

HOUSING TRENDS REPORT

QUARTER 4, 2019



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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.
- Boomer: Born 1946 to 1964.

Methodology:

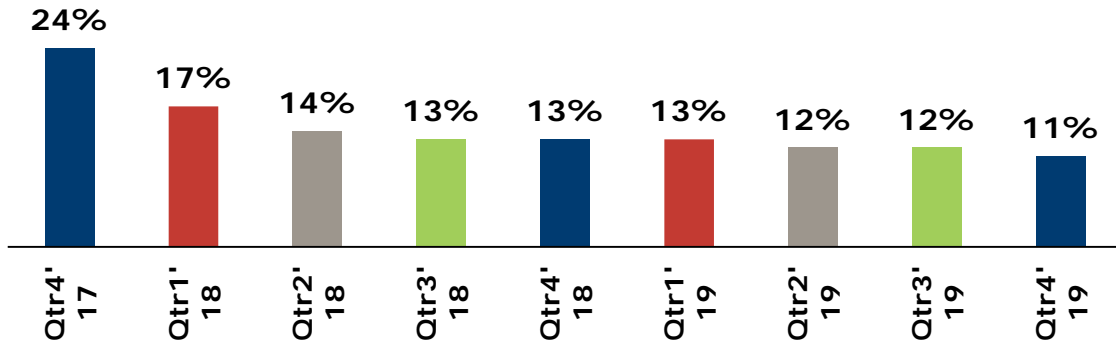
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic 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.

* In 2019, Generation Z is constrained to end in the year 2001 because only adults 18 or older can participate in the poll.

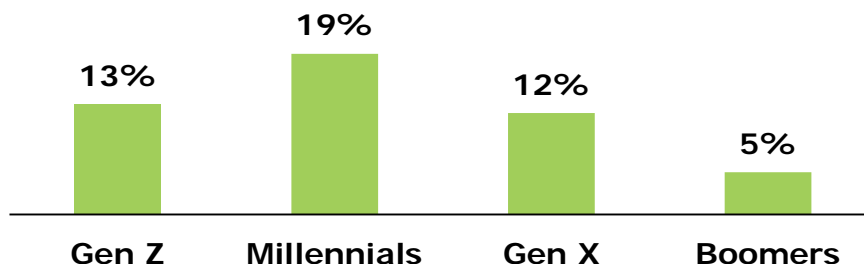
Results are not yet seasonally adjusted due to the short-time horizon of the series; therefore, only year-over-year comparisons are statistically valid.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

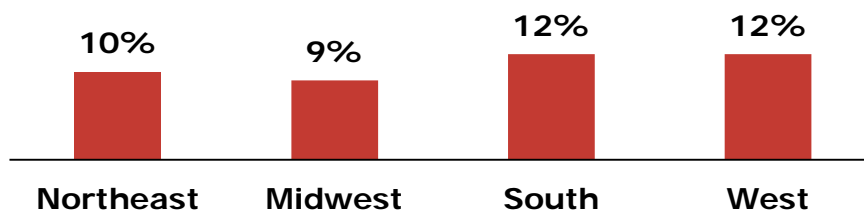
- Only 11% of respondents in Qtr4'19 are prospective home buyers (planning to buy a home within 12 months), two points lower than a year earlier.



- BY GENERATION: 19% of Millennials have plans for a home purchase within 12 months, followed by Gen Z (13%), Gen X (12%), and Boomers (5%).



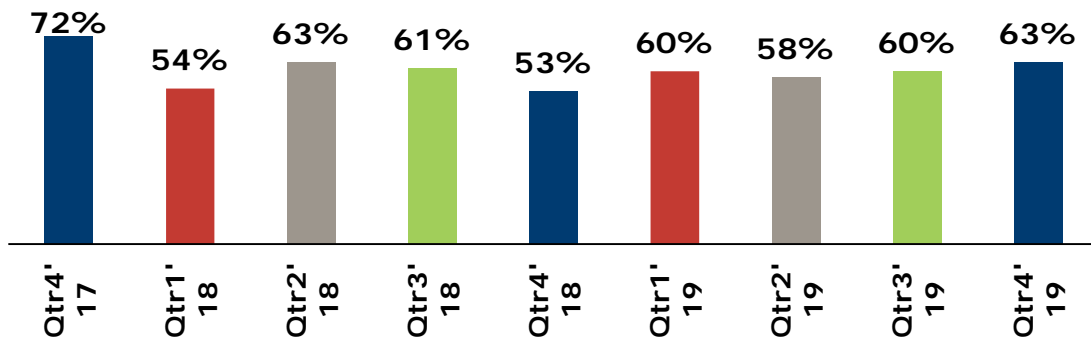
- BY REGION: 12% of respondents in the South and West are prospective home buyers, compared to 10% in the Northeast and 9% in the Midwest.



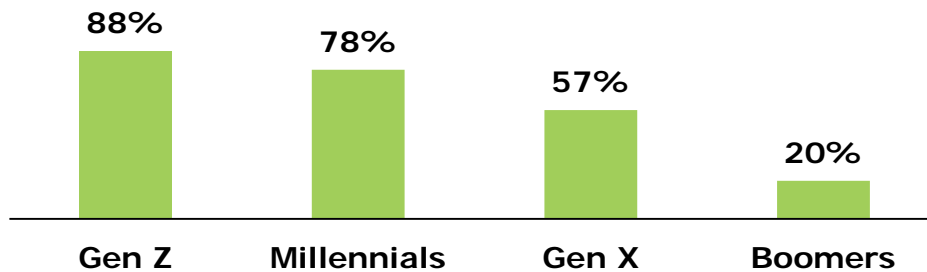
Remaining of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

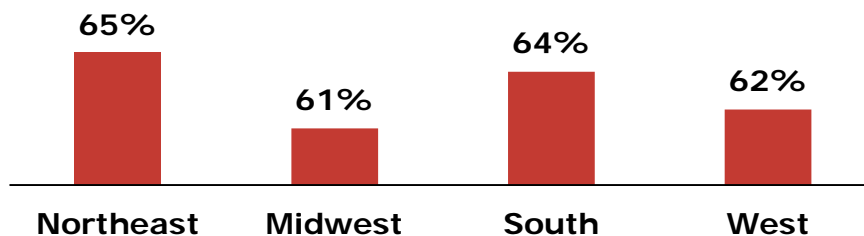
- A significantly larger share of prospective buyers in Qtr4'19 are first-time buyers (63%) than the comparable figure a year earlier (53%).



- BY GENERATION: Nearly all members of Gen Z planning to buy a home are first-timers (88%), compared to only 20% of prospective Boomer buyers.

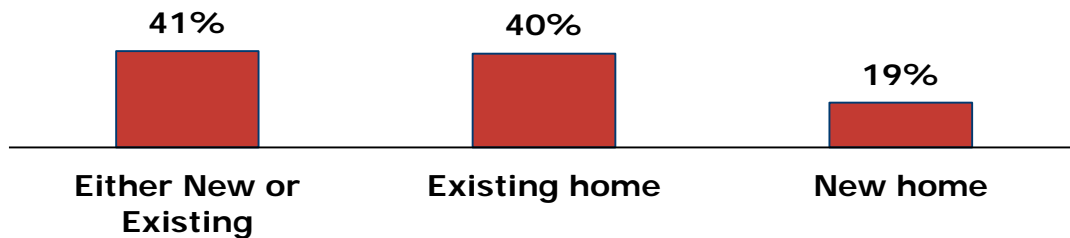


- BY REGION: More than 60% of prospective buyers in every region are buying a home for the first time.

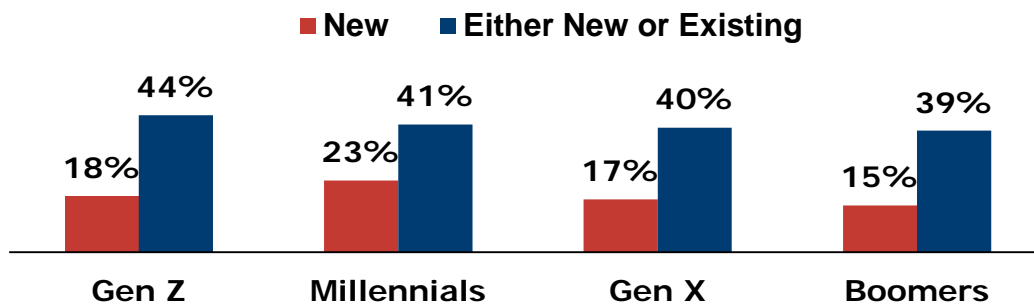


NEW OR EXISTING HOME?

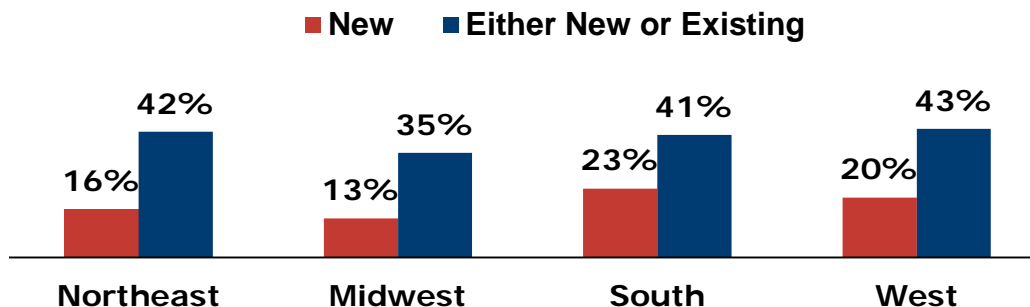
- 40% of buyers in Qtr4'19 are looking to buy an existing home, 19% a new home, and 41% would buy either type.



- By GENERATION: 23% of Millennial prospective buyers want a new home, but 41% have no strong preference between new or existing. About 4 out of 10 buyers in all generations would buy either type of home.

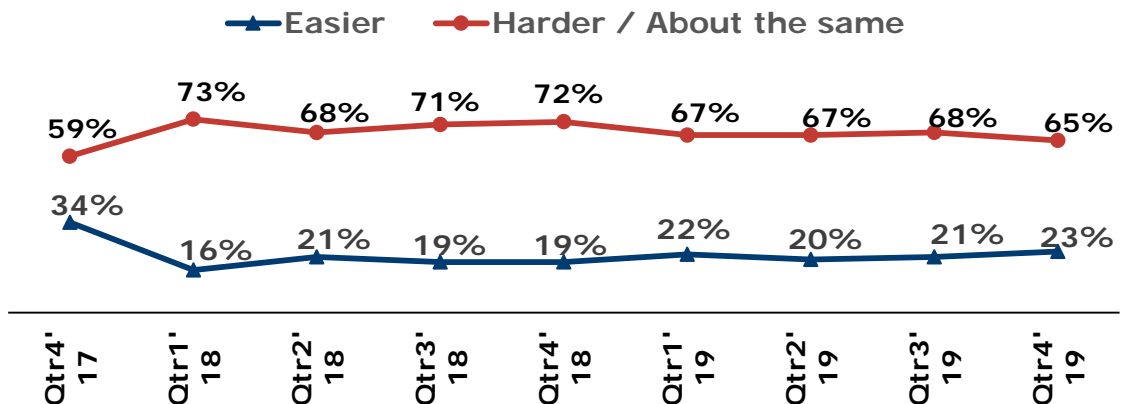


- BY REGION: 23% of buyers in the South want a new home, yet 41% have no particular preference for new vs. existing. More than one-third of prospective buyers in every region would buy either type of home.

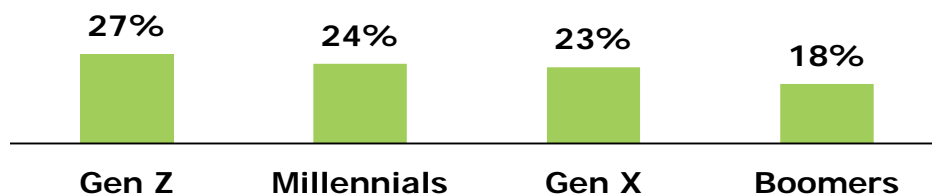


AVAILABILITY EXPECTATIONS

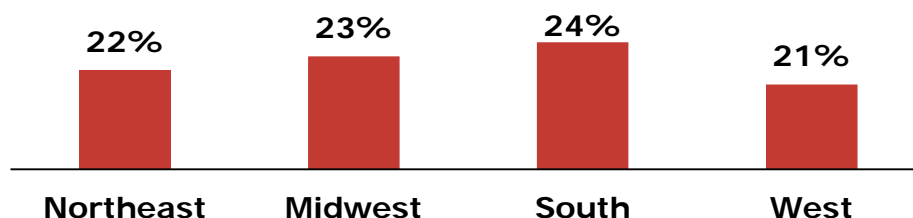
- In the final quarter of 2019, home buyers are less likely (65%) to think housing availability will get harder (or stay the same) than in the final quarter of 2018 (72%).
- In fact, 23% expect that finding the right home will get easier in the months ahead, up from 19% a year earlier.



- BY GENERATION: Expectations that housing availability will ease are highest among Gen Z buyers (27%) and lowest among Boomers (18%).

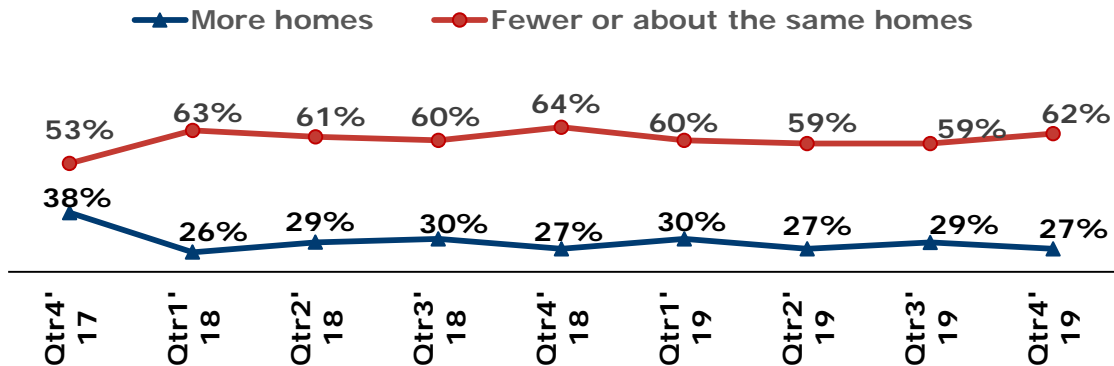


- BY REGION: 21% to 24% of buyers in every region expect that finding the right home will become easier in the months ahead.

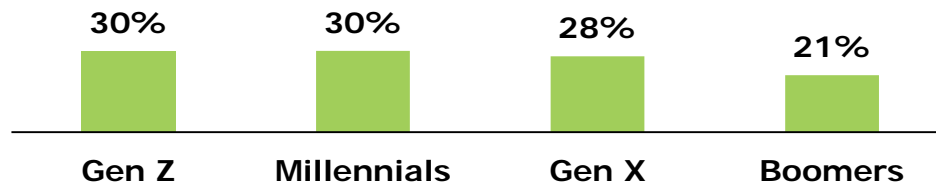


CHANGES IN INVENTORY

- Yet despite the uptick in availability expectations for the future, the share of buyers reporting **more** homes available for-sale* (i.e. an improvement in inventory) in Qtr4'19 was unchanged from a year earlier, at 27%.
- Most buyers (62%) still report seeing fewer/same number of homes for-sale.



- BY GENERATION: 30% of Gen Z and Millennial buyers report seeing **more** homes for-sale than three months earlier in Qtr4'19, compared to 21% of Boomers.



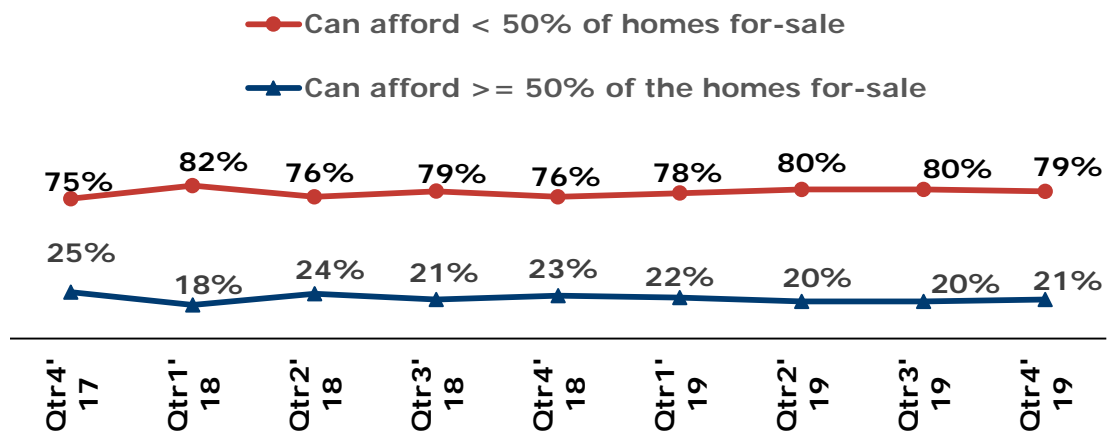
- BY REGION: Buyers in the Midwest are the most likely to report seeing **more** homes for-sale (33%), while those in the Northeast are the least likely (22%).



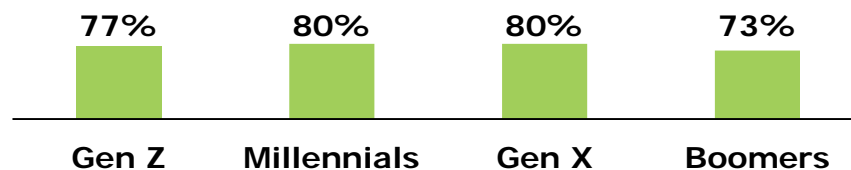
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

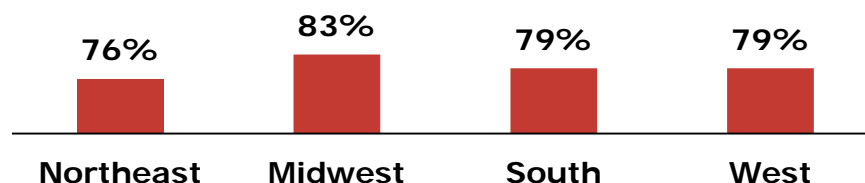
- While buyers may have slightly better availability expectations, there is no improvement in their outlook for affordability: 79% can afford fewer than 50% of the homes for-sale in their markets, a higher share than a year ago (76%).
- Only 21% can afford the majority of homes currently available, compared to 23% in the final quarter of 2018.



- BY GENERATION: More than 70% of buyers in every generation can afford ***fewer than half the homes*** for sale in their markets.

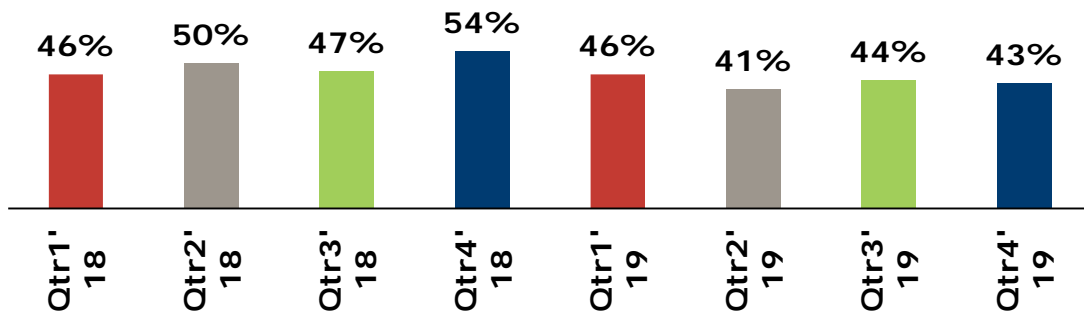


- BY REGION: More than 3 out of 4 buyers in every region of the country say they can afford ***under half of the homes*** available for sale in their areas.

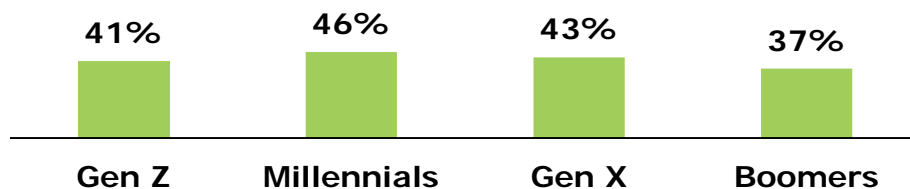


BEYOND JUST PLANNING

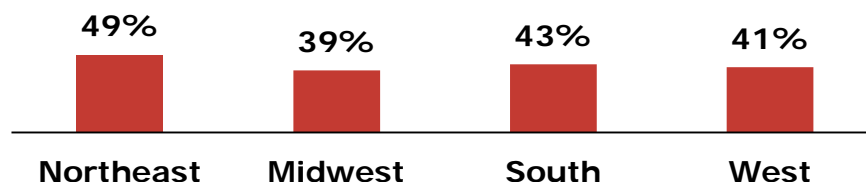
- 43% of adults with plans to purchase a home are actively trying to find one to buy, a significantly lower share than the comparable figure a year earlier (54%).



- BY GENERATION: 46% of Millennial prospective buyers are already actively looking for a home to buy, compared to 37% of Boomers.



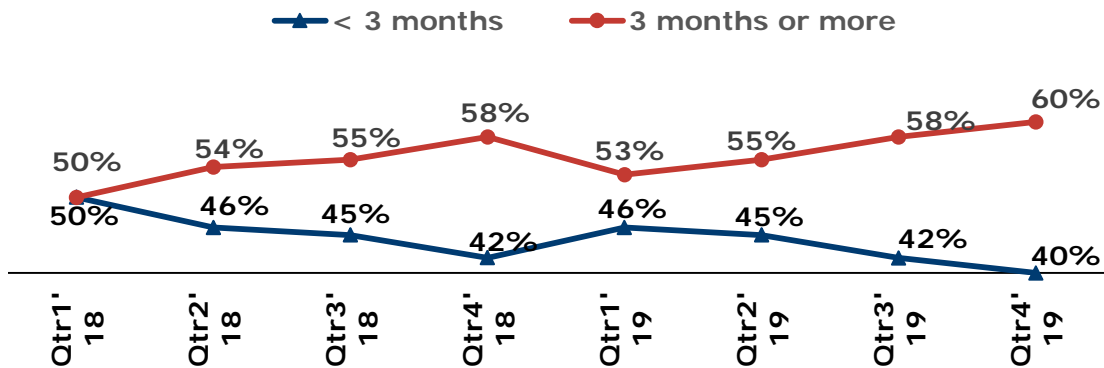
- BY REGION: Prospective buyers in the Northeast are the most likely to already be actively searching for a home (49%), followed by those in the South (43%).



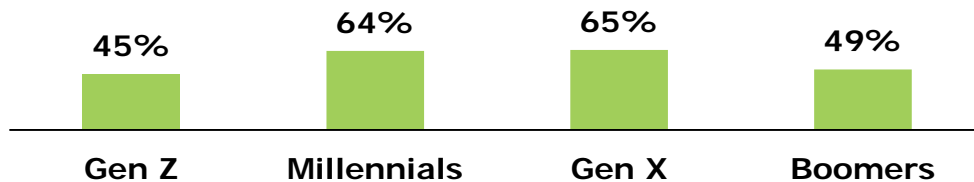
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

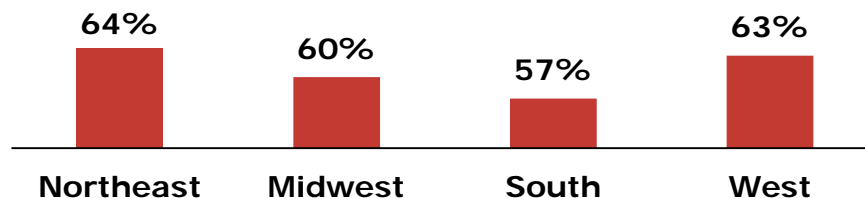
- In Qtr4'19, buyers actively engaged in the process of buying a home are slightly more likely to have spent at least 3 months searching (60%) than a year earlier (58%).



- BY GENERATION: Over 60% of actively-engaged Millennial and Gen X buyers have been **looking for 3+ months** for a home to buy. The share is below 50% for the other two generations.

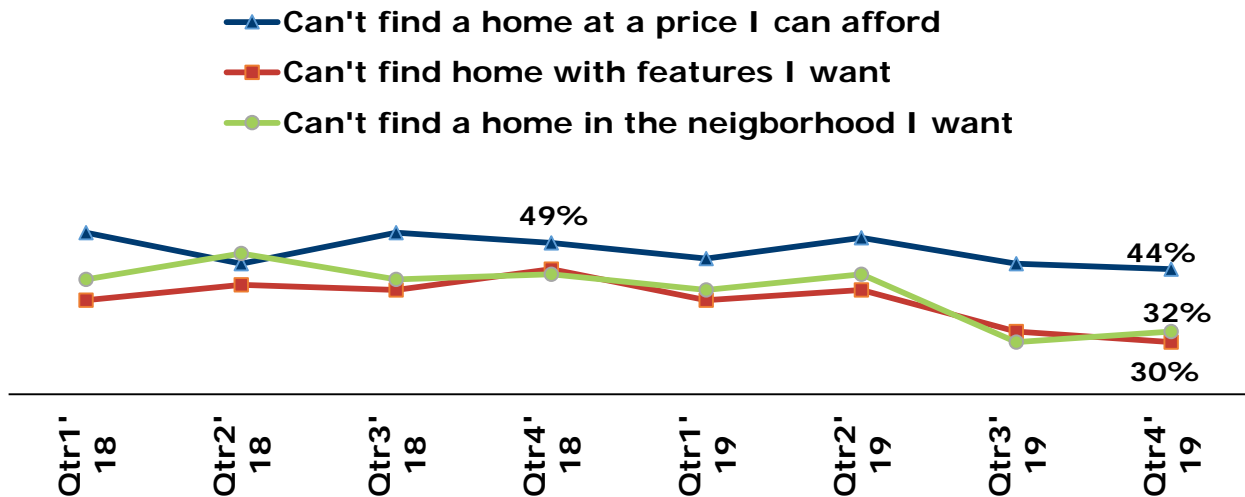


- BY REGION: At least 60% of active buyers in every region have been trying to find a home for at least three months, except in the Midwest where the share is 57%.

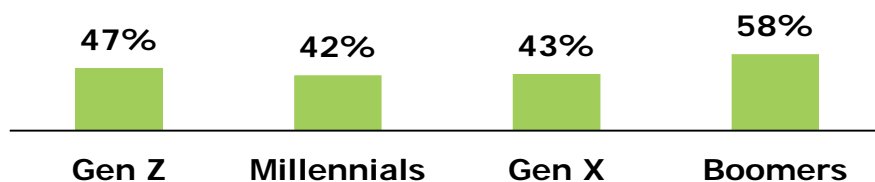


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

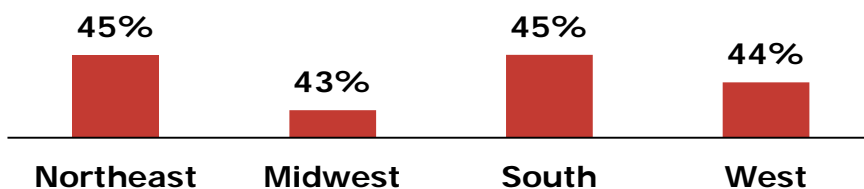
- Although the top reason long-time searchers haven't pulled the trigger continues to be the inability to find an affordable home (44%), that share is lower than a year ago (49%).



- BY GENERATION: Boomer buyers looking for 3+ months are the most likely generation (58%) to be held back from a purchase by unaffordable prices.

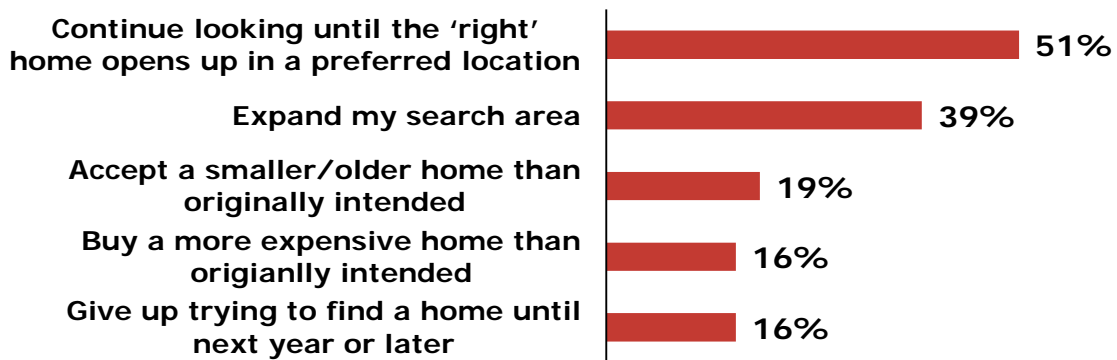


- BY REGION: Over 40% of active home buyers (for 3+ months) in every region have failed to buy a home because of a shortage of affordable homes.

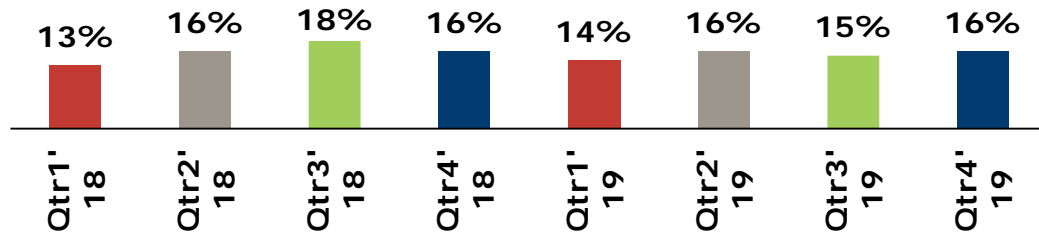


NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

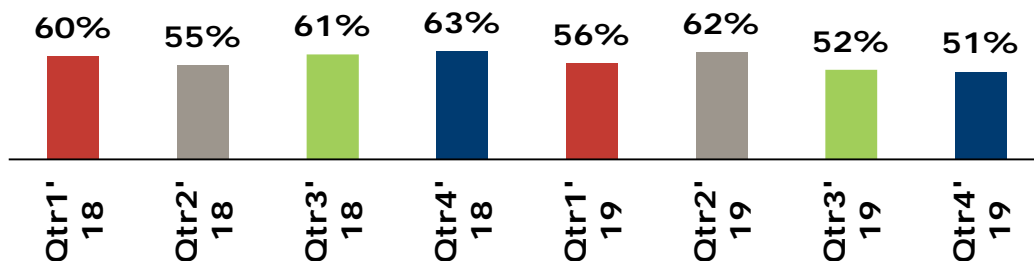
- If still unable to find a home in the next few months, the next step for about half of long-time searchers is to continue looking for the 'right' home in the same preferred location (51%). The next step for 39% is to expand their search area, for 19% is to accept a smaller/older home, and for 16% to buy a more expensive home. Only 16% will give up trying to buy.



- The share that will give up trying to buy a home did not change between the final quarters of 2018 and 2019 (16%).



- Yet the share that will continue looking for the 'right' home in the same location is much smaller (51%) than a year earlier (63%).



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
Qtr4'19	19,804	December 17 – 24, 2019