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2025

ServiceLink

State of Homebuying Report

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The 2025 ServiceLink State of Homebuying Report (SOHBR) features relevant data from a survey of 1,526 individuals who either purchased a home or tried to purchase a home within the past four years.



Introduction

The 2025 ServiceLink State of Homebuying Report (SOHBR) features relevant data from a survey of 1,526 individuals who either purchased a home, or tried to purchase a home, within the past four years. ServiceLink partnered with Sago to uncover year-over-year (YoY) trends, generational preferences and other factors that impacted homeowners' and prospective buyers' perceptions and attitudes toward the state of the housing market.

While the majority of respondents (75%) successfully purchased a home in the past four years, 25% were unsuccessful in their pursuit of homeownership. The main barriers to entry were familiar ones: high home prices, higher than desirable mortgage rates and changes in personal finances. Despite these challenges, Gen Z respondents (born between 1997 and 2012) have the most favorable outlook on the housing market as they outpace all generations with their likelihood to purchase, refinance and take out a home equity loan in 2025.

Interestingly, survey findings suggest that the powerful market influence of millennials (born between 1981 and 1996) may not be quite as strong as in years past. However, Gen X (born between 1965 and 1980) is making up for it by demonstrating a renewed interest in real estate, financial products and technology tools.

We will dive deeper into all buyers' current desires, their deal breakers and their outlook on the future within the ServiceLink State of Homebuying Report. Lenders, servicers, investors and real estate agents alike can benefit from these findings to better understand what is driving consumers' decisions, how to anticipate their needs and where more education is still needed to guide them through a successful homeownership journey.

The opinions expressed in this survey are for general informational purposes only. The findings represent a random sample of consumer responses and do not necessarily support or reflect the opinions or views of ServiceLink.

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Key consumer findings



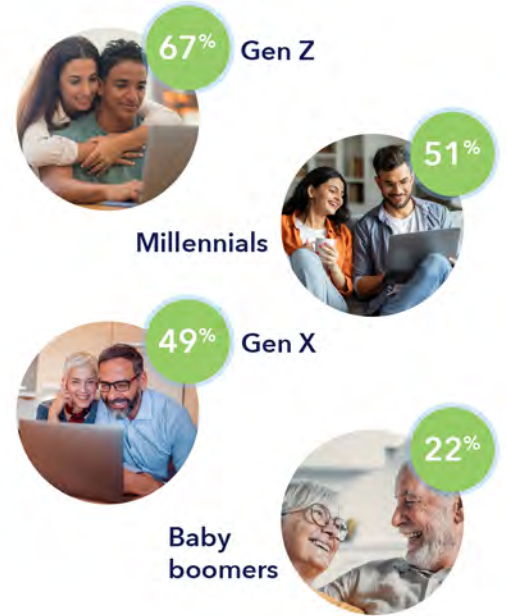


Plans to purchase

In keeping with YoY trends, nearly half of respondents say they plan to purchase a home in 2025



Gen Z is demonstrating its eagerness to become homeowners. Of those planning to purchase in 2025:





Abandoning the homebuying process

43% of all respondents considered buying a home in 2024 but decided against it, similar to the previous years' findings

Gen Z led all respondents in two categories: abandoning plans to buy in the last 12 months, as well as unsuccessfully attempting to purchase a home in the past four years, at 58% and 37%, respectively.

The top three roadblocks for all respondents who were unsuccessful in their pursuit of homeownership

52%
high home prices

46%
high interest rates

39%
change in personal finances*

* Respondents could select multiple answers



What buyers want and expect in a new home

Of those who plan to purchase in 2025, a larger home tops the list, especially for Gen Z and millennials

Buyers' desires



Larger home with more space: 60%



More room between the homes: 39%



Brand-new construction: 35%



Home with dedicated office/flex space: 30%



Home with tech upgrades/amenities: 29%

Deal breakers



Size of home is too small: 51%



Higher taxes: 48%



Lack of privacy/homes too close together: 43%



Reasons to refinance in 2025

Top motivation to refinance:
securing a lower rate

33%

to get a better rate on mortgage

17%

to borrow additional funds

15%

to make home improvements

17%

to pay down debt

17%

to change the term of the loan

Tolerance for higher mortgage rates drops YoY among younger generations

5.8%

is highest rate Gen Z would consider* (down from 6.3% in 2024)

5.5%

is highest rate millennials would consider* (down from 6.2% in 2024)

*When taking on a 30-year loan



18%

of homeowners say they are unhappy with their current mortgage rate because it's too high

Home equity motivators

While equity is rising, intent to take out home equity loans is declining among respondents



23% of surveyed homeowners say they have over \$200,000 in equity





16% of surveyed homeowners say they have at least \$100,000 in equity

25%

of surveyed homeowners are considering taking out a home equity loan in 2025 (down from 28% in 2024 and 44% in 2023)

Main motivations include:

-  to have extra money to make home improvements
-  to pay off other debt



Mortgage technology expansion and adoption

Buyers continue to embrace technology for its convenience and time savings

Homeowners weigh in on what they would change in the mortgage process, based on their experiences



- ① Transparency into the steps and fees
- ② Less paperwork, more electronic forms
- ③ More education
- ④ A speedier process
- ⑤ Not having to submit documents multiple times



Gen X is most likely to select a mortgage provider that offers instant scheduling tools, virtual closings, AI technology and a complete digital mortgage process



Gen Z and baby boomers are the least likely of the generations to be interested in AI tools and chatbots





Interest in purchasing at auction



say they would be willing to consider buying a home at auction

Buyers remain open to exploring alternative purchasing options

Interest in auction is strongest among ...



Gen Z



Millennials



Gen X



Homebuying findings





"It's encouraging to know that homeownership is still a priority among Americans of all ages, as it is a key component to the overall health of the economy."

- Dave Steinmetz, President, Origination Services

The health of the housing and mortgage market is driven by several key factors, some of which have the potential to be more fluid than others. With fluctuations in housing supply and interest rates, along with economic uncertainties over the past few years, today's buyers need to be armed with information, while demonstrating patience and flexibility.

In surveying individuals who either purchased a home or tried to purchase a home over the past four years, the results suggest there is still a strong appetite for homeownership, particularly among the youngest generation of buyers. Economic factors remain a challenge for a segment of would-be buyers, but this year's findings indicate those who are single and those who are currently renting or living rent-free are the most eager and likely to take the plunge into homeownership in 2025.





Appetite holding steady

While market conditions have changed over the years, the appetite for homeownership in the U.S. remains solid. For the second year in a row, 47% of survey respondents say they plan to purchase a home in the next year.

Gen Z, the youngest group of survey participants, makes up the largest contingent of potential buyers. This group has been slowly infiltrating the buyer pool over the past few years but is poised to make a mark on the housing industry this year – 67% say they plan to buy and 52% find conditions to be favorable for buying.



Millennials in the market

Millennials, Gen Z's predecessor, were once a formidable force in the market, but survey results indicate they are slightly less enthusiastic in 2025. Only 46% of millennials say conditions are favorable to buy this year, down from 60% in 2023. Fifty-one percent say they are considering a home purchase this year, which is down from 59% a year ago. Purchase plans and outlook for Gen X is similar, while baby boomers are the least likely to be active within the market in 2025.

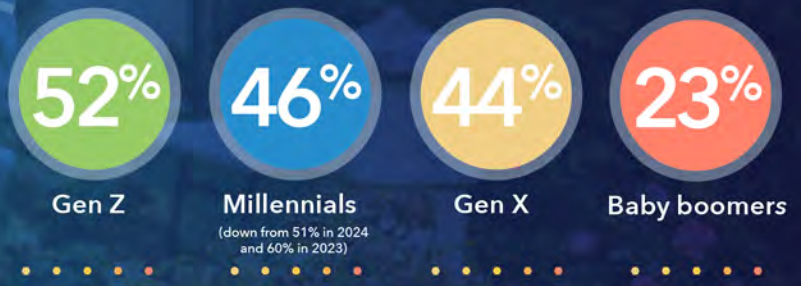
Demand remains steady

Overall, 47% of survey respondents say they plan to purchase a home in 2025



A favorable outlook on the market

Conditions are favorable for buying according to 41% of overall respondents





Buyer profile in 2025

As lenders compete for potential buyers' business in 2025, three distinct demographics are emerging as those most likely to be active in the market.

Renters are ready

The renting community once again has the potential to be a driving force in 2025. Of those who indicated they plan to buy this year, the highest responses were from those who are either renting (75%) or living rent-free (71%). In fact, their intention is more than double that of current homeowners, of which 33% say they plan to buy.

Determined to succeed

While some market conditions have made it tough for a contingent of buyers over the past few years, that does not appear to be a major deterrent. Seventy-three percent of those who unsuccessfully tried to buy a home in the past four years say they plan to try again in 2025.

Going solo

Couples have historically dominated the housing market, but survey results show eagerness to own a home transcends marital status. More single respondents (59%) than married (43%) say they plan to buy.



Living situation of those planning to buy in 2025



Try, try again



of those who were unsuccessful in a home purchase in the past four years plan to attempt again in 2025

Single and ready





Today's buyers know what they want

If there was any question about the biggest item on buyers' wish lists, consider it answered. Those in the market emphatically responded that their main criteria for a new home is space, space and more space.

Overall, 60% said they are looking for a larger home with more space, which is a 17% increase from 2024. Renters ranked highest in this category (65%); however, current homeowners also find value in extra square footage (57%). Other notable items on all buyers' lists include: more room between the homes and additional yard space (39%), new construction (35%), a home with dedicated office/flex space (30%), a home with tech upgrades/amenities (29%).

Generational desires

For the second consecutive year, Gen Z led all generations in terms of desiring a larger home with more space (66%), followed closely by millennials (64%). Results also indicate Gen Z (36%), millennials (37%) and Gen X (37%) are slightly more interested in brand new construction than baby boomers (27%). In addition to a larger home and more room between the homes, baby boomers are also interested in homes with recently updated kitchens and bathrooms (29%).

Deal breakers revealed

Even buyers' deal breakers indicate their desire to stretch out. The number one deal breaker for all potential buyers is too small of a home (51%). This sentiment was shared among current homeowners, renters and those living rent-free. Other notable deal breakers include higher taxes (48%), a lack of privacy (43%) and a lack of outdoor space (33%).

Buyers' top desires



Larger home with more space: 60%
(17% surge from 2024)



More room between the homes: 39%



New construction home: 35%



Dedicated office/flex space: 30%



Tech upgrades/amenities: 29%

Biggest deal breakers



Size of home is too small: 51%
(up from 46% in 2024)



Higher taxes: 48%



Lack of privacy/homes too close together: 43%



Lack of outdoor space: 33%



Lack of upgrades: 33%



Barriers to homeownership

Having a desire to become a homeowner and actually getting to the closing table are two ends of the homeownership journey, a process that can often be marked with obstacles. That was the case for 25% of survey respondents who tried to purchase a home in the last four years but were ultimately unsuccessful. With the median sale price of a home in the U.S. soaring to \$406,100 in late 2024*, fewer people say they were able to afford a home.

The one-two punch of high home prices and elevated mortgage rates dashed the hopes of many when it came to achieving the American dream. Fifty-two percent of those who were unsuccessful in their homebuying bid say the options on the market were too expensive and 46% say mortgage rates were too high. Another 39% say their financial situation changed, which prevented them from seeing the purchase all the way through.

Of the four generations, Gen Z and millennials indicated they felt the impact of the expensive housing options the most, while higher mortgage rates impacted millennials and Gen X in greater proportions.

*Source: National Association of REALTORS



Top five barriers to homeownership

- 1 Options were too expensive: 52%
(Millennials ranked highest in this category)
- 2 Mortgage rates were too high: 46%
(Millennials ranked highest in this category)
- 3 Financial situation changed: 39%
(Gen Z ranked highest in this category)
- 4 Too much of a down payment was required: 29%
(Millennials ranked highest in this category)
- 5 Housing inventory was low: 20%
(Millennials and Gen X ranked highest in this category)





Abandoning the homebuying process

A strong contingent of survey respondents (43%) considered buying a new home in the past 12 months but decided against it. These were not wishy-washy buyers as 67% say they were "very serious" about a home purchase. Their top three reasons for abandoning the homebuying process are familiar ones: options were too expensive (58%), mortgage rates were too high or were rising (47%) and their financial situation had changed (35%).

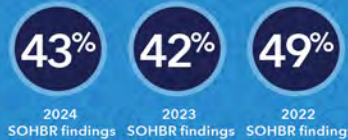
Those living rent-free (73%) and current renters (71%) abandoned the homebuying process in the largest numbers.



of all respondents considered buying a home in the past 12 months but decided against it



Abandonment rate YoY comparison



Why they abandoned the process




- ① Options were too expensive
- ② Mortgage rates were too high
- ③ Financial situation changed





Generational spotlight



Gen Z led the way in two areas: abandoning plans to buy in the past 12 months (58%) and unsuccessfully attempting to purchase a home in the last four years (37%).

Highest degree of difficulty

While there's never going to be a 100% success rate when it comes to homebuying, the 75% of respondents who were successful over the past four years reveal the top three most difficult steps they encountered in the process.

The spike in home prices is once again proving to be the biggest challenge as buyers of all generations rank finding a property in their budget range (46%) as the most difficult step, followed by finding a property in their desired location (35%). Baby boomers led all respondents in these two areas.

Determining their budget range (28%) came in third, and generationally is the biggest challenge among Gen Z respondents.

Top three most difficult steps in the homebuying process



Prepared for the process

When it comes to preparedness to buy a home, just over half of all respondents felt fully equipped at 55%. Sixty percent of baby boomers say they were fully prepared for the homebuying process compared to 49% of Gen Z.

There is a distinct opportunity for lenders to educate buyers in parts of the process where they have less understanding, including how to shop for a good mortgage rate, the function of certain closing requirements and how the bidding process works. Generationally, these are least understood by Gen Z and millennials and provide some insight into where lenders and real estate agents can tailor their educational efforts.

Parts of the process where Gen Z and millennials say they have the least understanding:



How to shop for a good mortgage rate



How the bidding process works



Most valuable resources

Today's buyers must navigate dynamic market conditions, housing volume fluctuations and other factors, which is why education is an important component before and during the homebuying process.

Survey results indicate that, for the second year in a row, buyers rely on real estate agents as their top source of education and advice.

Generationally, millennials are demonstrating an appetite for information from many sources and channels, while baby boomers are most content to rely on their real estate agents for help. Current homeowners tend to reach out to real estate agents in higher numbers, while renters are more likely to ask their family and friends for advice.

Resources used at the beginning of the homebuying process



I asked my real estate agent for advice

Most popular among baby boomers and Gen X



I asked family/friends for advice

Most popular among Gen Z and millennials



I read articles, blogs and social media

Most popular among millennials



I asked my lender for advice

Most popular among millennials and Gen X



"Lenders are continually looking for technology solutions to meet the needs of today's tech-savvy buyers, and those buyers want a mortgage experience that includes convenience, speed and transparency."

- Kiran Vattem, Chief Digital and Technology Officer

Technology findings

Leveraging the benefits of technology

Mortgage technology continues to change the way consumers complete paperwork, interact with their lender, schedule key milestones and close on their loan. In fact, technology is so embedded into the process that buyers expect it to facilitate a quicker, more seamless transaction.

For the fourth straight year, homeowners rank convenience and ease of use (59%) as the top benefit of using mortgage technology. Time savings (51%) was also an important benefit, along with flexibility to make progress on their own schedule (45%), transparency into the process (36%) and cost savings (31%).

Biggest benefits of using technology in the mortgage process



Convenience and ease of use



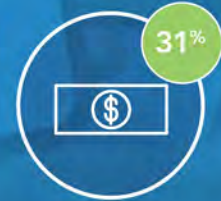
Time savings



Flexibility to make progress on my own schedule



Transparency into the process



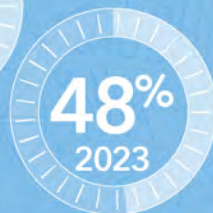
Cost savings



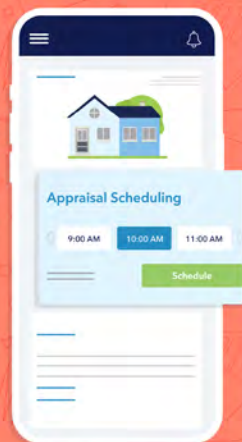
Embracing technology tools

Buyers are embracing technology in greater numbers as utilization of digital tools is up among respondents this year

The usage of eSigning technology continues to surge



The most widely used technology is digital document signing (or eSigning), which surged from 48% usage in 2023 to 62% usage in this most recent survey. Additionally, numbers were up YoY for those who applied for a mortgage online and had at least some part of their closing conducted via a virtual platform.



Technology usage by type

For the second year in a row, baby boomers led all usage in eSign technology (70%), while Gen X led the electronic application category at 60%.



Millennials (39%) were most likely to digitally schedule an appraisal or closing appointment.

The usage of chatbots and virtual assistants wasn't very strong overall but resonated the most with Gen Z buyers (14%).

Respondents reveal interaction with mortgage technology during homebuying process

62%
eSigned documents
Baby boomers leveraged this technology the most at 70% compared to 42% of Gen Z

55%
Electronic application
Gen X leveraged this technology the most at 60%, followed closely by millennials at 58%

35%
Scheduled appraisal or closing appointment digitally
Millennials used this technology the most at 39%, followed closely by Gen X at 37%

27%
Closing appointment conducted via an eClosing platform (remote)
Gen Z used this technology the most at 34%, followed closely by Gen X at 32%

11%
Used chatbot or virtual assistant to answer questions
Gen Z used this technology the most at 14% compared to only 7% for baby boomers

Room for improvement

Buyers are revealing the most frustrating aspects of the mortgage process and where lenders can focus on making improvements. When asked what they would change about their experience, the top three responses stayed the same YoY, but buyers are more emphatic this year about the need for more clarity and fewer surprises.

More transparency into the steps and fees tops the list at 49% – compared to 42% in 2024. Reducing the amount of paperwork (43%) has also been identified as an area that needs an overhaul, followed by a speedier process (42%) and more education from their real estate agent/lender (42%).

The top four items buyers would like to see changed in the homebuying process, based on their experiences

- 1 More transparency into the steps and fees
- 2 Less paperwork, more electronic forms
- 3 Speedier process
- 4 More education (tip sheets, articles, videos, etc.) from real estate agent/lender

Generational preferences for in-person interactions

The disparity between the generations is evident in their preferences for the level of interaction during a transaction. This perhaps speaks to the comfort level of homebuying as Gen Z is more likely to be first-time homebuyers and more in need of a guided approach than their older counterparts.



Gen Z wants more in-person interactions with their loan officer/broker



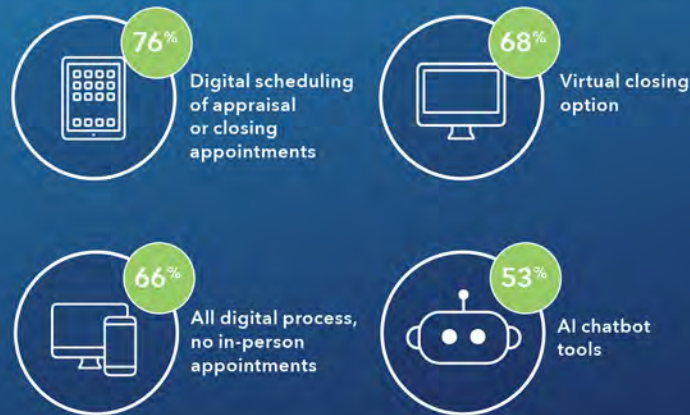
Gen X wants fewer in-person interactions with their loan officer/broker



When lenders deliver, buyers respond

There's been a dramatic increase in the use of mortgage technology over the last decade and buyers are providing insight into which consumer-facing mortgage tools would influence their decision to select one lender over another

Borrowers' biggest influence when selecting a lender



According to the findings, buyers are more likely to select lenders that offer an option for consumers to digitally schedule an appraisal or closing appointment with their phone or tablet for the exact date and time they desire. That option ranked highest among all buyers at 76%. The second most influential feature that could sway a buyer's decision is the opportunity to hold the closing virtually (68%). A completely digital mortgage process with no in-person appointments (66%) is also seen as a benefit by many buyers, while AI chatbots that help complete paperwork also garnered interest at 53%.

Interestingly, Gen X respondents had the greatest interest in using all types of technology, giving lenders insight into how to better leverage their selling points to this generation of homebuyers.



Mortgage tools with the greatest appeal

Borrowers of all generations reveal which technology would influence their decision to work with a specific lender

	Total	Gen Z	Millennials	Gen X	Baby boomers
Scheduling an appraisal or closing appointment on a phone/tablet at the date and time I desire	76%	66%	79%	82%	75%
Virtual closings	68%	60%	71%	77%	63%
Digital process with no in-person appointments	66%	64%	70%	73%	57%
Range of AI tools and technology	66%	63%	70%	74%	56%
AI chatbot that completes paperwork using my responses	53%	48%	56%	64%	44%



"As the market continues to deliver high levels of uncertainty in 2025, it's no surprise that the younger generations, who perhaps are entering the market for the first time, are more willing to accept higher rates. Additionally, as equity continues to strengthen, lenders benefit from unlocking opportunities for borrowers to tap into that wealth."

- Dave Howard, Executive Vice President, Origination Services

Mortgage rate findings

Buyers content with their current rates

The pendulum continues to swing as mortgage rates – which hit an all-time low of 2.65% in 2021 and a 23-year high of 7.79% in October of 2023 – ticked back up to a six-month high to start 2025, once again nearly reaching 7%.

Still, there's a positive outlook from many. Of survey respondents who purchased a home in the last four years, 57% indicated they have a current mortgage rate of 5.99% or below. On the other end of the spectrum, only 11% of homeowner respondents say their current mortgage rate is 7% or higher.

Mortgage rates greatly fluctuate



Numbers are as of the first week in January each year for a 30-year fixed mortgage*

Nearly 7 in 10 respondents say they are happy with their rate

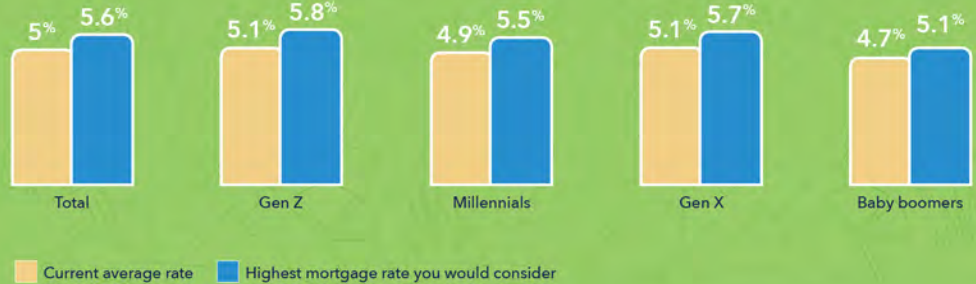


Tolerance continues to shift

The highest current mortgage rates, as shared by respondents, are held by Gen Z and Gen X homeowners at 5.1%. Mirroring 2024, there is a strong correlation between a homeowners' current interest rate and the highest rate they would be willing to accept on a new 30-year mortgage.

Once again, it's the youngest generation of homebuyers who are most willing to consider the highest potential mortgage rate. Yet their tolerance has waned in the last year. In 2024, Gen Z respondents (who had an average mortgage rate of 5.4%) were willing to consider rates as high as 6.3%, while millennials would consider rates as high as 6.2%. This year, the highest rate these generations would consider dropped to 5.8% for Gen Z and 5.5% for millennials.

A homeowner's current rate strongly correlates to the highest rate they would consider



Gen Z is most tolerant of higher rates

21% of Gen Z respondents would consider a mortgage rate above 7%

10% would consider a mortgage rate above 8%



Satisfaction remains high

Tolerance varies based on demographics

Surprisingly, tolerance for higher interest rates (above 7%) remains relatively neutral for those who rent (19%), live rent-free (17%) and already own a home (16%). Survey results indicate those who earn more (\$75,000 or higher) and those with a greater level of education (four-year college and post graduate study) are more willing to accept a higher rate than those with an annual household income below \$75,000 and without a four-year college degree.

However, most of the respondents who purchased a home in the past four years are realizing they have it good – as 69% of homeowners say they are happy with their current rate.

Overall satisfaction with current rate



I'm happy with my rate: 69%

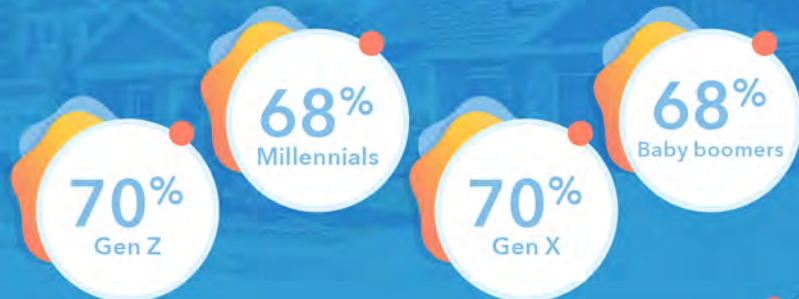


I'm unhappy with my rate: 18%



I'm indifferent about my rate: 13%

Satisfaction with rates consistent among generations





Refinance findings

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Likeliness to refinance

While there are a lot of unknowns in the market in 2025, homeowners are remaining hopeful that rates could decrease in the future. If market interest rates moved favorably, a combined 60% of respondents indicated they would be "likely" or "somewhat likely" to refinance.

Likelihood of refinancing in 2025 by generation, if rates move favorably

Gen Z:

31% "likely"
55% "somewhat likely"
14% "not likely at all"

Gen X:

33% "likely"
31% "somewhat likely"
36% "not likely at all"

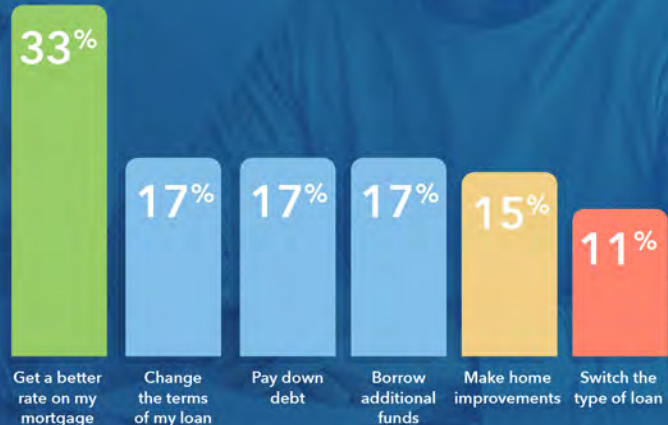
Millennials:

36% "likely"
29% "somewhat likely"
35% "not likely at all"

Baby boomers:

12% "likely"
20% "somewhat likely"
68% "not likely at all"

Overall reasons to refinance in 2025





There is a distinct correlation between generations and their desire to refinance

While getting a better mortgage rate is by far the biggest motivator for all groups, 29% of Gen Z homeowners say they would consider refinancing to change the terms of their loan, and 28% say they would consider it to borrow additional funds.

Almost a quarter of Gen Z respondents who are considering refinancing in 2025 would use the money to pay down debt, 23% would use the money to make home improvements and 19% would refinance to switch the type of loan. Only 15% of baby boomers, on the other hand, would refinance for a better rate; 7% would do so to pay down debt, 5% would want to borrow additional funds and 4% would want to change the terms and type of their loan. It's important to note that respondents could have multiple reasons to refinance.



Generations most likely to consider refinancing



The three youngest generations of homeowners are the most likely to consider a refinance, as 86% of Gen Z, 65% of millennials and 64% of Gen X respondents say they would consider refinancing this year. For baby boomers, refinancing is a hard no, as 68% say they are not likely to even consider it this year, potentially because they are already locked in with rates they are comfortable with.



Why respondents refinanced over the last four years

To get a better mortgage rate

62%
2025

40%
2024

72%
2023

62%
2022

To change the terms of the loan

40%
2025

23%
2024

41%
2023

23%
2022

To pay down debt

31%
2025

28%
2024

26%
2023

23%
2022

To make home improvements

28%
2025

40%
2024

29%
2023

25%
2022

A shift in reasoning

Thirty-two percent of respondents say they have refinanced their current home in the last four years. Of that, Gen Z took the lead in refinancing, as 51% say they did so between 2021 and 2024. On the other end, only 13% of baby boomers have refinanced in the last four years. Men also were more than twice as likely (43%) to refinance their home than women (20%).

Given the volatility of the market, the motivation behind why respondents have refinanced in the last four years is once again shifting. Sixty-two percent of respondents say they did so to get a better rate. This is up from 40% in 2024, but down from 72% in 2023. While equally as popular in 2024 (at 40%), refinancing to make home improvements dropped to fifth on the list this year at 28%. On the other hand, changing the terms of the loan went from 23% in 2024 to 40% in 2025.

For those who chose not to refinance over the last four years, the majority (52%) say it was because they already had a rate they were comfortable with, while 36% say that high interest rates meant it didn't make sense to refinance and 18% say closing costs were too high.



Home equity findings



Home equity is growing

Amid today's volatile market, those who own a home are at an advantage: their equity is growing year by year. Twenty-three percent of these respondents reported having more than \$200,000 in home equity (up from 19% the previous year). Another 16% of respondents reported having more than \$100,000 of equity in their home (up slightly from 15% the previous year). This nets 39% of all respondents who say they have at least \$100,000 in home equity this year (up from 34% in 2024 and 21% in 2023).

Baby boomers, who have traditionally owned their homes the longest and are the least likely to be active in today's market, have the highest equity in their homes, as 55% say they have more than \$100,000 in home equity.

The generational trend continues, with the youngest generation of buyers, Gen Z, having the least equity in their home, with 14% saying they have \$100,000 or more in home equity.





Home equity varies greatly

By generation

Gen Z, which likely has owned their homes for the shortest amount of time, notably has the lowest amount of equity in their home, with only 14% saying they have \$100,000 or greater in equity and 6% of that having more than \$200,000 in home equity. In contrast, 32% of millennials, 40% of Gen X and 55% of baby boomers reported having more than \$100,000 in equity.

By marital status

A higher percentage of married couples reported having greater equity in their home than their single counterparts. Forty-five percent of married couples say they have at least \$100,000 in home equity, while only 22% of singles say the same.

By salary

Those who are earning more have greater equity in their homes. Fifty-five percent of respondents who earn \$100,000 or more have at least \$100,000 in home equity and 34% of them have more than \$200,000 in home equity. Whereas, of those earning \$50,000 or less, 26% have \$100,000 or more in home equity.

By education

Those with a higher level of education also have the greatest equity in their home. Fifty percent of respondents with a post-graduate degree reported having \$100,000 or more in home equity compared to 42% of respondents with a four-year college degree and 30% of those without a four-year degree.

Older generations have the most equity

39%

of all homeowner respondents have \$100,000 or greater in home equity

55%

of baby boomers have \$100,000 or greater

40%

of Gen X have \$100,000 or greater

32%

of millennials have \$100,000 or greater

14%

of Gen Z have \$100,000 or greater

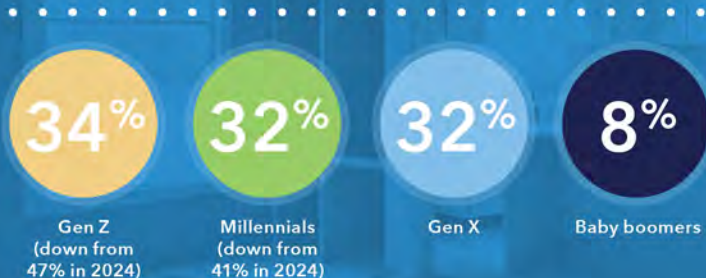
Two percent of respondents reported having zero or negative equity in their home, down from 3% in the last two years

Taking out a home equity loan

One in four respondents (25%) say they plan to take out a home equity loan in 2025, down just slightly from 28% who planned to take out a loan in 2024. Once again, Gen Z respondents (34%) have the greatest plans to take out a home equity loan this year. While 65% of respondents say they don't plan to take out a home equity loan this year, 10% indicated they don't know enough about them to consider them. Gen Z respondents (18%) indicated they knew the least about home equity loans, while 9% of millennials and baby boomers and 8% of Gen X respondents say the same.

Plans to take out a home equity loan in 2025

More men (34%) than women (15%) say they plan to take out a home equity loan this year.



Opportunity to educate

Those who say they don't know enough about home equity loans to consider them:



Equity is rising, but home equity demand is declining

Percentage of respondents who said they would consider taking out a home equity loan in 2023 vs. 2025.





Main motivation to take out a home equity loan



56% to have extra money to make home improvements

26% to pay off other debt, including student loans and bills



9% to start a business

3% to fund a vacation



The why behind home equity loans

Once again having extra money for home improvements is the top motivator for respondents to take out a home equity loan this year. Fifty-six percent of respondents say they would use a home equity loan to make upgrades to their home, up from 48% in 2024, but down from 73% in 2023. Other top motivators include paying off debt and starting a business.

Priorities vary greatly between the youngest and oldest generations of homebuyers. Fourteen percent of Gen Z respondents say they would use a home equity loan to start a business while only 3% of baby boomers would do the same.



Auction findings





"Auction continues to be a bright spot in the current market, allowing some who otherwise wouldn't be able to afford the purchase to fulfill their dream of homeownership. With online platforms, buyers and investors can expand their search to anywhere in the country and experience a faster homebuying process."

- Miriam Moore, President, Default Services

With interest rates and home prices remaining relatively high, buyers are interested in finding any savings they can. They are also interested in purchasing a home faster and being able to bid online. These factors are what make buying at auction so appealing to today's homebuyers.

Overall interest in buying a home at auction is slightly down this year from last, yet it remains a popular option, with 50% of respondents saying they would be willing to go this route. In keeping with YoY trends, it's the youngest generations – Gen Z and millennials – who are most interested in buying a home at auction. Across the board, all generations say if they bought a home at auction, they would use the property as their primary residence.





Auction remains a popular option

Auction rose in popularity over the last few years as mortgage rates and home prices soared. Like other options, including manufactured housing and building an accessory dwelling unit (ADU), auction provides another avenue for today's homebuyers to fulfill their homeownership dream at what often is a reduced cost. While interest is down slightly this year, it remains high for younger generations. Men also have a greater interest in buying at auction (59%) than women (41%).

Overall willingness to buy at auction



Generational interest in buying an auction property

Gen Z

62%

Millennials

58%

Gen X

55%

Baby boomers

24%



Why buy at auction?

Overall, the top motivators to buy at auction were similar across all generations. Potential cost savings were the top reason for considering this type of purchase, with Gen X (64%) and millennials (60%) being the most enticed by the opportunity to spend less money. A faster homebuying process, being able to bid on a home remotely via an app or online platform and having more transparency into the overall process rounded out the top four motivators.

Respondents' top reasons to consider an auction property

- 1 Potential cost savings
- 2 Faster homebuying process
- 3 Ability to bid remotely
- 4 Greater transparency into the process



Generational interest in cost savings versus faster homebuying process

	Potential cost savings	Faster homebuying process
Gen Z	46%	44%
Millennials	60%	41%
Gen X	64%	39%
Baby boomers	50%	18%*

*Baby boomers are more motivated to buy a home at auction due to added transparency and the ability to bid remotely than a faster homebuying process



Welcome home

Once known as a fix-and-flip type of property, the largest percentage of those who would consider buying a home at auction say they would make it their primary residence. This was a theme across all generations and quite a shift from how these properties were viewed in the past. The second most popular use for a home purchased at auction, no matter the buyer's age, would be to leverage it for additional income. Coming in third was buying a home at auction to flix and flip, a plan which has declined for all generations over the last year.

Auction property usage



Use property as a primary residence



Leverage property for rental income



Fix-and-flip property



Use property as a second/vacation home



A decline in the fix-and-flip mentality for auction properties



Gen Z

19% in 2024 ↓ 14% in 2025

Millennials

21% in 2024 ↓ 17% in 2025

Gen X

25% in 2024 ↓ 14% in 2025

Baby boomers

27% in 2024 ↓ 12% in 2025



Key takeaways

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What lenders and those in the housing industry can learn and implement from this survey



Educate borrowers about interest rates and their options

Survey findings indicate that all buyers, even the youngest generations, are becoming less tolerant when it comes to higher mortgage rates. In 2024, Gen Z and millennials said they would consider rates as high as 6.3% and 6.2%, respectively. However, in 2025, they say they will only consider taking on a rate in the mid-to-high 5% range. That said, lenders have an opportunity to be seen as a trusted resource. By explaining the impact of interest rates, how they've trended historically and providing guidance on when it would be most advantageous to refinance, these younger borrowers will not only be armed with more information for their financial future, but it could turn into a business-earning opportunity.

Zero in on the renting community

Renters, and those living rent-free, are a key demographic in 2025 as both are eager to become homeowners. Lenders that effectively use dynamic outreach strategies to prospect, interact with and educate this group will ultimately create more opportunities to convert renters into homeowners. Considering high home prices are a barrier to many, providing information on money-saving opportunities like grants, first-time homebuyer credits and closing cost assistance can ease the burden for these borrowers.

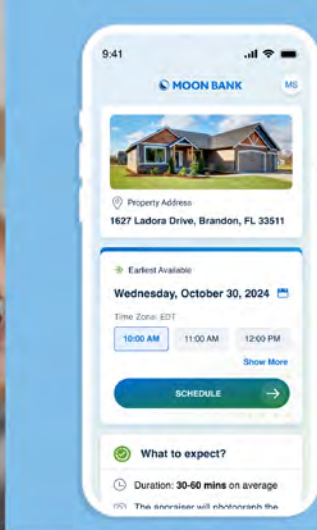
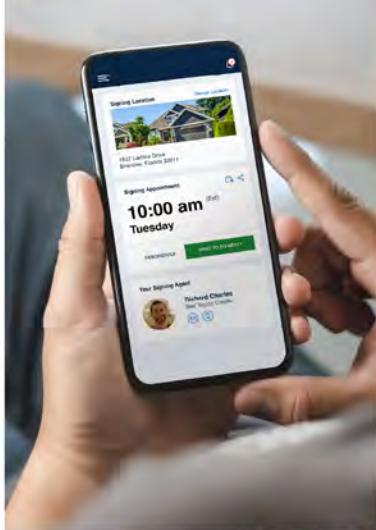


Consider upgrading technology offerings

Borrowers expect a quicker, more seamless homebuying transaction these days, but now lenders can truly meet those expectations by providing key consumer-facing tech tools. Respondents say they would be influenced to work with a lender that offered digital scheduling tools (for key milestones like appraisal and closing appointments), as well as virtual closing technology, a digital mortgage process that requires no in-person interaction and AI tools that cut down on the overall timeline. For lenders operating with legacy systems, this could be the time to prioritize investing in and infusing more digital solutions into your current tech stack, in order to remain competitive and attract today's tech-savvy buyers.

Create more opportunities for transparency

Buying a home is arguably one of the biggest transactions a person will ever endeavor, and because of its magnitude, homeowners want assurance and clarity along the way. Survey findings show that when asked what they would change about the mortgage process, transparency topped the list and even grew in importance in a YoY comparison (42% in 2024 vs. 49% in 2025). Implementing more consumer-facing milestone trackers for added visibility into the process could help achieve this goal. Buyers say they would also like to see reduced paperwork and more educational elements from their real estate agent or lender throughout the process.





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