



**The 2003 NATIONAL
ASSOCIATION OF
REALTORS®
Profile of Home Buyers
and Sellers**

MARYLAND STATE REPORT



NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

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Preface

*H*ousing continues to be a pillar of strength in the nation's economy, expanding robustly even while other sectors succumb to recession and geopolitical uncertainties. Interest rates have been, and remain, near historical lows, helping to propel the housing market to a record 6.54 million home sales in 2002. Not only has the pace of sales remained strong, but price appreciation also has added to the wealth of households at a time when equity markets languished. The strong pace of home sales is expected to continue in 2003 and possibly reach record levels. The American Dream of homeownership is now a reality for nearly 74 million households; the U.S. homeownership rate is 68 percent, up from 64 percent a decade ago.

But, even with favorable market conditions, buying a home remains a challenging endeavor. Establishing where to buy, how to search, and how much home one can afford are all difficult tasks—especially for first-time buyers.

In today's market, many people mistakenly believe that selling a house is uncomplicated and effortless. However, selling one's home can often be even more daunting than buying a home. Establishing a competitive list price, deciding how to market a home, and timing the sale to coincide with a purchase of another home are all challenging but important undertakings that the home seller must manage.

Real estate professionals specialize in assisting buyers and sellers with these tasks and are knowledgeable in all aspects of the home sales transaction. They have the experience and expertise to coordinate all parts of the sales transaction for both buyers and sellers. It is therefore no surprise that the majority of home sales involve a real estate professional in some capacity.

Real estate professionals know their neighborhoods better than anyone. With this knowledge, they help their clients find properties that meet the needs of first-time buyers, married couples with children, or empty-nesters looking to downsize. Additionally, they also assist sellers in pricing, marketing and selling their homes in a timely manner.

The NATIONAL ASSOCIATION OF REALTORS® periodically conducts a survey of homebuyers and sellers in an effort to gather detailed information on the finer points of the homebuying and selling processes. Information is collected on the demographics of buyers and sellers, characteristics of their homes, and their recent experience in the housing market. The survey also provides information on the important role that real estate professionals play in home sales. Results of the survey provide the Association with a *Profile of Home Buyers and Sellers*. The *Profile* allows REALTORS® and other real estate professionals to better determine who their clients are, what their clients want from real estate agents, and ways that real estate professionals can improve their products and services for homebuying and selling consumers.

The 2003 NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers shows that homebuyers continue to rely on a real estate professional to guide them through the often overwhelming process of gathering and understanding the information on available homes and the home sales transaction. Home sellers use the expertise of a real estate professional to properly price their properties and market them in a fashion that leads to a quick sale. As in previous years, it remains true that real estate agents and brokers are successfully serving both buyers and sellers in the U.S. housing market.

NOTES TO THE 2003 HOME BUYER AND SELLER PROFILE

In March 2003, the NATIONAL ASSOCIATION OF REALTORS® mailed a 6-page questionnaire to 44,918 consumers who bought, or bought and sold, a home in early 2003. The survey resulted in 3,023 usable responses. 3,723 were returned due to an invalid address. As a result, the survey had an adjusted response rate of 7.3 percent. The names and addresses were obtained from Experian, a firm that maintains an extensive database of recent homebuyers derived from county records. The median is the primary statistical measure used throughout this report. Due to rounding, and omissions for space, percentage distributions may not add up to 100 percent.

Highlights from the 2003 Maryland Tabulations:

Homebuyer Demographics:

- 40 percent of buyers were first-time buyers.
- The median age of buyers was 40 years; the median age for first-time buyers was 31 years.
- Married couple families accounted for 49 percent of all buyers, single females comprised 26 percent, single men accounted for 13 percent and unmarried couples comprised 10 percent.
- 57 percent of buyer-households had two earners, 40 percent had one.
- The majority of buyers had no children residing in the home (67 percent).
- The median income for all buyer-households was \$77,000; among first-time buyers, the median income was \$63,000.
- Before buying their home, 42 percent had rented, 44 percent had owned a previous home, and 12 percent had lived with their parents, friends or relatives.
- 38 percent of all buyers reported that their primary motivation for purchasing a home was a desire to own their own home, 23 percent wanted a larger home, and 7 percent wanted to be closer to their workplace, school or family members.

Profile of the homes purchased

- 22 percent of homebuyers bought a new home, 78 percent bought a previously owned home.
- Median price of homes purchased was \$179,000, \$150,000 for first-timers, and \$200,000 for repeat buyers.
- The typical house cost the buyer \$89 per square foot.
- Roughly 15 percent bought in a small town, 56 percent in a suburban area, 17 percent in urban areas, and 9 percent in rural areas.
- Most buyers purchased a detached, single family home (55 percent). 30 percent purchased a townhouse or row house, 8 percent bought apartments/condos in a multifamily structure, and 5 percent purchased apartments/condos in 2-4 family structures.
- 70 percent reported that a primary reason that they chose the location where they bought was “the neighborhood”, 35 percent reported that they wanted to be close their workplace/school, 33 percent wanted to be near friends or family, 21 percent wanted to be near particular schools, 20 percent wanted to be near parks/recreation areas.
- Typical buyers bought their home 13 miles from their previous home.
- 29 percent of buyers made no compromises on their purchase. 23 percent compromised on the distance from work/school; 22 percent compromised on the condition of the house and 20 percent compromised the size of the home. Buyers were least likely to compromise on planned expenditures, lot size and the condition of the home.

Search process

- Typical buyers walked through 8 homes and searched for 9 weeks before finding the home they ultimately purchased.
- 89 percent of buyers used a real estate agent during their search. Other sources relied upon for information included yard signs (73 percent), the Internet (62 percent), open houses (53 percent) and newspaper advertisements (49 percent).
- 47 percent first found out about the home they purchased through an agent, 16 percent saw a yard sign, 11 percent found it on the Internet, 8 percent heard about the home from friend/neighbor/relative and 6 percent saw an ad in the newspaper.
- 76 percent bought their home through an agent, 7 percent bought directly from the owner (including 2 percent who knew the owner), and 15 percent bought from a builder.
- 82 percent reported that real estate agents were either “very useful” or “somewhat useful” in their home search. Yard signs (63 percent), the Internet (57 percent) and newspaper advertisements (38 percent) were the next most useful sources of information.
- 43 percent frequently used the Internet during their search, 24 percent used it occasionally, and 34 percent did not use the Internet at all.
- Internet home searchers typically went online to search home listings to look for properties for sale.
- The most highly valued features on websites were detailed property information, photos, and interactive maps.

Homebuying: the role of real estate professionals

- Among buyers who used an agent, 62 percent chose the first agent they contacted.
- 70 percent of buyers who used an agent used only one agent during their search; 16 percent used two agents.
- 45 percent of buyers with agents found their agent through a referral from a friend, neighbor or relative, 15 percent had used the agent previously and 10 percent walked into a real estate office and the agent was on duty.
- The most important skills an agent can have are knowledge of the purchase process, quick response to questions and knowledge of the market.
- The number one task that buyers wanted their agent to perform was help finding the right home (56 percent); also important were helping with paperwork (13 percent) and price negotiations (10 percent).
- 68 percent of all buyers used a buyer representative who represented them and not the seller. 53 percent of these buyers had a written agreement with their representative; the rest had an oral agreement.
- 70 percent of all buyers who bought through an agent signed a disclosure statement with the agent either at their first meeting or when they first wrote a contract on a home.
- Roughly 45 percent of agents were paid only by sellers and 27 percent were paid by the buyer as a percentage of the sales price.
- 50 percent said their agent pointed out unnoticed features/faults in homes, 37 percent said their agent shortened their home search, 35 percent reported that their

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- agent helped to improve their knowledge of the search area, 35 percent reported that their agent helped them negotiate better contract terms, and 24 percent reported that their agent helped expand their search area.
- 69 percent reported that they would definitely use their agent again, 15 percent said they would consider using the agent again, and 15 percent indicated that they would either probably or definitely not use their agent again.

Homebuyers: Financing the home purchase

- 93 percent of buyers obtained a mortgage to finance their purchase.
- Typical buyers financed 86 percent of the purchase price of their home.
- The most popular source for down payment funds was savings and equity from a previous home.

Home sellers: Their homes and selling experience

- 61 percent of home sellers sold a detached, single family home.
- 51 percent of homes that were sold were located in a suburb, 19 percent were in a small town, 15 percent were in an urban area, and 13 percent were in a rural area.
- The typical home seller owned the home for 8 years.
- 14 percent of home sellers were selling their first home, 39 percent were selling their second home, 20 percent were selling their third home.
- 82 percent sold their homes using an agent, 11 percent sold it themselves without ever having used an agent, 3 percent tried to sell it themselves and then ended up using an agent.
- 21 percent sold their home to someone they knew prior to the sale.
- Typical home sellers sold their home for \$188,000.
- The median number of weeks on the market was 3.

Home selling and real estate professionals

- 78 percent of sellers listed their home with the first agent they met.
- 44 percent used the same agent to buy their new home.
- 45 percent first found their agent through a referral from a friend or family member and 29 percent had used the agent previously.
- The most important factor in the choice of an agent was the reputation of the agent; also mentioned frequently was the agent's knowledge of the neighborhood.
- The most important tasks that sellers wanted their agent to perform were help pricing their home competitively (25 percent), help selling the house within a particular time frame (24 percent) and help finding a buyer (17 percent).
- The marketing tools most used by agents of sellers included yard signs, the Internet, and open houses.
- 73 percent reported that they would definitely use the same agent in their next sale or recommend the agent to a friend and 10 percent reported that they either probably or definitely would not.