

Bankrate

More Than Half of Aspiring Homeowners Cite Cost of Living, Insufficient Income as Roadblocks

Nearly 3 in 10 millennials say credit card or student loan debt is holding them back

NEW YORK - February 26, 2024 - More than half of aspiring homeowners* say the current cost of living is too high or their income is not high enough for them to afford a down payment and closing costs for a home (51% and 54% respectively), according to a new Bankrate survey.

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<https://www.bankrate.com/mortgages/down-payment-survey/>

In addition to the high cost of living and low income, aspiring homeowners cited credit card debt (18%), friends or family not being able to provide financial assistance (15%), and student loan debt (10%) as barriers to homeownership, while 8% cited some other reason. Just 13% of aspiring homeowners said nothing is holding them back.

Younger aspiring homeowners are more likely to point to a lack of financial assistance from friends or family compared to older generations as obstacles to homeownership, while millennials are most likely to point to both credit card debt and student loan debt.

Factors Impeding Homeownership	Gen Z (ages 18-27)*	Millennials (ages 28-43)*	Gen X (ages 44-59)*	Baby Boomers (ages 60-77)*
Credit card debt	15%	24%	18%	15%
Student loan debt	12%	14%	7%	4%
Assistance from friends or family	20%	18%	11%	7%

**Of those who are aspiring homeowners*

“For prospective home buyers, debt can be the financial equivalent of quicksand suffocating capability and potentially blocking entry over the threshold of a dream home,” said Bankrate Senior Economic Analyst Mark Hamrick. “With credit card interest

rates as high as they are, take heed of the flashing red light which warns us to avoid allowing debt to accumulate.”

When current homeowners were asked how they paid for the down payment and closing costs for their first home, over 2 in 5 (41%) say they saved money specifically for that purpose. Other methods included receiving a financial gift (14%) or a loan (9%) from friends or family, using a first-time homeowners grant or loan assistance program (14%), taking out money from retirement savings (9%), getting an additional source of income (8%), selling personal items (7%), or moving in with friends or family (6%).

However, 1 in 5 (20%) aspiring homeowners think they will never be able to save enough to purchase a home. Older generations (36% of baby boomers and 28% of Gen Xers) are more likely to believe they will never be able to save enough to buy a home, compared to 18% of millennials and 10% of Gen Zers. Nearly one-third of aspiring homeowners (30%) say it will take at least 5 years or longer to save enough money for a home, while 10% say it will take a decade or more.

Overall, more than 2 in 5 Americans (42%) believe that now is a bad time to buy a home, a decrease from 49% according to a September 2023 Bankrate survey (<https://www.bankrate.com/real-estate/housing-market-fact-or-fiction/>). This belief is more prominent among older generations (49% of baby boomers and 44% of Gen Xers, compared to 37% of millennials and 30% of Gen Zers).

Among other housing market headwinds, nearly 2 in 5 (39%) say they think mortgage rates will remain elevated for the foreseeable future, while 38% say a buyer needs excellent credit to get a mortgage, and 17% say that renting is cheaper than buying a home.

“If mortgage rates edge down this year as many expect, more Americans should find modest improvement with housing affordability,” added Hamrick. “Along with the interest rate question, it depends on the future direction of home prices and whether the market will continue to be dogged down by the thorny challenge of an insufficient supply of homes available for sale.”

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,267 U.S. adults, of which 864 are aspiring/prospective homeowners. Fieldwork was undertaken between January 24-26, 2024. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection

and then a weighting scheme on the back end designed and proven to provide nationally representative results.

**Bankrate has defined aspiring/prospective homeowners as those who have owned a home in the past but currently do not, and those who have never owned a home in the past but hope to someday.*

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For more information:

Abby Yarber

Public Relations Specialist

abby.yarber@bankrate.com

704-697-1372