

What Home Buyers Really Want

March 2021

Special Study for Housing Economics

Rose Quint

Economics and Housing Policy

National Association of Home Builders

One of the essential ingredients to being a successful home builder is a clear understanding of what buyers really want in a new home, how those preferences change over time, and how they may vary based on demographic factors such as age, race/ethnicity, geography, income, or price point. The recently released [*What Home Buyers Really Want, 2021 Edition*](#) continues NAHB's long commitment to our members to provide the most recent and accurate research on what home buyers want in their homes and community.

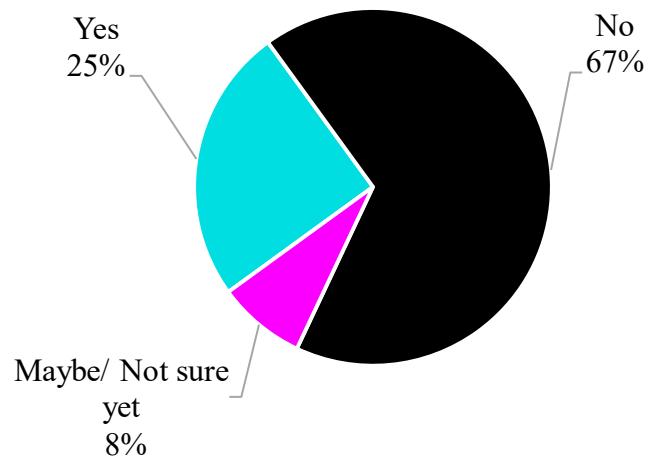
This latest study was prepared in the midst of the SARS-CoV-2 (COVID-19) pandemic. Few events over the last century have had as profound an impact on our economy and society as this health crisis, when homes became the first line of defense for many Americans, as they sheltered in place in an effort to avoid contagion. The home was suddenly catapulted into a new level of prominence; its purpose often expanding beyond just a functional dwelling to many other non-traditional roles, such as office, gym, or school. In response, the study introduced questions aimed specifically at measuring the impact of the crisis on home buyer preferences.

[*What Home Buyers Really Want, 2021 Edition*](#) is based on a comprehensive, nationwide survey of 3,247 recent and prospective home buyers conducted in the summer of 2020. Respondents were carefully selected and weighted to represent the actual universe of home owners in the country, in terms of their geographic distribution, age, income and racial/ethnic composition. This paper will provide a summary of the findings.

Key Findings:

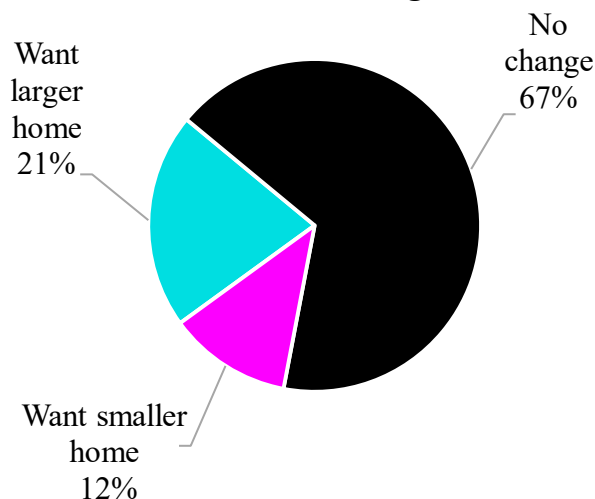
- The majority of home buyers in the study (67%) report the pandemic has not impacted what they want in a home or a community. On the other hand, 25% do acknowledge the health crisis has had an impact on their housing preferences.

Has the Pandemic Impacted Your Housing Preferences?



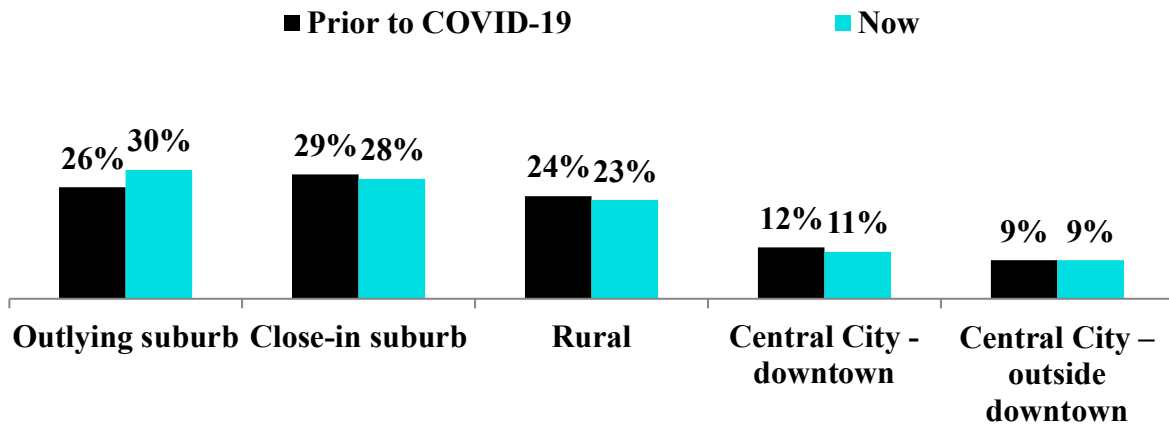
- Households with teleworkers and/or virtual students are the likeliest to be affected by the pandemic: 43% of those with at least one teleworker and one virtual student acknowledge their housing preferences have changed because of COVID-19, compared to only 9% of those with neither teleworkers nor virtual students.
- When asked more specifically whether the pandemic has changed their preferences for *home size*, 67% of buyers report no changes. Yet 21%, or 1 out of 5 buyers, now want larger homes as a result of it, while 12% would prefer a smaller home. Buyers with at least one teleworker and one virtual student are significantly more likely to want larger homes (35%) as a consequence of COVID-19 than buyers with neither (10%).

How Has Preference for Home Size Changed Because of Pandemic?



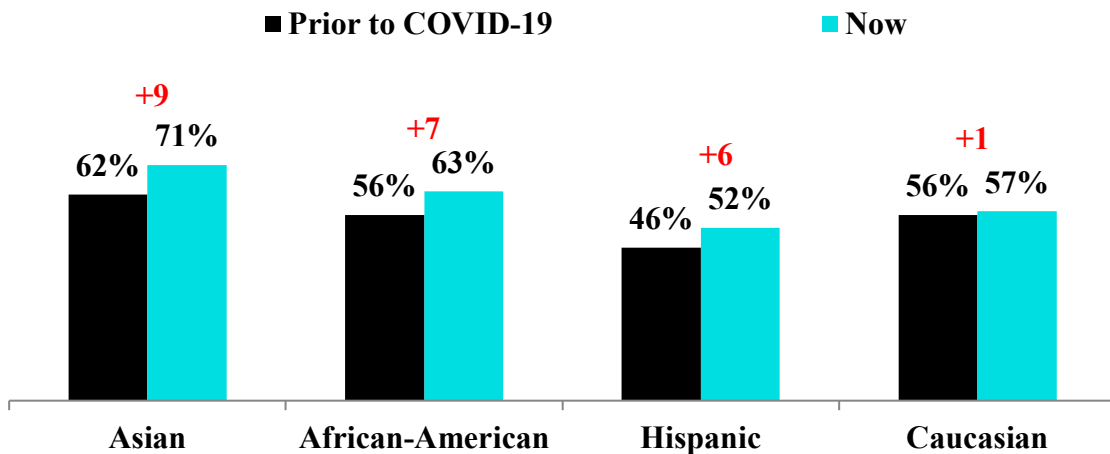
- Prior to COVID-19, 26% of buyers would have preferred to buy their next home in an outlying suburb. Now, since the arrival of the pandemic, that share is 30% – the largest shift in preference for any location during this period. All other locations listed saw either a slight decline in preference or no change at all.

Location Preferences Prior to COVID-19 and Now



- Interestingly, minorities are responsible for driving the increased interest in suburban living. Among Asian home buyers, the share in favor of a suburban location jumped nine points to 71% as a direct result of COVID-19, while also rising seven points among African-American and six points among Hispanic buyers. The share only increased one point among Caucasian buyers.

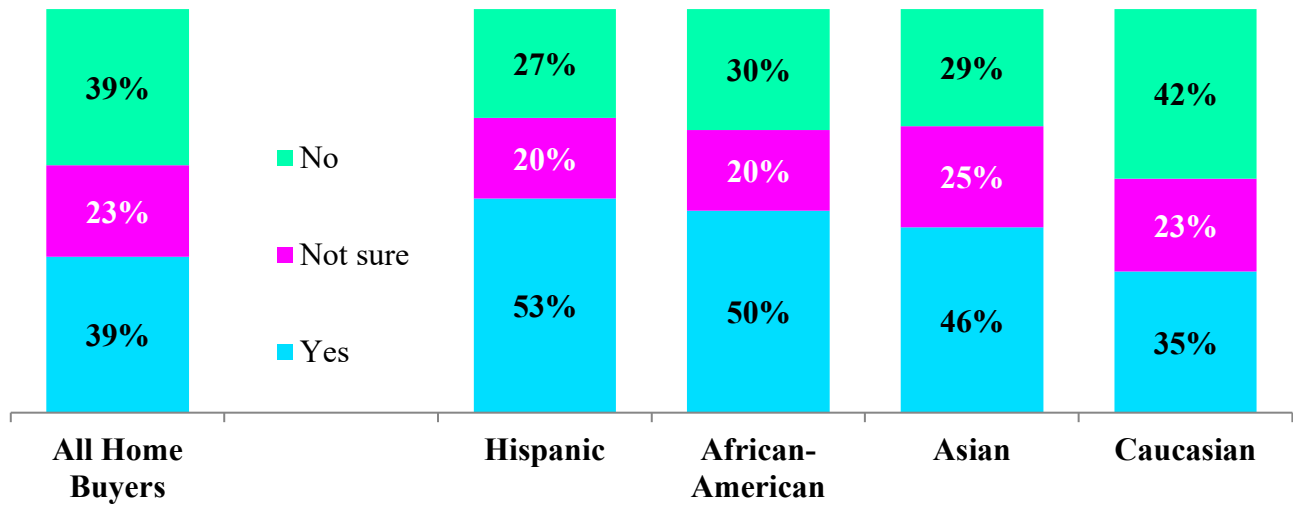
Preference for Suburbs Prior to COVID-19 and Now by Race/Ethnicity



- 67% of home buyers would like to purchase a single-family detached home. Far smaller shares would like a townhouse (15%) or a multifamily condo (8%).
- 60% of buyers would prefer to buy a newly-built home over an existing home, the largest share since 2007. The increase may be due in part to buyers' concerns about touring occupied homes during the COVID-19 pandemic, the severe lack of inventory of existing homes on the market, and the higher likelihood that new homes are located where buyers want to buy – the suburbs.
- Buyers expect to pay (or recently paid) a median of \$264,634 for a home.

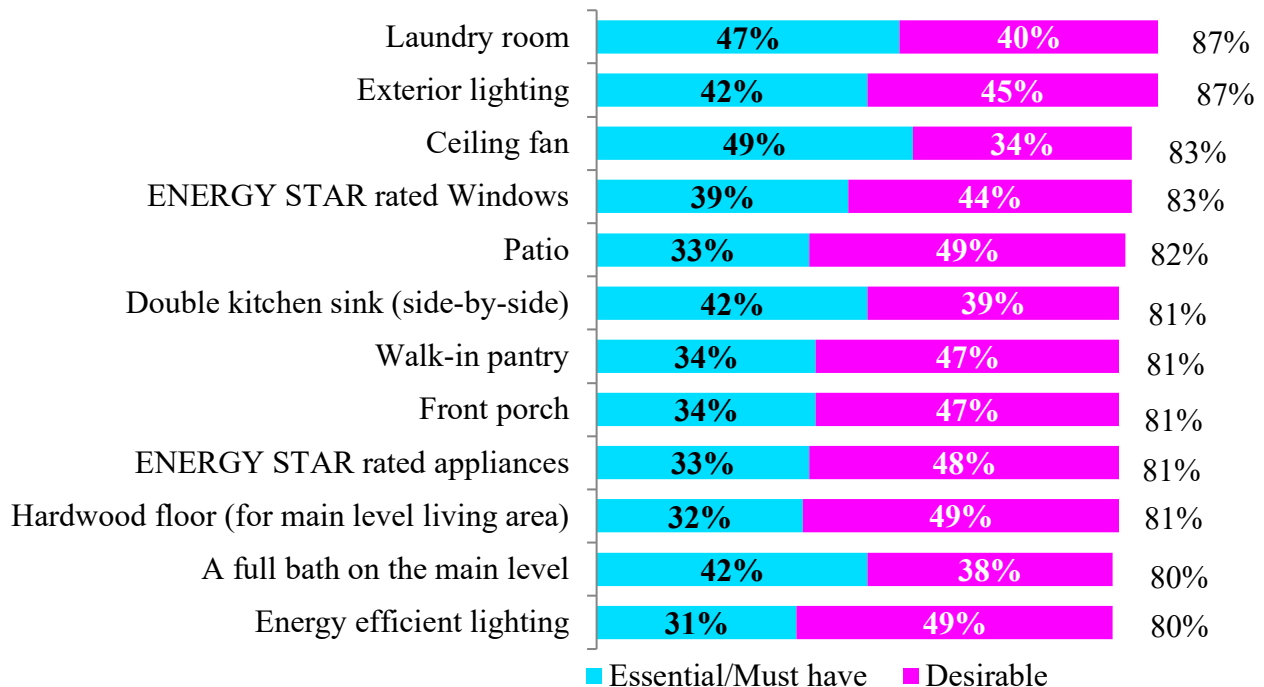
- Buyers want a median of 2,022 square feet of finished space, about 8% more than the 1,877 square feet they currently have. Because 21% of buyers acknowledged the arrival of COVID-19 had led them to desire larger homes, it is reasonable to conclude that the median size desired would have been smaller in 2020 were it not for the pandemic.
- There is no majority opinion among buyers when it comes to the exterior design of the home: 32% prefer a traditional home, 24% a contemporary home, 16% a transitional home, and 14% a modern home.
- Home buyers clearly prefer open layouts: 85% want an open arrangement between the kitchen and the dining room, 79% between the kitchen and the family room, and 70% between the dining and the family room.
- For 63% of buyers, the washer and dryer belong on the first floor.
- Most buyers (52%) prefer to heat and cool their homes with electricity, while 33% prefer to do it with gas. The reverse is true for cooking: 51% prefer to cook with gas and 39% with electricity. Preferences are more evenly split for water heating: 45% prefer gas and 40% electricity.
- 46% of home buyers want three bedrooms. The share interested in 4+ bedrooms in 2020 (32%) is smaller than in 2007 (40%). The presence of children has a strong influence on this result: 47% of married couples with children want at least four bedrooms, compared to only 13% of one-person households.
- Two is the number of bathrooms preferred by a plurality of buyers – 37%. Another 21% prefer 2.5 baths, and 26% want more than three. Only 17% are looking for fewer than two baths.
- 42% of recent and prospective home buyers prefer a two-car garage over any other parking facility. Considerably smaller shares prefer a one-car garage (18%) or a 3+car garage (12%).
- Buyers have heterogeneous preferences for the color of their front door, with none of the seven colors listed reaching even a strong plurality. At most, 24% want it to be white and 17% prefer it brown.
- When asked if they would prefer a home designed for multiple generations (the buyer, plus a younger and an older generation), buyers are evenly split: 39% want it and 39% do not (with the remainder not being sure). The preference for multi-generational housing is much more pronounced among minorities, however: 53% of Hispanics, 50% of African-American, and 46% of Asians prefer it, compared to 35% of Caucasians.

Would You Prefer a Home Designed for Multiple Generations?



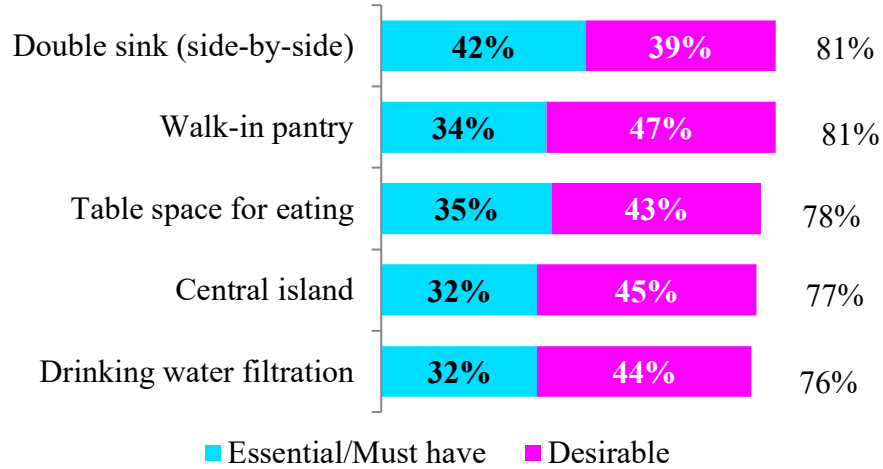
- A laundry room and exterior lighting are the two most wanted features in a home (both rated essential or desirable by 87% of buyers). The Most Wanted List also includes two other exterior features: a patio and a front porch; two kitchen features: a double sink and a walk-in pantry; three related to energy efficiency: ENERGY STAR windows and appliances and energy efficient lighting; as well as a ceiling fan, hardwood flooring, and a full bath on the main level of the home.

Top Most Wanted List (Out of 200+ Features)



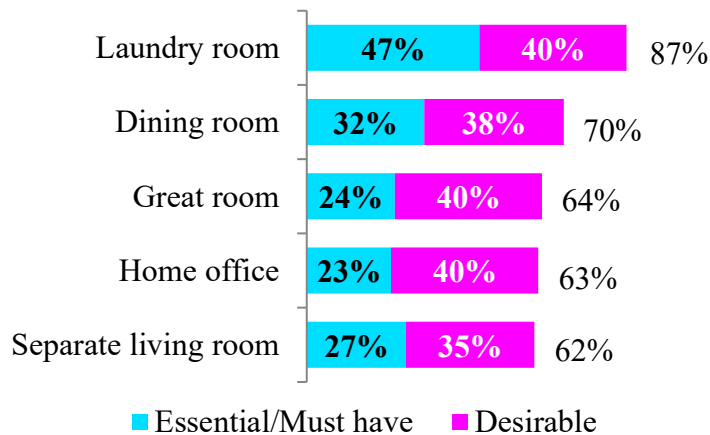
- Looking at just the kitchen, the top 5 most wanted features there are a double sink, a walk-in pantry, table space for eating, a central island, and drinking water filtration – all essential or desirable to over 75% of buyers.

Top 5 Most Wanted Kitchen Features



- The top 5 most wanted specialty rooms are the laundry room, a dining room, a great room, a home office, and a separate living room – all essential or desirable to over 60% of buyers. The exercise room does not make this top 5 list, since ‘only’ 47% of buyers rate it essential or desirable, but that share varies significantly with age: from over 60% of Millennials and Gen X buyers, to only 33% of Boomers.

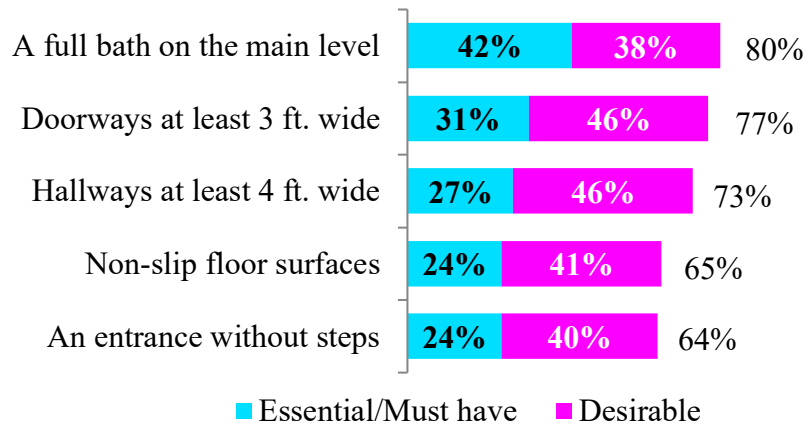
Top 5 Most Wanted Specialty Rooms



- In terms of size, over 70% of home buyers who want a home office or an exercise room would like those rooms to be 100 square feet or larger.

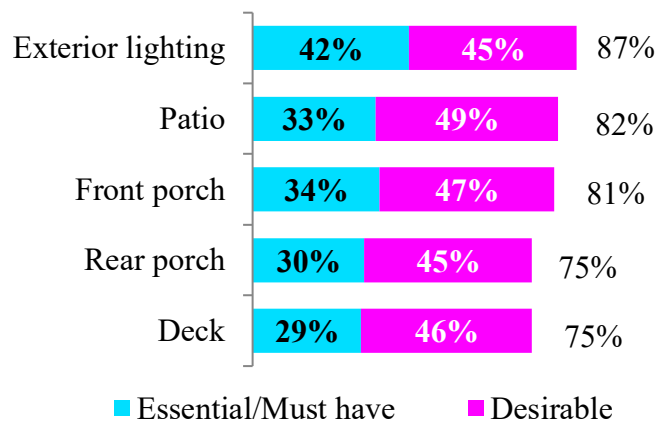
- Looking at just accessibility features, the top 5 most wanted are a full bath on the main level of the home, wider doorways (3'+), wider hallways (4'+), non-slip floor surfaces, and an entrance without steps – all essential or desirable to over 60% of buyers.

Top 5 Most Wanted Accessibility Features



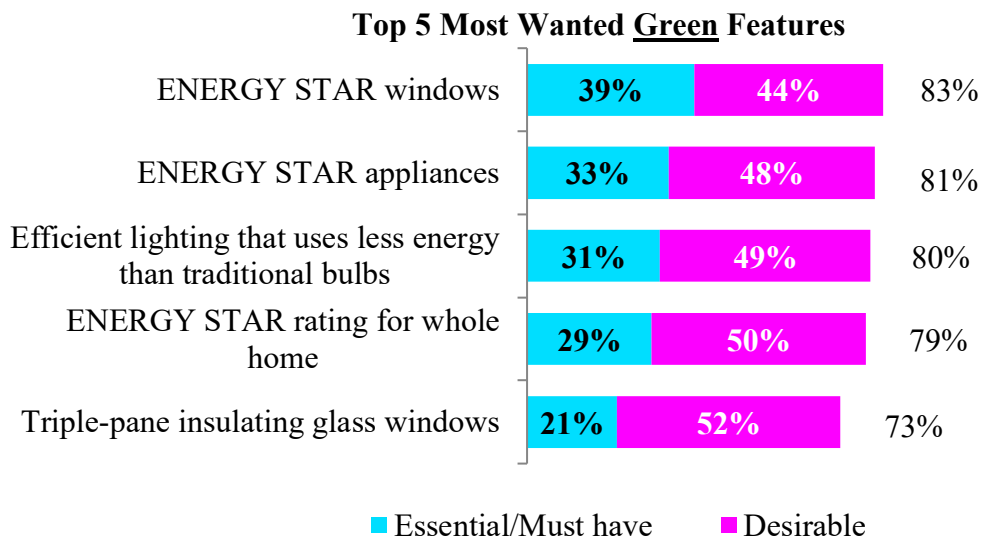
- 56% of buyers would be willing to consider buying a home in an age-restricted (55+) community, at the present time or later on in the future when they get older; 27% would not; and 18% are not sure.
- The top 5 most wanted outdoor features are exterior lighting, a patio, a front porch, a rear porch, and a deck – all wanted by 75% or more of home buyers. The desire for other exterior features, such as an outdoor kitchen, fireplace or built-in grill, increases significantly with the price point of the home.

Top 5 Most Wanted Outdoor Features



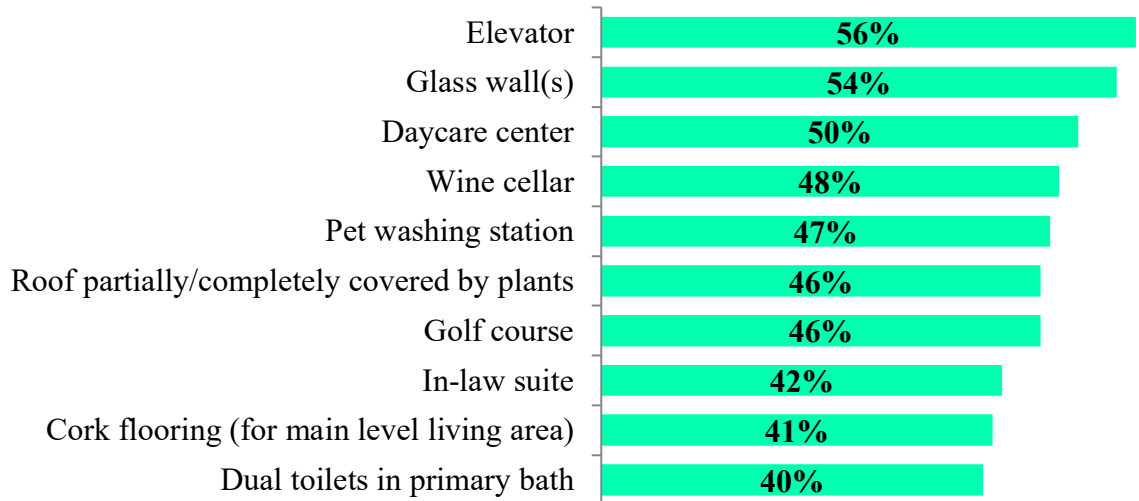
- The top 5 most wanted technology features deal with either energy efficiency or home security: a programmable thermostat, security cameras, video doorbell, wireless home security system, and a multi-zone HVAC system. Desire for each of the 21 technology features listed in the survey increases directly with the buyer's income bracket.

- Looking at just green features, the top 5 most wanted are ENERGY STAR windows, ENERGY STAR appliances, efficient lighting, ENERGY STAR rating for whole home, and triple pane insulating glass windows – all essential or desirable to over 70% of all buyers.



- Although 78% of buyers report being concerned about the impact building their home has on the environment, only 15% are actually willing to pay more for a home described as “environment-friendly.”
- However, significantly more buyers are willing to pay extra for a home if they understand it will lead to annual savings in utility costs. In fact, 57% are willing to pay \$5,000 or more, on top of the price of the home, in order to save \$1,000 a year in utilities.
- ENERGY STAR is the only green home certification program known to a majority of buyers (73%). Although fewer than 30% are aware of any of the other nine programs listed, more buyers recognized each one of them in 2020 than did in 2018.
- The top 5 most wanted community features are walking/jogging trails, a typically suburban neighborhood, a park area, being near retail space, and a walkable community. Most buyers of every generation want these features, evidence that regardless of age, buyers will respond positively to their presence in a community.
- At least 40% of home buyers ‘do not want’ 10 of the 200+ features listed, meaning they would be unlikely to buy a home if the feature were present. At the top of this list are an elevator, glass wall(s), a daycare center in the community, a wine cellar, and a pet washing station.

Most Unwanted List



Additional information about the study:

The complete study [*What Home Buyers Really Want, 2021 Edition*](#) discusses many more features not addressed in this paper. It also provides further analysis on how COVID-19 may have impacted buyer preferences, such as the increased popularity of community features that allow residents to exercise and play sports outdoors while in the security of their own community (e.g. tennis courts and designated bike lanes). The study also includes an extensive appendix of data tables showing results broken down by Census division, age, generation, race/ethnicity, income, priced expected to pay for the home, household composition, and buyer type (first-time vs. repeat buyer).