



**High Cost of Living, Student Loan Debt Force Determined Millennial Homebuyers to Get Creative**  
*They Tap into Retirement, Crash with Family, Sell Off Personal Items — More Than Any Other Generation*

NEW YORK —September 11, 2019 — In a new survey by Bankrate, nearly half (45%) of prospective\* Millennial (ages 23-38) homebuyers cite cost of living as one of their biggest impediments to affording a down payment and closing costs for a home while just 38% of Gen X (ages 39-54) and 31% of Baby Boomers (ages 55-73) report the same. Student loan debt also disproportionately hurts Millennials with 23% saying it's standing in their way of homebuying, as compared to just 15% of Gen Xers and 5% of Baby Boomers, respectively.

URL: [www.bankrate.com/surveys/down-payment-survey-september-2019/](http://www.bankrate.com/surveys/down-payment-survey-september-2019/)

While Millennials may feel the most financially strapped, they're also forced to be the most resourceful when it comes to funding their down payment and closing costs for their first home. Millennial homeowners not only report actively saving more than Gen Xers and Baby Boomers, but they are also more likely to have resorted to more desperate measures, like tapping into retirement savings and selling personal items like jewelry, cars, etc.

| Down Payment Funding Sources by Generation                                |             |       |              |
|---|-------------|-------|--------------|
|   | Millennials | Gen X | Baby Boomers |
| Saved money specifically for their down payment                           | 53%         | 47%   | 45%          |
| Received a financial gift from family and/or friends (not a loan)         | 33%         | 23%   | 14%          |
| Used a first-time homebuyer grant or loan assistance                      | 33%         | 27%   | 15%          |
| Moved in with family/friends to cut down on expenses                      | 14%         | 5%    | 2%           |
| Took out money from my retirement savings                                 | 13%         | 8%    | 7%           |
| Sold personal items (such as jewelry, cars, electronics, furniture, etc.) | 12%         | 5%    | 2%           |
| Got an additional source of income  | 11%         | 9%    | 5%           |
| Received a loan from family/friends                                       | 6%          | 4%    | 6%           |

Deborah Kearns, mortgage analyst with Bankrate says, "It's good to see Millennials taking advantage of homebuyer grants and loan assistance programs, but their desperation becomes obvious when you see them forced to sell off personal items and tap into retirement savings at twice the rate their parents had to." She adds, "Tapping into retirement savings is a risky move that can put your future risk. You might be better off looking into down payment assistance programs, special low-down payment loan programs or buying a less expensive home to keep your costs more affordable."

When it comes to how long it takes homebuyers to save up for a down payment on their first home, older generations were typically able to do so faster. Of those who were able to save in under 10 years, Baby Boomers took an estimated average of 2 years 6 months while Gen Xers needed 2 years 9 months and Millennials needed 3 years. Gen Xers were the most likely to say it took them more than 10 years to save for their down payment (6% vs. 2% of Millennials and 4% of Baby Boomers).

Those still looking to make the homebuying leap fear it will now take them longer than that. For those prospective homebuyers who believe they can save up their down payment within 10 years, they need an

estimated 3 years and 10 months, on average. Still, more than 1 in 10 (11%) prospective homebuyers think it will take more than 10 years to save and nearly 1 in 3 (32%) don't think they'll ever be able to get there. The likelihood to feel saving enough is impossible increases with age: 22% of Millennials say they don't ever think they'll be able to save enough for a down payment while 37% of Gen Xers and 60% of Baby Boomers feel the same way.

"Part of determining how long it will take you to save for a down payment comes down to figuring out how much house you can afford, including the mortgage payment, property taxes, homeowners insurance, homeowners association fees and mortgage insurance," Kearns says. She adds there are a myriad of costs associated with homeownership that you need to include in your budget, such as maintenance and repairs, as well as the time involved in keeping up a home or hiring tasks out to professionals.

When asked about the minimum required down payment needed to buy a home, 51% of all Americans couldn't guess, responding they "don't know" the answer. Another 1 in 4 (28%) said that the standard recommended amount of 20% or more of the purchase price is required. Just 2% guessed the standard minimum requirement which is between 0 and 5% of the purchase price, depending on the loan program. Responses were fairly universal across all generations, which may indicate that consumers generally aren't fully aware of the numerous loan programs that provide an affordable entry into homeownership.

When it comes to determining your down payment amount, Kearns explains, "Twenty percent of the purchase price has long been the recommended amount, however, many homebuyers don't realize that conventional loans require just 3% of the purchase price as a down payment and some VA and USDA loans don't require anything at all. Local first-time homebuyer assistance programs can also lower your upfront, out-of-pocket costs substantially at closing."

### **Methodology:**

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2582 adults. Fieldwork was undertaken between 31st July - 2nd August 2019. The survey was carried out online. The figures have been weighted and are representative of all US adults (aged 18+). 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. To determine the average number of years to save for a down payment (actual and anticipated) an estimated average was calculated based on the polling response ranges provided.

*\*Prospective homebuyers here defined as those who don't currently own a home and who did not express lack of interest in owning a home*

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