



NATIONAL ASSOCIATION OF REALTORS®

Profile of Home Buyers and Sellers 2009



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Profile of
Home Buyers
and Sellers
2009

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INTRODUCTION

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UYING OR SELLING A HOME IS A COMPLEX AND, AT TIMES, DAUNTING

process. There are many options as well as constraints that households face when searching for the right home that will meet their needs today as well as in the future. For home sellers, the transition from one home to another often is driven by significant life events such as a job relocation or retirement. Recently, the unsettled economy has added another layer of uncertainty as both would-be buyers and sellers consider when, and even if, they should complete a real estate transaction.

A majority of home buyers and sellers rely on the services and expertise of real estate professionals to assist them with their transaction. In turbulent times, buyers and sellers appreciate the knowledge and expertise of real estate professionals who can guide them through each step of the transaction. One indicator of client satisfaction is that a majority of both buyers and sellers report that they would use the same real estate agent again or recommend that agent to others.

The NATIONAL ASSOCIATION OF REALTORS® surveys home buyers and sellers annually to gather detailed information about the home buying and selling process. These surveys provide information on demographics, housing characteristics and the experience of consumers in the housing market. Buyers and sellers also share information on the role that real estate professionals play in home sales transactions.

This report provides real estate professionals with insights into the needs and expectations of their clients. What do consumers want when choosing a real estate professional? How do home buyers begin the process of searching for a home? Why do some sellers choose to forego the assistance of an agent? The answers to these questions, along with other findings in this report, will help real estate professionals better understand the housing market and also provide the information necessary to address the needs of America's real estate consumers.

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THE HOUSING ENVIRONMENT

Although evidence is accumulating that the economy is emerging from the Great Recession, there are a number of headwinds that may make the nascent recovery slower and more tentative than previous business cycle expansions. Significant job loss is one of the most tangible effects of the recession. Most sectors, with the possible exception of healthcare, have recorded significant decreases in employment. Even under the most optimistic expectations, it will take several years to reabsorb the unemployed and reduce the unemployment rate toward a level consistent with full employment.

The second long-lasting characteristic of the recession is the loss of trillions of dollars of household wealth since 2005. Households experienced falling home equity and sharply reduced financial asset values as stock markets worldwide posted some of the steepest declines in memory. For many households, the equity held in their home is the largest component of their wealth. Recently released data from the Federal Reserve shows that homeowners' equity holding relative to the value of their homes is near all-time lows. Downward pressure on home prices as well as extraction of equity through second mortgages and lines of credit has reduced the equity stake that households in the aggregate have in their homes. Unlike job loss, which directly affects a fraction of all households, the loss of wealth is broadly felt.

Evidence is emerging that households are working to strengthen their balance sheets by paying down debt and saving a greater portion of their paycheck. The national savings rate has increased from virtually zero to the high single-digits. Some experts speculate that the long-term impact will be slower growth as cautious consumers spend more carefully and rely less on credit.

It is within this environment that tentative signs of stabilization are emerging in the housing market. In most areas of the country, home prices remain well below peak levels recorded in late 2005 and early 2006. However, unit sales have risen in some of the areas that have experienced the steepest decline in prices. Inventories of homes for sale have been pared to manageable levels. Housing affordability is at record levels, which has drawn cautious home buyers and investors into the market. Also contributing to the increase in home sales has been a tax credit available to first-time buyers. In fact, as detailed in this Profile,

the share of first-time home buyers, typically around 40 percent of sales, rose to 47 percent during the period from mid-2008 through mid-2009.

Challenges remain, however. Consumers remain understandably cautious about the economy and their personal financial situation. While mortgage rates remain at very favorable levels, some home buyers find that securing a mortgage is both more time consuming and more difficult. In fact, one in ten recent home buyers reported that obtaining a mortgage was more difficult than expected.

Perhaps as important for the long-term resilience of the housing market, home ownership is still a goal that many aspire to achieve. For example, 62 percent of first-time buyers reported that the primary reason that they purchased a home was the desire to be a homeowner. Other benefits of ownership, while important, ranked lower for most first-time buyers. The dream of homeownership remains alive and well.

HIGHLIGHTS

CHARACTERISTICS OF HOME BUYERS

- Forty-seven percent of recent home buyers were first-time buyers.
- The typical first-time home buyer was 30 years old, while the typical repeat buyer was 48 years old.
- The 2008 median household income of buyers was \$73,100. The median income was \$61,600 among first-time buyers and \$88,100 among repeat buyers.
- Twenty-one percent of recent home buyers were single females, and 10 percent were single males.
- For one-third of recent home buyers, the primary reason for the recent home purchase was a desire to own a home.

CHARACTERISTICS OF HOMES PURCHASED

- New home purchases were at the lowest level in eight years—down to 18 percent of all recent home purchases.
- The typical home purchased was 1,800 square feet in size and was built in 1991.
- Seventy-eight percent of home buyers purchased a detached single-family home.
- The median price of home purchased was \$210,000 in the Northeast, \$158,000 in the Midwest, \$175,000 in the South, and \$240,000 in the West.
- When considering the purchase of a home, commuting costs were considered very or somewhat important by 78 percent of buyers.

THE HOME SEARCH PROCESS

- For more than one-third of home buyers, the first step in the home-buying process was looking online for properties.
- Nine in ten home buyers and 94 used the Internet to search for homes.
- Real estate agents were viewed as a very useful information source by 81 percent of buyers who used an agent while searching for a home.
- The typical home buyer searched for 12 weeks and viewed 12 homes.

HOME BUYING AND REAL ESTATE PROFESSIONALS

- Seventy-seven percent of buyers purchased their home through a real estate agent or broker.
 - Ten percent of buyers purchased a home in foreclosure, up from 3 percent in 2008.
 - Forty-four percent of buyers found their agent through a referral from a friend or family member.
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HIGHLIGHTS

FINANCING THE HOME PURCHASE

- Ninety-two percent of home buyers financed their recent home purchase.
- The percentage of first-time buyers who financed 100 percent of the purchase price with a mortgage dropped to 15 percent from 23 percent last year.
- Nearly half (47 percent) of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing.
- One-fifth of first-time buyers reported their mortgage application and approval process was somewhat more difficult than they expected, and one-in-ten reported it was much more difficult than expected.

HOME SELLERS AND THEIR SELLING EXPERIENCE

- About half of home sellers traded up to a larger size and higher priced home and slightly more than one-fifth traded down to a smaller and less expensive home.
- Eighty-five percent of sellers were assisted by a real estate agent when selling their home.
- Recent sellers typically sold their homes for 95 percent of the listing price, and 60 percent reported they reduced the asking price at least once.
- Forty-two percent of sellers offered incentives to attract buyers, most often assistance with home warranty policies and closing costs.

HOME SELLING AND REAL ESTATE PROFESSIONALS

- Forty percent of sellers who used a real estate agent found their agents through a referral by friends or family, and 26 percent used the agent they worked with previously to buy or sell a home.
- Ninety percent of sellers reported that their home was listed or advertised on the Internet.
- Among recent sellers who used an agent, 81 percent reported they would definitely (59 percent) or probably (22 percent) use that real estate agent again or recommend to others.

FOR-SALE-BY-OWNER (FSBO) SELLERS

- The share of home sellers who sold their home without the assistance of a real estate agent was 11 percent. About half of them, 45 percent, knew the buyer prior to home purchase.
 - The primary reason that sellers choose to sell their home without the assistance of a real estate agent to a buyer they did not know was that they did not want to pay a fee or commission (49 percent).
 - Nearly one-third of FSBO sellers took no action to market their home, and 57 percent did not offer any incentives to attract buyers.
 - Eighteen percent of FSBO sellers reported preparing or fixing up the home for sale was their most difficult task, while 15 percent reported getting the price right and an additional 15 percent reported understanding and performing paperwork was the hardest part of selling their home.
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CHAPTER 1 : CHARACTERISTICS OF HOME BUYERS

IN 2009 THE FIRST-TIME HOME BUYER TAX CREDIT AND AFFORDABILITY CONDITIONS

brought first-time buyers into the market, and they comprised an unprecedented share of the market—47 percent. Some variables were unaffected by the increase in the share of first-time buyers. The typical age of buyers was unchanged by the surge in first-time buyers. Racial characteristics, language, and national origin of buyers were little changed in 2009. Also, the vast majority of buyers still own only one home.

Other demographic variables saw shifts that can be explained at least in part as a result of the increased share of first-time home buyers. Household incomes decreased slightly among all home buyers. This was due to a small decrease in household incomes of repeat buyers coupled with the surge in first-time buyers who typically have lower household incomes. Home buyers in 2009 were much more likely to have been renters immediately prior to their home purchase. Affordability conditions were the primary reason for purchasing a home for a greater share of all types of home buyers. The first-time home buyer tax credit was cited as the primary reason for the home purchase among 6 percent of first-time home buyers. A buyer's readiness is still the primary driver of the timing of the home purchase, but the affordability of homes for sale and availability of mortgage financed played an increasing role in 2009.

DEMOGRAPHIC CHARACTERISTICS OF HOME BUYERS

► Exhibits 1-1 through 1-4

Likely a result of the surge of first-time home buyers in 2009, the median age decreased slightly in the Midwest and South, but among home buyers nationally, the median age was unchanged at 39 years old. The largest age group of home purchasers was 25 to 34 year olds who comprised 34 percent of all buyers in 2009. The next largest age group of purchasers was 35 to 44 year olds.

Affordability conditions and the home buyer tax credit opened the door of home ownership to more households with lower incomes than last year's buyers. Median household income of home buyers decreased nationally and in all regions except the Northeast from 2007 to 2008. The decrease was largest in the West and probably resulted, in part, from unprecedented affordability conditions and the home buyer tax credit that prompted a surge in first-time buying.

Household composition was little changed in 2009 and has been fairly stable since 2003. Three-fifths of buyers were married couples while fewer than one in ten buyers were unmarried couples. Among single buyers, females were twice as prevalent as males. While a family with children is a common image of the home-buying household, more than three-fifths of home buyers do not have children under 18 residing in the household.

RACE, ETHNICITY, LANGUAGE AND NATIONAL ORIGIN OF BUYERS

► Exhibits 1-5 through 1-8

Home buyers are most diverse in the West. Fully 25 percent of buyers in the West reported that their race was African-American, Hispanic, Asian, or Other. Among all buyers nationwide, 85 percent reported their ethnicity as Caucasian. By household composition, racial identification is not much different than among all buyers although single female buyers are more likely to identify themselves as African-American than Hispanic or Asian. The share of home buyers who speak English at home was 96 percent nationally. By region, the West saw a slight increase from 93 to 94 percent in the share of those speaking English at home while the share decreased in the Northeast from 96 to 95 percent.

Overall the share of home buyers born in the US is unchanged from last year at 91 percent. In the West 86 percent of buyers reported being born in the US while the share in the Midwest was 95 percent.

DEMOGRAPHIC CHARACTERISTICS OF FIRST-TIME AND REPEAT HOME BUYERS

► Exhibits 1-9 through 1-13

Several developments during 2009, including record affordability and the availability of the first-time home buyer tax credit, drew first-time buyers to the market. The share of first-time home buyers increased from 41 percent in 2008 to 47 percent in 2009. The surge in first-time home buyers was far above the multi-year average of about 40 percent. The West had the greatest surge in first-time home buyers from 41 to 51 percent. The South and Midwest saw 6 and 7 percent increases in the first-time buyer share, respectively. The Northeast saw a modest 2 percent increase in the share of first-time buyers.

Among both first-time and repeat buyers, single female buyers are nearly twice the share of single male buyers. Among first-time buyers the share of single female buyers was 25 percent, and the share was 17 percent among repeat buyers. Married couples are the most common household type among home buyers. They are nearly half of all first-time buyers, and they are more than two-thirds of repeat buyers.

First-time buyers are typically younger than repeat buyers. More than half of first-time buyers were between 25 and 34 years of age. The typical home buyer was 39 years old in 2009—the same age as in 2008. The median first-time buyer was 30, and among repeat buyers, the median age was 48. By household type, unmarried couples were typically the youngest.

Despite the economic turmoil of the past year, incomes were not much changed between 2007 and 2008 among first-time and repeat buyers. The median income of first-time buyers increased \$1,000 while the income of repeat buyers decreased by \$100. The much steeper drop in the median for all buyers of \$1,800 was due in large part to the surge in first-time buyers as a share of all buyers.

RACE, LANGUAGE, AND NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS

► Exhibits 1-14 through 1-16

First-time buyers are more likely than repeat buyers to identify themselves as African-American, Asian, or Hispanic. They are also more likely to speak a language other than English at home and more likely than repeat buyers to have been born outside of the United States.

Buyers who identified themselves as white accounted for 89 percent of repeat buyers and only 79 percent of first-time buyers. Six percent of first-time buyers spoke a language other than English at home compared to only 2 percent of repeat buyers. Only 7 percent of repeat buyers were foreign born compared with 12 percent of first time buyers.

PRIOR LIVING ARRANGEMENT

► Exhibits 1-17 through 1-18

Because of the higher ratio of first-time buyers, half of all buyers reported renting an apartment or house immediately prior to making their home purchase compared with 44 percent in 2008. More than three-quarters of first-time buyers were renters immediately before making their home purchase. Across different types of households, a higher share of buyers moved from renting to owning as more first-time buyers were drawn into the market in 2009. By comparison, only one-quarter of repeat buyers rented immediately before their home purchase. Sixty-eight percent of repeat buyers owned their residence immediately before their recent home purchase.

PRIMARY REASON FOR HOME PURCHASE AND TIMING OF PURCHASE

► Exhibits 1-19 through 1-23

Buyers most often cite the desire to own their home as the primary reason for purchasing. Thirty-five percent of all buyers reported this reason in 2009. Among first-time buyers, the most commonly reported reason for purchasing a home is the desire to own a home. Among repeat buyers, the most common primary reasons cited for a home purchase are a job-related relocation and the desire for a larger home followed by the desire to own a home. The percentage of buyers reporting these reasons for a purchase are little changed from last year.

The decrease in home prices in many areas of the country has also been a factor in the decision of many buyers to purchase a home. Affordability of homes was given as the primary reason for the home purchase by 10 percent of first-time buyers and 6 percent of repeat buyers in 2009, as compared to 5 and 2 percent, respectively, in 2008. The role of affordability among the reasons for a home purchase increased across all age groups and all household types in 2009. Additionally, the first-time home buyer tax credit was the primary reason for the home purchase among 6 percent of first time buyers and 1 percent of repeat buyers. Repeat buyers were not eligible for the credit, but may have sold a previous home to a first-time buyer and that sale may have enabled their subsequent home purchase. The first-time home buyer tax credit was cited as the primary reason for a purchase by 7 percent of buyers under 25.

As buyers age, the desire to own a home seems to become less important in relation to other factors driving the home purchase. The desire to own a home is the most frequent reason given for a home purchase among all age groups except those 65 or older. Buyers aged 65 or over responded most often that the desire to be closer to family is the primary reason for the purchase.

The desire to own a home was the most often cited primary reason for the home purchase among all types of households. For married couples, job related moves and the desire to own a larger home were the second most common

reasons given for a home purchase. For singles and other households, changes in their family situation were the second most frequently cited primary driver of the decision. For unmarried couples, the affordability of homes was the second most common response.

The primary reason most commonly given for the timing of the home purchase by all buyers, first-time buyers and repeat buyers, remained the fact that the buyer was ready. However, a greater share of all types of buyers cited the affordability of homes and availability of mortgage financing options as the primary reason for the timing of the home purchase. The share of buyers citing the availability of homes for sale as the primary reason for the home purchase decreased among all buyers, first-time, and repeat buyers.

Regardless of the buyer's age, their readiness to purchase was still the most commonly given primary reason for the timing of the purchase though the share decreased across all age groups. Those citing the affordability of homes increased among all age groups making it the second most frequently cited primary reason behind the timing of the purchase.

OWNERSHIP OF MULTIPLE HOMES

► Exhibit 1-24 through 1-25

The vast majority of home buyers own only one home, the home they recently purchased. Owning a second or third home is more common among older age groups. Ninety-eight percent of buyers aged 18 to 24 own only one home whereas only 75 percent of buyers aged 65 or older own just one home. Other than their recently purchased home, buyers under 65 most often own investment properties. For example, one in ten recent buyers between 45 and 64 years old owned at least one investment property. Compared with younger cohorts, a larger percentage of buyers over 65 were in the process of selling a previously purchased home.

Exhibit 1-1 AGE OF HOME BUYERS, BY REGION*(Percent of Respondents)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
18 to 24 years	6%	4%	8%	6%	4%
25 to 34 years	34	35	38	33	33
35 to 44 years	22	22	19	22	22
45 to 54 years	18	18	17	17	20
55 to 64 years	13	13	10	14	13
65 to 74 years	6	7	5	6	6
75 years or older	2	2	2	2	1
Median age (years)	39	39	36	39	40

Exhibit 1-2 HOUSEHOLD INCOME OF HOME BUYERS, BY REGION, 2008*(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Less than \$25,000	3%	1%	4%	4%	3%
\$25,000 to \$34,999	8	6	9	8	6
\$35,000 to \$44,999	10	8	11	10	8
\$45,000 to \$54,999	11	10	12	10	11
\$55,000 to \$64,999	11	11	11	11	11
\$65,000 to \$74,999	9	10	10	8	11
\$75,000 to \$84,999	9	10	10	8	8
\$85,000 to \$99,999	11	12	10	10	14
\$100,000 to \$124,999	11	13	10	12	10
\$125,000 to \$149,999	6	6	4	6	6
\$150,000 to \$174,999	4	4	2	5	4
\$175,000 to \$199,999	2	2	2	2	2
\$200,000 or more	5	7	4	5	4
Median income (2008)	\$73,100	\$79,500	\$67,700	\$73,400	\$74,000

Exhibit 1-3 ADULT COMPOSITION OF HOME BUYER HOUSEHOLDS

(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009
Married couple	68%	59%	62%	61%	61%	62%	61%	60%
Single female	15	21	18	21	22	20	20	21
Single male	7	11	8	9	9	9	10	10
Unmarried couple	7	8	9	7	7	7	7	8
Other	3	1	2	2	1	2	2	1

Exhibit 1-4 NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOUSEHOLD

(Percentage Distribution of Households)

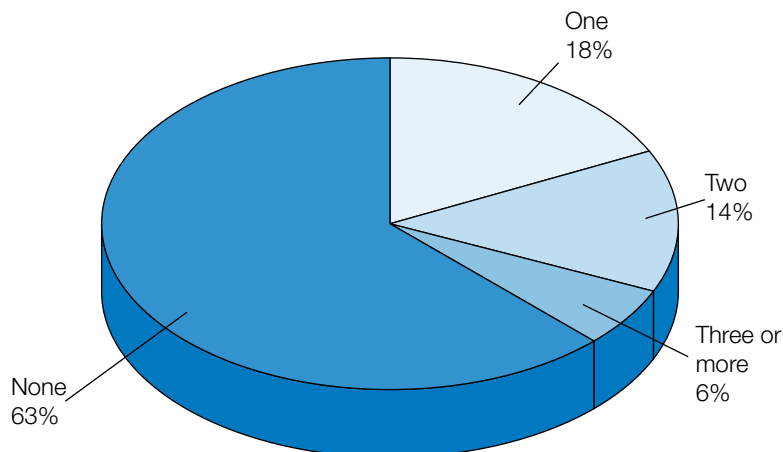


Exhibit 1-5 RACE/ETHNICITY OF HOME BUYERS, BY REGION

(Percent of Respondents)

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
White/Caucasian	85%	89%	93%	83%	75%
Black/African-American	5	4	3	8	3
Hispanic/Latino	5	3	2	5	10
Asian/Pacific Islander	5	5	2	3	11
Other	2	1	1	2	3

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Exhibit 1-6**RACE/ETHNICITY OF HOME BUYERS, BY ADULT COMPOSITION OF HOUSEHOLD***(Percent of Respondents)*

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
White/Caucasian	85%	86%	83%	82%	85%	77%
Black/African-American	5	4	8	5	4	7
Hispanic/Latino	5	5	4	6	7	2
Asian/Pacific Islander	5	5	4	5	4	8
Other	2	2	2	3	2	5

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable.

The percentage distribution may therefore sum to more than 100 percent.

Exhibit 1-7**PRIMARY LANGUAGE SPOKEN IN HOME BUYER HOUSEHOLD, BY REGION***(Percentage Distribution)*

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
English	96%	95%	98%	96%	94%
Other	4	5	2	4	6

Exhibit 1-8**NATIONAL ORIGIN OF HOME BUYERS, BY REGION***(Percentage Distribution)*

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
Born in U.S.	91%	89%	95%	91%	86%
Not born in U.S.	9	11	5	9	14

Exhibit 1-9 FIRST-TIME HOME BUYERS

(Percent of all Home Buyers)

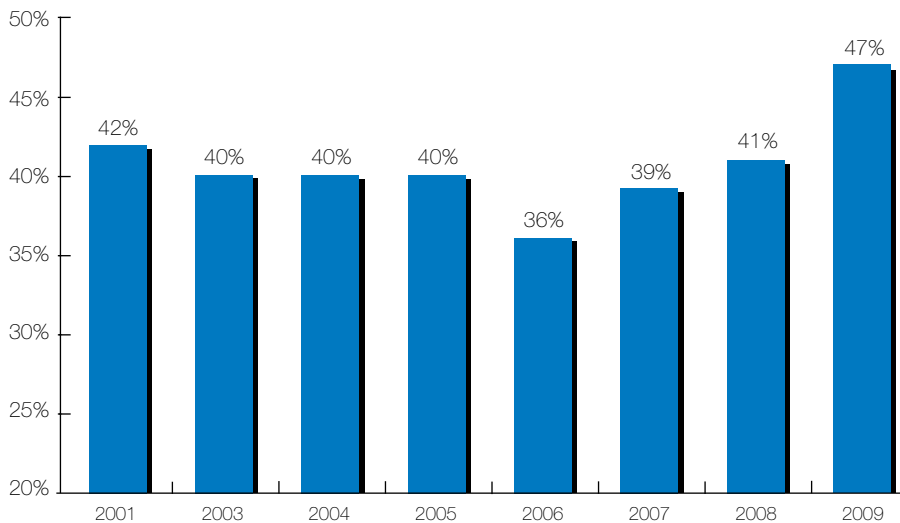


Exhibit 1-10 FIRST-TIME HOME BUYERS, BY REGION

(Percent of all Home Buyers)

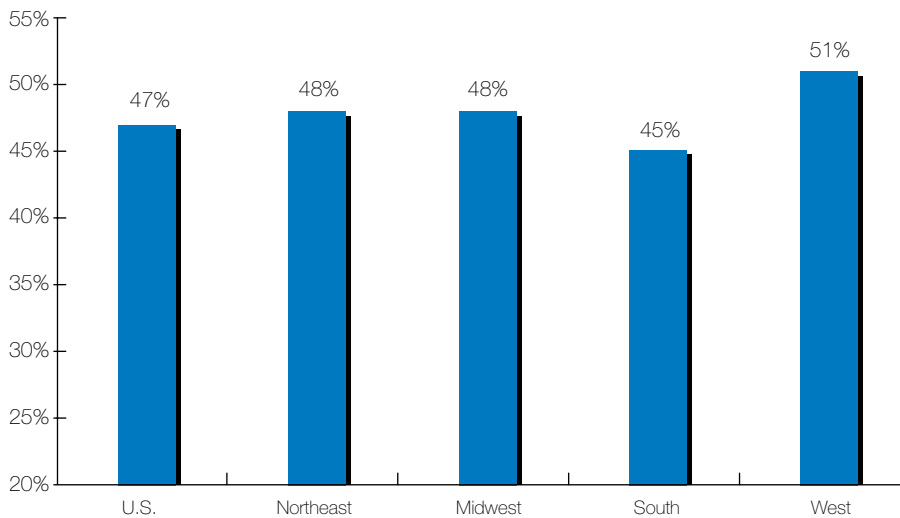
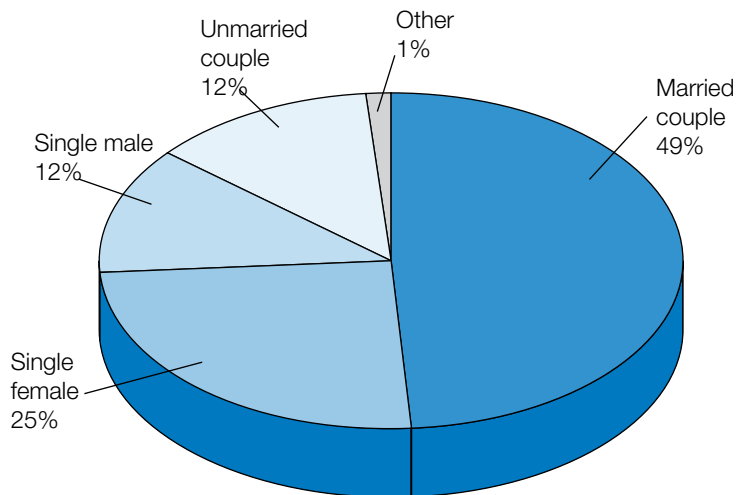


Exhibit 1-11

FIRST-TIME AND REPEAT HOME BUYERS BY HOUSEHOLD TYPE

(Percentage Distribution of Households)

FIRST-TIME HOME BUYERS



REPEAT HOME BUYERS

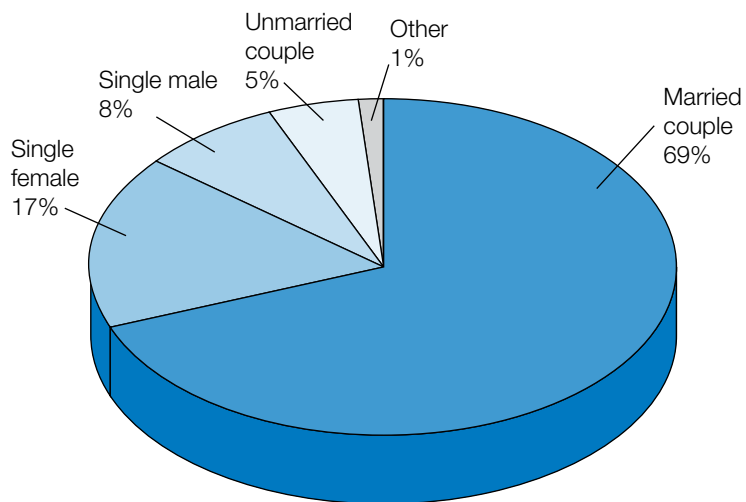


Exhibit 1-12 AGE OF FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
18 to 24 years	6%	12%	*
25 to 34 years	34	53	17
35 to 44 years	22	18	24
45 to 54 years	18	10	24
55 to 64 years	13	5	20
65 to 74 years	6	1	10
75 years or older	2	*	3
Median age (years)	39	30	48
Married couple	39	30	46
Single female	41	32	52
Single male	39	30	52
Unmarried couple	30	27	45
Other	49	43	55

* Less than 1 percent

Exhibit 1-13 HOUSEHOLD INCOME OF FIRST-TIME AND REPEAT BUYERS, 2008*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$25,000	3%	4%	3%
\$25,000 to \$34,999	8	10	5
\$35,000 to \$44,999	10	14	6
\$45,000 to \$54,999	11	13	8
\$55,000 to \$64,999	11	14	8
\$65,000 to \$74,999	9	11	8
\$75,000 to \$84,999	9	9	9
\$85,000 to \$99,999	11	10	13
\$100,000 to \$124,999	11	8	15
\$125,000 to \$149,999	6	4	7
\$150,000 to \$174,999	4	2	6
\$175,000 to \$199,999	2	1	3
\$200,000 or more	5	1	8
Median income (2008)	\$73,100	\$61,600	\$88,100
Married couple	\$85,800	\$71,300	\$97,300
Single female	\$50,500	\$47,900	\$55,100
Single male	\$59,700	\$53,700	\$75,400
Unmarried couple	\$73,600	\$68,600	\$93,800
Other	\$60,200	\$58,000	\$63,100

Exhibit 1-14 RACE/ETHNICITY OF FIRST-TIME AND REPEAT BUYERS*(Percent of Respondents)*

	All Buyers	First-time Buyers	Repeat Buyers
White/Caucasian	85%	79%	89%
Black/African-American	5	7	4
Hispanic/Latino	5	6	4
Asian/Pacific Islander	5	7	3
Other	2	2	2

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Exhibit 1-15 PRIMARY LANGUAGE SPOKEN IN FIRST-TIME AND REPEAT BUYER HOUSEHOLDS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
English	96%	94%	98%
Other	4	6	2

Exhibit 1-16 NATIONAL ORIGIN OF FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Born in U.S.	91%	88%	93%
Not born in U.S.	9	12	7

Exhibit 1-17 PRIOR LIVING ARRANGEMENT OF FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Rented an apartment or house	50%	78%	25%
Owned previous residence	37	3	68
Lived with parents, relatives or friends	12	18	6
Rented the home buyer ultimately purchased	1	1	1

Note: After selling their previous home, buyers may have rented a home or apartment before purchasing their next home. A first-time buyer could have acquired ownership of their previous home (as an inheritance or gift, for example) without having been the buyer of the home. Thus, a first-time buyer could have owned a home prior to their first home purchase.

Exhibit 1-18 PRIOR LIVING ARRANGEMENT, BY ADULT COMPOSITION OF HOUSEHOLD*(Percentage Distribution)*

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Rented an apartment or house	50%	45%	54%	56%	62%	52%
Owned previous residence	37	46	25	22	20	39
Lived with parents, relatives or friends	12	8	20	20	16	9
Rented the home buyer ultimately purchased	1	1	1	2	2	*

* Less than 1 percent

Note: After selling their previous home, buyers may have rented a home or apartment before purchasing their next home. A first-time buyer could have acquired ownership of their previous home (as an inheritance or gift, for example) without having been the buyer of the home. Thus, a first-time buyer could have owned a home prior to their first home purchase.

Exhibit 1-19 PRIMARY REASON FOR PURCHASING A HOME, FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Desire to own a home	35%	62%	11%
Job-related relocation or move	9	2	16
Desire for larger home	9	2	16
Change in family situation	9	8	10
Affordability of homes	8	10	6
Desire for a home in a better area	4	1	7
Desire to be closer to family/friends/relatives	4	1	7
Desire to be closer to job/school/transit	3	1	5
First-time home buyer tax credit	3	6	1
Desire for smaller home	3	*	5
Retirement	3	1	4
Establish household	2	2	1
Desire for a newly built or custom-built home	1	*	2
Financial security	1	1	1
Tax benefits	1	1	1
Greater number of homes on the market for sale/better choice	1	1	1
Purchased home for family member or relative	1	*	1
Desire for vacation home/investment property	1	*	1
Other	2	1	4

* Less than 1 percent

Exhibit 1-20 PRIMARY REASON FOR PURCHASING A HOME, BY AGE*(Percentage Distribution)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Desire to own a home	35%	62%	43%	23%	12%
Job-related relocation or move	9	3	9	13	2
Desire for larger home	9	1	11	8	4
Change in family situation	9	9	9	10	5
Affordability of homes	8	9	8	8	6
Desire for a home in a better area	4	1	3	6	6
Desire to be closer to family/friends/relatives	4	*	1	5	21
Desire to be closer to job/school/transit	3	2	3	5	2
First-time home buyer tax credit	3	7	4	1	1
Desire for smaller home	3	*	*	4	15
Retirement	3	*	*	5	10
Establish household	2	3	2	1	1
Desire for a newly built or custom-built home	1	*	1	2	4
Financial security	1	1	1	1	1
Tax benefits	1	1	1	1	1
Greater number of homes on the market for sale/better choice	1	1	1	1	*
Purchased home for family member or relative	1	*	*	2	2
Desire for vacation home/investment property	1	*	*	1	2
Other	2	*	1	4	4

* Less than 1 percent

Exhibit 1-21 PRIMARY REASON FOR PURCHASING A HOME, BY ADULT COMPOSITION OF HOUSEHOLD*(Percentage Distribution)*

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Desire to own a home	35%	27%	47%	47%	45%	38%
Job-related relocation or move	9	13	3	2	3	7
Desire for larger home	9	13	3	3	7	6
Change in family situation	9	7	13	11	10	24
Affordability of homes	8	7	8	11	12	4
Desire for a home in a better area	4	5	2	2	4	1
Desire to be closer to family/friends/relatives	4	5	4	2	2	4
Desire to be closer to job/school/transit	3	4	2	3	2	4
First-time home buyer tax credit	3	2	4	4	5	2
Desire for smaller home	3	3	4	1	1	2
Retirement	3	3	1	3	1	1
Establish household	2	2	1	1	3	*
Desire for a newly built or custom-built home	1	2	1	2	*	*
Financial security	1	1	1	3	1	*
Tax benefits	1	1	2	2	1	2
Greater number of homes on the market for sale/better choice	1	1	1	1	1	*
Purchased home for family member or relative	1	1	*	1	*	1
Desire for vacation home/investment property	1	1	*	1	*	*
Other	2	3	2	1	2	4

* Less than 1 percent

Exhibit 1-22 PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, FIRST-TIME AND REPEAT BUYERS
(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
It was just the right time, the buyer was ready to buy a home	36%	40%	33%
It was the best time because of improved affordability of homes	23	27	19
Did not have much choice, had to purchase	15	7	22
It was the best time because of mortgage financing options available	12	14	9
It was the best time because of availability of homes for sale	8	6	9
Other	3	1	5
The buyer wished they had waited	3	3	3

Exhibit 1-23 PRIMARY REASON FOR THE TIMING OF HOME PURCHASE, BY AGE
(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
It was just the right time, the buyer was ready to buy a home	36%	46%	37%	33%	36%
It was the best time because of improved affordability of homes	23	26	25	20	19
Did not have much choice, had to purchase	15	4	13	20	16
It was the best time because of mortgage financing options available	12	12	13	10	8
It was the best time because of availability of homes for sale	8	8	7	9	10
Other	3	3	2	4	8
The buyer wished they had waited	3	1	3	4	3

Exhibit 1-24 NUMBER OF HOMES CURRENTLY OWNED, BY AGE*(Percentage Distribution)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
One	85%	98%	90%	76%	75%
Two	12	2	8	18	19
Three or more	3	1	2	5	5

Exhibit 1-25 OTHER HOMES OWNED, BY AGE*(Percentage Distribution)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Recently purchased home only	82%	98%	88%	72%	69%
One or more vacation homes	2	*	1	4	6
One or more investment properties	8	1	7	11	8
Primary residence (other than recently purchased home)	4	*	2	5	9
Previous homes that buyer is trying to sell	5	1	3	8	12
Other	2	*	1	3	4

* Less than 1 percent

CHAPTER 2: CHARACTERISTICS OF HOMES PURCHASED

H

OME BUYERS HAVE DIFFERENT NEEDS WHEN PURCHASING A HOME

depending on what region they live in, their age, job, family situation, lifestyle and financial state. Accordingly, homes purchased by buyers have a variety of different characteristics including age of the home, size, type of neighborhood, energy efficiency, location, and price. Buyers go into the home buying process with varying expectations about how long they expect to live in the home. Some buyers are purchasing a home for retirement purposes, others are looking to start a family, and still others are looking to purchase a second home for investment or vacation purposes. Most buyers go into their home purchase with an idea of their most important needs and what they are willing to compromise.

In 2009, single-family homes remained the dominant choice of most home buyers. The quality of the home's neighborhood also remained a key factor for home buyers. Household composition significantly affected the type of home purchased as well as the location of the home. Despite the deep recession, most home buyers indicated that they did not make significant compromises when purchasing their home.

NEW AND PREVIOUSLY OWNED HOMES PURCHASED

► Exhibits 2-1 through 2-2

Previously owned homes account for the majority of home sales each year. In the current survey 82 percent of respondents indicated that they purchased a previously owned home up from 79 percent the previous year. New home construction and sales were down significantly during the recession, and home buyers purchased a higher share of previously owned homes than at any point during the past decade.

Regionally, the share of previously owned homes purchased varies quite significantly due to population trends and household growth. Recent history has shown the South and West to be migration destinations, with a higher share of new home sales. The Northeast and Midwest have a higher share of previously owned homes purchased than do the West and the South.

TYPE OF HOME PURCHASED

► Exhibits 2-3 through 2-5

The most popular type of home purchased was single-family detached accounting for 78 percent of all home purchases. Single-family detached homes were even more popular in rural areas, small towns and suburbs. However, in urban and central city areas 61 percent of respondents purchased single-family detached homes and a greater share purchased townhouses (11 percent) and condos (24 percent) than in other locations.

First-time buyers purchased a greater share of townhouses (10 percent) and condos (12 percent) than did repeat buyers who purchased fewer townhouses (6 percent) and condos (8 percent). Buyers of new homes also purchased a greater share of townhouses and condos than buyers of previously owned homes.

Married couples purchased a higher share of single-family detached homes (86 percent) than did either single male (64 percent) or single female buyers (63 percent) who chose townhouses and condos more frequently.

LOCATION OF HOME PURCHASED

► Exhibits 2-6 through 2-8

There are regional differences in the location of home purchases. In the Northeast, buyers more frequently purchased homes in small towns and less frequently purchased homes in suburban areas as compared with other regions of the country.

First-time buyers more often purchased homes in urban areas (22 percent) than did repeat buyers (14 percent). Buyers of new homes more often chose a suburban location (59 percent) than buyers of previously owned homes (52 percent).

Among repeat buyers, 38 percent sold a home in a suburban area and moved to another home in a suburban area. Nearly one in five repeat buyers relocated to a suburban area from outside a suburban area. Fourteen percent moved from a suburban area to another type of location.

DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE

► Exhibit 2-9

Nationally, home buyers moved a median of 12 miles from their previous residence. There are slight regional differences. Buyers in the South moved a median of 13 miles from their previous residence, while buyers in the Northeast and Midwest typically moved 10 miles.

FACTORS INFLUENCING NEIGHBORHOOD CHOICE

► Exhibits 2-10 through 2-11

Many factors influence where a person chooses to purchase a home such as convenience to work, proximity to relatives or friends, and the quality of the school system. A majority of all home buyers (64 percent) across different locations listed quality of the neighborhood as the most important factor influencing neighborhood choice. Convenience to work was the second most important factor with half of respondents citing its importance in choosing their neighborhood. Affordability of homes was also very important with 43 percent citing it as a factor in their neighborhood choice. Among those purchasing a home in a suburban area, one-third reported that the quality of the school district was an important factor compared with only 26 percent of all buyers. Of those who purchased a home in an urban area, one in five cited the home's convenience to public transportation as an important factor influencing neighborhood choice, compared with only 7 percent of all buyers.

Married couples were more influenced in their neighborhood choice by the quality of the school district and proximity to schools. Single females had a stronger preference for convenience to family and friends. Single males and unmarried couples were more influenced by convenience to leisure and entertainment activities.

PRICE OF HOME PURCHASED

► Exhibit 2-12 through 2-15

The median price paid by recent buyers from mid-2008 to mid-2009 was \$185,000, down from the previous year's survey when the median was \$204,000. Prices were the highest in the West with a median of \$240,000, followed by the Northeast and South. Prices were the lowest in the Midwest at a median price paid of \$158,000. In both the Northeast and the West, at least one in ten homes was purchased for more than \$500,000.

Typically, new homes are more expensive than previously owned homes. The median price buyers paid for a new home was \$222,000 compared to \$176,000 for a

previously owned home. More than three in ten new homes were purchased for \$300,000 or more, while 15 percent of previously owned homes were purchased for under \$100,000.

Repeat buyers typically buy more expensive homes than first-time buyers. The median price repeat buyers paid for their home was \$224,500 compared to a median price of \$156,000 for first-time buyers. Couples more often purchase more expensive homes than singles. The typical married couple paid a median price of \$210,000 compared to \$155,900 for single males and \$149,000 for single females.

Buyers typically paid slightly less than the asking price, with the median purchase price 96 percent of the asking price. Roughly one in ten buyers paid more than the asking price. There were not many regional differences, although buyers in the West had less flexibility with nearly one in five paying more than the asking price.

SIZE OF HOME PURCHASED

► Exhibits 2-16 through 2-18

The median size of homes purchased was 1,800 square feet. This is down slightly from 1,825 in the previous year's survey. Repeat buyers usually purchase larger homes than first-time buyers. Repeat buyers typically purchased a 2,100 square foot home whereas first-time buyers purchased a 1,600 foot home.

Married couples bought larger homes than unmarried couples who bought larger homes than single males and females. The median home purchased by a married couple was 2,000 square feet, around 500 square feet larger than the median home purchased by a single person.

Homes purchased in the South were generally larger at a median of 1,905 square feet. Looking at price per square foot makes it possible to compare prices across regions and types of homes. Homes purchased in the West and Northeast were more expensive per square foot (slightly more than \$130 dollars) compared to the Midwest and South where homes were purchased for a median of \$91 per square foot. On a per square foot basis, apartments and condos in buildings with 5 or more units were 80 percent more expensive than detached single-family homes.

YEAR HOME WAS BUILT

► Exhibit 2-19

The typical home purchased was built in 1991. The median year in the Northeast was 1969, in the Midwest 1983, in the South 1998, and in the West 1995. Over a third of homes purchased in the South and 29 percent of homes in the West were built at least as recently as 2005. Forty percent of homes purchased in the Northeast and 30 percent of homes in the Midwest were built prior to 1960.

ENVIRONMENTAL FEATURES AND COMMUTING COSTS

► Exhibits 2-20 through 2-22

Commuting costs and environmental efficiency have increasingly factored into home buying decisions due to higher energy costs. Commuting costs were at least “somewhat” important to 78 percent of home buyers. Heating and cooling costs were at least “somewhat” important to 88 percent of home buyers. Energy efficient appliances and energy efficient lighting were “very” or “somewhat” important to a majority of home buyers.

Regionally, heating and cooling costs were considered “very” important by fewer home buyers in the West, possibly due to lower energy consumption for heating and cooling in that region. Energy efficient lighting and appliances were cited as “very” important by a greater share of home buyers in the West and South regions.

CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED

► Exhibits 2-23 through 2-25

More than a third of respondents said that they did not make any compromises when purchasing their home. However, almost one in five buyers (18 percent) noted that they compromised on the price of the home, and 17 percent said they compromised on the size of their home. Among those who purchased a home in an urban area, 24 percent

said they compromised on the size of their home. More than half of those buying in resort areas said they did not make any compromises when buying their home.

Nearly two in five repeat buyers and two in five buyers of new homes did not make compromises when purchasing their home. Single male and single female buyers compromised less frequently on the lot size of their home.

EXPECTED LENGTH OF TENURE IN HOME PURCHASED

► Exhibits 2-26 through 2-27

Nearly two in five of buyers surveyed did not know how long they expected to own their home. Among buyers who were able to estimate a length of time, the median was 10 years; more than one in five believe they will own their home for at least 16 years. Repeat buyers on the whole expected to stay in their home somewhat longer than first-time buyers (12 years compared to 10 years). There was little difference in expected tenure among buyers of new or previously owned homes. Older buyers tend to believe that they will stay in their homes longer. The median expected tenure of buyers 45 years and older was 15 years, exceeding that of younger buyers.

PRIMARY RESIDENCE AND SECOND HOME

► Exhibits 2-28 through 2-30

Second homes are generally less expensive than primary residences. The median price of second homes was \$143,500, compared to \$186,000 for primary homes. Second home buyers more often purchased condos (22 percent) than did primary home buyers (9 percent). Second home buyers also tend to purchase a higher share of homes in resort areas.

Exhibit 2-1 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, 2001-2009
(Percentage Distribution)

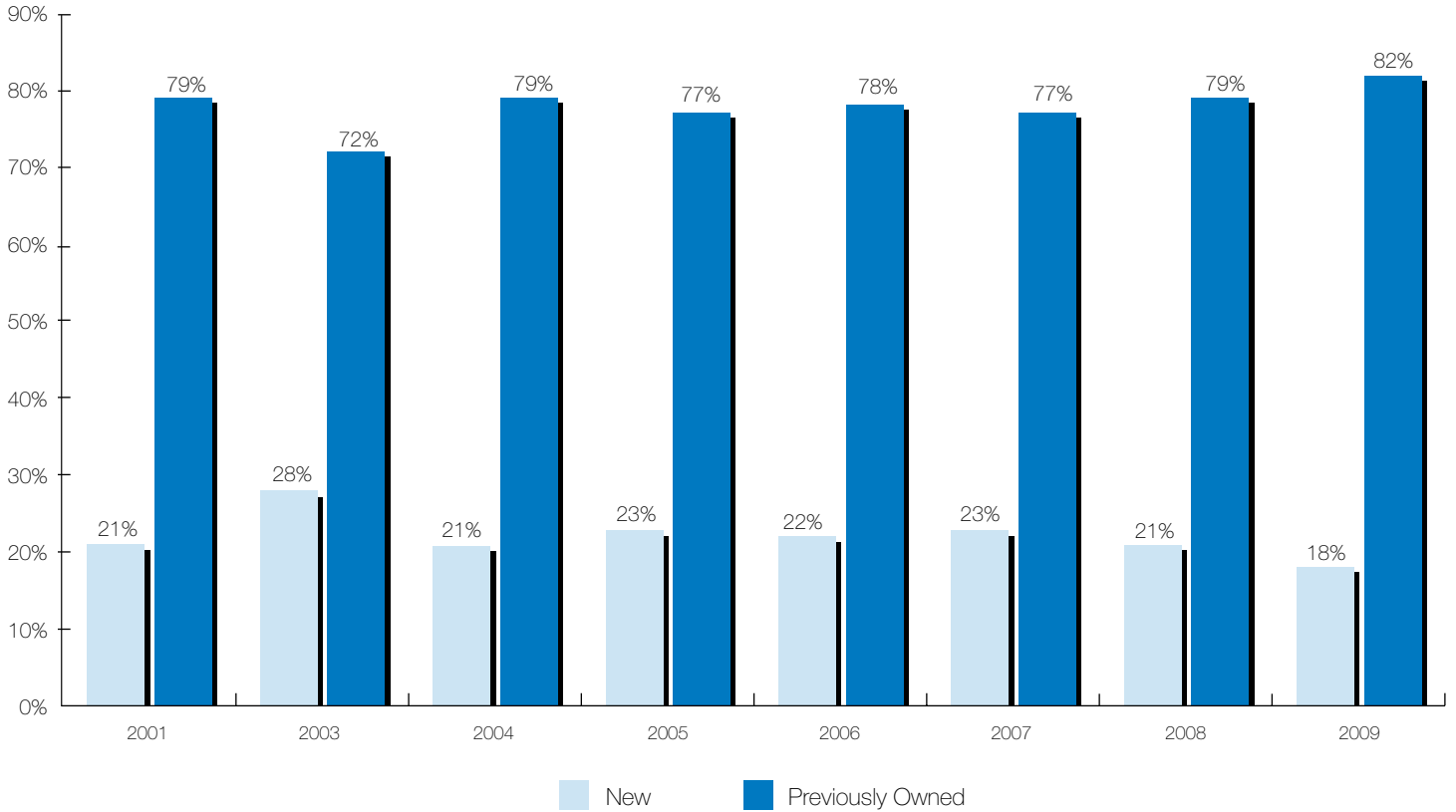


Exhibit 2-2 NEW AND PREVIOUSLY OWNED HOMES PURCHASED, BY REGION
(Percentage Distribution)

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
New	18%	9%	13%	24%	17%
Previously Owned	82	91	87	76	83

Exhibit 2-3 TYPE OF HOME PURCHASED, BY LOCATION*(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN A				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	78%	82%	81%	61%	86%	71%
Townhouse/row house	8	8	6	11	2	9
Apartment/condo in building with 5 or more units	7	5	4	19	2	7
Duplex/apartment/condo in 2 to 4 unit building	2	1	4	5	1	2
Other	5	3	6	3	10	10

Exhibit 2-4 TYPE OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Detached single-family home	78%	74%	82%	75%	79%
Townhouse/row house	8	10	6	11	7
Apartment/condo in building with 5 or more units	7	9	6	8	7
Duplex/apartment/condo in 2 to 4 unit building	2	3	2	2	2
Other	5	5	4	4	5

Exhibit 2-5 TYPE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD*(Percentage Distribution)*

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Detached single-family home	78%	86%	63%	64%	77%	70%
Townhouse/row house	8	5	13	12	9	14
Apartment/condo in building with 5 or more units	7	3	15	16	6	7
Duplex/apartment/condo in 2 to 4 unit building	2	2	4	3	2	2
Other	5	4	5	5	6	6

Exhibit 2-6 LOCATION OF HOME PURCHASED, BY REGION*(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Suburb/Subdivision	54%	38%	52%	60%	56%
Small town	17	28	19	13	15
Urban area/Central city	18	16	20	16	20
Rural area	10	16	9	10	8
Resort/Recreation area	1	2	*	2	2

* Less than 1 percent

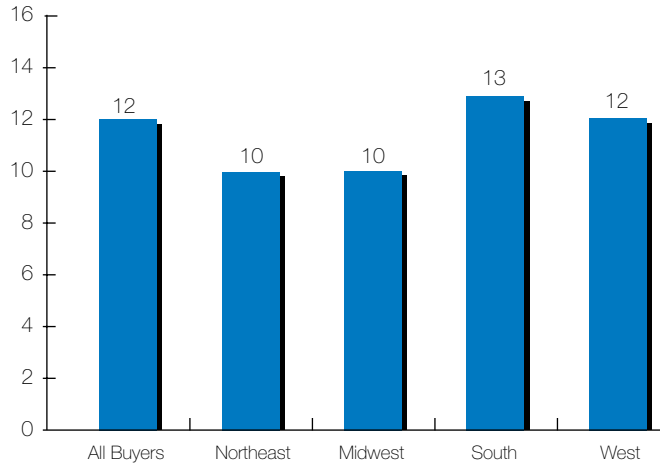
Exhibit 2-7 LOCATION OF HOME PURCHASED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Suburb/Subdivision	54%	52%	56%	59%	52%
Small town	17	16	18	16	17
Urban area/Central city	18	22	14	14	19
Rural area	10	9	11	8	10
Resort/Recreation area	1	1	2	2	1

Exhibit 2-8 LOCATION OF HOME PURCHASED VERSUS LOCATION OF HOME SOLD*(Percentage Distribution Among those that Sold a Home)*

LOCATION OF HOME SOLD	LOCATION OF HOME PURCHASED				
	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Suburb/Subdivision	38%	6%	3%	4%	1%
Small town	6	7	1	2	1
Urban area/Central city	6	2	6	1	*
Rural area	6	2	1	3	*
Resort/Recreation area	1	*	*	*	*

* Less than 1 percent

Exhibit 2-9 DISTANCE BETWEEN HOME PURCHASED AND PREVIOUS RESIDENCE*(Median Miles)***Exhibit 2-10** FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY LOCATION*(Percent of Respondents)*

BUYERS WHO PURCHASED A HOME IN A

	All Buyers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Quality of the neighborhood	64%	70%	60%	60%	48%	60%
Convenient to job	50	52	45	56	38	18
Overall affordability of homes	43	46	43	42	36	33
Convenient to friends/family	37	37	41	38	34	28
Quality of the school district	26	33	23	14	22	8
Convenient to shopping	26	28	20	31	15	25
Design of neighborhood	23	26	19	24	15	33
Convenient to schools	21	24	19	18	15	3
Convenient to entertainment/ leisure activities	19	19	12	34	8	34
Convenient to parks/recreational facilities	16	15	13	23	11	29
Availability of larger lots or acreage	14	12	15	6	41	8
Convenient to health facilities	9	8	9	10	4	22
Convenient to public transportation	7	6	4	20	2	1
Home in a planned community	7	9	5	3	4	28
Convenient to airport	6	6	4	7	3	15
Green (environmentally friendly) community features	5	4	5	7	5	8
Other	7	6	6	6	10	17

Exhibit 2-11 FACTORS INFLUENCING NEIGHBORHOOD CHOICE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Quality of the neighborhood	64%	66%	61%	56%	65%	61%
Convenient to job	50	48	51	54	55	36
Overall affordability of homes	43	41	46	43	49	46
Convenient to friends/family	37	35	46	36	41	33
Quality of the school district	26	34	15	10	21	14
Convenient to shopping	26	26	28	24	19	33
Design of neighborhood	23	26	20	19	21	22
Convenient to schools	21	26	13	9	13	16
Convenient to entertainment/leisure activities	19	17	21	25	27	15
Convenient to parks/recreational facilities	16	16	15	16	16	14
Availability of larger lots or acreage	14	17	7	11	16	6
Convenient to health facilities	9	9	8	6	5	10
Convenient to public transportation	7	6	9	10	8	10
Home in a planned community	7	8	7	4	4	7
Convenient to airport	6	6	5	8	4	6
Green (environmentally friendly) community features	5	5	5	4	6	7
Other	7	7	8	7	6	4

Exhibit 2-12 PRICE OF HOME PURCHASED, BY REGION

(Percentage Distribution)

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
Less than \$75,000	6%	7%	10%	6%	2%
\$75,000 to \$99,999	7	6	11	8	2
\$100,000 to \$124,999	9	7	11	11	5
\$125,000 to \$149,999	12	10	14	14	9
\$150,000 to \$174,999	11	8	13	12	10
\$175,000 to \$199,999	10	8	9	10	10
\$200,000 to \$249,999	13	13	13	13	15
\$250,000 to \$299,999	9	10	7	8	11
\$300,000 to \$349,999	6	8	4	6	10
\$350,000 to \$399,999	4	6	2	4	7
\$400,000 to \$499,999	5	7	3	4	9
\$500,000 or more	7	10	3	5	11
Median price	\$185,000	\$210,000	\$158,000	\$175,000	\$240,000

Exhibit 2-13 PRICE OF HOME PURCHASED, NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A	
		New Home	Previously Owned Home
Less than \$75,000	6%	1%	7%
\$75,000 to \$99,999	7	1	8
\$100,000 to \$124,999	9	5	10
\$125,000 to \$149,999	12	8	13
\$150,000 to \$174,999	11	13	11
\$175,000 to \$199,999	10	12	9
\$200,000 to \$249,999	13	19	12
\$250,000 to \$299,999	9	9	9
\$300,000 to \$349,999	6	10	6
\$350,000 to \$399,999	4	6	4
\$400,000 to \$499,999	5	8	5
\$500,000 or more	7	8	6
Median price	\$185,000	\$222,000	\$176,000

Exhibit 2-14 PRICE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Less than \$75,000	6%	8%	5%
\$75,000 to \$99,999	7	10	4
\$100,000 to \$124,999	9	12	7
\$125,000 to \$149,999	12	16	8
\$150,000 to \$174,999	11	13	10
\$175,000 to \$199,999	10	10	9
\$200,000 to \$249,999	13	12	15
\$250,000 to \$299,999	9	6	11
\$300,000 to \$349,999	6	4	8
\$350,000 to \$399,999	4	3	6
\$400,000 to \$499,999	5	3	8
\$500,000 or more	7	4	9
Median price	\$185,000	\$156,000	\$224,500
Married couple	\$210,000	\$170,000	\$246,900
Single female	\$149,000	\$140,000	\$160,000
Single male	\$155,900	\$143,700	\$180,000
Unmarried couple	\$172,000	\$156,000	\$221,200
Other	\$163,100	\$140,000	\$218,000

Exhibit 2-15 PURCHASE PRICE COMPARED WITH ASKING PRICE, BY REGION*(Percentage Distribution)*

Percent of asking price:	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Less than 90%	21%	25%	24%	20%	17%
90% to 94%	20	22	22	20	18
95% to 99%	32	32	34	34	27
100%	17	16	14	18	18
101% to 110%	8	4	6	7	17
More than 110%	2	1	1	2	2
Median (purchase price as a percent of asking price)	96%	95%	95%	96%	97%

Exhibit 2-16 SIZE OF HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
1,000 sq ft or less	1%	2%	*	1%	1%
1,001 to 1,500 sq ft	17	24	11	6	19
1,501 to 2,000 sq ft	28	36	21	26	29
2,001 to 2,500 sq ft	24	23	25	26	23
2,501 to 3,000 sq ft	13	8	17	15	12
3,001 to 3,500 sq ft	8	4	12	12	7
3,501 sq ft or more	9	3	14	13	8
Median (sq ft)	1,800	1,600	2,100	2,050	1,780

* Less than 1 percent

Exhibit 2-17 SIZE OF HOME PURCHASED, BY ADULT COMPOSITION OF HOUSEHOLD*(Percentage Distribution)*

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
1,000 sq ft or less	1%	*	3%	3%	1%	2%
1,001 to 1,500 sq ft	17	10	31	31	19	21
1,501 to 2,000 sq ft	28	24	36	32	36	28
2,001 to 2,500 sq ft	24	26	19	21	22	23
2,501 to 3,000 sq ft	13	17	5	6	11	16
3,001 to 3,500 sq ft	8	10	3	4	8	4
3,501 sq ft or more	9	13	2	3	4	6
Median (sq ft)	1,800	2,000	1,480	1,500	1,700	1,700

* Less than 1 percent

Exhibit 2-18 HOME SIZE AND PRICE PER SQUARE FOOT, BY REGION*(Median)*

	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
All homes purchased					
Square feet	1,800	1,700	1,760	1,905	1,780
Price per square foot	\$101	\$132	\$91	\$91	\$133
Detached single-family home					
Square feet	1,920	1,800	1,800	2,000	1,920
Price per square foot	\$97	\$128	\$90	\$89	\$125
Townhouse or row house					
Square feet	1,600	1,600	1,550	1,700	1,500
Price per square foot	\$124	\$151	\$104	\$115	\$179
Duplex/apartment/condo in 2-4 unit building					
Square feet	1,500	1,570	1,800	1,600	1,230
Price per square foot	\$120	\$149	\$100	\$167	\$148
Apartment/condo in building with 5 or more units					
Square feet	1,100	1,050	1,200	1,160	1,000
Price per square foot	\$175	\$216	\$114	\$153	\$216

Exhibit 2-19 YEAR HOME WAS BUILT, BY REGION

(Percentage Distribution)

Year built	BUYERS WHO PURCHASED A HOME IN THE				
	All Buyers	Northeast	Midwest	South	West
2009	5%	2%	3%	6%	6%
2008	10	6	7	14	9
2005 thru 2007	11	4	7	14	14
2000 thru 2004	11	6	13	12	12
1985 thru 1999	21	20	19	23	22
1960 thru 1984	21	23	21	20	23
1911 through 1959	17	29	25	10	13
1750 through 1910	4	11	5	1	1
Median	1991	1969	1983	1998	1995

Exhibit 2-20 IMPORTANCE OF COMMUTING COSTS

(Percentage Distribution)

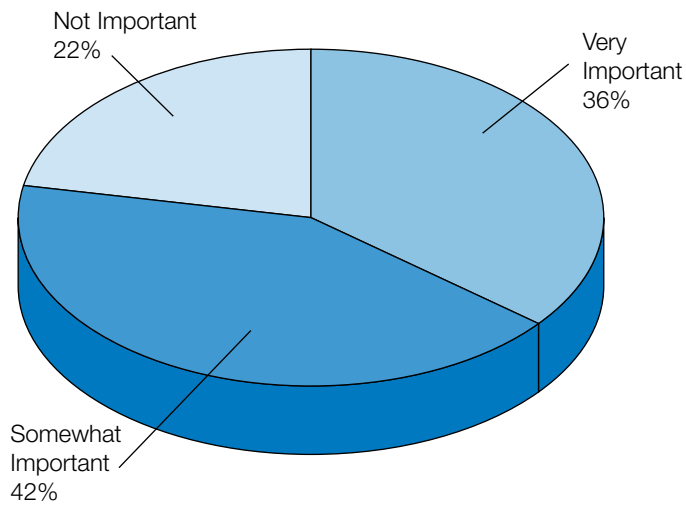


Exhibit 2-21 IMPORTANCE OF HOME’S ENVIRONMENTALLY FRIENDLY FEATURES

(Percentage Distribution)

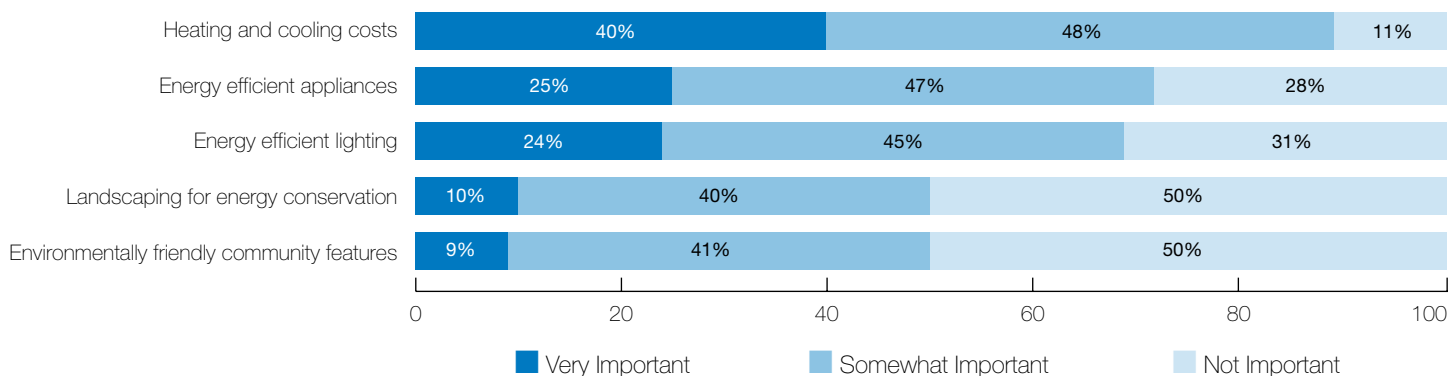


Exhibit 2-22 ENVIRONMENTALLY FRIENDLY FEATURES CONSIDERED “VERY IMPORTANT”, BY REGION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Heating and cooling costs	40%	42%	39%	42%	36%
Energy efficient appliances	25	22	21	27	26
Energy efficient lighting	24	20	19	27	27
Landscaping for energy conservation	10	5	6	11	15
Environmentally friendly community features	9	7	7	10	13

Exhibit 2-23 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY LOCATION

(Percent of Respondents)

	All Buyers	BUYERS WHO PURCHASED A HOME IN A				
		Suburb/ Subdivision	Small town	Urban/ Central city	Rural	Resort/ Recreation area
Price of home	18%	18%	18%	20%	15%	9%
Size of home	17	15	17	24	16	16
Condition of home	16	14	15	19	17	13
Distance from job	13	15	13	10	16	9
Lot size	13	14	11	12	13	11
Style of home	12	12	13	13	12	7
Distance from friends or family	6	6	7	4	10	4
Quality of the neighborhood	5	5	4	10	3	3
Quality of the schools	3	3	2	5	2	1
Distance from school	2	2	1	1	1	*
None - Made no compromises	35	35	37	30	35	53
Other compromises not listed	7	7	7	7	9	4

* Less than 1 percent

Exhibit 2-24 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Price of home	18%	19%	17%	15%	19%
Size of home	17	20	15	16	17
Condition of home	16	16	15	2	19
Distance from job	13	16	12	15	13
Lot size	13	12	13	18	11
Style of home	12	13	11	12	12
Distance from friends or family	6	7	6	8	6
Quality of the neighborhood	5	7	4	4	6
Quality of the schools	3	5	2	4	3
Distance from school	2	2	1	2	1
None - Made no compromises	35	31	39	39	34
Other compromises not listed	7	7	8	7	7

Exhibit 2-25 CHARACTERISTICS OF HOME ON WHICH BUYER COMPROMISED, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Price of home	18%	18%	19%	17%	18%	13%
Size of home	17	17	19	18	14	19
Condition of home	16	15	17	15	17	17
Distance from job	13	14	11	14	14	14
Lot size	13	15	7	10	14	5
Style of home	12	12	12	15	12	16
Distance from friends or family	6	7	7	5	8	5
Quality of the neighborhood	5	5	6	8	5	3
Quality of the schools	3	4	1	2	3	1
Distance from school	2	2	1	*	1	3
None - Made no compromises	35	35	35	35	35	34
Other compromises not listed	7	7	8	7	6	10

** Less than 1 percent*

Exhibit 2-26 EXPECTED LENGTH OF TENURE IN HOME PURCHASED, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
1 year or less	1%	1%	1%	1%	1%
2 to 3 years	3	3	3	4	3
4 to 5 years	12	17	9	12	13
6 to 7 years	3	4	3	3	3
8 to 10 years	14	14	14	17	14
11 to 15 years	5	4	5	3	5
16 or more years	22	19	25	22	22
Don't Know	39	39	40	39	40
Median	10	10	12	10	10

Exhibit 2-27 EXPECTED LENGTH OF TENURE IN HOME PURCHASED, BY AGE*(Percentage Distribution)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
1 year or less	1%	1%	1%	1%	1%
2 to 3 years	3	4	3	3	2
4 to 5 years	12	24	16	7	3
6 to 7 years	3	7	4	2	1
8 to 10 years	14	18	15	14	10
11 to 15 years	5	4	4	5	5
16 or more years	22	9	20	29	18
Don't Know	39	32	37	40	60
Median	10	7	10	15	15

Exhibit 2-28 PURCHASE PRICE, PRIMARY RESIDENCE AND SECOND HOME
(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A	
		Primary Residence	Non-primary Residence/ Second Home
Less than \$75,000	6%	6%	19%
\$75,000 to \$99,999	7	7	8
\$100,000 to \$124,999	9	9	10
\$125,000 to \$149,999	12	12	15
\$150,000 to \$174,999	11	11	4
\$175,000 to \$199,999	10	10	12
\$200,000 to \$249,999	13	13	9
\$250,000 to \$299,999	9	9	7
\$300,000 to \$349,999	6	7	4
\$350,000 to \$399,999	4	5	2
\$400,000 to \$499,999	5	5	8
\$500,000 or more	7	7	2
Median price	\$185,000	\$186,000	\$143,500

Exhibit 2-29 TYPE OF HOME, PRIMARY RESIDENCE AND SECOND HOME
(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A	
		Primary Residence	Non-primary Residence/ Second Home
Detached single-family home	78%	79%	63%
Townhouse/row house	8	8	6
Apartment/condo in building with 5 or more units	7	7	15
Duplex/apartment/condo in 2 to 4 unit building	2	2	7
Other	5	5	9

Exhibit 2-30 LOCATION OF HOME, PRIMARY RESIDENCE AND SECOND HOME
(Percentage Distribution)

	All Buyers	BUYERS WHO PURCHASED A	
		Primary Residence	Non-primary Residence/ Second Home
Suburb/Subdivision	54%	54%	41%
Small town	17	17	20
Urban area/Central city	18	18	20
Rural area	10	10	10
Resort/Recreation area	1	1	10

CHAPTER 3: THE HOME SEARCH PROCESS

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EAL ESTATE AGENTS AND A VARIETY OF ONLINE SOURCES ARE ALL CRITICAL

components in the home buyers home search process. With decreasing use of some sources, such as newspapers and open houses, home buyers are relying more heavily on online sources and their agents to provide information. Even after looking online at properties for sale, home buyers are more likely to seek the assistance of real estate agents. Home buyers typically spend 12 weeks searching for a home, and look at 12 homes before deciding on their purchase. Before contacting an agent, home buyers spend about two weeks gathering their own information on the homes. Thirteen percent of buyers indicated their first purchase agreement was cancelled, terminated or fell through. An increasing number of buyers purchase a home they found online or through a real estate agent. Socio-demographic differences still remain among buyers heavily relying on online sources and those who do not, with younger, married couples with higher median income being the most frequent users of online sources. Internet users spend twice as much time searching for a home and visit three times as many homes. While the MLS is still the most frequently used online resource, buyers also regularly visit real estate company web sites where photos and detailed information about the property are the most useful when searching for a home. Even though there has been increasing interest in foreclosures, buyers are still wary of the complex buying process and often dissatisfied with the property's condition. Ten percent of buyers did purchase a foreclosed home.

THE FIRST STEP IN THE HOME BUYING PROCESS

► Exhibits 3-1 through 3-2

When starting the home buying process, buyers have numerous venues where they can search for information. Some buyers immediately start looking for properties while others begin by learning about the home buying process. With the Internet having an ever greater number of resources, more than one-third of buyers, and 3 percent more than in 2008, began their search for homes by looking online for properties for sale. An additional 11 percent began by finding information online about the home buying process and 18 percent started by talking to an agent.

While relatively more first-time buyers want to learn about the process by reading online content and talking to their friends, relatives or mortgage lenders, repeat buyers appear to be more comfortable with the process as their first step more often includes searching for properties online, contacting an agent or driving by homes in neighborhoods of interest.

The age of buyers seems to be an influential factor in defining the first step of the home buyer process. Buyers over the age of 44 appear to be relatively more comfortable with a traditional home search process, which includes talking to an agent, driving by homes, visiting open houses and looking through newspaper ads. On the other hand, about half of buyers younger than 44 years of age began the process by looking online for information or properties. The youngest home buyers between ages of 18 and 24 are equally likely to begin the process by talking to a friend or relative or a real estate agent.

INFORMATION SOURCES

► Exhibits 3-3 through 3-6

Nine out of ten home buyers used the Internet as one of the information sources in their home search process. First-time home buyers were even more likely to use the Internet. A real estate agent was the second most frequently cited information source with 87 percent of home buyers talking to an agent. Three percent more first-time home buyers than last year, 88 percent in total, were likely to use a real estate agent as a source of information. Buyers of new homes were less likely to talk to an agent although agents are among the top two information sources for buyers of new or previously owned homes. The third most frequently used source is the yard sign with six in ten buyers indicating that it was their source of information.

When grouped by age, the Internet continues to be increasingly popular among all buyers. Among buyers 65 or older the share using the Internet rose by 6 percentage points compared with the year before. Use of real estate agents as an information source was broadly consistent across all age groups ranging from 82 percent for those 65 years and older to 88 percent among those 18 to 24 years old.

Frequent use of the Internet and real estate agents by most buyers largely stems from their usefulness in the home buying process. Still, while last year buyers thought that the Internet and real estate agents were equally useful, in 2009, buyers found real estate agents more useful. Eighty-one percent of buyers ranked agents as a very useful source of information compared with 77 percent who ranked the Internet as very useful.

SEARCH PROCESS

► Exhibits 3-7 through 3-11

The length of the typical home search rose to 12 weeks in 2009, from 10 weeks in 2008. While searching, buyers on average looked at 12 homes before deciding on their purchase. Buyers in the West visited the most homes—15 homes—before making a purchase. The median search time increased by two weeks in the South and West while remaining unchanged in the Northeast and Midwest.

Buyers usually spent two weeks searching before they contacted an agent, while first-time buyers spent three weeks. First-time buyers also searched longer for their first home, 12 weeks, compared with repeat buyers who spent 10 weeks in the process. However, in 2009, even after finding a home and making an offer, 13 percent of home buyers had a purchase agreement that was cancelled, terminated or fell-through.

Although there are numerous sources where buyers can find information about homes for sale, increasingly buyers find their homes online. In 2009, 36 percent of buyers reported that they found their home online, up from 32 percent last year. An additional 36 percent of recent buyers found their home through their real estate agent, up from 34 percent last year. Other sources were less prevalent in 2009 than previous years.

With high levels of foreclosures in many areas of the country, purchasing a foreclosed home has been a consideration for some buyers. Almost half of all buyers and 56 percent of first-time buyers considered purchasing a foreclosed home but did not, up almost 10 percentage points from last year. Most of these buyers could not find what they were looking for. A large share also thought that the process was too complex or that the homes were in poor condition. Ten percent of all buyers ended up purchasing a foreclosed home, 4 percentage points more than last year.

INTERNET USAGE TRENDS

► Exhibits 3-12 through 3-13

The Internet has become an essential and indispensable tool in the home search process with 90 percent of home buyers using it to search for homes, up 30 percentage points during the past six years. Additionally, among buyers who reported using the Internet, 76 percent reported using it frequently, an increase of 7 percentage points from 2008. Furthermore, as a result of searching online, buyers frequently request additional information or find an agent. Around 60 percent of buyers were also likely to walk through homes viewed online.

CHARACTERISTICS OF INTERNET SEARCHERS

► Exhibit 3-14

There are some socio-demographic differences between buyers who rely on the Internet in their home search and those who do not. Since younger home buyers generally make greater use of online resources, the median age of home searchers using the Internet is lower, 37 years of age compared with 55 years of age. Also, Internet searchers are more likely to be married couple households and have higher median household incomes. Single home buyers are less likely to search online for a home. There also is a significant difference in the length of the search process with Internet users spending twice as much time searching for a home and visiting three times as many homes.

SOURCES OF INFORMATION

► Exhibit 3-15

Buyers who used the Internet to search for a home also made more frequent use of other resources, such as yard signs, open houses, and printed materials. Furthermore, 89 percent of buyers searching online used real estate agents as an information source, compared to 70 percent of the buyers who did not use Internet. Compared with 2008, buyers who did not use the Internet were much more likely to use yard signs and visit open houses as an information source.

FINDING A HOME

► Exhibit 3-16

Buyers seem to be using the Internet largely as an information source as many of them, 40 percent, still report having found the home they purchased through a real estate agent. This comprises 7 percent more buyers than last year. Among buyers who did not use the Internet, 42 percent, up 4 percent from last year, found their home through an agent. The group of buyers who did not use the Internet found their home more frequently through a yard sign or a news print, a friend, relative or neighbor, or directly from the sellers.

METHOD OF PURCHASE

► Exhibit 3-17

Regardless of use of the Internet in the home search process, home buyers continue to rely on the assistance of real estate professionals; 79 percent of home buyers using the Internet bought their home through an agent. Buyers using online resources also purchased a home more frequently through a foreclosure or trustee sale in 2009 than the year before, jumping from 3 percent to 10 percent. In cases where home buyers did not use the Internet, they still purchased homes largely from an agent but they also were more likely to purchase a home from a builder or from a seller who they already knew.

WEBSITES

► Exhibits 3-18 through 3-20

More than 80 percent of home buyers found photos and detailed information about the property very useful when searching for a home. Virtual tours followed with 63 percent of buyers finding them very useful. The least useful features include information about upcoming open houses or about recently sold properties.

First-time and repeat buyers largely agreed on the websites that provided them with the greatest value in their home search. Sixty percent of home buyers used multiple listing services (MLSs) websites, the most frequently used online resource. Different age groups use MLS websites with varying frequencies ranging from 64 percent of buyers 25 to 44 years old to 50 percent of buyers 65 or older. Buyers also frequently use real estate company websites. First-time buyers are however somewhat less likely to use REALTOR.com® than repeat buyers. Other websites with property listings were visited by almost one-third of buyers, although first-time buyers frequented these sites notably more than repeat buyers.

Exhibit 3-1 FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, FIRST-TIME AND REPEAT BUYERS
(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Looked online for properties for sale	36%	31%	40%
Contacted a real estate agent	18	14	21
Looked online for information about the home buying process	11	16	7
Contacted a bank or mortgage lender	8	11	6
Drove-by homes/neighborhoods	8	6	10
Talked with a friend or relative about home buying process	7	11	3
Visited open houses	4	2	5
Looked in newspapers, magazines, or home buying guides	3	2	3
Contacted builder/visited builder models	2	1	2
Attended a home buying seminar	1	3	*
Contacted a home seller directly	1	1	1
Read books or guides about the home buying process	1	2	*
Other	1	*	1

* Less than 1 percent

Exhibit 3-2 FIRST STEP TAKEN DURING THE HOME BUYING PROCESS, BY AGE
(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER			
		18-24	25-44	45-64	65 or older
Looked online for properties for sale	36%	37%	40%	34%	19%
Contacted a real estate agent	18	12	14	22	31
Looked online for information about the home buying process	11	14	14	7	6
Contacted a bank or mortgage lender	8	11	9	8	3
Drove-by homes/neighborhoods	8	5	6	10	14
Talked with a friend or relative about home buying process	7	12	7	5	7
Visited open houses	4	3	2	5	8
Looked in newspapers, magazines, or home buying guides	3	2	2	4	5
Contacted builder/visited builder models	2	1	1	2	5
Attended a home buying seminar	1	*	2	1	*
Contacted a home seller directly	1	1	1	2	1
Read books or guides about the home buying process	1	1	1	*	*
Other	1	*	*	1	*

* Less than 1 percent

Exhibit 3-3**INFORMATION SOURCES USED IN HOME SEARCH, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES***(Percent of Respondents)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Internet	90%	93%	87%	87%	90%
Real estate agent	87	88	86	77	89
Yard sign	59	58	60	52	61
Open house	46	43	51	52	45
Print newspaper advertisement	40	40	41	40	40
Home book or magazine	26	24	27	29	25
Home builder	18	15	21	60	9
Relocation company	4	2	5	6	3
Television	8	9	7	11	7
Billboard	6	6	5	15	4

Exhibit 3-4**INFORMATION SOURCES USED IN HOME SEARCH, BY AGE***(Percent of Respondents)*

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Internet	90%	95%	96%	86%	62%
Real estate agent	87	88	88	86	82
Yard sign	59	60	59	61	50
Open house	46	36	46	49	42
Print newspaper advertisement	40	33	38	44	45
Home book or magazine	26	20	26	27	21
Home builder	18	14	17	20	23
Relocation company	4	2	4	4	1
Television	8	8	8	8	3
Billboard	6	5	6	6	2

Exhibit 3-5 FREQUENCY OF USE OF DIFFERENT INFORMATION SOURCES

(Percentage Distribution)

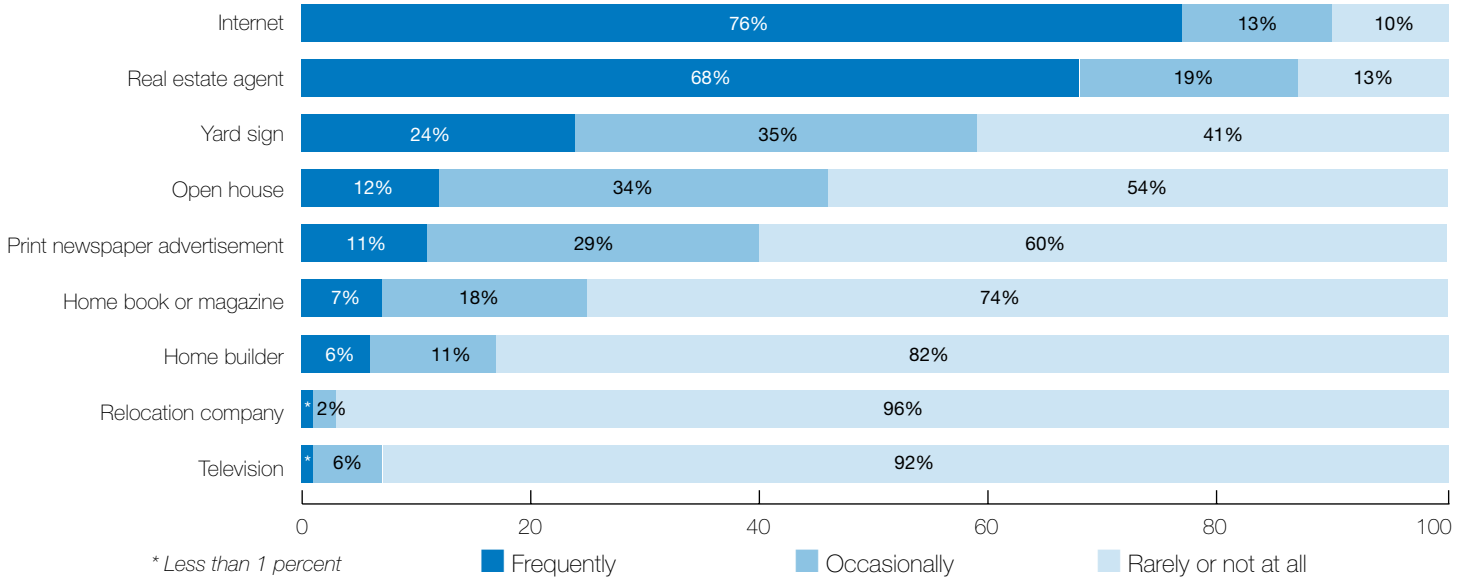


Exhibit 3-6 USEFULNESS OF INFORMATION SOURCES

(Percentage Distribution Among Buyers that Used Each Source)

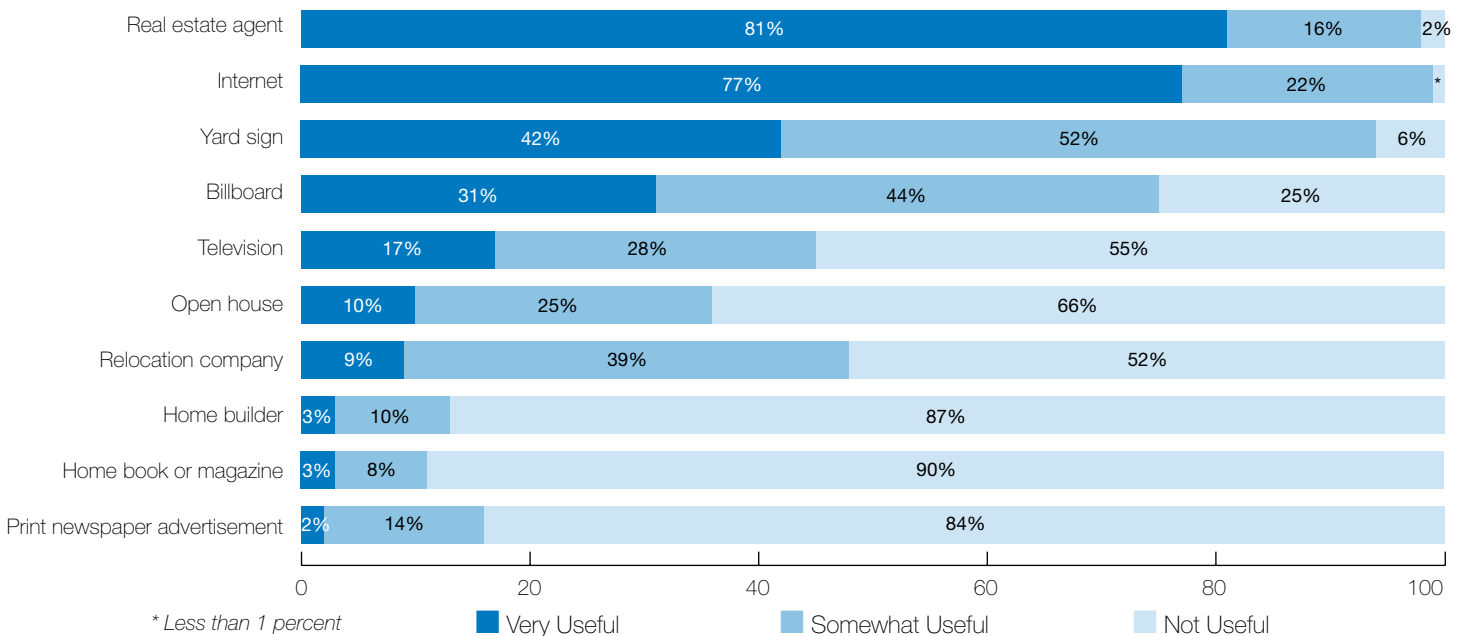


Exhibit 3-7 LENGTH OF SEARCH, BY REGION

(Median)

Number of Weeks Searched	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
2001	7	7	7	7	7
2003	8	10	8	8	6
2004	8	12	8	8	8
2005	8	10	8	8	6
2006	8	12	8	8	8
2007	8	12	8	8	8
2008	10	12	10	8	10
2009	12	12	10	10	12
Number of homes viewed	12	10	12	12	15

Exhibit 3-8 LENGTH OF SEARCH FOR BUYERS WHO USED AN AGENT, BY FIRST-TIME AND REPEAT BUYERS

(Median Weeks)

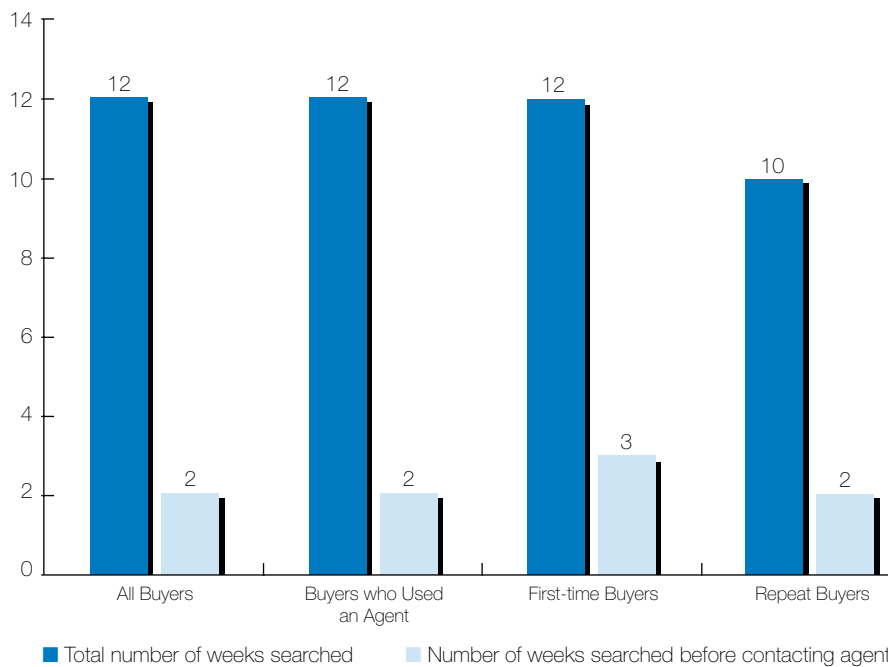


Exhibit 3-9 HAD A PURCHASE AGREEMENT THAT WAS CANCELLED, TERMINATED, OR FELL-THROUGH
(Percentage Distribution)

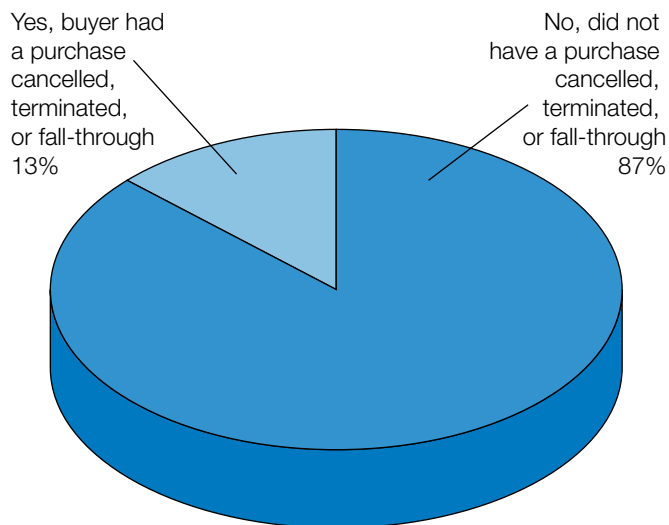


Exhibit 3-10 WHERE BUYER FOUND THE HOME THEY PURCHASED, 2001-2009
(Percentage Distribution)

	2001	2003	2004	2005	2006	2007	2008	2009
Real estate agent	48%	41%	38%	36%	36%	34%	34%	36%
Internet	8	11	15	24	24	29	32	36
Yard sign/open house sign	15	16	16	15	15	14	15	12
Friend, relative or neighbor	8	7	7	7	8	8	7	6
Home builder or their agent	3	7	7	7	8	8	7	5
Print newspaper advertisement	7	7	5	5	5	3	3	2
Directly from sellers/Knew the sellers	4	4	5	3	3	3	2	2
Home book or magazine	2	1	2	1	1	1	1	*
Other	3	6	4	*	*	*	*	*

* Less than 1 percent

Exhibit 3-11 BUYER INTEREST IN PURCHASING A HOME IN FORECLOSURE, BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percent of Respondents)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Purchased a home in foreclosure	10%	11%	9%	1%	12%
Did not consider purchasing a home in foreclosure	41	32	48	57	37
Considered purchasing a home in foreclosure, but did not:	48	56	41	42	49
Could not find the right home	25	29	22	23	26
The process was too difficult or complex	16	19	14	15	17
The home was in poor condition	17	22	12	15	17
The home price was too high	5	6	4	5	5
The neighborhood was undesirable	5	7	3	4	5
Financing options were not attractive	3	5	2	3	3

Exhibit 3-12 USE OF INTERNET TO SEARCH FOR HOMES, 2003-2009

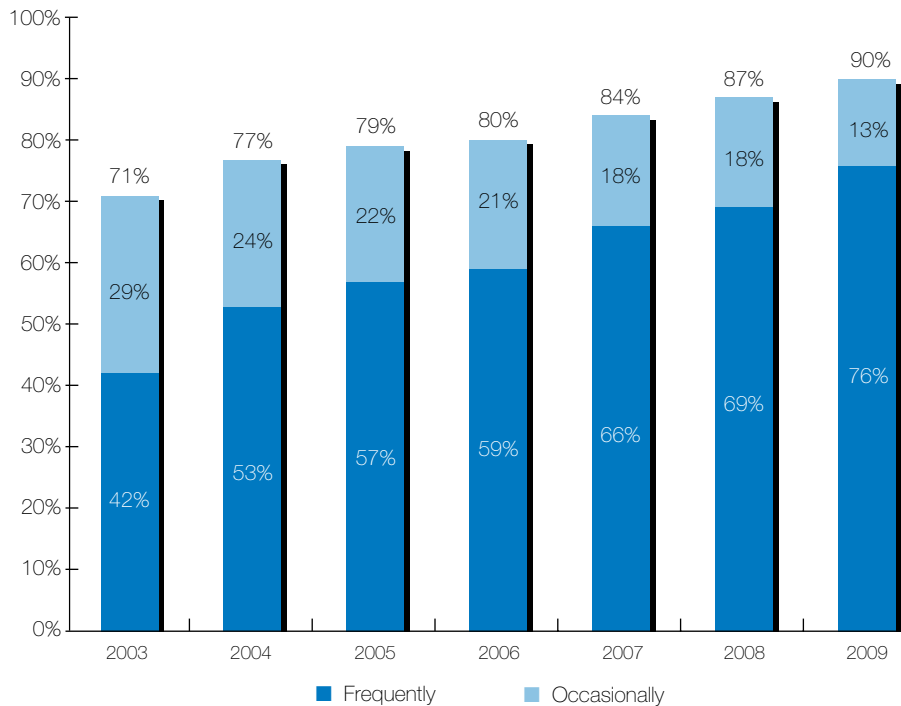


Exhibit 3-13 ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH, FIRST-TIME AND REPEAT BUYERS
(Percent of Respondents Among Buyers Who Used the Internet)

	All Buyers	First-time Buyers	Repeat Buyers
Drove by or viewed home	77%	77%	77%
Walked through home viewed online	61	60	63
Found the agent used to search for or buy home	28	30	27
Requested more information	22	24	19
Pre-qualified for a mortgage online	10	12	8
Contacted builder/developer	7	5	9
Applied for a mortgage online	6	7	6
Found a mortgage lender online	5	6	3

Exhibit 3-14 CHARACTERISTICS OF HOME SEARCHERS AND SEARCH ACTIVITY, BY USE OF INTERNET
(Percentage Distribution)

Household Composition	Used Internet to Search	Did Not Use Internet to Search
Married couple	61%	51%
Single female	20	25
Single male	9	15
Unmarried couple	9	6
Other	1	2
Median age (years)	37	55
Median income	\$75,500	\$57,800
Length of Search (Median weeks)		
All buyers	12	6
First-time buyers	12	8
Repeat buyers	12	6
Buyers using an agent	12	6
Before contacting agent	2	1
Number of Homes Visited (median)	15	5

Exhibit 3-15 INFORMATION SOURCES USED IN HOME SEARCH, BY USE OF INTERNET*(Percent of Respondents)*

	Used Internet to Search	Did Not Use Internet to Search
Real estate agent	89%	70%
Yard sign	60	47
Open house	47	31
Print newspaper advertisement	41	36
Home book or magazine	26	17
Home builder	18	18
Television	8	6
Billboard	6	4
Relocation company	4	3

Exhibit 3-16 WHERE BUYERS FOUND THE HOME THEY PURCHASED, BY USE OF INTERNET*(Percentage of Respondents)*

	Used Internet to Search	Did Not Use Internet to Search
Internet	35%	1%
Real estate agent	40	42
Yard sign/open house sign	12	17
Home builder or their agent	5	9
Friend, relative or neighbor	5	16
Print newspaper advertisement	2	4
Directly from sellers/Knew the sellers	1	9
Home book or magazine	*	1

* Less than 1 percent

Exhibit 3-17 METHOD OF HOME PURCHASE, BY USE OF INTERNET*(Percentage Distribution)*

	Used Internet to Search	Did Not Use Internet to Search
Through a real estate agent/broker	79%	63%
Directly from builder or builder's agent	7	14
Directly from previous owner whom buyer didn't know	2	5
Directly from previous owner whom buyer knew	1	12
Foreclosure or trustee sale	10	5
Other	1	2

Exhibit 3-18 VALUE OF WEBSITE FEATURES*(Percentage Distribution Among Buyers Who Used the Internet)*

	Very Useful	Somewhat Useful	Not Useful	Did not use/ Not Available
Photos	84%	13%	1%	2%
Detailed information about properties for sale	82	15	1	2
Virtual tours	63	26	4	7
Real estate agent contact information	46	33	10	11
Interactive maps	43	32	10	14
Neighborhood information	40	42	9	9
Pending sales/contract status	30	35	16	19
Detailed information about recently sold properties	28	38	16	18
Information about upcoming open houses	20	33	21	26

Exhibit 3-19 WEBSITES USED IN HOME SEARCH BY FIRST-TIME AND REPEAT BUYERS*(Percent of Respondents Among Buyers Who Used the Internet)*

	All Buyers	First-time Buyers	Repeat Buyers
Multiple Listing Service (MLS) website	60%	62%	58%
Real estate company website	46	46	46
REALTOR.com®	46	43	49
Real estate agent website	45	46	43
Other websites with real estate listings	30	35	26
For-sale-by-owner website	17	14	19
Newspaper website	9	11	7
Real estate magazine website	4	4	4
Social networking websites (e.g. Facebook, MySpace, etc.)	1	1	1
Video hosting websites (e.g. YouTube, etc.)	*	*	*

* Less than 1 percent

Exhibit 3-20 WEBSITES USED IN HOME SEARCH, BY AGE*(Percent of Respondents Among Buyers Who Used the Internet)*

	All Buyers	AGE OF HOMEBUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Multiple Listing Service (MLS) website	60%	58%	64%	57%	50%
Real estate company website	46	47	47	45	38
REALTOR.com®	46	41	46	46	42
Real estate agent website	45	46	47	43	32
Other websites with real estate listings	30	38	31	28	24
For-sale-by-owner website	17	15	18	16	11
Newspaper website	9	10	10	8	4
Real estate magazine website	4	3	4	6	4
Social networking websites (e.g. Facebook, MySpace, etc.)	1	1	1	*	*
Video hosting websites (e.g. YouTube, etc.)	*	*	*	*	2

* Less than 1 percent

CHAPTER 4: HOME BUYING AND REAL ESTATE PROFESSIONALS

THE HOUSING MARKET HAS SHIFTED IN THE LAST YEAR. WHILE HOME BUYERS still rely on real estate agents or brokers to be partners as they navigate the home purchase process, foreclosures have increased. One in ten buyers purchased a home through a foreclosure this year, changing the dynamic of the home buying process. In the West, foreclosures have been the most frequent—nearly one in five purchases was through a foreclosure or trustee sale. As a result, in the West the prevalence of using a real estate agent has declined to 72 percent of all transactions. Purchasing real estate can be confusing to buyers, especially first-time buyers. Buyers report they receive help understanding the process from their agent. It's not surprising that buyers rate honesty and trustworthiness among the most important factors when choosing an agent, as their agent is helping them not only purchase an investment, but their home.

The confidence and trust that buyers place in their agent translates into repeat business. When buyers use agents, most return to an agent they have used before or rely on a recommendation. Agents who satisfy buyers by providing the services that matter are likely to earn repeat business from buyers or their friends.

METHOD OF HOME PURCHASE

► Exhibits 4-1 through 4-4

The majority of buyers purchase their home through a real estate agent or broker. The market has changed in recent years, however. The latest data show that one in ten buyers purchased their home as a foreclosure—a substantial increase from 2008 when only 3 percent of homes were purchased as a foreclosure. Purchasing a home directly from a builder or builder's agent is happening less frequently as the inventory of new homes has declined and home buyers look for previously owned homes that are sometimes priced at a steep discount.

In all regions of the country, the purchase transaction tends to involve a professional, either a real estate agent or broker or a builder or builder's agent. In areas where more foreclosures have been purchased, such as the West and South, real estate agents have been involved in a slightly lower share of transactions (72 and 74 percent). In the Northeast and Midwest, real estate agents assisted in a slightly higher share of transactions (84 and 81 percent). In the West, where foreclosures have been prevalent, 17 percent of purchases were through a foreclosure or trustee sale.

Real estate agents or brokers are most commonly involved in transactions for previously owned homes. Eighty-one percent of these buyers used an agent or broker. Among new home buyers, the majority (57 percent) purchased through an agent or broker. Forty-one percent went through a builder or builder's agent in the purchase of a new home.

Real estate agents or brokers assisted in nearly four of five purchases regardless of household composition. The share of unmarried couples using real estate agents or brokers was the lowest at 72 percent. Unmarried couples more frequently purchased foreclosures (15 percent) than other types of households. A larger share of married couples purchased their home through a builder or builder's agent than either single or unmarried couple households.

AGENT REPRESENTATION AND COMPENSATION

► Exhibits 4-5 through 4-7

Most buyers sign an agent representation disclosure statement. Repeat buyers were more likely than first time buyers to sign an agent disclosure statement (66 versus 59 percent), and they were more likely to sign the agreement at the first meeting (35 versus 26 percent).

Sixty-two percent of all buyers had either a verbal buyer representative agreement or a written buyer representative agreement with their agent. Repeat buyers were slightly more likely to have a written arrangement than first-time buyers. Eleven percent of buyers did not know if they had a buyer representative arrangement.

Two-thirds of agents were compensated by the seller alone while an additional 8 percent were compensated by both the buyer and seller. When the agent was paid by the buyer only, the compensation most commonly reported was a percent of the sales price.

WHAT BUYERS WANT FROM AGENTS AND BENEFITS PROVIDED

► Exhibits 4-8 through 4-10

Buyers most frequently respond (46 percent) that they want their agent to help them find the right home to purchase. The second most cited service that buyers look for is help with negotiating the terms of sale (16 percent) and the third most cited service is help with the price negotiations (13 percent). What buyers want most from real estate agents is similar regardless of whether they are first-time or repeat buyers and regardless of their household composition.

FINDING A REAL ESTATE AGENT

► Exhibits 4-12 through 4-14

Referrals (44 percent) and use of an agent previously (10 percent) were the two most frequently cited ways that buyers found real estate agents. First-time buyers tend to rely more on referrals (53 percent) whereas repeat buyers are more likely to revisit an agent they used before. The Internet was the third most common way that buyers found an agent.

While all households rely heavily on referrals when finding a real estate agent, single buyer and unmarried couple households are most likely to do so. At least half of these groups found their agent through a referral from a friend, neighbor, or relative.

Due, in part, to the significant influence of referrals and past experience, two-thirds of buyers contacted only one agent when searching for an agent to assist them. Surprisingly, first-time buyers are only slightly more likely than repeat buyers to interview more than one agent.

FACTORS WHEN CHOOSING AN AGENT

► Exhibits 4-15 through 4-18

Buyers rate honesty and trustworthiness among the most important factors when choosing an agent. Nearly one-quarter said that the reputation of an agent was also an important factor. These two factors were considered most important by half of home buyers.

The honesty and integrity of an agent was considered very important by the greatest number of buyers—98 percent. Knowledge of the purchase process, responsiveness, and knowledge of the real estate market were other qualities considered very important by more than 90 percent of home buyers. This pattern has been consistent over time as well.

The qualities and skills valued by buyers are nearly the same for first-time and repeat buyers and for buyers of new and previously occupied homes and among different types of households. Honesty and integrity and knowledge of the purchase process top the list of skills and qualities considered very important by households of all types.

SATISFACTION WITH AGENT

► Exhibits 4-19 through 4-20

An equal or greater percentage of home buyers were 'very satisfied' with the qualities and skills of their real estate agent compared with results from the past two years. Further, the top skills valued by buyers, knowledge of the purchase process and honesty and integrity, were also those skills with which the greatest share of buyers were very satisfied.

The satisfaction and confidence that buyers had in their real estate agent's skills translates to repeat business. Fully 66 percent of home buyers indicated that they would definitely either use their real estate agent again or recommend him or her to another buyer. An additional 22 percent would probably use the same agent or recommend them to another.

Exhibit 4-1 METHOD OF HOME PURCHASE, 2001-2009*(Percentage Distribution)*

	2001	2003	2004	2005	2006	2007	2008	2009
Through a real estate agent or broker	69%	75%	77%	77%	77%	79%	81%	77%
Directly from builder or builder's agent	15	14	12	12	13	12	10	8
Directly from the previous owner	15	9	9	9	9	7	6	5
Through a foreclosure or trustee sale	1	1	1	*	1	1	3	10

* Less than 1 percent

Exhibit 4-2 METHOD OF HOME PURCHASE, BY REGION*(Percentage Distribution)*

	All Buyers	BUYERS WHO PURCHASED A HOME IN THE			
		Northeast	Midwest	South	West
Through a real estate agent or broker	77%	84%	81%	74%	72%
Directly from builder or builder's agent	8	3	5	10	9
Directly from the previous owner	5	7	6	6	1
Knew previous owner	3	4	3	3	1
Did not know previous owner	3	3	3	3	1
Through a foreclosure or trustee sale	10	4	8	9	17

Exhibit 4-3 METHOD OF HOME PURCHASE, NEW AND PREVIOUSLY OWNED HOMES*(Percentage Distribution)*

	All Buyers	BUYERS OF	
		New Homes	Previously Owned Homes
Through a real estate agent or broker	77%	57%	81%
Directly from builder or builder's agent	8	41	N/A
Directly from the previous owner	5	N/A	6
Knew previous owner	3	N/A	3
Did not know previous owner	3	N/A	3
Through a foreclosure or trustee sale	10	1	12

N/A- Not Applicable

Exhibit 4-4 **METHOD OF HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD**
(Percentage Distribution)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Through a real estate agent or broker	77%	77%	79%	77%	72%	84%
Directly from builder or builder's agent	8	9	5	6	8	5
Directly from the previous owner	5	5	5	6	5	3
Knew previous owner	3	3	3	3	2	1
Did not know previous owner	3	3	3	3	3	2
Through a foreclosure or trustee sale	10	9	10	10	15	8

Exhibit 4-5 **AGENT REPRESENTATION DISCLOSURE, FIRST-TIME AND REPEAT BUYERS**
(Percentage Distribution)

Disclosure Statement Signed?	All Buyers	First-time Buyers	Repeat Buyers
Yes, at first meeting	31%	26%	35%
Yes, when contract was written	23	23	23
Yes, at some other time	9	9	9
No	20	23	18
Don't know	17	19	16

Exhibit 4-6 **BUYER REPRESENTATIVE ARRANGEMENT WITH AGENT, FIRST-TIME AND REPEAT BUYERS**
(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
Yes, a written arrangement	43%	40%	45%
Yes, an oral arrangement	19	20	17
No	28	27	29
Don't know	11	13	8

Exhibit 4-7 HOW REAL ESTATE AGENT WAS COMPENSATED
(Percentage Distribution)

	All Types of Representation	TYPE OF AGENT REPRESENTATION	
		Buyer Only	Seller or Seller and Buyer
Paid by seller	66%	69%	63%
Paid by buyer and seller	8	8	8
Paid by buyer only	13	13	12
Percent of sales price	10	10	9
Flat fee	1	1	1
Other	*	*	*
Don't know	*	1	2
Other	2	2	2
Don't know	10	8	14

*Less than 1 percent

Exhibit 4-8 WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS
(Percentage Distribution)

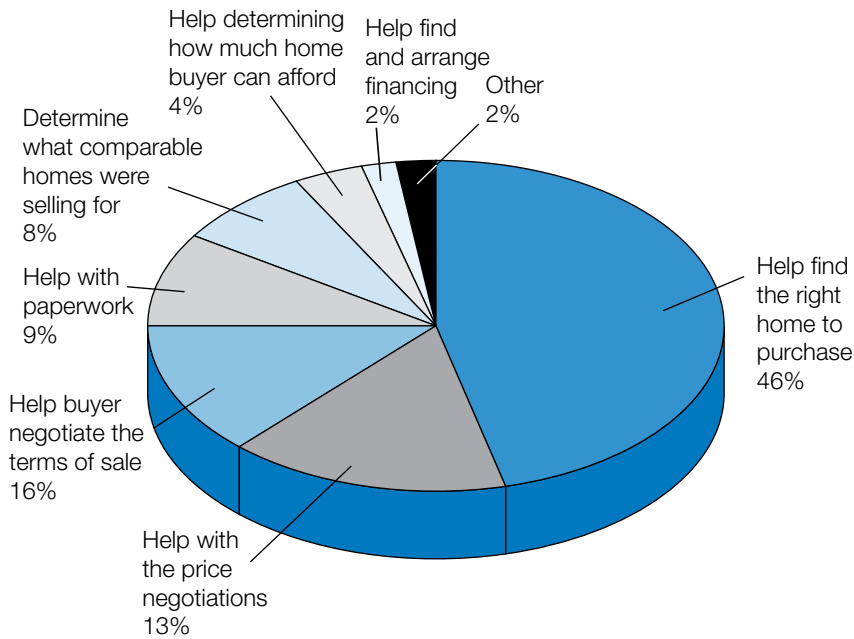


Exhibit 4-9**WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES***(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Help find the right home to purchase	46%	44%	48%	44%	47%
Help buyer negotiate the terms of sale	16	16	16	15	16
Help with the price negotiations	13	14	12	14	13
Help with paperwork	9	10	8	9	9
Determine what comparable homes were selling for	8	6	9	8	8
Help determining how much home buyer can afford	4	6	2	5	4
Help find and arrange financing	2	2	2	2	2
Other	2	2	2	3	2

Exhibit 4-10**WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS, BY ADULT COMPOSITION OF HOUSEHOLD***(Percentage Distribution)*

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Help find the right home to purchase	46%	48%	46%	43%	40%	41%
Help buyer negotiate the terms of sale	16	15	18	13	18	16
Help with the price negotiations	13	13	13	14	13	14
Help with paperwork	9	9	7	13	12	18
Determine what comparable homes were selling for	8	8	6	7	6	5
Help determining how much home buyer can afford	4	3	6	5	5	2
Help find and arrange financing	2	1	3	3	4	1
Other	2	2	2	3	3	3

Exhibit 4-11 BENEFITS PROVIDED BY REAL ESTATE AGENT DURING HOME PURCHASE PROCESS, FIRST-TIME AND REPEAT BUYERS*(Percent of Respondents)*

	All Buyers	First-time Buyers	Repeat Buyers
Helped buyer understand the process	63%	79%	48%
Pointed out unnoticed features/faults with property	53	56	50
Negotiated better sales contract terms	42	45	39
Improved buyer's knowledge of search areas	41	39	43
Provided a better list of service providers	41	41	41
Negotiated a better price	36	37	36
Shortened buyer's home search	29	30	28
Provided better list of mortgage lenders	22	25	20
Expanded buyer's search area	20	21	18
Narrowed buyer's search area	18	19	18
None of the above	6	4	7
Other	2	1	2

Exhibit 4-12 HOW BUYER FOUND REAL ESTATE AGENT, FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution)*

	All Buyers	First-time Buyers	Repeat Buyers
Referred by (or is) a friend, neighbor or relative	44%	53%	36%
Used agent previously to buy or sell a home	10	2	17
Internet website	10	11	8
Saw contact information on For Sale/Open House sign	7	7	7
Visited an open house and met agent	6	6	7
Referred by another real estate agent or broker	5	5	5
Referred through employer or relocation company	4	2	6
Walked into or called office and agent was on duty	4	4	4
Personal contact by agent (telephone, email, etc.)	3	3	3
Newspaper, Yellow Pages or home book ad	1	1	1
Direct mail (newsletter, flyer, postcard, etc.)	*	*	1
Advertising specialty (calendar, magnet, etc.)	*	*	*
Other	6	7	5

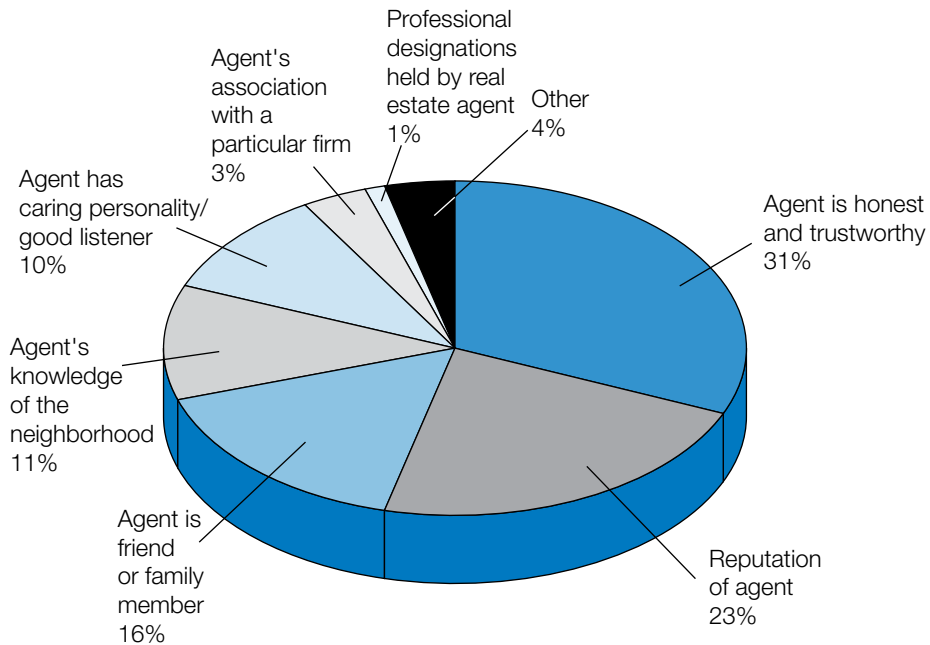
*Less than 1 percent

Exhibit 4-13 HOW BUYER FOUND REAL ESTATE AGENT, BY ADULT COMPOSITION OF HOUSEHOLD
(Percentage Distribution)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Referred by (or is) a friend, neighbor or relative	44%	39%	51%	53%	50%	49%
Used agent previously to buy or sell a home	10	11	7	9	8	12
Internet website	10	10	8	9	10	2
Saw contact information on For Sale/Open House sign	7	7	7	5	8	7
Visited an open house and met agent	6	7	6	6	7	6
Referred by another real estate agent or broker	5	5	5	4	3	5
Referred through employer or relocation company	4	6	2	3	1	2
Walked into or called office and agent was on duty	4	4	4	3	5	6
Personal contact by agent (telephone, email, etc.)	3	3	2	1	3	2
Newspaper, Yellow Pages or home book ad	1	1	1	2	1	4
Direct mail (newsletter, flyer, postcard, etc.)	*	1	1	*	*	1
Advertising specialty (calendar, magnet, etc.)	*	*	*	*	1	*
Other	6	7	7	5	4	3

**Less than 1 percent*
Exhibit 4-14 NUMBER OF REAL ESTATE AGENTS INTERVIEWED BY FIRST-TIME AND REPEAT BUYERS
(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers
One	66%	65%	68%
Two	19	19	18
Three	10	10	9
Four or more	6	6	5

Exhibit 4-15 MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT*(Percentage Distribution)***Exhibit 4-16 IMPORTANCE OF REAL ESTATE AGENT SKILLS AND QUALITIES***(Percentage Distribution)*

	Very Important	Somewhat Important	Not Important
Honesty and integrity	98%	2%	*
Knowledge of purchase process	95	4	1
Responsiveness	93	7	*
Knowledge of real estate market	92	7	1
Negotiation skills	84	15	1
Communication skills	83	16	1
People skills	79	20	1
Knowledge of local area	77	20	2
Skills with technology	37	50	12

*Less than 1 percent

Exhibit 4-17 AGENT SKILLS AND QUALITIES CONSIDERED ‘VERY IMPORTANT’ BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Honesty and integrity	98%	98%	98%	98%	98%
Knowledge of purchase process	95	97	94	96	95
Responsiveness	93	93	92	92	93
Knowledge of real estate market	92	91	93	95	92
Negotiation skills	84	85	82	82	84
Communication skills	83	85	82	85	83
People skills	79	79	78	80	79
Knowledge of local area	77	73	81	80	77
Skills with technology	37	36	38	37	37

Exhibit 4-18 AGENT SKILLS AND QUALITIES CONSIDERED ‘VERY IMPORTANT’ BY ADULT COMPOSITION OF HOUSEHOLD

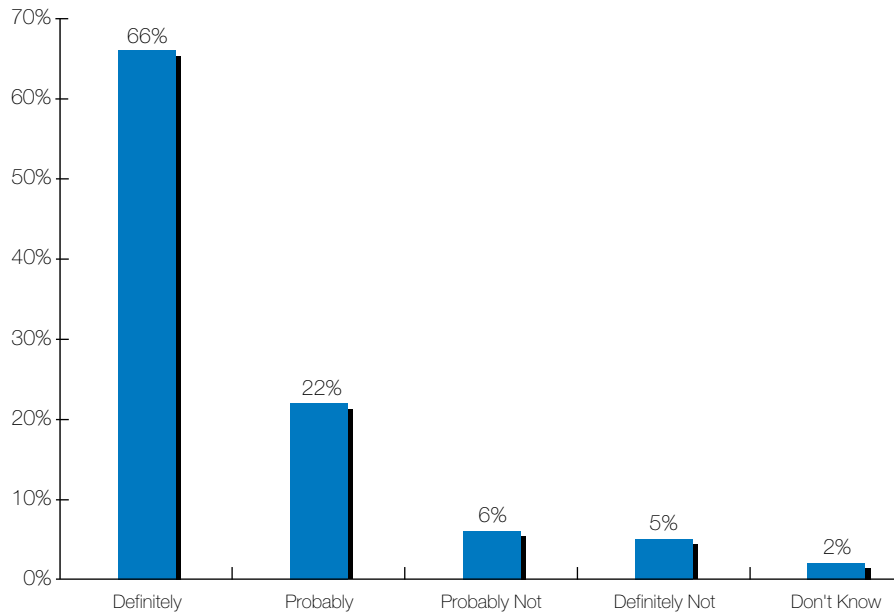
(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Honesty and integrity	98%	97%	98%	97%	99%	97%
Knowledge of purchase process	95	95	97	95	96	94
Responsiveness	93	93	94	87	93	94
Knowledge of real estate market	92	93	92	90	91	92
Negotiation skills	84	82	87	84	87	85
Communication skills	83	84	86	76	85	82
People skills	79	78	84	71	82	77
Knowledge of local area	77	79	77	72	72	79
Skills with technology	37	37	39	32	37	44

Exhibit 4-19 SATISFACTION WITH REAL ESTATE AGENT SKILLS AND QUALITIES
(Percentage Distribution)

	Very Satisfied	Somewhat Satisfied	Not Satisfied
Knowledge of purchase process	88%	10%	2%
Honesty and integrity	87	10	3
Knowledge of real estate market	85	13	2
People skills	83	14	3
Responsiveness	82	14	3
Knowledge of local area	80	17	3
Communication skills	80	17	3
Skills with technology	73	23	3
Negotiation skills	72	22	6

Exhibit 4-20 WOULD BUYER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS?
(Percentage distribution)



CHAPTER 5: FINANCING THE HOME PURCHASE

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ITH GLOBAL CREDIT PROBLEMS, TIGHTER LENDING STANDARDS

have made the home financing process more challenging.

Nevertheless, more than nine in ten home buyers financed their home purchase with a mortgage. With tighter underwriting standards and higher downpayment requirements, fewer buyers were able to finance the entire purchase price of their home. Fixed-rate loans, with predictable monthly payments, grew increasingly popular as well. More than half of buyers said that they did not have to make any significant sacrifices in their lifestyle to purchase their home. Furthermore, most home buyers still view their purchase as a good financial investment.

BUYERS WHO FINANCED THEIR HOME

► Exhibits 5-1 through 5-3

The vast majority of buyers (92 percent) financed the purchase of their home with a mortgage. Younger buyers more often financed their home purchase than older buyers, with 98 percent of buyers 25 to 44 years old taking out a mortgage compared to only 64 percent of buyers 65 or older.

First-time buyers financed their home purchase more frequently than did repeat buyers (97 percent compared to 87 percent). Whether a home was financed was not greatly influenced by the composition of the household.

The percent of the home purchase price that was financed was similar to results from recent surveys. In 2009, a median of 92 percent of the home purchase price was financed compared to 91 percent in each of the two previous years. However, the share of buyers who financed the entire home purchase, and made no downpayment, fell from 23 percent to 15 percent in the current survey. First-time buyers financed a greater share of their home purchase than did repeat buyers, and buyers of previously owned homes financed a higher portion of their home than did buyers of new homes.

SOURCES OF DOWNPAYMENT

► Exhibits 5-4 through 5-5

Fifty-four percent of buyers who made a downpayment relied on their savings, slightly less than the previous survey. Almost one in four of those who made a downpayment used proceeds from the sale of their primary residence; however, that is down from 34 percent in 2008 and 60 percent in 2007. A greater share of first-time buyers used their savings as the source of downpayment, while 42 percent of repeat buyers used proceeds from the sale of their primary residence.

Single males more often used savings as a source of downpayment, while one in five unmarried couples used a gift from friends or relatives as a source of downpayment.

SACRIFICES MADE TO PURCHASE HOME

► Exhibits 5-6 through 5-7

Over half of those surveyed responded that they did not make any additional financial sacrifices to purchase their home. Just under a third reduced spending on luxury items. Three in ten cut spending on entertainment. Forty-four percent of first-time buyers did not need to make any sacrifices, while 62 percent of repeat buyers stated that they did not make any sacrifices. Over a third of single female buyers cut spending on either entertainment or clothes, and 6 percent of single males sold or decided not to purchase a vehicle in order to help pay for their home.

DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS

► Exhibits 5-8 through 5-10

Just over two-thirds of those who financed their homes said that the mortgage application process was no more difficult than expected. The share of those who said that the process was much more difficult increased from seven percent in last year's survey to 11 percent in the current survey. Repeat buyers generally had less difficulty than expected compared to first-time buyers. Single males and unmarried couples believed the process was slightly more difficult than they expected compared with married couples and single females.

When seeking financing for their home, 93 percent of recent buyers who successfully completed a purchase transaction were not rejected by any mortgage lenders, with 5 percent being rejected by one lender, and 2 percent being rejected by two or more lenders.

TYPE OF MORTGAGE LOAN

► Exhibits 5-11 through 5-12

With stricter lending standards and low interest rates, 95 percent of recent buyers used fixed-rate mortgages, up from 91 percent in last year's survey.

Among those surveyed, 46 percent used conventional loans, and 39 percent used FHA loans. Sixty-four percent of repeat buyers used conventional loans while just over one-quarter of first-time buyers relied on mortgages of this type. In contrast, first-time buyers more frequently used FHA financing (55 percent) than repeat buyers (23 percent). VA loans made up 8 percent of loans among those who financed their home purchase.

BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT

► Exhibits 5-13 through 5-14

Despite the housing downturn, an overwhelming majority of home buyers feel their home purchase is a good financial investment. Eighty-seven percent of buyers, the same as in the previous year, said that their home purchase was a good financial investment. More than half felt that their home was a better investment than stocks, and just over a quarter of respondents felt that it was as good as stocks. A similar percentage of repeat and first-time buyers, buyers of new or previously owned homes, and buyers across different types of households felt this way about their home purchase as an investment.

Exhibit 5-1 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY AGE

(Percent of Respondents)

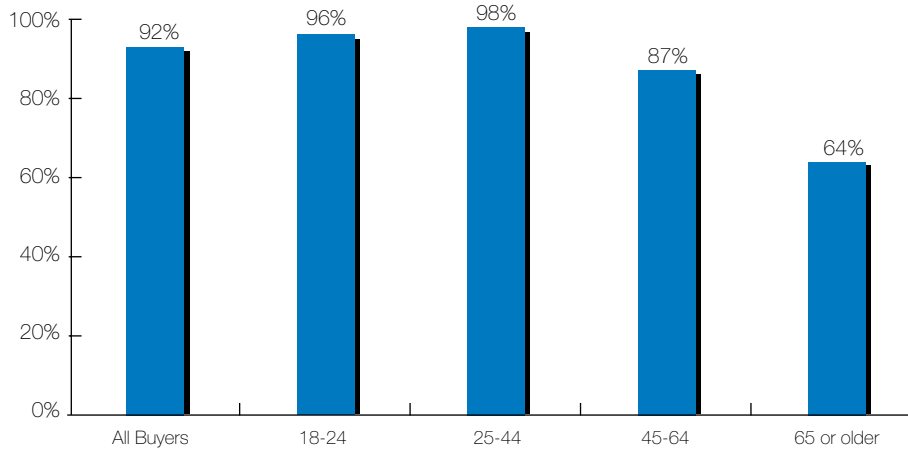


Exhibit 5-2 BUYERS WHO FINANCED THEIR HOME PURCHASE, BY ADULT COMPOSITION OF HOUSEHOLD

(Percent of Respondents)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
All Buyers	92%	92%	91%	91%	96%	91%
First-time Buyers	97	98	97	97	98	90
Repeat Buyers	87	88	83	83	93	90

Exhibit 5-3 PERCENT OF HOME FINANCED BY FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Less than 50%	8%	5%	10%	10%	7%
50% to 59%	4	1	6	4	3
60% to 69%	4	2	6	3	4
70% to 79%	11	6	16	12	11
80% to 89%	18	14	22	20	18
90% to 94%	13	13	12	12	13
95% to 99%	28	38	18	22	29
100% – Financed the entire purchase price with a mortgage	15	20	10	16	15
Median percent financed	92%	96%	85%	90%	93%

Exhibit 5-4 SOURCES OF DOWNPAYMENT, FIRST-TIME AND REPEAT BUYERS*(Percent of Respondents Among those who Made a Downpayment)*

	All Buyers	First-time Buyers	Repeat Buyers
Savings	54%	61%	49%
Proceeds from sale of primary residence	23	1	42
Gift from relative or friend	14	22	6
Sale of stocks or bonds	6	6	7
401k/pension fund including a loan	5	6	5
Loan from relative or friend	4	6	3
Inheritance	3	3	2
Individual Retirement Account (IRA)	2	2	2
Equity from primary residence buyer continues to own	2	*	4
Loan or financial assistance from source other than employer	2	3	1
Loan from financial institution other than a mortgage	1	1	1
Proceeds from sale of real estate other than primary residence	1	*	1
Loan or financial assistance through employer	1	1	1
Other	4	4	4

* Less than 1 percent

Exhibit 5-5 SOURCES OF DOWNPAYMENT, BY ADULT COMPOSITION OF HOUSEHOLD*(Percent of Respondents Among those who Made a Downpayment)*

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Savings	54%	53%	54%	63%	60%	52%
Proceeds from sale of primary residence	23	29	16	12	9	27
Gift from relative or friend	14	12	18	12	20	11
Sale of stocks or bonds	6	7	5	8	7	4
401k/pension fund including a loan	5	5	6	6	5	7
Loan from relative or friend	4	4	5	5	6	7
Other	4	3	4	4	5	6
Inheritance	3	2	4	3	4	1
Individual Retirement Account (IRA)	2	2	3	2	3	4
Equity from primary residence buyer continues to own	2	3	1	2	1	2
Loan or financial assistance from source other than employer	2	2	1	3	*	*
Loan from financial institution other than a mortgage	1	1	2	1	2	1
Proceeds from sale of real estate other than primary residence	1	1	1	*	1	1
Loan or financial assistance through employer	1	1	*	*	1	1

* Less than 1 percent

Exhibit 5-6 SACRIFICES MADE TO PURCHASE HOME, BY FIRST-TIME AND REPEAT BUYERS*(Percent of Respondents)*

	All Buyers	First-time Buyers	Repeat Buyers
Cut spending on luxury items	32%	39%	25%
Cut spending on entertainment	30	38	21
Cut spending on clothes	23	30	16
Cancelled vacation plans	12	13	12
Earned extra income through a second job	5	7	4
Sold a vehicle or decided not to purchase a vehicle	5	5	4
Other	4	4	5
Did not need to make any sacrifices	53	44	62

Exhibit 5-7 SACRIFICES MADE TO PURCHASE HOME, BY ADULT COMPOSITION OF HOUSEHOLD*(Percent of Respondents)*

ADULT COMPOSITION OF HOUSEHOLD

	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Cut spending on luxury items	32%	30%	37%	29%	37%	31%
Cut spending on entertainment	30	27	35	27	40	29
Cut spending on clothes	23	19	34	16	28	26
Cancelled vacation plans	12	12	13	9	13	12
Earned extra income through a second job	5	5	6	5	7	8
Sold a vehicle or decided not to purchase a vehicle	5	5	3	6	6	5
Other	4	4	4	3	6	3
Did not need to make any sacrifices	53	57	47	57	44	57

Exhibit 5-8 DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY FIRST-TIME AND REPEAT BUYERS*(Percentage Distribution Among those who Financed their Home Purchase)*

	All Buyers	First-time Buyers	Repeat Buyers
Much more difficult than expected	11%	12%	10%
Somewhat more difficult than expected	21	25	18
Not difficult/No more difficult than expected	68	63	72

Exhibit 5-9

DIFFICULTY OF MORTGAGE APPLICATION AND APPROVAL PROCESS, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution Among those who Financed their Home Purchase)

	ADULT COMPOSITION OF HOUSEHOLD					
	All Buyers	Married couple	Single female	Single male	Unmarried couple	Other
Much more difficult than expected	11%	10%	10%	13%	15%	9%
Somewhat more difficult than expected	21	21	19	23	27	24
Not difficult/No more difficult than expected	68	69	71	63	58	67

Exhibit 5-10

REJECTION BY MORTGAGE LENDERS, BY FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

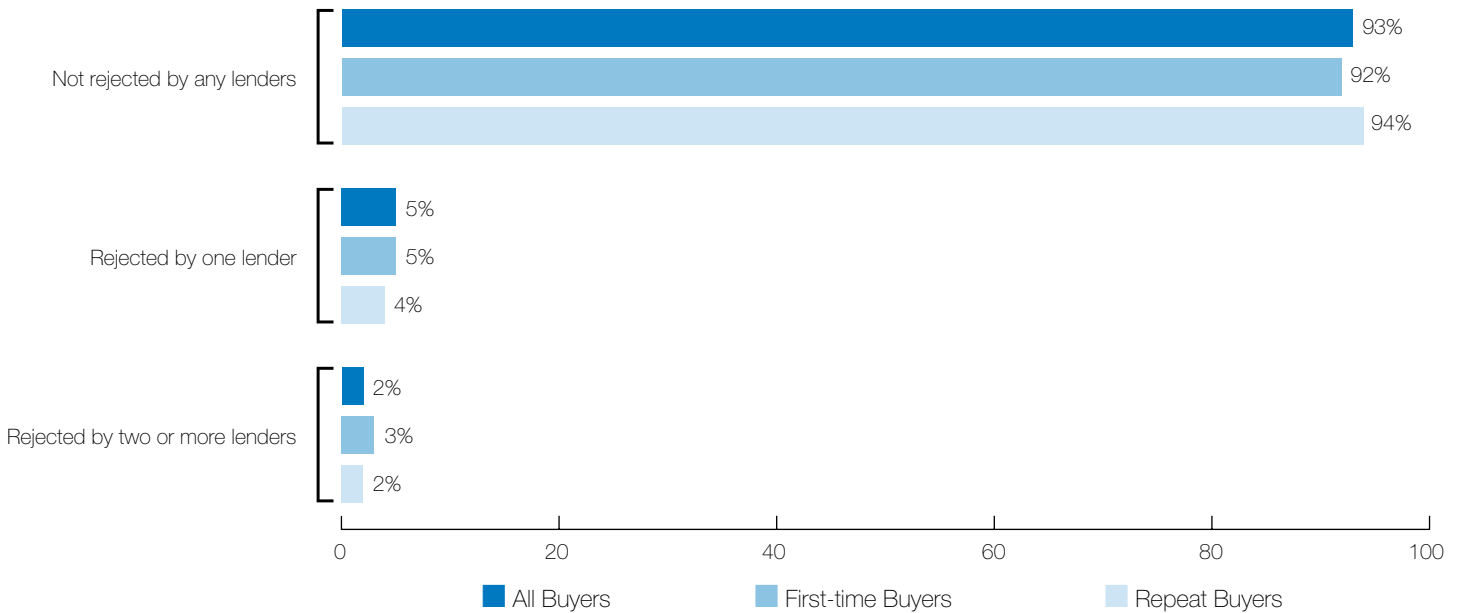


Exhibit 5-11

TYPE OF MORTGAGE, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Fixed-rate mortgage	95%	96%	94%
Fixed- then adjustable-rate mortgage	2	2	3
Adjustable-rate mortgage	1	1	1
Don't know	1	1	1
Other	1	*	1

* Less than 1 percent

Exhibit 5-12 TYPE OF LOAN, FIRST-TIME AND REPEAT BUYERS

(Percentage Distribution Among those who Financed their Home Purchase)

	All Buyers	First-time Buyers	Repeat Buyers
Conventional	46%	29%	64%
FHA	39	55	23
VA	8	8	8
Other	3	4	2
Don't Know	4	5	3

Exhibit 5-13 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, FIRST-TIME AND REPEAT BUYERS, AND BUYERS OF NEW AND PREVIOUSLY OWNED HOMES

(Percentage Distribution)

	All Buyers	First-time Buyers	Repeat Buyers	BUYERS OF	
				New Homes	Previously Owned Homes
Good financial investment	87%	89%	85%	86%	87%
Better than stocks	54	58	51	53	55
About as good as stocks	26	25	27	27	25
Not as good as stocks	7	6	7	7	7
Not a good financial investment	3	2	5	3	3
Don't know	10	9	10	10	10

Exhibit 5-14 BUYERS' VIEW OF HOMES AS A FINANCIAL INVESTMENT, BY ADULT COMPOSITION OF HOUSEHOLD

(Percentage Distribution)

	All Buyers	ADULT COMPOSITION OF HOUSEHOLD				
		Married couple	Single female	Single male	Unmarried couple	Other
Good financial investment	87%	86%	87%	88%	90%	88%
Better than stocks	54	53	57	54	59	53
About as good as stocks	26	26	26	27	26	25
Not as good as stocks	7	8	5	6	5	9
Not a good financial investment	3	4	2	4	1	2
Don't know	10	10	10	8	9	11

CHAPTER 6: HOME SELLERS AND THEIR SELLING EXPERIENCE

S

ELLING A HOME CAN BE JUST AS COMPLICATED AND CONFUSING FOR

sellers as purchasing a home for home buyers. Sellers rely on real estate agents to guide them through the process. While the housing market has been improving throughout 2009, it remains a buyer's market. Home owners sell their homes for a variety of reasons and behind each of those reasons is a story.

Some sellers sell their home because they are upgrading to a larger space or due to financial and lifestyle changes. Others move for their employment and others to be closer to family and friends. The process of selling home is different for everyone. However, it is clear that more sellers are now using agents to help with the process.

The urgency to sell can play a role for the method of home sale and percent of sales price versus listing price. The typical sales price during the period surveyed was a median 95 percent of the listing price, which is very similar to what was reported in the 2008 Profile. Sellers are using new methods, including incentives, to attract buyers for their homes.. The majority of sellers do not use incentives, but for those who do a home warranty policy and assistance with closing costs were among the two most reported incentives.

HOME SELLER CHARACTERISTICS

► Exhibits 6-1 through 6-6

Home seller characteristics have changed very little since the 2008 report. The median age of sellers who sold a home between mid-2008 and mid-2009 was 46. Sellers in the Midwest were often somewhat younger, although the variation across regions is relatively narrow. The median 2008 income of recent home sellers was \$91,100. Sellers in the Northeast reported the highest median income at \$94,500 while sellers in the Midwest and West typically had lower incomes.

Married couple households continue to account for three-quarters of home sellers. Single person households represented one in five recent sellers with single females accounting for the greatest proportion. In recent years, the proportion of single female sellers has been declining. Like most buyer households, most sellers (56 percent) have no children under 18 years old at home.

Ninety-three percent of recent home sellers were white. The largest share of minority sellers was in the West where one in ten described themselves as non-White. Nearly all home sellers indicated that the primary language they speak is English.

HOME SELLING SITUATION

► Exhibits 6-7 through 6-9

A majority of repeat buyers (71 percent) reported that they had already sold their previous home. Fifty-eight percent sold their home in 2008 or 2009 while an additional 13 percent sold their home in 2007 or earlier. One in ten repeat buyers do not plan to sell their previous home.

The share of homes that remain unsold varies by region and type of location. For example, while the South accounted for 38 percent of recently sold homes, 52 percent of unsold homes that were being rented were in this region. Just as most of the recently sold homes are in the suburbs, most unsold homes are also in the suburbs. Forty-five percent of vacant unsold homes and a slightly greater percentage (50 percent) of unsold homes now being rented are in the suburbs.

HOME SOLD VS. HOME PURCHASED

► Exhibits 6-10 through 6-17

Most home sellers (68 percent) remain in the same state when they purchase their next home. Long distance moves to another state within the same region or to another region, each account for about one of six sales transactions.

Eighty-two percent of sellers sold a detached single-family home, with the townhouse/row house the second most frequent type of home sold. Sales of detached single-family homes accounted for a slightly larger share of sales in suburbs, small towns and rural areas than in other areas. Although single-family sales still dominate in each type of location, condos accounted for a much higher share of sales in urban and central city areas and resort areas.

Home sellers choose to purchase larger or small homes based on a number of financial and lifestyle considerations. Half of recent sellers purchased a home that was larger than the home they sold while 22 percent traded down. The greatest share of move-up sellers (17 percent) sold a home of 1,501 to 2,000 square feet. Nearly one in five trade-up buyers purchased a home of at least 3,000 square feet. Consistent with previous Profiles, when purchasing their next home, younger home sellers tend to purchase larger homes, while older sellers generally purchase smaller homes.

In terms of home age, half of recent sellers purchased a home that was older than the home they sold while 33 percent purchased a newer home. Not only do a larger share of sellers purchase an older home than they sold, but 53 percent purchased a home that was more expensive than the one they sold. In contrast to older sellers, younger sellers who are often looking to trade up to a larger home, purchase homes that are relatively more expensive than the home they sold. Home sellers under 34 years old, for example, purchased a home for a median of \$225,000 and sold a home for a median of \$152,100.

The most frequently reported reason for selling a home is job relocation, cited by 21 percent of recent sellers. Selling a home because it was too small was the primary reason given by 19 percent of sellers and the top reason among sellers aged 44 years or younger. Moving closer to friends and family was the chief reason for selling a home among those 65 or older, cited by one-third of the sellers in this age group.

TENURE IN HOME

► Exhibits 6-18 and 6-19

The typical home seller has owned their home for seven years. Sellers of detached single-family homes, which account for the largest share of homes sold, owned their home for a median of seven years. Sellers of condos in buildings with five or more units had the shortest tenure. Age of the home owner also influences tenure with sellers 65 or older reporting that they owned their home for a median of 15 years compared to five years for sellers 25 to 44 years old.

DISTANCE MOVED

► Exhibits 6-20 and 6-21

While home sellers moved a median of 19 miles, there are a number of reasons for making a move, which will often influence how far a seller relocates. For example, the distance home sellers move is correlated with their age, with older home sellers typically moving the greatest distance. While sellers 25 to 44 years old moved a median of 15 miles, among sellers 65 years or older the median distance was 44 miles reflecting the large share of sellers in this group who moved to be closer to family and friends or due to retirement.

METHOD OF SALE

► Exhibits 6-22 through 6-25

In a complex and difficult housing market sellers understand the importance of working with real estate professionals. Eighty-five percent of home sellers sold their home with the assistance of a real estate agent, a share that has changed little during the past five years. For-sale-by-owner (FSBO) sales accounted for 11 percent of transactions, down from 13 percent in 2008, with a higher frequency in the South.

The level of urgency with which sellers must complete the sale of their home has a small influence on the method of sale. Regardless of urgency, over 80 percent of sellers were assisted by an agent. For those sellers feeling little urgency, however, 14 percent sold their home as a FSBO compared with 11 percent among all sellers.

The characteristics of the home sales transaction often differ depending on whether the buyer and seller know each other. If the buyer and sellers know each other, the sale can be either an arms-length transaction consistent with local market conditions or it may involve considerations that would be atypical if there was no prior relationship.

Among all home sellers, 9 percent reported that they knew the buyer of their home. Among those sellers that were assisted by an agent, just 3 percent knew the buyer. In contrast, 42 percent of FSBO sellers indicated that they knew the buyer of their home before the transaction.

SALES PRICE AND TIME ON THE MARKET

► Exhibits 6-26 through 6-30

Among recently sold homes, the sales price was a median 95 percent of the listing price. The 2008 Profile reported that sales prices were typically 96 percent of the listing price. This suggests that home prices are continuing to adjust to market conditions and buyers' expectations. More than 44 percent of homes sold for 94 percent or less of the listing price while 35 percent sold for a more modest discount of 95 percent to 99 percent of the listing price. Overall, 80 percent of recently sold homes sold for less than the listing price.

The median time on the market for recently sold homes was 10 weeks—up from eight week as reported in the 2008 Profile. One-third of homes were on the market for 17 weeks or more. Regionally, the median time on the market varies. The median time on the market in the Northeast and West was 12 weeks. In the Midwest and South homes were typically on the market for nine weeks.

Time on the market and sales price compared with listing price are highly correlated; generally, the longer a home is on the market the greater the discount from the listing price upon sale. For homes on the market less than one week, the median sales to listing price was 100 percent; 58 percent of homes sold at the listing price. As the time on the market lengthens the difference between sales and listing price grows. For homes that were on the market for at least 17 weeks or more. Regionally, the median time on the market varies. The median time on the market in the Northeast and West was 12 weeks. In the Midwest and South homes were typically on the market for nine weeks.

Time on the market and sales price compared with listing price are highly correlated; generally, the longer a home is on the market the greater the discount from the listing price upon sale. For homes on the market less than one week, the median sales to listing price was 100 percent; 58 percent of homes sold at the listing price. As the time on the market lengthens the difference between sales and listing price grows. For homes that were on the market for at least 17 weeks, for example, the median sales to listing price was 90 percent with just 4 percent selling at the listing price.

It is important to note that home sellers with a very or not very urgent need to sell their home as quickly as possible were just as likely to sell their home at a discount from the listing price. The median percent of sales prices to listing price changed very slightly based on the seller's urgency to complete a sale, suggesting that correctly pricing a home is one of the most important factors in securing a timely sale.

As the magnitude of the price reduction grows with a longer time on the market, so does the number of times the price is reduced from the original asking price. Overall, 40 percent of sellers noted that they did not reduce their asking price while 26 percent reduced it once. For homes on the market two weeks or less, 78 percent did not reduce the asking price. For homes on the market at least 17 weeks, 90 percent reduced the price at least once.

INCENTIVES TO PROSPECTIVE BUYERS

► Exhibits 6-31 through 6-32

Although the pace of home sales has picked up in many areas, sellers often add incentives to attract buyers. Not surprisingly, the longer a home is on the market, the more frequently sellers offer incentives. Among all recent sellers, 58 percent indicated that they did not offer an incentive. However, 21 percent offered a home warranty policy and 18 percent of sellers reported that they offered assistance with closing costs. Regionally, incentives were less prevalent in the Northeast and most frequent in the South and West. More than one-quarter of sellers in the South offered a home warranty policy to buyers and 22 percent offered help with closing costs to attract buyers.

EQUITY BY TENURE

► Exhibit 6-33

Home sellers reported that they typically sold the home they purchased for \$36,000 more than they purchased it—about a 27 percent price gain. The longer a seller is in the home the greater the increase attributable to price appreciation. Those who owned a home for as little as one year typically sold the home for \$4,000 more than the price they paid for a gain of 2 percent. Those who owned a home for more than 21 years typically reported a selling price of 203 percent more than the purchase price—a median of \$130,000 more. Regionally, in the West and Northeast, sellers reported higher price gains. Among all home sellers, 9 percent reported that they knew the buyer of their home. Among those sellers that were assisted by an agent, just 3 percent knew the buyer. In contrast, 42 percent of FSBO sellers indicated that they knew the buyer of their home before the transaction.

SHORT SALES

► Exhibit 6-34

Compared with the 2008 Profile, there was a small decline in the percent of sellers reporting they sold their home as a short sale. Three percent of sellers reported that their home sale was a short sale, compared with 5 percent in 2008. A short sale is a transaction in which the seller's lender agrees to accept less than the outstanding mortgage balance.

SATISFACTION WITH SALES PROCESS

► Exhibit 6-35

Selling a home remains challenging in many markets, which is reflected in sellers' overall satisfaction with the selling process. Fifty-three percent of sellers reported that they were very satisfied with the process, down from 55 percent in last year's Profile and 63 percent in 2007. An additional 32 percent were somewhat satisfied. Fourteen percent of recent sellers were dissatisfied with the process, up slightly from one year ago.

Exhibit 6-1 AGE OF HOME SELLERS, BY REGION*(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
18 to 24 years	0%	1%	1%	*	*
25 to 34 years	20	15	25	21	18
35 to 44 years	24	24	23	25	22
45 to 54 years	23	24	24	21	27
55 to 64 years	18	21	15	18	18
65 to 74 years	11	13	9	11	12
75 years or older	3	3	3	4	3
Median age (years)	46	49	45	46	47

* Less than 1 percent

Exhibit 6-2 HOUSEHOLD INCOME OF HOME SELLERS, 2008*(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Less than \$25,000	2%	2%	2%	1%	2%
\$25,000 to \$34,999	4	5	4	5	3
\$35,000 to \$44,999	6	4	7	5	7
\$45,000 to \$54,999	8	7	7	9	10
\$55,000 to \$64,999	8	10	6	8	8
\$65,000 to \$74,999	8	7	10	7	7
\$75,000 to \$84,999	9	9	9	10	7
\$85,000 to \$99,999	12	12	13	12	15
\$100,000 to \$124,999	17	16	18	18	15
\$125,000 to \$149,999	7	7	6	7	7
\$150,000 to \$174,999	7	8	5	7	9
\$175,000 to \$199,999	3	2	3	4	1
\$200,000 or more	9	13	8	7	8
Median income (2008)	\$91,100	\$94,500	\$89,700	\$91,000	\$89,900

Exhibit 6-3 ADULT COMPOSITION OF HOME SELLER HOUSEHOLDS*(Percentage Distribution)*

	2004	2005	2006	2007	2008	2009
Married couple	74%	71%	72%	75%	74%	75%
Single female	15	17	17	15	15	14
Single male	5	6	6	6	7	6
Unmarried couple	5	3	4	3	3	4
Other	1	1	1	1	1	1

Exhibit 6-4 NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN HOME SELLER HOUSEHOLD

(Percentage Distribution of Home Seller Households)

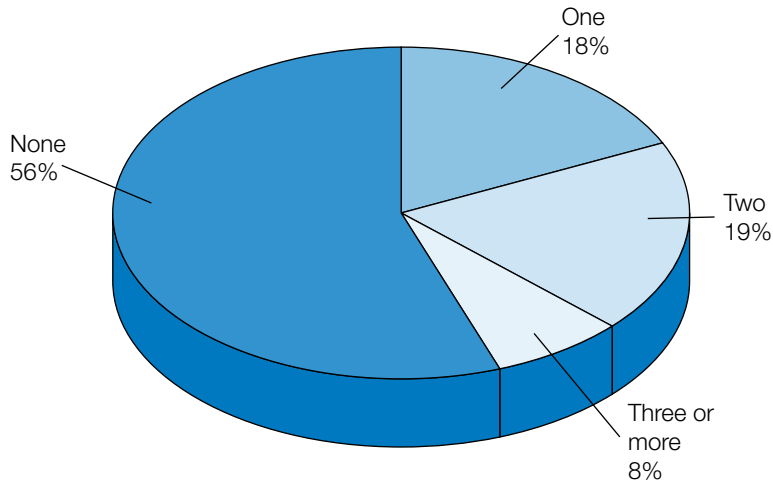


Exhibit 6-5 RACE/ETHNICITY OF HOME SELLERS, BY REGION

(Percent of Respondents)

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
White/Caucasian	93%	94%	97%	92%	90%
Black/African-American	3	2	1	4	3
Asian/Pacific Islander	1	1	1	1	3
Hispanic/Latino	2	3	1	3	4
Other	1	1	1	1	3

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Exhibit 6-6 PRIMARY LANGUAGE SPOKEN IN HOME SELLER HOUSEHOLD, BY REGION

(Percentage Distribution)

	SELLERS WHO SOLD A HOME IN THE				
	All Sellers	Northeast	Midwest	South	West
English	99%	98%	99%	99%	99%
Other	1	2	1	1	1

Exhibit 6-7 HOME SELLING SITUATION AMONG REPEAT BUYERS

(Percentage Distribution)

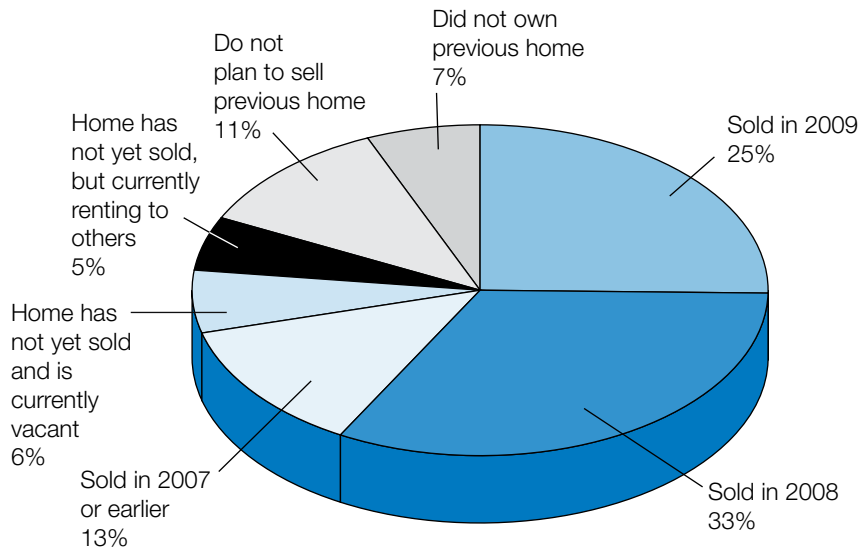


Exhibit 6-8 HOMES SOLD AND FOR SALE, BY REGION

(Percentage Distribution)

	Homes Sold	HOMES NOT YET SOLD	
		Currently vacant	Currently renting to others
Northeast	20%	10%	7%
Midwest	27	34	20
South	38	42	52
West	16	14	21

Exhibit 6-9 LOCATION OF HOME SOLD

(Percentage Distribution)

	Homes Sold	HOMES NOT YET SOLD	
		Currently vacant	Currently renting to others
Suburb/Subdivision	53%	45%	50%
Small town	18	18	14
Urban area/Central city	15	16	18
Rural area	13	19	15
Resort/Recreation area	2	2	3

Exhibit 6-10 PROXIMITY OF HOME SOLD TO HOME PURCHASED

(Percentage Distribution)

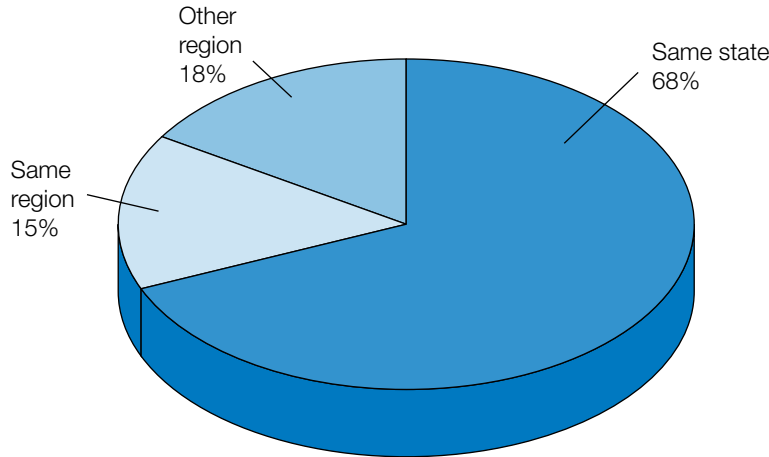


Exhibit 6-11 TYPE OF HOME SOLD, BY LOCATION

(Percentage Distribution)

	SELLERS WHO SOLD A HOME IN A					
	All Sellers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
Detached single-family home	82%	85%	84%	67%	87%	70%
Townhouse/row house	7	8	3	11	2	9
Apartment/condo in a building with 5 or more units	4	3	2	14	*	15
Duplex/apartment/condo in 2 to 4 unit building	2	1	2	3	*	*
Other	5	3	9	5	11	6

* Less than 1 percent

Exhibit 6-12 SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

SIZE OF HOME SOLD	SIZE OF HOME PURCHASED					
	1,000 sq ft or less	1,001 sq ft to 1,500 sq ft	1,501 sq ft to 2,000 sq ft	2,001 sq ft to 2,500 sq ft	2,501 sq ft to 3,000 sq ft	More than 3,000 sq ft
1,000 sq ft or less	*	*	*	*	*	*
1,001 to 1,500 sq ft	*	3	5	5	3	2
1,501 to 2,000 sq ft	*	2	7	8	5	5
2,001 to 2,500 sq ft	*	2	4	8	4	6
2,501 to 3,000 sq ft	*	1	2	3	3	6
More than 3,000 sq ft	*	1	1	3	3	9

* Less than 1 percent

□ 48% Trading Up ■ 30% Remaining at the same size range ■ 22% Trading Down

Exhibit 6-13 SIZE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD, BY AGE OF SELLER

(Median Square Feet)

	Size of home sold	Size of home purchased	Difference
18 to 34 years	1,500	1,650	150
35 to 44 years	1,800	2,000	200
45 to 54 years	2,000	2,000	0
55 to 64 years	2,000	1,835	-165
65 to 74 years	2,000	1,750	-250
75 years or older	1,900	1,700	-200

Exhibit 6-14 YEAR BUILT OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

YEAR PURCHASED HOME WAS BUILT

YEAR HOME SOLD WAS BUILT	2009	2008	2005 through 2007	2000 through 2004	1985 through 1999	1960 through 1984	1911 through 1959	1750 through 1910
2009	*	*	*	*	1	*	*	*
2008	*	*	*	*	1	*	*	*
2005 thru 2007	1	3	2	3	5	5	3	1
2000 thru 2004	2	5	5	5	8	6	5	1
1985 thru 1999	2	4	3	4	7	6	4	1
1960 thru 1984	1	1	1	1	2	2	1	*
1911 through 1959	*	*	*	*	*	*	*	*
1750 through 1910	*	*	*	*	*	*	*	*

* Less than 1 percent

□ 50% Purchased Older Home ■ 16% Purchased a Home the Same Age ■ 33% Purchased a Newer Home

Exhibit 6-15 PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD

(Percentage Distribution)

PRICE OF HOME PURCHASED

PRICE OF HOME SOLD	Less than \$100,000	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 to \$249,999	\$250,000 to \$299,999	\$300,000 to \$349,999	\$350,000 to \$399,999	\$400,000 to \$499,999	\$500,000 or more
Less than \$100,000	2%	3%	2%	1%	*	*	*	*	*
\$100,000 to \$149,999	1	4	6	4	1	1	*	*	*
\$150,000 to \$199,999	1	2	4	5	4	2	1	1	*
\$200,000 to \$249,999	*	1	2	3	3	3	1	1	1
\$250,000 to \$299,999	*	*	1	2	2	1	1	2	*
\$300,000 to \$349,999	*	*	*	1	1	1	1	2	1
\$350,000 to \$399,999	*	*	*	*	*	1	1	1	1
\$400,000 to \$499,999	*	*	1	1	1	1	1	2	2
\$500,000 or more	*	*	*	*	*	1	*	2	6

* Less than 1 percent

□ 53% Trading Up ■ 25% Remaining at the same price range ■ 22% Trading Down

Exhibit 6-16 PRICE OF HOME PURCHASED COMPARED TO HOME RECENTLY SOLD,
BY AGE OF SELLER*(Median)*

	Price of home sold	Price of home purchased	Difference
18 to 34 years	\$152,100	\$225,000	\$72,900
35 to 44 years	\$219,500	\$282,000	\$62,500
45 to 54 years	\$243,000	\$263,000	\$20,000
55 to 64 years	\$216,200	\$229,400	\$13,200
65 to 74 years	\$215,700	\$210,600	-\$5,100
75 years or older	\$182,700	\$189,000	\$6,300

Exhibit 6-17 PRIMARY REASON FOR SELLING PREVIOUS HOME, BY AGE*(Percentage Distribution)*

	All Sellers	AGE OF HOME SELLER			
		18 to 24	25 to 44	45 to 64	65 or older
Job relocation	21%	22%	27%	21%	1%
Home is too small	19	44	30	12	5
Change in family situation (e.g., marriage, birth of a child, divorce)	12	*	12	15	6
Want to move closer to friends or family	10	*	4	9	33
Neighborhood has become less desirable	10	*	11	10	8
Want to move closer to current job	6	*	7	5	3
Moving due to retirement	5	N/A	*	7	13
Home is too large	4	*	1	5	13
Upkeep of home is too difficult due to health or financial limitations	3	*	1	2	9
Cannot afford the mortgage and other expenses of owning home	2	*	2	3	2
Other	8	*	6	11	8

* Less than 1 percent

N/A - Not applicable

Exhibit 6-18 TENURE IN PREVIOUS HOME, BY TYPE OF HOME*(Percentage Distribution)*

	All Types	TYPE OF HOME SOLD						
		Cabin/ cottage	Duplex/ apartment/ condo in 2-4 unit structure	Apartment/condo in building with 5 or more units	Townhouse/ row house	Detached single-family home	Mobile/ manufactured home	Other
1 year or less	4%	*	2%	7%	7%	4%	*	3%
2 to 3 years	18	5	14	26	22	17	18	39
4 to 5 years	21	29	33	27	24	20	24	8
6 to 7 years	12	5	7	15	15	12	13	8
8 to 10 years	15	24	14	13	12	16	9	5
11 to 15 years	12	24	12	5	7	12	17	16
16 to 20 years	8	14	14	2	9	8	10	11
21 years or more	11	0	5	5	5	12	9	11
Median	7	8	6	4	5	7	6	5

* Less than 1 percent

Exhibit 6-19 TENURE IN PREVIOUS HOME, BY AGE OF SELLER
(Percentage Distribution)

	AGE OF HOME SELLER				
	All Sellers	18 to 24	25 to 44	45 to 64	65 or older
1 year or less	4%	55%	5%	3%	2%
2 to 3 years	18	9	25	13	9
4 to 5 years	21	36	30	15	11
6 to 7 years	12	N/A	16	10	7
8 to 10 years	15	N/A	15	17	10
11 to 15 years	12	N/A	8	16	12
16 to 20 years	8	N/A	1	12	14
21 years or more	11	N/A	N/A	14	35
Median	7	1	5	9	15

N/A- Not Available

Exhibit 6-20 DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY REGION
(Median Miles)

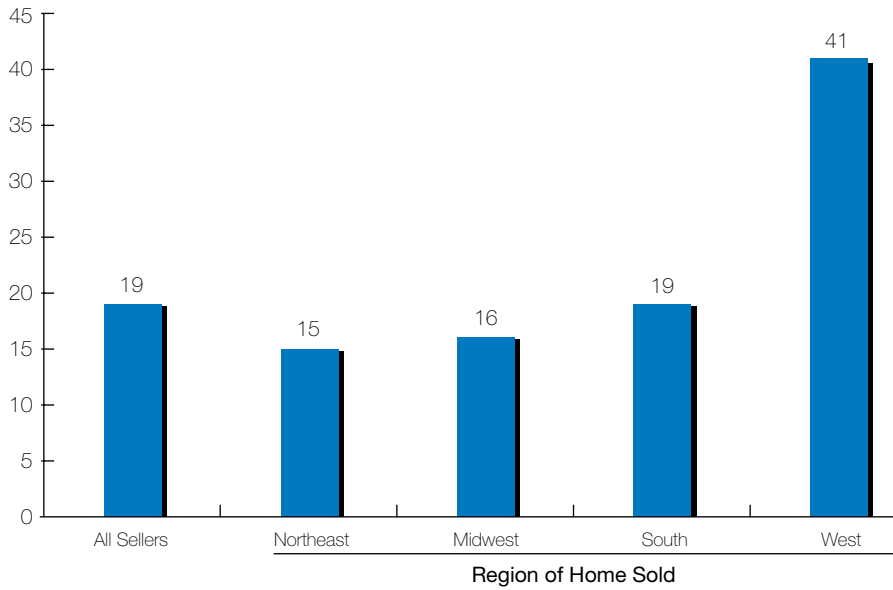


Exhibit 6-21 DISTANCE BETWEEN HOME PURCHASED AND HOME RECENTLY SOLD, BY AGE*(Percentage Distribution)*

	All Sellers	AGE OF HOME SELLER			
		18 to 24	25 to 44	45 to 64	65 or older
5 miles or less	22%	33%	23%	23%	20%
6 to 10 miles	13	*	14	13	11
11 to 15 miles	11	11	14	9	8
16 to 20 miles	6	*	6	6	3
21 to 50 miles	10	33	10	9	10
51 to 100 miles	5	*	4	6	7
101 to 500 miles	12	22	13	12	13
501 to 1,000 miles	9	*	7	10	11
1,001 miles or more	12	*	8	14	16
Median (miles)	19	26	15	23	44

* Less than 1 percent

Exhibit 6-22 METHOD USED TO SELL HOME, BY REGION*(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Sold home using an agent or broker	85%	89%	83%	82%	88%
Seller used agent/broker only	82	86	81	80	84
Seller first tried to sell it themselves, but then used an agent	3	3	2	2	4
For-sale-by-owner (FSBO)	11	8	11	14	7
Seller sold home without using a real estate agent or broker	9	8	9	11	7
First listed with an agent, but then sold home themselves	2	*	1	3	*
Sold home to a homebuying company	1	*	2	1	2
Other	3	2	4	3	3

* Less than 1 percent

Exhibit 6-23 METHOD USED TO SELL HOME, BY SELLER URGENCY*(Percentage Distribution)*

	All Sellers	SELLER NEEDED TO SELL		
		Very urgently	Somewhat urgently	Not urgently
Sold home using an agent or broker	85%	85%	86%	83%
Seller used agent/broker only	82	82	83	81
Seller first tried to sell it themselves, but then used an agent	3	3	3	2
For-sale-by-owner (FSBO)	11	8	10	14
Seller sold home without using a real estate agent or broker	9	6	9	12
First listed with an agent, but then sold home themselves	2	2	1	2
Sold home to a homebuying company	1	2	1	*
Other	3	5	3	3

* Less than 1 percent

Exhibit 6-24 METHOD OF SALE, BY BUYER AND SELLER RELATIONSHIP*(Percentage Distribution)*

Buyer and Seller Relationship	Seller Knew Buyer	Seller did not Know Buyer
All sellers	9%	91%
Sold home using an agent or broker	3	97
Seller used agent/broker only	3	97
Seller first tried to sell it themselves, but then used an agent	3	97
For-sale-by-owner (FSBO)	42	58
Sold home without using a real estate agent or broker	44	56
First listed with an agent, but then sold home themselves	28	72
Other	53	47

Method of Home Sale	All Sellers	Seller Knew Buyer	Seller did not Know Buyer
Sold home using an agent or broker	85%	30%	90%
Seller used agent/broker only	82	29	87
Seller first tried to sell it themselves, but then used an agent	3	1	3
For-sale-by-owner (FSBO)	11	53	7
Sold home without using a real estate agent or broker	9	47	6
First listed with an agent, but then sold home themselves	2	5	1
Other	3	17	2

Exhibit 6-25 METHOD USED TO SELL HOME, 2001-2009*(Percentage Distribution)*

	2001	2003	2004	2005	2006	2007	2008	2009
Sold home using an agent or broker	79%	83%	82%	85%	84%	85%	84%	85%
For-sale-by-owner (FSBO)	13	14	14	13	12	12	13	11
Sold to home buying company	1	1	1	1	1	1	1	1
Other	7	3	3	2	3	2	2	3

Exhibit 6-26 SALES PRICE COMPARED WITH LISTING PRICE, BY REGION*(Percentage Distribution of Sales Price as a Percent of List Price)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Less than 90%	23%	26%	21%	21%	28%
90% to 94%	21	24	25	19	16
95% to 99%	35	32	32	39	36
100%	15	13	15	16	16
101% to 110%	3	1	4	4	2
More than 110%	2	3	2	2	2
Median (sales price as a percent of listing price)	95%	94%	95%	96%	95%

Exhibit 6-27 SALES PRICE COMPARED WITH LISTING PRICE, BY SELLER URGENCY*(Percentage Distribution of Sales Price as a Percent of Listing Price)*

	All Sellers	SELLER NEEDED TO SELL		
		Very urgently	Somewhat urgently	Not urgently
Less than 90%	23%	24%	24%	15%
90% to 94%	21	19	22	19
95% to 99%	35	29	32	40
100%	15	21	15	19
101% to 110%	3	4	3	3
More than 110%	2	3	4	3
Median (sales price as a percent of listing price)	95%	95%	95%	96%

Exhibit 6-28 NUMBER OF WEEKS RECENTLY SOLD HOME WAS ON THE MARKET, BY REGION*(Percentage Distribution)*

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
Less than 1 week	6%	4%	6%	7%	4%
1 to 2 weeks	18	16	18	19	20
3 to 4 weeks	10	10	13	11	7
5 to 6 weeks	7	7	6	6	8
7 to 8 weeks	6	7	7	7	5
9 to 10 weeks	4	5	4	4	4
11 to 12 weeks	8	8	7	9	9
13 to 16 weeks	7	6	8	6	6
17 to 24 weeks	9	10	8	10	7
25 to 36 weeks	10	13	9	9	13
37 to 52 weeks	7	8	8	6	9
53 or more weeks	7	7	7	5	10
Median weeks	10	12	9	9	12

Exhibit 6-29 SALES PRICE COMPARED WITH LISTING PRICE, BY NUMBER OF WEEKS HOME WAS ON THE MARKET*(Percentage Distribution of Sales Price as a Percent of Listing Price)*

	All Sellers	SELLERS WHOSE HOME WAS ON THE MARKET FOR					
		Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
Less than 90%	23%	8%	3%	8%	12%	19%	48%
90% to 94%	21	9	7	16	27	32	24
95% to 99%	35	18	48	51	49	38	20
100%	15	58	32	18	10	8	4
101% to 110%	3	3	7	6	1	1	1
More than 110%	2	4	2	1	1	2	2
Median (sales price as a percent of listing price)	95%	100%	99%	97%	96%	94%	90%

Exhibit 6-30 NUMBER OF TIMES ASKING PRICE WAS REDUCED, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
(Percentage Distribution)

	All Sellers	SELLERS WHOSE HOME WAS ON THE MARKET FOR					
		Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
None, did not reduce the asking price	40%	88%	78%	57%	45%	28%	10%
One	26	12	19	34	38	37	20
Two	15	1	2	6	12	23	26
Three	9	*	*	2	3	9	20
Four or more	4	*	*	1	2	3	24

** Less than 1 percent*
Exhibit 6-31 INCENTIVES OFFERED TO ATTRACT BUYERS, BY REGION
(Percent of Respondents)

	All Sellers	SELLERS WHO SOLD A HOME IN THE			
		Northeast	Midwest	South	West
None	58%	69%	62%	51%	51%
Home warranty policies	21	13	22	26	21
Assistance with closing costs	18	9	16	22	23
Credit toward remodeling or repairs	6	6	4	9	7
Other incentives, such as a car, flat screen TV, etc.	3	2	3	3	3
Assistance with condo association fees	1	1	*	1	1
Other	5	5	3	8	6

** Less than 1 percent*
Exhibit 6-32 INCENTIVES OFFERED TO ATTRACT BUYERS, BY NUMBER OF WEEKS HOME WAS ON THE MARKET
(Percent of Respondents)

	All Sellers	SELLERS WHOSE HOME WAS ON THE MARKET FOR					
		Less than 1 week	1 to 2 weeks	3 to 4 weeks	5 to 8 weeks	9 to 16 weeks	17 or more weeks
None	58%	79%	69%	68%	56%	54%	48%
Home warranty policies	21	3	19	16	24	23	26
Assistance with closing costs	18	10	12	11	16	16	26
Credit toward remodeling or repairs	6	1	3	4	6	8	10
Other incentives, such as a car, flat screen TV, etc.	3	*	1	1	2	4	4
Assistance with condo association fees	1	*	1	1	*	*	2
Other	5	8	1	3	4	7	7

** Less than 1 percent*

Exhibit 6-33 EQUITY EARNED FROM PRICE GAIN IN HOME RECENTLY SOLD, BY TENURE IN HOME AND REGION

(Percent of Respondents)

SELLERS WHO SOLD A HOME IN THE

TENURE IN HOME	All Sellers		Northeast		Midwest		South		West	
	Dollar value	Percent*	Dollar value	Percent	Dollar value	Percent	Dollar value	Percent	Dollar value	Percent
1 year or less	\$4,000	2%	\$10,000	4%	\$2,100	1%	\$7,100	5%	\$600	-1%
2 to 3 years	\$10,200	7%	\$11,900	9%	\$10,000	7%	\$10,000	6%	\$16,000	7%
4 to 5 years	\$18,300	13%	\$26,300	19%	\$11,400	9%	\$19,000	13%	\$34,000	23%
6 to 7 years	\$33,800	25%	\$67,300	44%	\$21,500	19%	\$33,000	24%	\$57,400	33%
8 to 10 years	\$64,000	51%	\$100,700	56%	\$40,000	32%	\$53,500	47%	\$147,500	69%
11 to 15 years	\$82,100	69%	\$90,100	87%	\$49,100	57%	\$73,300	58%	\$142,000	102%
16 to 20 years	\$86,500	102%	\$112,000	90%	\$70,000	97%	\$74,000	95%	\$129,200	128%
21 years or more	\$130,000	203%	\$197,500	293%	\$74,500	151%	\$123,000	180%	\$210,900	337%
Median	\$36,000	27%	\$63,000	44%	\$27,000	19%	\$34,000	25%	\$75,000	41%

* Percent change in selling price compared with purchase price

Exhibit 6-34 SHORT SALES, BY REGION

(Percentages)

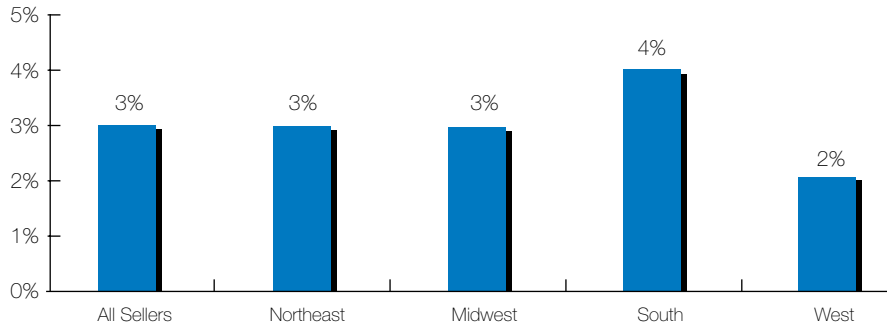
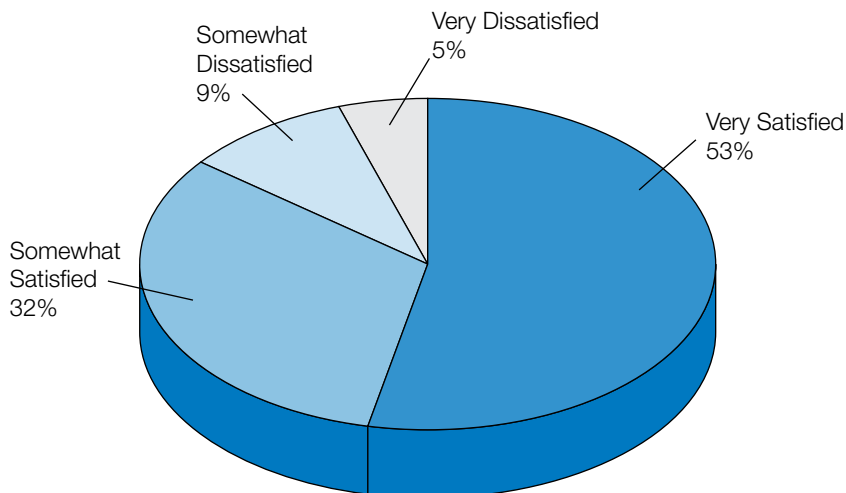


Exhibit 6-35 SATISFACTION WITH THE SELLING PROCESS

(Percentage Distribution)



CHAPTER 7: HOME SELLING AND REAL ESTATE PROFESSIONALS

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EFERRALS FROM FRIENDS AND FAMILY CONTINUE TO BE AMONG THE MOST important factors when home sellers choose a real estate agent. Home sellers look to agents with a strong reputation, evidence of honesty and integrity, and knowledge of the neighborhood. Given that most sellers find their agent through a referral, two-thirds contacted only one agent to assist with their home sale, and one-half who used an agent to sell their home used the same agent to buy a new home. Most sellers still choose agents who provide a broad range of services rather than agents who offer a limited set of services. Buyers are overwhelmingly satisfied with their agents, and 81 percent of buyers indicated that they would recommend their agent or use the agent's services in the future. Real estate agents continue finding creative and innovative ways of marketing the homes. While the share of traditional marketing media is trending downwards, real estate agents are making greater use of social media and video hosting web sites. The Internet has become an indispensable marketing tool with 90 percent of sellers using an agent reporting that the agent listed their home on the Internet. In general, marketing in print media, such as real estate magazines and newspaper advertisements, dropped significantly in 2009.

FINDING A REAL ESTATE AGENT

► Exhibits 7-1 through 7-3

Given the very personal experience of selling a home, home sellers naturally tend to seek referrals from friends, neighbors or relatives, or use an agent that they have previously worked with. Forty percent of home sellers found the agent they used based on a referral, and 24 percent used an agent they had previously worked with. Other methods of finding an agent were cited much less frequently.

In 2009, home sellers tended to contact more agents before selecting one to assist with their home sale than in 2008. Sixty-four percent of home sellers contacted only one agent in 2009, 3 percentage points less than last year. The significant role of referrals in the selection process is one factor accounting for the large share of sellers contacting only one agent. Thirty-six percent of home sellers contacted two or more agents. Additionally, nearly half of home sellers who used an agent to sell their home used the same agent to buy a new home.

HOME LISTED ON MULTIPLE LISTING SERVICE

► Exhibit 7-4

Ninety-three percent of sellers listed their home on a Multiple Listing Service (MLS) reflecting the importance of the MLS as a resource for sellers marketing their home and for buyers looking to purchase. Only 3 percent of sellers did not list their home on a MLS.

LEVEL OF SERVICE

► Exhibit 7-5

Sellers overwhelmingly, in 80 percent of transactions, work with an agent who can provide a broad range of services and manage most aspects of the sale. Some home sellers choose to work with agents who provide fewer services requiring more active participation of the seller. For example, 9 percent of sellers worked with an agent who provided only a limited set of services and 11 percent of sellers sought the assistance of agents who offered minimal services other than a listing on a MLS.

WHAT SELLERS MOST WANT AND LEVEL OF SERVICE

► Exhibits 7-6 through 7-7

Home sellers want their agent to accomplish several goals when selling their home. For some sellers, pricing their home competitively or marketing their home to buyers is most important. Others expect their agent to find a buyer or sell their home within a specific timeframe. While the largest share, 22 percent, of sellers needed an agent's assistance in competitively pricing their home, 21 percent needed help finding a buyer for the home. Similar percentages reported that the most important task was marketing or selling within a specific timeframe.

Sellers seeking different levels of service from their agent rank some benefits provided by real estate professionals more highly than others. Twenty-seven percent of sellers, up 8 percentage points from last year, who requested a limited set of services wanted help selling their home within a specific time period. A higher percentage of sellers working with an agent who provided a broad range of services considered pricing of the home the most important service. By comparison, sellers who relied on an agent primarily to list their home with a MLS were most likely to want help marketing the home and finding a prospective buyer.

The reputation of the agent is the most important selection factor among all sellers seeking different levels of service. Consistently about 36 percent of sellers indicated it was the most important factor in choosing their real estate agent regardless of the level of service. Honesty and trustworthiness were viewed as most important by nearly one-quarter of sellers seeking agents who provided a full spectrum of services. Fewer sellers seeking other levels of service viewed trustworthiness as the most important factor.

METHODS USED TO MARKET HOME

► Exhibit 7-8

In marketing homes, real estate agents are continuing to be ever more creative with social media and video hosting web sites coming onto the survey's radar this year. Ninety percent of sellers using an agent reported that the agent listed their home on the Internet. A yard sign remained the second most frequent marketing method used by 82 percent of sellers. The share of sellers who used an agent and held an open house remained at 59 percent. Other marketing methods were much less frequently used.

In general, marketing in print media, such as real estate magazines and newspaper advertisements, dropped significantly in comparison with other advertising media, down 8 percent and 5 percent respectively. One-fifth of all homes were marketed via direct mail. Additionally, while apartments and condos in buildings with five or more units were relatively less likely to use yard signs, they made more use of web sites with real estate listings.

AGENT'S PERFORMANCE AND COMPENSATION

► Exhibits 7-9 through 7-11

Most agents, 81 percent, are paid by the sellers in full, while only a small share of agents, 4 percent, are paid by the buyers. Three-quarters of sellers pay the agent's fee as a percent of the sales price and only 4 percent paid a flat fee to the agent.

A majority of sellers are aware that the agent's fees are negotiable. One-quarter of sellers brought up the topic and the real estate agent was willing to negotiate their commission or fee, while 9 percent of sellers initiated the discussion, but the agent was not willing to negotiate. One in ten sellers was aware that the commission and fees were negotiable but did not bring up the issue. These shares are similar to results from 2008.

With repeat business and referrals being the strongest sign of client satisfaction, most sellers, 81 percent, reported that they would recommend their agent or use the agent's services in the future.

Exhibit 7-1 METHOD USED TO FIND REAL ESTATE AGENT

(Percentage Distribution)

Referred by (or is) a friend, neighbor, or relative	40%
Used agent previously to buy or sell a home	24
Referred through employer or relocation company	5
Visited an open house and met agent	5
Personal contact by agent (telephone, email, etc.)	5
Referred by another real estate or broker	4
Saw contact information on For Sale/Open House sign	3
Direct mail (newsletter, flyer, postcard, etc.)	3
Internet website	3
Walked into or called office and agent was on duty	3
Newspaper, Yellow pages, or home book ad	2
Advertising specialty (calendar, magnet, etc.)	1
Other	5

Exhibit 7-2 NUMBER OF AGENTS CONTACTED BEFORE SELECTING ONE TO ASSIST WITH SALE OF HOME

(Percentage Distribution)

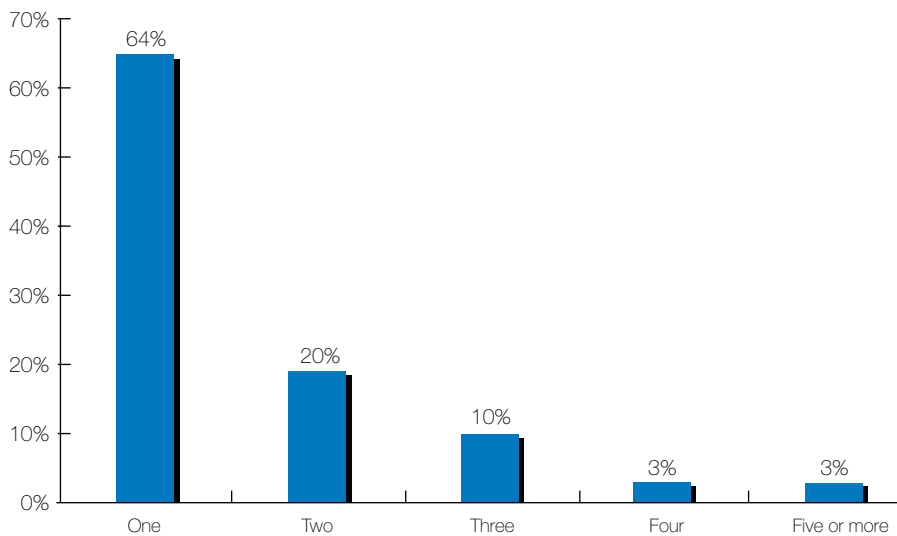


Exhibit 7-3

DID SELLER USE THE SAME REAL ESTATE AGENT FOR THEIR HOME PURCHASE?

(Percentage Distribution Among Sellers Who Used an Agent to Purchase a Home)

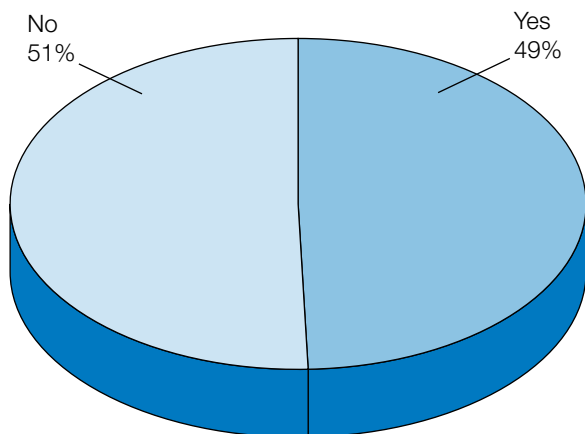


Exhibit 7-4

HOME LISTED ON MULTIPLE LISTING SERVICE

(Percentage Distribution)

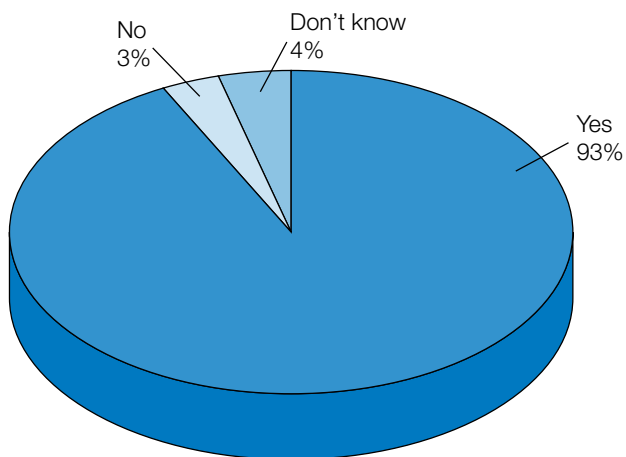


Exhibit 7-5

LEVEL OF SERVICE PROVIDED BY THE REAL ESTATE AGENT

(Percentage Distribution)

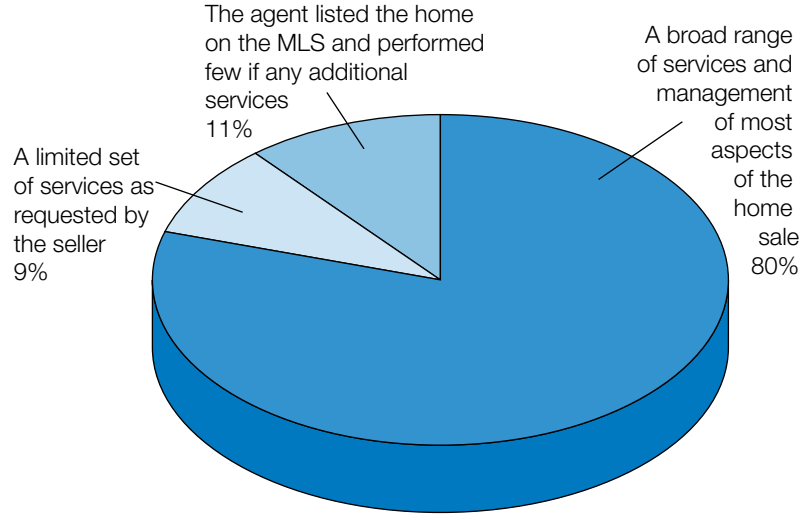


Exhibit 7-6

WHAT SELLERS MOST WANT FROM REAL ESTATE AGENTS, BY LEVEL OF SERVICE PROVIDED BY THE AGENT

(Percentage Distribution)

	All sellers	LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
		A broad range of services and management of most aspects of the home sale	A limited set of services as requested by the seller	The agent listed the home on the MLS and performed few if any additional services
Help price home competitively	22%	23%	18%	19%
Help find a buyer for home	21	20	24	24
Help seller market home to potential buyers	19	20	15	23
Help sell the home within specific timeframe	19	18	27	19
Help seller find ways to fix up home to sell it for more	10	11	7	5
Help with negotiation and dealing with buyers	5	4	5	6
Help with paperwork/inspections/preparing for settlement	3	3	3	1
Help seller see homes available to purchase	1	1	1	1
Other	1	*	1	3

* Less than 1 percent

Exhibit 7-7**MOST IMPORTANT FACTOR IN CHOOSING A REAL ESTATE AGENT TO SELL HOME, BY LEVEL OF SERVICE PROVIDED BY THE AGENT***(Percentage Distribution)*

	All sellers	LEVEL OF SERVICE SOUGHT FROM THE AGENT BY THE SELLER		
		A broad range of services and management of most aspects of the home sale	A limited set of services as requested by the seller	The agent listed the home on the MLS and performed few if any additional services
Reputation of agent	36%	36%	36%	35%
Agent is honest and trustworthy	21	23	13	19
Agent is friend or family member	16	16	18	14
Agent's knowledge of the neighborhood	13	13	14	11
Agent has caring personality/ good listener	6	6	5	6
Agent's association with a particular firm	4	3	7	8
Professional designations held by agent	1	1	1	3
Agent's commission	*	*	*	*
Other	3	2	7	5

** Less than 1 percent***Exhibit 7-8****METHODS REAL ESTATE AGENT USED TO MARKET HOME, BY TYPE OF HOME SOLD***(Percent of Respondents Among Sellers Who Used an Agent)*

	All Homes	TYPE OF HOME SOLD						
		Cabin/ cottage	Duplex/ apartment/condo in 2-4 unit structure	Apartment/condo in building with 5 or more units	Town-house/ row house	Detached single-family home	Mobile/ manufactured home	Other
Listing on the Internet	90%	100%	97%	94%	94%	89%	81%	85%
Yard sign	82	67	69	45	75	85	64	54
Open house	59	93	56	63	62	59	50	42
Print newspaper advertisement	37	60	29	34	43	37	17	23
Real estate magazine	29	27	23	16	22	30	47	23
Other websites with real estate listings	24	27	29	37	25	23	33	19
Direct mail (flyers, postcards, etc.)	20	40	19	25	26	19	*	19
Video	12	27	3	6	8	13	8	8
Television	4	*	3	2	1	4	*	11
Social networking websites	2	*	*	2	4	2	3	*
Video hosting websites (e.g., YouTube, etc.)	1	*	*	*	1	2	*	*
Other	3	7	*	4	3	3	9	*

** Less than 1 percent*

Exhibit 7-9 HOW REAL ESTATE AGENT WAS COMPENSATED

(Percentage Distribution)

Paid by seller	81%
Percent of sales price	76
Flat fee	4
Per task fee	*
Other	*
Don't Know	1
Paid by buyer and seller	6
Paid by buyer only	4
Other	5
Don't Know	3

* Less than 1 percent

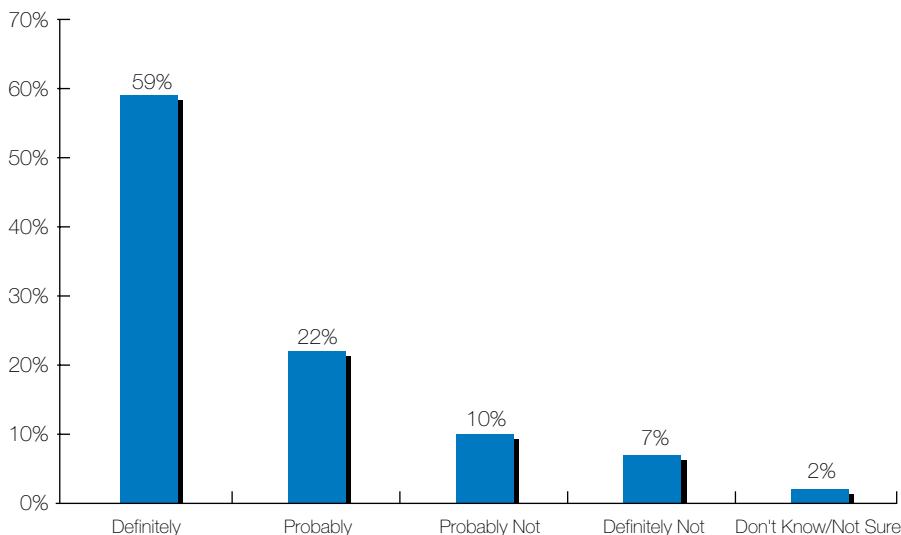
Exhibit 7-10 NEGOTIATING THE COMMISSION RATE OR FEE WITH THE REAL ESTATE AGENT

(Percentage Distribution)

Real estate agent initiated discussion of compensation	44%
Client brought up the topic and the real estate agent was willing to negotiate their commission or fee	25
Client brought up the topic and the real estate agent was not willing to negotiate their commission or fee	9
Client did know commissions and fees could be negotiated but did not bring up the topic	10
Client did not know commissions and fees could be negotiated	13

Exhibit 7-11 WOULD SELLER USE REAL ESTATE AGENT AGAIN OR RECOMMEND TO OTHERS?

(Percentage Distribution)



CHAPTER 8: FOR SALE BY OWNER SELLERS

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ELLERS IN 2009 FACED MANY DIFFICULTIES AND A LARGER SHARE OF

sellers sought out a real-estate agent to help them navigate these difficulties than in 2008. Some sellers still chose to forego the assistance of an agent. These sellers, known as for-sale-by-owner or FSBO sellers, were younger in 2009 than in 2008. They are more likely than agent-assisted sellers to be single and generally have lower incomes than agent-assisted sellers. The typical FSBO home sells for much less than the typical agent-assisted home, but because many are lower priced homes and nearly half are sold between buyers and sellers who are acquainted—a so-called non-arms-length transaction, the time on market is lower for FSBO sales. Chief difficulties reported by FSBO sellers include preparing the home for sale, getting the price right, and understanding and performing paperwork. Of those who were successful FSBO sellers, many are unsure of whether or not they will use an agent to sell their current home. Those sellers who successfully sold their home in an arms-length transaction are more likely to report that they will sell their current home without the assistance of an agent.

FSBO AND AGENT-ASSISTED SALES, BY LOCATION AND OVER TIME

► Exhibits 8-1 through 8-2

In 2009, a year of difficulties in the housing market, there was a decrease in the share of for-sale-by-owner (FSBO) sales and a commensurate increase in the share of agent-assisted and other sales. This pattern held in all areas except urban areas where FSBO sales increased as a share of all sales in 2009. Resort areas saw the biggest increase in the share of sales that were neither FSBO nor agent-assisted. Over time, the share of homes sold as FSBOs trended down as the housing market heated up; more sellers sought the advice and expertise of an agent to assist them in the sale. In 2008, this trend seemed to be reversing as the market cooled. However, FSBOs continued to decline in 2009 as a result of increases in other type of sales (i.e. trustee sales or foreclosure auctions) and the fact that buyers are still keen on relying on the experience and expertise of agents. Of particular note is the decrease in the share of FSBO sales by sellers who did not know the buyer in 2009.

CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS

► Exhibit 8-3

Sellers, especially FSBO sellers, were younger in 2009. The typical age of all sellers was 46 in 2009, down from 47 in 2008. FSBO sellers were even younger; the median age was 45 years among all FSBOs and 43 years for FSBO sellers unacquainted with their buyers. The age of the typical agent-assisted seller was unchanged at 46 in 2009, except for those who first attempted a FSBO sale and then sought out an agent. In 2008 the typical FSBO then agent-assisted seller was 45; in 2009 the median age was 39.

By household type, FSBO sellers are less likely to be married couples and more likely to be single male or single female sellers. They also have lower household incomes at the median than agent-assisted sellers. Compared with household income in 2007, household income was higher for all sellers and for most types of sellers in 2008. The exceptions were for FSBO sellers who knew their buyers and those who first attempted a FSBO sale but then sought the

help of a real estate agent. These two groups reported the lowest 2008 household incomes of \$68,800 and \$75,500, respectively. The decrease in income among FSBO sellers who knew their buyers was largely responsible for the decrease of 4 percent in the median household income for all FSBO sellers.

CHARACTERISTICS OF HOMES SOLD BY FSBO AND AGENT-ASSISTED SELLERS

► Exhibits 8-4 through 8-6

While the majority of homes sold by FSBO sellers are single-family detached homes, FSBO sellers were less likely than agent-assisted sellers to have sold detached single-family homes and much more likely to have sold mobile or manufactured homes.

FSBO sellers were less likely than agent-assisted sellers to have sold a home in a suburb or subdivision though more arms-length FSBO sales transactions occurred in a suburb or subdivision than any other area. FSBO sellers were slightly more likely to have sold a home in a small town or urban area and much more likely to have sold a home in a rural area, especially FSBO sellers acquainted with the buyer. Nearly one-third of homes sold in non-arms-length FSBO transactions were in rural areas.

One other noticeable difference among agent-assisted and unassisted sales is in price; agent-assisted homes sell for more than FSBO homes at the median. The typical agent-assisted home sold for \$215,000 compared with \$172,000 for the typical FSBO home. The median selling prices reported by sellers increased in 2009 except among FSBO sellers where the buyer and seller knew each other prior to the sale and among sellers who attempted a FSBO sale and ultimately completed the sale with an agent. As has long been the case, FSBO sellers who were acquainted with their buyers frequently receive 100 percent of their asking price. In cases where the FSBO seller and buyer were unacquainted, the seller typically received 97 percent of the asking price in 2009. Among agent-assisted sales, the median price received was 95 percent of the original asking price.

THE SELLING PROCESS: TIMING, URGENCY, AND INCENTIVES FOR FSBO AND AGENT ASSISTED SELLERS

► Exhibits 8-7 through 8-9

The median time on the market for all homes sold increased from 8 weeks to 10 weeks in 2009. Unsurprisingly, this was driven by an increase in the time taken to sell higher-priced homes which are more commonly agent-assisted. The typical agent assisted home took 12 weeks to sell in 2009. The fastest sales, those FSBO sales where the seller already knows the buyer, took only one week. Sales by sellers who attempted a FSBO sale and then completed the transaction with the assistance of an agent took the longest time, 17 weeks at the median.

Seller urgency increased at the extremes in 2009. Among all sellers, those who did not need to sell urgently increased from 33 to 37 percent in 2009. At the same time, the share of those who needed to sell very urgently increased from 20 to 21 percent. FSBO sellers and sellers who began as FSBO and then sought the assistance of a real estate agent were less likely to report needing to sell their home very urgently. This lends support to the idea that those who need to sell their homes urgently turn first to a real-estate agent for assistance. Agent-assisted sellers needing to sell very urgently increased from 20 to 21 percent while at the same time agent-assisted sellers not needing to sell urgently increased from 32 to 37 percent.

Most sellers in 2009 did not offer any incentives to attract buyers. The share of FSBO sellers reporting that they did not offer any incentives was 75 percent. By comparison, 54 percent of agent-assisted sellers and only 39 percent of FSBO sellers who completed their transaction with agent assistance did not offer any incentives to buyers. Assistance with closing costs was the incentive most commonly offered by FSBO sellers and FSBO sellers who completed their home sale with the assistance of an agent. For agent-assisted sellers, home warranty policies were the most commonly offered incentive. Sellers who began as FSBO and then sought the assistance of an agent were more likely than other sellers to offer other types of incentives not specifically enumerated (17 percent).

FSBO SPECIFICS: MARKETING METHODS, REASONS FOR FORGOING ASSISTANCE, DIFFICULTIES, AND PLANS FOR FUTURE HOME SALES

► Exhibits 8-10 through 8-13

More than half of owners who sold without the assistance of an agent and knew the buyer did not actively market their homes. Surprisingly, 17 percent of sellers who sold without the assistance of an agent and did not know the buyers also did not actively market their home to potential buyers. Most marketing methods were used more frequently by sellers who did not know their buyers including the use of yard signs (59 percent), listing on the internet (40 percent) and print newspaper advertisements (33 percent). Only advertising through friends, relatives, or neighbors (46 percent) and television marketing (2 percent) were used more commonly by FSBO sellers who knew the buyer of their home.

Sixty-nine percent of sellers who sold without the assistance of an agent to someone they did not know were motivated by the desire to avoid a commission or fee. Among sellers who knew the buyer, 22 percent were also motivated to avoid a commission or fee but more often found that selling to a friend or relative did not require assistance (60 percent).

The share of FSBO sellers who reported no difficulty in selling their home without assistance decreased from 33 percent in 2008 to 26 percent in 2009. Notably, the share of sellers who knew the buyer and reported no difficulties decreased from 45 to 32 percent. The tasks identified as most difficult in 2009 were different than in 2008. While selling within the length of time planned was the top problem for FSBO sellers who did not know the buyer in 2008, preparing the home for sale was most difficult for the same group in 2009. In both 2008 and 2009 getting the price right was a problem, and in 2009 a greater share of non-arms-length sellers reported this as a problem (19 percent).

Despite the difficulties reported by many, 46 percent of sellers who did not previously know the buyer reported that they would sell their next home without the assistance of an agent. Nearly twice as many FSBO sellers who knew their buyers would sell their next home with the assistance of a real-estate agent (29 percent) than would sell without assistance (15 percent). A large portion of successful FSBO sellers were undecided about how they would try to sell their current home.

Exhibit 8-1 FSBO AND AGENT-ASSISTED SALES, BY LOCATION*(Percentage Distribution)*

	SELLERS WHO SOLD A HOME IN A					
	All Sellers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
For-sale-by-owner (FSBO)	11%	8%	13%	14%	19%	9%
Seller knew buyer	5	3	6	5	12	*
Seller did not know buyer	6	5	7	9	7	9
Agent-assisted	85	88	83	83	77	87
Other	4	4	5	3	4	4

* Less than 1 percent

Exhibit 8-2 FSBO AND AGENT-ASSISTED SALES, 2003-2009*(Percentage Distribution)*

	2003	2004	2005	2006	2007	2008	2009
All FSBO (For-sale-by-owner)	14%	14%	13%	12%	12%	13%	11%
Seller knew buyer	5	5	5	5	5	6	5
Seller did not know buyer	9	10	8	7	7	7	6
Agent-assisted	83	82	85	84	85	84	85
Other	4	4	2	3	3	3	4

Exhibit 8-3 CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent- assisted	Agent- assisted only	First FSBO, then Agent-assisted
Median age	46	45	47	43	46	46	39
Median income (2008)	\$91,100	\$76,900	\$68,800	\$82,100	\$94,200	\$94,900	\$75,500
Household composition							
Married couple	75%	68%	60%	74%	77%	77%	79%
Single female	14	17	19	15	13	13	11
Single male	6	9	12	7	5	5	3
Unmarried couple	4	5	7	4	4	3	8
Other	1	1	2	1	1	1	*

* Less than 1 percent

Exhibit 8-4 TYPE OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS*(Percentage Distribution)*

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Detached single-family home	82%	74%	74%	73%	83%
Townhouse/row house	7	5	5	5	7
Duplex/apartment/condo in 2 to 4 unit building	2	2	3	*	2
Apartment/condo in a building with 5 or more units	4	4	2	5	4
Mobile/manufactured home	3	11	16	7	2
Other	2	5	*	9	2

* Less than 1 percent

Exhibit 8-5 LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS*(Percentage Distribution)*

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Suburb/Subdivision	53%	39%	30%	45%	55%
Small town	18	20	22	18	17
Urban area/Central city	15	19	16	21	15
Rural area	13	22	32	14	12
Resort/Recreation area	2	1	*	2	2

* Less than 1 percent

Exhibit 8-6 SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median selling price	\$209,000	\$172,000	\$151,000	\$185,000	\$215,000	\$217,000	\$143,000
Sales price compared with asking price:							
Less than 90%	23%	12%	11%	13%	24%	24%	27%
90% to 94%	21	20	19	22	21	21	37
95% to 99%	35	29	15	39	37	37	35
100%	15	36	53	22	12	12	2
101% to 110%	3	*	*	*	4	4	*
More than 110%	2	3	3	3	2	2	*
Median (sales price as a percent of asking price)	95%	98%	100%	97%	95%	95%	92%
Number of times asking price was reduced:							
None	40%	58%	61%	54%	37%	37%	31%
One	26	27	27	28	26	27	25
Two	15	10	11	10	17	16	20
Three	9	3	1	4	10	10	13
Four or more	9	2	*	4	10	10	11

* Less than 1 percent

Exhibit 8-7 TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS

(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Less than 1 week	6%	21%	38%	7%	2%	2%	*
1 to 2 weeks	18	22	21	24	18	18	9
3 to 4 weeks	10	12	7	15	10	11	1
5 to 6 weeks	7	7	3	10	7	7	3
7 to 8 weeks	6	9	14	5	6	6	1
9 to 10 weeks	4	2	4	1	5	4	12
11 to 12 weeks	8	7	3	12	8	7	18
13 to 16 weeks	7	1	*	1	8	8	6
17 to 24 weeks	9	3	1	5	10	10	6
25 to 36 weeks	10	7	5	10	11	11	18
37 to 52 weeks	7	4	4	3	8	8	9
53 or more weeks	7	4	1	6	7	7	16
Median weeks	10	4	1	6	12	12	17

* Less than 1 percent

Exhibit 8-8 SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS*(Percentage Distribution)*

Sellers needed to sell:	All Sellers	FSBO		AGENT-ASSISTED			
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Very urgently	21%	15%	21%	9%	21%	21%	24%
Somewhat urgently	41	39	39	38	42	41	47
Not urgently	37	47	40	53	37	37	29

Exhibit 8-9 INCENTIVES OFFERED TO ATTRACT BUYERS, FSBO AND AGENT-ASSISTED SELLERS*(Percent of Respondents)*

	All Sellers	FSBO		AGENT-ASSISTED			
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
None	57%	75%	77%	73%	54%	55%	39%
Home warranty policies	22	8	4	11	24	24	21
Assistance with closing costs	18	12	14	12	19	19	29
Credit toward remodeling or repairs	7	7	3	10	7	7	9
Other incentives, such as a car, flat screen TV, etc.	3	1	1	1	3	3	3
Assistance with condo association fees	1	*	1	*	1	1	*
Other	5	4	3	4	6	5	17

* Less than 1 percent

Exhibit 8-10 MOST IMPORTANT REASON FOR SELLING HOME AS FSBO*(Percentage Distribution)*

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Did not want to pay a commission or fee	49%	22%	69%
Sold it to a relative, friend or neighbor	26	60	2
Buyers contacted seller directly	11	7	14
Agent was unable to sell home	7	9	5
Did not want to deal with an agent	4	1	6
Seller has real estate license	3	*	5
Could not find an agent to handle transaction	*	*	*
Other	*	*	*

* Less than 1 percent

Exhibit 8-11 METHODS USED BY FSBO SELLERS TO MARKET HOME*(Percent of Respondents)*

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Yard sign	44%	14%	66%
Friends, relatives, or neighbors	33	43	26
Listing on the Internet	25	8	37
Print newspaper advertisement	22	14	27
For-sale-by-owner website	15	*	26
Open house	15	3	23
Other websites with real estate listings	11	*	17
Direct mail (flyers, postcards, etc)	3	1	5
Television	3	4	2
Social networking websites (e.g. Facebook, MySpace, etc.)	3	1	4
Video	2	2	2
For-sale-by-owner magazine	2	*	3
None - Did not actively market home	31	51	17
Other	2	1	3

* Less than 1 percent

Exhibit 8-12 MOST DIFFICULT TASK FOR FSBO SELLERS*(Percentage Distribution)*

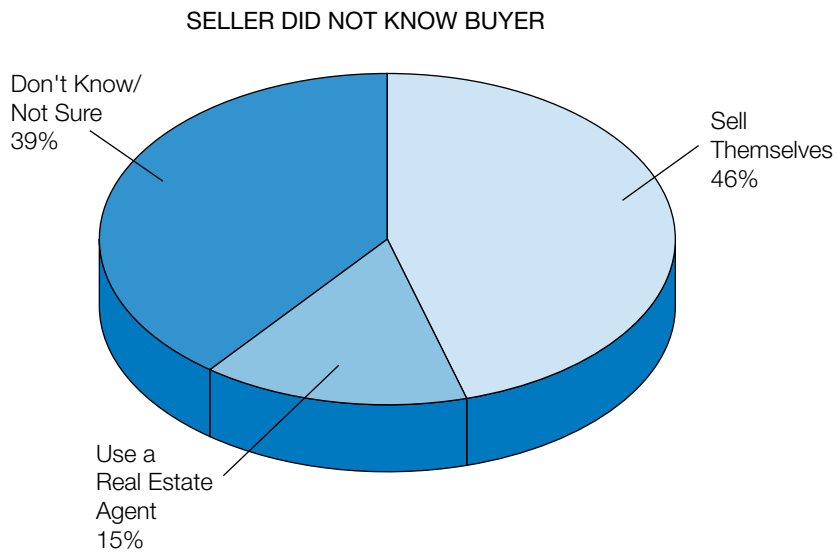
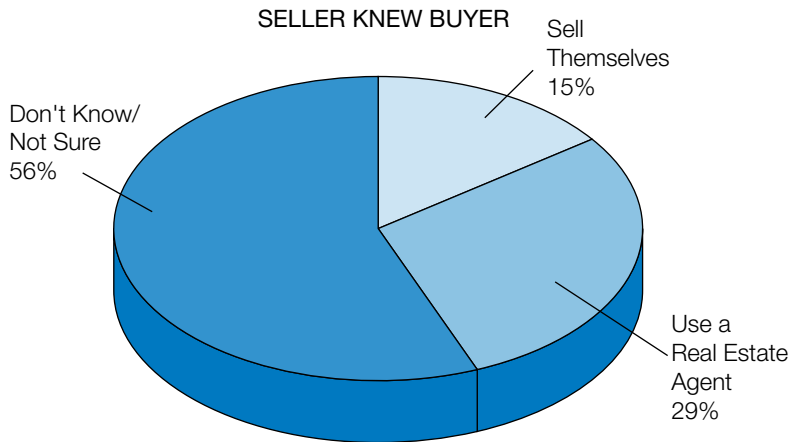
	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Preparing or fixing up the home for sale	18%	10%	23%
Getting the price right	15	19	12
Understanding and performing paperwork	15	14	15
Selling within the length of time planned	9	7	9
Attracting potential buyers	8	1	12
Having enough time to devote to all aspects of the sale	5	5	5
Helping buyer obtain financing	5	11	1
Other	*	*	*
None/Nothing	26	32	23

* Less than 1 percent

Exhibit 8-13

HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME

(Percentage Distribution)



METHODOLOGY

 IN JULY 2009, THE NATIONAL ASSOCIATION OF REALTORS® MAILED AN EIGHT-PAGE

questionnaire to 120,038 consumers who purchased a home between July 2008 and June 2009. The survey yielded 9,138 usable responses with a response rate, after adjusting for undeliverable addresses, of 7.9 percent. Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending June 2009, with the exception of income data, which are reported for 2008. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South and West. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.

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