



Consumer Housing Trends Report

2021

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Foreword

After an unusual year marked by supply shortages, climbing home price appreciation and economic uncertainty, the new construction industry ended 2021 on solid ground with both unique opportunities and challenges ahead.

The white-hot housing market of the past two years has nudged down to red-hot. And while the pace of home appreciation has set new records, it appears to be returning to a more typical seasonal pattern — picking up in the summer and slowing down in the fall, according to Jeff Tucker, senior economist at Zillow.

But slower doesn't mean slow.

Tucker said the fast-paced, high-stakes market buyers have navigated for nearly two years is looking increasingly like the new normal — and it's a scenario that could give builders leverage for years to come.

“The competitive advantage for new construction is time,” Tucker said. “There's no rushing people through the biggest purchase of their life in a single weekend where they have to figure out how much to offer, whether they can waive the inspection, and so on. The frenzied speed of purchase is extremely stressful for home buyers.”

The Zillow New Construction Consumer Housing Trends Report 2021 found that 45% of new construction buyers describe their shopping timeline as “relaxed,” compared to 33% of buyers



of existing homes. Only 16% of new construction buyers say they have to buy a home quickly, compared to 22% of buyers of existing homes.

With a more relaxed shopping timeline, said Tucker, buyers are better able to avoid the bidding wars and deadline-driven decisions associated with new construction's biggest competitor: existing homes.

The report — which surveys new construction buyers who purchased a home in the past two years and buyers of existing homes who bought in the past year — provides insights on who is buying new construction, what they want, the tools they use to find it and pain points along the way.

More shoppers are considering brand-new homes

The report shows that newly built homes continue to make inroads with home shoppers: 70% say they consider new construction during their search, an increase of 8 points from 2020. About half of those who do buy newly built homes (53%) say they want a completed home.

Tucker said builders have had a tough time delivering those turnkey homes in 2021 due to run-ups in lumber costs, price increases for iron and steel, and supply bottlenecks for things such as appliances, windows and even truss connectors.

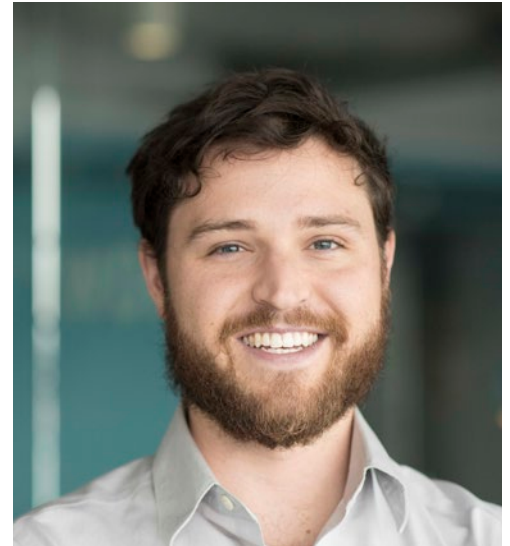
That's one reason the number of homes under construction reached an all-time high in October of over 1.4 million.

Despite these challenges facing developers, Tucker said, demographic trends and a continued shortage of housing inventory to meet demand into the foreseeable future are likely to give developers the continued confidence to build.

A wave of American consumers are reaching peak home-buying years

There are several reasons for developers' confidence, Tucker said. Chief among them: demographics. Some 46 million people between the ages of 26 and 35 are entering peak years for household formation and home buying — the largest number on record for that age range.

Meanwhile, the supply of homes in 2021 lags behind 2019 levels and continues to fall far short of demand.



“The number of homes hitting the market has slowed rather dramatically, which suggests we’re not on some rebound track to snap back to the pre-pandemic world any time soon.”

Jeff Tucker, Zillow Economist

“In the summer of 2021, we were playing catch-up and it looked like a normal trajectory for home listings,” Tucker said. “But it cooled off this fall. The number of homes hitting the market has slowed rather dramatically, which suggests we’re not on some rebound track to snap back to the pre-pandemic world any time soon.”

Tucker likened the market dynamics at the close of 2021 to the housing market of 2013-2014, when a shortage of for-sale homes led to dramatic price appreciation that pushed homes out of reach for many buyers. When the market corrected, price growth didn’t go into reverse, he said, but rather cooled down to a more sustainable level for the next several years.

Affordability remains the most pressing challenge

Economic policies adopted during the pandemic have helped the economy recover much more quickly than the recovery that followed the Great Recession of 2008 — total wages adjusted for inflation recovered in just 18 months, versus the five years it took last time, according to Tucker.

“The pace of this recovery is pretty extraordinary,” Tucker said. “That goes some way toward explaining how American households have the income and the confidence to go out and buy homes in an environment like this.”

The recovery stumbled earlier in 2021 when the Delta variant contributed to a resurgence of COVID-19. But Tucker said the recovery has picked up steam again, with a big bump in job creation and income growth that has increased at about the same rate as the Consumer Price Index (7 to 7.5%).

Wage gains have been especially robust in the bottom third of income distribution, which Tucker said has traditionally been the tipping point where Americans think about getting into homeownership.

That’s not to say there aren’t headwinds.



“The one threat to the housing market — including new construction — is affordability,” Tucker said. “Prices have risen dramatically, and they’ve risen even more for new construction. The median sales price for a newly built home topped \$400,000 for the first time ever — a year-over-year increase of 19%.”

And while monthly appreciation has declined from its peak in June/July, the 1% monthly appreciation from October/November is still among the fastest monthly price increases on record, he said.

A rise in mortgage rates could further reduce affordability, and the movement of remote workers from the coasts to sunny, mid-priced, midsize metros, especially in the Sun Belt and inland West, could diminish the relative affordability of those destinations.

At some point, home prices are likely to become detached from incomes in those markets, making them riskier investments for builders until price appreciation settles into a more stable, sustainable pattern, Tucker said.

“Affordability has fallen to the lowest level since 2009,” he said. “For the many people who only broke even during the pandemic — those without investments or home equity to leverage — the dream of homeownership has only gotten further out of reach, because home prices have climbed 25% in the 20 months after February 2020. Price appreciation is dragging down affordability and making it much worse.”

The result, said Tucker, is likely to be a smaller pool of buyers who are able to afford homes, which will translate into a slower pace of sales and a slower pace of price appreciation until incomes catch up.

“Affordability has fallen to the lowest level since 2009. For the many people who only broke even during the pandemic — those without investments or home equity to leverage — the dream of homeownership has only gotten further out of reach, because home prices have climbed 25% in the 20 months after February 2020.”

Without viable opportunities to buy, he said, renting becomes a go-to option for households seeking more indoor and outdoor space.

“The single-family rental market has absolutely exploded during the pandemic,” Tucker said. That demand has sparked more competition for land acquisition from the build-to-rent developers, especially for single-family homes.

How builders respond to the long- and short-term trends in affordability, demand, demographics and remote work could lead to shifts in the types of homes and communities that emerge.

“We’re going to continue operating in a world of low supply for existing homes,” Tucker said. “For all of you who build homes, it means there are still not many competing options out there for your home buyers.”

The new construction buyer in 2021



More buyers are considering newly built homes — and nearly a third say they want a home they can customize or build from scratch.

New construction continues to gain inroads with home shoppers in 2021, evidenced by the growing share of buyers who consider newly built homes when shopping for a home.

For many home shoppers, new construction is associated with the idea of the custom-built Dream Home. But the Zillow New Construction Consumer Housing Trends Report 2021 highlights a broader perception. For more than half of all buyers, new construction is most commonly defined in the simplest terms: a home that is already built.

The turnkey definition may be a reflection of a relatively increased availability of newly built homes in certain markets over the past two years, or it may reflect today's reality where a dearth of inventory means home shoppers are considering all homes for sale.

The trends report, which reflects the preferences and behaviors of new construction buyers who purchased their homes in the past two years, also shows how timelines could be affecting buyer choices.



New construction appeals to an increasing share of buyers

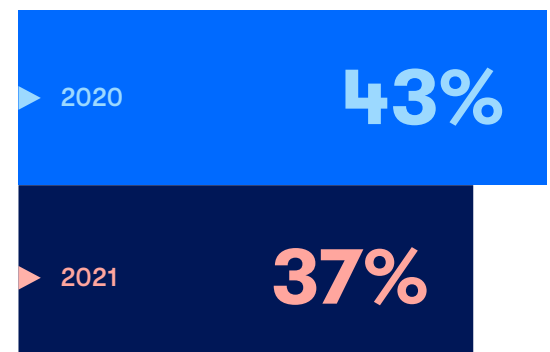


While new construction has always appealed to people looking for a custom home, a growing share of buyers are considering newly built homes when they're shopping.

Last year, 43% of households who eventually bought an existing home said only resale homes interested them. This year, that share dropped to 37%.

Consistent with this shift, the share of buyers willing to consider new construction when shopping for a home grew by 7 percentage points.

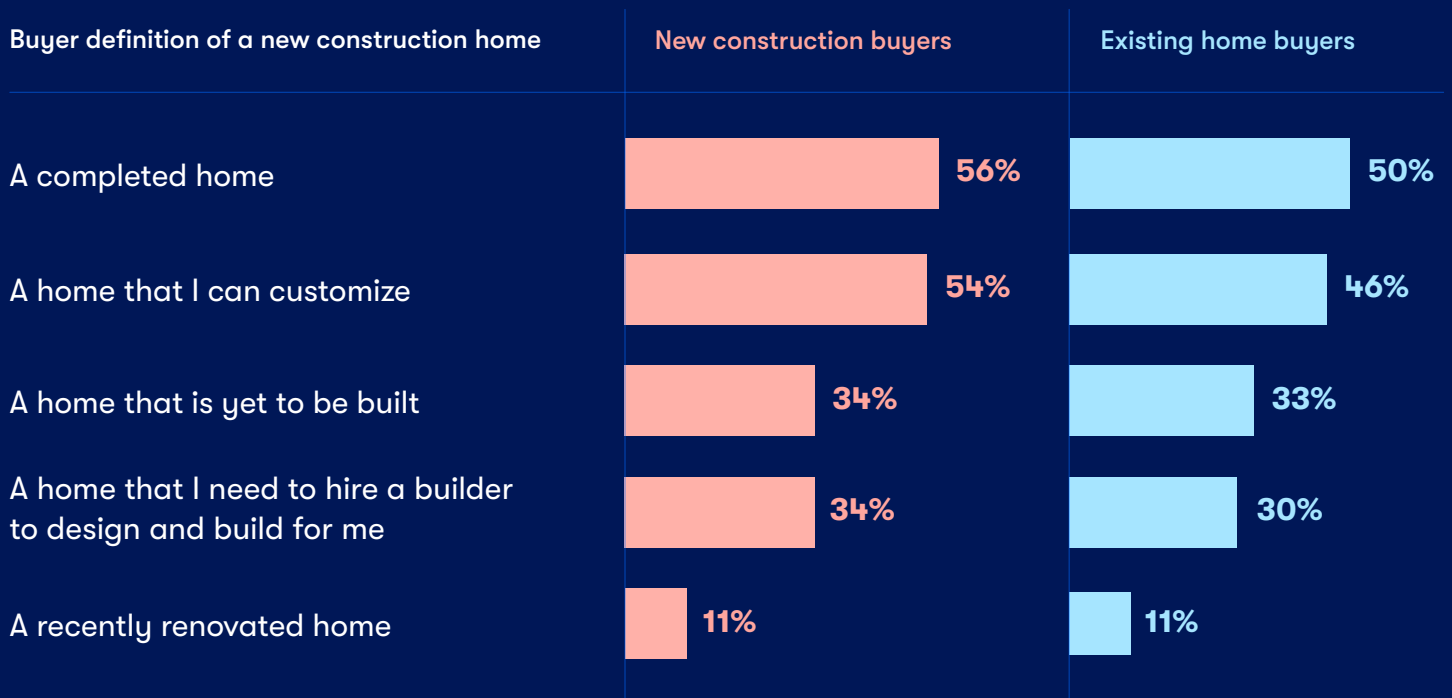
The share of resale home buyers who only consider resale homes continues to shrink



Buyers are likely to think of new construction as a completed home

In our 2020 report, we looked at differences between how urban, suburban and rural buyers define new construction. This year, we look at differences between buyers of existing homes and those who buy new construction.

Asked to pick from a list of definitions for new construction, at least half of all buyers include a completed home in their definition.





Buyers express limited views of what they consider new construction.

New construction buyers also appear more familiar with the potential for customizing a home than buyers of resale homes.

Given the relatively smaller shares that consider new construction a home yet to be built or one you hire a builder to design and construct,

there appears to be a lack of awareness among all buyers about the potential to work with a builder to construct a home from the ground up or buy a home before it's built.

In a climate of frenzied buying, turnkey homes might be a more obvious choice. But it also may be that buyers lack education or information on the possibilities of building from scratch or customizing an in-progress home.

A majority of buyers want a completed home

The COVID-19 pandemic drove profound changes in homelife in the two years covered by the report, years in which many people saw their homes become their workplace, a schoolroom for their kids and the center of social life. People moved quickly, snapping up homes as soon as they were listed, to adjust to new realities and take advantage of historically low interest rates.

It makes sense then that a majority of buyers — including those who bought new construction — want a completed home. This enables buyers with the tightest timelines to move in quickly.

For buyers who purchased a resale home, a move-in-ready home is the overwhelming choice: 76% say they want one. The potential to put their own touch or customize a home under construction got the thumbs-up from 14% of existing home buyers, while only 9% say they want to work with a builder to construct a home from scratch.

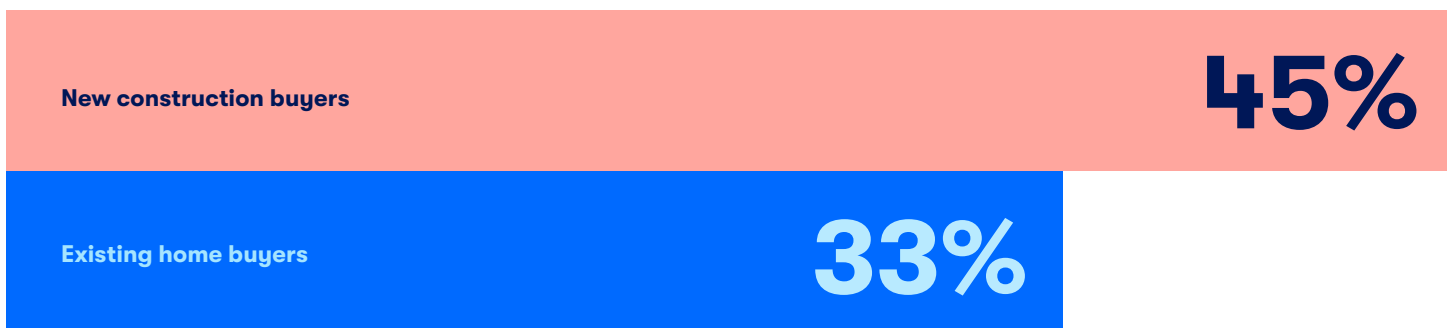
About half of new construction buyers (53%) say they want a completed home. That means the other half want to collaborate on the build and customize. One in four new construction buyers say they want to work with a builder to construct their home from scratch, and 23% say they want a home under construction they can customize.

While turnkey homes are generally more desirable for buyers as a whole, half of all buyers of newly built homes still want one they can help create.



New construction buyers are more likely to have time on their side

Percentage of buyers who say they are able to take their time to explore options



One significant difference between buyers of new construction and those who bought existing homes is the amount of time they have to find their next home.

New construction buyers are more likely to report a relaxed timetable for shopping: 45% say they are able to take their time to explore options, compared to 33% of existing home buyers — a 12-point difference.

Even the share of buyers who say they felt some urgency when shopping is lower among new construction shoppers compared to shoppers of existing homes — 39% vs. 45%, respectively. These respondents say they felt pressure to find a home, but wouldn't describe it as feeling rushed.

The relative lack of urgency for new construction buyers is likely due to the fact that they tend

to have more financial resources than existing buyers. Those resources can make it possible and less stressful to wait out the time between the sale and completion of their newly built home.

And since a larger share of new construction buyers are moving from a home they own, they may not be facing the same deadline pressure to move as a buyer coming from a rental. A majority of buyers of newly built homes (65%) are moving from a home they own, compared to 58% of resale buyers — a difference of 7 points.

Rental homes account for 21% of previous homes occupied by new construction buyers, compared to 25% for resale buyers. (A small share — 9% of new construction buyers and 12% of resale buyers — move to their new home after living with a friend or family member.)

A notable share of buyers feel rushed

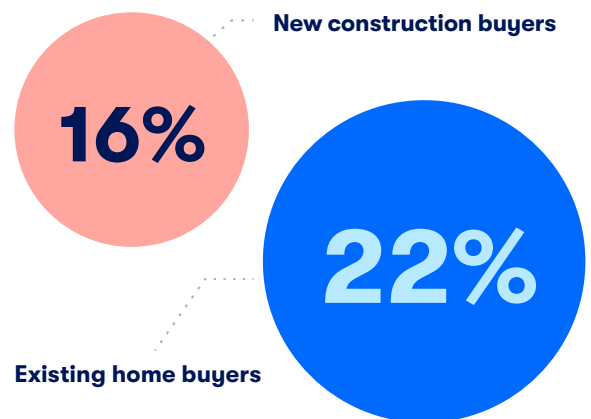


Still, a fair share of all buyers do feel rushed: 16% of new construction buyers and 22% of existing buyers say they feel the pressures of being on a short timetable.

Some of that pressure may be due to the quick timetable for buying in general, given the imbalance between the supply of for-sale homes and prospective buyers.

And while new construction buyers tend to have a more relaxed time frame, many are already juggling selling and buying. Buying a turnkey home may be more appealing simply because it's far less complicated than making more decisions around finishes or working with a builder.

Percentage of buyers who say they feel the pressures of being on a short timetable



A majority of all buyers stay close to their initial budget

There's no sugarcoating the tough market buyers have faced these past two years. But the survey shows that buyers of existing homes and new construction experienced the market in similar ways:

- Both say they bought a home that fell within the range of their initial budget (57% of existing home buyers; 59% of new construction home buyers).
- A smaller share of each say they bought a home that was more expensive than their initial budget (31% of new construction buyers; 28% of resale buyers)

The only significant difference is among buyers who paid less than what they'd budgeted: 15% of those who bought existing homes came in under budget, compared to 10% of new construction buyers. The difference could be due to supply

shortages that resulted in pricing challenges for builders, or it could be that once buyers start thinking deeply about their home environment and how they want to live, they are willing to spend more.



New construction buyers



Existing home buyers



Bought a home that came in **under** their initial budget Bought a home that fell **within** the range of their initial budget Bought a home that was **more expensive** than their initial budget

01

The new construction buyer in 2021

Takeaways:



Educate buyers on what working with a builder entails.

Most buyers don't seem to know that new construction includes homes you work with a builder to construct from the ground up.



Let prospective buyers know how you will keep them informed about their home's progress.

Execute on promises early and often during the sales process to build confidence in the rest of the transaction and the building process.



Provide more testimonials from customers who worked with you to build their homes.

Today's buyer has the internet at their fingertips, and they can do quite a bit of research on you before ever walking into your sales center. Reviews from other customers are likely to carry significant weight. Ask your customers for reviews to help ensure that the voices of your happy customers are heard and amplified.



Differentiate your homes from resale homes.

On finished homes, tout features such as smart home technology or the latest in home design trends that differentiate your homes from resale homes. Show buyers the value of brand-new and the savings that can be achieved by not having to replace appliances or conduct home repairs.

What buyers are looking for in a home and a neighborhood



Social distancing and remote work – by-products of the global pandemic – coincided with increased desire for pools, parking spaces and a sense of community.

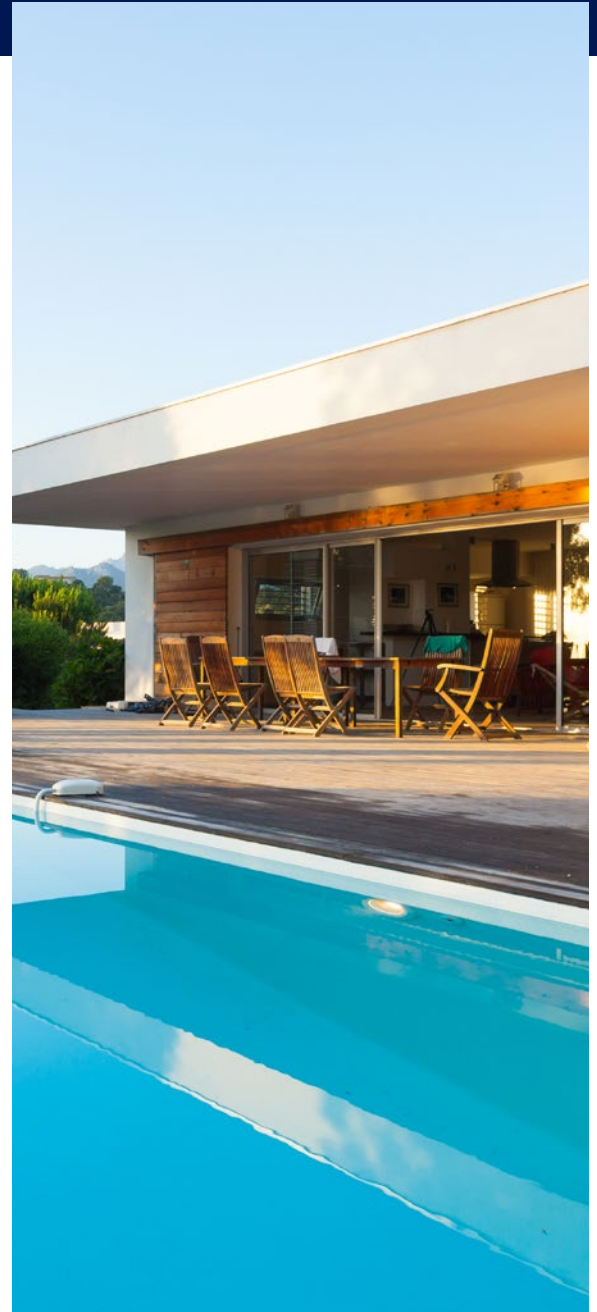
New construction buyers want a home customized to an altered lifestyle

Pools, parking spots and a feeling of community are more important to new construction buyers now that a global pandemic has made social distancing and remote work the new norm. And rising home prices combined with a trend toward home sharing have new construction buyers looking to generate income from renting out all or a portion of their home.

These are just a few of the key preferences reported by buyers of new construction and existing homes this year regarding the importance of factors like home characteristics and neighborhood amenities when looking for a place to live.

New construction buyers still want their preferred floor plan and number of bathrooms and bedrooms, just as they have in previous years. And walkability and proximity to shopping remain important factors in choosing a neighborhood. But more new construction buyers say a neighborhood with a sense of community is highly important to them, as is being close to family and friends. These changes may be a result of the lingering sense of isolation many feel nearly two years into the COVID-19 pandemic.

Aside from the more direct influence of COVID-19, housing inventory shortages and recent migration patterns are also having unexpected consequences for new construction buyer preferences and home-shopping trends this year.



Here's a breakdown of what new construction buyers are likely to look for in their next home, and why:

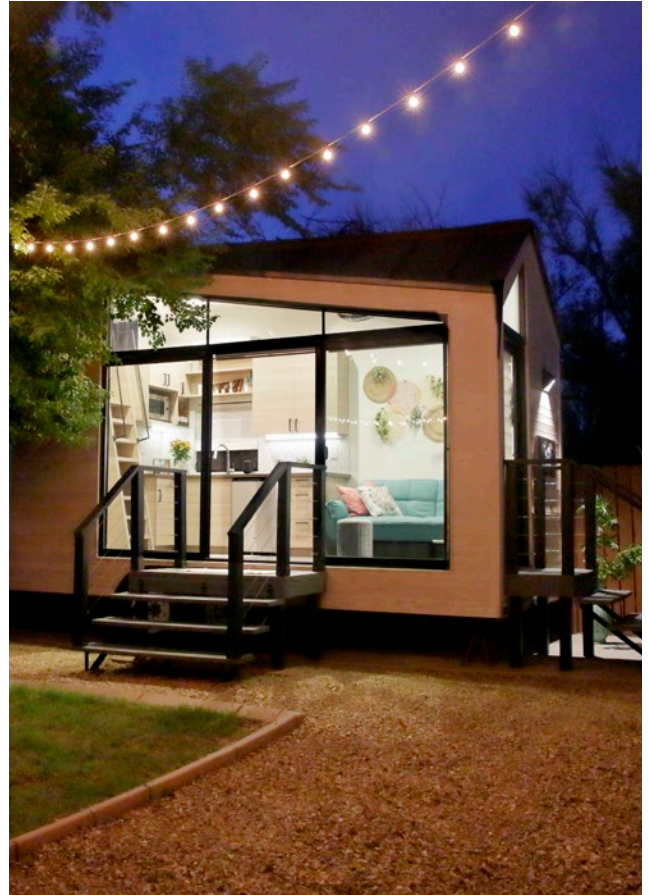
Percentage of buyers who say they consider each of the following home characteristics very or extremely important

■ New construction buyers
■ Existing home buyers



Rental income

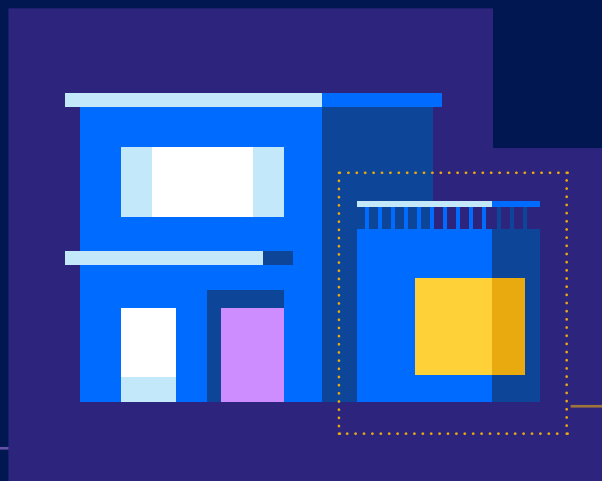
More new construction buyers want their houses to be a potential source of revenue as well as the place they call home. Four in 10 (41%) say the opportunity to generate income by renting out part of their home while they live there is very or extremely important. That's a 52% relative increase over 2020, when just 27% said rental income from their house was key. A slightly larger portion of new construction buyers highly value the opportunity to rent out the entire home. Not quite half (44%) say being able to generate income that way is very or extremely important to them – a 38% relative increase over last year, when just 32% said the same. This may be attributed to new construction buyers looking to cash in on rising rents (which have increased 15% on average nationwide) to help pay for the rising costs of homes (which have increased 14% on average nationwide).



44%

of new construction buyers say the opportunity to generate income by renting out **the entire home** is very or extremely important.

▲ 12 points from 2020



41%

of new construction buyers say the opportunity to generate income by renting out **part of their home** is very or extremely important.

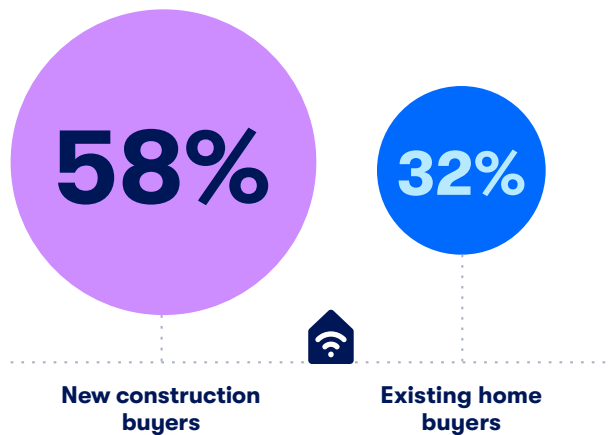
▲ 14 points from 2020



Smart home technology

Smart home technology has become more important to buyers, a reflection perhaps of technological advances making it easier to install and operate, coupled with increasingly widespread familiarity with smart devices and the convenience they can offer. Consumers can get devices to help keep them comfortable and safe, and they can operate all of them through their home Wi-Fi – no professional installation needed. This year, 58% of new construction buyers say smart home capabilities are very or extremely important, compared to 45% in 2020. That's a nearly 30% relative increase.

Percentage of buyers who consider having smart home capabilities very or extremely important



Hot tubs and pools

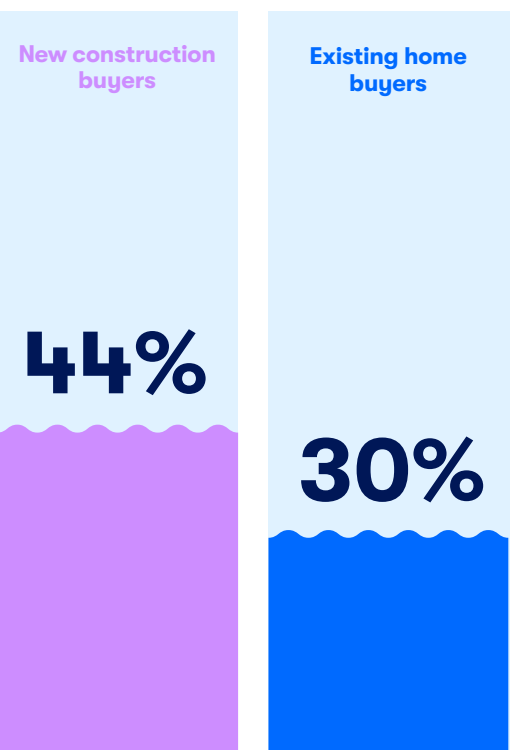


In an era of social distancing and stay-at-home orders due to the COVID-19 pandemic, more new construction buyers rate pools and hot tubs extremely or very important. Four in 10 buyers (44%) say a hot tub or pool is highly important, compared to 33% in 2020. That's a 33% relative increase.

According to the 2019 American Community Survey by the U.S. Census Bureau, about one in every six new construction buyers purchase a home in (mostly) sunny Texas. And among home buyers who relocate, buyers are increasingly moving from colder climates to the warmer Sun Belt. These geographic trends are consistent with the increasing share of new construction buyers who consider a pool or hot tub a highly important feature in deciding which home to buy.

Amenities like pools and hot tubs have also become more appealing as consumers' idea of home has evolved over the past year into something that feels more like a waterside getaway than a typical house. In a Zillow survey of 1,000 Americans in early March 2021, respondents were more likely to idealize being near a lake (16%, up from 12% in 2020) or beach (21%, up from 17% in 2020) than in the previous year.

Percentage of buyers who say a hot tub or pool is highly important



Room for cars

New construction buyers want space for their wheels. Eight in 10 (79%) say off-street parking or a garage is very or extremely important, and 70% put the same level of value on an assigned parking space. The importance of garages and off-street parking increased by 5 percentage points, and the importance of assigned parking rose by 3 percentage points.

This is consistent with the trend toward buying in sunnier locations. Many of the metro areas in the Sun Belt (Austin, Dallas, Phoenix, etc.) are spread out, so having a car is essential. Plus, with more people working from home, it's not surprising that parking is a higher priority.



Percentage of buyers who say an assigned parking space is very or extremely important

P

New construction buyers

70%



Existing home buyers

59%





Finishes and kitchen style matter

Nearly eight in 10 new construction buyers consider their preferred finishes (78%) and kitchen style (79%) highly important. Nearly 80% say it is very or extremely important to get their preferred flooring, appliances and countertops.

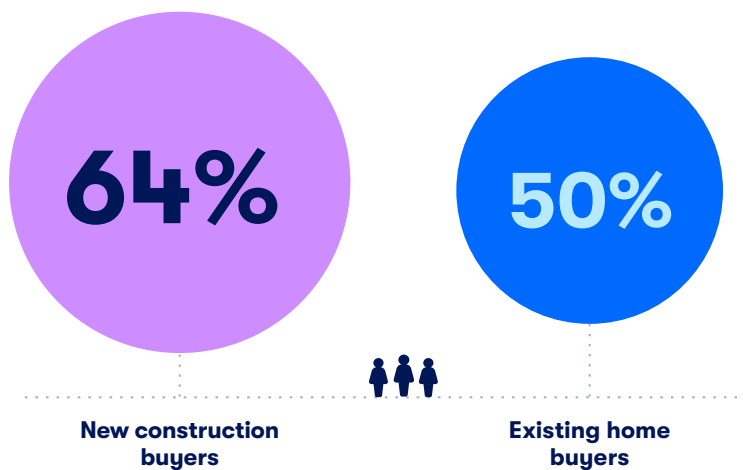
In 2020, 26% of new construction buyers said the ability to customize home features was one of the top three reasons for buying new instead of existing. New construction buyers' interest in getting exactly what they want appears to have persisted, despite a shortage of new houses

making it more difficult and expensive to buy. Labor shortages, COVID-19 supply chain issues and a crush of millennials looking to buy homes means there are more people who want to buy new houses than there are new houses available. New construction buyers may feel that if they have to endure the competitive market for new houses, they are going to get exactly what they want — no settling for someone else's beige carpet and Tuscan kitchen.

Community counts

New construction buyers place a higher value on neighborhoods that offer a sense of community or belonging this year, with 64% ranking that feature as very or extremely important. That's up 6 percentage points from last year, a 10% relative increase. This could be because the COVID-19 pandemic has led to more people working from home, where they see more of their neighbors than their co-workers. The desire to be near family and friends has increased as well, with the number of new construction buyers who place high importance on a neighborhood close to family and friends jumping by 13 percentage points. Almost 6 in 10 (59%) rank that as very or extremely important, a relative increase of 28%. Times are tough; perhaps home buyers feel the need to have their loved ones close.

Percentage of buyers who place a higher value on neighborhoods that offer a sense of community or belonging



Subdivisions cool off

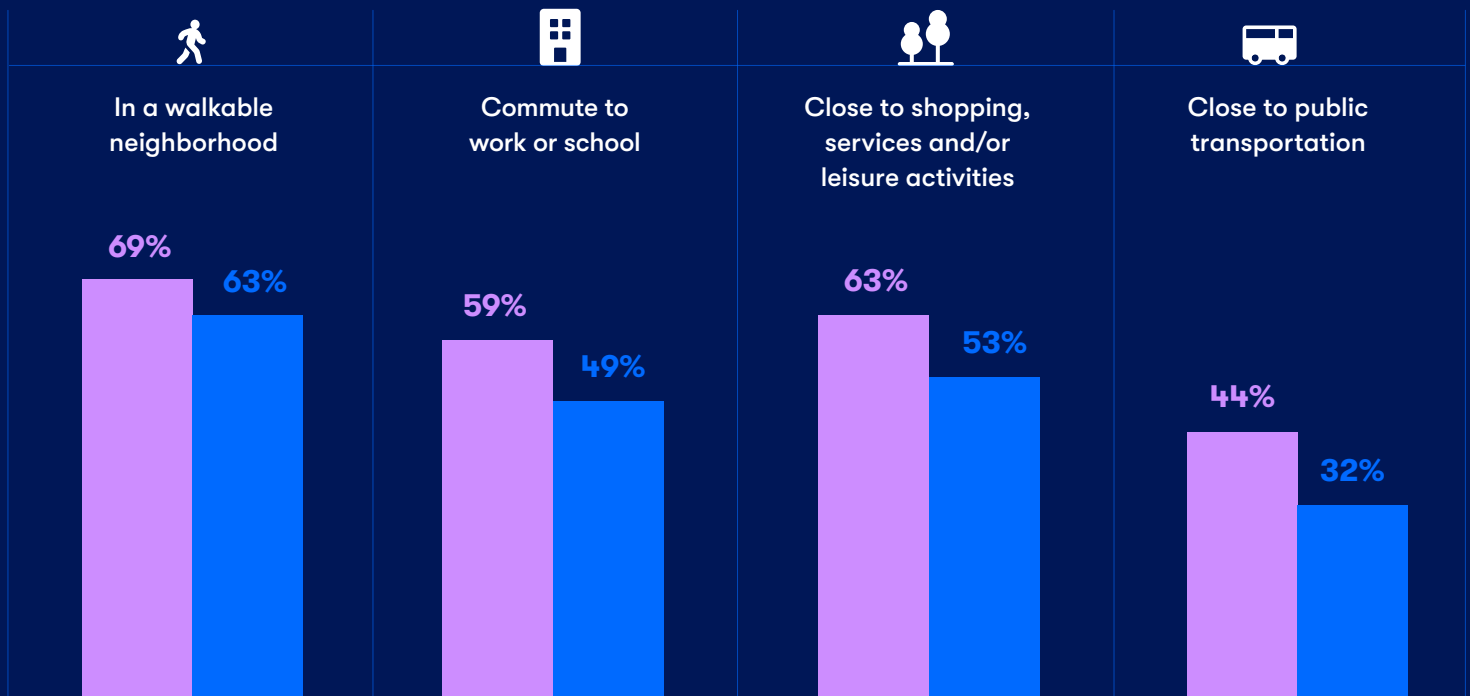
A smaller share of new construction buyers than last year say they bought a home in a subdivision or planned community. Nearly a third (30%) say they bought outside of one. That's up 7 percentage points from 2020 — a 30% relative increase — when 23% bought outside a subdivision. This is most likely a result of inventory and availability rather than buyer preference. If there are fewer homes built in subdivisions, fewer buyers can purchase in one.



Neighborhood characteristics buyers consider very or extremely important

■ New construction buyers

■ Existing home buyers



02

What buyers are looking for in a home and a neighborhood

Takeaways:



More new construction buyers want their houses to generate income.

There is increased interest in making rental income from a house — for example, by renting part of a home to a tenant or via home-sharing platforms like Airbnb or VRBO. There's also interest in renting an entire home if they decide to relocate. To capitalize on this, highlight guest houses or accessory dwelling units (ADUs) that could be used for long- or short-term rentals. And point out desirable neighborhood amenities like a sense of community or walkability, or neighborhood amenities that would make a house an in-demand rental if the buyer moves into another house.



Smart technology is increasingly an expected feature, not a luxury.

The affordability and availability of smart speakers and other devices have many new construction buyers viewing smart technology as a normal feature rather than an upgrade. Highlight smart thermostats, smart home security systems, smart lighting systems, smart meters and smart appliances, and explain how they can make a home more comfortable, safe and convenient.



New construction buyers want features that fit a lifestyle where they stay home more.

The pandemic appears to have made customizing homes for comfort more important. Having a pool or hot tub in the backyard and having the kitchen of their dreams is more important as well. Highlight those features and tout them as an opportunity to unwind without leaving home.



Consider marketing the house *and* the neighborhood.

New construction buyers want houses in areas with a sense of community. Tell clients about the parks, neighborhood features, restaurants and coffee shops nearby where they can meet their neighbors and participate in community activities.

Buyers want digital tools and human connection



The need to visualize a home before it's built makes digital tools like 3D/virtual tours and dynamic floor plans especially helpful for new construction buyers.

Digital tools are important for all buyers, but especially for those buying newly built homes



Digital tools have become an essential part of the home-buying experience for buyers of new construction. A large and growing majority of new construction buyers agree that digital tools save them time, make touring easier and give them a better sense of the home they're considering.

Still, the growing preference for 3D/virtual tours and dynamic floor plans that provide photo views of the home hasn't diminished the importance of in-person experiences.

The report represents the opinions and experiences of new construction buyers who purchased a home in the past two years and buyers who purchased an existing home within the past 12 months.

Both groups continue to embrace digital tools, and the survey indicates they would like to do even more electronically while also seeking out in-person experiences.

“Couldn't imagine what a new home would look like built”

New construction buyers - reason given for not initially considering buying new construction

24%

Existing home buyers - reason given for not buying new construction

43%



Where “virtual” adds value: Dynamic floor plans and online scheduling

Buyers’ affinity for digital home-shopping tools continues to grow, with a larger share expressing positive sentiments about their use in 2021 compared to a year earlier.

New construction buyers are especially keen on digital experiences, with a greater share than last year showing enthusiasm for 3D/virtual tours and dynamic floor plans.

Based on their responses to a series of statements they agreed with somewhat or completely, a majority of new construction buyers:

- are more likely to view a home if the listing

- includes a floor plan they like (85%)

- find dynamic floor plans helpful in deciding whether a home is right for them (79%)
- find 3D tours more helpful than static photos for getting the feel of a home (71%)
- would find it easier to unlock properties with their phone and tour them in person on their own time (70%)
- wish more listings had 3D home tours (67%)
- prefer to schedule in-person tours online (66%)

Enthusiasm for online tools is growing among new construction buyers

New construction buyers who agree somewhat or completely with each statement

2021

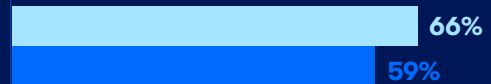
2020

BIGGEST CHANGE:

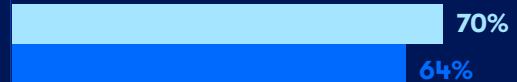
I wish more listings had 3D tours available



I prefer to schedule in-person tours online



It would be easier for me to unlock properties with my phone and tour them in person on my own time



I wasted time during my home search viewing properties that I would have skipped if I had understood their floor plan before my visit



A dynamic floor plan that shows what part of the home each photo depicts would help me determine if the home is right for me



SIMILAR - NOT STATISTICALLY SIGNIFICANT:

I'm more likely to view a home if the listing includes a floor plan I like



The only way to really understand the layout of a home is to see it in person



NO CHANGE:

3D tours would help me get a better feel for the space than static photos





Buyers seek digital tools that help them envision their soon-to-be-built homes

Compared to buyers of existing homes, new construction buyers express greater preference or desire for online tools — sometimes notably so.

Buyers of newly built homes are more likely to agree that they prefer 3D tours over in-person listings — 51% versus 33% of resale home buyers, a difference of 18 percentage points.

A greater share also wishes more listings had 3D tours available (67% compared to 59%, an 8-point difference)

The greater preference for 3D tours among new construction buyers is likely due to their need to visualize a home that is often under construction at the time of purchase.

New construction buyers show greater preferences for online experiences and tools

Percentage of buyers who agree somewhat or completely with each statement

■ New construction buyers ■ Existing home buyers

3D tours would help me get a better feel for the space than static photos



I wish more listings had 3D tours available



I prefer 3D tours over in-person viewings



I prefer to schedule in-person tours online



It would be easier for me to unlock properties with my phone and tour them in person on my own time



I wasted time during my home search viewing properties that I would have skipped if I had understood their floor plan before my visit



I'm more likely to view a home if the listing includes a floor plan I like



A dynamic floor plan that shows what part of the home each photo depicts would help me determine if the home is right for me



The vast majority of buyers still want in-person experiences

Percentage of buyers who attend at least one open house

New construction buyers

71%

Existing home buyers

62%

Despite the enthusiasm for virtual tools, buyers still have a strong preference for experiencing homes in real life.

New construction and resale buyers are equally likely to agree somewhat or completely that the only way to really understand the layout of a home is to see it in person: 79% of each group hold that opinion.

That likely explains why such a small share of buyers skip the private tour. Only 7% of new construction buyers and 5% of existing home buyers say they don't take a private tour. A notable share take at least five private tours — 23% of new construction buyers and 29% of buyers of resale homes.

A majority of buyers attend open houses, but buyers of brand-new homes are more likely to attend at least one: 71% do so, compared to 62% of existing home buyers.



Being there isn't enough — the quality of in-person experiences matters



Builders who want to make their homes more attractive to buyers should pay especially close attention to one particular in-person experience in which a notable share of buyers say the experience was less than ideal.

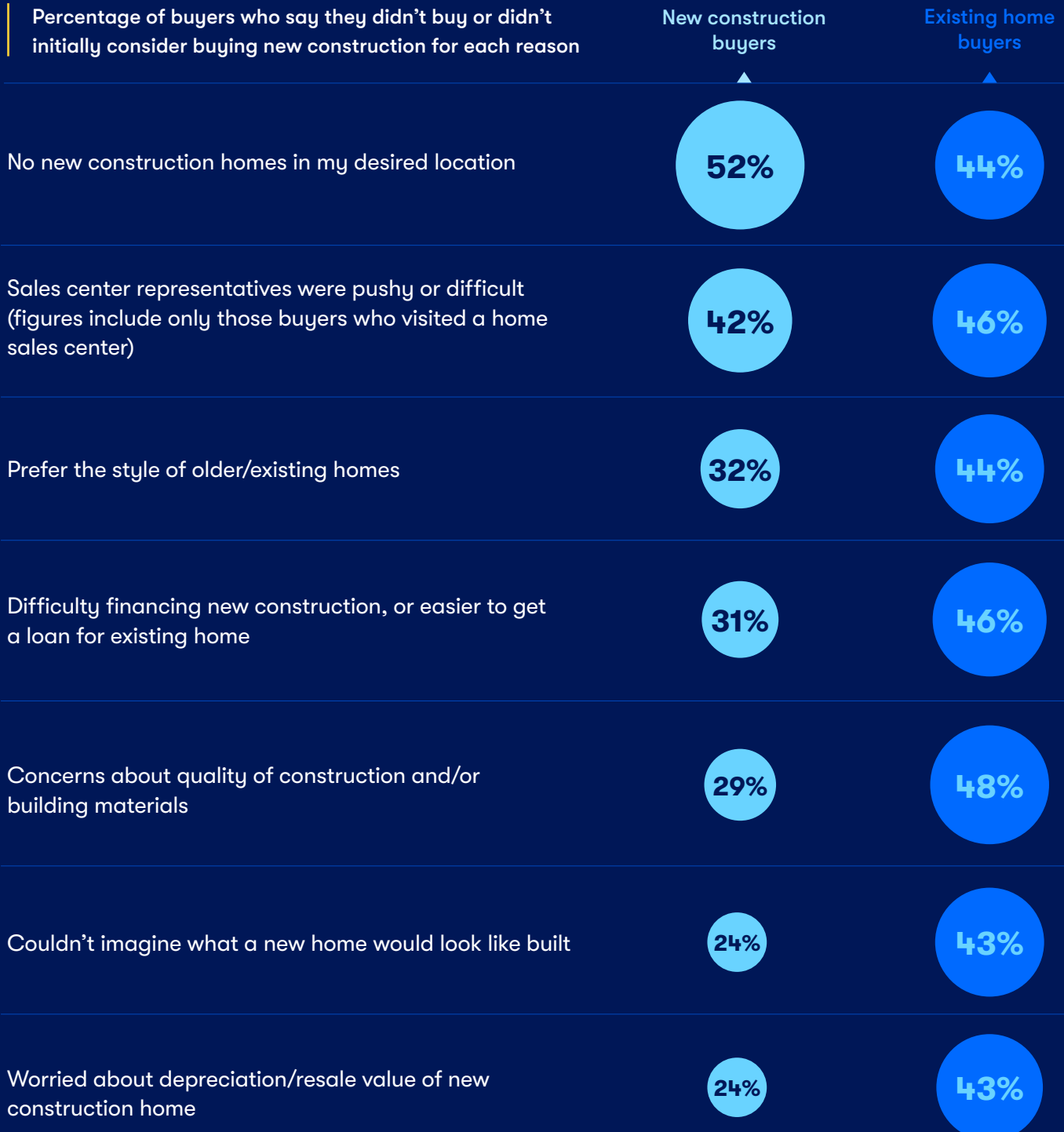
Asked why they didn't initially consider buying a newly built home, 42% of new construction buyers who visited a sales center cite "pushy or difficult" sales center representatives.

The turnoff at the sales center may help explain why 52% of new construction buyers who use an agent and a builder or sales center during their home search want their agent to handle all

communication with the builder or sales center. Another 38% want their agent to handle some of the back-and-forth. Only 9% do not want their agent involved in any communication with the builder or sales center.

Existing buyers' experience with the sales center is nearly as much of a deterrent to buying new construction as is the availability of homes: 46% of existing buyers who visited a sales center and didn't end up buying a new construction home cite their negative experience with sales staff, while 44% of existing buyers say there were no newly built homes in their desired location.

The data is a potent reminder that every part of the buying experience matters.



03

Buyers want digital tools and human connection

Takeaways:



Pay attention to dynamic floor plans.

The need to imagine their future home is important to a majority of buyers: 79% of new construction buyers and 72% of resale buyers agree that dynamic plans can help them determine if a home is right for them.



Seek customer feedback on your sales center.

A large share of shoppers are getting turned off at the sales center to the point that they won't even consider a brand-new home. Consider giving shoppers some breathing room as they contemplate one of the biggest purchases of their lives.



Be prepared to work with agents.

Buyers tend to trust their agents, and many want them to do the talking for them. Agents may be unfamiliar with new construction, and could need as much education on your product as their clients do. Don't cut them out of the process.



Embrace digital tools, but don't lose sight of human connection.

Buyers can be dazzled by your listings and your tech, but they can be turned off on the ground. Pay particular attention to the in-person experiences you're offering. They remain hugely important. Make your human connections as special and as useful as your tech.

Survey Methodology

Research Approach

In order to gain a comprehensive understanding of U.S. new construction buyers, Zillow Group Population Science conducted a nationally representative survey of more than 1,000 new construction buyers. The study was fielded between March and August 2021. Wherever possible, survey questions from previous years were asked in the same manner this year to allow for the measurement of year-to-year trends in key areas of business interest. This year was the first year that ZG Population Science designed, fielded and analyzed the survey entirely in-house.

For the purpose of this study, “new construction buyers” refers to household decision makers 18 years of age or older who moved to a newly built primary residence that they purchased in the past two years. To qualify, the residence had to be built in the past two years and they had to be the first household to live there.

Sampling & Weighting

Results from this survey are nationally representative of new construction buyers. To achieve representativeness, ZG Population Science used a two-pronged approach. First, the initial recruitment to the sample was balanced to all new construction buyers from the U.S. Census Bureau, 2019 American Community Survey (ACS) on the basis of age, relationship status, income, ethnicity/race, education, region and sex. Additional targeted subgroups were sampled based on all key household demographic characteristics. Second, statistical ranking was used to create calibration weights to ensure that the distribution of survey respondents matched the U.S. population with respect to a number of key demographic characteristics.

Quality Control

To reduce response bias, survey respondents did not know that Zillow Group was the one conducting the survey. Several additional quality control measures were also taken to ensure data accuracy:

- We identified and terminated any professional respondents, robots or those taking the survey on multiple devices.
- Completion times were recorded to ensure that surveys submitted by the fastest respondents, who may have rushed through the survey, did not provide poor quality data. If necessary, these respondents were removed from the sample.
- In-survey quality control checks identified illogical or unrealistic responses.

Additional Data Sources

Unless otherwise specified, estimates in this report come from the Consumer Housing Trends Report (CHTR) 2021, and year-over-year comparisons also use data from CHTR 2018, CHTR 2019 and CHTR 2020. To provide a fuller picture of the state of new construction buyers' characteristics, preferences and behaviors, we also analyzed data from another source:

U.S. Census Bureau, 2019 American Community Survey - The most recently available dataset from the U.S. Census Bureau's survey of the U.S. population. The ACS is the nation's largest survey and is based on a probability sample; as such, it is considered one of the leading sources of information on U.S. population and housing.

