

March 2022

REALTORS® CONFIDENCE INDEX SURVEY

National Association of REALTORS® | Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

REALTORS® CONFIDENCE INDEX SURVEY

Buyer Competition is Intense Despite Higher Mortgage Rates

Even as the 30-year mortgage rate rose to an average of 4.17% in March (3.76% in February) after the Federal Reserve Board raised the federal funds rate by 25 basis points on March 16 (the first time since 2018), homebuying demand was still broadly stronger in many markets although the strength waned compared to conditions one year ago, according to REALTORS® who responded to the March *REALTORS® Confidence Index (RCI)* survey. The *REALTORS® Buyer Traffic Index* was essentially unchanged at 62 (63 in the prior month; 77 one year ago). Supply remained broadly below a year ago. The *REALTORS® Seller Traffic Index* registered at 36 (34 in the prior month; 35 one year ago). An index over 50 means conditions are broadly stronger than one year ago.

Demand continues to outpace supply. On average, respondents reported four buyer home tours during the month compared to an average of 1.4 listings during the month.

Buyer competition remained intense, with respondents reporting an average of 4.8 offers for every home sold (4.8 in the prior month, 4.8 one year ago). Fifty-seven percent of buyers' price offers were above the list price (48% in the prior month). Half of the buyers had made at least two prior offers and lost before succeeding on the third try.

With homebuying demand still outpacing supply, properties typically stayed on the market for shorter days compared to one year ago, at 17 days (18 days in the prior month, 18 days one year ago). Eighty-seven percent of listings were on the market for less than one month (84% in the prior month, 83% one year ago).

The share of first-time buyers slightly increased to 30% although the share was below the level one year ago (29% in the prior month; 32% one year ago). The expectation of further mortgage rate increases could have encouraged buyers to lock in at the current low rates. The share of non-primary residence buyers (for investment rental or vacation use) slightly decreased to 18% due to fewer investor buyers, but the share was higher than the level one year ago (19% in the prior month, 15% one year ago). Vacation home sales made up 7% of the market (5% from the prior month, 6% one year ago).

Cash buyers continued to make up a higher market share, at 28% (25% in the prior month; 23% one year ago). Of mortgage-financed sales reported by REALTORS®, mortgages insured by the Federal Housing Agency accounted for 12% of mortgages (13% one year ago), while loans from the Veteran Affairs made up 7% (9% one year ago).

With more cash buyers, 28% of buyers waived an appraisal contingency. With intense competition, 23% of buyers waived an inspection contingency. Among purchase contracts in the last three months, the appraised value was the same as the initial contract price, while the appraised value was lower than the initial contract price in 24% of purchase contracts of REALTORS®. In the latter case, 7% of the buyers backed out and the sale did not push through.

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March 2022 REALTORS® Confidence Index Survey Highlights

Key Market Indicators	Mar-22	Feb-22	Mar-21
RCI Buyer Traffic Index /1	62	63	79
RCI Seller Traffic Index /1	36	34	35
RCI Buyer Traffic Index: 3-Month Outlook /1	57	63	76
RCI Seller Traffic Index: 3-Month Outlook /1	46	46	49
Median days on market	17	18	18
Percent of properties sold in less than 1 month	87	84	83
First-time homebuyers, as percent of sales	30	29	32
Sales for non-primary residence use, as a percent of sales / 2	18	19	15
Sales intended for vacation use, as a percent of sales / 2	7	5	6
Cash sales, as percent of sales	28	25	23
Distressed sales, as percent of sales	1	1	1
Market Outlook	Mar-22	Feb-22	Mar-21
Percent of respondents who expect a year-over-year increase in buyer traffic in next 3 months	36	42	58
Percent of respondents who expect a year-over-year increase in seller traffic in next 3 months	26	26	31
Expected year-over-year percent change in home prices in the next 12 months	3.6	4.1	2.2
Percent of respondents who had a potential buyer looking for work-from-home features	56	57	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	29	30	36
Other Market Indicators	Mar-22	Feb-22	Mar-21
Average number of offers received on the most recent sale	4.8	4.8	4.8
Percent of bid offers above the list price	57	48	-
Average number of prior buyer offers before closing on current home purchase	3	2	-
Average number of clients taken on a home tour by agent	4.1	4.1	4.8
Average number of new listings in the month per agent	1.4	1.3	1.6
Percent of buyers who were renting before purchasing a home	47	43	46
Percent of first-time buyers who put down less than 20% down payment	69	71	71
FHA loans as a percent of buyers who obtained mortgage financing	12	14	13
Percent of buyers who waived inspection contingency	23	23	-
Percent of buyers who waived appraisal contingency	28	23	-
Percent of buyers who purchased property based on virtual tour/ showing/ open house only	10	11	9
Percent of sellers who sold property based on virtual tour/ showing/ open house only	3	4	7
Percent of buyers who purchased in a suburban, small town, rural, or resort area	83	84	87
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	18	20	17
Median tenure in the primary residence among sellers	8	8	9
Median days to close	30	30	30
Percent of contracts in the past 3 months that were terminated	6	8	6
Percent of contracts in the past 3 months that had delayed settlement	19	22	24
Percent of contracts with a delayed settlement that had appraisal issues	22	20	22

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

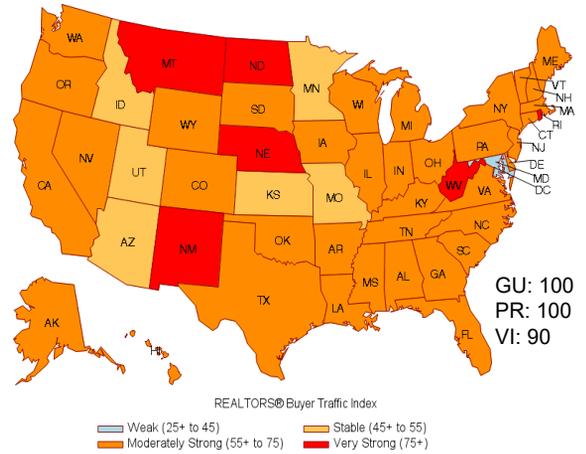
/2 Non-primary residence use refers to vacation use or residential rental.

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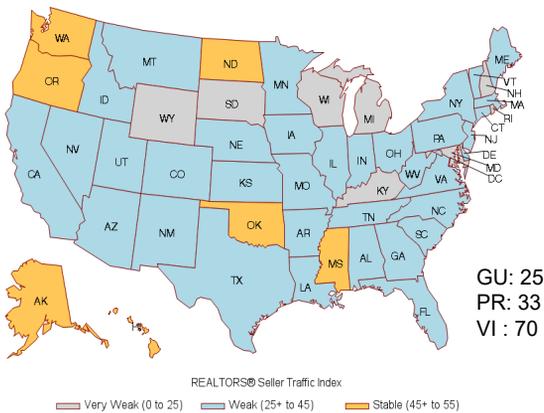
REALTORS® BUYER AND SELLER TRAFFIC INDICES



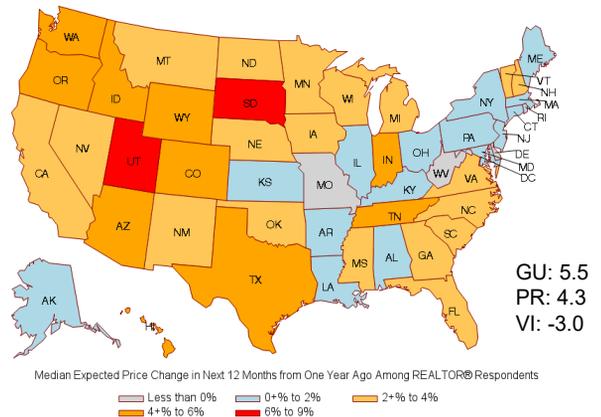
REALTORS® BUYER TRAFFIC INDEX



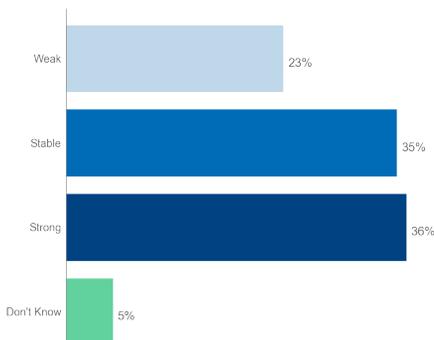
REALTORS® SELLER TRAFFIC INDEX



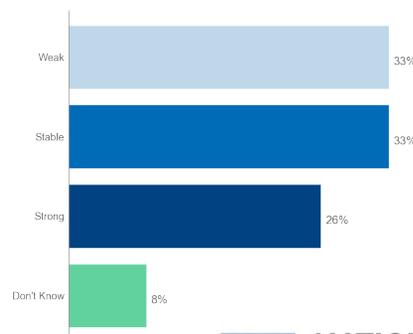
REALTORS® MEDIAN EXPECTED PRICE CHANGE WITHIN THE NEXT 12 MONTHS, Y/Y PERCENT CHANGE



REALTORS® EXPECTATION ON BUYER TRAFFIC WITHIN THE NEXT 3 MONTHS



REALTORS® EXPECTATION ON SELLER TRAFFIC WITHIN THE NEXT 3 MONTHS

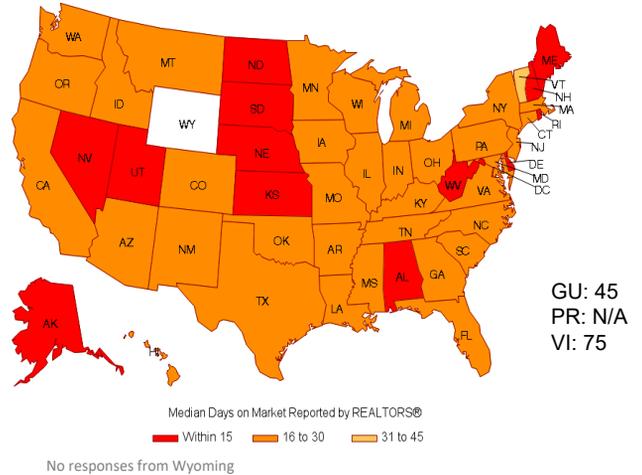


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MEDIAN DAYS ON THE MARKET



MEDIAN DAYS ON THE MARKET BY STATE



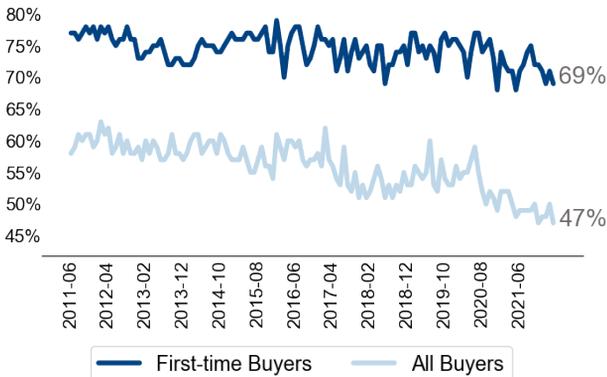
FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES



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

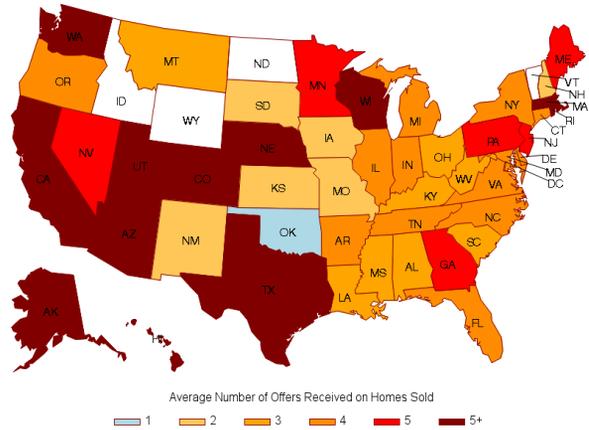


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AVERAGE NUMBER OF OFFERS RECEIVED ON THE MOST RECENT CLOSED SALE



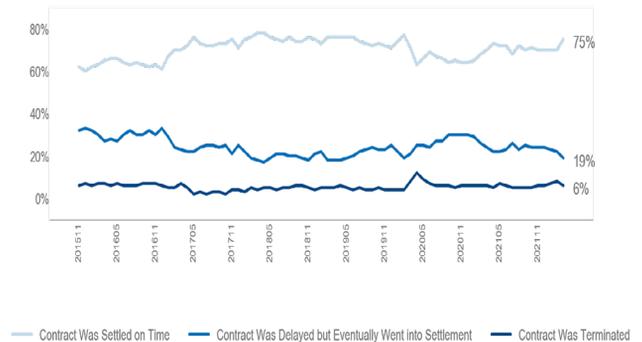
AVERAGE NUMBER OF OFFERS RECEIVED ON MOST RECENT SALE REPORTED BY REALTORS®



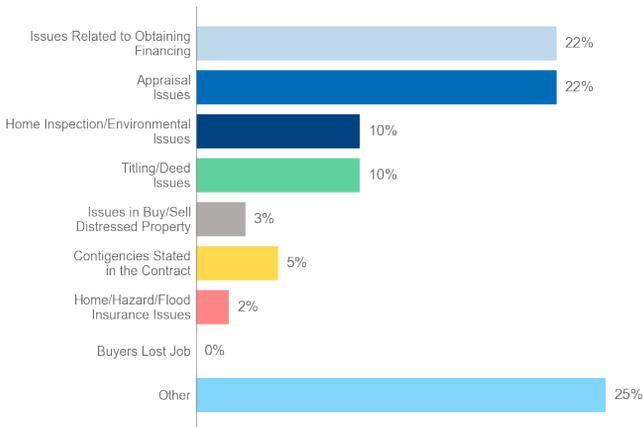
AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR BY AGENT



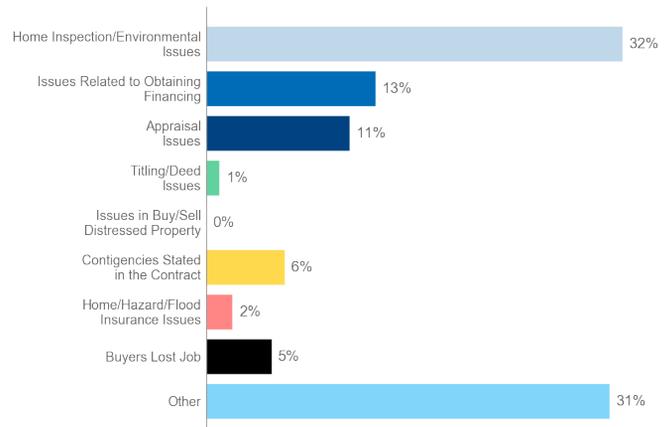
CONTRACT SETTLEMENT



PROBLEMS ENCOUNTERED FOR DELAYED CONTRACT



PROBLEMS ENCOUNTERED FOR TERMINATED CONTRACTS



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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 March 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 5,683 respondents in the previous three surveys who provided their email addresses.
- There were 2,531 respondents to the online survey which ran from April 1-11, 2022, of which 1,297 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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