



National home inspection study

COMMON HOME DEFICIENCIES AND WHAT THEY'RE COSTING YOU

Analysis of more than 50,000 home inspection reports reveals thousands of dollars in identified repair costs during the home purchasing process

repairpricer.com

Executive summary

Repair Pricer—a pricing tool and service that translates home inspection reports into accurate repair estimates to help realtors and homebuyers make more informed decisions—conducted an analysis of 50,000 inspection reports of homes nationwide. The analysis identified the 100 most prevalent defects and the current and potential costs associated with fixing them.

The study found more than **1 million repairs were needed** across 50,000 homes, while the average home required just under \$10,000 in repairs. Key findings include:

- Almost half of homes didn't have a functioning smoke alarm
- More than a third of homes lacked ground fault circuit interrupter (GFCI) protection leaving homeowners susceptible to electrocution, especially in water-prone areas like kitchens or bathrooms.
- Almost half of homes had drywall cracks, indicating potential foundation problems.
- Defects across the studied homes ranged from under \$100 to in excess of \$10,000 in repair costs.





FULL REPORT

National Home Inspection Study: Common home deficiencies and what they're costing you

Analysis of more than 50,000 home inspection reports reveals thousands of dollars in identified repair costs during the home purchasing process

In the current economic climate, housing inventory and mortgage rates are low, and competition among homebuyers in some areas has become extreme. This is leading some to move especially quickly and stretch their budgets in order to make sure a property that they love doesn't slip through the cracks. Remarkably, it has become common for buyers in particularly competitive areas to waive home inspection contingencies or skip the inspection altogether, and many people are offering significantly more than the asking price. And it has also become the norm for homes to sell for well above the asking price.



Virtual reality (VR) is also contributing to the accelerated home purchase cycle.



Realtors can now use VR to create virtual video tours of properties, and combine it with interactive 3D models of the property and floor plans. This is particularly beneficial for long-distance buyers who can't visit the building in person or don't want to due to safety concerns around COVID-19. The danger here is that buyers may get a false impression of a property, or miss the presence of potential faults..

In states such as Texas, buyers traditionally have about five to ten days for the due diligence period. But in a lot of cities like Austin, Houston, and Dallas, buyers have been waiving that period because of the high volume of offers on a house, making contracts very difficult to acquire. This spike in demand can partly be attributed to BigTech companies such as Facebook, Oracle Solutions, Dell, and Tesla setting up bases in Texas. The influx of people into the state, combined with a lumber shortage, and homes not being built fast enough, has led to a huge spike in demand for residential properties. Unfortunately, in this high pressure environment there is likely to be significant regret over purchases due to rushed decisions from homebuyers. According to data from Hippo Insurance, **63% of recent homeowners between the ages of 23 and 38 have regrets about their purchase, and 66% of all homeowners have spent at least \$1,000 on repairs in the last year.**

Inspections should still be a top priority even if you've waived your home inspection contingency. The contracts still allow you to conduct an inspection, it's just that the findings won't have a bearing on the contract. Even if you've waived every contingency available, you should still get an inspection after you move in. Small repair issues today can become big repair costs tomorrow if left unresolved. For example, a lack of proper exterior caulking is a very easy defect to remedy, but if left untreated could lead to extensive water intrusion, wood rot and potential mold issues down the road.

Homebuyers are advised to ask for credit for repairs, as this provides flexibility to address defects in a reasonable timeframe, and use a contractor who is willing to perform repairs that the buyer wants rather than the seller. However, this method assumes that buyers know the value of their repairs, or have an agent with adequate construction knowledge.

This is where Repair Pricer comes in by offering accurate and unbiased repair costs without requesting quotes from multiple contractors. Even if you do choose to have multiple contractors visit to survey the property, this can take days. Furthermore, labor costs can vary significantly, so it is vital to use an independent third party to give an objective assessment and valuation, rather than gamble on negotiating the costs with the seller.

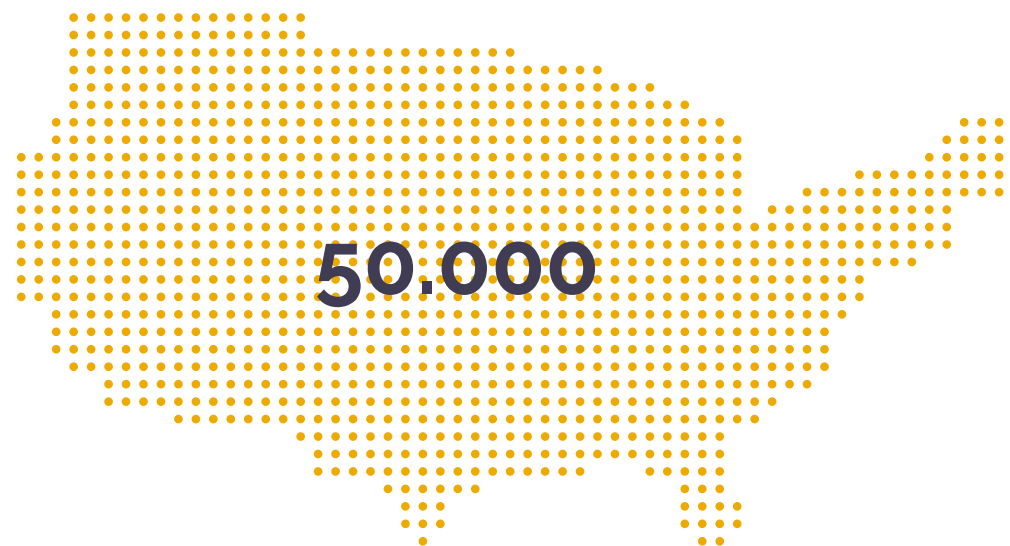




The first industry standard for repair estimates

The real estate industry has often suffered from a lack of clear direction in terms of processes for estimating repair costs. This struggle during tight contingency windows led to the foundation of Repair Pricer. Repair Pricer is a service and tool and provides repair estimates with 98% accuracy for realtors, inspectors and their clients during the homebuying process.

To identify the national prevalence of defects in homes on the market, Repair Pricer conducted a study of 50,000 inspection reports of homes throughout the U.S.



Key findings

The average home had average repair costs just under **\$10,000**

37% of homes were missing ground-fault circuit interrupter (GFCI) protection in wet areas. GFCI outlets with reset buttons should be present in the home, as it automatically shuts off power directly at the outlet when it detects an electrical fault.

Smoke alarms were missing in **45%** of homes the result of which could be disastrous. Most home fires are started by accident, and yet so many of these homes are running a huge risk.

47% of homes reported had sheetrock cracks or joint separation, which is an issue that can indicate a serious foundation problem.

39% of homes had signs of moisture stains and water penetration, this can lead to the deterioration of wood, wiring and insulation. It is very easy to prevent water penetration but unfortunately also expensive to repair.

The analysis of inspection reports identified more than 1 million aggregated repair items across **50,000** homes nationwide.



Ten most common home defects nationally

Rank	Description	Percent of Total	Average Repair cost
1	Loose, damaged, missing outlets or covers interior	47	\$109
2	Cosmetic settling Sheetrock cracks joint separation or nail pops	47	\$336
3	Smoke alarms missing or needed	45	\$171
4	Signs of moisture stains and water penetration interior	39	\$462
5	No GFCI protection	37	\$422
6	Doors need adjusting and servicing rub and stick in frames	35	\$154
7	Caulking or grout needed	33	\$240
8	Damaged, lifted or missing shingles	31	\$410
9	Drain stop inoperable or missing	30	\$107
10	Siding members are damaged, cracked, loose or missing	30	\$478

Five most expensive home defects

Rank	Description	Percent of Total	Defective Price
91	Roof at the end of serviceable life	11	\$12,835
78	Coil and condenser at the end of serviceable life	13	\$5,449
99	Mechanical exhaust fan needed	10	\$1,492
15	Thermal pane window seals have failed	27	\$1,291
33	50 gallon Water heater at or near end of serviceable life	19	\$1,248



Call Out

The median average price per repair was \$238, and homeowners could lose up to \$10,000 during the home negotiation process.

Given the prevalence of these defects, and the extent to which they can damage the home, there are a few recommended best practices for homebuyers during the negotiation process and contingency periods.

Be clear on the realities of home buying and selling

When a home is brand new there are certain expectations which shouldn't even be a discussion in terms of repairs. For example, the foundation should be completely intact, the plumbing should work flawlessly, and the shingles on the roof should be new. However, if a home has been on the market after a few years of ownership, there are likely to be a few elements which need touching up, require significant repairs or even a full on replacement.

The fact is that no matter how well a home is maintained, wear and tear is inevitable. So whatever side of the negotiating table a person sits on, they should be reasonable about the items which the seller or buyer should be paying for.



Focus on the best outcome for your family or client

With upwards of 15 items which need repairing in a typical inspection report, ranging from a simple cracked tile in a bathroom, to a complete overhaul of an HVAC system. Realtors and their clients need to formally agree on repairs which the buyer can handle, and those which require credit.

If you are someone who enjoys a little DIY project, maybe you could handle some light work in the garden on a hot summer's day to repair some broken fencing. However, maybe you feel like replacing a bathroom tile would be too fiddly. Either way be clear on what you think you are capable of dealing with, and what you want the seller to handle.

Ask, ask and ask again!

Don't be afraid to ask about even the most minor concerns from an inspection report if you aren't aware of their severity. Home inspections are supposed to find any defects which could affect the home's performance or the occupant's safety, such as faulty wiring or roof problems. .

If an inspection report does cite several major issues which need to be addressed, the homebuyer should immediately ask what the seller is willing to do. Contrary to popular opinion, sellers aren't looking to deceive the buyer. It's most likely that they were completely unaware of underlying issues with the house and willing to work with the buyer to address them.





Never forget: Time is your most valuable commodity

After receiving an inspection report, it would be smart for the buyer or agent to immediately start a conversation with the seller. Deliberating could add needless time onto the process, when you could be discussing next steps, pricing, or even thinking about closing the sale if the conditions of the house are acceptable.

Methodology

The report's insights are garnered from an analysis of 50,000 home inspection reports performed by inspectors on homes previously for sale throughout the United States in 2020. Repair Pricer's proprietary pricing software utilizes real-time quotes from contractors, rolling market surveys as well as regular feedback from more than 300 preferred partners, including realtors, inspectors, homebuyers and others to maintain 98 percent pricing accuracy.

About Repair Pricer

Repair Pricer is the industry standard for converting inspection reports into accurate repair estimates during the complex home purchasing process, enabling homebuyers and their realtors to act quickly and confidently during the critical home inspection period. Headquartered in Dallas, Repair Pricer saves time for both the buyer and seller when it matters most, reduces realtor and inspector liability and helps realtors and inspectors scale while providing the best homebuying experience for prospective homeowners.

To learn more about Repair Pricer, visit www.repairpricer.com



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