

real estate insights

May 2007

Real Intelligence –
Real Advantages

In This Issue

Moving On. First, the bad news: David Lereah has moved on to Move.com. The good news: Our Senior Economist Lawrence Yun provides us with his insights on the state of the housing market and how he sees the future of the real estate industry shaping up. **Read more.**

Summer Forecast. We all want nice weather when summertime arrives. But what sort of economic climate will we have for housing? Our Senior Forecast Economist Lawrence Yun looks at his economic weather map to give us an idea of what to expect. **Read more.**

Got a Quarter? More importantly, for those tracking housing markets the question is “do you have the latest quarterly statistics on home sales and home prices?” Our *In Focus* column this month highlights the recently released NAR figures for the first quarter of 2007. **Read more.**

Who Are You? No, we’re not reciting the lyrics to the popular song by The Who. The *Market Intelligence* feature in this issue looks at some of the demographic characteristics of today’s REALTORS® from the new **2007 NAR Member Profile**. **Read more.**

Existing-home Sales declined 8.4 percent in March to a seasonally adjusted annualized rate of 6.12 million units. NAR analysts attribute the decline to unusually bad weather in February as well as a decline in subprime lending volume. The median sales price for an existing home in March was \$217,000 – 0.3 percent below that of March 2006. **Read more.**

There’ll Be Some Changes Made. Readers of *Real Estate INSIGHTS* will notice some changes to the *Real Estate Monitor* section of the newsletter. See page 2 for details. **Read more.**

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NATIONAL ASSOCIATION OF REALTORS®








The Voice For Real Estate®

REALTOR®



EQUAL HOUSING
OPPORTUNITY

Real Estate Monitor

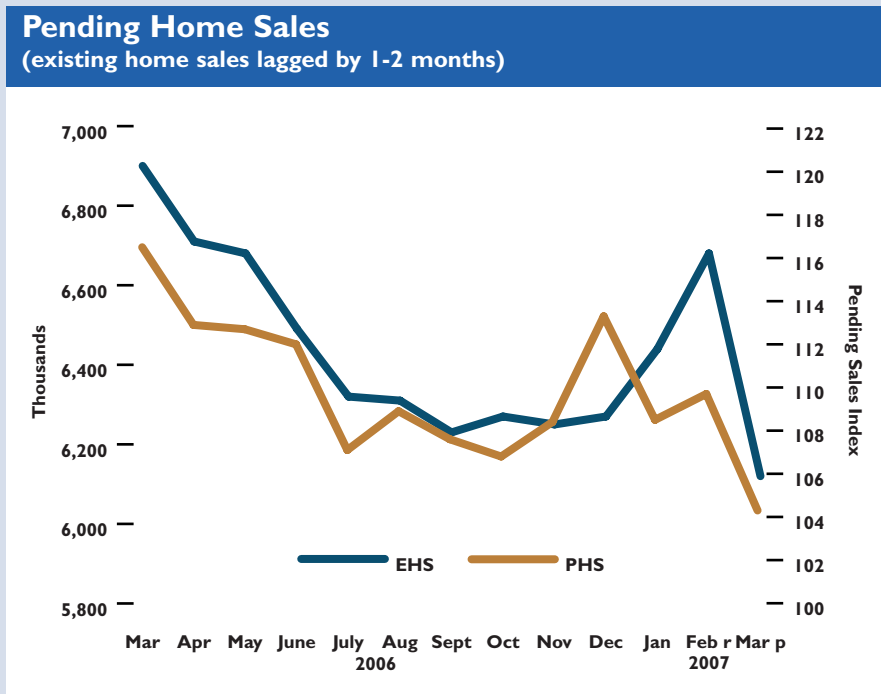
Monthly Indicator	Recent Figures	Likely Direction Over the Next Six Months	Forecast
<p>Existing-home sales declined in March, posting 6.12 million seasonally adjusted annualized units. The level of existing detached single-family or townhome sales fell, while existing condominium/co-op sales were virtually unchanged. The inventory of existing homes available for sale at the end of the month was 3.75 million – a 7.3 month supply at the current sales pace. The good news: home buyers are not under pressure to make quick decisions. Mortgage rates are still low, there is a plentiful supply of homes on the market, and prices are flat in many areas Read more.</p>	Mar 07 6,120 Feb 07 6,680 Mar 06 6,900		Bottom has been pretty much reached with measurable changes more likely to be on the upside than down
<p>New home sales rose slightly in March to a seasonally adjusted annualized rate of 858,000 units – a 2.6 percent increase from February's level and the first increase since December 2006. But new sales were still off 23.5 percent from that in March 2006. The number of new homes available for sale at the end of March was 545,000 units – a 7.8 months supply at the current sales pace. Read more.</p>	Mar 07 858 Feb 07 836 Mar 06 1,121		Cutting in new starts will hold back new home sales
<p>Housing starts also rose slightly in March – 0.8 percent – to a seasonally adjusted annualized rate of 1.63 million units. Single-family starts rose a full 2.0 percent – 1.2 million units (seasonally adjusted and annualized). Still, starts are well below their levels a year ago. Read more.</p>	Mar 07 1,518 Feb 07 1,506 Mar 06 1,972		Single-family housing permits remains very soft - so will the start of new construction
<p>Housing affordability Affordability dipped slightly in March. NAR's Housing Affordability Index stood at 113.9 in March, down from February's index of 114.1 and January's reading of 116.0. The good news: the index is at its third highest level in 12 months. A decline in mortgage rates was offset by the increase in the median price of an existing home from February to March. Read more.</p>	Mar 07 113.9 Feb 07 114.1 Mar 06 108.6		The previously unaffordable regions getting much more affordable due to price declines and solid local economy
<p>Mortgage rates After dropping in March, mortgage rates inched up in April. The 30-year fixed-rate mortgage rose from 6.16% in March to 6.18% in April; it was 6.51% in April 2006. The favorable mortgage-rate environment will have a stabilizing effect on the housing sector and should help to get back on track of stronger home sales activity. Read more.</p>	Apr 07 6.18% Mar 07 6.16% Apr 06 6.51%		30-year fixed rate will rise, but very modestly, while the 1-year adjustables will be falling from early 2008
<p>Employment Payroll employment rose by 88,000 in April. The latest three-month average gain of 118,000 is respectable, but not robust. In the past 12 months, 1.9 million jobs have been added to the economy. Employment in construction and manufacturing fell, as did jobs in credit intermediation outside of banks – principally mortgage lending. The unemployment rate rose slightly to 4.5% – still a level considered being in or even below “full employment.” (i.e., principally mortgage lending) fell by 14,400. Read more.</p>	Apr 07 88 Mar 07 177 Mar 06 112		Weakening dollar will provide lift for exporting sector, but housing construction jobs being cut
<p>Gross domestic product (GDP) The economy crawled at 1.3% growth rate in the first quarter of 2007, but it is important to note that this is a preliminary reading based on incomplete data. The economy has underperformed for the last four straight quarters. The sluggishness was due primarily to the housing market slump. Despite the weakness, consumer spending continued to show strength. Read more.</p>	2007:1 1.3% 2006:IV 2.5% 2006:I 5.6%		Subpar but improving growth for the remainder of the year

Notes: All rates are seasonally adjusted. Existing home sales, new home sales and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics and Freddie Mac. This report reflects data as of May 4, 2007. Compiled by Wannasiri Chompoopet, Ken Fears, Kevin Thorpe and Lawrence Yun.

NAR's Pending Home Sales Index

Pending home sales remained soft in March. NAR's pending home sales index – a leading indicator of housing activity, stood at 104.3 in March – down 10.5 percent from March 2006 and 4.9 percent below February's revised level of 109.7. The index is at its lowest point since March of 2003. The index is based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing. An index of 100 is equal to the average level of contract activity during 2001, the first year to be examined as well as the first of five consecutive record years for existing-home sales. March's reading shows sales closed in April are likely to remain soft, with some drag possible in May as well. Home sales will be relatively sluggish in the second quarter, but a modest uptrend should resume during the second half of this year.

A note about year over year and month to month comparisons: There is a closer relationship between annual changes in the index and actual market performance than with month-to-month comparisons. As the relatively new index matures and seasonal adjustment factors are refined, the month-to-month comparisons will become more meaningful over time.



Source: NAR Research

Making a Correction: Economic Commentary

by Lawrence Yun, NAR Senior Economist

The word “correction” is a misnomer applied all too frequently in a misleading way. What homeowners and homebuyers are monitoring is principally where home prices have been and where they are headed. Nationally, the median home price rose one percent last year – that on top of the 53 percent rise during the five-year boom from 2000 to 2005. This year, the national median price is expected to fall one percent. By any standards, it is an extreme stretch to call it a correction when a particular asset price rises better than 50 percent and then retreats one percent. Even a relatively large price decline of 12 percent in Sarasota cannot reasonably be considered as a correction when its local market had a 150 percent price increase during the boom. Let’s see, that is 150 steps forward and 12 steps backwards.

Yet, consumers are exposed to constant pounding of correction, implosion, recession, and other negative words when discussions of the housing market arise. Against all that doomsaying, naturally consumers would pause and step away from buying a home. Even in places like Columbus, Ohio – a market where prices have only modestly risen and what no sane economists would characterize as being in a bubble -- buyers have pulled back due to constant negative messaging from the media. Many REALTORS® have relayed stories of a buyer prospect who decided to not purchase because of a headline of a housing market collapse in a national newspaper. This is irrational – there is no bubble in Columbus Ohio! Or in Kansas City or in Houston. The latest median local prices in these markets were around \$150,000. Anyone with a good credit history and a middle class job should have the means to purchase a home (though perhaps not the dream home).

Think also of the buyers who got priced out when mortgage rates were rising, yet refused to re-enter the market when mortgage rates were falling. Consider, mortgage rates averaged 5.8 percent at the very peak of sales activity in August 2005. Sales subsequently declined as rates moved up to 6.8 percent one year later. This is understandable. Higher rates mean fewer buyers can qualify. However, mortgage rates since that time have fallen – to 6.2 percent in the first quarter of 2007. But the falling rates have not attracted buyers back into the market. All the while, over the past year-and-a-half the economy added 3.5 million net new workers with wages having risen by 6 percent. So we have plentiful more jobs at a higher pay and similarly favorable mortgage rates, yet home sales are down by 15 percent from the peak. Buyer confidence has simply disappeared!

The correction is occurring *not in home prices but in sales vol-*

The so-called housing market correction is occurring not in home prices but in sales volume and new home construction.

ume and new home construction. Yes, home sales are down -- perhaps worthy of the word correction or recession. Yes, new single-family home construction fell more than 35 percent from peak to trough. And yes, construction jobs have been slashed and REALTOR® income has fallen. And yes, profits are falling for homebuilders and mortgage lenders. So from an economic impact and income generation, there is clearly a housing market adjustment. Workers and companies in the industry are being impacted.

Stock market transaction volumes are not that critical to stock market investors. Falling sales volume in New York Stock Exchange does not imply a stock market correction. Investors, rather, focus intently on the stock *price*. Housing wealth accumulation prospects should and would be the focus for homebuyers, too. Unfortunately though, today’s homebuyers are instead bombarded with the negative sound bites of RECESSION, CORRECTION, and IMPLOSION when the matter of housing shows up on the media without the distinction whether one is talking of home price (which has been either positive or minimally negative depending upon local markets) or of sales volume change or homebuilder’s profits (which has been falling but not of importance from consumer’s point of view).

There is indeed a recession in terms of construction activity, construction jobs, and falling sales. But there is really no HOME PRICE recession/correction/implosion. REALTORS® should set that record straight. REALTORS® should also discuss the one consistent proven way to accumulate wealth over a long-period – the one through homeownership. The net worth for a typical homeowner is \$184,000. The net worth for a typical renter is about \$4,000. That is a something that all REALTORS® should be discussing with their buyer prospects.

THE FORECAST

by Lawrence Yun, Senior Forecast Economist

Despite the headline information about weak housing market conditions, many local markets are performing quite well. In the first quarter of 2007, more markets (82) experienced a price increase than had a price decrease (62). Going forward, we will see a steadily increasing number of markets moving over to the positive side of home price appreciation. In fact, some local markets will not only move up, but will be moving way-way up. Among the very promising markets with

strong upside potential, in random order, are Nashville, Austin, Salt Lake City, Denver, and the Raleigh-Durham region. These markets could experience a price growth in excess of 20 percent over the next two-year time

span. St. George, Utah and Myrtle Beach, South Carolina are small markets not yet primed for ranking among the big boys, but they easily could top them all.

We do not live in Lake Wobegon, so not all markets can be like those above. The average or the national aggregate will see a price drop of one percent in 2007, followed by a price increase of about 6-10 percent over the three subsequent years. A typical REALTOR®'s sales transaction volume will fall by three percent in 2007 followed by a sales transaction rise of 9-12 percent over the three subsequent years. In other words, after 2007, the aggregate REALTORS® income will rise by 15 to 22 percent over the next three years to 2010. As the real estate business is entrepreneurial, 80 percent of rising revenue will likely fall to 20 percent of the top producing agents and brokers.

The principal reason for an expanding market from 2008 is that housing demand will be driven by fundamental

factors: the desire of households who are new job holders to own their own home, and vacation home purchases by baby boomers. The 4.5 million jobs created over the past 24 months is putting a plentiful number of people on deck for future homebuying. The latest NAR survey on second homes confirms that the recent superheated boom and bust cycle in sales activity was due to investors/speculators. The number of homes purchased by investors rose from

1.57 million in 2003 to 2.32 million in 2005 (at the height of the boom). Investor purchases then fell by 29 percent in 2006 to 1.65 million home sales. Outside of the wild and crazy investors, the housing demand was much more sober.

Home purchases for primary residences fell by only five percent in 2006.

Speculative/investor demand will no longer change significantly. As with any major boom-bust swings – be it tulips, oil, internet stocks, or investor homes – the cycle rarely repeats with the same intensity the next time.

Therefore, a growing population in need of homes and favorable demographics will push primary and vacation home sales steadily higher. Investor purchases, as they have been for a long time, will account for steady one-fifth of all home sales. Driven by ever growing number of people in the 50-to-60 year old age group, the vacation home purchases actually rose in 2006 – during the so-called housing recession year. Record and ever rising household wealth also contributed and will continue to contribute to pushing vacation home purchases to steadily new highs.

Lower rates on adjustable rate mortgages are certain going into 2008. The

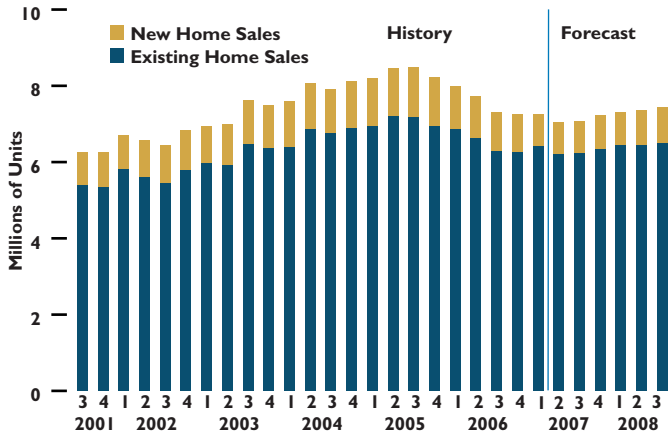
Federal Reserve will cut its federal funds rate once it gets confirmation that inflation is contained. The core Consumer Price Index -- the inflation measure that the Fed monitors closely -- fell to 2.4 percent in the latest reading from its peak 2.9 percent in September 2006. The current subpar economic growth will further contain inflation. Given that ARMS can make sense for many prime borrowers (but not necessarily subprime borrowers as the market has learned recently), more favorable rates going into 2008 will provide a boost to home sales.

The economy, meanwhile, is solid -- outside of the contracting housing sector. Corporate profits are at a record high. That has pushed the stock market to record highs – and the stock market valuation is well justified. Businesses can, therefore, easily tap into either profits or the stock market to make major business purchases and expand. The economy will not fall into a recession. In fact, with a slight rise in home sales and home building expected late this year, the economy will be back on full growth track by the first quarter of 2008.

A growing population in need of homes and favorable demographics will push primary and vacation home sales steadily higher

Home Sales

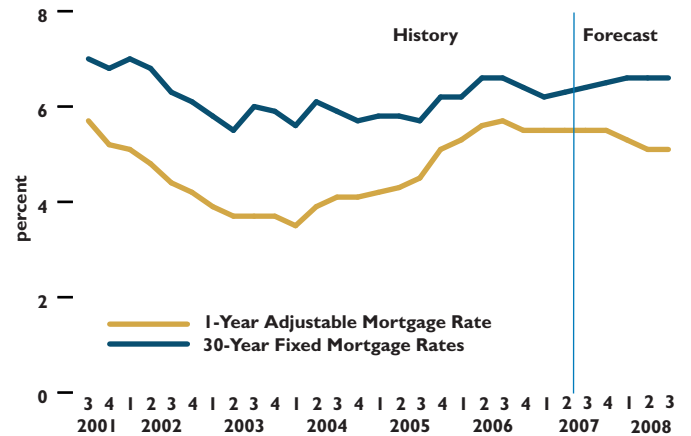
Slowly but steadily turning positive again



Sources: NAR, Bureau of the Census, NAR Forecast

Mortgage Rates

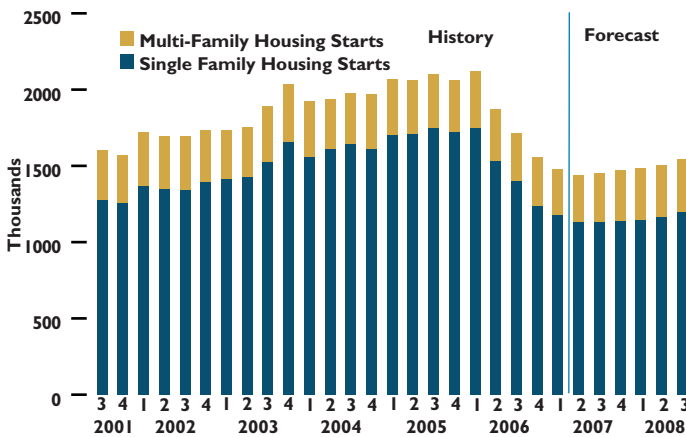
Fixed rates continue well below 7 percent



Sources: Freddie Mac, NAR Forecast

Housing Starts

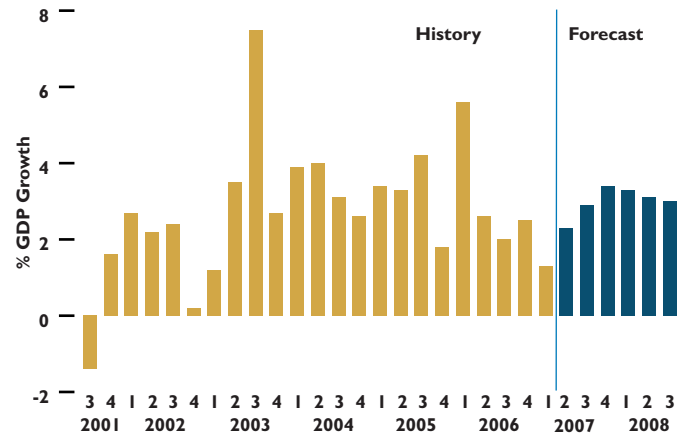
Still significant inventory to be worked off



Sources: Bureau of the Census, NAR Forecast

Economic Growth

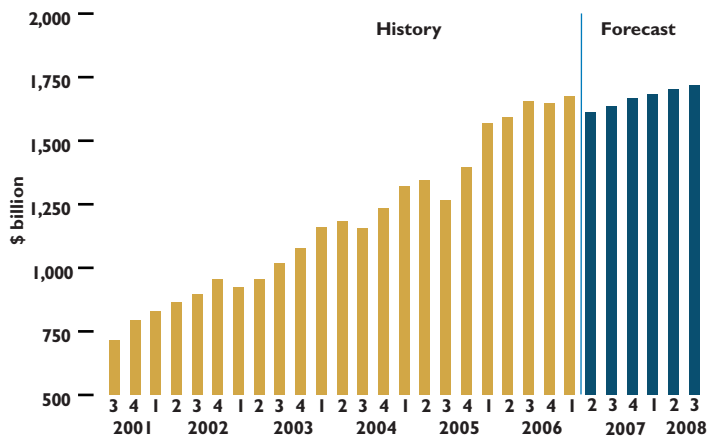
Reaching near full capacity by the end of 2007



Sources: Bureau of Economic Analysis, NAR Forecast

Corporate Profits

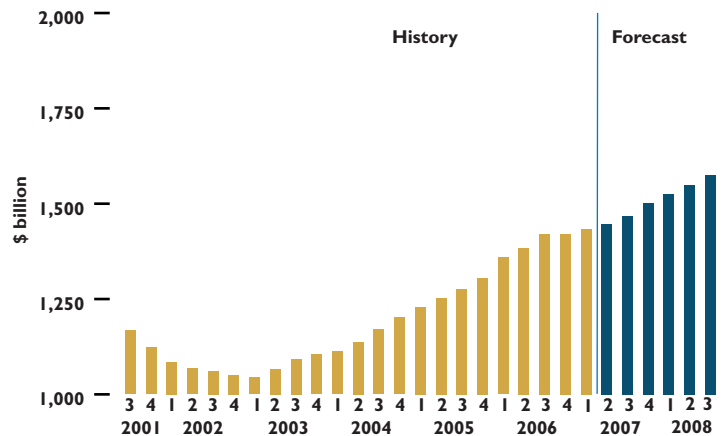
Profitable business environment helping drive stock market



Sources: Bureau of Economic Analysis, NAR Forecast

Business Spending

Companies have the cash and are looking to grow



Sources: Bureau of Economic Analysis, NAR Forecast

U.S. ECONOMIC OUTLOOK

May 2007

	2006				2007				2008		2005	2006	2007	2008
	II	III	IV	I	II	III	IV	I	II	III				
U.S. Economy														
<i>Annual Growth Rate</i>														
Real GDP	2.6	2.0	2.5	1.3	2.3	2.6	2.9	3.0	3.1	3.3	3.2	3.3	2.1	3.0
Nonfarm Payroll Employment	1.5	1.6	1.5	1.5	1.1	0.9	0.8	1.1	1.2	1.1	1.7	1.9	1.3	1.1
Consumer Prices	5.0	3.1	-2.1	3.8	4.0	3.2	2.2	2.1	2.3	2.5	3.4	3.2	2.5	2.5
Real Disposable Income	-1.5	3.2	5.3	4.5	-1.8	2.9	2.9	3.9	3.3	3.3	1.2	2.6	2.6	3.0
Consumer Confidence	107	104	107	110	106	108	109	110	110	110	100	106	108	110
Percent Unemployment	4.7	4.7	4.5	4.5	4.5	4.6	4.7	4.8	4.8	4.8	5.1	4.6	4.6	4.8
<i>Interest Rates, Percent</i>														
Fed Funds Rate	4.9	5.3	5.2	5.3	5.3	5.3	5.3	5.0	4.8	4.8	3.2	5.0	5.3	4.8
3-Month T-Bill Rate	4.7	4.9	4.9	5.0	5.0	5.0	4.9	4.7	4.5	4.5	3.1	4.7	5.0	4.6
Prime Rate	7.9	8.3	8.3	8.3	8.3	8.3	8.3	8.0	7.8	7.8	6.2	8.0	8.3	7.8
Corporate Aaa Bond Yield	5.9	5.7	5.4	5.4	5.5	5.6	5.7	5.8	5.9	5.9	5.2	5.6	5.5	5.9
10-Year Government Bond	5.1	4.9	4.6	4.7	4.7	4.8	4.9	5.0	5.0	5.0	4.3	4.8	4.8	5.0
30-Year Government Bond	5.1	5.0	4.7	4.8	4.8	4.9	5.0	5.1	5.1	5.1	4.6	4.9	4.9	5.1
<i>Mortgage Rates, percent</i>														
30-Year Fixed Rate	6.6	6.6	6.4	6.2	6.3	6.4	6.5	6.6	6.6	6.6	5.9	6.5	6.4	6.7
1-Year Adjustable	5.6	5.7	5.5	5.5	5.5	5.5	5.5	5.3	5.1	5.1	4.5	5.6	5.5	5.1
Housing Indicators														
<i>Thousands</i>														
Existing Home Sales*	6,627	6,287	6,263	6,413	6,190	6,224	6,344	6,432	6,450	6,486	7,076	6,478	6,293	6,494
New Single-Family Sales	1,100	1,007	992	856	864	865	872	888	917	956	1,283	1,051	864	936
Housing Starts	1,873	1,714	1,559	1,474	1,440	1,450	1,470	1,482	1,505	1,542	2,068	1,801	1,458	1,524
Single-Family Units	1,530	1,401	1,234	1,177	1,128	1,129	1,137	1,141	1,161	1,194	1,716	1,465	1,143	1,176
Multifamily Units	343	313	324	297	312	321	334	341	344	348	352	336	316	348
Residential Construction**	601	570	540	515	500	493	495	499	505	514	608	582	501	510
<i>Percent Change – Year Ago</i>														
Existing Home Sales	-7.2	-12.4	-10.1	-6.6	-6.6	-1.0	1.3	0.3	4.2	4.2	4.4	-8.5	-2.9	3.2
New Single-Family Sales	-14.3	-22.4	-22.5	-23.0	-21.5	-14.1	-12.1	3.8	6.1	10.5	6.7	-18.1	-17.8	8.3
Housing Starts	-9.3	-18.4	-24.3	-30.6	-23.1	-15.4	-5.7	0.5	4.6	6.4	5.8	-12.9	-19.0	4.5
Single-Family Units	-10.4	-19.8	-28.2	-32.6	-26.3	-19.5	-7.9	-3.1	2.9	5.8	6.5	-14.6	-22.0	2.9
Multifamily Units	-3.8	-11.3	-5.1	-20.9	-9.2	2.5	2.8	14.7	10.5	8.4	2.1	-4.5	-6.0	10.2
Residential Construction	-1.5	-8.1	-12.8	-16.7	-16.8	-13.6	-8.3	-3.1	1.0	4.2	8.6	-4.2	-14.0	1.9
Median Home Prices														
<i>Thousands of Dollars</i>														
Existing Home Prices	226.8	225.0	219.3	213.8	222.5	221.9	219.3	214.7	224.0	223.9	219.6	221.9	219.8	222.9
New Home Prices	246.1	236.2	245.1	251.7	244.9	235.8	246.3	254.0	248.1	242.1	240.9	246.5	246.4	251.8
<i>Percent Change – Year Ago</i>														
Existing Home Prices	2.9	-1.1	-2.7	-1.4	-1.9	-1.4	0.0	0.4	0.7	0.9	12.4	1.0	-1.0	1.4
New Home Prices	6.9	0.0	2.1	2.8	-0.5	-0.2	0.5	0.9	1.3	2.7	9.0	2.3	0.0	2.2
Housing Affordability Index	103	103	109	115	108	108	108	110	107	108	113	106	110	110

Quarterly figures are seasonally adjusted annual rates. / * Existing home sales of single-family homes and condo/coops; ** billion dollars / Source: Forecast produced using Macroeconomic Advisers quarterly model of the U.S. economy. / Assumptions and simulations by Dr. David Lereah and Dr. Lawrence Yun.

Latest Quarterly Figures Indicate Stabilizing Housing Market

By NAR Staff

While the pace of state existing-home sales is still below the level a year ago, the latest statistics show that more states are showing improvement in sales of previously owned homes. The recently released first quarter 2007 data* from the National Association of REALTORS® indicates that 14 states and the District of Columbia posted increases in the sales pace compared to a year ago, up from only six states showing gains in the fourth quarter report. Prices, meanwhile, continue to favor buyers.

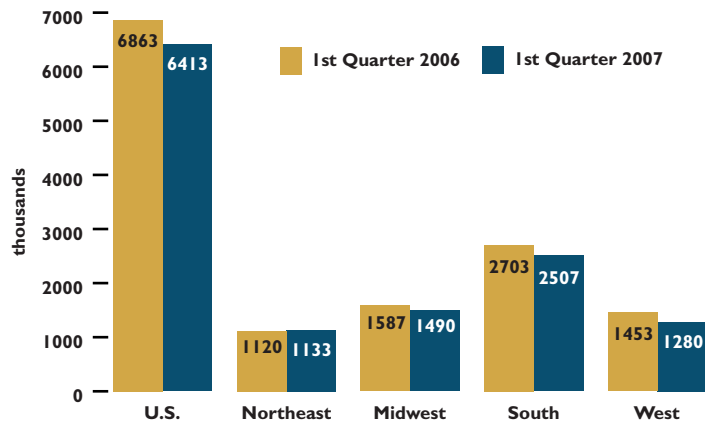
Total state existing-home sales, including single-family and condominium/co-ops, posted a seasonally adjusted annual rate of 6.41 million units in the first quarter of 2007, down 6.6 percent from the first quarter of 2006. At the same time, however, resales were 2.4 percent higher than in the fourth quarter of 2006. The biggest total annual sales increase was in Wyoming, where existing-home sales rose 19.9 percent from the first quarter of 2006. In the District of Columbia, the first-quarter resale pace rose 9.3 percent from a year ago, while Arkansas experienced the third strongest gain, up 8.8 percent.

Single-family home prices

In the first quarter, metropolitan area existing single-family home prices, comparing changes in 145 metropolitan statistical areas, show 82 metros had price increases from a year ago. (In the fourth quarter of 2006, 71 areas reported price gains.) Eleven areas posted double-digit annual gains; 62 had price declines, and one was unchanged.

The national median existing single-family home price was \$212,300 in the first quarter, down 1.8 percent from a year ago. On a metropolitan area level, median prices for single-family homes ranged from a very affordable \$75,300 in Elmira, NY to

State Existing Home Sales (thousands)



Source: NAR Research

\$788,000 in the San Jose-Sunnyvale-Santa Clara area of California. These two metro areas held the same two positions on the end of the price range in the fourth quarter of 2006. The median is a typical market price where half of the homes sold for more and half sold for less, but there is a downward skew in the national comparison because sales have shifted away from many high-cost areas.

The largest single-family home price increase was in the Cumberland area of Maryland and West Virginia, where the median price of \$100,000 was 17.1 percent higher than a year earlier. Next was Beaumont-Port Arthur, Texas, at \$115,800, up 16.5 percent from the first quarter of 2006. The Gulfport-Biloxi area of Mississippi, with a first-quarter median price of \$153,700, experienced a 15.7 percent increase.

Condominiums/Co-ops

The quarterly report also covers price changes for condominiums/co-ops in 59

metro markets. The national median existing condo price was \$224,500 in the first quarter, up 1.0 percent from the same quarter in 2006. Twenty-seven metros showed annual increases in the median condo price, including seven areas with double-digit gains; 31 areas had price declines and one was unchanged. Metro area median existing-condo prices in the first quarter ranged from \$91,600 in Bismarck, N.D., to \$584,700 in the San Francisco-Oakland-Fremont area.**

The strongest condo price gains were in the Salt Lake City area, where the first quarter price of \$164,600 rose 25.6 percent from a year ago. Next was Albuquerque, where the median condo price of \$147,100 rose 17.9 percent from the first quarter of 2006, and the Austin-Round Rock area of Texas at \$169,000, posted an increase of 14.4 percent.

Behind the Numbers

Quarterly data – because it tends to smooth out the effects of unusual weather

*The first quarter 2007 report is available at www.realtor.org/research. Click on “Housing Statistics” in the left-hand navigation. Total home sales include single-family, townhomes, condominiums and co-operative housing. Metropolitan areas are generally metropolitan statistical areas as defined by the U.S. Office of Management and Budget. NAR began tracking the state sales series in 1981; publication of metro area median single-family home prices began in 1982, the metro area condo price series was launched in 2006 along with several years of historical data.

Latest Quarterly Figures (continued)

– is more representative than monthly statistics. The data shows a broad stabilization. Essentially, the existing-home market is stabilizing in a broad cyclical trough and moving in the right direction, with a modest gain from the fourth quarter. During the real estate boom, conditions changed fairly rapidly. Observers now need to be a bit more patient to see a slow, gradual recovery, which should start in the second half of this year.

Regional Differences

In the first quarter of this year, existing-home sales in the Northeast rose 1.2 percent from the same period in 2006 to an annual pace of 1.13 million units. The median Northeastern resale single-family home price was \$268,900 in the first quarter, a 2.5 percent decline from the first quarter of 2006. The biggest gain in resales was in New Jersey. The strongest price increase in the Northeast was in Binghamton NY which posted an 8.9 percent rise in the median price of a home.

In the Midwest, total existing-home sales fell 6.1 percent to a 1.49 million-

unit annual level in the first quarter compared with a year earlier. The largest sales increase in the region was in Iowa, where sales rose 8.2 percent from the fourth quarter of 2006. The median existing single-family home price in the Midwest was \$154,600, down 2.8 percent from the first quarter of 2006. The strongest metro price increase in the Midwest was in the Bismarck ND area where the median price of \$149,400 was 14.1 percent higher than a year ago.

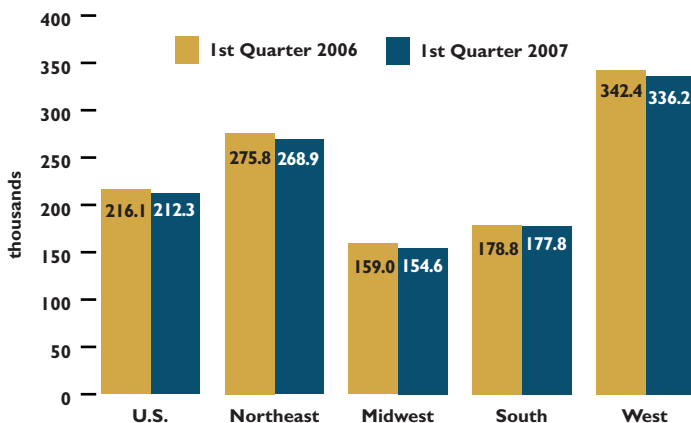
The South posted an annual sales pace of 2.51 million units in the first quarter, down 7.3 percent from the first quarter of 2006. After the District of Columbia, the next strongest increase in the South was in Arkansas, up 8.8 percent from a year ago. The median existing single-family home price in the South was \$177,800 in the first quarter – 0.6 percent below that of a year earlier. After the Cumberland, Beaumont-Port Arthur and Gulfport-Biloxi areas, the strongest increase in the South was in the Oklahoma City area at \$134,400, up 12.1 percent from a year ago.

In the West, the existing-home sales pace of 1.28 million units fell 11.9 percent from the first quarter of 2006. After Wyoming, the best performance in the region was in Colorado where sales rose 0.8 percent from a year earlier. The median existing single-family home price in the West was \$336,200 in the first quarter, down 1.8 percent from a year ago. The strongest increase in the West was in the Salem OR area, at \$221,600, up 15.6 percent from the first quarter of 2006.

Down the road

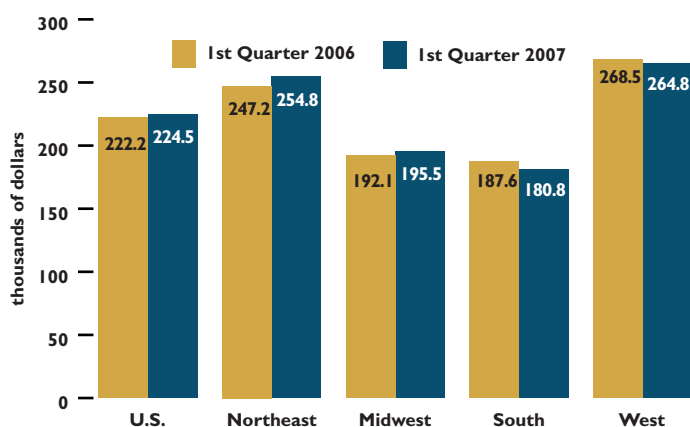
A flattening in home prices is encouraging and it appears the worst of the price correction is behind us. More stable home prices and declining mortgage interest rates are increasing buying power for home purchaser. That should encourage potential buyers who have been on the sidelines. Plentiful inventory and motivated sellers in many areas mean there are many opportunities to buy a home.

Median Sales Prices, Existing Single-Family Homes (not seasonally adjusted)



Source: NAR Research

Median Sales Prices, Condominiums/Apartments (not seasonally adjusted)



Source: NAR Research

*Because there is a concentration of condos in high-cost metro areas, the national median condo price sometimes is higher than the median single-family price. In a given market area, condos typically cost less than single-family homes. As the reporting sample expands in the future, additional areas will be included in the condo price report.

Today's REALTORS®: Demographic Characteristics of NAR Members

by Paul Bishop, Anna Barlett, and Jessica Lautz, NAR Research

The services provided by real estate professionals – from brokerage and property management to appraisal and relocation – are essential to most real estate transactions. More than 1.3 million of these real estate professionals – about half of all real estate licensees – are members of the National Association of REALTORS®. REALTORS® bring their knowledge, experience and expertise to each transaction, while abiding by a strict Code of Ethics.

To better understand today's REALTORS® and their important role in the real estate industry, NAR regularly surveys its members about their business activities, use of technology, demographic characteristics and their relationship to their firms. Last month in this column we examined some of the business characteristics of REALTORS®, including type of licenses held and the types of technology

frequency used. In this issue of *Real Estate INSIGHTS*, we look at some of the basic demographic traits of REALTORS®.

Demographic Profile of REALTORS®

Today's REALTORS® run the gamut in terms of age, prior profession, and years of experience in the real estate business. But results from the **2007 NAR Member Profile** indicate that:

- The typical REALTOR® is a 51-year-old white female.
- She has attended college, is married, owns her home, and lives there only with her spouse.
- The typical REALTOR® has a household income of over \$100,000.
- The typical REALTOR® votes in both national and local elections. Indeed, the percentage of REALTORS® who

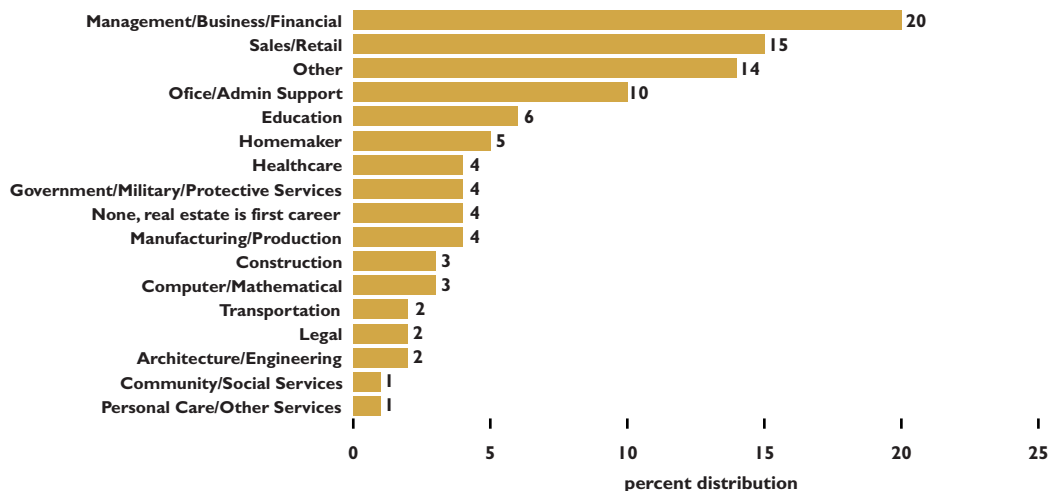
vote is well beyond that of the electorate at large. Ninety-five percent of REALTORS® are registered to vote. Ninety percent report that they voted in the last national election. Eighty-one percent voted in the last local election.

Although these are the typical characteristics, real estate practitioners are a diverse group with 2.7 million licensees and more than 1.3 million REALTORS®, many of whom are not defined by the profile above.

Age and Gender

Fifty-nine percent of all REALTORS® are female. That is an increase since 2005, when 54 percent of REALTORS® were women. Females account for a larger share of REALTORS® in each age group, except for those over 60 where

Prior Full-Time Careers of REALTORS®



Note: Life/Physical/Social Sciences = less than one percent
Source: The 2007 NAR Member Profile

*In January 2007, NAR mailed an 87-question survey to a random sample of 70,000 REALTORS®. An identical questionnaire was also distributed to another group of 70,000 members via a Web-based survey. The survey had an adjusted response rate of 7.9 percent. Survey responses were weighted according to each state's NAR membership. Information about compensation, earnings, sales volume and number of transactions is characteristics of calendar year 2006, while all other data are representative of member characteristics in early 2007. The National Association of REALTORS® is committed to equal opportunity in the real estate industry. In accordance with this commitment, racial and ethnic information was collected and is included in this report.

Today's REALTORS® (continued)

the gender share shifts to a slight majority for males. The majority of sales agent licensees and REALTORS® who function as sales agents are female. REALTORS® who function as brokers and appraisers are predominantly male. Managers who are also involved in selling are about as likely to be male as female.

Over time, the median age of a REALTOR® has remained relatively constant at 51 or 52. One-quarter of REALTORS® are more than 60 years old. Only one in 10 REALTORS® are under the age of 35. REALTORS® who function as sales agents tend to be the youngest (a median age of 50). REALTORS® who function as managers (without selling) have the highest median age at 56. More than one-third of broker-owners (with selling) are over 60. One-third of sales agents are under 45 and 21 percent are over 60 years old.

The median age of REALTORS® with as few as two years of experience is 43. The median age increases incrementally with years of experience. REALTORS® with more than 16 years of experience have the highest median age at 60. Seventy-two percent of REALTORS® with more than 16 years of experience are over 55 years old.

Education

More than one quarter of all REALTORS® holds a bachelor's degree. Eight percent of REALTORS® have completed some graduate school and 10 percent have a graduate degree. Additionally, 12 percent of REALTORS® have an associate's degree, and 34 percent have completed some college.

Current and Prior Careers

Seventy-nine percent of REALTORS® report that real estate is their only occupation. REALTORS® with more experience are most likely to indicate that real estate is their only career. For REALTORS® with more than 16 years of experience, nearly 90 percent report real estate is their only occupation. For REALTORS® with less than two years of

experience, 63 percent, the majority, state that real estate is their only career.

The majority of REALTORS® enter real estate after having been in a different industry or discipline. Twenty percent of REALTORS® previously worked in the management, financial or business sector, while an additional 15 percent worked in the sales or retail sector. Only 4 percent of REALTORS® reported that real estate was their first career. Often the conventional wisdom is that women pursue a career real estate

after having been a homemaker, but only 5 percent of REALTORS® reported this as their previous full-time occupation.

REALTORS® with the most experience are more likely to report real estate as their first career (9 percent). Those who have been in real estate for less than six years are least likely to report that real estate was their first career. The prior careers of REALTORS® are consistent among all experience levels. The management, business and financial sectors, as well as sales and

Gross Household Income of REALTORS®, By Real Estate Experience, 2006

(Percentage Distribution)

	All REALTORS®	Licensed as:	
		Brokers/ Broker Associates	Sales Agents
Less than \$10,000	2%	1%	2%
\$10,000 to \$24,999	3	2	4
\$25,000 to \$34,999	4	3	5
\$35,000 to \$49,999	7	6	8
\$50,000 to \$74,999	16	13	18
\$75,000 to \$99,999	17	15	18
\$100,000 to \$149,999	21	22	21
\$150,000 to \$199,999	12	15	11
\$200,000 to \$249,999	7	9	6
\$250,000 or more	9	13	7
Median	\$100,700	\$122,100	\$92,300

Source: The 2007 NAR Member Profile

Gender of REALTORS®, By Experience, 2006

(Percentage Distribution)

	All REALTORS®	Real estate experience:			
		2 years or less	3 to 5 years	6 to 15 years	16 years or more
All REALTORS®					
Male	41%	36%	41%	39%	46%
Female	59	65	59	61	54
Brokers/Broker Associates					
Male	50	56	50	48	52
Female	50	54	50	52	48

Source: The 2007 NAR Member Profile

Today's REALTORS® (continued)

retail remain among the most frequent prior careers for all REALTORS®.

Marital Status and Household Size

The marital state of REALTORS® has changed little in the past five years. Seventy-two percent of REALTORS® are married.

The typical REALTOR® household has two members. Fifteen percent of REALTOR® households contain only one person, while nearly one-quarter include more than four people. REALTORS® who are younger than 50 years of age are most likely to have households with at least three persons.

Income

The median gross household income for all REALTORS® – which includes income from all sources, not just real estate – was \$101,700 in 2006. This is up from \$101,400 in 2004. For broker and broker-associate licensees the median household income was higher at \$122,100. Nearly one-quarter of brokers and broker-associates had a gross household income of more than \$200,000. For sales agent licensees the median household income was lower at \$92,300.

As experience increases so does the typical REALTOR's® gross household income. REALTORS® with less than two years of experience had a median gross household income of \$79,100 in 2006. REALTORS® with more than 16 years of experience reported a median gross household income of \$123,700 in 2006.

About half (48 percent) of REALTORS® reported that real estate is their primary source of income. However, 63 percent of REALTORS® who work more than 40 hours a week report real estate is their primary source of household income. Real estate is more likely to be the primary source of income for brokers and broker-associates with more than 16 years of experience. In contrast, less than one-third of all REALTORS® who have two or fewer years of experience report real

estate is their primary source of household income.

Homeownership

REALTORS® “practice what they preach.” Nearly all (91 percent) REALTORS® own their home. That compares to the almost 70 percent of households nationwide that are homeowners. The percentage of REALTORS® who own their home differs slightly by age. Eighty-three percent of REALTORS® under 40 own their home compared with 94 percent of REALTORS® in their 50s and 93 percent of REALTORS® who are 60 or older.

A Diverse Profession Serving a Diverse Client Base

Although REALTORS® are still predominantly white (87 percent) real estate is becoming a more diverse profession. Twenty percent of new REALTORS® who have been in real estate for two years or less, do not identify themselves as white. Hispanics/Latinos account for 6 percent of all REALTORS®, a 50 percent increase from 2005. Furthermore, 10 percent of new REALTORS®, who have two years or less of experience, are Hispanic/Latino.

According to NAR's 2006 Home Buyer and Seller Survey, almost 20 percent of home buyers in 2006 were minority (non-white) home buyers. For five percent of home buyers, the primary language spoken in the household was one other than English; for first-time buyers, the percentage is even larger – 7 percent. It is vital that REALTORS® be able to effectively communicate with these potential clients.

Fifteen percent of REALTORS® are fluent in a language other than English. Eighty-five percent of REALTORS® report that they are fluent only in English. Eight percent report fluency in Spanish and 8 percent report speaking another language. REALTORS® under 40 years of age were most likely to be fluent in another language (21 percent),

while those 60 or older were least likely (12 percent).

For More Information

Regardless of whether a REALTOR® is female, Hispanic, 35 or 55 years old, or a college graduate, that real estate professional is focused on providing the highest level of service and advice to his or her client. REALTORS® are bound by their professionalism – and the NAR Code of Ethics and Standards of Practice – to devote their expertise and energies to their clients so that property sales, leasing and management are completed efficiently and in accordance with all real estate laws and regulations.

It is important to note that the NAR Member Profile does not necessarily provide a “standard” by which all REALTORS® must measure up. Rather, it gives REALTORS®, real estate firm managers and owners information they can use as they develop company business plans and recruiting/retaining strategies to insure their firms attract the highest level of real estate professionals.

More information from the **2007 NAR Member Profile** is available. The report can be purchased by calling 1-800-874-6500, or visiting the NAR Research web site at www.realtor.org/research and clicking on “Latest Research Products.”

Links to Statistical Data Series

To view the latest housing statistics from NAR, click on the links below.

Existing Home Sales – Monthly series

- [March existing home sales and median sales prices](#) – single-family and condominiums/co-ops
- [Single-family home sales and median sales prices](#)
- [Condominium/co-op sales and median sales prices](#)
- The latest EHS statistics in spreadsheet format available [here](#)

Existing Home Sales and Metropolitan Area Median Home Sales Prices – 1st Quarter 2007

- 1st Quarter 2007 [existing home sales by state](#)
- Existing home sales by state in [spreadsheet format](#)
- 1st Quarter 2007 [Median Home Prices by Metropolitan Area](#)
 - [1st Quarter Single-family median home prices](#)
 - 1st Quarter Single-family median home prices in [spreadsheet format](#)
 - [1st Quarter Condominium/Co-op median sales price](#)
 - 1st Quarter Condominium/Co-op median sales price in [spreadsheet format](#)

NAR's Pending Home Sales Index

- [March pending home sales index](#)
- The latest pending home sales index in spreadsheet format available [here](#)

NAR's Housing Affordability Index

- [March HAI Index](#)
- March Housing Affordability Index in spreadsheet format available [here](#)
- Quarterly Housing Affordability Series
 - [1st Quarter 2007 Affordability Index](#)
 - 1st Quarter 2007 Affordability Index in spreadsheet format available [here](#)
 - [First-time homebuyer Affordability Index, 1st Quarter 2007](#)
 - First-time homebuyer Affordability Index in spreadsheet format available [here](#)

Click [here](#) for more details about NAR's existing home sales, pending home sales, and housing affordability index series, including methodology, links to the latest news releases, statistical release schedule, and how to access historical information.

2007 NAR Member Profile

Item #186-12-07

To better understand today REALTORS® and their important role in the real estate industry, NAR regularly surveys its members about their business activities, use of technology, demographic characteristics and their relationship to their firms. This information is summarized in the **2007 NATIONAL ASSOCIATION OF REALTORS® Member Profile**. This unique publication provides the answers in a user-friendly format, designed to allow easy comparisons with previous studies, using a mix of charts, graphs and tables.

Chapters Include:

- Business Characteristics of REALTORS®
- Business Activity of REALTORS®
- Income and Expenses of REALTORS®
- Office and Firm Affiliation of REALTORS®
- Demographic Characteristics of REALTORS®

If you're a working REALTOR®, see how you compare to your colleagues. If you're a firm owner or manager, learn how your brokers and sales agents stack up against the others in the industry. The **2007 NATIONAL ASSOCIATION OF REALTORS® Member Profile** can be a useful tool in your business and recruitment planning.

For more information contact Thomas J. Doyle, Research Marketing Manager at 202-383-7535 or email: tdoyle@realtors.org

