# HOUSING TRENDS REPORT

# QUARTER 2, 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:

- Millennials: Born 1980 to 2000.
- Gen X: Born 1965 to 1979.
- Boomers: Born 1946 to 1964.
- Seniors: Born 1945 or earlier.

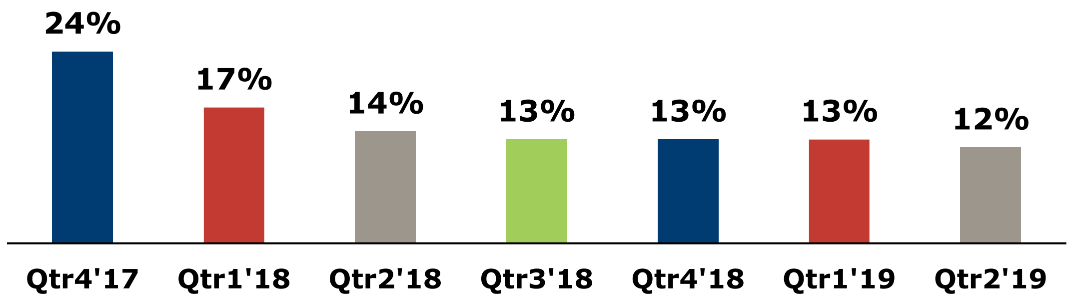
Methodology:

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.

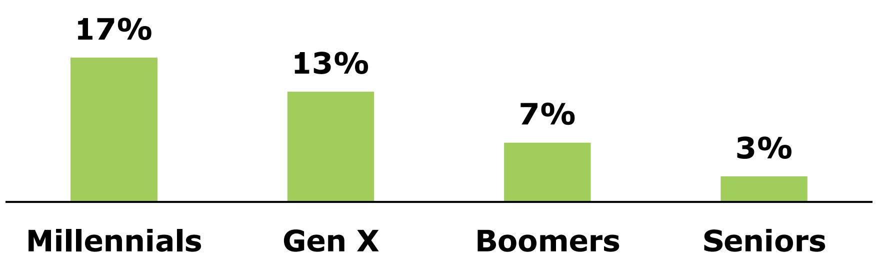
Results are not yet seasonally adjusted due to the short-time horizon of the series; therefore, only year-over-year comparisons are statistically valid.

# PLANNING TO BUY A HOME WITHIN 12 MONTHS

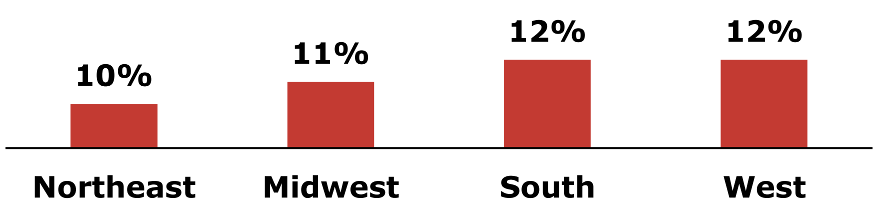
- 12% of respondents in Qtr2’19 are prospective home buyers, i.e. they are planning to buy a home within 12 months. A year earlier, that share stood at 14%.




- BY GENERATION: 17% of Millennials have plans for a home purchase within 12 months, compared to only 3% of Seniors.



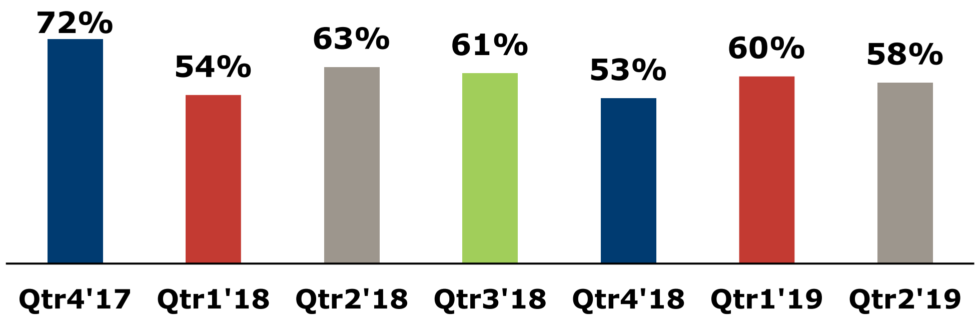

- BY REGION: 12% of respondents in the South and West are prospective home buyers, compared to 11% in the Midwest and 10% of those in the Northeast.



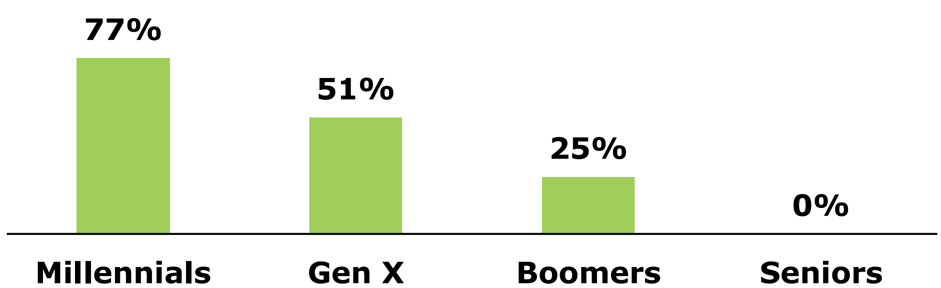

Remaining of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

# 1$^{ST}$-TIME HOME BUYERS

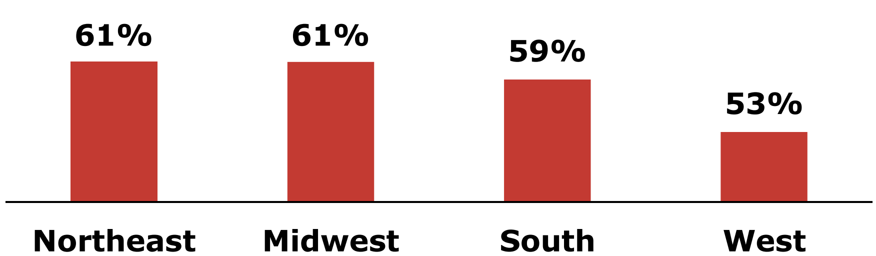
- 58% of prospective home buyers in Qtr2'19 are first-time buyers. A year earlier, 63% of those planning a home purchase were first-timers.




- BY GENERATION: Most prospective Millennial buyers in Qtr2'19 are first-timers (77%), compared to 51% of Gen X buyers, 25% of Boomers, and none of the Senior buyers.

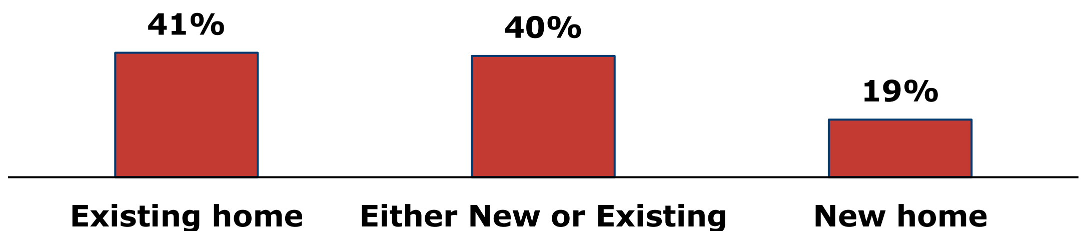



- BY REGION: More than half of prospective buyers in every region are first-timers, led by the Northeast and Midwest (both 61%).

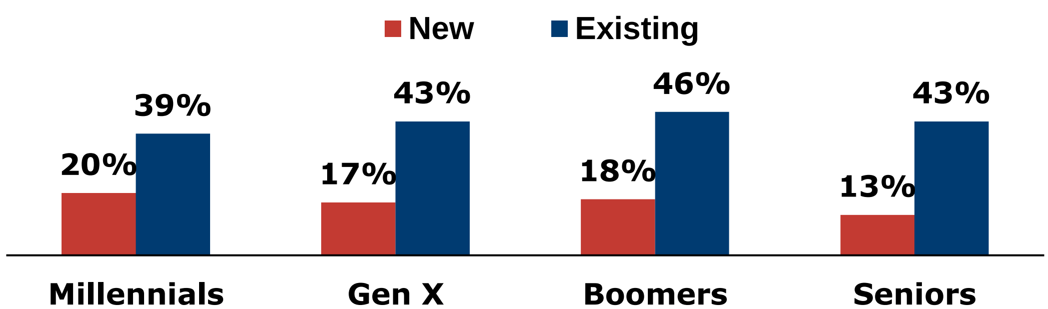


# <u>NEW OR EXISTING HOME?</u>

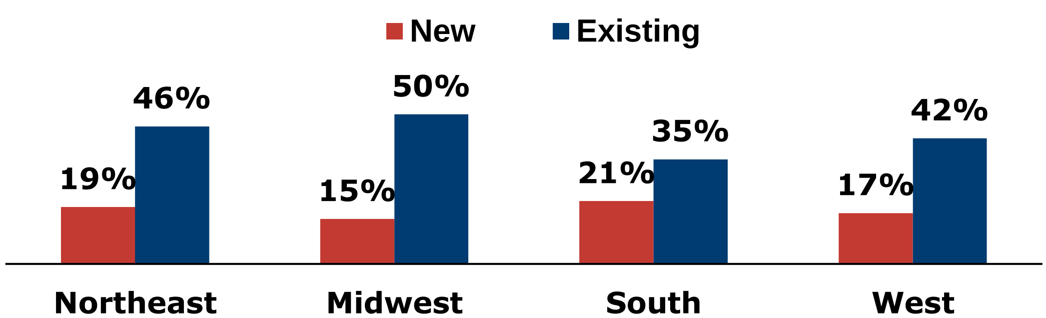
- 41% of buyers in Qtr2'19 are looking to buy an existing home; 19% a new home; and 40% would buy either type.




- <u>By GENERATION</u>: 20% of Millennial prospective buyers want a new home (the most of any generation). Between 39% and 46% of all age groups are looking for an existing home, however.



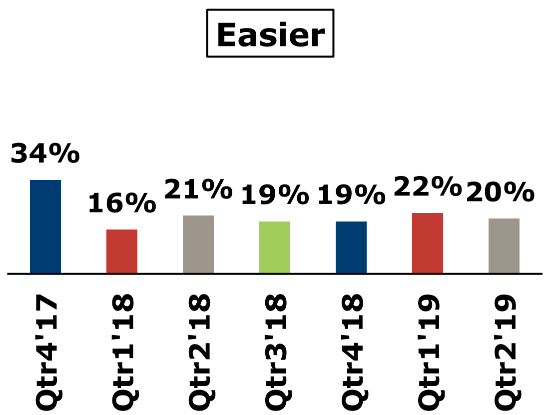

- <u>BY REGION</u>: Midwest buyers are the most likely to prefer an existing home (50%), while those in the South are the likeliest to want a newly-built unit (21%).

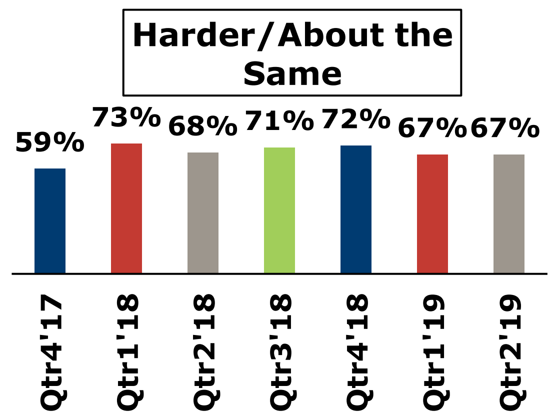


# AVAILABILITY EXPECTATIONS

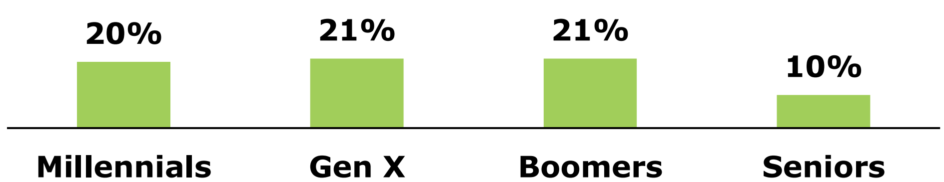
- 20% of buyers in Qtr2'19 expect their house search to get easier in the months ahead; essentially unchanged from the 21% who had that expectation a year earlier.

- 67% think the search will get harder or stay about the same (again, about the same as a year earlier).

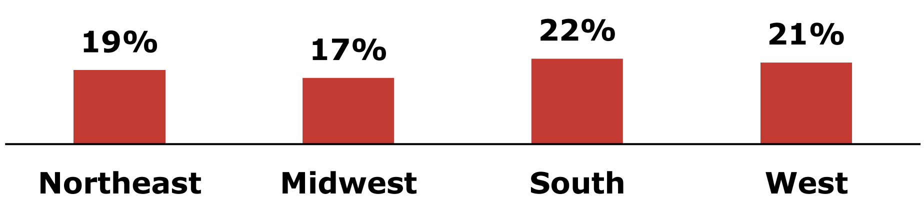



- BY GENERATION: Except for Seniors (10%), about 20% of buyers in every generation expect the home search to become ***easier*** in the near future.



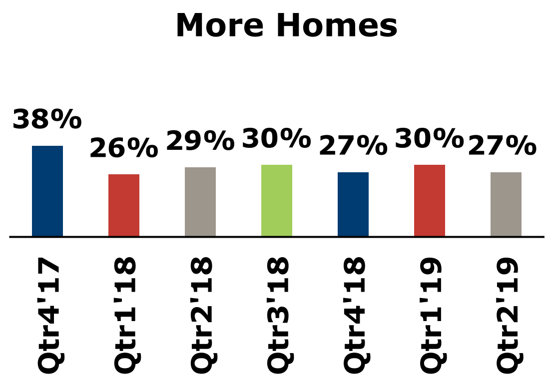

- BY REGION: Only 17% to 22% of buyers in each region expect the home search to ***ease*** up in the months ahead.

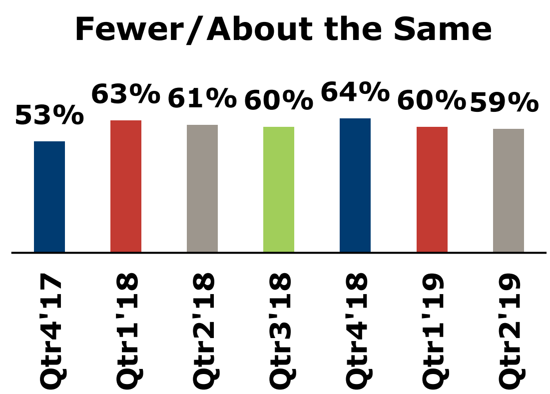


# CHANGES IN INVENTORY

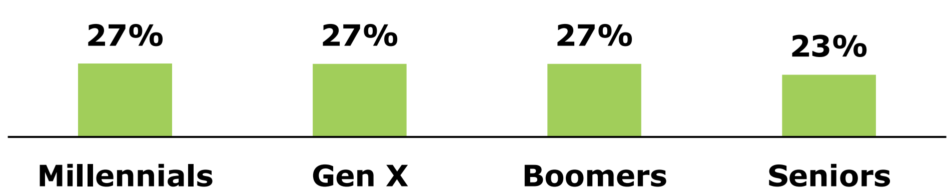
- 27% of buyers in Qtr2'19 report seeing ***more*** homes for-sale* (i.e. an improvement in inventory) than three months earlier, a slightly lower share than a year earlier (29%).

- 59% report seeing fewer/same number of homes for- sale*, slightly lower than a year earlier (61%).

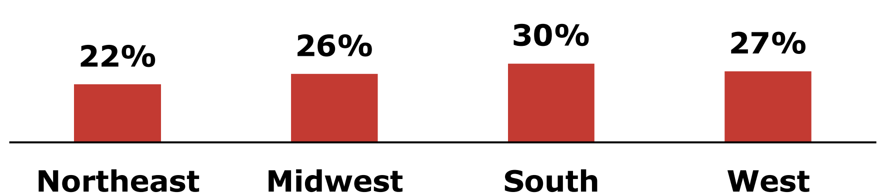



- BY GENERATION: 27% of Millennials, Gen Xers, and Boomers see ***more*** *homes* available for-sale in Qtr2'19.




- BY REGION: Buyers in the South are the most likely to report ***improving availability*** (30%), while those in the Northeast are the least likely (22%).

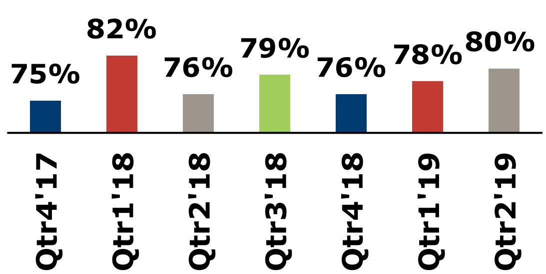



* Homes with buyer's desired features and price point.

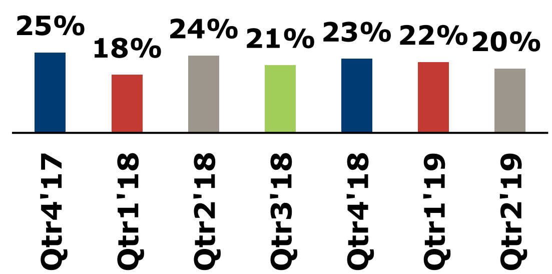
# AFFORDABILITY EXPECTATIONS

- 80% of buyers in Qtr2’19 can afford fewer than half the homes available for-sale in their markets, a higher share than reported a year earlier (76%).
- Only 20% can afford the majority of homes available, a smaller share than a year earlier (24%).

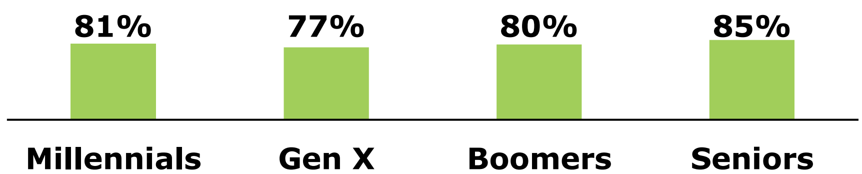
**Can afford fewer than 1/2 the homes for-sale**



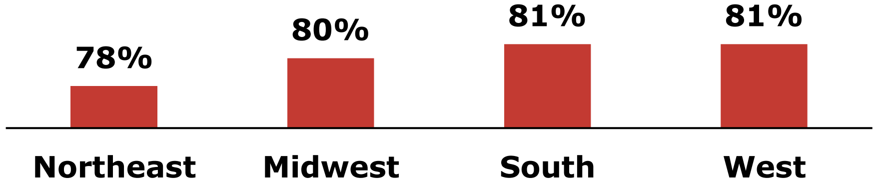

**Can afford 1/2 or more of the homes for-sale**




- BY GENERATION: At least 77% of buyers in each generation say they can afford ***fewer than half the homes*** for sale in their markets.

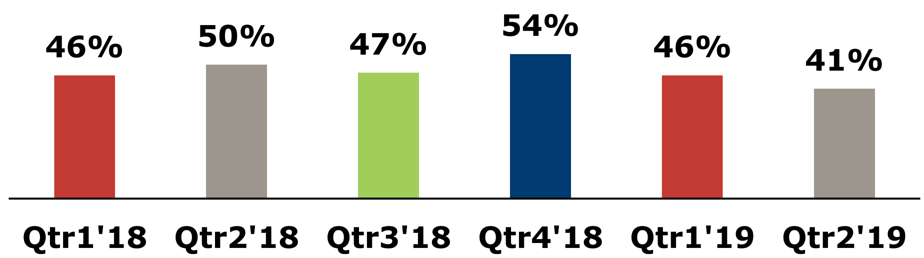



- BY REGION: More than 3 out of 4 buyers in every region of the country say they can afford ***under half of the homes*** available for sale in their areas.

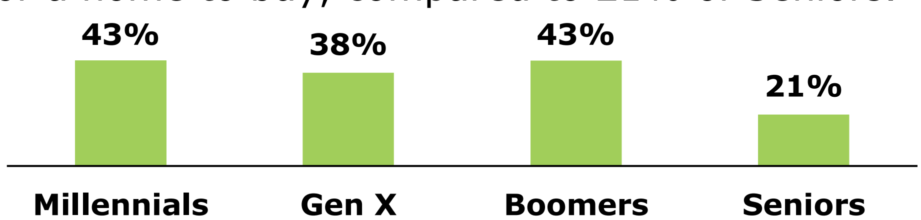


# BEYOND JUST PLANNING

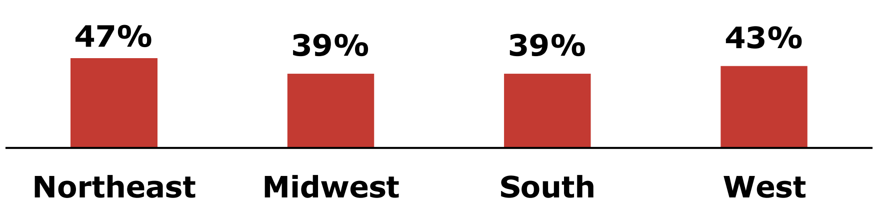
- Of the 12% of adults in Qtr2'19 planning a home purchase in the next year, 41% are already actively engaged in looking for a home to buy (and not just merely planning it). That share is significantly lower than a year earlier (50%).




- BY GENERATION: At least 38% of buyers in the youngest three generations planning a home purchase are already actively looking for a home to buy, compared to 21% of Seniors.



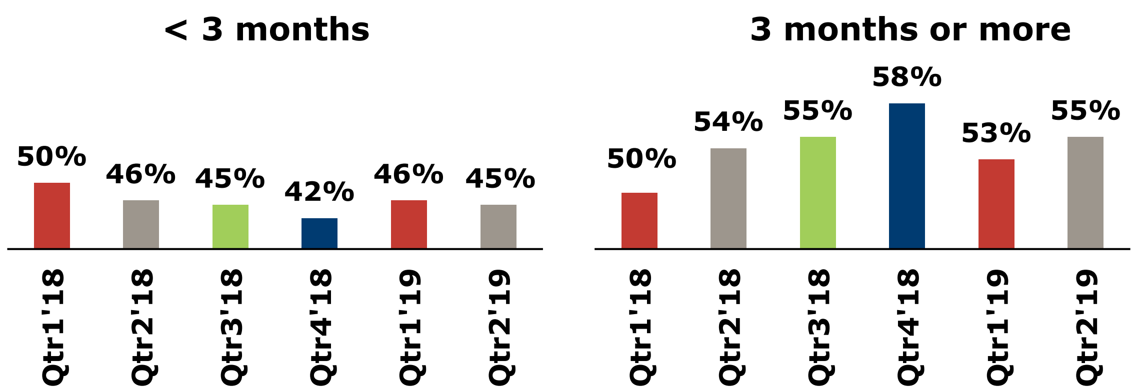

- BY REGION: Prospective buyers in the Northeast are the most likely to already be actively searching for a home (47%), followed by those in the West (43%).



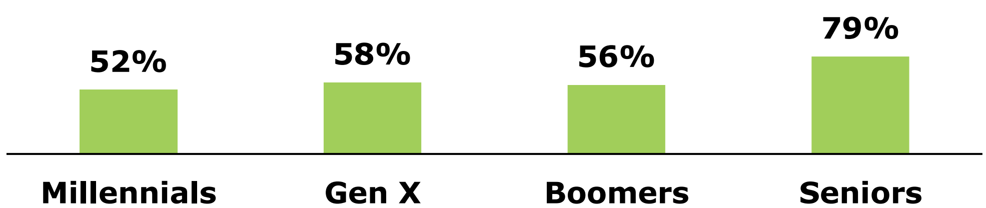

Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

# TIME SPENT SEARCHING FOR A HOME

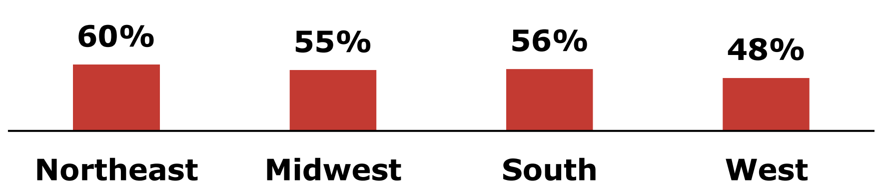
- In Qtr2'19, 55% of those already engaged in looking for a home have been searching for 3+ months, essentially unchanged from the share a year earlier (54%).




- BY GENERATION: More than half of actively-engaged buyers in each generation have been ***looking for 3+ months*** for a home to buy. Seniors are the most likely to have looked that long (79%).

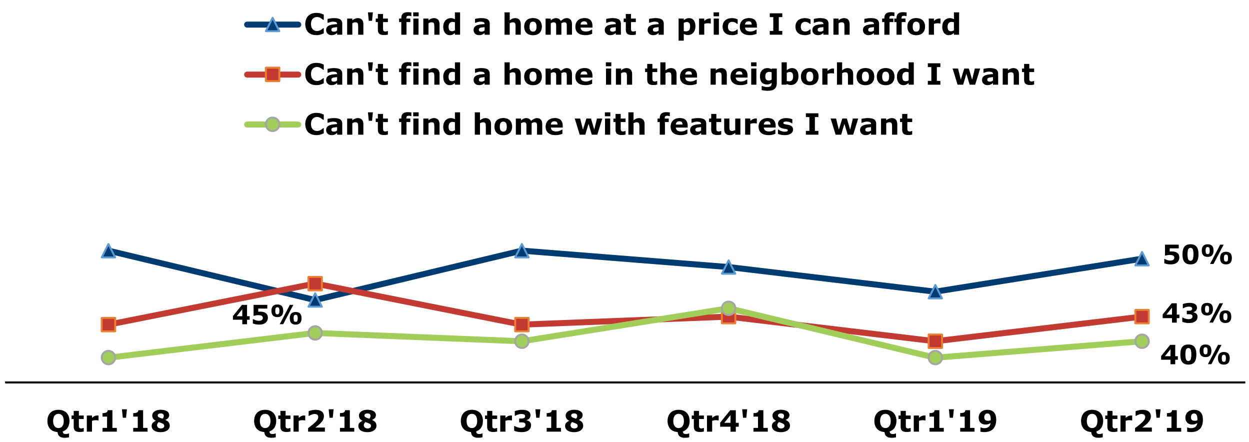



- BY REGION: 60% of active buyers in the Northeast have been trying to find a home for at least three months, followed by 56% in the South, 55% in the Midwest, and 48% in the West.

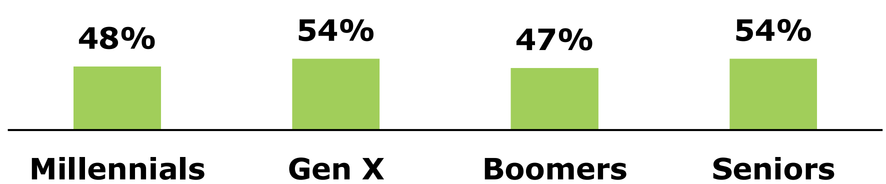


# TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

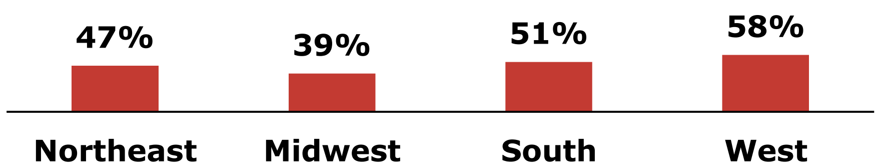
- In Qtr2’19, the top reason long-time searchers hadn’t pulled the trigger was the inability to find an affordable home (50%). A year earlier, a smaller share (45%) cited prices as the main reason.




- BY GENERATION: The inability to find an affordable home is the reason more than 50% of Gen X and Senior buyers looking for 3+ months haven’t pulled the trigger. Nearly half of Millennials and Boomers cite the same reason.



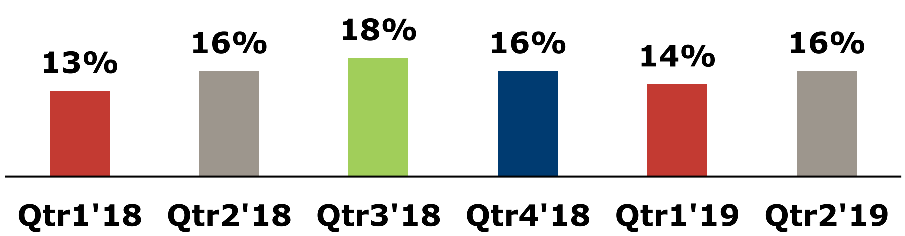

- BY REGION: More than half of active home buyers (for 3+months) in the South and West regions have failed to buy a home because of a shortage of affordable homes.



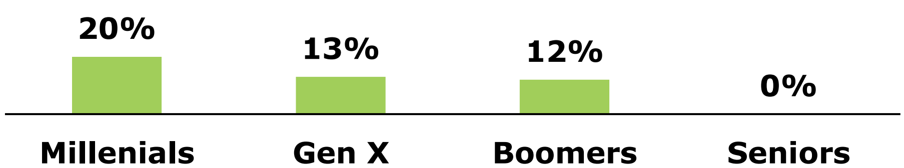
# NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

- 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 (62%). The next step for 36% is to expand their search area and for 21% is to accept a smaller/older home. Only 16% will give up looking.

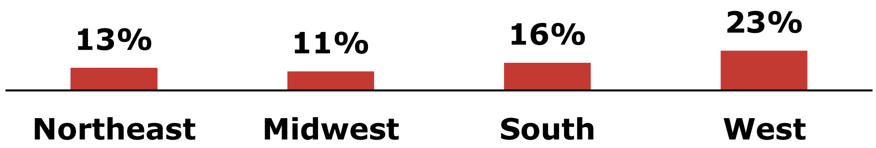

- The share that will give up trying to buy a home was the same in Qtr2'19 as it was a year earlier – only 16%.




- BY GENERATION: Millennials who have searched for 3+ months are the most likely group to give up trying to find a home (20%). None of the Seniors said they would stop looking.



- BY REGION: 23% of buyers searching for 3+ months in the West say they ***will give up*** trying to find a home if unable to find one soon, compared to only 11% in the Midwest.




## 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 |