



What Home Buyers Really Want

May 1, 2013

By Rose Quint, Assistant Vice President for Survey Research
Economics and Housing Policy

NAHB recently released [*What Home Buyers Really Want*](#), a report aimed at providing our members the most current and accurate information on home buyer preferences so that they can deliver the home (and community) that today's buyers want and are willing to pay for. The findings are based on a detailed survey undertaken by the Economics and Housing Policy Group in 2012.

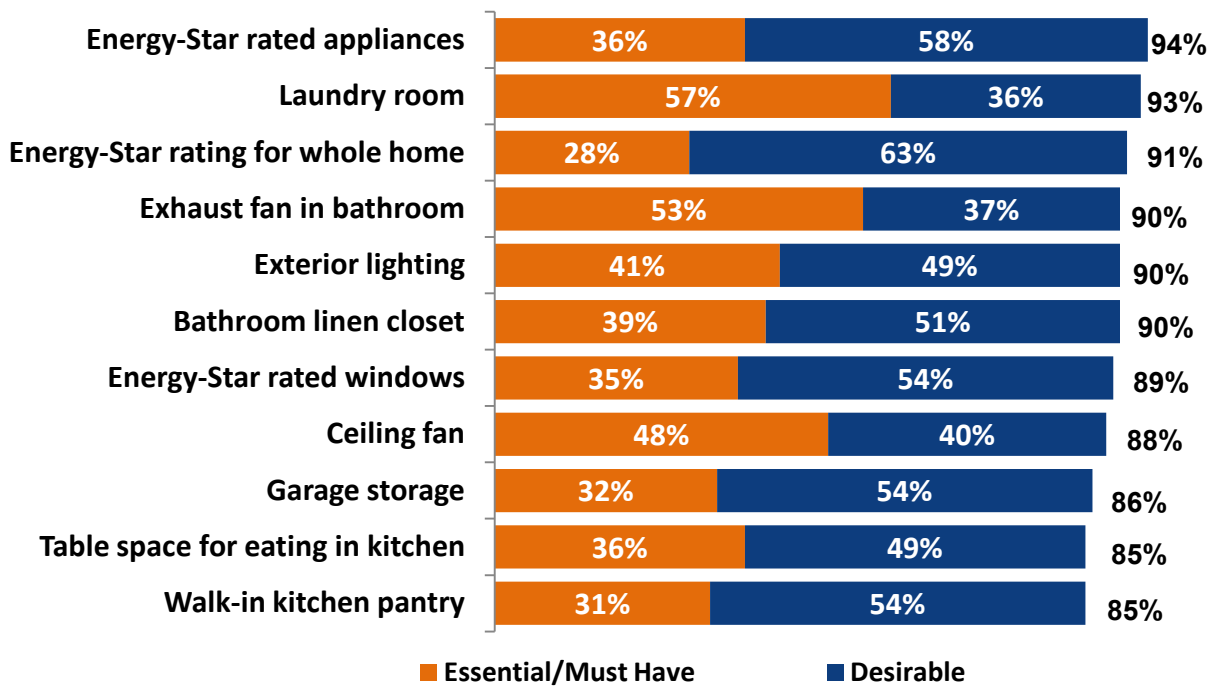
The survey was conducted online and in two phases, using a consumer research panel maintained by the NAHB Research Center. The first phase used screening questions to identify recent home buyers (who purchased a home in the last three years) and prospective home buyers (those expecting to buy a home in the next three years). The second phase consisted of a detailed questionnaire sent to the recent and prospective buyers identified in phase one. The results reported here are based on 3,682 responses to the detailed questionnaire.

Key Findings

- Just over half of all home buyers would like to buy a brand new home; 28 percent from a builder and 27 percent custom built on their own land. An existing home is the first preference of the other 45 percent.
- Buyers expect to pay about \$203,900 for their next home.
- Buyers want a home with a median 2,226 square feet, about 17 percent bigger than what they have now – 1,906 square feet.
- For 25 percent of buyers, the size of the lot is not important when choosing a home.
- Nearly half (47 percent) want three bedrooms, while 32 percent want four. The majority (65 percent) prefer either 2 or 2½ bathrooms.
- Most home buyers (57 percent) prefer a single-story home; 31 percent prefer two stories.
- Sixty-six percent of buyers want to have a full or partial basement.
- Nearly half (48 percent) of buyers who want a 2-story home want the master bedroom on the second floor, while a majority (70 percent) prefer the washer and dryer on the first floor.
- Most buyers want a 2-car garage (53 percent). About 1 in 5 wants a 3+car garage.
- For 65 percent of buyers, the most influential characteristic when buying a home is “living space and number of rooms that meet their needs.”

- Buyers focus on *quality* and *appearance* when looking at most home components (flooring, doors, kitchen countertops and cabinets, carpeting etc.). When looking for appliances, however, the focus is on *quality* and *brand name*.
- Of more than 120 features rated as “essential/must have,” “desirable,” “indifferent,” or “do not want,” a total of 11 are wanted (i.e. rated essential or desirable) by 85 percent or more of home buyers. This “most wanted” list shows buyers are most interested in two themes: energy efficiency and organization/storage in their homes. Energy-star rated appliances and windows, as well as a laundry room and garage storage, are wanted by the vast majority of home buyers (Figure 1).

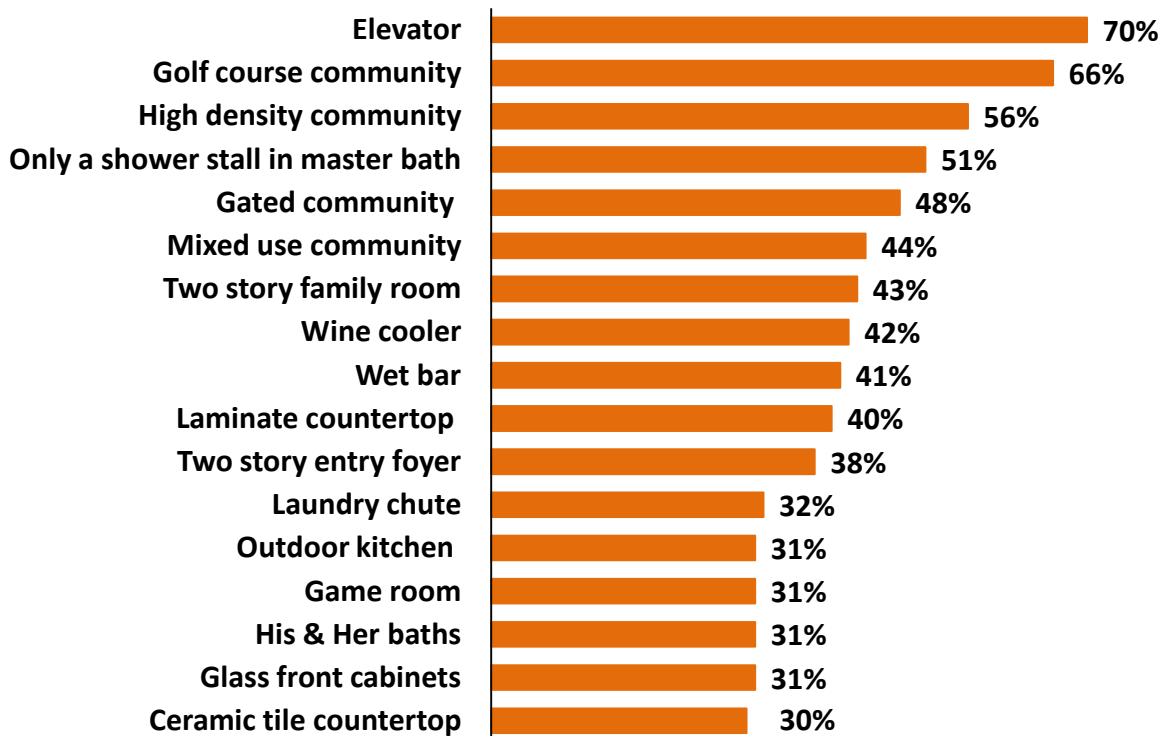
Figure 1. The “Most Wanted” List
(Percent of Respondents)



- Home builders also need to be concerned about what features it may be best not to include in a typical new home. A total of 11 features are rated as “do not want” (i.e. would not purchase a home that included it) by more than 35 percent of buyers. An elevator tops this list, rejected by 70 percent of buyers, followed by a home in a golf course community (66 percent) (Figure 2).

Figure 2. The “Most Unwanted” List

(Percent of Respondents Rating “Do not Want”)

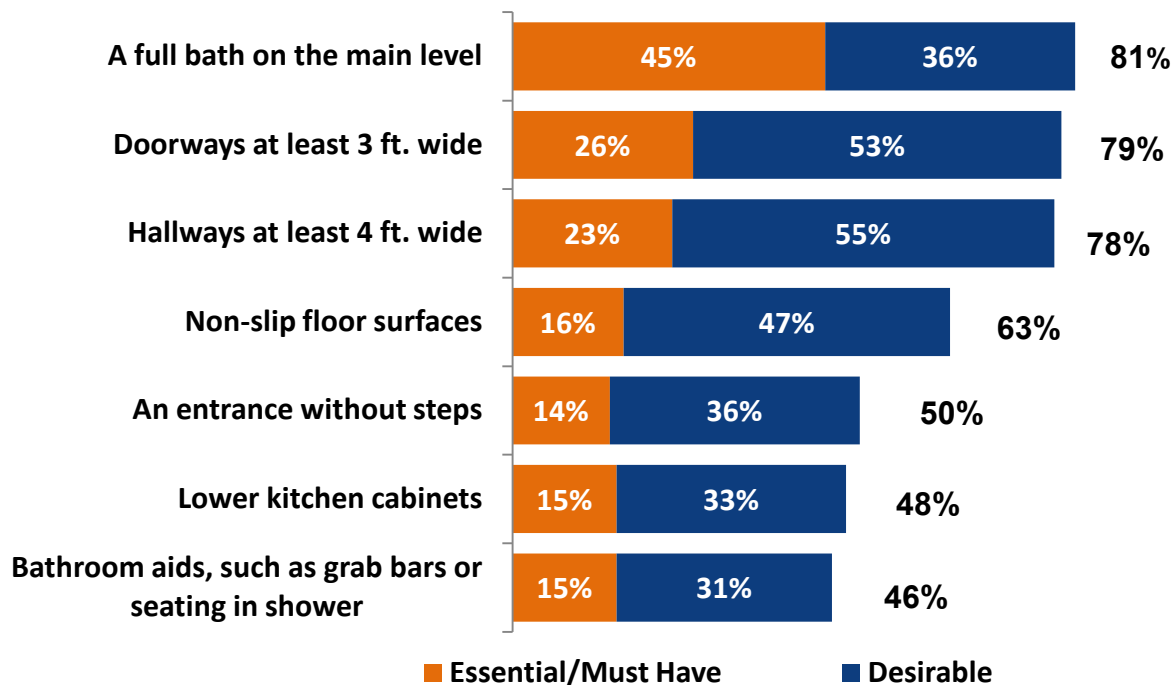


- In the kitchen, a walk-in pantry, table space for eating, and a double sink are considered essential/desirable by 84 percent or more of all buyers. On the other hand, a wine cooler and laminate countertops are rejected by at least 40 percent of buyers.
- Three out of 16 bathroom features stand out as desirable/essential to more than 80 percent of buyers – an exhaust fan, a linen closet, and both a shower stall and a tub in the master bath. Bath features categorically rejected by at least 30 percent of buyers include having only a shower stall in the master bath and having both a His and a Her baths.
- When rating windows, the top three most wanted types/materials are all explicitly related to saving energy: more than two-thirds of buyers want energy-star rated windows, triple pane insulating glass, and low-e insulating glass.
- The laundry room is the most indispensable of all specialty rooms, as 57 percent consider it to be essential – i.e. would not buy a home without it, and 36 percent think it is desirable. Over 66 percent of buyers also rate the living room, dining room, home office, and great room as either essential or desirable.
- 2-story spaces are out of favor with many buyers: 43 percent do not want a 2-story family room and 38 percent reject the idea of a 2-story entry foyer.

- Garage storage is important to buyers: 32 percent rate it essential, 54 percent desirable. Other specialty features wanted (rated essential or desirable) by more than half of all buyers include recessed lighting (59 percent) and an electronic air cleaner (52 percent).
- The three most wanted outdoor features are exterior lighting (rated essential/desirable by 90 percent of buyers), a patio (83 percent), and a front porch (80 percent). On the contrary, 31 percent unequivocally reject the idea of an outdoor kitchen.
- Eighty one percent of buyers want a full bath on the main level. In fact, 45 percent consider it a necessity (rated it essential/must have). Other accessibility features wanted by more than 75 percent of buyers include doorways at least 3 feet wide (79 percent) and hallways at least 4 feet wide (78 percent) (Figure 3).

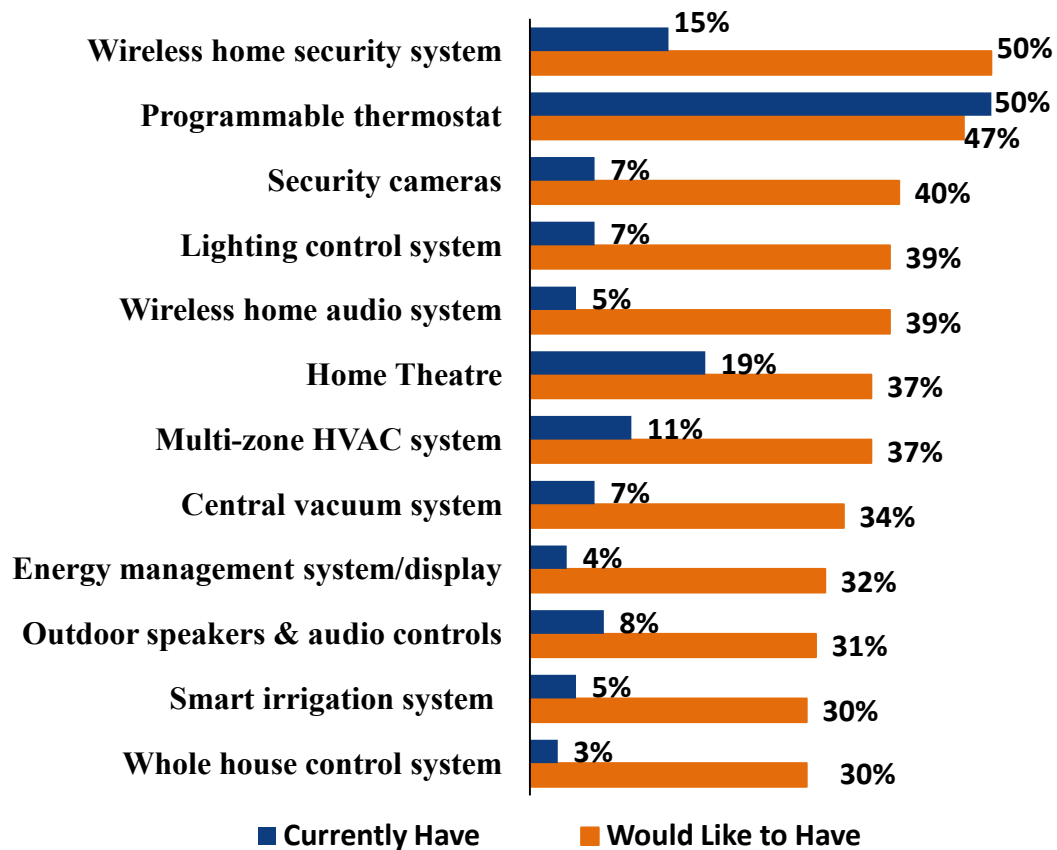
Figure 3. Accessibility Features Rated Essential or Desirable

(Percent of Respondents)



- Half of all home buyers want amenities (including electronic systems and technology features) included in the base price. The other half want a basic home with amenities offered as options.
- When it comes to technology features, few buyers currently have them yet many want them in their next home. For instance, 50 percent would like to have a wireless home security system, but only 15 percent do so in their homes now. Forty percent would like security cameras, something only 7 percent of buyers currently have (Figure 4).

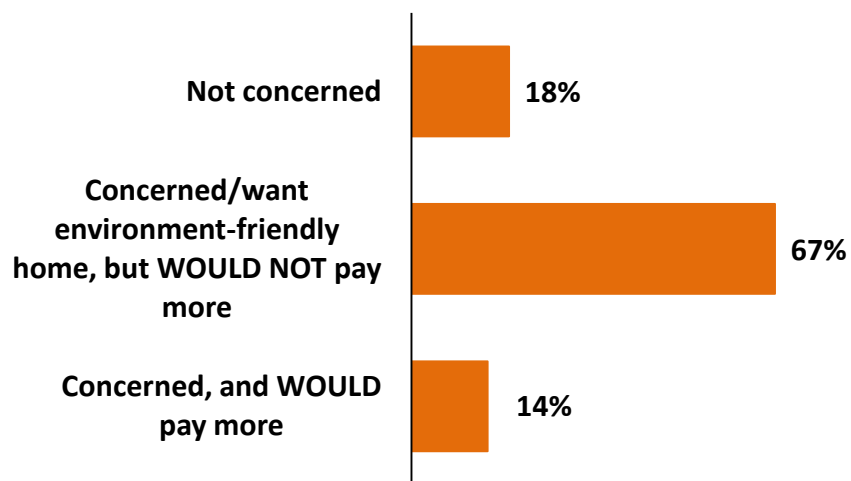
Figure 4. Technology Buyers Currently Have and Would Like to Have
(Percent of Respondents)



- A rather small share of home buyers – 10 percent – assert that they would install electronic systems and technology features in their homes themselves. Instead, the majority would give the job to a custom electronics/AV professional (36 percent), a home security professional (19 percent), or an electrician (18 percent).
- Understanding that home buyers will naturally tend to say they want most of everything in the absence of any constraints, the survey asked them which of seven items they would be willing to accept to make the home more affordable. By far the most popular option is to allow some space to remain unfinished (48 percent). Roughly equal shares would accept a home farther away from shopping or entertainment (38 percent) or a smaller house (37 percent).
- Another way to get buyers to reveal what they really want is to force them to trade-off between two alternatives (for the same amount of money). When faced with this dilemma, 9 out of 10 buyers would choose a highly energy efficient home with lower utility bills rather than one costing 2-3 percent less without those features.

- Faced with the alternative of one master suite, plus three standard bedrooms or two master suites, plus one standard bedroom, 70 percent choose the former. Meanwhile, 68 percent would be willing to sacrifice space in the master bath for a larger master bedroom.
- Sixty two percent would choose a smaller house with high quality products and amenities rather than a bigger house with fewer amenities.
- When asked if they would buy a home without a living room, 37 percent say they would, 41 percent would not, and 21 percent are not sure.
- Although the majority of home buyers are concerned about the environment in general, most are not willing to pay more for a “greener” house. In fact, 67 percent of buyers report wanting an environment-friendly home or being concerned about the environment in general, but at the same time would not pay more for such a home (or even consider the impact of building the home on the environment) (Figure 5).

Figure 5. Level of Concern About Impact of Building Home on the Environment
(Percent of Respondents)



- Yet buyers do want to know about a home’s projected utility costs, which suggests that environment-friendly features that lower utility bills would be of interest to them. In fact, 77 percent agree or strongly agree that “knowing the projected utility costs of a home is important,” 73 percent also agree that “the projected utility costs of a home would influence purchase decision,” and 71 percent agree they “would prefer to buy a home from a builder that provides home energy ratings.”
- Home buyers report being willing to pay an additional average of \$7,095 in the up-front price of a home if that saved them \$1,000 annually in utility costs.
- Most home buyers want all the energy-saving features listed in the survey: 94 percent want energy-star rated windows (36 percent of them think they are essential) and 91 percent want an energy-star rating for the whole home (28 percent think this is essential). All six energy-saving features are rated as essential/desirable by the majority of buyers. This does not necessarily mean they are willing to pay for all of them.

- The overwhelming majority of buyers do not care to live in a central city, as only 8 percent report that as their preferred location. Instead, more than a third – 36 percent – would prefer to buy in an outlying suburb, 30 percent in a close-in suburb, and 27 percent in a rural area.
- Home buyers' opposition to living downtown may stem more from a rejection of high density than a dislike for infill development in older/established neighborhoods. The former is rated "do not want" by 56 percent of all buyers, whereas only 23 percent categorically reject the idea of living in the center of an older/established neighborhood.
- Three community features would seriously influence the purchase decision of at least half of all buyers: walking/jogging trails (60 percent), a park area (54 percent), and an outdoor swimming pool (50 percent).
- Word of mouth is still the best source of leads: when choosing a contractor for home projects, 70 percent of buyers rely on referrals from friends, family members, neighbors, or acquaintances. In contrast, only 9 percent would use a union or trade association finder service.
- Home buyers see value in professional designations, as more than 70 percent agree that contractors with specialized designations are "more professional and credible," "provide better quality work and craftsmanship," "provide better service levels," and are "more reliable".
- When selecting a building contractor, the most important attribute in the mind of the buyers is "reputation for quality construction," followed by "reputation for completing projects on budget."

Additional Information in the Study

The findings above focus on the preferences of all home buyers combined, as one group. The report *What Home Buyers Really Want*, however, shows results in more detail, noting important cases where what buyers really want varies by geography (the nine census divisions), number of homes owned, age, income, type of household (e.g. married couples, singles), generation (gen Y, gen X, baby boomers, seniors), and price buyers expect to pay for their homes. An extensive section of tables in the appendix section of the report shows responses to every question broken down by each of these categories.