

WHO ARE TODAY'S REAL ESTATE BUYERS?

By Everett Ballenger – Owner/B.I.C. Ballenger Realty. Former President Beaufort County Association on Realtors.

So who are these brave souls-that despite all of the negative media we are constantly bombarded with...still buy real estate? Are they nuts? – do they need to see a shrink?

Well no they are not nuts! People buy houses today, for mostly the same reason they always have. The reasons are numerous, but buyer demographics may have changed a little since the real estate downturn. People still want to retire to a warm welcoming climate. They want to choose the house and location that suits their family needs, they may want a larger – or smaller property, they may want a more energy efficient house and so on.

When you start looking at buyer demographics, it soon becomes apparent, that it is a subject you could write a book about! So regretfully more information will have to be left out of this article, than what can be included. Following is picture of the local (Beaufort, Mossy Oaks, Port Royal, Burton and Lady's Island) 2010 Home Buyers.

Number of 2010 residential sales- 436

Number of cash sales - 95 (22%)

Range of cash sales - \$26,000 to \$865,000, median sale \$129,000

Number utilizing conventional mortgages - 191, median price \$223,000

Number of first time buyers - 218 (50%)

The above data would suggest that cash buyers, are a mix of investors and retirees relocating to the area. The real news is that first time home buyers are returning to the market. One of the legs that fell off the real estate stool in 2006 was first time buyers stopped buying. This occurred primarily because they were priced out of the market. Today with record low interest rates, and an abundance of very well priced inventory, first time buyers are returning to the market. This is a healthy trend for both the real estate market and for communities.

I thought if we took a look at the larger national picture perhaps we could get a better view of what the next wave of potential buyers coming to Beaufort may look like. A composite picture, based on national demographics, of today's home buyer is a white (82%) married couple (58%) approximately 39 years of age. Due to the economy they are not earning as much as potential homeowners in the past and are looking for a "reasonable" priced house to match their budget. Following are some items in a bit more depth using 2010 data.

Age. Home buyers (age wise) were 25 to 34 (36%), 35 to 44 years (20%) with the median age being 39 years old. In two regions, the Northeast and the Midwest, the median age declined slightly. In the South and West the median age increased slightly. Probably due to the relocation of retirees)

Income. Median household income of home buyers declined nationally and in all regions

for the last two years. The decline in the median household income of home buyers shows how the affordability of homes has opened the market to home buyers who would not otherwise have been financially able to purchase a home.

Marital Status. Household composition of recent home buyers continues to evolve as the market opened to a larger share of first-time buyers and improved affordability. The share of married couples has declined from 68 percent in 2001 to 58 percent in 2010.

Single Home Buyers. The share of single buyers has increased to 32 percent from 22 percent in 2001. Single female buyers accounted for 15 percent of the market in 2001 and now account for 20 percent of the home buying market. Single male buyers accounted for 7 percent of the market in 2001 and now account for 12 percent.

Ethnicity. Among all buyers nationwide, 82 percent were Caucasian. However, the race and ethnicity of home buyers varies greatly by the region in which they purchased a home. Home buyers are most diverse in the West. Twenty-two percent of buyers in the West reported that their race was Hispanic or Asian. The South was also more diverse than the U.S. overall. Sixteen percent of home buyers in the South were Black or Hispanic. By household composition, racial identification does not vary significantly although single female buyers are more racially diverse. The largest difference was among households who had children under 18 in the home and those who did not. Households who had children they were more diverse than all buyers in general.

Number of residences. Fourteen percent of recent home buyers own more than one home. Owning a second or third home is most common among buyers aged 65 or older. Ninety-nine percent of buyers aged 18 to 24 own only one home whereas only 76 percent of buyers aged 65 or older own just one home. One in ten buyers 45 or older owns an investment property in addition to the home they recently purchased.

Seller. Forty-four percent of sellers offered incentives to attract buyers, most often assistance with home warranty policies and closing costs. Eighty-six percent of sellers were at least somewhat satisfied with their selling experience. So by extension, one would assume they were happy with the selling price they received. Ninety-one percent of homes were listed or advertised on the Internet. Among recent sellers who used an agent, 83 percent reported they would definitely (63 percent) or probably (21 percent) use that real estate agent again or recommend to others.

With this information as to potential buys it may pay the home seller to look at their home in as unemotional way as possible and try to decide who is likely to buy their property. For example, if it is a smaller house or condo would it appeal to the younger buyer in the first time buyer range? If not, what could reasonably be done to improve the salability? When interviewing Realtors to list your property, ask them what type of buyers would most likely be interested in their home, and what needs to be done to improve the chances of finding such a buyer.

There are still some outstanding deals to be had, be they foreclosures or short sales, and some buyers are somewhat taken aback to find they are in a bidding war, with the seller having multiple offers to consider. This is something rarely reported with the negative news stories normally fed to the public.