
2016 Member Profile New Jersey Association of REALTORS® Report

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NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

2016 Member Profile New Jersey Report

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Introduction

In 2015, there was a continued rise in 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 17 percent to 28 percent. The median years of experience in real estate stayed the same but dropped to 10 years from 12 years from the past report. Additionally, tenure at firm has dropped from a median of five years to three years. The drop in tenure is a continued drop, after dropping from seven years in 2013.

Age has also been reflected in the changes in membership. Thirteen percent of those with two years or less experience were under 30 years of age. The median age of new members was 43 years old. Members are also starting to retire from the real estate business. Those 65 years old and over dropped to 16 percent from 25 percent in 2015. These trends have decreased the median age of members to 53 years from 57 years old.

Limited inventory continues to plague many housing markets in the U.S. For the fourth year, difficulty finding the right property was the most cited reason for potential clients being limited as inventory is restricting buyers in many markets. Impacted by limited inventory, the typical number of transactions stayed the same at 11 transactions as in the 2015 survey. However, with rising home prices in 2015, the median brokerage sales volume rose to \$1.8 million from \$1.7 million in 2014.

While there was the same number of transactions, there was an increase in membership. As a result, gross member income declined slightly to \$39,200 from \$45,800. New members entering the field can be seen with the differences in income by experience, function, and hours worked per week. Twenty-six percent of members earned a gross income of less than \$10,000, rising from 19 percent in 2014. Twenty-six percent of members also make more than \$100,000 gross income rising from 24 percent in 2014. Fifty-nine percent of members who have two years or less experience made less than \$10,000 in 2015 compared to 36 percent of members with more than 16 years of experience who made more than \$100,000 in the same time period.

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

Looking ahead, 83 percent of REALTORS® are very certain they will remain in the market for two more years.

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New Jersey Report

Highlights

Business Characteristics of REALTORS®

- Sixty-five percent of REALTORS® are licensed sales agents (up from 58 percent in 2014), 21 percent hold broker licenses, and 16 percent hold broker associate licenses. In New Jersey, 81 percent of members were licensed as sales agents and 69 percent specialize in residential brokerage.
- The typical REALTOR® has 10 years of experience, compared with 10 years in New Jersey.
- Sixteen percent of members have at least one personal assistant. In New Jersey, 8 percent operate with at least one assistant.
- Fifty-four percent of REALTORS® reported having a website for at least five years, 11 percent reported having a real estate blog, and 70 percent of members are using social media, up from 65 percent in 2014. In New Jersey, 58 percent of REALTORS® reported having a website for at least five years, 9 percent of members have a real estate blog, and 67 percent report using social media.
- The most common information found on REALTOR® websites, among all REALTORS®, is the member's own listings and home buying and selling information. The same is true in New Jersey.
- Eighty-three percent of REALTORS® are certain they will remain in the business for two more years. In New Jersey, 78 percent of members report they are certain they will remain in the business for two more years.

Business Activity of REALTORS®

- In 2015, the typical agent had 11 transactions, unchanged from 2014. In New Jersey, agents had 6 transactions typically.
- Thirty-four percent of all REALTORS® had a transaction involving a foreclosure and 24 percent had a transaction involving a short sale. In New Jersey, 37 percent of all REALTORS® had a transaction involving a foreclosure and 38 percent had a short sale.
- The median sales volume for brokerage specialists increased to \$1.8 million in 2015 from \$1.7 million in 2014. In New Jersey, the typical sales volume was \$1.3 million in 2015.
- Difficulty in obtaining mortgage financing was the top reason limiting potential clients for previous four years. In New Jersey, this was also the most cited reason.
- The typical property manager managed 40 properties in 2015, down from 45 properties in 2014. In New Jersey, the typical property manager managed 2 properties.
- Most REALTORS® worked 40 hours per week in 2015, 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 14 percent of their business from repeat customers and 18 percent through referrals from past clients. In New Jersey, 14 percent of business came from repeat business and 16 percent through referrals from past clients.
- REALTORS® spent a median of \$80 to maintain a website in 2015. REALTORS® in New Jersey spent a median of \$80.
- Members typically brought in one inquiry and one percent of their business from their website. Members in New Jersey typically brought in two inquiries and two percent of their business from their website.

Income and Expenses of REALTORS®

- Percentage split-commission continues to be the prevailing method for REALTOR® compensation, at 70 percent, up slightly from 69 percent in 2014. In New Jersey, 81 percent of respondents were compensated via this method.
- The median gross income of REALTORS® was \$39,200, down from \$45,800 in 2015. The median gross income for REALTORS® in New Jersey was \$26,670.
- REALTORS® with 16 years or more experience had a median gross income of \$73,400 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 \$44,000 and those with less than two years had an income of \$6,700.
- The median business expenses fell to \$6,300 in 2015 from \$6,710 in 2014. In New Jersey, the typical business expense paid was \$4,184.
- The largest expense category for most REALTORS® was vehicle expenses, similar to last year, which increased to \$1,790 in 2015 from \$1,770 in 2014. In New Jersey, the largest single expense category was administrative expenses, which was reported as \$1,190 in 2015.

Office and Firm Affiliation of REALTORS®

- Fifty-five percent of REALTORS® are affiliated with an independent company. This number was 42 percent of members in New Jersey.
- Eighty-six percent of members are independent contractors with their firms, up from 83 percent in 2014. That number is 87 percent for New Jersey.
- The median tenure for REALTORS® with their current firm decreased from five years in 2014 to three years in 2015. The median tenure for New Jersey members was three years.
- Nine percent of REALTORS® worked for a firm that was bought or merged in the past two years. In New Jersey, this number was eleven percent.

Demographic Characteristics of REALTORS®

- The typical REALTOR® is 53 years old, white, female, has attended some college, and is a homeowner. The typical REALTOR® is 56 in New Jersey and 66 percent are female.
- Sixteen percent of REALTORS® had a previous career in management, business, the financial sector, sales, or retail. Only four percent of REALTORS® reported real estate was their first career. In New Jersey, 19 percent had a previous career management, business, or the financial sector, and 14 percent in sales or retail. Four percent in New Jersey also reported real estate was their first career.
- Seventy-four 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. In New Jersey, the number of REALTORS® reporting real estate as their only occupation is 69 percent and 79 percent for those with 16 or more years of experience.
- The median gross income of REALTOR® households was \$98,300 in 2015, a decrease from \$106,800 in 2014. For New Jersey, the median gross income of REALTOR® households was \$97,100 in 2014.
- The majority of REALTORS® - 81 percent - own their primary residence. Eighty-two percent of REALTORS® own their primary residence in New Jersey.

Methodology

In March 2016, NAR e-mailed an 96-question survey to a random sample of 150,024 REALTORS®. Using this method, a total of 10,194 responses were received. The survey had an adjusted response rate of 6.8 percent. The confidence interval at a 99% level of confidence is +/-1.27% based on a population of 1.1 million members. In New Jersey, 8,568 surveys were mailed out and received 604 responses; the report has a 7.0 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 2015, while all other data is representative of member characteristics in early 2016.

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.