

# WHY ARE THEY RENTING?

## A LOOK AT THE U.S. RENTAL MARKET



Real Estate  
Consumer Trends



2018

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## A Look at the U.S. Rental Market

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Authored by Madiha Ashour, *Consumer Research Analyst*

For many, the American Dream includes homeownership, yet according to the U.S. Census Bureau, almost 40% of people in the United States continue to rent. Intrigued, KW Researchers sought to understand why renters are not buying. This study explores homeownership desires and hesitations among renters, while assessing their knowledge of the home-purchasing process.

### Demographics and Methodology

KW Research surveyed a random sample of 1,471 renters in the United States. Demographically, the survey respondents were primarily female (61%). The group was fairly well educated with more than half (54%) having completed some college or earning a bachelor's degree. Over half of the respondents made more than \$35,000 annually. One-third lived in a single-family home, while more than half lived in an apartment or condo.



### THIS REPORT REVEALS:

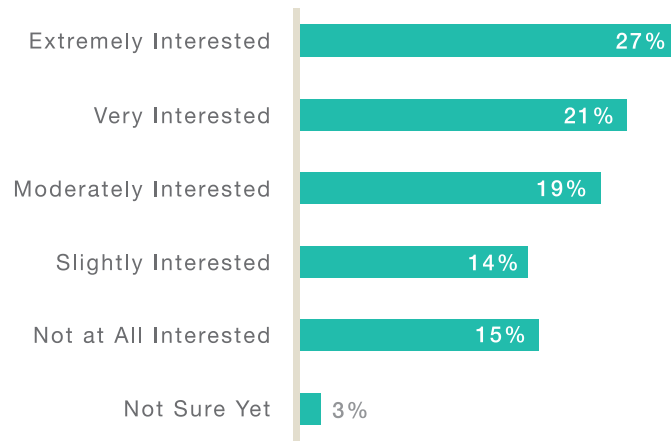
- 01 Despite nationwide dips, a majority of renters are still interested in homeownership
- 02 Why previous homeowners are abandoning homeownership
- 03 The amount of renters taking financial initiative to own a home
- 04 Debt isn't discouraging renters
- 05 Levels of home search
- 06 The largest knowledge gap in the homeownership process

# 01 Despite nationwide dips in homeownership, a majority of renters are still interested.

Despite U.S. homeownership being at a 50-year low\*, an overwhelming amount of respondents (81%) expressed interest in homeownership, with nearly 50% being “very or extremely interested.” Among those interested, over half (57%) indicated they would like to be homeowners within the next three years.

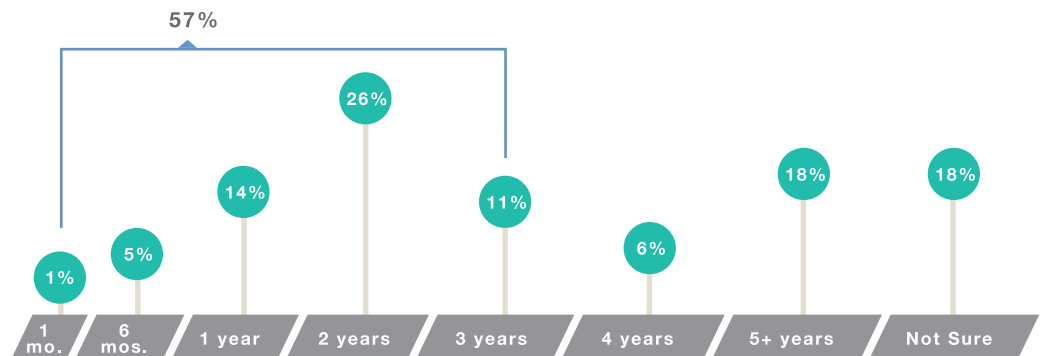
## Interest in Homeownership

“How interested are you in becoming a homeowner in the near future?”



## Desired Homeownership Timeframe

“What is your desired timeframe to become a homeowner?”



\*Source: Hurdles to Homeownership: Understanding Barriers, University of California, Berkeley

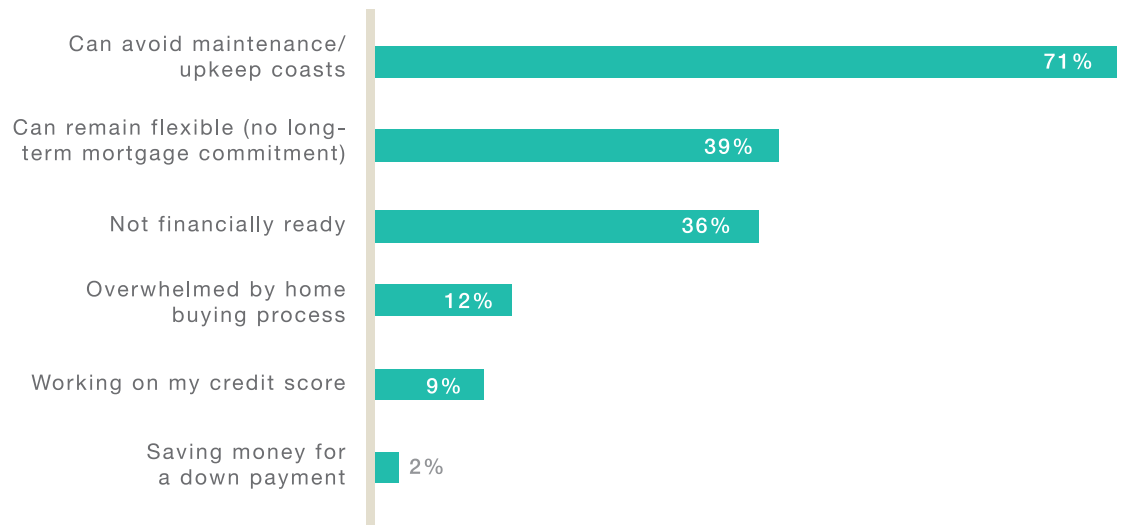
## Why the disinterest?

Within the group, 15% said they have no interest in homeownership at all, citing several reasons why they believe renting continues to be superior to owning:

- I do not have to worry about maintenance and upkeep costs. (71%)
- I have no long-term commitment to a mortgage. (39%)
- I am not financially ready. (36%)

## Why I'm Not Getting Back Into the Market

"What are the reasons you choose to rent?"



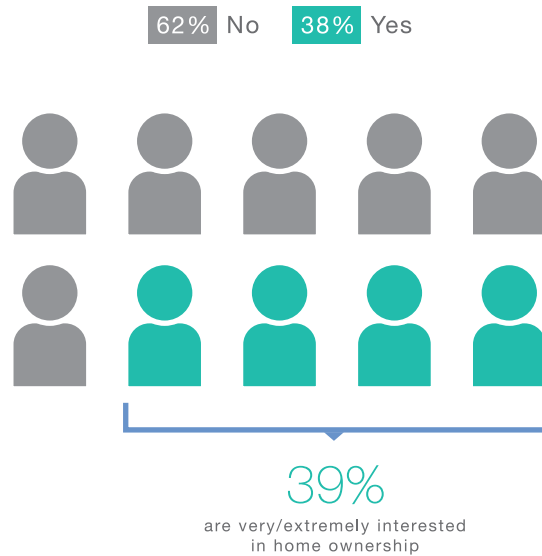
## 02 Previous homeowners who have become renters have largely given up on the dream of homeownership.

Over one-third of the respondents were previous homeowners. And, while 39% expressed interest in getting back into the market, the remainder—60%—said they had no intentions of reentering.

Reasons for their decision to continue renting were largely personal, including retirement, divorce, financial strain, and relocation.

### Renter's Interest in Returning to Market

“Did you ever own a home in the past? Are you interested in getting back into the market?”

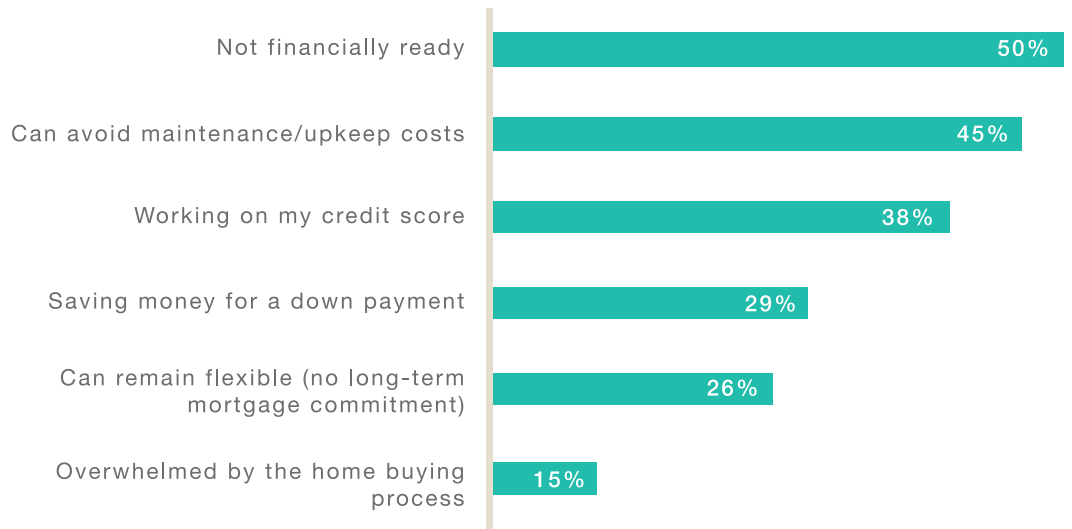


### 03 A majority of renters are taking financial initiative to own a home.

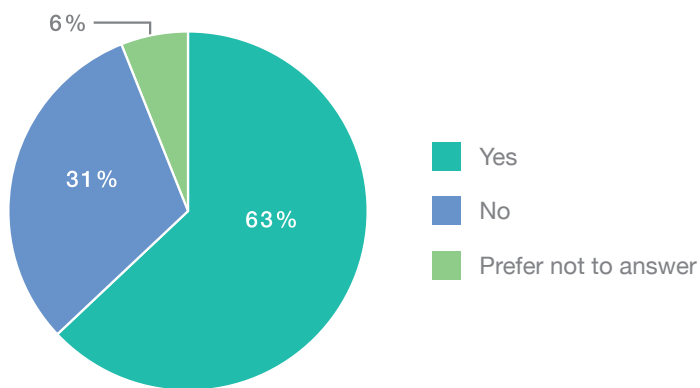
When we asked about hurdles to homeownership, we found that 63% of respondents had hesitations about homeownership and financial concerns represented the biggest hurdle. However, on a positive note, we saw that a majority of renters (67%) are proactively working on their finances to be able to purchase a home either by trying to improve their credit score (38%) or by saving money for a down payment (29%).

#### Reasons for Renting

“What are the reasons you choose to rent?”



“Do you have any hesitations with regards to home ownership?”

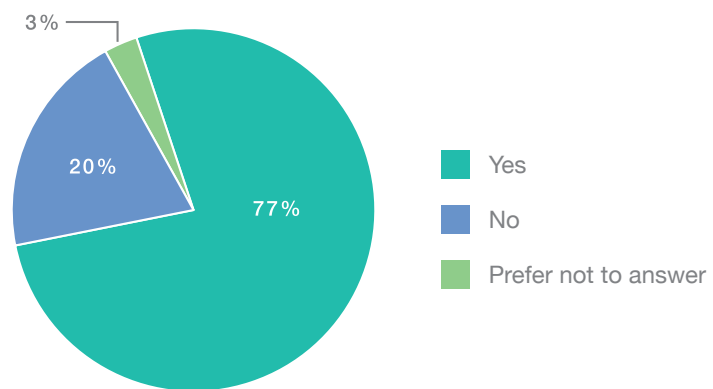


## 04 Debt isn't discouraging renters.

Among the 77% of renters who indicated they had some form of debt, nearly half did not believe this debt was preventing them from owning a home. The most prevalent form of debt for renters was credit card or revolving debt, followed by debt accrued by student loans. There was also a perception among renters that credit card debt was more problematic than student loans.

### Renters on Debt

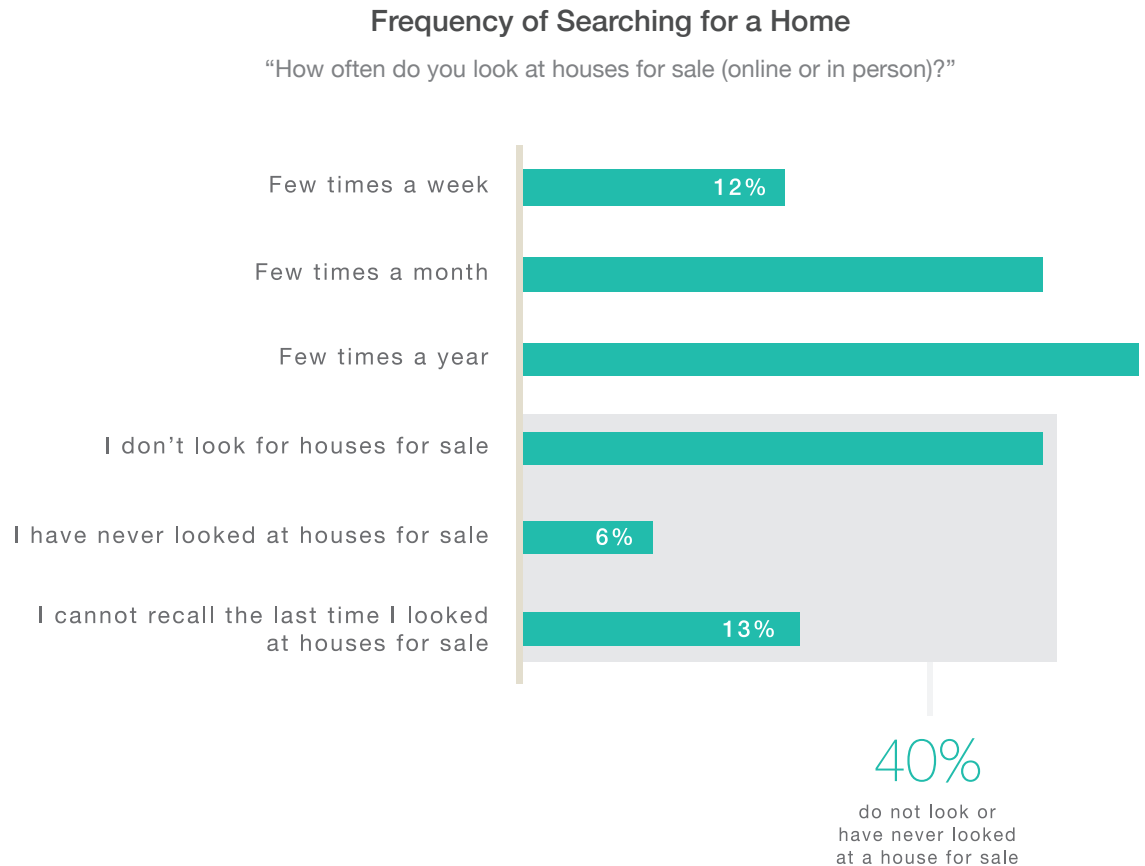
"Do you currently have some form of debt/loan?"



**46%** of renters do not believe debts/loans are preventing them from owning a home

## 05 Proactive home search remains low, despite high levels of interest in homeownership.

As seen earlier, there are high levels of interest in homeownership among renters. Yet, even with this strong desire, the majority of renters said they seldom look at houses (online or in person). Over 25% of renters said that they do not look or have never looked at a house for sale.





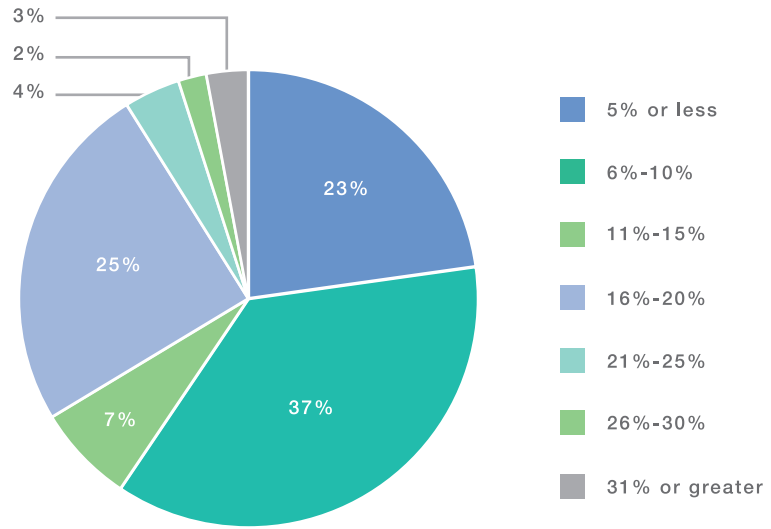
## 06 Significant knowledge gaps exist when it comes to the homeownership process.

When we asked renters what they thought the expected down payment on a mortgage was, answers varied. 60% of the renters believed the expected down payment was less than 10%, while 24% of respondents believed that the expected down payment should be 20%.

This points to significant knowledge gaps in the homeownership process, largely due to a lack of education. 41% of renters said they have never educated themselves on the homeownership process.

### Expectations of Down Payments

“What do you think is the expected down payment?” (Range from 0%-50% provided)



## Survey Respondants Demographic Profile

Who took the survey?

### Rent Type

55%

Apartment/Condo

31%

Single Family Home

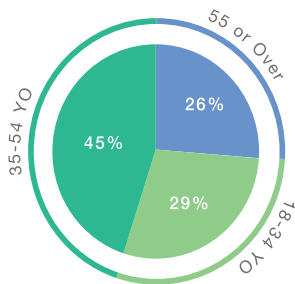
7%

Townhome

7%

Duplex

### Age



### Gender



61%

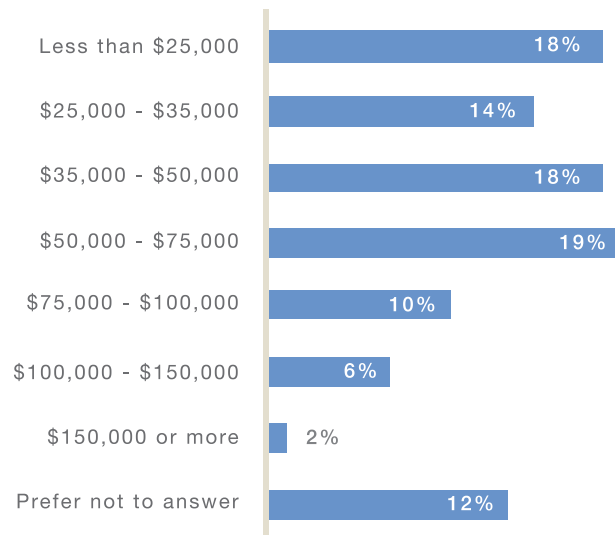
Female



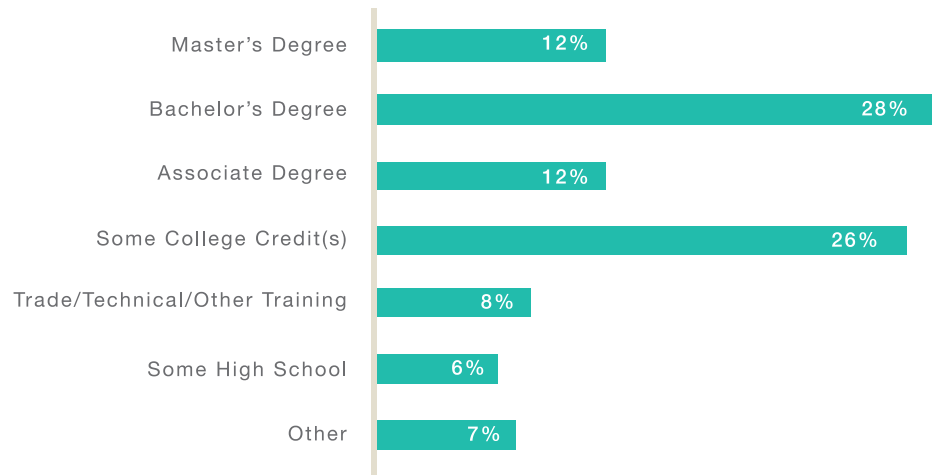
39%

Male

### Income



### Education



## About KW Research

The research and development team at the Austin-based global headquarters of Keller Williams Realty, Inc., spearheads groundbreaking research on industry-specific consumer trends, technology, and the real estate industry and economy at large. Their expertise and findings directly influence companywide initiatives by empowering decision makers to make informed and strategic choices on behalf of our agents, their businesses, and our Market Centers.

Now a technology company, Keller Williams remains an industry and thought leader in part through the important work of the research and development team and by navigating ahead of change. And, by bringing insights to light, KW is innovating to deliver the real estate platform that our agents' buyers and sellers prefer.

## About Keller Williams Realty, Inc.

Keller Williams, the world's largest real estate franchise by agent count, has more than 930 offices and 177,000 associates. The franchise is No. 1 in units and sales volume in the United States. In 2018, Training magazine inducted Keller Williams into its Hall of Fame of top training organizations across all industries in the world.

Since 1983, Keller Williams has grown exponentially and continues to cultivate an agent-centric, education-based, technology-driven culture that rewards agents as stakeholders. The company also provides specialized agents in luxury homes, commercial, and farm and ranch properties.

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