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# 2013 Profile of Home Buyers and Sellers New Jersey Report

Prepared for:  
New Jersey Association of REALTORS®

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NATIONAL ASSOCIATION OF REALTORS®  
Research Division

December 2013

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NATIONAL ASSOCIATION OF REALTORS®

*The Voice for Real Estate®*

# 2013 Profile of Home Buyers and Sellers New Jersey Report

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## Introduction

For most home buyers, the purchase of real estate is one of the largest financial transactions they will make. Buyers purchase a home not only for the desire to own a home of their own, but also because of changes in jobs, family situations, and the need for a smaller or larger living area. This annual survey conducted by the NATIONAL ASSOCIATION OF REALTORS® of recent home buyers and sellers helps to gain insight into detailed information about their experiences with this important transaction. The information provided supplies understanding, from the consumer level, of the trends that are transpiring and the changes seen. The survey covers information on demographics, housing characteristics and the experience of consumers in the housing market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

Buyers continue to face tighter credit standards than seen in previous years. This year's report continued to show an elevated share of married couples and suppressed levels of single buyers, similar to last year's report. Married couples who purchased a home have the advantage of more buying power and added financial stability—their typical household incomes are higher than single households.

Due to suppressed inventory levels in many areas of the country, buyers are typically buying more expensive homes as prices increase. While the search time for buyers stayed the same length as in previous years, the selling time for sellers dropped substantially.

Buyers need the help of a real estate professional to help them find the right home for them, help them understand the process, and negotiate terms of sale. Sellers, as well, turn to professionals to help sell their homes within a specific timeframe, market their home effectively and find the right buyer. As the market changes and evolves, the need for a professional to help with the transaction has increased. More buyers and sellers are turning to professionals to help them with this transaction. Satisfaction with agents continues to be high.

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.

# 2013 Profile of Home Buyers and Sellers

## New Jersey Report

### Highlights

This year's report saw some interesting changes in buyer and seller demographics. Nationally, for example, the share of married couple buyers rose to its highest share since 2001, slightly higher even than the 2012 share: 65 to 66 percent. The single buyer share remains suppressed. This suggests that while tightened lending conditions continue, married couples are better able to provide the purchasing power needed to buy a home.

On the home seller side, those who performed real estate transactions in the last year were older, typically had a lower household income than was seen in previous years, and were more likely to be a married couple than other household compositions. The typical seller was in their home nine years before selling and 13 percent of recent sellers had to delay or stall selling their home because the value of their home was worth less than their mortgage.

### Characteristics of Home Buyers

- 43 percent were first-time buyers in New Jersey, compared to a national level of 38 percent, which is still at a suppressed level of the historical norm of 40 percent.
- Fourteen percent of buyers nationally purchased a multi-generational home due to children over the age of 18 moving back into the house, cost savings, and health and caretaking of aging parents. In New Jersey, this was 20 percent.
- In New Jersey, the typical buyer was 41-years-old, while the typical first-time buyer was 32 and the typical repeat buyer was 50. Nationally the typical buyer was 42-years-old, while the typical first-time buyer was 31 and the typical repeat buyer was 52.
- The 2012 median household income of buyers was \$83,300 nationally and \$106,600 in New Jersey. The median income was \$67,400 among first-time buyers and \$96,000 among repeat buyers, and in New Jersey this was \$91,100 and \$125,200 respectively.
- Sixty-six percent of recent home buyers were married couples—the highest national share since 2001. 69 percent of recent home buyers were married couples in New Jersey.
- Nationally, for 30 percent of recent home buyers, the primary reason for the recent home purchase was a desire to own a home. This was similar to New Jersey at 28 percent of recent home buyers.

### Characteristics of Homes Purchased

- New home purchases continue to drag at a share of 16 percent of all recent home purchases on a national level. In New Jersey, this share is 12 percent.
- The typical home purchased was 1,900 square feet in size, was built in 1992, and had three bedrooms and two bathrooms. In New Jersey, the typical home purchased was 1,900 square feet, built in 1976, and had 3 bedrooms and 2 bathrooms.
- Eighty percent of home buyers purchased a detached single-family home nationally, and 80 percent in New Jersey.
- Fourteen percent of recent buyers over the age of 50 bought a home in senior-related housing, and 46 percent over the age of 50 made a similar purchase in New Jersey.
- When considering the purchase of a home, heating and cooling costs were at least somewhat important to 85 percent of buyers nationally and 80 percent in New Jersey. Commuting costs were considered at least somewhat important by 73 percent of buyers nationally and 70 percent in New Jersey.

## The Home Search Process

- For 42 percent of home buyers nationally, the first step in the home-buying process was looking online for properties and 14 percent of home buyers first looked online for information about the home buying process. In New Jersey this was 44 percent for properties and 17 percent for information.
- The use of the Internet in the home search rose slightly to 92 percent nationally and 93 percent in New Jersey.
- Real estate agents were viewed as a useful information source by 97 percent of buyers who used an agent while searching for a home. In New Jersey this share was also 97 percent.
- The typical home buyer searched for 12 weeks and viewed 10 homes nationally; in New Jersey, 17 weeks and 11 homes.
- Approximately nine in 10 recent buyers were at least somewhat satisfied with the home buying process. In New Jersey, 92 percent of buyers were satisfied with the process.

## Home Buying and Real Estate Professionals

- Nationally, 88 percent of buyers purchased their home through a real estate agent or broker—a share that has steadily increased from 69 percent in 2001. In New Jersey, this share was 92 percent.
- Forty-two percent of buyers found their agent through a referral from a friend or family member nationally; 39 percent in New Jersey. Twelve percent used an agent they had used before to buy or sell a home nationally, with that figure nine percent in New Jersey.
- Two-thirds of recent buyers only interviewed one agent before they found the agent they worked with, a similar trend in New Jersey at 59 percent.
- Eighty-eight percent of buyers nationally would use their agent again or recommend to others. 89 percent of buyers in New Jersey would do the same.

## Financing the Home Purchase

- Eighty-eight percent of home buyers financed their recent home purchase on a national level and 84 percent in New Jersey. Among those who financed their home purchase, nationally buyers typically financed 90 percent and in New Jersey it was 85 percent.
- The share of first-time buyers who financed their home purchase was 96 percent compared to 83 percent of repeat buyers; in New Jersey the share was 93 percent of first-time buyers and 78 percent of repeat buyers.
- More than half of home buyers reported they have made some sacrifices such as reducing spending on luxury items, entertainment or clothing, a trend that holds true in New Jersey.
- Twenty-four percent of buyers reported the mortgage application and approval process was somewhat more difficult than expected nationally, and 29 percent of buyers reported the same thing in New Jersey. Sixteen percent reported it was much more difficult than expected on a national level, and 27 percent in New Jersey.
- Twelve percent of buyers overall cited saving for a downpayment was difficult. Forty-three percent of buyers nationally reported student loans, 38 percent reported credit card debt, and 31 percent car loans as keeping them from saving. In New Jersey, 16 percent of buyers cited saving for a downpayment was difficult and 40 percent reported student loans, 44 percent credit card debt and 20 percent car loans as getting in the way.

## Home Sellers and Their Selling Experience

- The typical seller lived in their home for nine years, up from 2007 when the typical tenure in home was only six years. In New Jersey, the typical seller lived in their home for 11 years.
- Eighty-eight percent of sellers were assisted by a real estate agent when selling their home nationally; in New Jersey, that figure was 95 percent.
- Overall, recent sellers typically sold their homes for 97 percent of the listing price, and 47 percent reported they reduced the asking price at least once. In New Jersey, sellers typically sold their homes for 96 percent of the listing price and 60 percent reduced the asking price at least once.
- Thirteen percent of recent sellers had to delay or stall selling their home because the value of their home was worth less than their mortgage on a national level. This share was 15 percent in New Jersey.
- Thirty-six percent of sellers offered incentives to attract buyers, most often assistance with home warranty policies and closing costs overall. In New Jersey, 34 percent of sellers offered incentives.

## Home Selling and Real Estate Professionals

- Nationally, 39 percent of sellers who used a real estate agent found their agents through a referral by friends or family, and 25 percent used the agent they worked with previously to buy or sell a home. In New Jersey, 41 percent of sellers found their agent through a referral and 21 percent used the agent they had worked with previously.
- Two-thirds of home sellers only contacted one agent before selecting the one to assist with their home sale, a trend that is also true in New Jersey.
- Eighty-five percent of sellers reported that their home was listed or advertised on the multiple listing (MLS) website overall, and 77 percent in New Jersey.
- Among recent sellers who used an agent, 84 percent reported they would definitely (65 percent) or probably (19 percent) use that real estate agent again or recommend to others. In New Jersey, 77 percent reported they would definitely (56 percent) or probably (21 percent) use the agent again.

## For-Sale-by-Owner (FSBO) Sellers

- The share of home sellers who sold their home without the assistance of a real estate agent was nine percent nationally and three percent in New Jersey. Forty-four percent overall 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 (46 percent nationally, 100 percent in New Jersey).
- Approximately one-third of FSBO sellers took no action to market their home, and 64 percent did not offer any incentives to attract buyers overall. In New Jersey, 66 percent did not offer incentives.
- The typical FSBO home sold for \$184,000 compared to \$230,000 among agent-assisted home sales nationally. In New Jersey, the typical FSBO home sold for \$430,000 compared to \$371,300 among agent-assisted homes.

# 2013 Profile of Home Buyers and Sellers New Jersey Report

## Conclusion

Despite the changes observed this year in the housing market, the importance of the real estate professional in the transaction remains clear. As inventory tightened in many areas of the country in the past year, buyers are most often looking for real estate agents to help them find the right home: 88 percent of home buyers purchased their home from a real estate agent or broker—up from 69 percent in 2001. For most buyers, referrals continue to be the primary method for finding an agent, and most buyers only interviewed one agent during their search process.

Sellers place a high importance on the reputation of the agent as a factor in hiring them. Sellers also find a high importance in whether the agent is honest and trustworthy. Sellers trust their agent to be able to perform the same four tasks as in previous years: help selling the home within a specific timeframe, helping the seller market the home to potential buyers, help in finding a buyer for the home, and help in pricing the home competitively.

## Methodology

In July 2013, NAR mailed out a 122 question survey using a random sample weighted to be representative of sales on a geographic basis to 148,011 recent home buyers. The recent home buyers had to have purchased a home between July of 2012 and June of 2013. A total of 8,767 responses were received. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 6.1 percent. For New Jersey there were 210 responses, accounting for a response rate of 4.6 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 2013, with the exception of income data, which are reported for 2012. 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 up to 100 percent.