



**BERKSHIRE
HATHAWAY**
HomeServices



Homeowner Sentiment Survey

April 2016



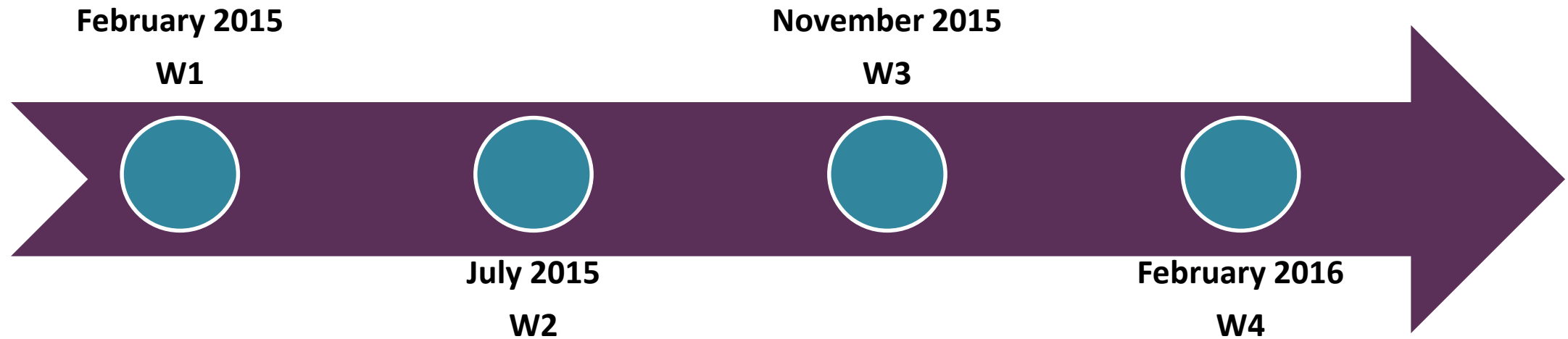
Methodology

The study was conducted among **n = 2,506** respondents living in the U.S. The survey was fielded **February 17 – 29 2016**

Audience	Audience Definition	Sample Size	Margin of Error
<p>Current Homeowners</p> 	<p>Individuals who currently own a home as their primary residence</p>	<p>N= 2,001</p>	<p><i>+/- 2.2%</i></p>
<p>Prospective Homeowners</p> 	<p>Individuals who do not currently own a home and are likely to buy a home as their primary residence in the next six months</p>	<p>N= 505</p>	<p><i>+/- 4.4%</i></p>

Homeowner Sentiment Survey

Timeline of Survey Waves



Executive Summary

- Homeowner sentiment toward the real estate market is on the rise for the first time since we began this survey.
 - Prospective homeowners are also more likely to say that this year is a more ideal time to buy or sell.
 - After trending downward for the past two quarters, favorability toward the market has improved with 61% of current homeowners and 65% of prospective homeowners considering the real estate market as “favorable” or “very favorable.”
 - Many current homeowners suggest that increasing interest rates are a sign that the real estate market is “heading in the right direction.”
- With the spring buying season here, prospective homeowners reported seeing fewer challenges to buying their ideal home in the current real estate market.
 - 76% of prospective homeowners – a survey group composed mostly of millennials and Gen-Xers – said that this year is an ideal time to buy a home. That’s an 11-point jump from the December Homeowner Sentiment Survey.
 - Overall, they are less likely to believe that housing inventory and new lending requirements are barriers to buying a home.
 - However, more prospects expressed concern that rising home prices will make it more difficult to buy a property.
- Real estate agents are in demand. Prospective homeowners seek more information from agents about financial aspects of the real estate process; they also want the confidence to move forward.

Homeowner sentiment toward the real estate market rose for the first time since this survey began in February 2015

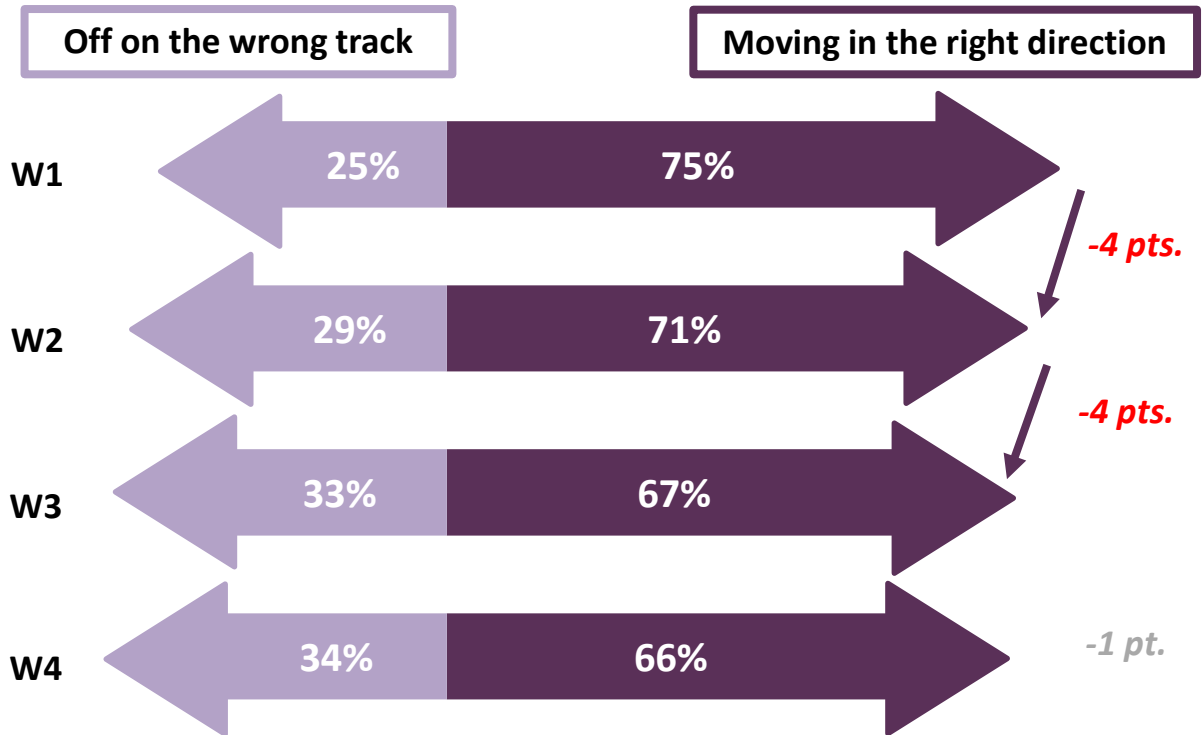


Perception of the housing market has improved among prospective homeowners and has stabilized among current homeowners

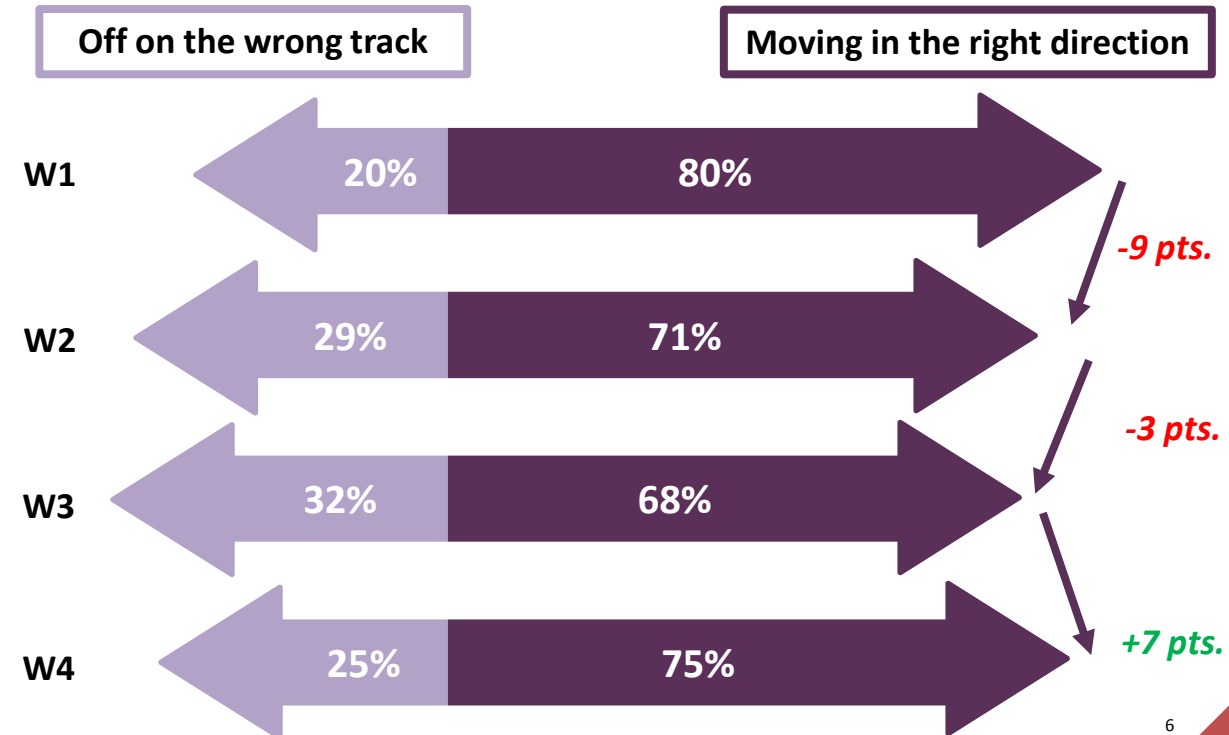
Compared to last year, do you believe that the housing market is moving in the right direction or off on the wrong track?



Current Homeowners



Prospective Homeowners



Respondents open-endedly cite low interest rates, an improving economy, and more homes for sale as the reasons for their optimism

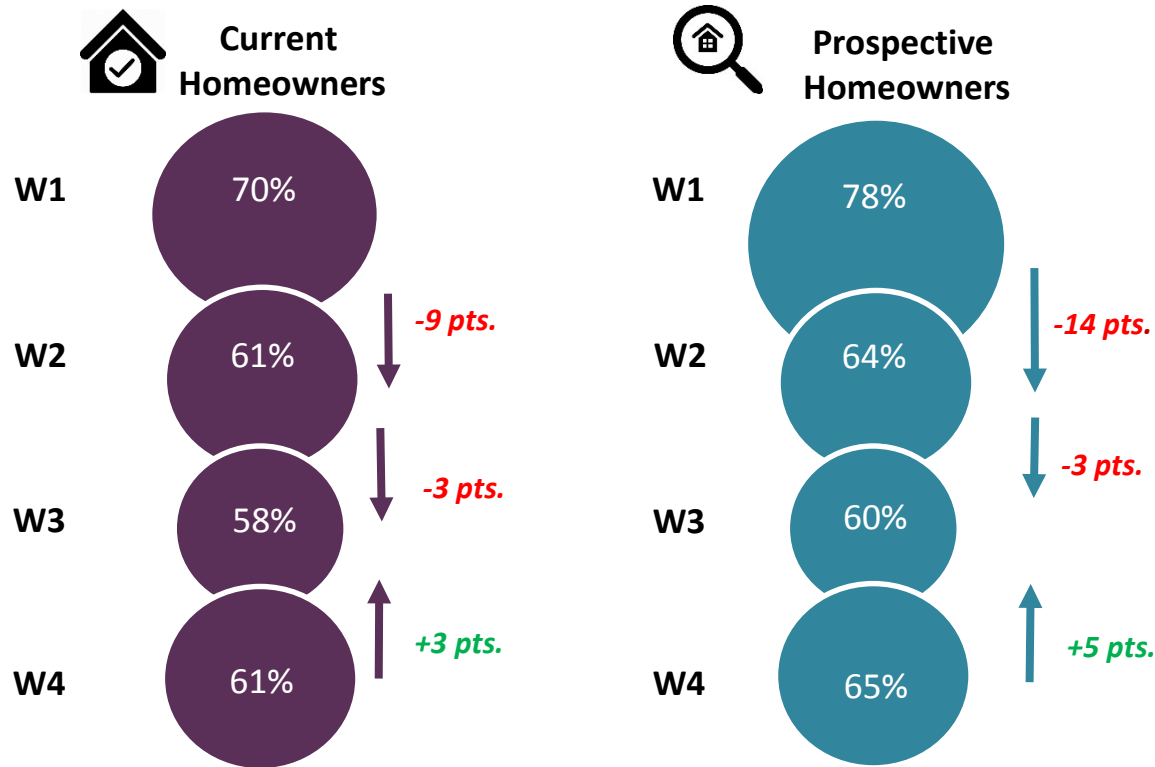
*Why do you believe that the housing market is moving in the right direction?
[Open end]*

Low interest rates	Improving economy	More homes on the market
<p><i>“With the interest rates so low and the market having more available homes I believe the consumers will be more willing to purchase a home.” -Current homeowner</i></p> <p><i>“Interest rates are lower making housing a bit more affordable.” -Prospective homeowner</i></p> <p><i>“I believe now is the time to start investing in real estate since rates are so low.” -Prospective homeowner</i></p>	<p><i>“No longer a recession, so more opportunities are available.” -Prospective homeowner</i></p> <p><i>“The economy in general is pushing the housing market in the right direction.” -Current homeowner</i></p> <p><i>“The economy is in somewhat better shape than a few years ago due to falling gas prices and it is somewhat easier to find employment.” -Current homeowner</i></p>	<p><i>“I see more and more houses being built and moved into. This tells me that more people are willing and able to make the investment now.” -Prospective homeowner</i></p> <p><i>“House prices are increasing and more houses are being built.” -Current homeowner</i></p> <p><i>“I don't see as many foreclosures or homes seized for non payment of taxes. There are a large variety of homes to choose from.” -Prospective homeowner</i></p>

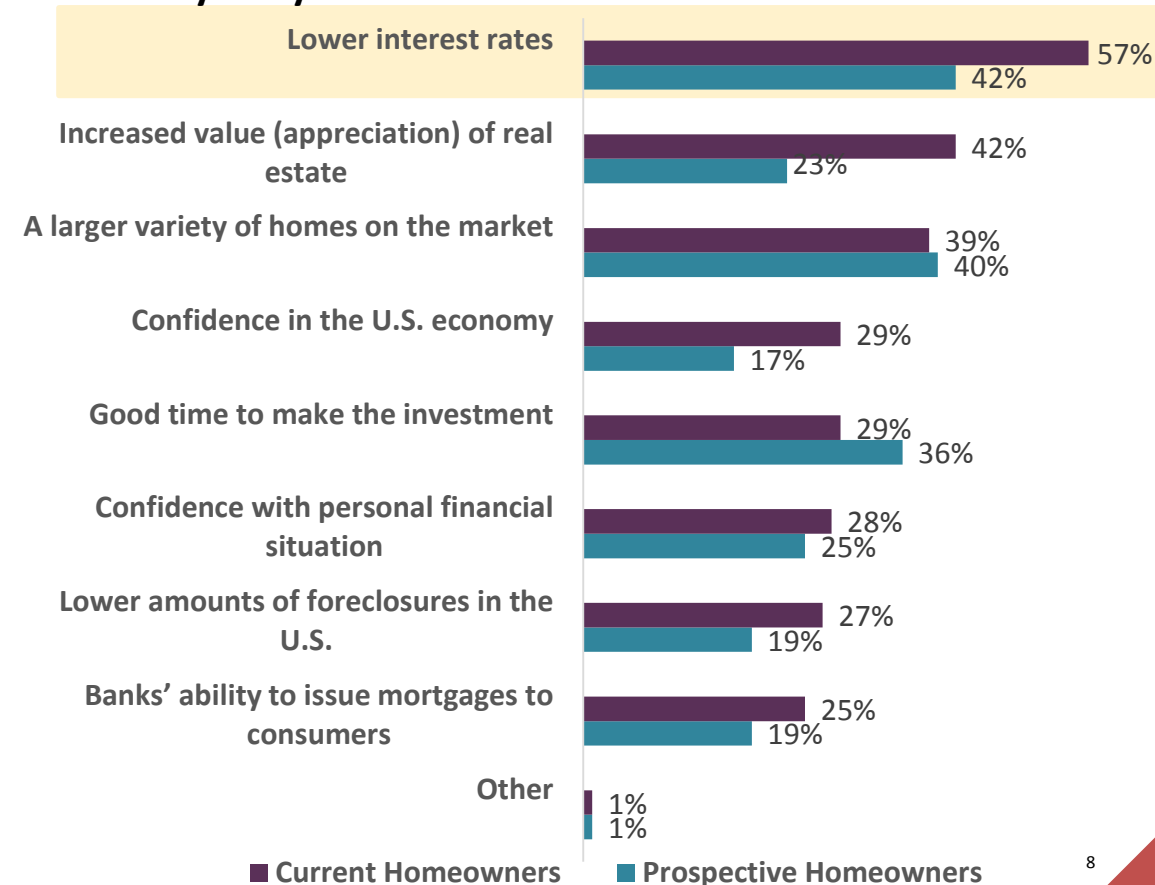
After trending downward for the past two surveys, favorability has improved

- Lower interest rates are contributing to the positive outlook on the real estate market

Overall Perception of Real Estate Market
[Showing "very favorable" + "favorable"]



Why are you favorable toward the real estate market?



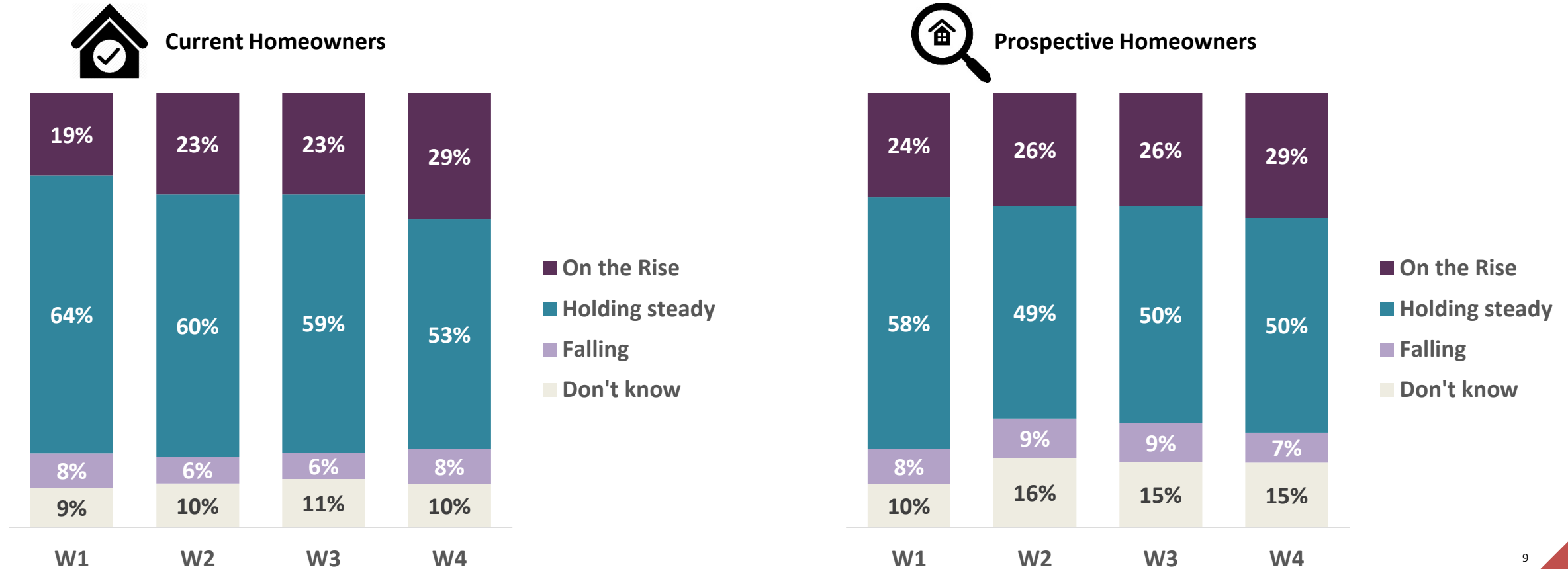
Q1. Based on your personal experience and/or what you know about the process of buying and selling homes, what is your overall perception of the residential real estate market in the U.S.?

Q2. [If Very Favorable/Favorable] You previously stated that you have a favorable impression of the residential real estate market in the U.S. Which of the following reasons best describes why you are favorable towards the real estate market?

Current and prospective homeowners believe that U.S. interest rates are holding steady

- This wave, there is a slight increase among those who think rates will be on the rise

How would you characterize U.S. interest rates right now?



**Current and prospective homeowners
view the real estate market favorably
heading into the spring buying season**

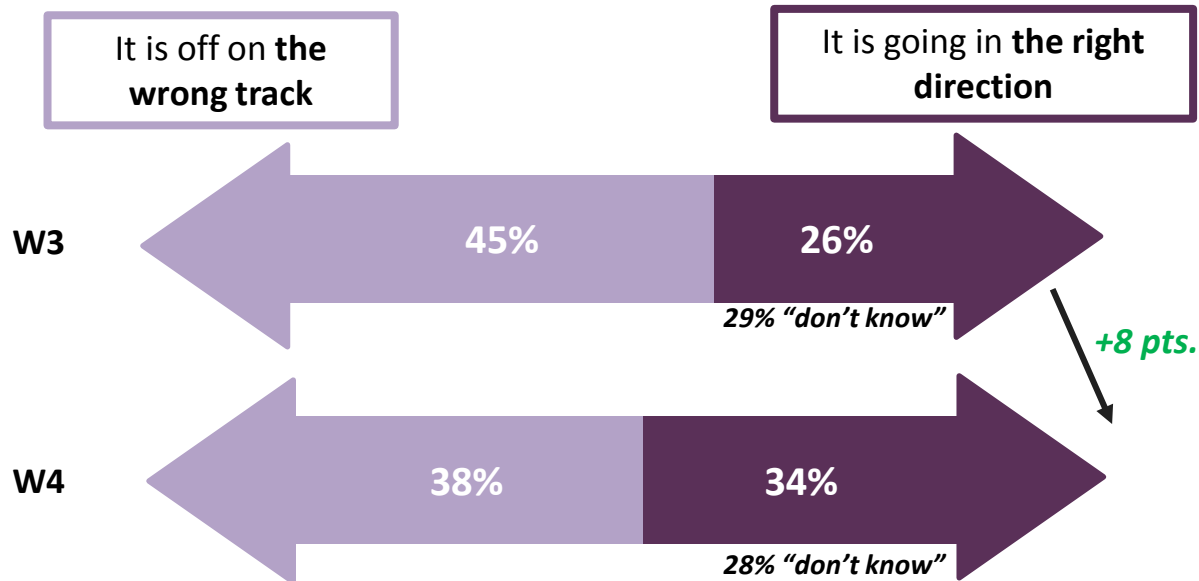


This wave, more current homeowners say that increased rates signal that the market is “going in the right direction,” but nearly 1/3 of respondents “don’t know” how they would feel

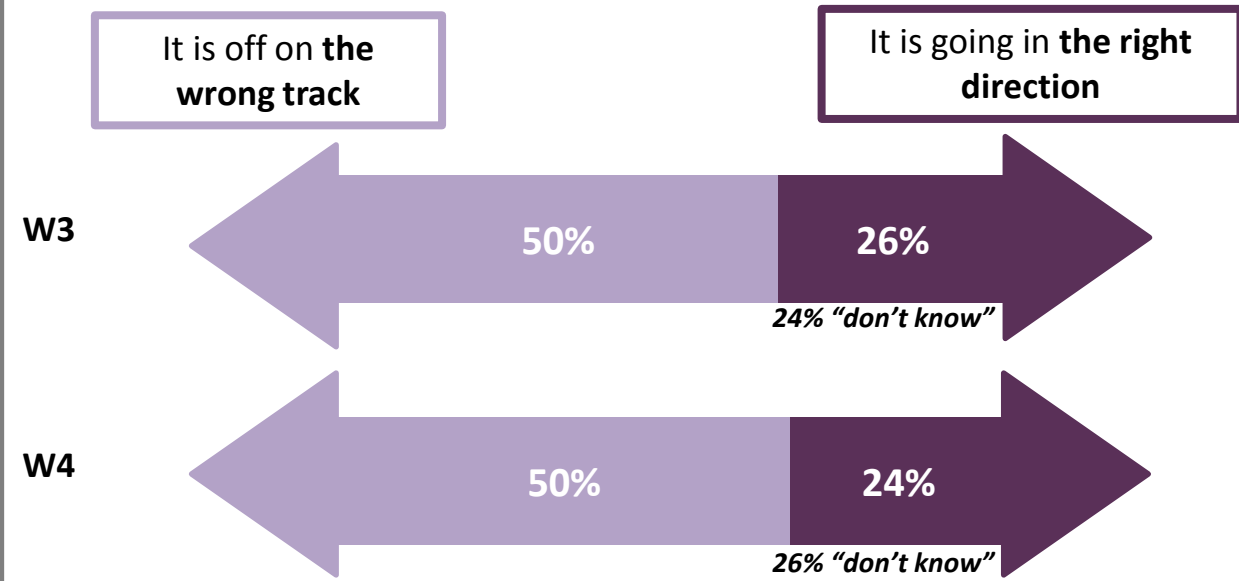
If mortgage rates were to go up, how would you feel about the state of the real estate market?



Current Homeowners



Prospective Homeowners



Prospective homeowners are more likely to say that this year is a more ideal time to buy or sell

Compared to last year, do you think this year is a...



Current Homeowners

Less ideal time to buy or sell

More ideal time to buy or sell

W3

31%

69%

W4

34%

66%



Prospective Homeowners

Less ideal time to buy or sell

More ideal time to buy or sell

W3

35%

65%

W4

24%

76%

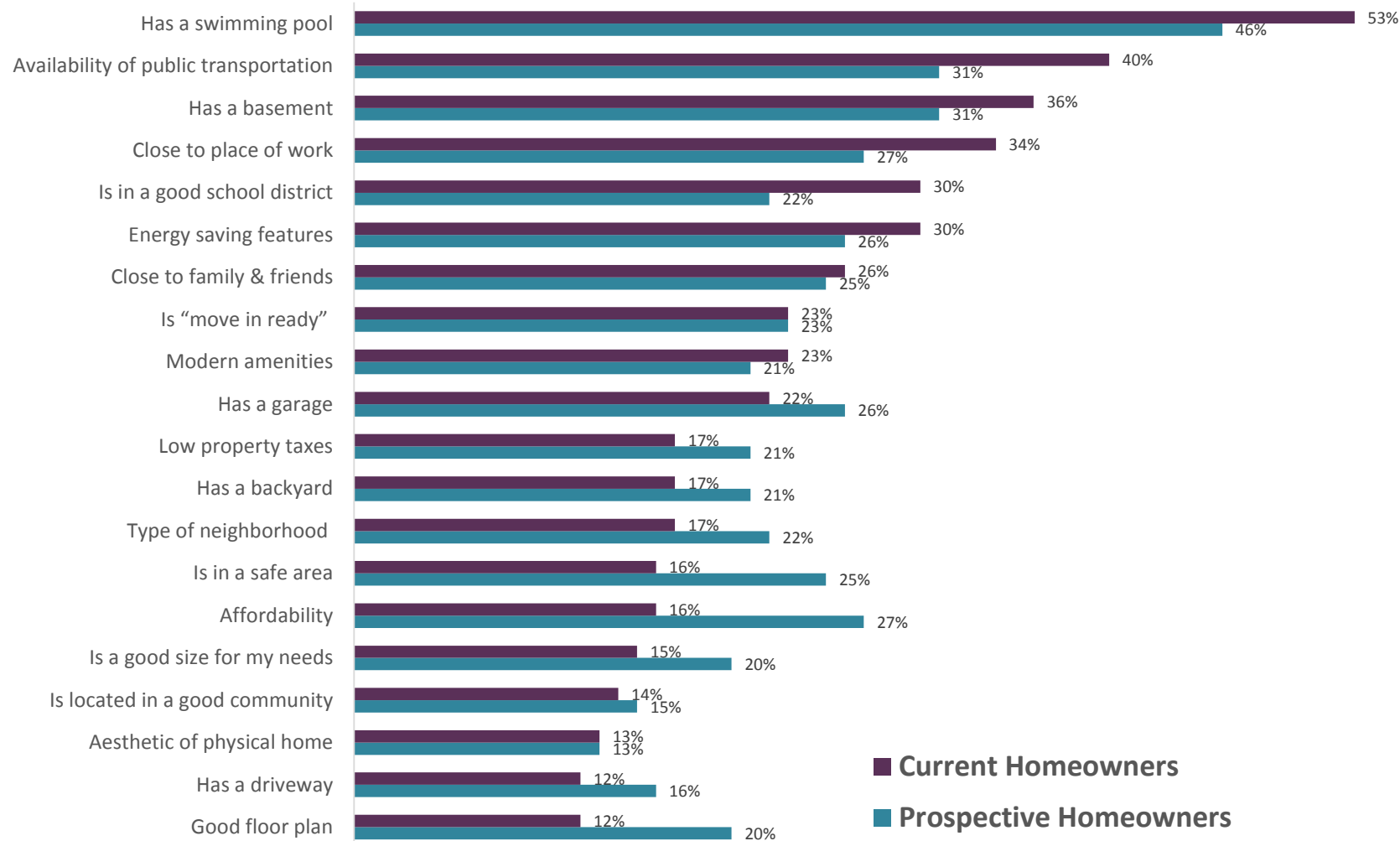
+11 pts.

Tradeoffs for the Ideal Home Today



Current and prospective homeowners are willing to make compromises for their ideal home

Ideal home features respondents would be willing to compromise on



Current homeowners are also willing to deprioritize availability of public transportation

Prospective homeowners are more willing to compromise on affordability, safety, type of neighborhood, and floor plan

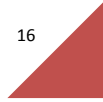
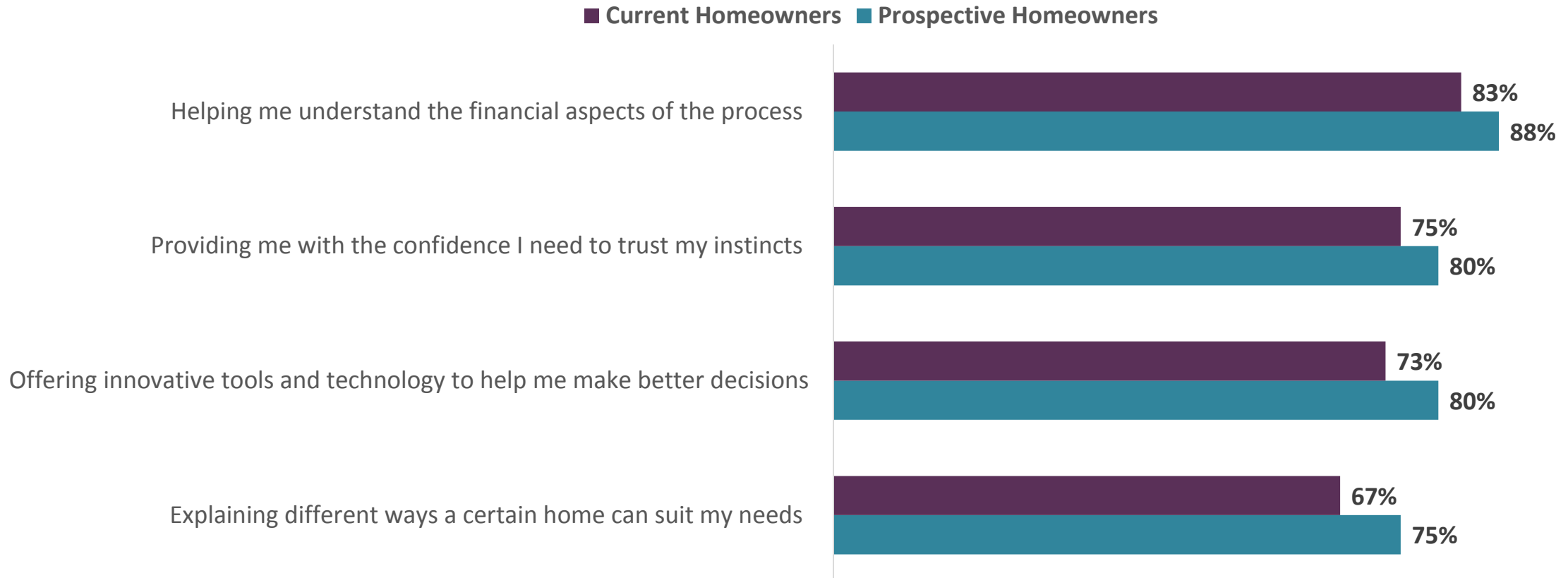
■ Current Homeowners
■ Prospective Homeowners

The Role of the Real Estate Agent



From agents, prospective homeowners want information about financial aspects of the real estate process, plus confidence to move forward

*How important is it for a real estate agent to deliver on each of the following?
[Showing % who say "important"]*





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