
2017 Member Profile New Jersey Association of REALTORS® Report

Prepared for:
New Jersey Association of REALTORS®

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NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

2017 Member Profile New Jersey Report

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2017 Member Profile

New Jersey Report

Introduction

In 2016, there was a continued rise in new members of the National Association of REALTORS®, increasing from 1.16 million in March 2016 to 1.22 million in March 2017. This is apparent in the data, with those who have less than two years of experience was 28 percent, an increase from 17 percent 2015. The median years of experience in real estate was 10 years. Additionally, tenure at firm was a median of four years.

The median age of REALTORS® remained at 53 in the 2017 survey, the same as last year and the lowest it has been since 2008 when the median age was 52. The median age held steady between 56 and 57 from 2011 to 2015. The drop in age may be attributed both to members retiring and to new younger entrants to the business. This year, only 30 percent are over 60 years old and four percent are less than 30, consistent with last year. Twelve percent of members who have two years or less experience are under 30 years of age.

Limited inventory continues to plague many housing markets in the U.S. For the fourth year in a row, the difficulty finding the right property has surpassed the difficulty in obtaining mortgage financing as the most cited reason limiting potential clients. Impacted by limited inventory, the typical number of transactions rose slightly from 12 transactions in 2015 to 12 transactions in 2016. However, with rising home prices again in 2016, the median brokerage sales volume rose to \$1.9 million from \$1.8 million in 2015.

The median gross income of REALTORS® was \$42,500 in 2016, an increase from \$39,200 in 2015. New members entering the field can be seen with the differences in income by experience, function, and hours worked per week. Fifty-six percent of members who have two years or less experience made less than \$10,000 in 2016 compared to 38 percent of members with more than 16 years of experience who made more than \$100,000 in the same time period.

REALTORS® with 16 years or more experience had a median gross income of \$78,850—up from \$73,400 in 2015—compared to REALTORS® with 2 years or less experience that had a median gross income of \$8,930—an increase from \$8,500.

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

2017 Member Profile

New Jersey Report

Highlights

Business Characteristics of REALTORS®

- Sixty-five percent of REALTORS® are licensed sales agents, 22 percent hold broker licenses, and 15 percent hold broker associate licenses. In New Jersey, 81 percent of members were licensed sales agents and 71 percent specialize in residential brokerage.
- The typical REALTOR® has 10 years of experience, compared with ten years in New Jersey.
- Sixteen percent of members have at least one personal assistant. In New Jersey, 12 percent operate with at least one assistant.
- Fifty-two percent of REALTORS® reported having a website for at least five years, 10 percent reported having a real estate blog, and 69 percent of members are on Facebook and 61 percent on LinkedIn for professional use. In New Jersey, 50 percent of REALTORS® reported having a website for at least five years, 18 percent of members have a real estate blog, and 59 percent of members are on Facebook and 24 percent on LinkedIn for professional use.
- The most common information found on REALTOR® websites, among all REALTORS®, is the member's own listings, home buying, and selling information. The same is true in New Jersey.
- Eighty-two percent of REALTORS® are very certain they will remain active as a real estate professional for two more years. In New Jersey, 77 percent of members report they are certain they will remain active for two more years.

Business Activity of REALTORS®

- In 2016, the typical agent had 12 transactions, which is up from 11 transactions in 2015. In New Jersey, agents had 11 transactions typically.
- Twenty-eight percent of all REALTORS® had a transaction involving a foreclosure and 18 percent had a transaction involving a short sale. In New Jersey, 30 percent of all REALTORS® had a transaction involving a foreclosure and 33 percent had a short sale.
- The median sales volume for brokerage specialists increased to \$1.9 million in 2016 from \$1.8 million in 2015. In New Jersey, the typical sales volume was \$2 million in 2016.
- For the fourth year in a row, the difficulty finding the right property has surpassed the difficulty in obtaining mortgage financing as the most cited reason limiting potential clients. In New Jersey, this was also the most cited reason.
- The typical property manager managed 42 properties in 2016, up from 40 properties in 2015. In New Jersey, the typical property manager managed eight properties.
- Most REALTORS® worked 40 hours per week in 2016, a trend that has continued for several years. This was also the case in New Jersey at 35 hours per week.

- The typical REALTOR® earned 13 percent of their business from repeat clients and customers and 18 percent through referrals from past clients and customers. In New Jersey, 13 percent of business came from repeat business and 16 percent through referrals from past clients.
- REALTORS® spent a median of \$70 to maintain a website in 2016, down from \$80 in 2015. REALTORS® in New Jersey spent a median of \$40.
- Members typically brought in one inquiry and one percent of their business from their website. Members in New Jersey typically brought none inquiries and one percent of their business from their website.

Income and Expenses of REALTORS®

- In 2016, 35 percent of REALTORS® were compensated under a fixed commission split (under 100%), follow by 26 percent with a graduated commission split (increases with productivity). In New Jersey, 41 percent of respondents were compensated under a fixed commission split (under 100%).
- The median gross income of REALTORS® was \$42,500 in 2016, an increase from \$39,200 in 2015. The median gross income for REALTORS® in New Jersey was \$30,450.
- REALTORS® with 16 years or more experience had a median gross income of \$78,850—up from \$73,400 in 2015—compared to REALTORS® with 2 years or less experience that had a median gross income of \$8,930—an increase from \$8,500. In New Jersey, members with 16 or more years of experience had a median gross income of \$48,300 and those with less than two years had an income of \$8,900.
- The median business expenses were \$6,000 in 2016, a decrease from \$6,300 in 2015. In New Jersey, the typical business expenses were \$1,410.
- The largest expense category for most REALTORS® was vehicle expenses, similar to last year, which decreased to \$1,380 in 2016 from \$1,790 in 2015. In New Jersey, the largest single expense category was vehicle expenses at \$1,590 in 2016.

Office and Firm Affiliation of REALTORS®

- Fifty-one percent of REALTORS® are affiliated with an independent company. This number was 39 percent of members in New Jersey.
- Nearly nine in ten 10 members are independent contractors at their firms. That number is 90 percent for New Jersey.
- The median tenure for REALTORS® with their current firm was four years in 2016. The 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. In New Jersey, this number was seven percent.

Demographic Characteristics of REALTORS®

- The typical REALTOR® is 53 years old and 63 percent of all REALTORS® are female. The typical REALTOR® is 56 in New Jersey and 65 percent are female.
- Seventeen percent of REALTORS® had a previous career in management, business, or finance and 16 percent in sales or retail. Only four percent of REALTORS® reported real estate was their first career. In New Jersey, 21 percent had a previous career management, business, or the financial sector, and 11

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 84 percent among members with 16 or more years of experience. Seventy-one percent in New Jersey reported real estate was their only occupation.
- The median gross income of REALTOR® households was \$111,400 in 2016—an increase from \$98,300 in 2015. For New Jersey, the median gross income of REALTOR® households was \$115,400 in 2015.
- The majority of REALTORS®—82 percent—own their primary residence. Eighty-one percent of REALTORS® own their primary residence in New Jersey

Methodology

In March 2017, NAR e-mailed a 98-question survey to a random sample of 165,424 REALTORS®. Using this method, a total of 12,685 responses were received. The survey had an adjusted response rate of 7.7 percent. The confidence interval at a 95 percent level of confidence is +/- .87 percent based on a population of 1.2 million members. In Minnesota, a random sample of 9,001 members were sent the survey, 530 members took the survey. Minnesota had a response rate of 5.9 percent.

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 2016, while all other data are representative of member characteristics in early 2017.

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.