

Moving & Sentiment 2

High mortgage rates still have 1 in 3 homeowners feeling stuck

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In December of 2022, we [surveyed more than 1,000](#) homeowners around the country to get a glimpse into their mindset as home buyers and sellers. The goal of the survey was to understand how macroeconomic changes influence the housing market. Specifically we found three trends in our original report: 1. homeowners felt stuck and couldn't move. 2. Homeowners felt mortgage rates were likely to stay high for the near future. 3. Homeowners wanted to make renovations to their homes and were going to pay in cash for them.

It's been six months since our initial report and to explore if and how homeowners' sentiments about moving have changed at the mid-year point in 2023, we again surveyed more than 1,071 homeowners to see how trends identified in November have changed. Three trends stuck out.

TREND 1

Homeowners (still) feel stuck





Do you wish you could move (sell your current primary residence and buy a new one)? If so, when? (homeowners)

	Nov 2022	June 2023
This summer — before September 2023	7.9%	5.7% 
This fall or winter — September 2023 - December 2023	4.4%	7.7% 
Sometime in 2024	7.0%	14.8% 
2025 or later	21.1%	23.6% 
I don't want to move at all	50.2%	48.1% 

Just as we found in December of 2022, half of all homeowners surveyed in June 2023 (51.9%) want to move, but only 14% think it will be possible by 2024.

Well high rates are to blame. About 1 in 3 homeowners (34.7%) who want to move say that high mortgage rates are holding them back, while 33.5% of homeowners say that high home prices are preventing them from moving.

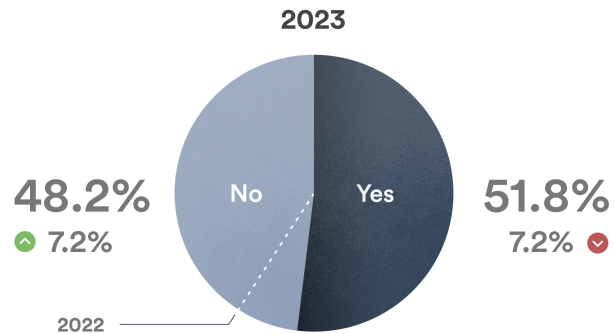
What would stop you from moving in your desired timeframe?

	Nov 2022	June 2023
Nothing — I intend to move in my desired timeframe	12.2%	14.0% 
Home prices are too high	34.9%	13.5% 
My mortgage rate for a new home would be higher than my current mortgage rate	21.5%	19.5% 
I don't currently have a mortgage, but high mortgage rates would prevent me from buying a new home	10.5%	15.2% 
There aren't enough homes to choose from	7.2%	7.1% 
I'm worried I won't be able to sell my current home for a good price	9.9%	5.1% 
Other	3.8%	5.6% 

Many would-be movers (homeowners who say they wish they could move) may be choosing to make do with home renovations. 51.8% of homeowners are planning home renovations, including 48.3% of homeowners who want to move before the end of 2023.

Compared to six months ago, more homeowners plan to use cash-out refinances or higher-interest debt options to fund these renovations. As of June 2023, 43.7% are considering cash-out refinancing or high-interest debt loans (i.e. credit cards, HELOCs or bank loans), up from 38.5% six months ago. Even more surprising, those who said they would use a credit card to pay for renovations was up 3.1% from just six months ago. And the overall share of homeowners using cash to renovate is down.

Do you plan to perform any renovations on your current home?



How will you pay for renovations?

	Nov 2022	June 2023
I will pay for it with cash	54.4%	49.9% ↓
I will use credit cards	11.4%	14.5% ↑
I will refinance my home and take out cash	6.4%	9.4% ↑
I will get a home equity line of credit (HELOC)	13.5%	10.9% ↓
I will get a bank loan	7.2%	8.9% ↑
I will get a loan from friends or family	1.1%	1.5% ↑
I will obtain a home equity investment	2.4%	2.2% ↓
Other	3.5%	2.7% ↓

But this debt can be costly. For example, the median home renovation cost in the U.S. is \$18,000, according to a research study from Houzz. If a homeowner were to pay for that renovation using a credit card with the average annual interest rate (20.68% as of May 2023, according to the Federal Reserve), they would end up spending around \$308 per month on credit card interest alone.

TREND 2

Homeowners who bought in the last 5 years may feel especially “locked in” and are more likely to cite financial reasons as top drivers for why they’d like to move.

One finding that is of particular concern to new homeowners: the second most cited reason for homeowners looking to buy recently was to gain access to the equity from their home.











One in 6 (17.1%) homeowners who said they are considering moving are doing so because their current home is either too expensive for them, or they want the equity from their home.

This is even higher among homeowners who bought within the last 5 years.



1 in 4 (25.3%) potential home sellers who bought in the last 5 years want to move because their current home is too expensive or because they want the equity in their current home.

Why do you want to move? Choose the primary reason.

	Nov 2022	June 2023
I want the equity from my home	N/A	8.6% 
My current home is too expensive	N/A	8.4% 
I want a bigger house	22.6%	22.1% 
I want to move to a different neighborhood in the same city/town	15.2%	8.0% 
I want to downsize	13.5%	10.7% 
I want to move to a different city/town outside of my current metropolitan area	18.9 %	15.2% 
I want to move to a different city/town in the same metropolitan area	8.5%	6.3% 
To be near better schools	6.5%	6.3% 
I want to move for a job	3.0%	4.4% 
Other	11.9%	9.9% 



TREND 3

Fears of rising mortgage rates are waning, but high rates remain a key driver for why people aren't moving

Good news. Homeowners are less likely to think that mortgage rates will balloon over the next year. But, they are still too high to consider making a move in the near term.

Do you think mortgage rates will be higher, lower or the same in 12 months? (Asked of all homeowners)







	Nov 2022	June 2023
Much Higher	24.9%	16.0% ▼
Somewhat Higher	44.0%	38.1% ▼
Same	21.8%	32.2% ▲
Somewhat lower	6.7%	10.1% ▲
Much lower	2.7%	3.7% ▲

When asked this question: Do you think mortgage rates will be higher, lower or the same in 12 months, 68.9% of homeowners in December 2022 said they would be “somewhat” or “much higher” in 2023. Looking at the reaction to the same question today, 54% said rates would be “somewhat” or “much higher” over the next year.

Despite this slightly more optimistic outlook, mortgage rates are still a prominent concern among homeowners who are feeling stuck. Of those who want to move, 1 in 3 (34.7%) say high mortgage rates are preventing them from doing so – the most commonly cited deterrent, just ahead of high home prices (33.5%).

So what would it take to get these homeowners moving? A strong majority (89%) said they would consider purchasing another home in the next 6-12 months if rates dropped below 6%. For perspective, the current mortgage rate is 6.81%, per [Freddie Mac](#).

What would rates need to be for you to consider purchasing another home in the next 6-12 months? (Asked of all homeowners)

Mortgage Rate	Nov 2022	June 2023
7-7.9%	0.6%	2.1% 
6-6.9%	10.2%	8.9% 
5-5.9%	22.8%	28.7% 
4-4.9%	28.7%	31.3% 
3-3.9%	20.4%	16.7% 
Below 3%	17.4%	12.5% 

Conclusion

Homeowners still feel stuck and broader macroeconomic pressures aren't helping. High mortgage rates, rising home prices, and rising costs of living have homeowners feeling stuck in their homes. While many want to use this time to improve their homes via renovations, there's been a shift in the past six months in how these renovations will be funded with more looking to leverage high interest debt to do so.

There is a sliver of a silver lining: Homeowners are slightly more optimistic about rates cooling from their 20-year high mark just six months ago. And while mortgage rates are still a barrier for many would-be home sellers, even a 1% decline in the rate could be enough to get people moving.

Click [here](#) to read our December 2022 moving sentiment report.