



National Association of REALTORS®

2013 PROFILE OF HOME BUYERS AND SELLERS

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Contents

Introduction	5
Highlights	6
Chapter 1: Characteristics of Home Buyers.....	8
Chapter 2: Characteristics of Homes Purchased	23
Chapter 3: The Home Search Process	42
Chapter 4: Home Buying and Real Estate Professionals	57
Chapter 5: Financing the Home Purchase.....	69
Chapter 6: Home Sellers and Their Selling Experience	80
Chapter 7: Home Selling and Real Estate Professionals.....	99
Chapter 8: For-Sale-by-Owner (FSBO) Sellers	110
Methodology	119
List of Exhibits	120

Introduction

For most home buyers, the purchase of real estate is one of the largest financial transactions they will make. Buyers purchase a home not only for the desire to own a home of their own, but also because of changes in jobs, family situations, and the need for a smaller or larger living area. This annual survey conducted by the NATIONAL ASSOCIATION OF REALTORS® of recent home buyers and sellers helps to gain insight into detailed information about their experiences with this important transaction. The information provided supplies understanding, from the consumer level, of the trends that are transpiring and the changes seen. The survey covers information on demographics, housing characteristics and the experience of consumers in the housing market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

Buyers continue to face tighter credit standards than seen in previous years. This year's report continued to show an elevated share of married couples and suppressed levels of single buyers, similar to last year's report. Married couples who purchased a home have the advantage of more buying power and added financial stability—their typical household incomes are higher than single households.



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Due to suppressed inventory levels in many areas of the country, buyers are typically buying more expensive homes as prices increase. While the search time for buyers stayed the same length as in previous years, the selling time for sellers dropped substantially.

Buyers need the assistance of a real estate professional to help them find the right home for them, help them understand the process, and negotiate terms of sale. Sellers, as well, turn to professionals to help sell their homes within a specific timeframe, market their home effectively and find the right buyer. As the market changes and evolves, the need for a professional to help with the transaction has increased. More buyers and sellers are turning to professionals to help them with this transaction. Satisfaction with agents continues to be high.

This report provides real estate professionals with insights into the needs and expectations of their clients. What do consumers want when choosing a real estate professional? How do home buyers begin the process of searching for a home? Why do some sellers choose to forego the assistance of an agent? The answers to these questions, along with other findings in this report, will help real estate professionals better understand the housing market and also provide the information necessary to address the needs of America's real estate consumers.



Highlights

Characteristics of Home Buyers

- Thirty-eight percent of recent home buyers were first-time buyers, which is still at a suppressed level from the historical norm of 40 percent.
- Fourteen percent of buyers purchased a multi-generational home due to children over the age of 18 moving back into the house, cost savings, and health and caretaking of aging parents.
- The typical buyer was 42-years-old, while the typical first-time buyer was 31 and the typical repeat buyer was 52.
- The 2012 median household income of buyers was \$83,300. The median income was \$64,400 among first-time buyers and \$96,000 among repeat buyers.
- Sixty-six percent of recent home buyers were married couples—the highest share since 2001.
- For 30 percent of recent home buyers, the primary reason for the recent home purchase was a desire to own a home.

Characteristics of Homes Purchased

- New home purchases continue to drag at a share of 16 percent of all recent home purchases.
- New home purchasers bought a new home to avoid renovations or problems with plumbing or electrical, and the ability to customize their home. Home buyers who bought previously owned homes purchased their home for a better price and overall value, and the charm and character their home provides.
- The typical home purchased was 1,900 square feet in size, was built in 1992, and had three bedrooms and two bathrooms.
- Eighty percent of home buyers purchased a detached single-family home.
- Fourteen percent of recent buyers over the age of 50 bought a home in senior-related housing, either for themselves or for a friend or relative.
- When considering the purchase of a home, heating and cooling costs were at least somewhat important to 85 percent of buyers and commuting costs were considered at least somewhat important by 73 percent of buyers.

The Home Search Process

- For 42 percent of home buyers, the first step in the home-buying process was looking online for properties and 14 percent of home buyers first looked online for information about the home buying process.
- The use of the Internet in the home search rose slightly to 92 percent.
- Real estate agents were viewed as a useful information source by 87 percent of buyers who used an agent while searching for a home.
- The typical home buyer searched for 12 weeks and viewed 10 homes.
- For more than half of buyers finding the right home was the most difficult step in the home buying process.
- Approximately nine in 10 recent buyers were at least somewhat satisfied with the home buying process.

Home Buying and Real Estate Professionals

- Eighty-eight percent of buyers purchased their home through a real estate agent or broker—a share that has steadily increased from 69 percent in 2001.
- Forty-two percent of buyers found their agent through a referral from a friend or family member and 12 percent used an agent they had used before to buy or sell a home.
- Twelve percent of buyers used online recommendations when searching for an agent and it influenced half of those buyers.
- Two-thirds of recent buyers only interviewed one agent before they found the agent they worked with.
- More than half of buyers reported what they want most from their real estate agent is to find them the right home to purchase.
- Eighty-eight percent of buyers would use their agent again or recommend to others.

Highlights

Financing the Home Purchase

- Eighty-eight percent of home buyers financed their recent home purchase. Among those who financed their home purchase, buyers typically financed 90 percent.
- The share of first-time buyers who financed their home purchase was 95 percent compared to 86 percent of repeat buyers.
- More than half of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing.
- Twenty-four percent of buyers reported the mortgage application and approval process was somewhat more difficult than expected and 16 percent reported it was much more difficult than expected.
- Twelve percent of buyers overall cited saving for a downpayment was difficult. Forty-three percent of buyers reported student loans, 38 percent reported credit card debt, and 31 percent car loans as the reason for the difficulty.

Home Sellers and Their Selling Experience

- Almost half of home sellers traded up to a larger size and higher priced home and 59 percent purchased a newer home.
- The typical seller lived in their home for nine years. The median tenure has increased in recent years. In 2007, the typical tenure in home was only six years.
- Eighty-eight percent of sellers were assisted by a real estate agent when selling their home.
- Recent sellers typically sold their homes for 97 percent of the listing price, and 47 percent reported they reduced the asking price at least once.
- Thirteen percent of recent sellers had to delay or stall selling their home because the value of their home was worth less than their mortgage.
- Thirty-six percent of sellers offered incentives to attract buyers, most often assistance with home warranty policies and closing costs.

Home Selling and Real Estate Professionals

- Thirty-nine percent of sellers who used a real estate agent found their agents through a referral by friends or family, and 25 percent used the agent they worked with previously to buy or sell a home.
- Two-thirds of home sellers only contacted one agent before selecting the one to assist with their home sale.
- Eighty-five percent of sellers reported that their home was listed or advertised on the multiple listing (MLS) website.
- Among recent sellers who used an agent, 84 percent reported they would definitely (65 percent) or probably (19 percent) use that real estate agent again or recommend to others.

For-Sale-by-Owner (FSBO) Sellers

- The share of home sellers who sold their home without the assistance of a real estate agent was nine percent. Forty percent knew the buyer prior to home purchase.
- The primary reason that sellers choose to sell their home without the assistance of a real estate agent to a buyer they did not know was that they did not want to pay a fee or commission (46 percent).
- Approximately one-third of FSBO sellers took no action to market their home, and 64 percent did not offer any incentives to attract buyers.
- The typical FSBO home sold for \$184,000 compared to \$230,000 among agent-assisted home sales.

CHAPTER 1:

Characteristics of Home Buyers

Tightened credit standards for home buyers have suppressed the level of first-time buyers in the market. Among primary residence home buyers, only 38 percent are first-time buyers, while the historical average is 40 percent.

First-time home buyers are more likely to be single females and single males and typically have a lower income than repeat home buyers. Due to the lower share of first-time buyers, the data shows a market with a higher share of married couples, and who have higher household incomes than seen since the last report.

Fourteen percent of recent buyers purchased a multi-generational home. The reasons for purchasing this home type vary from children over 18 moving back into the house, cost savings, health and caretaking of aging parents, as well as wanting to spend more time with aging parents.

Demographic Characteristics of Homebuyers

▪ Exhibits 1-1 through 1-5

The demographics of home buyers in the last three years have been reflective of tightened credit conditions. Buyers tend to have higher incomes and there is a higher share of married couples in the market.

The median age of home buyers remains unchanged from last year at 42 years. The largest share of home buyers is in the 25 to 34 age group, who account for 30 percent of recent home buyers in the market. Buyers in the Midwest region tend to be younger, while buyers in the West region tend to be older.

The 2012 median household income for home buyers was higher at \$83,300 than the last report, which reported the 2011 median household income of home buyers at \$78,600. Buyers in the West region had the highest incomes followed by buyers in the Northeast.

The share of married couple buyers rose to its highest share since 2001, slightly higher even than the 2012 share 65 to 66 percent. The single buyer share remains suppressed. Single female buyers only made up 16 percent of buyers while the share of single male buyers fell to nine percent. In past years, single females made up more than one-fifth of the market place and single males made up more than one-tenth of recent buyers. This suggests that while tightened lending conditions continue, married couples are better able to provide the purchasing power needed to buy a home.

Forty percent of recent buyers had children under the age of 18 in the household. Fourteen percent of recent buyers purchased a home for a multi-generational household—a home that had adult siblings, adult children over the age of 18, parents, and/or grandparents in the household. One-quarter of these homes were bought because children over the age of 18 were moving back into the home and for cost savings. One in five multi-generational households purchased this household type because of health and caretaking of aging parents, while one in ten purchased this type of home to spend more time with aging parents.

Race, Ethnicity, Language and National Origin of Buyers

▪ Exhibits 1-6 through 1-9, and Exhibits 1-16 through 1-18

Similar to 2012, 86 percent of buyers nationally reported their ethnicity as Caucasian, although depending on the region in which they bought a home both race and ethnicity varies. The West remains the most diverse in composition of home buyers. As in 2012, 20 percent of those in the West identified as Hispanic or Asian in 2013.

Ninety-six percent of home buyers speak English. This number rises to 97 percent in the Midwest and declines to 94 percent in the West. Ninety-one percent of buyers reported they were born in the US. This number declines to 86 percent in the West and rises to 95 percent in the Midwest.

First-time buyers remain more diverse than repeat buyers overall. First-time buyers are also more likely to report not being born in the U.S. and to speak a language other than English at home.

Demographic Characteristics of First-Time and Repeat Home Buyers

■ Exhibits 1-10 through 1-15

Historically, the share of first-time home buyers is 40 percent. The share of first-time home buyers from 2011 to 2013 has remained under the historical average. In the 2013 report, 38 percent of home buyers reported they were first-time home buyers. The South and West had the smallest share of first-time home buyers at 35 percent each, and the Northeast had the largest share at 44 percent.

The share of married first-time buyers rose in 2013 and remains the largest share of first-time buyers at 56 percent. The number of children under the age of eighteen living at home was generally similar between first-time and repeat buyers. The median age of first-time buyers is 31, unchanged from last year, while the typical age for repeat buyers rose slightly to 52 years from last year's reported 51.

The median household income for first-time buyers and repeat buyers increased from the last report to \$67,400 for first-time buyers and \$96,000 for repeat buyers. Married repeat buyers continue to have the highest income among all buyers at \$106,700. Increased median household income could suggest stricter financing that forces low income buyers out of the market.

Prior Living Arrangement

■ Exhibits 1-19 through 1-20

It was equally likely for a home buyer to rent a home or apartment, or own a previous residence before buying their most recent property. Seventy-six percent of first-time buyers rented an apartment or house before buying their home, while 20 percent lived with parents, relatives or friends.

In terms of household composition, married couples remained more likely than other household types to own their previous residence before buying. Unmarried couples were the most likely to rent a home before making a purchase. Those with children under the age of 18 in their home were more likely to rent an apartment or house, while those without children were more likely to live in a home they owned.

The share of married couple buyers rose to its highest share since 2001, slightly higher even than the 2012 share 65 to 66 percent. The single buyer share remains suppressed.

Primary Reason for Home Purchase and Timing of Purchase

- **Exhibits 1-21 through 1-23**

Although the demographics of home buyers often shift to reflect changes in the market, the motivations for making a home purchase are largely constant from year to year. The primary reason to purchase a home remains the desire to own a home of one's own. Nearly a third of all home buyers cited this as their reason to purchase a home in 2013.

Repeat buyers are less likely to be motivated by the desire to simply own their own home and more likely to make a purchase as a result of changing circumstances: both the desire for a larger home and the need to relocate for a job were most cited. Other popular reasons to buy included the desire to be closer to family and friends, as well as the desire to be in a better area.

The timing of the home purchase remained largely driven by the buyers' feeling that it was just the right time to buy and the buyer felt ready to buy a home; a little over one-third of all buyers cited this as the primary reason. The second most common reason was the mortgage financing options available as interest rates in the prior calendar year remained at historical lows. Repeat buyers were more likely to cite not having much choice, and that they had to purchase when they did.

Ownership of Multiple Homes

- **Exhibit 1-24**

The number of recent home buyers who own more than one home was 19 percent in 2013. This was more common among buyers who are 45 years and older. About one-quarter of buyers over the age of 44 own at least one other property other than their recently purchased home.

Fourteen percent of recent buyers purchased a home for a multi-generational household—a home that had adult siblings, adult children over the age of 18, parents, and/or grandparents in the household.

EXHIBIT 1-1 AGE OF HOME BUYERS, BY REGION

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
18 to 24 years	3%	3%	4%	3%	3%
25 to 34 years	30	33	38	28	26
35 to 44 years	21	24	18	22	20
45 to 54 years	16	14	14	17	18
55 to 64 years	16	15	15	17	16
65 to 74 years	10	8	9	11	12
75 years or older	4	3	3	3	5
Median age (years)	42	40	38	43	45

EXHIBIT 1-2 HOUSEHOLD INCOME OF HOME BUYERS, BY REGION, 2012

(Percentage Distribution)

		BUYERS WHO PURCHASED A HOME IN THE			
	All Buyers	Northeast	Midwest	South	West
Less than \$25,000	3%	2%	4%	3%	4%
\$25,000 to \$34,999	6	5	6	6	7
\$35,000 to \$44,999	8	6	9	8	7
\$45,000 to \$54,999	8	7	9	8	7
\$55,000 to \$64,999	9	9	12	8	7
\$65,000 to \$74,999	9	10	10	9	8
\$75,000 to \$84,999	8	9	10	8	8
\$85,000 to \$99,999	11	14	12	10	12
\$100,000 to \$124,999	14	14	12	13	15
\$125,000 to \$149,999	8	7	7	8	8
\$150,000 to \$174,999	5	5	3	5	7
\$175,000 to \$199,999	3	3	2	4	2
\$200,000 or more	8	10	4	10	9
Median income (2012)	\$83,300	\$87,500	\$73,700	\$85,000	\$88,600

EXHIBIT 1-3

ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS, 2001-2013

(Percentage Distribution)

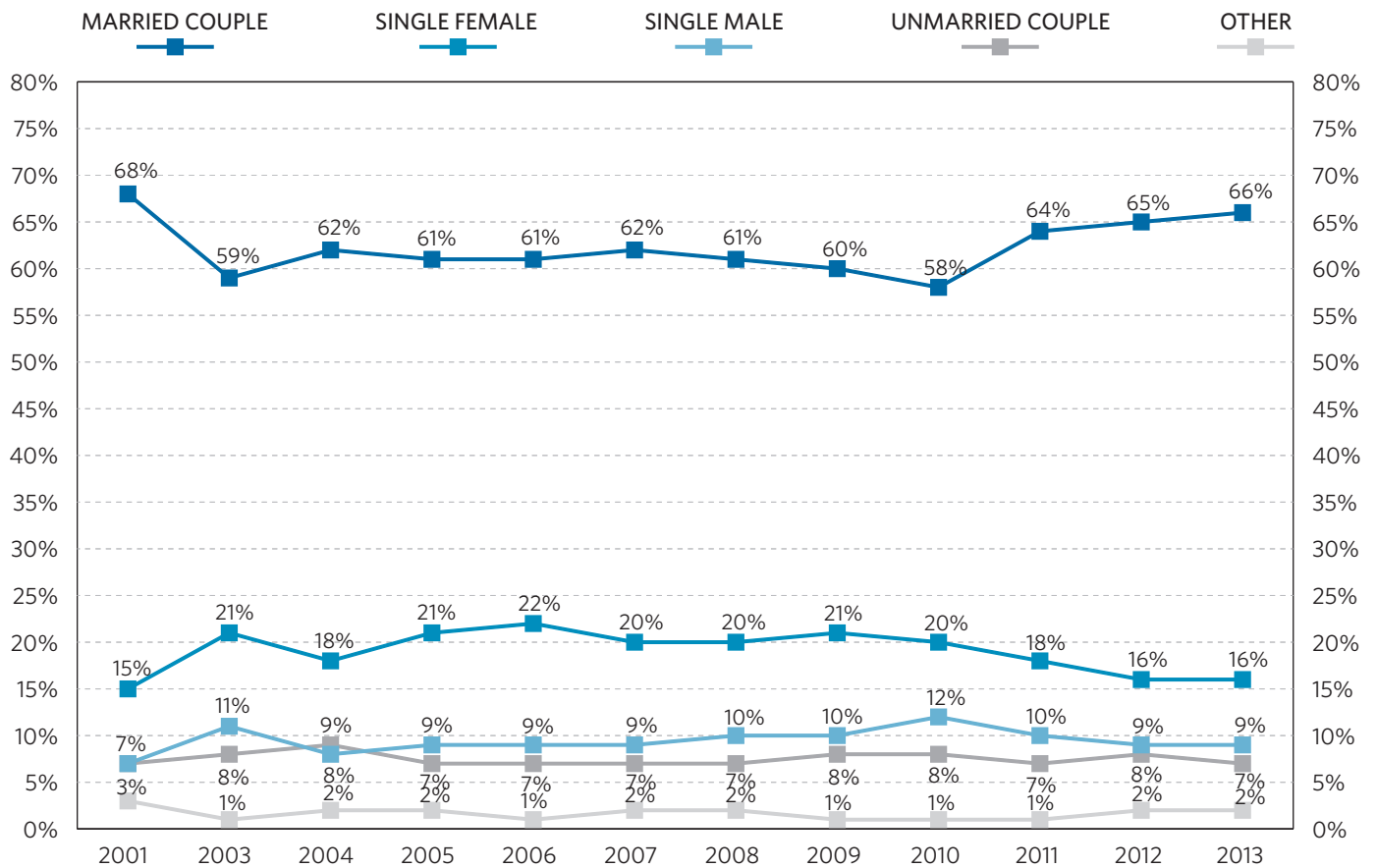


EXHIBIT 1-4

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD

(Percentage Distribution)

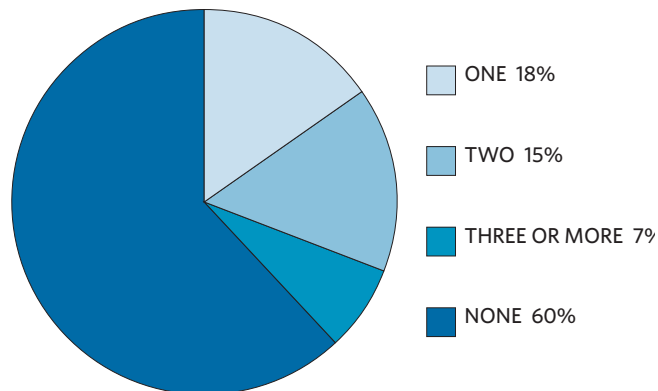


EXHIBIT 1-5

HOME PURCHASED WAS A MULTI-GENERATIONAL HOME (WILL SHARE HOME WITH ADULT SIBLINGS, ADULT CHILDREN, PARENTS, AND/OR GRANDPARENTS)

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Multi-generational household	14%	13%	14%	10%	10%	49%	15%	12%
REASONS FOR PURCHASE:								
Children over 18 moving back into the house	24%	24%	31%	18%	22%	14%	22%	25%
Cost Savings	24	19	28	36	36	40	28	21
Health/Caretaking of aging parents	20	23	10	10	12	32	20	20
To spend more time with aging parents	11	12	10	5	5	*	10	11
Other	22	22	22	31	24	14	20	23

* Less than 1 percent

EXHIBIT 1-6

RACE/ETHNICITY OF HOME BUYERS, BY REGION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
White/Caucasian	86%	90%	93%	85%	79%
Hispanic/Latino	6	4	2	6	9
Asian/Pacific Islander	5	4	3	3	11
Black/African-American	4	2	2	6	3
Other	2	2	1	2	3

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

EXHIBIT 1-7

RACE/ETHNICITY OF HOME BUYERS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
White/Caucasian	86%	86%	83%	85%	88%	88%	81%	89%
Hispanic/Latino	6	6	5	6	5	4	8	4
Asian/Pacific Islander	5	5	3	7	4	1	7	4
Black/African-American	4	3	8	3	4	7	5	3
Other	2	2	3	2	2	2	3	2

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

EXHIBIT 1-8**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	96%	96%	97%	96%	94%
Other	4	4	3	4	6

EXHIBIT 1-9**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.	91%	90%	95%	92%	86%
Not born in U.S.	9	10	5	8	14

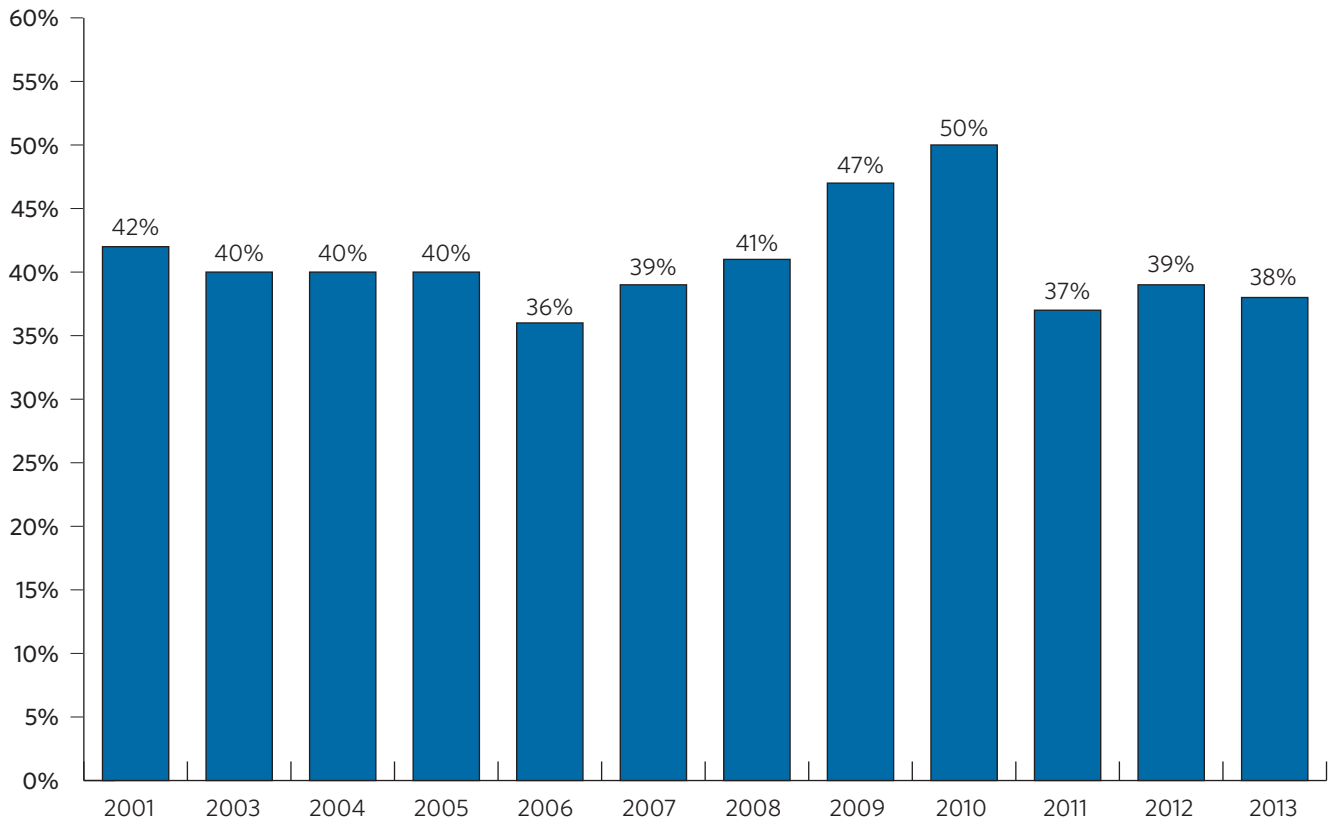
EXHIBIT 1-10**FIRST-TIME HOME BUYERS***(Percent of all Home Buyers)*

EXHIBIT 1-11 FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)

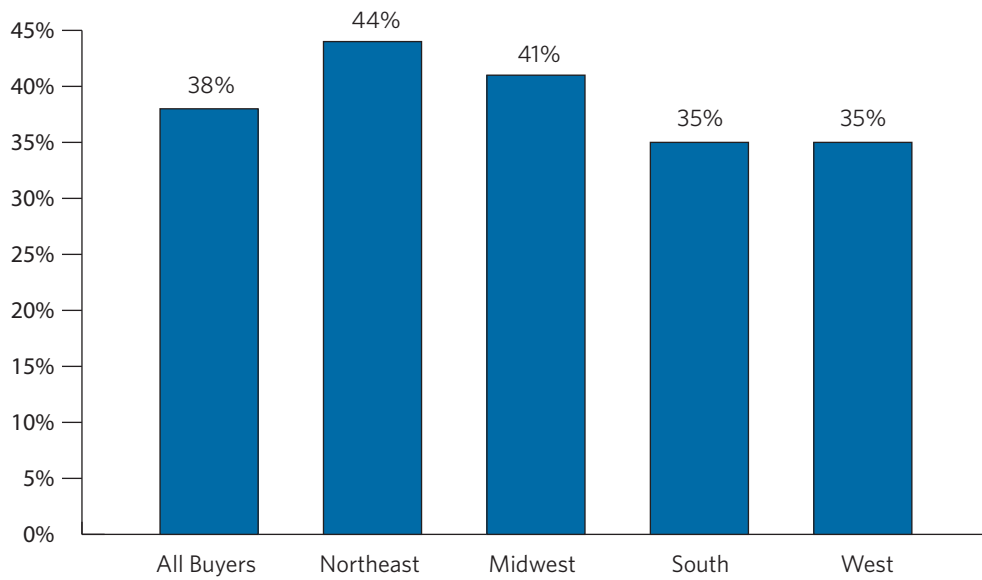


EXHIBIT 1-12 FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE

(Percentage Distribution)

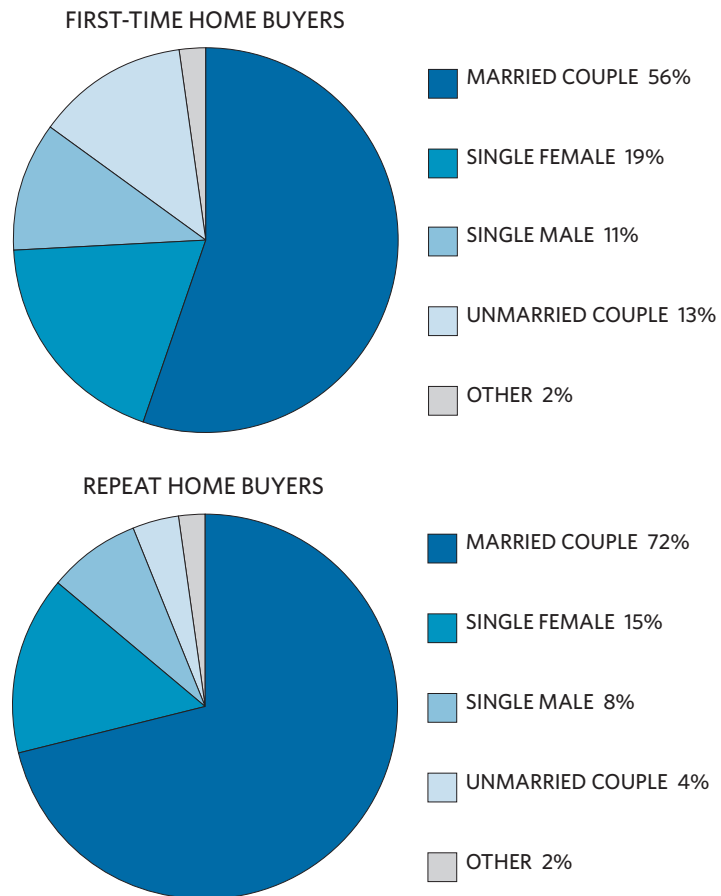
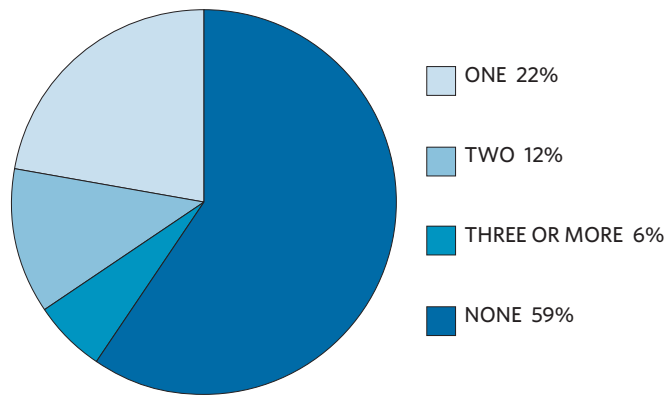


EXHIBIT 1-13

FIRST-TIME AND REPEAT HOME BUYERS BY CHILDREN IN HOUSEHOLD

(Percentage Distribution)

FIRST-TIME HOME BUYERS



REPEAT HOME BUYERS

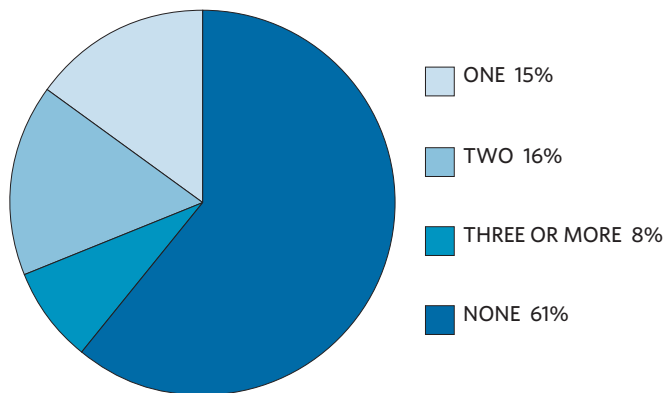


EXHIBIT 1-14 AGE OF FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
18 to 24 years	3%	8%	*
25 to 34 years	30	59	13
35 to 44 years	21	19	22
45 to 54 years	16	8	21
55 to 64 years	16	5	23
65 to 74 years	10	1	16
75 years or older	4	*	6
Median age (years)	42	31	52
Married couple	42	31	50
Single female	48	32	57
Single male	46	31	55
Unmarried couple	32	28	49
Other	55	43	58

* Less than 1 percent

EXHIBIT 1-15 HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2012

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$25,000	3%	5%	3%
\$25,000 to \$34,999	6	8	5
\$35,000 to \$44,999	8	12	5
\$45,000 to \$54,999	8	11	7
\$55,000 to \$64,999	9	13	7
\$65,000 to \$74,999	9	10	8
\$75,000 to \$84,999	8	9	8
\$85,000 to \$99,999	11	12	11
\$100,000 to \$124,999	14	9	16
\$125,000 to \$149,999	8	5	9
\$150,000 to \$174,999	5	3	6
\$175,000 to \$199,999	3	1	4
\$200,000 or more	8	3	11
Median income (2012)	\$83,300	\$67,400	\$96,000
Married couple	\$95,200	\$75,105	\$106,700
Single female	\$52,200	\$46,600	\$58,600
Single male	\$66,500	\$60,800	\$75,100
Unmarried couple	\$82,100	\$74,400	\$96,000
Other	\$62,900	\$44,900	\$65,700

EXHIBIT 1-16 RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS*(Percent of Respondents)*

	All Buyers	First-time Buyers	Repeat Buyers
White/Caucasian	86%	80%	90%
Hispanic/Latino	6	8	4
Asian/Pacific Islander	5	7	4
Black/African-American	4	6	2
Other	2	3	2

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

EXHIBIT 1-17 PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLDS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
English	91%	93%	97%
Other	9	7	3

EXHIBIT 1-18 NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

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

EXHIBIT 1-19 PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Rented an apartment or house	44%	76%	25%
Owned previous residence	44	4	69
Lived with parents, relatives or friends	11	20	6
Rented the home buyer ultimately purchased	1	1	1

Note: After selling their previous home, buyers may have rented a home or apartment before purchasing their next home. A first-time buyer could have acquired ownership of their previous home (as an inheritance or gift, for example) without having been the buyer of the home. Thus, a first-time buyer could have owned a home prior to their first home purchase.

EXHIBIT 1-20 PRIOR LIVING ARRANGEMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				CHILDREN IN HOME		
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Rented an apartment or house	44%	41%	45%	50%	61%	36%	48%	42%
Owned previous residence	44	50	38	30	22	49	41	46
Lived with parents, relatives or friends	11	7	17	20	18	14	10	11
Rented the home buyer ultimately purchased	1	1	1	*	*	1	1	1

* Less than 1 percent

EXHIBIT 1-21 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	30%	60%	12%
Desire for larger home	12	4	16
Job-related relocation or move	8	3	12
Change in family situation	7	7	7
Desire to be closer to family/friends/relatives	6	2	9
Desire for a home in a better area	6	2	9
Affordability of homes	6	8	4
Desire for smaller home	5	*	8
Retirement	5	1	7
Desire to be closer to job/school/transit	4	2	5
Establish household	3	5	1
Financial security	2	2	2
Desire for a newly built or custom-built home	1	1	2
Greater number of homes on the market for sale/better choice	1	1	1
Tax benefits	1	1	1
Desire for vacation home/investment property	*	*	1
Purchased home for family member or relative	*	*	1
Other	4	2	5

* Less than 1 percent

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

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Desire to own a home of my own	30%	23%	38%	41%	51%	35%	29%	30%
Desire for larger home	12	15	5	3	10	8	20	7
Job-related relocation or move	8	11	4	3	1	2	11	7
Change in family situation	7	6	9	9	7	21	9	6
Desire to be closer to family/friends/relatives	6	7	8	5	2	5	2	9
Desire for a home in a better area	6	7	3	4	4	4	7	6
Affordability of homes	6	5	8	8	7	11	4	7
Desire for smaller home	5	5	7	4	2	6	2	8
Retirement	5	5	4	5	1	2	1	7
Desire to be closer to job/school/transit	4	4	4	5	3	2	6	3
Establish household	3	3	1	2	3	2	3	2
Financial security	2	1	2	5	1	2	1	2
Desire for a newly built or custom-built home	1	1	1	*	1	*	1	1
Greater number of homes on the market for sale/better choice	1	1	1	1	1	*	1	1
Tax benefits	1	*	1	1	2	*	1	1
Desire for vacation home/investment property	*	*	*	1	2	1	*	1
Purchased home for family member or relative	*	1	*	*	*	1	*	*
Other	4	4	4	3	3	1	3	5

* Less than 1 percent

EXHIBIT 1-23 PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
It was just the right time for me, I was ready to buy a home	36%	42%	33%
It was the best time for me because of mortgage financing options available	19	23	17
It was the best time for me because of affordability of homes	15	18	14
I did not have much choice, I had to purchase when I did	15	9	18
It was the best time for me because of availability of homes for sale	7	5	8
Other	7	3	9
I wish I had waited	1	1	1

EXHIBIT 1-24 OTHER HOMES OWNED, BY AGE*(Percentage Distribution)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Recently purchased home only	81%	96%	86%	74%	75%
One or more investment properties	9	1	9	11	8
Previous homes that buyer is trying to sell	4	*	3	5	7
Primary residence	2	3	1	2	2
One or more vacation homes	3	*	1	6	5
Other	2	*	1	2	3

* Less than 1 percent

CHAPTER 2:

Characteristics of Homes Purchased

Buyers purchase different types of homes for different reasons. While new home purchasers buy to avoid renovations or problems with plumbing or electrical, and the ability to customize their home, previously owned home buyers often purchase their home for a better price and overall value and the charm and character their home provides.

Repeat buyers purchase larger homes than first-time buyers, and new homes are larger than previously owned homes. Fourteen percent of recent home buyers over 50 years of age purchased a home in senior-related housing or an active adult community, which tends to change the home type and location somewhat from homes not in senior housing.

Once the buyer is moved in to their newly purchased home, they expect to live there for 15 years. First-time home buyers and younger buyers expect their tenure will be shorter, while older buyers expect their tenure to be longer.

New and Previously Owned Homes Purchased

■ Exhibits 2-1 through 2-3

The share of new homes purchased remains at suppressed levels as construction has remained at low levels across the U.S. In 2003, 28 percent of homes purchased were new homes. In 2013, that share is 16 percent. Purchasing a new home is more common in the South and West regions.

Among buyers who purchased new homes, about one-third did so to avoid renovations or problems with the plumbing or electricity and one-quarter did so for the ability to choose and customize their design features. Among buyers who purchased previously owned homes about three in 10 did so for a better price and better overall value and one in five did so for more charm and character.

Type of Home Purchased

■ Exhibits 2-4 through 2-6

Detached single-family homes continue to be the most popular type of home purchased, accounting for 80 percent of the home buying market. Seven percent of households purchased a townhouse or row house and seven percent purchased a condo.

First-time home buyers are slightly more likely to purchase a townhouse or a condo than repeat buyers. New homes that were purchased were slightly more likely than existing homes to be a townhouse or row house. Single buyers were more likely to purchase a townhouse or condo than married couples and unmarried couples.

Location of Home Purchased

■ Exhibits 2-7 through 2-9

Slightly more than half of buyers purchased a home in a suburb or subdivision. Eighteen percent of buyers purchased in a small town, 16 percent purchased in an urban area, and 11 percent purchased in a rural area. Purchasing a home in a suburb was most popular in the South and least popular in the Northeast. First-time home buyers were more likely than repeat buyers to purchase a home in an urban or central city area. Buyers of new homes were most likely to purchase in a suburb.

Senior Housing and Active Adult Communities

■ Exhibit 2-10

Fourteen percent of recent home buyers over 50 years of age purchased a home in senior-related housing or an active adult community, either for themselves or for a friend or family member. Fifty-eight percent of the homes purchased were detached single-family homes. Eighteen percent were condos and 10 percent were townhouses. While 48 percent of senior housing was purchased in the suburbs, 20 percent was purchased in a resort or recreation area, and 16 percent was in a small town.

Distance Between Home Purchased And Previous Residence

■ Exhibit 2-11

Nationally, home buyers moved a median of 12 miles from their previous residence. Buyers in the South and West moved the farthest—a median of 15 miles from their previous residence, while buyers in the Midwest and Northeast moved only 10 miles.

Factors Influencing Neighborhood Choice

- **Exhibits 2-12 and 2-13**

For the past several years, the top factor influencing where a buyer purchased a home was the quality of the neighborhood. Convenience to work was the second most significant factor with just under half of buyers citing its importance. Affordability of homes was also very important, with 40 percent citing it as a factor in their neighborhood choice. By family type there are variations in the importance of neighborhood factors. Single females place a higher priority on convenience to friends and family than other family types. Both single males and single females value affordability of homes. Married couples and those with children in the home place more priority on the quality and convenience to schools than other buyers. Unmarried couples place a higher preference than others on convenience to work and design of the neighborhood.

Price of Home Purchased

- **Exhibits 2-14 through 2-16**

Prices of homes purchased by recent buyers have had a two year increased price trend. The median price paid by all recent buyers from mid-2012 to mid-2013 was \$210,000 compared to mid-2011 to mid-2012 of \$189,700, and mid-2010 to mid-2011 of \$180,000. Prices were the highest in the West with a median of \$270,000, followed by the Northeast at \$230,000. Prices were the lowest in the Midwest at a median price paid of \$164,000.

Typically, new homes are more expensive than previously owned homes. The median price buyers paid for a new home was \$259,000 compared to \$196,000 for a previously owned home. The median price repeat buyers paid for their home was \$240,000 compared to a median price of \$170,000 for first-time buyers.

Buyers typically paid slightly less than the asking price, with the median purchase price 98 percent of the asking price. This has increased for two consecutive years. Thirteen percent of buyers paid more than the asking price and one-quarter of buyers paid the asking price of the home.

Size of Home Purchased

- **Exhibits 2-17 through 2-22**

The median size of homes purchased was 1,900. Repeat buyers usually purchase larger homes than first-time buyers. Repeat buyers typically purchased a 2,060 square foot home whereas first-time buyers purchased a 1,670 square foot home. Married couples and families with children under the age of 18 in their home typically purchased the largest homes, while single buyers typically purchased the smallest homes.

Homes purchased in the South were generally larger at a median of 2,000 square feet. Looking at price per square foot makes it possible to compare prices across regions and types of homes. Homes purchased in the West and Northeast were more expensive per square foot compared to the Midwest and South. When looking at the type of home purchased, condos in buildings with five or more units were the most expensive type of home based on square footage, while detached single-family homes and duplex and condos in buildings with two to four units were the least expensive. Buyers with children in the home typically purchased a four bedroom and two bathroom home, while all other buyer types typically had a median of three bedrooms and two bathrooms.

Year Home Was Built

■ Exhibit 2-23

The typical home purchased was built in 1992. By region the age of homes varies. Homes in the South were typically the newest homes, built in 1998, which is not surprising due to the high percent of new home sales in the South. Homes in the Northeast were typically the oldest homes, built in 1974. Homes in the Midwest were typically built in 1985 and homes in the West 1993.

Environment Features and Commuting Costs

■ Exhibits 2-24 through 2-27

Commuting costs and environmental efficiency have increasingly factored into home buying decisions due to higher energy costs, but also due to overall concern for the environment. Factors that are most important to buyers are those directly related to the buyers' pocketbook. Heating and cooling costs were at least "somewhat" important to 85 percent of home buyers. Commuting costs were at least "somewhat" important to 73 percent of home buyers. Buyers who purchased newer homes typically placed a higher importance on environmentally friendly home features

Characteristics of Home on Which Buyer Compromised

■ Exhibits 2-28 through 2-30

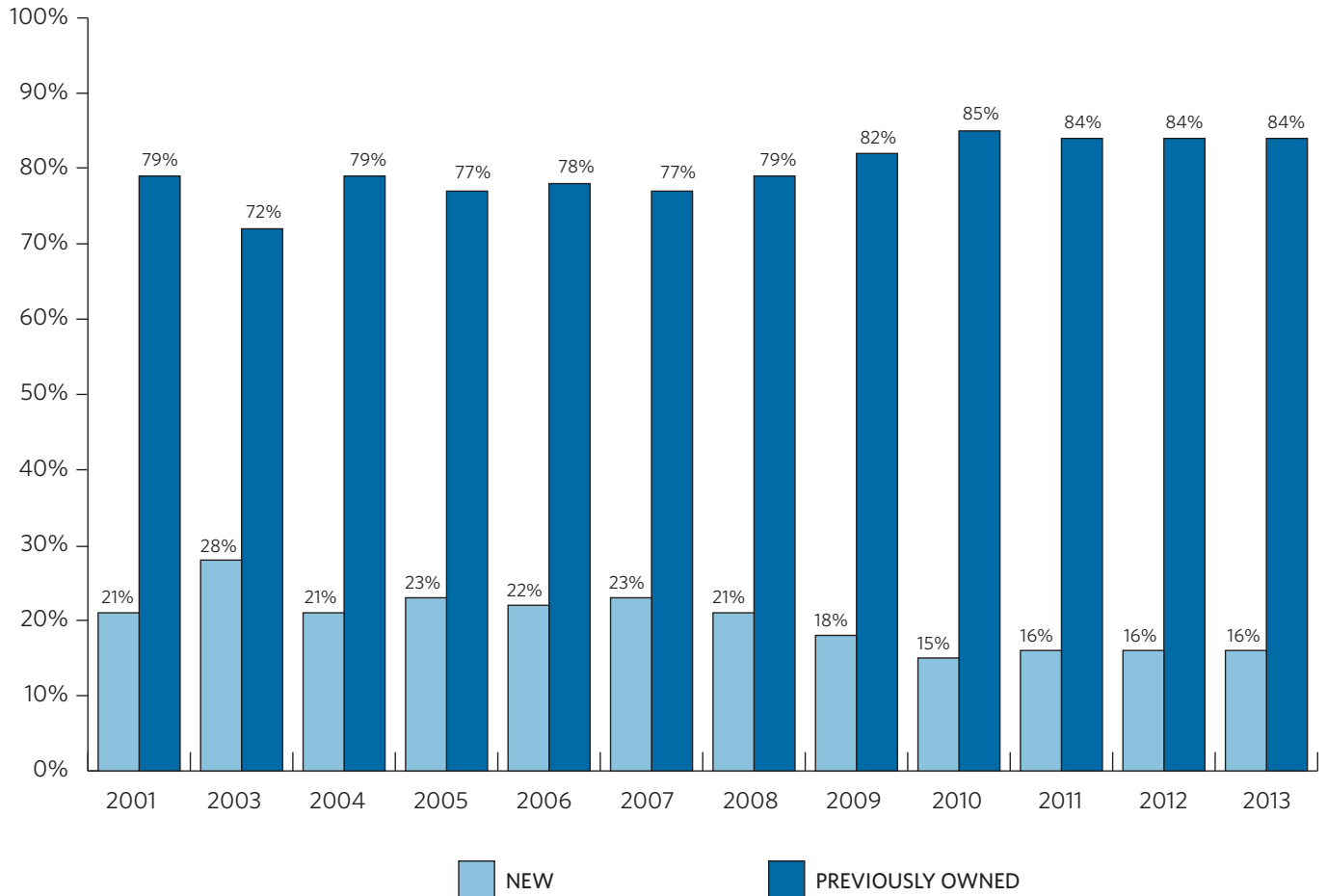
One-third of respondents said that they did not make any compromises when purchasing their home. However, 20 percent of buyers reported that they compromised on the price of the home, and 18 percent compromised on the size of home. First-time buyers and unmarried couples were the most likely to make compromises when purchasing a home.

Expected Length of Tenure in Home Purchased

■ Exhibits 2-31 and 2-32

Thirty-seven percent of recent buyers were unsure of how long they expected to own their home. The typical buyer estimated they would live in their home for 15 years. This is a higher expected tenure in home as seen in previous reports perhaps due to low interest rates buyers are able to lock in. First-time home buyers estimated they would live in their house for 10 years before moving. Buyers aged 18 to 24 had the shortest timeframe of 10 years, while buyers aged 45 to 64 had the longest timeframe of 20 years.

Fourteen percent of recent home buyers over 50 years of age purchased a home in senior-related housing or an active adult community, either for themselves or for a friend or family member.

EXHIBIT 2-1**NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 2001-2013***(Percentage Distribution)***EXHIBIT 2-2****NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION***(Percentage Distribution)*

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
New	16%	10%	10%	21%	15%
Previously Owned	84	90	90	79	85

EXHIBIT 2-3 REASON FOR NEW AND PREVIOUSLY OWNED HOME PURCHASE
(Percentage Distribution)

NEW HOME:	16%
Avoid renovations or problems with plumbing or electricity	32%
Ability to choose and customize design features	25
Amenities of new home construction communities	14
Lack of inventory of previously owned home	10
Green/energy efficiency	6
Other	13
PREVIOUSLY OWNED HOME:	84%
Better price	30%
Better overall value	28
More charm and character	17
Lack of inventory of new homes	9
Other	16

EXHIBIT 2-4 TYPE OF HOME PURCHASED, BY LOCATION
(Percentage Distribution)

BUYERS WHO PURCHASED A HOME IN A

	All Buyers	Suburb/ Subdivision	Small town	Urban/Central city	Rural area	Resort/Recreation area
Detached single-family home	80%	84%	81%	65%	80%	76%
Townhouse/row house	7	7	6	12	3	5
Apartment/condo in building with 5 or more units	5	4	4	14	1	10
Duplex/apartment/condo in 2 to 4 unit building	2	2	3	4	*	3
Other	6	4	6	5	16	6

* Less than 1 percent

EXHIBIT 2-5 TYPE OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
(Percentage Distribution)

BUYERS OF

	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Detached single-family home	80%	77%	82%	83%	79%
Townhouse/row house	7	8	6	9	7
Apartment/condo in building with 5 or more units	5	6	5	3	6
Duplex/apartment/condo in 2 to 4 unit building	2	2	2	2	2
Other	6	7	5	3	6

EXHIBIT 2-6 TYPE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD*(Percentage Distribution)*

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Detached single-family home	80%	86%	65%	67%	79%	69%	88%	75%
Townhouse/row house	7	5	12	12	9	11	4	9
Apartment/condo in building with 5 or more units	5	3	12	11	4	7	3	7
Duplex/apartment/condo in 2 to 4 unit building	2	2	4	3	2	2	1	3
Other	6	5	8	8	7	11	4	6

EXHIBIT 2-7 LOCATION OF HOME PURCHASED, BY REGION*(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Suburb/Subdivision	53%	39%	56%	58%	50%
Small town	18	31	17	15	15
Urban area/Central city	16	15	17	14	19
Rural area	11	14	10	10	12
Resort/Recreation area	3	1	*	4	4

* Less than 1 percent

EXHIBIT 2-8 LOCATION OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Suburb/Subdivision	53%	49%	55%	65%	51%
Small town	18	17	18	15	18
Urban area/Central city	16	21	13	10	17
Rural area	11	12	10	8	11
Resort/Recreation area	3	1	4	3	3

EXHIBIT 2-9

LOCATION OF HOME PURCHASED VERSUS LOCATION OF HOME SOLD

(Percentage Distribution Among those that Sold a Home)

		LOCATION OF HOME PURCHASED				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
LOCATION OF HOME SOLD	Suburb/Subdivision	37%	5%	3%	4%	2%
	Small town	6	7	2	2	*
	Urban area/Central city	5	3	5	1	1
	Rural area	6	3	2	3	1
	Resort/Recreation area	1	*	1	*	1

* Less than 1 percent

EXHIBIT 2-10

SENIOR-RELATED HOUSING BY TYPE OF HOME PURCHASED AND LOCATION

(Percentage Distribution)

ALL BUYERS OVER 50

Share who purchased a home in senior-related housing	14%
BUYERS OVER 50 WHO PURCHASED SENIOR-RELATED HOUSING:	
TYPE OF HOME PURCHASED	
Detached single-family home	58%
Townhouse/row house	10
Apartment/condo in building with 5 or more units	10
Duplex/apartment/condo in 2 to 4 unit building	8
Other	15
LOCATION	
Suburb/ Subdivision	48%
Small town	16
Urban/ Central city	10
Rural area	6
Resort/ Recreation area	20

EXHIBIT 2-11 DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE

(Median Miles)

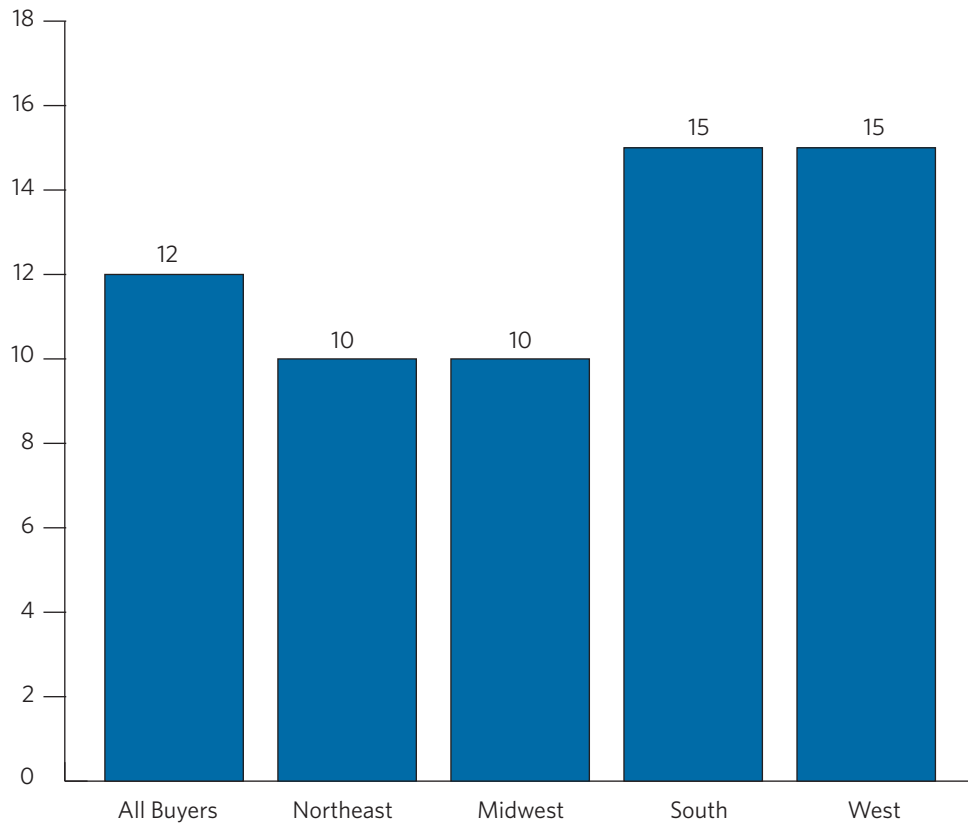


EXHIBIT 2-12 FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY LOCATION

(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%	57%	64%	45%	51%
Convenient to job	48	49	48	58	37	17
Overall affordability of homes	40	41	41	42	30	26
Convenient to friends/family	38	40	38	36	33	27
Quality of the school district	29	35	28	19	21	8
Design of neighborhood	28	31	26	26	21	40
Convenient to shopping	26	29	23	29	15	20
Convenient to schools	22	26	20	20	18	5
Convenient to entertainment/ leisure activities	20	20	14	32	9	30
Convenient to parks/ recreational facilities	19	19	17	27	10	25
Availability of larger lots or acreage	17	13	19	8	50	9
Convenient to health facilities	11	11	12	12	8	22
Home in a planned community	9	10	7	4	5	35
Convenient to public transportation	7	5	2	20	2	2
Convenient to airport	6	6	3	7	5	15
Other	5	4	7	5	7	9

EXHIBIT 2-13 FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY ADULT COMPOSITION OF HOUSEHOLD AND CHILDREN IN HOUSEHOLD

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Quality of the neighborhood	63%	66%	58%	54%	59%	57%	65%	62%
Convenient to job	48	47	48	47	59	42	52	45
Overall affordability of homes	40	38	46	44	46	46	39	41
Convenient to friends/family	38	36	46	38	38	39	35	40
Quality of the school district	29	36	14	15	23	15	51	15
Design of neighborhood	28	29	27	25	30	29	26	30
Convenient to shopping	26	26	28	23	24	31	23	29
Convenient to schools	22	27	12	13	17	18	46	8
Convenient to entertainment/leisure activities	20	19	21	25	26	10	15	23
Convenient to parks/recreational facilities	19	20	18	19	19	6	21	18
Availability of larger lots or acreage	17	20	10	11	20	18	20	15
Convenient to health facilities	11	11	11	13	9	14	5	15
Home in a planned community	9	10	8	4	6	6	7	10
Convenient to public transportation	7	6	8	11	7	6	6	7
Convenient to airport	6	5	6	7	5	3	4	7
Other	5	5	7	5	4	4	4	6

EXHIBIT 2-14 PRICE OF HOME PURCHASED, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Less than \$75,000	5%	3%	10%	5%	2%
\$75,000 to \$99,999	6	5	9	7	3
\$100,000 to \$124,999	8	7	11	9	5
\$125,000 to \$149,999	10	8	15	10	7
\$150,000 to \$174,999	9	9	10	10	7
\$175,000 to \$199,999	9	8	11	8	9
\$200,000 to \$249,999	14	19	13	15	12
\$250,000 to \$299,999	11	11	9	11	11
\$300,000 to \$349,999	8	8	5	7	11
\$350,000 to \$399,999	5	6	2	5	6
\$400,000 to \$499,999	7	8	3	5	11
\$500,000 or more	9	9	2	8	18
Median price	\$210,000	\$230,000	\$164,000	\$204,900	\$270,000

EXHIBIT 2-15 PRICE OF HOME PURCHASED, NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A	
		New Home	Previously Owned Home
Less than \$75,000	5%	1%	6%
\$75,000 to \$99,999	6	*	7
\$100,000 to \$124,999	8	3	9
\$125,000 to \$149,999	10	5	11
\$150,000 to \$174,999	9	10	9
\$175,000 to \$199,999	9	10	9
\$200,000 to \$249,999	14	19	13
\$250,000 to \$299,999	11	18	9
\$300,000 to \$349,999	8	11	7
\$350,000 to \$399,999	5	8	4
\$400,000 to \$499,999	7	8	6
\$500,000 or more	9	9	10
Median price	\$210,000	\$259,000	\$196,000

* Less than 1 percent

EXHIBIT 2-16 PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$75,000	5%	7%	4%
\$75,000 to \$99,999	6	8	5
\$100,000 to \$124,999	8	12	6
\$125,000 to \$149,999	10	13	8
\$150,000 to \$174,999	9	11	8
\$175,000 to \$199,999	9	10	8
\$200,000 to \$249,999	14	13	15
\$250,000 to \$299,999	11	8	12
\$300,000 to \$349,999	8	6	9
\$350,000 to \$399,999	5	3	6
\$400,000 to \$499,999	7	3	9
\$500,000 or more	9	5	12
Median price	\$210,000	\$170,000	\$240,000
Married couple	\$240,000	\$190,000	\$260,000
Single female	\$150,000	\$130,000	\$170,000
Single male	\$170,000	\$170,000	\$170,000
Unmarried couple	\$180,000	\$160,000	\$230,000
Other	\$160,000	\$140,000	\$170,000

EXHIBIT 2-17 PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION*(Percentage Distribution)*

Percent of asking price:	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
Less than 90%	11%	14%	15%	10%	8%
90% to 94%	17	20	19	19	9
95% to 99%	34	37	39	36	26
100%	25	21	19	24	33
101% to 110%	11	7	7	9	19
More than 110%	2	1	1	2	5
Median (purchase price as a percent of asking price)	98%	97%	97%	97%	100%

EXHIBIT 2-18 SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	BUYERS OF				
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
1,000 sq ft or less	1%	2%	*	*	1%
1,001 to 1,500 sq ft	13	21	9	4	15
1,501 to 2,000 sq ft	27	33	23	22	28
2,001 to 2,500 sq ft	25	25	25	26	25
2,501 to 3,000 sq ft	15	11	18	22	14
3,001 to 3,500 sq ft	9	6	11	15	8
3,501 sq ft or more	10	3	14	12	9
Median (sq ft)	1,900	1,670	2,060	2,200	1,830

* Less than 1 percent

EXHIBIT 2-19 SIZE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD*(Percentage Distribution)*

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
1,000 sq ft or less	1%	*	2%	2%	2%	*	*	1%
1,001 to 1,500 sq ft	13	8	27	26	15	15	10	16
1,501 to 2,000 sq ft	27	23	36	32	36	38	20	31
2,001 to 2,500 sq ft	25	25	23	24	24	25	23	26
2,501 to 3,000 sq ft	15	18	8	8	13	11	19	13
3,001 to 3,500 sq ft	9	13	2	5	5	3	13	7
3,501 sq ft or more	10	13	2	3	4	8	16	5
Median (sq ft)	1,900	2,100	1,500	1,600	1,700	1,700	2,200	1,800

* Less than 1 percent

EXHIBIT 2-20 HOME SIZE AND PRICE PER SQUARE FOOT, BY REGION

(Median)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
All homes purchased					
Square feet	1,900	1,800	1,800	2,000	1,890
Price per square foot	\$110	\$130	\$90	\$100	\$135
Detached single-family home					
Square feet	2,000	1,850	1,900	2,110	2,000
Price per square foot	\$105	\$130	\$90	\$95	\$130
Townhouse or row house					
Square feet	1,610	1,700	1,640	1,610	1,500
Price per square foot	\$120	\$120	\$100	\$120	\$150
Duplex/apartment/condo in 2-4 unit building					
Square feet	1,580	1,850	1,590	1,580	1,530
Price per square foot	\$105	\$125	\$85	\$115	\$145
Apartment/condo in building with 5 or more units					
Square feet	1,240	1,080	1,400	1,250	1,160
Price per square foot	\$155	\$240	\$110	\$130	\$270

EXHIBIT 2-21 NUMBER OF BEDROOMS AND BATHROOMS, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
One bedroom	1%	2%	1%	1%	1%
Two bedrooms	15	15	14	11	16
Three bedrooms or more	84	83	85	89	83
Median number of bedrooms	3	3	3	3	3
One full bathroom	16	26	10	1	18
Two full bathrooms	61	62	60	64	60
Three full bathrooms or more	23	12	30	35	21
Median number of full bathrooms	2	2	2	2	2

EXHIBIT 2-22 NUMBER OF BEDROOMS AND BATHROOMS, BY ADULT HOUSEHOLD COMPOSITION AND CHILDREN IN HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
One bedroom	1%	*	4%	3%	2%	*	*	2%
Two bedrooms	15	9	30	26	18	18	6	20
Three bedrooms or more	84	91	66	71	80	82	94	78
Median number of bedrooms	3	3	3	3	3	3	4	3
One full bathroom	16	10	29	26	22	15	12	18
Two full bathrooms	61	60	63	61	61	66	57	64
Three full bathrooms or more	23	30	8	13	18	19	32	18
Median number of full bathrooms	2	2	2	2	2	2	2	2

* Less than 1 percent

EXHIBIT 2-23 YEAR HOME BUILT, BY REGION

(Median)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
2012	14%	9%	8%	19%	14%
2009 through 2011	3	3	3	4	2
2006 through 2008	8	3	6	10	8
2001 through 2005	11	7	10	12	13
1986 through 2000	22	20	23	22	22
1960 through 1985	23	21	23	22	26
1912 through 1959	17	29	23	11	14
1911 or earlier	2	9	3	1	1
Median	1992	1974	1985	1998	1993

EXHIBIT 2-24 IMPORTANCE OF COMMUTING COSTS

(Percentage Distribution)

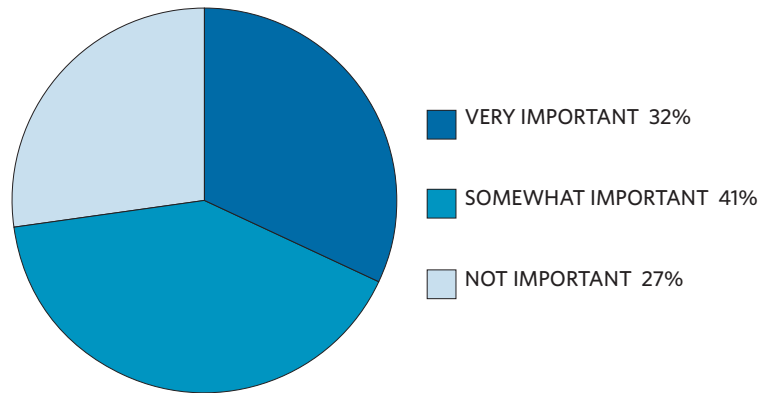


EXHIBIT 2-25 IMPORTANCE OF HOME'S ENVIRONMENTALLY FRIENDLY FEATURES

(Percentage Distribution)

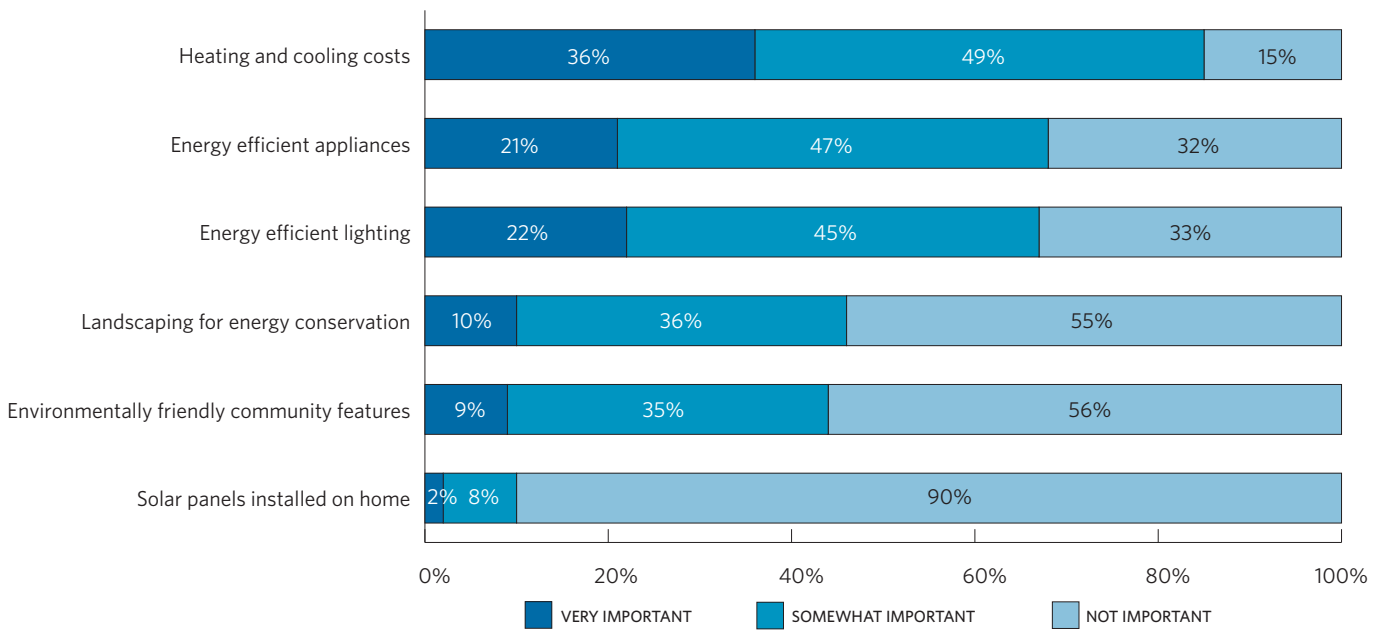


EXHIBIT 2-26 ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED "VERY IMPORTANT," BY REGION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Heating and cooling costs	36%	38%	33%	39%	32%
Energy efficient appliances	21	20	17	26	19
Energy efficient lighting	22	19	17	26	23
Landscaping for energy conservation	10	7	6	11	13
Environmentally friendly community features	9	8	5	12	8
Solar panels installed on home	2	1	1	2	2

EXHIBIT 2-27 ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED "VERY IMPORTANT," BY YEAR HOME WAS BUILT

(Percent of Respondents)

	All Buyers	2012	2009 through 2011	2006 through 2008	2001 through 2005	1986 through 2000	1959 through 1985	1912 through 1960	1911 or earlier
		Heating and cooling costs	36%	51%	40%	37%	32%	33%	33%
Energy efficient appliances	21	46	30	25	20	15	16	15	11
Energy efficient lighting	22	42	24	25	21	19	19	17	17
Landscaping for energy conservation	10	13	9	11	11	10	9	8	3
Environmentally friendly community features	9	17	9	7	9	8	7	7	5
Solar panels installed on home	2	3	*	2	1	2	2	2	*

* Less than 1 percent

EXHIBIT 2-28 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY LOCATION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN A				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural	Resort/ Recreation area
Price of home	20%	20%	20%	23%	16%	17%
Size of home	18	16	22	21	14	21
Condition of home	17	14	19	21	17	15
Distance from job	14	15	13	11	20	7
Lot size	14	16	13	13	11	10
Style of home	13	13	13	15	13	15
Distance from friends or family	6	6	6	6	8	5
Quality of the neighborhood	5	4	5	9	3	3
Quality of the schools	3	3	4	6	1	*
Distance from school	2	1	2	2	2	1
None - Made no compromises	33	34	33	29	38	44
Other compromises not listed	8	8	8	11	7	7

* Less than 1 percent

EXHIBIT 2-29 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage of Respondents)

	BUYERS OF				
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Price of home	20%	22%	19%	18%	21%
Size of home	18	21	16	15	18
Condition of home	17	16	17	2	19
Distance from job	14	19	11	18	14
Lot size	14	16	13	21	13
Style of home	13	16	12	11	14
Distance from friends or family	6	9	5	8	6
Quality of the neighborhood	5	6	4	3	5
Quality of the schools	3	6	2	3	3
Distance from school	2	2	1	2	1
None - Made no compromises	33	26	38	38	32
Other compromises not listed	8	9	8	7	9

EXHIBIT 2-30 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
Price of home	20%	21%	18%	21%	17%	16%	21%	19%
Size of home	18	18	19	20	17	10	18	17
Condition of home	17	16	18	15	16	18	17	16
Distance from job	14	15	11	10	17	14	17	13
Lot size	14	15	10	15	13	12	16	13
Style of home	13	13	12	14	15	19	16	12
Distance from friends or family	6	6	6	6	7	7	6	6
Quality of the neighborhood	5	4	7	5	6	12	4	6
Quality of the schools	3	3	3	2	6	2	4	3
Distance from school	2	2	1	2	1	1	3	1
None - Made no compromises	33	33	37	36	28	36	28	37
Other compromises not listed	8	8	10	7	8	9	7	9

EXHIBIT 2-31 EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
1 year or less	1%	2%	1%	1%	1%
2 to 3 years	2	2	3	1	3
4 to 5 years	9	12	7	11	9
6 to 7 years	3	4	2	3	3
8 to 10 years	15	16	14	11	15
11 to 15 years	6	5	7	6	6
16 or more years	27	24	29	29	27
Don't Know	37	35	39	38	37
Median	15	10	15	15	15

EXHIBIT 2-32 EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
1 year or less	1%	1%	1%	2%	2%
2 to 3 years	2	4	3	3	1
4 to 5 years	9	11	12	6	5
6 to 7 years	3	3	4	2	1
8 to 10 years	15	21	16	13	11
11 to 15 years	6	7	6	5	8
16 or more years	27	21	27	32	19
Don't Know	37	31	32	37	54
Median	15	10	10	20	15

CHAPTER 3:

The Home Search Process

The Internet continues to play an ever increasing role for home buyers in the home search process. Nine in 10 buyers used the Internet at some point while looking for a home. Over half of buyers started their home search online and 43 percent of recent buyers first found the home they purchased online. Forty-five percent of home buyers used a mobile or tablet website or application to search for a home. Twenty-two percent of mobile searchers reported they found the home they ultimately purchased with a mobile application.

The role of the real estate agent becomes increasingly important to the buyer as buyers saw tightened inventory. With limited inventory on the market for many home buyers, the most difficult part of the search process for recent home buyers is finding the right property. Overall, 91 percent of home buyers are at least somewhat satisfied with their search process to find a home.

The First Step in the Home Buying Process

- **Exhibits 3-1 and 3-2**

Increasingly buyers are using the Internet as their first step in the home search process. Forty-two percent of buyers first looked online for properties for sale as their first step—a jump from 35 percent in 2011. An additional 14 percent began by finding information online about the home buying process—a jump from 10 percent in 2011. Repeat home buyers were more likely to look online at properties for a sale while first-time home buyers were more likely to look online for information about the home buying process. As the age of home buyers increased, the likelihood that their first step would be contacting a real estate agent or driving by homes and neighborhoods also increased. Buyers aged 18 to 24 were most likely, compared to other buyers, to talk to a friend or relative about the home buying process.

Information Sources

- **Exhibits 3-3 through 3-6**

Eighty-nine percent of home buyers used an online website and a real estate agent as information sources in their home search process. Buyers of previously owned homes were most likely to report using a real estate agent at 91 percent. Other popular information sources for all buyers were yard signs (51 percent), open houses (45 percent), and mobile or tablet websites or applications (45 percent). Nearly all buyers ranked the online websites, the real estate agent, mobile or tablet search engines, and mobile or tablet websites or applications the most useful information sources in their search process.

The Search Process

- **Exhibits 3-7 through 3-11**

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

In 2001, eight percent of buyers found their home on the Internet; today 43 percent of buyers find the home they ultimately purchased on the Internet. The Internet has edged out all other sources in the process. The real estate agent remains the second most common source at 33 percent, but it has declined steadily from 48 percent in 2001. All other sources such as yard signs, hearing from friend or relative or home builders have declined.

There was a large decline in the share of home buyers who considered buying a home in foreclosure—56 percent in 2012 compared to 49 percent in 2013. This may be due to the decline in foreclosed homes available on the market as many buyers ruled out buying a foreclosure because they could not find the right home. First-time buyers were most likely to consider a home in foreclosure, while buyers who ultimately purchased a new home were least likely to consider a home in foreclosure.

Housing inventory in many areas of the country has been tight. The most difficult step for home buyers in the home buying process was finding the right home to purchase (52 percent). For 24 percent of buyers the most difficult step was the paperwork; 15 percent cited the most difficult step was understanding the process and steps involved. While 16 percent of recent buyers had no difficult steps, this was much more common among repeat buyers.

Internet Usage Trends

■ Exhibits 3-12 and 3-13

Ninety-two percent of buyers used the Internet in some form to search for a home. While the use of the Internet to search for a home has increased since 2003, the frequency of use has also increased. More buyers are using the Internet to search for homes and they are doing so more frequently.

Underscoring the value of the Internet are the actions that home buyers take after an Internet home search. Buyers are increasingly taking the next step such as driving by or viewing home (75 percent) or walking through a home they viewed online (63 percent). Nearly one-third of buyers found the agent used to search for or buy a home and one-quarter requested more information.

Characteristics of Internet Searchers and Sources Used

■ Exhibits 3-14 and 3-15

The buyers who use the Internet in their home search, compared to those who do not, vary along demographic lines. The typical buyer who used the Internet in their home search is 41 years-old and had a median 2012 household income of \$84,500. The typical buyer who did not use the Internet to search for the home was 61 years old and had a median 2012 household income of \$66,000. The typical buyer who used the Internet to search tripled the length of search time of the typical non-Internet searcher, perhaps suggesting non-Internet users know the home they would like to buy or have a specific area to target their search in.

Those who did not use the Internet in their home search process used other sources such as print newspaper advertisements, home builders, and billboards more frequently in their home search process.

Finding a Home

■ Exhibit 3-16

Among buyers who used the Internet to search for homes, 47 percent first found their home through the Internet. Thirty-three percent of buyers who used the Internet first found their home through the real estate agent, compared to 37 percent of buyers who did not use the Internet. Buyers who did not use the Internet found their home more frequently through a yard sign or through a friend, relative or neighbor, directly from the sellers, or through a builder or builder's agent than those who used the Internet to search.

Method of Purchase

■ Exhibit 3-17

While the vast majority of buyers use the Internet during the home buying process, the Internet does not replace the real estate agent in the transaction. Ninety percent of home buyers who used the Internet to search for homes purchased their home through an agent. In fact, buyers who used the Internet were more likely than those who did not use the Internet to purchase their home through an agent. Buyers who did not use the Internet to search were more likely to purchase through a builder or builder's agent and through a previous owner of the home.

Website Features and Mobile Search

- **Exhibits 3-18 and 3-19**

Because use of the Internet in the home search process has increased so rapidly and there are so many sites available for buyers to use, it's essential to know what aspects offered by the sites are most important to buyers. About eight in 10 buyers rated photos and detailed information about properties for sale the most useful website features. About four in 10 buyers rated virtual video tours, interactive maps, and real estate agent contact information very useful among website features.

Searching for any product on a mobile device is becoming more common. Forty-five percent of home buyers used a mobile or tablet website or application to search for a home. They are most commonly searching on an iPhone (47 percent) or iPad (40 percent) and less frequently with an Android (24 percent). Twenty-two percent of mobile searchers reported they found the home they ultimately purchased with a mobile application.

Satisfaction in Buying Process

- **Exhibit 3-20**

Fifty-seven percent of recent buyers were very satisfied with their recent home buying process. One-third of buyers were somewhat satisfied with the process. Nine percent were somewhat to very dissatisfied.

While the vast majority of buyers use the Internet during the home buying process, the Internet does not replace the real estate agent in the transaction. Ninety percent of home buyers who used the Internet to search for homes purchased their home through an agent.

EXHIBIT 3-1

FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Looked online for properties for sale	42%	34%	47%
Contacted a real estate agent	17	14	19
Looked online for information about the home buying process	14	20	10
Drove-by homes/neighborhoods	7	4	8
Contacted a bank or mortgage lender	6	9	5
Talked with a friend or relative about home buying process	5	11	2
Visited open houses	3	3	3
Contacted builder/visited builder models	2	1	2
Looked in newspapers, magazines, or home buying guides	1	1	1
Contacted a home seller directly	1	1	1
Looked up information about different neighborhoods or areas (schools, local lifestyle/nightlife, parks, public transportation)	1	1	1
Attended a home buying seminar	1	1	*
Read books or guides about the home buying process	*	1	*
Other	*	*	*

* Less than 1 percent

EXHIBIT 3-2

FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, BY AGE

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Looked online for properties for sale	42%	37%	43%	46%	36%
Contacted a real estate agent	17	14	14	19	27
Looked online for information about the home buying process	14	13	16	11	7
Drove-by homes/neighborhoods	7	7	4	8	11
Contacted a bank or mortgage lender	6	8	8	5	2
Talked with a friend or relative about home buying process	5	15	7	3	3
Visited open houses	3	*	2	3	6
Contacted builder/visited builder models	2	2	1	2	2
Looked in newspapers, magazines, or home buying guides	1	*	1	2	2
Contacted a home seller directly	1	2	1	1	2
Looked up information about different neighborhoods or areas (schools, local lifestyle/nightlife, parks, public transportation)	1	1	1	1	*
Attended a home buying seminar	1	*	1	*	*
Read books or guides about the home buying process	*	*	1	*	
Other	*	*	*	*	1

* Less than 1 percent

EXHIBIT 3-3 INFORMATION SOURCES USED IN HOME SEARCH, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Online website	89%	91%	88%	82%	90%
Real estate agent	89	90	88	78	91
Yard sign	51	49	52	46	52
Open house	45	43	47	51	44
Mobile or tablet website or application	45	52	40	42	45
Mobile or tablet search engine	42	48	38	41	43
Online video site	27	22	30	31	26
Print newspaper advertisement	23	22	25	26	23
Home builder	17	13	20	60	9
Home book or magazine	15	16	16	18	15
Billboard	5	4	5	15	3
Television	4	5	4	8	3
Relocation company	3	2	4	5	3

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

(Percent of Respondents)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Online website	89%	91%	93%	88%	75%
Real estate agent	89	91	89	88	89
Yard sign	51	55	49	55	49
Open house	45	33	45	48	41
Mobile or tablet website or application	45	58	57	33	17
Mobile or tablet search engine	42	58	53	31	17
Online video site	27	14	24	33	30
Print newspaper advertisement	23	26	19	26	32
Home builder	17	11	17	18	15
Home book or magazine	15	22	14	17	15
Billboard	5	3	4	5	4
Television	4	3	4	4	3
Relocation company	3	1	3	3	2

EXHIBIT 3-5 FREQUENCY OF USE OF DIFFERENT INFORMATION SOURCES

(Percentage Distribution)

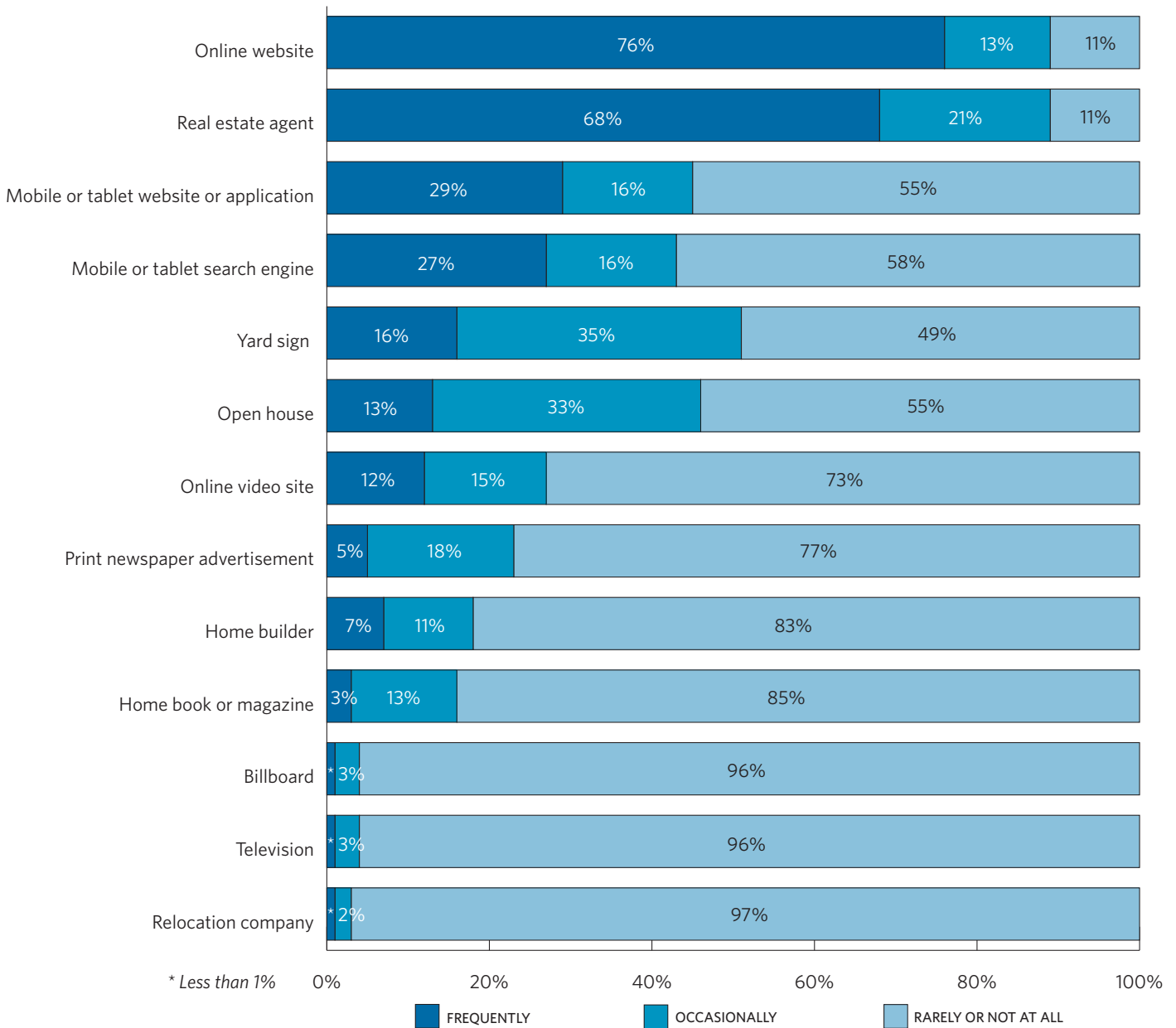


EXHIBIT 3-6 USEFULNESS OF INFORMATION SOURCES

(Percentage Distribution Among Buyers that Used Each Source)

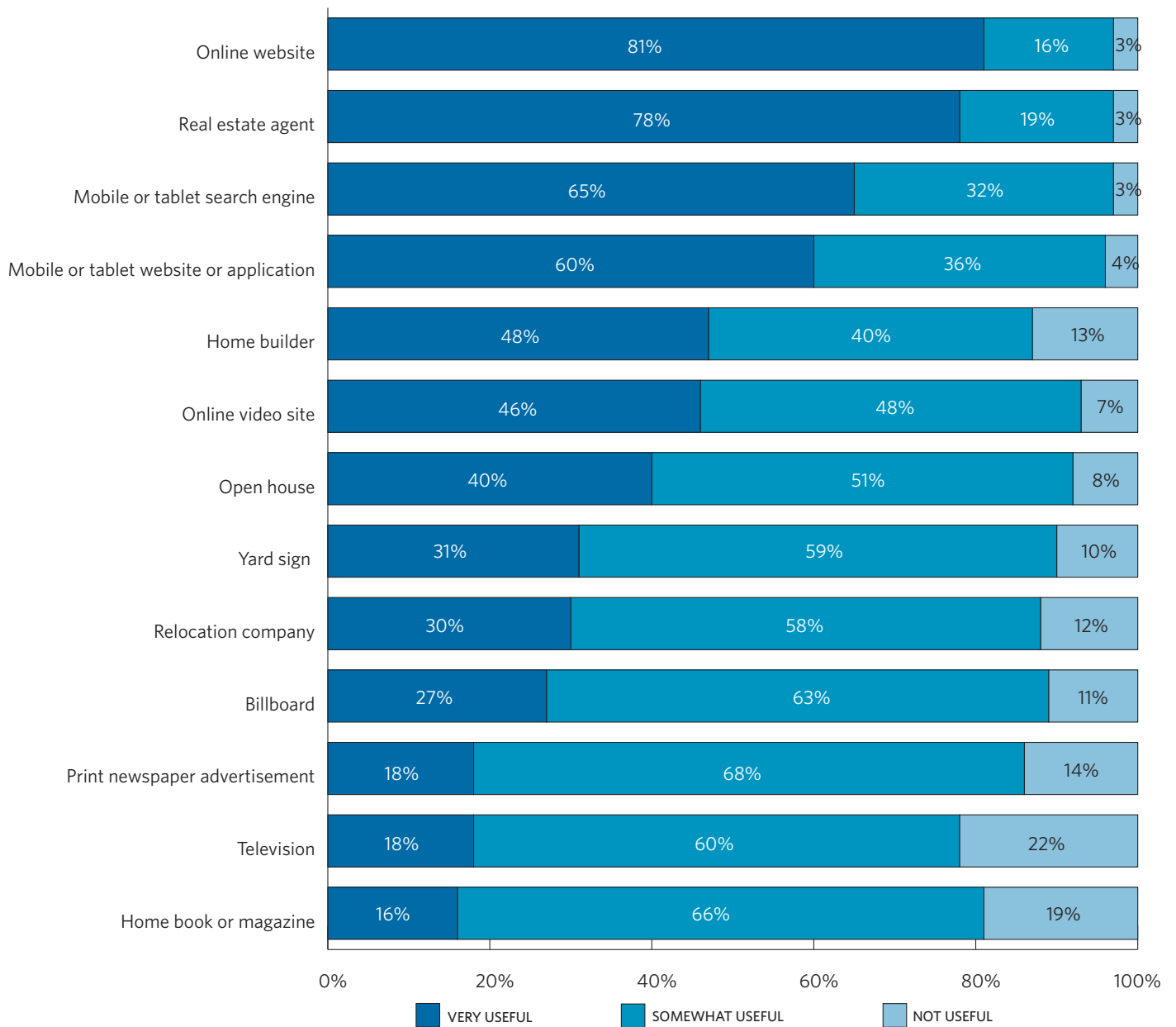


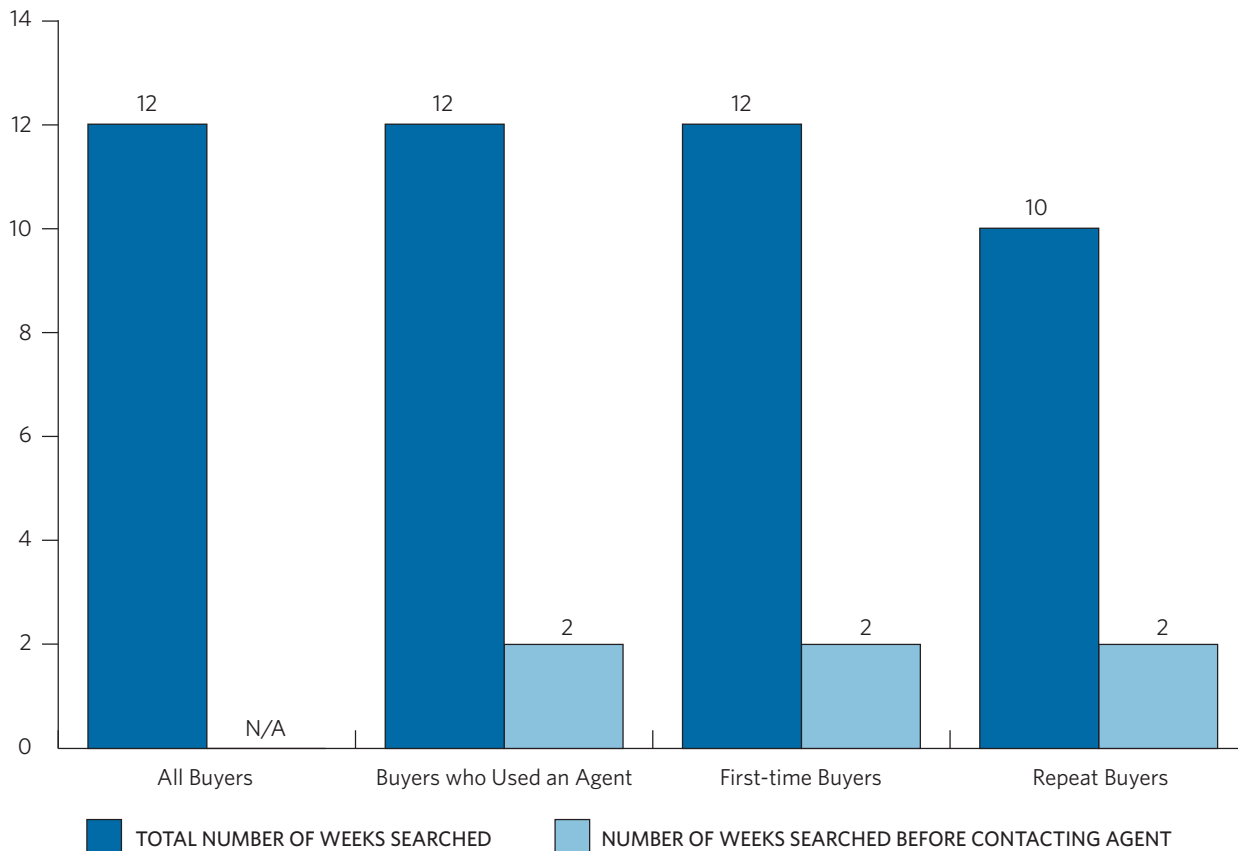
EXHIBIT 3-7 LENGTH OF SEARCH, BY REGION

(Median)

Number of Weeks Searched	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
2001	7	7	7	7	7
2003	8	10	8	8	6
2004	8	12	8	8	8
2005	8	10	8	8	6
2006	8	12	8	8	8
2007	8	12	8	8	8
2008	10	12	10	8	10
2009	12	12	10	10	12
2010	12	14	10	10	12
2011	12	12	10	10	12
2012	12	12	12	10	12
2013	12	12	10	10	12
Number of homes viewed	10	10	10	10	12

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

(Median Weeks)



N/A = Not applicable

EXHIBIT 3-9

WHERE BUYER FOUND THE HOME THEY PURCHASED, 2001-2013

(Percentage Distribution)

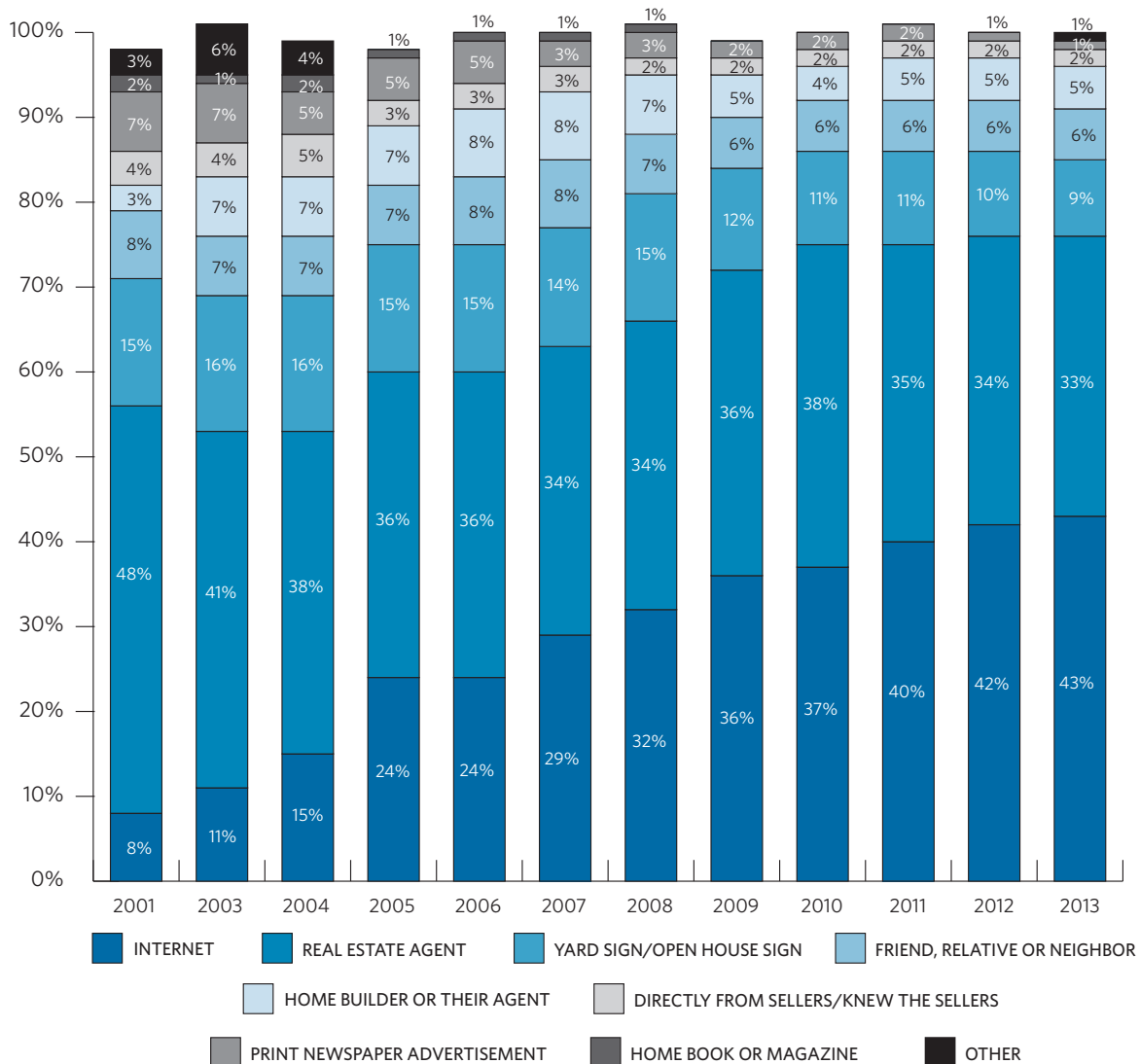


EXHIBIT 3-10

BUYER INTEREST IN PURCHASING A HOME IN FORECLOSURE, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Did not consider purchasing a home in foreclosure	49%	40%	55%	65%	46%
Considered purchasing a home in foreclosure, but did not:					
Could not find the right home	30	35	27	21	32
The process was too difficult or complex	16	18	15	11	17
The home was in poor condition	14	20	11	8	16
The home price was too high	5	7	4	3	5
The neighborhood was undesirable	4	6	4	4	5
Financing options were not attractive	3	5	2	2	4

EXHIBIT 3-11 MOST DIFFICULT STEPS OF HOME BUYING PROCESS BY FIRST-TIME AND REPEAT BUYERS AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Finding the right property	52%	53%	51%	42%	53%
Paperwork	24	29	21	25	24
Understanding the process and steps	15	29	7	13	16
Getting a mortgage	12	15	10	13	12
Saving for the down payment	12	20	7	10	12
Appraisal of the property	6	7	6	4	7
No difficult steps	16	8	20	22	15
Other	6	6	6	6	6

EXHIBIT 3-12 USE OF INTERNET TO SEARCH FOR HOMES, 2003-2013

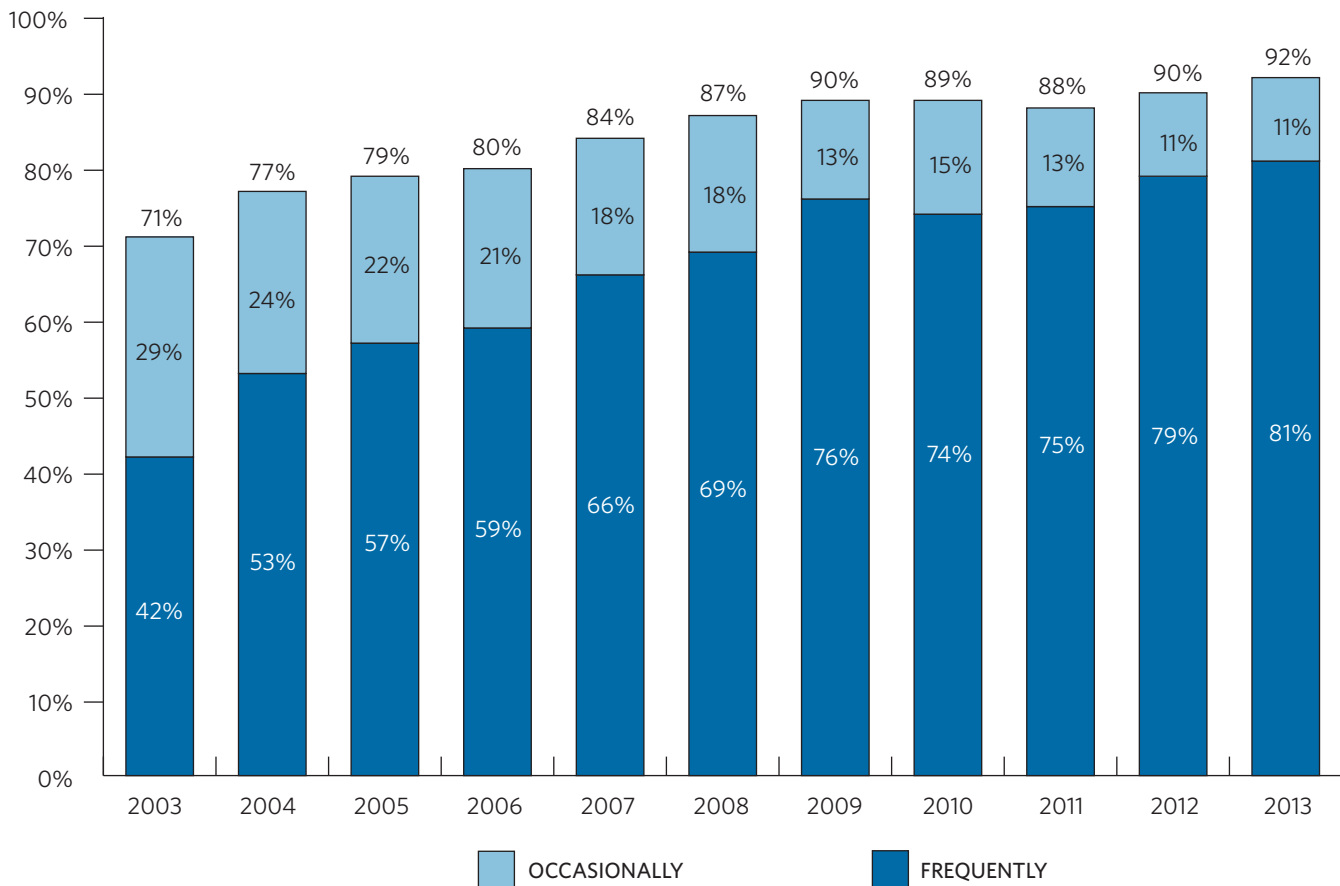


EXHIBIT 3-13 ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	First-time Buyers	Repeat Buyers
Drove by or viewed home	75%	74%	76%
Walked through home viewed online	63	60	64
Found the agent used to search for or buy home	30	33	28
Requested more information	24	31	19
Looked for more information on how to get a mortgage and general home buyers tips	13	23	6
Pre-qualified for a mortgage online	13	17	11
Contacted builder/developer	8	5	11
Applied for a mortgage online	8	10	7
Found a mortgage lender online	7	8	5

EXHIBIT 3-14 CHARACTERISTICS OF HOME SEARCHERS AND SEARCH ACTIVITY, BY USE OF INTERNET

(Percentage Distribution)

Household Composition	Used Internet to Search	Did Not Use Internet to Search
Married couple	67%	55%
Single female	15	25
Single male	9	11
Unmarried couple	8	5
Other	1	4
Median age (years)	41	61
Median income	\$84,500	\$66,000
Length of Search (Median weeks)		
All buyers	12	5
First-time buyers	12	6
Repeat buyers	12	4
Buyers using an agent	12	5
Before contacting agent	2	*
Number of Homes Visited (median)	10	5

* Less than 1 percent

EXHIBIT 3-15 INFORMATION SOURCES USED IN HOME SEARCH, BY USE OF INTERNET

(Percent of Respondents)

	Used Internet to Search	Did Not Use Internet to Search
Online website	94%	70%
Real estate agent	90	N/A
Yard sign	52	43
Mobile or tablet website or application	48	N/A
Open house	47	30
Mobile or tablet search engine	45	N/A
Online video site	29	N/A
Print newspaper advertisement	23	25
Home builder	16	22
Home book or magazine	16	11
Billboard	4	7
Television	4	4
Relocation company	3	2

N/A- Not Applicable

EXHIBIT 3-16 WHERE BUYERS FOUND THE HOME THEY PURCHASED, BY USE OF INTERNET

(Percentage Distribution)

	Used Internet to Search	Did Not Use Internet to Search
Internet	47%	N/A
Real estate agent	33	37
Yard sign/open house sign	9	17
Home builder or their agent	5	9
Friend, relative or neighbor	4	19
Directly from sellers/Knew the sellers	1	8
Print newspaper advertisement	1	4
Home book or magazine	*	1

* Less than 1 percent

N/A- Not Applicable

EXHIBIT 3-17 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	90%	69%
Directly from builder or builder's agent	6	16
Directly from previous owner whom buyer didn't know	2	5
Directly from previous owner whom buyer knew	2	10
Other	1	1

EXHIBIT 3-18 VALUE OF WEBSITE FEATURES

(Percentage Distribution Among Buyers Who Used the Internet)

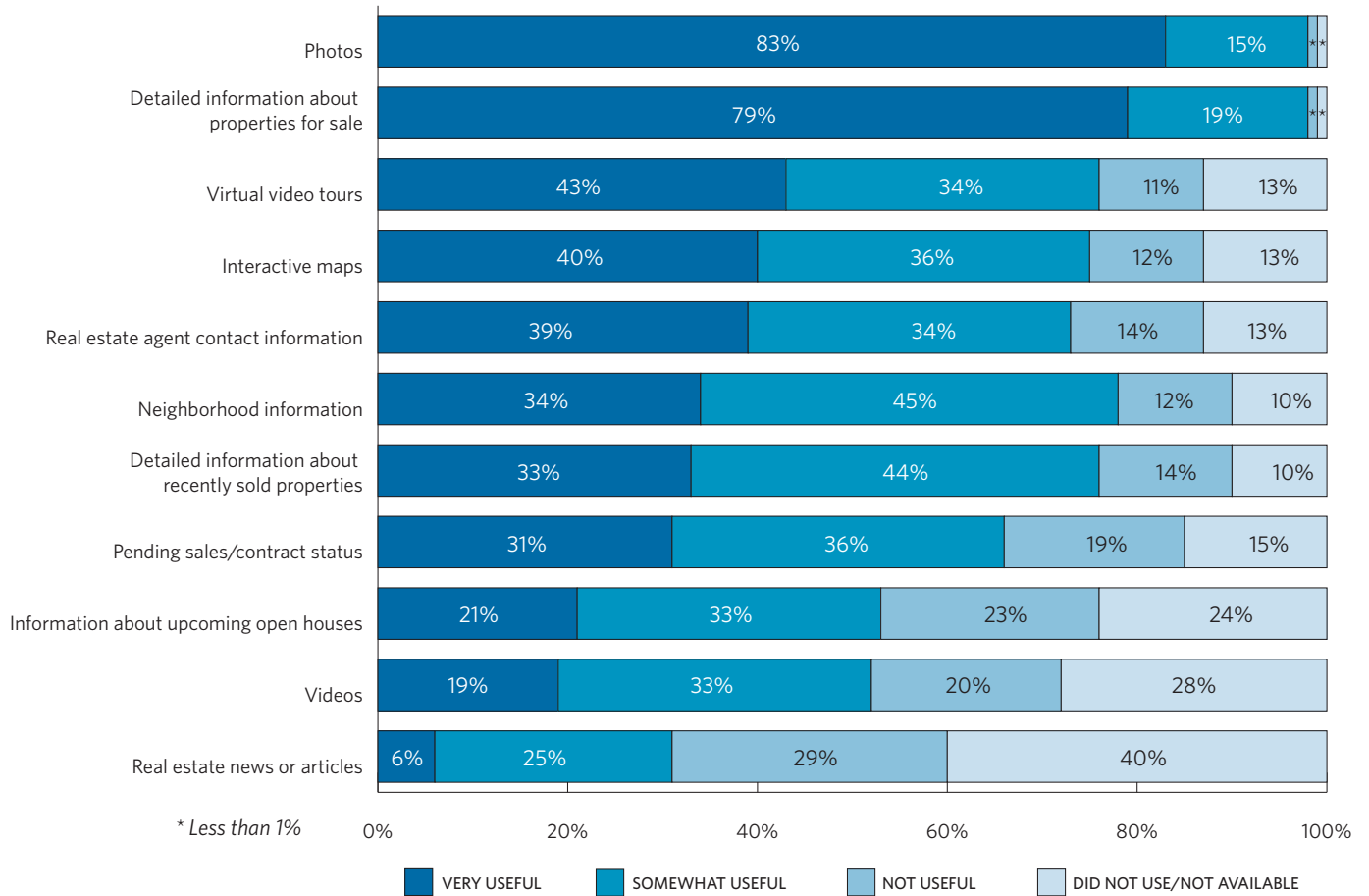


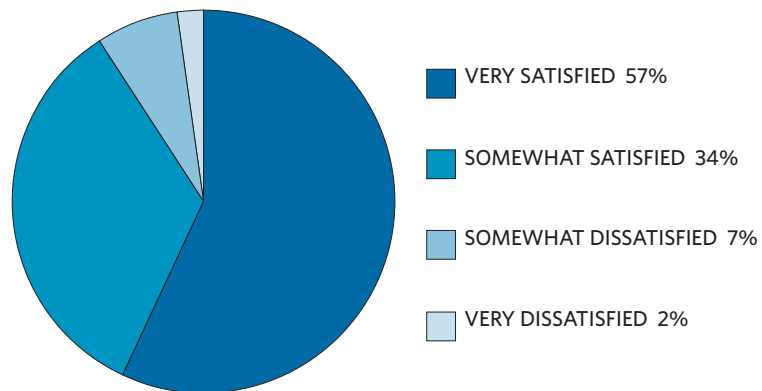
EXHIBIT 3-19 MOBILE SEARCH BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Among those Who Used Mobile Search)

	All Buyers	First-time Buyers	Repeat Buyers
Searched with an iPhone	47%	50%	45%
Search with an iPad	40	36	43
Searched with an Android	24	25	23
Found my home with a mobile application	22	23	22
Search with a different tablet	8	7	8
Used QR Code that lead me to more information on the property	5	4	5
Found my agent with a mobile application	4	5	4
Searched with a Windows based mobile device	4	3	4

EXHIBIT 3-20 SATISFACTION WITH BUYING PROCESS

(Percentage Distribution)



CHAPTER 4:

Home Buying and Real Estate Professionals

Most buyers purchase their homes through a real estate agent or a broker. While nearly all buyers of previously-owned homes use real estate agents, a sizeable portion of new home buyers purchased their homes through developers, though that figure is lower than in past years. Even among those who purchase a new home, the majority of buyers do use an agent to purchase the home.

Most agents have their buyers sign disclosure agreements, as agents and buyers share a lot of critical information. Buyer representative arrangements are often less formal agreements between buyers and agents.

As inventory tightened in many areas of the country in the past year, buyers are most often looking for real estate agents to help them find the right home. For most buyers, referrals continue to be the primary method for finding an agent. Most buyers only interviewed one agent during their search process. Buyers tend to be looking for agents with a good reputation and who are honest and trustworthy. At the end of the process, most buyers are satisfied with their agent and would recommend their agent to others.

Method of Home Purchase

■ Exhibits 4-1 through 4-4

Eighty-eight percent of home buyers purchased their home from a real estate agent or broker—up from 69 percent in 2001. Seven percent purchased their home from a builder or builder’s agent and five percent purchased from a previous owner. Purchasing through an agent was most common in the West region (90 percent).

Many buyers of new homes use an agent in their home purchase to represent their interests as a client. Fifty-eight percent of buyers of new homes purchased through an agent. Among buyers of previously owned homes, 94 percent purchased through an agent.

Agent Representation and Compensation

■ Exhibits 4-5 through 4-7

Due to the nature of the information that agents and buyers share, disclosure agreements are essential. Sixty-two percent of buyers had a disclosure agreement, 30 percent of which were signed at the first meeting. A larger share of repeat buyers signed a disclosure agreement than first-time buyers. Forty-two percent of buyers had a written buyer representative arrangement with the agent and 19 percent had an oral agreement.

Sixty-one percent of agents were compensated by the seller only. In 16 percent of transactions the buyer compensated the real estate agent, and in 10 percent of transactions the agent was compensated by the buyer and the seller.

What Buyers Want from Agents and Benefits Provided

■ Exhibits 4-8 through 4-11

Buyers look to real estate agents most to help them find the right home. This is especially true as inventory in the spring of 2013, during this reporting period, tightened in many areas of the country. Fifty-three percent of buyers said that what they wanted most from their agent is help finding the right home. Twelve percent wanted help with the terms of sale and 11 percent wanted help with price negotiations. The share of home buyers was consistent over first-time and repeat buyers, new and previously owned home buyers, and by household composition.

Buyers most often noted that the benefit of having an agent was in helping them understand the process (59 percent), more so for first-time buyers (78 percent). Also, more than half of buyers noted that real estate agents pointed out unnoticed features or faults with a property, which is especially important for repeat buyers (51 percent). For all buyers, 44 percent said their real estate agents negotiated better sales contract terms, and improved buyers’ knowledge of search areas.

Finding a Real Estate Agent

- **Exhibits 4-12 through 4-15**

Real estate is an industry that works largely on word of mouth and the reputation of agents. Fifty-four percent of buyers find their real estate agent through a referral from a friend, neighbor, or relative, or used an agent they had worked with before. First-time buyers are more likely to find their real estate agent through a referral. Repeat buyers more often use an agent they previously used to buy or sell a home. One in ten buyers found their real estate agent through a website. Singles females and unmarried couples tend to rely on referrals slightly more than other types of households, while married couples are more likely to use an agent they had worked with before.

Sixty-six percent of buyers only interviewed one real estate agent in their search. Repeat buyers were more likely to only interview one agent, often because they chose to work with an agent they had worked with before. Twenty-three percent of first-time buyers interviewed two agents before choosing one to work with.

Twelve percent of buyers used online recommendations when choosing an agent and half of those reported it did influence their choice in agent. This was more common when the buyer moved a farther distance from their previous home. Sixty percent of recent buyers did not use online recommendations when researching their agent but would consider doing so next time.

Factors When Choosing an Agent

- **Exhibits 4-16 through 4-20**

Buyers are often making the largest purchase in their lifetime when they buy a home, so they need someone they can trust. Honesty and trustworthiness are ranked as the most important factor when choosing an agent to work with (25 percent). The reputation of the agent follows at 21 percent. Sixteen percent of buyers choose their agent because they are a friend or family member.

Aside from personal characteristics like honesty, integrity which are very important qualities that buyers look for in agents, knowledge of the purchase process, responsiveness, and knowledge of the real estate market are very important qualities for over nine in 10 buyers.

Buyers also place a high importance on agent communications. Of the highest importance to recent buyers is that the agent calls personally to inform the client of activities. This is followed by the agent sending postings as soon as a property is listed, the price changes, or the home is under contract. More than half of buyers placed a high importance on the agent sending the buyer emails about specific needs and the agent sending marketing reports on recent listings and sales.

Satisfaction with Agent

- **Exhibits 4-21 and 4-22**

Most buyers are satisfied with their agents. Almost nine in 10 (88 percent) buyers would probably recommend their agent to others. Buyers are most often very satisfied with their agents' honesty and integrity and their agents' knowledge of the purchase process and real estate market. Buyers who moved closer to their previous home tend to be more likely to use the agent again or recommend the agent to others.

EXHIBIT 4-1 METHOD OF HOME PURCHASE, 2001-2013

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Through a real estate agent or broker	69%	75%	77%	77%	77%	79%	81%	77%	83%	89%	89%	88%
Directly from builder or builder's agent	15	14	12	12	13	12	10	8	6	7	6	7
Directly from the previous owner	15	9	9	9	9	7	6	5	5	4	5	5

EXHIBIT 4-2 METHOD OF HOME PURCHASE, BY REGION

(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Through a real estate agent or broker	88%	88%	89%	86%	90%
Directly from builder or builder's agent	7	5	4	9	5
Directly from the previous owner	5	7	6	4	4
Knew previous owner	2	4	2	2	2
Did not know previous owner	2	3	3	2	2

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

(Percentage Distribution)

	All Buyers	BUYERS OF	
		New Homes	Previously Owned Homes
Through a real estate agent or broker	88%	58%	94%
Directly from builder or builder's agent	7	41	N/A
Directly from the previous owner	5	N/A	5
Knew previous owner	2	N/A	3
Did not know previous owner	2	N/A	3

N/A- Not Applicable

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

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Through a real estate agent or broker	88%	87%	89%	88%	91%	85%
Directly from builder or builder's agent	7	7	6	6	6	8
Directly from the previous owner	5	5	4	5	4	8
Knew previous owner	2	2	2	3	2	5
Did not know previous owner	2	3	2	3	1	3

EXHIBIT 4-5 AGENT REPRESENTATION DISCLOSURE, FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

Disclosure Statement Signed?	TYPE OF AGENT REPRESENTATION		
	All Buyers	First-time Buyers	Repeat Buyers
Yes, at first meeting	30%	25%	34%
Yes, when contract was written	20	21	19
Yes, at some other time	12	13	11
No	20	23	19
Don't know	17	19	17

EXHIBIT 4-6 BUYER REPRESENTATIVE ARRANGEMENT WITH AGENT, FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	TYPE OF AGENT REPRESENTATION		
	All Buyers	First-time Buyers	Repeat Buyers
Yes, a written arrangement	42%	39%	44%
Yes, an oral arrangement	19	20	19
No	26	24	27
Don't know	13	17	11

EXHIBIT 4-7 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	61%	64%	58%
Paid by buyer and seller	10	10	11
Paid by buyer only	16	17	15
Percent of sales price	12	13	11
Flat fee	2	2	1
Other	*	*	*
Don't know	2	2	3
Other	2	2	2
Don't know	10	7	14

*Less than 1 percent

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

(Percentage Distribution)

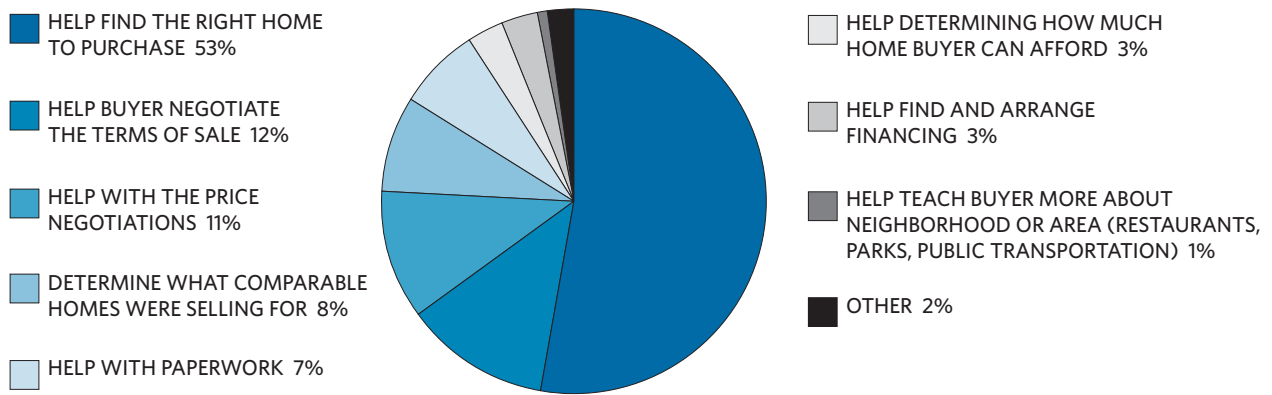


EXHIBIT 4-9 WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Help find the right home to purchase	53%	52%	54%	53%	53%
Help buyer negotiate the terms of sale	12	13	12	13	12
Help with the price negotiations	11	12	11	9	12
Determine what comparable homes were selling for	8	7	9	7	8
Help with paperwork	7	7	6	9	6
Help determining how much home buyer can afford	3	5	2	4	3
Help find and arrange financing	3	3	2	2	3
Help teach buyer more about neighborhood or area (restaurants, parks, public transportation)	1	1	1	2	1
Other	2	2	2	2	2

EXHIBIT 4-10 WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Help find the right home to purchase	53%	54%	51%	54%	51%	47%
Help buyer negotiate the terms of sale	12	13	12	10	12	9
Help with the price negotiations	11	11	14	13	10	11
Determine what comparable homes were selling for	8	8	6	7	11	8
Help with paperwork	7	6	8	6	8	12
Help determining how much home buyer can afford	3	2	5	5	3	3
Help find and arrange financing	3	3	2	2	2	1
Help teach buyer more about neighborhood or area (restaurants, parks, public transportation)	1	1	1	1	1	*
Other	2	2	3	1	2	9

* Less than 1 percent

EXHIBIT 4-11 BENEFITS PROVIDED BY REAL ESTATE AGENT DURING HOME PURCHASE PROCESS, FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Helped buyer understand the process	59%	78%	46%
Pointed out unnoticed features/faults with property	53	57	51
Negotiated better sales contract terms	44	49	42
Improved buyer's knowledge of search areas	44	44	44
Provided a better list of service providers	43	46	41
Negotiated a better price	34	36	33
Shortened buyer's home search	29	30	28
Expanded buyer's search area	21	23	20
Provided better list of mortgage lenders	21	24	18
Narrowed buyer's search area	15	16	14
None of the above	7	4	9
Other	1	2	1

EXHIBIT 4-12 HOW BUYER FOUND REAL ESTATE AGENT, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Referred by (or is) a friend, neighbor or relative	42%	52%	36%
Used agent previously to buy or sell a home	12	2	18
Internet website	9	10	9
Visited an open house and met agent	6	6	7
Saw contact information on For Sale/Open House sign	6	5	6
Referred by another real estate agent or broker	4	4	4
Referred through employer or relocation company	4	2	5
Personal contact by agent (telephone, email, etc.)	3	3	3
Walked into or called office and agent was on duty	3	3	2
Search engine	1	2	1
Newspaper, Yellow Pages or home book ad	1	1	1
Mobile or tablet application	*	1	*
Direct mail (newsletter, flyer, postcard, etc.)	*	*	*
Advertising specialty (calendar, magnet, etc.)	*	*	*
Other	10	11	9

*Less than 1 percent

EXHIBIT 4-13 HOW BUYER FOUND REAL ESTATE AGENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

ADULT COMPOSITION OF HOUSEHOLD

	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Referred by (or is) a friend, neighbor or relative	42%	40%	47%	41%	47%	37%
Used agent previously to buy or sell a home	12	13	9	11	8	6
Internet website	9	9	8	12	10	9
Visited an open house and met agent	6	7	4	5	6	9
Saw contact information on For Sale/Open House sign	6	5	7	5	5	12
Referred by another real estate agent or broker	4	4	4	4	4	7
Referred through employer or relocation company	4	5	1	2	1	*
Personal contact by agent (telephone, email, etc.)	3	3	3	6	4	1
Walked into or called office and agent was on duty	3	2	3	4	3	3
Search engine	1	1	1	1	1	*
Newspaper, Yellow Pages or home book ad	1	*	1	1	*	*
Mobile or tablet application	*	*	*	1	*	*
Direct mail (newsletter, flyer, postcard, etc.)	*	*	*	*	1	*
Advertising specialty (calendar, magnet, etc.)	*	*	*	*	*	*
Other	10	10	11	8	9	16

*Less than 1 percent

EXHIBIT 4-14 NUMBER OF REAL ESTATE AGENTS INTERVIEWED BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
One	66%	61%	68%
Two	20	23	18
Three	10	11	9
Four or more	5	5	4

EXHIBIT 4-15 BUYER USE OF ONLINE AGENT RECOMMENDATIONS, BY MILES MOVED

(Percent of Respondents)

	All Buyers	10 miles or less	11 to 20 miles	21 to 50 miles	51 to 100 miles	101 to 500 miles	501 miles or more
Used online recommendations and it influenced choice of agent	6%	5%	5%	7%	7%	8%	6%
Used online recommendations and it did not affect my agent choice	6	6	6	7	6	5	7
Did not use online recommendations but would consider doing so next time	60	61	58	55	60	66	65
Did not use online recommendations and would not consider using	29	29	32	31	28	22	22

EXHIBIT 4-16 MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT

(Percentage Distribution)

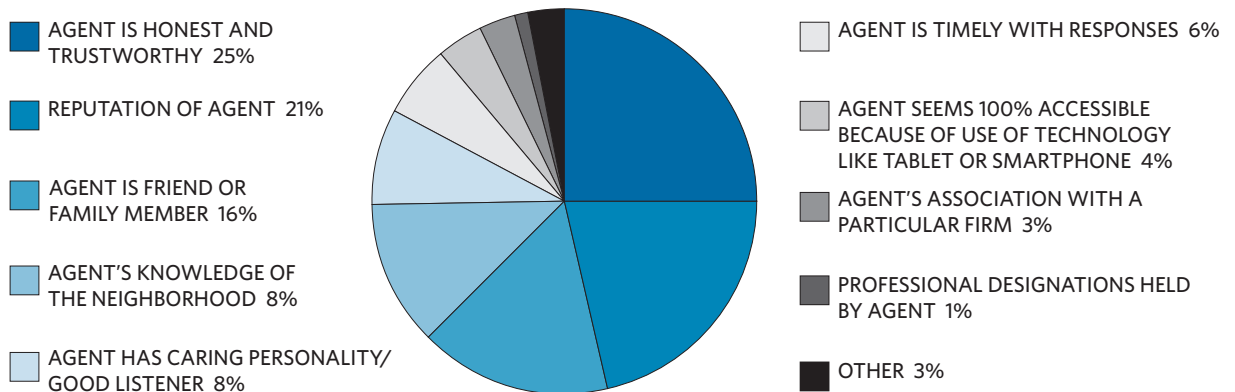


EXHIBIT 4-17 IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Important	Somewhat Important	Not Important
Honesty and integrity	98%	2%	*
Knowledge of purchase process	94	6	1
Responsiveness	93	7	*
Knowledge of real estate market	93	7	1
Negotiation skills	87	11	2
Communication skills	86	14	1
People skills	79	20	1
Knowledge of local area	79	19	2
Skills with technology	46	47	8

*Less than 1 percent

EXHIBIT 4-18 AGENT SKILLS AND QUALITIES CONSIDERED "VERY IMPORTANT" BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Honesty and integrity	98%	97%	98%	98%	98%
Knowledge of purchase process	94	96	93	94	94
Responsiveness	93	92	94	96	93
Knowledge of real estate market	93	92	93	90	93
Negotiation skills	87	85	84	86	84
Communication skills	86	87	85	87	85
People skills	79	78	80	83	79
Knowledge of local area	79	76	82	86	79
Skills with technology	46	44	47	50	45

EXHIBIT 4-19 AGENT SKILLS AND QUALITIES CONSIDERED "VERY IMPORTANT" BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Honesty and integrity	98%	98%	99%	97%	97%	95%
Knowledge of purchase process	94	93	96	95	95	90
Responsiveness	93	93	96	88	95	92
Knowledge of real estate market	93	93	95	91	91	87
Negotiation skills	87	84	90	79	87	78
Communication skills	86	86	90	78	88	81
People skills	79	79	84	72	80	74
Knowledge of local area	79	80	83	75	74	71
Skills with technology	46	45	49	38	48	51

EXHIBIT 4-20 IMPORTANCE OF AGENT COMMUNICATIONS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Calls personally to inform of activities	78%	77%	79%
Sends postings as soon as a property is listed/the price changes/under contract	72	72	72
Sends emails about specific needs	61	64	58
Can send market reports on recent listings and sales	54	49	58
Sends property info and communicates via text message	49	53	46
Has a web page	33	32	33
Has a mobile site to show properties	23	24	23
Sends an email newsletter	11	11	11
Advertises in newspapers	6	3	8
Is active on Facebook	3	4	3
Has a blog	1	1	1

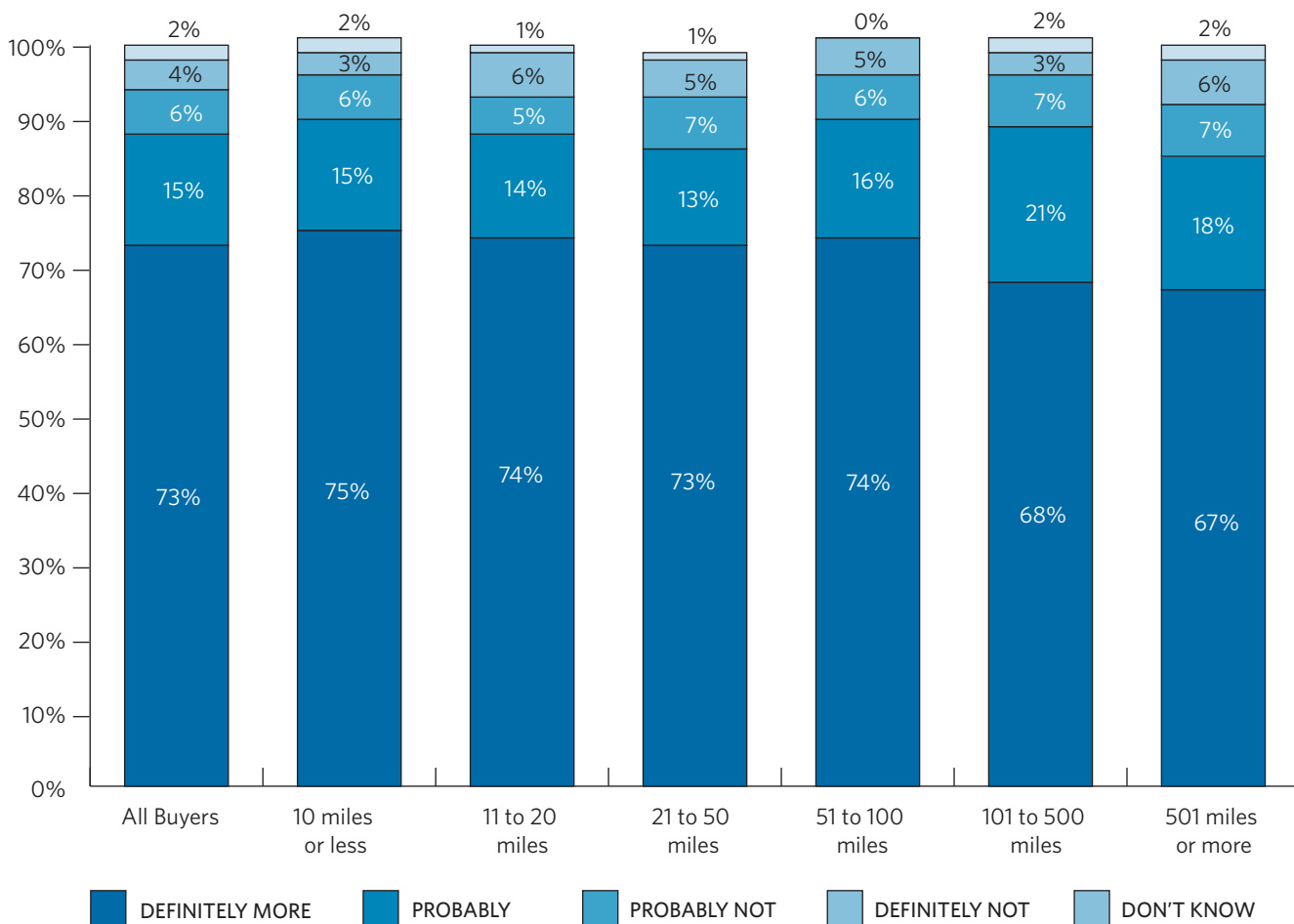
EXHIBIT 4-21 SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES

(Percentage Distribution)

	Very Satisfied	Somewhat Satisfied	Not Satisfied
Honesty and integrity	87%	9%	3%
Knowledge of purchase process	87	11	2
Knowledge of real estate market	86	13	2
People skills	84	13	3
Responsiveness	83	13	4
Communication skills	82	14	4
Knowledge of local area	82	15	2
Skills with technology	77	20	3
Negotiation skills	73	21	6

EXHIBIT 4-22 WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

(Percentage Distribution)



CHAPTER 5:

Financing the Home Purchase

The difficulties in financing home purchases are once again evident in the responses to this year's survey. Fewer than nine in 10 (88 percent) of buyers financed a home purchase. Financing patterns by age remain roughly constant; younger buyers were more likely to finance their home purchase than older buyers.

Savings remain a key source of the downpayment for home buyers, both first-time and repeat buyers alike. However, the share of buyers who use savings as a downpayment source has declined in the last year as more buyers use proceeds from a sale of a primary residence, reflecting an increased value in homes. As in past years, home buyers made sacrifices to purchase their home, prioritizing homeownership over luxury goods, entertainment, and clothes shopping.

While the share of home buyers reporting that the process of obtaining a mortgage is more difficult than expected, the figure is about the same as in 2012. It is however considerably higher than the figures reported in the 2009 and 2010 reports. Conventional financing regained its position as the most common mortgage type, but FHA financing remains prominent, especially among first-time home buyers.

Buyers Who Financed Their Home

■ Exhibits 5-1 through 5-3

Eighty-eight percent of recent primary residence home buyers financed their home purchase. Investors and vacation buyers have higher shares of buyers who purchase these types of properties without financing, but these buyers are not tracked in this survey. Younger buyers were more likely to finance, with 97 percent of those aged 25 to 44 financing their home purchase, compared to 60 percent of buyers aged 65 years and older who used financing.

Similar to the patterns based on age, first-time buyers were more likely to finance their home purchase than repeat buyers. A higher share of unmarried couples used financing than did married couples or singles buyers, who were less likely to use mortgage financing. Single females and other households had the largest divergence in the share using financing between first-time buyers and repeat-buyers.

Fourteen percent of buyers financed 100 percent of the entire purchase price with a mortgage. First-time buyers more often financed their entire purchase than did repeat buyers. The median percent financed among first-time buyers using financing was 95 percent, compared to 86 percent among repeat buyers using financing. Conversely the typical downpayment for a first-time buyer was five percent, while the typical downpayment for a repeat buyer was 14 percent.

Sources of Downpayment

■ Exhibits 5-4 and 5-5

Two in three home buyers use savings as a source of funding for a downpayment. The next most cited source of downpayment funds was proceeds from the sale of a primary residence, by 31 percent of buyers. The share of buyers using proceeds from their primary residence is up from 25 percent in the 2012 report, likely due to the increase in property values allowing buyers to use more equity from their previous home. Gifts from a relative or friend were also selected by a sizeable number of buyers (14 percent). First-time buyers are much more likely to rely on savings (78 percent) than repeat buyers (56 percent) for a downpayment. First-time buyers also more often rely on gifts and loans from friends or relatives as sources of a downpayment. Forty-seven percent of repeat buyers listed proceeds from the sale of their primary residence as a downpayment source compared to 40 percent in the 2012 report.

Expenses that Delayed Saving for a Downpayment or Home Purchase

■ Exhibits 5-6 through 5-8

Buyers were asked difficulties in their home search and home buying process. Twelve percent of buyers overall cited saving for a downpayment was difficult. These buyers were asked what expenses made saving for a downpayment difficult. Of buyers who said saving for a home or downpayment was difficult, 43 percent reported student loans, 38 percent reported credit card debt, and 31 percent car loans were debts that made it difficult to save. More than half of first-time buyers reported student loans delayed them in saving for a home. Repeat buyers were more likely to report credit card debt delayed them in saving for a home purchase, at 42 percent.

Sacrifices Made to Purchase Home

- **Exhibits 5-9 and 5-10**

Fifty-seven percent of buyers did not need to make any financial sacrifices when buying a home. Among those who did make sacrifices, the most common was cutting spending on luxury items or non-essential items. Buyers also cut spending on entertainment, clothes, and canceled vacation plans. First-time buyers were more likely to make sacrifices than repeat buyers. Among household types, single females and unmarried couples made the most financial sacrifices.

Difficulty of Mortgage Application and Approval Process and Sold a Distressed Property

- **Exhibits 5-11 through 5-13**

Forty percent of buyers said that the mortgage application and approval process was more difficult than expected. Eighteen percent found the process easier than expected. First-time buyers were more likely to report the process was more difficult for them. Single males and single female buyers were more likely to report the process was easier than expected for them. Six percent of recent buyers had a distressed property sale in the past—either a short sale or a foreclosure. The typical year the buyer sold a distressed property was 2009 before re-entering the housing market.

Type of Mortgage Loan

- **Exhibits 5-14 and 5-15**

Ninety-four percent of buyers in this year's report chose fixed rate mortgages. Conventional loans were the most common type of loan, with 57 percent of buyers using this mortgage type. Twenty-six percent of buyers reported using a FHA loan. FHA loans were much more prevalent among first-time buyers compared with repeat buyers, in part due to the restrictions and eligibility requirements for FHA loans. Thirty-nine percent of first-time buyers used FHA loans, while 67 percent of repeat buyers used conventional loans.

Buyers' View of Homes as a Financial Investment

- **Exhibits 5-16 and 5-17**

Most home buyers continue to see their home purchase not only as a place to live, but also as a good financial investment, with 81 percent of buyers expressing that view in this year's report. Only six percent of buyers felt it was not a good investment. First-time buyers tend to be more positive, as 86 percent reported they felt their home was a good financial investment compared to 78 percent of repeat buyers.

Of buyers who said saving for a home or downpayment was difficult, 43 percent reported student loans, 38 percent reported credit card debt, and 31 percent car loans were debts that made it difficult to save.

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

(Percent of Respondents)

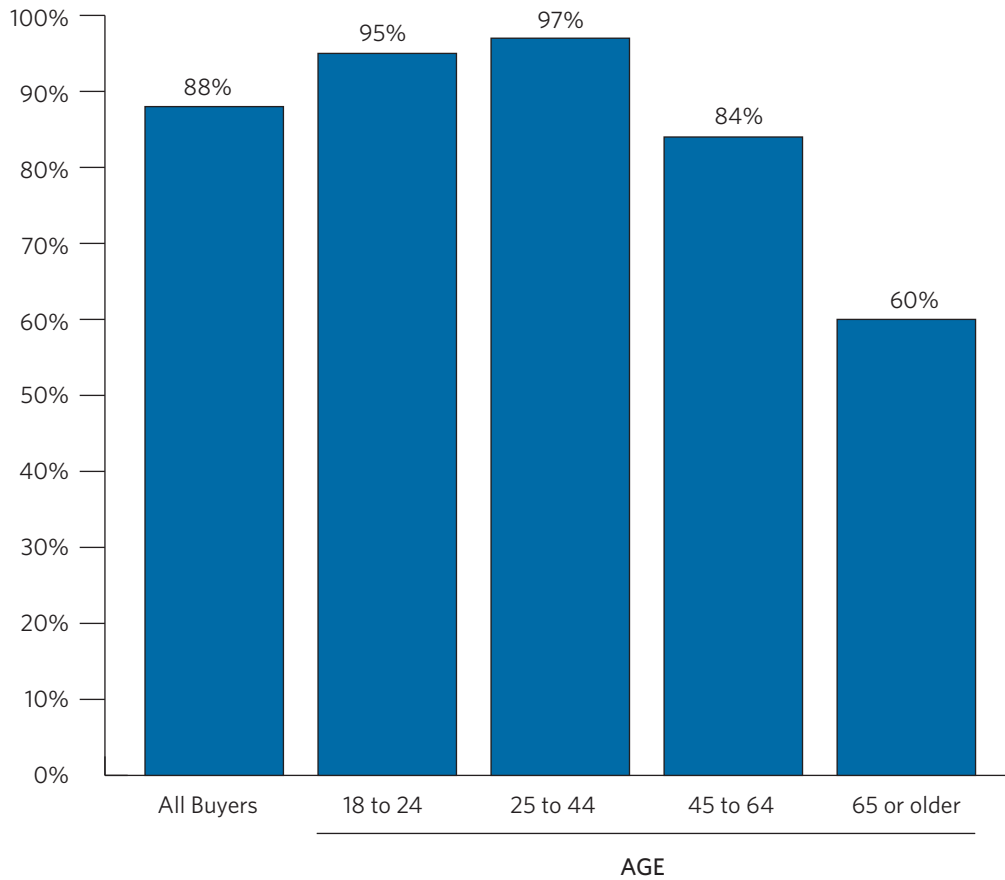


EXHIBIT 5-2 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	ADULT COMPOSITION OF HOUSEHOLD					
	All buyers	Married couple	Single female	Single male	Unmarried couple	Other
All Buyers	88%	89%	83%	87%	93%	76%
First-time Buyers	96	98	92	94	95	89
Repeat Buyers	83	85	76	81	88	68

EXHIBIT 5-3**PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES***(Percentage Distribution)*

	All Buyers	BUYERS OF			
		First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Less than 50%	9%	6%	11%	12%	9%
50% to 59%	3	2	5	4	3
60% to 69%	4	2	6	6	4
70% to 79%	12	7	15	13	12
80% to 89%	20	16	23	20	20
90% to 94%	14	16	13	12	15
95% to 99%	24	34	17	18	25
100% - Financed the entire purchase price with a mortgage	14	18	11	16	13
Median percent financed	90%	95%	86%	88%	91%

EXHIBIT 5-4**SOURCES OF DOWNPAYMENT, FIRST-TIME AND REPEAT BUYERS***(Percent of Respondents Among those who Made a Downpayment)*

	All Buyers	First-time Buyers	Repeat Buyers
Savings	64%	78%	56%
Proceeds from sale of primary residence	31	2	47
Gift from relative or friend	14	27	8
Sale of stocks or bonds	9	9	9
401k/pension fund including a loan	8	8	8
Loan from relative or friend	4	7	2
Inheritance	4	4	4
Individual Retirement Account (IRA)	4	3	4
Equity from a primary residence buyer continue to own	2	1	2
Proceeds from sale of real estate other than primary residence	2	*	3
Loan or financial assistance from source other than employer	2	3	1
Loan from financial institution other than a mortgage	1	1	1
Loan or financial assistance through employer	*	*	*
Other	4	4	3

* Less than 1 percent

EXHIBIT 5-5 SOURCES OF DOWNPAYMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents Among those who Made a Downpayment)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Savings	64%	63%	57%	71%	74%	53%
Proceeds from sale of primary residence	31	36	29	16	14	28
Gift from relative or friend	14	13	15	17	24	8
Sale of stocks or bonds	9	9	6	10	9	11
401k/pension fund including a loan	8	8	7	8	12	6
Loan from relative or friend	4	4	4	4	5	2
Inheritance	4	4	4	3	2	3
Individual Retirement Account (IRA)	4	4	3	4	2	1
Equity from a primary residence buyer continue to own	2	2	1	1	1	*
Proceeds from sale of real estate other than primary residence	2	2	1	1	1	9
Loan or financial assistance from source other than employer	2	1	3	2	2	*
Loan from financial institution other than a mortgage	1	1	*	1	1	1
Loan or financial assistance through employer	*	1	*	*	1	1
Other	4	3	5	3	4	12

* Less than 1 percent

EXHIBIT 5-6 EXPENSES THAT DELAYED SAVING FOR A DOWNPAYMENT OR SAVING FOR A HOME PURCHASE, BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents Who Reported Saving for a Down Payment was Difficult)

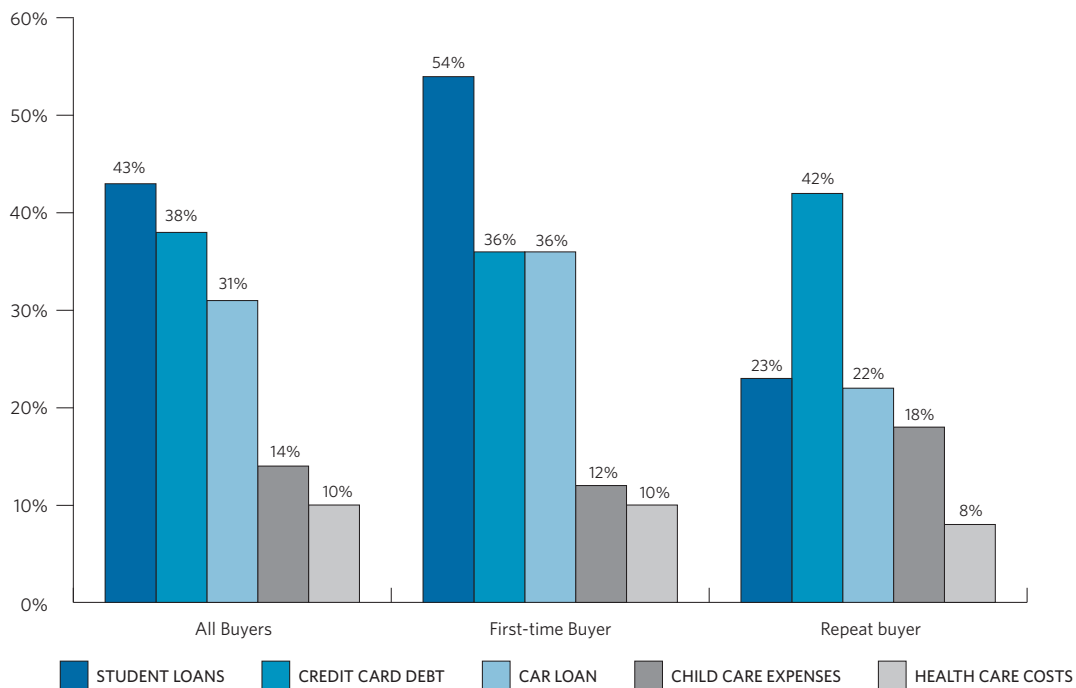


EXHIBIT 5-7

EXPENSES THAT DELAYED SAVING FOR A DOWNPAYMENT OR SAVING FOR A HOME PURCHASE, BY AGE

(Percent of Respondents Who Reported Saving for a Down Payment was Difficult)

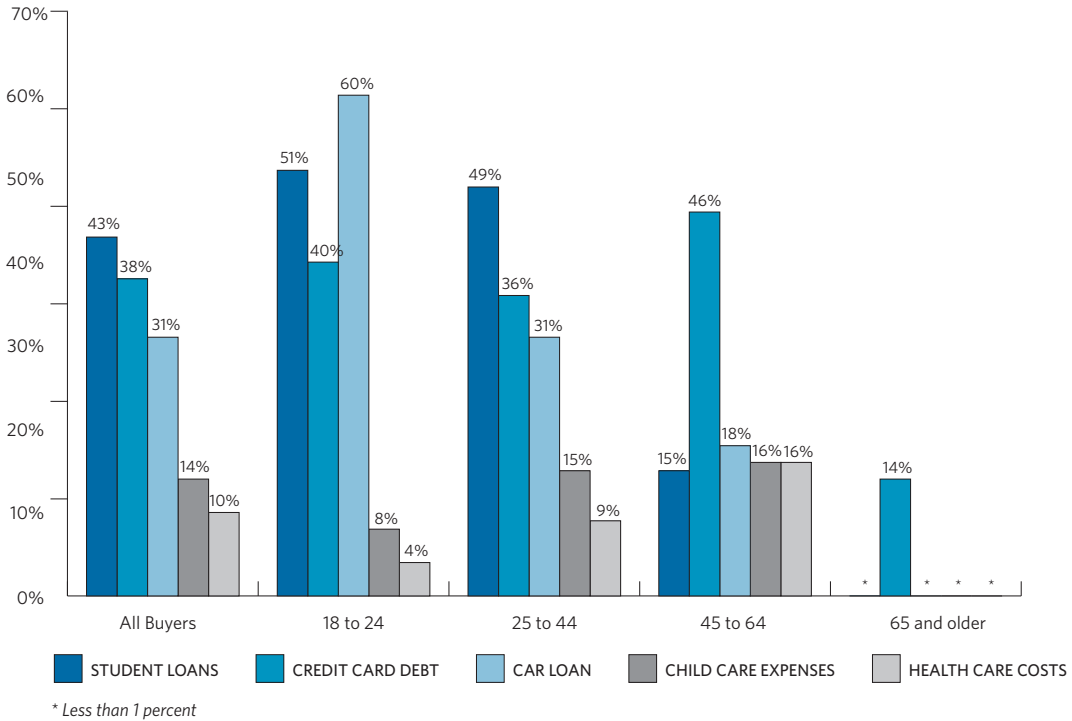


EXHIBIT 5-8

EXPENSES THAT DELAYED SAVING FOR A DOWNPAYMENT OR SAVING FOR A HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents Who Reported Saving for a Down Payment was Difficult)

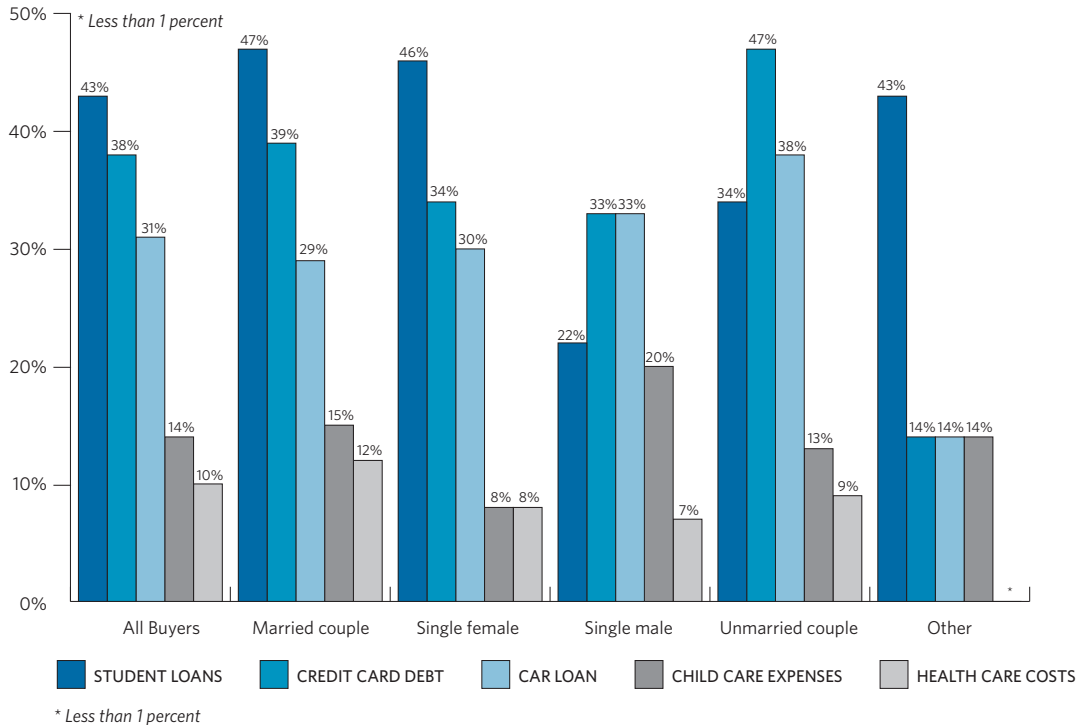


EXHIBIT 5-9 SACRIFICES MADE TO PURCHASE HOME, BY FIRST-TIME AND REPEAT BUYERS

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers
Cut spending on luxury items or non-essential items	32%	40%	26%
Cut spending on entertainment	24	33	19
Cut spending on clothes	19	27	14
Canceled vacation plans	11	13	9
Earned extra income through a second job	6	9	4
Sold a vehicle or decided not to purchase a vehicle	5	5	5
Other	4	4	4
Did not need to make any sacrifices	57	45	64

EXHIBIT 5-10 SACRIFICES MADE TO PURCHASE HOME, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Cut spending on luxury items or non-essential items	32%	30%	35%	30%	37%	29%
Cut spending on entertainment	24	23	28	24	28	19
Cut spending on clothes	19	17	27	16	24	17
Canceled vacation plans	11	11	9	14	10	10
Earned extra income through a second job	6	5	7	7	8	6
Sold a vehicle or decided not to purchase a vehicle	5	5	4	5	7	5
Other	4	3	6	3	6	6
Did not need to make any sacrifices	57	59	53	59	48	57

EXHIBIT 5-11 DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Much more difficult than expected	16%	16%	16%
Somewhat more difficult than expected	24	27	22
Not difficult/No more difficult than expected	42	38	45
Easier than expected	18	19	17

EXHIBIT 5-12 DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution Among those who Financed their Home Purchase)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Much more difficult than expected	16%	16%	14%	15%	19%	18%
Somewhat more difficult than expected	24	24	25	25	24	26
Not difficult/No more difficult than expected	42	43	39	41	42	40
Easier than expected	18	16	23	20	16	17

EXHIBIT 5-13 BUYER PREVIOUSLY SOLD A DISTRESSED PROPERTY (SHORT SALE OR FORECLOSURE)

(Percentage Distribution)

Sold distressed property	6%
Year sold distressed property (median)	2009

EXHIBIT 5-14 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	94%	95%	93%
Adjustable-rate mortgage	3	2	4
Don't know	2	1	2
Other	1	2	1

EXHIBIT 5-15 TYPE OF LOAN, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

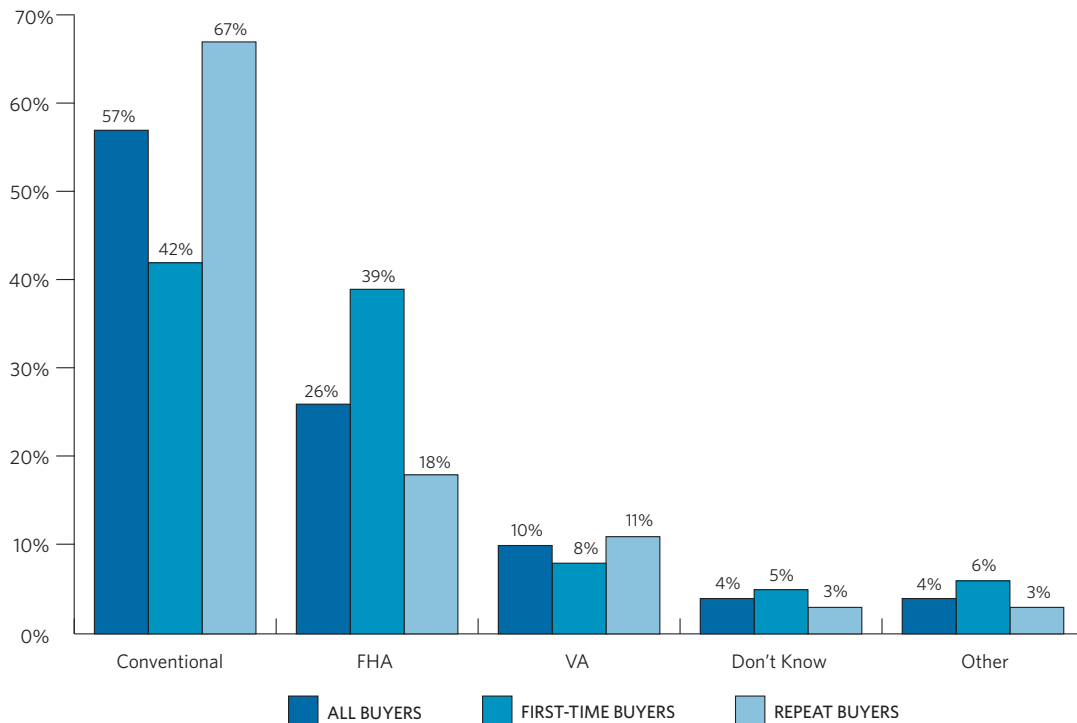


EXHIBIT 5-16 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	BUYERS OF				
	All Buyers	First-time Buyers	Repeat Buyers	New Homes	Previously Owned Homes
Good financial investment	81%	86%	78%	82%	81%
Better than stocks	44	52	40	43	45
About as good as stocks	27	25	28	29	26
Not as good as stocks	10	9	11	11	10
Not a good financial investment	6	2	7	5	5
Don't know	13	12	14	13	14

EXHIBIT 5-17 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, BY ADULT COMPOSITION OF HOUSEHOLD
(Percentage Distribution)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Good financial investment	81%	81%	79%	86%	84%	79%
Better than stocks	44	43	44	49	51	53
About as good as stocks	27	27	28	27	26	22
Not as good as stocks	10	12	7	10	7	4
Not a good financial investment	6	6	4	6	4	6
Don't know	13	13	17	8	12	16

CHAPTER 6:

Home Sellers and their Selling Experience

Those who performed real estate transactions in the last year were older, typically had a lower household income than was seen in previous years, and were more likely to be a married couple than other household compositions. The most common reasons for selling one's home was due to a job relocation, the home being too small, or the desire to be closer to friends and family; however, this varies greatly depending on how far the seller is moving. The typical seller was in their home nine years before selling and 13 percent of recent sellers had to delay or stall selling their home because the value of their home was worth less than their mortgage.

Eighty-eight percent of recent sellers turned to an agent to sell their home and just nine percent sold their home via FSBO sale. Among recently sold homes, the sales price was a median 97 percent of the listing price and the typical home was on the market for 5 weeks. Both are signs of a stronger selling market as last year's report had a median of 95 percent of the listing price and 11 weeks on the market. Home sellers reported that they typically sold the home they purchased for \$25,000 more than they purchased it—about a 13 percent price gain.

Home Seller Characteristics

▪ Exhibits 6-1 through 6-6

The age of home sellers remains older than seen in past years. The typical age of home sellers is 53, an increase from 46 in the 2009 report. The typical 2012 household income of recent sellers was \$97,500. Incomes in the Northeast and South were higher, while incomes in the Midwest and West were lower.

The share of married couples selling their home was again at elevated levels (77 percent). From 2004 to 2010 the share of married couples ranged from 71 percent to 75 percent. Single females selling accounted for 14 percent of households, and single males for five percent. Sixty-one percent of households who sold their home had no children in their home.

Ninety-two percent of recent home sellers were white and 98 percent of selling households speak English primarily in their home.

Home Selling Situation

▪ Exhibits 6-7 through 6-10

A majority of repeat buyers (77 percent) reported that they had already sold their previous home—this is an increase from the last report when only 71 percent had already sold their home. Nine percent of repeat buyers do not intend to sell their previous home, five percent have a home that has not sold and is currently vacant, and four percent have a home that has not sold and they are renting to others. One-third of repeat sellers are first-time sellers.

Home Sold vs. Home Purchased

▪ Exhibits 6-11 through 6-20

Most home sellers (71 percent) remain in the same state when they purchase their next home. Sellers who moved to another region accounted for 16 percent, while sellers who moved within the same region, but to a different state, were a 14 percent share.

Eighty-one percent of sellers sold a detached single-family home, and the townhouse/row house was the second most frequent type of home sold (7 percent).

Forty-five percent of recent sellers purchased a home that was larger than the home they just sold, 27 percent purchased a home that was about the same size, and 29 percent traded down to a smaller home. Trading up to a larger home is most common among buyers who are 54 and younger. Buyers who are 55 to 64 years old tend to buy about the same size home and buyers over 65 tend to purchase a smaller home than the one they sold. The typical home that was sold was three bedrooms and two bathrooms.

Fifty-nine percent of sellers purchased a newer home than the home they recently sold, 19 percent purchased an older home and 22 percent purchased a home that was about the same age. Forty-eight percent of sellers traded up to purchase a more expensive home than the home they just sold, 23 percent purchased a home in the same price range and 28 percent traded down to a home less expensive than the one sold. Similar to change in size of home, buyers who are 54 and younger typically buy a more expensive home than the one they just sold. Buyers aged 55 to 64 typically buy a home that is about the same price, while buyers aged 65 and older typically buy a less expensive home.

The most common reasons for selling one's home was the home was too small, a job relocation, or the desire to be closer to friends and family. However, the motivation for selling one's home varies by miles moved. Sellers who moved more than 50 miles from their previous home typically sold their home for a job relocation or to be closer to friends and family, while buyers who moved under 50 miles moved because their home was too small, too large, or because their neighborhood had become less desirable. Those who moved 11 to 100 miles from their current home often moved to be closer to their current job.

Seller Stalled Home Sale

■ Exhibits 6-21 through 6-22

Thirteen percent of recent sellers stalled or delayed their home sale because their home was worth less than their mortgage. Among these sellers, most chose to live in their home. Seventeen percent of first-time sellers reported having to stall their home sale compared to 12 percent of repeat sellers. Those who purchased their home six to 10 years ago were most likely to report stalling or waiting to sell the home—approximately one in five did so.

Tenure In Home

■ Exhibits 6-23 and 6-24

Sellers typically owned their home for nine years before selling. Sellers of detached single-family homes, which account for the largest share of homes sold, owned their home for a median of 9 years. Younger sellers tend to have the shortest tenure in the home—those aged 18 to 35 sold their home within five years, compared to those over 75 years of age who sold their home after owning for 15 years.

Distance Moved

■ Exhibits 6-25 and 6-26

Home sellers tended to stay relatively close when purchasing a home, only moving 18 miles away. Sellers in the West moved the farthest distance at 25 miles, while sellers in the Midwest moved the shortest at 12 miles. Distance moved also varies by the age of the seller. Younger sellers tend to move the shortest distance—those who are 18 to 44 moved only 10 miles, while those who are 65 to 74 years or older typically moved 40 miles away.

Method of Sale

■ Exhibits 6-27 through 6-30

Eighty-eight percent of home sellers sold their home with the assistance of a real estate agent. FSBO sales continued to be low, at nine percent this year. Working with an agent was highest in the West at 92 percent and lowest in the Midwest at 84 percent. FSBO sales, alternatively, were highest in the Midwest at 11 percent and lowest in the West at just five percent.

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

Among all home sellers, seven percent reported that they knew the buyer of their home. Among those sellers that were assisted by an agent, just three percent knew the buyer. In contrast, 40 percent of FSBO sellers indicated that they knew the buyer of their home before the transaction.

The median time on the market for recently sold homes dropped substantially to 5 weeks in the 2013 report compared to 11 weeks in the 2012 report. Thirty-eight percent of sellers reported that their home was on the market for two weeks or less—up from 24 percent in the 2012 report.

Sales Price And Time On The Market

- **Exhibits 6-31 through 6-35**

Among recently sold homes, the sales price was a median 97 percent of the listing price—an increase from 95 percent in the last report.

Sellers who reported needing to sell very urgently were more likely to accept a price that was less than 90 percent of the asking price while those who reported less urgency were more likely to receive 95 to 99 percent of the original asking price. However, the median sales price to asking price ratio differed little with the sellers need to sell urgently.

The median time on the market for recently sold homes dropped substantially to 5 weeks in the 2013 report compared to 11 weeks in the 2012 report. Thirty-eight percent of sellers reported that their home was on the market for two weeks or less—up from 24 percent in the 2012 report. Homes in the Northeast, Midwest, and South were typically on the market for six weeks while homes in the West were on the market for three weeks.

Time on the market and the ratio of sales price to listing price are highly correlated; generally, the longer a home is on the market the greater the discount from the listing price upon sale. Homes that were on the market for two weeks or less received a median of 100 percent of their asking price. Nine percent of homes on the market for less than one week received more than the asking price and 22 percent of homes on the market for one to two weeks received more than the asking price. Homes that were on the market for 17 weeks or more typically received just 92 percent of the sales price, as compared to the listing price.

Homes which are on the market longer tend to reduce their listing price. Eighty-six percent of homes that are only on the market for one week or less never reduced their asking price compared to 15 percent of homes that were on the market for 17 weeks or more. Thirty-five percent of homes that were on the market for more than 17 weeks reduced their price three times or more.

Incentives To Prospective Buyers

- **Exhibits 6-36 and 6-37**

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

Equity by Tenure

- **Exhibit 6-38**

Home sellers reported that they typically sold the home they purchased for \$25,000 more than they purchased it—about a 13 percent price gain. Generally, the longer a seller is in the home the greater the increase attributable to price appreciation; however, the recent path of home prices has resulted in the level of equity in homes with seller tenures of one to five years to vary from that trend. Sellers who owned a home for one year or less typically reported higher gains than those who owned a home for two to 10 years. One explanation for these large gains is that they result from the rehabilitation and resale of formerly distressed properties.

Satisfaction With Sales Process

- **Exhibit 6-39**

Fifty-six percent of sellers reported that they were very satisfied with the process, 29 percent were somewhat satisfied, and 14 percent were dissatisfied with the process.

EXHIBIT 6-1 AGE OF HOME SELLERS, BY REGION

(Percentage Distribution)

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
18 to 34 years	14%	13%	18%	13%	10%
35 to 44 years	20	23	20	21	18
45 to 54 years	19	17	18	19	22
55 to 64 years	22	23	24	22	20
65 to 74 years	18	19	16	17	20
75 years or older	7	5	4	8	10
Median age (years)	53	52	51	52	54

EXHIBIT 6-2 HOUSEHOLD INCOME OF HOME SELLERS, 2012

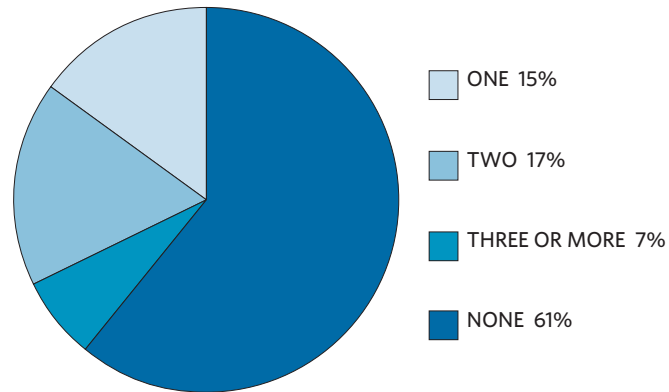
(Percentage Distribution)

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
Less than \$25,000	3%	2%	3%	3%	4%
\$25,000 to \$34,999	4	3	4	4	5
\$35,000 to \$44,999	5	5	4	5	5
\$45,000 to \$54,999	6	6	5	6	6
\$55,000 to \$64,999	7	6	12	5	7
\$65,000 to \$74,999	8	9	10	9	5
\$75,000 to \$84,999	8	8	8	6	11
\$85,000 to \$99,999	11	12	11	10	12
\$100,000 to \$124,999	16	15	19	16	14
\$125,000 to \$149,999	10	11	9	9	11
\$150,000 to \$174,999	6	5	6	6	8
\$175,000 to \$199,999	4	3	3	6	3
\$200,000 or more	12	15	6	15	10
Median income (2012)	\$97,500	\$98,200	\$91,000	\$103,700	\$95,000

EXHIBIT 6-3 ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS

(Percentage Distribution)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Married couple	74%	71%	72%	75%	74%	75%	75%	77%	76%	77%
Single female	15	17	17	15	15	14	16	16	14	14
Single male	5	6	6	6	7	6	6	6	5	5
Unmarried couple	5	3	4	3	3	4	3	3	4	4
Other	1	1	1	1	1	1	1	1	1	1

EXHIBIT 6-4**NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOME SELLER HOUSEHOLD***(Percentage Distribution of Home Seller Households)***EXHIBIT 6-5****RACE/ETHNICITY OF HOME SELLERS, BY REGION***(Percent of Respondents)*

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
White/Caucasian	92%	93%	97%	92%	88%
Asian/Pacific Islander	3	2	1	2	7
Hispanic/Latino	3	3	1	4	5
Black/African-American	1	2	1	1	2
Other	1	1	1	2	2

*Note: Respondents were permitted to select as many races and ethnicities as they felt applicable.**The percentage distribution may therefore sum to more than 100 percent.***EXHIBIT 6-6****PRIMARY LANGUAGE SPOKEN IN HOME SELLER HOUSEHOLD, BY REGION***(Percentage Distribution)*

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
English	98%	98%	99%	98%	97%
Other	2	3	1	3	3

EXHIBIT 6-7 HOME SELLING SITUATION AMONG REPEAT BUYERS

(Percentage Distribution)

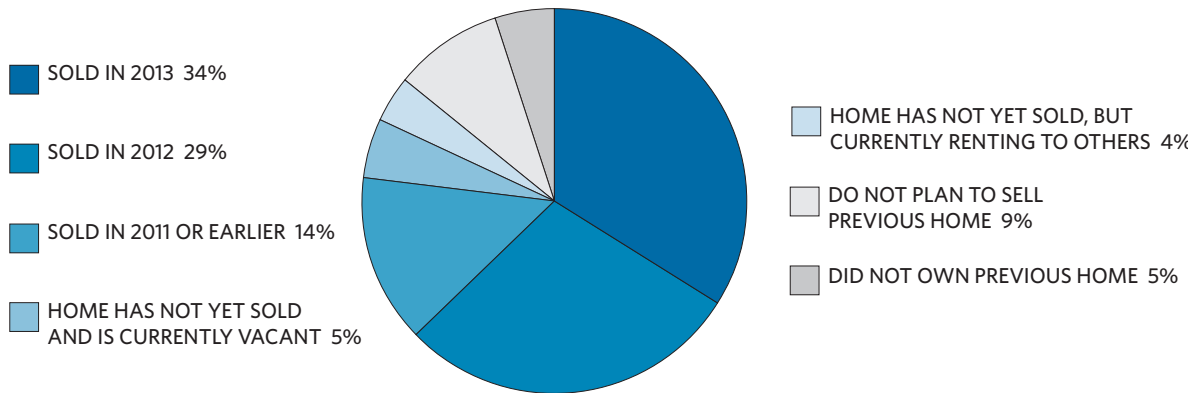


EXHIBIT 6-8 FIRST-TIME OR REPEAT SELLER

(Percentage Distribution)

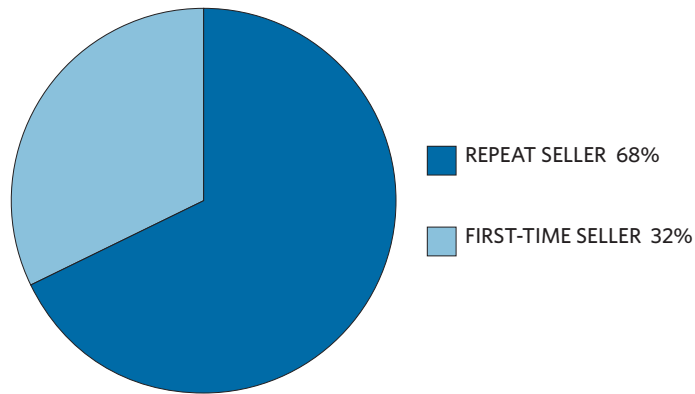


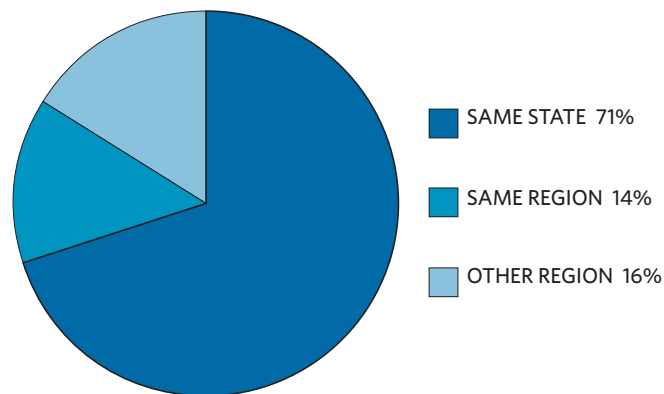
EXHIBIT 6-9 HOMES SOLD AND FOR SALE, BY REGION

(Percentage Distribution)

	Home Sold	Home has not yet sold and is currently vacant	Home has not yet sold, but currently renting to others
Northeast	15%	11%	14%
Midwest	24	28	25
South	38	39	38
West	23	23	23

EXHIBIT 6-10 LOCATION OF HOME SOLD*(Percentage Distribution)*

	Home Sold	Home has not yet sold and is currently vacant	Home has not yet sold, but currently renting to others
Suburb/Subdivision	52%	46%	50%
Small town	17	19	19
Urban area/Central city	15	17	13
Rural area	14	13	14
Resort/Recreation area	3	5	4

EXHIBIT 6-11 PROXIMITY OF HOME SOLD TO HOME PURCHASED*(Percentage Distribution)***EXHIBIT 6-12 TYPE OF HOME SOLD, BY LOCATION***(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN A				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	81%	85%	83%	68%	84%	60%
Townhouse/row house	7	8	6	9	1	6
Apartment/condo in a building with 5 or more units	5	5	3	11	*	6
Duplex/apartment/condo in 2 to 4 unit building	2	2	2	6	*	7
Other	5	1	5	5	15	21

* Less than 1 percent

EXHIBIT 6-13 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 sq ft to 1,500 sq ft	1,501 sq ft to 2,000 sq ft	2,001 sq ft to 2,500 sq ft	2,501 sq ft to 3,000 sq ft	More than 3,000 sq ft
1,000 sq ft or less	*	*	*	*	*	*
1,001 to 1,500 sq ft	*	2	4	4	3	1
1,501 to 2,000 sq ft	*	2	6	6	6	4
2,001 to 2,500 sq ft	*	2	6	7	5	6
2,501 to 3,000 sq ft	*	*	3	4	3	6
More than 3,000 sq ft	*	1	3	5	4	9

* Less than 1 percent

45% Trading Up 27% Remaining at the Same Size Range 29% Trading Down

EXHIBIT 6-14 SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER

(Median Square Feet)

	Size of home sold	Size of home purchased	Difference
18 to 34 years	1,500	2,400	900
35 to 44 years	1,850	2,600	750
45 to 54 years	2,080	2,200	120
55 to 64 years	2,050	2,000	-50
65 to 74 years	2,200	1,900	-300
75 years or older	1,980	1,750	-230

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

(Percentage Distribution)

	All Sellers	ADULT COMPOSITION OF HOUSEHOLD					CHILDREN IN HOME	
		Married couple	Single female	Single male	Unmarried couple	Other	Children under 18 in home	No children in home
One bedroom	1%	1%	1%	1%	6%	*	1%	1%
Two bedrooms	13	11	23	17	17	10	8	16
Three bedrooms or more	86	88	76	82	77	90	91	83
Median number of bedrooms	3	3	3	3	3	3	3	3
One full bathroom	17	16	18	24	16	23	17	16
Two full bathrooms	57	56	61	52	64	61	56	57
Three full bathrooms or more	27	29	21	24	20	16	27	27
Median number of full bathrooms	2	2	2	2	2	2	2	2

* Less than 1 percent

EXHIBIT 6-16 AGE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD*(Percentage Distribution)*

YEAR PURCHASED HOME WAS BUILT

YEAR HOME SOLD WAS BUILT	2012	2009 through 2011	2006 through 2008	2001 through 2005	1986 through 2000	1959 through 1985	1912 through 1960	1911 or older
2012	*	*	*		*	*		
2009 through 2011	1	*	*	*	1	*	*	
2006 through 2008	3	*	1	1	1	1	*	*
2001 through 2005	4	1	2	2	4	2	1	*
1986 through 2000	5	1	3	5	8	5	2	*
1960 through 1985	4	1	2	4	6	7	2	0
1912 through 1959	2	*	1	2	4	4	3	1
1911 or older	*	*	*	*	*	1	1	*

* Less than 1 percent

 59% Purchased a Newer Home
 22% Purchased a Home the Same Age
 19% Purchased Older Home
EXHIBIT 6-17 PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD*(Percentage Distribution)*

PRICE OF HOME PURCHASED

PRICE OF HOME SOLD	Less than \$100,000	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 to \$249,999	\$250,000 to \$299,999	\$300,000 to \$349,999	\$350,000 to \$399,999	\$400,000 to \$499,999	\$500,000 or more
Less than \$100,000	2%	3%	2%	1%	*	*	*	*	*
\$100,000 to \$149,999	1	3	5	4	2	1	*	*	*
\$150,000 to \$199,999	1	2	4	5	3	1	1	*	*
\$200,000 to \$249,999	1	1	2	3	2	2	1	1	1
\$250,000 to \$299,999	*	*	1	2	2	1	1	2	1
\$300,000 to \$349,999	*	*	1	1	*	1	1	1	1
\$350,000 to \$399,999	*	*	*	1	1	1	*	1	1
\$400,000 to \$499,999	*	*	1	1	1	1	1	1	2
\$500,000 or more	*	*	*	*	*	1	1	2	6

* Less than 1 percent

 48% Trading Up
 23% Remaining at the Same Price Range
 28% Trading Down
EXHIBIT 6-18 PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER*(Median)*

	Price of home sold	Price of home purchased	Difference
18 to 34 years	\$152,700	\$251,200	\$98,500
35 to 44 years	\$220,000	\$290,000	\$70,000
45 to 54 years	\$258,000	\$280,000	\$22,000
55 to 64 years	\$224,900	\$220,000	-\$4,900
65 to 74 years	\$263,500	\$225,000	-\$38,500
75 years or older	\$242,400	\$221,300	-\$21,100

EXHIBIT 6-19 PRIMARY REASON FOR SELLING PREVIOUS HOME, BY MILES MOVED

(Percentage Distribution)

	All Sellers	MILES MOVED					
		10 miles or less	11 to 20 miles	21 to 50 miles	51 to 100 miles	101 to 500 miles	501 miles or more
Home is too small	19%	35%	19%	13%	3%	*	1%
Job relocation	15	4	3	2	21	39	39
Want to move closer to friends or family	13	3	6	16	20	26	27
Neighborhood has become less desirable	10	12	20	16	9	6	2
Home is too large	10	15	15	10	5	3	3
Change in family situation (e.g., marriage, birth of a child, divorce)	8	11	9	8	8	2	4
Moving due to retirement	6	2	1	6	6	10	16
Want to move closer to current job	5	1	10	15	21	3	2
Upkeep of home is too difficult due to health or financial limitations	4	7	3	4	1	2	1
Can not afford the mortgage and other expenses of owning home	3	2	6	4	3	4	2
To avoid possible foreclosure	*	1	1	*	*	1	
Other	7	9	8	7	3	3	4

* Less than 1 percent

EXHIBIT 6-20 PRIMARY REASON FOR SELLING PREVIOUS HOME, BY FIRST-TIME AND REPEAT SELLERS

(Percentage Distribution)

	All Sellers	First-time Seller	Repeat Seller
Home is too small	19%	34%	11%
Job relocation	15	13	16
Want to move closer to friends or family	13	9	15
Neighborhood has become less desirable	10	12	9
Home is too large	10	3	13
Change in family situation (e.g., marriage, birth of a child, divorce)	8	9	8
Moving due to retirement	6	3	8
Want to move closer to current job	5	4	5
Upkeep of home is too difficult due to health or financial limitations	4	3	5
Can not afford the mortgage and other expenses of owning home	3	3	3
To avoid possible foreclosure	*	1	*
Other	7	6	7

* Less than 1 percent

EXHIBIT 6-21 SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE, BY FIRST-TIME AND REPEAT SELLERS

(Percentage Distribution)

	All Sellers	First-time Seller	Repeat Seller
Yes, and lived in home	12%	16%	11%
Yes, but rented home to others and lived elsewhere	1	1	1
No, sold home when I wanted to sell	87	83	89

EXHIBIT 6-22 SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE, BY TENURE IN HOME

(Percentage Distribution)

	All Sellers	1 year or less	2 to 3 years	4 to 5 years	6 to 7 years	8 to 10 years	11 to 15 years	16 to 20 years	21 years or more
Yes, and lived in home	12%	8%	3%	11%	19%	20%	11%	7%	7%
Yes, but rented home to others and lived elsewhere	1	*	2	1	1	1	*	1	1
No, sold home when I wanted to sell	87	92	95	88	80	79	89	92	92

* Less than 1 percent

EXHIBIT 6-23 TENURE IN PREVIOUS HOME, BY TYPE OF HOME

(Percentage Distribution)

	All Types	Cabin/cottage	Duplex/ apartment/ condo in 2-4 unit structure	Apartment/condo in building with 5 or more units	Townhouse/row house	Detached single-family home	Mobile/manufactured home	Other
1 year or less	3%	19%	*	8%	1%	3%	4%	17%
2 to 3 years	9	*	13	9	13	9	17	*
4 to 5 years	13	6	25	21	13	12	12	18
6 to 7 years	15	25	15	17	22	14	17	7
8 to 10 years	18	19	6	17	20	19	14	5
11 to 15 years	19	6	15	23	18	20	7	28
16 to 20 years	9	6	8	4	5	9	20	12
21 years or more	14	19	18	2	8	15	11	13
Median	9	8	6	7	8	9	8	11

* Less than 1 percent

EXHIBIT 6-24 TENURE IN PREVIOUS HOME, BY AGE OF SELLER

(Percentage Distribution)

	All Sellers	AGE OF HOME SELLER					
		18 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65 to 74 years	75 years or older
1 year or less	3%	2%	2%	4%	3%	2%	2%
2 to 3 years	9	19	10	8	8	6	5
4 to 5 years	13	32	13	10	10	11	5
6 to 7 years	15	28	16	12	14	10	11
8 to 10 years	18	17	31	18	12	15	9
11 to 15 years	19	2	23	27	19	20	20
16 to 20 years	9	N/A	5	14	12	10	10
21 years or more	14	N/A	1	7	22	26	39
Median	9	5	8	10	11	11	15

N/A- Not Applicable

EXHIBIT 6-25 DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION

(Median Miles)

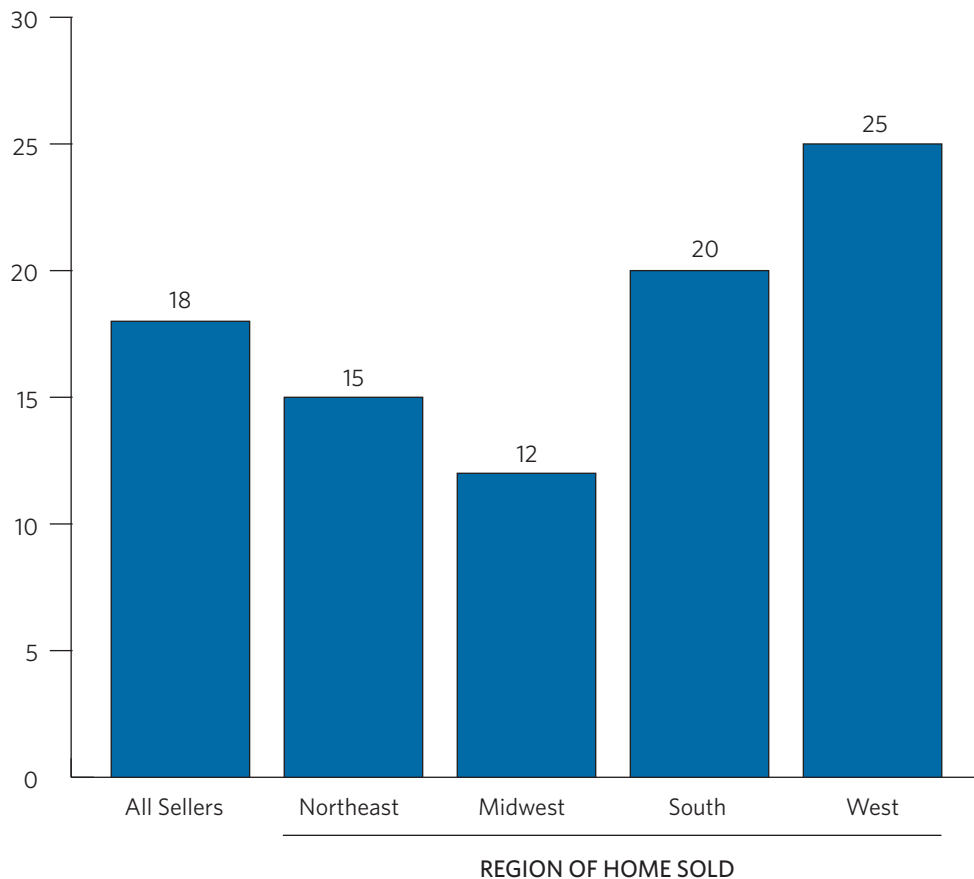


EXHIBIT 6-26 DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY AGE*(Percentage Distribution)*

	All Sellers	AGE OF HOME SELLER					
		18 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65 to 74 years	75 years or older
5 miles or less	27%	27%	35%	28%	24%	18%	25%
6 to 10 miles	16	25	17	15	13	12	12
11 to 15 miles	7	7	8	8	6	7	6
16 to 20 miles	5	8	6	4	6	4	1
21 to 50 miles	11	13	8	10	11	12	10
51 to 100 miles	5	3	4	8	3	6	4
101 to 500 miles	11	7	9	8	14	11	17
501 to 1,000 miles	8	6	6	6	10	10	8
1,001 miles or more	12	5	8	13	13	19	17
Median (miles)	18	10	10	15	26	40	30

EXHIBIT 6-27 METHOD USED TO SELL HOME, BY REGION*(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Sold home using an agent or broker	88%	89%	84%	88%	92%
Seller used agent/broker only	86	87	81	85	91
Seller first tried to sell it themselves, but then used an agent	2	2	3	3	1
For-sale-by-owner (FSBO)	9	9	13	9	5
Seller sold home without using a real estate agent or broker	8	8	11	8	5
First listed with an agent, but then sold home themselves	1	1	2	1	1
Sold home to a homebuying company	1	1	2	*	*
Other	2	1	2	2	2

* Less than 1 percent

EXHIBIT 6-28 METHOD USED TO SELL HOME, BY SELLER URGENCY*(Percentage Distribution)*

	All Sellers	SELLER NEEDED TO SELL		
		Very urgently	Somewhat urgently	Not urgently
Sold home using an agent or broker	88%	91%	91%	85%
Seller used agent/broker only	86	87	89	83
Seller first tried to sell it themselves, but then used an agent	2	4	3	2
For-sale-by-owner (FSBO)	9	5	7	12
Seller sold home without using a real estate agent or broker	8	5	6	11
First listed with an agent, but then sold home themselves	1	1	1	2
Sold home to a homebuying company	1	2	*	1
Other	2	2	1	3

* Less than 1 percent

EXHIBIT 6-29 METHOD OF SALE, BY BUYER AND SELLER RELATIONSHIP

(Percentage Distribution)

Buyer and Seller Relationship	Seller Knew Buyer	Seller did not Know Buyer
All sellers	7%	93%
Sold home using an agent or broker	3	97
Seller used agent/broker only	3	98
Seller first tried to sell it themselves, but then used an agent	12	88
For-sale-by-owner (FSBO)	40	60
Sold home without using a real estate agent or broker	42	59
First listed with an agent, but then sold home themselves	31	69
Other	30	70

EXHIBIT 6-30 METHOD USED TO SELL HOME, 2001-2013

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sold home using an agent or broker	79%	83%	82%	85%	84%	85%	84%	85%	88%	87%	88%	88%
For-sale-by-owner (FSBO)	13	14	14	13	12	12	13	11	9	9	9	9
Sold to home buying company	1	1	1	1	1	1	1	1	1	1	1	1
Other	7	3	3	2	3	2	2	3	3	3	2	2

EXHIBIT 6-31 SALES PRICE COMPARED WITH LISTING PRICE, BY REGION

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

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Less than 90%	13%	17%	15%	13%	8%
90% to 94%	18	20	23	18	14
95% to 99%	37	38	39	41	29
100%	21	19	17	22	23
101% to 110%	8	5	5	5	20
More than 110%	2	1	1	1	6
Median (sales price as a percent of listing price)	97%	96%	96%	97%	99%

EXHIBIT 6-32 SALES PRICE COMPARED WITH LISTING PRICE, BY SELLER URGENCY*(Percentage Distribution of Sales Price as a Percent of Listing Price)*

	All Sellers	SELLER NEEDED TO SELL		
		Very urgently	Somewhat urgently	Not urgently
Less than 90%	13%	16%	16%	10%
90% to 94%	18	14	22	17
95% to 99%	37	30	38	40
100%	21	28	14	24
101% to 110%	8	9	9	8
More than 110%	2	4	1	2
Median (sales price as a percent of listing price)	97%	98%	96%	97%

EXHIBIT 6-33 NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION*(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Less than 1 week	8%	8%	8%	7%	9%
1 to 2 weeks	30	27	26	29	41
3 to 4 weeks	11	9	11	10	12
5 to 6 weeks	6	7	6	6	7
7 to 8 weeks	5	3	6	6	4
9 to 10 weeks	4	4	6	4	2
11 to 12 weeks	6	7	8	6	5
13 to 16 weeks	5	6	4	5	3
17 to 24 weeks	7	8	8	7	6
25 to 36 weeks	7	8	7	7	4
37 to 52 weeks	5	7	4	6	4
53 or more weeks	6	7	7	6	3
Median weeks	5	6	6	6	3

EXHIBIT 6-34 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%	13%	3%	2%	10%	8%	15%	32%
90% to 94%	18	5	6	17	22	26	32
95% to 99%	37	26	41	40	48	46	25
100%	21	56	29	22	14	10	8
101% to 110%	8	9	18	8	5	3	2
More than 110%	2	*	4	3	3	*	1
Median (sales price as a percent of listing price)	97%	100%	100%	98%	96%	96%	92%

* Less than 1 percent

EXHIBIT 6-35 NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percentage Distribution)

	SELLERS WHOSE HOME WAS ON THE MARKET FOR						
	All Sellers	Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
None, did not reduce the asking price	53%	86%	84%	64%	43%	29%	15%
One	25	14	14	27	39	41	25
Two	12	*	1	6	14	19	25
Three	6	*	*	1	3	7	18
Four or more	5	*	*	2	1	4	17

* Less than 1 percent

EXHIBIT 6-36 INCENTIVES OFFERED TO ATTRACT BUYERS, BY REGION

(Percent of Respondents)

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
None	64%	69%	60%	59%	74%
Home warranty policies	19	10	23	24	12
Assistance with closing costs	16	14	17	20	11
Credit toward remodeling or repairs	7	7	8	6	7
Other incentives, such as a car, flat screen TV, etc.	4	3	3	4	4
Assistance with condo association fees	*	*	*	*	1
Other	4	6	5	3	3

* Less than 1 percent

EXHIBIT 6-37 INCENTIVES OFFERED TO ATTRACT BUYERS, BY NUMBER OF WEEKS HOME WAS ON THE MARKET

(Percent of Respondents)

	All Sellers	SELLERS WHOSE HOME WAS ON THE MARKET FOR					
		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	64%	89%	74%	70%	60%	51%	51%
Home warranty policies	19	4	16	16	18	25	25
Assistance with closing costs	16	5	10	13	21	24	22
Credit toward remodeling or repairs	7	3	6	5	8	7	10
Other incentives, such as a car, flat screen TV, etc.	4	2	3	1	4	6	5
Assistance with condo association fees	*	*	*	*	*	1	1
Other	4	2	3	3	6	5	6

* Less than 1 percent

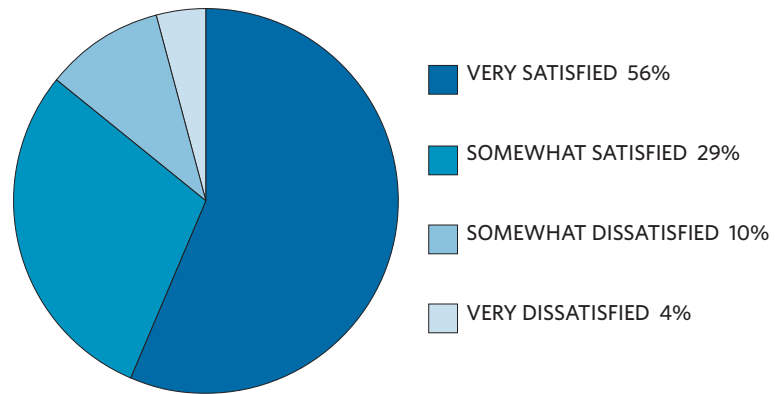
EXHIBIT 6-38 EQUITY EARNED IN HOME RECENTLY SOLD, BY TENURE IN HOME

(Median)

TENURE IN HOME	ALL SELLERS	
	U.S.	
	Dollar value	Percent
1 year or less	\$20,500	7%
2 to 3 years	\$10,000	5%
4 to 5 years	\$6,100	4%
6 to 7 years	-\$2,500	-2%
8 to 10 years	\$7,000	4%
11 to 15 years	\$52,000	28%
16 to 20 years	\$73,000	55%
21 years or more	\$112,000	127%
Median	\$25,000	13%

EXHIBIT 6-39 **SATISFACTION WITH THE SELLING PROCESS**

(Percentage Distribution)



CHAPTER 7:

Home Selling and Real Estate Professionals

Home sellers and real estate agents have worked together in a similar manner for the past several years, regardless of housing market conditions. Agents are typically recommended through personal referrals from friends and family of the sellers. Sellers place a high importance on the reputation of the agent as a factor in hiring them. Sellers also find a high importance in whether the agent is honest and trustworthy. Sellers trust their agent to be able to perform the same four tasks as in previous years: help selling the home within a specific timeframe, helping the seller market the home to potential buyers, help in finding a buyer for the home, and help in pricing the home competitively.

Embracing technology and the Internet has become an integral aspect of marketing the home for sellers and seller's agents. Sellers are using nontraditional websites, social networking sites, and video hosting websites to market homes. However, traditional marketing methods are often used as well. The majority of the sellers had a positive experience with their real estate agent and would recommend them to others or use them again regardless of distance moved.

Finding a Real Estate Agent

■ Exhibits 7-1 through 7-4

Sixty-three percent of recent home sellers used an agent that was referred to them or they had worked with before to buy or sell a home. First-time sellers rely more heavily on agents that were referred to them, while repeat sellers are slightly more likely to use an agent they had worked with in the past. By distance moved, all sellers are most likely to work with an agent that was referred to them, however sellers who moved 11 to 500 miles are the most likely of all distances moved to use referrals. Sellers who move up to 50 miles away are slightly more likely than other distances moved to use an agent that they had worked with before.

Two-thirds of recent sellers only contacted one agent before selecting the agent used to sell their home. Slightly more than half of sellers use the same agent to help with their home purchase as the agent they are using to sell their home. Using the same agent to buy and sell a home is most common if the seller is moving within 50 miles of their home purchase. Home sellers who moved farther than 50 miles away typically did not use the same agent for their home purchase.

Home Listed on Multiple Listing Service and Level of Service

■ Exhibits 7-5 and 7-6

The Multiple Listing Service (MLS) is the number one source for sellers to list their home. Ninety-one percent of sellers listed their homes on a MLS. Only four percent of sellers did not list their home on a MLS. Unchanged from 2012, eight in 10 sellers worked with an agent who could provide a broad range of services and manage most aspects of the sale. Ten percent of sellers worked with an agent who listed the home on a MLS and performed few additional services and nine percent worked with an agent who performed a limited set of services.

What Sellers Most Want and Level of Service

■ Exhibits 7-7 and 7-8

The top four tasks that sellers want from their agent has remained consistent regardless of the housing market—sellers place the highest priority on: helping the seller market the home to potential buyers, help selling the home within a specific timeframe, help pricing the home competitively, and help finding a buyer for the home. Among agents who provided a broad range of services and those who performed a limited set of services, it was also more common for the seller to want the agent to help find ways to fix up the home to sell it for a higher price.

As many sellers use an agent that was recommended to them personally, it is not surprising that the reputation of the agent is the most important factor in choosing an agent to work with (35 percent). This is followed by the importance of the agent's honesty and trustworthiness at 18 percent and whether the agent is a friend or family member at 15 percent.

Methods Used to Market the Home

■ Exhibit 7-9

While listings on the MLS are the number one marketing source for sellers (85 percent), traditional marketing tools such as yard signs and open houses remain popular methods to market the home to potential buyers—used by 66 percent and 51 percent, respectively. Real estate agents also market on housing websites such as: the real estate agent’s website (50 percent), real estate company website (45 percent), and Realtor.com (42 percent).

The top four tasks that sellers want from their agent has remained consistent regardless of the housing market—sellers place the highest priority on helping the seller market the home to potential buyers, help selling the home within a specific timeframe, help pricing the home competitively, and help finding a buyer for the home.

Agent’s Performance and Compensation

■ Exhibits 7-10 through 7-12

The majority of agents are paid by sellers in full (79 percent). Among compensations that are paid by the seller nearly all—74 percent—are paid as a percent of sales price. A small share of sales agents are compensated by the buyer and the seller—(eight percent), or by the buyer only—(five percent).

In 43 percent of sales the real estate agent initiated the discussion of compensation. In 31 percent of sales the client brought up the topic of compensation and in the majority of cases the real estate agent was willing and able to negotiate their commission or fee. Fifteen percent of sellers did not know the commission or fee could be negotiated.

With repeat business and referrals being the strongest sign of client satisfaction, most sellers—84 percent—reported that they would recommend their agent or use the agent’s services in the future. This share has remained unchanged for two years.

EXHIBIT 7-1
METHOD USED TO FIND REAL ESTATE AGENT, BY FIRST TIME OR REPEAT SELLER

(Percentage Distribution)

	All sellers	First-time Seller	Repeat Seller
Referred by (or is) a friend, neighbor or relative	39%	43%	37%
Used agent previously to buy or sell a home	25	21	27
Internet website	4	6	3
Visited an open house and met agent	4	5	4
Referred by another real estate or broker	4	4	4
Personal contact by agent (telephone, email, etc.)	4	3	4
Saw contact information on For Sale/Open House sign	3	3	3
Referred through employer or relocation company	3	2	4
Walked into or called office and agent was on duty	2	2	2
Direct mail (newsletter, flyer, postcard, etc.)	2	2	2
Newspaper, Yellow pages or home book ad	1	1	2
Advertising specialty (calendar, magnet, etc.)	1	*	1
Other	10	9	9

* Less than 1 percent

EXHIBIT 7-2
METHOD USED TO FIND REAL ESTATE AGENT, BY MILES MOVED

(Percentage Distribution)

	All sellers	10 miles or less	11 to 20 miles	21 to 50 miles	51 to 100 miles	101 to 500 miles	501 miles or more
Referred by (or is) a friend, neighbor or relative	39%	38%	43%	40%	43%	40%	36%
Used agent previously to buy or sell a home	25	26	26	26	21	18	25
Internet website	4	5	4	6	6	3	3
Visited an open house and met agent	4	6	4	1	8	2	2
Referred by another real estate or broker	4	4	5	3	1	5	4
Personal contact by agent (telephone, email, etc.)	4	3	4	4	2	4	4
Saw contact information on For Sale/Open House sign	3	4	3	3	6	4	2
Referred through employer or relocation company	3	1	*	1	4	6	8
Walked into or called office and agent was on duty	2	2	2	3	2	1	2
Direct mail (newsletter, flyer, postcard, etc.)	2	1	1	2	1	3	4
Newspaper, Yellow pages or home book ad	1	1	*	1	1	3	2
Advertising specialty (calendar, magnet, etc.)	1	1	1	*	*	2	1
Other	10	10	8	9	6	10	7

* Less than 1 percent

EXHIBIT 7-3

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

(Percentage Distribution)

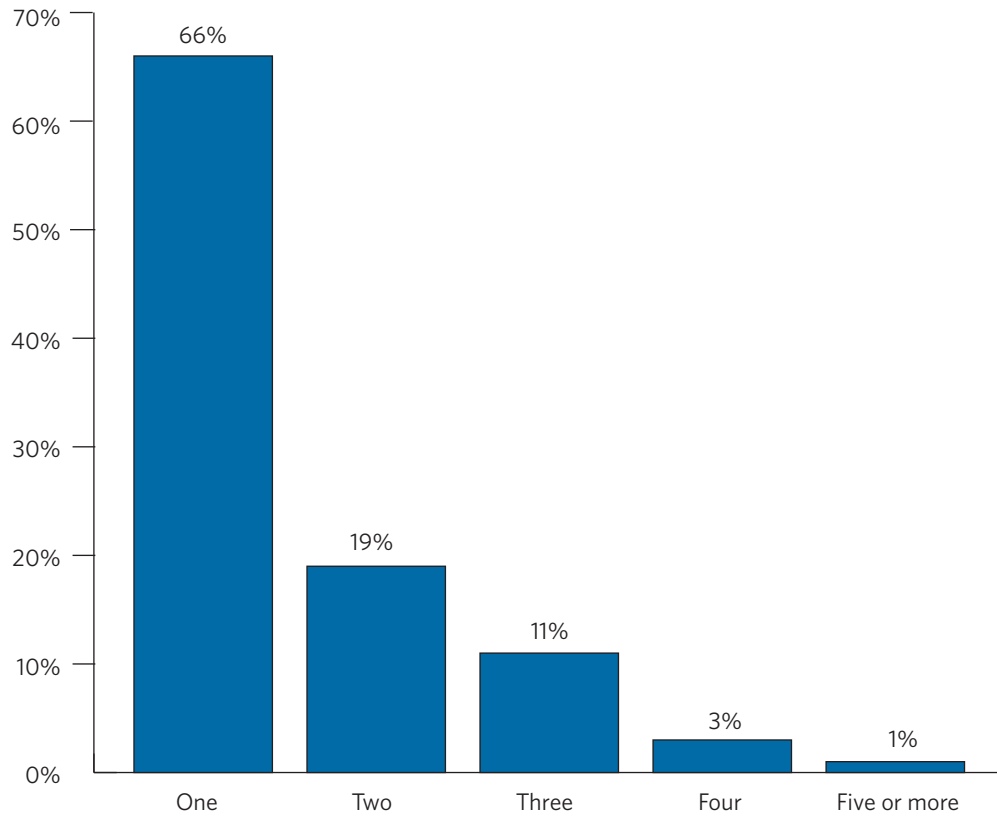


EXHIBIT 7-4

SELLER USED SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE, BY MILES MOVED

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

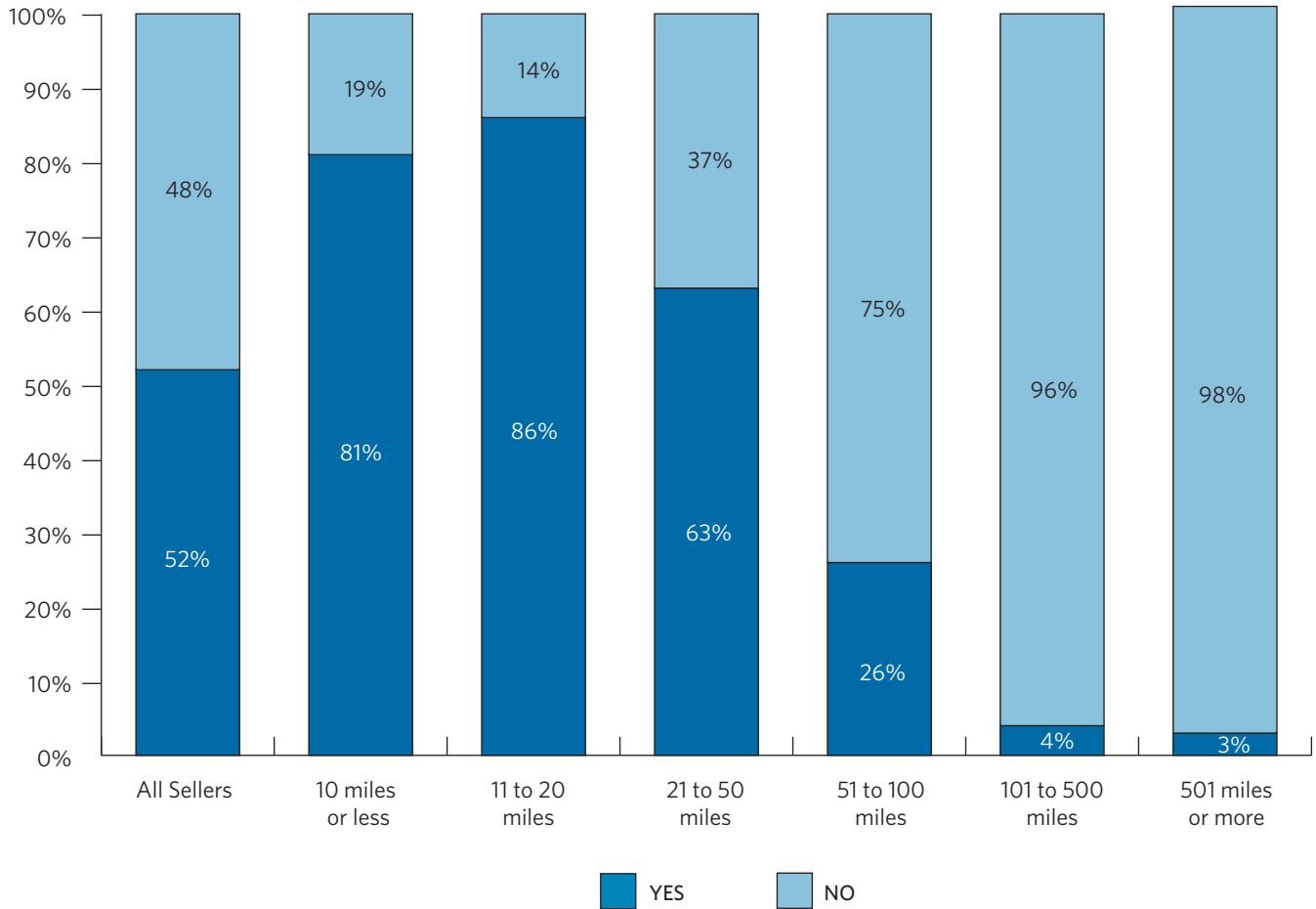


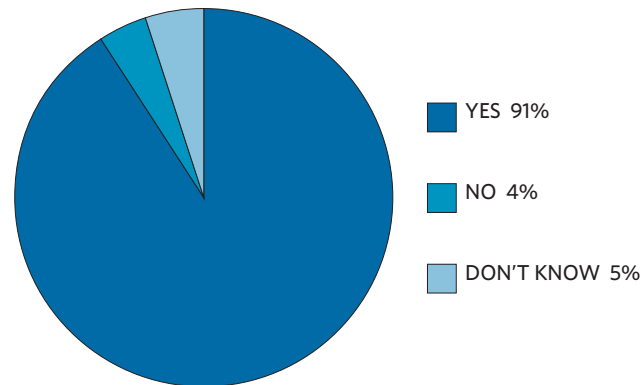
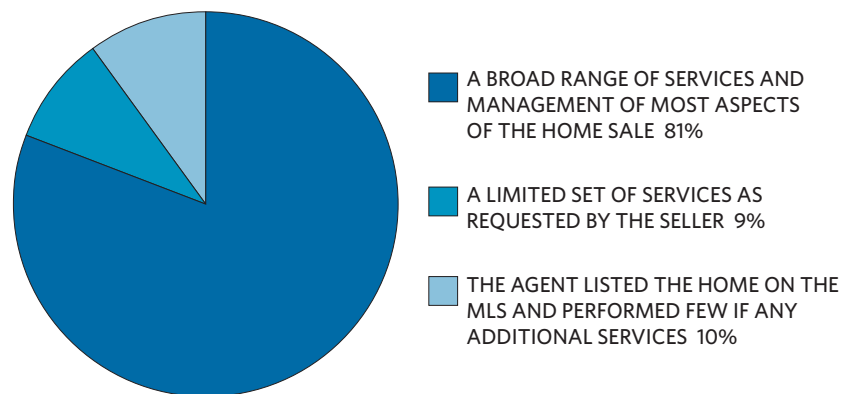
EXHIBIT 7-5**HOME LISTED ON MULTIPLE LISTING SERVICE***(Percentage Distribution)***EXHIBIT 7-6****LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT***(Percentage Distribution)*

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

(Percentage Distribution)

	All sellers	LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
		A broad range of services and management of most aspects of the home sale	A limited set of services as requested by the seller	The agent listed the home on the MLS and performed few if any additional services
Help seller market home to potential buyers	25%	26%	24%	24%
Help sell the home within specific timeframe	20	19	23	24
Help price home competitively	19	20	12	16
Help find a buyer for home	15	14	10	21
Help seller find ways to fix up home to sell it for more	11	12	13	5
Help with negotiation and dealing with buyers	4	4	9	3
Help with paperwork/inspections/preparing for settlement	4	4	4	4
Help seller see homes available to purchase	1	1	3	1
Help create and post videos to provide tour of the home	*	*	*	*
Other	1	1	1	1

* Less than 1 percent

EXHIBIT 7-8
**MOST IMPORTANT FACTOR IN CHOOSING A REAL ESTATE AGENT TO SELL
HOME, BY LEVEL OF SERVICE PROVIDED BY THE AGENT**

(Percentage Distribution)

	All sellers	LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
		A broad range of services and management of most aspects of the home sale	A limited set of services as requested by the seller	The agent listed the home on the MLS and performed few if any additional services
Reputation of agent	35%	37%	33%	24%
Agent is honest and trustworthy	18	18	18	17
Agent is friend or family member	15	16	12	12
Agent's knowledge of the neighborhood	14	14	17	16
Agent's association with a particular firm	5	4	8	12
Agent has caring personality/good listener	5	5	4	4
Agent's commission	3	3	2	6
Agent seems 100% accessible because of use of technology like tablet or smartphone	1	1	1	1
Professional designations held by agent	1	1	*	1
Other	3	3	4	8

* Less than 1 percent

EXHIBIT 7-9**METHODS REAL ESTATE AGENT USED TO MARKET HOME,
BY TYPE OF HOME SOLD***(Percent of Respondents Among Sellers Who Used an Agent)*

	TYPE OF HOME SOLD							
	All Homes	Cabin/ cottage	Duplex/ apartment/ condo in 2-4 unit structure	Apartment/ condo in building with 5 or more units	Townhouse/ row house	Detached single-family home	Mobile/ manufac- tured home	Other
Multiple Listing (MLS) website	85%	89%	84%	80%	90%	79%	86%	77%
Yard sign	66	70	34	29	55	79	70	64
Open house	51	22	53	44	51	63	51	49
Real estate agent website	50	44	36	50	59	40	51	42
Real estate company website	45	22	44	27	43	26	46	40
Realtor.com	42	11	19	32	44	38	43	40
Third party aggregators	27	*	18	29	30	30	27	23
Print newspaper advertisement	15	44	16	5	14	16	15	17
Direct mail (flyers, postcards, etc.)	12	10	10	9	13	7	12	3
Real estate magazine	10	10	6	7	7	5	11	11
Newspaper website	9	11	11	12	7	9	9	14
Video	9	11	3	8	10	7	9	3
Other websites with real estate listings (e.g. Google, Yahoo)	8	*	5	8	8	9	8	9
Real estate magazine website	7	*	2	5	7	2	7	9
Social networking websites (e.g. Facebook, Twitter, etc.)	6	10	3	5	8	*	6	3
Online classified advertisements	3	10	*	7	2	12	3	6
Video hosting websites (e.g. Youtube, etc.)	3	*	3	2	2	*	3	3
Television								
Other	3	*	*	3	4	*	3	*

* Less than 1 percent

EXHIBIT 7-10 HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

Paid by seller	79%
Percent of sales price	74
Flat fee	3
Per task fee	*
Other	*
Don't Know	2
Paid by buyer and seller	8
Paid by buyer only	5
Other	4
Don't Know	3

* Less than 1 percent

EXHIBIT 7-11 NEGOTIATING THE COMMISSION RATE OR FEE WITH THE REAL ESTATE AGENT

(Percentage Distribution)

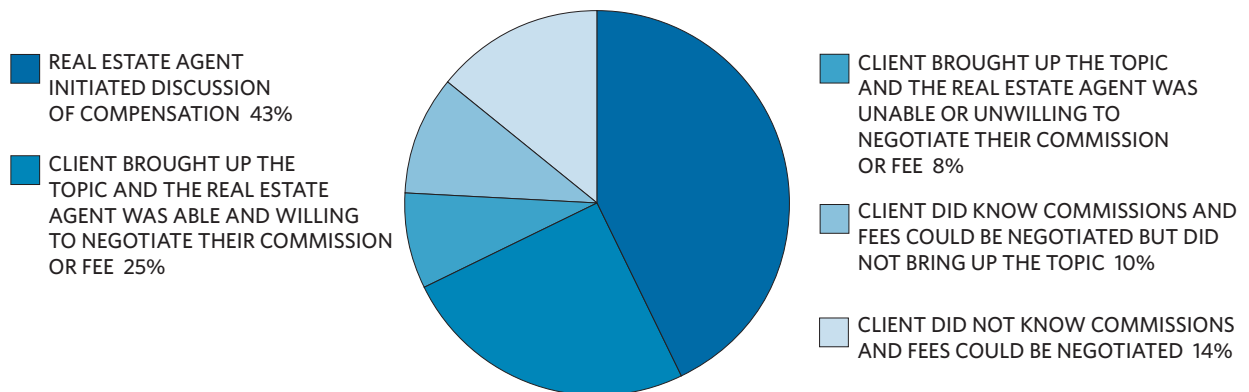
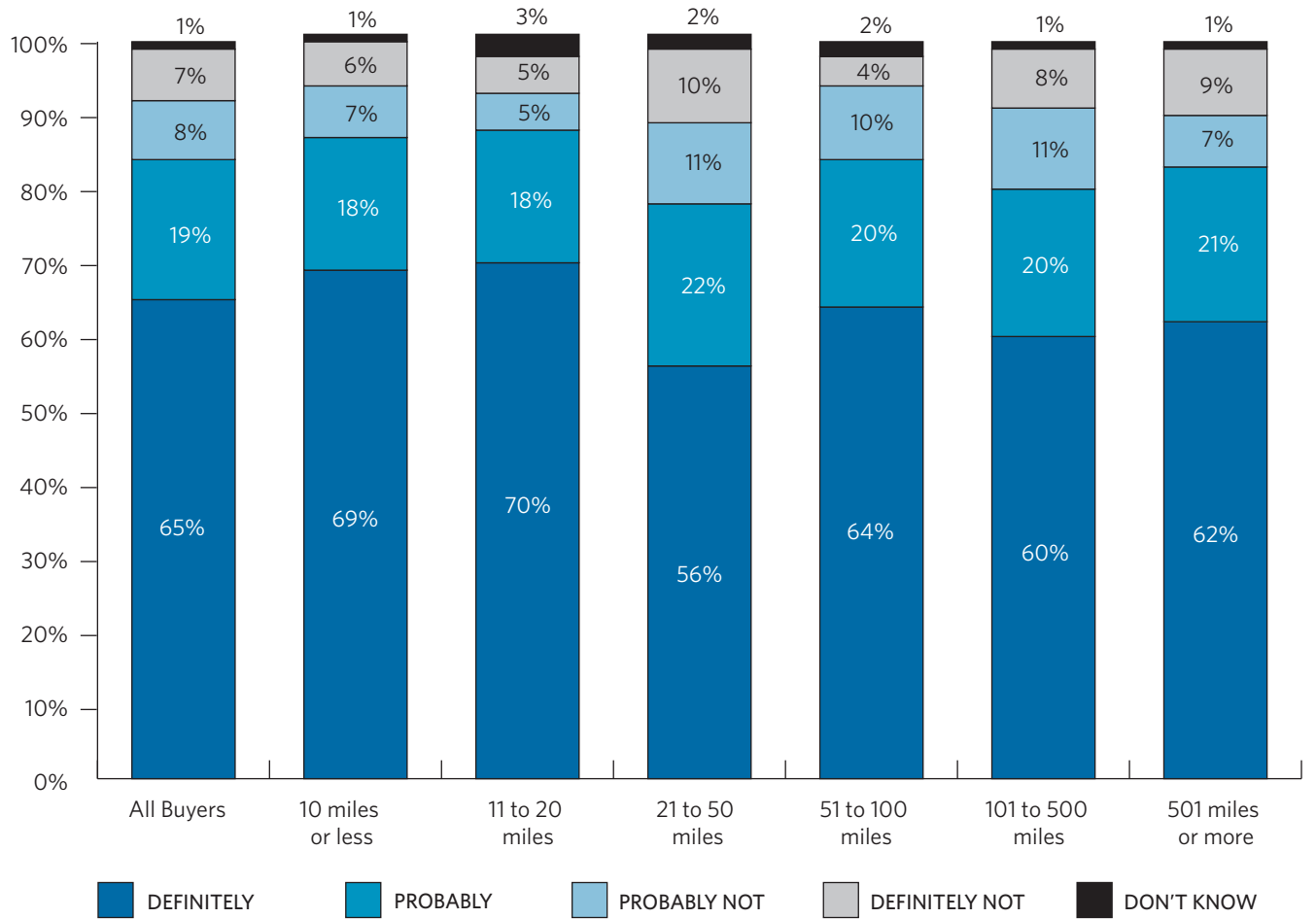


EXHIBIT 7-12 **WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS**

(Percentage Distribution)



CHAPTER 8:

For-Sale-By-Owner (FSBO) Sellers

Only nine percent of today's sellers are FSBO sellers, and among those who chose the FSBO route, 40 percent knew the buyer who bought their home. Among those who did not previously know the buyer of the home, 18 percent of those were contacted directly by the buyer to purchase the home. Taking these factors into account, the FSBO market of sellers who sold their home without knowing the buyer, and those who were not directly contacted by a buyer, is significantly smaller.

Typically FSBO sellers have lower median incomes and are slightly older than agent-assisted sellers. FSBOs are also more common for mobile home sales and are more likely than other sales to be in rural areas.

The fact that many FSBO sellers know the buyer before the sale of the home helps keep FSBOs on the market for less time, and sellers more often receive 100 percent of the asking price as it is agreed on before an official offer is made.

FSBO and Agent Assisted Sales, By Location and Over Time

- **Exhibits 8-1 and 8-2**

For the past two years, 88 percent of sellers have sold with the assistance of an agent and only nine percent of sales have been FSBO sales. Only nine percent of recent sellers reported selling their homes as a FSBO—sales have dropped rapidly from 2003 when they were at 14 percent. Of sales, 60 percent of FSBOs or 6 percent of all sales were transactions where the seller did not know the buyer. Of sales, 40 percent of all FSBOs or 4 percent of all sales were transactions where the seller knew the buyer—an arm's length transaction.

Characteristics of FSBO and Agent-Assisted Sellers

- **Exhibit 8-3**

FSBO sellers typically had a median age of 57-years-old compared to agent-assisted sellers who had a median age of 52-years-old. The median income for all FSBO sellers was \$86,200 while the median income for all agent-assisted sellers was significantly higher at \$99,900. Those who first tried to sell their home as a FSBO, but ultimately sold via an agent, were the youngest of all sellers and had the highest median household incomes. Household composition varies among sellers; however, sellers who knew the buyer were more likely than other sellers to be single sellers.

Characteristics of Homes Sold by FSBO and Agent-Assisted Sellers

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

Among all homes sold, 81 percent are detached single-family homes. FSBO sales are more likely than agent-assisted sales to be a mobile or manufactured home. Ten percent of all FSBO sales are mobile homes compared to only two percent of agent-assisted sales. Among agent-assisted sales, 82 percent of all homes sold are detached single-family homes. FSBO sales are more likely than agent-assisted sales to happen in rural areas.

FSBOs typically have a lower median selling price, though FSBOs typically received 98 percent of their asking price, whereas agent-assisted sales typically received 97 percent of their asking price. Some of the explanation for this is that when looking at FSBO sales where the seller knew the buyer, 59 percent of the time the sales price was equal to or more than the asking price. Sellers who started as a FSBO, then ended up using an agent, had the lowest sales price in comparison to asking price and reduced their price the most of all selling methods.

Yard signs, word of mouth to friends, relatives and neighbors, and online classified ads were the most common marketing methods for FSBOs. When the seller knew the buyer, 51 percent of the time the seller did not actively market the home.

The Selling Process for FSBO Sales

■ Exhibits 8-7 through 8-9

FSBOs were typically on the market for fewer weeks than agent-assisted homes. In FSBO transactions where the sellers knew the buyer the home was only on the market for one week. The median time on the market for FSBOs was two weeks compared to six weeks for agent-assisted sales. Agents seemed to help in circumstances where homes were difficult to sell. Those who first tried a FSBO then sought out an agent had a median number of 14 weeks on the market.

Six in 10 FSBO sellers did not need to sell their home urgently compared to less than half of agent-assisted sellers. Among FSBO sellers, using incentives to attract buyers was rare—reported by only 15 percent of sellers. Agent-assisted transactions were more likely to use incentives to attract buyers. Twenty-one percent of agent-assisted sellers used home warranties to attract buyers, and 17 percent of sellers used assistance with closing costs to attract buyers.

Only nine percent of recent sellers reported selling their homes as a FSBO—sales have dropped rapidly from 2003 when they were at 14 percent.

Reasons of FSBOs, Marketing, and Sellers Experience

■ Exhibits 8-10 through 8-14

Among sellers who did not know the buyer, 58 percent of FSBOs sold as a FSBO because they did not want to pay commission or a fee, and 18 percent because the buyer directly contacted the seller. Among sellers who knew the buyer, 51 percent sold the home as a FSBO because they knew the buyer and 28 percent because they did not want to pay the commission or fee.

Among all sellers, 13 percent waited or stalled their home sale because their home was worth less than their mortgage—most commonly the seller lived in the home during this time. Among FSBO sellers only eight percent of sellers stalled, while 14 percent of all agent-assisted sellers did so. One-quarter of those who first tried to sell FSBO, but did so unsuccessfully and used an agent to successfully sell their home waited or stalled to sell the home because their home was worth less than their mortgage.

Yard signs, word of mouth to friends, relatives and neighbors, and online classified ads were the most common marketing methods for FSBOs. When the seller knew the buyer, 51 percent of the time the seller did not actively market the home. Getting the price right and preparing and fixing up the home for sale were the most difficult tasks reported by FSBO sellers.

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

EXHIBIT 8-1**FSBO AND AGENT-ASSISTED SALES, BY LOCATION***(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN A				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
For-sale-by-owner (FSBO)	9%	12%	8%	8%	12%	13%
Seller knew buyer	4	6	3	3	4	*
Seller did not know buyer	6	6	5	4	8	8
Agent-assisted	88	83	90	89	86	83
Other	3	5	2	3	3	4

* Less than 1 percent

EXHIBIT 8-2**FSBO AND AGENT-ASSISTED SALES, 2003-2013***(Percentage Distribution)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
All FSBO (For-sale-by-owner)	14%	14%	13%	12%	12%	13%	11%	9%	10%	9%	9%
Seller knew buyer	5	5	5	5	5	6	5	5	4	3	4
Seller did not know buyer	9	10	8	7	7	7	6	5	6	6	6
Agent-assisted	83	82	85	84	85	84	85	88	87	88	88
Other	4	4	2	3	3	3	4	3	3	2	3

EXHIBIT 8-3**CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS***(Percentage Distribution)*

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median age	53	57	57	57	52	52	46
Median income (2012)	\$97,500	\$86,200	\$87,000	\$85,900	\$99,900	\$100,200	\$101,100
Household composition							
Married couple	77%	76%	66%	82%	78%	78%	77%
Single female	14	14	18	12	13	13	12
Single male	5	6	10	2	5	5	6
Unmarried couple	4	4	5	2	4	4	3
Other	1	1	2	1	1	1	3

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

(Percentage Distribution)

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Detached single-family home	81%	75%	75%	75%	82%
Townhouse/row house	7	4	5	3	7
Duplex/apartment/condo in 2 to 4 unit building	2	3	4	3	2
Apartment/condo in a building with 5 or more units	5	5	4	5	5
Mobile/manufactured home	3	10	10	11	2
Other	2	3	2	4	2

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

(Percentage Distribution)

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Suburb/Subdivision	14%	17%	22%	14%	13%
Small town	15	13	13	12	15
Urban area/Central city	52	46	43	48	54
Rural area	17	20	18	22	16
Resort/Recreation area	3	4	4	4	3

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

(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median selling price	\$225,000	\$184,000	\$174,000	\$189,000	\$230,000	\$235,000	\$175,900
Sales price compared with asking price:							
Less than 90%	13%	12%	11%	13%	13%	12%	46%
90% to 94%	18	12	7	14	19	19	15
95% to 99%	37	34	24	40	38	39	21
100%	21	40	58	29	18	18	10
101% to 110%	8	2	*	4	9	9	7
More than 110%	2	*	1	*	2	2	2
Median (sales price as a percent of asking price)	97%	98%	100%	97%	97%	97%	92%
Number of times asking price was reduced:							
None	53%	69%	77%	64%	51%	51%	33%
One	25	20	15	23	25	25	25
Two	12	4	3	5	13	13	9
Three	6	3	1	5	6	6	16
Four or more	5	4	4	3	5	4	17

* Less than 1 percent

EXHIBIT 8-7**TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS***(Percentage Distribution)*

	All Sellers	FSBO			AGENT-ASSISTED		
		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	8%	27%	45%	16%	5%	5%	*
1 to 2 weeks	30	29	27	30	31	31	19
3 to 4 weeks	11	10	11	10	11	11	11
5 to 6 weeks	6	3	1	4	7	7	*
7 to 8 weeks	5	4	2	5	5	5	11
9 to 10 weeks	4	2	4	1	4	4	*
11 to 12 weeks	6	4	*	7	7	7	7
13 to 16 weeks	5	3	*	4	5	5	7
17 to 24 weeks	7	4	5	4	8	8	6
25 to 36 weeks	7	4	2	5	7	7	17
37 to 52 weeks	5	8	3	11	5	5	1
53 or more weeks	6	3	1	4	6	6	21
Median weeks	5	2	1	3	6	6	14

* Less than 1 percent

EXHIBIT 8-8**SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS***(Percentage Distribution)*

Sellers needed to sell:	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Very urgently	16%	10%	14%	6%	16%	16%	26%
Somewhat urgently	38	29	28	31	40	39	45
Not urgently	46	61	58	63	44	45	29

EXHIBIT 8-9**INCENTIVES OFFERED TO ATTRACT BUYERS, FSBO AND AGENT-ASSISTED SELLERS***(Percent of Respondents)*

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
None	64%	85%	86%	84%	61%	62%	53%
Home warranty policies	19	4	1	5	21	21	18
Assistance with closing costs	16	8	8	8	17	17	17
Credit toward remodeling or repairs	7	1	2	1	8	7	8
Other incentives, such as a car, flat screen TV, etc.	4	4	4	4	4	4	3
Assistance with condo association fees	*	*	*	*	*	*	*
Other	4	2	2	2	5	4	21

* Less than 1 percent

EXHIBIT 8-10 MOST IMPORTANT REASON FOR SELLING HOME AS FSBO

(Percentage Distribution)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Did not want to pay a commission or fee	46%	28%	58%
Sold it to a relative, friend or neighbor	24	51	6
Buyers contacted seller directly	12	5	18
Did not want to deal with an agent	11	12	11
Agent was unable to sell home	4	3	4
Could not find an agent to handle transaction	2	2	1
Seller has real estate license	1	*	2
Other	*	*	1

* Less than 1 percent

EXHIBIT 8-11 SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE

(Percent of Respondents)

	All Sellers	FSBO		AGENT-ASSISTED			
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Yes, and lived in home	12%	6%	1%	9%	13%	13%	22%
Yes, but rented home to others and lived elsewhere	1	2	1	2	1	1	3
No, sold home when I wanted to sell	87	93	98	89	86	87	75

EXHIBIT 8-12 METHOD USED BY FSBO SELLERS TO MARKET HOME*(Percent of Respondents)*

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Yard sign	36%	8%	53%
Friends, relatives, or neighbors	28	46	17
Online classified advertisements	16	4	24
Open house	14	8	17
For-sale-by-owner website	13	5	18
Third party aggregators	11	3	17
Print newspaper advertisement	7	2	11
Multiple Listing Service (MLS) website	7	1	11
Social network website (e.g. Facebook, Twitter, etc.)	7	6	7
Realtor.com	4	4	6
Newspaper website	3	2	4
Direct mail (flyers, postcards, etc.)	1	2	*
Video	1	*	1
For-sale-by-owner magazine	*	*	1
Other websites with real estate listings (e.g. Google, Yahoo)	*	*	1
Video hosting websites (e.g. Youtube, etc.)	*	*	*
Other	2	1	3
None - Did not actively market home	32	51	18

* Less than 1 percent

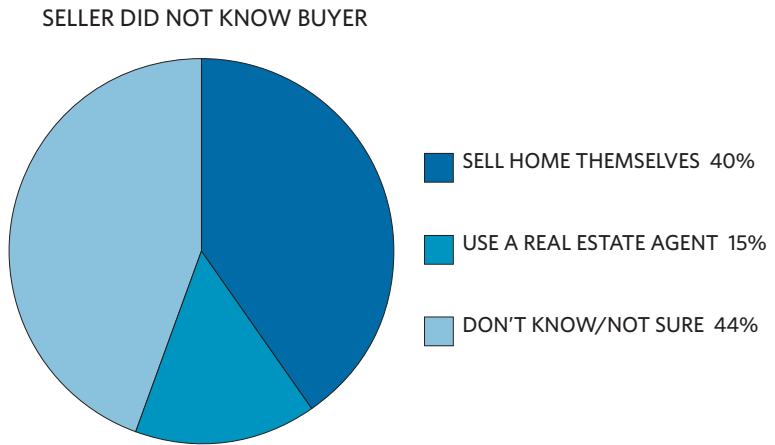
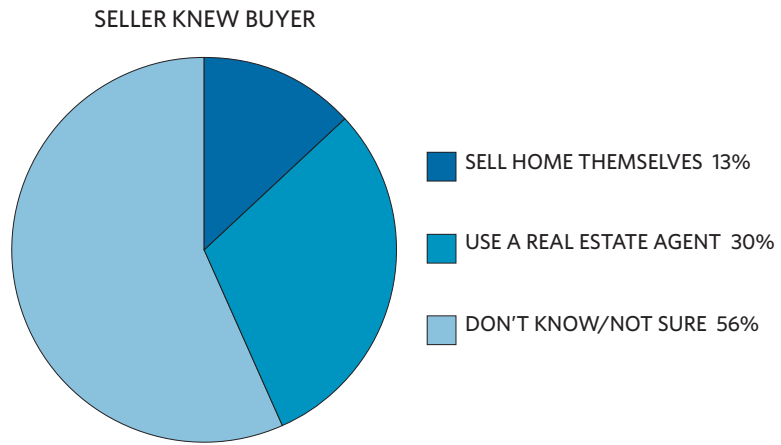
EXHIBIT 8-13 MOST DIFFICULT TASK FOR FSBO SELLERS*(Percentage of Distribution)*

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Getting the price right	13%	16%	10%
Preparing or fixing up the home for sale	12	9	14
Understanding and performing paperwork	8	10	6
Selling within the length of time planned	7	12	4
Having enough time to devote to all aspects of the sale	6	6	6
Helping buyer obtain financing	3	8	1
Attracting potential buyers	3	1	4
Other	1	*	1
None/Nothing	48	39	55

* Less than 1 percent

EXHIBIT 8-14 HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

(Percentage of Distribution)



Methodolgy

In July 2013, NAR mailed out a 122 question survey using a random sample weighted to be representative of sales on a geographic basis to 148,011 recent home buyers. The recent home buyers had to have purchased a home between July of 2012 and June of 2013. A total of 8,767 responses were received. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 6.1 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 2013, with the exception of income data, which are reported for 2012. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South and West. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.



List of Exhibits

CHAPTER 1: CHARACTERISTICS OF HOME BUYERS

- Exhibit 1-1 AGE OF HOME BUYERS, BY REGION
- Exhibit 1-2 HOUSEHOLD INCOME OF HOME BUYERS, BY REGION, 2012
- Exhibit 1-3 ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS, 2001-2013
- Exhibit 1-4 NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD
- Exhibit 1-5 HOME PURCHASED WAS A MULTI-GENERATIONAL HOME (WILL SHARE HOME WITH ADULT SIBLINGS, ADULT CHILDREN, PARENTS, AND/OR GRANDPARENTS)
- Exhibit 1-6 RACE/ETHNICITY OF HOME BUYERS, BY REGION
- Exhibit 1-7 RACE/ETHNICITY OF HOME BUYERS, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 1-8 PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD, BY REGION
- Exhibit 1-9 NATIONAL ORIGIN OF HOME BUYERS, BY REGION
- Exhibit 1-10 FIRST-TIME HOME BUYERS
- Exhibit 1-11 FIRST-TIME HOME BUYERS, BY REGION
- Exhibit 1-12 FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE
- Exhibit 1-13 FIRST-TIME AND REPEAT HOME BUYERS BY CHILDREN IN HOUSEHOLD
- Exhibit 1-14 AGE OF FIRST-TIME AND REPEAT BUYERS
- Exhibit 1-15 HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2012
- Exhibit 1-16 RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS
- Exhibit 1-17 PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLDS
- Exhibit 1-18 NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS
- Exhibit 1-19 PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS
- Exhibit 1-20 PRIOR LIVING ARRANGEMENT, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 1-21 PRIMARY REASON FOR PURCHASING A HOME, FIRST-TIME AND REPEAT BUYERS
- Exhibit 1-22 PRIMARY REASON FOR PURCHASING A HOME, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 1-23 PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, FIRST-TIME AND REPEAT BUYERS
- Exhibit 1-24 OTHER HOMES OWNED, BY AGE

CHAPTER 2: CHARACTERISTICS OF HOMES PURCHASED

- Exhibit 2-1 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 2001-2013
- Exhibit 2-2 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION
- Exhibit 2-3 REASON FOR NEW AND PREVIOUSLY OWNED HOME PURCHASE
- Exhibit 2-4 TYPE OF HOME PURCHASED, BY LOCATION
- Exhibit 2-5 TYPE OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
- Exhibit 2-6 TYPE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 2-7 LOCATION OF HOME PURCHASED, BY REGION

List of Exhibits

Exhibit 2-8	LOCATION OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 2-9	LOCATION OF HOME PURCHASED VERSUS LOCATION OF HOME SOLD
Exhibit 2-10	SENIOR-RELATED HOUSING BY TYPE OF HOME PURCHASED AND LOCATION
Exhibit 2-11	DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE
Exhibit 2-12	FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY LOCATION
Exhibit 2-13	FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY ADULT COMPOSITION OF HOUSEHOLD AND CHILDREN IN HOUSEHOLD
Exhibit 2-14	PRICE OF HOME PURCHASED, BY REGION
Exhibit 2-15	PRICE OF HOME PURCHASED, NEW AND PREVIOUSLY OWNED HOMES
Exhibit 2-16	PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS
Exhibit 2-17	PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION
Exhibit 2-18	SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 2-19	SIZE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD
Exhibit 2-20	HOME SIZE AND PRICE PER SQUARE FOOT, BY REGION
Exhibit 2-21	NUMBER OF BEDROOMS AND BATHROOMS, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 2-22	NUMBER OF BEDROOMS AND BATHROOMS, BY ADULT HOUSEHOLD COMPOSITION AND CHILDREN IN HOUSEHOLD
Exhibit 2-23	YEAR HOME BUILT, BY REGION
Exhibit 2-24	IMPORTANCE OF COMMUTING COSTS
Exhibit 2-25	IMPORTANCE OF HOME'S ENVIRONMENTALLY FRIENDLY FEATURES
Exhibit 2-26	ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED "VERY IMPORTANT," BY REGION
Exhibit 2-27	ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED "VERY IMPORTANT," BY YEAR HOME WAS BUILT
Exhibit 2-28	CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY LOCATION
Exhibit 2-29	CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 2-30	CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY ADULT COMPOSITION OF HOUSEHOLD
Exhibit 2-31	EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 2-32	EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE

List of Exhibits

CHAPTER 3: THE HOME SEARCH PROCESS

- Exhibit 3-1 FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, FIRST-TIME AND REPEAT BUYERS
- Exhibit 3-2 FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, BY AGE
- Exhibit 3-3 INFORMATION SOURCES USED IN HOME SEARCH, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
- Exhibit 3-4 INFORMATION SOURCES USED IN HOME SEARCH, BY AGE
- Exhibit 3-5 FREQUENCY OF USE OF DIFFERENT INFORMATION SOURCES
- Exhibit 3-6 USEFULNESS OF INFORMATION SOURCES
- Exhibit 3-7 LENGTH OF SEARCH, BY REGION
- Exhibit 3-8 LENGTH OF SEARCH FOR BUYERS WHO USED AN AGENT, BY FIRST-TIME AND REPEAT BUYERS
- Exhibit 3-9 WHERE BUYER FOUND THE HOME THEY PURCHASED, 2001-2013
- Exhibit 3-10 BUYER INTEREST IN PURCHASING A HOME IN FORECLOSURE, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
- Exhibit 3-11 MOST DIFFICULT STEPS OF HOME BUYING PROCESS BY FIRST-TIME AND REPEAT BUYERS AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
- Exhibit 3-12 USE OF INTERNET TO SEARCH FOR HOMES, 2003-2013
- Exhibit 3-13 ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH, FIRST-TIME AND REPEAT BUYERS
- Exhibit 3-14 CHARACTERISTICS OF HOME SEARCHERS AND SEARCH ACTIVITY, BY USE OF INTERNET
- Exhibit 3-15 INFORMATION SOURCES USED IN HOME SEARCH, BY USE OF INTERNET
- Exhibit 3-16 WHERE BUYERS FOUND THE HOME THEY PURCHASED, BY USE OF INTERNET
- Exhibit 3-17 METHOD OF HOME PURCHASE, BY USE OF INTERNET
- Exhibit 3-18 VALUE OF WEBSITE FEATURES
- Exhibit 3-19 MOBILE SEARCH BY FIRST-TIME AND REPEAT BUYERS
- Exhibit 3-20 SATISFACTION IN BUYING PROCESS

List of Exhibits

CHAPTER 4: HOME BUYING AND REAL ESTATE PROFESSIONALS

Exhibit 4-1	METHOD OF HOME PURCHASE, 2001-2013
Exhibit 4-2	METHOD OF HOME PURCHASE, BY REGION
Exhibit 4-3	METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES
Exhibit 4-4	METHOD OF HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD
Exhibit 4-5	AGENT REPRESENTATION DISCLOSURE, FIRST-TIME AND REPEAT BUYERS
Exhibit 4-6	BUYER REPRESENTATIVE ARRANGEMENT WITH AGENT, FIRST-TIME AND REPEAT BUYERS
Exhibit 4-7	HOW REAL ESTATE AGENT WAS COMPENSATED
Exhibit 4-8	WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS
Exhibit 4-9	WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 4-10	WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, BY ADULT COMPOSITION OF HOUSEHOLD
Exhibit 4-11	BENEFITS PROVIDED BY REAL ESTATE AGENT DURING HOME PURCHASE PROCESS, FIRST-TIME AND REPEAT BUYERS
Exhibit 4-12	HOW BUYER FOUND REAL ESTATE AGENT, FIRST-TIME AND REPEAT BUYERS
Exhibit 4-13	HOW BUYER FOUND REAL ESTATE AGENT, BY ADULT COMPOSITION OF HOUSEHOLD
Exhibit 4-14	NUMBER OF REAL ESTATE AGENTS INTERVIEWED BY FIRST-TIME AND REPEAT BUYERS
Exhibit 4-15	BUYER USE OF ONLINE AGENT RECOMMENDATIONS, BY MILES MOVED
Exhibit 4-16	MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT
Exhibit 4-17	IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES
Exhibit 4-18	AGENT SKILLS AND QUALITIES CONSIDERED "VERY IMPORTANT" BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
Exhibit 4-19	AGENT SKILLS AND QUALITIES CONSIDERED "VERY IMPORTANT" BY ADULT COMPOSITION OF HOUSEHOLD
Exhibit 4-20	IMPORTANCE OF AGENT COMMUNICATIONS
Exhibit 4-21	SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES
Exhibit 4-22	WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS, BY MILES MOVED

List of Exhibits

CHAPTER 5: FINANCING THE HOME PURCHASE

- Exhibit 5-1 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY AGE
- Exhibit 5-2 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 5-3 PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
- Exhibit 5-4 SOURCES OF DOWNPAYMENT, FIRST-TIME AND REPEAT BUYERS
- Exhibit 5-5 SOURCES OF DOWNPAYMENT, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 5-6 EXPENSES THAT DELAYED SAVING FOR A DOWNPAYMENT OR SAVING FOR A HOME PURCHASE, BY FIRST-TIME AND REPEAT BUYERS
- Exhibit 5-7 EXPENSES THAT DELAYED SAVING FOR A DOWNPAYMENT OR SAVING FOR A HOME PURCHASE, BY AGE
- Exhibit 5-8 EXPENSES THAT DELAYED SAVING FOR A DOWNPAYMENT OR SAVING FOR A HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 5-9 SACRIFICES MADE TO PURCHASE HOME, BY FIRST-TIME AND REPEAT BUYERS
- Exhibit 5-10 SACRIFICES MADE TO PURCHASE HOME, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 5-11 DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY FIRST-TIME AND REPEAT BUYERS
- Exhibit 5-12 DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY ADULT COMPOSITION OF HOUSEHOLD
- Exhibit 5-13 BUYER PREVIOUSLY SOLD A DISTRESSED PROPERTY (SHORT SALE OR FORECLOSURE)
- Exhibit 5-14 TYPE OF MORTGAGE, FIRST-TIME AND REPEAT BUYERS
- Exhibit 5-15 TYPE OF LOAN, FIRST-TIME AND REPEAT BUYERS
- Exhibit 5-16 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES
- Exhibit 5-17 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, BY ADULT COMPOSITION OF HOUSEHOLD

List of Exhibits

CHAPTER 6: HOME SELLERS AND THEIR SELLING EXPERIENCE

Exhibit 6-1	AGE OF HOME SELLERS, BY REGION
Exhibit 6-2	HOUSEHOLD INCOME OF HOME SELLERS, 2012
Exhibit 6-3	ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS
Exhibit 6-4	NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOME SELLER HOUSEHOLD
Exhibit 6-5	RACE/ETHNICITY OF HOME SELLERS, BY REGION
Exhibit 6-6	PRIMARY LANGUAGE SPOKEN IN HOME SELLER HOUSEHOLD, BY REGION
Exhibit 6-7	HOME SELLING SITUATION AMONG REPEAT BUYERS
Exhibit 6-8	FIRST-TIME OR REPEAT SELLER
Exhibit 6-9	HOMES SOLD AND FOR SALE, BY REGION
Exhibit 6-10	LOCATION OF HOME SOLD
Exhibit 6-11	PROXIMITY OF HOME SOLD TO HOME PURCHASED
Exhibit 6-12	TYPE OF HOME SOLD, BY LOCATION
Exhibit 6-13	SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD
Exhibit 6-14	SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER
Exhibit 6-15	NUMBER OF BEDROOMS AND BATHROOMS BY ADULT COMPOSITION OF HOUSEHOLD AND CHILDREN IN HOUSEHOLD
Exhibit 6-16	AGE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD
Exhibit 6-17	PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD
Exhibit 6-18	PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER
Exhibit 6-19	PRIMARY REASON FOR SELLING PREVIOUS HOME, BY MILES MOVED
Exhibit 6-20	PRIMARY REASON FOR SELLING PREVIOUS HOME, BY FIRST-TIME AND REPEAT SELLERS
Exhibit 6-21	SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE, BY FIRST-TIME AND REPEAT SELLERS
Exhibit 6-22	SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE, BY TENURE IN HOME
Exhibit 6-23	TENURE IN PREVIOUS HOME, BY TYPE OF HOME
Exhibit 6-24	TENURE IN PREVIOUS HOME, BY AGE OF SELLER
Exhibit 6-25	DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION
Exhibit 6-26	DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY AGE
Exhibit 6-27	METHOD USED TO SELL HOME, BY REGION
Exhibit 6-28	METHOD USED TO SELL HOME, BY SELLER URGENCY
Exhibit 6-29	METHOD OF SALE, BY BUYER AND SELLER RELATIONSHIP
Exhibit 6-30	METHOD USED TO SELL HOME, 2001-2013
Exhibit 6-31	SALES PRICE COMPARED WITH LISTING PRICE, BY REGION

- Exhibit 6-32 SALES PRICE COMPARED WITH LISTING PRICE, BY SELLER URGENCY
- Exhibit 6-33 NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION
- Exhibit 6-34 SALES PRICE COMPARED WITH LISTING PRICE, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
- Exhibit 6-35 NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
- Exhibit 6-36 INCENTIVES OFFERED TO ATTRACT BUYERS, BY REGION
- Exhibit 6-37 INCENTIVES OFFERED TO ATTRACT BUYERS, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
- Exhibit 6-38 EQUITY EARNED IN HOME RECENTLY SOLD, BY TENURE IN HOME
- Exhibit 6-39 SATISFACTION WITH THE SELLING PROCESS

CHAPTER 7: HOME SELLING AND REAL ESTATE PROFESSIONALS

- Exhibit 7-1 METHOD USED TO FIND REAL ESTATE AGENT, BY FIRST TIME OR REPEAT SELLER
- Exhibit 7-2 METHOD USED TO FIND REAL ESTATE AGENT, BY MILES MOVED
- Exhibit 7-3 NUMBER OF AGENTS CONTACTED BEFORE SELECTING ONE TO ASSIST WITH SALE OF HOME
- Exhibit 7-4 SELLER USED THE SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE, BY MILES MOVED
- Exhibit 7-5 HOME LISTED ON MULTIPLE LISTING SERVICE
- Exhibit 7-6 LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT
- Exhibit 7-7 WHAT SELLERS MOST WANT FROM REAL ESTATE AGENTS, BY LEVEL OF SERVICE PROVIDED BY THE AGENT
- Exhibit 7-8 MOST IMPORTANT FACTOR IN CHOOSING A REAL ESTATE AGENT TO SELL HOME, BY LEVEL OF SERVICE PROVIDED BY THE AGENT
- Exhibit 7-9 METHODS REAL ESTATE AGENT USED TO MARKET HOME, BY TYPE OF HOME SOLD
- Exhibit 7-10 HOW REAL ESTATE AGENT WAS COMPENSATED
- Exhibit 7-11 NEGOTIATING THE COMMISSION RATE OR FEE WITH THE REAL ESTATE AGENT
- Exhibit 7-12 WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS

CHAPTER 8: FOR-SALE-BY-OWNER (FSBO) SELLERS

Exhibit 8-1	FSBO AND AGENT-ASSISTED SALES, BY LOCATION
Exhibit 8-2	FSBO AND AGENT-ASSISTED SALES, 2003-2013
Exhibit 8-3	CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-4	TYPE OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-5	LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-6	SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-7	TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-8	SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-9	INCENTIVES OFFERED TO ATTRACT BUYERS, FSBO AND AGENT-ASSISTED SELLERS
Exhibit 8-10	MOST IMPORTANT REASON FOR SELLING HOME AS FSBO
Exhibit 8-11	SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE
Exhibit 8-12	METHOD USED BY FSBO SELLERS TO MARKET HOME
Exhibit 8-13	MOST DIFFICULT TASK FOR FSBO SELLERS
Exhibit 8-14	HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME



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