



How Diversifying the Real Estate Agent Profession Can Benefit Both Homebuyers and Agents of Color

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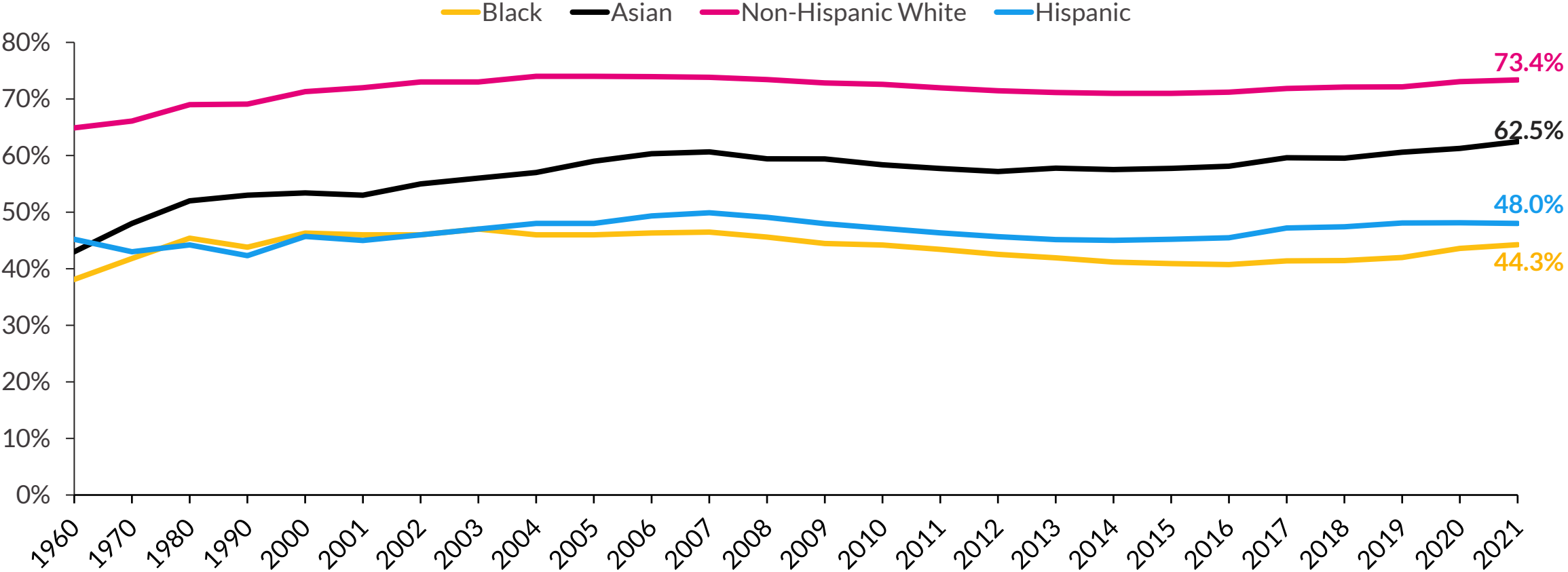


How Diversifying the Real Estate Agent Profession Can Benefit Both Homebuyers and Agents of Color?

Michael Neal and John Walsh
Housing Finance Policy Center
June 29, 2023

Racial homeownership disparities are persistent

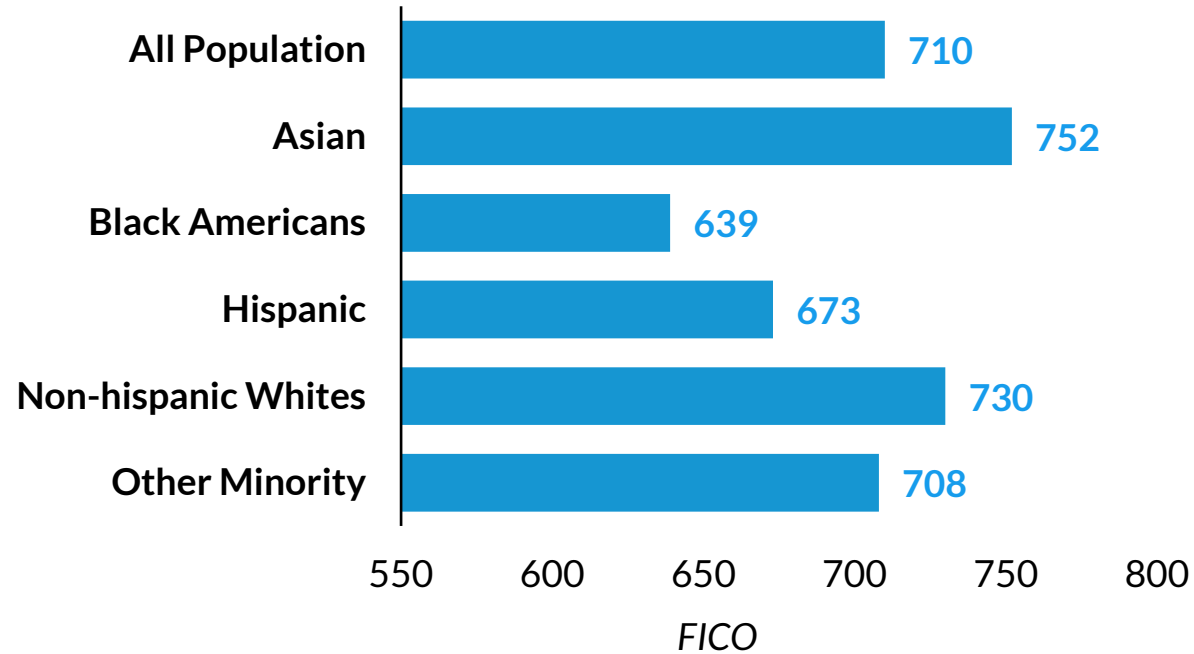
Homeownership rates by race/ethnicity



Source: US Census Bureau.

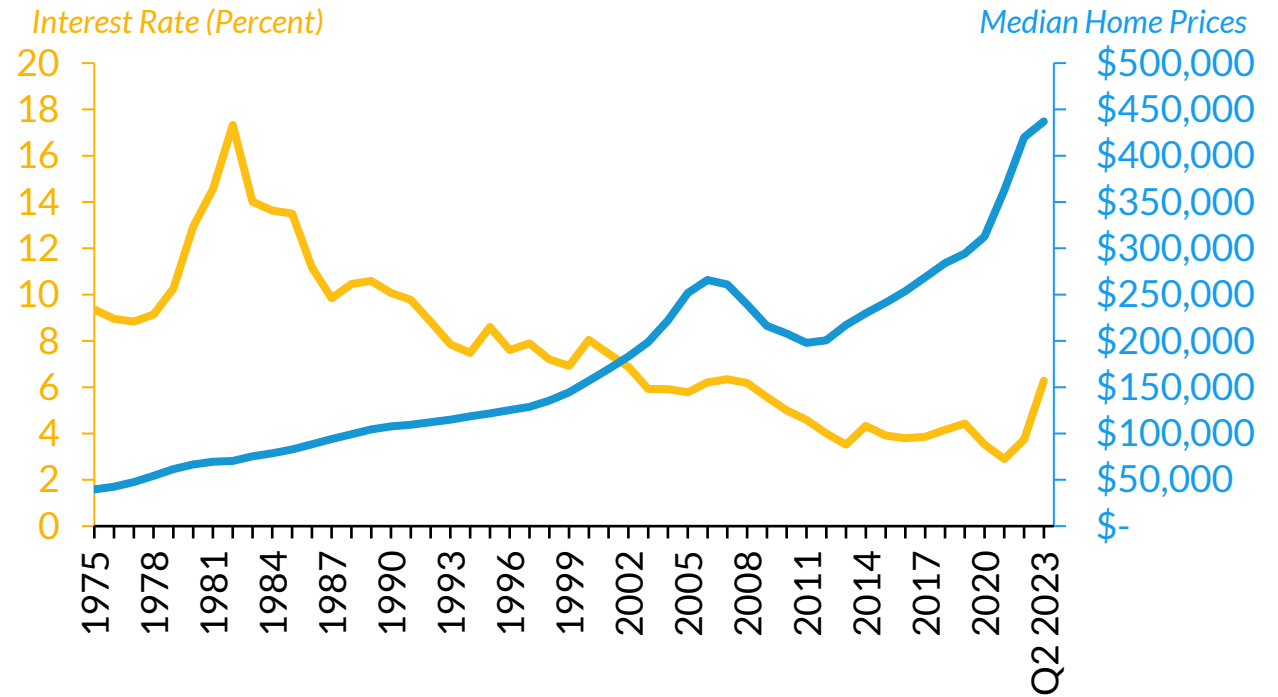
Demand constraints on accessing homeownership

Median credit score, by race/ethnicity



Source: Freddie Mac, 2021.

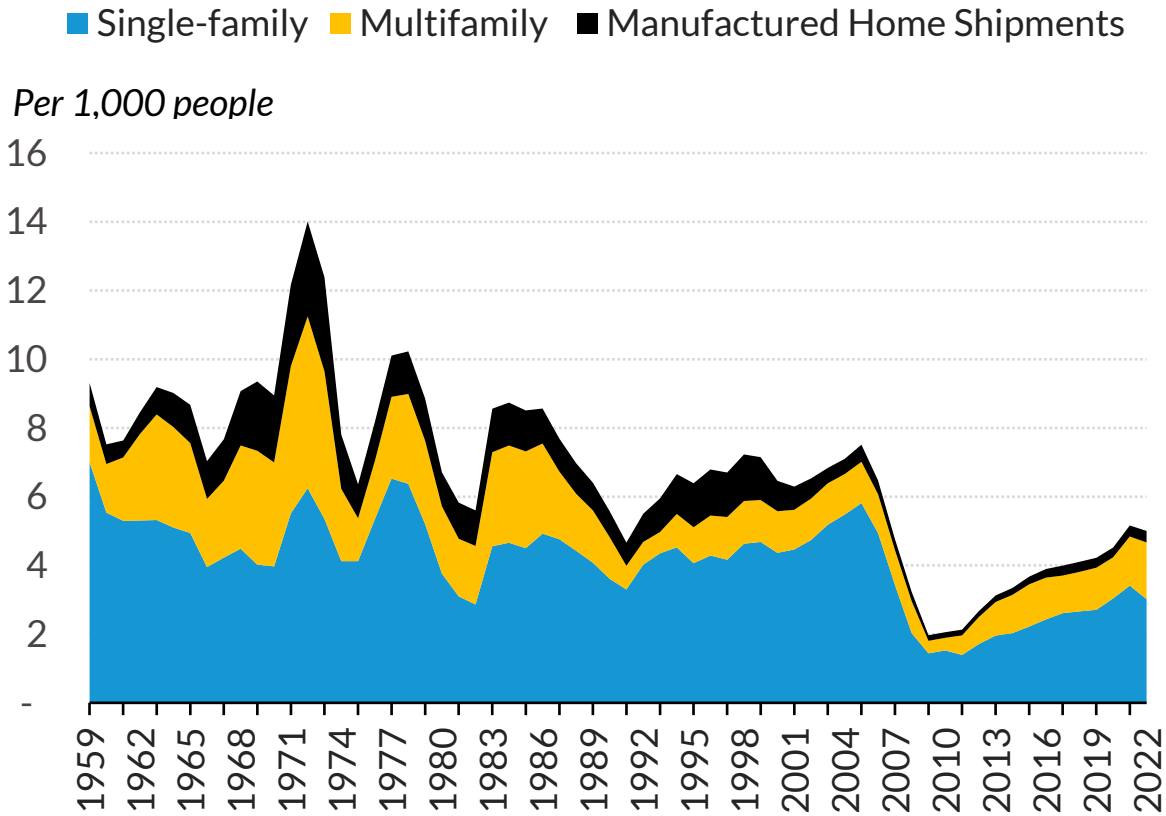
Mortgage rates and home prices over time



Source: Freddie Mac & Black Knight.

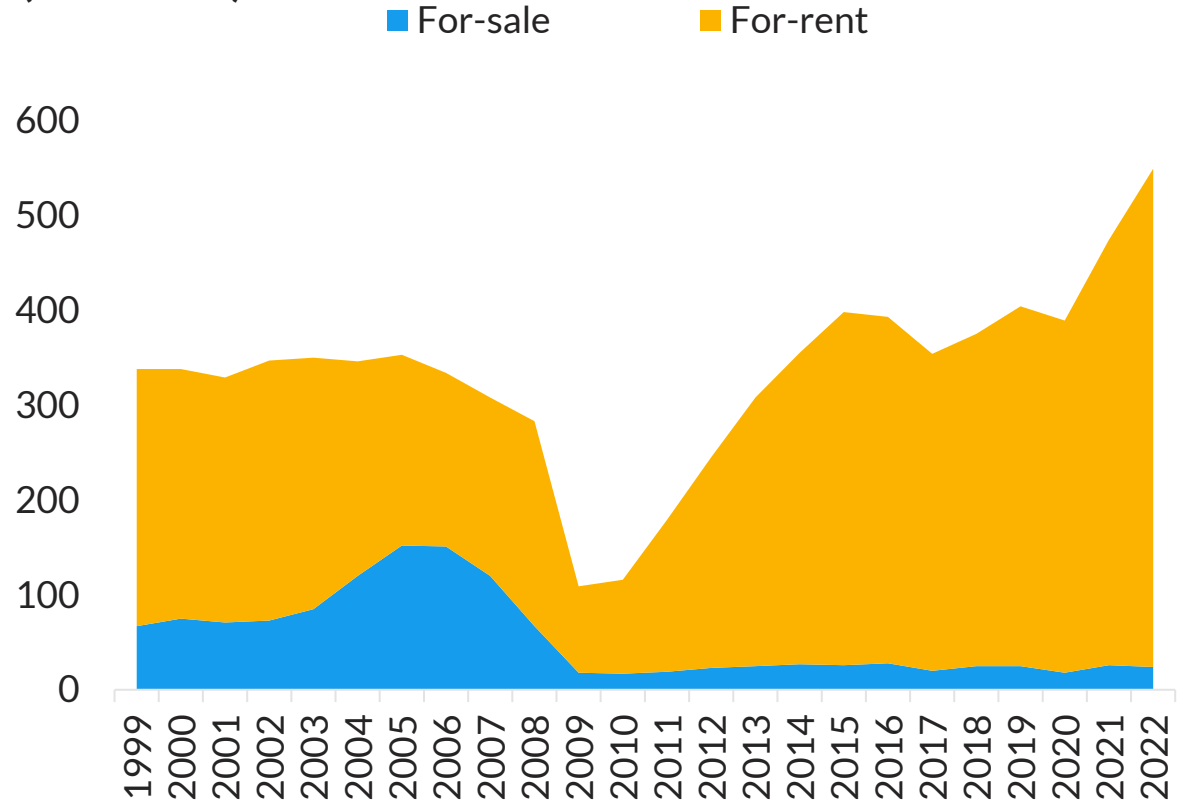
Supply constraints on accessing homeownership

New Housing Supply



Sources: US Census Bureau.

Multifamily unit starts, by purpose of construction (thousands)



Structure of the homebuying sector matters

Key industry professionals

Real estate agents (REAs)

Facilitate buyers/sellers through the home selling/buying process

Loan Officers

Works with borrowers to determine the right financing options for home purchase

Underwriters

Evaluate borrower financial and credit eligibility for mortgage financing

Appraisers

Appraise the monetary value of the home

Builders/develop

Establish and finance projects to build and/or renovate properties

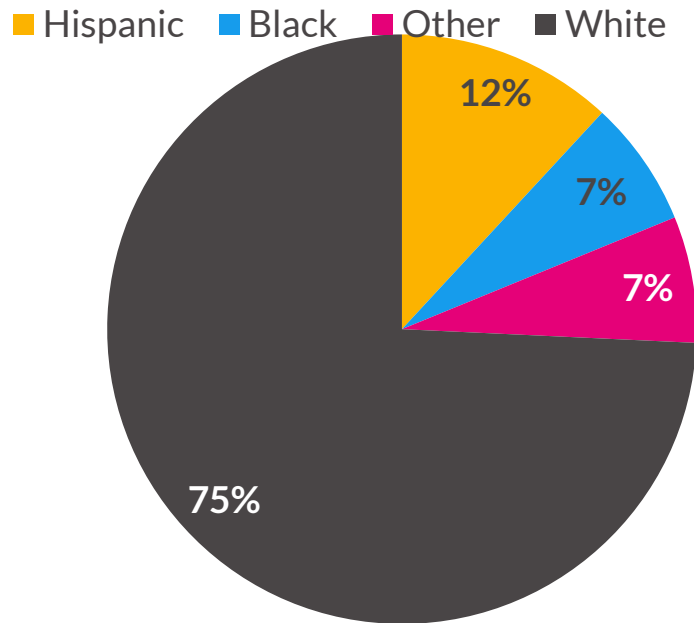
Construction

Execute the building of new properties and renovations

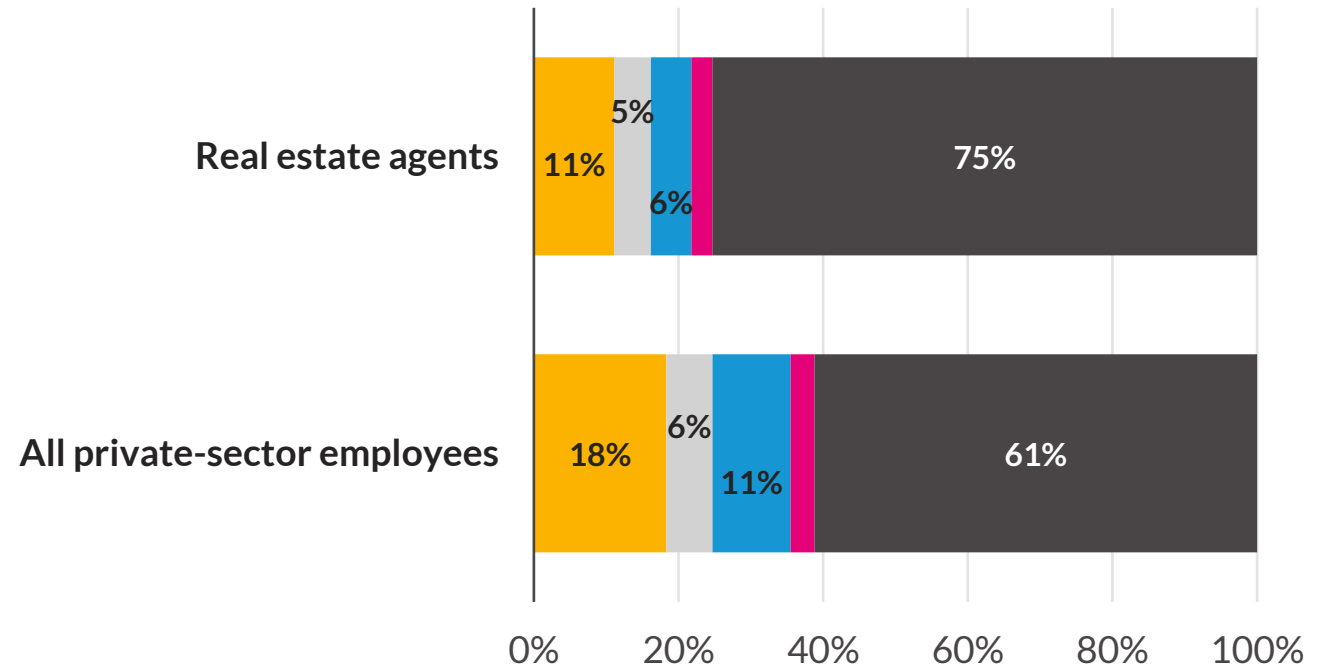
Professional diversity in the homebuying sector

Real estate agents & all private sector employed

Real estate sector



■ Hispanic ■ Asian ■ Black ■ Other ■ White



Note: 2.9 percent of real estate agents are “Other” people of color and 3.3 percent of private sector workers are “Other” people of color.

Sources: 2021 American Community Survey.

Sources: Michael Neal and Peter Mattingly. “Increasing Diversity in the Appraisal Profession Combined with Short-Term Solutions Can Help Address Valuation Bias for Homeowners of Color.” *Urban Wire*. July 1, 2021.

Ensuring fair economic benefits to REAs of color

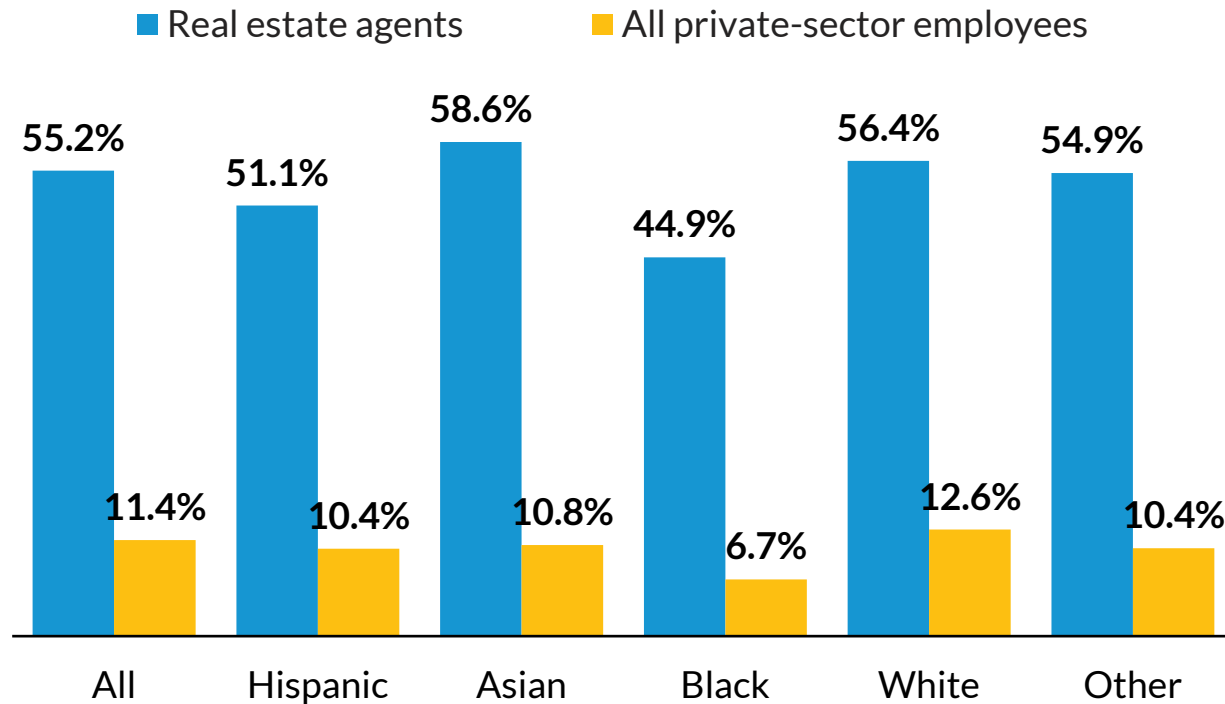
Median Incomes, by Race or Ethnicity and as a Percentage of the Median for All Workers

	All Private-Sector Workers		Real Estate Agents	
	Median income	Percentage of the median for all workers	Median income	Percentage of the median for all workers
All	\$41,868	100%	\$60,000	100%
Hispanic	\$31,793	76%	\$44,211	74%
Asian	\$52,988	127%	\$53,948	90%
Black	\$32,853	78%	\$42,390	71%
White	\$47,689	114%	\$65,000	108%
Other	\$37,000	89%	\$52,720	88%

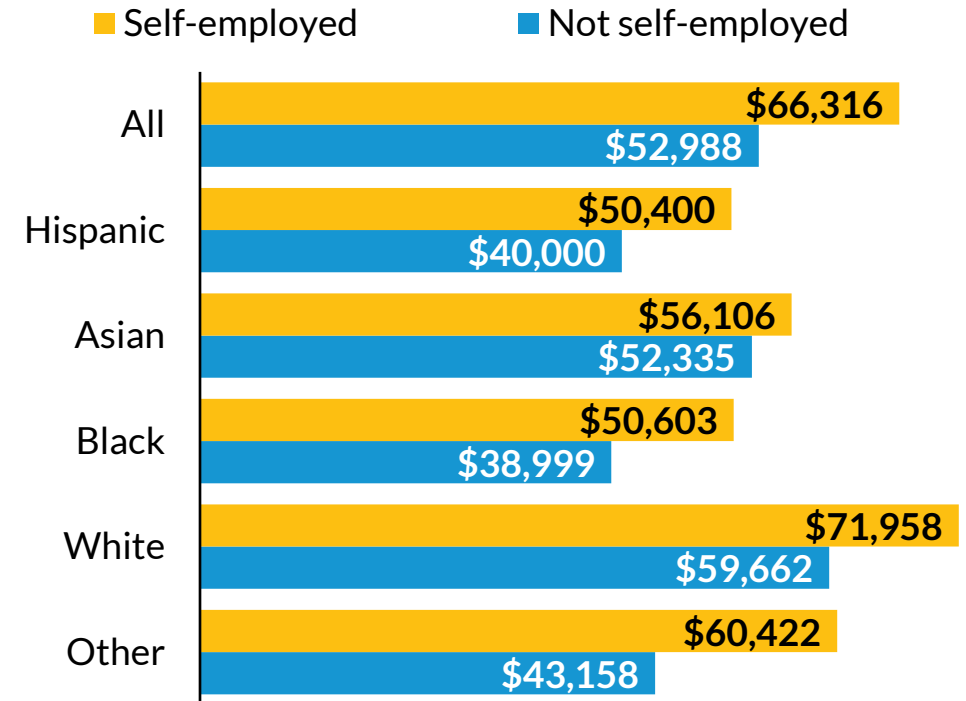
Sources: 2021 five-year American Community Survey data and Urban Institute calculations.
 Note: Asian, Black, and white workers are non-Hispanic.

Economic benefits to REAs of color

Share self-employed



REA median total income by self-employed status

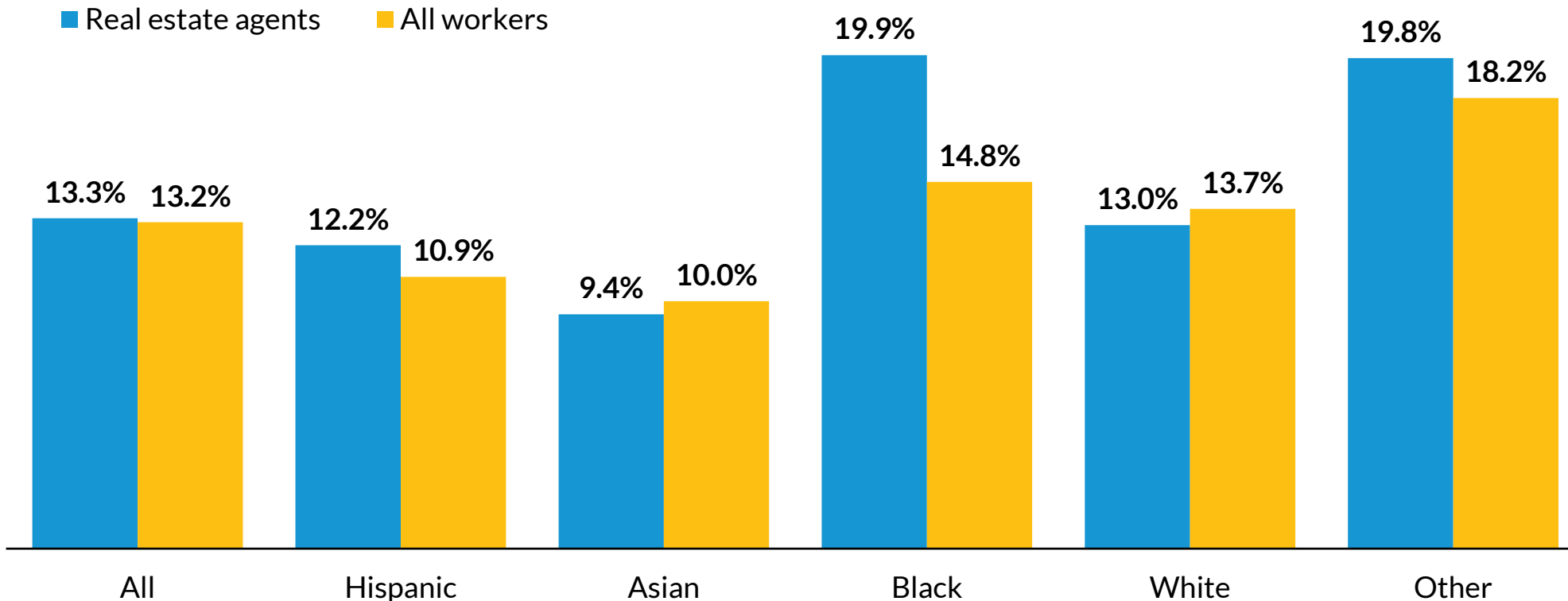


Sources: 2021 five-year American Community Survey data and Urban Institute calculations.

Note: Asian, Black, and white employees are non-Hispanic.

Economic benefits to REAs of color

Share employed with multiple jobs



Sources: 2021 Current Population Survey.

Recommendations

Greater support to pursue self-employment can increase their income.

Deepening mentorship opportunities, specifically through involvement with a real estate agent trade association for REAs of color, can provide tools to weather fluctuating market conditions.

Helping REAs of color generate leads and deepen relationships can help them build a clientele that could increase their prospects for self-employment.

Root out any instances of pay/earnings discrimination

Reduce barriers to homeownership, particularly for households of color and ensure that instances of undervaluation, particularly on properties in communities of color are eliminated

While this research was motivated by the Housing Finance Policy Center's work on racial homeownership gaps, real estate agents of color should also have equal opportunities in all areas of the real estate market.



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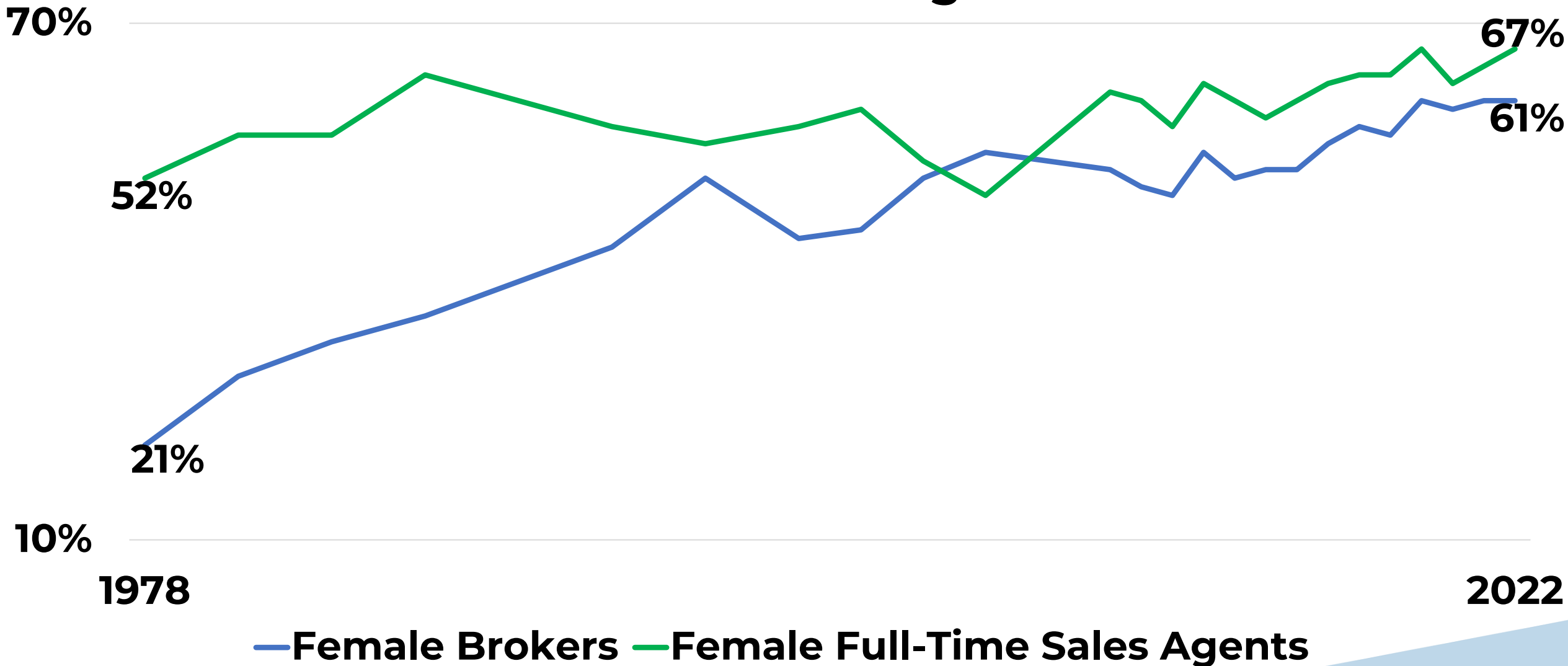
Dr. Jessica Lutz | Deputy Chief Economist & VP of Research



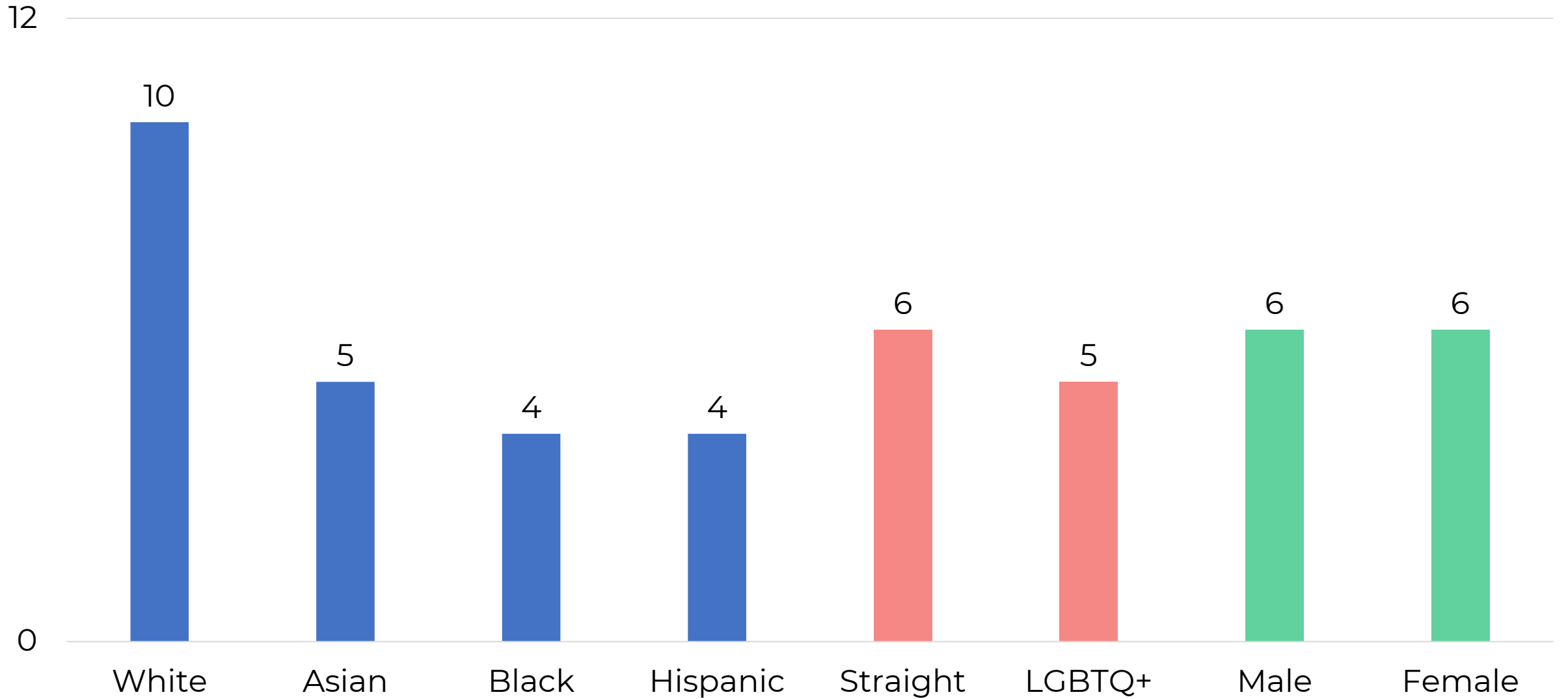
Racial and Ethnic Minority Membership of NAR



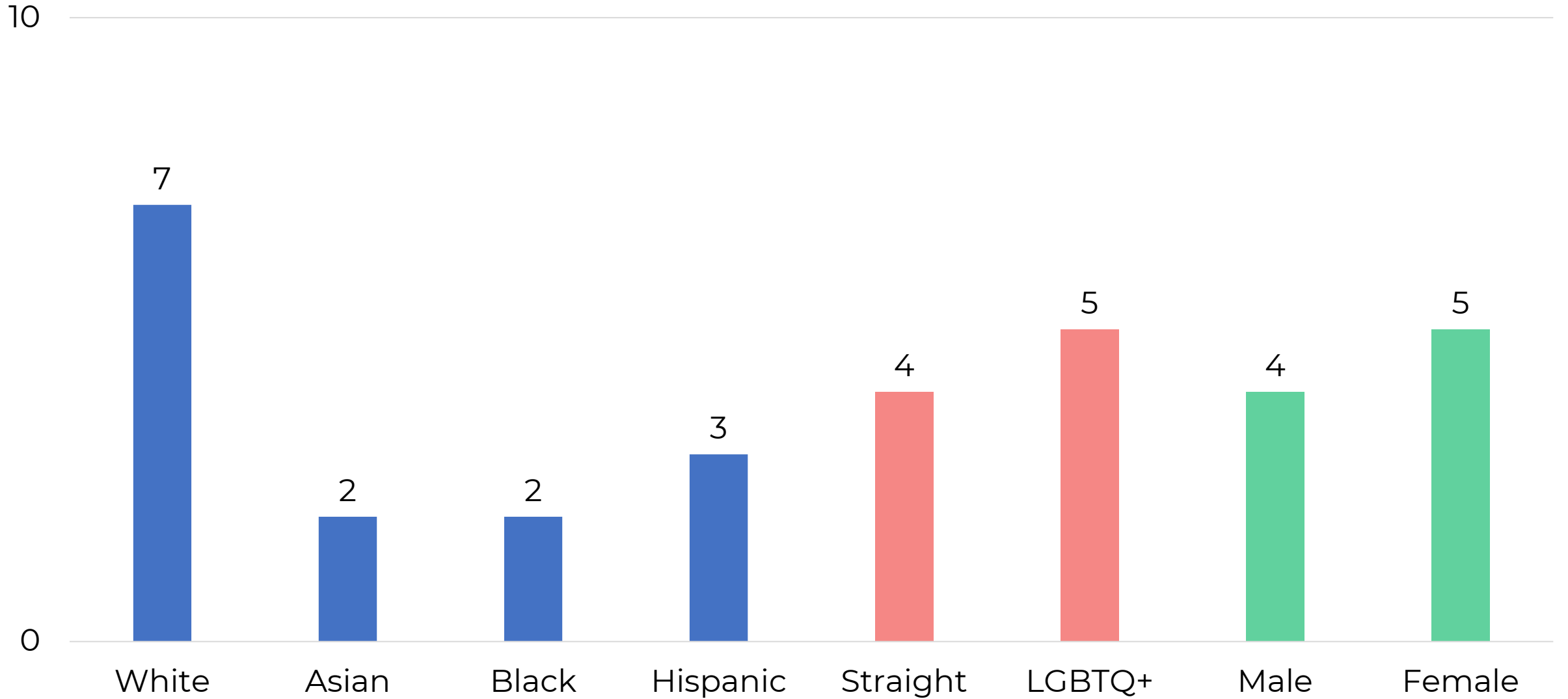
Share of Women Real Estate Brokers & Full-Time Sales Agents



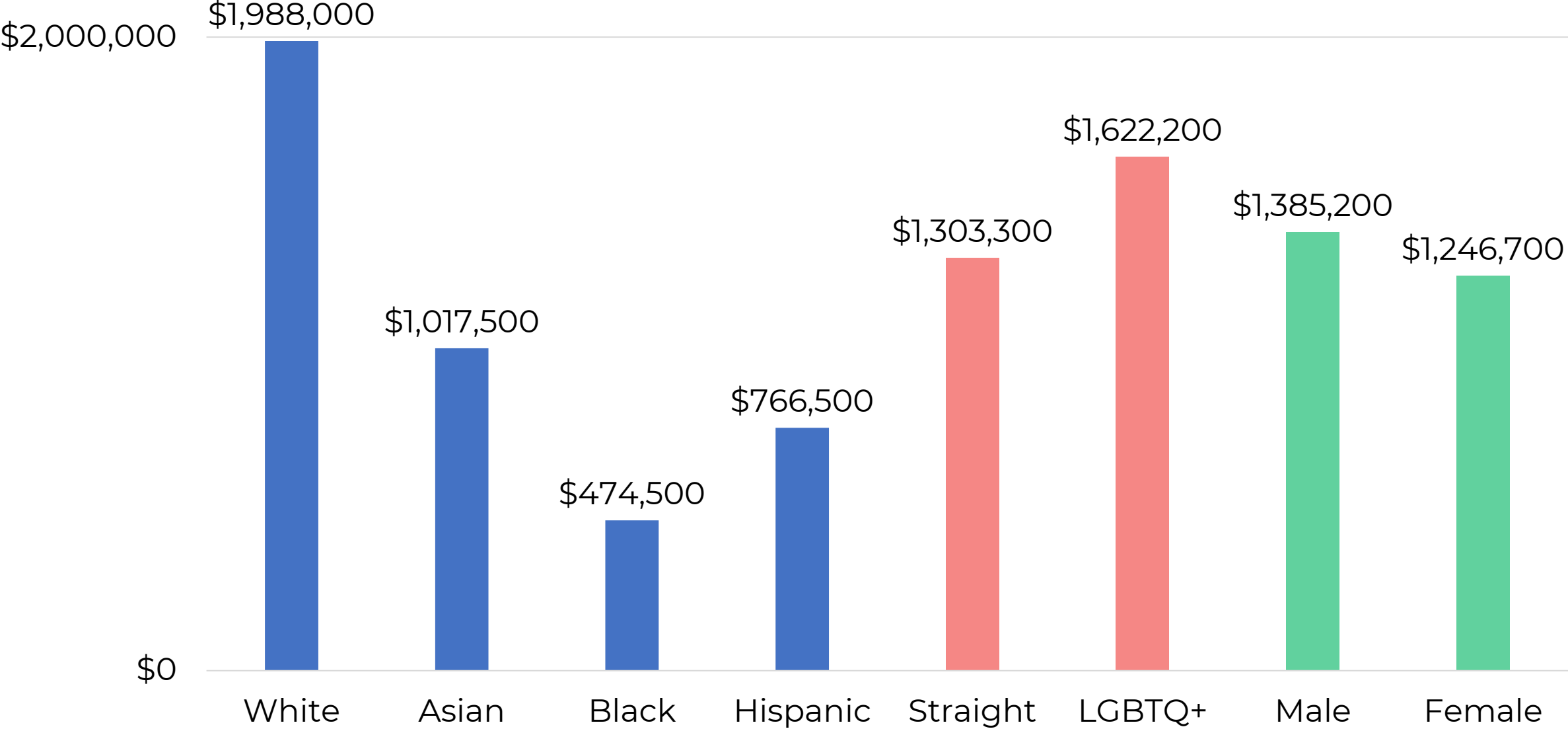
Median Years of Experience



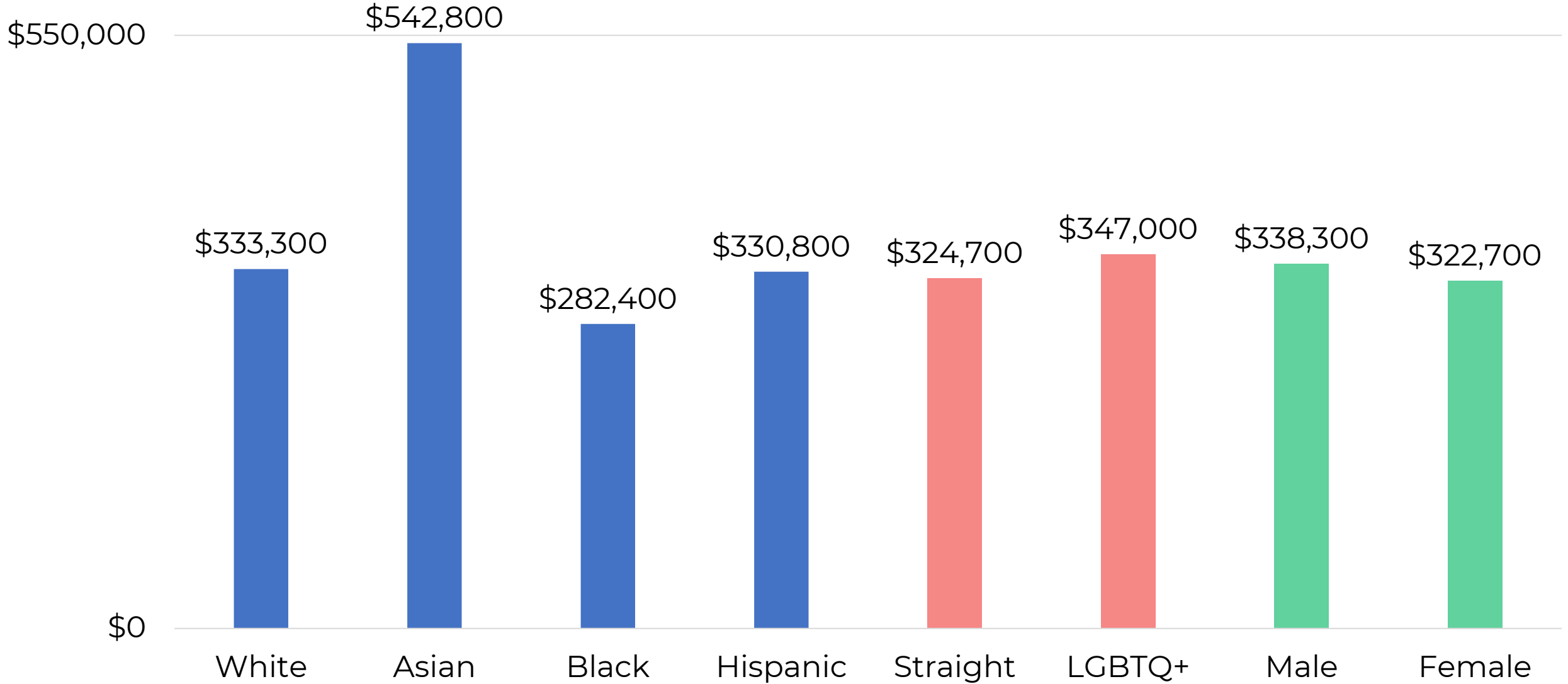
Median Number of Transactions



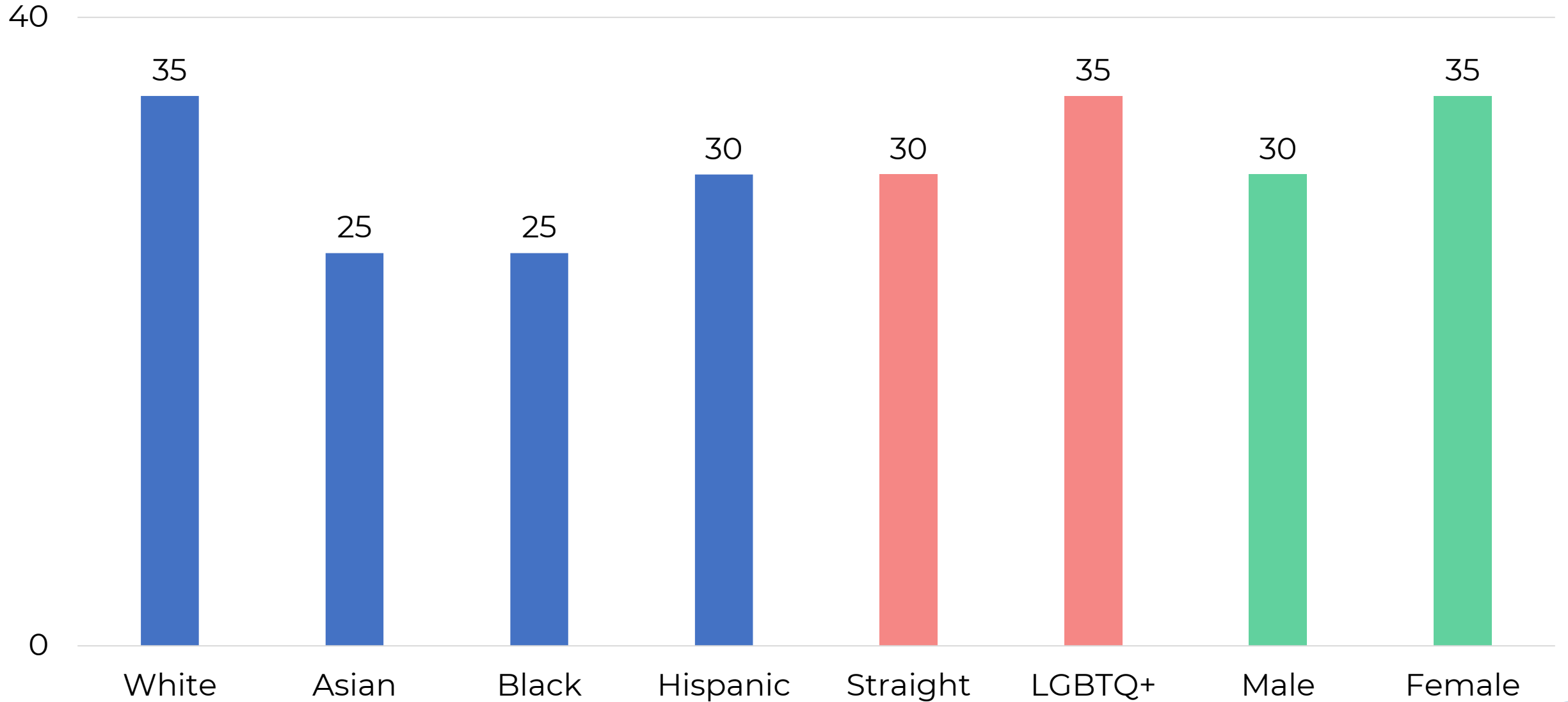
Median Sales Volume



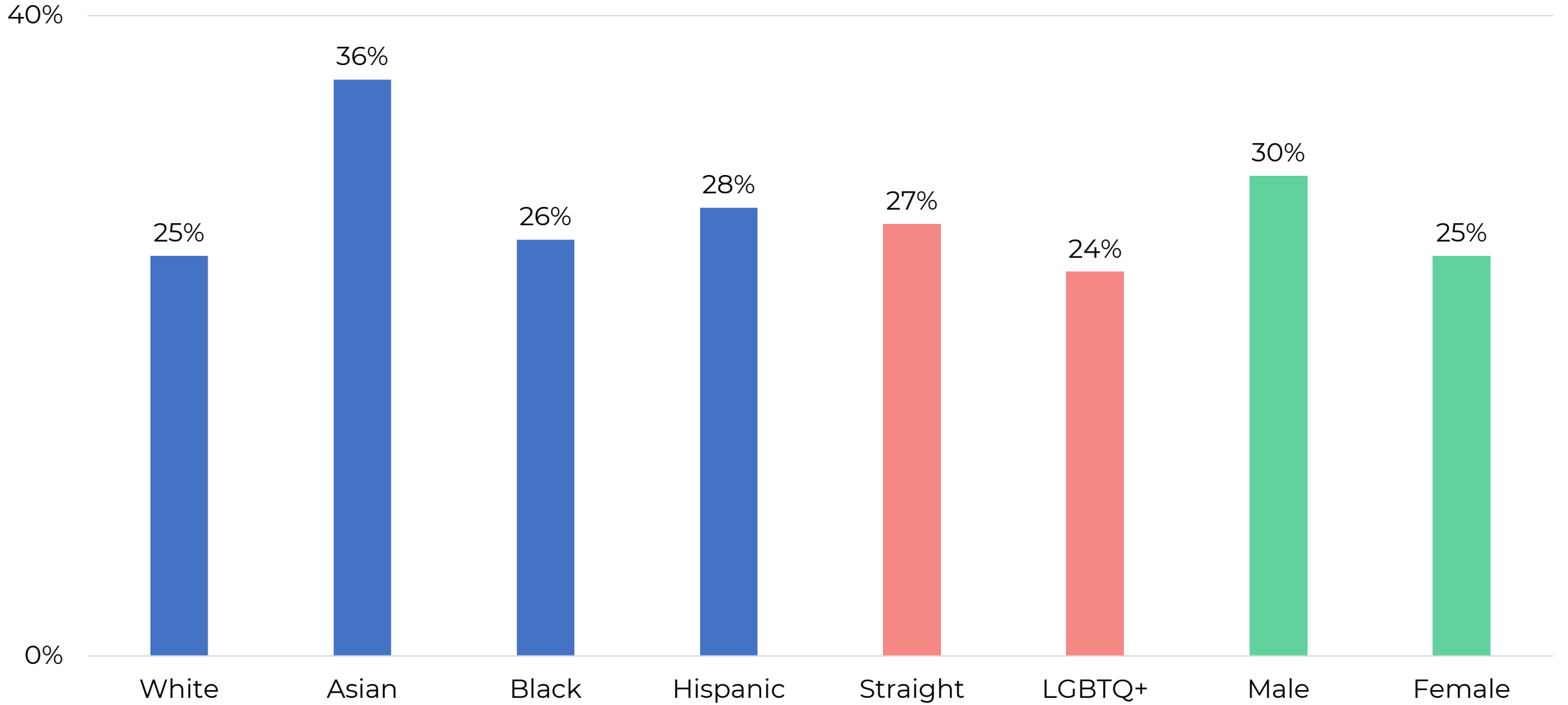
Typical Local Home Sales Price



Median Hours Worked a Week in Real Estate



Ownership Interest in Firm



THANK YOU.



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