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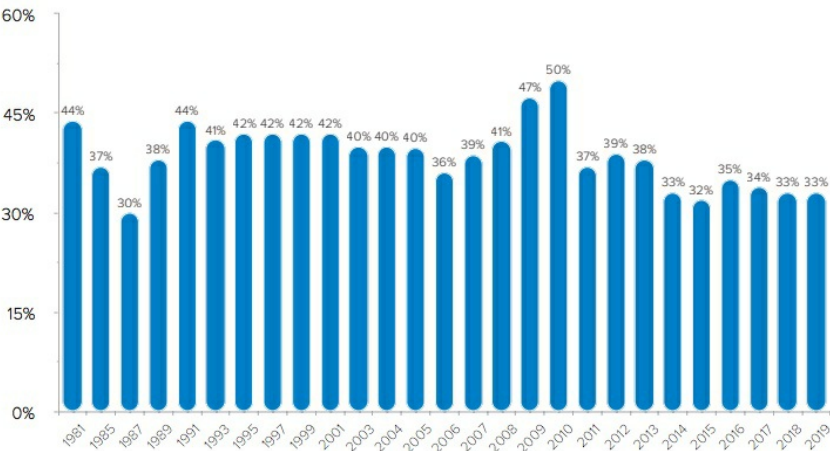
A Message from Jeffrey Chalmers:
"Are younger people buying or are they older?"

NAR Survey Shows Buyers are Increasingly Older, Less Married

The share of first-time buyers remains well below historic levels according to the National Association of Realtors® (NAR's) 2019 Profile of Home Buyers and Sellers, and those who do buy frequently need financial assistance from their family. The annual report, derived from a 125-question survey that NAR mails to buyers who purchased a home between July 2018 and June 2019, will be unveiled Friday afternoon at NAR's annual convention.

First-time buyers account for one-third of sales, a share that hasn't changed much since the financial crisis. Historically those buyers have constituted about 40 percent of the market. Further, one third of first-time buyers use downpayment help from family or friends.

Exhibit 1-16: First-Time Home Buyers
(Percent of all Home Buyers)



"Prerecession, the number of first-time buyers was higher, in part, because buyers had more options," said NAR President John Smaby. "However, over the past few years, we have unfortunately experienced a scarcity in housing inventory, especially at the middle- and lower-end of the market.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.43%	-0.01	0.00
15 Yr. Fixed	6.85%	0.00	0.00
30 Yr. FHA	6.91%	-0.01	0.00
30 Yr. Jumbo	7.62%	0.00	0.00
5/1 ARM	7.40%	-0.01	0.00

Freddie Mac			
30 Yr. Fixed	7.10%	-0.34	0.00
15 Yr. Fixed	6.39%	-0.37	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.13%	+0.12	0.00
15 Yr. Fixed	6.64%	+0.18	0.64
30 Yr. FHA	6.90%	+0.10	0.99
30 Yr. Jumbo	7.40%	+0.27	0.46
5/1 ARM	6.52%	+0.11	0.60

Rates as of: 4/22

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 17	202.1	+3.27%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Feb	662K	+0.15%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

	Value	Change
There was a bit of regional variation in the first-time buyer share. The West was lowest at 30 percent while they accounted for 39 percent of sales in the Northeast.	51	+6.25%

NAR chief economist Lawrence Yun notes that buyers report the most difficult step in the home buying process is just **finding the right home to purchase**, and what buyers want most from their real estate professional is to help them find that home. "Low inventory conditions hurt would-be first-time buyers most," said Yun. "Their homeownership dream and the opportunity to build wealth gets delayed until more inventory choices reach the market."

While the tight inventories and rapidly rising prices have made it a tough market for buyers, NAR says this has actually been advantageous to sellers in many parts of the country. Sellers got a median of 99 percent of their asking price this year and homes typically sold within three weeks. Fewer sellers were constrained from selling by negative equity, only 7 percent of sellers reported delaying their sale due to this factor, down 2 percentage points from last year. However, among owners who bought 11 to 15 years ago, a fifth report stalling their home sale because their home was worth less than their mortgage.

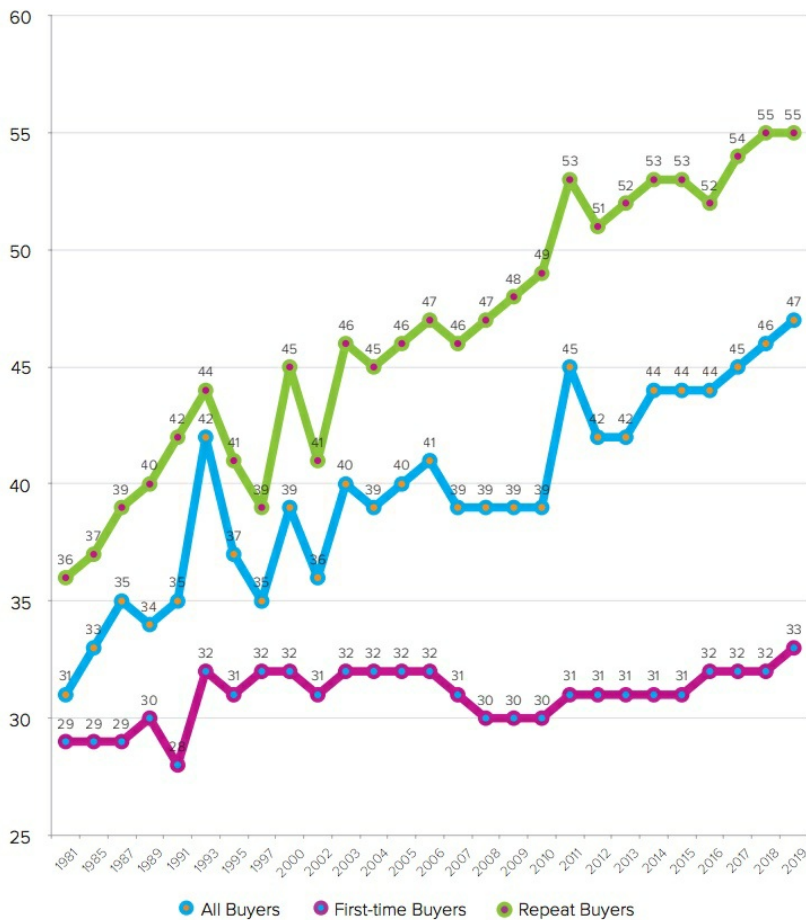
The NAR report found that the share of new homes purchased dropped to an all-time low of 13 percent, indicating a deficiency in the inventory of newly constructed properties.

Historically about 12 percent of first-time buyers report they moved into their first homes directly from living with friends or relatives . That percentage has nearly doubled; 23 percent of recent buyers followed that path. NAR says this another example of homebuyers adjusting to the current housing market and shows they're finding ways to save for a down payment while saving on market value rent.

The **average age of move-up buyers continues to grow**, from the mid-30s in the 1980s to the mid-50s today.. Yun says there is no statistic that has shown a more rapid and consistent increase than this one. It hit a record-high of 55 years old in both 2018 and 2019. Moreover, the median age for first-time buyers increased to 33 years old in 2019, the highest share recorded in the series' history. However, the largest share of homebuyers, first-time and repeat, continues to be in the 25 to 34 age group. They accounted for a quarter of all sales. The share of senior-related housing purchases was 12 percent, down slightly from one year ago.

Exhibit 1-1: Median Age of Home Buyers, 1981-2019

(Median Age)



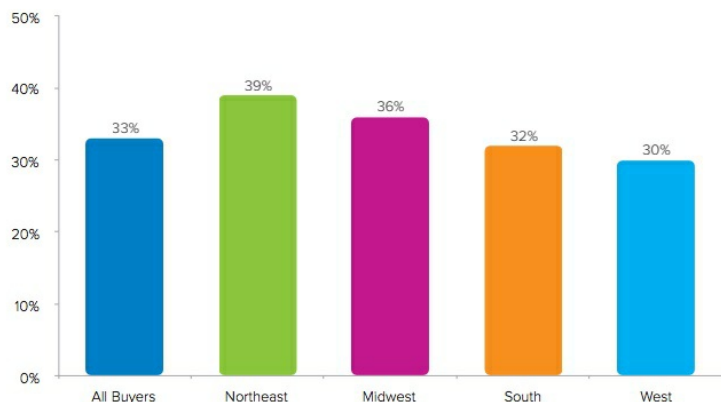
As prices crept higher, Yun says the demographics of home buyers shifted to accommodate changing market conditions. The survey revealed that 35 percent of all buyers had children under the age of 18 living at home, up 1 point from the 2018 survey but well below the 1985 survey high of 58 percent. Twelve percent of home buyers purchased a multi-generational home, which consists of a home with adult siblings, adult children over the age of 18 and parents or grandparents - or both - within the same household.

Respondents gave varying reasons for buying multi-generational homes, including 44 percent to make room for aging parents and 34 percent to accommodate adult children in the home. Another 29 percent referenced cost savings as their reasoning.

The share of married couples purchasing as first timers continues to decline, down from a historic high of 75 percent to 53 percent. The share that were unmarried couples rose to 17 percent. The share of married repeat buyers remained constant at 67 percent.

Exhibit 1-17: First-Time Home Buyers, by Region

(Percent of all Home Buyers)



NAR found the homeowner who sold over the last year was typically 57 years old, with a median household income of \$102,900. Home sellers said they ultimately sold their homes for a median of \$60,000 more than the price they paid for it and typically lived in that home for 10 years. This is up from the historic tenure of six years.

For the **first time in the survey's history** the top reason for selling, cited by 16 percent of those surveyed, **was a desire to move closer to family and friends**. The second most frequent reason was the need for a larger house and the third, at 11 percent, was job relocation. Only 8 percent sold their homes without the assistance of an agent This is near the lowest share of "FSBOs" since the information was first tracked in 1981.

Forty-eight percent of all sellers said they bought a home that was newer than their previous home, while 28 percent purchased a home the same age and 24 percent purchased one that was older. Forty-four percent of sellers said they "traded-up" to a more expensive house and 20 percent bought one that was less expensive. Those aged 18 to 34 purchased the most expensive trade-ups in 2019, recording an increase of \$110,000. Conversely, sellers aged 65 and over typically bought a less expensive home.

NAR's 155-page report contains a lot of information on the process of buying and selling as well as the characteristics of the homes and their financing. We will summarize some of this information at a later date.

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Jeffrey Chalmers

