

White Paper:

What You Need to Know When Working With Repeat Home Buyers

2009 NAR Survey Results

With 47% of all home purchases being made by 1st timers, it means that 53% previously owned a home. That's a decrease of 7% over last year. However, it's still over half of all the home sales (not to mention the double sides).

In addition to the statistics, I have included some interpretations on what the numbers mean in creating your future marketing plans and where you could better spend your advertising dollars.

Repeat home buyers made 53% of all home purchases

Things have changed dramatically since they bought their last home. Seminars are a great way to update them on the underwriting rules, HVCC and the most current MLS stats. Call the event "Mortgage Seminar for 2nd Time Home Buyers." The content needs to be completely different—credit scoring, how to best leverage the cash from the sale of the home, buying a foreclosure...and the list goes on.

Living Arrangements Prior to Buying Another Home

68% Sold a home to buy another one
25% Rented an apartment/house
6% Lived with Parents/Friends

The significant number here is the 31% who sold a home previously, rented or lived with parents/friends for a while, and are now back in the market. It could be due to financial problems, relocation, divorce. Consider marketing to apartment complexes.

46% moved 15 miles or less (from their previous residence) so when choosing apartment complexes, stay within that 10-15 mile radius!

Marital Status of Repeat Buyers

69% Married Couples
5% Unmarried Couples
17% Single Women
8% Single Men

Note that single females who buy homes are double that of single males. Consider holding a "Women-Only Home Buying Seminar" (creating a niche within a niche) and become the "expert" in helping women buy their next home.

Average Income of Repeat Buyers

\$97,300 Married Couples
\$93,800 Unmarried Couples
\$75,400 Single Men
\$55,100 Single Women

Single men earn 27% money than single women, however single women purchase twice as many homes as men. Women are more financially challenged—yet another good reason to hold Women-Only seminars.

Median Age of Repeat Buyers

17% 24-35 Years
48% 36-54 Years

The median age is 39 years old (down from 46 years old, just a year ago). Think social media, blogs, video & audio when looking for ways to communicate.

The financial rules are more complex these days. When planning your Internet strategies, think about the team approach. Include a CPA, financial planner, an attorney and insurance agent to counsel them on the best allocation of funds when they sell their home.

Average Purchase Price Repeat Buyers

The average purchase price was \$224,000 compared to \$156,000 for first-time buyers. Based on the sales price averages, your commission income is higher when you work with repeat buyers (not to mention the listing side of the deal.)

Expected Length of Time to Buy Another House

9% Plan to move in 5 years
17% Plan to move in 6-10 years

While the purchase price is higher, first time buyers are twice as likely (17%) to move within the first 5 years versus repeat buyers. Keeping in touch on a consistent basis is not enough. The date you add about each client to your database must be detailed and the information you provide must be relevant. One size does NOT fit all if you want the chance to work with them in the future.

Sources of Information Used

87% Internet
60% Yard Signs
51% Open Houses
41% Newspaper
27% Homes Magazines

Since printed ads are more expensive, you may want to re-direct your advertising dollars to building an awesome website, video/audio or blog pages for your listings. Use the yard signs to direct people to an individual property website—using a unique URL for each listing. Email your open house notices to EVERYONE you know!

How Repeat Buyers Found Agent to Work With

36% Referral Family/Friends
17% Previously Work with Agent
8% Found on Internet
1% Newspaper/Homes Magazine

The survey also says that 66% of buyers and sellers were satisfied with their real estate agent, yet only 17% used the same agent the next time they bought real estate? Did they leave the business? Are you following up with them on a regular basis?

If a fellow agent is leaving the business, offer to take care of their “orphaned clients”. Hey, so what if you have to pay them a referral fee! Stay in touch with emails, newsletters, postcards and letters from the heart.

FSBO Sellers

11% Sold Home FSBO

However, 85% of FSBO sellers hired a real estate agent (on a negotiated fee basis) to help set the price and do the paperwork. Don't ignore the FSBO sellers. Chances are they'll buy another home and it's your opportunity to be the one to sell it to them!

Financing the Home Purchase

54% Own Savings
42% Money from Sale of Home
7% Sale of Stocks & Bonds

It goes without saying that the values of homes have decreased and last year, 60% used the money from the sale of their home toward their down payment. More are digging into their savings for additional cash to close.

It needs repeating - include a CPA, financial planner, an attorney and insurance agent to counsel them on the best allocation of funds when they sell their home.

87% of repeat buyers relied on a mortgage (98% for FTBH). 32% said that the mortgage application and approval process was more difficult than they thought. 6% reported being rejected for a loan. Knowing the rules and regulations will increase your chances of helping your clients get thru the mortgage maze and the minute-by-minute changes.

Information obtained from the NAR "Profile of Home Buyers and Home Sellers 2009". You can purchase the entire survey online at www.Realtor.org.