

Bankrate

4 in 5 Aspiring Homeowners Cite Down Payments and Closing Costs as a Significant Obstacle

1 in 5 aspiring homeowners say they will never be able to save enough for a down payment

NEW YORK - February 26, 2025 - According to a new Bankrate survey, 81% of aspiring homeowners* say the expenses from down payments and closing costs are a significant obstacle to affording a home. This includes 52% who say they pose a 'very significant' obstacle.

For more information: <https://www.bankrate.com/mortgages/home-affordability-report/>

Of those aspiring homeowners who say the expenses from down payments and closing costs are a significant obstacle in buying a home, Gen Xers (ages 45-60) lead at 84%. That is closely followed by 82% of millennials (ages 29-44), 81% of Gen Zers (ages 18-28) and 75% of baby boomers (ages 61-79) who are aspiring homeowners.

The majority of both higher and lower earners say that the expenses from down payments and closing costs are a significant obstacle in buying a home, with 83% of aspiring homeowners making under \$50,000 annually and 78% of those making over \$100,000 or more annually saying as such.

“With many Americans downbeat on the U.S. economy, affordability challenges including in the housing space loom large. After all, a place to live isn’t a luxury, it is a necessity,” said Bankrate Senior Economic Analyst Mark Hamrick. “As part of that, barriers to owning a home are consequential issues.”

Overall, 1 in 5 (20%) aspiring homeowners say they will never be able to save enough for a down payment on a home. Roughly 3 in 4 (76%) say it will take at least a year to save enough, while 49% say it will take less than 5 years, and 32% say it will take at least 5 years.

When current homeowners were asked how they paid for the down payment and closing costs for their first home, the most common methods include saving specifically for their home purchase (44%), utilizing first-time homebuyer grants or loan assistance programs (17%), and receiving financial gifts from friends or family (15%).

Notably, when asked about the current housing market, 40% of Americans say now is a bad time to buy a home, compared to 42% a year ago and 49% in September 2023. Further, 41% say mortgage rates will remain elevated for the foreseeable future, and 18% say renting is cheaper than owning a home. More than 1 in 5 (22%) Americans say they will never be able to afford their dream home.

As far as what Americans believe is required to buy a home, 42% believe a buyer needs excellent credit for a mortgage, and 34% think a 20% down payment is required, highlighting some common misconceptions in the housing market.

“We cannot say with confidence that the housing affordability outlook will be rosier in the next 6-12 months, so patience may be called for many aspiring to homeownership,” added Hamrick. “We might continue to face challenges like elevated mortgage rates and a lack of housing supply at the heart of affordability challenges. At the same time, there’s no shame in renting. While waiting, there are benefits to building savings for a down payment and the inevitable other costs of home ownership, including maintenance, taxes, and insurance.”

Methodology:

This survey has been conducted using an online interview administered to members of the YouGov Plc panel of individuals who have agreed to take part in surveys. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,703 U.S. adults. Fieldwork was undertaken between January 15-17, 2025. The survey was carried out online and meets rigorous quality standards. It gathered a non-probability-based sample and employed demographic quotas and weights to better align the survey sample with the broader U.S. population.

**Bankrate has defined aspiring homeowners as all US adults who have owned a home in the past or never owned a home but want to some day and are interested in owning a home.*

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