

A new generation of homeowners emerge



By [Andrew Price](#)

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Millennials (those born between the 1980s and the mid-1990s) have been accused by some media outlets of "killing the housing market", due to their reluctance to buy property. Their hesitancy stems more from being unable to afford it than from an emotional state.



Andrew Price, director of MortgageMe

With the cost of living being higher than ever before, and home-owning being seen as a luxury rather than a necessity, the rental market has boomed. However, when millennials do finally choose to buy their first home, they're able to afford a nicer starter home than previous generations have.

But what about their younger counterparts, the Gen Zers?

As startling as it may seem, the oldest of the Gen Zers are turning 25 this year. A small segment of the cohort is considering purchasing homes or are beginning the homebuying process.

When identifying the property trends forecast for 2020 and the new decade, it is imperative to take this new generation of aspiring homeowners into account. However, within the South African housing market, very little is known about the attitudes that Gen Zs hold towards homeownership.

As a forward-thinking proptech company, MortgageMe is constantly on the lookout for insider insights into both the current and future housing market and so we confirmed our findings from more developed markets with local first-time Gen Z homeowners.

Here's what we found:

Gen Zs are ambitious, yet realistic about the prospect of future homeownership

A survey conducted by American mortgage lender Freddie Mac found that Gen Z respondents estimated that they would be able to achieve the goal of homeownership by the age of 30, which is three years younger than the median age of millennial first-time homebuyers, but much later than that of previous generations.

While this survey was conducted in the States, MortgageMe's market research has indicated that South African Gen Zs have set themselves a similar timeline for their own homebuying ambitions.

Gen Z sees the importance of renting but considers the option less appealing than homeownership

While they acknowledge the attractiveness of renting with its flexibility, reduced stress, and affordability, renting is still generally seen as a temporary status.

When asked about this reasoning, Gen Z homeowners responded that they did not want to help pay off someone else's bond each month and that they would rather invest money in their own assets.

Gen Z resents the long-term obligations of home loans but acknowledges their necessity

Many media outlets generalise Gen Zs as being non-committal by nature, but prospective homeowners in this bracket acknowledge the necessity of a decades-long loan repayment process as part of being able to afford a home. Rather than feeling trapped, many see home loans as funding for their futures.

Gen Z feels that the current home buying process is outdated and needs to be adjusted for the new decade

Young home buyers are frustrated by all the hard copies of documents that are required, the back-and-forth emails between agents, buyers and lawyers and the 'broken telephone' that ensues between all parties. With regards to improving this outdated system, one young buyer suggests an online portal.

"Each stakeholder could get a login and the portal could feature a repository for the necessary documents and a clear status and progression outline so that everyone involved knows the next step, who is responsible for it and how long it may take."

However, they feel that the majority of online financing and bond options that are currently available 'represent the future' by being well implemented and easy to manage

MortgageMe is one such 'future thinking' digital bond aggregating platform that grants users access to a fully automated and digital home loan application process, which includes an affordability calculator and bond certificate services. Acknowledging the concerns raised by this new generation of homebuyers, we've ensured that our service saves potential homeowners from having to spend time contacting multiple banks and lenders for financing, as well as from having to generate the necessary financial documents manually offline, as MortgageMe enables them to input the required data once while the automated process does the rest.

Will Gen Zs disrupt the housing market as it stands?

The short answer is yes, but in a way that can benefit all stakeholders involved, as long as they are willing to get involved. The suggestions that they have for how the home loan and home buying process can be improved are not radical, nor should they come as a surprise.

It is time that the property industry drags itself into the new century, let alone the new decade. I for one, am excited for what the future, and the new generation of homeowners, hold.

ABOUT ANDREW PRICE

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