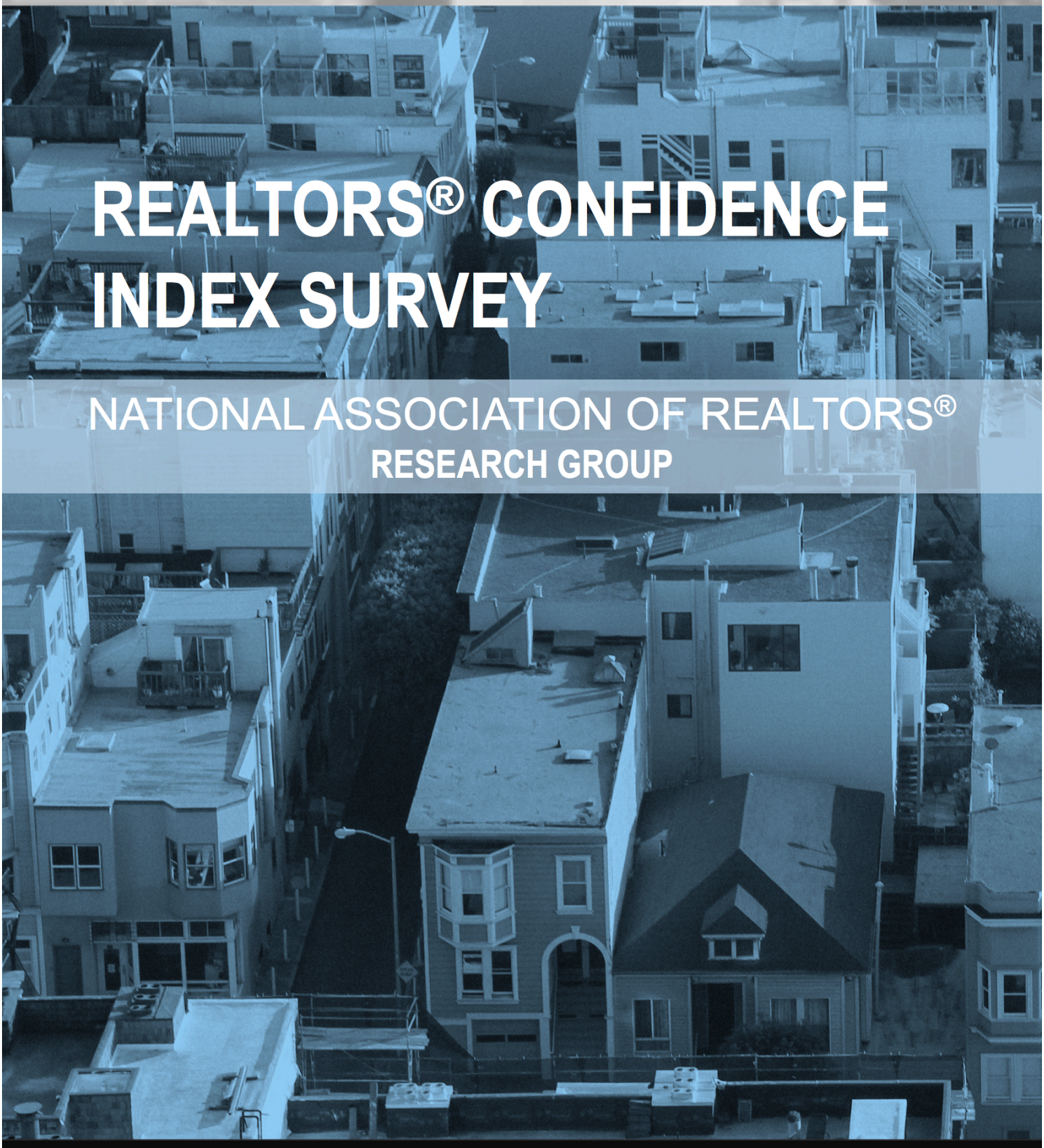
May 2018

REALTORS® CONFIDENCE INDEX SURVEY



NATIONAL ASSOCIATION OF REALTORS®
RESEARCH GROUP

The Voice for Real Estate®

NATIONAL ASSOCIATION of REALTORS®

Summary

The *REALTORS® Confidence Index* (*RCI*) survey gathers monthly information from REALTORS® about local real estate market conditions, characteristics of buyers and sellers, and issues affecting homeownership and real estate transactions.[1] This report presents key results about market transactions from May 2018.

Market Conditions and Expectations

- The *REALTORS® Buyer Traffic Index* registered at 73 (74 in May 2017).[2]
- The *REALTORS® Seller Traffic Index* registered at 44 (46 in May 2017).
- The *REALTORS® Confidence Index—Six-Month Outlook Current Conditions* registered at 72 for detached single-family, 59 for townhome, and 57 for condominium properties. An index above 50 indicates market conditions are expected to improve.
- Properties were typically on the market for 26 days (27 days in May 2017).
- Eighty-eight percent of respondents reported that home prices remained constant or rose in May 2018 compared to levels one year ago (90 percent in May 2017).

Characteristics of Buyers and Sellers

- First-time buyers accounted for 31 percent of sales (33 percent in May 2017).
- Vacation and investment buyers comprised 15 percent of sales (16 percent in May 2017).
- Sales of distressed properties (foreclosed or sold as a short sale) accounted for 3 percent of sales (5 percent in May 2017).
- Cash sales made up 21 percent of sales (22 percent in May 2017).
- Seventeen percent of sellers offered incentives such as paying for providing a warranty (9 percent), closing costs (6 percent), and undertaking remodeling (2 percent).[3]

Issues Affecting Buyers and Sellers

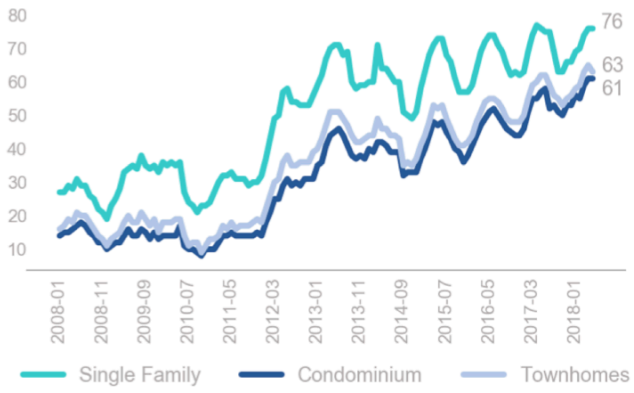
- From March–May 2018, 76 percent of contracts settled on time (76 percent in May 2017).
- Among sales that closed in May 2018, 77 percent had contract contingencies. The most common contingencies pertained to home inspection (58 percent), obtaining financing (45 percent), and getting an acceptable appraisal (44 percent).
- REALTORS® report “low inventory”, “interest rates”, and “multiple offers” as the major issues affecting transactions in May 2018.

1 *Respondents report on the characteristics of their most recent sale for the month.*
2 *An index greater than 50 means more respondents reported conditions as “strong” compared to one year ago than “weak.” An index of 50 indicates a balance of respondents who viewed conditions as “strong” or “weak.”*
3 *The difference in the sum of percentages to the total percentage of sellers who offered incentives is due to rounding.*

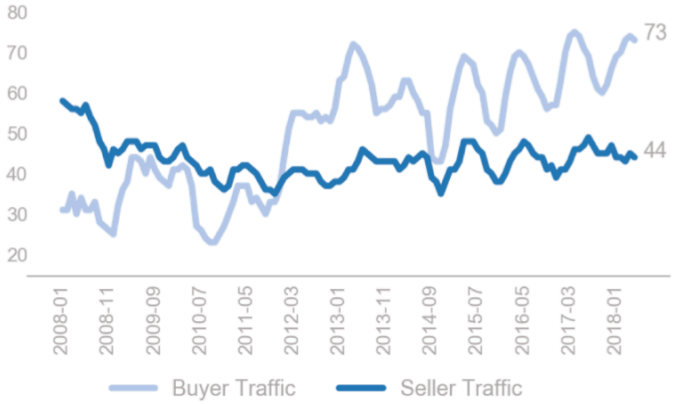
REALTORS® CONFIDENCE INDEX SURVEY

Market Conditions and Expectations

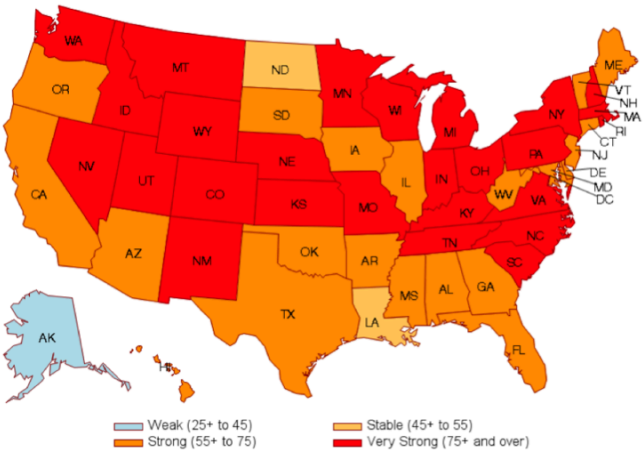
REALTORS® CONFIDENCE INDEX
Current Conditions



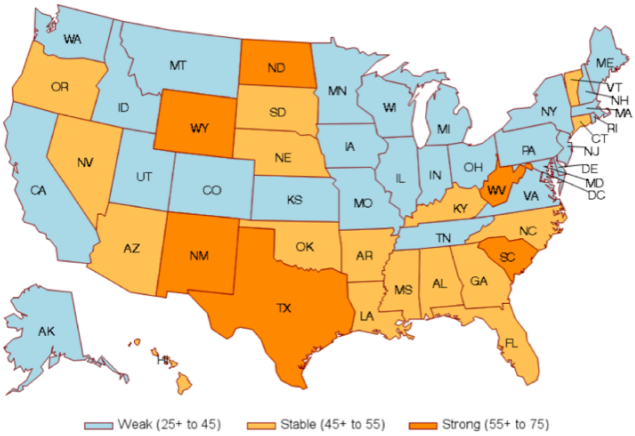
REALTORS® BUYER AND SELLER TRAFFIC INDICES
Current Conditions



REALTORS® BUYER TRAFFIC INDEX[1]
By State

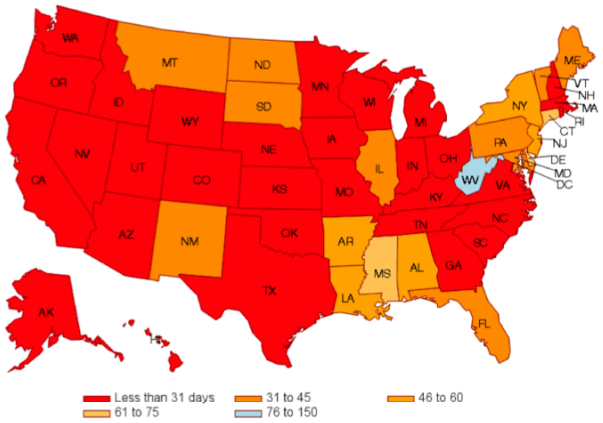


REALTORS® SELLER TRAFFIC INDEX[2]
By State



MEDIAN DAYS ON THE MARKET

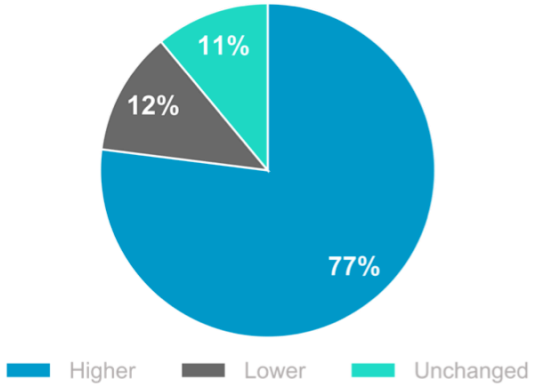
MEDIAN DAYS ON THE MARKET
By State



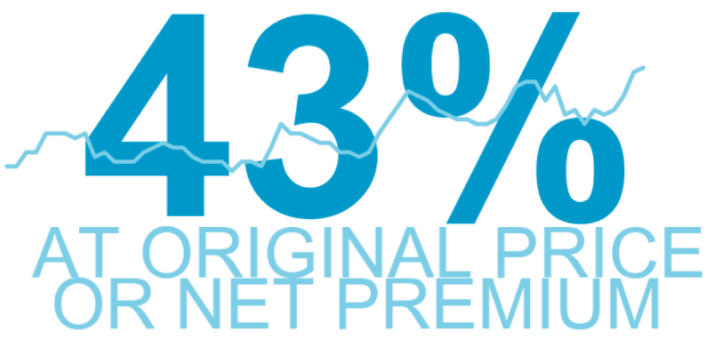
1 25.01 to 45 are labeled "Weak," values of 45.01 to 55 are labeled "Stable," values of 55.01 to 75 are labeled "Strong," and values greater than 75 are labeled "Very Strong."
2 25.01 to 45 are labeled "Weak," values of 45.01 to 55 are labeled "Stable," values of 55.01 to 75 are labeled "Strong," and values greater than 75 are labeled "Very Strong."

Market Conditions and Expectations

DISTRIBUTION OF PRICE CHANGE FROM A YEAR AGO

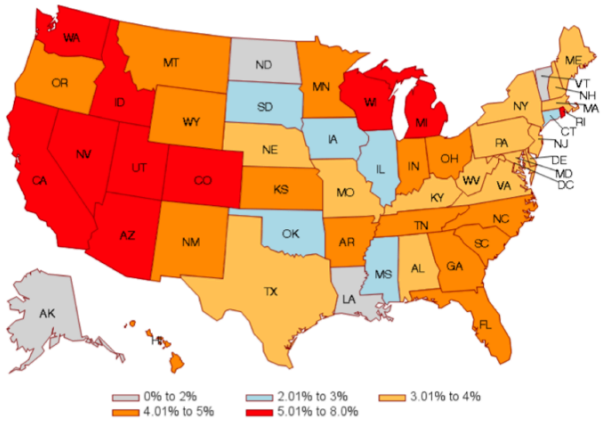


PERCENTAGE OF PROPERTIES SOLD AT ORIGINAL PRICE OR AT NET PREMIUM FROM LISTING PRICE



MEDIAN EXPECTED PRICE CHANGE WITHIN THE NEXT 12 MONTHS

By State, in the Past Three Months



REALTORS® CONFIDENCE INDEX—SIX-MONTH OUTLOOK

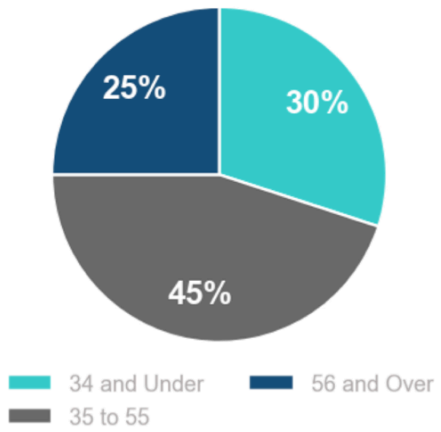
AVERAGE NUMBER LISTINGS PER AGENT

AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR BY AGENT

1 *Regardless of acceptance.*

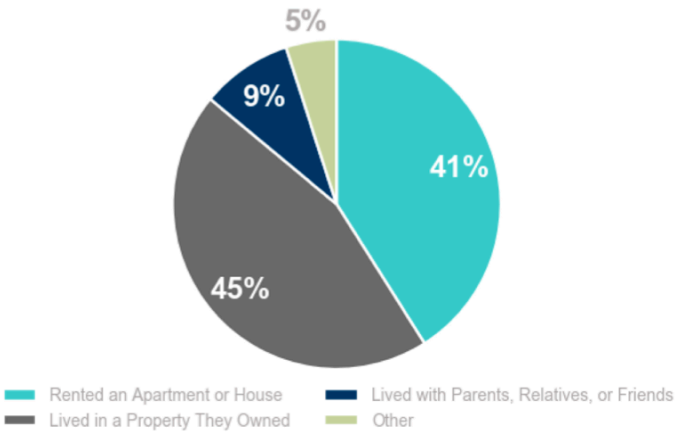
Characteristics of Buyers

AGE DISTRIBUTION OF BUYERS



LIVING STATUS OF HOMEBUYERS

At the Time of Purchase

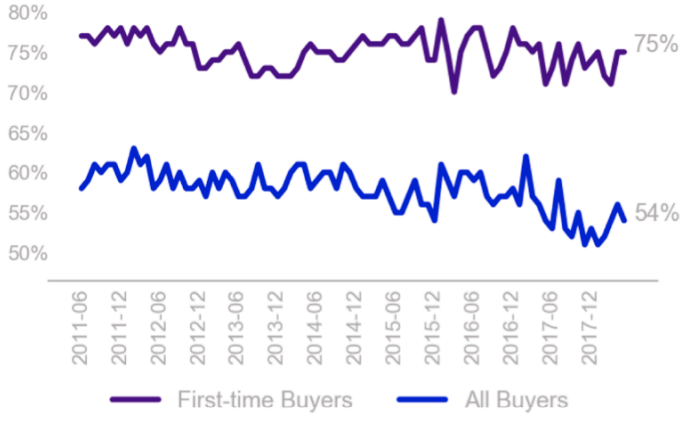


FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES

CASH SALES AS PERCENTAGE OF RESIDENTIAL SALES

DISTRESSED PROPERTY SALES BY PROPERTY TYPE

NON-CASH BUYERS WHO PUT DOWN LESS THAN 20 PERCENT FOR DOWN PAYMENT



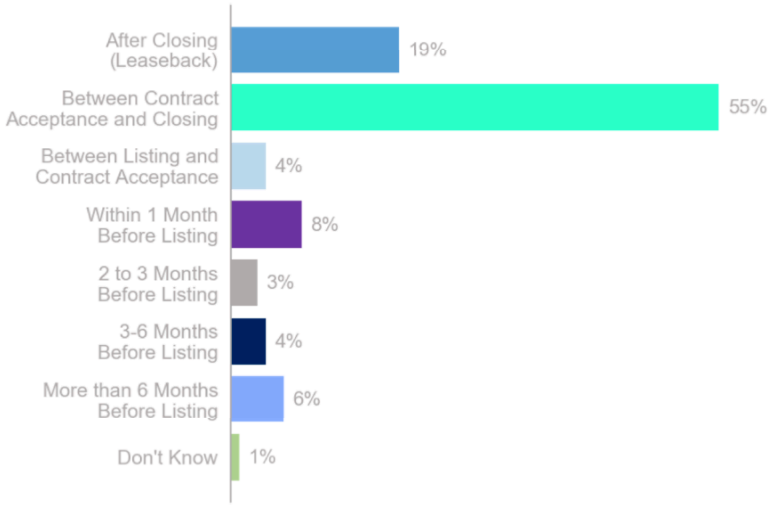
REALTORS® CONFIDENCE INDEX SURVEY

Characteristics of Sellers

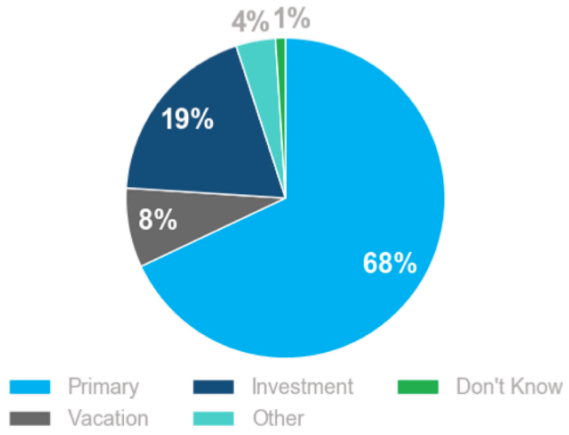
AVERAGE NUMBER OF OFFERS RECEIVED ON THE MOST RECENT CLOSED SALE

2.5
OFFERS

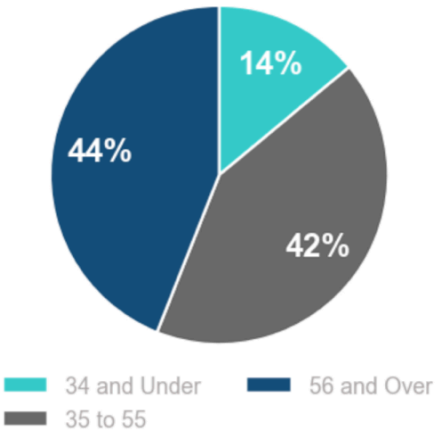
WHEN SELLER VACATED PROPERTY



SELLER'S USE OF PROPERTY



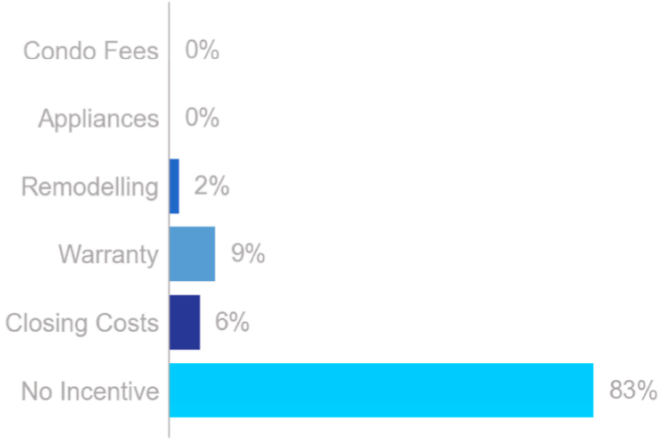
AGE DISTRIBUTION OF SELLERS



PERCENTAGE OF SELLERS WHO REPORTED OFFERING INCENTIVES

17%
INCENTIVES

SELLER INCENTIVES OFFERED[1]



1 *Multiple responses are allowed.*

www.nar.realtor/research-and-statistics

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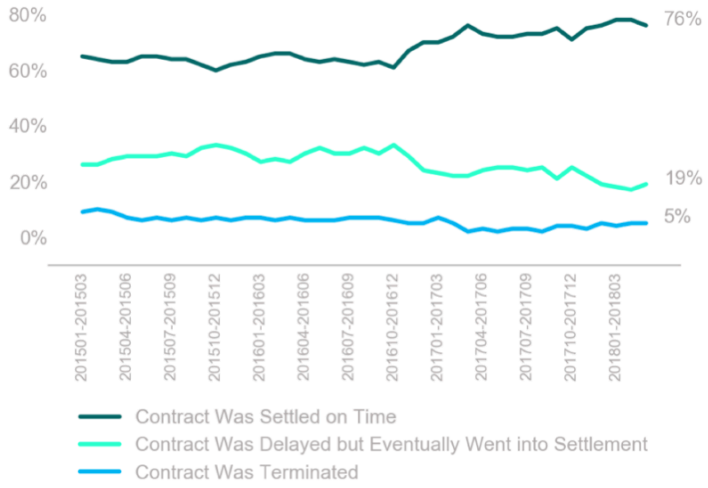
Issues Affecting Buyers and Sellers

PERCENTAGE OF CLIENTS
WHO DECIDED NOT TO MOVE OR SELL
TO KEEP CURRENT MORTGAGE RATE

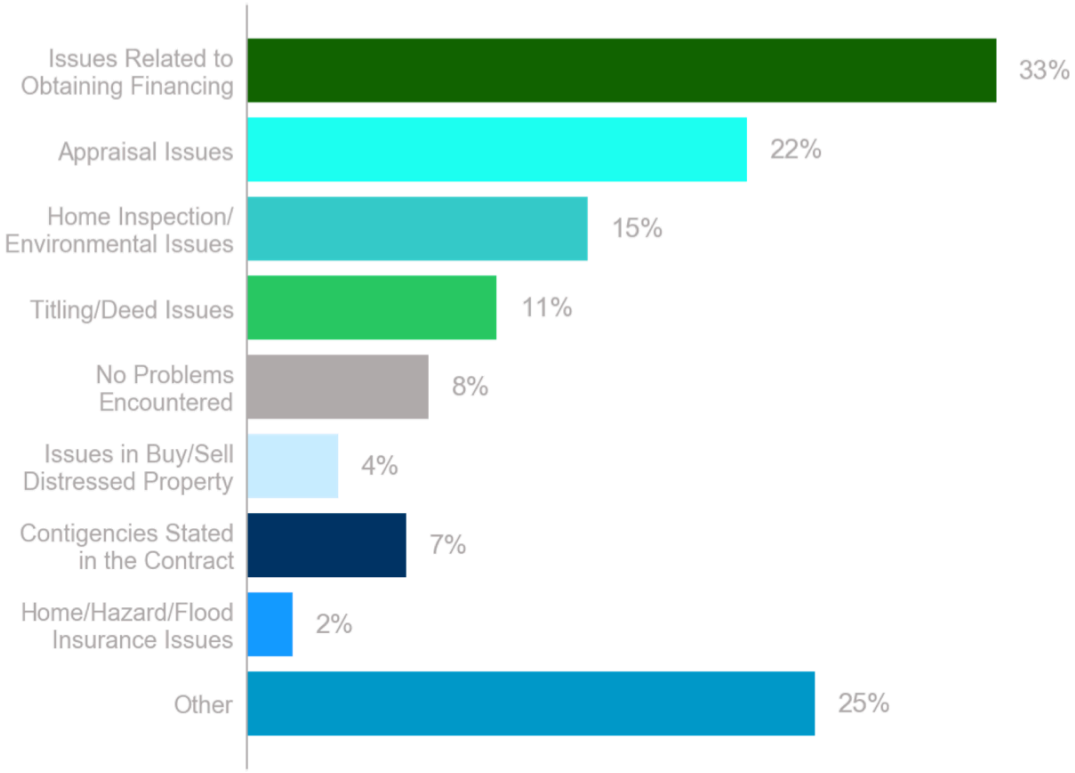
15%

DECIDED NOT TO MOVE OR SELL

CONTRACT SETTLEMENT



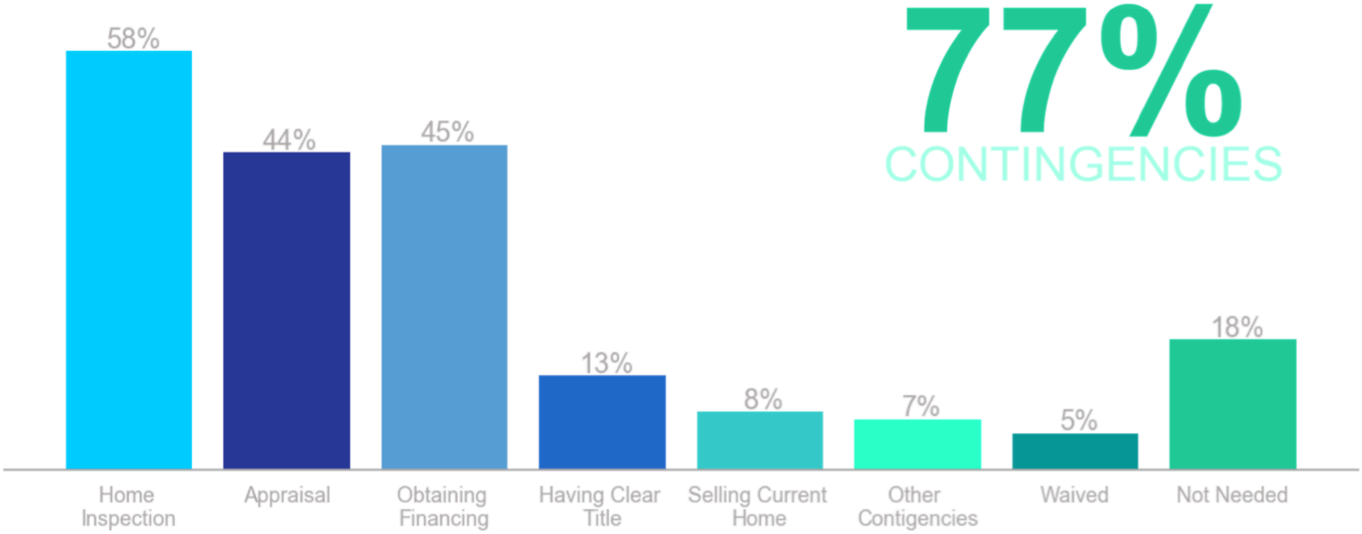
PROBLEMS ENCOUNTERED FOR CONTRACTS WITH DELAYED SETTLEMENTS[1]



1 *Multiple responses are allowed.*

Issues Affecting Buyers and Sellers

REASONS FOR CONTRACT SETTLEMENT CONTINGENCIES[1]



Percentage of Contracts with Settlement Contingencies

77%

CONTINGENCIES

REALTOR® CONCERNS

1 Respondents refer to buyers' agents. Multiple responses are allowed.

About the *RCI Survey*

- The *RCI Survey* gathers information from REALTORS® about local market conditions based on their client interactions and the characteristics of their most recent sales for the month.
- The May 2018 survey was sent to 50,000 REALTORS® who were selected from NAR's 1.3 million members through simple random sampling and to 7,495 respondents in the previous three surveys who provided their email addresses.
- There were 4,169 respondents to the online survey which ran from June 1-12, 2018. The survey's overall margin of error at the 95 percent confidence level is one percent. The margins of error for subgroups and sample proportions of below or above 50 percent are larger.
- NAR weighs the responses by a factor that aligns the sample distribution of responses to the distribution of NAR membership.

The *REALTORS® Confidence Index* is provided by NAR solely for use as a reference. Resale of any part of this data is prohibited without NAR's prior written consent. For questions on this report or to purchase the RCI series, please email: Data@realtors.org

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The National Association of REALTORS®, "The Voice for Real Estate," is America's largest trade association, representing 1.3 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

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RESEARCH GROUP

The Mission of the National Association of REALTORS® Research Group is to collect and disseminate timely, accurate and comprehensive real estate data and to conduct economic analysis in order to inform and engage members, consumers, and policymakers and the media in a professional and accessible manner.

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