
2014 Member Profile New Jersey Association of REALTORS® Report

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NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

2014 Member Profile New Jersey Report

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Introduction

In 2013, the housing market saw an early, strong spring, followed by a slower summer and fall. Similar to 2012, low inventory plagued many areas of the country, slowing home sales and raising home sale prices. Survey data from the *Investment and Vacation Home Buyers Survey* show that investment buyers dipped some, but vacation home buyers rose. Data from the *Profile of Home Buyers and Sellers* survey showed that both primary residence home buyers and home sellers wanted to and did work with a professional real estate agent or broker at higher rates than seen in past years. Clients continue to want the expert professional advice that members of the National Association of REALTORS® have provided in the past and continue to provide, as this year's report further illustrates.

For the third year in a row, the median gross income of REALTORS® rose from the previous year. The typical income among members was \$47,700 in 2013, rising from \$43,500 in 2012 and \$34,900 in 2011. The rise in member income is reflective in the increase in business activity, as well. As most members work on a commission based salary structure the rise in income is reflective of higher home sales prices and higher gross brokerage sales volume. The brokerage sales volume also rose to \$1.8 million in 2013 from \$1.5 million in 2012, while the number of transaction sides completed remained unchanged at 12 from the prior year. For the first time, the difficulty finding the right property has surpassed the difficulty in obtaining mortgage financing as the most cited reason for potential clients being limited.

In 2013, there was an increase of new members of the National Association of REALTORS®. This is apparent in the data, with the typical years of experience in real estate decreasing to 12 years from 13 years; the typical tenure at a firm decreasing to six years from seven years; and the typical age of members decreasing to 56 years from 57 years. In the most recent survey the number of members with one year or less of experience rose to nine percent from five percent the year before.

The typical member is an independent contractor affiliated with an independent company catering to local markets. REALTORS® frequently have had careers in other fields prior to real estate, the most common being in management, business, and financial professions, followed by sales and retail. Only six percent indicated that real estate is their first career. The majority of members are women with a college education.

Looking ahead, 82 percent of REALTORS® are very certain they will remain in the market for two more years. This share is higher than the last two years, indicating the optimism that is seen in today's market. Newer members in the business are less certain they will remain in real estate, while more seasoned members are more certain.

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New Jersey Report

Highlights

Business Characteristics of REALTORS®

- Nationally, fifty-seven percent of REALTORS® were licensed as sales agents, and 78 percent specialize in residential brokerage. In New Jersey, 73 percent of members were licensed as sales agents, and 82 percent specialize in residential brokerage.
- The typical REALTOR® has 12 years of experience nationwide, the same median years of experience as seen in New Jersey.
- Nationally, 69 percent of REALTORS® reported having a website for at least five years, 12 percent reported having a real estate blog, and 61 percent of members are using social media. In New Jersey, 63 percent of REALTORS® reported having a website for at least five years, 11 percent of members have a real estate blog and 66 percent of members in New Jersey report using social media.
- The most commonly found information on websites, among commercial and residential REALTORS®, is the member's own listings. This is true both nationally and in New Jersey.
- Nationally, 82 percent of REALTORS® are certain they will remain in the business for two more years. In New Jersey, 83 percent of members report they are very certain they will remain in the business for 2 more years.

Business Activity of REALTORS®

- In 2013, the typical agent nationwide had 12 transactions —the same as 2012 but higher than the 10 in 2011. In New Jersey agents also had 12 transactions typically.
- Nationally, 22 percent of residential brokerage specialists had at least one commercial transaction side in the last year. In New Jersey, the percentage was 23.
- Forty-seven percent of residential brokerage specialists nationally had a transaction involving a foreclosure and 42 percent had a transaction involving a short sale. Locally, 31 percent had a transaction involving a foreclosure and 48 percent had a transaction involving a short sale.
- The typical agent had a sales volume of \$1.8 million in 2013, up from \$1.5 million in 2012. Locally, the typical sales volume was \$2.3 million in 2013.
- For the first time, the difficulty finding the right property has surpassed the difficulty in obtaining mortgage financing as the most cited reason for potential clients being limited. In New Jersey, this was also the most cited reason.
- Nationwide, the typical property management specialist managed 30 properties in 2013. In New Jersey the typical property manager managed 12 properties.
- On a national basis, most REALTORS® worked 40 hours per week in 2013, a trend that has continued for several years. This was also the case in New Jersey, as most REALTORS® worked 40 hours per week.
- REALTORS® spent a median of \$200 to maintain a website in 2013 nationwide. REALTORS® in New Jersey spent a median of \$230.
- Nationally, members typically brought in four inquiries and 3 percent of their business from their website. Members in New Jersey also typically brought in four inquiries and three percent of their business from their website.

Income and Expenses of REALTORS®

- On a national basis, percentage split-commission is the prevailing method for REALTOR® compensation, with 68 percent indicating this method of compensation. In New Jersey, 81 percent of respondents were compensated via this method.
- Nationally the median gross income of REALTORS® was \$47,700 up from \$43,500 in 2012. The median gross income for REALTORS® in New Jersey was \$38,000.
- REALTORS® with 16 years or more experience had a median gross income of \$70,200 compared to REALTORS® with 2 years or less experience that had a median gross income of \$8,500. In New Jersey, members with 16 or more years of experience had a median gross income of \$72,700 compared to members with 2 years or less experience that had a median gross income of \$8,500.
- The median business expenses rose to \$6,560 in 2013 from \$4,900 in 2012 nationwide. In the state, the typical business expense paid was 4,340.
- Nationally, the largest single expense category for most REALTORS® was vehicle expenses, which increased to \$1,860 in 2013 from \$1,790 in 2012. In New Jersey the largest single expense category was also vehicle expenses, which was reported as \$1,450 in 2012.

Office and Firm Affiliation of REALTORS®

- Fifty-seven percent of REALTORS® are affiliated with an independent company nationwide. This number was 63 percent of members in New Jersey.
- Nationally, eight in ten members are independent contractors with their firms. That number is nine in ten for New Jersey.
- The median tenure for REALTORS® with their current firm decreased to six years from seven years on a national level. Median tenure for New Jersey members was five years.
- Nine percent of REALTORS® worked for a firm that was bought or merged in the past two years nationally. In New Jersey this number was 12 percent.

Demographic Characteristics of REALTORS®

- Nationwide, the typical REALTOR® is a 56 year old white female who attended college and is a homeowner. The typical REALTOR® is 57 years old in New Jersey.
- On a national level, 57 percent of all REALTORS® are female nationwide. In New Jersey, 63 percent are female.
- Seventy-eight percent of REALTORS® said that real estate was their only occupation, and that number jumps to 86 percent among members with 16 or more years of experience, nationwide. In New Jersey the number of REALTORS® reporting real estate as their only occupation is at 73 percent and jumps to 81 percent for those with 16 or more years of experience.
- Nationally, the median gross income of REALTOR® households was \$105,500 in 2013 up from \$99,400 in 2012. For New Jersey, the median gross income of REALTOR® households is \$112,300 in 2013.
- A substantial majority of REALTORS® - 86 percent - own their primary residence nationwide. Eighty-seven percent of REALTORS® own their primary residence in New Jersey.

Methodology

In March 2014, NAR mailed and e-mailed a 91 question survey to a random sample of 56,254 REALTORS®. An identical questionnaire was also distributed via e-mail only to an additional 39,086 members. Using this method, a total of 6,462 responses were received, including 2,393 via hard copy mail survey and 4,069 via the Web-based survey. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 6.8 percent. An additional 5,016 questionnaires were mailed out in New Jersey, with 399 responses received, an 8.0 percent response rate.

Survey responses were weighted to be representative of state level NAR membership. Information about compensation, earnings, sales volume and number of transactions is characteristics of calendar year 2013, while all other data are representative of member characteristics in early 2014.

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.

Where relevant, REALTOR® information in subgroups based on the license held by members of NAR: a broker, broker-associate or sales agent license. The term “broker” refers to REALTORS® holding a broker or broker associate license unless otherwise noted. In some cases, information is presented by REALTORS® main function within their firm or their real estate specialty regardless of the type of license held.

The primary measure of central tendency used throughout this report is the median, the middle point in the distribution of responses to a particular question or, equivalently, the point at which half of the responses are above and below a particular value. Data may not be comparable to previous Member Profile publications due to changes in questionnaire design.