

HOUSING TRENDS REPORT

QUARTER 2, 2022

(Data Collected: June 15 – 24)



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:

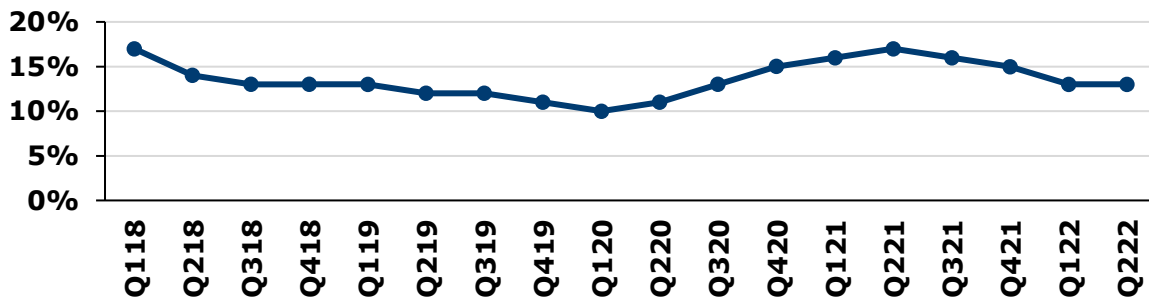
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

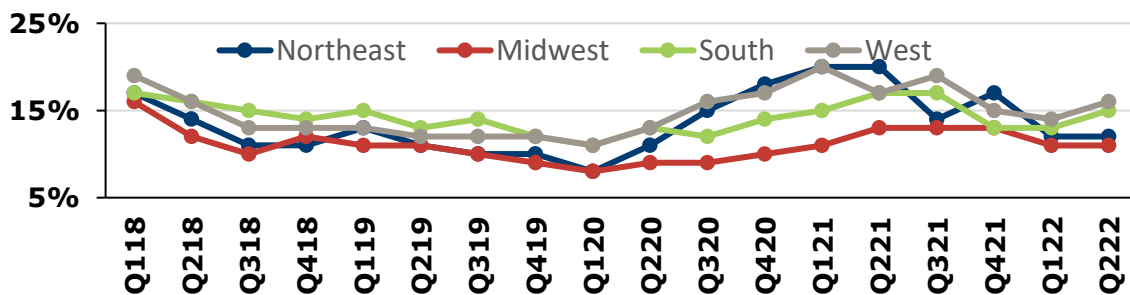
* In 2022, Generation Z is constrained to end in the year 2004 because only adults 18 or older can participate in the poll.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

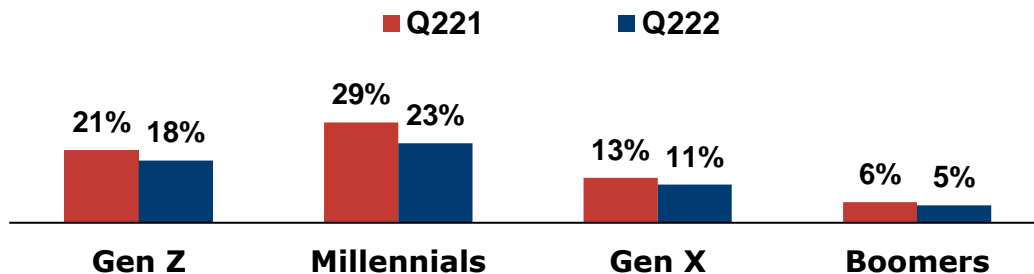
- Housing demand is flattening: the share of adults planning a home purchase within a year stood at 13% in the 2nd quarter of 2022, unchanged from the previous quarter, but lower than a year earlier (17%).



- BY REGION: From Q122 to Q222, housing demand was mixed across regions. In the SO and WE, slightly larger shares of adults planned to buy a home. In the NE and MW, there was no change.



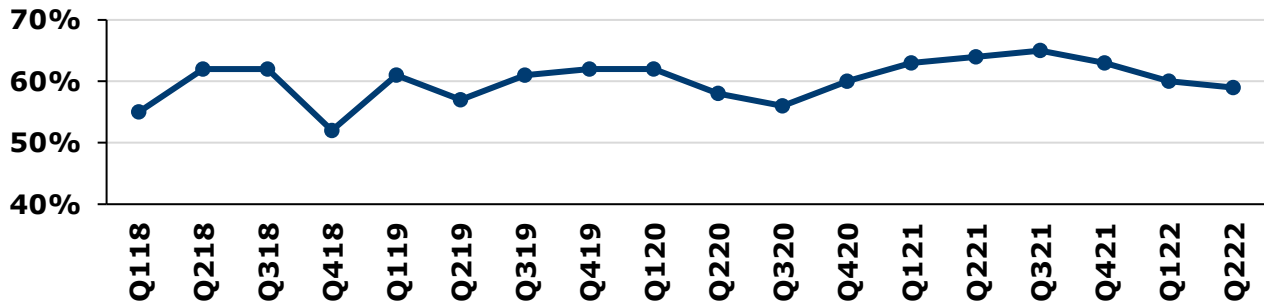
- BY GENERATION (not seasonally-adjusted): Across all generations, the share of adults planning to purchase a home within 12 months dropped between Q221 and Q222.



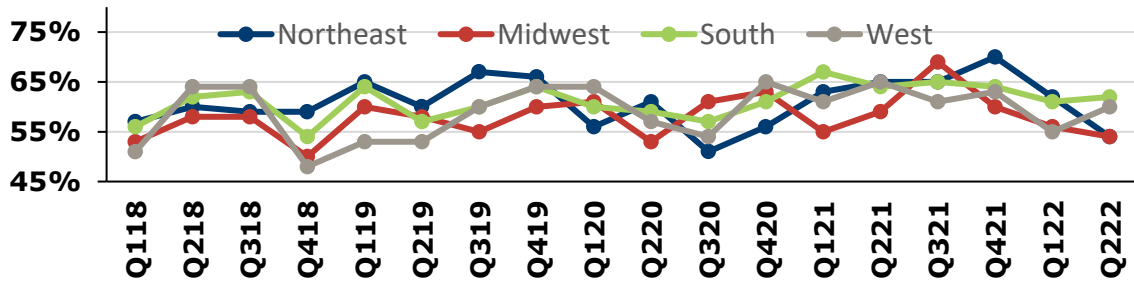
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

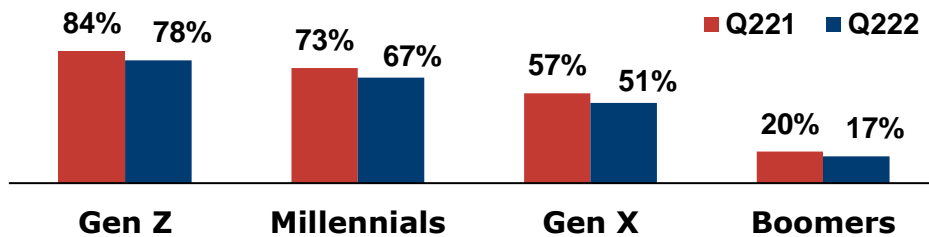
- 1st-time home buyers continue to retreat. Their share among all prospective buyers peaked at 65% in the 3rd quarter of 2021, but has now fallen for three straight quarters, to reach 59% - its lowest point in almost two years (56% in Q320).



- BY REGION: From peak in 2021 to now, the share of buyers who are purchasing a home for the first time continued to fall in the NE (70% to 54%) and MW (69% to 54%). In the WE, the share rose from Q122 to Q222 (55% to 60%), but was still down from a year earlier (65%).

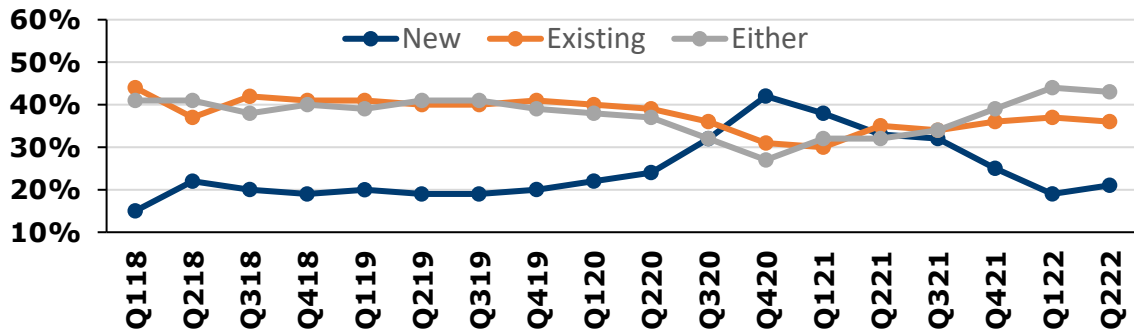


- BY GENERATION: In the past year, the share of buyers who are 1st-timers dropped in each of the four generations.

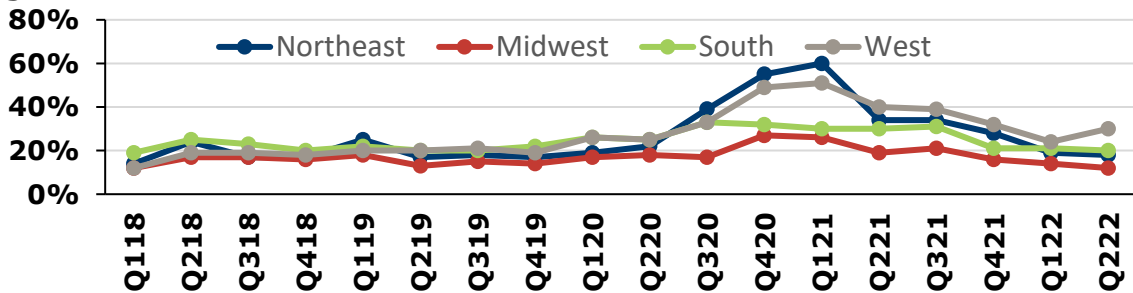


NEW OR EXISTING HOME?

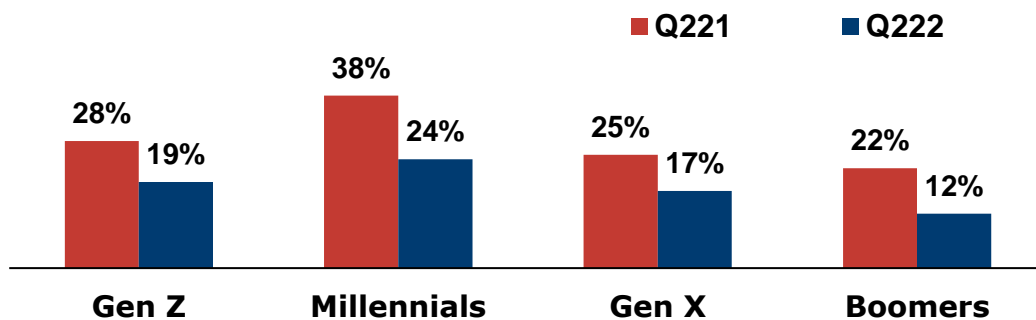
- After falling steadily for over a year, the popularity of new homes rebounded in the second quarter of 2022, up to 21% from 19% a quarter earlier. A possible reason for this pivot is the recent growth in inventory of new homes for-sale, while the supply of existing homes on the market remains very tight.



- BY REGION: The increased interest for new homes is driven entirely by the West: from the 1st to the 2nd quarter of 2022, the share of buyers there looking to buy a new home rose from 24% to 30%. In contrast, the share declined in the other three regions.

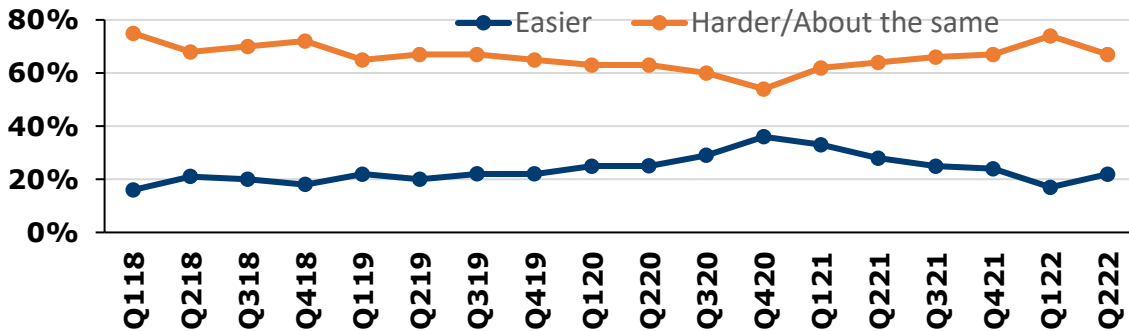


- BY GENERATION: In the past year, the share of buyers who prefer new construction dropped among all four generations, most significantly among Millennials (38% to 24%).

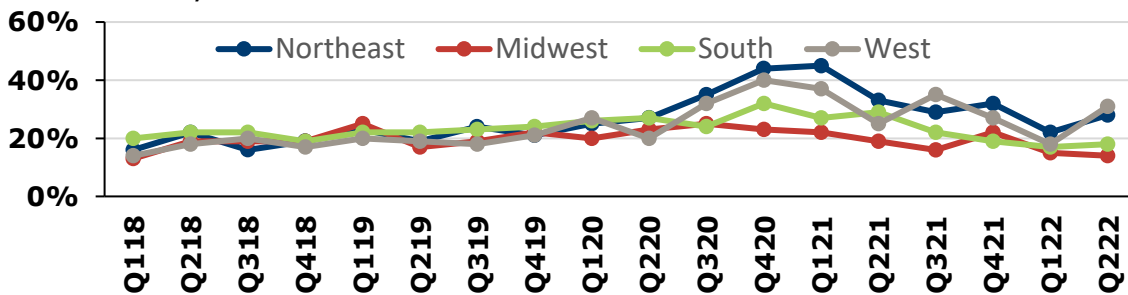


AVAILABILITY EXPECTATIONS

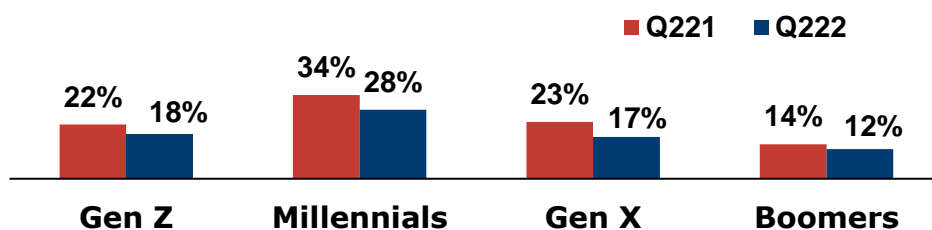
- Buyers' expectations of housing availability improved for the first time since 2020. After falling for a year+, the share expecting the home search to get easier in the months ahead grew from 17% to 22% between Q122 and Q222. In contrast, 67% expect the search to get harder/stay the same, down from 74%.



- BY REGION: Housing availability expectations improved in all regions except the Midwest. In the WE, 31% of buyers expect easier conditions, up from 18% a quarter earlier. In the NE, the share rose from 22% to 28%; in the SO, from 17% to 18%; while in the MW, it fell from 15% to 14%.

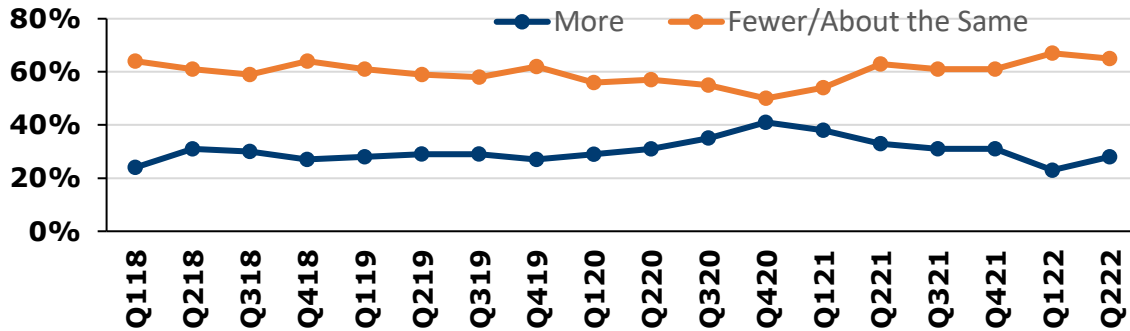


- BY GENERATION: Compared to a year earlier (the only possible comparison with generational data since it remains non-seasonally adjusted), expectations that housing availability will ease up in the months ahead declined among all generations of buyers.

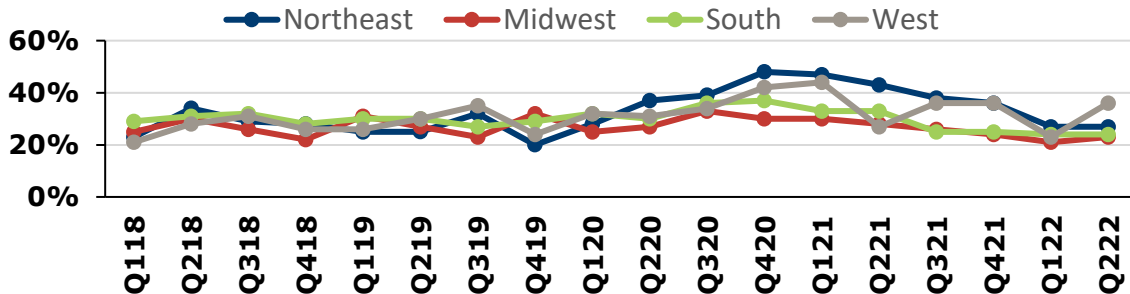


CHANGES IN INVENTORY

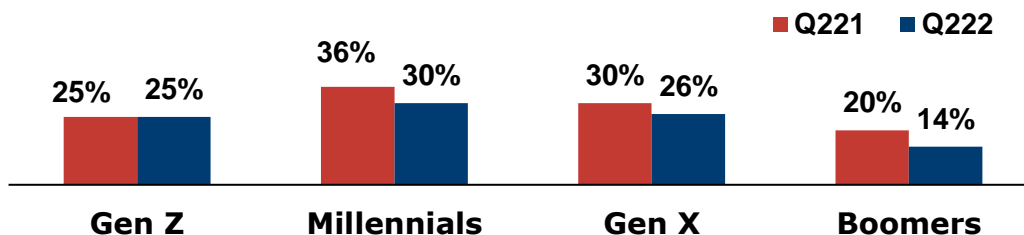
- Buyers' perceptions of housing inventory are also showing improvement. After declining for five straight quarters, the share of buyers seeing **more** homes available for-sale* in their markets rose to 28% in the 2nd quarter of 2022, up from 23% a quarter earlier.



- BY REGION: Inventory perceptions improved or remained unchanged across regions. From Q122 to Q222, the share of buyers seeing **more** homes on the market rose in the WE (23% to 36%) and the MW (21% to 23%), while remaining the same in the NE (27%) and SO (24%).



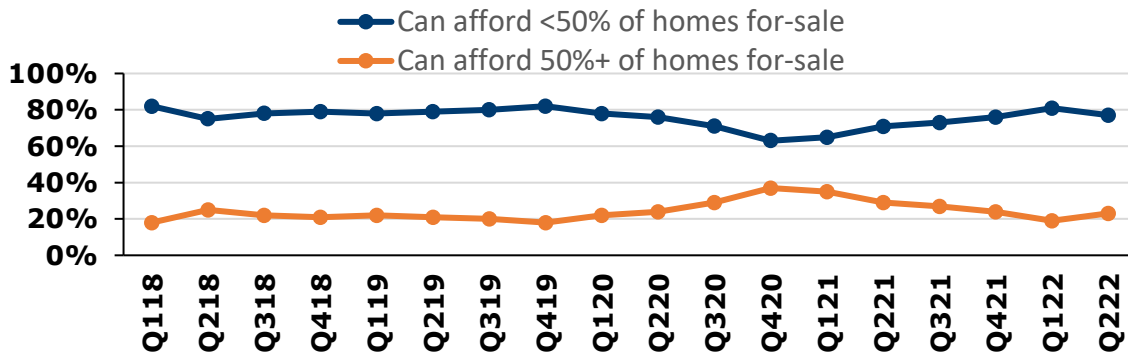
- BY GENERATION: In the year ended in Q222, the share of buyers seeing **more** homes for-sale* declined across all generations, except Gen Z buyers – among whom it remained unchanged at 25%.



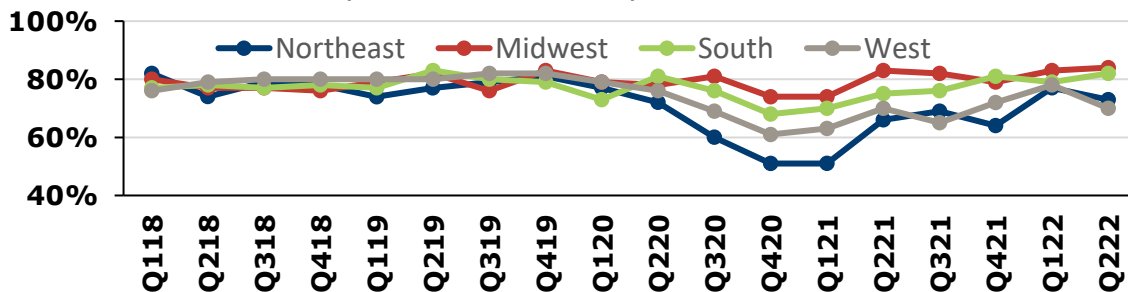
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

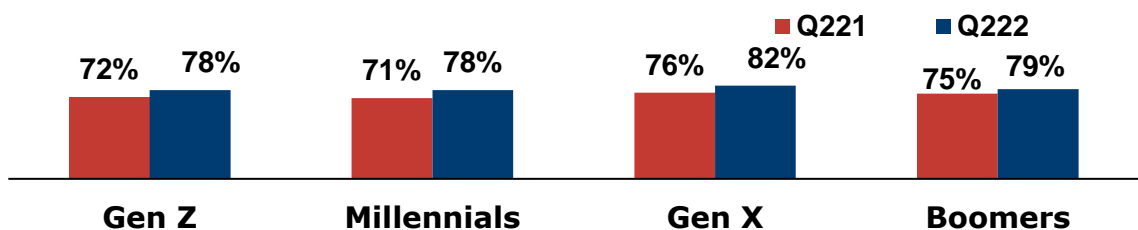
- After rising for over a year, the share of buyers only able to afford ***less than half*** the homes for-sale in their markets declined to 77% in Q222 (from 81% in Q122). Meanwhile, the share able to afford at least half the homes available rose from 19% to 23%. A possible reason for the pivot is that the composition of potential buyers may be tilting towards wealthier buyers better able to absorb recent increase in home prices and interest rates.



- BY REGION: Affordability expectations between Q122 and Q222 only improved in two regions, however. In the WE, the share of buyers only able to afford ***less than half*** the homes dropped from 78% to 70%; and in the NE, from 77% to 73%.

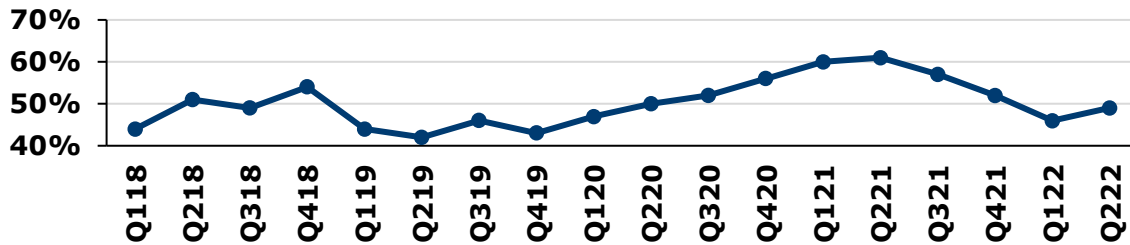


- BY GENERATION: During the year ended in Q222, the share of buyers only able to afford ***less than half*** the homes on the market increased across all generations.

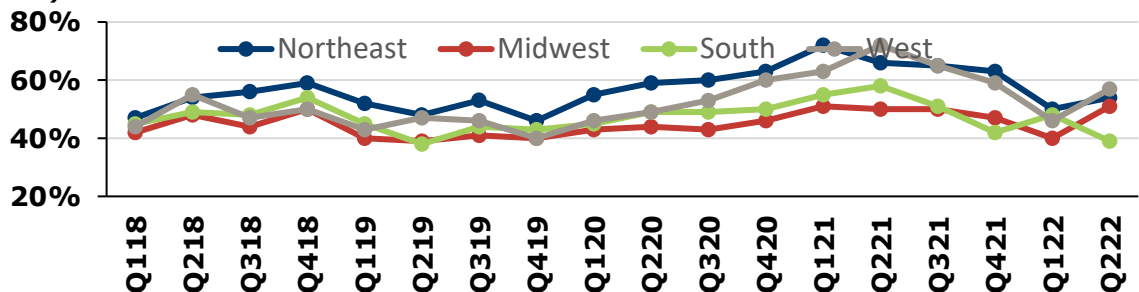


BEYOND JUST PLANNING

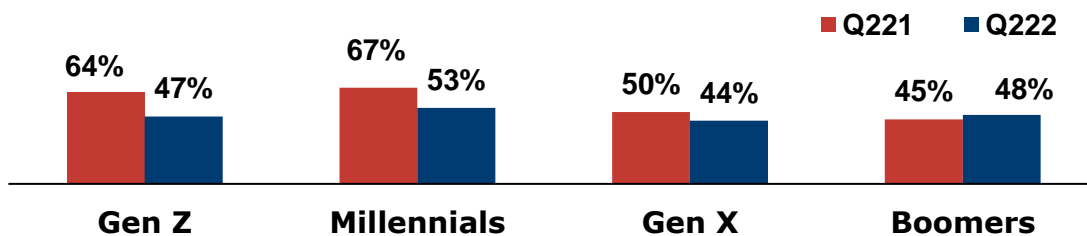
- Less competition for homes on the market is likely part of the reason for the uptick in the share of prospective buyers actively engaged in buying a home – 49% vs. 46% in Q122. This is the first time the share has increased in a year, indicating a higher chance that potential buyers have become active buyers.



- BY REGION: Except for the SO, the share of prospective buyers actively searching for a home rose in every region between Q122 and Q222: NE (50% to 54%), MW (40% to 51%), and WE (46% to 57%).



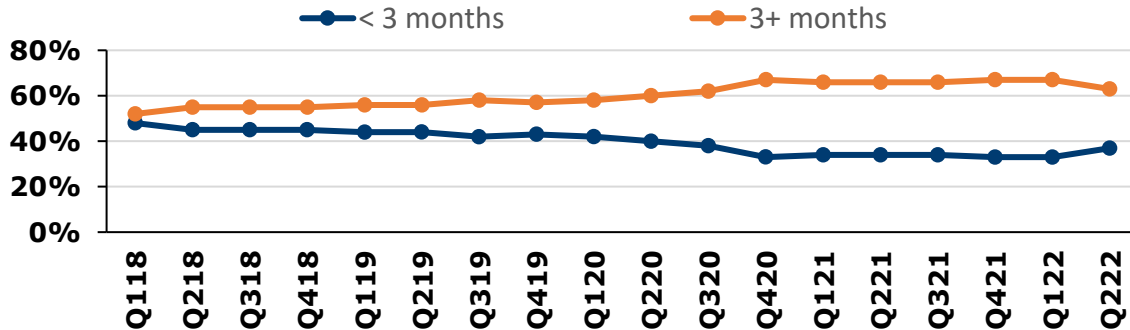
- BY GENERATION: During the year ended in Q222, the share of buyers actively searching for a home declined among all generations, except Boomers.



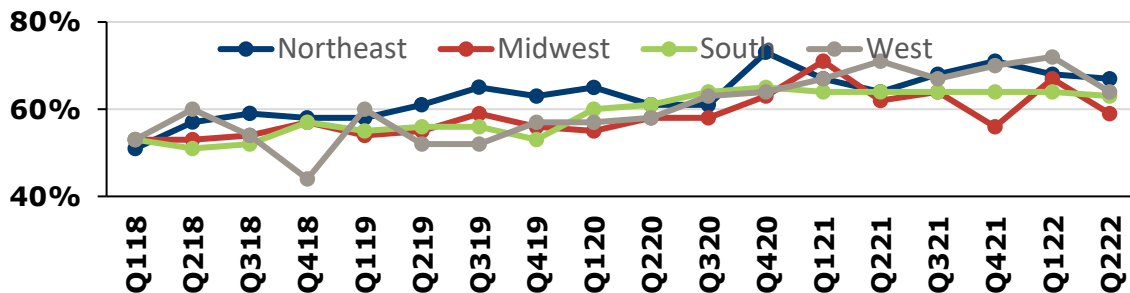
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

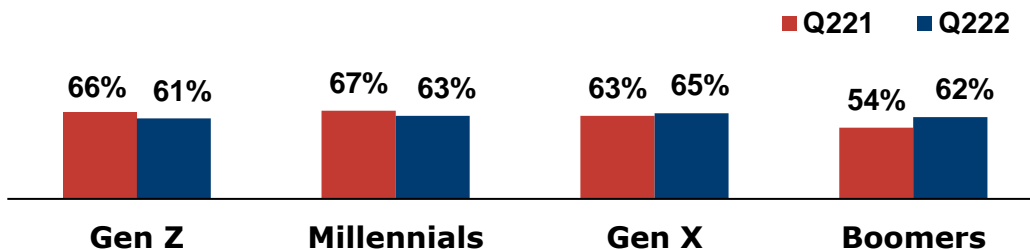
- The time spent searching for a home declined in Q222, as the share of active buyers looking for 3+ months fell to 63%, down from 67% in Q122. The share is at its lowest point in almost two years (since Q320, when it was 62%). Before the pandemic (Q118 to Q120), fewer than 60% of active buyers shopped for a home for 3+ months.



- BY REGION: From Q122 to Q222, the share of active buyers spending 3+ months looking for a home to buy declined in all four regions, especially in the WE (72% to 64%) and the MW (67% to 59%).

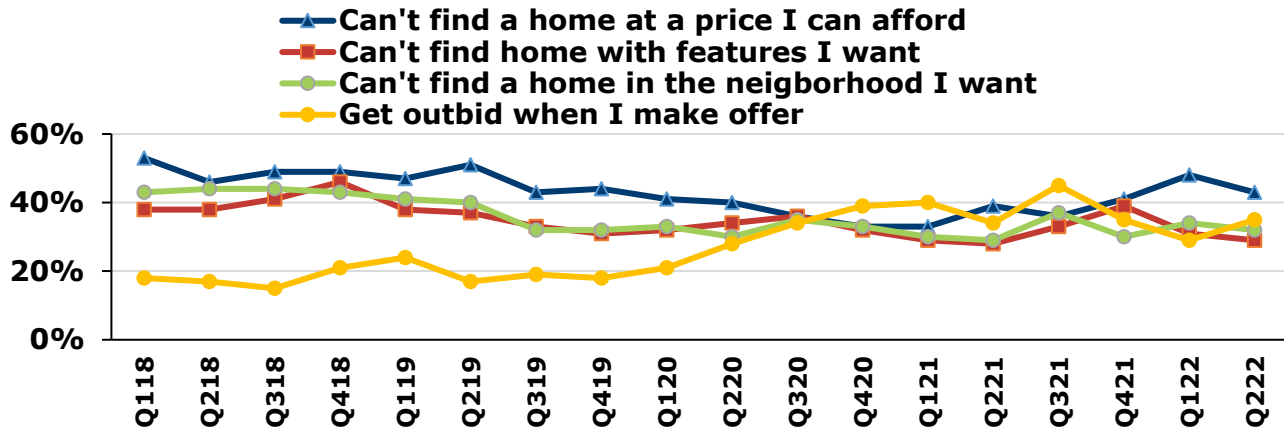


- BY GENERATION: Across generations, the share of active buyers spending 3+ months looking for a home exceeded 60% in Q222. Among Boomers, the share rose from 54% to 62% in a year.

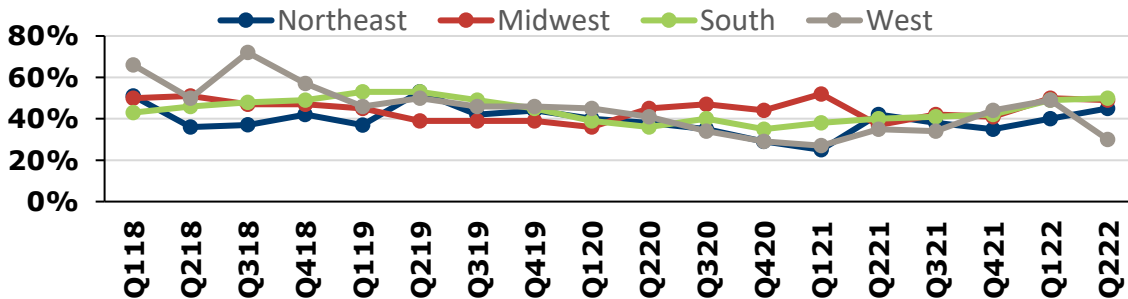


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

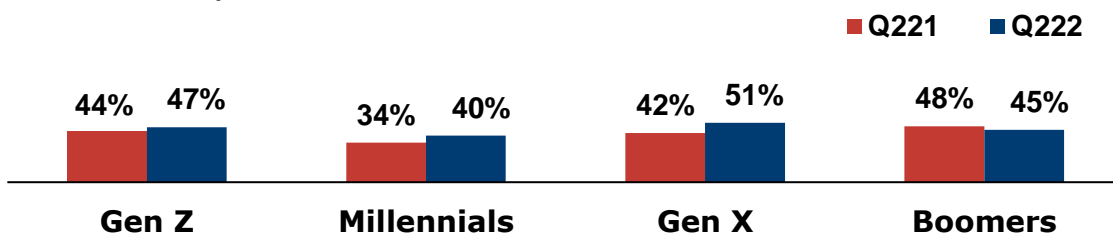
- The inability to find an affordable home (43%) remains the most common reason buyers looking for 3+ months can't make a purchase. In 2nd place is getting outbid by other buyers (35%), followed by the inability to find a home in a desirable neighborhood (32%), or a home with desirable features (29%).



- BY REGION:** 50% of long-time searchers in the SO, 49% in the MW, 45% in the NE, and 30% in the WE reported high home prices as the reason they haven't been successful buying a home.

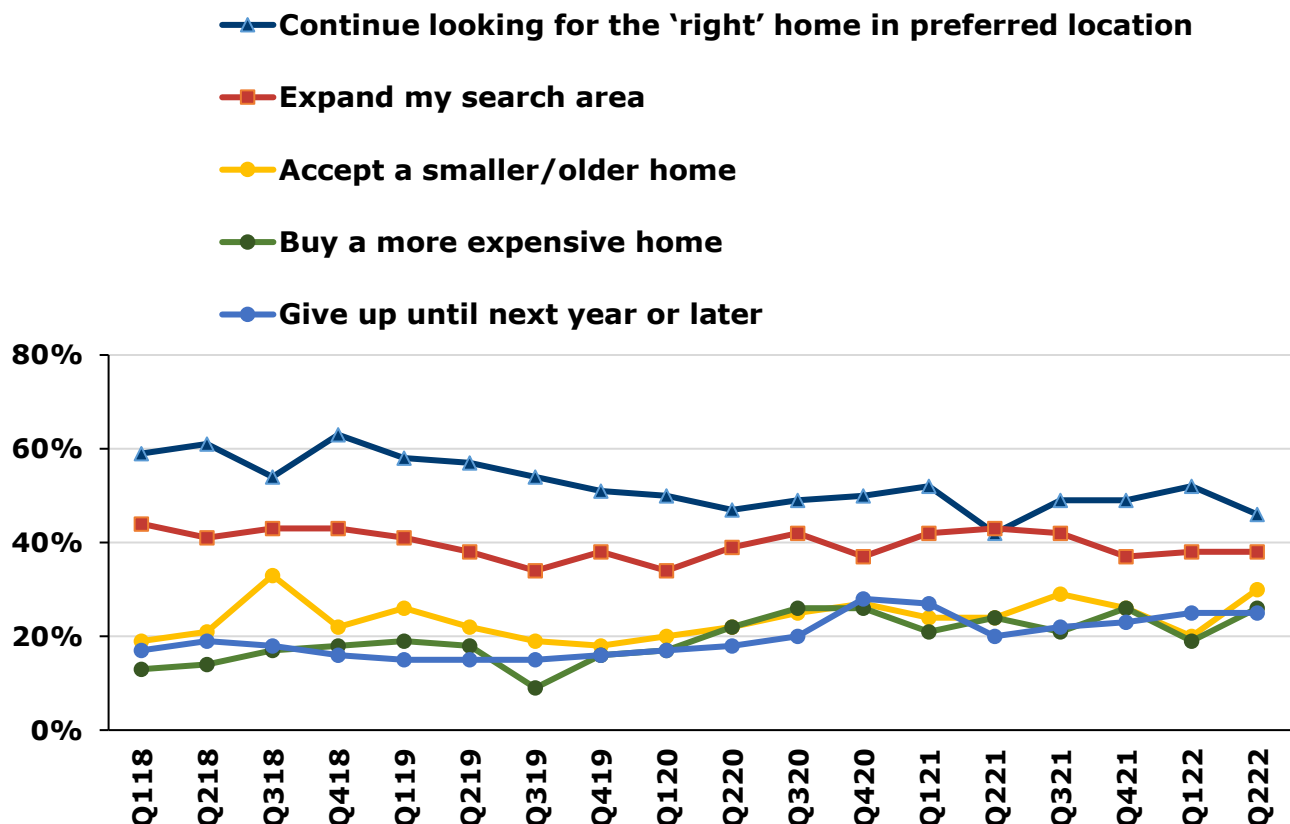


- BY GENERATION:** In the year ended in Q222, the inability to find an affordable home has grown as the reason long-term active buyers of every generation haven't been able to purchase a home, except for Boomers.



NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

- When asked in Q222 what they are most likely to do next if still unable to find a home in the next few months, 46% of active buyers searching for 3+ months said they will continue looking for the 'right' home in the same location (down from 52% a quarter earlier); 38% will expand their search area (unchanged), 30% will accept a smaller/older home (up from 20%), and 26% will buy a more expensive home (up from 19%).
- Meanwhile, the share who plan to give up their home search until next year or later was unchanged at 25% between Q122 and Q222. This share has increased or remained flat in each of the past four quarters.



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
Qtr2'22	15,472	June 15 – 24, 2022