

# Home Trends & Buyer Preferences

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**Presenter(s):**

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## Home Trends & Buyer Preferences

Based on the results of new surveys by NAHB and Better Homes and Gardens, this session will describe the latest home buyer preferences for the design, features and technologies of new homes.

You'll learn valuable insights about the shape of new home demand, and also get useful leads on the features and amenities that will deliver the best possible housing products moving forward.

## Learning Outcomes

- Identify the top ten features most wanted by home buyers
- Identify the characteristics that most influence the home purchase decision
- Understand how potential home buyers trade off the size of new homes with the combination of high-quality products and amenities

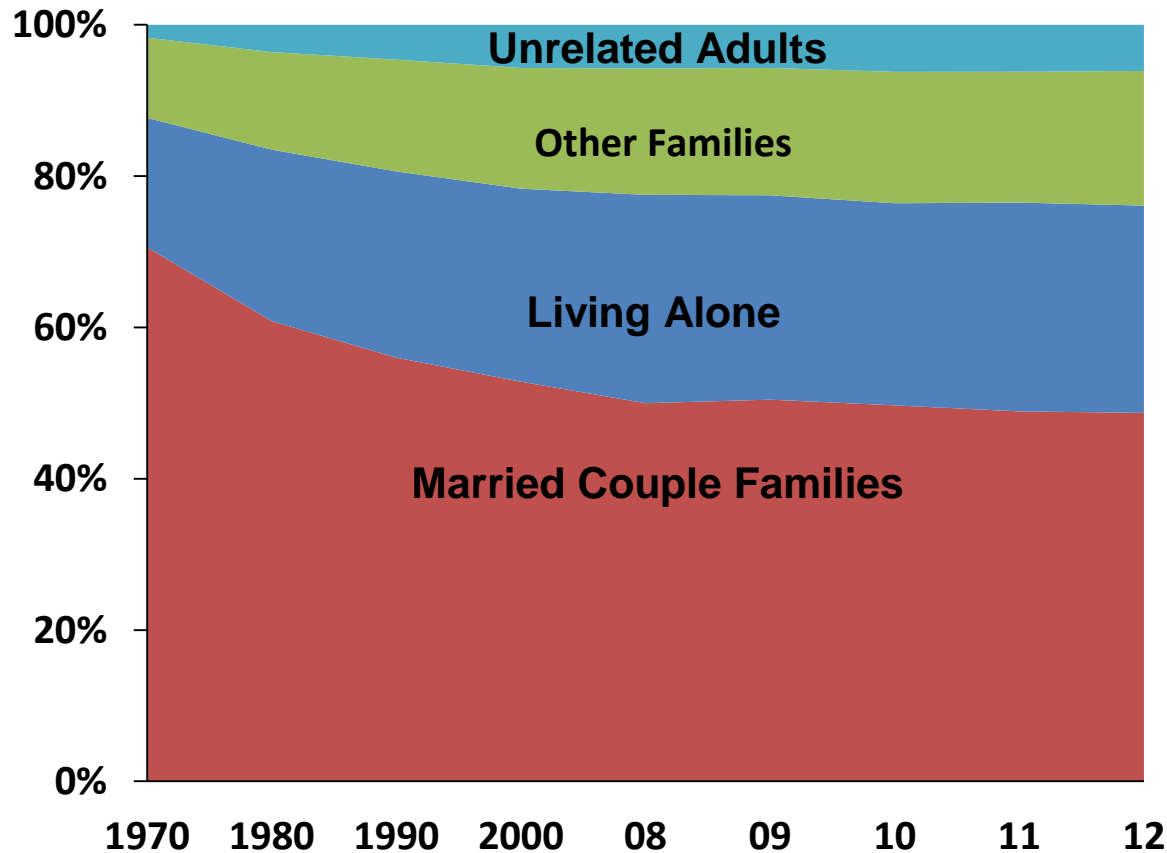
## NAHB

- Changes in Population and Households
- Characteristics of New Homes Built in 2012
- What Home Buyers Really Want

## Changes in Population and Households

# Households (HH) by Type

(As % of Households)



- Married couples" % continues to fall:

71% in 1970

49% in 2012

- While other HH types gain share –

Living alone:

17% in 1970

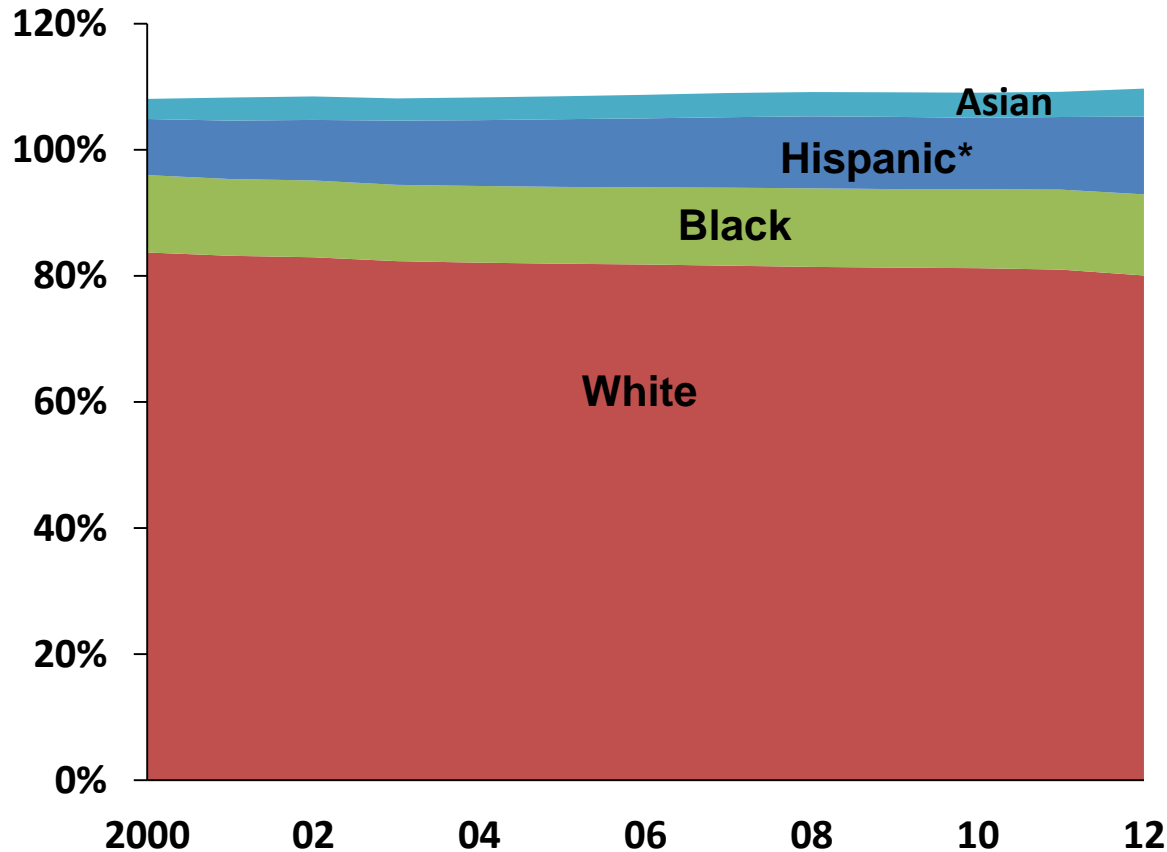
27% in 2012

Source: U.S. Census Bureau, Current Population Survey.



# Households by Race/Ethnicity

(As % of Households)



- In 2012:
  - 80% White
  - 13% Black
  - 4% Asian
  - 12% Hispanic

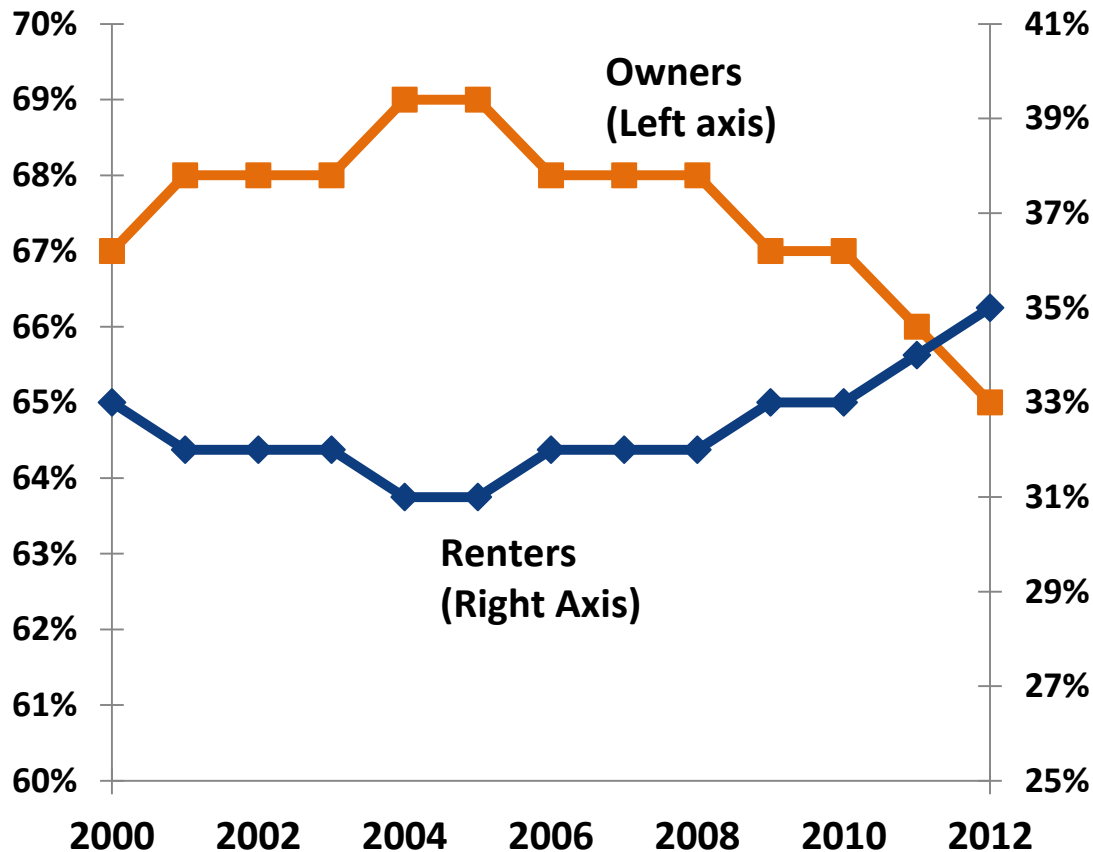
- In 2000:
  - 84% White
  - 12% Black
  - 3% Asian
  - 9% Hispanic

\* Hispanics can be of any race.

Source: U.S. Census Bureau, Current Population Survey.

# Households by Tenure

(As % of Households)



- Owner share has fallen:

69% in 2005

65% in 2012

- While Renter share has increased:

31% in 2005

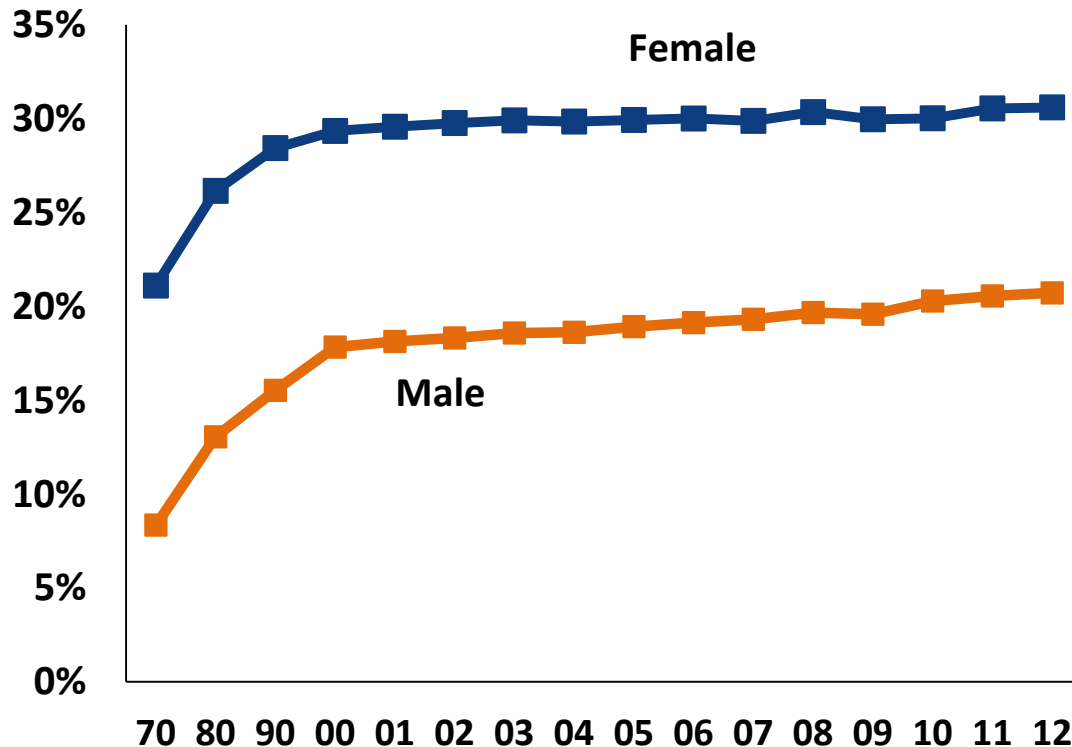
35% in 2012

Source: U.S. Census Bureau, Current Population Survey.



## Householders by Gender

(As a % of Households)

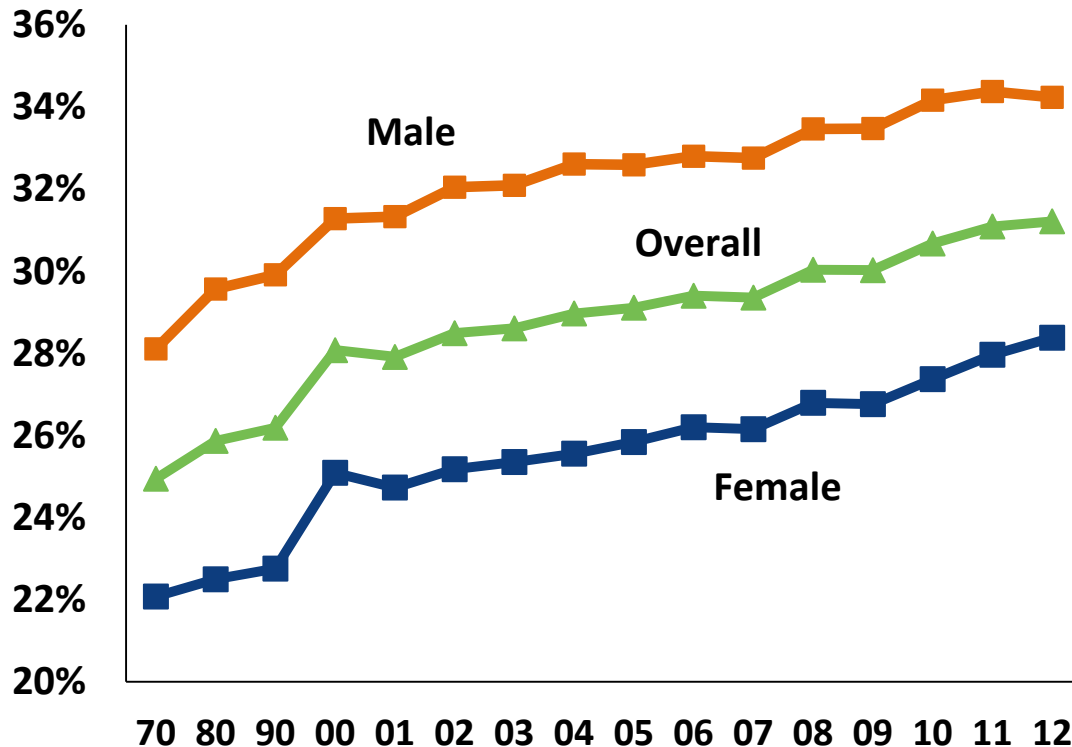


- In 2012:  
Women headed 30% of HH  
Men headed 21%  
(Married couples 49%)
- In 1970:  
Women headed 21% of HH  
Men headed 8%  
(Married couples 71%)

Source: U.S. Census Bureau, Current Population Survey.

## “Never Married” Share of Population

(Percent of people 15 or older)



- Share of Population > 15 who have never married in 2012:

Male: 34%

Female: 28%

Overall: 31%

- In 1970:

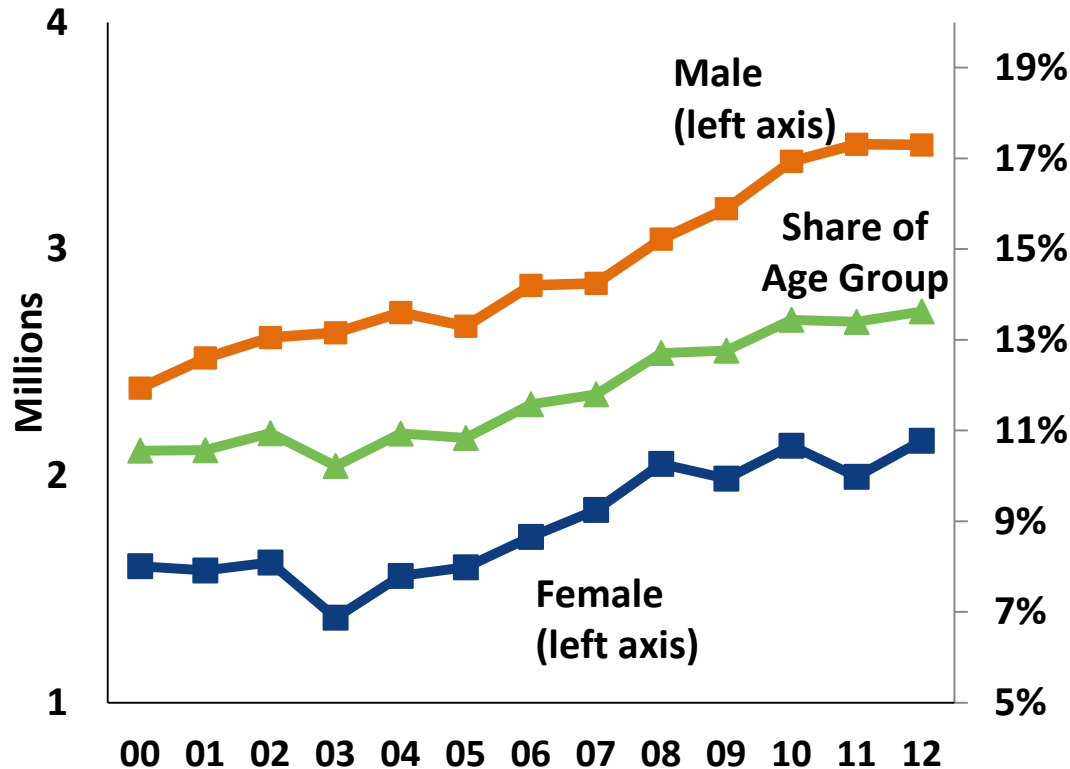
Male: 28%

Female: 22%

Overall: 25%

Source: U.S. Census Bureau, Current Population Survey.

## Adults 25-34 Living with Parent(s)

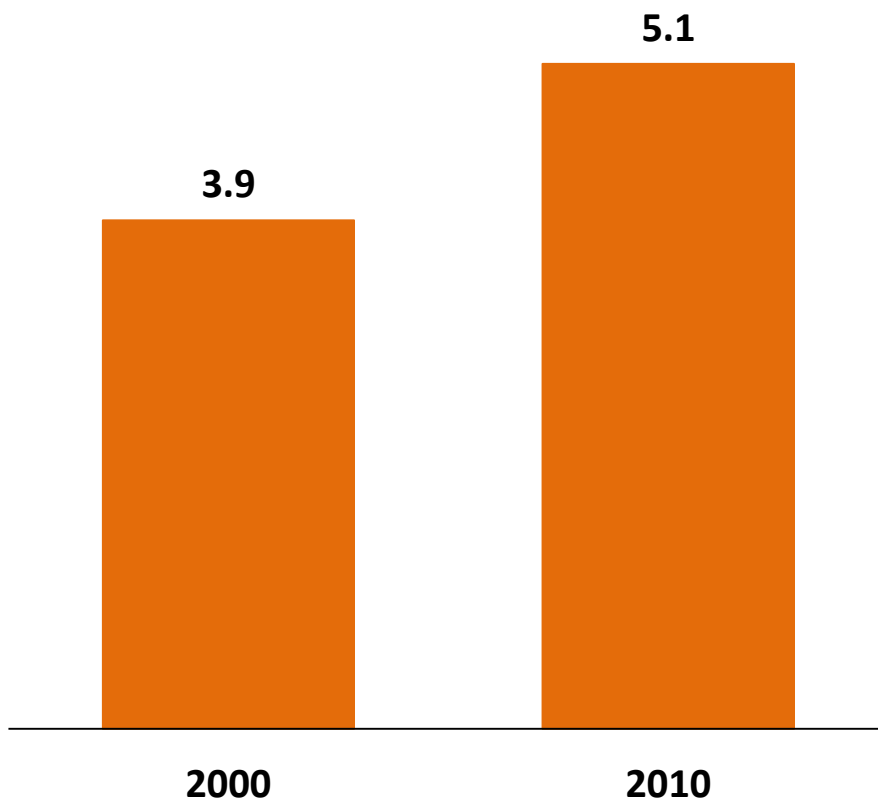


- In 2012:  
Male: 3.5 million  
Female: 2.2 million  
In all, 14% of age group
- In 2000:  
Male: 2.4 million  
Female: 1.6 million  
In all, 11% of age group

Source: U.S. Census Bureau, Current Population Survey.

# Multigenerational Households

(In Millions)

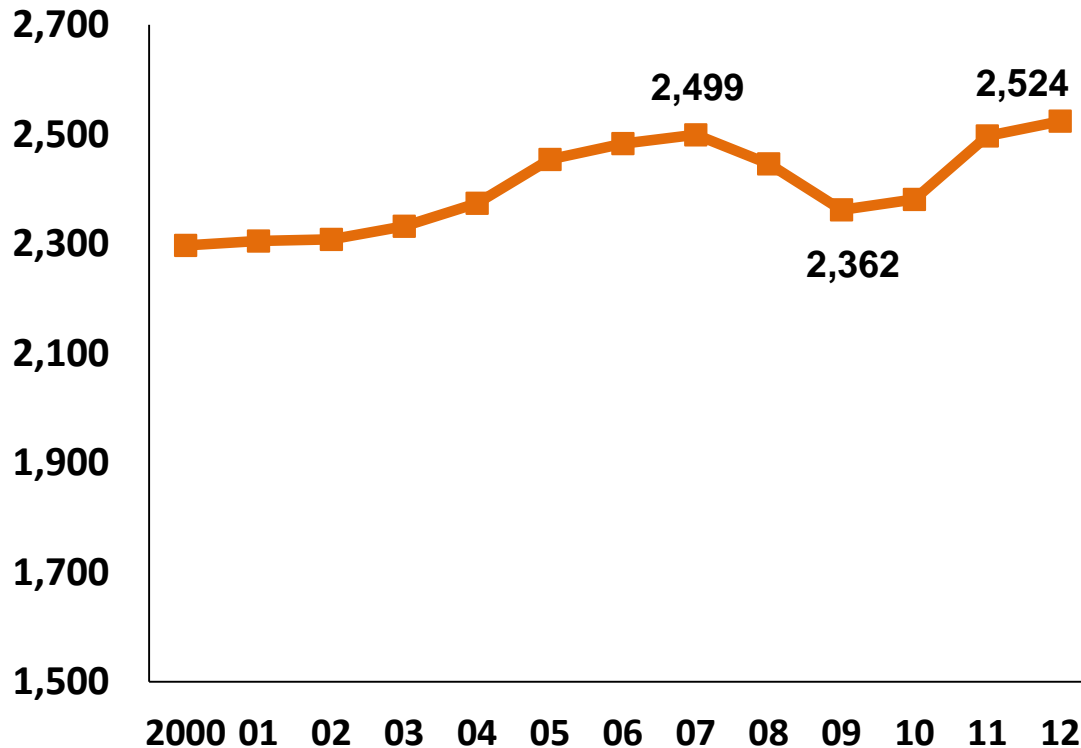


- Yes, there was a 30% increase between 2000 and 2010, but still a small share of total households – about 4%.
- Three types of MG households:
  - 66%: Householder + child + grandchild
  - 33%: Householder + parent + child
  - 1%: Householder + parent + child + grandchild

Source: U.S. Census Bureau, Decennial Census.

## Characteristics of New Homes Built in 2012

## Average Size of New Single-Family Homes Started (Square Feet)



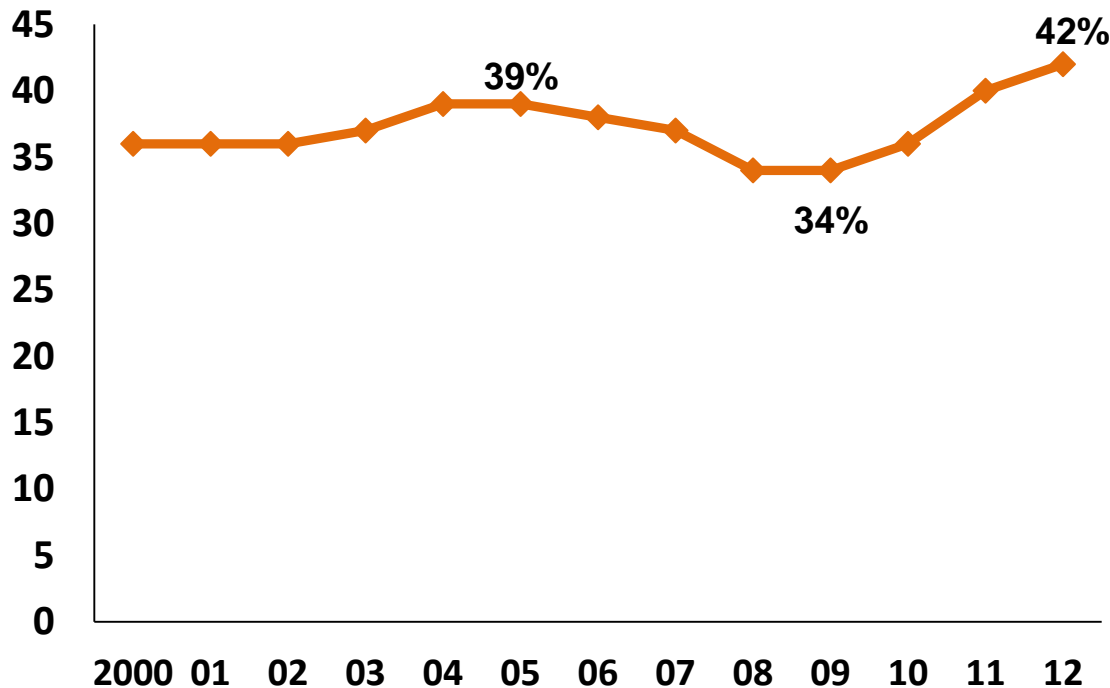
- Average home size continues to rise –up to 2,524 sq. ft. in 2012.

*Note: Data for 2012 includes only first half of the year.  
Source: U.S. Census Bureau.*



## Homes with 4+ Bedrooms

(% of single-family homes started)

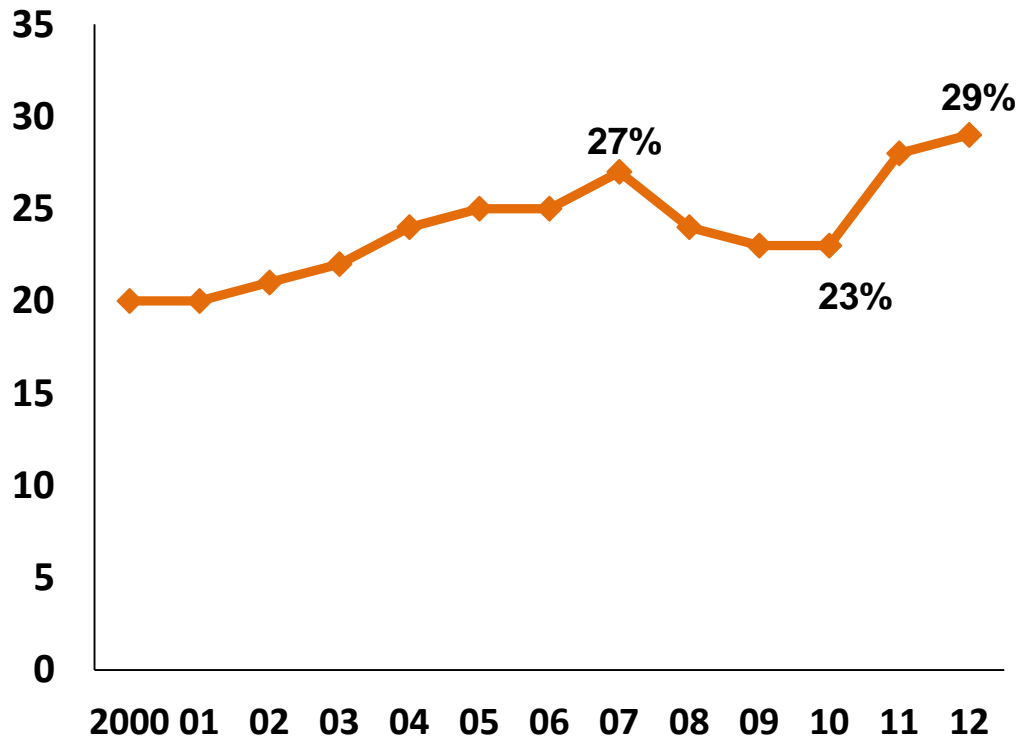


- Share with 4+ bedrooms continues to grow.
- From 34% in „09, to:
  - 36% in „10
  - 40% in „11
  - 42% in „12

\* Data for 2012 includes only first half of the year.  
Source: U.S. Census Bureau.

## Homes with 3+ Full Bathrooms

(% of single-family homes started)



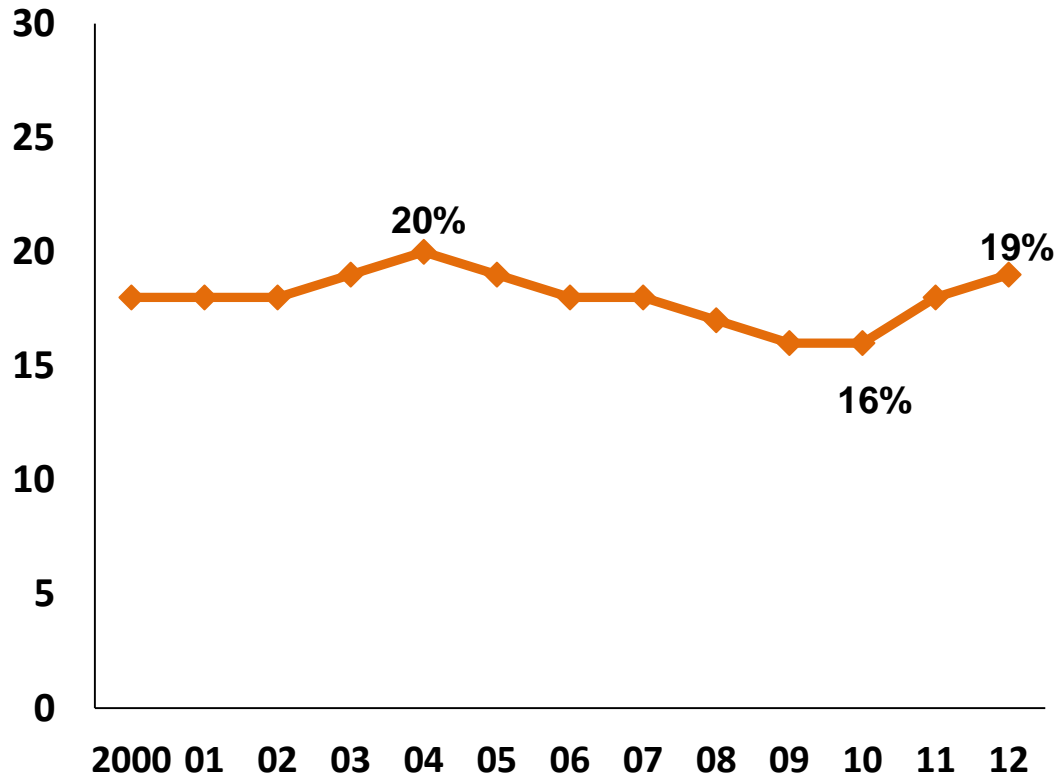
- Share of new homes started with 3+ full baths has increased 2 years in a row.

- From 23% in „10, to:  
28% in „11  
29% in „12

\* Data for 2012 includes only first half of the year.  
Source: U.S. Census Bureau.

## Homes with 3+ Car Garage

(% of single-family homes started)

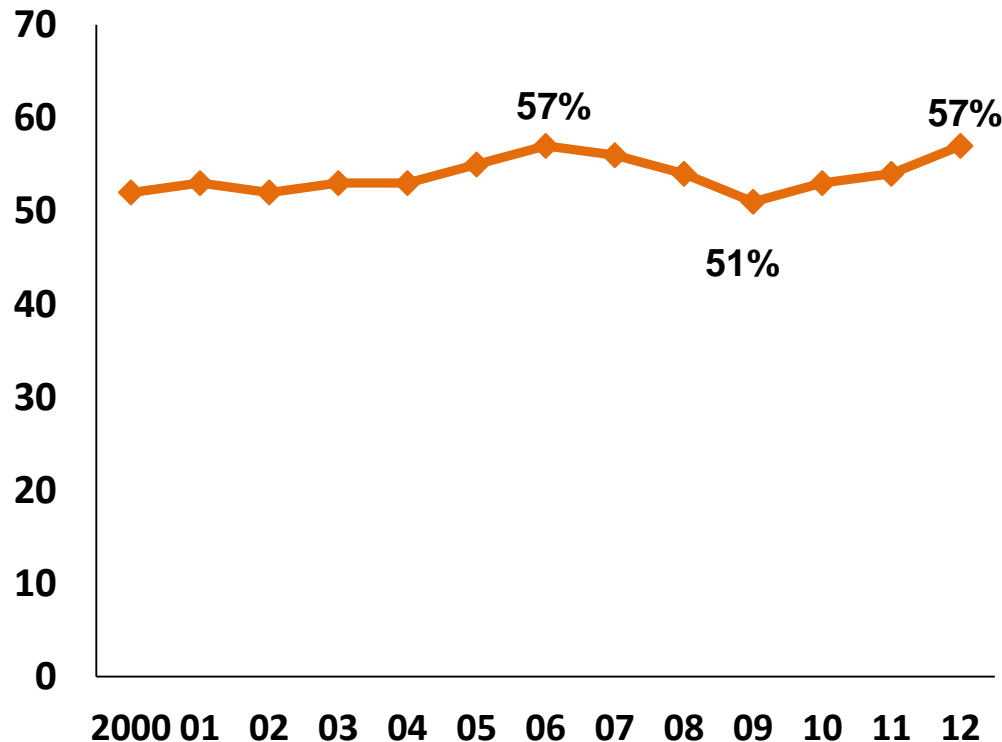


- Share with 3+ car garage also continues to increase.
- From 16% in „10, to:  
18% in „11  
19% in „12

\* Data for 2012 includes only first half of the year.  
Source: U.S. Census Bureau.

## Homes with 2-Stories

(% of single-family homes started)

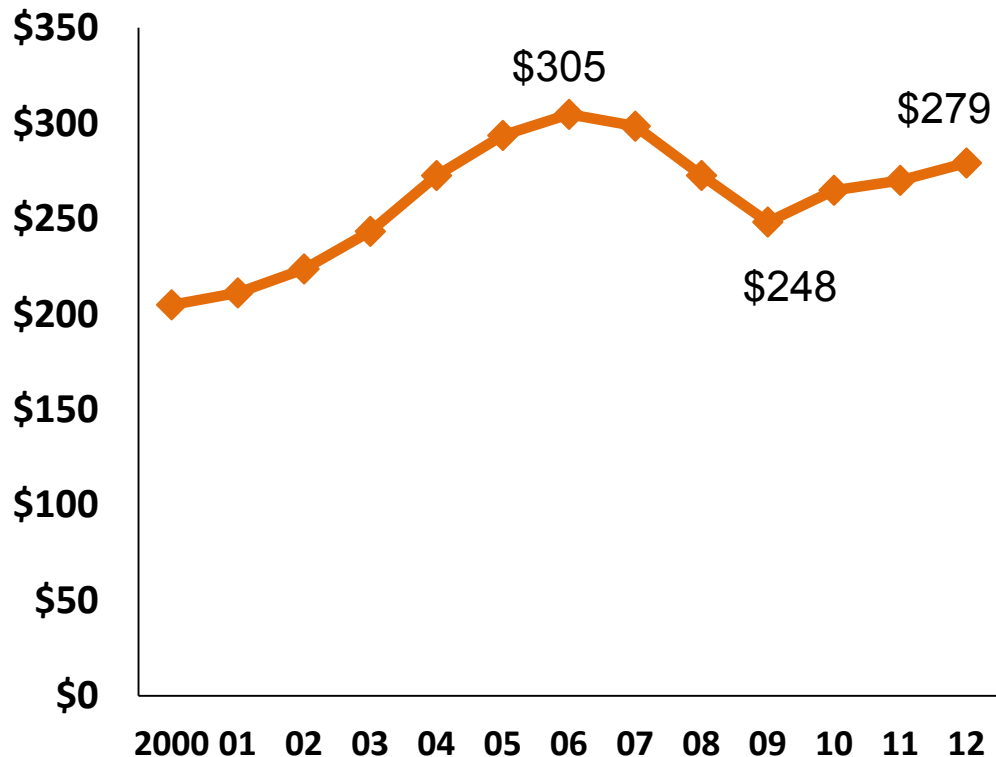


- Share with 2-Stories keeps rising as well.
- From 51% in „09, to:
  - 53% in „10
  - 54% in „11
  - 57% in „12

\* Data for 2012 includes only first half of the year.  
Source: U.S. Census Bureau.

# Average Sales Price of Homes Started For-Sale

(% of single-family homes started)



- And the average sales price (of homes started for sale) rose to \$279,000 in 2012.

- That is three years of consecutive increases, since bottoming at \$248,000 in 2009.

\* Data for 2012 includes only first half of the year.  
Source: U.S. Census Bureau.

## Homes Started in 2012 were *once again* . . .

- More likely to have 4+ bedrooms
- More likely to have 3+ full bathrooms
- More likely to have a 3+ car garage
- More likely to be 2-Stories
- On average, more square footage
- On average, more expensive

} WHY?



## Why Did Homes Get Bigger in 2012?

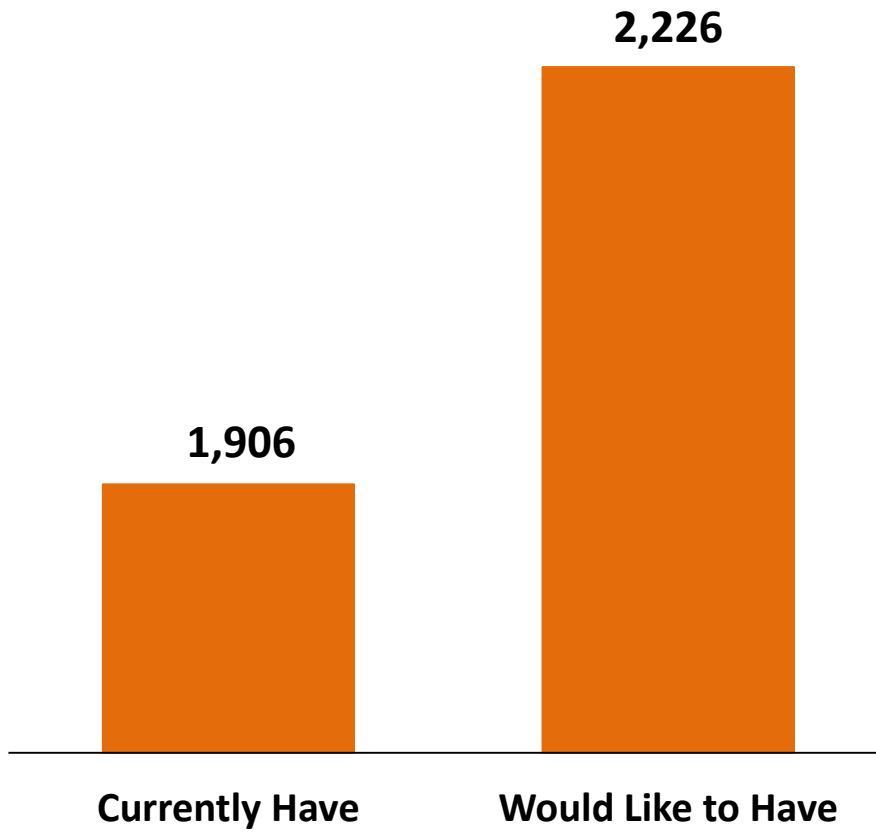
- Mortgage lending remains difficult for buyers without:
  - 20% down payment
  - Excellent credit score
  - Verifiable employment & income
- As a result, many (less financially solid) buyers remain shut out of the new home market.
- And so characteristics of homes started in 2012 reflect preferences of those who could access credit, i.e., wealthier, better-off buyers.

## What Home Buyers Really Want

- Survey of 3,682 home buyers
- Conducted in Summer 2012
- Representative of all home buyers

# Home Size

(Median Square Feet)

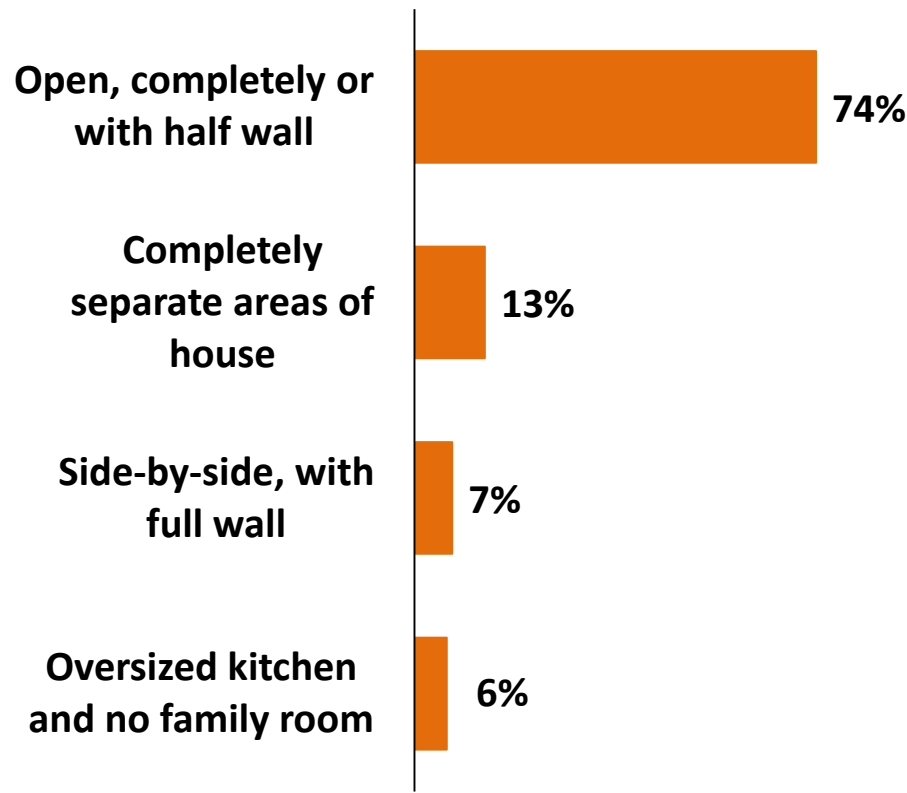


- Home buyers want a median of 2,226 square feet in their next home.
- 17% larger than their current home.
- But 13% smaller than homes started in 2012.

Source: NAHB, 2012 What Home Buyers Really Want.

# Most Want Kitchen Open to the Family Room

(% of Respondents)



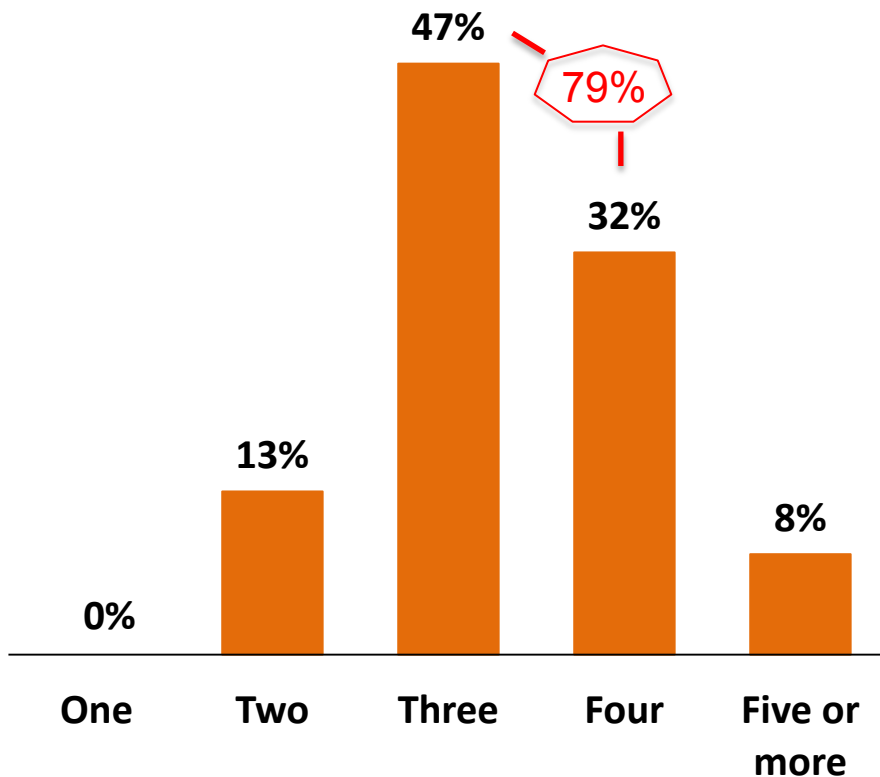
- 37% prefer a completely open arrangement, up from 29% in 2004.

- Preference for open kitchen/FR increases as the price buyer expects to pay rises.

Source: NAHB, 2012 What Home Buyers Really Want.

# Most Buyers Want 3 or 4 Bedrooms

(% of Respondents)



- The presence of children has big impact on this preference.

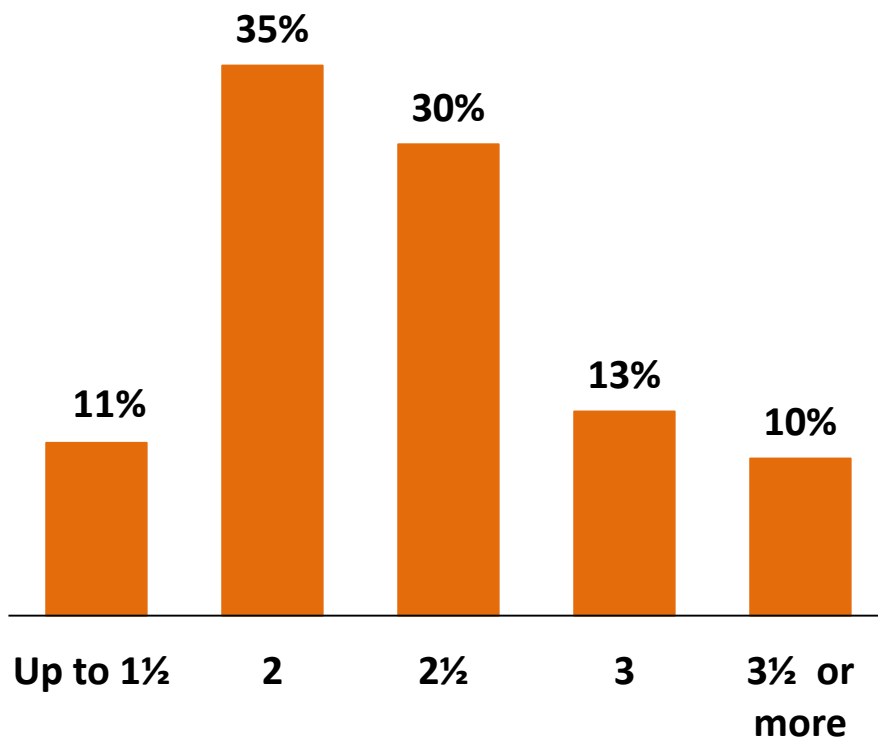
- 57% of married couples with children want 4+ bedrooms.

- Compared to only 25% of those married without children.

Source: NAHB, 2012 What Home Buyers Really Want.

## 2 ½ Baths Are Enough for Most Buyers

(% of Respondents)



- Number of bathrooms desired is positively related to household income.

- 3 ½ or more baths are wanted by:

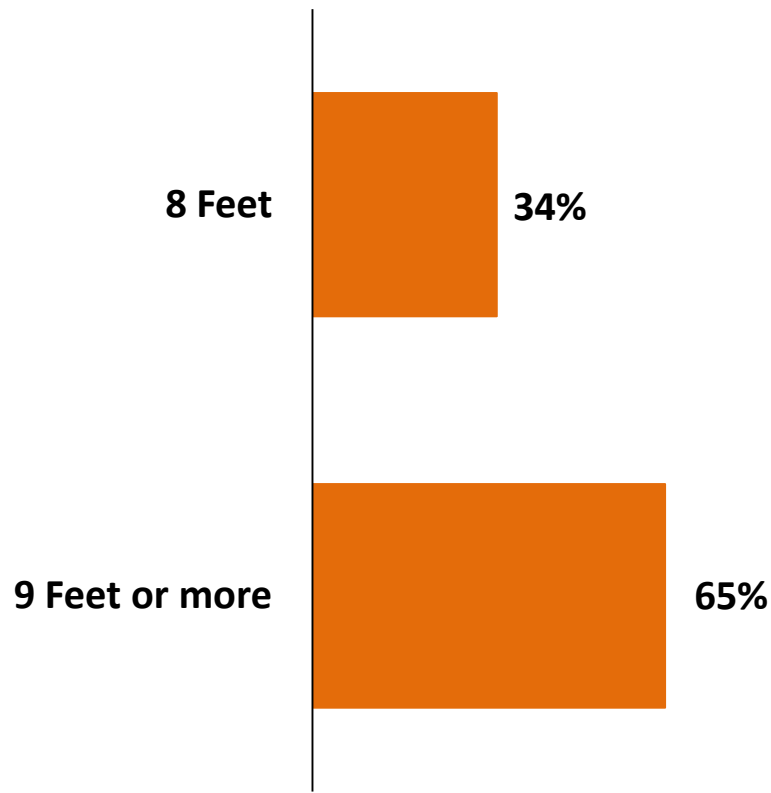
5% with inc. < \$50k  
26% with inc. \$150k+

Source: NAHB, 2012 *What Home Buyers Really Want*.



## Most Want Ceilings 9"+ in First Floor

(% of Respondents)



- Preference for high ceilings in 1<sup>st</sup> floor continues to increase:

54% in 2004

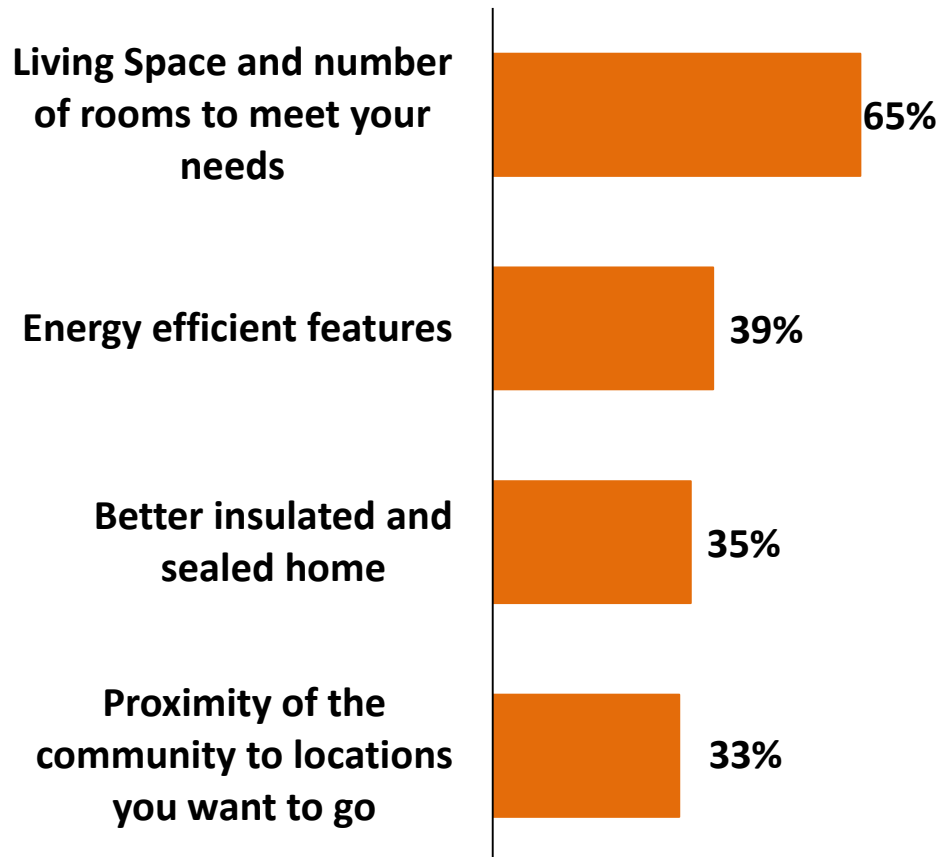
64% in 2007

65% in 2012

Source: NAHB, 2012 *What Home Buyers Really Want*.

# Characteristics that Most Influence Home Purchase

(% of Respondents)

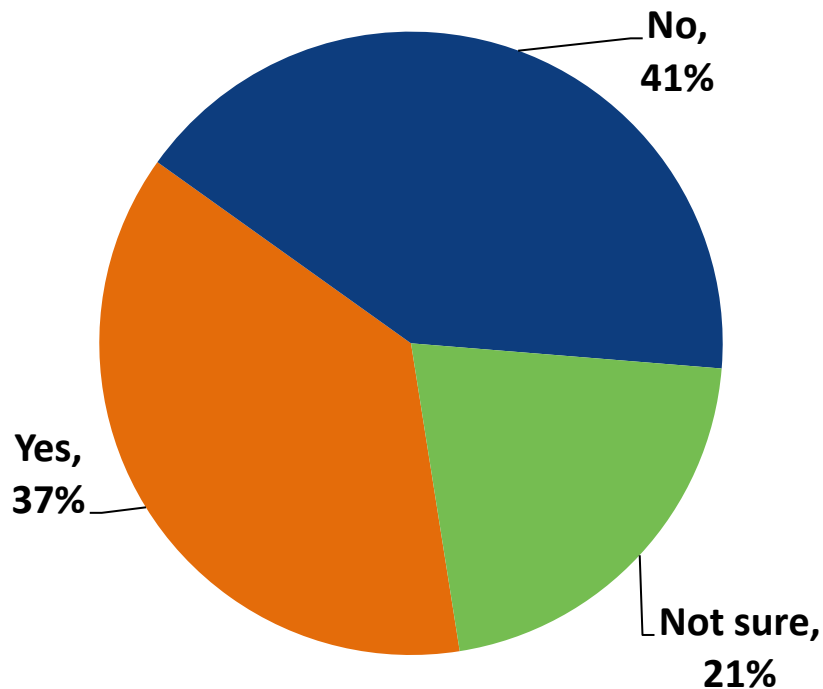


- For 65% of buyers, appropriate living space ranks as the most influential characteristic.
- Energy efficiency and a well-insulated home are next most influential.
- Followed by proximity to desired locations (work, shopping).

Source: NAHB, 2012 What Home Buyers Really Want.

# Willing to Buy a Home Without a Living Room?

(% of Respondents)



- Still, no majority opinion on the living room.
- 1 out of 5 can be persuaded either way.
- Willingness to buy without a LR increases with household income.

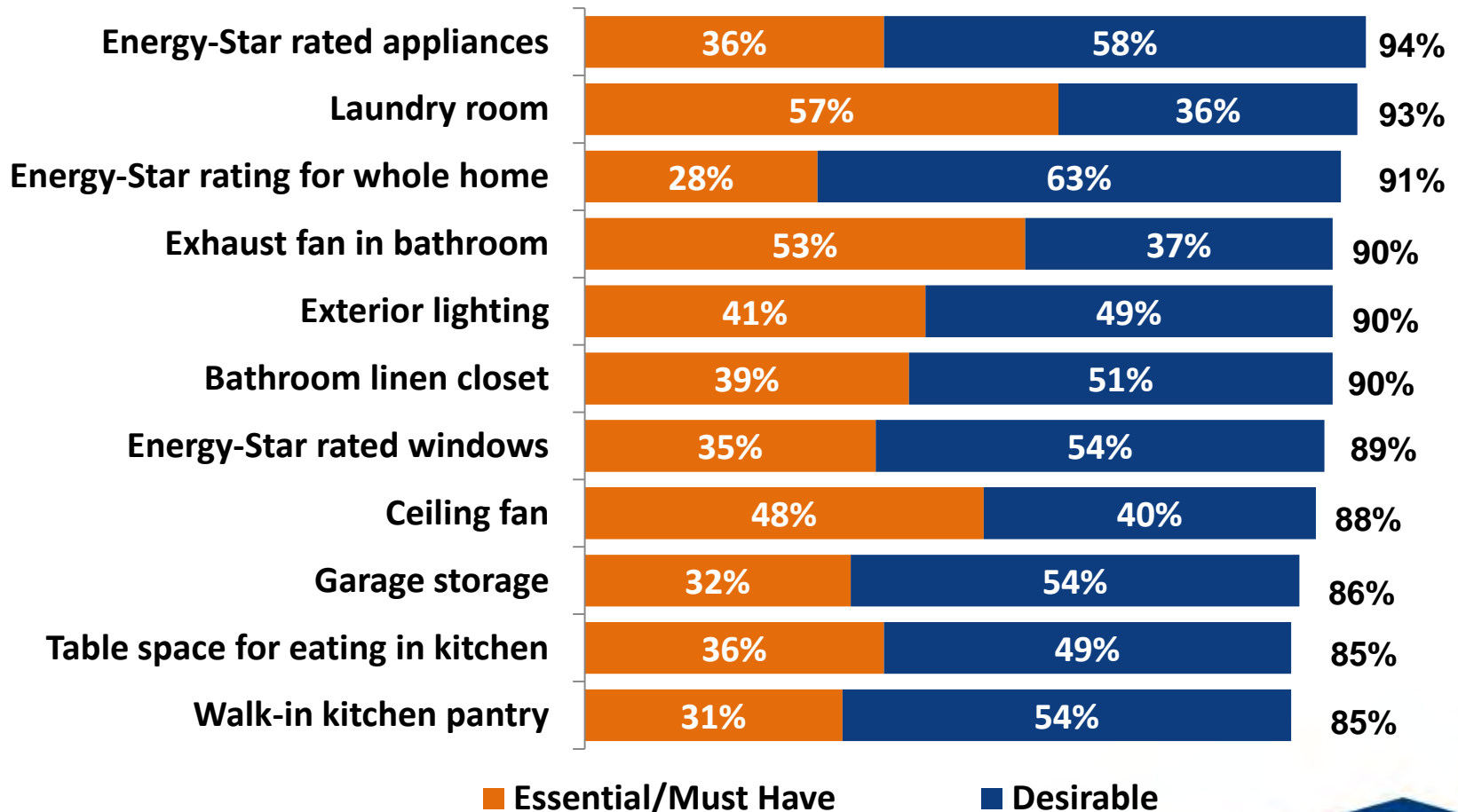
Source: NAHB, 2012 What Home Buyers Really Want.

## Home Buyers Rated 120+ Features as:

- Essential/Must have – unlikely to buy a home without feature
- Desirable – seriously influenced to buy home if feature is included
- Indifferent – would not influence purchase decision
- Do not want – not likely to buy a home with this feature

# The Most Wanted List

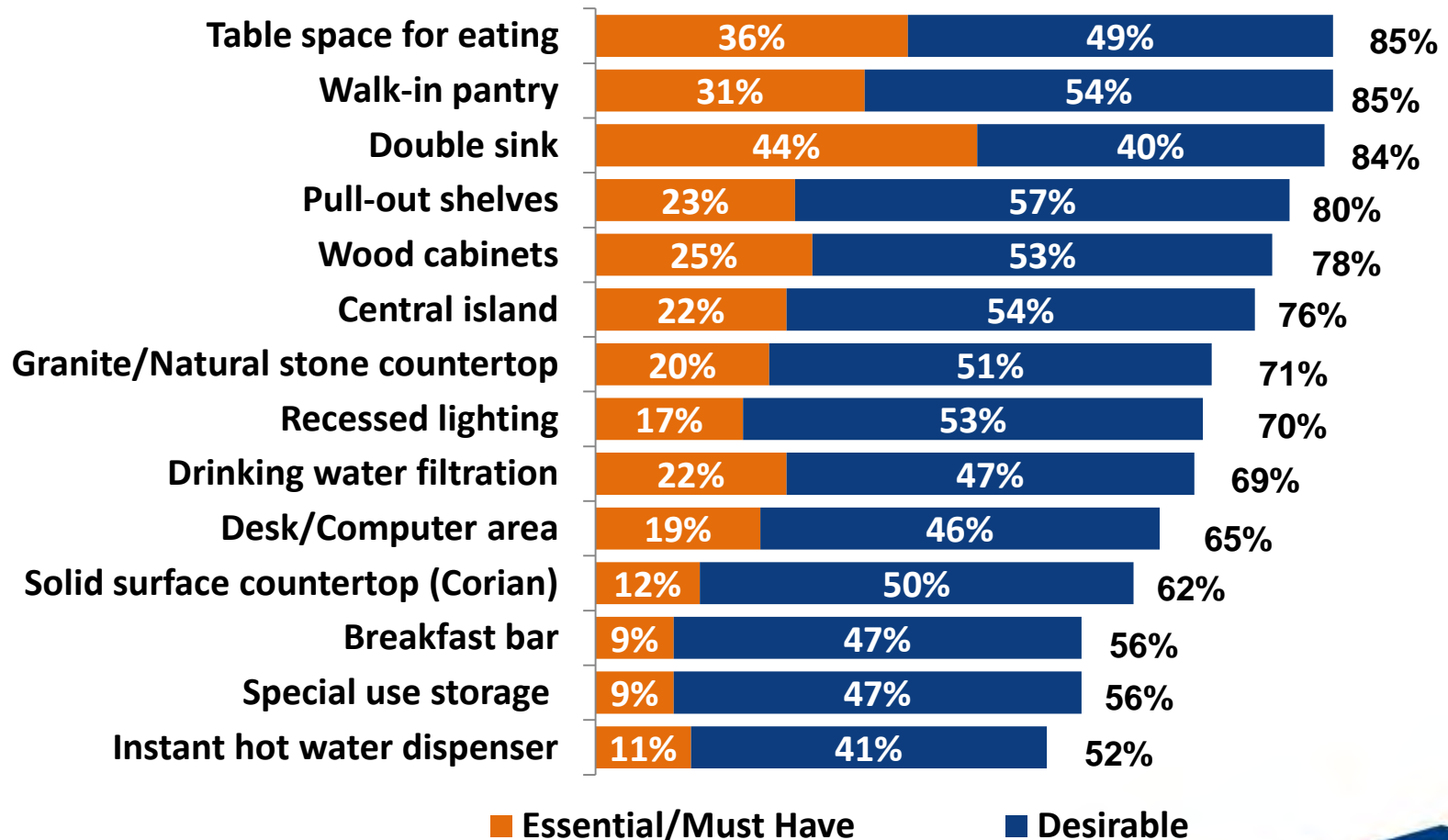
(% of Respondents)



Source: NAHB, 2012 What Home Buyers Really Want.

# Most Popular Kitchen Features

(% of Respondents)

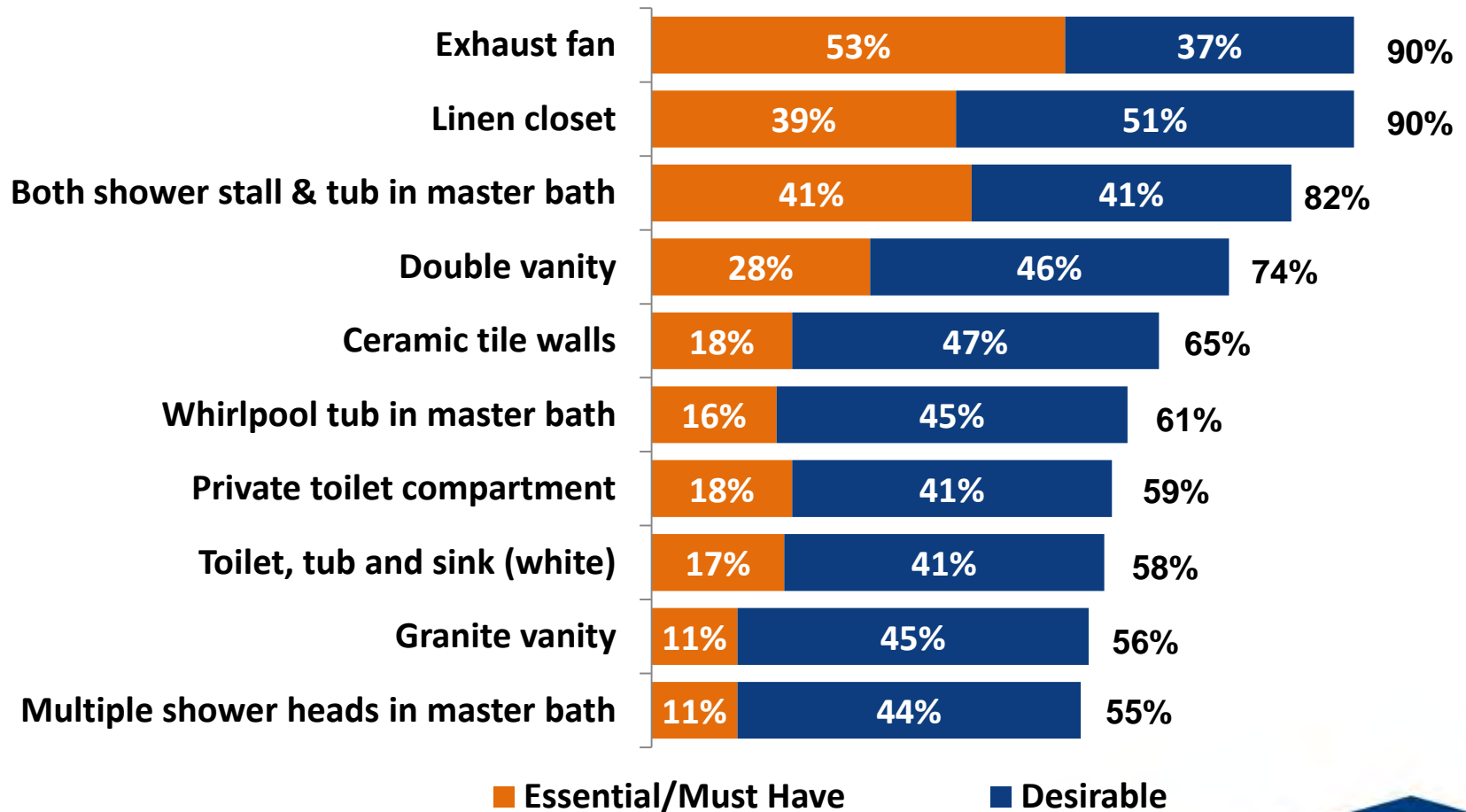


Source: NAHB, 2012 What Home Buyers Really Want.



# Most Popular Bathroom Features

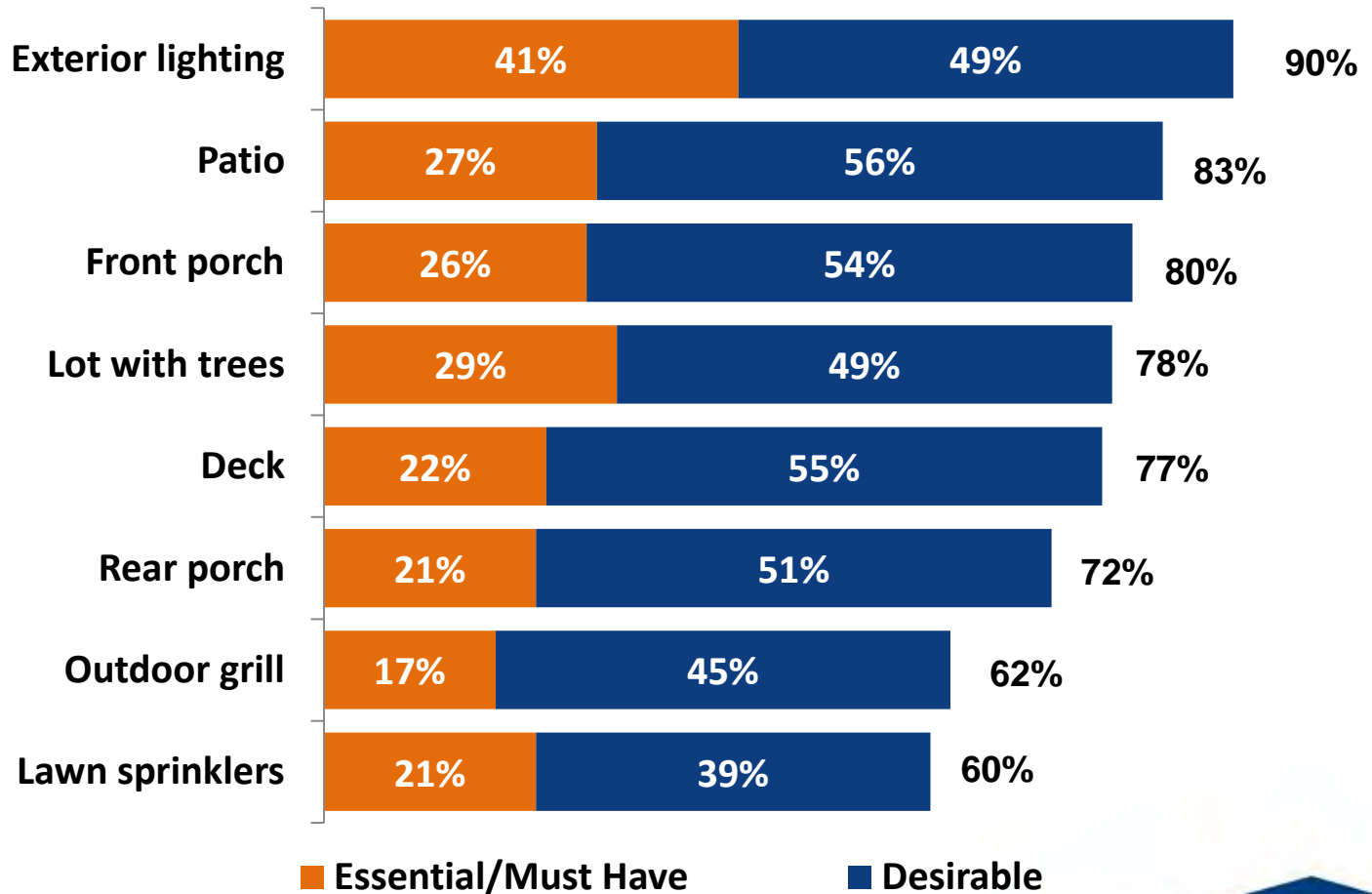
(% of Respondents)



Source: NAHB, 2012 What Home Buyers Really Want.

# Most Popular Outdoor Features

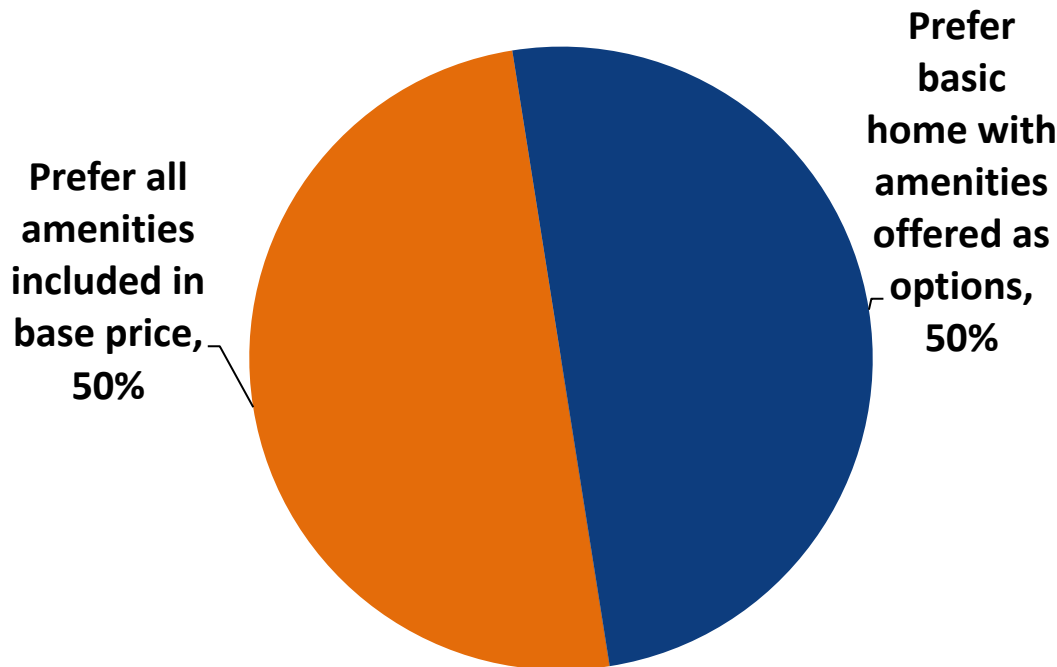
(% of Respondents)



Source: NAHB, 2012 What Home Buyers Really Want.

# How Home Buyers Prefer to Pay for Amenities

(% of Respondents)

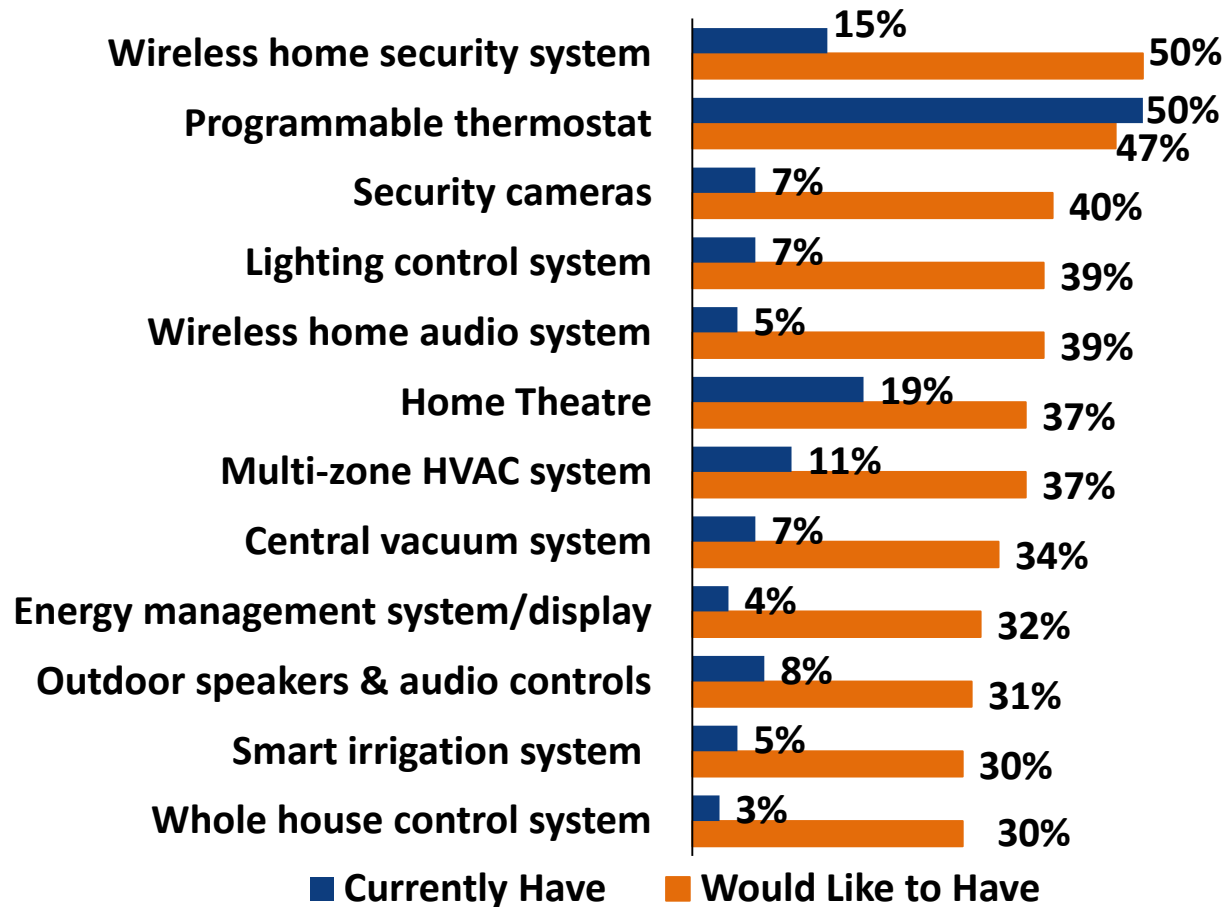


- In 2007, 36% wanted basic home with options.
- Preference for all amenities to be included in base price varies across expected price points:

43% w/ price <\$150k  
to  
65% w/ price \$500k+

## Technology Features: Current & Wanted

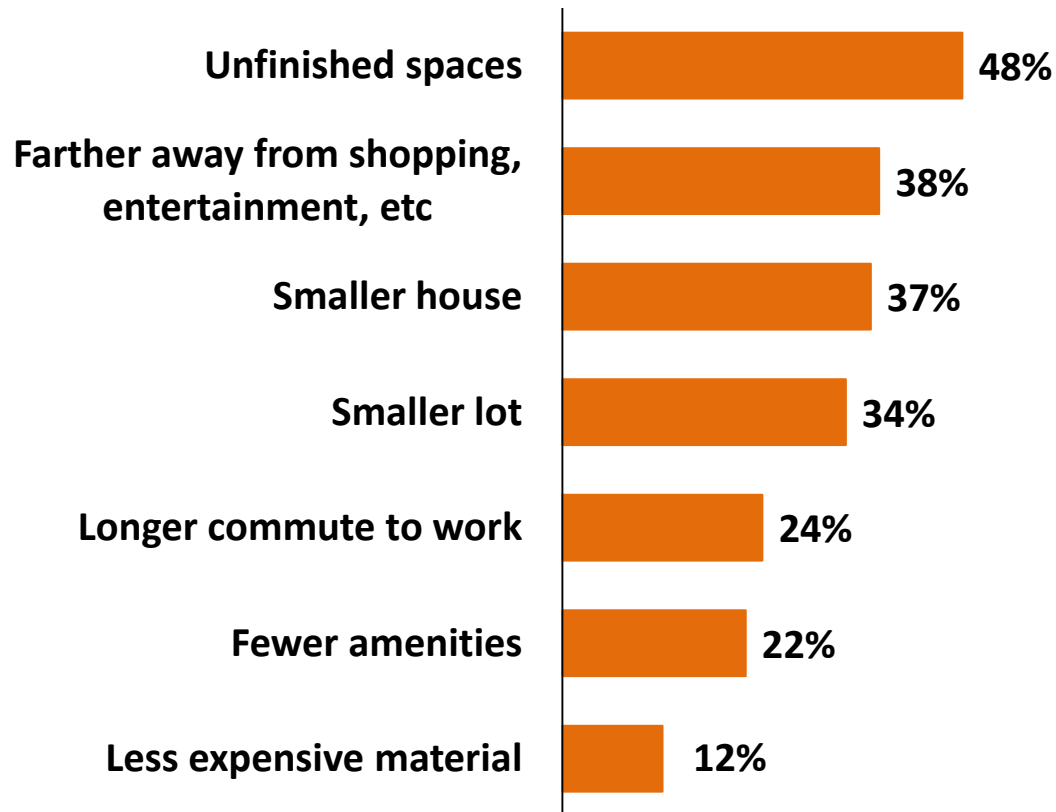
(% of Respondents)



- 12 (of 26 listed) technology features are wanted by 30% or more of buyers.
- In general, few have them, but many want them, i.e.,
- A wireless home security system is wanted by 50% of buyers, but only 15% have it now.

# What Buyers Would Accept to Make Home Affordable

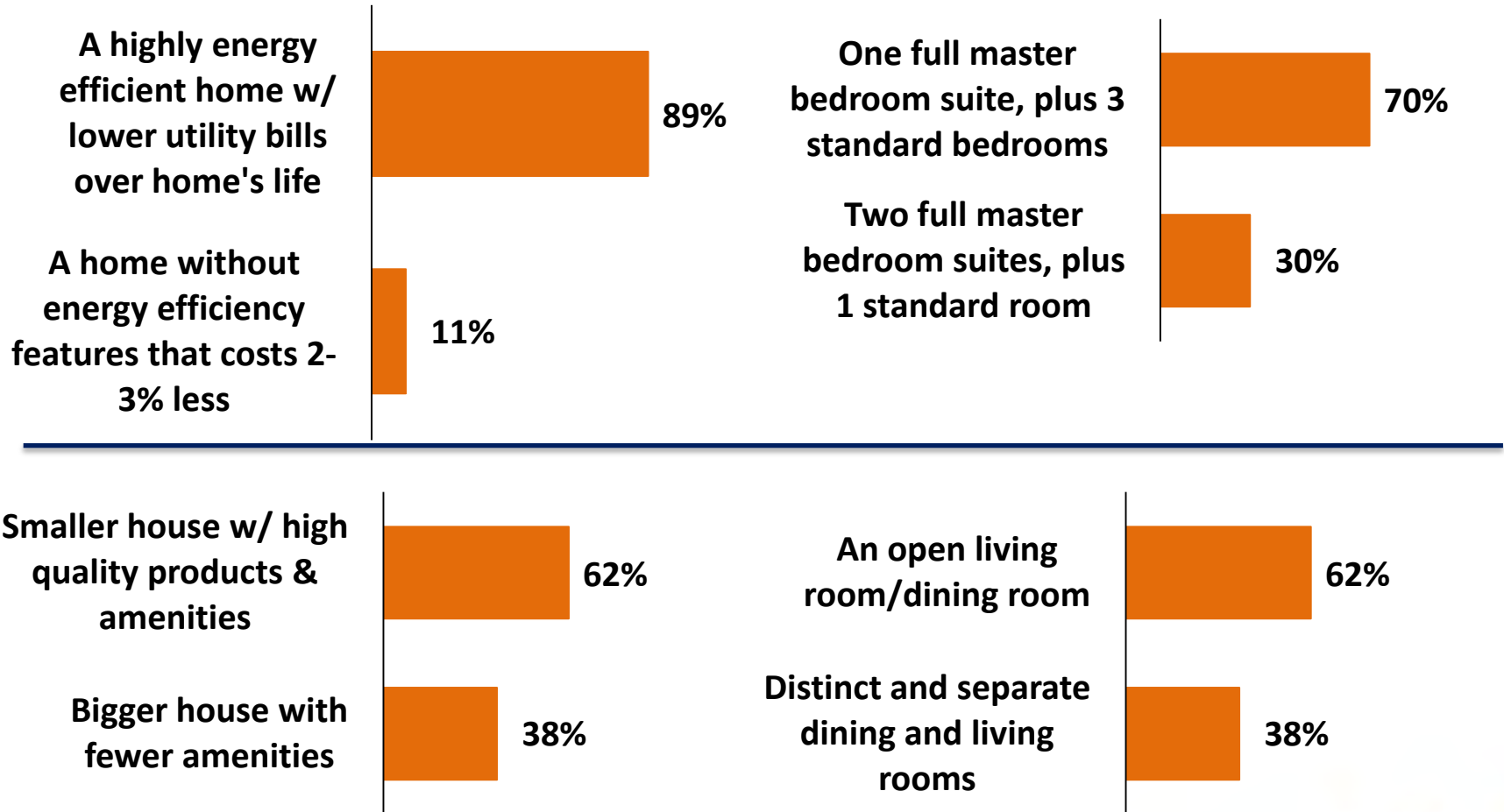
(% of Respondents)



- Question reveals what's really important to buyers when confronting a home purchase with limited resources.
- Almost half are willing to allow some spaces to remain unfinished.
- Few are willing to compromise on materials.

Source: NAHB, 2012 *What Home Buyers Really Want*.

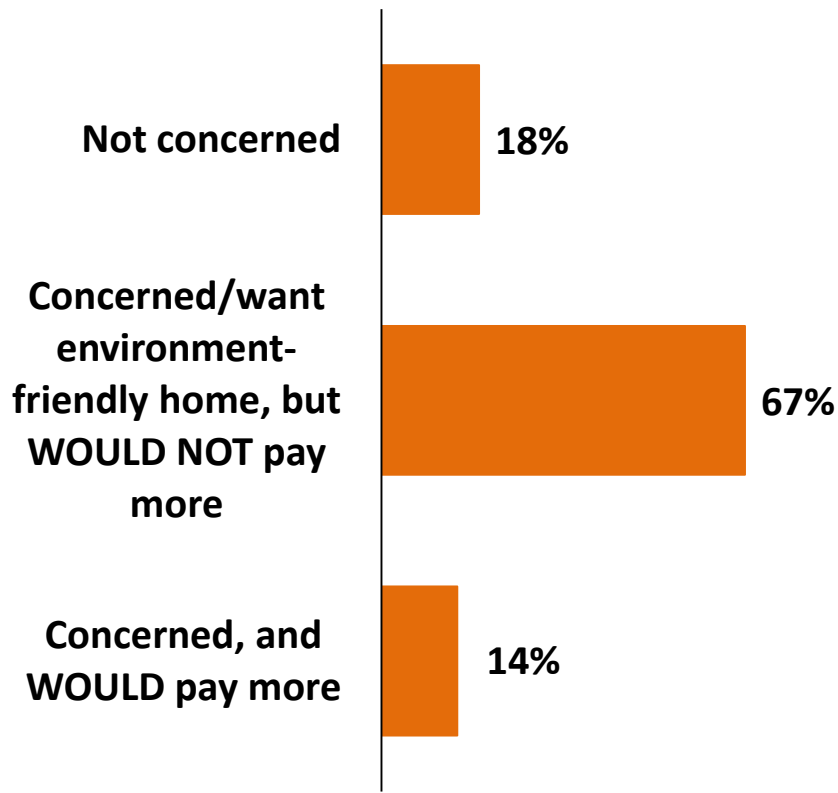
## Trade-Offs (% of Respondents)



Source: NAHB, 2012 What Home Buyers Really Want.

# Concerned About Impact of Home on Environment ?

(% of Respondents)



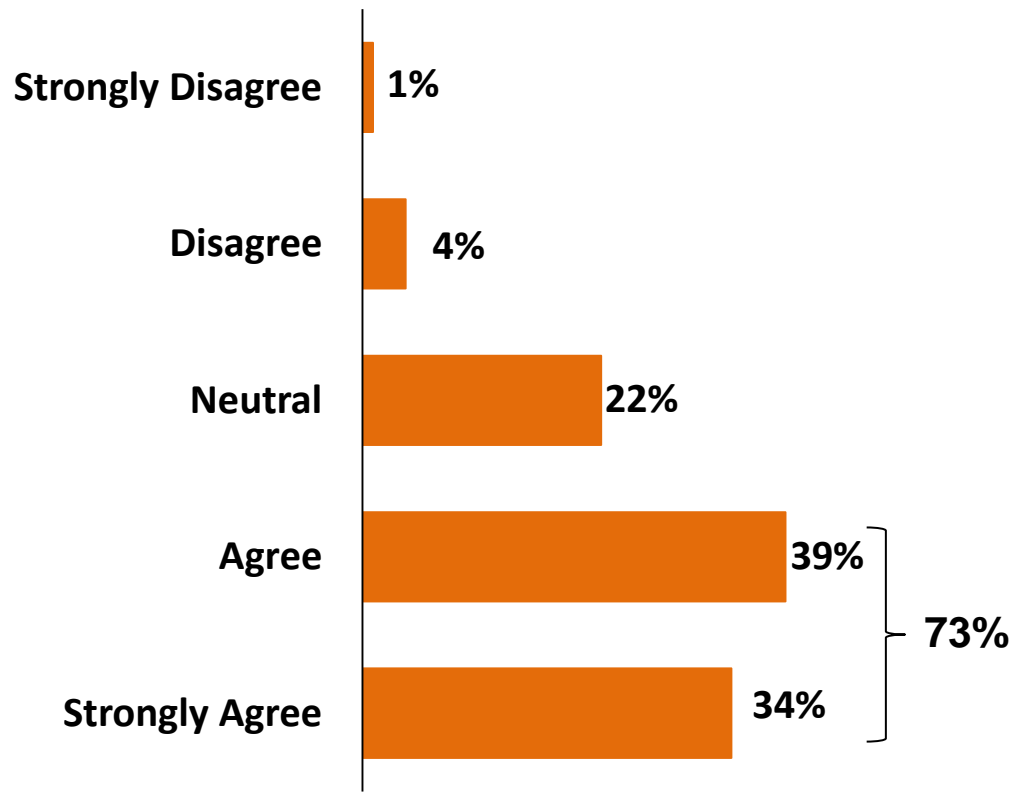
- Home buyers have similar attitudes about the environment irrespective of their age, geography, or race.

Source: NAHB, 2012 *What Home Buyers Really Want*.



# Most Buyers Agree Utility Costs Influence Home Purchase

(% of Respondents)



- However, buyers are quite concerned about utility costs.

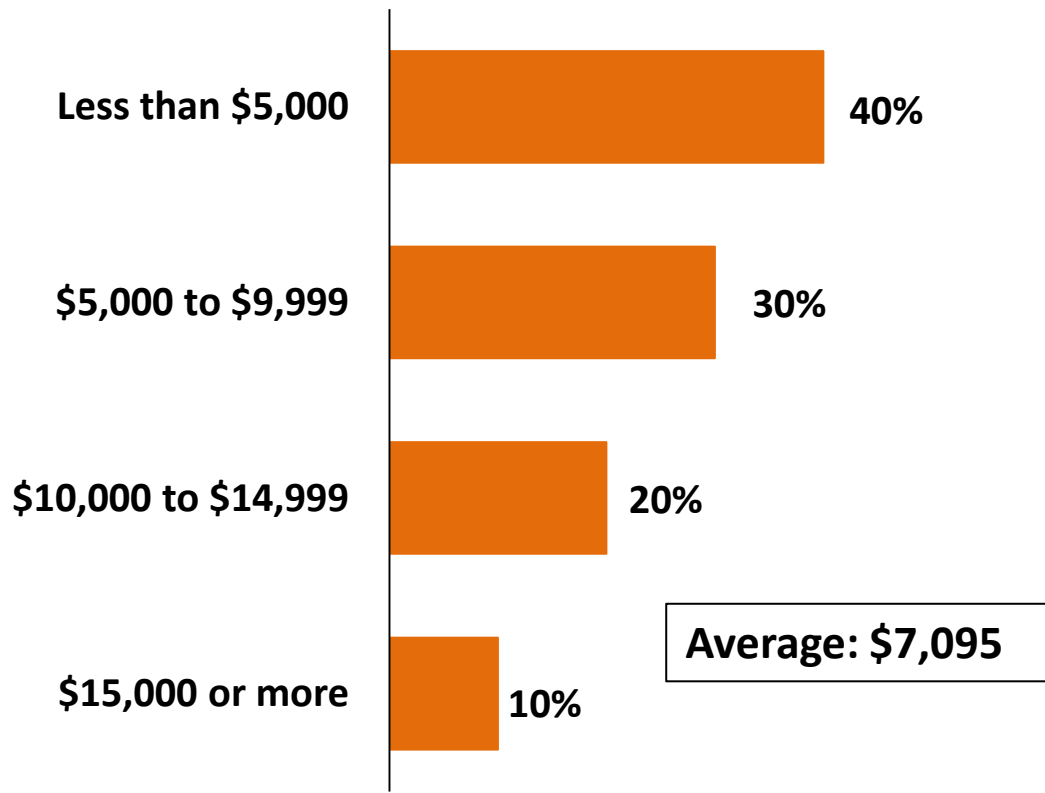
- 73% agree projected utility costs would influence purchase decision.

Source: NAHB, 2012 What Home Buyers Really Want.



## Additional Amount Buyers Are Willing to Pay for Home to Save \$1,000/year in utilities

(% of Respondents)



- So how much extra will buyers pay up-front to save on utility bills?

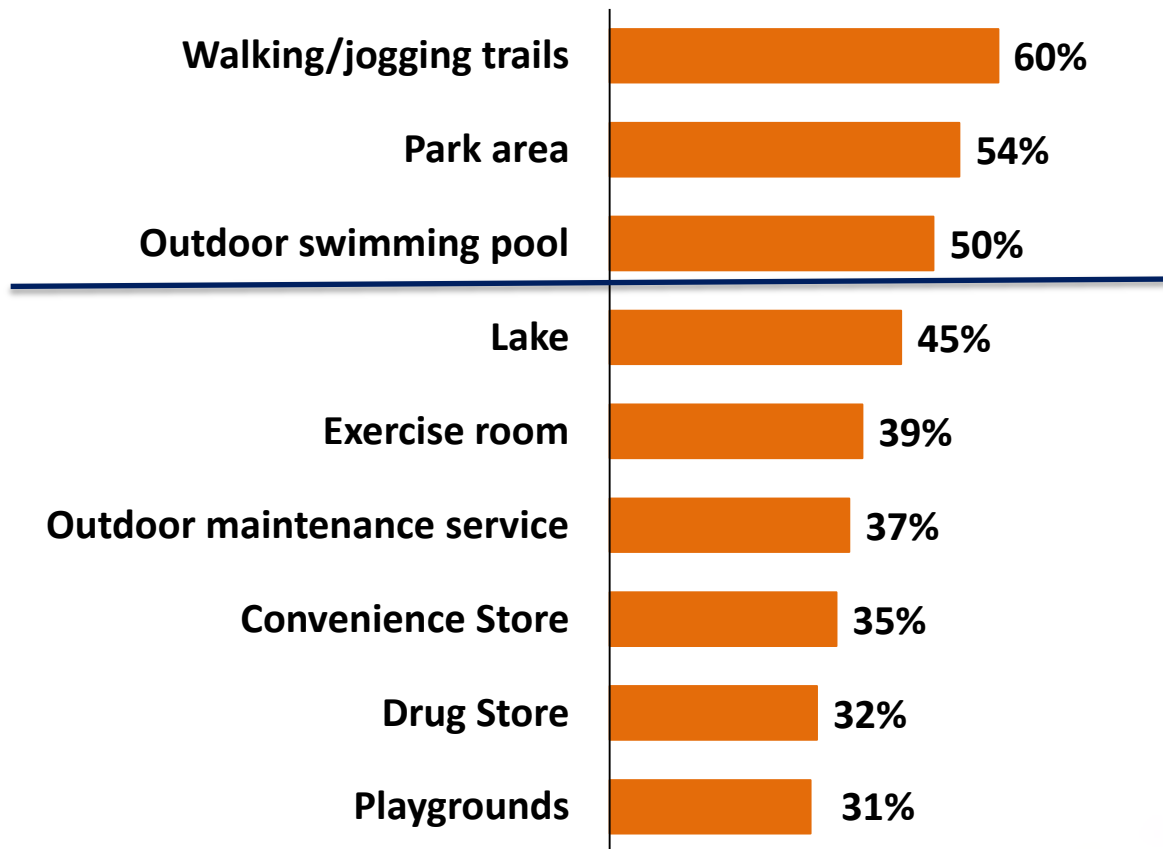
- On average, \$7,095 to save \$1,000 a year in utility costs.

- This translates into a 14% rate of return on the upfront investment.

Source: NAHB, 2012 What Home Buyers Really Want.

# Community Amenities that Seriously Influence Buyers

(% of Respondents)



- First 3 features seriously influence 50% or more of all buyers.

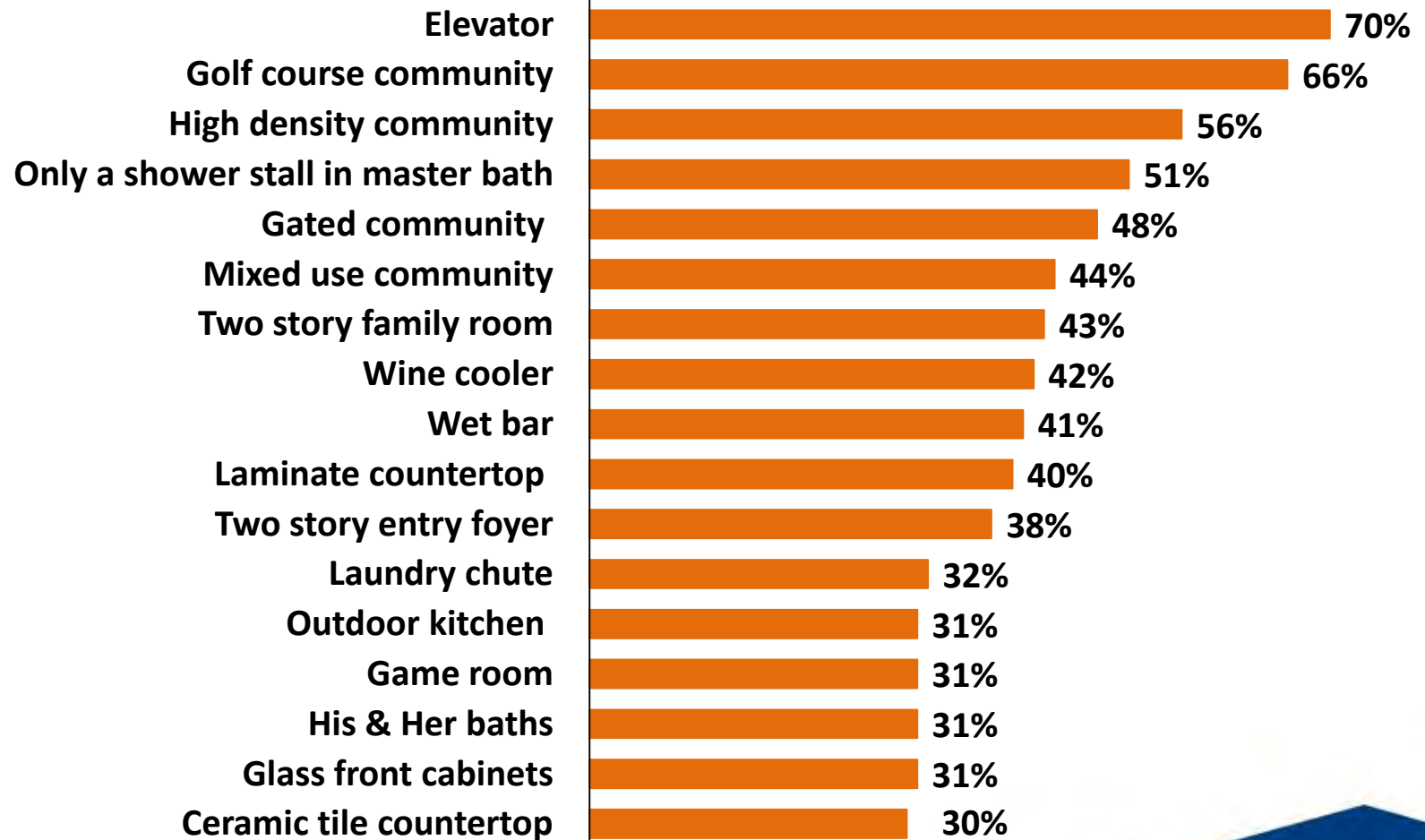
- Closely behind is a lake, important to 45%.

- Another 5 seriously influence 30%-39% of buyers.

Source: NAHB, 2012 What Home Buyers Really Want.

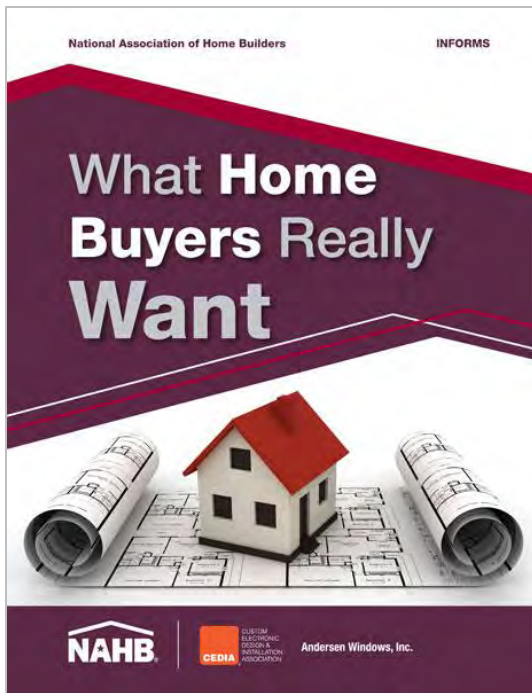
## Most “Unwanted” List

(% of Respondents Rating “Do Not Want”)



Source: NAHB, 2012 What Home Buyers Really Want.

# What Home Buyers Really Want



**Provides insight into buyers' preferences and the trade-offs they are willing to make**

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# THANK YOU

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