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About 1 in 5 Homeowners Have Taken On Debt to Cover Home Maintenance and Other Hidden Costs

Younger generations are more likely to have taken on debt than older generations

NEW YORK - May 28, 2024 - Nearly one-fifth of homeowners (19%) say they have taken on debt to pay for home maintenance and other hidden costs, according to a new Bankrate survey. This includes 11% who took on credit card debt, 6% who took out a personal loan, and 5% who got a second mortgage. Click here for more information:

<https://www.bankrate.com/mortgages/unexpected-costs-of-homeownership/>

Younger Homeowners More Likely to Take On Debt to Cover Hidden Costs

Younger generations are more likely to have taken on a form of debt to pay for the hidden costs of homeownership than older generations, with 31% of Gen Z (ages 18-27) and 26% of millennial homeowners (ages 28-43) doing so, compared to 19% of Gen X (ages 44-59) and 13% of baby boomer homeowners (ages 60-78).

Over 1 in 5 homeowners (21%) say they have already or are planning on renovating or upgrading their homes this year, and 6% say they have already or are planning to put their home on the market this year.

“There’s no question whether these hidden costs of homeownership, involving plumbing calls, appliance replacement or repair, or getting a new roof or HVAC, will occur,” said Bankrate Senior Economic Analyst Mark Hamrick. “The key questions involve timing and costs. Planning for the expenses, including through dedicated savings, can help affirm the positive experience of what many consider the American dream, which is homeownership.”

However, some homeowners are preparing for these expenses ahead of time, with nearly one-fourth of homeowners (24%) saying they have money saved specifically for maintenance and other costs. This includes 30% of Gen Zers, 25% of millennials, 24% of baby boomers, and 20% of Gen Xers.

“The hidden costs of homeownership serve as another in a long string of arguments in favor of prioritizing savings,” added Hamrick. “Emergency savings accounts and rainy-day funds provide self-insurance against the inevitable expenses that are simply just part of life, including for homeowners. By avoiding the elevated cost of borrowing, homeowners can hold onto more of their money, which is almost always a good thing.” (<https://www.bankrate.com/mortgages/home-affordability-report/>)

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,408 U.S. adults, among whom 1,270 were homeowners. Fieldwork was undertaken between April 15-17, 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.

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