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Student Debt Is One Of The Top Reasons Millennials Are Not Buying Homes

Equifax data shows student debt among twenty-somethings has topped \$350 billion

ATLANTA, June 24, 2015 /PRNewswire/ -- Twenty-somethings are not borrowing money to buy homes at the rate they were a decade ago—a trend that may have as much to do with high levels of student debt and poor job prospects as it has to do with trauma from the housing bust, according to new research and analysis that Equifax Inc. is discussing today at the National Association of Real Estate Editors (NAREE) conference in Miami.



Dennis Carlson, deputy chief economist at Equifax, is speaking on a panel "Mortgage Availability for Millennials and Other First-Time Buyers" today at the conference. Among key findings he will share: In 2004, consumers under the age of 30 in the United States had \$146 billion in student loan debt, a number that had more than doubled to \$369 billion by 2014.

Equifax data shows a high correlation between income and student loan delinquency rates. Those earning less than \$30,000 are at the highest risk for delinquency. The delinquency rate is reduced by 20 percent with each additional \$10,000 of income, a phenomenon that demonstrates the strain student debt puts on young consumers starting their careers.

While steady employment helps, Equifax data also indicate that young workers struggle to make timely payments on their student loans even as late as four years into a job, where older workers see improvement in payment performance.

While mortgage debt fell among twenty-somethings both with and without student debt, it fell at a faster clip among those with student loans, according to data from Equifax and the Federal Reserve Bank of New York. In 2006, 33.2 percent of consumers under 30 with student debt had mortgage debt. By 2014, the number fell to 20.9 percent. In 2006, 29.6 percent of consumers without student debt had mortgage debt. By 2014, the number fell to 21.7 percent.

When renters were asked why they did not purchase a home, the No. 1 answer was "too much debt/not saved enough." More than half of respondents—55.7 percent—gave that response in the Federal Reserve Bank of New York Survey of Consumer Expectations. Only 7.9 percent said they were concerned housing prices would fall.

"Equifax data suggests that the conventional theory—millennials are the rental generation

and uninterested in home ownership—is only a part of the story," Carlson said. "Importantly, large amounts of student debt and less than stellar job prospects for recent college graduates make the dream of home ownership shine less brightly than in the past. But we also see indications that they will eventually want the family, the car, and the house that older generations desired, just with a significant delay."

About Equifax Inc.

Equifax is a global leader in consumer, commercial and workforce information solutions that provide businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 600 million consumers and 81 million businesses worldwide. The company's significant investments in differentiated data, its expertise in advanced analytics to explore and develop new multi-source data solutions, and its leading-edge proprietary technology enable it to create and deliver unparalleled customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 19 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. In 2014, Equifax was nominated as a Bloomberg BusinessWeek Top 50 company; its CIO was listed as one of the top 100 by CIO magazine; and the company was named to the Fintech 100 list, was recognized as a top 20 company to work for by the Atlanta Journal-Constitution, and was named a 2014 InformationWeek Elite 100 Winner. For more information, please visit www.equifax.com.

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