



Characteristics of Home Buyers
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By Heather Taylor

Introduction

NAHB frequently uses American Housing Survey (AHS) data to better understand who's buying homes, and what it is they're buying. The AHS (financed by the Department of Housing and Urban Development and conducted in odd-numbered years by the U.S. Census Bureau) is a representative survey of homes in the U.S., including those that have turned over recently. This article uses data from the latest, 2013 AHS to study the roughly 13.7 million households that bought a home in the two years prior to the date the survey was conducted.

Key findings about the 13.7 million home buyers:

- They represent double the number of home buyers in the previous, 2011 AHS.
- 11 percent of them purchased a new home (up from a low of 8 percent in 2011).
- 43 percent were purchasing their first home (down from a peak of 46 percent in 2011).
- Overall, the median buyer was 40 years old with an income of \$69,974.
- The median *first-time* buyer was 32 years old with an income of \$62,987.
- The median *new home* buyer was 40 years old, with an income of \$84,987.

Key findings about the 13.7 million homes they purchased:

- The median value of the homes purchased was \$168,000.
- Although the median value of homes purchased has been decreasing since its peak in 2007, the rate of decline is slowing down. The median value dropped \$35,000 between 2007 and 2009, \$10,000 between 2009 and 2011, and only \$2,000 between 2011 and 2013.
- The median value of new homes purchased was \$231,000 in 2013—essentially unchanged from \$230,000 in both 2009 and 2011.
- The median value of a home purchased by a first-time buyer was \$146,000—essentially unchanged from \$147,000 in 2011.
- The median size of a home purchased was 1,800 square feet—2,200 if it was a new home.

And key findings about the way the purchases were made:

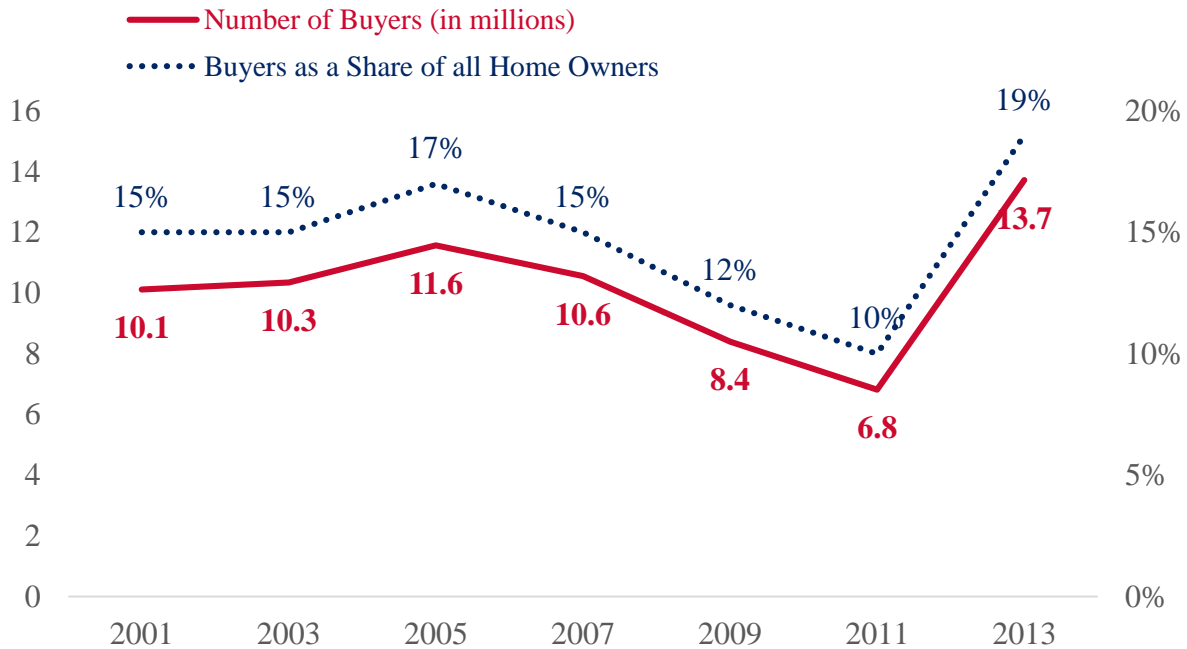
- The median buyer looked at 10 different homes before deciding which one to buy.
- About 11 percent of the homes were purchased without a downpayment (either straight out for cash, or with a zero-downpayment loan).
- 51 percent of the purchases were made using savings for a downpayment; 17 percent using sale of a previous home.
- The top two reasons for choosing a home were its size (cited by 76 percent of buyers) and room layout/design (74 percent).
- The top two reasons for choosing a neighborhood were “the house itself” (cited by 85 percent of buyers) and safety (71 percent).

Some of the statistics computed from the AHS data may differ from those reported from other sources. The advantage of using the AHS is that it that allows us to track home purchases along with a large number of characteristics of the homes and their buyers in a consistent way over time.

Home Buyers

The AHS shows that the number of households buying a home had been on the decline since 2005, but that trend was reversed and the number of recent buyers (those who bought in the two years prior to the survey) doubled between 2011 and 2013. While the 2011 AHS showed only 6.8 million recent buyers, the number jumped to 13.7 million in 2013. This works out to about 19 percent of all home owners, up from only 10 percent in 2011. The number of recent buyers and share of owners who bought their homes recently were both higher in 2013 than at any time since 2001 (Graph 1).

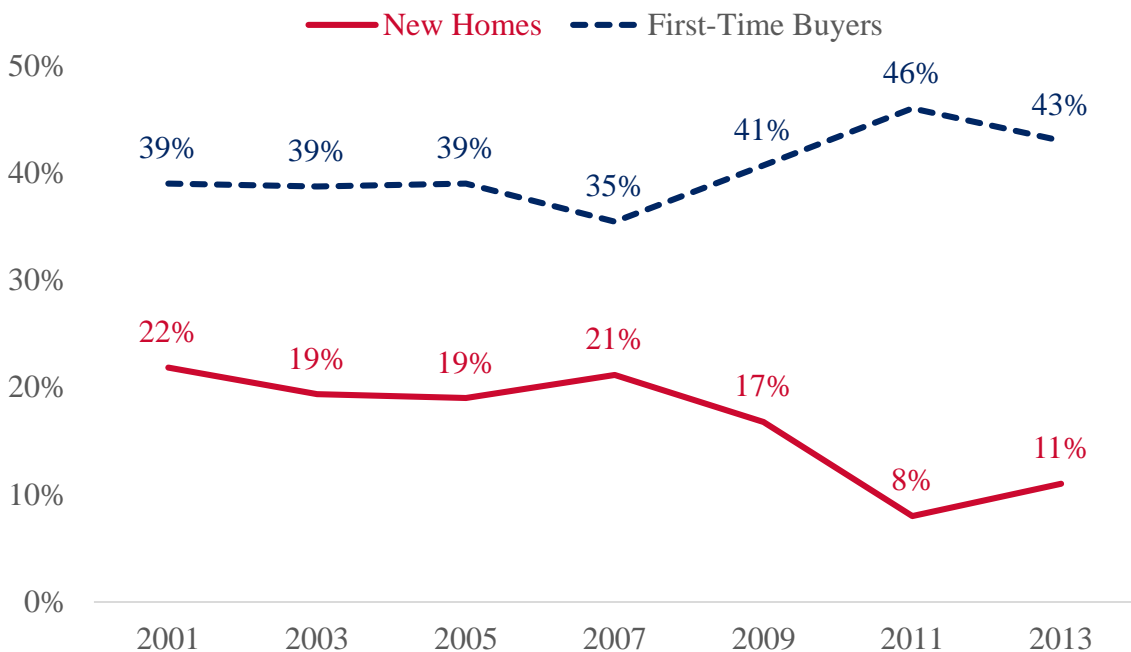
Graph 1. Households Who Bought Homes Within the Past Two Years



Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

Among the 13.7 million recent home buyers in 2013, 43 percent were first-time buyers. Also, 11 percent of the 13.7 million were purchasing a new home. Although that's higher than the 8 percent who bought a new home in 2011, it is still significantly below the 19-22 percent that was the norm between 2001 and 2007 (Graph 2). It's also far below what buyers as a group say they'd prefer. According to the consumer preference survey data in NAHB's "[What Home Buyers Really Want](#)," over half (55 percent) of all buyers would prefer to purchase a new home if they could.

Graph 2. Share of All Buyers

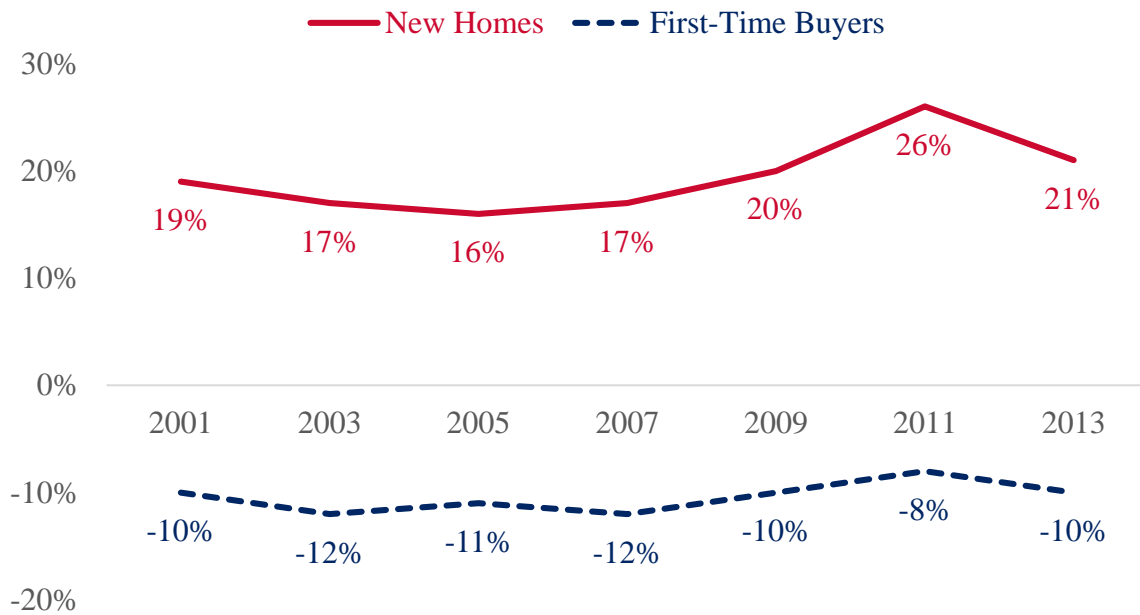


Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

In the 2013 AHS, the median income for all recent home buyers was \$69,974. New home buyers had a higher median income than existing home buyers—\$84,987 compared to \$67,974. About 29 percent of new home buyers, make less than \$60,000, 30 percent make between \$60,000 and \$99,999, and the remaining 41 percent make \$100,000 or more.

When compared to the median income for all home buyers, the median for new home buyers was 21 percent higher in 2013, down from 26 percent in 2011. The median income of first-time home buyers was 10 percent below that of all home buyers in 2013. The spread had narrowed to 8 percent in 2011 (Graph 3).

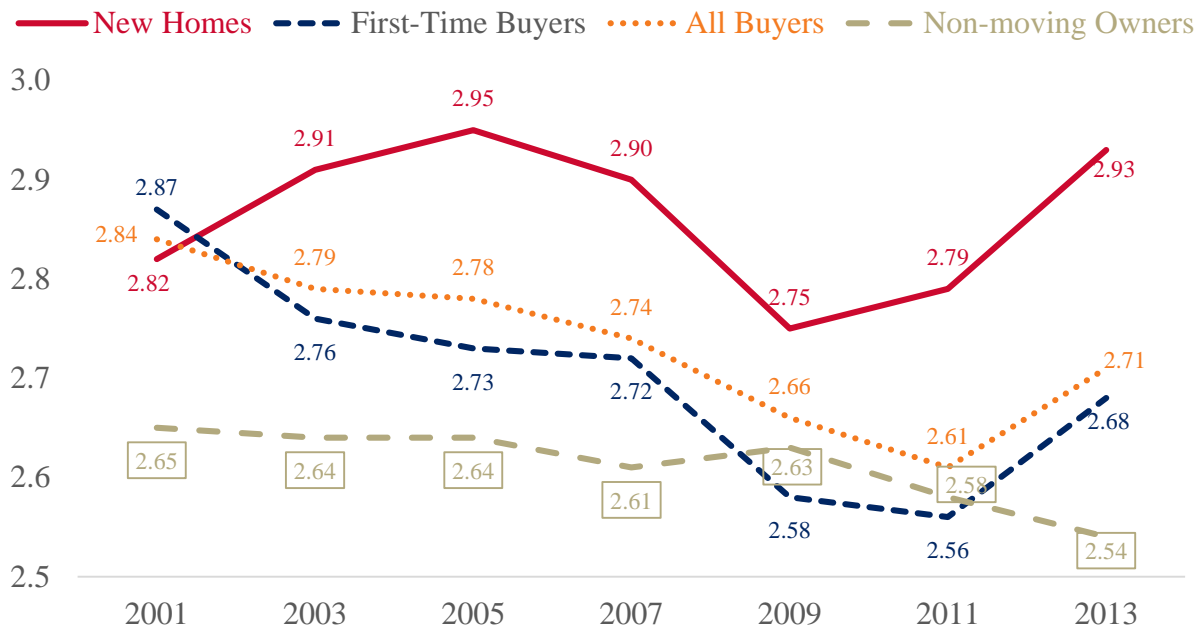
Graph 3. Percent Above or Below the Income of All Buyers



Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

The average size of a home-buying household increased from 2.61 persons in 2011 to 2.71 in 2013, while the household size among non-moving owners decreased slightly from 2.58 persons to 2.54. More specifically, the average household size for new home buyers increased from 2.79 persons in 2011 to 2.93 in 2013, and for first-time buyers from 2.56 persons to 2.68 (Graph 4).

**Graph 4. Average Household Size
(Persons per Household)**



Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

The 2013 AHS also shows that first-time home buyers tend to be younger and more diverse than trade-up buyers. The median age of first-time buyers was 32 years, compared to 48 for trade-up buyers. From a racial and ethnic standpoint, “only” 68 percent of first-time home buyers were white and non-Hispanic, compared to 81 percent of trade-up buyers.

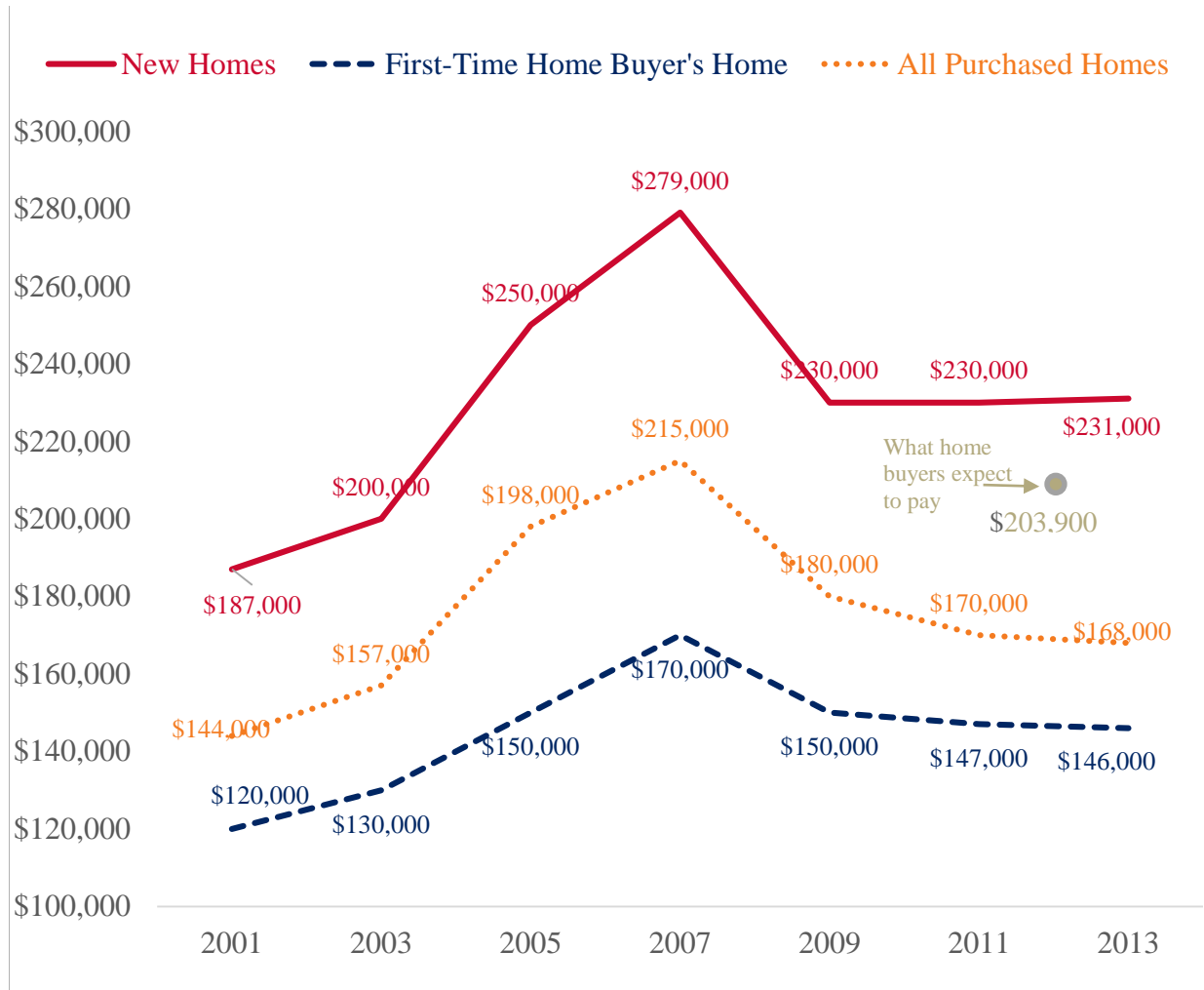
More statistics for home buyers can be found in Table 1, in the “Additional Resources” box appearing at the top of the online version of this article.

The Homes Purchased

The AHS also contains considerable information on the homes buyers purchase. Not surprisingly, new homes tend to be higher priced and larger, while homes purchased by first-time buyers tend to be lower priced and smaller. In the 2013 AHS, the median value of all homes purchased was \$168,000, compared to \$231,000 for new homes and \$146,000 for homes purchased by first-time buyers. The median value of the new homes was 38 percent above the median for all homes purchased—the highest the spread has been since 2001.

Meanwhile, the median value of a first-time home buyer’s home was 13 percent below that of all homes purchased in 2013—the smallest the spread has been since 2001 (Graph 5).

Graph 5. Median Market Value of Homes Purchased

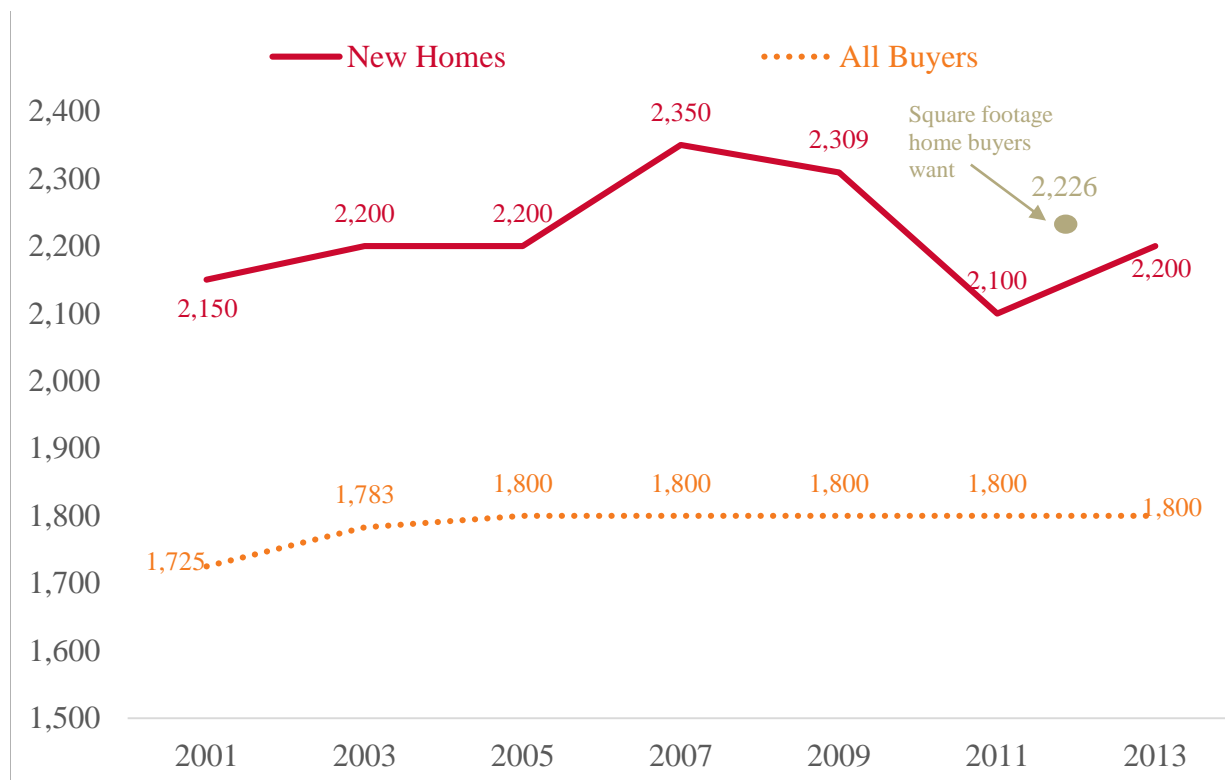


Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

According to “What Home Buyers Really Want,” home buyers expect to pay a median of \$203,900. This is lower than the median value of new homes purchased (\$231,000), but higher than the median value of all homes purchased (\$168,000).

The AHS data show the median square footage of homes purchased has been 1,800 square feet consistently since 2005. However, the median square footage of new homes has been more variable, peaking at to 2,350 square feet in 2007, declining to 2,100 in 2011 before rising again to 2,200 square feet in 2013¹ (Graph 6).

Graph 6. Median Square Footage of Homes Purchased



Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

According to “What Home Buyers Really Want,” buyers would like a median of 2,226 square feet in their home, and the 2013 AHS shows that this is just about what they got—if they were purchasing a new home.

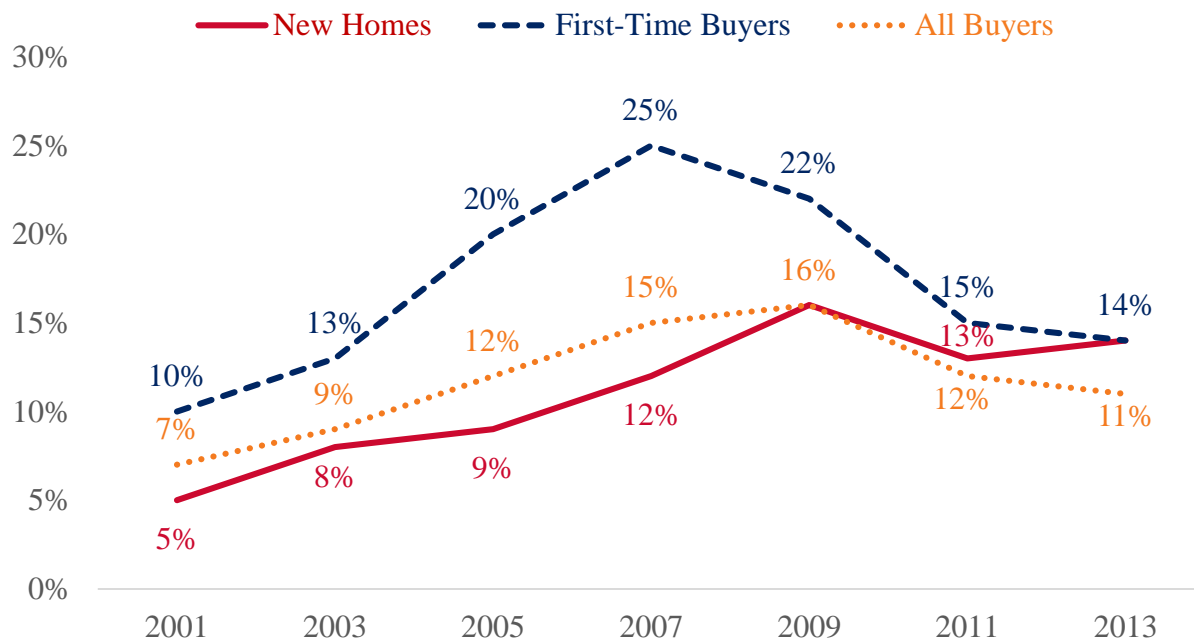
More facts about the homes purchased can be found in Table 2, available in the “Additional Resources” box.

The Home Buying Process

The AHS also contains data on how buyers shopped for a home, and how the purchase was financed. Overall, in the 2013 AHS, buyers looked at a median 10 homes before making the purchase, while both buyers of new homes and first-time buyers looked at a median of 8.

About 11 percent of homes were purchased without a downpayment. No-downpayment purchases include both cases where a home is purchased straight out for cash, and cases where it purchased using a zero-downpayment loan. The latter became increasingly important for first-time buyers during the first decade of the 2000s, as the share of first-time buyers making the purchase without a downpayment rose to a peak of 25 percent in 2007. It has since declined to under 15 percent after the financial crisis when credit standards tightened (Graph 7).

Graph 7. Percent of Buyers with No Down Payment

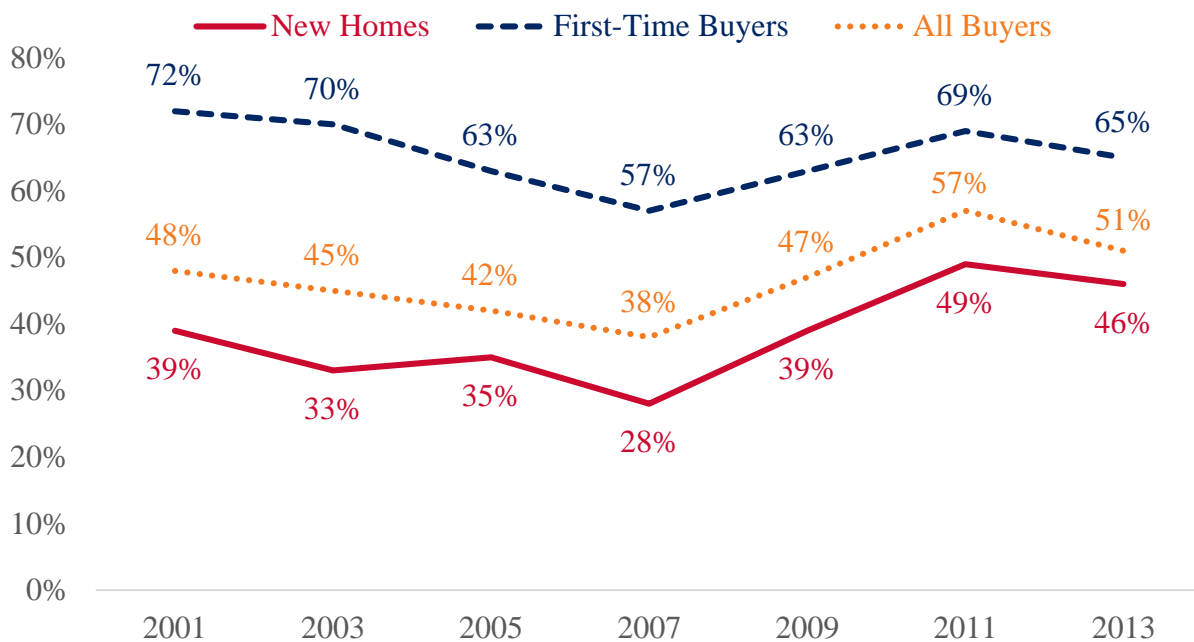


Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

For those who make a downpayment, the two most common sources of funds are (by a wide margin) savings and sale of an existing home. Overall in the 2013 AHS, 51 percent of homes were purchased using savings for a downpayment, and 17 percent using sale of a previous home.

Among new home buyers, 46 percent used savings for a downpayment and 24 percent used the sale of their previous home. After increasing from 28 percent in 2007 to 49 percent in 2011, the share of new home buyers using their savings as the down payment dropped slightly to 46 percent in 2013. The share of first-time home buyers using their savings as the down payment followed a similar trend, increasing from 57 percent in 2007 to 69 percent in 2011, before dropping slightly to 65 percent in 2013 (Graph 8).

Graph 8. Percent of Buyers Who Use Savings for a Downpayment

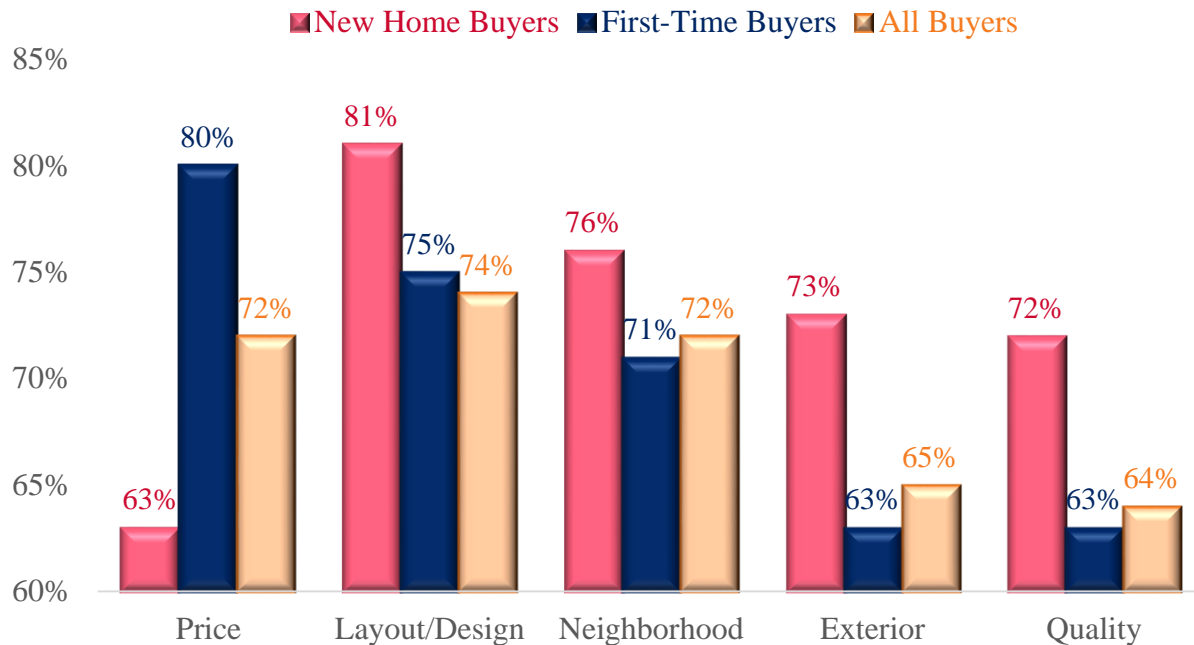


Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

Another important aspect of the home buying process is what motivates buyers to choose a home. Overall, the size and room layout/design of the home were the top two reasons among recent buyers in the 2013 AHS—76 percent cited size as a reason they chose the home, and 74 percent cited room layout/design. Next, price and neighborhood were each cited by 72 percent of buyers. Other common reasons for choosing a home were exterior appearance (cited by 65 percent of recent buyers), construction quality (64 percent) and yard/trees/view (59 percent). In contrast, a mere 15 percent of recent buyers chose a home because it was the only one available at the time.

For buyers of new homes, room layout/design, neighborhood, exterior appearance and construction quality tended to be even more important than for other types of buyers. Among first-time buyers, on the other hand, price was more often a consideration (see Graph 9). Other than the characteristics illustrated in the graph, the other reasons for choosing a home did not vary much across different types of buyers.

Graph 9. Reasons for Choosing a Home
 (Share of Recent Buyers Citing it as One of the Reasons)

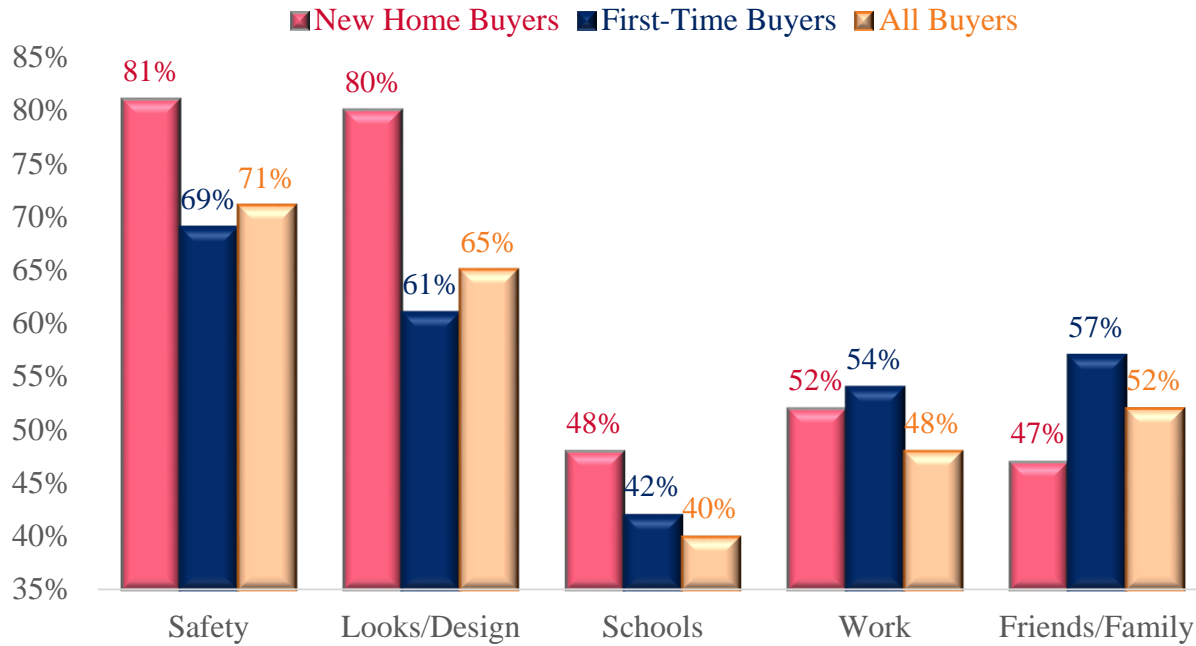


Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

The AHS also asked home buyers about the reasons they chose a particular neighborhood. In the 2013 AHS, “the house itself” was the most common reason, cited by 85 percent of recent buyers. The second most common reason was safety (an item added to the questionnaire by HUD and Census Bureau in 2013, which NAHB has been advocating for some time), cited by 71 percent of buyers. Next were looks/design of the neighborhood (65 percent) proximity to friends and family (52 percent), proximity to amenities (51 percent), familiarity with the neighborhood (51 percent), and proximity to work (48 percent). Only 16 percent chose a neighborhood because it was convenient to public transportation.

Safety, looks/design and to some extent good schools tended to be more important to new home buyers than to other types of buyers. Proximity to work and friends/family tended to be more important to first-time buyers (Graph 10). Other than the characteristics illustrated in the graph, the other reasons for choosing a neighborhood did not vary much across different types of buyers.

Graph 10. Reasons for Choosing a Neighborhood
(Share of Recent Buyers Citing it as One of the Reasons)



Source: NAHB tabulation of data from the 2013 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

More statistics on the home buying process are available in Table 3 under the “Additional Resources” box.

The “Additional Resources” box also contains historical versions of Tables 1, 2 and 3 based on the 2001, 2003, 2005, 2007, 2009, and 2011 AHS.

Readers interested in a longer list of features and how they motivate buyers to choose a particular home in a particular community may want to consider acquiring [“What Home Buyers Really Want.”](#)

¹ Another, perhaps more familiar, source for information on the size of new homes is the Census Bureau’s quarterly release: [Housing Units Started in the United States by Purpose and Design](#). Historically, median size of new homes from this source and the AHS follow broadly similar trends, but the quarterly starts series is more current, and shows a continuation of the generally upward trend in median size of new single-family homes—from under 2,200 square feet in 2009-2010, to over 2,400 in 2013-2014, to over 2,500 in the first quarter of 2015.