

# **Characteristics of Home Buyers**

October 2, 2023

Special Study for Housing Economics

**Na Zhao, Ph.D.**

Economics and Housing Policy

National Association of Home Builders

## **Introduction**

NAHB uses the 2021 American Housing Survey (AHS) to better understand the characteristics of recent home buyers, defined as households who purchased homes in the two years preceding the date the 2021 AHS was conducted. According to this criterion, roughly 10.2 million households recently bought and moved to a new home. This report focuses on two important groups of home buyers: those who bought a brand-new home (new home buyers), and those who purchased a home for the first time (first-time home buyers).

The AHS is a nationally representative survey of residential structures in the US and of the households who occupy them. It is released biennially in odd-numbered years, sponsored by the Department of Housing and Urban Development, and conducted by the Census Bureau. For simplicity, the data in this report will be described by the year of AHS release.

## **Key Findings about the 10.2 million home buyers:**

- 7% of home buyers purchased a new home.
- 40% were purchasing their first homes.
- The median age of all home buyers was 41 with a median income of \$97,700.
- The median age of first-time buyers was 33 with a median income of \$90,000.
- The median age of new home buyers was 45 with a median income of \$112,100.

## **Key findings about the 10.2 million homes they purchased:**

- The median market value of the homes purchased was \$318,185.
- The median market value of new homes was \$429,205, and of homes purchased by a first-time buyer was \$271,445.

- Around 85.7% of the homes purchased were single-family detached, 8.3% were single-family attached, and 6% were multifamily condos.

### **Key findings about the way the purchases were made:**

- About 18% of the homes were purchased with zero down payments and only 16% of the homes were bought with a down payment of 20% or more.
- The top three reasons for moving were ‘for a better home’, ‘better neighborhood’, and ‘to form a new household’.

### **Home Buyers**

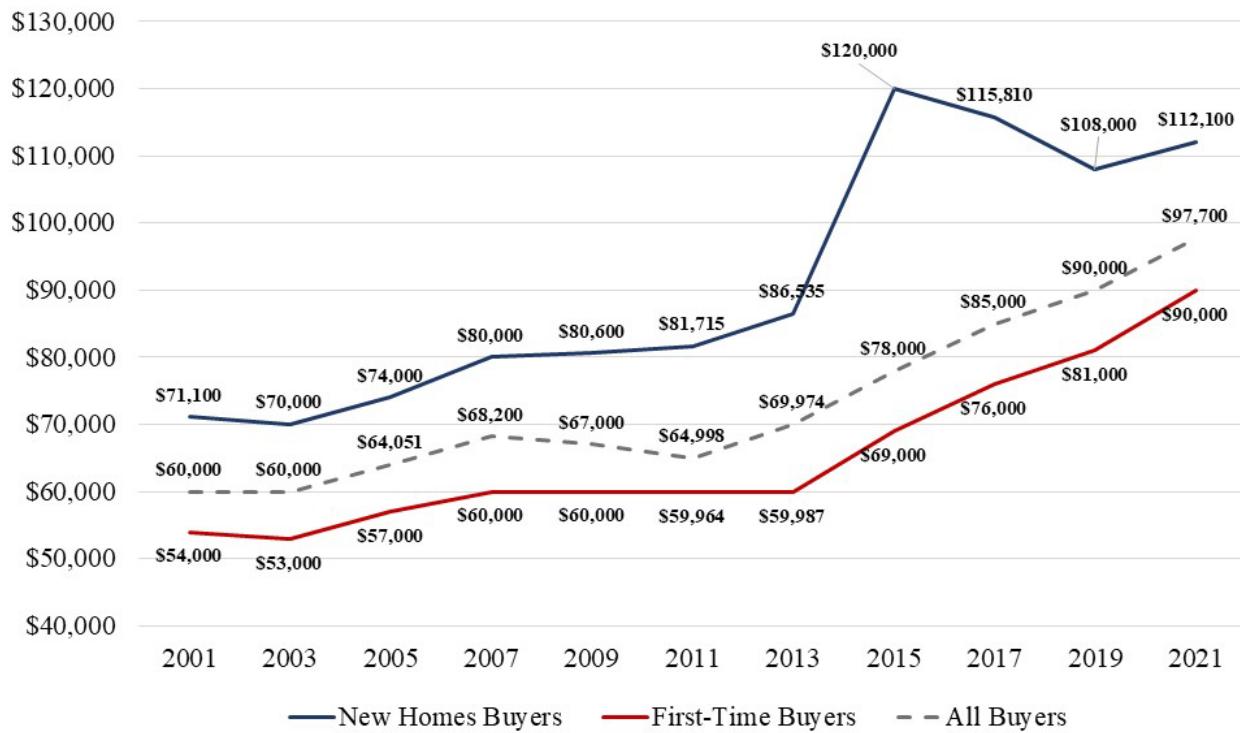
The AHS shows that approximately 10.2 million households purchased homes in the two-year period prior to the 2021 AHS. In addition to being dated, the AHS is not designed to track the number of new and existing home transactions precisely on a year-by-year basis. Readers interested in those trends should consult the Census Bureau’s series on [housing starts](#) and [new home sales](#), as well as the series on [existing home sales](#) produced by the National Association of REALTORS®. What the AHS can do, however, is provide detail on the characteristics of the households who purchase the homes, unavailable from any other source.

In the 2021 AHS, the median household income for all recent home buyers was \$97,700. New home buyers had a higher median income than existing home buyers (\$112,100 vs \$95,200) and 15% higher than the median household income for all buyers in 2021. About 58.2% of new home buyers make more than \$100,000, 19.3% make between \$60,000 and \$99,999, and only 22.5% make less than \$60,000.

Median household income for first-time home buyers was \$90,000 in 2021, less than the median income of trade-up buyers (\$101,000) and about 8% lower than the median for all buyers (\$97,700). About 43.6% of first-time home buyers make more than \$100,000, 29.1% make between \$60,000 and \$99,999, and only 27.3% make less than \$60,000. Moreover, only 5% of first-time buyers purchased newly built homes in 2021, compared to 8% of trade-up buyers who have higher household incomes and most likely benefit from building more equity during home price appreciations.

Median household income among all home buyers grew 13% from \$60,000 in 2001 to \$68,000 in 2007 and then fell 4% to \$64,998 in 2011. After the Great Recession, household income grew accelerated, jumping by around 50% from \$64,998 in 2011 to \$97,700 in 2021, shown in Chart 1.

**Chart 1: New Home Buyers Have Higher Household Income than First-Time Home Buyers**



Source: NAHB tabulation of data from the 2001-2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau

The average household size of recent home buyers was 2.70 in the 2021 AHS, shown in Chart 2. It declined from 2001 to 2011, (2.84 to 2.61), and then grew steadily afterwards. Meanwhile, the average household size among non-moving homeowners was 2.57 in 2021. In general, recent home buyers have larger household sizes than non-moving owners, as a growing family is one of the reasons of home purchases.

**Chart 2: Average Households Size**

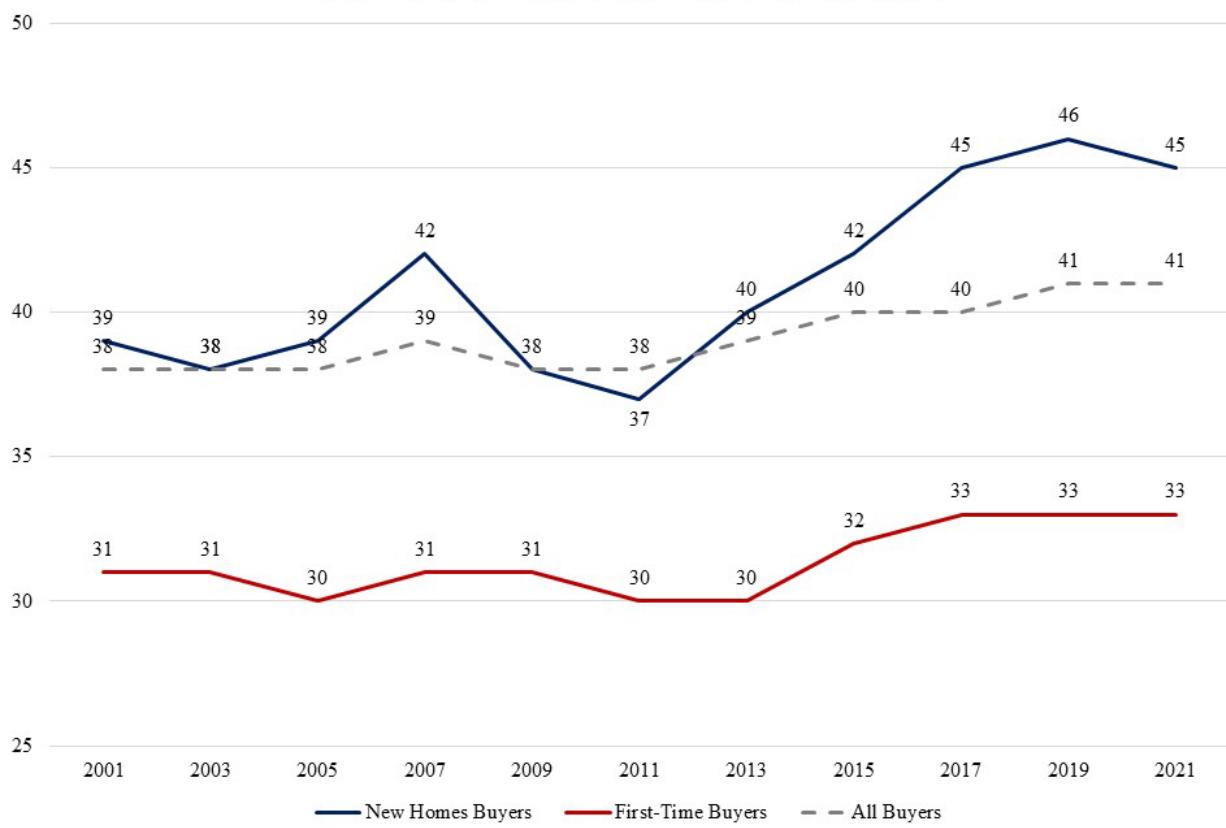


Average household size among first-time home buyers was 2.66 in 2021, higher than among non-moving owners. First-time buyers typically have higher rates of household formation, a main factor that often leads to homeownership. However, the average household sizes for first-time buyers were lower than for non-moving owners from 2009 to 2013 in the first few years after the Great Recession,

The average household size for new home buyers was 2.66 persons in 2021. It rebounded steadily from 2.75 persons in 2009 to a little more than 3 persons per household in 2015 and 2017, and then dropped to 2.6 persons in 2019.

First-time home buyers are younger among all recent home buyers in the past 20 years, shown in Chart 3. The median age of first-time buyers has increased slightly to 33 after 2017, after staying around 30 to 32 from 2001 to 2015. Compared to a median age of 33 among first-time buyers, new home buyers have a higher median age of 45 in 2021.

### Chart 3: First-Time Home Buyers Are Younger



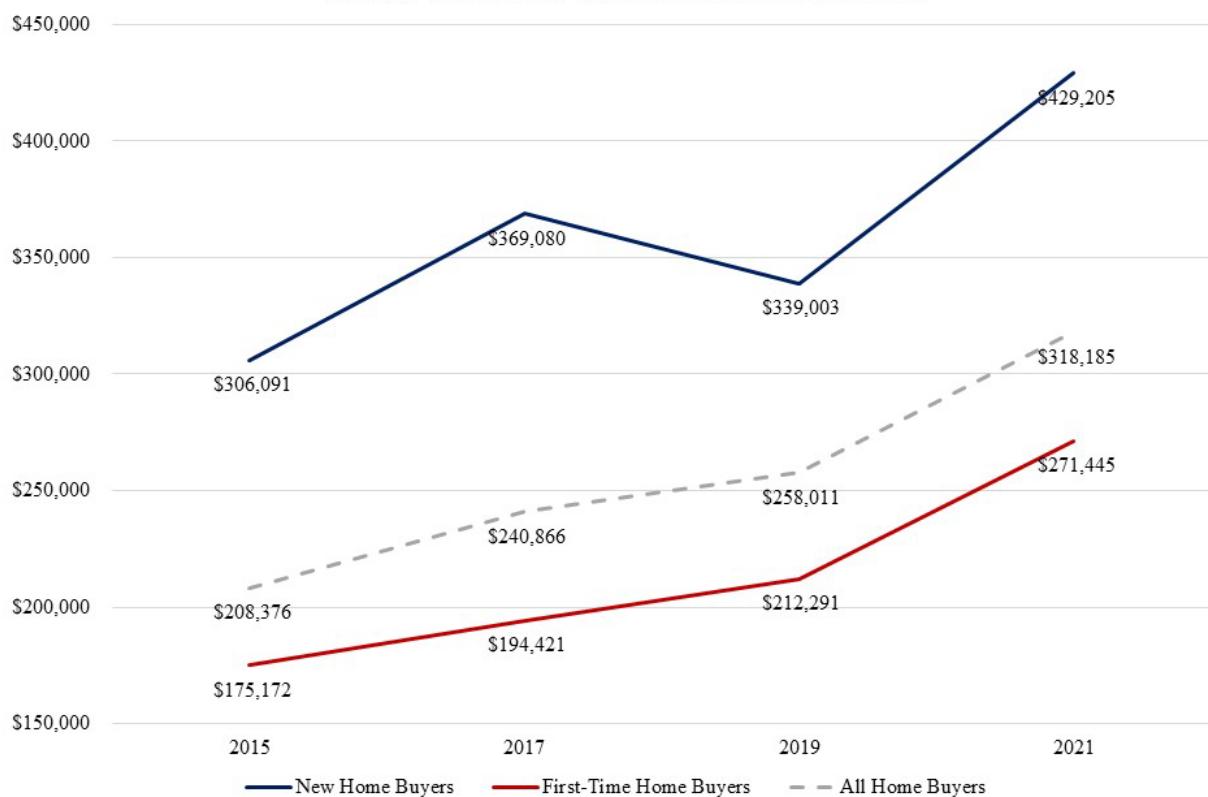
Source: NAHB tabulation of data from the 2001-2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau

The 2021 AHS also shows that around 30% of recent home buyers were of a racial and ethnic minority group. First-time home buyers are more diverse than trade-up buyers. Only 60.6% of first-time buyers are non-Hispanic White, compared to 76.2% of trade-up buyers. More statistics for home buyers can be found in Table 1.

## Home Purchased

Besides collecting important information about home buyers, the AHS also provides characteristics of the homes purchased, such as current market value<sup>1</sup> of home purchases, square footage, and structure types. Not surprisingly, new homes are more expensive, while home purchased by first-time buyers tend to be lower priced. In the 2021 AHS, the median value of all homes purchased was \$318,185, compared to \$429,204 for new homes and \$271,445 for homes purchased by first-time buyers, shown in Chart 4. The median value of the new homes was 34.9% above the median for all homes purchased. On the contrary, the median value of a first-time home buyer's home was 14.7% below that of all homes purchased in 2021, the smallest the spread has been since 2015.

**Chart 4: Market Value of Home Purchased**

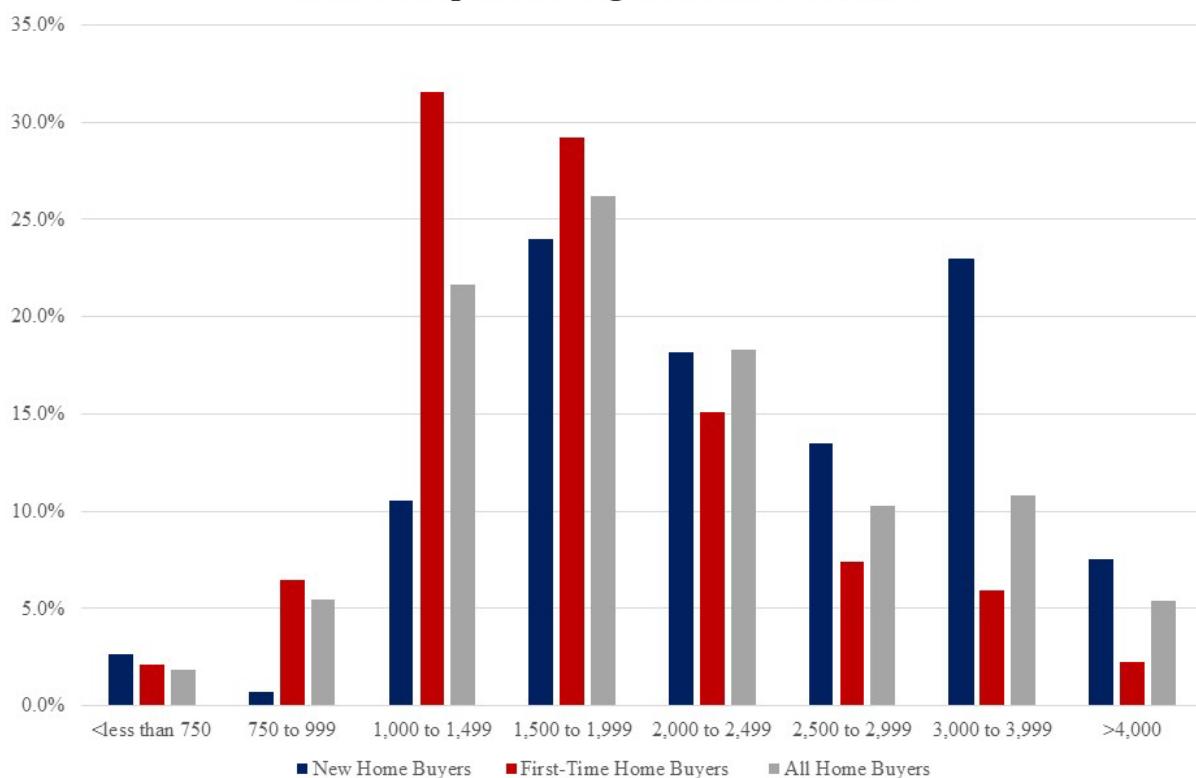


Source: NAHB tabulation of data from the 2015 to 2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau

<sup>1</sup> AHS starts providing the house market value for the public use from 2015, when it keeps the purchase prices for internal use only.

According to Chart 5, newly built homes tend to be larger with 24% of new homes between 1,500 to 1,999 sq. ft. and 23% between 3,000 to 3,999 sq. ft. Compared to newly built homes, homes purchased by first-time buyers tend to be relatively smaller, with 31.6% homes between 1,000 to 1,499 sq. ft. and 29.2% between 1,500 to 1,999 sq. ft.

**Chart 5: Square Footage of Home Purchased**



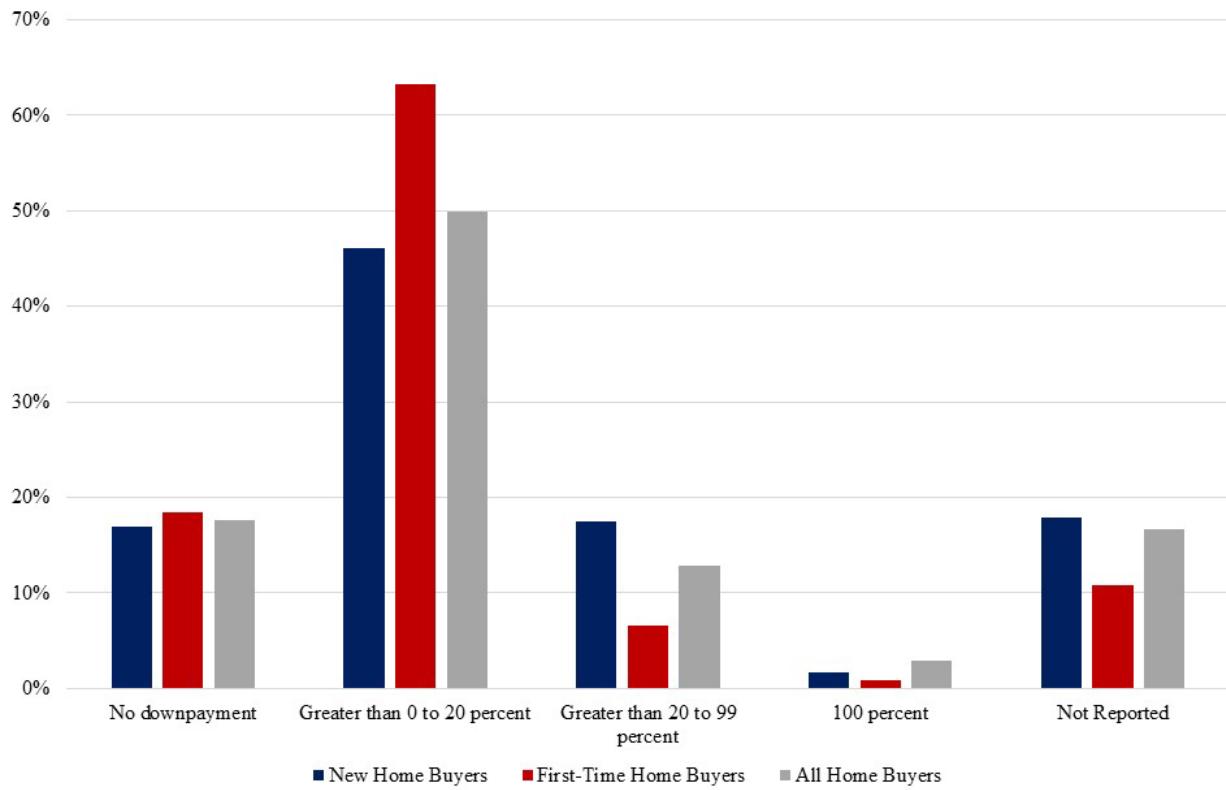
Source: NAHB tabulation of data from the 2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau

The large majority, 91.2%, of new homes purchased were single-family detached, while 6.9% were single-family attached, and 2% were multifamily condos. Meanwhile, 83.8% of first-time home buyers purchased a single-family detached home. The remaining 16.2% are split evenly between single-family attached homes and multifamily condos. More facts about the homes purchased can be found in Table 2.

## Home Buying Process

In the 2021 AHS, more than half of recent buyers put no more than a 20% down payment on the homes they purchased, shown in Chart 6. Around 18% of all buyers purchased a home without a down payment in 2021, 50% had a down payment of 0 to 20%, and only 16% put more than 20% down. Among all recent home buyers, first-time buyers had relatively smaller down payments. Approximately 82% of first-time home buyers put no more than 20% down, including 18% with zero down payment. In comparison, only 63% of buyers purchased new homes with no more than 20% down.

**Chart 6: More Than Half of Buyers With No More Than 20% Down Payment**

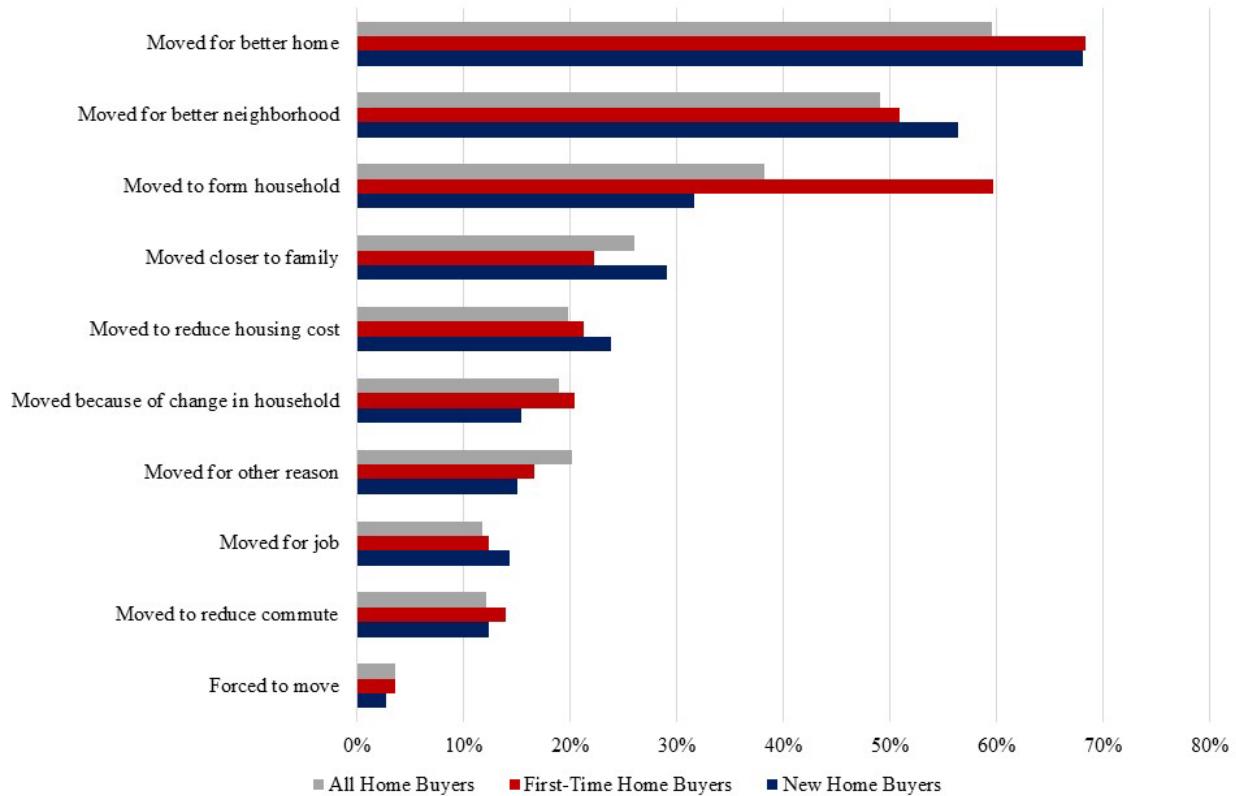


Source: NAHB tabulation of data from the 2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau

The AHS also includes questions about the reasons for moving, shown in Chart 7. In the 2021 AHS, the top reason for recent home buyers to move was ‘for a better home’ (60%), followed by ‘for a better neighborhood’ (49%), and ‘to form household’ (38%). The share of first-time home buyers reported forming a new household as a reason for moving (60%) is larger than the share of new home buyers (32%). However, a higher share of buyers who purchased new homes (56%)

moved for a better neighborhood than first-time home buyers (51%). The shares of first-time and new home buyers who reported ‘for a better home’ as a reason to move were similar (68%). More facts about the home buying process can be found in Table 3.

**Chart 7: Reasons for Moving**



Source: NAHB tabulation of data from the 2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau

**TABLE 1. CHARACTERISTICS OF HOME BUYERS**  
*(Percentage of Respondents)*

	Homebuyers				All Buyers	Non-moving Owners
	New Home Buyers	Existing Home Buyers	First-Time Buyers	Trade-up Buyers		
<b>Number of Households</b>	<b>700,816</b>	<b>9,476,410</b>	<b>4,050,380</b>	<b>6,126,845</b>	<b>10,177,226</b>	<b>67,322,086</b>
Type of Buyer						
Previous Owners	70%	59%		100%	60%	N/A
First-time Buyer	30%	41%	100%		40%	N/A
Existing home buyer		100%	95%	92%	93%	NA
New home buyer	100%		5%	8%	7%	NA
Household Income						
Under \$20,000	4.8%	5.4%	3.5%	6.5%	5.3%	10.8%
\$20,000 to \$39,999	7.7%	8.5%	8.1%	8.7%	8.4%	13.3%
\$40,000 to \$59,999	10.1%	13.2%	15.6%	11.2%	13.0%	13.1%
\$60,000 to \$79,999	8.3%	13.6%	17.2%	10.6%	13.2%	12.8%
\$80,000 to \$99,999	11.0%	11.3%	12.0%	10.8%	11.3%	10.5%
\$100,000 to \$199,999	35.4%	33.1%	32.0%	34.2%	33.3%	27.6%
More than \$200,000	22.8%	15.0%	11.6%	18.1%	15.5%	12.0%
Mean	\$ 153,211	\$ 121,949	\$ 111,474	\$ 132,450	\$ 124,102	\$ 106,816
Median	\$ 112,100	\$ 95,200	\$ 90,000	\$ 101,000	\$ 97,700	\$ 80,000
Race/Ethnicity						
White Non-Hispanic	60.2%	70.7%	60.6%	76.2%	70.0%	73.4%
Black Non-Hispanic	9.5%	8.1%	11.0%	6.3%	8.2%	9.3%
Asian	12.2%	12.8%	16.9%	10.0%	12.7%	10.4%
Hispanic	13.0%	6.7%	9.4%	5.7%	7.1%	5.0%
Other	5.1%	1.8%	2.1%	1.9%	2.0%	1.9%
Household Type						
Married couple without children	45.1%	27.5%	22.4%	32.8%	28.7%	38.8%
Married couple with children	26.3%	31.4%	29.2%	32.3%	31.0%	22.1%
Single person, male	6.4%	9.0%	10.2%	7.8%	8.8%	9.7%
Single person, female	7.7%	10.2%	10.3%	9.8%	10.0%	13.1%
Single parent, male	2.3%	3.5%	4.1%	3.0%	3.4%	2.0%
Single parent, female	4.0%	5.2%	6.8%	4.0%	5.1%	3.6%
Other	8.3%	13.4%	17.0%	10.4%	13.0%	10.7%
Age of householder						
Under 25	2.1%	3.5%	7.5%	0.8%	3.4%	0.3%
25 to 34	20.2%	29.1%	48.6%	15.2%	28.5%	6.3%
35 to 44	24.9%	24.3%	25.7%	23.4%	24.3%	15.3%
45 to 54	23.2%	15.9%	10.5%	20.3%	16.4%	18.4%
55 to 64	14.5%	14.5%	5.0%	20.8%	14.5%	24.1%
Over 65	15.2%	12.6%	2.8%	19.5%	12.8%	35.7%
Mean	47	45	36	50	45	58
Median	45	41	33	49	41	59
Household Size						
1 person	14.1%	19.1%	20.5%	17.6%	18.8%	22.8%
2 persons	42.3%	35.3%	35.9%	35.7%	35.8%	37.6%
3 persons	17.5%	18.1%	16.6%	19.1%	18.1%	15.2%
4 persons	17.5%	16.5%	16.8%	16.5%	16.6%	14.3%
5+ persons	8.6%	10.9%	10.2%	11.1%	10.7%	10.2%
Mean	2.66	2.70	2.66	2.74	2.70	2.57
Median	2.0	2.0	2.0	2.0	2.0	2.0

Source: NAHB tabulation of data from the 2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

\* Homebuyers are owner-occupants who reported moving in the preceding two years.

**TABLE 2. CHARACTERISTICS OF HOMES PURCHASED**  
*(Percentage of Respondents)*

	Homebuyers				All Buyers	Non-moving Owners
	New Home Buyers	Existing Home Buyers	First-Time Buyers	Trade-up Buyers		
<b>Number of Households</b>	<b>700,816</b>	<b>9,476,410</b>	<b>4,050,380</b>	<b>6,126,845</b>	<b>10,177,226</b>	<b>67,322,086</b>
<b>Type of Structure</b>						
SF Detached	91.2%	85.2%	83.8%	86.9%	85.7%	90.3%
SF Attached	6.9%	8.4%	10.0%	7.2%	8.3%	5.4%
MF Condo	2.0%	6.3%	6.2%	5.9%	6.0%	4.3%
<b>Unit Size (square feet)</b>						
<less than 750	2.7%	1.8%	2.1%	1.7%	1.9%	1.8%
750 to 999	0.7%	5.8%	6.5%	4.8%	5.5%	4.9%
1,000 to 1,499	10.5%	10.5%	31.6%	15.2%	21.6%	23.0%
1,500 to 1,999	24.0%	26.4%	29.2%	24.3%	26.2%	25.9%
2,000 to 2,499	18.2%	18.2%	15.1%	20.4%	18.3%	18.6%
2,500 to 2,999	13.5%	10.1%	7.4%	12.2%	10.3%	10.7%
3,000 to 3,999	23.0%	9.9%	5.9%	14.0%	10.8%	10.2%
>4,000	7.5%	5.3%	2.2%	7.5%	5.4%	4.9%
Median	2,334	1,878	1,669	2,100	1,902	1,892
<b>House Market Value</b>						
under \$100,000	3.5%	5.3%	7.1%	3.9%	5.2%	8.6%
\$100,000 to \$149,999	2.1%	7.3%	9.9%	5.0%	7.0%	9.1%
\$150,000 to \$249,999	10.5%	22.4%	26.2%	18.5%	21.6%	22.3%
\$250,000 to \$349,999	17.9%	22.0%	22.6%	21.2%	21.8%	19.4%
\$350,000 to \$499,999	29.6%	18.8%	17.6%	20.8%	19.5%	18.2%
\$500,000 to \$999,999	28.7%	19.5%	13.6%	24.5%	20.1%	17.6%
\$1 million or more	7.7%	4.7%	3.0%	6.2%	4.9%	4.9%
Mean	\$ 557,098	\$ 416,574	\$ 349,668	\$ 476,879	\$ 426,251	\$ 405,051
Median	\$ 429,205	\$ 307,675	\$ 271,445	\$ 357,375	\$ 318,185	\$ 299,151

Source: NAHB tabulation of data from the 2021 American Housing Survey,

Department of Housing and Urban Development and the U.S. Census Bureau.

\* Home are those purchased in the preceding two years.

**TABLE 3. CHARACTERISTICS OF THE HOME BUYING PROCESS**  
*(Percentage of Respondents)*

	Homebuyers				All Buyers	Non-Moving Owners
	New Home Buyers	Existing Home Buyers	First-Time Buyers	Trade-up Buyers		
<i>Number of Households</i>	<b>700,816</b>	<b>9,476,410</b>	<b>4,050,380</b>	<b>6,126,845</b>	<b>10,177,226</b>	<b>67,322,086</b>
<b>How Owners Obtained the Home</b>						
Buy the house already built	45.2%	92.0%	92.4%	86.3%	88.8%	n/a
Sign a sale agreement	39.1%	3.8%	3.9%	7.7%	6.2%	n/a
Have a general contractor build it on your own land	6.8%	0.9%	1.0%	1.6%	1.3%	n/a
Build it yourself on your own land	6.5%	1.1%	0.7%	2.0%	1.5%	n/a
Receive it as a gift or inheritance	2.4%	2.2%	2.0%	2.4%	2.2%	n/a
<b>Downpayment Percentage</b>						
No downpayment	16.9%	17.7%	18.5%	17.1%	17.7%	n/a
Greater than 0 to 2 percent	1.7%	2.5%	3.0%	2.1%	2.5%	n/a
3 to 5 percent	14.3%	16.3%	25.5%	10.0%	16.2%	n/a
6 to 10 percent	8.1%	11.5%	15.0%	8.8%	11.2%	n/a
11 to 15 percent	4.9%	5.1%	5.4%	4.9%	5.1%	n/a
16 to 20 percent	17.1%	14.8%	14.3%	15.4%	15.0%	n/a
21 to 40 percent	8.4%	8.0%	4.6%	10.3%	8.0%	n/a
41 to 99 percent	9.1%	4.6%	2.0%	6.8%	4.9%	n/a
100 percent	1.7%	1.7%	0.9%	4.2%	2.8%	n/a
No Report	17.9%	17.9%	17.9%	17.9%	17.9%	n/a
Median*	11.1%	8.2%	5.7%	12.8%	8.4%	11.4%
<b>Reason for Moving (Percent Yes)</b>						
Moved for better home	68.0%	59.0%	68.3%	53.2%	59.5%	n/a
Moved for better neighborhood	56.3%	48.6%	50.9%	47.8%	49.1%	n/a
Moved to form household	31.7%	38.7%	59.7%	22.7%	38.2%	n/a
Moved closer to family	29.1%	25.8%	22.3%	28.7%	26.0%	n/a
Moved to reduce housing cost	23.9%	19.6%	21.3%	18.8%	19.9%	n/a
Moved because of change in household	15.4%	19.2%	20.4%	17.9%	18.9%	n/a
Moved for other reason	15.1%	20.5%	16.6%	22.6%	20.1%	n/a
Moved for job	14.3%	11.6%	12.3%	11.3%	11.7%	n/a
Moved to reduce commute	12.4%	12.2%	14.0%	10.9%	12.2%	n/a
Forced to move	2.8%	3.7%	3.6%	3.7%	3.6%	n/a

Source: NAHB tabulation of data from the 2021 American Housing Survey, Department of Housing and Urban Development and the U.S. Census Bureau.

\*Excluding the no report data