

Core Values, Demographics and Home Buying

By Tim Gohmann, Ph.D., Decision Analyst

As the residential real estate market cools, builders, realtors and lenders are looking for those who are still in the market. Interestingly, finding who is in the market for a new or preowned home is not always easy. Based on a nationally representative sample of adults in May 2006, only 11.8% expected to buy a preexisting or newly built home in the next 12 months, but there are some clues.

Employment Level

Those employed in a managerial or higher position (Table 1) were substantially more likely to buy than the general public, with 18.3% expecting a home purchase in the next 12 months. Pre-existing homes accounted for about twice the number of those expecting to buy a home new, regardless of employment as shown below.

| Table 1 | Adults 18+ | |
|----------------------------|-----------------|--------------------|
| | Manager Level + | General Population |
| Expect to buy in 12 months | | |
| Existing/Pre-owned Home | 11.7% | 8.6% |
| Newly-built Home | 6.6% | 3.2% |
| Total | 18.3% | 11.8% |

| Table 2 | Manager Level + | | | | General Population | | | |
|----------------------------|-----------------|-------|-------|------|--------------------|-------|-------|------|
| | 18-34 | 35-44 | 45-54 | 55+ | 18-34 | 35-44 | 45-54 | 55+ |
| Expect to buy in 12 months | | | | | | | | |
| Existing/Pre-owned | 19.6% | 8.2% | 5.2% | 9.5% | 17.6% | 10.9% | 7.6% | 3.0% |
| Newly-built Home | 6.5% | 7.1% | 5.2% | 9.5% | 3.1% | 7.2% | 2.5% | 1.3% |

| Table 3 | Total | | American Dreamers | |
|--------------------|----------------------------|--|-------------------|--|
| | Expect to buy in 12 months | | | |
| Existing/Pre-owned | 8.6% | | 13.2% | |
| Newly-built Home | 3.2% | | 6.6% | |
| Total | 11.8% | | 19.8% | |

Age

Regardless of job level, (Table 2) those aged 18-34 were substantially more likely to buy a new or pre-owned home than those who were older. Interestingly, most of this higher likelihood to buy a home was for existing/pre-owned homes, not new, as shown below.

Also of note is the substantially higher incidence of expected home buying among those 55+ who are employed as managers or above, roughly three times the likelihood to buy than the general public.

Core Values

The highest incidence of home buying intention was obtained when respondents were grouped together based on their “life goals” or core values. This approach, long used by social scientists, interprets the linkages between motivations and purchase behavior as the means to achieving a core value. In this case, several key segments responded with exceptionally high intention to buy a home in the next 12 months. In particular, the segment “American Dreamers” were twice as likely to buy a home in the next 12 months as the general public, as the Table 3 below shows.

American Dreamers are best characterized by the core values of success, excitement and patriotism. They are likely to be under 45, have high income and education levels and be ethnically diverse. American Dreamers make up 14% of the population, watch sports programming, and subscribe to parenting magazines.

New Home Buying

Interestingly, two values-based segments evidenced the highest level of new home purchase intent – American Dreamers (described above) and “Downbeats.” Both groups are especially attractive to new home providers because of their available asset base. Downbeats are best characterized as likely to be retired, conservative and driven by Success but at a far lower level than American Dreamers. They are likely to be more male than average with moderate levels of income and education. Together, American Dreamers and Downbeats make up 25% of the adult population.

Both American Dreamers and Downbeats have one key core value in common – Success. Could it be that true discretionary new home buying is still best described as a conspicuous “signal” for success?

Could new home buying not be a utilitarian choice but an expression of one’s own underlying personal values? Further research by Decision Analyst into the dynamics of home buying will help answer these questions.

Results in this paper are extracted from AmericanVIM® is a joint program between Decision Analyst of Arlington, Texas and QSA Research & Strategy of Alexandria, Virginia.

About Decision Analyst

Decision Analyst, (www.decisionanalyst.com), is a leading international marketing research and marketing consulting firm specializing in advertising testing, strategy research, new product development, and advanced modeling for marketing decision optimization.

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QSA Research & Strategy (www.qsaresearch.com) specializes in strategic communications research and has pioneered new measurement and analysis techniques. The firm conducts the *Washington Leadership Study* among both senior congressional staff and key leaders in the executive branch of the federal government.



The author, Tim Gohmann, Ph.D., is a Vice President at Dallas-Fort Worth-based Decision Analyst (www.decisionanalyst.com), a leading international marketing research and marketing consulting firm. The company specializes in advertising testing, strategy research, new product development, and advanced modeling for marketing decision optimization. Decision Analyst also operates the American Consumer Opinion® online panel, one of the world’s largest Internet consumer opinion panels, with more than six million participants.

To contact Tim Gohmann, please call 1.800.262.5974 or email him at tgozman@decisionanalyst.com.

