

REALTORS® CONFIDENCE INDEX SURVEY

August 2021

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

REALTORS® CONFIDENCE INDEX SURVEY

August 2021: Housing Demand Slows Down

The *REALTORS® Confidence Index (RCI)* survey gathers on-the-ground information from REALTORS® based on their real estate transactions in the month. This report presents key results about August 2021 market transactions.

Amid still competitive market conditions due to lack of supply and rising home prices, Realtors® reported a decline in homebuying activity although demand is still outpacing supply. The *REALTORS® Buyer Traffic Index* decreased further to 61 in August (64 in the prior month, 76 one year ago). Supply is still weak although somewhat improving, as the *REALTORS® Seller Traffic Index* held at 47 (47 in the prior month, 45 one year ago). An index above 50 means more respondents reported stronger conditions on a year-over-year basis compared to respondents who reported weaker conditions.

The average number of offers on homes closed in August decreased to 3.8 from the prior month (4.8) although this is higher than the average number of offers one year ago (3.2). Respondents reported that 45% of offers were above the list price, a lower fraction from the prior month (50%),

Demand continues to outpace supply. Properties typically stayed on the market for 17 days (17 days in the prior month, 22 days one year ago). Eighty-seven percent of properties that closed in August sold in less than one month (89% in the prior month, 69% one year ago). On average, respondents took out about four clients on a home tour compared to an average of two listings during the month.

In a highly competitive market, the share of first-time buyers decreased in August to 29% (30% in the prior month, 33% one year ago). A higher fraction of buyers paid all-cash compared to one year ago, at 22% (23% in the prior month, 18% one year ago). Respondents reported that on average, their buyer had made two prior unsuccessful offers on a home. Amid a competitive market, 23% of buyers waived their inspection contingency clause to close the contract in less time as possible and 25% of buyers waived their appraisal contingency clause. The fraction of FHA-insured loans for which an inspection contingency cannot be waived accounted for 14% of buyers financing among buyers who obtained a mortgage.

On average, Realtor® respondents expect about half a percent year-over-year decline in their sales transactions in the next three months (-1% in the prior month and 0.5% one year ago). Only 31% expect a year-over-year increase in buyer traffic in the next three months (30% in the prior month and 48% one year ago).

The pandemic continues to impact how people live and work. Fifty-nine percent reported they had buyers looking for homes that will enable the buyer to work from home (room, den, larger square footage). A higher share of buyers, at 88%, purchased a property in a suburban, small town, rural, or resort area (86% in the prior month and one year ago).

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August 2021 REALTORS® Confidence Index Survey Highlights

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Key Market Indicators	Aug-21	Jul-21	Aug-20
RCI Buyer Traffic Index /1	61	64	76
RCI Seller Traffic Index /1	47	47	45
RCI Buyer Traffic Index: 3-Month Outlook /1	57	56	69
RCI Seller Traffic Index: 3-Month Outlook /1	50	51	48
Median days on market	17	17	22
Percent of properties sold in less than 1 month	87	89	69
First-time homebuyers, as percent of sales	29	30	33
Sales for non-primary residence use, as a percent of sales /2	15	15	14
Sales intended for vacation use, as a percent of sales /2	6	6	6
Cash sales, as percent of sales	22	23	18
Distressed sales, as percent of sales	1	1	1
Market Outlook	Aug-21	Jul-21	Aug-20
Expected percent change in home sales in the next 3 months vs. same period one year ago	-0.5	-1.0	0.5
Expected percent change in home prices in the next 3 months vs. same period one year ago	1.1	1.6	1.9
Expected percent change in home prices in the next 12 months from current month	1.1	1.2	1.4
Percent of respondents who expect an increase in buyer traffic in next 3 months	31	30	48
Percent of respondents who expect an increase in seller traffic in next 3 months	25	27	25
Percent of respondents who had a potential buyer looking for work-from-home features	59	58	61
Percent of respondents who reported observing a higher share of clients who live in the city who want to purchase a property in the suburb or rural area compared to January 2020	33	34	38
Other Market Indicators	Aug-21	Jul-21	Aug-20
Average number of offers received on the most recent sale	3.8	4.5	3.2
Percent of bid offers above the list price	45	50	-
Average number of prior buyer offers before closing on current home purchase	2.4	2.6	-
Average number of clients taken on a home tour by agent /3	4.3	4.4	4.7
Average number of new listings in the month per agent	1.7	1.8	1.8
Percent of buyers who purchased in a suburban, small town, rural, or resort area	88	86	86
Percent of first-time buyers who put down less than 20% down payment	74	72	74
FHA loans as a percent of buyers who obtained mortgage financing	13	14	14
Percent of buyers who waived inspection contingency	23	27	-
Percent of buyers who waived appraisal contingency	25	27	-
Percent of buyers who purchased property based on virtual tour/showing/open house only	8	10	6
Percent of sellers who sold property based on virtual tour/showing/open house only	5	4	6
Percent of buyers who were renting before purchasing a home	38	39	44
Percent of sellers represented by Realtors® who sold the property to an buyer	2	-	-
Percent of sellers who had been renting out the property	18	20	14
Median tenure in the primary residence among sellers	11	10	10
Median days to close	30	30	30
Percent of contracts in the past 3 months that were terminated	5	5	6
Percent of contracts in the past 3 months that had delayed settlement	23	26	27
Percent of terminated or delayed contracts as a result of appraisal issues	12	14	12

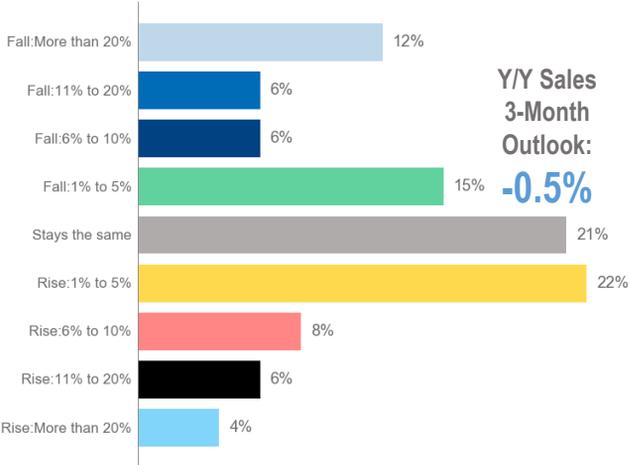
/1 An index greater than 50 means a higher fraction of respondents reported "stronger" than "weaker" conditions compared to one year ago.

/2 Non-primary residence use refers to vacation use or residential rental.

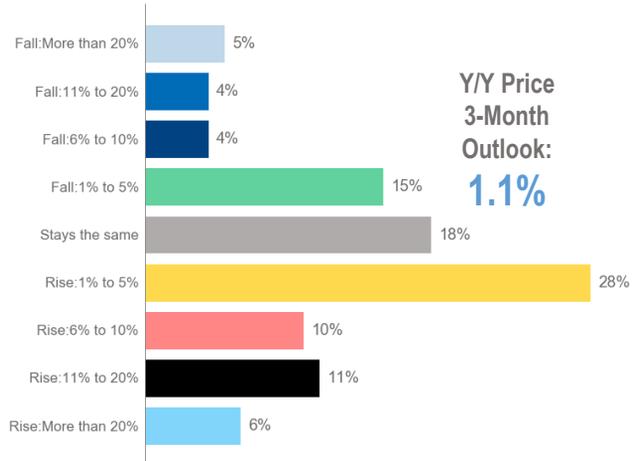
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Realtors® Market Expectations

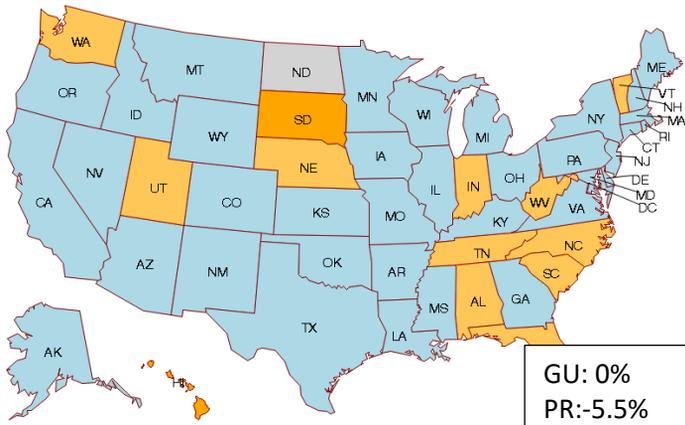
SALES VOLUME: 3 MONTH OUTLOOK



PRICE EXPECTATIONS: 3 MONTH OUTLOOK



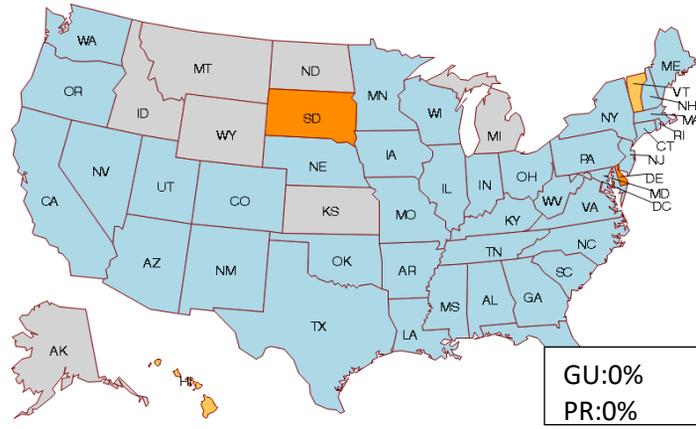
REALTORS® MEDIAN EXPECTED PRICE CHANGE WITHIN THE NEXT 3 MONTHS, Y/Y PERCENT CHANGE



Median Expected Price Change in Next 3 Months from One Year Ago Among REALTOR® Respondents

- Less than 0%
- 0+% to 2%
- 2+% to 4%
- 4+% to 6%

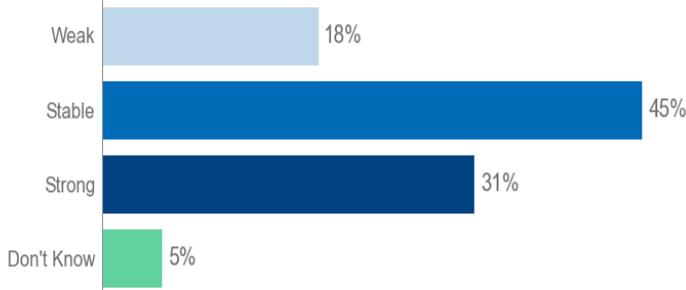
REALTORS® MEDIAN EXPECTED SALES CHANGE WITHIN THE NEXT 3 MONTHS, Y/Y PERCENT CHANGE



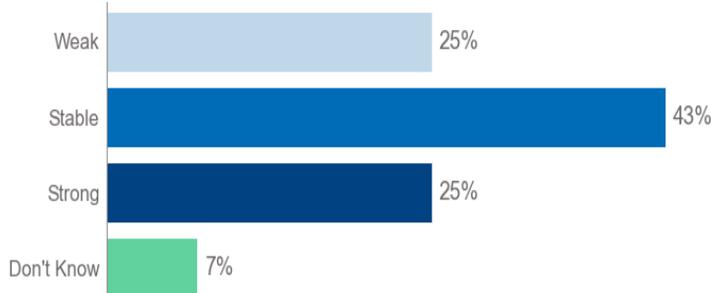
Median Expected Sales Change in Next 3 Months from One Year Ago Among REALTOR® Respondents

- Less than 0%
- 0+% to 2%
- 2+% to 4%
- 4+% to 6%
- over 6%

REALTORS® EXPECTATION ON BUYER TRAFFIC WITHIN THE NEXT 3 MONTHS



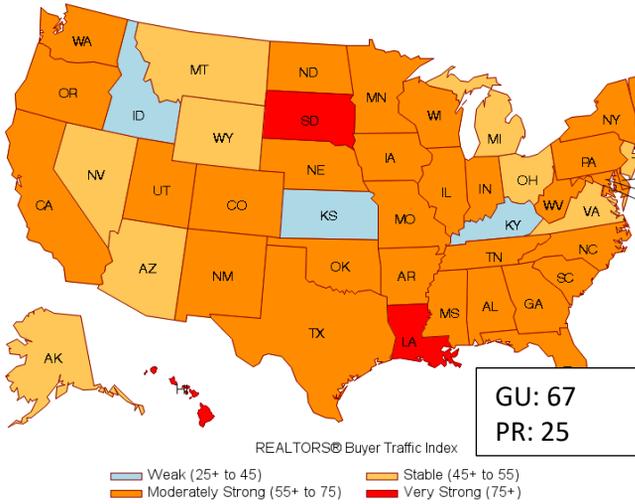
REALTORS® EXPECTATION ON SELLER TRAFFIC WITHIN THE NEXT 3 MONTHS



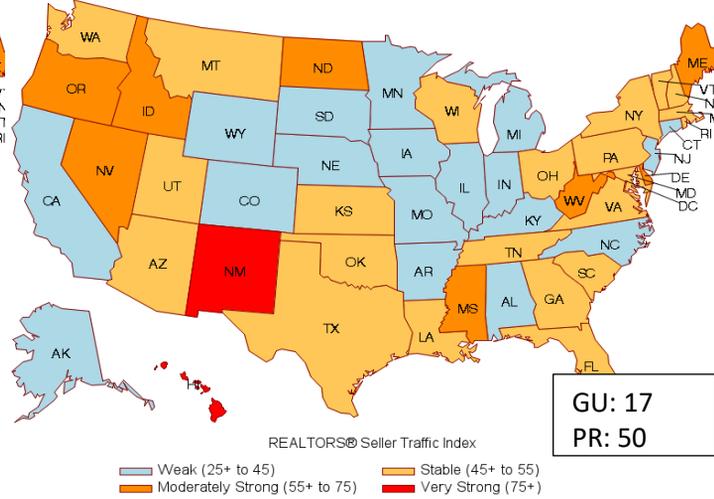
REALTORS® CONFIDENCE INDEX SURVEY

Market Conditions

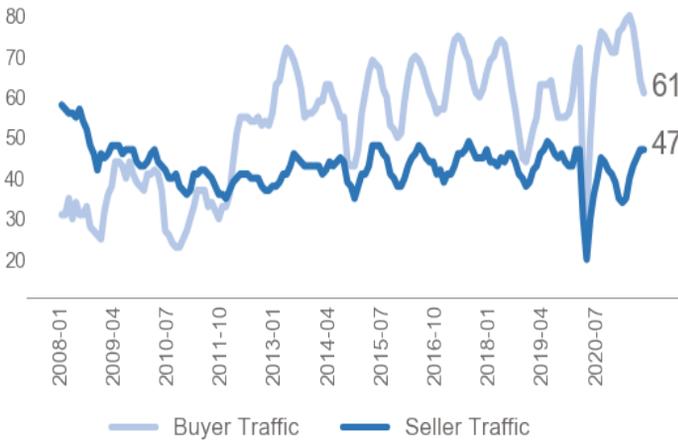
REALTORS® BUYER TRAFFIC INDEX



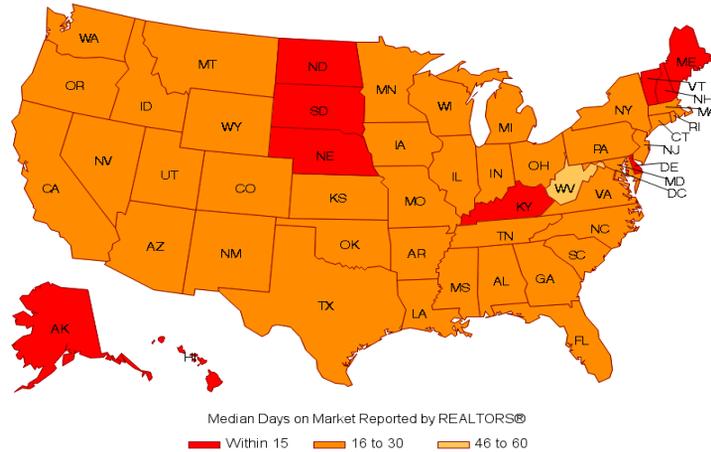
REALTORS® SELLER TRAFFIC INDEX



REALTORS® BUYER AND SELLER TRAFFIC INDICES



MEDIAN DAYS ON THE MARKET



MEDIAN DAYS ON THE MARKET



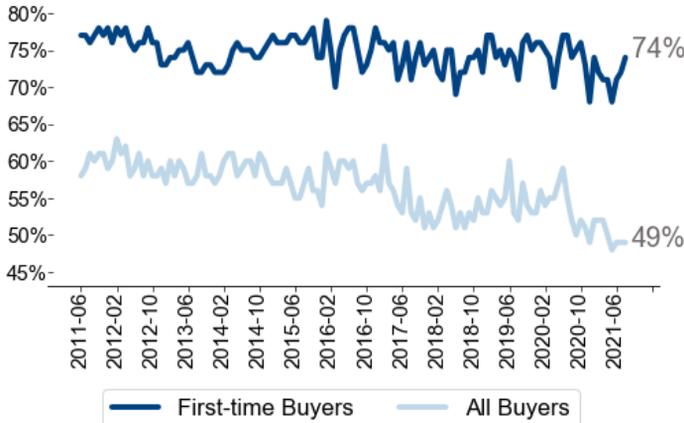
FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES



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Market Conditions

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



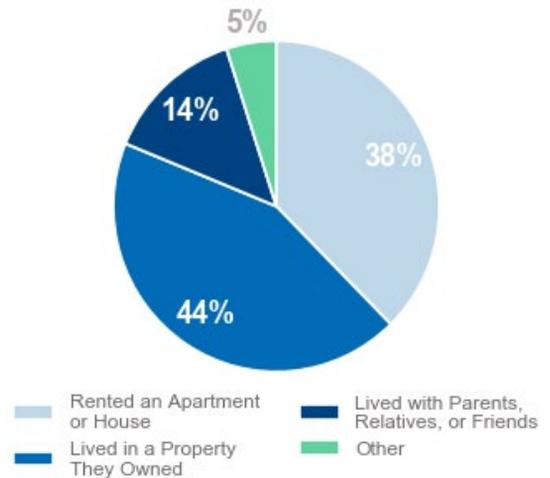
CASH SALES AS PERCENTAGE OF RESIDENTIAL SALES



DISTRESSED PROPERTY SALES BY PROPERTY TYPE



LIVING STATUS OF HOMEBUYERS At the Time of Purchase



AVERAGE NUMBER OF OFFERS RECEIVED ON THE MOST RECENT CLOSED SALE



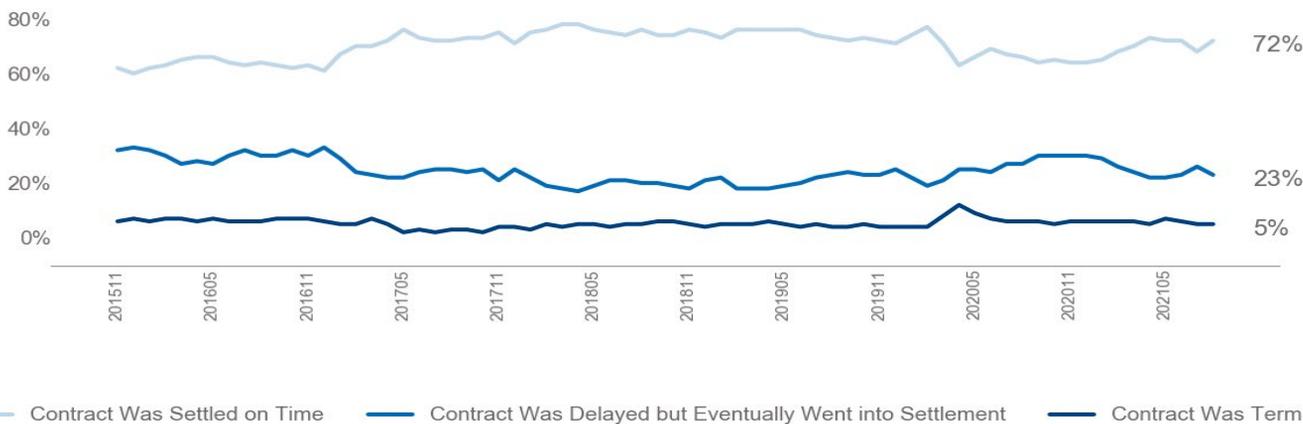
AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR BY AGENT



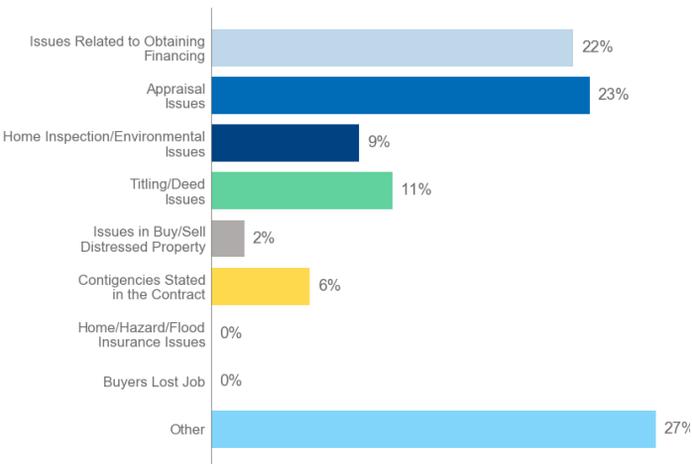
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Issues Affecting Buyers and Sellers

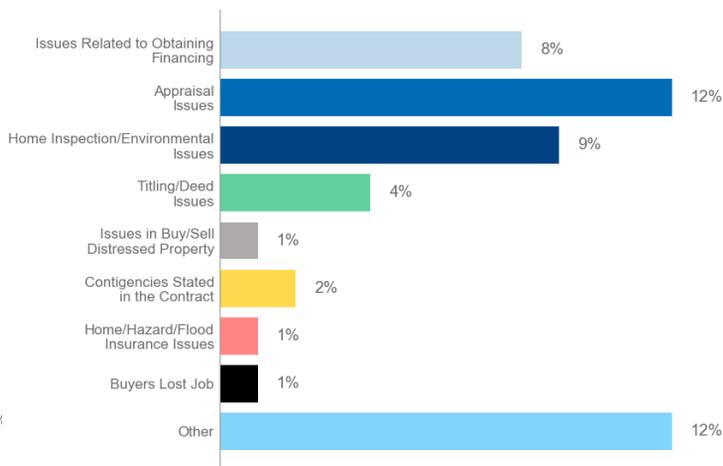
CONTRACT SETTLEMENT



PROBLEMS ENCOUNTERED FOR DELAYED CONTRACT



PROBLEMS ENCOUNTERED FOR TERMINATED CONTRACTS¹



PERCENT OF RENT COLLECTED FROM RESIDENTIAL TENANTS IN THE PAST MONTH

97%
Rent Collected

¹ Multiple responses are allowed.

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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 August 2021 survey was sent to 50,000 REALTORS® who were selected from NAR's more than 1.5 million members through simple random sampling and to 4,805 respondents in the previous three surveys who provided their email addresses.
- There were 2,905 respondents to the online survey which ran from September 1-7, 2021, of which 1,632 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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