



Numerator

NEW FRONTIERS

Decision-Making in a Hot Housing Market

Though finally showing signs of stabilization, the housing market is coming off a historical rise in cost, impacting a significant number of households



Jun 22, 2022 - Economy & Business

Home prices keep rising, even as the market cools

Low inventory, fervid competition and massive price gains have battered buyers since 2020, but now [rapidly rising mortgage rates](#) are making it even harder to purchase an affordable home.

THE OUTLOOK

The record surge in home prices and rents over the past year exacerbated affordability challenges nationwide. Soaring prices for everyday necessities, on top of high housing costs, have added to the pressure on household budgets, especially among lower-income households and households of color. Indeed,

Affordability Is Crucial

With an [unemployment rate](#) and economy that are still recovering from the global pandemic, many Americans are looking to move to a different state or city for lower living and housing costs. [Finances and growing expenses](#) were the main reasons behind Americans moving in 2021, with nearly half of Americans [lacking emergency funds](#) to cover higher-cost living expenses.

Wages Can't Keep Up With Spike in Housing Prices

Across the globe, the 10 cities that experienced the largest drops in affordability in 2021 were all in the U.S., new research shows.

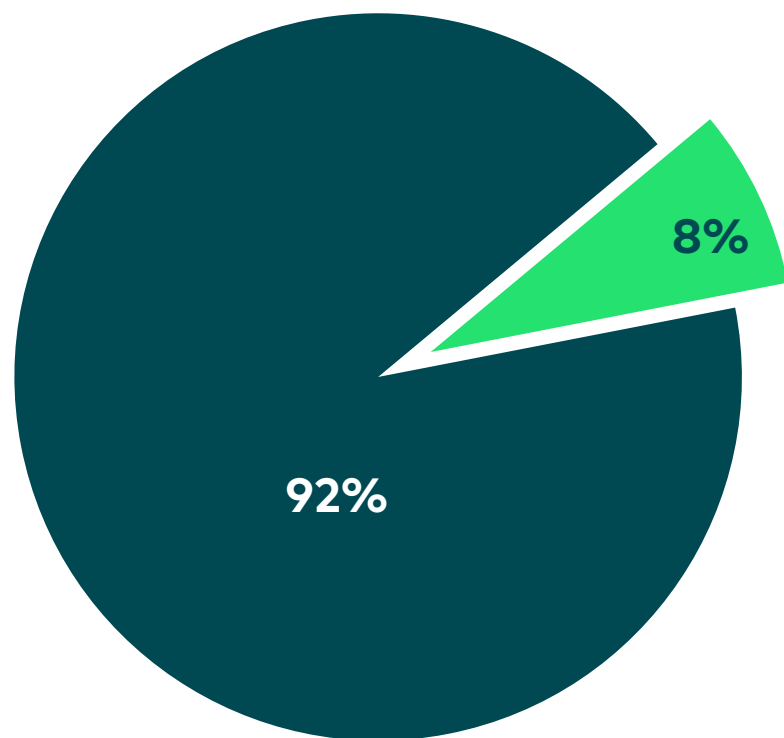


**Americans are on
the move and
shifting away
from urban
environments.**

8% of the US population changed residences in 2021, with more than 20% of these movers purchasing a home

% of US Households Moving Residences

FY 2021

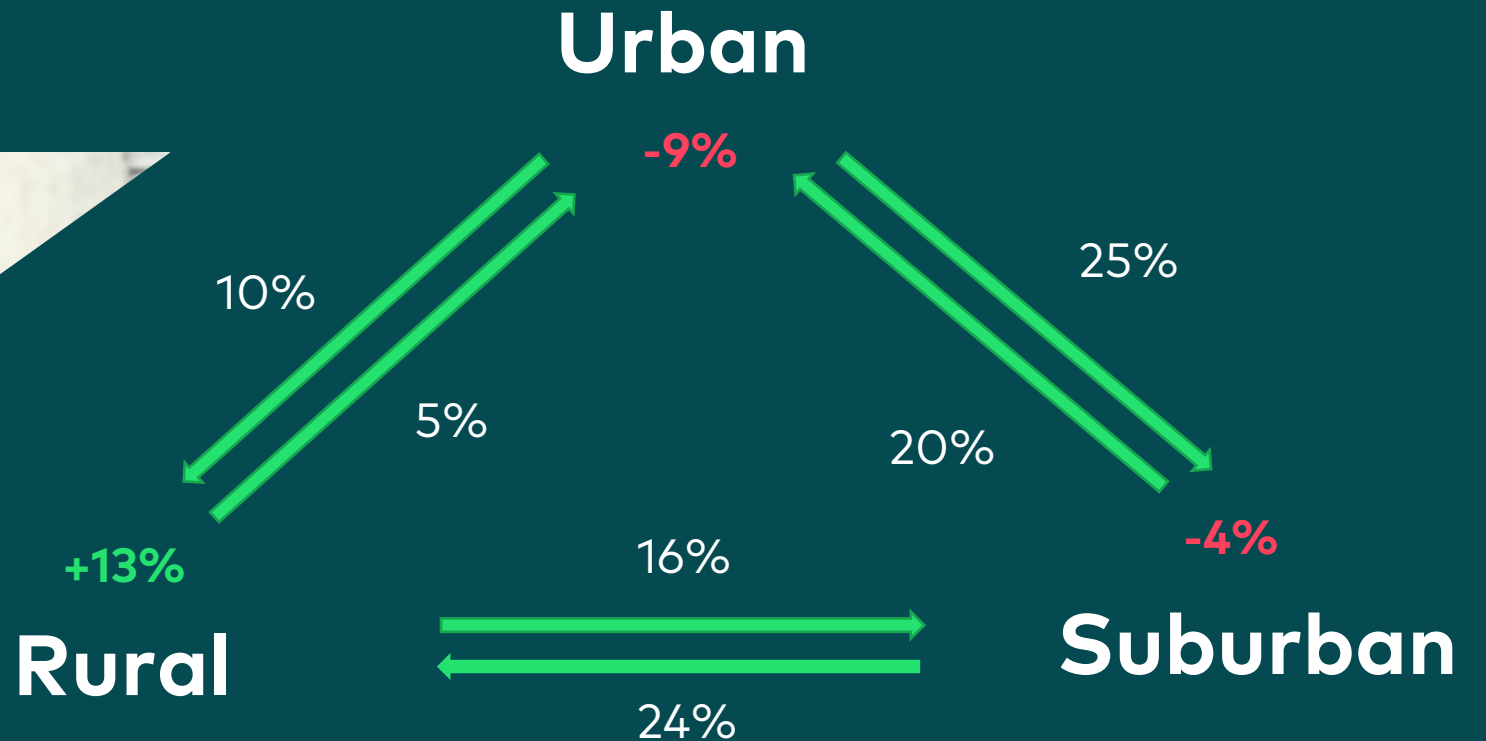


More than **2 in 10** movers or
~6MM households
Purchased a home in 2021

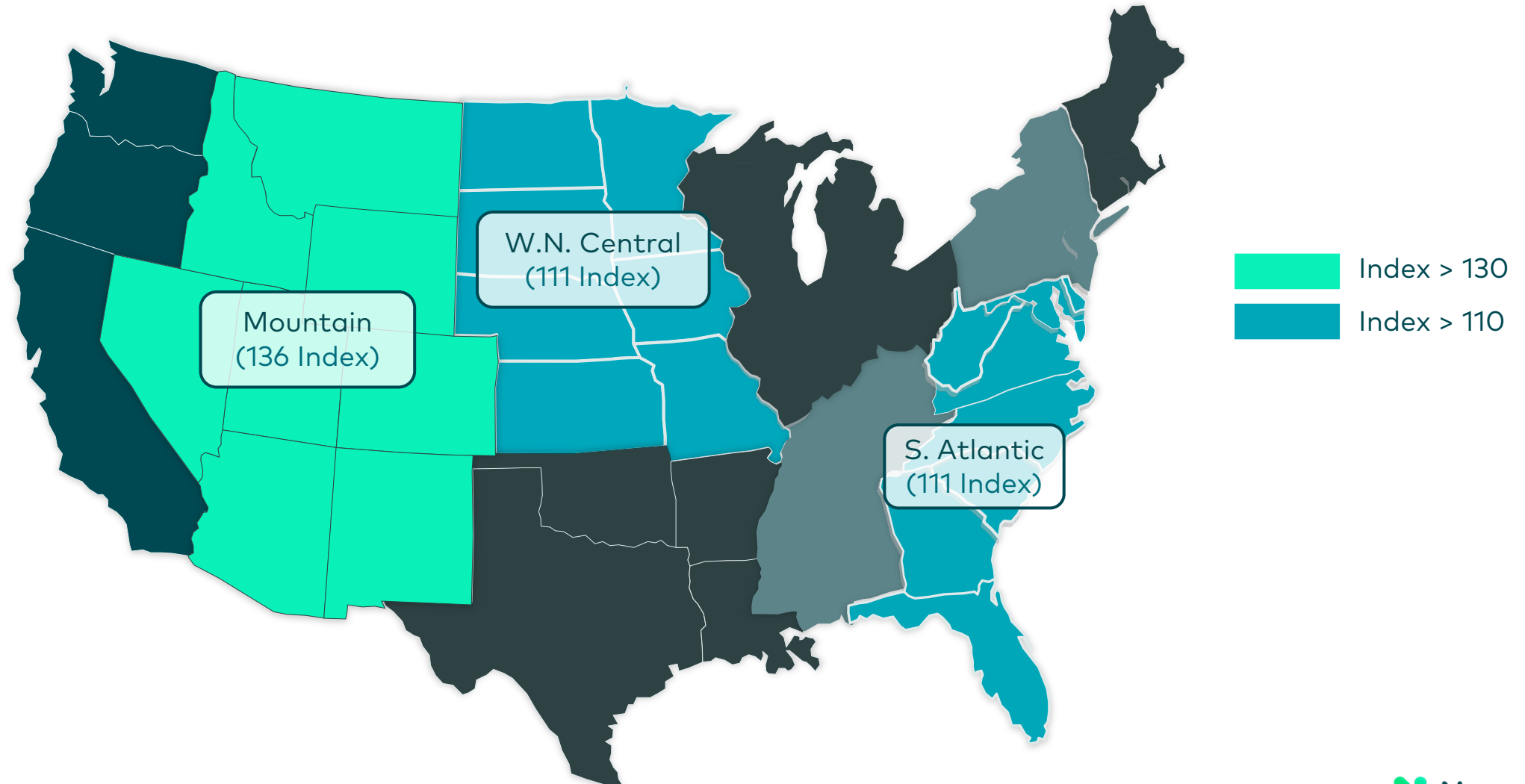
Recent homebuyers are choosing to move outside of urban environments when purchasing new homes, particularly to more rural areas

~6MM

Purchased a home in 2021



These households are most likely to reside in the Mountain region, followed by the West North Central and South Atlantic census divisions



Overall, these new households consist mostly of young, affluent Millennial couples and young families

Demographics

%, Index vs All Shoppers



Income

High Income (53.0%, 113)
\$125k+ (31.2%, 118)



Age

Millennials (40.0%, 161)
25-34 years (26.8%, 166)
35-44 years (23.9%, 136)



Education

Graduate Degree (19.3%, 120)
4-year degree or more (49.2%, 117)



Ethnicity

Caucasian (63.1%, 97)
Hispanic/Latino (15.6%, 112)
Asian (9.2%, 154)



Lifestage

Large Younger Family (17.5%, 128)
Young Couples (8.9%, 214)
Young Singles (11.2%, 128)
New Family (3.3%, 201)



Younger Children

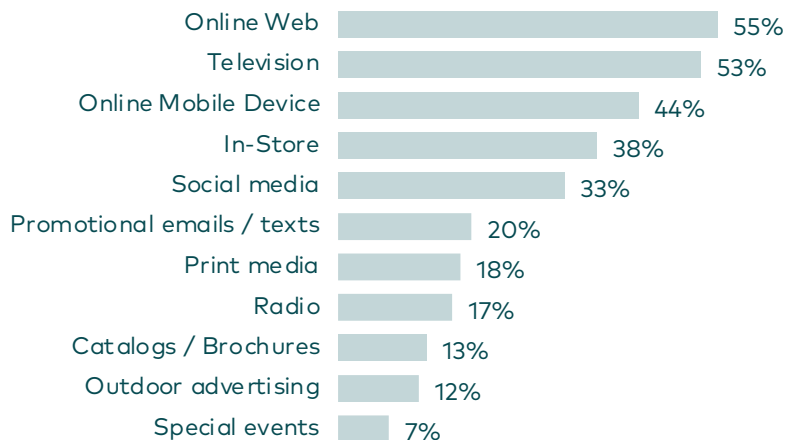
Children Ages 0-5 (12.6%, 154)
Children Ages 6-12 (17.4%, 124)

Recent homebuyers are more likely to consider themselves spenders & enjoy more active hobbies than an average shopper



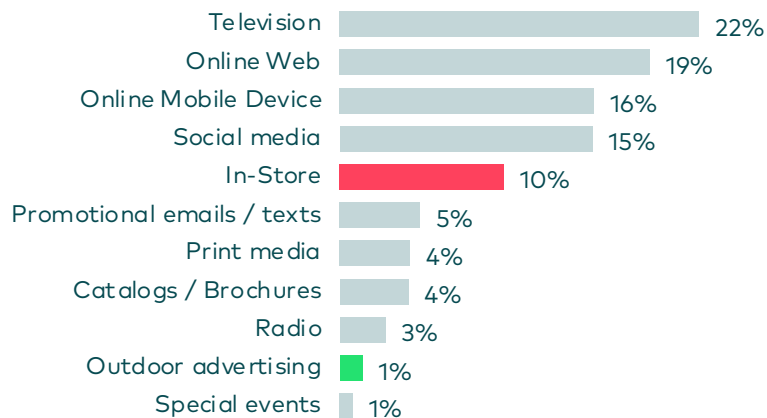
EXPOSED TOUCHPOINTS

Advertising



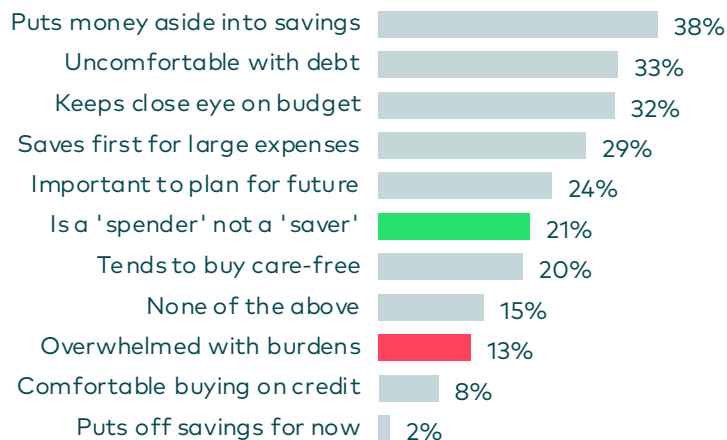
MOST INFLUENTIAL TOUCHPOINTS

Advertising



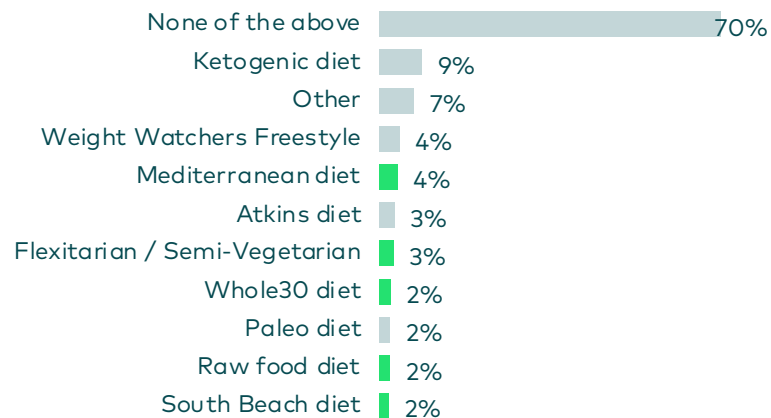
FINANCIAL ATTITUDES

Household



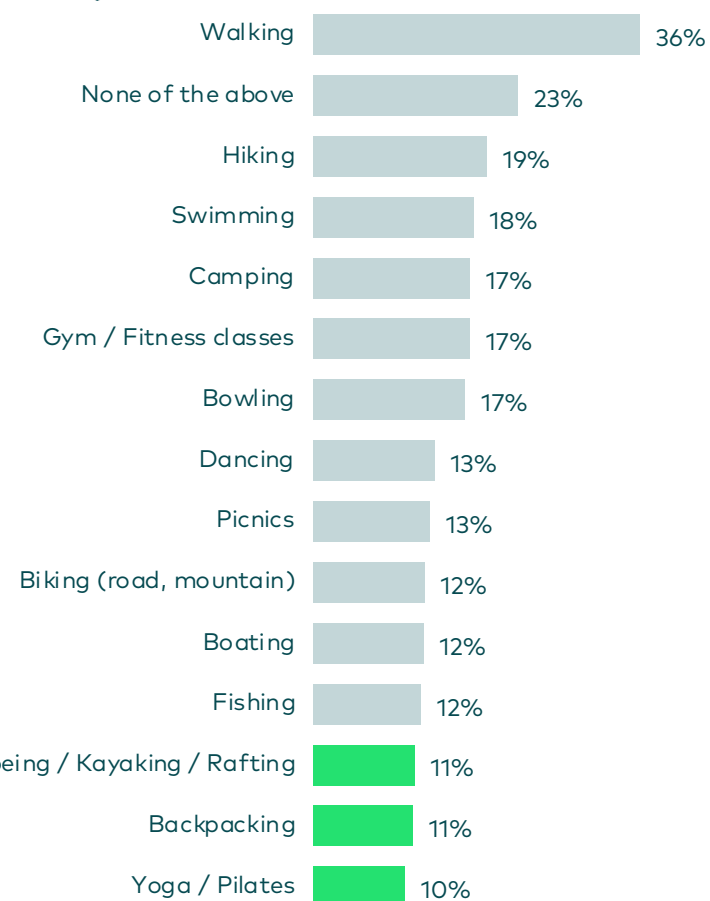
DIET PROGRAMS IN THE HOUSEHOLD

Eating



ACTIVITIES (TOP 15)

interests



Recent homebuyers are also dining out consistently, health-conscious, engaged via eCommerce, and have a positive opinion towards private label



They order online **weekly**



They eat out **6+ times per week**



They perceive Private Label Value and Quality as **excellent**



They are **very active** in managing their health

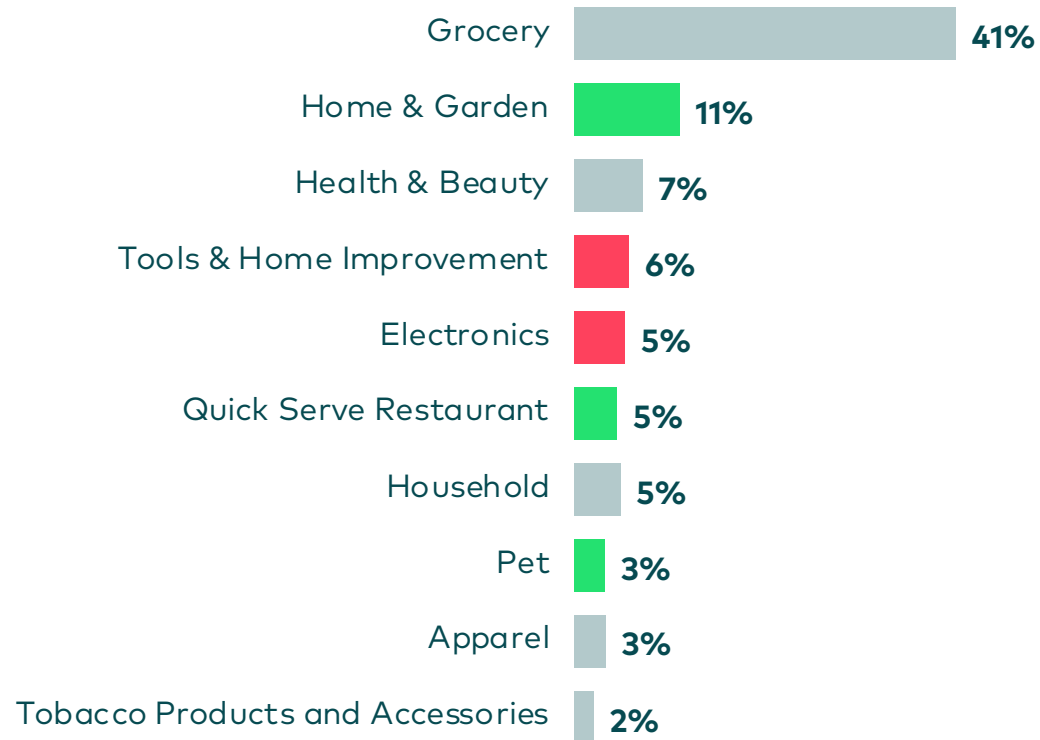


Recent homebuyers are balancing a busier lifestyle, increasing spend on **Pet** and **Home & Garden**, and leaning more on **quick / convenient food options.**

They have increased their expenditure across the board, with purchases relating to their home & garden taking a higher % of spend...

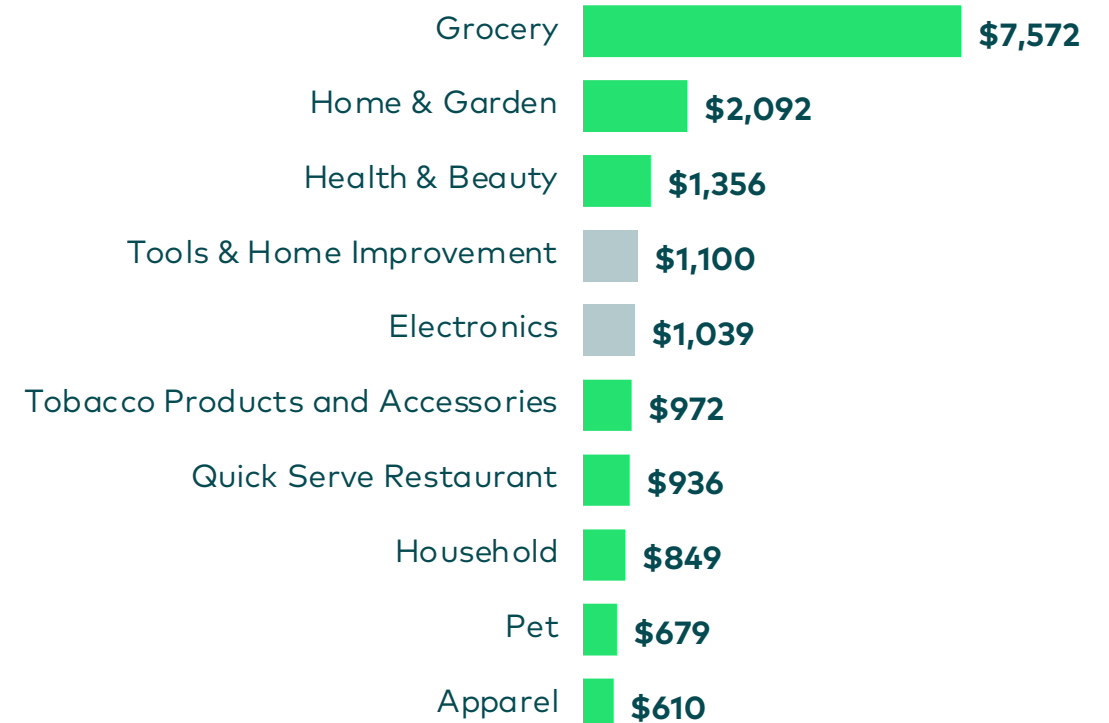
Recent Homebuyers

% Spend, YOY Index



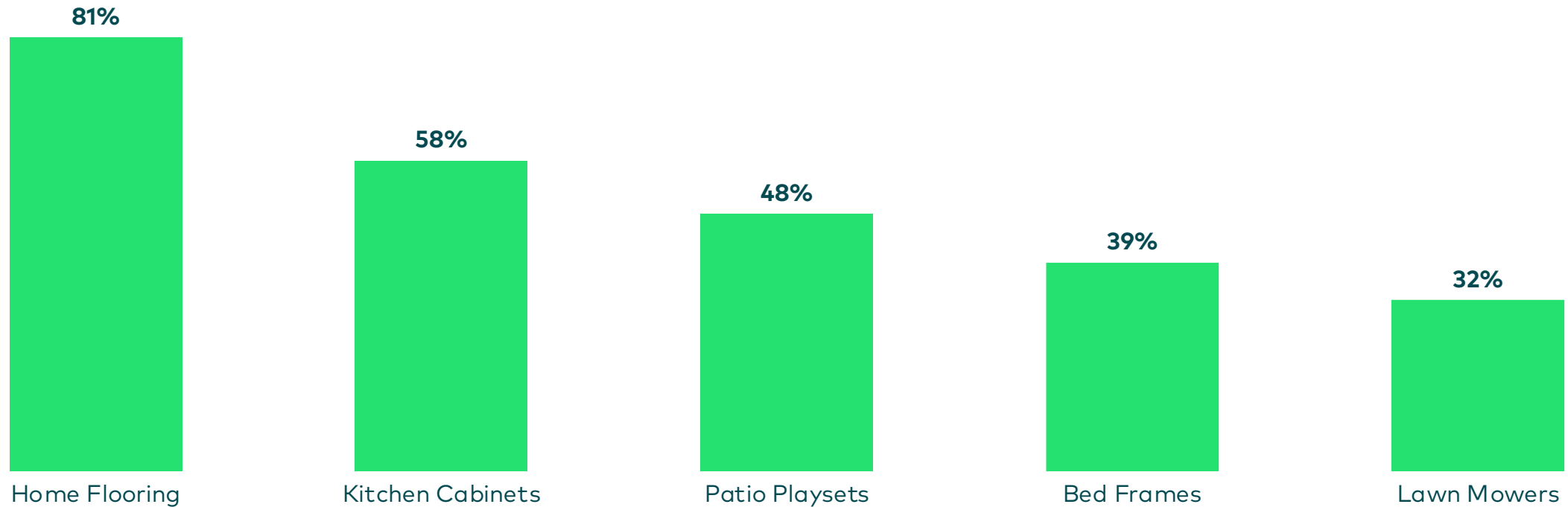
Recent Homebuyers

Buy Rate, YOY Index



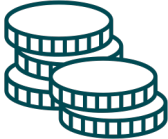
... specifically in large, expensive purchases one would expect upon move-in, such as Home Flooring, Kitchen Cabinets and Patio Playsets

% Buy Rate Increase, YoY for Major Categories Among Recent Homebuyers



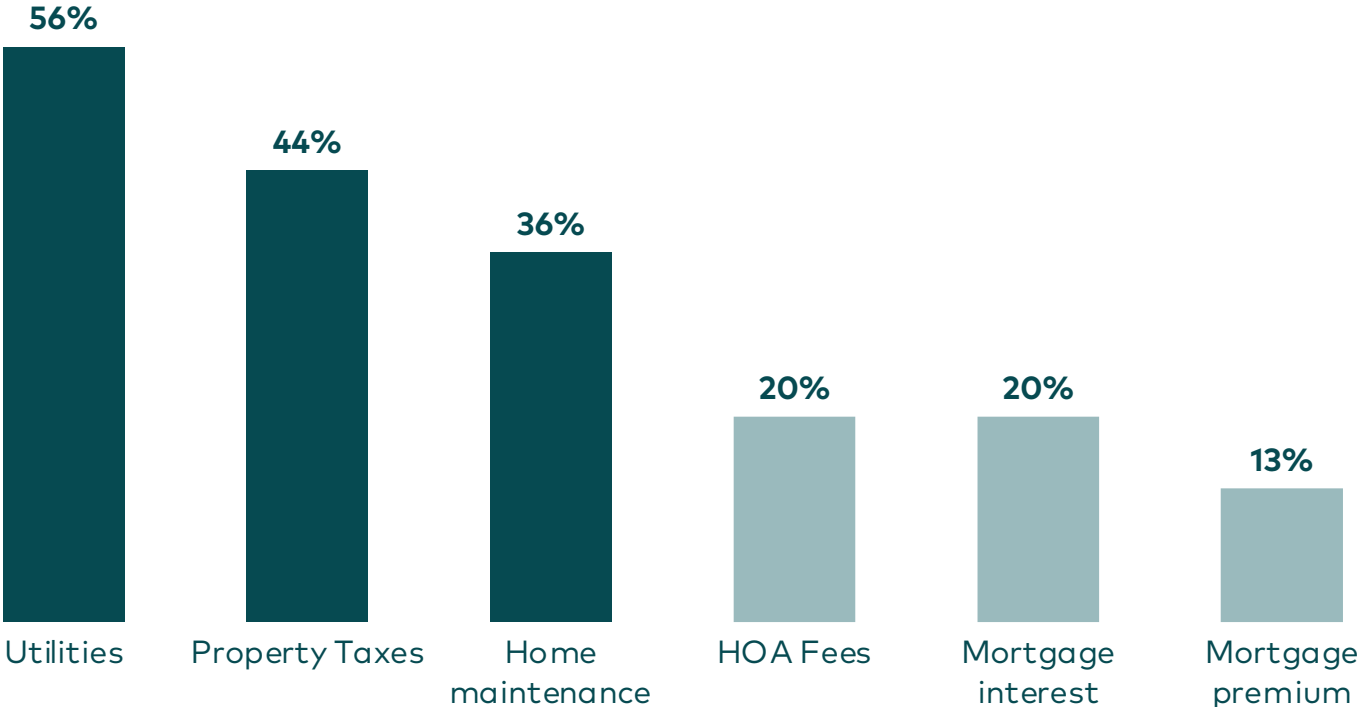
But now, these households are dealing with a variety of rising housing expenses across the board

Increase in housing-related expenses




74%

Of recent homeowners say that housing expenses have increased in the past year



Q12_Which of the following housing-related expenses, if any, have increased in the past year for you? Numerator Survey, July 2022, Total n=2982



Rising housing expenses are causing **5** of **6** recent homebuyers to reduce costs.

MaxDiff: Basics

What is it?

Also known as best-worst scaling, MaxDiff is an analytic approach used to gauge preference scores for different items. A shopper will see a list of 4 or more attributes (as a subset from a longer list) from which they have to select the one that they prefer most and the one that they prefer least. This process repeats over many screens.

Why use a MaxDiff?

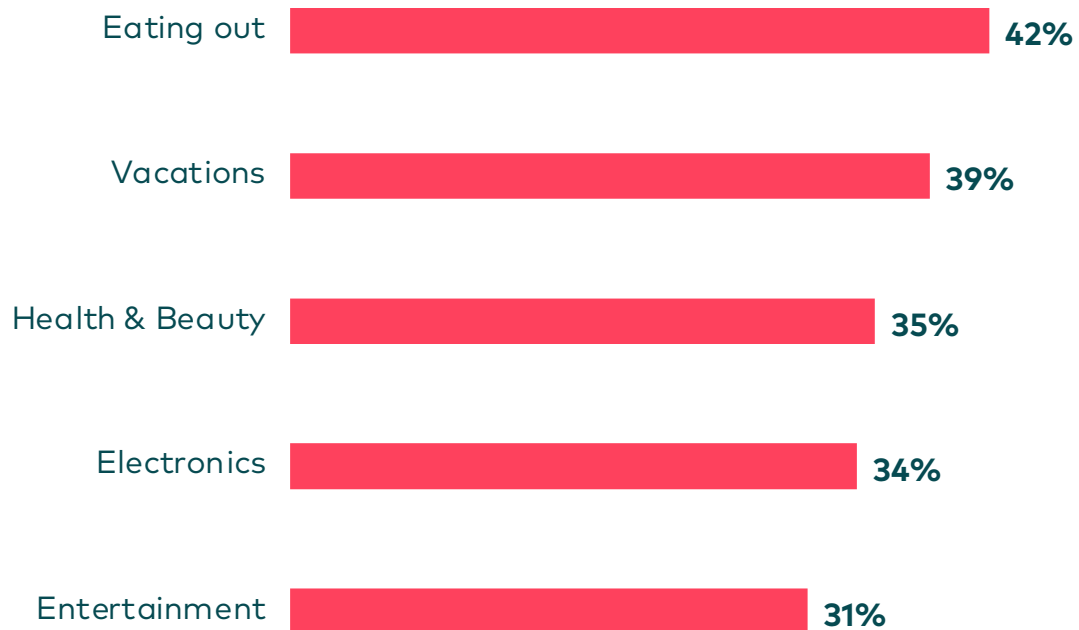
MaxDiffs break longer lists of attributes into smaller rating tasks, creating an easier exercise for shoppers. On the back end, the MaxDiff will show more significant discrimination than standard rating scale questions.



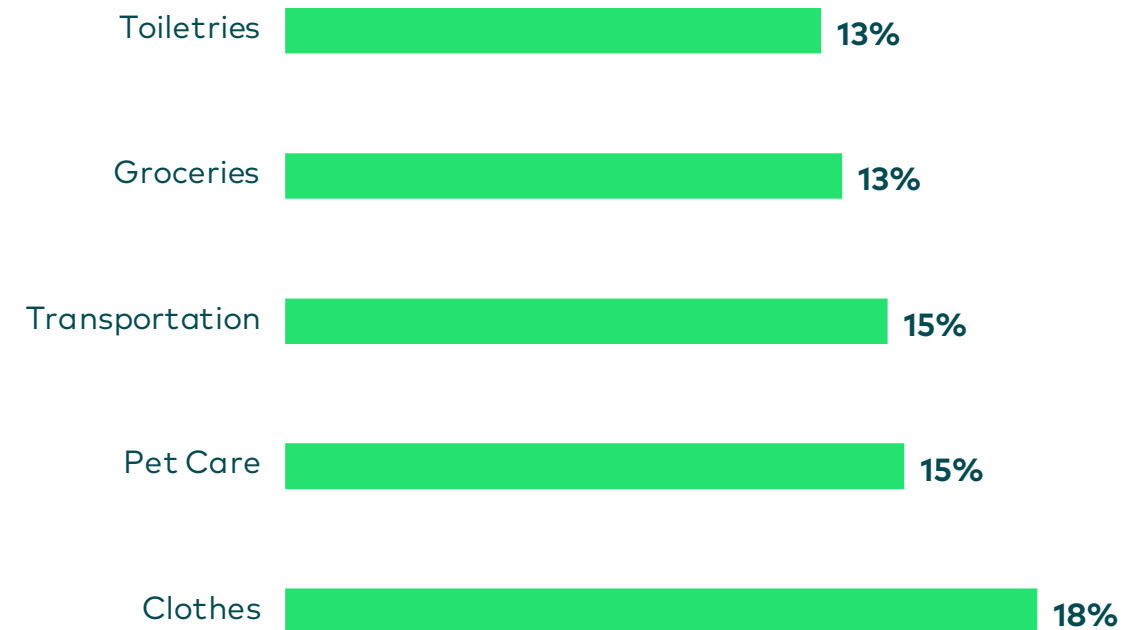
Recent homebuyers are tightening their purse strings in response to rising costs of home ownership

85% of new homeowners will reduce spending in response to the increase in housing expenses.

Most likely to reduce spend on



Least likely to reduce spend on

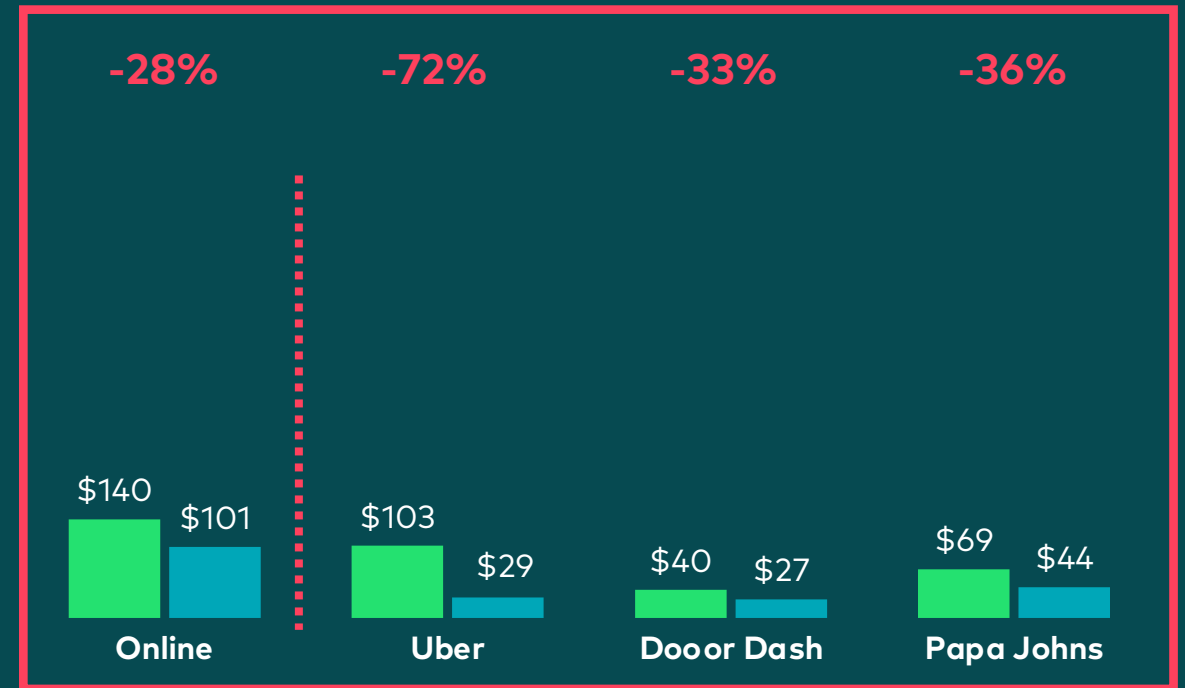
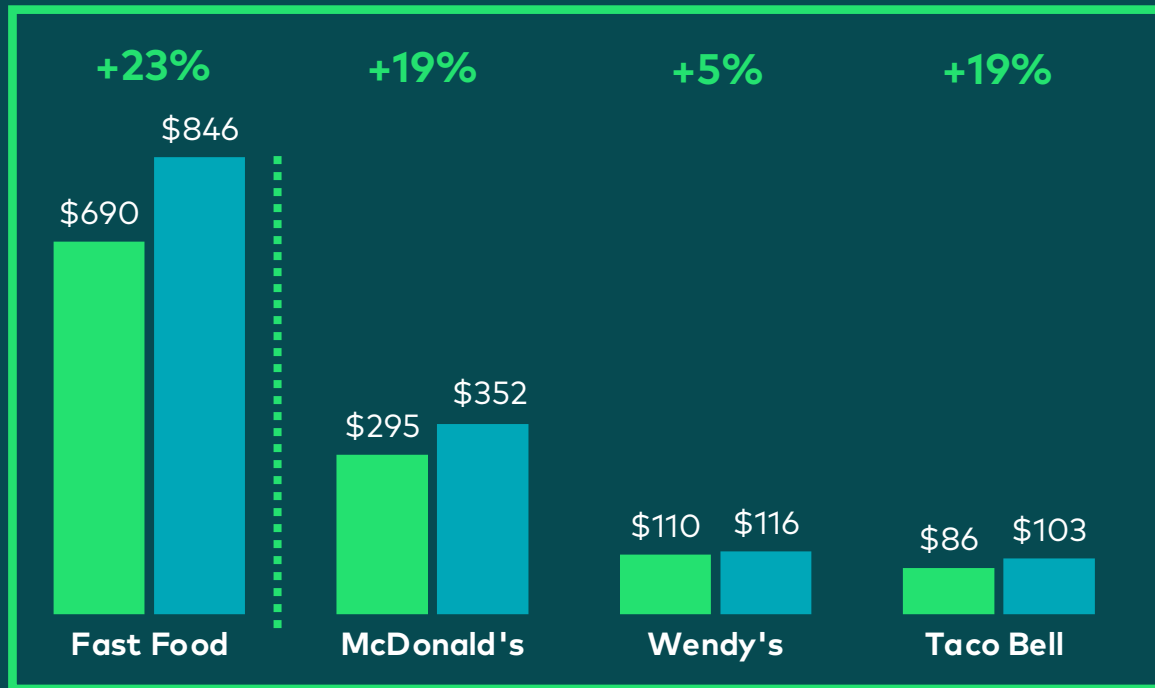


Fast Food Retailers with increasing Buy Rate might be in a better position to weather the storm than Online channels, which are being shopped less

Buy Rate, by Channel & Retailer

52wk rolling, June '20-June '22

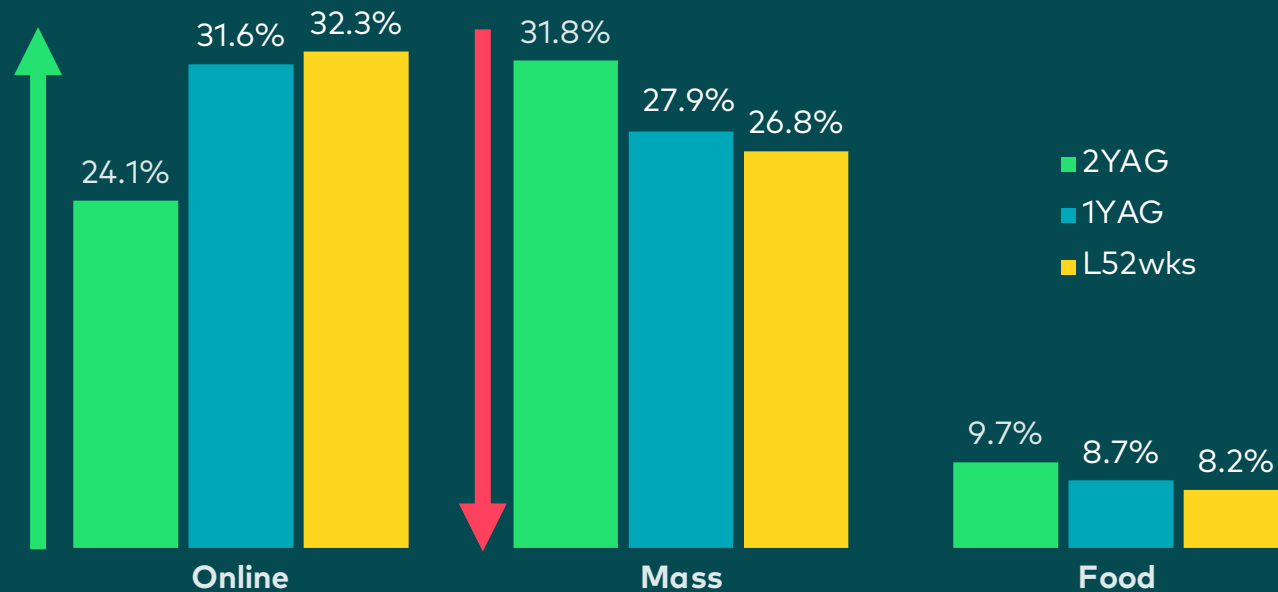
■ 52 weeks E/O '06 2021
■ 52 weeks E/O '06 2022



As recent homebuyers begin to reduce their spend in Health & Beauty, prioritizing Online channel performance will help mitigate some of the losses

% of Spend, Health & Beauty

52wk rolling, June '20-June '22



- For recent homebuyers, online has been steadily growing % of Spend within Health & Beauty, at the expense of Mass & Food channels
- As they cut expenditure in Health & Beauty, you can expect further cuts in Mass & Food channels
- *Strong online presence will be key in retaining these new homeowners in the Health & Beauty space.*

They've also been consistently increasing online share of spend in...



Grocery
215 Index vs 2YA



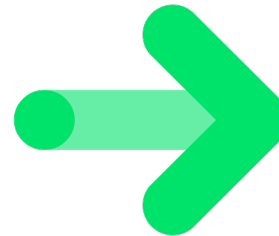
Household
115 Index vs 2YA



Apparel
112 Index vs 2YA



Pet
123 Index vs 2YA

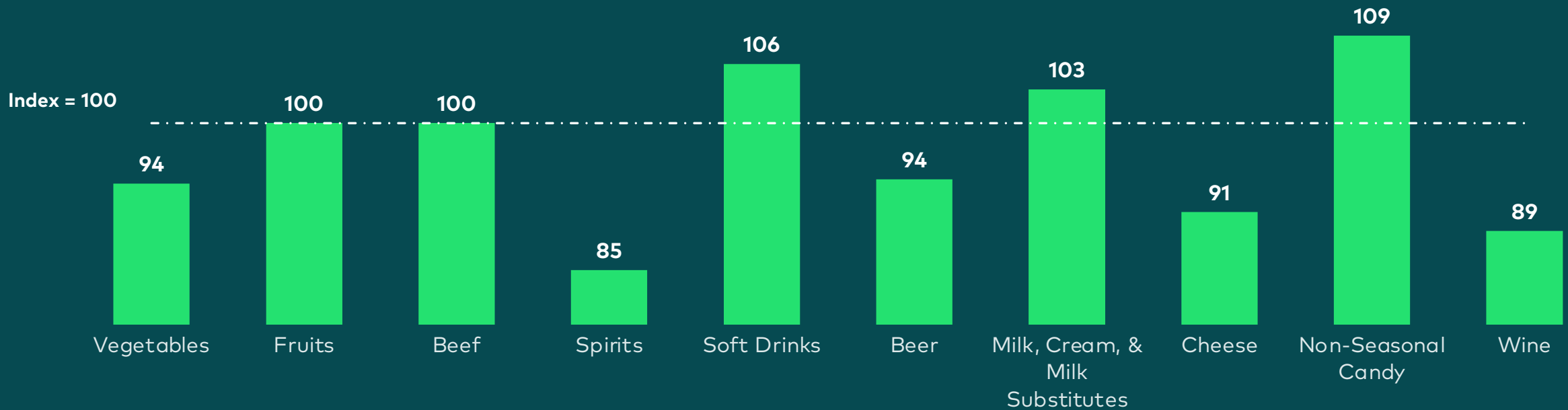


...and given that they're least likely to reduce spend in the above categories, this trend is expected to continue, if not grow

With Grocery least likely to see reduction in spend from recent homebuyers, current expenditure shifts are less likely to significantly shift, as well

% of Spend Index Among Top 10 Grocery Categories

52wk rolling, June '21 - June '22



Private Label has been capturing a higher % of spend for new homeowners in Wine, Spirits, Fruits & Milk categories

Private Label is capturing a higher % of spend in...



Fruit



Milk



Spirits



Wine

And a lower % of Spend in...



Beef



Beer



Cheese




Non-Seasonal
Candy



Soft Drinks



Vegetables

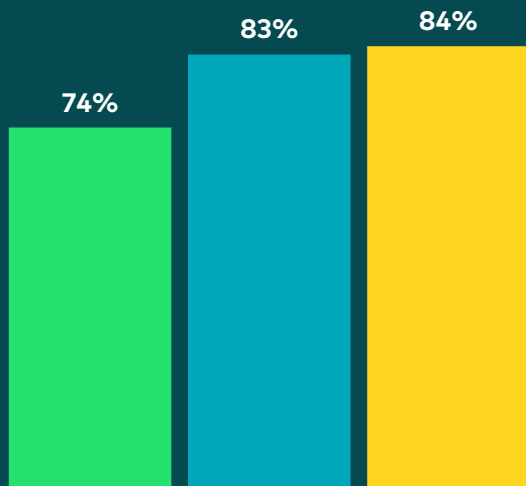


New homeowners are not the only households feeling financial pressure.

Renters and long-term Homeowners have both felt the impact of the housing crisis.

Over 8 in 10 new / long-term homeowners and renters have seen their housing expenses increase; renters are disproportionately impacted

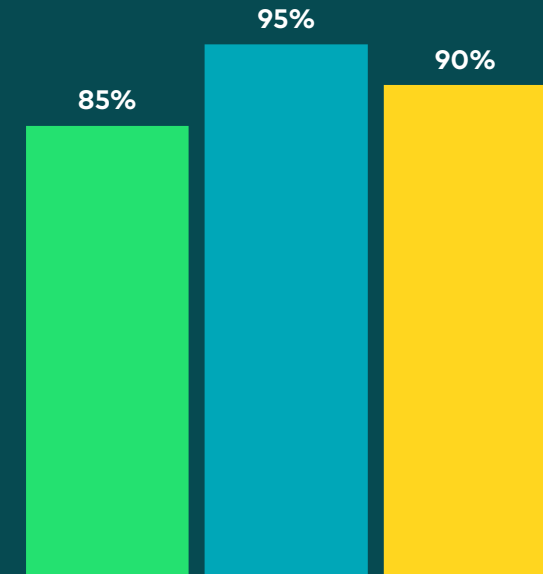
"My housing expenses have increased in the past year"



"Increase in housing expenses is very/fairly impactful to current financial situation"



"I will reduce my spending due to increase in housing expenses"



■ Recent Homebuyers

■ Renters

■ Long-term Homeowners

These vulnerable renters are much more likely to be younger, ethnically diverse, single households in urban areas

RECENT HOMEBUYERS

%, Index vs All Consumers

AGE
 Millennials (40.0%, 161)
 25-34 years (26.8%, 166)
 35-44 years (23.9%, 136)

INCOME
 High Income (53.0%, 113)
 \$125k+ (31.2%, 118)

ETHNICITY
 White (63.3%, 96)
 Asian (10%, 155)

MARITAL STATUS
 Married (57%, 108)

LIFESTAGE
 Large Younger Family (17.5%, 128)
 Young Couples (8.9%, 214)
 Young Singles (11.2%, 128)
 New Family (3.3%, 201)

LIFESTYLE
 Urban Affluent (13.1%, 130)
 Suburban Affluent (14.6%, 123)

RENTERS

%, Index vs All Consumers

AGE
 Gen Z (7.9%, 161)
 21-34yo Millennials (32.3%, 162)

INCOME
 Low Income (40%, 153)
 < \$60K (58.6%, 142)

ETHNICITY
 Hispanic/Latino (19.7%, 150)
 Black/African American (18.8%, 149)

MARITAL STATUS
 Never Married (36.4%, 169)

LIFESTAGE
 Adult Singles (24.7%, 150)
 Young Singles (15.8%, 187)
 Young Couples (6.3%, 154)

LIFESTYLE
 Urban Struggling (13.9%, 190)
 Urban Middle Class (23.1%, 146)
 Suburban Struggling (10.3%, 142)

LONG-TERM HOMEOWNERS

%, Index vs All Consumers

AGE
 Boomers+ (47.6%, 125)

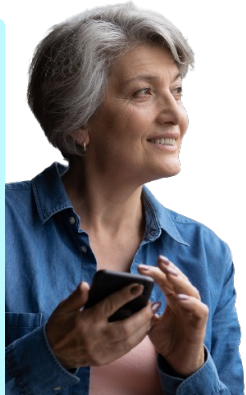
INCOME
 High Income (54.6%, 116)

ETHNICITY
 Caucasian (74.1%, 113)

MARITAL STATUS
 Married (65.9%, 126)

LIFESTAGE
 Adult Couples (23.2%, 126)
 Senior Couples (19.9%, 142)

LIFESTYLE
 Suburban Middle Class (20.4%, 111)
 Rural Affluent (9.0%, 128)
 Rural Middle Class (18.3%, 124)



Renters also differ in how they're handling increases in housing expenses

Renters will reduce spend on:

40%

Vacations

40%

Home Furniture

33%

Electronics

Long-term homeowners will reduce spend on:

38%

Eating out

30%

Health & Beauty

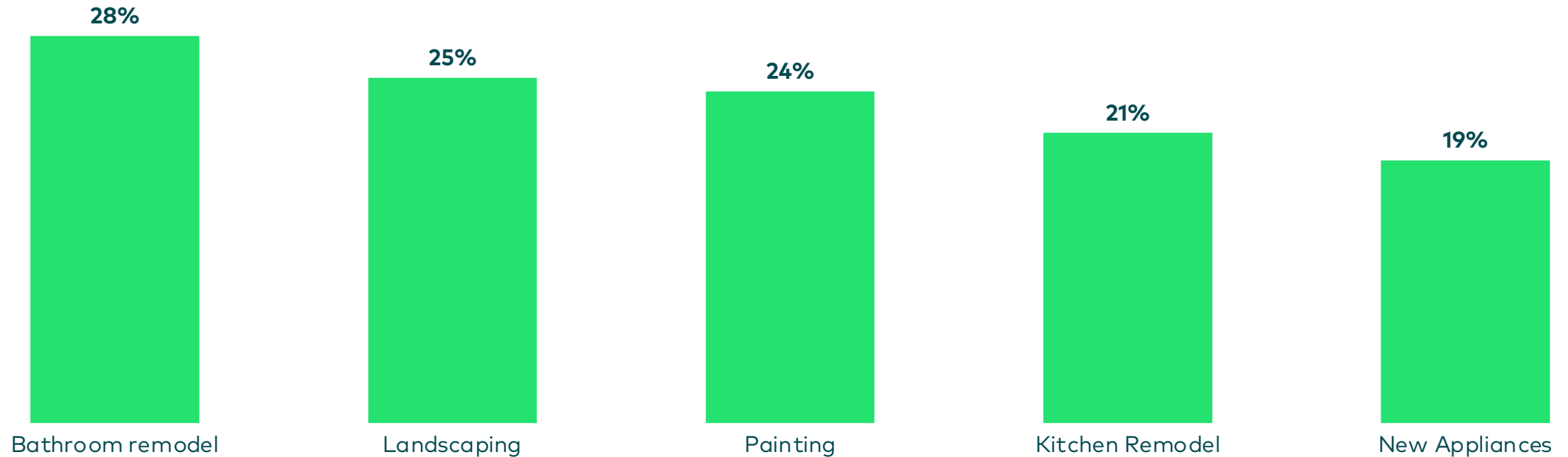
23%

Health & Wellness

Over 7 in 10 long-term homeowners have already started delaying home improvements due to the increase in housing expenses

Long-term homeowners make up 78% of Tools & Home Improvement Spend & 76% of Major Appliance Spend. As such, it will be crucial to incentivize further purchases with attractive price reductions and low credit rates

Which home improvements have you delayed due to increase in expenses?



Both renters and homeowners have begun to explore cost-saving alternatives, including some trendier non-traditional solutions

50% of renters and 20% of homeowners have explored rental/house-owning alternatives during the past year

11%

Considered living
with family

7%

Considered RV
homes

6%

Considered Tiny
homes

What we're seeing

- Recent movers have been shifting away from urban localities.
- Everyone is experiencing the negative effects of increasing housing costs, not just recent homebuyers.
- Where they're going to cut expenses depends on their house-owning/renting status.

Why it matters to you

- As households shift to rural regions, consumer spending behavior will adapt to their new setting.
- Due to the increase in housing costs & based on their house status, shoppers are prioritizing different categories.
- By recognizing the categories and brands at highest risk of expenditure, you can mitigate risk by marketing to the more stable, profitable segments.

How you can take action

- Reach out to your Numerator team about Housing Premium Groups to better understand how these households interact with your categories and brands.
- Consider a Max Diff Survey to identify areas at the highest risk of spend decline.
- Use our TruView market share tool to track longer-term category shifts, double-clicking into key demographic attributes to optimize future category investments.