

# HOUSING TRENDS REPORT

## QUARTER 2, 2023

(Data Collected: June 15 – 18)



# **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:

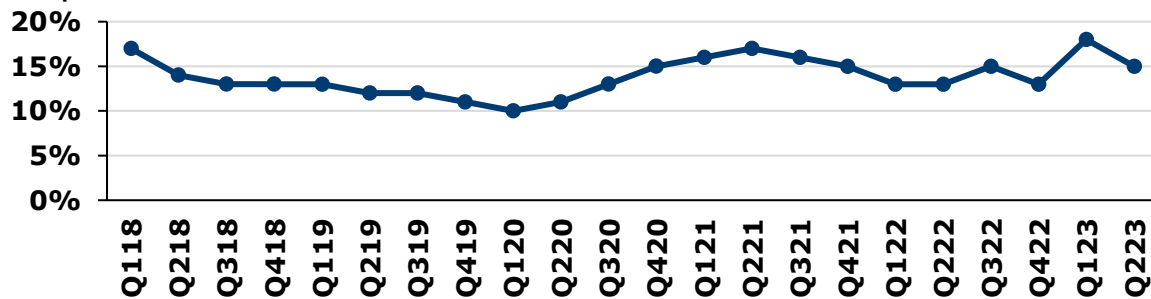
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

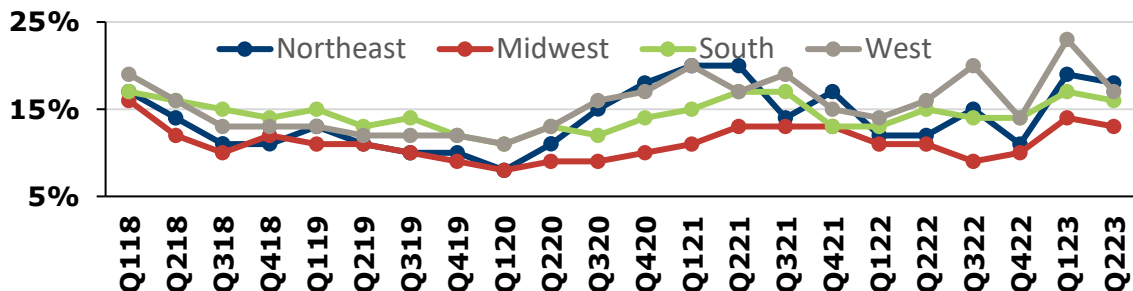
\* In 2023, Generation Z is constrained to end in the year 2005 because only adults 18 or older can participate in the poll.

## PLANNING TO BUY A HOME WITHIN 12 MONTHS

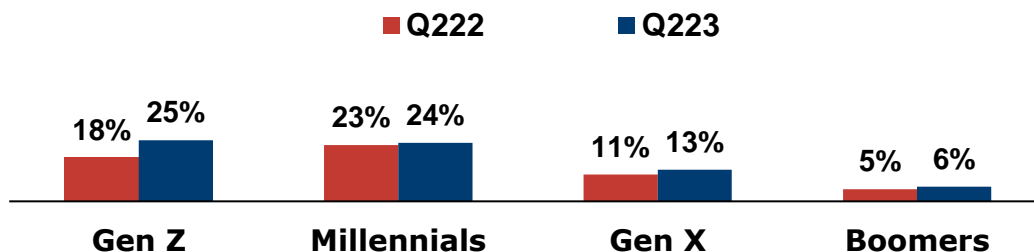
- The share of adults with plans to purchase a home within a year dropped to 15% in the 2<sup>nd</sup> quarter of 2023, down from a record high of 18% in the 1<sup>st</sup> quarter of 2023. Slightly higher mortgage rates and a return to positive home price growth help explain the drop.



- BY REGION: From Qtr1'23 to Qtr2'23, the share of adults with plans to buy a home declined in all regions: NE (19% to 18%), MW (14% to 13%), SO (17% to 16%), and most significantly in the WE (23% to 17%).



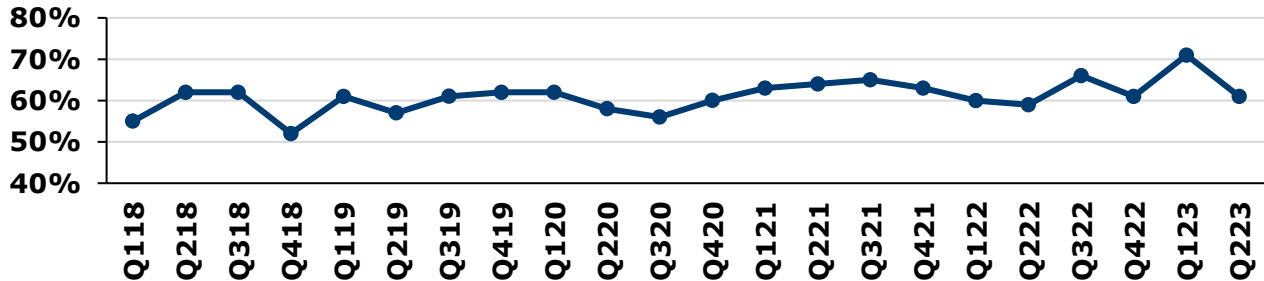
- BY GENERATION (not seasonally adjusted): Compared to a year ago, more adults of every generation have plans to buy a home in Qtr2'23. The most prominent increase happened among Gen Z'ers, up from 18% to 25%.



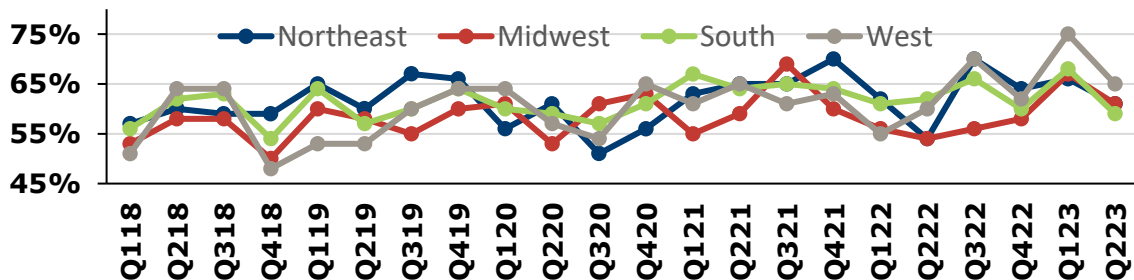
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

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

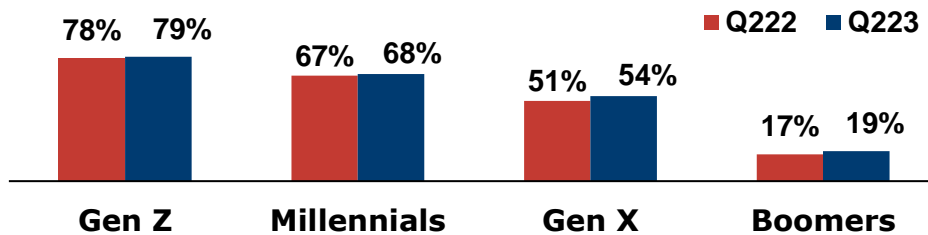
- Elevated home prices and mortgage rates disproportionately impact first-time buyers because, among other reasons, they lack equity savings from a previous home sale. In Qtr2'23, the share of all prospective buyers who are first-time buyers dropped to 61%, down from 71% a quarter earlier.



- BY REGION: From Qtr1'23 to Qtr2'23, the 1<sup>st</sup>-timer share lost ground in all four regions: NE (66% to 61%), MW (67% to 61%), SO (68% to 59%), and WE (75% to 65%).

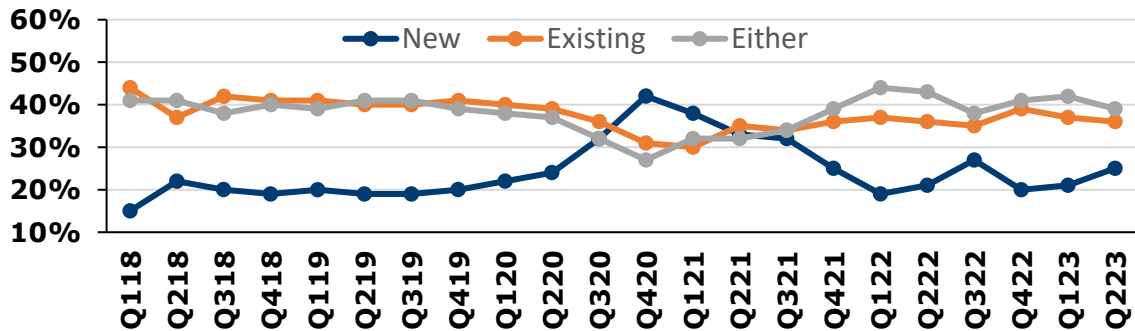


- BY GENERATION: Compared to a year ago, the share of prospective buyers who are 1<sup>st</sup>-timers edged up slightly across all generations.

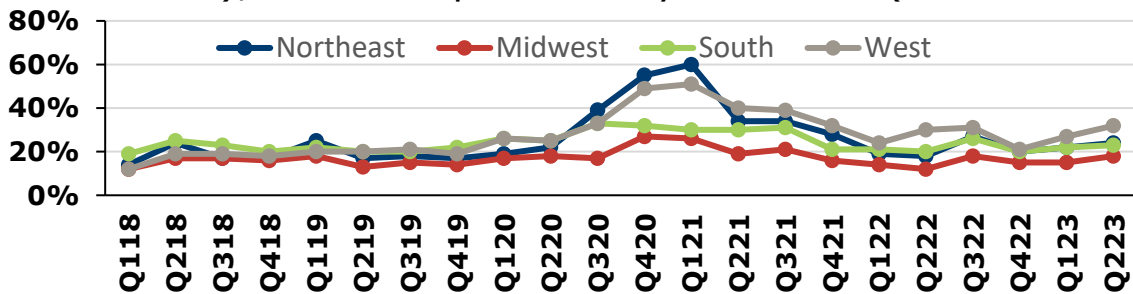


## NEW OR EXISTING HOME?

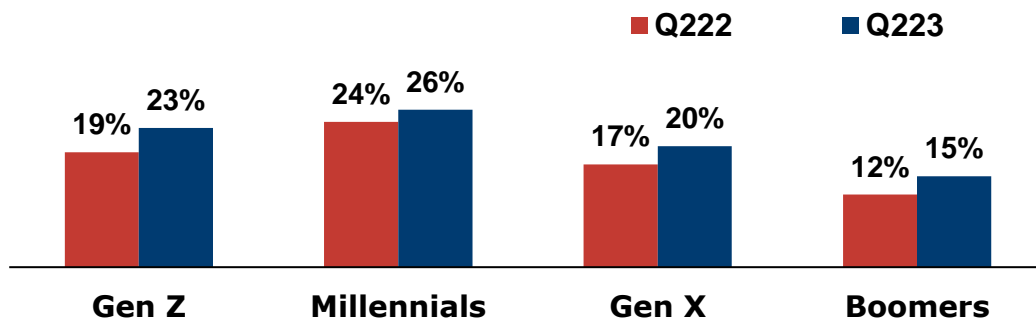
- The popularity of new homes is rebounding, again. From Qtr4'22 to Qtr2'23, the share of prospective buyers interested in new construction has risen from 20% to 25%. This finding is further evidence that [demand for new homes is strengthening](#) due to lack of existing home inventory.



- BY REGION: The interest for new homes grew from Qtr1'23 to Qtr2'23 in all regions: NE (22% to 24%), MW (15% to 18%), SO (22% to 23%), and most prominently in the WE (27% to 32%).

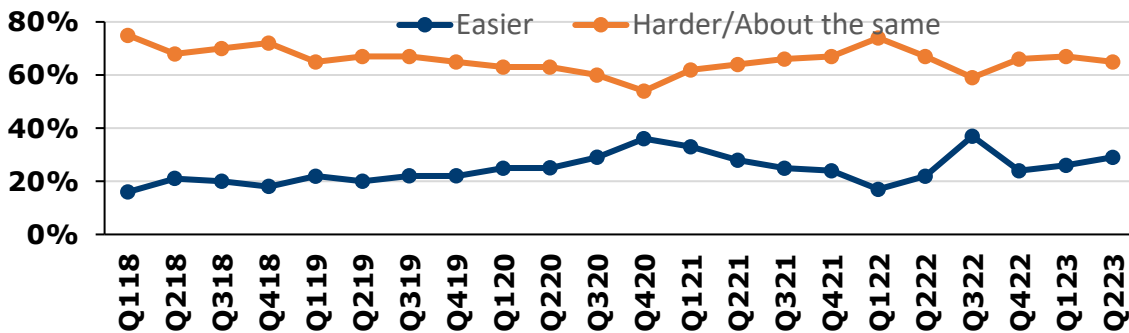


- BY GENERATION: A larger share of buyers of every generation are looking to buy a newly built home in Qtr2'23 than a year earlier.

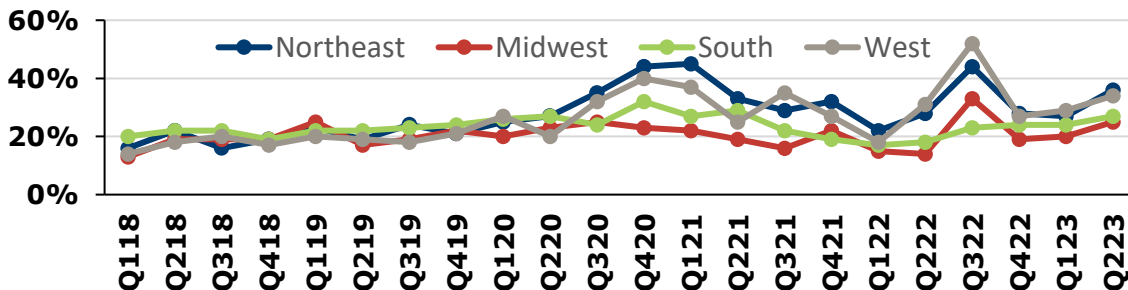


## AVAILABILITY EXPECTATIONS

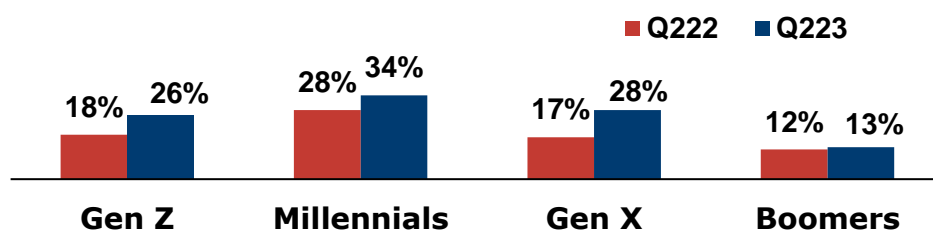
- Buyers' expectations of housing availability saw a mild improvement for a second consecutive quarter in Qtr2'23, as 29% anticipate the home search to get easier in the months ahead, up from 24% in Qtr4'22 and 26% in Qtr1'23. This trend reflects higher levels of new home production and sales in recent months.



- BY REGION:** Housing availability expectations improved across all regions. From Qtr1'23 to Qtr2'23, the share of buyers expecting an easier home search ahead rose in the NE (27% to 36%), the MW (20% to 25%), the SO (24% to 27%), and the WE (29% to 34%).

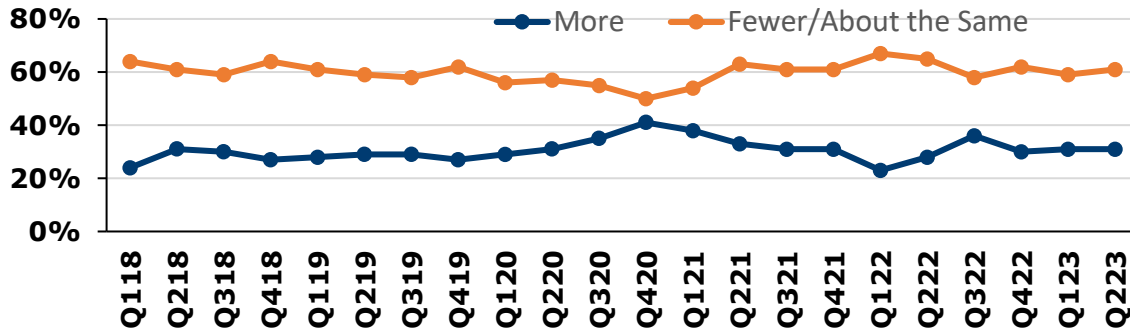


- BY GENERATION:** Compared to a year ago, expectations that housing availability will ease up in the months ahead were higher among all generations of buyers, especially Gen X (17% to 28%).

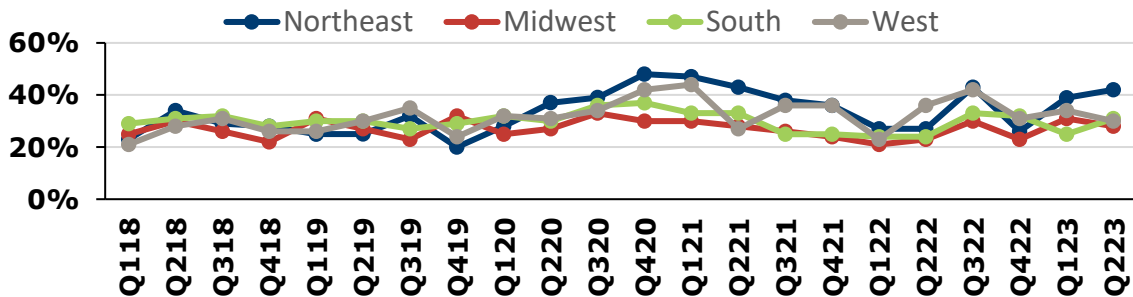


## CHANGES IN INVENTORY

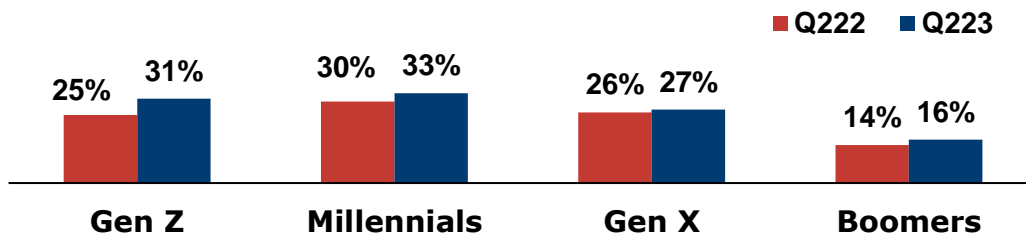
- Buyers' perceptions of housing inventory already available remained unchanged from Qtr1'23 to Qtr2'23, however, with the share of buyers seeing **more** homes for-sale\* in their markets staying put at 31%.



- BY REGION: From Qtr1'23 to Qtr2'23, inventory perceptions weakened in the MW (the % of buyers seeing **more** homes on the market dropped 31% to 28%) and WE (34% to 30%), but improved in the NE (39% to 42%) and the SO (25% to 31%).



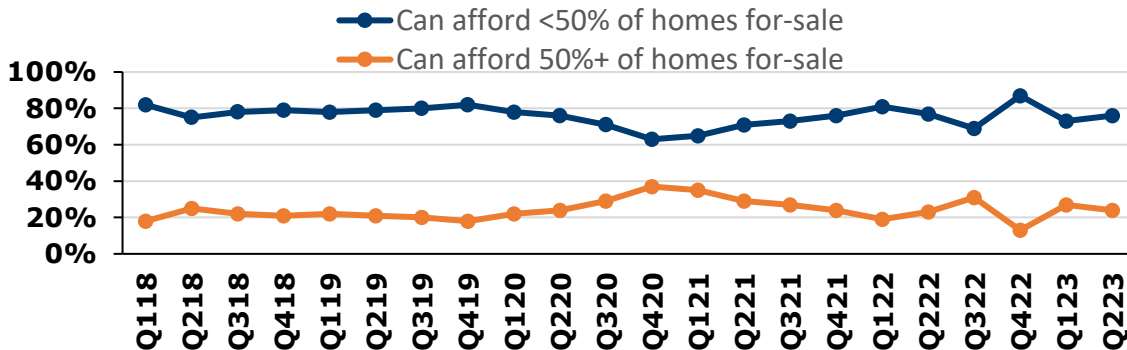
- BY GENERATION: In the year ended in Qtr2'23, the share of buyers seeing **more** homes available for-sale\* increased across all generations, led by Gen Z (25% to 31%).



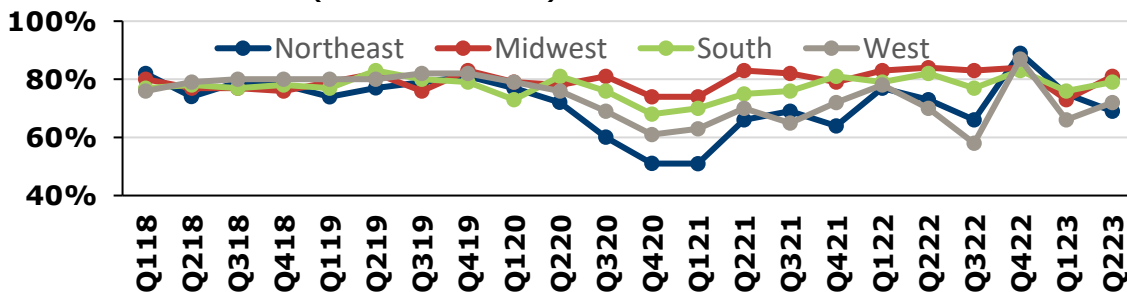
\* Homes with buyer's desired features and price point.

## **AFFORDABILITY EXPECTATIONS**

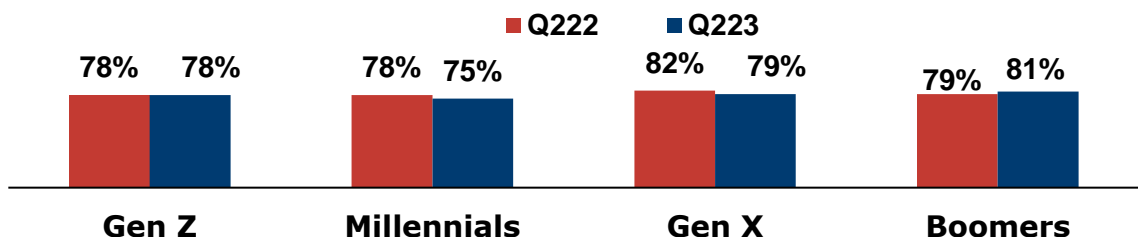
- After improving in the first quarter of 2023, buyers' outlook for housing affordability soured in the second quarter, when 76% report being able to afford ***less than half*** the homes for-sale in their markets (up from 73% in Qtr1'23). This shows that recent upticks in home prices and mortgage rates (though modest) are filtering directly into buyers' affordability expectations.



- BY REGION:** From Qtr1'23 to Qtr2'23, the share of buyers only able to afford ***less than half*** the homes available in their markets rose in the MW (73% to 81%), SO (76% to 79%), and WE (66% to 72%), but fell in the NE (75% to 69%).



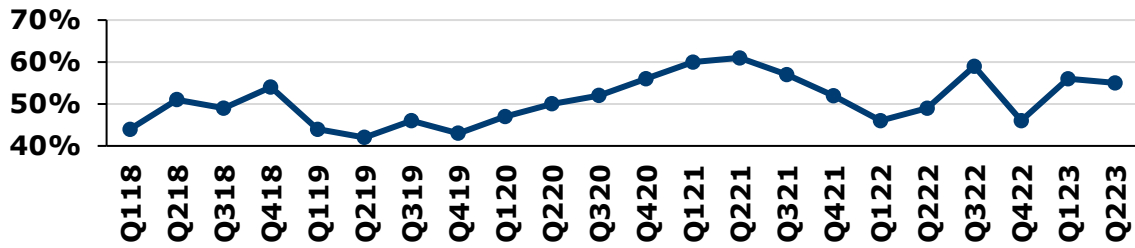
- BY GENERATION:** During the year ended in Qtr2'23, the share of buyers only able to afford ***less than half*** the homes in their markets fell among Millennials (78% to 75%) and Gen X buyers (82% to 79%), was flat among Gen Z (at 78%), and rose among Boomers (79% to 81%).



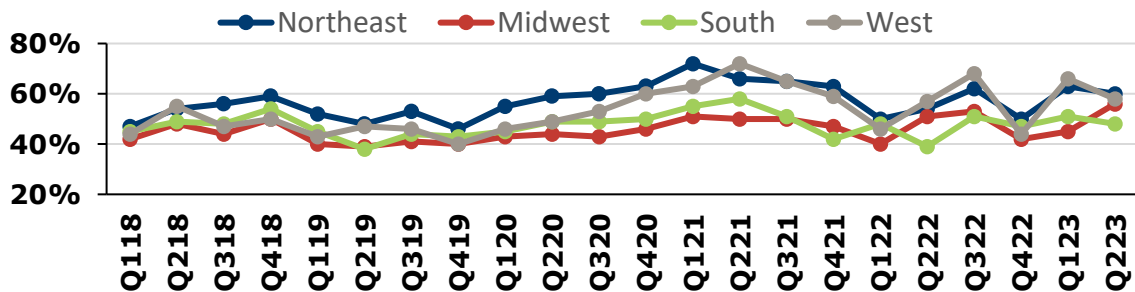


## BEYOND JUST PLANNING

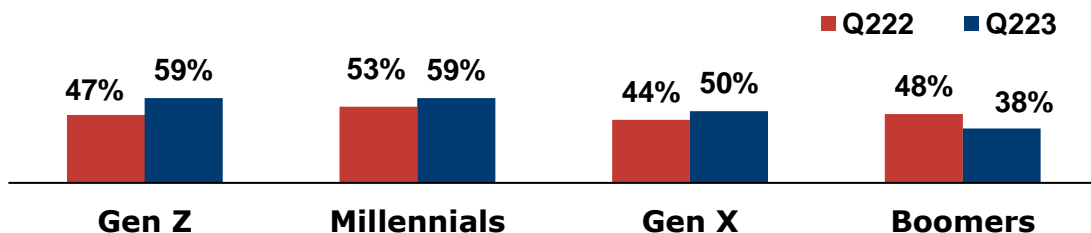
- Despite lower affordability expectations, the share of prospective buyers who are actively engaged in the purchase process (i.e., have moved beyond the planning phase) remained essentially unchanged between the first and second quarters of 2023, at 56% and 55%, respectively.



- BY REGION: From Qtr1'23 and Qtr2'23, the share of prospective buyers actively searching for a home declined in the NE (63% to 60%), SO (51% to 48%), and WE (66% to 58%), but rose in the MW (45% to 56%).



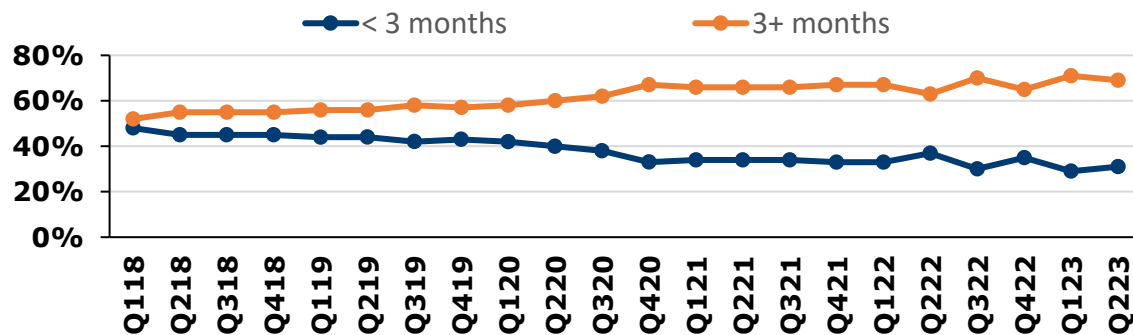
- BY GENERATION: During the year ended in Qtr2'23, the share of buyers actively searching for a home increased among all generations, except Boomers (48% to 38%).



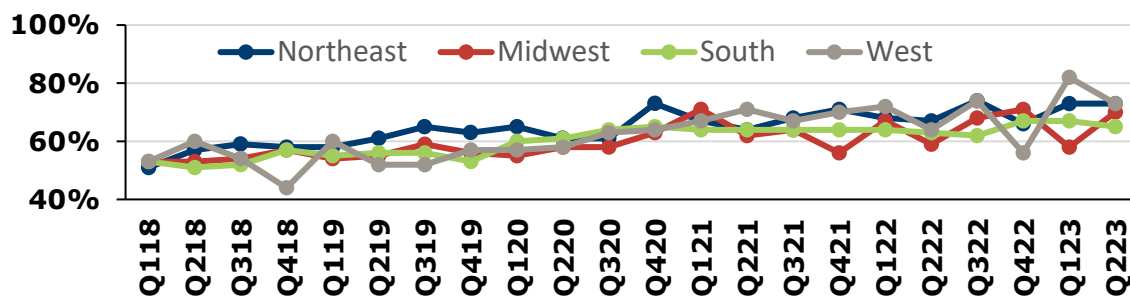
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

## TIME SPENT SEARCHING FOR A HOME

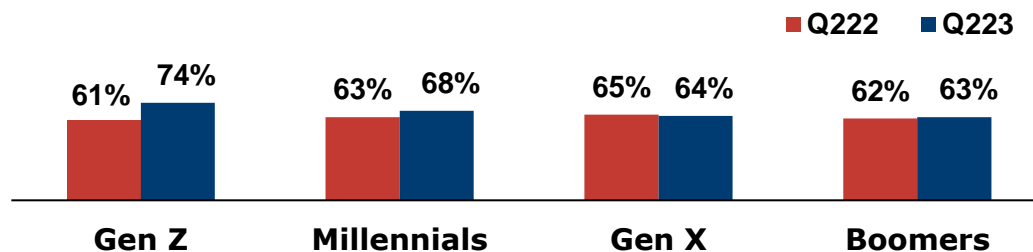
- After reaching a record high of 71% in Qtr1'23, the share of active buyers who have spent 3+ months searching for a home to buy eased up a bit in Qtr2'23, edging down to 69%. Although existing home inventory remains tight, increased production by builders is helping some buyers find a home in less time.



- BY REGION: From Qtr1'23 to Qtr2'23, the share of active buyers spending 3+ months looking for a home fell in the SO (67% to 65%) and WE (82% to 73%), but rose in the MW (58% to 70%) and stayed flat in the NE (at 73%).

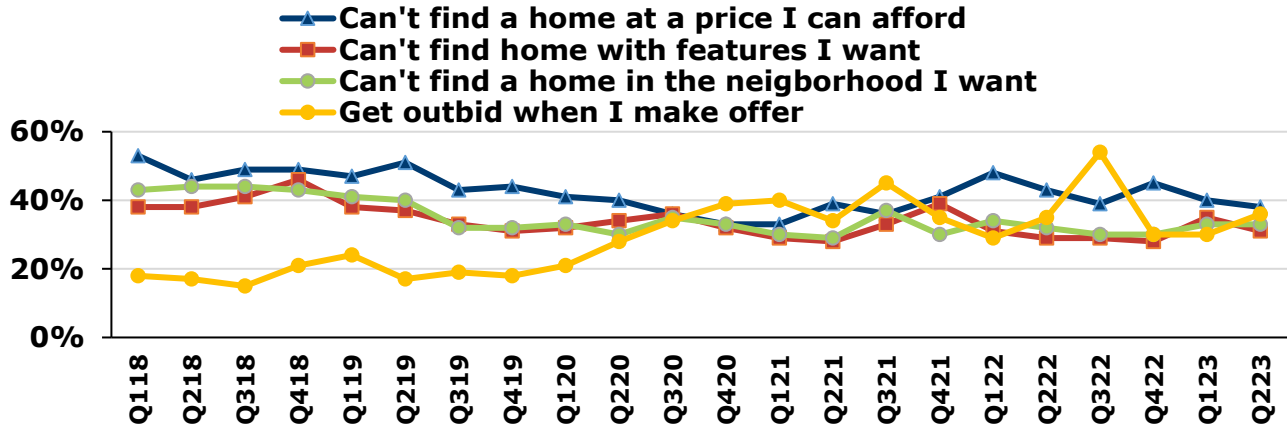


- BY GENERATION: During the year ended in Qtr2'23, the share of active buyers spending 3+ months looking for a home rose among all generations, except Gen X buyers.

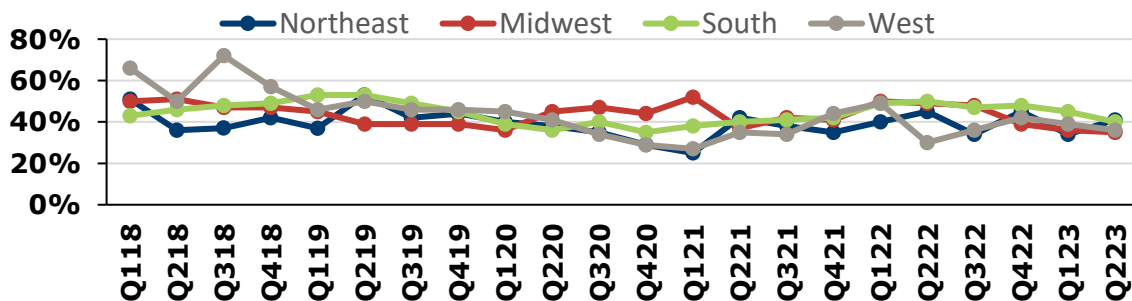


## TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

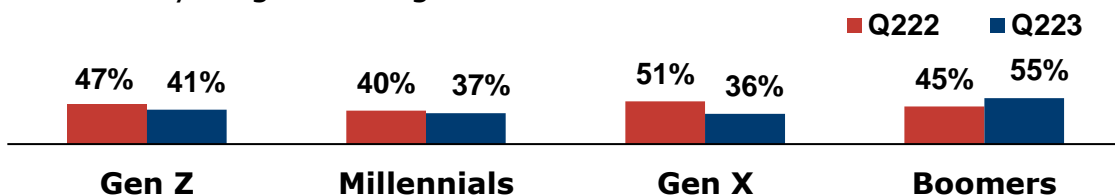
- The inability to find an affordable home (38%) remains the most common reason buyers looking for 3+ months can't make a purchase. Next most common reason is getting outbid by other buyers (which jumped from 30% to 36% between Qtr1'23 and Qtr2'23), followed by the inability to find a home in a desirable neighborhood (33%) and one with desirable features (31%).



- BY REGION:** The share of buyers reporting high prices as the reason they haven't been successful buying a home dropped in the MW (36% to 35%), SO (45% to 40%), and WE (39% to 36%) between Qtr1'23 and Qtr2'23. Many report being outbid by other buyers as the reason.

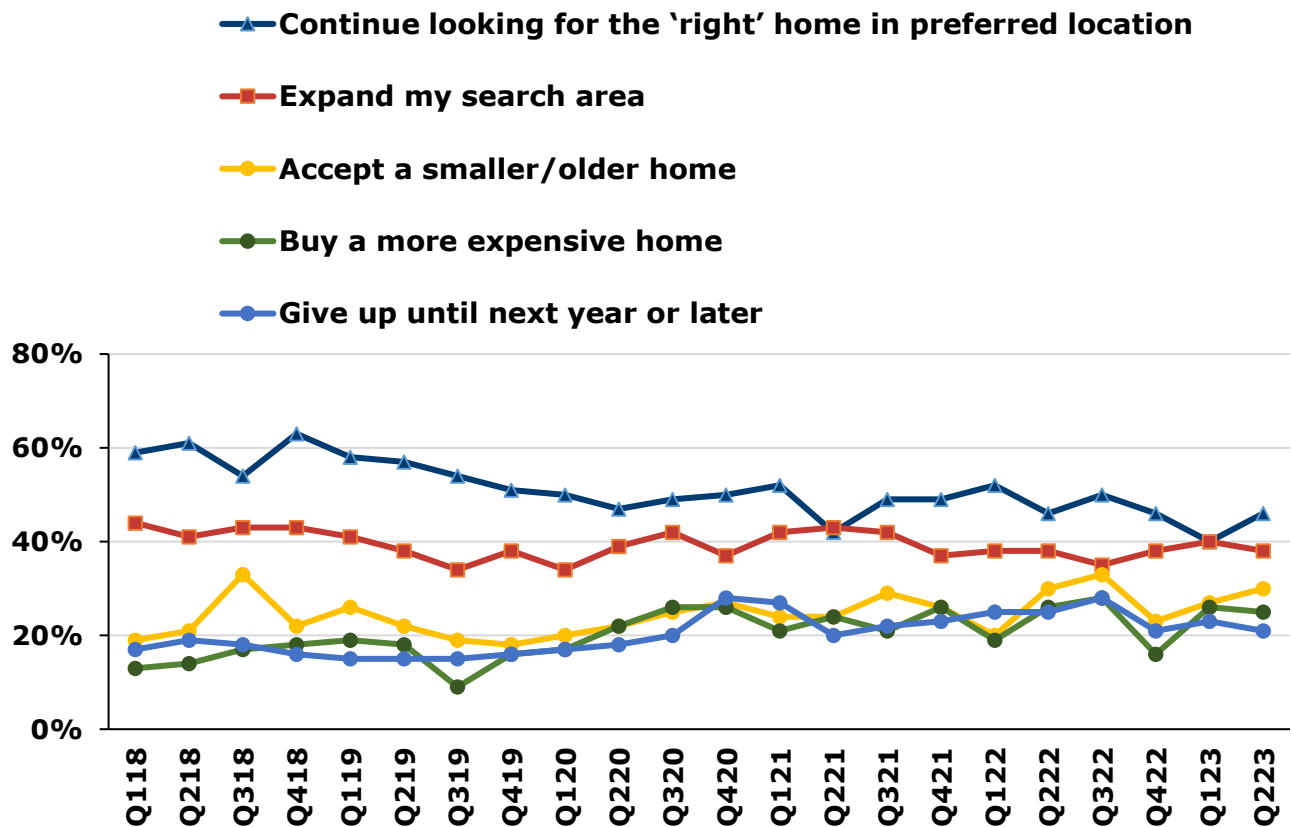


- BY GENERATION:** In the year ended in Qtr2'23, the inability to find an affordable home has lost prevalence as the reason long-term active buyers of all generation haven't been able to purchase a home, except for Boomers. Getting outbid and not finding home with features are rising factors for younger three generations.



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

- When asked in Qtr2'23 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 (up from 40% a quarter earlier); 38% will expand their search area (down from 40%), 30% will accept a smaller/older home (up from 27%), and 25% will buy a more expensive home (about the same from 26%).
- Meanwhile, the share who plan to give up their home search until next year or later edged down to 21%, from 23% in Qtr1'23.



## **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
Qtr2'23	15,425	June 15 – 18, 2023