

# **HOUSING TRENDS REPORT**

## **QUARTER 3, 2021**

**(Data Collected: September 16 – 30)**



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

## Methodology:

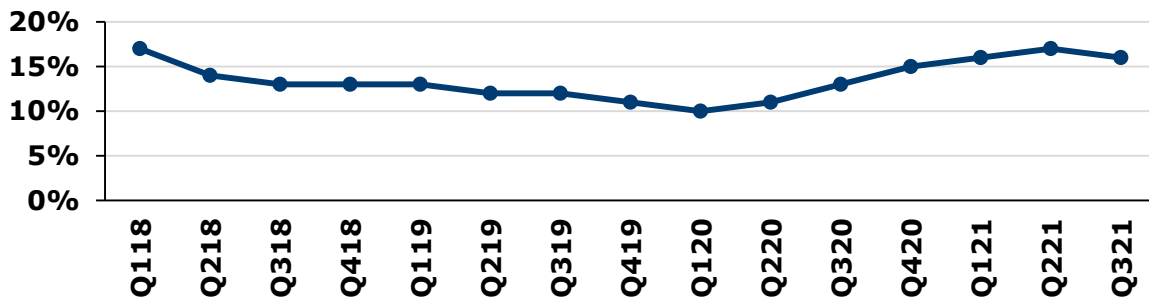
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

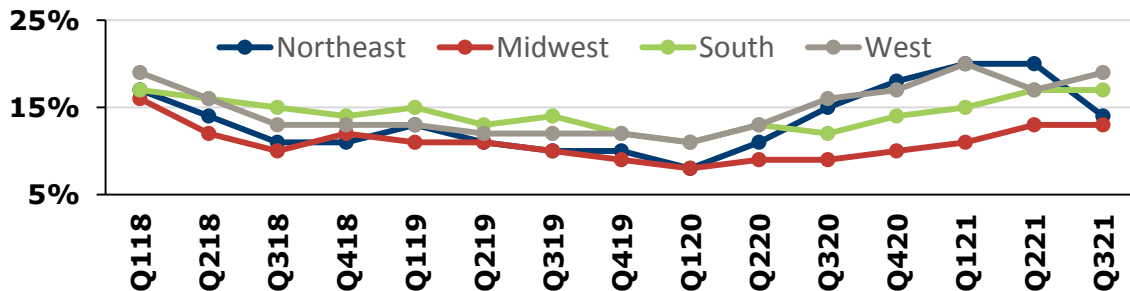
\* In 2021, Generation Z is constrained to end in the year 2003 because only adults 18 or older can participate in the poll.

## PLANNING TO BUY A HOME WITHIN 12 MONTHS

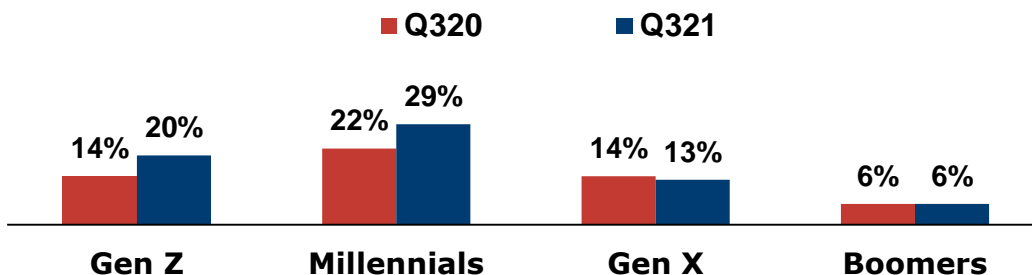
- After hitting a low of 10% in Q120, the share of adults planning a home purchase within a year rose for five consecutive quarters, peaking at 17% in Q221. That trend ended in Q321, when the share fell to 16%.



- BY REGION: The Northeast saw the share of adults with plans to buy a home plummet from 20% in Q221 to 14% in Q321. The share increased in the West (17% to 19%) and held steady in the Midwest (at 13%) and in the South (at 17%).



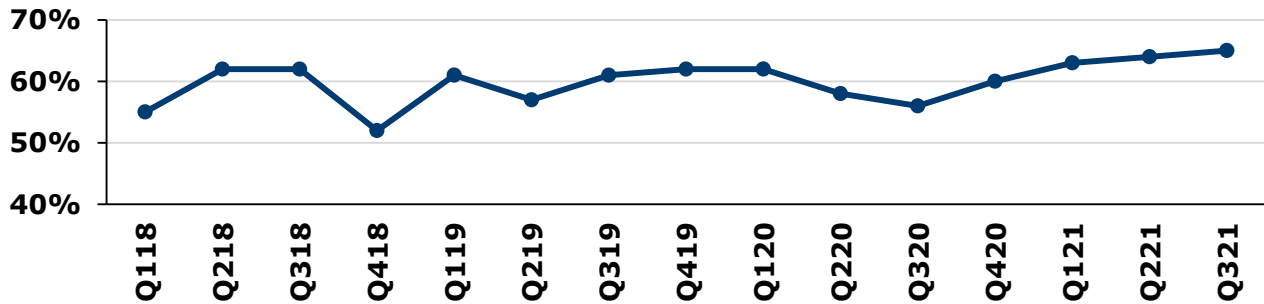
- BY GENERATION (not seasonally-adjusted): The share of Millennials planning a home purchase grew from 22% to 29% in the year ended in Q321. Among Gen Z buyers, it rose from 14% to 20%. Gen X & Boomers saw little to no change during this period.



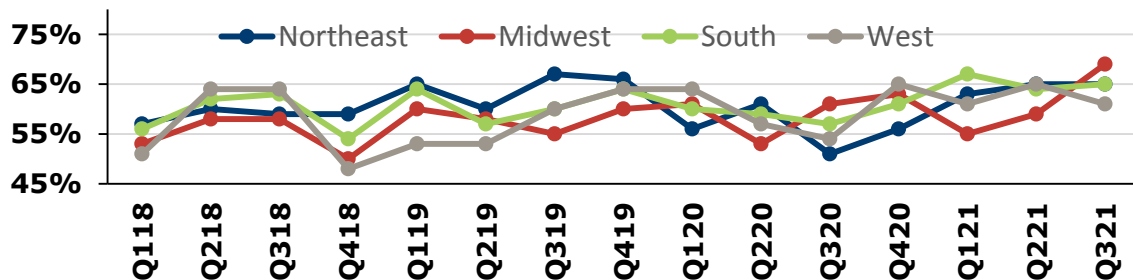
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

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

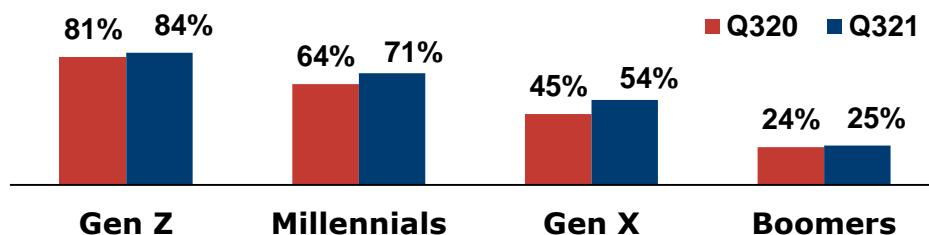
- After falling to 56% in Q320, the share of prospective buyers who would be purchasing a home for the first time has increased for four consecutive quarters, reaching 65% in Q321.



- BY REGION: Over half of prospective buyers in every region are 1<sup>st</sup>-timers. In Q321, a record 69% of buyers in the Midwest were buying for the first time, along with 65% of those in the Northeast and South, and 61% in the West.

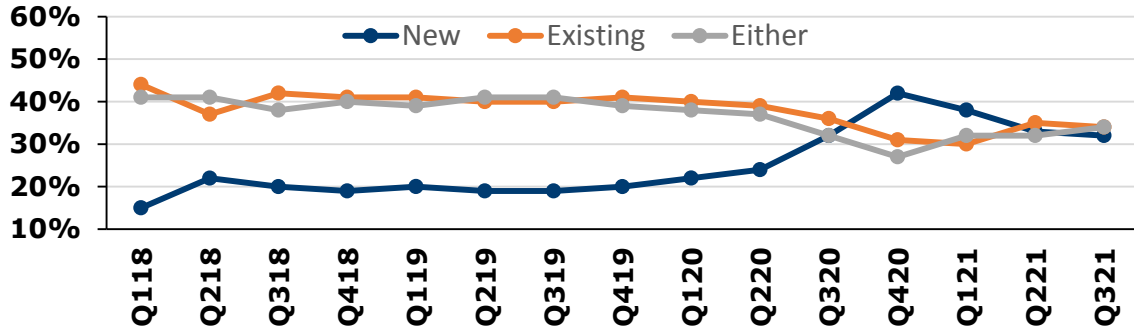


- BY GENERATION: Larger shares of buyers of every generation are 1<sup>st</sup>-timers in Q321 than a year earlier. Among Gen X'ers, the share rose from 45% to 54%; among Millennials, 64% to 71%; Gen Z, 81% to 84%; and Boomers, 24% to 25%.

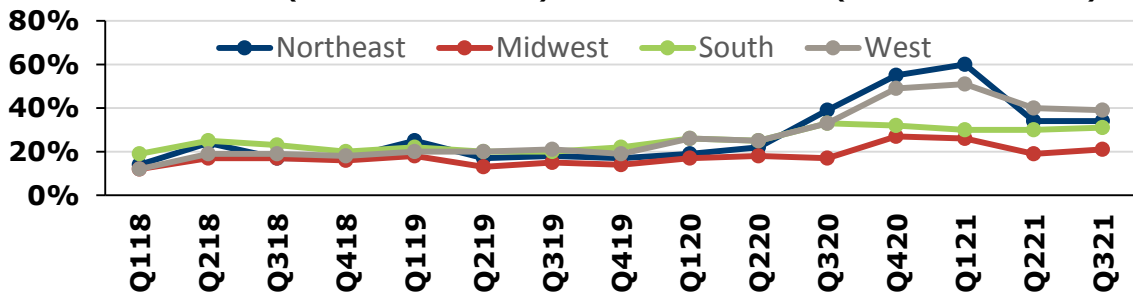


## NEW OR EXISTING HOME?

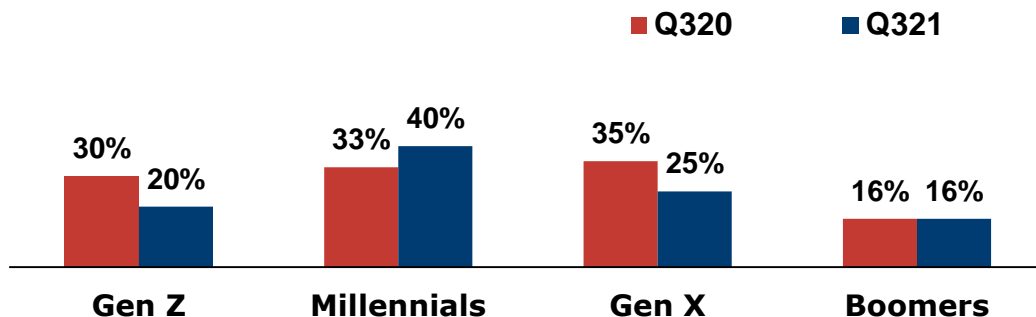
- In Q118, only 15% of buyers were looking for a newly-built home. The onset of COVID-19 propelled that share up to 42% by Q420, but strong gains in new home prices have driven it down for three quarters in a row, to 32% in Q321. On the other hand, the share who is ambivalent between new or existing has gone from 27% in Q420 to 34% in Q321.



- BY REGION: The share of buyers who'd prefer a newly-built home declined dramatically between the first and third quarters of 2021 in the Northeast (60% to 34%) and the West (51% to 39%).

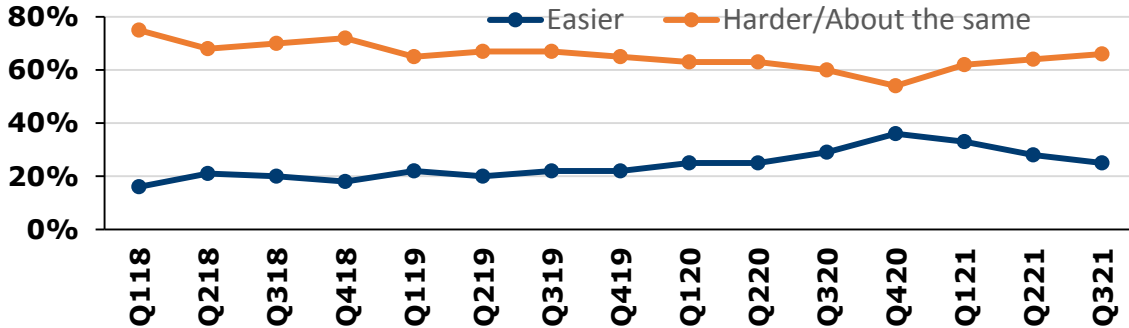


- BY GENERATION: The share of buyers who'd prefer a new home dropped 10 points among Gen X and Gen Z buyers in the year ended in Q321, to 25% and 20%, respectively.

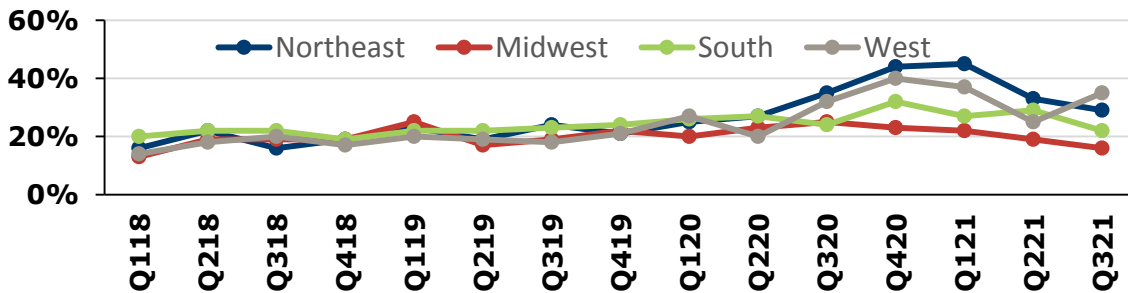


## AVAILABILITY EXPECTATIONS

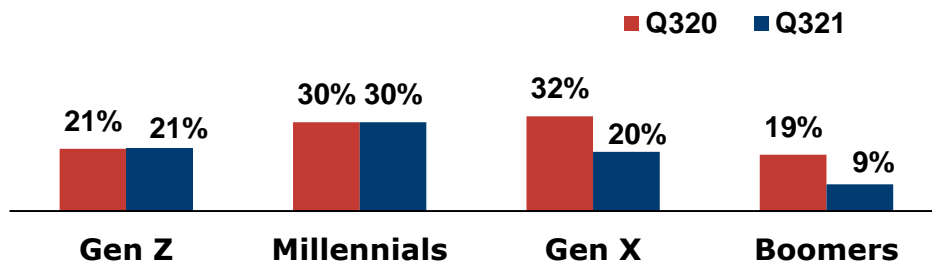
- In Q118, the starting point of this series, only 16% of buyers expected easier availability for a home in the months ahead. The share soared to 36% by Q420 (during the pandemic), only to drop for three straight quarters, reaching 25% in Q321. Now, 66% expect that finding the right home will be harder or not change much, up from 54% in Q420.



- BY REGION: From Q420 to Q321, expectations that housing availability will ease up declined in all regions: NE (44% to 29%), MW (23% to 16%), SO (32% to 22%), and WE (40% to 35%).

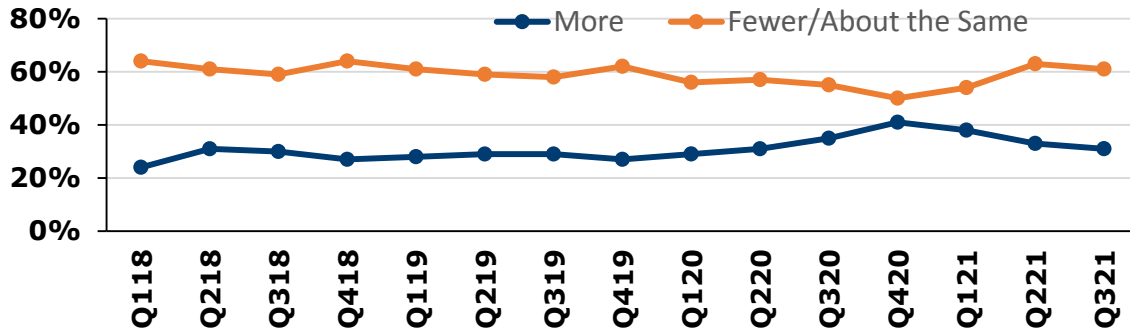


- BY GENERATION: In the year ended in Q321, expectations that housing availability will ease up declined significantly among Gen X and Boomer buyers, but remained flat among Gen Z and Millennials.

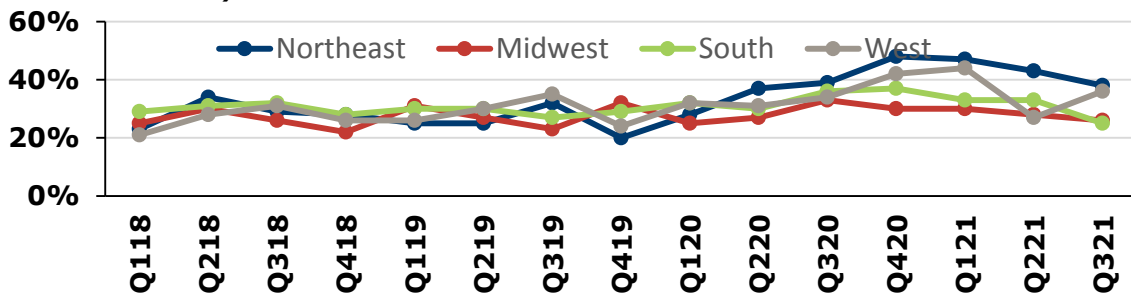


## CHANGES IN INVENTORY

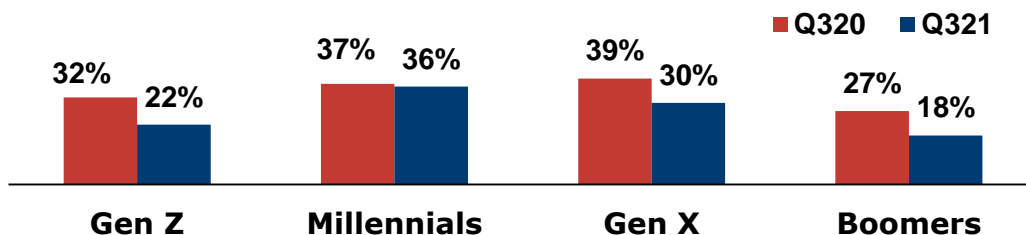
- In Q118, only 24% of buyers were seeing **more** homes available for-sale\*. The share grew to 41% by Q420, but then dropped for three straight quarters, reaching 31% in Q321. In contrast, the share seeing fewer/same number of homes on the market went from 50% in Q420 to 61% in Q321. Buyers' changing perceptions on inventory are a direct reflection of the scarcity of homes available on the market throughout 2021.



- BY REGION:** Between Q420 and Q321, the share of buyers seeing **more** homes for-sale declined in all four Census regions: NE (48% to 38%), MW (30% to 26%), SO (37% to 25%), and WE (42% to 36%).



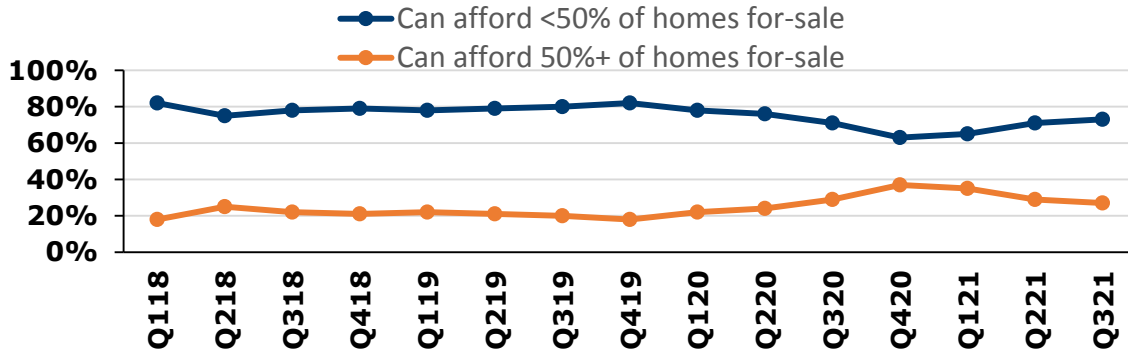
- BY GENERATION:** In the year ended in Q321, the share of buyers seeing **more** homes for-sale declined across all generations. Among Gen Z'ers, it fell 10 points to 22%.



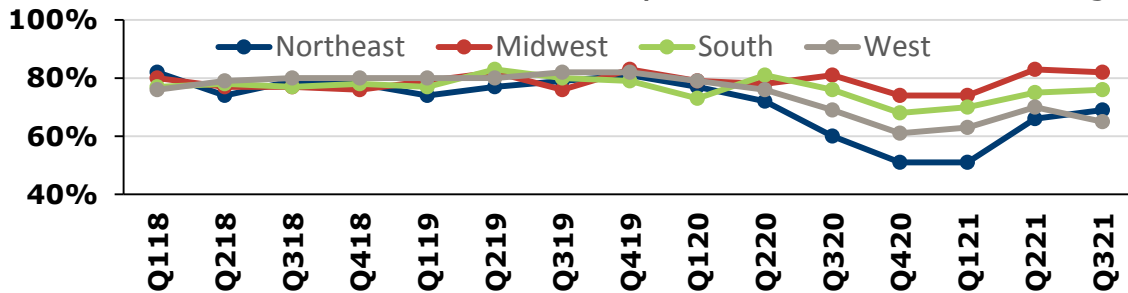
\* Homes with buyer's desired features and price point.

## **AFFORDABILITY EXPECTATIONS**

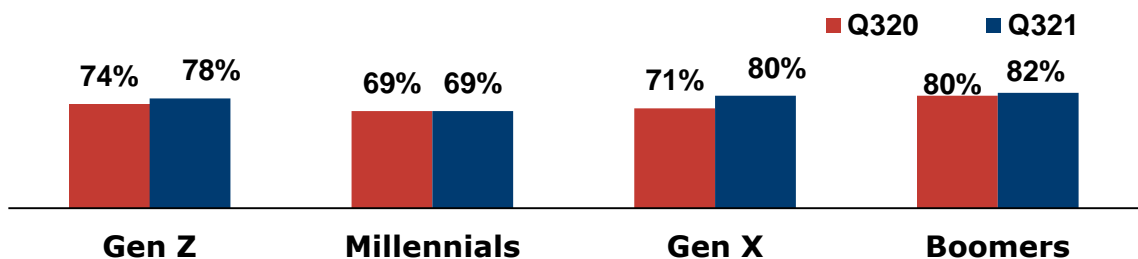
- In Q419, 82% of buyers could afford ***less than half*** the homes in their markets. That share fell to 63% by Q420 (i.e. affordability improved), but then rose for three straight quarters (i.e. affordability deteriorated), reaching 73% in Q321. In contrast, the share able to afford half or more of the homes available dropped from 37% in Q420 to 27% in Q321.



- BY REGION:** From the second to the third quarters of 2021, the share of buyers able to afford ***less than half*** the homes rose in the Northeast (66% to 69%) and the South (75% to 76%). If measured since Q420, affordability has worsened in all regions.



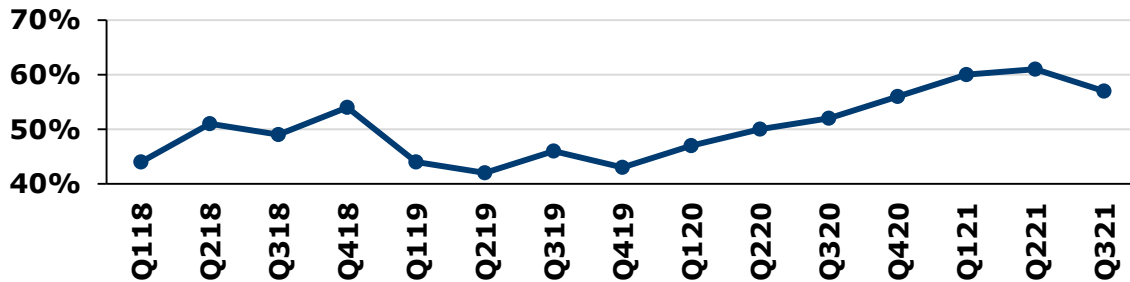
- BY GENERATION:** During the year ended in Q321, the share of buyers that could afford ***less than half*** the homes on the market increased among Gen X, Gen Z, and Boomer buyers. It was flat among Millennials.



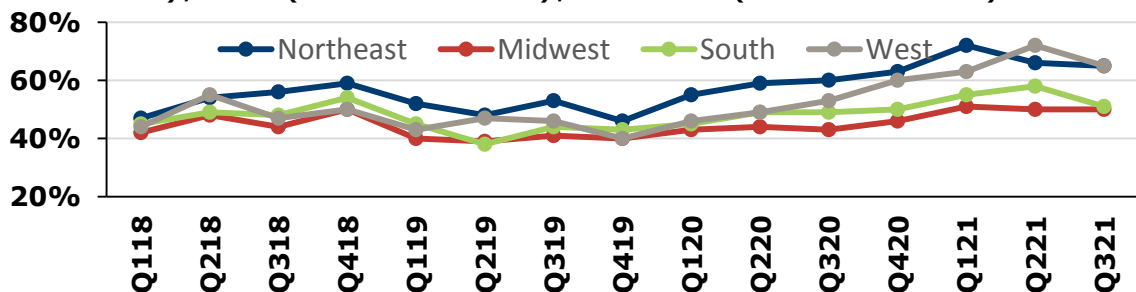


## BEYOND JUST PLANNING

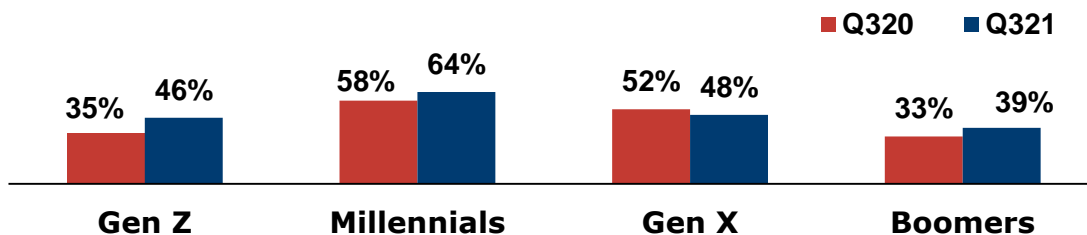
- After growing steadily for six straight quarters, and peaking at 61% in Q221, the share of prospective buyers actively trying to find a home to buy declined to 57% in Q321. This is an indication that fast-growing home prices have discouraged a segment of potential buyers from getting past the planning stage.



- BY REGION: The share of buyers who are actively searching declined from the second to the third quarters of 2021 in the SO (58% to 51%), WE (72% to 65%), and NE (66% to 65%).



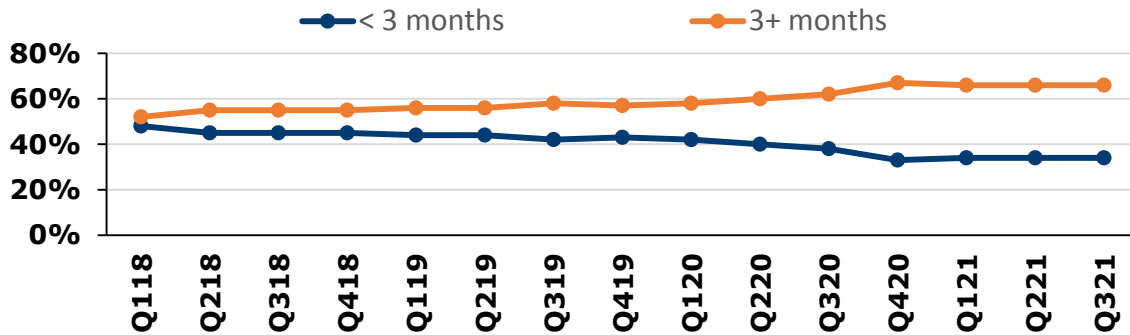
- BY GENERATION: During the year ended in Q321, the share of active buyers grew among Gen Z (35% to 46%), Millennial (58% to 64%), and Boomer (33% to 39%) buyers. Since this data remains non-seasonally adjusted, only year-over-year analysis is valid.



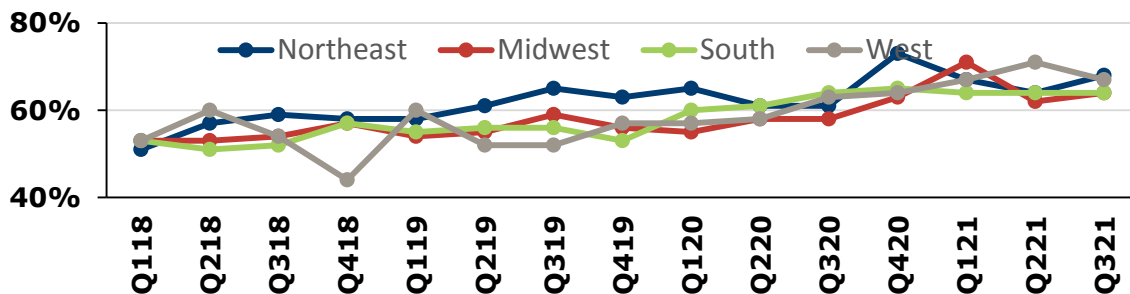
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

## TIME SPENT SEARCHING FOR A HOME

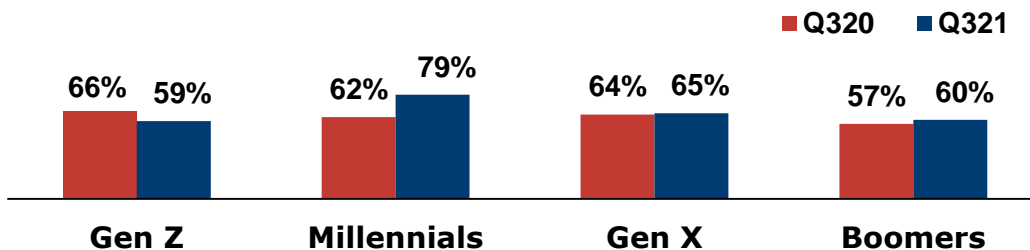
- Two-thirds of active buyers are spending long periods of time searching for a home. In Q419, 57% of buyers actively engaged in the purchase process had spent 3+ months looking. A year later, that share had grown to 67%. During the first three quarters of 2021, it has remained steady at 66%.



- BY REGION: From Q221 to Q321, the NE (64% to 68%) and MW (62% to 64%) saw increases in the share of active buyers searching for 3+ months. The share declined in the WE (71% to 67%) and was steady in the SO (at 64%).

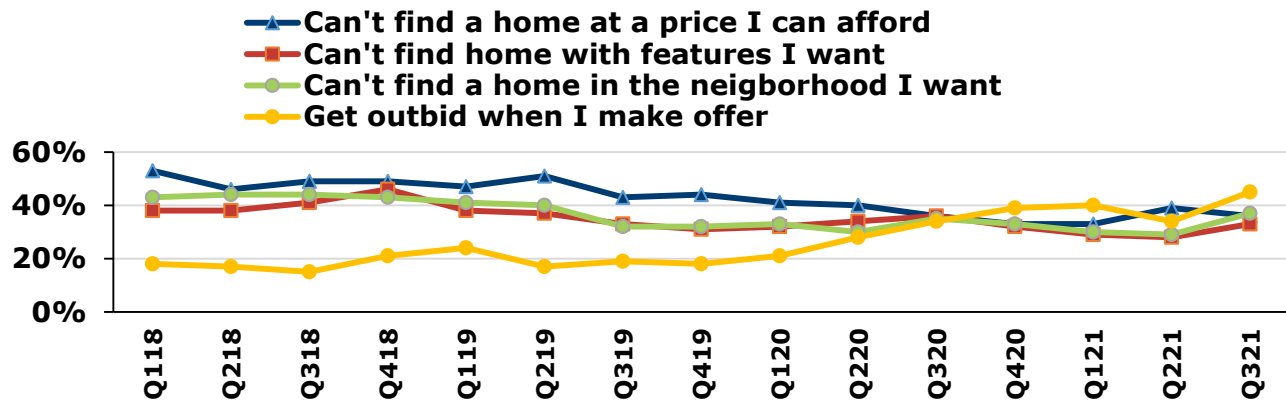


- BY GENERATION: More than half of active buyers of every generation are spending 3+ months looking for a home, led by 79% of Millennials. A year earlier, that share was 62%.

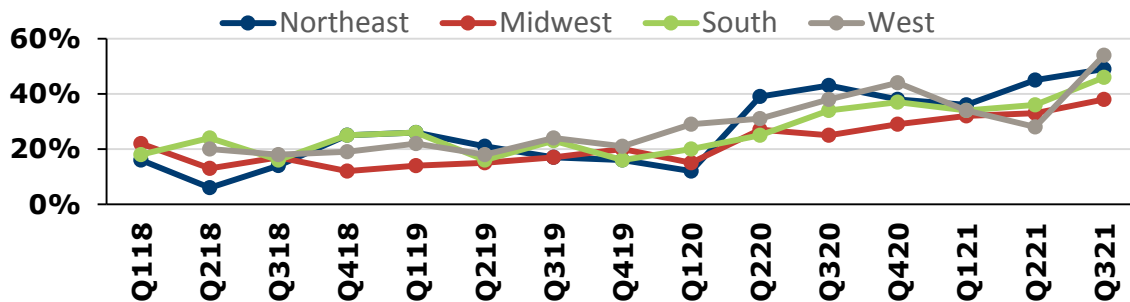


## TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

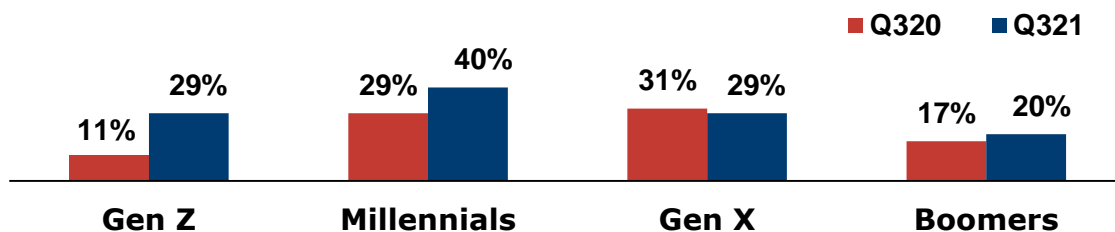
- In Q321, the number one reason long-time searchers couldn't buy a home was not because of their inability to find an affordably priced home (36%), but because they kept getting outbid by other offers (45%). This is the third time in the history of this series that getting outbid is the primary reason active buyers couldn't pull the trigger.



- BY REGION:** Getting outbid by other buyers is the reason most or a plurality of buyers searching for 3+month in Q321 haven't been successful in the WE (54%), NE (49%), and SO (46%).

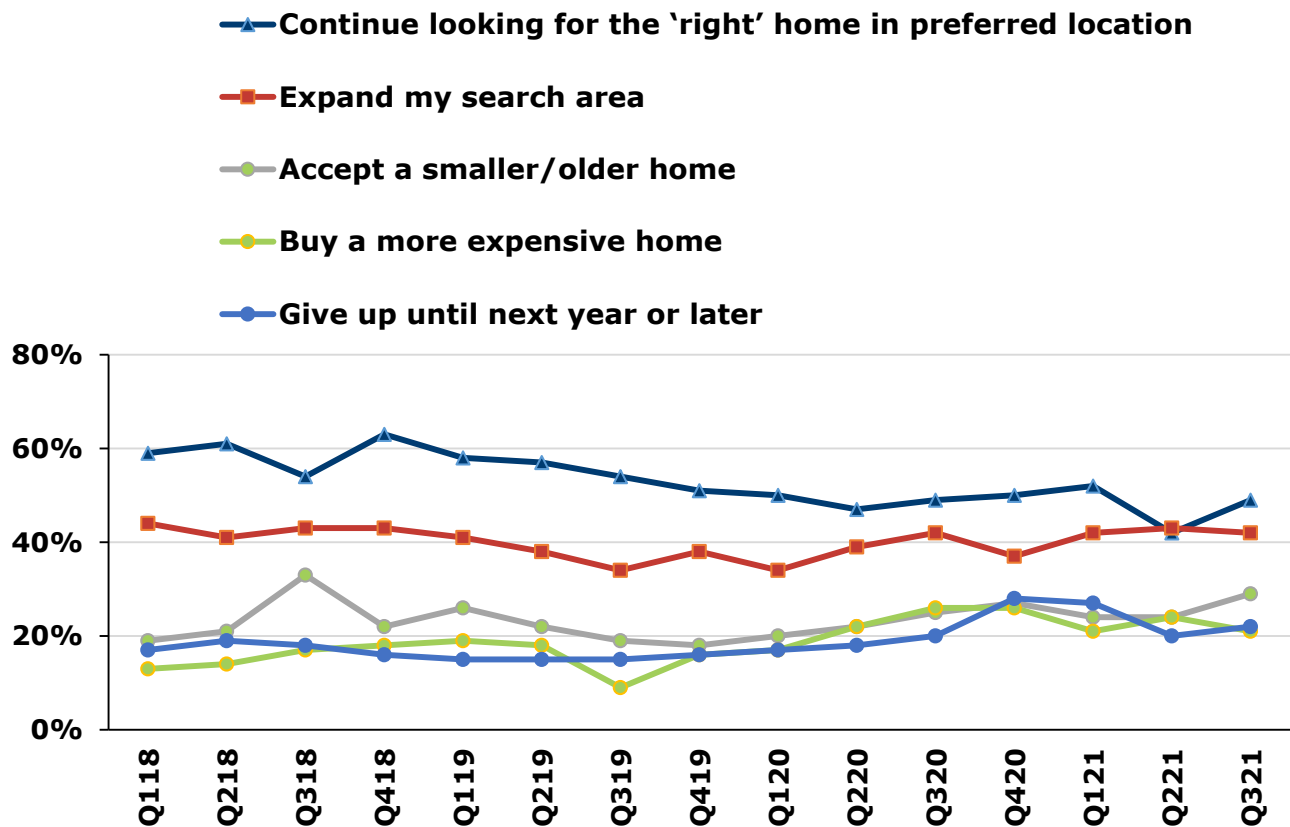


- BY GENERATION:** Getting outbid by other buyers is the reason 29% of Gen Z buyers searching for 3+months haven't been successful, up from 11% a year earlier. The share also rose significantly among Millennials, from 29% to 40%.



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

- When asked in Q321 what they are most likely to do next if still unable to find a home in the next few months, 49% of active buyers searching for 3+ months said they will continue looking for the 'right' home in the same location, up from 42% in Q221. The share that will accept a smaller/older home also rose during this period, from 24% to 29%.
- Meanwhile, the share who plan to give up their home search until next year or later reached a series high of 28% in Q420, declined for the first two quarters of 2021, and then rose again in Q321 to 22%.



## **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
Qtr3'21	19,801	September 16 - 30, 2021