



NATIONAL ASSOCIATION OF REALTORS®

Profile of Buyers' Home Feature Preferences

2007

HIGHLIGHTS



NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate

INTRODUCTION

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URCHASING A HOME INVOLVES COUNTLESS DECISIONS ABOUT FINANCING

options, where to buy, and the specific features and amenities buyers value most in a home. Many of the preferences are related to the buyer's age and income — younger buyers just purchasing their first home or older buyers looking to trade down perhaps in anticipation of retirement. Other features in a home are embraced by most home buyers of all ages, while still other preferences depend on how long the buyer expects to remain in their home. The desirability of some features is also reflected in the buyer's choice of a new or previously owned home.

Once a home purchase is completed, many buyers invest in their home by upgrading kitchens and bathrooms, replacing appliances or adding landscaping. Differences in the types of improvements are evident between those buyers who purchased newer and older homes or those that expect to own their home for a number of years or only a short period of time. Home improvements not only add value to the home that can often be recaptured upon sale, but also enhance the desirability of the home for the new owner.

To more accurately assess these variations in preferences for home features and the types of home improvements buyers undertake, the NATIONAL ASSOCIATION OF REALTORS® conducted a survey of home buyers who purchased a home in the period from late 2005 to early 2007. The survey gathered information about those features that buyers considered very important when searching for a home and whether or not these features were present in the home they purchased. The survey also queried recent buyers about the home improvements that they undertook during the first three months following the purchase.

The information gathered from this survey confirms many of the observations that real estate professionals make each day when working with home buyers. More importantly, however, the information gleaned from this survey provides insights into the priorities of home buyers. This information can be used by REALTORS® and other real estate professionals to assist home buyers who are searching for a home, including first-time buyers or buyers transitioning to a new location. The analysis in this report will also help home sellers and real estate professionals evaluate the desirability of various features when marketing a home for sale.

HIGHLIGHTS

CHARACTERISTICS OF HOME PURCHASED

- The typical home purchased during the survey period was 12 years old, 1,840 square feet in size, and had three bedrooms and two bathrooms.
- First-time buyers typically purchased smaller and older homes than repeat buyers and were more likely to purchase a home in an urban/central city area.
- More than 80 percent of homes purchased had central air conditioning and garages, and less than half had basements.
- More than 90 percent of home buyers were satisfied with the home they purchased, and nearly two-thirds of all buyers were very satisfied.

SEARCHING FOR A HOME

- Nearly four out of five home buyers worked with a real estate agent to purchase their home.
- When searching for a home, the most desired features were central air conditioning, an oversized garage, a walk-in closet, and a backyard or play area. The most desired rooms/spaces were garages, living rooms and laundry rooms.
- Repeat buyers placed more importance than first-time buyers on almost all home features.
- Home buyers that purchased a home without a desired feature or room would be willing to pay extra for central air conditioning (typically \$1,880), two or more full bathrooms (typically \$2,040) and hardwood floors (typically \$1,900).
- Over 90 percent of recent home buyers thought energy efficiency was an important consideration when searching for a home to purchase.
- When comparing the home they recently purchased to their ideal or preferred home, most home buyers were satisfied with regard to their home's age, overall size, size of the kitchen, number of bedrooms and bathrooms, and closet and storage space.

HOME IMPROVEMENT AND REMODELING

- About six-in-ten recent home buyers took on remodeling or home improvement projects within three months of their home purchase.
- The typical buyer spent \$4,350 on home improvement projects within the first three months of buying their home. Repeat buyers spent more than first-time buyers.
- Nearly half of home buyers remodeled or made improvements to their kitchen, and close to half remodeled or improved a bathroom in the first three months following the home purchase.

HOME PURCHASE, INVESTMENT, AND FINANCING

- The median home price was \$205,000, and over 90 percent of home buyers used a mortgage to finance their home purchase.
- Over half of home buyers believe their home has high investment potential.
- Older buyers are more optimistic about their home's investment potential; more than 60 percent of buyers 55 or older rate their home's investment potential as high.