
2015 Member Profile New Jersey Association of REALTORS® Report

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The Voice for Real Estate®

2015 Member Profile New Jersey Report

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2015 Member Profile New Jersey Report

Introduction

In 2014, many areas of the country continued to see low housing inventory that has continued from 2012 and 2013. Low inventory has slowed home sales, but has resulted in an increase in home sale prices. Survey data from the *Investment and Vacation Home Buyers Survey* show that investment buyers dipped some, but vacation home buyers saw a two year rise. 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 a 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.

The typical number of transactions eased to 11 transactions in 2014 from 12 transactions in the 2013. As a result, gross member income declined slightly to \$45,800 from \$47,700. Income ranges depending on experience, function, and hours worked per week. Nineteen percent of members earned a gross income of less than \$10,000 in 2014, while 24 percent earned more than \$100,000 during the same time period. As most members work on a commission-based salary structure, the rise in income is reflective of fewer home sales. As such, the brokerage sales volume also declined to \$1.7 million in 2014 from \$1.8 million in 2013. For the second year, difficulty finding the right property was the most cited reason for potential clients being limited. Difficulty obtaining mortgage financing continues to be the second most cited reason.

In 2014, there was an increase of new members of the National Association of REALTORS®. This is apparent in the data, with those who have less than two years of experience increasing from 13 percent to 17 percent. The median years of experience in real estate stayed the same at 12 years from the past report. However, those entering the business may be recent retirees from other industries, as the typical age of members rose from 56 years to 57 years. The tenure at firms continued to a two year decrease—starting at seven years in the 2013 survey and dropping to five years in the 2015 survey.

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 five percent indicated that real estate is their first career. The majority of members are women with a college education.

Looking ahead, 84 percent of REALTORS® are very certain they will remain in the market for two more years. This share is higher than the last three years, indicating the optimism that is seen in today's market.

2015 Member Profile

New Jersey Report

Highlights

Business Characteristics of REALTORS®

- Fifty-eight percent of REALTORS® were licensed as sales agents and 80 percent of members specialize in residential brokerage. In New Jersey, 70 percent of members were licensed as sales agents and 83 percent specialize in residential brokerage.
- The typical REALTOR® has 12 years of experience. The same is true in New Jersey.
- Fifteen percent of members have at least one personal assistant. In New Jersey, 10 percent operate with at least one assistant.
- Sixty-five percent of REALTORS® reported having a website for at least five years, 12 percent reported having a real estate blog, and 65 percent of members are using social media. In New Jersey, 60 percent of REALTORS® reported having a website for at least five years, nine percent of members have a real estate blog, and 64 percent report using social media.
- The most commonly found information on websites, among commercial and residential REALTORS®, is the member's own listings and home buying and selling information. The same is true in New Jersey.
- Eighty-four percent of REALTORS® are certain they will remain in the business for two more years. In New Jersey, 80 percent of members report they are certain they will remain in the business for two more years.

Business Activity of REALTORS®

- In 2014, the typical agent had 11 transactions—down from 12 in 2013. In New Jersey, agents had eight transactions typically.
- Thirty-one percent of residential brokerage specialists had a transaction involving a foreclosure and 27 percent had a transaction involving a short sale. Short sale transactions decreased from 2013. In New Jersey, 28 percent of residential brokerage specialists had a transaction involving a foreclosure and 46 percent had a short sale.
- The typical agent had a sales volume of \$1.7 million in 2014, down from \$1.8 million in 2013. In New Jersey, the typical sales volume was \$1.6 in 2014.
- For the second year, 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.
- The typical property management specialist managed 45 properties in 2014, up from 30 properties in 2013. In New Jersey, the typical property manager managed 26 properties.
- Most REALTORS® worked 40 hours per week in 2014, a trend that has continued for several years. This was also the case in New Jersey, as most REALTORS® worked 40 hours per week.
- The typical REALTOR® earned 20 percent of their business from repeat customers and 20 percent through referrals from past clients. In New Jersey, 18 percent of business came from repeat business and 18 percent through referrals from past clients.
- REALTORS® spent a median of \$130 to maintain a website in 2014. REALTORS® in New Jersey spent a median of \$150.

- Members typically brought in three inquiries and two percent of their business from their website. Members in New Jersey typically brought in three inquiries and two percent of their business from their website.

Income and Expenses of REALTORS®

- Percentage split-commission is the prevailing method for REALTOR® compensation, with 69 percent of respondents indicating this method of compensation, similar to past years. In New Jersey, 83 percent of respondents were compensated via this method.
- The median gross income of REALTORS® was \$45,800 in 2014, down from \$47,700 in 2013. The median gross income for REALTORS® in New Jersey was \$33,400.
- REALTORS® with 16 years or more experience had a median gross income of \$68,800 compared to REALTORS® with 2 years or less experience that had a median gross income of \$9,100. In New Jersey, members with 16 or more years of experience had a median gross income of \$65,700 and those with less than two years had an income of \$9,500.
- The median business expenses rose to \$6,710 in 2014 from \$6,560 in 2013. In the state, the typical business expense paid was \$4,860.
- The largest single expense category for most REALTORS® was vehicle expenses, which decreased to \$1,770 in 2014 from \$1,860 in 2013. In New Jersey, the largest single expense category was also vehicle expenses, which was reported as \$1,320 in 2014.

Office and Firm Affiliation of REALTORS®

- Fifty-nine percent of REALTORS® are affiliated with an independent company. This number was 47 percent of members in New Jersey.
- Eighty-three percent of members are independent contractors with their firms. That number is 87 percent for New Jersey.
- The median tenure for REALTORS® with their current firm decreased from six to five years in 2014. The median tenure for New Jersey members was also five years.
- Eleven percent of REALTORS® worked for a firm that was bought or merged in the past two years. In New Jersey, this number was 13 percent.

Demographic Characteristics of REALTORS®

- The typical REALTOR® is a 57 year old white female who has attended some college and is a homeowner. The typical REALTOR® is 59 in New Jersey.
- Fifty-eight percent of all REALTORS® are female. In New Jersey, 59 percent are female.
- Nineteen percent of members had a previous career in management, business, or the financial sector, and 16 percent had a previous career in sales or retail. Only five percent of members reported real estate was their first career. In New Jersey, 17 percent had a previous career management, business, or the financial sector, and 14 percent in sales or retail. Six percent in New Jersey reported real estate was their first career.
- Seventy-seven percent of REALTORS® said that real estate was their only occupation, and that number jumps to 85 percent among members with 16 or more years of experience. In New Jersey, the number of REALTORS® reporting real estate as their only occupation is 73 percent and also 88 percent for those with 16 or more years of experience.
- The median gross income of REALTOR® households was \$106,800 in 2014, which is an increase from \$105,500 in 2013. This is a four year increase in household income among members. For New Jersey, the median gross income of REALTOR® households was \$117,200 in 2014.

- A substantial majority of REALTORS® – 85 percent – own their primary residence. 89 percent of REALTORS® own their primary residence in New Jersey.

Methodology

In March 2015, the National Association of REALTORS® mailed and e-mailed an 87-question survey to a random sample of 50,075 REALTORS®. An identical questionnaire was also distributed, via e-mail only, to an additional 130,628 members. Using this method, a total of 6,750 responses were received, including 2,216 via hard copy mail survey and 4,534 via the Web-based survey. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 3.7 percent. The confidence interval at a 95% level of confidence is +/-1.19% based on a population of 1 million members. In the state of New Jersey, 4,865 surveys were mailed out and received 290 responses; the state report has a 5.96 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 2014, while all other data is representative of member characteristics in early 2015.

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 is 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.