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## Millennials Going Over Budget to Buy Homes in Today's Hot Market

*The 2017 Zillow Group Report explores affordability challenges facing renters and a first look at post-millennial Generation Z's housing patterns*

**SEATTLE, Sept. 27, 2017** – Millennials poured some \$514 billion into the U.S. housing market over the last year as the largest generation of home buyers<sup>1</sup>. But new survey data shows their homeownership aspirations are stymied by affordability issues, frustration with the buying and selling process, and a cutthroat housing market.

More than half of young buyers (53 percent) make multiple offers to buy their first home, and only two in five millennials (39 percent) are able to make the recommended 20 percent or more down payment.

Today, the results of the Zillow® Group Consumer Housing Trends Report 2017 show how the nation's highly competitive housing market is changing the way a new generation approaches buying a home. The second annual report is the largest and most comprehensive survey of real estate consumers ever conducted.

More than half of millennials (62 percent) shop for a rental while they're looking to buy a home, indicating they accept the fact that buying a home is not a sure thing. They are more likely to say they struggled to find a home in their price range and on their time frame, and over one-third (37 percent) of millennial buyers say they went over their budget, compared to 29 percent of all buyers.

Coming up with a down payment is one of the biggest hurdles young buyers face, and the Zillow Group Report sheds light on previously unknown statistics about how millennials are pulling together enough cash. Less than half (39 percent) of millennials put down the recommended 20 percent or more on their home purchase, while one in four (21 percent) put down the bare minimum – 5 percent or less – in order to secure a home loan.

One in three (29 percent) millennial buyers now gets financial help from friends or family to make a down payment, and one in three (31 percent) millennial buyers cobble together a down payment from multiple sources.

"In many cities across the US, the housing market is extremely competitive, especially for first-time buyers who are looking to purchase a starter home," said Zillow Chief Economist Dr. Svenja Gudell. "Young buyers often start their careers in fast-growing cities in which the market is particularly tough – and they're trying to save for a down payment while making record-high rent payments. The Zillow Group Report gives us a behind-the-scenes look at how young buyers, in particular, are finding resourceful ways to cope with high home prices and fierce competition. Whether it's searching for a rental as a Plan B, looking outside their preferred neighborhood, or cobbling together a down payment from multiple sources, these buyers are willing to try every trick in the book in order to find a place to call home."

### **Renters can't afford to stay, can't afford to move**

Homeownership is simply out of reach for many Americans, including many families. In today's hot housing market, more Americans are renting than at any time in recent history. Forty percent of families with children at home are renters.

Renters typically face higher monthly payments than homeowners, and 79 percent of renters who moved in the last year said their rent increased before they moved. More than half – 57 percent of renters who moved in the last year -- said a rent increase is the reason they moved. And in order to find their new affordable rental, a quarter (25 percent) of renters had to look beyond the area they initially considered moving.

More than a third (37 percent) of renters who have not moved in the past year say they can't afford to move elsewhere. Nearly half (48 percent) of renters who make less than \$25,000 a year say they can't afford to move.

### **Generation Z**

Gen Z – those born between 1995 and 2010 – already makes up more than 21 percent of the U.S. population, and is the most ethnically and racially diverse generation in U.S. history. They are beginning to enter the housing market as renters.

The Zillow Group Report reveals that those in Gen Z are just as likely as those in older generations to say owning a home is a key component of the American Dream; 57 percent say they considered buying a home when they looked for their last rental.

Generation Z renters work hard to win a home and end up submitting more rental applications than any other generation (3.1 applications compared to 2.5 for all renters), yet they also move quickly through the process, spending the least amount of time searching (less than one month, compared to 26 percent of all renters).

“It's encouraging to see that Generation Z is inheriting the same notion of what home means as their parents and Millennial siblings,” said Jeremy Wacksman, Zillow Group chief marketing officer. “These tech-savvy, yet risk adverse renters are bringing their social personalities home, desiring communal amenities geared toward bringing people together. They prefer living with others to living alone, and they put their vast social networks to work during every step of the rental search process. As they mature and look toward homeownership, it will be interesting to see how their aspirations and preferences will shape the housing market.”

The 2017 Zillow Group Report is the 2<sup>nd</sup> annual largest-ever survey of U.S. home buyers, sellers, owners and renters, and asked more than 13,000 U.S. residents aged 18 to 75 about their homes – how they search for them, pay for them, maintain and improve them, and what frustrations and aspirations color their decisions. The full report is available for free to the public at [www.zillow.com/report](http://www.zillow.com/report).

### **Zillow Group**

Zillow Group, Inc. (NASDAQ:Z) (NASDAQ:ZG) houses a portfolio of the largest real estate and home-related brands on mobile and the web. The company's brands focus on all stages of the home lifecycle: renting, buying, selling and financing. Zillow Group is committed to empowering consumers with unparalleled data, inspiration and knowledge around homes, and connecting them with the right local professionals to help.

The Zillow Group portfolio of consumer brands includes real estate and rental marketplaces Zillow®, Trulia®, StreetEasy®, HotPads®, Naked Apartments® and RealEstate.com®. In addition, Zillow Group develops a comprehensive suite of marketing software and technology solutions to help real estate, rental and mortgage professionals maximize business opportunities and connect with millions of consumers. The company operates a number of business brands for real estate, rental and mortgage professionals, including Mortech®, dotloop® and Bridge Interactive™. The company is headquartered in Seattle.

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<sup>i</sup> Zillow analysis of data from the Zillow Group Report; National Association of Realtors, Existing Home Sales; and U.S. Census Bureau, New Home Sales.