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2023 GEN Z HOMEBUYER REPORT

By Kristin Messerli

Sponsored by National MI

*For informational purposes only



INTRODUCTION

The 2023 NextGen Gen Z Homebuyer Report is a research project developed in partnership with National MI to provide practical insights into the behavior and preferences of one of the fastest-growing segments of the homebuyer population.

Gen Z individuals, born between 1997 and 2012, are rapidly entering the housing market, with many of them now reaching adulthood and starting to establish their careers and families. As a generation that has grown up in the digital age, they have unique preferences and expectations when it comes to home buying and financing.

The report analyzes data from two surveys conducted in October 2022 and April 2023 to gain a deeper understanding of how Gen Z homebuyers approach the process of purchasing a home, what factors are most important to them, and what challenges they face. By elevating the voice of this emerging demographic, the report aims to empower real estate and financial professionals with the insights they need to better connect with Gen Z homebuyers and provide them with a positive, satisfying experience in a competitive market.

I would love to hear your thoughts and questions as we grow together. Please feel free to connect with me on LinkedIn.

Cheers,

Kristin Messerli
Executive Director, FirstHome IQ



2022

NEXTGEN HOMEBUYER REPORT

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74%	YouTube
73%	Instagram
72%	Facebook

DISCOVER YOUR GUIDE TO TODAY'S HOMEBUYER

ACCESS THE REPORT

NextGenHomebuyer.com

BACKGROUND & METHODOLOGY



The ongoing study of Millennial and Gen Z homebuyers currently includes a total of 4,000 respondents over three years. The majority of the research reflected in this study comes from data gathered in October 2022 and April 2023, which includes the following:

- 1,000 respondents, collected in October 2022 and 250 respondents in April 2023
- Between the ages of 18-26
- Diverse sampling by race and income, representing population demographics
- April sampling includes
 - 20% homeowners
 - 47% planning to buy within the next 5 years
- Survey responses are collected through Pollfish, a market research software and survey tool



DEMOGRAPHICS



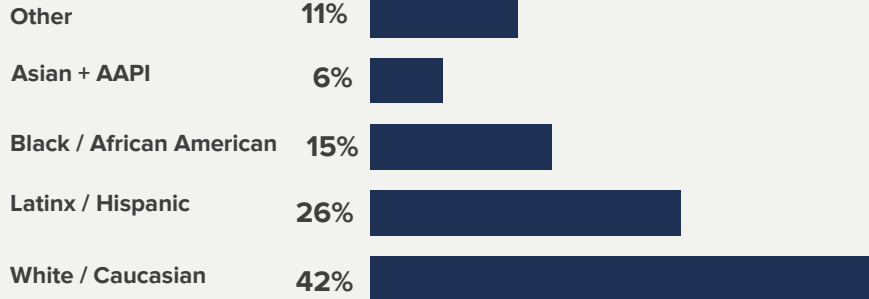
GENDER



58% Female

42% Male

RACE AND ETHNICITY



AGE

Ages 18-26*

*Includes some comparative data with ages 27-44 from the annual 2022 NextGen Homebuyer Report

INCOME



THANK YOU TO OUR GEN Z RESEARCH ADVISORS



Blake Boss

EVP, ActiveComply



Ally Carty

Gen Z Guru



Rathi Ramasamy

Impact Research Consultant

WHO IS GEN Z ?



GEN Z CONSUMER VALUES



Financial Literacy:

Knowledge and education, especially about financial decisions has become a major value to Gen Z consumers.

Technology:

Gen Z consumers are tech-savvy and prefer to use digital tools and platforms to manage their finances with quick and easy access to their financial information.

Transparency:

Gen Z demands straightforward and honest information about fees, interest rates, and terms and conditions.

Savings:

They are known for their thrifty and frugal habits and prioritize saving money.

Social Responsibility:

Gen Z consumers prioritize companies and financial products that align with their values and social causes.

GEN Z WEALTH IN THE U.S.

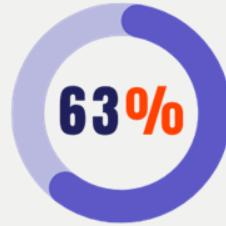
\$143B

Gen Z has a direct spending power of \$143B in the US. (Bloomberg)



ALLOWANCE

60% of Gen Z report that they receive a regular allowance, and 63% reported that they have earned their own money through part-time or full-time jobs. (McKinsey & Co.)



JOBS

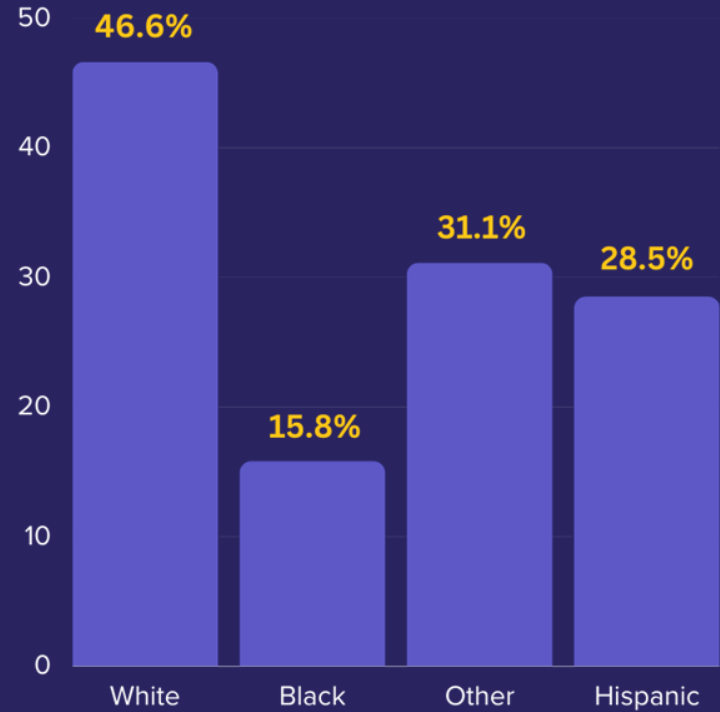
\$3.4T

It is projected that \$3.4 trillion in wealth will be transferred from Baby Boomers to their heirs over the next decade, and a significant portion of that is expected to go to Gen Z. (Wealth-X)

PROJECTED HOMEOWNERSHIP RATE

ACROSS RACE AND ETHNICITY

HOMEOWNERSHIP RATE - 2025



CHALLENGES FOR GEN Z HOMEBUYERS



TOP BARRIERS TO HOMEBUYING

Affordability

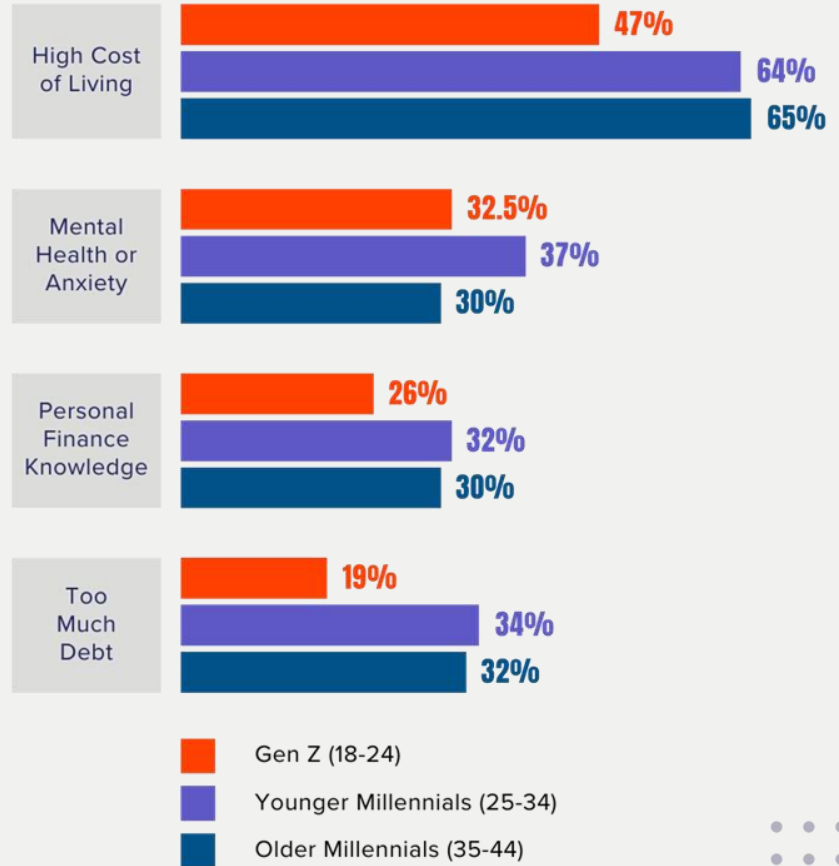
Financial
Knowledge

Lack of Support



TOP FINANCIAL CHALLENGES FOR GEN Z

- **Younger Millennials** reported the most challenges of any age group, reporting higher in mental health and personal finance knowledge.
- **Gen Z** respondents were significantly less likely to report challenges in cost of living, debt, and healthcare costs, which can likely be attributed to parental support.





AFFORDABILITY



GEN Z CHALLENGE #1

HOUSING AFFORDABILITY

With the increasing prices of homes and the limited availability of affordable housing options, many Gen Zers are finding it difficult to enter the housing market. For many first-time buyers, the down payment and closing costs required to purchase a home are often significant barriers to entry. Additionally, factors such as high rental prices, job instability, and low levels of income can contribute to affordability challenges for those looking to own a home. Improving financial literacy, expanding access to down payment assistance programs, and increasing the availability of affordable housing options are just a few of the ways to address these challenges and improve housing affordability for Gen Z.

HIGH RENTAL PRICES AND LACK OF AFFORDABLE OPTIONS ARE BARRIERS FOR GEN Z

58%



58% said the cost of renting prevents them from considering homeownership

39%



39% of Gen Z said limited availability of affordable housing options were current obstacles to buying a home

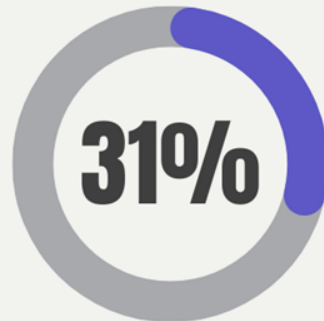


GEN Z

JOB INSTABILITY IMPACTS HOMEBUYING



60% of Gen Z stated **low levels of income** or job instability was a top obstacle to homebuying.



Gen Z reported job instability as their **number one challenge** to their financial situation in 2022.



INTEREST RATES ARE AN OBSTACLE FOR SOME GEN Z



38% of Gen Z said that interest rates and the state of the housing market were **factors when considering** whether to buy a home.



51% said high **interest rates** were current obstacles to buying a home for Gen Z.

FLEXIBILITY VS OWNERSHIP: CHALLENGES FACING GEN Z HOMEBUYERS

30%



30% said the perception that renting is more flexible than owning is a barrier to buying a home for Gen Z.

18%



18% say a barrier to buying is that contract or "gig" work make it difficult to qualify for a mortgage.

UNCERTAINTY IN GEN Z'S ABILITY TO BUILD WEALTH WITH REAL ESTATE

36%

One in 3 said they were not sure that owning a home was the best way for them to build **generational wealth**.

73%

Gen Z homeowners were significantly less likely than Millennials to agree their recent home purchase was going to be a good investment. **(73% vs 87%)**

32%

Only 32% said they wanted to buy a home because of the long-term **financial benefits** of owning a home.



EDUCATION



GEN Z CHALLENGE #2

Lack of Personal Finance Education

Over the past three years of research on NextGen homeownership, lack of education has repeatedly been a major barrier to purchasing homes and building wealth through real estate. Our research and other studies have shown that young homebuyers have limited knowledge about interest rates, credit scores, and the homebuying process. This knowledge gap can lead to poor financial decisions and hesitation when considering homeownership. Without proper financial education, this younger generation is at a disadvantage when it comes to navigating the complexities of the housing market and making informed decisions about their financial futures. As such, it is imperative that mortgage and real estate professionals integrate education into their marketing and sales content to provide Gen Z with the knowledge and skills needed to achieve financial literacy and succeed in the housing market.

LACK OF EDUCATION AS OBSTACLE TO HOMEOWNERSHIP FOR GEN Z

39%



39% said **lack of knowledge** or understanding of the homebuying process was a barrier to buying.

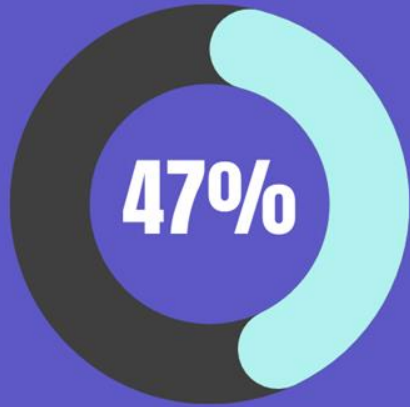
27%



27% said **limited personal financial knowledge** was a top challenge to their financial situation last year.

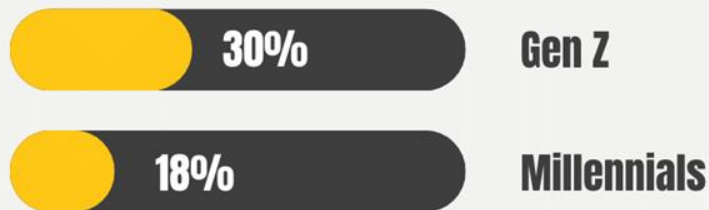
GEN Z

NEARLY HALF BELIEVE YOU NEED A 20% DOWN PAYMENT BUT LESS THAN MILLENNIALS



Gen Z were more likely than Millennials to know that you could put less than 20% on a down payment, however still nearly half agreed or were not sure (47%).

HOME MAINTENANCE IS A CONCERN FOR GEN Z HOMEBUYERS



Nearly one in three (30%) Gen Z homeowners said they are **not confident** in caring and maintaining their home as a homeowner, significantly higher than millennials (18%).



SUPPORT

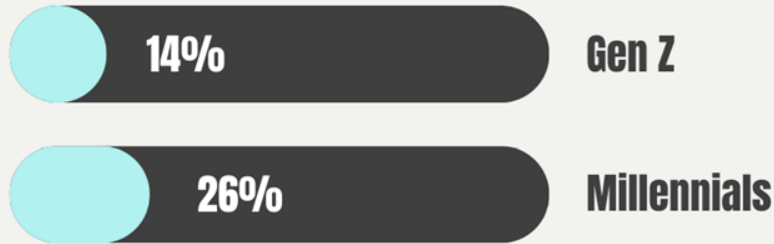


GEN Z CHALLENGE #3

Lack of Support

Gen Z is more likely to rely on online resources and social media for financial advice than on experts such as financial advisors or banks. This lack of trust in traditional institutions may be attributed to the events of the Great Recession, which left a lasting impression on this generation. Additionally, the digital age has made it easier for misinformation to spread, leading to confusion and mistrust among Gen Z when it comes to financial decisions. The lack of support and trust has resulted in many members of Gen Z feeling overwhelmed and unprepared for financial decision-making, leading to poor financial outcomes and hesitation in home buying. Mortgage and real estate professionals can build trusted relationships with Gen Z through authentic and educational social media content paired with live events in the community and a personalized approach to sales.

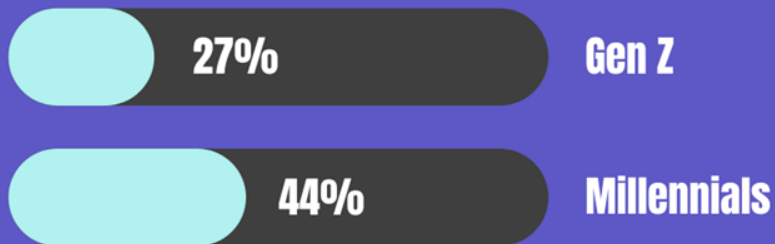
GEN Z FEELS LESS SUPPORTED TO REACH FINANCIAL GOALS



Gen Z was significantly less likely than older millennials to say they have the **financial advice and support** they need to reach their financial goals (14% vs 26%).

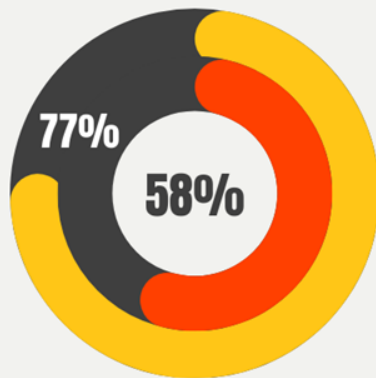
GEN Z LESS LIKELY TO TURN TO BANK OR CREDIT UNION

Gen Z are significantly less likely than millennials to go to a bank or credit union for financial advice (**27% vs 44%**)

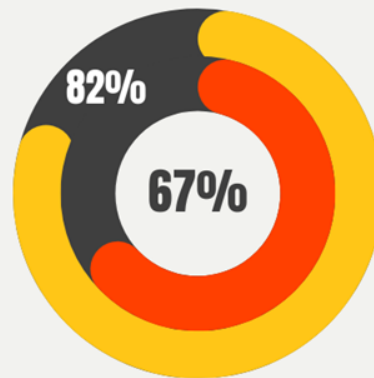


GEN Z LESS TRUSTING OF HOUSING PROFESSIONALS THAN MILLENNIALS

“I trust my professional to help me make smart decisions.”



Loan Officers

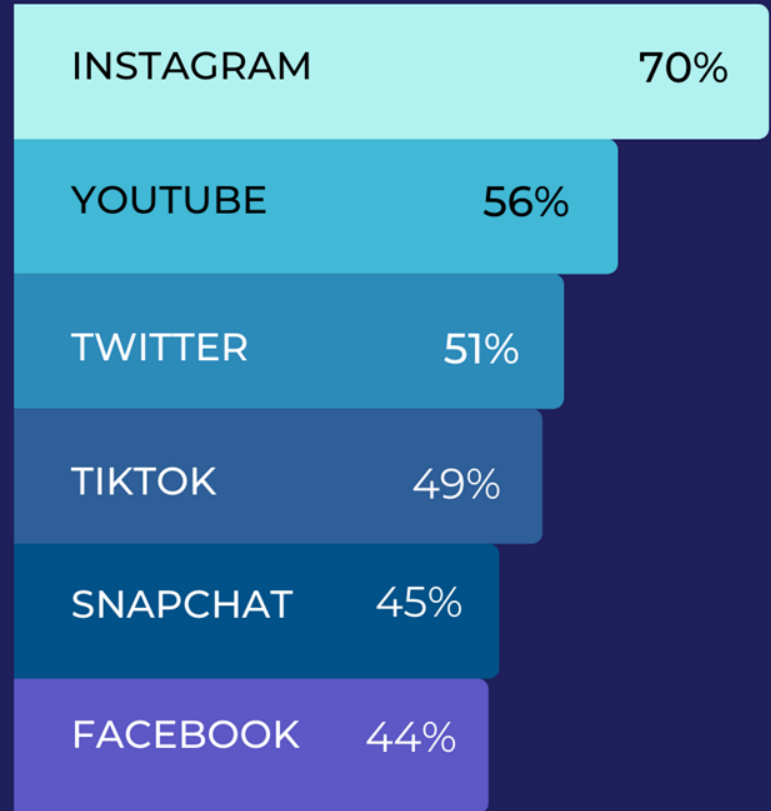


Real Estate Professionals

SOCIAL MEDIA AS TRUSTED EDUCATIONAL RESOURCE

Gen Z current homebuyers and recent homeowners in Oct 2022 social media activity

*A study conducted by Qualtrics on behalf of Credit Karma found that 52% of Gen Zers are getting financial advice from TikTok, and 57% are getting it from Instagram.



ABOUT KRISTIN MESSERLI



Kristin Messerli is the Executive Director of FirstHome IQ, a nonprofit dedicated to educating the next generation about homeownership. Kristin is also a leading strategist and keynote speaker on housing and finance trends in young and diverse markets. Kristin has worked with hundreds of lenders, startups, and nonprofits to craft successful go-to-market strategies and build trust with their consumers.

Kristin founded and sold the digital marketing agency, Cultural Outreach, with the mission to promote sustainable homeownership in underserved communities. She was previously the VP of Sales and Strategy at Experience.com, and has consulted with numerous fintech startups across product design, marketing, and research. Kristin produced and authored the 2020-2022 NextGen Homebuyer Reports, highlighting key insights from over 4,000 NextGen homebuyers and she holds her Master in Public Administration from University of Oklahoma.

For more information about FirstHome IQ, visit firsthomeiq.com, and for all speaking inquiries, visit KristinMesserli.com.



FirstHomeIQ

own your **future.**

To learn more and support the nonprofit mission to educate and inspire the next generation of homeowners, **visit [FirstHomeIQ.com](https://www.FirstHomeIQ.com).**



ABOUT NATIONAL MI

National Mortgage Insurance Corporation (National MI) is a U.S.-based, private mortgage insurance company established with a mission to enable low down payment borrowers to realize homeownership, while protecting lenders and investors against losses related to a borrower's default. We take a straightforward approach to both our products and practices to ensure lenders' confidence in the loans they place with us. We adhere to high standards in insurance underwriting and processing, and customer service. National MI is committed to delivering mortgage insurance solutions that provide a path to coverage certainty.

For more information on National MI, visit nationalmi.com.

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