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Checking in on First-Time Home Buyers

Jessica Dill, Economic Policy Analysis Specialist
February 10, 2016

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First-Time Buyers Make Headlines

The Washington Post

Student debt may hurt housing recovery by hampering first-time buyers

By [Dina ElBoghdady](#) February 17, 2014 [Follow @DinaWaPo](#)

The Boston Globe

Where have the first-time buyers gone?

By [Michele Lerner](#) | WASHINGTON POST OCTOBER 05, 2014

THE WALL STREET JOURNAL.

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Number of First-Time Home Buyers Falls to Lowest Levels in Three Decades

Figure represents third straight annual decline and lowest percentage since 1987

By [LAURA KUSISTO](#)

Updated Nov. 5, 2015 11:18 a.m. ET

Millennials' ball-and-chain: Student loan debt

[Hadley Malcolm](#), USA TODAY 8:42 a.m. EDT July 1, 2013

First-time homebuyers abandoning the housing market

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November 3, 2014

By [Les Christie](#) @CNMMoney

THE WALL STREET JOURNAL.

Student Debt Takes a Toll on Some Home Buyers

Economists Debate Whether School Loans Are Undermining the Housing Recovery

By [JOSH MITCHELL](#)

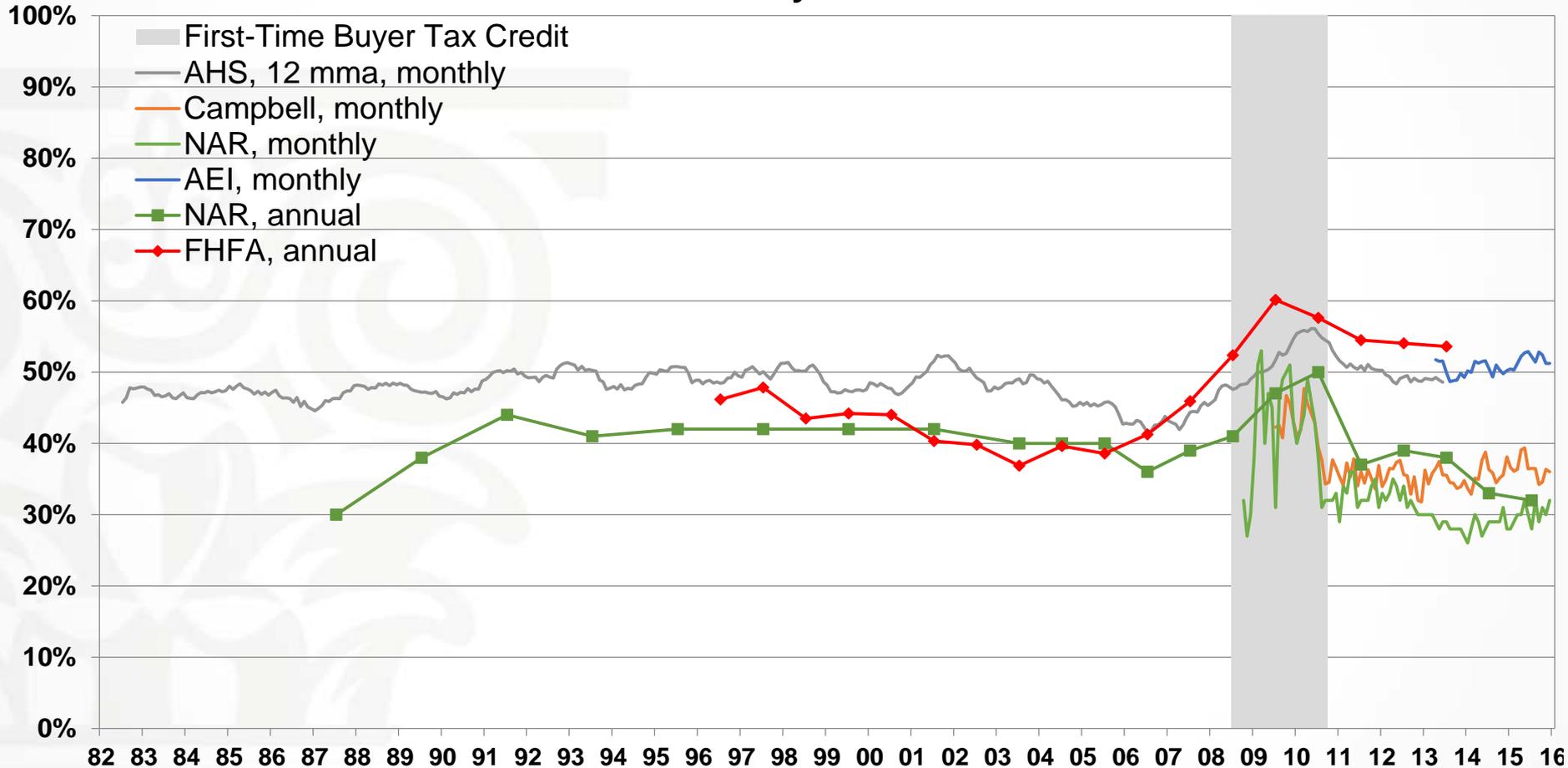
June 20, 2014 7:07 p.m. ET

Student Debt Burden Holding First-Time Buyers Back

DAILY REAL ESTATE NEWS | WEDNESDAY, SEPTEMBER 03, 2014

Measures of First-Time Buyer Market Share

First-Time Home Buyer Market Share



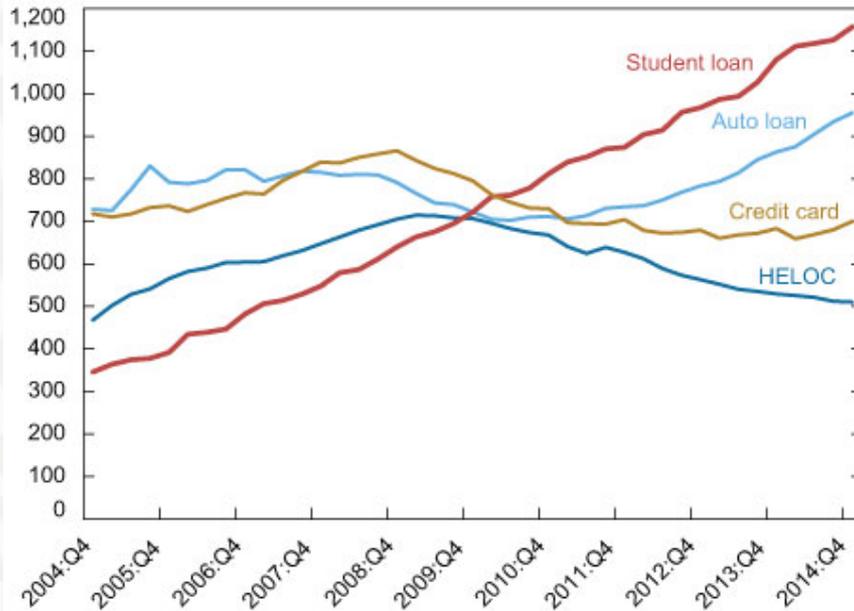
Sources: National Association of Realtors (NAR) Confidence Index through Dec 2015, National Association of Realtors (NAR) *Profile of Home Buyers and Sellers* through 2015, Campbell/Inside Mortgage Finance HousingPulse Tracking Survey through Dec 2015, Federal Reserve Bank of Atlanta staff calculations of the Census Bureau's American Housing Survey (AHS) Public Use Microdata through Jun 2013, Federal Housing Finance Agency through 2013, American Enterprise Institute's International Center on Housing Risk through Dec 2015.

See <http://realestateresearch.frbatlanta.org/rer/2013/08/examining-reported-decline-in-first-time-homebuyer-share.html>.

Snapshot of the Student Debt Landscape

Nonmortgage Balances

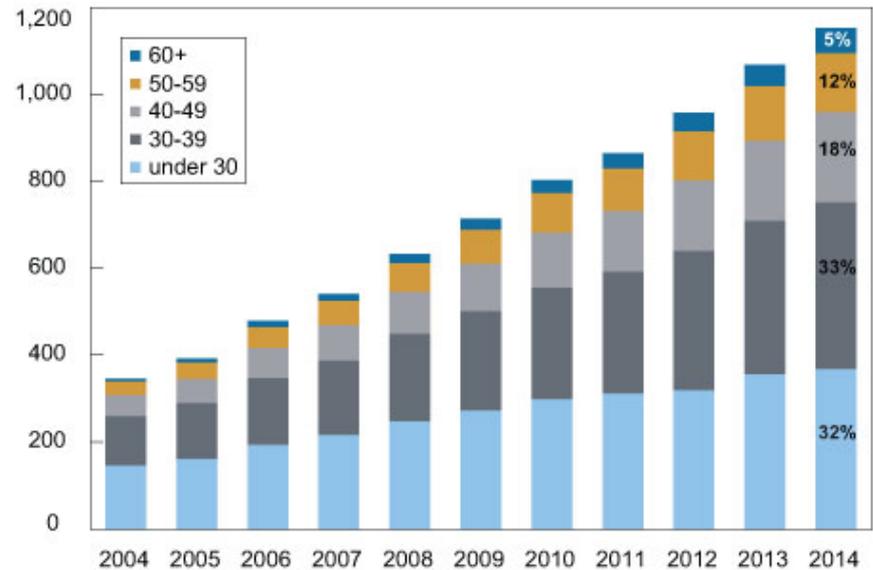
Billions of dollars



Source: Federal Reserve Bank of New York Consumer Credit Panel /Equifax.
 Note: HELOC is home equity line of credit.

Total Student Loan Balances by Age Group

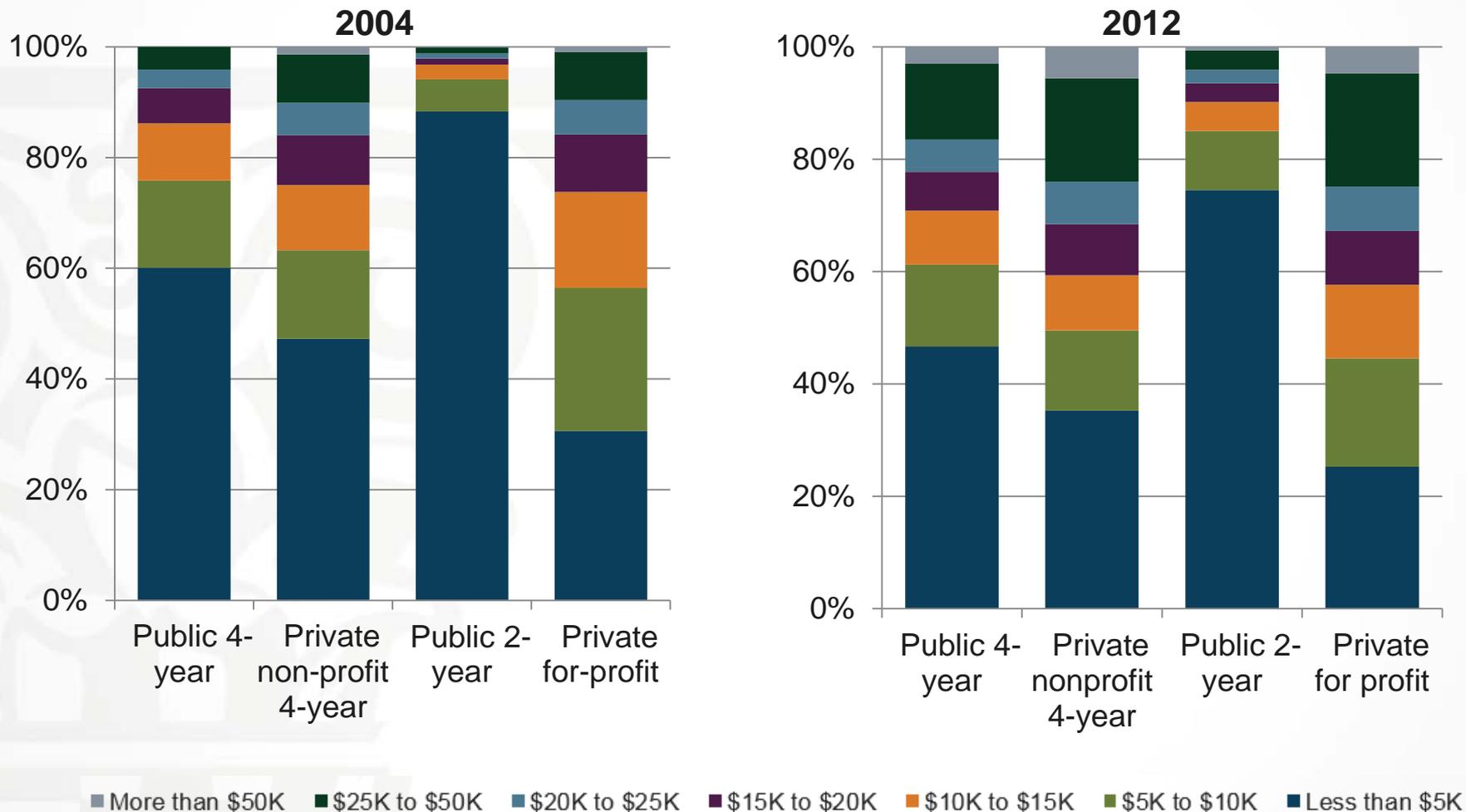
Billions of dollars



Source: Federal Reserve Bank of New York Consumer Credit Panel /Equifax.

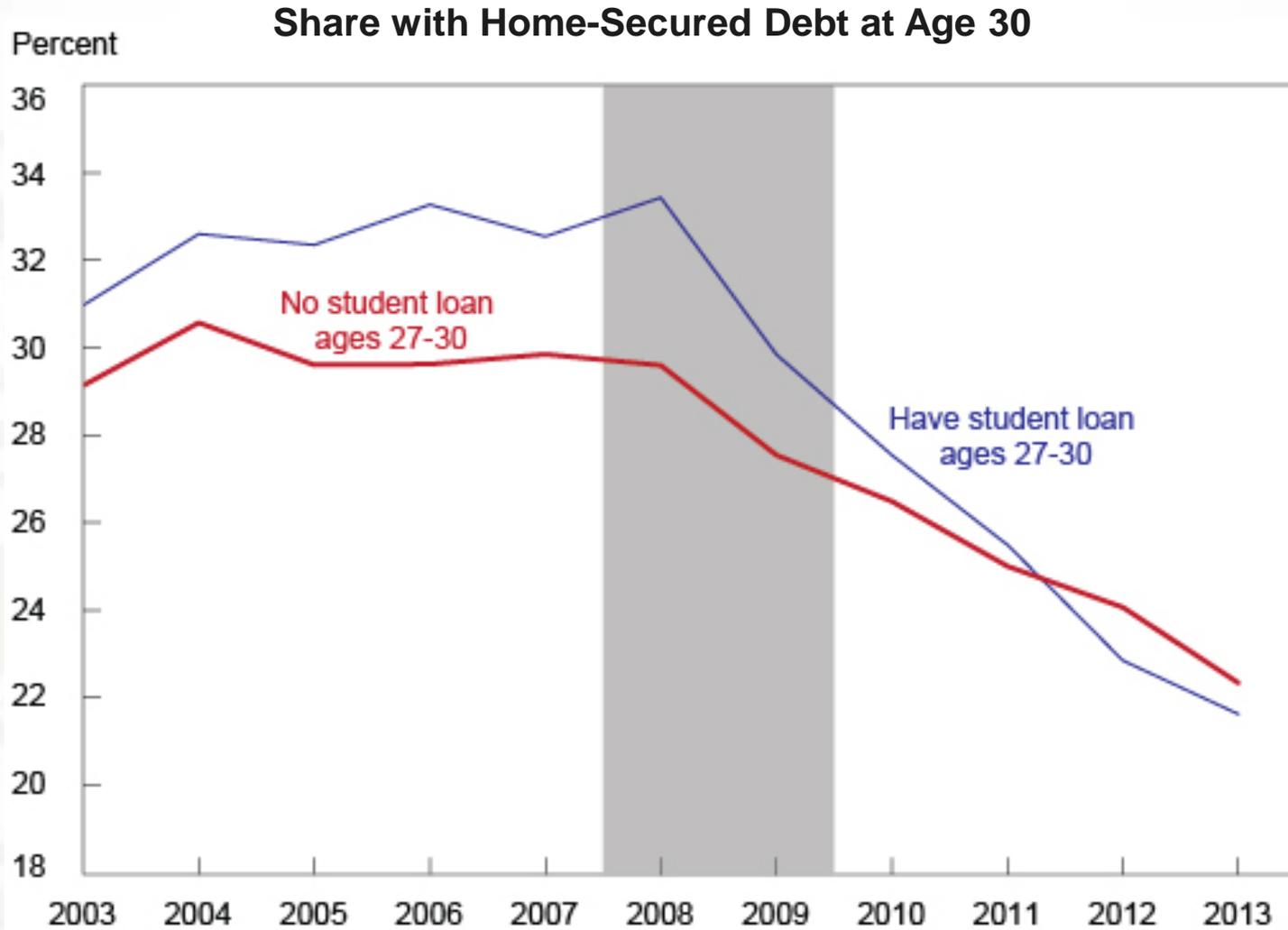
Snapshot of the Student Debt Landscape

Distribution of Student Debt for Undergraduates



Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study

Are student loans sidelining young home buyers?

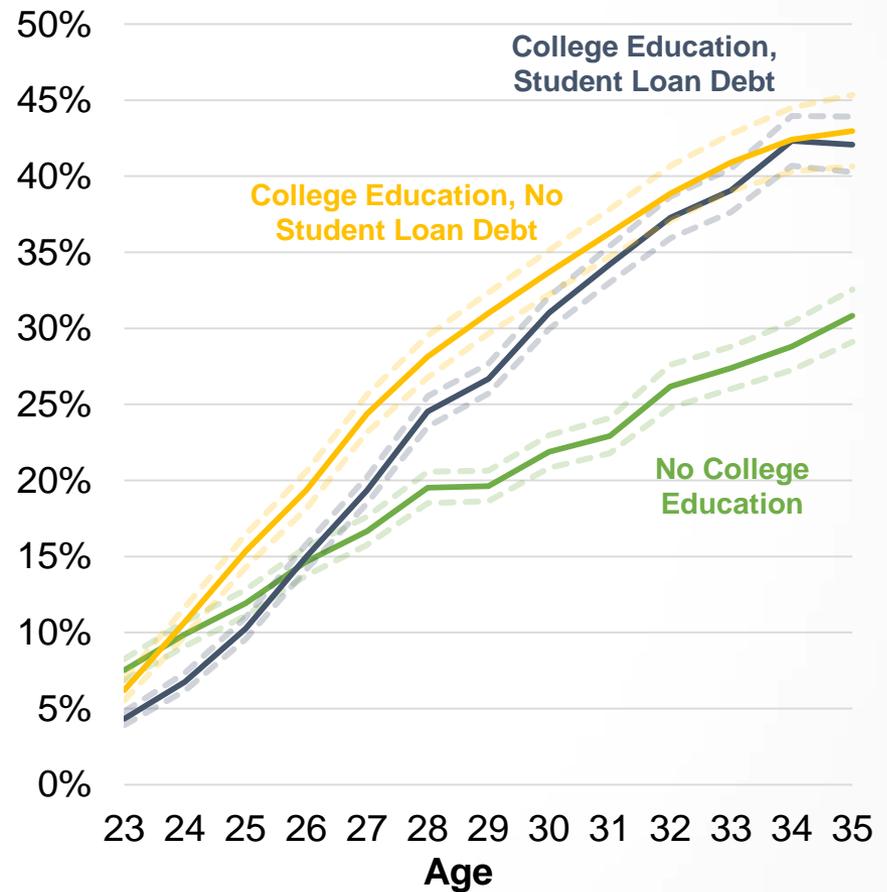
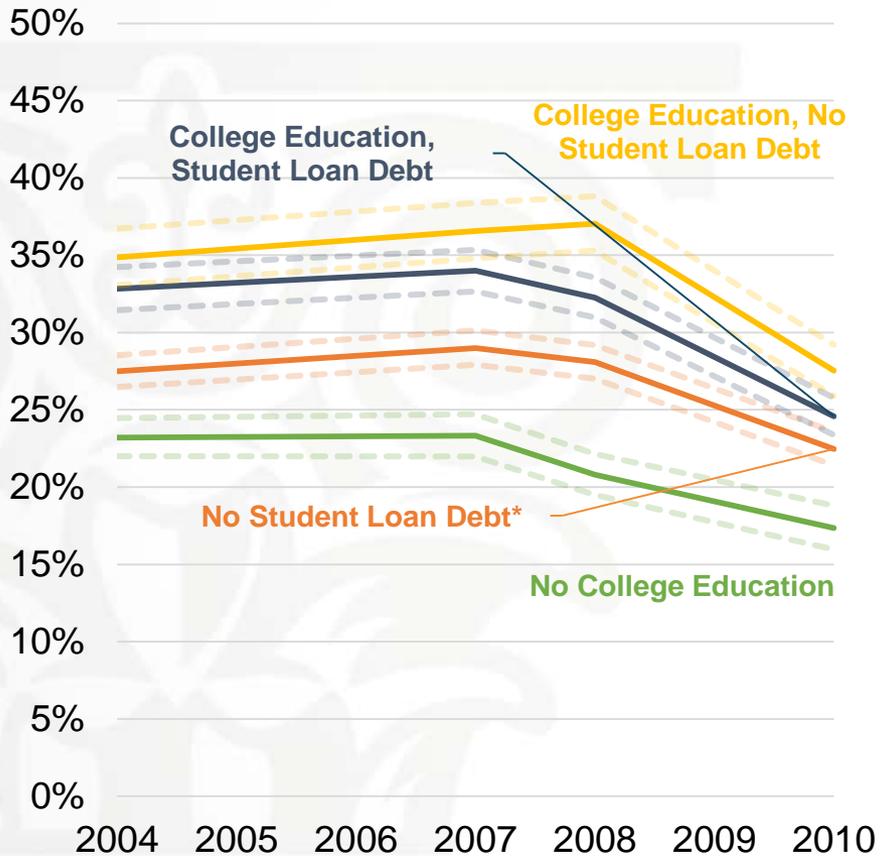


Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP)

See <http://libertystreeteconomics.newyorkfed.org/2014/05/just-released-young-student-loan-borrowers-remained-on-the-sidelines-of-the-housing-market-in-2013.html#.VGzDW8m9Z8E>.

Are student loans sidelining young home buyers?

Homeownership Rates, by Educational Attainment and Age

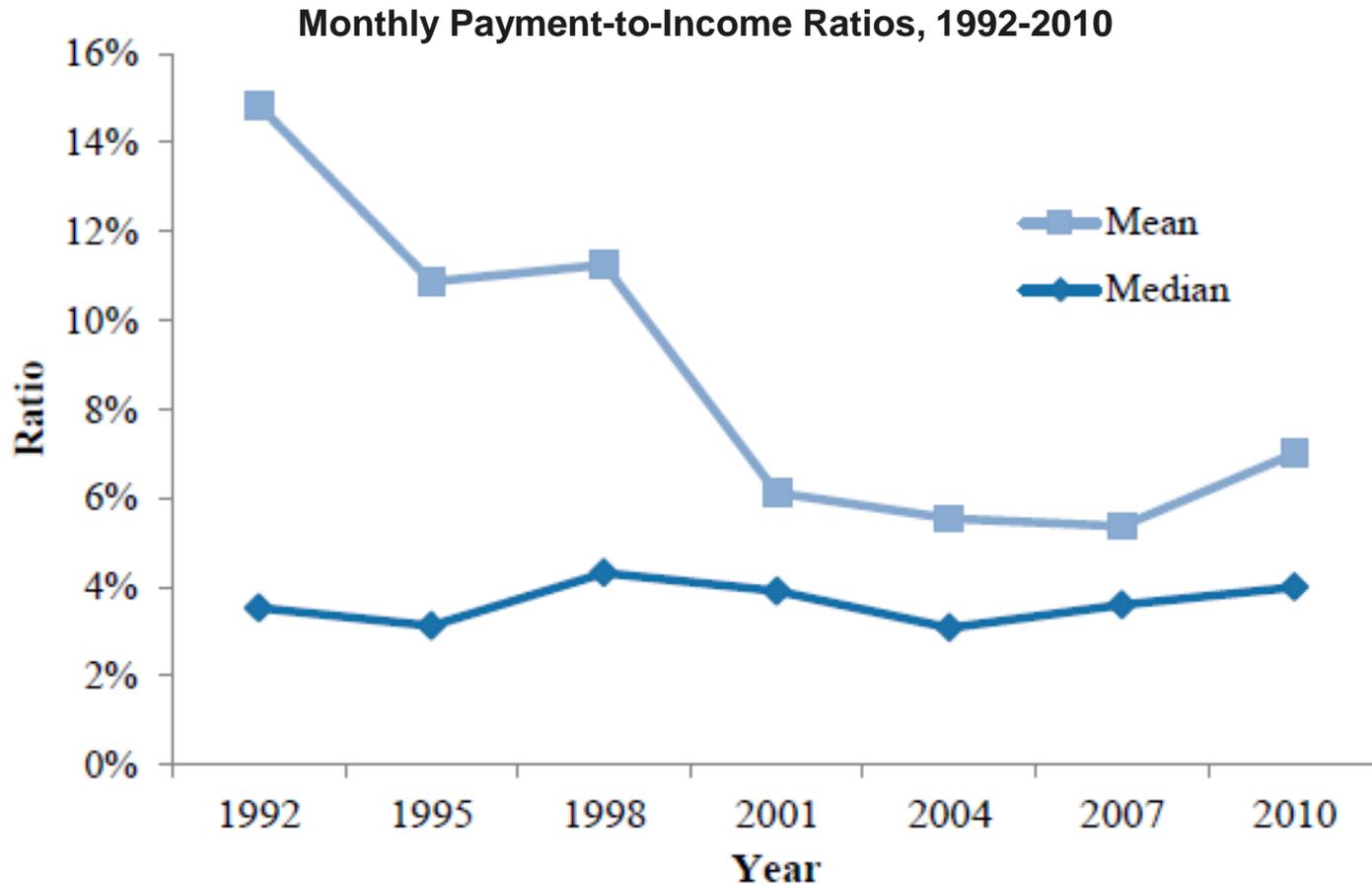


*Includes individuals with and without post-secondary education

Source: TransUnion, LLC and National Student Clearinghouse; calculated by Mezza, Sommer, and Sherland at the Federal Reserve Board

See <http://www.federalreserve.gov/econresdata/notes/feds-notes/2014/student-loans-and-homeownership-trends-20141015.html>.

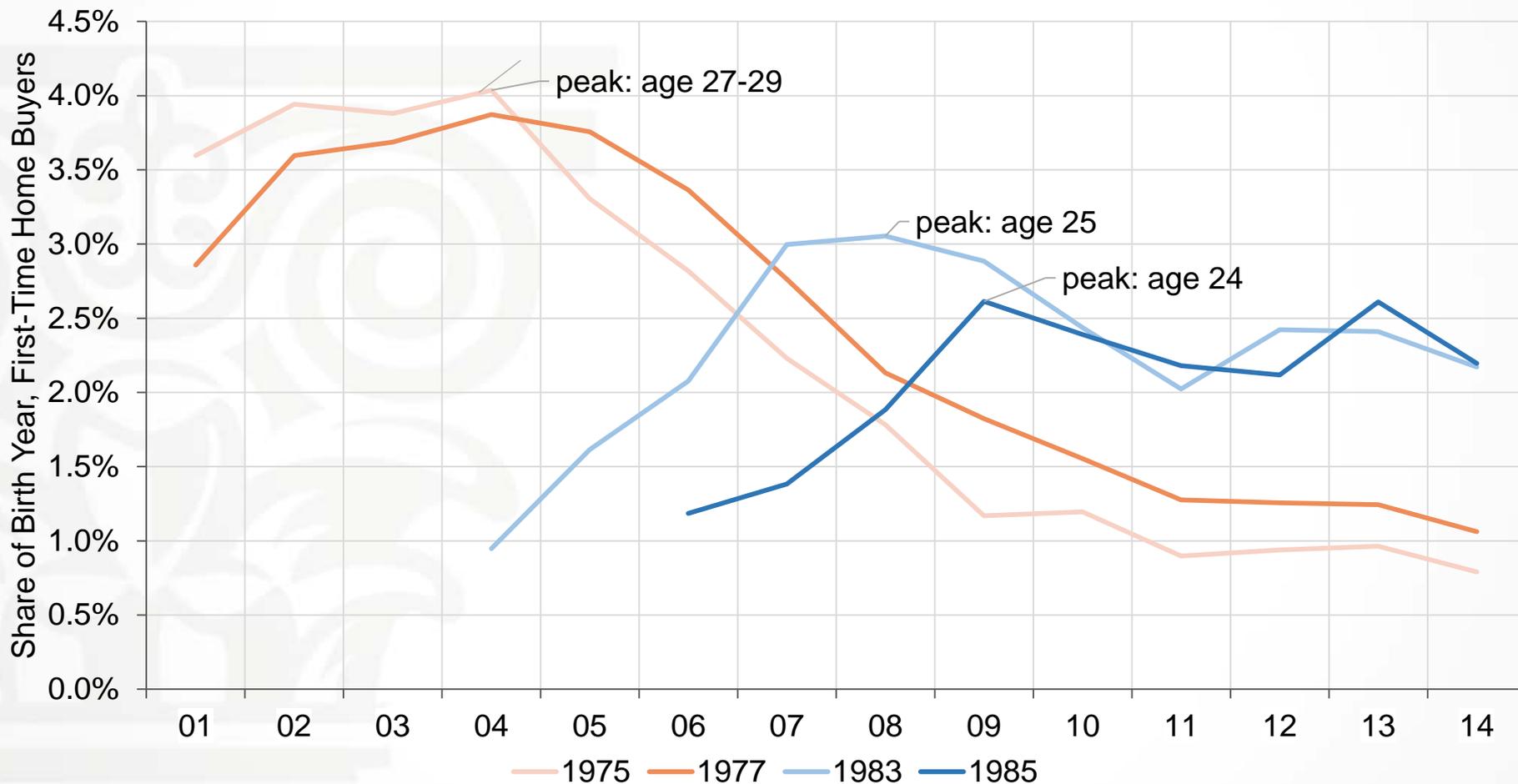
Student Loan Payment-to-Income Ratio Holds Steady



Notes: Based on households age 20-40 with education debt, wage income of at least \$1,000, and that were making monthly payments.
Source: Brookings Institute, calculations by Akers and Chingos using Board of Governor of the Federal Reserve System: Survey of Consumer Finance (SCF). See <http://www.brookings.edu/research/reports/2014/06/24-student-loan-crisis-akers-chingos>.

Fewer but Younger First-Time Buyers

First-Time Home Purchases, by Birth Year

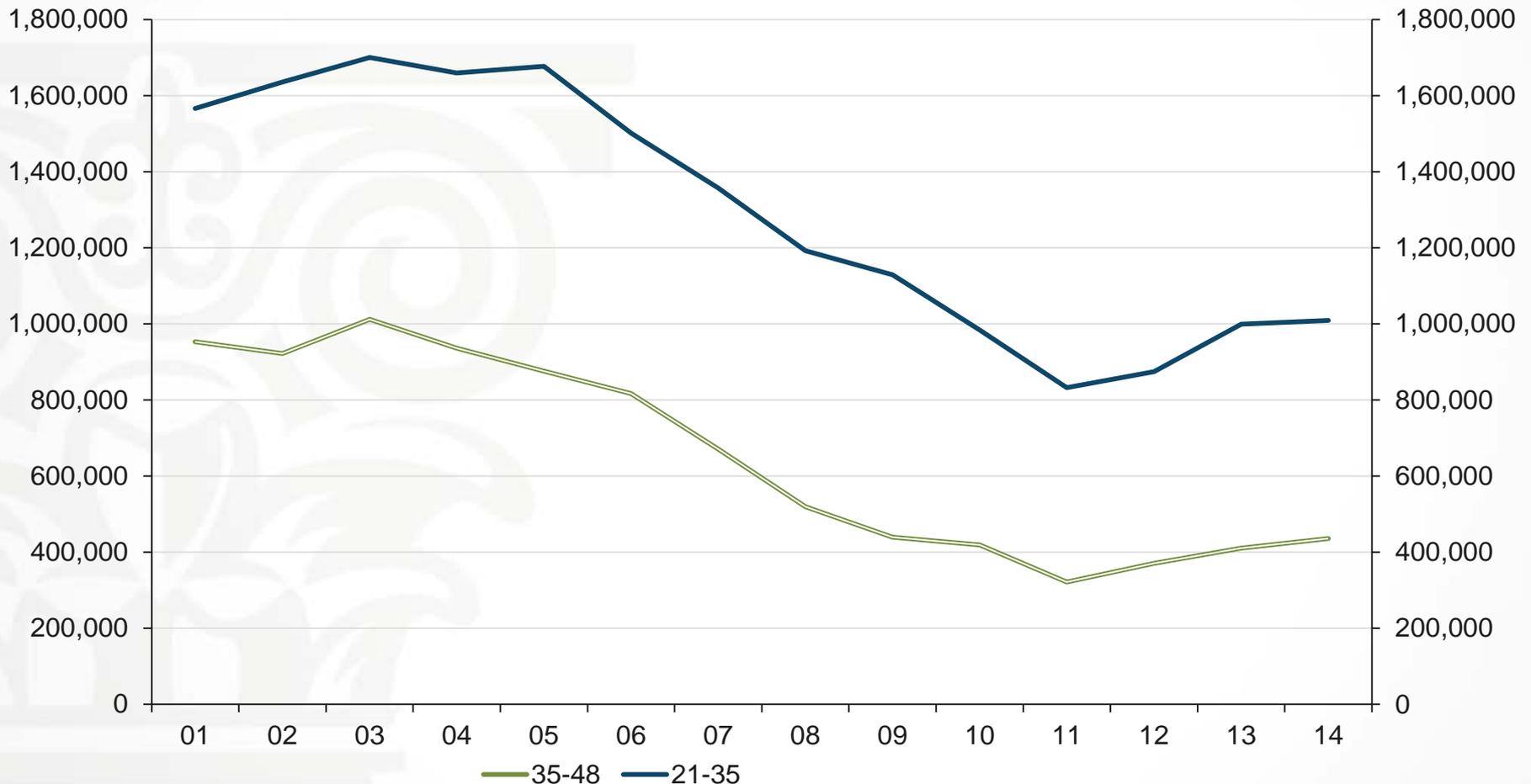


Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP), authors' calculations

See <http://realestateresearch.frbatlanta.org/rer/2015/07/are-millennials-responsible-for-the-decline-in-first-time-home-purchases-part-2.html>.

Fewer but Younger First-Time Buyers

Number of First-Time Home Buyers, by Age Bracket

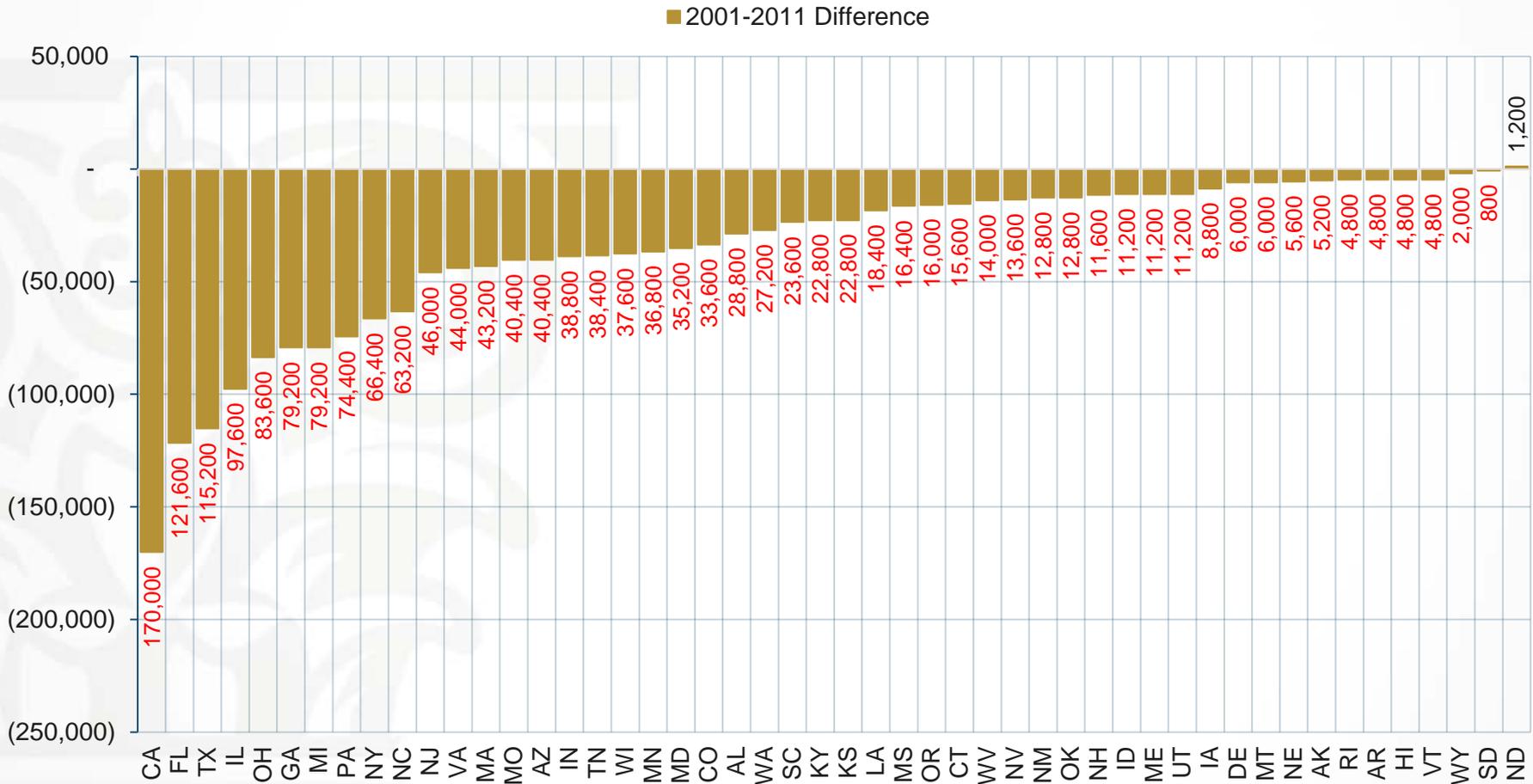


Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP), authors' calculations

See <http://realestateresearch.frbatlanta.org/rer/2015/07/are-millennials-responsible-for-the-decline-in-first-time-home-purchases-part-2.html>.

Influence of Location/Local Economic Conditions

Change in First-Time Home Buyers, by State

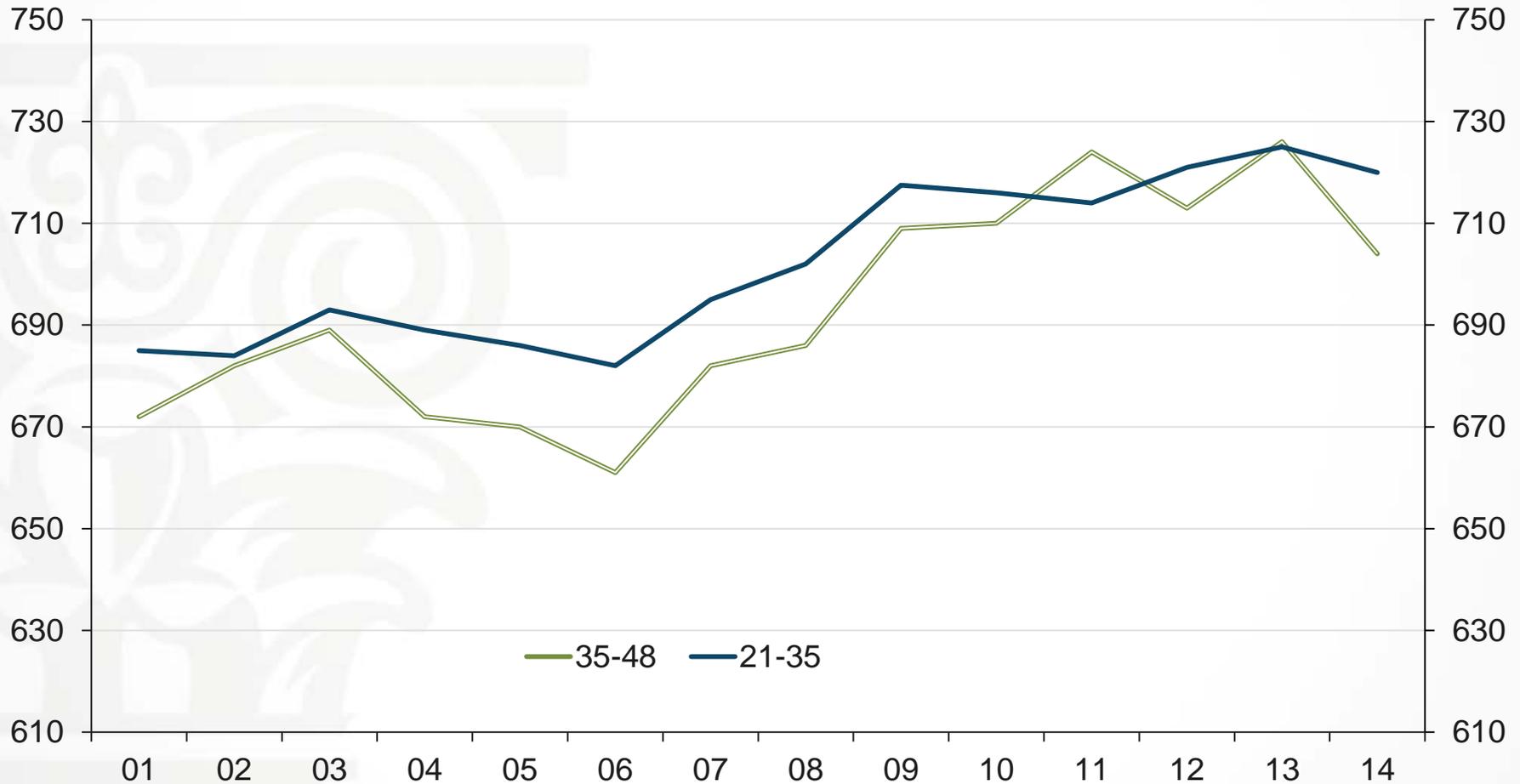


Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP), authors' calculations

See <http://realestateresearch.frbatlanta.org/rer/2015/05/are-millennials-responsible-for-the-decline-in-first-time-home-purchases.html>.

Credit Availability Is Also An Important Factor

Median Credit Score for First-Time Home Buyers, by Age Bracket

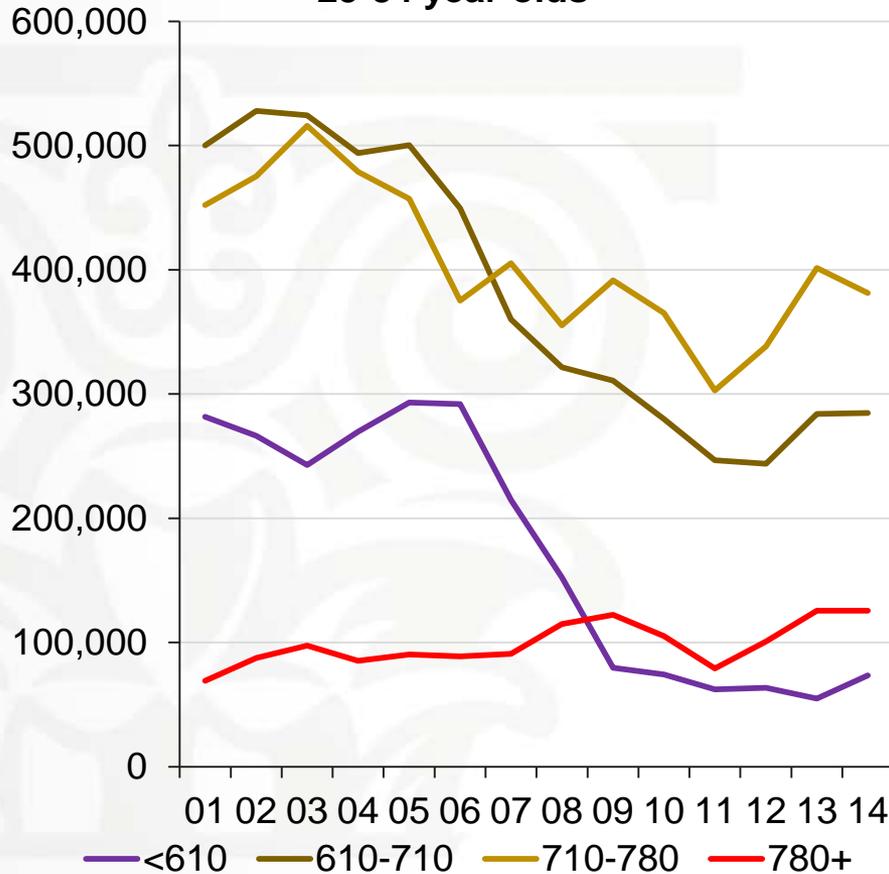


Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP), authors' calculations

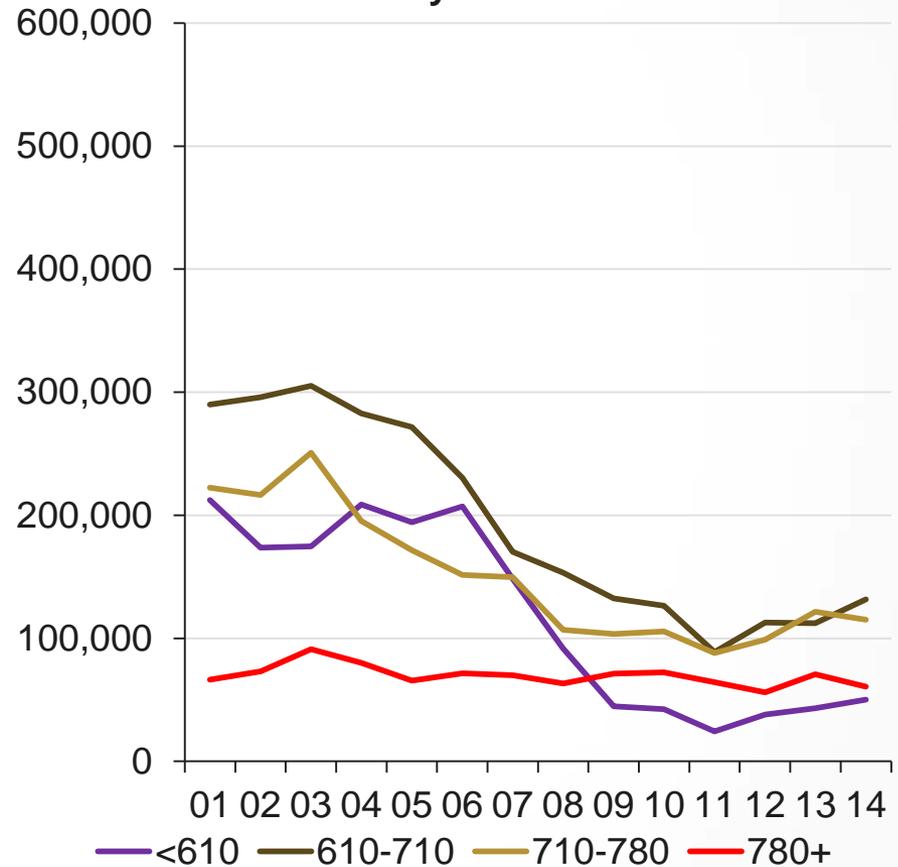
Credit Availability Is Also An Important Factor

Number of First-Time Home Purchases, by Credit Bracket

25-34 year olds



35-48 year olds

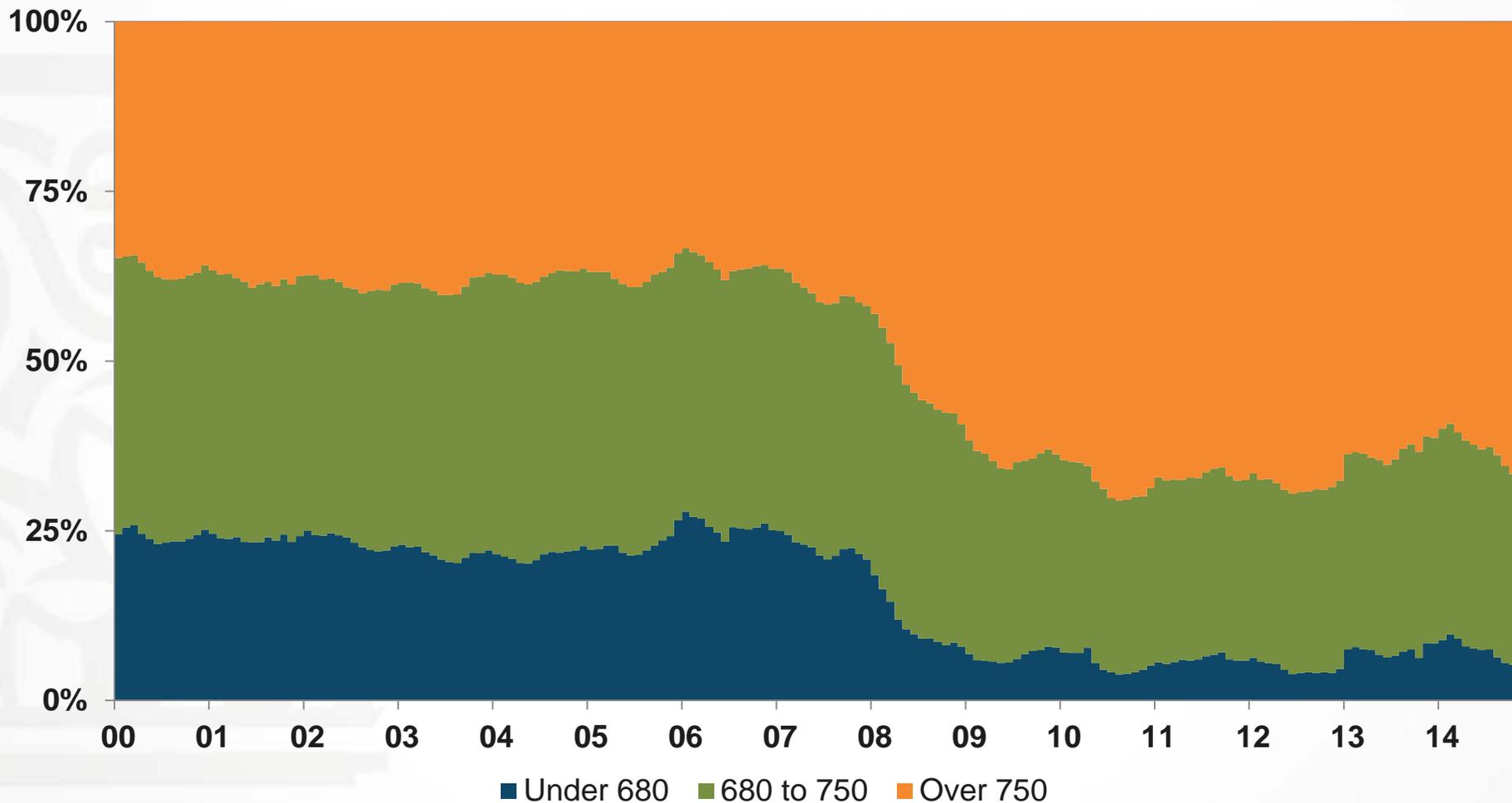


Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP), authors' calculations

See <http://realestateresearch.frbatlanta.org/rer/2015/07/are-millennials-responsible-for-the-decline-in-first-time-home-purchases-part-2.html>.

“Credit Box” Tightened for All Buyers

Distribution of Credit Scores on Mortgage Originations

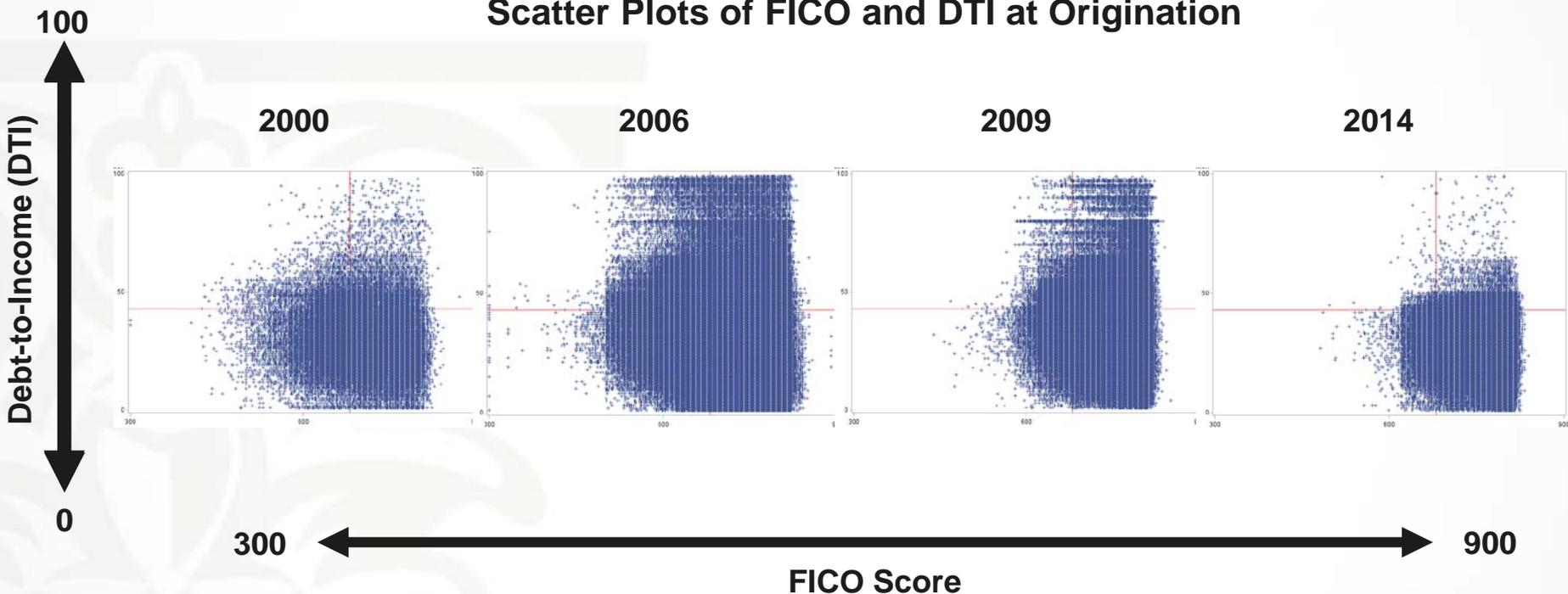


Source: LPS (Lender Processing Services) Applied Analytics

through October 2014

“Credit Box” Tightened for All Buyers

Scatter Plots of FICO and DTI at Origination





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