

2021 NextGen Homebuyer Report

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Preface

After releasing the 2020 NextGen Homebuyer Report in October 2020, we saw additional waves of the COVID-19 pandemic continue to wreak havoc on economic and social life throughout the world. We knew that we needed to continue our efforts to track and better understand the perspectives and mindsets of the NextGen homebuyer, particularly throughout this period of change and uncertainty.

Uncertainty has been a recurring theme over the past year and a half, and our NextGen homebuyers are no exception. After launching this year's survey in May 2021, we discovered that many NextGen future buyers are concerned about whether their home will be a good investment and that COVID-19 has had a significant impact on their plans to purchase. Time and time again, we saw references to the recent housing market shifts, fears over bidding wars, and finding affordable homes in a market that seemed almost inexplicably hot during the spring of 2021. We also saw NextGen buyers continue to respond with resilience and adaptability. Faced with a lack of comprehensive personal finance education, they've turned to their independent research and personal networks to find the information they need. NextGen continues to rely on social media, but their platforms have shifted rapidly as their work, and home lives have transformed during the pandemic.

Perhaps most impressively, NextGen individuals continue to move forward with purchasing homes and setting down roots despite the uncertainty of COVID-19 and a lingering distrust in financial institutions caused by the Great Recession and rising student loan debt that has affected so many.

We know that not everyone's experiences are the same and that demographic and socioeconomic factors can change the trajectory of one's financial experience, so we looked at the data across race/ethnicity, gender, and socioeconomic status.

What we found is unfortunate, if not surprising. Those from historically marginalized identities, and BIPOC individuals in particular, experienced more significant adverse impacts from COVID-19. They're also less likely to have grown up in homes owned outright by their family, leading to lasting effects on their understanding of the homebuying process as adults themselves. But we've also seen that Black individuals report talking with their families about financial and economic matters more than any other demographic group. Those who identified as Hispanic were more likely to as well.

Talking about finances with the family will not solve the systemic racism that still plagues so many of our systems, impacting the ability of BIPOC NextGen buyers to purchase the home of their dreams, but these are essential first steps. The more we learn about these matters, the more we can apply tailored tools, programming, and support to the populations who need it most. One thing we've learned from this year's survey? More practical information and explanations about the role of loan officers would help many BIPOC NextGen buyers. Keep reading to find out more.

Thanks to everyone who has supported this effort, we're invigorated by the results of this year's survey, and we're looking forward to continuing to see how this Report can make a difference in our industry and help ensure that we're best supporting our NextGen market.

Best,

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CEO, Cultural Outreach
Founder, NAMMBA

Executive Summary

Despite the economic uncertainty caused by COVID-19, NextGen buyers represent the fastest-growing segment of homebuyers. Many NextGen homebuyers reached adulthood during the Great Recession, have accumulated significant student loan debt, and are following different spending patterns of previous generations, creating substantial impacts in the real estate market. Cultural Outreach collaborated with the Mortgage Bankers Association and National MI to understand better this population’s financial perspectives and homebuying experience. One Thousand NextGen buyers who purchased a home in the last three years or planned to purchase one within three years completed this survey.

The survey served as a continuation of the 2020 NextGen Homebuyer Report, covering three topic areas regarding homeownership to give real estate professionals an updated look at the experiences of NextGen buyers to better serve current and future homebuyers in this population. With 44 percent of NextGen identifying as minorities¹, this year’s survey also explored demographic differences to provide new insight into how an individual’s race/ethnicity impacts the homebuying experience, income, credit score, and more.

Homebuying Statements

What do NextGen buyers say about the homebuying experience? What beliefs and misconceptions do they have about purchasing a home?

COVID-19

How has COVID-19 continued to impact NextGen as they consider and prepare to purchase their own homes?

Communication

What’s the best way to communicate with NextGen buyers? Who is using what social platforms and how frequently? Who influences NextGen buyers during the buying process?

One in four recent buyers said their biggest challenge was a lack of understanding about the homebuying process.

Over 90 percent of recent NextGen buyers felt satisfied with their homebuying experience, reflecting a remarkably positive outlook on purchasing a home during and shortly after the COVID-19 pandemic. However, a quarter of recent buyers claimed their most significant challenge while buying a home was a lack of understanding around the process and time involved. These sentiments were echoed throughout the survey.

¹ Brookings Institute, <https://www.brookings.edu/research/millennials/>

NextGen buyers seek more personalized attention during the buying process.

Only half of the recent NextGen buyers report a great experience with their loan officer. Only one in three (27.9%) of current or future NextGen buyers feel that lenders are trustworthy and reliable. Buyers rely on real estate professionals and bank recommendations to find loan officers, unlike real estate agents who were typically found via independent online searches and recommendations from personal networks. Recent buyers lack a solid understanding of the process and amount of time it takes to buy a home. Transparent mortgage or homebuying pricing, an earlier outlining of the homebuying process, and more responsiveness were also listed as common suggestions to improve the buyer and loan officer relationship.

COVID-19 may be contributing to increased insecurity around the market and the value of buying a home.

Almost half (over 43%) of survey respondents report that COVID-19 has hurt their decision to purchase a home, compared to significantly smaller percentages who report a negative impact on their financial situation and employment due to the pandemic, this is up from one-third, or 31 percent from last year's survey. However, COVID-19 did not impact all NextGen buyers equally. White individuals were less likely to report that COVID-19 hurt their financial situation, whereas Black NextGen buyers report the highest impact.

Over one in five (21.9%) are most concerned that their potential home will not be a good investment among future NextGen homebuyers. Many also cited similar concerns around a possible housing market downturn, rapidly rising prices, and bidding wars. These concerns demonstrate how recent market events and the lingering impact of the pandemic, have exacerbated many NextGen fears around stability regarding future homebuying.

Online sources and personal networks are key influences for NextGen buyers, with a preference being placed on video content for education and insight.

A significant majority of survey respondents cite learning more about personal finance through Google, friends and family, and additional independent, ad-hoc sources, with 70 percent alone choosing Google as their go-to source for personal finance knowledge. An overwhelming majority of NextGen buyers use social media between one to five hours a day, with 74 percent citing YouTube as a go-to source for content. This, in conjunction with the rapid rise of TikTok among this age group, reflects a strong interest in video-based content. At the same time, NextGen buyers are least likely to prefer to communicate about business matters via video call compared to any other format. NextGen buyers appear most interested in video content that they can consume on their schedule for educational purposes.

In addition to social media and online sources, friends and family continue to rank highly as sources of both education and influence regarding recommendations and reviews for real estate professionals and guidance throughout the homebuying process.

Background and Methodology

The NextGen Homebuyer Report is a collaborative effort between Cultural Outreach, the Mortgage Bankers Association, and National MI to study the Millennial and Generation Z homebuyers. The 2021 survey was completed online by 1,000 NextGen (ages 22-37) homebuyers from May to July 2021. All survey respondents purchased a home in the last three years or plan to buy a home within the near future, i.e., within the next three years.

NextGen:

Millennials born
between 1981-1996

Generation Z born
between 1996-2010

NextGen, which refers to Millennials born between 1981-1996 and Generation Z born between 1996-2010, account for one out of every three home purchases. Millennials currently make up the fastest-growing segment of buyers, according to a [2021 National Association of Realtors report](#). Research suggests that NextGen homebuyers are also waiting longer to buy their first home than previous generations due to the lasting effects of the Great Recession, rising student loan debt, and shifting priorities regarding career and family life.

While Millennials have been shifting homebuying trends for more than a decade before the COVID-19 pandemic, the housing market has seen unprecedented activity in recent months. Increasing demand, decreased supply, historically low mortgage rates, and a surge in building supply prices have [driven a record 13.2 percent increase in the average home price from May 2020 to May 2021](#).

Building on last year's NextGen Homebuyer Report, the 2021 survey explored three key topics related to homeownership to provide real estate professionals with up-to-date information on this critical market.

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Data Analysis

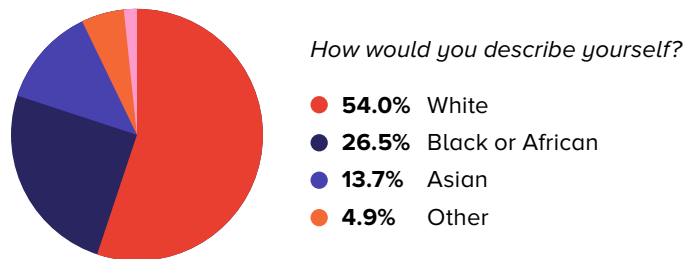
The survey respondents are Generation Z and Millennials, ages 22-37, that purchased a home in the last three years or plan to purchase a home soon. Data were analyzed across all respondents and segmented between “recent buyers” (24%) defined as individuals who purchased a home in the last three years and “future buyers” (76%), defined as individuals who plan to buy a home within the next three years. The survey included 33 questions, 19 were answered by all respondents, 11 were specific to recent buyers, and 3 questions were specific to future buyers. Each question was reviewed for significance at a 95 percent alpha level. Following significance testing, responses were reviewed by demographics to determine if there was any significance in gender, ethnicity, income, or education.

Respondent Characteristics

Responses were collected from all 50 states. Respondents were primarily city and suburban dwellers rather than rural. Respondents that had recently purchased a home were most likely to be 28 and older, have a higher household income of \$175,000-199,000, and have a credit score between 740-799. A complete list of respondent demographic data is available in Appendix A.

Respondent Demographics

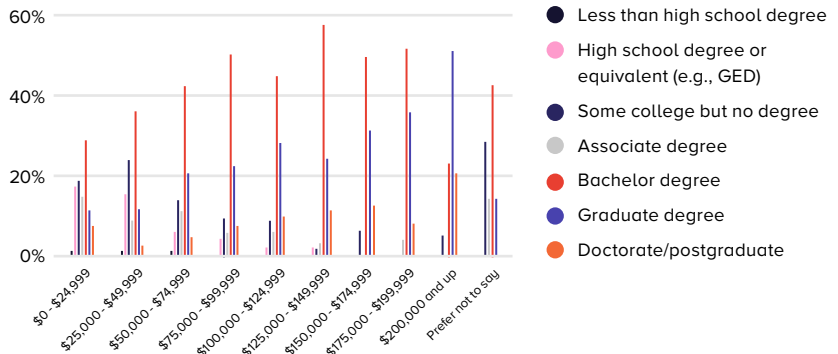
Respondent demographics reflect the U.S. racial breakdown for Millennials:



16.9% of respondents are of Hispanic, Latino, or of Spanish origin

Most respondents have a Bachelor’s degree and make between \$50,000-\$74,999 per year

Education Levels in Each Income Group



NextGen Homebuying Statements

What is the NextGen homebuying experience? What are the misconceptions in the homebuying process? And how does this population engage with their homebuying team?

Buying a home has always been one of the most complicated and significant decisions an adult can make. Misconceptions and myths persist around both the process and the types of individuals who become homebuyers. In addition, the COVID-19 pandemic has raised new questions about the state of young Millennial and Generation Z homebuyers. While some uncertainty remains as the pandemic affects American social and economic life, the data revealed through the 2021 Homebuyer survey can help dispel key myths in the homebuying process. The survey identified five statements that, on average, potential NextGen homebuyers would make.

NextGen Statement #1:

“I want to buy a home.”



1 in 3 home purchases are made by NextGen buyers

Before the COVID-19 pandemic, NextGen homebuyers were already purchasing homes later in life and at lower rates than previous generations, due in large part to lingering effects from the Great Recession, rising student loan debt, and shifts in priorities regarding family and professional life. However, this Generation currently makes up the biggest homebuying demographic, with 1 in 3 home purchases being made by NextGen buyers.

Most NextGen respondents believe owning a home is a part of the American Dream and good for communities. However, the biggest homebuying concern for one-in-five (22%) NextGen buyers is if the home is a good investment.

Among these buyers, Black Indigenous People of Color (BIPOC) NextGen buyers appear to be purchasing homes at rates generally equivalent to their Generation X counterparts and at significantly higher rates than those aged 66 and above.

Those who have yet to buy are concerned about making a good investment, with many reporting concerns around the accessibility, and the practicality of making a housing purchase given the ongoing insecurity caused by COVID-19 and recent market shifts.

NextGen Statement #2:

“Purchasing a home requires a 20 percent down payment.”

Most NextGen homebuyers and prospective homebuyers believe that you need to save 20 percent for a home down payment. However, there are significant differences in how strongly this belief is by demographic.

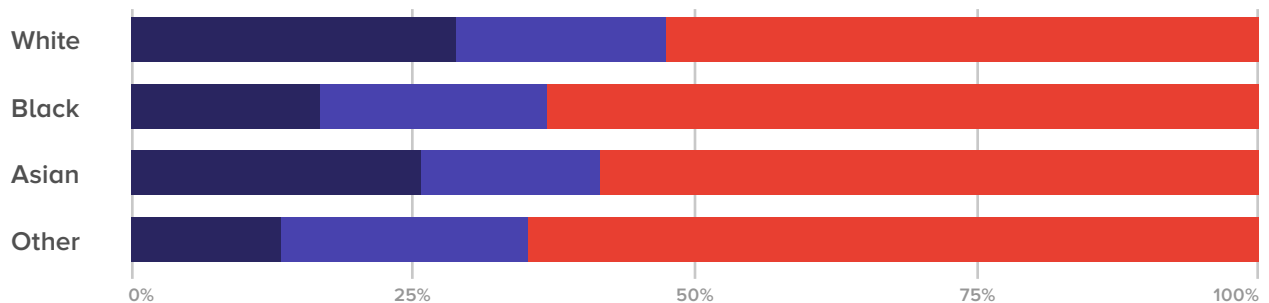
Caucasian and Asian Americans are much more likely to believe you don't need to save 20 percent for a down payment than Black Americans and those identifying as “Other.”

Buyers with higher incomes were also less likely to believe a 20 percent down payment is needed.

NextGen buyers earning less than \$50,000 in annual household income were much more likely to believe that a 20 percent down payment was needed compared to any other income group.

I need to save 20 percent for a home down payment

■ Disagree ■ Neither agree or disagree ■ Agree



I need to save 20 percent for a home down payment

■ Disagree ■ Neither agree or disagree ■ Agree



NextGen Statement #3:

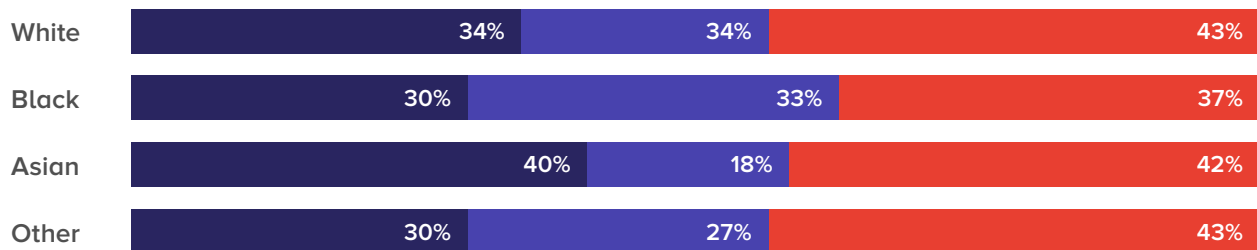
“Purchasing a home requires a traditional (W-2) job and great credit.”

NextGen buyers express a wide range of beliefs regarding financing options and how much money is needed to purchase a home. *Significant numbers of NextGen prospective buyers across credit score, income level, and race/ethnicity believe that a W-2 or traditional job is needed to qualify for a mortgage.*

When broken down further, NextGen prospective buyers earning less than \$50,000 per year in household income were more likely to believe that a traditional job with a W-2 is needed for mortgage approval. In contrast, individuals with credit scores above 840 were more likely than all other groups to believe that alternative jobs without W-2's are also accessible paths to qualifying for a mortgage.

I need to be a W-2 employee and work a traditional job to qualify for a mortgage

■ Disagree ■ Neither agree or disagree ■ Agree



I need to be a W-2 employee and work a traditional job to qualify for a mortgage

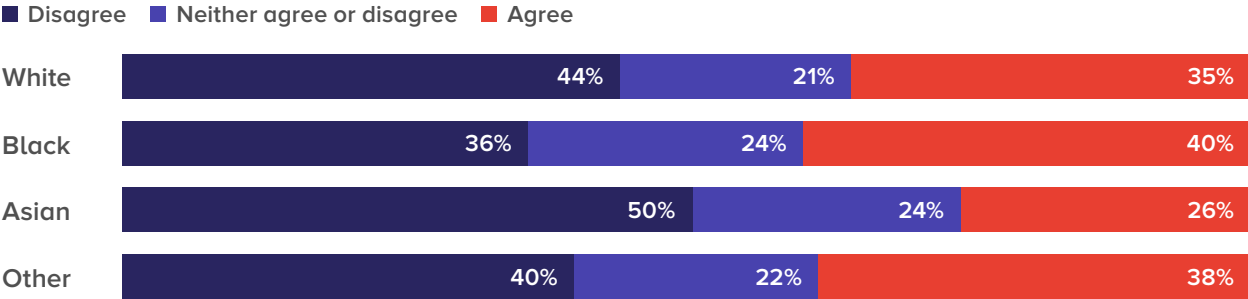
■ Disagree ■ Neither agree or disagree ■ Agree



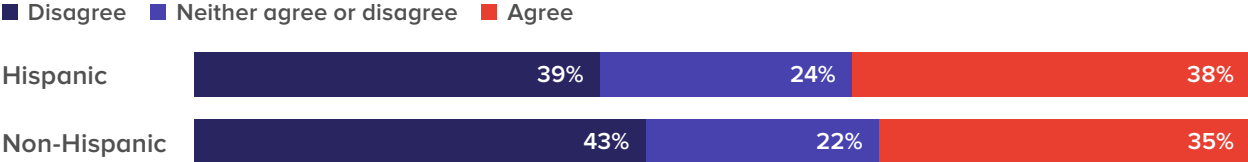
Significant numbers of NextGen prospective buyers across credit score, income level, and race/ethnicity believe that student debt and car loans may prevent them from qualifying for a home loan. Asian Americans and those with credit scores above 740 were more likely to believe that debt is not a barrier to qualifying for a mortgage. Those who identify as Hispanic and Black Americans tend to skew the other way, believing that student loans or car debt could prevent them from mortgage approval.

The reality is that you do not need to save 20 percent of the cost of a home for a down payment, and mortgage approval is possible with non-traditional jobs, student loans, car debt, and many other barriers. However, the 2021 NextGen survey reveals that, in general, White individuals and those with higher incomes and credit scores tend to have a more thorough understanding of financing options. There is significant room for real estate professionals to focus targeted outreach and communications to BIPOC individuals and those with lower incomes and credit scores to help them understand how they can purchase a home in today’s market.

Student debt or car loans will prevent me from qualifying for a mortgage



Student debt or car loans will prevent me from qualifying for a mortgage



NextGen Statement #4:

“I enjoyed my homebuying experience.”

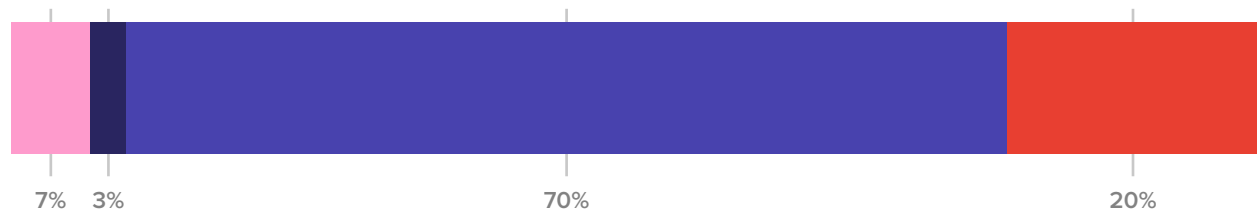
Recent NextGen homebuyers feel remarkably satisfied with their homebuying experience; however, communication between entities needs improvement. Over two-thirds (70%) of NextGen buyers felt satisfied with their homebuying experience, with an additional 20 percent reporting feeling very satisfied. This means that over 90 percent of all recent buyers feel satisfied with their homebuying experience.

When asked how the experience could be improved, the most common responses were focused on weak communication between real estate agents, builders, mortgage bankers, and banks. There were numerous instances where individuals reported feeling pressured by real estate agents looking for their own financial interests or felt they were misled at different parts of the process by professionals with more relevant awareness and knowledge.

Out of the respondents who had recently purchased a home, the difference in homebuying satisfaction by race is significant at alpha level 1.0, with *BIPOC individuals reporting less satisfaction with their homebuying experience than the satisfaction rate for NextGen buyers overall.*

Overall, how satisfied were you with your homebuying experience?

■ Dissatisfied ■ Unsure ■ Satisfied ■ Very Satisfied



NextGen Statement #5:

“I want more personalized attention and care.”

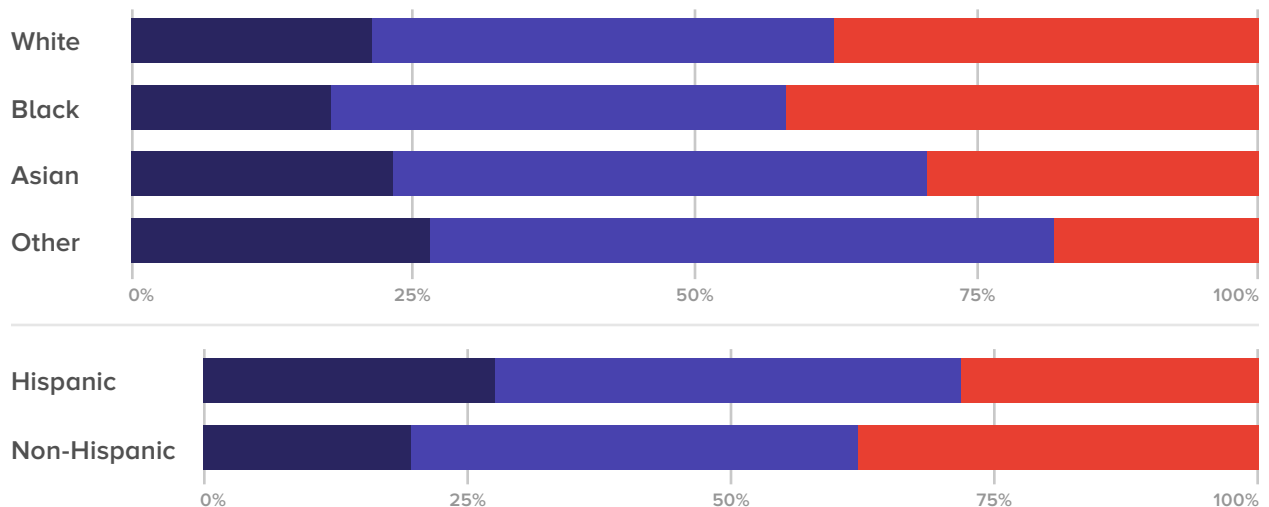
Despite their overall satisfaction with the homebuying process, many NextGen buyers report differing levels of satisfaction and trust in their real estate agents compared to their loan officers, highlighting the importance of improving communication between the real estate team and homebuyers.

Overall, most recent homebuyers felt satisfied with their real estate agent. Over 60 percent reported a great experience, citing no suggestions for how real estate agents could improve the relationships. Twelve percent cited a desire for more personalized attention and care from their real estate agent. Seeing as real estate agents are the most visible professionals involved in the homebuying process, the positive reactions of NextGen buyers to their real estate agent reinforces the results around the high satisfaction this population felt about the homebuying process more generally.

Perceptions of real estate agent’s trustworthiness differ by respondent race and household income. Those identifying as “Other” were much less likely to feel as if their real estate agent was trustworthy compared to White, Black, Asian American, or Hispanic identifying NextGen buyers. Those earning between \$75,000 and \$125,000 per year were more likely to consider their real estate agent trustworthy than NextGen buyers with a household income of less than \$75,000 and more than \$125,000 per year.

Real estate agents are trustworthy and reliable

■ Disagree ■ Neither agree or disagree ■ Agree

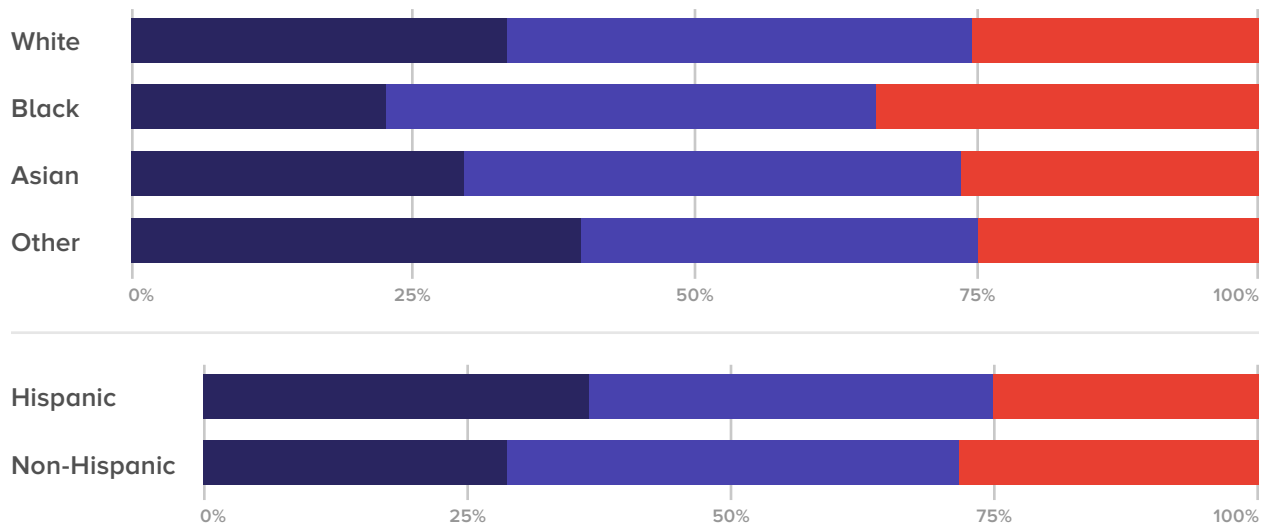


Homebuyers report less satisfaction with their loan officer. Only half (52%) had a great experience with this member of their homebuying team. Most commonly, recent buyers wished their loan officer provided more personalized attention and care. Transparent mortgage or homebuying pricing, an earlier outlining of the homebuying process, and more responsiveness were also listed as common suggestions to improve the buyer and loan officer relationship. This data indicates that recent NextGen homebuyers appear to have less positive relationships with loan officers, in general, than other professionals in the homebuying process.

Recent buyers lack a solid understanding of the process and amount of time it takes to buy a home. *A quarter of recent NextGen homebuyers listed this as their biggest challenge during their homebuying process.* This could be due to multiple factors, from the competitive housing market prolonging the average length of a housing search to a lack of education regarding the steps involved. Still, it ranked over ten percentage points higher than any other concerns aside from affordability.

Lenders are trustworthy and reliable

■ Disagree ■ Neither agree or disagree ■ Agree



Biggest Challenge in Homebuying Process by Demographic:

White	Finding an affordable home
Black	Understanding the entire process and the amount of time
Asian	Finding an affordable home
Other	Finding an affordable home

Hispanic	Finding an affordable home
Non-Hispanic	Finding an affordable home

Biggest Concern with Homebuying Process by Demographic:

White	I will not be able to save for a down payment
Black	I will not be able to afford the mortgage payment
Asian	I will not be able to afford the mortgage payment
Other	I will not be able to afford the mortgage payment

Hispanic	I will not be able to afford the mortgage payment
Non-Hispanic	I will not be able to save for a down payment

COVID-19's

Impact

COVID-19's Impact

The COVID-19 pandemic has led to many unprecedented shifts in both economic and family life. When it comes to NextGen homebuyers, the pandemic appears to have had less of an impact on NextGen's financial situation than many feared, with over 47 percent of respondents acknowledging that it had no effect. Similarly, over half (60.8%) reported seeing no impact on their employment.

However, a closer look at the data broken out by race/ethnicity tells a slightly different story.

- Of all racial groups, Asians (52.6%) reported the highest incidence of negative impact on plans to purchase a home.
- Of all racial groups, those identifying as Other (32.6%) reported the highest incidence of negative impact on their employment.
- Of all racial groups, Black Americans (42.4%) reported the highest incidence of negative impact on their financial situation more broadly.

In each of these situations, White NextGen buyers experienced the least negative impact, reflecting ongoing prejudices that still impact the ability of many BIPOC Millennials and Generation Z to gain enough financial stability to afford a home.

Additionally, data revealing high levels of uncertainty around plans, concerns over whether a home will be a good future investment, and other considerations demonstrate how COVID-19's impact goes beyond the tangible.

COVID-19 has more significantly impacted plans to buy homes compared to other financial matters.

While significant numbers of NextGen respondents did not experience any substantial financial impact, either positive or negative, due to the pandemic, almost half of survey respondents say that COVID-19 hurt their decision to purchase a home. This is significantly higher than the percentage who report that COVID-19 hurt their employment (28.8%) and higher than NextGen buyers who report that COVID-19 hurt their financial situation generally (36.4%).

What effect has COVID-19 had on your plans to purchase a home?



The higher rate of individuals reporting a negative impact on their plans to purchase a home may be driven more by an increased degree of uncertainty over the future rather than any direct, tangible changes in their financial status or technical ability to purchase a home.

While many NextGen homebuyers did not find their capacity to buy a home changed significantly by the disruptions of the last year and a half, their perspectives about the future and overall sense of certainty regarding financial matters likely has been. As the economic impacts of the COVID-19 pandemic continue to linger on a broad scale, so will the impact it has on the NextGen homebuyers' sense of security.

Communication

What is the best way to communicate with NextGen buyers and who influences NextGen buyers during the buying process?

Among recent NextGen buyers, methods for finding a real estate agent and loan officer differ significantly, and many NextGen recent and prospective buyers turn to ad hoc sources to learn more about critical financial matters.

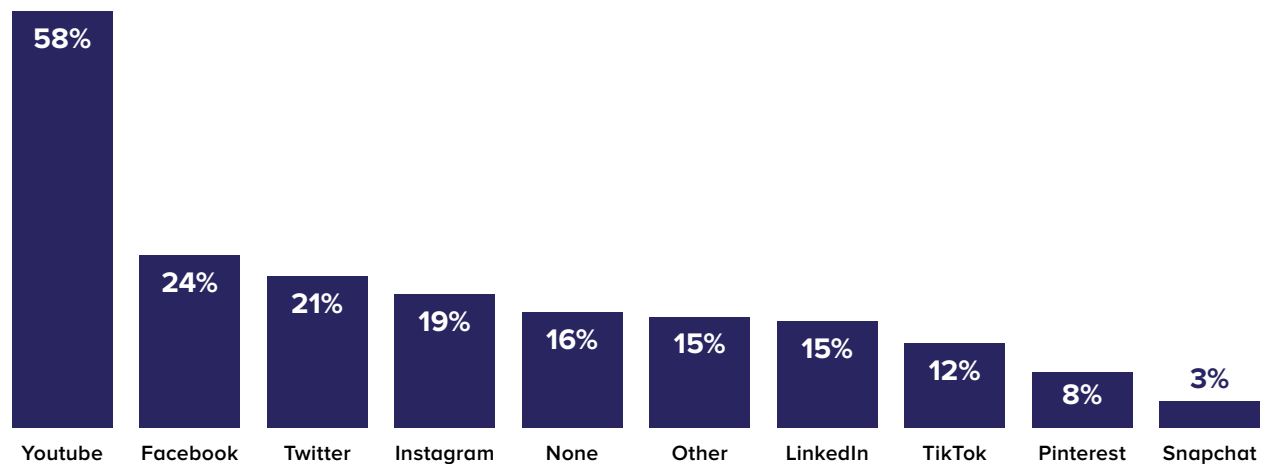
Social media is as important as ever, with video-based platforms dominating usage.

NextGen buyers demonstrate a strong preference for video-based platforms compared to text or image-based social media accounts. **Three-quarters of respondents cite using YouTube regularly, edging out Facebook (66.4%) and Instagram (60.5%).** No other social media platform is regularly used by more than half of this population.

However, TikTok has rapidly grown in relevance among Millennial and Generation Z homebuyers, with over a quarter of respondents (25.7%) reporting that they regularly used the video platform in 2021. While this platform was not used widely enough to be tracked in last year’s survey, it’s now regularly used by over a quarter of survey participants, demonstrating the importance of keeping up to date with modern technology so as to not lose the attention of the NextGen market. This is true even for financial matters specifically. **Over 58 percent of NextGen buyers report using YouTube to learn more about personal finance, at a rate of more than two times any other platform such as Facebook or Twitter.** Creating informative and compelling video-based content is key to attracting the attention of Millennials and Generation Z.

Additionally, an overwhelming majority of NextGen buyers spend, on average, between one and five hours on social media daily, demonstrating that social media is still one of the most reliable ways to stay connected to this demographic.

Which social media platforms do you visit to learn more about personal finance?



Top Social Media Resources by Demographic:

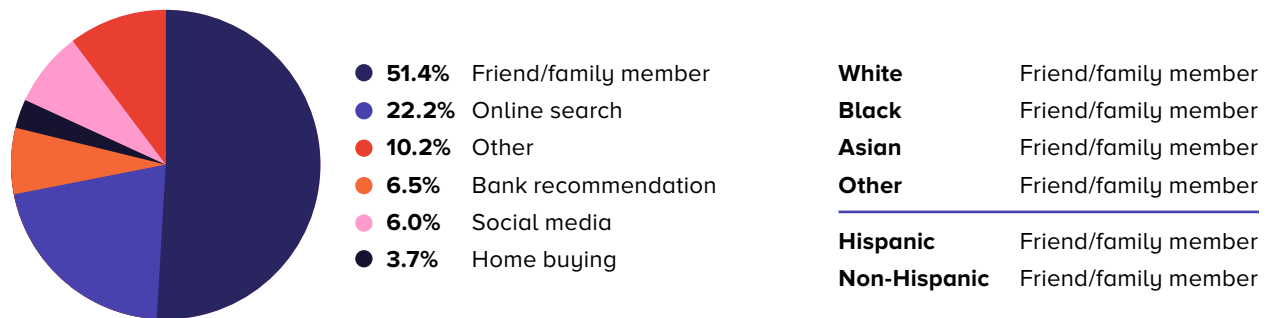
White	Black	Asian	Other	Hispanic	Non-Hispanic
YouTube	Facebook	YouTube	YouTube	YouTube	Facebook

Personal networks and online sources are key to finding real estate agents.

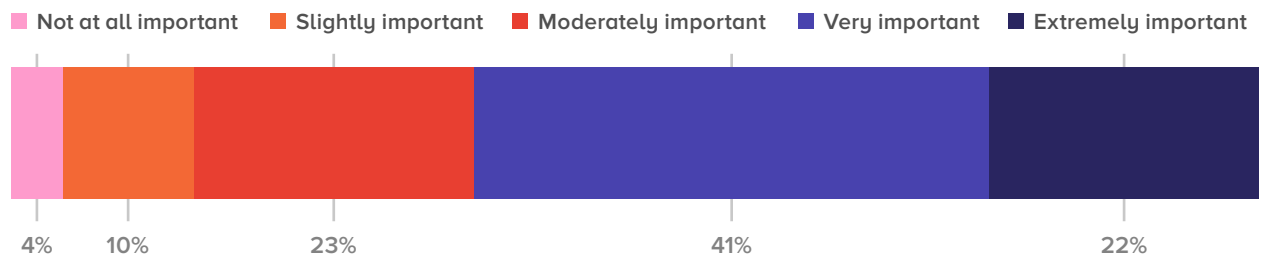
Over half of recent NextGen buyers found their real estate agent through a friend or family member, representing the most common source of influence by more than 30 percentage points. **Online searches came in second, with 21.6 percent of respondents citing this.**

Other sources include bank recommendations, homebuying counseling agencies, and meeting real estate agents at open houses. However, these appear to be a much less common method for NextGen buyers to meet and secure their real estate agent.

How did you find your real estate agent?



How important are reviews or recommendations when it comes to finding a real estate agent?

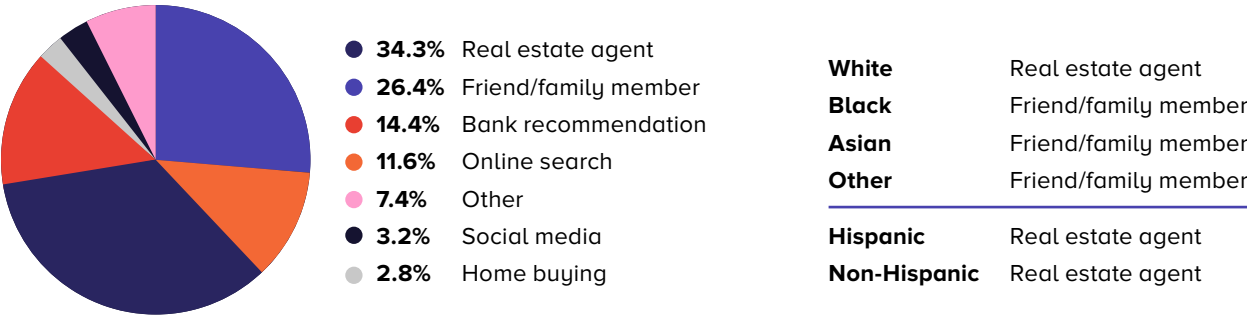


Buyers rely on real estate and bank recommendations to find loan officers.

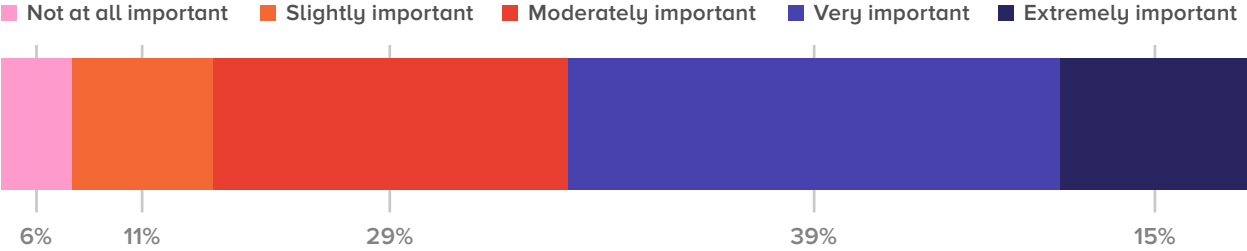
NextGen buyers appear to have less understanding of the loan officer’s role in the homebuying process. As a result, they feel less comfortable reaching out to personal networks or the internet independently to determine this member of their homebuying team.

Significantly fewer recent NextGen buyers relied on friends or family members and the internet to find loan officers compared to real estate agents. Instead, the most common method for finding a loan officer was a recommendation from a real estate agent (33.3%), followed by a recommendation from a bank (14%).

How did you find your loan officer?



How important are reviews or recommendations when it comes to finding a loan officer?

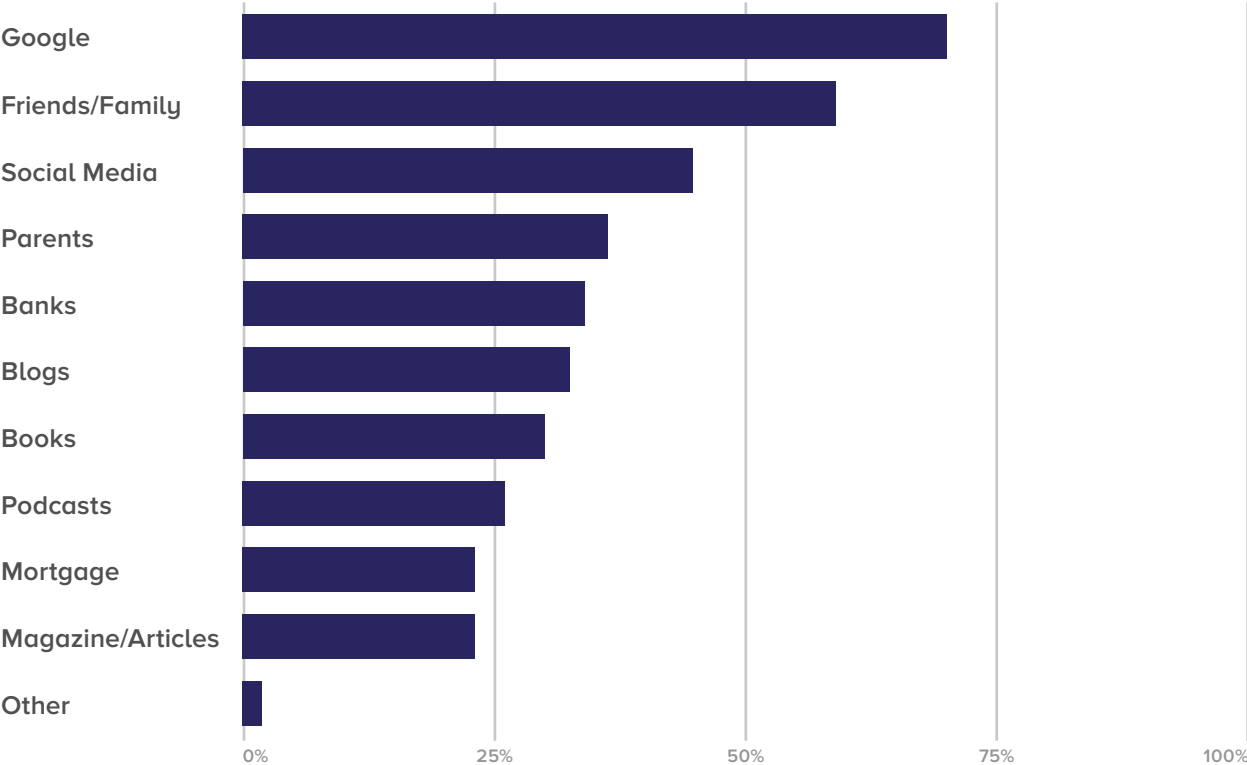


Additionally, only 27.9 percent of recent or future NextGen buyers feel as if lenders are trustworthy and reliable, compared to 36.4 percent for real estate agents. The gap in perceived reliability between different types of professionals may contribute to a more passive approach to the selection of loan officers, as well as the lower levels of satisfaction that NextGen buyers cite once purchasing a home with the help of a loan officer.

NextGen buyers rely on ad-hoc, independent sources for personal finance knowledge.

When asked where respondents go to learn more about personal finance, a significant majority of respondents cited Google (70.2%), followed by friends/family who have bought a home (59.7%). Social media and parents also ranked as highly sought out sources for personal finance knowledge. Financial professionals such as bank representatives and mortgage brokers were less commonly utilized at only 35 percent and 23.5 percent, respectively. Additionally, only a select handful of respondents cited financial classes or other forms of structured education.

When you want to learn more about personal finance, where do you go?



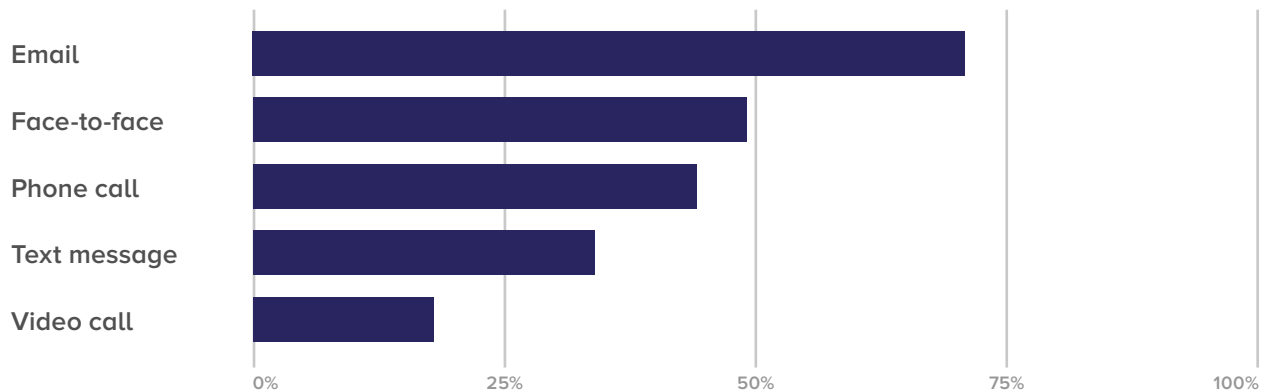
Black Americans are much more likely than other NextGen buyers to seek personal finance advice from Facebook and Twitter, reflecting the influence of Black personal finance bloggers and podcasts sharing their content on these platforms. Conversely, Hispanic respondents are much less likely to seek personal finance advice from Facebook and Twitter than any other demographic group.

This data reinforces that NextGen homebuyers are not learning about financial matters through any methods that are systemized, cohesive, and vetted by unbiased professionals, impacting every aspect of their financial situation - from homebuying to saving money and building a credit score.

Video and face-to-face meetings are less popular among NextGen for business matters.

NextGen homebuyers overwhelmingly prefer to rely on email compared to any other format when conducting business and/or financial matters. Fewer than half of buyers prefer face-to-face meetings (49.4%), but video calls are by far the least preferred method at only 17.7 percent. This could be due to a variety of factors. Given the complexity of the homebuying process, many NextGen buyers may prefer email-based communication that provides a clear paper trail and record of business conversations. It could also be caused by video-call fatigue due to the growing popularity of business-related video calls due to the COVID-19 pandemic or reflect a desire for flexibility to conduct business around their schedules.

Preferred form of communication for business & financial matters



Conclusion

Recent and future NextGen homebuyers have faced one financial crisis after another. After coming of age around the Great Recession, the recent COVID-19 pandemic may have exacerbated the uncertainty and lack of trust that many NextGen buyers place in the housing market and professionals involved in the buying process. Despite this, Millennials and Generation Z are moving forward with homebuying and demonstrating a continued sense of resilience and adaptability as they enter the housing market at greater levels year after year.

Specifically, loan officers and industry professionals should consider the following in their work with NextGen buyers:

NextGen turns to video content to learn about financial matters.

Over 74 percent of NextGen buyers cited YouTube as a go-to source for content.

Buyers turn to online search and online reviews.

The majority of respondents (70%) cited Google as their go-to source for learning about personal finance. Over half said reviews were very important to finding a loan officer and real estate agent.

This audience spends time on social media.

A majority of NextGen buyers use social media between one to five hours a day.

Transparent communication builds trust and credibility.

When asked how the experience could be improved, the most common responses were focused on more responsive and transparent communication.

Share knowledge on the homebuying process with outreach to marginalized communities.

There is significant room for real estate professionals to focus outreach and communications to BIPOC individuals and those with lower incomes and credit scores to help them understand how they can purchase a home in today's market.

NextGen & Financial Upbringing

Many NextGen recent and prospective buyers discuss finance with their families. However, financial discussions in the home focused primarily on personal spending and savings decisions. While more than half of respondents discussed their personal spending decisions, savings decisions, and money for things they wanted to buy with their parents growing up (64.7%, 61.1%, and 77.2%, respectively), only 45 percent report ever discussing the family budget. Similarly, less than half ever discussed financial or economic news with family during childhood, reflecting a focus on finance that was concerned primarily with immediate personal needs rather than a holistic understanding of financial matters more broadly.

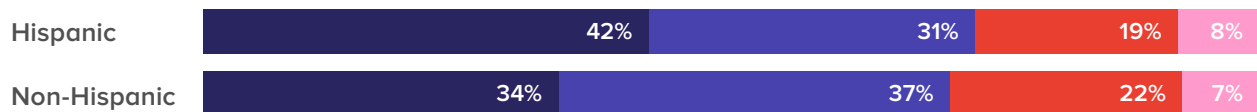
How often did you discuss the following financial matters with your parents growing up?

■ Never or hardly ever ■ Once or twice a month ■ Once or twice a week ■ Almost every day

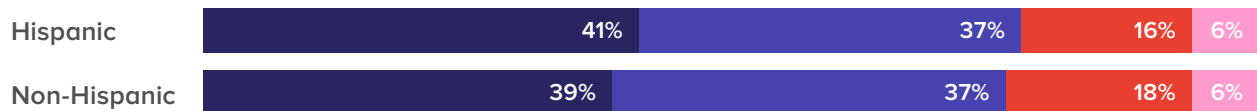
THE FAMILY BUDGET



YOUR SPENDING DECISIONS



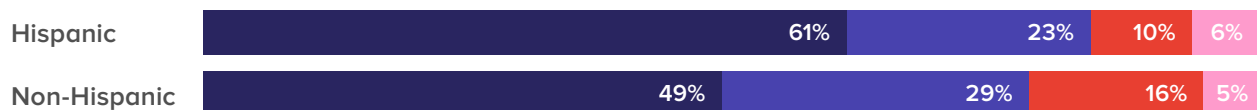
YOUR SAVINGS DECISIONS



MONEY FOR THINGS YOU WANT TO BUY



FINANCIAL OR ECONOMIC NEWS



Several complex factors contribute to differences in personal finance knowledge, including the role that systemic racism plays in shaping the financial situation of those from historically marginalized backgrounds. This survey provides a small snapshot of the tangible ways in which different individuals' homebuying experiences may be affected by their racial/ethnic background or socioeconomic status.

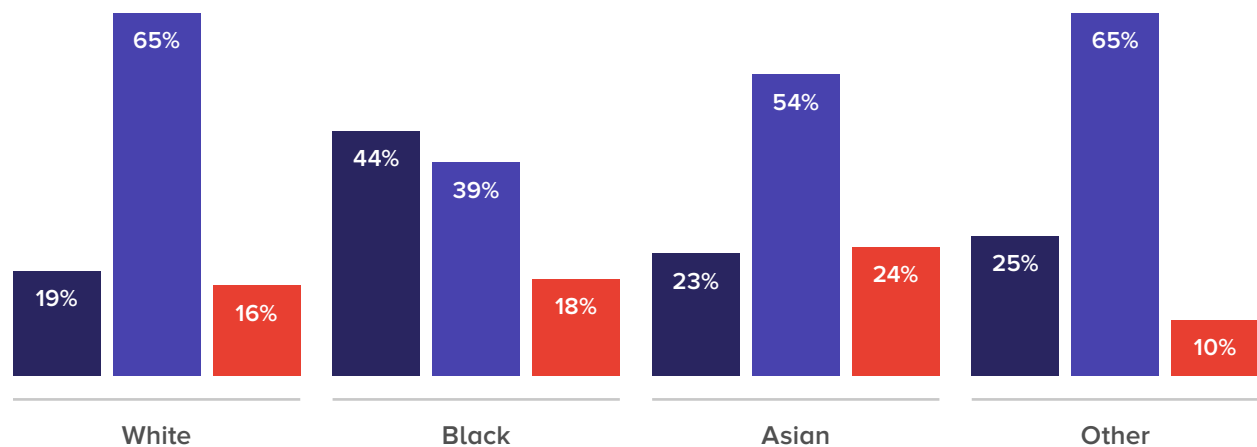
Black respondents were most likely to report talking about financial matters with their parents growing up, compared to other racial groups. Compared to non-Hispanic respondents, Hispanic respondents were more likely to talk about financial issues with their parents growing up.

Those who talked to their parents about at least one financial issue once a month were most likely to report growing up in a house owned outright and least likely to report growing up in a rented house. Those who never talked to their parents about financial issues showed the opposite trend and were most likely to report growing up in a rented house and least likely to report growing up in a house that was paid off.

Most respondents who grew up in a home their family owned outright were White. Hispanic respondents were less likely to do so than non-Hispanic respondents, and more Black NextGen individuals grew up in rented homes rather than those owned by their family outright or with a mortgage, reflecting the prevalence of persisting systemic barriers BIPOC individuals face.

Which of the following home types did your family have growing up?

■ Rented home or apartment ■ Home with a mortgage ■ Home owned outright, no mortgage



CULTURAL OUTREACH

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Helping you reach today's consumers

For more information on research and content that connects with NextGen buyers and diverse markets, contact Cultural Outreach.



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About Cultural Outreach

Cultural Outreach is a multicultural marketing and training company that helps companies and professionals reach young and diverse markets. We use digital content and training to provide professionals with the tools they need to become a trusted resource in their communities. Our approach involves talking to hundreds of homeowners, homebuyers, and housing professionals to gain insight into NextGen consumer preferences. We saw a gap in available research, which inspired this Report to provide a deeper understanding of how NextGen looks for homes and makes decisions.

Cultural Outreach was founded by Kristin Messerli, a former social worker, who set out to bridge the gap between underserved homebuyers and financial institutions. We are a women-run business, serving companies of all sizes nationwide in housing and financial services. For more information, visit www.culturaloutreach.com.

About Mortgage Bankers Association (MBA)

The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 330,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, expand homeownership, and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 1,700 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

About National Mortgage Insurance Corporation (National MI)

National Mortgage Insurance Corporation (National MI) is a U.S.-based, private mortgage insurance company established with a mission to enable low down payment borrowers to realize homeownership, while protecting lenders and investors against losses related to a borrower's default. We've established credibility in the industry by building a strong company with no legacy risk, and taking a straightforward approach to both our products and practices to ensure lenders' confidence in the loans they place with us. We adhere to high standards in underwriting, processing, and customer service. We put our customers first and we are committed to helping more people to buy homes. National MI is committed to delivering mortgage insurance solutions that provide a shorter path to coverage certainty, and lead to fewer loan buybacks and rescissions. For more information on National MI, visit <http://www.nationalmi.com/>.

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APPENDIX A

NextGen Homebuyer Survey Respondent Demographics

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NextGen Homebuyer Survey

Respondent Demographics

Purchasing Status

I already purchased a home over 3 years ago	1%
I already purchased a home within the last 3 years	21%
I am not looking to buy a home	1%
I'm looking to buy a home in 3 years or later	7%
I'm looking to buy a home within the next 1 - 3 years	45%
I'm looking to buy a home within the next 12 months	26%

Race

White:	50%
Black or African American:	30%
Asian:	12%
American Indian or Alaska Native:	2%
Native Hawaiian or Other Pacific Islander:	1%
Other:	5%
Prefer not to say:	1%

Hispanic Ethnicity

No:	82%
Yes:	18%

Age Group

18 - 24:	10%
25 - 34:	65%
34 - 44:	25%

Gender

Female:	48%
Male:	50%
Other:	1%

Average Household Income

\$0-25k:	9%
\$25-50k:	20%
\$50-75k:	23%
\$75-100k:	17%
\$100-125k:	11%
\$125-150k:	7%
\$150-175k:	6%
\$175-200k:	3%
\$200k and up:	4%
Prefer not to say:	1%

Credit Score

300 - 579	4%
580 - 669	16%
670 - 739	26%
740 - 799	33%
800 - 850	12%
Unsure/don't know	9%

Highest Level of School Completed

Less than high school degree	1%
High school degree or equivalent (e.g., GED)	7%
Some college but no degree	13%
Associate degree	8%
Bachelor degree	42%
Graduate degree	22%
Doctorate / postgraduate	7%

Home Types had Growing Up

Home owned outright, no mortgage	17%
Home with a mortgage	55%
Rented home or apartment	28%

State

AL	1%
AR	1%
AZ	2%
CA	12%
CO	1%
FL	9%
GA	3%
IA	1%
IL	4%
IN	2%
KY	1%
LA	1%
MA	2%
MD	4%
MI	3%
MN	1%
MO	2%
NC	4%
NJ	2%
NV	1%
NY	10%
OH	2%
OK	1%
OR	1%
PA	4%
SC	2%
TN	2%
TX	9%
UT	1%
VA	3%
WA	3%
WI	2%

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