

REALTORS® CONFIDENCE INDEX SURVEY

October 2021

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

REALTORS® CONFIDENCE INDEX SURVEY

October 2021: First-time Buyers Struggle to Compete Against Cash, Investor, and Vacation Home Buyers

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 October 2021 market transactions.

REALTORS® reported subdued market activity in October compared to one year ago and the prior month. The *REALTORS® Buyer Traffic Index* decreased further to 56 in October (57 in the prior month, 73 one year ago). On average, respondents reported taking about four clients (4.1) on a home tour in October (4.3 clients in the prior month, 4.5 clients one year ago). Housing supply remains low, with the *REALTORS® Seller Traffic Index* registering at below 50 ("weak" seller traffic compared to one year ago). On average, respondents took out about four clients on a home tour compared to an average of two listings (1.6) during the month.

Properties typically stayed on the market for shorter days compared to one year ago, but slightly more days compared to the prior month at 18 days (17 days in the prior month, 21 days one year ago), with 82% of properties that closed in October sold in less than one month (86% in the prior month, 72% one year ago). On average, sellers received nearly four offers (3.7) on their home sale (3.7 in the prior month, 3.4 one year ago). Respondents reported that on average, their buyer had made two prior unsuccessful offers on a home. Respondents reported that 42% of offers were above the list price, a lower fraction compared to 55% in June this year.

First-time buyers accounted for 29% of the existing-home buyers, a lower fraction compared to one year ago (28% in the prior month, 32% one year ago). First-time buyers continue to struggle competing with cash and non-primary residence buyers. The share of cash sales rose to 24% (23% in the prior month, 19% one year ago). The share of non-primary residence buyers (for rental and vacation/second home use) rose to 17% (13% in the prior month, 14% one year ago). REALTORS® reported that 23% of buyers waived the appraisal contingency clause (buyers who waived appraisal are likely cash buyers) and 21% waived the inspection contingency clause.

Among buyers who obtained a mortgage, the share who obtained FHA-insured mortgages decreased to 14% (15% in the prior month, 18% one year ago). Among first-time buyers, 72% put down less than 20% down payment, a lower share compared to one year ago (75% in the prior month, 76% one year ago).

A higher fraction of buyers purchased property in a suburban, small town, rural area, resort area, at 87% (85% in the prior month, 85% one year ago).

Among contracts in the past three months, 24% had a delayed settlement (25% in the prior month, 30% one year ago). Of contracts that had a delayed settlement, 21% of contracts had appraisal issues (25% in the prior month, 21% one year ago).

REALTORS® CONFIDENCE INDEX SURVEY

October 2021 REALTORS® Confidence Index Survey Highlights

Key Market Indicators	Oct-21	Sep-21	Oct-20
RCI Buyer Traffic Index #1	56	57	73
RCI Seller Traffic Index #1	43	46	42
RCI Buyer Traffic Index: 3-Month Outlook #1	51	50	64
RCI Seller Traffic Index: 3-Month Outlook #1	42	45	44
Median days on market	18	17	21
Percent of properties sold in less than 1 month	82	86	72
First-time homebuyers, as percent of sales	29	28	32
Sales for non-primary residence use, as a percent of sales #2	17	13	14
Sales intended for vacation use, as a percent of sales #2	6	6	6
Cash sales, as percent of sales	24	23	19
Distressed sales, as percent of sales	1	1	1
Market Outlook	Oct-21	Sep-21	Oct-20
Expected year-over-year percent change in home sales in the next 3 months	-1.2	-1.8	0.5
Expected year-over-year percent change in home prices in the next 3 months	0.8	0.6	1.6
Expected year-over-year percent change in home prices in the next 12 months	1.0	1.2	1.8
Percent of respondents who expect a year-over-year increase in buyer traffic in next 3 months	27	24	42
Percent of respondents who expect a year-over-year increase in seller traffic in next 3 months	20	21	22
Percent of respondents who had a potential buyer looking for work-from-home features	56	57	62
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	32	31	38
Other Market Indicators	Oct-21	Sep-21	Oct-20
Average number of offers received on the most recent sale	3.7	3.7	3.4
Percent of bid offers above the list price	42	41	-
Average number of prior buyer offers before closing on current home purchase	2	2	-
Average number of clients taken on a home tour by agent #3	4.1	4.3	4.5
Average number of new listings in the month per agent	1.6	1.7	1.7
Percent of buyers who purchased in a suburban, small town, rural, or resort area	87	85	85
Percent of first-time buyers who put down less than 20% down payment	72	75	76
FHA loans as a percent of buyers who obtained mortgage financing	14	15	18
Percent of buyers who waived inspection contingency	21	21	-
Percent of buyers who waived appraisal contingency	23	23	-
Percent of buyers who purchased property based on virtual tour/showing/open house only	8	8	6
Percent of sellers who sold property based on virtual tour/showing/open house only	6	5	4
Percent of buyers who were renting before purchasing a home	42	37	43
Percent of sellers represented by Realtors® who sold the property to an iBuyer	1	1	-
Percent of sellers who had been renting out the property	19	17	15
Median tenure in the primary residence among sellers	10	10	10
Median days to close	30	30	32
Percent of contracts in the past 3 months that were terminated	5	5	5
Percent of contracts in the past 3 months that had delayed settlement	24	25	30
Percent of contracts with a delayed settlement that had appraisal issues	21	25	21

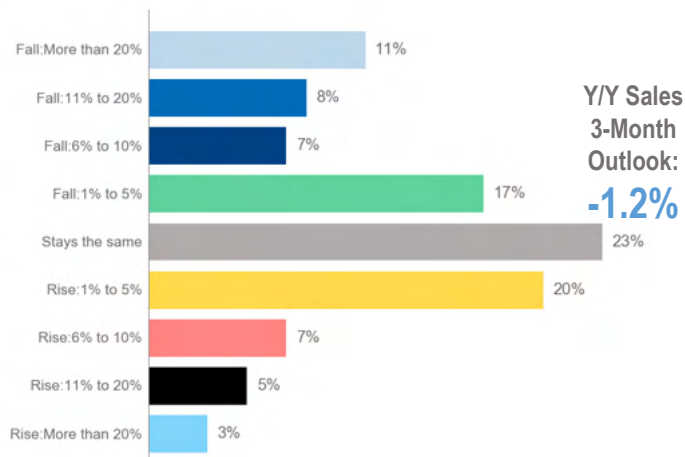
/1 An index greater than 50 means a higher fraction of respondents reported "stronger" than "weaker" conditions compared to one year ago.

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

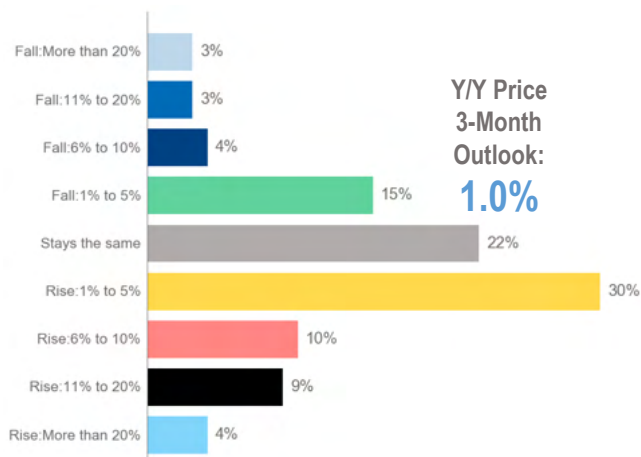
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Realtors® Market Expectations

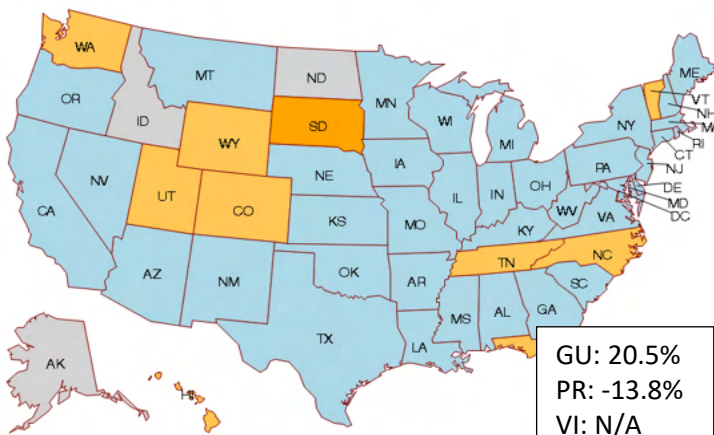
SALES VOLUME: 3 MONTH OUTLOOK



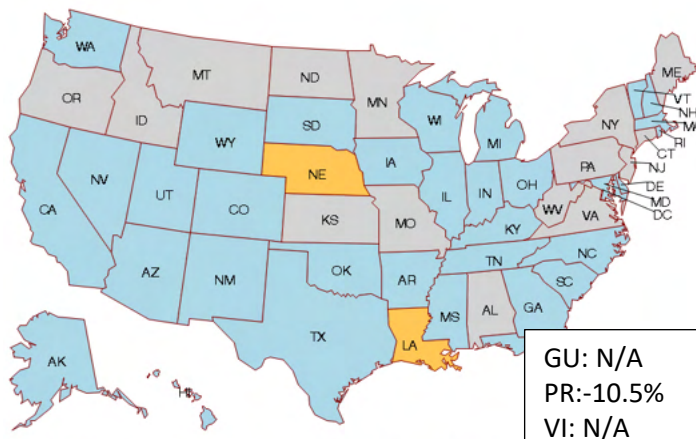
PRICE EXPECTATIONS: 3 MONTH OUTLOOK



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



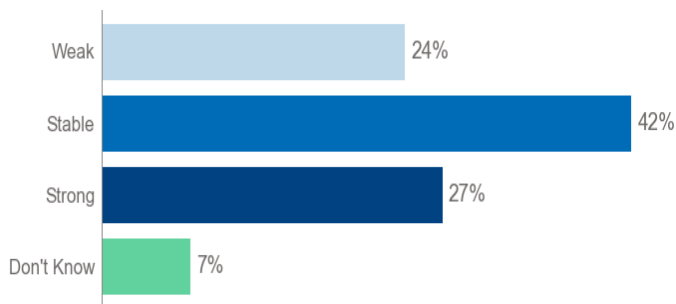
REALTORS® MEDIAN EXPECTED SALES CHANGE WITHIN THE NEXT 3 MONTHS, Y/Y PERCENT CHANGE



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

Less than 0% 0+ to 2% 2+ to 4% 6 to 8%

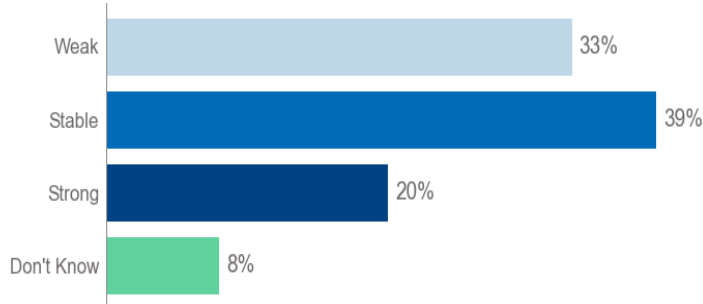
REALTORS® EXPECTATION ON BUYER TRAFFIC WITHIN THE NEXT 3 MONTHS



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

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

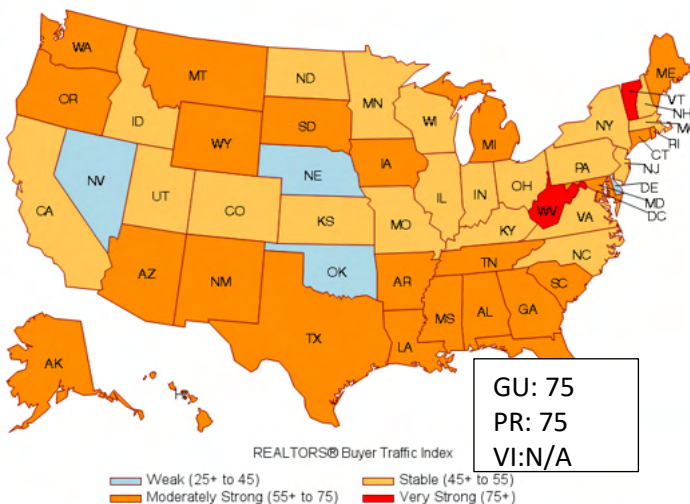
REALTORS® EXPECTATION ON SELLER TRAFFIC WITHIN THE NEXT 3 MONTHS



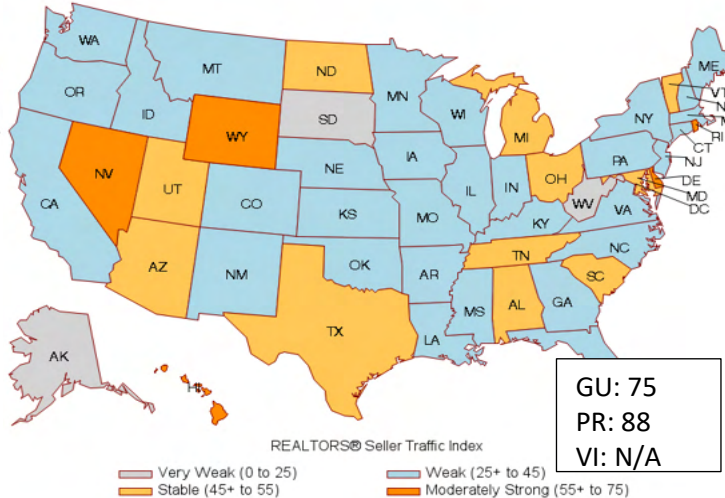
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Market Conditions

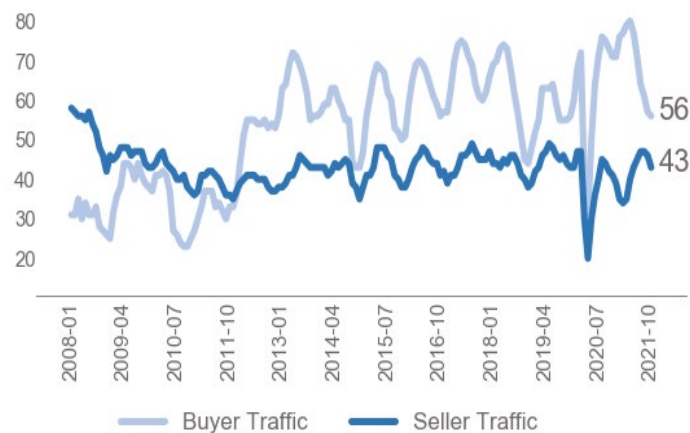
REALTORS® BUYER TRAFFIC INDEX



REALTORS® SELLER TRAFFIC INDEX



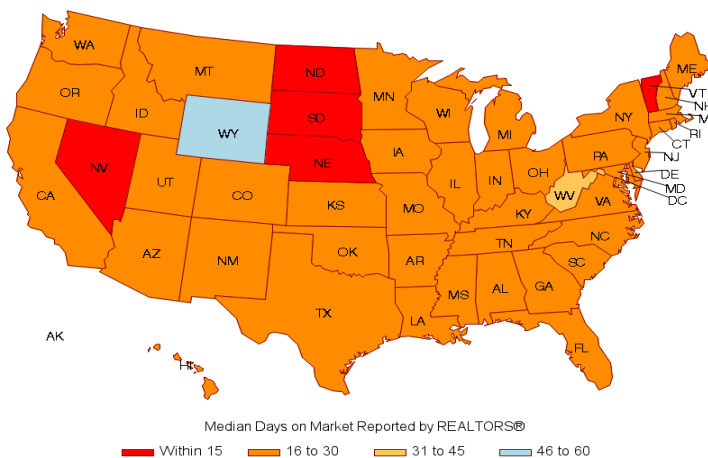
REALTORS® BUYER AND SELLER TRAFFIC INDICES



MEDIAN DAYS ON THE MARKET



MEDIAN DAYS ON THE MARKET



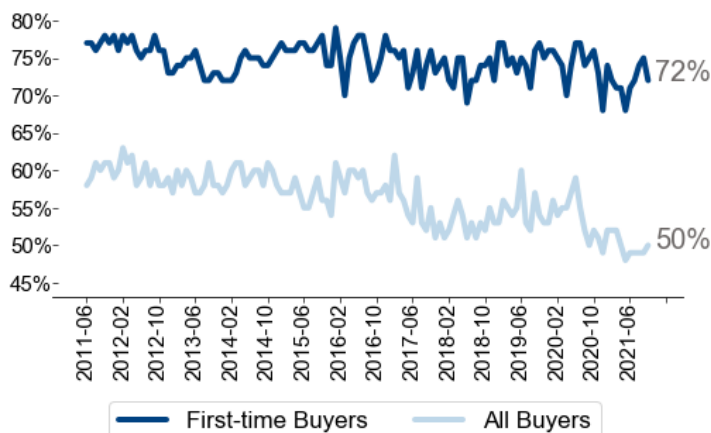
FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES



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Market Conditions

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



DISTRESSED PROPERTY SALES
BY PROPERTY TYPE



AVERAGE NUMBER OF OFFERS RECEIVED
ON THE MOST RECENT CLOSED SALE

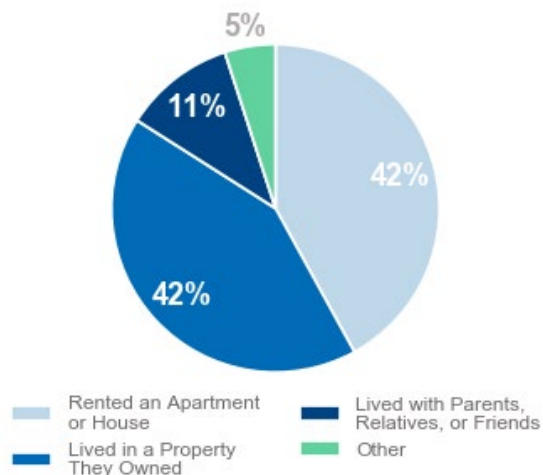


CASH SALES AS PERCENTAGE OF
RESIDENTIAL SALES



LIVING STATUS OF HOMEBUYERS

At the Time of Purchase



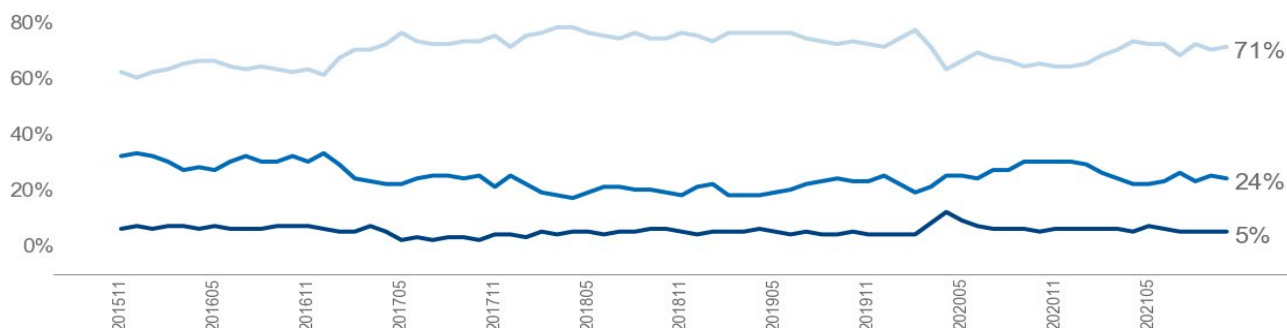
AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR
BY AGENT



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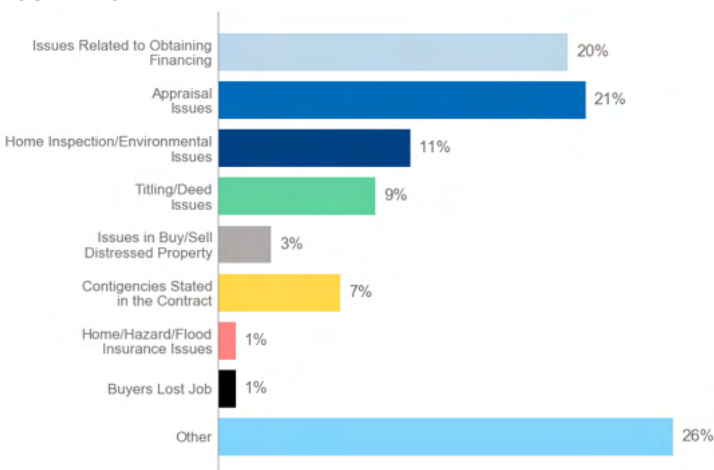
Issues Affecting Buyers and Sellers

CONTRACT SETTLEMENT

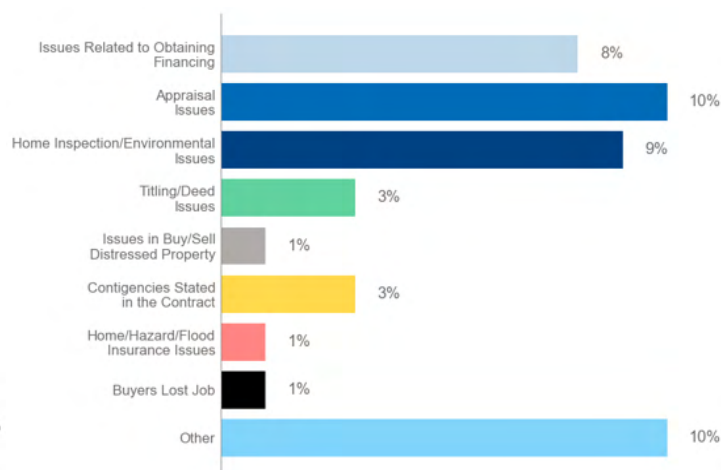


— Contract Was Settled on Time — Contract Was Delayed but Eventually Went into Settlement — Contract Was Terminated

PROBLEMS ENCOUNTERED FOR DELAYED CONTRACT



PROBLEMS ENCOUNTERED FOR TERMINATED CONTRACTS¹



PERCENT OF RENT COLLECTED FROM RESIDENTIAL TENANTS IN THE PAST MONTH

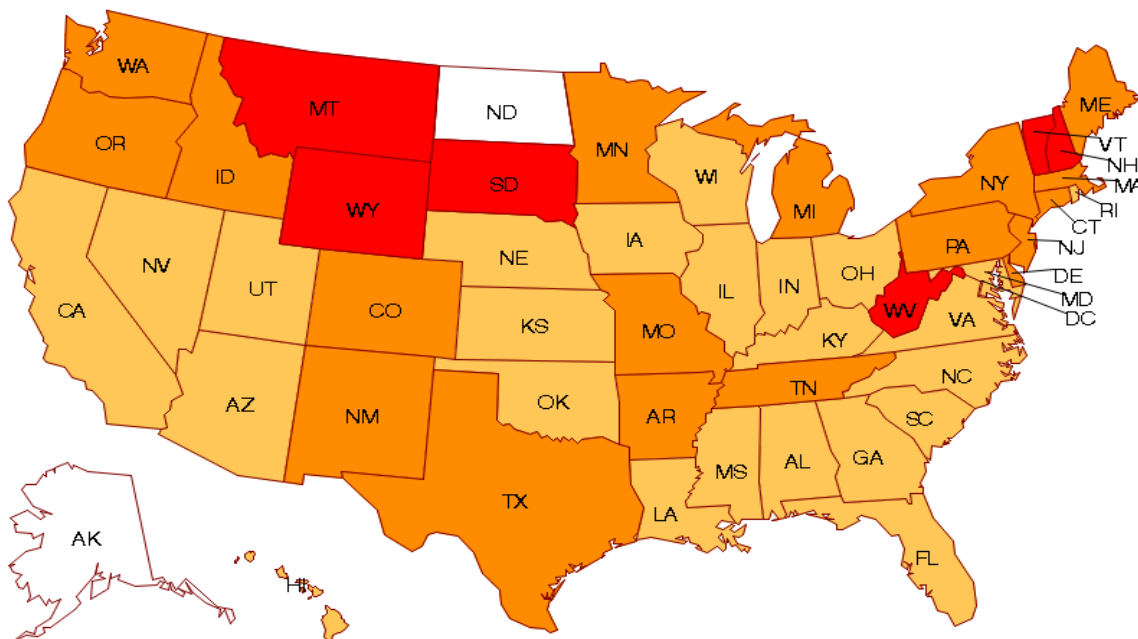
99%
Rent Collected

¹ Multiple responses are allowed.

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Issues Affecting Buyers, Sellers, and Renters

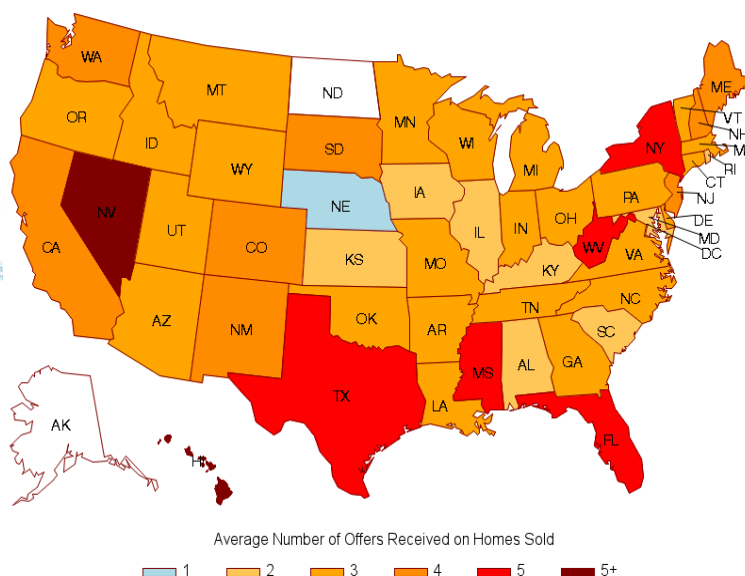
REALTORS® PERCENT OF CITY BUYERS PURCHASING IN SUBURBS



REALTOR® CONCERNS



AVERAGE NUMBER OF OFFERS RECEIVED ON SOLD HOMES



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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 October 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 4,173 respondents in the previous three surveys who provided their email addresses.
- There were 2,755 respondents to the online survey which ran from November 1-8, 2021, of which 1,490 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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**NATIONAL
ASSOCIATION OF
REALTORS®**

The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing more than 1.5 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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