

HOUSING TRENDS REPORT

QUARTER 4, 2022

(Data Collected: December 15 – 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 2004.
- Millennial: Born 1981 to 1996.
- Gen X: Born 1965 to 1980.
- Boomer: Born 1946 to 1964.

Methodology:

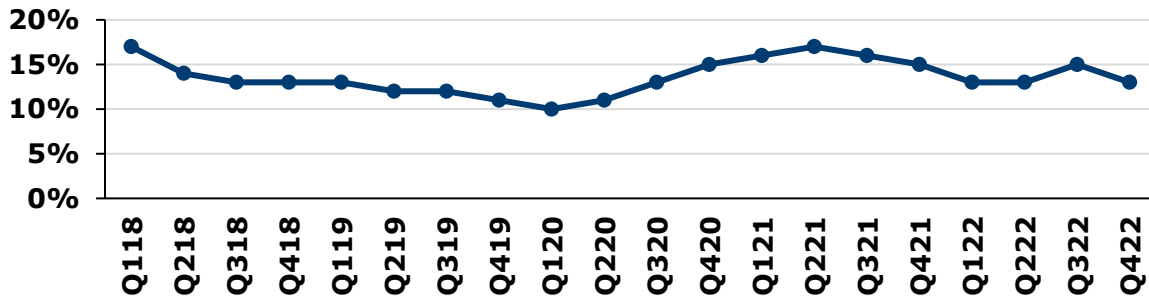
The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, educational attainment, gender, race, and region. In qtr1'19, weights were refined to better match the general US population and provide more consistent distributions across demographic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

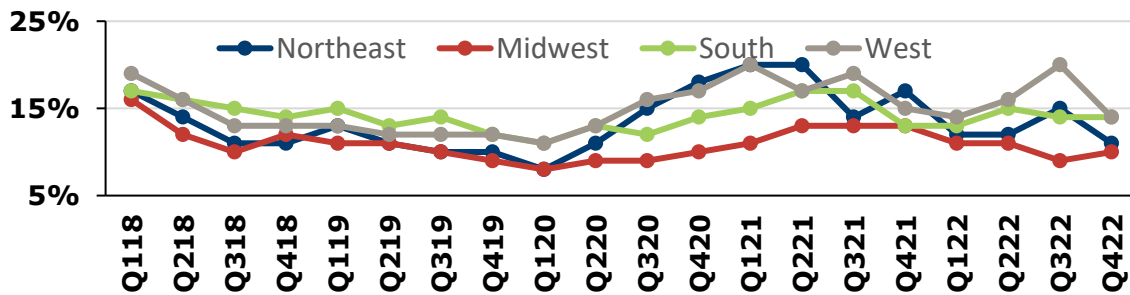
* In 2022, Generation Z is constrained to end in the year 2004 because only adults 18 or older can participate in the poll.

PLANNING TO BUY A HOME WITHIN 12 MONTHS

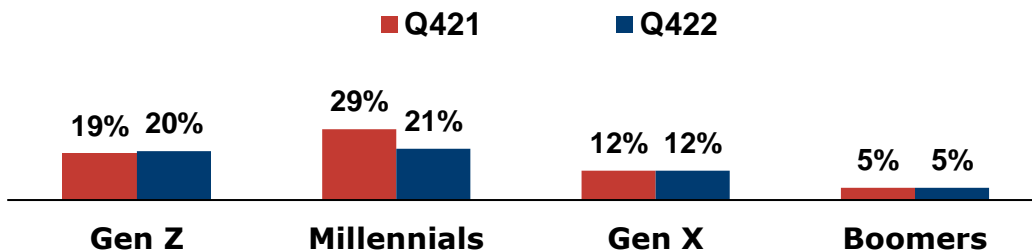
- 13% of adults in Qtr4'22 have plans to buy a home within a year, down from 15% a quarter earlier. The decline is not surprising, given the steep rise in the 30-year mortgage interest rate, which surpassed 7.0% during the quarter, reaching its highest point in nearly 20 years.



- BY REGION: From the 3rd to the 4th quarters of 2022, the share of adults with plans to buy a home dropped in the NE (15% to 11%) and WE (20% to 14%), was flat in the SO (at 14%), and edged up in the MW (9% to 10%).



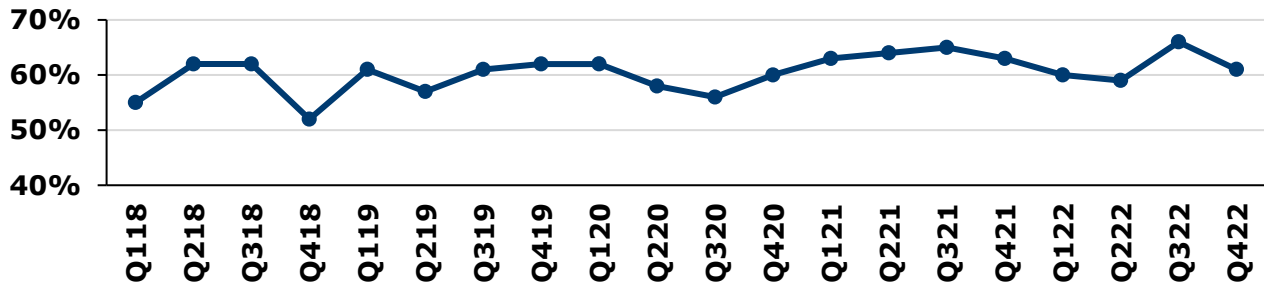
- BY GENERATION (not seasonally adjusted): Only 21% of Millennials are considering a home purchase, down from 29% a year earlier. The share was essentially unchanged among the other three generations.



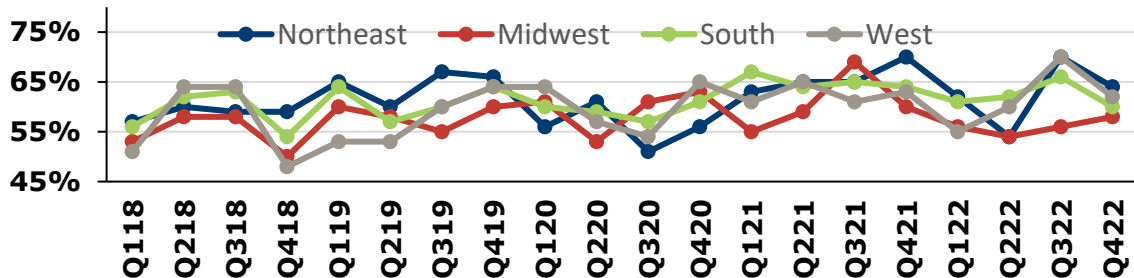
The rest of this report is based entirely on prospective home buyers, i.e. those planning to buy a home within the next 12 months.

1ST-TIME HOME BUYERS

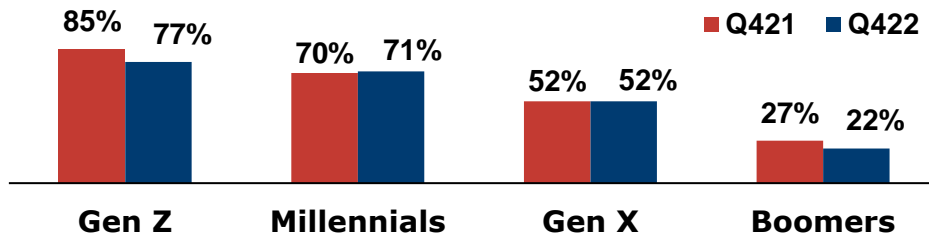
- After rising to 66% in Qtr3'22 (as buyers tried to purchase ahead of further interest rate hikes), the share of prospective buyers purchasing their first home went on to decline to 61% in Qtr4'22 – as mortgage rates did in fact reach levels not seen since 2002.



- BY REGION: From Qtr3'22 to Qtr4'22, the 1st-timer share dropped significantly in three regions: the NE (70% to 64%), the SO (66% to 60%), and the WE (70% to 62%). In the MW, it edged up slightly (56% to 58%).

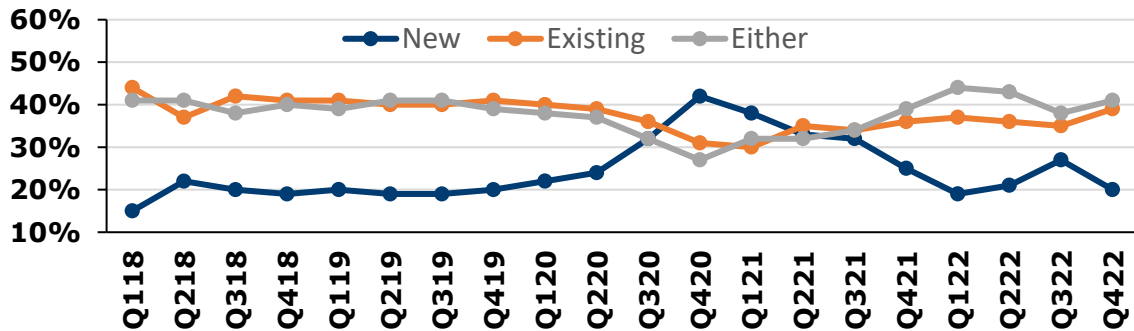


- BY GENERATION: In the past year, the share of buyers who are 1st-timers declined or stayed essentially unchanged among all generations.

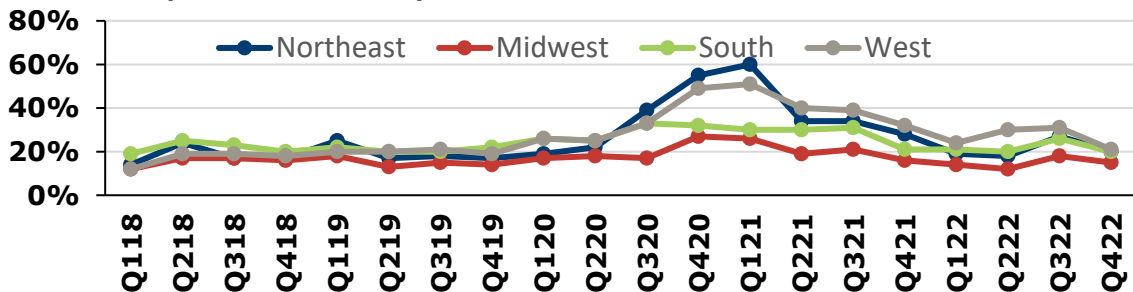


NEW OR EXISTING HOME?

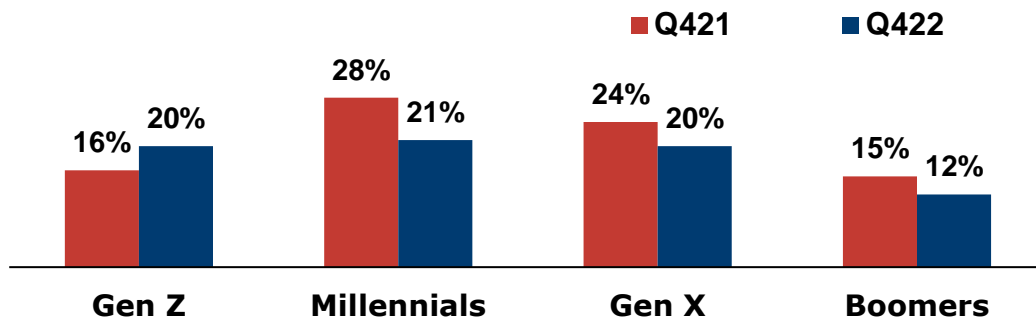
- The popularity of new homes declined in Qtr4'22, as the share of buyers looking to buy new construction dropped to 20%, down from 27% a quarter earlier. Interest rates at 20-year highs, combined with high new home prices, weakened interest for this type of homes.



- BY REGION: The decline in interest for new homes is nationwide: from Qtr3'22 to Qtr4'22, the share of prospective buyers looking to purchase a new home fell in all four regions, most prominently in the WE (31% to 21%).

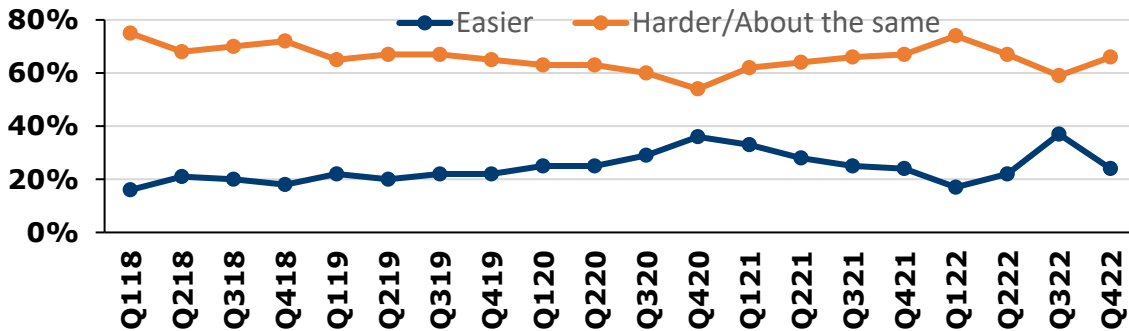


- BY GENERATION: The share of prospective buyers of every generation interested in new construction dropped in the year ended in Qtr4'22, except for Gen Z buyers.

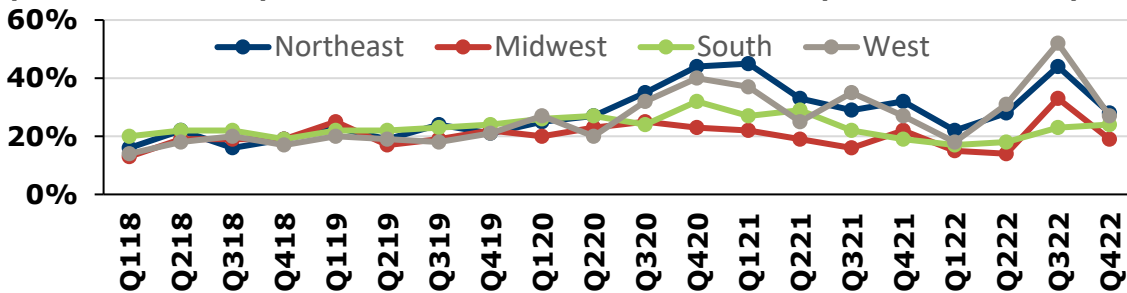


AVAILABILITY EXPECTATIONS

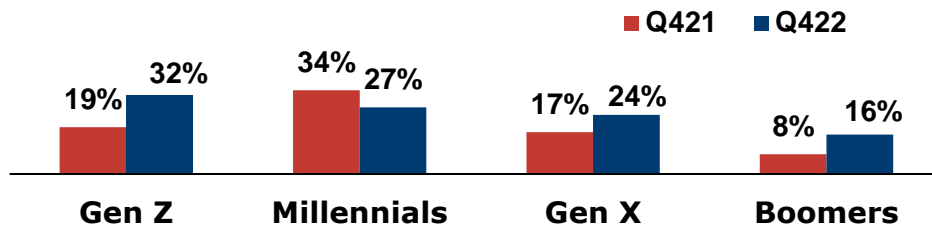
- After a brief respite earlier in 2022, buyers' expectations of housing availability soured again at the end of the year. The share of buyers who expect the home search to get easier dropped from 37% in Qtr3'22 to 24% in Qtr4'22. In contrast, 66% expect the search to get harder/stay the same, up from 59%.



- BY REGION:** Housing availability expectations deteriorated in 3 of 4 regions. From Qtr3'22 to Qtr4'22, the share of buyers expecting an easier home search in the months ahead dropped in the NE (44% to 28%), the MW (33% to 19%), and the WE (52% to 27%). It was about flat in the SO (23% to 24%).

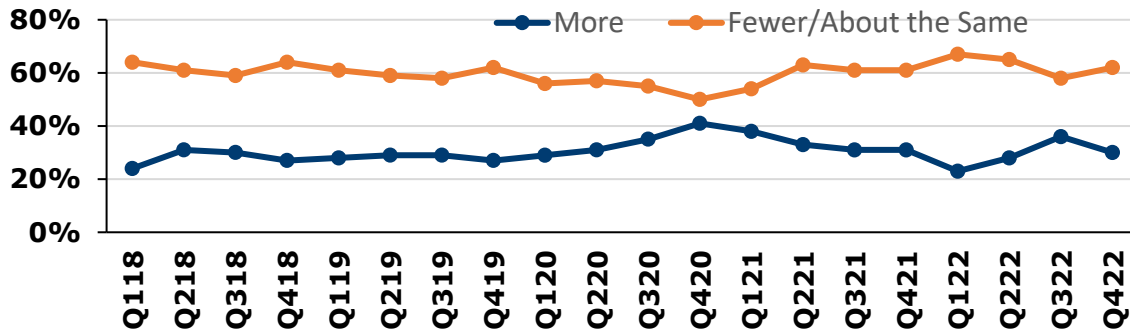


- BY GENERATION:** Compared to a year ago, expectations that housing availability will ease up in the months ahead were higher among all generations of buyers, except Millennials.

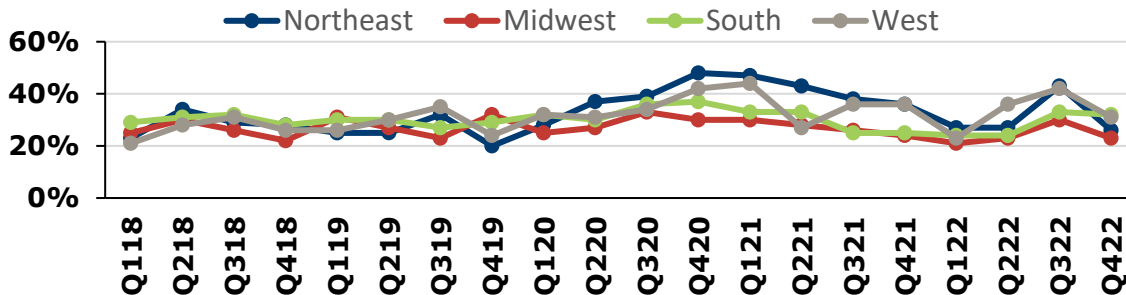


CHANGES IN INVENTORY

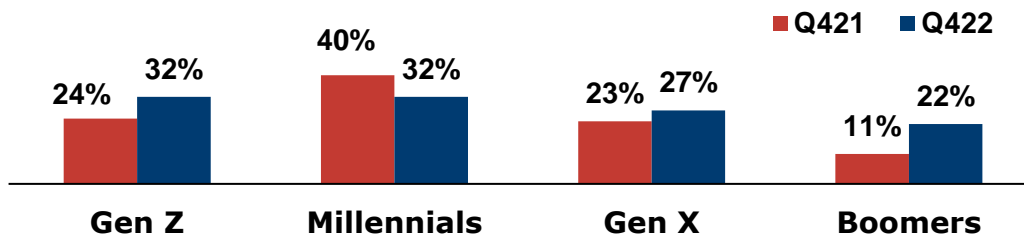
- Buyers' perceptions of housing inventory have also worsened. After a brief rise earlier in 2022, the share of buyers seeing **more** homes available for-sale* in their markets declined from 36% in Qtr3'22 to 30% in Qtr4'22.



- BY REGION:** Inventory perceptions weakened across all regions. From Qtr3'22 to Qtr4'22, the share of buyers seeing **more** homes on the market fell in the NE (43% to 26%), MW (30% to 23%), the SO (33% to 32%) and WE (42% to 31%).



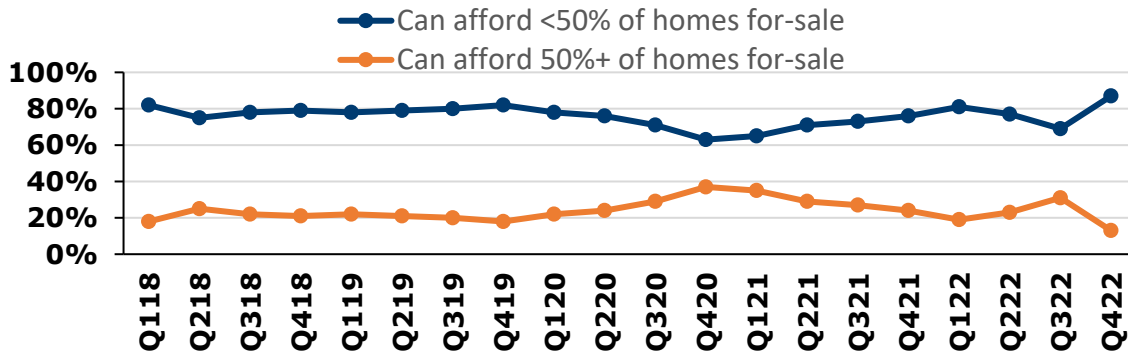
- BY GENERATION:** In the year ended in Qtr4'22, the share of buyers seeing **more** homes for-sale* increased across all generations, except among Millennials (down from 40% to 32%).



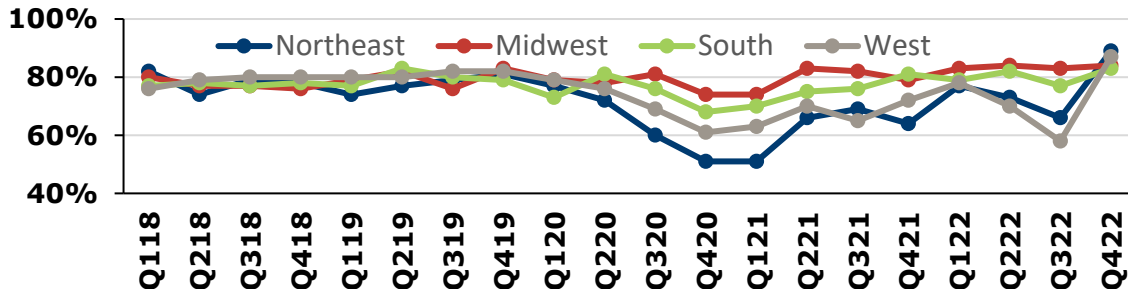
* Homes with buyer's desired features and price point.

AFFORDABILITY EXPECTATIONS

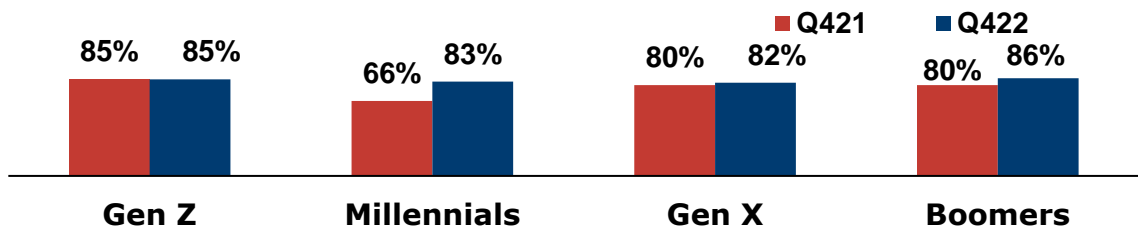
- Buyers' outlook for housing affordability took a sharp negative turn in Qtr4'22, when a record high of 87% report being able to afford fewer than 50% of the homes for-sale in their markets. The remaining 13% can afford the majority of homes available (down from 31% in Qtr3'22).



- BY REGION: From Qtr3'22 to Qtr4'22, the share of buyers only able to afford ***less than half*** the homes available in their markets rose in all regions: NE (66% to 89%), MW (83% to 84%), SO (77% to 83%), and WE (58% to 87%).

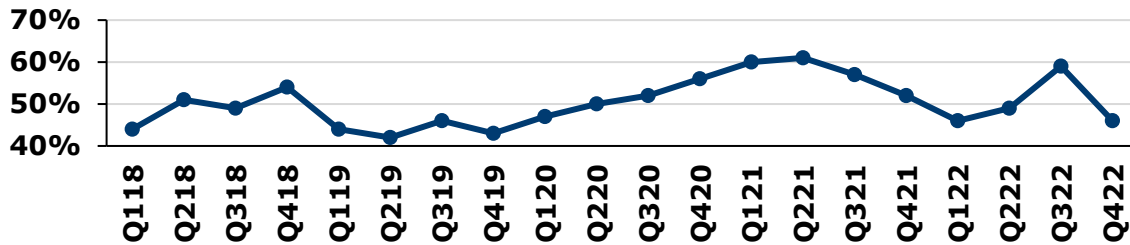


- BY GENERATION: During the year ended in Qtr4'22, the share of buyers only able to afford ***less than half*** the homes in their markets increased or stayed the same among all generations.

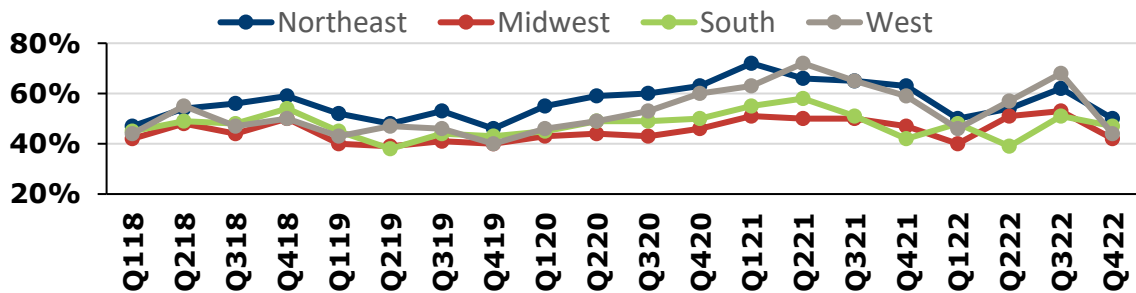


BEYOND JUST PLANNING

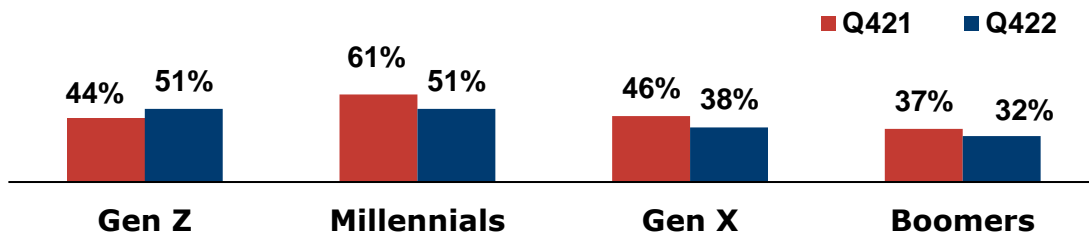
- Dwindling housing affordability caused the share of prospective home buyers who are actively engaged in the purchase process (i.e. they moved beyond the planning phase) to drop from 59% in Qtr3'22 to 46% in Qtr4'22.



- BY REGION: The share of prospective buyers actively searching for a home dropped in every region between the 3rd and 4th quarters of 2022: NE (62% to 50%), MW (53% to 42%), SO (51% to 47%), and WE (68% to 44%).



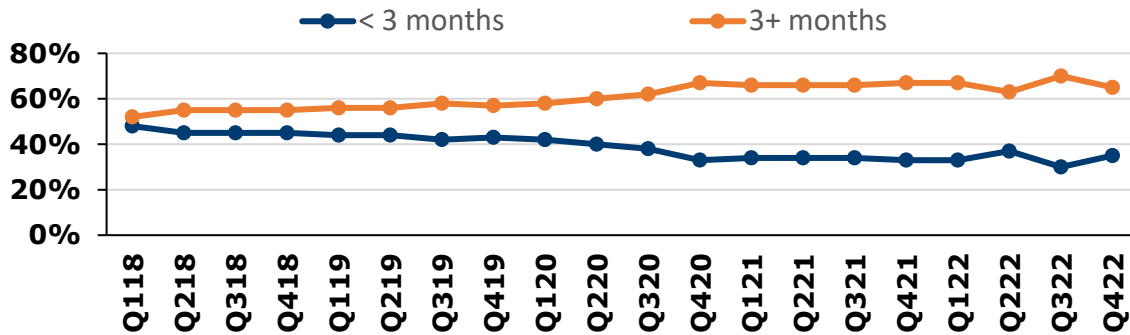
- BY GENERATION: During the year ended in Qtr4'22, the share of buyers actively searching for a home declined among all generations, except Gen Z.



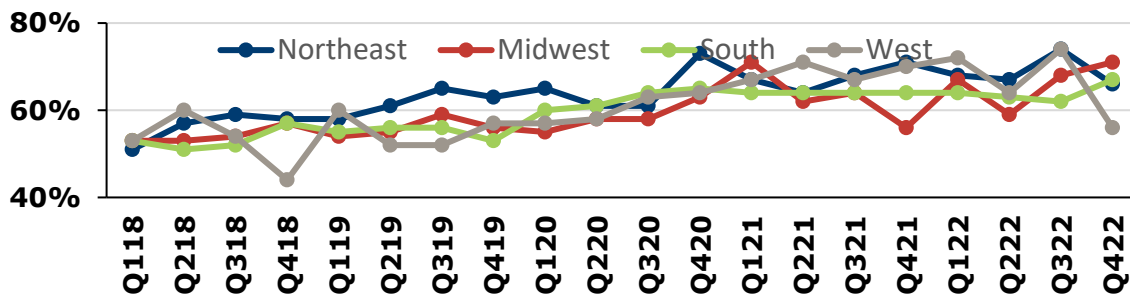
Remaining set of findings are based solely on responses from buyers who are already actively engaged in trying to find a home (i.e. active buyers)

TIME SPENT SEARCHING FOR A HOME

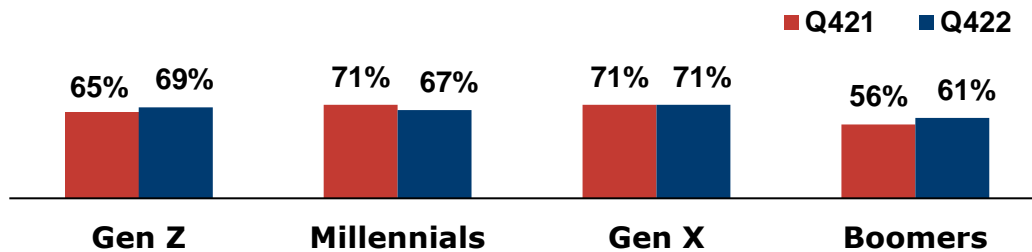
- After reaching a record high of 70% in Qtr3'22, the share of active buyers who have spent 3+ months searching for a home to buy eased a bit in Qtr4'22, down to 65%. As demand has weakened, competition is letting up slightly for those still willing and able to buy a home.



- BY REGION: From Qtr3'22 to Qtr4'22, the share of active buyers spending 3+ months looking for a home rose in the MW (68% to 71%) and SO (62% to 67%), but fell in the NE (74% to 66%) and WE (74% to 56%).

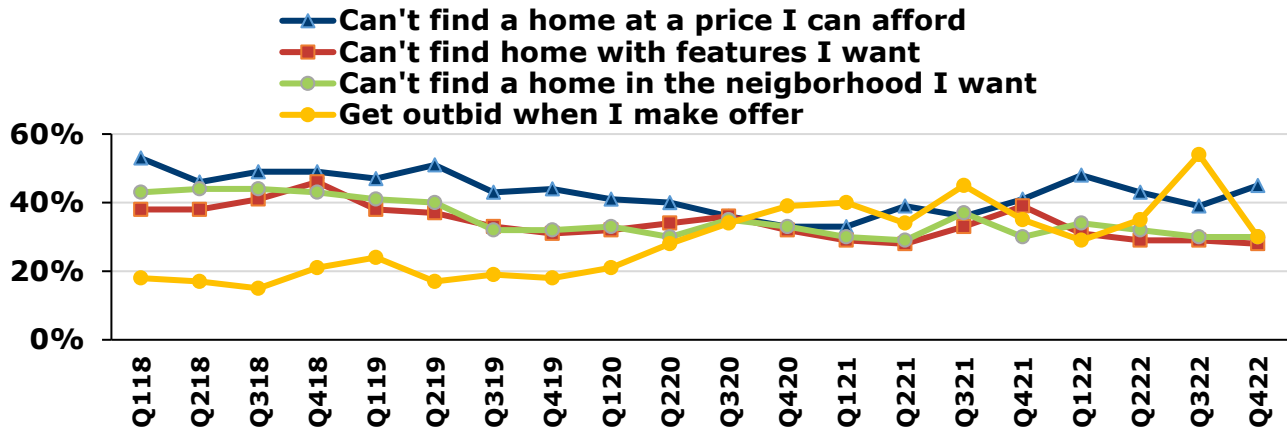


- BY GENERATION: During the year ended in Qtr4'22, the share of active buyers spending 3+ months looking for a home rose or stayed flat among all generations, except Millennials.

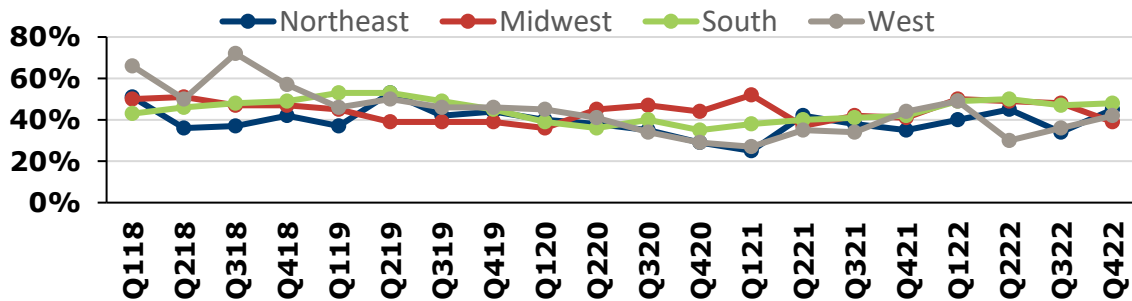


TOP REASONS BUYERS ACTIVE FOR 3+ MONTHS HAVE NOT BEEN SUCCESSFUL

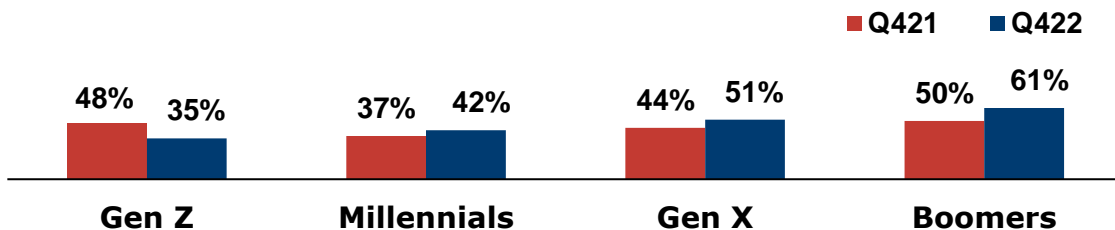
- The inability to find an affordable home (45%) is back on top as the most common reason buyers looking for 3+ months can't make a purchase. In 2nd place follow the inability to find a home in a desirable neighborhood and getting outbid by other buyers (tied at 30%).



- BY REGION:** 48% of long-time searchers in the SO, 45% in the NE, 42% in the WE, and 39% in the MW reported high home prices as the reason they haven't been successful buying a home.

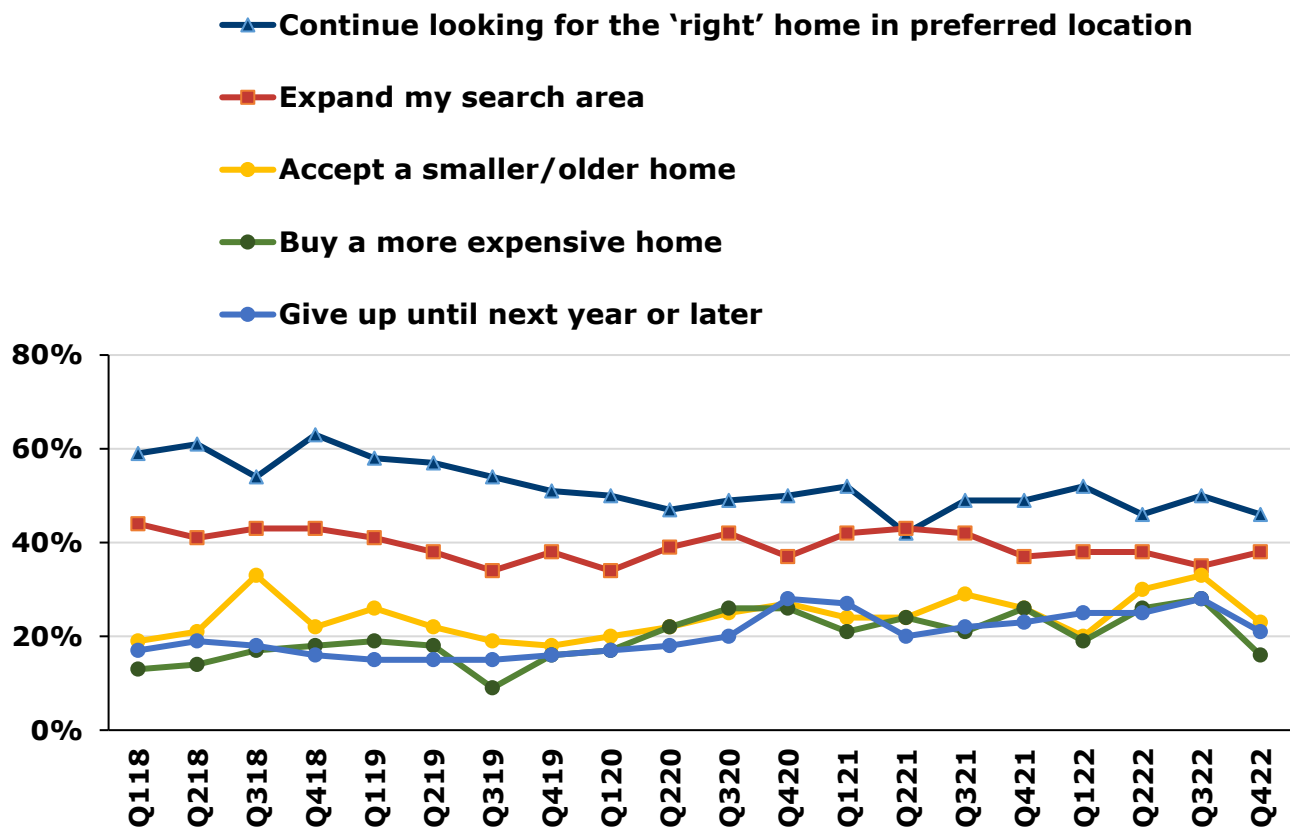


- BY GENERATION:** In the year ended in Qtr4'22, the inability to find an affordable home has grown as the reason long-term active buyers of every generation haven't been able to purchase a home, except for Gen Z.



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

- When asked in Qtr4'22 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 (down from 50% a quarter earlier); 38% will expand their search area (up from 35%), 23% will accept a smaller/older home (down from 33%), and 16% will buy a more expensive home (down from 28%).
- Meanwhile, the share who plan to give up their home search until next year or later fell to 21%, down from 28% in Qtr3'22. This is the first time the share has declined in six 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
Qtr4'22	17,703	December 15 – 22, 2022