
2021 Profile of Home Buyers and Sellers Massachusetts Report

Prepared for:
Massachusetts Association of REALTORS®

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NATIONAL ASSOCIATION OF REALTORS®
Research Group

January 2022



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Introduction

The NATIONAL ASSOCIATION OF REALTORS® *Profile of Home Buyers and Sellers* is an annual survey of recent home buyers and sellers who recently completed a transaction. This year marks the 40th anniversary of the flagship report. The annual report allows industry professionals to gain insight into detailed buying and selling behavior. Each iteration of the report is as unique as the economic, social, and demographic environment in which it is published.

This year, while marking its 40th anniversary, the report is especially unique. It includes an entire year of data in which buyers and sellers purchased or sold during the COVID-19 pandemic. The last year is especially distinctive as home buyers have entered a housing market with historically low housing inventory and historically high year-over-year home price gains. Buyers have continued to enter, despite the competition in the marketplace, and purchase homes. Buyers purchase a home not only for the desire to own a home of their own, but also for the desire to be closer to friends and family and the need for a larger home. The pandemic changed how our homes are used, as well as the location in which we bought homes. There was a jump in buyers who noted a top factor for their neighborhood choice was the proximity to friends and family. In past years, convenience to work and affordability had been top factors.

The information provided supplies understanding, from the consumer level, of the trends that are transpiring. This survey covers information on demographics, housing characteristics, and the experience of consumers in the housing market, as well as for those who are not yet able to enter the market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

The *Profile of Home Buyers and Sellers* report has been the leading industry source of trusted insight into consumer behavior for nearly four decades. It has grown and evolved to keep up with changing home buying trends and the need for more information. NAR first administered the survey in 1981 with just 59 questions. In 2021, the survey contained 129 questions. Although the report has evolved, data has been collected for more than three decades describing the demographic characteristics of home buyers and sellers, buyers and sellers' experience in the home transaction process, as well as market characteristics including the use of real estate agents. One measure of how the market has changed is the manner in which the data is collected. In 1981, only a paper copy of the survey was offered. Today, recent home buyers can take the survey via paper or online, and in English or Spanish. Because of its long history and timely information available each year, the report is valued by REALTORS®, market analysts, and policymakers.

Data is collected from a nationally representative sample of recent home buyers who purchased a primary residence in the 12-month period between July 2020 and June 2021. Data is also representative of the geographic distribution of home sales. Consumer names are obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records.

Among all buyers last year, the share of first-time home buyers grew to 34 percent from 31 percent. While first-time buyers have had record low interest rates, they have also faced a housing environment that has scarce inventory and rising home prices. Among all buyers, 31 percent paid the asking price for the home, while 29 percent paid more than the asking price.

Tightened inventory is affecting the home search process of buyers. Due to suppressed inventory levels in many areas of the country, buyers are typically purchasing more expensive homes as prices increase. The number of weeks a buyer searched for a home remained at only eight weeks. Many buyers took advantage of new virtual tours and virtual listings and used those in their search process. Buyers continue to report the most difficult task for them in the home buying process was just finding the right home to purchase.

Among sellers, the pandemic also may have spurred sellers to make a home trade. The top reasons to sell were the desire to be close to friends and family and because their home was too small. Tenure in the home dropped to eight years from 10 years. It is the largest single-year change in home tenure in the history of the data set. Historically, tenure in the home has been six to seven years, but had increased after the Great Recession to nine to 10 years. Among sellers, 46 percent purchased a larger home and 28 purchased the same size home.

Buyers needed the help of a real estate professional to help them find the right home and negotiate terms of sale. Eighty-eight percent of buyers used an agent to help them purchase a home. Sellers, as well, turned to professionals to price their home competitively, help market the home to potential buyers, sell within a specific timeframe, and fix up the home for sale. Ninety percent of sellers used an agent to sell their home. While the survey asked about iBuyers as a selling method, less than one percent of sellers used these online only programs. Only seven percent of sellers sold via For-Sale-By-Owner (FSBO), matching historic lows seen in past years.

This report provides real estate professionals with insights into the needs and expectations of their clients. What do consumers want when choosing a real estate professional? How do home buyers begin the process of searching for a home? Why do some sellers choose to forego the assistance of an agent?

The answers to these questions, along with other findings in this report, will help real estate professionals better understand the housing market and provide the information necessary to address the needs of America's real estate consumers.

The data set provides a wealth of data that is used to create a number of spin-off NAR reports including: *Home Buyer and Seller Generational Trends Report*, *Buyer Bios*, *Real Estate in a Digital Age*, *Veterans and Active Military Home Buyers and Sellers Profile*, *Profile of LGBT Buyers and Sellers*, *A Snapshot of Race and Home Buying in America*, *Downpayment Expectations and Hurdles to Homeownership*, and *Moving with Kids*.

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Highlights

Characteristics of Home Buyers

- First-time buyers made up 34 percent of all home buyers, an increase from 31 percent last year. In Massachusetts, 41 percent were first-time buyers.
- The typical buyer was 45 years old this year, and the median household income for 2020 rose again this year to \$102,000. In Massachusetts, buyers were 39 years old and have a median income of \$126,900.
- Sixty percent of recent buyers were married couples, 19 percent were single females, nine percent were single males, and nine percent were unmarried couples. In Massachusetts, 62 percent were married couples, 14 percent were single females, seven percent were single males, and fourteen percent were unmarried couples.
- Eleven percent of home buyers purchased a multi-generational home, to take care of aging parents, because of children over the age of 18 moving back home, for cost savings, and to spend more time with aging parents. In Massachusetts, that share was 14 percent.
- Eighty-nine percent of recent home buyers identified as heterosexual, four percent as gay or lesbian, and two percent as bisexual. In Massachusetts, 84 percent identified as heterosexual, seven percent as gay or lesbian, and one percent as bisexual.
- Fourteen percent of recent home buyers are veterans and three percent are active-duty service members. Ten percent are veterans and two percent are active-duty service members in Massachusetts.
- At 28 percent, the primary reason for purchasing a home was the desire to own a home of their own. In Massachusetts, this was 37 percent.

Characteristics of Homes Purchased

- Buyers of new homes made up 15 percent and buyers of previously owned homes made up 85 percent. In Massachusetts, this share is 5 percent for new homes and 95 percent for previously owned homes.
- Most recent buyers who purchased new homes did so to avoid renovations and problems with plumbing or electricity (36 percent) or for the ability to choose and customize design features (35 percent). Buyers who purchased previously-owned homes were most often considering a better overall value at 38 percent. In Massachusetts, 63 percent of new home buyers were looking to avoid renovations and problems with plumbing or electricity and 30 percent of previously owned homes were looking for a better overall value.
- Detached single-family homes continue to be the most common home type for recent buyers at 82 percent, followed by seven percent of buyers choosing townhomes or row houses. In Massachusetts, buyers bought single-family homes at 88 percent.
- Senior related housing increased this year at 14 percent, with 16 percent of buyers typically purchasing condos and seven percent purchasing a townhouse or row house. Four percent bought senior related homes in Massachusetts.
- There was a median of only 15 miles between the homes that recent buyers purchased and the homes that they moved from. In Massachusetts, it was 14 miles.
- Home prices increased significantly this year to a median of \$305,000 among all buyers. Buyers typically purchased their homes for 100 percent of the asking price. In

Massachusetts, the median home price was \$270,000 at 100 percent of the asking price.

- The typical home that was recently purchased was 1,900 square feet, had three bedrooms and two bathrooms, and was built in 1993. In Massachusetts, the typical home was 1,800 square feet and built in 1970.
- Overall, buyers expect to live in their homes for a median of 12 years, while 18 percent say that they are never moving. In Massachusetts, the expected tenure is 15 years.

The Home Search Process

- For 41 percent of recent buyers, the first step that they took in the home buying process was to look online at properties for sale, while 19 percent of buyers first contacted a real estate agent. In Massachusetts, 37 percent looked online first and 19 percent contacted a real estate agent.
- Recent buyers found their real estate agent to be the most useful information source, with 72 percent citing them as very useful, followed by mobile or tablet search devices at 61 percent. Sixty-nine percent found real estate agents and 69 percent found mobile and tablet search devices very useful in the home search process in Massachusetts.
- Buyers typically searched for eight weeks and looked at a median of eight homes, three of which were viewed solely online. In Massachusetts, buyers searched for ten weeks and looked at 8 homes, two of which were solely online.
- The typical buyer who searched primarily on a laptop or desktop spent nine weeks searching and visited eight homes, compared to those who searched primarily on mobile devices and searched for nine weeks and visited eight homes. In Massachusetts, those who searched via desktop/laptop looked at eight homes over 10 weeks; those who searched via mobile devices looked at 8 homes over twelve weeks.
- Among buyers who used the internet during their home search, 84 percent of buyers found photos and 80 percent found detailed information about properties for sale very useful. In Massachusetts, 88 percent found photos very useful in their home search process.
- Sixty-one percent of recent buyers were very satisfied with their recent home buying process, compared to 64 percent a year ago. In Massachusetts, 50 percent were very satisfied with the process.

Home Buying and Real Estate Professionals

- Eighty-seven percent of buyers recently purchased their home through a real estate agent or broker, and seven percent purchased directly from a builder or builder's agent. In Massachusetts, 94 percent purchased through a real estate agent.
- Having an agent to help them find the right home was what buyers wanted most when choosing an agent at 52 percent. In Massachusetts, 52 percent worked with an agent to find the right home to purchase.
- Forty-seven percent of buyers used an agent that was referred to them by a friend, neighbor, or relative and 13 percent used an agent that they had worked with in the past to buy or sell a home. In Massachusetts, 46 percent used referrals to find their real estate agent.
- Seventy-three percent of buyers interviewed only one real estate agent during their home search. In Massachusetts, this was 73 percent.
- Ninety percent of buyers would use their agent again or recommend their agent to others. Ninety-one percent would recommend their agent again in Massachusetts.

Financing the Home Purchase

- Eighty-seven percent of recent buyers financed their home purchase on a national level and 95 percent in Massachusetts. Those who financed their home purchase typically financed 87 percent and in Massachusetts it was 89 percent.
- First-time buyers who financed their home typically financed 93 percent of their home compared to repeat buyers at 83 percent. In Massachusetts, the share was 92 percent of first-time buyers and 82 percent of repeat buyers.
- For 61 percent of buyers, the source of the downpayment came from their savings. Thirty-eight percent of buyers cited using the proceeds from the sale of a primary residence, which was the next most commonly reported way of securing a downpayment. In Massachusetts, 73 percent used savings and 38 percent used proceeds from sale of a primary residence.
- For 13 percent of buyers, the most difficult step in the home buying process was saving for a downpayment. In Massachusetts, 17 percent said saving was the most difficult step.
- Of buyers who said saving for a downpayment was difficult, 43 percent of buyers reported that student loans made saving for a downpayment difficult. Forty-three percent cited high rent/current mortgage payment, 33 percent cited credit card debt, and 32 percent cited car loans as also making saving for a downpayment hard. In Massachusetts, 37 percent reported having student loan debt, 33 percent cited high rent/current mortgage payment, 29 percent cited credit card debt, and 23 percent cited car loans.
- Buyers continue to see purchasing a home as a good financial investment. Eighty-six percent reported they view a home purchase as a good investment and 85 percent in Massachusetts.

Home Sellers and Their Selling Experience

- The typical home seller was 56 years old, with a median household income of \$112,300. In Massachusetts, the median age was 48 years with a median income of \$155,000.
- For all sellers, the most commonly cited reason for selling their home was the desire to move closer to friends and family (18 percent), followed by that it was too small (17 percent). In Massachusetts, the reasons include home is too small (31 percent), change in family situation (15 percent), and neighborhood has become less desirable (10 percent).
- Sellers typically lived in their home for eight years before selling. In Massachusetts, sellers also sold after 10 years.
- Ninety percent of home sellers worked with a real estate agent to sell their home and 94 percent in Massachusetts.
- For recently sold homes, the final sales price was a median 100 percent of the final listing price and in Massachusetts it was also 100 percent.
- Recently sold homes were on the market for a median of just one week, a decrease from three weeks last year, compared to one week in Massachusetts.
- Twenty-six percent of all sellers offered incentives to attract buyers, down from 33 percent last year; this was 12 percent in Massachusetts.
- This year, home sellers cited that they sold their homes for a median of \$85,000 more than they purchased it. In Massachusetts, the median was \$153,000.
- Seventy percent of sellers were very satisfied with the selling process and 72 percent in Massachusetts.

Home Selling and Real Estate Professionals

- Sixty-eight percent of sellers found their agent through a referral from a friend, neighbor, or relative or used an agent they had worked with before to buy or sell a home. In Massachusetts, that figure was 71 percent.
- Eighty-two percent of recent sellers contacted only one agent before finding the right agent they worked with to sell their home. In Massachusetts, it was 80 percent.
- Eighty-nine percent of sellers listed their homes on the Multiple Listing Service (MLS), which is the number one source for sellers to list their home. In Massachusetts, it was 92 percent.
- Seventy-six percent of sellers reported that they provided the agent's compensation, compared to 81 percent in Massachusetts.
- The typical seller has recommended their agent twice since selling their home. Thirty-eight percent of sellers recommended their agent three or more times since selling their home. In Massachusetts, this share was 25 percent.
- Eight-nine percent said that they would definitely (74 percent) or probably (15 percent) recommend their agent for future services. In Massachusetts, 77 percent said definitely and 15 percent said probably.

Methodology

In July 2021, NAR mailed out a 129-question survey using a random sample weighted to be representative of sales on a geographic basis to 129,800 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2020 and June of 2021. A total 5,795 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 4.5 percent. For Massachusetts there were 193 responses, accounting for a response rate of 2.0 percent.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending June 2021, with the exception of income data, which are reported for 2020. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South, and West. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.

Data gathered in the report is based on primary residence home buyers. From the Realtors Confidence Index, 85 percent of home buyers were primary residence buyers in 2020, which accounts for 5,502,900 homes sold in 2020 (accounting for new and existing homes). Using that calculation, the sample at the 95 percent confidence level has a confidence interval of plus-or-minus 1.29%.