

REALTORS® CONFIDENCE INDEX SURVEY

April 2020

NATIONAL ASSOCIATION OF REALTORS®
RESEARCH GROUP



NATIONAL
ASSOCIATION OF
REALTORS®

REALTORS® CONFIDENCE INDEX SURVEY

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 the April 2020 survey. Several data points show the impact of the coronavirus social distancing measures on the housing market.

Market Conditions and Expectations

- The *REALTORS® Buyer Traffic Index* registered at 30 (63 in April 2019).²
- The *REALTORS® Seller Traffic Index* registered at 20 (47 in April 2019).
- Properties were typically on the market for 27 days (24 days in April 2019).
- Fifty percent of respondents reported higher home prices in April 2020 compared to levels one year ago (63 percent in April 2019); 27 percent reported stable prices (19 percent in April 2019), and 23 percent reported lower prices (18 percent in April 2019).
- Seventy-four percent of respondents expect stable or higher home prices in the next 12 months (60 percent in March 2020 survey) and twenty-six percent expect lower prices (40 percent in March 2020 survey). On average, respondents expect prices to increase by one percent in the next 12 months (decrease by 1 percent in the March 2020 survey).
- Seventeen percent of properties sold at a premium (15 percent in April 2019), and fifty-four percent sold at a net discount (61 percent in April 2019).

Characteristics of Buyers and Sellers

- Sales of distressed properties (foreclosed or sold as a short sale) accounted for 3 percent of sales (3 percent in April 2019).
- First-time buyers accounted for 36 percent of sales (32 percent in April 2019).
- Vacation and investment buyers comprised 12 percent of sales (11 percent in April 2019).
- Cash sales made up 15 percent of sales (20 percent in April 2019).
- Fifty-five percent of buyers who obtained a mortgage put in less than 20 percent down payment. A higher fraction of first-time buyers put in less than 20 percent down payment, at 70 percent. Fifty-four percent of first-time buyers put in zero to six percent down payment.
- Twenty-two percent of sellers offered incentives such as paying for closing costs (13 percent), providing warranty (8 percent), and undertaking remodeling (2 percent).
- Twenty-four percent of sellers had used the property for investment rental (20 percent) and as a vacation home (4 percent).

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."

REALTORS® CONFIDENCE INDEX SURVEY

Summary

- Among sales that closed in April 2020, 75 percent had contract contingencies. The most common contingencies pertained to home inspection (57 percent), getting an acceptable appraisal (46 percent), and obtaining financing (48 percent).
- Respondents reported that 69 percent of buyers obtained a conventional conforming mortgage; three percent, non-conforming conventional; 17 percent, FHA-insured mortgage; 9 percent, VA loan; and two percent, USDA loan.
- Fifty-three percent of buyers purchased in a suburban area, 15 percent in a central city, 16 percent in a small town, 11 percent in a rural areas, and 4 percent in a resort area.

Issues Affecting Buyers and Sellers

- Contract settlement typically took 35 days in April 2020 (30 days in March 2020).
- Of the contracts that either went into settlement (on time or delayed) or were terminated during February—April 2020, 63 percent of these contracts went into settlement on time (76 percent in January 2018 – March 2019), 25 percent had a delayed settlement (21 percent in the prior 3-month period), and twelve percent were terminated (eight percent in the prior 3-month period).
- Among contracts that were terminated, 31 percent were due to “buyer lost job” (twenty-two percent in March 2020), 22 percent were due to “issues related to financing” (23 percent in March 2020), and 41 percent were due to “Other” reasons (47 percent in March 2020). “Other” reasons were mostly related to the coronavirus effect. Only three percent of terminated contracts were due to appraisal issues.
- Among contracts that had a delayed settlement, 31 percent were due to “issues related to obtaining financing” (34 percent in the prior 3-month period); 18 percent, appraisal issues (16 percent in the prior 3-month period); 11 percent, titling/deed issues (11 percent in the prior 3-month period); and 27 percent, “Other” reasons (25 percent in the prior 3-month period).
- REALTORS® reported “coronavirus” or “COVID-19” as the major issue affecting transactions in April 2020.

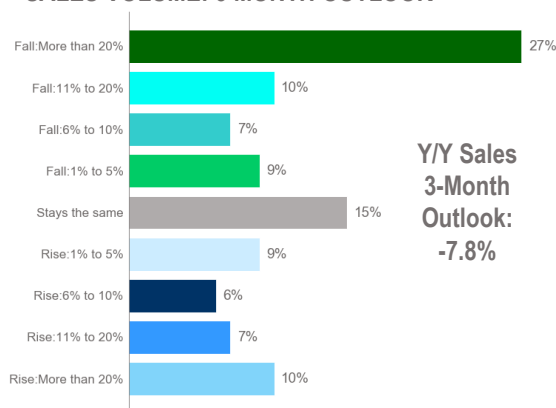
Client Transactions

- On average, there were two buyer offers on properties sold in April 2020 (two offers in April 2019).
- On average, respondents took two clients on a home tour in April 2020 (five clients in April 2019).
- On average, respondents listed one property in April 2020 (two properties in April 2019).
- Among respondents who listed a property, the median list price in April 2020 was \$279,300 (\$303,600 in April 2019).

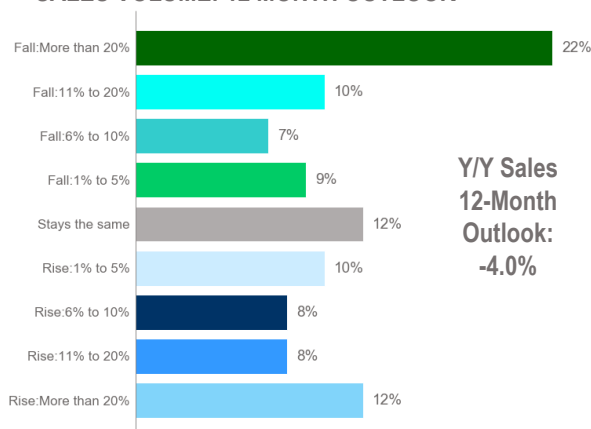
REALTORS® CONFIDENCE INDEX SURVEY

Realtors® Market Expectations

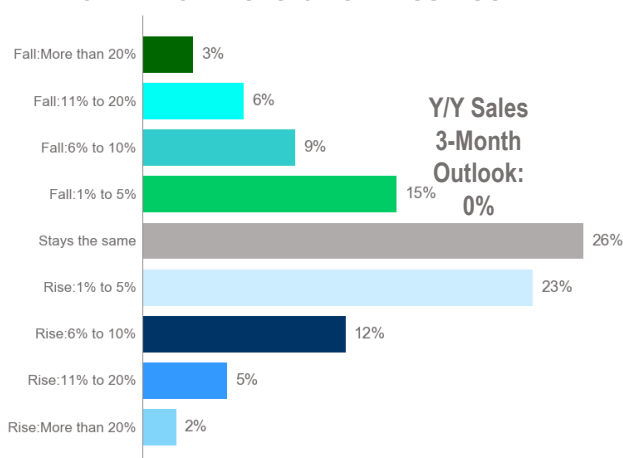
SALES VOLUME: 3 MONTH OUTLOOK



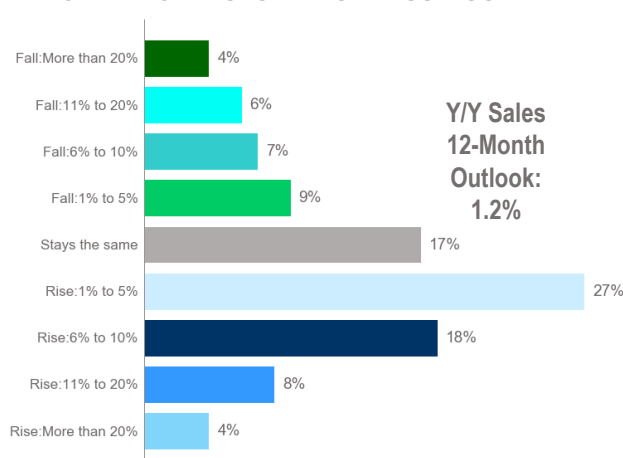
SALES VOLUME: 12 MONTH OUTLOOK



PRICE EXPECTATIONS: 3 MONTH OUTLOOK

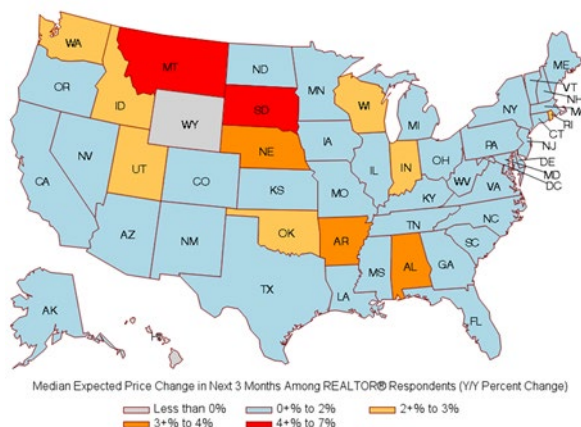


PRICE EXPECTATIONS: 12 MONTH OUTLOOK

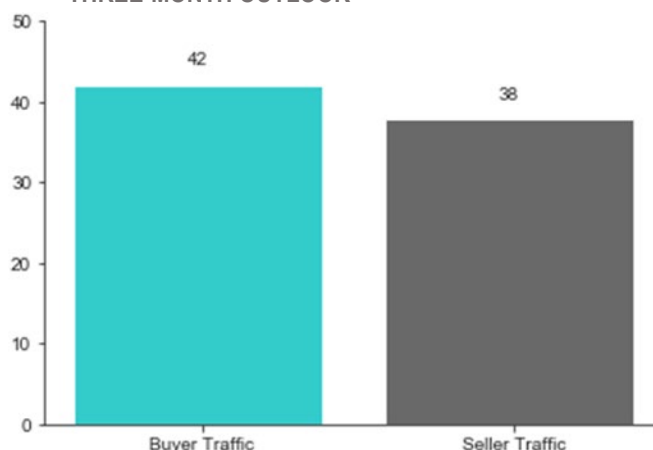


REALTORS® MEDIAN EXPECTED PRICE CHANGE WITHIN THE NEXT 3 MONTHS

Y/Y Percent Change By State



REALTORS® BUYER and SELLER TRAFFIC INDICIES—THREE-MONTH OUTLOOK

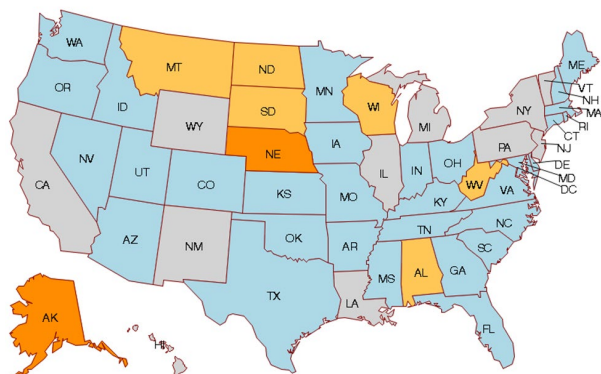


REALTORS® CONFIDENCE INDEX SURVEY

Market Conditions

REALTORS® BUYER TRAFFIC INDEX¹

By State

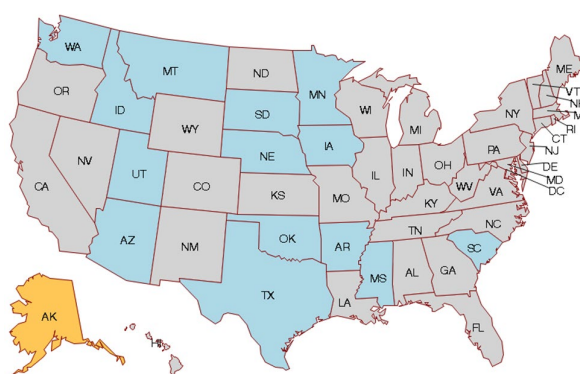


REALTORS® Buyer Traffic Index

Very weak (0 to 25) Weak (25+ to 45)
Stable (45+ to 55) Strong (55+ to 75)

REALTORS® SELLER TRAFFIC INDEX²

By State



REALTORS® Seller Traffic Index

Very weak (0 to 25) Weak (25+ to 45) Stable (45+ to 55)

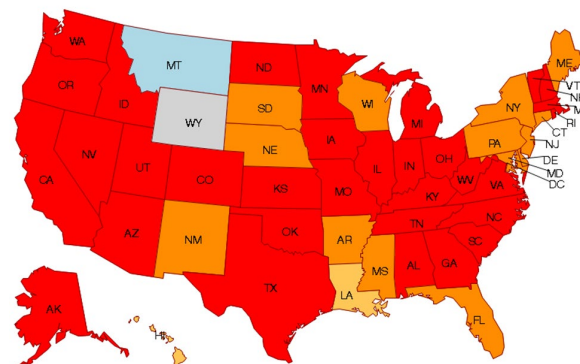
REALTORS® BUYER AND SELLER TRAFFIC INDICES

Current Conditions



MEDIAN DAYS ON THE MARKET

By State



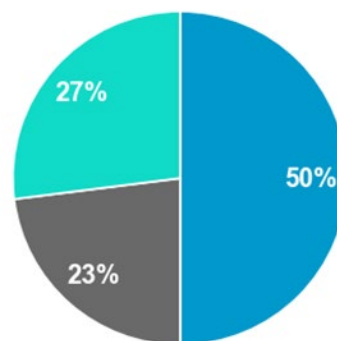
Median Days on Market Reported by REALTORS®

Less than 31 31 to 45 46 to 60
61 to 70 more than 75 days

MEDIAN DAYS ON THE MARKET



DISTRIBUTION OF PRICE CHANGE FROM A YEAR AGO



Higher Lower Unchanged

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."

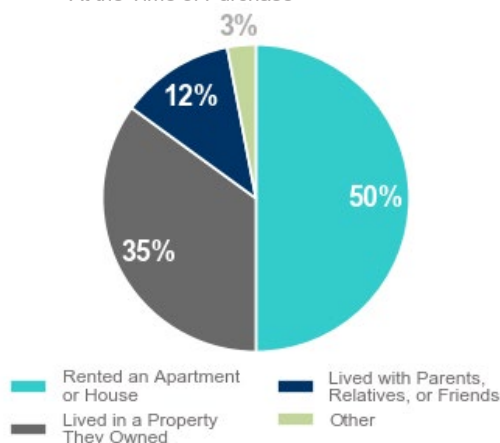
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Market Conditions

FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES



LIVING STATUS OF HOMEBUYERS
At the Time of Purchase



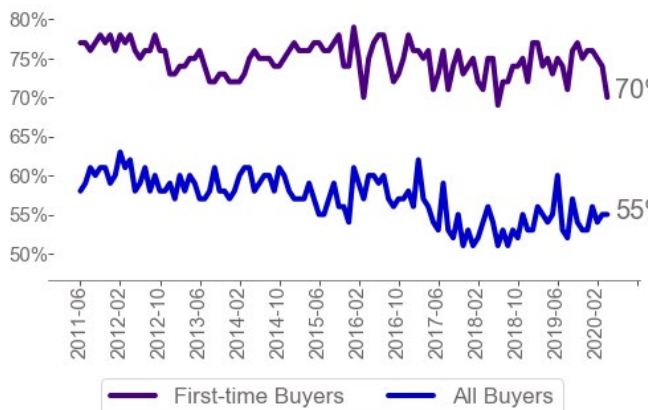
DISTRESSED PROPERTY SALES BY PROPERTY TYPE



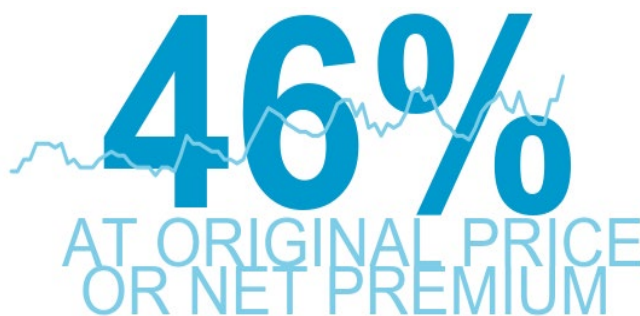
CASH SALES AS PERCENTAGE OF RESIDENTIAL SALES



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



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



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Market Conditions

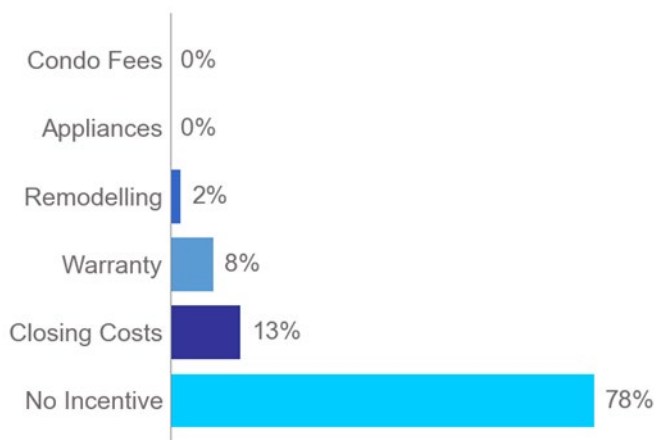
AVERAGE NUMBER OF OFFERS RECEIVED
ON THE MOST RECENT CLOSED SALE



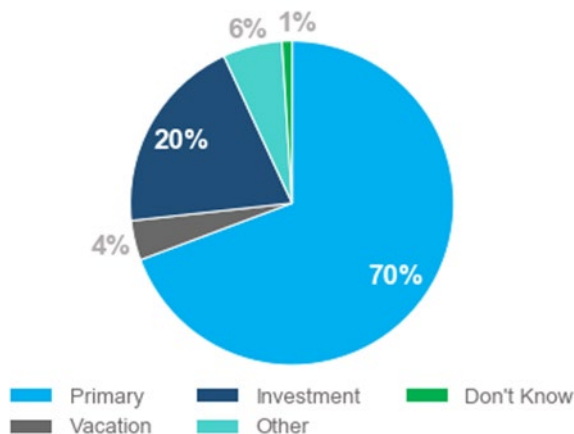
PERCENTAGE OF SELLERS WHO REPORTED OFFERING
INCENTIVES



SELLER INCENTIVES OFFERED



SELLER'S USE OF PROPERTY



AVERAGE NUMBER LISTINGS PER AGENT



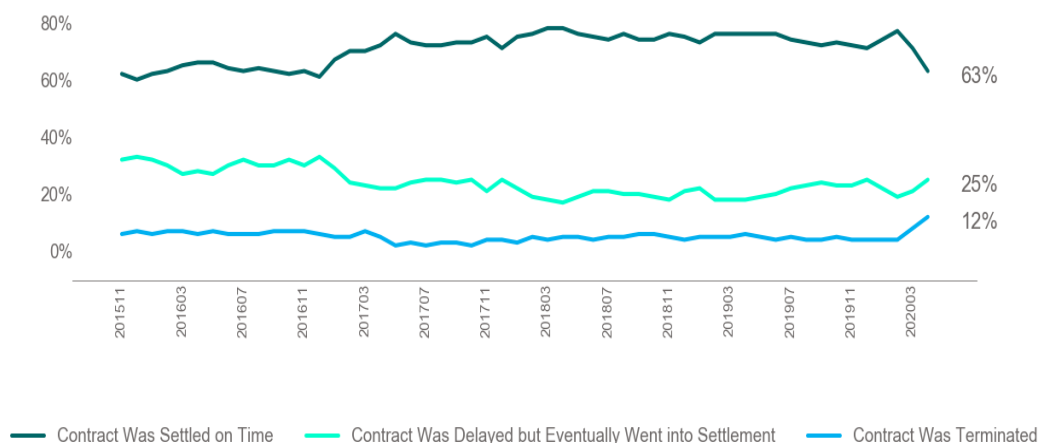
AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR
BY AGENT



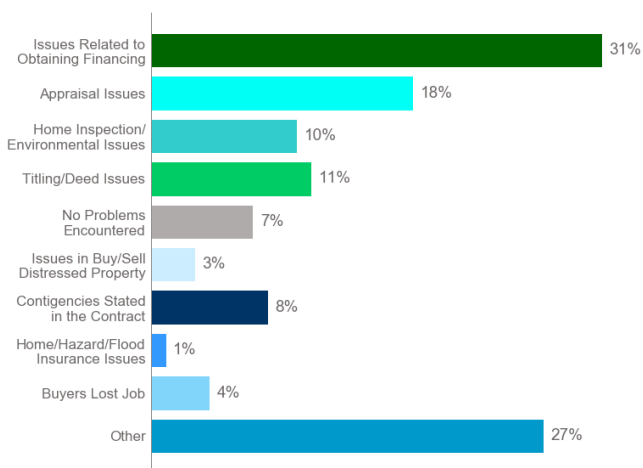
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Issues Affecting Buyers and Sellers

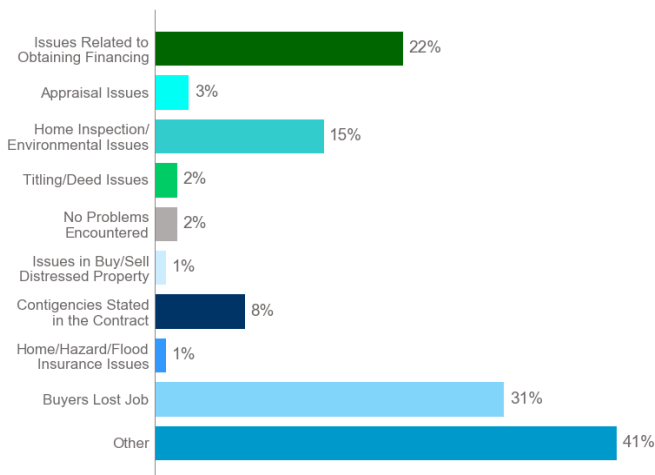
CONTRACT SETTLEMENT



DELAYED SETTLEMENT CONTRACT PROBLEMS



PROBLEMS ENCOUNTERED FOR TERMINATED CONTRACTS¹

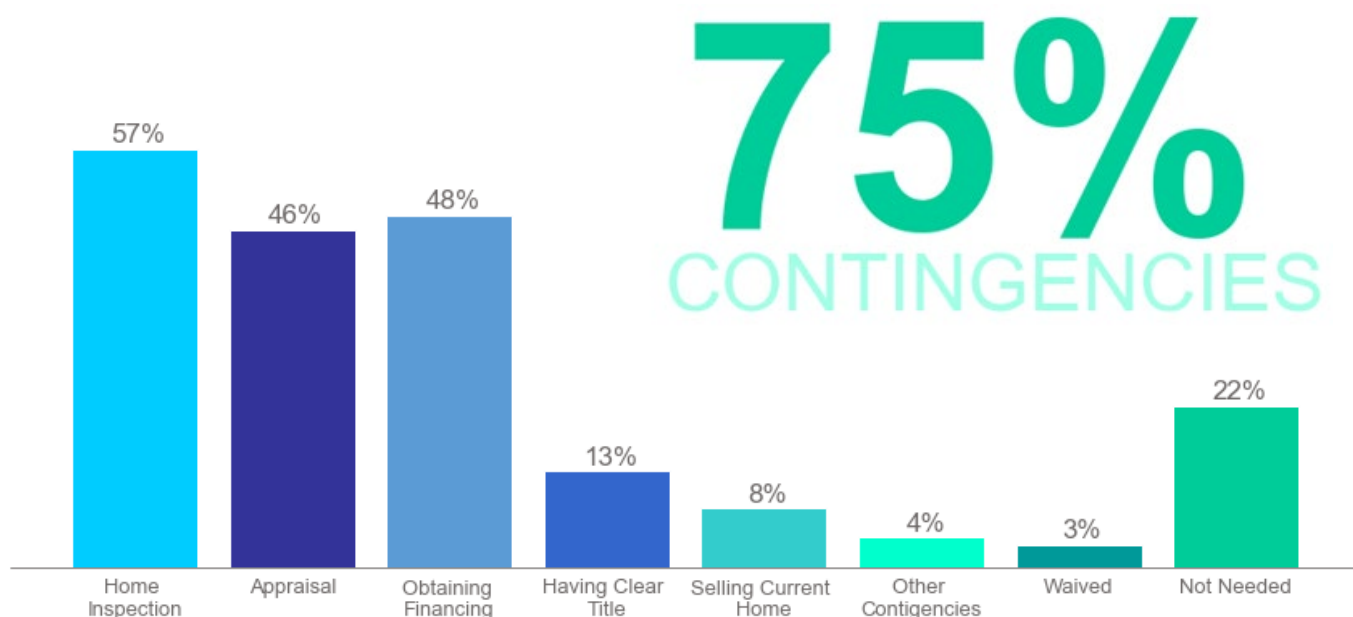


¹ Multiple responses are allowed.

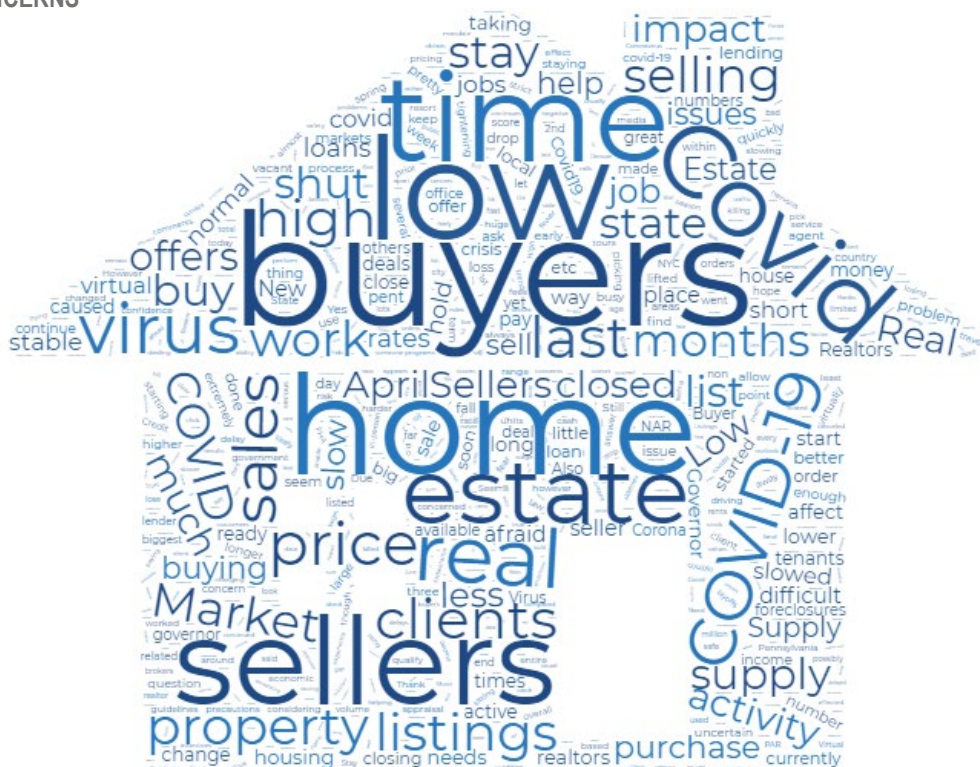
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Issues Affecting Buyers and Sellers

REASONS FOR CONTRACT SETTLEMENT CONTINGENCIES¹



REALTOR® CONCERNS



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

REALTORS® CONFIDENCE INDEX SURVEY

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 April 2020 survey was sent to 50,000 REALTORS® who were selected from NAR's more than 1.4 million members through simple random sampling and to 8,842 respondents in the previous three surveys who provided their email addresses.
- There were 4,964 respondents to the online survey which ran from April 4-12, 2020, of which 1,946 had a client. Among those who had a client, the survey's maximum margin of error for proportion estimates is two percent at the 95 percent confidence level. The margins of error for subgroups are larger.
- NAR weights 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 1.4 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.

NATIONAL ASSOCIATION OF REALTORS®

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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