

ESSENT FIRST-TIME HOMEBUYERS STUDY



RESEARCH OBJECTIVES



Understand the needs and preferences of First-Time Home Buyers, specifically related to:

- Technology and the tools First-Time Home Buyers want to use when finding and buying their first homes;
- Home financing and First-Time Home Buyers' knowledge about financing options;
- Influencers and information sources;
- Real estate agents and the role they play in the home purchase process; and,
- Home options First-Time Home Buyers are willing to consider to purchase their home (e.g., fixer uppers).

METHODOLOGY



AUDIENCE

SAMPLE SIZE

MARGIN OF ERROR

METHOD

TIMING

FIRST-TIME HOME BUYERS

Individuals age 40 or younger who are currently in the market to buy or who have recently purchased their first home. Broken down as follows:

POTENTIAL HOME BUYERS

Considering purchase within next 9 months

NEW HOME OWNERS

Purchased first home within past two years

N=3036

N=1525

N=1511

±1.8%

20-minute online survey

Survey fielded from
(February 22- March 7, 2018)

THE ROLE OF DIGITAL AND SOCIAL



KEY TAKEAWAY

FIRST-TIME HOME BUYERS PREFER TO USE DIGITAL TOOLS AT ALL STAGES OF THE HOME BUYING PROCESS FROM HOME SEARCH TO SECURING A MORTGAGE.

74%

OF FIRST-TIME HOME BUYERS
SEARCH FOR HOME LISTINGS
ONLINE USING SITES LIKE...

Q25: Which of the following have you done/ did you do while searching for your first home? (n=3,034)

WEBSITES AND APPS USED TO SEARCH HOME LISTINGS

Shown: Percent selected

	POTENTIAL HOME BUYER	NEW HOME OWNER
Zillow	83%	80%
Realtor	51%	49%
Trulia	46%	45%
Real estate agency websites (e.g. Coldwell Banker, RE/MAX)	30%	34%
MLS	22%	35%
Home Finder	18%	15%
Redfin	17%	22%
For Sale By Owner	17%	15%
Homes	16%	13%
Zip Realty	11%	9%

90%

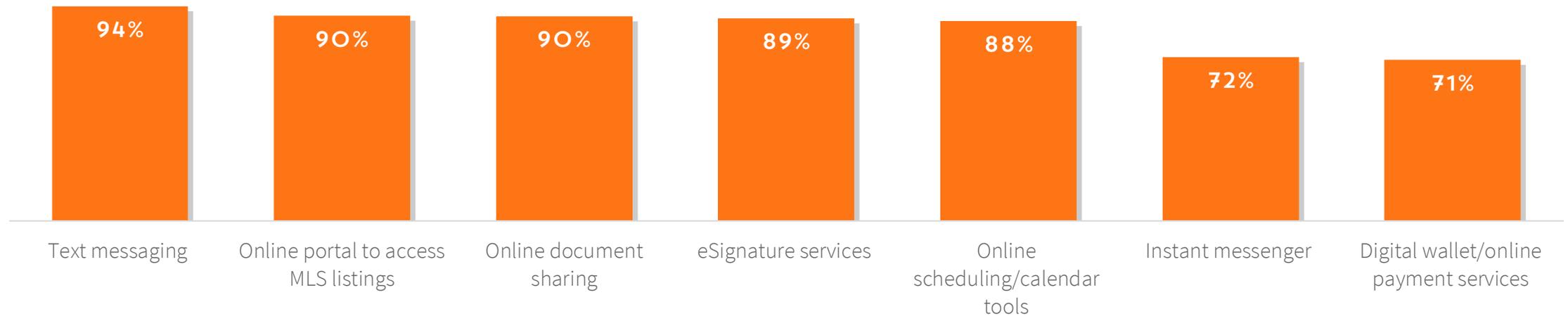
OF FIRST-TIME HOME BUYERS
PREFER TO WORK WITH A REAL ESTATE
AGENT WHO USES DIGITAL TOOLS
THROUGHOUT THE HOME BUYING PROCESS

Q19: How much do you agree or disagree with the following statements? (n=2,546)

FIRST-TIME HOME BUYERS WANT TO USE TEXT MESSAGING, ONLINE DOCUMENT SHARING AND E-SIGNATURE SERVICES WITH REAL ESTATE AGENTS

DIGITAL TOOL PREFERENCES WITH REAL ESTATE AGENT

Shown: Top two box somewhat, strongly interested



Q20: And how interested would you be in using the following types of digital tools when working with your real estate agent during the home buying process? (n=2,282)

A person's hand is pointing at a laptop screen. Overlaid on the image is a large, stylized graphic of the number '83%' in white with a blue shadow effect. The background is a solid blue color.

83%

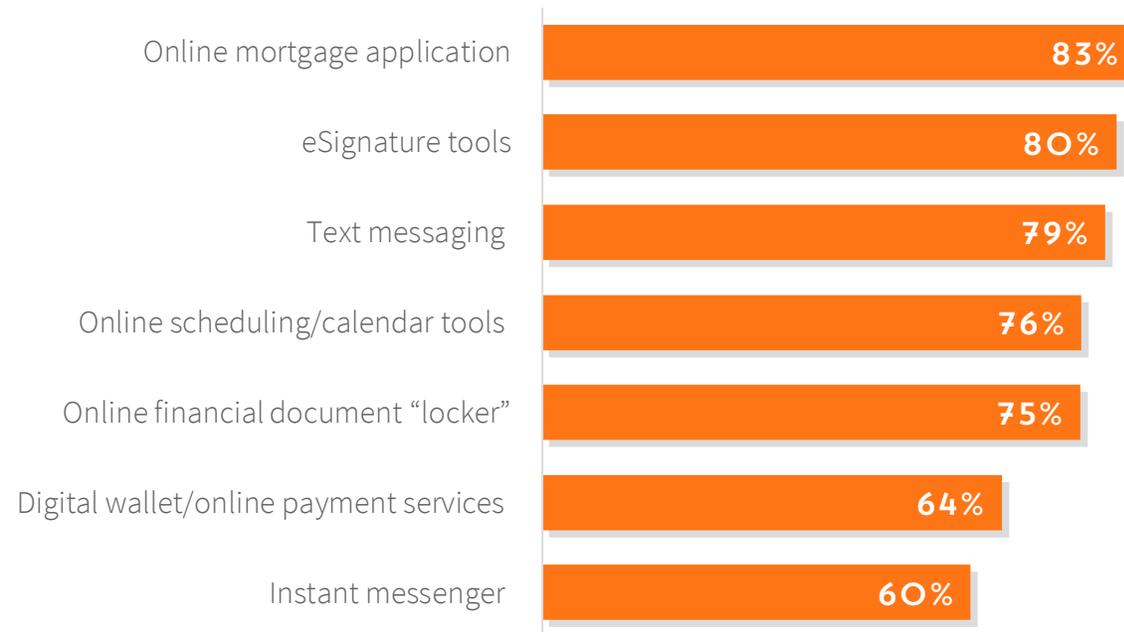
OF FIRST-TIME HOME BUYERS WOULD BE
INTERESTED IN USING AN ONLINE
APPLICATION TO APPLY FOR A MORTGAGE

Q19: How much do you agree or disagree with the following statements? (n=2,546)

75% OF FIRST-TIME HOME BUYERS ARE INTERESTED IN USING AN ONLINE FINANCIAL DOCUMENT LOCKER DURING THE MORTGAGE PROCESS

PREFERENCE OF WORKING WITH DIGITAL TOOLS IN MORTGAGE PROCESS

Shown: Top two box somewhat, strongly interested



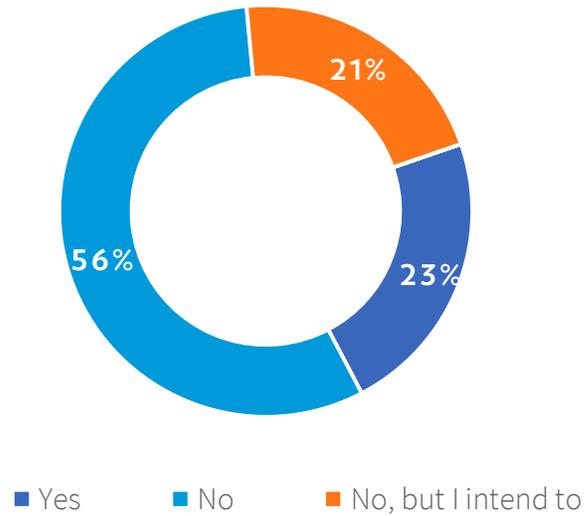
Q51: How interested are/were you in using the following types of digital tools when working with a mortgage provider? (n=3,034)

MORE THAN 40% OF POTENTIAL FIRST-TIME HOME BUYERS HAVE USED OR PLAN TO USE A MORTGAGE AGGREGATOR SITE TO COMPARE RATES

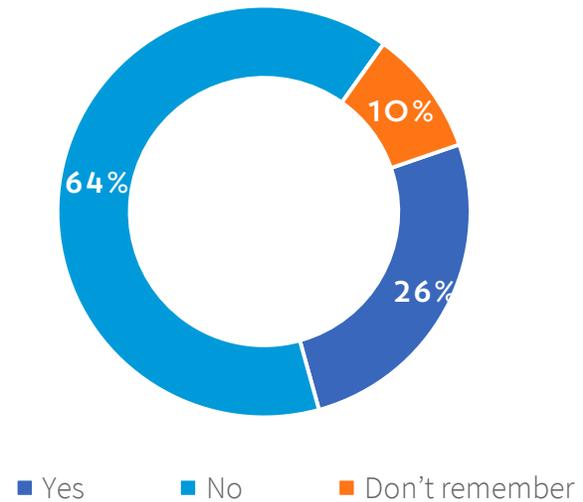
USE OF A MORTGAGE AGGREGATOR SITE

Shown: Percent selected

POTENTIAL HOME BUYERS



NEW HOME OWNERS



Q48: When searching for a mortgage provider, Have you used/did you use either of the following?

MORTGAGE AGGREGATORS OFFER FIRST-TIME HOME OWNERS A SNAPSHOT OF WHAT IS AVAILABLE TO THEM BUT DON'T ALWAYS PROVIDE A GOOD EXPERIENCE



“Wanted to try-- it was awful. Much worse offers than the three local banks we approached and I was harassed by salesmen for months (still get calls/spam from them almost two years later).”

- **NEW HOME OWNER**



“It was the easiest way to get a snapshot of current rates and terms before deciding which lenders to approach.”

- **NEW HOME OWNER**



“It gives me many options without having to go to each mortgage providers site individually and so is easier to compare.”

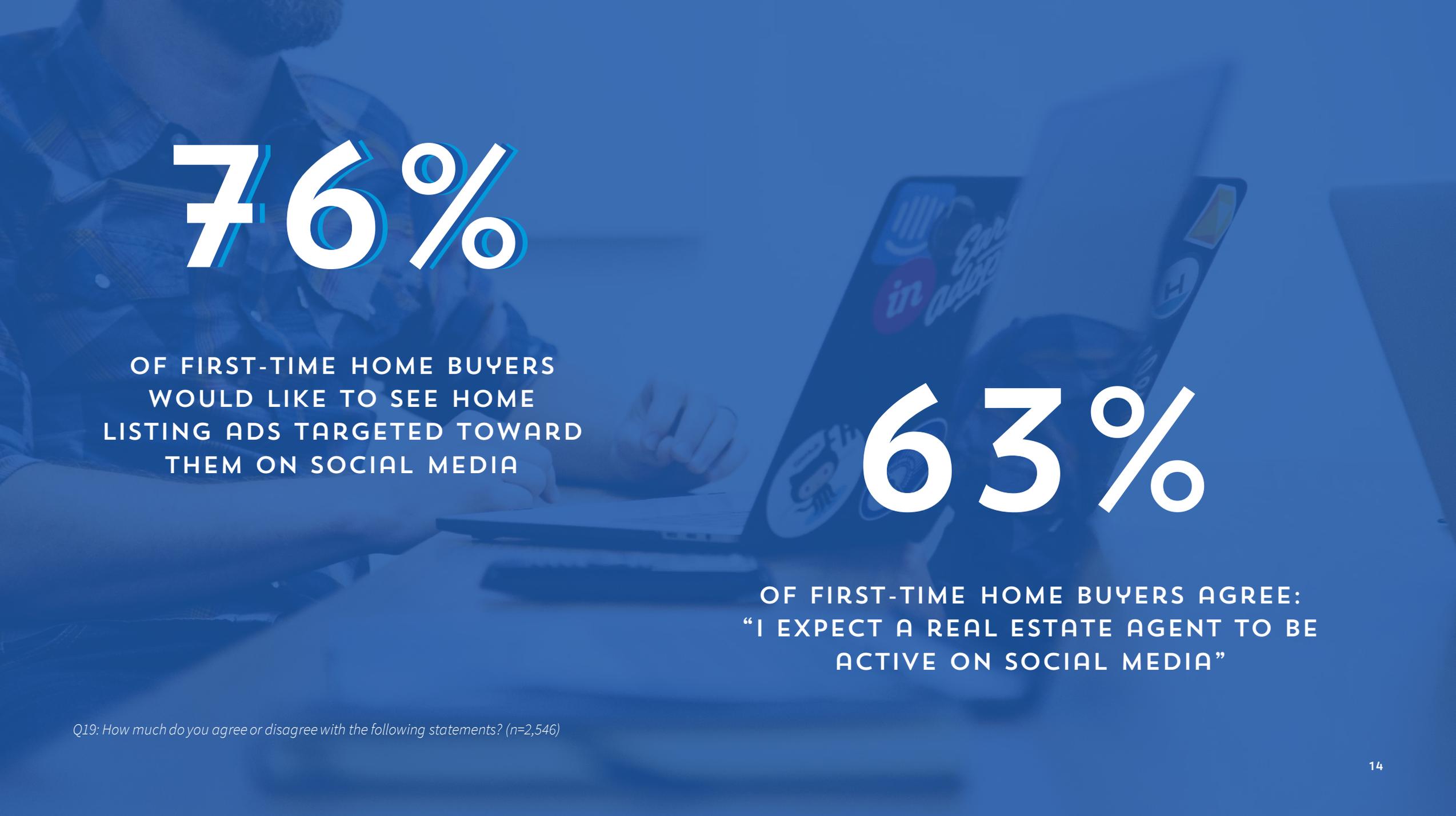
- **POTENTIAL HOME BUYER**

Q48: When searching for a mortgage provider, Have you used/did you use either of the following?

Q49: Why have you used or are planning to use/did you use a mortgage aggregator site?

KEY TAKEAWAY

FIRST-TIME HOME BUYERS WANT AND EXPECT SOCIAL MEDIA TO BE A PART OF THEIR HOME BUYING PROCESS.

A blue-tinted background image showing a group of people gathered around a laptop. The laptop screen displays various social media icons, including LinkedIn, Facebook, and Twitter. The overall scene suggests a collaborative work environment or a meeting.

76%

OF FIRST-TIME HOME BUYERS
WOULD LIKE TO SEE HOME
LISTING ADS TARGETED TOWARD
THEM ON SOCIAL MEDIA

63%

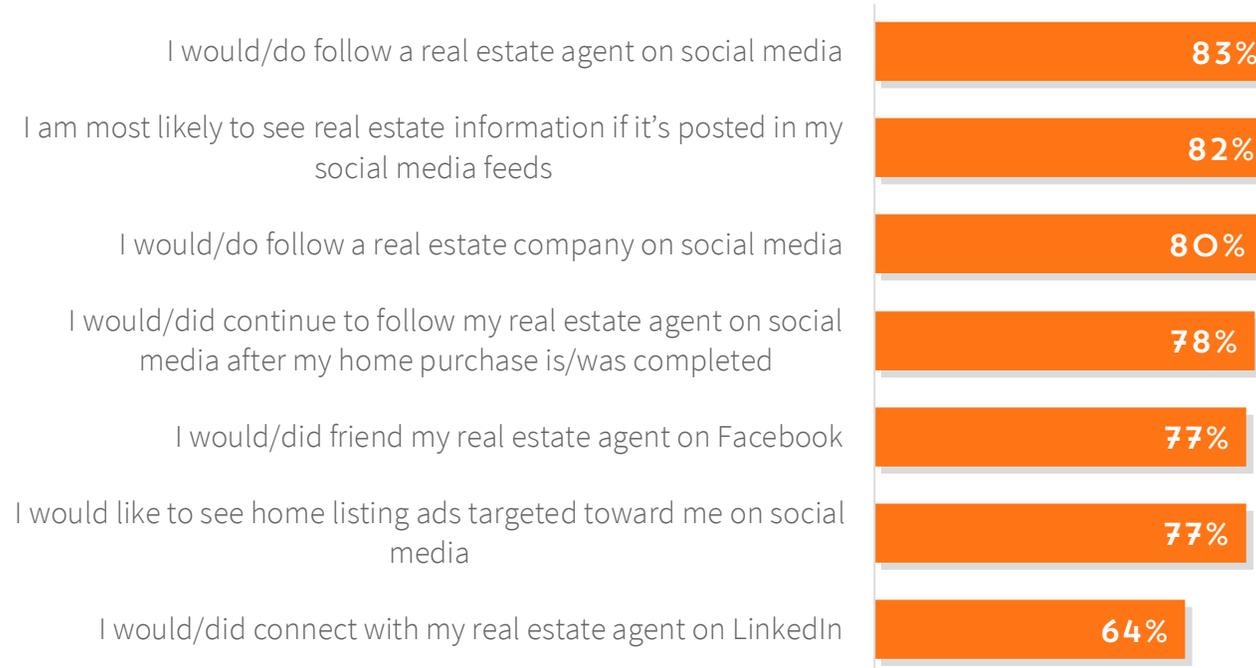
OF FIRST-TIME HOME BUYERS AGREE:
“I EXPECT A REAL ESTATE AGENT TO BE
ACTIVE ON SOCIAL MEDIA”

Q19: How much do you agree or disagree with the following statements? (n=2,546)

MOST FIRST-TIME HOME WOULD ENGAGE WITH THEIR REAL ESTATE AGENTS THROUGH SOCIAL CHANNELS

PREFERENCE OF SOCIAL MEDIA

*Shown: Top two box
Asked of those who use social media*



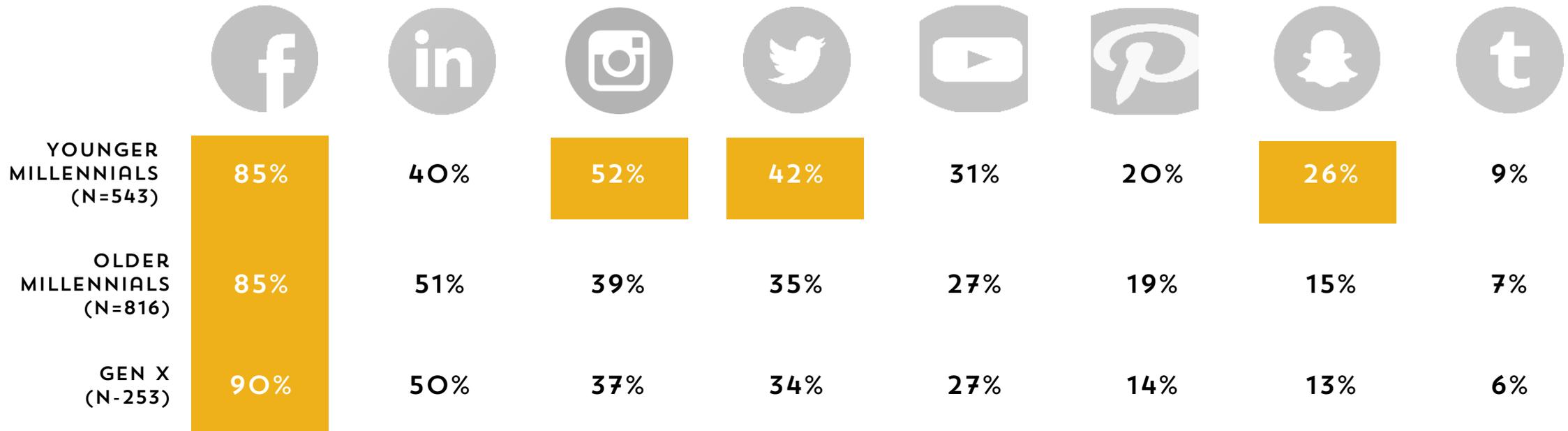
Q19: How much do you agree or disagree with the following statements?

Q24: And how much do you agree or disagree with the following statements?

YOUNGER MILLENNIALS EXPECT REAL ESTATE AGENTS TO HAVE A BROAD SOCIAL MEDIA PRESENCE

PREFERRED SOCIAL MEDIA PLATFORMS

Shown: Percent selected by generation



Q21: On which social media sites do you expect a real estate agent to be active?

INFORMATION SOURCES



KEY TAKEAWAY

FIRST-TIME HOME BUYERS RELY ON THEIR REAL ESTATE AGENTS AND MORTGAGE PROFESSIONALS FOR HOME BUYING INFORMATION, BUT TRUST THEIR PARENTS MOST ADVICE.

FIRST-TIME HOME BUYERS RELY ON REAL ESTATE AGENTS AND MORTGAGE PROFESSIONALS MOST FOR ADVICE DURING THEIR HOME SEARCH

RESOURCES RELIED ON DURING HOME SEARCH

Shown: Net Relying (Potential Home Buyers)/Relied (New Home Owners)



Q61: How much are you currently relying on each of the following to help advise or guide you on the purchase of your first home? (PHB only)

Q62: How much did you rely on each of the following to help advise or guide you on the purchase of your first home? (NHO only)



54%

OF FIRST-TIME HOME BUYERS RELY ON
THEIR PARENTS FOR ADVICE WHEN
BUYING A HOME

Q19: How much do you agree or disagree with the following statements?

Q24: And how much do you agree or disagree with the following statements?

HOWEVER, THERE IS NOW A SINGLE SOURCE THAT ALL FIRST-TIME HOME BUYERS USE FOR ADVICE DURING THE PROCESS

MOST RELIED ON DOWN PAYMENT ADVISORS - TOTAL

Shown: Percent selected

	THE HOME BUYING PROCESS OVERALL	HOW MUCH I CAN AFFORD TO SPEND ON A HOME	HOW MUCH MONEY I SHOULD PUT DOWN ON A HOME	HOW I SHOULD FINANCE MY DOWN PAYMENT	WHICH MORTGAGE I SHOULD CHOOSE TO FINANCE MY HOME	THE MORTGAGE PROCESS OVERALL
My real estate agent	42%	14%	17%	14%	16%	23%
My loan officer/mortgage broker	10%	23%	22%	20%	28%	29%
My parents	16%	14%	15%	16%	11%	11%
Other Sources (total of 8 other sources)	25%	33%	32%	30%	30%	26%
N/A	7%	16%	14%	20%	15%	11%

Q63: Who have you relied/did you rely on the most to advise you about the following?

FEWER THAN 30% RELY ON THEIR MORTGAGE PROFESSIONALS THE MOST FOR ADVICE ABOUT FINANCING

MOST RELIED ON DOWN PAYMENT ADVISORS - TOTAL

Shown: Percent selected

	THE HOME BUYING PROCESS OVERALL	HOW MUCH I CAN AFFORD TO SPEND ON A HOME	HOW MUCH MONEY I SHOULD PUT DOWN ON A HOME	HOW I SHOULD FINANCE MY DOWN PAYMENT	WHICH MORTGAGE I SHOULD CHOOSE TO FINANCE MY HOME	THE MORTGAGE PROCESS OVERALL
My real estate agent	42%	14%	17%	14%	16%	23%
My loan officer/mortgage broker	10%	23%	22%	20%	28%	29%
My parents	16%	14%	15%	16%	11%	11%
Other Sources (total of 8 other sources)	25%	33%	32%	30%	30%	26%
N/A	7%	16%	14%	20%	15%	11%

Q63: Who have you relied/did you rely on the most to advise you about the following?

FINANCING PERCEPTIONS



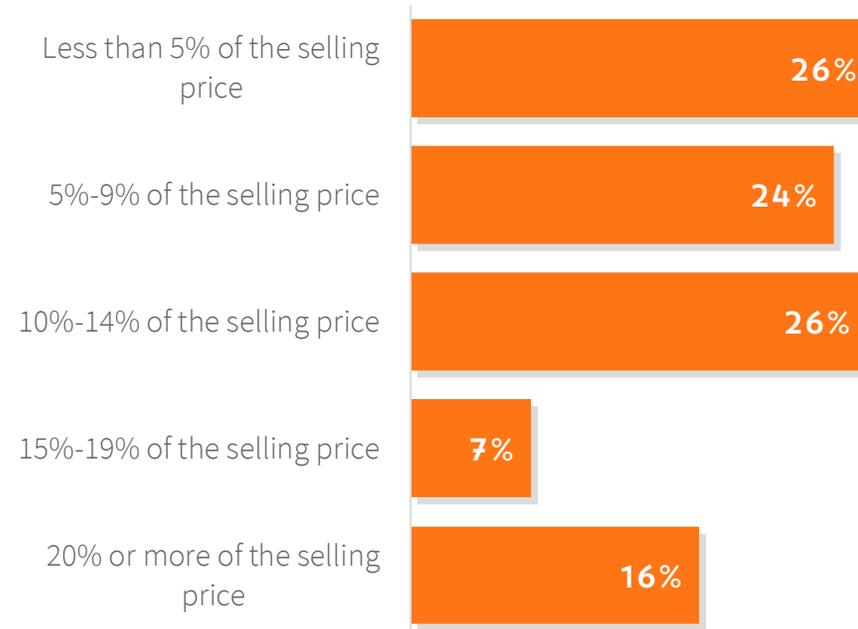
KEY TAKEAWAY

FIRST-TIME HOME BUYERS'
KNOWLEDGE OF DOWN PAYMENTS
AND PMI VARIES GREATLY.

MORE THAN HALF OF ALL FIRST-TIME HOME BUYERS BELIEVE THAT THEY NEED TO PUT DOWN 10% OR MORE TO SECURE A MORTGAGE

MINIMUM DOWN PAYMENT REQUIRED

Shown: Percent selected

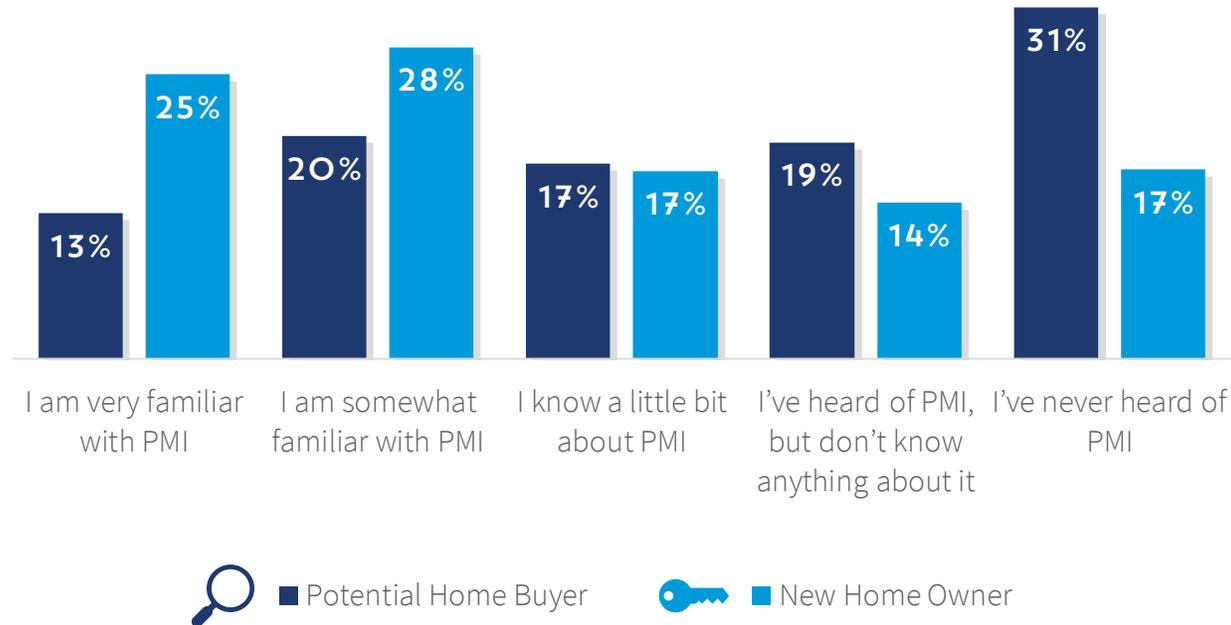


Q44: What do you believe is the minimum down payment required to purchase a home?

NOT SURPRISINGLY, THE MAJORITY OF FIRST-TIME HOME BUYERS ARE NOT FAMILIAR WITH PMI

FAMILIARITY WITH PRIVATE MORTGAGE INSURANCE

Shown: Percent selected



Q52: How familiar are you with private mortgage insurance (PMI)?

KEY TAKEAWAY

**MOST FIRST-TIME HOME BUYERS
KNOW LITTLE ABOUT
MORTGAGES, MAKING THEM
DEFER TO TRADITIONAL AND
CONSERVATIVE OPTIONS.**



46%

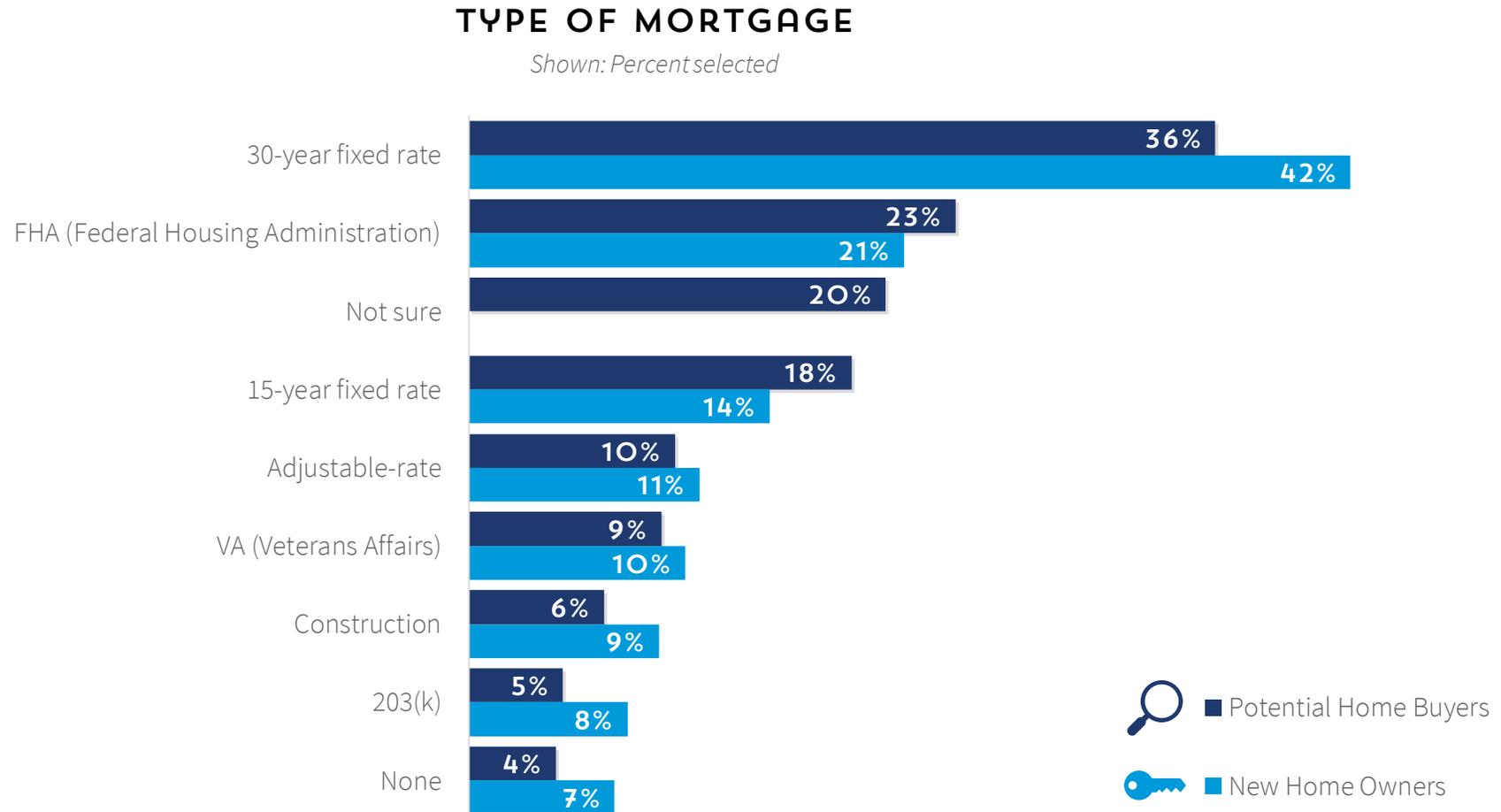
OF POTENTIAL FIRST-TIME HOME BUYERS SAY THAT UNDERSTANDING THE MORTGAGE PROCESS HAS BEEN DIFFICULT FOR THEM

46%

OF POTENTIAL FIRST-TIME HOME BUYERS SAY THAT FINDING THE RIGHT MORTGAGE PRODUCT HAS BEEN DIFFICULT

Q34: How easy or difficult have each of the following been during the search for/purchase of your first home?

FIRST-TIME HOME BUYERS ARE MOST INTERESTED IN 30-YEAR FIXED RATE MORTGAGES

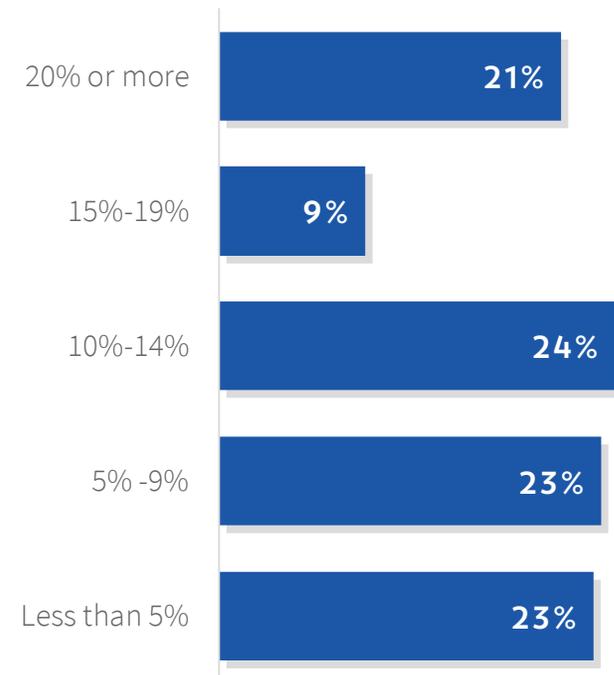


Q47: Which type of mortgage do you plan to/did you secure to purchase your first home?

MORE THAN HALF OF FIRST-TIME HOME BUYERS PLAN TO PUT AT LEAST 10% DOWN ON THEIR FIRST HOME

INTENDED/ACTUAL DOWN PAYMENT

Shown: Percent selected



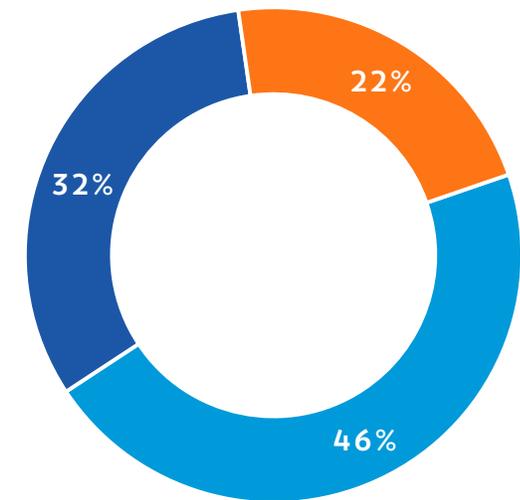
Q45: How much do you plan to/did you put down on your first home? (n=3,034)

46% OF POTENTIAL HOME BUYERS EXPECT THEY WILL BE REQUIRED TO INCLUDE PMI IN THEIR MORTGAGE

EXPECT TO NEED PMI IN THEIR MORTGAGE

Shown: Percent selected for Potential Home Buyers only

POTENTIAL HOME BUYERS



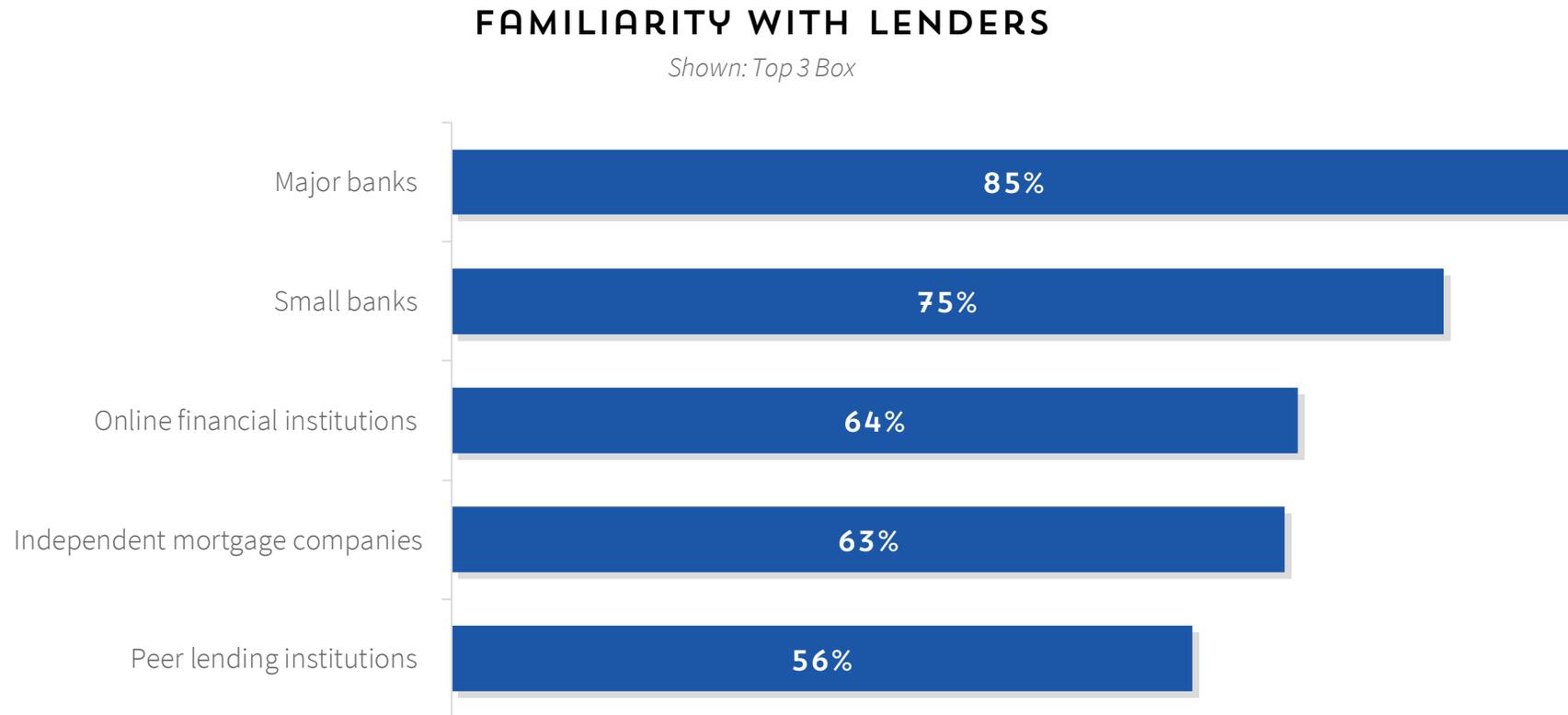
■ Yes ■ Not Sure ■ No

Q53: Do you think that you will put less than 20% down on your mortgage, which may require private mortgage insurance (PMI)?

KEY TAKEAWAY

FIRST-TIME HOME BUYERS ARE MORE LIKELY TO SECURE A MORTGAGE THROUGH A SMALL BANK OR INDEPENDENT COMPANY BECAUSE THEY HAVE BETTER RATES AND CUSTOMER-SERVICE.

WHEN IT COMES TO MORTGAGE PROVIDERS, FIRST-TIME HOME BUYERS ARE MOST FAMILIAR WITH MAJOR BANKS AND LEAST FAMILIAR WITH PEER LENDING INSTITUTIONS



Q55: How familiar are you with the following types of mortgage providers? (n=3,034)

FIRST-TIME HOME BUYERS SEE MAJOR BANKS AS BEING MORE ESTABLISHED IN THE INDUSTRY

KEY BENEFITS OF MAJOR BANKS

Shown: Percent selected

Can keep all my accounts in one place	37%
More likely to be established in the industry	35%
Greater variety of mortgage options	29%
More knowledgeable mortgage professionals	29%
Personal information is more secure with this institution	24%
Better interest rates	23%
Faster closing process	23%
Easier to get approved for a mortgage	22%
I don't know/No opinion	20%
Lower fees and closing costs	19%
More personalized customer service	17%
Other, please specify:	0%

Q56: What do you think are the benefits to securing a mortgage with each type of financial institution?

SMALL BANKS OFFER MORE PERSONALIZED SERVICE, BETTER INTEREST RATE AND CLOSING COSTS

KEY BENEFITS OF SMALL BANKS

Shown: Percent selected

	SMALL BANKS
More personalized customer service	36%
I don't know/No opinion	26%
Lower fees and closing costs	24%
Better interest rates	24%
Can keep all my accounts in one place	23%
Easier to get approved for a mortgage	20%
Personal information is more secure with this institution	19%
Faster closing process	18%
More knowledgeable mortgage professionals	15%
More likely to be established in the industry	12%
Greater variety of mortgage options	12%

Q56: What do you think are the benefits to securing a mortgage with each type of financial institution?

FIRST-TIME HOME BUYERS ARE LESS SURE ABOUT THE BENEFITS OF OTHER LENDING INSTITUTIONS

KEY BENEFITS OF LENDING INSTITUTIONS

Shown: Percent selected

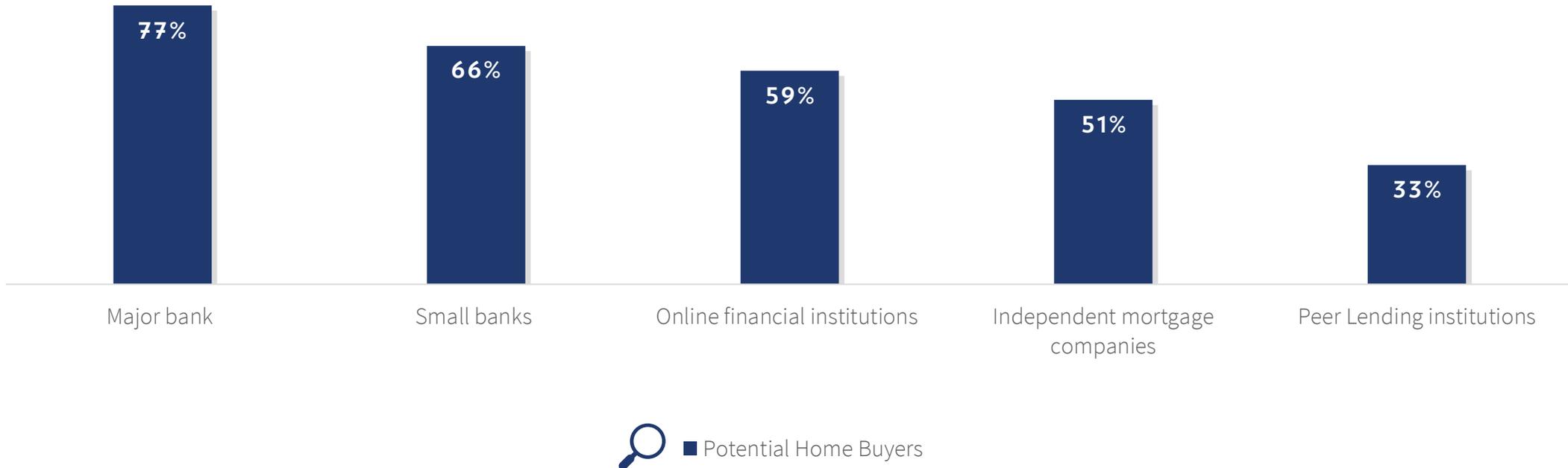
	ONLINE FINANCIAL INSTITUTIONS	PEER LENDING INSTITUTIONS	INDEPENDENT MORTGAGE COMPANIES
I don't know/No opinion	34%	52%	33%
Easier to get approved for a mortgage	23%	13%	18%
Greater variety of mortgage options	22%	12%	20%
Faster closing process	20%	12%	17%
Lower fees and closing costs	20%	14%	19%
Better interest rates	19%	13%	19%
More likely to be established in the industry	14%	9%	16%
More knowledgeable mortgage professionals	14%	10%	22%
Can keep all my accounts in one place	12%	9%	12%
Personal information is more secure with this institution	12%	9%	14%
More personalized customer service	11%	10%	21%
Other, please specify:	0%	0%	0%

Q56: What do you think are the benefits to securing a mortgage with each type of financial institution?

POTENTIAL HOME BUYERS ARE MOST LIKELY TO CONSIDER A MAJOR BANK WHEN SHOPPING FOR A MORTGAGE

MORTGAGE PROVIDER CONSIDERATION/SELECTION

Shown: Sum Extremely/Somewhat likely to select (Potential Home Buyers Only); Percent selected (New Home Owners Only)

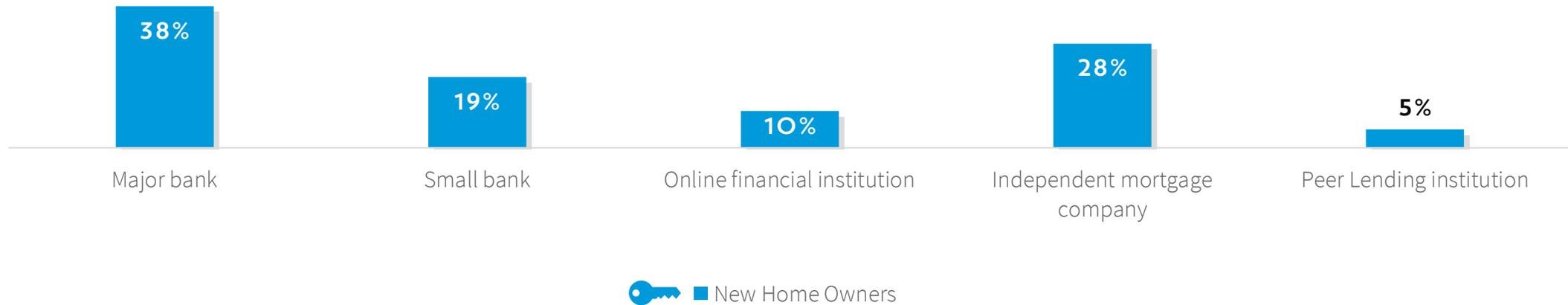


Q60: How likely are you to consider selecting the following types of financial institutions as your mortgage provider?

HOWEVER, FEWER THAN 40% OF NEW HOME OWNERS CHOOSE TO SECURE THEIR MORTGAGE FROM A MAJOR BANK

MORTGAGE PROVIDER CONSIDERATION/SELECTION

Shown: Sum Extremely/Somewhat likely to select (Potential Home Buyers Only); Percent selected (New Home Owners Only)



Q58: Which type of mortgage provider did you select for your first home purchase?

BETTER INTEREST RATES AND LOWER FEES DRIVE FIRST-TIME HOME BUYERS TO SMALLER BANKS OR OTHER LENDING INSTITUTIONS

REASON FOR CHOICE OF MORTGAGE PROVIDER- NEW HOME OWNERS

Shown: Percent selected



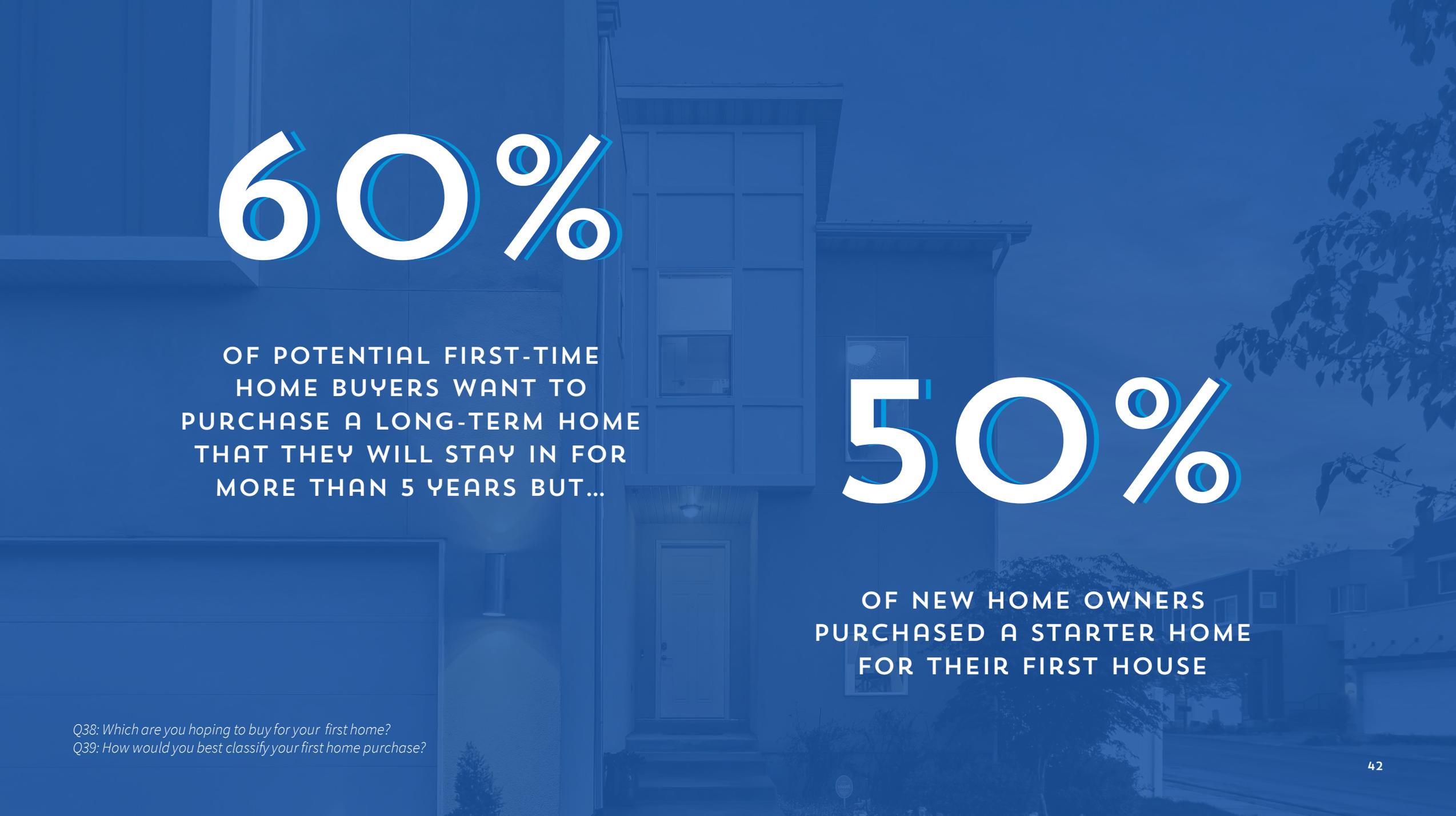
Q59: Why did you ultimately choose that type of mortgage provider for your first home purchase?

HOME CONSIDERATIONS



KEY TAKEAWAY

FIRST-TIME HOME BUYERS ARE
WILLING TO CONSIDER STARTER
HOMES, FIXER UPPERS AND
SMALLER HOMES TO MAKE
PURCHASING A REALITY



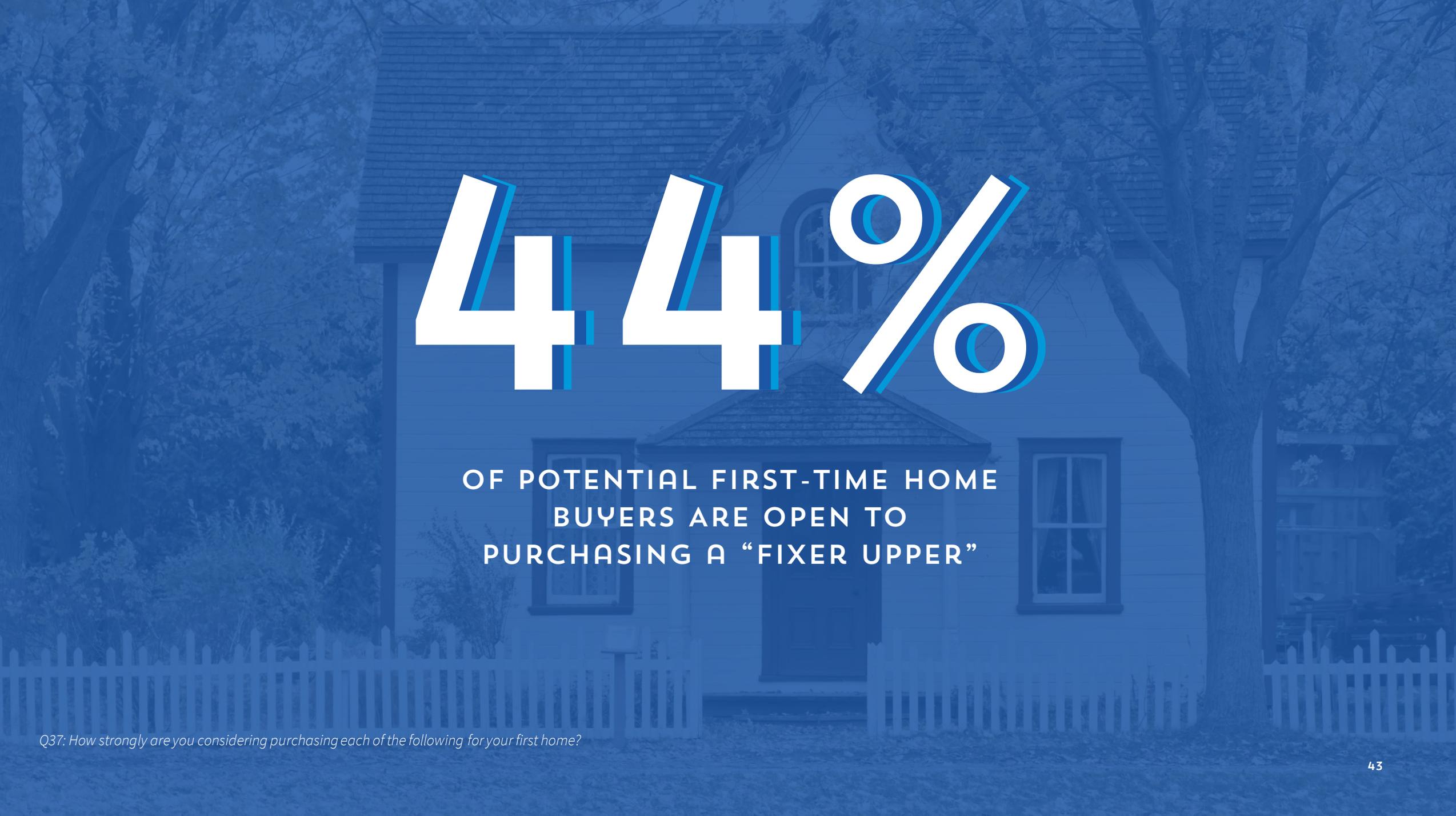
60%

OF POTENTIAL FIRST-TIME
HOME BUYERS WANT TO
PURCHASE A LONG-TERM HOME
THAT THEY WILL STAY IN FOR
MORE THAN 5 YEARS BUT...

50%

OF NEW HOME OWNERS
PURCHASED A STARTER HOME
FOR THEIR FIRST HOUSE

*Q38: Which are you hoping to buy for your first home?
Q39: How would you best classify your first home purchase?*



44%

OF POTENTIAL FIRST-TIME HOME
BUYERS ARE OPEN TO
PURCHASING A “FIXER UPPER”

Q37: How strongly are you considering purchasing each of the following for your first home?

OF THOSE, 36% ARE CONSIDERING TAKING ON MAJOR RENOVATION PROJECTS

RENOVATION PROJECTS ON FIRST HOME PURCHASE

Shown: Percent selected

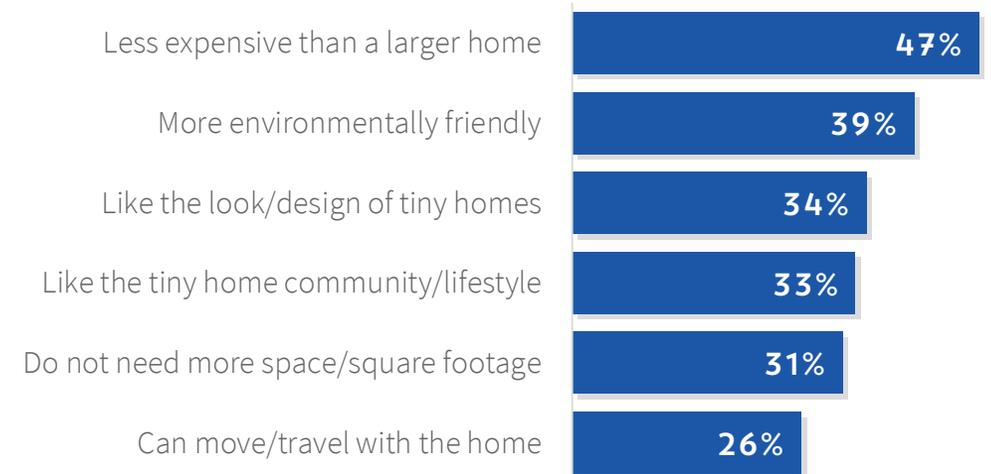


Q41: Fixer uppers can require different levels of renovation. How much of a renovation project would you be willing to take/did you take on for your first home purchase?

25% ARE CONSIDERING A TINY OR MOBILE HOME, PRIMARILY TO SAVE MONEY

REASONS TO CONSIDER A SMALL/TINY HOME

Shown: Percent selected



Q40: Why are you considering/did you consider purchasing a tiny home?

THE ROLE OF THE REAL ESTATE AGENT





KEY TAKEAWAY

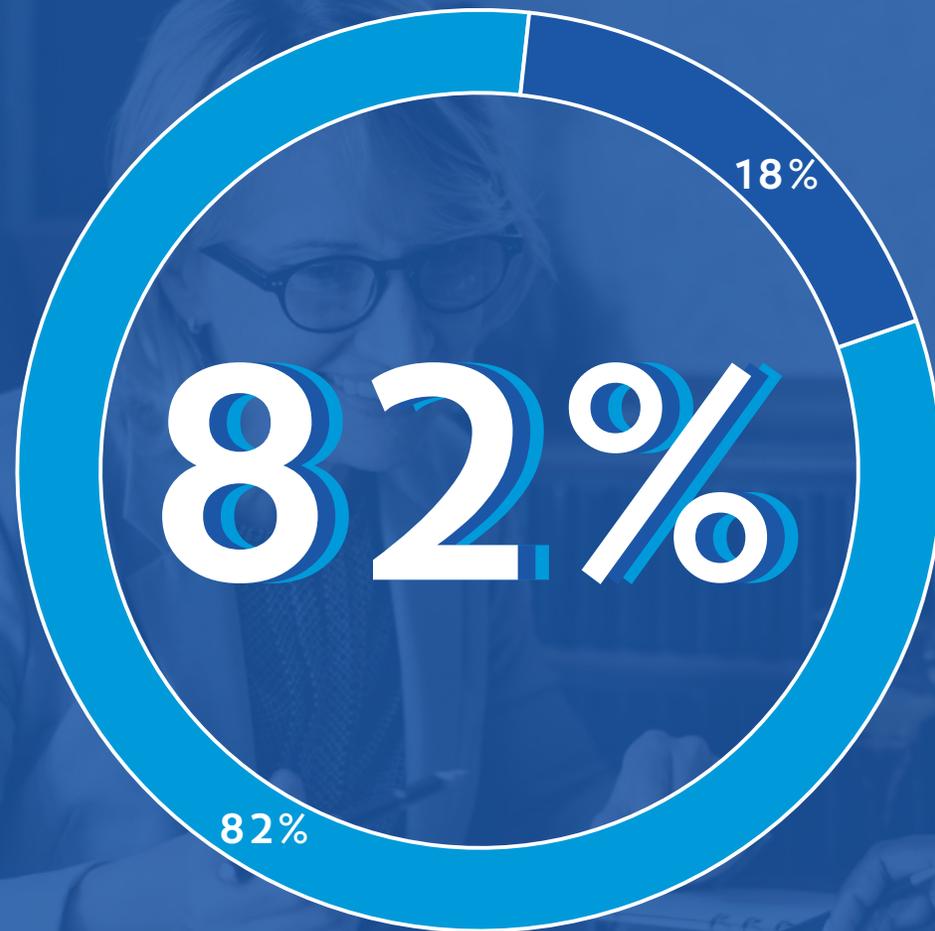
FIRST-TIME HOME BUYERS WANT
REAL ESTATE AGENTS WHO ACT
LIKE FRIENDS AND ADVOCATES



88%

**OF POTENTIAL FIRST-TIME HOME
BUYERS ARE CURRENTLY WORKING
OR ARE PLANNING ON WORKING
WITH A REAL ESTATE AGENT**

Q2: Are you currently working with a real estate agent to find or purchase your first home?



**OF POTENTIAL FIRST-TIME HOME
BUYERS PREFER TO WORK WITH AN
AGENT WHO ONLY REPRESENTS THEM**

FIRST-TIME BUYERS ACKNOWLEDGE THAT THEY WANT A REAL ESTATE AGENT WHO TREATS THEM AS A FRIEND, NOT JUST A CUSTOMER



“Act more like a friend instead of an associate. Go out the way to find something that fits my needs, not just something that fits the price range.”

- **POTENTIAL HOME BUYER**



“It is important to me that the real estate agent is nice and friendly and that they have my best interest at heart. I want to be able to share the experience with them.”

- **POTENTIAL HOME BUYER**



“A good person, someone that I trust and can have a real conversation with. Not someone who I always feel is trying to sell me something.”

- **POTENTIAL HOME BUYER**



“Be available whenever I reach out, advocate for me as if we are friends rather than a client.”

- **POTENTIAL HOME BUYER**



“My real estate agent was always available by phone call, email, or text message throughout the whole process. Afterwards, we became friends on Facebook and she even came to our housewarming party. I consider her a close acquaintance and hopefully even a friend someday. We plan to use her for our next property purchase in a few years when we buy a rental property.”

- **POTENTIAL HOME BUYER**

Q11: What else, if anything, is important to you when choosing a real estate agent? [POTENTIAL HOME BUYERS ONLY (n=687)]

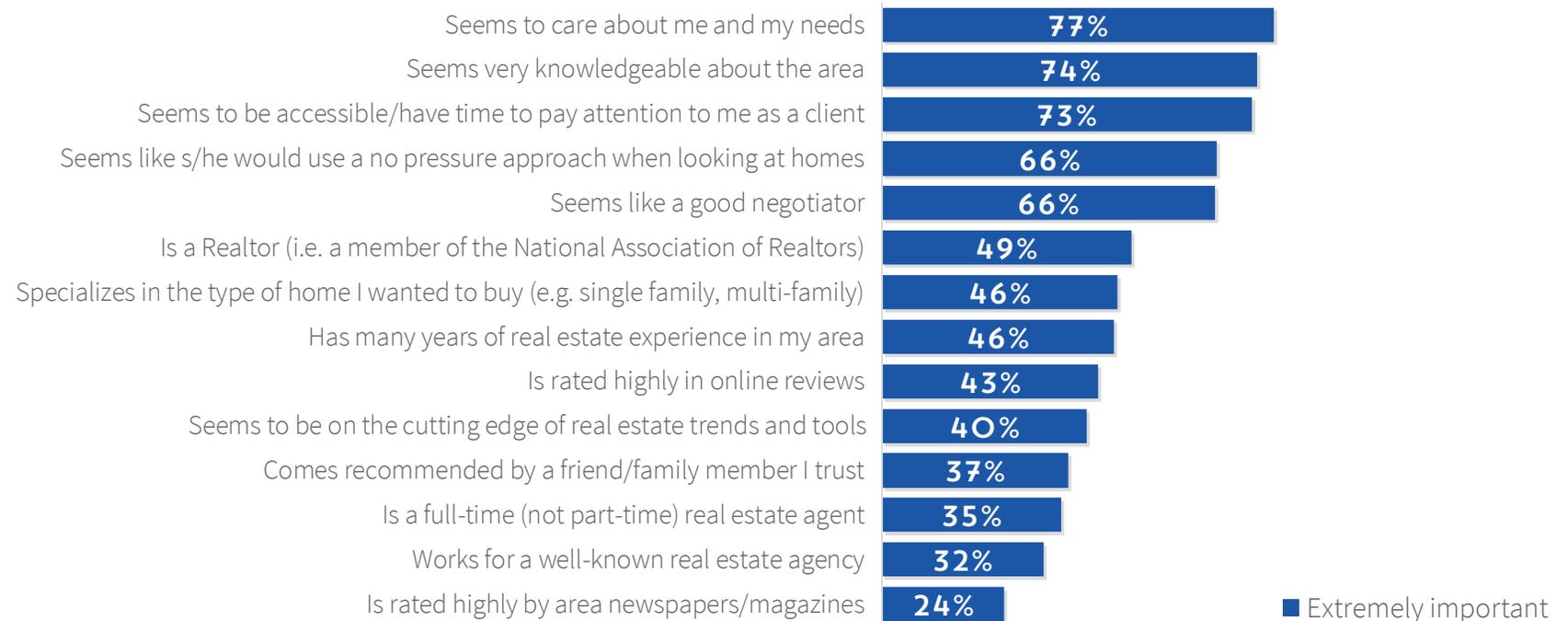
Q13: Why does that statement best describe the role you want your real estate agent to play? [POTENTIAL HOME BUYERS ONLY (n=1340)]

Q18: How can a real estate agent go above and beyond to serve you as a client? If possible, please cite specific examples you've seen or experienced.

77% OF POTENTIAL FIRST-TIME HOME BUYERS SAY IT IS EXTREMELY IMPORTANT FOR A REAL ESTATE AGENT TO CARE ABOUT THEM AND THEIR NEEDS

PREFERRED AGENT QUALITIES

Shown: Extremely important only



Q10: And in general, how important are the following factors to you when selecting a real estate agent? [POTENTIAL HOME BUYERS ONLY]

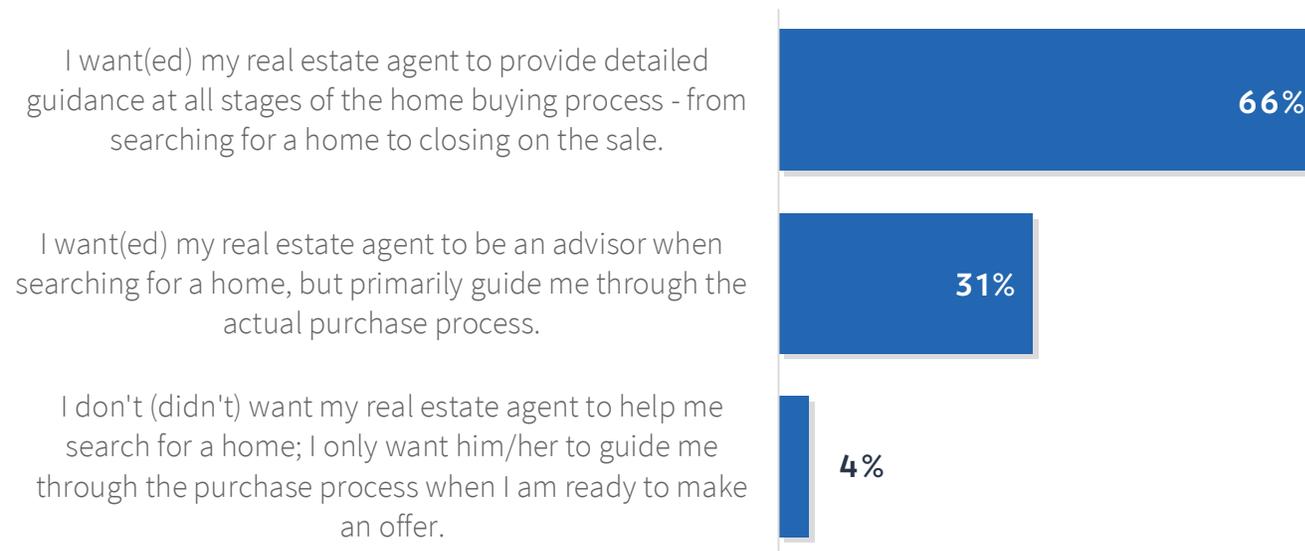
KEY TAKEAWAY

FIRST-TIME HOME BUYERS WANT REAL ESTATE AGENTS TO GUIDE THEM THROUGH ALL ASPECTS OF THE HOME BUYING PROCESS

THE MAJORITY OF FIRST TIME HOME BUYERS WANT AN AGENT TO LEAD THEM THROUGH EVERY PIECE OF THE HOME SEARCH AND PURCHASE PROCESS

IDEAL ROLE OF A REAL ESTATE AGENT

Shown: Percent selected; Verbatim open end responses



Q12. Which of the following statements best describes the role you want your real estate agent to play in the home buying process?

ULTIMATELY, FIRST-TIME HOME BUYERS EXPECT REAL ESTATE AGENTS TO BE EDUCATORS, ADVOCATES AND PROJECT MANAGERS

KEY ROLES OF A REAL ESTATE AGENT

Shown: Verbatim open end responses



EDUCATOR

“Since I’m new at purchasing, my real estate agent will be able to answer all my questions, thus ensuring I am understanding the process of my own house purchase at every step of the way.”
- **POTENTIAL HOME BUYER**



ADVOCATE

“I want my agent to know what I do and do not like...I want to know they have my back, they go to all the inspections with me, and tell me if it really is a good house and deal.”
- **POTENTIAL HOME BUYER**



PROJECT MANAGER

“I want someone to show me the houses available and help me negotiate the best terms and deal with all the paperwork.”
- **POTENTIAL HOME BUYER**

Q13. Why does that statement best describe the role you want your real estate agent to play? Please explain in detail.

Q15. Why does that statement best describe the role you wanted your real estate agent to play? Please explain in detail.

THE BEST REAL ESTATE AGENTS ARE ACCESSIBLE, COMMUNICATIVE, PATIENT + HONEST

ATTRIBUTES OF GREAT REAL ESTATE AGENTS

Shown: Verbatim open end responses

ACCESSIBLE



COMMUNICATIVE



PATIENT



HONEST



“He was available whenever I need help, have questions or go look to check out different locations, day or night. Dedicated to his job.”
- POTENTIAL HOME BUYER



“My real estate agent keeps in constant contact through text and calls when things are really important. I love that she responds within an hour most of the time too.”
- POTENTIAL HOME BUYER



“Don't rush me. Explain everything. Point out issues.”
- POTENTIAL HOME BUYER



“They must genuinely care about providing the best service to their clients, and not try to trick or deceive them in any way.”
- POTENTIAL HOME BUYER

Q18: How can a real estate agent go above and beyond to serve you as a client? If possible, please cite specific examples you've seen or experienced. [OPEN]

WHAT IT MEANS



WHAT IT MEANS

1

Mortgage providers need to more broadly adopt digital tools to meet First-Time Home Buyers' expectations

2

There is still a significant opportunity to educate First-Time Home Buyers about down payment and mortgage options available to them

3

Don't underestimate the power of low rates and quality service to attract First-Time Home Buyers

THANK YOU

