

# HOUSING TRENDS REPORT

## QUARTER 1, 2021

(Data Collected: March 11 - 22)



# **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 2003.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

## Methodology:

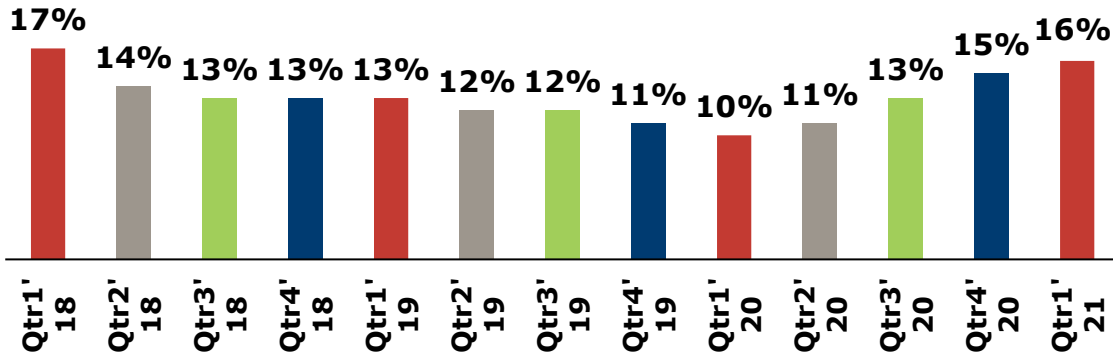
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

\* In 2021, Generation Z is constrained to end in the year 2003 because only adults 18 or older can participate in the poll.

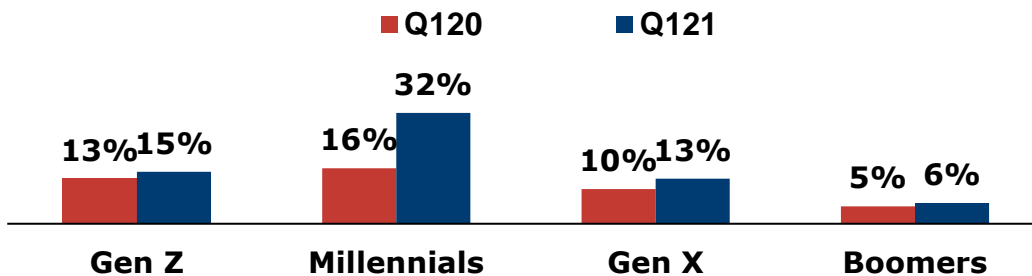
Results are not yet seasonally adjusted due to the short-time horizon of the series; therefore, only year-over-year comparisons are statistically valid.

## PLANNING TO BUY A HOME WITHIN 12 MONTHS

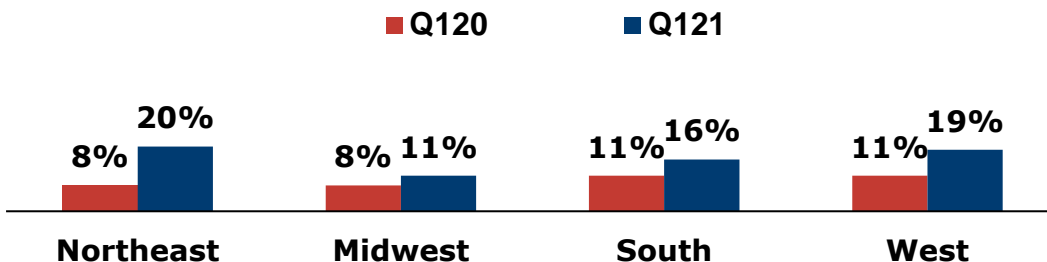
- The share of adults with plans to buy a home within 12 months (prospective buyers) rose to 16% in Qtr1'21, up from 10% a year earlier. This is the largest year-over-year gain in the 3+ year history of this series.



- BY GENERATION: The share of Millennials planning a home purchase doubled from 16% to 32% in the year ended in Qtr1'21. Other generations saw more tepid growth.



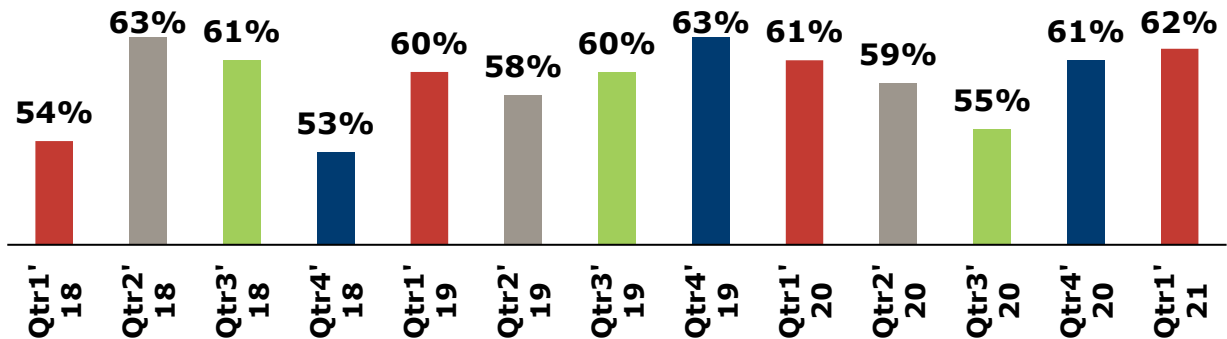
- BY REGION: A larger share of adults in every region have plans to buy a home in Qtr1'20 than did a year earlier. In the Northeast, the share more than doubled, from 8% to 20%.



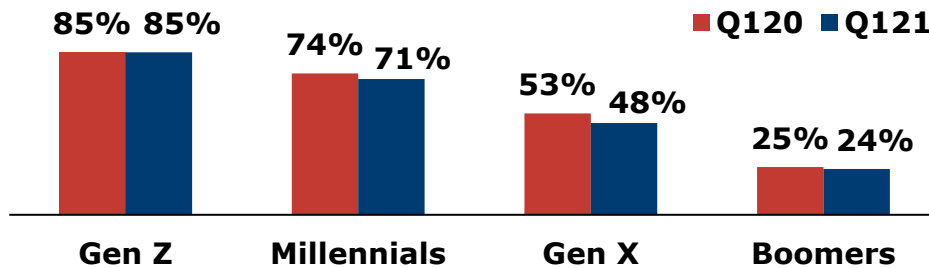
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

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

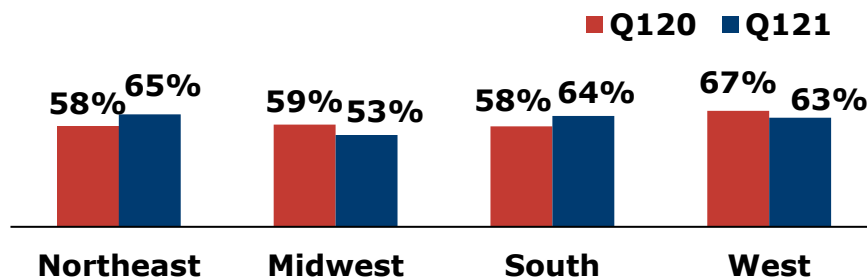
- The share of prospective buyers in Qtr1'21 who are buying a home for the first time (62%) was essentially unchanged from a year earlier (61%).



- BY GENERATION: Gen Z has the largest share of 1<sup>st</sup>-timers (85%), unchanged from a year earlier. Other generations saw slight declines in the shares buying a home for the first time.

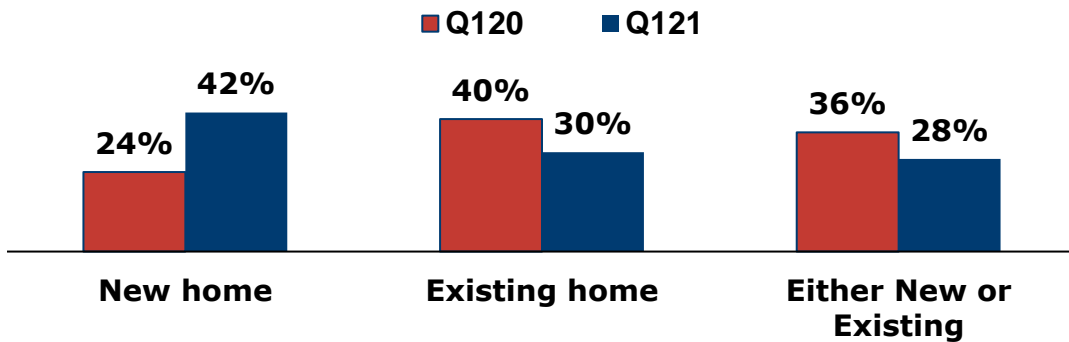


- BY REGION: At 65%, the Northeast has the largest share of 1<sup>st</sup>-time buyers, up from 58% a year earlier. The share also rose in the South (58% to 64%), but declined in the Midwest and West. Overall, more than half of buyers in every region are attempting homeownership for the first time.

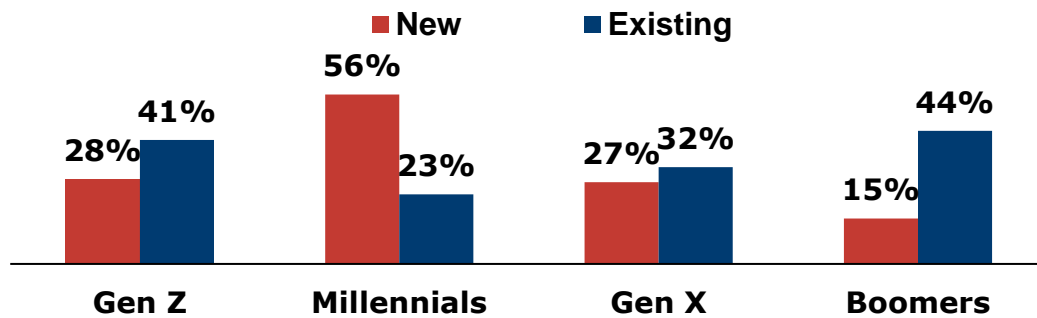


## NEW OR EXISTING HOME?

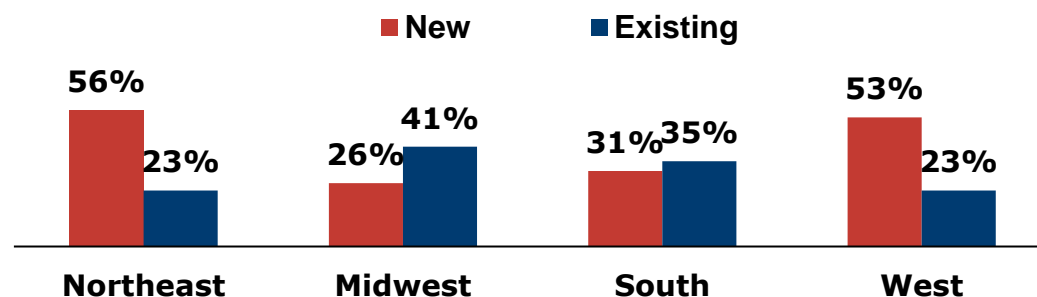
- The share of buyers looking to buy a newly-built home jumped from 24% to 42% in the year ended in Qtr1'21. On the other hand, the share looking for an existing home declined from 40% to 30%.



- BY GENERATION: A majority of Millennial buyers (56%) would prefer a new home, the most of any generation. In contrast, 44% of Boomers and 41% of Gen Z buyers are looking for an existing home.

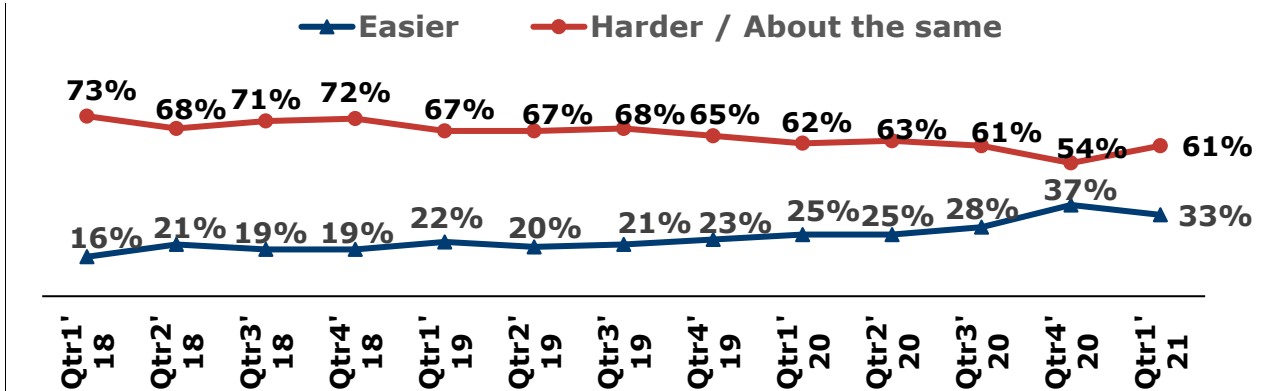


- BY REGION: In the Northeast and West regions, a majority of buyers would prefer a new home. In contrast, in the Midwest, 41% are looking for an existing home.

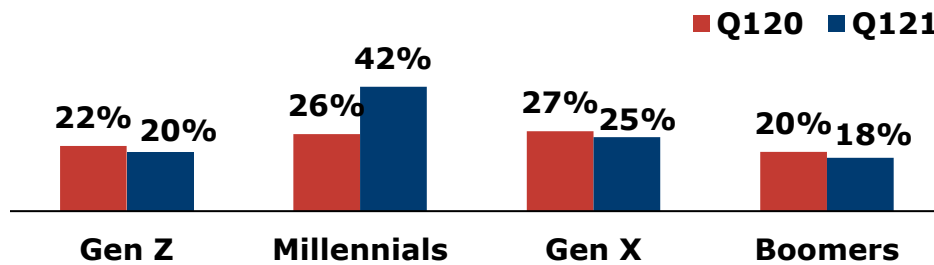


## AVAILABILITY EXPECTATIONS

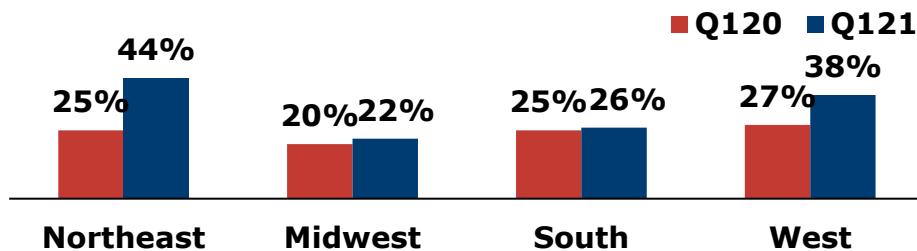
- In Qtr1'21, 33% of prospective home buyers expect that finding the right home will get easier in the months ahead, compared to 25% a year earlier. The improvement in buyers' availability perceptions reflects the fact that more new and existing homes were sold in Qtr1'21 than in the same period in 2020.



- BY GENERATION: Between the first quarters of 2020 and 2021, expectations that housing availability will ease up improved significantly among Millennials (26% to 42%), but declined slightly among other generations.

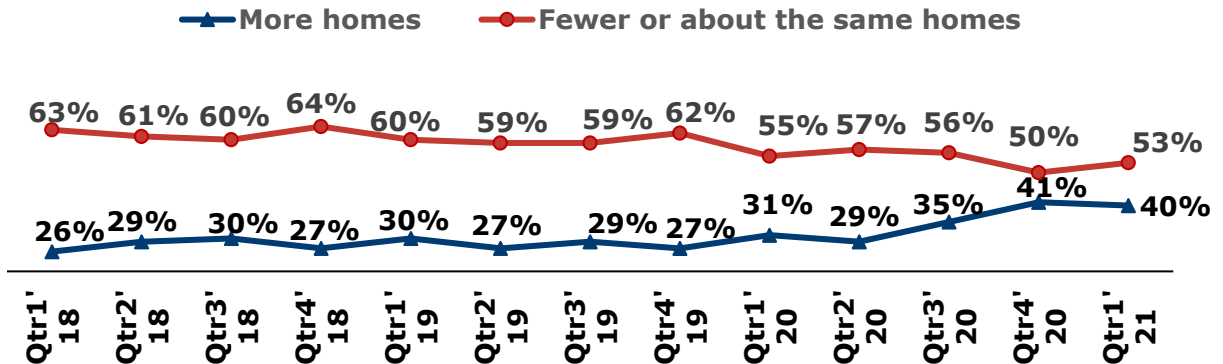


- BY REGION: Between the first quarters of 2020 and 2021, expectations that housing availability will ease up jumped up significantly in the Northeast (25% to 44%) and the West (27% to 38%), while changing little in the Midwest and South.

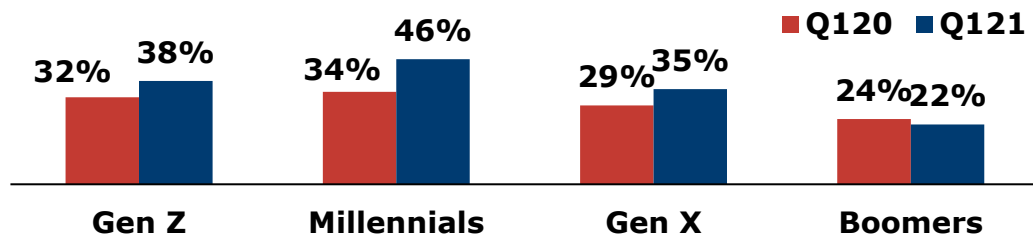


## CHANGES IN INVENTORY

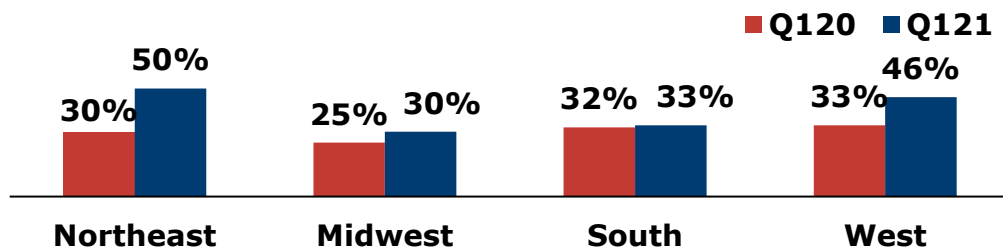
- 40% of buyers report seeing **more** homes for-sale\* in Qtr1'21 (than the previous quarter), up from 31% a year earlier. The improvement in buyers' perceptions on inventory reflects the fact that new home production was stronger in Qtr1'21 than in Qtr1'20.



- BY GENERATION: Between the first quarters of 2020 and 2021, the share of buyers seeing **more** homes for-sale rose significantly among Millennials (34% to 46%), and more moderately among Gen Z and Gen X buyers.



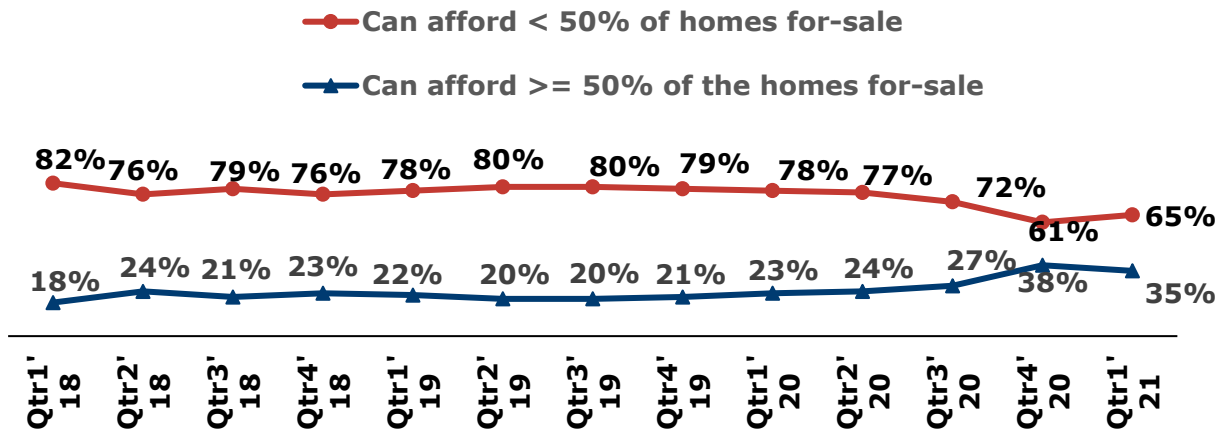
- BY REGION: Between the first quarters of 2020 and 2021, the share of buyers seeing **more** homes for-sale jumped most significantly in the Northeast (30% to 50%) and the West (33% to 46%). Growth was more tepid in the Midwest.



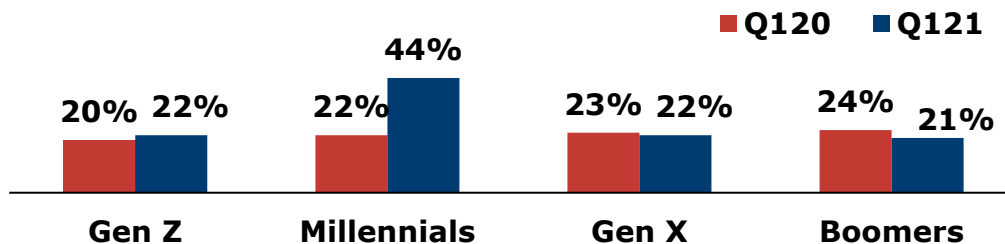
\* Homes with buyer's desired features and price point.

## **AFFORDABILITY EXPECTATIONS**

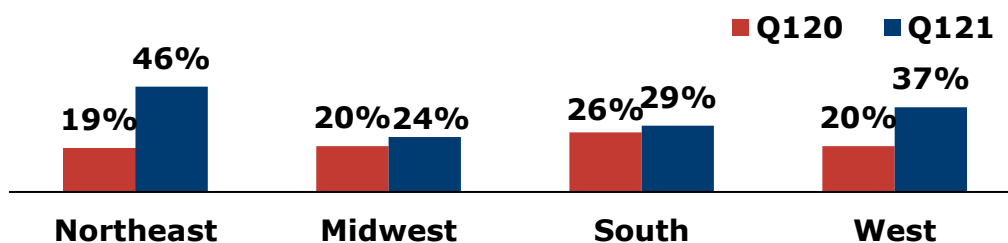
- 35% of buyers in Qtr1'21 are able to afford ***half or more*** of the homes available in their markets, up from 23% a year earlier. The increase is an indication that still relatively low mortgage rates continue to have a stronger impact on buyers' perceptions of affordability than rising home prices.



- BY GENERATION:** Between the first quarters of 2020 and 2021, the share of buyers who can afford ***half or more*** of the homes available doubled among Millennial buyers (22% to 44%), but changed little among other generations.



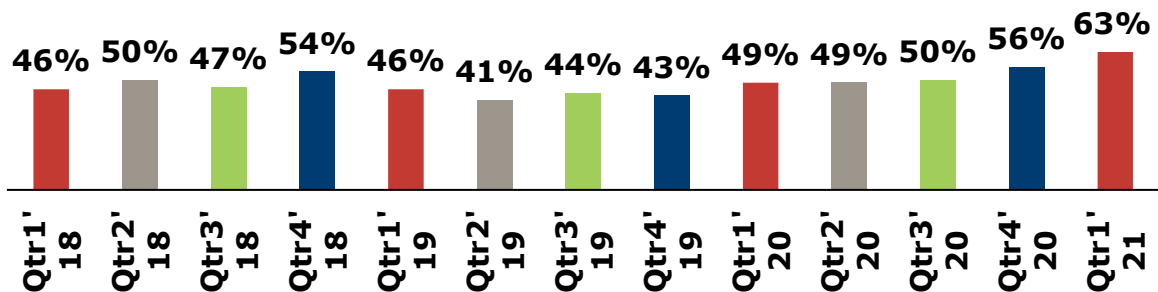
- BY REGION:** Between the first quarters of 2020 and 2021, the share of buyers who can afford ***half or more*** of the homes available rose significantly in the Northeast (19% to 46%) and the West (20% to 37%).



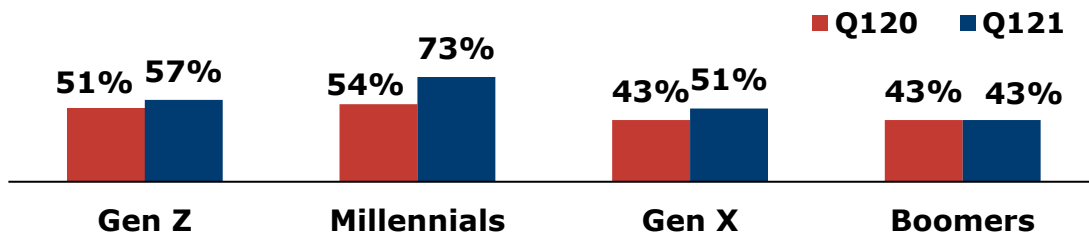


## BEYOND JUST PLANNING

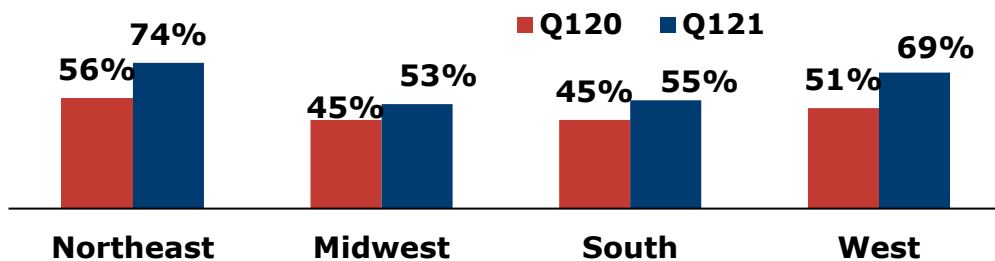
- Most adults (63%) planning a home purchase have moved beyond mere plans and are actively trying to find one to buy, up from 49% a year earlier. Several factors continue to drive prospective buyers to become active: fear of missing out on still-low mortgage rates, desire for more space due to COVID-19, and desire to move out to outlying suburbs.



- BY GENERATION: Between the first quarters of 2020 and 2021, the share of prospective Millennial buyers who are already engaged in the search process jumped from 54% to 73%. The share rose more modestly among Gen Z and Gen X buyers.



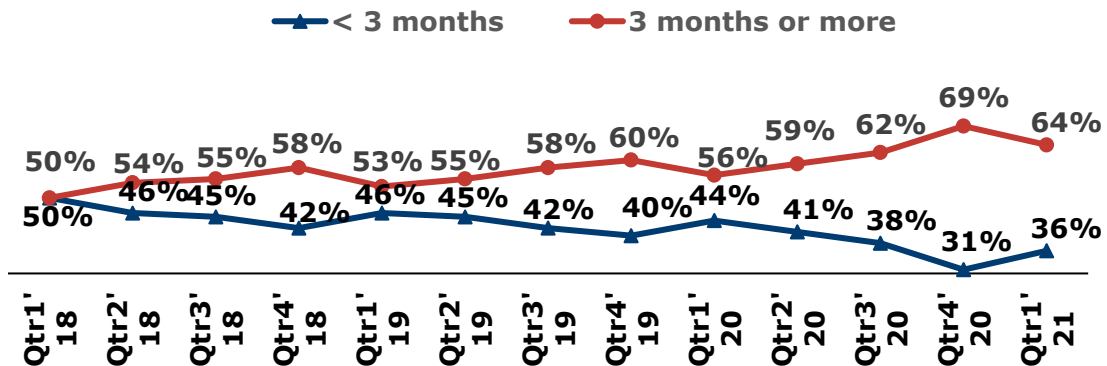
- BY REGION: Between the first quarters of 2020 and 2021, significantly larger shares of prospective buyers in the Northeast (56% to 74%) and the West (51% to 69%) are actively trying to find a home to buy.



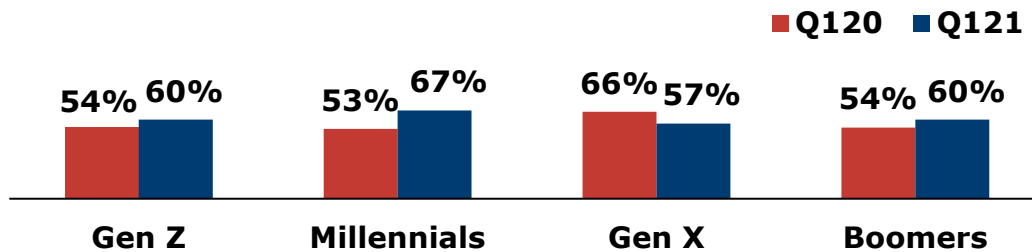
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

## TIME SPENT SEARCHING FOR A HOME

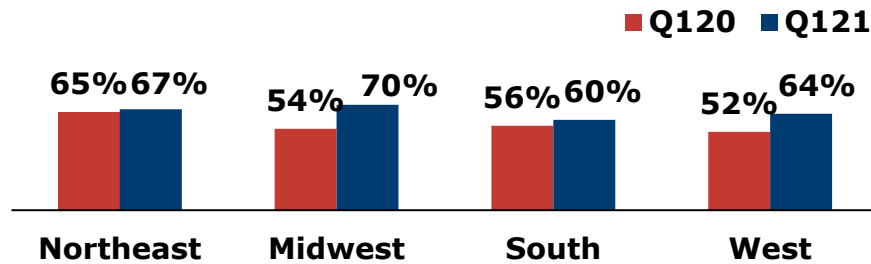
- The length of time spent searching for a home continues to grow. In Qtr1'21, 64% of buyers actively engaged in the purchase process have spent 3 months or longer looking, compared to 56% a year earlier.



- BY GENERATION: More than half of active buyers of every generation are spending 3+ months looking for a home, led by 67% of Millennials. A year earlier, that share was 53%.

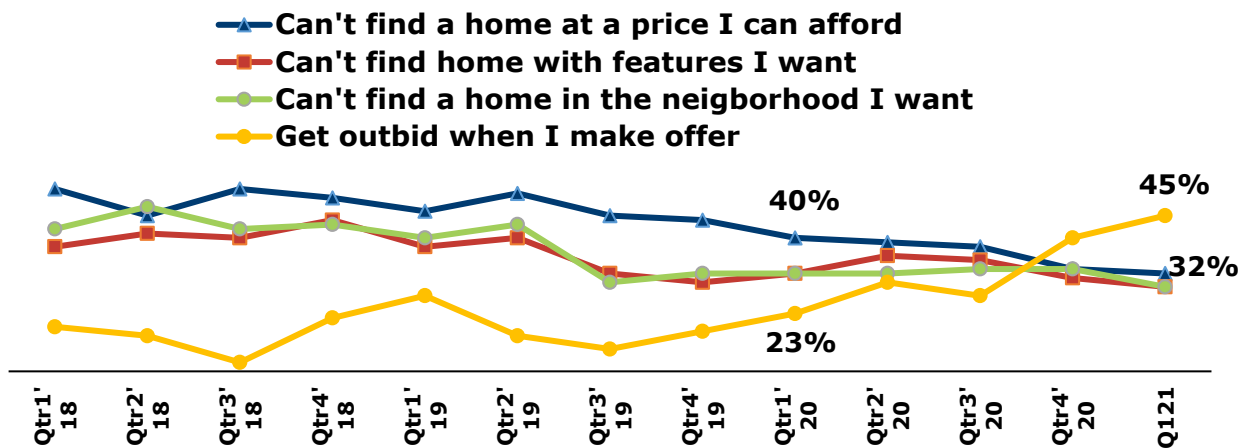


- BY REGION: At least 60% of active buyers in every region have been trying to find a home for 3+ months, led by the Midwest – where the share has jumped from 54% to 70% in the last year.

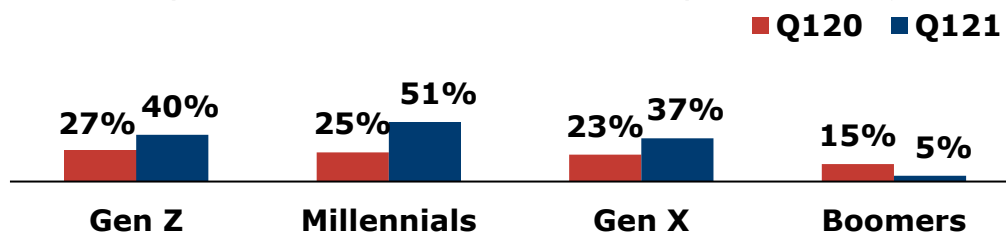


## TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

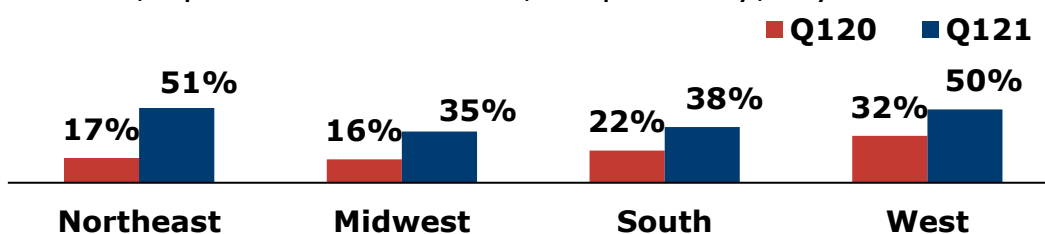
- For the 2<sup>nd</sup> time in this series history, the number one reason long-time searchers haven't made a home purchase is not because of their inability to find an affordably-priced home (32%), but because they continue to get outbid by other offers (45%). The reasons are flipped from a year earlier, when 40% cited unaffordable prices and only 23% better offers by other buyers.



- BY GENERATION:** Getting outbid by other buyers is the reason 51% of Millennials searching for 3+months haven't been successful, up from 25% a year earlier. The share is only 5% among Boomers.

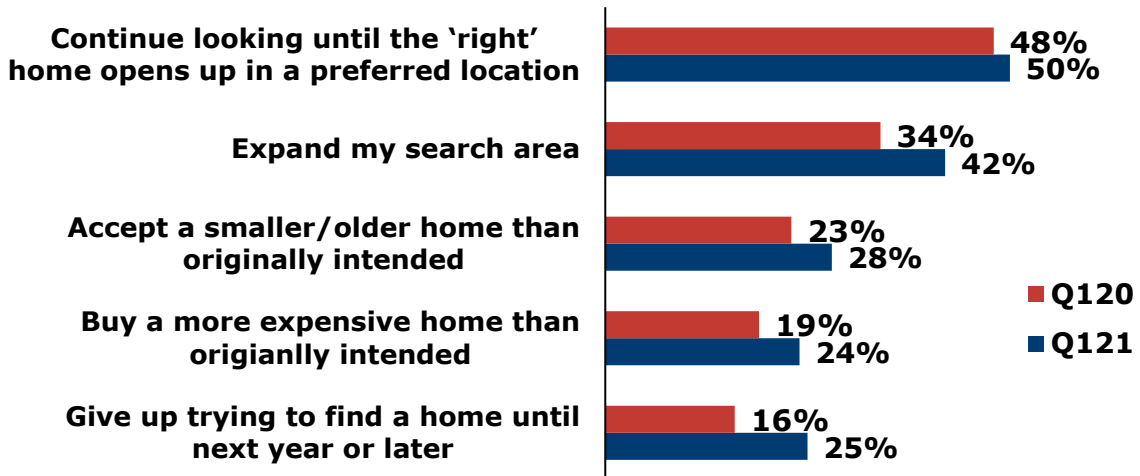


- BY REGION:** Getting outbid by other buyers is the reason half of buyers in the Northeast and West searching for 3+month haven't been successful, up from 17% & 32%, respectively, a year earlier.

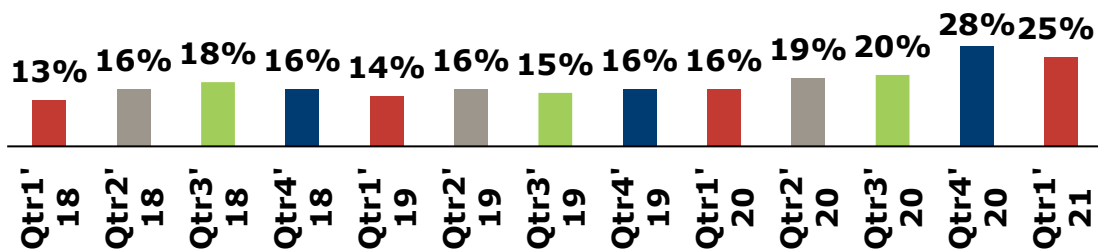


## NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

- When asked 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 will continue looking for the 'right' home in the same location – about the same as a year earlier. On the other hand, 42% will expand their search area, up from 34% a year earlier.



- Difficulties finding a home to buy will likely lead 25% of active buyers to give up until next year or later. That share is up from 16% a year earlier.



## **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.

	<b>Sample size</b>	<b>Collection Period</b>
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