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Redfin Survey: One-Third of Millennial Homebuyers Are Using Extra Savings From the Pandemic for Their Down Payment

--Private outdoor space is the number one feature buyers are looking for this year

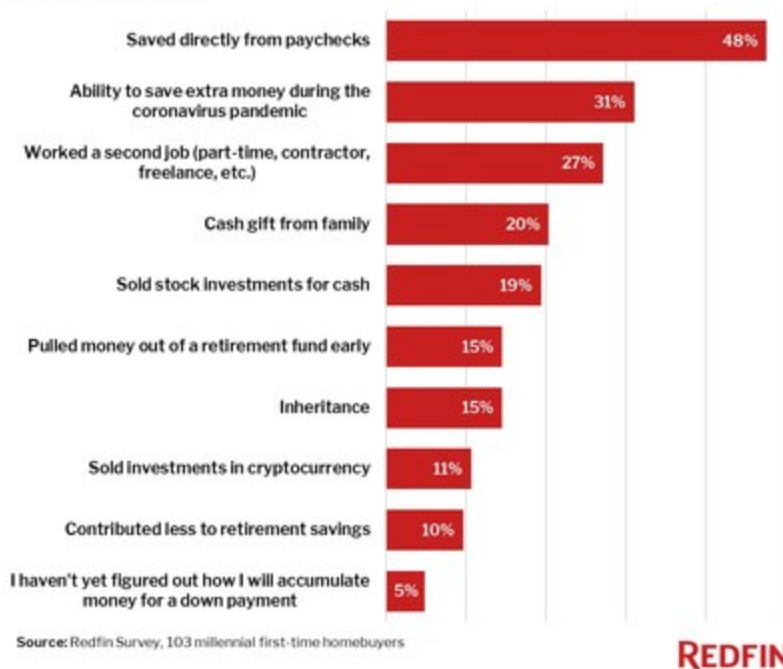
--Rising prices are buyers' top concern, with double digit price growth every month this year

--One-third of buyers are buying sooner than expected; another one-third are buying later

SEATTLE, May 25, 2021 /PRNewswire/ -- (NASDAQ: RDFN) — For nearly one-third (31%) of millennial first-time homebuyers, the ability to save extra money during the coronavirus pandemic helped them accumulate the money needed for a down payment. That's according to a new [report](https://www.redfin.com) from Redfin (www.redfin.com), the technology-powered real estate brokerage, which surveyed more than 1,500 Americans who plan to buy or sell a home in the next 12 months. More than 100 millennial first-time homebuyers responded to the question about down payments.

How Millennial First-Time Homebuyers Afforded Their Down Payments

"How did you accumulate the money you need for a down payment?
Select all that apply."



Forty-eight percent of millennial first-time buyers who took Redfin's survey saved money directly from paychecks for their down payment on a home, the most commonly cited method. It's followed by the ability to save extra money during the coronavirus pandemic (31%), working a second job (27%), cash gifts from family (20%), and selling stock investments (19%).

While many workers were furloughed or laid off due to the pandemic, people who held onto their jobs have been able to save more money than usual over the last year as they spent less on things like eating out, travel and in-person events. The U.S. personal savings rate soared to 33.7% in April 2020, up from a pre-pandemic rate of 7.2% in December 2019. It has remained at an elevated level, clocking in at 27.6% in March. That's according to the Federal Reserve Bank of St. Louis and the U.S. Bureau of Economic Analysis, which track the percentage of personal disposable income saved by Americans in any given month.

The pandemic effect: One-third of all homebuyers are buying sooner than expected; another one-third are buying later

Thirty-seven percent of all homebuyer respondents (regardless of age) are purchasing a home later than originally planned because of the pandemic and 32% are buying a home sooner than originally planned.

There are many reasons why the pandemic is encouraging some people to race toward buying a home and others to pump the brakes. The popularity of remote work is fueling demand for spacious homes, and it's also motivating people to move to entirely different areas. But rising prices and a home-supply shortage are among the factors causing would-be buyers to pause their home search.

"Roughly half of my clients are people moving to the Central Valley from the Bay Area because they want to live in a bigger home for less money, and a lot of them only need to commute into the city once or twice a week, if that," said Steven Majourau, a Redfin agent in Stockton, Tracy and other parts of California's Central Valley. "They're selling a large condo or townhouse for close to \$1 million--or a small single-family home for *more* than \$1 million--in San Francisco, San Jose or the East Bay and buying a large house here in the Central Valley for around \$700,000."

Homebuyer preferences: Private outdoor space and plenty of living space

Nineteen percent of homebuyers said private outdoor space is the most important feature in their choice of home, the most common response. It's followed closely by the desire for plenty of living space (18%) and privacy within the home from neighbors or passersby (17%).

Homebuyer concerns: Rising prices and other financial considerations top the list

Although homebuyers are searching for space, they're also worried about prices going up.

Rising home prices were the top concern among house hunters, with 27% of homebuyer respondents who plan to buy in the next year citing it as a worry. It's followed by concerns about being able to find a home they love at a price they can afford, with 25% of respondents selecting that option. Home prices were up 22% year over year in April, reaching a record high of \$357,000 (the year-over-year increase is somewhat inflated because price growth was low last April as pandemic-driven lockdowns nearly ground the housing market to a halt).

Homebuyers are also concerned about other financial issues, with roughly 20% of respondents selecting each of the following concerns: Mortgage rates going up, ability to secure a loan, not having enough money for a down payment and concerns about the economy.

"After months of home prices rising dramatically, buyers are well aware that homes are more expensive now than they were a year ago or six months ago," said Redfin Chief Economist Daryl Fairweather. "Even though people are prioritizing things like space and privacy in their home search, rising prices mean a lot of buyers will need to make compromises to avoid going beyond their financial comfort zone. A buyer who was hoping for a single-family home may need to settle for a condo, and someone who was hoping for a separate home office may have to get creative and carve out part of the living room for a desk."

To read the full report, including additional survey findings and graphs, please visit:

<https://www.redfin.com/news/millennial-homebuyers-down-payment-preferences>


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