First Comes a Home, Then (Maybe) Love and Marriage

Millennials are straying from the norm as they redefine life’s priorities. A new survey released today finds that 23- to 40-year-olds are placing homeownership above nearly all else, with 72 percent of millennials saying owning a home is a top priority. Homeownership is second only to being able to retire (80 percent), and far outranks getting married (50 percent) and having children (44 percent).

Furthermore, many millennials equate homeownership with personal (53 percent) and financial (45 percent) success. Prospective millennial buyers also associate the purchase of a home with being mature (47 percent), acting like an adult (47 percent), and feeling independent (36 percent).

“Younger generations tell us that owning a home has become a milestone that defines their success, and it’s promising to see them aspiring to homeownership,” said D. Steve Boland, head of Consumer Lending at Bank of America. “We’re helping them look at their full financial picture, save early, and understand the tools available to them so they can buy, knowing they’re able to balance their home and other priorities far into the future.”

These findings are from the latest Bank of America Homebuyer Insights Report, which explores the attitudes, preferences and behaviors of the modern homebuyer. For the first time, the survey also took a closer look at current renters who plan to someday own a home.

The age-old question – to own or to rent – still looms for many. Current renters are torn, with 49 percent believing renting long-term will be more expensive than buying a home. The other half of renters say renting will be just as or less expensive than owning. Yet, 69 percent believe their rent will continue to rise every year or every other year.

Furthermore, renters acknowledge that finances remain one of the top barriers to homeownership, with nearly half (44 percent) feeling they don’t have enough money for a down payment. What’s more, 23 percent cite they cannot afford the home they want.

Top renter misconceptions include:
- Forty-nine percent believe that 20 percent down is required to buy a home.
- Forty-three percent believe they must pay private mortgage insurance if they don’t put 20 percent down.
- Nearly one in four believe they need to have a “perfect” credit score to be considered for a mortgage.

“Interestingly, we see renters rethinking the long-term impact of renting vs. owning. They say renting will be just as or less expensive, but at the same time acknowledge their rental costs will continue to go up over time,” said Boland. “At Bank of America, our job is to help renters look
at their finances, debunk the myths that surround homebuying, and provide financial guidance so they can find the path that’s right for them.”

Those ready to leave renting behind aren’t going into homebuying blindly; they’re thinking through who to buy with, when to buy and where to buy.

While 57 percent of all first-time buyers plan to buy with a spouse or partner, others are increasingly venturing out on their own, with 37 percent saying they plan to purchase their first home solo.

Regardless of who they are buying with, first-time buyers are ready to act soon. Nearly two in five plan to buy in the next two years, and 60 percent of those soon-to-be buyers are already saving for a down payment.

Location is also a big part of the plan. Ninety percent of first-time buyers would rather pay more for their preferred location than be in a less desirable location with lower home prices (10 percent). And 45 percent are looking to stay within their current neighborhood, city, county or township/school district, while just one in five (is) planning to buy out of state.

Through smart planning and expert support, millennials, first-time buyers and renters can reach their life goals, even if the path there is a little different than those who came before them.