



73% of Aspiring Homeowners Cite an Affordability Factor as the Primary Obstacle

64% of Americans willing to make sacrifices to find more affordable housing

NEW YORK – April 19, 2023 – Home prices are falling in some parts of the country after reaching record highs in 2022, but homeownership is still unaffordable for many Americans. According to a new report from Bankrate, 73% of aspiring homeowners cite affordability factors as the obstacles holding them back, including not having enough income (46%), home prices being too high (42%), and the inability to afford a down payment and closing costs (40%). In an effort to combat these hurdles to homeownership, more than 3 in 5 Americans (64%) say they are willing to make sacrifices to find more affordable housing. Click here to read the full report:

<https://www.bankrate.com/mortgages/homeownership-remains-centerpiece-of-american-dream/>

In addition to these affordability factors, 53% of people who desire to own a home one day cite current housing market factors, including home prices being too high (42%), mortgage rates being too high (29%) or lack of available homes (14%) as barriers to homeownership. Other reasons include not having good enough credit (25%) to buy a home, just not being ready to own a home yet (25%), and too much debt (17%). More than 1 in 10 non-homeowners (12%) say they never want to own a home under any circumstances.

Generationally, millennials who aspire to own a home (ages 27-42) are most likely overall to cite an affordability issue (78%) or a current housing market issue (59%) as the factors holding them back. Older millennials (ages 34-42) are most likely (53%) to point to an inability to afford the down payment and closing costs as the reason why they do not currently own a home, more than any other reason or any other age group. Gen Z (ages 18-26) cites not having enough income (48%) or just not being ready yet (43%) as their major barriers to homeownership, while both Gen X (ages 43-58) and baby boomers (ages 59-77) point to lack of income (46% and 45% respectively) and high home prices (44% and 46% respectively).

“Affordability issues such as high home prices, income that is too low, or not being able to afford the down payment and closing costs are holding back nearly 3-in-4 aspiring owners,” said Bankrate Chief Financial Analyst Greg McBride, CFA. “Affordability is a central issue for owners and non-owners alike, with 64% of Americans willing to

sacrifice, such as downsizing or moving out of state, to find more affordable housing.”

To cope with the high costs of homeownership, 64% of Americans would be willing to take action to find more affordable housing. The most popular measures include downsizing their living space (25%), moving out of state (24%), buying a fixer upper (19%), and moving farther from friends and family (18%). Other actions include taking on roommates/living with additional family members (14%), moving farther away from work (12%), moving to a less desirable area (10%), or something else (2%).

Gen Z (81%) and millennials (74%) are significantly more willing to take action to find more affordable housing, compared to 62% of Gen X and 51% of boomers. Those in the Northeast (30%) are most likely to say they would be willing to move out of state, followed by those in the West (26%), Midwest (24%), and South (19%).

The majority of homeowners (55%) say they do not have any regrets about purchasing their current home, while 45% do have regrets. The top reason for regret is maintenance and other hidden costs were more expensive than expected (18%), followed by buying too small of a house (11%), choosing a bad location (7%), their mortgage payment is too high (7%), overpaying (6%), buying too big of a house (6%), don't think it is a good investment (6%), not getting the best mortgage rate (5%) or something else (4%). More than one reason could be selected.

Gen Z (69%) and millennial (56%) homeowners are more likely than Gen X (44%) and baby boomers (36%) to have one or more regrets about purchasing their current home.

Overall, 69% of homeowners would buy their current home if they had it to do all over again, while 18% would not, and 13% don't know.

“More than half of homeowners, 55%, have no regrets about the purchase of their current home,” McBride added, “and 69% of homeowners would buy their current home if they had it to do all over again. Being financially prepared and going in with both eyes open as to all that is involved in homeownership are necessary to avoiding regrets.”

Despite concerns of affordability, owning a home is still a signature part of the American Dream, cited by 74% of Americans, and outpacing being able to retire (62%), having a successful career (61%), owning a car, truck, or other automobile (52%), having children (42%), or getting a college degree (33%).

While owning a home is the most cited element of the American Dream overall, the sentiment is stronger among baby boomers (84%) and Gen X (76%), compared to millennials (66%) and Gen Z (63%).

"Homeownership is still the centerpiece of the American Dream," McBride said, "with homeowners and non-owners alike overwhelmingly identifying it as part of the American Dream."

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,545 US adults (18+), among whom 1,338 were homeowners and 1,207 were not homeowners. Fieldwork was undertaken March 22 – March 24, 2023. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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For more information:

Chloe Helton
Public Relations Specialist, Bankrate
Chloe.Helton@bankrate.com
704-697-1370

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