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# 4 Reasons Millennials Still Aren't Buying Houses

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Two-thirds of millennials surveyed by TD Bank said that think they will purchase a home in the next two years.



It's difficult for first-time buyers to find an edge in a market where one in four buyers is paying in cash.

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CHICAGO, IL – SEPTEMBER 21: A home is offered for sale in the Logan Square neighborhood on September 21, 2015 in Chicago, Illinois. Sales of previously owned homes fell more than expected nationwide in August following three months of gains. The slump has been attributed to lack of inventory and rising home prices. (Photo by Scott Olson/Getty Images)

Several studies have shown that a large portion of renters wants to buy houses, but they're not ready to make the leap right away. Two-thirds of millennials surveyed by TD Bank said that think they will purchase a home in the next two years. [🐦](#)

Even as the share of first-time buyers in today's market continues to increase (34 percent of those who bought a home in the past two years were millennials, [according to Redfin](#)), millennials are moving into homeownership at a far slower rate than their parents did at their age.

Here are four reasons why:

1. **It's harder for them to get a mortgage.** Lenders today have stricter standards when it comes to the debt-to-income ratio, which is tough for potential buyers who already have more debt and less income than previous generations. "Ten years ago,

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debt-to-income ratios were in the 50 range without issue, now it's a hard stop at 43," says Chris Copley, a regional sales manager for TD Bank. Many of today's millennials graduated into a tough job market and may have spent several years un- or underemployed. Even if they've since landed a better position, they haven't seen the wage growth that would allow them to save while paying down student loans and record high rents. Seventy percent of millennials told TD Bank they need to save for a down payment before they can purchase a house, and 52 percent said they need to pay down debt.

2. **Competition is fierce.** As demand has increased and prices crept up, the inventory of available houses has not kept pace. It's difficult for first-time buyers to find an edge in a market where one in four buyers is paying in cash. 🐦 "Getting a mortgage might not be enough for millennials," says Nela Richardson, chief economist at Redfin. "You can have a great credit score and a decent down payment, but if you're competing against an all-cash buyer in a competitive market, that may not be enough."
3. **They're starting families later.** From the shaky economy to cultural shifts, there are myriad reasons that today's young people are waiting longer to get married or have children. Single, unattached professionals may not want or need the time or money commitment that comes with purchasing property. 🐦 Millennials

were more likely than other home buyers to want to buy a home in a good school district, according to Redfin, but they may not want to pay the high taxes associated with such homes until they've got children to send to those schools. Plus, they're less likely to become homeowners on their own. Millennials are more likely to purchase their first home with a partner or spouse (70 percent), compared to potential first-time home buyers of other generations (49 percent), according to TD Bank.

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#### 4. **There are more rental options.**

When the housing bubble burst, institutional investors were among the biggest buyers of single-family homes, which they're now offering as rentals. Those units, along with the apartment buildings that developers have been focused on constructing in recent years, mean that there are a larger variety of options for those who want to rent than there may have been in the past.

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