

Letter from D. Steve Boland



We are pleased to share the findings from our latest Homebuyer Insights Report. For the first time, the report - which explores the attitudes, behaviors and preferences of the modern homebuyer - also looked specifically at current renters who plan to someday own a home.

This fall's report finds that millennials are redefining life's priorities by placing homeownership above nearly all other key milestones, including marriage. Millennials equate homeownership with personal and financial success, and it's encouraging to see this generation

aspire to homeownership.

We were also encouraged to learn that first-time buyers are already being purposeful in their home purchase planning and are considering who to buy with, when to buy and where to buy. While the majority plan to buy with a spouse or partner, many are venturing out on their own and say they will buy their first home solo. Regardless of who they are buying with, first-time buyers are getting ready to pull the trigger, as nearly two in five plan to buy within the next two years.

In taking a closer look at our renter group, it is clear there are inconsistencies and a knowledge gap in the "own vs. rent" debate. While contradictory, many think renting will be just as or less expensive than owning in the long-term, but they fully acknowledge their rental costs will continue to go up over time. This group is further held back by persistent homebuying myths surrounding down payments, private mortgage insurance and "perfect" credit scores.

While finances and misconceptions are ongoing barriers to homeownership, we are here to support each of our clients. At Bank of America, we're committed to helping our clients find the path that's right for them through financial guidance, education and planning.

D. Steve Boland, Head of Consumer Lending, Bank of America

Methodology

Convergys Analytics conducted an online survey on behalf of Bank of America between January 16 and February 2, 2018. Convergys surveyed a national sample of 2,000 adults age 18+ who currently own a home or plan to in the future. In addition, an augment was conducted to reach 300 adults in seven local markets: Austin, Boston, Charlotte, Dallas, Nashville, Phoenix, and San Francisco. The margin of error for the national quota is +/- 2.6 percent, and the margin of error for the oversampled markets is approximately +/- 5.8 percent, with each reported at a 95 percent confidence level.

Select questions allowed respondents to choose more than one answer, resulting in a total response that may equate to more than 100 percent.

Respondent Breakdowns

Generational

- Gen Zers: Born after 1995
- Millennials: Born 1978-1995
- Gen Xers: Born 1965-1977
- Baby boomers: Born 1946-1964
- Seniors: Born before 1946

Homebuyer Categories

- First-time: Have not yet purchased a home
- Experienced: Currently own a home

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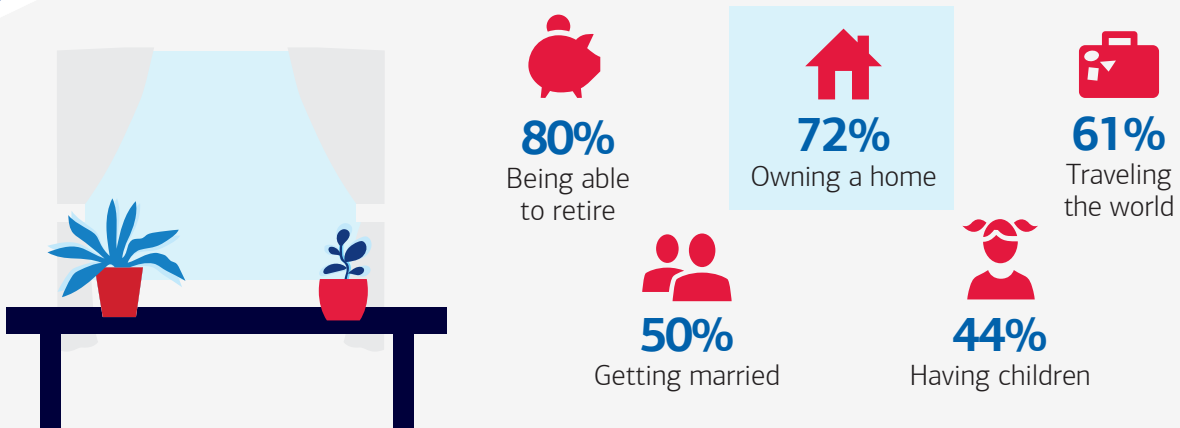
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Inside the mind of a renter

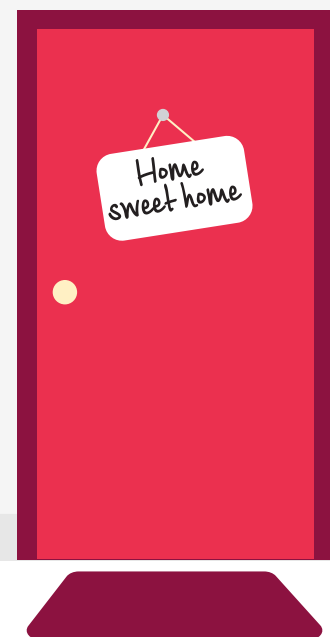
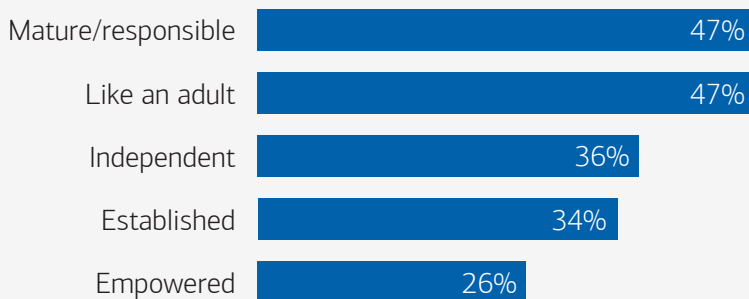
Millennials place homeownership above other life priorities

Second only to being able to retire, owning a home is a top priority for nearly three-quarters of millennials.

Which of the following milestones do you consider a top priority?



Many millennials equate homeownership with personal (53 percent) and financial (45 percent) success. And when thinking about buying their first home, they feel...

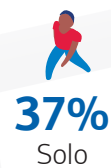


The five Ws of homebuying

First-time homebuyers have a lot to consider, including *who* to buy with, *what* to look for, *where* and *when* to buy, and *why* they should pull the trigger.

Who

First-time buyers plan to buy...



What

First-time buyers prefer...

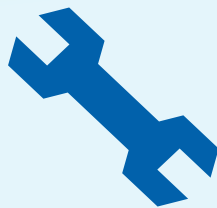
50% A starter home
50% A forever home

52% More square footage
48% A large backyard

65% A garage
35% An extra bedroom

66% A modern layout
34% A home with “good bones”

75% Updated appliances
25% An updated exterior



Many first-time buyers also realize that the look and feel of a home isn't permanent as **78%** plan to update or renovate their home, with **8%** planning to gut it.



The five Ws of homebuying

Where

First-time buyers would rather...



90% Be in their preferred location



10% Be in a less desirable neighborhood with lower home prices



Compared to where you currently live, where do you plan to buy your first home?

7%

Within the same neighborhood

18%

Within the same county or township

19%

In a different state

20%

Within the same city

16%

In a new city within the same state

20%

I don't know

When

When do you plan to buy?

In the next 2 years
38%

In the next 3-5 years
36%

In 6+ years
16%

What time of the year do you think is best to buy a home?



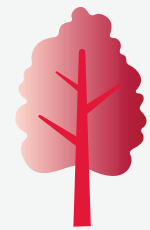
41%
Spring



24%
Winter



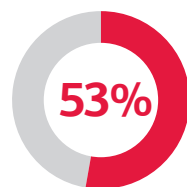
19%
Summer



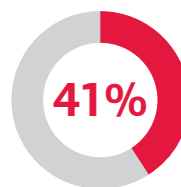
15%
Fall

Why

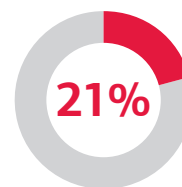
Consumers say their motivations to buy for the first time are...



Having enough money saved



Having a higher salary



Getting married



Having kids

Inside the mind of a renter

Renters are torn on the “rent vs. buy” debate. When asked which they believe is more expensive, respondents are nearly split.

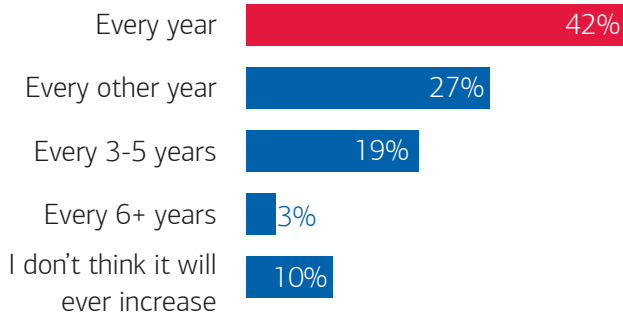
Renting long-term will be...

51% Just as or less expensive than buying a home

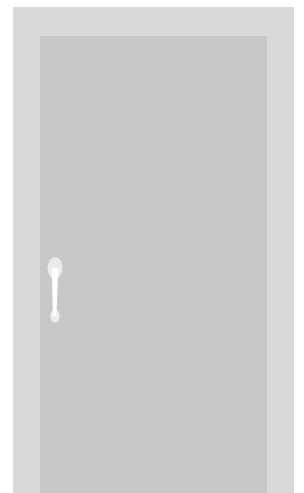
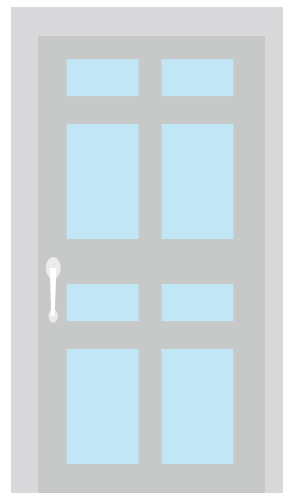
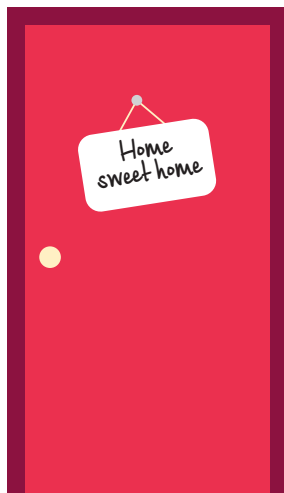
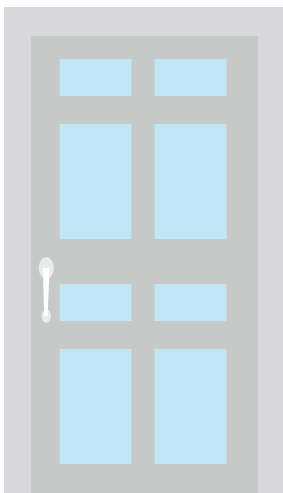
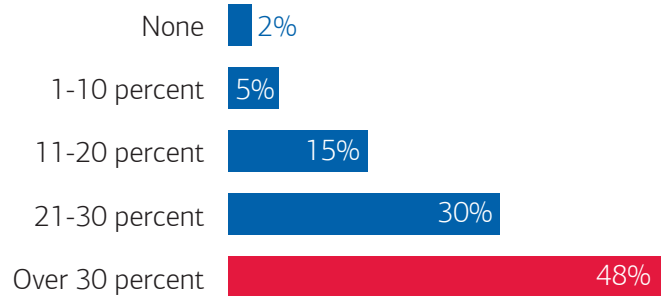
49% More expensive than buying a home

Yet, nearly seven in 10 say their rent will continue to rise every year or every other year, and nearly half already pay more than 30 percent of their income in rent each month.

How frequently do you think your rent will increase?



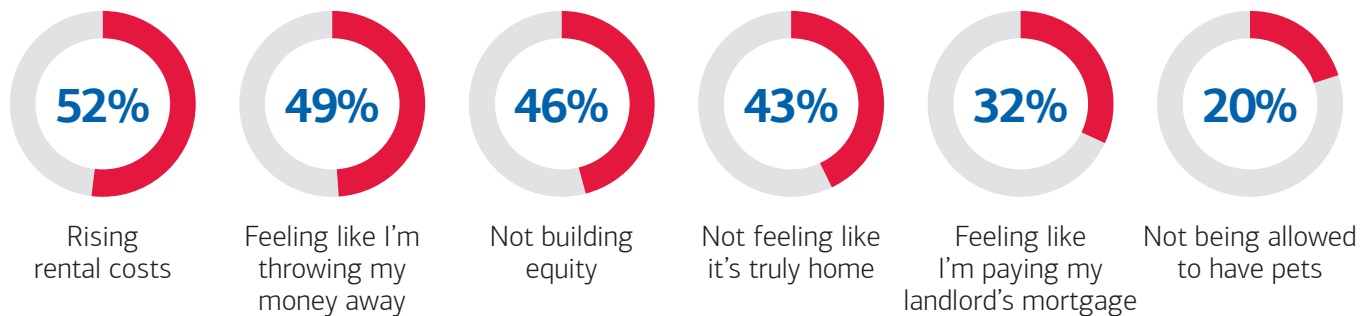
What percent of your monthly income goes to rent?



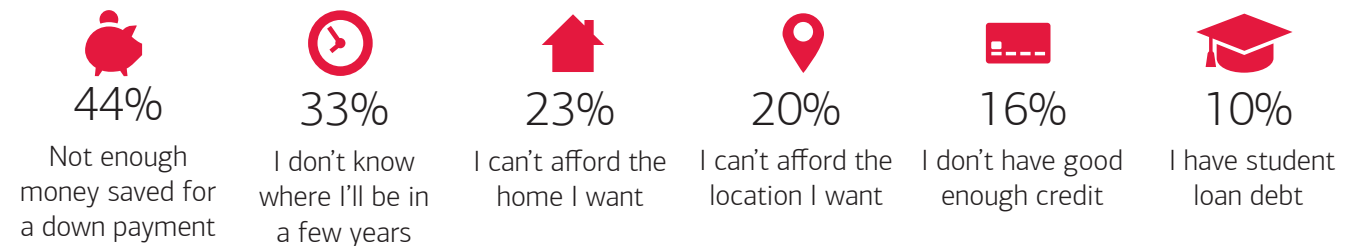
Inside the mind of a renter

While rising rental costs top their list of renting dislikes, finances are also the top barrier to homeownership for renters.

What do you dislike about renting?



Why have you not purchased a home yet?



Many renters still believe persistent myths about homebuying, including...

A 20% down payment is required to buy a home



I must pay private mortgage insurance if I don't put 20% down



I need to have a "perfect" credit score to be considered for a mortgage



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