

Generation Z Study

Objectives & Methodology



Profile Generation Z as they begin to come of age, examining their:

1. Financial education history and financial knowledge
2. Perceptions of saving, spending, and debt
3. Plans and preferences for future home renting and ownership



Online survey fielded
March 24 to
April 13, 2022;

In-depth qualitative
interviews –
June - July 2022

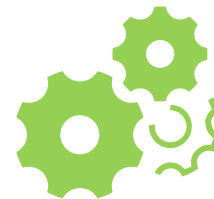


N= 1,739
American teenagers
and adults ages 14
through 25;
*Oversamples for
Black and Hispanic
teens and young
adults;

Interviews:
10 participants –
Ages 14 - 25



Fielded in both
English and
Spanish; 4% opted
for Spanish



Data were weighted to be
representative of national
sample of American
teenagers (14-17 years)
and young adults (18 to
25 years)

**Overrepresentation
conducted specifically on
Blacks & Hispanics to
align with FHFA Equity
directives*



Some comparisons
made to 2019
Generation Z
survey*

* N=1,531 respondents;
oversamples by
race/ethnicity and
conducted in English and
Spanish

Executive Summary



Financial education starts at home

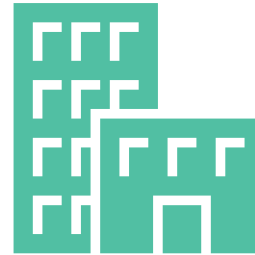
Gen Z generally see their **parents** as **good financial role models!**

Black Gen Zers lag on **early financial education**, and **Hispanic Gen Zers** are more inclined to **worry about family finances**. Still, unlike their White peers, these groups are optimistic that they will fare better than their parents.



Financial preparedness starts with knowledge

Parents teaching kids about responsible credit card use matters—their kids will do better. Black Gen Zers appear to struggle more with credit cards, today. Looking ahead, **1 in 3 Gen Z adults** say **home ownership** is **out of reach** (1 in 2 among Hispanic respondents). Black and Hispanic Gen Zers cite numerous roadblocks.



The rental experience

AC, Wi-Fi, low crime, and in-unit laundry/dishwasher are must-have rental features; proximity to a **grocery store** is also key. Black Gen Zers are above average on many of these, and they view renting with pride and a way to build community. Gen Z could use more information on lease options.



Homebuying expectations

Gen Z adults are **confident** when it comes to homeownership **responsibilities**—less so on the **homebuying process**. Attitudes are largely positive, though a notable **1 in 4 Black and Hispanic Gen Z adults** say that **homeownership is not a goal**.



Gen Z Snapshots

Fast facts about housing, educational attainment, and financial tools



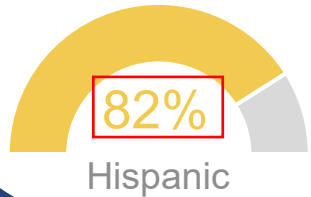
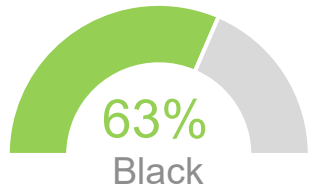
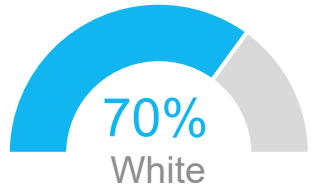
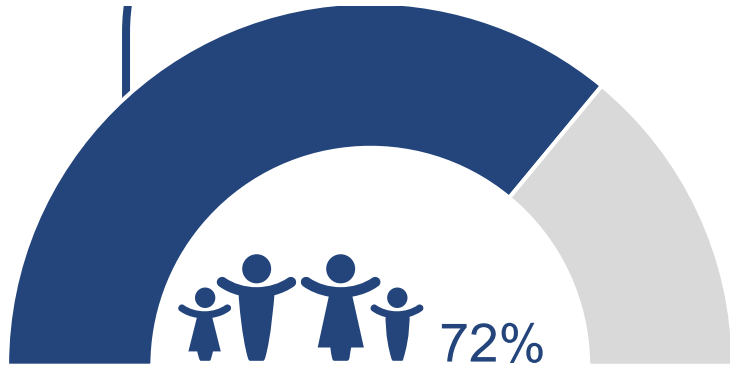


Housing Snapshot

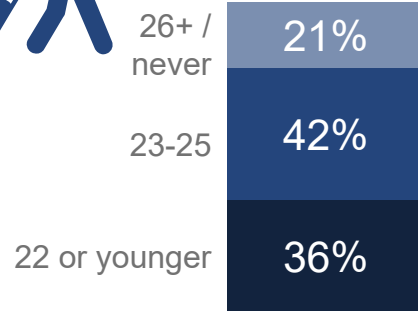


Nearly 3 in 4 Gen Zers overall live at home

Currently live with parents



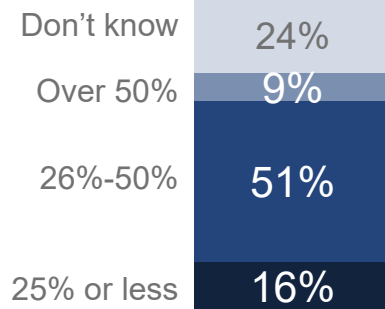
Expect to move out



Plurality of these expect to move out at age 23-25



% of monthly income expected to go towards rent / mortgage



Half of these expect to dedicate 26%-50% of income to housing

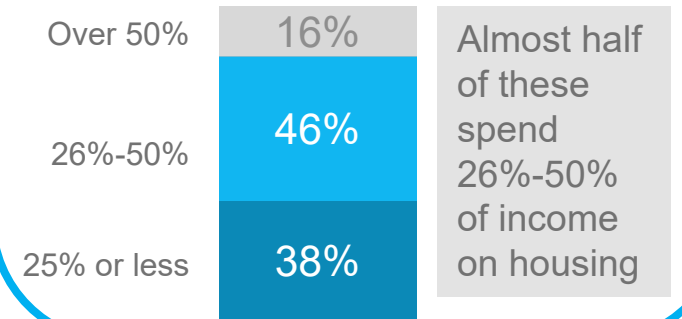
Among Gen Zers who have moved out on their own...



86% Moved out at age 22 or younger



% of monthly income goes towards rent / mortgage



82% = Significantly higher than other subgroup(s)

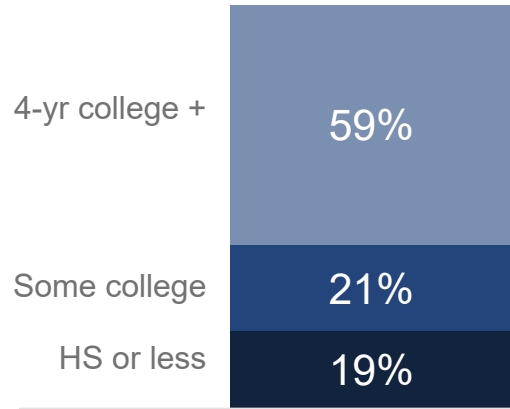


Education Snapshot



3 in 5 have their sights set on a 4-year degree

Have achieved / will achieve...



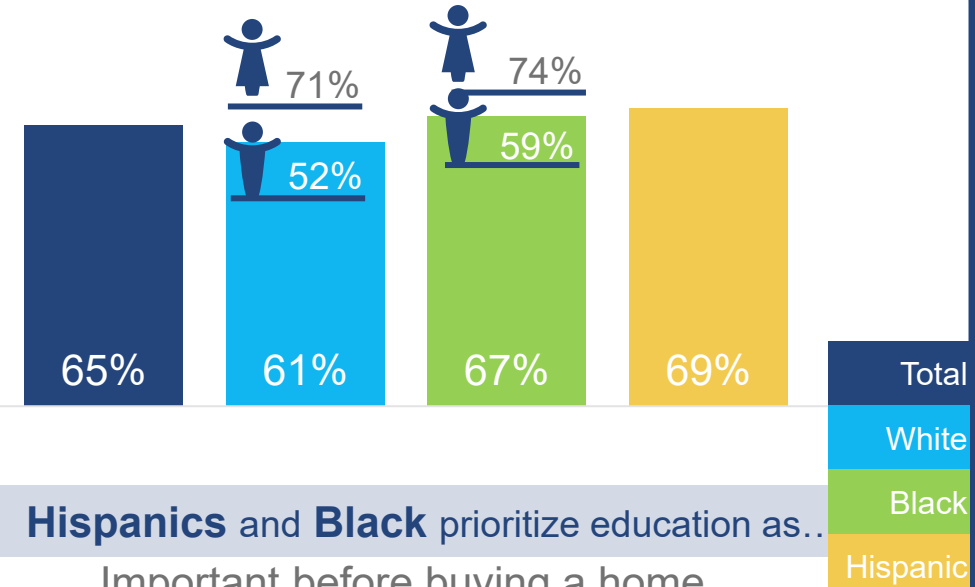
Gen Z girls more apt to expect a college degree+ (64% vs. 55%);

Boys anticipate a HS degree or less education (24% vs. 15%)

Post-school, most expect to earn either between \$50K-\$99K or <\$50K (each 38%)

White and Black **women**, as well as all **Hispanics**, are most likely to...

Agree that a 4-year college degree is worth the cost



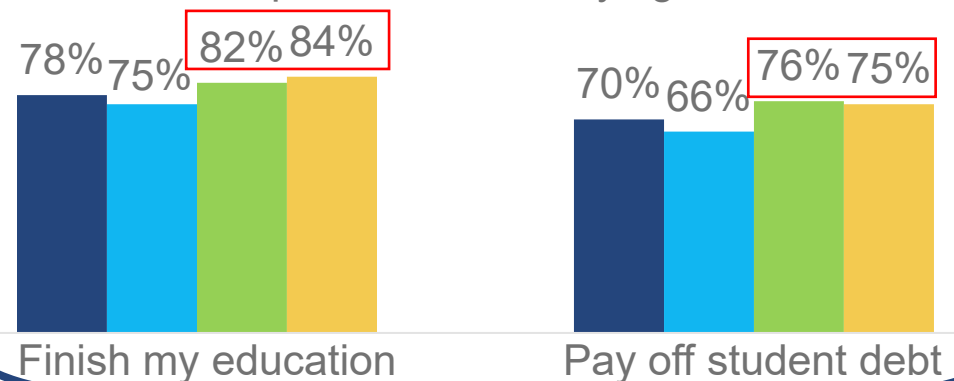
Black Gen Z more likely to rely on student loans

Pay for their education with...

	Total	White	Black	Hispanic
Full-time or part-time job	41	43	34	42
Academic scholarship	37	41	30	32
Family financial contribution(s)	37	40	29	31
Federal or private student loan	32	33	45	25
College fund (savings, 529)	20	27	11	11
Need-based scholarship	18	17	20	20

Hispanics and Black prioritize education as...

Important before buying a home



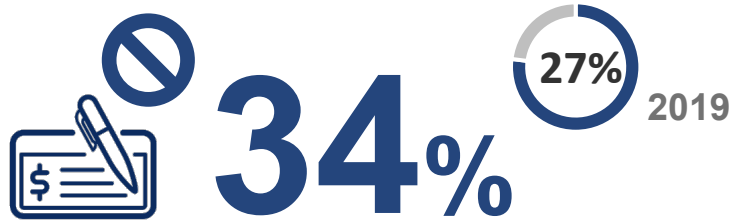
 = Significantly higher than other subgroup(s)



Homebuying Expectations & Rental Experience



One in 3 Gen Z adults say home ownership is out of reach financially—a figure that rises to half for Hispanics. Blacks and Hispanics are more likely than their White peers to see numerous obstacles standing in the way of home ownership.

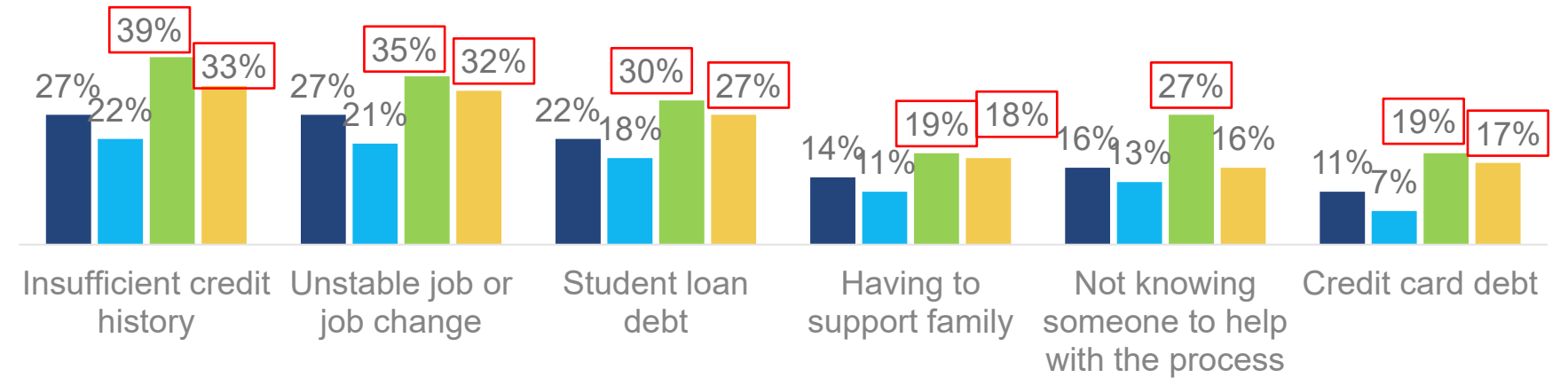
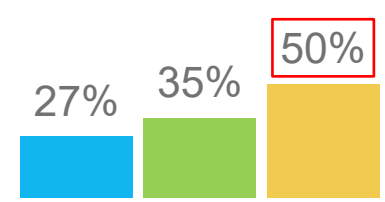


of adult Gen Zers say that owning a home at any point seems **out of reach** financially

4 in 10 (39%) overall say it will be **hard to save for a down payment**, virtually the same across racial/ethnic groups

■ 18+ Gen Z ■ White ■ Black ■ Hispanic

■ White ■ Black ■ Hispanic



E5_9. Please indicate how much you agree or disagree with each statement. - Owning a home at any point in my life seems out of reach financially.
 E3. Please indicate to what extent each of the following will be an obstacle to purchasing your first home.
 Base=18+ Gen Z, N=964; White, N=435; Black, N=213; Hispanic, N=230

□ = Significantly higher than other subgroup(s) 8

Attitudes towards home ownership are overwhelmingly positive among Gen Z adults.



PROS

Owning...	Total	18-22	23-25
Allows more flexibility to design it the way you want	96%	96%	95%
Gives you more privacy	96%	96%	96%
Is something to be proud of	95%	95%	96%
Gives you more independence and control than renting	92%	91%	92%
Is something that can be passed on to your children	90%	89%	92%
Provides stability and/or financial security	90%	91%	88%
Is a sign of success	85%	86%	85%
Makes you feel more like part of a community	79%	80%	79%

CONS

Relatively few are “**scared off**” by the responsibility

Owning...	Total	18-22	23-25
Home ownership is too much responsibility.	39%	42%	35%

E5. The list below contains some views people have about owning a home. Please indicate how much you agree or disagree with each statement.
Base=Respondents 18+, N=964; 18-22, N=629; 23-25, N=335

Gen Zers across racial/ethnic groups hold many positive views of homeownership. Yet, Black and Hispanic Gen Zers are more apt to agree with cons like “too much responsibility.”

Owning a home...	18+ Gen Z	White	Black	Hisp.
+ Allows more flexibility to design it the way you want	96%	97%	97%	92%
+ Gives you more privacy	96%	97%	92%	94%
+ Is something to be proud of	95%	97%	96%	92%
+ Gives you more independence and control than renting	92%	92%	92%	88%
+ Is something that can be passed on to your children	90%	89%	92%	92%
+ Provides stability and/or financial security	90%	93%	88%	86%
+ Is a sign of success	85%	88%	85%	82%
+ Makes you feel more like part of a community	79%	81%	76%	80%
- Is too much responsibility	39%	28%	49%	57%
- Is not one of my goals	16%	10%	24%	25%

Comparison to thoughts on renting

	18+ Gen Z	White	Black	Hisp.
Renting a home is something to be proud of	58%	58%	71%	49%
Renting gives you more independence and control than owning a home	27%	24%	27%	34%
Renting makes you feel more like part of a community	35%	29%	41%	43%

! 1 in 4 each say that home ownership is not a goal

☐ = Significantly higher than other subgroup(s) 10

E5. The list below contains some views people have about owning a home. Please indicate how much you agree or disagree with each statement.
 C1. The list below contains some views people have about renting. Please indicate how much you agree or disagree with each statement.
 Base=18+ Gen Z, N=964; White, N=435; Black, N=213; Hispanic, N=230

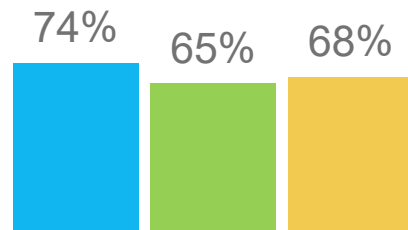


Gen Zers age 18+ are confident when it comes to the *responsibilities* associated with homeownership, but their knowledge of the homebuying *process* is weaker.



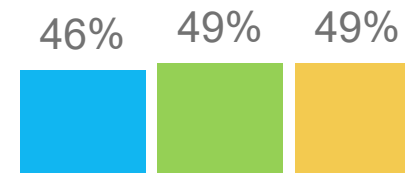
of 18+ Gen Zers are confident in their **knowledge of the responsibilities** that come with owning a home

■ White ■ Black ■ Hispanic



of 18+ Gen Zers are confident in their **knowledge of the overall homebuying process**

■ White ■ Black ■ Hispanic



G1. How confident do you feel in your knowledge of each of the following?
Base=18+ Gen Z, N=964; White, N=435; Black, N=213; Hispanic, N=230

Top pros of renting include flexibility, being close to the “action,” and less stress than owning; attitudes towards renting are generally weaker among those 23 to 25.



+ PROS

<i>Renting... %</i>	Total	14-17	18-22	23-25
Allows you to have more flexibility over where you live	72	76	76	62
Makes it possible to be closer to a major city and the 'action' there	64	65	65	61
Is less stressful than owning a home	61	64	63	56
Is something to be proud of	58	59	58	57
Costs less than owning	37	40	40	29
Makes you feel like part of a community	37	42	39	28
Gives you more independence and control than owning a home	30	37	33	18
Is much more appealing to me than buying a home	28	29	31	20



Living by **landlords' rules** and “**throwing your money away**” are **CONS**

<i>Renting... %</i>	Total	14-17	18-22	23-25
Forces you to live by a landlord's rules	91	90	91	91
Feels like you are throwing your money away	72	69	71	79






C1. The list below contains some views people have about renting. Please indicate how much you agree or disagree with each statement. Base=All Respondents, N=1,739; <18, N=775; 18-22, N=629; 23-25, N=335

= Significantly higher than other subgroup(s)

AC, Wi-Fi, low crime, and in-unit laundry/dishwasher are must-have rental features; close proximity to a grocery store is also key



Very important rental features (%)

	Air conditioning	78
	Wiring for high-speed internet access	75
	Low-crime neighborhood	69
	Laundry in unit	61
	Dishwasher in unit	42

Very important - rental is within 15 minutes (%)

	A grocery store	62
	Work	39
	Hospital / ER	31
	Family	30
	College / university	29

Q11X. The following is a list of features that young adults might look for when selecting an apartment to rent. How important would each of these features be to you if you were looking for a place to rent now/as a young adult?
 Q11X2. And how important would it be for your new rental home to be within 15 minutes of the following?
 Base=All Respondents, N=1,739

Black Gen Zers are more apt to see renting as something to be proud of and a way to build community, whereas White Gen Zers are inclined to agree with cons like throwing “throwing your money away.”

Renting...

	All Gen Z	White	Black	Hisp.	All Gen Z 18+	White	Black	Hisp.
— Forces you to live by a landlord's rules	91%	95%	90%	86%	91%	95%	90%	85%
+ Allows more flexibility over where you live	72%	76%	67%	67%	71%	75%	66%	63%
— Feels like throwing your money away	72%	76%	61%	69%	74%	79%	60%	71%
+ Makes it possible to be closer to a major city and the 'action' there	64%	66%	59%	62%	64%	67%	54%	61%
+ Is less stressful than owning a home	61%	62%	64%	59%	60%	60%	67%	56%
+ Is something to be proud of	58%	58%	68%	53%	58%	58%	71%	49%
+ Costs less than owning	37%	34%	37%	43%	36%	32%	39%	40%
+ Makes you feel like part of a community	37%	32%	41%	46%	35%	29%	41%	43%
+ Gives you more independence/control than owning home	30%	27%	30%	38%	27%	24%	27%	34%
+ Is much more appealing to me than buying a home	28%	26%	32%	30%	27%	25%	35%	28%

—
CONS
Living by **landlords' rules** and **“throwing your money away”**

+
PROS
Flexibility over where you live, makes it possible to be **close major city “action,”** and **less stressful** than owning

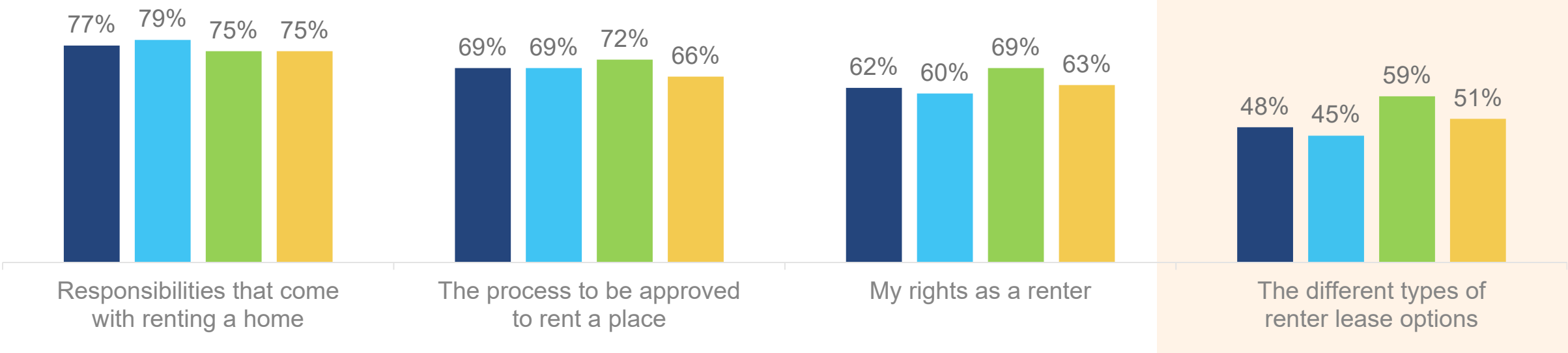
= Significantly higher than other subgroup(s)



Gen Z adults across races/ethnicities are generally confident when it comes to the responsibilities associated with renting—less so with lease options.

% Feeling confident in knowledge of...
(among 18+)

■ 18+ Gen Z ■ White ■ Black ■ Hispanic



! Confidence declines with lease options

G1. How confident do you feel in your knowledge of each of the following?
Base=18+ Gen Z, N=964; White, N=435; Black, N=213; Hispanic, N=230



Financial Education & Preparedness

It starts at home



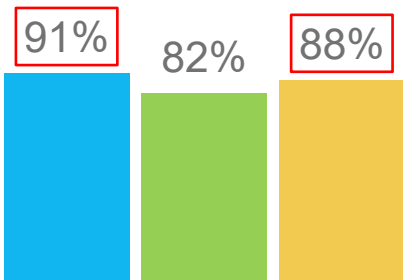
Gen Z generally see their parents as good financial role models.
 Black Gen Zers lag on these measures, though figures are still relatively high.



89%

of Generation Z agrees:
*I have **good role models** in my life who demonstrate financial responsibility*

White Black Hispanic



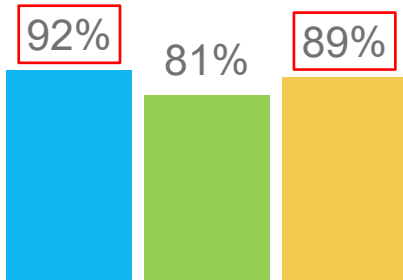
89%

of Generation Z includes their **parents** in their top three as...

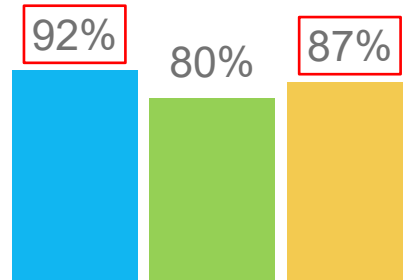
Most influential on views of money

Go-to resource for money management / financial advice

White Black Hispanic



White Black Hispanic



D1_7. Please indicate whether you agree or disagree with the following: I have good role models in my life who demonstrate financial responsibility.
 XX3. Whether directly or indirectly, which THREE of the following influence your views the most of money?
 XX4. Which THREE of the following people or resources are you most likely to go to when you have a question about managing your money or need financial advice?
 Base=All Gen Z, N=1,739; White, N=817; Black, N=332; Hispanic, N=408

 = Significantly higher than other subgroup(s) 17

Large majorities recall conversations with parents about money—often happening early on and including lessons on budgeting. Black Gen Zers trail others on *early* financial education.



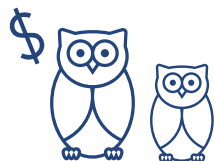
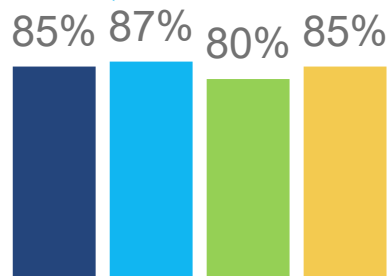
% Strongly/Somewhat agree

■ All Gen Z ■ White ■ Black ■ Hispanic

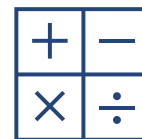
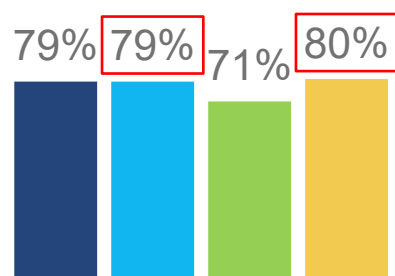


My parent(s) **have talked to me** about managing my finances/money

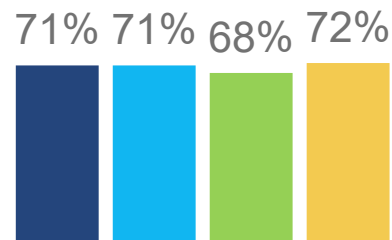
Significantly higher than among Black Gen Zers



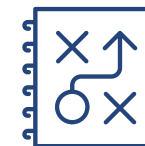
My parent(s) **started teaching me about money early** in my life



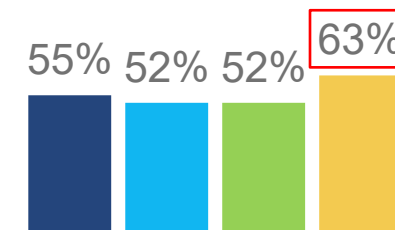
My parent(s) taught me **how to set a budget**



A smaller majority goes so far as to say their parents *involved* them in financial decisions, though Hispanic Gen Zers over-index here.



My parent(s) have **involved me in family financial decisions**



 = Significantly higher than other subgroup(s) 18

D1. Please indicate whether you agree or disagree with the following.
Base=All Gen Z, N=1,739; White, N=817; Black, N=332; Hispanic, N=408



A sizeable percentage worries about their family's finances—especially Hispanic Gen Zers—and say money is a stressful topic in their family.

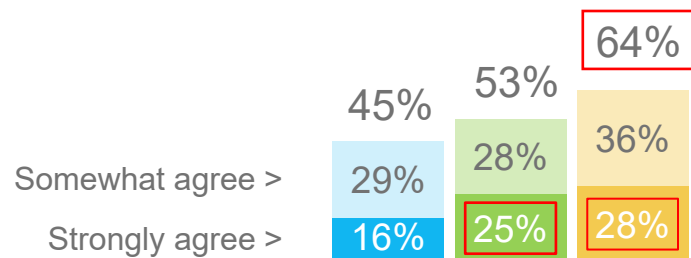


52%

of Generation Z agrees:

*I have **worried** about my family's financial situation before*

■ White ■ Black ■ Hispanic

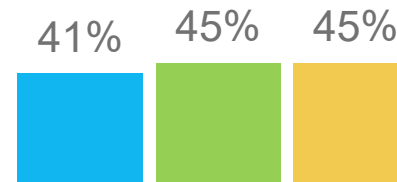


43%

of Generation Z agrees:

*Money is a **stressful topic** in my family*

■ White ■ Black ■ Hispanic



 = Significantly higher than other subgroup(s) 19

D1. Please indicate whether you agree or disagree with the following.
Base=All Gen Z, N=1,739; White, N=817; Black, N=332; Hispanic, N=408

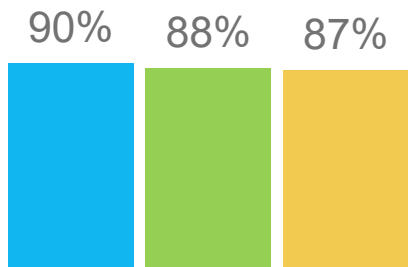
A supermajority feels confident they will be able to manage their finances well as an adult. Black and Hispanic Gen Zers are optimistic they'll fare better than their parents financially—more so than White Gen Zers.



89%

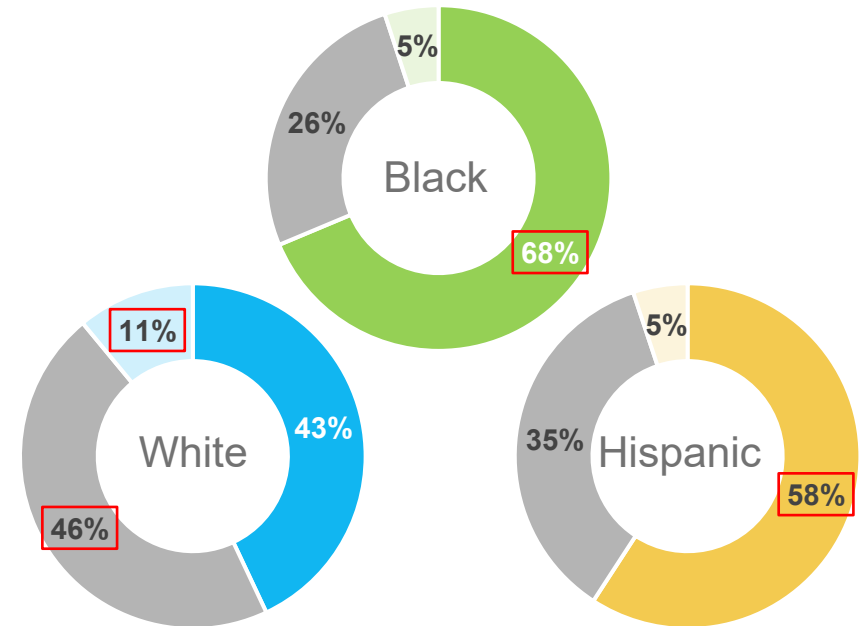
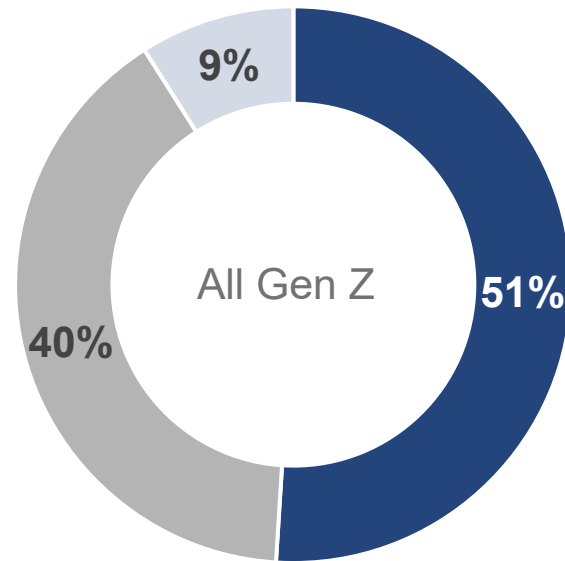
of Generation Z is **confident** in their ability to manage finances well in adulthood

■ White ■ Black ■ Hispanic



Expectations for financial situation when Gen Zers are *their parents' age*

■ Better ■ About the same ■ Worse



D1_6. Please indicate whether you agree or disagree with the following: I am confident that I will be able to manage my finances well as an adult.
 XX5. Please think about your parents' current financial situation. Do you think you will be doing financially better, worse, or about the same when you are their age?
 Base=All Gen Z, N=1,739; White, N=817; Black, N=332; Hispanic, N=408

☐ = Significantly higher than other subgroup(s) 20