Hot or Not? Unpacking Today’s Housing Market

June 21, 2022 | Washington, DC
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VP, Demographics and Behavioral Insights

Washington, DC
ECONOMIC FUNDAMENTALS
Inflation the highest in four decades

Rising Mortgage Rates

Due to the Jump:
Same $300k mortgage

Payment jumps to: $1,800
From: $1,300

National Housing Inventory

Strong demand: was a rush to lock in low rates, but normalizing pace

Near all-time low of 1.16 million units for sale

Near all-time low 2.6 months supply (real supply is lower)

NAR Existing-Home Sales
www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales
National Housing Prices

14.8% increase in home prices

Yr-over-yr price increases in 99%
180+ MSAs tracked

123 months of yr-over-yr price gains

NAR Existing-Home Sales
www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales
Who is buying?

25% ALL Cash Buyers

16% Individual investors and vacation buyers

1/4 Waiving home inspection and/or appraisal

*NAR REALTORS® Confidence Index*

[www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index](http://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index)
Rates with Home Prices will Hamper Sales

Congressional District Reports

- 5-page report devoted to everything in your district
- **Macro**: real estate part of GDP, employment in real estate
- **Housing**: homeownership rate, occupied units vs rental, home prices and affordability, loan types used
- **Demographics**: migration, age, race, income

www.nar.realtor/advocacy/federal-advocacy/congressional-district-and-state-reports
Flood Insurance Reports by Congressional District

www.nar.realtor/research-and-statistics/research-reports/flood-insurance-reports-by-congressional-district

Flood Insurance Reports by Congressional District

Flood Insurance in my State and Congressional District

Click on a state to see the report for the specific state and each Congressional District.

The reports include information about the properties at flood risk, the importance of flood insurance to the district, the benefits to constituents and the projected properties at risk in the district.
Economic Impact Reports

- 16.9% of national GDP
- $113k for every home sold
- Real estate industries, related to home purchase, multiplier of housing expenditures, and new construction

RACIAL DIVIDE IN HOMEOWNERSHIP
Homeownership rate
By race

- 72.1% in 2020 (White)
- 61.7% in 2020 (Black)
- 51.1% in 2020 (Asian)
- 43.4% in 2020 (Hispanic)

U.S. Census ACS PUMS data
White Homeownership Rate


Source: NAR calculations of ACS PUMS data
Asian/Pacific Islander Homeownership Rate

Hispanic Homeownership Rate

Black Homeownership Rate

Downpayment Source By Race

<table>
<thead>
<tr>
<th>Race</th>
<th>Savings</th>
<th>Past Home Equity</th>
<th>401k</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black/African American</td>
<td>58%</td>
<td>21%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>White/Caucasian</td>
<td>55%</td>
<td>38%</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>60%</td>
<td>25%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>79%</td>
<td>16%</td>
<td>10%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Share of Successful Primary Residence Buyers Were Rejected for a Mortgage Application Nationwide

- Black/African-American: 7%
- Asian/Pacific Islander: 3%
- Hispanic/Latino: 7%
- White/Caucasian: 4%

CHANGING DEMOGRAPHICS
Myth-Busting Millennial Tropes: 8 Common Myths Busted

First-time Buyers Uptick

Share Of Income Spent When Each Generation Was Under 25 Years of Age

Younger Millennials
- Housing: 35%
- Transportation: 19%
- Food at home: 7%
- Apparel and services: 4%
- Education: 7%
- Entertainment: 4%
- Food away from home: 4%
- Other: 4%

Older Millennials
- Housing: 34%
- Transportation: 19%
- Food at home: 8%
- Apparel and services: 7%
- Education: 4%
- Entertainment: 4%
- Food away from home: 4%
- Other: 7%

Gen Xers
- Housing: 31%
- Transportation: 24%
- Food at home: 8%
- Apparel and services: 6%
- Education: 4%
- Entertainment: 5%
- Food away from home: 3%
- Other: 4%

Younger Boomers
- Housing: 29%
- Transportation: 24%
- Food at home: 8%
- Apparel and services: 6%
- Education: 4%
- Entertainment: 5%
- Food away from home: 3%
- Other: 4%

Source: BLS Consumer Expenditure Survey 1984-2021, NAR Calculations
Myth-Busting Millennial Tropes: 8 Common Myths Busted
Half of non-owners say student debt delaying from buying a home

- All non-owners: 51%
- Millennials: 60%
- Gen Xers: 53%
- Income under $50k: 48%
- Income $50-100K: 56%
- Income $100k+: 60%

The Impact of Student Loan Debt

Multi-Generational Home Buyers Revert to the Norm

Baby Bust Among Buyers

First-time Buyers: Household Composition

Forthcoming Research:

• Profile of International Activity in U.S. Residential Real Estate
• Real Estate in a Digital Age
• C.A.R.E. Report: Community Aid and Real Estate
• Monthly Updates:
  • Existing-Home Sales,
  • REALTORS® Confidence Index,
  • Pending Home Sales
• NAR Real Estate Forecast Summit **July 27, 12pm ET**
THANK YOU.

Questions:
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