HOUSING TRENDS REPORT

QUARTER 4, 2021

(Data Collected: December 16 – 20)

National Association of Home Builders

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:

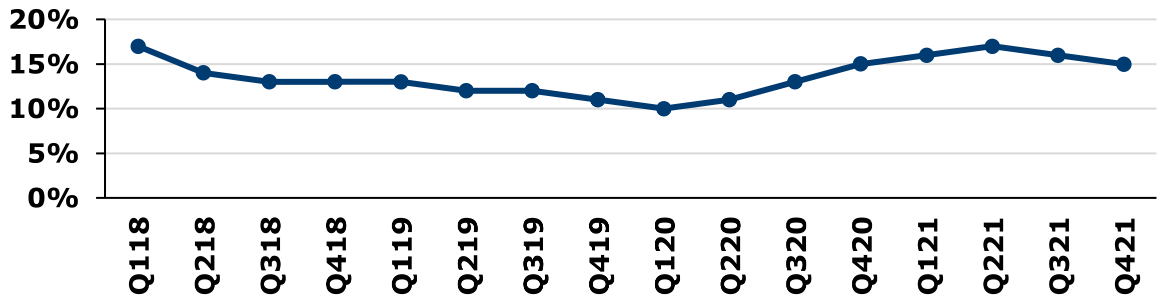
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

All results for the US and the four Census regions are now seasonally adjusted. Results by generations will not be seasonally adjusted until 2023 due to the shorter time-horizon of these series.

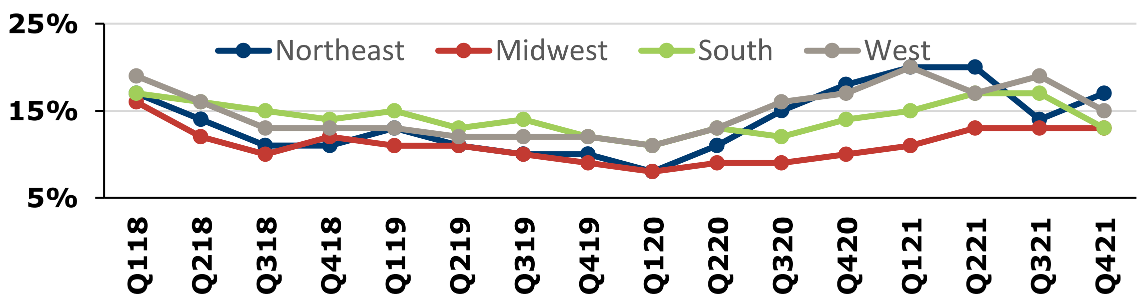
* In 2021, Generation Z is constrained to end in the year 2003 because only adults 18 or older can participate in the poll.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

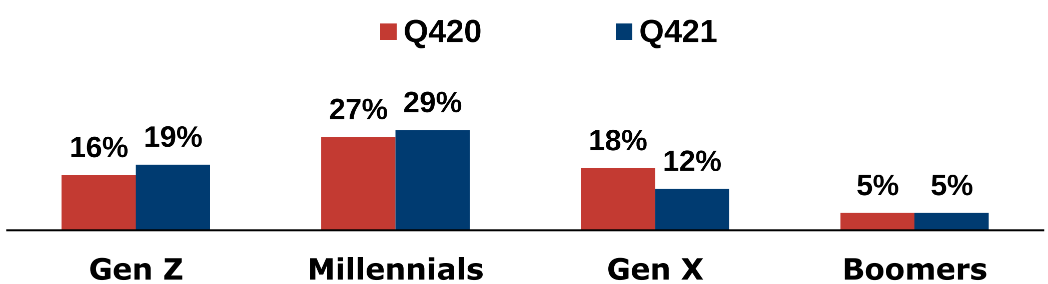
- The share of adults planning a home purchase within a year has fallen for two consecutive quarters: from 17% in Q221, to 16% and 15% in the last two quarters of 2021. The downward trend is evidence that low housing availability and high prices are leading some Americans to postpone homeownership plans.



- BY REGION: The share of adults with plans to buy a home was lower in Q421 than at earlier points in 2021 in all regions, except in the Midwest (where it has been flat at 13% since Q221).



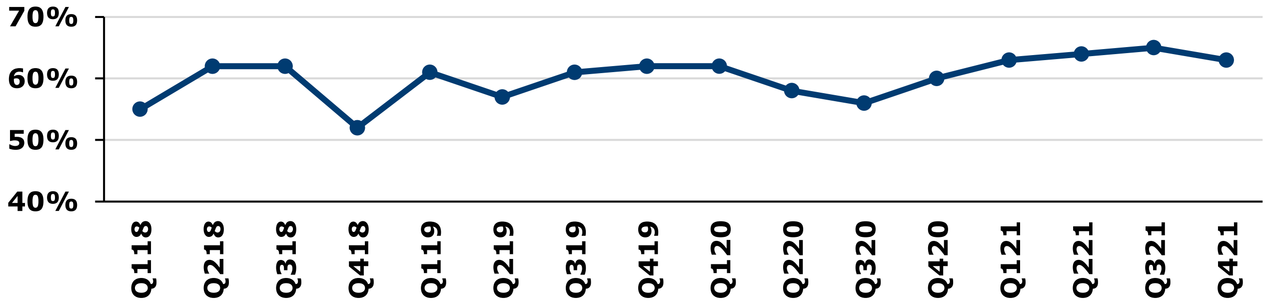
- BY GENERATION (not seasonally-adjusted): In the year ended in Q421, the share of Gen X'ers planning a home purchase fell from 18% to 12%. In contrast, it rose from 16% to 19% among Gen Z buyers, and from 27% to 29% among Millennials.



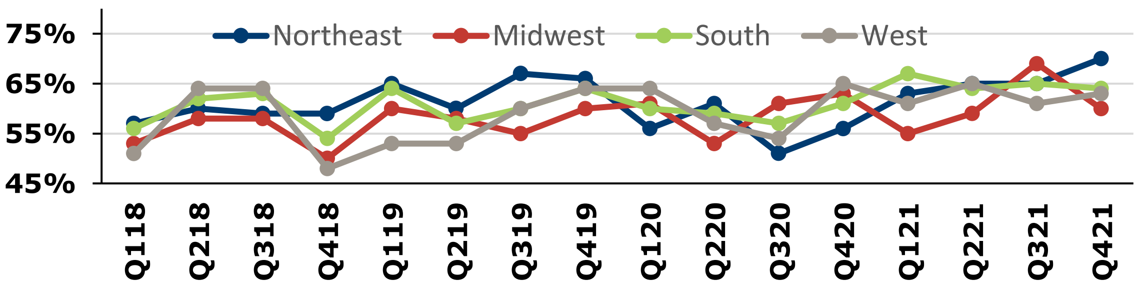
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

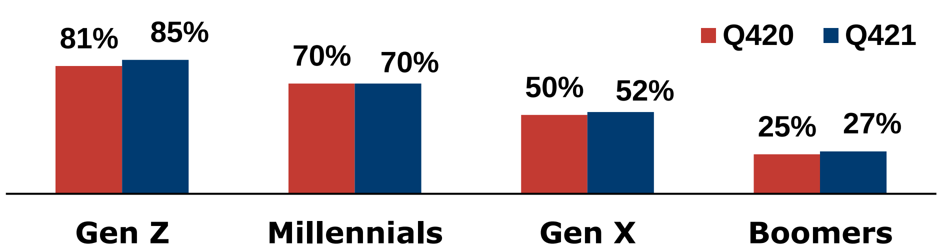
- After rising for four consecutive quarters, and peaking in Q321 at 65%, the share of prospective buyers who are purchasing a home for the 1st time fell to 63% in the final quarter of 2021.



- BY REGION: Over half of prospective buyers in every region are 1st-timers. Between Q321 and Q421, the share rose from 65% to 70% in the Northeast, but declined from 69% to 60% in the Midwest.

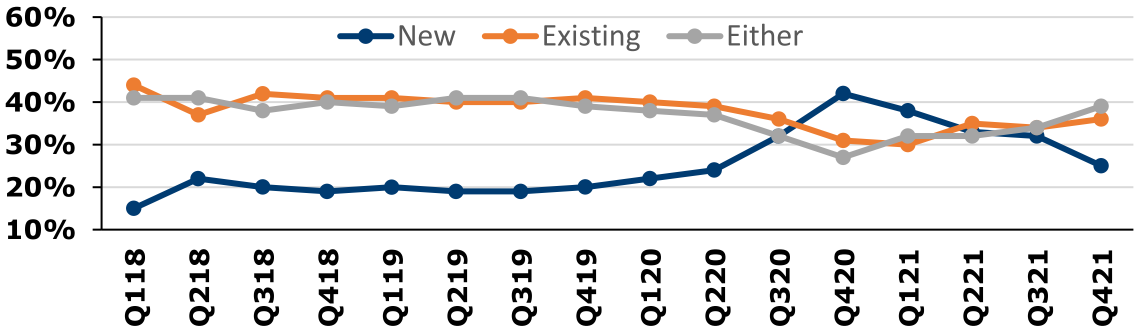


- BY GENERATION: In Q421, 85% of Gen Z buyers were 1st-timers, up from 81% a year earlier. The share was unchanged among Millennials, at 70%. Among Gen X & Boomer buyers, the share is up two points, to 52% and 27%, respectively.

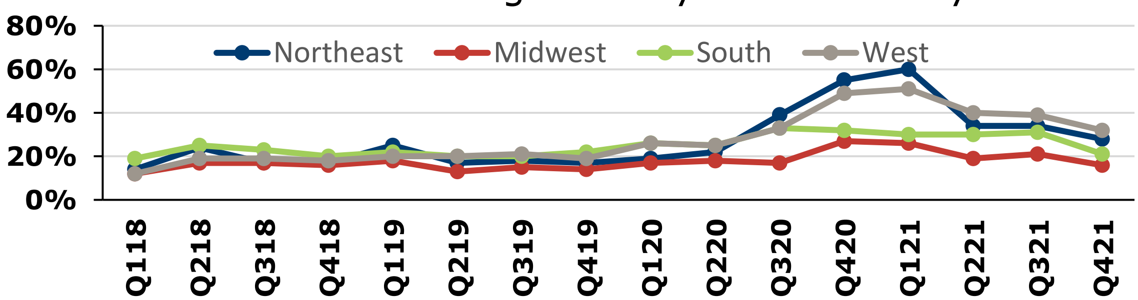


NEW OR EXISTING HOME?

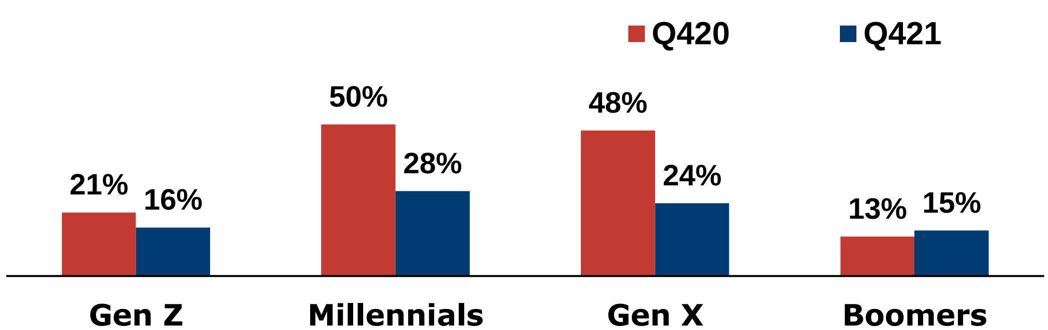
- Only 15% of buyers were looking for a newly-built home in Q118, but the share shot up to 42% by Q420 (after the start of the pandemic). Since then, double-digit gains in new home prices have caused it to decline for four straight quarters, down to 25% in Q421. On the other hand, the share who is ambivalent between new or existing has gone up from 27% in Q420 to 39% in Q421.



- BY REGION: The share of buyers who'd prefer a newly-built home declined in every region from Q321 to Q421. The shares at the end of 2021 are also significantly lower than a year earlier.

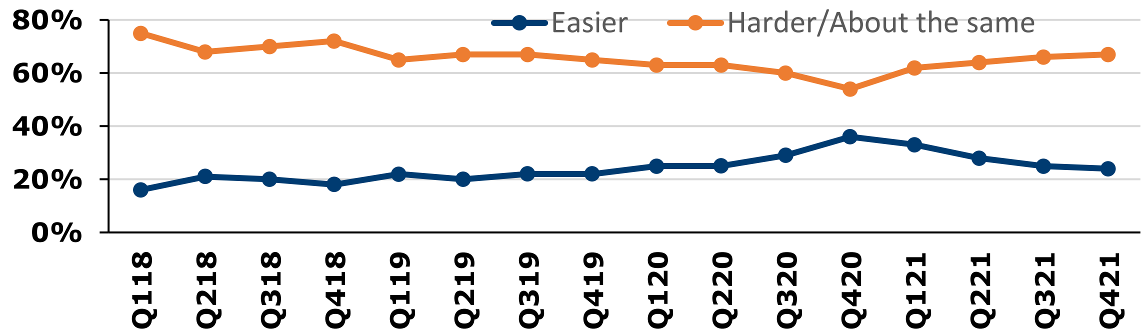


- BY GENERATION: In the year ended in Q421, the share of Millennial and Gen X buyers who prefer a new home was cut in about half: from 50% to 28% and 48% to 24%, respectively.

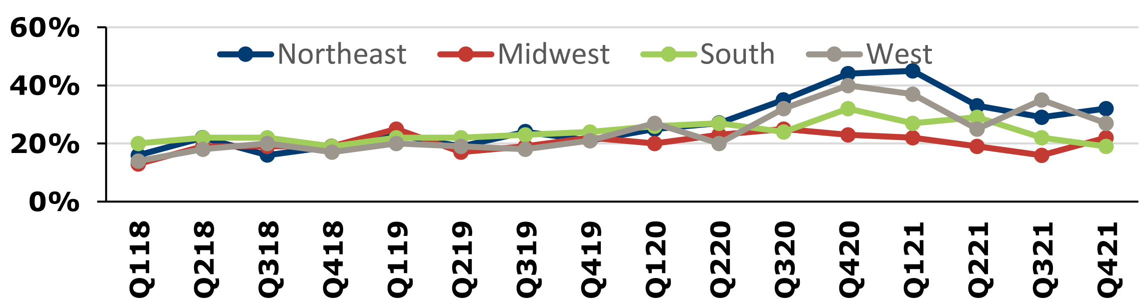


AVAILABILITY EXPECTATIONS

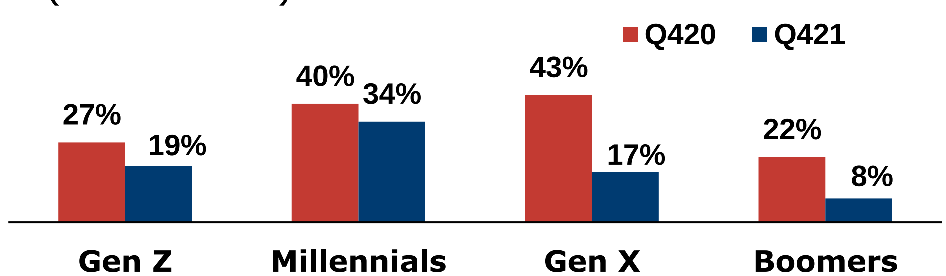
- Only 16% of home buyers in Q118 expected that finding a home would be easier in the months ahead. That share soared in the early phase of the pandemic (to 36% in Q420), but then went on to decline throughout 2021. By Q421, only 24% expected easier housing availability ahead (the lowest since Q419).



- BY REGION: In the South, only 19% of buyers in Q421 had expectations that housing availability will ease up – the lowest since Q418. Expectations improved slightly in the Northeast and Midwest from the third to the final quarter of 2021, however.

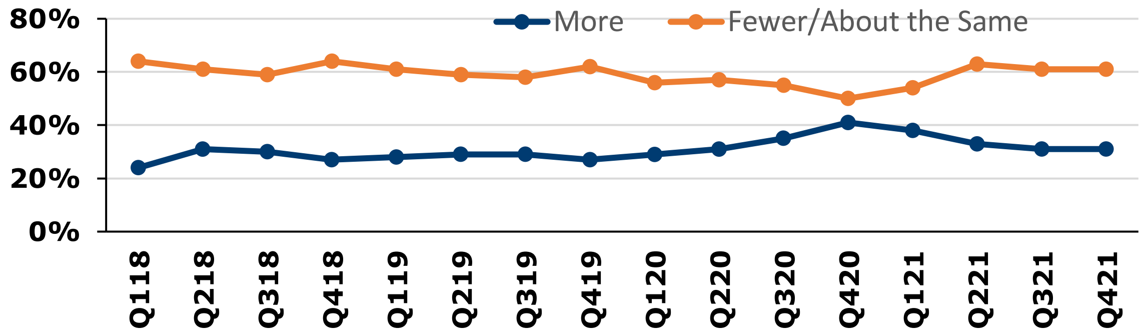


- BY GENERATION: In the year ended in Q421, expectations that housing availability will ease up declined across all generations of buyers, especially among Gen X buyers (43% to 17%) and Boomers (22% to 8%).

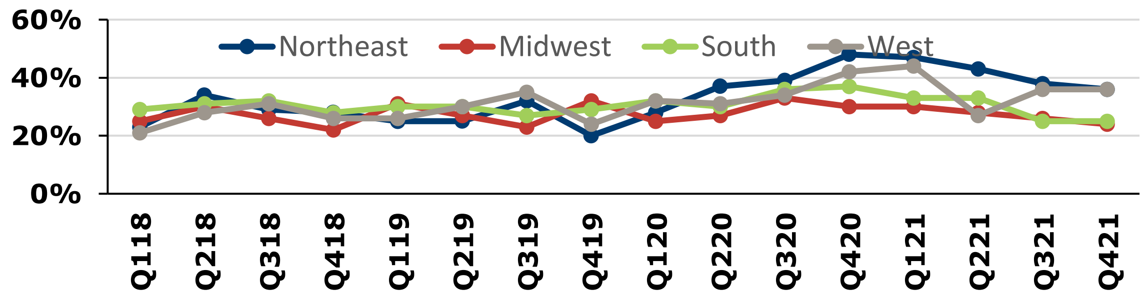


CHANGES IN INVENTORY

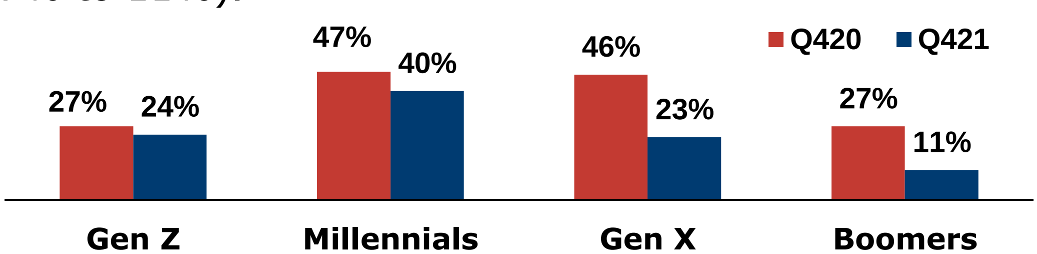
- The share of buyers seeing ***more*** homes available for-sale* was on a downward trend in 2021, falling from 41% to 31% between the final quarters of 2020 and 2021, respectively. This worsening in buyers' perceptions on inventory accurately reflects the low levels of homes for-sale seen throughout 2021.



- BY REGION: Between the third and fourth quarter of 2021, the share of buyers seeing ***more*** homes for-sale either declined or stayed flat in all four Census regions: NE (38% to 36%), MW (26% to 24%), SO (flat at 25%), and WE (flat at 36%).



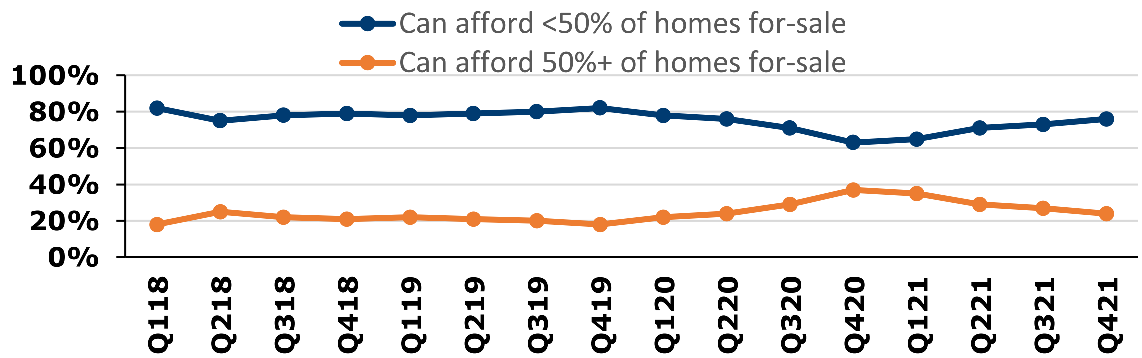
- BY GENERATION: In the year ended in Q421, the share of buyers seeing ***more*** homes for-sale declined across all generations, especially among Gen X buyers (46% to 23%) and Boomers (27% to 11%).



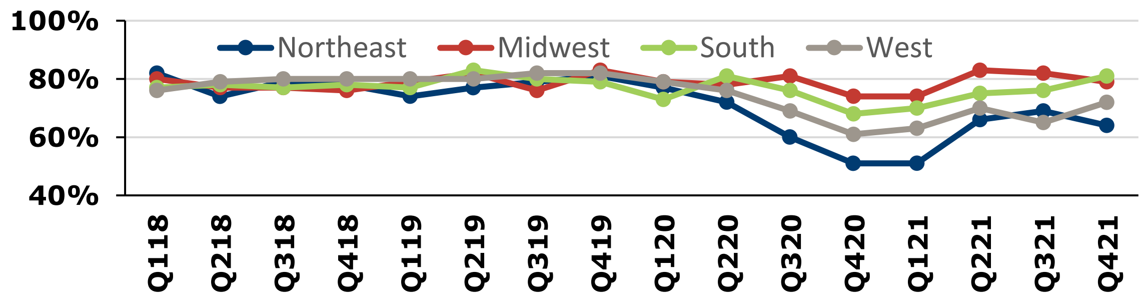
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

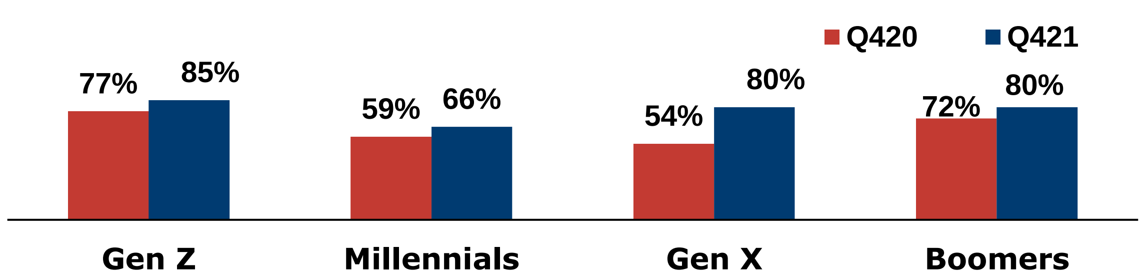
- Buyers' affordability expectations worsened throughout 2021. By Q421, after rising all year, the share of buyers who could afford ***less than half*** the homes in their markets reached 76%. A year earlier, that share stood at 63%.



- BY REGION: Between the final quarters of 2020 and 2021, the share of buyers able to afford ***less than half*** the homes available for-sale grew (i.e. affordability worsened) in every region of the country. Most notably, the share rose from 68% to 81% in the South.

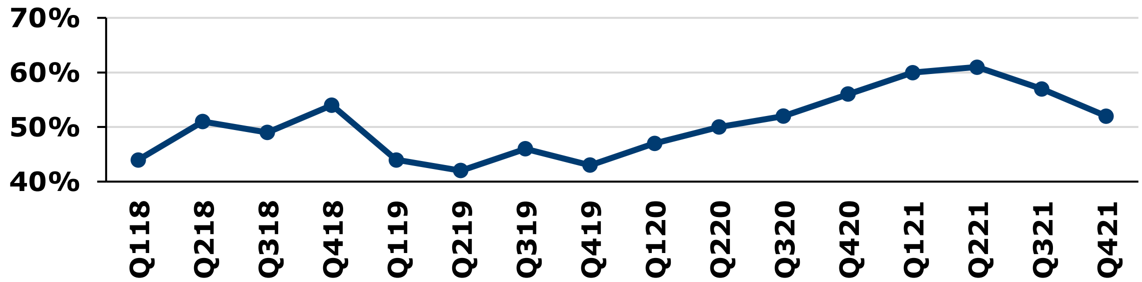


- BY GENERATION: During the year ended in Q421, the share of buyers that could afford ***less than half*** the homes on the market increased across all generations, especially among Gen X buyers (54% to 80%).

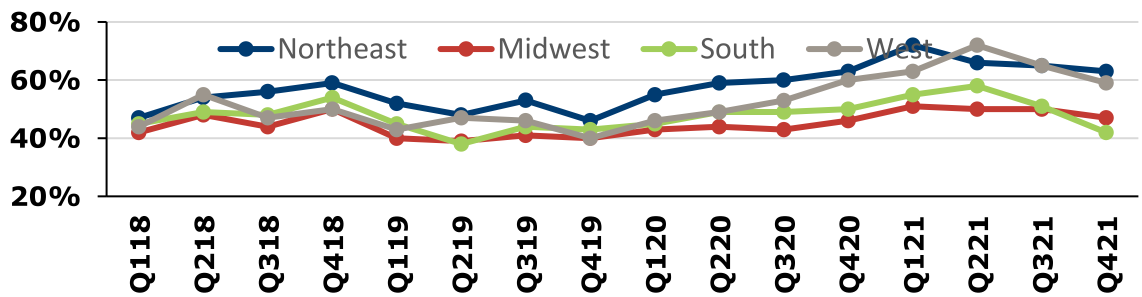


BEYOND JUST PLANNING

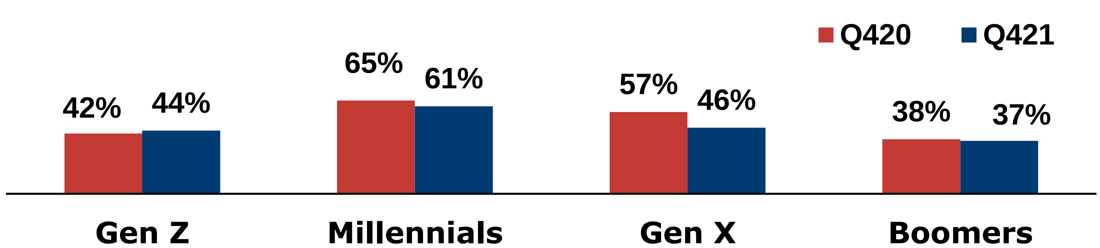
- After growing steadily for six straight quarters, and peaking at 61% in Q221, the share of prospective buyers actively trying to find a home fell in Q321 (57%) and again in Q421 (52%). This trend further demonstrates how rising home prices are discouraging a growing share of potential home buyers from engaging in the purchase process.



- BY REGION: From Q321 to Q421, the share of buyers who are actively searching for a home to buy declined in all regions of the country. Most notably in the South, where it fell from 51% to 42%.



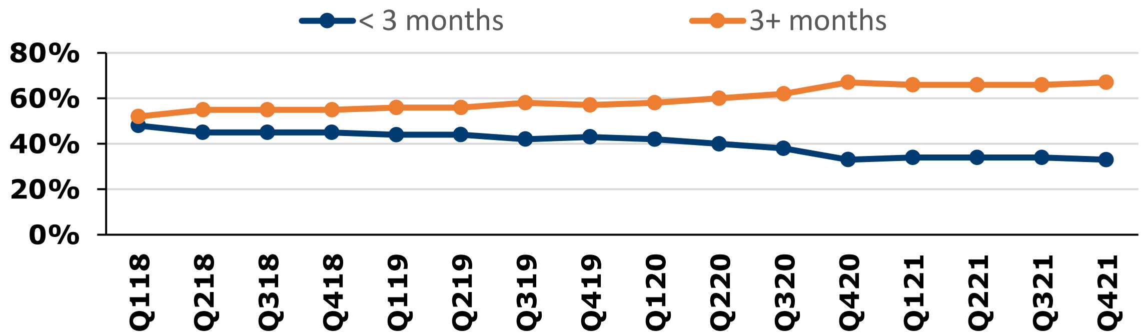
- BY GENERATION: During the year ended in Q421, the share of buyers actively searching for a home declined across all generations, except Gen Z buyers. Since this data remains non-seasonally adjusted, only year-over-year analysis is valid.



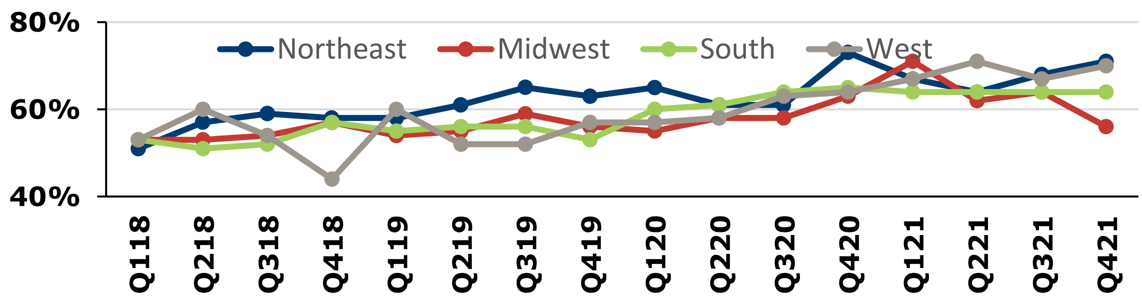
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

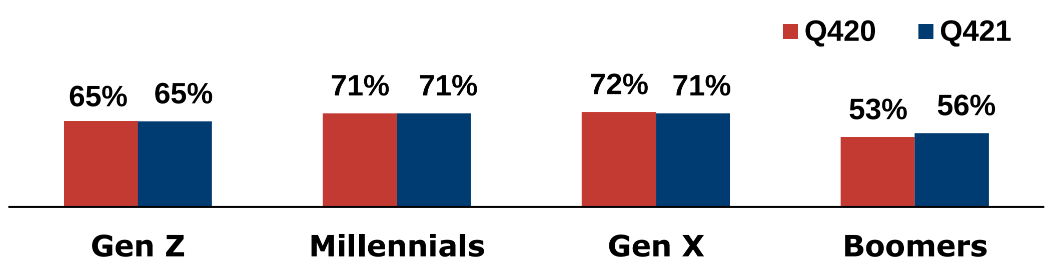
- Active buyers continue to spend longer periods of time searching for a home. In Q118, 52% had spent 3+ months searching for a home. During the first three quarters of 2021, that share was 66%. In the final quarter of the year, it rose to 67%.



- BY REGION: As of Q421, the two regions with the highest share of active buyers spending upwards of 3 months looking for a home to buy are the Northeast (71%) and the West (70%).

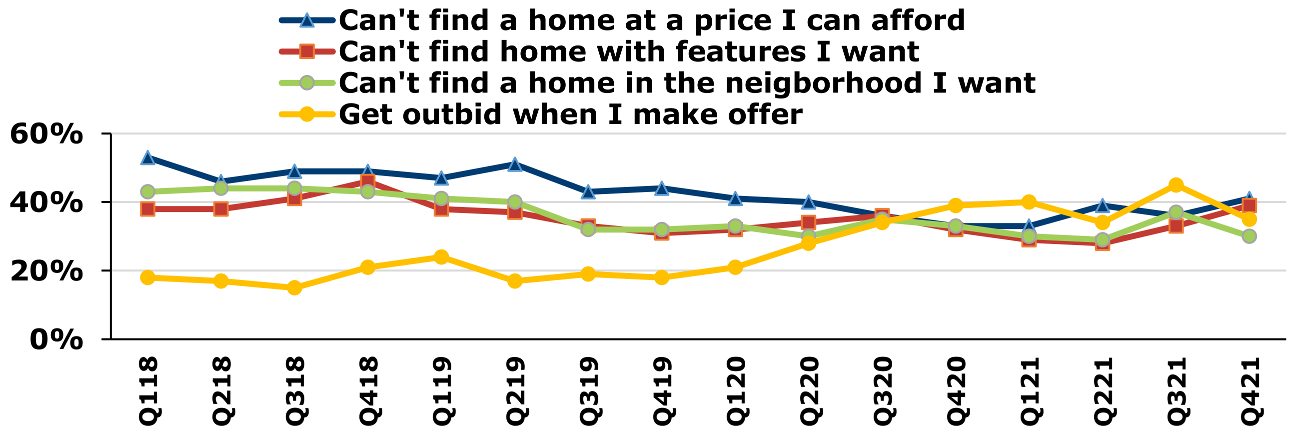


- BY GENERATION: More than half of active buyers of every generation are spending 3+ months looking for a home. In the year ended in Q421, the share rose from 53% to 56% among Boomers.

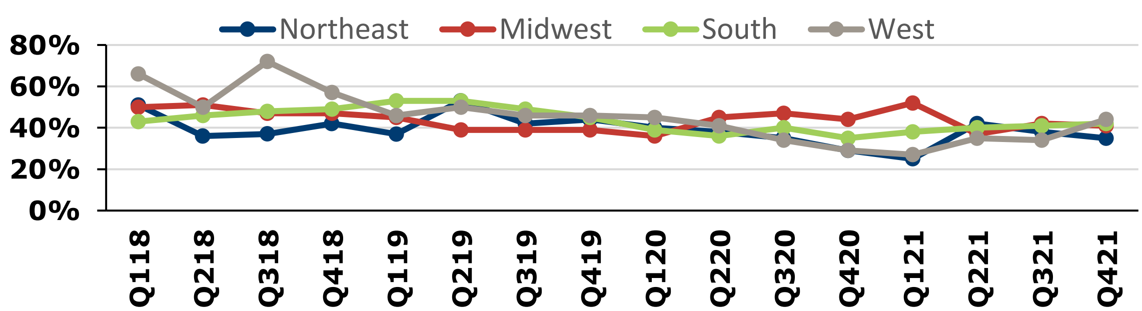


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

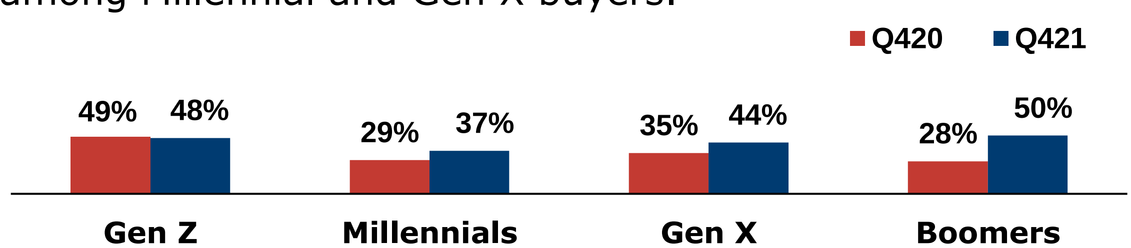
- In Q421 once again, the inability to find an affordably-priced home became the most common reason (41%) buyers looking for 3+ months couldn't buy a home. The inability to find a home with desirable features (39%) was second. Meanwhile, 35% attributed their lack of success to getting outbid by other buyers' offers, which was down from 45% in Q321.



- BY REGION: 44% of long-time searchers in the WE, 42% in the SO, 41% in the MW, and 35% in the NE reported high home prices as the reason they haven't been successful buying a home.



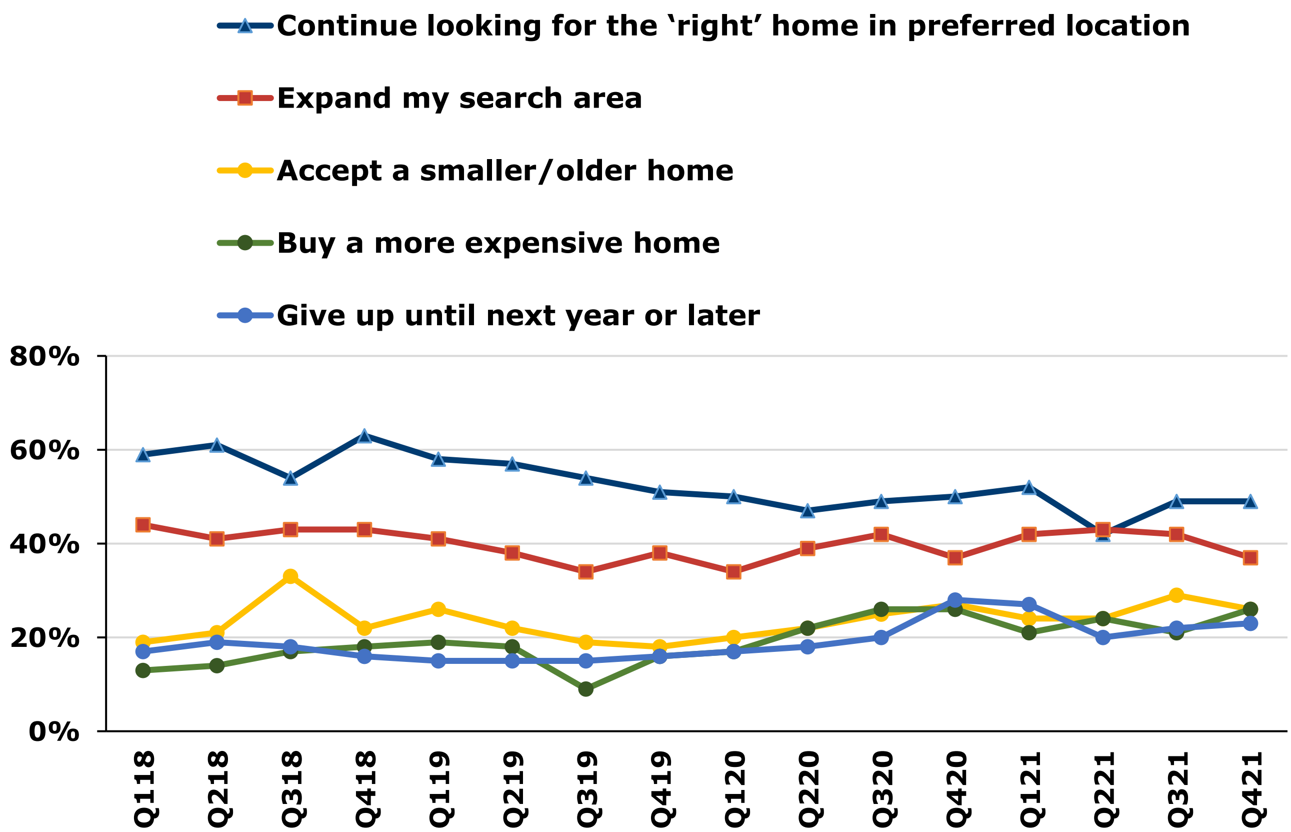
- BY GENERATION: The inability to find an affordable home is the reason 50% of Boomers searching for 3+months haven't been successful, up from 28% a year earlier. The share also rose among Millennial and Gen X buyers.



NEXT STEPS IF STILL UNABLE TO FIND HOME IN MONTHS AHEAD

- When asked in Q421 what they are most likely to do next if still unable to find a home in the next few months, 49% of active buyers searching for 3+ months said they will continue looking for the 'right' home in the same location, unchanged from Q321. The share that will buy a more expensive home rose during this period, from 21% to 26%.

- Meanwhile, the share who plan to give up their home search until next year or later has begun to rise again, from 20% in Q221 to 23% in the final quarter of the year.



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