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First-time buyers expect too much

First-time homebuyers are primarily concerned with affordability when choosing a new home, but their expectations may be too high relative to their current financial buying power, according to a Coldwell Banker survey conducted among its brokers and sales representatives in markets across North America.

While nearly half of the Coldwell Banker survey respondents reported that affordability was the No. 1 concern for this group, 82 per cent said today's first-time homebuyers consider move-in conditions to be very important when searching for homes. Only seven per cent are looking to purchase "fixer-upper" homes that they could buy at a lower price and renovate themselves.

"In the past, first-time home buyers were willing to purchase older, more basic houses in an effort to save money and break into homeownership," says Jim Gillespie, president and CEO, Coldwell Banker Real Estate. "Today, this group has greater home expectations because they have grown up more accustomed to their parents' lifestyles. It is important for first-time homebuyers to remember that by considering a 'fixer-upper' for their first home purchase, they can build equity over time and move up and into a second-stage home that better reflects their expectations."

Survey findings also suggest that first-time homebuyers worry more about credit ratings and approval than they did a decade ago, but less about down payments. This may be because they have saved money themselves, or have received additional support from parents to help their first-time home purchase.

According to 29 per cent of brokers and sales representatives surveyed, first-time homebuyers were more concerned with down payments 10 years ago than anything else, while only 23 per cent said this is the biggest concern in today's market. Meanwhile, survey respondents said that only six per cent of first-time homebuyers were worried about their credit scores a decade ago, while 15 per cent said it is more of a concern today.

Additional key findings from the survey include:

- * 70 per cent of respondents noted that first-time homebuyers are looking for larger homes than they were 10 years ago.

- * According to 38 per cent of the respondents, proximity to job is the No. 1 attribute first-time homebuyers are looking for in a home.

- * 33 per cent of the survey respondents said "investment" is the No. 1 reason first-time homebuyers are making their purchase.

- * 46 per cent of the survey respondents reported that first-time homebuyers look at five to 10 homes, on average, before making a purchase.

posted: 5/5/2009

