



TEXAS
HOMEBUYERS
& SELLERS
REPORT 2017 Edition

TEXAS HOMEBUYERS & SELLERS REPORT | 2017 EDITION

ABOUT THE TEXAS HOMEBUYERS & SELLERS REPORT

Data from the 2017 edition of the **Texas Homebuyers and Sellers Report** is derived from the 2016 Profile of Homebuyers and Sellers Texas Report by the National Association of REALTORS®, which analyzes survey data from Texans who bought or sold a home between July 2015 and June 2016. The Texas Association of REALTORS® distributes insights about the Texas housing market throughout the year, including quarterly market statistics, trends among homebuyers and sellers, luxury home sales, international trends and more. To view the Texas Homebuyers and Sellers Report in its entirety, visit TexasRealEstate.com.

ABOUT THE TEXAS ASSOCIATION OF REALTORS®

With more than 110,000 members, the Texas Association of REALTORS® is a professional membership organization that represents all aspects of real estate in Texas. We advocate on behalf of Texas REALTORS® and private-property owners to keep homeownership affordable, protect private-property rights, and promote public policies that benefit homeowners. Visit TexasRealEstate.com to learn more.

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EXECUTIVE SUMMARY

The 2017 edition of the Texas Homebuyers and Sellers Report reveals a growing diversity in the profile of Texas homebuyers. As the demand for Texas real estate has grown over the last several years, so has the diversity of ethnicity, age and composition of households purchasing a home in Texas.

The ratio of single Texas homebuyers increased from the 2016 edition of the report, with single female homebuyers increasing five percentage points to 19 percent and single male buyers rising two percentage points to 9 percent of all Texas homebuyers. Indicating that Texans are buying later and moving earlier in life, the median age of first-time buyers increased three years to 35 years old, while the median age of Texas home sellers decreased eight years to 46 years old.

The report also shows a broader ethnic diversity among Texas homebuyers. Among all Texas homebuyers, 14 percent identified as Hispanic, 6 percent identified as African-American and 4 percent identified as Asian. Minorities among first-time homebuyers were most likely to be Hispanic (27 percent), while minorities among repeat buyers were most likely to African-American (27 percent).

At the same time, Texas homebuyers surveyed for the 2017 edition of the report expressed growing housing affordability challenges, including lower household incomes, debt and obstacles in saving for a down payment or purchasing a home. These challenges have been exacerbated by rising home prices and property values across the state.

According to the report, the median household income among Texas homebuyers declined nearly 3 percent year-over-year to \$94,200. Of all Texas homebuyers, existing debt delayed saving for or purchasing a home for a median of three years. Forty-four percent of Texas homebuyers waited 6-12 months to save up for a down payment, compared to only 10 percent of homebuyers in the previous year's report.

The following 20 pages of infographics take a deeper dive into the characteristics, motivations and preferences among Texas homebuyers and sellers, as well as statistics and challenges in financing the home purchase.

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The age gap between first-time homebuyers and repeat buyers in Texas narrowed slightly compared to the previous year's report

Overall, the median Texas homebuyer was 46 years old, one year older than the previous reporting period. The median age of first-time homebuyers in Texas was 35 years old, up from 32 years old. For repeat buyers, this was 50 years old, or a decline of three years from the prior report.

Since 1981, the median age of first-time homebuyers and repeat buyers across the nation has increased significantly. The median age of first-time homebuyers was 29 in 1981 and 32 in 2016, while repeat buyers were 36 years old in 1981 and 52 in 2016. The age of first-time homebuyers has remained relatively consistent between 29 to 32 years of age over the past 36 years.

Median household income in Texas fell almost 3 percent from the last reporting period from \$97,100 to \$94,200.

Twenty-three percent of Texas homes purchased were new homes, a decrease of 7 percentage points from the previous year's report. During the same time frame, 18 percent of homes purchased nationally were new homes.

PROFILE OF A TEXAS HOMEBUYER

46 Years Old

Median age of homebuyer

\$94,200

Median household income

30%

First-time homebuyers

7%

Buyers over 50 years old who purchased senior-related housing

24%

Homebuyer or spouse is active duty military or a veteran

15%

Purchased a home for a multi-generational family due to aging parents or children over 18 living at home

10 Years

Expected length of tenure in home

8 Weeks

Median length of time buyer spent searching for a home

23%

Purchased a new home

10 Homes

Median number of homes viewed during search process

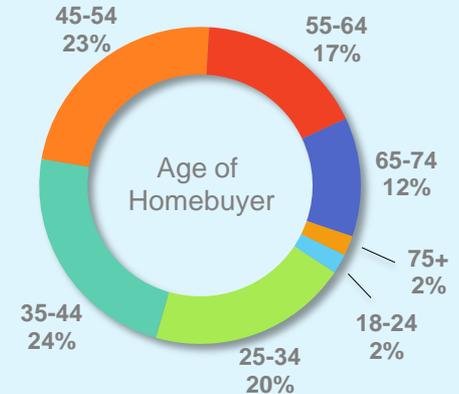
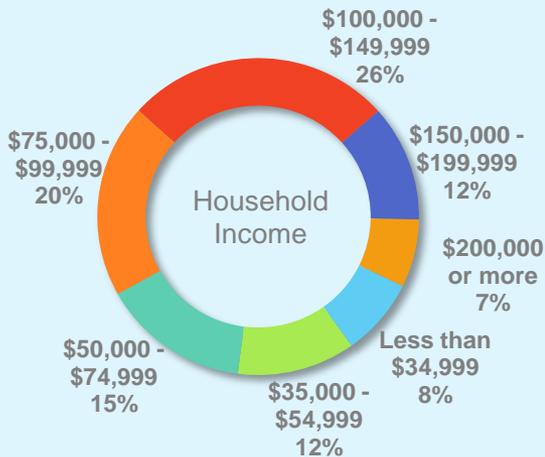
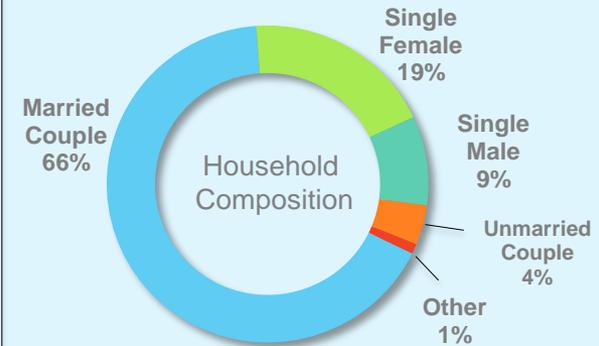
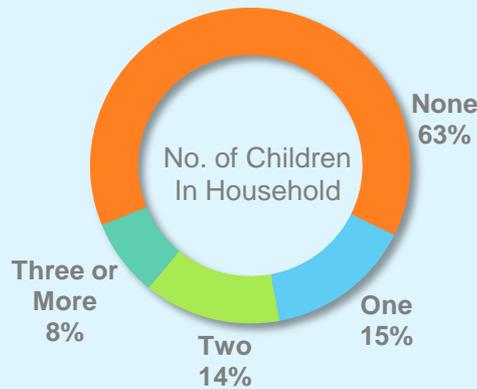
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The percentage of single homebuyer household composition continues to increase in Texas. Among all Texas buyers, the percentage of single female homebuyers rose from 14 percent to 19 percent from the previous year's report, while the percentage of single male buyers rose from 7 percent to 9 percent.

Nationally, married couples made up 66 percent of homebuyers, while single females and single male homebuyers accounted for 17 percent and 7 percent respectively.

Fifty-five percent of homebuyers in Texas have a household income of less than \$100,000 per year. Compared nationally, 60 percent of homebuyers have a household income of less than \$100,000 per year.

TEXAS HOMEBUYER CHARACTERISTICS



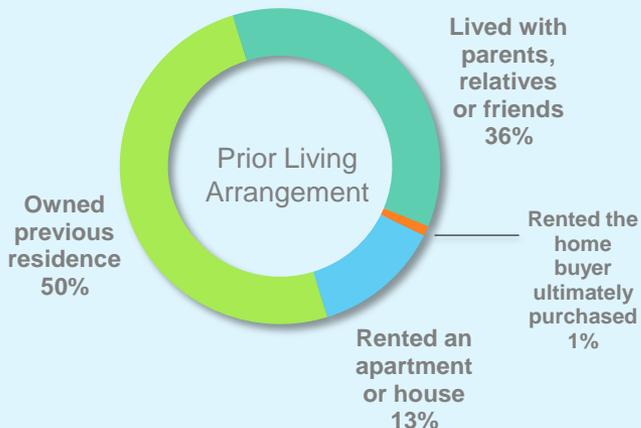
HOMEBUYER CHARACTERISTICS

The ethnicity of Texas homebuyers varied among household composition. Among single male homebuyers, 23 percent identified as Hispanic/Latino, whereas less than 1 percent of single male buyers identified as Black/African American or Asian. Among single females, 8 percent identified as Hispanic/Latino, 6 percent identified as Black/African American and 6 percent identified as Asian.

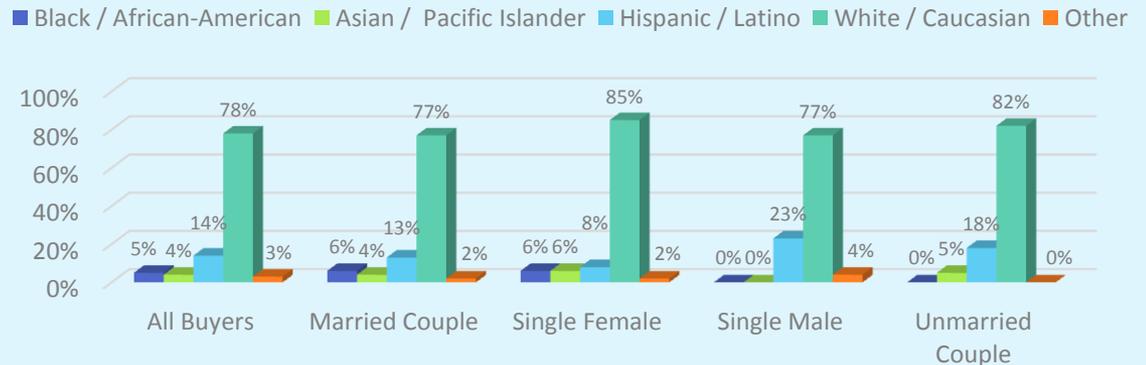
Among married couples, 85 percent identified as White/Caucasian, 13 percent identified as Hispanic/Latino, 6 percent identified as Black/African-American and four percent identified as Asian.

More homebuyers live with family and/or friends prior to owning a home in Texas (36 percent) compared to homebuyers nationally (11 percent). The opposite is true for homeowners who rented an apartment prior to owning their home. Nationally, more homeowners rented an apartment or house as a prior living arrangement (41 percent) compared to Texas homeowners (13 percent).

Prior Living Arrangement



Ethnicity & Household Composition



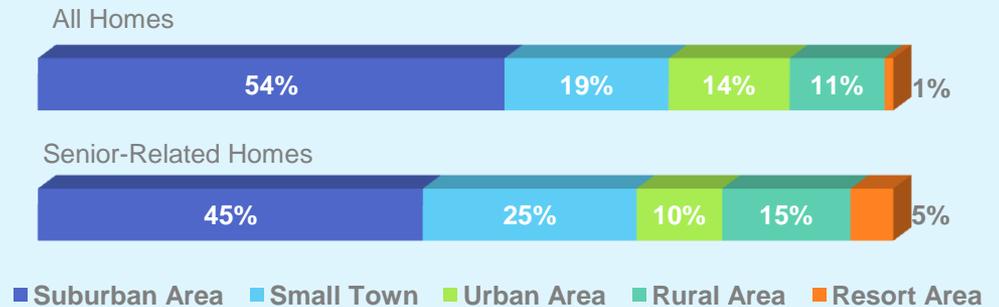
HOMEBUYER CHARACTERISTICS CONT.

In Texas, 15 percent of homebuyers purchased a home for a multi-generational family, unchanged from the previous reporting period. Nationally, 11 percent of homebuyers purchased a home for a multi-generational family, down from 13 percent.

There are a wealth of reasons homebuyers choose to purchase a home for multi-generational living arrangements, such as care-taking for aging parents, children over 18 moving back home, and overall cost savings.

Senior-related home purchases are more likely to occur in a small town or resort area when compared to all home purchases. This could be because senior-specific housing is more readily available in these areas.

Location of Home Purchased All Homes vs. Senior-Related Homes



Reasons for purchasing a Home For A Multi-Generational Family

Home will house adult siblings, adult children, parents and/or grandparents

13% Children / Relatives Over 18 Moving Back Home

25% Health / Caretaking for Aging Parents

19% Cost Savings

13% Wanted a larger home that multiple incomes could afford

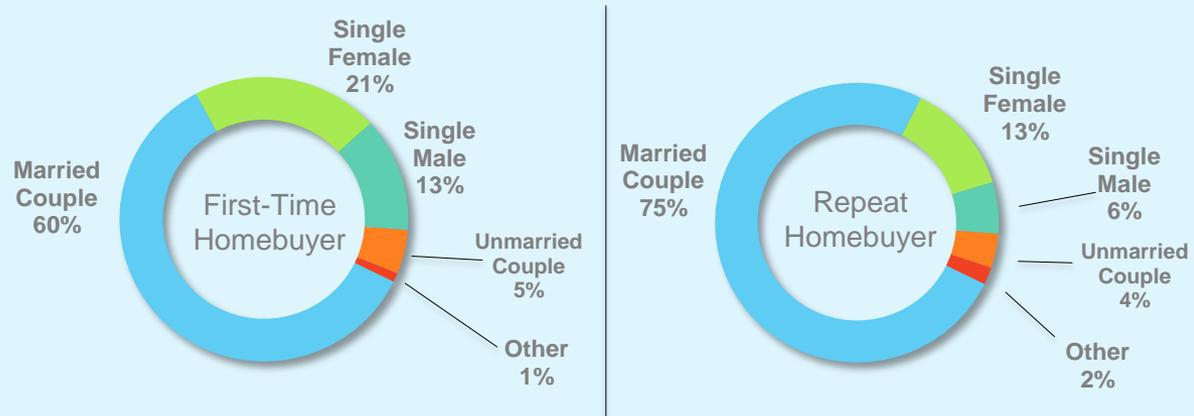
FIRST-TIME VS. REPEAT HOMEBUYERS

The percentage of single homebuyers in Texas continues to rise. Single females comprised 21 percent of first-time homebuyers and 13 percent of repeat homebuyers in Texas, while single males comprised 13 percent of first-time homebuyers and only 6 percent of repeat buyers in Texas.

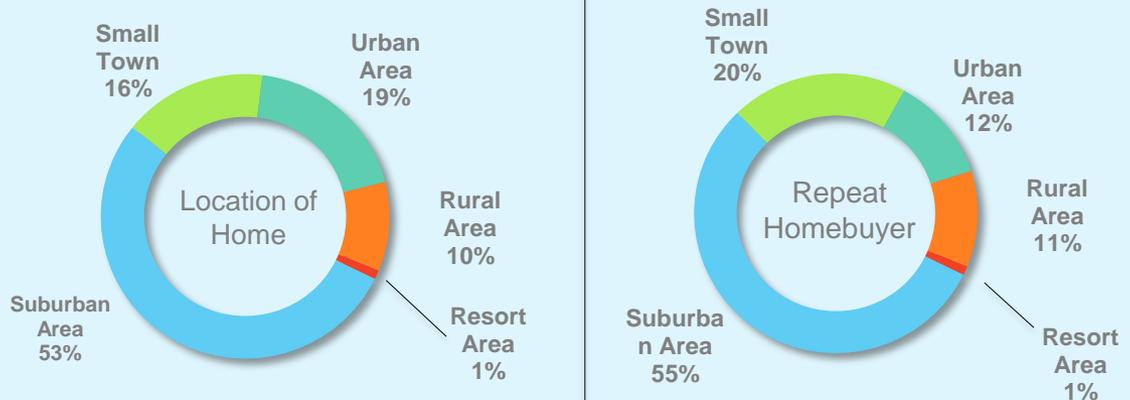
Suburban areas continue to be the most sought-after location for both first-time and repeat homebuyers. The statistics are almost identical when comparing Texas to national data.

Small towns and rural areas appear to be more popular among repeat homebuyers, possibly as older homebuyers seek larger or country properties for retirement.

Household composition



Location of home purchased



FIRST-TIME VS. REPEAT HOMEBUYERS, CONTINUED

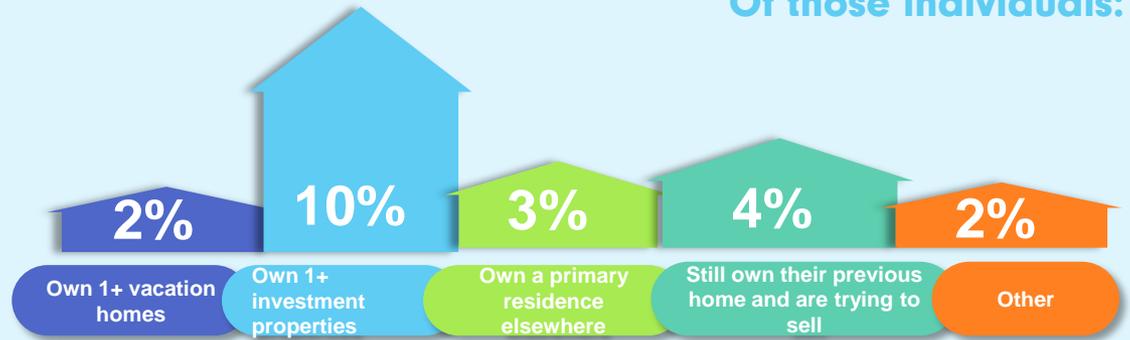
Texas real estate continues to prove to be a strong financial investment for homebuyers.

Nearly one in five Texas homebuyers who purchased a home in the report time frame owned one or more residential properties. Nationally, 15 percent of homebuyers owned one or more residential properties.

Twenty-seven percent of first-time homebuyers in Texas were Hispanic, up 3 percentage points from the previous year. Nationally, 9 percent of first-time homebuyers were Hispanic/Latino, unchanged from last year.

Black/African-American homebuyers comprised 27 percent of all repeat homebuyers in Texas. This is 25 percentage points more than the last reporting period. Nationally, Black/African-American homebuyers comprised 3 percent of all repeat homebuyers.

19% of Texas homebuyers own more than one property.
Of those individuals:



91%

of Texas homebuyers believe that owning Texas real estate is a good investment

Ethnicity of first-time & repeat homebuyers



MOTIVATIONS FOR BUYING A HOME

Job growth continues to be a driving force for relocation activity in and around Texas.

Although the number one reason for purchasing a home among homebuyers in Texas and nationally was the desire to own a home of their own, the second-biggest driver for Texas homebuyers was job-related relocation.

Nationally, the second-biggest reason for purchasing a home was the desire for a larger home.

Among new homebuyers in Texas, the primary reasons for purchasing a new home were to avoid renovations or problems with plumbing and electricity as well as to have the ability to customize design features.

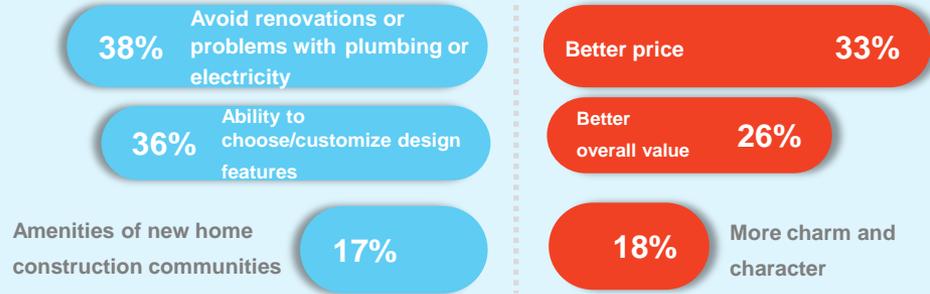
Among existing homebuyers in Texas, the primary reasons for purchasing a previously owned home were better price and better overall value.



27% For Texas homebuyers,

The desire to own a home was the most-cited reason for purchasing a home (27 percent), followed by a job relocation or move (12 percent)

Motivations for Buying a New Home vs. an Existing Home



Top Reasons for Purchasing a Home, by Household Composition



Married Couples

21% Desire to own a home
17% Job-related move



Single Females

37% Desire to own a home
17% Desire to be closer to friends & family



Single Males

31% Desire to own a home
19% Desire for a smaller home



Unmarried Couples

36% Desire to own a home
18% Job-related move

TOP 5 FACTORS INFLUENCING NEIGHBORHOOD CHOICE



1	QUALITY OF THE NEIGHBORHOOD	69%
2	CONVENIENCE TO JOB	47%
3	QUALITY OF SCHOOL DISTRICT	47%
4	CONVENIENCE TO SCHOOLS	44%
5	CONVENIENCE TO FRIENDS & FAMILY	32%



MOTIVATIONS FOR BUYING A HOME CONT.

Both in Texas and nationally, quality of life and convenience to essential services are top factors in deciding where to buy a home. Sixty-nine percent of Texas homebuyers ranked the quality of neighborhood as an important factor in deciding on a home, an increase of 10 percentage points from the previous year's report. Nationally, 60 percent of homebuyers said quality of neighborhood was their top factor in deciding where to buy.

Convenience to the homebuyer's job was the second-highest deciding factor, increasing 3 percentage points from the previous report to 47 percent overall. Nationally, this was 43 percent.

Additionally, more than one in three Texas homebuyers also consider commuting costs to be a very important deciding factor in where to purchase a home.



36%

of Texas homebuyers say that commuting costs are "very important" in deciding whether or not to buy a home

PROFILE OF TEXAS HOMES PURCHASED

The high demand for Texas real estate means that Texas homes continue to sell at or above listing price. In Texas, the median home price is \$214,000, unchanged from the previous year's report.

Nationally, the median price for a home increased to \$220,000, and homebuyers purchased homes for approximately 98 percent of the asking price.

Homes continue to be newer and bigger in Texas compared to those nationally. Nationally, the median year a home was built was 1991. In Texas, the median year a home was built was 2003.

The median square footage of a home purchased in Texas is 2,060 feet, while nationally the median square footage of a home recently purchased is 1,900 feet.

Both in Texas and nationally, the median number of rooms is three bedrooms and two bathrooms.



PROFILE OF TEXAS HOMES PURCHASED CONT.

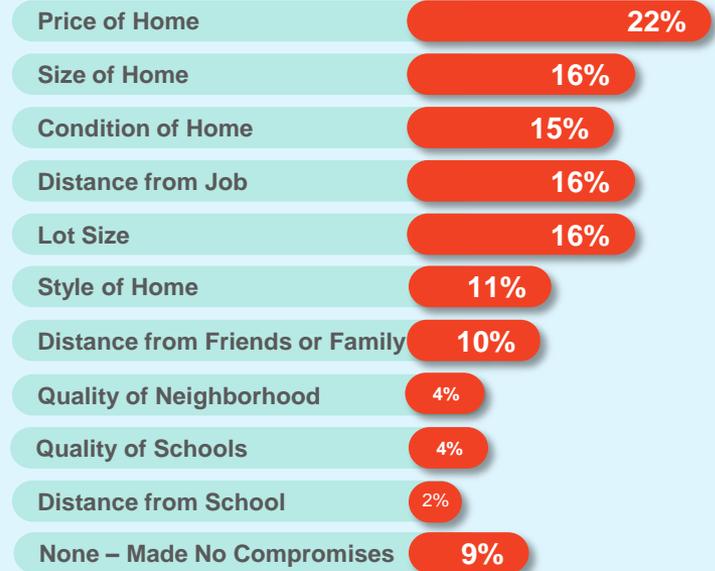
Twenty-two percent of Texas homebuyers reported compromising on the price of their new home, an increase of 3 percentage points from last year's report. Nationally, 21 percent of buyers compromised on the price of their new home, an increase of 1 percentage point from the previous report.

As one of the largest costs of homeownership, heating and cooling costs were among the most important environmentally friendly features of a home for Texas homebuyers. Other important features were windows and doors, as well energy efficient appliances and lighting.

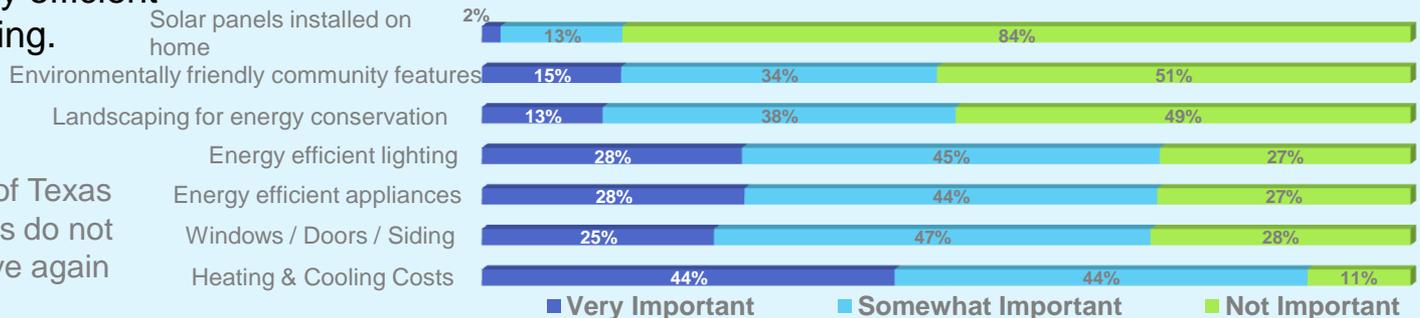
19% of Texas homebuyers do not plan to move again



Features of Home on Which Homebuyer Compromised



Importance of Environmentally Friendly Features among Texas Homebuyers



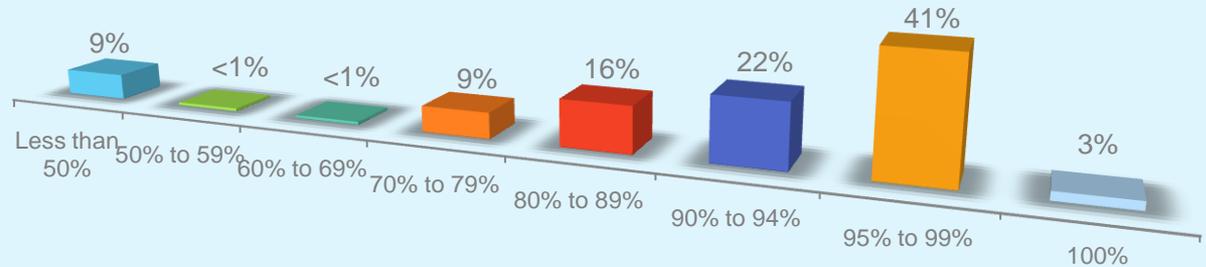
FINANCING THE HOME PURCHASE

Eighty-six percent of Texas homebuyers financed some or all of their home purchase. Nationally, this figure was 88 percent.

As household incomes among Texas homebuyers decline, the need to finance a home purchase increases. In Texas, the median percentage of home purchase costs financed was 94 percent, an increase of 4 percentage points from the previous year's report. More than 65 percent of Texas homebuyers financed between 90-100 percent of their home.

Despite having only one income, single adults were more likely to finance less of their home.

Percentage of Home Financed



86% of all Texas homebuyers financed their home purchase



94% Median percentage of home purchase costs financed

Buyers Who Financed Their Home, by Household Composition



Married Couples

89% First-time Homebuyers
83% Repeat Homebuyers



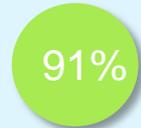
Single Females

94% First-time Homebuyers
79% Repeat Homebuyers



Single Males

90% First-time Homebuyers
85% Repeat Homebuyers



Unmarried Couples

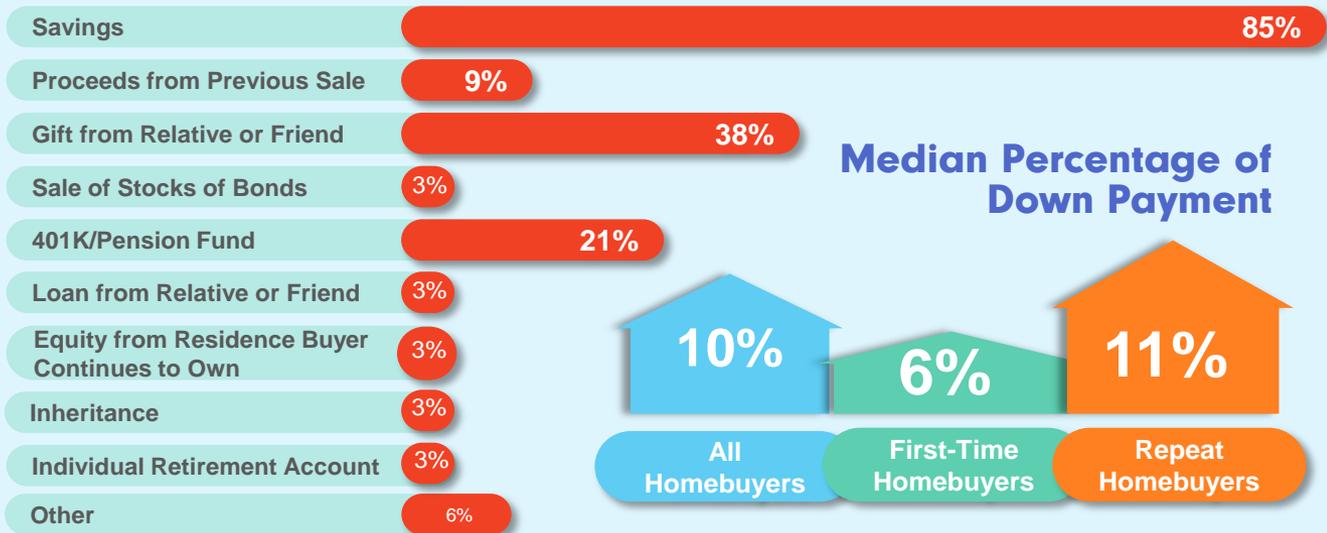
100% First-time Homebuyers
88% Repeat Homebuyers

FUNDING THE DOWN PAYMENT

For 1 in 11 Texas homebuyers, saving for a down payment is the most difficult part of the homebuying process. In Texas, the median percentage of down payment was 10 percent. Forty-three percent of Texas homebuyers spent six to 12 months saving for a down payment, while 21 percent spent two to five years doing so. Nationally, 40 percent of homebuyers spent less than six months saving for a down payment, but 27 percent of homebuyers had to save for two to five years. In addition to savings, common sources for a down payment among Texas homebuyers included gifts from relatives or friends and retirement funds.



Source of Down Payment



Median Percentage of Down Payment

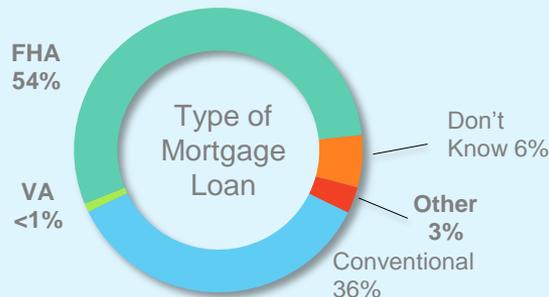


DEBT AND HOUSING AFFORDABILITY

The amount of debt homebuyers have is also a factor in how long people will wait to buy a home. The median amount of time that debt delayed the homebuying process in Texas was four years for first-time homebuyers and three years for repeat buyers. Nationally, debt delayed the the homebuying process for both first-time and repeat homebuyers by three years.

Both in Texas and nationally, the primary debt source that delayed saving for a down payment for a home purchase among Texas homebuyers was student loans. Among homebuyers with student loan debt, the median amount of student loan debt was \$20,000. Credit card debt was the second largest expense that delayed home purchases.

A majority of the mortgage loans used to purchase a home were FHA loans (54 percent) and conventional loans (36 percent). Despite the fact that nearly one in four Texas homebuyers is a veteran or active military family, less than 1 percent of mortgage loans issued in Texas were VA loans.



3 Years Median number of years that debt delayed home purchase



1 in 9 Texas homebuyers said saving for the down payment was the most difficult part of the homebuying process



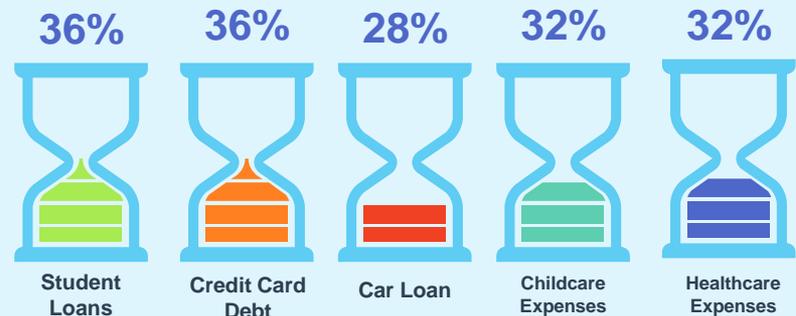
5% Of Texas homebuyers have had a mortgage application denied



\$20,000 Median amount of student loan debt among Texas homebuyers

Expenses that delayed saving for a down payment or home purchase

Among the 11% of Texas homebuyers who said saving for a down payment was difficult



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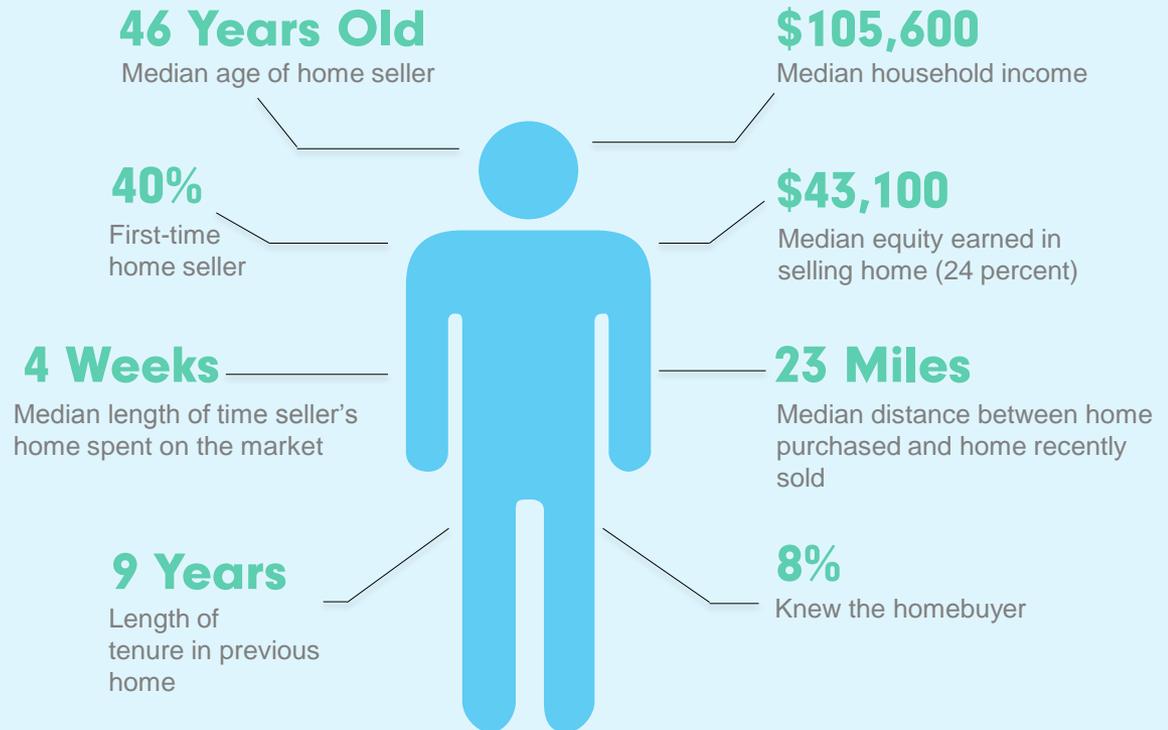
Texas home sellers are selling their home at a younger age. The median Texas home seller is 46 years old, a decrease of eight years from the previous year's report. Nationally, the median age for a home seller was 54, unchanged from the prior report.

Median household income for Texas homesellers was \$105,600, down more than 2 percent from last year's report. Nationally, the median household income for home sellers was \$100,700, a decrease of more than 3 percent.

Home sellers who knew the buyer of their home increased from last year's report. Eight percent of these sellers knew the buyer, an increase from 6 percent the year prior.

The ratio of first-time and repeat home sellers narrowed by 8 percentage points from the previous year's report. Of all home sellers in Texas, 40 percent were first-time home sellers and 60 percent were repeat home sellers.

PROFILE OF A TEXAS HOME SELLER



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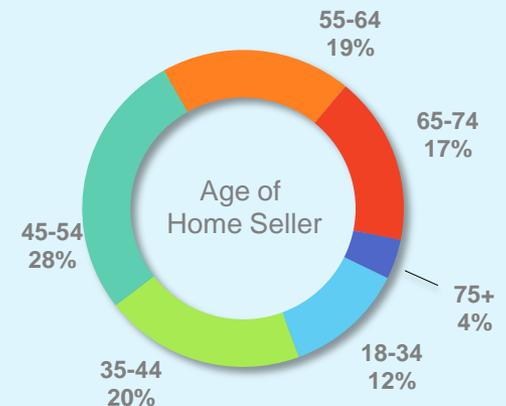
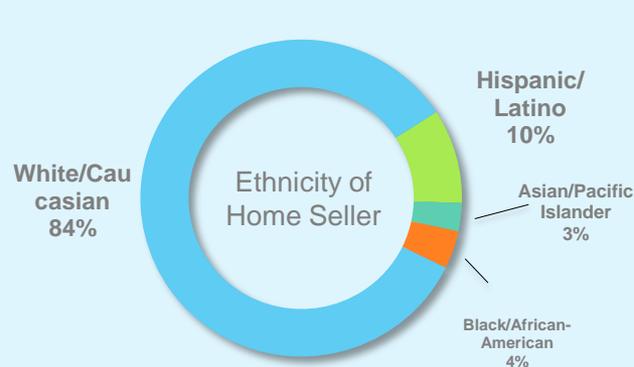
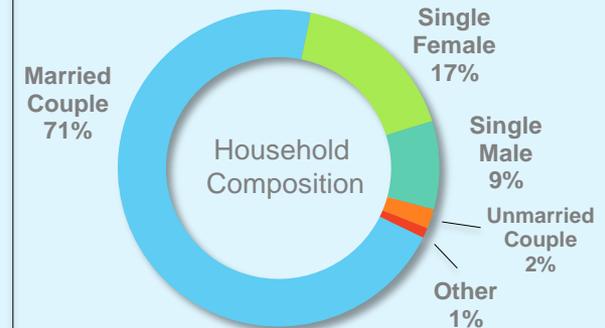
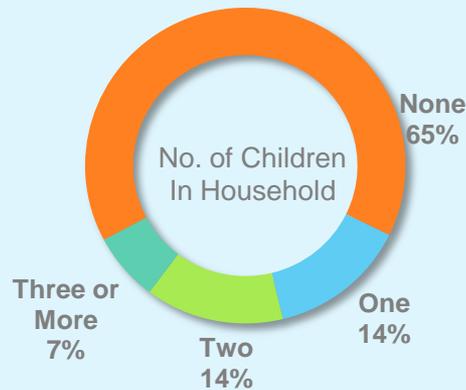
A majority of Texas home sellers continue to be married, Caucasian, above the age of 35 and do not have children living in their household. As with Texas homebuyers, however, the state continues to see a rise in the number of single and minority home sellers.

In Texas, the number of home sellers who were married decreased 10 percentage points from the prior reporting period to 71 percent. Nationally, the number of married home sellers fell 1 percentage points to 76 percent.

The number of single female home sellers in Texas doubled from 8 percent to 17 percent. Nationally, single female home sellers comprised 14 percent of the home selling market, a 2 percentage point increase from last year.

Hispanic home sellers increased by 1 percentage points in Texas and nationally. Ten percent of home sellers in Texas were Hispanic compared to only 5 percent nationally.

TEXAS HOME SELLER CHARACTERISTICS



MOTIVATIONS FOR SELLING A HOME

Tenure in Previous Home



Twenty-four percent of Texas home sellers sold their home to relocate to a new job. This is an increase of 4 percentage points from the previous year's report. Nationally, the biggest reason sellers sold their home was because their home was too small.

Texans are staying in their current homes for longer periods of time. The median tenure a Texas homeowner lived in their prior home was nine years, compared to the national median rate of tenure at 10 years. Both increased one year since the last report.

As home values increased throughout Texas, so did the equity earned by Texas home sellers. In Texas, the median dollar value of equity earned increased from \$38,050 to \$43,250. Nationally, median equity increased from \$40,000 to \$43,000.



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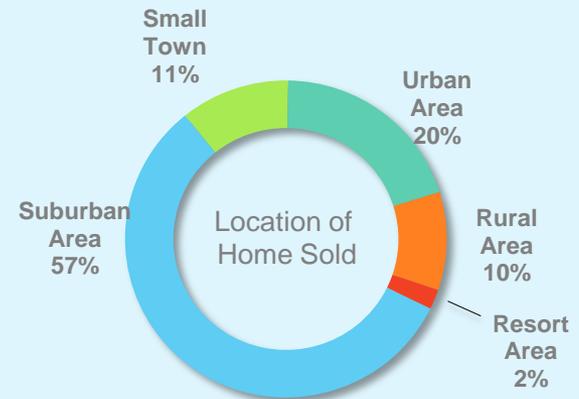
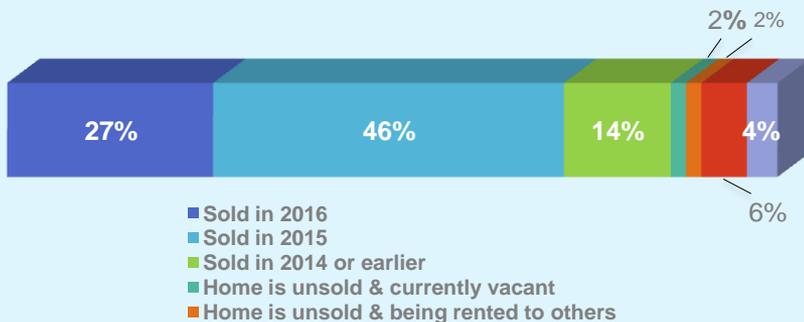
INFORMATION ON TEXAS HOMES SOLD

Among Texas repeat buyers surveyed, 46 percent sold their home in 2015 (44 percent nationally), 27 percent sold in 2016 (25 percent nationally), 14 percent sold in 2014 or earlier (14 percent nationally) and 6 percent plan to not sell their previous home (6 percent nationally).

A majority (57 percent) of homes sold by Texas homeowners from July 2015 to June 2016, were located in suburban areas. This is a 1 percentage point decrease from the previous year's report. Nationally, this was 53 percent, a 4 percentage point increase from the previous reporting period.

Age of Seller	Price of Home Sold	Price of Home Purchased	Variance
18-34	\$185,000	\$261,400	\$76,400
35-44	\$220,000	\$307,500	\$87,500
45-54	\$279,700	\$287,700	\$8,000
55-64	\$279,600	\$252,000	-\$27,600
65-74	\$249,600	\$236,700	-\$12,900
75+	\$242,000	\$215,000	-\$27,000

Home Selling Situation Among Repeat Buyers



INFORMATION ON TEXAS HOMES SOLD CONT.

Sixty-two percent of Texas home sellers did not reduce the asking price of their home, a decrease of 5 percentage points from the previous year's report. This indicates that the Texas housing market could be beginning to normalize to less aggressive market conditions. Nationally, 59 percent of home sellers did not reduce the asking price of their home.

Of the incentives that were offered to attract homebuyers, home warranty policies and assistance with closing costs were the most offered in Texas and nationally.



Incentives Offered to Attract Homebuyers



Home Warranty Policies

Offered by 28% of Texas home sellers



Assistance with Closing Costs

Offered by 14% of Texas home sellers



Credit Toward Remodeling or Repairs

Offered by 7% of Texas home sellers



Other Incentives: Car, Flat Screen, etc.

Offered by 9% of Texas home sellers