
Taking the Pulse of Housing & Inflation Rates

February 29, 2024

Taking the Pulse of Housing & Inflation Rates

At-A-Glance:

- 39% of those planning to buy a home in the next three years would feel comfortable doing so now.
- 61% of respondents with a mortgage say their current interest rate is less than 5%.
- 69% of prospective buyers waiting for rates to drop would feel comfortable buying a home when they fall below 4%.

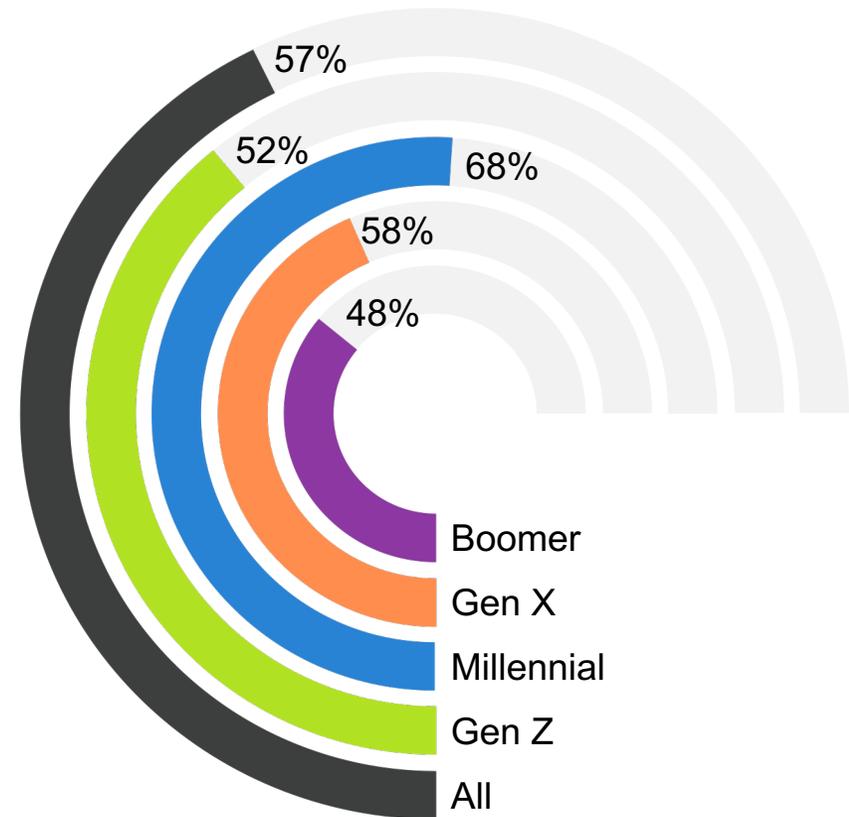
The Outlook:

In addition to housing dynamics, we found that only 25% of respondents believe that their income will keep pace with inflation this year. Home improvement brands and retailers are likely looking at another year of homeowners improving in place and taking on smaller projects as they wait for interest and inflation rates to moderate.



Among the homeowners in the survey, 57% have a mortgage on their current property. The 48% of Gen Z without mortgages is likely driven by those who have inherited their property from earlier generations.

Homeowners with a current mortgage



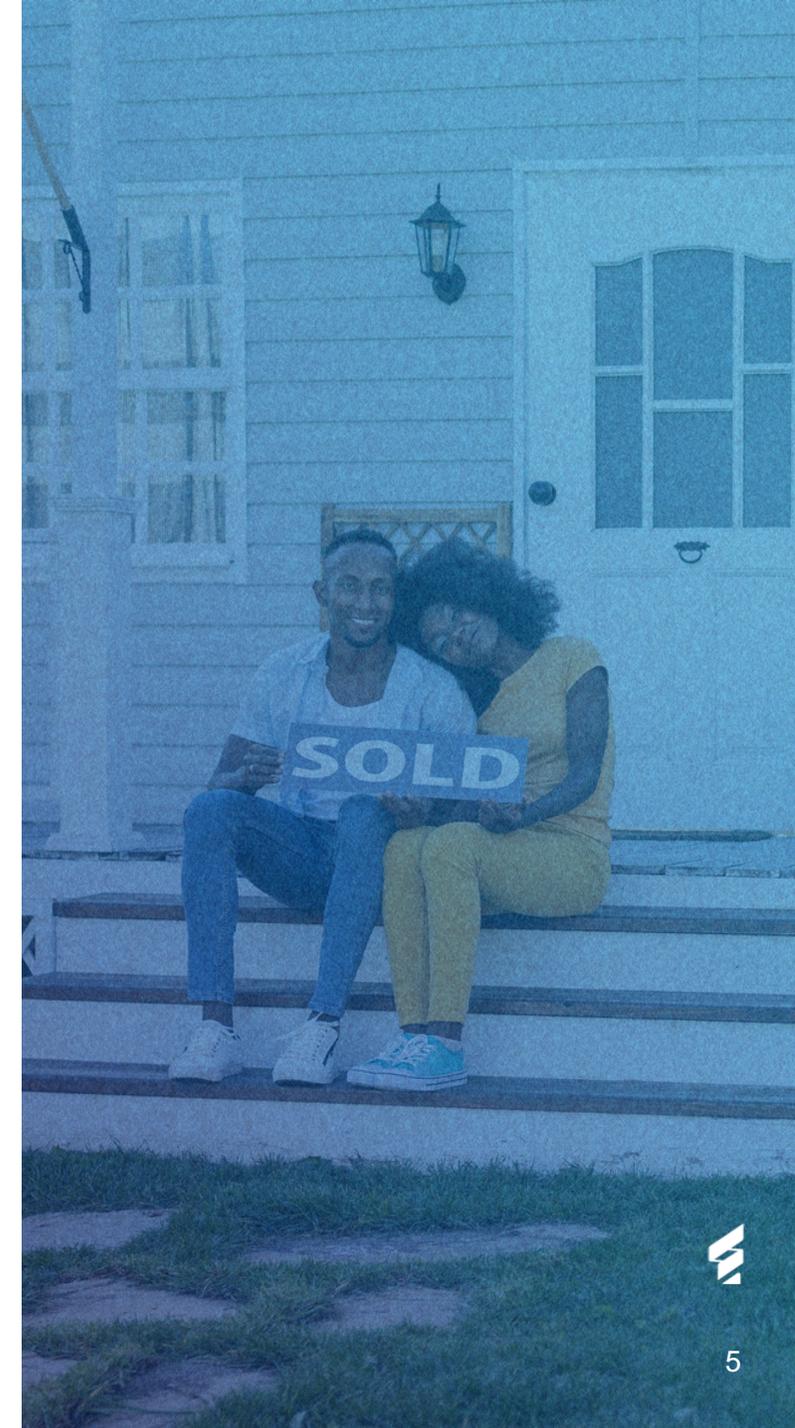
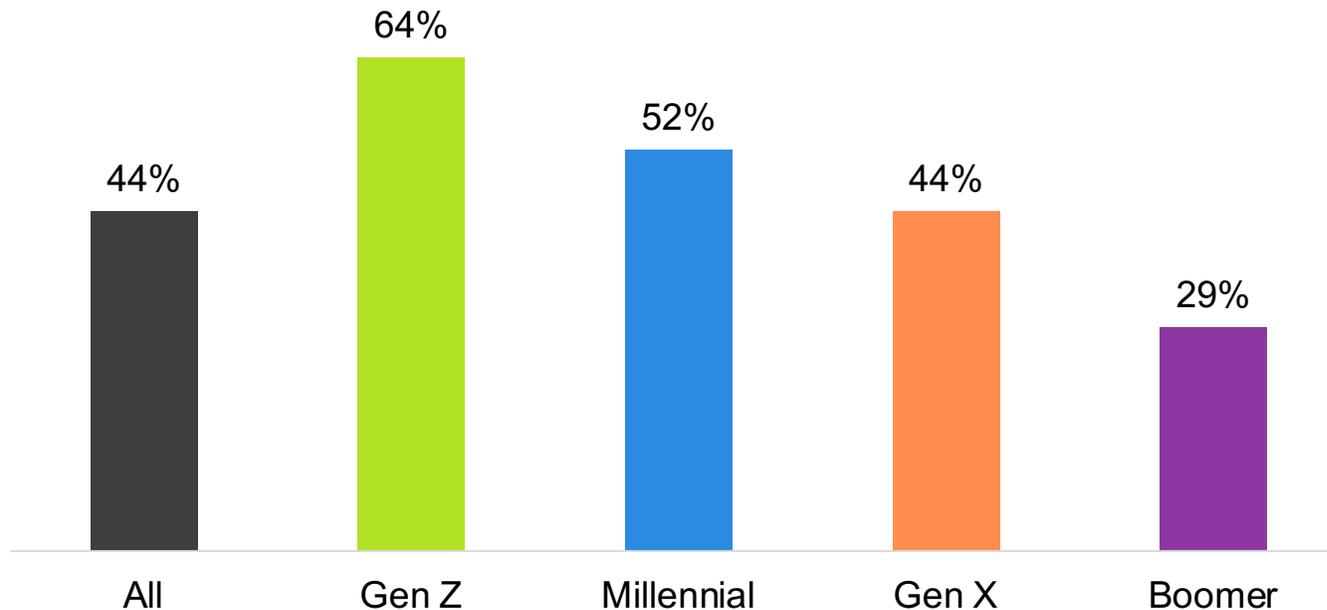
Somewhat surprisingly, more than 1 in 10 people are insufficiently familiar with their mortgage interest rate to quote it, even within a range. More than 60% report a current rate of less than 5%.

Current mortgage interest rate	All	Gen Z	Millennial	Gen X	Boomer
Less than 3%	13%	6%	11%	18%	14%
3%-3.99%	26%	20%	29%	26%	22%
4%-4.99%	22%	53%	13%	21%	29%
5%-5.99%	14%	18%	21%	7%	11%
6%-6.99%	9%	0%	11%	11%	7%
7% or more	4%	0%	4%	6%	3%
I don't know	12%	3%	11%	12%	15%



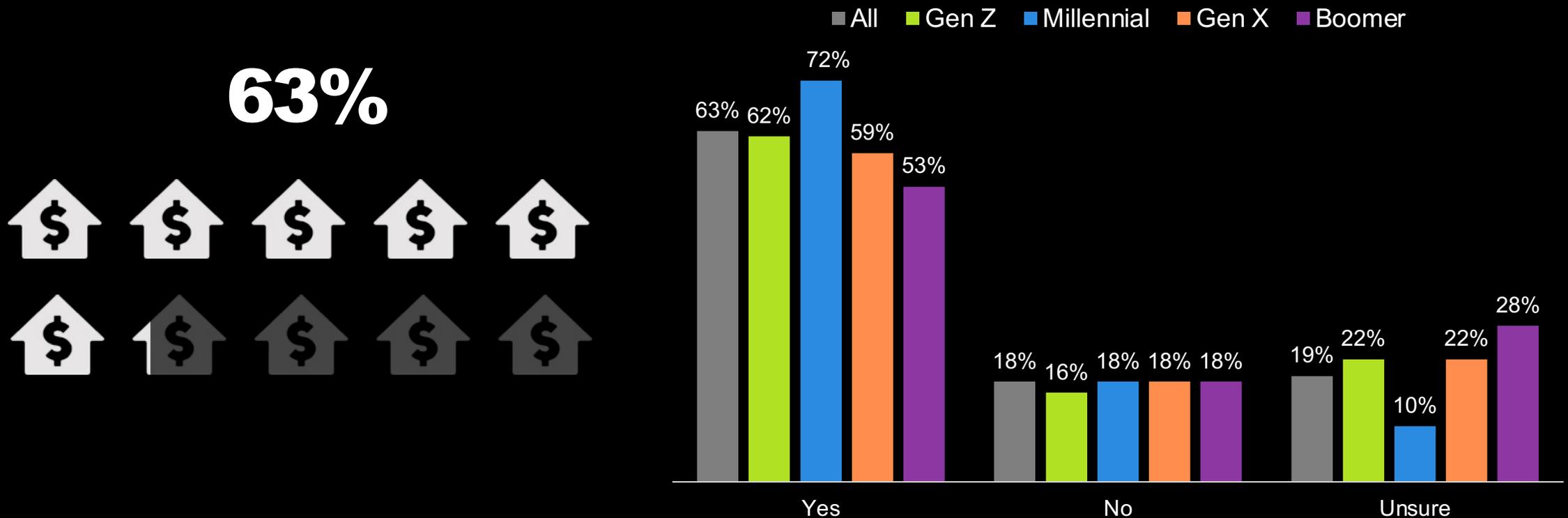
Among all survey respondents, 44% hope to buy a new or first home in the next three years. The reluctance of Boomers to move into smaller retirement properties is reflected in the fact that fewer than 1 in 3 of them plan to relocate, the lowest of any generation.

Plan to buy a new or first home in the next three years



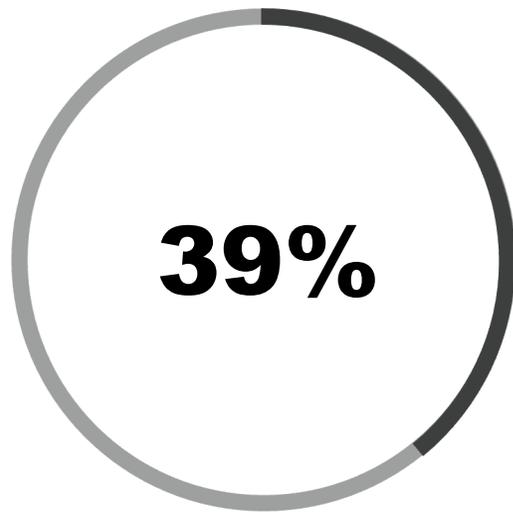
Of those looking to purchase a home in the next three years, nearly two-thirds (63%) anticipate they'll need a mortgage while 19% are unsure.

Will need a mortgage for their next home

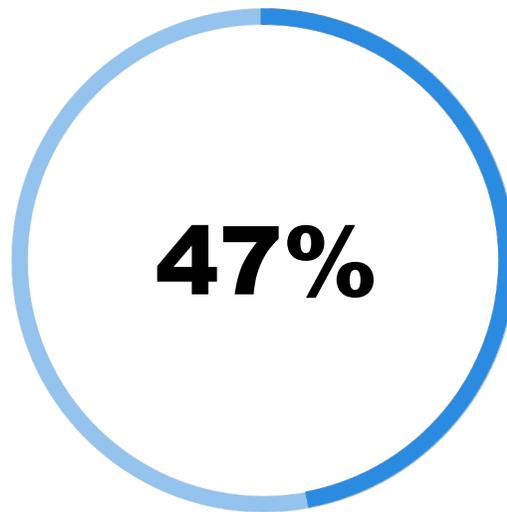


Fewer than 4 in 10 of those who plan a home purchase in the next 3 years would be comfortable making that move today. Nearly half of the men (47%) are willing to make the leap now while fewer than one-third (32%) of women feel the same.

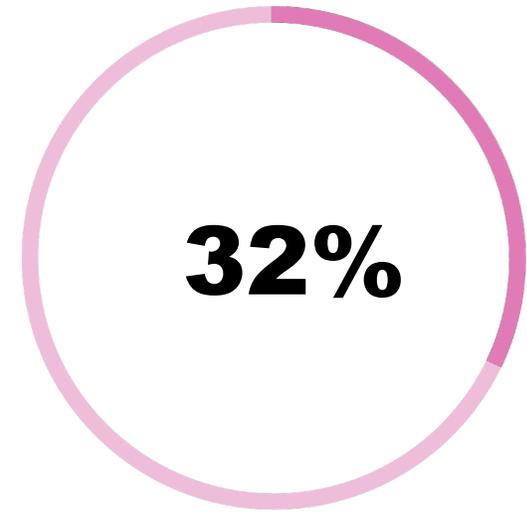
Would feel comfortable buying a home now



All



Men



Women



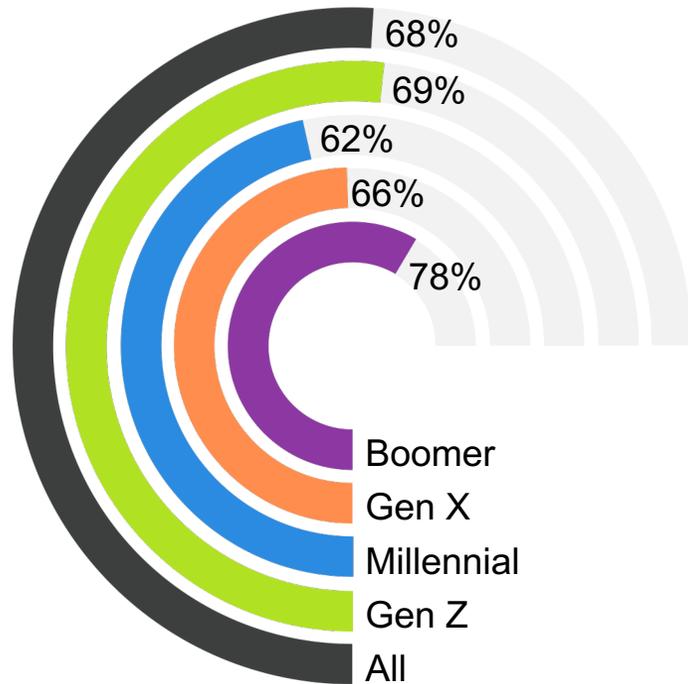
Numerous factors are impacting those uncomfortable with a new home purchase. Cited as influential or very influential were waiting for home prices to drop (65%), a shortage of funds for a down payment (63%), concerns about the economy (62%), and the anticipation that interest rates will drop (60%).

Factors influencing unwillingness to buy a home now

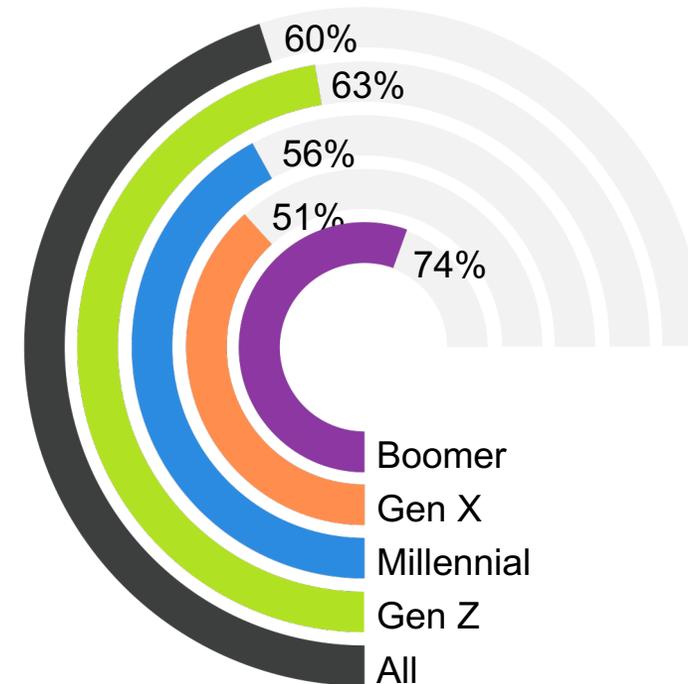


Significant generational differences appear twice in factors impacting readiness to buy a home. The first is home prices, which is more influential for Boomers (78%). The second is interest rates, where Boomers (74%) are significantly higher than the next highest generation (Gen Z, 63%).

Factors influencing unwillingness to buy a home now



Waiting for home prices to drop



Waiting for interest rates to decline



Among those for whom today's interest rates are a concern, rates have to decline dramatically for prospective buyers to feel comfortable. Even 73% of Boomers, who lived through tumultuous times in the 1970s and years of 7% interest rates, are looking for a rate below 4%.

Interest range needed to be comfortable buying a home	All	Gen Z	Millennial	Gen X	Boomer
Less than 3%	29%	39%	18%	34%	30%
3%-3.99%	40%	27%	47%	38%	43%
4%-4.99%	16%	13%	15%	12%	22%
5%-5.99%	8%	8%	7%	13%	5%
6%-6.99%	7%	9%	14%	3%	0%
7% or more	0%	3%	0%	0%	0%



Inflation



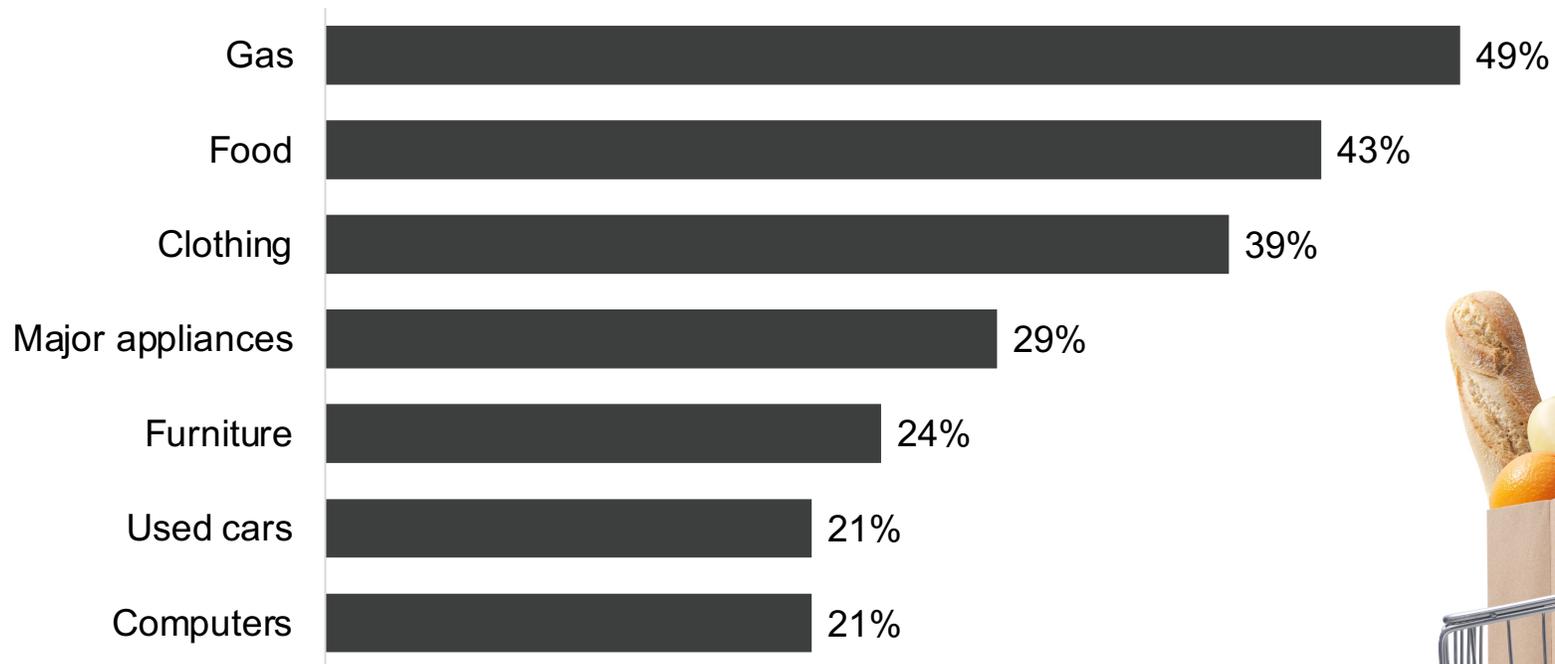
While virtually everyone seems to be cognizant of prices increasing, only 21% of respondents report having seen a recent price decline within categories they purchase regularly.

Have noticed price decreases in frequently purchased categories



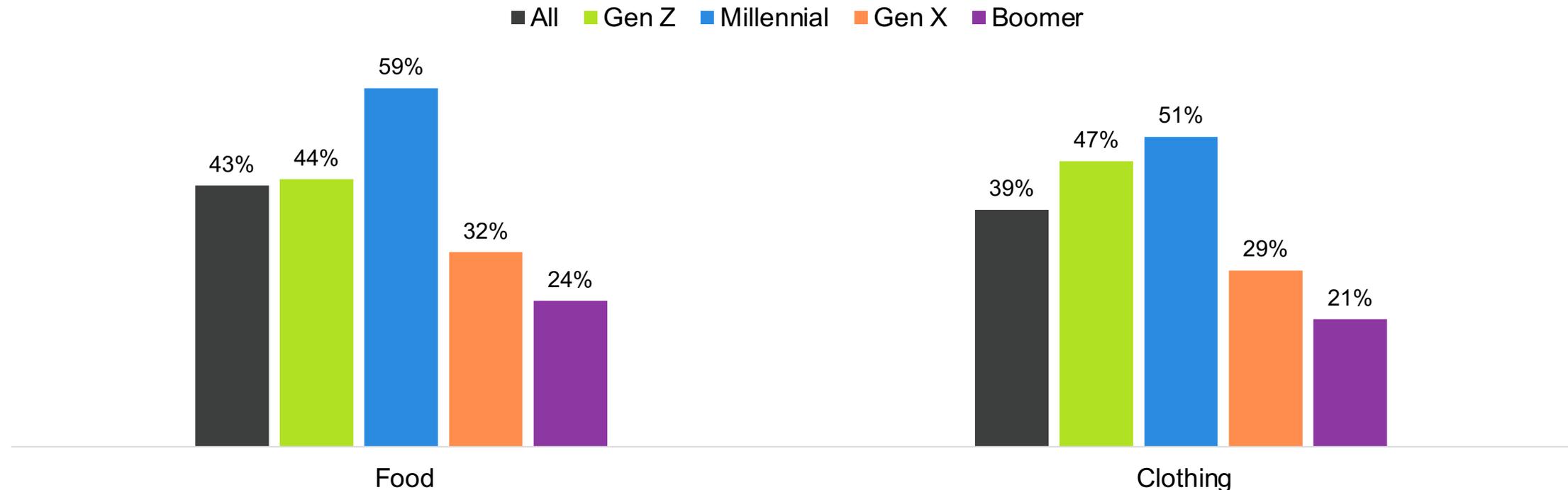
Of the categories in which respondents have noticed price declines, gas (49%) and food (43%) are the most common categories.

Categories noticed price decreases in



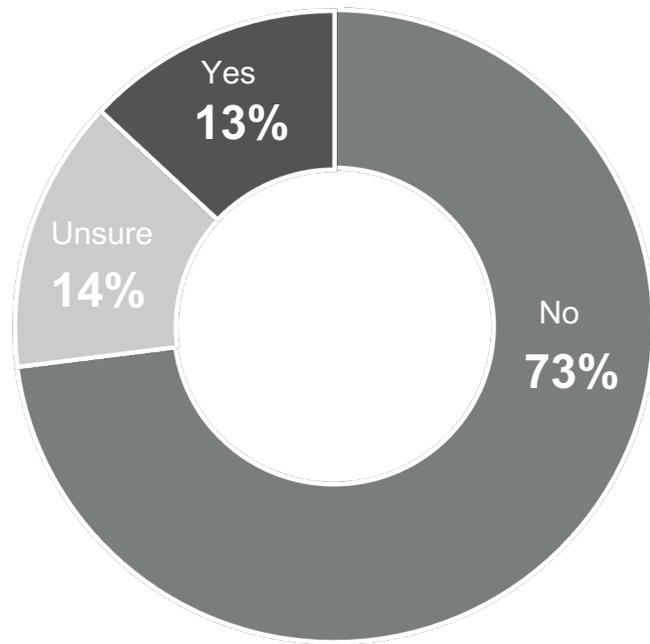
Few of the purchased categories demonstrate a generational bias, but food and clothing stand out. 59% of Millennials have noticed a decline in food prices compared to only 24% of Boomers. A similar bias is demonstrated in clothing, where 51% of Millennials have noticed a price drop vs. only 21% of Boomers.

Categories in which price decreases have been noticed



Almost three-quarters (73%) of all respondents feel inflation is yet to be brought under control.

Believe inflation is under control



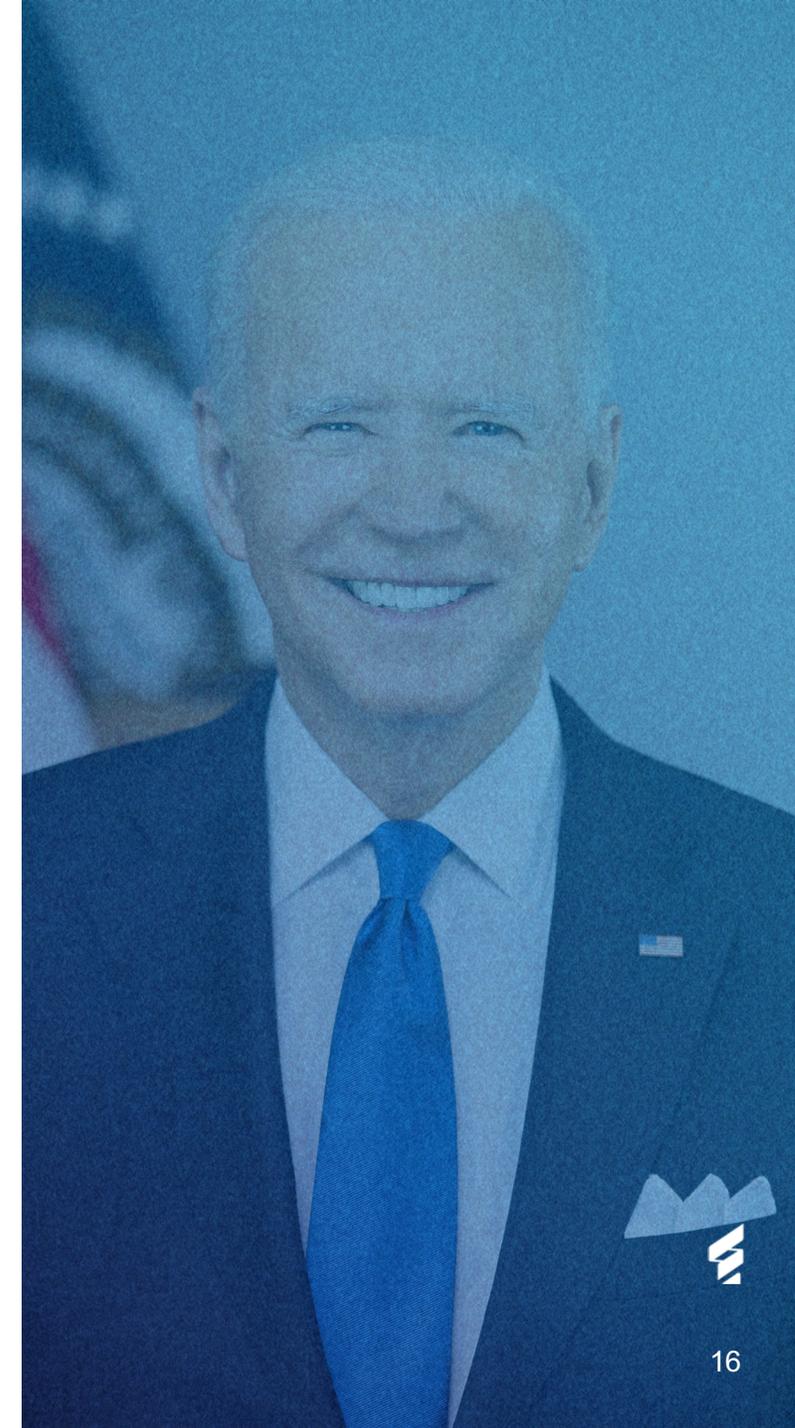
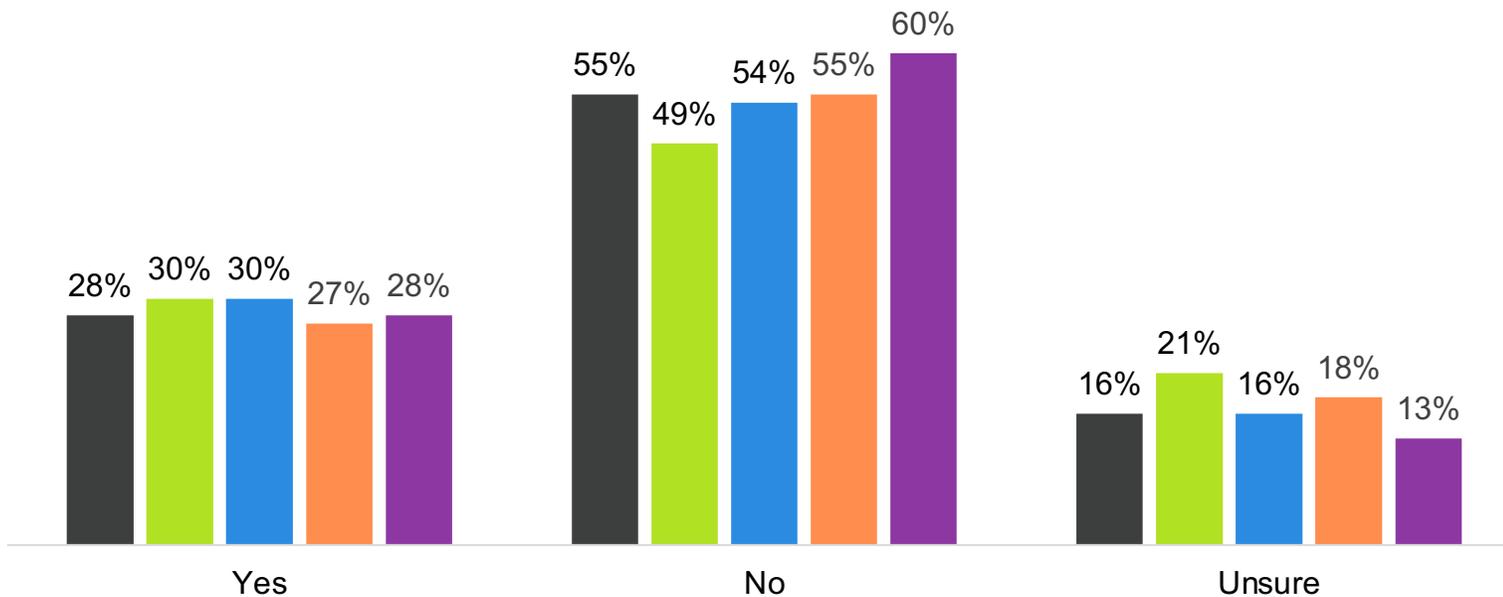
All



Only about 1 in 4 people (28%) are confident that the current administration can bring inflation under control while over half (55%) believe it cannot.

Believe the current administration can manage inflation

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Nearly 1 in 5 respondents (18%) aren't confident that they can establish a realistic rate of inflation. Another 1 in 5 have a fairly unrealistic expectation of a rate of 1% or less.

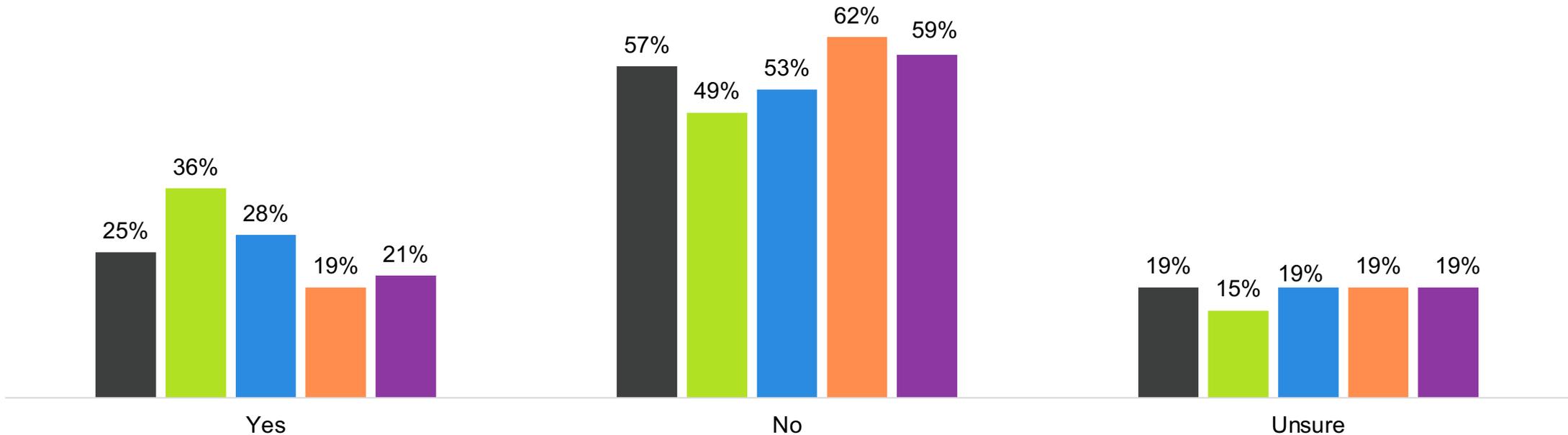
Realistic rate of inflation	All	Gen Z	Millennial	Gen X	Boomer
0%	4%	5%	4%	5%	4%
.01%-1.00%	16%	11%	17%	17%	17%
1.01%-2.00%	19%	21%	15%	19%	23%
2.01%-3.00%	15%	15%	12%	16%	17%
3.01%-4.00%	12%	16%	17%	10%	7%
4.01%-5.00%	5%	6%	5%	3%	5%
More than 5%	10%	15%	11%	10%	8%
Unsure	18%	12%	19%	20%	18%



Only 1 in 4 people (25%) are confident their income will keep pace with inflation in 2024 while more than half the respondents (57%) believe their income will not keep them whole.

Believe their income will keep up with inflation

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Men (33%) are more than twice as confident as women (16%) that their income will keep pace with inflation.

Believe their income will keep up with inflation

33%

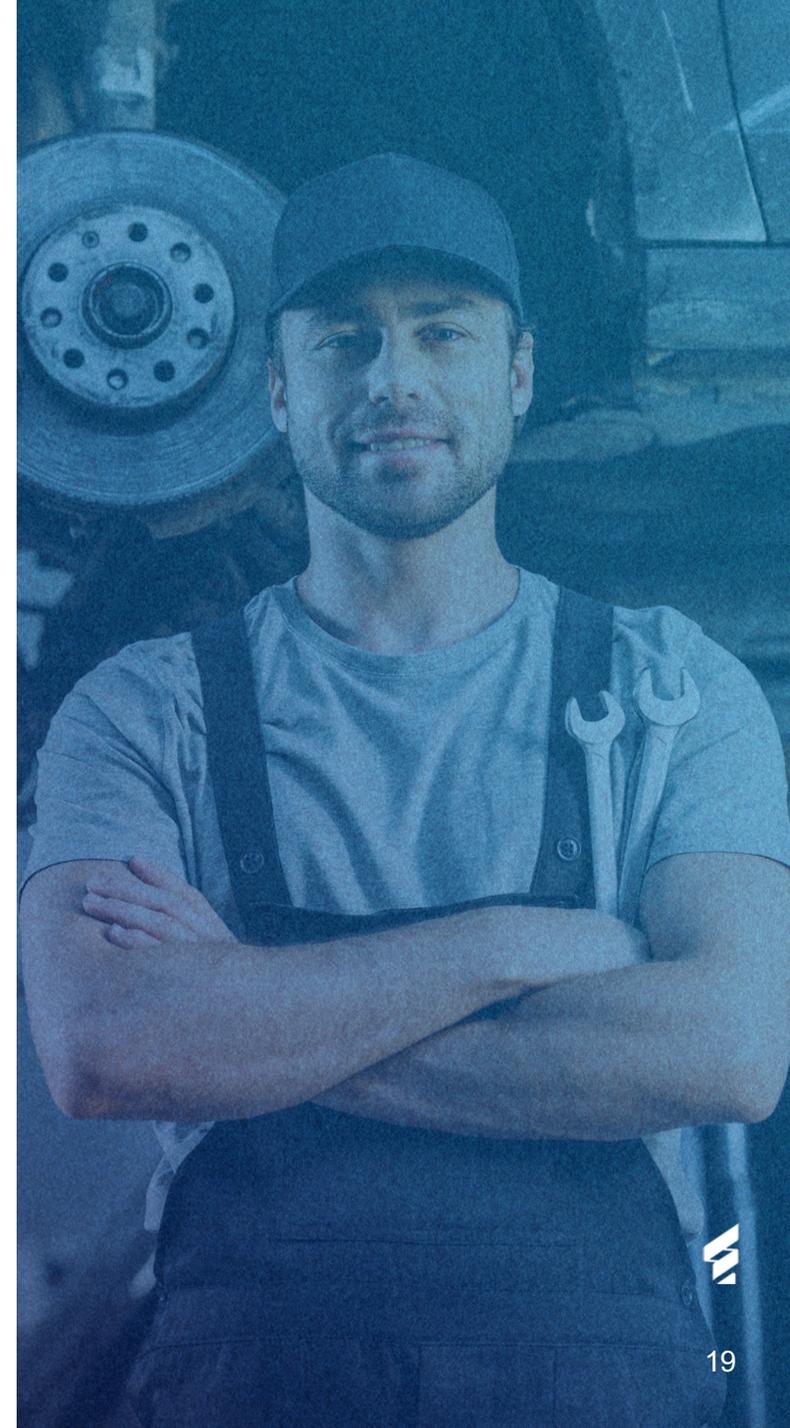


Men

16%



Women



Taking the Pulse of Housing & Inflation Rates

N = 868
MOE ± 3.33%
Panel: General Population
Collected: 2/16/24-2/17/24



Gen Z
11%



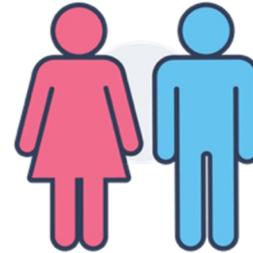
Millennial
32%



Gen X
27%



Baby Boomer
30%



Female
51%

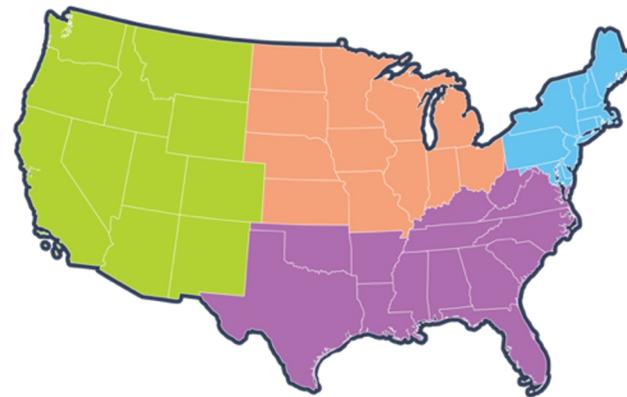
Male
49%



Urban
34%

Suburban
44%

Rural
22%



Northeast
17%

Midwest
21%

South
38%

West
24%



Do you want to take the Pulse of *your* consumers?

Our insights team will partner with you to design a study that will help you better understand your customers and their problems, and how your brand can win at retail.

To learn more about what our Four-Part Process and custom research studies can do for you, contact:

Jenni Becker SVP, Business Development
jenni.becker@salesfactory.com

The logo for Sales Factory Consumer Pulse is centered on the right side of the slide. It features the words "SALES FACTORY" in a small, white, sans-serif font above the word "Consumer" in a larger, white, sans-serif font. To the right of "Consumer" is the word "Pulse" in a bold, white, sans-serif font, with a stylized blue lightning bolt symbol integrated into the letter 'e'. The background of the slide is a blue-toned collage of data visualizations, including line graphs, bar charts, and scatter plots, with various numbers and symbols scattered throughout.

SALES FACTORY
Consumer **Pulse**