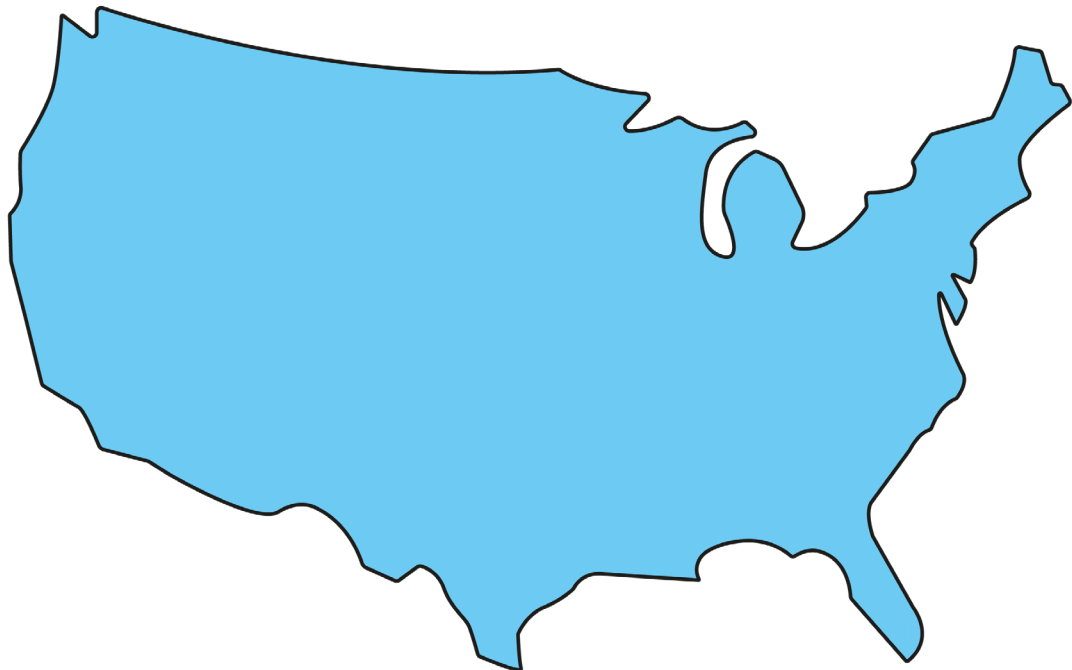


Legal & General U.S. Housing Study

2021 U.S. Millennials and Home Ownership - A Distant Dream for Most: Part 2



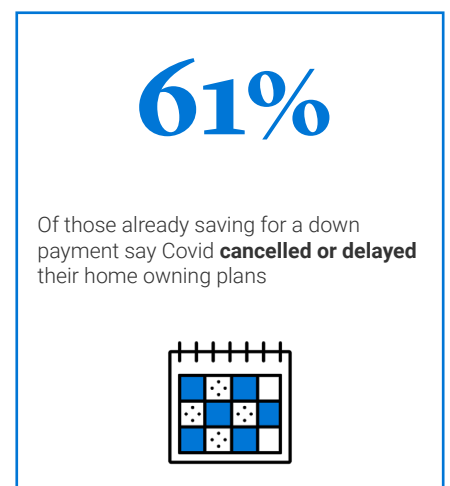
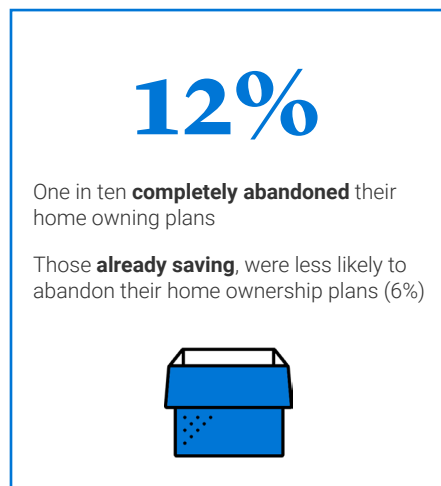
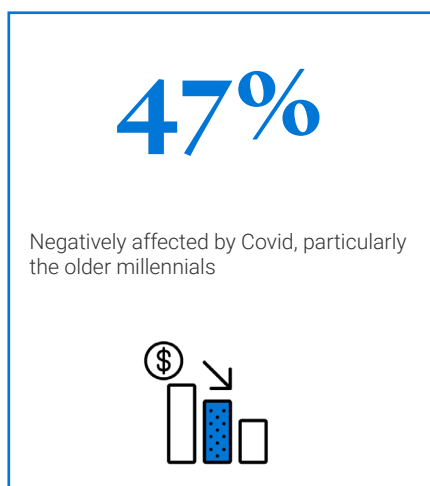
While Delta Portends Further Disruption, Covid Has Already Thwarted Millennials' Home Buying Plans

- **47 Percent of U.S. Millennials Say Their Home Buying Plans Were Negatively Affected by Covid**
- **36 percent of Millennial Parents and Those Already Saving for a Home Want to Move to Smaller Places**
- **12 Percent of U.S. Millennials Completely Abandoned Their Home Owning Plans Because of Covid**
- **61 Percent of Those Already Saving for a Down Payment Say Covid Cancelled or Delayed Their Home Owning Plans**
- **Millennials See the Pandemic as the Latest Financial Affront to Their Generation**

In the first part of this study, [Millennials and Home Ownership, a Distant Dream for Most](#), we laid out how the millennial generation has been caught in a cluster of circumstances preventing them from easily and affordably becoming homeowners. In that section of this multi-part report, we talked about what U.S. millennials are up against financially, as well as their attitudes around home purchase decisions. We looked at a number of factors affecting this group and have been analyzing our response data as it relates to three distinct age categories within the generation—Junior Millennials age 25 to 30, Mid-age Millennials age 30 to 35, and Mature Millennials age 35 to 40.

In this second section, we will present findings that dig into the effects the Covid-19 pandemic has had on this generation's attempts to get onto the housing ladder. And while our survey was conducted before the Delta wave started tearing through the U.S., we would conjecture that the sentiments we captured are only reinforced by the spread of the variant and will likely set the tone for millennial attitudes for the next several months, if not years. For those millennials whose plans for home buying have been put on hold, the uncertainty and unfolding news that both vaccinated and unvaccinated people can still spread Covid reinforces the lessons we take from the data we collected.

According to our research, even as of April/May 2021 it was clear that the Covid-19 pandemic had strongly affected Millennials' home buying plans. About one-third of survey respondents said the pandemic set back their home buying plans by four years or more; over one in ten completely abandoned their home owning plans due to the pandemic. Overall, nearly half of millennials (47 percent) were negatively affected by Covid.



What do these numbers mean? Our data shows that Covid has shifted perceptions among millennials about possible places to live. Seven out of 10 (68 percent) millennials we surveyed agreed that Covid had some impact on their thinking about where they could live—this includes small through very strong impact. Affordability is definitely the key driver. A quarter are living with family or friends while they get back on their feet and figure out what's next. Consider this direct comment from one millennial respondent:

I had no plans of moving, but lost my job at the beginning of the pandemic. I was unable to pay rent for all of 2020, resulting in a ‘pay or quit’ notice. Although I had some protection under covid relief laws, I felt pressured to move. Simultaneously, I was able to get a well-paying full-time job. After looking at my options, I realized that if I moved in with my parents (who wouldn’t charge me rent), I could pay off my debts and save up for a down payment. I plan to buy a house within the next year, moving closer to family.”

Many millennials were so disheartened by pandemic-driven housing scarcity that they completely abandoned the idea of home ownership—our general figure of 12 percent across all groups of millennials was more than twice as high (27%) when applied only to those living in suburban areas. Those who were already saving were less likely to abandon their home ownership plans. Even so, the majority of those who had already been saving for a down payment said that Covid delayed their plans. With housing prices and scarcity reaching impossible peaks during the shutdowns, many potential home buyers gave up hope. As one millennial we surveyed bravely put it:

“It is tougher to buy lately due to the pandemic. It’s a seller’s market.”

Urban vs. Affordable

Seven out of 10 (68 percent) of millennials we surveyed agreed that Covid had some impact on their thinking about where they could live. One in five were strongly influenced by Covid to rethink their location. We suspect that with companies delaying their back-to-office dates and the rising fear and uncertainty around the Delta variant, these numbers could increase. Particularly for millennials living in large metropolitan areas, the pandemic had the strongest impact on these perceptions—about 28 percent reported being ready to reconsider their current location. Our research shows that half of millennials overall would like to move to a different area; among the Junior Millennials (youngest), 26 percent said they were strongly or very strongly influenced by the pandemic to re-evaluate their location. This decision has not come easily, however: in their comments, millennials painted a picture of exclusion from the cities and areas they hold dear. Consider these comments:

“Extremely hard to afford a home in the city. You are forced to move out and the city will only be lovable by the 1% of this country.”

“I cry sometimes, wondering if we’ll ever be able to buy a home in our own state, where four generations of my family have lived... Or will we have to move to another state that’s more affordable...? I have been priced out of my community, my county, to make way for the rich and for overpaid tech workers who are running us out of town and out of the state... it’s one of the most difficult and painful experiences of my life.”

“We live in a ruined economy and take jobs which we tolerate for the dignity of a paycheck. Houses in my area (and the taxes therein) are astronomical. So the choice seems to be a) stay near everything I love and be driven to the poor house or b) move away.”

On the whole, those looking to move have made some peace with the idea of moving to a smaller, more affordable place, but a quarter of respondents—driven largely by Junior Millennials chasing well-paying jobs in big cities—still said they wanted to move to a bigger place. Among those wanting to get out of big cities, expectant parents and millennials who were already saving for a down payment on a home led the charge to smaller places. Those who hadn’t started saving to buy a home before the pandemic want to live in bigger cities. Here is one comment from a survey respondent:

“COVID had a very little impact on our decision to leave the city. It was the summer riots and far left policies driving up the cost of living.”



So Was Covid a Catalyst, or Merely an Exacerbator?

Our data points to the idea that despite the gravity and high social impact of Covid, it resulted in aggravating existing housing trends, rather than generating a new pattern of trends. Many millennials, such as the ones quoted below, commented that the pandemic was just one more obstacle in the way of their home purchasing dreams:

“Our generation has had many setbacks to home ownership between the stock market crash and the pandemic, student loan crisis, the cost of living going up much faster than the rate of salary increases... it has been extremely difficult to even be in a position to save money.”

“It’s almost impossible. My partner has over \$300,000 in student debt, median home prices where we live (in a metro area) are over half a million dollars. It’s unreasonable to think we could afford to buy a home until we are both making at least 6 figure salaries. My generation is at a distinct disadvantage, having been saddled with large student loans and coming of adult age during the great recession, which severely impacted wage growth and opportunity for wealth accumulation in our early 20s. The pandemic only adds to the stress of the situation.”

These comments and others like them inform the seriousness of millennials’ financial situation, with chronic and ongoing issues such as wage stagnation, record high student and medical debt, and the effects of the 2008 crash weighing on their ability to make positive and constructive moves forward in their lives. Saving for a down payment or even for more distant retirement has become a frill that many millennials don’t feel they can afford.

In our next chapter about millennials and housing, we’ll look at data specifically around how stagnant wages have flipped the equation on home ownership for this generation.

Survey Methodology

To understand millennials' attitudes to home ownership, drivers and barriers to ownership in particular the impact of Covid and student debt, we ran a survey of 875 Millennials based in the U.S. who don't own a property. The online survey was carried out in March/April 2021.

Study Authors

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