

# HOUSING TRENDS REPORT

## QUARTER 2, 2021

(Data Collected: June 16 – 20)



# **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 2003.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

## Methodology:

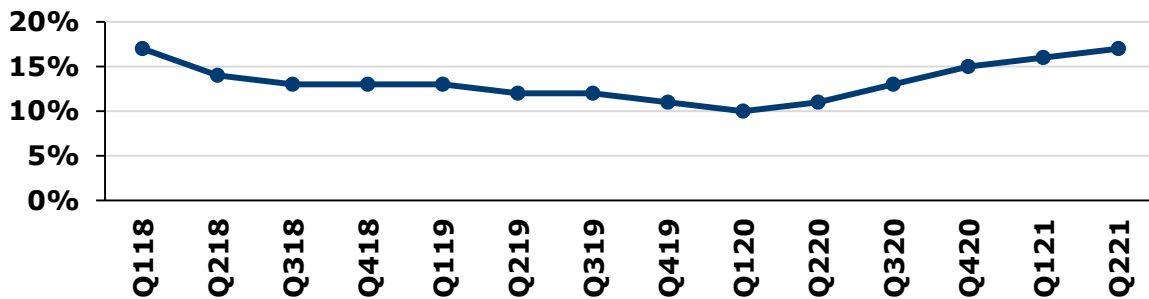
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

**All results for the US and the four Census regions are now seasonally adjusted.** Results by generations will not be seasonally adjusted until 2023 due to the shorter time-horizon of these series.

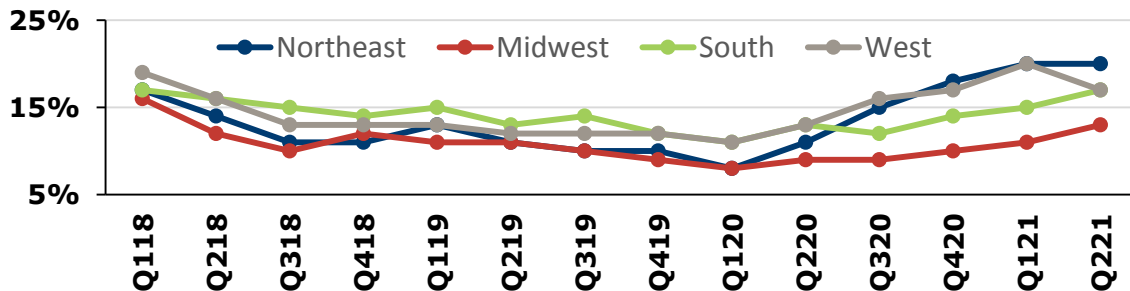
\* In 2021, Generation Z is constrained to end in the year 2003 because only adults 18 or older can participate in the poll.

## PLANNING TO BUY A HOME WITHIN 12 MONTHS

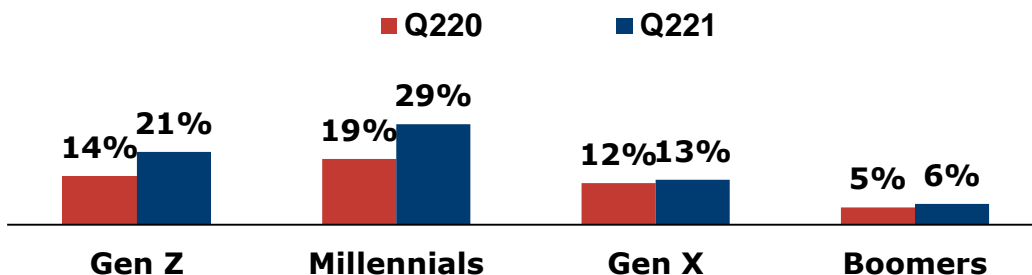
- 17% of adults in Q221 have plans to buy a home within a year, the fifth consecutive quarterly increase after a series low of 10% in Q120. The only other time the share of prospective buyers stood at 17% was in Q118.



- BY REGION: From Q120 to Q221, the share of adults with plans to buy a home rose significantly in every region: NE (8% to 20%), MW (8% to 13%), South (11% to 17%), and WE (11% to 17%).



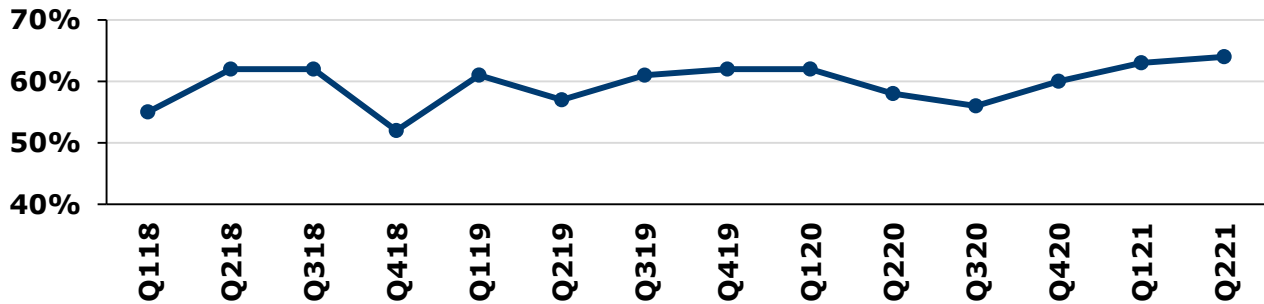
- BY GENERATION (not seasonally-adjusted): The share of Millennials planning a home purchase jumped from 19% to 29% in the year ended in Q221. Among Gen Z buyers, it rose from 14% to 21%. Gen X & Boomers saw little change during this period.



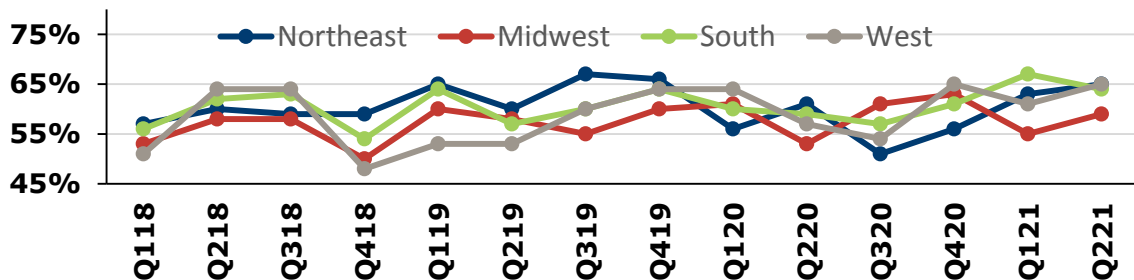
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

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

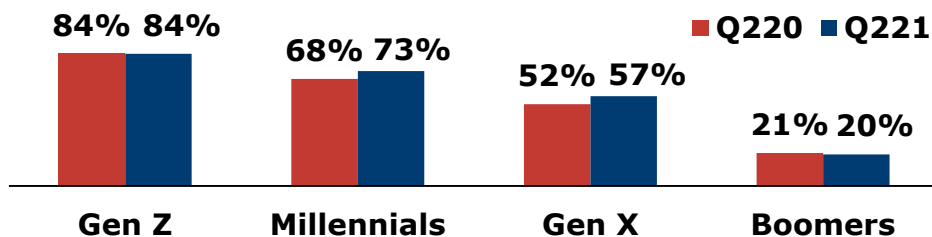
- In Q320, 56% of prospective buyers were 1<sup>st</sup>-time buyers. Since then, the share has risen for three consecutive quarters, reaching 64% in Q221.



- BY REGION: Over half of all prospective buyers in every region are 1<sup>st</sup>-timers. From Q320 to Q221, the share rose in most regions: NE (51% to 65%), SO (57% to 64%), and WE (54% to 65%). In the Midwest, the share fell slightly, from 61% to 59%.

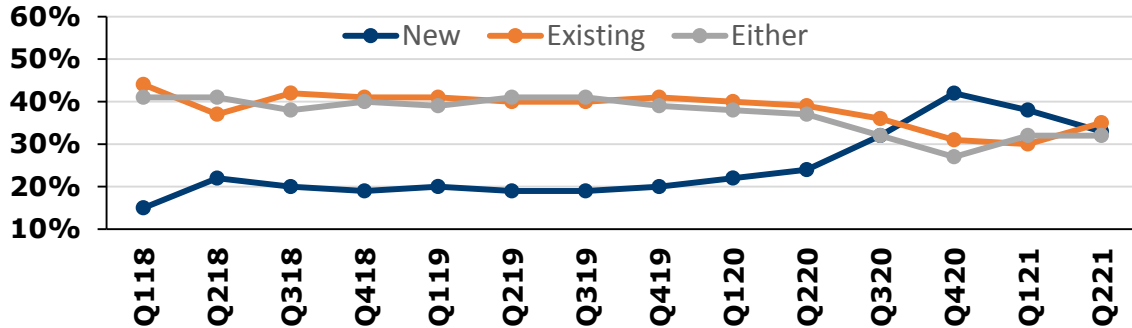


- BY GENERATION: Gen Z has the largest share of 1<sup>st</sup>-timers (84%), unchanged from a year earlier. Over half of Millennial and Gen X buyers are also buying for the first time.

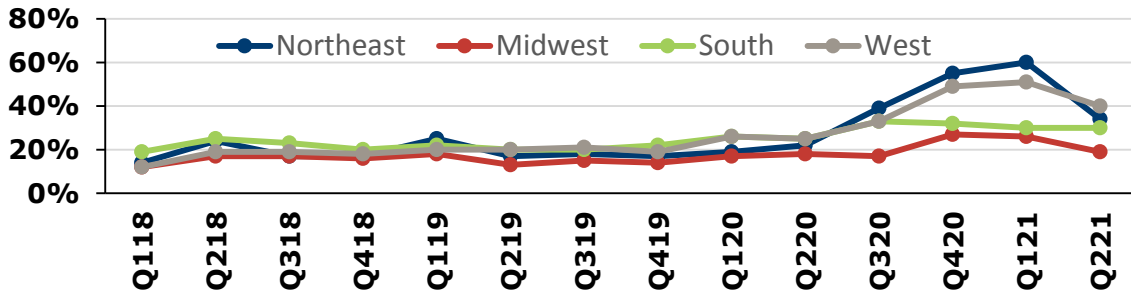


## NEW OR EXISTING HOME?

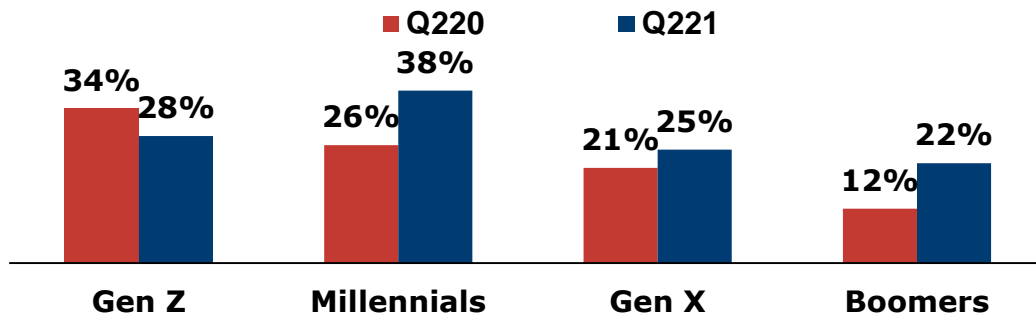
- The share of buyers looking to buy a newly-built home peaked at 42% in Q420, before falling to 38% in Q121 and to 33% in Q221. The drop is directly related to strong gains in new home prices in 2021. The share who will buy either new or existing rose from 27% in Q420 to 32% in Q221, while the share looking only at existing homes rose from 31% to 35%.



- BY REGION: In the Northeast and West regions, the share of buyers who'd prefer a new home peaked at 60% and 51%, respectively, in Q121, before falling to 34% and 40% in Q221.

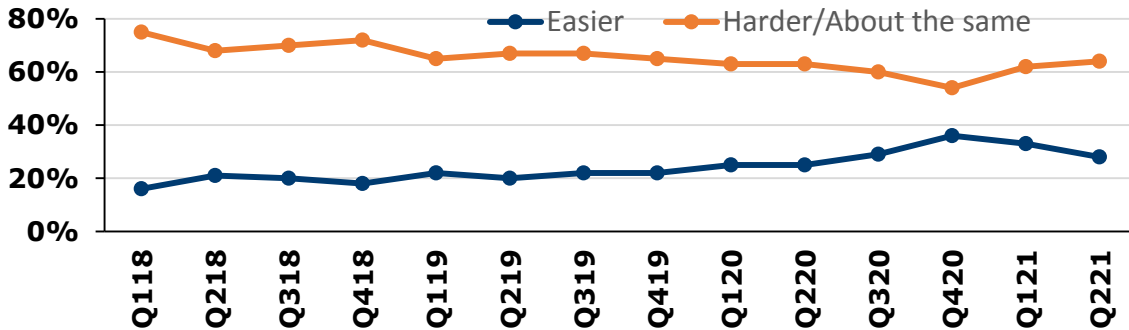


- BY GENERATION: The share of Gen Z buyers who'd prefer a newly-built home dropped from 34% in Q220 to 28% in Q221, but rose significantly among Millennials (26% to 38%) and Boomers (12% to 22%).

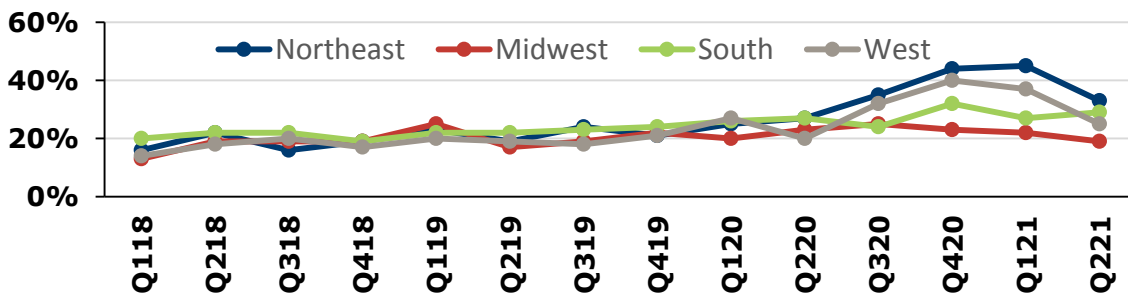


## AVAILABILITY EXPECTATIONS

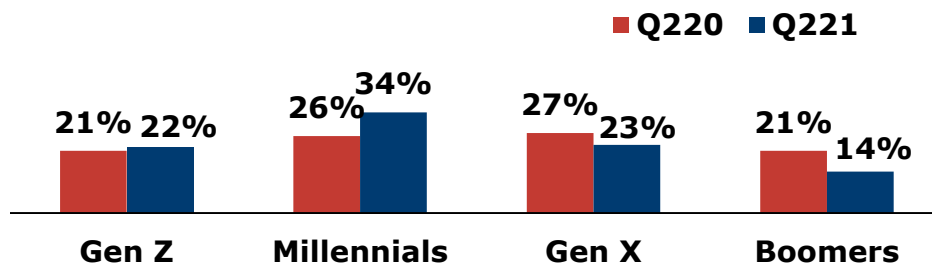
- In Q118, the starting point of this series, only 16% of buyers expected easier availability for a home in the months ahead. The share soared to 36% in Q420 (during the pandemic), but has dropped since to 33% in Q121 and 28% in Q221. Now, 64% expect that finding the right home will be harder or not change much, up from 54% in Q420.



- BY REGION: From Q420 to Q221, expectations that housing availability will ease up declined in all regions: NE (44% to 33%), MW (23% to 19%), SO (32% to 29%), and WE (40% to 25%).

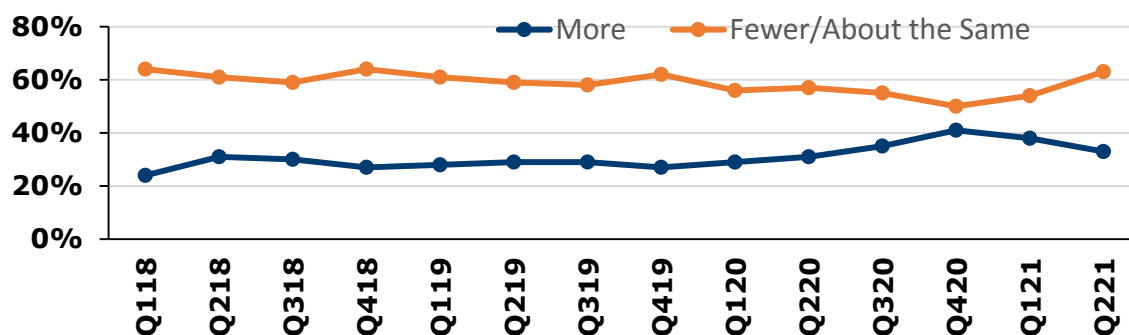


- BY GENERATION: In the year ended in Q221, expectations that housing availability will ease up declined or remained essentially flat among most generations. Except among Millennials, whose rose 26% to 34%.

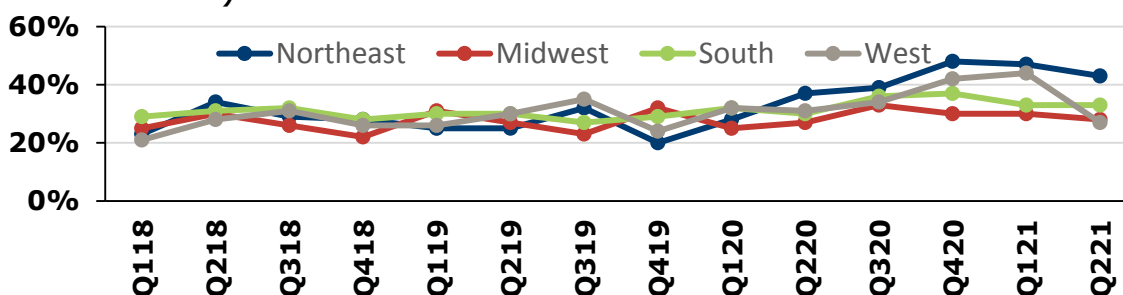


## CHANGES IN INVENTORY

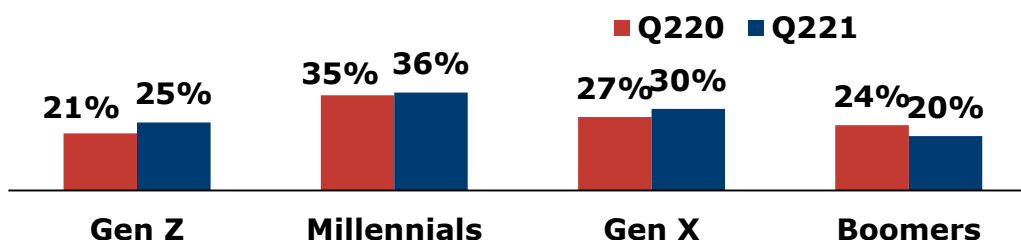
- In Q118, only 24% of buyers were seeing **more** homes available for-sale\*. The share grew to 41% in Q420, but then dropped to 38% in Q121 and to 33% in Q221. In contrast, the share seeing fewer/same number of homes on the market fell to 50% in Q420, but is now back up to 63%. The shift in buyers' perceptions on inventory correctly reflects the scarcity of homes available on the market in the first half of 2021.



- BY REGION: Between Q420 and Q221, the share of buyers seeing **more** homes for-sale declined in all four Census regions: NE (48% to 43%), MW (30% to 28%), SO (37% to 33%), and WE (42% to 27%).



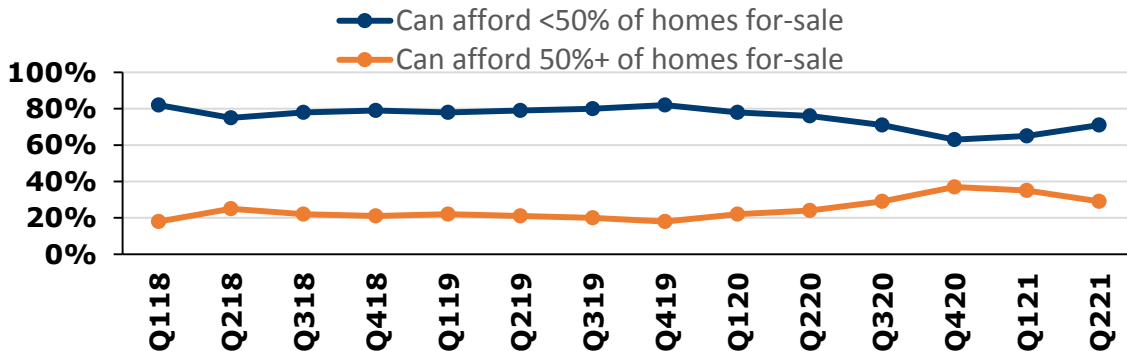
- BY GENERATION: From Q220 to Q221, the share of Boomer buyers seeing **more** homes for-sale fell from 24% to 20%. The share grew slightly among the other three generations.



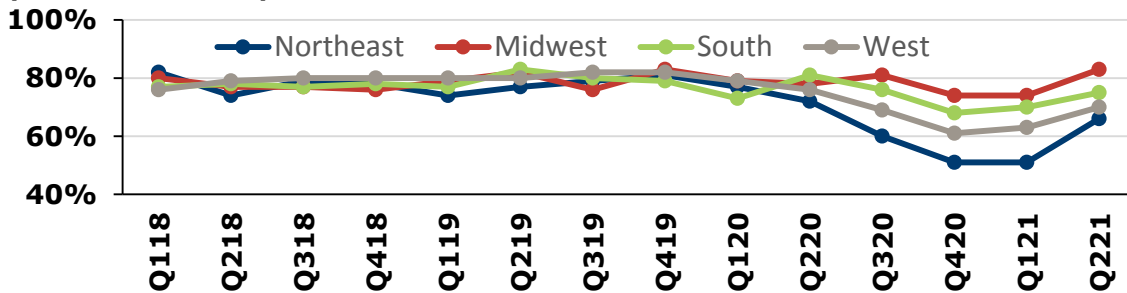
\* Homes with buyer's desired features and price point.

## **AFFORDABILITY EXPECTATIONS**

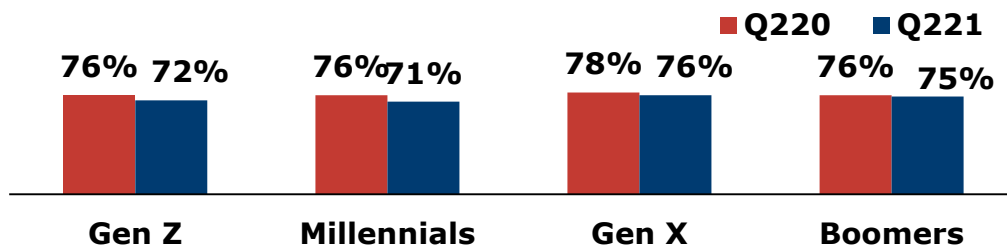
- 82% of buyers in Q419 could afford ***less than half*** of the homes available in their markets. That share declined steadily (i.e. affordability improved) for a year until Q420, when it reached 63%. But affordability expectations have worsened in 2021: by Q221, 71% could afford less than half of homes in their markets.



- BY REGION: Affordability expectations have worsened in every region of the US. From Q420 to Q221, the share of buyers who can afford ***less than half*** the homes available rose in the NE (51% to 66%), MW (74% to 83%), SO (68% to 75%), and WE (61% to 70%).



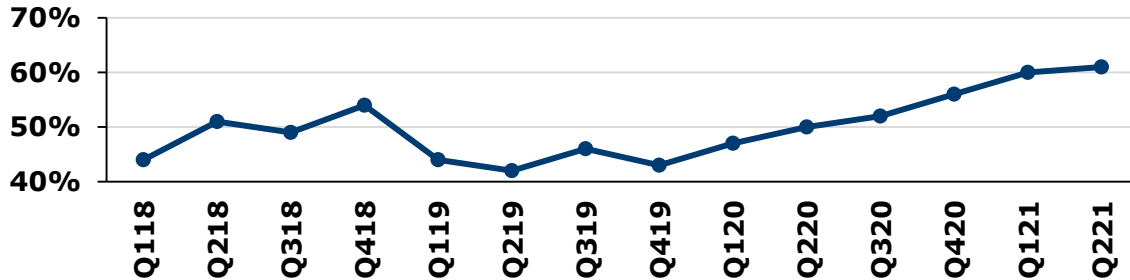
- BY GENERATION: During the year ended in Q221, the share of buyers in each generation that could afford ***less than half*** the homes on the market declined slightly. Since this data remains non-seasonally adjusted, only year-over-year analysis is valid.



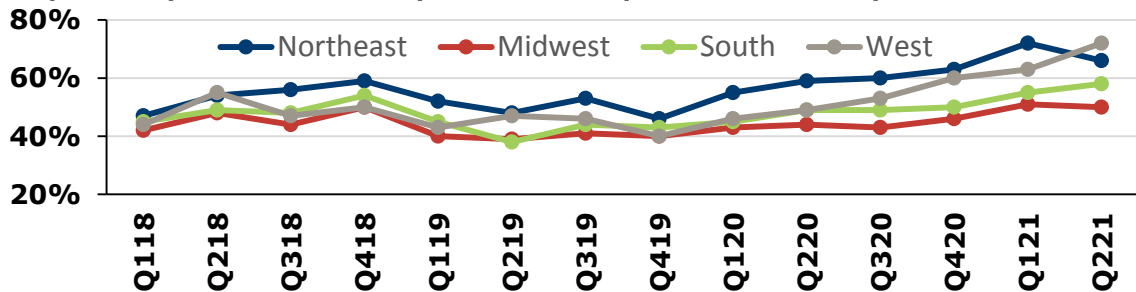


## BEYOND JUST PLANNING

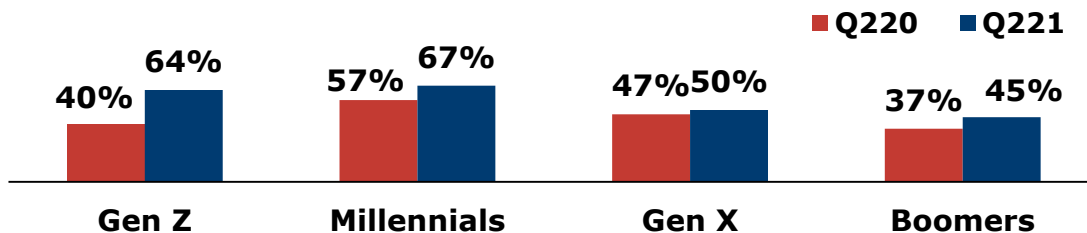
- In Q419, 43% of prospective buyers had moved beyond planning and were actively trying to find a home to buy. That share has increased steadily for six straight quarters since, reaching 61% in Q221. Several factors have turned prospective buyers into active buyers: low mortgage rates, desire for more space, and desire for a new location in the suburbs/exurbs.



- BY REGION: The share of buyers who are actively searching has grown in every region of the US in the last year and a half. From Q419 to Q221, the share rose in the NE (46% to 66%), MW (40% to 50%), SO (43% to 58%), and WE (40% to 72%).



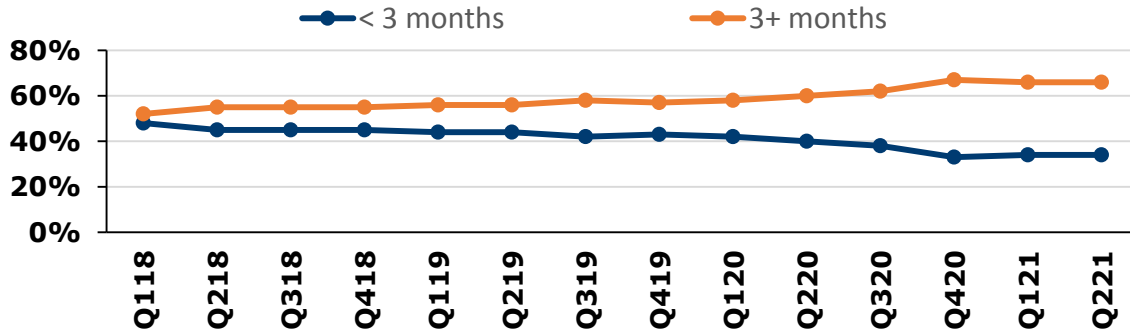
- BY GENERATION: During the year ended in Q221, the share of active buyers grew in all generations, but most significantly among Gen Z (40% to 64%) and Millennial (57% to 67%) buyers.



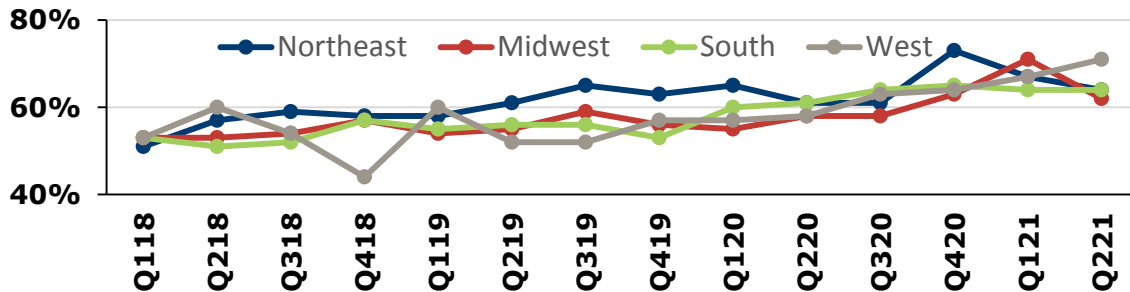
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

## TIME SPENT SEARCHING FOR A HOME

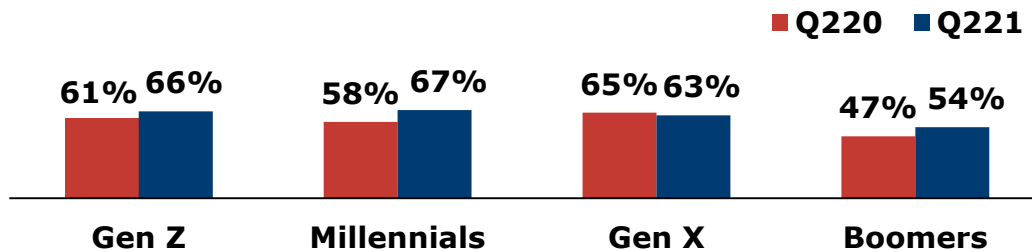
- The length of time spent searching for a home has increased in the last year and a half. In Q419, 57% of buyers actively engaged in the purchase process had spent 3+ months looking. By Q221, that share was up to 66%.



- BY REGION: From Q419 to Q221, every region saw an increase in the length of time spent searching for a home. The increase was most significant in the West, where the share searching for 3+ months jumped from 57% to 71%.

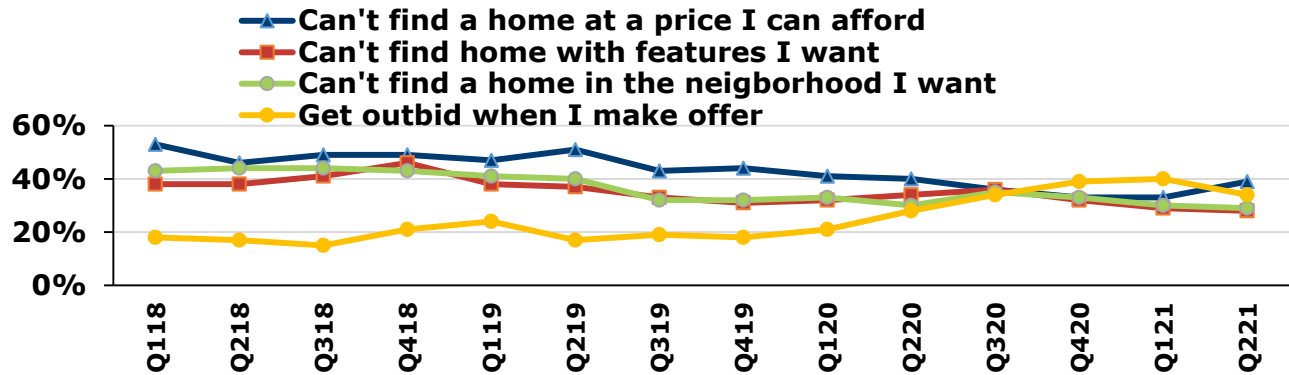


- BY GENERATION: More than half of active buyers of every generation are spending 3+ months looking for a home, led by 67% of Millennials. A year earlier, that share was 58%.

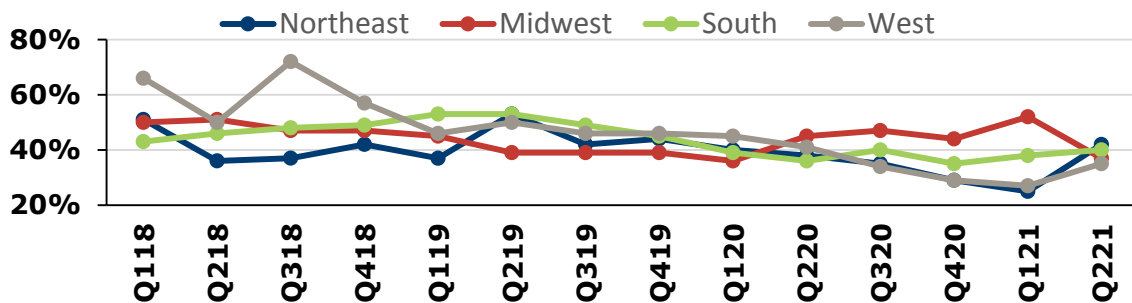


## TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

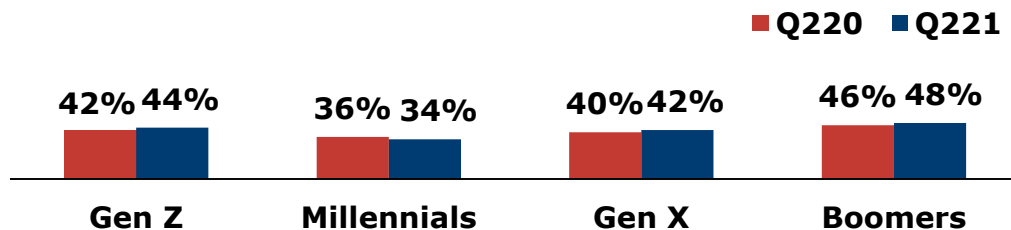
- 'Being outbid by other offers' grew steadily as the primary reason long-time searchers couldn't buy a home from Q419 (18%) to Q121 (40%). In Q221, however, the share went down to 34%, as once again, the inability to find an affordably-priced home became the most common reason (39%) active buyers couldn't pull the trigger.



- BY REGION:** The inability to find a home at an affordable price is the reason the plurality of buyers in most regions haven't been successful getting a home in Q221. The Northeast is the only exception, where getting outbid by others remains the top reason.

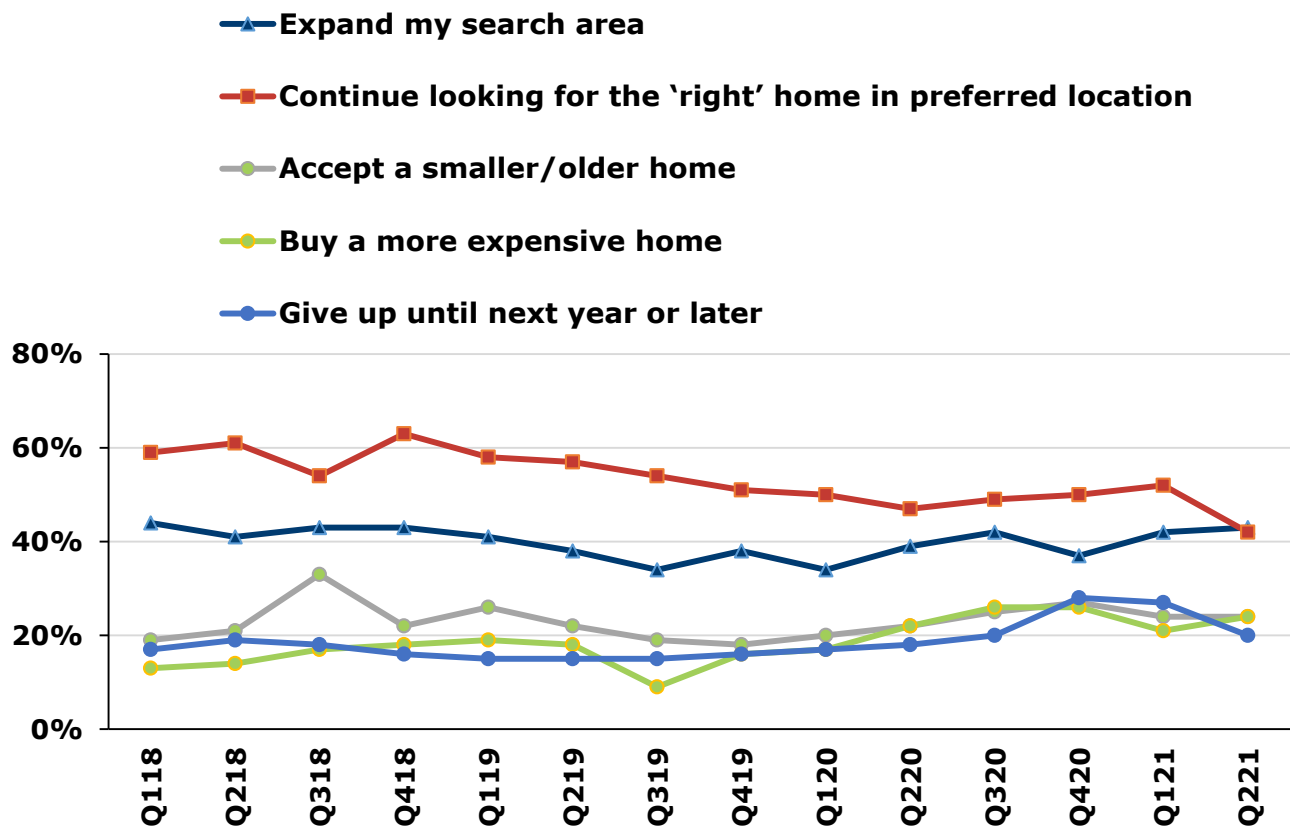


- BY GENERATION:** In Q221, high home prices are more likely than a year earlier to be the reason active buyers in most generations can't find a home. Among Millennials, the share is just slightly lower.



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

- The biggest change in what active buyers searching for 3+ months are likely to do next is in the share that will 'continue looking for the right home in a preferred location,' which dropped from 52% in Q121 to 42% in Q221. In contrast, a larger share will 'buy a more expensive home,' 21% to 24%.
- Meanwhile, the share who plan to give up their home search until next year or later reached a series high of 28% in Q420, but then declined for two consecutive quarters and now stands at 20% in Q221.



## **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
Qtr3'20	17,601	September 14 -27, 2020
Qtr4'20	13,112	December 15 -23, 2020
Qtr1'21	15,403	March 11 – 22, 2021
Qtr2'21	13,200	June 16 – 20, 2021