

2022

Snapshot of Race and Home Buying in America

National Association of
REALTORS®
Research Group



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Homeownership Trends, Mortgage Market and Affordability by Race

Introduction

Since 2006, 2021 was the best year for the real estate market in the last 15 years. Home purchases surged over the past year in an abnormal way. Even though home prices hit record highs eroding affordability, the housing market outperformed. The main driver of this booming housing market was record low mortgage rates, as the interest rate on a mortgage has a direct impact on the size of a mortgage payment. Higher rates increase mortgage payments while higher rates typically reduce the amount of money that people can borrow. Thus, millions of people rushed to benefit from these low rates pushing up activity in the real estate market. Furthermore, pent-up demand and lifestyle shifts during the pandemic were also drivers of the housing market.

While the booming housing market contributed significantly to the recovery of the U.S. economy, research has consistently shown that homeownership is also associated with multiple economic and social benefits to individual homeowners. Homeownership has always been an important way to build wealth. According to NAR, the net worth of a homeowner was about \$300,000 while that of a renter's was \$8,000 in 2021. The net worth of a typical homeowner is about 40 times the net worth of a renter. In addition to tangible financial benefits, homeownership brings substantial social benefits for families, communities, and the country as a whole.

Owning a home is associated with better educational performance of children, higher participation in civic and volunteering activity, better health care outcomes and lower crime rates in the communities.

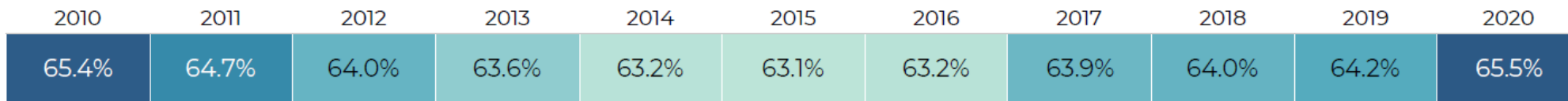
Nevertheless, not all families have the same opportunities to homeownership, with many of them facing more constraints in their effort to achieve the American Dream. Indeed, there are sizeable differences in homeownership rates across groups, with the rate of homeownership for minority families lagging behind the national average. Given that homeownership contributes to wealth accumulation and the homeownership rate is lower in minority groups, data shows that the net worth for these groups is also lower. At \$188,200, the net worth of a typical white family was nearly 8 times greater than that of a Black family (\$24,100) in 2019.

Thus, this report examines the homeownership trends among each race and the challenges that they face to become homeowners. Since all real estate is local, the report also examines homeownership across race groups and locations in order to explain the current racial disparities in the housing market. Finally, using the *Profile of Home Buyers and Sellers* data from 2021, the report looks at the characteristics of who purchases homes, why they purchase, what they purchase, and the financial background for buyers based on race.

Homeownership trends in the past decade

Americans today are more likely to own a home than 10 years ago. There are about 6.5 million more homeowners than in 2010. Specifically, the homeownership rate was 65.5% in 2020 compared to 65.4% in 2010. In fact, the homeownership rate has continuously risen since 2015, when homeownership reached its lowest level in the history of the data. However, during the first year of the pandemic, the homeownership rate rose even faster due to low mortgage rates. Within a year, the homeownership rate increased by 1.3%, its fastest growth ever. This translates to nearly 2.6 million households that were able to become homeowners across the country in 2020.

Homeownership rate (2010-2020)



Source: NAR calculations of ACS PUMS data



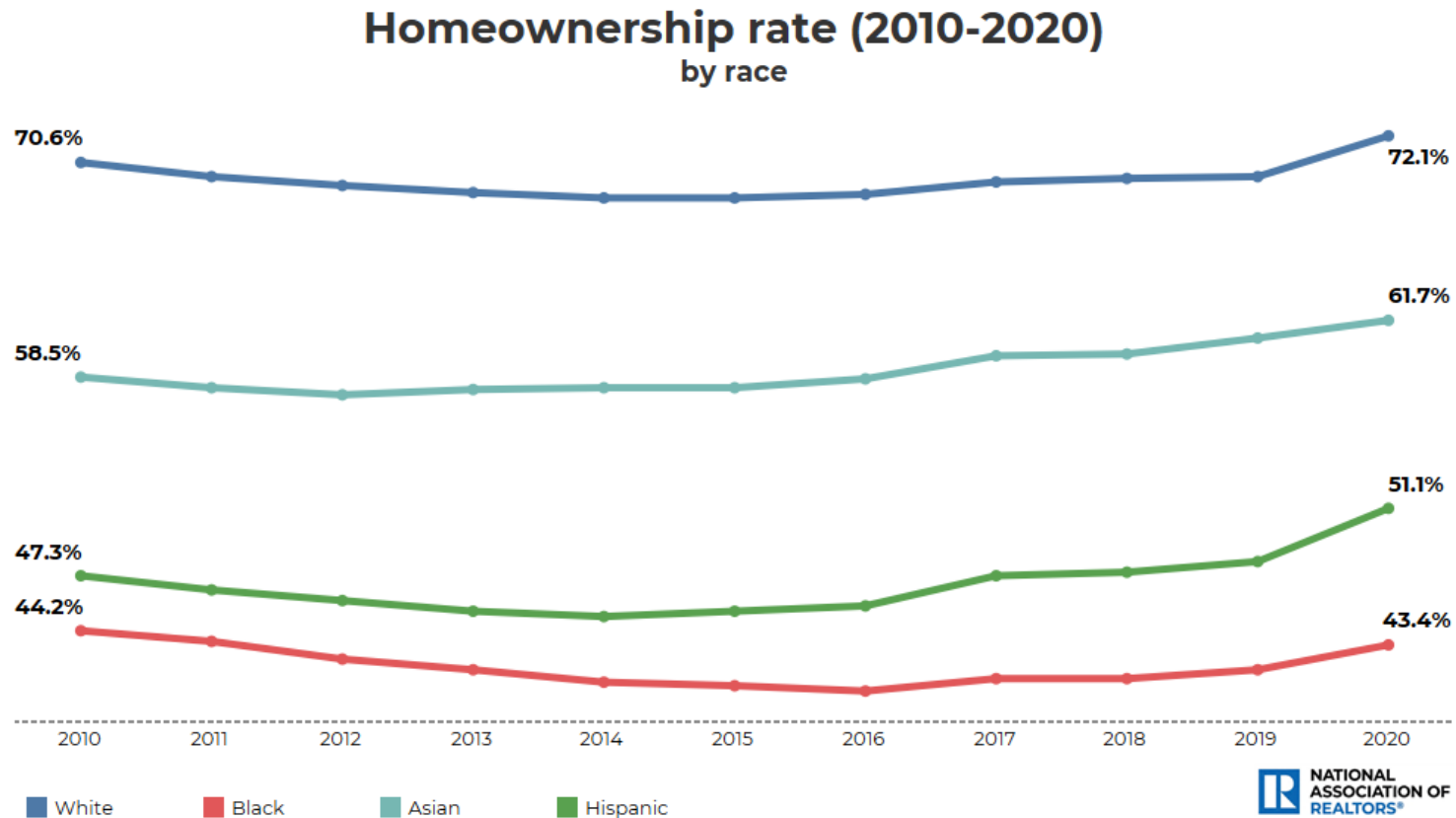
However, the overall homeownership rate does not tell the full story. Homeownership rate for Black Americans is still lower than in 2010, the group most affected by declines in homeownership rates before, during, and after the Great Recession.

Homeownership trends in the last decade

by race

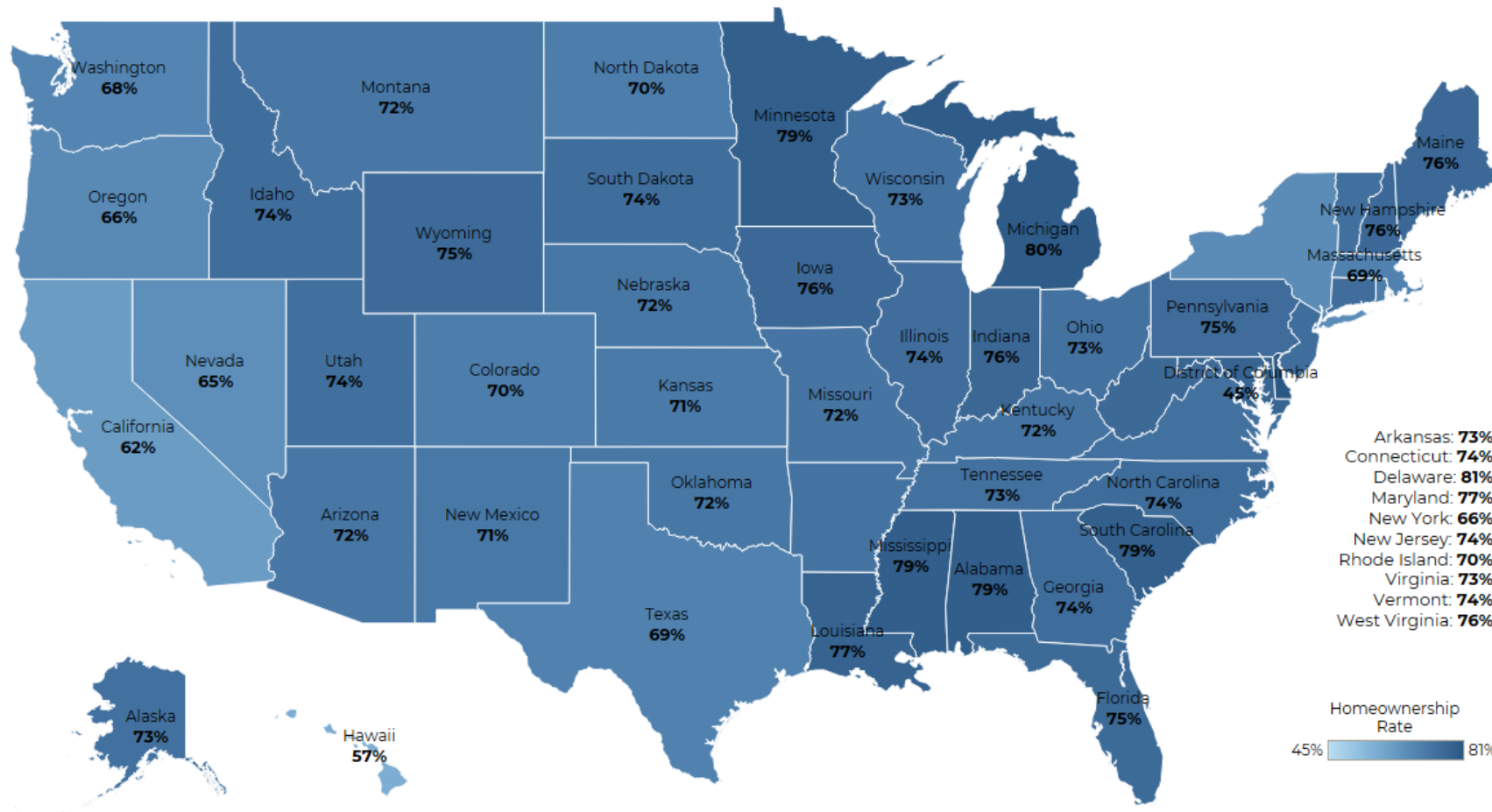
The homeownership rate for White Americans has been consistently nearly 70% since 2017. During the same period, the homeownership rate for Black Americans has been nearly 30 percentage points lower than that of White Americans – above 41% from 2017 on. For Hispanic Americans, the homeownership rate has held above 47%, and for Asian Americans it has been above 59% over the same time period.

In 2020, White and Hispanic Americans experienced the largest homeownership gains. The homeownership rate for Hispanic Americans rose by 3 percentage points within a year, pushing the rate above 51%, its highest level in the history. Although the homeownership rate for Black households rose by 1.4 percentage points, it's still lower than in 2010. In fact, this is the only race/ethnic group whose homeownership rate is lower than 10 years ago. As a result, the homeownership gap between White and Black households became even larger in 2020.



Homeownership rate for White Americans

by state



Source: NAR calculations of ACS PUMS data



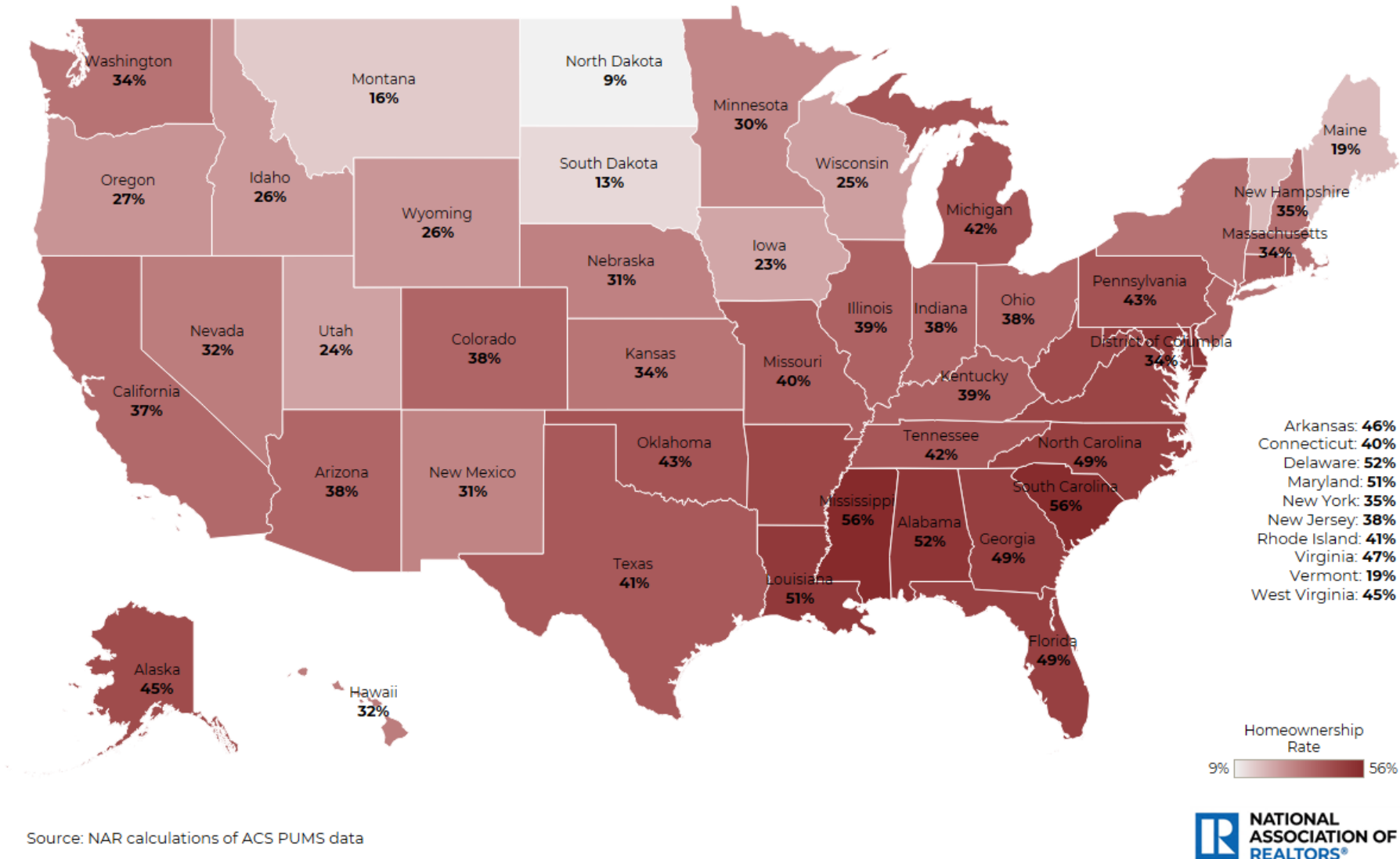
Delaware (81%), Michigan (80%) and Mississippi (79%) were the states with the **highest homeownership rates** for White Americans in 2020.

In contrast, the District of Columbia (45%), Hawaii (57%) and California (62%) had the **lowest homeownership rates**.

The homeownership rate for White Americans varied from 45% to 81% across the country. Among 51 states including the District of Columbia, 33 states had a homeownership rate for White Americans higher than 72.1% – the national rate – in 2020.

Homeownership rate for Black Americans

by state



Mississippi (56%), South Carolina (56%) and Alabama (52%) were the states with the **highest homeownership rates** for Black Americans in 2020.

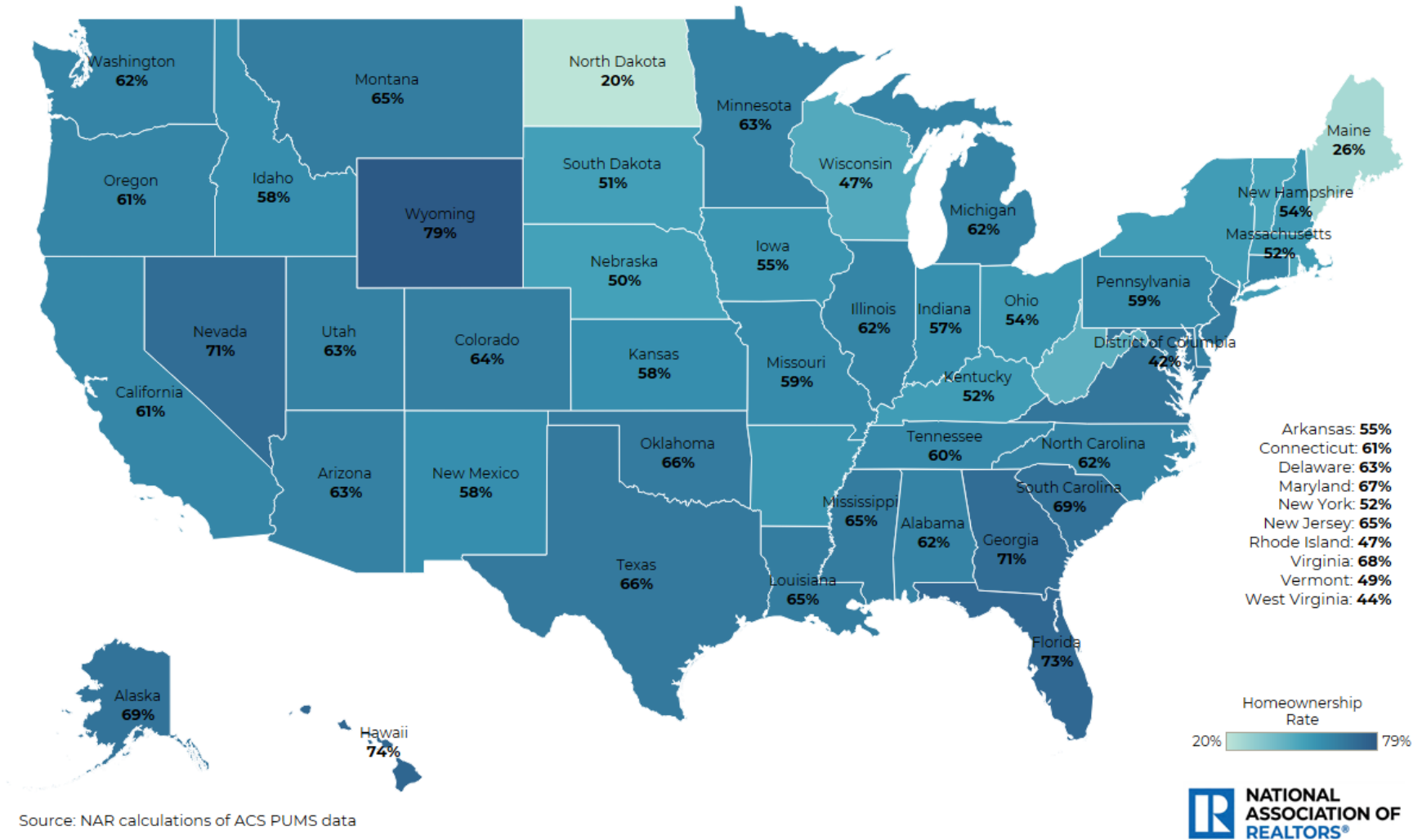
In contrast, North Dakota (9%), South Dakota (13%) and Montana (16%) had the **lowest homeownership rates**.

The homeownership rate for Black Americans varied from 9% to 56% across the country. Among 51 states including the District of Columbia, 13 states had a homeownership rate for Black Americans higher than 43.4% - the national rate- in 2020.

Source: NAR calculations of ACS PUMS data

Homeownership rate for Asian Americans

by state



Source: NAR calculations of ACS PUMS data

Wyoming (79%), Hawaii (74%) and Florida (73%) were the states with the **highest homeownership rates** for Asian Americans in 2020.

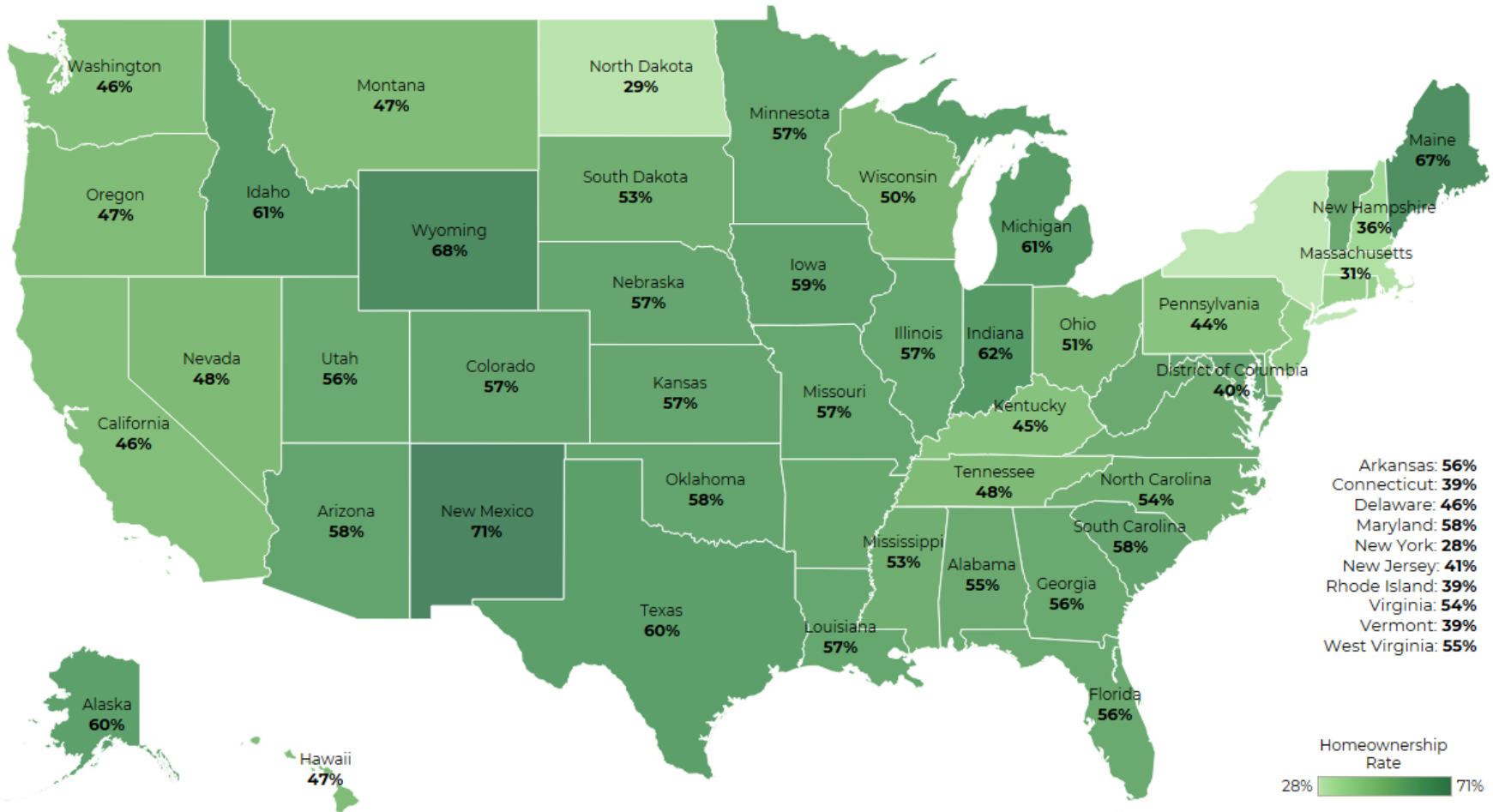
In contrast, North Dakota (20%), Maine (26%) and the District of Columbia (42%) had the **lowest homeownership rates**.

The homeownership rate for Asian Americans varied from 20% to 79% across the country. Among 51 states including the District of Columbia, 24 states had a homeownership rate for Asian Americans higher than 61.7% - the national rate- in 2020.



Homeownership rate for Hispanic Americans

By state



New Mexico (71%), Wyoming (68%) and Maine (67%) were the states with the **highest homeownership rates** for Hispanic Americans in 2020.

In contrast, New York (28%), North Dakota (29%) and Massachusetts (31%) had the **lowest homeownership rates**.

The homeownership rate for Hispanic Americans varied from 28% to 71% across the country. Among 51 states including the District of Columbia, 31 states had a homeownership rate for Hispanic Americans higher than 51.1% - the national rate- in 2020.

Source: NAR calculations of ACS PUMS data



Racial Disparities in the Mortgage Market

Denial Rates

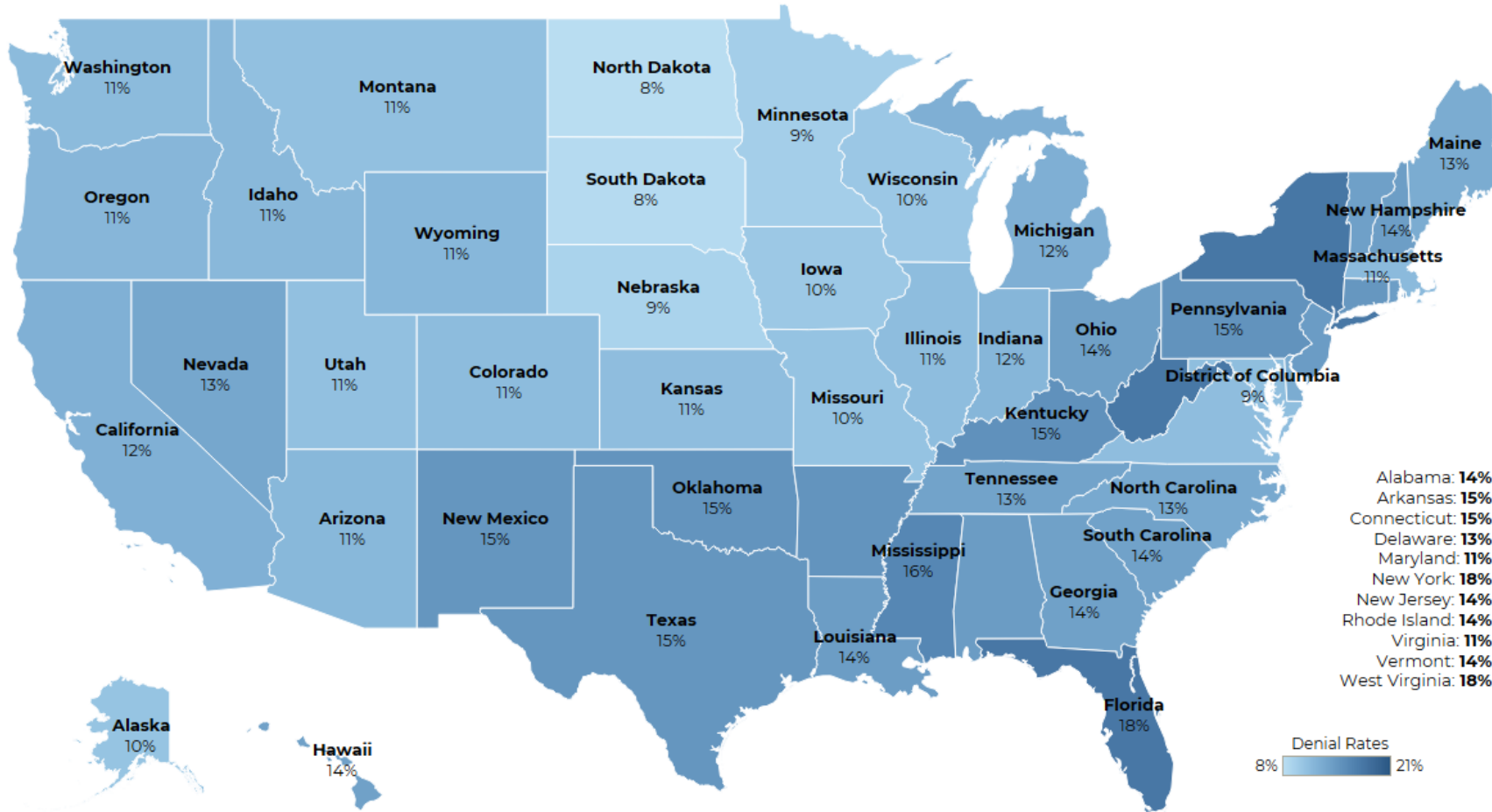
Although mortgage rates dropped below 3% in 2020, not everyone had the same opportunities to get a home loan and benefit from these low rates. Data shows that Black and Hispanic home buyers face extra challenges in getting a mortgage. Denial rates vary significantly by race/ethnic group with Black Americans having the highest denial rates for purchase and refinance loans. According to NAR's *Profile of Home Buyers and Sellers* report, 7% of Black and Hispanic home buyers were denied mortgages, compared with about 4% of White and 3% of Asian applicants. While the main reason the mortgage lender rejected their application is the debt-to-income ratio, Black and Hispanic home buyers reported that they also had a low credit score.

Parsing out by the purpose of loan, denial rates for Black Americans are even higher for home purchase loans. According to Home Mortgage Disclosure Act (HMDA), nearly 27% of the loan applications for a home purchase were denied compared to 20% which is the denial rate for refinancing. These racial disparities in the mortgage market contribute to the persistent homeownership gap between White and Black households. Purchasing a home is one of the largest financial transactions with 87% of the home buyers getting a mortgage.

At the local level, in the states with high concentration of Black households, the denial rate is disproportionately high for Black homeowners and buyers. Low income seems to be the main reason that more Black households were denied mortgages in these areas. Specifically, in the top 10 states with the highest denial rates, the median income of Black applicants was \$62,990 on average. For instance, the median income for Black households was \$51,760 in Mississippi, which was the state with the highest denial rates across the country. Nevertheless, as the income increases, the denial rates drop. In the top 10 states with the lowest denial rates for Black households, the median income of those applicants was \$81,440. For example, the income of Black households that applied for a mortgage was \$102,830 in Hawaii, the state with the lowest denial rates for Black households.

Denial Rates for White households

By state



New York (18%), Florida (18%) and West Virginia (18%) were the states with the **highest denial rates** for White Americans in 2020.

In contrast, North Dakota (8%), South Dakota (8%) and the District of Columbia (9%) had the **lowest denial rates**.

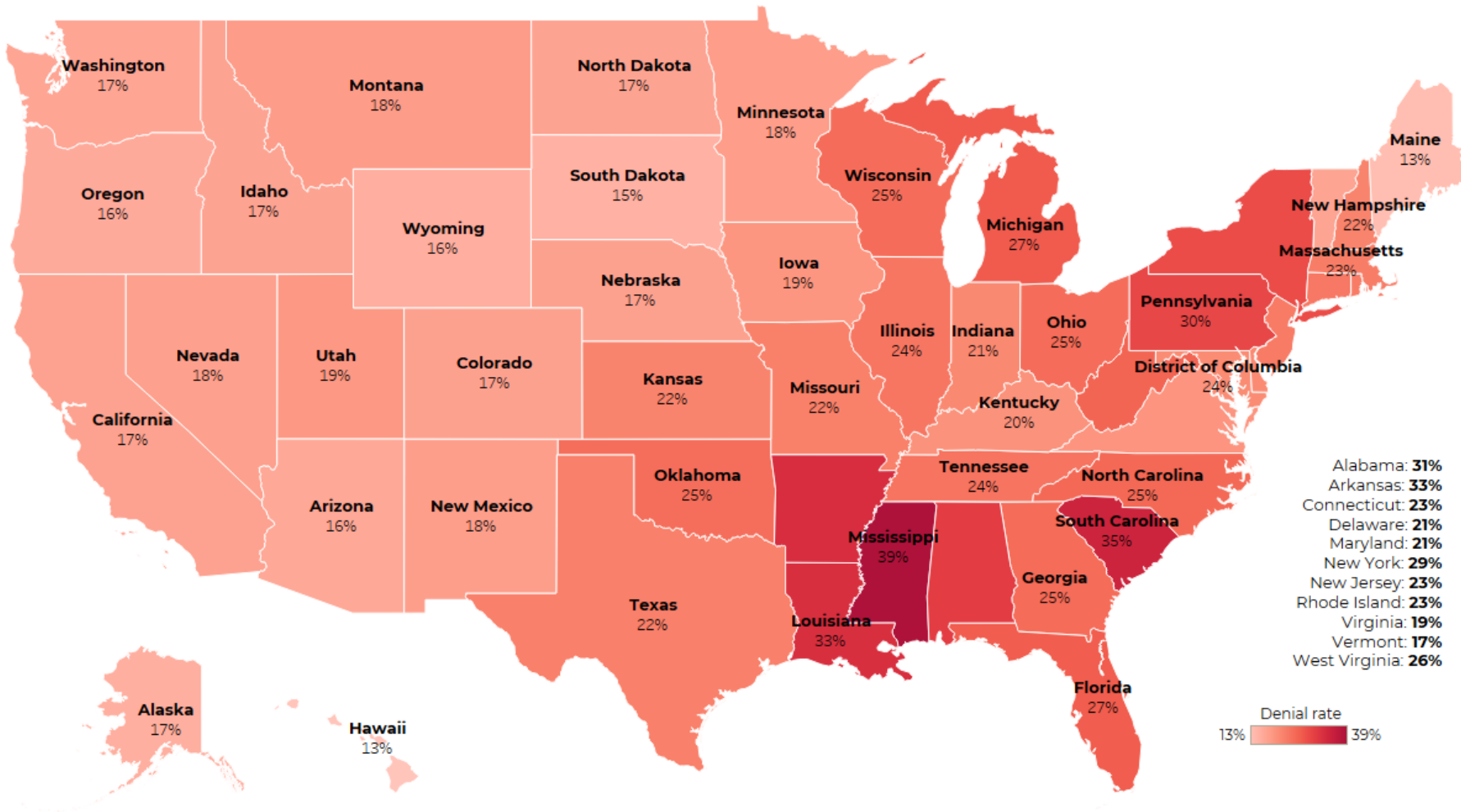
Denial rates for White Americans varied from 8% to 21% across the country. Among 51 states including the District of Columbia, 22 states had a denial rate for White Americans higher than 13% - the national rate- in 2020.

Source: NAR Calculations on 2020 HMDA data



Denial Rates for Black households

By state



States with the highest denial rates for Black households

Mississippi	39%
South Carolina	35%
Arkansas	33%
Louisiana	33%
Alabama	31%
Pennsylvania	30%
New York	29%
Michigan	27%
Florida	27%
West Virginia	26%

States with the lowest denial rates for Black households

Idaho	17%
Vermont	17%
Alaska	17%
Washington	17%
Arizona	16%
Oregon	16%
Wyoming	16%
South Dakota	15%
Maine	13%
Hawaii	13%

Alabama: **31%**
 Arkansas: **33%**
 Connecticut: **23%**
 Delaware: **21%**
 Maryland: **21%**
 New Jersey: **23%**
 New York: **29%**
 Rhode Island: **23%**
 Virginia: **19%**
 Vermont: **17%**
 West Virginia: **26%**

Denial rate
 13% 39%

Source: NAR Calculations on 2020 HMDA data



Affordability by race

During the pandemic, demand far surpassed supply across the nation and home prices continued to increase, eroding affordability. Specifically, since 2019, home prices rose nearly 30 percent. As a result, a typical home is about \$80,000 more expensive than pre-pandemic. Wages may have also increased but not anywhere near the pace of the home prices. This means that potential buyers need to spend more of their budget on housing in order to buy the typical home now compared to 2019. Meanwhile, the inventory of homes for sale has dropped significantly in the last couple of years, reaching record lows in 2021. In fact, there was a housing shortage even before the pandemic hit in 2020. There are currently only around 1 million units available for sale compared to near 4 million homes available for sale in 2007. This translates to fewer options for home buyers leading to multiple offers and competition in the housing market.

So, “two troubles” are happening simultaneously: record high home prices and record low inventory. NAR Research and Realtor.com® partnered to do an analysis to estimate how these “two troubles” affect home buyers.

To do so, we created a score for each of the race groups that compares the share of households with the share of active listings that they can afford to buy in each income group. In balanced conditions, homes on the market are affordable to

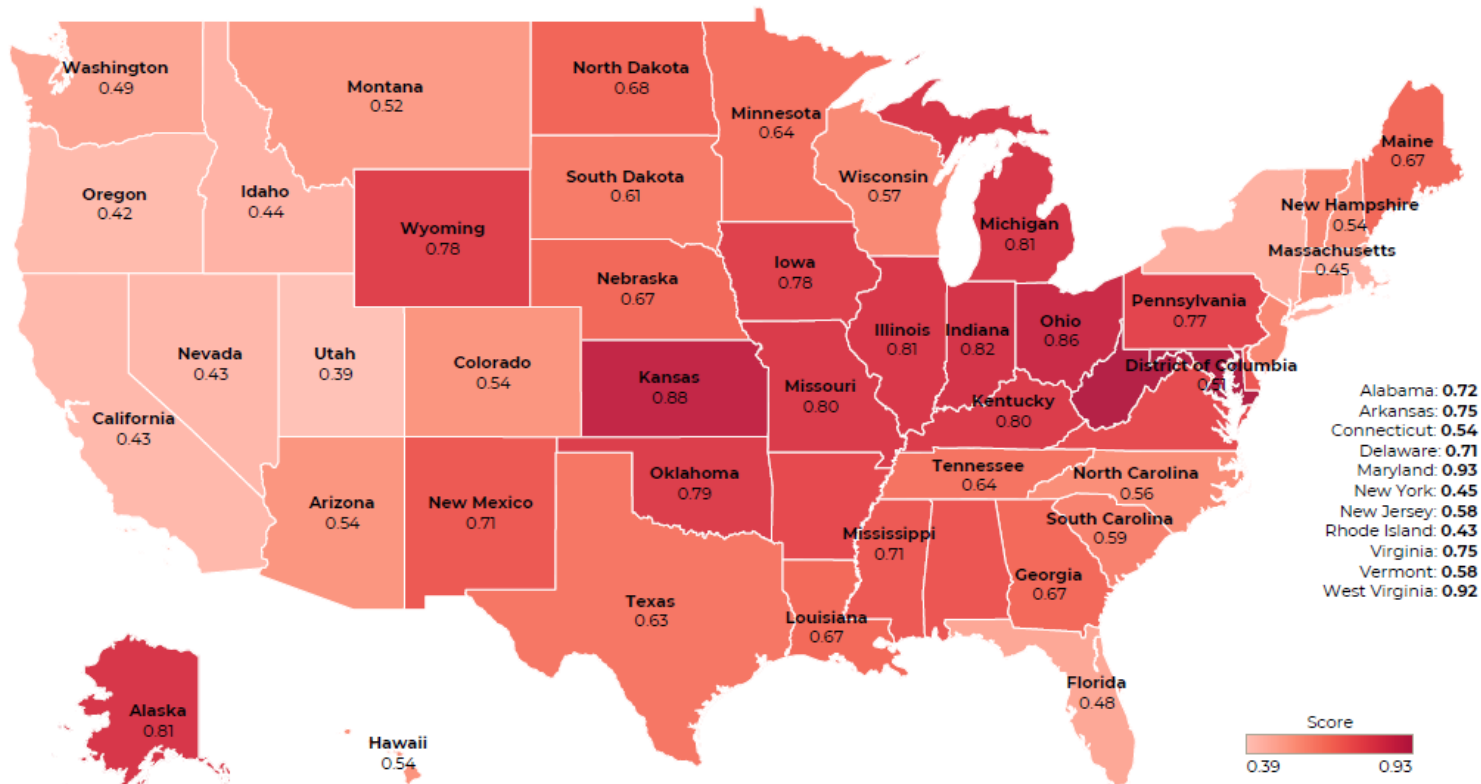
households in proportion to their income distribution. For example, a household in the 40th percentile of income should afford to buy 40% of the homes currently listed for sale. Thus, a score of 1 suggests a market in which the availability of homes for sale roughly matches the population’s ability to afford homes. A score of 2 means that all households can afford all of the homes that are currently on the market. Finally, a score of 0 shows that there is no household in that specific income group that can afford any of the homes that are currently on the market. Thus, to put it simply, higher scores suggest better affordability conditions.

Nationwide, housing is more affordable for Asian Americans among all other races as nearly 50% of them earn more than \$100,000. In contrast, 35% of White, 25% of Hispanic and only 20% of Black Americans have an income higher than \$100,000. As a result, the score for White Americans is 0.86; 0.60 for Black Americans; 0.70 for Hispanic Americans and 1.03 for Asian Americans. This means that Asian Americans can afford a greater share of houses on the market than their income percentile. For instance, 51% of homes currently listed for sale are affordable to households with at least \$100,000 income. For Asian Americans, 48% earn more than \$100,000 and can afford these homes, but for Black Americans, only 20% have the same level of affordability.

Affordability for Black households

Since all real estate is local, these racial variations in affordability are even larger in some areas. Indeed, in North Dakota, South Carolina and Massachusetts White households are nearly twice as likely to afford to buy compared to Black households.

For example, in North Dakota, the affordability score for White households is 1.10 compared to 0.68 for Black households. Respectively, in South Carolina, the affordability score for White households is 0.97 compared to 0.59 for Black households.



Maryland (0.93), West Virginia (0.92) and Kansas (0.88) were the **most affordable states** for Black Americans.

In contrast, Utah (0.39), Oregon (0.42) and California (0.43) were the **least affordable states**.

The affordability Score for Black Americans varied from 0.39 to 0.93 across the country.

Source: NAR Calculations on 2020 HMDA data

Most affordable metro areas for Black households

The study also identified the most affordable areas by race. For instance, Akron, OH was the most affordable area for Black households with a score of 0.93. Specifically, 77% of Black households earn less than \$75,000 while they can afford to buy 72% of the active listings in Akron, OH.

Here is the list of **the top 10 most affordable areas** for Black households. In these areas below, Black households can afford to buy homes roughly in proportion to their income distribution.



- 1. Akron, OH**
Score: 0.9
- 2. Youngstown, OH-PA**
Score: 0.9
- 3. McAllen, TX**
Score: 0.9
- 4. Baltimore, MD**
Score: 0.9
- 5. Memphis, TN-MS-AR**
Score: 0.8
- 6. Toledo, OH**
Score: 0.8
- 7. Dayton, OH**
Score: 0.8
- 8. Birmingham, AL**
Score: 0.8
- 9. Detroit, MI**
Score: 0.8
- 10. St. Louis, MO-IL**
Score: 0.8

Renter households

Data shows that Black renter households are more squeezed than any other race/ethnic group. One in two Black renter households spend more than 30% of their income on rent. And, about 28% of the Black renter households spend more than 50% of their income on rent, representing nearly 2.3 million households. In contrast, 21% of White renter households are severely cost burdened, spending over 50% of their income on rent. This translates to about 4.9 million white renter households.

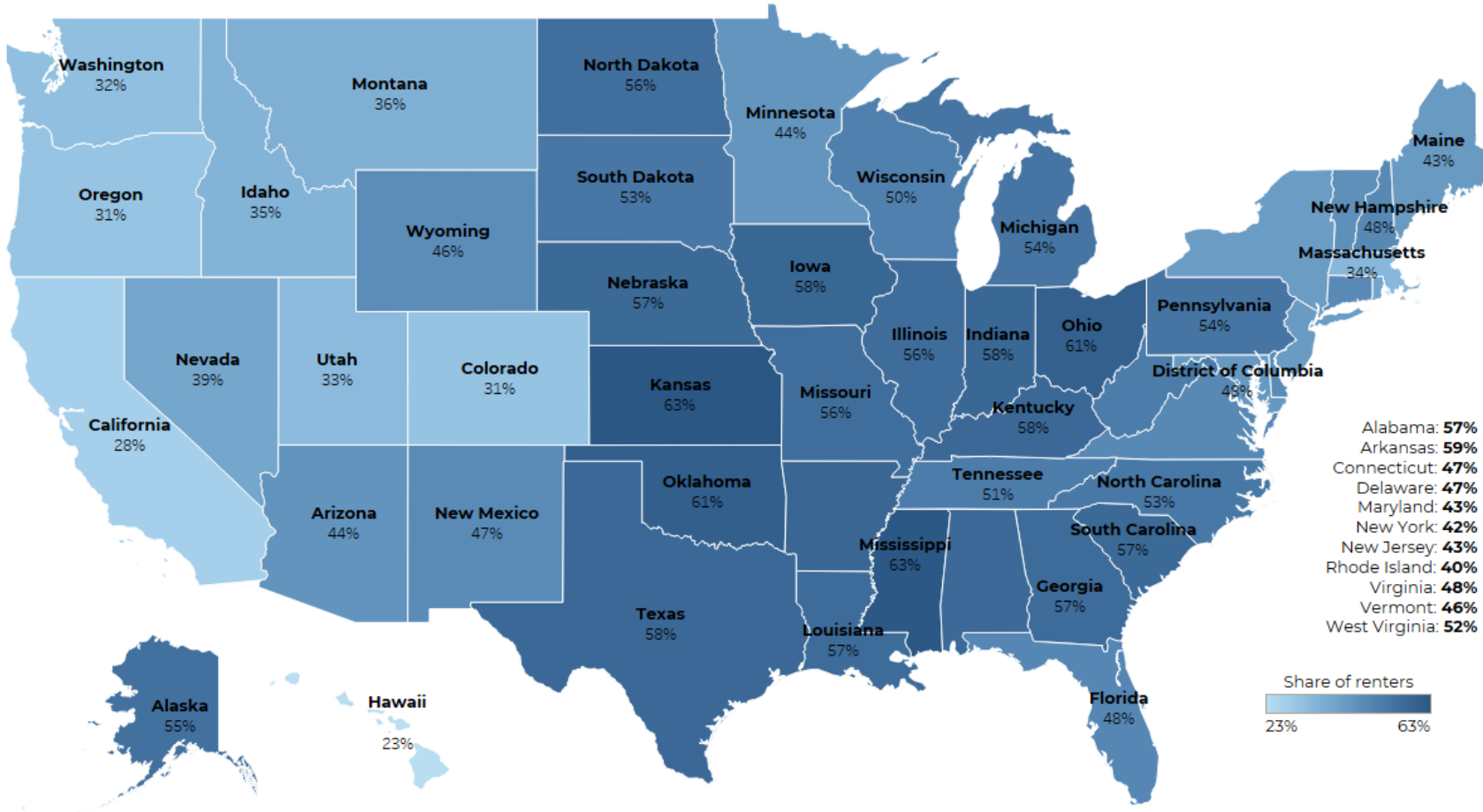
The main reason that Black renter households are more cost burdened is that although they have a lower income (30% lower) than White renters, their monthly rent isn't significantly lower than that of White renters. In 2020, the median income of Black renter households was \$31,700, compared to \$45,200 for white renter households. In the meantime, the average monthly rent was \$1,010 for White compared to \$830 for Black renter households. While rental cost is expected to rise even further in 2022, it will be more difficult for Black renter households to save for down payment for a home purchase.

At local level, Black renter households are even more cost burdened in some areas. For example, in Idaho, 54% of the Black renter households spend more than 50% of their income on rent; 38% in Hawaii; and 37% in West Virginia. In contrast, 9% of the Black renter households in Alaska spend more than 50% of their income on rent; 11% in New Hampshire; and 12% in Vermont.

After comparing the qualifying income to purchase the typical home by state with the median income of renter households, the National Association of REALTORS® was able to estimate how many of these renters can afford to buy the typical home. It's interesting to see that while nearly 50% of the White renter households can afford to buy the typical home only 36% of the Black renter households can do, nationwide. Thus, the homeownership gap between White and Black households will continue to persist unless more entry-level homes will enter the market.

White renter households that can afford to buy the typical home

by state



Kansas (63%), Mississippi (63%) and Oklahoma (61%) were the areas with the **most White renter households that they can afford to buy the typical home** in these areas.

In contrast, Hawaii (23%), California (28%) and Oregon (31%) were the areas with the **least White renter households that they can afford to buy the typical home**.

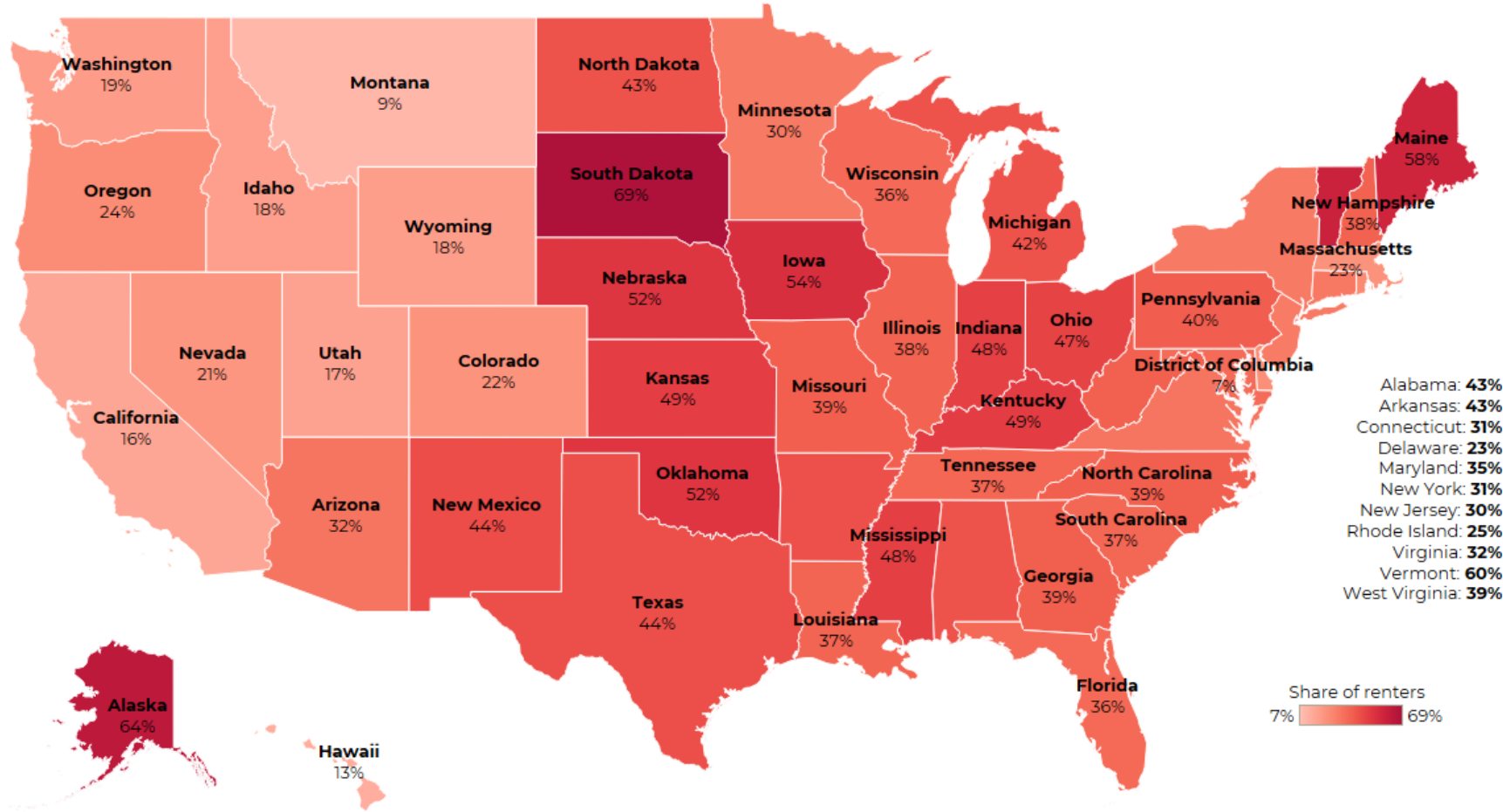
The share of White renters varied from 23% to 63% across the country. Among 51 states including the District of Columbia, 30 states had more White renter households that can afford to buy the typical home compared to nationwide – 47% in 2020.

Source: NAR Calculations on 2020 ACS PUMS data



Black renter households that can afford to buy the typical home

by state



South Dakota (69%), Alaska (64%) and Vermont (60%) were the areas with the **most Black renter households that they can afford to buy the typical home** in these areas.

In contrast, the District of Columbia (7%), Montana (9%) and Hawaii (13%) were the areas with the **least Black renter households that they can afford to buy the typical home**.

The share of Black renters varied from 7% to 69% across the country. Among 51 states including the District of Columbia, 28 states had more Black renter households that can afford to buy the typical home compared to nationwide – 36% in 2020.

Source: NAR Calculations on 2020 ACS PUMS data



Methodology: Section One

Using the ACS Public Microdata Sample (PUMS) data, NAR was able to compute homeownership rates and affordability by race at the state level. The American Community Survey releases the Public Use Microdata Sample (PUMS) files every year, which include population and housing unit records with individual response information.

Regarding renters' affordability, qualifying income for a 30-year fixed rate mortgage was computed assuming a 10% down payment. Monthly principal and interest was limited to 25% of income. After defining the qualifying income for each state, NAR calculated the percent of renter households for each race/ethnicity that have an income higher than the qualifying income for that specific area.

Using the Home Mortgage Disclosure Act (HMDA) data, NAR computed the denial rates by race in 2020. To calculate mortgage denial rates, NAR divided all denied loans by total loan applications for each race/ethnic group.



Home Buyer Demographics from the 2021 *Profile of Home Buyers and Sellers*

Home Buyer Demographics by Race/Ethnicity

Using data from the 2021 *Profile of Home Buyers and Sellers* report we can look at the characteristics of recent home buyers, their reasons for purchasing, the steps they took in the home buying process, and the ways buyers financed their home purchase based on race.

Among all home buyers, White/Caucasian home buyers made up the largest share at 82%, followed by Hispanic/Latino (7%), Asian/Pacific Islander (6%) and Black/African-American home buyers (6%), and Other at 2%.

Among Asian/Pacific Islander home buyers, we see the largest share of married couples at 70%. Single female home buyers were most common among Black/African-American home buyers (33%). Fifty-six percent of Asian/Pacific Islanders, and 49% of Black/African American buyers were first-time home buyers. While the majority of all buyers had two-income households, the highest share of one-income households were found among Black/African American households at 40%, and White/Caucasian households at 39%.

Nineteen percent of Hispanic/Latinos, and 18% of Asian/Pacific Islanders and Black/African-Americans purchased multi-generational homes. Among those groups, they primarily purchased a multi-generational home to spend more time with aging parents, health/caretaking of aging parents/relatives, wanting a larger home that multiple incomes could afford together, and cost savings. The share of multi-generational buyers was 10% among White/Caucasian buyers.

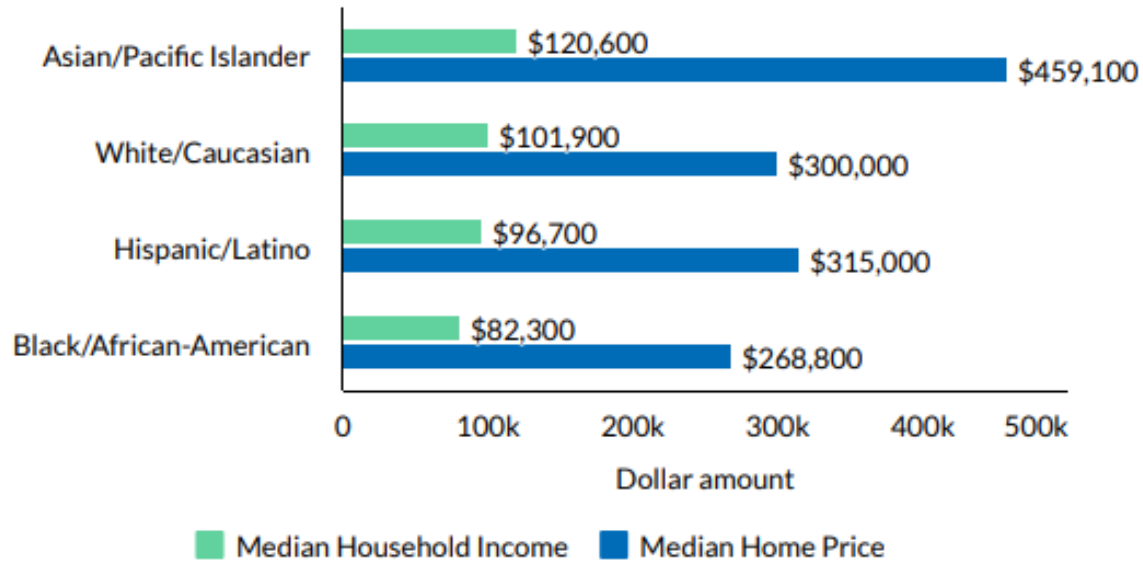
Family continue to help buyers enter the home buying market. Twenty-one percent of Asian/Pacific Islanders, and 11% of Hispanic/Latino, buyers used a gift from relative or friend towards their down payment for their home. Another way to help family is living at home before buying. Twenty-two percent of White/Caucasian, 21% of Hispanic/Latino, and 20% of Asian/Pacific Islander first-time home buyers lived with parents, relatives, or friends prior to purchasing their home compared to only 15% of Black/African-American first-time home buyers.

Black/African-American home buyers reported the highest share of student loan debt at 41%, with a median amount of \$45,000. Hispanic/Latino home buyers reported a median student loan debt amount at \$35,500, with 26% saying they had student loan debt. Asian/Pacific Islander buyers had the highest share of buyers with at least some college education.

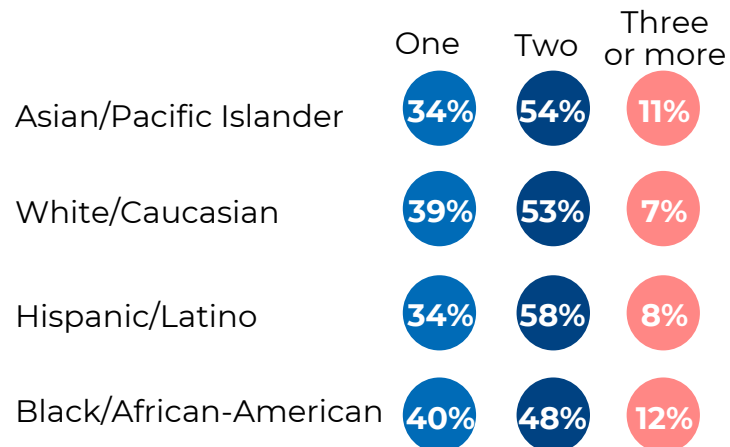
Seven percent of Black/African-American and Hispanic/Latino home buyers, have had a mortgage application denied, compared with just 4% of White/Caucasian and 3% of Asian/Pacific Islander buyers. While the main reason for Asian/Pacific Islander, Hispanic/Latino, and White/Caucasian buyers for being rejected by a mortgage lender was their debt-to-income ratio, the main reason for Black/African-American, buyers was due to low credit score.

Quick Look: Home Buyer Finances

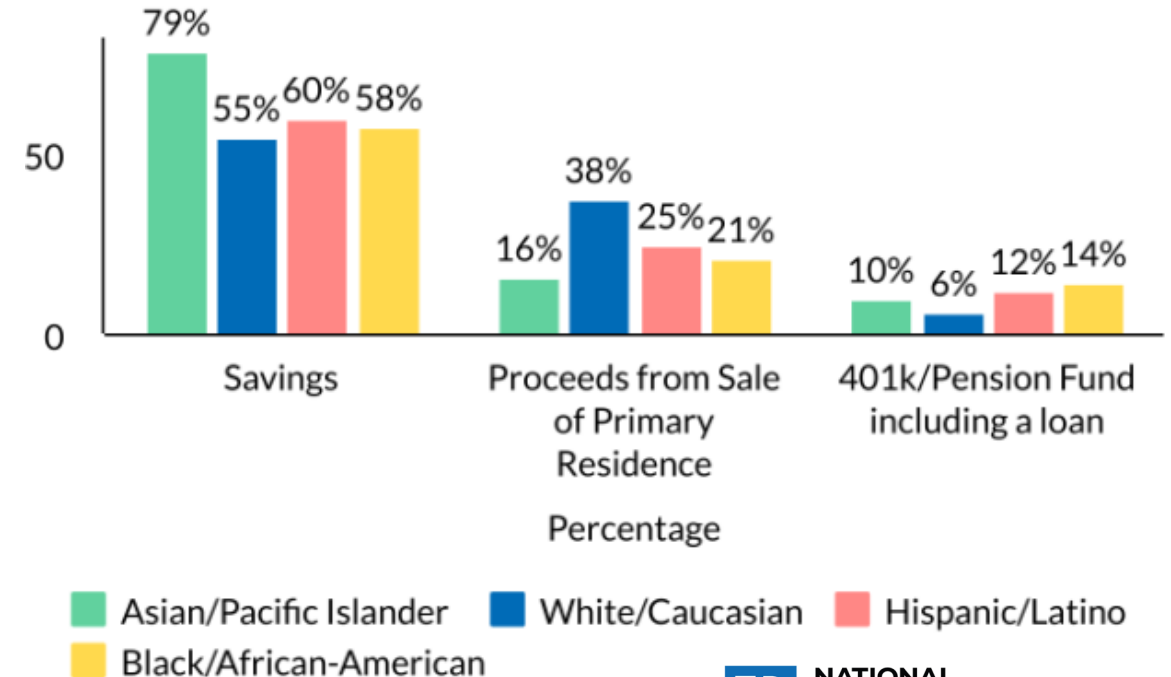
Median Household Income & Median Home Price



Income earners per household



3 Sources of Down Payment



Race/Ethnicity of Home Buyers

	All Buyers
White/Caucasian	82%
Hispanic/Latino	7
Asian/Pacific Islander	6
Black/African-American	6
Other	2

Note: Respondents were permitted to select as many races and ethnicities as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Source: 2021 Profile of Home Buyers and Sellers

Household Composition by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Married couple	51%	70%	63%	60%
Single female	33	10	19	19
Single male	10	9	6	9
Unmarried couple	5	8	9	10
Other	1	3	3	2

Source: 2021 Profile of Home Buyers and Sellers

Buyer Demographics by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
First-time buyers	49%	56%	47%	31%
Repeat buyers	51	44	53	69
Median age	44	40	41	46
Median household income	\$82,300	\$120,600	\$96,700	\$101,900
Income earners in household				
None	*	1	*	*
One	40	34	34	39
Two	48	54	58	53
Three or more	12	11	8	8

* Less than 1 percent

Source: 2021 Profile of Home Buyers and Sellers

Home Characteristics Purchased by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Purchased new home	25%	22%	19%	14%
Purchased previously owned home	75	78	81	86
Detached single-family	80%	81%	81%	83%
Townhouse/row house	11	13	9	6
Duplex/apartment/condo	4	3	3	5
Other	4	3	7	6
Median square feet of home purchased	1,960	2,060	1,800	1,900
Median home price	\$268,800	\$459,100	\$315,000	\$300,000

Source: 2021 Profile of Home Buyers and Sellers

Purchased Through Real Estate Agent/Broker, and Reasons For Purchase by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Purchased through a real estate agent or broker	88%	88%	88%	89%
Primary reason for purchasing a home				
Desire to own home of own	48%	41%	42%	25%
Desire for larger home	10	14	11	11
Desire for a home in a better area	5	7	5	7
Change in family situation (e.g. marriage, birth of child, divorce, etc.)	5	5	6	7
Job-related relocation or move	4	5	3	6
Desire to be closer to family/friends/relatives	4	3	8	11
Desire to be closer to job/school/transit	1	3	1	2

Source: 2021 Profile of Home Buyers and Sellers

Purchased Multi-Generational Home by Race/Ethnicity

	Racial and Ethnic Distribution			
	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Multi-generational household	18%	18%	19%	10%
Reasons for purchase				
Health/caretaking of aging parents/relatives	29	38	26	29
To spend more time with aging parents	25	27	24	12
Cost savings	17	33	27	13
Children/relatives over 18 moving back into the house	11	13	15	17
Wanted a larger home that multiple incomes could afford together	10	21	12	8
Children/relatives over 18 never left home	6	13	8	16
None of the above	39	13	16	25
Other	8	5	8	11

Source: 2021 Profile of Home Buyers and Sellers

Sources of Down Payment by Race/Ethnicity

	Racial and Ethnic Distribution			
	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Savings	58%	79%	60%	55%
Proceeds from sale of primary residence	21	16	25	38
401k/pension fund including a loan	14	10	12	6
Gift from relative or friend	10	21	11	10
Tax refund	6	6	6	3
Loan from relative or friend	3	4	1	2
Sale of stocks or bonds	3	17	6	8

Source: 2021 Profile of Home Buyers and Sellers

Prior Living Arrangement by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
All buyers previous living arrangement				
Rented an apartment or house	58%	50%	46%	34%
Owned previous home	29	34	37	54
Lived with parents/relatives/friends, did not pay rent	7	7	9	5
Lived with parents/relatives/friends, paid rent	5	8	6	5
Rented the home ultimately purchased	1	1	2	1
First-time buyers previous living arrangement				
Rented an apartment or house	82%	75%	74%	72%
Lived with parents/relatives/friends, did not pay rent	9	10	13	11
Lived with parents/relatives/friends, paid rent	6	10	8	11
Owned previous home	2	3	2	4
Rented the home ultimately purchased	1	1	2	2

Source: 2021 Profile of Home Buyers and Sellers

Education Level of Household Head and Student Debt by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Less than high school	*	*	3%	*
High School diploma	15	6	19	16
Associates degree	15	5	16	13
Bachelor's degree	28	39	26	31
Some graduate work	8	6	3	7
Master's degree/MBA/law degree	30	30	26	27
Doctoral degree	4	13	6	7
Have student loan debt	41%	18%	26%	22%
Median student loan debt amount	\$45,000	\$24,400	\$35,500	\$30,000

* Less than 1 percent

Source: 2021 Profile of Home Buyers and Sellers

Buyer Mortgage Application Had Been Rejected From Mortgage Lender by Race/Ethnicity

	Racial and Ethnic Distribution			
	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Have had application denied	7%	3%	7%	4%
Median number of times application was denied	2	1	1	1
Reason for being rejected by mortgage lender				
Debt-to-income ratio	32%	40%	44%	33%
Low credit score	43	10	33	18
Income was unable to be verified	*	33	4	12
Not enough money in reserves	14	*	15	7
Insufficient down payment	9	*	11	8
Too soon after refinancing another property	*	*	*	1
Don't know	14	*	11	6
Other	14	20	26	42

* Less than 1 percent

Source: 2021 Profile of Home Buyers and Sellers



Home Buyers and Fair Housing

Home Buyers and Fair Housing

In addition to being asked about their recent home buying experience, recent home buyers were also asked if they had experienced or witnessed discrimination during their real estate transaction. When asked about their neighborhood and whether or not the majority of residents are the same race as them, 74% of Asian/Pacific Islander, 69% of Black/African-American, and 55% of Hispanic/Latino home buyers said that the majority of their neighborhood is not the same race as them. This is compared to only 16% of White/Caucasian home buyers saying that the majority of their neighborhood is not the same race as them. Sixty-nine percent of White/Caucasian home buyers said that the majority of the neighborhood was the same race as them. In comparison, 26% of Hispanic/Latino, 17% of Black/African-American, and 15% of Asian/Pacific Islander home buyers said that the majority of their neighborhood was the same race as them.

Looking at ways recent home buyers witnessed or experienced discrimination in a real estate transaction, the most common discrimination was steering towards or away from specific neighborhoods with 50% of Hispanic/Latino, 48% of Asian/Pacific Islander, and 46% of Black/African-American home buyers having experienced this. Black/African-American and Asian/Pacific Islander home buyers were more likely to report witnessing or experiencing discrimination with more strict requirements for themselves, the type of loan product offered. Asian/Pacific Islander home buyers were the most likely to report purchase offers being denied for possibly discriminatory reasons, and to witness or experience discrimination based on a home appraisal.

When recent home buyers were asked whether they experienced discrimination in a real estate transaction, 7% of Black/African-American, 6% of Hispanic/Latino, and 4% of Asian/Pacific Islander home buyers experienced discrimination based on race. Three percent of Black/African-American, and 2% of Asian/Pacific Islander and Hispanic/Latino home buyers experienced discrimination based on color. Thirty-nine percent of Black/African-American, 38% of Asian/Pacific Islander, 36% of Hispanic/Latino, and 28% of White/Caucasian home buyers did not experience discrimination in their real estate transaction but believe that it exists. Seven percent of Black/African-American, and 1% of White/Caucasian home buyers reported the discrimination against them to a government agency.

Neighborhood Residents and Discrimination in Transactions by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
The majority of residents in your neighborhood are the same race as you				
Yes, majority are same race	17%	15%	26%	69%
No, majority are not same race	69	74	55	16
Don't know	14	10	20	15
Ways you witnessed or experienced discrimination in a real estate transaction				
Steering towards or away from specific neighborhoods	46%	48%	50%	35%
More strict requirements for myself	32	4	16	19
Type of loan product offered	32	13	23	32
Purchase offer denied for possibly discriminatory reasons	19	39	26	17
Refusal of home owner or agent to show property to particular classes	13	17	6	4
Appraisal of home	5	9	6	6
Other	8	17	23	26

Source: 2021 Profile of Home Buyers and Sellers

Discrimination in Home Search and Reporting Discrimination by Race/Ethnicity

Racial and Ethnic Distribution

	Black/African-American	Asian/Pacific Islander	Hispanic/Latino	White/Caucasian
Experienced discrimination in a real estate transaction against any of the following				
Race	7%	4%	6%	*
Color	3	2	2	*
Religion	1	*	*	*
Sex	2	1	1	*
Disability	*	*	1	*
Familial status (including marriage or parental status)	*	*	1	*
National Origin	*	1	1	*
Sexual orientation	1	1	1	*
Not sure	7	4	3	1
No, but I believe it exists	39	38	36	28
No	46	53	54	70
Reported the discrimination to a government agency				
Yes, reported	7%	*	*	1%
No, did not report	93	100	100	99

* Less than 1 percent

Source: 2021 Profile of Home Buyers and Sellers

Methodology: Section Two and Three

In July 2021, NAR mailed out a 129-question survey using a random sample weighted to be representative of sales on a geographic basis to 129,800 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2020 and June of 2021. A total 5,795 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 4.5 percent.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending June 2021, with the exception of income data, which are reported for 2020. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South, and West. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.

Data gathered in the report is based on primary residence home buyers. From the Realtors Confidence Index, 85 percent of home buyers were primary residence buyers in 2020, which accounts for 5,502,900 homes sold in 2020 (accounting for new and existing homes). Using that calculation, the sample at the 95 percent confidence level has a confidence interval of plus-or-minus 1.29%.



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