

# HOUSING TRENDS REPORT

## QUARTER 2, 2020

(Data Collected: June 16-28)



# **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:

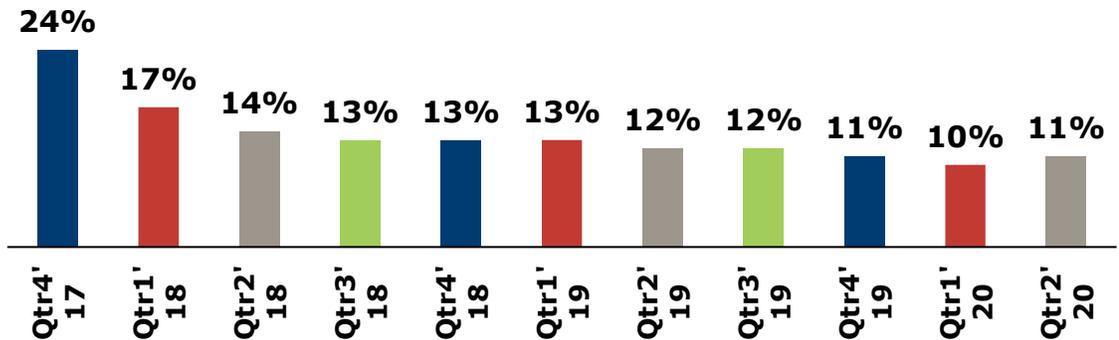
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

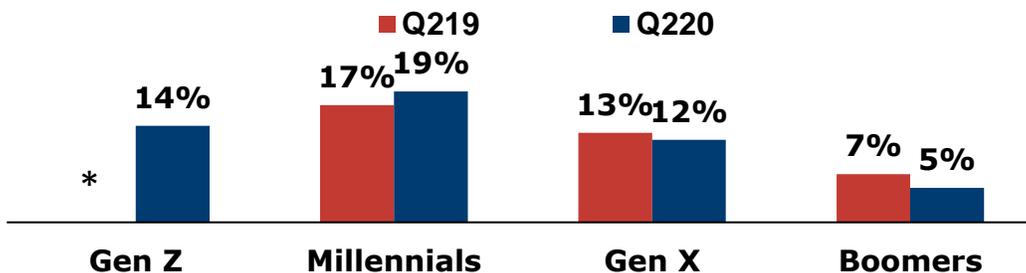
Results are not yet seasonally adjusted due to the short-time horizon of the series; therefore, only year-over-year comparisons are statistically valid.

## PLANNING TO BUY A HOME WITHIN 12 MONTHS

- 11% of respondents in Qtr2'20 are prospective home buyers (planning to buy a home within 12 months), essentially unchanged from a year earlier (12%). Put differently, COVID-19 has had little impact on the propensity of Americans to want to buy a home.

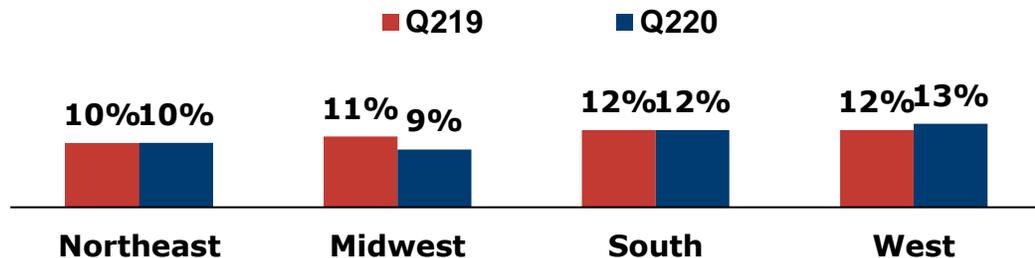


- BY GENERATION: Millennials are the generation most likely to want to buy a home (19%), even slightly higher than a year earlier (17%).



\* Gen Z data were not available in Quarter 2, 2019.

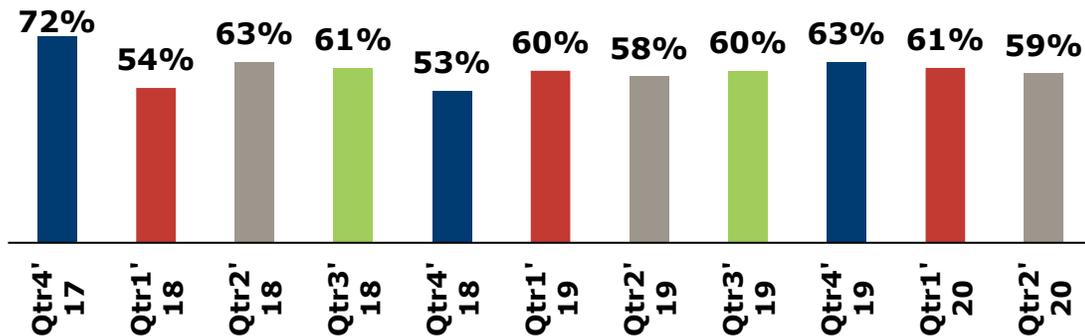
- BY REGION: 13% of respondents in the West region are prospective home buyers, about the same as a year earlier (12%). In the Midwest, the share fell slightly, down to 9%.



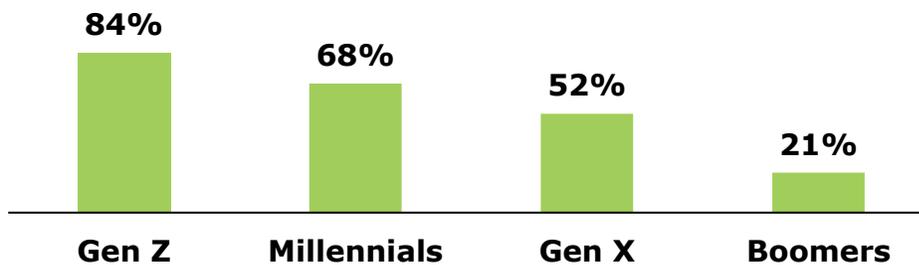
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

## 1<sup>ST</sup>-TIME HOME BUYERS

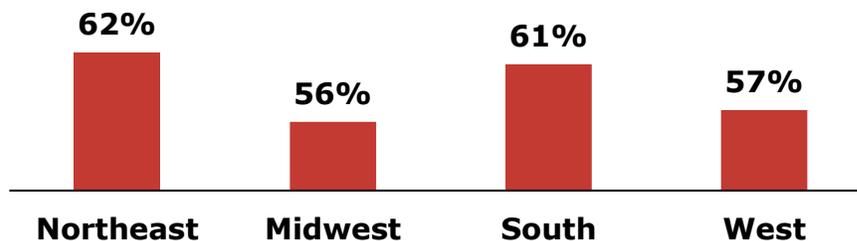
- 59% of prospective buyers in Qtr2'20 are first-time buyers, essentially unchanged from a year earlier (58%), but lower than two years ago (63%).



- BY GENERATION: 84% of Gen Z's planning to buy a home are first-timers, compared to 68% of Millennials, 52% of Gen X's, and 21% of Boomers.

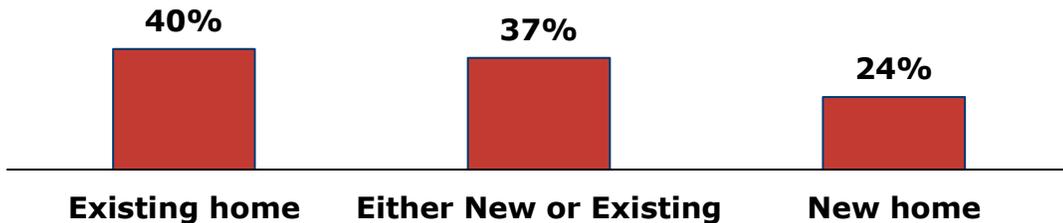


- BY REGION: Over 60% of prospective buyers in the Northeast and South are buying a home for the first time. The share is above 55% in the Midwest and West.

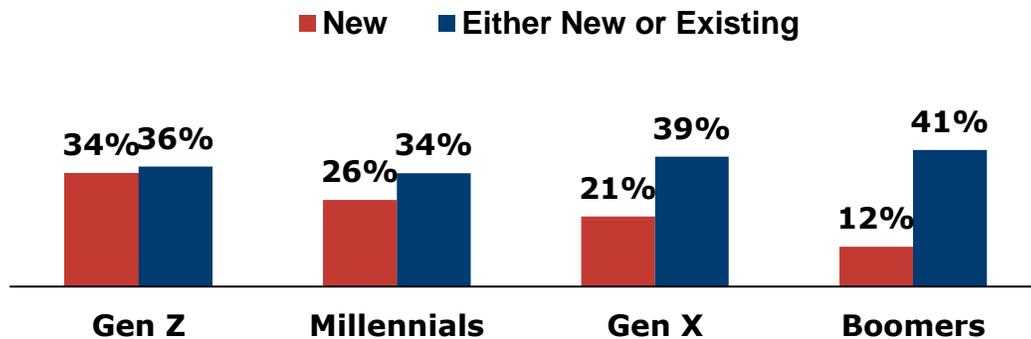


## NEW OR EXISTING HOME?

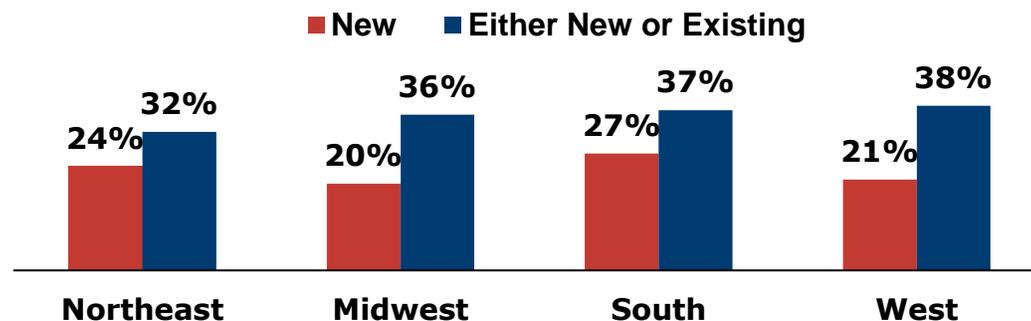
- 40% of buyers in Qtr2'20 are looking to buy an existing home, 24% a new home, and 37% would buy either type.



- By GENERATION: Over ¼ of Gen Z and Millennials would prefer a new home. But more than one-third of every generation have no strong preference between a new or existing home.

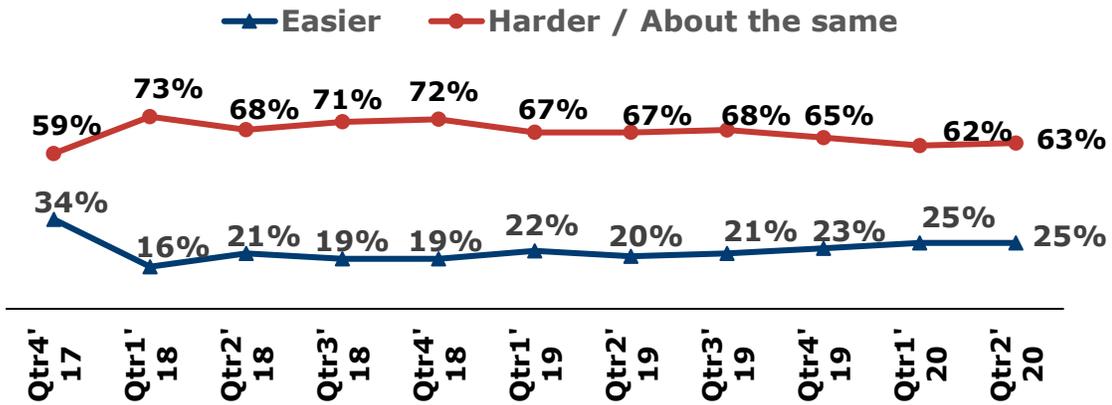


- BY REGION: More than 30% of prospective buyers in every region would buy either type of home. Buyers in the South are the most likely to prefer a new home (27%).

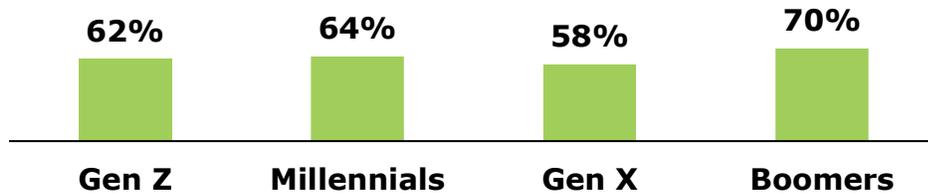


## AVAILABILITY EXPECTATIONS

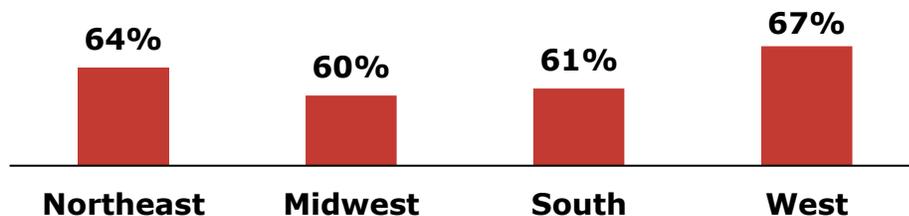
- In the second quarter of 2020, 63% of prospective home buyers expect that finding the right home will get harder or stay the same. A quarter expect it will get easier in the months ahead.



- BY GENERATION: Expectations that housing availability will worsen or stay the same are highest among Boomers (70%), followed by Millennials (64%) and Gen Z buyers (62%).

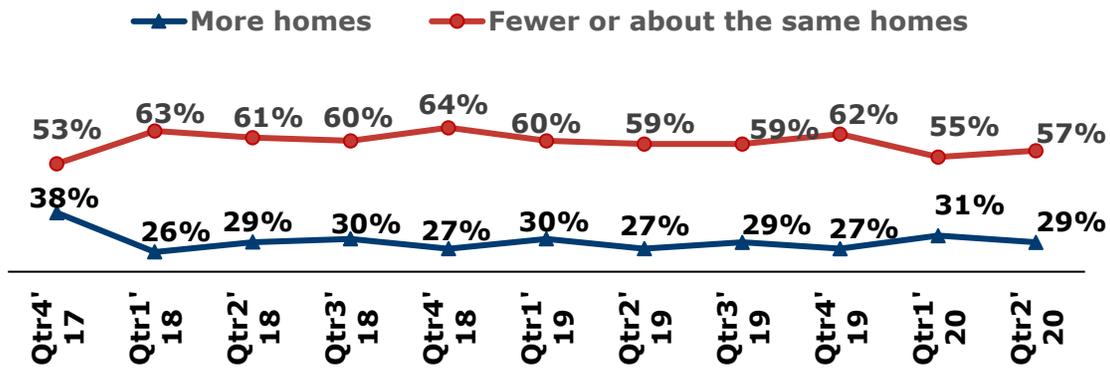


- BY REGION: 67% of buyers in the West and 64% in the Northeast expect that availability will worsen or stay the same in the months ahead. At least 60% in the Midwest and South agree.

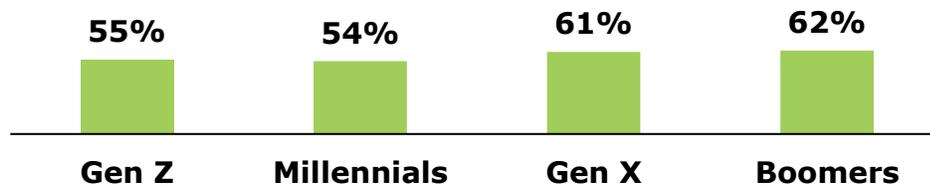


## CHANGES IN INVENTORY

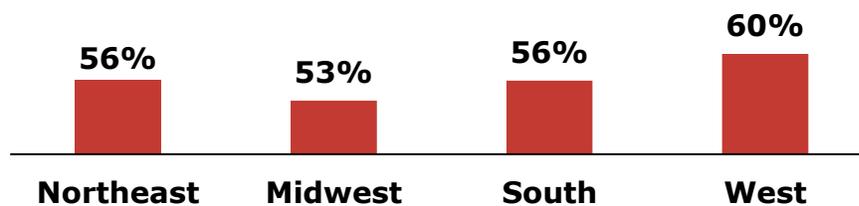
- 57% of buyers in Qtr2'20 report seeing ***fewer/same*** number of homes for-sale\* than three months earlier. Only 29% are finding more homes available on the market.



- BY GENERATION:** A majority of buyers in every generation report seeing ***fewer/same*** number of homes for-sale than three months earlier, led by Boomers (62%) and Gen X buyers (61%).



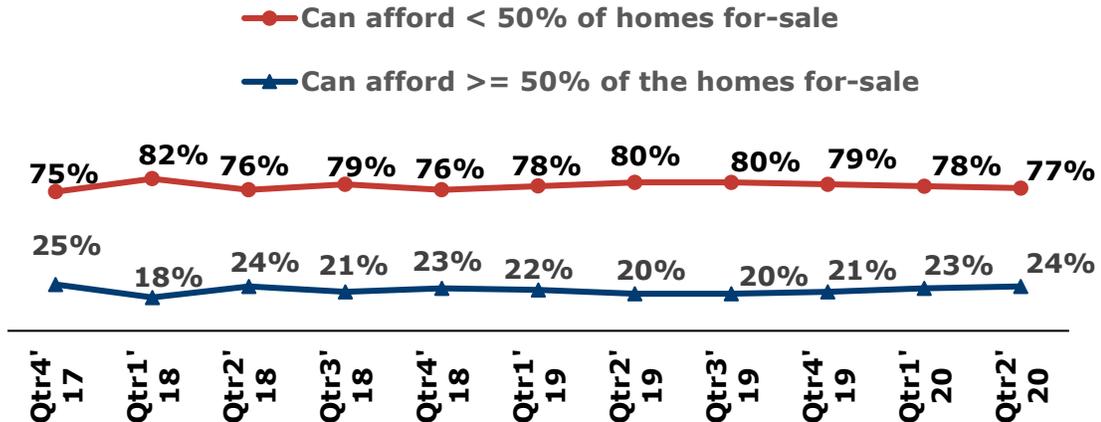
- BY REGION:** Buyers in the West are the most likely to report seeing ***fewer/same*** number of homes for-sale (60%), followed by those in the Northeast and South (both 56%) and the Midwest (53%).



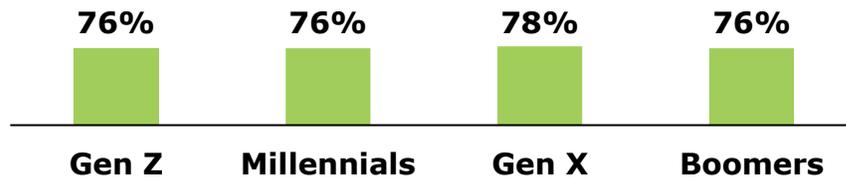
\* Homes with buyer's desired features and price point.

## **AFFORDABILITY EXPECTATIONS**

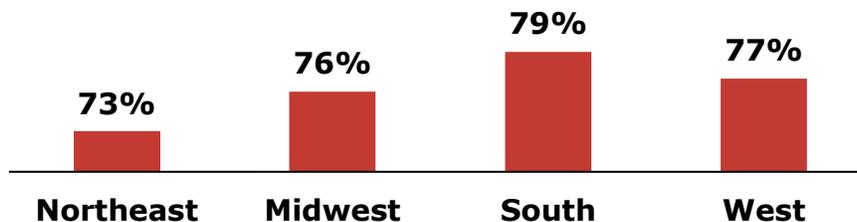
- 77% of buyers in Qtr2'20 can afford fewer than half the homes available in their markets.
- Only 24% can afford the majority of homes currently available.



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

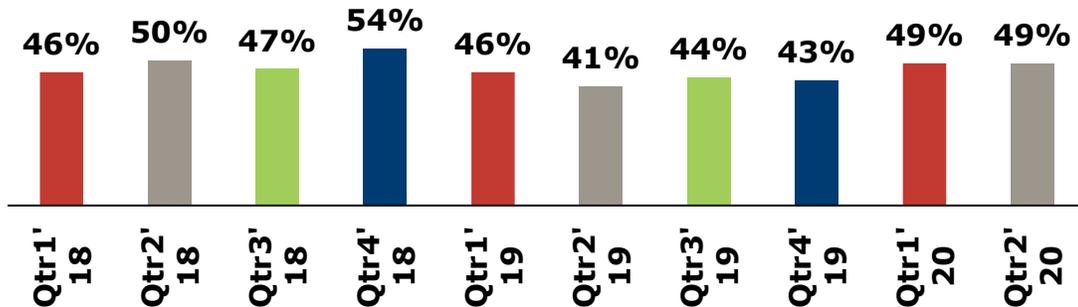


- BY REGION: Over 70% of prospective buyers in every region of the country can afford ***fewer than half the homes*** available for sale in their markets.

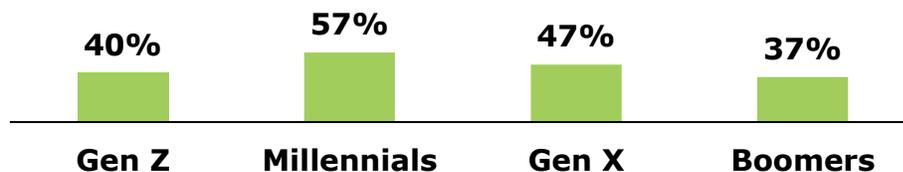


## **BEYOND JUST PLANNING**

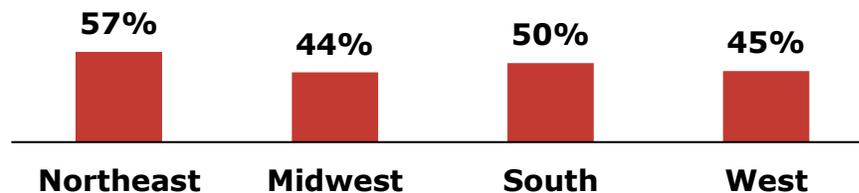
- About half (49%) of adults with plans to purchase a home have moved beyond just planning and are actively trying to find one to buy, a significantly higher share than a year earlier (41%). This finding suggests the COVID-19 crisis and its accompanying low mortgage rates have led some passive buyers to become engaged and begin the home purchase process.



- **BY GENERATION**: Of Millennials planning a home purchase in the next year, 57% are already actively searching for a home. Among Boomers, that share is only 37%.



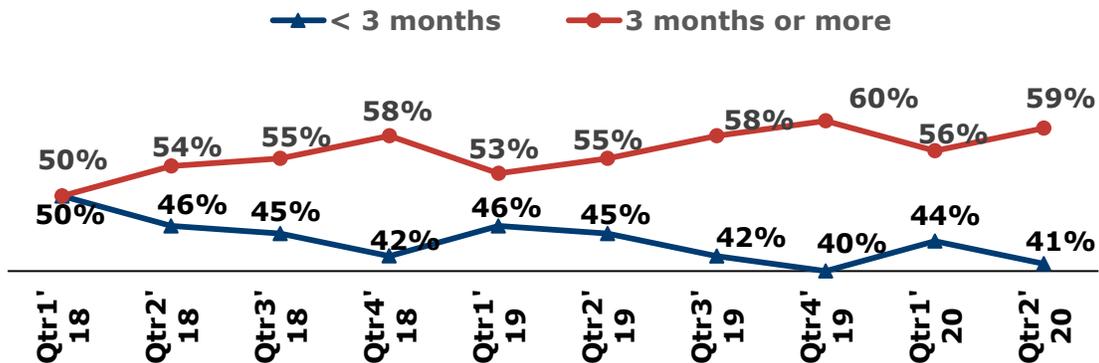
- **BY REGION**: Prospective buyers in the Northeast are the most likely to be actively engaged in the purchase process (57%), compared to 44% in the Midwest and 45% in the West.



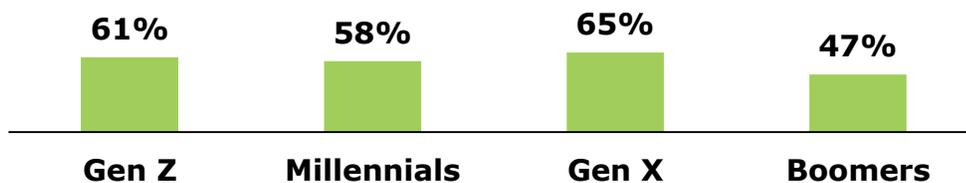
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

## TIME SPENT SEARCHING FOR A HOME

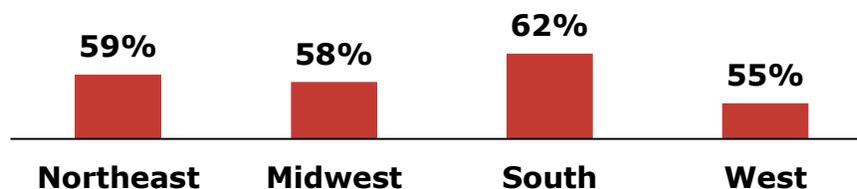
- The length of time spent searching for a home is growing. In Qtr2'20, 59% of buyers actively engaged in the purchase process have spent 3 months or longer looking, compared to 55% a year earlier.



- BY GENERATION: 65% of actively-engaged Gen X buyers have been **looking for 3+ months** for a home to buy, followed by 61% of Gen Z buyers, 58% of Millennials, and 47% of Boomers.

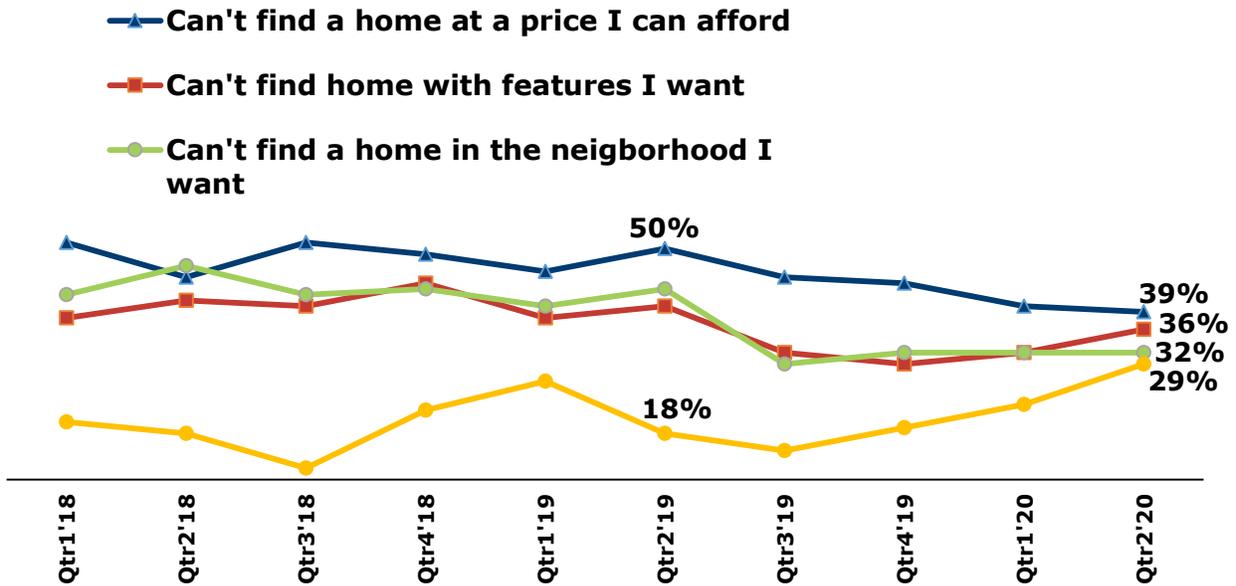


- BY REGION: 62% of active buyers in the South have been trying to find a home for at least three months. The share is at least 55% in the other three regions.

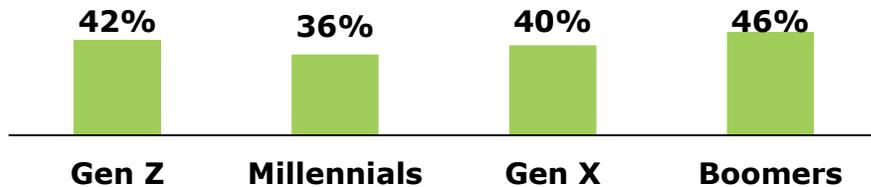


## TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

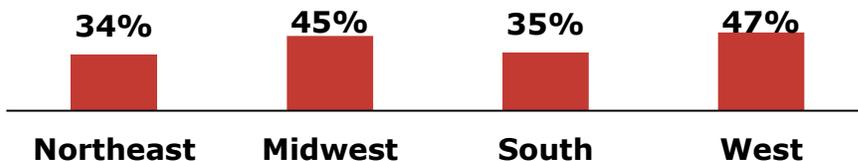
- Although the top reason long-time searchers haven't pulled the trigger continues to be the inability to find an affordable home (39%), that share is much lower than a year ago (50%). Multiple offers are a rising concern, however: 29% report getting outbid, compared to 18% a year earlier.



- BY GENERATION: Unaffordable prices are holding back 46% of Boomers looking for 3+ months, 42% of Gen Z, and 40% of Gen X buyers.

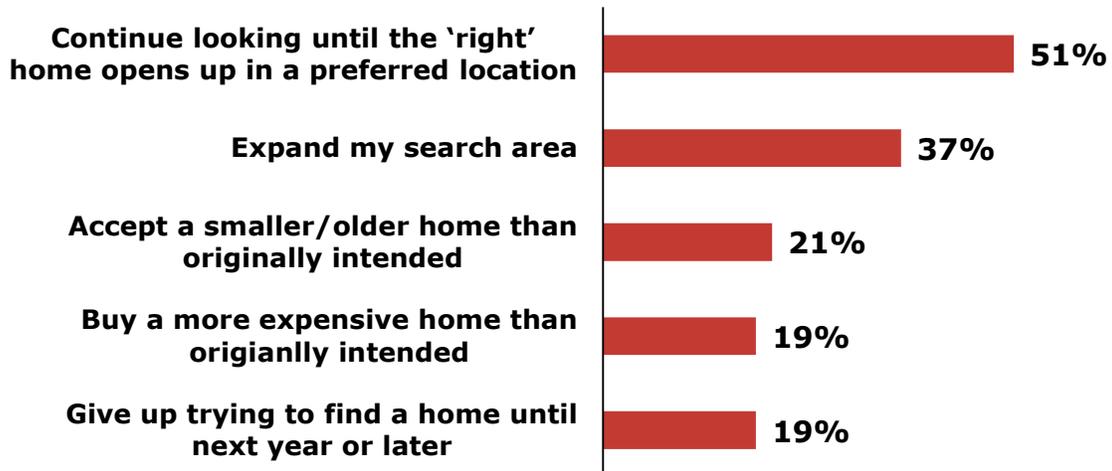


- BY REGION: Over 40% of active home buyers (looking for 3+ months) in the West and Midwest have failed to buy a home because of a shortage of affordable homes.

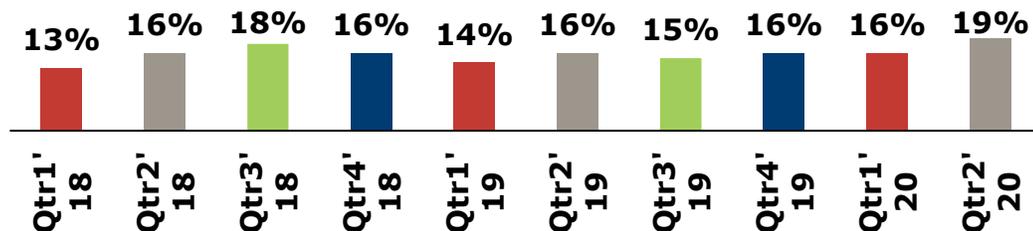


## **NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD**

- When asked what they'll do next if still unable to find a home in the next few months, about half of active buyers say they will continue looking in their preferred location; 37% will expand their search area; 21% will accept a smaller/older home; and 19% will buy a more expensive home.



- Difficulties finding a home to buy has led 19% of active buyers to give up until next year or later. That share is up from 16% a year earlier.



## **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.

	<b>Sample size</b>	<b>Collection Period</b>
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
Qtr2'20	19,800	June 16 – 28, 2020