

2020

# Downpayment Expectations & Hurdles to Homeownership

April 2020

National Association of REALTORS®  
Research Group



NATIONAL  
ASSOCIATION OF  
REALTORS®

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# Methodology

## **U.S. Home Buyer Households' Perspective of Downpayment Expectations:**

In July 2019, NAR mailed out a 125-question survey using a random sample weighted to be representative of sales on a geographic basis to 159,750 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2018 and June of 2019. A total of 5,870 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 3.7 percent.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish. Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending July 2019, with the exception of income data, which are reported for 2018. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size.

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# Methodology

## **Consumer Perspective of Downpayment Expectations:**

The survey was conducted by an established survey research firm, TechnoMetrica Market Intelligence. Each month, April through June, a sample of U.S. households was surveyed via random-digit dial, including cell phones and land lines. Using a computer-assisted telephone interviewing (CATI) system, TechnoMetrica conducts interviews from their call center in Ramsey, NJ. Regional quotas are used, based on four census regions and nine census divisions. Each month approximately 900 qualified households responded to the survey. The data compiled for this report and is based on 2,710 completed telephone interviews. For monthly results, the margin of error for the survey is +/-3.3 percentage points at the 95% confidence level.

## **Member Perspective of Downpayment Expectations:**

In February and March 2020, NAR invited a random sample of 104,009 active REALTORS® to fill out an online survey. A total of 6,635 useable responses were received for an overall response rate of 6.4 percent. At the 95 percent confidence level, the margin of error is plus-or-minus 1.2 percent.

The primary measure of central tendency used throughout this report is the median – the middle point in the distribution of responses to a particular question or, equivalently, the point at which half of the responses are above and below a particular value.

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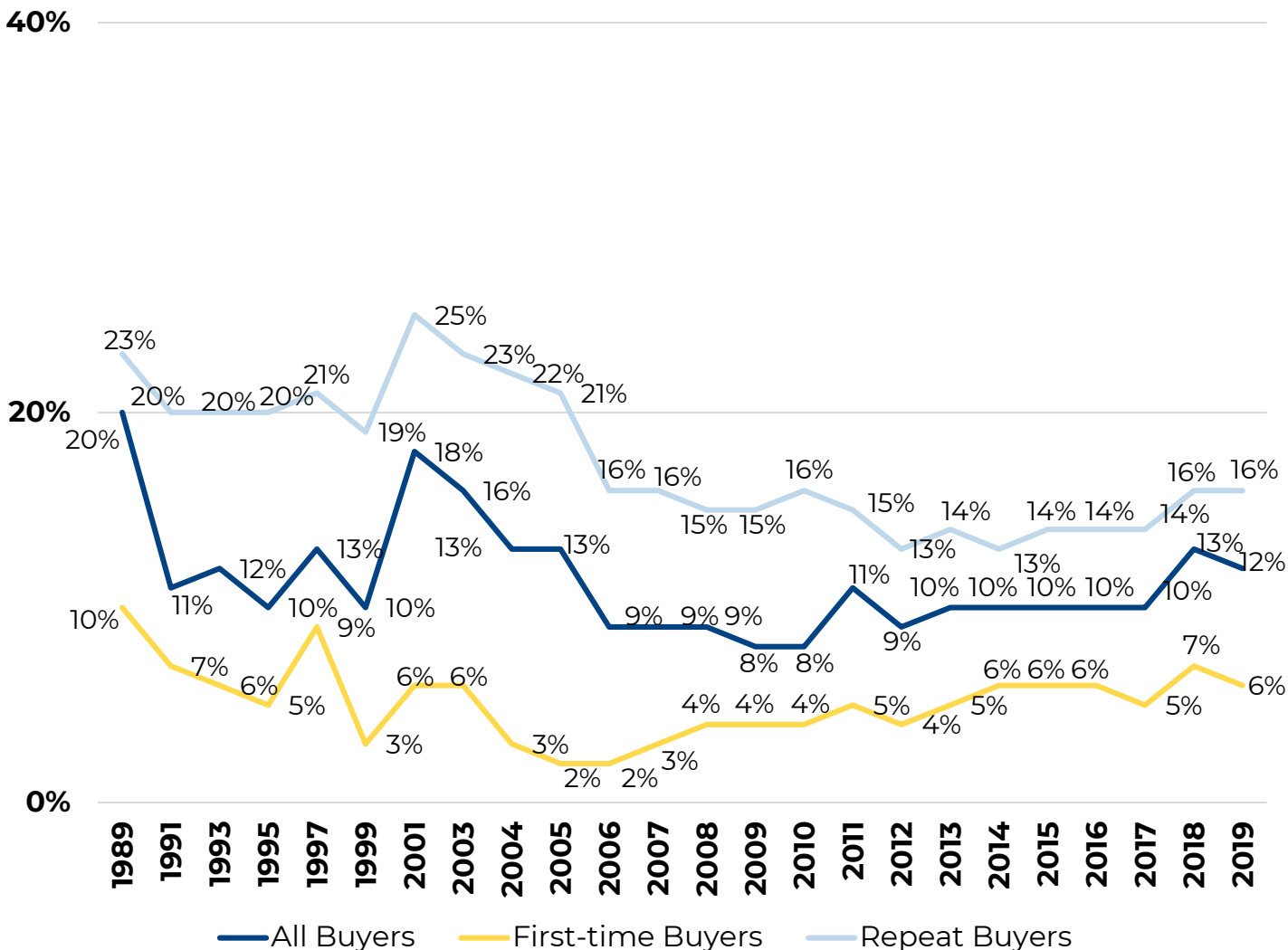
A person wearing a pink shirt is sitting on a white sofa. A silver laptop is open on the sofa next to them. The person is holding a white document or folder. The background is a light-colored wall with a patterned object. A blue diagonal shape is in the top left corner.

# U.S. Home Buyer Households' Perspective of Downpayment Expectations

# Median Percent Downpayment by First-Time and Repeat Buyers

- In 2019, the median downpayment was 12 percent for all buyers, six percent for first-time buyers, and 16 percent for repeat buyers.
- In 1989, the median downpayment for all buyers was 20 percent, 10 percent for first-time buyers, and 23 percent for repeat buyers.

**Median Percent Downpayment by First-Time and Repeat Buyers, 1989–2019**

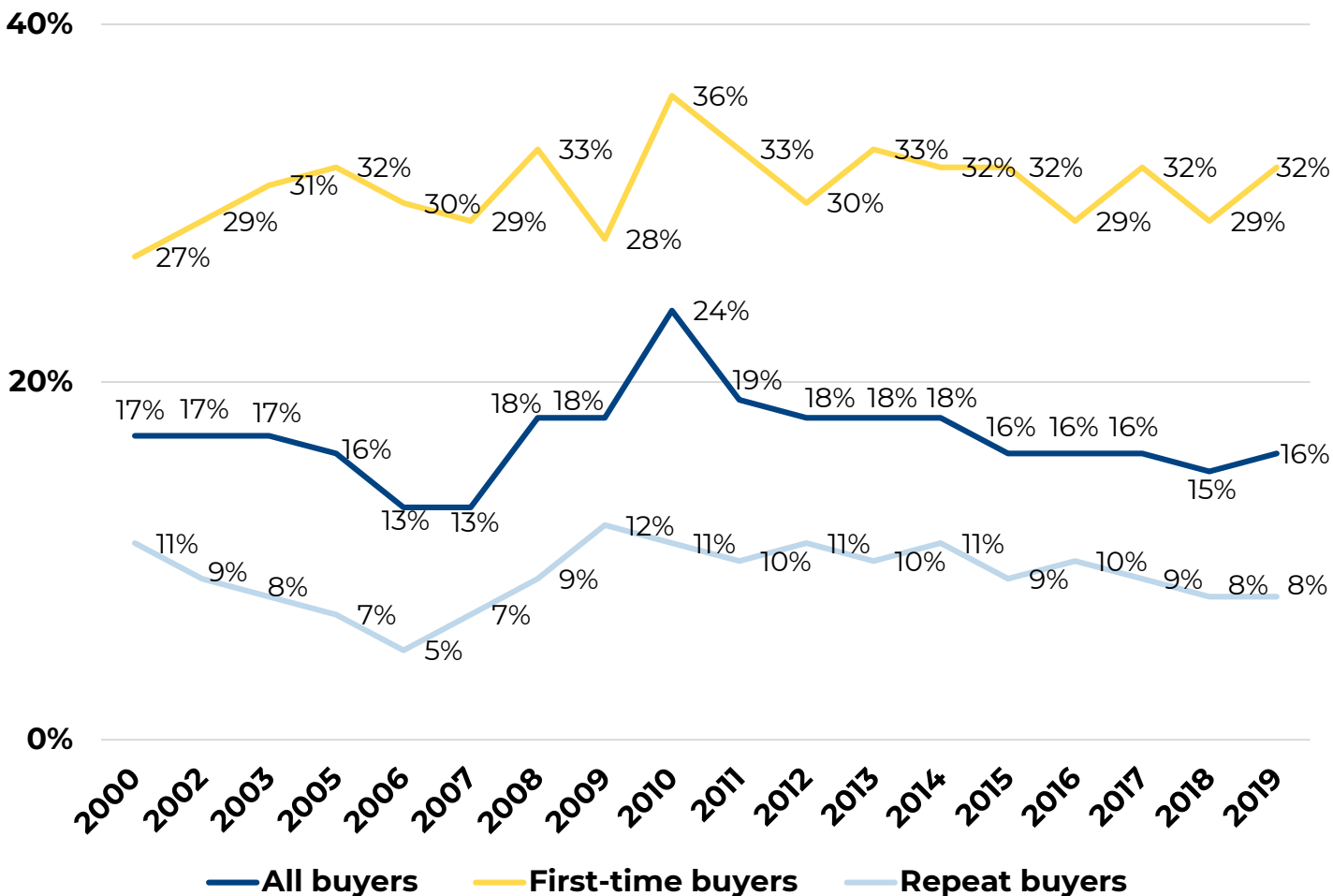




# Sources of Downpayment

- In 2019, 16 percent of all buyers received a gift or loan from a relative or friend towards the downpayment of their home purchase.
- In 2019, 32 percent of first-time buyers and eight percent of repeat buyers received a gift or loan from a relative or friend towards the downpayment of their home purchase.

**Sources of Downpayment Gift or Loan from Relative or Friend, 2000–2019**

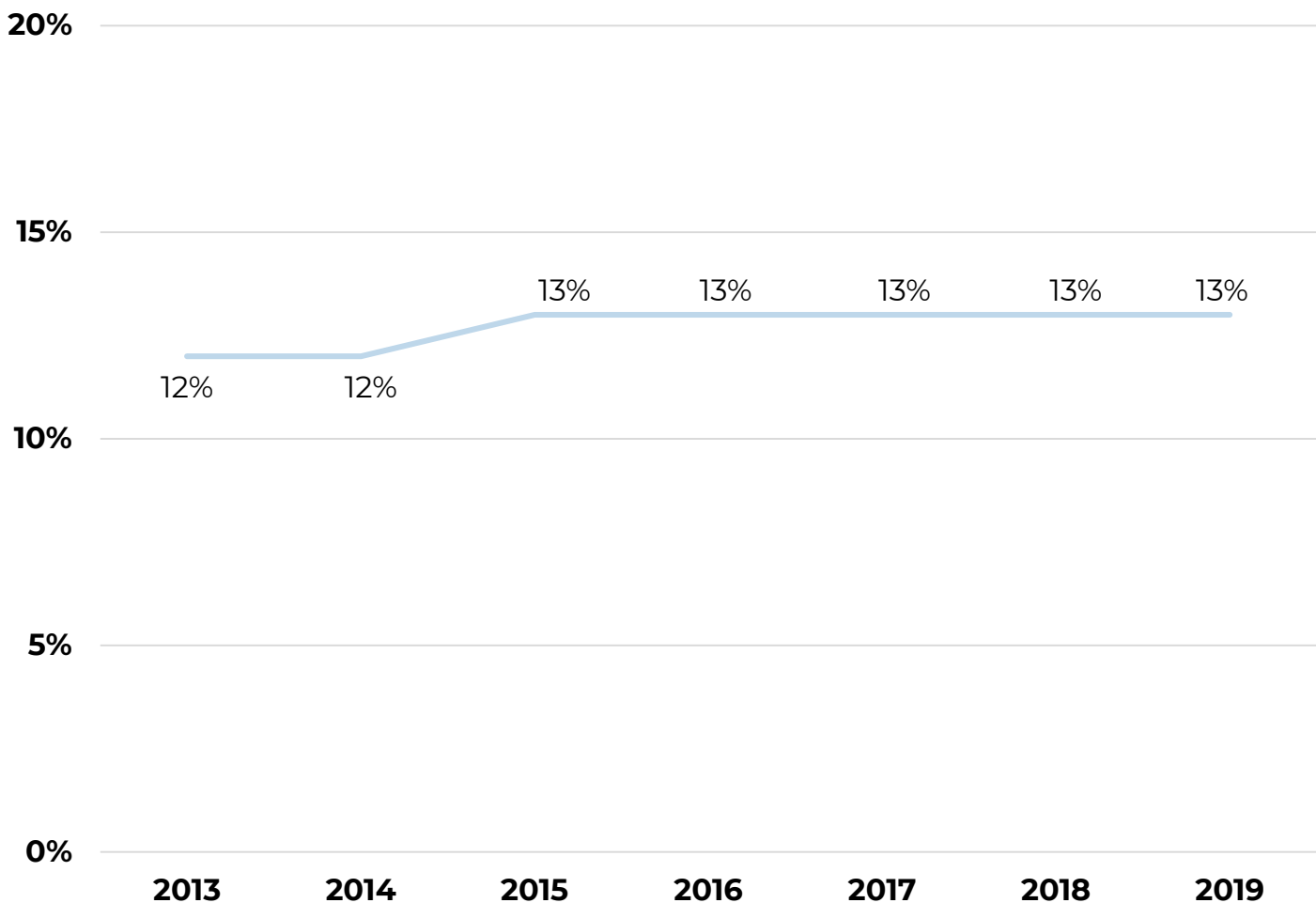




# Saving for Downpayment Was Most Difficult Task in Buying Process

- In 2019, 13 percent of all buyers cited that saving for a downpayment was the most difficult task in the home buying process.
- In 2019, 26 percent of first-time buyers and seven percent of repeat buyers cited that saving for a downpayment was the most difficult task in the home buying process.

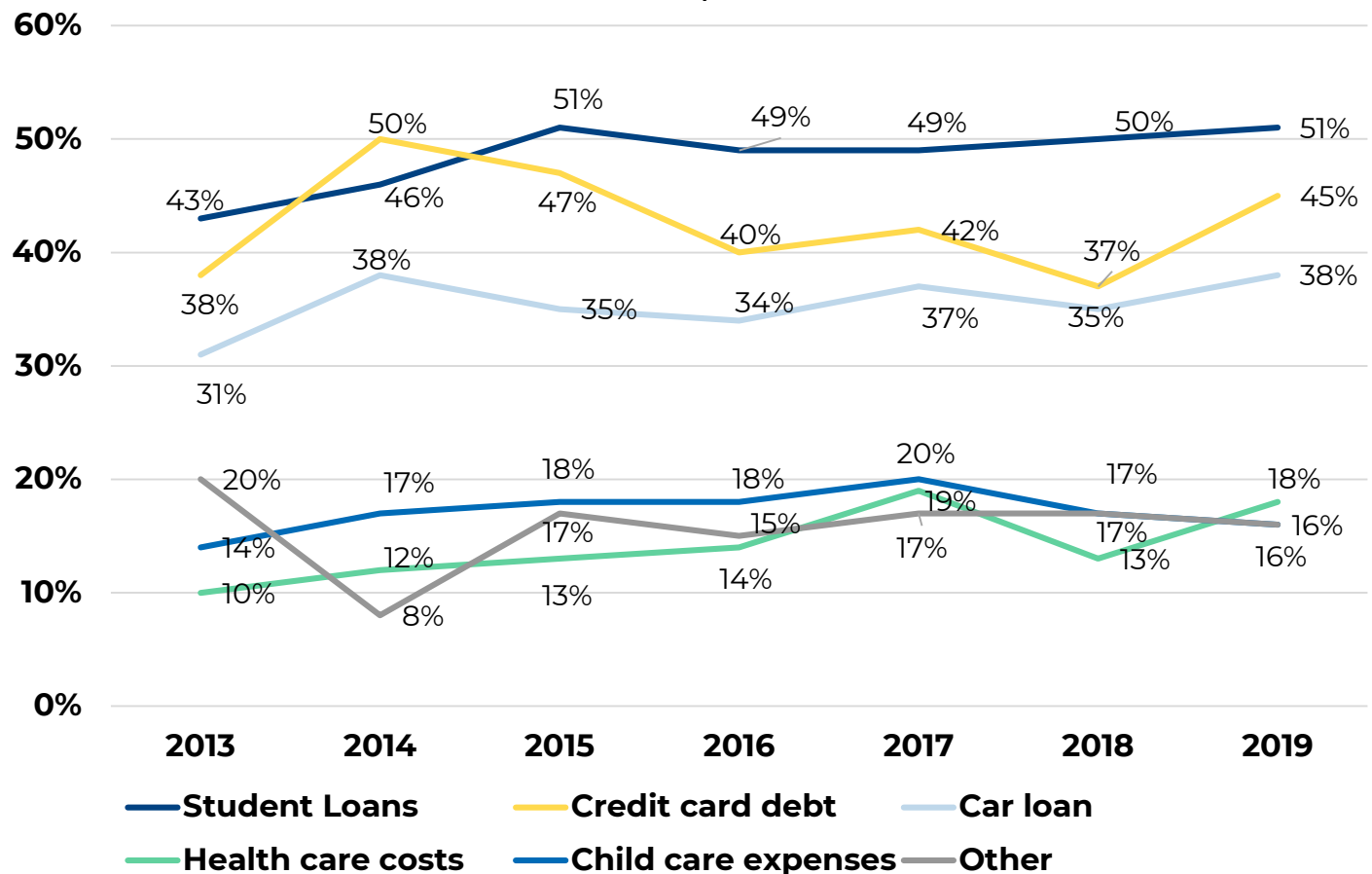
**Saving for Downpayment Was Most Difficult Task in Buying Process, 2013–2019**



# Expenses That Delayed Saving for a Downpayment or Saving for a Home Purchase

- Since 2015, student loans have been the most cited expense that delayed saving for a downpayment.
- Credit card debt and car loans were the next most cited expenses that delayed saving for a downpayment.

**Expenses That Delayed Saving for a Downpayment or Saving for a Home Purchase, 2013–2019**



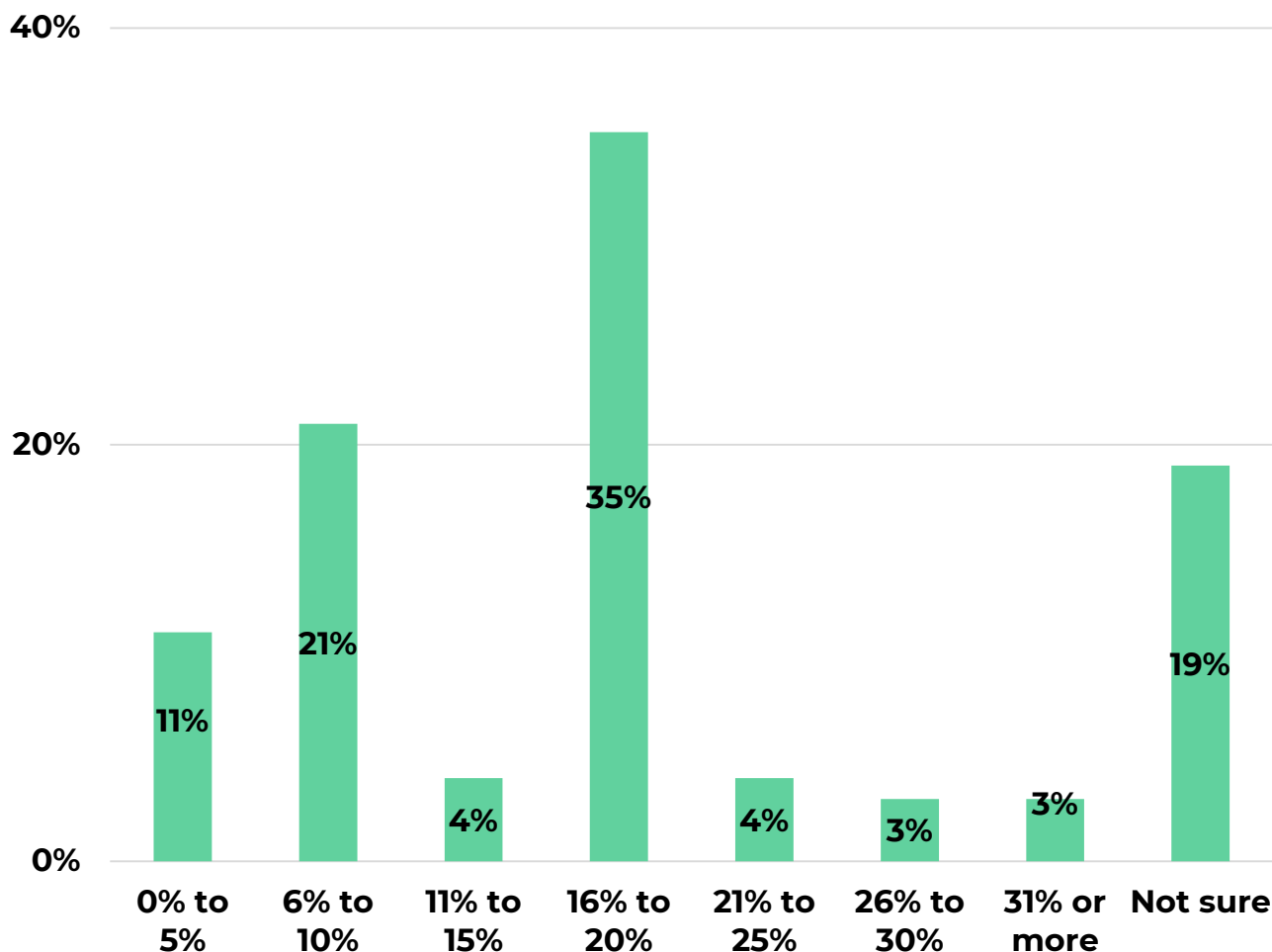
A woman with long dark hair and glasses is sitting at a desk. She is looking down at a calculator and a laptop. She has a thoughtful expression. The background is a bright, out-of-focus room with a window. A blue diagonal shape is in the top left corner.

# Consumer Perspective of Downpayment Expectations

# Percent of a Downpayment Needed to Purchase a Home Today

- Consumers typically believed that they would need a median of a 20 percent downpayment to purchase a home today.
- Thirty-five percent of consumers indicated that they believed they would need between 16 to 20 percent for a downpayment, and 21 percent believed that they would need between six to 10 percent for a downpayment today.

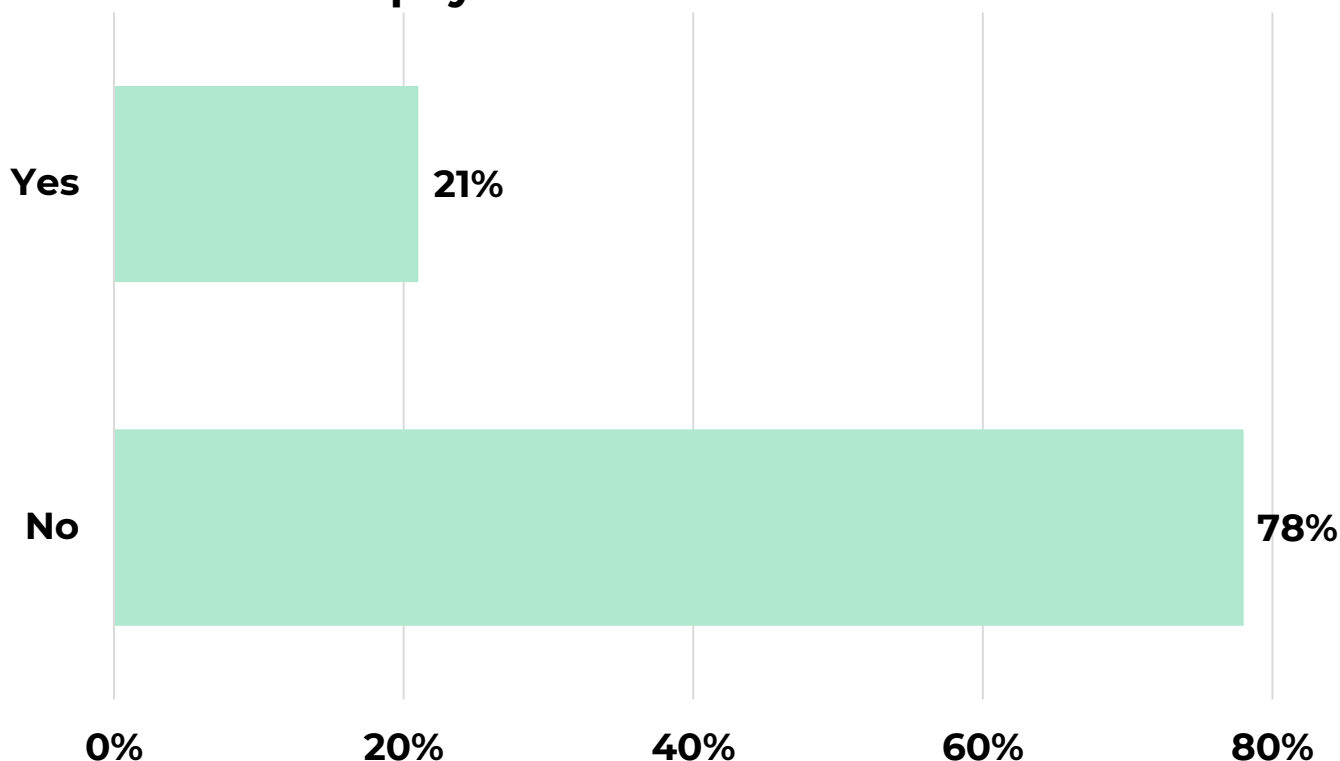
**Percent of a Downpayment Believe Needed to Purchase a Home Today**



# Helped Children or Family Member With Downpayment to Purchase a Home

- Twenty-one percent of consumers surveyed said they have helped a child or family member with money for a downpayment to purchase a home.
- Twenty-four percent of owners compared to 11 percent of non-owners said they have helped a child or family member with money for a downpayment.
- Silent Generation (34 percent) and Older Boomers (31 percent) consumers were the most likely generations to have helped a child or family member with money for a downpayment.

## Helped Children or Family Member With Downpayment to Purchase a Home



# Helped Children or Family Member With Downpayment to Purchase a Home

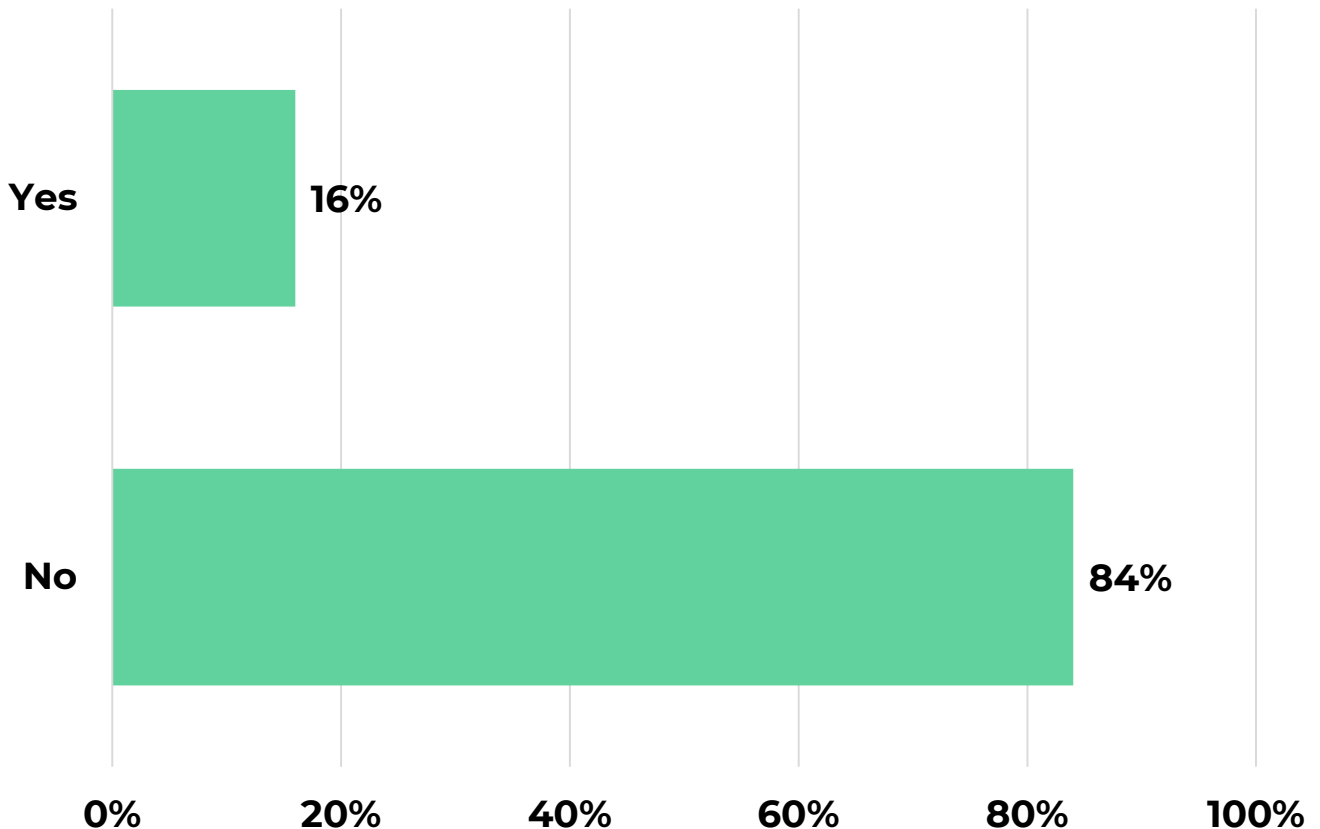
| Helped Children or Family With Downpayment: | Owners | Non-Owners |
|---|--------|------------|
| Yes   | 24%    | 11%        |
| No  | 75%    | 87%        |

| Helped Children or Family With Downpayment: | Millennials | Gen X | Younger Boomers | Older Boomers | Silent Generation |
|---|-------------|-------|-----------------|---------------|-------------------|
| Yes   | 4%          | 9%    | 18%             | 31%           | 34%               |
| No  | 94%         | 90%   | 82%             | 68%           | 65%               |

# Received Downpayment Assistance From a Parent or Relative

- Twenty-one percent of homeowners surveyed said they have received downpayment assistance from a parent or relative.
- Millennial homeowners (24 percent) were the most likely to have received downpayment assistance from a parent or relative.

## Received Downpayment Assistance From a Parent or Relative





# Received Downpayment Assistance From a Parent or Relative

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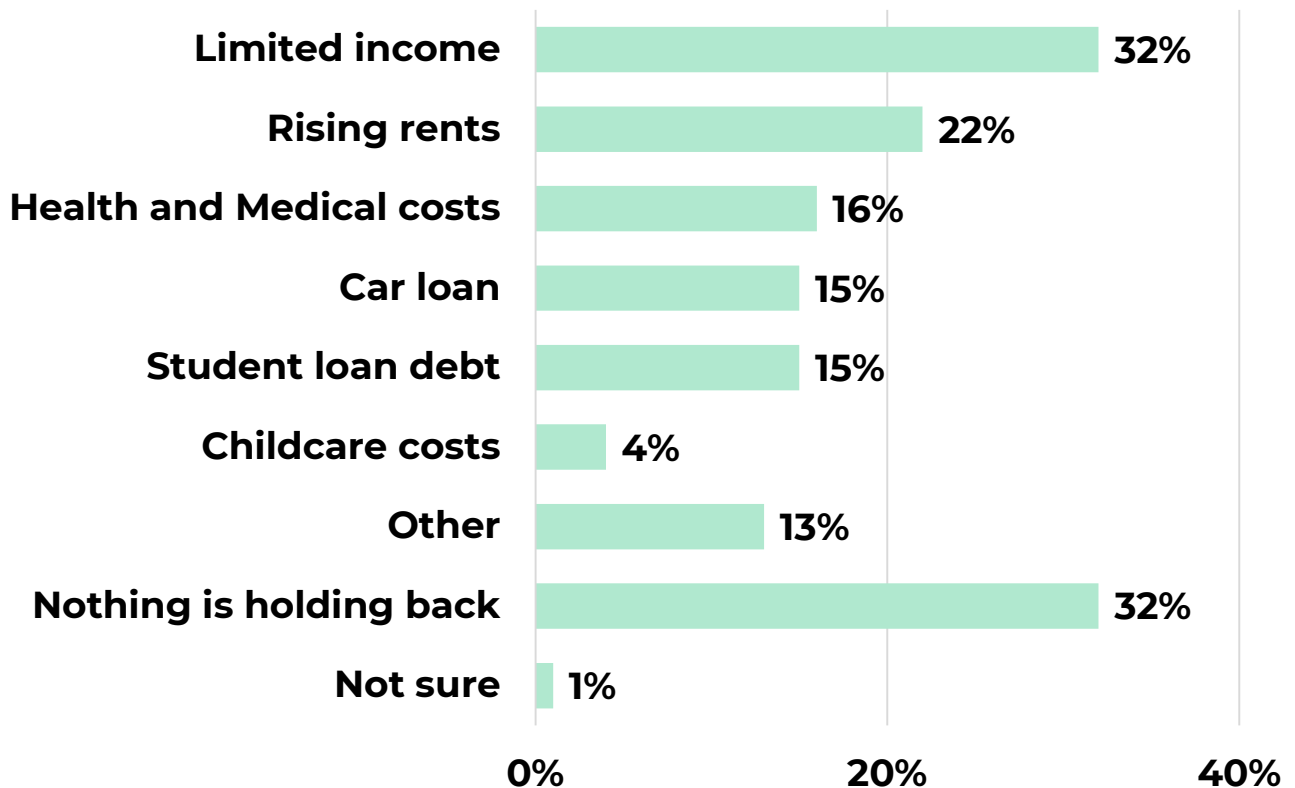
| <b>Received Downpayment Assistance From a Parent or Relative When Purchasing Home:</b> | <b>Millennials</b> | <b>Gen X</b> | <b>Younger Boomers</b> | <b>Older Boomers</b> | <b>Silent Generation</b> |
|--|--------------------|--------------|------------------------|----------------------|--------------------------|
| Yes  | 24%                | 19%          | 13%                    | 19%                  | 12%                      |
| No   | 76%                | 81%          | 88%                    | 81%                  | 87%                      |

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# Factors Holding Back From Saving for a Downpayment

- Thirty-two percent of non-homeowners surveyed said that their limited income was a factor holding them back from saving from a downpayment, followed by rising rents (22 percent) and health and medical costs (16 percent).
- Millennial non-homeowners (33 percent) were the most likely to say that student loan debt was a factor holding them back from saving from a downpayment.
- Silent Generation (57 percent) and Older Boomers (40 percent) non-homeowners were the most likely generations to say that nothing is holding them back from saving for a downpayment.

## Factors Holding Back From Saving for a Downpayment



# Factors Holding Back From Saving for a Downpayment

| Factors Holding Back From Saving for a Downpayment | Millennials | Gen X | Younger Boomers | Older Boomers | Silent Generation |
|--|-------------|-------|-----------------|---------------|-------------------|
| Limited income                                     | 40%         | 24%   | 30%             | 35%           | 28%               |
| Rising rents                                       | 37%         | 13%   | 17%             | 19%           | 9%                |
| Health and Medical costs                           | 20%         | 12%   | 20%             | 16%           | 15%               |
| Car loan   | 21%         | 21%   | 8%              | 5%            | 7%                |
| Student loan debt                                  | 33%         | 13%   | 3%              | *             | *                 |
| Childcare costs                                    | 7%          | 6%    | 2%              | 2%            | *                 |
| Other  | 13%         | 13%   | 15%             | 12%           | 13%               |
| Nothing is holding back                            | 17%         | 29%   | 37%             | 40%           | 57%               |
| Not sure   | 2%          | *     | *               | 2%            | *                 |

\* - Less than 1%

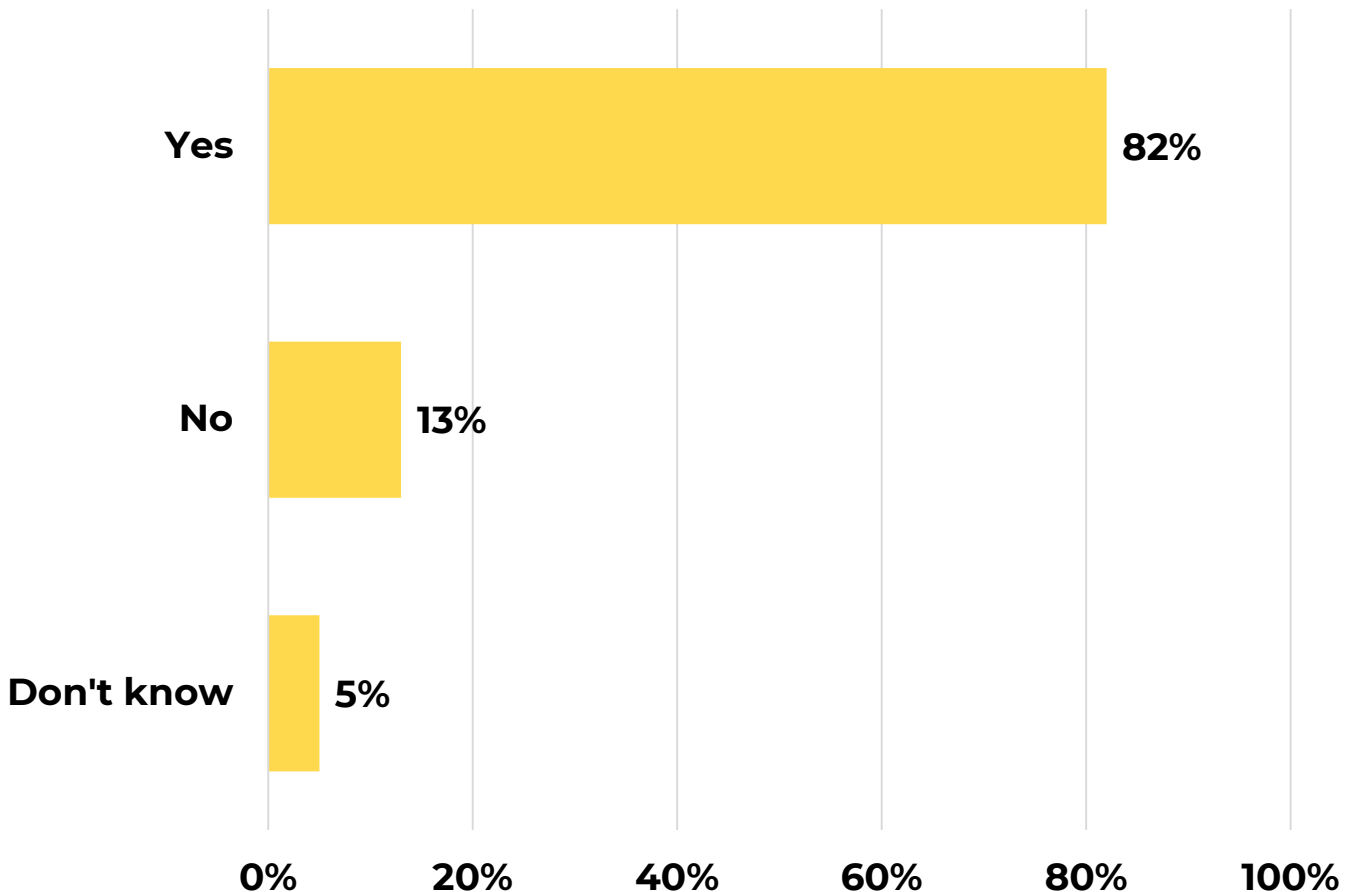


# Member Perspective of Downpayment Expectations

# Typical Buyer Informed on Downpayments

- Eighty-two percent of members surveyed said their typical buyers, who are ready to buy, are informed on downpayments.
- Thirteen percent of members surveyed said their typical buyers, who are ready to buy, are not informed on downpayments.

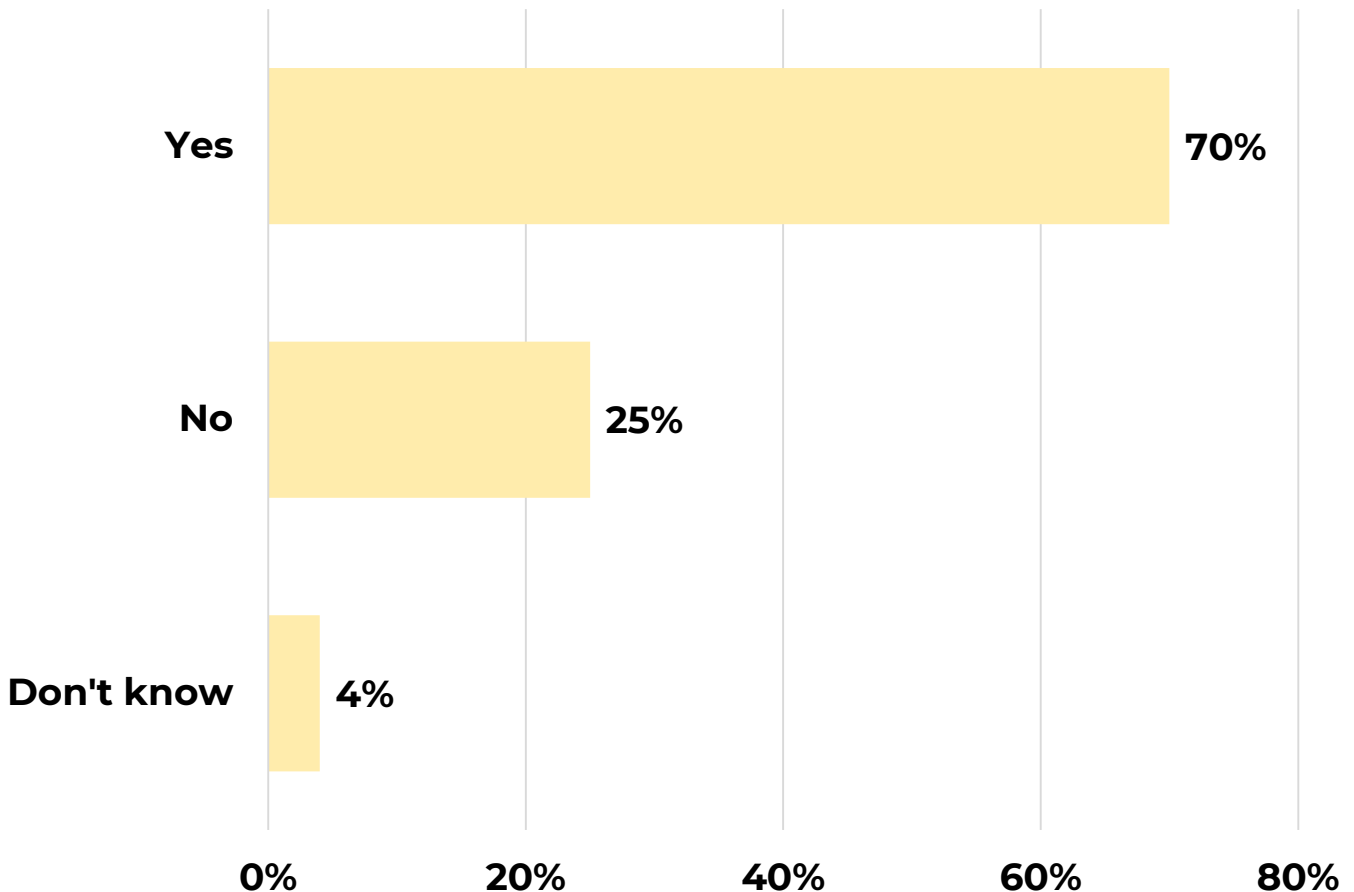
## Typical Buyer, Who is Ready to Buy, Informed on Downpayments



# Typical Buyer Informed on Closing Costs

- Seventy percent of members surveyed said their typical buyers, who are ready to buy, are informed on closing costs.
- Twenty-five percent of members surveyed said their typical buyers, who are ready to buy, are not informed on closing costs.

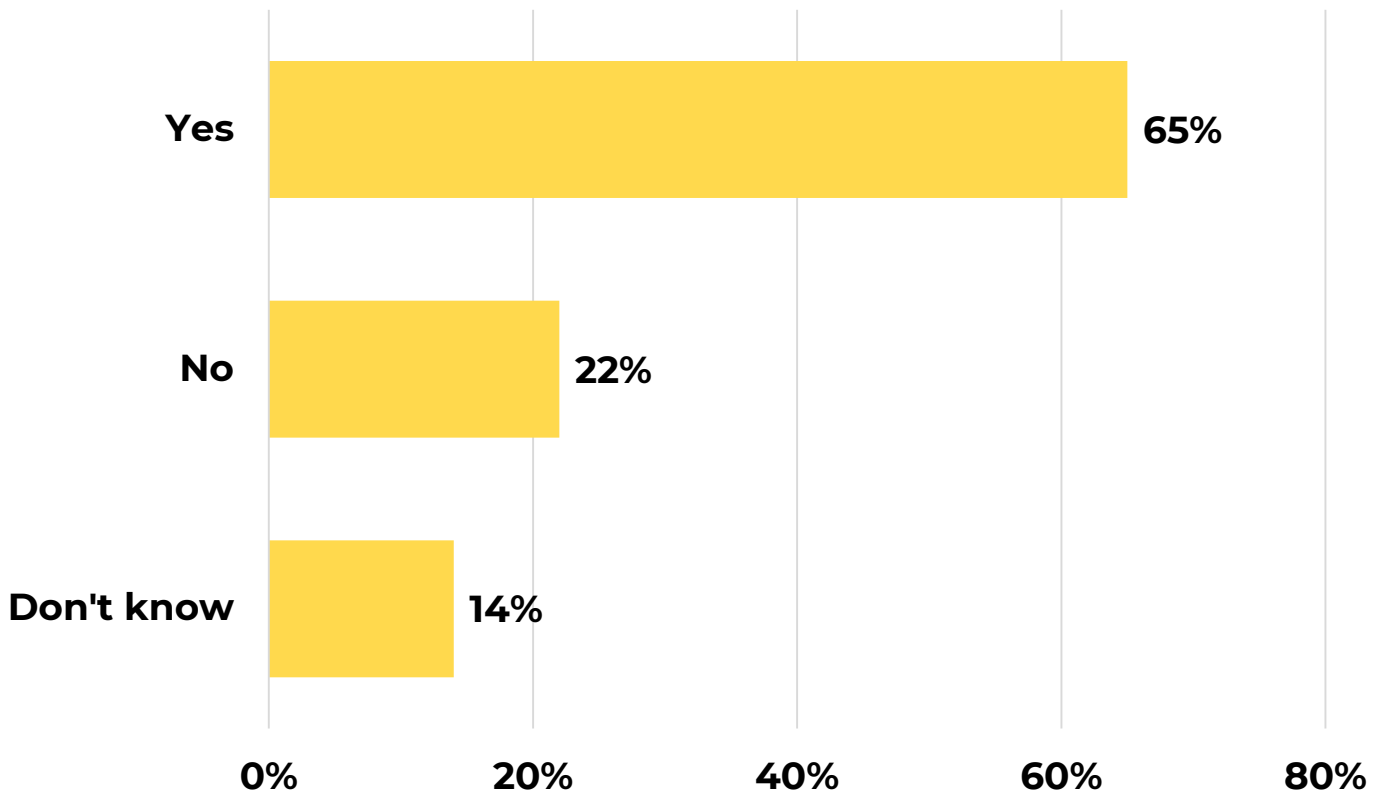
## Typical Buyer, Who is Ready to Buy, Informed on Closing Costs



# Clients Received Downpayment Assistance From a Parent or a Relative When Purchasing a Home

- Sixty-five percent of members surveyed said that in the last five years they've had clients receive downpayment assistance from a parent or relative when purchasing a home.
- Twenty-two percent of members said their clients did not receive downpayment assistance, and 14 percent didn't know.

## In the Last Five Years, Clients Received Downpayment Assistance From a Parent or a Relative When Purchasing a Home

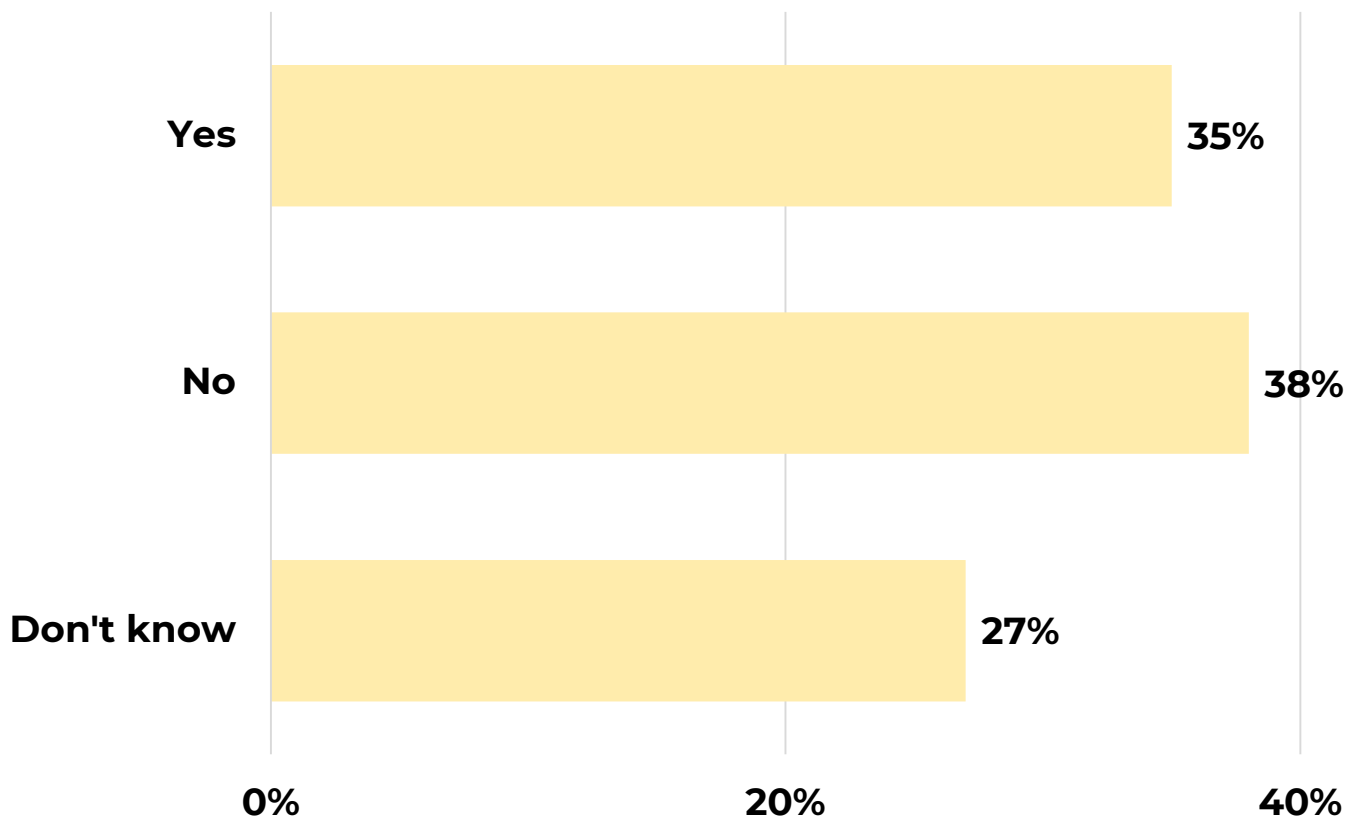




# Family Member Financial Help and Influence on Buyer's Decisions on Where to Purchase

- Thirty-eight percent of members surveyed said when a family member helps to financially purchase a home, that this does not have an influence on where the buyer decides to purchase.
- Thirty-five percent of members said this does have an influence on where the buyer decides to purchase, while 27 percent don't know if this has an influence.

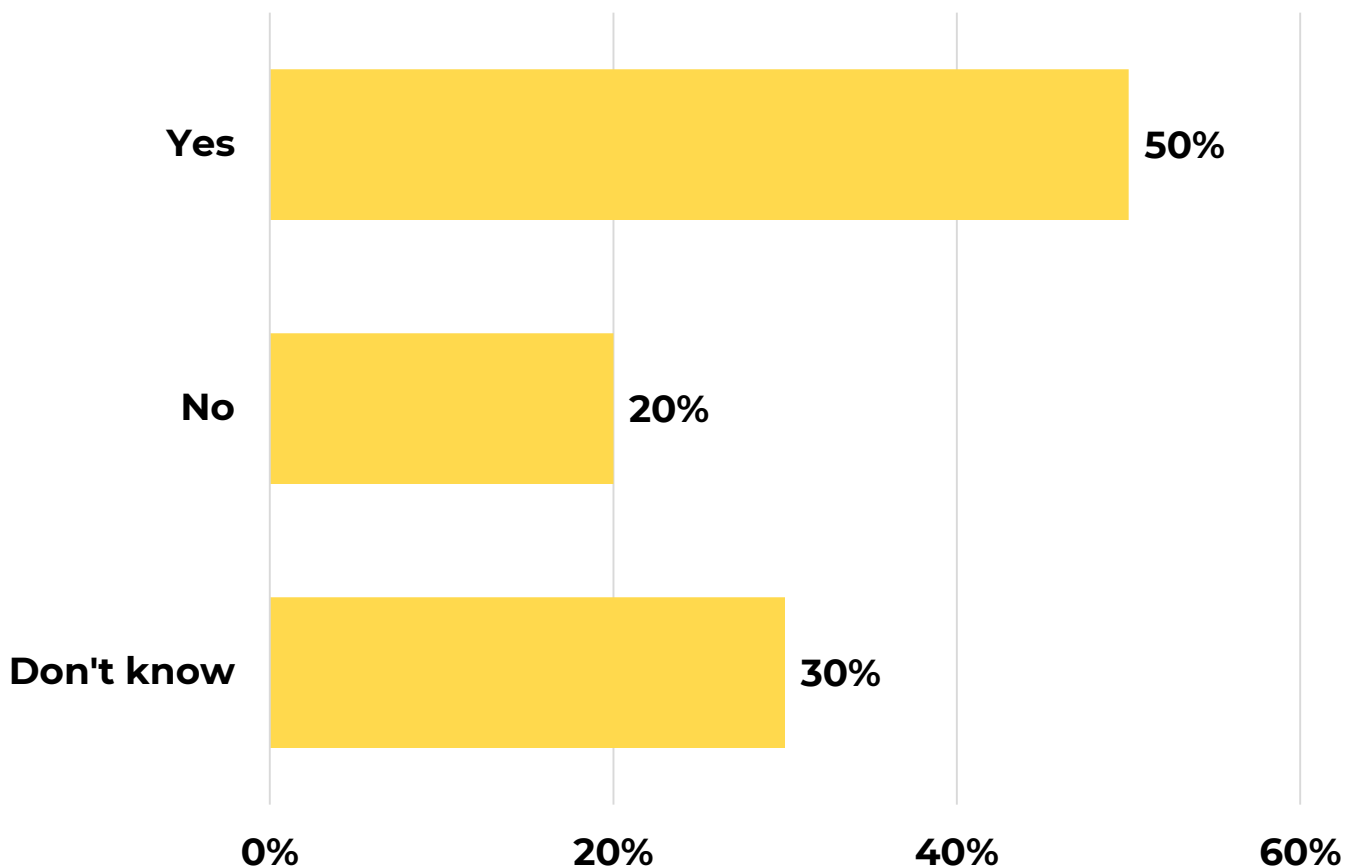
## Family Member Financial Help and Influence on Buyer's Decisions on Where to Purchase



# Family Member Financial Help and Influence on Buyer's Decisions on What to Purchase

- Fifty percent of members surveyed said when a family member helps to financially purchase a home, that this does have an influence on what the buyer decides to purchase.
- Twenty percent of members said this does not have an influence on what the buyer decides to purchase, while 30 percent don't know if this has an influence.

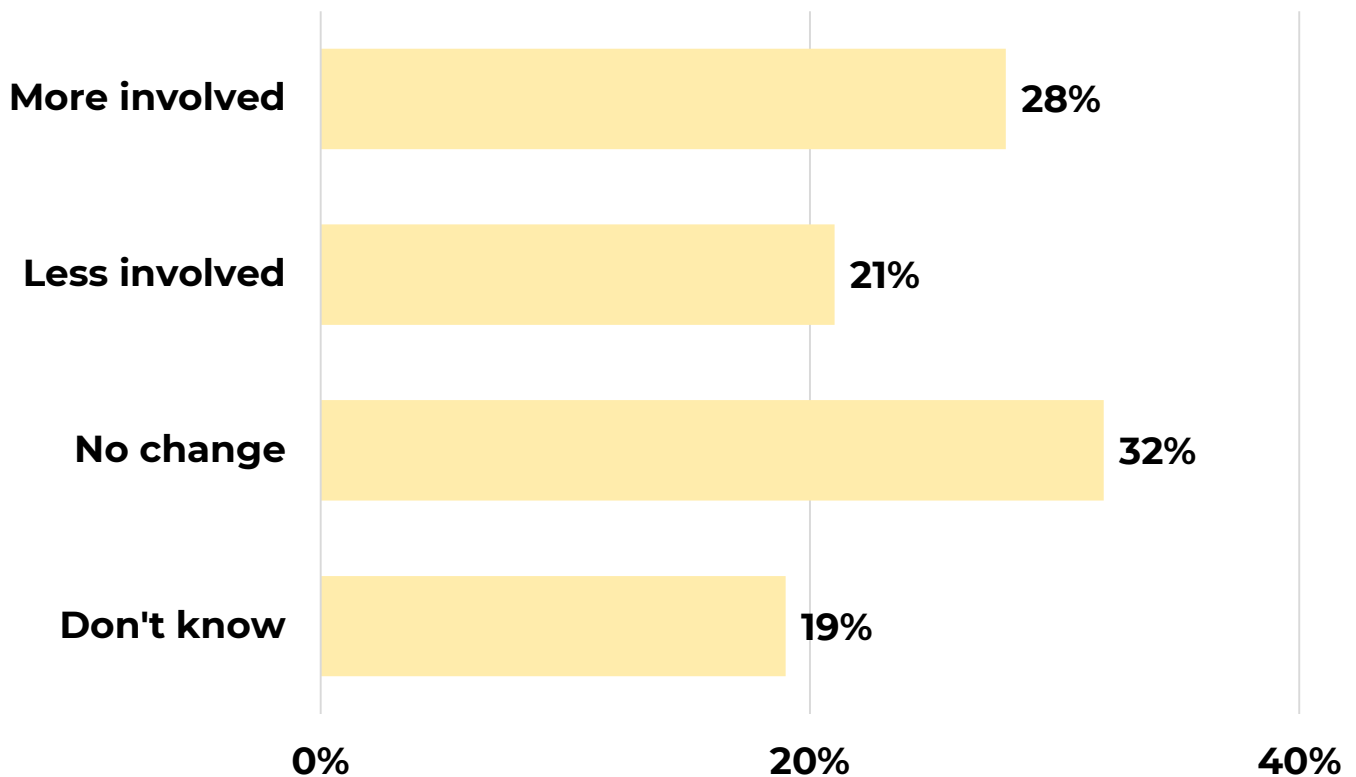
## Family Member Financial Help and Influence on Buyer's Decisions on What to Purchase



# Clients' Parents and Family Members Involvement in the Home Buying or Home Selling Process

- Thirty-two percent of members surveyed said that in the last five years they have seen no change in their clients' parents and family members involvement in the home buying or home selling process.
- Twenty-eight percent of members said their clients' parents and family members have been more involved in the last five years.

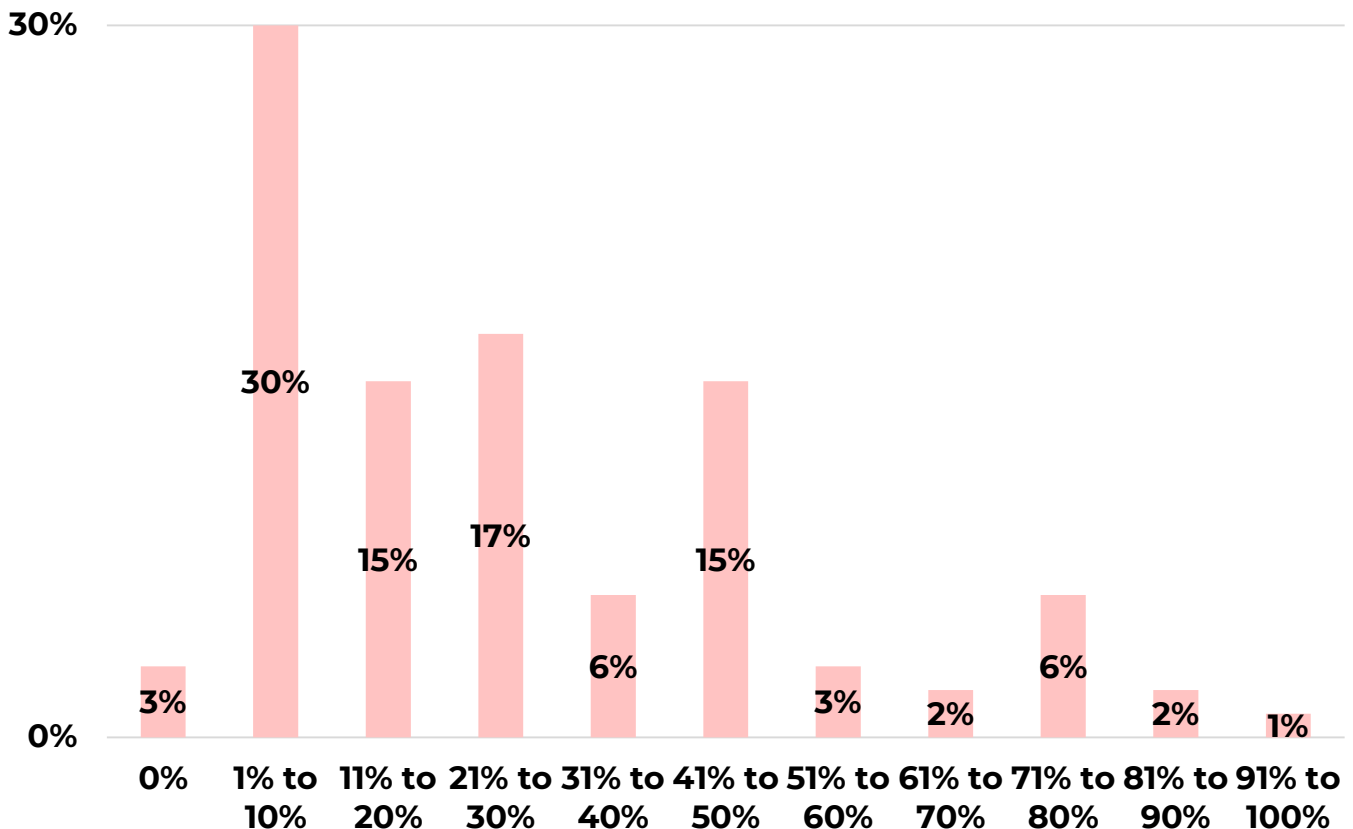
## In the Last Five Years, Clients' Parents and Family Members More or Less Involved in the Home Buying or Home Selling Process



# Buyers Who Brought Family Members With Them to View Homes

- A median of 25 percent of respondents said that buyers brought family members, who were not purchasing the home, with them to view homes.
- Thirty percent of respondents said that between one to 10 percent of buyers brought family members, who were not purchasing the home, with them to view homes.
- Only three percent of respondents said that no buyers brought family members with them to view homes.

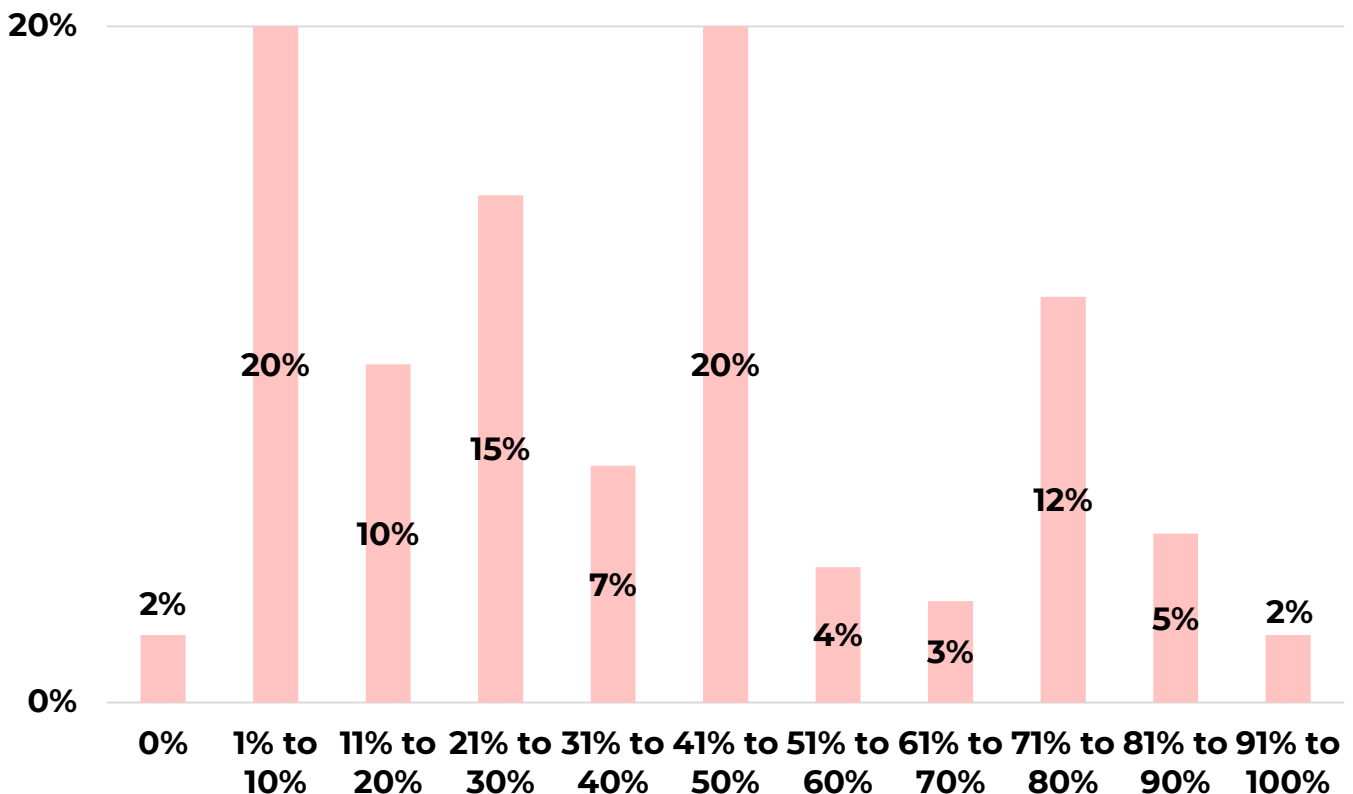
## Buyers Who Brought Family Members With Them to View Homes



# Buyers Who Consulted Family Members During The Buying Process

- A median of 40 percent of respondents said that buyers consulted with family members during the buying process, though they would not live in the home.
- Most often, respondents said that between one to 10 percent and 41 to 50 percent of buyers consulted with family members during the buying process, though they would not live in the home.
- Only two percent of respondents said that no buyers consulted with family members.

## Buyers Who Consulted With Family Members In The Buying Process





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