

Millennials are re-landscaping the housing market:

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Illustration: Sarah Grillo/Axios

Rising home prices, falling savings rates, record debt levels and strict lending practices have contributed to pushing homeownership farther out of reach for aspiring young buyers.

Why it matters: Owning a home is considered a first step toward financial security and has become more difficult as Americans experience the [biggest wealth gap since the Roaring '20s](#).

- Most millennials won't be able to put a 20% down payment on a home until they're in their mid-40s, according to an analysis on housing affordability from [Unison](#), a company that helps with a down payment in exchange for a percentage of the eventual sale price.

- A 20% down payment isn't essential, but it can qualify borrowers for lower interest rates, a waiver on monthly mortgage insurance and save money for borrowers over time.
- It takes 14 years to save for a 20% down payment on a median-priced home with a median income, compared to 9 years in 1975.

Notable: Nearly 75% of first-time, noncash buyers put down less than 20% in 2018, compared to 55% of all homebuyers, according to [National Association of Realtors](#).

- In 1975, it was not only easier to save for a down payment, but loan payments were usually a smaller share of income than today.
- Americans were able to save an average of 13.4% of income in 1975, more than double the 6.1% rate today, according to the [Bureau of Economic Analysis](#).

What's happening: More people are renting or moving to the suburbs.

- The housing shortages in job-rich cities mean millennials are either signing leases or buying houses with higher mortgage rates. More are leaving expensive cities for more affordable suburbs, the [Wall Street Journal](#) (*subscription*) reports.
- The number of investors purchasing single-family homes is at an all-time high. Private-equity firms and real estate speculators with cash offers are outbidding homebuyers, the [Wall Street Journal](#) reports.
- Federal Reserve [data](#) concluded student debt is responsible for a 20% dip in homeownership for young adults.

What it means: Millennials have changed "the composition of housing starts and the housing market, resulting in the construction of more multifamily dwellings (apartments) than in past cyclical expansions," Joe Brusuelas, chief economist for RSM, tells Axios.

The bottom line: The housing market is still out of reach for average Americans, according to the [U.S. Home Affordability Report](#) by ATTOM Data Solutions. Not all millennials want to buy homes, but those who do are faced with waiting longer to gather a down payment in cities with skyrocketing costs of living, or moving to the suburbs.

Go deeper: [The bottom 50% of Americans now have 1% of America's wealth](#)