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First Time Buyers Have Long Term Plans

Jeannette Karis, President, Spokane Association of REALTORS®

The latest consumer survey of home buyers and sellers shows first-time buyers have risen in market share and plan to own their homes longer than buyers in the past. The study was released by the National Association of REALTORS® in November, 2008.

The 2008 National Association of REALTORS® *Profile of Home Buyers and Sellers* is the latest in a series of large national NAR surveys evaluating demographics, marketing, preferences and experiences of home buyers and sellers. NAR mailed an eight-page questionnaire in August 2008 to a national sample of 133,000 home buyers and sellers who purchased their homes between July 2007 and June 2008, according to county records.

Lawrence Yun, NAR chief economist, said a higher share of first-time buyers makes perfect sense, and it's a trend he expects to grow. "First-time buyers are much more flexible in entering the market because they aren't concerned about selling an existing home," he said. "Given low home prices, plentiful supply and affordable interest rates, it's been an optimal time for entry-level buyers with a long-term view.

"Considering the temporary first-time buyer tax credit and improvements to the FHA loan program, we expect stronger entry-level

activity as the flow of credit improves – that, in turn, should free more existing owners to make a trade in 2009."

The number of first-time buyers rose to 41 percent from 39 percent of transactions in last year's survey and 36 percent in 2006.

"Although modest, this is a meaningful gain for the 12-month period ending at the close of June, and more recent independent data show a stronger uptrend in first-time buyers who are helping to reduce excess inventory," Yun said.

According to the NAR study, the median age of first-time buyers was 30, down from 31 in 2007. The typical first-time buyer purchased a home costing \$165,000 and plans to stay in that home for 10 years, up from seven years in 2007.

The median down payment by first-time buyers was 4 percent, up from 2 percent in 2007. Of first-time buyers who made a down payment, 69 percent used savings and 26 percent received a gift from a friend or relative, typically from their parents. Another 7 percent received a loan from a relative or friend, while 16 percent tapped into a 401(k) fund, stocks or bonds. Ninety-two percent chose a fixed-rate mortgage.

For those with the dream of homeownership in 2009, the Spokane Association of

REALTORS® invites you to start making that dream come true. Contact any Spokane REALTOR® today, and remember to browse REALTOR® open houses 24/7 at www.SpokaneOpen.com.

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Source: National Association of REALTORS®