



Market and Homebuyer Insights

The information below can **help you** better understand today's mortgage market and **gain key insights** into major trends in the housing market and the mindsets of first-time and repeat homebuyers. Understanding this information can help you engage potential clientele early in the process and better position your services. These insights, coupled with our expert mortgage loan officers, is another way that we can help you **manage and grow** your business.

Mortgage market

Projected mortgage market

- Mortgage originations are expected to top \$1.1 trillion in 2011 and decrease to about \$925 billion in 2012¹
- Rates are expected to remain low throughout 2012, hovering around 5% on a 30-year fixed-rate transaction¹
- It is anticipated that home purchases will make up about 57% of the market in 2012, up from the 37% forecasted by year-end¹

Housing market perceptions

- As of July 2011, 19% of consumers have a positive perception of the housing market, lower than the 24% seen in July 2010²
- Sixty percent of consumers have a negative perception of the housing market as of July 2011, compared to 54% in July 2010²

Top concerns for homebuyers and homeowners

- Current and future home values remain among the top concerns for almost half of all consumers over the last year²
- Additionally, almost one-third of all homebuyers have concerns with their ability to obtain financing for a purchase or refinance²

Economic impact on housing purchase decisions

- Over the last year approximately 30% of consumers say the economy is more likely to make them buy a house or engage in a home financing activity²
- Among consumers more likely to buy or refinance as a result of the current economy, over half say they are most likely to purchase a home²

Foreclosures and short sales in the marketplace

- Sixty-seven percent of consumers likely to buy a home in the next year said they would consider a bank-owned or REO transaction and 66% would consider a short sale transaction²

Consumer confidence in homeownership

- Eighty-one percent agree that buying a home is the best long-term investment³

Renting vs. owning

- According to a nationwide Pew Research Center survey, just 24% of renters surveyed said they rent out of choice
- Given the choice, 81% of renters indicated they would like to buy³

General homebuyer information

Types of home purchases consumers are making

- Twenty-one percent of consumers say they are likely to purchase a home in the next 12 months²
 - Among those, 85% would purchase a primary residence, 24% a second home or vacation home, and 26% an investment property²
 - Some consumers, mostly those with investable assets over \$100,000, indicated that they are thinking about purchasing more than one home in the next 12 months²

Customer segmentation — 2010 census results

- Racial and ethnic minorities made up over 90% of the total U.S. population growth since 2000⁴
- Hispanics are the largest — and one of the fastest growing — minority groups in the U.S., making up 16.3% of the population⁴

- The second largest minority group in the U.S. are African Americans, who make up 12.6% of the population⁴
- The third largest minority group in the U.S. are Asian Americans who make up 4.8% of the population and who notably were the fastest growing population, with a growth rate just over 43%⁴

Demographics of homeownership

- Almost half of adults ages 65 and older are convinced of the investment value of homeownership. This is in contrast to all other respondents, ages 18 to 64, where on average one-third say that they strongly agree that owning a home is the best long-term investment a person can make.³

First-time homebuyer information

Fears about becoming a homeowner

- First-time homebuyers worry most about having enough money for a down payment, credit scores, qualifying for a mortgage and fear the process will be cumbersome or intimidating⁵
- First-time homebuyers indicated that there is a real need for someone who can provide accurate and reliable information while they look for a home⁵

What a first-time homebuyer is looking for in the home-buying process

- A first-time homebuyer is willing to to:⁵
 - Modify spending habits
 - Set a budget
 - Actively save
 - Improve financial well-being
 - Purchase a “fixer-upper” and take on maintenance work themselves

Demographics of a first-time homebuyer

- First-time homebuyers make up approximately 50% of the purchase market, of which half fall into the low-to-moderate income category⁵
- As of September 2011:⁶
 - The median age was 33
 - The median income was \$61,300
 - The median property value of the home purchased was \$179,000

Determining affordability

- First-time homebuyers feel that they understand how much money they can afford to spend monthly on housing, and may not want to purchase a home at the top of their budget⁵

Repeat homebuyer information

What a repeat buyer is looking for in the home-buying process

- Repeat homebuyers:⁵
 - Avoid hasty decisions
 - Are discerning in their approach to purchasing a home
 - They do more research than a first-time homebuyer
 - Are self-educated
 - Tend to not compromise in what they are looking for
 - Are less likely to purchase a “fixer upper”
 - Seek to maximize square footage, if price will allow

Demographics of a repeat homebuyer

- As of September 2011:⁶
 - The median age was 45
 - The median income was \$103,700
 - The median property value of the home purchased was \$238,900

Determining affordability


- The previous home buying experience of a repeat buyer is highly influential on how they determine what is reasonable for them, as they hope to learn from any past mistakes⁵
- They state that they evaluate their current mortgage payment and potential home sale profits to set expectations for what they can comfortably afford⁵
- Repeat buyers typically understand how much money they can afford to spend monthly on housing, and may not want to purchase a home at the top of their budget⁵

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or call **1.800.344.9403** to connect with a mortgage loan officer in your area.

1. Source: MBA Mortgage Finance Forecast, published September 12, 2011 http://mortgagebankers.org/files/Bulletin/InternalResource/77875_.pdf
2. Source: Bank of America blind online survey completed July 2011 of 1,108 consumers who were: at least 21 years of age, primary or joint financial decision makers, and who currently have a mortgage or plan to obtain one within the next 12 months.
3. Source: Home Sweet Home. Still. Five Years After the Bubble Burst By Pew Social Trends Staff, published April 12, 2011 <http://pewsocialtrends.org/2011/04/12/home-sweet-home-still/>
4. 2010 U.S. Census data <http://2010.census.gov/2010census/data/>
5. Source: Bank of America proprietary research: Participants for this research were recruited through an online screener survey. All were willing participants and had to double opt-in, once by agreeing at the end of the screener survey to be contacted for potential participation in web board research and once by opening the email invite and clicking through to the web boards. All web board participants satisfied the following screening qualifications: currently/actively looking for a home, 21 years or older, employed, and financial decision maker for household.
6. First-time and repeat homebuyer data is based on the HMDA questionnaire asked during the Bank of America application process.

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