

HOUSING TRENDS REPORT

QUARTER 1, 2023

(Data Collected: March 16 – 21)



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 2005.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

Methodology:

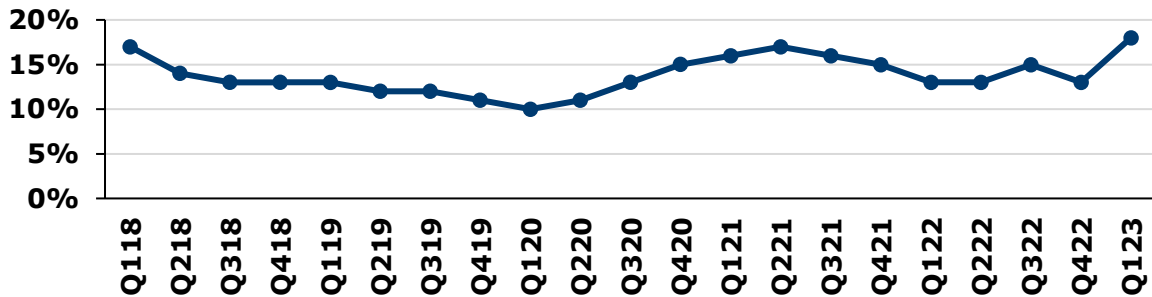
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic 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 late 2023 due to the shorter time-horizon of these series.

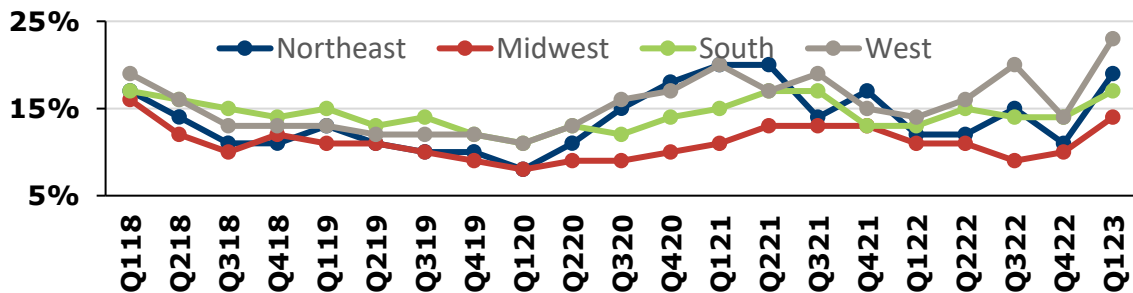
* In 2023, Generation Z is constrained to end in the year 2005 because only adults 18 or older can participate in the poll.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

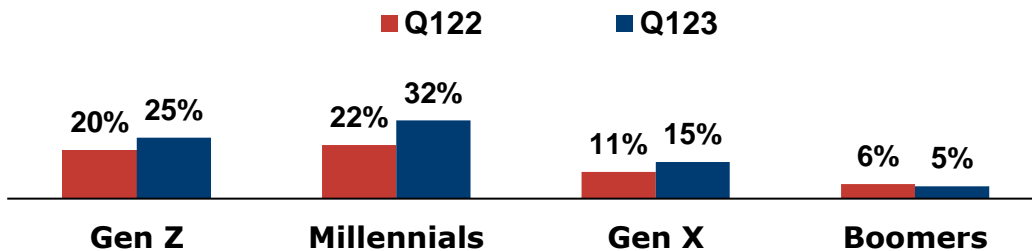
- The retreat in mortgage rates during the 1st quarter of 2023 (from the 20-year peak reached in the fall of 2022) led a record share of adults –18%– to declare having plans to buy a home within a year.



- BY REGION: From Qtr4'22 to Qtr1'23, the share of adults with plans to buy a home rose in all regions: NE (11% to 19%), MW (10% to 14%), SO (14% to 17%), and WE (14% to 23%).



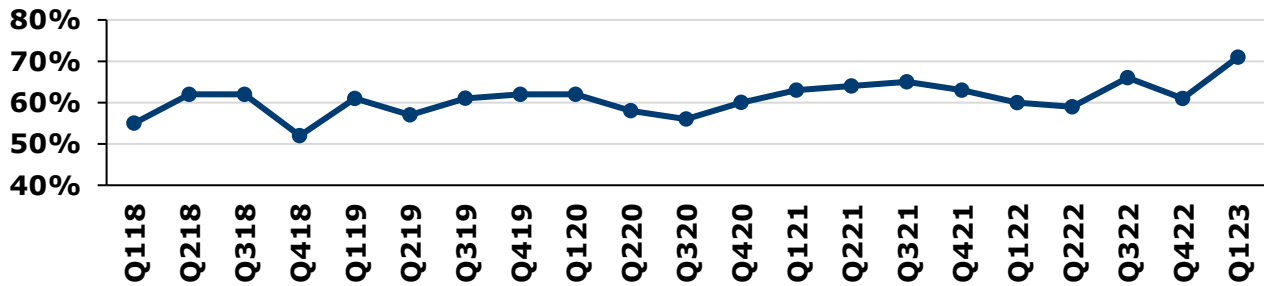
- BY GENERATION (not seasonally adjusted): Across generations, more Gen Z, Millennials, and Gen X adults have plans to buy now than in the first quarter of 2022.



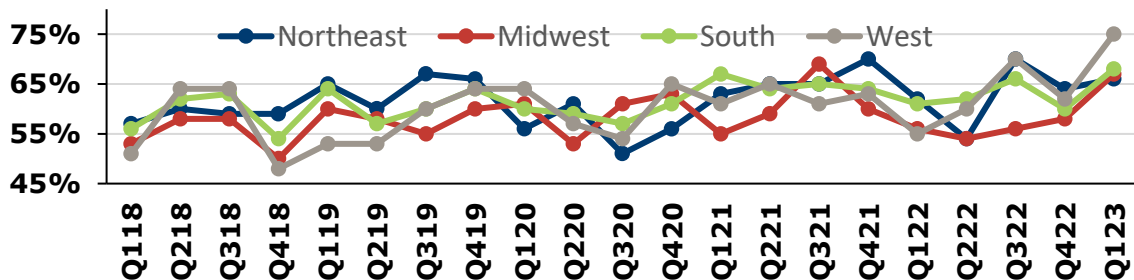
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

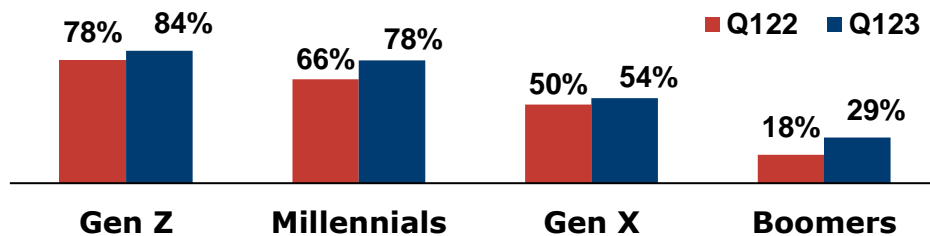
- Relatively lower interest rates in Qtr1'23 also pushed more 1st time buyers to enter the market: a series high of 71% of prospective buyers reported this would be their first time purchasing a home, up from 61% in the final quarter of 2022.



- BY REGION: From Qtr4'22 to Qtr1'23, the 1st-timer share gained ground in all four regions: NE (64% to 66%), MW (58% to 67%), SO (60% to 68%), and WE (62% to 75%).

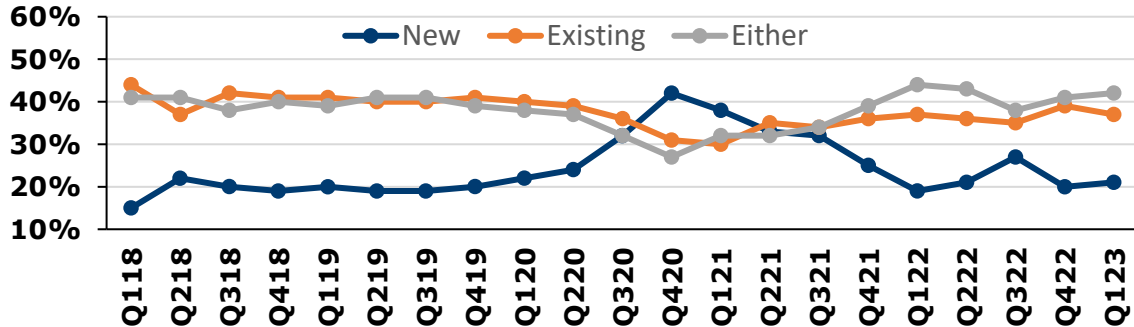


- BY GENERATION: In the past year, the share of prospective buyers who are 1st-timers increased across all generations, but most prominently among Millennials (66% to 78%).

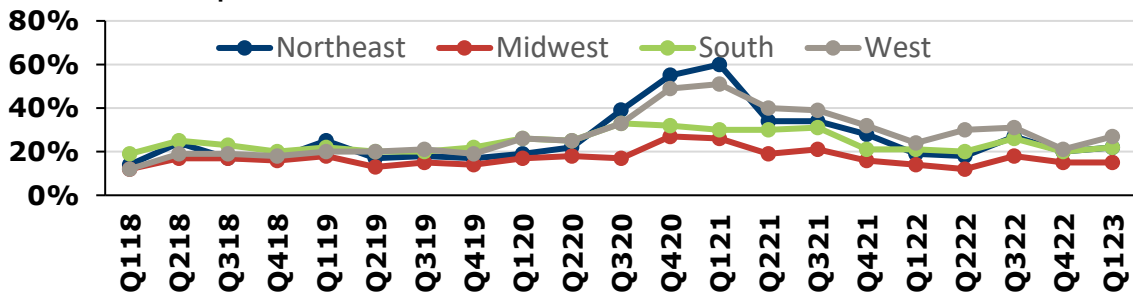


NEW OR EXISTING HOME?

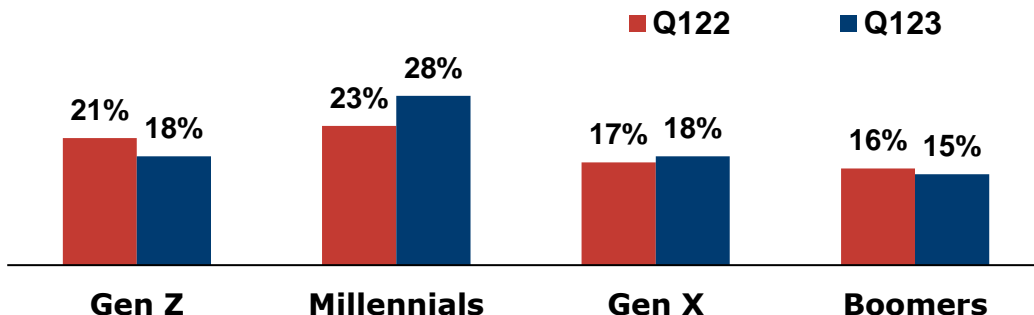
- In Qtr1'23, 37% of prospective buyers are interested in an existing home (down from 39% in Qtr4'22), 21% in a new home (about flat from 20%), and 42% have no preference (about flat from 41%).



- BY REGION: The interest for new homes remained essentially unchanged from Qtr4'22 to Qtr1'23 in all regions except the West, where 27% of buyers would prefer new construction, up from 21% a quarter earlier.

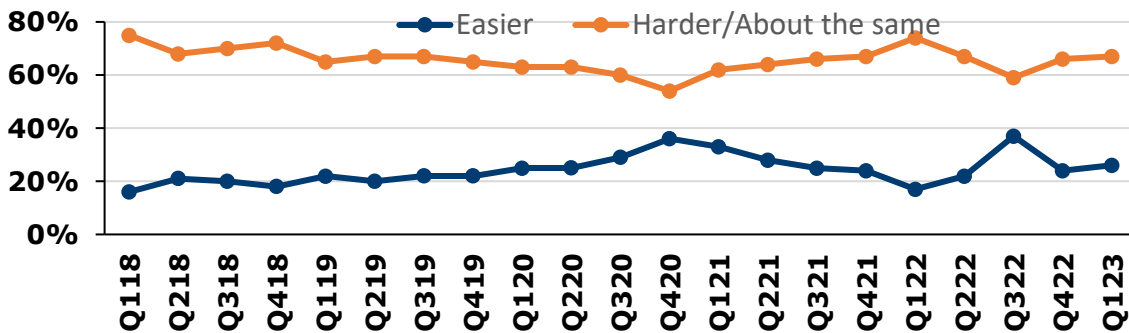


- BY GENERATION: The share of Millennial buyers interested in new construction increased in the year ended in Qtr1'23 (23% to 28%), but it dropped among Gen Z (21% to 18%) and changed little among Gen X and Boomer buyers.

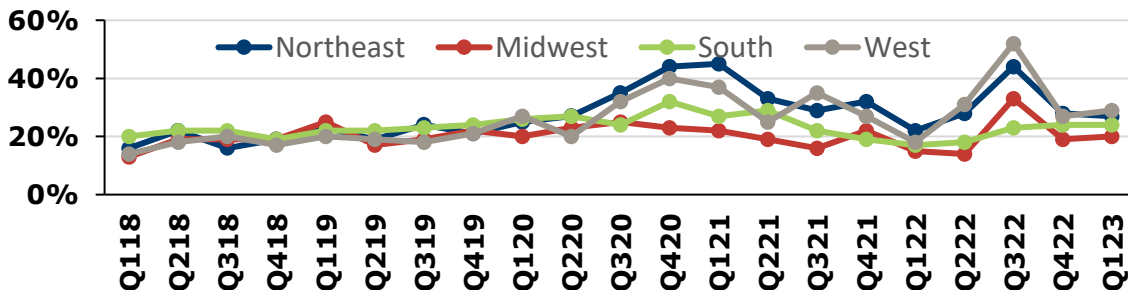


AVAILABILITY EXPECTATIONS

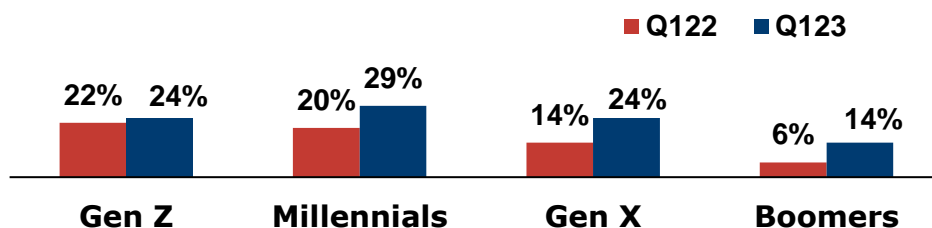
- After souring significantly in Qtr4'22, buyers' expectations of housing availability improved slightly in Qtr1'23: 26% expect the home search to get easier in the months ahead, slightly ahead of the 24% a quarter earlier. Yet this measure of availability expectations remains below its level in Qtr3'22 (37%).



- BY REGION: Housing availability expectations changed little across regions. From Qtr4'22 to Qtr1'23, the share of buyers expecting an easier home search was essentially unchanged in the NE (28% to 27%), the MW (19% to 20%), and the SO (flat at 24%). In the WE, it edged up from 27% to 29%.

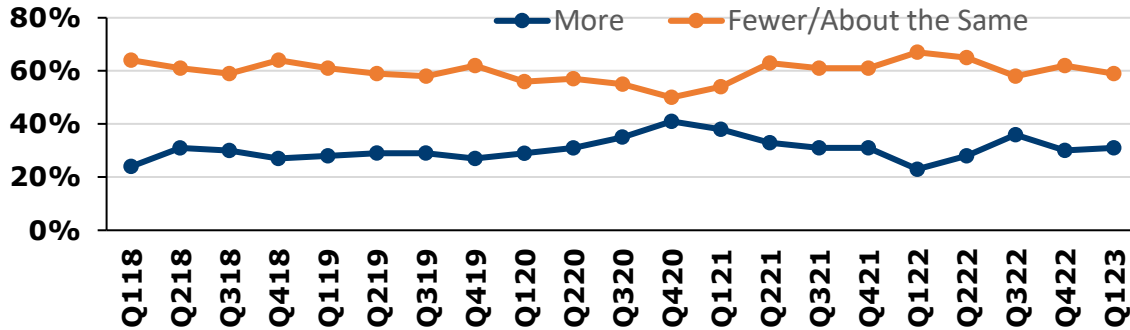


- BY GENERATION: Compared to a year ago, expectations that housing availability will ease up in the months ahead were higher among all generations of buyers, especially Gen X (14% to 24%).

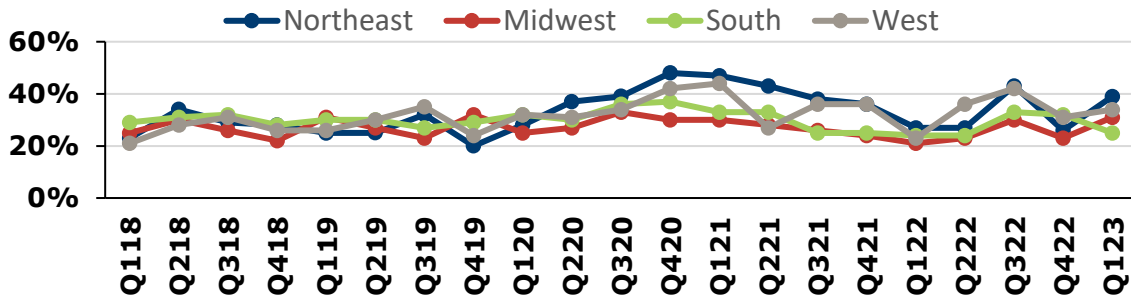


CHANGES IN INVENTORY

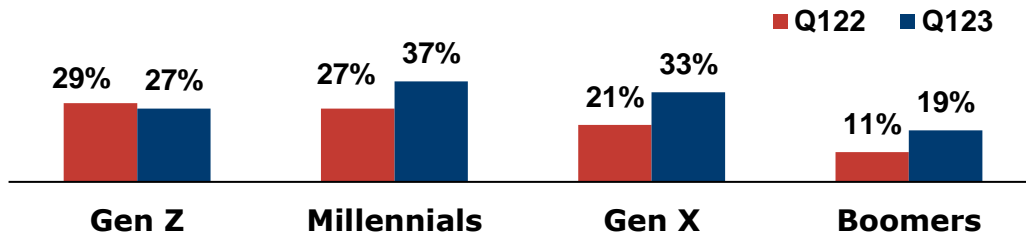
- Buyers' perceptions of housing inventory remained essentially unchanged from Qtr4'22 to Qtr1'23, with the share of buyers seeing **more** homes available for-sale* in their markets barely moving from 30% to 31% during this period.



- BY REGION: From Qtr4'22 to Qtr1'23, inventory perceptions weakened in the South, with the share of buyers seeing **more** homes on the market falling from 32% to 25%. The share rose in the other three regions, however.



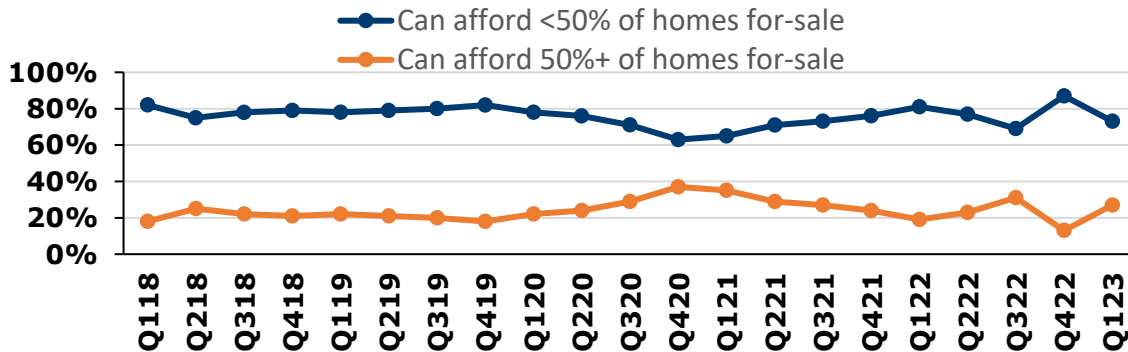
- BY GENERATION: In the year ended in Qtr1'23, the share of buyers seeing **more** homes for-sale* increased across all generations, except among Gen Z (down from 29% to 27%).



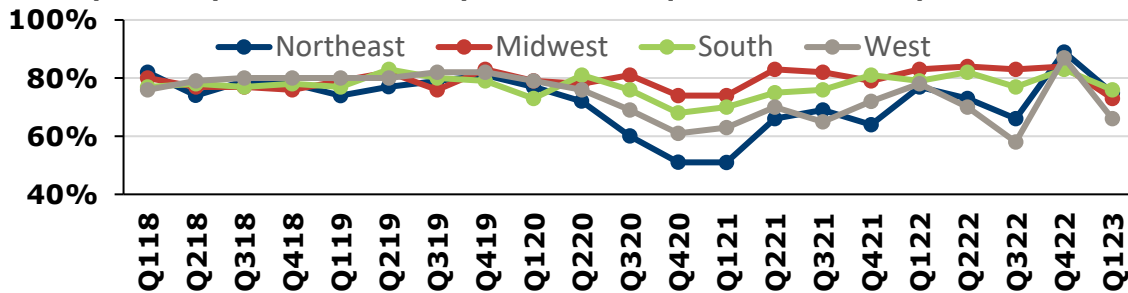
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

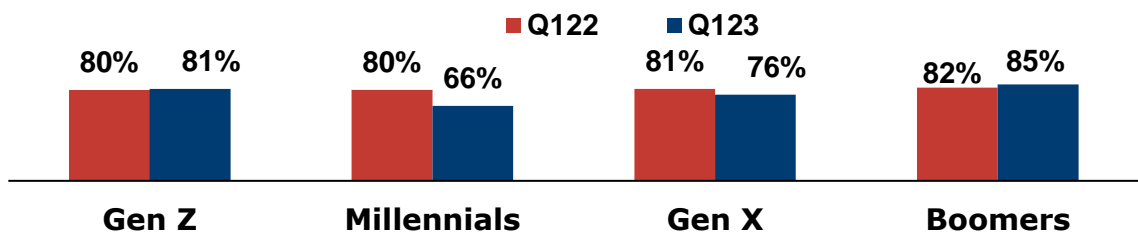
- Buyers' outlook for housing affordability improved in Qtr1'23, when the share of buyers able to afford fewer than 50% of the homes for-sale in their markets dropped to 73%, down from a record 87% a quarter earlier. This is evidence that relatively lower interest rates, slowing home prices, and builder incentives are impacting buyers' affordability expectations.



- BY REGION: From Qtr4'22 to Qtr1'23, the share of buyers only able to afford ***less than half*** the homes available in their markets declined in all regions: NE (89% to 75%), MW (84% to 73%), SO (83% to 76%), and WE (87% to 66%).

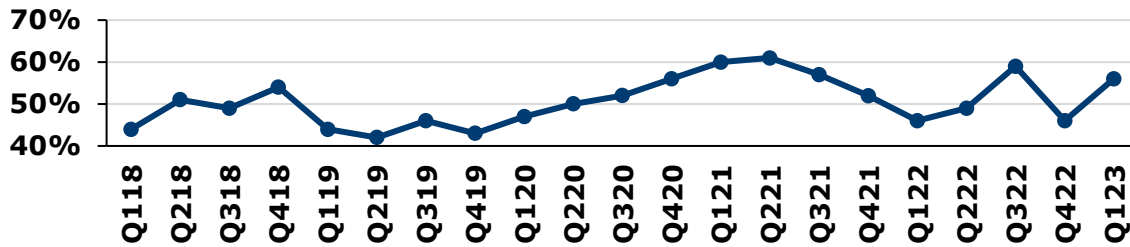


- BY GENERATION: During the year ended in Qtr1'23, the share of buyers only able to afford ***less than half*** the homes in their markets fell among Millennials (80% to 66%) and Gen X buyers (81% to 76%).

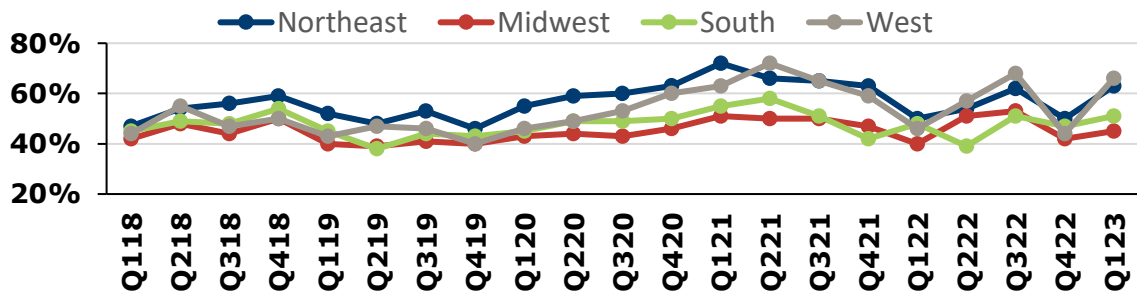


BEYOND JUST PLANNING

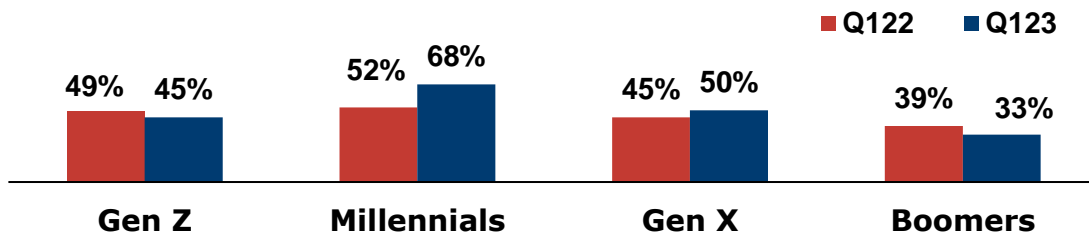
- Improvements in affordability expectations led to an increase in the share of prospective buyers who are actively engaged in the purchase process (i.e. they moved beyond the planning phase), from 46% in Qtr4'22 to 56% in Qtr1'23.



- BY REGION:** The share of prospective buyers actively searching for a home rose in every region between Qtr4'22 and Qtr1'23: NE (50% to 63%), MW (42% to 45%), SO (47% to 51%), and WE (44% to 66%).



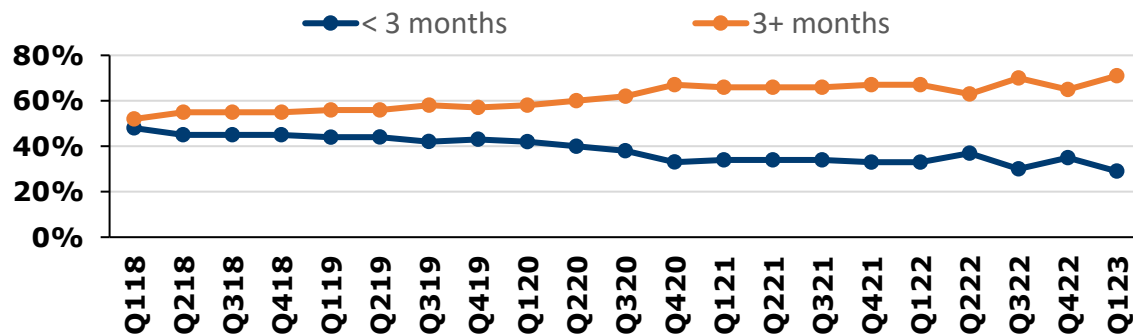
- BY GENERATION:** During the year ended in Qtr1'23, the share of buyers actively searching for a home increased among Millennials (52% to 68%) and Gen X buyers (45% to 50%).



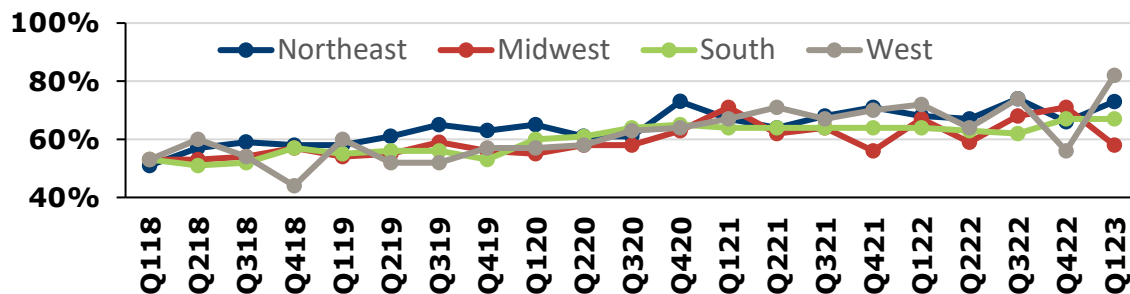
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

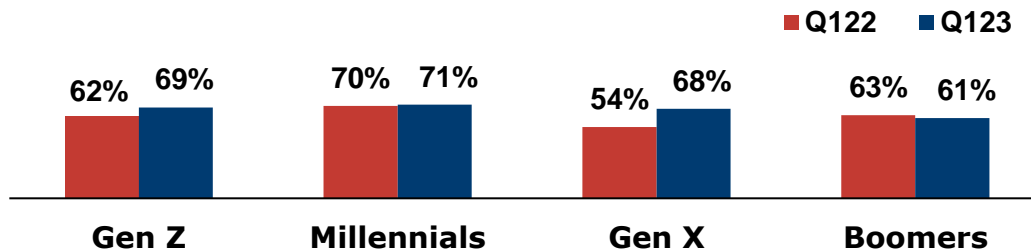
- Buyers actively looking for a home are having a harder time finding what they want: in Qtr1'23, a record 71% have spent 3+ months searching, up from 65% a quarter earlier. This indicates that slightly lower rates have intensified demand and increased competition.



- BY REGION:** From Qtr4'22 to Qtr1'23, the share of active buyers spending 3+ months looking for a home rose in the NE (66% to 73%) and WE (56% to 82%), but fell in the MW (71% to 58%) and stayed flat in the SO (at 67%).

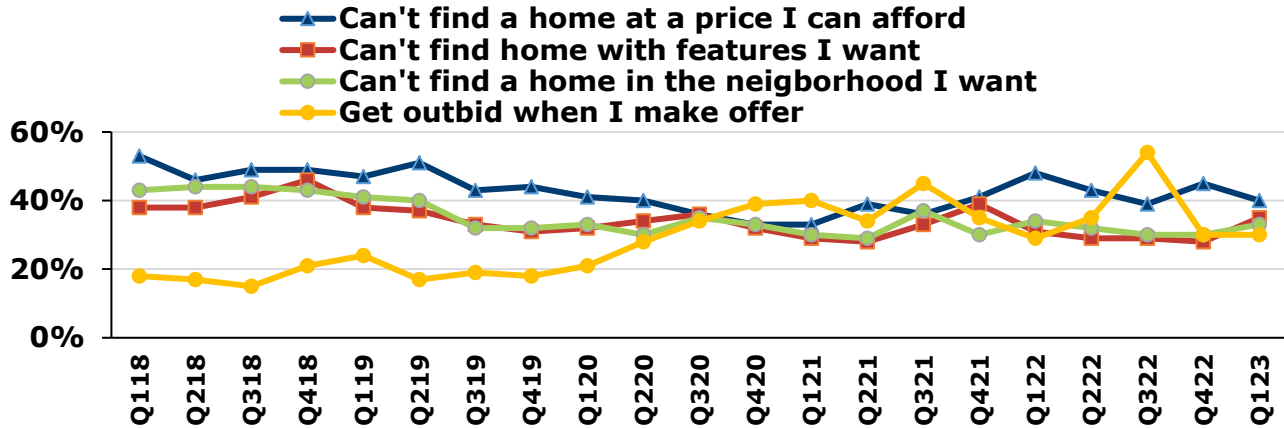


- BY GENERATION:** During the year ended in Qtr1'23, the share of active buyers spending 3+ months looking for a home rose among all generations, except Boomers.

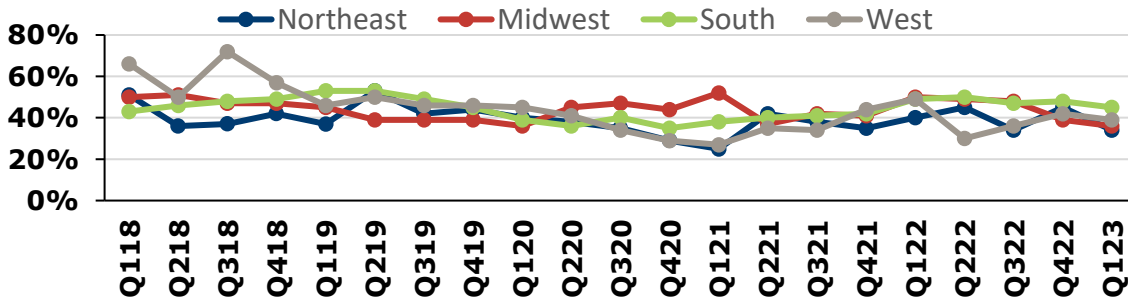


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

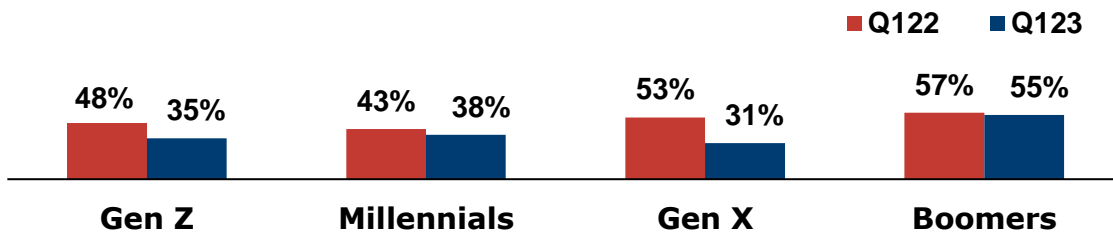
- The inability to find an affordable home (40%) remains the most common reason buyers looking for 3+ months can't make a purchase (despite dropping from 45% a quarter earlier). In 2nd place is the inability to find a home with desirable features (35%), followed by the inability to find a home in a desirable neighborhood (33%) and getting outbid (30%).



- BY REGION:** The share of buyers reporting high prices as the reason they haven't been successful buying a home dropped in all regions of the country between Qtr4'22 and Qtr1'23.

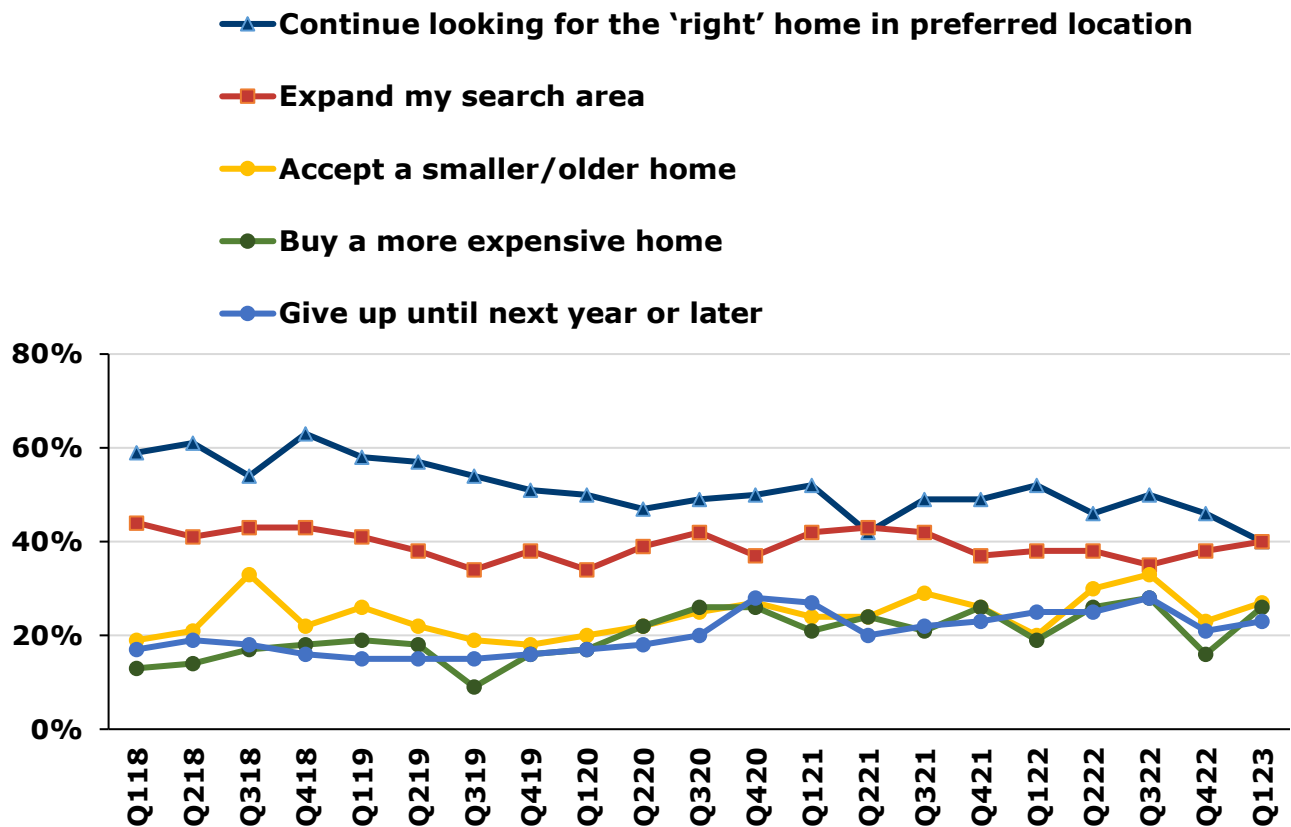


- BY GENERATION:** In the year ended in Qtr1'23, the inability to find an affordable home has lost prevalence as the reason long-term active buyers of every generation haven't been able to purchase a home.



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

- When asked in Qtr1'23 what they are most likely to do next if still unable to find a home in the next few months, 40% of active buyers searching for 3+ months said they will continue looking for the 'right' home in the same location (down from 46% a quarter earlier); 40% will expand their search area (up from 38%), 27% will accept a smaller/older home (up from 23%), and 26% will buy a more expensive home (up from 16%).
- Meanwhile, the share who plan to give up their home search until next year or later edged up to 23%, up from 21% in Qtr4'22.



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.

	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
Qtr4'22	17,703	December 15 – 22, 2022
Qtr1'23	17,623	March 16 – 21, 2023