HOUSING TRENDS REPORT
QUARTER 3, 2019

National Association
of Home Builders

HOUSING TRENDS REPORT

The Housing Trends Report (HTR) measures prospective home buyers' perceptions about the availability and affordability of homes for-sale in their markets.

All data are derived from national polls of representative samples of American adults conducted for NAHB by Morning Consult. This report is released quarterly to track changes in buyers' perceptions over time.

Generation definitions:

- Gen Z: Born 1997 to 2001.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomers: Born 1946 to 1964.

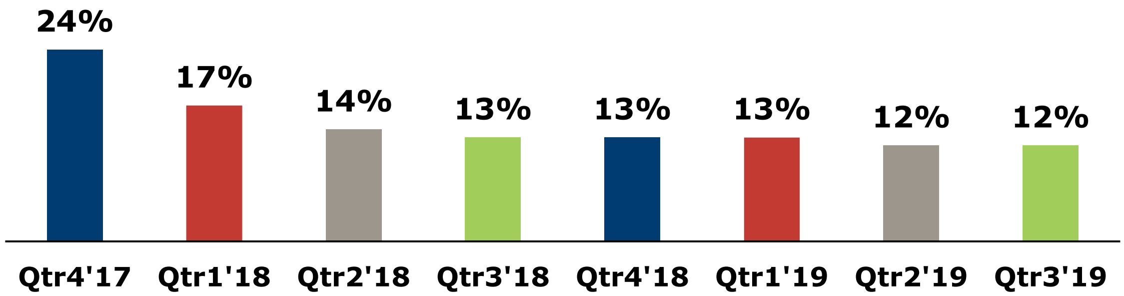
Methodology:

The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic groups over time. These new weights were applied retroactively to the entire series in order to maintain comparability. In qtr3'19, Gen Z was incorporated into the generational analysis for the first time.

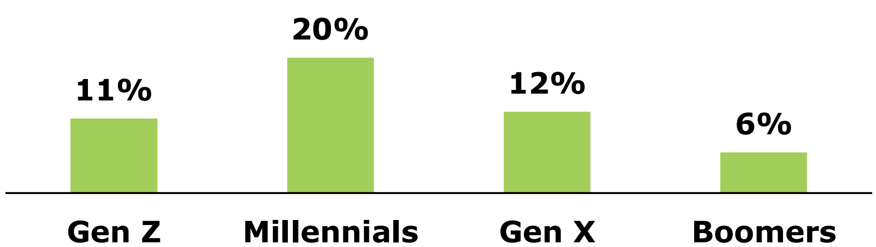
Results are not yet seasonally adjusted due to the short-time horizon of the series; therefore, only year-over-year comparisons are statistically valid.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

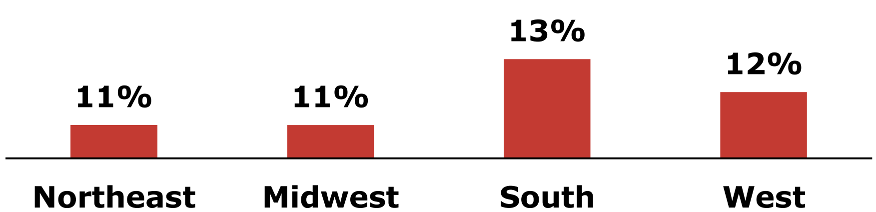
- 12% of respondents in Qtr3’19 are prospective home buyers (they are planning to buy a home within 12 months), essentially unchanged from 13% a year earlier.



- BY GENERATION: 20% of Millennials have plans for a home purchase within 12 months, followed by Gen X (12%), Gen Z (11%), and Boomers (only 6%).



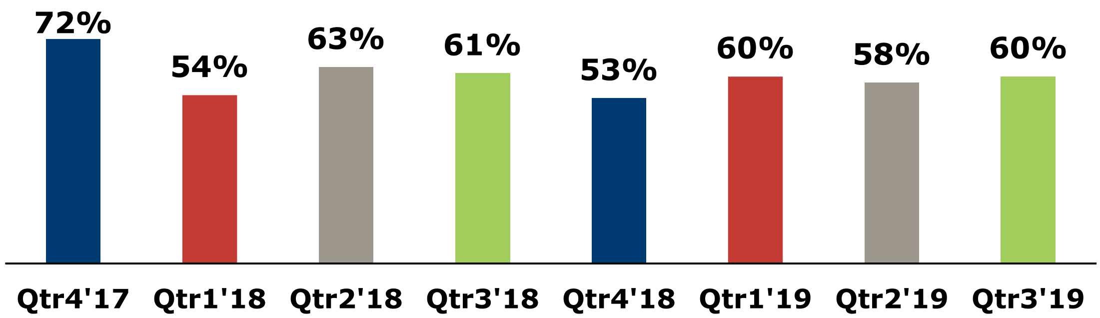
- BY REGION: 11% of respondents in the Northeast and Midwest are prospective home buyers, compared to 13% in the South and 12% in the West.



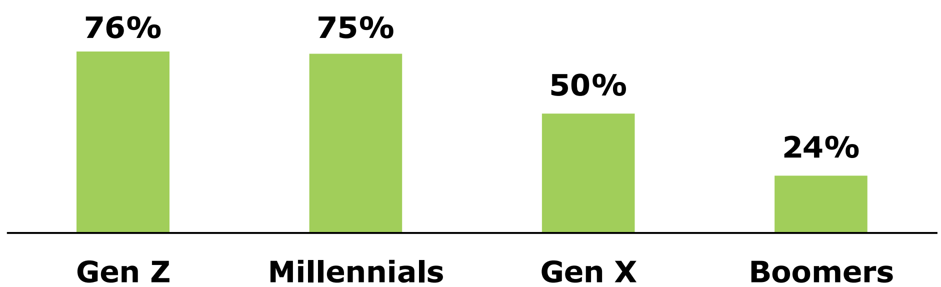
Remaining of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

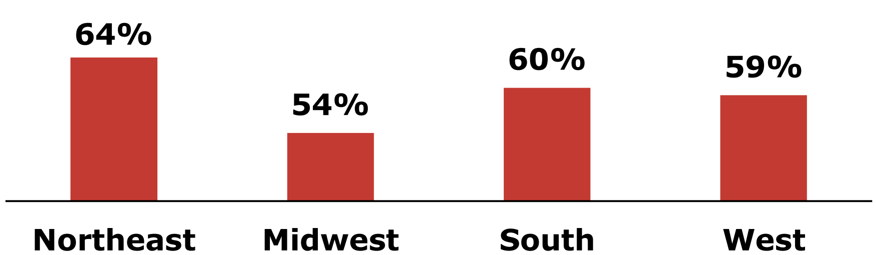
- 60% of prospective home buyers in Qtr3’19 are first-time buyers. A year earlier, the share was a similar 61%.



- BY GENERATION: 3 of every 4 Gen Z and Millennial prospective buyers are first-timers, compared to half of Gen X and a quarter of Boomer buyers.

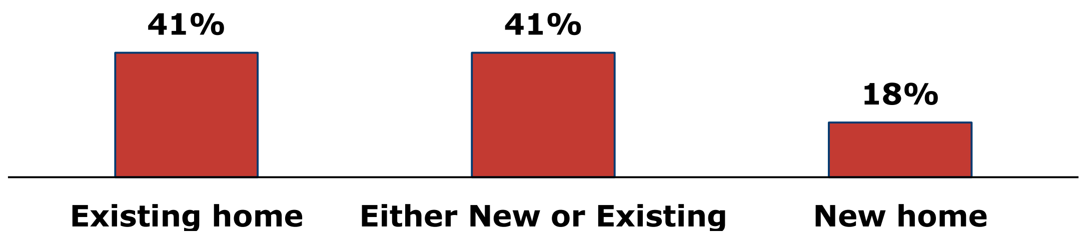


- BY REGION: More than half of prospective buyers in every region are buying a home for the first time, led by the Northeast (64%).

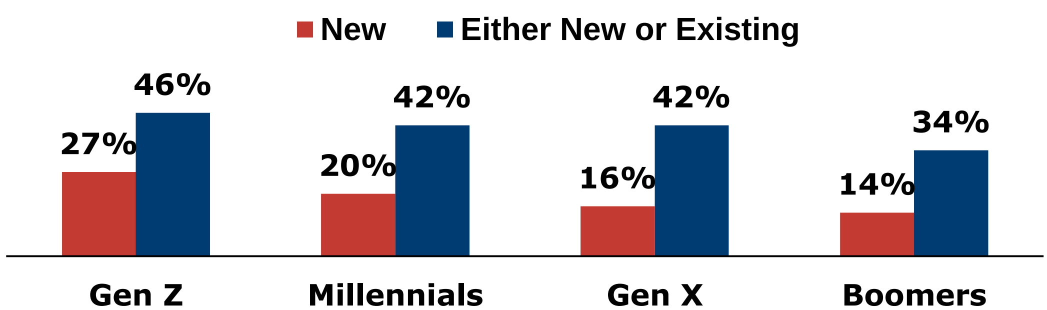


NEW OR EXISTING HOME?

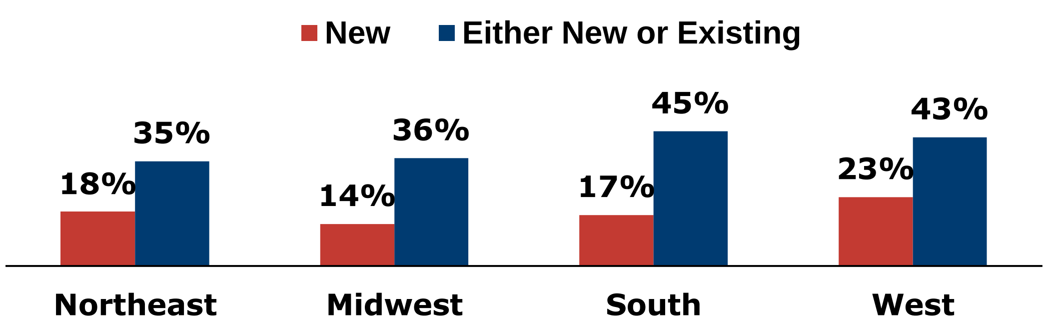
- 41% of buyers in Qtr3'19 are looking to buy an existing home, 18% a new home, and 41% would buy either type.



- By GENERATION: 27% of Gen Z prospective buyers want a new home (the most of any generation), but 46% have no strong preference between new or existing. More than one-third of all generations would buy either type of home.



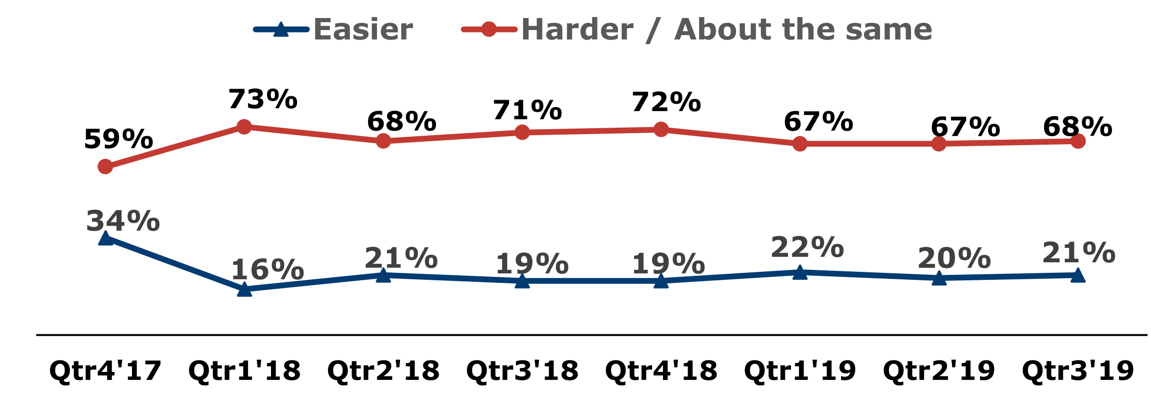
- BY REGION: More than one-third of prospective buyers in every region would buy either new or existing, especially in the South (45%). Buyers in the West are the most likely to prefer a new home (23%).



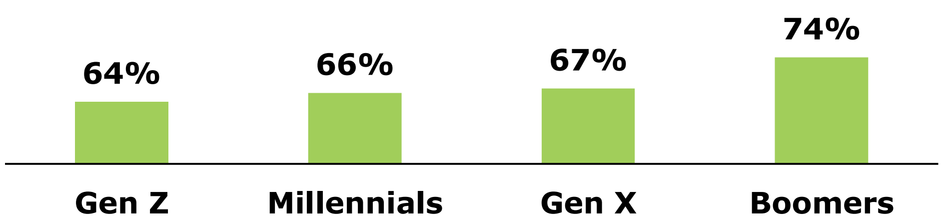
AVAILABILITY EXPECTATIONS

- 21% of buyers in Qtr3'19 expect their house search to get easier in the months ahead; just slightly ahead of the 19% who had that expectation a year earlier.

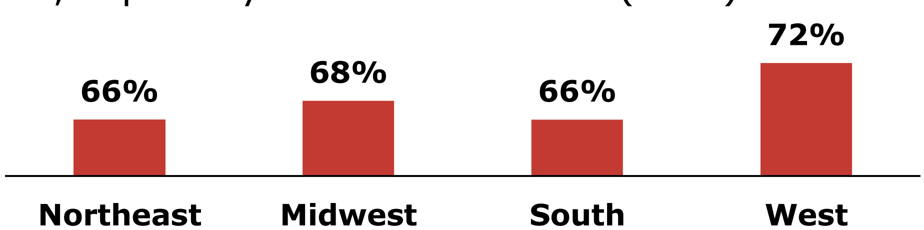
- 68% think the search will get harder or stay about the same (slightly below the 71% with those expectations a year earlier).



- BY GENERATION: Expectations that finding the right home will become ***harder*** or stay about the same increase with age: 64% of Gen Z buyers to 74% of Boomers.



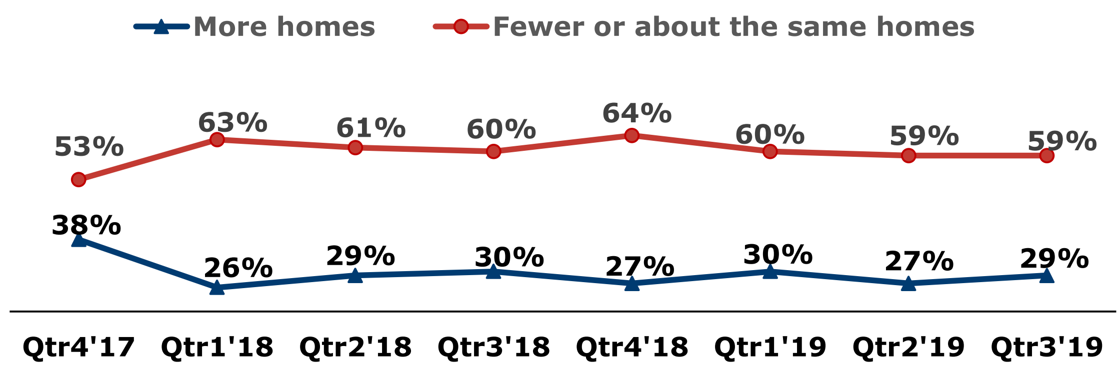
- BY REGION: At least two-thirds of buyers in every region expect their search for a home to get ***harder*** or stay the same in the near future, especially those in the West (72%).



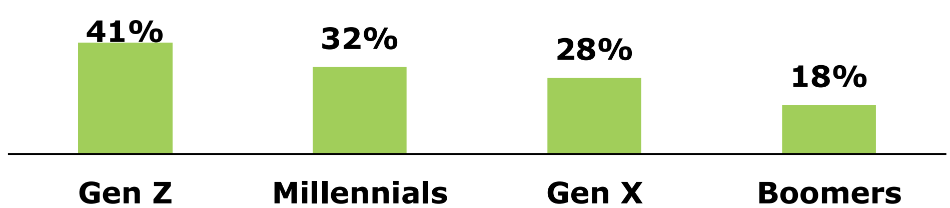
CHANGES IN INVENTORY

- 29% of buyers in Qtr3'19 report seeing ***more*** homes for-sale* (i.e. an improvement in inventory) than three months earlier, essentially unchanged from a year earlier (30%).

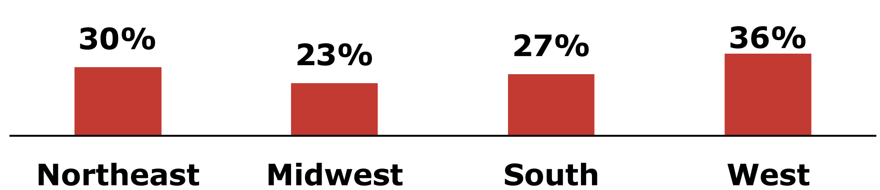
- Most buyers (59%), however, report seeing fewer/same number of homes for- sale* – about the same as a year earlier (60%).



- BY GENERATION: The share of buyers who report ***more*** *homes* available for-sale in Qtr3'19 declines with age: from 41% of Gen Z to 18% of Boomers.



- BY REGION: 36% of buyers in the West report seeing ***more*** homes for-sale, compared to 30% in the Northeast, 27% in the South, and 23% in the Midwest.

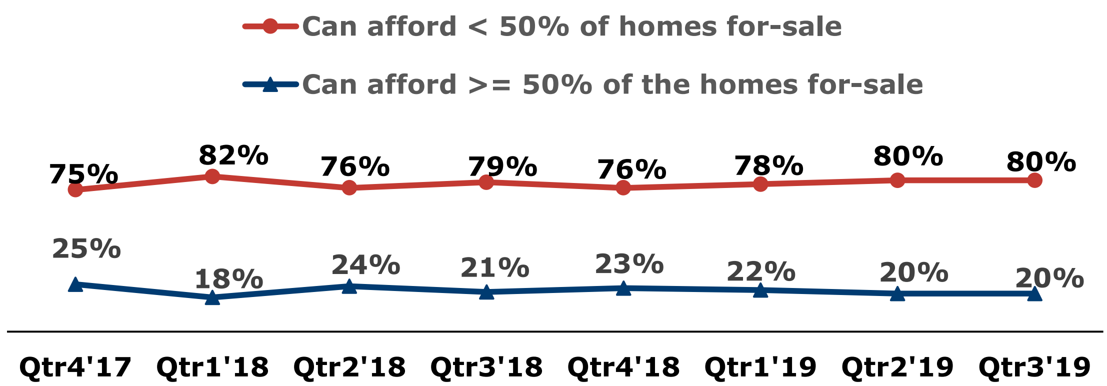


* Homes with buyer's desired features and price point.

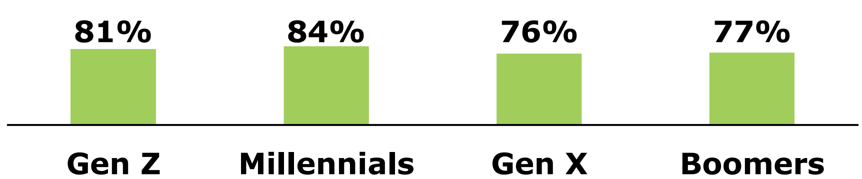
AFFORDABILITY EXPECTATIONS

- 80% of buyers in Qtr3’19 can afford fewer than half the homes available for-sale in their markets, essentially the same as a year earlier (79%).

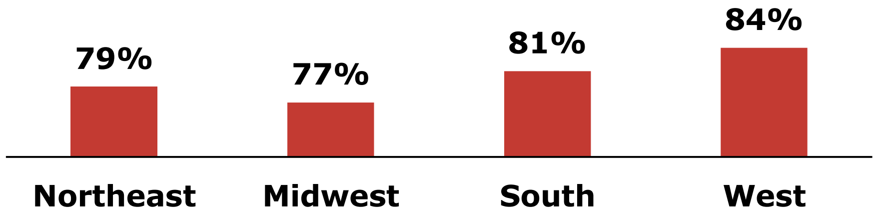
- Only 20% can afford the majority of homes available, about unchanged from a year earlier (21%).



- BY GENERATION: Over 80% of Gen Z and Millennial buyers can afford ***fewer than half the homes*** for sale in their markets. The share exceeds 75% for Gen X and Boomer buyers.

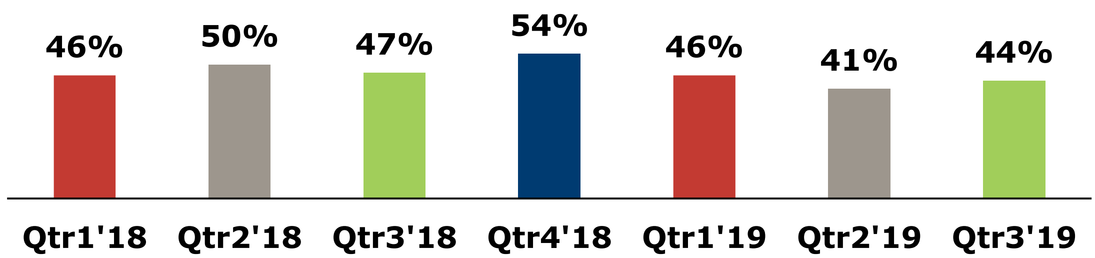


- BY REGION: More than 3 out of 4 buyers in every region of the country say they can afford ***under half of the homes*** available for sale in their areas.

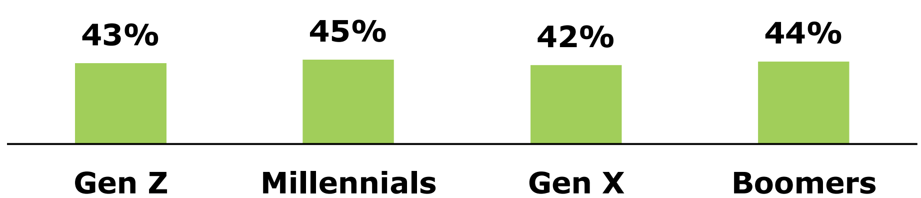


BEYOND JUST PLANNING

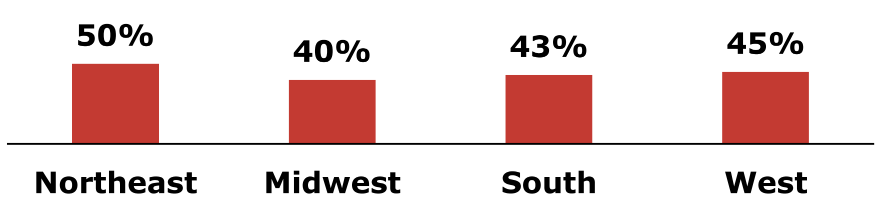
- Of the 12% of adults in Qtr3'19 planning a home purchase in the next year, 44% are already actively engaged in looking for a home to buy (and not just merely planning it). That share is lower than a year earlier (47%).



- BY GENERATION: Over 40% of prospective buyers of all generations are already actively looking for a home to buy.



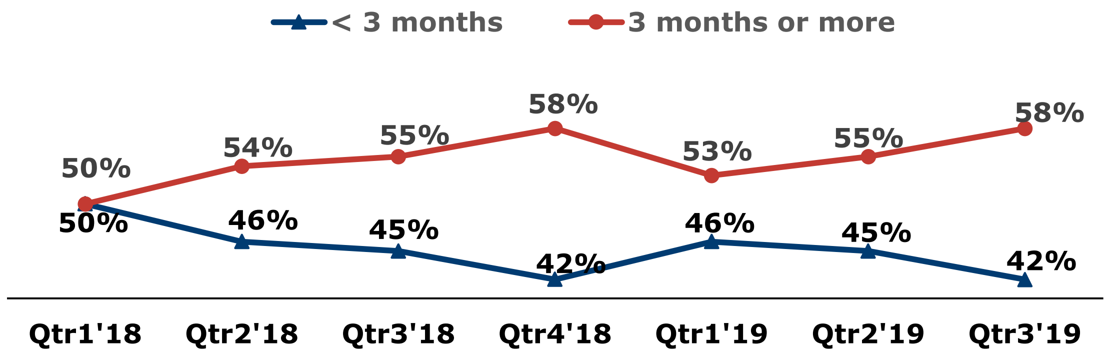
- BY REGION: Prospective buyers in the Northeast are the most likely to already be actively searching for a home (50%), followed by those in the West (45%).



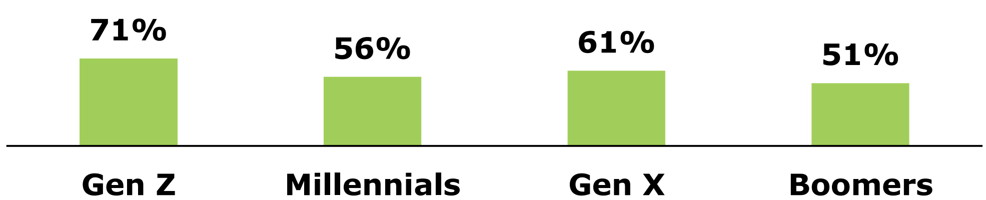
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

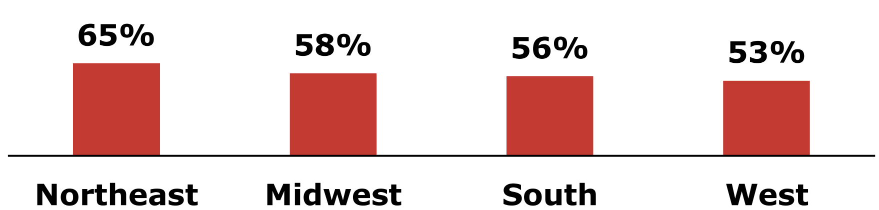
- In Qtr3’19, buyers actively engaged in the process of buying a home are more likely to have spent at least 3 months searching (58%) than a year earlier (55%).



- BY GENERATION: 71% of actively-engaged Gen Z buyers have been ***looking for 3+ months*** for a home to buy. The share exceeds 50% for other generations.

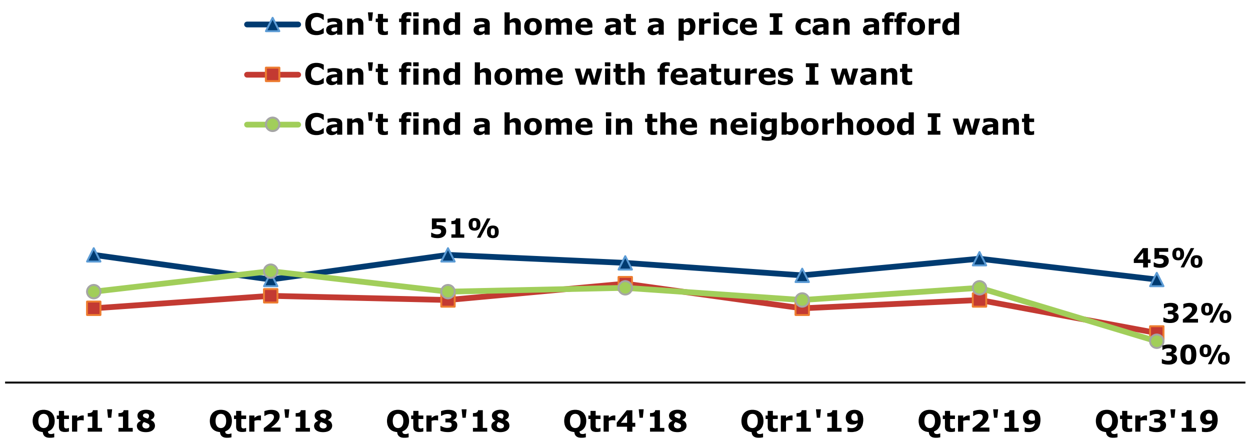


- BY REGION: 65% of active buyers in the Northeast have been trying to find a home for at least three months, followed by 58% in the Midwest, 56% in the South, and 53% in the West.

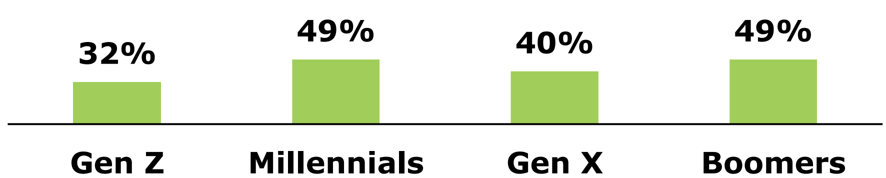


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

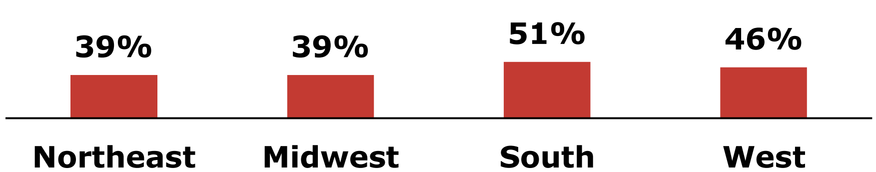
- In Qtr3’19, the top reason long-time searchers hadn’t pulled the trigger was the inability to find an affordable home (45%). A year earlier, more than half cited price as the main reason (51%).



- BY GENERATION: 49% of Millennials and Boomers looking for a home for 3+ months haven’t been successful because of high home prices.

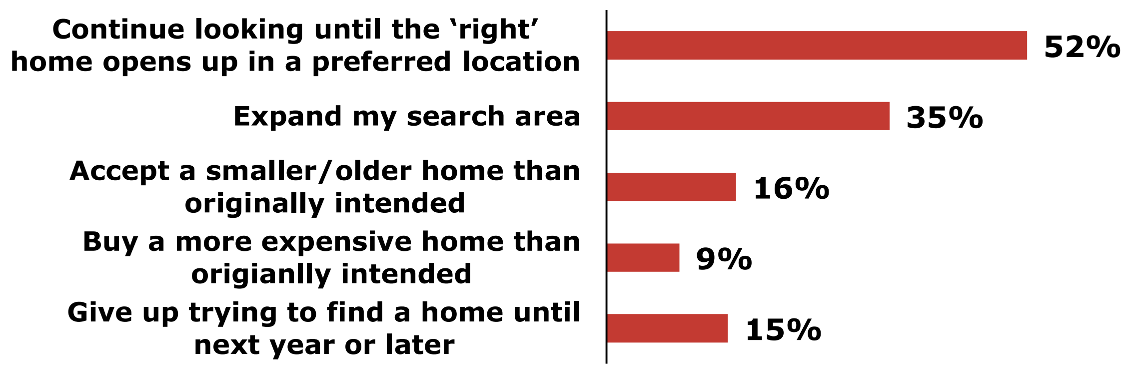


- BY REGION: 51% of active home buyers (for 3+months) in the South and 46% in the West have failed to buy a home because of a shortage of affordable homes.

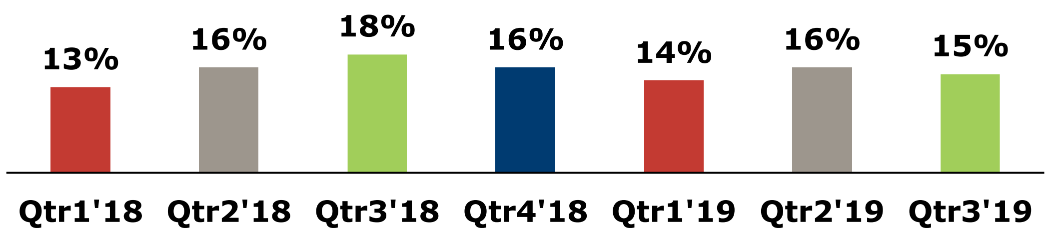


NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

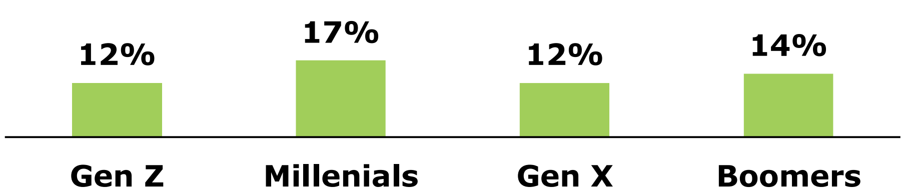
- If still unable to find a home in the next few months, the next step for most long-time searchers is to continue looking for the 'right' home in the same preferred location (52%). The next step for 35% is to expand their search area and for 16% is to accept a smaller/older home. Only 15% will give up looking.

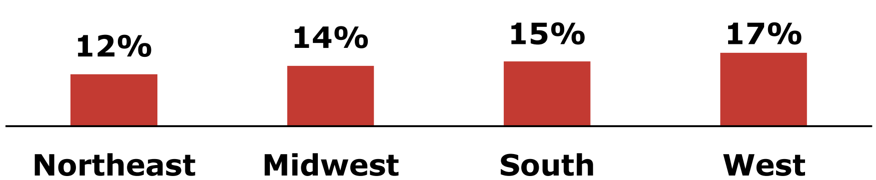


- The share that will give up trying to buy a home was lower in Qtr3'19 (15%) than a year earlier (18%).



- BY GENERATION & REGION: Fewer than 20% of any generation or region of the country will ***give up*** trying to find a home.





POLL DESIGN

- The Housing Trends Report is based on quarterly polls conducted for NAHB by the research firm Morning Consult.
- Polls are based on a national sample of adults selected to proportionately represent the US adult population in terms of age, gender, region, race/ethnicity, and education. Further weights are applied to the final set of respondents to ensure proper representation across these demographic variables.
- Table below shows sample size and dates of data collection.

	Sample size	Collection Period
Qtr4’17	2,800	November 16-19, 2017
Qtr1’18	11,674	March 28 – April 1, 2018
Qtr2’18	15,412	June 26 – July 8, 2018
Qtr3’18	20,051	September 25 – October 8, 2018
Qtr4’18	16,891	December 17 – January 9, 2019
Qtr1’19	15,401	March 18 – March 29, 2019
Qtr2’19	17,521	June 17 – June 27, 2019
Qtr3’19	17,601	September 9 – 22, 2019