

REAL ESTATE

## 46pc of millennials increasing home buying budgets: BoA

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*Prospective homeowners are rethinking their approach to real estate. Image credit: Bank of America*

By SARAH RAMIREZ

With the U.S. housing market still highly competitive, prospective homebuyers are considering their wants and needs in residential property.

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According to Bank of America's [2022 Homebuyer Insights Report](#), 56 percent of prospective homebuyers are hesitant to purchase due to high home prices. Home prices, however, keep climbing and are expected to increase 10 percent by the end of the year even as listing time dwindles amid increased demand and low inventory.

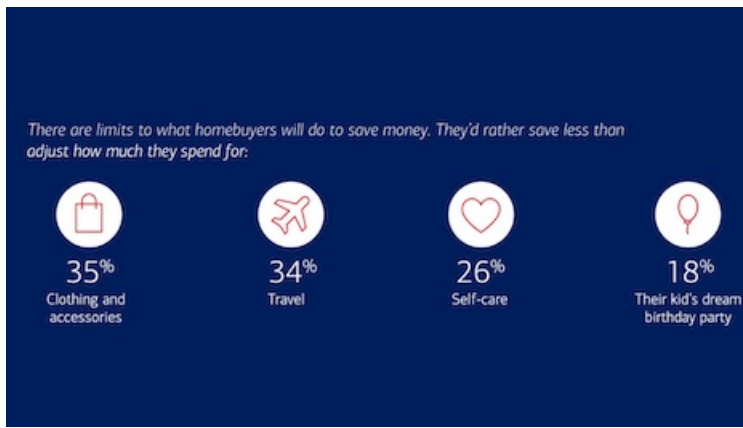
"We're helping clients reach their financial goals every day, and we know building their personal wealth through homeownership is one of their biggest priorities," said AJ Barkley, head of neighborhood and community lending for [Bank of America](#), in a statement.

The report is based on an online survey of 2,000 U.S. adults who own a home or plan to in the future. The survey was conducted in February and March 2022.

### Homebuyer priorities

Twenty percent of prospective buyers are prepared to make an offer "immediately" after viewing a home, while 65 percent are prepared to make an offer within three days.

The competitive market serves as motivation for many, with more than half of prospective buyers reporting that saving for a down payment is a financial priority. Twelve percent are planning to buy a home sooner than they had originally planned, as concerns mount over expensive home prices and climbing interest rates.



*Homebuyers are not willing to cut back on shopping or travel to save for a new home. Image credit: Bank of America*

Prospective buyers are embracing flexibility and are willing to sacrifice some aspects of their dream home. About eight in 10 are willing to move to an "up-and-coming" neighborhood, while 71 percent will buy a smaller home and 70 percent will sacrifice outdoor space.

When it comes to saving for their down payments, however, there are some sacrifices prospective buyers are not willing to make. More than a third would rather save less than adjust spending on clothing or travel, at 35 and 34 percent, respectively.

Millennials are primary drivers of today's competitive housing market, having surpassed baby boomers as the country's largest adult population.



*Older millennials are more likely to be focusing on family- and wealth-building. Image credit: Coldwell Banker*

More than half of millennials are gravitating to homeownership to put down roots for their growing families, while 51 percent want to customize their homes. Forty-three percent are interested in building home equity an important contributor to generational wealth.

Only 29 percent of millennial homebuyers are looking for a starter home, while 46 percent are looking for their forever home. Perhaps this is why 51 percent of millennials are delaying their purchase timeline to save more and 46 percent are increasing their initial homebuying budget.

#### Millennial homeowners

Millennial homebuyers are also disrupting the real estate industry at the luxury end of the market.

According to Coldwell Banker Global Luxury's "Real Estate's New Power Players" report, millennials are prioritizing building their wealth and their real estate portfolios. The oldest in this cohort, "golden millennials" ages 35 to 40, own 60 percent of all millennial-owned properties and tend to gravitate towards secondary cities and suburban areas such as Atlanta or Seattle ([see story](#)).

Millennials also prefer a different lifestyle than older homeowners, which also impacts the market.

Affluent millennials do not buy the idea that bigger is better when considering a home. They do not want the **McMansions** that boomers and Gen-Xers favored.

Rather, millennials are opting for smaller footprint homes on smaller plots of land in closer-in locations with luxury defined by finer details and better-quality fixtures, and amenities, not square footage ([see story](#)).

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