



Low Rates, COVID are Motivating Prospective Home Buyers

A high percentage of those who told the National Association of Home Builders (NAHB) late last year that they were thinking of buying a home have now turned thought into action. Rose Quint writes in the NAHB *Eye on Housing* blog that 15 percent of those queried in its 4th Quarter 2020 Housing Trends survey said they were considering a purchase and **now 56 percent of them are actively looking**. A year ago, only 43 percent of those considering buying had shifted into gear.

Quint says this is the fourth consecutive year-over-year rise in the share of prospective buyers who have become active buyers. She identified several possible reasons for the most recent uptick; **fear of missing out on low interest rates**, a need for more space due to COVID-19, and a desire to move to outlying suburbs.

Most of the increase in buying activity was among **Millennials and Gen X'ers**. Millennials who transitioned from thinking to action rose from 46 percent in Q4 of 2019 to 65 percent in the same quarter of 2020 and for Gen X'ers the change went from 43 percent to 57 percent. The shares among Gen Z and Boomer generations remained relatively flat with a 1-point increase in each case to 43 percent and 38 percent, respectively.

Geographically, larger shares of prospective buyers in every region are actively trying to find a home to buy than a year ago, **but the increase is most notable in the West and Northeast**.

Quint says that, as the share of prospective buyers has increased, so has the length of time they spend searching. In the fourth quarter of 2020, 69 percent of buyers actively engaged in the purchase process have spent 3 months or longer looking, compared to 60 percent a year earlier. This marks the eighth consecutive year-over-year gain in the share of active buyers looking for three months or more for a home to buy.



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