

## **National Impact**

The National Association of Realtors® has two surveys that measure the share of first-time home buyers in the market. The Home Buyer and Seller Survey is a robust survey of about 10,000 buyers conducted annually. The 2009 survey will be available in November, but preliminary data is available. In October 2008, NAR expanded a survey of Realtor® members, the Realtors® Confidence Index, to ask about first-time sales. Both the Realtors® Confidence Index and the Home Buyer and Seller survey indicate a 6 – 6.5 percent increase in the share of first-time home buyers in the market when the six months following the tax credit enactment is compared with the six months prior. The Realtors® Confidence Index shows first-time sales increasing from 33 to 39 percent of sales. Preliminary data from the 2009 Home Buyer and Seller survey shows first-time sales increasing from 45.1 to 51.5 percent of sales. The Home Buyer and Seller survey has shown that first-time buyer sales are consistently near the 40 percent mark through the years. However, long-term trends are not always the best guide. Given that tight credit markets and poor job conditions have dominated markets this year, one could expect that the share of first-time buyers would have been much lower than 40 percent without the help of the tax credit.

Seasonally adjusted home sales were 4.79 million in the six months prior to the stimulus package. By contrast, they are forecast to be 4.97 million in 2009. Multiplying the change in market share by the annual sales rate and forecast annual sales, we see an extra 357,000 to 398,000 annual first-time sales in 2009. Because the tax credit is currently legislated to apply only to the first 11 months of the year, the expected increase in sales as a result of the tax credit is 327,000 to 365,000. This increase is greater than was anticipated when projections were made when the credit was adopted in early 2009 (see below).

## **South Carolina Impact**

In South Carolina, the home buyer tax credit has brought in an additional 3,500 buyers into the market and 30,100 first-time buyers will be able to take advantage of the tax credit. Detailed, state-by-state information is not available on first-time buyers, but using national information from the 2009 Home Buyer and Seller Survey available in preliminary format, we can estimate the impact in a state. According to NAR, South Carolina existing home sales in the second half of 2008 were 72,400 at a seasonally adjusted annual rate. In the first half of 2009 they were 65,000. If sales continue this trajectory—as they are expected to do nationally—they could reach 69,100 for the year in South Carolina in 2009. If the share of first time home buyers in the market is similar to the national share, first time buyers will have purchased 28,960 homes at a seasonally adjusted annual rate in the second half of 2008 and will purchase 30,550 for the year 2009. Because the tax credit is only in effect for 11 months out of the year, the estimated impact of the credit is an increase of 3,500 first-time buyers. 30,100 first-time buyers in the state of South Carolina are expected to be able to take advantage of the credit.