

2020 Top Ten Most Favorable Areas for Millennials During the Pandemic

National Association of REALTORS® Research Group

Introduction

With record low mortgage rates, housing is becoming more affordable. Nationwide, affordability increased by 8% in April 2020 compared to a year earlier, **according to the [REALTORS® Affordability Distribution Score](#)**, a collaboration between the National Association of REALTORS® and realtor.com®, which measures the affordability of current for-sale homes overall as well as at different income levels.

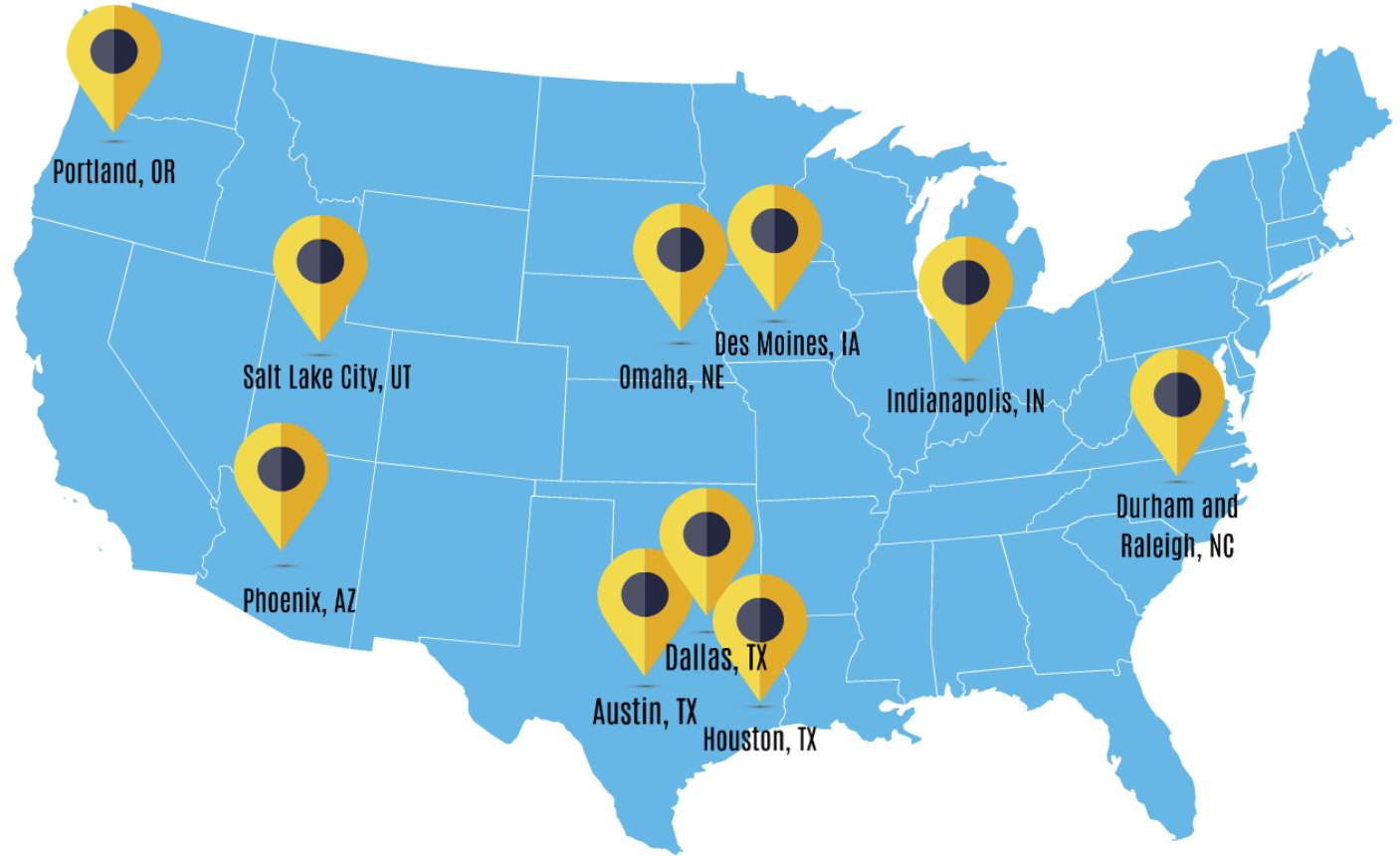
At the same time, Millennials made up the largest cohort of homebuyers. With a strong desire to buy a home for their families, Millennial homebuyers can benefit from low mortgage rates.

The National Association of REALTORS® identified the **top 10 markets with excellent opportunities for Millennial homebuyers**; the current report analyzed current housing affordability conditions, the presence of Millennials in the area, local job market

conditions during COVID-19 pandemic conditions, and inventory availability in the largest 100 metropolitan statistical areas across the country.

These top 10 markets were chosen for improving affordability, relatively better inventory availability, the strong presence of millennial residents, a lower share of the industries most affected by the lockdown, and fewer job losses during the pandemic than the average.

Top 10 areas for
**Millennial
homebuyers**
during the pandemic



NAR Top 10 Most Favorable Areas for Millennial Homebuyers

1. Improving Affordability

In the largest 100 metro areas, housing affordability increased by 9% in April 2020 compared to a year earlier, according to the REALTORS® Affordability Distribution Score.

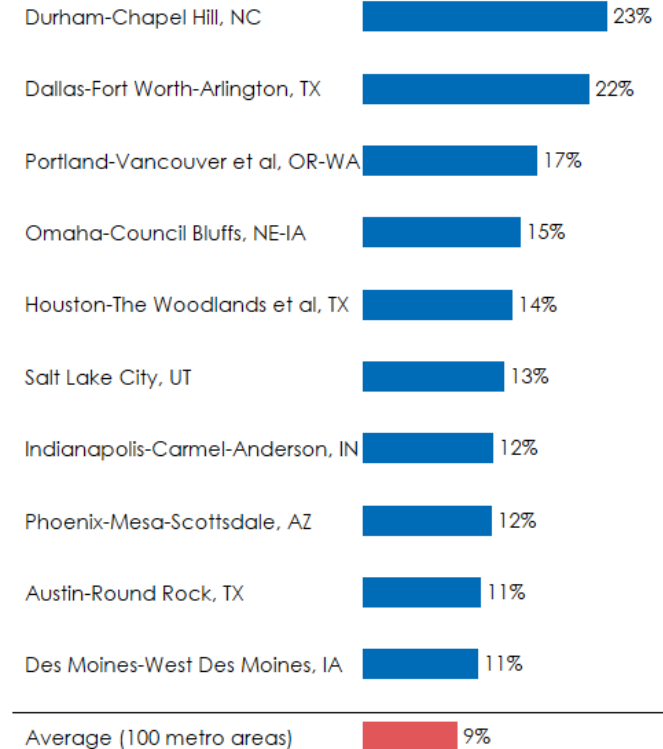
In these top 10 metro areas, affordability improved faster than in most of the large metro areas.

For instance, in the Dallas metro area, affordability increased by 22%. Parsing out by income, households earning \$100K can afford to buy 56 percent of homes currently listed for sale compared to 45 percent a year earlier.

See here for more details:

<https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score>

Affordability Score (y-y change April 2020)



2. Inventory Availability

In the largest 100 metro areas, active listings in April 2020 dropped by 18% compared to a year earlier, according to realtor.com. At the same time, new listings declined 43%.

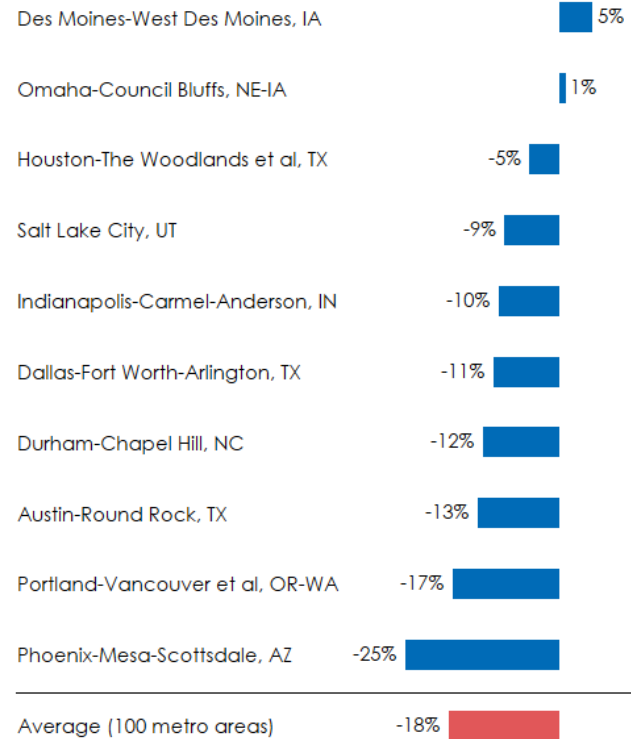
These top 10 metro areas had a smaller decline of housing inventory than most of the large metro areas.

For instance, in Des Moines metro area, active listings increased by 5% in April 2020 compared to a year earlier.

See here for more details:

<https://www.realtor.com/research/data/>

Active Listings (y-y change Apr 2020)

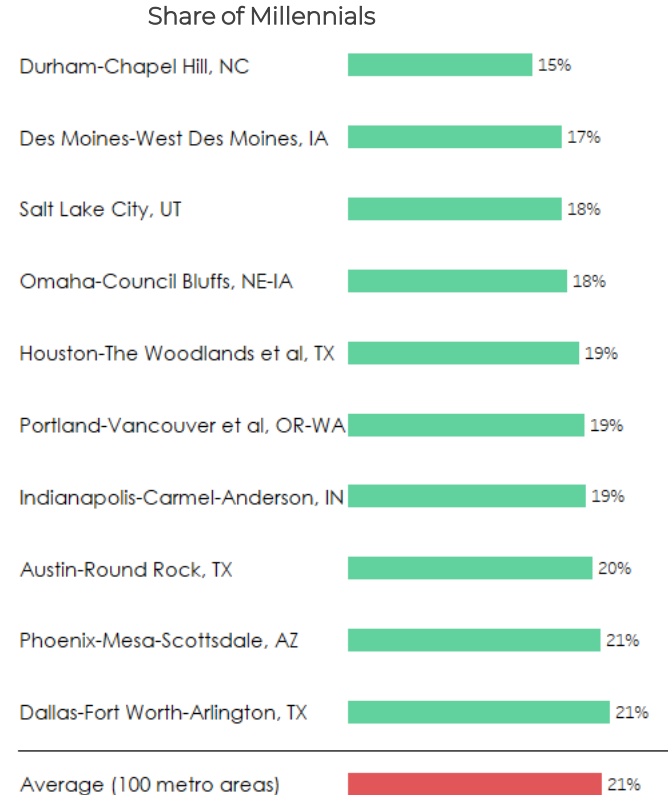


3. Strong presence of Millennials

In the largest 100 metro areas, 26% of the civilian residents are Millennials. Millennials are defined as those born in 1980 to 1998.

These top 10 metro areas had a higher share of Millennials than the average.

For instance, in Austin metro area, 35% of the residents were Millennials in 2018.



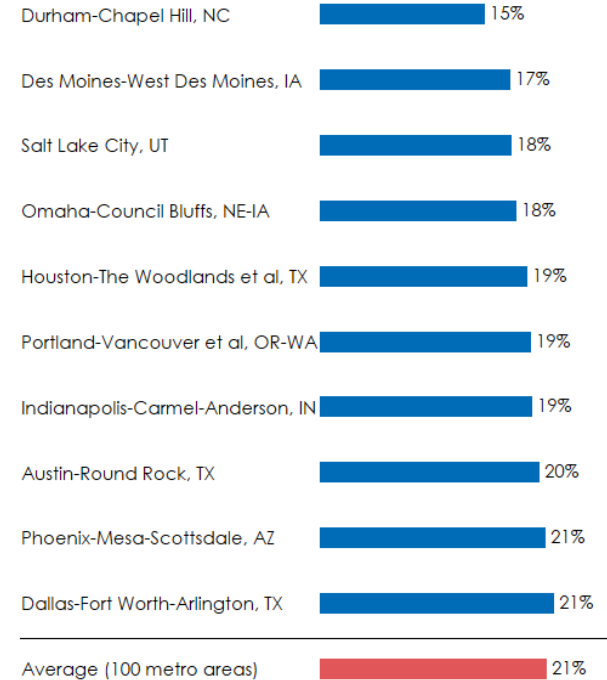
4. Lower share of people working in the most affected industries by the lockdown

In the largest 100 metro areas, 21% of people work in industries directly affected by the lockdown. Most exposed industries: restaurants, travel and transportation, entertainment, personal services and other sensitive retail, sensitive manufacturing.

These top 10 metro areas had a lower share of workers employed in jobs most immediately affected by the COVID-19 shutdowns than the average.

For instance, in the Durham metro area, 15% of the local employment is employed in industries directly affected by the shutdown orders.

Share of employed in most affected industries



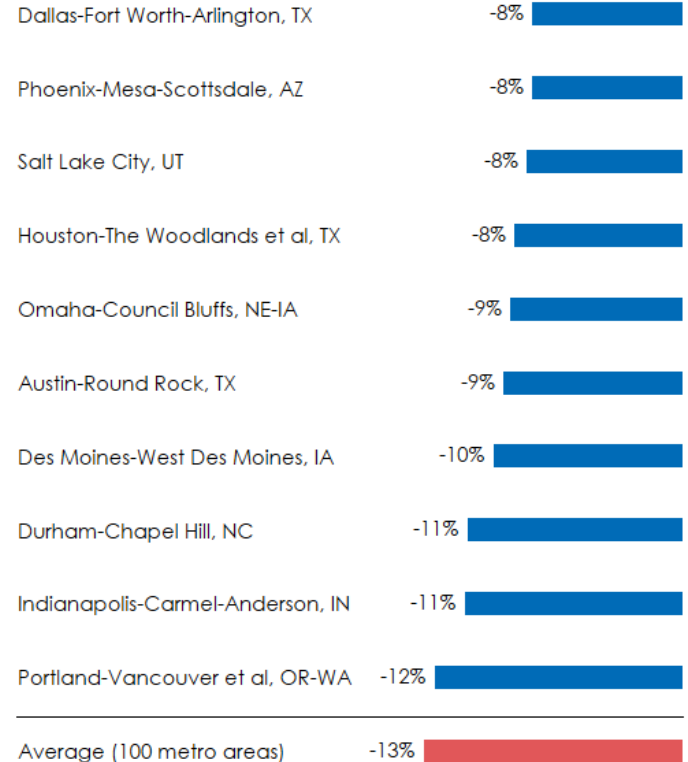
5. Fewer job losses during the pandemic

In the largest 100 metro areas, jobs declined by 13% in April 2020 compared to a year earlier.

These top 10 metro areas had fewer job losses than most of the large metro areas.

For instance, in Dallas and Houston metro areas, nonfarm payrolls fell by 8% in April.

Nonfarm jobs (y-y change April 2020)



Methodology

To identify the top 10 metro areas with excellent opportunities for Millennial homebuyers, the National Association of REALTORS® examined various economic and demographic factors. The top 10 metro areas were chosen for improving affordability, relatively better inventory availability, high share of Millennial residents, lower share of the most affected industries by the lockdown and fewer job losses during the pandemic than the average.

Data on affordability from April 2019 to April 2020 came from the [REALTORS® Affordability Distribution Curve and Score](#), a collaboration between the National Association of REALTORS® and realtor.com®, which measures the affordability of current for-sale homes overall as well as at different income levels. This index assumes: 30% of income for financing, property tax, homeowner's insurance cost (for down payment less than 20%, insurance premium is added), 30-year fixed rate and variable down payment.

Data on inventory for April 2020 came from [realtor.com®](#). Both active and new listings were used from the current study.

Data on home prices for Q1 2020 came from the [National Association of REALTORS®](#).

Data on the share of millennial residents came from the U.S. Census Bureau Public Use Microdata Sample (PUMS) 2018 American Community Survey.

Data on the share of employment in high-risk industries used from the March 2020 paper "COVID-19: A Fiscal Stimulus Plan", published from Moody's Analytics. This analysis used data from the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

Data on nonfarm employment, not seasonally adjusted for April 2020 and April 2019, came from the U.S. Bureau of Labor Statistics.

Data

Metro Area	Affordability Score (April 2019)	Affordability Score (April 2020)	Affordability Score April 2020 (y-y change)	Share of Millennials	active listings April 2020 (y-y change)	new listings April 2020 (y-y change)	Share of most affected employment	Employment y-y- change (April 2020)	Median Home Price (Q1 2020)	Renters affordability (Millennials)	Share of listings that the typical household can afford to buy (April 2020)
Austin-Round Rock, TX	0.69	0.77	11%	35%	-13%	-28%	20%	-9%	\$ 341,500	35%	33%
Dallas-Fort Worth-Arlington, TX	0.64	0.78	22%	30%	-11%	-36%	21%	-8%	\$ 269,700	44%	30%
Des Moines-West Des Moines, IA	0.93	1.03	11%	31%	5%	-16%	17%	-10%	\$ 209,200	59%	57%
Durham-Chapel Hill, NC	0.59	0.73	23%	31%	-12%	-36%	15%	-11%	\$ 293,800	27%	26%
Houston-The Woodlands et al, TX	0.68	0.78	14%	30%	-5%	-31%	19%	-8%	\$ 245,300	48%	31%
Indianapolis-Carmel-Anderson, IN	0.88	0.99	12%	30%	-10%	-35%	19%	-11%	\$ 204,000	53%	47%
Omaha-Council Bluffs, NE-IA	0.78	0.9	15%	30%	1%	-30%	18%	-9%	\$ 197,000	49%	38%
Phoenix-Mesa-Scottsdale, AZ	0.64	0.72	12%	27%	-25%	-24%	21%	-8%	\$ 308,900	35%	29%
Portland-Vancouver et al, OR-WA	0.58	0.68	17%	27%	-17%	-41%	19%	-12%	\$ 416,100	24%	20%
Salt Lake City, UT	0.65	0.74	13%	32%	-9%	-14%	18%	-8%	\$ 372,100	23%	30%
Average (100 metro areas)			9%	26%	-18%	-43%	21%	-13%	\$ 288,455	40%	36%

Sources: NAR, realtor.com®, U.S. Census Bureau, U.S. Bureau of Labor Statistics, Moody's Analytics

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