

HOUSING TRENDS REPORT

QUARTER 3, 2022

(Data Collected: September 13 – 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 2004.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

Methodology:

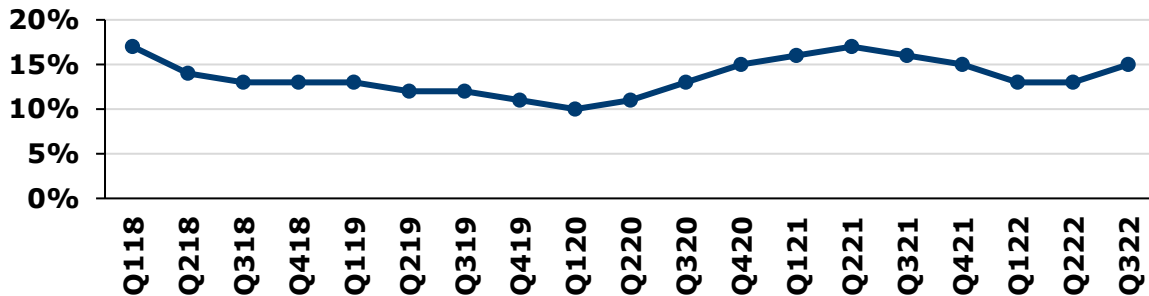
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

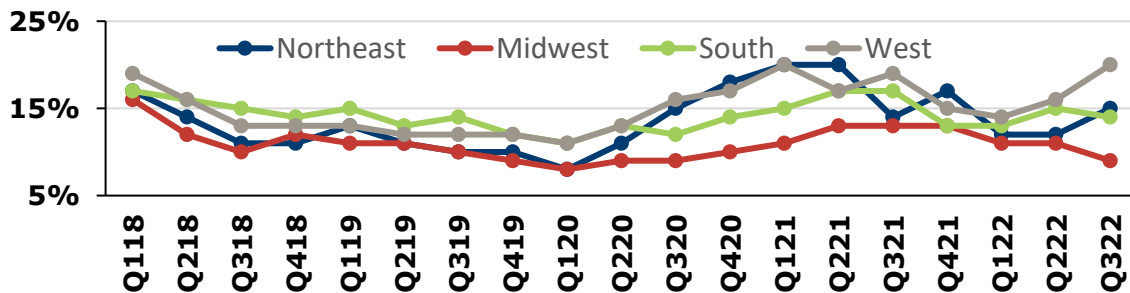
* In 2022, Generation Z is constrained to end in the year 2004 because only adults 18 or older can participate in the poll.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

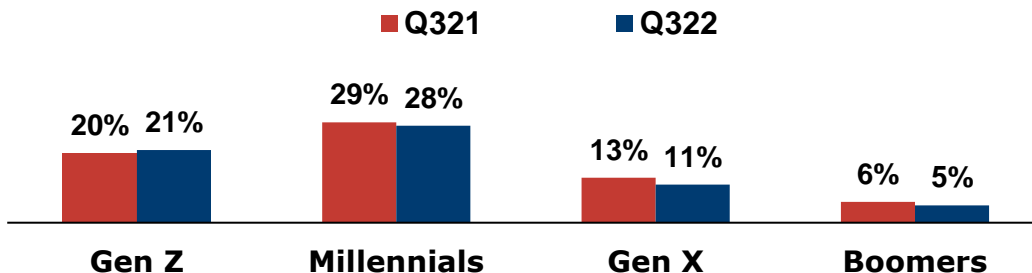
- 15% of adults in Qtr3'22 have plans to buy a home within a year, up from 13% in the first half of the year. The marginal increase indicates that the prospect of yet higher mortgage rates ahead may be leading a small segment of consumers to consider buying a home sooner rather than later.



- BY REGION: The share of adults with plans to buy a home changed unevenly across regions from Qtr2'22 to Qtr3'22, rising in the NE (12% to 15%) and WE (16% to 20%), but falling in the MW (11% to 9%) and South (15% to 14%).



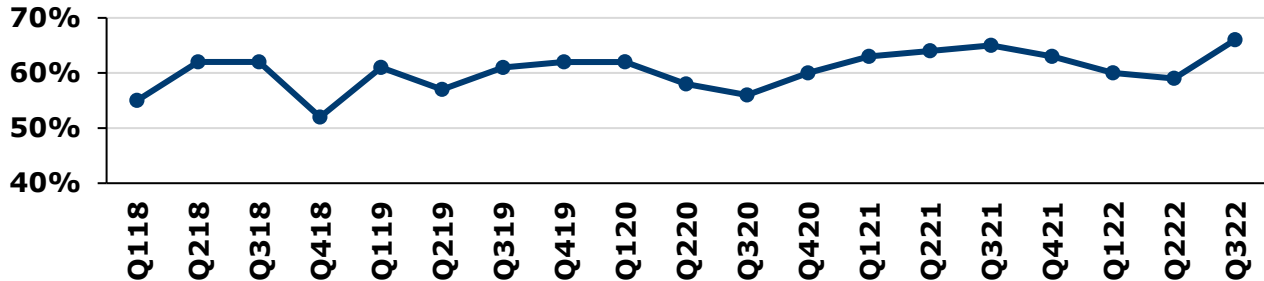
- BY GENERATION (not seasonally adjusted): Compared to a year ago, fewer Millennial, Gen X and Boomer adults are considering a home purchase. The share is essentially unchanged among Gen Z.



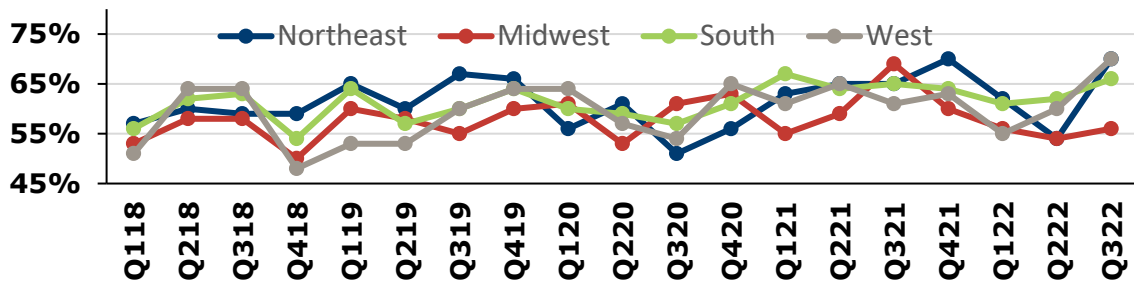
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

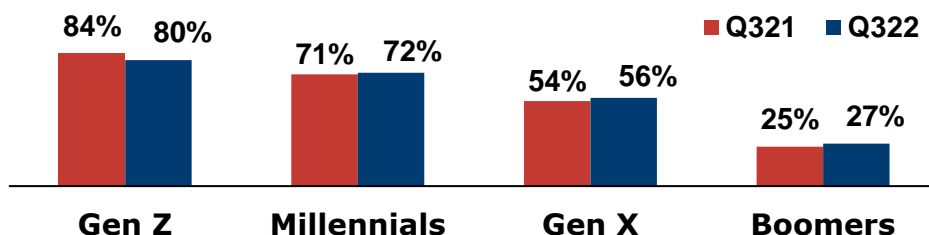
- A record 66% of those contemplating a home purchase before rates rise further are 1st-time home buyers, up from 59% in Qtr2'22. The increase follows three quarters of consecutive declines in the share of prospective buyers buying for the first time.



- BY REGION: Over half of all prospective buyers in every region are 1st-timers. From Qtr2'22 to Qtr3'22, the share rose most prominently in the NE (54% to 70%) and WE (60% to 70%), and marginally in the MW (54% to 56%) and SO (62% to 66%).

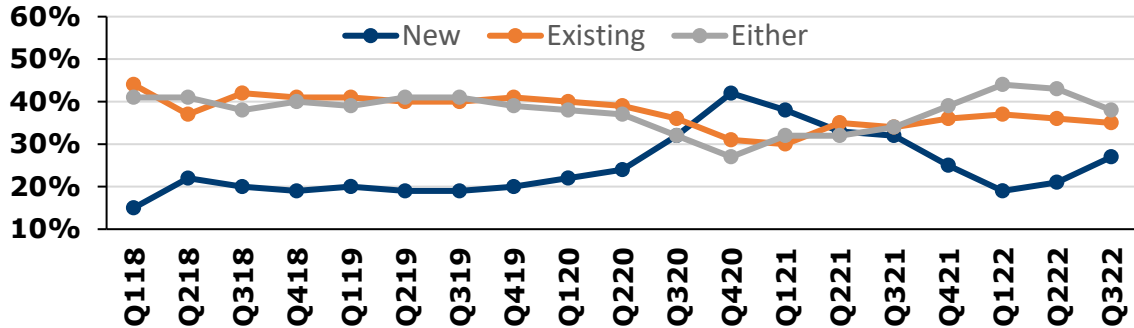


- BY GENERATION: In the past year, the share of buyers who are 1st-timers declined among Millennials (84% to 80%), but edged up among the older three generations.

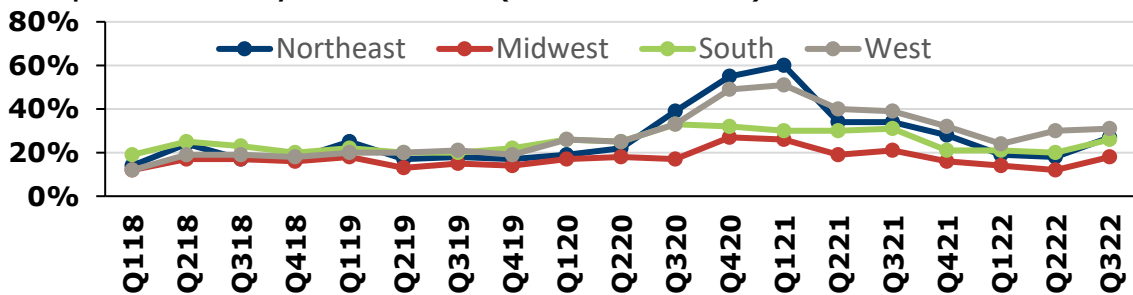


NEW OR EXISTING HOME?

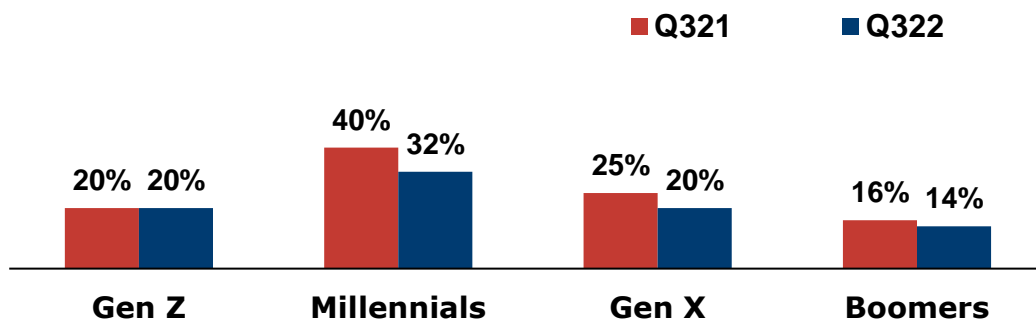
- After bottoming out in Qtr1'22 at 19%, the popularity of new homes continues to rebound, as the share of buyers looking to buy new construction rose to 21% in Qtr2'22 and 27% in Qtr3'22. A possible reason for this trend is that the inventory of new homes for-sale is [25% higher than a year ago](#), while the supply of existing homes on the market [is unchanged](#).



- BY REGION: The recent increase in interest for new homes is countrywide: from Qtr2'22 to Qtr3'22, the share of prospective buyers looking to purchase a new home rose in all four regions, most prominently in the NE (18% to 27%).

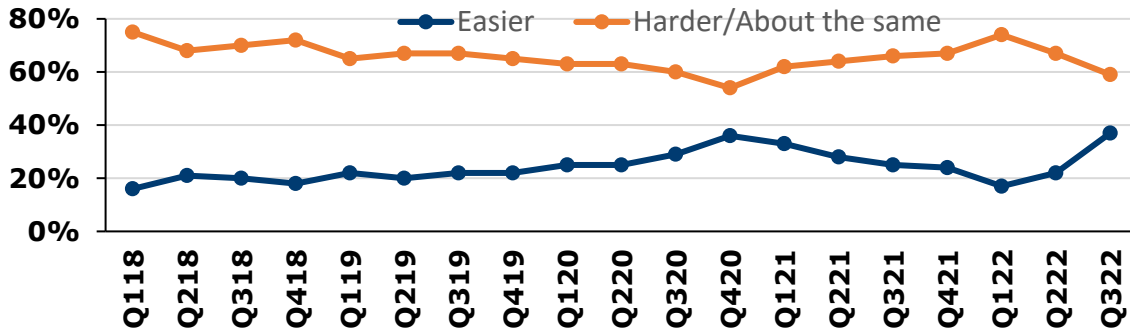


- BY GENERATION: Because generational data can only be compared year-over-year, results show the share of buyers who prefer new construction as flat or lower than a year ago for every generation.

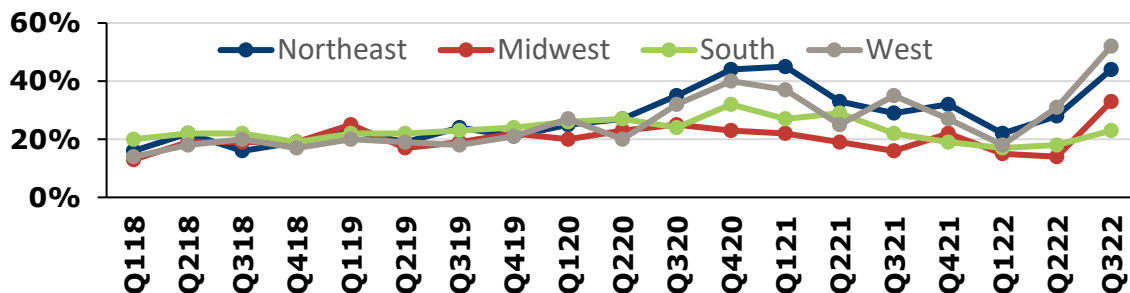


AVAILABILITY EXPECTATIONS

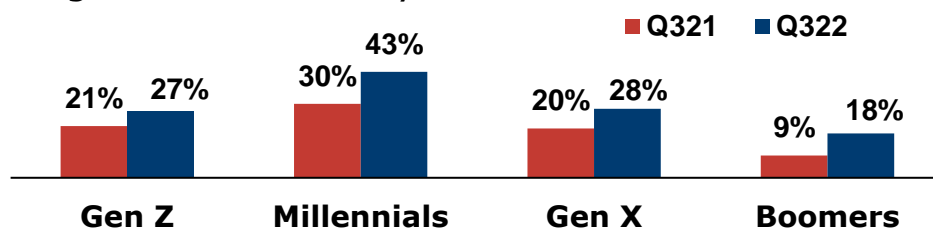
- Buyers' expectations of housing availability improved for a 2nd straight quarter. After bottoming at 17% in Qtr1'22, the share expecting the home search to get easier in the months ahead rose to 22% and 37% in Qtr2'22 and Qtr3'22, respectively. In contrast, 59% expect the search to get harder/stay the same, down from 74% and 67% in the first two quarters of the year.



- BY REGION: Housing availability expectations improved in all regions. In the NE, 44% of buyers expect easier conditions, up from 28% a quarter earlier. In the MW, the share rose from 14% to 33%; in the SO, from 18% to 23%; and in the WE, from 31% to 52%.

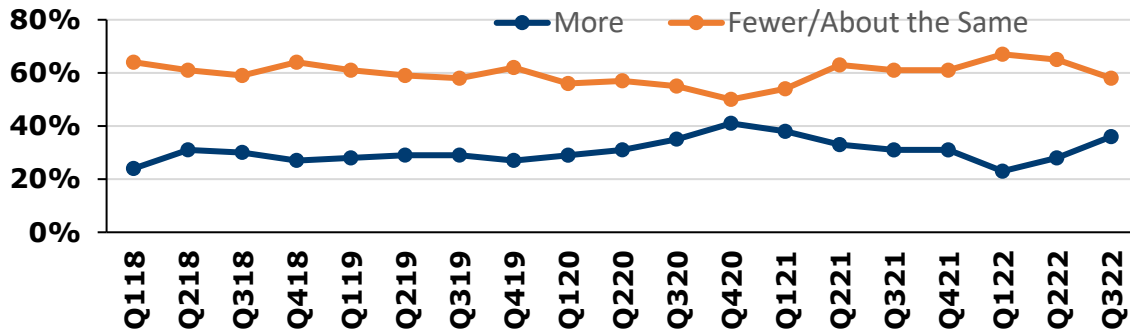


- BY GENERATION: Compared to a year ago, expectations that housing availability will ease up in the months ahead improved among all generations of buyers.

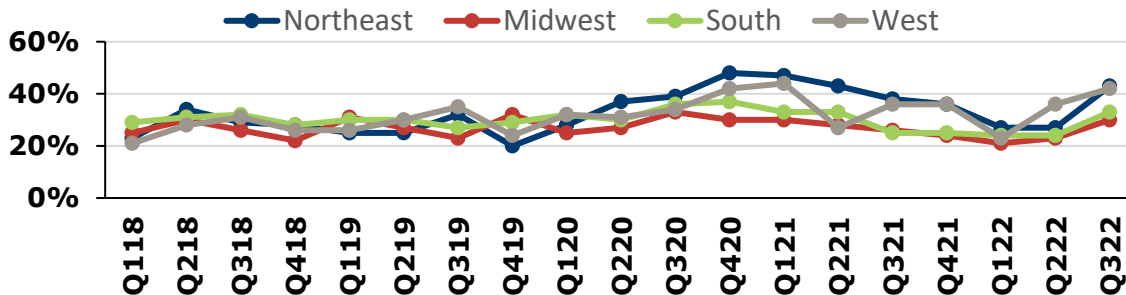


CHANGES IN INVENTORY

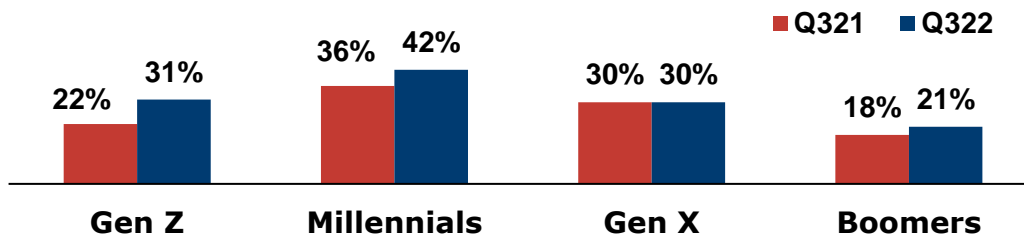
- Buyers' perceptions of housing inventory are also showing improvement. After bottoming in Qtr1'22 at 23%, the share of buyers seeing **more** homes available for-sale* in their markets rose to 28% and 36% in Qtr2'22 and Qtr3'22, respectively.



- BY REGION:** Inventory perceptions have improved across regions. From Qtr2'22 to Qtr3'22, the share of buyers seeing **more** homes on the market rose in the NE (27% to 43%), MW (23% to 30%), the SO (24% to 33%) and WE (36% to 42%).



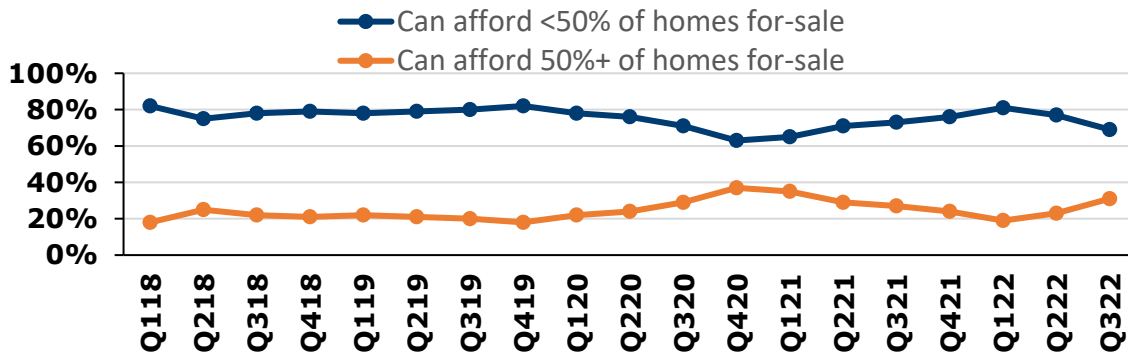
- BY GENERATION:** In the year ended in Qtr3'22, the share of buyers seeing **more** homes for-sale* increased or remained flat across all generations.



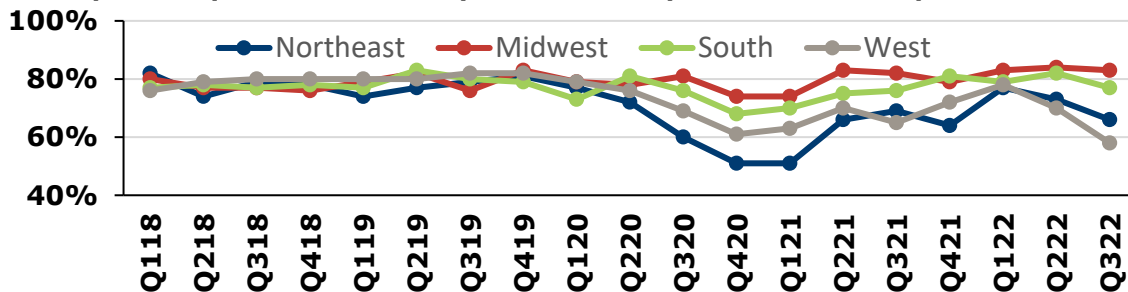
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

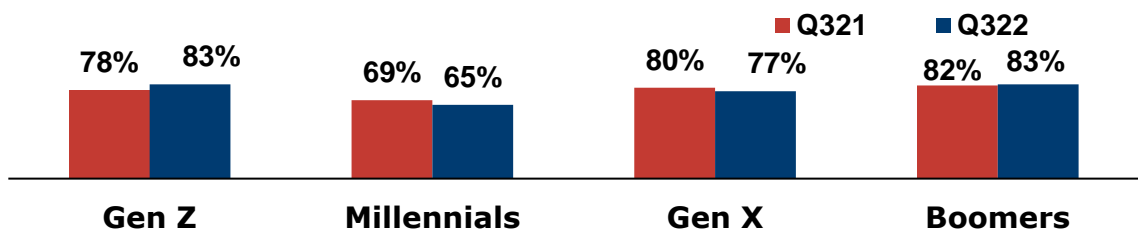
- In Qtr1'22, 81% of prospective buyers could afford ***less than half*** the homes for-sale in their markets. The share dropped to 77% in Qtr2'22 and to 69% in Qtr3'22. Meanwhile, the share able to afford 50%+ of available homes rose from 19% to 31% during this period. A likely reason for this trend is that the composition of prospective buyers is changing, tilting towards buyers with higher incomes and education levels better positioned to absorb recent increases in interest rates.



- BY REGION:** From Qtr2'22 to Qtr3'22, the share of buyers only able to afford ***less than half*** the homes available in their markets dropped in all regions: NE (73% to 66%), MW (84% to 83%), SO (82% to 77%), and WE (70% to 58%).

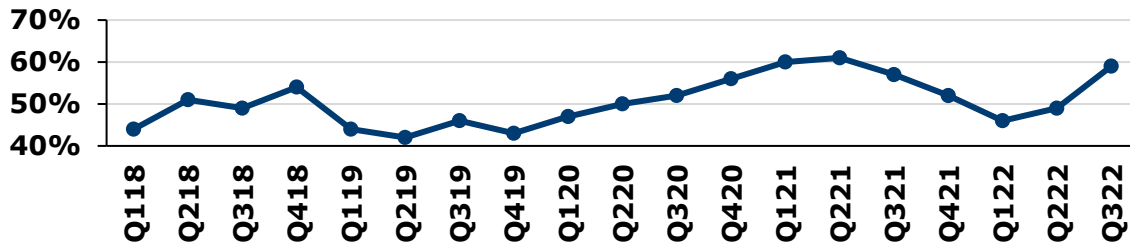


- BY GENERATION:** During the year ended in Qtr3'22, the share of buyers only able to afford ***less than half*** the homes in their markets dropped among Millennials and Gen X buyers.

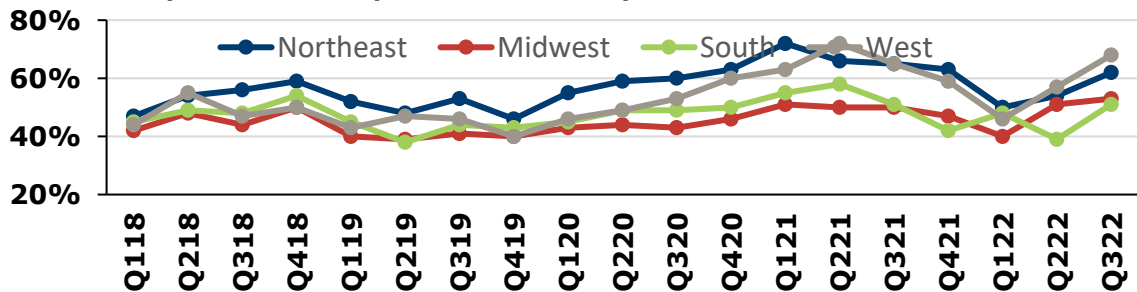


BEYOND JUST PLANNING

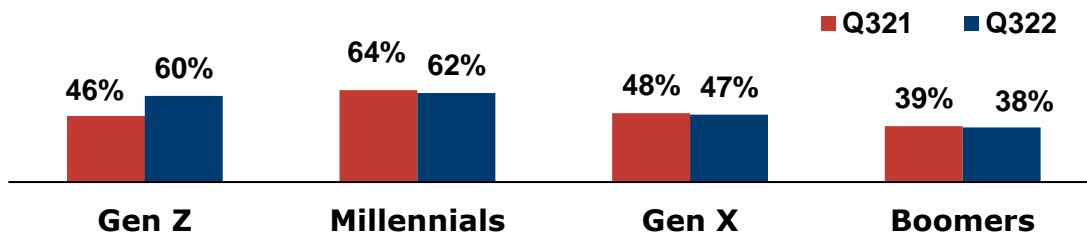
- Higher interest rates are pricing out some (not all) buyers, but also transforming remaining prospects into active buyers. In Qtr3'22, 59% of prospective buyers had moved beyond the planning phase and become fully engaged in the buying process, up from 46% and 49% in Qtr1'22 and Qtr2'22, respectively.



- BY REGION: The share of prospective buyers actively searching for a home rose in every region between the second and third quarters of 2022: NE (54% to 62%), MW (51% to 53%), SO (39% to 51%), and WE (57% to 68%).



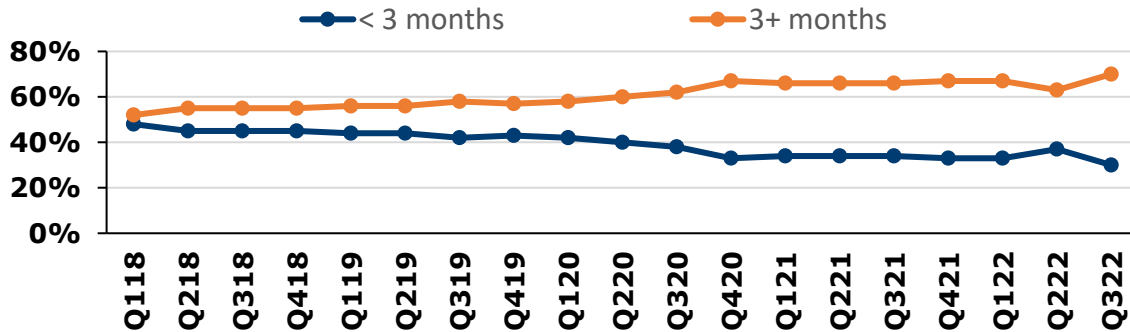
- BY GENERATION: During the year ended in Qtr3'22, the share of buyers actively searching for a home edged down among all generations, except Gen Z.



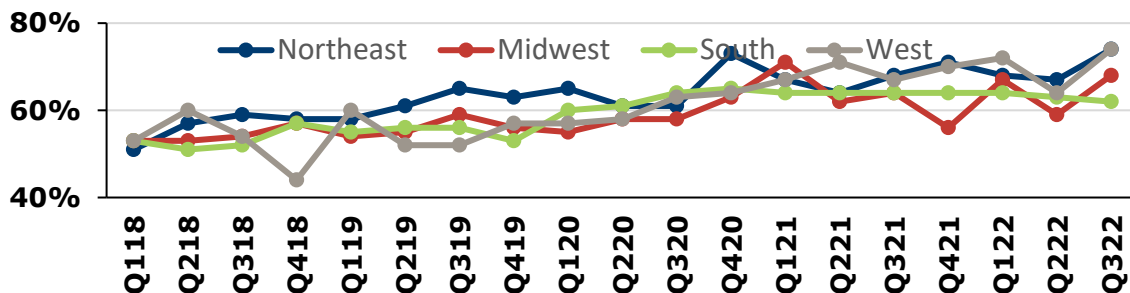
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

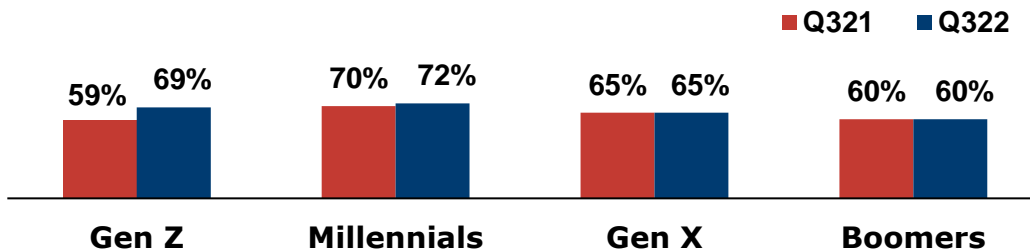
- Buyers actively looking for a home are having a harder time finding what they want: in Qtr3'22, a record 70% have spent 3+ months searching, up from 63% a quarter earlier.



- BY REGION:** From Qtr2'22 to Qtr3'22, the share of active buyers spending 3+ months looking for a home rose in three out of four regions: the NE (67% to 74%), MW (59% to 68%), and WE (64% to 74%).

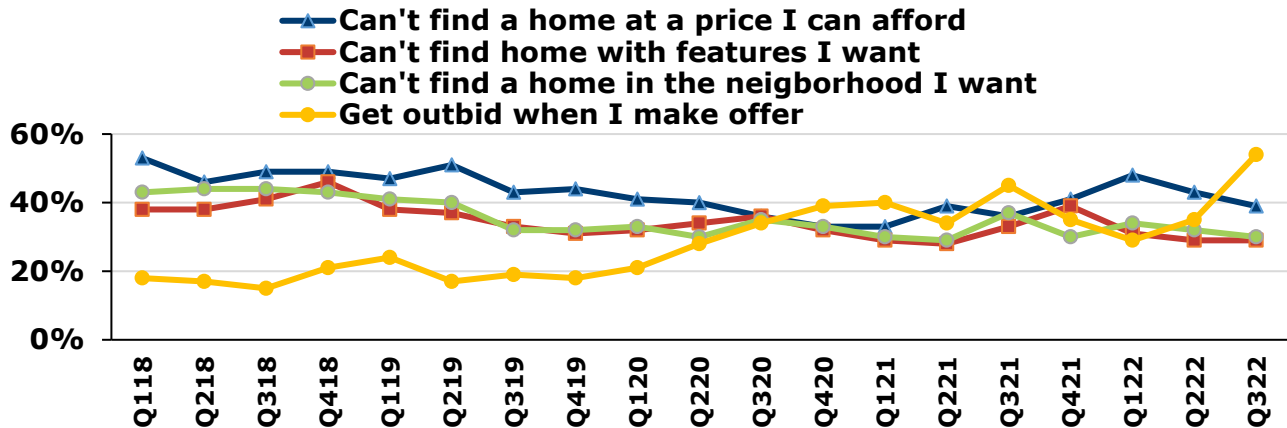


- BY GENERATION:** During the year ended in Qtr3'22, the share of active buyers spending 3+ months looking for a home rose among Gen Z buyers (59% to 69%) and Millennials (70% to 72%).

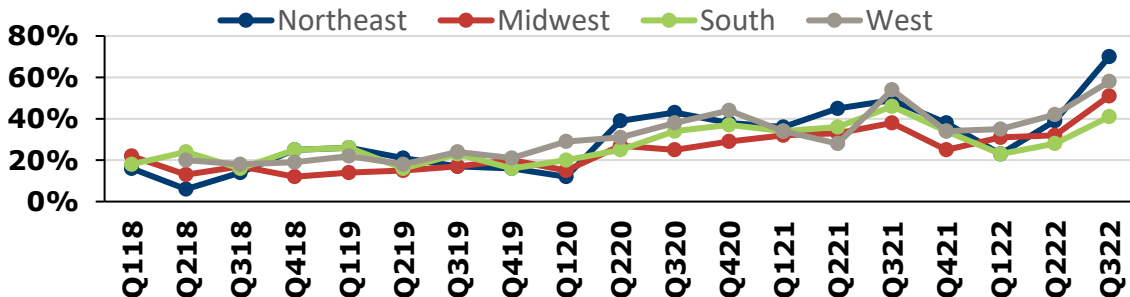


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

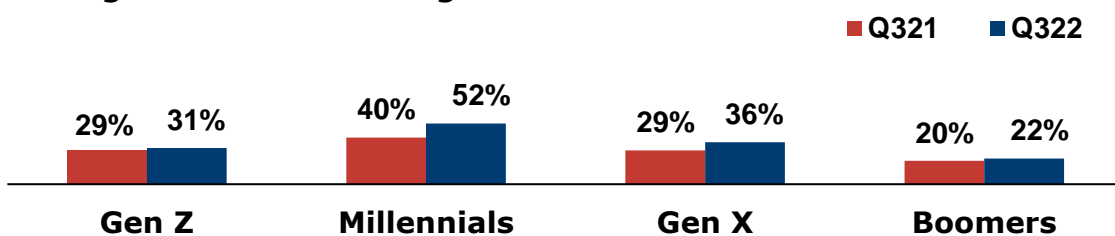
- The most common reason buyers looking for 3+ months can't make a purchase is they are getting outbid by other offers (54%). In second place is the inability to find an affordable home (39%), followed by not being able to find a home in the desired neighborhood (30%).



- BY REGION:** From Qtr2'22 to Qtr3'22, the share of active buyers searching for 3+ months unable to make a purchase because they are being outbid rose in all regions: NE (39% to 70%), MW (32% to 51%), SO (28% to 41%), and WE (42% to 58%).

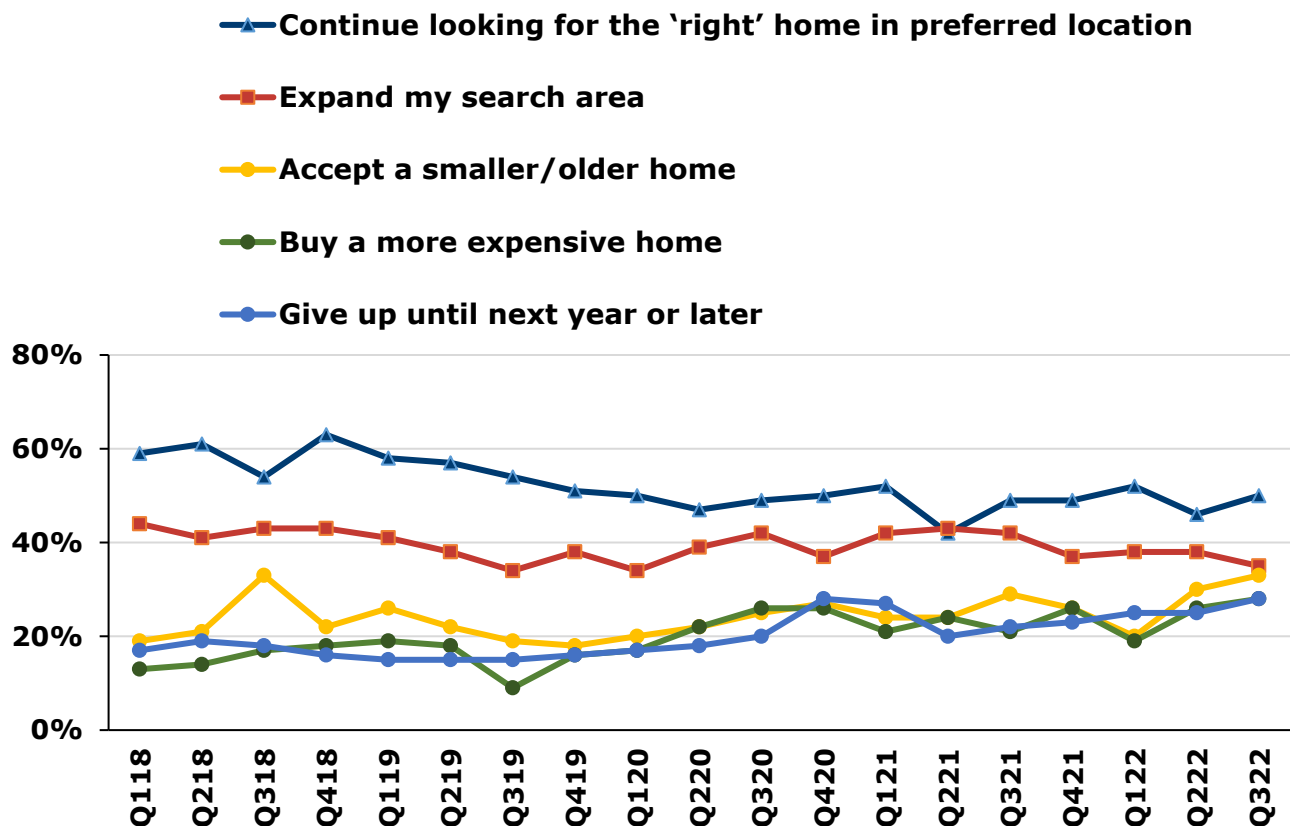


- BY GENERATION:** Getting outbid by other buyers is the reason 52% of Millennials searching for 3+ months haven't been successful, up from 40% a year earlier. The share also rose among the other three generations.



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

- When asked in Qtr3'22 what they are most likely to do next if still unable to find a home in the next few months, 50% of active buyers searching for 3+ months said they will continue looking for the 'right' home in the same location (up from 46% a quarter earlier); 35% will expand their search area (down from 38%), 33% will accept a smaller/older home (up from 30%), and 28% will buy a more expensive home (up from 26%).
- Meanwhile, the share who plan to give up their home search until next year or later climbed to 28%, up from 25% in Qtr2'22. This share has increased or remained flat in each of the past five 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
Qtr3'22	15,470	September 13 -20, 2022