

Younger generations' dreams of homeownership come with unique challenges. But there are ways we can help them become homebuyers.

Millennials have reached the age of homebuying and Generation Z is not far behind. As a large cohort and dominant force in the U.S. economy, their needs, opinions, and behaviors could shape the future direction of the housing market.

According to Fannie Mae research, their desire for homeownership matches that of previous generations, with **88% confident** they will achieve homeownership someday. But, three key barriers to purchase — debt, education, and available housing options — are standing in their way.

Recent studies have shown that as Baby Boomers downsize or exit the market, more homes become available, however, housing stock often does not match the needs, desires, and/or budget of younger buyers. Among homebuyers between 2018 and 2023, we expect a rise of 7% in those who are single and a 6% increase in those who are married with no children. In our study, **69% say smaller** homes are okay as long as their needs are met. And **63% are open** to older fixer-uppers, seeing them as a more affordable option.

MILLENNIALS

- AGE:** 23-38
- EMPLOYED:** 76%
- MAJORITY:** Plan to buy a home in the next 5-10 years
- TASTES:** Modern and minimalistic
- PREFERENCE:** Walkable: 43% suburbs, 23% city

GEN Z

- AGE:** 18-22
- EMPLOYED:** 53%
- ASPIRATION:** Move out of parent's house
- FINANCES:** Conservative and debt-averse
- PREFERENCE:** Walkable: 41% suburbs, 24% city

VIEWS ON MANUFACTURED HOUSING

24% of those who stated homeownership is not a current goal said that seeing alternative housing solutions makes them somewhat more likely to consider it.

Only 39% of Millennials and Gen Z are aware of factory-built homes as an option.

The number of Millennials and Gen Z interested in factory-built homes **increased by 31%** with more education and exposure.

WHY THEY WANT TO OWN

- 80%** Believe buying a home is the best way to make it on their own
- 78%** Believe buying a home is the best way to live their own way
- 60%** Want to purchase a home as a way to build wealth

MILLENNIALS & GEN Z ON FINANCES

- 24%** Demonstrate basic financial literacy
- 73%** Are unaware of lower down-payment mortgage options
- 64%** Expect lenders to educate them about the mortgage process
- 63%** Want to be shown the right mortgage option for their needs
- 44%** Find it hard to set money aside each month toward homeownership
- 69%** Believe they would be unable to find a home in their price range

55%
Believe homeownership is out of reach financially

FUTURE HOMEBUYERS SAY:

"I want something that is mine, so my kids always have something to come back to."

"I want something my son can feel at home with; my mom owned her house and it creates a sense of self and knowing where you belong, and I would like to provide that for him as well."

"Real estate agents should be more than the person that's helping you find a home. They really should become like a trusted advisor—someone that can guide you either way."

"I'd rather put down a large down payment and have a smaller loan; the debt is so scary to me; I've pretty much always been debt-free — which I'm proud of — so having a massive loan is intimidating to me."

"I'm paying off my student loans as I go, I'm a little concerned but I'm on a payment plan; I'd like to be debt-free before I buy."

"I don't want to go into that commitment with a lot of [debt] still lingering around; it might not be all gone but we want to pay off as much as we can."

In 2019, Fannie Mae conducted proprietary research to understand the needs and challenges of future homebuyers. We conducted mobile ethnographies (24 participants over a week-long period), focus groups (69 participants in 2-hour multi-participant situations), in-home interviews (12 90-minute interviews), online surveys (2,402 participants, 17-minute mobile-friendly), and four 2-hour focus groups in two key markets for the MH Advantage® product: Charlotte, NC, and Portland, OR.