

2022

NEXTGEN HOMEBUYER REPORT

By Kristin Messerli
Sponsored by National MI

*For informational purposes only

INTRODUCTION



We began research for the first annual NextGen Homebuyer Report in April of 2020 and have since launched 4 surveys, totaling over 4,000 respondents between the ages of 18-44, alongside countless interviews with NextGen homebuyers and experts. Unsurprisingly, a common theme through the past three years has been that of uncertainty and consumer distrust.

In 2022, we continued to focus on the attitudes and perspectives of NextGen homebuyers, further identifying themes of financial accessibility and consumer confidence. There were significant variances in psychometric and behavioral approaches to homebuying and financial wellness between Gen Z and Millennials, as well as barriers by gender, race and ethnicity, and occasionally by income level. When relevant, that data is shared in the report below.

My hope with this report is that it will fuel more conversations on how to increase equal access to financial resources and increase empathy in the homebuying experience. I look forward to hearing your thoughts on how we can utilize this information to improve our industry and communities.

Cheers,

Kristin Messerli

Author | Speaker | Consultant

ACKNOWLEDGEMENTS

Thank you to the many leaders and experts who have contributed their thoughts, research, and support throughout the year that has helped shape this research and my ongoing work. Most notably, I am grateful for the collaboration from National MI, who has sponsored this report and research for the third year and continues to support thought leadership to advance sustainable homeownership with young and diverse homebuyers.

I also want to thank Dave Savage, Chief Innovation Officer of Mortgage Coach and Sales Boomerang, for his ongoing support and collaboration to create innovative thought leadership in the mortgage and housing industry. In addition, the following people have provided advice or interviews that helped craft this year's research, including: Joe Puthur, Scott Harris, Sue Woodard, Tony Thompson, Patty Arvielo, Kevin Peranio, Marc Hernandez, Susan Stewart, Marcia Davies, and countless others. Lastly, I am very grateful for the friends and nextgen homebuyers who have provided their feedback and interviews to help shape the questions and insights in this report.

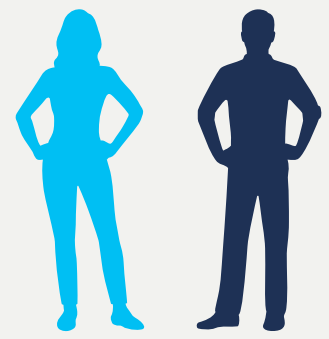
The mortgage and housing community has been a huge support in the mission to expand sustainable homeownership and accessibility to young and diverse communities, and I appreciate all who contribute in this effort.

BACKGROUND & METHODOLOGY

- 1,000 Respondents, collected in October 2022
- Between the ages of 18-44, equal distribution between Gen Z (18-24), Younger Millennials (25-34), and Older Millennials (35-44)
- Diverse sampling by race and income, representing population demographics
- 51% homeowners
- 22% purchased a home within the past 18 months

DEMOGRAPHICS

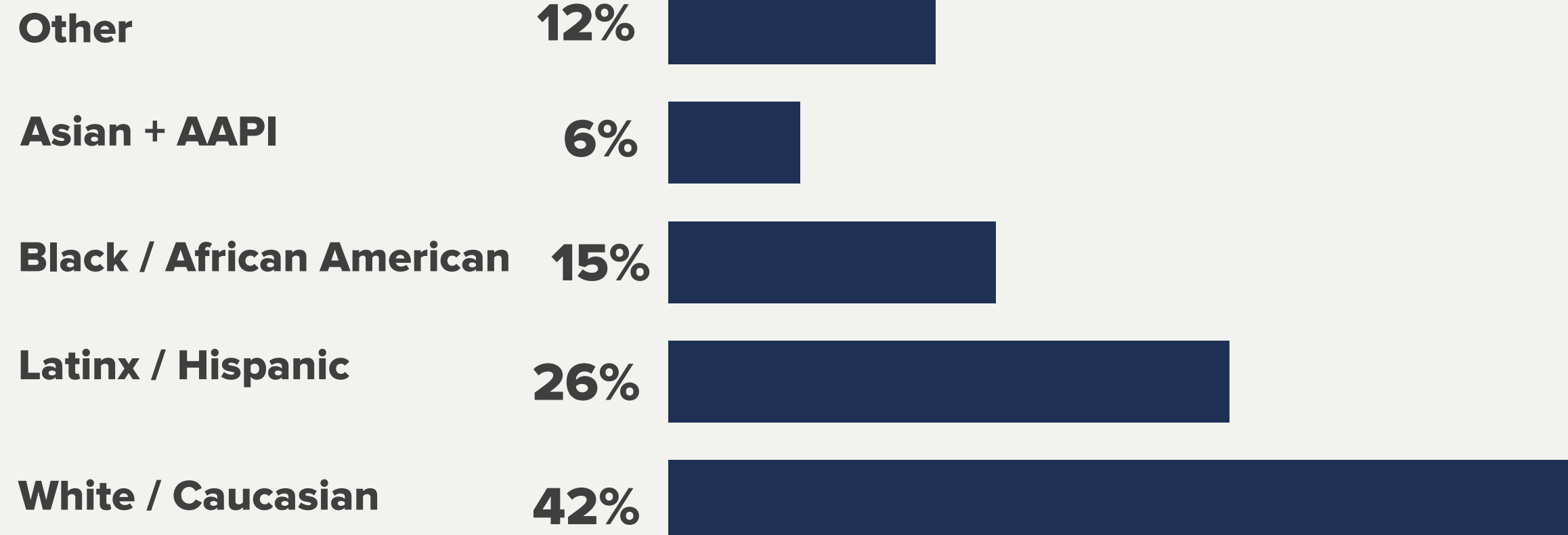
GENDER



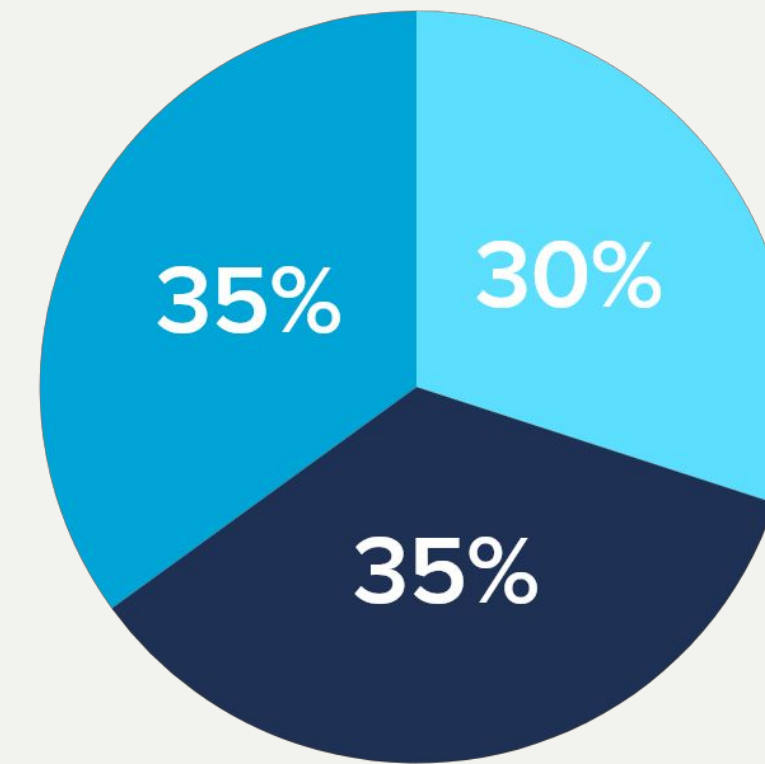
52% Female

48% Male

RACE AND ETHNICITY



AGE

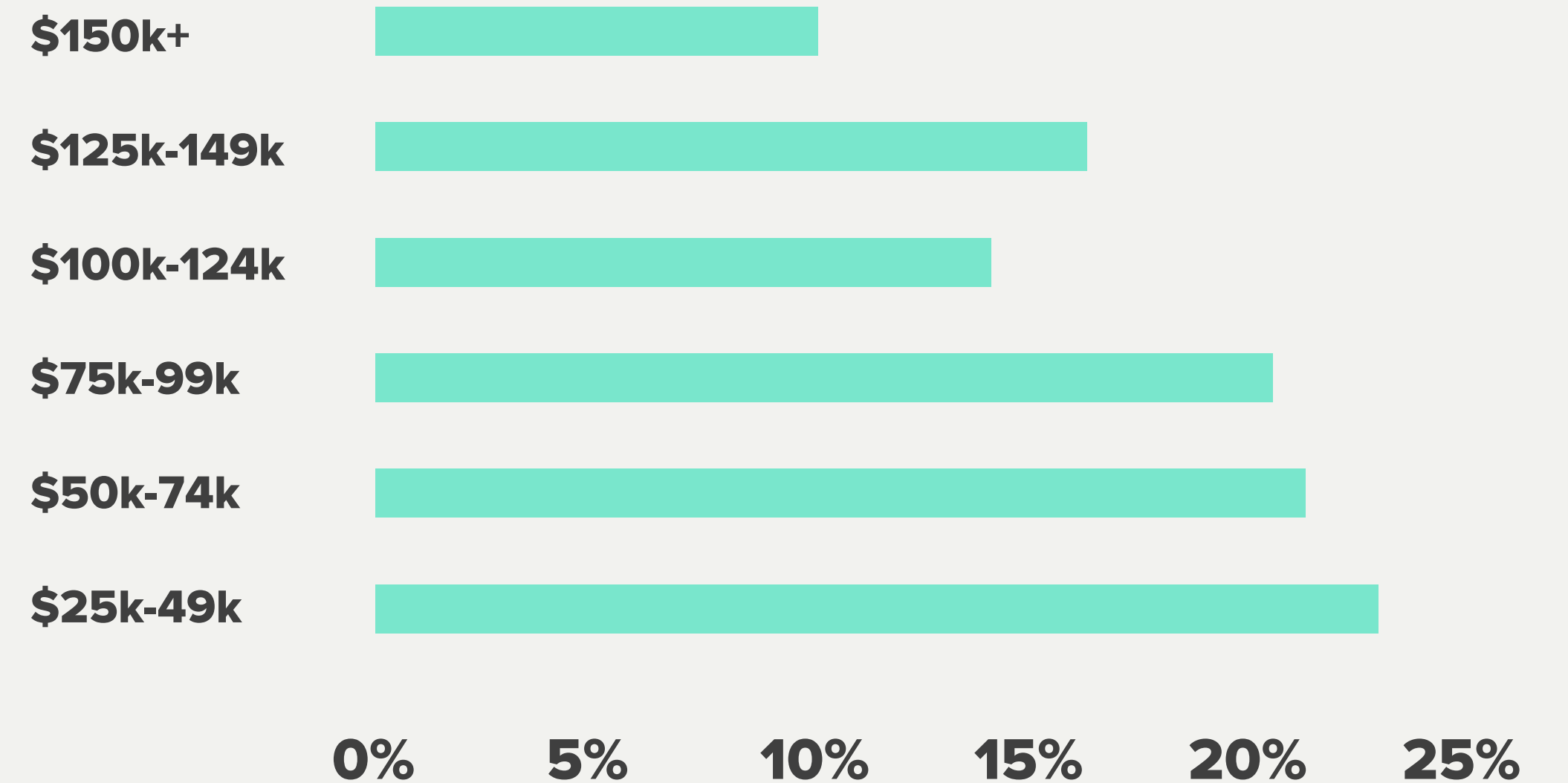


30% Gen Z (18-24)

35% Young Millennial (25-34)

35% Older Millennial (35-44)

INCOME



2021 REPORT

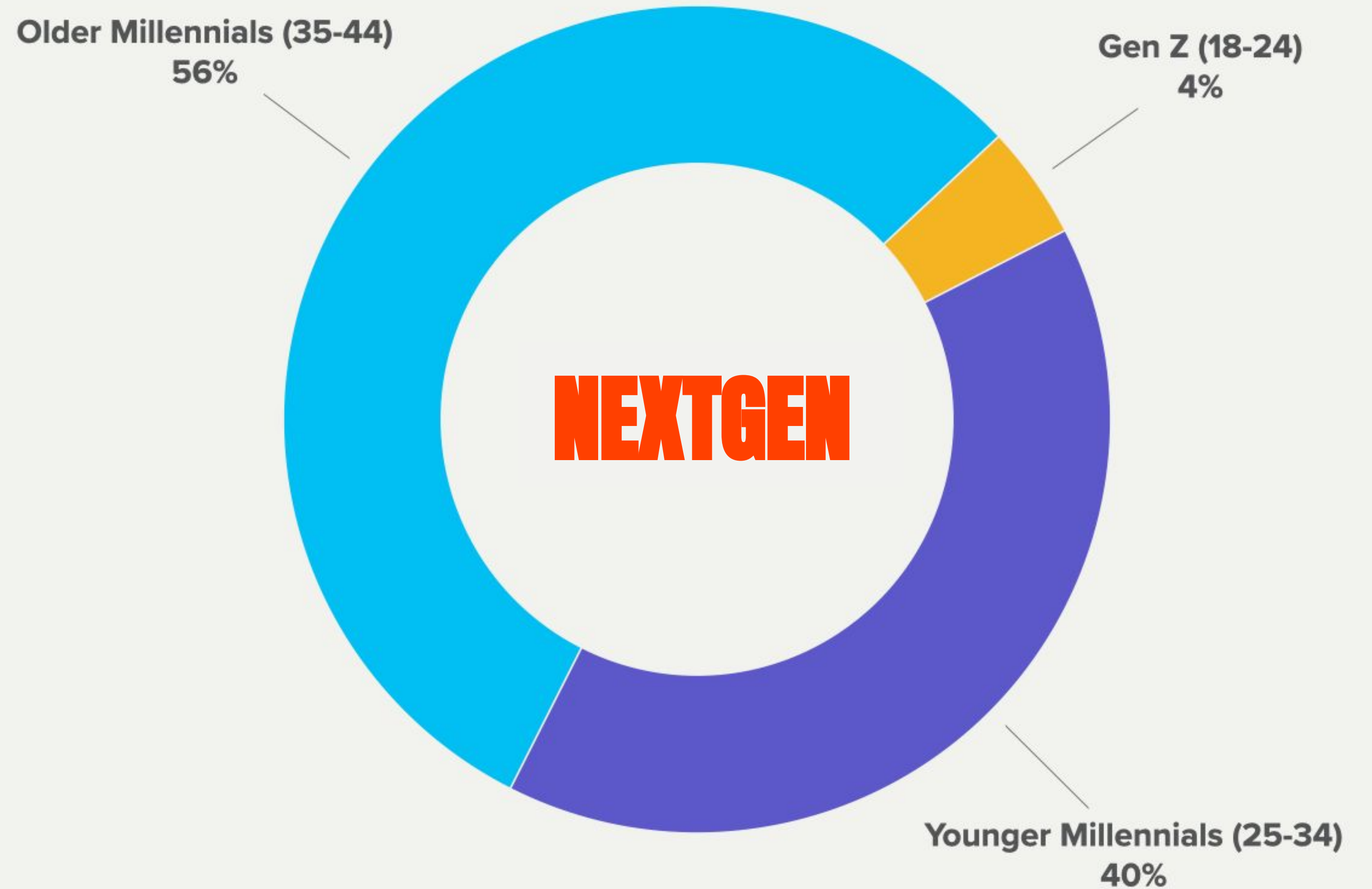


Visit NextGenHomebuyer.com to view previous years' reports and research on NextGen homeownership or go to NationalMI.com/NextGen-Resources for additional content.

Released October 2021

NEXTGEN ACCOUNT FOR 46% OF ALL HOMEBUYERS

Source: National Association of Realtors, 2022



2022 Top Insights

NextGen Homebuyer Report

1

Education: Lack of financial knowledge was the third biggest challenge this year for NextGen respondents.

2

Support: Only 56% of NextGen consumers said they have the financial advice and support they need to achieve their financial goals.

3

Confidence: Over half of NextGen consumers said they were not confident in the stability of the housing market.

4

Trust: One in three NextGen homebuyers said they did not trust their loan officer to help them make smart decisions about their mortgage.

5

Experience: NextGen homebuyers who met in person were 41% more likely to give a 5-star experience vs buyers who had only met over online video.

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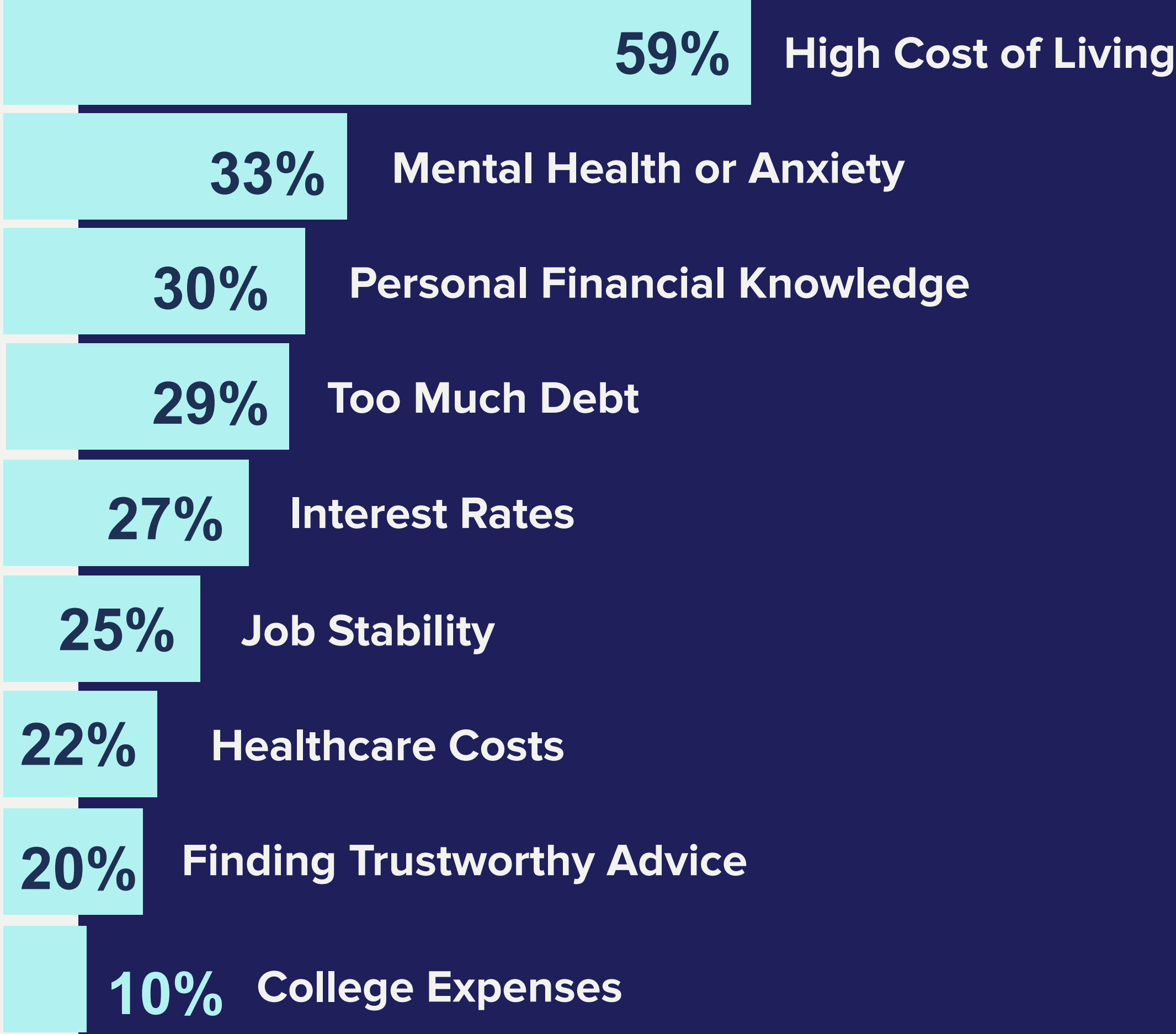
- 1 Challenges
- 2 Knowledge & Education
- 3 Support & Resources
- 4 Trust & Confidence
- 5 Experience

SECTION 1

FINANCIAL CHALLENGES

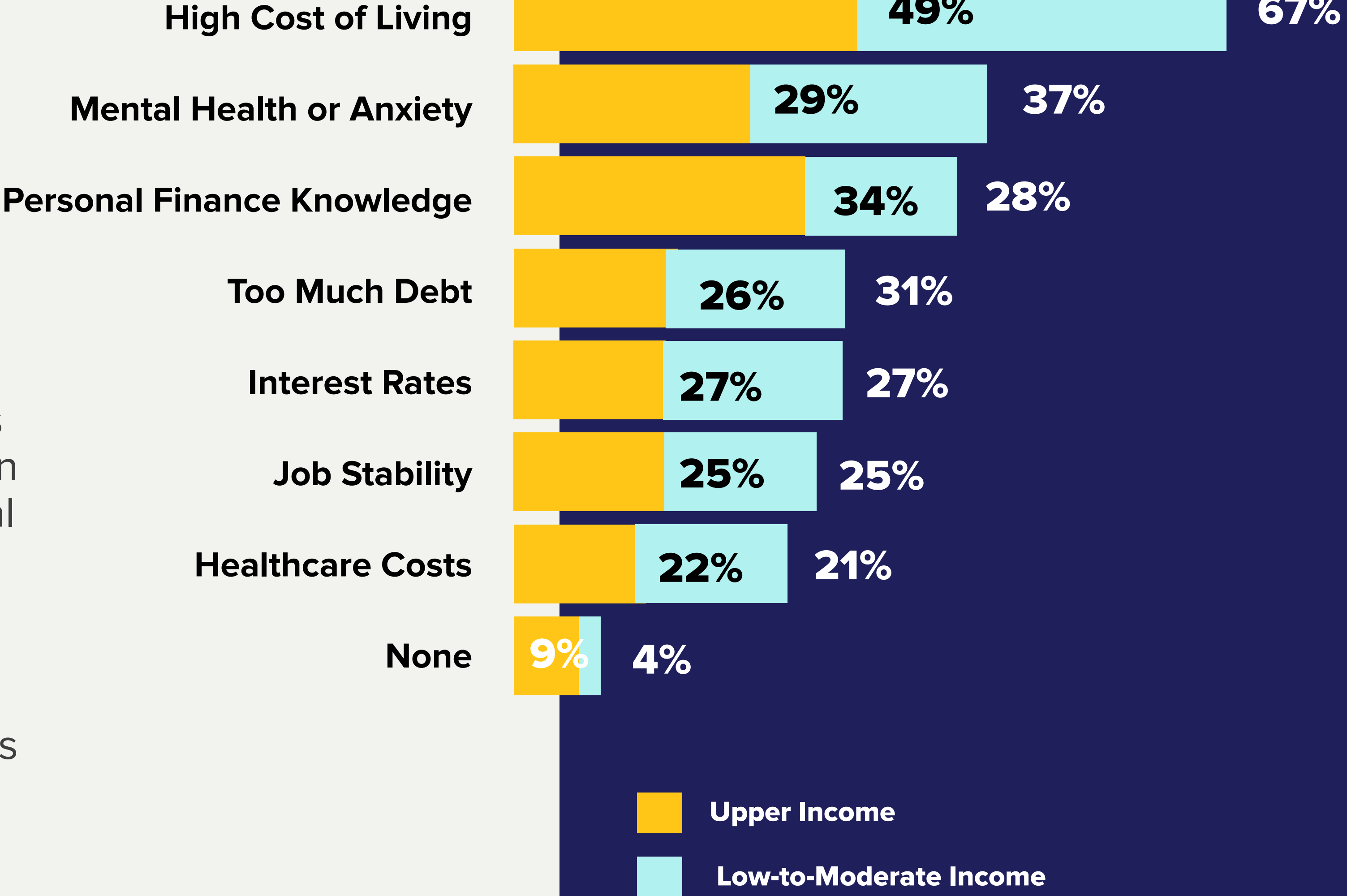
TOP FINANCIAL CHALLENGES IN 2022

“What have been the biggest challenges to your financial situation this year?”



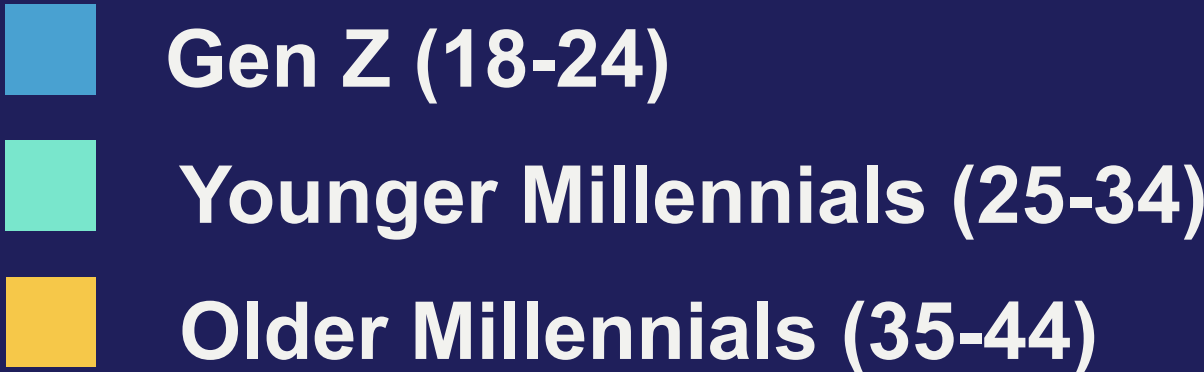
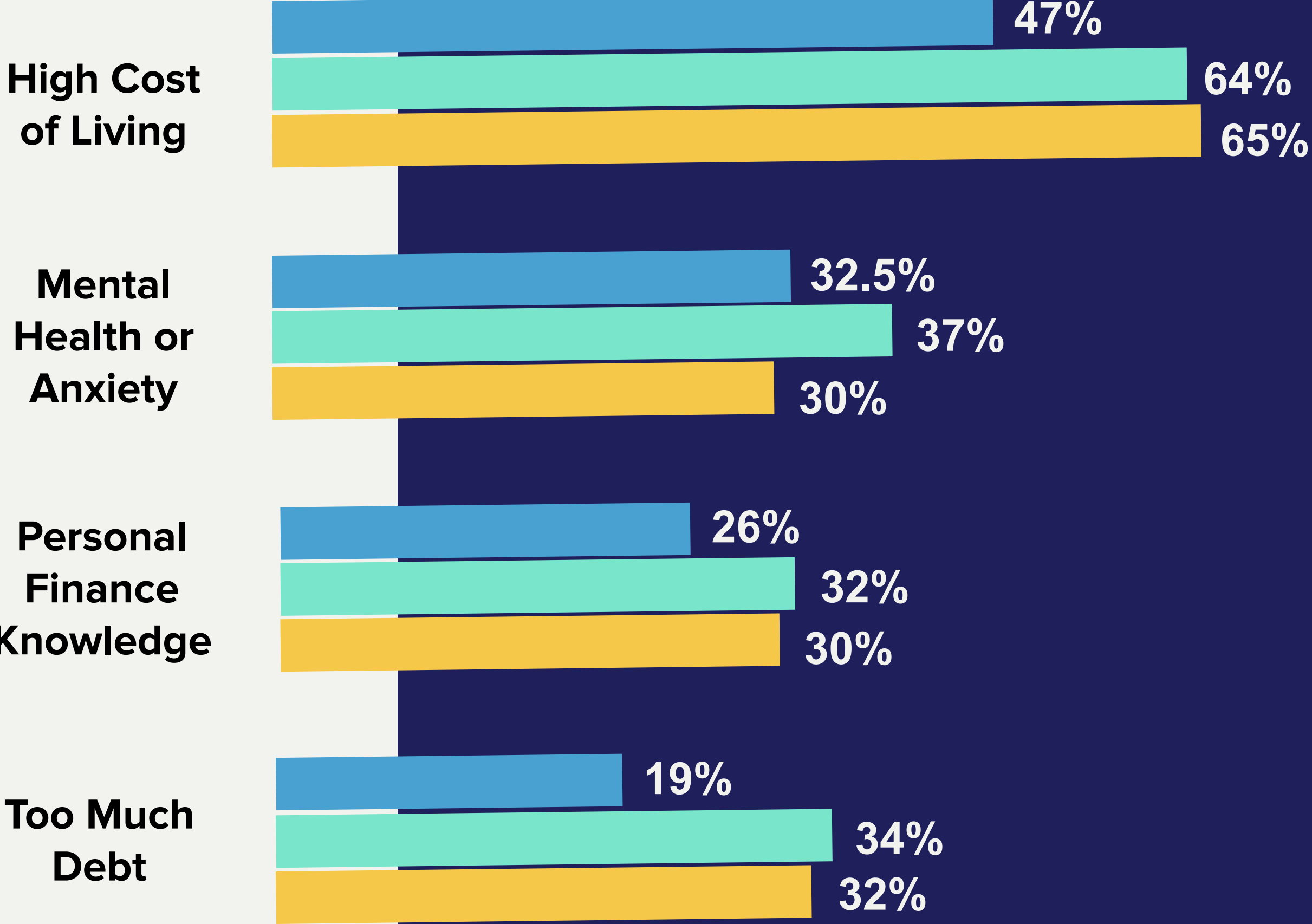
TOP FINANCIAL CHALLENGES BY INCOME

- **Low-to-moderate income** respondents were significantly more challenged than upper income with cost of living, mental health, and debt.
- **Upper income** respondents were over twice as likely to say they did not experience any financial challenges this year.



TOP FINANCIAL CHALLENGES BY AGE

- **Younger Millennials** reported the most challenges of any age group, reporting higher in mental health and personal finance knowledge.
- **Gen Z** respondents were significantly less likely to report challenges in cost of living, debt, and healthcare costs, which can likely be attributed to parental support.



TOP FINANCIAL CHALLENGES BY GENDER

Women respondents were **36%** more likely to be challenged than men in mental health and anxiety and **21%** more likely to be challenged with job stability.

MENTAL HEALTH & ANXIETY



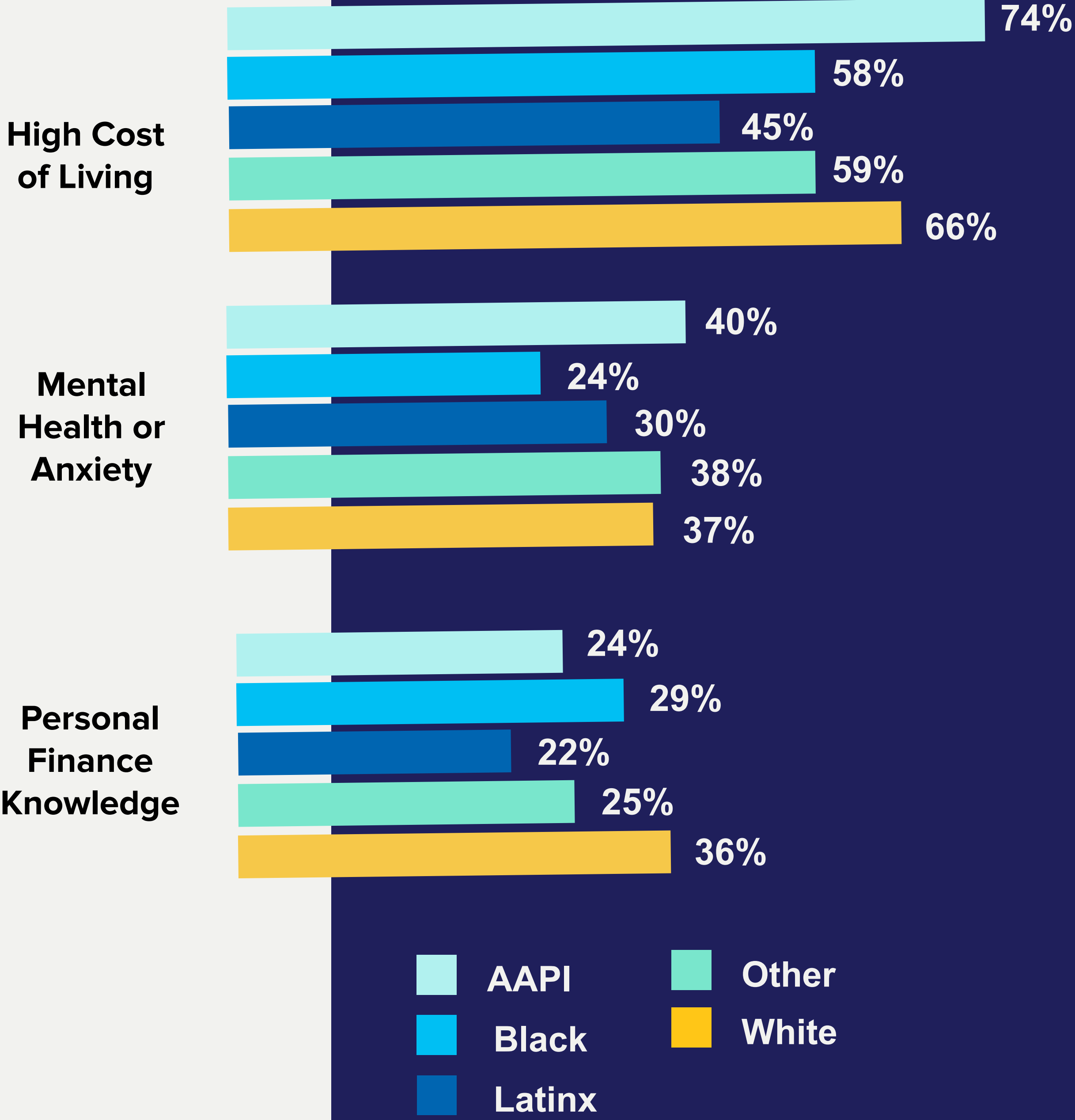
JOB STABILITY



- Women
- Men

TOP FINANCIAL CHALLENGES BY RACE & ETHNICITY

- **AAPI** reported significantly higher challenges in high cost of living, mental health, and healthcare costs as compared with other segments.
- Minimal variance in reported challenges across race or ethnicity.



SECTION 2

KNOWLEDGE & EDUCATION

Financial Education

One in three (37%) of NextGen consumers said they did not feel confident in their knowledge of personal finance.

Education in 2022

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

- **Gen Z** were significantly less likely than Millennials to go to a bank or credit union for financial advice (27% vs. 44%).
- **Latinx** were the least likely demographic to go to a financial advisor or banking institution for financial advice.
- **AAPI** were significantly more likely than any other race or ethnicity to go to friends or family (66% vs. 46% average).

98% Google / Online Resources*

46% Family / Friends

44% Financial Advisor

41% Parents

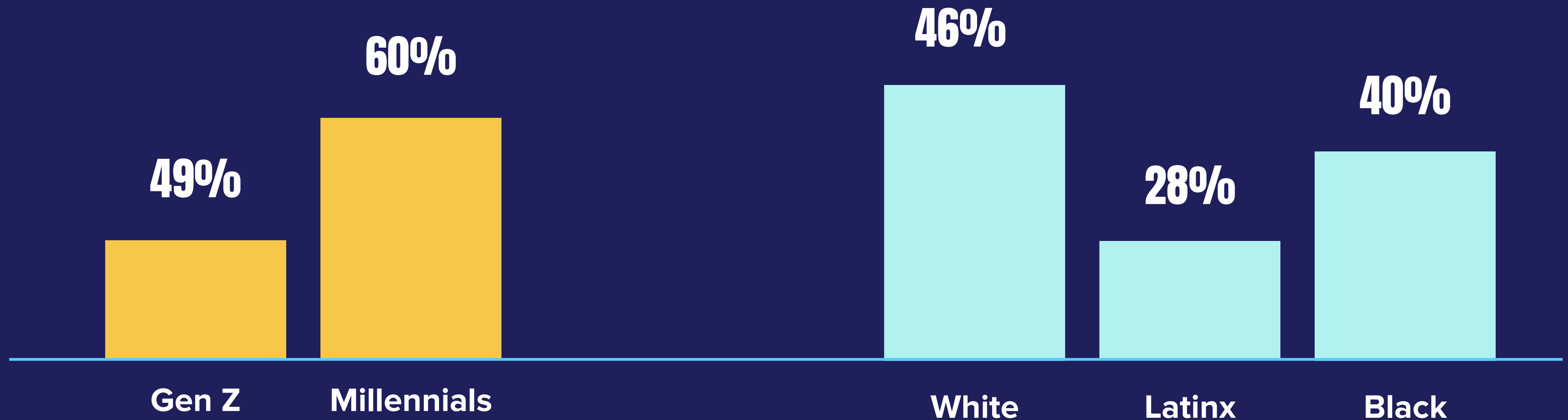
40% Social Media

39% Bank or Credit Union

*This statistic is taken from the 2021 NextGen Homebuyer Report and removed from the question in 2022 so as to solicit more interesting information beyond the assumptive Google response.

Young & multicultural consumers least likely to turn to bank for advice

White NextGen consumers were 60% more likely than Latinx consumers to turn to a bank or credit union for financial advice and 53% more likely to turn to a financial advisor.



Financial Education

“I need a 20% Down Payment to purchase a home.”

77%

NextGen homebuyers and owners said they believed you need 20% down or weren't sure.

Last year, the 2021 NextGen Homebuyer Report identified common myths and challenges to purchasing a home. The most common ones reported include:

- I need to be a W2 employee and work a traditional job to qualify for a mortgage.
- Student debt or car loans will prevent me from qualifying for a mortgage.
- The Financial Crisis will happen to me.
- I need a 20% down payment.

Financial Education

“I know how to maintain and care for my home as a homeowner.”

1 in 5

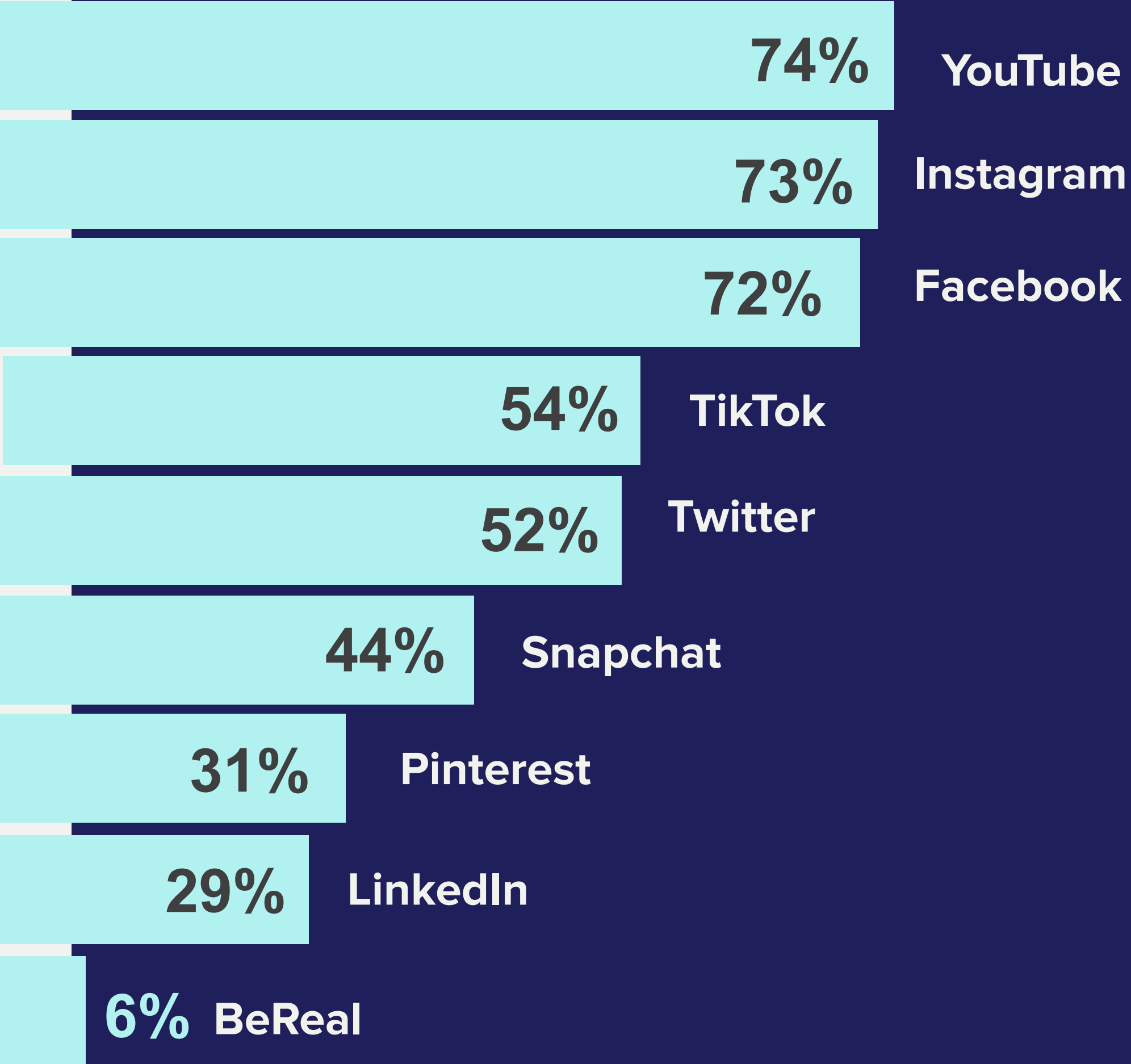
One in five recent NextGen homebuyers (18%) said they did not feel confident they knew how to maintain and care for their home as a homeowner.

NextGen homebuyers express feeling uncertainty at every stage of the homebuying process from decision to buy through post-close.

In 2021, one in four NextGen homebuyers reported feeling a lack of confidence in any step of the home buying process.

TOP NEXTGEN SOCIAL MEDIA PLATFORMS IN 2022

- **Older Millennials** were significantly more likely to use Facebook, YouTube, Pinterest, and LinkedIn in comparison with Gen Z
- **Latinx respondents** were most active on Instagram, 15% more than any other platform, and Black respondents were more active than any other race or ethnicity on YouTube, Instagram, TikTok, and Twitter.



SECTION 3

ADVICE & SUPPORT

Financial Advice & Support

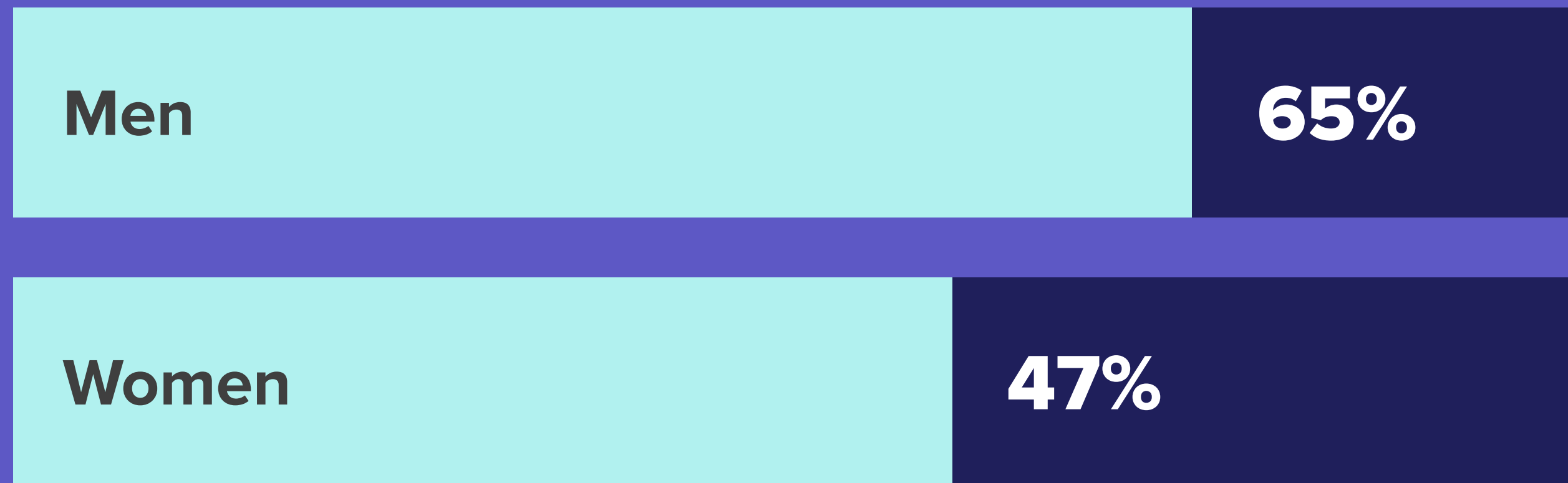
Only half (56%) of NextGen consumers* said they have the financial advice and support they need to achieve their financial goals.

*Those reporting greater access to support identified as upper income, white, older, and male.

WOMEN'S

Financial Advice & Support

“I have the professional financial advice and support I need to achieve my financial goals.”



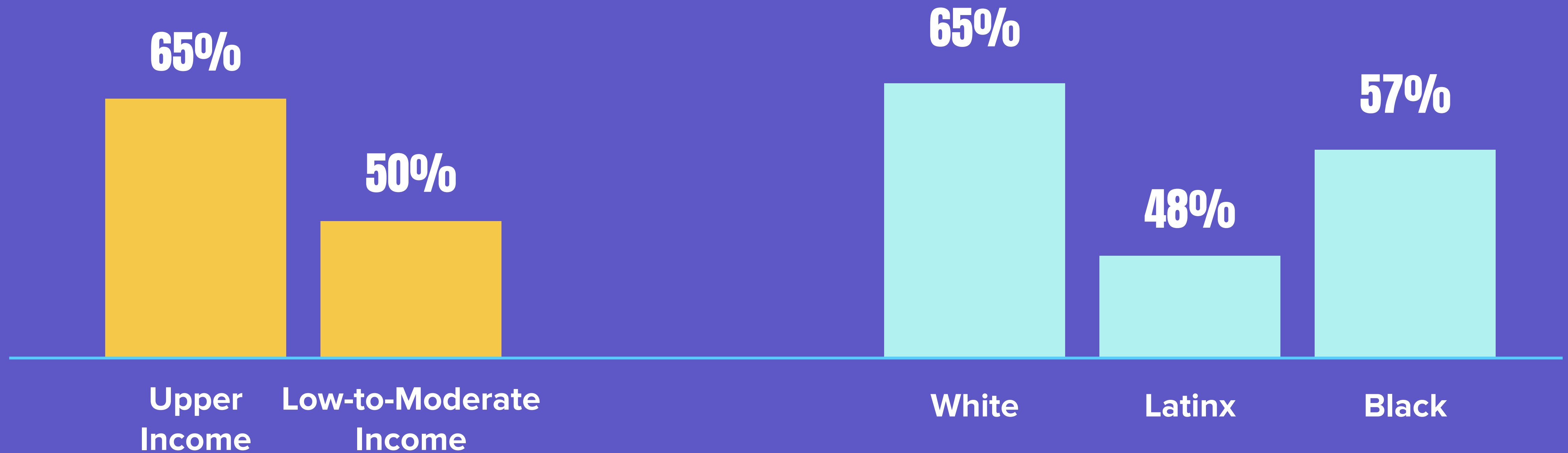
NextGen women were 37% less likely to report access to financial advice and support than men.

While single women make up the second largest cohort of homebuyers today, there is still a significant divide across gender in NextGen finance. According to the 2020 NextGen Homebuyer Report, men were over three times more likely to be investing than women and reported less stress about their finances. Women also stated a fear of being taken advantage of and not having a financial advisor.

In the 2022 study, women reported less trust in housing or finance professionals, less access to financial advice and support than their male-identifying counterparts. Women of color had significantly more challenges with access to financial support and information.

Financial Advice & Support by Race & Income

White and Upper Income NextGen consumers were significantly more likely to report having access to the financial advice or support they need to achieve their financial goals.



SECTION 4

TRUST & CONFIDENCE

TRUST IN 2022

“I trust my professional to help me make smart decisions.”



Loan Officer

70% of NextGen homeowners said they trusted their loan officer to help them make smart decisions about their **mortgage**



Real Estate Agent

77% of NextGen homeowners said they trusted their real estate agent to help them make smart decisions about their **home**



Bank or Credit Union

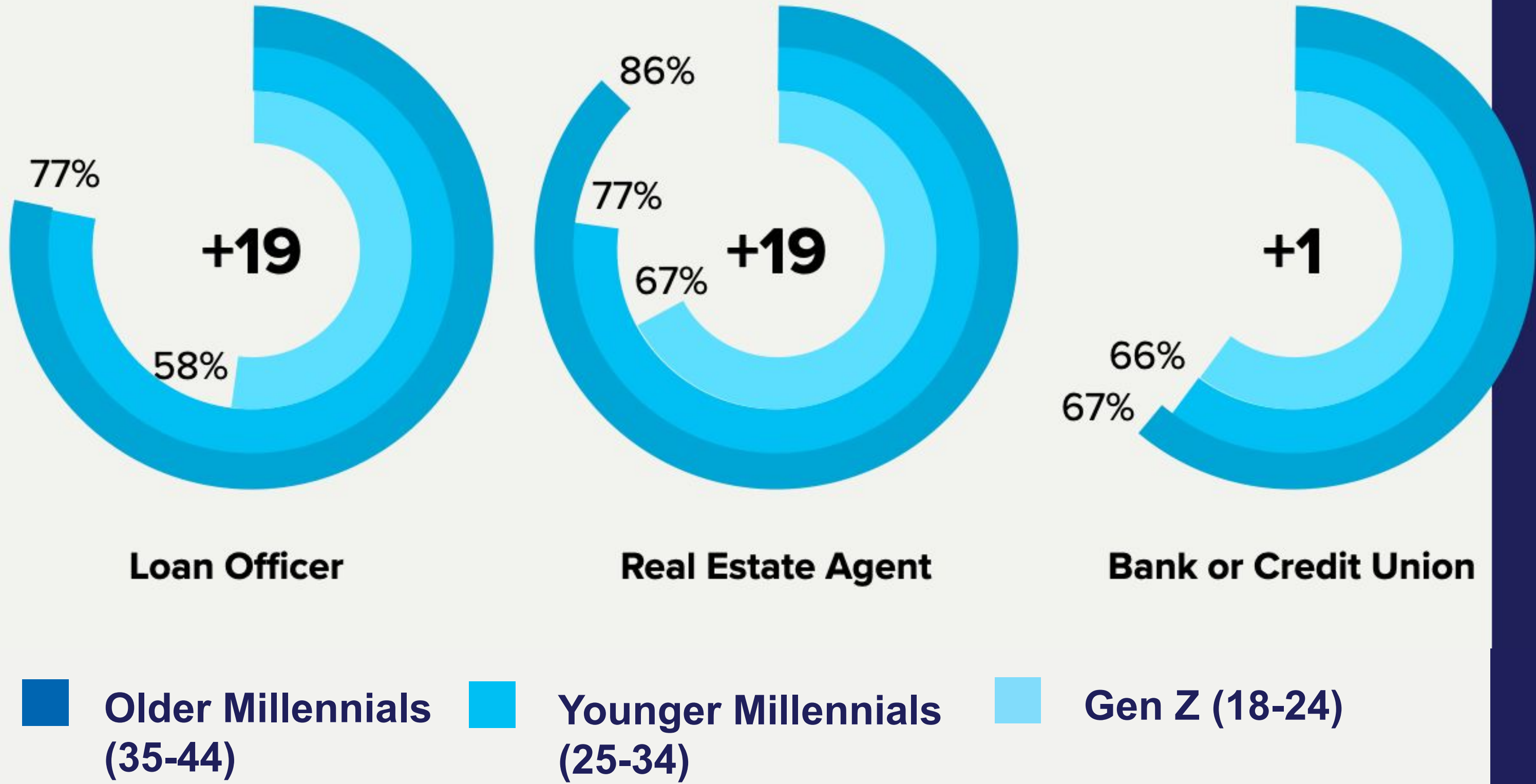
64% of NextGen consumers said they trusted their bank to help them make smart decisions about their **finances**

Trust has continued to decay across all market segments and industries. For the first time in history, the U.S. Trust Index dropped below 50%, making the default emotion according to the 2022 Edelman Trust Barometer, dropping 10% since just 2017.

In the 2021 Report, two in three NextGen homebuyers reported they did not think their lender was trustworthy or reliable. This year, trust has been reported at a higher rate but all data points to continued skepticism. Housing professionals need to consider how to build trust with their consumers to remain competitive in years to come.

TRUST BY AGE

“I trust my professional to help me make smart decisions.”

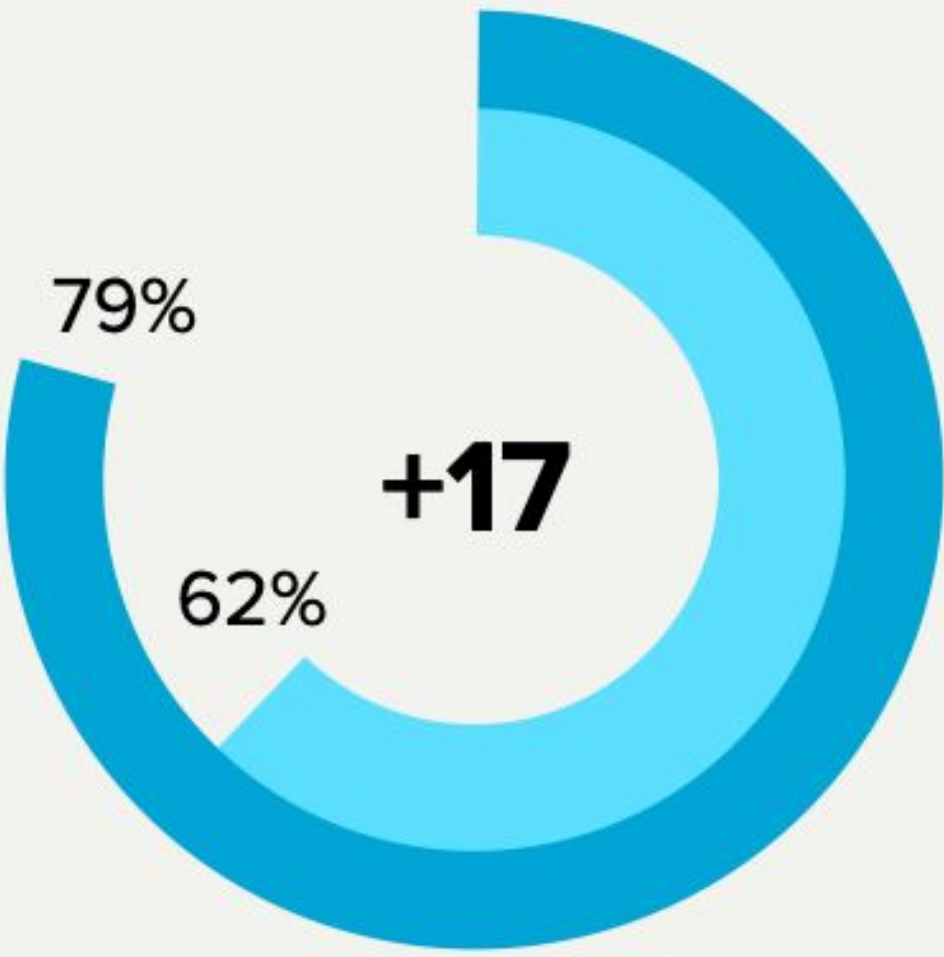


In comparison with Millennials, Gen Z were less trusting across banking, real estate, and lender.

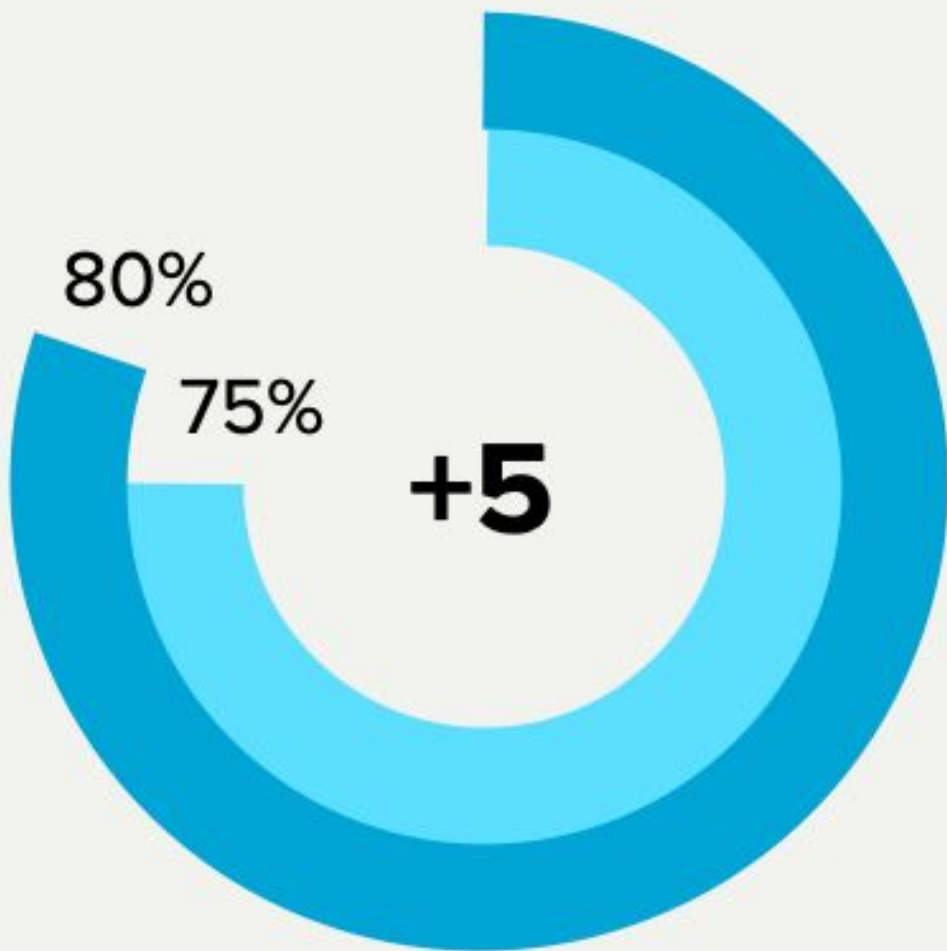
Age did not have any significance on trust in banks or credit unions.

TRUST BY GENDER

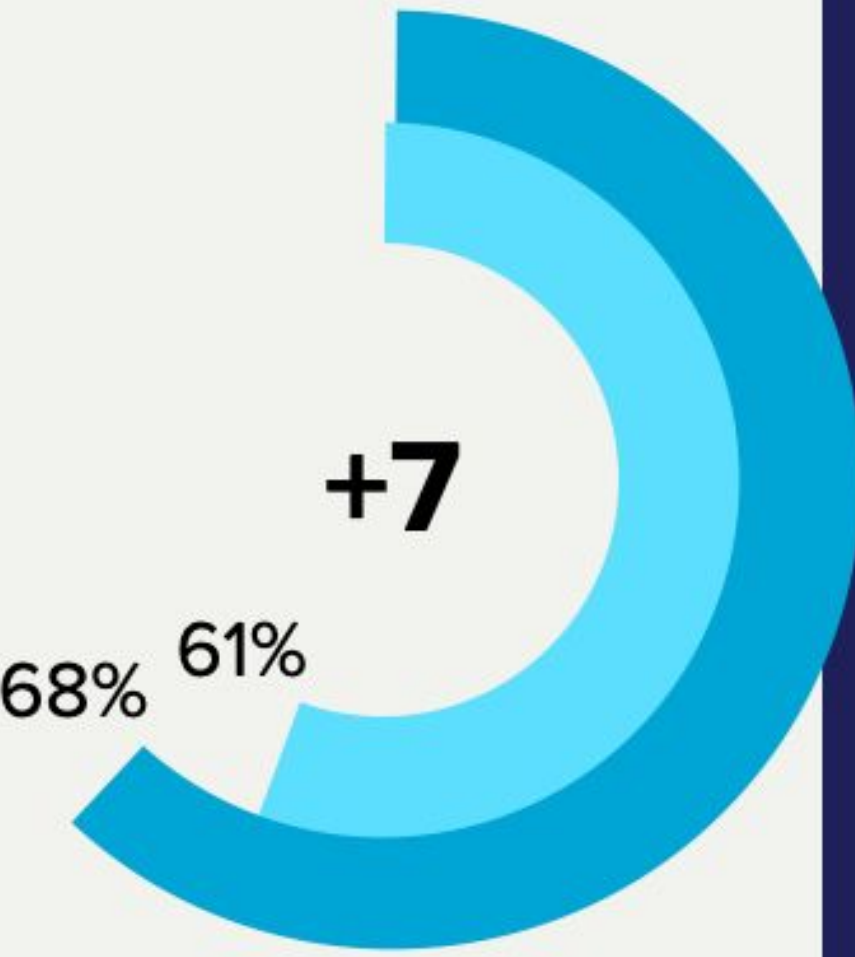
“I trust my professional to help me make smart decisions.”



Loan Officer



Real Estate Agent



Bank or Credit Union

■ Men ■ Women

Men are more than two times more likely than women to say they trust their loan officer.

TRUST BY RACE

“I trust my professional to help me make smart decisions.”



■ White ■ Black ■ Latinx

Latinx NextGen respondents were 56% less likely to trust their loan officer than White respondents.

Black and African American respondents were significantly more likely to trust their bank or credit union in comparison with a housing professional.

White NextGen homeowners were 22% more trusting of their loan officer than homeowners of color.

Confidence in Housing

The majority of NextGen Homeowners (61%) reported a lack of confidence in the stability of the housing market over the next 5 years, but were confident their home would ultimately be a good investment (82%).

Confidence in Housing

“I am confident my home will be a good investment.”

4 in 5 NextGen Homeowners said they were confident their home would be a good investment (82%)

*Consistent with 2021 findings, in which 22% of NextGen homebuyers reported concern their home would not be a good investment.

Confidence in Housing

“The housing market will remain stable over the next five years.”

61%

NextGen homeowners said they lacked confidence in the stability of the housing market over the next five years.

Men were 19% more likely to report confidence in the housing market compared with women (43% vs 36%).

Latinx were most confident in the stability of the housing market, reporting 15% higher confidence than other racial or ethnic segments.

Upper income were 75% more likely to report confidence than low-to-moderate income (53% vs 30%).

SECTION 5

EXPERIENCE

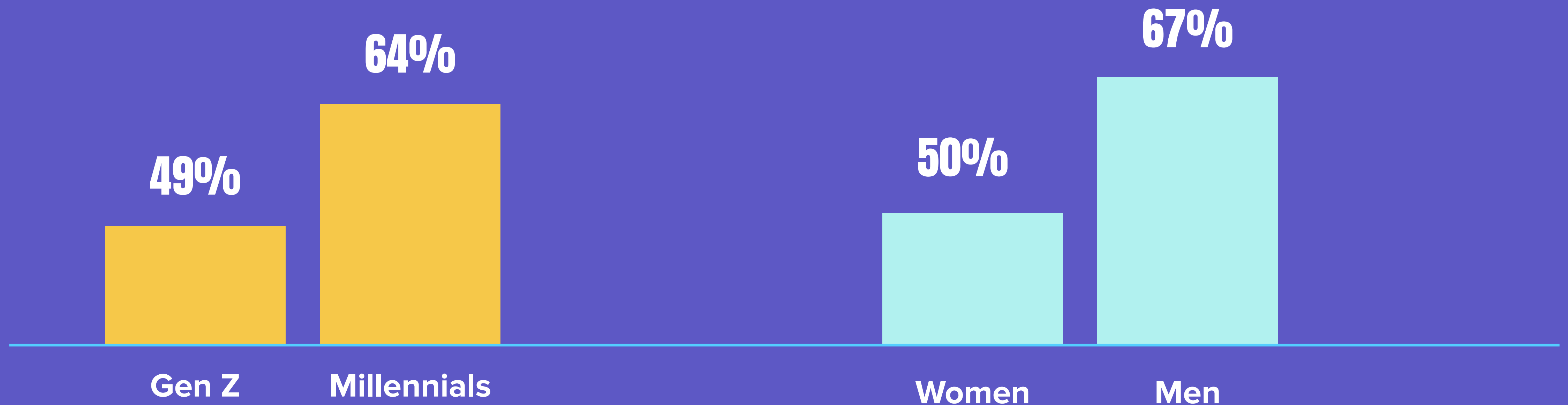
Homebuying Experience

Only half (58%) of recent* NextGen homebuyers rated their overall experience as five stars.

*Homebuyers who purchased a home within the past 18 months.

Gen Z and Women rated lower satisfaction with homebuying experience

NextGen men and Millennials were 32% more likely to report a five-star experience than women and Millennials.



Experience Matters



NextGen homebuyers who met in person were 41% more likely to give a 5-star experience vs. buyers who had only met over online video, and they were significantly more likely to trust their loan officer.

ABOUT KRISTIN MESSERLI

Kristin Messerli is a leading strategist and keynote speaker on NextGen homeownership and empathetic leadership. Kristin has worked with hundreds of lenders and financial institutions and spoken to thousands of real estate professionals on the topic of building trust with today's consumers.

Kristin founded and sold the digital marketing agency, Cultural Outreach, with the mission to promote homeownership in young and diverse markets. She was previously the VP of Sales and Strategy at Experience.com, and has consulted with numerous fintech startups across product design, marketing, and research. Kristin is a frequent speaker at conferences, including the Mortgage Bankers Association, Digital Mortgage, and Harvard Business School. Kristin produced and authored the 2020-2022 NextGen Homebuyer Reports, highlighting key insights from over 4,000 NextGen homebuyers.

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ABOUT 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 take 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 insurance underwriting and processing, and customer service. National MI is committed to delivering mortgage insurance solutions that provide a path to coverage certainty. For more information on National MI, visit nationalmi.com.

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