

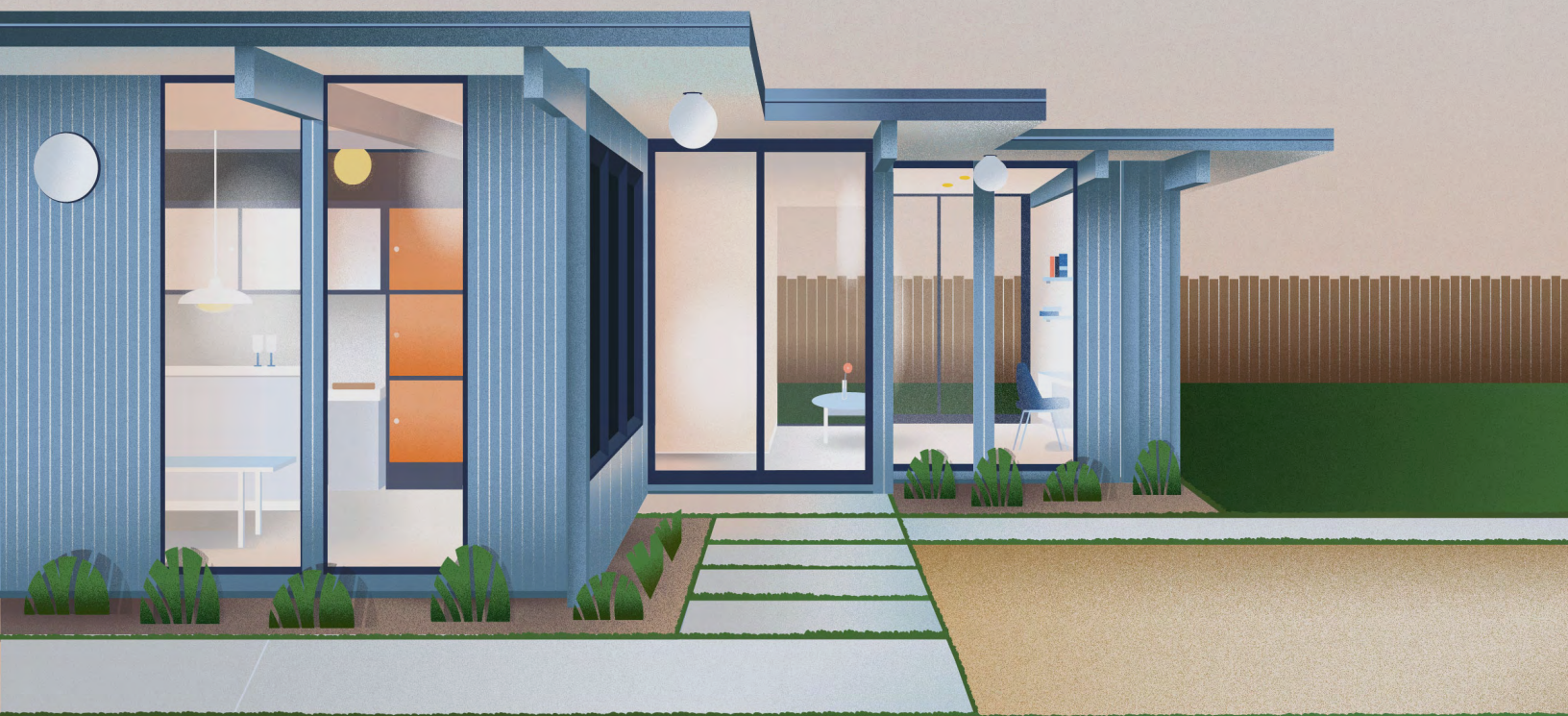
Buyer & Seller Insights

End of Year 2022

Sellers can't let go of yesterday's real estate market

Buyers wish they'd bought sooner, despite signs of relief

Remote work cements homeownership priorities



About This Survey

HomeLight's Buyer & Seller Insights Survey for End of Year 2022 was fielded between September 19-September 30, 2022, through an online poll of 928 members of the U.S. population who bought, sold, or currently own a home in 2022. HomeLight partnered with a third party research panel to provide survey respondents.

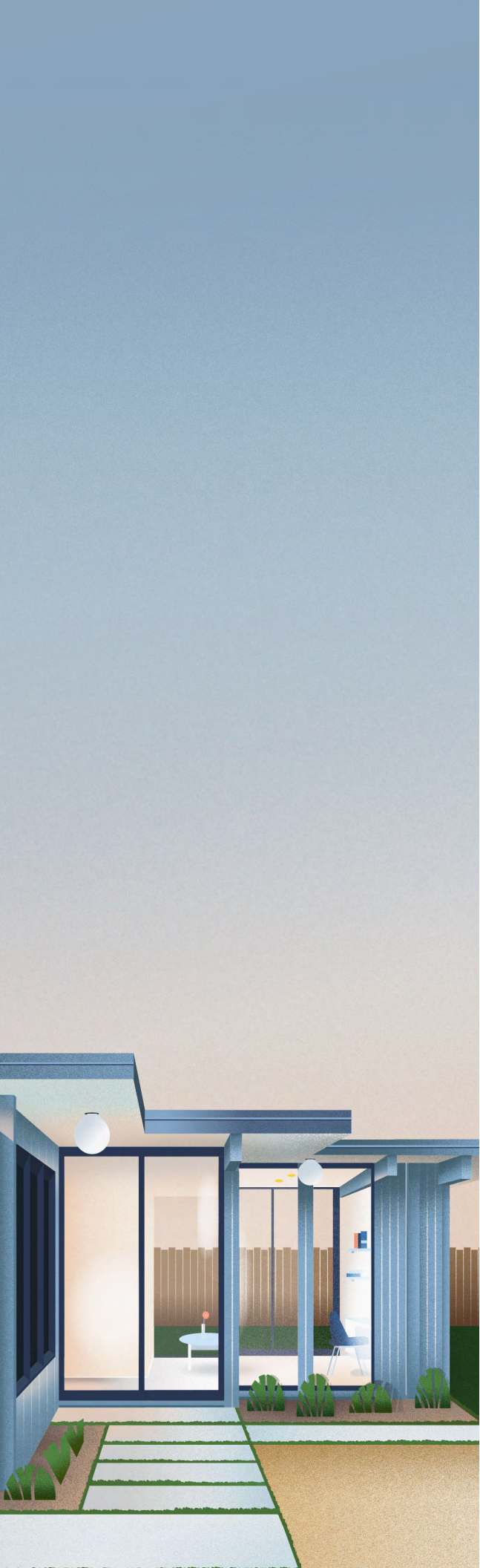


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2022 housing market shift trips up sellers while buyers agonize over higher interest rates

The housing market is hardly recognizable from a year ago, but buyers and sellers alike can't stop looking back. In many ways, sellers are still operating under the assumption that their house will sell at a premium without bothering to make simple fixes. Their slowness to change has become problematic from a pricing perspective and whether they're able to complete a sale. While buyers get their first signs of relief in years, they're still struggling with a case of the "what ifs" as they pine after the long-lost interest rate that could have been.

Despite these challenges, homeownership remains a huge priority among Americans today. Remote work has made larger living quarters a permanent necessity for many families, with the majority of buyers having at least one member of the household working from home. Millennials continue to outgrow their first homes and are looking to upsize, while the oldest members of Gen Z hit their mid-20s and start seriously evaluating the benefits of owning a house.

Looking ahead, 2023 could be a rebound story. The majority of those surveyed who attempted to buy or sell a house this year (but failed) are committed to making it happen next year, all while new buyers continue to enter the picture. Next, let's take a closer look at what's on the hearts and minds of today's buyers and sellers.

A wake-up call for sellers

Riding the high of the past two-plus years, today's sellers are now struggling to grasp the reality of a market dampened by rising mortgage rates and inflation.

Overall, 31% of sellers we surveyed across the U.S. said they found it difficult to figure out how much to list their home for, while 31% were flummoxed by the steps required to prepare the house for sale. Underestimating how much the market had shifted, 54% of sellers said they reduced their price at least once during the selling process.



Data from HomeLight's [Top Agent Insights report for Fall 2022](#) further corroborates these findings. In our survey of agents, 86% said that the pandemic homebuying boom is causing sellers to be overconfident and slack on listing preparations.

While home-selling 101 teaches that sellers should always show a clean, tidy home, many aren't completing the basics. Only 32% of sellers said they deep cleaned the home prior to listing, while 30% decluttered. 25% staged the home and 25% took care

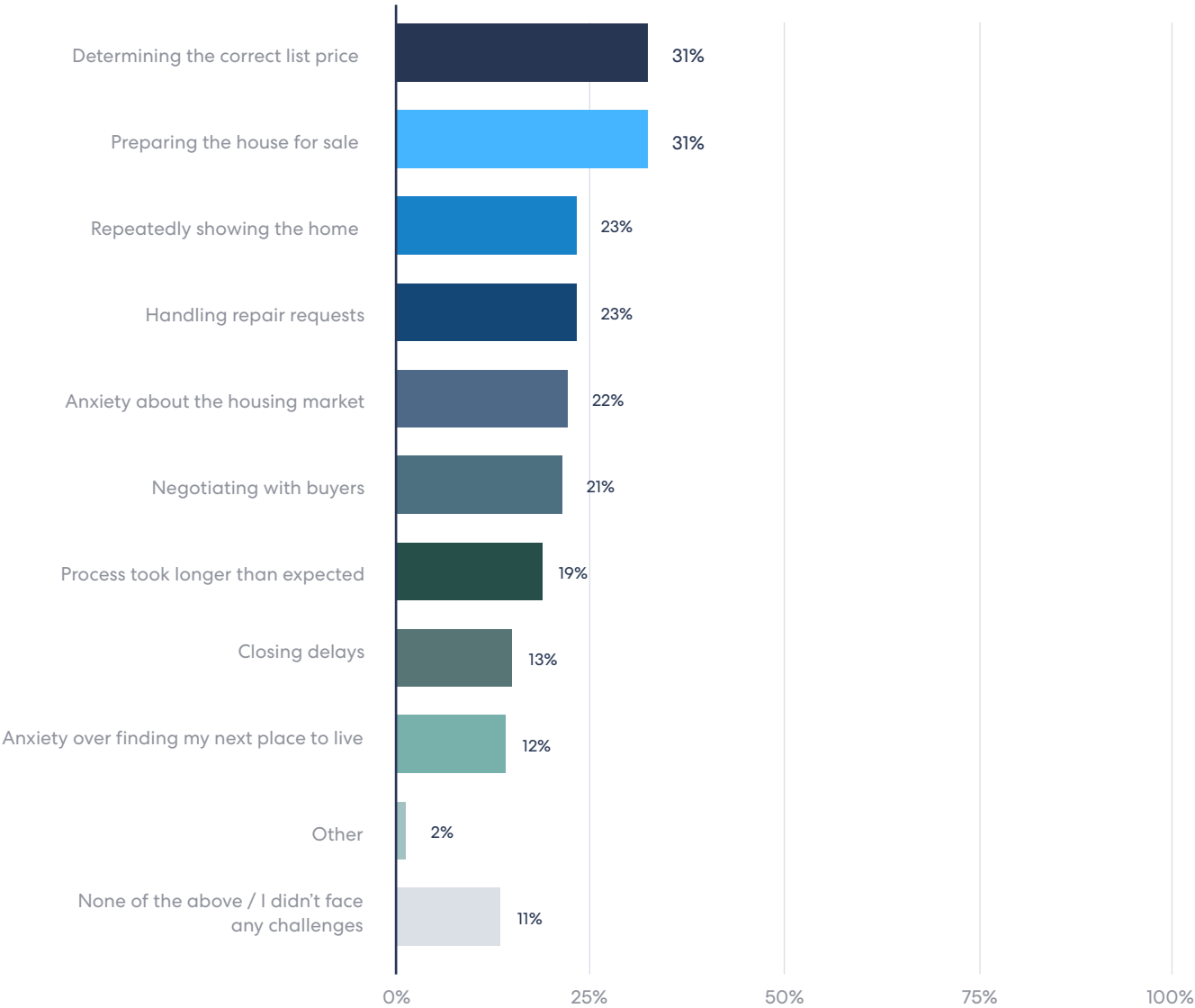
of deferred maintenance. 20% worked on curb appeal and landscaping.

Prior to the [sharp uptick in mortgage rates](#), houses were flying off the market in a matter of days — sometimes hours. Whether an abode came with chintzy wallpaper and a disco-era living room set was hardly of concern. So long as a house had four walls and a roof, it was considered a hot listing. Sellers got used to cutting corners on prep work and pushing the limits of their home's value.

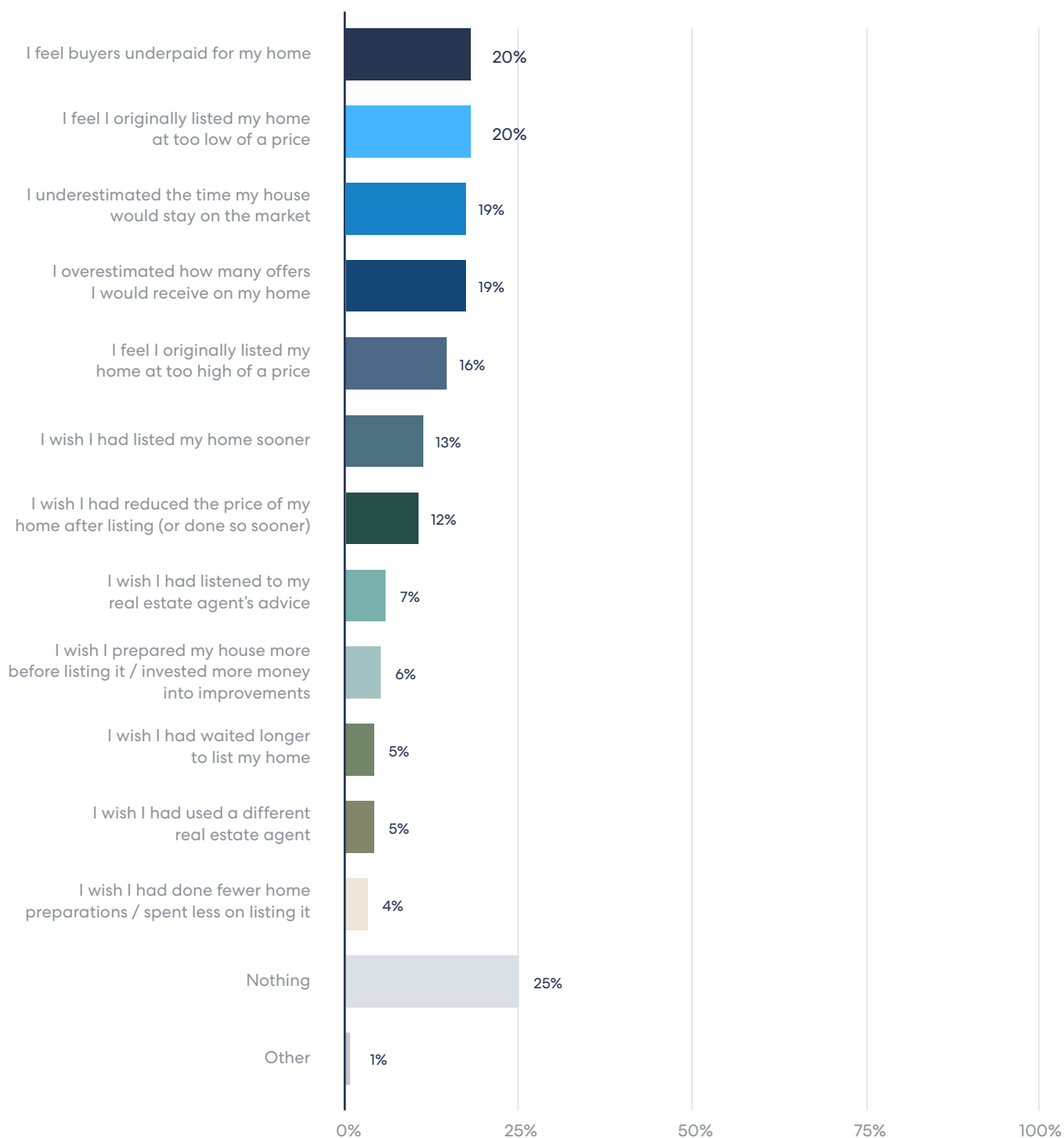
These habits are now translating as regrets for sellers, who say they underestimated the time their house would spend on the market (19%) or overestimated how many offers they would receive on their home (19%). 75% of sellers overall have at least one regret about the selling process, and 20% are left with the feeling that buyers underpaid for their home.

Though their confidence is proving hard to relinquish, today's sellers do have some awareness of the changes happening. 19% said they were motivated to sell by a “desire to cash out before home prices cooled,” which was also the most commonly cited reason for selling in 2022. But many still need to adjust their plans amid a swift [market rebalancing](#), during which 89% of HomeLight agents say that bidding wars are on the decline, 72% say inventory is rising, and 90% say price reductions are becoming more common.

What challenges did you face when **selling a home**? Select any that apply.



What, if anything, would you say you **regret** about your **home-selling process**?
Select any that apply.



The interest rate that got away

Despite the benefits of a more balanced market, buyers continue to feel regrets after purchasing their home in 2022. This year, pangs of interest rate jealousy compound the usual concerns of the overwhelming costs and maintenance associated with owning a home.

Overall, 81% of buyers have at least one regret about their purchase in 2022, [up from 70% in 2021](#). The increase in regrets is driven by those who say they feel they should have purchased a home sooner (21%) when interest rates were still so attractively low. This percentage increases to 23% for buyers who used a mortgage.

However, buyers are having fewer regrets about the condition and price of their home compared to last year. In 2022, 18% of buyers said they wished their home was in better condition, down from 23% who said they [compromised on home condition in 2021](#) in a previous HomeLight survey. 17% felt they overpaid for their home, down from 22% who had this regret the year prior.

Even with these small wins, interest rates remain a thorn in the side of many buyers. As such, 26% of buyers said rising interest rates were a challenge in their home search.

Amid pressure to time the market right and overcome affordability obstacles, a quarter of buyers reported feeling anxious about the housing market. For first-time buyers, this anxiety was their second biggest challenge (28%), behind finding the right home to purchase (33%) and tied with competing against multiple offers (28%).

Other common challenges for buyers in 2022 include finding the right home to purchase (37%) and a lack of homes for sale (25%), indicating that the

majority of buyers are still frustrated by the ongoing inventory deficit.

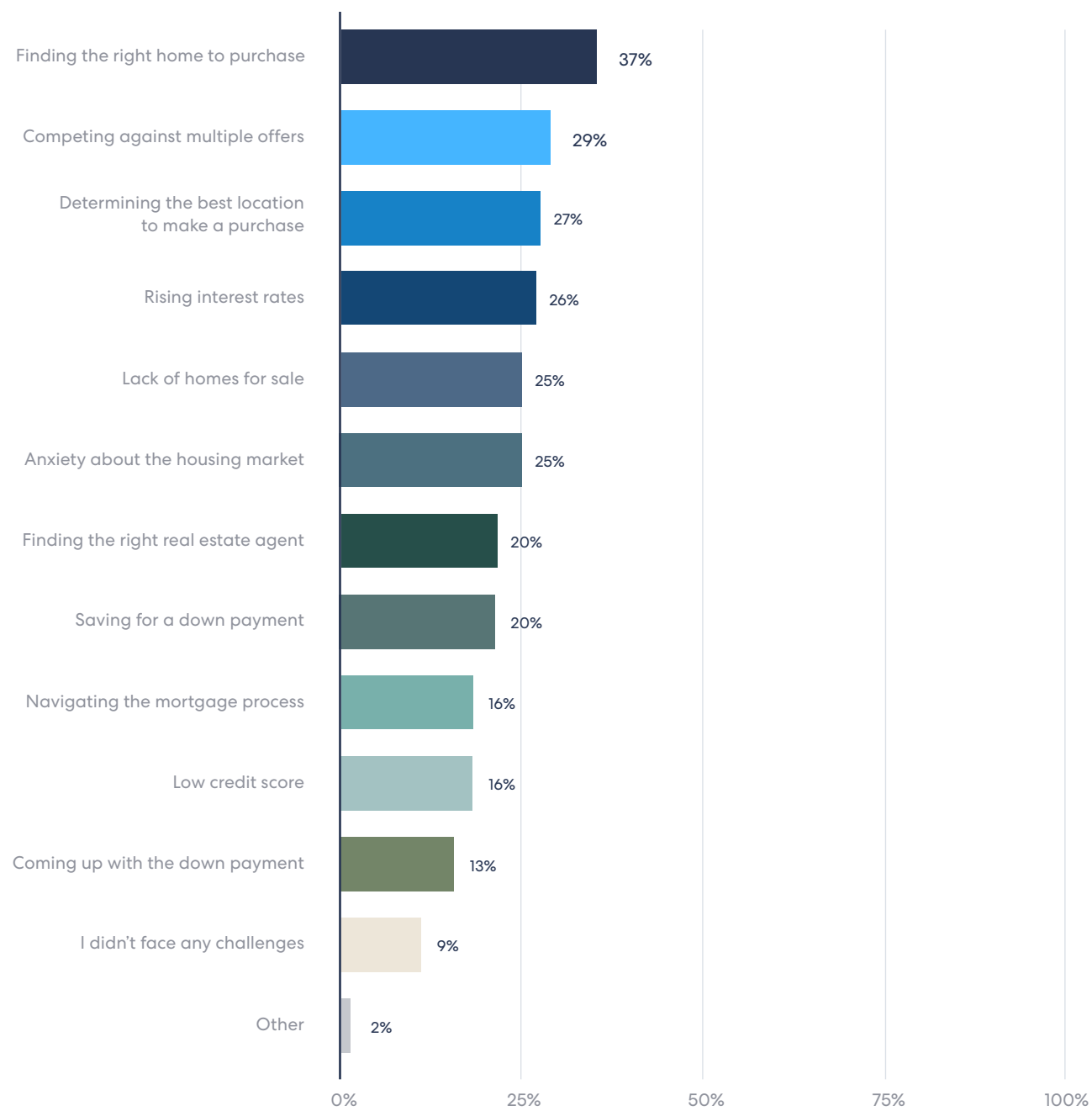


Younger buyers surveyed were more likely to experience homeowner sticker shock. 21% of Gen Z buyers (ages 18-25) underestimated the total cost of owning a house (including taxes, maintenance, and insurance, etc.), compared to 13% of all buyers. 23% of millennial buyers (ages 26-41) were surprised by how much maintenance a home required, compared to 16% of all buyers.

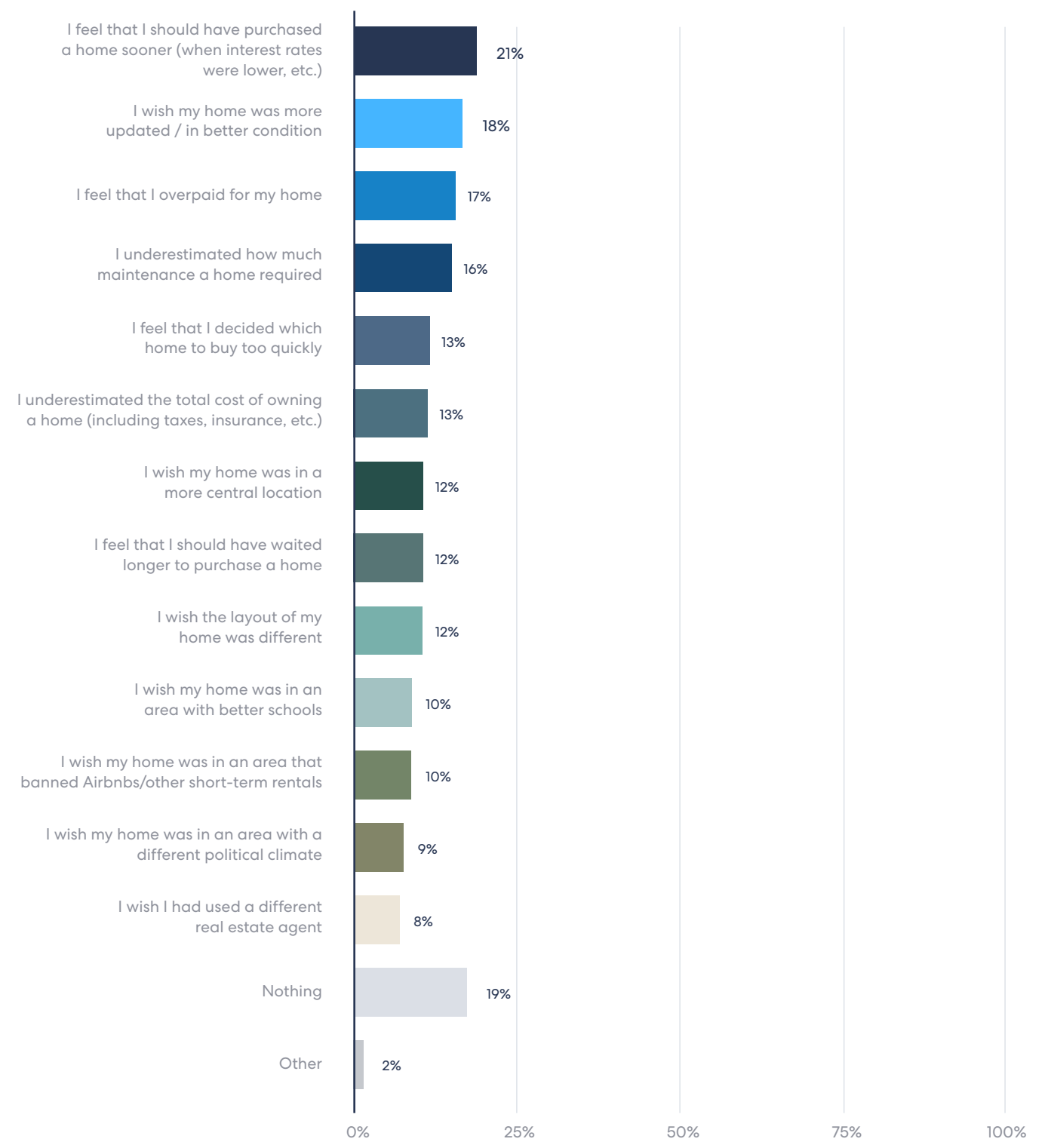
Buyer regrets and challenges also differ among states. In California, the most common challenge buyers face is saving for a down payment (37%), as exorbitant prices continue to be widespread across the state. In addition, 44% of California buyers feel they should have bought sooner, more than double that of the total buyer population.

29% of Florida buyers felt they overpaid, compared to 17% of all buyers, as competition for housing in the Sunshine state continues to be ruthless. In contrast, nearly 46% of Texas buyers have no regrets and are completely happy with their purchase.

What **challenges** did you face when **buying a home**? Select any that apply.



What, if anything, would you say you **regret** about your **home buying process**? Select any that apply.



Homeowners take the scenic route

Souped-up patios, lush landscaping, and exterior amenities such as pools and fire pits weren't a fleeting pandemic trend. Buyers continue to prioritize homes that have ample outdoor space, while homeowners give precedence to creating their backyard paradise.

26% of buyers said a desire to have my own yard / outdoor space made them want to buy a home in 2022, eclipsing the need for more space (24%); the ability to decorate, update, and renovate (22%); and becoming financially eligible to purchase a home (18%) on the list of reasons people bought homes.

Members of Gen X (ages 42-57) are the biggest enthusiasts of dedicated outdoor space in a home. Picture this generation being well-established in their careers, working many days from home, and tending to their garden or hosting friends and family in their free time.

35% of Gen X buyers were motivated by a desire to have their own yard / outdoor space, compared to 21% of Gen Z, 28% of millennials, and 18% of boomers (ages 58-76).

The appeal of outdoor living space goes hand in hand with Americans spending more time at home, largely due the [number of remote workers in the U.S.](#) tripling since 2019. As hybrid and completely remote work structures become increasingly popular, 69% of buyers surveyed have at least one member of their household working from home.

In addition, 39% of homeowners have plans to renovate their outdoors in the next 5 years. Breaking down that statistic, 17% of homeowners plan to add or improve their outdoor landscaping, 15% plan to add a deck or patio, and 7% plan to add a pool / spa.

Meanwhile, 29% of homeowners surveyed have already completed an outdoor landscaping project on their current home, making outdoor projects as popular as kitchen remodels (29%) and only slightly less popular than bathroom remodels (31%) among homeowners surveyed.

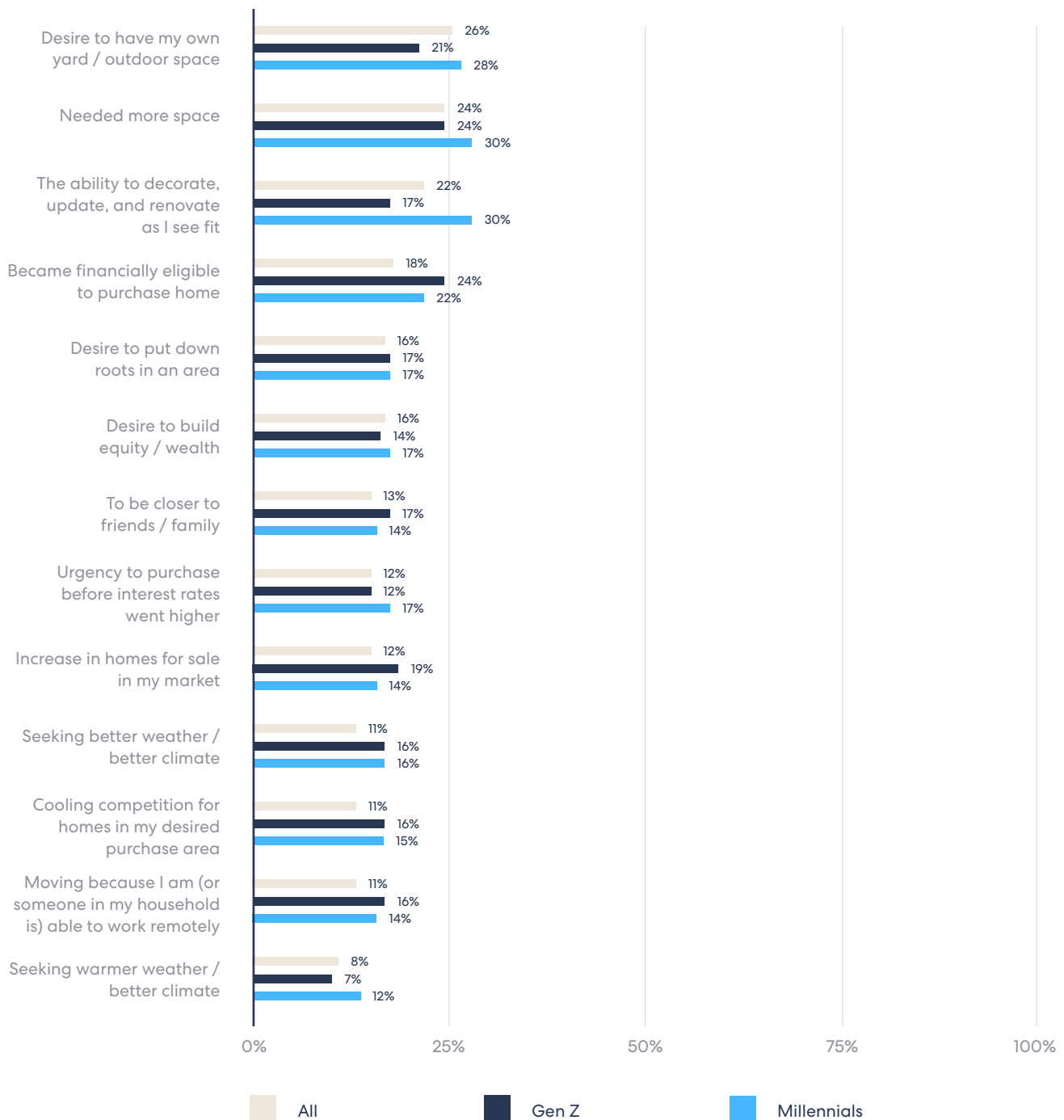


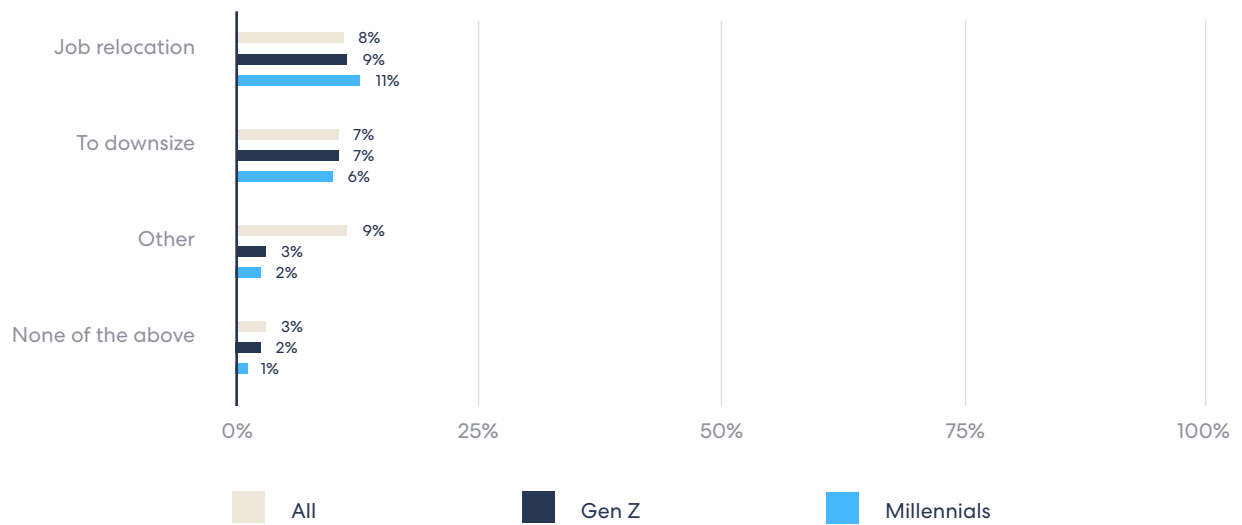
Wherever they choose to put their remodeling dollars, homeowners should be aware that renovation projects routinely cost more than anticipated. On average, homeowners surveyed expected their most recent remodeling project to cost \$14,379, but it ended up costing \$16,955, an 18% difference.

If money were no object, homeowners were most likely to say they would build their dream pool with special features (15%) over a celebrity-style walk-in closet (11%), home theater (9%), or wine cellar (3%).

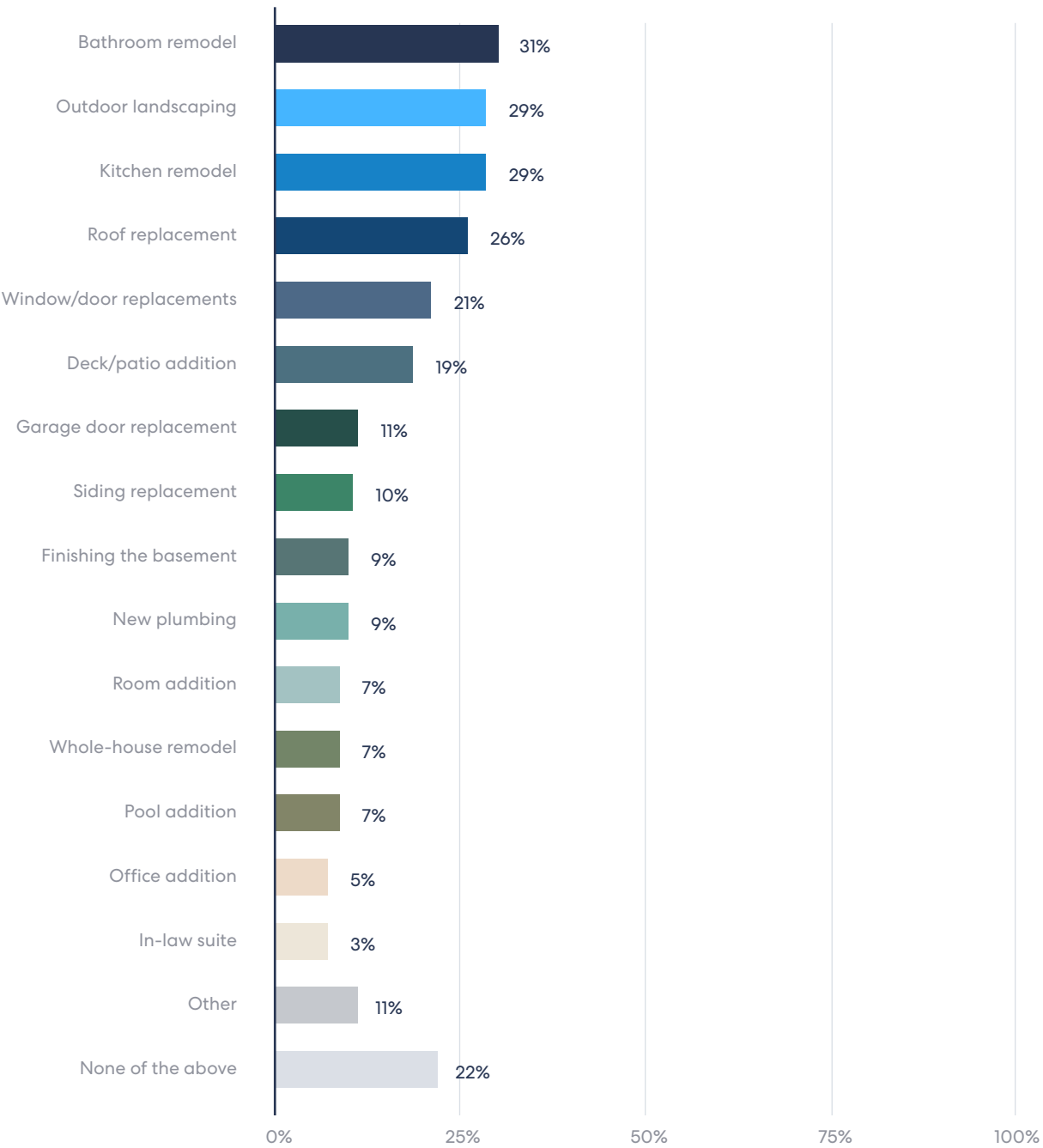
Given the choice, Americans who have weathered pandemic times would rather be outdoors.

What made you **want to buy a home**? Select any that apply.

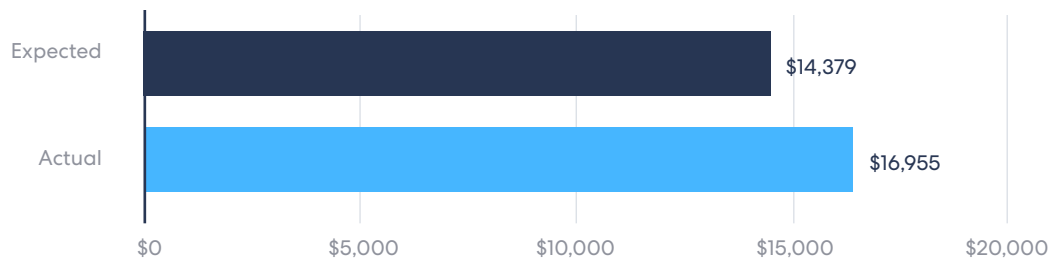




Which **remodeling projects** have you completed on your current house? Select any that apply.



How much did you **expect** your most recent remodeling project to cost, and how much did it **actually** cost?



Preparing for the Gen Z takeover

Gen Z is already proving to be a formidable force in the housing market. As of 2022, the oldest members of Gen Z are 25 years old and inching closer to their early 30s, [a time when many people buy their first home](#). But Gen Z appears to be getting an early start.

In our survey, 16% of buyers surveyed were between the ages of 18 (the minimum age to buy a house in most states) and 25. Among Gen Zers surveyed, 47% purchased a single-family residence, 19% purchased a townhouse, 19% purchased a multifamily residence (duplex, triplex), and 9% purchased a condo.

As millennials report to be struggling to find the right home and combatting higher interest rates, Gen Z is getting creative to cobble together their funds or split costs.



For instance, 29% of Gen Z buyers used additional income from a second job / side hustle to purchase their home, compared to 24% of millennials and 19% of all buyers. With open arms, 26% of Gen Z buyers purchased a home with roommates or relatives to share the load. 21% of Gen Z buyers also dipped into additional income from stocks to support their purchase.

Gen Z also appears to be a fan of using financial tech (fintech) solutions to get a leg up. 29% of Gen Z buyers reported using a cash offer program. Generally with these programs, a company purchases the home with cash on a buyer's behalf to strengthen their offer. Then, the buyer purchases it back when their mortgage closes.

While millennials grapple with the interest rate that could have been (26%), Gen Z is experiencing a different kind of regret. Nearly 1 in 5 Gen Z buyers (19%) feel they should have waited longer to purchase a home and think they may have jumped the gun.

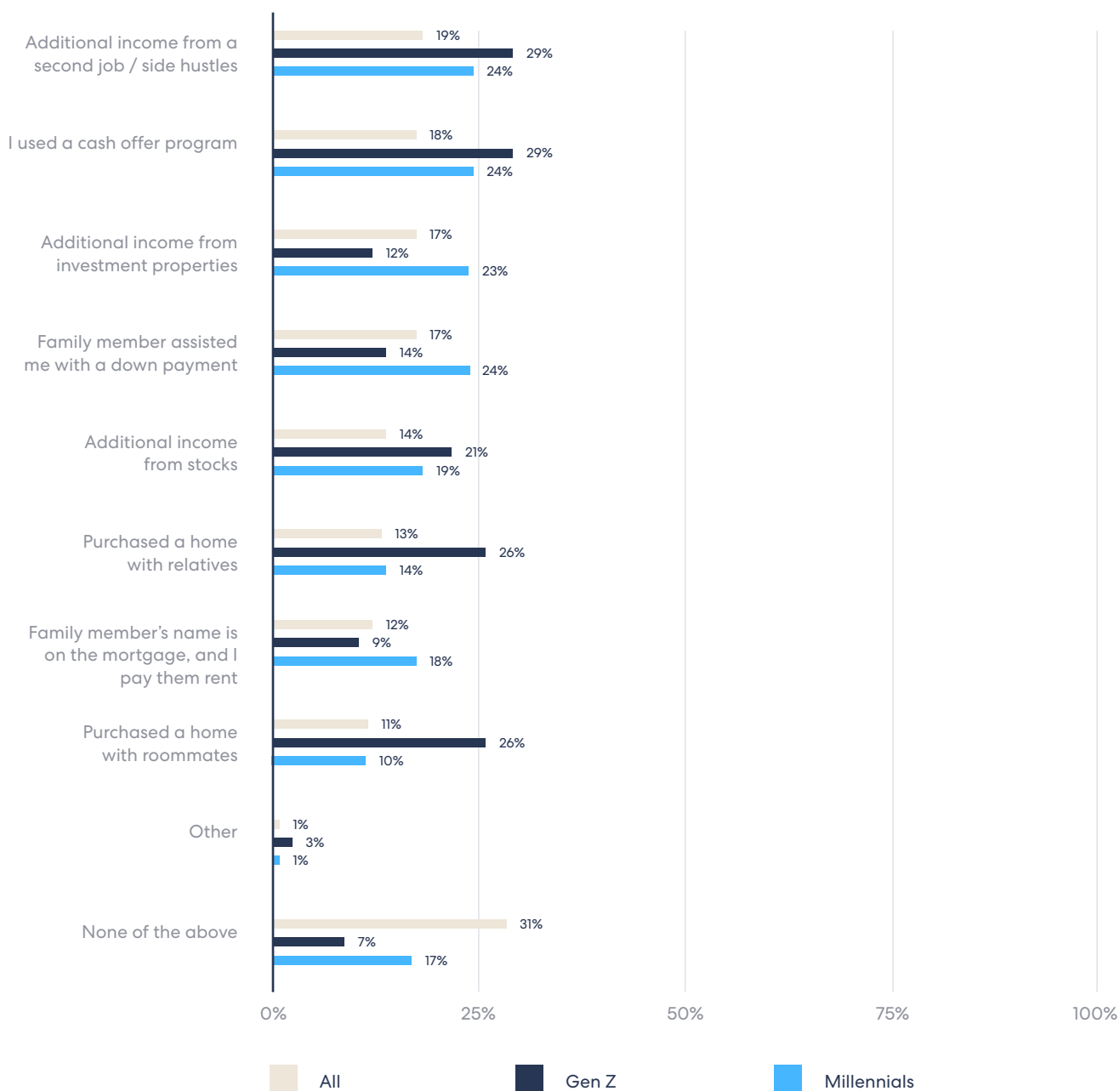
Meanwhile, millennials were more likely to turn to familial support for help with money down. Nearly 25% of millennials said a family member assisted them with a down payment, compared to 17% of all buyers, and 14% of Gen Z buyers.

What's motivating Gen Z to enter the market at a young age? 24% said they became financially eligible to purchase a home, 24% said they needed more space, and 21% wanted their own yard / outdoor space.

Similar to other generations, Gen Z is generally frustrated by the lack of available homes on the market. Some of Gen Z's biggest challenges in buying a home were finding the right home to purchase (34%), competing against multiple offers (29%), and a lack of homes for sale (26%).

26% of Gen Z buyers said they struggled to find the right real estate agent, compared to 20% of all buyers, indicating that real estate agents have an opportunity to tailor their marketing and educational resources to help the newest generation aspiring homeowners.

Did you use any of the following **additional financing methods** to purchase your home?
Select any that apply.



Introducing: ‘Boomerang sellers’

Next year, the housing market could see a lift in inventory from boomerang sellers, or those sellers who return to the market after a failed attempt at listing.

67% of attempted sellers we surveyed say that they plan to return to the market and sell a house in 2023. In addition, 44% of successful sellers report delisting and subsequently relisting their house during the selling process, indicating a touch-and-go time for real estate.

Sellers are taking a break to increase the value of their home through staging, updates, or renovations (16%). Other sellers intend to update / improve their homes' marketing materials (14%) or reduce their price (13%).

13% of sellers in this group said their home suffered damage from an adverse weather event while on the market, while 13% cite an employment reason (layoff, rescinded offer, or salary change). 11% had a medical reason while 10% wanted to restart their “days on market” count.

In 2022, 22% of sellers reported feeling anxiety over the housing market. Some of these individuals may be hoping that clouds of uncertainty around the economy will part in a new calendar year. Recession talk often causes people to retreat from making decisions, and certain job sectors have been hard hit by layoffs in recent months.

Boomerang sellers will likely be joined by boomerang buyers to jumpstart the spring market. 72% of attempted buyers we surveyed plan to buy a house in 2023. Similar to sellers, buyers are prone to taking a break and resetting.

57% of buyers we surveyed left and re-entered the market at least once before making a purchase. The percentage is even higher among Gen Z buyers (79%)

and millennial buyers (69%) who say they took a pause before making their final purchase.

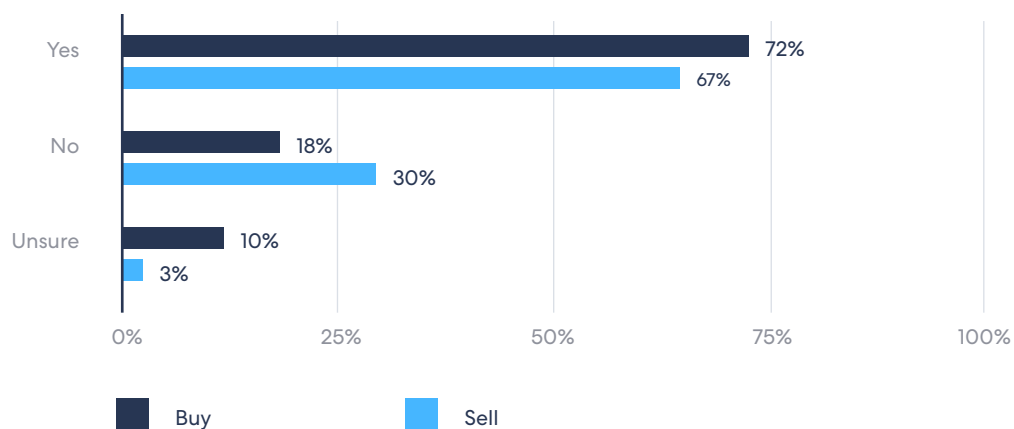
Buyers may be enticed by their increasing leverage and the more balanced market shaping up as 2023 nears. Nearly 30% of buyers surveyed say the seller completed repair requests or provided a repairs credit at closing, 25% say the deal was closed on their preferred timeline, and 21% say they negotiated a lower price than the home was listed for.



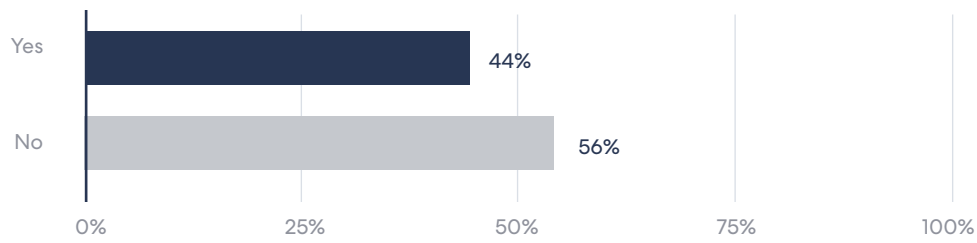
According to estimates we collected from buyers surveyed, those who negotiated a lower offer saved \$49,843 off the list price on average.

All in all, 2023 may provide the clarity buyers and sellers are looking for to act more confidently rather than keep testing the waters. For buyers, a higher quality home, lower prices, and a better buying experience await. Sellers in turn may receive the guidance they need as to where the market is headed and re-learn the importance of first impressions.

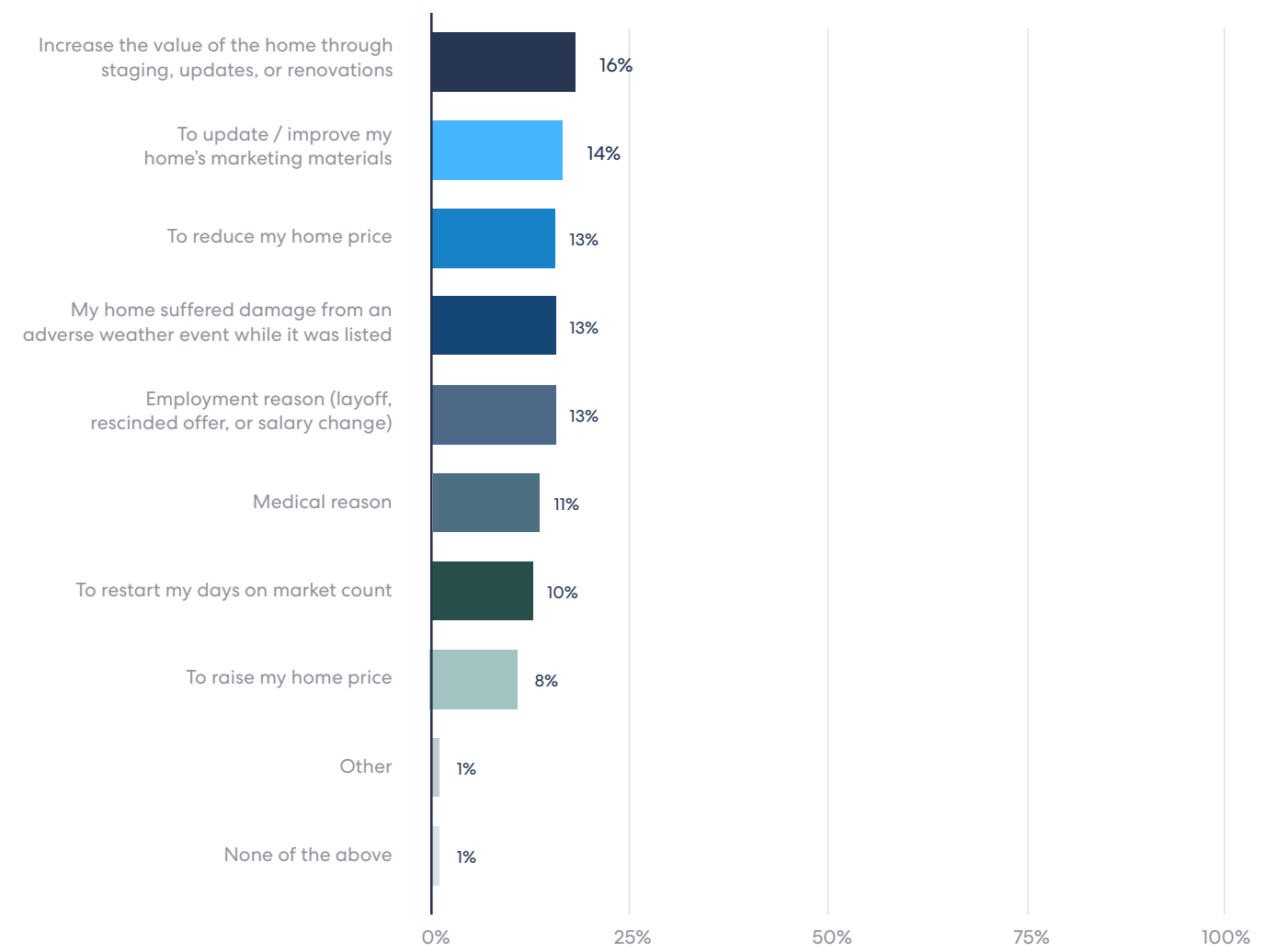
If you attempted **(but failed)** to buy or sell a house in 2022, will resume your plans in **2023**?



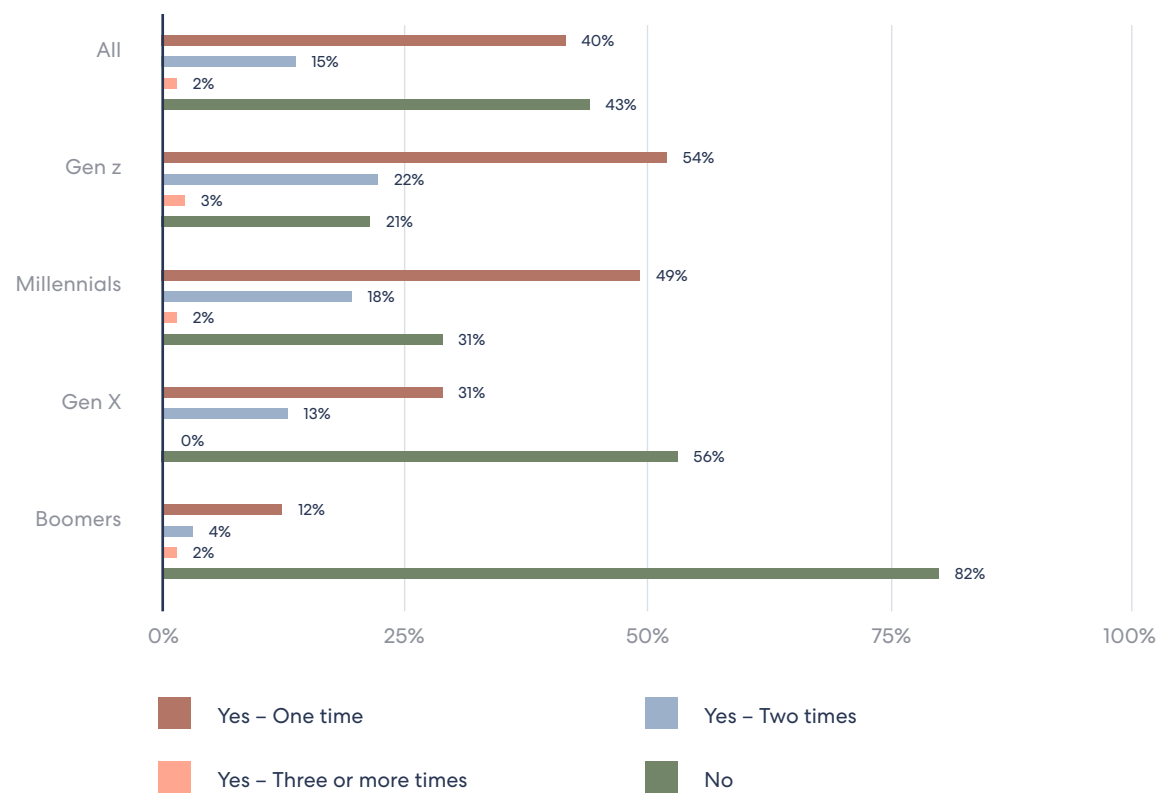
At any point during the selling process did you **de-list and then relist your home?**



What was your main reason for **de-listing and re-listing you home** during the selling process?



During your process of purchasing a home, did you leave and re-enter the market?



About HomeLight

HomeLight is building the future of real estate — today. Our vision is a world where every real estate transaction is simple, certain, and satisfying for all.

The best real estate agents rely on HomeLight's platform to compete and win — and ultimately deliver better outcomes to homebuyers and sellers during every step of the real estate journey, whether that's enabling an all-cash offer, unlocking liquidity of their existing home to buy a new one, or creating certainty through a modern closing process.

Each year, HomeLight facilitates billions of dollars of residential real estate business on its platform for thousands of agents.

Founded in 2012, HomeLight is a privately held company with offices in Scottsdale, San Francisco, New York, Tampa, and Seattle, with backing from prominent investors including Zeev Ventures, Menlo Ventures, Group 11, Crosslink Capital, Bullpen Capital, Montage Ventures, STCAP, Citi Ventures, Google Ventures, and others.

