

HOUSING TRENDS REPORT

QUARTER 1, 2022

(Data Collected: March 16 – 23)



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 2004.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

Methodology:

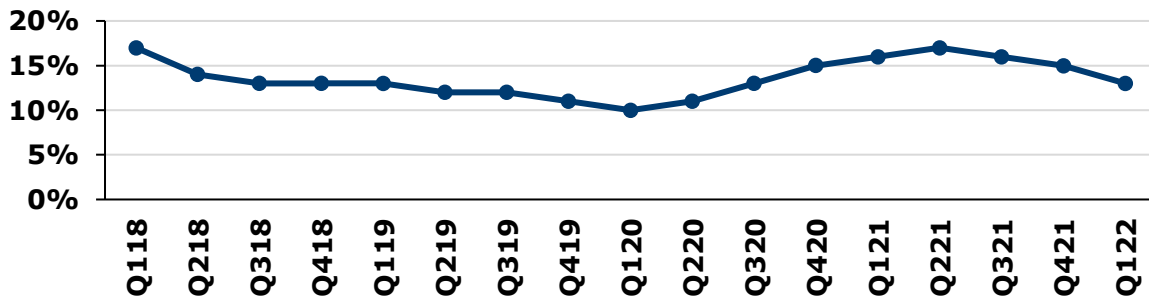
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic 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 seasonally adjusted. Results by generations will not be seasonally adjusted until 2023 due to the shorter time-horizon of these series.

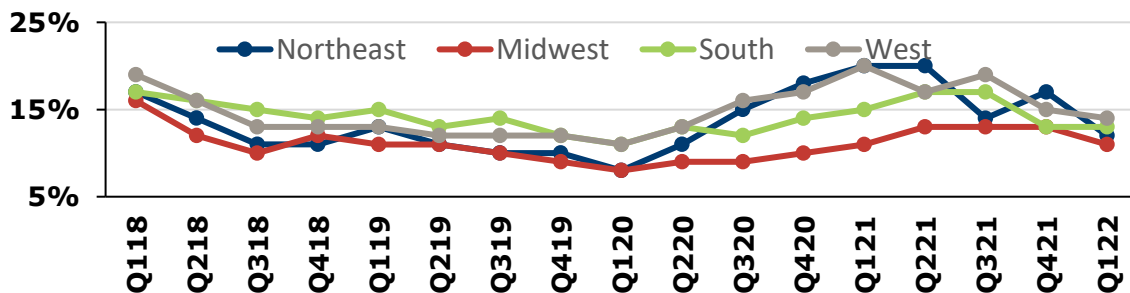
* In 2022, Generation Z is constrained to end in the year 2004 because only adults 18 or older can participate in the poll.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

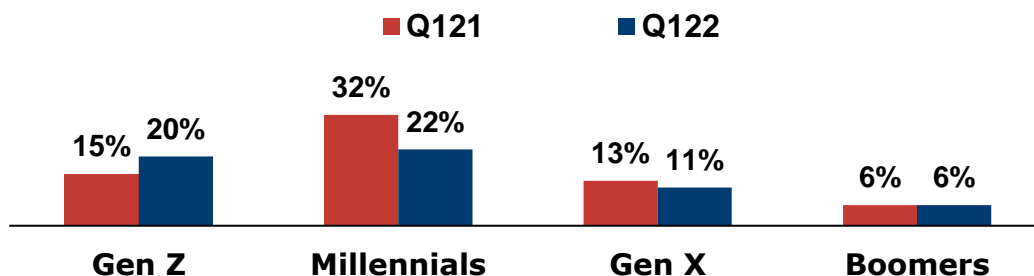
- Housing demand is softening: the share of adults planning a home purchase within a year fell for a 3rd straight quarter in Q122, down to 13% – the lowest level since mid-2020.



- BY REGION: Every region is experiencing a deceleration in housing demand: the share of adults with plans to buy a home in Q122 was lower than during most of 2021 in all four regions.



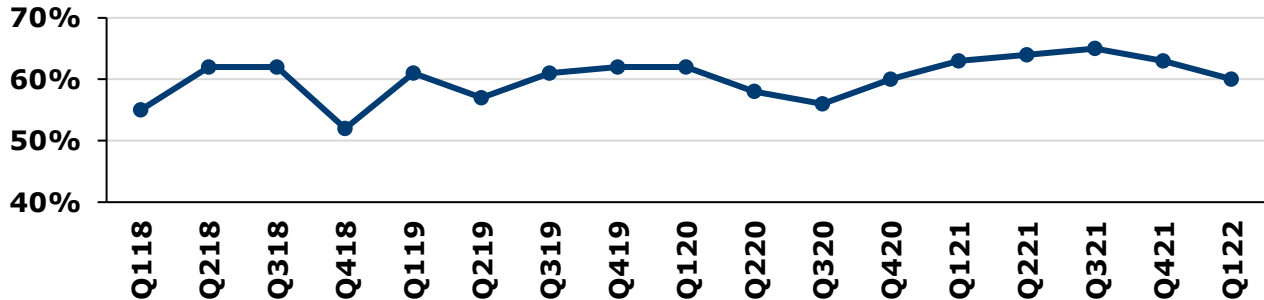
- BY GENERATION (not seasonally-adjusted): In the past one year, the share of Millennials planning a home purchase dropped 10 points, from 32% to 22%. The share also dropped among Gen X'ers (13% to 11%), was flat among Boomers (at 6%), but rose slightly (15% to 20%) among Gen Z buyers.



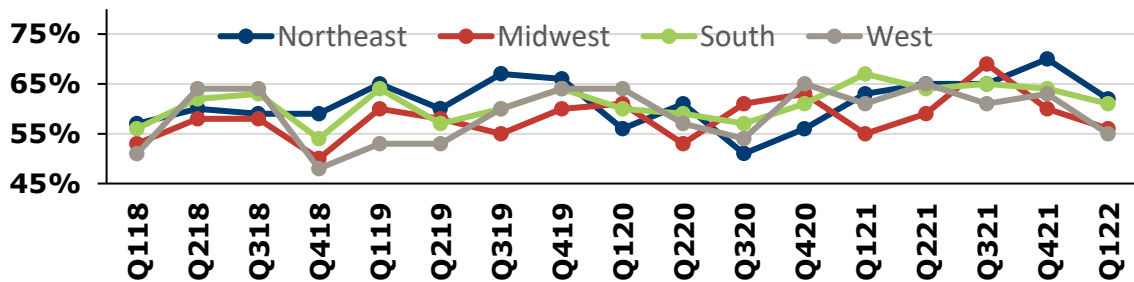
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

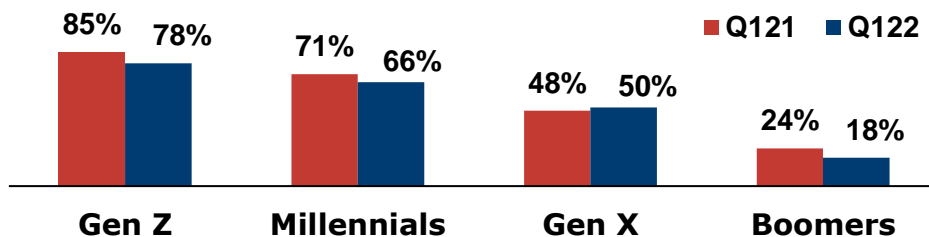
- 1st-time home buyers are taking a step back. Their share among all prospective buyers peaked in Q321 (at 65%), but has now fallen for two straight quarters, down to 60% - roughly the same level where it stood prior to the onset of the COVID-19 pandemic.



- BY REGION: After peaking in 2021, the share of buyers who are purchasing a home for the first time is now lower in every region of the country. From peak to now: NE (70% to 62%), MW (69% to 56%), SO (67% to 61%), and WE (65% to 55%).

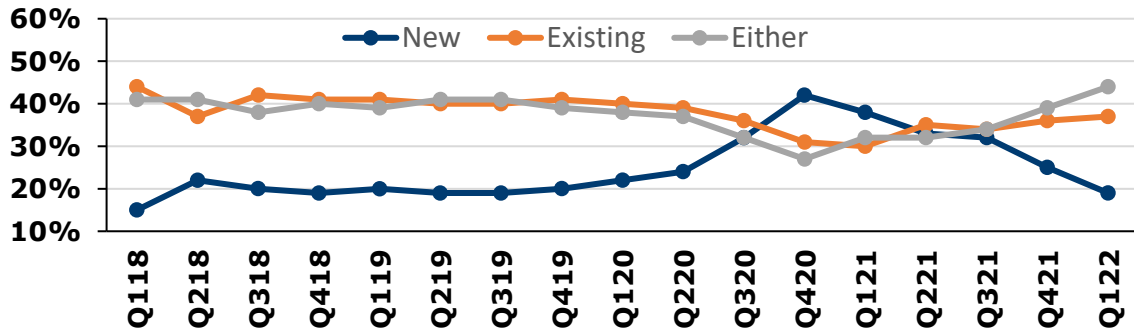


- BY GENERATION: In the past year, the share of buyers who are 1st-timers dropped among Gen Z'ers (85% to 78%), Millennials (71% to 66%), and Boomers (24% to 18%).

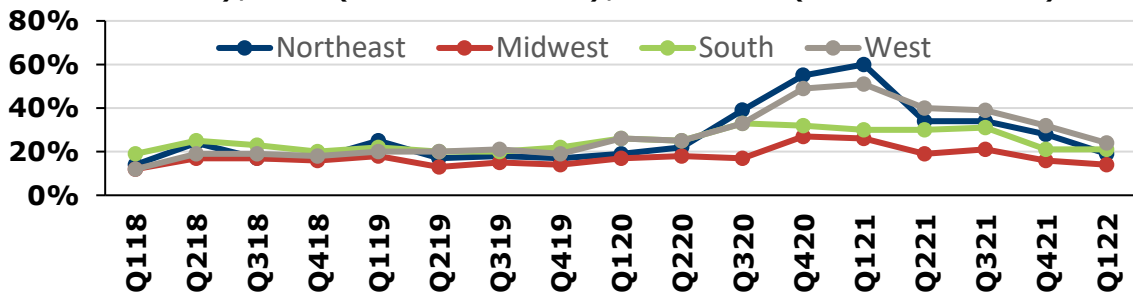


NEW OR EXISTING HOME?

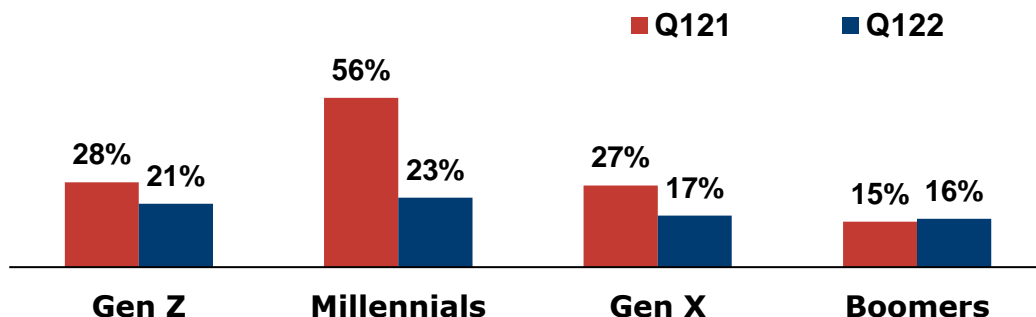
- After COVID-19 hit, the popularity of new homes skyrocketed. By the end of 2020, 42% of buyers preferred new construction. But that popularity has eroded, and the share has returned to pre-pandemic levels: 19% by Q122.



- BY REGION: New construction has lost popularity in every region of the country. From peak to now, the share of buyers who'd prefer a newly-built home dropped in the NE (60% to 19%), MW (27% to 14%), SO (33% to 21%), and WE (51% to 24%).

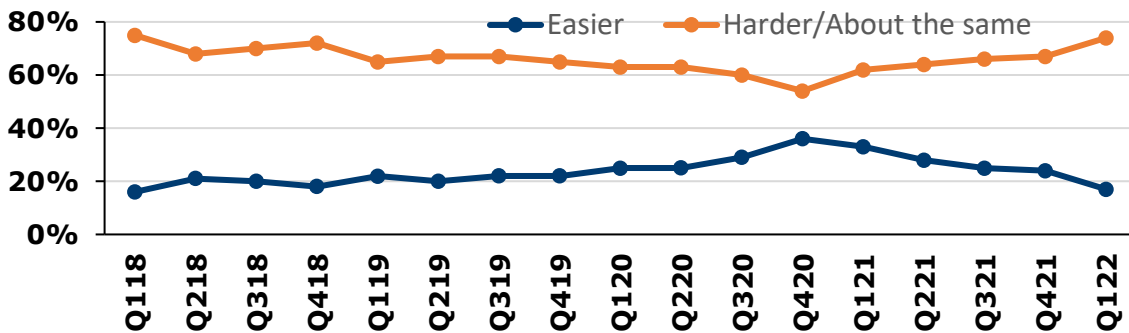


- BY GENERATION: In the first quarter of 2021, 56% of Millennials preferred new construction. A year later, the share is only 23%. The share also dropped among Gen Z (28% to 21%) and Gen X (27% to 17%) buyers.

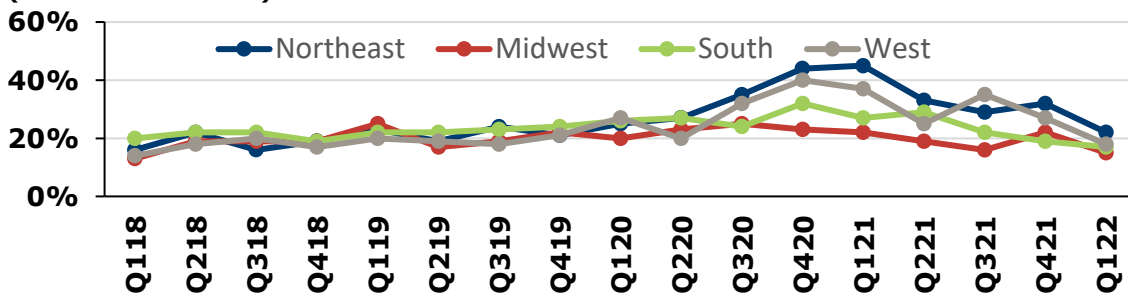


AVAILABILITY EXPECTATIONS

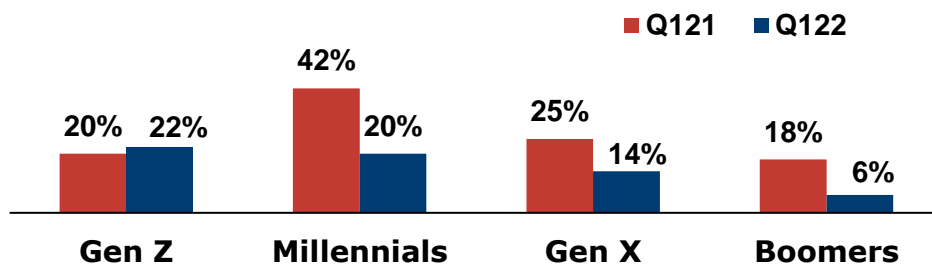
- Buyers' expectations of housing availability continue to worsen. At its peak in Q420, 36% expected the home search to get easier in the months ahead. After five straight drops, the share is now 17% – a level not seen since 2018. In contrast, 74% expect the search to get harder/stay the same.



- BY REGION:** Housing availability expectations have deteriorated across all regions. From peak to now, the share of buyers expecting the search for a home to get easier dropped in the NE (45% to 22%), MW (25% to 15%), SO (32% to 17%), and WE (40% to 18%).

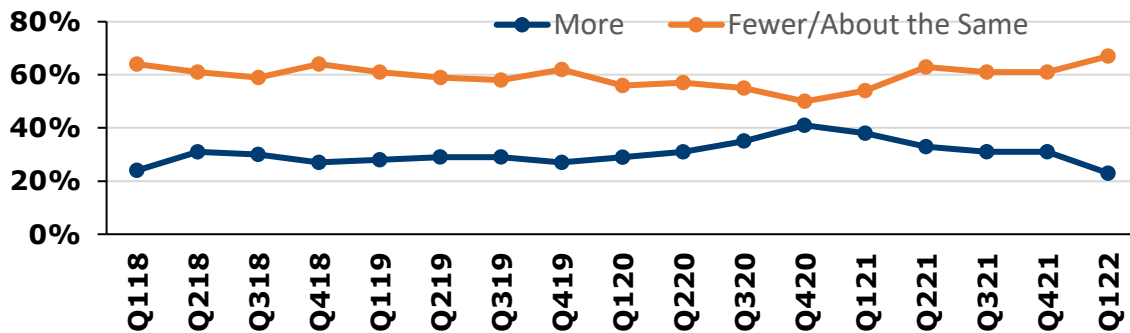


- BY GENERATION:** In the year ended in Q122, expectations that housing availability will ease up in the months ahead declined significantly among Millennials (42% to 20%), Gen X'ers (25% to 14%) and Boomers (18% to 6%).

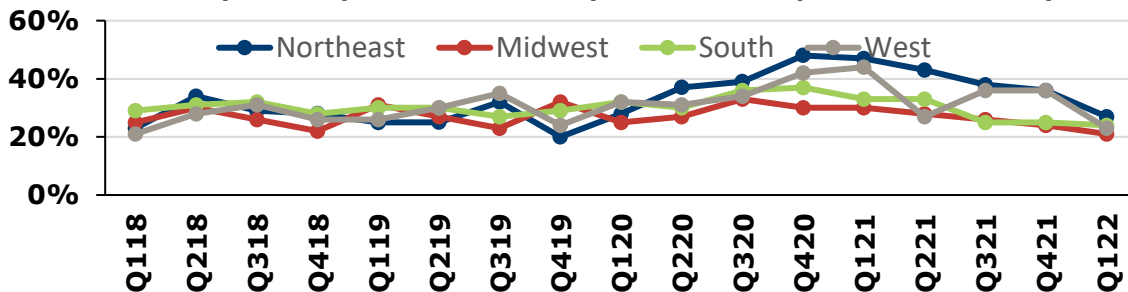


CHANGES IN INVENTORY

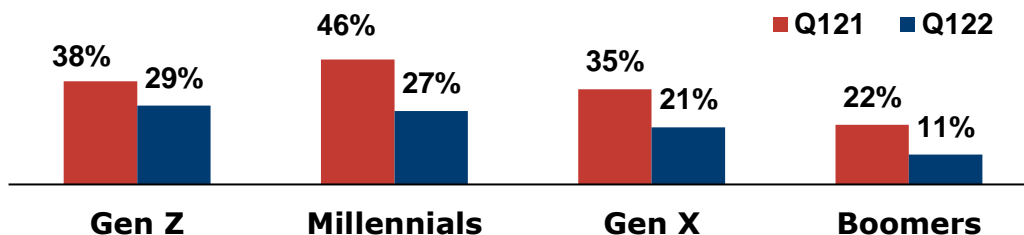
- Buyers' perceptions of housing inventory are an all-time low. At its peak in Q420, 41% were seeing **more** homes available for-sale* in their markets. After declining for over a year, the share now stands at 23% (the lowest since the inception of the series in Q118). In contrast, 67% report fewer/same # of homes available (also a record...high).



- BY REGION:** Inventory perceptions have worsened across the country. From peak to now, the share of buyers seeing **more** homes on the market dropped in the NE (48% to 27%), MW (33% to 21%), SO (37% to 24%), and WE (44% to 23%).



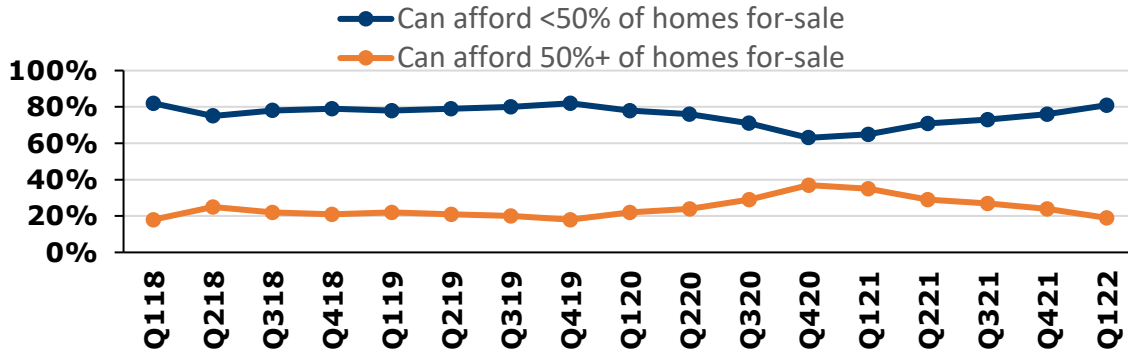
- BY GENERATION:** In the year ended in Q122, the share of buyers seeing **more** homes for-sale* declined across all generations: Gen Z (38% to 29%), Millennials (46% to 27%), Gen X (35% to 21%), and Boomers (22% to 11%).



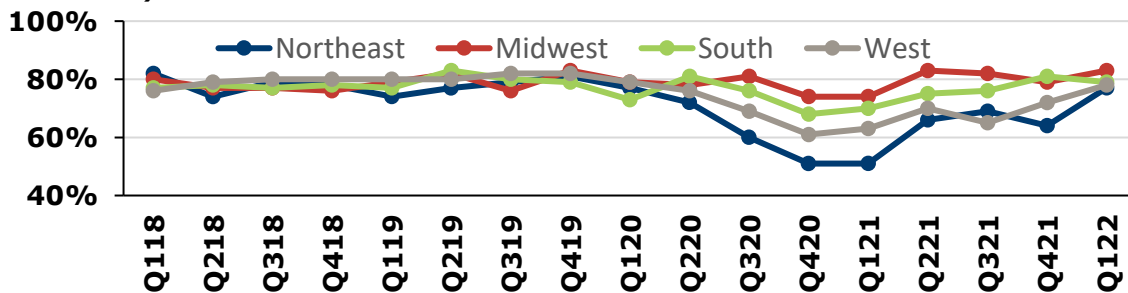
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

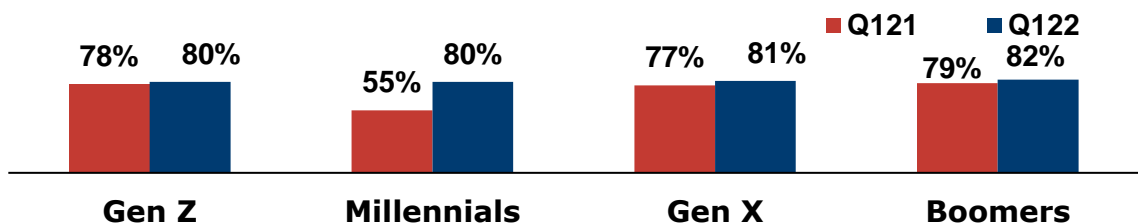
- Buyers' expectations for housing affordability continue to sour. In Q122, 81% say they could afford ***less than half*** the homes for-sale in their markets – a return to pre-pandemic levels. In contrast, the share able to afford half or more of the homes available is only 19% (down from 37% in Q420).



- BY REGION:** Affordability expectations have been trending down since Q420 in all regions. From then to now, the share of buyers only able to afford ***less than half*** the homes rose in the NE (51% to 77%), MW (74% to 83%), SO (68% to 79%), and WE (61% to 78%).

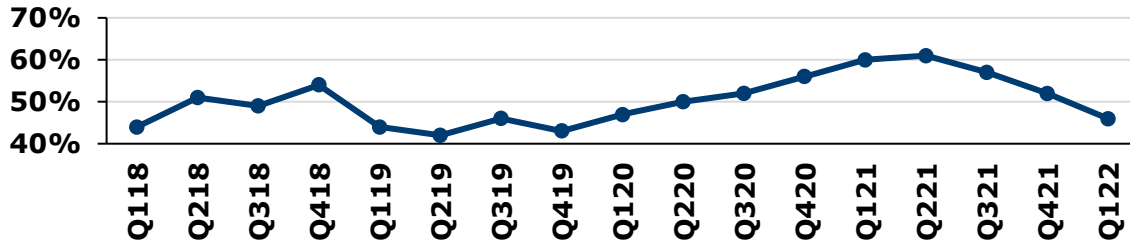


- BY GENERATION:** During the year ended in Q122, the share of buyers only able to afford ***less than half*** the homes on the market increased across all generations, especially among Millennial buyers (55% to 80%).

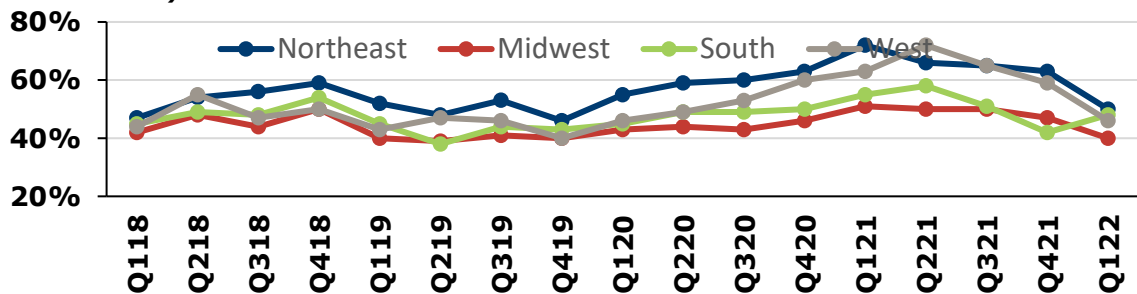


BEYOND JUST PLANNING

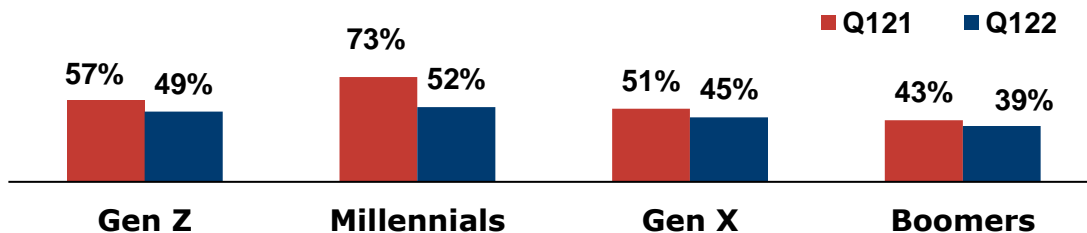
- A growing segment of prospective home buyers aren't moving past the planning stage. At its peak in mid-2021, 61% were actively trying to find a home to buy. Now, the share is back to pre-pandemic levels, at 46%. This is clear evidence that higher mortgage rates and double-digit growth in home prices have discouraged buyers from engaging the purchase process.



- BY REGION: Fewer buyers in every region are actively searching for a home. From peak to now, the share dropped in the NE (72% to 50%), MW (51% to 40%), SO (58% to 48%), and WE (72% to 46%).



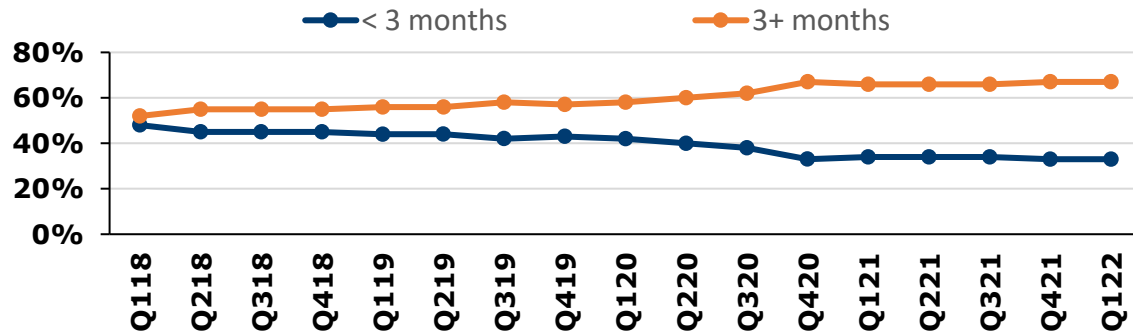
- BY GENERATION: During the year ended in Q122, the share of buyers actively searching for a home declined among all generations, especially Millennials (73% to 52%).



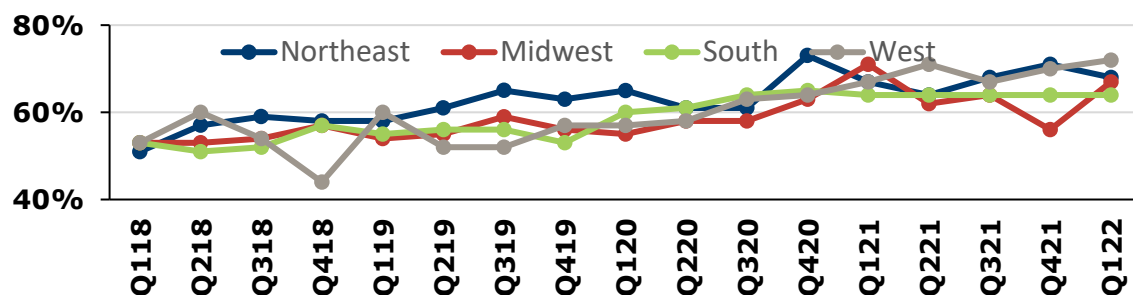
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

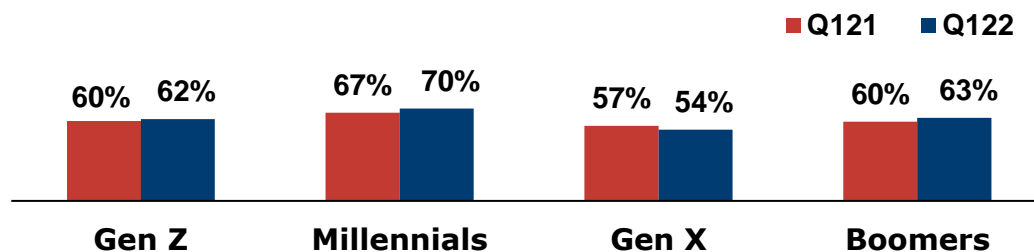
- Most active buyers continue to spend 3+ months looking for a home to buy. In Q122, 67% of active buyers had spent that much time looking. Before the pandemic (Q118 to Q120), fewer than 60% of active buyers shopped for a home for 3+ months.



- BY REGION: As of Q122, the two regions with the highest share of active buyers spending upwards of 3 months looking for a home to buy are the West (72%) and the Northeast (68%).

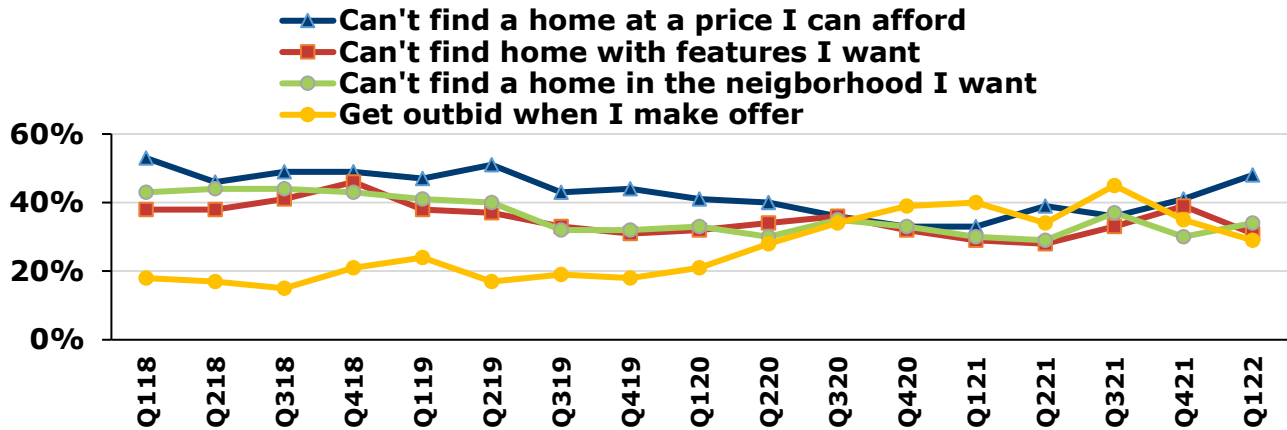


- BY GENERATION: More than half of active buyers of every generation are spending 3+ months looking for a home. In the year ended in Q122, the share rose slightly among all generations, except Gen X buyers. Since this data remains non-seasonally adjusted, only year-over-year analysis is valid.

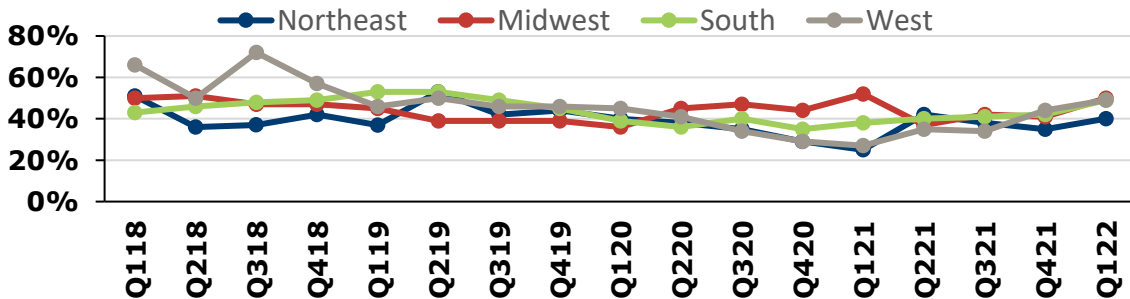


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

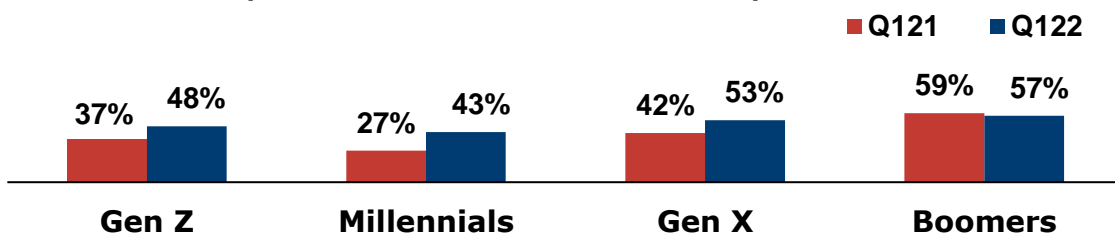
- By far, the most common reason buyers looking for 3+ months can't buy a home is the inability to find an affordable home (48%). In distant 2nd place is the inability to find a desirable neighborhood (34%), followed by the inability to find a home with desirable features (31%), and being outbid by other buyers (29%).



- BY REGION: 50% of long-time searchers in the MW, 49% in the SO, 49% in the WE, and 40% in the NE reported high home prices as the reason they haven't been successful buying a home.

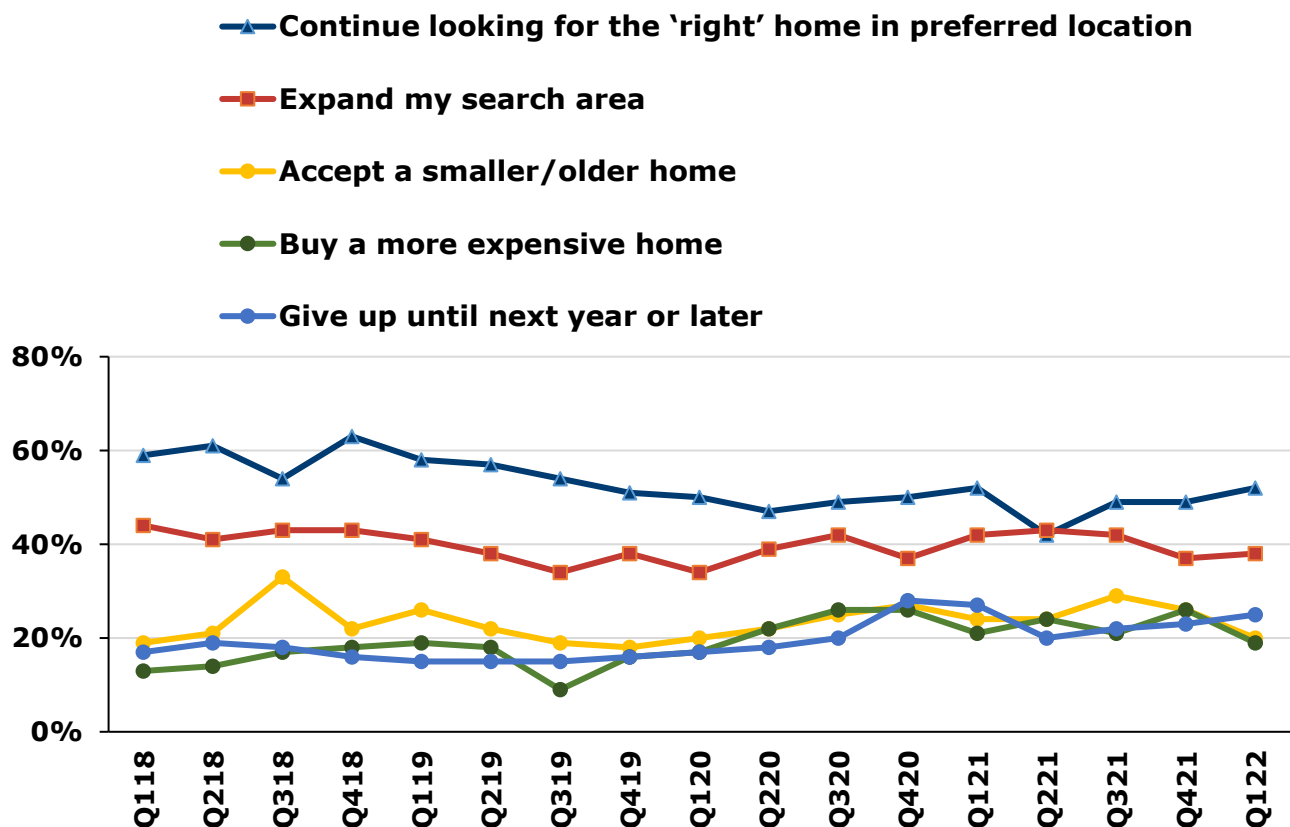


- BY GENERATION: In the year ended in Q122, the inability to find an affordable home has grown as the reason active buyers of every generation haven't been able to purchase a home, except for Boomers (for whom it was about flat).



NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

- When asked in Q122 what they are most likely to do next if still unable to find a home in the next few months, most (52%) active buyers searching for 3+ months said they will continue looking for the 'right' home in the same location. Nineteen percent will buy a more expensive home (down from 26% a quarter earlier), and 20% will accept a smaller/older home (also down from 26%).
- Meanwhile, the share who plan to give up their home search until next year or later is showing a clear upward trend, going from 20% in Q221, to 22% in Q321, 23% in Q421, and now 25% in Q122.



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
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
Qtr4'21	13,197	December 16 – 20, 2021
Qtr1'22	17,679	March 16 – 23, 2022