

HOUSING TRENDS REPORT

QUARTER 1, 2020

(Data Collected: March 17-28)



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 2002.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

Methodology:

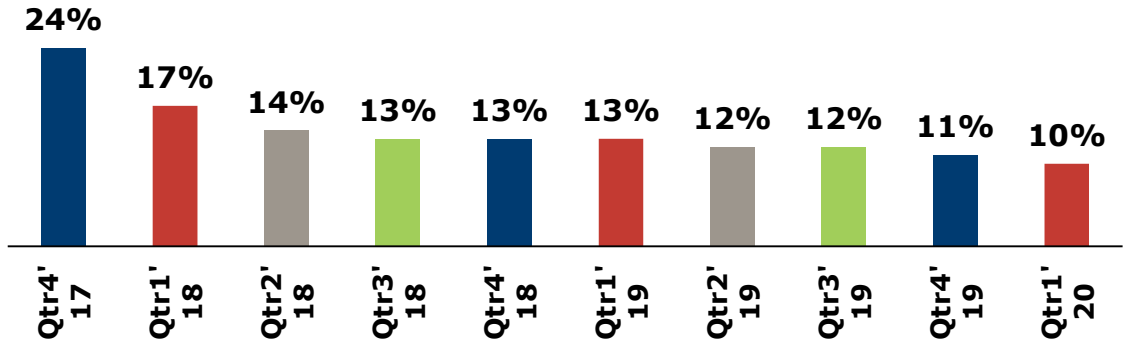
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic 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 2020, Generation Z is constrained to end in the year 2002 because only adults 18 or older can participate in the poll.

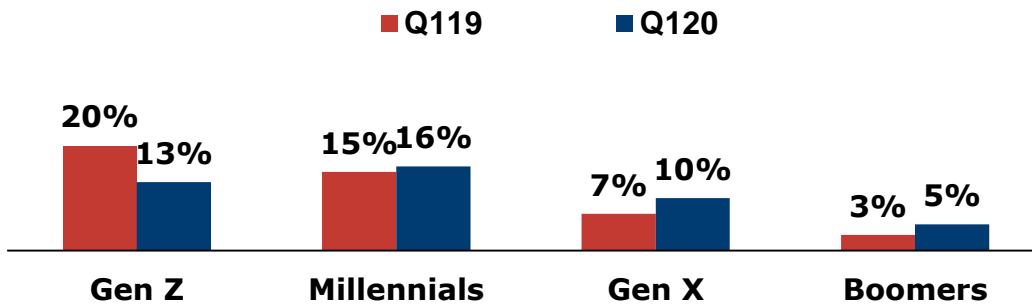
Results are not yet seasonally adjusted due to the short-time horizon of the series; therefore, only year-over-year comparisons are statistically valid.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

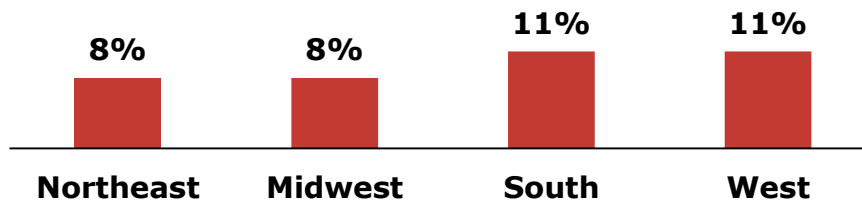
- Only 10% of respondents in Qtr1'20 are prospective home buyers (planning to buy a home within 12 months), three points lower than a year earlier. Data were collected March 17-28, during the early stage of the COVID-19 crisis.



- BY GENERATION: The share of Gen Z respondents with plans for a home purchase dropped from 20% in Qtr1'19 to 13% in Qtr1'20.



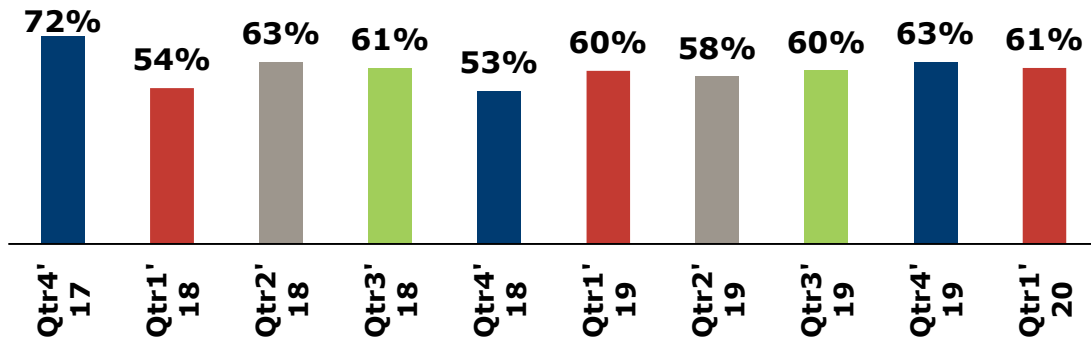
- BY REGION: 11% of respondents in the South and West are prospective home buyers, compared to 8% in the Northeast and Midwest.



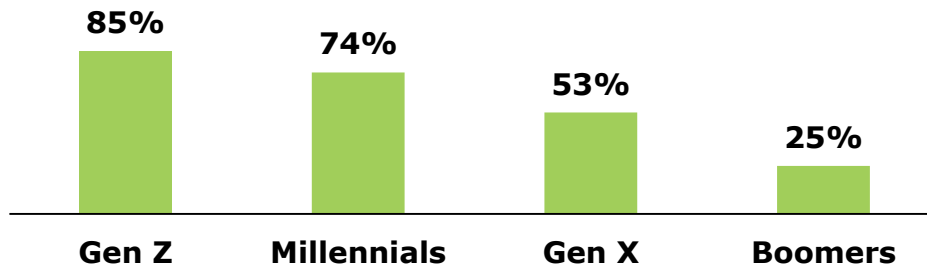
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

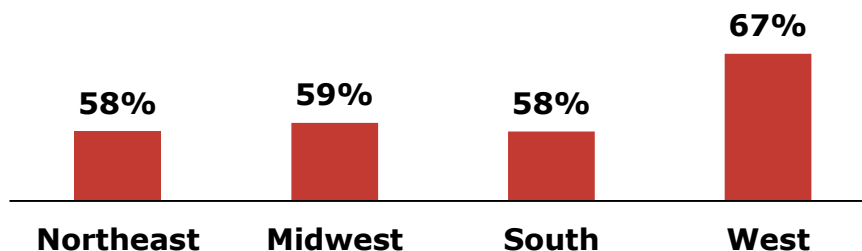
- About the same share of prospective buyers in Qtr1'20 are first-time buyers (61%) than a year earlier (60%).



- BY GENERATION: 85% of Gen Z's planning to buy a home are first-timers, compared to 74% of Millennials, 53% of Gen X's, and 25% of Boomers.

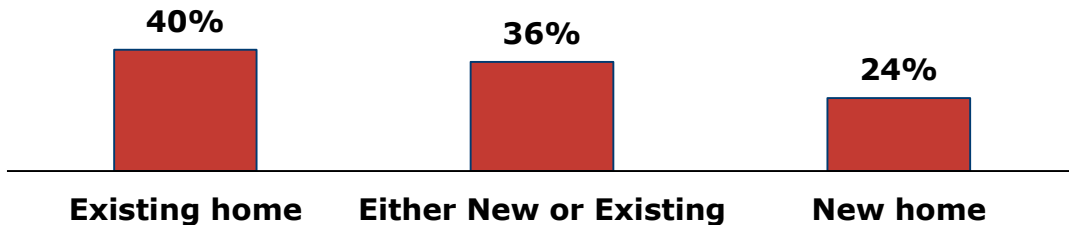


- BY REGION: 67% of prospective buyers in the West are buying a home for the first time. The share is nearly 60% in other three regions.

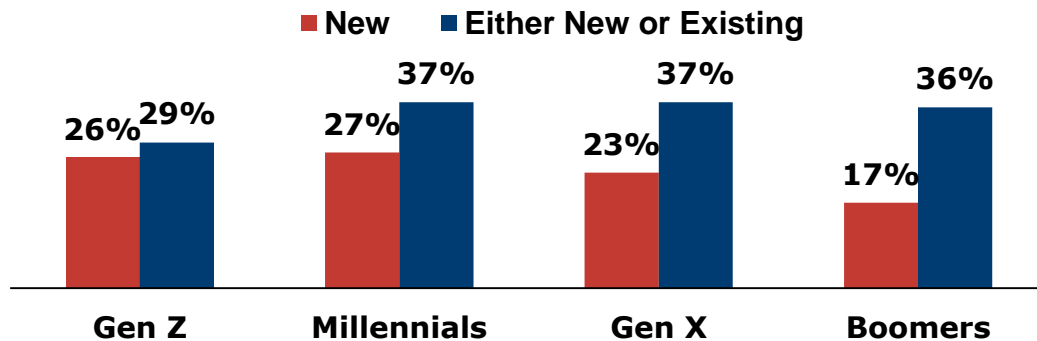


NEW OR EXISTING HOME?

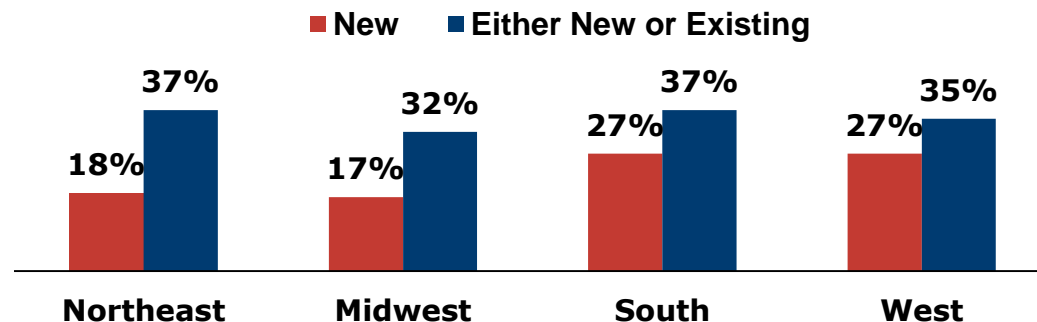
- 40% of buyers in Qtr1'20 are looking to buy an existing home, 24% a new home, and 36% would buy either type.



- By GENERATION: Over 1/3 of Millennial, Gen X, and Boomer buyers have no strong preference between a new or existing home. Over 1/4 of Gen Z and Millennials would prefer a new home.

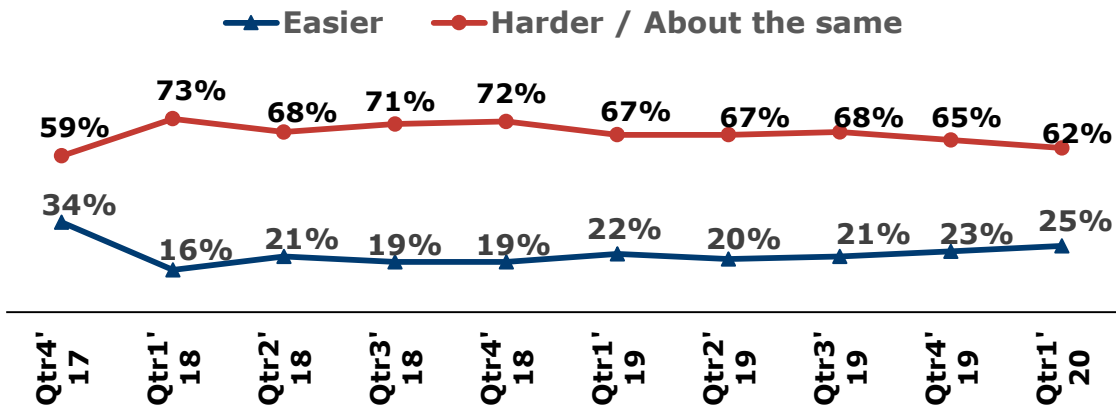


- BY REGION: 27% of buyers in the South and West want a new home, vs. 17% in the Midwest and 18% in the Northeast. More than 30% of prospective buyers in every region would buy either type of home.

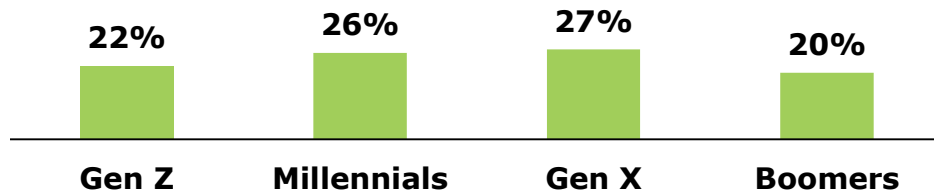


AVAILABILITY EXPECTATIONS

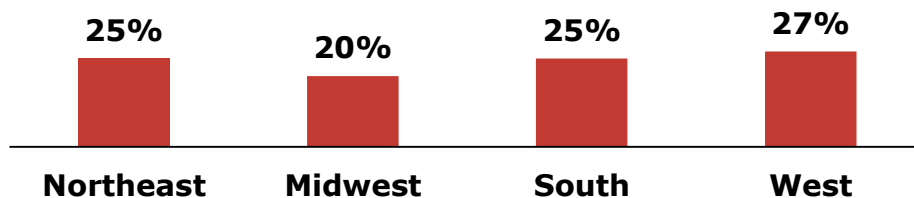
- In the first quarter of 2020¹, home buyers are less likely to think housing availability will get harder/stay the same (62%) than a year earlier (67%).
- In fact, 25% expect that finding the right home will get easier in the months ahead, up from 22% a year earlier.



- BY GENERATION: Expectations that housing availability will **ease** are highest among Gen X buyers (27%) and lowest among Boomers (20%).



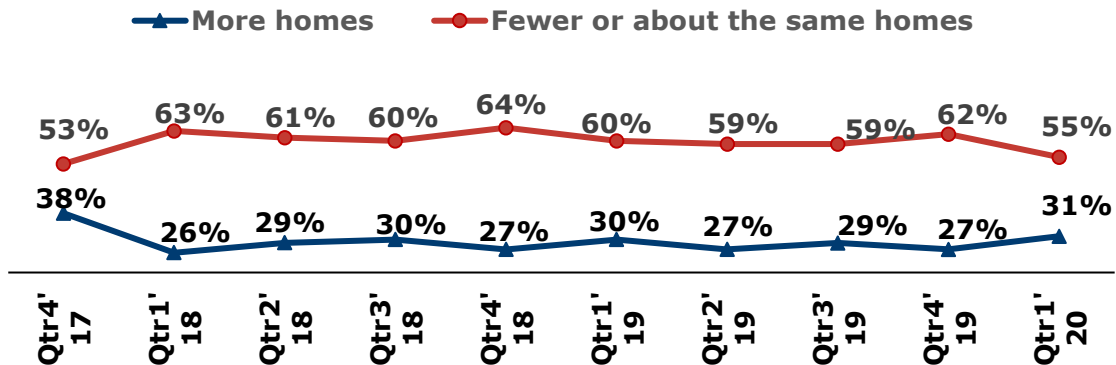
- BY REGION: 20% to 27% of buyers in every region expect that finding the right home will become easier in the months ahead.



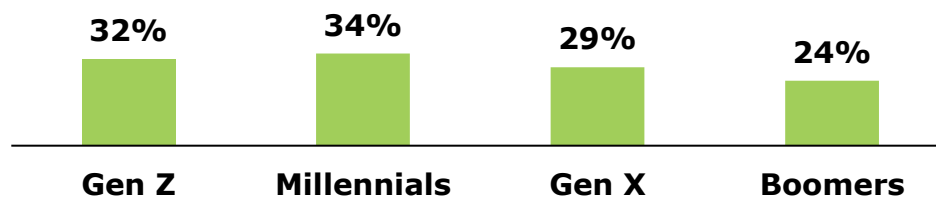
¹ Data are from March 17 through 28, the early stage of COVID-induced job losses.

CHANGES IN INVENTORY

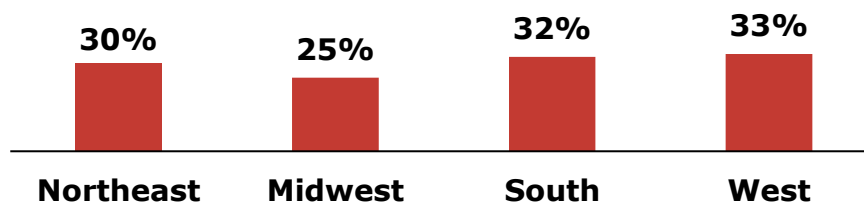
- 31% of buyers in Qtr1'20 report seeing **more** homes for-sale* than three months earlier, essentially unchanged from a year earlier (30%).
- In a positive development, the share who report seeing fewer/same number of homes, however, declined from 60% to 55% during this period.



- BY GENERATION: Over 30% of Gen Z and Millennial buyers report seeing **more** homes for-sale than three months earlier in Qtr1'20, compared to 24% of Boomers.



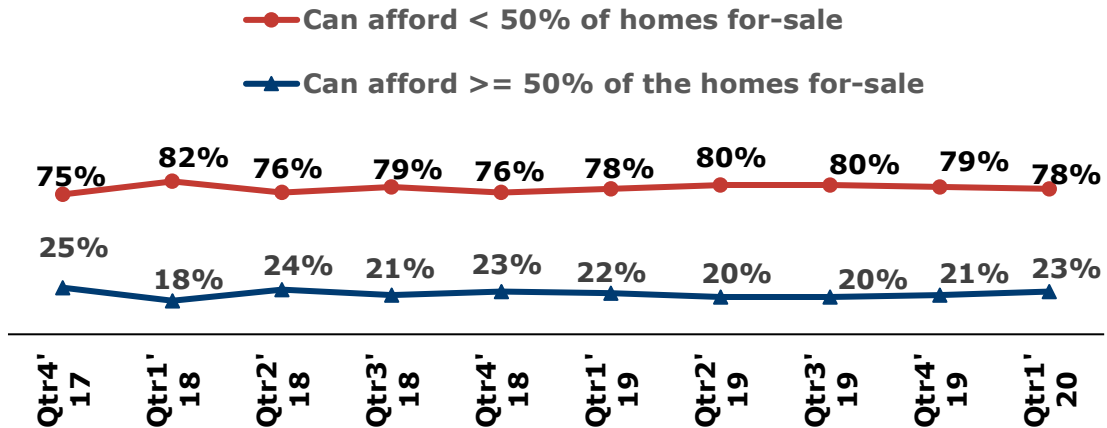
- BY REGION: Buyers in the West are the most likely to report seeing **more** homes for-sale (33%), while those in the Midwest are the least likely (25%).



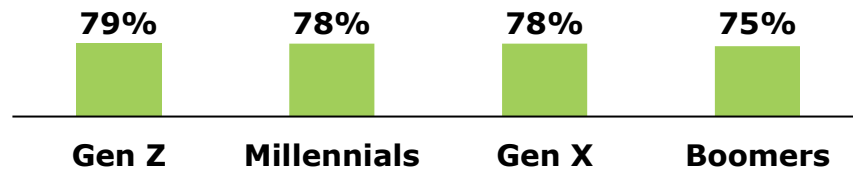
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

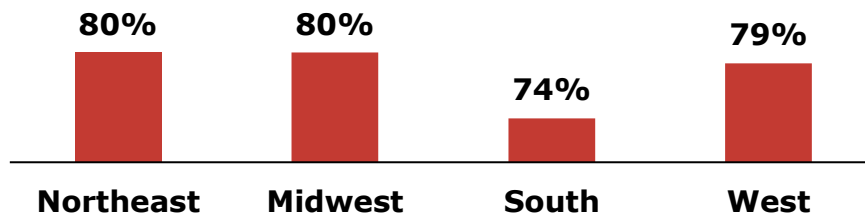
- 78% of buyers in Qtr1'20 can afford fewer than half the homes available in their markets. The share has not changed from a year earlier.
- 23% can afford the majority of homes currently available, about the same share as in the first quarter of 2019 (22%).



- BY GENERATION: 75% or more of buyers in every generation can afford ***fewer than half the homes*** for sale in their markets.

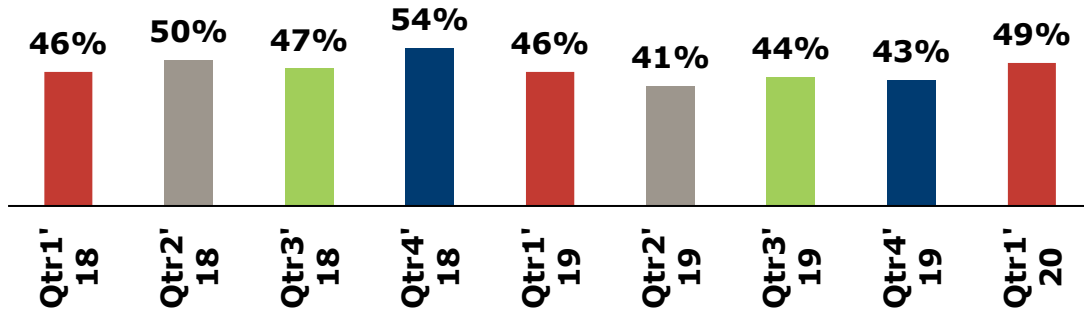


- BY REGION: 74% to 80% of buyers in every region of the country say they can afford ***under half of the homes*** available for sale in their areas.

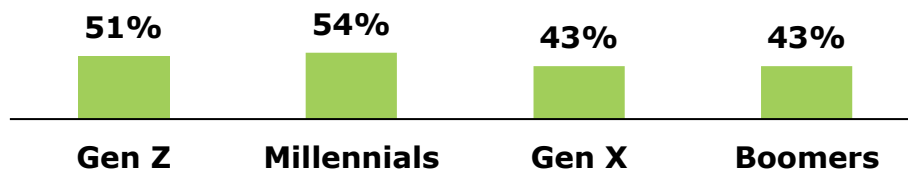


BEYOND JUST PLANNING

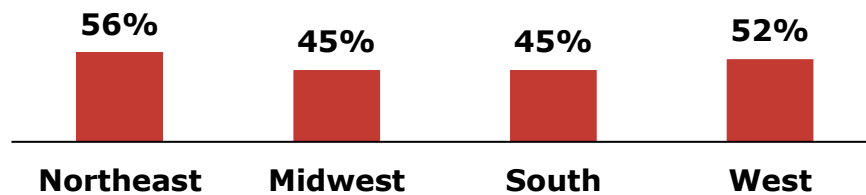
- About half (49%) of adults with plans to purchase a home have moved beyond just planning and are actively trying to find one to buy, a somewhat higher share than the comparable figure a year earlier (46%).



- **BY GENERATION**: More than half of Gen Z and Millennial prospective buyers are already actively looking for a home to buy.



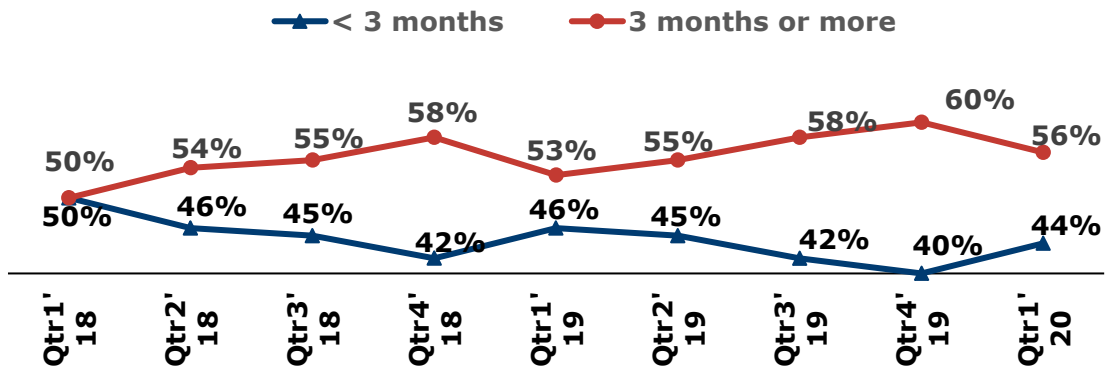
- **BY REGION**: Prospective buyers in the Northeast are the most likely to already be actively searching for a home (56%), followed by those in the West (52%).



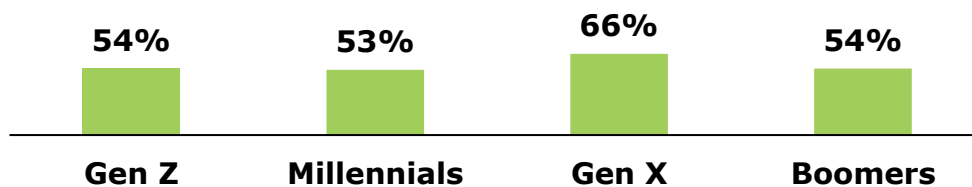
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

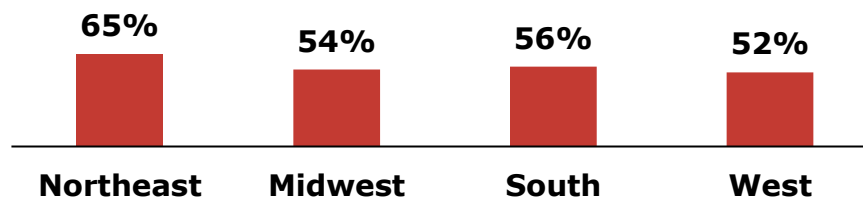
- Despite slightly better availability expectations, buyers actively engaged in the process of buying a home in Qtr1'20 are slightly more likely to be spending upwards of 3 months searching (56%) than a year earlier (53%).



- BY GENERATION: 66% of actively-engaged Gen X buyers have been **looking for 3+ months** for a home to buy. The share is above 50% for the other generations.

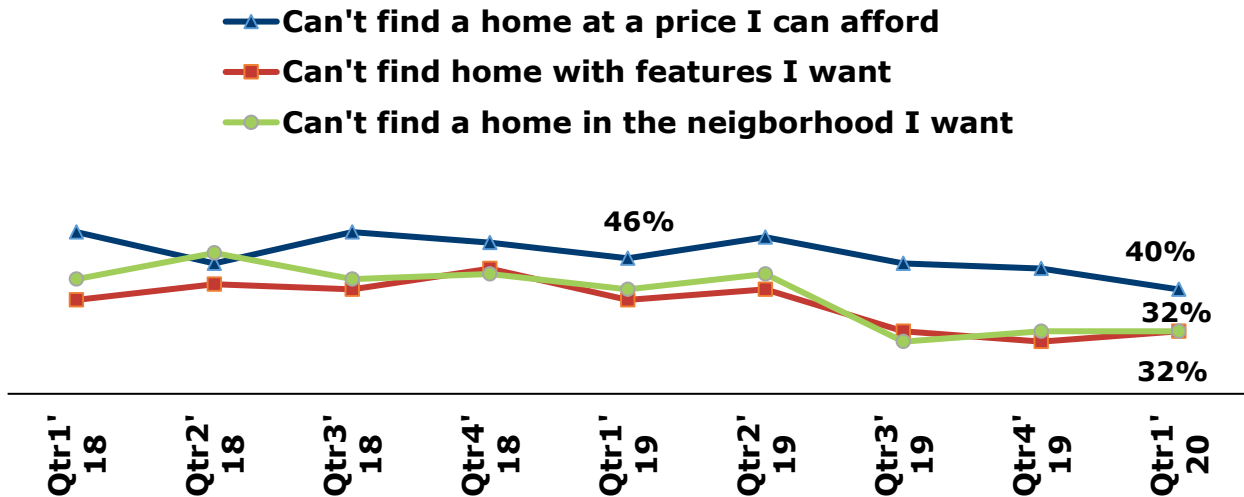


- BY REGION: 65% of active buyers in the Northeast have been trying to find a home for at least three months. The share is above 50% in the other three regions.

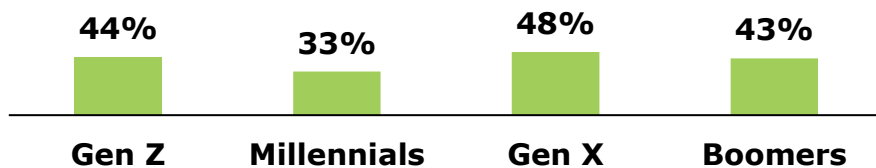


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

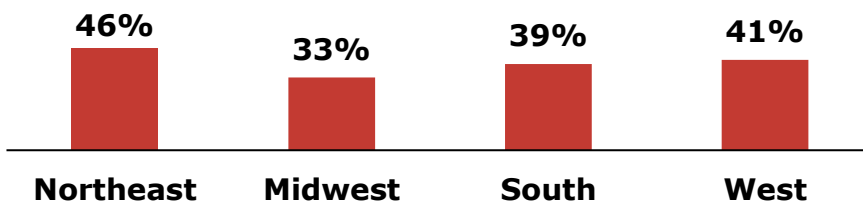
- Although the top reason long-time searchers haven't pulled the trigger continues to be the inability to find an affordable home (40%), that share is lower than a year ago (46%). This marks the third consecutive year-over-year decline in this series.



- BY GENERATION: Gen X buyers looking for 3+ months are the most likely generation (48%) to be held back from a purchase by unaffordable prices, followed by Gen Z (44%).



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

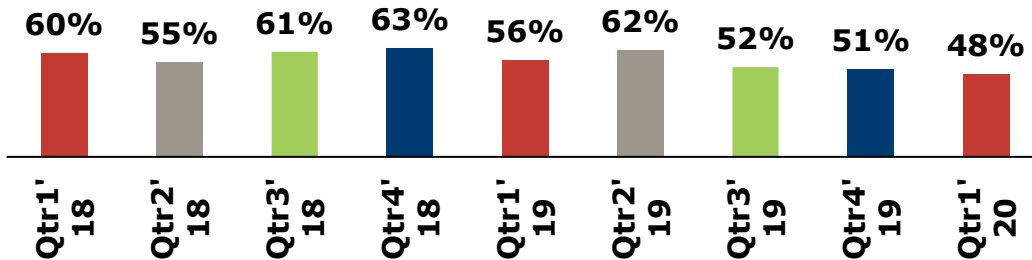


NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

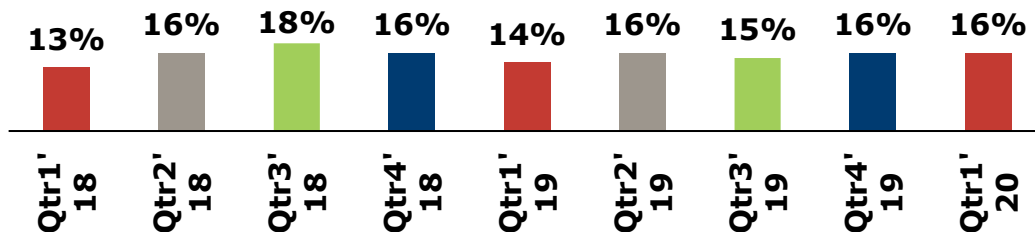
- For the first time since the creation of this series, the share reporting they will continue looking for the 'right' home in the same preferred location dropped below the 50% mark, to 48%. For 34%, the next step if still unable to find a home in the next few months will be to expand their search area; 23% will accept a smaller/older home; 19% will buy a more expensive home; and 16% will give up trying to find a home until next year or later.



Share Who Will Continue Looking in Same Location



- The share that will give up trying to buy a home stood at 16%, up slightly from a year earlier (14%).



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
Qtr1'20	21,652	March 17 – 28, 2020