HIRI
HOME IMPROVEMENT RESEARCH INSTITUTE

FIRST-TIME BUYER TRENDS

When it comes to first-time buyers, they are more likely to tackle a variety of projects. In addition, first-time buyers are searching for inspiration, project help and advice from industry professionals more so than their experienced counterparts.

The first-time buyer market can be a great asset for industry professionals because of their willingness and motivation to tackle home projects. From the types of projects that they are completing to the types of building supplies they are purchasing, industry pros can capitalize on these trends to increase their profitability and customer base.

Continue reading to learn more!

First-time Buyer Trends: Types of Homes Purchased and Why

When it comes to the type of home first-time buyers purchase, they tend to buy older, less expensive homes that need some work. Also, first-time buyers show a preliminary owned home because it was a better value than a newly built home.

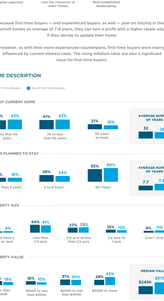
In addition, if an existing home was purchased, homeowners have the option of renovating the value of their home by performing updates.

EXISTING-HOME PURCHASE MOTIVATION

Because first-time buyers—and experienced buyers, as well—plan on staying in their current homes an average of 7.6 years, they want to make a higher investment in it if they decide to update their home.

However, as with their more experienced counterparts, first-time buyers were mainly influenced by current interest rates. The rising inflation rates are also a significant issue for first-time buyers.

HOME DESCRIPTION

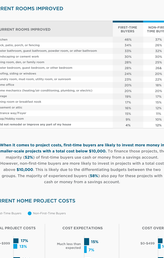


Home improvement professionals can take this into account when preparing for projects. With home updates being in demand, dealers, contractors, designers and other professionals with a first-time buyer audience can plan their schedules, inventory and marketing strategies accordingly for ultimate success.

Plus, because the housing market plays a significant role for first-time buyers, industry professionals need to evaluate the market and interest rates when it comes time to plan projects to schedule accordingly. Homeowners would rather update their homes when interest rates are low, so **industry pros and their marketing strategists can use this their advantage and shift their marketing strategies to promote their service offerings and prepare for an uptick of work when interest rates are high.**

TOP 10 MOTIVATIONS FOR FIRST-TIME BUYERS

ISSUES IMPACTING BUYING DECISIONS



First-time Buyer Trends: Project Costs and Purchase Data

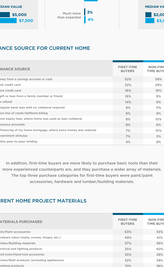
Overall, first-time buyers are more likely to tackle a wider array of projects compared to experienced buyers and they are more likely to not remodel. **The top three projects that first-time buyers are tackling are kitchen improvements, deck, patio, poaching and fencing improvements and bathroom projects.**

CURRENT ROOMS IMPROVED

CURRENT ROOMS IMPROVED	FIRST-TIME BUYERS	NON-FIRST-TIME BUYERS
Kitchen	46%	37%
Yard, patio, porch, or fencing	34%	26%
Master bathroom, guest bathroom, powder room, or other bathroom	33%	32%
Living room, den, or family room	29%	25%
Living room, den, or family room	28%	23%
Master bedroom, guest bedroom, or other bedroom	28%	29%
Roofing, siding or windows	24%	26%
Laundry room, mud room, utility room, or sunroom	23%	23%
Basement or attic	20%	20%
Home electronics (heating or air conditioning, plumbing, or electric)	20%	20%
Garage	19%	17%
Dining room or breakfast nook	17%	19%
Basement or attic	16%	12%
Home office or study	15%	14%
Shop/Hobby room	13%	13%
I did not remodel or improve any part of my house	4%	10%

When it comes to project costs, first-time buyers are likely to invest more money in smaller-scale projects with a total cost below $10,000. To finance those projects, the majority (**52%**) of first-time buyers use cash or saving from a savings account. However, non-first-time buyers are more likely to invest in projects with a total cost above **$10,000**. This is likely due to the differentiating budgets between the two groups. The majority of experienced buyers (**36%**) also pay for these projects with cash or money from a savings account.

CURRENT HOME PROJECT COSTS



FINANCE SOURCE FOR CURRENT HOME

FINANCE SOURCE	FIRST-TIME BUYERS	NON-FIRST-TIME BUYERS
Money from a savings account or cash	52%	36%
Credit card	32%	30%
Home credit card	17%	14%
A gift or loan from a family member or friend	16%	9%
Tax refund	14%	9%
A home equity loan with no collateral required	8%	10%
Home loan with collateral required	8%	9%
Home equity line of credit, used as loan collateral	8%	8%
Insurance proceeds	8%	6%
Refinancing of my home mortgage, where extra money was realized	7%	10%
Government utilities	7%	5%
Online peer-to-peer lending	4%	9%

In addition, first-time buyers are more likely to purchase basic tools than their more experienced counterparts are, and they purchase a wider array of materials. The top three purchase categories for first-time buyers were paint/paint accessories, hardware and lumber/building materials.

CURRENT HOME PROJECT MATERIALS

MATERIALS PURCHASED	FIRST-TIME BUYERS	NON-FIRST-TIME BUYERS
Paint/Paint accessories	63%	55%
Hardware (door hooks, screws, hinges, etc.)	49%	45%
Lumber/Building materials	37%	36%
Electrical and lighting products	35%	40%
Hand tools/hand tool accessories	35%	24%
Plumbing fixtures (not bathroom categories)	31%	29%
Plumbing products	30%	34%
Lawn/Landscaping/Gardening products	30%	38%
Bathroom fixtures/accessories	29%	33%
Caulking/Floor coverings	28%	31%
Cleaning products/Cleaning accessories	27%	27%
Wall fixtures/coverings	27%	27%
Doors/Windows/Millwork products	26%	24%
Outdoor living products	22%	23%
Heating/Ventilation/Air conditioning products	22%	23%

Home improvement professionals can help this data in mind when it comes to what types of projects they target. If industry pros have a large first-buyer clientele, it may be beneficial to keep the inventory of building supplies that are in demand. Plus, because the median value is **$10,000**, if industry pros have a large first-time buyer clientele, it's important to know that this group is not tackling a wide spread of projects, but they tend to invest in projects above **$10,000**.

Plus, dealers, hardware stores and other building product professionals that sell materials can keep what each audience is shopping for.
With this information, pros can alter their marketing strategies, project offering and schedules to better target their customers.

First-time Buyer Trends: Where They Get Project Inspiration

First-time buyers are more likely to seek out inspiration and project information through social media than experienced buyers.

RESOURCES FOR DESIGN INSPIRATION

RESOURCES FOR PROJECT INFORMATION

In addition, first-time buyers are more likely than their counterparts are to say the following types of project help from retailers would have been useful when they renovated their recently purchased home: "Tone-in" videos, "welcome to the neighborhood" discount coupons, free in-person project consultations, online room visualization tool, free in-person home maintenance walkthrough, online new home "to do" checklist, phone app room visualization tool and free online chat project consultation.

USEFULNESS OF POTENTIAL RETAILER SERVICES

With this information, industry pros can utilize social media to connect with first-time buyers and offer project help and inspiration. Because first-time buyers are mainly seeking instructional videos, discount coupons and free in-person consultations, industry pros can try to implement those in their online marketing strategies, specifically on social, to build better relationships with their customers.

ABOUT HIRI

As the only nonprofit organization dedicated to home improvement research, HIRI empowers our members with exclusive, ongoing home improvement data and information for making better business decisions. Members are the leading manufacturers, retailers and allied organizations in the home improvement industry.

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