

Genworth Mortgage Insurance's Economist Report, Fourth Quarter and Full-Year 2020: 2020 Best Year on Record for First-Time Homebuyer Market

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Despite the COVID-19 pandemic and resulting recession, 2020 ended with a record number of first-time homebuyers and a strong increase in repeat buyers; Private mortgage insurance most frequently used low-down payment financing option for first-time homebuyers for the third consecutive year

RICHMOND, Va., March 23, 2021 /PRNewswire/ -- [Genworth Mortgage Insurance](#), an operating segment of Genworth Financial, Inc. (NYSE: GNW), today released the 15th edition of the First-Time Homebuyer Market Report, authored by its Chief Economist, Tian Liu, for the fourth quarter and full-year of 2020. The report aggregates all publicly available government data and proprietary mortgage industry data into one digestible report. The full analysis can be viewed at <https://miblog.genworth.com/first-time-homebuyer-market-report/>.

4Q and 2020 Full Year Overview

- **First-time homebuyer market activity overall:** 2.38 million Americans became first-time homebuyers in 2020—up 14 percent from the same period a year ago
- **First-time homebuyer market activity strong in Q4:** 657,000 single-family homes were purchased—up 26.4% from a year ago; First-time homebuyers reached 2.76 million (seasonally-adjusted annual rate) in Q4, their fastest pace on record
- **First-time homebuyers represented a bigger share of the housing market:** For the full year, first-time homebuyers represented a higher percentage of homebuyers (40% vs. 38% in 2019) in the single-family housing market, and a higher percentage of purchase loan borrowers (56% vs. 55% in 2019) in the mortgage market
- **First-time homebuyer demographics maturing:** The aging of the Millennial population implies that the increase in first-time homebuyers over the age of 30 may lead to an overall increase in the number of first-time homebuyers in the 25-44 age group, which could be in the order of 580,000 first-time homebuyers over five years
- **Improving housing affordability provided a better environment for first-time homebuyers:** Affordability conditions remained favorable for first-time homebuyers compared to the pre-pandemic period in 2019. Rapid growth in housing demand and rising home prices were powerful incentives for homebuilders to ramp up production with single-family housing starts increasing by 18 percent during Q4'20 to a seasonally-adjusted annual rate of 1.23 million units, the highest quarter since the fourth quarter of 2006.
- **Low down payment mortgages remain essential for first-time homebuyers:** These mortgages financed 1.94 million (81 percent) first-time homebuyers in 2020, up two percentage points from 2019; The biggest year for the low down payment mortgage market in history
- **Private Mortgage Insurance (PMI) was the most-sold product:** 899,000 first-time homebuyers used conventional mortgages with PMI to finance their first home purchase in 2020, up 25 percent from a year ago

Comments from Tian Liu, Chief Economist, Genworth Mortgage Insurance

"Out of 2020 came a housing boom with rapidly rising home prices and a new construction boom in single-family homes. More recently, despite the COVID-19 pandemic and a deep recession, the U.S. housing market has staged an unexpected and strong rebound in the second half of 2020, resulting in a record number of first-time homebuyers."

"The pandemic and resulting economic impact increased housing demand in many ways. Working from home, remote learning, and other social distancing measures have forced homes to become the end all be all, ultimately resulting in an increase in a home's value to homebuyers. Large expenditures on travel, leisure, entertainment, and personal services have decreased significantly throughout the pandemic, freeing up disposable income to be used toward housing. While the unemployment rate has increased overall, its impact has been more muted on higher income earners who are more likely to become potential homebuyers – so the job losses have had less effect on housing. Potential homebuyers may have benefitted from pandemic-related forbearance programs on student loans, credit cards, and auto loans, temporarily reducing debt repayment for some. The real estate and housing finance industries have successfully maintained the functioning of the housing market by reducing the number of face-to-face interactions in homebuying, selling, and financing. The forbearance program in the mortgage industry prevented foreclosures by borrowers impacted by the pandemic and helped stabilize the housing market. Finally, fiscal stimulus under the CARES Act helped to maintain spending and income levels, which prevented spillover from the public health crisis into a broader economic and housing crisis. Together, all of these factors made 2020 the best year on record for the first-time homebuyer market."

About Genworth's First-Time Homebuyer Market Report

The First-Time Homebuyer Market Report is the only economic series measuring the number of home sales and mortgages to first-time homebuyers covering the entire housing market. This report provides quarterly estimates of the first-time homebuyer market since the first quarter of 1994—spanning two housing cycles and 26 years. It provides a historical perspective necessary to understand today's first-time homebuyer market. It is based on a sample size of 27.6 million first-time homebuyers from government reports and industry data. By capturing the entire market over a long period, and providing the latest market snapshot, this report makes the first-time homebuyer market more visible to housing industry participants and policymakers.

For access to the full report and charts, visit: <https://miblog.genworth.com/first-time-homebuyer-market-report/>

About Genworth Mortgage Insurance

[Genworth Mortgage Insurance](#), an operating segment of Genworth Financial, Inc. (NYSE: GNW), is headquartered in Raleigh, North Carolina, and operates in all 50 states and the District of Columbia. Genworth Mortgage Insurance works with lenders and other partners to help people responsibly

achieve and maintain the dream of homeownership by ensuring the broad availability of affordable low down payment mortgage loans. Genworth has been providing mortgage insurance products and services in the U.S. since 1981.

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