

The Changing Path to Homeownership

What Generational Differences Reveal About Affordability and Access

The average first-time homebuyer today looks markedly different from their parents or grandparents. Today's first-time buyers are older, now averaging 40, and increasingly located outside major urban centers, a trend that predates the pandemic-era homebuying boom. According to a recent analysis by the National Association of Realtors, first-time homeownership was at a historic low in 2025, with just 33% of 30-year-olds in the United States owning a home, down from 47% in 1984.

This decline is primarily driven by a nationwide housing shortage that has fueled rapidly rising home prices and an affordability crisis. The U.S. is currently short an estimated 4.7 million homes, primarily in urban areas but increasingly in small and mid-sized markets as well. Median starter home prices have climbed to \$287,000—up 44% from just five years ago. This shortage has ripple effects across the economy, contributing to historically low household formation, reduced wealth-building opportunities for younger generations, and a widening racial homeownership gap.



Despite these challenges, most Americans continue to view homeownership as a cornerstone of the American Dream. A 2025 Realtor.com survey found that 75% of respondents believe owning a home is part of that dream. This belief is strongest among older generations (84% of Boomers and 74% of Gen X), compared to younger ones (69% of Millennials and 61% of Gen Z). While majorities across all age groups still value homeownership, the more than 20-point gap between Boomers and Gen Z suggests a meaningful generational shift that warrants closer examination.

As part of our affordable housing research at Actualize Consulting, we explored these generational differences to better understand why homeownership remains a significant milestone and what influences first-time buyers today. We interviewed 13 individuals across the Baby Boomer, Gen X, Millennial, and Gen Z generations, capturing perspectives from across the country. Drawing from these interviews and broader homeownership data, we identified three overarching motivators for buying a home: **life milestones, location, and economic conditions**. While the desire to own a home persists across generations, its meaning has evolved. Older generations tend to associate homeownership with traditional life milestones, while younger generations place greater emphasis on location flexibility and future aspirations beyond the home itself.

GENERATION	YEARS BORN
Baby Boomers	1946-1964
Generation X	1965-1980
Millennials	1981-1996
Gen Z	1997-2012

Table 1: Generation Breakdown by Year

Life Milestones

Marriage, job stability, and homeownership have long been central to the American ideal. While the timing and context of these milestones have changed, they remain among the strongest drivers of homeownership across generations.

Marriage, in particular, continues to play a significant role. In 2022, married couples accounted for 50% of first-time homebuyers, down from 61% in 1997. Although this represents a notable decline, marriage still motivates a substantial share of buyers. Across our interviews, individuals from all generations frequently cited marriage as a key reason for purchasing their first home. Theresa (Charlotte, NC, Gen X), reflecting on her first home purchase in 2002, explained, “You got married, and you bought a home—that’s what you did.” Similarly, EJ (Dallas, TX, Baby Boomer) did not become a homeowner until he married at age 35, noting that marriage was the primary reason he bought a home at the time.

One explanation for the declining share of married first-time buyers is that Americans are getting married later in life. Among adults born between 1940 and 1944, nearly 80% of women and 65% of men were married by age 25. For those born between 1990 and 1994, those figures fall to 30% for women and 20% for men. Younger generations are spending more time pursuing higher education, establishing careers, and achieving financial independence, which often delays marriage—and, by extension, traditional pathways to homeownership.

Unlike in previous generations, where societal expectations often tied marriage directly to buying a home, today, couples—both married and unmarried—are increasingly buying homes out of financial necessity. Co-buying with partners, friends, or family members has emerged as a strategy for overcoming affordability barriers, particularly among Gen Z. In 2024, 6% of homebuyers were unmarried couples; combined with married buyers, couples accounted for 68% of all home purchases that year.

This trend was reflected strongly in our interviews. Of the Gen Z homeowners we spoke with, most said they could not have purchased a home without a dual income. Those who are not yet homeowners overwhelmingly expressed skepticism about being able to buy on a single income. Hunter (Gen Z, New York City) described a dual income as “almost a necessity,” noting that he would not seriously consider homeownership without a stable partner. Tori (Columbus, OH, Gen Z), who purchased a home in 2024 with her husband, echoed this sentiment, explaining that buying on her own would not have allowed her to find a home that met her needs.

Beyond marriage, career stability is another critical life milestone influencing homeownership. A stable job provides both the financial foundation and the psychological confidence required to take on a long-term commitment, such as owning a home. Karen (Asheville, NC, Baby Boomer) cited job stability as a primary motivator for purchasing her first home in 2000—a pattern that continues to hold true for younger generations.

Having children is another powerful driver. For renters who are already parents, homeownership is often associated with stability, school quality, and long-term planning. Annie (Raleigh, NC, Gen X) emphasized the importance of homeownership in providing her children with consistency and access to a strong school district. For existing homeowners, children frequently prompt a move to a larger home. As Tori (Gen Z) explained, “The thing about houses is that you have to expand once you have kids, for the most part.” This life-stage-driven mobility remains consistent across generations.

While the meaning and timing of milestones have evolved, life events continue to shape homeownership decisions across age groups.

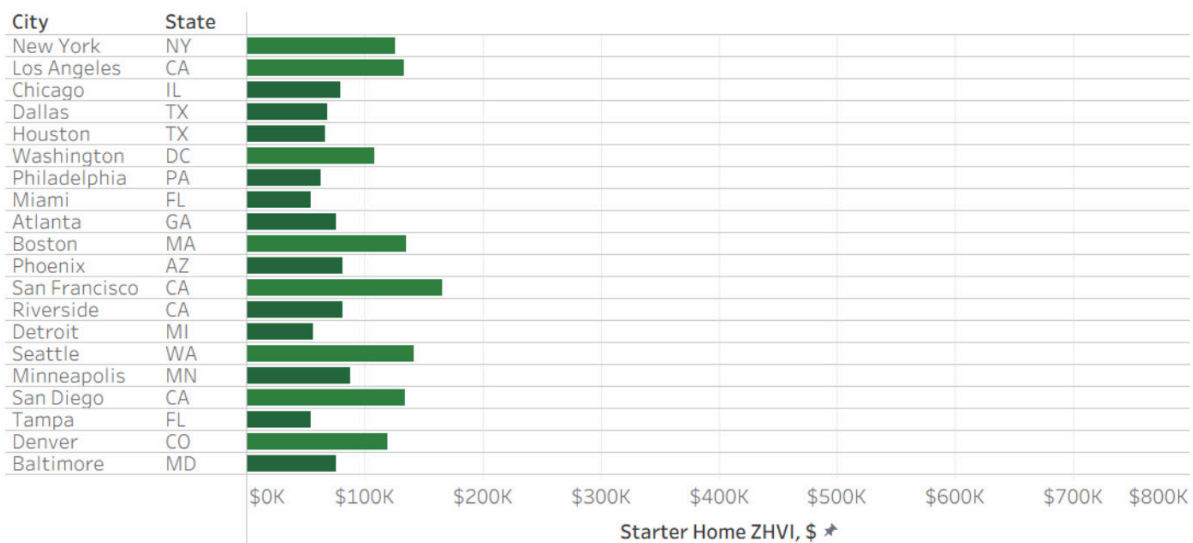
Location

Location has always influenced when and where people buy homes, but rising prices have transformed location from a preference into a constraint. Historically, buyers priced out of cities could move slightly into the suburbs to find affordability. Today, even many suburban markets are out of reach.

In 2000, the average suburban home in the U.S. was valued at approximately \$150,000. By 2026, that figure has risen to roughly \$260,000, with significantly larger increases in high-demand regions. As a result, suburban homeownership has become unattainable for many first-time buyers.

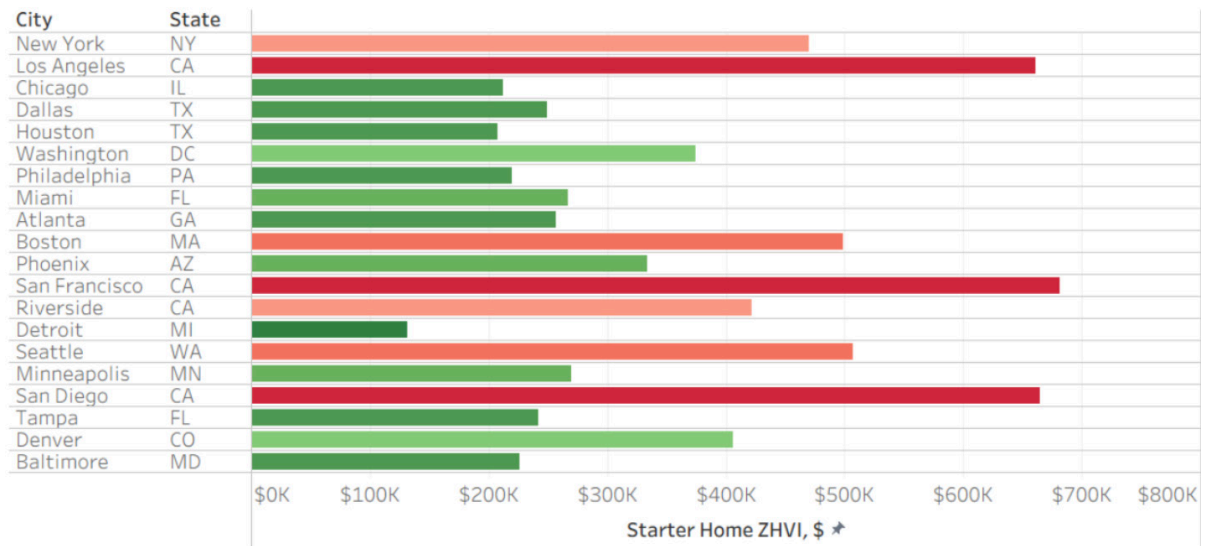
To better understand this shift, we examined Zillow Home Value Index data for “bottom-tier” homes—those in the 5th to 35th percentile of a metro area’s housing market—across the 20 largest U.S. metropolitan areas. These homes are often considered representative of starter-home prices.

Zillow Home Value Index for Top 20 Metro Areas - 2000



In 2025, home value indices for the bottom tier in every metropolitan area have increased, and in some places (New York, Los Angeles, Boston, San Francisco, Riverside, and San Diego), these values have skyrocketed. In San Francisco, the typical home value in the bottom tier is an eye-popping \$690,000.

Zillow Home Value Index for Top 20 Metro Areas - 2025



As affordability deteriorates, many buyers are forced beyond traditional suburbs into exurban areas. Colleen (Arlington, VA, Millennial) and her partner plan to buy a home, but expect they will need to move 30-40 miles outside Arlington to afford one that meets their needs. Others, particularly Gen Z respondents in New York City and Los Angeles, expressed a preference to remain renters in desirable neighborhoods rather than purchase homes farther from city centers. Renting in preferred locations, once uncommon, has become a strategic choice for many younger households.

Notably, all younger homeowners we interviewed live in smaller, more affordable cities such as Richmond, VA; Columbus, OH; and Staunton, VA. While moving outward for affordability has long been a feature of American homeownership, today’s buyers are being pushed farther than ever before to make ownership feasible.

Economic Uncertainty

Younger generations expressed significantly greater uncertainty about both achieving and sustaining homeownership. Many cited high interest rates, job insecurity, and broader economic volatility as reasons for delaying purchases. Mary (Gen Z, Nashville, TN) explained that she and her partner preferred to wait for greater financial stability rather than “jump into something” they might later regret. Jacquie (Staunton, VA, Millennial) noted that most of her peers delayed buying until very recently, mainly because of cost.

While older generations recalled similar anxieties when they purchased homes decades ago, the scale of today’s affordability challenge is notably different. Homeownership is increasingly out of reach for many Millennials and Gen Z households, even with stable employment.

Younger generations are also navigating adulthood amid rising living costs, higher debt burdens, and economic disruptions. Gen Z currently carries the highest consumer debt balance of any generation and spends more on housing and insurance than Millennials did at the same age. According to TransUnion, Gen Z's finances have been disproportionately affected by the pandemic and its aftermath, compounding concerns about long-term financial security.

This heightened economic anxiety is reshaping how younger Americans view homeownership. For some, the perceived unattainability of owning a home is leading them to reconsider—or abandon—the goal altogether.



Conclusion

Across generations, the desire for homeownership remains strong, but the pathway to achieving it has changed dramatically. Life milestones, location, and economic conditions continue to shape decisions, yet younger generations face structural barriers, including higher prices, limited supply, delayed marriage, and economic volatility, that fundamentally alter when and how they can buy homes.

The affordability gap between generations is stark. In 1980, the median home price was \$64,000, approximately \$243,000 when adjusted for inflation. By 2024, the median home price had reached \$420,300, nearly \$200,000 more than the inflation-adjusted 1980 figure. These disparities underscore the challenges facing today's first-time buyers.

As Millennials and Gen Z navigate these realities, many are redefining homeownership—pursuing it later in life, co-buying with others, or prioritizing flexibility over ownership. Despite these shifts, homeownership continues to hold symbolic and practical value. Understanding these evolving motivations is critical for lenders, governmental agencies, and housing advocates seeking to expand access to affordable, sustainable homeownership in the years ahead.

Who is Actualize?

Actualize Consulting, LLC is a management consulting firm specializing in business and technology transformation for financial services, with expertise across mortgage, capital markets, and fixed income.

Since 2003, we have partnered with leading lenders, GSEs, federal agencies, and investors to streamline operations, improve compliance, and implement technology solutions that deliver measurable results.

Our consultants are life-of-loan experts who bring deep industry knowledge and proven IT capabilities to help clients modernize processes and strengthen governance. We are a certified small business, debt-free, ISO 9001:2015 certified, and CMMI Level 3 appraised, with offices across North America, London, and Latin America.

We have worked extensively with Freddie Mac, Fannie Mae, USDA rural lending programs, housing counseling, federal loan guarantee initiatives, and other participants across the affordable housing space. This experience allows us to connect modernization strategies from the broader mortgage and capital markets sectors to the unique needs of affordable housing partners.

Reimagining Affordable Housing: Market Shifts and Strategic Responses

This paper is the beginning of Actualize Consulting's Reimagining Affordable Housing: Market Shifts and Strategic Responses series.

In the coming series, we will examine:

- > Shifting trends in property insurance, utility costs, and considerations for affordability
- > Affordable housing solutions for the aging population
- > Implementation opportunities and challenges in manufactured housing

Drawing on our experience in residential and commercial finance, we will connect proven modernization strategies to the unique needs of affordable housing. Our goal is to highlight the opportunities ahead and show how the affordable housing ecosystem can continue to innovate and meet the needs of today's borrowers.