



June 2017

REALTORS® CONFIDENCE INDEX SURVEY

Research Division

NATIONAL ASSOCIATION *of* REALTORS®

June 2017 Market Conditions and Outlook

- Amid sustained job creation and still historically low mortgage rates, REALTORS® reported strong homebuying demand in June 2017.
- Properties continued to sell at a brisk pace, and homebuyers faced higher prices as supply remained low relative to demand.
- More REALTORS® expect “strong” than “weak” market conditions in the next six months compared to current market conditions.

June 2017 Highlights

June 2017 REALTORS® Confidence Index Survey Highlights			
	Jun-17	May-17	Jun-16
RCI Buyer Traffic Index*	71	74	67
RCI Seller Traffic Index*	47	46	47
RCI Current Conditions: Single-Family Sales*	75	76	74
RCI Six-Month Outlook: Single-Family Sales*	72	76	73
First-Time Home Buyers, as Percent of Sales	32	33	33
Cash Sales, as Percent of Sales	18	22	22
Distressed Sales, as Percent of Sales	4	5	6
Sales for Non-Primary Residence Use, as Percent of Sales**	13	16	13
Median Days on Market	28	27	34
Sold at Original List Price or Premium, as Percent of Sales	40	40	37
Median Expected Price Growth in Next 12 Months (%)	3.4	3.7	3.1

*This is a diffusion index. An index greater than 50 indicates “strong” conditions and an index less than 50 indicates “weak” conditions.

**Non-primary residence use refers to the primary use of the property for either vacation or residential rental.

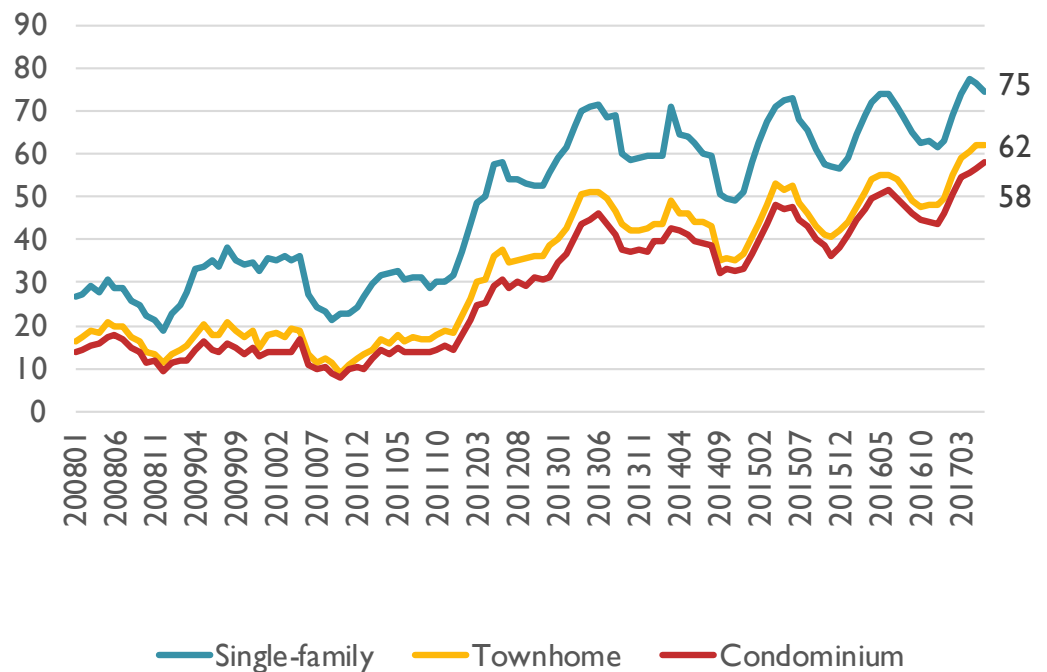


I. Market Conditions and Expectations

Market Conditions Remained Strong

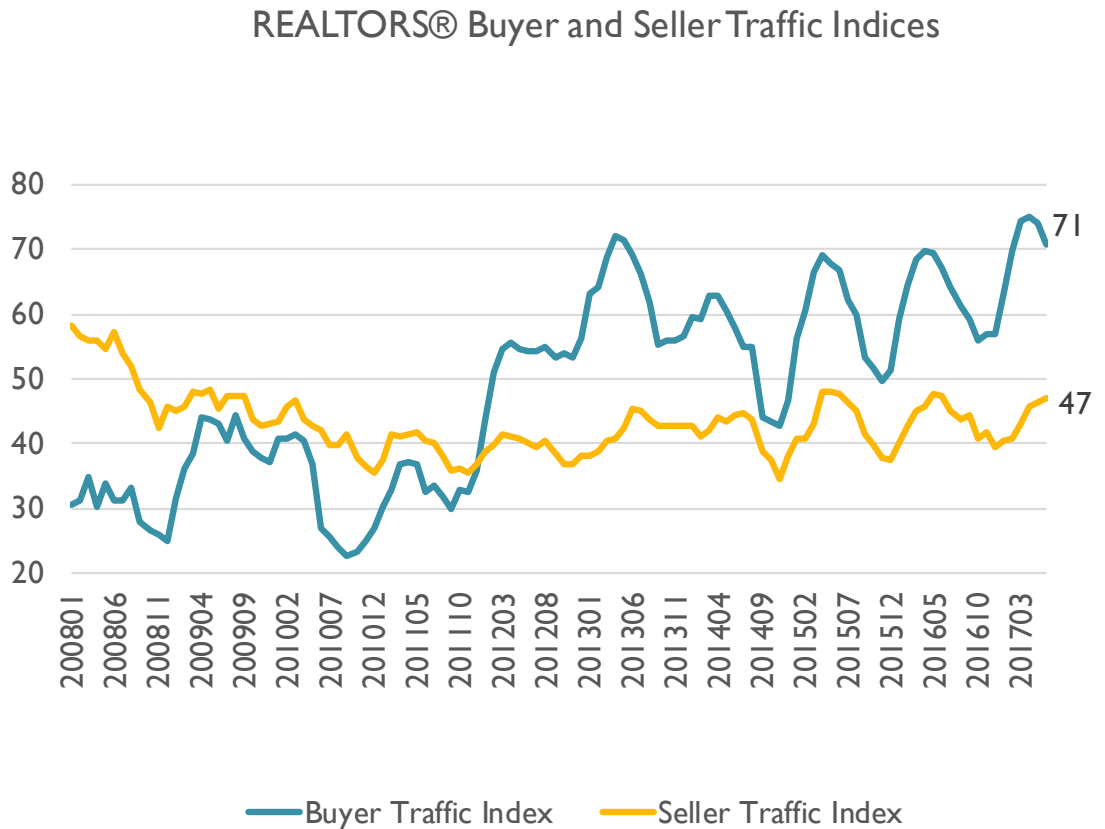
- The REALTORS® Confidence Index—Current Conditions indices for detached single-family, townhome, and condominium properties were above 50, indicating more respondents reported “strong” than “weak” market conditions in June 2017 compared to the same month last year (74 for detached single-family, 55 for townhome, and 52 for condominium in June 2016).

REALTORS® Confidence Index—Current Conditions



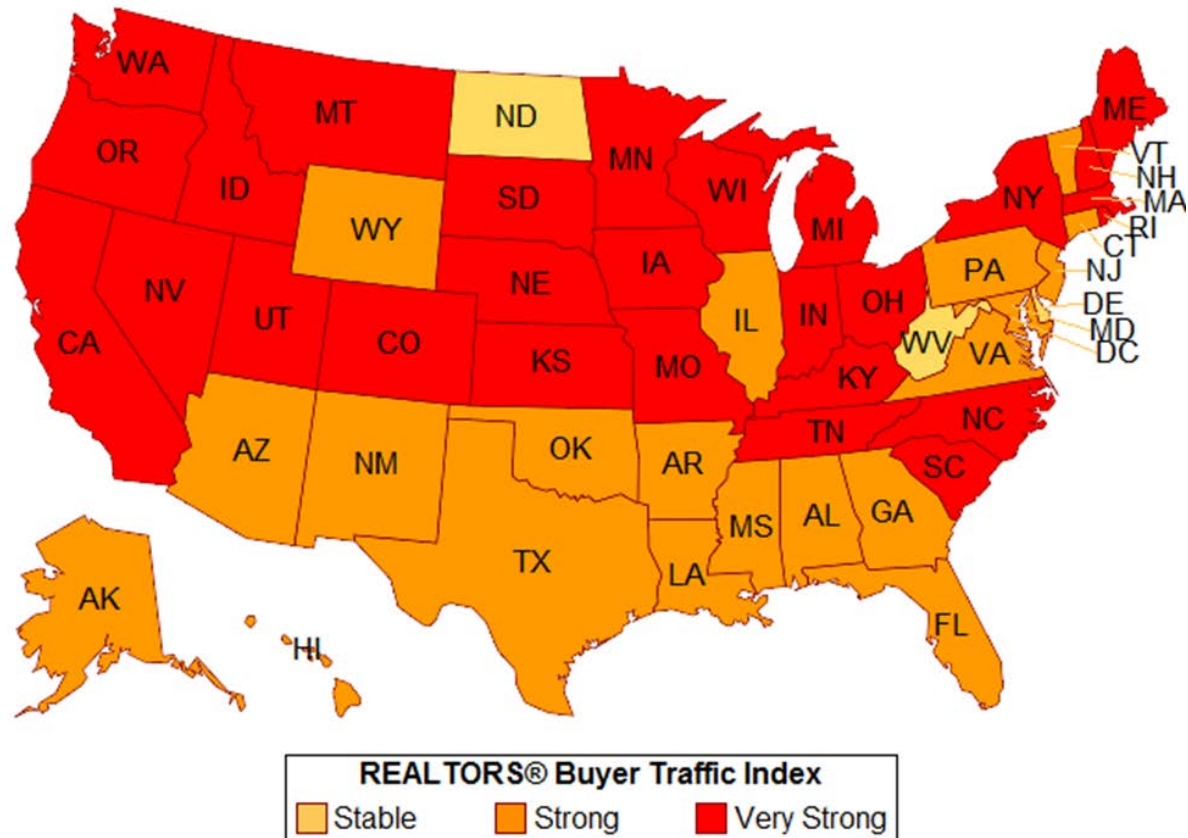
Buyer Traffic Strong, Seller Traffic Weak

- Demand continued to outpace supply in June 2017. Buyer traffic remained strong while seller traffic remained weak.
- The *REALTORS® Buyer Traffic Index* registered at 71, while the *REALTORS® Seller Traffic Index* remained below 50. An index below 50 reflects tight supply of homes for sale.



Homebuying Demand Stood Strong

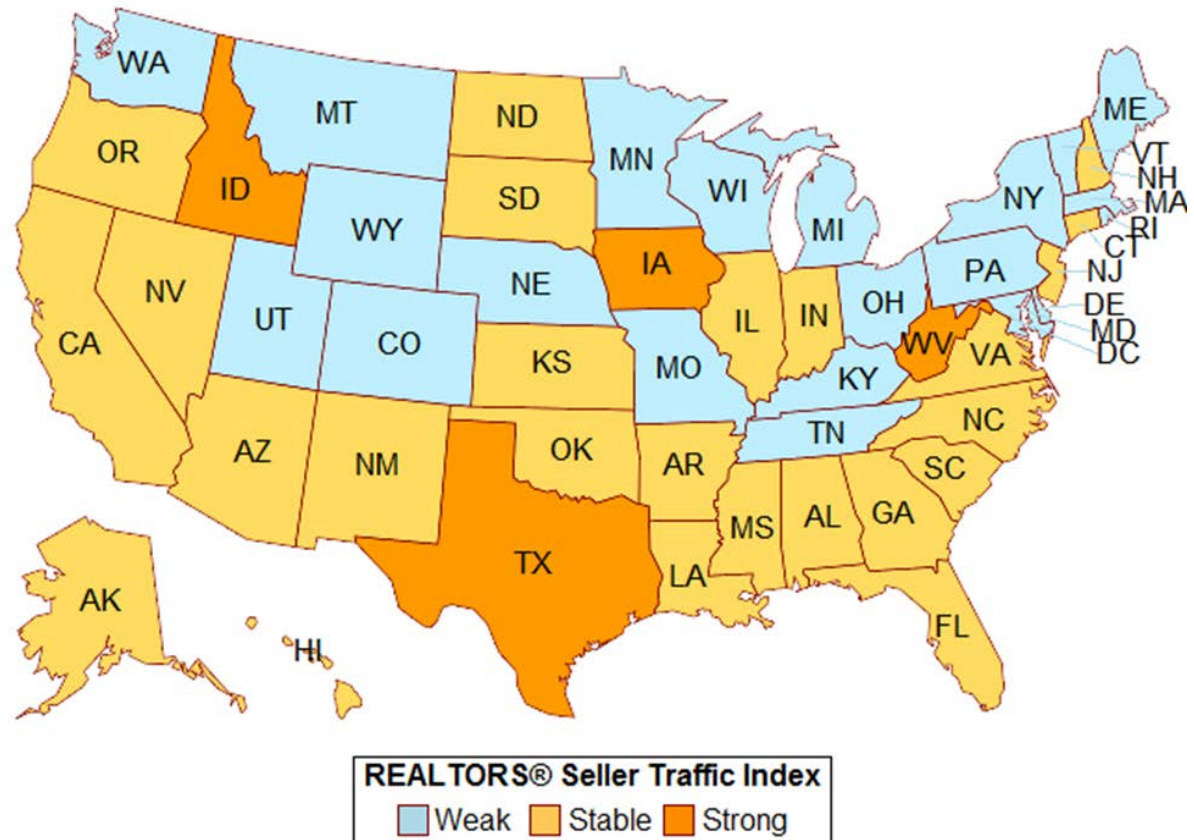
- Compared to conditions in the same month last year, buyer traffic conditions were “stable” (no change in conditions) to “very strong” in all states.



**For graphical purposes, index values less than or equal to 25 are labeled “Very Weak,” values of 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.”*

Inventory Remained Tight

- Compared to conditions in the same month last year, seller traffic conditions were “weak” in 21 states, “stable” in 25 states, and “strong” in four states and the District of Columbia.

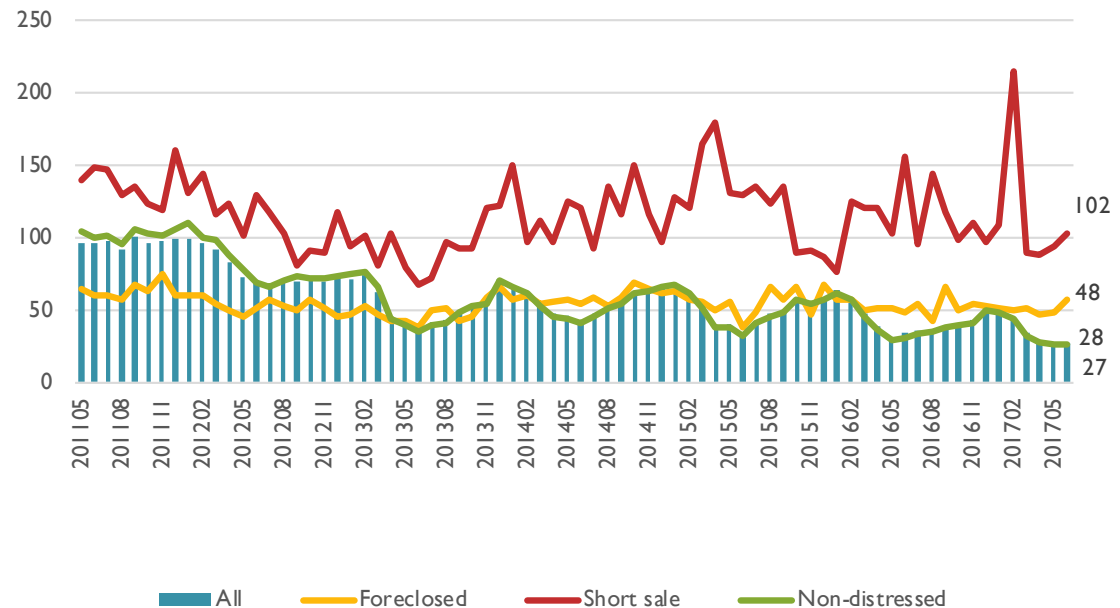


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Days on Market Continued To Fall

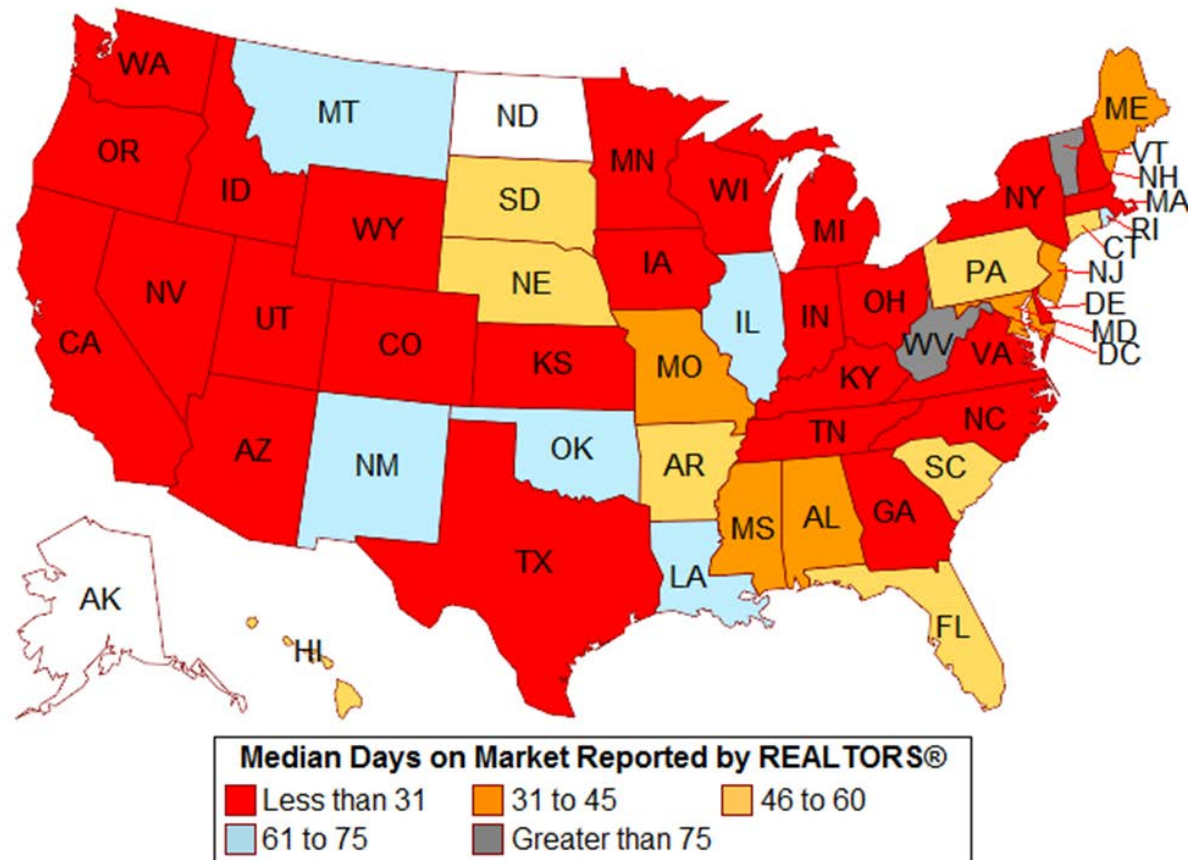
- Amid tight supply, properties were typically on the market for 28 days (27 days in May 2017; 34 days in June 2016).
- Fifty-four percent of properties were on the market for less than one month when sold, compared to 48 percent in the same month one year ago.

Median Days on Market of Sales Reported by REALTOR® Respondents



Short Median Days on Market

- Properties that sold in April–June 2017 were typically on the market for less than 31 days in 26 states.

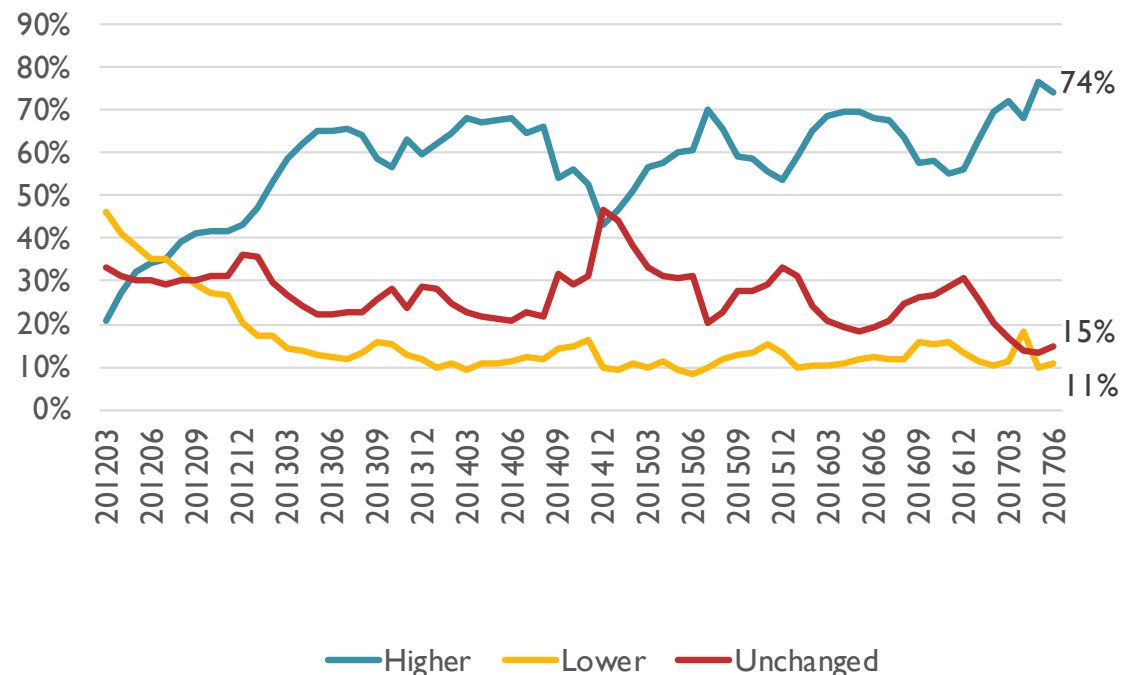


**No estimate for Alaska, North Dakota, and the District of Columbia*

Home Prices Continued to Increase

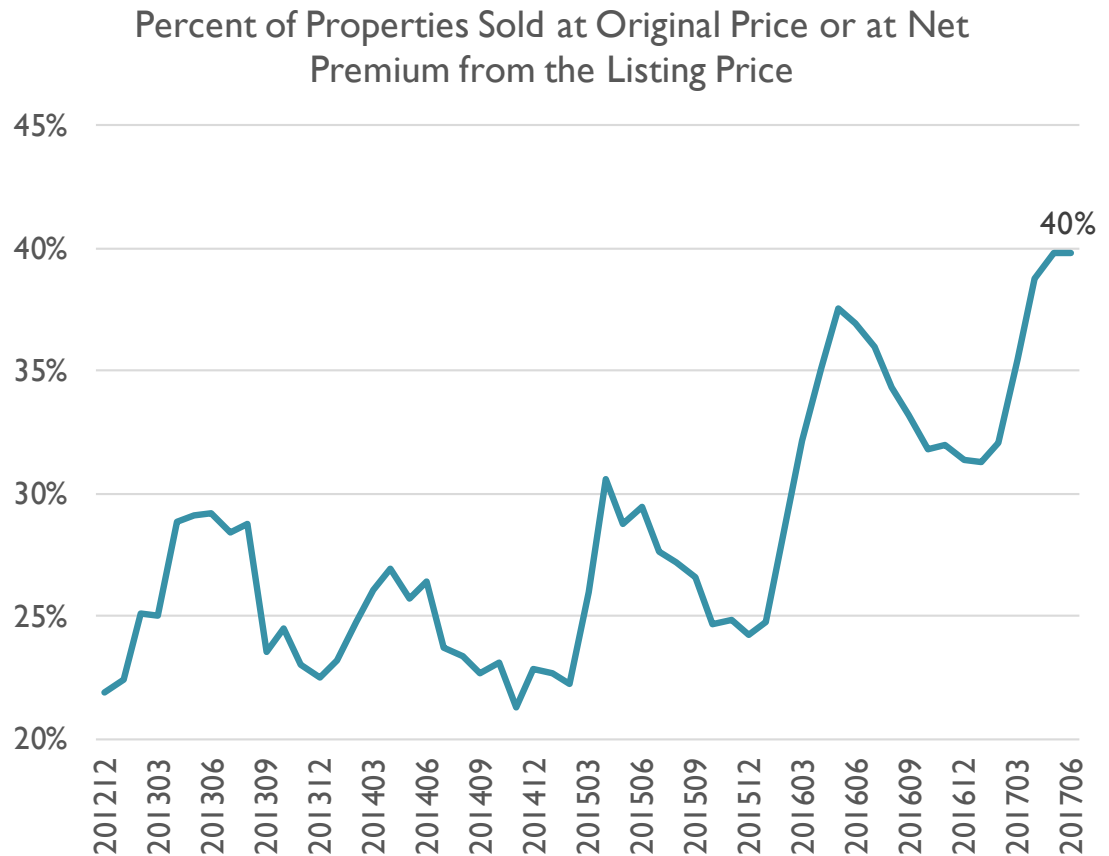
- Amid tight supply, home prices continued to increase in many areas.
- Eighty-nine percent of respondents reported that home prices either remained constant or rose in June 2017 compared to one year ago (90 percent in May 2017, 88 percent in June 2016).

Percentage Distribution of Price Change from a Year Ago
Reported by REALTOR® Respondents



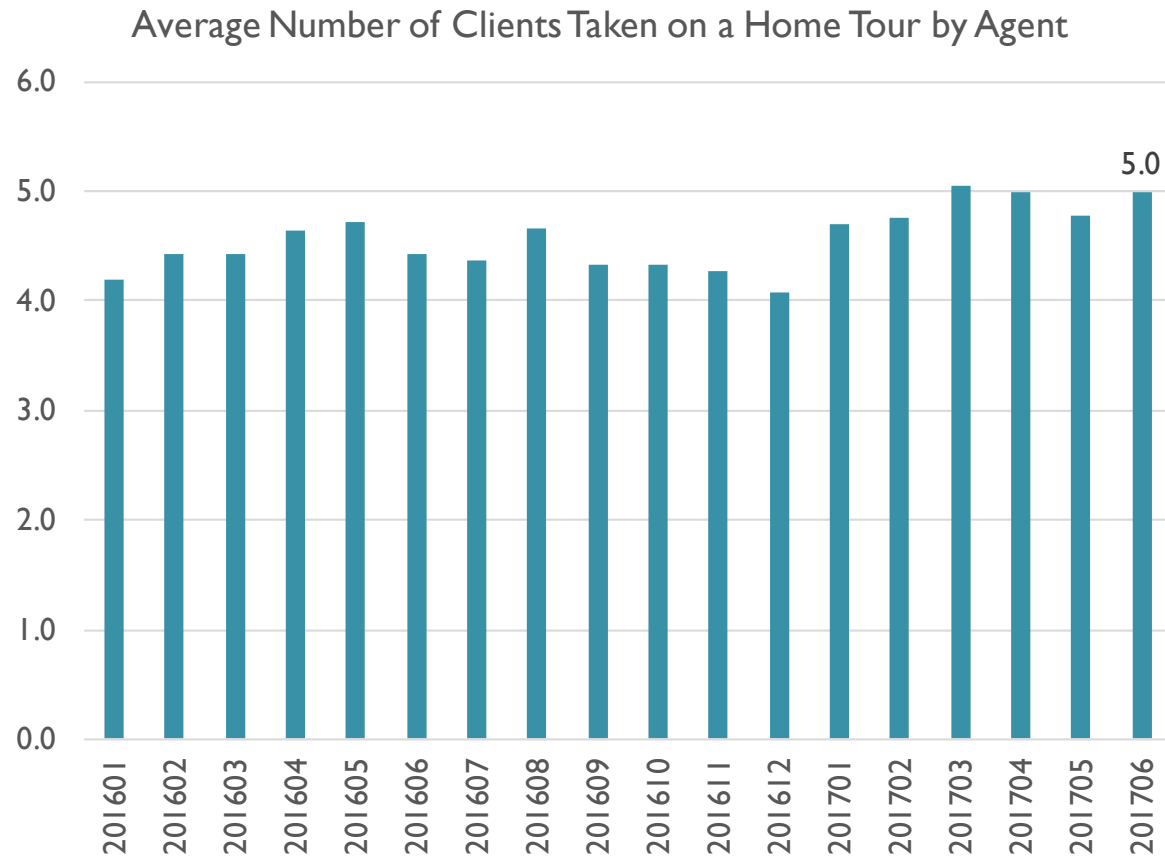
Properties Sold Above Listing Price

- Because conditions are competitive for buyers and supply is tight, offers continued to be high relative to asking price.
- Forty percent of properties sold at or above the original listing price (40 percent in May 2017; 37 percent in June 2016).



More Clients Took Home Tours

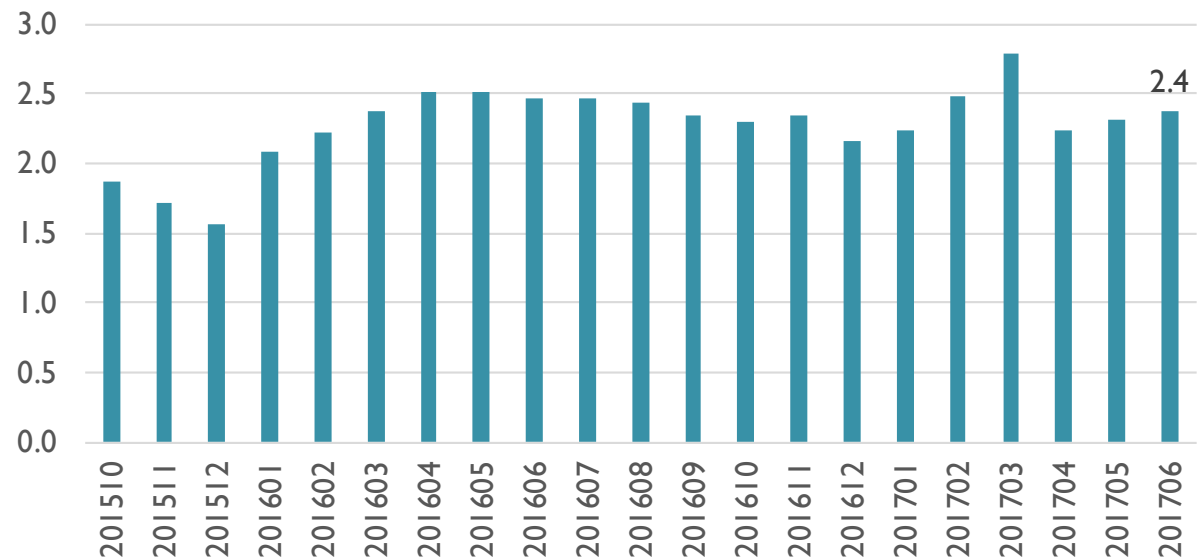
- On average, REALTOR® respondents took five clients on a home tour in June 2017 compared to just over four clients one year ago.
- The increase in home tours from a year ago is another indicator of strong buyer interest in the housing market.



Offers Per Client Held Steady

- On average, REALTOR® respondents wrote nearly two offers per client they took on a home tour, about the same as one year ago.
- The steadiness in the number of offers written suggests buyer clients remain motivated.

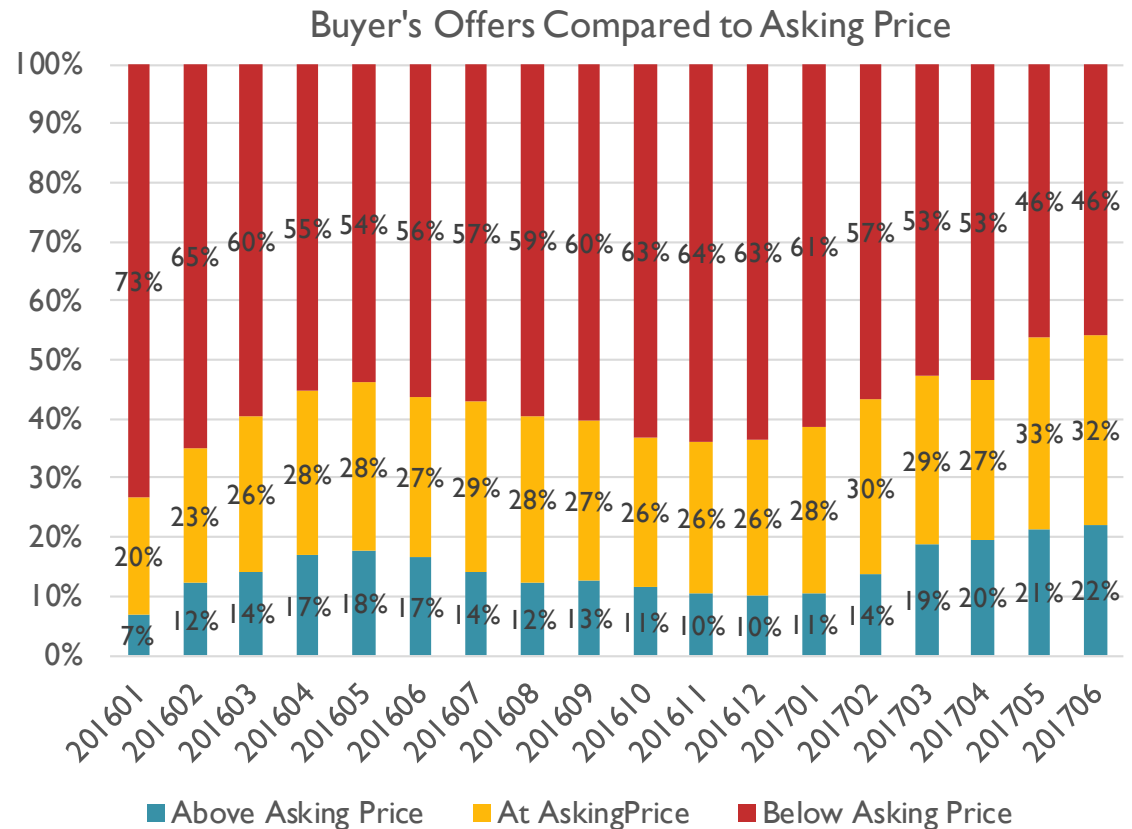
Average Number of Offers Written Per Client Taken on a Home Tour*



*Regardless of acceptance

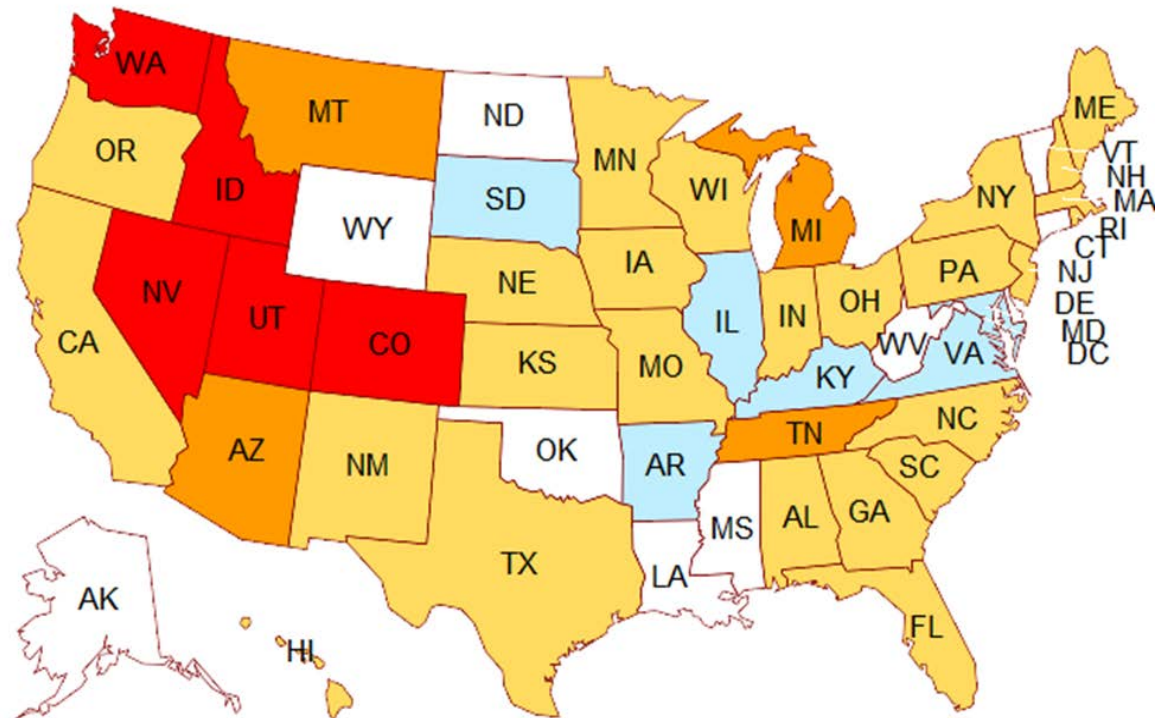
Buyer's Offer Price Increased

- The share of buyers offering at or above the asking price rose to 54 percent from 27 percent in February 2016 when NAR first tracked this indicator. Low supply compared to high demand likely accounted for this trend.



Home Prices Expected to Increase

- REALTOR® respondents expected strong price growth in Washington, Idaho, Nevada, Utah, and Colorado of more than five percent in the next 12 months.
- Respondents expected prices to remain stable or increase modestly in states that are more reliant on oil production (e.g., Alaska, North Dakota, Wyoming, Oklahoma, Louisiana, Mississippi, and West Virginia) and in Connecticut, Vermont, and the District of Columbia.



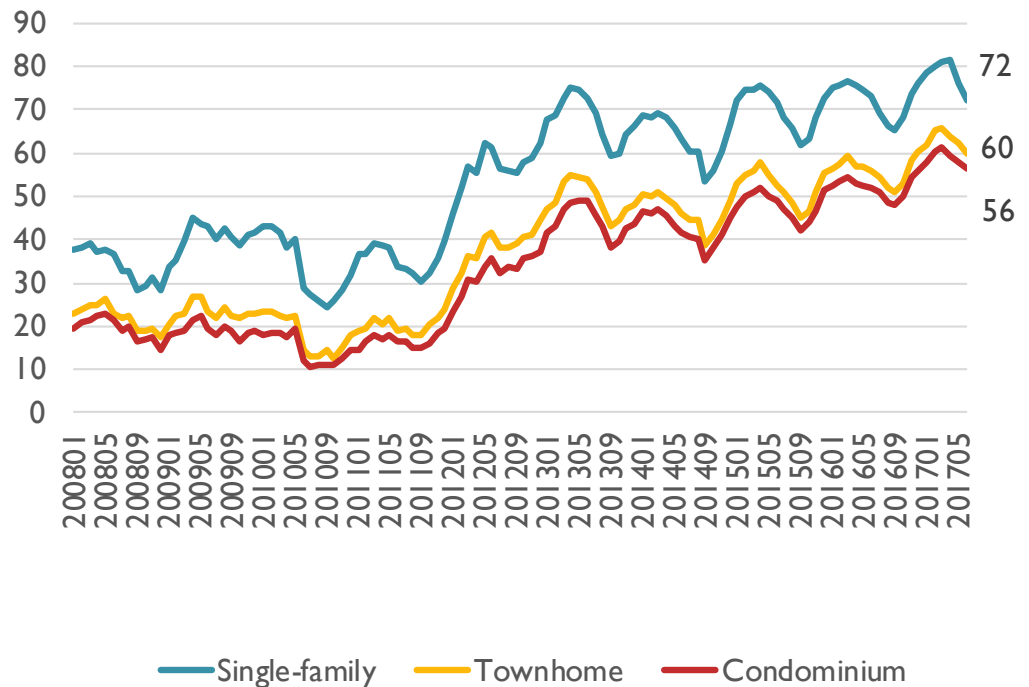
Median Expected Price Change Within the Next 12 Months Among REALTOR® Respondents

0% to 2%	2.01% to 3%	3.01% to 4%	4.01% to 5%	5.01% to 7%
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Strong Markets Expected in Six Months

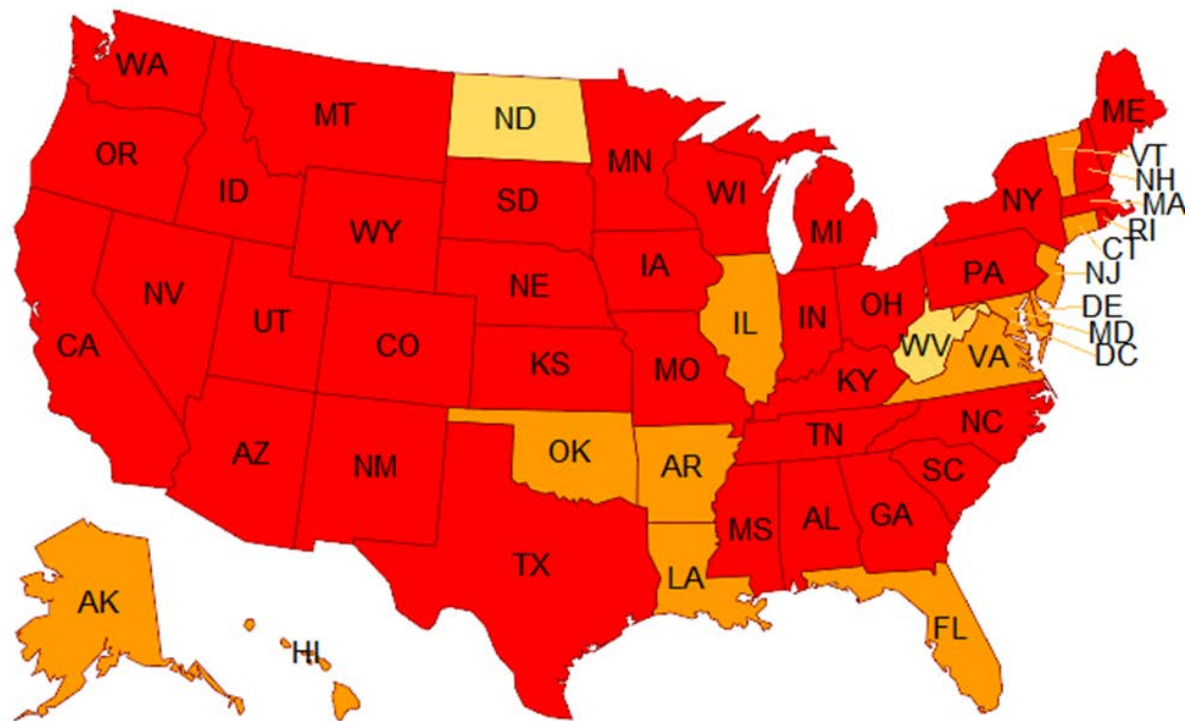
- The REALTORS® Confidence Index—Six-Month Outlook Current Conditions indices for detached single-family, townhome, and condominium properties were above 50, indicating more respondents expected conditions to strengthen rather than weaken over the next six months compared to current conditions (73 for detached single-family, 56 for townhome, and 52 for condominium in June 2016).

REALTORS® Confidence Index—Six-Month Outlook



Very Strong Six-Month Outlook for Single-Family Homes

- Compared to current conditions, REALTOR® respondents expected the outlook over the next six months for detached single-family properties to be “stable” to “very strong” in all states and the District of Columbia.



REALTORS® Confidence Index--Six-Month Outlook for Single-family Homes

Stable Strong Very Strong

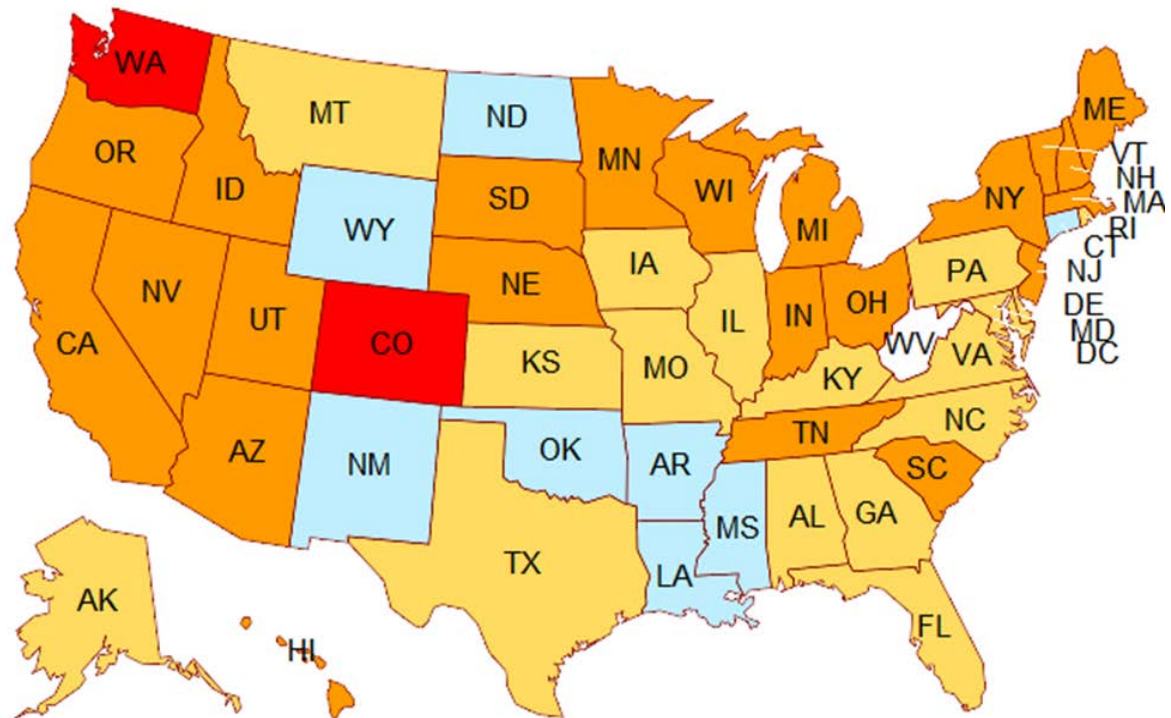
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Weak Stable Strong Very Strong

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**REALTORS® Confidence Index--Six-Month Outlook for Condominiums**

Very weak Weak Stable Strong Very Strong

**For graphical purposes, index values less than or equal to 25 are labeled “Very Weak,” values of 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.”*



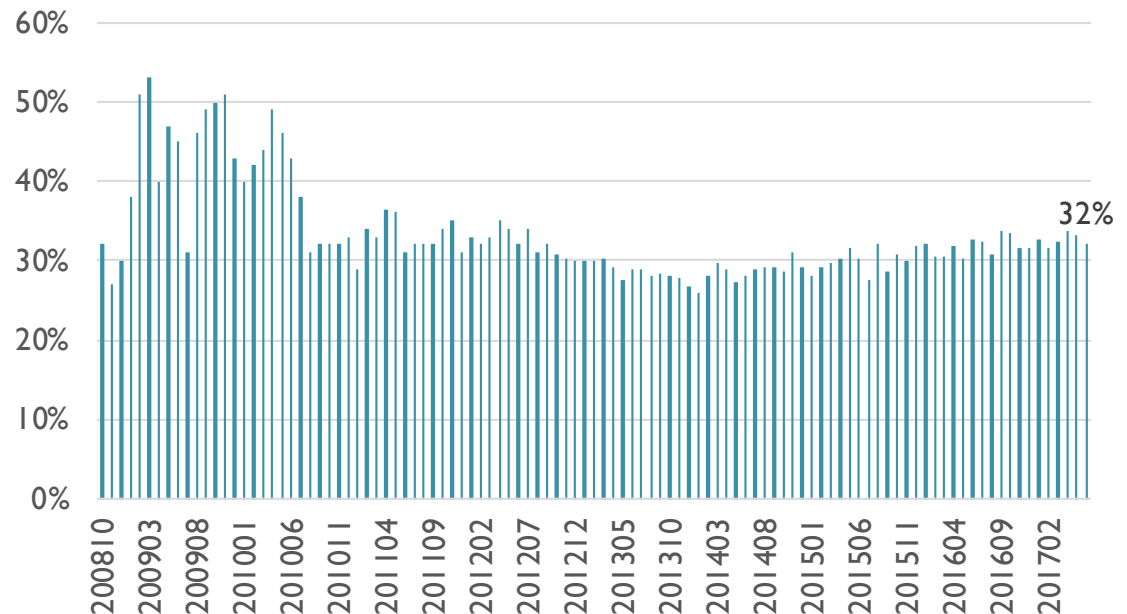
II. Characteristics of Buyers and Sellers*

** Based on the respondent's most recent sale for the month.*

Share of First-time Homebuyers Remains Modest

- Of all buyers, 32 percent were first-time buyers (33 percent in May 2017; 33 percent in June 2016).
- Sustained job growth, improving incomes, and the aging of the Millennial generation are likely underpinning the sustained, albeit modest, demand by first-time buyers.

First-Time Buyers as Percent of Residential Market

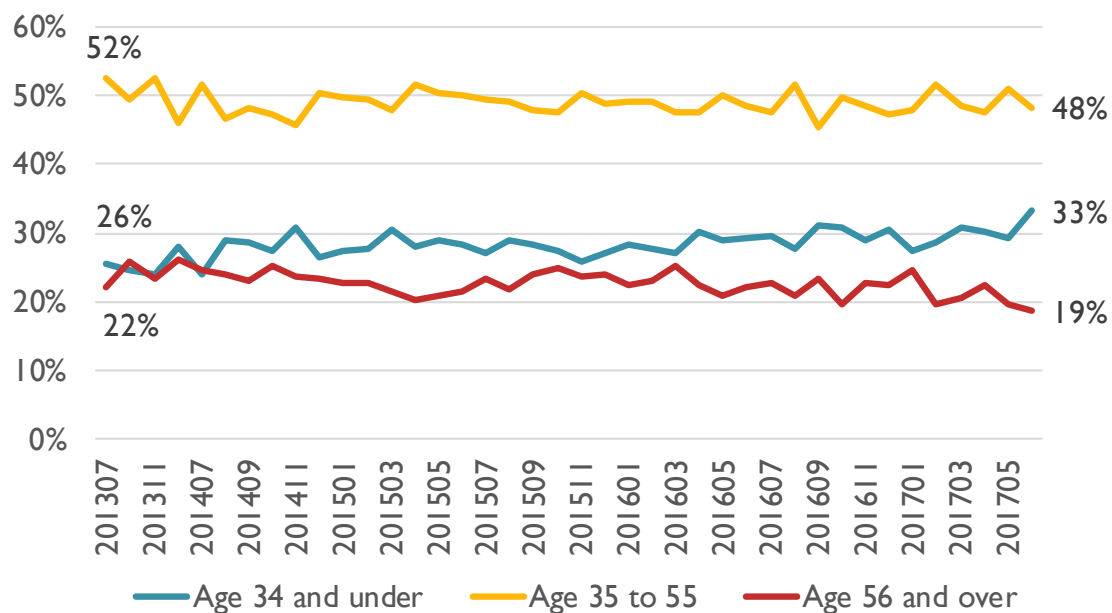


NAR's 2016 Profile of Home Buyer and Sellers (HBS) reports that among primary residence home buyers, 35 percent were first-time home buyers, up from 32 percent in 2015. The HBS surveys primary residence home buyers, while the monthly RCI Survey surveys REALTORS® and captures purchases for investment purposes and vacation/second homes. The U.S. Census Bureau defines the Millennial generation as those born in 1982–2000.

Increased Sales: Buyers 34 Years and Younger

- Home sales among buyers 34 years and younger have been on an uptrend. This age group accounted for 33 percent of sales, up from 26 percent in July 2013 when the RCI Survey first asked the question.*

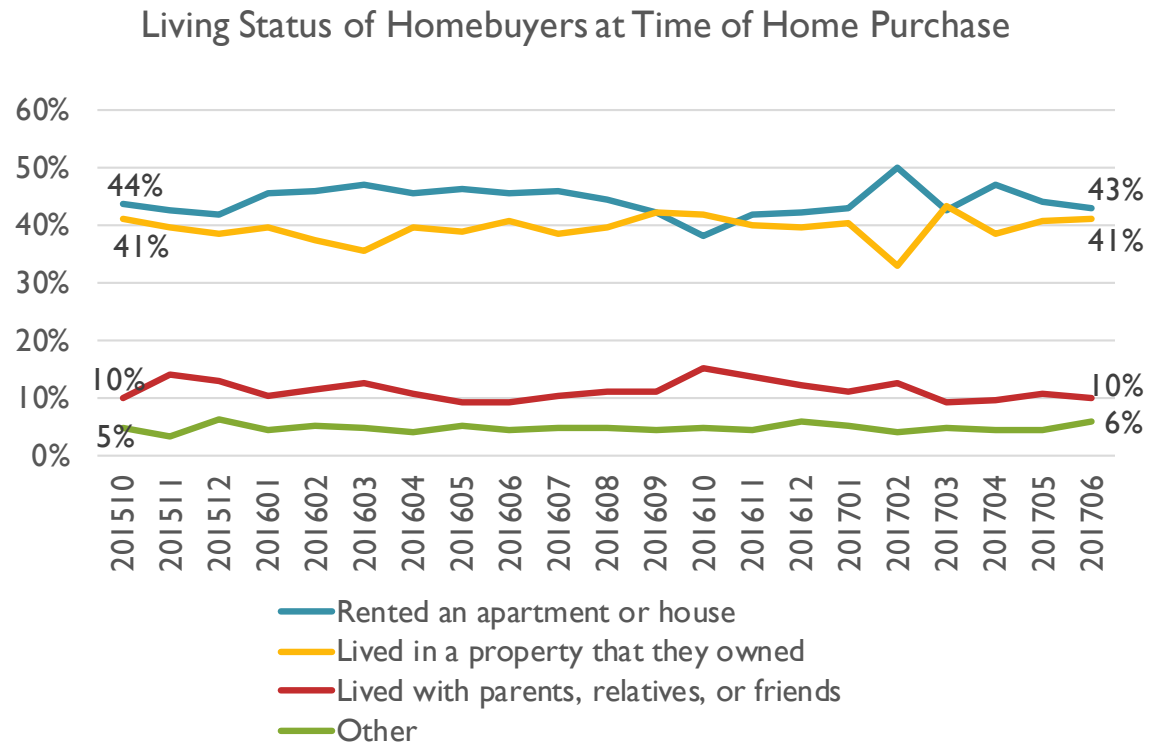
Age Distribution of Buyers for Sales Reported by REALTOR® Respondents



*NAR's 2016 Profile of Home Buyer and Sellers (HBS) reports that among primary residence home buyers, 28 percent were 18-34 years old. The HBS surveys primary residence home buyers, while the monthly RCI Survey surveys REALTORS® and captures purchases for investment purposes and vacation/second homes.

Renters: Largest Group of Homebuyers

- Homebuyers who were renting prior to their recent home purchase accounted for the largest share of homebuyers at 43 percent of sales (44 percent in May 2017; 46 percent in June 2016).*

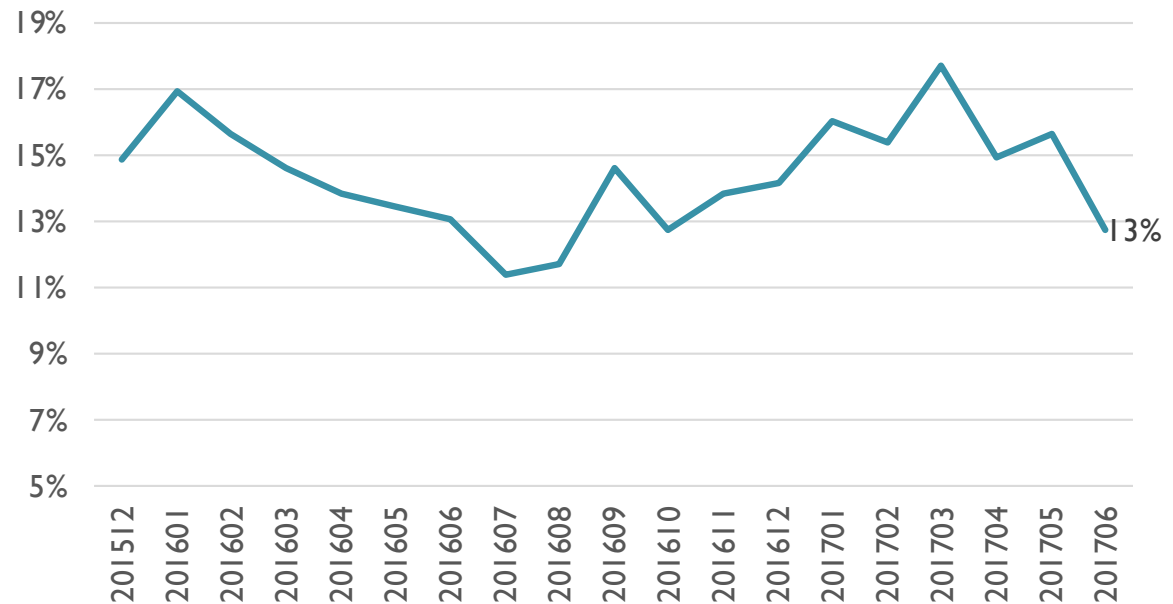


NAR's 2016 Profile of Home Buyer and Sellers (HBS) reports that among primary residence home buyers, 41 percent rented an apartment or house prior to their home purchase. The HBS surveys primary residence home buyers, while the monthly RCI Survey surveys REALTORS® and captures purchases for investment purposes and vacation/second homes.

Non-Primary Residence Sales Steady with Last Year's Pace

- Thirteen percent of all sales were non-primary residences (residential rental or vacation use), the same as one year ago (16 percent in May 2017; 13 percent in June 2016).

Sales for Non-Primary Residence Use as a Percent of Residential Sales*

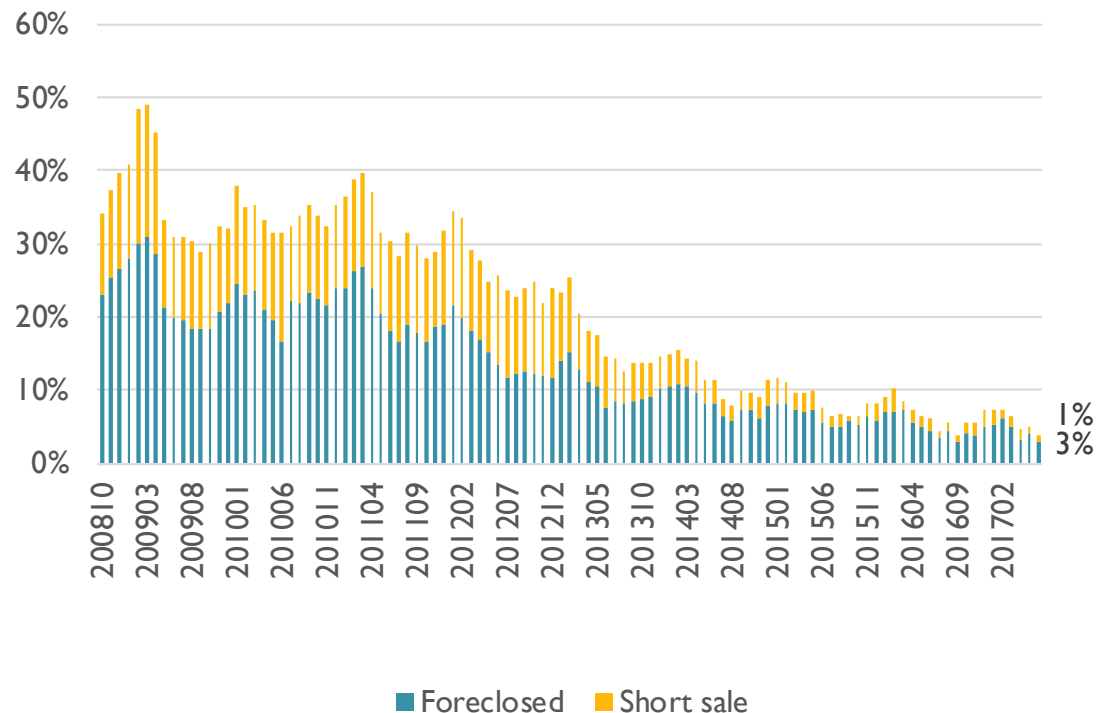


**Non-primary residence sales refer to vacation or residential rental use. Respondents are asked to identify the primary use of the property: primary residence, vacation home, investment as a residential rental unit.*

Distressed Property Sales Have Declined

- Distressed sales accounted for four percent of sales in June 2017 (five percent in May 2017; six percent in June 2016).
- With rising home values, improved economic conditions, and fewer foreclosures, the share of sales of distressed properties has generally declined.

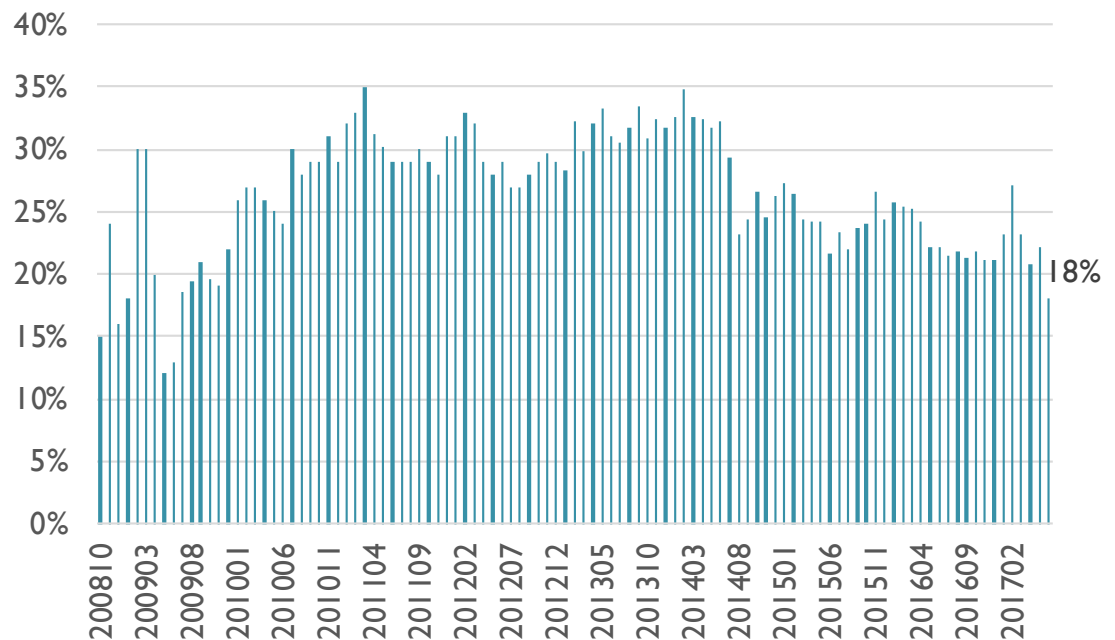
Distressed Sales as Percent of Residential Sales



Cash Sales Have Declined

- Eighteen percent of sales were all-cash (22 percent in May 2017; 22 percent in June 2016).
- As sales to investors and distressed properties have fallen, the share of cash sales has declined compared to 2009-2014 levels.

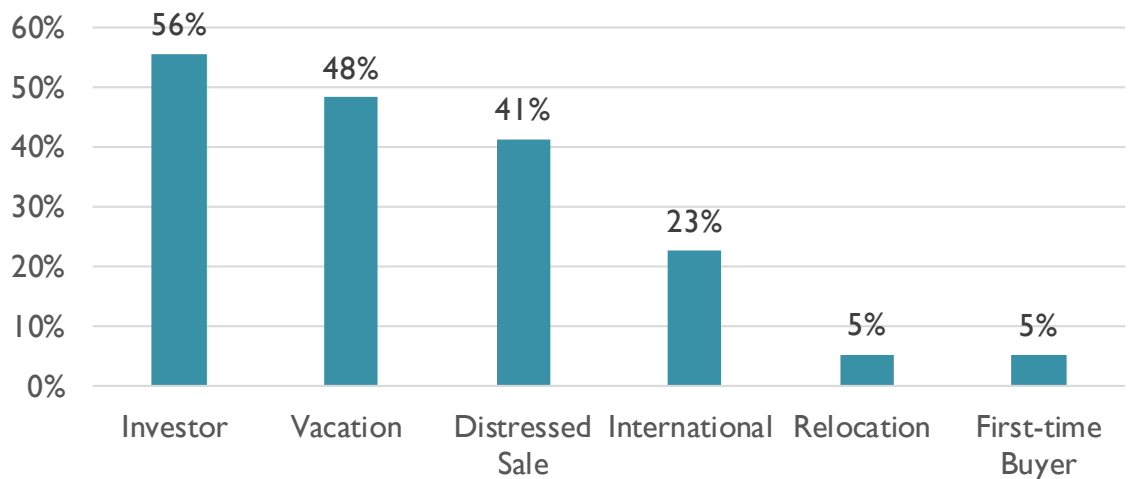
Cash Sales as Percent of Residential Sales



Investors Topped List of Cash Buyers

- Buyers of homes for investment and vacation purposes, buyers of distressed properties, and international buyers were more likely to pay cash than first-time and relocation homebuyers.

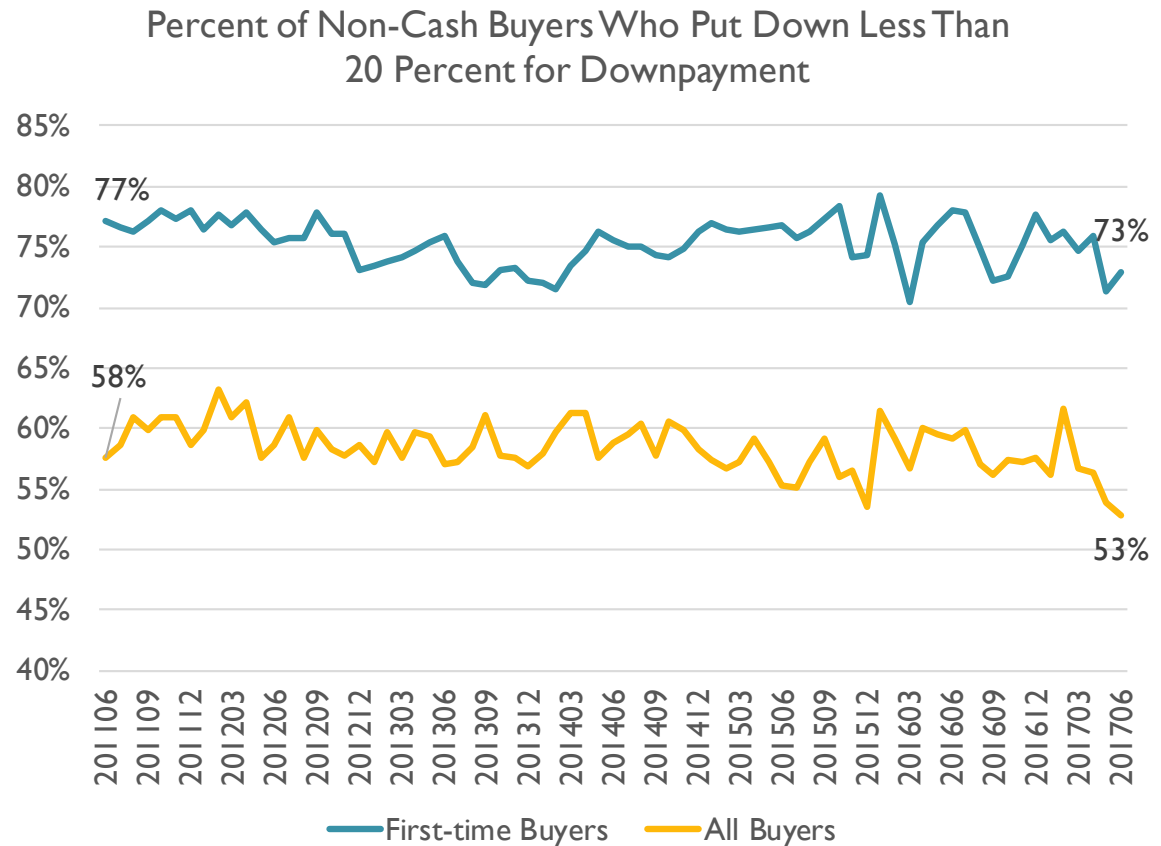
Percent of All-Cash Sales Across Types of Buyer



**The RCI survey captures only non-U.S. citizens whose permanent residence is in another country (Type A). NAR has a separate survey on foreign buyers that captures both Type A buyers and non-U.S. citizens who reside in the United States on work, student, or other types of visas (Type B).*

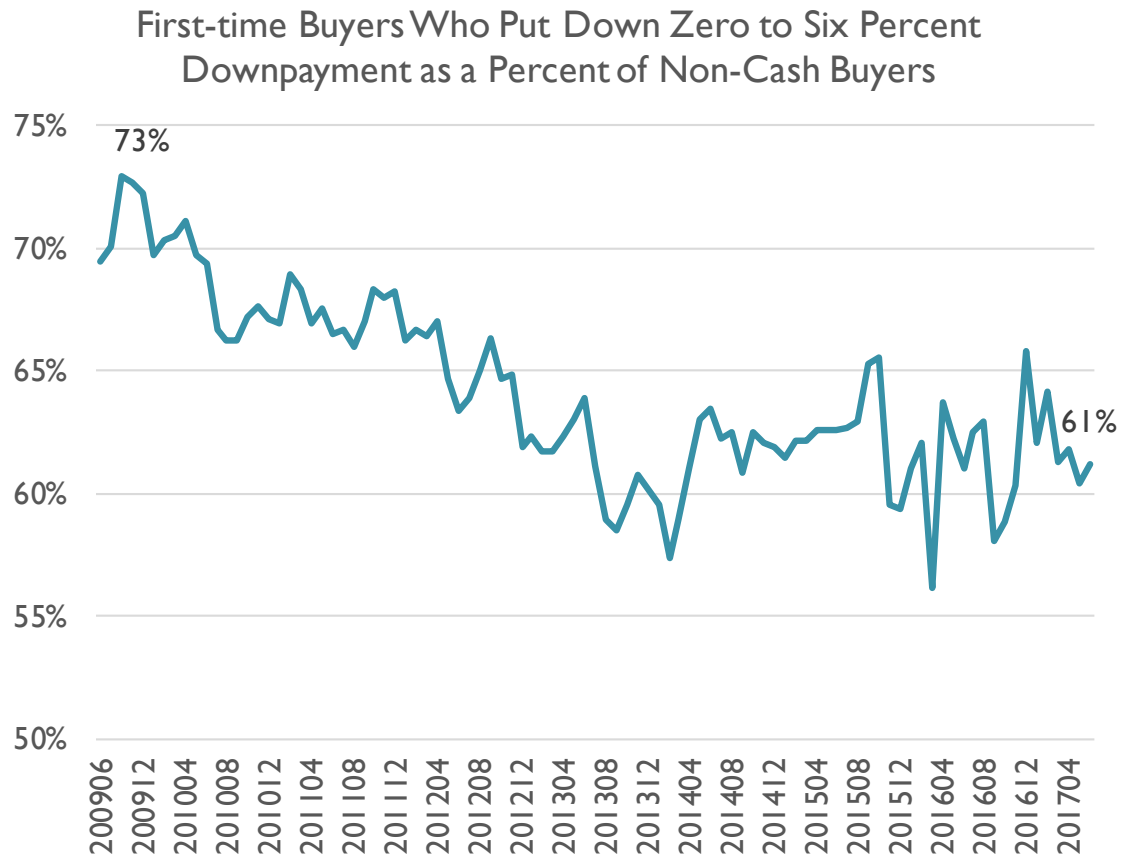
Low Downpayment for First-time Buyers

- Among first-time homebuyers who obtained a mortgage and whose transactions closed in April–June 2017, 73 percent put down less than 20 percent for downpayment.
- Among all buyers whose transactions closed in June 2017, 53 percent put down less than 20 percent for downpayment.



Fewer First-time Buyers Made Low Downpayment

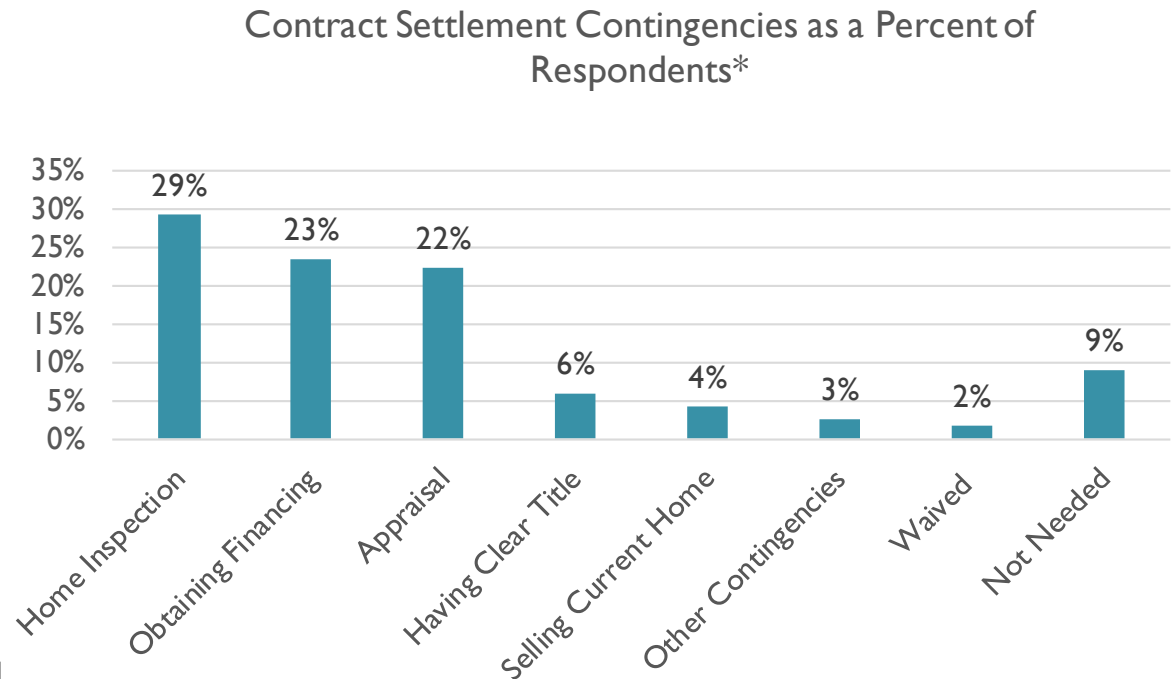
- Sixty-one percent of non-cash first-time buyers made a zero to six percent downpayment, down from the peak of 73 percent in September 2009 since the *RCI Survey* first tracked this indicator in 2009.
- NAR's 2016 Q3 *HOME Survey** found that only 13 percent of those aged 34 or under believe they need a downpayment of five percent or less.



*Home Opportunities and Market Experience (HOME) Survey

Home Inspection Topped Buyer Contingency List

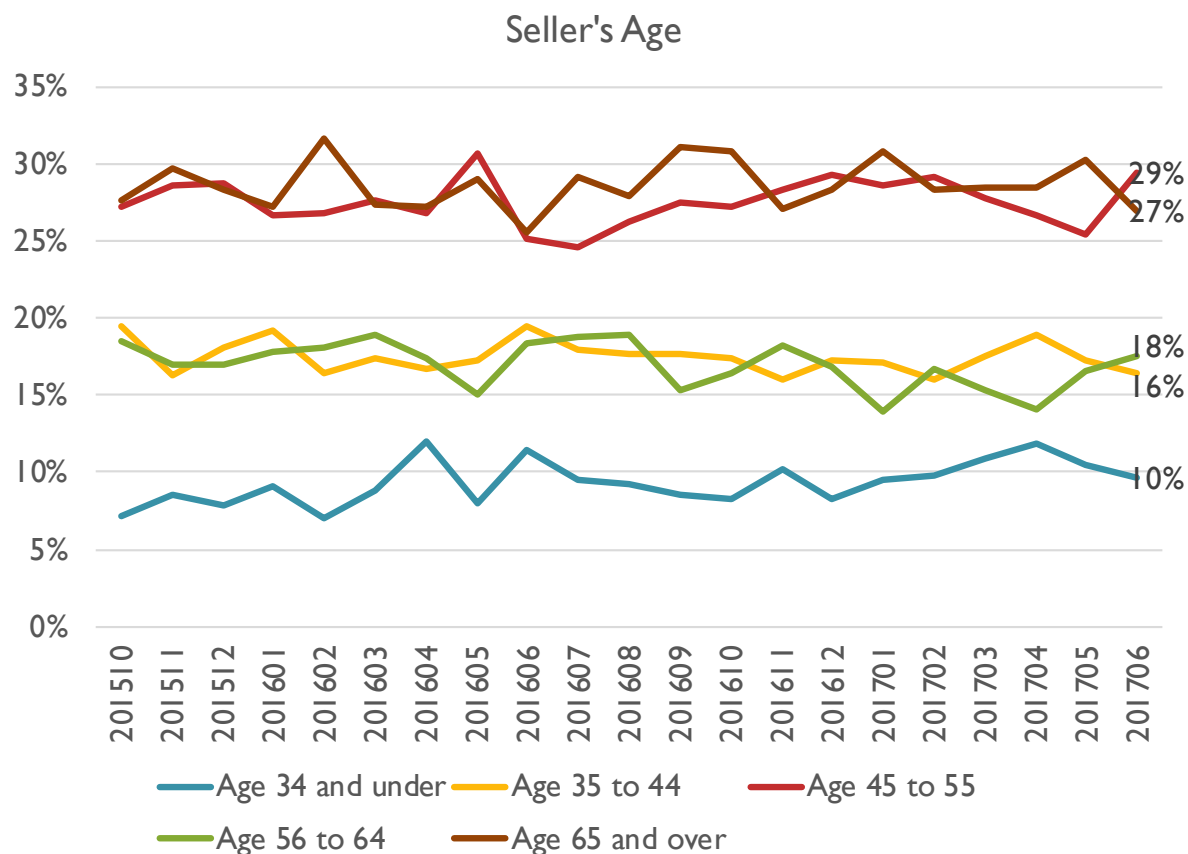
- Eighty-nine percent of agents who worked with buyers reported contract contingencies for their most recent sale in June 2017.
- Passing a home inspection, obtaining financing, and having the right appraisal were the most common buyer contingencies reported in June 2017.



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

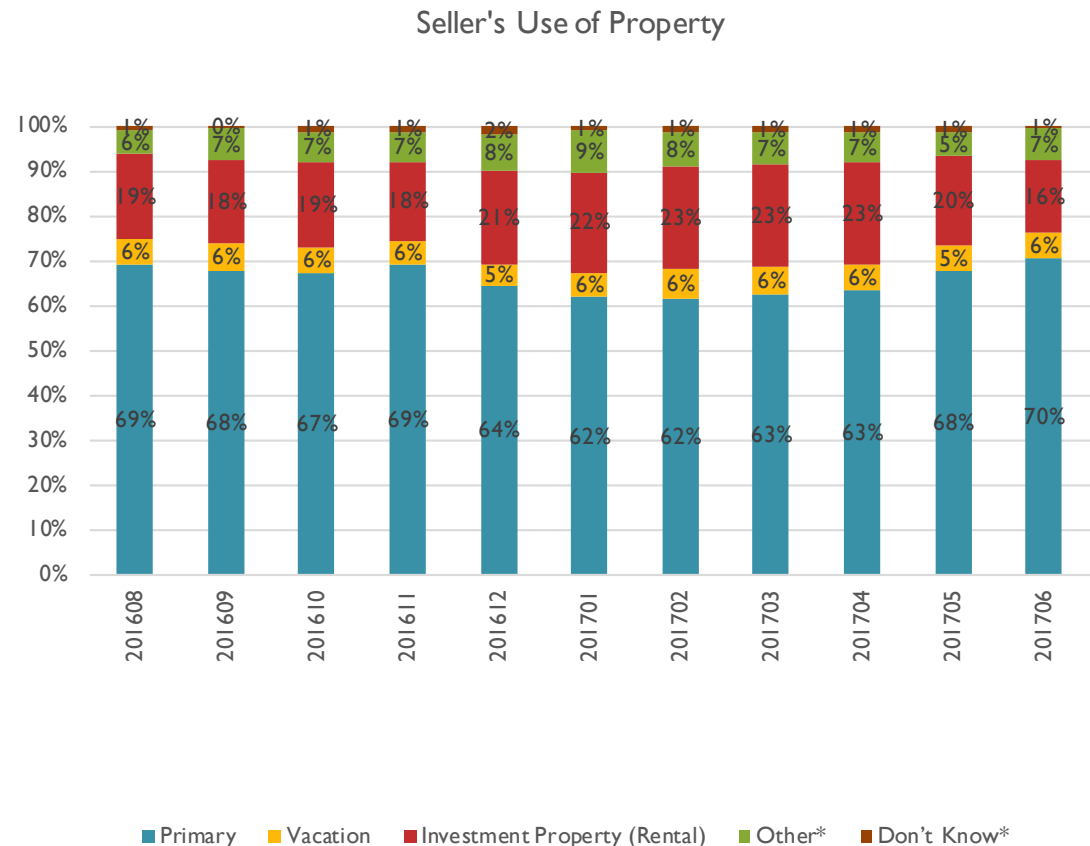
Sellers: Most Likely 56 Years And Older

- Sellers 65 years old and older (29 percent) and 56 to 64 years (18 percent) comprised the bulk of home sellers.



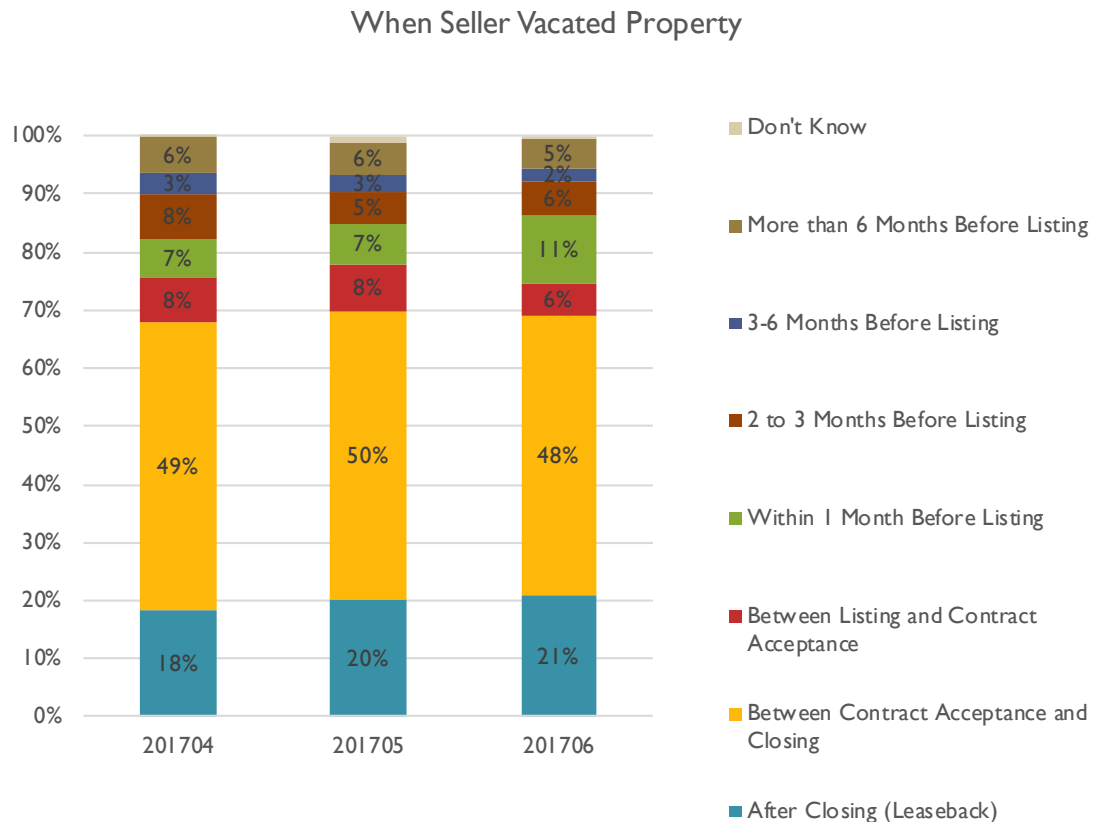
Sellers' Use of Property

- Most sellers used the property as a primary residence.
- Sixteen percent of sellers who sold a property in June 2017 used the property for investment purpose.



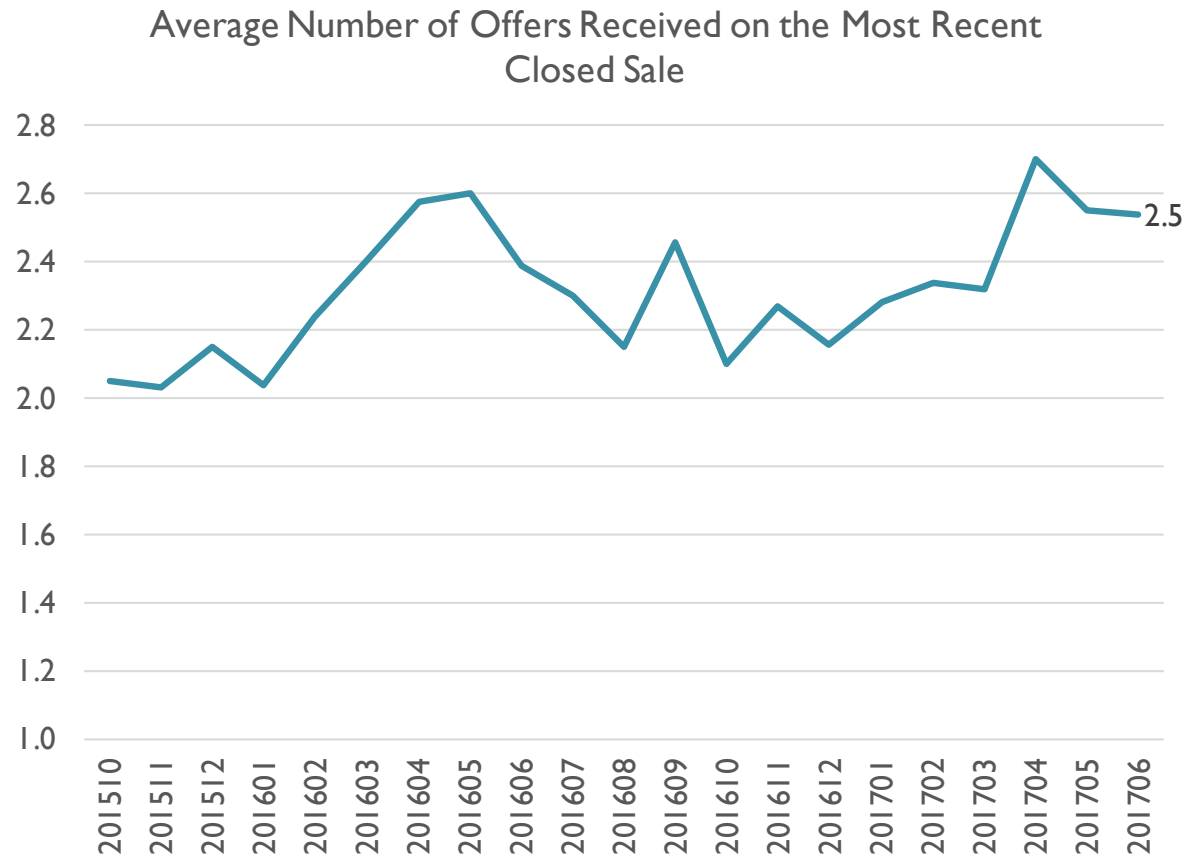
Most Sellers Vacated Property After Contract Was Accepted

- For sales that closed in June 2017, 48 percent of sellers vacated the property between contract acceptance and closing.
- Twenty-one percent vacated the property after closing under leaseback terms.



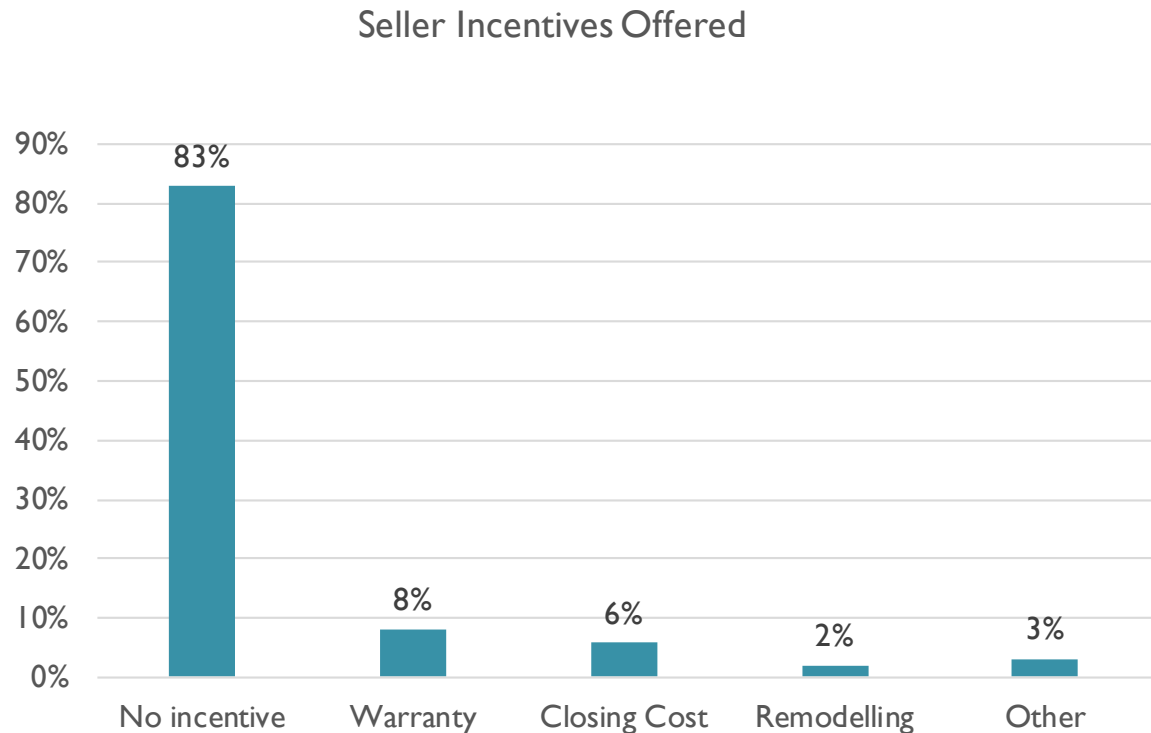
Three-Offer Average for Sellers

- Sellers who closed a sale in June 2017 received nearly three offers on average, about the same as one year ago.
- The number of offers tends to increase during the spring.



Sellers Offered Few Incentives

- Seventeen percent of sellers reported offering incentives.
- Warranty, assistance with closing cost, and remodeling were the incentives offered by sellers on sales that closed in June 2017.





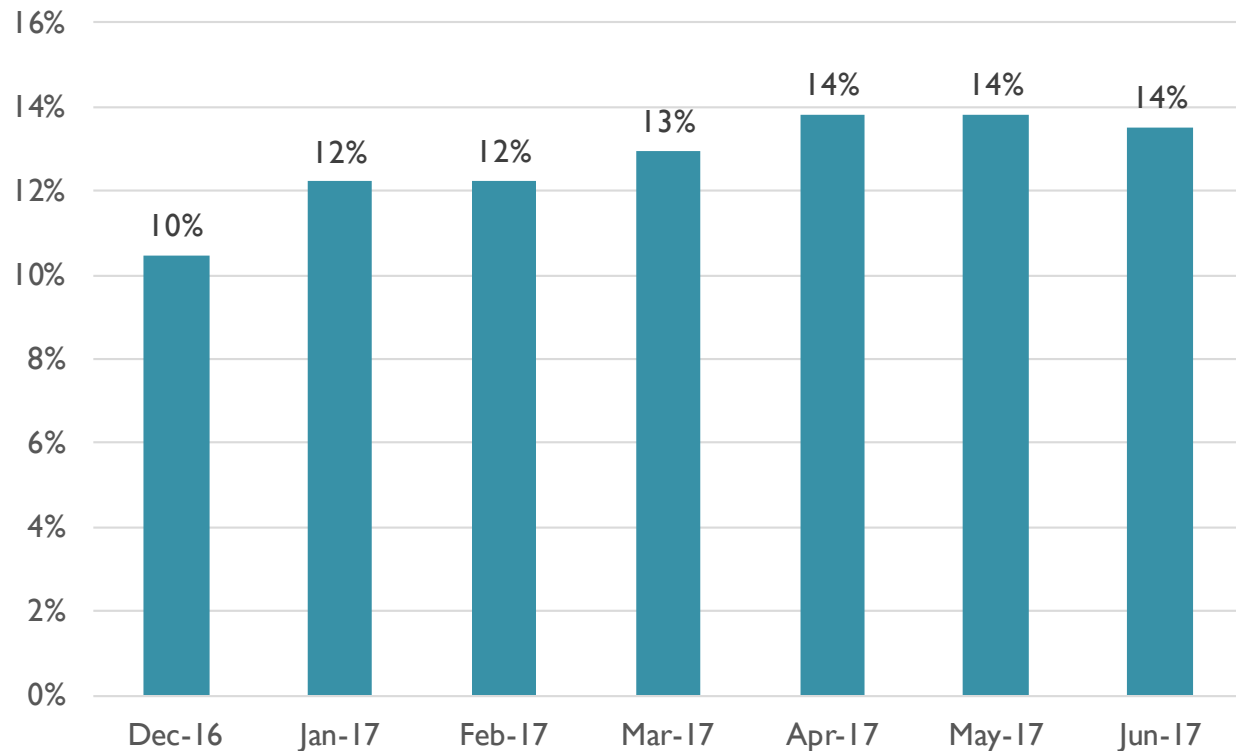
III. Issues Affecting Home Buyers and Sellers

** Based on the respondent's most recent sale for the month.*

Rising Mortgage Rates Have Modest Impact on Homeowner Decisions

- Since December 2016, an increasing, though modest fraction of respondents, have reported they had a client who decided not to sell or move to keep the existing mortgage rate.
- The 30-year fixed mortgage rate has increased to above four percent since the week of November 24, 2016. Rates fell below four percent from May 25–July 6, but have climbed back to above four percent.*

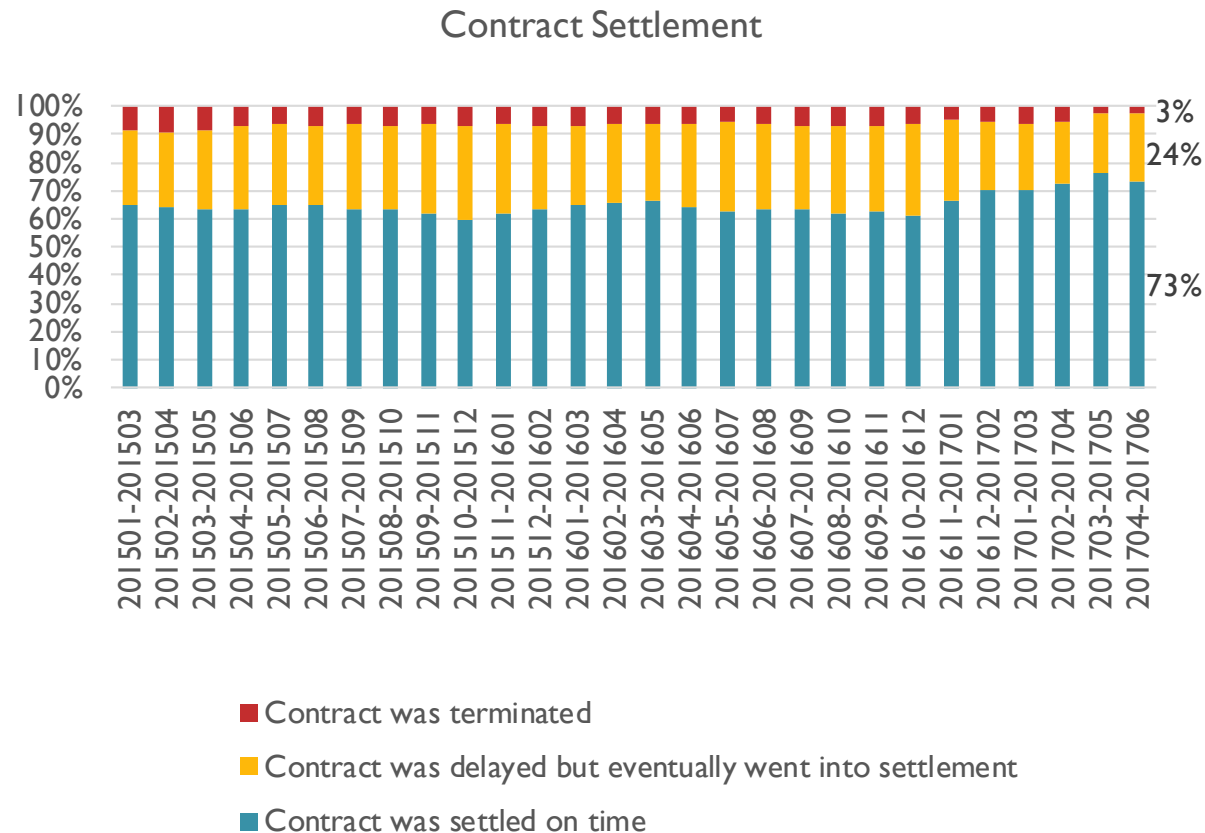
Percent of Respondents Who Reported They Had a Client Who Decided Not to Move/Sell to Keep Current Mortgage Rate



*Source: Freddie Mac, downloaded from Haver Analytics

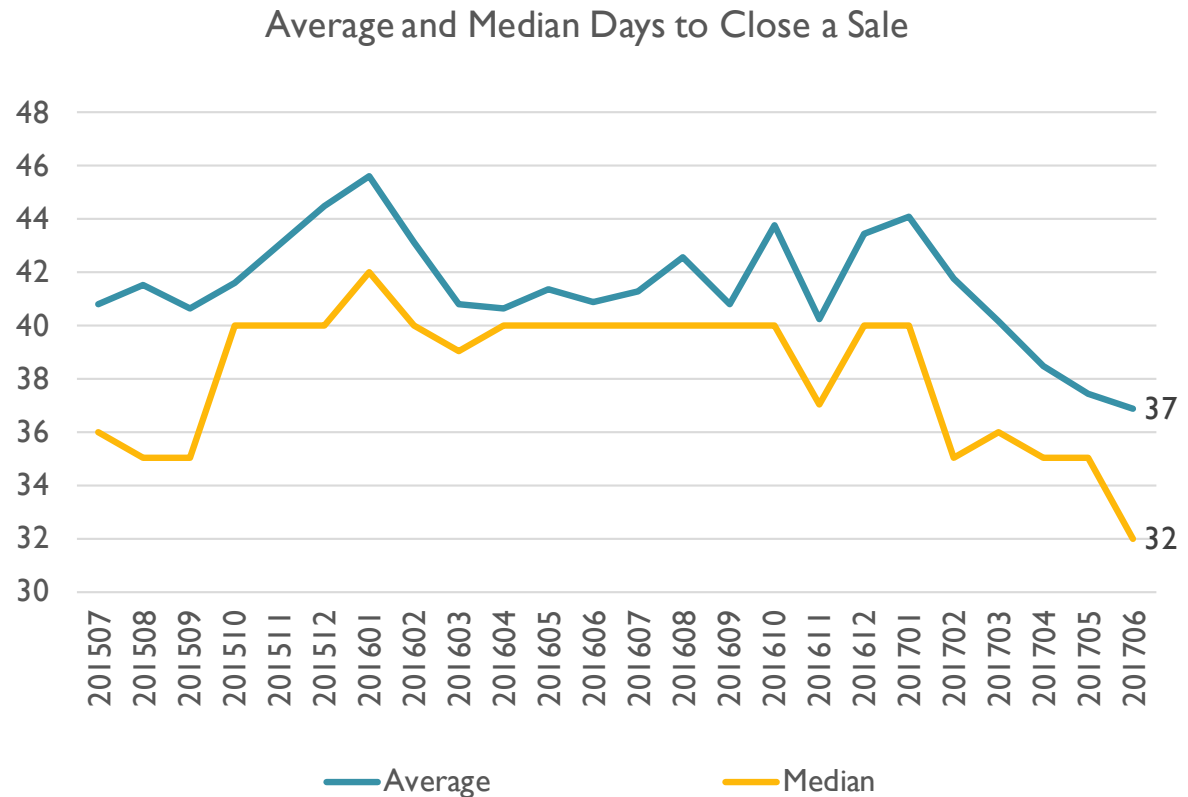
Most Contracts Settled on Time

- Seventy-three percent of contracts were settled on time, 24 percent had a delayed settlement, and three percent were terminated.



Closing Times Quickened

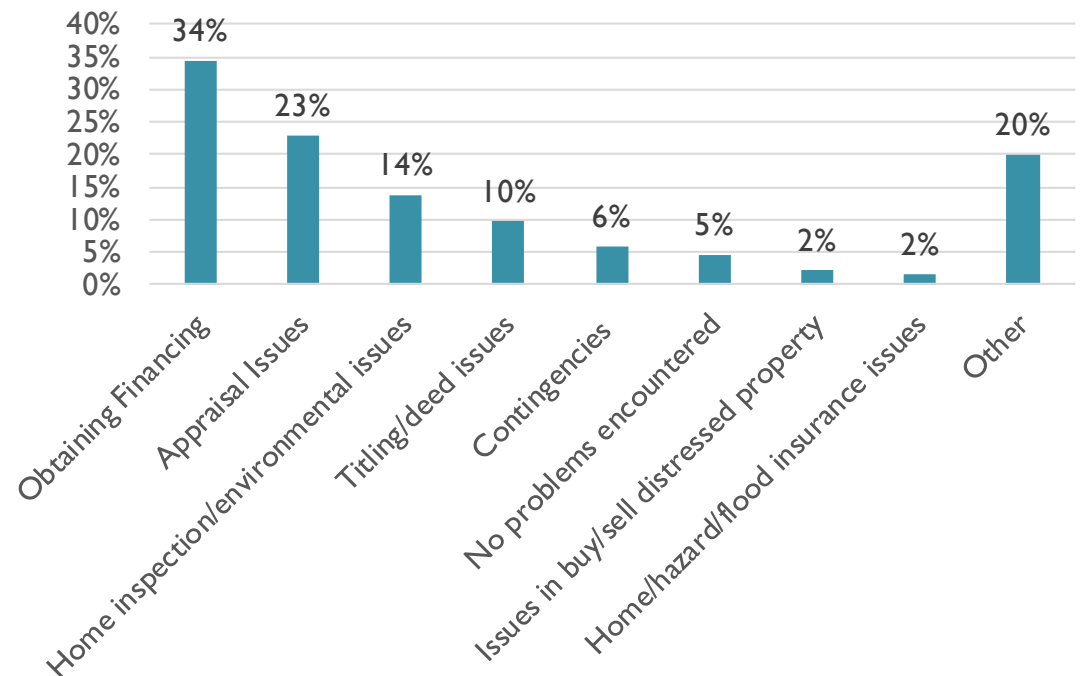
- The median days to close a contract was 37 days (37 days in May 2017; 41 days in June 2016).



Financing and Appraisals Topped List of Delays

- Issues related to obtaining financing and appraisal were the most common causes of contract settlement delays in April–June 2017.

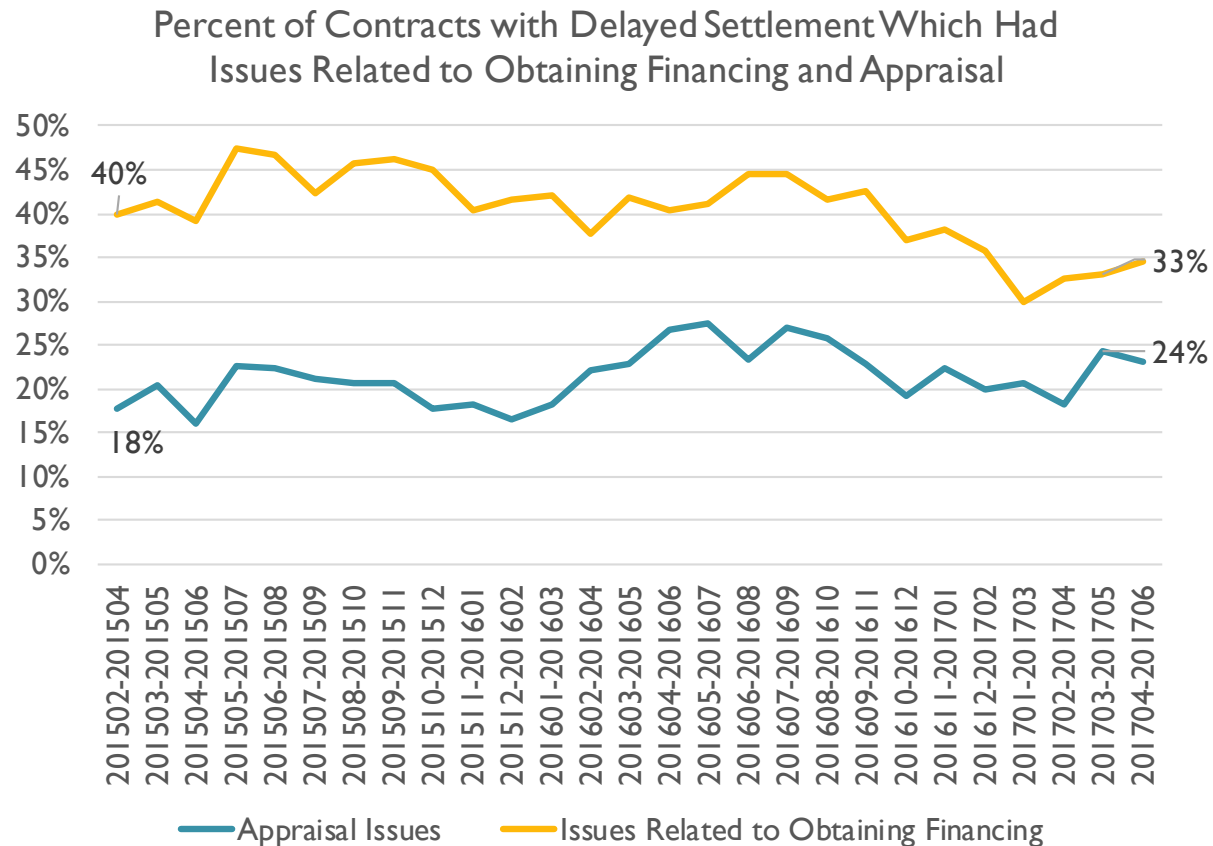
Problems Encountered for Contracts That Were Delayed in April–June 2017*



*Delayed contracts accounted for 24 percent of closed or terminated contracts during this period.

More Appraisal Delays

- While obtaining financing was still the top cause of delay, the issue was cited by fewer respondents than when NAR first tracked this indicator. By contrast, appraisal issues were more common than in 2015.



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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 June 2017 survey was sent to 75,000 REALTORS® who were selected from NAR's nearly 1.2 million members through simple random sampling and to 5,174 respondents in the previous three surveys who provided their email addresses.
- There were 2,600 respondents to the online survey which ran from July 2–11, 2017. The survey's overall margin of error at the 95 percent confidence level is 1.9 percent.* The margin of error for subgroups will be larger.
- NAR weights the responses by a factor that aligns the sample distribution of responses to the distribution of NAR membership.

**Based on 2,600 respondents out of 1.2 million NAR members and a 50 percent proportion estimate.*

Research Division National Association of REALTORS®

RCI Lead Team

Lawrence Yun, Senior Vice President and Chief Economist
Danielle Hale, Managing Director, Housing Research
Gay Cororaton, Research Economist
Meredith Dunn, Research Communications Manager

The RCI Lead Team acknowledges Jessica Lautz, Managing Director, Survey Research and Communications, Amanda Riggs, Research Survey Analyst, and Brandi Snowden, Research Survey Analyst, for their inputs in improving the survey and in editing and disseminating the report. Karen Belita, Data Scientist, created the visualization of REALTOR® comments. Acknowledgement goes to Lisa Herceg, Director, Marketing Research, who sends out the survey to members.

For questions on this report or to purchase the RCI series, please email: Data@realtors.org

Research Division National Association of REALTORS®

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NATIONAL
ASSOCIATION *of*
REALTORS®

The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 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®

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The Mission of the National Association of REALTORS® Research Division 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.

NATIONAL ASSOCIATION OF REALTORS®

Research Division
500 New Jersey Avenue, NW
Washington, DC 20001
202-383-1000
data@realtors.org

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