

2021

**PROFILE OF
HOME BUYERS
AND SELLERS**



40TH ANNIVERSARY EDITION



**NATIONAL
ASSOCIATION OF
REALTORS®**

2021 Profile of Home Buyers and Sellers

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INTRODUCTION

The NATIONAL ASSOCIATION OF REALTORS® *Profile of Home Buyers and Sellers* is an annual survey of recent home buyers and sellers who recently completed a transaction. This year marks the 40th anniversary of the flagship report. The annual report allows industry professionals to gain insight into detailed buying and selling behavior. Each iteration of the report is as unique as the economic, social, and demographic environment in which it is published.

This year, while marking its 40th anniversary, the report is especially unique. It includes an entire year of data in which buyers and sellers purchased or sold during the COVID-19 pandemic. The last year is especially distinctive as home buyers have entered a housing market with historically low housing inventory and historically high year-over-year home price gains. Buyers have continued to enter, despite the competition in the marketplace, and purchase homes. Buyers purchase a home not only for the desire to own a home of their own, but also for the desire to be closer to friends and family and the need for a larger home. The pandemic changed how our homes are used, as well as the location in which we bought homes. There was a jump in buyers who noted a top factor for their neighborhood choice was the proximity to friends and family. In past years, convenience to work and affordability had been top factors.

The information provided supplies understanding, from the consumer level, of the trends that are transpiring. This survey covers information on demographics, housing characteristics, and the experience of consumers in the housing market, as well as for those who are not yet able to enter the market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

The *Profile of Home Buyers and Sellers* report has been the leading industry source of trusted insight into consumer behavior for nearly four decades. It has grown and evolved to keep up with changing home buying trends and the need for more information. NAR first administered the survey in 1981 with just 59 questions. In 2021, the survey contained 129 questions. Although the report has evolved, data has been collected for more than three decades describing the demographic characteristics of home buyers and sellers, buyers and sellers' experience in the home

transaction process, as well as market characteristics including the use of real estate agents. One measure of how the market has changed is the manner in which the data is collected. In 1981, only a paper copy of the survey was offered. Today, recent home buyers can take the survey via paper or online, and in English or Spanish. Because of its long history and timely information available each year, the report is valued by REALTORS®, market analysts, and policymakers.

Data is collected from a nationally representative sample of recent home buyers who purchased a primary residence in the 12-month period between July 2020 and June 2021. Data is also representative of the geographic distribution of home sales. Consumer names are obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records.

Among all buyers last year, the share of first-time home buyers grew to 34 percent from 31 percent. While first-time buyers have had record low interest rates, they have also faced a housing environment that has scarce inventory and rising home prices. Among all buyers, 31 percent paid the asking price for the home, while 29 percent paid more than the asking price.

Tightened inventory is affecting the home search process of buyers. Due to suppressed inventory levels in many areas of the country, buyers are typically purchasing more expensive homes as prices increase. The number of weeks a buyer searched for a home remained at only eight weeks. Many buyers took advantage of new virtual tours and virtual listings and used those in their search process. Buyers continue to report the most difficult task for them in the home buying process was just finding the right home to purchase.

Among sellers, the pandemic also may have spurred sellers to make a home trade. The top reasons to sell were the desire to be close to friends and family and because their home was too small. Tenure in the home dropped to eight years from 10 years. It is the largest single-year change in home tenure in the history of the data set. Historically, tenure in the home has been six to seven years, but had increased after the Great Recession to nine to 10 years. Among sellers, 46 percent purchased a larger home and 28 purchased the same size home.

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Buyers needed the help of a real estate professional to help them find the right home and negotiate terms of sale. Eighty-eight percent of buyers used an agent to help them purchase a home. Sellers, as well, turned to professionals to price their home competitively, help market the home to potential buyers, sell within a specific timeframe, and fix up the home for sale. Ninety percent of sellers used an agent to sell their home. While the survey asked about iBuyers as a selling method, less than one percent of sellers used these online only programs. Only seven percent of sellers sold via For-Sale-By-Owner (FSBO), matching historic lows seen in past years.

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 provide the information necessary to address the needs of America's real estate consumers.

The data set provides a wealth of data that is used to create a number of spin-off NAR reports including: *Home Buyer and Seller Generational Trends Report*, *Buyer Bios*, *Real Estate in a Digital Age*, *Veterans and Active Military Home Buyers and Sellers Profile*, *Profile of LGBT Buyers and Sellers*, *A Snapshot of Race and Home Buying in America*, *Downpayment Expectations and Hurdles to Homeownership*, and *Moving with Kids*.



1981

2021



44%

34%

First time home buyer share

0% 95%
Used the internet to search



22% 7%
Used a newspaper to search



Age of first time buyers (median)

93% 87%
Financed the home purchase



20% 13%
Typical down payment



 76% 82%
Share bought single family home



Age of a repeat buyer 36 56

 82% 88%
Bought through an agent

 73% 60%
Share of married couples

 10% 9%
Share of single males

 11% 19%
Share of single females

 6% 9%
Share of unmarried couples

2021 Profile of Home Buyers and Sellers

HIGHLIGHTS

Characteristics of Home Buyers

- First-time buyers made up 34 percent of all home buyers, an increase from last year's 31 percent.
- The typical first-time buyer was 33 years old this year, holding steady from last year, while the typical repeat buyer age continued to climb to an all-time high of 56 years old.
- Sixty percent of recent buyers were married couples, 19 percent were single females, nine percent were single males, and nine percent were unmarried couples.
- Eleven percent of home buyers purchased a multi-generational home, to take care of aging parents, because of children over the age of 18 moving back home, and for cost-savings.
- Eighty-two percent of buyers were White/Caucasian, seven percent were Hispanic/Latino, six percent were Asian/Pacific Islander, six percent were Black/African-American, and two percent identified as other.
- Eighty-nine percent of recent home buyers identified as heterosexual, four percent as gay or lesbian, two percent as bisexual, one percent prefer to self-describe and six percent preferred not to answer.
- Fourteen percent of recent home buyers were veterans and three percent were active-duty service members.
- At 28 percent, the primary reason for purchasing a home was the desire to own a home of their own. For first-time buyers, this number jumps to 65 percent.

Characteristics of Homes Purchased

- Fifteen percent of buyers purchased a new home, and 85 percent of buyers purchased a previously-owned home. In comparison, in 1989, 29 percent of buyers purchased a new home.
- Most recent buyers who purchased new homes were looking to avoid renovations and problems with plumbing or electricity at 36 percent. Buyers who purchased previously-owned homes were most often considering better overall value at 38 percent.
- Detached single-family homes continued to be the most common home type for recent buyers at 82 percent, followed by townhomes or row houses at seven percent. In 1981, 76 percent of homes were detached single-family homes.
- Senior-related housing held steady this year at 14 percent, with 16 percent of buyers typically purchasing condos and seven percent purchasing a townhouse or row house.
- The median distance between the home that recent buyers purchased and the home they moved from was only 15 miles.

- Convenience to friends and family was the second most important factor in influencing neighborhood choice, after quality of the neighborhood. This surpassed convenience to job and affordability, which were more important last year.
- Buyers typically purchased their homes for 100 percent of the asking price, with 29 percent purchasing for more than asking price.
- The typical home that was recently purchased was 1,900 square feet, had three bedrooms and two bathrooms, and was built in 1993.
- Overall, buyers expected to live in their homes for a median of 12 years, while 18 percent said that they were never moving.

The Home Search Process

- For 41 percent of recent buyers, the first step that they took in the home buying process was to look online at properties for sale, while 19 percent of buyers first contacted a real estate agent.
- Ninety-one percent of recent buyers found their real estate agent to be a very or somewhat useful information source.
- Buyers typically searched for eight weeks and looked at a median of eight homes, and viewed three homes only online.
- Nearly all buyers used online tools in the search process at 95 percent.
- When asked where their internet searches were conducted, home buyers were split; they typically conducted 50 percent of their search on a desktop/laptop and 50 percent on a mobile device(s).
- Ninety-four percent of recent buyers were at least somewhat satisfied with their recent home buying process.

Home Buying and Real Estate Professionals

- Eighty-seven percent of buyers recently purchased their home through a real estate agent or broker, and seven percent purchased directly from a builder or builder's agent.
- Having an agent to help them find the right home was what buyers wanted most when choosing an agent at 52 percent.
- Forty-seven percent of buyers used an agent that was referred to them by a friend, neighbor, or relative and 13 percent used an agent that they had worked with in the past to buy or sell a home.
- Seventy-three percent of buyers interviewed only one real estate agent during their home search.
- Ninety percent of buyers would use their agent again or recommend their agent to others.

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Financing the Home Purchase

- Eighty-seven percent of recent buyers financed their home purchase, down from 93 percent in 2003.
- The typical downpayment for first-time buyers was seven percent, while the typical downpayment for repeat buyers was 17 percent.
- For 61 percent of buyers, the source of the downpayment came from their savings. Fifty-six percent of repeat buyers cited using the proceeds from the sale of a primary residence, while 28 percent of first-time buyers used a gift or loan from friends or family for the downpayment.
- For first-time home buyers, 29 percent said saving for a downpayment was the most difficult step in the process.
- The majority of first-time buyers did make financial sacrifices to purchase a home. For those who did, the most common sacrifices buyers reported were cutting spending on luxury goods, entertainment, and clothes.
- Buyers continue to see purchasing a home as a good financial investment. Eighty-six percent reported they view a home purchase as a good investment.

Home Sellers and Their Selling Experience

- The typical home seller was 56 years old, with a median household income of \$112,300.
- For all sellers, the most commonly cited reason for selling their home was the desire to move closer to friends and family (18 percent), that it was too small (17 percent), and the neighborhood has become less desirable (11 percent).
- Sellers typically lived in their home for eight years before selling, the biggest one-year change in tenure since 1985.
- Forty-six percent of sellers traded up to a larger home and 28 percent purchased the same size home.
- Ninety percent of home sellers worked with a real estate agent to sell their home, seven percent sold via FSBO, and less than one percent sold via iBuyer.
- For recently sold homes, the final sales price was a median of 100 percent of the final listing price, the highest recorded since 2002.
- Recently sold homes were on the market for a median of one week, a drop from three weeks last year.
- Only 26 percent of sellers offered incentives to attract buyers, a drop from 46 percent of all sellers last year.
- This year, home sellers cited that they sold their homes for a median of \$85,000 more than they purchased it, a jump from \$66,000 last year.
- Ninety-two percent of sellers were at least somewhat satisfied with the selling process.

Home Selling and Real Estate Professionals

- Sixty-eight percent of sellers found their agent through a referral from a friend, neighbor, or relative or used an agent they had worked with before to buy or sell a home.
- Eighty-two percent of recent sellers contacted only one agent before finding the right agent they worked with to sell their home.
- Fifty-three percent of sellers used the same agent to purchase a home, as sell their home. A share which rises to 85 percent for sellers who purchased a new home within 10 miles.
- Eighty-nine percent of sellers listed their homes on the Multiple Listing Service (MLS), which is the number one source for sellers to list their home.
- Seventy-six percent of sellers reported that they provided the agent's compensation.
- The typical seller has recommended their agent twice since selling their home. Twenty-seven percent of sellers recommended their agent four or more times since selling their home.
- Eighty-nine percent said that they would definitely (74 percent) or probably (15 percent) recommend their agent for future services.

For-Sale-by-Owner (FSBO) Sellers

- Only seven percent of recent home sales were FSBO sales this year. This is slightly down from seven percent last year, and is a historical low share recorded since this report started in 1981.
- The majority of FSBO sellers, 57 percent, knew the buyer of the home.
- Within rural areas 12 percent sold via FSBO compared to four percent of sellers in urban areas.
- FSBOs typically sell for less than the selling price of other homes; FSBO homes sold at a median of \$260,000 last year, significantly lower than the median of agent-assisted homes at \$318,000.

