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Nearly Two-Thirds Say Affordability Factors are Holding Them Back From Homeownership

58% would be willing to take action to find more affordable housing

NEW YORK – March 30, 2022 – With home prices at record highs and inventory at record lows, nearly two-thirds of non-homeowners (64%) say an affordability factor is holding them back from owning a home, according to a new Bankrate.com report. This includes 43% who say their income levels are not high enough, 39% who think home prices are too high, and 36% who can't afford a down payment and/or closing costs (respondents could select more than one factor). Additionally, 58% of all U.S. adults would be willing to take action to find more affordable housing. Click here for more information:

<https://www.bankrate.com/mortgages/homeownership-remains-centerpiece-of-american-dream/>

Other than these affordability factors, 22% of non-homeowners don't think their credit is good enough to buy a home, 22% are just not ready to own a home yet, 17% think mortgage rates are too high, 13% have too much debt, 13% cite lack of available homes/inventory, and 8% say some other reason. Separately, 14% simply never want to be homeowners.

Western non-homeowners (70%) are more likely to cite an affordability factor – home prices, down payment and closing costs, or lack of income – than those living in the Northeast (63%), South (63%), or Midwest (62%). They also point to lack of inventory more often (16%) than their counterparts across the country (12%, 12%, and 10%, respectively).

Generationally, millennials (ages 26-41) are the most likely to blame high home prices (44%). Gen Xers (ages 42-57) most frequently cite lack of income (41%), high home prices (40%), and to a greater extent than other age groups, to say they are unable to afford a down payment and/or closing costs (39%). Baby boomers (ages 58-76, 18%) are more likely than millennials (12%) and Gen Zers (ages 18-25, 9%) to say that they never want to own a home, though that was far from their most common answer. Gen Zers are the most inclined to say they don't have enough income (47%) or just aren't ready to own a home yet (43%).

“Non-homeowners cite insufficient income, high home prices, and not being able to afford a down payment or closing costs as the most common barriers to becoming a homeowner,” said Bankrate.com chief financial analyst Greg McBride, CFA. “High, and rising, home prices can contribute to the feelings of not having enough income or savings accumulated to buy a house.”

To escape high costs of housing, 58% of all U.S. adults would be willing to take some action to find more affordability. This includes 27% who would move out of state, 21% who would buy a fixer-upper, 20% who would move farther from family and friends, 13% who would move farther from work, 11% who would move to a less desirable area, and 3% who would take some other action.

75% of Gen Z and 69% of millennials would take at least one action to find more affordable housing compared to 59% of Gen X and 41% of baby boomers. Meanwhile, those in the West (33%) and Northeast (31%) are most willing to move out of state compared to those in the Midwest (25%) and South (22%).

Owning a home is still very much a part of the “American Dream,” as cited by 74% of U.S. adults. This is more than those who point to being able to retire (66%), having a successful career (60%), owning a car, truck, or other automobile (50%), having children (40%), and getting a college degree (35%). Younger adults are less likely to feel this way, however, with 59% of Gen Z and 65% of millennials selecting homeownership compared to 78% of Gen X and 85% of baby boomers.

Once they’re in a home, an overwhelming majority are content with their decision; 72% of homeowners say they would still buy their current home if they had to do it all over again, while just 18% would not, and 10% don’t know.

“Nearly 3 in 4 homeowners say they would still buy their current home if they had it to do all over again,” added McBride. “Paying down debt, building savings, and knowing the limits of what you can afford all provide the stable financial foundation on which ‘no regrets’ homeownership is built.”

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,529 adults, among whom 1,397 were homeowners and 1,132 were not homeowners. Fieldwork was undertaken on March 2-4, 2022. 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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