

REALTORS® CONFIDENCE INDEX SURVEY

January 2022

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

First-time Buyer Share Declines as Investor Share Rises

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 the January 2022 market transactions.

As mortgage rates continue to rise to over 3%, REALTORS® reported a slowdown in homebuying traffic in January compared to one year ago. The REALTORS® Buyer Traffic Index decreased to 62 (59 in the prior month; 76 one year ago). Listing activity is “weaker” compared to one year ago. The REALTORS® Seller Traffic Index decreased to 33 (37 in the prior month; 35 one year ago). An index below 50 means ‘weaker’ conditions during the month compared to one year ago. Demand continues to outpace supply. On average, respondents reported four client home tours during the month compared to an average of one new listing during the month.

The share of first-time buyers¹ decreased to 27% (30% in the prior month; 33% one year ago). On the other hand, the share of buyers who purchased a home for use as an investment rental or vacation home rose to 22% (17% in the prior month, 15% one year ago). The share of buyers who purchased the property to rent it out rose to 15% (11% in the prior month, 9% one year ago) while the share of buyers intending to use the property as a vacation home rose to 7% (5% in the prior month, 7% one year ago). The share of cash sales rose to 27% (23% in the prior month; 19% one year ago).

With homebuying demand still outpacing supply, properties typically stayed on the market for shorter days compared to one year ago, at 19 days (19 days in the prior month, 21 days one year ago), with 79% of property listings on the market for less than one month. There were 3.9 offers for every home sold (3.8 in the prior month, 3.7 one year ago). Forty-six percent of respondents reported that buyers’ price offers were above the list price (44% in the prior month).

Among contracts signed during the past three month period as of January 2022, 70% of contracts closed on time, 23% had a delayed settlement, and 7% were terminated as of January. Among contracts where the settlement was delayed, 20% were due to appraisal issues and 24% were due to financing issues. Among contracts that were terminated, 25% were due to inspection issues and 21% were due to financing issues.

Over the next three months, a majority of respondents still expect stronger homebuying traffic compared to one year ago but slower listing activity. The REALTORS® Buyer Traffic Index:3-month Outlook slightly eased to 64 (65 in the prior month, 78 one year ago) with 42% of respondents expecting “stronger” buyer traffic compared to one year ago. The REALTORS® Seller Traffic Index:3-month Outlook decreased to 48 (53 in the prior month, 49 one year ago), with 26% of respondents expecting “stronger” seller traffic compared to one year ago.

¹ margin of error of +/-2%

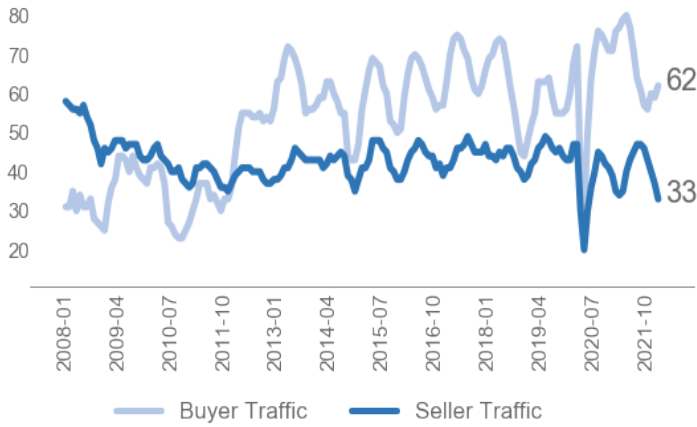
January 2022 REALTORS® Confidence Index Survey Highlights

Key Market Indicators	Jan-22	Dec-21	Jan-21
RCI Buyer Traffic Index /1	62	59	76
RCI Seller Traffic Index /1	33	37	35
RCI Buyer Traffic Index: 3-Month Outlook /1	64	65	78
RCI Seller Traffic Index: 3-Month Outlook /1	48	53	49
Median days on market	19	19	21
Percent of properties sold in less than 1 month	79	79	71
First-time homebuyers, as percent of sales	27	30	33
Sales for non-primary residence use, as a percent of sales /2	22	17	15
Sales intended for vacation use, as a percent of sales /2	7	5	7
Cash sales, as percent of sales	27	23	19
Distressed sales, as percent of sales	1	1	1
Market Outlook	Jan-22	Dec-21	Jan-21
Percent of respondents who expect a year-over-year increase in buyer traffic in next 3 months	42	41	61
Percent of respondents who expect a year-over-year increase in seller traffic in next 3 months	26	30	30
Expected year-over-year percent change in home prices in the next 12 months	3.7	3.5	4.1
Percent of respondents who had a potential buyer looking for work-from-home features	56	56	56
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	29	28	36
Other Market Indicators	Jan-22	Dec-21	Jan-21
Average number of offers received on the most recent sale	3.9	3.8	3.7
Percent of bid offers above the list price	46	44	-
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	3.7	3.5	4.0
Average number of new listings in the month per agent	1.3	1.3	1.4
Percent of buyers who were renting before purchasing a home	42	38	45
Percent of first-time buyers who put down less than 20% down payment	69	71	74
FHA loans as a percent of buyers who obtained mortgage financing	13	13	15
Percent of buyers who waived inspection contingency	20	19	-
Percent of buyers who waived appraisal contingency	22	21	-
Percent of buyers who purchased property based on virtual tour/showing/open house only	13	9	8
Percent of sellers who sold property based on virtual tour/showing/open house only	5	4	4
Percent of buyers who purchased in a suburban, small town, rural, or resort area	85	86	83
Percent of sellers represented by Realtors® who sold the property to an iBuyer	2	2	-
Percent of sellers who had been renting out the property	19	22	21
Median tenure in the primary residence among sellers	10	11	10
Median days to close	30	30	30
Percent of contracts in the past 3 months that were terminated	7	6	6
Percent of contracts in the past 3 months that had delayed settlement	23	24	29
Percent of contracts with a delayed settlement that had appraisal issues	20	22	20

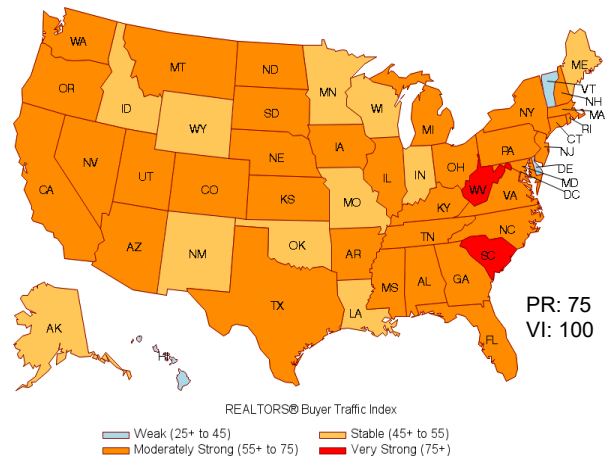
/1 An index greater than 50 means a higher fraction of respondents reported "stronger" than "weaker" conditions compared to one year ago.

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

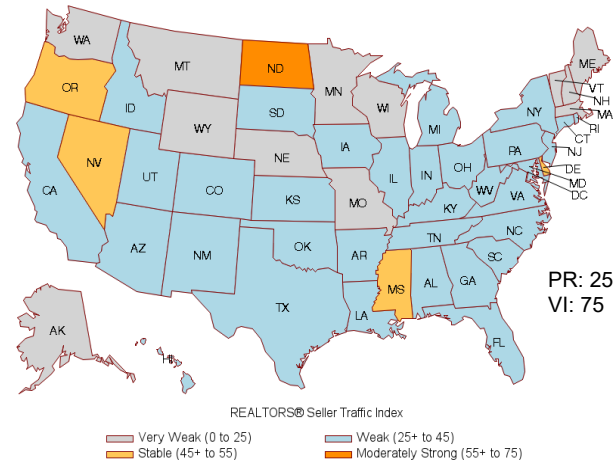
REALTORS® BUYER AND SELLER TRAFFIC INDICES



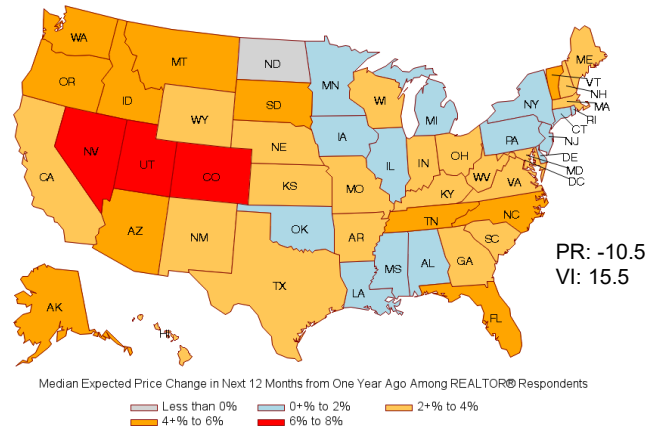
REALTORS® BUYER TRAFFIC INDEX



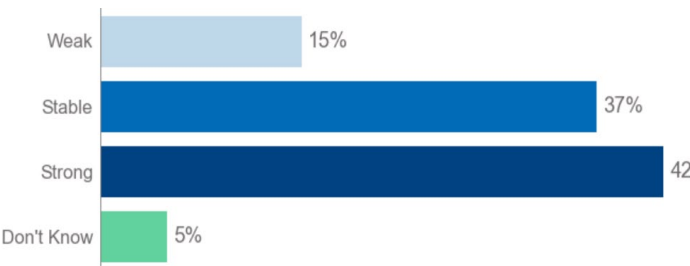
REALTORS® SELLER TRAFFIC INDEX



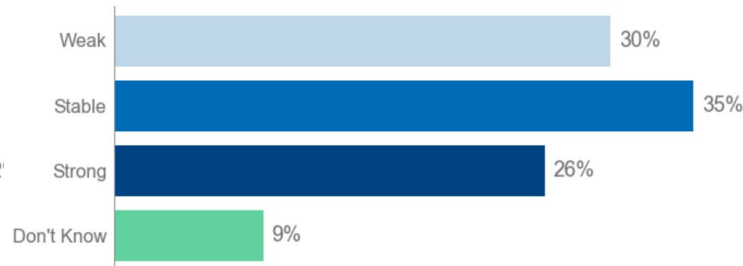
REALTORS® MEDIAN EXPECTED PRICE CHANGE WITHIN THE NEXT 12 MONTHS, Y/Y PERCENT CHANGE



REALTORS® EXPECTATION ON BUYER TRAFFIC WITHIN THE NEXT 3 MONTHS



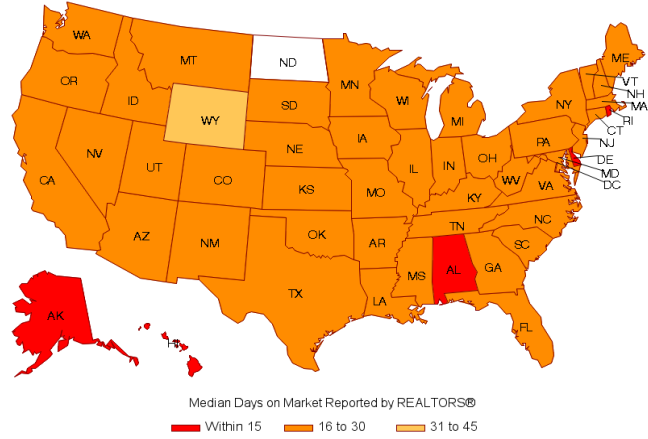
REALTORS® EXPECTATION ON SELLER TRAFFIC WITHIN THE NEXT 3 MONTHS



MEDIAN DAYS ON THE MARKET



MEDIAN DAYS ON THE MARKET BY STATE



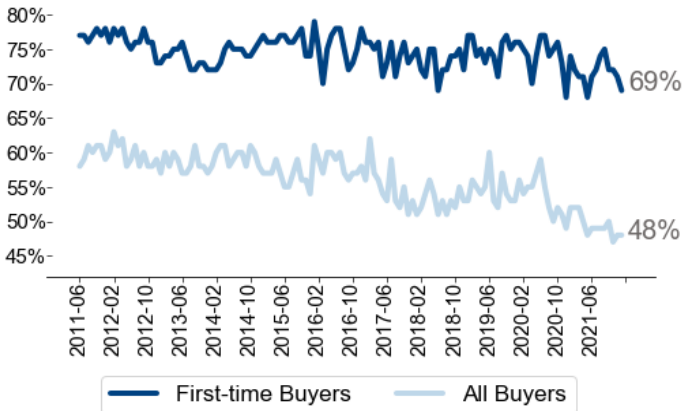
FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES



CASH SALES AS PERCENTAGE OF RESIDENTIAL SALES



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



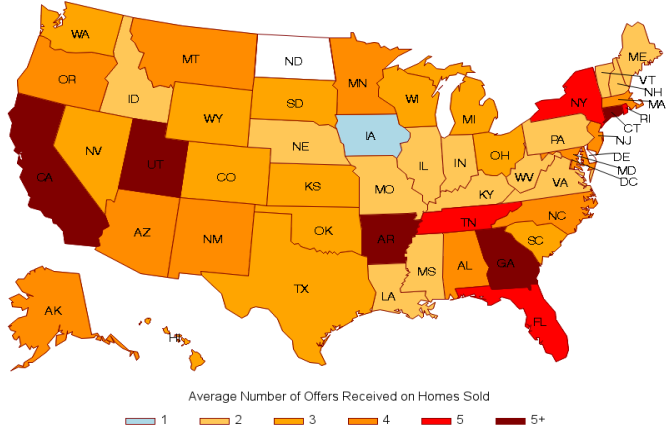
DISTRESSED PROPERTY SALES BY PROPERTY TYPE



AVERAGE NUMBER OF OFFERS RECEIVED ON THE MOST RECENT CLOSED SALE



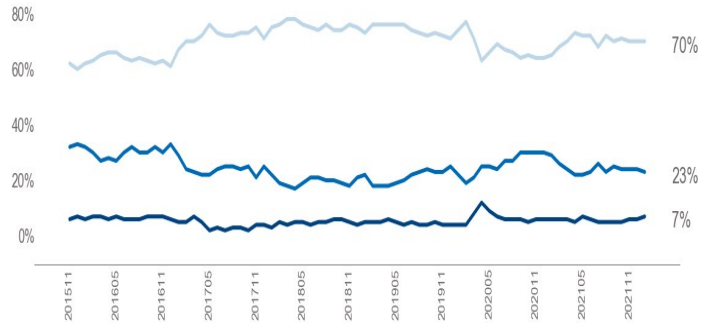
AVERAGE NUMBER OF OFFERS RECEIVED ON MOST RECENT SALE REPORTED BY REALTORS®



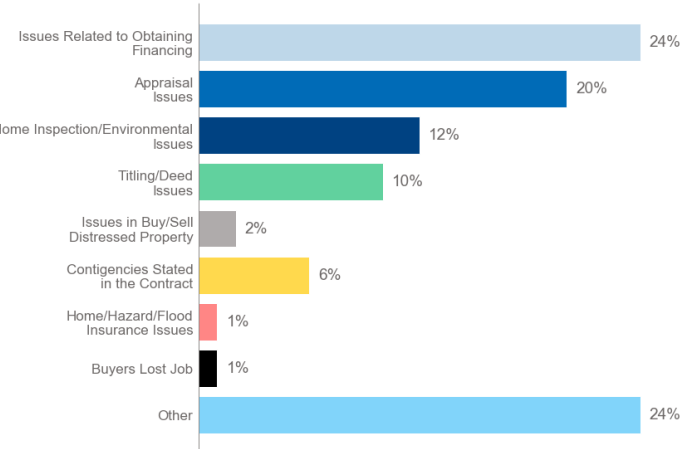
AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR BY AGENT



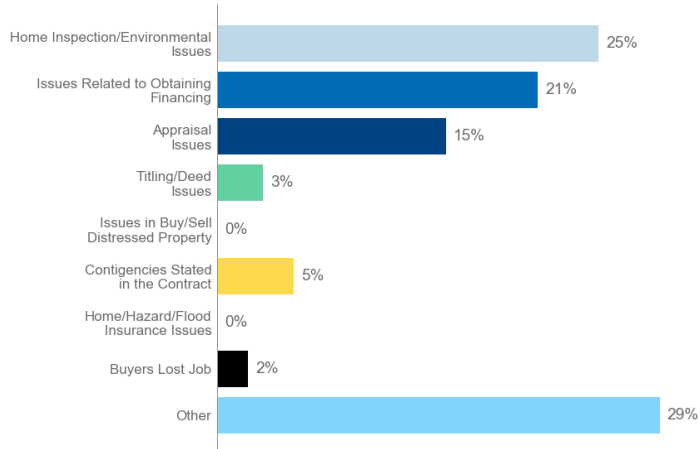
CONTRACT SETTLEMENT



PROBLEMS ENCOUNTERED FOR DELAYED CONTRACT



PROBLEMS ENCOUNTERED FOR TERMINATED CONTRACTS



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 January 2022 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 6,485 respondents in the previous three surveys who provided their email addresses.
- There were 3,134 respondents to the online survey which ran from February 1-8, 2022, of which 1,383 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 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.

RCI Lead Team

Lawrence Yun, PhD, Chief Economist and Senior Vice President of Research
Gay Cororaton, Senior Economist and Director of Housing and Commercial Research
Brandon Hardin, Research Economist
Anna Schnerre, Research Associate, Business Insights
Meredith Dunn, Research Communications Manager

NATIONAL ASSOCIATION OF REALTORS®

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

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For questions about this report, contact data@realtors.org.