HOMEOWN(H)ER

How Technology is Reshaping How Women Buy, Sell & Finance Homes
Homeown(H)er: How Technology is Reshaping How Women Buy, Sell and Finance Homes

New joint report from real estate technology companies Better.com and Compass reveals when it comes to homeownership, the future is increasingly female.

In today’s on-demand and digital world, buying and selling a home remains painfully analog.

Buying and selling decisions are among the most important decisions a person can make in their life, yet the majority of those decisions are based on gut instinct or outdated information — even in 2020:

• Nearly 60% of loan files have between 500-2,000 pages of paperwork, in addition to hidden costs and a process that requires manual intervention at every step from application and processing, to underwriting and closing.

• The average real estate agent needs 13 different software tools to complete everyday tasks, none of which are integrated. A real estate agent’s job is to provide their clients with specialized counsel and high-touch service, yet much of their time must be spent on labor-intensive tasks that detract from time with clients.

As a result of these inefficiencies—coupled with the realities that women earn less than men, are denied mortgages at higher rates than male home shoppers, and on average, wind up selling their homes for less money—women have historically faced an uneven real estate playing field.

Compass and Better.com have a common mission to make the home buying and selling experiences—often the most stressful times in peoples’ lives—more seamless and personalized via technology.

This report, compiled by Compass and Better.com, analyzes the impact of technology on women in all corners of the real estate continuum — everyone from buyers, to sellers, to agents.

Compass and Better.com’s first report on women and homeownership focuses on:

• Internal data showing the spike in numbers of women buying and selling homes in the U.S.
• Top housing markets for single women
• Tips for women looking to buy a home
• The ways Compass and Better.com are applying technology to the home buying, selling and financing experience to improve outcomes for women.
The Future of Homeownership is Female

Data from Compass and Better.com suggests a trend of women leaning into a more digitized real estate experience:

Women are not only buying more homes, they’re boosting higher scores:

- 58% of surveyed Compass agents reported that a majority of their clients (primary or sole buyer/seller) were women. 83% of agents said that they have seen this number increase over the past five years.

- The mortgage arm of Better.com, which has grown 3.5x year over year and funds $700M in loans a month, reports 23% of its borrowers were female over the last year with an average credit score being 770.

- Industry-wide, the number of single women buying homes has grown from 15 to 18 percent, or one in five homebuyers. This suggests the rise of digital in real estate is attracting well-educated and tech-savvy female borrowers.

"Women understand that buying a home is more than securing a place to live, but is an investment in their future that can ultimately be passed on to their family or play a significant role in their retirement. I personally can think of few things more impactful on my life than the equity I have from purchasing my first or current home.”

— Monique Williams, Compass agent in Atlanta

1. Under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA), lenders must give equitable treatment of all applicants without regard to race, sex (including gender), sexual orientation, color, national origin, religion, age and marital status. Therefore the numbers being disclosed are based on the borrowers who voluntarily chose to fill out these questions.

2. The mortgage arm of Better.com has grown 3.5x year-over-year, so the numbers should be contextualized to reflect Better.com’s overall growth. The rise in female borrowers are one of the key sub-groups Better.com saw surprisingly large increases in during 2019.
Single women are opting for mortgages before marriages:

- 71% of surveyed Compass agents said that single women were entering the housing market earlier than their single male counterparts.

- Over the last year, the mortgage arm of Better.com saw a 4.5x increase in single women between 30-40 who make between $10-20K a month and a 5x increase in single minority women independent borrowers. Out of the single female demographic, the average credit score was 767.

- This suggests the rise of fintech and rules-based machine learning is helping to empower single women, who historically have been discriminated against and asked to provide co-signers for all loans, including ones for very small amounts. These findings correlate with a National Bureau of Economic Research research paper that found online fintech companies discriminate 40% less than loan officers who make decisions face-to-face.

"More and more of our clients are single women who have high-powered and high-paying jobs and can afford nicely sized mortgages."

— Danielle Lurie, Compass agent in New York City
Married women are increasingly outearning their spouses:

- 80% of surveyed Compass agents reported a rise in women as the primary source of income in relationships when buying a home.
- Over the past year, Better reported the majority of women who are married co-borrowers outearn their male married co-borrowers on the same loan, with the women earning an average monthly salary of $5,666 vs. $3,035 for men.
- 1 in 3 married women who secured a loan from Better.com over the last year did not put their spouse on the application.

“Women are often dissuaded from participating in the home purchasing process. When applying for a mortgage a few months ago, I personally had mortgage brokers asking me presumptuous questions about my job - and I even had a few who didn't believe me! These types of questions and others like it are as outdated as the phone book and make women feel like they are not welcome to participate in the home purchasing process. I am thrilled to be a part of the industry as it evolves. The rise of digital in real estate has empowered individuals—regardless of gender, marital status or race—to apply for a loan from the convenience of their mobile device.”

— Sarah Pierce, Head of Sales at Better.
Top 10 Cities for Single Women

According to Better.com data, the top 10 cities where single women are getting mortgages:

1. Atlanta
2. Los Angeles
3. Chicago
4. Seattle
5. Denver
6. San Francisco
7. Washington, DC
8. San Diego
9. Houston
10. Oakland

“If you have the financial ability to make it happen, why wait to buy one of the best appreciating assets? Don’t pay someone else’s mortgage when you can pay your own.”

—Erin Thompson, Compass agent in San Francisco
5 Tips for Women Buying a Home

Purchasing a home can be daunting. Consider these tips from Compass agents and Better.com’s Head of Sales.

1. Build the right homebuying team: “Surround yourself with the best team (agent, attorney, lender, etc.). When searching for an agent, ask to talk to past clients, and most importantly, ask if the agent has recently closed on properties similar to what you’re looking for in terms of both price range and location. You’ll also want to check for a personality fit. Do you want someone who is patient and will guide you through the process? Or do you want someone who works fast and is straight to the point? Go with an agent that will suit your shopping style.” —Maria Belen Avellaneda, Compass agent in New York City.

2. Determine your budget and stick to it: Figure out an “all-in” amount you can spend on housing, including the mortgage payment, taxes, insurance, maintenance, utilities and other related expenses. Many homeowners get swayed into a house or loan that is above their budget and it only leads to a headache later on. By equipping yourself with both education on the process and predetermined budget, you can best advocate for yourself and not go above your means. “Homeownership is one of the most financially impactful/empowering things you can do. At the end of the day, you’re the one left paying the bills, so you want to ensure you set yourself up for success,” added Sarah Pierce, Head of Sales.

3. Do your research and find a lender that meets your needs: The first step is to find the best lender for your needs. For example, a lender who provides guidance and advice may be important to you. Or one who is easily available through text or email with a fully digital process. If you’re house hunting in a competitive market, look for lenders that provide a pre-approval letter that you can use to strengthen your offer. Or if you’re interested in affordable lending discounts, ask any potential lenders if they offer savings based on your location or through programs like HomeReady and FHA. “Regardless of your personal needs, make sure you take note of each lender’s pre-approval process—if your experience with a certain lender is frustrating and difficult at this early stage, it may be time to find a new lender,” explained Pierce.

4. Before you start shopping for a house, know if you have enough cash for a down payment: “A lot of single women have high powered and high paying jobs today and can afford nice sized mortgages, but they need to know the amount of cash they need to have saved up to get to the closing table. (Hint: the cash you have should be between 23-25% of the purchase price, to take into account both a typical 20% down payment plus the lesser considered part of the buying process: closing costs.)” —Danielle Lurie, Compass agent in New York City.

5. Factor in mortgage-related tax deductions before you make an offer: A home loan is typically the largest debt that someone will take on. Do your research before speaking to a loan officer as there’s a wealth of resources online to help educate you before you begin the process. You may also be able to deduct some of the costs related to owning a home, including mortgage interest. When you take into account the deductions available to homeowners, you may find that the true cost of your home mortgage is significantly reduced. “It’s important you don’t rely on your loan officer as the end all, be all, source of information,” advises Sarah Pierce, Head of Sales at Better.
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Compass + Better.com Working Together to Empower Women Homeowners and Unlock New Buyers

Once women have entered the housing market as homeowners, it’s crucial that they are empowered to capitalize on their equity and propel their real estate journey forward.

Compass and Better.com saw an opportunity to work together to combine their real estate and lending expertise, respectively, to provide purchasing power for sellers looking to buy their next home before selling their existing one. To unlock a new set of homebuyers across the country, Compass and Better.com, along with lender Freedom Mortgage, launched Compass Bridge Loan Services in October 2019.

Through the program, Compass clients gain access to and dedicated support from these industry-leading lenders, as well as the option to apply for Bridge Loan Advance: a Compass exclusive that provides eligible clients with an advance of up to six months of out-of-pocket expenses on any approved bridge loan through Notable, an independent lender.

“We see initiatives like Compass Bridge Loan Services as an investment to strengthen the real estate ecosystem by unlocking a new group of homebuyers. By providing more purchasing power options to homeowners across the country, Compass and Better.com are bringing more seats to the offer table.”

— Carly Litzenberger, Senior Director of New Ventures, Compass
Founded in 2016, Better.com democratized the home-financing ecosystem, replacing it with a digitized process that eliminates commissions, fees, unnecessary steps, and time-wasting branch appointments. In addition to providing mortgage rates in seconds, Better.com's platform offers a digital marketplace featuring competitive quotes from an array of insurance providers for seamless purchase of a homeowner's insurance policy and instant access to leading real estate agents across the country. To date, Better.com has done $7.9B in home loans and $1B in insurance. The company was recently listed on Forbes' FinTech 50 2020.

Compass is a leading national real estate technology company, providing tools and services to help real estate agents grow their businesses and better serve their clients. As one of the largest groups of small business owners in the country, real estate agents utilize the end-to-end Compass platform to improve their productivity and help them manage their business more effectively. Compass currently powers over 15,000 real estate agents across 100+ U.S. cities, who were responsible for over $88 billion in real estate transactions in 2019. For more information on how Compass powers one of the largest groups of business owners in the country, please visit www.Compass.com.

Empowering the Agent to Provide Better Client Outcomes

Compass

Bringing Transparency and Fairness to Financing

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