

Gen Z, millennial homebuyers on the rise, according to BetterBond

According to the Bank of America, two-thirds of millennials - between the ages of 25 and 40 - are planning to put in an offer on a new home in the next 24 months. BetterBond has noted a similar trend locally with buyers between the ages of 20 and 40 accounting for at least 60% of its applicants.



Carl Coetzee, CEO of BetterBond

"While affordability has been cited as an obstacle to home ownership for this cohort of buyers, more than a year of record-low interest rates has made it possible for more millennials, and Gen Zs in their 20s to realise their homeownership aspirations," says Carl Coetzee, CEO of BetterBond.

"Many of the millennials are first-time buyers - with the average first-time buyer age of BetterBond applicants currently at 36. Even though interest rates are starting to climb, there are opportunities for these buyers to enter the property market."

There are banks offering loans of more than 100% to applicants who meet the criteria and many first-time buyers will opt for properties below the R1m threshold to avoid paying transfer duties.



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Greater purchasing power

However, it is important to note that age groups are earning more than they did a year ago, says Coetzee. Even though the cost of living is soaring, Gen Zs and millennials have considerable purchasing power. According to BetterBond's data for the 12 months ending in May, the average income of applicants between the ages of 20 and 30 increased by 6.64%, while those in the 31 to 40 age group have enjoyed a 6.26% average increase in income.

"We have also seen the average purchase price of homes bought by those between the ages of 20 and 30 increase by almost 4% to R1.6m, while millennials are spending just over 7% more on their homes with an average purchase price of R1.4m.



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Trends in home buying

Millennials and GenZs are shaking up the buyer profile, resulting in new trends in home buying, says Coetzee.

Entrepreneurs: The pandemic has resulted in a surge in self-employed bond applicants, says Coetzee.

“More people are working for themselves or as freelancers and contractors so they need to take steps to improve their chances of securing a bond. This means having a proven track record of managing their finances responsibly, proof of a constant income stream and up-to-date tax and financial statements.”

Tech savvy: These generations have grown up with technology and they want to be able to work out how much they can afford to buy, what impact fluctuations in the interest rate will have on their bond repayments and whether they will qualify for a bond when it suits them on their smartphones or devices.

Sustainability: According to the Deloitte Global 2022 Gen Z and Millennial Survey, nine out of 10 are doing their best to protect the planet, and this is reflected in the types of homes they buy and the renovations they make. Half of respondents said they would like to invest in solar panels and electric vehicles if they have the financial means to do so.



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Hybrid work: Gen Zs and millennials have emerged from the worst of the pandemic with a desire for greater work flexibility, and most favour a hybrid model that includes some remote working.

“This is reflected in buying trends and we are seeing more people buying in coastal or inland areas previously considered holiday destinations. There’s also been renewed interest in estate living where millennials enjoy controlled access, security and a range of amenities on their doorstep,” says Coetzee.

Sectional title homes are popular with entry-level Gen Z buyers with young professionals in their early 20s looking to inner-city living for convenience and lifestyle.

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