



# BRIAN BUFFINI'S REAL ESTATE REPORT



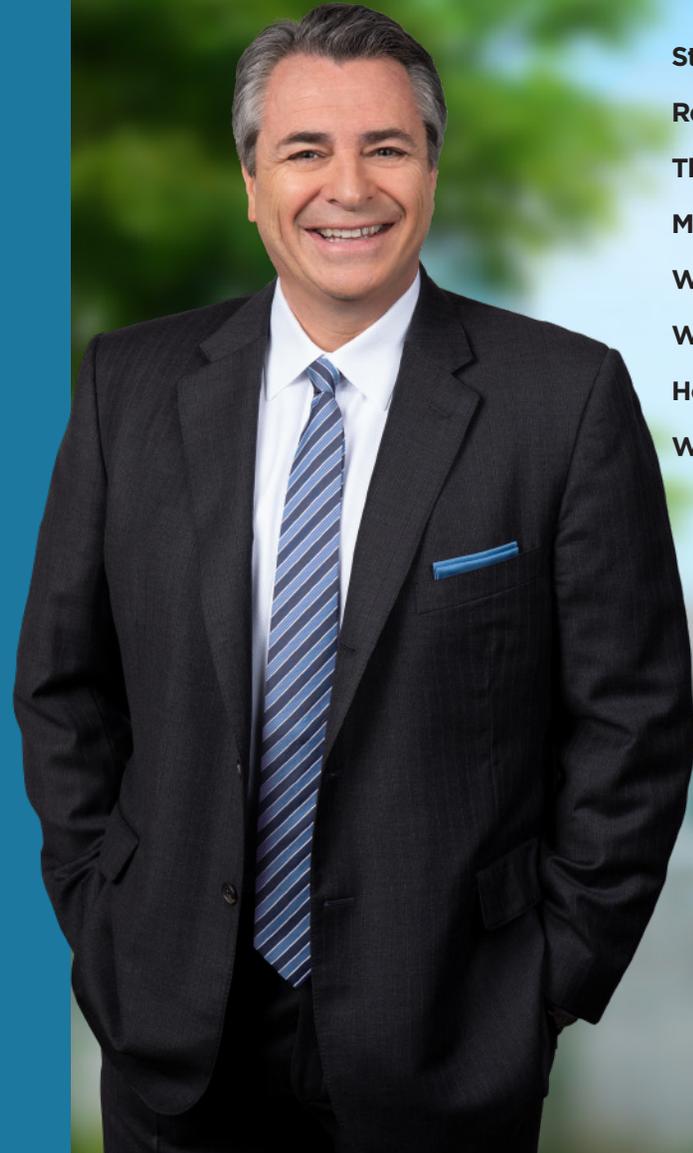
**US EDITION**  
2<sup>ND</sup> BIENNIAL 2021



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

Late 2019  
**3.9 MONTHS** Supply

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

 **New Homes Make Up:**  
**26%**  
**OF INVENTORY**

### Housing Starts

 May 2021:  
**1.59 MILLION**  
**+ 15%**  
year-over-year

 **Single Family Housing Starts**  
**1.09 MILLION**

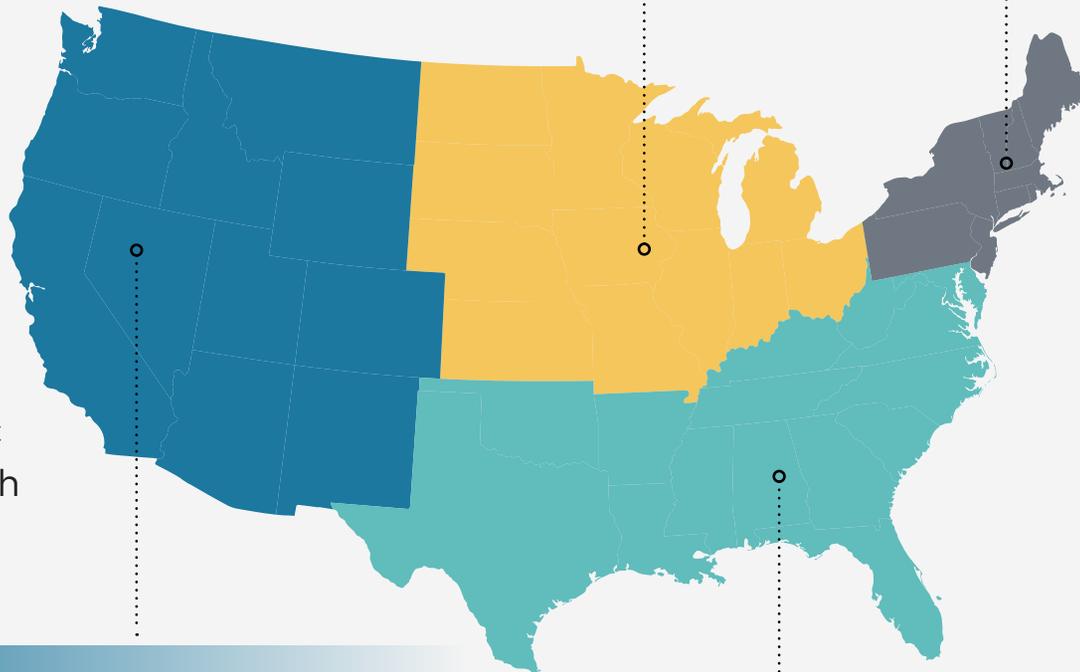
In March 2021, housing starts rose at the highest level since 2006.

Rising lumber prices have added **\$35,872** to the average price of a new single-family home.

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.



## Midwest

**Existing Home Sales:**  
 ↑ **1.29 MILLION**  
 + **13.2%**  
 year-over-year

**Median Price:**  
 ↑ **\$259,300**  
 + **13.5%**  
 year-over-year

## Northeast

**Existing Home Sales:**  
 ↑ **730,000**  
 + **30.4%**  
 year-over-year

**Median Price:**  
 ↑ **\$381,100**  
 + **22%**  
 year-over-year

## West

**Existing Home Sales:**  
 ↑ **1.23 MILLION**  
 + **53.8%**  
 year-over-year

**Median Price:**  
 ↑ **\$501,200**  
 + **19.9%**  
 year-over-year

## South

**Existing Home Sales:**  
 ↑ **2.6 MILLION**  
 + **39%**  
 year-over-year

**Median Price:**  
 ↑ **\$289,600**  
 + **15.8%**  
 year-over-year

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:**

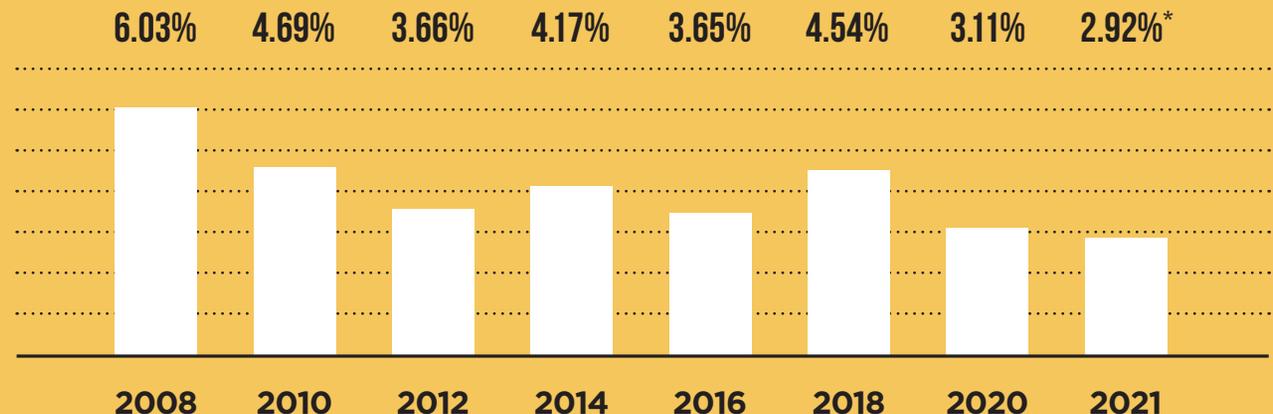
**3%**

**Monthly Mortgage Savings When Refinancing at Current Rate:**

**\$525**

## Average Interest Rate on a 30-Year Fixed Mortgage

\*As of April 2021



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



## Competing With Cash

More non-first-time buyers are paying with cash.

April 2019:

**26.3%**

April 2021:

**33.5%**

## First-Time Buyers

**31%**

of all buyers in April 2021

**36%**

of all buyers in April 2020



**82%**

of first-time buyers are millennials

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.

## 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**

**88%** of recently sold homes spent less than a month on the market



## What Buyers Want

- ✓ Improved outdoor areas
- ✓ Room for a home office
- ✓ Separation of space
- ✓ Area for a home gym

**42%** of homes sold above asking price

Even in this hot market, an overpriced property will still take longer to sell.

**22%** of all sellers reduce their asking price at least once.



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.



Typical  
rent: \$1,200  
per month

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

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



Homeowners increased their equity by an average of **\$26,300** per homeowner

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

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

Home prices in 2021: **11.3%**

Homes in today's market sell for an average of **\$66,000** more than the purchase price.

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

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

# Why I Work by Referral



## Relationships are more important than transactions.

My business is built on relationships, so I work to provide my clients with outstanding service and care during and long after a transaction.



## You control my business.

Your referrals are the foundation of my business, so I aim to exceed your expectations every step of the way.



## Service that continues after the sale.

I am devoted to serving your needs even after the sale is complete. If you need a referral for a contractor, helpful advice or an agent for your friend or family member, I am here to help.

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

**MORE THAN 90%**  
of all transactions are conducted through a sphere of influence — there is an existing relationship that leads to sales

*“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

SOURCE: 2020 NAR Profile of Home Buyers and Sellers