

November 2023

Consumer Financial Literacy

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

Consumer Financial Literacy

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Consumer Financial Literacy

Introduction

Homeownership is the top method for Americans to build wealth in the United States (U.S.). Based on research from the Federal Reserve, the typical homeowner has a median net worth of \$396,200, while the typical renter has a median net worth of \$10,400. This difference is stark.

The U.S. is currently encountering a housing affordability crisis due to rising interest rates, home prices, and low housing inventory. With the lack of housing inventory and reduced affordability, first-time buyers have been reduced to historic lows. The current share of first-time buyers from the [Profile of Home Buyers and Sellers](#) is just 32%, while the historic norm among primary residence buyers is nearly 40%. Additionally, while there has been a recent rise in minority home buyers, the gap between White and Black homeownership rates sits at approximately 30 percentage points, according to [A Snapshot of Race and Home Buying in America](#).

The financial benefits of owning real estate is a topic that is discussed among some families. However, for many, this is a topic that is not only never talked about at home, it is never addressed through formal education in high school or even college. More than half of the respondents in this study had no formal training in high school or college on financial literacy, which

included the benefits of owning real estate. If respondents had formal training, it was more common to receive this in college than in high school. However, college is not a step all Americans take.

When respondents learn about financial literacy, including the benefits of real estate, outside of school, it is often from their own personal experience once they are a homeowner, from the internet, or from parents.

Among prospective home buyers who are considering purchasing a home, there is a knowledge gap of FHA, VA loans, and low downpayment programs. Many prospective home buyers do not even consider these programs due to not understanding them or a lack of awareness that they exist. These programs may help potential buyers break into homeownership sooner than they may think is possible.

The research contained in this report shows an opportunity to help narrow the racial gap in homeownership and bring more first-time home buyers into the housing market. Without the knowledge of homeownership, the financial benefits of real estate, and the knowledge of loan programs to help enter homeownership, it is hard to imagine the American Dream of homeownership.

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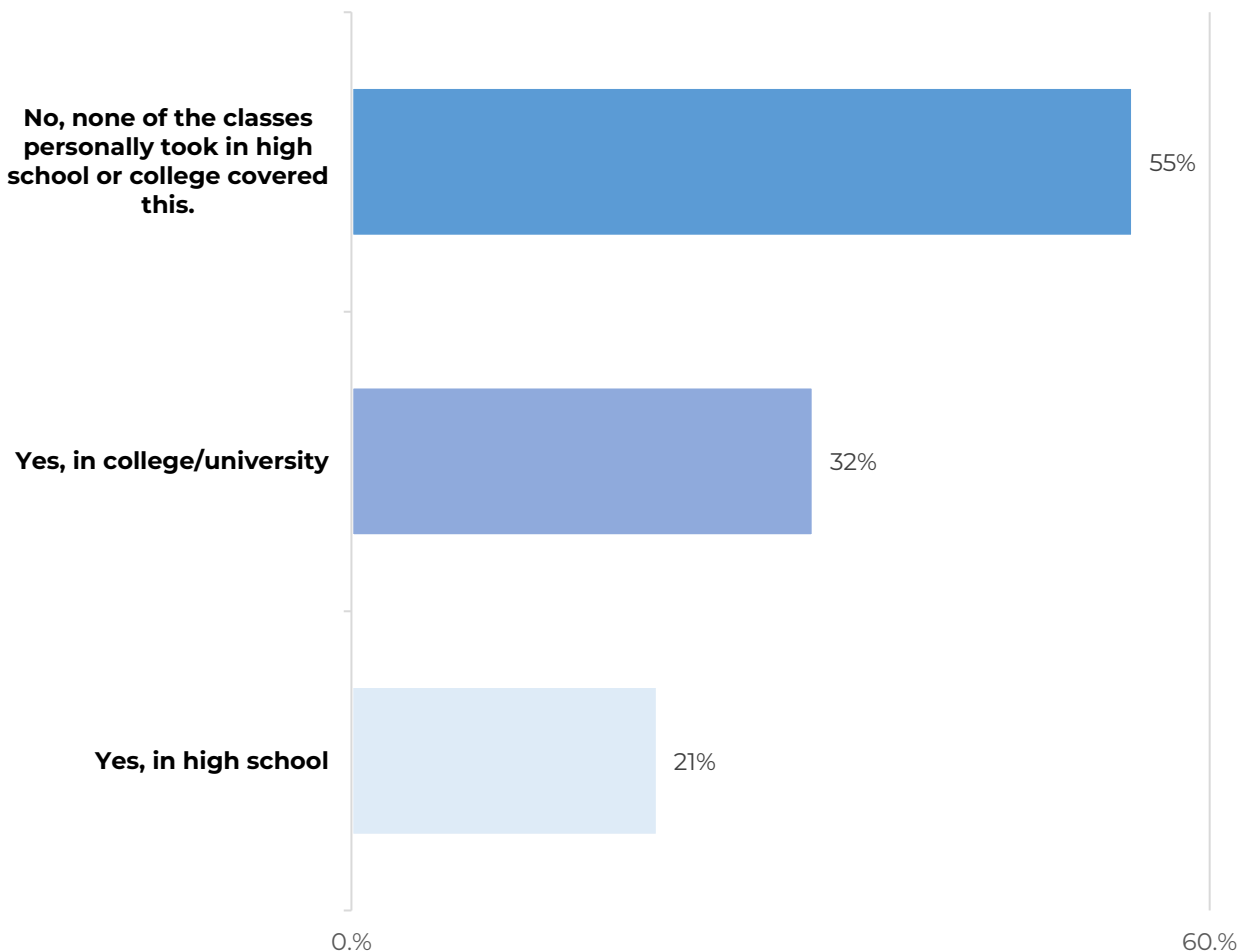
National Survey of Financial Benefits of Real Estate



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More than half of the respondents did not personally take a formal class in high school or college that covered financial literacy, which included the financial benefits of real estate. Thirty-two percent of respondents had a class that covered financial literacy in college, and 21% in high school. These classes did cover the financial benefits of homeownership and real estate.

Classes in High School or College Covered Financial Benefits

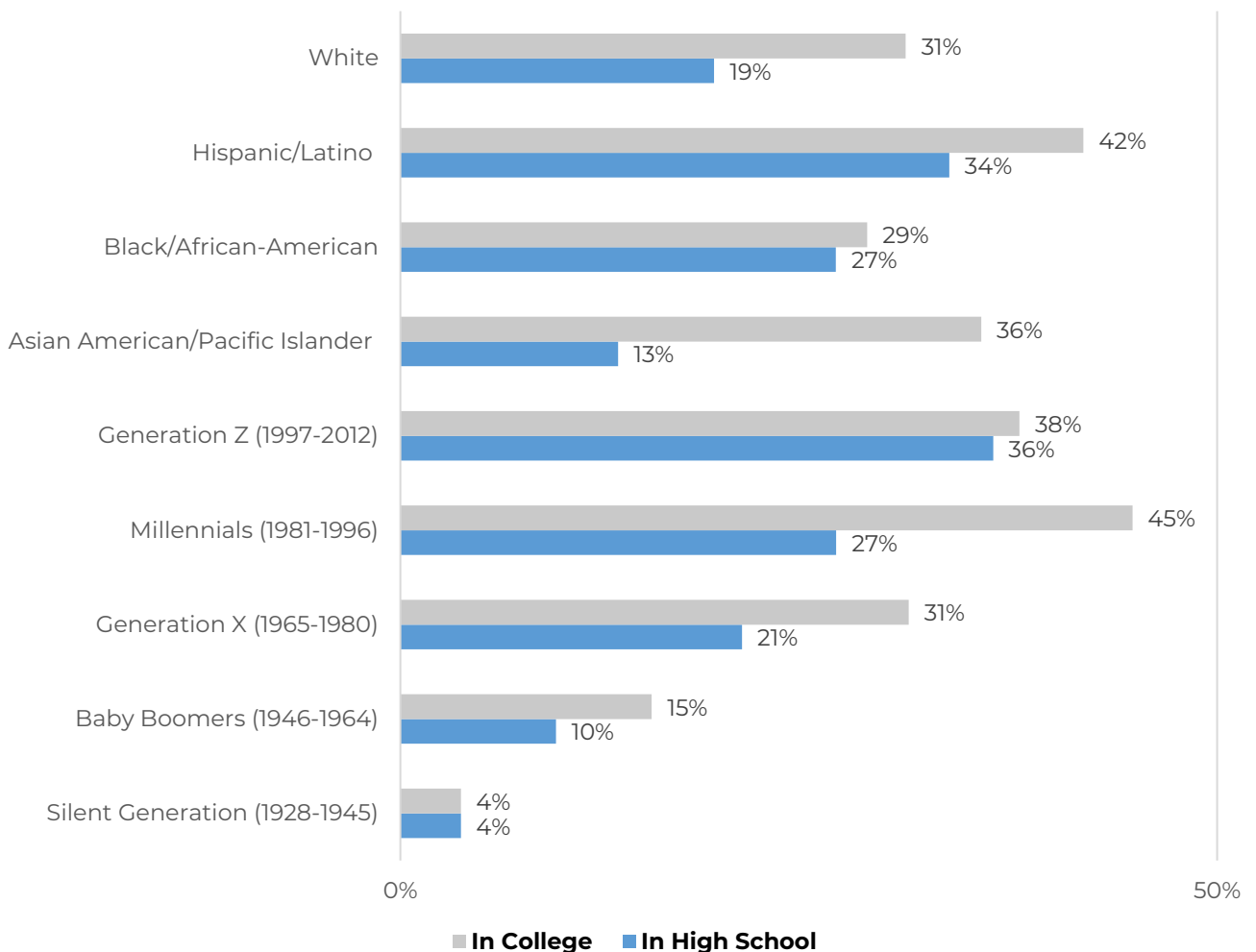


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Millennials (45%) and Gen Z (38%) are more likely than Gen X (31%) to have had classes on financial benefits of real estate. The younger the respondents, the more likely they are to say they learned about the financial benefits of real estate in high school: 36% of Gen Z vs. 10% of Baby Boomers.

Hispanic/Latino respondents (34%) were significantly more likely than others to say they'd had classes in high school covering the financial benefits of real estate ownership, with Black/African-American respondents (27%) more likely than White (19%) or Asian American/Pacific Islander (13%) respondents to cite this. Asian American/Pacific Islander (60%) and White (58%) were most likely to say they had never had such classes, either in high school or in college, vs. 48% of Black/African-American and 38% of Hispanic/Latino respondents.

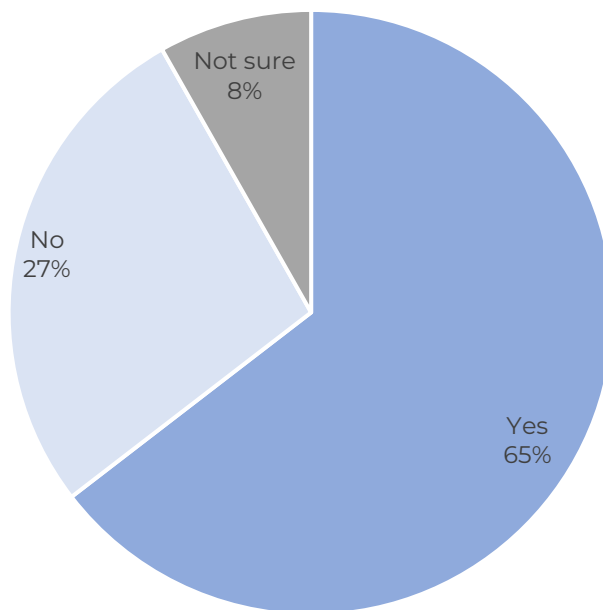
Classes in High School or College Covered Financial Benefits by Race/Ethnicity and Generation



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Sixty-five percent of respondents learned about the financial benefits of real estate ownership including owning a home outside of high school or college.

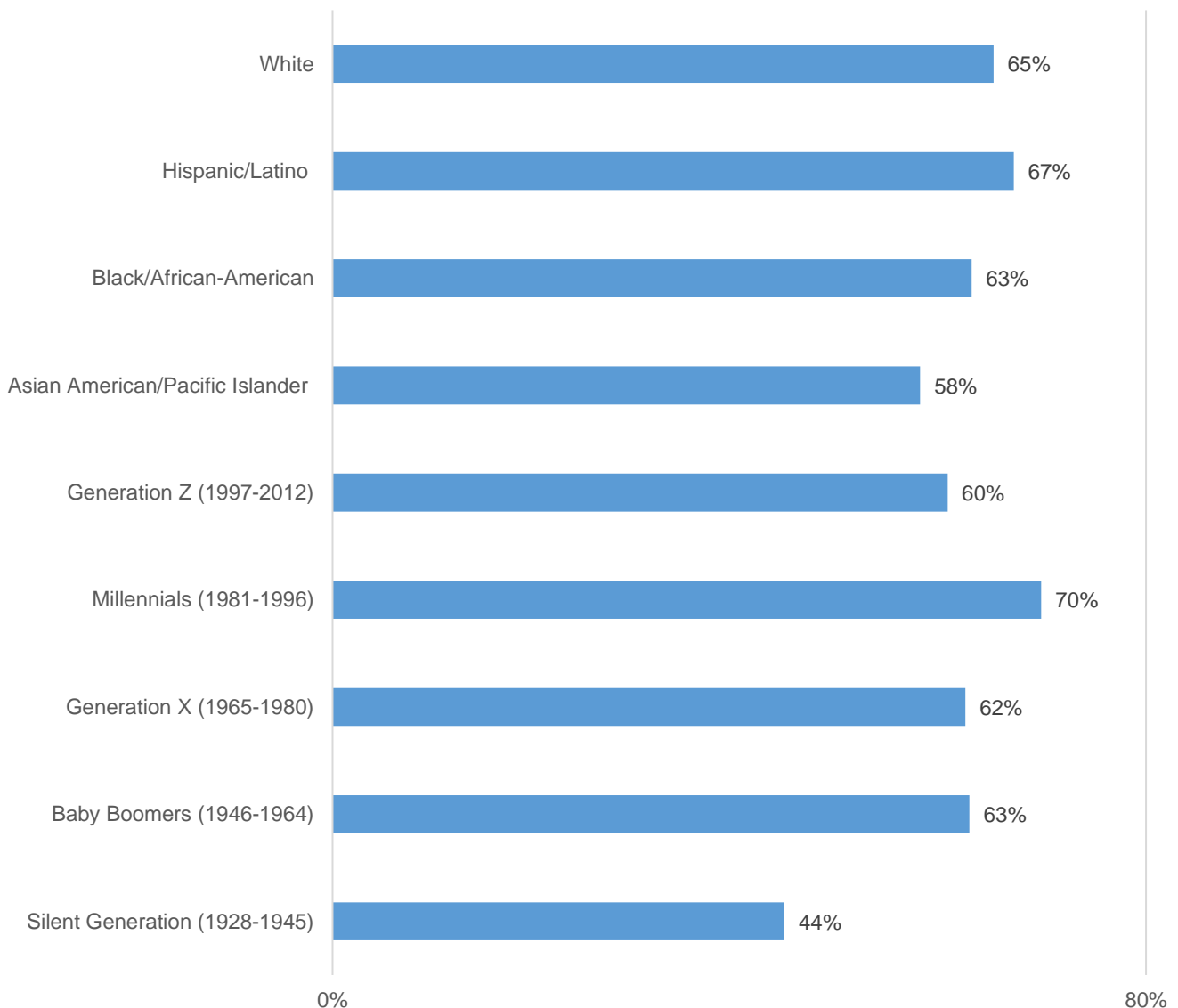
Learned about the financial benefits of real estate ownership, including owning a home, outside of high school or college



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Millennials (70%) are more likely than others to say they learned about the financial benefits of real estate ownership outside of school (vs. 44-63% among other generations). Hispanic/Latino respondents were most likely to cite that they learned about the financial benefits of ownership, including owning a home, outside of high school.

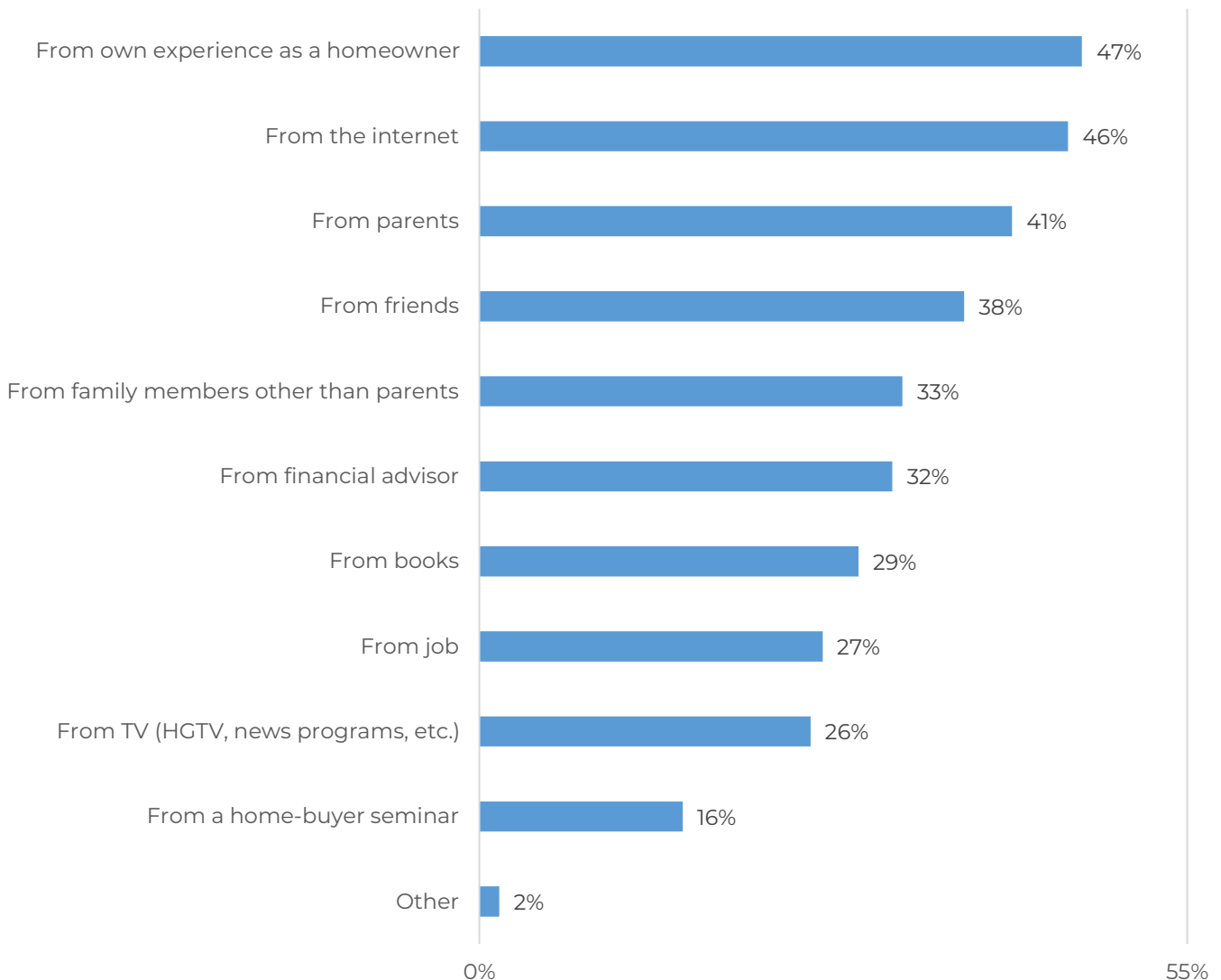
Learned about the financial benefits of real estate ownership, including owning a home, outside of high school or college



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The most common source for learning about homeownership was from the respondents' own personal experience as a homeowner (47%). Other common sources for learning about the financial benefits of homeownership include the internet (46%), parents (41%), and from friends (38%).

Learned about the financial benefits of real estate ownership, including owning a home from:



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Gen Z who learned about the financial benefits of real estate ownership outside of school are the most likely to say they learned about this from their parents (31%, vs. 28% or less of others). Gen X and Millennials are more likely than others to cite virtually every method of learning about it except for “own experience as homeowners.” Baby Boomers are by far most likely to say they learned about this through homeownership experience at 48%.

White respondents are by far most likely to say they learned about this through homeownership experience. Hispanic/Latino respondents are more likely to say they learned about homeownership from parents, family outside of parents, and the internet.

Learned about the financial benefits of real estate ownership, including owning a home from:

	Generation Z (1997-2012)	Millennials (1981-1996)	Generation X (1965-1980)	Baby Boomers (1946-1964)	Silent Generation (1928-1945)	White	Asian American/ Pacific Islander	Black/ African- American	Hispanic/ Latino
From parents	31%	27%	23%	28%	11%	28%	24%	18%	29%
From the internet	31%	40%	29%	18%	4%	30%	27%	25%	34%
From books	23%	24%	14%	15%	7%	19%	31%	20%	15%
From job	22%	23%	16%	8%	4%	16%	16%	17%	23%
From friends	20%	28%	27%	20%	11%	26%	16%	16%	24%
From family members other than parents	19%	20%	25%	22%	11%	21%	18%	19%	22%
From financial advisor	11%	26%	24%	16%	7%	22%	9%	14%	20%
From own experience as a homeowner	10%	23%	33%	48%	33%	35%	22%	10%	22%
From TV (HGTV, news programs, etc.)	9%	23%	18%	11%	4%	19%	13%	7%	15%
From a home-buyer seminar	7%	13%	13%	6%	4%	10%	9%	9%	12%
Other	0%	0%	2%	2%	0%	1%	2%	0%	0%

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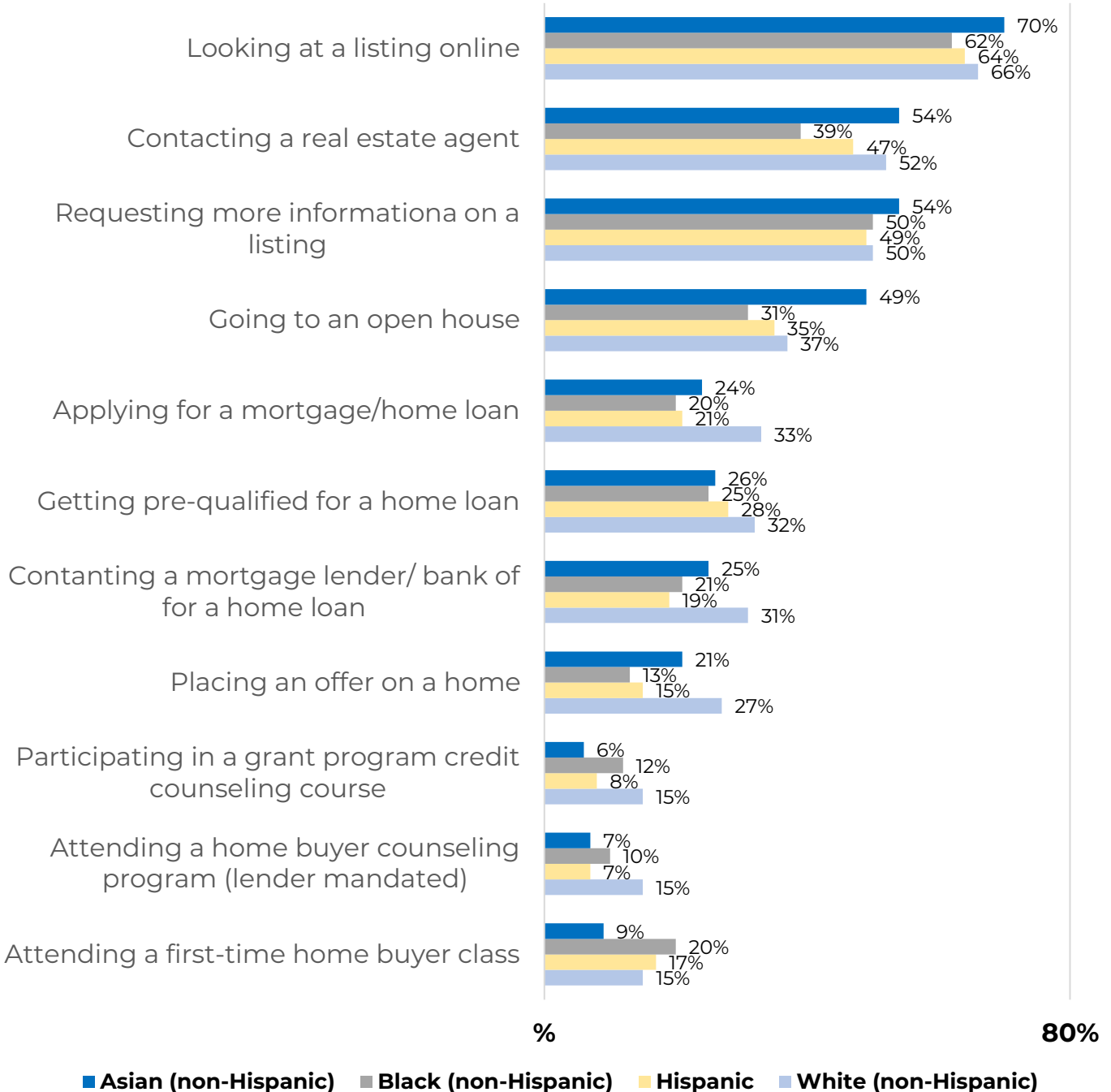
Barriers of Prospective Home Buyers



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For prospective home buyers, it is not as common to take a grant program course, attend a home buying counseling program, or a first-time buyer class. In comparison, most prospective buyers search online or reach out to a real estate agent.

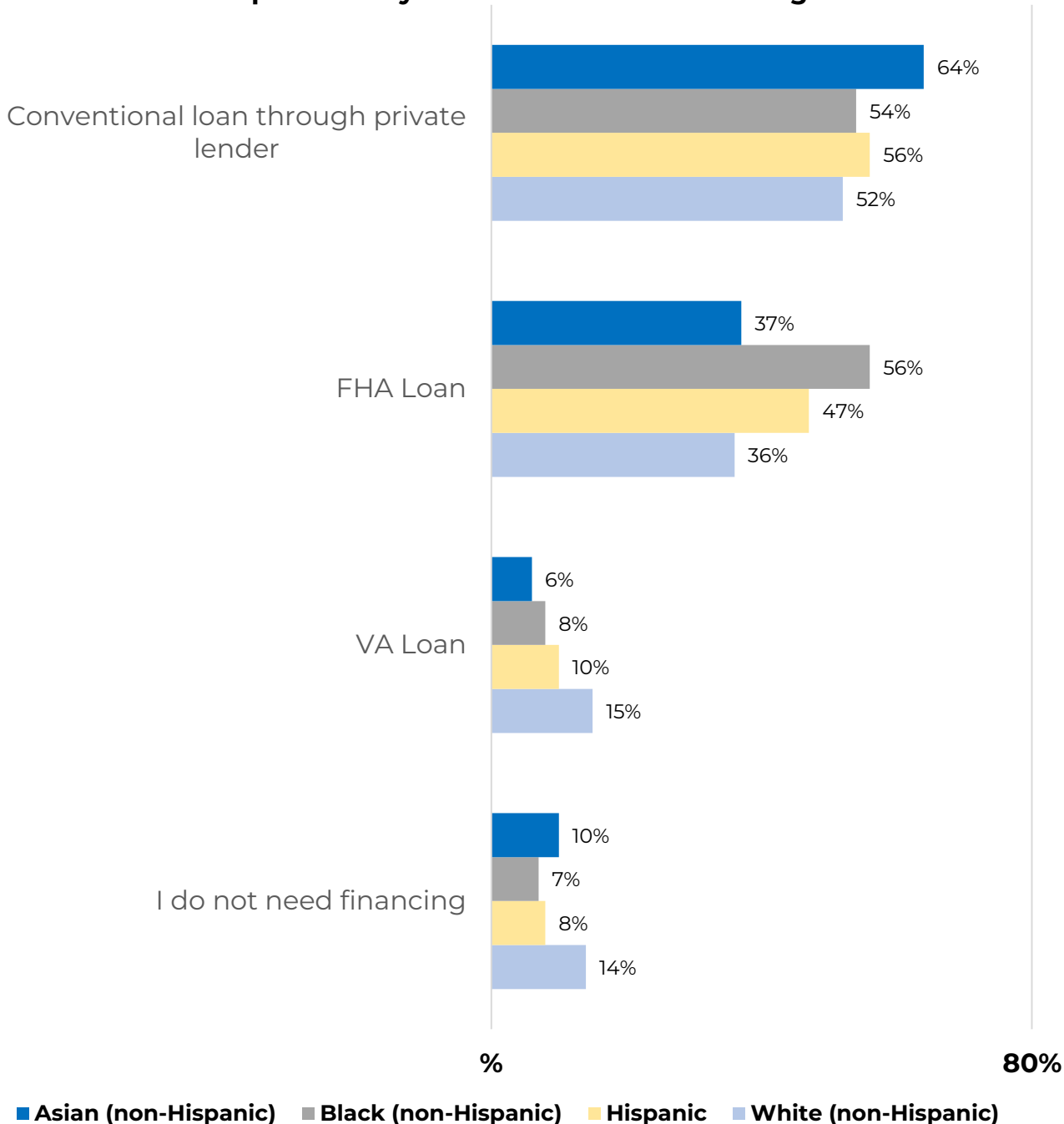
In past 12 months, the prospective buyer had:



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Most potential home buyers considered conventional financing. Black buyers and Hispanic prospective buyers were most likely to consider FHA loans in comparison to other racial groups.

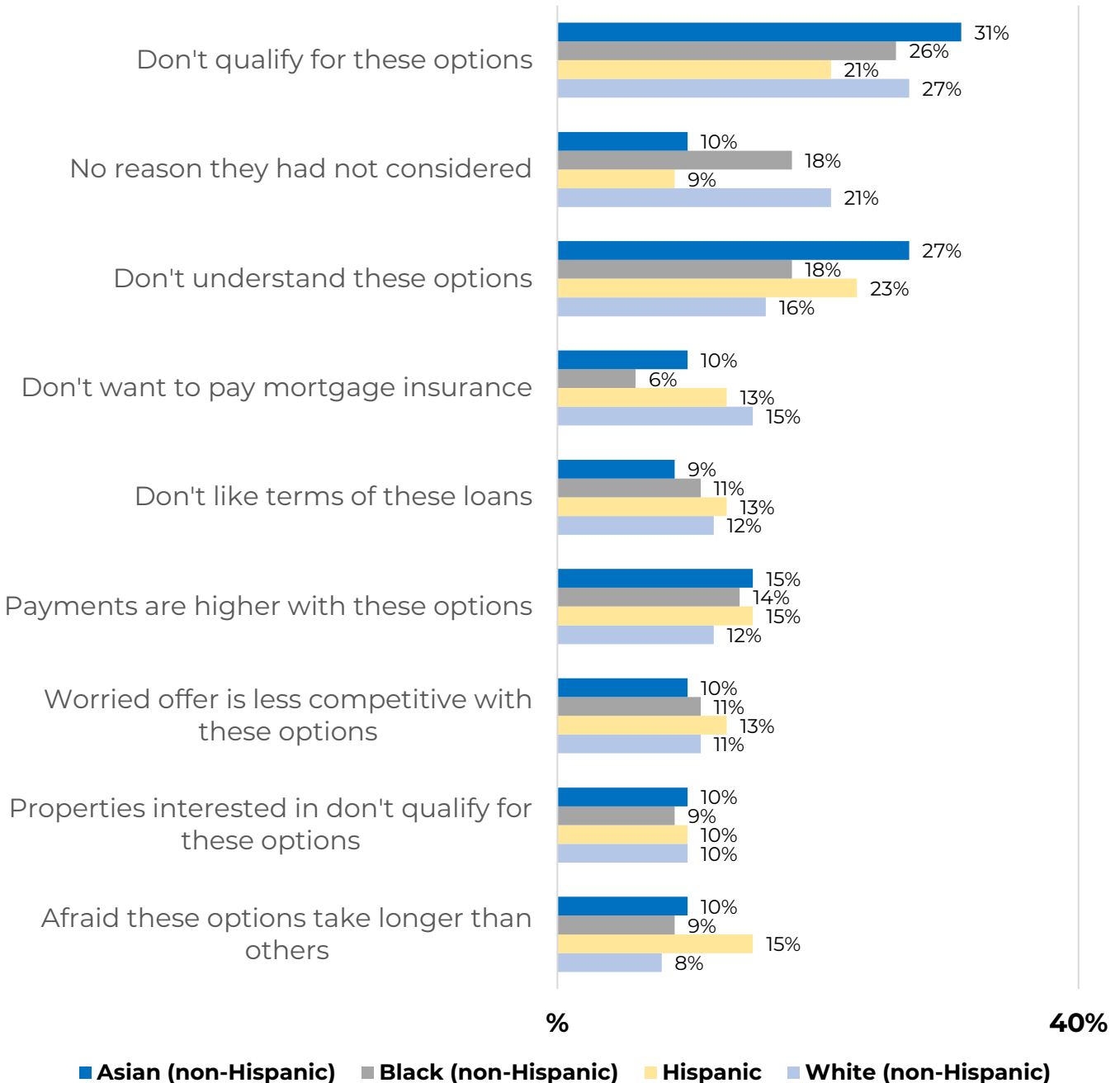
Prospective buyer had considered financing:



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While some prospective buyers did not feel they qualify for FHA or VA loans, among those who do qualify, the top reason they didn't consider the loan products was a lack of understanding.

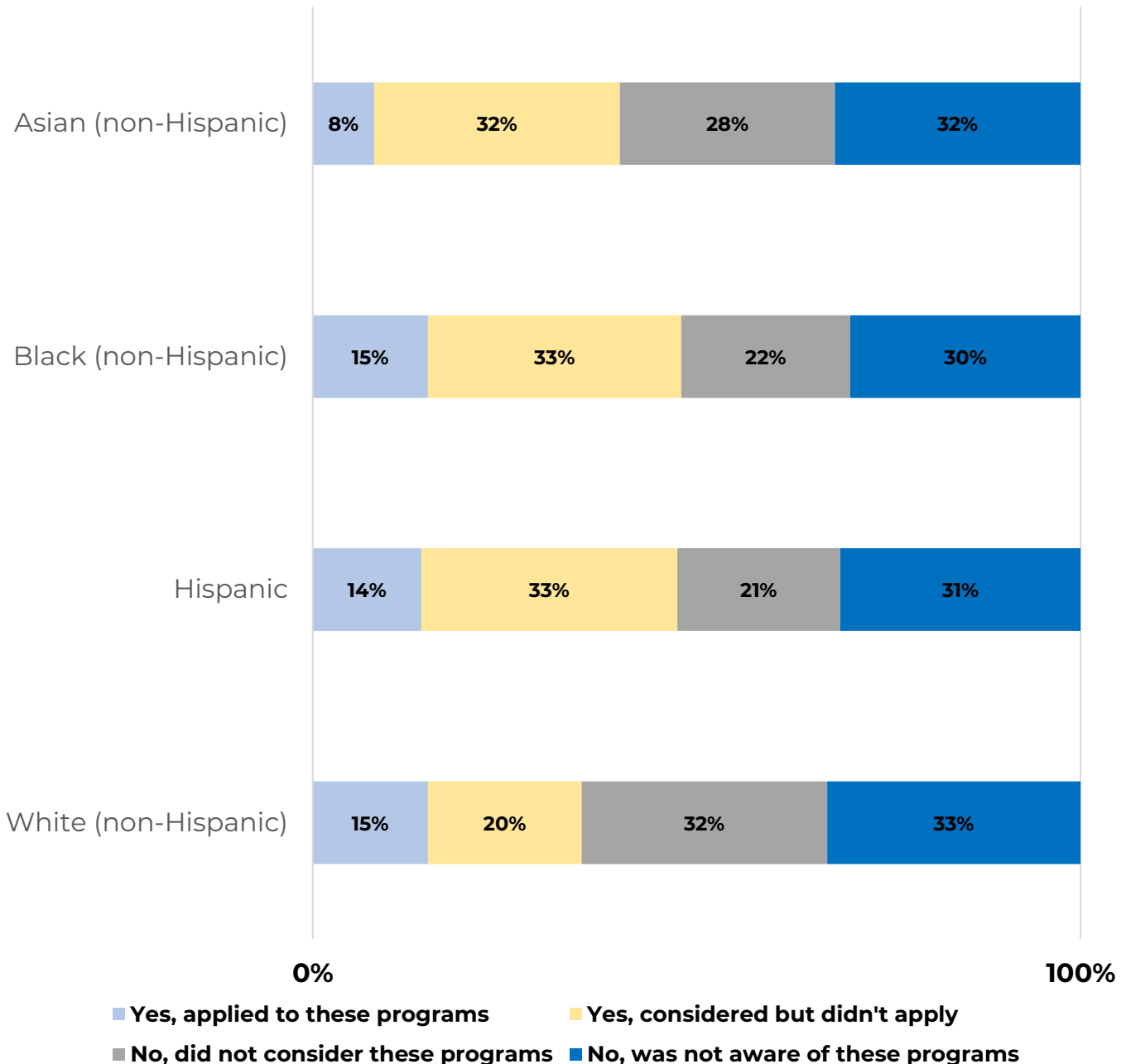
Why prospective buyer had not considered FHA or VA loan: (Only among respondents who have not considered FHA/VA loan)



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The plurality of respondents in each racial and ethnic group were not aware of low downpayment programs (approximately one-third in each group.) The smallest share in each group had applied to down payment assistance programs.

Considered or applied to existing down payment assistance programs:

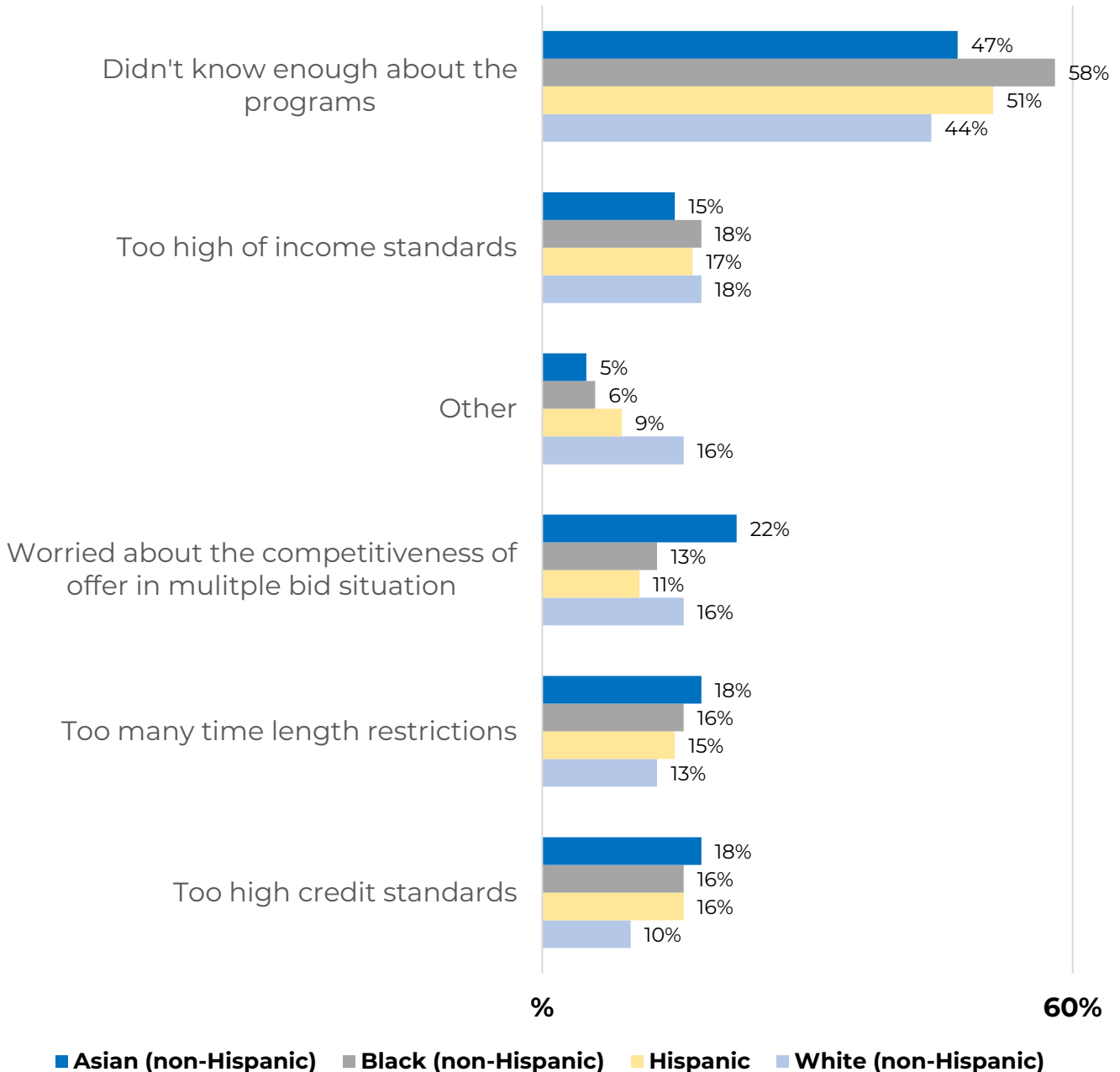


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The top reason why respondents of all races who were aware of them did not apply for down payment assistance programs was the lack of knowledge about these programs.

Why prospective buyer did not apply to existing down payment assistance programs:

(Only among respondents who were aware and didn't apply)



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Methodology

National Survey of Financial Benefits of Real Estate:

The survey was conducted by Toluna for the National Association of REALTORS®. The survey received 999 completed responses from a sample of consumers reflective of the U.S. population in terms of geographic region, age, gender, and education level. The margin of error for these results is +/- 3.1%.

Barriers to Prospective Home Buyers:

Morning Consult conducted this poll for the National Association of REALTORS®. The poll was conducted between June 9 and June 29, 2023, among a sample of 587 White (non-Hispanic), 560 Hispanic, 533 Black (non-Hispanic), and 521 Asian (non-Hispanic) Prospective Homebuyers. The interviews were conducted online, and the results are not weighted. Results for each sample have a margin of error of +/-4 percentage points.

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The National Association of REALTORS® is America's largest trade association, representing more than 1.5 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

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