

Opendoor

2024 First-Time Homebuyer Report



After a few years of housing market volatility, uncertainty remains about the 2024 buying outlook. This is especially true for first-time buyers, who are in somewhat of a limbo: They're watching mortgage rates fall, home price predictions fluctuate, and sellers remain on the sidelines — at least, for now.

With this in mind, we surveyed recent first-time homebuyers to understand what's motivating them, what's holding them back, and how they're getting creative to make homeownership a reality. What we uncovered were the realities of first-time homebuying right now — continued co-buying with platonic partners like friends and parents, a resiliency despite external and internal pressures, and more.



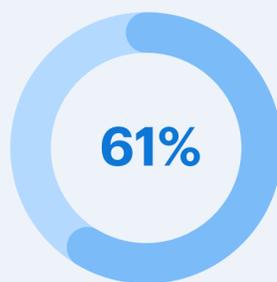
REDEFINING THE FIRST-TIME BUYER: CO-BUYING WITH PLATONIC PARTNERS CONTINUES

The definition of traditional American homeownership is shifting. Consumers are getting more creative to make their homebuying dreams a reality. The next chapter in someone's life might not necessarily be dictated by romantic or familial milestones, suggesting that we could see a reimaged definition of "homeowner" in residential real estate.

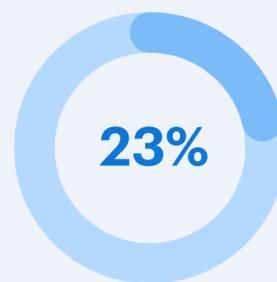
A look at co-buying right now

First-time buyers are making homeownership goals happen on their own and with others

First-time homebuyers are purchasing homes:



With a spouse
or partner



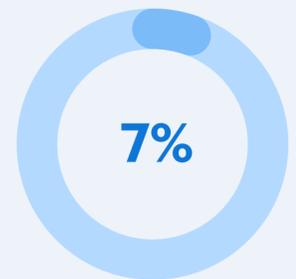
On their own



With parents

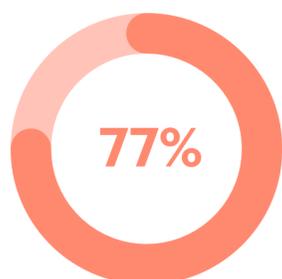


With friends

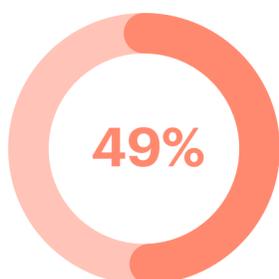


With siblings

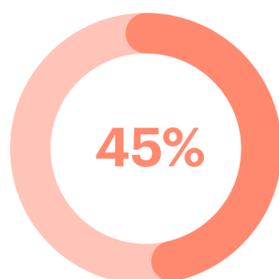
First-time homebuyers tend to:



Buy with someone else



Argue about what home to buy when co-buying with friends



Tour 20+ homes when co-buying with friends



Question: How do I know if co-ownership is right for me?

Answer: Co-ownership is a great option for buyers that don't have enough liquid cash for a down payment themselves, but could achieve homeownership if the upfront costs and mortgage is split. It's an innovative way of building equity — without putting all of the money upfront yourself.

Men are more likely to purchase a home with a friend. More than 1 in 10 first-time buyers bought their home with a friend in 2023 (11%), and the majority of them are men (62%). They were motivated primarily because they thought it was a smart investment (50%), although there were many times when they felt like the process wasn't worth it, as nearly a fifth of those who bought with friends questioned it every day (19%) compared to 9% overall.

Home tours as the new hang-out? Home tours can add to the purchase timeline for co-buying pals. Those who bought with a friend saw more homes: 45% toured 20 or more homes compared to 33% of those who did not buy with friends.

Nearly half of first-time co-buyers argue — a few times — about their purchase. The more people involved, the more compromises to be made. Of those who bought a house with someone else, half (49%) argued about what home to buy. On average, they had four arguments over the course of their home search process.

Sole ownership is also on the rise. At the same time that buyers are turning to others to make their homeownership dreams a reality, sole ownership is also increasing. About a quarter (23%) of first-time homebuyers bought alone, an increase from 17% in 2022.

Opendoor Tip: Always refer to this checklist before co-buying

- Align on financial expectations:** Ensure all financial history and details are on the table and both sides are an open book when it comes to expectations, non-negotiables and limits.
- Credit checks are a must:** Be sure to discuss credit scores, go through all paperwork together, plan out how you will account for tax breaks and how you plan to split expenses.
- Consider your mortgage strategy:** An occupant co-borrower is someone who goes in on a loan with you and also plans to live in the home. This loan option can actually help your chances of being approved, as long as they have good credit and consistent income. This means both you and your co-borrower are expected to make monthly mortgage payments, but you're both on the hook if someone doesn't make a payment.
- Agree on an exit strategy:** Decide what the exit strategy will be if one co-owner would like to move out or move on from the investment.

TOP FIRST-TIME HOMEBUYER MOTIVATIONS

At a time when many are questioning the importance or likelihood of achieving homeownership, those who were able to attain it are clear about their motivations.

First-time homebuyers' main motivations

What's influencing buyers to purchase — and how they act once they've closed the deal

First-time homebuyers are driven by:



44% Stability and peace of mind from owning versus renting



43% More space



23% Starting a family



41% Investment opportunities

After signing the dotted line, first-time homebuyers:



73% Celebrated when the transaction closed



65% Questioned if buying a home was worth it



27% Were just glad the process was over

TOP FIRST-TIME HOMEBUYER HURDLES + COMPROMISES

For those who are intent on making that first-time purchase, there's always a little give-and-take. For many, making compromises with sellers — as well as with themselves and their own expectations — is the new reality.

First-time homebuying hurdles and compromises

Affordability is top of mind, and many are adjusting expectations in other areas

These are the reasons buyers delay their purchase:



53%

Financial reasons



42%

Not feeling financially ready



32%

Waiting for interest rates to go down



29%

The market being crazy



22%

Family reasons



18%

Relationship status



31%

Believe they could find an even better home if they just keep looking

Waiting for a “dream home” is much like waiting for “the one” in relationships. When making life’s largest purchase, pressure can feel inevitable. Less than a quarter of first-time homebuyers who felt little or no pressure to move quickly (22%) think a better house is out there, while more than a third who felt some or a lot of pressure think their forever home is still to be found (36%).

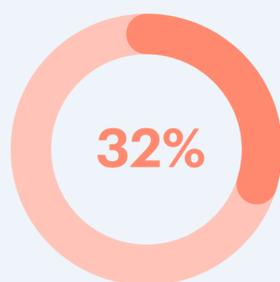
First-time buyers find the experience to be highly stressful. This is especially true for younger first-time buyers. Those under the age of 40 are more likely to feel some or more pressure (70%) than those 40 and over (55%).

Some first-time homebuyers consider the housing market to be cutthroat. For 29% of first-time homebuyers, they chose to put off buying a home because the market was too crazy.

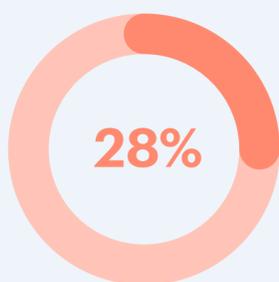
First-time homebuying hurdles and compromises

The pressure to purchase can be stressful for many

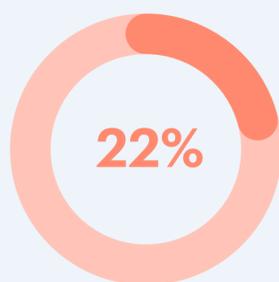
Beyond cost, first-time homebuyers are adjusting their expectations:



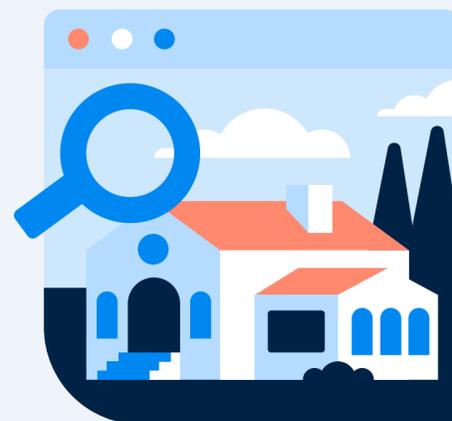
Didn't buy in the area they wanted



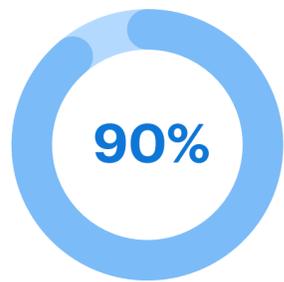
Didn't get all the features they hoped for



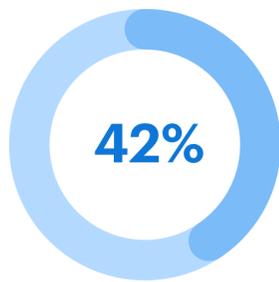
Bought a smaller place than they originally wanted



First-time homebuyers are also navigating the pressure to purchase:



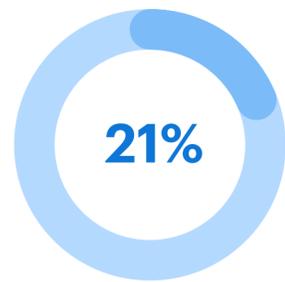
Felt pressure to move quickly to avoid missing their opportunity



Felt internal pressure to move quickly



Felt pressure by their agent



Felt pressure from their co-buyer

Opendoor Tip: Dealing with stress during the real estate transaction feels inevitable. Focus on the things you can control — like your non-negotiables — and consider an alternative way of homebuying meant to simplify the process. A digital real estate company like Opendoor will take some of the work off your hands — so you can get back to your real life.

Parents have less time to tour — so they're seeing fewer homes. Just 28% of first-time homebuyers with kids toured 20 or more homes before finding one that worked, compared to 44% of those without kids.

Money isn't the only thing to navigate when buying a home, and first-time buyers had to leave things they wanted on the table in order to make it happen. Notably, homebuyers who bought in the middle of the year made more compromises — 90% in Q2 2023 and 92% in Q3 2023 — compared to those who bought at the end of the year — 81% in Q4 2023.

Question: What are concessions?

Answer: Concessions are a way for home buyers to ask the seller to contribute money towards their closing costs. Whether it's related to a home warranty policy, assisting for closing costs, finding flexibility on the closing date, or paying for remodeling or repairs, there are a number of ways to find a solution that works for both parties.

Even still, that “dream home” might not be the total package. Of those recent first-time homebuyers who had to make compromises, 39% did so because buying their home was more important, and 35% couldn't find a home with everything they wanted. Nearly a third (30%) couldn't afford the house with everything they wanted.

Gen Z might be more indecisive than their generational counterparts: They tour an average 32 homes, which could lead to “tour burnout.” The race to tour as many houses as possible is on! First-time buyers saw 23 homes on average in 2023 — either virtually or in-person — similar to the 24 toured in 2022. Gen Z led the way with touring an average of 32 homes, which is 45% more than Millennials (22 homes), and 60% more than Gen X (20 homes).

Buyers' remorse has not disappeared — in fact, it's as much of an issue today as it was in 2022. Even with the average first-time homebuyer seeing nearly two dozen homes before deciding on one, many think there still might be something better for them out there. Nearly a third (31%) believe they could have found an even better home if they had just kept looking, equal to 2022.

Questions? Reach us at press@opendoor.com

Opendoor's 2024 First-Time Homebuyer Report: Methodology

The First-Time Homebuyer Report was conducted by Wakefield Research among 1,000 nationally representative first-time US Homebuyers using an email invitation and an online survey.

"Homebuyers" are defined as those who purchased their first home in the past 12 months, between January 2023 and December 2023. Data has been weighted to facilitate tracking.



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