

2018 State of the Consumer- Hispanic Read



CALIFORNIA
ASSOCIATION
OF REALTORS®

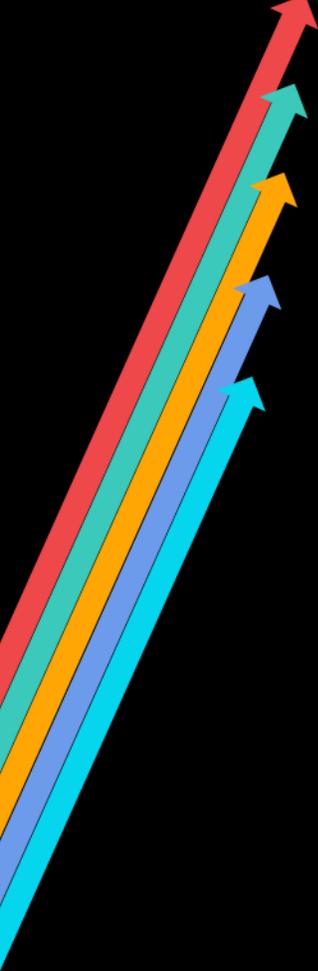
Feb 21, 2019

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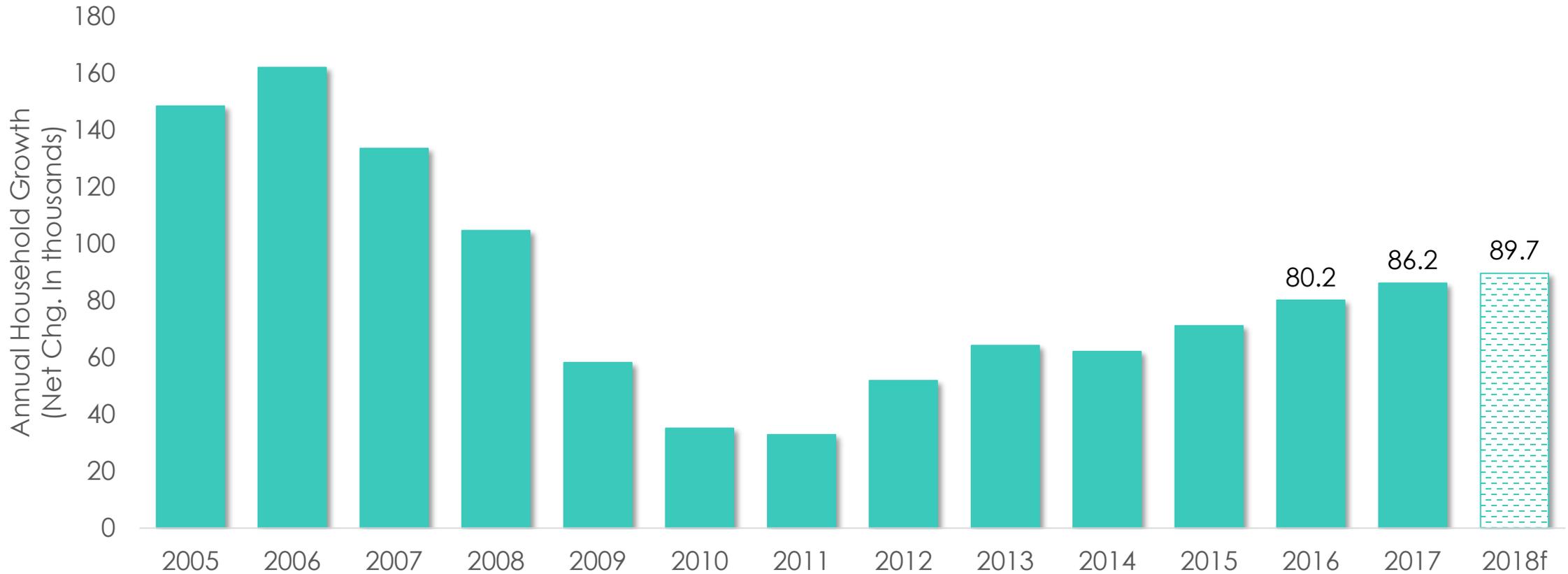
Membership Development & Community Relations Manager



Market Outlook



Household Growth Continues to Support Housing Demand



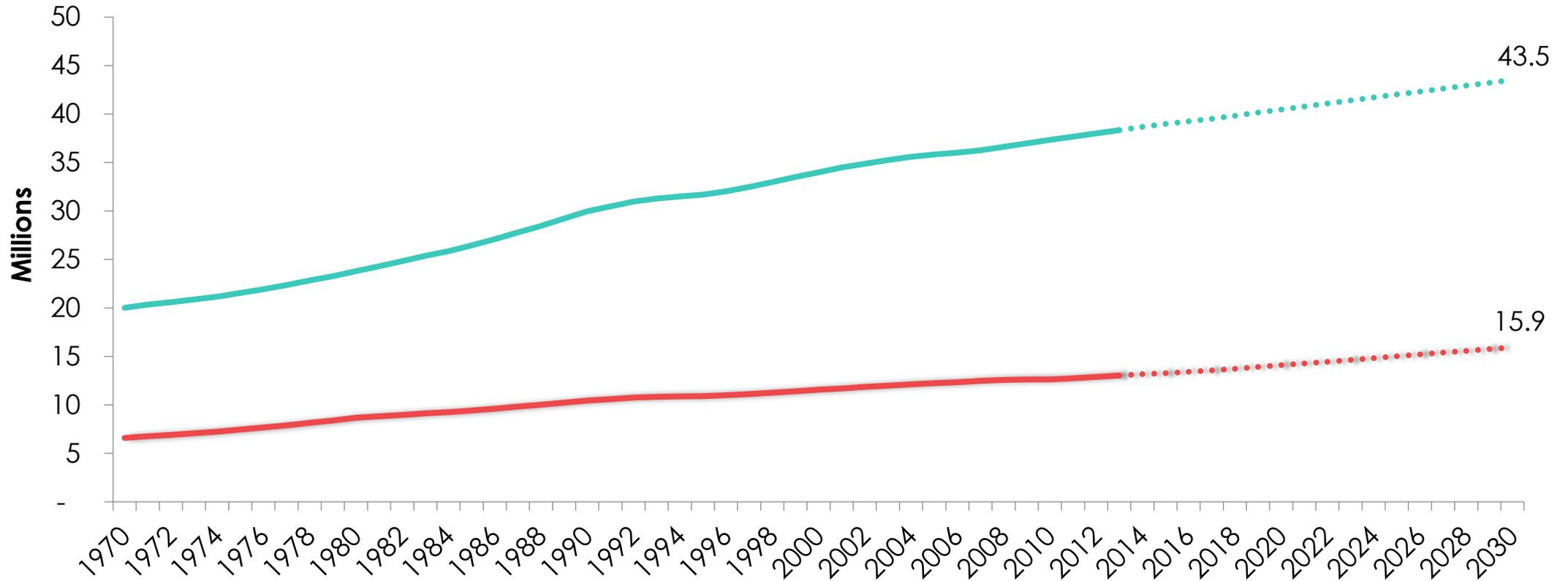
SERIES: Annual Household Growth
SOURCE: CA Department of Finance



Population and Households Will Continue to Grow in Years to Come

California 1970-2030

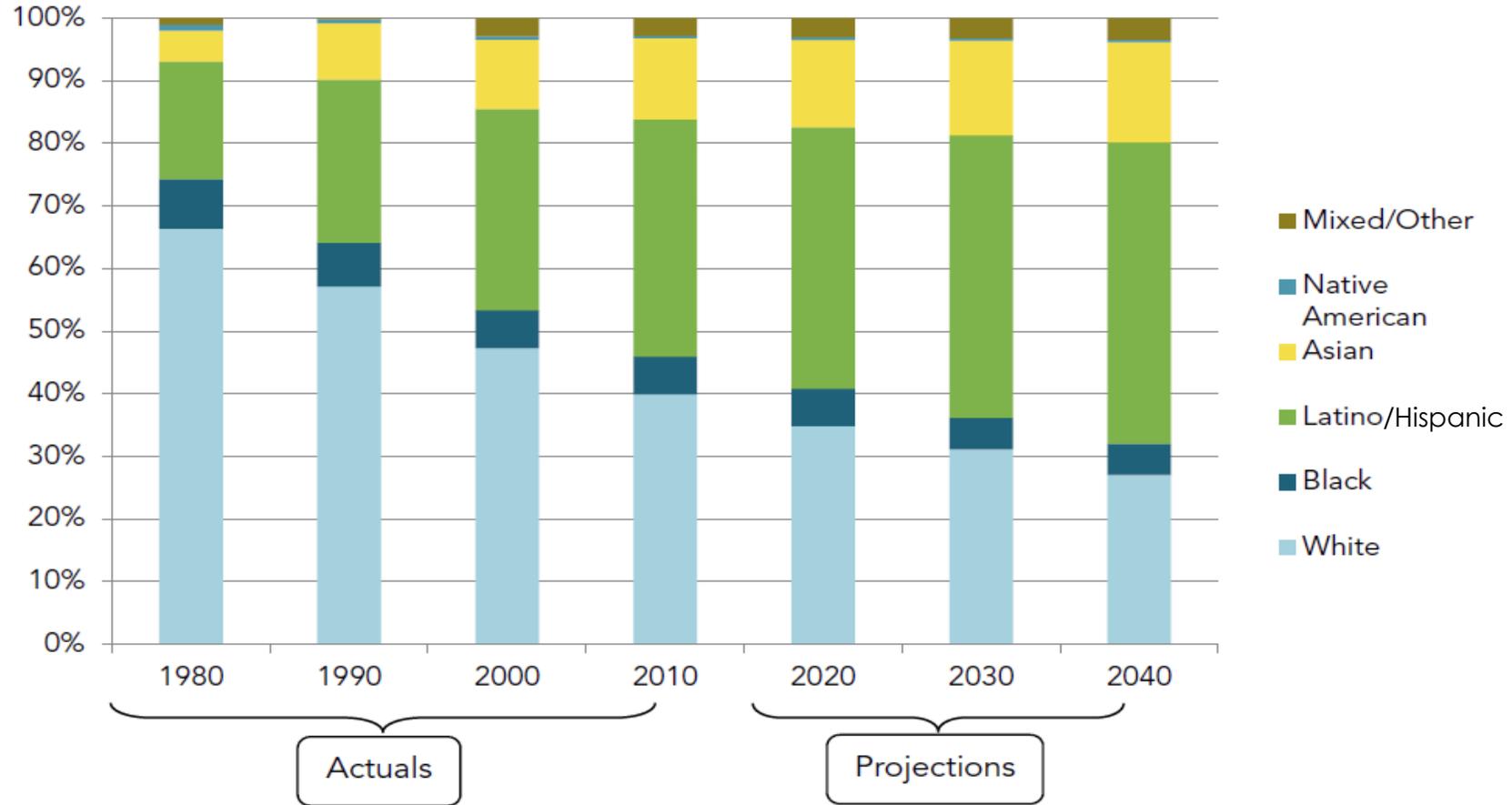
Households Population





California Will Become More Diverse

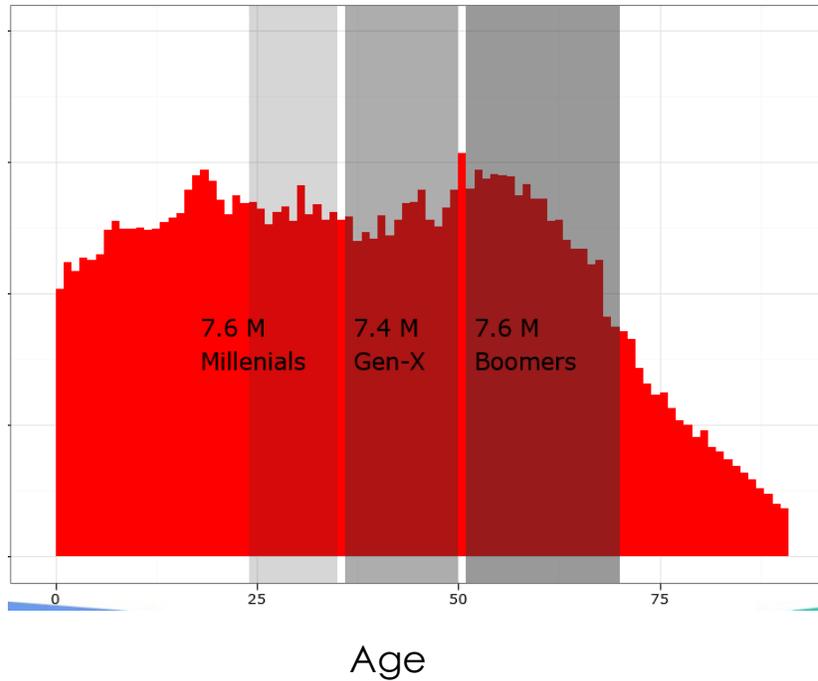
Racial/Ethnic Composition in CA, 1980-2040



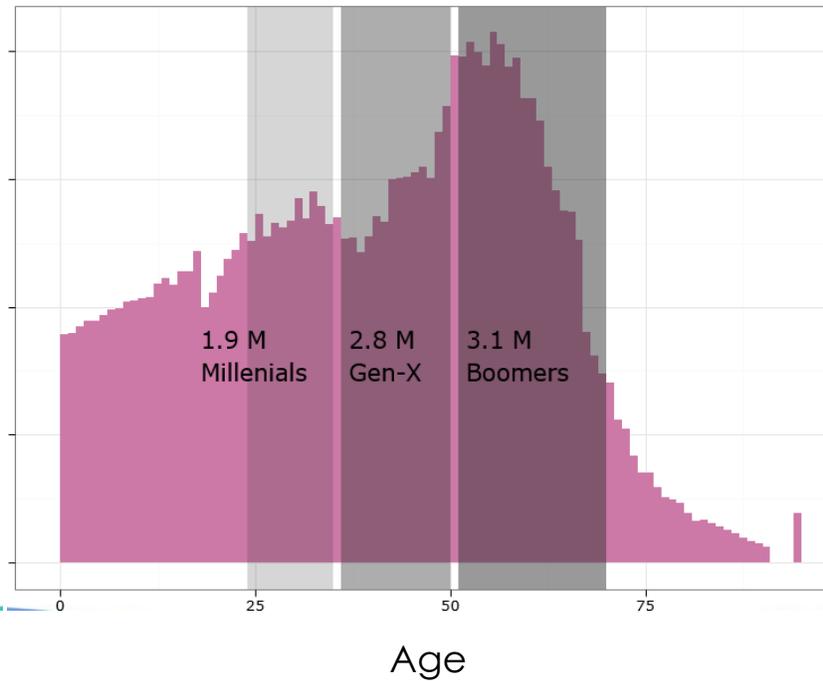


Hispanic Population Projected to Grow Faster

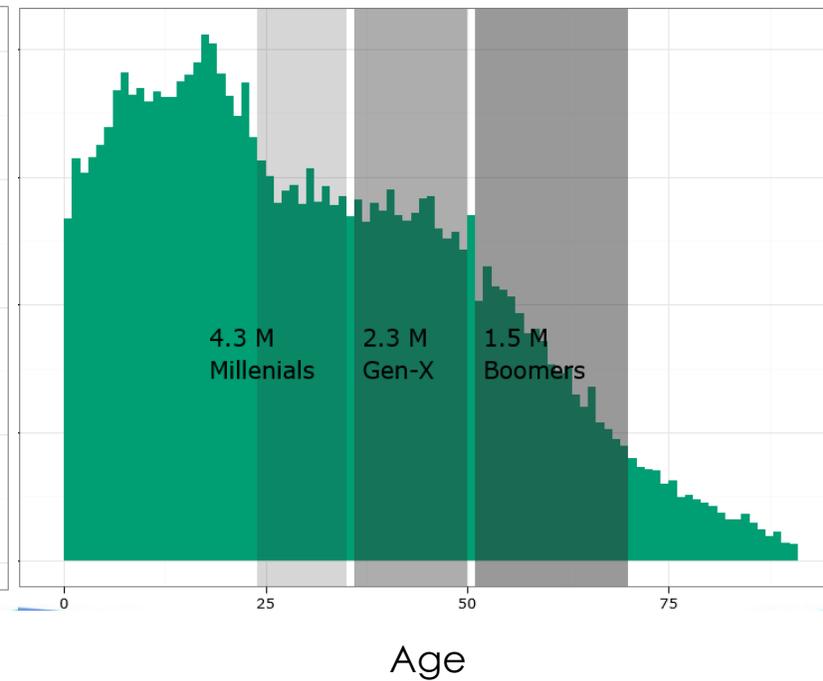
All Population



White Population



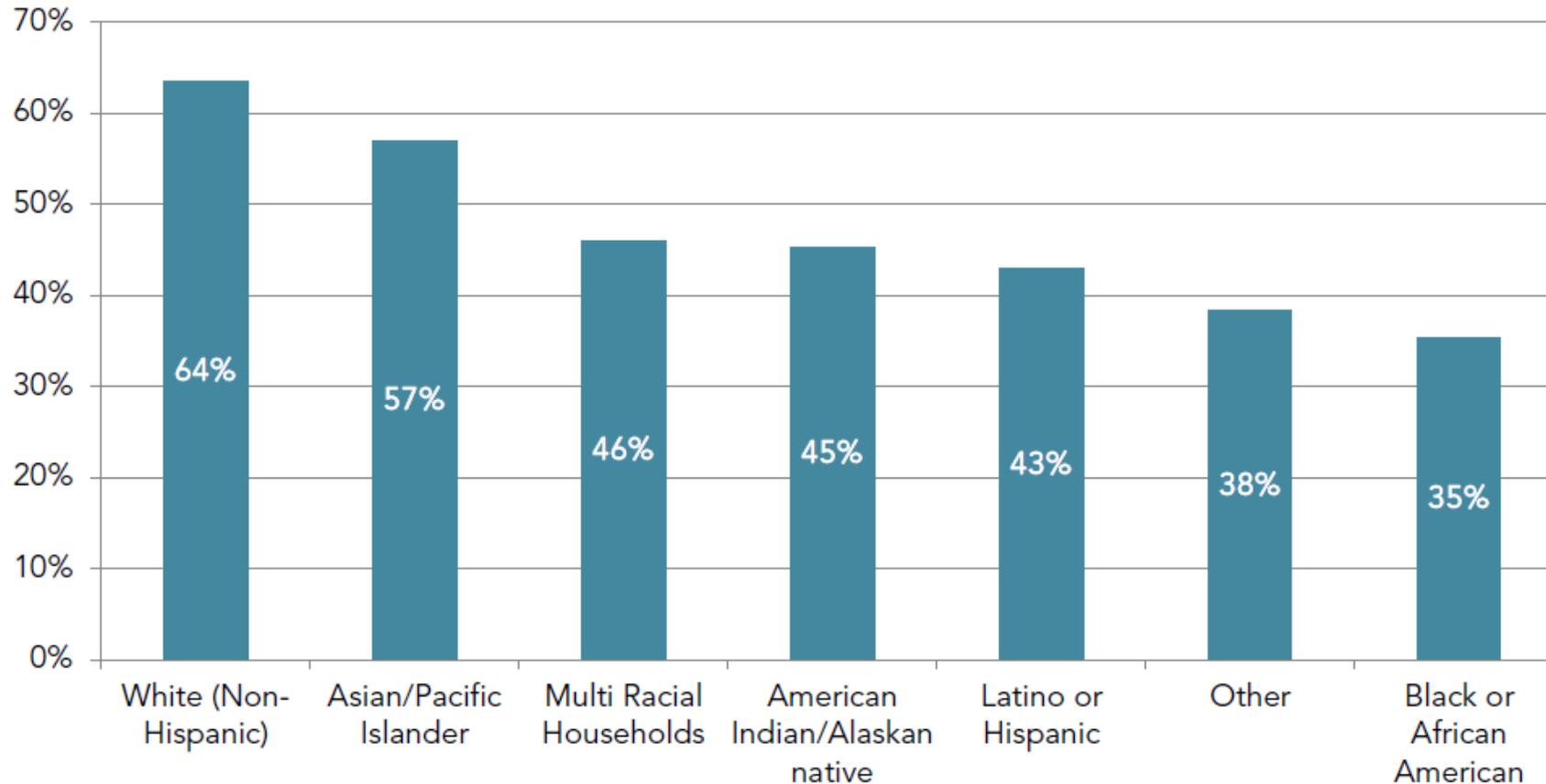
Hispanic Population





But Homeownership for Hispanics Remains at Low Level

California Homeownership Rates by Race and Ethnicity (2010-2014 Average)



SERIES: Homeownership rate by ethnicity

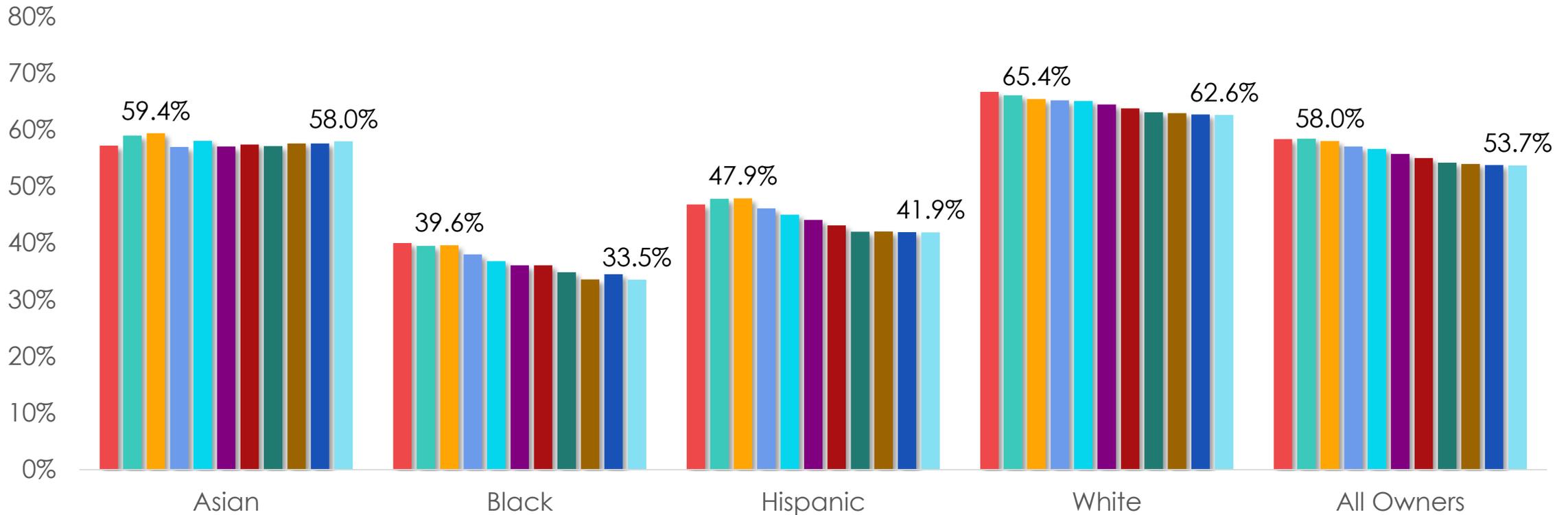
SOURCE: CA HCD, PolicyLink, USC Program for Environmental and Regional Equity



Homeownership Has Been Declining Since 2007 But the Damage Varied Between Ethnic Groups

California Homeownership by Race/Ethnicity
Percent of Households that Own a Home

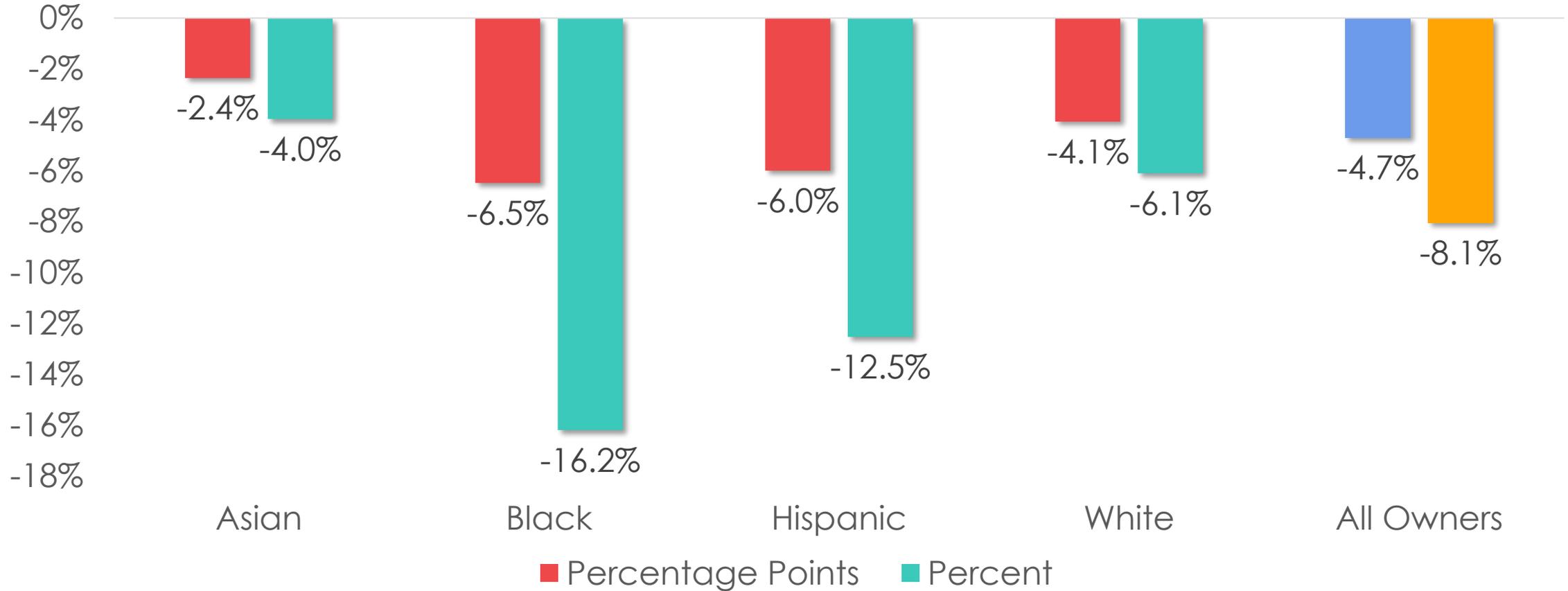
2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015





Who Were the Hardest Hit by Downturn

Reduction in Homeownership During Downturn





Hispanic Buyers Took More Risks in the Last Downturn

Hispanic Buyers (2006)

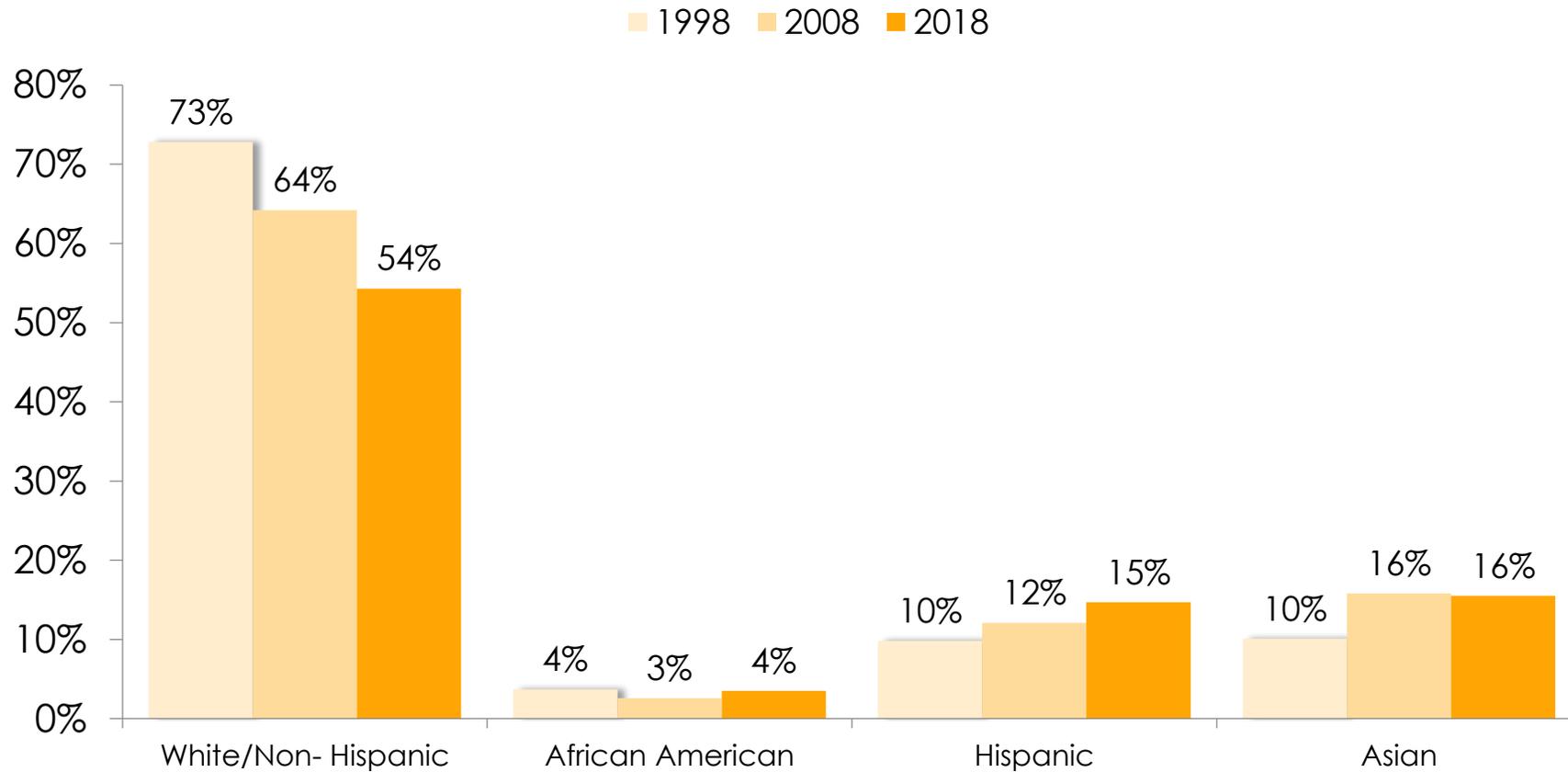
- % of downpayment to price: 1.1%
- % with zero downpayment: 46.0%
- % with 2nd mortgage: 61.0%
- % with ARM: 43.1%
- Median household income: \$70,000

All Buyers (2006)

- % of downpayment to price: 11.8%
- % with zero downpayment: 21.1%
- % with 2nd mortgage: 43.4%
- % with ARM: 32.6%
- Median household income: \$100,000

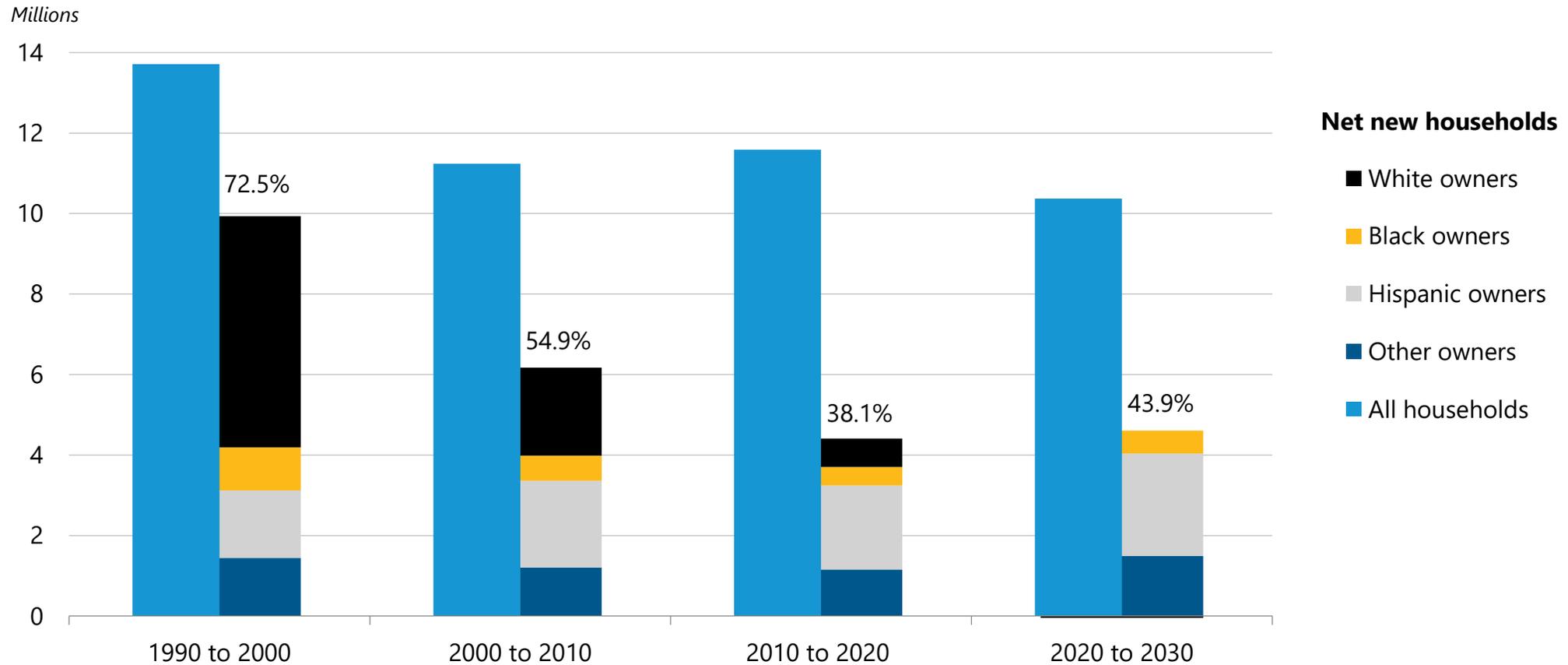


Share of Hispanic Home Buyers Has Grown Over Time





Hispanics Will Comprise an Increasing Share of Net New Homeowners

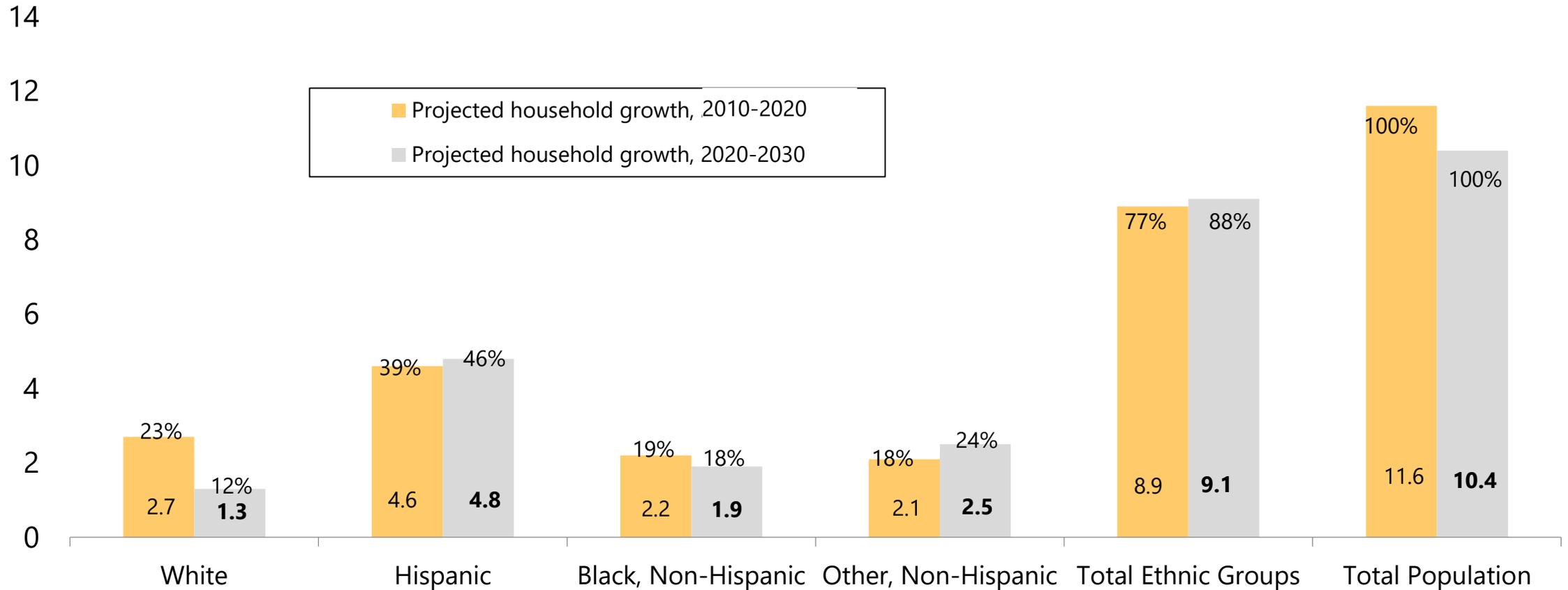


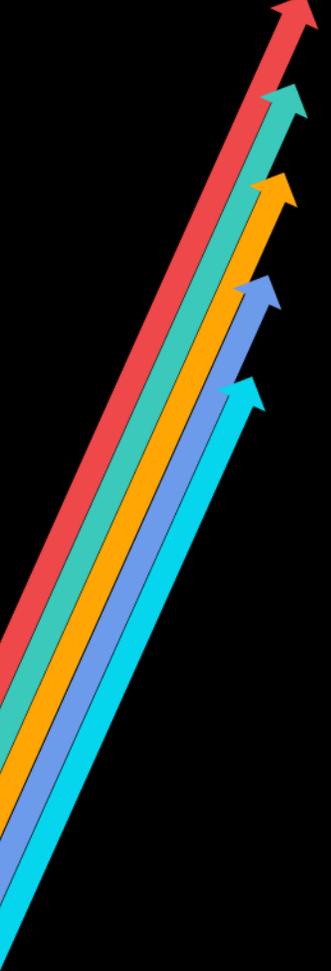
Note: Percentages indicate the share of net new households that are homeowners.



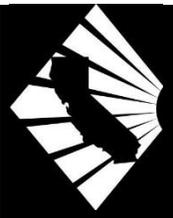
Housing Demand Will Increase, Largely Driven by Ethnic Groups

Net new households, millions



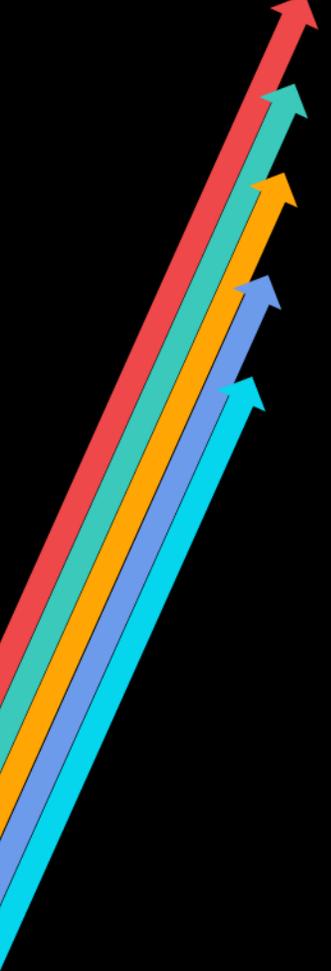


Consumer Insights



Methodology

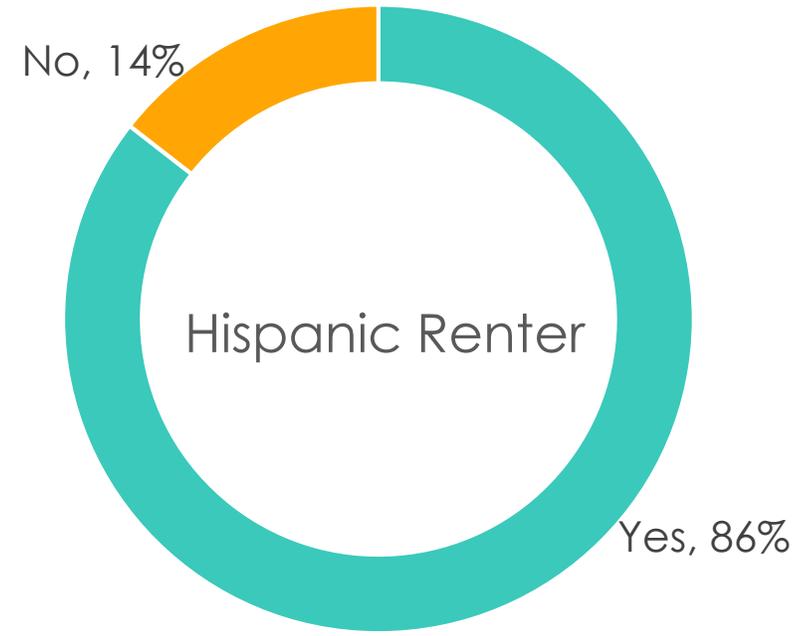
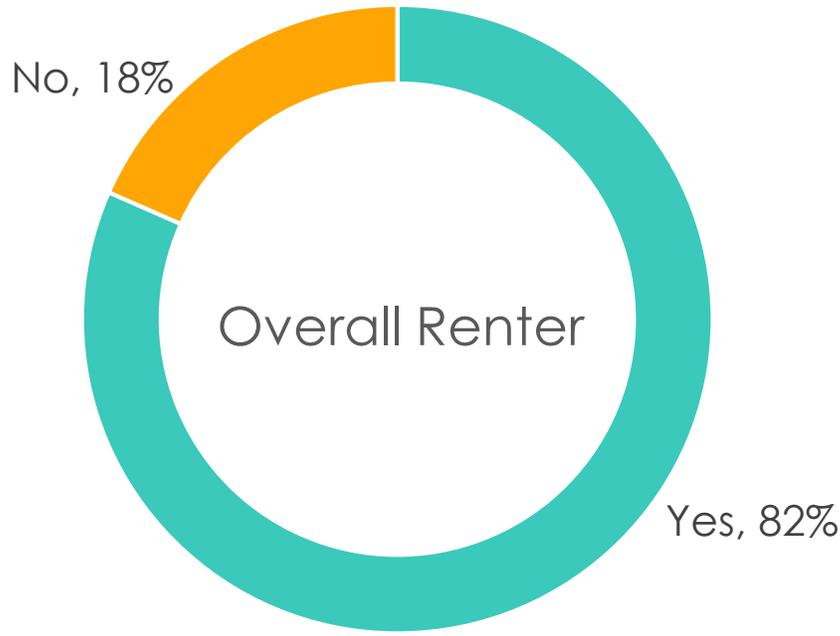
- The 2018 State of the California Consumer survey aims to understand the process of home buying and selling, as well as the motivation behind renting and owning from the perspective of the Hispanic California consumer
- The survey was sent via email to a random sample of 498,696 Hispanic consumers throughout California.
- The survey instrument was a questionnaire with both multiple choice and open-ended questions. There were 2,964 valid survey responses, equivalent to a response rate of 0.6 percent. The margin of error for this survey was +/- 1.8 percent at a 95 percent confidence level.



Homeownership Is Still
the Dream



Hispanic Renters Are More Likely to Want to Own in the Future

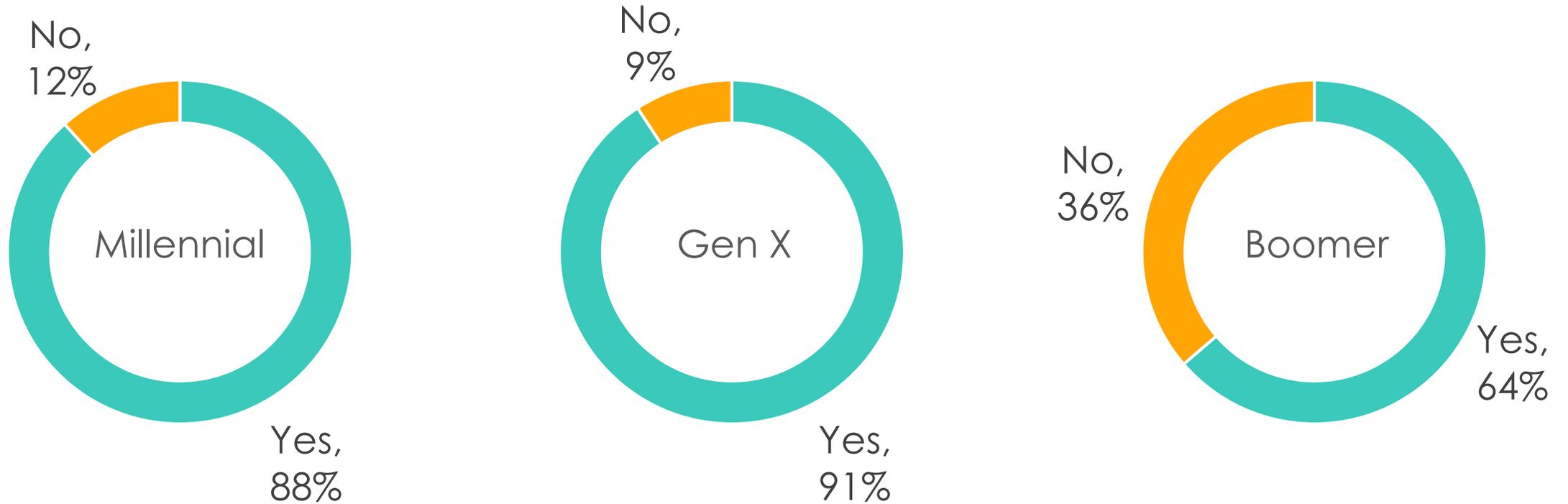


Do you want to own at some point in the future? (Overall n=1,849, Hispanic n=1,327)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Younger Hispanic Renters More Likely to Want to Own in the Future

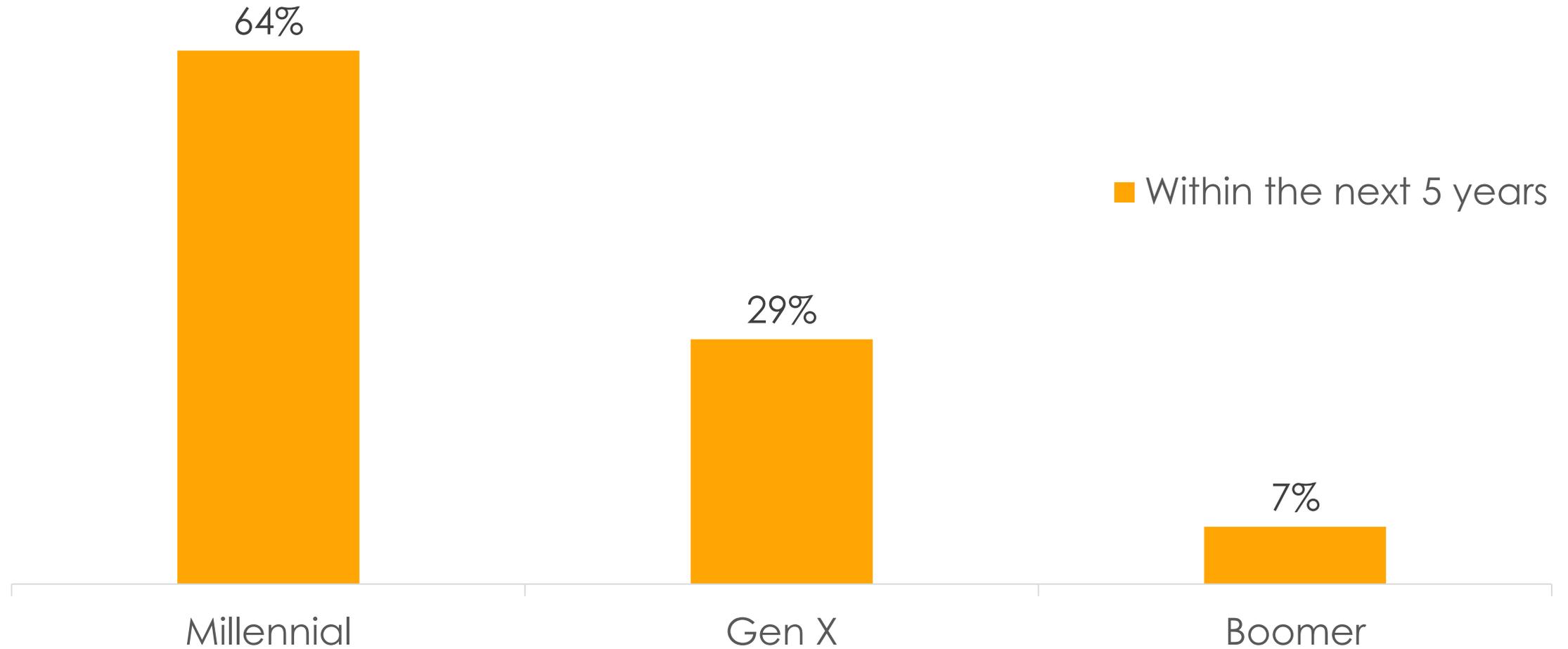


Do you want to own at some point in the future? (Overall n=1,319)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



2/3 of Those Planning to Move in the Next 5 Years Are Millennials

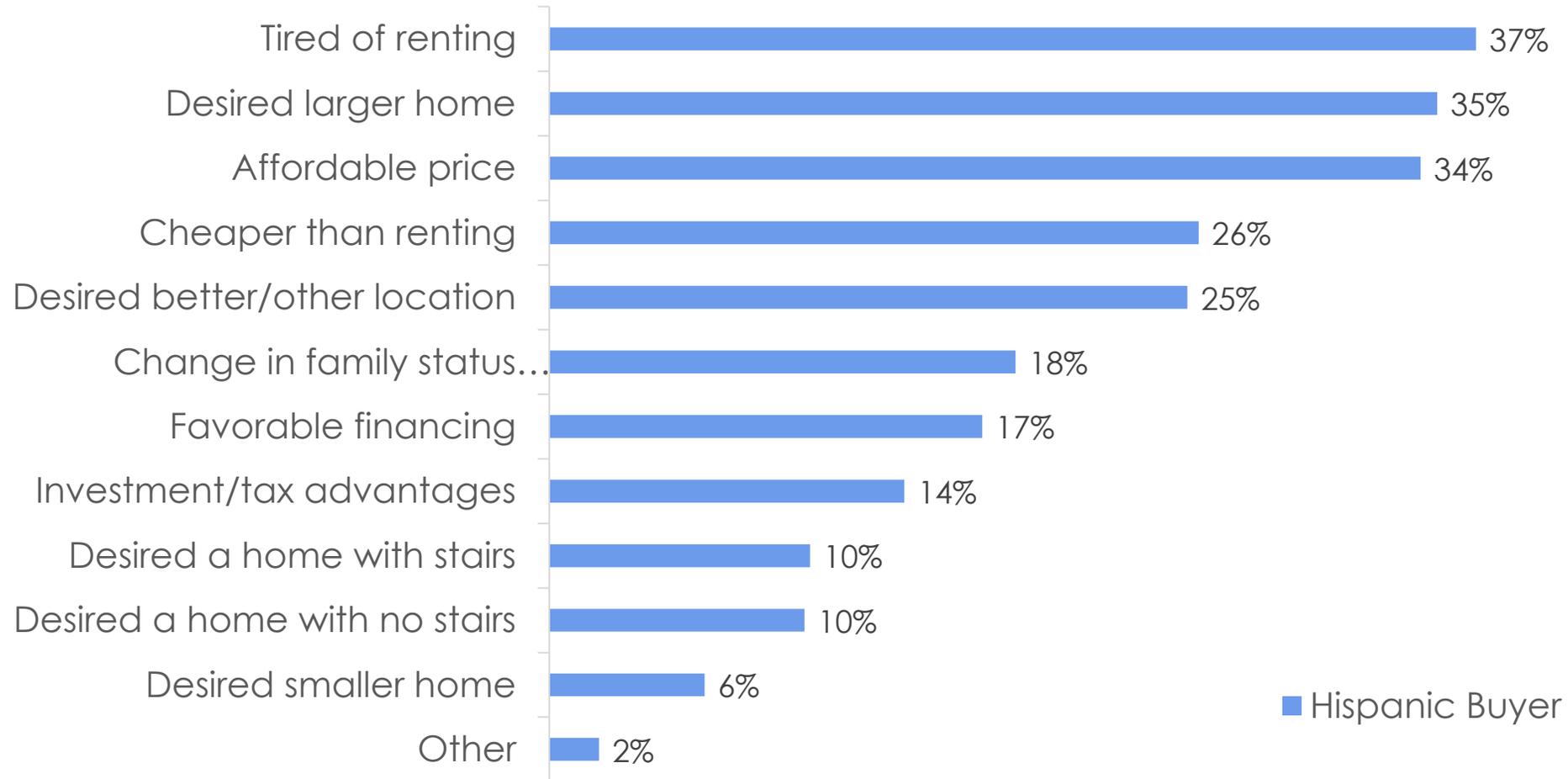


When do you plan to purchase your next house (either as a home or as an investment property)? (Hispanic n=1,330)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Primary Reason for Buying

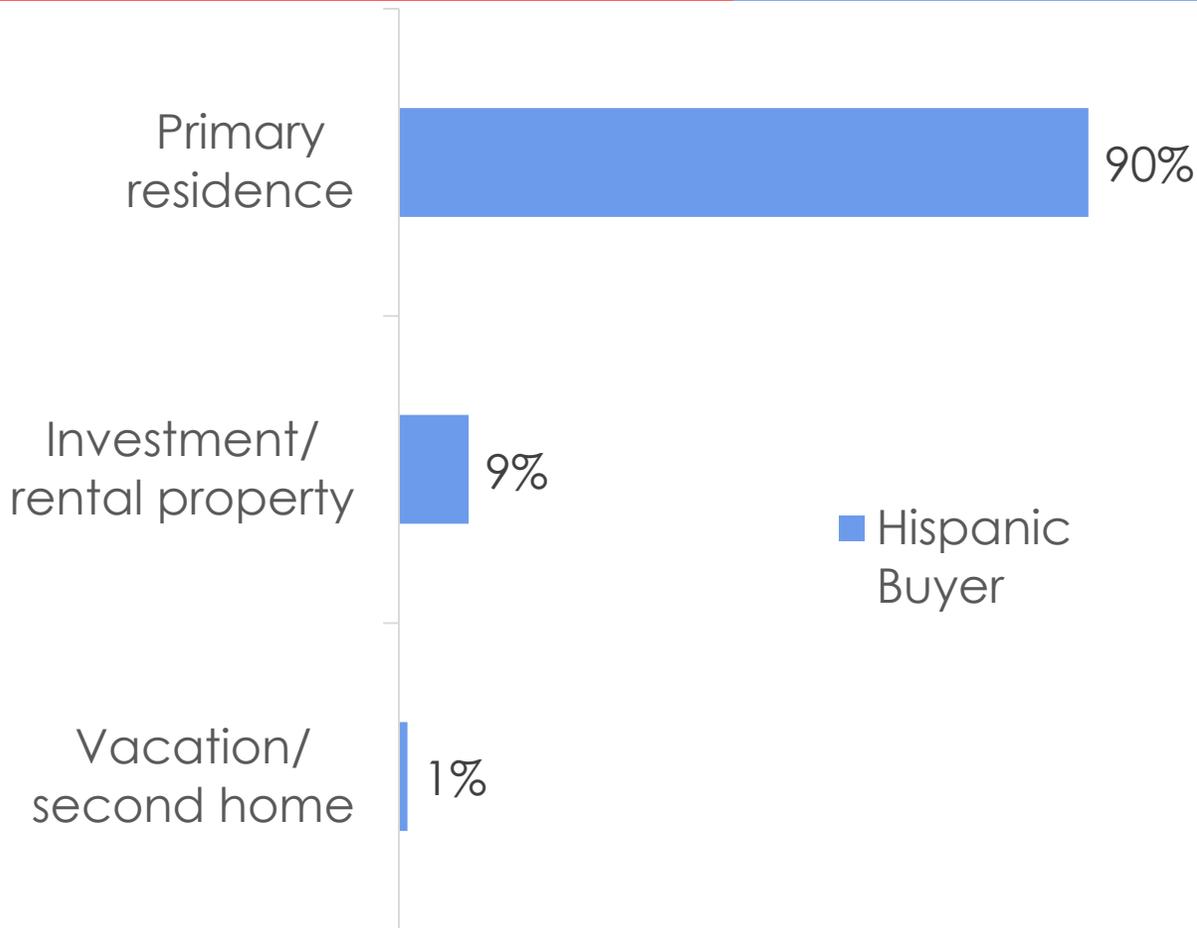


What were the primary reason(s) for buying this home? (Hispanic n=457)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Because Hispanic Consumers Are Tired of Renting, They Are Looking for a Primary Residence



	Hispanic Buyers	All Buyers
Median Sales Price	\$385,000	\$570,000
Median Square Footage	1,500	1,690
% of Detached Single-Family	81.6%	76.4%
% of Condo/Townhome	10.6%	16.4%



Financial Characteristics: Hispanic Buyers vs All Buyers

	Hispanic Buyers	All Buyers
Median Household Income	\$87,000	\$120,000
Median Monthly Mortgage Payment	\$2,251	\$2,000
Median Downpayment (\$\$)	\$16,850	\$78,000
Median Downpayment (% to Price)	4.2%	18.0%



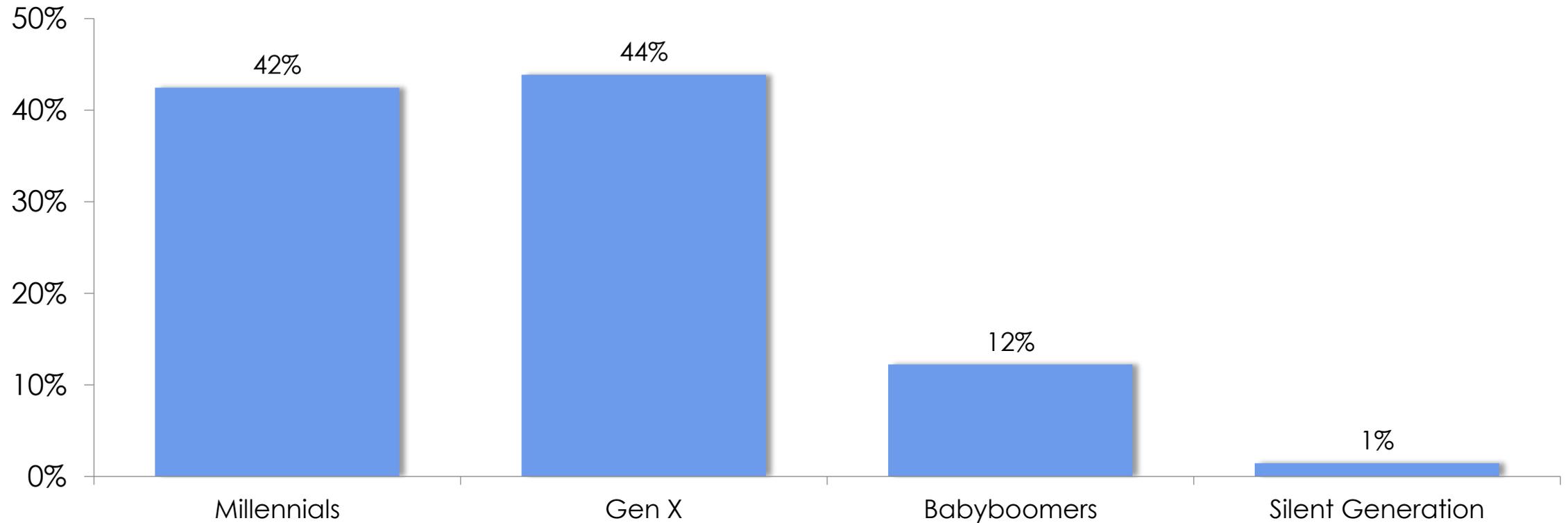
Hispanic Buyers Are Still Taking More Risks Than Buyers of Other Ethnic Groups

	Hispanic Buyers	All Buyers
% of buyers with 20% or more down payment	20.0%	46.2%
% of buyers with zero down payment	15.0%	8.8%
% of cash buyers	12.9%	22.6%
% of home buyers with a second mortgage	4.8%	4.2%
% of buyers with ARM	2.5%	4.1%



Hispanic Buyers Make up a Bigger Share in Younger Generations

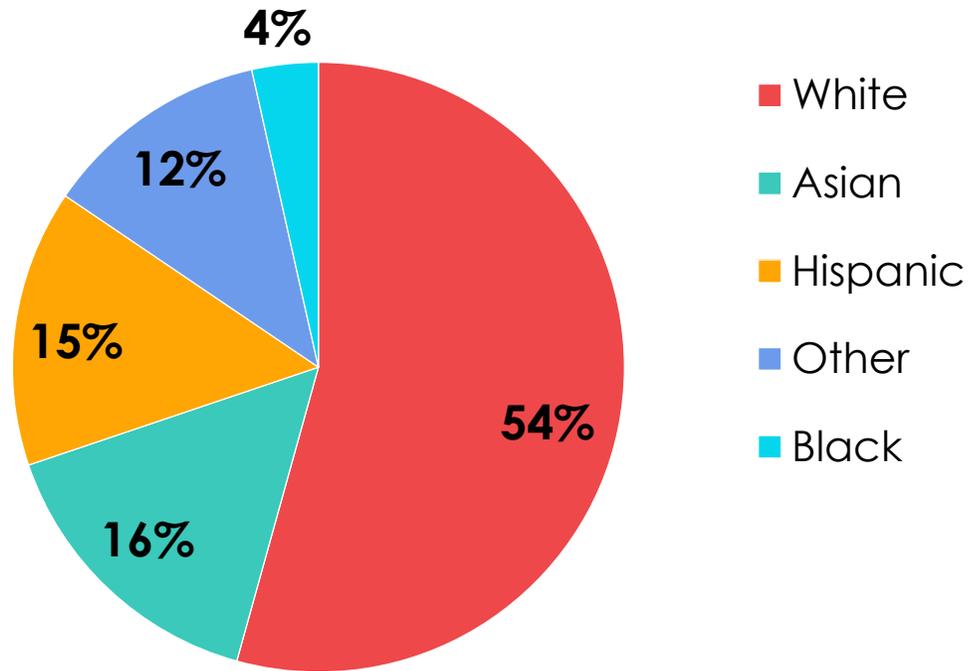
% of Hispanic Buyers
(by Generation)



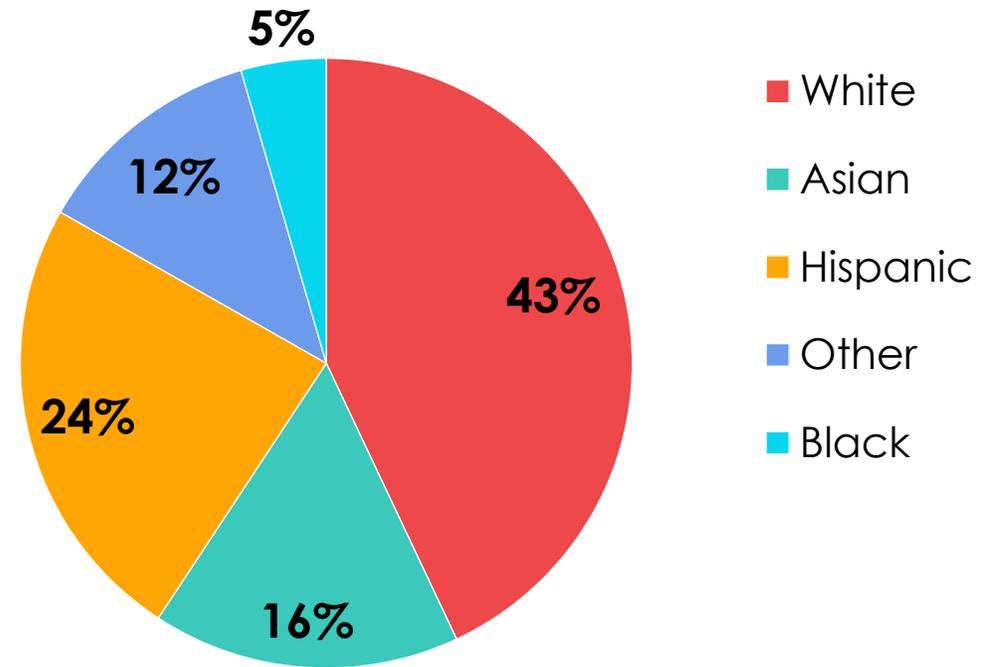


Hispanic Buyers Make up a Bigger Share in Younger Generations

2018 Homebuyers Ethnic Breakdown

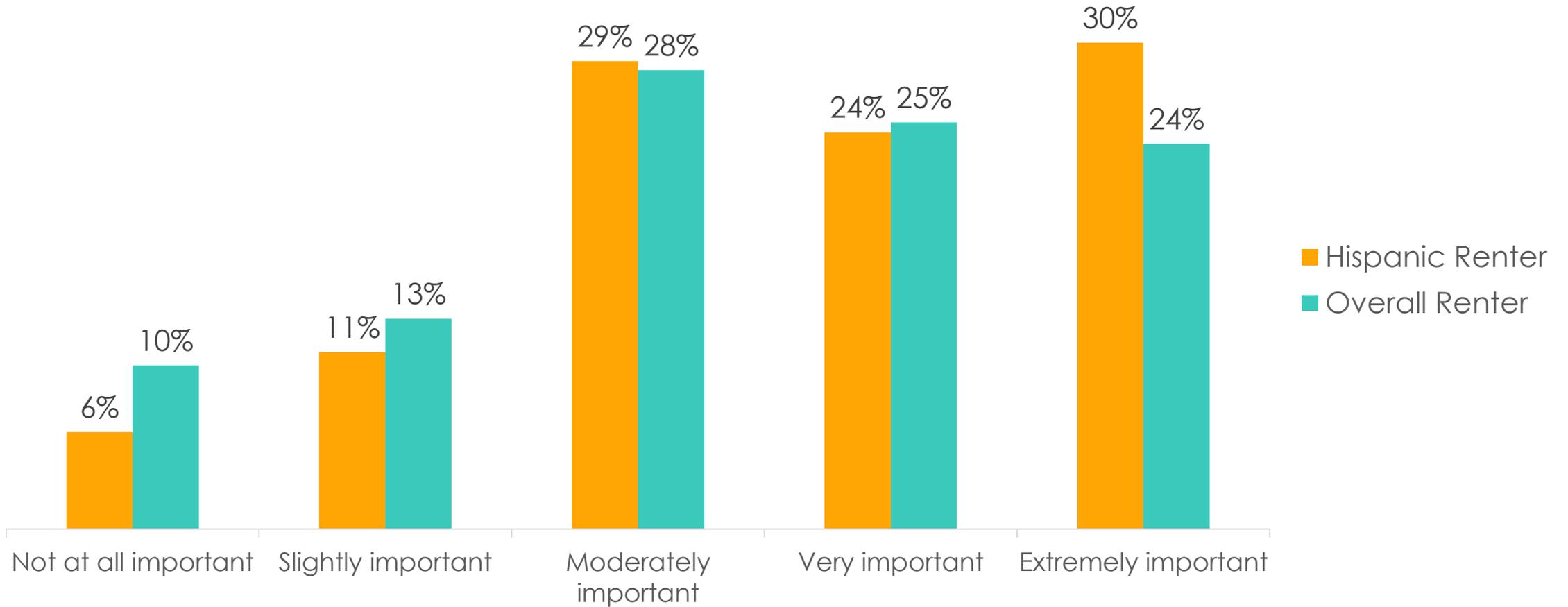


2018 Ethnicity of First-Time Buyers





Hispanic hold strong positive views on homeownership

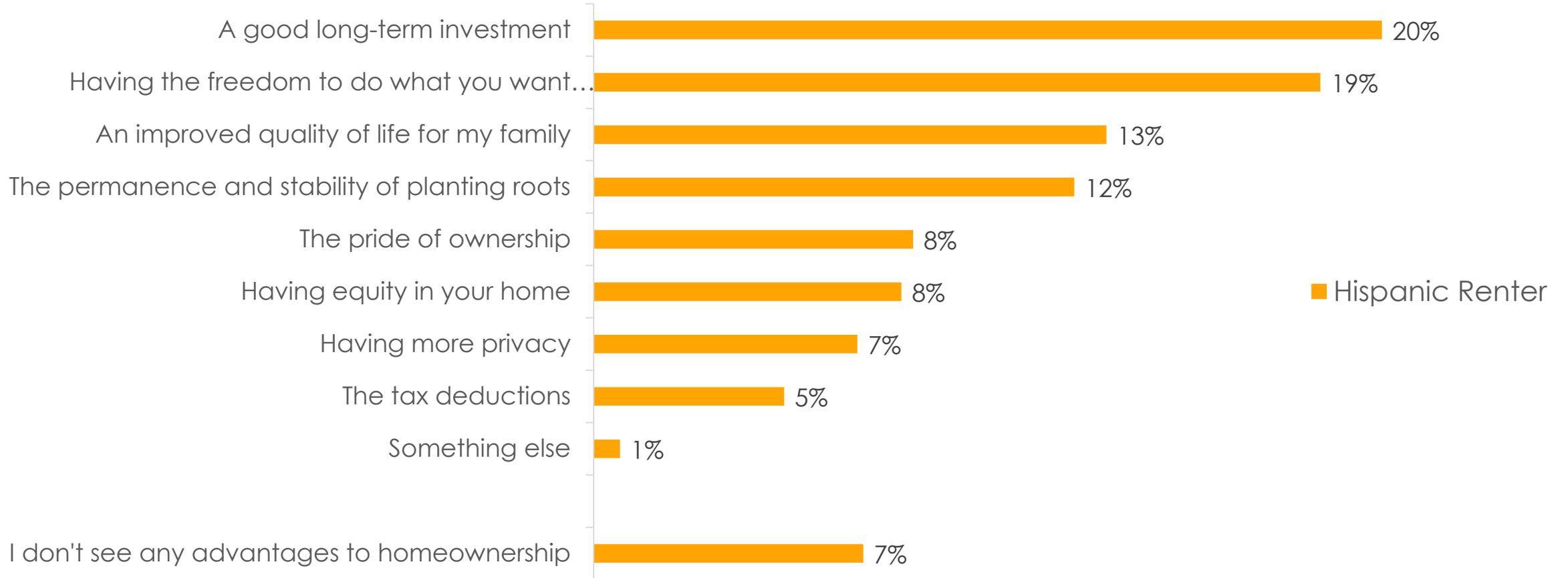


How important is homeownership to you? (Overall n=1,838, Hispanic n=1,323)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Over 90% of Renters See Advantages to Homeownership Compared to Renting

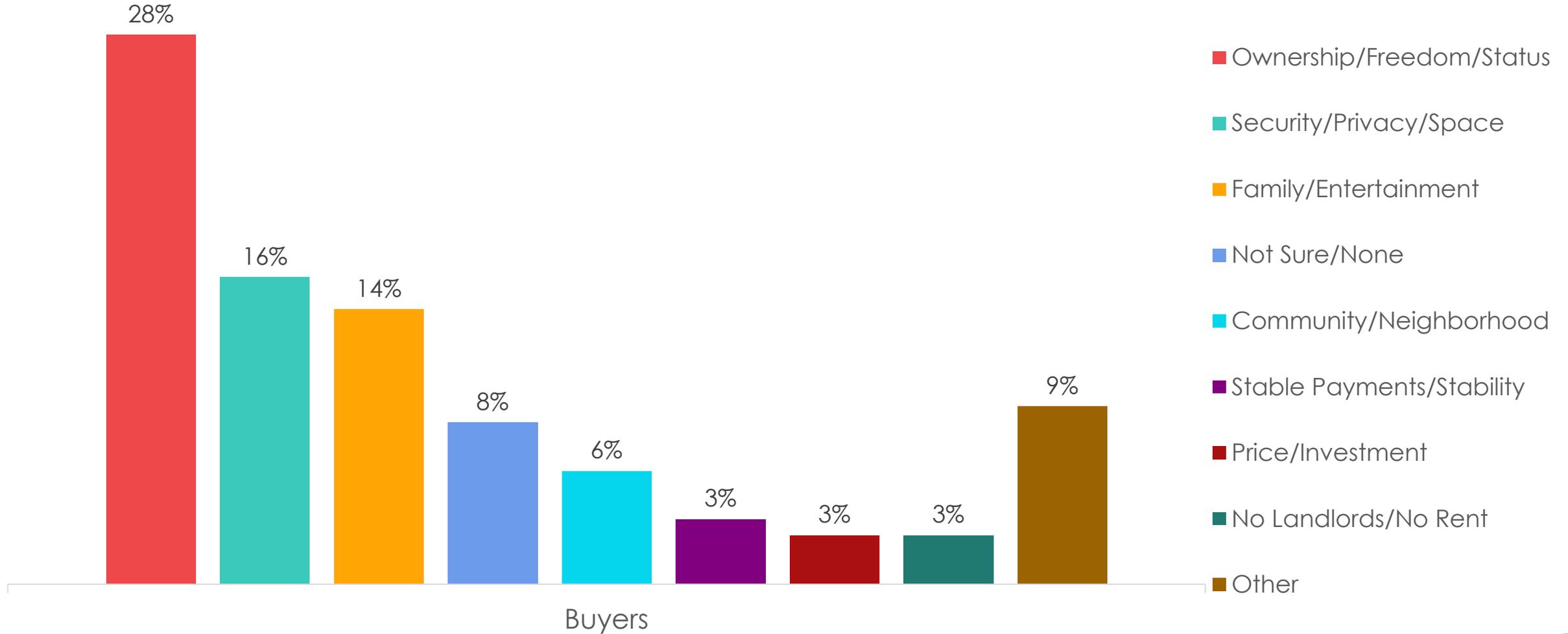


In your opinion, what is the greatest advantage, if any, of homeownership compared to renting? (Hispanic n=1,326)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Social Benefits of Home Ownership



What do you consider the social benefits of owning a home?

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Homeownership Really Matters Because it Provides More Than Just a Roof and a Shelter

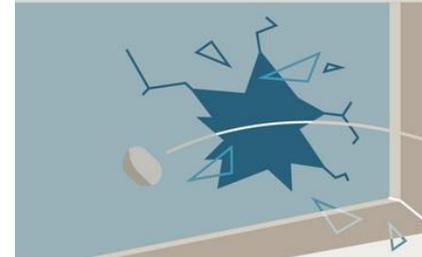
Homeownership enhances quality of life in a variety of ways:

- Homeownership leads to better health
- Homeownership results in higher educational achievement
- Homeownership lowers crime rates and improves safety

Spill-over Benefits of Homeownership

HEALTH

Homeowners and their children tend to be happier and healthier than nonowners. One reason may be the wealth-building effect of homeownership and the sense of control it brings.



CRIME

Research has confirmed homeowners have a lower instance of involvement in crime than nonowners.

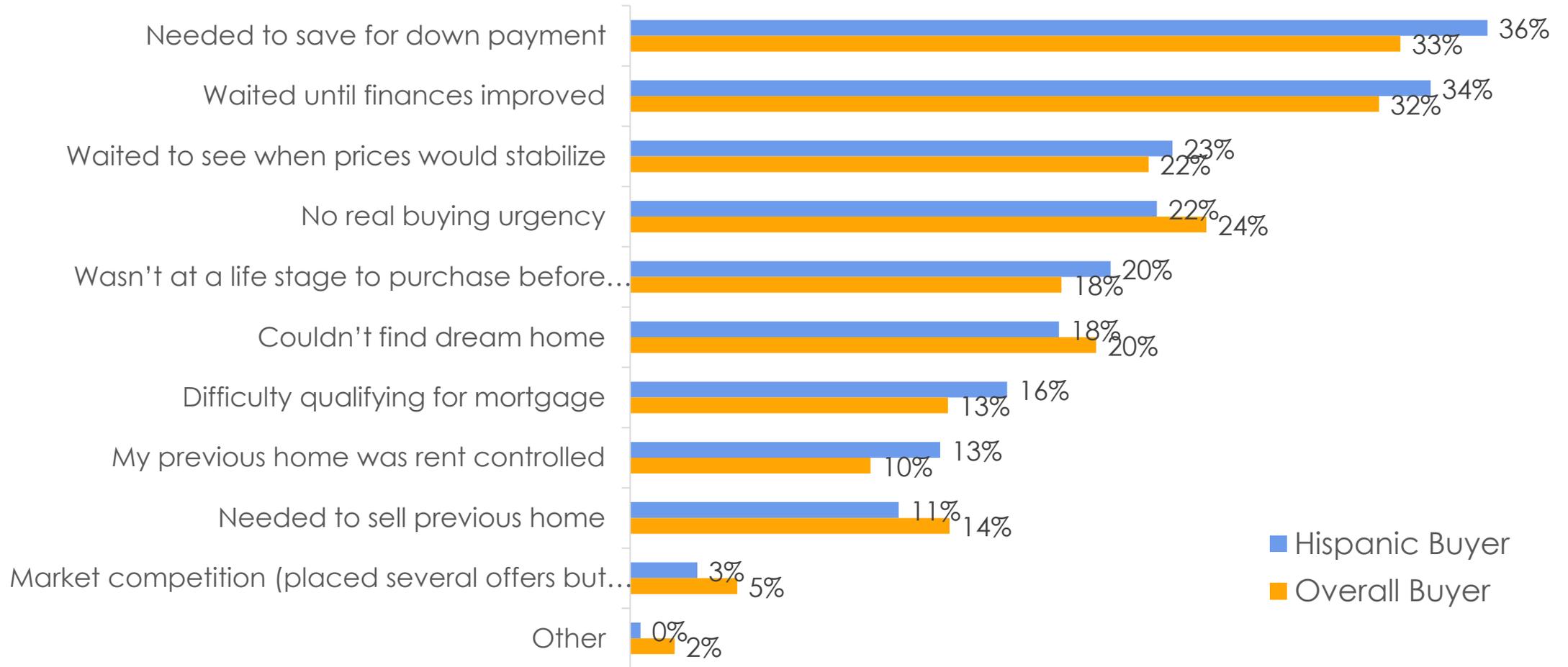
EDUCATION

Homeowners tend to accrue more wealth and save more money – such financial practices are associated with lower rates of homeowners' children dropping out of school.



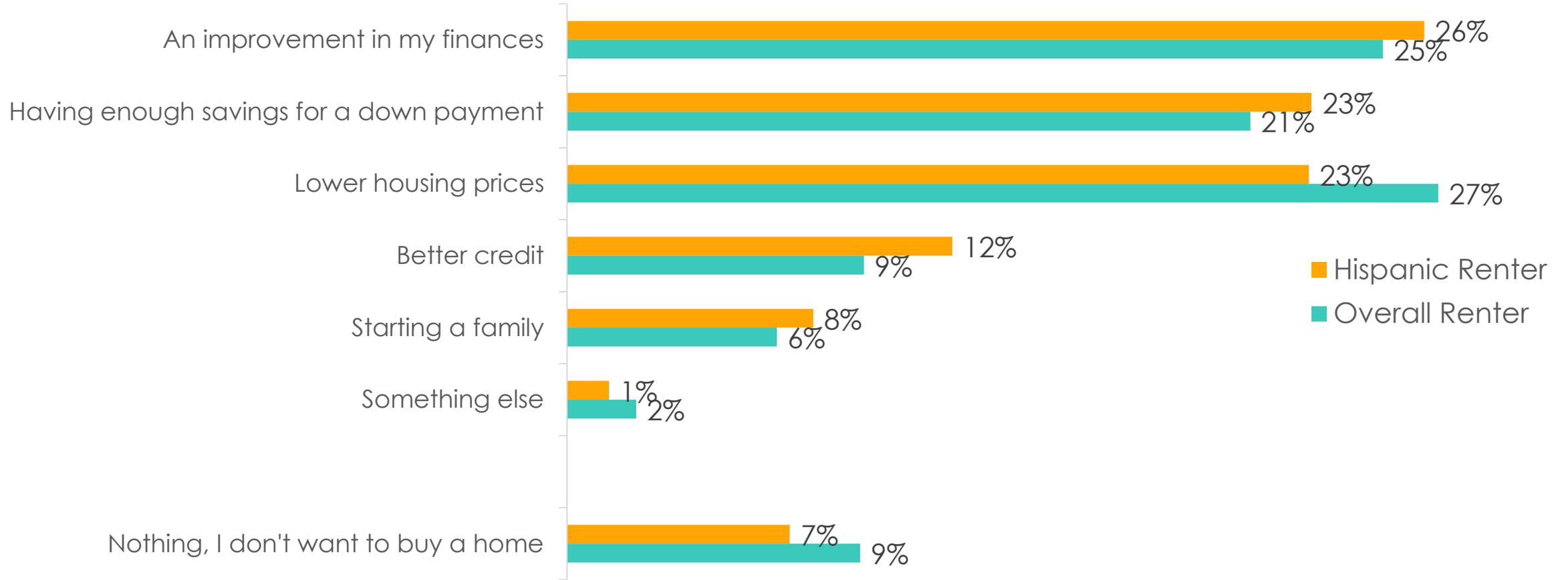


Affordability Was the Top Factor Holding Buyers Back From Buying Sooner





Money Is a Top Motivating Factor in Home Purchasing

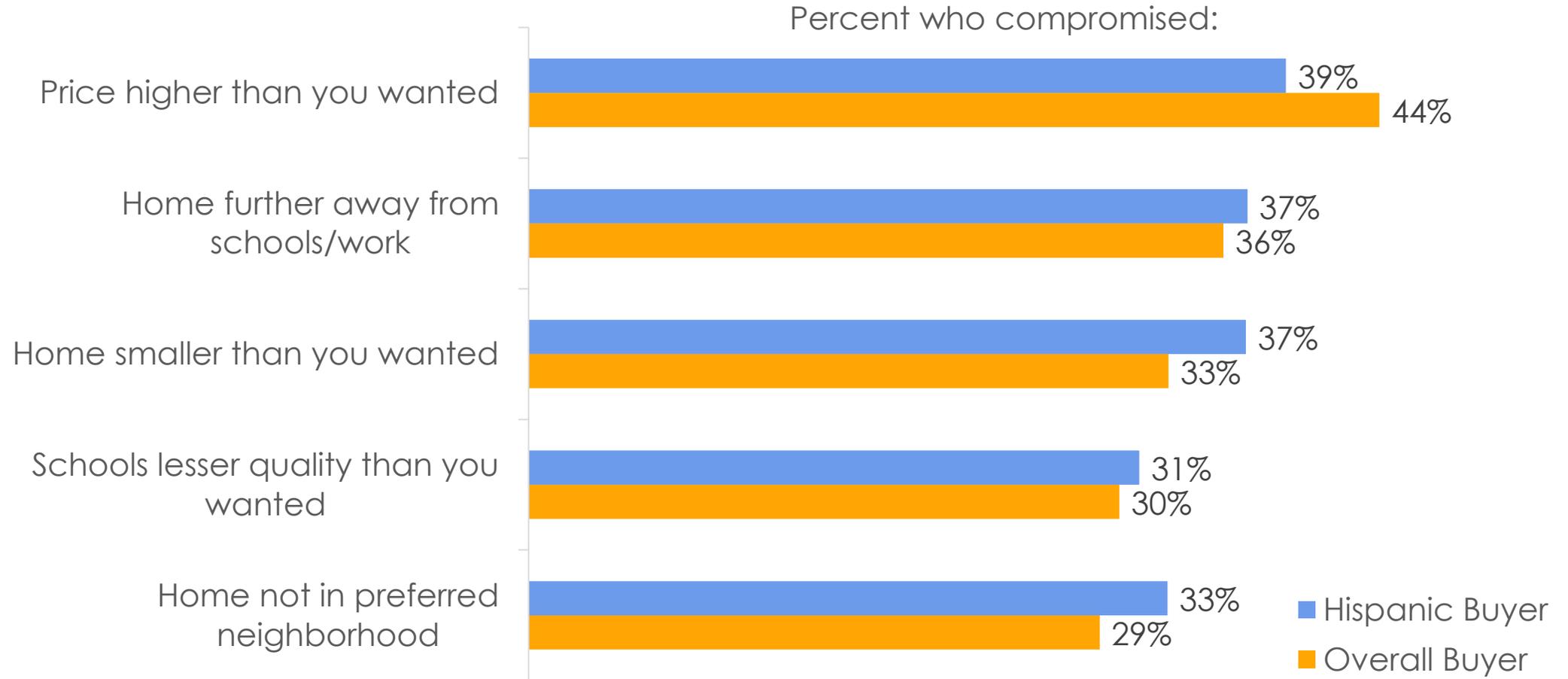


What would most motivate you to buy a home now?
(Overall n=1,636, Hispanic n=1,236)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Price Was the Biggest Compromise

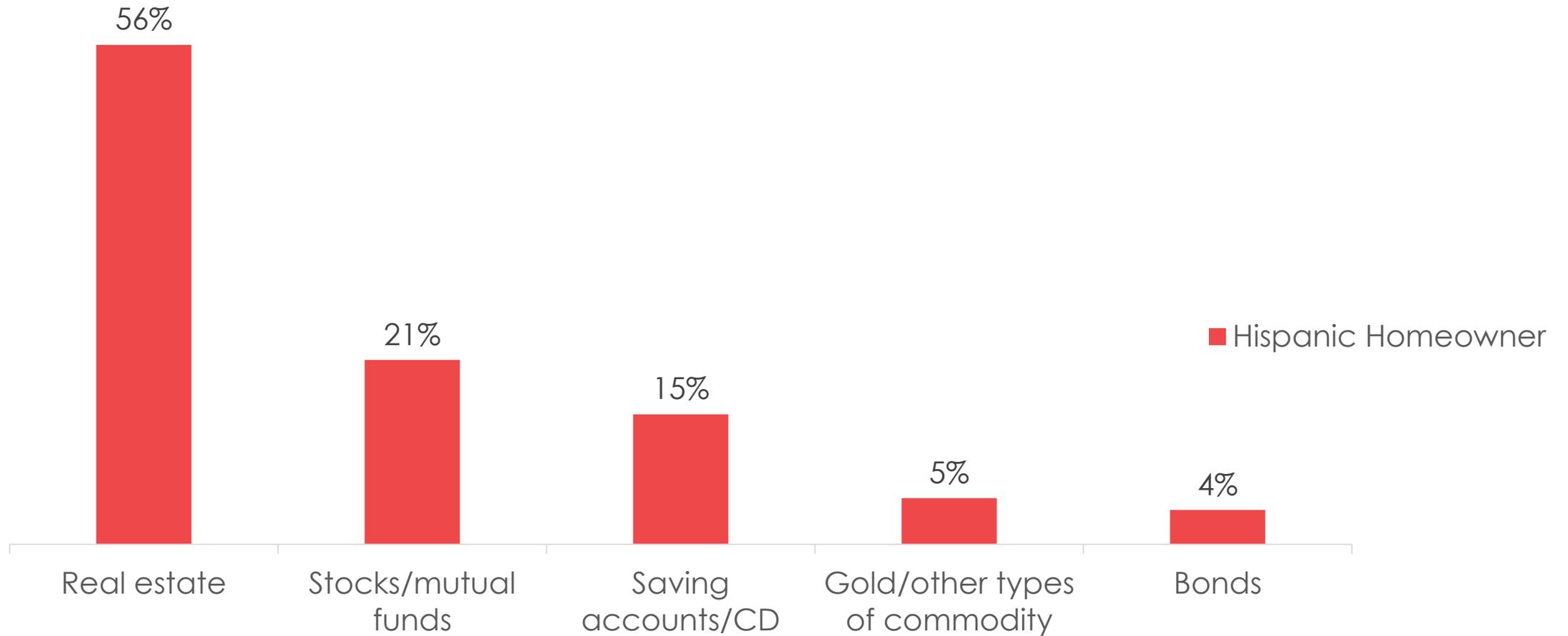


Did you have to make any compromises in the following areas when you purchased your home? (Overall n=1,427, Hispanic n=454)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



More than Half of Homeowners Think Real Estate is the Best Long Term Investment



Which of the following do you think is the best long-term investment? (Hispanic n=990)

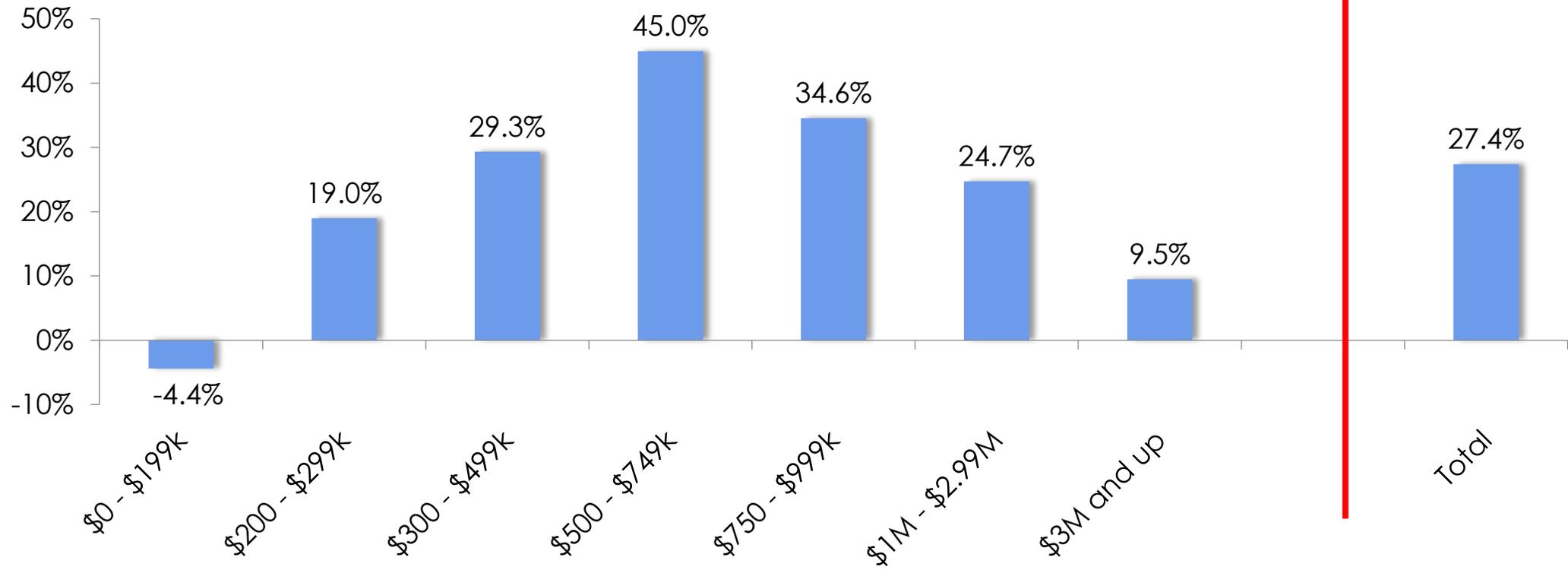
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey

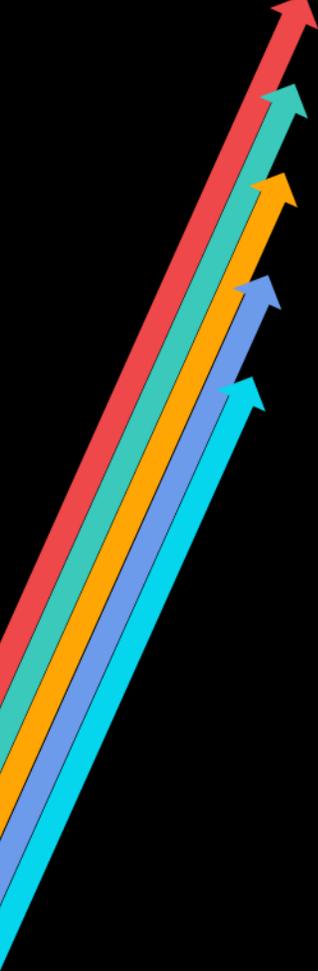


Housing Supply Improved in All But the Lowest Price Segment

Jan 2019

Active Listing

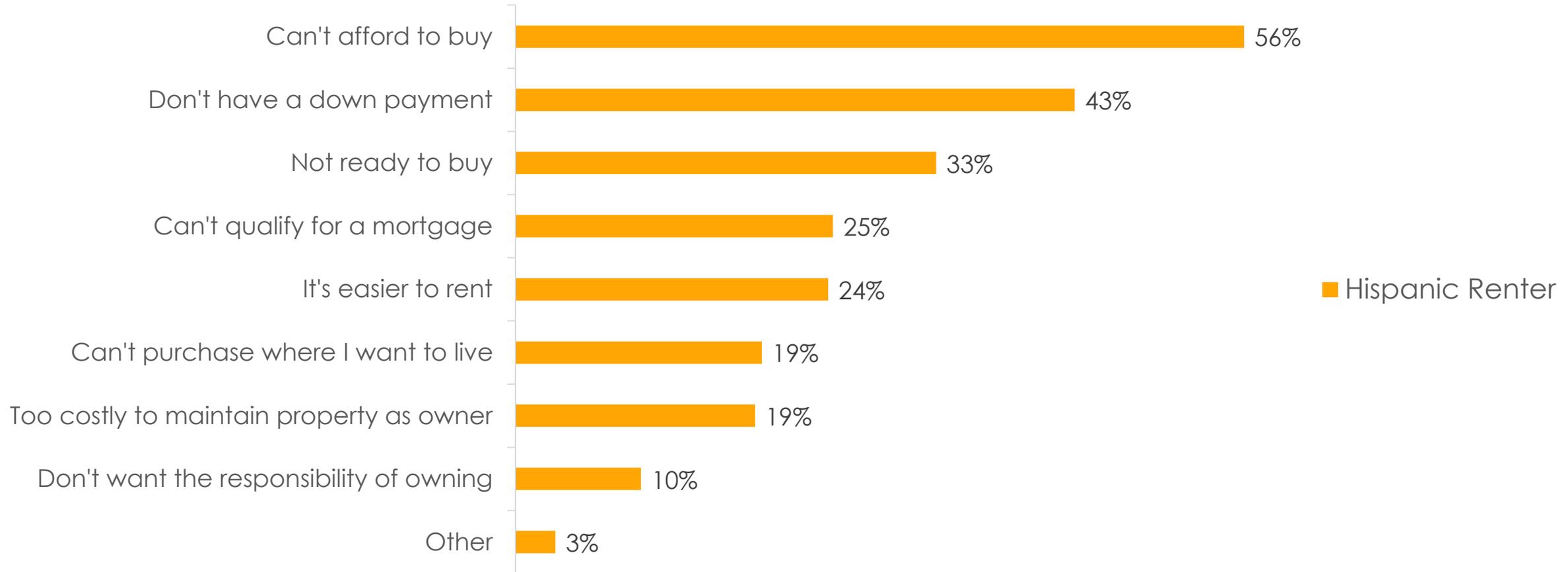




Barriers to Homeownership

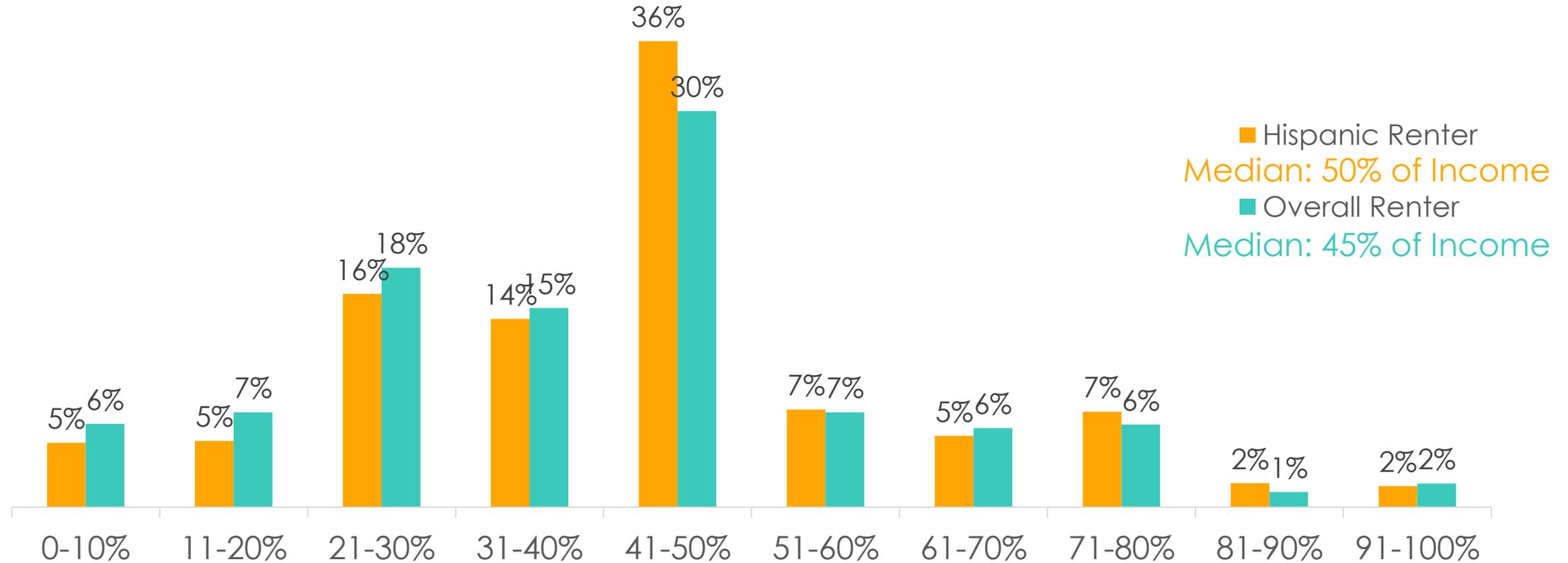


Top Reason for Renting is Affordability





The Typical Hispanic Renter Spends Half of Their Income on Housing

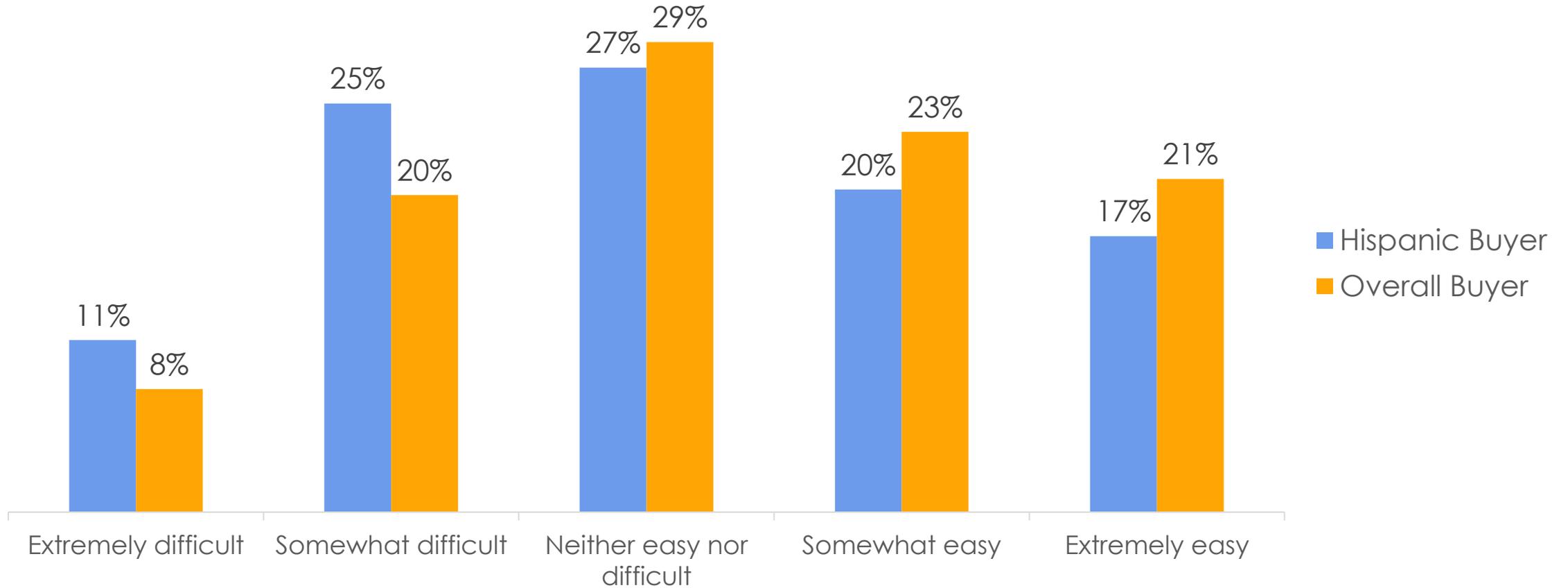


What percent of your monthly income do you spend on housing? (Overall n=1,820, Hispanic n=1,300)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Hispanic Buyers Found it More Difficult to Obtain Financing

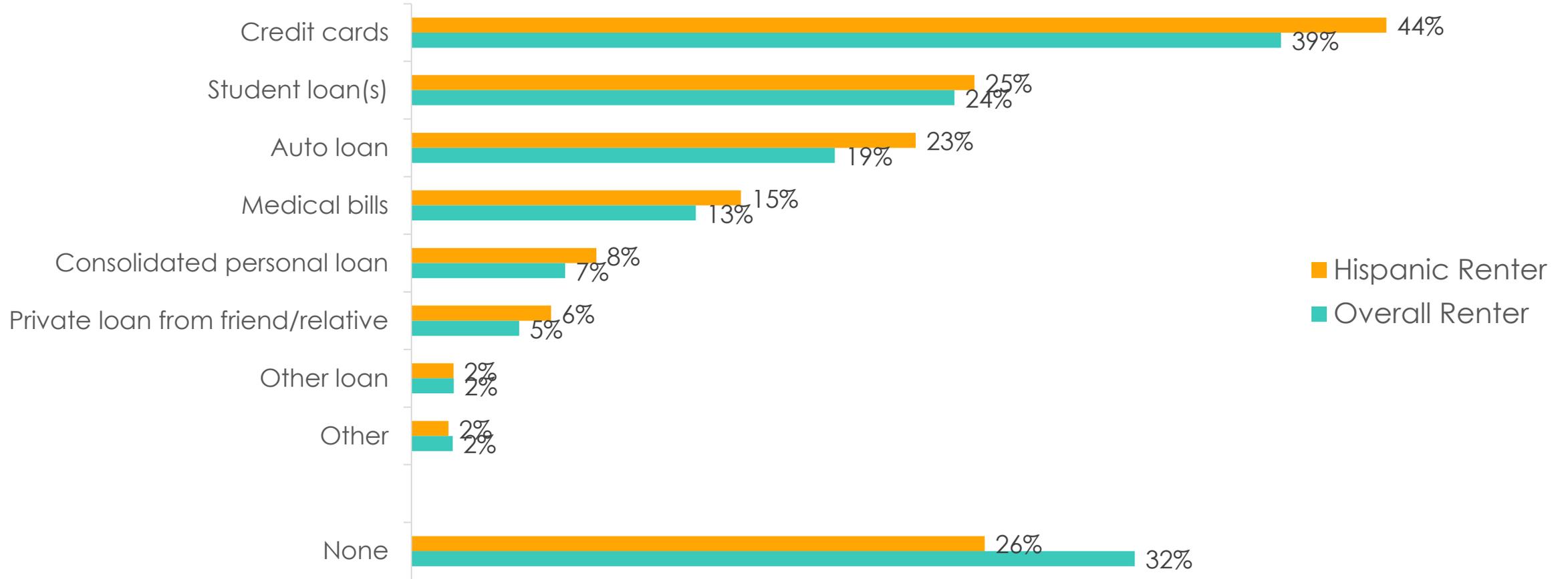


Please rate how easy or difficult it was to obtain financing. (Overall n=1,413, Hispanic n=453)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Credit Card Debt Most Common

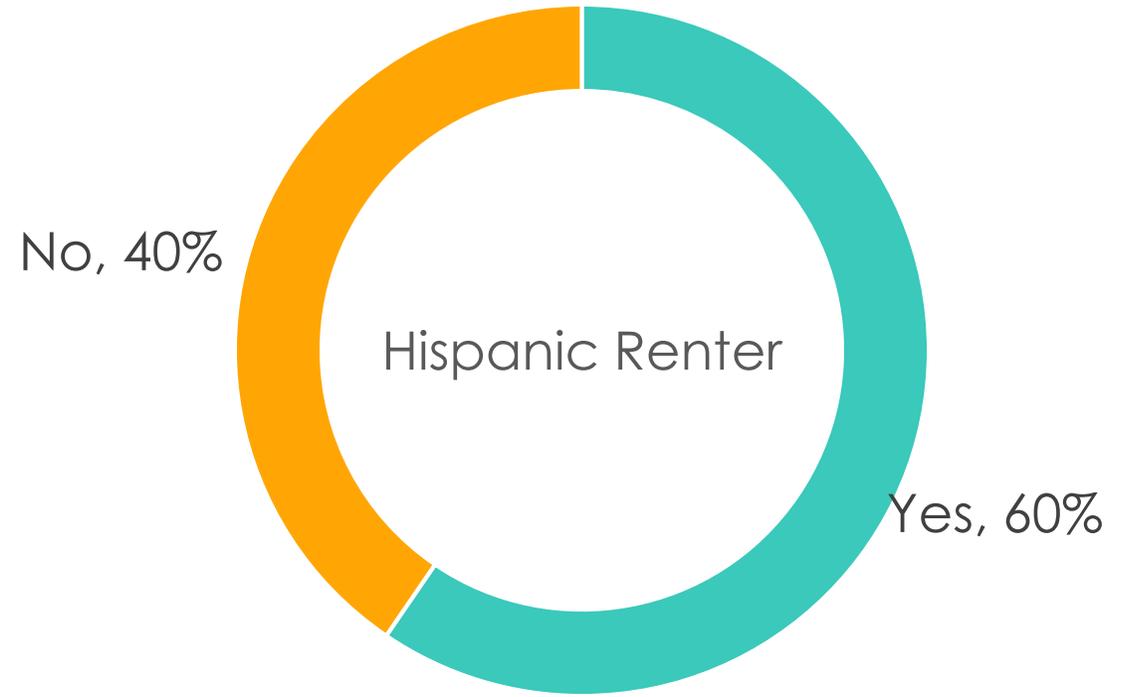
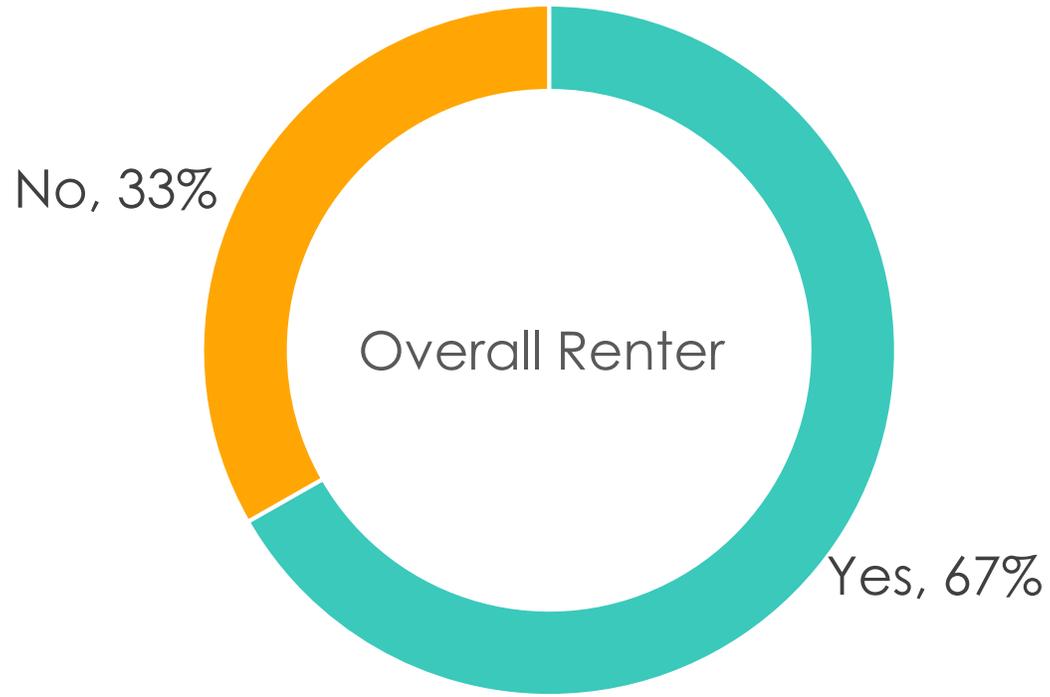


What type of debt do you have that would make it difficult to buy a home? (Overall n=1,844, Hispanic n=1,327)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Hispanic Renters Less Likely to Know Their Credit Score

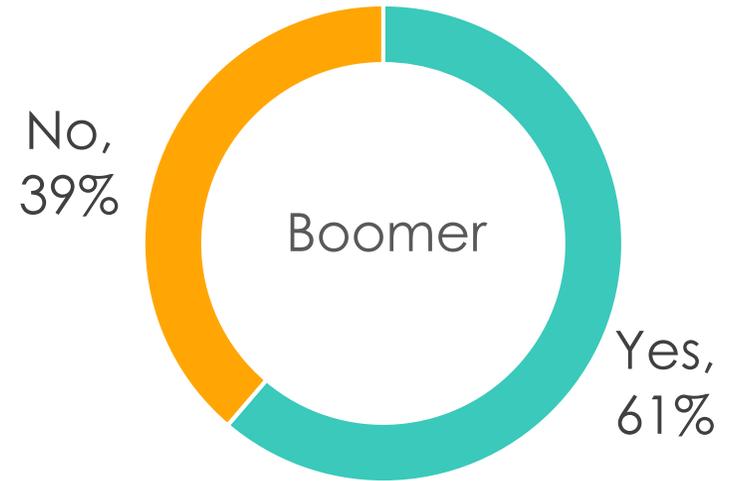
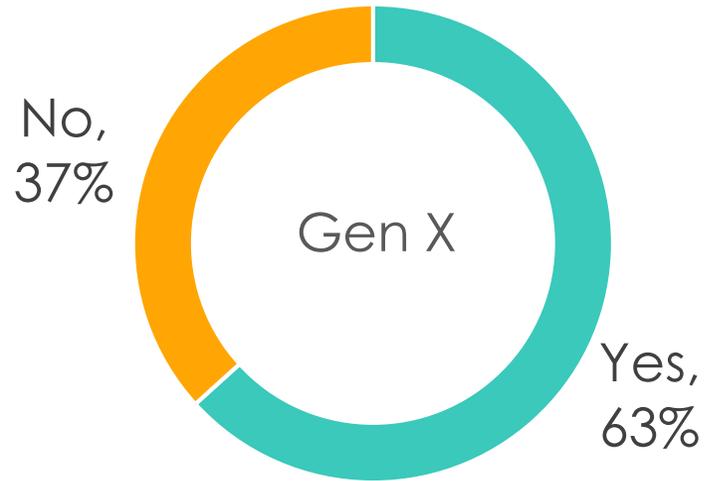
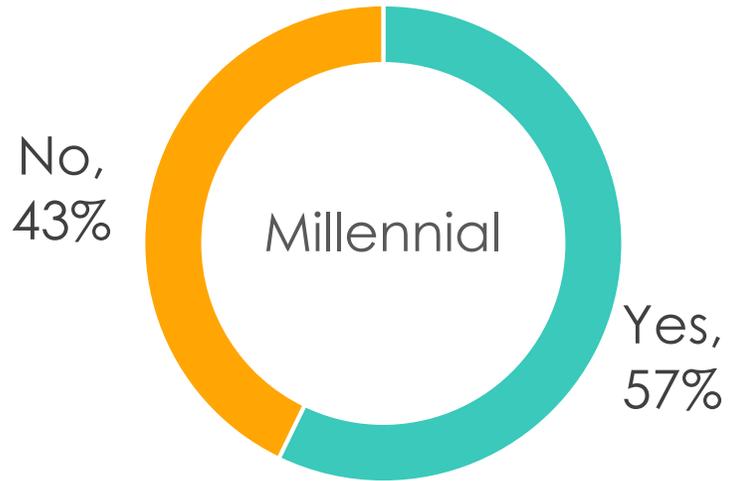


Do you know your credit score? (Overall n=1,849, Hispanic n=1,327)

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey

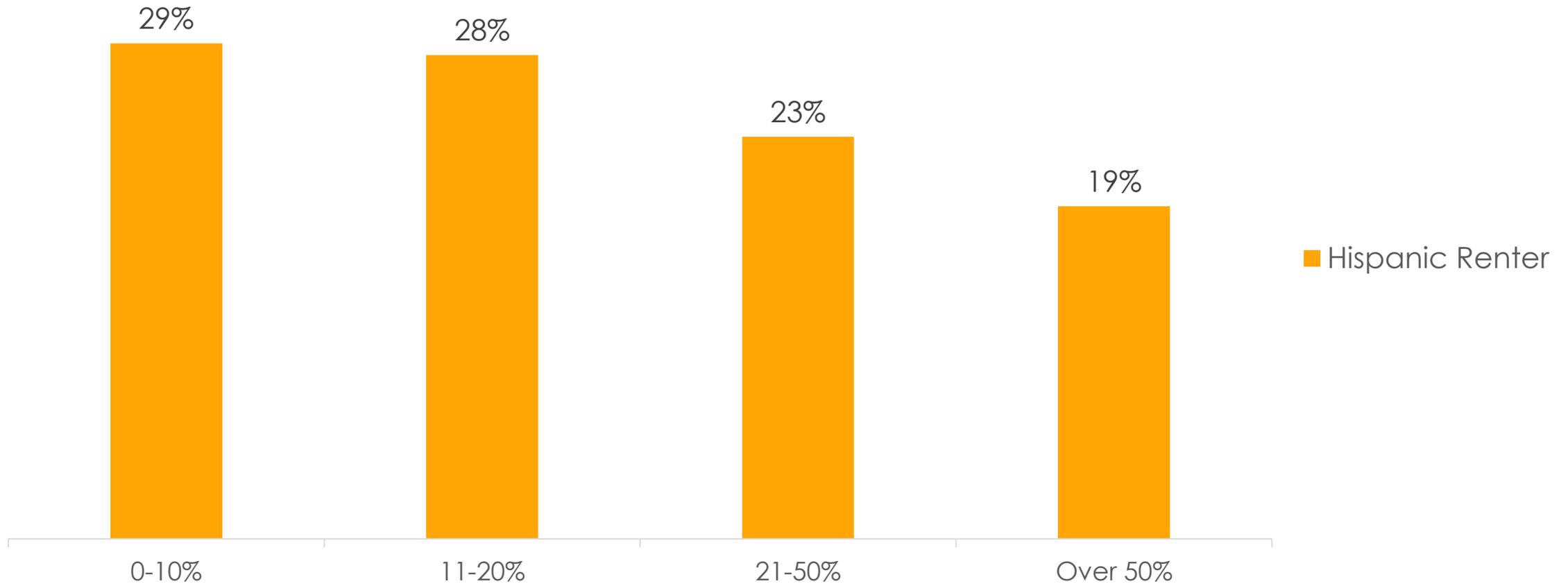


Millennial Hispanic Renters Least Likely to Know Their Credit Score





Many Hispanic Renters Misinformed About Down Payment Requirements

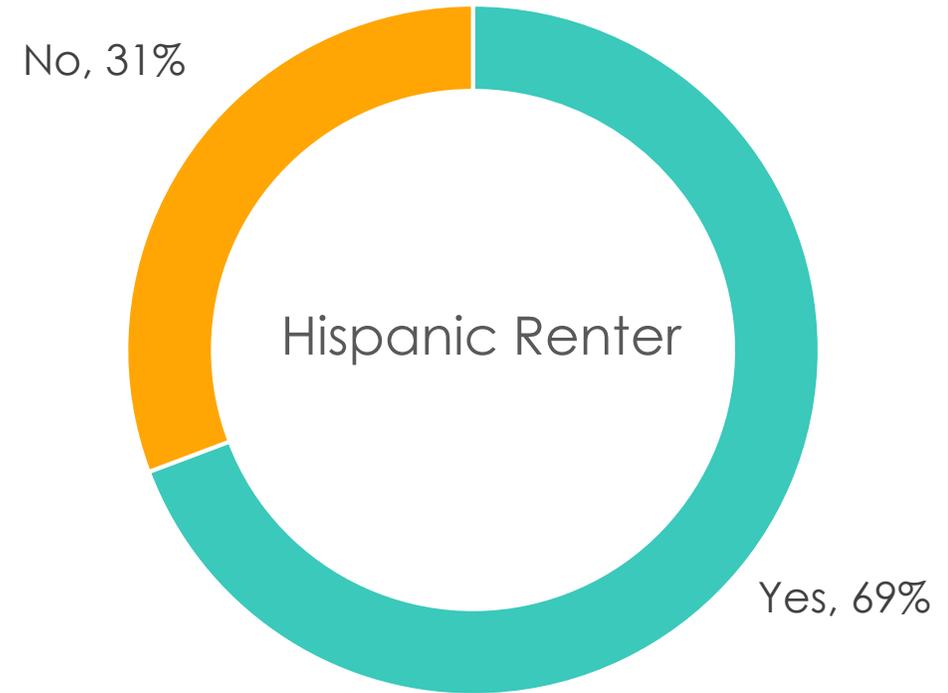
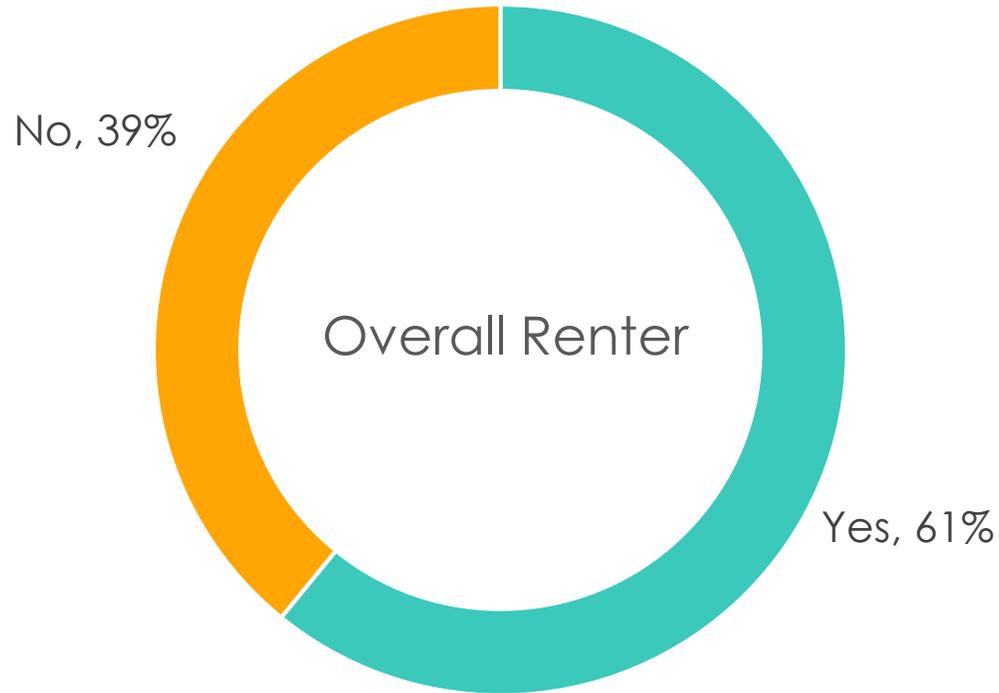


In your estimation, how much down payment is required to purchase a home? (Hispanic n=1,304)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

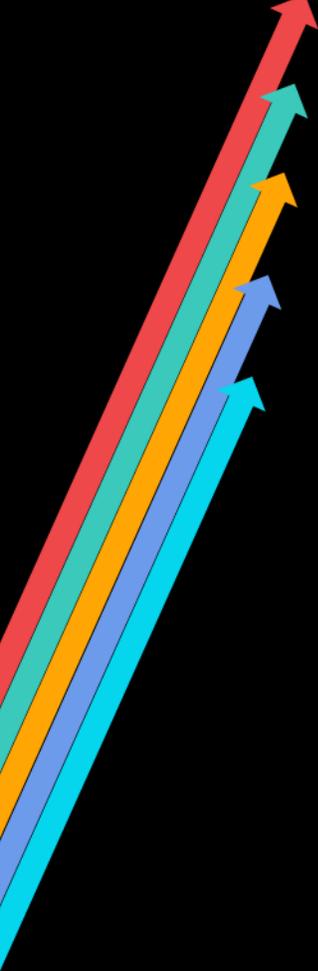


Many Renters Would Look for a House if They Knew They Could Qualify with a Lower Down Payment



If you knew you could qualify for a mortgage with a much lower down payment would you start to look for a house? (Overall n=1,849, Hispanic n=1,327)

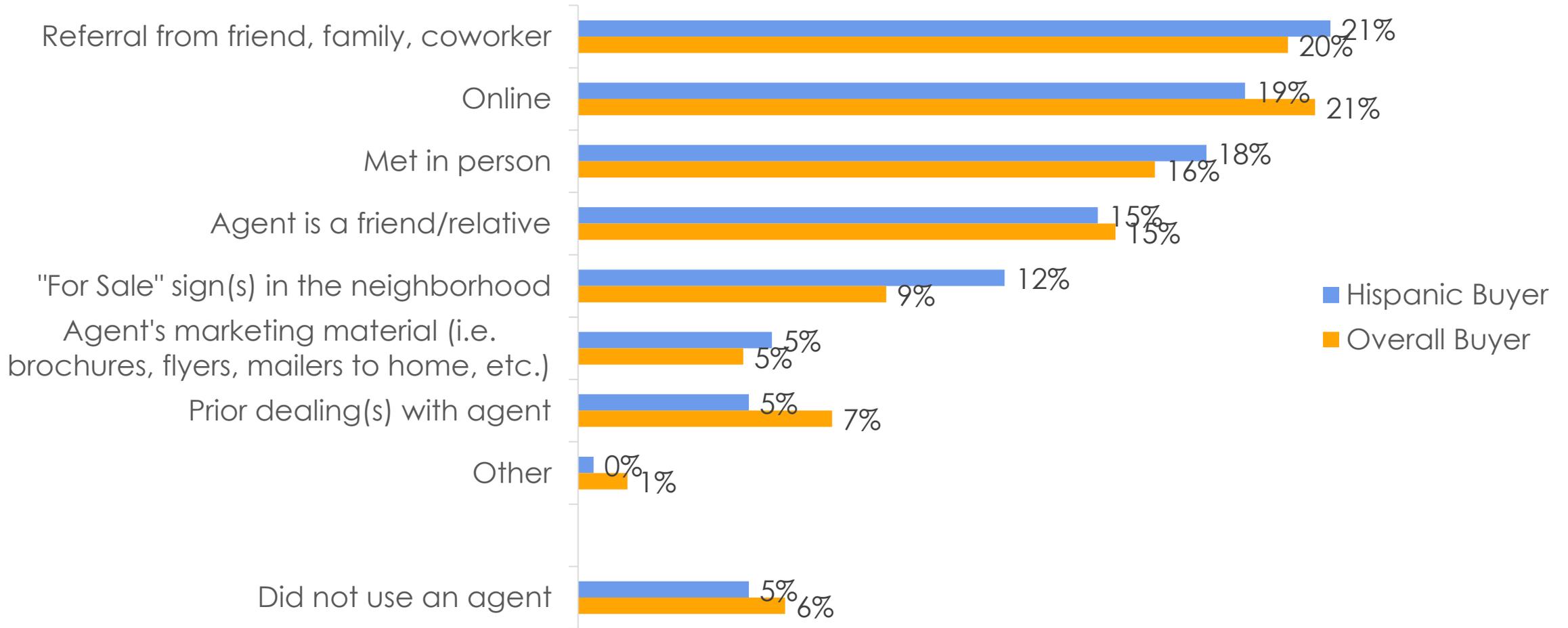
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®
SERIES: 2018 Consumer Survey



Relationship with Agents

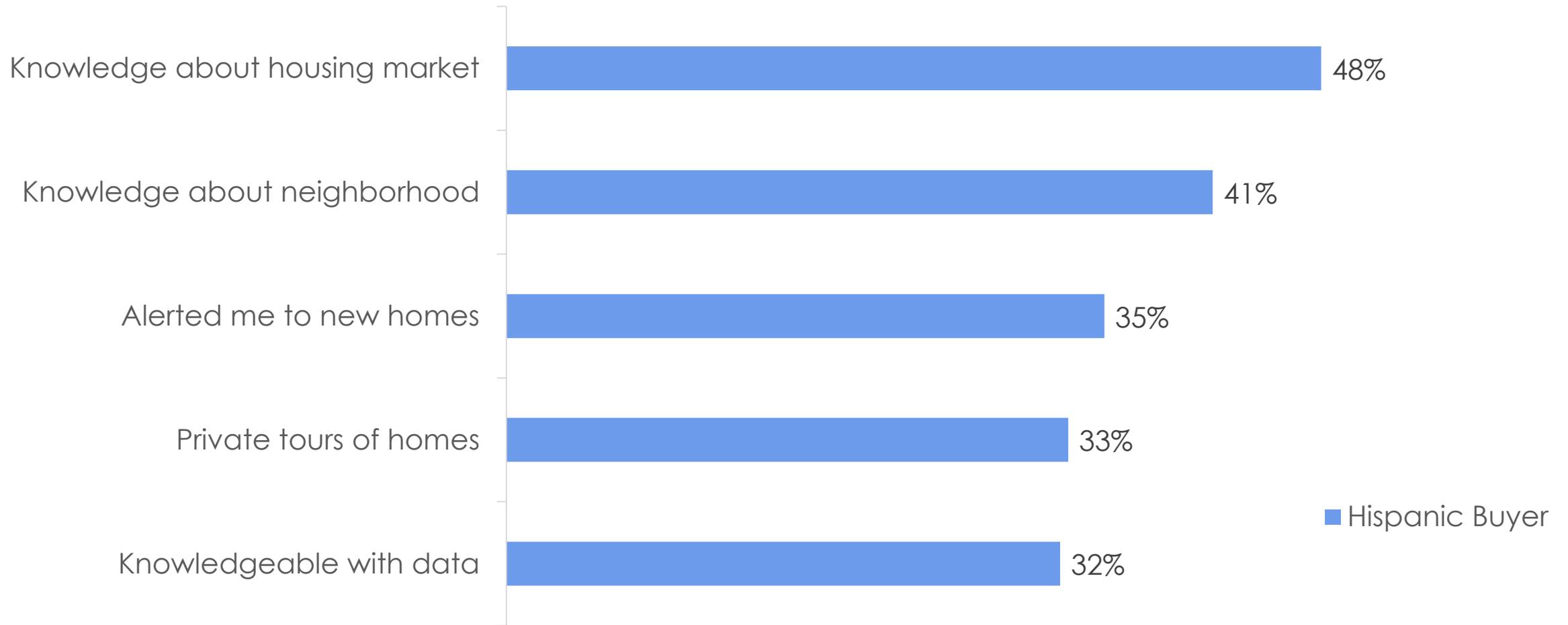


Internet and Referrals Are Top Ways to Find Agent





An Agent's Knowledge Was the Most Important Service They Provided

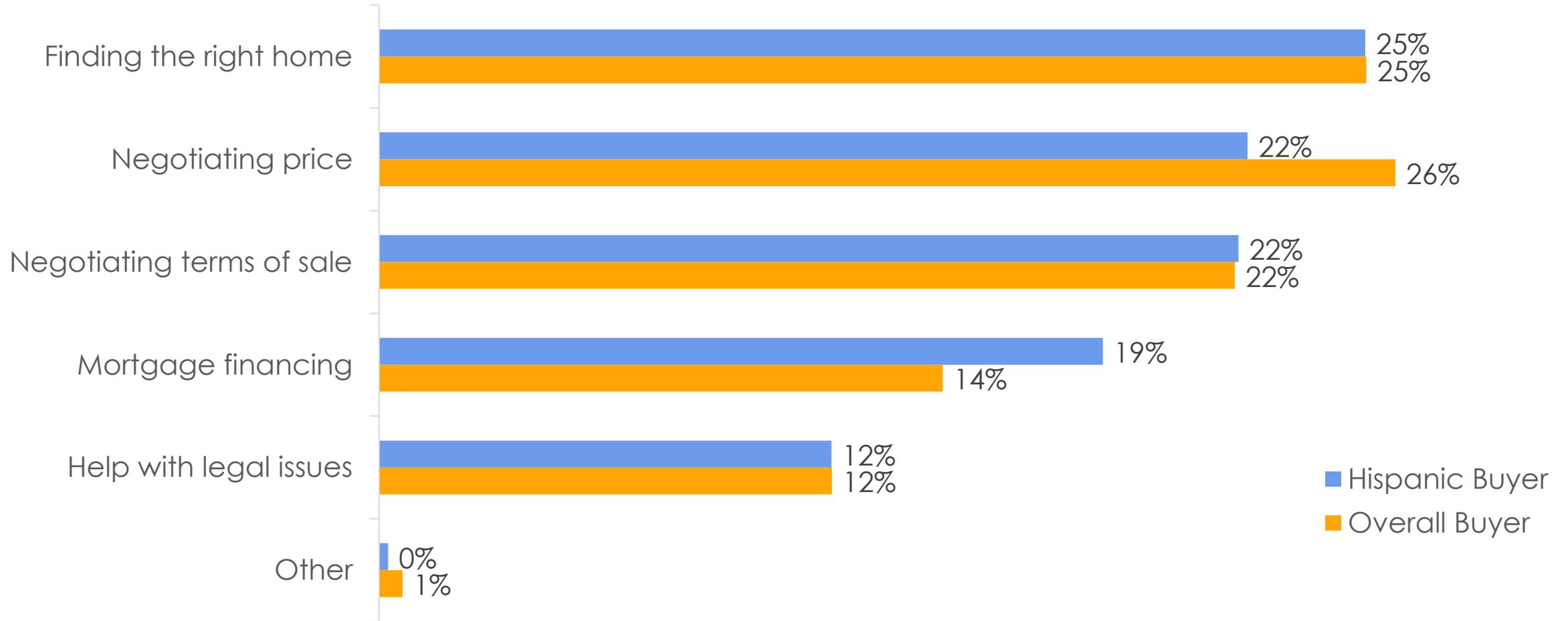


What agent services were most important to you when buying your home? (Hispanic n=426)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Hispanic Buyers Need More Assistance with Mortgage Financing



In which part of the transaction did you need the most assistance from your agent? (Overall n=1,335, Hispanic n=431)

SERIES: 2018 Consumer Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



C.A.R. Resources

Property Information

Household Information

Special Circumstances

Enter the **Street Address** and **Zip Code** of a specific property
– OR –

Start typing in the **General Search** field and pick a neighborhood, city or county from the menu.

Street Address (e.g. 123 Main Street)

Zip Code

General Search (start typing for a menu of options)

Estimated sales price

Is this a Multi-Family Home?

Is the home in foreclosure?

Single-Family Multi-Family

Yes No

Matched Programs

—

[View Programs](#)

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- Down Payment Resource Directory (finddownpayment.car.org)

Contact: 213-739-8383 or financehelpline@car.org



C.A.R. Resources

- S.T.E.P.S. Toward Homeownership (on.car.org/steps)

Contact: MortgageRescue@car.org

Let's remove the stigma, and take STEPS towards homeownership.

STEPS Towards Homeownership
Skills and Tools Educating People for Success

 Mortgage Rescue  Freddie Mac
We make home possible™



C.A.R. Resources

- Housing Affordability Fund (HAF)
(haf.car.org)

Contact: JulissaG@car.org



Make a Donation
HAF Statewide Programs
Grants for Local Associations



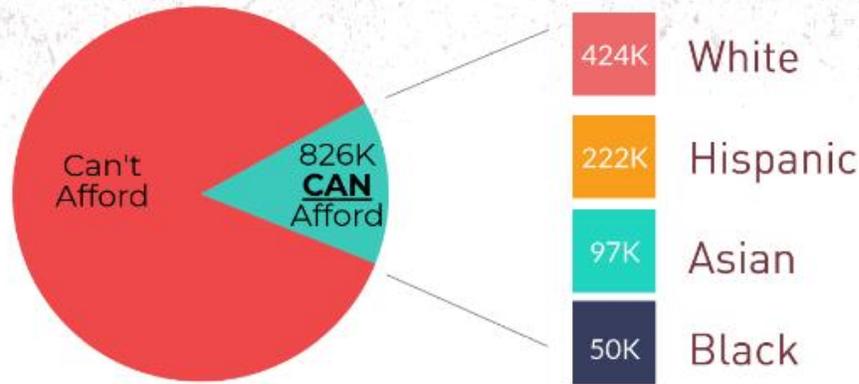
Key Takeaways

- Homeownership Is Still the Dream
 - Hispanic consumers say that freedom and status are social benefits of homeownership. They feel that homeownership is the best long term investment they can make.
- Barriers to Homeownership
 - Similar to last year, Hispanic consumers find challenges with affordability and unfamiliarity with the home buying process and associated costs.
- Relationship with Agents
 - Hispanic homebuyers relied most heavily on the referrals from those around them to help them find an agent and relied on their chosen agent for their knowledge about the market and neighborhood.



Surviving the Shift and Thriving

5.9M CALIFORNIA RENTERS



REALTORS® CAN HELP



Top 4 Counties w/Most Potential Buyers



Counties w/Biggest Percentage of Potential Buyers





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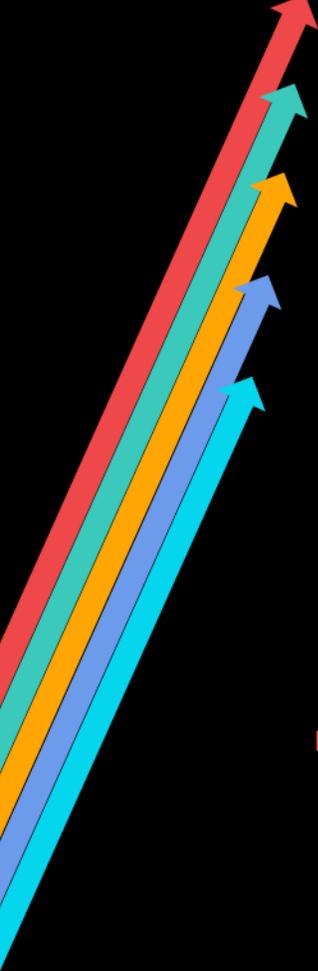
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SUPPORT YOU WANT.**

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Leaders
AND
Legends



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