



BRIAN BUFFINI'S REAL ESTATE REPORT



US EDITION
2ND BIENNIAL 2021



The current real estate market is historic. Low interest rates are fueling high demand, but a shortage of inventory has complicated the buyer's journey. Throw a global pandemic into the mix, and we are looking at a real estate market nobody has witnessed before. Today's buyers and sellers face unique challenges, and it's up to trusted real estate professionals to guide them through these conditions. To help with this mission, we produce Brian Buffini's Real Estate Report twice a year. Remind your clients they're in good hands and help them know what to expect by using this guide on the national real estate market to share relevant and up-to-date information with them.

It's a Good Life!®

Brian Buffini

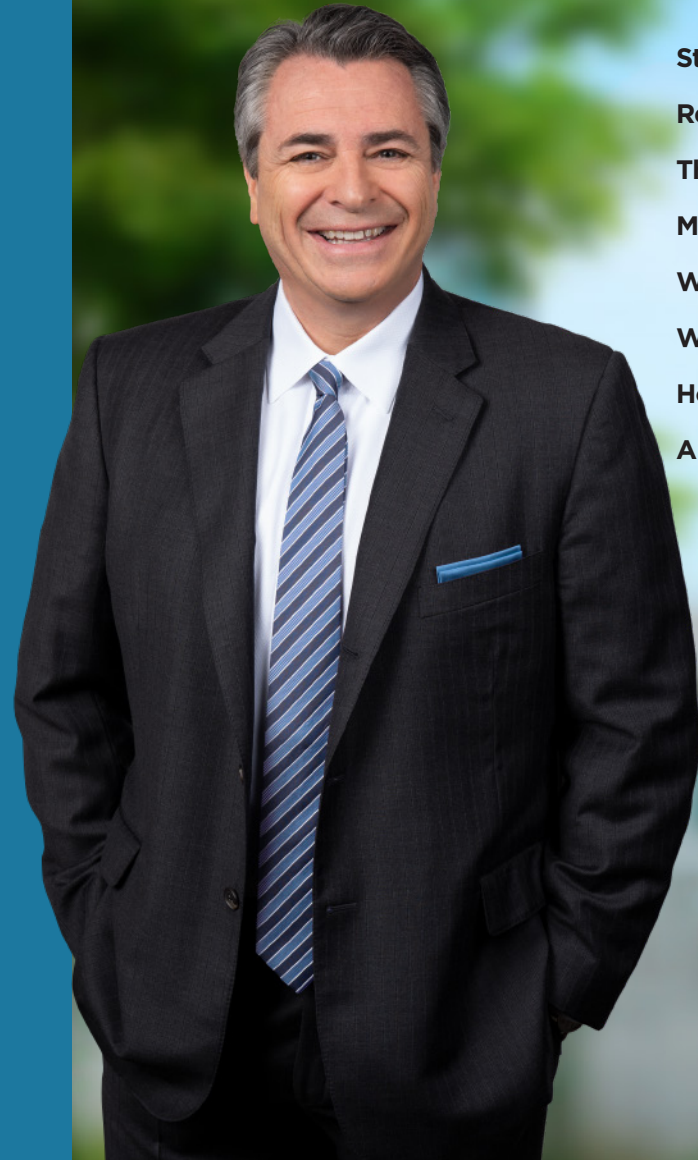


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State of the Market

The pandemic did not halt home sales, but as restrictions begin to loosen, buyers are returning in full force. Increased demand has inventory extremely tight, but home builders are starting to pick up the slack.



Housing Inventory is Low

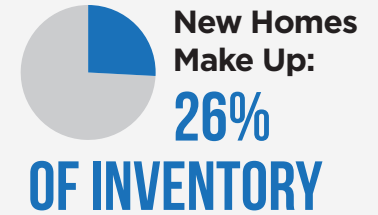
April 2020
4 MONTHS Supply

April 2021
2.4 MONTHS Supply
(A near-record low)

Existing Home Sales:
5.85 MILLION
+ 20%
year-over-year

Median Sales Price:
\$341,600
+ 19.1%
year-over-year

New Home Construction on the Rise



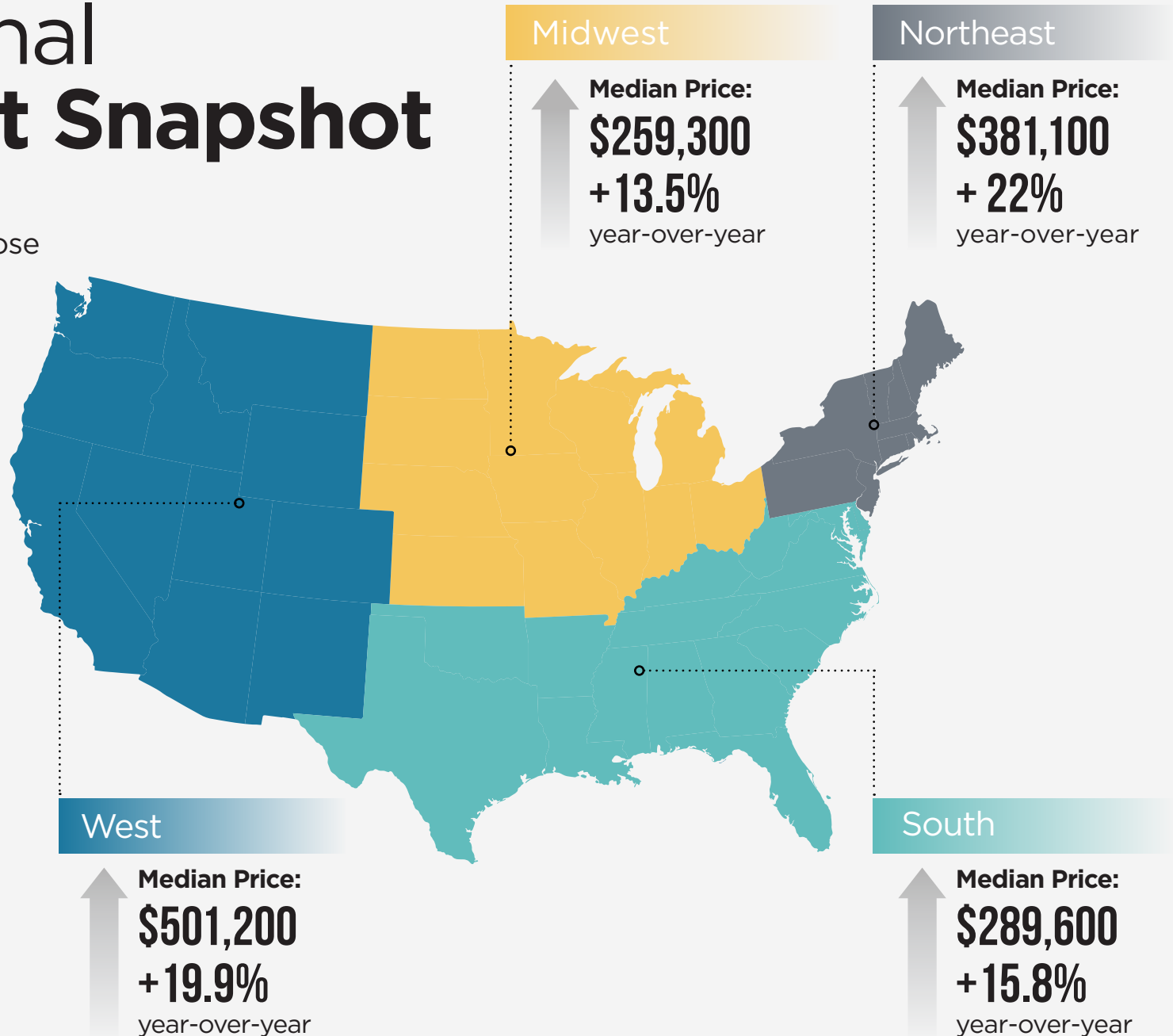
Housing Starts
May 2021:
1.59 MILLION
+ 15%
year-over-year



SOURCES: National Association of Home Builders, National Association of REALTORS®, Redfin

Regional Market Snapshot

While national trends also hit close to home, at the end of the day, real estate is local. Here's a look at the post-pandemic rebound in each region.



SOURCE: National Association of REALTORS®

This Is Not a Bubble

The housing market is hot but leading economists say a crash is not imminent.

Causes of the Last Housing Bubble

(2007-2008)

- ✓ Low down payments
- ✓ Flexible mortgage rates
- ✓ Oversupply

Why 2021 is Different:

The current combination of low inventory and high buyer demand means the risk of overbuilding is minimal.

Existing Homes For Sale 2021:

1.16 MILLION*

*As of April 2021

Existing Homes For Sale July 2007:

4 MILLION



Down Payments Are Up

More money down means more equity at the start. Leading up to the market crash in 2008, down payments were low.

Typical Down Payment in 2021:

15.9%

Down Payment in 2007:

9%

In 2007, **45% of first-time buyers financed 100% of their home** compared to only **17%** in 2020.

More Fixed-Rate Mortgages

Before the 2008 market crash, more buyers gambled with adjustable-rate and fixed-then adjustable-rate mortgages.

Buyers With Adjustable-Rate and Fixed-Then Adjustable-Rate Mortgages:

2020: **4%**

2007: **15%**

Lending Restrictions Are Tight

It's harder to qualify for a mortgage you can't afford. Foreclosure filings were at a 15-year low in February 2020 before pandemic forbearance.

Foreclosure Filings:

March 2008:

234,685

February 2020:

48,004

April 2021:

11,810

SOURCES: Redfin, National Association of REALTORS®, Attom Data Solutions

Mortgage Stats

While mortgage rates are expected to increase slightly, they are still hovering at historic lows, making homeownership more accessible for many new buyers.

Live in the Payment, Not the Price

For a home that costs \$329,100 a 1% decrease in the mortgage rate takes \$165 off the monthly payment.

EXAMPLE:

30-Year Fixed Rate Mortgage

Home Price: **\$329,100**

- Down payment: **10%**
- Mortgage rate at time of purchase (2008): **6%**

Current Average Mortgage Rate:
3%

Monthly Mortgage Savings When Refinancing at Current Rate:
\$525



SOURCES: Freddie Mac, National Association of REALTORS®

What To Expect for Buyers

In this competitive marketplace, buyers will need to be flexible in order to secure their dream home. When a buyer knows what to expect, they are set up for a smooth, successful process.

The Buying Process is Taking Longer

2021:

96 DAYS

Homes
Toured: **14**

2020:

91 DAYS

Homes
Toured: **13**



Top Three Buyer Concessions

Buyers are making changes to sweeten the deal.

1 Higher Down Payments

About \$9,000 more per buyer

2 Paying Above Asking Price

34.4% of buyers are paying over asking, up from 21.2% in 2020

3 Waiving Contingencies

like inspection and finance

Cash buyers, rising home prices and a fast-paced market are challenging new buyers.

SOURCES: National Association of REALTORS®, Redfin

What To Expect for Sellers

This is a strong seller's market in all regions. When the home price is right, the process will be quick, so sellers should be prepared.

42%
of homes sold above asking price

Anticipate Multiple Offers

Average number of offers a home received in 2021: **5**

Average number of offers a home received in 2020: **3.4**

Homes Sell Quickly

Average time on the market in 2021: **17 DAYS**

Average time on the market in 2020: **27 DAYS**



SOURCES: National Association of REALTORS®, Realtor.com, Redfin

Homeownership: The Best Investment

The uncertainty of 2020 demonstrated the tremendous value of homeownership — and the value was reflected in dramatic equity gains.

**Total National
Homeowner Equity
Increase in 2020:
\$1.5 TRILLION**

↑ Home prices
in 2021:
11.3%

↑ Homeowners
equity
increase by
16.2%
year-over-year

**Property values
often continue to
grow, even when
stock prices do not.**

SOURCES: National Association of REALTORS®, CoreLogic Homeowner Equity Report



**Typical
rent: \$1,200
per month**

**In most
markets,
owning a
home costs
the same —
or less than
— renting.**

**Nearly 70% of
metro areas have
a median home
price of less than
\$320,000**
which is close to
the national median
home price.

A System to Succeed in Any Market

More than 80% of all transactions are conducted through a sphere of influence — there is an existing relationship that leads to sales. Buffini & Company members achieve this by Working by Referral.



Work by Referral

Generating a stream of high-quality leads through building relationships.

“There is no lead more powerful than one referred from someone you know — someone who knows you, trusts you and will put their name to you.”

— BRIAN BUFFINI

When you master Working by Referral, you can succeed in any market — and Buffini & Company is here to help! **Talk to a Membership Consultant to learn how Buffini & Company business solutions can take your business to the next level:**

1-800-945-3485 x2.

91% OF BUYERS & 89% OF SELLERS
would use their agent again or refer them to others

SOURCE: 2020 NAR Profile of Home Buyers and Sellers