



FIRST-TIME HOMEBUYERS: UPDATE FROM THE 2001 AMERICAN HOUSING SURVEY

As of the fourth quarter of 2003, 68.6 percent of American households owned their own home, and during the last decade, homeownership rates rose fairly steadily from 64.0 percent in 1994 to 68.3 percent in 2003. Historically low interest rates, real income growth, steady employment levels, and the introduction of new mortgage lending programs aimed at lower income and younger families have contributed to this growth in homeownership. The November 2001 issue of *U.S. Housing Market Conditions* contained the article, "First-Time Homebuyers: Trends From the American Housing Survey." That article presented information about first-time homebuyers from the decade of the 1990s. This current article updates and extends the first-time homebuyer information using the more recent 2001 American Housing Survey.

In general, the findings for 2001 parallel the findings in the earlier article. In 2001, 5.7 million homeowners said they had moved in the year prior to the survey interview, of which 2.3 million were first-time homeowners.

This article examines the characteristics of the 2001 sample of first-time homebuyers, comparing them to other recent homebuyers (that is, repeat homebuyers) and to other homeowners (that is, homeowners who had not moved in the year prior to the interview). First-time homebuyers are households that moved in the year preceding the interview and who answered "no" to the question: "Did you ever own a home before?"¹

When compared with other recent homebuyers and other homeowners, first-time homebuyers are younger, more often foreign born, and more likely to be minorities. They live less frequently as traditional families (for example, husband-wife families). In terms of location, they are slightly more likely to

live in the West or in central cities of metropolitan areas and less likely to live in the Northeast or outside metropolitan areas. The homes they purchase are more likely to be townhouses, apartments in multifamily buildings, manufactured (mobile) housing, and units in condominiums or cooperatives. Their houses tend to be smaller and of more modest value. First-time homebuyers more often require mortgage financing, take out smaller mortgages, and more often rely on Federal Housing Administration (FHA) mortgage insurance and Department of Veterans Affairs (VA) guarantees.

The American Housing Survey

Every other year the Census Bureau conducts the American Housing Survey-National Survey. This national sample includes about 60,000 housing units, 43,000 of which are occupied. Occupants provide information to the Census Bureau's field interviewers.² The AHS collects extensive information on the housing structure and unit; social, demographic, and economic characteristics of the occupants; equipment in the units; housing costs and mortgage information; condition and quality of the housing unit; neighborhood features and qualities; commuting and labor force information; remodeling and improvements; and moving and relocation data. Because the AHS is a statistical sample, the estimates presented here are subject to sampling and nonsampling errors, and the reader should consider the nature of the data when reading the discussion of the results.

Demographic Characteristics of First-time Homebuyers

First-time homebuyers are more likely to be minority households and foreign born. These new homeowners are less likely to be traditional husband-wife families and more likely to be families with unmarried heads or nonfamily households. Considerably younger than other homebuyers, 63 percent of these household heads are under 35 years of age. They have less income than other recent homebuyers do, but they have about the same income as other homeowners.

First-time homebuyers surveyed for the 2001 AHS were about 75 percent more likely to be minority households than were other recent movers and homeowners. Exhibit 1 shows that 31.6 percent of

first-time homebuyers were minority households: 11.2 percent were non-Hispanic, Black households, 7.5 percent were non-Hispanic households of other races, and 12.9 percent were Hispanic households.³ In contrast, 17.4 percent of other recent homebuyers were minority households: 5.4 percent were non-Hispanic, Black households, 4.1 percent were non-Hispanic households of other races, and 7.9 percent were Hispanic households. Other owners are about as likely to be minority households as other recent homebuyers; that is, 18.2 percent. In addition, non-Hispanic, Blacks tended to have a higher representation among other owners (8.7 percent) than among other recent buyers (5.4 percent.) The percentage of minorities among first-time homeowners nearly equals the 35.7 percent reported in the 1999 AHS data.

In 2001, first-time homebuyers were slightly more likely than other recent movers and other owners to be foreign-born households, both citizens and noncitizens. Exhibit 2 shows that 14.1 percent of first-time homebuyers were foreign born— 5.8 percent naturalized citizens and 8.3 percent noncitizens. Foreign-born households accounted for 10.2 percent

of other recent homebuyers and 7.6 percent of other owners. Foreign-born noncitizens show the sharpest contrast across the three homeowner groups. First-time homebuyers are much more likely to be foreign-born noncitizens (8.3 percent) than other recent buyers (5.0 percent) or other owners (2.5 percent).

First-time buyers are less likely to be traditional husband-wife households than other recent buyers and all other homeowners. Exhibit 3 shows that 54.3 percent of first-time buyers were husband-wife families compared to 66.0 percent for other recent buyers and 62.7 percent for all other homeowners. On the other hand, first-time buyers are more likely to be nontraditional family households headed by other males and other females (such as families whose heads are widowed, divorced, separated, single, or who are married with spouse absent for some other reason). Among first-time buyers, 4.8 percent were families headed by other males, and 12.7 percent had other females at the head of the family. In comparison, 3.4 percent of other recent buyers were families headed by other males, and 8.3 percent were headed by other females. Other homeowners had 3.3 percent and 9.2 percent, respectively.

Exhibit 1. Homebuyers by Race and Ethnicity, 2001

Race and Ethnicity	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
White, Non-Hispanic	1,568,866	68.3	2,689,900	82.6	54,715,792	81.9
Black, Non-Hispanic	258,036	11.2	176,148	5.4	5,789,423	8.7
Other, Non-Hispanic	171,979	7.5	132,899	4.1	2,114,696	3.2
Hispanic	297,248	12.9	256,467	7.9	4,179,210	6.3
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

Exhibit 2. Homebuyers by Citizenship, 2001

Citizenship	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Native, born in United States	1,917,886	83.5	2,844,873	87.4	60,661,390	90.8
Native, born in Puerto Rico or U.S. outlying area	43,408	1.9	37,266	1.1	744,405	1.1
Native, born abroad of U.S. parent(s)	10,256	0.4	40,951	1.3	315,891	0.5
Foreign born, U.S. citizen by naturalization	133,534	5.8	168,537	5.2	3,409,153	5.1
Foreign born, not a U.S. citizen	191,045	8.3	163,787	5.0	1,668,282	2.0
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0



Exhibit 3. Homebuyers by Family and Household Type, 2001

Family and Household Type	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Husband-wife families	1,245,991	54.3	2,147,071	66.0	41,858,818	62.7
Other male-headed families	110,180	4.8	112,131	3.4	2,208,856	3.3
Other female-headed families	291,906	12.7	268,806	8.3	6,159,668	9.2
Male-headed households	375,862	16.4	364,942	11.2	6,773,490	10.1
Female-headed households	272,190	11.9	362,464	11.1	9,798,289	14.7
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

Exhibit 4. Homebuyers by Age of Householder, 2001

Age of Householder	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Under 25	331,371	14.4	74,094	2.3	920,414	1.4
25 to 29	597,432	26.0	258,469	7.9	2,396,867	3.6
30 to 34	516,678	22.5	440,923	13.5	4,762,819	7.1
35 to 44	557,398	24.3	998,305	30.7	14,814,353	22.2
45 to 64	269,608	11.7	1,110,352	34.1	26,775,212	40.1
65 and over	23,642	1.0	373,271	11.5	17,129,456	25.6
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		31		43		51

First-time buyers are more likely to be nonfamily households due to the increased representation of male-headed (nonfamily) households among first-time homebuyers.⁴ Such households accounted for 16.4 percent of all first-time buyers, compared to 11.2 percent of other recent buyers and 10.1 percent of all other homeowners. Female-headed (nonfamily) households accounted for nearly equal portions of first-time and other recent buyers (11.9 percent and 11.1 percent, respectively), but represented a slightly higher percentage of other homeowners (14.7 percent). The earlier article listed 21.9 percent of first-time homebuyers as female-headed households (both family and nonfamily), while the 2001 data shows 24.6 percent, an increase of 2.7 percentage points.

First-time homebuyers are considerably younger than other recent homebuyers and other homeowners. Exhibit 4 shows that 62.9 percent of first-time homebuyers were under 35 years of age, compared to 23.7 percent of other recent buyers and 12.1 percent of other homeowners. This pattern holds for each of the three age subgroups—under 25 years of

age, 25 to 29 years of age, and 30 to 34 years of age. Median ages also indicate the more youthful composition of the first-time homebuyer group. While other recent homebuyers had a median age of 43 and other homeowners were oldest with a median age of 51, first-time homebuyers had a median age of just 31. The 2001 age distribution shows a slight movement toward younger first-time homebuyers compared to the 1999 data in the earlier article reporting that 55.3 percent of first-time homebuyers were under age 35.

The size of household does not appear to differ among the three groups of homeowners as shown in Exhibit 5. The two mover groups—first-time buyers and other recent buyers—were slightly larger with median numbers of 2.9 persons per household compared to a median 2.8 persons for other homeowners.

The household incomes of first-time homebuyers are considerably lower than those of other recent buyers but nearly equal to household incomes of other owners. Exhibit 6 shows that first-time home-

Exhibit 5. Homebuyers by Number of Persons in Household, 2001

Number of Persons in Household	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
1	473,396	20.6	541,579	16.6	14,407,327	21.6
2	715,412	31.2	1,154,695	35.5	23,602,072	35.3
3	455,162	19.8	600,578	18.4	10,925,431	16.4
4	378,007	16.5	587,043	18.0	10,813,478	16.2
5	170,383	7.4	263,317	8.1	4,635,835	6.9
6	54,420	2.4	66,163	2.0	1,520,137	2.3
7	49,349	2.1	42,039	1.3	894,841	1.3
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		2.9		2.9		2.8

Exhibit 6. Homebuyers by Household Income, 2001

Household Income (\$)	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Less than 25,000	456,835	19.9	519,632	16.0	16,206,066	24.3
25,000 to 49,999	693,154	30.2	724,191	22.2	17,173,750	25.7
50,000 to 99,999	848,814	37.0	1,263,999	38.8	21,503,981	32.2
100,000 and above	297,326	12.9	747,592	23.0	11,915,324	17.8
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		\$49,300		\$61,648		\$50,000

buyers had a median income of \$49,300, other recent buyers had a median income of \$61,648, and other homeowners had a median income of \$50,000. While 50 percent of both first-time homebuyers and other homeowners had incomes above \$50,000, 61.8 percent of other recent buyers had incomes of more than \$50,000. This pattern for first-time homebuyers closely follows that reported for 1999.

Location of First-time Homebuyers

Compared to other homeowners, first-time homebuyers and other recent homebuyers are more likely to be found in the West and in central cities. First-time purchasers are less likely to be found in the Northeast and outside metropolitan areas than are other recent homebuyers and other homeowners.

First-time homebuyers and other recent buyers are more likely to reside in the West than are other homeowners. This geographic slant may be consistent with the fact that first-time buyers are disproportionately Hispanic households that tend to live in the West. On the other hand, other homeowners have a slightly higher preference for the Northeast than do recent homebuyers. Exhibit 7 shows that more than one-third of all owners live in the South, while about 18 percent live in the Northeast, 25 percent in the Midwest, and 20 percent in the West. All three mover groups closely matched these regional distributions, but recent movers were slightly more likely to live in the West—23.5 percent for first-time homebuyers and 24.1 percent for other recent buyers, compared to 19.7 percent for other homeowners. Recent movers also were less likely to settle in the Northeast—13.8 percent for first-time homebuyers and 13.3 percent for other recent movers, compared to 18.4 percent for other homeowners.



Exhibit 7. Homebuyers by Census Region, 2001

Census Region	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Northeast	316,334	13.8	432,309	13.3	12,279,014	18.4
Midwest	565,185	24.6	715,682	22.0	16,802,196	25.2
South	875,013	38.1	1,321,593	40.6	24,538,006	36.7
West	539,597	23.5	785,830	24.1	13,179,905	19.7
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

Exhibit 8. Homebuyers by Location of Home, 2001

Location of Home	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Inside Metropolitan Statistical Areas						
Central city	598,975	26.1	657,634	20.2	14,993,990	22.4
Suburban	1,248,236	54.4	1,794,790	55.1	35,177,468	52.7
Outside Metropolitan Statistical Area	448,918	19.6	802,990	24.7	16,627,663	24.9
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

Exhibit 9. Homebuyers by Home Structure Type, 2001

Home Structure Type	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Single-family, detached	1,615,226	70.3	2,528,880	77.7	55,150,051	82.6
Single-family, attached	221,251	9.6	190,656	5.9	3,318,535	5.0
Multifamily						
2 to 4 units	53,143	2.3	49,036	1.5	1,180,519	1.8
5 to 9	18,898	0.8	23,897	0.7	436,950	0.7
10 to 19	43,896	1.9	25,070	0.8	434,034	0.6
20 to 49	15,535	0.7	28,696	0.9	384,605	0.6
50 or more	32,564	1.4	21,127	0.6	551,210	0.8
Manufactured house	295,616	12.9	388,052	11.9	5,343,217	8.0
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

Exhibit 10. Homebuyers by Ownership Type, 2001

Condominium or Cooperative Ownership	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Yes	251,716	11.0	244,188	7.5	3,308,912	5.0
No	2,044,413	89.0	3,011,226	92.5	63,490,209	95.0
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

First-time homebuyers are slightly more likely to live in central cities of metropolitan areas and slightly less likely to live outside metropolitan areas than other recent homebuyers and other homeowners. Exhibit 8 shows that 26.1 percent of first-time homebuyers lived in central cities, compared to 20.2 percent of other recent buyers and 22.4 percent of other homeowners. Residing outside metropolitan areas was the choice of 19.6 percent of first-time homebuyers, 24.7 percent of other recent buyers, and 24.9 percent of other owners. For each group, most of the households lived in suburban areas with nearly equal proportions for both recent buyer groups—54.4 percent of first-time homebuyers, 55.1 percent of other recent buyers, and 52.7 percent of other homeowners. Little has changed since 1999, when the proportions for first-time homebuyers were 28.3 percent in central cities and 20.1 percent outside metropolitan areas.

Types of Housing Purchased by First-time Buyers

First-time homebuyers are more likely to occupy single-family, attached homes (for example, a townhouse); apartments in multifamily buildings; and manufactured (mobile) homes. The higher proportion in townhouses and multifamily structures also leads to first-time buyers more frequently occupying condominiums and cooperatives. Smaller units, fewer rooms, and fewer bedrooms are more prevalent for first-time homebuyers than for other recent homebuyers or other homeowners. First-time homebuyers are more likely to live in newer housing units and they select homes with modest values.

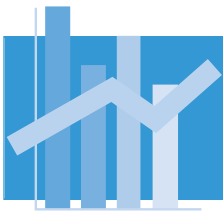
While first-time homebuyers, like most Americans, overwhelmingly live in single-family, detached homes, they are more likely to live in townhouses (single-family, attached), manufactured homes, and multifamily units than are other recent buyers and other homeowners. Exhibit 9 shows that 70.3 percent of first-time buyers lived in single-family, detached units compared to 77.7 percent for other recent movers, and 82.6 percent for other homeowners. First-time buyers are more likely to live in single-family, attached units (9.6 percent) than are other recent buyers (5.9 percent) or other homeowners (5.0 percent). They also are more likely to live in multifamily structures (7.1 percent) than are other recent movers (4.5 percent) or other homeowners (4.5 percent).⁵ Finally, first-time buyers and other recent buyers are more likely (12.9 percent and 11.9 percent, respectively) to live in manufactured (mobile) homes than are other homeowners (8.0 percent).

Condominium and cooperative forms of ownership are more prevalent among first-time homebuyers and other recent movers. Exhibit 10 shows that 11 percent of first-time buyers and 7.5 percent of other recent buyers lived in condominiums or cooperatives, compared to only 5 percent of other homeowners.

First-time homebuyers tend to live in housing units containing fewer rooms. Exhibit 11 indicates that 17.9 percent of first-time buyers purchased homes with four or fewer rooms, considerably above the rates for other recent homebuyers (12.5 percent) and other homeowners (11.2 percent). The same holds true for homes with five rooms: 27.2 percent for first-time homebuyers, 19.4 percent for other recent homebuyers, and 23.9 percent for

Exhibit 11. Homebuyers by Number of Rooms, 2001

Number of Rooms	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
4 or fewer	411,137	17.9	405,462	12.5	7,498,217	11.2
5	623,913	27.2	631,130	19.4	15,951,005	23.9
6	607,827	26.5	746,040	22.9	17,873,852	26.8
7	381,122	16.6	590,921	18.2	11,878,549	17.8
8 or more	272,130	11.9	881,861	27.1	13,597,498	20.4
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		6.2		6.8		6.6



other homeowners. Only 11.9 percent of first-time homebuyers occupy large housing units with eight or more rooms, compared to recent buyers (27.1 percent) and other homeowners (20.4 percent). The median number of rooms also reflects the smaller size of first-time purchasers—6.2 rooms compared to 6.8 rooms for other recent homebuyers and 6.6 rooms for other homeowners.

First-time homebuyers more frequently live in housing units with fewer bedrooms and less frequently live in units with more bedrooms. Exhibit 12 shows that 30.9 percent of first-time homebuyers lived in smaller units (two or fewer bedrooms) than did other recent buyers (21.7 percent) or other homeowners (22.8 percent). At the same time, first-time homebuyers are less likely to occupy large units with four or more bedrooms (16.6 percent) compared to other recent homebuyers (32.2 percent) or other homeowners (24.7 percent). The

median number of bedrooms also shows that first-time buyers live in smaller housing units (3.4 rooms) than do other recent homebuyers (3.6 rooms) and other homeowners (3.6 rooms).

First-time homebuyers and other recent buyers are more likely to live in newer housing (built in 2000 or later). Exhibit 13 shows that 17.4 percent of first-time homebuyers and 26.6 percent of other recent buyers owned homes built in 2000 or 2001, significantly higher than the 1.2 percent of other homeowners who lived in such new housing. While both recent homebuyer groups are more likely to live in newer units than are other homeowners, first-time buyers tend to live in housing that is slightly older than the units occupied by other recent homebuyers. For example, 19.9 percent of first-time buyers lived in units built before 1950, while only 13.6 percent of other recent homebuyers lived in similarly aged units.

Exhibit 12. Homebuyers by Number of Bedrooms, 2001

Number of Bedrooms	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
None	6,183	0.3	0	0.0	39,041	0.1
One	78,132	3.4	82,196	2.5	1,651,301	2.5
Two	623,465	27.2	624,984	19.2	13,480,727	20.2
Three	1,207,289	52.6	1,501,220	46.1	35,157,232	52.6
Four or more	381,060	16.6	1,047,014	32.2	16,470,820	24.7
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		3.4		3.6		3.6

Exhibit 13. Homebuyers by Year Unit Was Built, 2001

Year Unit Was Built	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
1919 or earlier	131,147	5.7	125,924	3.9	4,951,086	7.4
1920–29	83,885	3.7	75,652	2.3	2,703,805	4.0
1930–39	100,140	4.4	116,295	3.6	3,186,091	4.8
1940–49	141,171	6.1	123,517	3.8	4,508,833	6.7
1950–59	238,491	10.4	192,643	5.9	8,646,024	12.9
1960–79	641,274	27.9	714,317	21.9	22,266,178	33.3
1980–89	249,616	10.9	470,990	14.5	9,002,809	13.5
1990–99	310,699	13.5	570,368	17.5	10,713,043	16.0
2000 or later	399,706	17.4	865,708	26.6	821,252	1.2
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

Exhibit 14. Homebuyers by Value of Home, 2001

Value of Home (\$)	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Under 50,000	362,023	15.8	421,237	12.9	8,241,838	12.3
50,000 to 99,999	633,922	27.6	567,262	17.4	18,237,421	27.3
100,00 to 149,999	548,412	23.9	623,376	19.1	14,444,092	21.6
150,000 to 249,999	527,391	23.0	850,273	26.1	14,539,741	21.8
250,000 and more	224,381	9.8	793,266	24.4	11,336,029	17.0
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		113,200		151,500		123,100

Exhibit 15. Homebuyers With or Without Mortgages, 2001

Mortgages on This Property?	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Yes	1,842,301	80.2	2,441,929	75.0	37,476,930	56.1
No	453,828	19.8	813,485	25.0	29,322,191	43.9
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0

First-time homebuyers tend to live in less expensive housing units. Exhibit 14 shows that 43.6 percent of first-time homebuyers occupied homes valued at under \$100,000, lower than the 30.3 percent of other recent buyers and the 39.7 percent of other homeowners. The median values also show that first-time homebuyers have modest dwellings. The median value for first-time homebuyers was \$113,200; for other recent buyers, the median value was \$151,500, and \$123,100 for other homeowners. Allowing some consideration for house price inflation, the 1999 data also revealed that first-time homebuyers selected lower valued homes. In 1999, 54 percent of first-time homebuyers and 36.4 percent of other recent homebuyers selected homes valued at under \$100,000.

First-time Homebuyer Mortgages

First-time homebuyers are more likely to have mortgage loans. Apart from lacking the most common source of downpayments (sale of a previous home), first-time homebuyers have downpayment sources similar to other recent buyers and other homeowners. First-time homebuyers take out smaller mortgages than other recent buyers, but pay mortgage interest rates similar to other recent buyers and

other homeowners. FHA-insured and VA-guaranteed mortgages are considerably more likely to be used by first-time homebuyers.

First-time homebuyers are least likely not to have a mortgage on their home. Exhibit 15 shows that 19.8 percent of first-time homebuyers reported not having a mortgage on their home. For other recent buyers, 25.0 percent reported not having a mortgage, while for other homeowners, 43.9 percent reported having no mortgage, the highest percentage without mortgages.

One of the most common sources of downpayments for homeowners is the proceeds of the sale of their previous home. Nearly 53 percent of other recent homebuyers and 32 percent of other homeowners reported the source of their downpayment as the sale of a previous home, as shown in the first row of Exhibit 16. First-time homebuyers, of course, do not have access to this source. The lower panel of Exhibit 16 shows the percentage distributions across the remaining sources of downpayments, revealing that the distributions are amazingly similar for the three groups of homeowners. Between 10 and 12 percent reported not making a downpayment; between 1.4 and 2.9 percent reported sale of other investments as the source of downpayment; between 5.3 and 6.6 percent reported other borrowing; between 2.6 and 4.6 percent reported inheri-

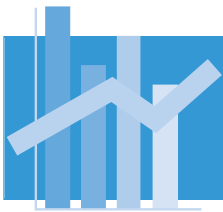


Exhibit 16. Homebuyers by Source of Downpayment, 2001

Source of Downpayment	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Sale of previous home if sold during 12 months prior to purchase of new home		NA	1,623,065	52.7	19,799,027	31.9
Savings or cash on hand	1,486,308	70.3	988,393	68.0	30,518,806	72.1
Sale of other investment	41,186	1.9	42,703	2.9	571,640	1.4
Borrowing, other than a mortgage on this property	93,609	4.4	96,081	6.6	2,258,978	5.3
Inheritance or gift	97,898	4.6	37,203	2.6	1,548,169	3.7
Land where building was built used for financing	8,210	0.4	5,494	0.4	505,064	1.2
Other (specify)	137,860	6.5	128,174	8.8	2,530,077	6.0
No downpayment	249,476	11.8	156,258	10.7	4,404,768	10.4
All, excluding sale of previous home in past year	2,114,547	100.0	1,454,306	100.0	42,337,502	100.0

Exhibit 17. Homebuyers by Amount of 1st Mortgage When Acquired, 2001

Amount of 1st Mortgage When Acquired (\$)	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Under 50,000	400,147	21.4	418,464	16.9	10,821,176	27.7
50,000 to 74,999	265,530	14.2	354,011	14.3	7,832,900	20.0
75,000 to 99,999	288,215	15.4	271,926	11.0	6,118,402	15.7
100,000 to 124,999	301,183	16.1	342,784	13.8	4,715,892	12.1
125,000 to 149,999	228,398	12.2	289,932	11.7	2,917,406	7.5
150,000 to 174,999	123,459	6.6	186,903	7.5	2,120,555	5.4
175,000 to 199,999	91,981	4.9	129,235	5.2	1,303,082	3.3
200,000 to 224,999	69,740	3.7	153,457	6.2	987,261	2.5
225,000 to 250,000	27,558	1.5	86,582	3.5	502,070	1.3
250,000 and more	71,279	3.8	247,609	10.0	1,755,722	4.5
All	1,867,490	100.0	2,480,903	100.0	39,074,466	100.0
Median		\$97,000		\$114,000		\$77,280

tance or gift; and between 6 and 9 percent reported other sources.

First-time homebuyers originate smaller mortgages than other recent homebuyers do, but they have larger mortgages than do other homeowners. Exhibit 17 shows that 51 percent of first-time

homebuyers carried original mortgages of under \$100,000; 42.2 percent of other recent buyers possessed such small mortgages; and 63.4 percent of other homeowners had such small original mortgages. The low initial mortgages being carried by other homeowners reflect mortgages and purchases made over the past several decades. The median

Exhibit 18. Homebuyers by Interest Rate, 2001

Interest Rate (%)	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
6 or less	124,353	6.7	166,410	6.7	2,656,674	6.8
6 ¹ / ₈ to 6 ¹ / ₂	105,639	5.7	156,014	6.3	2,888,607	7.4
6 ⁵ / ₈ to 7	418,941	22.4	680,772	27.4	9,957,002	25.5
7 ¹ / ₈ to 7 ¹ / ₂	490,267	26.3	662,871	26.7	7,681,987	19.7
7 ⁵ / ₈ to 8	302,707	16.2	412,214	16.6	6,872,904	17.6
8 ¹ / ₈ to 8 ¹ / ₂	138,125	7.4	105,674	4.3	2,588,948	6.6
8 ⁵ / ₈ to 9	96,613	5.2	102,831	4.1	2,880,266	7.4
More than 9	190,845	10.2	194,117	7.8	3,548,078	9.1
All	1,867,490	100.0	2,480,903	100.0	39,074,466	100.0
Median	7 ¹ / ₈		7 ¹ / ₂		7 ¹ / ₂	

Exhibit 19. Homebuyers by Type of 1st Mortgage, 2001

Type of 1st Mortgage	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
FHA	502,076	27.7	301,695	12.7	5,310,020	14.6
VA	138,708	7.7	140,076	5.9	1,903,349	5.3
Farmers Home Administration Mortgage	14,992	0.8	10,770	0.5	294,109	0.8
Some other type	1,156,606	63.8	1,921,770	80.9	28,742,204	79.3
All	1,812,382	100.0	2,374,311	100.0	36,249,682	100.0

Exhibit 20. Homebuyers by Monthly Housing Costs, 2001

Monthly Housing Costs (\$)	First-time Buyers		Other Recent Buyers		Other Owners	
	Number	Percent	Number	Percent	Number	Percent
Less than 250	220,728	9.6	275,381	8.5	9,328,139	14.0
250 to 499	315,524	13.7	462,624	14.2	15,257,325	22.8
500 to 749	309,310	13.5	402,736	12.4	10,645,901	15.9
750 to 999	353,652	15.4	468,928	14.4	8,855,346	13.3
1,000 to 1,249	364,467	15.9	358,032	11.0	6,743,022	10.1
1,250 to 1,499	237,968	10.4	323,018	9.9	5,228,322	7.8
1,500 to 1,749	199,264	8.7	251,427	7.7	3,552,915	5.3
1,750 to 1,999	123,585	5.4	215,408	6.6	2,308,359	3.5
2,000 or more	171,631	7.5	497,860	15.3	4,879,792	7.3
All	2,296,129	100.0	3,255,414	100.0	66,799,121	100.0
Median		953		1,005		702



mortgage values also show that first-time homebuyers with a median mortgage amount of \$97,000 have smaller mortgages than do other recent buyers who had a median mortgage of \$114,000, but larger initial mortgages than other homeowners who had a median of \$77,280.

The mortgage interest rates being paid by first-time homebuyers are very similar to the rates paid by all homeowners. Exhibit 18 shows the distribution of the three homeowner groups across interest rate categories. The three distributions were very similar, with first-time homebuyers paying slightly more than other recent homebuyers and other homeowners. The median interest rate paid was 7 and 3/8 percent for first-time homebuyers, an eighth of a point higher than the 7 and 1/4 percent paid by the other two groups.

First-time homebuyers are much more likely to have FHA-insured or VA-guaranteed mortgages than are other recent homebuyers or other homeowners. Exhibit 19 shows the distribution across mortgage types. FHA-insured mortgages were reported by 27.7 percent of first-time homebuyers, 12.7 percent of other recent homebuyers, and 14.6 percent of other homeowners. First-time homebuyers used FHA insurance nearly twice as often as other recent buyers or other homeowners. First-time homebuyers also were more likely to use VA-guaranteed mortgages (7.7 percent) than were other recent buyers (5.9 percent) and other homeowners (5.3 percent).

First-time buyers pay lower monthly housing costs than other recent homebuyers do, but higher costs than other homeowners pay.⁶ Exhibit 20 shows that 52.2 percent of first-time homebuyers had monthly housing costs of under \$1,000; 49.5 percent of other recent homebuyers had such low costs, and 66 percent of other homeowners had such low out-of-pocket expenses. Median monthly housing costs also follow this pattern: \$953 for first-time homebuyers, \$1,005 for other recent homebuyers, and \$702 for other homeowners. Much of the difference in monthly housing costs can be traced to higher initial mortgages for first-time homebuyers and other recent homebuyers (as shown in Exhibit 17) and the fact that many in the other homeowners group have no mortgages (Exhibit 15).

Notes

1. In the FHA program, first-time homebuyers are households that had not owned a house in the previous 5 years.
2. The survey was called the Annual Housing Survey from 1973 to 1983 and American Housing Survey from 1985 to 2001. Copies of the 1973 to 2001 reports can be found on the Internet at <http://www.census.gov/prod/www/abs/h150.html>. Information on the AHS can be found at the HUD USER Web site (<http://www.huduser.org/datasets/ahs.html>) or at the Census Bureau Web site (<http://www.census.gov/hhes/www/ahs.html>). The latter two sites also provide information on ordering printed copies of the reports.
3. The "other race" category includes American Indians, Alaska Natives, Asians, Pacific Islanders, and other responses.
4. Nonfamily households consist of individuals living alone or with nonrelatives only.
5. In smaller multifamily structures (buildings with 2–4 and 5–9 units), many households may be landlord/owners living in rental apartment buildings they own rather than cooperative and condominium occupants.
6. Monthly housing costs for owner-occupied units include monthly payments for all mortgages, installment loans or contracts, real estate taxes, property insurance, homeowner association fees, cooperative and condominium fees, mobile home park fees, land rent, and utilities.