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As the U.S. housing market continues to return value to most homeowners and grow small fortunes for others in the decade after the 2008 bust, signs point to a slowing in some of the nation’s largest markets.

Millions of households — home buyers, sellers, renters and homeowners — across the United States are asking each day what that shift means. The answers show in the decisions they make and reflect reality and dreams, circumstance and intuition. Sometimes they defy market trends and logic.

The Zillow Group Consumer Housing Trends Report 2018 offers insight into those behaviors, aspirations and decisions, shining a light for consumers and industry experts on the who, what, where, when, how and why of home in America.

It remains a challenging time for renters, buyers and even some sellers, especially those who are navigating two transactions within the span of a year and often simultaneously.

Gen Z and Millennial adults between the ages of 18 and 38 continue to drive the housing market. As a group, they’re persistent home buyers who show flexibility and a willingness to compromise as they gravitate to urban locales and the suburbs to raise families. In the process, they are becoming veteran sellers as well as buyers.

Finances remain a key hurdle for all groups, but particularly for renters and young buyers. In this report, we look at how financial stressors are playing out in the market, with an eye toward the first-time buyer who successfully lands a home even as home values have put homeownership further out of reach for many middle-class buyers and as “starter” homes become an increasingly rare find.

Renters remain the most financially stressed, to the point where nearly half cannot cover an unexpected expense of $1,000. Renters often move after their rent is raised, and renters who want to save for a down payment report that rising rents are making that harder.

We also delve into events in people’s lives that are likely to prompt a move regardless of market forces, and how buyers and sellers are taking on a greater share of the buying and selling process while working with an agent as a strategic partner.

We explore the evidence that sellers are willing to compromise in surprising ways, offering signs of a market that experts say is in the early stages of softening.¹

Older homeowners, meanwhile, are reaping the benefits of homeownership and the equity they have built. Some are tapping home equity to ease into retirement, pay for their kids’ college or provide a loan to help their children or grandchildren buy their first home. Others are selling after decades of homeownership as they become empty nesters and downsize, contributing to a changing of the guard that is remaking neighborhoods across the country.

What hasn’t changed is the fact that home remains an emotional milestone, a source of comfort and peace of mind, and for some, a source of generational wealth. We hope the knowledge and insights in the Zillow Group Consumer Housing Trends Report 2018 will continue to empower people to make smart decisions about what home looks like for them.
Amid a thriving economy, the nation’s housing market remains strong, with home values rapidly rising and for-sale inventory diminishing. But some of the largest markets began experiencing a slowdown this summer as rising interest rates and surging home prices have made it difficult for some potential buyers to keep up.

By July, inventory had perked up in a handful of the nation’s most competitive markets, giving those buyers more options and a bit of much-needed breathing room. Whether that breathing room is just a pause or the earliest signal of an emerging buyers market will determine the extent to which buyers and sellers and their partner-agents recalibrate strategies to adapt to changing realities.

The Zillow Group Consumer Housing Trends Report 2018 shows how Americans are adapting to a time when — despite signals of a coming shift — home inventory nationwide remains low and year-over-year appreciation in home values is still historically high.

Renters also are seeing some relief with a recent slowdown in rent growth, but rent affordability remains worse today than it’s been historically and is strongly linked to homelessness, particularly in what have been some of the most competitive markets. Not all rent increases induce people to uproot, but renters frequently cite that experiencing a rent increase directly impacted their decision to move. Among renters who moved and experienced an increase, the typical monthly amount is $125.

Buyers remain the most dynamic segment of the market, with Millennials, those between the ages of 24 and 38, comprising the single largest share of all buyers and the largest group of first-time buyers.

They differ in significant ways from older generations in how they approach home buying and selling: their willingness to begin the processes alone, the types of homes they consider, the compromises or contingencies they’re willing to accept, the way they finance their home and their desire to be involved in each step along the way.

Mortgages and down payments are a source of concern for all buyers. More than half of buyers worry about qualifying for a mortgage, and just over half put down less than 20 percent on their purchase. The strain has an especially strong impact on younger buyers, who are more likely to rely on family and friends for help cobbling together the funds to buy a home.

Younger buyers with children have the longest list of wants and needs for a home, which reflects the complexity of their lives and the things they aren’t willing to compromise on. Older buyers, typically the least burdened by considerations about children and commutes, are casting a wider net than younger buyers for their next home, and even considering long-distance moves across state lines.

The majority of sellers are responding to buyers’ needs by making at least one concession or allowance in order to sell their home with younger sellers making more concessions than older sellers.

Homeowners, meanwhile, are in no hurry to uproot. They’re typically sticking with their homes for 16 years, though some stay much longer, contributing to the low home inventory.

As you’ll see in these pages, renters, buyers, sellers and homeowners share a common goal: All are willing to invest time and money to create a home that provides a sense of peace and safety, suits their lifestyle and helps them and their families thrive.
Renters

- Today’s typical renter is a single, educated 32-year-old who earns a median income of $37,500 and shares a home with either a partner, children or a roommate.
- Seventy-eight percent of renters who move from one rental to another experience a rent increase prior to their move.
- Most renters move from one rental to another, but 46 percent say they considered buying a home during their last move.
- More than a third (37 percent) of renters choose to rent because they want to be able to move easily if their life changes, and 31 percent rent because they don’t want to be tied to a mortgage.
- One-third of renters (33 percent) know for less than two months they will move, while most (52 percent) know for less than three months they will need to find a new place.
- Seventy-three percent of renters use online resources to find a home.
- Forty-seven percent of renters call the suburbs home, while 40 percent live in an urban area and 13 percent live in a rural area.
- There’s a demand for online rental services: 39 percent of renters would prefer to sign their lease electronically, but only 23 percent do, and 58 percent of renters want to pay their rent online, but only 36 percent have that option.
- One in 3 (30 percent) renters end up paying more in rent than they had originally budgeted.
- Affordability is an obstacle for 46 percent of renters who rent outside of the area they originally considered.
- Only 52 percent of renters say they would be able to cover an unexpected expense of $1,000.
- Despite the hassles and stresses of moving, almost half (46 percent) of renters who moved within the past 12 months already have plans to move again, now or within the next year.

Buyers

- Today’s typical American home buyer is a 41-year-old, college-educated couple with an annual median household income of $72,500 and aspirations for single-family living.
- Millennials, those between the ages of 24 and 38, comprise 42 percent of the nation’s home buyers.
- Nearly half (46 percent) of buyers are purchasing their first home.
- Today’s buyer spends nearly four and a half months, on average, looking for a home they will share with some combination of a spouse, a partner, children, parents, roommates, tenants and pets.
- Buyers rely on both online tools (79 percent) and agents (74 percent) to find their homes.
- Trustworthiness is the top quality buyers look for in an agent; 81 percent say their initial impression about an agent’s trustworthiness is very or extremely important to them.
- Nearly half (48 percent) of all buyers today purchase a home in the suburbs, while 31 percent buy in an urban market, and 21 percent purchase in a rural area.
- Just over half (58 percent) of all buyers who are successful in making an offer close on their first one. A quarter (25 percent) of buyers make two offers, and 17 percent make three or more.
- About three-quarters of buyers (76 percent) include contingencies in their offer, including inspections (47 percent) and financing (29 percent). Only 13 percent include the contingency of the sale of their current home.
- A quarter (25 percent) of today’s buyers find issues that go unrepaired without affecting the price of the home.
- Just over half (52 percent) of buyers put down less than 20 percent on their home.
- Of the 58 percent of buyers who compromise to stay within their budget, 31 percent compromise on their preferred home finishes, 30 percent buy a smaller home than planned and 29 percent accept a longer commute.
Sellers

- Today’s typical seller is a 48-year-old, white, college-educated couple with a median household income of $72,500 and a pet.
- More than half (53 percent) of sellers are selling a home for the first time.
- The majority (61 percent) of sellers are also trying to buy a new home at the same time they are selling.
- At 31 percent, Millennials — those ages 24 to 38 — are the largest group of sellers.
- The vast majority (85 percent) of sellers work with agents, enlisting them to handle the paperwork (82 percent), find interested buyers (79 percent) and lead contract negotiations (79 percent).
- Trustworthiness is the top quality sellers consider when selecting an agent; 86 percent say it’s extremely or very important.
- On average, sellers make 2.2 renovations or improvements to their home before selling, with interior painting the most common improvement (36 percent of sellers paint).
- Forty-one percent of sellers say they had an offer fall through before their home sold.
- Eighty-three percent of sellers say they make concessions to finalize an offer. The top concessions: including appliances in the deal (32 percent), lowering the sale price (29 percent), and making minor repairs or improvements (29 percent).
- Most sellers (61 percent) make at least one change to their original list price; 31 percent of those sellers change the price twice, and 29 percent make three or more changes before their home sells.
- Sellers in the West are more likely to sell their home for more than they ask (28 percent versus 14 percent in the Midwest, 19 percent in the South and 24 percent in the Northeast). In addition, 31 percent of sellers in the West sell at their list price versus 27 percent in the Midwest, 24 percent in the Northeast and 23 percent in the South.
- Half of sellers (50 percent) say maximizing profit is their most important goal, while 38 percent of sellers prioritize selling within their target time frame, and 12 percent say making sure their home has a good next owner is the most important priority.

Homeowners

- The typical homeowner is partnered with a median age of 55 and a median household income of $72,500.
- Home equity remains the biggest financial asset for the typical American homeowner, who has 52 percent of their wealth tied up there.
- Six in 10 homeowners (59 percent) are still paying off their mortgage, and the typical mortgaged homeowner owes 62 percent of their home’s value.
- More than half (64 percent) of homeowners view their home as a financial investment, while 36 percent say they see their home more as a reflection of their identity.
- Despite the growth of the short-term home rental market, 96 percent of homeowners say they don’t rent out their homes and have no plans to do so.
- Nearly half (45 percent) of homeowners still live in the first home they purchased, while 27 percent of homeowners have owned one home before, and 27 percent have owned multiple homes previously.
- More than half (60 percent) of homeowners say their homes could use a little updating in a few areas.
- The average homeowner made 1.7 home improvements in the past year, and nearly two-thirds (65 percent) plan to make at least one improvement in the next year.
- Only 28 percent of homeowners plan out their home improvements, and 9 percent say they do as little as possible or just enough to keep their home running. Most homeowners — 63 percent — say they fix problems as they arise.
- Homeowners insure their homes against typical losses — 89 percent have standard insurance — but only 39 percent are covered for storm damage from things such as tornadoes, hail and falling trees.
- Only 5 percent of homeowners plan to sell their home in the next year, and 63 percent have no plans to sell.
- Eighty-three percent of homeowners say they love their home.
Research Approach

In order to gain a comprehensive understanding of the behaviors, motivations, pain points and successes of consumers of residential real estate in the U.S. — and how they work with professionals to help achieve their housing goals — Zillow Group partnered with independent market research and data analytics firm YouGov® to conduct a nationally representative, online quantitative survey. The self-administered study was fielded between April 25 and June 10, 2018. The results underwent substantial internal analysis and review by a team of statisticians, researchers and economists at Zillow Group.

Completes & Qualifications

This survey gathered information from a total of 13,439 key household decision-makers who self-identified as one of the following consumer groups:

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<th>Households Interviewed</th>
<th>Base Size (n)</th>
<th>Definition</th>
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| **BUYERS**              | 3,000        | • Moved primary residence in past 12 months  
                          |              | • Resides in home that they purchased in past 12 months  
                          |              | • Is the primary (or joint) decision-maker in the household for major housing-related decisions |
| **SELLERS**             | 3,000        | • Moved primary residence in past 12 months  
                          |              | • Sold a home that was a primary residence in the past 12 months  
                          |              | • Is the primary (or joint) decision-maker in the household for major housing-related decisions |
| **HOMEOWNERS**          | 3,116        | • Has not moved primary residence in past 12 months  
                          |              | • Resides in a home that they own  
                          |              | • Is the primary (or joint) decision-maker in the household for major housing-related decisions |
| **RENTERS**             | 3,000        | • Moved primary residence in past 12 months  
                          |              | • Resides in a home that they rent  
                          |              | • Is the primary (or joint) decision-maker in the household for major housing-related decisions |
| **TENURED RENTERS**     | 1,323        | • Has not moved primary residence in past 12 months  
                          |              | • Resides in a home that they rent  
                          |              | • Is the primary (or joint) decision-maker in the household for major housing-related decisions |
In addition to the subgroup-specific definitions stated above, all respondents surveyed were adults (18 years of age or older).

**Research Design & Analysis**

The survey gathered information on a wide range of areas, including but not limited to:

- Home and community characteristics
- Behaviors and attitudes surrounding the process of finding, living in, and moving to and from a home
- Resource usage
- The role of professionals (e.g., agents, property managers, landlords, mortgage providers, etc.)

Because of rounding, certain percentages expressed throughout this report may not add up to exactly 100 percent.

**Sampling & Weighting**

To guarantee robust base sizes for analysis, data was collected via both general market and additional targeted subgroup sampling. Several steps were taken to ensure adequately representative sampling. The initial recruitment to the general market sample was balanced to all household heads from the U.S. Census Bureau, American Community Survey 2016 (ACS) and from the 2013 American Housing Survey on the basis of age, ethnicity/race, education, region, and gender. The general market sample was divided into relevant consumer groups for the study based on responses to screening questions. Additional targeted subgroups were sampled based on all key household demographic characteristics. The general market sample and each consumer group was further balanced to subgroup sampling frames from the American Community Survey 2016. Each sample was matched to a sampling frame on gender, age, race, education, census division, and number of bedrooms. Propensity scores were constructed to estimate inclusion into the sampling frame. As a final step, the propensity score weights were post-stratified to balance based on daily internet usage, household income, gender, age, race, and education.

This is different from the methods employed in the Zillow Group Consumer Housing Trends Survey 2017, in which respondents were balanced without matching techniques to representative sampling frames. In addition, this year we took additional steps to balance based on internet usage to improve the representativeness of online surveys.

**Quality Control**

The study was blinded — Zillow Group was not revealed as the sponsor to reduce response bias. Several additional quality-control measures were also taken to ensure data accuracy:

- Proprietary digital fingerprinting techniques were employed to identify and terminate any professional respondents, robots, or those taking the survey on multiple devices.
- Speed checks ensured those surveys submitted by respondents who rushed through the screener or survey did not count as complete.
- In-survey quality control checks identified illogical or unrealistic responses.
- Speeders, those identified via digital fingerprinting and those who failed a given number of quality-control checks within the survey were removed from the study, and their survey submissions were not counted as completions.
The story of renting in 2018 is one of movement, a constant reshuffling of the deck where renters are eyeing their next move even as they’re unpacking boxes in their new home.

The shuffle is a fast one that typically takes place in less than three months, driven in part by life events and rent increases that often turn what was once an affordable home into a costly drain on family finances.

A recent slowdown in rent growth has eased some of the pressure on renters, defined as people who have moved into a rental home within the past year. The typical renter can expect to spend about 29 percent of their household income on rent, an amount that falls at the tail end of affordability as dictated by financial advisers. Still, rent affordability is worse today than it’s been historically, and it’s making it more difficult for younger generations to save enough for a down payment on a home.

Only 52 percent of renters say they would be able to cover an unexpected expense of $1,000 if they had to. Gen X renters, who are between the ages of 39 and 53, are the most financially vulnerable: Only 44 percent say they could weather a $1,000 hit to their budget.

Yet the relative lack of stability around rent also may be making homeownership more attractive, especially to the youngest generations, who have watched real estate values climb in recent years.

Faced with a move, 46 percent of all renters who uprooted this year say they considered buying a home. The desire is especially noteworthy among younger generations: 52 percent of Millennials (ages 24 to 38) say they thought about buying a home during their last move, as did 49 percent of Generation Z (ages 18 to 23).

The top three reasons cited by renters with plans to buy a home within the next year: They have concerns about paying rent instead of buying or investing in property, they desire a home of their own, and they want more control over where they live (48 percent cited the first two reasons, and 41 percent want more control). These sentiments contrast those of tenured renters (those who have not...
moved in the past year) with no plans to move within the next three years. The top reasons for staying put are they find their home to be a good value for what they pay (50 percent) and they love the place they rent (40 percent).

Renters who settle in for a longer term appear to do so, in part, because they enjoy the lifestyle and the flexibility that a rental affords them. Tenured renters planning to move to a new rental in the next year say their top reason for continuing to rent is the ease of moving if their circumstances change. Thirty-seven percent of tenured renters cite that flexibility, while 35 percent say renting is more affordable than buying, and 32 percent say renting allows them to be unencumbered by a mortgage.

Not every rent increase prompts a move, but many renters may decide to uproot if the increase is large enough. In the past year, a $125-a-month increase was typically associated with renters who moved. For those who experienced a rent increase at some point but stayed put, a $50-a-month hike was typical.

Most renters who moved within the last year moved from one rental to another (70 percent) — and many were already thinking about the next move to come. More than half of renters who are planning to move in the next year also plan to move into another rental (62 percent).

Given that renters tend to be the youngest among households, it’s not surprising that they’re constantly reimagining where they might be living in three years and what they might be doing.

Regardless of age, however, all generations share at least one thing in common: the desire for a safe home that doesn’t break the bank.
THE TYPICAL AMERICAN RENTER

Today’s rental market is closely tied to two young generations. Millennials, those between the ages of 24 and 38, account for half of all renters, defined in this study as those who moved into a new rental within the past year. Together with Generation Z, ages 18 to 23, these young adults account for 65 percent of all renters and constitute the most racially and ethnically diverse households in America.

Most renters move from one rental to another, typically an apartment, even though 46 percent say they considered buying a home during their last move.

One-third of renters (33 percent) live with children, and nearly half (46 percent) live with pets. Those circumstances significantly influence decisions about place and particulars when it comes to the homes they rent.

Young renters have a greater affinity for technology but, like older generations, they still want the personal touch when they’re looking for a new home. Most want to tour homes before renting (60 percent) and to meet or speak with the landlord or property manager, either in person or on the phone (60 percent).

A majority of renters prefer to take the lead themselves when hunting for a new place — mostly using online tools and help from family and friends. About a quarter (24 percent) of Gen Z renters are open to help from professionals.

Renters are generally satisfied with the process of renting, although most would like more opportunities to pay rent online.

**Today’s renter: young, single and educated**

Today’s typical renter is a single, educated 32-year-old who earns a median income of $37,500 and shares a home with either a partner, children or a roommate. They are nine years younger than the typical home buyer.

Millennials and the adult members of Generation Z account for 65 percent of renters. Gen Xers — ages 39 to 53 — account for 19 percent, and Baby Boomers — ages 54 to 73 — account for 12 percent. Only 3 percent of typical renters are members of the Silent Generation, age 74 and up.

Renters tend to be younger and more racially and ethnically diverse than buyers, sellers or homeowner households; nearly half (43 percent) of renters are people of color versus Caucasian/white. Hispanic/Latino renters comprise the largest share at 17 percent, followed by African-American/black (16 percent) and Asians/Pacific Islanders (6 percent). Four percent of renters identify as a different race or ethnicity.
R-1: TODAY’S HOME RENTER
Rented home in past 12 months.

MEDIAN AGE
32

MEDIAN HOUSEHOLD INCOME
$37,500

RACE/ETHNICITY
- 57% Caucasian/white
- 17% Hispanic/Latino
- 16% African-American/black
- 6% Asian/Pacific Islander
- 4% Other

GENERATION
- 15% Gen Z (18-23)
- 50% Millennials (24-38)
- 19% Gen X (39-53)
- 12% Baby Boomers (54-73)
- 3% Silent Generation (74+)

EDUCATION
- 33% High school graduate or less
- 22% Some college, no degree
- 12% 2-year/tech school degree
- 22% 4-year degree
- 11% Graduate degree
- 37% Never married
- 30% Married
- 18% Living with a partner
- 14% Divorced/separated/widowed

MARITAL STATUS
- 6% Married
- 37% Never married
- 18% Living with a partner
- 14% Divorced/separated/widowed

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Most renters are well-educated. Thirty-four percent have attended some college, and 33 percent have a bachelor’s degree or higher, including 11 percent who have a graduate or professional degree.

Doubling up: with people and pets

Although 37 percent of renters are single or never married, and 14 percent are divorced, separated or widowed, a majority (79 percent) live with others: 47 percent with a spouse or partner, 33 percent with children, 17 percent with roommates, 11 percent with parents and 13 percent with other family members or relatives.

Pets occupy 46 percent of rental households, with dogs (30 percent) and cats (24 percent) in the top two spots. Renters are also twice as likely as buyers to live completely alone, not sharing the space with a pet or person (14 percent of renters do, compared with 7 percent of all buyers).

Rent increases frequently drive decisions to move

Nearly 8 in 10 renters (78 percent) who move from one rental to another experience a rent increase prior to their move, and for about two-thirds (69 percent) of those renters, the decision to move is directly tied to a hike in rent. Of those who say a rent increase played a role in their decision to move, 30 percent say the rent increase impacted the decision to a great extent, and 39 percent say it impacted their decision to some extent.

People of color are more likely to experience rent increases than white renters, in part because they are more likely to live in urban areas and regions of the country where rent increases are more common. Seventy-three percent of white renters experienced a rent increase compared with 85 percent of black renters, 87 percent of Asian renters and 85 percent of Latino renters. The impact of a rent increase is comparable across groups as it relates to the decision to move, but people of color are more likely to mention a rent increase as a driving factor since they are more likely to experience an increase. Overall, this means that 69 percent of Asian renters, 65 percent of Latino renters and 56 percent of black renters mention that a rent increase impacted their decision to move, compared with 48 percent of white renters.

Not every rent hike will result in a move, but many renters decide to uproot if the increase is large enough. For renters who experience a rent hike, the typical rise in monthly rent is $125 for renters who moved in the past year, compared with $50 for those who stayed put and experienced a rent increase at some point.
R-2: HOUSEHOLD COMPOSITION

Rented home in past 12 months.

- **79%** Live with other people
  - **47%** Spouse or partner
  - **33%** Children (under 18 years)
  - **17%** Roommate(s)
  - **13%** Other family members/relatives
  - **11%** Parent(s)

- **46%** Live with pets
  - **30%** Dog(s)
  - **24%** Cat(s)
  - **8%** Other pet(s)

- **14%** Live alone (no pets or other people)
THE RENTAL SEARCH

The majority of renters (70 percent) are moving from a home they previously rented. Only 10 percent of renters moved from a previous residence they owned. Renters who anticipate continuing to rent — 62 percent of renters who plan to move in the next year plan to rent again — say their lifestyle preferences of being able to move freely and be free of heavy financial obligations play a role. They also cite the hurdles of homeownership, such as saving for a down payment.

The search that accompanies the process of finding a new home is often fast-paced, even when renters initiate the move.

One-third of renters (33 percent) know for less than two months they will move, while most (52 percent) know for less than three months they will need to find a new place. Only 23 percent of renters know for longer than six months that they will be moving.

Renters’ openness to different housing types varies greatly by generation. Gen Z, with its relatively limited rental and credit history, tends to gravitate toward apartments, regardless of the size of the building or complex. Nearly three-quarters (74 percent) of Gen Z renters consider apartments, compared with 58 percent of Millennials, 55 percent of Gen Xers, 54 percent of Baby Boomers and 52 percent of Silent Generation renters.

Single-family detached homes hold the greatest appeal for Gen X and Millennial renters (37 percent and 34 percent, respectively), who are more likely to be planning a family or sharing space with kids or pets.

Accelerated timelines, casting a wide net

The typical renter spends an average of 2.7 months looking for their new home. That’s significantly less time than buyers, who typically spend about 4.4 months hunting for a home. On the opposite side of the renting spectrum, 28 percent of renters spend more than two months searching, and 36 percent find a place in less than a month. The experience of finding a home on a tight timeline is similar for renters across both generations and locations (whether looking in an urban, suburban or rural area).

Renters consider a variety of home types during their search, but they tend to gravitate toward apartment buildings (59 percent), a likely result of the sheer number of apartment buildings available in many markets. One-third (33 percent) of renters consider single-family homes. Townhomes are considered by 15 percent of renters, while duplexes and triplexes appear in the mix for only 10 percent of renters.

While renters cast a wide net in terms of home types, each generation tends to have different preferences. Gen Z renters and Millennials express an equal inclination for apartment buildings with fewer than 10 units (32 percent of each generation consider them). But Gen Z is more likely than other generations to check out midsize apartments with 10 to 49 units: 41 percent of Gen Z renters consider them, compared with 26 percent of Millennials, 21 percent
R-3: KNOWLEDGE OF PENDING MOVE

Rented home in past 12 months and rented previous home.

of Baby Boomers, 19 percent of Gen Xers and 12 percent of Silent Generation renters.

Townhouses appeal nearly equally to Gen Z and Millennial renters (15 percent and 17 percent, respectively) but to only 8 percent of Boomers.

Many consider buying, but few do

Forty-six percent of renters consider homeownership instead of renting, and nearly 20 percent seriously consider it. Millennials are especially keen on buying: 52 percent contemplate becoming homeowners even as tight inventories, rising prices and tough competition stand as obstacles to gaining a toehold in the housing market.

Adult Gen Z renters also show a surprising inclination toward homeownership — 49 percent say they think about buying while looking for a new place to live. However, given the considerable hurdles facing this young group of renters in the early years of adulthood, the sentiments seem largely aspirational.

Older generations are more set on renting. Only 42 percent of Gen Xers, 29 percent of Boomers and 19 percent of Silent Gen renters consider buying a home while hunting for a new rental.

Renters with children under 18 and those with multiple generations living at home are among those who most consider buying when moving from a rental: 58 percent of renters with young children at home and 64 percent of multigenerational households thought about buying while looking for a rental home this year.

Renting may be the first step on the journey to homeownership for partnered renters forming new households, especially as married and partnered renters combine households and prepare for children. This could be one reason that 53 percent of them considered buying, compared with just 39 percent of un-partnered renters.

Renters with pets consider buying 49 percent of the time, possibly due to pet restrictions at rentals or the desire for a yard or larger space for their pets to roam. The percentage of dog-owning renters who think about buying during their home search is 54 percent, compared with 48 percent for cat owners and 46 percent for renters overall.

Those least interested in buying are renters who don’t live with others and households without children (34 percent and 40 percent, respectively).
WANTS AND NEEDS

Priority number one for renters is safety. This need is closely tied to many other attributes renters value: walkable neighborhoods, close proximity to shopping and leisure activities and, to a lesser degree, public transportation.

When it comes to the particulars of a chosen home, renters who moved in the past year value staying within their initial budget (82 percent rate it very or extremely important), having air conditioning (66 percent) and having their preferred number of bedrooms (65 percent).

Over half (53 percent) of renters with young kids living in the home say access to their preferred schools is extremely or very important. As you might expect, this preference falls low on the list for those without children; only 17 percent of renters without children at home value living in their preferred school district.

Renters appreciate homes that meet their size, layout and storage preferences, but the absence of any of these characteristics isn’t likely to be a deal-breaker. Less than half of renters rate them extremely or very important (42 percent, 40 percent and 42 percent, respectively).

Even less important: amenities such as community spaces, rooftop decks, conference centers and the like. Less than 15 percent of renters name them among features they consider extremely or very important.

First and foremost: safety

All age groups put safety as a top consideration, an indication of the degree to which people want their homes to be a source of peace and well-being in their lives.

After safety, many renters view their commute to work or school as extremely or very important (58 percent). This is especially true for urban and suburban renters: 62 percent of urban renters and 58 percent of suburban renters mention their commute as an extremely or very important factor in their home choice versus 47 percent of rural renters.

Diversity matters

More than half of renters place importance on racial and economic diversity when choosing a new home — 54 percent of renters say it’s at least somewhat important to live in a diverse neighborhood or community. Slightly more than a quarter (28 percent and 26 percent, respectively) of renters say those qualities are very or extremely important when choosing a home, but people of color are more likely than white renters to place high importance on aspects of neighborhood diversity: 17 percent of white renters place importance on an economically diverse neighborhood, compared with 39 percent of black renters, 41 percent of Asian renters and 41 percent of Latino renters.

Renters overall also show less enthusiasm for political diversity within their neighborhood — 59 percent say it’s not very or not at all important to them. Yet renters of color are more than twice as likely as white renters to rate political diversity as extremely or very important when choosing a
R-4: IMPORTANCE OF BUILDING AND NEIGHBORHOOD CHARACTERISTICS FOR RENTALS

Rented home in past 12 months.

home: 12 percent of white renters place importance on this, compared with 29 percent of black renters, 29 percent of Asian renters and 31 percent of Latino renters.

A generation gap: smart homes versus energy efficiency

Younger renters are more likely to value smart-home features than older generations. Sixteen percent of Gen Z and Millennial renters view them as very or extremely important versus 13 percent of Gen Xers, 6 percent of Boomers and 4 percent of Silent Generation renters.

The most popular smart-home features are related to safety and security: 55 percent of renters who place high importance on smart-home features overall mentioned devices such as motion sensors, smoke and CO2 detectors, doorbells, locks and intercoms are extremely or very important.

Older renters are more inclined to favor energy-efficient features, likely because of the cost savings on utilities at a time when many are living on fixed incomes. Energy-efficient features are very or extremely important to 48 percent of Baby Boomers, 41 percent of Silent Generation renters and 41 percent of Gen X renters. That compares with 35 percent of Millennials and 34 percent of Gen Z renters.

Decks, pools and gyms? Meh.

While landlords or property managers often advertise shared amenities, those offerings aren’t likely to light up most renters. Pools, fitness centers, community recreation spaces, and rooftop gardens or decks are highly important for less than 20 percent of renters.

Private outdoor spaces are big with two groups you might expect: renters with young children and renters with dogs. Forty-three percent of renters with kids living in the home and 48 percent of renters with canines view private outdoor spaces as very or extremely important versus only 34 percent of renters without children in the household and 27 percent of renters who don’t live with others.
R-5: IMPORTANCE OF HOME CHARACTERISTICS FOR RENTALS

Rented home in past 12 months.

- Is within initial budget: 82%
- Has air conditioning: 66%
- Has preferred number of bedrooms: 65%
- Has preferred utilities: 49%
- Offers off-street parking or a garage: 47%
- Allows pet(s): 47%
- Has preferred number of bathrooms: 45%
- Has preferred size/square footage: 42%
- Has ample storage: 42%
- Has a floorplan/lay-out that fits preferences: 40%
- Is energy efficient: 38%
<table>
<thead>
<tr>
<th>Feature</th>
<th>Not very or not at all important</th>
<th>Somewhat important</th>
<th>Extremely or very important</th>
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<tbody>
<tr>
<td>Has private outdoor space</td>
<td>35%</td>
<td>35%</td>
<td>10%</td>
</tr>
<tr>
<td>Has preferred style of kitchen</td>
<td>37%</td>
<td>37%</td>
<td>6%</td>
</tr>
<tr>
<td>Has preferred finishes</td>
<td>50%</td>
<td>50%</td>
<td>6%</td>
</tr>
<tr>
<td>Has an en-suite or master bathroom</td>
<td>22%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>Has a spare or guest bedroom</td>
<td>21%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Building offers a shared fitness center or gym</td>
<td>18%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Comes furnished</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Building offers a shared community recreation space</td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Building offers other shared amenities</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Has a hot tub or pool</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Has smart-home capabilities</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Has an en-suite or master bathroom</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Has a spare or guest bedroom</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Building offers a rooftop deck or garden</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
</tbody>
</table>
RENTER ACTIVITIES & RESOURCES

Despite a compressed time frame for moving, 60 percent of renters say that researching and searching for a new home was not difficult.

That said, some things remain challenging: finding a home that fits within their desired budget (40 percent had a difficult or very difficult time with this); saving for upfront rental costs (35 percent) such as application fees or security deposits; finding a home in the desired location or within the desired time frame (31 percent for each activity); and juggling work responsibilities while searching for a home (29 percent).

Renters overall invest significant effort in their search. On average, renters contact more than four landlords or property managers, tour about three rentals, and fill out about three applications online or on paper.

The process can be particularly arduous for renters with children and pets. Families with young children fill out 2.4 times as many applications (4.8 applications on average) as solo renters, while people with pets fill out 1.6 times as many (4.0 applications on average).

Most expect a response within 24 hours

Given the small window for finding a new home, 71 percent of renters who inquire about a listing expect to hear back from the landlord or property manager within 24 hours. Some are more patient, while others seek a sense of urgency: 8 percent expect a reply within an hour, 20 percent want to hear back between an hour and a few hours, and 44 percent say anywhere from a few hours to a day is reasonable.

Impatience appears to increase with age. Eighty-one percent of the Silent Generation expects to hear back within a day, compared with 75 percent of Baby Boomers, 72 percent of Millennials, 71 percent of Gen Xers and 63 percent of Gen Z renters.

Still, only about half of renters (51 percent) say they receive the timely responses they expect.

Respond, or I’m gone

Renters will move on quickly. If a property manager or landlord does not respond, they either follow up or cross the home off their list; 36 percent call the landlord or property manager again, while 28 percent will simply move on to the next listing.

Gen Z, the youngest and most diverse generation, is also the most persistent; 60 percent of Gen Z renters will pursue a listing with a follow-up call or email, while only 41 percent of Silent Gen renters, 51 percent of Gen Xers and Baby Boomers, and 50 percent of Millennials will do so. Regardless of age, all renters prefer to pick up the phone and call a landlord or property manager over sending an email or text (36 percent call, compared with 16 percent who email and 4 percent who text). Younger renters are more likely to use technology to follow up, with email being the most popular (24 percent of
Gen Z renters use it compared with 17 percent of Millennials, 10 percent of Gen Xers, 13 percent of Baby Boomers and 3 percent of Silent Generation renters).

Renters in rural areas, where renters tend to skew older, show a greater inclination toward the phone than renters in other areas. Forty-two percent of them follow up with a call, compared with 36 percent of suburban renters and 34 percent of urban renters.

**The right rental: views and reviews matter**

Most renters exercise due diligence when choosing a new place. In terms of items that renters find extremely or very important in helping them decide on a home, high on their list are: examining the terms and deposit requirements (73 percent), touring the home (60 percent), viewing photos (60 percent), and talking with the landlord, property manager or owner (60 percent).

In-person tours are helpful to most renters, but especially to older ones. Sixty-eight percent of Baby Boomers and 64 percent of Gen X renters find them very or extremely important, compared with 59 percent of Millennials and 53 percent of Gen Z renters.

Younger renters also tend to value online reviews of buildings more highly than older renters. Fifty percent of Gen Z renters find them very or extremely important versus 47 percent of Gen Xers, 46 percent of Millennials, 40 percent of Boomers and only 27 percent of Silent Gen renters.

Older renters place high value on meeting or speaking with the landlord or property manager — 76 percent of Silent Gen renters and 64 percent of Boomers and Gen Xers rate the personal touch as extremely or very important in their decision. That compares with 57 percent of Millennials and 54 percent of Gen Z renters.

Neighborhood preference matters most to the oldest generations; 66 percent of Silent Gen renters and 61 percent of Boomers rate neighborhood suitability as extremely or very important. Fifty-seven percent of Millennials and 58 percent of Gen Xers put it high on their list, while only 50 percent of Gen Z renters give it the same importance.

“Renters overall invest significant effort in their search. On average, renters contact more than four landlords or property managers.”
R-7: RESOURCES USED DURING RENTAL SEARCH

Rented home in past 12 months.

- **Online Resource**: 73%
- **FRIEND, RELATIVE, NEIGHBOR OR COLLEAGUE**: 42%
- **Landlord/Owner of the Home**: 32%
- **Property Manager/Leasing Agent**: 25%
- **Yard Sign or Open House Sign**: 18%
- **Real Estate Agent or Broker**: 16%
- **Print Ad**: 11%
- **Direct Mail**: 7%
Online tools are a must for most

Renters resemble buyers in their use of multiple resources to increase their chances of finding a new home. On average, renters use nearly three (2.9) types of resources throughout the renting process.

Online tools are the overwhelming favorite of renters, with 3 in 4 (73 percent) using online resources when shopping or searching for a home.

The use of online tools follows a predictable trajectory, with younger renters relying on them more than older generations. The breakdown: 81 percent of Gen Z renters, 75 percent of Millennials, 72 percent of Gen Xers, 62 percent of Boomers and 54 percent of Silent Gen renters.

Friends, relatives and neighbors are a resource for 42 percent of renters, and 17 percent first learn of their new home from this network. Nearly a third (32 percent) seek advice from landlords and owners, and 25 percent consult property managers. Print ads are used by only 11 percent of renters, and direct mail by only 7 percent.

Some renters find leads when they’re out and about, especially if they have kids. Twenty-six percent of renters with children living in the home glean information from yard signs or open house signs, but only 14 percent of renters without kids in the home rely on signs to find a home.
SIGNING THE LEASE

The search for a rental typically yields a 2-bedroom, 2-bath home with 1,100 square feet that rents for $1,060 a month. For just over half of renters (52 percent), the median rent includes at least some home utilities.

Gen Z renters are more likely to rent an apartment (65 percent, compared with 55 percent of Millennials, 53 percent of Gen Xers and 50 percent of Baby Boomers), and more than half of Gen Z renters (52 percent) choose a furnished or partially furnished rental.

Forty-seven percent of renters call the suburbs home, while 40 percent live in an urban area and 13 percent rent in a rural area.

Urban renters have the smallest rental footprint

Urban renters typically move to homes that are 1,000 square feet, while the average suburban renter moves to a home that is 200 square feet larger. Rural renters typically move to homes that are 1,211 square feet.

Renters living with young children typically occupy 300 more square feet than renters without kids living in the home. They also are more likely to live in a single-family house than renters without children in the home (33 percent versus 18 percent).

For Generation Z, include the furniture

More than half (56 percent) of renters choose to live in apartments, and they tend to favor all building sizes roughly equally. After apartments, they tend to favor single-family homes (23 percent choose them), followed by townhomes (5 percent), duplexes/triplexes (5 percent) and condos (4 percent).

Looking at generational housing preferences, Gen Z is more likely to choose an apartment (65 percent), compared with Millennials (55 percent), Gen Xers (53 percent), Boomers (50 percent) and Silent Gen renters (52 percent).

A fully furnished home doesn’t appeal to most renters; only 8 percent of renters select one. But 21 percent of all renters sign leases for homes that are partially furnished.

More than half (52 percent) of Gen Z renters choose a furnished home — 34 percent opt for partial furnishing, and 19 percent go for the whole nine yards with a fully furnished rental — a sign of their youth and possibly modest means at this age.

Most renters don’t go far (especially Gen Z)

Mirroring the migration trends of buyers, renters typically opt for minimal change when it comes to location. More than half of renters (53 percent) relocate within the same city, and 15 percent choose a new rental in the same neighborhood. Nearly a third (32 percent) stay in the same state but move to a different city.

The younger the renter, the more likely they are to stick with the familiar: 64 percent of Gen Z renters moved within the same city versus 53 percent of Millennials and
R-9: DISTANCE RENTERS MOVED

Rented home in past 12 months.

- 15% Same neighborhood
- 38% Same city, different neighborhood
- 32% Same state, different city
- 13% Same country, different state
- 1% Moved from out of the country
Gen Xers, 44 percent of Baby Boomers and 42 percent of Silent Gen renters.

The same goes for families with young children; 58 percent of them stick to the same city, compared with 51 percent of renters without kids at home.

Black and Latino renters tend to move to rentals in the same neighborhood more than white and Asian renters. Twenty-one percent of Latino renters and 19 percent of black renters move to the same neighborhood, compared with 13 percent of white renters and 8 percent of Asian renters.

Familiarity may account for the relative friendliness renters say they experience in their neighborhoods. Seventeen percent say they are close friends with their neighbors, while 34 percent talk occasionally with neighbors and 29 percent simply smile and wave. One in 5 (20 percent), however, don’t interact with their neighbors.

**Preferred neighborhoods aren’t always affordable**

Most renters (56 percent) find a home in the area they initially consider when they began their search. The 44 percent who do not find a home in the area they want usually end up close to it (23 percent of all renters) or somewhat close (13 percent of all renters). Only 7 percent end up renting a new home very far from their original search location.

Not surprisingly, larger incomes are associated with greater success in landing a home in a preferred neighborhood. Seventy-two percent of renters with a household income of $100,000 or higher rent in their preferred area, compared with 48 percent of renters with less than $25,000 in household income. But income alone doesn’t guarantee success: 36 percent of renters move outside their preferred area due to inventory restraints, saying there are too few homes for rent.

Still, affordability is an obstacle for 46 percent of renters who don’t rent in the area they initially considered. The affordability issue is most acute in urban areas, where 53 percent of renters say they can’t afford a home in their preferred neighborhood, compared with 45 percent of suburban renters and 32 percent of rural renters.

For others, finding a home outside their preferred area is a pleasant surprise: 19 percent say they discovered their new neighborhood when they began their search. Another 13 percent say their initial choice turned out to be a poor fit for their needs for any number of reasons.

**R-10: REASONS RENTED OUTSIDE OF INITIAL AREA CONSIDERED**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can’t afford the homes for rent in the area initially considered</td>
<td>46%</td>
</tr>
<tr>
<td>There are not many homes for rent in the area originally considered</td>
<td>36%</td>
</tr>
<tr>
<td>Not familiar with the area ended up renting in before starting to search for a home</td>
<td>19%</td>
</tr>
<tr>
<td>After doing more research on the area originally considered, decided it isn’t the right place</td>
<td>13%</td>
</tr>
<tr>
<td>Some other reason</td>
<td>9%</td>
</tr>
</tbody>
</table>
PAYING THE RENT

In many markets, renters face greater affordability challenges than home buyers. Historically, renters earning the median income could expect to pay 26 percent of their income on rent, while today’s typical renter can expect to spend 29 percent of their income on rent. By comparison, monthly mortgage payments on the typical U.S. home today require 17 percent of the median income.¹⁰

While half (50 percent) of renters stay within the budget they planned, nearly a third (30 percent) pay more than they budgeted for their rental. A lucky 20 percent find themselves under budget.

Renter preferences show a demand for changes in lease-signing and payment options. Thirty-nine percent of renters would prefer to sign their lease electronically, but only 23 percent do. Half of renters (50 percent) pay in person, but only about half that many (28 percent) prefer that method. Fifty-eight percent of renters say they want to pay their rent online, but only 36 percent are given that option.

Who pays the rent

Eighty-four percent say either they and/or their spouse pay the rent, while others cite a roommate (13 percent), parents or family members (7 percent), or housing assistance in the form of a government or not-for-profit voucher (5 percent) as contributing to at least some of their rent.

Gen Z renters are most likely to receive help paying at least some of their rent. More than a quarter (26 percent) say a roommate pays at least some of the rent. Fifteen percent of Gen Z renters get help from parents or other family members, compared with 7 percent of all renters.

As expected, low-income rental households are the most likely to receive help paying rent. Ten percent of renters earning less than $25,000 a year pay at least some of their rent with vouchers from government or not-for-profit groups, versus 2 to 3 percent for higher income groups.
Going over budget

One in 3 renters (30 percent) end up paying more in monthly rent than they had originally budgeted. More than half (59 percent) of renters who exceed their budgets spend $100 to $300 a month more than they planned, while 25 percent spend between $300 and $750 more a month than they wanted, and 12 percent spend less than $100 more than their initial budget. Four percent who blew the budget are paying more than $750 a month over what they planned. Rural renters are most likely to spend less than they expected on rent; 1 in 3 (30 percent) found a home under budget versus 17 percent of suburban renters and 20 percent of urban renters.

A desire for online options

When signing a lease, 77 percent of renters do so in person. Thirty-nine percent of renters would prefer to sign their lease electronically, but only 23 percent do.

Once in their apartment, half of renters continue to do business in person, paying the landlord or property manager directly, while 42 percent of renters use a drop box, and 8 percent pay in person at a bank.

Paying online is the next most common way to pay rent. The 36 percent of renters who pay online use recurring automatic payments (11 percent of all renters); one-time/on-demand payments from online bank accounts or credit cards (18 percent of all renters); or peer-to-peer websites such as PayPal or Venmo (7 percent of all renters). Only 9 percent of renters pay through the mail.

The impact of financial surprises

A significant share of rental households is one large expense away from being unable to pay the rent. The typical renter can expect to spend 29 percent of their income on rent — the upper limit of conventional advice.

Only 52 percent of renters say they could cover an unexpected expense of $1,000 if they had to. Gen X renters are the most vulnerable: Only 44 percent of those renters say they can cover an unforeseen expense of that magnitude.

The situation is more precarious for rural renters. Only 36 percent say they could come up with the money to cover an unexpected expense of $1,000, compared with 54 percent for both suburban and urban renters.

Renters living with young children at home also are more vulnerable than renters without kids: 46 percent of households with kids could cover a $1,000 expense not already in their budget, compared with 55 percent of no-child households.

Married and partnered renters report a better ability to cover unexpected expenses — 58 percent could weather the $1,000 expense versus 46 percent of un-partnered renters.
LOOKING TO THE FUTURE

Always keeping options open, only 32 percent of renters have no plans to move within the next three years.

Of those who say they plan to move in the next year, the majority (62 percent) will look to move into a new rental, while more than a third (34 percent) hope to purchase their next home.

Many renters make a conscious choice to continue renting for a host of reasons: 37 percent want the flexibility to move as life events unfold, 32 percent are saving for a down payment and 31 percent don’t want to be tied to a mortgage.

Those planning to buy their next home cite equally their desire for a home of their own and concerns about paying rent instead of buying or investing in property (both 48 percent).

Planning to stay or planning to go

Given the hassles and stresses of moving, it’s surprising that almost half (46 percent) of renters who moved within the past 12 months already have plans to move again, now or within the next year.

Still another 22 percent of renters are contemplating a move within the next two or three years. Twelve percent say they might move, but not within the next three years, and 20 percent have no plans to move.

The tendency to stay increases with age

Younger generations are more likely to consider moving in the near future than older generations: 32 percent of Gen Z renters are thinking about moving now, compared with 26 percent of Millennials, 22 percent of Gen Xers, 19 percent of Boomers and 4 percent of Silent Gen renters.

Nearly 8 in 10 (78 percent) of Silent Gen renters have no plans to move, compared with 12 percent of Gen Z renters who say they’re staying put and have no plans to move. That compares with 14 percent for Millennials, 24 percent for Gen Xers and 34 percent for Boomers.

Most plan to rent again

More than half (62 percent) of renters who plan to move within a year say they expect to move into another rental. At 73 percent, Gen Z renters are most likely to rent again.

Thirty-four percent of current renters with plans to move are looking to buy a home in the next year. Renters with higher incomes are more likely to plan to buy their next home. Forty-eight percent of renters earning more than $75,000 a year in household income say they plan to house hunt within a year, compared with 38 percent of renters earning $50,000 to $75,000; 31 percent of renters with incomes of $25,000 to $50,000; and 25 percent of those earning less than $25,000.

R-12: RENTER PLANS TO MOVE AGAIN

Rented home in past 12 months.

- **24%** Currently considering moving
- **22%** Considering moving in the next year
- **22%** Considering moving in the next 2-3 years
- **12%** Might consider moving, but not within the next three years
- **20%** No plans to move
THE TENURED RENTER

The typical tenured renter, defined as a renter who has not moved in the past year, is 46 years old, has a household income of $32,500 and has at least a high school diploma. The tenured renter has lived in their home for a median of four years.

More than half (53 percent) of tenured renters are white, 21 percent are Latino, 18 percent are black, 5 percent are Asian and 4 percent are another race/ethnicity.

About 47 percent of these renters are coupled, either married (36 percent) or living with a partner (11 percent). Thirty-one percent of tenured renters have never married, and the remaining 22 percent are divorced, separated or widowed. Only 28 percent of tenured renters live with young children (under 18) in the home. About half live in apartments (53 percent), while about a quarter (26 percent) live in single-family homes.

The typical tenured renter

A significant portion of renters (75 percent) have not moved in the past year. These tenured renters typically live in a 2-bedroom, 1.5-bath home of 1,200 square feet that rents for $1,018 a month.

Most tenured renters opt for apartments, where 53 percent of them currently live, split almost evenly among small, medium and large apartment complexes or buildings.

After apartments, they prefer single-family homes (26 percent choose them). Only 7 percent live in duplexes or triplexes, and all other housing choices are chosen by less than 5 percent of settled renters.

Most tenured renters or their spouse (93 percent) pay their rent, while about 6 percent say a roommate pays at least some of the rent. Five percent cite parents or other family members; another 5 percent say a voucher from a government or a not-for-profit organization contributes at least a portion of the rent.
Rent increases are still the norm

Tenured renters are choosing to stay, but that doesn’t mean their rent is stable. More than half (61 percent) of tenured renters have experienced a rent increase since they moved in, with 40 percent experiencing one in the past year. The median increase for tenured renters who experienced an increase is $50.

Rent increases among tenured renters are most common in the West, with 74 percent ever experiencing one, compared with 62 percent of tenured renters in the Northeast, 56 percent in the South and 52 percent in the Midwest.

Many tenured renters who experienced a rent increase and do plan to move cite rent increases as a driving factor (63 percent). Thirty-one percent say an increase plays a role in their plans to move to a great extent, 32 percent say to some extent and 37 percent say it doesn’t factor into their plans to move. Rural tenured renters are less likely to say an increase impacts their plans to move since 57 percent say they have not experienced an increase (compared with 36 percent of urban and 34 percent of suburban tenured renters).

Tenured renters also consider moving

Despite their relative longevity, tenured renters appear almost as restless as renters new to their homes. Nearly 60 percent say they plan to move in the next three years: 26 percent are currently thinking about moving, 16 percent are considering it for the coming year and 17 percent are contemplating moving in the next two to three years. Only 29 percent have no plans to move.

The intentions of tenured renters are similar to those of renters who moved in the past year: The older the renter, the less likely they are to have plans to move. Nearly a quarter of Gen Z renters (24 percent) who have lived in their home for at least a year intend to stay put over the next three years, as do 31 percent of Millennials, 38 percent of Gen Xers, 53 percent of Boomers and 78 percent of Silent Gen renters.

Tenured renters in rural areas are the most stable. Forty-two percent of them will continue to put down roots and have no plans to move, compared with 31 percent of those in urban areas and 23 percent in the suburbs. Those with the lowest household incomes also are more likely to stay put, possibly due to the price of other housing and the cost of moving.

For many, renting means flexibility

Most of those who say they’re going to move in the next year plan to move into another rental (56 percent), but 36 percent plan to look for a home to buy. Only 5 percent have another living situation planned.

Many who intend to continue renting are doing so to maintain a flexible lifestyle. More than a third (37 percent) are renting because they want to be able to move easily if their life changes, and 31 percent don’t want to be tied to a mortgage. Thirty-five percent find renting more affordable than buying. Thirty-one percent are renting due to financial challenges, saying they can’t afford to purchase a home in their desired neighborhood.

Tenured renters in urban areas are far more likely to continue renting than those in other areas (68 percent versus 47 percent for the suburbs and 41 percent for rural areas.)

Tenured renters with children under 18 at home are more likely to say they plan to purchase their next home than tenured renters without children (53 percent versus 33 percent).

Renting as a stepping stone to homeownership

Those planning to move in the next year and buy their home are driven mainly by the desire for a place of their own and a better investment: 62 percent desire a place of their own, and 57 percent have concerns about paying rent instead of buying or investing in property. More than a third (35 percent) say they are now able to afford a home, and 39 percent say they want more control over where they live.

"Many tenured renters who experienced a rent increase and do plan to move cite rent increases as a driving factor (63 percent)."
R-13: DESIRED NEXT HOME FEATURES

Renter has not moved in past 12 months but plans to move within next three years.

Chart shows the percentage of respondents who selected the characteristic within their top three choices.

- A better value for the money: 48%
- More living space: 37%
- Private outdoor space: 29%
- A better neighborhood: 20%
- Particular amenities: 20%
- A safer neighborhood: 18%
- A walkable neighborhood: 16%
- More storage space: 15%
- A better commute to job or school: 15%
- Closer to friends and family: 14%
- Closer to leisure activities, recreation, shopping and services: 12%
- Air conditioning: 10%
- Closer to transit: 9%
- A sense of community or belonging: 8%
- Preferred finishes: 7%
- A racially diverse neighborhood: 7%
- An economically diverse neighborhood: 3%
- A politically diverse neighborhood: 2%
**Seeking more space, better value and a backyard**

Nearly half (48 percent) of tenured renters who want to move in the next three years are looking for a better value for their money.

A majority of those planning to move in the next year (60 percent) say they’ll be looking for a single-family home, while 31 percent say they’ll look for an apartment in any type of building. Top features on the wish list of those planning to move in the next three years: more living space (37 percent), private outdoor space (29 percent) and a better neighborhood (20 percent).

**Staying for the long haul**

Half (50 percent) of tenured renters who intend to stay put for at least three years say their rental provides good value. The remaining reasons for staying represent a mixed bag of love and inertia: 40 percent say they love their home, 32 percent love their neighborhood and 25 percent prize their community. Yet 34 percent say they can’t afford to move, the same percentage who say they don’t want the hassles of moving.
Graduation. Marriage. Divorce. New babies, job changes and fluctuating finances. Life's ups and downs change not only the tenor of our lives, but also where we live.

Adjusting to new realities and dreaming different dreams, most of us are more likely to seek out new homes after milestone events than when life is chugging along at status quo. And for most of us, it won't be just one event. It will be many.

**The big four**

More than two-thirds (68 percent) of households that bought or sold homes or relocated to a new rental in the past year say they experienced a life-changing event. By comparison, only 45 percent of households that stayed put say they had a life-changing event.

Many events are common among all households. Getting a new pet ranks in the top three life events for buyers, sellers, owners and renters alike. A new,
better-paying job or significant improvement in personal finances are among the fifth-most common events across these consumer groups.

Six out of 10 movers who experienced at least one life event that changed their circumstances say their decision to move was directly related to the event.

The big four life events associated with uprooting or re-rooting: marriage, separation or divorce, childbirth or adoption, and retirement. Although these events aren’t as common as getting a new pet, they’re much more likely to prompt people to seek new homes.

**Common milestones don’t always spark a move**

Some events are more momentous and serve as a catalyst for moves among households that experience them. For instance, getting married in the past year is the third- and fourth-most common event among sellers and buyers, respectively, but it’s much less common for homeowners (it ranks 15th among the 18 life events identified).

Still, just because an event is common doesn’t mean it will prompt a move. Consider pets. Although they’re in the top three life events for buyers, sellers and renters, only 22 percent of movers who had a pet join the family in the past year say the animal played a part in their decision to move.

Seventy-one percent of movers who married in the past year cite their nuptials as a reason they moved. Likewise, 68 percent who separated or divorced, 52 percent who gave birth or adopted, and 51 percent who retired say those events drove a change in their living situation.

And that makes sense. Parents with a new child are likely to have hopes and dreams around that child, and to seek more space and amenities where their imaginings of family can take root.

**Breaking up and downsizing**

Practical considerations around home also are likely to follow marriage and divorce. Merging two households potentially doubles buying power, making saving for a down payment easier for some. But it’s never purely about the dollars and cents — marriage is often closely followed by other life stages, like establishing roots or having children, which are even bigger drivers toward homeownership.¹³

Conversely, divorce splits one household into two and is likely to result in diminished resources for each person, a situation that could force the sale of a home or a move to a less expensive home.

It’s worth noting that while affordability is a concern for both partners during a separation or divorce, it becomes an especially pressing concern for women. On average, women’s income is lower than men’s, and women may experience a larger drop in household income after divorce.¹⁴

Logistics can become tricky if the separating or divorcing couple is renting. Renewing a lease saves renters the cost of moving, but the rental may no longer be suitable for either partner. At least one of them, and possibly both, could end up paying not
only the cost of moving their things, but also the upfront costs of a new rental.\textsuperscript{15}

**For retirees, new possibilities**

Those choosing retirement may find that a new world of housing options awaits. Largely free from concerns about where the kids are going to school or how long it’s going to take to commute to work, retirees may be free to make entirely different choices.

In fact, there’s evidence that happens. Movers who retired in the past year are more likely to live in rural areas — and less likely to choose urban areas where most jobs are located — than movers who didn’t retire. Twenty-six percent of movers who retired within the last 12 months live in rural areas, compared with 17 percent of movers who didn’t retire during that period.

Retirement also opens up new possibilities, including living in two or more places during the year to avoid cold winters and hot summers, or spending time with family or friends for part of the year. Home buyers who retired and moved in the past 12 months were more likely to move to a different state than movers who didn’t retire (37 percent versus 12 percent).

**Opting for low-maintenance living**

Because retirement is often accompanied by a drop in income and a desire to jettison some of the responsibilities around maintaining a larger home, retirees may choose to live in a smaller home or a yard-free condo.

Finances — both improving and worsening — also play a significant role in decisions to uproot. A third of those whose finances significantly improved during the last year say the brighter financial picture influenced their decision to move. Similarly, 30 percent of those who reported significantly worse finances say the financial drain played a role in their decision to uproot.

Job relocations and pay cuts also appear to be driving moving decisions. For movers who experienced a job relocation, 46 percent say the change influenced their decision to move. Thirty-seven percent of movers who experienced a job change over the last year — whether it resulted in better pay or a layoff — say the change in employment contributed to their decision to move. Experiencing a change in employment with a decrease in pay impacted the decision to move for 25 percent of movers who had a pay cut in the past year.
The bigger picture

For many movers, it’s not just one thing, either. Movers are more likely to experience a greater number of life events and different types of events than those who stay put.

Households that moved in the past year experienced 1.4 events on average, compared with only 0.8 events for non-movers. They also were 4.4 times more likely to get married and 3.4 times more likely to have separated or divorced in the last year than non-moving households.

Younger generations are more likely than older generations to experience significant events — and more of them — as they graduate from school, start families and build careers. For instance, 78 percent of Gen Z renters and 72 percent of Millennials say they experienced a life event in the past 12 months, compared with 57 percent of Gen Xers, 51 percent of Boomers and 41 percent of the Silent Generation. And, on average, Gen Z experienced three times as many life-altering events as the Silent Generation (2.1 events compared with 0.7).

Overall, renters, buyers and sellers who moved in the past year were more likely to experience most events associated with a move.

Uprooting a household is stressful. But it might be helpful to remember that the move itself could be the least stressful thing happening in the lives of those seeking a new home.
BUYING A HOME IN AMERICA

Home buying in 2018 remains a family affair in all kinds of ways.

Today’s buyer spends an average of four months looking for a home that they will share with some combination of spouse, partner, children, parents, roommates, tenants and pets.

In fact, 86 percent of all buyers who purchased a home in the past year live with someone else, a situation that requires many social, emotional and financial calculations as buyers look for a home that meets everyone’s needs for space, privacy and togetherness – without completely draining their bank account or putting them too far from work.

Although the typical buyer is a well-educated 41-year-old couple who has previously owned a house, buyers are increasingly younger and new to the process of home buying.

Young adults are driving the market

Millenials between the ages of 24 and 38 comprise the largest single group of home buyers, and 46 percent of all buyers are diving in for the first time. Their ideas of home are sometimes significantly different than those of their elders, and the ways they search for a home are influenced by technology and a Google culture that allows them to seek out information on their own.

These young adults, who are driving the housing market, are patient, willing to compromise and eager for assistance from experts they trust. With so many inexperienced buyers, it’s understandable why about three-quarters are looking for agents who can guide them through the entire process, even when they begin the search for a home by themselves – as 91 percent of them do – or when they say they prefer to take the lead themselves, as 58 percent do.

Agents are seen as a strategic partner

Today’s buyers need more than a down payment and a mortgage to land a new home. They say they also need a strategic partner who can guide them through the journey or step in at critical junctures to help them land the home they set their sights on.

Mortgages are a particular worry — 54 percent of buyers who seek financing are somewhat concerned or very concerned about qualifying for one — and down payments are a source of strain, reflected by the fact that just over half of buyers (52 percent) put down less than 20 percent on their purchase.
In competitive markets, where homes can get snapped up in a week, the prepared buyer prevails. Preparation requires organization and planning as the buying process unfolds: pre-approved financing, and a good handle on what they want, what they can afford and what trade-offs they’re prepared to make if they want to end up with the keys in their hands.

**Home buying remains deeply personal**

Buyers place a tremendous amount of trust in agents throughout the process, which may explain why trustworthiness is the most important quality they look for in an agent. Buyers look to agents for recommendations on mortgage lenders (46 percent) and home inspectors (68 percent). They trust agents to provide guidance on legal terms and requirements (72 percent), expertise on negotiating the offer (79 percent), and much more.

In the end, however, home buying remains deeply personal. Although most buyers rely on agents to help them with many decisions, 42 percent say that they alone decide whether a home is right for them.

**Buyers with kids want a lot, but they’ll compromise**

Younger buyers with children have an especially long list of wants and needs for a home that reflects the complexity of their lives and how they imagine their lives will unfold as their children grow, attend school and make friends in the neighborhood. Among other things, they want the right-size home, the right number of bedrooms, the preferred school district, the preferred neighborhood and the potential for the home to grow in value.

Still, buyers are willing to trim their list of wants or bring more money to the table if that’s what it takes to get a home. In the end, more than half of buyers who stay within their budget (58 percent) make compromises to do so, and 23 percent of buyers pay more than they expect. Of those who compromise to stay within their budget, 18 percent purchase a home without their desired finishes, 17 percent buy a smaller home than they originally sought and another 17 percent add to their commute.

**After the journey, buyers are overwhelmingly happy**

At some point during their home-buying journey, 43 percent of buyers consider renting, with 21 percent seriously considering it, likely a reflection of the frustrations of managing all the moving parts of a home search and finding an affordable place.

Even so, those who stay in the hunt are ultimately rewarded. The vast majority (94 percent) say they wouldn’t change their agent, and 93 percent say they love their new home.

For these buyers, any hassles along the way fade to background noise against the happy sound of keys opening the door to their new home.
THE TYPICAL AMERICAN HOME BUYER

A buyer is defined as someone who moved into a home that they purchased within the last 12 months.

Today’s typical American home buyer is a 41-year-old, college-educated couple with a solid middle-class income and aspirations for single-family living.

While the median age for a typical buyer is 41, the largest share of home buyers are Millennials, the racially and ethnically diverse generation between the ages of 24 and 38. Millennial buyers account for 42 percent of all home buyers and 61 percent of all first-time buyers.

Today’s buyer: young, educated and married

Although Millennials account for the largest single share of buyers (42 percent), two other generations account for another 50 percent: Gen X, between the ages of 39 and 53, comprises 26 percent of buyers, and Baby Boomers, between the ages of 54 and 73, account for 24 percent. Gen Z, young adults between the ages of 18 and 23, makes up 3 percent of buyers, while the Silent Generation, 74 and older, comprises 4 percent.

Buyers, like the population at large, are becoming increasingly diverse. That said, the majority of today’s buyers (76 percent) are Caucasian/white. One in 10 buyers is Hispanic/Latino, 6 percent are Asian/Pacific Islander, 5 percent are African-American/black and 3 percent are another race or ethnicity.

Today’s buyer earns an annual median household income of $72,500. Nearly a third of buyer households (31 percent) earn less than $50,000, while a third (33 percent) earn more than $100,000.

Three-fourths (76 percent) of buyers have attended or graduated from college, including nearly a third (30 percent) who have some college and 46 percent who have a four-year degree or higher.

Most buyers (65 percent) are married, while 16 percent are single and have never married. Nine percent of buyers live with a partner, and 11 percent are divorced, separated or widowed.
B-1: TODAY’S HOME BUYER
Purchased home in past 12 months.

MEDIAN AGE
41

MEDIAN HOUSEHOLD INCOME
$72,500

RACE/ETHNICITY
- 76% Caucasian/white
- 10% Hispanic/Latino
- 6% African-American/black
- 3% Asian/Pacific Islander
- 5% Other

GENERATION
- 3% Silent Generation (74+)
- 24% Baby Boomers (54-73)
- 42% Millennials (24-38)
- 26% Gen X (39-53)
- 4% Gen Z (18-23)

MARITAL STATUS
- 65% Married
- 16% Never married
- 11% Living with a partner
- 9% Divorced/separated/widowed

EDUCATION
- 27% 4-year degree
- 19% Graduate degree
- 16% High school graduate or less
- 14% Some college, no degree
- 24% 2-year/tech school degree
- 19% 4-year degree
B-2: HOUSEHOLD COMPOSITION
Purchased home in past 12 months.

- **86%** Live with other people
  - 73% Spouse or partner
  - 46% Children (under 18 years)
  - 15% Other family members/relatives
  - 12% Parent(s)
  - 7% Roommate(s)
  - 5% Renters/Tenants

- **64%** Live with pets
  - 49% Dog(s)
  - 33% Cat(s)
  - 12% Other pet(s)

- **7%** Live alone (no pets or other people)
Few buyers live alone

An overwhelming majority of buyers – 86 percent – live with others. Seventy-three percent live with a spouse or partner, 46 percent live with children under age 18, 12 percent live with their parents, 7 percent have roommates and 5 percent live with renters or tenants.

Nearly two-thirds (64 percent) of buyer households have pets. Dogs are the most common household pet for buyers – 49 percent have them, compared with 33 percent who have cats and 12 percent who have other pets.

Only 7 percent of people live completely alone, without other people or pets.

Nearly half are buying for the first time

The typical first-time buyer is 34 years old, compared with 52 years old for experienced buyers who have purchased one or more homes. First-timers comprise almost half (46 percent) of buyers, and more than 6 in 10 (61 percent) first-time home buyers are Millennials.

First-time buyers show a slight preference for the suburbs – 43 percent choose to buy there, while another 40 percent purchase in urban areas. Only 17 percent choose rural areas.

Still, first-timers’ preference for dense living exceeds that of repeat buyers, only 22 percent of whom buy in urban areas. Instead, repeat buyers gravitate mainly toward the suburbs (52 percent) and rural areas (25 percent).

B-3: FIRST-TIME AND REPEAT BUYERS

Purchased home in past 12 months.
THE HOME SEARCH

The typical buyer, on average, spends nearly four and a half months finding a home. Gen Z and Millennial buyers tend to find homes the quickest, with their searches lasting a month less on average compared with older generations.

While searching for a new home, nearly half (43 percent) of buyers consider renting instead, with 1 in 5 (22 percent) giving serious consideration to that option. This deliberation is perhaps an indication of the difficulties buyers face finding a home they can afford in an area where they want to live.

Most buyers (81 percent) named single-family detached houses as their preference among home types they were considering buying, and 76 percent ultimately bought one.

The largest demand for single-family homes comes from Gen X buyers, who are in their prime earning years and most likely to have children 18 years or younger under their roof.

Urban buyers find homes fast

Buyers spend an average of 4.4 months shopping for a home to buy. Half (51 percent) of buyers spend less than three months, while 31 percent spend three to six months, 13 percent look for seven to 12 months, and 5 percent take more than a year to find a home.

Buyers in urban locations, who are more likely to be younger, have the quickest search: 61 percent find their home in less than three months, compared with 47 percent for suburban and rural buyers. The quicker pace could be related to the need to move quickly in the traditionally more competitive urban market. On the other side of the spectrum, older generations – who typically take longer to find a home – are more likely to already own a home and therefore may have the luxury of waiting longer for what they want.

For some, renting is still a serious option

Forty-three percent of all home buyers also consider renting while searching for their home, perhaps indicating they recognize that buying a home is not a sure thing.

The West – a region that has high median home prices and some of the most competitive markets – has the highest percentage of people who consider renting during their home-buying journey. Nearly half of buyers in the West (48 percent) consider renting, compared with 44 percent in the Northeast, 42 percent in the South and 39 percent in the Midwest.

The affordability concerns that may be driving buyers to consider renting may affect Latino buyers the most, likely due to the large numbers of Latino buyers
living in the Western states. Most Latinos (63 percent) think about renting during their home-buying journey versus 49 percent of Asian buyers, 46 percent of black buyers and 40 percent of white buyers. Lack of inventory and/or tough competition for homes may be impacting the search for some buyers, evidenced by the fact that even higher-income households are considering renting while shopping for a home to buy: 45 percent of buyers earning $75,000 to $100,000 and 40 percent of those with incomes above $100,000 think about renting. Affordability issues are likely driving the 55 percent of buyers earning less than $25,000 and the 41 percent of those earning $25,000 to $75,000 who consider renting instead of buying.

Older buyers are more set on buying than renting, a reflection, perhaps, of their readiness and ability to purchase. Only 17 percent of Silent Gen buyers think about renting, compared with 25 percent of Boomers, 38 percent of Gen Xers, 57 percent of Millennials and 69 percent of Gen Z buyers.

**The single-family home is a classic — and still the favorite**

While single-family detached homes are favored by 81 percent of buyers, other types of homes also hold appeal for many, including townhomes (10 percent), condos and co-ops (7 percent), manufactured or mobile homes (6 percent), and duplexes or triplexes (3 percent).

Not all buyers who want a single-family home find one. Yet, in the end, most buyers tend to purchase the home type they hope to buy: 76 percent buy single-family homes, 9 percent buy townhomes, 6 percent buy condos or co-ops, 2 percent buy duplexes or triplexes, 6 percent buy manufactured or mobile homes, and 1 percent buys a home of a different type. Gen Xers, who are more likely to have children and dual incomes, favor single-family detached homes more than other generations (89 percent of Gen Xers hoped to purchase one versus 79 percent of Millennials, 77 percent of Boomers and 69 percent of Silent Gen buyers).

The majority of Gen Xers purchase a single-family home (82 percent).

**Townhomes and condos have their fans**

Millennials and Gen Z buyers are more likely to set their sights on townhomes (15 percent hoped to purchase one) than Gen Xers (5 percent) and Boomers (7 percent). As expected, Millennials also are most likely to buy a townhome (13 percent).

Older generations are most likely to buy condos and manufactured homes, possibly indicating a lifestyle split between those who want fewer home-related responsibilities and those who still want a yard. Seven percent of Boomers and 13 percent of the Silent Gen buy condos, and 11 percent of Boomers and 15 percent of the Silent Gen buy manufactured homes.

**New construction is attractive to parents and higher earners**

More than a third (38 percent) of buyers consider brand-new homes. The higher the income, the more likely the home hunter is to consider new construction: 48 percent of households earning more than $100,000 contemplate new construction versus 43 percent of households earning $75,000 to $100,000, 40 percent earning $50,000 to $75,000, 27 percent earning $25,000 to $50,000 and 14 percent earning less than $25,000.

New construction also is more likely to capture the imagination of buyers with young children: 41 percent consider it versus 35 percent of people without kids and 29 percent who don’t live with others.

**Buyers with kids also consider distressed homes**

Overall, 23 percent of all buyers contemplate a foreclosed home, 16 percent consider purchasing a short-sale home and 11 percent look to homes sold at auction.

Buyers with children under 18 are more likely to consider foreclosure homes than those without kids (28 percent versus 18 percent), perhaps because they have longer lists of desired home characteristics than other buying groups. Faced with limited inventory, they may be willing to consider all available homes to get what they want.
B-4: TYPE OF HOME HOPED TO BUY

Purchased home in past 12 months.

<table>
<thead>
<tr>
<th>Type of Home</th>
<th>Percentage of Total Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family home</td>
<td>81%</td>
</tr>
<tr>
<td>Townhome</td>
<td>10%</td>
</tr>
<tr>
<td>Condo/co-op</td>
<td>7%</td>
</tr>
<tr>
<td>Manufactured/mobile home</td>
<td>6%</td>
</tr>
<tr>
<td>Duplex/triplex</td>
<td>3%</td>
</tr>
</tbody>
</table>

- **89%** of total home buyers are Millennials (24-38)
- **77%** of total home buyers are Generation X (39-53)
- **7%** of total home buyers are Baby Boomers (54-73)
- **69%** of total home buyers are Silent Generation (74+)

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**Zillow Group | Consumer Housing Trends Report 2018**
WANTS AND NEEDS

The single most important neighborhood characteristic for home buyers is safety. Eighty-two percent of buyers say safety is very or extremely important, and only 4 percent say it’s unimportant or not very important at all.

After safety, buyers want the thing that safety makes possible: a walkable neighborhood (58 percent).

Affordability, a preferred number of bedrooms and air conditioning top the list of important home characteristics for most shoppers, while hot tubs, smart-home capabilities and the opportunities for rental income rank among the least-important home features.

Buyers with young children have a longer wish list for their prospective homes as they perhaps imagine what their lives might look like now and as their children grow and change. In fact, families with young children tend to place greater importance on most home characteristics than do buyers without kids at home.

Neighborhood features trump family and friends

After safety and walkable neighborhoods, buyers want a home in their preferred neighborhood (57 percent rate that characteristic very important or extremely important). They also consider their commute to work or school (54 percent) and close proximity to shopping, services and/or leisure activities (also 54 percent) to be extremely or very important.

Less than half of buyers (47 percent) say living close to family and friends is very or extremely important, the same percentage that highly values a sense of community or belonging. Fewer still care greatly about a home in their preferred school district (43 percent) or living close to public transportation (30 percent).

Younger buyers are focused on a short commute

Overall, the youngest buyers care most about their commute, possibly because they’re more likely to use public transportation. Sixty-eight percent of Millennials and 66 percent of Gen Z buyers rate their commute as a very or extremely important home characteristic.

Millennials and Gen Z buyers, who tend to gravitate to urban areas, place greater importance on close proximity to public transportation compared with older generations: 43 percent of Millennials and 40 percent of Gen Z buyers place high importance on it, versus 23 percent of Gen Xers, 15 percent of Baby Boomers and 22 percent of Silent Gen buyers.
The importance of diversity varies by age

The typical buyer values neighborhood racial and economic diversity when choosing a home – 59 percent say their neighborhood’s economic diversity is at least somewhat important to them, while 55 percent express the same sentiments toward racial diversity. However, younger generations tend to place greater importance on neighborhood diversity than older generations: 48 percent of Gen Z buyers and 42 percent of Millennials say living in a racially diverse neighborhood is very or extremely important to them, compared with 28 percent of Gen Xers, 18 percent of Boomers and 22 percent of Silent Generation buyers.

The particulars of home: For many, a spare room is a must

Finding a home within their initial budget is extremely or very important to 83 percent of all buyers, as is having the preferred number of bedrooms (78 percent) and air conditioning (76 percent). More than half of all buyers (60 percent) say a spare or guest bedroom matters greatly to them. Older buyers place the most importance on spare or guest bedrooms, possibly to accommodate grown children or grandchildren. Nearly three-fourths of Silent Gen buyers (74 percent), 66 percent of Boomers, 59 percent of Millennials, 56 percent of Gen Xers and 51 percent of Gen Z buyers rate a spare bedroom as very or extremely important.

Generational divide: floor plans versus smart homes

The importance of floor plans and layouts grows with age: 85 percent of Silent Gen buyers say they are extremely or very important versus 73 percent of Boomers, 67 percent of Gen Xers, 66 percent of Millennials and 55 percent of Gen Z buyers. And while smart-home features are less important for buyers overall, they tend to be more important for younger buyers (42 percent of Gen Z buyers and 37 percent of Millennials rate them as highly important versus 24 percent of Gen Xers, 14 percent of Boomers and 12 percent of Silent Gen buyers).
B-6: IMPORTANCE OF HOME CHARACTERISTICS FOR BUYERS

Purchased home in past 12 months.

- **Is within initial budget**: 83%
- **Has preferred number of bedrooms**: 78%
- **Has air conditioning**: 76%
- **Offers off-street parking or a garage**: 70%
- **Has preferred number of bathrooms**: 70%
- **Has private outdoor space**: 70%
- **Has preferred size/square footage**: 69%
- **Has a floorplan/layout that fits preferences**: 68%
- **Has good potential to increase in value**: 67%
- **Has ample storage**: 64%
- **Has a hot tub or pool**: 61%
- **Opportunity to rent a portion of the home for rental income while living in the home**: 64%
- **Has smart-home capabilities**: 54%
- **Has energy efficient**: 56%
- **Has preferred finishes**: 53%
- **Offers shared community amenities**: 56%
- **Opportunity to rent entire home in the future to produce rental income**: 58%
- **Has a spare or guest bedroom**: 17%
- **Has preferred style of kitchen**: 13%
- **Has preferred utilities**: 12%
BUYERS

- Has an en-suite or master bathroom
- Has preferred utilities
- Has a spare or guest bedroom
- Has preferred style of kitchen
- Is energy efficient
- Has preferred finishes
- Offers shared community amenities
- Opportunity to rent entire home in the future to produce rental income
- Has smart-home capabilities
- Has a hot tub or pool
- Opportunity to rent a portion of the home for rental income while living in the home

Not very or not at all important
Somewhat important
Extremely or very important
The parental wish list is long

The wish list of home features desired by families with children is a long one, as these households tend to place greater importance on nearly all desired home characteristics. When it relates to desired home features, three-fourths (75 percent) of buyers with kids at home want a private outdoor space versus 65 percent of buyers without children and 54 percent of buyers who live alone.

The potential for the home to increase in value is extremely or very important to 73 percent of buyers with children, perhaps as they may be thinking of tapping home equity to help pay for college or catch up on retirement savings once the kids are out of the house. This future value is also highly important to 62 percent of buyers without kids and 55 percent of buyers who live alone.

Everything, and the kitchen sink

Buyers who are parents with young children also care a great deal about neighborhood characteristics, likely because they tend to be more involved with their communities (58 percent say they are very involved versus 45 percent of buyers without kids), and because their lives are more likely to intersect with more aspects of community through their children.

As you might expect, living within a preferred school district is very or extremely important to 66 percent of buyers with kids at home, compared with 23 percent of buyers without children.

Buyers with youngsters also want to live close to family and friends (55 percent list it as highly important versus 40 percent of buyers without children), and their desire to live close to public transit is nearly twice that of buyers without kids (40 percent versus 21 percent).

Though a racially diverse neighborhood is not a must-have for most buyers, it is very or extremely important to 43 percent of buyers with young children at home, compared with 22 percent of buyers without kids. The preference for a diverse neighborhood may be a reflection of the greater ethnic and racial diversity among younger buyers, as well as their desire to impart cultural values around diversity and inclusion to their children.

Young buyers seek the possibilities of rental income

The opportunity to rent part of their living space is especially attractive to younger generations. This could be because they haven’t yet hit their peak earning years, they may be raising children or they may be paying hefty mortgages after buying a house in a competitive market. More than a third (35 percent) of Gen Z buyers and 36 percent of Millennials say it’s extremely or very important that their home offers the opportunity to rent out a portion for rental income, compared with 21 percent of Gen X buyers, 9 percent of Boomers and 3 percent of Silent Generation buyers.
Millennials, who already account for nearly half of all home purchases in 2018, are becoming an increasingly large share of first-time home buyers.

These new buyers — educated, diverse and partnered — bring with them a host of worries, limited knowledge about the process and long wish lists for their future homes. They also bring determination and a greater willingness to compromise in order to walk across the threshold of a home that belongs to them.

Today, 46 percent of buyers are purchasing a home for the first time. Many have come from rental homes and may have thought about buying for years before taking the leap.

Drawing mostly from the ranks of Millennials — 61 percent of first-time buyers are between the ages of 24 and 38 — today’s first-time buyers are entering a highly competitive housing market where they face a different set of challenges than the generations before them.

These new buyers are navigating markets with limited inventory and home prices that have risen rapidly in recent years. Thus, they also face hurdles around down payments, determining the best type of mortgage or lender, and even finding a home within their price range and time frame.

Yet despite the challenges, first-timers still manage to prevail in their search for a place of their own.

Who is buying for the first time

The typical first-time buyer is 34 years old, almost a generation younger than the repeat home buyer, who typically is 52 years old and has bought one or more homes previously.

Gen Z and Millennials account for a whopping 66 percent of all new buyers, compared with 24 percent for Gen Xers, 10 percent for Baby Boomers and less than 1 percent for Silent Generation buyers.

Due largely to their youth, first-time buyers are more diverse than repeat buyers — 28 percent are people of color, compared with 19 percent of repeat buyers.

First-time buyers report a somewhat lower median income than repeat buyers ($72,500 compared with $77,500). Repeat buyers tend to be older and are likely to have additional financial assets such as profits from a previous home sale or retirement funds. These additional financial sources may make the process of buying a home smoother as they are able to tap additional assets for a down payment.

First-time buyers gravitate most frequently to the suburbs and urban areas, where they are close to job centers and amenities often desired by young people and those with children. Forty-three percent buy in the suburbs, while 40 percent gravitate to urban areas. Only 17 percent settle in rural areas.
Repeat buyers also gravitate to the suburbs (52 percent of repeat buyers purchase a home there). But compared to first-timers, they are more likely to live in rural areas (25 percent) and less likely to live in urban areas (22 percent), in part because repeat buyers are more likely to be retired than first-time buyers and may be moving away from job centers.

Both first-timers and repeat buyers are likely to live with a spouse or partner (72 percent and 73 percent, respectively). But first-timers are more likely than repeat buyers to live with children, parents and roommates, which may explain in part their preference for denser urban and suburban areas that have more amenities.

Fifty-six percent of first-time buyers have children under the age of 18 at home, compared with 35 percent of repeat buyers. First-timers also are more likely to live with parents (17 percent versus 7 percent for repeat buyers) and roommates (10 percent versus 3 percent). For first-time buyers, it seems the more the merrier.

**Surpassing the starter home**

First-timers and repeat buyers purchase homes that are so similar that it raises the question of whether the starter home is a thing of the past.

The median price of homes purchased by first-timers is somewhat lower than those of repeat buyers ($230,000 versus $242,000), and they have the same average number of bedrooms (3) and median square footage (2,000). The only major difference is that first-timers are almost twice as likely (12 percent versus 7 percent) to buy townhomes.

It may be that first-time buyers need extra room for kids and roommates, or it may be that there is a limited inventory of entry-level homes. Another dynamic at play may be that some repeat buyers, who tend to be older, are buying lower-priced homes as they downsize.

Like buyers overall, first-timers and repeat buyers tend to purchase single-family detached homes (75 percent and 76 percent, respectively) and spend about the same amount of time looking for a home, 4.5 months versus 4.4 months.

**The first go is more challenging**

First-timers face more struggles throughout the buying process, which may explain why more than half of them consider renting while they’re looking to buy (56 percent versus 29 percent of repeat buyers). They’re also more willing than repeat buyers to consider distressed homes: 25 percent versus 21 percent consider foreclosures, and 19 percent versus 14 percent are open to short sales.

Their flexibility in considering different home types may explain why first-timers are more likely to end up in the location they initially consider than repeat buyers (71 percent compared with 66 percent). Or it may be that first-timers, who are more likely to have children, prioritize a particular location more than repeat buyers.

Both groups work hard to find a home and attend about the same number of home tours and open houses. However, first-timers are more likely to make multiple offers (42 percent versus 34 percent of repeat buyers) and conduct more inspections (1.7 average inspections versus 1.2).

**A mortgage versus cash**

When it comes to financing a home purchase, first-timers are more likely to purchase with a mortgage.
B-7: FIRST-TIME VERSUS REPEAT BUYERS
Purchased home in past 12 months.

**LOCATION**

<table>
<thead>
<tr>
<th>Location</th>
<th>First-Time Buyers</th>
<th>Repeat Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>40%</td>
<td>22%</td>
</tr>
<tr>
<td>Suburban</td>
<td>43%</td>
<td>52%</td>
</tr>
<tr>
<td>Rural</td>
<td>17%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**ETHNICITY**

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>First-Time Buyers</th>
<th>Repeat Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian/white</td>
<td>72%</td>
<td>81%</td>
</tr>
<tr>
<td>African-American/black</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>13%</td>
<td>8%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>
B-8: DOWN PAYMENTS OF FIRST-TIME BUYERS VERSUS REPEAT BUYERS

Purchased home in past 12 months and obtained a mortgage.

**DOWN PAYMENT PERCENTAGE**

- **Less than 3%**: First-time buyers 11%, Repeat buyers 9%
- **3% to 5%**: First-time buyers 16%, Repeat buyers 12%
- **6% to 9%**: First-time buyers 10%, Repeat buyers 5%
- **10% to 19%**: First-time buyers 22%, Repeat buyers 16%
- **20%**: First-time buyers 21%, Repeat buyers 26%
- **More than 20%**: First-time buyers 14%, Repeat buyers 27%
- **Do not remember**: First-time buyers 5%, Repeat buyers 5%

**AVERAGE PROPORTION OF DOWN PAYMENT SOURCE**

- **Saving it up over time**: First-time buyers 46%, Repeat buyers 35%
- **Gift from family or friend**: First-time buyers 11%, Repeat buyers 10%
- **From sale of previous home**: First-time buyers 10%, Repeat buyers 10%
- **Loan from family or friend**: First-time buyers 4%, Repeat buyers 8%
- **Using retirement fund**: First-time buyers 8%, Repeat buyers 8%
- **Selling stocks or other investments**: First-time buyers 8%, Repeat buyers 7%
- **Other**: First-time buyers 7%, Repeat buyers 7%
(85 percent versus 69 percent of repeat buyers), which means that in addition to navigating the purchase, they’re also making their way through the lending process for the first time.

The process is worrisome for most first-timers — only 28 percent say they’re not at all concerned about qualifying, compared with 58 percent for repeat buyers who obtained a mortgage. The degree of worry is substantial too: 28 percent of first-timers say they’re very concerned, compared with 11 percent of repeat buyers; 38 percent say they’re somewhat concerned, compared with 29 percent for repeat buyers; and 7 percent say they didn’t know what to expect versus 3 percent for experienced buyers.

Turns out, their worries are valid. First-timers are more likely to be denied a loan before getting approved — 29 percent of those who obtained a mortgage were denied at least once, compared with 8 percent of repeat buyers. Still, nearly 71 percent of first-time buyers get a mortgage without experiencing a denial, a figure that doesn’t include those who couldn’t buy a home after being denied financing.

The denials could explain, in part, why first-timers who obtain a mortgage reach out to more lenders than repeat buyers, with more than half contacting two or more lenders (54 percent versus 37 percent for repeat buyers). Only 40 percent of first-time buyers with no denials reach out to multiple lenders, compared with 77 percent of first-time buyers who experience at least one denial before obtaining a mortgage.

The higher number of contacts also could be due to younger buyers’ embrace of technology, which makes comparison shopping and research relatively easy, and the fact that some repeat buyers use a trusted lender found during prior purchases.

**The real kicker: saving for a down payment**

Coming up with a down payment is more of a struggle for first-timers, who are likely to put down less than 20 percent on their purchase. Sixty percent of first-time buyers put down less than 20 percent, compared with 42 percent of repeat buyers.

Exactly half of first-time buyers who use a mortgage rely on two or more sources for their down payment, compared with 37 percent of repeat buyers. First-timers who obtain mortgages are more than twice as likely to receive help from family and friends and, when they do, it’s for a larger share of the down payment (on average, 21 percent comes from a gift or loan from family or friends, compared with 9 percent for repeat buyers).

Gifts from family and friends have likely increased in importance as younger buyers are squeezed by high rents, stricter credit requirements, student loan debts and/or hefty down payment requirements as home values climb.16

**Staying within budget**

Despite the difficulties, those buying for the first time are no more likely to go over budget than are repeat buyers. Rather, first-timers are more likely than repeat buyers to come in under budget when they find their home. Nearly a quarter (23 percent) spend less than they expect, compared with 16 percent for repeat buyers. It may be that repeat buyers have a better idea of what their money can buy, evidenced by the fact that 62 percent of repeat buyers purchase a home that was priced the same as their initial budget versus 52 percent of first-timers.

First-time buyers are more likely to make sacrifices to stay within budget. Among the most common trade-offs: buying a smaller home (21 percent compared
with 14 percent of repeat buyers), buying a home without the preferred finishes (22 percent versus 14 percent) and increasing commute times to work or school (21 percent versus 13 percent).

**Difficulties along the journey**

When asked to reflect on the process, first-time buyers cite more difficulties than repeat-buyers, but low levels of difficulty overall. Most of their pain centers on money, with coming up with the down payment being the biggest hurdle — 27 percent say it was difficult or very difficult, compared with 19 percent of repeat buyers.

Although first-time buyers cite relatively low levels of difficulty, 70 percent wish they had done something differently during their home search compared to 50 percent of repeat buyers, which suggests they learn along the way.

Among the things they wish they had done differently: allowing more time to search for homes (22 percent compared with 13 percent of repeat buyers), choosing a different community to live in (17 percent compared with 9 percent of repeat buyers) and choosing a different way to finance their home (16 percent compared with 7 percent of repeat buyers).

Once settled, however, first-time buyers are slightly more likely than repeat buyers to say they love their homes — 95 percent versus 92 percent. In the end, despite a steep learning curve, nail-biting bidding wars and hefty financial commitments, first-timers are clearly enamored with the idea of owning a home, and they’re willing to cast a wide net and compromise to get one of their own.
HOME-SHOPPING RESOURCES

Agents are a critical resource for most buyers, and many buyers seek a strategic partner to help them find a home within their price range and secure the financing they need to buy it.

Finding a home can feel like a full-time job, especially in competitive markets where homes get snapped up quickly. On average, buyers tour four homes, attend two open houses, make an offer on two homes and order about one home inspection.

In-person visits to prospective homes are valued by all — 79 percent of all buyers rate them as extremely or very important.

Younger generations, who are likely new to the process and perhaps hungry for information to inform their decisions, place higher importance on nearly every method of exploring a prospective home compared with older generations, including attending open houses, viewing professional pictures, and viewing video or other media of the home.

Online resources and agents remain central to the home-buying process, and large majorities of buyers rely on both: 79 percent of buyers shop online, and 74 percent work with an agent.

The overwhelming majority of buyers recognize the value of agents and see them as an essential part of the complex buying process. Overall, most services performed by agents are highly valued by buyers who worked with an agent to purchase a new home in the past year.

Buyers want to partner with agents they trust and who will be accessible during their home-buying journey, and they look for agents who convey those qualities on first impression.

The starting line: What’s helpful

The typical buyer engages in six activities during their home-buying journey, including such common ones as taking a private tour (89 percent) and having an inspection done (85 percent). Other activities are less common, including attending an open house (55 percent).

In addition to valuing viewing a home in person, buyers view a variety of tools as highly important in determining whether a home is right for them, including accessing comprehensive data about the home and its history (59 percent), reviewing an agent or broker’s evaluation of the home (47 percent) and viewing pictures of the home (46 percent).
Only about a third of buyers say live virtual tours or watching a recorded video of the home (35 percent and 30 percent, respectively) were extremely or very important, although this is likely due to the fact that these features are not widely available yet.

**Video and live virtual tours catch on with younger buyers**

Tech-savvy Millennial and Gen Z buyers may find greater value than older generations in using video/live virtual or 3D tours to help them make decisions. Forty-five percent of Gen Z and 41 percent of Millennial buyers find watching a recorded video of a home very or extremely important in helping them decide on their home, while only 24 percent of Gen Xers, 18 percent of Baby Boomers and 14 percent of Silent Generation buyers do.

Younger generations place more importance on staging than do older buyers. Forty percent of Gen Z buyers and 39 percent of Millennials view staging as extremely or very important in helping them decide on a home, compared with 23 percent of Gen Xers, and 13 percent of Boomers and Silent Generation buyers. However, when considering all buyers, staging is low on the list in terms of importance. Only 28 percent of all buyers rank staging as either extremely or very important.
Agents + online information are a popular combo

Most buyers use online tools as a complement to their partnership with an agent. In fact, buyers who use online resources to find a home are significantly more likely to use an agent (80 percent versus 52 percent who do not use online resources).

Their preferred resources, in order of popularity, include: online resources (79 percent); real estate agent or broker (74 percent); for sale or open house sign (55 percent); friend, relative, neighbor or colleague (46 percent); print ad (32 percent); home builder or sales center (31 percent); and direct-mail newsletter, flyer or postcard (21 percent).

Millennials are most likely to use online resources (88 percent, compared with 79 percent for Gen Xers, 70 percent for Boomers and 51 percent for Silent Gen buyers).

But the majority of buyers work with an agent (74 percent), a trend that is relatively consistent across generations when finding a home.

B-11: RESOURCES USED TO SEARCH
Purchased home in past 12 months.
THE BUYER-AGENT PARTNERSHIP

Agents play an integral role for nearly all consumer households throughout many stages of the home-buying process. For many buyers, agents are strategic partners who help with many aspects of the process and take charge of others.

About three-quarters of buyers have agents lead contract negotiations and guide them through the overall process (74 percent), take them on private tours (73 percent), and organize and submit paperwork associated with buying a home (71 percent).

Buyers take a more active role in other activities saying they participate, often with agent partners, to identify new homes for consideration (35 percent), preview and screen homes (32 percent), and find a mortgage broker by referral (32 percent).

There is no part of the process where buyers fly solo, but buyers appear to require less help on some things than on others. For instance, 42 percent of buyers say they did not rely on agents to determine whether a home is right for them, a recognition perhaps that how a home makes them feel is as important as the rest of the calculus.

Where the agent comes in

Most buyers who work with an agent (91 percent) start the home-finding process themselves, engaging in at least one home-search activity before involving an agent. These activities include researching homes (74 percent) and obtaining pre-approval (33 percent). Once buyers are further along in the process, they are less likely to go it alone and begin engaging agents when they’ve identified homes that pique their interest. For example, only 22 percent of buyers attend an open house, 16 percent take a private tour and 7 percent make an offer before involving an agent.

Younger buyers seem more willing to get involved in screening homes and identifying new ones than do older generations. For buyers who use an agent, 43 percent of Gen Z and Millennial buyers, 33 percent of Gen Xers, 29 percent of Boomers, and 10 percent of Silent Gen buyers say they find homes themselves to consider during their buying process.
Agents face competition

On average, buyers contact two agents: 52 percent contact just one agent, 23 percent contact two and 25 percent contact three or more.

Younger buyers, the majority of whom are first-time buyers, are more likely to contact multiple agents on average than Baby Boomers. Millennials contact about one more agent on average than Boomers (2.7 versus 1.6). More than half (57 percent) of first-time buyers consider multiple agents versus 41 percent of repeat buyers (2.6 agents on average versus 1.7).

Referrals and track records matter

Most buyers who use an agent find them through referrals from family, colleagues or social connections (27 percent), while another 16 percent say they find them through real estate websites. Ten percent of buyers use an agent or broker with whom they worked previously.

Other, less common methods of finding an agent include community connections, contact information on a for sale or open house sign, a referral from another agent or broker, a search engine (such as Google or Bing), attendance at an open house, a direct mail or print ad, a social website, or a referral from a home builder. None of these methods is used by more than 7 percent of buyers.

Three-quarters of buyers (76 percent) conduct research to size up an agent’s expertise, with many using information gleaned from online sources. Friends and family members who have experience with the agent are a resource for 37 percent of buyers, while online reviews are used by 27 percent, broker websites by 26 percent, past sales history by 23 percent, and knowledge of the area and the market by 21 percent. Only about a quarter (24 percent) of buyers conduct no research.
B-12: HOW BUYERS FIND THEIR AGENT
Purchased home in past 12 months and used an agent.
B-13: IMPORTANT CHARACTERISTICS OF AN AGENT

Purchased home in past 12 months and used an agent.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Very or extremely important</th>
<th>Not at all or not very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial impression of agent or broker: trustworthy</td>
<td>81%</td>
<td>4%</td>
</tr>
<tr>
<td>Initial impression of agent or broker: responsive</td>
<td>80%</td>
<td>4%</td>
</tr>
<tr>
<td>Has local market and/or neighborhood-specific knowledge</td>
<td>75%</td>
<td>6%</td>
</tr>
<tr>
<td>Respects personal values</td>
<td>74%</td>
<td>7%</td>
</tr>
<tr>
<td>Speaks preferred language</td>
<td>72%</td>
<td>12%</td>
</tr>
<tr>
<td>Has strong negotiation skills and/or strategy to win an offer</td>
<td>69%</td>
<td>8%</td>
</tr>
<tr>
<td>Positive general reputation in the community</td>
<td>66%</td>
<td>10%</td>
</tr>
<tr>
<td>Referral from friend, relative, neighbor or colleague</td>
<td>53%</td>
<td>26%</td>
</tr>
<tr>
<td>Strong sales history/high number of recent sales</td>
<td>49%</td>
<td>21%</td>
</tr>
<tr>
<td>Past personal experience with the agent or broker</td>
<td>44%</td>
<td>37%</td>
</tr>
<tr>
<td>Is part of a recognizable brokerage</td>
<td>44%</td>
<td>28%</td>
</tr>
<tr>
<td>Online reviews and ratings of the agent or broker</td>
<td>42%</td>
<td>29%</td>
</tr>
<tr>
<td>Charges a lower commission or offers a rebate</td>
<td>39%</td>
<td>31%</td>
</tr>
<tr>
<td>Agent or broker is part of a team</td>
<td>35%</td>
<td>37%</td>
</tr>
</tbody>
</table>
First impressions of trustworthiness and responsiveness matter most

Buyers tick off a list of characteristics they’re looking for in an agent to partner with, but when it comes down to it, impressions carry the most weight.

The top quality buyers are looking for is trustworthiness; 81 percent say an initial impression of trustworthiness is very or extremely important to them.

Buyers also want to feel that an agent is responsive (80 percent ranked this quality as very or extremely important) and knowledgeable about local market or neighborhood-specific conditions (75 percent listed this as highly important).

An agent’s connection to a team is the least important characteristic for buyers (37 say it is not at all important or not very important). Buyers also give low marks to whether an agent charges a lower commission or offers a rebate (31 percent said it’s not at all or not very important to them).

The total package

Other characteristics buyers consider very or extremely important in an agent revolve around respect and expertise. Nearly three-quarters (74 percent) want an agent who respects their personal values, speaks their preferred language (72 percent), and possesses strong negotiating skills or strategic knowledge to help them prevail in an offer (69 percent.)

Less important sources buyers use to evaluate agents include online reviews or ratings (42 percent), association with a recognized brokerage (44 percent), and a strong sales history or high number of recent sales (49 percent).

Most-valued agent traits differ by age and location

The younger the buyer, the more likely they are to value online reviews and agent ratings when determining which agent to work with. Fifty-seven percent of Gen Z buyers, 48 percent of Millennials and 46 percent of Gen X buyers who use an agent find online reviews and ratings to be very or extremely important versus 30 percent of Boomers and 29 percent of Silent Gen buyers.

Younger buyers, who are more likely to face stiff competition in the urban markets they tend to favor, also place importance on an agent’s negotiating skills and strategies to help them prevail on an offer. Eighty-four percent of Gen Z buyers, 73 percent of Millennials, 70 percent of Gen Xers, 65 percent of Boomers and 59 percent of Silent Gen buyers working with an agent rank them as very or extremely important agent qualities.

Urban buyers want proof of results in the face of competition: 61 percent who use an agent say they place high importance on a strong sales history and a high number of recent sales, compared with 45 percent of suburban buyers and 44 percent of rural buyers. In addition, 74 percent of urban buyers who use an agent say strong negotiation skills or a strategy to win an offer is very or extremely important, compared with 67 percent of suburban and rural buyers.

After results, urban buyers look for an agent with a positive general reputation in the community. Three-quarters of urban buyers (73 percent) rate a positive reputation very or extremely important versus 63 percent of suburban buyers and 62 percent of rural buyers who use an agent.

“The younger the buyer, the more likely they are to value online reviews and agent ratings when determining which agent to work with.”
B-14: ROLE OF AGENT; SERVICES PROVIDED

Purchased home in past 12 months and used an agent.

- Guiding through overall buying process: 82%
- Organizing and submitting the paperwork associated with purchasing the home: 80%
- Leading private home tours: 79%
- Leading contract negotiations: 79%
- Referring to an inspector: 68%
- Providing guidance on legal terminology/requirements: 72%
- Leading contract negotiations: 74%
- Helping decide details of offer(s): 75%
- Providing access to homes for sale that are not (yet) publicly listed or on the MLS: 58%
- Helping decide if a home is the right one: 44%
- Referring to a mortgage lender: 46%
- Referring to a contractor for home improvements: 32%
- Identifying new homes to consider: 69%
- Organizing and submitting the paperwork associated with purchasing the home: 80%
- Guiding through overall buying process: 82%
Buyers see agents as strategic partners

The overwhelming majority of buyers recognize the value of agents and appear to see them as an essential part of the complex buying process. Overall, most services performed by agents are highly valued by buyers who work with an agent to buy their home.

Among the services most valued by buyers who work with agents: organizing and submitting paperwork associated with the purchase (87 percent find that very or extremely valuable); conducting home tours (84 percent); leading contract negotiations (84 percent); and providing guidance throughout the entire process (83 percent).
Agents also bring value by providing guidance on legal terms and requirements (79 percent) and by helping shape the details of the offer (78 percent). Three-quarters of buyers say they rely on agents to provide access to for-sale homes that are not yet publicly listed on the MLS, and to provide recommendations on mortgage lenders and inspectors.

Buyers place less value on agent referrals to contractors for home improvements (67 percent) and on help deciding whether a home is right for them (68 percent).

**Multiple offers are common**

For today’s buyers, it’s relatively common to make more than one offer before a seller accepts and the purchase closes. Just over half (58 percent) of all buyers who make an offer successfully close on their first home offer, while 42 percent make more than one offer. A quarter (25 percent) of buyers make two offers, and 17 percent make three or more.

Urban and suburban buyers are more likely to make multiple offers compared with rural buyers, perhaps since buyers in these markets may be facing limited inventory and steep competition. On average, urban buyers make 2.2 offers and suburban buyers make 1.7 versus 1.4 for rural buyers.

First-time buyers have a tougher go of it, possibly because they are more likely to be looking in areas where competition for homes is more heated, and they may be less financially secure than older, repeat buyers. These first-time buyers are more likely than repeat buyers to make multiple...
offers (1.9 offers on average versus 1.6) before successfully purchasing a home.

**Inspections are a common contingency**

About three-quarters of buyers (76 percent) include contingencies in their offer. But most buyers waive some safeguards to make their offer more attractive, and 24 percent waive all contingencies.

The most common contingencies buyers include in their offers: inspections (47 percent), appraisals (39 percent), title report (31 percent), financing (29 percent), insurance (24 percent), sale of current home (13 percent) and some other contingency (3 percent).

Despite the waiving of safeguards, 89 percent of buyers have an inspection conducted before buying the home. Most inspections are paid for by buyers (79 percent).

Younger buyers seem to approach home buying with caution and are more likely to have inspections: 93 percent of Millennials and 90 percent each of Gen Z and Gen X buyers have inspections performed, compared with 82 percent of Baby Boomers and 85 percent of Silent Gen buyers.

Urban buyers, who also tend to be younger, are more likely to have the property inspected compared with buyers in other locations (94 percent versus 91 percent for suburban buyers and 78 percent for rural buyers).

**These days, not all problems are repaired**

Buyers conducting an inspection often discover problems that need attention. Of those buyers who had an inspection done, 36 percent have the seller correct the problem prior to purchase, while 16 percent pay for the majority of the repairs themselves and 14 percent split the cost of repairs with the seller. Only 8 percent of buyers who conduct an inspection have the seller lower the price of the home without fixing anything.

As perhaps an indication of the strength of the sellers market, 25 percent of today’s buyers find issues that go unrepaired without affecting the price of the home.

### B-16: NUMBER OF OFFERS BUYERS MADE

*Made an offer and purchased home in past 12 months.*

- **One offer**: 58%
- **Two offers**: 25%
- **Three or more offers**: 17%
THE HOME PURCHASE

The typical home purchase is a 3-bedroom, 3-bath house with 2,000 square feet and a price tag of $230,000.

Buyers tend to stick with what they know, purchasing either within the same neighborhood (17 percent), in a different neighborhood in the same city (35 percent) or a different city or metro area within the same state (34 percent). Only 13 percent of buyers move to a different state, and a mere 1 percent move from abroad. Almost half of buyers (48 percent) purchase a home in the suburbs, while a third (31 percent) live in urban markets and another 21 percent choose rural areas.

Nearly a quarter of buyers (23 percent) go over their expected budget for their new home, but an almost equal share (20 percent) end up paying less than they expect. Over half (57 percent) of buyers’ expectations match reality: They spend about the same as their initial home-buying budget.

Of buyers who stay within their budget, 58 percent make trade-offs to do so: 18 percent compromise on their preferred home finishes, 17 percent buy a smaller home than planned and 17 percent accept a longer commute. Another 14 percent choose a home farther from work or school to stay within their budget, while 13 percent purchase a home that needs work. Only 42 percent of buyers are able to afford the home they want without making a sacrifice.

When buyers reflect on the home-buying process, they find that the most challenging aspects are finding a home in their price range, finding one in the location where they want to live and saving for a down payment (24 percent of buyers find it difficult to stay within their price range or find a home in their preferred location; 23 percent find saving for the down payment difficult or very difficult).

Striking similarities in the home types of first-time and repeat buyers

Single-family detached homes are the most popular choice: 76 percent of buyers purchase one. The remaining 24 percent of buyers purchase townhomes (9 percent), mobile homes or condos/co-ops (6 percent for each type), duplexes/triplexes (2 percent), and other types of homes (1 percent).

While a 3-bedroom home is standard across all ages and locations, the footprint of the home changes across generations. Older buyers often select homes that are between 100 and 200 square feet smaller than homes that Millennial and Gen X buyers purchase. The median home size is 1,800 square feet for Boomers and 1,900 for Silent Generation buyers, compared with 2,000 square feet for Millennial and Gen X buyers.

Still, there are striking similarities in the characteristics and square footage of the homes of first-time buyers and those who have purchased before. For example, both groups buy homes with an average of 3.2 bedrooms and a median size of 2,000 square feet.
The median price of homes differs, however: $230,000 for first-timers and $242,000 for repeat buyers. This hints at the possibility that first-time buyers are bypassing the starter home and buying any available home within financial reach.

**Young buyers and renters move up**

Buyers who moved from a home they owned gain an average of 170 square feet of living space from their move. Buyers who rented their previous home buy a home that adds an average of 0.7 bedrooms and 688 square feet to their living area.

Younger generations tend to “move up” when they buy, while older generations tend to move to homes of similar size and with similar characteristics. The average difference in bedrooms between the previous home and the new one amounts to 0.5 more bedrooms for Gen Z buyers and Millennials, 0.4 for Gen Xers, and 0.1 for Boomers and Silent Gen buyers. The trend is similar for bathrooms.

Younger generation buyers also add substantially more square footage to their living space than do their elders. On average, Gen Z buyers add 228 square feet, Millennials add 285, Gen Xers add 642 and Boomers add 53. The Silent Gen, however, loses 187 square feet.

**Existing homes dominate purchases**

Although 85 percent of buyers come from living in a home they owned or rented previously, others come to homeownership from a different living situation. Nearly 1 in 10 (9 percent) moves from a home they shared with family or friends but did not personally own or rent, 1 percent move from group living quarters, and 5 percent come from a different living situation.

Existing homes — a home that was previously occupied before the purchase — are the most popular choice and the most common in the housing market. Seventy percent of buyers purchase existing homes, compared with 11 percent of buyers who purchase brand-new construction and 19 percent of buyers who purchase newly renovated existing homes.

**The attraction of new construction**

Among buyers who purchase new construction, the majority (77 percent) purchase a newly built, single-family detached home. New construction buyers purchase homes that are

![B-18: NEW CONSTRUCTION BUYERS](image)

- **Existing home**: 70%
- **Newly renovated**: 19%
- **New construction**: 11%
typically 2,100 square feet – 111 square feet larger than existing homes purchased by home buyers. The larger home footprint could be attributed to the fact that 29 percent of new construction buyers live in rural areas, where there is more space to build, compared with urban areas, where 23 percent of new construction buyers settle in.

The remaining buyers of new construction choose the suburbs (49 percent), which is comparable to the percentage of buyers who choose existing homes in these areas (48 percent).

Some of those who buy new construction pay more than they expect to. Nearly a third (30 percent) exceed their initial budget versus 22 percent of buyers who purchase existing homes. But new construction buyers may be in a position to absorb budget creep: 44 percent have a household income that exceeds $100,000, compared with 31 percent of existing-home buyers.

Buyers of new construction homes represent 11 percent of total home buyers. Their reasons for choosing new construction run the gamut and cover economic, aesthetic and practical considerations. Nearly half of new construction buyers (49 percent) selected everything being new and never used as one of their top three reasons for purchasing a new construction home. They may be attracted to the newness factor and the comfort that comes from knowing they probably won’t be replacing major appliances or a roof anytime soon.

Among the other reasons ranked in the top three: They feel the home represents the best value for their money (37 percent); it has appealing home features such as an attractive floor plan, preferred materials, etc. (34 percent); and it’s in a desirable location (34 percent). More than a quarter (27 percent) like the fact that they’re the first ones to live in the home.

Only 12 percent of buyers say cash discounts offered by the builder were among their top three reasons for selecting a new construction home, and 10 percent cite access to shared community amenities such as a clubhouse and pool, or free upgrades offered by builders.

**Staying close to home versus hitting the road**

Younger generations, who are probably already settled close to friends, family and work or school, are more likely to stay in the same neighborhood. About twice as many Gen Z buyers (27 percent) move within the same neighborhood, compared with 14 percent of Boomers and 13 percent of Gen X buyers. Millennials fall in the middle, with 21 percent purchasing within the same neighborhood as their previous home.

The overwhelming majority of Silent Gen buyers hit the road. Only 3 percent stay in their old neighborhood, while a quarter of them move out of state. In fact, older generations are more likely to move out of state than younger ones, perhaps because they are freed from the need to live close to a job, are seeking a warmer climate, or are wanting to be closer to children or grandchildren. One in 5 Boomers (20 percent) moved out of state versus 14 percent of Gen Xers, 8 percent of Millennials and 9 percent of Gen Z buyers.

Urban buyers, who are more likely to be younger, also are more likely to stay in the same neighborhood (30 percent) versus 10 percent of suburban and 13 percent of rural buyers.

Rural buyers, who tend to be older, are more likely to move out of state than buyers in other locales (19 percent versus 14 percent of suburban buyers and 9 percent of urban buyers).

“Nearly half of new construction buyers (49 percent) selected everything being new and never used as one of their top three reasons for purchasing a new construction home.”
B-19: DISTANCE BUYERS MOVED
Purchased home in past 12 months.

- 17% Same neighborhood
- 35% Same city, different neighborhood
- 34% Same state, different city
- 13% Same country, different state
- 1% Moved from out of the country

[Map showing distance buyers moved across the United States]
Young buyers settle in cities and suburbs

Nearly half (48 percent) of all buyers today purchase a home in the suburbs, while a third (31 percent) opt to purchase in a more dense, urban market. Only 21 percent of today’s buyers purchase a home in a rural area.

Gen Z and Millennials are equally likely to purchase homes in cities (43 percent of each generation buy there) and suburbs (42 of each generation buy there). Only 15 percent of these younger buyers purchase in rural areas.

Gen X and the Silent Generation choose more or less equally when it comes to where they buy. While more than half of those generations gravitate to the suburbs (54 percent for Gen X and 53 percent for the Silent Gen), nearly a quarter of each generation (23 percent) move to cities, and another quarter buy in rural areas (23 percent of Gen X and 24 percent of Silent Gen buyers).

 Boomers, many of whom migrated to the suburbs after World War II, often stay there: 51 percent buy houses in the suburbs versus 30 percent in rural areas and 19 percent in urban areas.

1 in 3 buyers purchase outside their initial search area

Nearly a third of buyers (31 percent) end up living in an area they hadn’t initially considered, although most (69 percent) end up buying in the exact area where they
“Nearly a third of buyers (31 percent) end up living in an area they had initially considered.”

originally set their sights. Of buyers who settle in a different location, over half (56 percent) choose a location close to their preferred location, while another 28 percent purchase in an area somewhat close and 16 percent buy a home very far from the area they originally considered.

Buyers with young children at home are especially inclined to stick with what they’ve set their sights on: 72 percent buy in the area they initially consider versus 66 percent each for buyers without kids at home and those who live alone. That’s likely because those buyers prioritize schools, amenities and community bonds — their own, and their children’s.

When buyers purchase outside of the area they initially consider, they do so for a number of reasons relating to inventory and affordability: 35 percent say there aren’t many homes for sale in their preferred area, 33 percent are priced out, 24 percent determine the initial area isn’t a good fit, 20 percent discover a new area during their search and 7 percent cite some other reason.
Older buyers budget better

While the majority of buyers (57 percent) spend what they initially planned on their home, younger generations, who tend to buy in competitive urban markets, are more likely to spend more than they planned. Twenty-seven percent of Gen Z buyers and Millennials – compared with 21 percent of Gen Xers, 22 percent of Boomers and 6 percent of Silent Generation buyers — pay more for their home than they initially intended.

Younger generations are also more likely to come in under budget — 26 percent of Gen Z buyers, 21 percent of Millennials, 20 percent of Gen Xers, 16 percent of Boomers and 19 percent of Silent Generation buyers come in under budget. It may be that younger buyers are more willing to compromise and consider different types of housing or because older buyers are more experienced at budgeting and have more realistic views of what their money will buy.

Buyers with young children at home – the demographic with the longest list of must-haves and the one least willing to compromise on such things as schools and amenities – are more likely to go over budget (26 percent versus 21 percent of all buyers).

A sellers market

Those who exceed their budgets typically do so by approximately 12 percent of the purchase price, a reflection of the strength of the sellers market for much of 2018.

- 15 percent spend $5,000 to $10,000 more
- 19 percent spend between $10,000 and $20,000 more than they intend
- 14 percent break the budget by $20,000 to $30,000
- 12 percent spend $30,000 to $50,000 more
- 9 percent spend $50,000 to $75,000 more
- 9 percent spend $75,000 to $100,000 more

The extremes at each end capture an equal share: 11 percent spend less than $5,000 more than their budget, and 11 percent spend $100,000 or more than they had initially budgeted.

The typical amount buyers went over budget relative to purchase price is highest in the West (16 percent above the sales price in the West compared with 10 percent in the South, 11 percent in the Midwest and 13 percent in the Northeast).

Still, a large share of buyers (77 percent) adhere to their budget and buy a home without spending more than they planned.

B-22: BUYER PURCHASE VERSUS INITIAL BUDGET

Purchased home in past 12 months.
Inventory and affordability top the list of buyer challenges

Thinking back over the home-buying process, buyers say that the most challenging aspects of purchasing a home are related to inventory and rising home prices.

About a quarter of buyers (24 percent) find it difficult or very difficult to find a home within their price range and in their desired location, while 23 percent have a hard time saving for a down payment. Another 21 percent say they struggle to find a home with their desired amenities.

Timing also is an issue for buyers: 21 percent have a difficult or very difficult time finding a home within their desired time frame, while 19 percent say there is too much time between the offer date and the closing.

The lending process is easy for some but difficult for others

The lending process for buyers overall is a mixed bag: Some buyers have a difficult or very difficult time going through the underwriting process with lenders (17 percent) and gathering all of the documents needed for a loan (16 percent). Other buyers say it’s easy or very easy to qualify for a loan (65 percent), to find the right mortgage lender (61 percent) and to determine the best type of loan (59 percent).

Most buyers (65 percent) say it’s easy or very easy to find the right agent. And in most cases, their expectations are met throughout the process. Nearly all buyers say they’re satisfied with their agent (94 percent won’t change agents).
B-24: DIFFICULTIES DURING THE BUYING PROCESS

Purchased home in past 12 months.

- Finding the right agent or broker: 7%
- Qualifying for a loan: 12%
- Determining the type of home to buy: 12%
- Finding the right mortgage lender: 11%
- Determining the best type of mortgage: 11%
- Having an offer accepted on a home: 13%
- Determining how much home is affordable: 13%
- Going through the appraisal process: 11%
- Having too much time between offer date and closing: 11%
- Determining the type of home to buy: 27%
- Qualifying for a loan: 24%
- Finding the right mortgage lender: 27%
- Determining the best type of mortgage: 28%
- Having an offer accepted on a home: 30%
- Determining how much home is affordable: 30%
- Going through the appraisal process: 30%
- Finding the right agent or broker: 65%
- Qualifying for a loan: 65%
- Determining the type of home to buy: 62%
- Finding the right mortgage lender: 61%
- Determining the best type of mortgage: 59%
- Having an offer accepted on a home: 57%
- Determining how much home is affordable: 57%
- Going through the appraisal process: 55%
FINANCING AND LENDER DECISIONS

Nearly all buyers — across the generations, and whether first-timers or repeaters — struggle with money.

Affording the down payment is a significant barrier to homeownership, particularly for renters. Sixty-six percent of those surveyed in the Zillow Housing Aspirations Report name it as their top concern, ahead of qualifying for a mortgage and job security.¹⁷

Most buyers (54 percent) say they’re somewhat concerned or very concerned about qualifying for a mortgage, but their fears may be related to the down payment and don’t appear to be born out during the buying process.

Repeat buyers are more likely to bring 20 percent to the table than first-time buyers (58 percent versus 40 percent put 20 percent or more down), typically leveraging equity from the sale of their previous home.

Nearly half of buyers who obtain a mortgage use more than one source for their down payment, with 18 percent relying on two sources and 27 percent tapping three or more sources.

Paying cash versus getting a mortgage

While pre-approval is the norm for most (80 percent of all buyers obtain it), older generations are less likely to get pre-approved. Forty-four percent of Silent Gen buyers apply for and receive pre-approval, compared with 70 percent of Boomers, 80 percent of Gen Xers, 88 percent of Millennials and 82 percent of Gen Z buyers. This trend may be due to the fact that members of the Silent Generation also are more likely to be cash buyers.

Most buyers (77 percent) finance their new home with a mortgage. Younger buyers are more likely to finance their purchase: 84 percent of Millennials and 81 percent of Gen Xers obtain mortgages versus 67 percent of Boomers and 42 percent of Silent Gen buyers.

Nearly a quarter (23 percent) of all buyers pay cash. Rural buyers, who trend older, are more likely to pay cash for their homes — 33 percent versus 20 percent of urban buyers and 21 percent of suburban buyers.
The myth of the 20 percent down payment

Despite common beliefs, a 20 percent down payment is not a requirement for homeownership. Just over half of buyers (52 percent) put less than 20 percent down on their purchase. Only 23 percent of buyers put down exactly 20 percent, and another 20 percent put more than 20 percent down.

As you might expect, younger buyers put down less than older buyers: 60 percent of Millennials put down less than 20 percent for their down payment, compared with 48 percent of Gen Xers, 43 percent of Boomers and 38 percent of Silent Gen buyers.

Older buyers tend to put more on the table

Putting down 20 percent allows buyers to avoid paying the sometimes costly private mortgage insurance that lenders require. The number of buyers who put down 20 percent or more increases as buyers age, with the Silent Generation bringing the most money to the table: 35 percent of Millennials, 48 percent of Gen Xers, 51 percent of Boomers and 62 percent of Silent Gen buyers put down 20 percent or more on their home purchase.

Buyers who live with young children at home typically put down less than 20 percent (55 percent versus 49 percent for buyers without kids at home). These buyers may be tapped out by child-rearing costs and education expenses, and find it more difficult to save up.
Most save up, but others rely on the bank of mom and dad

Overall, 70 percent of buyers who obtain a mortgage use savings to fund at least some of their down payment, while 39 percent use the proceeds from the sale of their previous home.

Some buyers have help from relatives and/or friends in the form of gifts (30 percent) or loans (26 percent). In addition, some buyers tap into other forms of equity for their down payment: 27 percent use retirement funds, 26 percent sell stocks or other investments, and 12 percent rely on other sources.

Considering all sources of the down payment, savings, on average, account for the largest share (43 percent), while proceeds from the sale of their previous home account on average for 19 percent. The share from gifts or loans on average is 15 percent, and retirement funds, stocks and other sources on average account for 8 percent, 7 percent and 8 percent, respectively.

Younger buyers who obtain mortgages get a greater share of their down payment from family and friends than do older buyers with mortgages. On average, the share of their down payment that came from gifts or loans from family or friends is 20 percent for Millennials, 15 percent for Gen Xers, 8 percent for Baby Boomers and 3 percent for Silent Generation buyers.

Older buyers who take out a mortgage use equity from the sale of their previous home to compile their down payment. On average, 57 percent of the down payment for Silent Generation buyers and 25 percent of the down payment for Boomers comes from equity in their previous home. For Gen Xers and Millennials, the share, on average, is 22 percent and 13 percent, respectively.

While some buyers use a single source of funding for their down payment, younger generations are more likely to tap multiple sources for their down payment compared with older generations: 57 percent of Millennials, 39 percent of Gen Xers, 28 percent of Boomers and 32 percent of Silent Gen buyers use two or more sources.

Savings account for a large share (43 percent) of the average buyer’s down payment. But for buyers who rely on multiple sources, savings make up only 29 percent of the total amount they put down.

Conversely, gifts or loans from family or friends make up 25 percent of the down payment for the average buyer who taps multiple sources compared with only 15 percent for the average buyer overall who obtains a mortgage.

Still, for the average buyer who relies on more than one source for their down payment, savings account for the largest share: 29 percent of the down payment comes from savings; 20 percent from the proceeds from a previous home; 14 percent from a gift from family or friends; 12
B-26: AVERAGE PROPORTION OF DOWN PAYMENT SOURCE
Purchased home in past 12 months and obtained a mortgage.

ALL BUYERS WITH A MORTGAGE

BUYERS WHO USED MULTIPLE SOURCES TO FUND DOWN PAYMENT
percent from a loan from family or friends; 11 percent from a retirement fund; 11 percent from selling stocks or other investments; and 3 percent from some other source.

**How buyers find financing**

Most buyers use multiple resources – an average of 3.2 – when searching for financing. Referrals are key at this step in the process, especially for buyers who work with an agent. These buyers are more likely to use referrals to find their lender than those who don’t work with an agent (67 percent versus 44 percent, respectively).

More than half (55 percent) of all buyers who obtain a mortgage use online resources to seek out financing, while 64 percent use a financial institution and 62 percent use referrals.

Exactly half of buyers consult with their current financial institution, while 34 percent seek out a different financial institution.

**Agents are the main source for financing referrals**

Buyers who rely on referrals turn first to their real estate agent (50 percent); then their family, friends, neighbors and colleagues (33 percent); direct mail (20 percent); newspaper ads (18 percent); and other resources (14 percent).

As expected, younger generations are more likely to use online resources: 76 percent of Gen Z buyers and 65 percent of Millennials use them, compared with 53 percent of Gen Xers, 40 percent of Boomers and 31 percent of Silent Gen buyers.

First-time buyers, who draw heavily from the younger generations, are more likely to use online resources than repeat buyers, 58 percent versus 52 percent.

More than a third of buyers (35 percent) find their lender through referrals, either on the recommendation of a real estate agent or broker (24 percent), or family and friends (11 percent). Seventeen percent of buyers pick a lender they have previous experience with.

One in 5 buyers finds their lender through online sources, such as financial websites and apps, and real estate websites and apps (6 percent each). Another 5 percent use search engines, and only 3 percent find lenders through social media websites and apps.

Direct mail and newspaper ads are used by only 2 percent of buyers to find their mortgage provider.

**One and go: Most buyers don’t shop for a lender**

Most buyers (54 percent) who obtain a mortgage do so after contacting only one lender, even though they’re making what is likely to be the biggest investment of their lifetime.

An equal share – 23 percent – contact either two lenders or three or more to find great service and better rates.

Younger buyers, who are more likely to be new to the process, conduct more extensive research than older generations. Sixty-four percent of Gen Z buyers and 57 percent of Millennials contact more than one lender, compared with 39 percent of Gen Xers, 35 percent of Boomers and 18 percent of Silent Gen buyers.

With financing secured and the final papers signed, buyers finally settle in as homeowners. Most (62 percent) will spend a decade or more in their new home before finding themselves in the market once again as sellers.

“Most buyers (54 percent) who obtain a mortgage do so after contacting only one lender, even though they’re making what is likely to be the biggest investment of their lifetime.”
B-27: HOW BUYERS FOUND LENDER
Purchased home in past 12 months and obtained a mortgage.
SYNCHRONOUS SELLING

Considerations when selling and buying at the same time

Selling and buying a home at the same time is a high-wire act like few others, and one that’s surprisingly common in real estate.

“Synchronous sellers” — people who have sold a home and bought a home in the past 12 months — account for the majority of today’s home sellers (61 percent).

Those who do it say timing is a big challenge, and there’s no one right pathway that proves more successful at the end. Yet, there are some synchronous tracks that are more common than others.

Of course, not all sellers become buyers, and not all buyers are moving from a home they own — only 43 percent of home buyers also sold a house in the past year. But those who try to sync selling a home with buying a home are playing Twister, with a foot and a hand in each transaction while they bend over backward to accommodate a buyer and woo a seller who may have multiple offers on the table.

Most synchro sellers are Gen Xers and Millennials

A quarter of synchronous sellers (25 percent) say that timing the sale of their home to coincide with the purchase of their new one is difficult or very difficult, while only 13 percent of people who are just selling a home express the same sentiment.

The typical synchronous seller is 44 years old — younger than the typical seller-only (52 years old) who sold a home in the past year and older than the typical buyer-only (40 years old) who purchased a home in the past 12 months.

Most synchronous-seller households are Gen Xers and Millennials. Together, these generations account for 64 percent of synchro sellers, compared with 71 percent of buyer-only households and 49 percent of seller-only households.

Partnered and educated with higher incomes

Synchronous sellers tend to have higher incomes, perhaps because they’re more likely to be married or partnered, and they’re more likely to have a college degree than buyers and sellers who engage in only one real estate transaction.

Median household income for synchronous sellers is $85,000 — 36 percent higher than for the typical household that only purchased or only sold a home. Median income for those households is $62,500. Purchase-only households are more likely to be young, coming from a rental and purchasing for the first time. Similarly, sellers that only sold in the past year may be older as they may be moving into a family member’s home or into a secondary property they own.

Forty-one percent of synchronous seller households earn more than $100,000 a year. Only 28 percent of buyer-only households and 26 percent of seller-only households earn that much. For seller-only households, the largest share (42 percent) earn less than $50,000 a year in household income.
The higher incomes for synchronous sellers may partially be due to the fact that 79 percent are coupled (married or living with a partner), compared with 71 percent of buyer-only households and 63 percent of seller-only households.

College education is common among all of these groups, but synchro sellers have the highest percentage of sellers with college degrees or higher (50 percent compared with 43 percent of buyer-only households and 39 percent of seller-only households).

Despite the higher incomes, the percentage of buyers who obtain a mortgage versus paying all cash is about the same for synchro sellers (76 percent) as it is for buyer-only households (78 percent).

**Synchronous sellers take different paths**

Although there are several paths forward, synchro sellers typically list their current home for sale first, then make an offer to buy another home and then close on the purchase of that home. But they often deviate from that path.

As a first step, most (52 percent) synchro sellers list their current home for sale. Only 19 percent start the process of moving by buying another home first. It’s less common for synchro sellers to start with other activities, such as moving into a short-term rental, and closings typically occur later in the process.

The second step tends to align with the path chosen in the first step. Since the most common first step is to list a current home for sale, it’s not surprising that nearly a third (31 percent) of synchro sellers put an offer on a home to buy as their next step, while 27 percent list their home for sale and the remainder complete other activities as a second step. Synchronous sellers take a variety of pathways to complete the process of moving and closing on both homes.

Should synchro sellers buy or sell first? It depends, and both paths come with their share of potential difficulties and frustration. But synchro sellers do have clear preferences.

**Many are able to start the tricky process their way**

When asked to compare the order of buying and selling activities they wanted to do with the activities they actually did, more than half of synchro sellers (56 percent) said they were able to start with their ideal step, whether it was buying, selling or something else. The rest started the process with an activity they wouldn’t have chosen as a first step if they could do it all over again.

Of the 56 percent who started the process with their ideal first step, 72 percent say they listed their current home for sale first. Those who say their ideal first step would be a different first activity did an almost equal mix of listing their home for sale (26 percent), putting an offer on a home to buy (24 percent) and moving into a short-term rental (23 percent).

Older, more experienced synchronized sellers are more likely to do things in their preferred order — 62 percent of Gen Xers, 67 percent of Boomers and 61 of Silent Gen buyers/sellers say they started their moving process with their preferred step. But only 43 percent of Millennials say they started with their ideal first step.

Likewise, synchronous sellers who have previously sold a home are more likely to start the process the way they prefer (60 percent of repeat sellers say they started with their ideal first activity versus 45 percent of first-time sellers).

**Urban buyers may be at the mercy of the market**

Like many aspects of housing transactions, more money in hand doesn’t always guarantee satisfaction.
In fact, cash buyers are only slightly more likely to do things in their preferred order than synchro sellers who rely on a mortgage (63 percent of cash buyers, compared with 59 percent of synchro sellers who finance their home, start the process with their ideal first step).

Buying or selling in an urban area, where the markets tend to be faster paced because of competition, is likely to result in more disappointment for synchro sellers. Only 42 percent of buyers/sellers in urban areas begin the process with their preferred step, compared with 61 percent of synchro sellers in the suburbs and 64 percent in rural areas.

A large part of the difficulty in syncing a sale and a purchase may have to do with the fact that the ideal seasons for each activity are months apart. The best time to list a home for sale is in the spring, when it’s likely to get the most views and the best price. The best time to buy a home is late summer/early fall, when demand drops off as families with kids settle back into the routine of school.

**Following the buying/selling seasons could be profitable, but disruptive**

For those with the resources or ability to stay with family and friends for the summer or move into a short-term rental, it might make sense to list a home for sale in the spring and begin hunting for a new one several months later. This track could maximize the price for the home being sold and lead to a better deal on the new house.

Of course, that’s a more difficult and disruptive path for families with young children who are starting school, and it could prove to be a lengthy one.

Synchro sellers who successfully navigate tricky timing by closing on their new home before selling their old one typically have the resources to manage transactions in this order. More than half (52 percent) tap into savings and investments such as stocks, bonds and other liquid assets to finance a purchase. Another 28 percent obtain a temporary loan or HELOC from a financial institution, while 17 percent get a gift or loan from family or friends, and 6 percent find some other means.

**Synchro sellers are more likely to end up where they thought they would**

Given the timing issues, it’s not surprising that synchro sellers are more likely to exceed their budget on their new home than people who are just buying a home (27 percent of synchro sellers go over budget versus 20 percent of buyer-only households).

But synchro sellers also are more likely to buy in the location they intended, perhaps because they’re more likely to have had previous experience buying a home. Only 23 percent of synchro sellers buy outside the area they initially planned, compared with 37 percent of buyer-only households, which are more likely to be first-timers.

Despite the obstacles, the majority of synchro sellers report satisfaction with the process. Eighty percent say they’re satisfied with the overall buying and selling process versus 86 percent of buyer-only households and 77 percent of seller-only households.

Regardless, there’s a good chance that anyone engaged in synchronous selling — both the agent and the buyer/seller — is going to be as tied up as a player on a Twister mat.
SELLING A HOME IN AMERICA

If it seems as though sellers have the upper hand in today’s housing market, consider this: 83 percent of sellers make some concession with buyers in order to close the sale, and 41 percent have at least one offer fall through.

That may help explain why, despite the proliferation of online tools that help sellers price their homes and market them to eager buyers, only 10 percent of home sellers go the distance and sell completely on their own.

The overwhelming majority (85 percent) of sellers partner with agents and rely on those agents both to bring prospective buyers to their homes and to handle the nitty-gritty details of selling and closing.

**Squeeze on buyers can kill a deal**

When selling a home, two clear objectives drive the process: finding a buyer within the preferred time frame and selling for the highest price possible. Of the pitfalls that affect sellers, most are the result of the squeeze on buyers, who for years have faced rising home prices and difficulties qualifying for mortgages and saving for down payments.

Those stressors are reflected in some of the reasons sellers give for having one or more offers fall through: issues with the buyer’s financing (23 percent); the buyer changing their mind (21 percent); or the buyer’s inability to sell their home, which was a contingency of the sale (17 percent).

Perhaps because of the prevailing view that homes are an investment, agents provide a particularly important resource during selling. Eighty-five percent of sellers work with an agent or broker to sell their home, compared with 74 percent of home buyers. In terms of general sentiment and preferences during buying and selling activities, 58 percent of buyers say they prefer to take the lead themselves, while only 41 percent of sellers express that sentiment.

Those sellers who do prefer to take the lead — whether they are working with an agent or not — tend to be younger and more accustomed to finding information online. Millennial sellers are especially likely to get out in front: 58 percent say they prefer to take the lead on decisions regarding the sale of the home, compared with 29 percent of Baby Boomers. Millennials are also more likely than older sellers to prefer research over intuition in their decision-making (65 percent of Millennials versus 52 percent of Boomers).
Sellers rely heavily on agents, from start to finish

When sellers work with agents, they value first and foremost their abilities to find interested buyers (89 percent). After that, most sellers (85 percent) want agents who can take photos of their property and promote the listing on real estate websites (84 percent).

Once a buyer is in hand, sellers appreciate an agent who can lead negotiations with potential buyers (84 percent) and shepherd paperwork through the transaction (88 percent).

Before any of this happens, though, sellers want to be sure the agent they hire is someone they can trust. They’ll determine that through a number of channels, including online reviews, recommendations from family and friends, and the agent’s reputation in the community.

Although most sellers spend months thinking about selling before they act, about a quarter (24 percent) say they wish they’d started getting their home ready to sell earlier, possibly because of the difficulties in making repairs, cleaning out the house and accommodating buyers.

On the way to closing the deal, four out of five sellers (83 percent) have to make at least one concession or allowance, with nearly one-third (29 percent) of sellers sealing the deal by lowering the sales price of their home. Millennial sellers are the cohort most likely to make concessions to finalize the sale of their home (89 percent do), while Baby Boomers are the least likely (78 percent do).

Home as an investment versus a reflection of identity

Most sellers see their home as an investment, a sentiment that’s especially strong in the West. Nearly three-quarters (73 percent) of sellers in the West view their home as an investment versus a reflection of their identity. That’s true of other regions but not to the same degree: 66 percent of sellers in the Midwest, 65 percent of sellers in the South and 59 percent of sellers in the Northeast say they view their home as an investment.

Reflecting on the process, 67 percent of sellers say they would do at least one thing differently, including listing their home at a different price (22 percent). And even though almost half (46 percent) sell their homes for the asking price or higher, buyers are more satisfied with the process than sellers are: 84 percent of buyers say they’re satisfied with the process versus 79 percent of sellers.

It may be that buyers go into the market knowing they’re going to face some difficulties, while sellers, following the news of surging home prices and fierce competition, might underestimate the work involved until they’re in the middle of the action.

“Sixty-seven percent of sellers say they would do at least one thing differently, including listing their home at a different price.”
THE TYPICAL AMERICAN HOME SELLER

Today’s typical seller is a 48-year-old white, college-educated couple with a middle-class income and a pet.

More than half (53 percent) of the people selling their home are doing so for the first time, 24 percent have sold one home previously and 23 percent have sold two or more.

The median age for first-time sellers is 39, a generation younger than the median age for repeat sellers (58 years old).

The majority of sellers — 61 percent — are trying to buy a new home around the same time. The generation most likely to be buying and selling a home simultaneously is Millennials, those ages 24 to 38.

Today’s seller: a middle-class, educated couple

The largest group of sellers belongs to the Millennial generation, which comprises 31 percent of all sellers. Generation X — between the ages of 39 and 53 — makes up 28 percent of sellers. Baby Boomers — between the ages of 54 and 73 — comprise another 25 percent, and 13 percent pull from the Silent Generation, those 74 and older.

Sellers are less diverse than buyers: Only 24 percent are people of color, with Hispanics/Latinos making up the largest group (10 percent of all sellers). Another 7 percent are African-American/black, 5 percent are Asian/Pacific Islander and 2 percent identify as another race.

The median household income for sellers is $72,500. One-third of sellers (33 percent) earn less than $50,000, 19 percent of sellers earn between $50,000 and $75,000,
S-1: TODAY’S HOME SELLER
Sold home in past 12 months.

**MEDIAN AGE**

48

**MEDIAN HOUSEHOLD INCOME**

$72,500

**RACE/ETHNICITY**

- 76% Caucasian/white
- 10% Hispanic/Latino
- 7% African-American/black
- 5% Asian/Pacific Islander
- 2% Other

**GENERATION**

- 15% Silent Generation (74+)
- 31% Millennials (24-38)
- 28% Gen X (39-53)
- 25% Baby Boomers (54-73)
- 3% Gen Z (18-23)

**MARITAL STATUS**

- 65% Married
- 7% Living with a partner
- 14% Divorced/separated/widowed
- 14% Never married

**EDUCATION**

- 28% High school graduate or less
- 26% 4-year degree
- 16% Some college, no degree
- 13% 2-year/tech school degree
- 18% Graduate degree
15 percent have household income between $75,000 and $100,000, and another 34 percent earn more than $100,000.

Nearly three-quarters of sellers (72 percent) have attended or graduated from college. Of those with degrees, 16 percent have a two-year degree, 50 percent have a four-year degree, and 34 percent have a graduate or professional school degree.

Sellers are likely to be coupled: 65 percent are married, and 7 percent have a partner. Divorced or separated people account for 8 percent of sellers, and people who have been widowed account for 6 percent. Only 14 percent are single or never married.

Nearly half of sellers (45 percent) have children under 18 at home, and 60 percent of sellers live with pets.

**Buying and selling at the same time**

More than half of the people selling a home also are trying to buy one. Those synchronous seller/buyers account for 61 percent of all people selling homes. The remaining sellers are either renting a home after the sale (16 percent) or moving to another living situation, including moving in with family or into a second property they own (23 percent).

Millennials are the generation of sellers most likely to also be purchasing their next home: 69 percent do so, compared with 65 percent of Gen Xers, 60 percent of Boomers and 40 percent of Silent Generation sellers.
TYPICAL HOME SOLD

The typical home for sale is a 3-bedroom, 3-bath house with 2,000 square feet and a median price tag of $210,000. These home characteristics are similar across all generations of sellers.

Single-family detached homes account for the largest share of the homes sellers sold (76 percent), but the types of homes differ by the generation of the seller and the locale. For instance, Millennials, who comprise the largest share of sellers and tend to live in more densely populated cities and suburbs, are more likely than older generations to sell a townhome (15 percent compared with 8 percent of Gen Xers, 8 percent of Baby Boomers and 6 percent of Silent Generation sellers).

Thirty percent of sellers are selling a home in an urban area, about half (52 percent) are selling in the suburbs and 18 percent are selling in a rural area, which is naturally similar to the areas where buyers are purchasing.

Sellers’ homes vary by generation and location

After single-family homes, townhomes account for the largest share of homes sellers sold (10 percent), followed by condos/co-ops (5 percent), manufactured/mobile homes (4 percent) and duplexes/triplexes (4 percent).

Suburban sellers are more likely to be selling single-family homes than sellers in urban locations (76 percent in suburban locations, 76 percent in rural areas and 71 percent in urban areas). And urban sellers are more likely to be selling townhomes (15 percent versus 9 percent for the suburbs and 5 percent for rural areas). Both of these trends are a likely result of the available housing stock in each locale.

Condos are rare among rural sellers (only 2 percent are selling them, compared with 7 percent of urban sellers and 6 percent of suburban sellers). Instead, they’re more likely to sell manufactured homes on lots they either own or rent (13 percent of rural sellers fall into this category versus 2 percent each of urban and suburban sellers).

Among generations, Baby Boomers and Gen Xers are most likely to sell single-family detached homes (80 percent and 79 percent, respectively, compared with 71 percent of Millennials and 75 percent of Silent Generation sellers).

Millennials are most likely to sell townhomes (15 percent versus 6 percent of Silent Gen sellers and 8 percent of Gen Xers and Boomers).
PREPARING TO SELL

The typical seller lives in their home for 13 years before putting it up for sale. And change can be hard: Sellers spend seven months on average just thinking about listing their home, and those who have owned their home longer take even more time to decide to sell.

The majority of sellers (62 percent) own their homes for 10 or more years before selling, and 25 percent live in their homes for more than 20 years before making a move. Only 16 percent of sellers live in their homes for three years or less, which may help explain why there has been a shortage of homes for buyers in most parts of the country.

Momentous events, such as marriage or the birth of a child, speed up a homeowner’s decision to become a seller and, once they’ve made the decision to sell, many sellers wish they had started the process sooner.

Sellers often make repairs and improvements before listing their home, beginning repairs even before they contact an agent to help them with the sale. That said, sellers rely heavily on agents throughout the process for help with most selling activities.

Younger sellers tend to be more involved in the sale of their home on every front, engaging in more selling activities and enlisting the help of an agent while also doing their own research into everything from list prices to agent reviews.

Those who put in the effort to spruce up their homes before the sale are often rewarded with sale prices that are above list price. Nearly a quarter of sellers (22 percent) who make improvements sell above list price, compared with 16 percent of sellers who don’t.

A decision to sell isn’t taken lightly

Before putting their homes on the market, sellers spend about seven months on average thinking about their decision. The older the seller, the longer the time spent thinking, with the oldest generation spending twice as much time as the youngest sellers to commit to selling their home. On average, Millennials spend five months in contemplation, Gen Xers spend six months, Boomers spend eight months and Silent Gen sellers spend 10 months.

Momentous events drive many sales

The relatively brief time Millennials give to selling considerations may be due to rapid changes in their lives. Events that are likely to influence a move — marriage, having a child or a job relocation among them — happen with greater frequency in early adulthood than later in life.

For instance, 79 percent of Millennials and 68 percent of Gen Xers say they experienced a momentous life event in the past 12 months, compared with 58 percent of Boomers and 45 percent of Silent Generation sellers.

These events, when they occur, not only prompt a move but also typically shorten the time the average seller spends contemplating listing their home. In terms of time, a momentous event in the life of an average seller will reduce by two months the amount of time they ponder selling, compared with a seller who hasn’t experienced such an event.

Most homes need some TLC before listing

Part of the delay in deciding to sell may be due to the considerable logistics involved in uprooting, especially as it relates to the home repairs required to attract buyers and bring in a top-dollar sale. On average, sellers make 2.2 renovations or improvements to prepare to sell their home, with 79 percent of sellers making at least one improvement.

Painting the home’s interior is the most common update (36 percent of sellers do it), followed by landscaping the yard (29 percent), replacing or repairing carpeting or flooring (26 percent), and making improvements to the bathroom (also 26 percent). Only 21 percent of sellers list their home as-is.
Younger sellers are more likely to make improvements prior to selling: 90 percent of Millennials did at least one renovation or improvement, compared with 85 percent of Gen Xers, 69 percent of Boomers and 59 percent of Silent Gen sellers.

**The hassle factor**

Anyone selling a house knows there’s a mile-long to-do list before they can pull up stakes. Getting rid of stuff, some of it accumulated over decades, is the most difficult task for sellers — 23 percent rate “decluttering” as difficult or very difficult.

Other chart-toppers on the list of hassles: accommodating buyers who want to pick and poke through a seller’s home (22 percent say it’s difficult or very difficult to vacate the premises for tours and open houses) and making often-costly exterior repairs (18 percent of buyers find this difficult or very difficult).

Activities that sellers have an easier time with may involve a helping hand from agents. These include taking photographs of the home (76 percent say this is easy or very easy) and getting video or other media taken of the home (70 percent say this is easy or very easy).

### S-4: HOME IMPROVEMENTS TO PREPARE HOME FOR SALE

*Sold home in past 12 months.*

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any improvement</td>
<td>79%</td>
</tr>
<tr>
<td>Landscaping yard</td>
<td>29%</td>
</tr>
<tr>
<td>Bathroom improvement</td>
<td>26%</td>
</tr>
<tr>
<td>Kitchen improvement</td>
<td>22%</td>
</tr>
<tr>
<td>Other improvement</td>
<td>5%</td>
</tr>
<tr>
<td>Replacing</td>
<td>48%</td>
</tr>
<tr>
<td>Replacing or repairing carpet</td>
<td>26%</td>
</tr>
<tr>
<td>Replacing or repairing roof</td>
<td>18%</td>
</tr>
<tr>
<td>Replacing or purchasing new</td>
<td>16%</td>
</tr>
<tr>
<td>Replacing or purchasing new</td>
<td>13%</td>
</tr>
<tr>
<td>Painting</td>
<td>46%</td>
</tr>
<tr>
<td>Painting interior of home</td>
<td>36%</td>
</tr>
<tr>
<td>Painting exterior of home</td>
<td>21%</td>
</tr>
<tr>
<td>Redecorating entire home or</td>
<td>17%</td>
</tr>
<tr>
<td>specific rooms</td>
<td></td>
</tr>
<tr>
<td>No improvements made</td>
<td>21%</td>
</tr>
</tbody>
</table>
S-5: DIFFICULTY OF SELLING TASKS
Sold home in past 12 months.

- Taking photographs of home: 76%
- Getting video or other media taken of home: 70%
- Painting exterior of home: 68%
- Staging home: 66%
- Maintaining or updating landscaping: 64%
- Updating appliances: 61%
- Painting interior of home: 58%
- Decluttering: 22%
- Leaving home for tours/open houses: 19%
- Making exterior repairs: 19%
- Making interior repairs: 16%
- Replacing or professionally cleaning flooring: 14%
- Making interior repairs: 13%
- Maintaining or updating landscaping: 14%
- Staging home: 21%
- Updating appliances: 21%
Easy or very easy

Neither easy nor difficult

Difficult or very difficult

- Updating appliances: 61%
- Replacing or professionally cleaning flooring: 61%
- Painting interior of home: 60%
- Decluttering: 58%
- Leaving home for tours/open houses: 58%
- Making exterior repairs: 58%
SELLING RESOURCES

The vast majority of sellers today rely on agents to help sell their home: 85 percent enlist the help of an agent or broker and use them as strategic partners throughout the selling process.

Sellers use a variety of tools to find their agent partner, determine the list price of their home and find comparable homes for sale. Younger sellers are more likely to use online resources and be actively involved in most aspects of the selling process.

Although sellers overwhelmingly rely on agents for expertise and guidance, nearly a third (31 percent) will negotiate agent commissions or rebates, and 57 percent of these sellers are successful in changing the terms. Millennial sellers are more likely to try to negotiate terms than any other generational cohort.

As with buyers, sellers are looking for a trustworthy agent, and they quickly form impressions about whether an agent possesses that valued quality. The younger the buyer, the more likely online tools and reviews influence these impressions.

Agents and the web are crucial selling resources

In order to see that coveted sold sign, most sellers enlist the help of real estate agents and brokers (85 percent), and online resources (63 percent). Many sellers use mobile devices, accessing websites (44 percent) and apps (39 percent) on their smartphones and tablets, while 57 percent use their desktop or laptop computers. Another 44 percent rely on friends, relatives, neighbors or colleagues to help sell their homes.

As expected, younger generations gravitate to online resources more than older generations (86 percent of Millennials use them, compared with 67 percent of Gen Xers, 43 percent of Boomers and 20 percent of Silent Gen sellers).
S-6: RESOURCES USED TO SELL OR PROMOTE HOME

Sold home in past 12 months.

- **Online Resource (Net)**: 63%
- **Real Estate Agent or Broker**: 85%
- **Website (Laptop/Desktop Computer)**: 57%
- **Friend, Relative, Neighbor or Colleague**: 44%
- **Mobile Website (Smartphone/Tablet)**: 44%
- **Print Ad**: 43%
- **App (Smartphone/Tablet)**: 39%
- **Direct Mail**: 31%
Older sellers turn to agents for list price advice

Sellers say agent advice is paramount when it comes to sizing up the market and setting the price tag for their home. Nearly three-quarters (70 percent) of sellers say they use their agent’s advice, while 32 percent look up comparable homes to help determine the list price. Twenty-seven percent of sellers rely on online home valuation tools to help them determine what their home is worth.

While all sellers look to agents for pricing advice, older generations are more likely to seek agents’ advice to determine the list price than younger generations: 89 percent of Silent Generation sellers say they rely on agent advice, compared with 75 percent of Boomers, 66 percent of Gen Xers and 62 percent of Millennials.

In another sign of generational differences, Millennials and Gen X sellers are significantly more likely to use online tools to determine the list price of their home than older sellers (39 percent of Millennials and 29 percent of Gen Xers versus 16 percent of Boomers and 12 percent of Silent Gen sellers).

First-time sellers also are almost twice as likely to use valuation tools compared with those who previously sold a home (34 percent versus 19 percent). They’re also far more likely to listen to advice from friends, relatives, neighbors and colleagues (31 percent of first-timers compared with 13 percent of repeat sellers).
THE SELLER-AGENT PARTNERSHIP

Many sellers start exploring the market on their own before they get serious about selling. Some may be contemplating listing the home themselves or realize that in order to attract buyers, they're going to have to finally finish that project they started six years ago. Others may try to figure out what they can realistically expect to get for their house before they start thinking about their next one.

Although sellers become more active after they engage an agent — opening their home for tours, for instance, or receiving offers — there are some activities they engage in even before they turn to an expert. Among the top three: 50 percent do some home improvements to prep for a sale, 39 percent come up with a list price and 25 percent have an inspection done. Only 20 percent say they’ve done nothing before they start working with an agent.

The most valuable service agents provide is bringing buyers to the seller’s home (89 percent rate this as a very or extremely valuable agent service). Beyond that, sellers want their agent to handle the nitty-gritty details of paperwork, photography and contract negotiations.

Sellers meet with multiple agents

On average, sellers who use an agent contact two before making a choice to partner up. Sixty-three percent contact just one agent, while 21 percent contact two and 17 percent contact three or more.

Millennials, who are often new to the process, reach out to significantly more agents than older generations (53 percent consider more than one agent, compared with 36 percent of Gen Xers, 29 percent of Boomers and 26 percent of Silent Gen sellers).

Nearly half (47 percent) of first-time sellers consider multiple agents versus 29 percent of repeat sellers. Because most urban sellers tend to be younger, these sellers are more likely to contact multiple agents compared with sellers in other locations (51 percent of urban sellers contact multiple agents versus 32 percent of suburban sellers and 33 percent of rural sellers). In addition to skewing younger, urban sellers are typically listing homes in markets where homes fetch a higher sale price and sell quickly, and therefore they may be shopping around for lower commissions or other concessions from agents.
Sellers find agents through referrals and online resources

The top three ways that sellers connect with their agents are referrals from a relative or member of their social/work circle (28 percent), past experience with an agent or broker (23 percent), and online resources, including real estate websites, search engines and social networking sites (15 percent).

Younger sellers, whose lives are deeply connected to technology, are significantly more likely than older sellers to find or hear about their agent through online resources.

More than a quarter (26 percent) of Millennials and 17 percent of Gen Xers learn about their agents that way, compared with 8 percent of Boomers and 6 percent of Silent Gen sellers.

First-time sellers, who also trend younger, are more than twice as likely as repeat sellers to find their agent through online resources (22 percent versus 9 percent, respectively). The same is true of urban sellers — who again are likely to skew younger. Twenty-three percent of urban sellers find their agent online, compared with 14 percent of suburban sellers and 7 percent of rural sellers.
**Trustworthiness is crucial, and first impressions count**

Like buyers, sellers seek an agent they can trust. In fact, trustworthiness is the top quality sellers consider when selecting an agent (86 percent say it’s extremely or very important). After this virtue, they look for someone who is responsive (81 percent say it’s extremely or very important) and an expert within the local market (80 percent).

Sellers use initial impressions to inform their decisions and place high importance on whether the agent respects their personal values (76 percent).

### S-9: IMPORTANCE OF AGENT CHARACTERISTICS

Sold home in past 12 months and used an agent.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Not at all or not very important</th>
<th>Extremely or very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial impression of agent or broker: trustworthy</td>
<td>4%</td>
<td>86%</td>
</tr>
<tr>
<td>Initial impression of agent or broker: responsive</td>
<td>5%</td>
<td>81%</td>
</tr>
<tr>
<td>Has local market or neighborhood knowledge</td>
<td>7%</td>
<td>80%</td>
</tr>
<tr>
<td>Respects personal values</td>
<td>8%</td>
<td>76%</td>
</tr>
<tr>
<td>Positive general reputation in the community</td>
<td>9%</td>
<td>74%</td>
</tr>
<tr>
<td>Strong sales history/high number of recent sales</td>
<td>11%</td>
<td>69%</td>
</tr>
<tr>
<td>Speaks preferred language</td>
<td>19%</td>
<td>65%</td>
</tr>
<tr>
<td>Has history of selling quickly for a higher offer price</td>
<td>11%</td>
<td>64%</td>
</tr>
<tr>
<td>Is part of a recognizable brokerage</td>
<td>22%</td>
<td>57%</td>
</tr>
<tr>
<td>Past personal experience with the agent or broker</td>
<td>26%</td>
<td>55%</td>
</tr>
<tr>
<td>Referral from friend, relative, neighbor or colleague</td>
<td>25%</td>
<td>52%</td>
</tr>
<tr>
<td>Online reviews and ratings of the agent or broker</td>
<td>26%</td>
<td>49%</td>
</tr>
<tr>
<td>Charges a lower commission or offers a rebate</td>
<td>23%</td>
<td>49%</td>
</tr>
<tr>
<td>Agent or broker is part of a team</td>
<td>30%</td>
<td>46%</td>
</tr>
</tbody>
</table>
Sellers also consider reputation and track record

Other qualities that most sellers find extremely or very important when deciding on which agent to work with include a positive general reputation in the community (74 percent), a strong sales history and/or high number of recent sales (69 percent), and the ability to speak the seller’s preferred language (65 percent).

Younger sellers are more likely to place high importance on online reviews of the agent; lower commissions or rebates; and referrals from friends, relatives, neighbors or co-workers. For example:

- Sixty-one percent of Millennials and 51 percent of Gen Xers find online reviews of the agent extremely or very important versus 41 percent of Boomers and 39 of Silent Gen sellers.
- Lower commissions or rebates appeal to 59 percent of Millennials and 52 percent of Gen Xers, compared with 42 percent of Boomers and 38 percent of Silent Gen sellers who find them very or extremely important in selecting an agent.
- Referrals from friends, relatives, neighbors or co-workers are very or extremely important to 57 percent of Millennials and 55 percent of Gen Xers, compared with 49 percent of Boomers and 42 percent of Silent Gen sellers.
Agents inspire action

In terms of the agent’s role in the selling process, 84 percent of sellers rely on them to provide guidance from start to finish. Eighty-two percent of sellers look to their agents to organize and submit paperwork, 79 percent to find interested buyers and 79 percent to lead contract negotiations.

Sellers take on some roles themselves, such as deciding when to list their home (43 percent), staging their home (37 percent), determining their home’s list price (36 percent) and making home improvement recommendations (35 percent).

Younger sellers are more likely than older sellers to say they take on activities. For example, younger sellers are nearly four times as likely as Baby Boomers to promote their home on social networking sites. Thirty-eight percent of Millennials do this, compared with 28 percent of Gen Xers, 10 percent of Boomers and 4 percent of Silent Gen sellers.

Some of the other top activities younger sellers say they tackle alone or with an agent’s assistance:

- Millennials also are more active in promoting their homes on real estate sites: 23 percent of Millennials, 14 percent of Gen Xers, 6 percent of Boomers and 3 percent of Silent Gen sellers say they promote their home on real estate sites.
- Being involved in hiring inspectors is more common among Millennials (33 percent) and Gen Xers (32 percent), compared with 14 percent of Boomers and 13 percent of Silent Gen sellers.
- Millennial sellers are also more likely than older sellers to take an active role in the photography of their home. Nearly a third (32 percent) of Millennials are involved in photographing their home, compared with 18 percent of Gen Xers, 11 percent of Baby Boomers and 4 percent of Silent Gen sellers.

### S-10: VALUE OF SERVICES PROVIDED BY AGENT

Sold home in past 12 months and used an agent.

<table>
<thead>
<tr>
<th>Service Provided by Agent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finds interested buyers</td>
<td>89%</td>
</tr>
<tr>
<td>Organizes and submits the paperwork associated with selling the home</td>
<td>88%</td>
</tr>
<tr>
<td>Has photographs taken of home</td>
<td>85%</td>
</tr>
<tr>
<td>Leads contract negotiations</td>
<td>84%</td>
</tr>
<tr>
<td>Promotes listing on real estate sites</td>
<td>84%</td>
</tr>
<tr>
<td>Guides through overall process of selling</td>
<td>83%</td>
</tr>
<tr>
<td>Hosts open houses/private tours</td>
<td>80%</td>
</tr>
<tr>
<td>Provides guidance on legal terminology and requirements</td>
<td>79%</td>
</tr>
<tr>
<td>Determines home’s list price</td>
<td>79%</td>
</tr>
<tr>
<td>Hires an inspector to inspect home</td>
<td>77%</td>
</tr>
<tr>
<td>Has a video or other media taken of home</td>
<td>77%</td>
</tr>
<tr>
<td>Stages home</td>
<td>74%</td>
</tr>
<tr>
<td>Creates print ads for home</td>
<td>73%</td>
</tr>
<tr>
<td>Promotes listing on social networking sites</td>
<td>71%</td>
</tr>
<tr>
<td>Determines when to list home for sale</td>
<td>70%</td>
</tr>
<tr>
<td>Makes home improvement recommendations</td>
<td>66%</td>
</tr>
</tbody>
</table>

---

**Agents inspire action**

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- Millennial sellers are also more likely than older sellers to take an active role in the photography of their home. Nearly a third (32 percent) of Millennials are involved in photographing their home, compared with 18 percent of Gen Xers, 11 percent of Baby Boomers and 4 percent of Silent Gen sellers.
S-11: ROLE OF AGENT; SERVICES PROVIDED

Sold home in past 12 months and used an agent.

- Guides through overall process of selling: 84%
- Organizes and submits the paperwork associated with selling the home: 82%
- Leads contract negotiations: 79%
- Finds interested buyers: 79%
- Has photographs taken of home: 77%
- Determines when to list home for sale: 76%
- Makes home improvement recommendations: 75%
- Hires an inspector to inspect home: 75%
- Stages home: 72%
- Leads contract negotiations: 56%
- Organizes and submits the paperwork associated with selling the home: 78%
- Guides through overall process of selling: 78%
- Determines home’s list price: 70%
- Oversees marketing strategy: 70%
- Creates print ads for home: 67%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 56%
- Promotes listing on social networking sites: 47%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on real estate sites: 73%
- Has a video or other media taken of home: 76%
- Sets the home's list price: 70%
- Has a video or other media taken of home: 70%
- Promotes listing on real estate sites: 73%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
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- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
- Stages home: 37%
- Creates print ads for home: 37%
- Has a video or other media taken of home: 56%
- Hosts open houses/private tours: 63%
- Promotes listing on real estate sites: 76%
- Provides guidance on legal terminology and requirements: 10%
- Promotes listing on social networking sites: 47%
Finds interested buyers: 79% (73%)

Has photographs taken of home: 18% (13%)

Determines when to list home for sale: 56% (48%)

Makes home improvement recommendations: 48% (40%)

Hires an inspector to inspect home: 45% (42%)

Stages home: 37% (32%)

Leads contract negotiations: 9% (79%)

Organizes and submits the paperwork associated with selling the home: 82% (78%)

Guides through overall process of selling: 84% (81%)

Promotes listing on real estate sites: 76% (12%)

Provides guidance on legal terminology and requirements: 10% (8%)

Determines home’s list price: 70% (55%)

Has a video or other media taken of home: 56% (54%)

Creates print ads for home: 57% (55%)

Promotes listing on social networking sites: 47% (41%)

Hosts open houses/private tours: 68% (63%)

Only I do this

My agent does this

I do this

Only my agent does this

Only I do this
Some sellers negotiate

Approximately two-thirds (69 percent) of sellers accept their agent’s terms without negotiating, while 1 in 3 negociates with their agent (31 percent). For those who do negotiate, about half (57 percent) are successful in changing some or all of the agent’s terms.

Millennials are the most likely to negotiate different terms with their agent (39 percent versus 28 percent of Gen Xers, 30 percent of Boomers and 26 percent of Silent Gen sellers).
FOR-SALE-BY-OWNER SELLERS

Millennials, the generation who grew up with DIY television, bring that same mentality and can-do confidence to home selling.

But the sellers who never engage an agent at any point in the sale process are a small group — just 10 percent of sellers. Another 10 percent will try to sell on their own but eventually turn to an agent or broker for help.

Younger sellers are more willing to go it alone

Younger generations are more likely than older ones to try to sell their home as for sale by owner (FSBO). Thirty-six percent of Millennials and 26 percent of Gen Xers try to sell on their own or succeed in doing so versus 22 percent of Boomers and 19 percent of Silent Gen sellers.

Sellers in urban areas are most likely to attempt to sell or successfully sell on their own while suburban sellers are the least likely. Thirty-four percent of urban sellers, who tend to skew younger, try their hand at selling without an agent, compared with 29 percent of rural sellers and 24 percent of sellers in suburban locations.

Not surprisingly, sellers who say they prefer to take the lead in selling their home are much more likely to try to sell or successfully sell FSBO than those who say they prefer to rely on professional guidance (46 percent versus 15 percent).
Young FSBOers desire control

Many sellers who attempt to sell or successfully sell their home themselves are inclined to do so because they believe it will save money (46 percent cite this among their top three reasons) and time (33 percent).

Other top reasons cited by sellers who adopt a DIY approach to home sales: They’re confident they can do it alone, they’ve already found a buyer and they want to control the process (each reason is cited by 33 percent of sellers as one of their top three reasons for selling FSBO).

Among generations, Baby Boomers are most likely to say that saving money is among their top three reasons for attempting or selling FSBO (60 percent compared with 44 percent of Gen Xers and 43 percent of Millennials).

For younger generations, maintaining control throughout the process is important (41 percent of Millennials cite control as one of their top three reasons for choosing FSBO versus 31 percent of Gen Xers and 18 percent of Boomers). Younger generations also are more likely to say they attempt to or successfully sell FSBO because they know their home better than an agent or broker (30 percent of Millennials versus 27 percent of Gen Xers and 16 percent of Boomers cite that reason among their top three).

About twice as many sellers from younger generations say they’re in the best position to highlight their home’s attributes or convey why they love their home (32 percent of Gen Xers and 30 percent of Millennials, compared with 17 percent of Boomers).

The 10 percent of sellers who opt to enlist an agent after trying to sell FSBO at some point cite some common reasons for doing so: Selling is easier with an agent, it takes too long to sell on their own and they need help with paperwork (each reason is cited among the top three reasons 30 percent of the time).
SELLING ACTIVITIES

The average amount of time a home is officially listed on the market is three months. Combined with the average seven months that sellers think about listing their home, the entire process from initial thought to closing takes around 10 months.

What happens during that time varies depending on age, location and geography. And sellers can encounter pain points at critical times: 41 percent of sellers will experience an offer falling through, and 61 percent will change the price in order to sell their home.

Sellers in rural areas, where fewer buyers translates into less demand for homes, experience the longest listing times before selling (4.1 months compared with 3.1 months for urban sellers and 2.6 months for suburban sellers). The shorter selling times may reflect the popularity of suburbs. Even among stereotypically city-loving young adults under 35, more than half (52 percent) say their ideal home is in the suburbs.21

Young, urban sellers favor open houses

The listing period is marked by a host of selling activities. Nearly two-thirds (63 percent) of sellers host at least one open house, and 81 percent of sellers have an inspection completed by a potential buyer of the home.

Open houses are especially popular in urban areas, where 72 percent of sellers hold one, compared with 63 percent of suburban sellers and 47 percent of rural sellers.

Younger sellers experience more activity related to the sales process than older sellers, possibly because they’re selling for the first time and often in urban areas. On the marketing front, younger sellers are more likely to have at least one open house (72 percent of Millennials and 67 percent of Gen Xers, compared with 51 percent of Boomers and 50 percent of Silent Gen sellers).

Millennial sellers also are more likely than older sellers to take their home off the market temporarily (45 percent compared with 30 percent of Gen Xers, 17 percent of Boomers and 9 percent of Silent Gen buyers).

Millennials are more likely to have a deal fizzle

Offers to buy can get derailed before closing. Forty-one percent of sellers say they experienced an offer falling through at some point between the listing and the final signing.
S-14: REASONS OFFER FELL THROUGH

Sold home in past 12 months and had an offer fall through.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues with money/mortgage/financing</td>
<td>23%</td>
</tr>
<tr>
<td>The buyer changed their mind</td>
<td>21%</td>
</tr>
<tr>
<td>The buyer could not sell their home and the sale was contingent on the sale of their home</td>
<td>17%</td>
</tr>
<tr>
<td>The buyer wasn’t serious</td>
<td>15%</td>
</tr>
<tr>
<td>The buyer backed out after the inspection report</td>
<td>15%</td>
</tr>
<tr>
<td>The offer wasn’t close enough to the list price</td>
<td>14%</td>
</tr>
<tr>
<td>The buyer found another less expensive home to buy</td>
<td>14%</td>
</tr>
<tr>
<td>No price agreement was reached</td>
<td>14%</td>
</tr>
<tr>
<td>The buyer decided the home wasn’t right for them/did not suit their needs</td>
<td>13%</td>
</tr>
<tr>
<td>The buyer gave no reason</td>
<td>12%</td>
</tr>
<tr>
<td>The buyer decided there were too many repairs to make</td>
<td>12%</td>
</tr>
<tr>
<td>The buyer changed mind after finding out cost of HOA</td>
<td>12%</td>
</tr>
<tr>
<td>Disagreement on the terms</td>
<td>12%</td>
</tr>
<tr>
<td>Concerns with the neighbors</td>
<td>11%</td>
</tr>
<tr>
<td>The buyer wanted to rent-to-own</td>
<td>11%</td>
</tr>
<tr>
<td>The offer didn’t fit required time frame</td>
<td>11%</td>
</tr>
<tr>
<td>The appraisal was lower than the purchase price</td>
<td>10%</td>
</tr>
<tr>
<td>The home wasn’t available soon enough for the buyer</td>
<td>10%</td>
</tr>
<tr>
<td>The buyer couldn’t move due to family issues</td>
<td>10%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3%</td>
</tr>
</tbody>
</table>
Urban sellers are more likely than sellers in suburban and rural areas to have an offer fall through (58 percent of urban sellers compared with 33 percent of suburban sellers and 31 percent of rural sellers).

And Millennials in particular are more likely to have at least one offer fall through (58 percent compared with 38 percent of Gen Xers, 30 percent of Boomers and 22 percent of Silent Gen sellers).

Offers failing to reach close may explain in part why Millennials are more likely to have multiple inspections conducted by prospective buyers (37 percent versus 25 percent of Gen Xers, 20 percent of Boomers and 18 percent of Silent Gen sellers).

In fact, sellers in urban areas are more likely to have two or more inspections than sellers in suburban or rural areas, perhaps indicating a higher level of competition for homes and also due to offers falling through (37 percent in urban areas versus 23 percent in suburban areas and 20 percent in rural areas).

**Why offers fall through**

Issues surrounding money and financing are the main reasons that offers fall through, according to sellers who experience one or more. Buyer financing is cited by 23 percent of sellers as the cause of an offer not reaching close, while 17 percent say the buyer can’t sell their current home and the sale is contingent on them selling their home.

The list of potential pitfalls that can quash a sale is a fairly long one. It includes buyers who simply change their mind (21 percent of sellers who have an offer fall through cite this), buyers who were not serious or bail after the inspection report (15 percent each), buyers whose offer was not close enough to the list price, and buyers who found another less expensive home to buy (both are 14 percent).

**For sellers, head count is an important measure of interest**

Sellers gauge buyer interest in a variety of ways, some of which are more valuable than others. Among those that sellers say are very or extremely important: getting a count of how many people have contacted an agent or broker about their home (51 percent), seeing how their home is performing against similar homes for sale (50 percent), and getting feedback about their home and what changes they can make to sell it faster and at a higher price (50 percent).

Nearly half (46 percent) also say they find information on the number of people who have personally contacted them to be highly important. Forty-four percent say a head count of the number of people who have looked at their home online is very or extremely important.

**Most sellers change their list price**

More than half of sellers (61 percent) make at least one change to their original list price; 39 percent of those sellers change the price once, 31 percent change the price twice, and 29 percent make three or more changes before their home sells.

Millennials are the most likely to change the list price before selling their home (76 percent compared with 58 percent of Gen X sellers, 57 percent of Silent Gen sellers and 47 percent of Boomers).

Those selling for the first time — many of whom are Millennials — are more likely than experienced sellers to adjust the list price at least once (68 percent for first-timers versus 53 percent for repeat sellers).

In urban areas, 74 percent of sellers change the list price of their home, compared with 62 percent of rural sellers and 54 percent of suburban sellers.

"Sellers in urban areas are more likely to have two or more inspections than sellers in suburban or rural areas."
Millennials are most likely to make concessions to close

The majority of sellers — 83 percent — make trade-offs with buyers to facilitate the sale of their home, the most common being the inclusion of appliances in the sale (32 percent). Other common concessions or allowances include: lowering the sale price (29 percent), making minor repairs or improvements (29 percent), and paying some or all of the closing costs (21 percent). Some sellers are willing to include personal items such as decorative elements or outdoor equipment in the sale (21 percent).

Millennial sellers, who are the most likely to have a sale fall through, are also the most likely to make at least one concession to seal the deal, while Baby Boomers are the least likely (89 percent of Millennials make allowances for a sale versus 78 percent of Boomers).

Concessions that Millennials are more likely to make than older generations include changing the closing date (22 percent do that, compared with 18 percent of all sellers) and making major repairs or improvements (19 percent versus 11 percent of all sellers). Boomers are more likely to include appliances (37 percent compared with 32 percent of all sellers).
First-timers sellers, who often live in urban areas, are more likely than repeat sellers to buy out the lease on their buyer’s rental (12 percent of newbies do that versus 4 percent of experienced sellers). Repeat sellers are more likely to lower the sales price (33 percent compared with 26 percent of first-timers).

**Time to close**

Almost half of sellers say the sale closed more quickly than they expected (44 percent), compared with those who say it takes about as long as they would expect (27 percent) and those who say it takes longer (29 percent). Millennials, who are more likely to be first-time buyers, are the most likely to say the process takes longer than they would expect (33 percent).

**Most homes sell for less**

Most sellers ask more for their homes than buyers in their market are willing to pay. More than half of sellers (54 percent) sell their home for lower than the list price. Sellers in rural areas and suburban areas are more likely to sell for less than list (59 and 56 percent, respectively) than sellers in urban areas (46 percent).
About a fifth of buyers (21 percent) sell for more than the list price, and this is most common among sellers in urban areas (25 percent), followed by suburban areas (19 percent) and rural areas (17 percent).

The pattern is similar among the 26 percent of sellers who get the asking price for their homes: 29 percent of urban sellers hit their asking price, compared with 25 percent of suburban sellers and 23 percent of rural sellers.

**Sellers in the West are most likely to get their asking price**

While 54 percent of all sellers sell for lower than the list price, sellers in the Midwest and the South are more likely to make price concessions to close the deal (59 percent of Midwest sellers and 58 percent of sellers in the South sell for less than their list price).

In the Northeast, 52 percent of sellers sell for less than list price, while in the West only 40 percent do.

Sellers in the West are also twice as likely as sellers in the Midwest to sell for more than they are asking (28 percent versus 14 percent in the Midwest, 19 percent in the South and 24 percent in the Northeast). The pattern is similar for sellers who get the asking price for their homes. Thirty-one percent of sellers in the West sell at their list price versus 27 percent in the Midwest, 24 percent in the Northeast and 23 percent in the South.

“While 54 percent of all sellers sell for lower than the list price, sellers in the Midwest and the South are more likely to make price concessions to close the deal.”
CHALLENGES AND PRIORITIES

Overall, sellers are unsentimental about their homes, prioritizing profits from the sale over concerns about the home’s future under a new owner. Half of sellers (50 percent) say maximizing profit is the most important goal, while 38 percent of sellers prioritize selling within their target time frame, and 12 percent say making sure their home has a good next owner is the most important priority.

All generations say that maximizing profits is their top priority, but Millennials are less likely to say that profits are their most important concern when selling their home (45 percent of Millennials versus 52 percent of Gen Xers, and 53 percent of both Boomers and Silent Gen sellers).

Urban sellers are most concerned about timing

Millennials have greater concerns about the next owners — or perhaps more concern for their soon-to-be ex-neighbors — than older generations. They’re more likely to say that finding a good next owner is the most important factor in the sale (17 percent of Millennials versus 10 percent of Gen Xers, 11 percent of Silent Gen buyers and 8 percent of Boomers).

Urban sellers are more likely to say that selling within their target time frame is the most important factor (42 percent compared with 37 percent of suburban sellers and 33 percent of rural sellers). Given that urban sellers are usually selling in competitive markets where they often get their list price or higher, it’s no surprise that these sellers are less likely to say that maximizing profits is their top concern (42 percent of urban sellers rate this as the most important factor, compared with 53 percent of rural sellers and 54 percent of suburban sellers).

When it comes to the neighbors, only 9 percent of suburban sellers say finding a good next owner is their most important concern versus 15 percent of rural sellers and 16 percent of urban sellers.

The biggest challenge: selling at the right time, for the right price

When sellers reflect on the entire selling process, they’re a mostly satisfied group.

Sellers who do face issues during the sales process say the top four they find difficult or very difficult are timing the sale with the purchase of their new home (22 percent), selling within their desired time frame and price range (21 percent and 18 percent, respectively), and entering a competitive buyers market after selling (18 percent).

While sellers face relatively low levels of difficulty during the selling process, younger generations seem to experience slightly higher levels of difficulty than older sellers. When asked to rate more than a dozen aspects of selling, they find some activities harder than older sellers.

While all generations find most things about the process easy or very easy to navigate or deal with, Baby Boomers and Silent Gen sellers report breezing through some of the activities that Millennials and Gen Xers rate difficult.

For example, 17 percent of Millennials and 13 percent of Gen Xers say it was difficult or very difficult to obtain a competitive interest rate on their future home, compared with 7 percent of Boomers and 5 percent of Silent Gen sellers.

As crazy as the process can be, most of those sellers will still go on to buy another house, and, if past is prelude, they’ll find themselves back in the market as sellers in another decade.
### S-17: SELLER CHALLENGES

**Sold home in past 12 months.**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Total Sellers</th>
<th>Millennials (24-38)</th>
<th>Generation X (39-53)</th>
<th>Baby Boomers (54-73)</th>
<th>Silent Generation (74+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very difficult or difficult</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timing sale with the purchase of a new home</td>
<td>22%</td>
<td>21%</td>
<td>23%</td>
<td>21%</td>
<td>27%</td>
</tr>
<tr>
<td>Selling home within desired time frame</td>
<td>19%</td>
<td>18%</td>
<td>20%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Entering a competitive market to find a new home after selling</td>
<td>16%</td>
<td>16%</td>
<td>17%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Selling home within desired price range</td>
<td>15%</td>
<td>15%</td>
<td>17%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Negotiating with buyers</td>
<td>14%</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Determining what price to list the home for</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Preparing home for open houses/private tours</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Determining which offer to accept</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Determining what improvements, if any, to make to help sell home</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Obtaining a competitive interest rate on future home</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Figuring out if should use an agent or broker, or try to sell on own</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Finding the right agent or broker</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Figuring out where to advertise/market home</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Knowing how listing is performing while for sale</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Staging the home</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>
THE ERA OF THE ‘DSIY’ SELLER

Maybe it starts with a list of pros and cons on downsizing, or a discussion about the need for more space. Or maybe the neighbor’s house lists and, suddenly, the math around selling starts to look pretty good. The painting and planting start. The bathroom gets some new tile, and the online searches commence to size up the competition and see how much other homes are worth.

Whatever the catalyst, today’s sellers are taking on some of the activities that agents and brokers have traditionally performed. And while sellers haven’t gone full-on do-it-yourself, they are decidedly DSIY — “do some of it yourself” — when it comes to presale home improvements, staging — even setting the listing price for their home.

DSIYers lean on agents for their deep knowledge and experience

When the DSIY seller decides to enlist an agent — and 85 percent of them do — they’re looking for a strategist with the market knowledge, marketing skills and legal know-how to do the heavy lifting that will get the sale to closing. Most sellers who work with an agent participate in at least one selling-related activity before contacting the agent (80 percent). On average, these sellers perform 1.5 activities before contacting their agent.

Some of the activities self-starting sellers get a jump on before engaging with an agent include home improvements (50 percent), coming up with a list price for their home (39 percent) and securing a home inspection (25 percent).

Sellers, however, are much less likely to engage in key selling activities on their own: 17 percent conduct buyer tours, 11 percent promote their home on social media and 8 percent receive offers before contacting an agent.

Like all good partnerships, once the seller reaches out to the agent, their relationship involves a division of labor. On average, sellers involve themselves in 3.2 selling activities, often in partnership with their agent.

Some of the activities sellers are most likely to take on (with or without their agent’s help) include determining when to list their home, staging their home, making home improvement recommendations and determining their home’s list price. For example, 43 percent of sellers say they participate in deciding when to put their home up for sale, and 37 percent engage in some aspect of staging their home. It’s also common for sellers to make recommendations to improve their home for selling (35 percent say they do this).

Despite the division of labor and DSIY trends, agents are still more likely than sellers to tackle many aspects of prelisting and selling. For instance, 55 percent of sellers say their agent alone
determines the listing price of their home, while 36 percent of sellers say they participate in determining the list price. Only 23 percent of sellers come up with the list price on their own. This may imply that many sellers want to be involved in the selling process yet are looking to their agent as a strategic partner and sounding board for advice.

Some of the most common activities agents tackle alone include guiding the seller through the sales process (81 percent say only their agent does this), organizing and submitting the paperwork associated with selling the home (78 percent), leading contract negotiations (75 percent) and finding interested buyers (73 percent).

**Who are DSIY sellers?**

Generally, the younger the seller, the more involved they get in selling activities. Younger sellers are more likely to say they prefer to take the lead when selling their homes: 58 percent of Millennials say they like to take the lead versus 40 percent of Gen Xers, 29 percent of Baby Boomers and 24 percent of Silent Gen sellers.

Younger first-time sellers in urban areas are most likely to take on selling activities. For instance, Millennials say they do an average of 4.5 selling activities, compared with 3.5 for Gen Xers, 2.5 for Baby Boomers and 1.7 for Silent Generation sellers.

Younger sellers are more likely to take on having photographs taken of their home (32 percent of Millennials, 18 percent of Gen Xers, 11 percent of Boomers and 4 percent of Silent Gen sellers say they do this). They’re also more likely than older sellers to say they get involved in finding interested buyers (22 percent of Millennials say they do this, compared with 13 percent of Gen Xers, 8 percent of Boomers and 7 percent of Silent Generation sellers).

Millennials also are out front online. They’re more likely than older sellers to participate in promoting their homes on social networks (38 percent of Millennials do this versus 10 percent of Boomers, for example) and to have video or other media taken of their home (19 percent of Millennials versus 5 percent of Boomers.)

**Younger urban and first-time sellers stand out as DSIYers**

Sellers in urban areas, who are more likely to pull from the younger generations, are more active than their geographic counterparts. They do an average of 4.4 selling activities, compared with 3.1 activities for rural sellers and 2.7 activities for suburban sellers.

First-time sellers, who also trend younger, do an average of 3.9 selling activities, compared with 2.6 for repeat sellers.

The upshot for the DSIY seller? Sellers who work with an agent and participate in a large number of selling activities sell their homes faster.

Sellers who work with an agent and participate in five or more selling activities close the sale almost two months sooner than sellers who do fewer than five activities (5.5 months on average for more active sellers versus 7.4 months on average for less active sellers). Although the trend is more subtle, this relationship holds within urban and Millennial sellers.

How important is speed to sellers? A third (33 percent) of the active DSIY sellers say they wish they had started even sooner.
OWNING A HOME IN AMERICA

Home is a paradox. It’s a resource and a drain. It’s a spot to hang your hat and a safe haven. A place to raise kids and a line in a will when it’s passed along to the kids. It’s a place of security and a source of financial stress.

Home is all those things and more.

People go to great lengths to buy a place of their own — and when they’ve lived in it long enough, it often becomes changed through both love and neglect. Sometimes it changes those who inhabit it.

Once planted, people typically stay rooted for 16 years, long enough to know the neighbors, dig deep into the community and watch as the neighborhood evolves, adding new people and businesses.

Most homeowners view their homes as an investment. In the best of circumstances, their home fulfills dreams, helping to pay for college, fund retirement investments, even buy a vacation home. In the worst of circumstances, a home becomes a financial trap, draining resources and requiring hard decisions about whether to stick it out or move on.

The majority (83 percent) of homeowners — defined as homeowners who haven’t moved their primary residence in the past year — have no plans to sell in the next three years. It may be that the complexities of home — both the comforts and the headaches — keep them there.

Or maybe they don’t want to wade into the housing market as buyers again, especially with climbing home values and rising interest rates. It could also be that they lack equity in their home; 25 percent of homeowners have less than 20 percent equity in their home, which would make buying a new home very difficult.22

Home remains the biggest financial asset for the typical American homeowner, who has 52 percent of their wealth tied up there.23

Older generations of homeowners, who have typically lived in their homes the longest, are more likely than younger generations to see their home as an
investment versus a reflection of their identity. Sixty-nine percent of Silent Generation homeowners and 67 percent of Baby Boomers say they see their home as an investment, compared with 60 percent of Generation X and Millennial homeowners.

Those older generations also are more likely than younger generations to view their home as a source of peace and security (92 percent of Silent Generation homeowners and 90 percent of Baby Boomers see their homes this way, compared with 84 percent of Gen Xers and 82 percent of Millennials).

Familiarity, it seems, doesn’t breed contempt. More than 8 in 10 (83 percent) homeowners say that, after all is said and done, they love their home.

“Most homeowners view their homes as an investment. In the best of circumstances, their home fulfills dreams, helping to pay for college, fund retirement investments, even buy a vacation home.”
THE TYPICAL AMERICAN HOMEOWNER

The typical homeowner tends to be older than the average buyer, seller and renter, with a median age of 55 and a median household income of $72,500.

Most homeowners (75 percent) are coupled and live with other people or pets, especially dogs.

More than half of homeowners (55 percent) call the suburbs home. The suburbs are also the most common locale for both homeowners who are unpartnered and those who are coupled: 47 percent of homeowners who have never been married, divorced, separated or widowed live in the suburbs, compared with 57 percent of homeowners who are married or living with a partner.

Nearly half (45 percent) of homeowners still live in the first home they purchased, while 27 percent of homeowners have owned one home before, and 27 percent have owned multiple homes previously.

The younger the homeowner, the more likely they are to be living in their first home. Three-quarters (78 percent) of Millennials live in the first home they bought, compared with 51 percent of Gen Xers, 36 percent of Boomers and 20 percent of Silent Generation homeowners.

Today’s homeowner: older, married and living in their home for a decade plus

More than half (54 percent) of homeowners are older than 53, with 42 percent belonging to the Baby Boom generation and 13 percent belonging to the Silent Generation. Thirty percent of homeowners belong to Generation X, 15 percent are Millennials and less than 1 percent are in Gen Z.

Despite their older age, 52 percent of homeowners are employed. One in 5 (20 percent) is not employed because they’re homemakers, unemployed or unable to work due to disability. Over a quarter (28 percent) of today’s homeowners are retired.

How homeowners and sellers are similar

The income distribution among homeowners looks a lot like that of sellers, with one-third (34 percent) earning less than $50,000; 19 percent earning between $50,000 and $75,000; 15 percent having a household income between $75,000 and $100,000; and 32 percent earning $100,000 or more.
**H-1: TODAY’S HOMEOWNER**

Owned home for more than a year.

**MEDIAN AGE**

55

**MEDIAN HOUSEHOLD INCOME**

$72,500

**RACE/ETHNICITY**

- 77% Caucasian/white
- 10% Hispanic/Latino
- 7% African-American/black
- 2% Asian/Pacific Islander
- 4% Other

**GENERATION**

- 13% Silent Generation (74+)
- 42% Baby Boomers (54-73)
- 30% Gen X (39-53)
- 15% Millennials (24-38)
- <1% Gen Z (18-23)

**MARITAL STATUS**

- 71% Married
- 14% Never married
- 10% Living with a partner
- 10% Divorced/separated/widowed

**EDUCATION**

- 32% High school graduate or less
- 16% Some college, no degree
- 16% 2-year/tech school degree
- 23% 4-year degree
- 14% Graduate degree
**H-2: HOUSEHOLD COMPOSITION**

Owned home for more than a year.

- **85%** Live with other people
  - **74%** Spouse or partner
  - **27%** Children (under 18 years)
  - **18%** Other family members/relatives
  - **5%** Parent(s)
  - **2%** Roommate(s)
  - **2%** Renters/tenants

- **65%** Live with pets
  - **47%** Dog(s)
  - **33%** Cat(s)
  - **10%** Other pet(s)

- **8%** Live alone (no pets or other people)
About a third (32 percent) of homeowners have an education level at or below a high school diploma, 30 percent have some college education, 23 percent graduated from a four-year college, and 16 percent have a graduate or professional school degree.

Homeowners are predominantly Caucasian/white (77 percent). The remaining 23 percent are homeowners of color: 10 percent of homeowners are Hispanic/Latino, 7 percent are African-American/black, 2 percent are Asian/Pacific Islander and 4 percent identify as another race or ethnicity.

**How homeowners and sellers differ**

Most homeowners (75 percent) are married or living with a partner, but they’re less likely than sellers to live with young children (only 27 percent of homeowners do, compared with 45 percent of sellers). Homeowners are also less likely to live with parents than sellers (5 percent of homeowners and 14 percent of sellers do), but both groups are less likely to live with roommates (2 percent of homeowners and 6 percent of sellers do) and renters (2 percent of homeowners and 5 percent of sellers do).

Ten percent of homeowners are single or never married, 8 percent are divorced or separated, and 6 percent are widowed.

**What’s a family without a pet?**

In many households, pets are family: 47 percent of homeowners have dogs, 33 percent have cats and 10 percent have other pets. Only 8 percent live completely alone, without people or pets.
THE TYPICAL HOME OWNED

Once people buy their home, they tend to put down roots.

Most homeowners (83 percent) live in detached single-family homes, while 7 percent own manufactured or mobile homes, a choice preferred by older homeowners. The rest share walls with others: 5 percent own condos or co-ops, 4 percent own townhomes, and 2 percent own duplexes or other types of homes.

The typical homeowner lives in a home with 3 bedrooms and 2 baths — one fewer bathroom than what the typical buyer purchases. And with a median size of 1,900 square feet, the typical home owned is 100 square feet smaller than the median-size home that today’s typical buyer purchases.

Single-family homes dominate housing stock

Single-family detached homes are most common among homeowners who live in suburban areas. There, 87 percent of homeowners live in a single-family home, compared with 76 percent of urban homeowners and 81 percent of rural homeowners.

In what is likely a reflection of housing stock in city centers, urban homeowners are more likely to share walls with others: 11 percent own condos, compared with 4 percent of suburban owners and 1 percent of rural homeowners.

Rural homeowners, who trend older, are more likely to own a manufactured home (16 percent do versus 3 percent each of suburban and urban homeowners).

Making room for the kids

Size matters most to Gen Xers, the generation that’s most likely to have children under the age of 18 at home. Their
median home size is 2,000 square feet, compared with a median of 1,697 square feet for Millennials, a median of 1,900 square feet for Boomers and a median of 1,950 square feet for Silent Gen homeowners.

Homeowners with children at home live in a residence that’s typically 2,000 square feet — 150 square feet larger than those owned by households without kids.

As expected, urban homeowners occupy the smallest space — a median of 1,700 square feet, compared with 1,962 square feet for suburban homeowners and 1,980 square feet for rural homeowners.

**Even for Millennials, the suburbs are a big draw**

Given the vast expansion of the suburbs and the overwhelming gravitation toward single-family detached homes, it follows that most homeowners live in the burbs. More than half (55 percent) of homeowners live there, compared with 27 percent of homeowners who live in rural areas and 18 percent who live in urban areas.

And contrary to their reputation as urban denizens, more Millennials live in the suburbs (55 percent) than rural settings (23 percent) and urban areas (22 percent).

Homeowners with higher incomes tend to gravitate to the suburbs as well. Sixty-three percent of homeowners with a household income of $75,000 or more live there, as do 54 percent of homeowners who earn $50,000 to $75,000 and 44 percent of homeowners who earn less than $50,000.

Owning a home in a community with shared amenities such as a playground, pool or community center is relatively less common. Only 20 percent of homeowners belong to a community with shared amenities.
THE DEFINITION OF HOME

More than half (64 percent) of homeowners view their home as a financial investment, compared with 36 percent who say they see their home more as a reflection of their identity.

Those who have owned other homes previously are more likely to see their home in financial terms than as a reflection of identity (68 percent of repeat homeowners versus 59 percent of first-timers view their home more as an investment).

More than other generations, Millennials commonly seek out information of all kinds related to their homes and communities.

Most homeowners are on speaking terms with their neighbors. More than half (51 percent) say they occasionally talk with their neighbors when they see them outside the home, but only 27 percent describe their neighbors as close friends. Another 17 percent say they limit their interactions to a smile and a wave, and 5 percent of homeowners say they have no interaction with the people who live around them.

Keeping up with the Joneses — and the neighborhood

Given that most homeowners view their homes as investments, it makes sense that 67 percent seek out information about the value of their homes. Most (63 percent) also look for information on the value of other homes in their neighborhood.

Homeowners also dial in to information related to the quality of life in their neighborhood: The majority (65 percent) of homeowners search for restaurants and dining options, 52 percent look for shopping and retail options, and 51 percent look up crime rates.

Homeowners appear to be more interested in neighborhood restaurants than in shopping: 37 percent

H-4: HOMEOWNER RELATIONSHIPS WITH NEIGHBORS

Owned home for more than a year.
seek out restaurant information at least once a month, compared with 24 percent who look for shopping and retail options on at least a monthly basis.

Community events are of lesser interest to homeowners, but they’re still important to the 20 percent who seek information about the topic at least once a month.

**Millennials are most likely to track neighborhood amenities**

Millennials are especially interested in information about restaurants — 46 percent look for restaurant and dining options at least once a month, compared with 38 percent of Gen Xers and 33 percent each of Baby Boomers and Silent Gen homeowners. Second on the list is shopping, with 32 percent of Millennials looking for information about retail options at least once a month, compared with 26 percent of Gen Xers and 21 percent each of Boomers and Silent Gen homeowners.

Millennial homeowners are almost twice as likely as their Boomer counterparts to search out information about their home’s value at least once a month (27 percent of Millennials versus 15 percent of Boomers), and they’re almost three times as likely as Boomers to look for information about changes in their commute (20 percent of Millennial homeowners compared with 7 percent of Boomers).

The information needs of homeowners in urban areas tend to track with those of Millennials, probably because Millennials tend to gravitate to those areas.

Not surprisingly, homeowners in urban areas are more interested in frequent updates about crime rates, with 31 percent looking for information at least once a month, compared with 18 percent of suburban homeowners and 11 percent of rural homeowners.
HOME IMPROVEMENT

Given that the typical homeowner has lived in their home for 16 years, it’s no surprise that more than half (60 percent) of homeowners say their home could use a little updating in a few areas. Sixteen percent say their home could use some serious updates, and 4 percent are frank in stating that their home needs a complete overhaul. Only a lucky 20 percent say their homes are like new.

The average homeowner made 1.7 home improvements in the past year, and nearly two-thirds (65 percent) plan to make at least one improvement in the next year.

The Northeast and West outpaced the Midwest and South in spending on home improvements in the past year. Only 32 percent of homeowners in the South and 33 percent in the Midwest say they spent $5,000 or more, compared with 40 percent of homeowners in the West and Northeast.

Yardwork or painting? The to-do list is long

The projects homeowners are most likely to tackle include landscaping (28 percent), replacing appliances (22 percent), painting their home’s interior (21 percent) and improving a bathroom (17 percent). When homeowners do make improvements, they’re likely to make several (an average of 2.6 improvements among homeowners who made at least one home improvement).

Millennials, who are more likely to be in their first home — and who also tend to be highly involved in all things relating to their home — make slightly more improvements on average compared with older generations (2.1 in the past 12 months versus 1.6 each for Gen Xers and Boomers and 1.7 for Silent Gen homeowners).

Millennial homeowners are more likely than older homeowners to say they painted their home’s interior (32 percent of Millennials do versus 21 percent of Gen Xers, 19 percent of Boomers and 18 percent of Silent Gen homeowners). They’re also more likely to say they redecorated in the past year (19 percent of Millennials do compared with 10 percent of Gen Xers, 8 percent of Boomers and 9 percent of Silent Generation homeowners).

Fatigue, finances or perhaps just a feeling of contentment may explain why homeowners who have lived in their home for 10 or more years are less likely to make improvements compared with homeowners who have owned their home for five years or less. Of those with a decade or more of ownership, 39 percent didn’t make any improvements in the past year, compared with 27 percent for the shorter-term owners.
H-6: HOME IMPROVEMENTS MADE AND PLANNED

Owned home for more than a year.

- Landscaping yard: 28% (Past 12 months), 20% (Next 12 months)
- Replacing or purchasing new appliances: 22% (Past 12 months), 9% (Next 12 months)
- Painting interior of home: 21% (Past 12 months), 20% (Next 12 months)
- Replacing or purchasing new furnishings: 17% (Past 12 months), 9% (Next 12 months)
- Bathroom improvement: 17% (Past 12 months), 17% (Next 12 months)
- Replacing or repairing carpet or flooring: 14% (Past 12 months), 16% (Next 12 months)
- Replacing or repairing roof: 13% (Past 12 months), 6% (Next 12 months)
- Kitchen improvement: 12% (Past 12 months), 14% (Next 12 months)
- Redecorating entire home or specific rooms: 10% (Past 12 months), 8% (Next 12 months)
- Painting exterior of home: 8% (Past 12 months), 12% (Next 12 months)
- Other: 7% (Past 12 months), 8% (Next 12 months)
- None: 36% (Past 12 months), 35% (Next 12 months)
Those with the time, energy or money to tackle home projects in the coming year are most inclined to paint the interior of their home (20 percent), landscape their yard (20 percent), improve a bathroom (17 percent), or replace or repair carpet or flooring (16 percent). That said, not everyone has a long list of home improvement to-dos in mind: 35 percent have no plans to make any improvements in the next 12 months.

 Millennials are the most ambitious when it comes to home improvements: 71 percent plan to make an improvement in the next year, compared with 66 percent each of Gen Xers and Baby Boomers and 55 percent of Silent Gen homeowners.

**Making accessibility accommodations**

Projects that improve accessibility account for only a small portion of updates homeowners say they made over the past year. Modifications to flooring are the most common (7 percent), followed by installing handrails and a walk-in tub or shower (4 percent each).

Among homeowners who began caring for an immediate family member in the past year due to health or disability, 43 percent improved accessibility in their home.

Accessibility projects are more likely to be done by homeowners who experience a decrease in personal mobility or require personal assistance due to a health condition, long-term illness or disability: 40 percent made at least one accessibility modification to their home in the past year.

**DIY homeowners look to retailers, family and Google for help**

The most popular resource for homeowners who either have made improvements in the past 12 months or will make improvements in the next year is home improvement
retailers (70 percent use them), followed by online resources (55 percent), and family, friends, neighbors or colleagues (48 percent).

Online resources are the go-to source for Millennials and Gen Xers making home improvements — the generations who have grown up just “Googling it.” Among those who either made improvements in the past 12 months or will make them in the next year, 70 percent of Millennials and 69 percent of Gen Xers use online resources versus 46 percent of Boomers and 30 percent of Silent Generation homeowners.

### Home improvement spending varies widely

The largest share (34 percent) of home improvement projects homeowners did in the past year cost between $1,000 and $5,000. That said, spending on home projects — which can vary greatly based on the type and the scope of work — is all over the map: 12 percent of homeowners spend less than $500; 18 percent spend between $500 and $1,000; 17 percent spend between $5,000 and $10,000; 11 percent spend between $10,000 and $20,000; and 8 percent go all-in, spending $20,000 or more.

Spending on home improvements in the past year tended to increase with density: 39 percent of homeowners in urban areas, 37 percent in the suburbs and 29 percent in rural areas spent at least $5,000 on improvements.

Forty-five percent of homeowners pay for their home improvements with cash, followed by general savings and credit cards they pay off right away (22 percent each).

Twenty percent of homeowners use a credit card they pay off over time, and 30 percent use multiple sources to pay for home improvements.

### If it ain’t broke …

Only 28 percent of homeowners plan out their home improvements, and 9 percent say they do as little as possible or just enough to keep their home running. Most homeowners — 63 percent — say they fix problems as they arise.

Millennials are more likely than older generations to get a jump on maintenance, with 33 percent saying they actively plan the projects they’re going to tackle. The same is true of those who own single-family homes; 29 percent of those owners plan out projects versus 12 percent of homeowners in condos.

First-time homeowners are more likely than repeat owners to say they do as little as possible to maintain their home (12 percent versus 6 percent of repeat homeowners).

### HGTV makes it look easy, but money and time can be hard to find

Finding time to work on projects is the biggest home improvement challenge for 42 percent of homeowners, who also say that finding the right professional to do the work is very difficult or difficult (36 percent), followed by paying for the project (35 percent).

Decisions around who does the work tend to be the easiest: 54 percent of homeowners say that deciding whether to
DIY or hire a pro is very easy or easy. Creating the to-do list isn’t hard either: 44 percent of homeowners say it’s easy or very easy to decide what project to tackle next, and 45 percent say it’s easy or very easy to reach agreement with their partner on what needs doing next.

Homeowners who have a harder time paying for improvements are understandably less likely to do them: 48 percent who take on only enough to keep their home running say that paying for improvements is difficult or very difficult, compared with 36 percent who fix problems as they come up and 27 percent who plan out improvements.

The calculus is more challenging for younger generations, who are new to understanding the economic dynamics of home. Predicting when things will break is difficult or very difficult for 42 percent of Millennials, compared with 32 percent of Gen Xers, 30 percent of Boomers and 31 percent of Silent Generation homeowners.

Will that bathroom remodel pay off?

Determining the return value of improvements is difficult or very difficult for 29 percent of Millennial homeowners, compared with 20 percent each of Gen Xers and Boomers and 17 percent of Silent Gen homeowners.

And younger homeowners say that finding time to work on projects themselves is difficult or very difficult (49 percent of Gen Xers and 48 percent of Millennials rate this as highly difficult versus 39 percent of Boomers and 31 percent of Silent Generation homeowners).

When it comes to paying for improvements, Silent Generation homeowners are in a better position than younger generations, even though they’re the group most likely to be living on a fixed income. Only 23 percent of Silent Gen homeowners say paying for the projects they want is difficult or very difficult versus 34 percent of Boomers, 38 percent of Gen Xers and 40 percent of Millennials.

<table>
<thead>
<tr>
<th>H-8: HOME IMPROVEMENT CHALLENGES</th>
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<tbody>
<tr>
<td>Owned home for more than a year</td>
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### Graph

<table>
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<tr>
<th>Challenge</th>
<th>Difficulty Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deciding whether to DIY an improvement or hire a professional</td>
<td>Very difficult or difficult (54%)</td>
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<tr>
<td>Getting spouse/partner to agree on what to do</td>
<td>Neither easy nor difficult (39%)</td>
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<tr>
<td>Deciding what to fix or improve next</td>
<td>Very easy or easy (43%)</td>
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<tr>
<td>Finding inspiration to know what to do</td>
<td>Very difficult or difficult (38%)</td>
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<tr>
<td>Figuring out how much things really cost</td>
<td>Neither easy nor difficult (36%)</td>
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<td>Being able to pay for desired work</td>
<td>Very difficult or difficult (37%)</td>
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<tr>
<td>Finding the right professional to do the work</td>
<td>Very difficult or difficult (37%)</td>
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<tr>
<td>Finding the time to work on it</td>
<td>Very difficult or difficult (34%)</td>
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<tr>
<td>Figuring out the return on investment</td>
<td>Very difficult or difficult (34%)</td>
</tr>
<tr>
<td>Not knowing what or when things will break</td>
<td>Very difficult or difficult (34%)</td>
</tr>
</tbody>
</table>

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*Figures represent the percentage of homeowners who find each challenge difficult or very difficult.*
MORTGAGES AND REFINANCING

Six in 10 (59 percent) homeowners are still paying off their mortgage, and the typical mortgaged homeowner owes 62 percent of their home’s value.24

A third of homeowners have fully paid off their mortgage, while 8 percent never had a mortgage.

Home equity remains an important source of funds for homeowners, who tap it for any number of reasons, including paying for home improvements (34 percent), paying for a child’s college (4 percent), saving for retirement (2 percent), or helping to pay for a second home or vacation home (2 percent).

Younger owners owe more

Older generations, who are likely to have lived in their homes longer, are further along in repaying their mortgage than younger generations. Only 33 percent of Silent Gen homeowners and 55 percent of Boomers are still paying off their mortgage, compared with 73 percent of Millennials and 71 percent of Gen X homeowners.

Homeowners with children also are more likely to be making mortgage payments (77 percent compared with 53 percent of homeowners without children in the home), perhaps because their finances are stretched due to the cost of child care or other obligations.

Tapping the bank of home equity

Less than half (40 percent) of homeowners who currently have or had a mortgage in the past refinance their home.
or tap their home’s equity for cash. Of those who refinance or take out a home equity line of credit, 73 percent do so only once, while 27 percent use their home’s equity multiple times.

Homeowners who refinance or tap their equity do so at different periods during their ownership:

- 8 percent borrowed within the past year
- 15 percent borrowed one to two years ago
- 25 percent borrowed three to five years ago
- 26 percent borrowed six to 10 years ago
- 25 percent borrowed longer than 10 years ago

### Better rates or new loan types drive refi decisions

Reducing the size of a monthly mortgage payment is the reason 43 percent of homeowners decide to refinance, but homeowners also want to reduce the length of time on their loan (19 percent) or change the loan type (4 percent).

Millennial homeowners who refinance or obtain a HELOC are more likely than older generations to say they’re doing so to save for retirement or to change their loan type. Only 1 percent each of Gen Xers and Boomers and 3 percent of Silent Gen homeowners say they refinanced or obtained a HELOC to help save for retirement, compared with 13 percent of Millennials.

Millennials also are far more likely to change their loan type than older generations (27 percent of Millennials who refinance or obtain a HELOC do so, compared with 4 percent of Gen Xers, 3 percent of Boomers and 1 percent of Silent Gen homeowners).

Boomers and Silent Generation homeowners who obtain a HELOC or refinance are more likely to fund home improvements through those means than Millennials. Only 19 percent of Millennials use funds from refinancing and HELOCs to improve their homes, compared with 37 percent of Boomers and 38 percent of Silent Gen homeowners.
A generational divide in finding refi or HELOC sources

When looking for a lender to refinance their mortgage or issue them a HELOC, most homeowners (52 percent) turn to familiar financial institutions, namely ones they’re already using.

Different generations gravitate to different sources to refinance or draw on equity. Millennials are more likely to use online resources (28 percent compared with 11 percent of Gen Xers, 9 percent of Boomers and 6 percent of Silent Gen owners). Conversely, the older the homeowner, the more likely they are to stick with their current institution (61 percent of Silent Gen homeowners and 53 percent of Boomers, compared with 51 percent of Gen Xers and 33 percent of Millennials who refinance or tap their home equity).

Rates, products and trust matter

Homeowners shopping for a mortgage or HELOC are, first and foremost, looking for competitive rates. Among the top concerns of homeowners searching for a provider, 72 percent say it’s very or extremely important that the lender has the best rates, 70 percent say it’s highly important that the lender has a loan that meets their needs, and 63 percent say it’s very or extremely important that the lender has a name or brand they trust.

H-10: IMPORTANCE OF REFINANCE LENDER CHARACTERISTICS

Owned home for more than a year and obtained HELOC or refinanced.

Not at all or not very important

Somewhat important

Extremely or very important

<table>
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<tr>
<th>Characteristic</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
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<tr>
<td>Has the most competitive rates</td>
<td>8%</td>
<td>20%</td>
<td>72%</td>
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<tr>
<td>Offers a loan program that meets specific needs</td>
<td>9%</td>
<td>21%</td>
<td>70%</td>
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<tr>
<td>Is a trusted company/brand</td>
<td>11%</td>
<td>26%</td>
<td>63%</td>
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<tr>
<td>Past personal experience with company/brand</td>
<td>23%</td>
<td>26%</td>
<td>51%</td>
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<td>Has other financial account(s) with provider</td>
<td>38%</td>
<td>26%</td>
<td>36%</td>
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<tr>
<td>Has a location near homeowner</td>
<td>37%</td>
<td>28%</td>
<td>36%</td>
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<tr>
<td>Helps educate to make better decisions</td>
<td>37%</td>
<td>32%</td>
<td>31%</td>
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<tr>
<td>History of closing on time</td>
<td>37%</td>
<td>33%</td>
<td>30%</td>
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<tr>
<td>Online ratings and reviews</td>
<td>53%</td>
<td>27%</td>
<td>19%</td>
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<tr>
<td>Referral by a friend, relative, neighbor or colleague</td>
<td>62%</td>
<td>22%</td>
<td>16%</td>
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<tr>
<td>Referral by real estate agent or broker</td>
<td>75%</td>
<td>16%</td>
<td>10%</td>
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Handling unexpected expenses

Compared with renters who have lived in their home for more than a year, homeowners are better able to absorb an unexpected expense of at least $1,000. While only 52 percent of renters say they could absorb such an expense, 80 percent of homeowners say they could handle it.

Still, 1 in 5 homeowners say they couldn’t absorb an unexpected expense of $1,000, leaving them in the precarious position of being one large expense away from possibly missing a mortgage payment.

Although most homeowners could field an expense of that magnitude, older homeowners are better positioned to do so. Ninety percent of Silent Gen homeowners and 83 percent of Boomers say they could absorb an unexpected expense of at least $1,000, compared with 77 percent of Gen Xers and 70 percent of Millennials.

Ability to respond varies by location

Suburban homeowners are better positioned to accommodate such an expense; 84 percent say they can, compared with 75 percent of rural homeowners and 73 percent of urban homeowners.

White homeowners are most able to absorb an unexpected expense of at least $1,000 compared with homeowners of color (83 percent of white homeowners say they can accommodate an unexpected $1,000 expense versus 72 percent of Asian homeowners, 71 percent of Latino homeowners and 66 percent of black homeowners).

Surprisingly, 49 percent of homeowners earning less than $25,000 in household income say they could field an unexpected expense of at least $1,000. Still, that’s low compared with 64 percent of homeowners earning $25,000 to $50,000; 86 percent of homeowners earning $50,000 to $75,000; and 92 percent of homeowners earning at least $75,000.

Some homeowners could be underinsured

Homeowners take care to insure their homes against typical losses — 89 percent have standard insurance — but fewer are likely to have disaster coverage. For instance, only 39 percent of homeowners are covered for storm damage that includes such things as tornadoes, hail and falling trees, and only 15 percent are covered if their sewer backs up.

The numbers become more curious by region, with coverage remaining low even as the risk increases. For example:

- Twenty-five percent of homeowners in the South have flood or hurricane insurance, even though the region is most likely to be affected by floods and hurricanes (16 percent of homeowners in the Northeast and Midwest and 15 percent in the West are covered for those disasters).
- Homeowners in the West are more likely to have earthquake insurance than homeowners in other regions, but the share remains low: 21 percent have it, compared with 9 percent in the Midwest, 8 percent in the South and 5 percent in the Northeast.
- Homeowners in the Midwest and South are more likely to be covered for storm damage, but the rates are less than half: 49 percent of homeowners in the Midwest, 45 percent in the South, 30 percent in the Northeast and 25 percent in the West are covered for storms.
- Midwestern homeowners are more likely to have coverage for sewage backups than homeowners in other regions (23 percent compared with 13 percent of homeowners in the Northeast, 13 percent in the South and 12 percent in the West).
- The greatest share of homeowners without any type of insurance is in the South (9 percent), and Northeast homeowners are least likely to be without any insurance coverage (3 percent).

“One in five homeowners say they could not absorb an unexpected expense of $1,000.”
Love the home, hate the hassle of moving

The small portion of homeowners who plan to sell now or within the next year say they’re doing so because their home no longer fits their needs or preferences (35 percent), they want to move to a different neighborhood (28 percent), or their family or household is getting smaller (24 percent).

Those who plan to stay put for at least the next three years cite a variety of reasons. Among the top three: They love their home (51 percent), they want to avoid the hassle of moving (37 percent) and they love their neighborhood (33 percent).

Homeowners from younger generations who plan to stay for at least three years are more likely to cite the desire for stability as one of their top three reasons for staying compared with older homeowners (39 percent of Millennials and 34 percent of Gen Xers versus 25 percent of Boomers and 22 percent of Silent Gen homeowners).

Young and old stay put for the kids

Older homeowners are more likely than younger homeowners to cite this among their top three reasons for staying: their desire to pass the home down to their children (35 percent of Silent Gen homeowners and 21 percent of Boomers cite this reason, compared with 15 percent of Gen Xers and 12 percent of Millennials).

Parents tend to avoid big changes, especially when their children are of school age. That may be why homeowners with young children at home who plan to stay for at least three years are more likely to cite stability as a reason (42 percent mention this as a top reason, compared with 25 percent of homeowners without children at home).
H-11: REASONS HOMEOWNERS PLAN TO STAY IN HOME

Owned home for more than a year and do not plan to sell within three years.

Shows the percentage of respondents that selected the characteristic within their top three choices.

- Love the home: 56%
- Do not want the hassle of moving: 52%
- Love the neighborhood: 51%
- Want stability for themselves or family: 46%
- Love the community: 43%
- Cannot afford to sell and move elsewhere: 42%
- Want to make improvements to home before selling: 40%
- Do not want the hassle of selling: 38%
- Waiting for the home to increase in value: 37%
- Plan to pass home on to children or family members: 36%
Shows the percentage of respondents that selected the characteristic within their top three choices.

- Love the home
- Do not want the hassle of moving
- Love the neighborhood
- Want stability for themselves or family
- Love the community
- Cannot afford to sell and move elsewhere
- Want to make improvements to home before selling
- Do not want the hassle of selling
- Waiting for the home to increase in value
- Plan to pass home on to children or family members

Total homeowners
- Millennials (24-38)
- Generation X (39-53)
- Baby Boomers (54-73)
- Silent Generation (74+)

Plan to pass home on to children or family members:
- Total homeowners: 20%
- Millennials: 12%
- Generation X: 21%
- Baby Boomers: 20%
- Silent Generation: 15%

Cannot afford to sell and move elsewhere:
- Total homeowners: 20%
- Millennials: 19%
- Generation X: 20%
- Baby Boomers: 17%
- Silent Generation: 15%

Do not want the hassle of selling:
- Total homeowners: 17%
- Millennials: 15%
- Generation X: 19%
- Baby Boomers: 19%
- Silent Generation: 14%

Want to make improvements to home before selling:
- Total homeowners: 13%
- Millennials: 12%
- Generation X: 15%
- Baby Boomers: 15%
- Silent Generation: 7%

Waiting for the home to increase in value:
- Total homeowners: 8%
- Millennials: 11%
- Generation X: 9%
- Baby Boomers: 8%
- Silent Generation: 3%
LANDLORD NATION

Despite the growth and popularity of the short-term home rental market, 96 percent of homeowners say they don’t rent out their homes or have any plans to do so.

Only 2 percent of homeowners currently rent out part of their home. One percent have no renters now but plan to rent out a part of their home in the next three years, and 1 percent plan to move out of their home and rent out their entire home in the future.

Airbnb income isn’t top of mind (yet)

Of the small share (4 percent) of homeowners who either rent out or have plans to rent out their home, 81 percent say they will rent out (or are currently renting out) their property as a long-term rental. Only 19 percent will rent their home (or are currently renting their home) as a short-term rental through companies such as Airbnb and VRBO.

Although only a very small proportion of homeowners rent out their current residence, a larger share rent out secondary properties they own. Of the 18 percent of homeowners who own a second property, such as a vacation home or investment property, 38 percent say they rent out their secondary property.

Those numbers are likely to change in the future, however, since 24 percent of home buyers say that the opportunity to rent out a portion of their home for rental income while they’re living there is very or extremely important, and 27 percent say it’s very or extremely important that they be able to rent out their entire home.

“Of the 18 percent of homeowners who own a second property, such as a vacation home or investment property, 38 percent say they rent out their second property.”
WILL YOU BE MY NEIGHBOR?

There are two kinds of neighbors in the world: those who take pride and pleasure in knowing the people who live around them and those who can’t close the door soon enough.

A lot depends on the neighbor, of course, and the neighborhood. But one person’s ideal of neighborliness could feel like way too much (or too little) over-the-fence conversation to someone else. Which is why most people find a balance between becoming besties with the person next door and completely ignoring them.

Some people come to know their neighbors through their kids or dogs. Others meet through efforts to create safety by building trust with people outside their four walls — forming a “Block Watch” or making friends with neighbors who can keep an eye on the house, pick up packages when they’re not home or check in on a kid after school.

For some, fences make good neighbors

Some people develop deep connections with their neighbors, while others are content to go about their lives without ever acknowledging, much less knowing anything about, the people or pets living next to them.

Homeowners have the closest relationships with those living nearby. More than a quarter (27 percent) of homeowners say they’re close friends with some of their neighbors, compared with 21 percent of renters who have been in their home for more than a year and 17 percent of renters who are new to their home in the past year.

It may be the case that homeowners are the most invested in their neighborhood and want to maintain home values by ensuring it’s a great place to live in the long term. Or it may be that homeowners have more time to get to know each other because they tend to stay put longer.

Long-term renters may have a sense of permanency but may feel less invested in their surrounding neighborhood, or they may have less time to bond because the people around them are moving frequently.

A wave, a smile and maybe a chat

The more common relationship among neighbors, however, is that of acquaintances who are on speaking terms. More than half (51 percent) of homeowners say that talking occasionally when they see each other describes their relationship with neighbors, compared with 40 percent of renters who have lived in their home for more than a year and 34 percent of renters who are new to their home, having moved in the past year.

Some neighbors limit their interactions to a smile or a wave. Twenty-nine percent of renters who have been in their home for less than a year give a quick but friendly acknowledgement to their neighbors, compared with 25 percent of renters who have lived in their homes for more than a year and 17 percent of homeowners.
Recently uprooting and renting versus owning plays a role in the type of bonds people form with their neighbors. Renters who moved in the past year are four times as likely as homeowners to say they have no interaction with their neighbors. One in 5 of these renters has no interaction with neighbors, compared with only 5 percent of homeowners and 14 percent of renters who have lived in their homes for more than a year.

**Neighborliness is tied to a person’s love of home**

The more interaction people have with their neighbors, the more likely they are to love their home and neighborhood. For example, 90 percent of homeowners who are close friends with some of their neighbors say they love their home, and 89 percent of those homeowners say they love their neighborhood. It could be the case that people who love their home are more likely to invest in forming relationships with their neighbors or vice versa.

On the other end of the spectrum, only 60 percent of people who have no interaction with neighbors say they love their home, and only 34 percent of those homeowners love their neighborhood.

**Older homeowners have stronger bonds with neighbors**

Homeowners who are older, who have been in their homes longer, and who have children or dogs tend to be close with their neighbors, while those who live in large apartment complexes tend to have the least intimate relationships with neighbors.
For instance, 34 percent of Silent Gen homeowners are close friends with some neighbors, compared with 28 percent of Boomers, 23 percent of Gen Xers and 22 percent of Millennials. All generations, however, interact similarly with neighbors as acquaintances (51 percent of Millennials, 49 percent of Gen Xers, 53 percent of Boomers and 52 percent of Silent Gen homeowners talk with their neighbors occasionally outside the home).

Millennial and Gen X homeowners are less likely than older generations to interact with neighbors, partially because they haven’t lived in their homes for as long as older homeowners. Twenty-seven percent each of Millennials and Gen X homeowners say they have no interaction with neighbors or just smile or wave, compared with 19 percent of Baby Boomers and 13 percent of Silent Generation homeowners.

The type of home also appears to play a role in neighborliness. Renters who live in apartment complexes with 50 or more units tend to have less face-to-face interaction with their neighbors than renters living in buildings with fewer units. Forty-six percent of renters in large complexes talk to neighbors on occasion or describe them as close friends, compared with 57 percent of renters in apartment buildings with fewer than 10 units.

**Kids and dogs create connections**

Children seem to draw neighbors closer. For instance, 78 percent of Millennial and Gen X homeowners with children under age 18 at home say they are close friends with some neighbors or talk occasionally with them. That compares with 68 percent of those generations who do not have young children at home.

Dogs provide ample opportunity to bond with neighbors, especially during walks or at a dog park, or when a pet breaks out of the yard. Cats? Not so much.

Thirty percent of homeowners with dogs say they’re close friends with some of their neighbors, compared with 25 percent without pets and 25 percent with cats.

**Time deepens relationships**

Although it’s certainly true that neighbors can wear on each other over time, people who have lived in their homes longer tend to have closer relationships with neighbors. For example, 28 percent of homeowners who have lived in their residence for five years or longer are close friends with some of their neighbors, compared with 21 percent of homeowners who have lived in their homes for less than five years.

The pattern holds true even for younger generations: 25 percent of Gen X homeowners who have owned their home for five years or longer describe some of their neighbors as close friends, compared with 14 percent who have owned their home for less than five years.

Those looking to avoid neighbors are probably already well-versed in the dodge. But those who aren’t getting enough face time with neighbors just might want to get a dog.
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