Housing Market Outlook

Dr. Jessica Lautz, Vice President, Demographics and Behavioral Insights, NAR
1. Lack of Affordable Housing Inventory
Low Inventory Driving Prices

- First-time buyer share: 33%
- 4.3 months supply
- 87 months of price increases

May 2019 Existing Home Sales
Everyone Wants a Similar Home..... We Are Short by 5-6 Million Homes

- Close friends & family w/short commute
- Suburbs & small towns
- Single family home
- 3 bed
- 2 bath

2019 Home Buyer and Seller Generational Trends Report
Rise in Household Income Successful Buyers

- **All Buyers**: From $54,800 in 2002 to $100,000 in 2017
- **First-time Buyers**: From $54,800 in 2002 to $75,000 in 2017
- **Repeat Buyers**: From $54,800 in 2002 to $91,600 in 2017

Profile of Home Buyers and Sellers
Home Prices Among Successful Buyers

- 1 YR Delayed Debt: 11%
- 1 Added Child: -4%
- African American: -9%
- Hispanic/Latino: -12%
- Has Student Loans: -19%

Doctoral Work Using Profile of Home Buyers and Sellers
2. Repeat Buyers are Older, Singles are In
Median Age of Home Buyers

Source: NAR Profile of Home Buyers and Sellers
First-time Buyers: Skipping the Ring

Profile of Home Buyers and Sellers

- Married Couple
- Single Female
- Single Male
- Unmarried Couple
- Other

Year: 1981 to 2018

- Married Couple: 75% in 1981, 54% in 2018
- Single Female: 18% in 1981, 16% in 2018
- Single Male: 10% in 1981, 10% in 2018
- Unmarried Couple: 2% in 1981, 2% in 2018
- Other: 75% in 1981, 54% in 2018
3. Caretaking Now Needs a Lint Brush
Buyers Skipping the Baby

Profile of Home Buyers and Sellers
Babies With 4 Legs

89% would not give up pet due to housing

Important: 85% large enough home

20% unmarried couples chose neighborhood for pet needs
1 in 6 Gen Xers = Multi-Gen Home

Lg SF Home

½ aging rents

½ adult kids

Burbs

Racial divide

Young kids

2019 Home Buyer and Seller Generational Trends Report
Many couples are moving back to mother to solve the housing problem. — News Note.

Of mother-in-law we'd often jest,
But to her we now make our request,
Like the prodigal son of biblical lore,
We penitents wish to return once more.
From the landlord's grasp we fly in fear;
To the mother-in-law whom we now hold dear:

Gene Kirk

TBT - Apparently there have always been boomerang kids. (National Real Estate Journal, June 21, 1920)
4. Student Debt is Crushing Finances
How Can Responsible Millennials Save?

Median Student Loan Debt: $41,200
Median Income: $38,800
Student Debt Delays Home Buying AND Selling

80% Non-owners
- 83% say student debt reason
- 7 yr delay

20% Owners
- 28% can’t sell & upgrade
- 3 yr delay
Wrong idea: 87% non-owners need 10% or MORE

Reality: Typical for first-time buyers 7%
5. Bank of Mom and Dad
One-Third of First-Time Buyers Used Downpayment Help From Friends & Family
First-Time Buyer: Prior Living Arrangement

- Rented an apartment or house
- Lived with parents, relatives or friends

1989: 12% (Rented) 88% (Lived with)
2018: 23% (Rented) 77% (Lived with)
6. Bar Has Risen on Buyer Expectations
65% members cited a portion of buyers expect homes to look like TV shows
71% members cited a portion of buyers are disappointed real homes don’t look like TV shows
60% members cited a portion of buyers consult family for advice
Staging: brings buyers, help visual as own, sells faster, more $$$
7. Tenure is Longerrrrrrrrrrr
Actual Tenure in Home is Elevated: Median Years

Profile of Home Buyers and Sellers
8. Sustainability is a Cool Concept
2008 vs 2018 Buyers Ranking of Very Important

- Heating and cooling costs
- Energy efficient appliances
- Energy efficient lighting
- Environmentally friendly community features
- Landscaping for energy conservation

Profile of Home Buyers and Sellers
Common Projects to Remodel for Energy Efficiency

- Insulation Upgrade
- HVAC Unit
- New Front Doors
- New Windows
- New Roofing
9. Marijuana Is a Budding Issue
Commercial Inventory Changes

- **Demand has decreased for land**
- **Demand has decreased for warehouses**
- **Demand has increased for storefronts**
- **Demand has increased for land**
- **Demand has increased for warehouses**
- **No change in demand**

Source: Marijuana and Real Estate: A Budding Issue, National Association of REALTORS®
Res Leasing: 1/3 seen addendums, 1/5 smell & 1/10 moisture an issue

Source: Marijuana and Real Estate: A Budding Issue, National Association of REALTORS®
10. Agent Use is High
Buyer Use of Agents

- Real estate agent/broker
- Builder/builder's agent
- Previous owner

Year: 1981 to 2017
Agent-Assisted Sales All-Time High

Profile of Home Buyers and Sellers
11. Homeownership is a Goal
Apple Pie, Baseball, Homeownership

9 in 10 non-owners part of their American Dream

8 in 10 want to own in the future
THE ECONOMIC IMPACT
OF A TYPICAL HOME SALE

in Oregon

The real estate industry accounted for $48.4 billion or 20.3% of the gross state product in 2018.

TOTAL ECONOMIC IMPACT

$116,840

- Income generated from real estate industries: $33,183 (28.4% of total impact)
- Expenditures related to home purchase: $4,243 (3.6% of total impact)
- Multiplier of housing related expenditures: $17,964 (15.4% of total impact)
- New home construction: $61,450 (52.6% of total impact)
**NAR's U.S. Economic Outlook: No Recession**
(as of May 2019)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP Growth</strong></td>
<td>2.2</td>
<td>2.9</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>4.4</td>
<td>3.9</td>
<td>4.0</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>30-yr mortgage rate</strong></td>
<td>4.0</td>
<td>4.5</td>
<td>4.3</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Housing Starts (‘000)</strong></td>
<td>1,203</td>
<td>1,250</td>
<td>1,266</td>
<td>1,400</td>
</tr>
<tr>
<td>Single-family</td>
<td>849</td>
<td>876</td>
<td>910</td>
<td>1,010</td>
</tr>
<tr>
<td>Multi-family</td>
<td>354</td>
<td>374</td>
<td>356</td>
<td>390</td>
</tr>
</tbody>
</table>
Free Resources—Find Reports and Follow Us

facebook.com/narresearchgroup

@NAR_Research and @JessicaLautz

economistsoutlook.blogs.realtor.org

pinterest.com/narresearch/

instagram.com/narresearch/

www.nar.realtor/research-and-statistics