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# 2015 Profile of Home Buyers and Sellers New Jersey Report

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NATIONAL ASSOCIATION OF REALTORS®

*The Voice for Real Estate®*

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## Introduction

Buying a primary residence for home buyers is a financial decision but also an emotional decision that involves many lifestyle factors. For most home buyers, the purchase of a primary residence 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 unique experience with this transaction. The information provided supplies understanding, from the consumer level, of the trends that are transpiring. 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.

Demographics continue to shift as the share of first-time home buyers dropped further from last year's report to 32 percent of the market. This is second only to the lowest share reported in 1987 of 30 percent. Last year's report had a share of first-time buyers of 33 percent. First-time home buyers are traditionally more likely to be single male or female home buyers and traditionally have lower incomes. As the share of repeat buyers continues to rise, there are more married couples and higher incomes of home buyers purchasing homes. Married couples have double the buying power of single home buyers in the market and may be better able to meet the price increases of this housing market.

Tightened inventory is affecting the home search process of buyers. Due to suppressed inventory levels in many areas of the country, buyers are typically purchasing more expensive homes as prices increase. The number of weeks a buyer is searching for a home reNew Jerseyd at 10 weeks. Buyers continue to report the most difficult task for them in the home buying process is just finding the right home to purchase.

Increased prices are also impacting sellers. Tenure in home had risen to a peak of 10 years, but in this year's report it has eased back to nine years. Historically, tenure in home has been six to seven years. Sellers may now have the equity and buyer demand to sell their home after stalling or delaying their home sale.

Buyers need the help of a real estate professional to help them find the right home for them, negotiate terms of sale, and help with price negotiations. Sellers, as well, turn to professionals to help market their home to potential buyers, sell within a specific timeframe, and price their home competitively. For-sale-by-owner sales have dropped to the lowest level recorded in this data set at eight percent of sales, while the use of the agent to sell the home stays at historic highs. Likewise, the buyer use of the agent is at historic highs as buyers purchasing directly from a previous owner or through a builder falls.

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.

# 2015 Profile of Home Buyers and Sellers

## New Jersey Report

### Highlights

#### Characteristics of Home Buyers

- First-time buyers made up 32 percent of all home buyers, down from 33 percent last year. In New Jersey, 40 percent were first-time buyers.
- The typical buyer was 44 years old, and has a median household income of \$86,100. In New Jersey, buyers were 45 years old and have a median income of \$101,600.
- Sixty-seven percent of recent buyers were married couples, 15 percent were single females, nine percent were single males, and seven percent were unmarried couples. In New Jersey, 61 percent were married couples, 16 percent were single females, 12 percent were single males, and eight percent were unmarried couples.
- Thirteen percent of home buyers purchased a multi-generational home to take care of aging parents, for cost savings, and because children over the age of 18 moving back. In New Jersey, that share was also 13 percent.
- Ninety percent of recent home buyers identified as heterosexual, three percent as gay or lesbian, one percent as bisexual, and seven percent preferred not to answer. In New Jersey, 90 percent identified as heterosexual, two percent as gay or lesbian, and less than one percent as bisexual.
- Eighteen percent of recent home buyers are veterans and three percent are active-duty service members. In New Jersey, 18 percent are veterans and two are active-duty service members.
- At 30 percent, the primary reason for purchasing a home was the desire to own a home of their own. In New Jersey, this was 29 percent.

#### Characteristics of Homes Purchased

- Buyers of new homes made up 16 percent and buyers of previously owned homes made up 84 percent. In New Jersey, this share is 10 percent for new homes and 90 percent for previously owned homes.
- Most recent buyers who purchased new homes were looking to avoid renovations and problems with plumbing or electricity at 34 percent. Buyers who purchased previously owned homes were most often considering a better price at 32 percent. In New Jersey, 42 percent of new home buyers were looking to avoid renovations and 34 percent of previously owned homes were looking for a better price.
- Detached single-family homes continue to be the most common home type for recent buyers at 83 percent, followed by seven percent of buyers choosing townhomes or row houses. In New Jersey, buyers bought single-family homes at 81 percent.
- Senior related housing increased this year to 14 percent, with buyers typically purchasing detached single-family homes. Forty-one percent bought senior related homes in New Jersey.
- There was only a median of 14 miles between the homes that recent buyers purchased and the homes that they moved from. In New Jersey, it was 11 miles.
- Home prices increased slightly this year to a median of \$220,000 among all buyers. Buyers typically purchased their homes for 98 percent of the asking price. In New Jersey, the median home price was \$274,000 at 96 percent of the asking price.

- The typical home that was recently purchased was 1,900 square feet, had three bedrooms and two bathrooms, and was built in 1991. In New Jersey, the typical home was 1,900 square feet and built in 1979.
- Overall, buyers expect to live in their homes for a median of 14 years, while 26 percent say that they are never moving. In New Jersey, that number is 15 years.

### **The Home Search Process**

- For 43 percent of recent buyers, the first step that they took in the home buying process was to look online at properties for sale, while 14 percent of buyers first contacted a real estate agent. In New Jersey, 38 percent looked online first and 21 percent contacted a real estate agent.
- Seventy-eight percent of recent buyers found their real estate agent to be a very useful information source. Online websites were seen as the most useful information source at 82 percent. Seventy-four percent found real estate agents and 77 percent found website useful in the home search process in New Jersey.
- Buyers typically searched for 10 weeks and looked at a median of 10 homes. In New Jersey, buyers searched for 12 weeks and looked at 12 homes.
- The typical buyer who did not use the internet during their home search spent only five weeks searching and visited five homes, compared to those who did use the internet and searched for 10 weeks and visited 10 homes. In New Jersey, those who did not search the internet looked at four homes over four weeks.
- Among buyers who used the internet during their home search, 87 percent of buyers found photos and 84 percent found detailed information about properties for sale very useful. In New Jersey, 86 percent found photos useful in their home search process.
- Fifty-nine percent of recent buyers were very satisfied with their recent home buying process, up from 56 percent a year ago. In New Jersey, 46 percent were satisfied with the process.

### **Home Buying and Real Estate Professionals**

- Eighty-seven percent of buyers recently purchased their home through a real estate agent or broker, and eight percent purchased directly from a builder or builder's agent. In New Jersey, 90 percent purchase through a real estate agent.
- Having an agent to help them find the right home was most important to buyers when choosing an agent at 53 percent. In New Jersey, 53 percent also worked with an agent to find the right home.
- Forty-one percent of buyers used an agent that was referred to them by a friend, neighbor, or relative. In New Jersey, 38 percent used referrals to find their real estate agent.
- Nearly seven in ten buyers interviewed only one real estate agent during their home search. In New Jersey, this was also six in 10.
- Eighty-eight percent of buyers would use their agent again or recommend their agent to others. Eighty-five percent would recommend their agent again in New Jersey.

### **Financing the Home Purchase**

- Eighty-six percent of recent buyers financed their home purchase on a national level and 80 percent in New Jersey. Those who financed their home purchase typically financed 90 percent and in New Jersey it was 87 percent.
- First-time buyers who financed their home financed 94 percent of their home compared to repeat buyers at 86 percent; in New Jersey the share was 85 percent of first-time buyers and 78 percent of repeat buyers.

- For 60 percent of buyers, the source of their downpayment came from their savings. Thirty-eight percent of buyers cited using the proceeds from the sale of a primary residence was the next most commonly reported way of financing a home purchase. In New Jersey, 69 percent used savings and 30 percent used proceeds from sale of a primary residence.
- Forty-six percent of buyers saved for their downpayment for six months or less. In New Jersey, this was 32 percent.
- The most difficult step in the home buying process was saving for a downpayment, as cited by 13 percent of respondents. In New Jersey, 13 percent said saving was the most difficult step.
- Of buyers who said saving for a downpayment was difficult, 51 percent of buyers reported that student loans made saving for a downpayment difficult. Forty-seven percent cited credit card debt, and 35 percent cited car loans as also making saving for a downpayment hard. In New Jersey, 32 percent reported having student loan debt, 59 percent had credit card debt, and 32 percent had car loans.
- Buyers continue to see purchasing a home as a good financial investment. Eighty percent reported they view a home purchase as a good investment and 80 percent in New Jersey.

### **Home Sellers and Their Selling Experience**

- The typical home seller was 54 years old, with a median household income of \$104,100; in New Jersey the median age was 59 years with a median income of \$133,500.
- For all sellers, the most commonly cited reason for selling their home was that it was too small (16 percent), followed by a job relocation (14 percent), and the desire to move closer to friends and family (13 percent). In New Jersey, the reasons were the home was too small (17 percent), followed by a change in family situation (15 percent), and the home is too large (13 percent).
- Sellers typically lived in their home for nine years before selling, declining from 10 years in last year's report. In New Jersey, sellers sold after 13 years.
- Eighty-nine percent of home sellers worked with a real estate agent to sell their home and 87 percent in New Jersey.
- For recently sold homes, the final sales price was a median 98 percent of the final listing price and in New Jersey it was 97 percent.
- Recently sold homes were on the market for a median of four weeks and 10 weeks in New Jersey.
- Thirty-seven percent of all sellers offered incentives to attract buyers; this was 28 percent in New Jersey.
- This year, home sellers cited that they sold their homes for a median of \$40,000 more than they purchased it. In New Jersey, the median was \$83,000.
- Sixty-one percent of sellers were very satisfied with the selling process and 56 percent in New Jersey.

### **Home Selling and Real Estate Professionals**

- Seventy-two percent of recent sellers contacted only one agent before finding the right agent they worked with to sell their home; in New Jersey, that figure was 52 percent.
- Ninety-one percent of sellers listed their homes on the Multiple Listing Service (MLS), which is the number one source for sellers to list their home. In New Jersey, it was 94 percent.
- Agents receive their compensation predominantly from sellers at 76 percent and at 85 percent in New Jersey.
- The typical seller has recommended their agent once since selling their home. Thirty-two percent of sellers recommended their agent three or more times since selling their home. In New Jersey, this share was 21 percent.

- Eighty-four percent said that they would definitely (67 percent) or probably (17 percent) recommend their agent for future services. In New Jersey, 62 percent said definitely and 19 percent said probably.

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

- Only eight percent (down from nine percent) of recent home sales were FSBO sales. This is the lowest share recorded since this report started in 1981. In New Jersey, this share was 11 percent.
- The median age for FSBO sellers is 56 years. Seventy-four percent of FSBO sales were by married couples that have a median income of \$84,000. In New Jersey, FSBO sellers are 62 years old, married couples, and have an income of \$143,700.
- FSBOs typically sell for less than the selling price of other homes; FSBO homes sold at a median of \$210,000 last year (up from \$208,700 the year prior), yet lower than the median of all homes at \$245,000. In New Jersey, the median FSBO selling price was \$317,700.
- FSBO homes sold more quickly on the market than agent-assisted homes. All FSBO homes typically sold in less than two weeks—often because homes are sold to someone the seller knows; in New Jersey, FSBO homes sold in less than two weeks.

## Methodology

In July 2015, NAR mailed out a 128-question survey using a random sample weighted to be representative of sales on a geographic basis to 94,971 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2014 and June of 2015. A total of 6,406 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 6.7 percent. For New Jersey there were 185 responses, accounting for a response rate of 5.6 percent.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

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 2015, with the exception of income data, which are reported for 2014. 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.