median of 10 weeks searching for a home, somewhat longer than the typical Internet-using repeat buyer who spent eight weeks. Buyers who used an agent searched for the same length of time as all buyers. However, buyers who used the Internet to search spent a median of two weeks searching prior to contacting an agent compared with a median of three weeks among buyers who did not use the Internet to search.

NUMBER OF HOMES VISITED

Not only do home buyers who use the Internet spend a longer time searching for a home, but they also view more homes than buyers who do not use the Internet to search. The typical buyer who used the Internet to search for a home viewed 11 homes compared with a median of six homes among those buyers who did not use the Internet. Nearly one in five of those who did not consult the Internet reported that they did not visit any homes prior to making a purchase.

EXHIBIT 3-14

LENGTH OF SEARCH, BY USE OF INTERNET

(Median Weeks)

	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

EXHIBIT 3-15

NUMBER OF HOMES VISITED, BY USE OF INTERNET

(Percentage Distribution)

	Used Internet to Search	Did Not Use Internet to Search
None	3%	18%
1 to 4	17	27
5 to 9	26	23
10 to 14	20	15
15 to 19	11	6
20 to 24	7	5
25 or more	15	6
Median (homes)	11	6

SOURCES OF INFORMATION

Internet searchers use most information sources more frequently than buyers who do not use the Internet in their search, signifying that this group of buyers places an emphasis on gathering as much information as possible. The Internet is not a substitute for the knowledge and experience of real estate professionals, however among those who used the Internet, 87 percent also used a real estate agent compared with 74 percent of those who did not use the Internet. Similarly, 64 percent of Internet searchers used yard signs, compared with 52 percent of those who did not use the Internet to search. Fifty-seven percent of Internet searchers used print newspaper ads and 49 percent used open houses. For those who did not consult the Internet in their search, 45 percent looked at print newspaper ads and 36 percent used open houses. Home builders, however, were used as an information source more frequently by non-Internet searchers.

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	87%	74%
Yard sign	64	52
Print newspaper advertisement	57	45
Open house	49	36
Home book or magazine	35	27
Home builder	25	30
Television	11	9
Billboard	8	9
Relocation company	5	3

FIRST LEARNING ABOUT THE HOME

Whether or not home buyers use the Internet to search for a home, real estate agents remain the most frequent way that buyers first learn about the home they purchase. Among home buyers who used the Internet to search for a home, 35 percent reported that they first learned about their home through a real estate agent, a somewhat lower percentage than the 38 percent of non-Internet searchers who found their home through a real estate agent. Home buyers who did not use the Internet to search more often first found their home through a home builder, a friend or a relative than those who used the Internet in their home search.

METHOD OF PURCHASE

While real estate agents are one of the most important sources of information for most home buyers, some forgo the assistance of an agent. However, 81 percent of buyers who used the Internet to search for a home reported that they used a real estate agent in their home purchase, compared with 63 percent of buyers who did not use the Internet to search. Non-Internet searchers were more than twice as likely to purchase their home directly from a builder and five times as likely to purchase a home directly from the previous owner whom they knew.

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
Real estate agent	35%	38%
Internet	29	2
Yard sign	15	15
Home builder or their agent	7	11
Friend, relative or neighbor	6	17
Print newspaper advertisement	5	7
Directly from sellers/ Knew the sellers	2	7
Home book or magazine	1	2

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	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

WHAT BUYERS LOOK FOR ONLINE

Although there is a wide variety of real estate information available online, nearly all buyers are focusing on the basics – 96 percent reported they turn to the Internet for information about properties for sale. About one in five buyers noted that they also looked for information about a specific area.

WHAT BUYERS OF DIFFERENT AGES LOOK FOR ONLINE

Buyers of all ages indicate that they are most often looking for information about properties for sale when using the Internet to search for a home. Nearly all younger buyers were looking for properties for sale (97 percent). Buyers 65 years or older were somewhat less likely to look for property information online. The youngest home buyers were less likely than their older counterparts to use the Internet to gather information about a specific area.

EXHIBIT 3-19

WHAT HOME BUYERS WERE LOOKING FOR ONLINE, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	First-time Buyers	Repeat Buyers
Properties for sale	96%	97%	95%
General information about an area	21	19	22
A real estate company	3	3	3
A real estate agent	3	3	3

EXHIBIT 3-20

WHAT HOME BUYERS WERE LOOKING FOR ONLINE, BY AGE

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	AGE:			
		18-24	25-44	45-64	65 or older
Properties for sale	96%	97%	97%	94%	88%
General information about an area	21	14	21	22	20
A real estate company	3	2	3	3	2
A real estate agent	3	3	3	3	3

VALUE OF WEB SITE FEATURES

Most real estate Web sites have a number of features to assist home buyers in their search for a home. Photos and detailed property information were considered very useful by more than 80 percent of buyers. Nearly all buyers use both photos and property information when viewing Web sites. A substantial majority of buyers also use virtual tours.

WEB SITES USED IN SEARCH

Multiple listing service (MLS) Web sites and REALTOR.com® were used by over half of recent home buyers in their search. Buyers in the Northeast and the West were most likely to use an MLS Web site, while buyers in the Midwest and South favored REALTOR.com® by a slim margin. Buyers in the West were least likely to use a real estate company or real estate agent Web site in their search compared with buyers elsewhere.

WEB SITES USED BY FIRST-TIME AND REPEAT BUYERS

Over half of first-time and repeat buyers used an MLS Web site in their home search. Repeat buyers were more likely to use REALTOR.com® than first-time buyers, however. Among other types of Web sites, there was little difference in usage among first-time and repeat buyers.

EXHIBIT 3-21

VALUE OF WEB SITE FEATURES

(Percentage of Distribution Among Buyers Who Used the Internet)

	Very Useful	Somewhat Useful	Not Useful	Did Not Use
Photos	83%	15%	1%	1%
Detailed property information	81	17	1	1
Virtual tours	60	28	6	6
Interactive maps	43	38	9	10
Neighborhood information	37	44	10	9
Real estate agent contact information	31	37	13	19

EXHIBIT 3-22

WEB SITES USED IN HOME SEARCH, BY REGION

(Percent of Respondents Among Buyers Who Used the Internet)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
Multiple Listing Services (MLS) Web site	53%	56%	49%	52%	58%
REALTOR.com®	52	56	52	53	46
Real estate company Web site	41	44	48	41	32
Real estate agent Web site	40	42	42	40	38
Newspaper Web site	14	17	13	13	14
Real estate magazine Web site	6	6	4	7	7
Other	10	6	8	12	10

EXHIBIT 3-23

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 Services (MLS) Web site	53%	54%	53%
REALTOR.com®	52	46	55
Real estate company Web site	41	43	40
Real estate agent Web site	40	41	40
Newspaper Web site	14	16	12
Real estate magazine Web site	6	7	6
Other	10	9	10

CHAPTER 4: HOME BUYING AND REAL ESTATE PROFESSIONALS

R

REAL ESTATE AGENTS ASSIST BUYERS IN MANY WAYS THROUGHOUT THE HOME

purchase transaction. They provide a valuable source of information to first-time buyers with little experience in the real estate market, while also providing their expertise to more-experienced buyers. Home buyers recognize the value of real estate professionals. A strong majority of recent buyers reported that they were very satisfied with their agent's knowledge of the purchase process and their agent's honesty and integrity. Both of these attributes speak to the value that real estate agents bring to the home purchase transaction and the benefits they provide to their home-buying clients.

Among all buyers, 40 percent reported that they chose their agents based on a referral, with first-time buyers more likely than repeat buyers to base their choice on recommendations from someone else.

METHOD OF PURCHASE

There are several ways that home buyers can purchase a home, including working with an agent, buying directly from the builder or buying directly from the previous owner. Over three-quarters of home buyers work with a real estate agent when purchasing a home, a percentage consistent with the surveys of the past several years. Thirteen percent of buyers reported that they purchased their home directly from the builder, while fewer than one in 10 purchased their home directly from the previous owner.

METHOD OF PURCHASE BY REGION

While three-quarters of home buyers work with real estate agents, there is some variation among regions. In the Northeast, especially, recent buyers more often work with real estate agents than do buyers in other regions. Elsewhere, there is little difference in the frequency with which buyers use agents or rely on home builders when purchasing a home.

EXHIBIT 4-1

METHOD OF HOME PURCHASE, 1995-2006

(Percentage Distribution)

	1995	1997	1999	2001	2003	2004	2005	2006
Through a real estate agent or broker	81%	79%	79%	69%	75%	77%	77%	77%
Directly from builder or builder's agent	9	9	11	15	14	12	12	13
Directly from the previous owner	9	11	9	15	9	9	9	9
Through a foreclosure or trustee sale	1	1	1	1	1	1	*	1

*Less than one 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	77%	82%	77%	75%	78%
Directly from builder or builder's agent	13	7	13	14	15
Directly from the previous owner	9	9	10	10	6
Knew previous owner	4	5	4	4	4
Did not know previous owner	5	5	6	6	3
Through a foreclosure or trustee sale	1	1	*	1	*

*Less than one percent

PURCHASING A NEW OR PREVIOUSLY OWNED HOME

Eighty-six percent of buyers who purchased a previously owned home used a real estate agent, compared with just under half of new-home buyers. Fifty-two percent of new-home buyers worked directly with the builder when purchasing a home, while one in 10 buyers of previously owned homes worked directly with the previous owner.

AGENT REPRESENTATION

Home buyers should be aware of whom their agent represents and their role in the real estate transaction. In most cases, real estate agents require the buyer to sign a disclosure statement describing whether the agent represents the buyer or the seller in the transaction. Thirty percent of buyers reported that they signed a disclosure statement at the first meeting with the agent, while an additional 26 percent signed a disclosure when the sales contract was written. Eight percent of buyers signed a disclosure at some other point in the process. Repeat buyers were more likely than first-time buyers to report that they signed a disclosure statement at the first meeting. Sixteen percent of buyers did not know if they had signed a disclosure statement at any point in the process.

EXHIBIT 4-3

METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	BUYERS WHO PURCHASED A:		
	All Buyers	New Home	Previously Owned Home
Through a real estate agent or broker	77%	47%	86%
Directly from builder or builder's agent	13	52	2
Directly from the previous owner	9	1	11
Knew previous owner	4	*	5
Did not know previous owner	5	1	6
Through a foreclosure or trustee sale	1	*	1

*Less than one percent

EXHIBIT 4-4

AGENT REPRESENTATION DISCLOSURE, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

Disclosure Statement Signed?	All Buyers	First-time Buyers	Repeat Buyers
Yes, at first meeting	30%	26%	32%
Yes, when contract was written	26	26	26
Yes, at some other time	8	9	8
No	20	23	18
Don't know	16	16	16

BUYER REPRESENTATION

Sixty-four percent of buyers reported that they worked with an agent who represented their interests alone. Most of these buyers had a written buyer representation agreement with their agent. Repeat buyers were somewhat more likely to have a written agreement than first-time buyers, even though they were just as likely to have a buyer representation arrangement with their agent.

AGENT COMPENSATION

Among all buyers, 65 percent reported that the seller paid the agent who assisted them in their home purchase. Sixteen percent of agents were paid by the buyer only; among those with a buyer representation arrangement, the percentage was 18 percent, compared with 14 percent among all other types of representation arrangements. When the buyer paid the agent, in nearly all cases the compensation was based on a percentage of the sales price.

EXHIBIT 4-5

BUYER REPRESENTATIVE ARRANGEMENT WITH AGENT, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Yes, a written arrangement	44%	41%	45%
Yes, an oral arrangement	20	22	18
No	26	24	26
Don't know	11	12	10

EXHIBIT 4-6

HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

	All Types of Representation	TYPE OF AGENT REPRESENTATION	
		Buyer Only	Seller or Seller and Buyer
Paid by seller	65%	65%	66%
Paid by buyer and seller	9	9	10
Paid by buyer only	16	18	14
Percent of sales price	13	14	11
Flat fee	2	2	1
Other	*	*	*
Don't know	2	2	1
Other	2	2	2
Don't know	8	7	9

*Less than one percent

WHAT BUYERS WANT FROM THEIR AGENTS

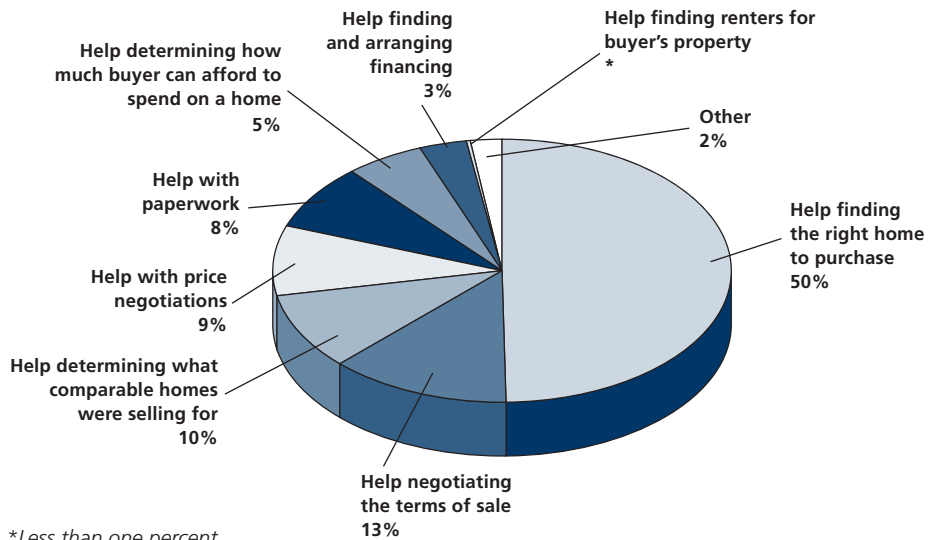
Home buyers have many expectations of their agents. Half of buyers most wanted their agents to help them find the right home to purchase, which is consistent with the significant role that agents play in the process of searching for a home. Thirteen percent of buyers thought that help negotiating the terms of sale was most important, while one in 10 most wanted their agents to determine comparable home selling prices or to help with price negotiations.

There are some differences in expectations among first-time and repeat buyers. For example, 53 percent of repeat buyers most wanted their agents to help them find the right home, compared with 45 percent of first-time buyers. Repeat buyers were also somewhat more likely than first-time buyers to rank help in determining sales prices of comparable homes as most important. First-time buyers, however, more often reported that they most wanted their agents to help determine how much they could afford to spend on a home and are somewhat more likely to want their agents to help arrange financing.

EXHIBIT 4-7

WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS

(Percentage Distribution)



*Less than one percent

EXHIBIT 4-8

WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First time Buyers	Repeat Buyers
Help finding the right home to purchase	50%	45%	53%
Help negotiating the terms of sale	13	13	13
Help determining what comparable homes were selling for	10	8	11
Help with price negotiations	9	9	8
Help with paperwork	8	9	8
Help determining how much buyer can afford to spend on a home	5	9	3
Help finding and arranging financing	3	4	2
Help finding renters for buyer's property	*	1	*
Other	2	3	2

*Less than one percent

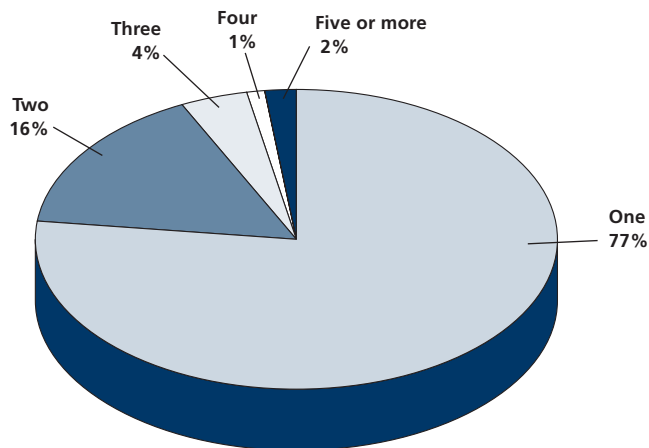
NUMBER OF AGENTS USED IN HOME SEARCH

Whether or not a buyer ultimately used an agent to purchase a home, buyers rely on agents as a chief resource in the search. Finding the right home is the most frequently cited expectation that buyers have of agents. While some buyers may use more than one agent throughout the process, 77 percent reported that they used one agent in their home search.

EXHIBIT 4-9

NUMBER OF REAL ESTATE AGENTS USED IN THE HOME SEARCH

(Percentage Distribution)



BENEFITS AGENTS PROVIDED

During the home purchase process, real estate agents provide a number of benefits to buyers. Help with understanding the home buying process was cited by 73 percent of first-time home buyers. This benefit remained important for those who have already been through the process, as 44 percent of repeat buyers reported this to be a benefit they received from their agents. Forty percent of buyers thought their agent pointed out unnoticed features or faults with properties that they would not have recognized otherwise.

EXHIBIT 4-10

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	55%	73%	44%
Pointed out unnoticed features/faults with property	40	42	39
Improved buyer's knowledge of search area	37	32	39
Negotiated better sales contract terms	36	38	35
Shortened buyer's home search	35	33	37
Negotiated a better price	29	31	28
Narrowed buyer's search area	20	17	22
Expanded buyer's search area	20	19	21
Provided better list of mortgage lenders	19	21	17
Provided a better list of service providers	1	1	1
None of the above	9	9	9

FINDING AN AGENT

Previous experience with a specific agent or referrals from a friend or relative are important ways in which buyers find an agent. Among all buyers, 40 percent reported that they chose their agents based on a referral, with first-time buyers more likely than repeat buyers to base their choice on recommendations from someone else. For one in five repeat buyers, experience with that agent in an earlier transaction was the primary way they found their agent. Relatively few buyers relied on other ways of finding an agent, such as the Internet or visiting open houses.

INTERVIEWING AGENTS

Buyers sometimes interview several agents before choosing one to assist them in their home-buying transaction. Among all buyers, 60 percent interviewed one agent. First-time buyers were more likely to interview more than one agent, in part because they have less experience and rarely were involved in a previous home sale transaction. Forty percent of first-time buyers interviewed at least two agents, compared with 31 percent of repeat buyers.

EXHIBIT 4-11

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	40%	49%	35%
Used agent previously to buy or sell a home	13	2	19
Internet Web site	7	8	7
Visited an open house and met agent	7	6	7
Saw contact information on For Sale sign	7	8	6
Referred by another real estate agent/broker	5	6	5
Walked into or called office and agent was on duty	4	4	4
Referred through employer or relocation company	4	2	5
Personal contact by agent (telephone, email, etc.)	3	3	3
Newspaper, Yellow Pages or home book ad	2	2	1
Direct mail (newsletter, flyer, postcard, etc.)	*	*	*
Advertising specialty (calendar, magnet, etc.)	*	1	*
Other	7	8	6

*Less than one percent

EXHIBIT 4-12

NUMBER OF REAL ESTATE AGENTS INTERVIEWED BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
One	65%	60%	69%
Two	20	23	18
Three	10	11	9
Four	2	3	2
Five or more	3	3	3

IMPORTANT FACTORS WHEN CHOOSING AN AGENT

There are a number of factors that buyers consider when choosing an agent. Some of these can be observed directly, such as an agent's affiliation with a particular firm, while others such as an agent's reputation are often based on the buyer's experience with that agent or on referrals from family or friends. Twenty-five percent of buyers reported that the most important factor in their choice of an agent was the agent's honesty and trustworthiness, followed closely by the agent's reputation (23 percent). For 16 percent of buyers, a personal relationship with the agent, whether as a family member or friend, was the most important factor.

QUALITIES BUYER WANT IN AN AGENT

Real estate agents possess many skills and qualities that buyers find important. Nearly all buyers (97 percent) reported that the agent's honesty and integrity was very important followed by knowledge of the purchase process (93 percent), responsiveness (92 percent) and knowledge of real estate markets (91 percent). Buyers were less concerned about an agent's skills with technology.

EXHIBIT 4-13

MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT

(Percentage Distribution)

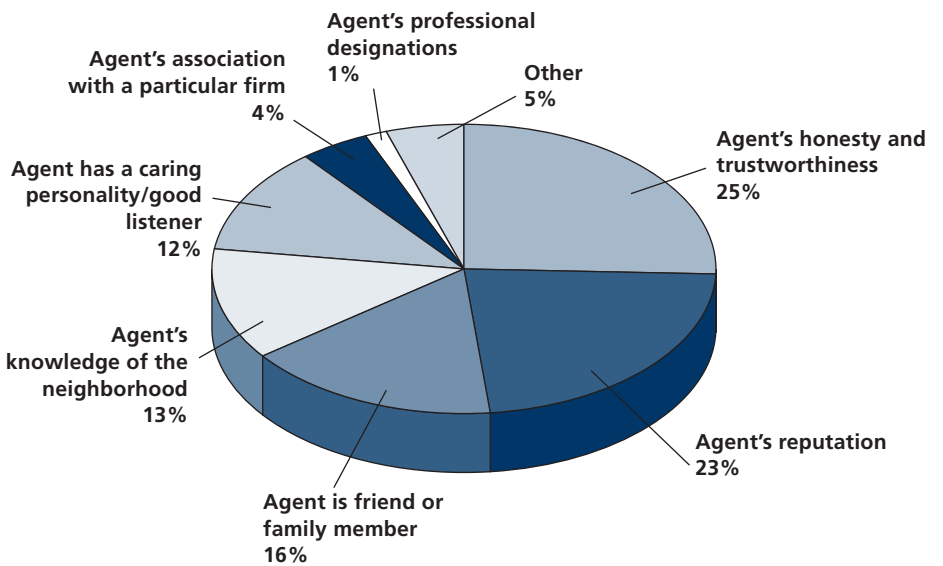


EXHIBIT 4-14

IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Important	Somewhat Important	Not Important
Honesty and integrity	97%	3%	*
Knowledge of purchase process	93	6	1
Responsiveness	92	7	*
Knowledge of real estate market	91	9	*
Communication skills	83	16	1
Negotiation skills	81	17	1
People skills	78	20	1
Knowledge of local area	76	22	2
Skills with technology	39	50	12

*Less than one percent

QUALITIES FIRST-TIME AND REPEAT BUYERS VALUE

Overall, there are only small differences in how first-time and repeat buyers evaluate the importance of various skills and qualities of agents. Honesty and integrity ranked as the most important qualities for both first-time and repeat buyers. First-time buyers felt somewhat more strongly that knowledge of the purchase process was very important, while repeat buyers more often ranked knowledge of the real estate market as very important. Repeat buyers more frequently than first-time buyers (80 percent versus 69 percent) indicated that knowledge of the local area was very important.

SATISFACTION WITH REAL ESTATE AGENT QUALITIES

The vast majority of home buyers find their agents to possess the qualities they find most important in a real estate agent. Eighty-four percent of buyers were very satisfied with their agent’s knowledge of the purchase process, with an additional 13 percent somewhat satisfied. Eighty-three percent of buyers were also very satisfied with the honesty and integrity of their agent, with an additional 12 percent somewhat satisfied. These two qualities not only were the most desirable in a real estate agent, but were also ones buyers found most satisfying in their experience with an agent.

EXHIBIT 4-15

AGENT SKILLS AND QUALITIES CONSIDERED ‘VERY IMPORTANT’ BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Honesty and integrity	97%	96%	97%
Knowledge of purchase process	93	95	93
Responsiveness	92	93	92
Knowledge of real estate market	91	88	92
Communication skills	83	84	82
Negotiation skills	81	83	80
People skills	78	78	78
Knowledge of local area	76	69	80
Skills with technology	39	36	40

EXHIBIT 4-16

SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Satisfied	Somewhat Satisfied	Not Satisfied
Knowledge of purchase process	84%	13%	2%
Honesty and integrity	83	12	5
Knowledge of real estate market	81	16	3
People skills	80	17	4
Responsiveness	80	16	5
Knowledge of local area	78	19	3
Communication skills	77	18	5
Skills with technology	70	26	4
Negotiation skills	70	22	8

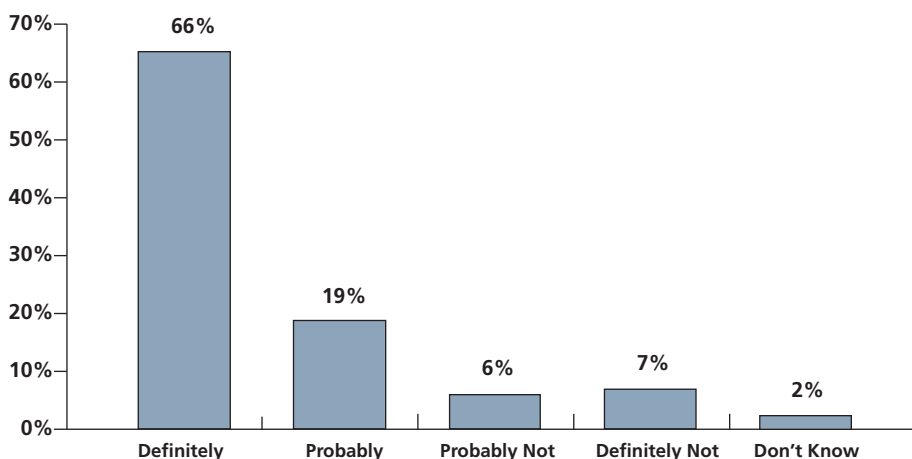
REPEAT BUSINESS AND REFERRALS

The ultimate measure of an agent's performance is whether or not the buyer would use the agent again or recommend the agent to others. Referrals from friends and family are the most important way buyers select an agent and reflect confidence in the agent's ability to assist the buyer through the home purchase transaction. Among all buyers, 66 percent reported that they would definitely use their agents again or recommend that agent to others. An additional 19 percent probably would recommend the agent or use that agent again. Only 7 percent of buyers reported that they would definitely not use their agents again or recommend their agents to others.

EXHIBIT 4-17

WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)



CHAPTER 5: FINANCING THE HOME PURCHASE

F

OR MOST HOME BUYERS, FINANCING THE HOME IS ONE OF SEVERAL IMPORTANT

aspects of the overall purchase transaction. There are many financing options available to buyers that allow them to consider the length of the loan term, whether or not they want to trade the security of a fixed interest rate for a lower variable rate loan and how much of their own financial resources they want to use toward a downpayment. In addition to the satisfaction that buyers receive from owning a home, most also view their home purchase as a good financial investment.

Fifty-two percent of buyers view their home as a better investment than stocks, while an additional 29 percent consider their home about as good an investment as stocks.

BUYER FINANCING

Ninety-two percent of buyers reported that they financed the purchase of their home. First-time buyers were more likely to finance their home than repeat buyers, largely because repeat buyers often have a sizable amount of equity in a home they have sold or may have other financial resources that allow them to forego a mortgage.

Across each region of the country, there is little difference in the percentage of first-time buyers who finance the purchase of their home, ranging between 97 percent and 99 percent. More variation in the use of mortgage financing was evident among repeat buyers. In the Northeast, 85 percent of buyers used a mortgage to finance their home purchase compared with at least 90 percent of buyers elsewhere.

FINANCING AND HOME-BUYER AGE

While repeat buyers are less likely to finance their home than first-time buyers, this difference depends on factors such as how long the buyer has owned a home. Older buyers generally have equity from homes they owned previously to use in purchasing a home. Additionally, to the extent that older buyers are downsizing to a less-expensive home, the need for mortgage financing may be reduced. For buyers 44 years old or younger, 99 percent reported that they financed their recent home purchase. Among buyers 45 to 54 years old, the portion who financed their purchase decreased to 90 percent and for buyers 65 and older, to 58 percent.

EXHIBIT 5-1

BUYERS WHO FINANCED THEIR HOME PURCHASE, BY REGION

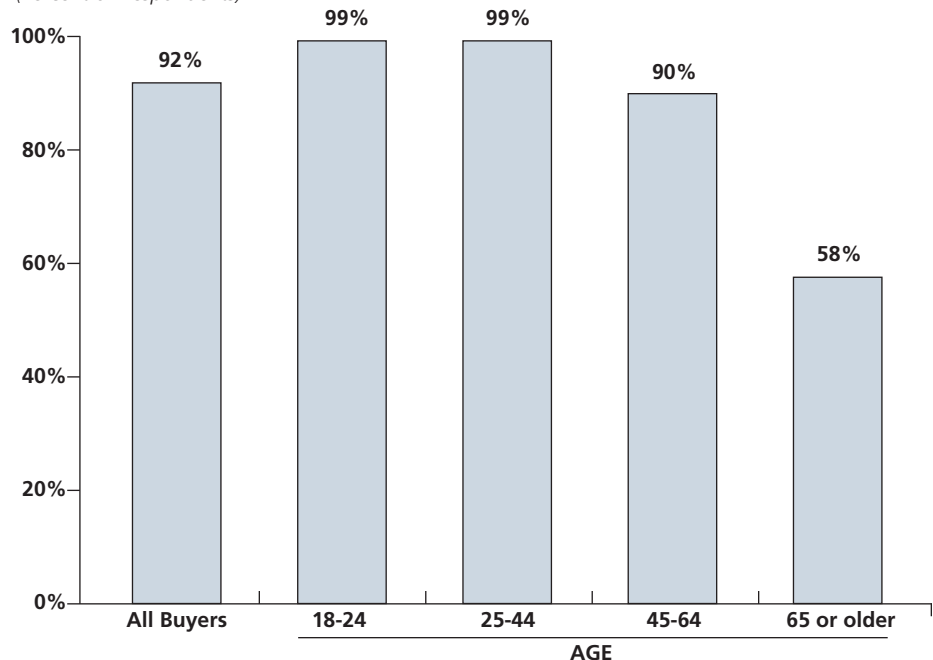
(Percent of Respondents)

	BUYERS WHO PURCHASED A HOME IN THE:				
	All Buyers	Northeast	Midwest	South	West
All buyers	92%	90%	94%	92%	93%
First-time buyers	98%	98%	99%	97%	98%
Repeat buyers	89%	85%	90%	90%	91%

EXHIBIT 5-2

BUYERS WHO FINANCED THEIR HOME PURCHASE, BY AGE

(Percent of Respondents)



AMOUNT FINANCED

While nearly all buyers use a mortgage to finance their home, the amount of that mortgage relative to the purchase prices varies considerably. The typical buyer financed 91 percent of the home price. Twenty-nine percent financed the entire purchase price. Not surprisingly, first-time buyers with generally fewer financial resources tended to finance more of their home purchase. The typical first-time buyer financed 98 percent of the purchase price. More than four in 10 first-time buyers financed the entire purchase price of their home. Among repeat buyers, the median percent financed was somewhat lower at 84 percent, with 19 percent financing the entire purchase price.

AMOUNT FINANCED BY REGION

The share of the purchase price financed with a mortgage varies somewhat by region. The typical first-time home buyer in the Northeast financed a smaller percentage of the purchase price than first-time buyers elsewhere. At least half of first-time buyers in the South financed the full purchase price of their home. Repeat buyers in the Northeast also tended to finance a smaller share of the purchase price of their home (78 percent) with buyers in the South typically financing the largest percentage (87 percent).

EXHIBIT 5-3

PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS

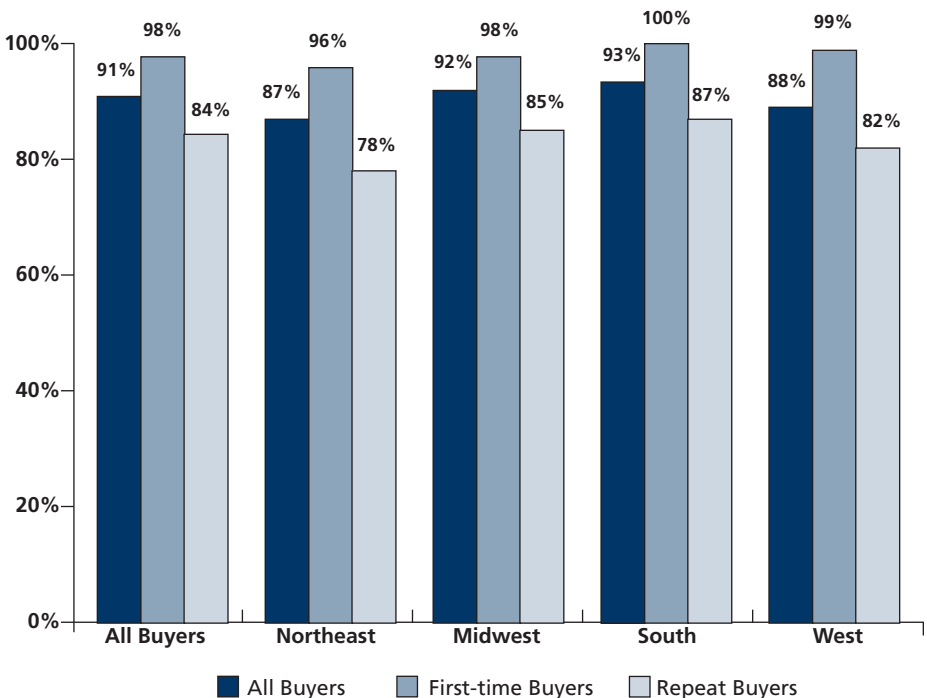
(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than 50%	9%	4%	12%
50% to 59%	4	1	6
60% to 69%	6	2	8
70% to 79%	11	5	15
80% to 89%	19	14	22
90% to 94%	10	11	10
95% to 99%	13	19	9
100% – Financed the entire purchase price with a mortgage	29	45	19
Median percent financed	91%	98%	84%

EXHIBIT 5-4

PERCENT OF HOME FINANCED, BY REGION

(Median)



SOURCES OF DOWNPAYMENT

For first-time buyers, savings is the chief source of the downpayment. Seventy-three percent of first-time buyers used their savings for some portion of the downpayment, while 22 percent relied to some extent on gifts from relatives or friends. One in 10 first-time buyers also sold stocks or bonds to come up with the downpayment. Although depending on it somewhat less than first-time buyers, 40 percent of repeat buyers used their savings for a portion of the downpayment. A majority of repeat buyers (62 percent) used proceeds from the sale of their primary residence toward the downpayment.

TYPE OF MORTGAGE

Today there are a number of different types of mortgages available to home buyers. The defining characteristic for most of these mortgages is whether or not the interest rate is fixed for the life of the loan, whether it is fixed only for some initial period of the loan or whether it varies from the start. Among recent home buyers, 71 percent reported that they have a fixed-rate mortgage with repeat buyers somewhat more likely to report a mortgage of this type than first-time buyers. In contrast, first-time buyers were more likely to have a mortgage loan that begins with a fixed interest rate and then adjusts periodically.

EXHIBIT 5-5

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	50%	73%	40%
Proceeds from sale of primary residence	44	4	62
Gift from relative or friend	9	22	3
Sale of stocks or bonds	7	10	6
Equity from primary residence buyer continues to own	5	1	6
401k/pension fund including a loan	4	7	3
Loan from relative or friend	4	8	2
Proceeds from sale of real estate other than primary residence	3	1	3
Inheritance	2	3	2
Individual Retirement Account (IRA)	2	4	1
Loan from financial institution other than a mortgage	2	3	1
Sale of personal property	1	1	2
Life insurance	1	1	1
Investment property sales (1031 exchange)	1	1	1
Other	4	6	3

EXHIBIT 5-6

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	71%	67%	73%
Fixed- then adjustable-rate mortgage	15	19	13
Adjustable-rate mortgage	8	8	9
Don't know	3	4	2
Other	2	2	2

HOME PURCHASE AS AN INVESTMENT

The benefits of homeownership extend beyond the value of a home as shelter. Homeownership also provides an opportunity to build a nest egg through the accumulation of equity as the home appreciates in value and as the mortgage is paid down. Fifty-two percent of buyers view their home as a better investment than stocks, while an additional 29 percent consider their home about as good an investment as stocks.

EXHIBIT 5-7

HOME PURCHASE IS A GOOD FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Yes, better than stocks	52%	52%	53%
Yes, about as good as stocks	29	29	30
Yes, but not as good as stocks	7	7	7
No	2	2	3
Don't know	9	11	8

CHAPTER 6: HOME SELLERS AND THEIR SELLING EXPERIENCE

H

OME OWNERS HAVE MANY OPTIONS TO CONSIDER WHEN THEY GET READY TO

sell their home, including whether or not to use an agent. Even when using an agent, sellers can choose the level of service. They can work with an agent who offers a broad range of services and manages the entire transaction or opt for a more hands-on approach by completing some of the tasks themselves. Overall, nearly two-thirds of sellers were very satisfied with the process of selling their home.

The share of home sellers who used an agent or broker has risen over time from about 80 percent in the late 1990s to 84 percent today.

AGE

The median age of all sellers who sold a home between mid-2005 and mid-2006 was 46 years. Home sellers who purchased a home in the Midwest tended to be somewhat younger, with a median age of 44 years, compared with sellers who purchased a home elsewhere.

INCOME

Among all sellers, the median household income was \$83,800 in 2005. Thirty-nine percent reported an income of at least \$100,000. Sellers who purchased a home in the West typically had a higher income than sellers in other regions; 44 percent of households reported an income of more than \$100,000. Home sellers who purchased a home in the South had the lowest median income.

HOUSEHOLD COMPOSITION

A majority of home sellers (72 percent) were married, consistent with survey results from recent years. Single females, with their growing influence on the home buying market, also made up a significant share of sellers (17 percent). Relatively few home sellers were single males or unmarried couples.

EXHIBIT 6-1

AGE OF HOME SELLERS

(Percentage Distribution)

	All Sellers	SELLERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Less than 25 years	1%	1%	1%	1%	1%
25 - 34 years	18	18	22	18	17
35 - 44 years	28	30	32	25	27
45 - 54 years	22	20	21	24	21
55 - 64 years	18	17	13	18	22
65 - 74 years	10	10	8	11	9
75 years or older	4	4	3	4	3
Median age (years)	46	45	44	48	47

EXHIBIT 6-2

HOUSEHOLD INCOME OF HOME SELLERS, 2005

(Percentage Distribution)

	All Sellers	SELLERS WHO PURCHASED A HOME IN THE:			
		Northeast	Midwest	South	West
Less than \$25,000	3%	2%	4%	3%	3%
\$25,000 - \$34,999	5	4	5	6	2
\$35,000 - \$44,999	6	6	5	7	6
\$45,000 - \$54,999	7	6	7	7	6
\$55,000 - \$64,999	10	9	10	10	11
\$65,000 - \$74,999	11	10	9	12	10
\$75,000 - \$84,999	10	12	10	9	11
\$85,000 - \$99,999	10	11	15	9	8
\$100,000 - \$124,999	15	15	15	14	17
\$125,000 - \$149,999	9	9	8	9	9
\$150,000 - \$174,999	5	4	4	5	6
\$175,000 - \$199,999	2	2	2	3	3
\$200,000 or more	8	10	7	7	9
Median income (2005)	\$83,800	\$85,400	\$85,500	\$80,400	\$87,700

EXHIBIT 6-3

ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS, 2004-2006

(Percentage Distribution)

	2004	2005	2006
Married couple	74%	71%	72%
Single female	15	17	17
Single male	5	6	6
Unmarried couple	5	3	4
Other	1	1	1

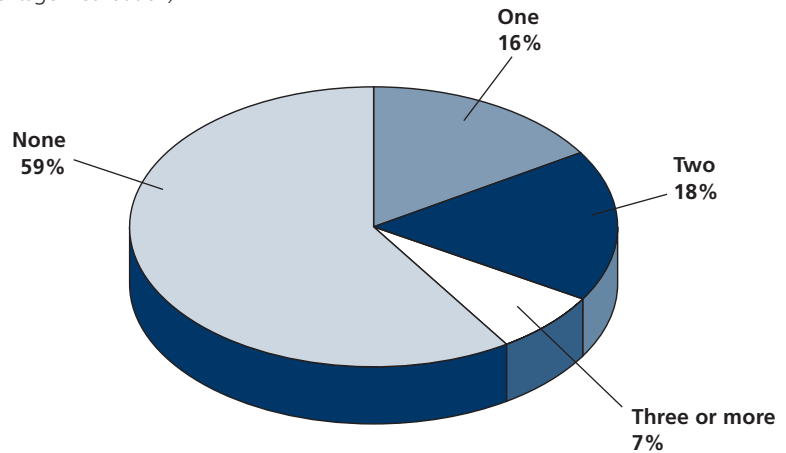
CHILDREN

Overall, 59 percent of sellers had no children under age 18 living in the home. About one-third of seller households had one or two children at home.

EXHIBIT 6-4

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOME SELLER HOUSEHOLD

(Percentage Distribution)



RACE, ETHNICITY AND LANGUAGE

Home sellers are less racially diverse than home buyers, largely because a significant number of buyers are first-time buyers who as a group tend to include a higher percentage of racial/ethnic minorities. Overall, about one in 10 home sellers were part of a racial/ethnic minority.

Nearly all (97 percent) home sellers considered English their primary language, a pattern that varied little across regions of the country.

EXHIBIT 6-5

RACE/ETHNICITY OF HOME SELLERS, BY REGION

(Percent of Respondents)

	SELLERS WHO PURCHASED A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
White/Caucasian	89%	92%	95%	87%	85%
Black/African-American	4	2	2	7	3
Asian/Pacific Islander	3	4	1	2	6
Hispanic/Latino	4	2	1	4	6
Other	1	1	1	1	1

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 PURCHASED A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
English	97%	96%	98%	97%	95%
Other	3	4	2	3	5

TYPE OF HOME SOLD

Over three-quarters of homes sold during the survey period were detached single-family homes. In addition, one in 10 homes sold was a townhouse or row house. A somewhat smaller percentage of homes sold were condos in buildings with five or more units.

EXHIBIT 6-7

TYPE OF HOME SOLD

(Percentage Distribution)

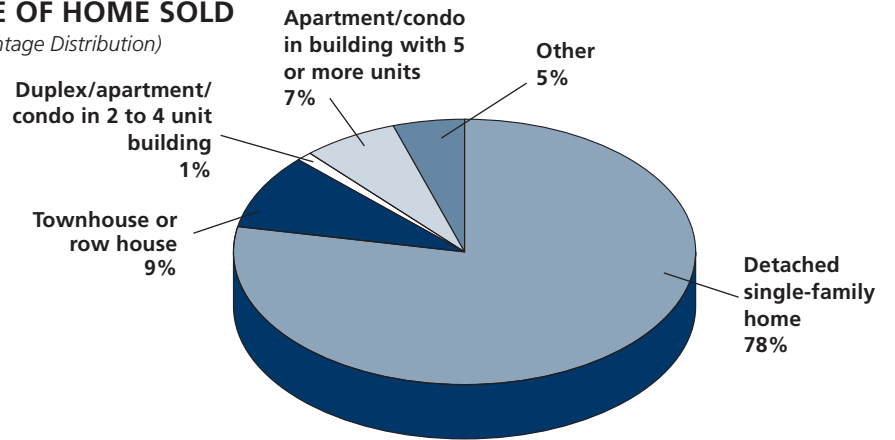
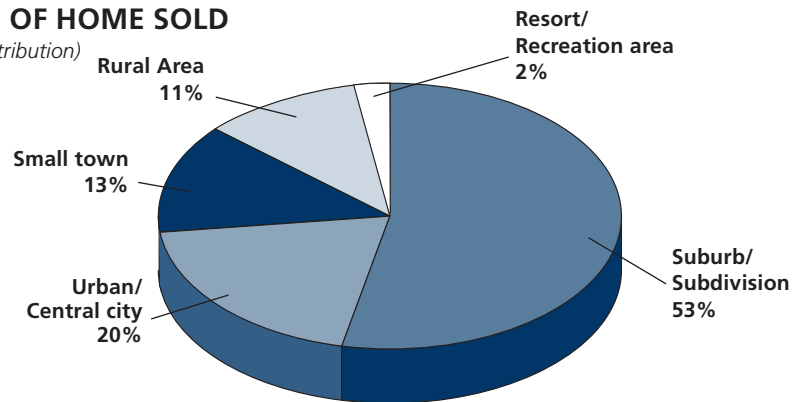


EXHIBIT 6-8

LOCATION OF HOME SOLD

(Percentage Distribution)



LOCATION OF HOMES SOLD

Fifty-three percent of homes sold were in a suburb and 20 percent were in an urban area or central city.

EXHIBIT 6-9

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	78%	81%	85%	68%	78%	62%
Townhouse/row house	9	11	6	11	3	*
Apartment/condo in building with 5 or more units	1	6	3	14	1	15
Duplex/apartment/condo in 2 to 4 unit building	7	*	*	2	2	6
Other	5	2	5	4	17	16

*Less than one percent

LOCATION AND TYPE OF HOME SOLD

Most homes sold are detached single-family homes. Over 80 percent of homes sold in suburban and small-town locations were detached single-family homes. However, in urban and central city areas, detached single-family homes made up a much smaller 68 percent of sales. Offsetting this difference was a higher rate of condo sales, accounting for 16 percent of homes sold.

TRADING UP OR TRADING DOWN

One basic decision for home sellers is whether to buy a larger or smaller home. While this is not the only consideration when buying a home, it is an important reflection of home buyers' preferences.

About half of home sellers traded up to a larger home. Nearly one in five repeat buyers sold a home that was 1,001 to 1,500 square feet in size and purchased a home that was larger. Most buyers in this group purchased a home that was moderately larger at between 1,501 and 2,000 square feet in size.

The pattern of trading up or trading down is correlated with the age of home sellers. Sellers who were 54 or younger tended to buy larger homes, while sellers 55 and older tended to buy smaller homes. Among sellers 44 years old or younger, the typical home purchased was between 500 and 600 square feet larger. While older sellers tend to downsize, the median difference in size between the home sold and the home purchased is relatively small. For example, sellers between 65 and 74 years old typically purchased homes 91 square feet smaller than the homes they sold.

EXHIBIT 6-10

SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

SIZE OF HOME SOLD	SIZE OF HOME PURCHASED					
	1,000 sq ft or less	1,001-1,500 sq ft	1,501-2,000 sq ft	2,001-2,500 sq ft	2,501-3,000 sq ft	More than 3,000 sq ft
1,000 sq ft or less	1	3%	2%	1%	*	*
1,001 to 1,500 sq ft	1	6	10	5	2	1
1,501 to 2,000 sq ft	1	4	9	8	4	4
2,001 to 2,500 sq ft	*	2	4	4	3	4
2,501 to 3,000 sq ft	*	1	2	2	2	3
More than 3,000 sq ft	*	*	2	2	2	5

*Less than one percent

Trading Down
 Trading Up

EXHIBIT 6-11

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	1,512	2,080	568
35 to 44 years	1,785	2,310	525
45 to 54 years	1,877	2,128	251
55 to 64 years	2,060	2,009	-51
65 to 74 years	1,913	1,822	-91
75 years or older	1,895	1,765	-130

REASONS FOR SELLING HOME

Reasons for selling a home vary somewhat by the age of the seller, but the most cited one is that the home is too small. Ninety-nine percent of all sellers listed this as a reason. Thirteen percent of all sellers sold their homes because the neighborhood became less desirable, a reason more often reported by sellers between 25 and 64 years old than for either younger or older sellers. Sellers at least 65 years old have markedly different reasons for selling compared with younger sellers. For these sellers, the most important reasons were a desire to move closer to family or friends, downsizing to a smaller home or retirement.

TENURE IN PREVIOUS HOME

Among recent home sellers, those with the shortest tenure in their previous home are sellers of condos in buildings with five or more units. While this group owned their homes a median of four years, over 40 percent owned their condos for two years or less. In contrast, sellers of detached single-family homes reported a median tenure of six years, with more than one in 10 owning their previous homes for at least 21 years.

EXHIBIT 6-12

PRIMARY REASON FOR SELLING PREVIOUS HOME, BY AGE

(Percentage Distribution)

	All Sellers	AGE			
		18-24	25-44	45-64	65 or older
Home is too small	19%	38%	30%	13%	3%
Neighborhood has become less desirable	13	10	14	13	8
Change in family situation	11	5	11	13	8
Want to move closer to my job	10	*	14	8	1
Want to move closer to friends or family	9	14	5	8	28
Job relocation	9	5	12	9	*
Home is too large	7	*	2	9	19
Moving due to retirement	5	N/A	*	7	12
Upkeep of home is too difficult due to health or finances	3	*	1	3	8
Cannot afford the mortgage and other expenses of owning	3	14	2	3	2
Other	12	14	10	15	10

*Less than one percent
N/A Not applicable

EXHIBIT 6-13

TENURE IN PREVIOUS HOME, BY TYPE OF HOME

(Percentage Distribution)

	All Types	Cabin/cottage	Duplex/apartment in 2 to 4 unit building	Apartment/condo in building with 5 or more units	Townhouse/row house	Detached single-family home	Mobile/manufactured home	Other
Less than 1 year	6%	*	*	7%	6%	6%	1%	*
1 to 2 years	24	43	36	35	31	23	11	26
3 to 4 years	19	13	14	21	21	19	14	11
5 to 6 years	11	17	8	12	11	11	13	13
7 to 10 years	12	*	14	10	9	12	24	13
11 to 15 years	11	13	3	7	10	12	13	4
16 to 20 years	7	13	11	7	4	7	13	13
21 years or more	11	*	11	*	8	12	10	17
Median	6	5	5	4	5	6	9	7

*Less than one percent

NUMBER OF HOMES OWNED

The typical home seller today has owned three homes, with one-third reporting ownership of two homes. Eighty-seven percent of sellers have completed at least two home sales in the past. Some home sellers have considerable experience in home sales. Among sellers at least 45 years old, 29 percent have owned at least five homes.

DISTANCE MOVED

The median distance that sellers moved after selling one home and buying another was 17 miles. Sellers who bought a home in the South moved the greatest distance – a median of 26 miles.

EXHIBIT 6-14

NUMBER OF HOMES PREVIOUSLY OWNED, BY AGE

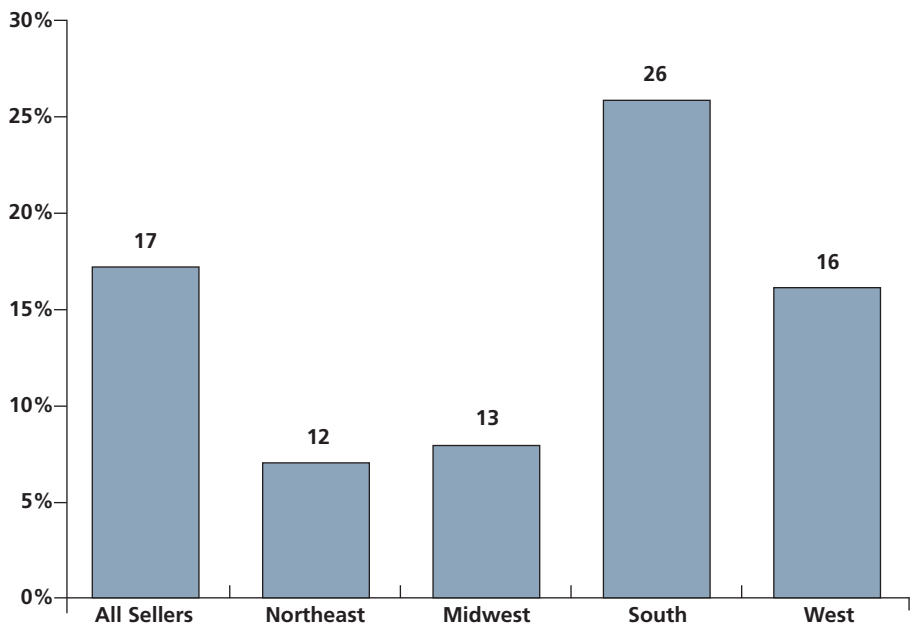
(Percentage Distribution)

	AGE			
	All Sellers	18-44	45-64	65 or older
One	13%	18%	10%	9%
Two	33	47	23	15
Three	21	21	21	22
Four	15	9	18	24
Five or more	18	5	29	29
Median	3 homes	2 homes	3 homes	3 homes

EXHIBIT 6-15

DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION

(Median Miles)



TASKS PERFORMED

Sellers have many choices in the level of service they choose when working with a real estate agent. Some sellers want their agent to perform many tasks and manage the process from start to finish, while other sellers choose to take on the responsibility for some tasks themselves. In most cases, however, real estate agents assisted sellers with a large number of tasks. For example, 71 percent of sellers worked with their agent to determine the selling price, and 80 percent were assisted by their agent when reviewing contracts and purchase offers.

The task that sellers most often did themselves without assistance was determining the listing price. On the other hand, sellers were least likely to enter the property on the Multiple Listing Service, contact buyers or arrange advertising on the Internet.

Not all sellers choose to perform or seek assistance with all tasks. Thirty-eight percent of sellers did not hold an open house and about one-quarter of sellers did not place ads in newspapers or contact potential buyers directly.

EXHIBIT 6-16

TASKS PERFORMED IN THE SELLING PROCESS

(Percentage Distribution)

	Performed by Seller without Assistance	Assisted by Real Estate Agent	Seller Paid another Professional for Assistance	Task not Performed	Don't Know
Determine asking price	24%	71%	3%	1%	*
Hold open house	9	52	1	38	*
Schedule showings with potential buyers	12	76	4	7	1
Enter property in Multiple Listing Service	3	80	1	14	1
Place ads in newspapers, mags, etc.	7	63	1	25	3
Contact buyers by phone, mail, etc.	5	59	1	26	8
Advertise or place listing on Internet	5	74	2	16	3
Review sales contracts/purchase offers	8	80	6	6	1
Negotiate with buyers	13	78	3	6	1
Coordinate appraisal, home inspection, etc.	13	72	7	6	2
Pre-qualify buyers for a mortgage	6	49	16	17	13
Manage paperwork, contracts, etc.	9	78	9	3	1
Attend closing	16	71	8	3	1

*Less than one percent

METHOD USED TO SELL HOME

Home sellers can sell their home in a number of ways. Eighty-four percent of sellers used an agent to sell their home, including 5 percent who first tried to sell their home themselves but then used an agent. For-sale-by-owner (FSBO) sellers accounted for 12 percent of home sales, down marginally from the 13 percent share reported in the 2005 Profile.

URGENCY OF HOME SALE

Some sellers must sell a home within a specific time period, while others are under less time pressure to sell. Overall, those selling with little urgency are marginally less likely to use a real estate agent. However, within the group of sellers who ultimately used an agent, sellers who did not need to sell very urgently were more likely to try to sell their homes themselves first. Among those sellers who did not need to sell urgently, 14 percent sold their home themselves, somewhat higher than the share of FSBO sellers who needed to sell their home very urgently.

EXHIBIT 6-17**METHOD USED TO SELL HOME, BY REGION***(Percentage Distribution)*

	SELLERS WHO PURCHASED A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
Sold home using an agent or broker	84%	87%	81%	83%	87%
Seller used agent/broker only	80	82	76	78	84
Seller first tried to sell home themselves, but then used an agent	5	5	5	5	3
For-sale-by-owner (FSBO)	12	11	14	13	10
Seller sold home without using a real estate agent or broker	11	10	13	12	9
First listed with an agent, but then sold home themselves	1	2	1	1	1
Sold home to a homebuying company	1	*	1	1	*
Other	3	1	4	2	3

*Less than one percent

EXHIBIT 6-18**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	84%	84%	86%	82%
Seller used agent/broker only	80	82	81	78
Seller first tried to sell home 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

BUYER AND SELLER RELATIONSHIP AND METHOD OF SALE

Among those sellers who used a real estate agent, 96 percent sold their home to someone they did not know prior to the sale. A similar percentage of those who first tried to sell their home as a FSBO but then used an agent also sold to someone they did not know. In contrast, 40 percent of those sellers who sold their home as a FSBO sold it to someone they knew prior to the transaction, reflecting a high percentage of FSBO transactions that do not occur in the open market.

Among sellers who sold their home to a buyer they knew prior to the transaction, 38 ultimately used an agent, while 53 percent sold their home as a FSBO, including a small percentage who first tried to sell their home using an agent. Among those sellers who ultimately sold their home to someone they did not know, 89 percent used an agent. Only 8 percent of sales among unrelated parties who did not know each other prior to the sale were open market FSBOs.

METHOD OF SALE OVER TIME

The share of home sellers who used an agent or broker has risen over time from about 80 percent in the late 1990s to 84 percent today. At the same time the share of FSBO sellers has declined from 18 percent in 1997 to 12 percent today.

EXHIBIT 6-19

METHOD OF SALE, BY BUYER AND SELLER RELATIONSHIP

(Percentage Distribution)

SELLER AND BUYER RELATIONSHIP	Seller Knew Buyer	Seller did not Know Buyer
All sellers	9%	91%
Sold home using an agent or broker	4	96
Sold it using a licensed real estate agent or broker	4	96
Seller first tried to sell home themselves, but then used an agent	6	94
For-sale-by-owner (FSBO)	40	60
Sold home without ever using a real estate agent or broker	40	60
Seller first listed with an agent, but then sold home themselves	43	57
Other	23	77

METHOD OF HOME SALE	All Sellers	Seller Knew Buyer	Seller did not Know Buyer
Sold home using an agent or broker	84%	38%	89%
Sold it using a licensed real estate agent or broker	80	35	84
Seller first tried to sell home themselves, but then used an agent	5	3	5
For-sale-by-owner (FSBO)	12	53	8
Sold home without ever using a real estate agent or broker	11	49	8
Seller first listed with an agent, but then sold home themselves	1	4	1
Other	3	8	3

EXHIBIT 6-20

METHOD USED TO SELL HOME, 1995-2006

(Percentage Distribution)

	1995	1997	1999	2001	2003	2004	2005	2006
Sold home using an agent or broker	81%	80%	77%	79%	83%	82%	85%	84%
For-sale-by-owner (FSBO)	15	18	16	13	14	14	13	12
Sold to home buying company	2	1	2	1	1	1	1	1
Other	2	1	5	7	3	3	2	3

SALES PRICE AND LISTING PRICE

Sellers typically sell their homes for 98 percent of the listing price. Twelve percent of sellers sold their home for more than the listing price. Among those sellers who purchased a home in the Midwest, the sales price for the typical seller was 97 percent of the listing price, with only 5 percent selling for more. In the West, one in five homes sold for more than the listing price.

SALES PRICE AND URGENCY TO SELL

A home seller's urgency to sell has only a modest impact on the final sales price in most cases. While 62 percent of all buyers who needed to sell very urgently sold their home for less than the listing price, 59 percent of sellers who were not urgent to sell their home sold for less than the listing price. Thirty-one percent of sellers who did not need to sell urgently indicated that they sold their home for 100 percent of the listing price compared with 25 percent of those very urgent to sell.

EXHIBIT 6-21

SALES PRICE COMPARED WITH LISTING PRICE, BY REGION

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

	SELLERS WHO PURCHASED A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
Less than 90%	7%	10%	7%	8%	3%
90% to 94%	14	17	15	14	11
95% to 99%	41	39	54	39	34
100%	26	22	18	27	32
101% to 110%	9	7	4	9	14
More than 110%	3	5	1	3	6
Median (sales price as a percent of listing price)	98%	98%	97%	98%	100%

EXHIBIT 6-22

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%	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%

TIME ON THE MARKET

Overall, the typical seller's home was on the market for six weeks; for one-third of sellers, it was two weeks or less. Time on the market varied somewhat across regions. For sellers who purchased a home in the West, the median number of weeks on the market was four, compared with eight among those in the Midwest.

TIME ON THE MARKET AND SALES PRICE

Determining the right price for a home is one of the most important considerations when selling. Generally, the longer a home is on the market, the more likely it will sell for less than the listing price. For homes on the market less than one week, 23 percent sold for a price less than the listing price, but as the time on the market lengthens, that share rises. For homes on the market at least 17 weeks, 87 percent sold for less than the listing price.

EXHIBIT 6-23

NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION

(Percentage Distribution)

	SELLERS WHO PURCHASED A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
Less than 1 week	5%	4%	5%	6%	5%
1 to 2 weeks	27	29	21	27	30
3 to 4 weeks	15	10	14	15	18
5 to 6 weeks	7	8	8	6	7
7 to 8 weeks	8	6	11	9	7
9 to 10 weeks	4	5	4	5	3
11 to 16 weeks	16	15	16	16	16
17 or more weeks	18	24	22	17	13
Median (weeks)	6	6	8	6	4

EXHIBIT 6-24

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%	7%	4%	2%	2%	3%	8%	22%
90% to 94%	14	6	3	7	15	26	28
95% to 99%	41	13	38	49	57	43	37
100%	26	64	40	26	17	13	8
101% to 110%	9	12	14	14	6	6	2
More than 110%	3	1	4	3	2	4	3
Median (sales price as a percent of listing price)	98%	100%	100%	99%	98%	97%	95%

PRICE REDUCTIONS

The number of times a home's price is reduced is also related to the time on the market. Overall, 53 percent of home sellers did not reduce their asking price, while 34 percent reduced it one time. For homes on the market for one week or less, 12 percent reduced their asking price at least once, while for those homes on the market at least 17 weeks and ultimately sold, 79 percent had at least one price reduction. In fact, one in five homes in this latter group had their price reduced at least three times before being sold.

SATISFACTION WITH THE SELLING PROCESS

Many factors contribute to the ultimate satisfaction of sellers with the process of selling their home. Overall, two-thirds of sellers reported that they were very satisfied with the selling process, while an additional 25 percent were somewhat satisfied.

EXHIBIT 6-25

NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percentage Distribution)

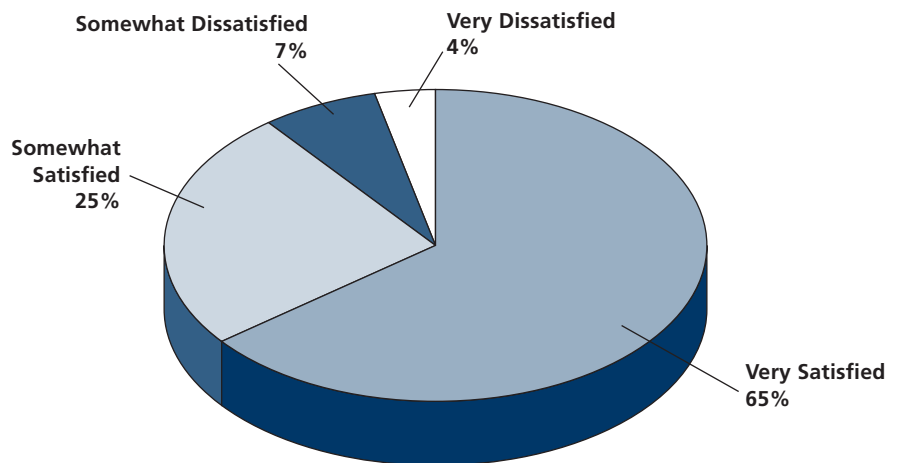
	SELLERS WHOSE HOME WAS ON THE MARKET FOR:						
	All Sellers	Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
None, I did not reduce my asking price	53%	88%	77%	67%	43%	33%	21%
One	34	12	21	31	50	47	37
Two	8	*	1	2	7	14	19
Three or more	5	*	*	*	1	5	22

*Less than one percent

EXHIBIT 6-26

SATISFACTION WITH THE SELLING PROCESS

(Percentage Distribution)



CHAPTER 7: HOME SELLING AND REAL ESTATE PROFESSIONALS

S

ELLING A HOME ENTAILS MANY TASKS INCLUDING PREPARING THE HOME FOR SALE

by making value-added improvements, developing a marketing plan, determining the right listing price, negotiating with potential buyers and preparing for settlement. Most sellers rely on real estate professionals to assist them in this process. Sellers indicate that the most important service they expect from their agents is help selling the home within a specific timeframe. When searching for an agent, sellers most often consider referrals from friends or neighbors, or use the same agent who helped them in an earlier home sale. Among those who work with real estate agents to sell their homes, nearly two-thirds conclude they would definitely use the same agent again or recommend the agent to others.

Sixty-three percent of sellers reported they would definitely use the same agent again or recommend the agent to others.

SELECTING AN AGENT

Nearly three-quarters of sellers rely on referrals from friends or neighbors, or their previous experiences with a particular agent when selecting a professional to sell their homes. Forty-four percent of sellers reported that they found their agents through a referral from a friend, neighbor or relative, and an additional 30 percent stated they used an agent with whom they had previous experience through a home purchase or sale. Drawing on previous experiences to find an agent allowed a majority of sellers to contact only one agent before making their selection. Over two-thirds of sellers who worked with a real estate agent to sell their homes (69 percent) contacted one agent before selecting the real estate professional to assist them. Fewer than one in five contacted two agents, and only 13 percent contacted three or more.

EXHIBIT 7-1

METHOD USED TO FIND REAL ESTATE AGENT

(Percentage Distribution)

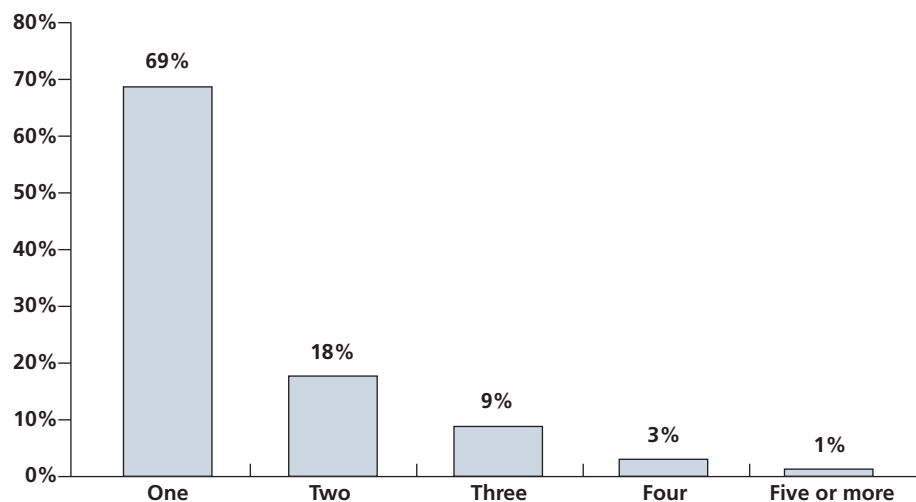
Referred by (or is) a friend, neighbor or relative	44%
Used agent previously to buy or sell a home	30
Visited an open house and met agent	5
Personal contact by agent (telephone, email, etc.)	5
Referred by another real estate agent or broker	4
Referred through employer or relocation company	3
Direct mail (newsletter, flyer, postcard, etc.)	3
Internet Web site	2
Newspaper, Yellow pages or home book ad	1
Advertising specialty (calendar, magnet, etc.)	1
Saw contact information on For Sale sign	*

*Less than one percent

EXHIBIT 7-2

NUMBER OF AGENTS CONTACTED BEFORE SELECTING ONE TO ASSIST WITH SALE OF HOME

(Percentage Distribution)



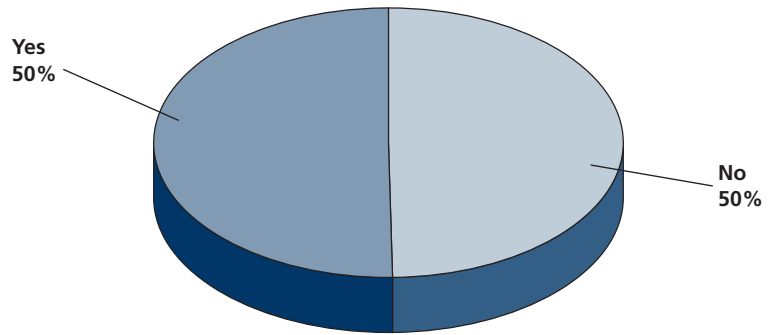
USING THE SAME AGENT

Sellers often purchase another home at the same time they sell their current residence. When both the homes sold and purchased are in the same area, they may choose to use the same agent for both transactions. Half of the home sellers indicated that they used the same agent who assisted them with their recent home purchase.

EXHIBIT 7-3

DID SELLER USE THE SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE?

(Percentage Distribution among Those Who Used an Agent to Purchase a Home)



SELLER EXPECTATIONS

Home sellers, like home buyers, have a number of particular expectations of their real estate agent. One-quarter of sellers most wanted their agent to help them sell their home within a specific timeframe, while 22 percent most wanted help finding a buyer for their home. Sixteen percent of sellers most wanted their agent to help market their home to potential buyers, and another 16 percent most wanted assistance in pricing the home competitively.

EXHIBIT 7-4

WHAT SELLERS MOST WANT FROM REAL ESTATE AGENTS

(Percentage Distribution)

Help sell the home within specific timeframe	25%
Help find a buyer for home	22
Help seller market home to potential buyers	16
Help price home competitively	16
Help seller find ways to fix up home to sell it for more	10
Help with negotiation and dealing with buyers	4
Help with paperwork/inspections/preparing for settlement	3
Help see homes available for seller to purchase	1
Other	2

MOST IMPORTANT FACTORS IN SELECTING AN AGENT

When choosing a real estate professional, the reputation of the agent was the most important factor for over one-third of sellers (35 percent) while the agent's honesty and trustworthiness was the most important criteria for over one-fifth of them. Fifteen percent of sellers mentioned that the agent they worked with was a friend or a family member, which prompted their decision, and 11 percent reported that the most important factor they considered was the agent's knowledge of the neighborhood.

MARKETING METHODS

The Internet has become one of the most-used marketing tool by real estate agents in all four regions of the country, and in 85 percent of home sales nationally. This is followed by yard signs, used in 78 percent of home sales, and open houses, used in 56 percent of sales. While print newspaper advertisements remained popular in the Northeast (60 percent) and Midwest (55 percent), their appeal is lower in the South and the West, where they were used by real estate agents in less than half of recent home sales.

EXHIBIT 7-5

MOST IMPORTANT FACTOR IN CHOOSING A REAL ESTATE AGENT TO SELL HOME

(Percentage Distribution)

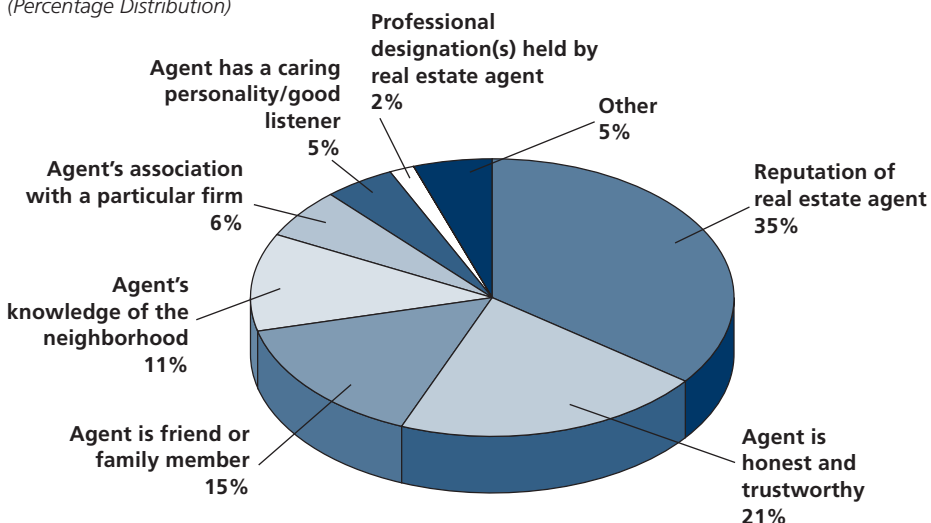


EXHIBIT 7-6

METHODS REAL ESTATE AGENT USED TO MARKET HOME, BY REGION

(Percent of Respondents who Used a Real Estate Agent to Sell)

	SELLERS WHO PURCHASED A HOME IN THE:				
	All Sellers	Northeast	Midwest	South	West
Listing on the Internet	85%	85%	84%	86%	84%
Yard sign	78	66	82	79	81
Open house	56	65	56	51	61
Print newspaper advertisement	48	60	55	42	42
Real estate magazine	32	33	33	32	30
Direct mail (flyers, postcards, etc.)	22	20	17	21	29
Television	4	4	4	4	4
Other	5	7	5	5	6

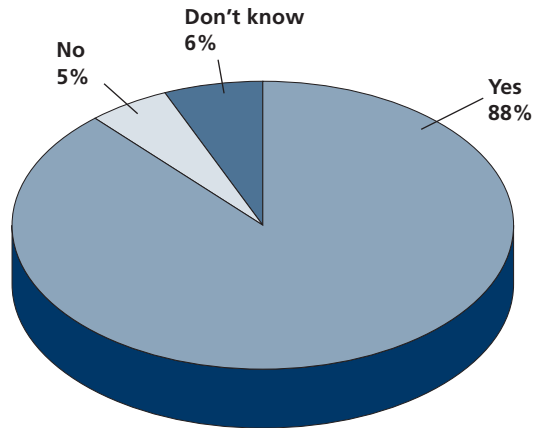
MULTIPLE LISTING SERVICE

The local multiple listing service (MLS) is one of the most frequently used tools to market homes. The MLS allows home sellers to increase the exposure of their property among thousands of real estate agents assisting home buyers in their home search. Eighty-eight percent of recent home sellers reported that their home was listed on an MLS.

EXHIBIT 7-7

HOME LISTED ON MULTIPLE LISTING SERVICE

(Percentage Distribution)



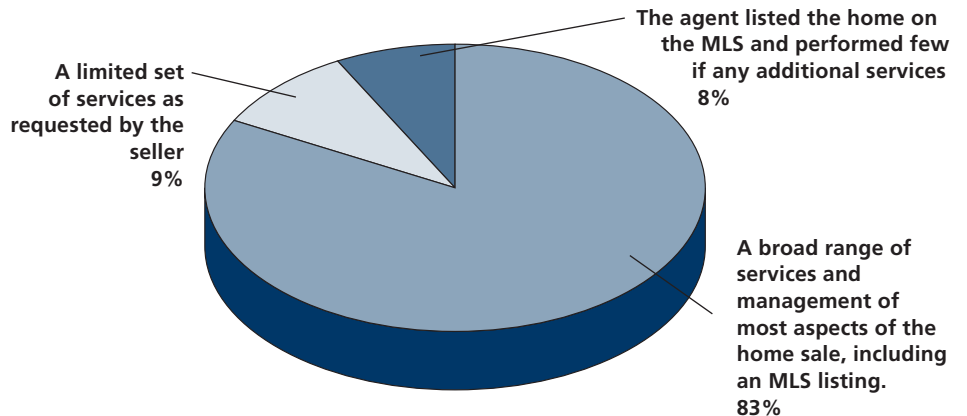
LEVEL OF SERVICE PROVIDED BY THE AGENT

A dominant majority (83 percent) of home sellers reported their real estate agents provided a broad range of services and managed most aspects of their home sale. Among sellers using a real estate agent, those who requested only a limited set of services from their real estate agents and those who requested their agents limit services to the listing of the home on the MLS each accounted for less than 10 percent of recent sellers.

EXHIBIT 7-8

LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT

(Percentage Distribution)



AGENT COMPENSATION

More than four out of five home sellers reported that they, rather than the buyers, compensated the real estate agent who assisted with the transaction. In three-quarters of the sales where a real estate agent participated, the agent's compensation was a percentage of the sales price. Eight percent of sellers using an agent reported that both the buyer and seller paid the real estate agent, while 5 percent of sellers noted that the buyer compensated the selling agent.

USE THE AGENT AGAIN

Sixty-three percent of sellers reported they would definitely use the same agent again or recommend the agent to others. An additional 19 percent would probably use or recommend the agent. Only 7 percent noted they would definitely not use their agents again or recommend them to others.

EXHIBIT 7-9

HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

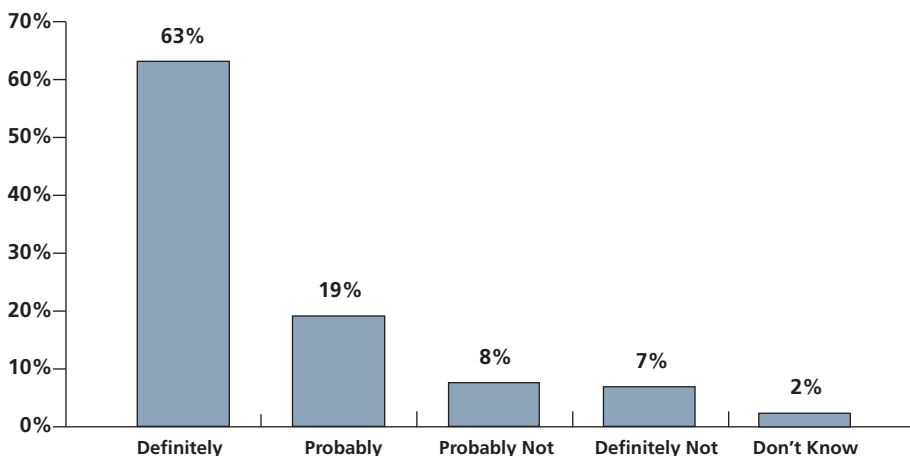
Paid by seller	81%
Percent of sales price	75
Flat fee	4
Per task fee	*
Other	1
Don't Know	2
Paid by buyer and seller	8
Paid by buyer only	5
Other	4
Don't Know	2

*Less than one percent

EXHIBIT 7-10

WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)



CHAPTER 8: FOR SALE BY OWNER SELLERS

A

SUCCESSFUL HOME SALE REQUIRES THE PERFORMANCE OF MANY TASKS SUCH AS

determining the listing price, preparing the home for sale and managing all of the paperwork necessary to complete the transaction. Some sellers choose to take on these tasks and sell their home without the assistance of a real estate agent. Many of these for-sale-by-owner (FSBO) sellers do not use an agent because they were able to sell their home to someone they knew prior to the transaction and consequently did not require the services of an agent. Those FSBO sellers who did not already have a potential buyer in the wings engaged in a home sale requiring a broader array of marketing methods, similar to those used by agent-assisted open-market transactions.

Sellers in small towns and rural areas are more likely to sell without an agent than sellers in the suburbs, urban areas or resort locations.

FSBO SALES

Twelve percent of all home sales were completed by the sellers themselves, without the assistance of a real estate agent. These for-sale-by-owner (FSBO) sellers sometimes choose to sell without an agent if they know the buyers through either a family or personal relationship prior to the sale. Among all sellers, 5 percent were FSBOs who knew the buyer and 7 percent were FSBO sellers who did not know the buyer.

The share of FSBO sales varies by location. Sellers in small towns and rural areas are more likely to sell without an agent than sellers in the suburbs, urban areas or resort locations. For example, 17 percent of sellers located in small towns were FSBOs, compared with 11 percent of suburban or urban sellers.

FSBO SALES TRENDS

Over time the share of sellers who do not use a real estate agent has trended downward. The share has fallen from 14 percent in 2003 and 2004 to 12 percent today. A consistent 5 percent of sales were between a seller and a buyer who knew each other prior to the sale. Consequently, the open-market FSBO rate in recent years has been no greater than one in 10 sales.

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)	12%	11%	17%	11%	16%	10%
Seller knew buyer	5	4	7	6	7	6
Seller did not know buyer	7	7	10	5	9	4
Agent-assisted	84	86	80	86	81	85
Other	3	3	3	4	3	5

EXHIBIT 8-2

FSBO AND AGENT-ASSISTED SALES, 2003-2006

(Percentage Distribution)

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

CHARACTERISTICS OF FSBO SELLERS

There is no meaningful difference in the median age of FSBO sellers (47 years old) compared with those who were assisted by a real estate agent (46 years old). FSBO sellers tend to have a somewhat lower median income (\$77,800) than agent-assisted sellers (\$85,900). Some of this difference is a reflection of the higher share of FSBO sales in rural and small-town areas where household incomes are often lower. Those sellers who first tried to sell their home themselves, but then used a real estate agent were, however, younger (43 years old) and had a lower median income (\$70,700) than the typical FSBO seller.

Seventy-three percent of agent-assisted sellers were married, compared with 70 percent of FSBO sellers. Sixteen percent of FSBO sellers were single females, similar to the percentage among agent-assisted sellers, and 8 percent were single males.

FSBO sellers have owned a median of two homes (including the one that they recently sold), compared with agent-assisted sellers who have owned a median of three homes. One in five FSBO sellers who knew the buyer were selling their first home.

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	46	47	48	46	46	46	43
Median income	\$83,800	\$77,800	\$78,300	\$78,000	\$85,900	\$87,100	\$70,700

Household composition

Married couple	72%	70%	60%	78%	73%	73%	67%
Single female	17	16	22	12	16	16	16
Single male	6	8	10	6	6	6	7
Unmarried couple	4	5	7	3	4	4	7
Other	1	1	1	*	1	1	3

Number of homes owned

One	13%	14%	20%	11%	13%	11%	34%
Two	33	36	35	37	33	33	27
Three	21	21	19	21	22	22	21
Four	15	14	12	15	14	15	7
Five or more	18	15	13	16	18	19	11
Median	3	2	2	3	3	3	2

*Less than one percent

TYPE OF HOME SOLD

FSBO sellers were somewhat more likely to sell a detached single-family home (83 percent) than sellers who used an agent (78 percent). Sellers of townhouses or row houses were twice as likely to use a real estate agent, compared with FSBO sellers.

LOCATION OF HOME SOLD

Fifty-three percent of all sellers sold a home in the suburbs compared with 48 percent of FSBO sellers. Among FSBO sellers who knew the buyer prior to the sale, an even lower 39 percent sold a home in the suburbs. FSBO sellers more frequently sold a home in a small town or rural area than agent-assisted sellers.

EXHIBIT 8-4

TYPE OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

	All Sellers	All FSBO	FSBO		Agent-assisted
			Seller Knew Buyer	Seller did not Know Buyer	
Detached single-family home	78%	83%	88%	79%	78%
Townhouse/row house	9	5	4	7	10
Duplex/apartment in 2 to 4 unit building	1	2	3	1	1
Apartment/condo in building with 5 or more units	7	4	3	5	7
Mobile/manufactured home	3	4	2	6	2
Other	2	1	1	1	2

EXHIBIT 8-5

LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

	All Sellers	All FSBO	FSBO		Agent-assisted
			Seller Knew Buyer	Seller did not Know Buyer	
Suburb/Subdivision	53%	48%	39%	54%	54%
Small town	13	18	20	17	13
Urban/Central city	20	18	23	14	20
Rural area	11	14	15	14	10
Resort/Recreation area	2	2	3	1	2

SELLING PRICE

The median selling price of all homes sold during the 12-month period from mid-2005 to mid-2006 was \$239,000. For agent-assisted transactions, the median sales price was \$247,000 versus \$187,200 for FSBO sales.

For all seller transactions, the final sales price was 98 percent of the listing price. Among those sellers who knew the buyer prior to the sale, a majority (67 percent) reported that the sales prices was equal to the asking price, likely reflecting a different process for determining the asking price when the seller knew the buyer. For FSBO sellers who sold their home to someone they did not know, the final sales price was 98 percent of the asking price, although 68 percent of sellers in this group sold for less than the asking price. For sellers who first tried to sell their homes themselves but then used an agent, the selling price of their home was 96 percent of the original asking price with over three-quarters selling for a price less than that.

Among all sellers, 53 percent did not reduce the asking price prior to the sale, while 34 percent reduced it one time. Sixty-three percent of FSBO sellers did not reduce their asking price, a higher share than among agent-assisted sellers. However, this FSBO group also includes those who sold their home to someone they knew, 75 percent of whom did not reduce their asking price. Among those sellers who first attempted to sell their home themselves, 16 percent reduced their asking price at least three times.

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	\$239,000	\$187,200	\$195,400	\$180,000	\$247,000	\$250,000	\$192,000

Sales price compared with asking price

Less than 90%	7%	8%	5%	11%	7%	6%	19%
90% to 94%	14	8	3	11	15	15	17
95% to 99%	41	35	20	46	42	42	41
100%	26	42	67	25	23	24	14
101% to 110%	9	5	2	6	9	10	5
More than 110%	3	2	3	1	4	4	4
Median (sales price as a percent of asking price)	98%	99%	100%	98%	98%	98%	96%

Number of times asking price was reduced

None	53%	63%	75%	54%	52%	53%	35%
One	34	31	17	40	34	34	44
Two	8	5	7	3	9	9	6
Three or more	5	2	1	3	5	5	16

TIME ON THE MARKET

For all sellers, the median length of time their home was on the market was six weeks. For FSBO sellers, the time on the market was a shorter three weeks. However, among those FSBO sellers who sold their homes to someone they knew, the typical time on the market was one week, while among open-market FSBO transactions, the median time on the market was four weeks. The median time on the market for agent-assisted transactions was six weeks, suggesting that these transactions had a longer period of exposure on the open market before a sale occurred.

URGENCY TO SELL

One in five FSBO sellers reported a need to sell very urgently, a percentage comparable to the percentage of agent-assisted sellers needing a quick sale. Among FSBO sellers, 13 percent of those who sold to a buyer they knew were very urgent to sell, compared with 23 percent of FSBO sellers who sold to someone they did not know.

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%	19%	40%	8%	3%	3%	N/A
1 to 2 weeks	27	29	36	26	27	27	12
3 to 4 weeks	15	17	4	22	14	15	5
5 to 6 weeks	7	5	4	4	8	8	5
7 to 8 weeks	8	6	6	5	8	8	8
9 to 10 weeks	4	2	2	2	5	5	6
11 to 16 weeks	16	16	*	23	16	16	20
17 or more weeks	18	8	7	8	19	18	44
Median weeks	6	3	1	4	6	6	12

*Less than one percent

EXHIBIT 8-8

SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

Sellers needed to sell:	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
Very urgently	20%	19%	13%	23%	20%	20%	10%
Somewhat urgently	50	47	61	37	51	50	58
Not urgently	30	34	25	40	30	29	32

REASON FOR SELLING AS A FSBO

For 51 percent of FSBO sellers, the most important reason they did not use a real estate agent was that they did not want to pay a commission. An additional 22 percent noted that they sold their home to a relative, friend or neighbor. Among sellers who did not know the buyer of their home prior to the sale, two-thirds reported that the prime reason for selling as a FSBO was to avoid paying a commission.

FSBO MARKETING METHODS

The most often-used marketing method relied upon by FSBO sellers was word of mouth through friends and relatives. Fifty-three percent of FSBO sellers noted that they used this marketing method, followed by 51 percent who used yard signs. Not surprisingly, sellers who did not know the buyer of their home prior to the sale also used more marketing methods. Seventy-three percent used yard signs, 46 percent used newspaper ads and 42 percent held open houses.

EXHIBIT 8-9

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 commission	51%	26%	66%
Sold it to a relative, friend or neighbor	22	54	2
Buyers contacted seller directly	12	12	12
Did not want to deal with an agent	8	4	10
Agent was unable to sell home	3	4	3
Seller has real estate license	2	*	3
Could not find agent to handle transaction	1	*	1
Other	2	*	3

*Less than one percent

EXHIBIT 8-10

METHOD USED BY FSBO SELLERS TO MARKET HOME

(Percent of Respondents)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Friends, relatives, or neighbors	53%	83%	36%
Yard sign	51	14	73
Print newspaper advertisement	31	6	46
Open house	29	5	42
Listing on the Internet	22	5	33
Direct mail (flyers, postcards, etc.)	5	1	7
For-Sale-By-Owner magazine	4	*	7
MLS Listing	2	*	3
Television	1	*	*
None/Nothing	3	6	1
Other	3	3	4

*Less than one percent

MOST DIFFICULT TASK

Eighteen percent of FSBO sellers indicated that preparing the home for sale was the most difficult task when selling without the assistance of an agent, followed closely by understanding and performing paperwork (16 percent) and selling within their desired time frame (15 percent).

BUYER REPRESENTATION

Among those FSBO sellers who sold their home to someone they did not know, 26 percent reported that the buyer was represented by an agent, while only 6 percent of buyers whom the seller knew prior to the transaction used an agent.

EXHIBIT 8-11

MOST DIFFICULT TASK FOR FSBO SELLERS

(Percent of Respondents)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Preparing or fixing up the home for sale	18%	21%	16%
Understanding and performing paperwork	16	16	17
Selling within the length of time planned	15	13	17
Getting the price right	11	17	7
Attracting potential buyers	9	*	15
Having enough time to devote to all aspects of the sale	9	10	8
Helping buyer obtain financing	5	8	2
None/Nothing	14	14	14
Other	2	*	3

*Less than one percent

EXHIBIT 8-12

BUYER OF FSBO HOME WAS ASSISTED BY A REAL ESTATE AGENT

(Percentage of Distribution)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Assisted by an agent	18%	6%	26%
Not assisted by an agent	78	92	69
Don't know	4	2	5

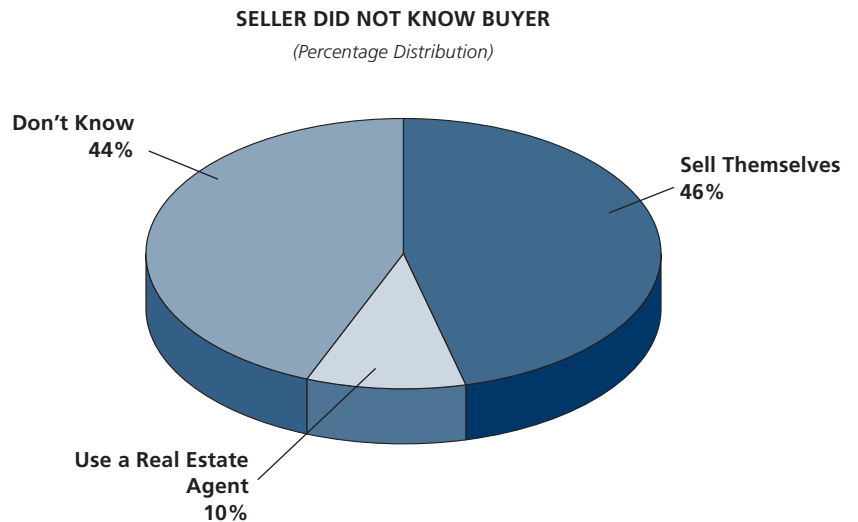
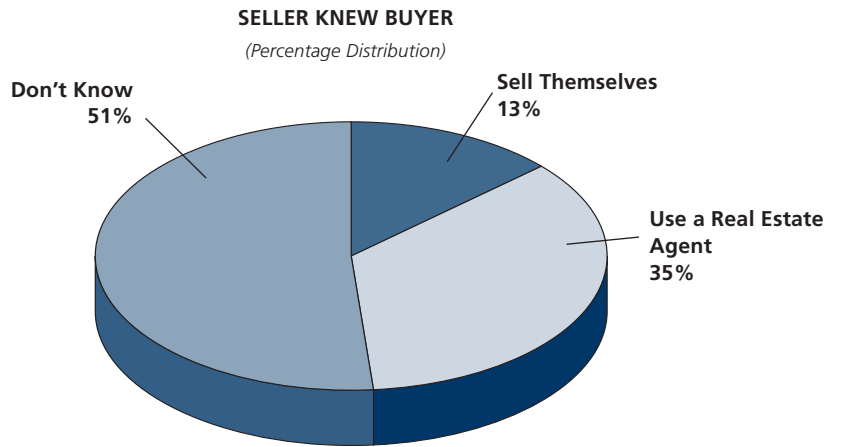
SELLING AS A FSBO AGAIN

Even after completing a transaction without the assistance of a real estate agent, many sellers are uncertain about whether they will sell their current home as a FSBO. Among those sellers who knew the buyer, only 13 percent plan to sell their current home themselves, while 35 percent plan to use an agent. More than half remain uncertain. Among those sellers who sold their home to someone they did not know prior to the transaction, 46 percent reported that they plan to sell their current home themselves, while 10 percent plan to use a real estate agent. Still, more than four in 10 are uncertain.

EXHIBIT 8-13

HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

(Percentage Distribution)



CONCLUSION

E

VEN AS THE HOUSING MARKET RETREATS FROM THE ROBUST 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 home. As importantly, first-time buyers, accounting for 36 percent of the market, are discovering and capturing the benefits of homeownership.

Consumers rely on the experience and expertise of real estate professionals to assist them 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 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers* allows real estate professionals to better understand their clients and how their needs are evolving over time. More importantly, the information in this report will assist REALTORS® as they strive to offer superior service to America's home buyers and sellers.

LIST OF EXHIBITS

LIST OF EXHIBITS

- 1-1 AGE OF HOME BUYERS, BY REGION
- 1-2 HOUSEHOLD INCOME OF HOME BUYERS, 2005
- 1-3 ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS
- 1-4 NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD
- 1-5 RACE/ETHNICITY OF HOME BUYERS, BY REGION
- 1-6 PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD, BY REGION
- 1-7 NATIONAL ORIGIN OF HOME BUYERS, BY REGION
- 1-8 FIRST-TIME HOME BUYERS
- 1-9 FIRST-TIME HOME BUYERS, BY REGION
- 1-10 FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE
- 1-11 AGE OF FIRST-TIME AND REPEAT BUYERS
- 1-12 HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2005
- 1-13 RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS
- 1-14 PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLD
- 1-15 NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS
- 1-16 PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS
- 1-17 PRIMARY REASON FOR PURCHASING A HOME, FIRST-TIME AND REPEAT BUYERS
- 1-18 PRIMARY REASON FOR PURCHASING A HOME, BY AGE
- 1-19 AGE OF HOME BUYERS, BY INTENDED USE OF HOME
- 1-20 HOUSEHOLD INCOME OF BUYERS, BY INTENDED USE OF HOME

- 2-1 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 1995-2006
- 2-2 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION
- 2-3 TYPE OF HOME PURCHASED, BY REGION
- 2-4 TYPE OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS
- 2-5 LOCATION OF HOME PURCHASED, BY REGION
- 2-6 LOCATION OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS
- 2-7 LOCATION OF HOME PURCHASED VERSUS LOCATION OF HOME SOLD
- 2-8 DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE
- 2-9 FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY LOCATION
- 2-10 PRICE OF HOME PURCHASED, BY REGION
- 2-11 PRICE OF HOME PURCHASED, NEW AND PREVIOUSLY OWNED HOMES
- 2-12 PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS
- 2-13 PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION
- 2-14 SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS
- 2-15 HOME SIZE AND PRICE PER SQUARE FOOT, BY REGION
- 2-16 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY LOCATION
- 2-17 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS

2-18	EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS
2-19	EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE
2-20	PURCHASE PRICE, PRIMARY RESIDENCE AND SECOND HOME
2-21	TYPE OF HOME, PRIMARY RESIDENCE AND SECOND HOME
2-22	LOCATION OF HOME, PRIMARY RESIDENCE AND SECOND HOME
3-1	SEARCH ACTIVITY OF HOME BUYERS, BY REGION
3-2	SEARCH ACTIVITY OF FIRST-TIME AND REPEAT BUYERS
3-3	LENGTH OF SEARCH FOR BUYERS WHO USED AN AGENT, FIRST-TIME AND REPEAT BUYERS
3-4	INFORMATION SOURCES USED IN HOME SEARCH BY FIRST-TIME AND REPEAT BUYERS
3-5	USEFULNESS OF INFORMATION SOURCES
3-6	USE OF INTERNET TO SEARCH FOR HOMES, BY REGION
3-7	USE OF INTERNET TO SEARCH FOR HOMES BY FIRST-TIME AND REPEAT BUYERS
3-8	USE OF INTERNET TO SEARCH FOR HOMES, BY AGE
3-9	USE OF INTERNET TO SEARCH FOR HOMES, 2003-2006
3-10	ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH, FIRST-TIME AND REPEAT BUYERS
3-11	WHERE BUYER FOUND THE HOME THEY PURCHASED, 1997-2006
3-12	BUYERS WHO FOUND THEIR HOME ON THE INTERNET, 1997-2006
3-13	CHARACTERISTICS OF HOME SEARCHERS, BY USE OF INTERNET
3-14	LENGTH OF SEARCH, BY USE OF INTERNET
3-15	NUMBER OF HOMES VISITED, BY USE OF INTERNET
3-16	INFORMATION SOURCES USED IN HOME SEARCH, BY USE OF INTERNET
3-17	WHERE BUYERS FOUND THE HOME THEY PURCHASED, BY USE OF INTERNET
3-18	METHOD OF HOME PURCHASE, BY USE OF INTERNET
3-19	WHAT HOME BUYERS WERE LOOKING FOR ONLINE, FIRST-TIME AND REPEAT BUYERS
3-20	WHAT HOME BUYERS WERE LOOKING FOR ONLINE, BY AGE
3-21	VALUE OF WEB SITE FEATURES
3-22	WEB SITES USED IN HOME SEARCH, BY REGION
3-23	WEB SITES USED IN HOME SEARCH BY FIRST-TIME AND REPEAT BUYERS
4-1	METHOD OF HOME PURCHASE, 1995-2006
4-2	METHOD OF HOME PURCHASE, BY REGION
4-3	METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES
4-4	AGENT REPRESENTATION DISCLOSURE, FIRST-TIME AND REPEAT BUYERS
4-5	BUYER REPRESENTATIVE ARRANGEMENT WITH AGENT, FIRST-TIME AND REPEAT BUYERS
4-6	HOW REAL ESTATE AGENT WAS COMPENSATED
4-7	WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS

4-8	WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS
4-9	NUMBER OF REAL ESTATE AGENTS USED IN THE HOME SEARCH
4-10	BENEFITS PROVIDED BY REAL ESTATE AGENT DURING HOME PURCHASE PROCESS, FIRST-TIME AND REPEAT BUYERS
4-11	HOW BUYER FOUND REAL ESTATE AGENT, FIRST-TIME AND REPEAT BUYERS
4-12	NUMBER OF REAL ESTATE AGENTS INTERVIEWED BY FIRST-TIME AND REPEAT BUYERS
4-13	MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT
4-14	IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES
4-15	AGENT SKILLS AND QUALITIES CONSIDERED 'VERY IMPORTANT' BY FIRST-TIME AND REPEAT BUYERS
4-16	SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES
4-17	WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS
5-1	BUYERS WHO FINANCED THEIR HOME PURCHASE, BY REGION
5-2	BUYERS WHO FINANCED THEIR HOME PURCHASE, BY AGE
5-3	PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS
5-4	PERCENT OF HOME FINANCED, BY REGION
5-5	SOURCES OF DOWNPAYMENT, FIRST-TIME AND REPEAT BUYERS
5-6	TYPE OF MORTGAGE, FIRST-TIME AND REPEAT BUYERS
5-7	HOME PURCHASE IS A GOOD FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS
6-1	AGE OF HOME SELLERS
6-2	HOUSEHOLD INCOME OF HOME SELLERS, 2005
6-3	ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS, 2004-2006
6-4	NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOME SELLER HOUSEHOLD
6-5	RACE/ETHNICITY OF HOME SELLERS, BY REGION
6-6	PRIMARY LANGUAGE SPOKEN IN HOME SELLER HOUSEHOLD, BY REGION
6-7	TYPE OF HOME SOLD
6-8	LOCATION OF HOME SOLD
6-9	TYPE OF HOME SOLD BY LOCATION
6-10	SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD
6-11	SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER
6-12	PRIMARY REASON FOR SELLING PREVIOUS HOME, BY AGE
6-13	TENURE IN PREVIOUS HOME, BY TYPE OF HOME
6-14	NUMBER OF HOMES PREVIOUSLY OWNED, BY AGE
6-15	DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION
6-16	TASKS PERFORMED IN THE SELLING PROCESS
6-17	METHOD USED TO SELL HOME, BY REGION

6-18	METHOD USED TO SELL HOME, BY SELLER URGENCY
6-19	METHOD OF SALE, BY BUYER AND SELLER RELATIONSHIP
6-20	METHOD USED TO SELL HOME, 1995-2006
6-21	SALES PRICE COMPARED WITH LISTING PRICE, BY REGION
6-22	SALES PRICE COMPARED WITH LISTING PRICE, BY SELLER URGENCY
6-23	NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION
6-24	SALES PRICE COMPARED WITH LISTING PRICE, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
6-25	NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
6-26	SATISFACTION WITH THE SELLING PROCESS
7-1	METHOD USED TO FIND REAL ESTATE AGENT
7-2	NUMBER OF AGENTS CONTACTED BEFORE SELECTING ONE TO ASSIST WITH SALE OF HOME
7-3	DID SELLER USE THE SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE?
7-4	WHAT SELLERS MOST WANT FROM REAL ESTATE AGENTS
7-5	MOST IMPORTANT FACTOR IN CHOOSING A REAL ESTATE AGENT TO SELL HOME
7-6	METHODS REAL ESTATE AGENT USED TO MARKET HOME, BY REGION
7-7	HOME LISTED ON MULTIPLE LISTING SERVICE
7-8	LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT
7-9	HOW REAL ESTATE AGENT WAS COMPENSATED
7-10	WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS
8-1	FSBO AND AGENT-ASSISTED SALES, BY LOCATION
8-2	FSBO AND AGENT-ASSISTED SALES, 2003-2006
8-3	CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS
8-4	TYPE OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS
8-5	LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS
8-6	SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS
8-7	TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS
8-8	SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS
8-9	MOST IMPORTANT REASON FOR SELLING HOME AS FSBO
8-10	METHOD USED BY FSBO SELLERS TO MARKET HOME
8-11	MOST DIFFICULT TASK FOR FSBO SELLERS
8-12	BUYER OF FSBO HOME WAS ASSISTED BY A REAL ESTATE AGENT
8-13	HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

2006 OFFICERS

President

Thomas M. Stevens, CRB

President-Elect

Pat A. Vredevoogd Combs, ABR, CRS, GRI, LTG

First Vice President

Richard F. Gaylord, GRI, CIPS, CRB, CRS

Treasurer

Bruce F. Wolf

Immediate Past President

Al Mansell, CRB

Vice President & Liaison to Committees

Stephen A. Hoover, GRI

Executive Vice President /CEO

Dale Stinton

NATIONAL ASSOCIATION OF REALTORS®

430 N. Michigan Avenue
Chicago, IL 60611-4087
1-800-874-6500

Web site: <http://www.realtor.org>



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate

The NATIONAL ASSOCIATION OF REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing more than 1.3 million members, including NAR’s institutes, societies and councils, involved in all aspects of the residential and commercial real estate industries.

REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® are registered collective membership marks that identify and may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.

For more information about the NATIONAL ASSOCIATION OF REALTORS® and its network of strategic partners, visit the Association’s Web site at www.REALTOR.org.



NAR Realty Check™ is your organization’s source for custom information regarding the real estate industry. Now your organization can take advantage of NAR Research’s forecasts, tracking capabilities, and analyses to broaden your understanding of the marketplace and strengthen your business. NAR Realty Check™ can help you stay on top of your business by identifying growth opportunities in your market. To learn more about NAR Realty Check™ products and services please visit

www.NARRealtyCheck.com or contact Lynn Barber at (202) 383-1053, TJ Doyle at (202) 383-7535 or Hristina Toshkova at (202) 383-7529.

NAR RESEARCH STAFF

Office of the Chief Economist

David A. Lereah, Ph.D.
Senior Vice President and Chief Economist

Cassandra M. Sims
Senior Executive Assistant

Real Estate Research

Robert D. Barr
*Vice President, Research Division &
Strategic Planning*

Liz Johnson
Communications Manager

Scott MacIntosh
*Senior Economist, Commercial and
Investment Real Estate*

Quantitative Analysis and International Research

Lawrence Yun, Ph.D.
Managing Director, Quantitative Research

Keunwon Chung
Statistical Economist

Ken Fears
Manager, Regional Economics

Existing-Home Sales Statistics

Kevin J. Thorpe
Manager, Existing-Home Sales

Wannasiri Chompoopet
Senior EHS Analyst

Michael Hyman
Research Assistant

Business Research: Products and Services

Lynn Barber
Managing Director, Business Research

Thomas Doyle
Manager, Research Marketing

Hristina Toshkova
Manager, Research Business Strategies

National Center for Real Estate Research (NCRER) and Survey Research

Paul C. Bishop, Ph.D.
*Manager, Real Estate Research and
Director of the National Center for Real
Estate Research*

Harika Bickicioglu
Senior Research Analyst

NATIONAL ASSOCIATION OF REALTORS® RESEARCH DIVISION

The Research Division of the NATIONAL ASSOCIATION OF REALTORS® produces the premier measurement of residential real estate activity – the existing-home sales series – and analyzes how changes in the economy can impact the real estate business. It examines trends in real estate practices and how NAR members are adapting technology in their business operations. Additionally, NAR Research evaluates regulatory and legislative policy proposals for their impact on REALTORS® and their clients, America's property owners.

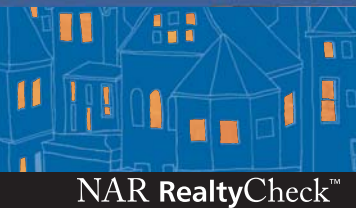
To find out about other products from NAR's Research Division, visit www.REALTOR.org/research.

Learn more about NAR RealtyCheck™ products and services at www.NARRealtyCheck.com

NATIONAL ASSOCIATION OF REALTORS®

Research Division
500 New Jersey Avenue, NW
Washington, DC 20001
202-383-7518
eresearch@realtors.org

ITEM # 186-45-0506



NAR RealtyCheck™



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

