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**THE 2004 NATIONAL  
ASSOCIATION  
OF REALTORS®  
PROFILE OF HOME  
BUYERS AND SELLERS**

## PREFACE

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### OUSING MARKET STRENGTH HAS CONTINUED TO SUPPORT RECORD VOLUMES AND

home price gains for the third consecutive year. More generally, the housing market has contributed to the broader health of the national economy by fueling economic growth. The 6.9 million home sales in 2003 easily exceeded earlier sales volumes and translated into a homeownership rate of 68.5 percent—continuing its steady march upward. This year looks to provide more of the same: new records in both home sales and homeownership rates. These numbers are based on the solid fundamentals of a growing population and a strengthening economy. Low interest rates have provided an extra incentive for households to buy for the first time or trade up to another home. While interest rates are expected to rise slowly over the next year, 2005 should still be a strong year for home sales.

Another important factor underlying the strength in the housing market is the strong desire among households to own the right home. First-time buyers are seeking pride of ownership, while trade-up buyers are looking for a home that more closely fits their current lifestyle. But even with low interest rates and an efficient mortgage finance system, the selection and purchase or the sale of a home is a complex undertaking for both buyers and sellers. The Internet offers a multitude of resources for buyers and sellers, from free credit reports to photos of homes for sale. However, matching the financial capacity and demands of homebuyers with homes for sale is a challenging task.

Real estate professionals have experience with every aspect of a typical home sale. In addition, they have resources to address all of the difficult circumstances that may arise during the sales transaction. They understand how to market unique properties and how to demonstrate the unique features of an otherwise typical home. They know how to handle multiple offers, can provide advice on required repairs, and can coordinate many of the legal and financial aspects of the sales transaction. Some sellers and buyers navigate this course without a professional, but a majority believe that they benefit from the experience and perspective of a real estate agent for a transaction that is important both financially and emotionally.

The NATIONAL ASSOCIATION OF REALTORS® periodically surveys homebuyers and sellers to gather detailed information on the buying and selling processes. These surveys collect information on demographics, housing characteristics and the experience of buyers and sellers in the housing market. Buyers and sellers also share information on the role of the real estate professional in home sales transactions. The results of the latest survey are reported in *The 2004 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers*. This report provides REALTORS® with insights into the characteristics and needs of their clients and enables them to improve their client service and thus enhance their productivity and profitability. Other readers can benefit from the findings of this research through a better understanding of the housing market and the unique role of real estate professionals.

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The *2004 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers* shows that homebuyers rely on real estate professionals to guide them through the complex process of collecting information, evaluating the information for credibility and relevance and using the knowledge gained to choose a home that fits their needs and their financial resources. On the other side of the transaction, sellers report that real estate professionals are key to marketing their homes and negotiating the best deals, including sales price, contingencies, transaction date and other important elements. The *2004 Profile* shows the crucial role real estate professionals continue to play on behalf of both buyers and sellers.

## NOTES

In August 2004, the NATIONAL ASSOCIATION OF REALTORS® mailed an eight-page questionnaire to 100,000 consumers who bought a home between August 2003 and July 2004. Information on sellers comes from those buyers who also sold a home. The survey yielded 8,205 usable responses—a response rate of 8.2 percent. Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent homebuyers derived from county records.

This report consists of eight chapters that focus on specific areas of the home buying and selling processes:

- Chapter 1: Characteristics of Home Buyers
- Chapter 2: Characteristics of Homes Purchased
- Chapter 3: The Home Search Process
- Chapter 4: Home Buying and Real Estate Professionals
- Chapter 5: Financing the Home Purchase
- Chapter 6: Home Sellers and Their Selling Experience
- Chapter 7: Home Selling and Real Estate Professionals
- Chapter 8: For Sale by Owner Sellers

All information in this report is characteristic of the 12-month period ending July 2004, with the exception of income data, which was reported for 2003. In some sections, comparisons are made with results obtained in previous surveys. Not all results are directly comparable because of changes in questionnaire design and sample size. Some results are presented for the four Census regions: Northeast, Midwest, South and West. The median is the primary statistical measure used throughout this report. Because of rounding and omissions for space, some percentage distributions may not add to 100 percent.

## REPORT HIGHLIGHTS

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### HE INCREASING SOPHISTICATION OF HOMEBUYERS AND SELLERS, REFLECTED IN

their expanded use of information sources such as the Internet and real estate professionals, is contributing to an increasingly efficient housing market. By understanding these trends and the nuances of change, real estate professionals can better serve their clients while increasing the productivity and profitability of their business. For those who follow the real estate industry from related fields, this report provides insight on consumer behavior and the interaction between consumers and real estate professionals.

The 2004 NATIONAL ASSOCIATION OF REALTORS® *Profile of Home Buyers and Sellers* demonstrates that homebuyers and sellers rely on real estate professionals to assist them in all aspects of the real estate transaction. Consumers are collecting information from many sources, but they continue to rely on professionals to assist with the transaction. While there are emerging business models that differ from the full-service brokerage model, real estate professionals continue to perform the majority of tasks in the transaction.

#### HOMEBUYERS

- Forty percent of homebuyers were purchasing for the first time.
- The median age of buyers was 39 years.
- More than half of buyers had no children residing at home.
- Twenty-four percent of first-time homebuyers identified themselves as African-American, Hispanic/Latino, Asian/Pacific Islander or other.
- The median income for all buyer households was \$67,100.

#### HOMES

- Twenty-one percent of buyers purchased a new home.
- The median price of homes was \$175,000.
- About one percent of buyers recently purchased a home in a resort or recreation area.
- The majority of buyers rated neighborhood quality as the most important factor; 40 percent of those who bought in resort or recreation areas indicated that planned communities are also important.

#### SEARCHING

- First-time buyers searched for nine weeks and saw nine homes, while the typical repeat buyer searched for seven weeks and walked through ten homes before finding the home he or she ultimately purchased.
  - Ninety percent of buyers used a real estate agent during their search.
  - Fifty-three percent of buyers used the Internet frequently as part of the home search.
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- Internet searchers were more likely to use a real estate agent than those who did not use the Internet to search.
- Thirty-eight percent of homebuyers first found out about the home they purchased through an agent.

### **HOME BUYERS AND REAL ESTATE PROFESSIONALS**

- Seventy-seven percent of buyers bought their home with the assistance of an agent.
- Forty-four percent of buyers found their real estate agent through a referral from a friend, neighbor or relative.
- A majority of buyers reported that the real estate agent was compensated by the seller or by the buyer and the seller.
- Eighty-four percent of buyers would probably or definitely use their real estate agent again or recommend the agent to others.

### **HOME SELLERS**

- Eighty-two percent of home sellers sold a detached, single-family home.
- The typical home seller owned their home for six years.
- Fifty-five percent of sellers purchased a home that was larger than the home they sold.
- Eighty-three percent of sellers sold their homes with the assistance of an agent.
- More than 80 percent of sellers reported that real estate professionals performed the tasks related to the sale of the home.

### **HOME SELLERS AND REAL ESTATE PROFESSIONALS**

- Seventy-three percent of sellers contacted only one agent before listing their home.
- Thirty-eight percent found their listing agent through a referral from a friend, neighbor or family member.
- When choosing an agent, 54 percent thought an agent's reputation was the most important factor.
- Four percent of real estate agents were compensated by the seller and paid a flat fee.
- Sixty-three percent of home sellers reported that they would definitely use the same agent again or would recommend the agent to a friend.
- Twenty-four percent of for-sale-by-owner (FSBO) sellers thought that getting the price right was the most difficult task when selling their home, but an equal percentage indicated that fixing up the home for sale was the most difficult task.

# The 2004 NATIONAL ASSOCIATION OF REALTORS®

*Profile of Home Buyers and Sellers*

To purchase a copy of the complete **2004 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers**, call NAR's Customer Service at 1-800-874-6500. Ask for item#186-45-04. Cost is \$50 for NAR Members; \$75 for nonmembers.

The NATIONAL ASSOCIATION OF REALTORS®, The Voice for Real Estate, is the nation's largest professional association, representing more than 1,000,000 members involved in all aspects of the real estate industry.

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## **About NAR's Research Division**

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

To find out about other information and products from NAR's Research Division, visit our web site at <http://www.REALTOR.org/Research>.

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