

THE NEXT-HOME STRETCH:

What's on the mind of existing homeowners as they ponder their next home purchase?



INTRODUCTION...AND ABOUT THE SURVEY

Mr. Cooper, the largest non-bank mortgage servicer in the United States, exists to keep the dream of homeownership alive — and recent survey results revealed that existing homeowners who might be looking to make a move into their next home are weighing everything from which real estate agent and lender to use to what attributes and amenities they find most essential.

The goal of Mr. Cooper's research was to find out more about next-home buyers — when they want to move, why they want to move, where they want to move, (you get the picture). All with the goal of this information being used to help us become a better resource for anyone and everyone who's shopping for a house, whether it's their first or fifth time buying.

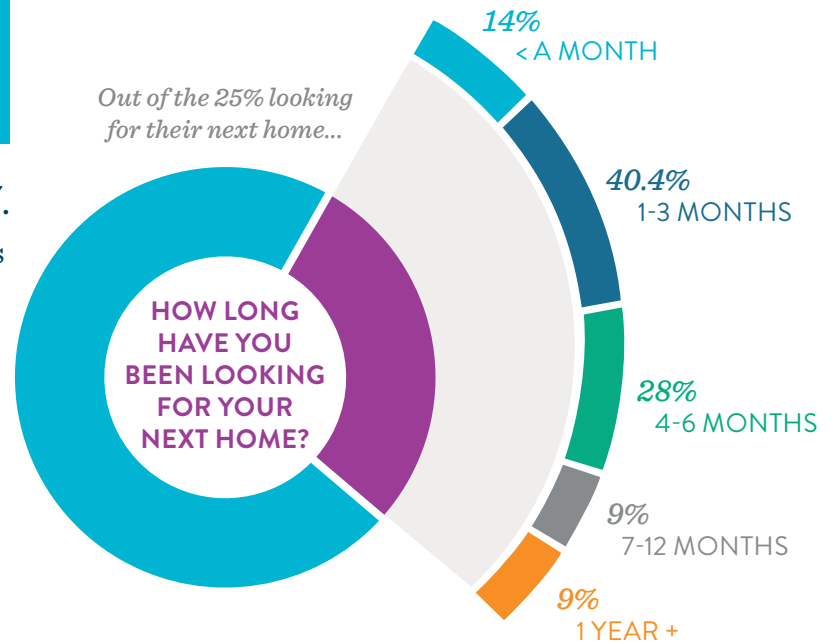
Mr. Cooper engaged Researchscape International to conduct this online survey between March 7 and March 11, 2019. The 2,357 respondents were recruited from a third-party panel. Throughout the research process, Researchscape followed a Total Survey Quality approach designed to minimize error at each stage, and a 43-step process for data cleansing that profiled responses on five behaviors. The results? You'll have to keep reading for the big reveal!

WHAT MOTIVATES A NEXT-HOME BUYER?

QUITE A FEW THINGS, ACTUALLY.

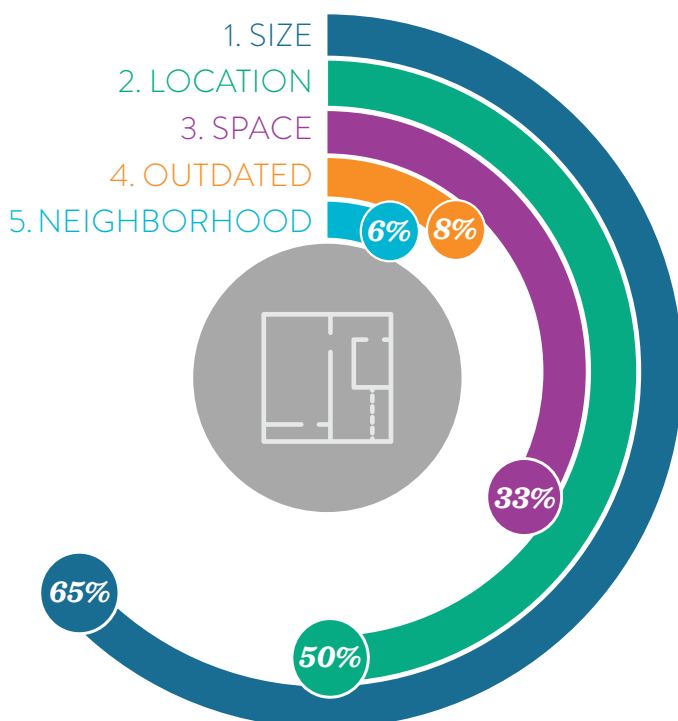
As it turns out, 25% of our survey respondents are currently looking for their next home – and of that group, 59% are buying for the second time, 26% are buying for the third time, 9% are buying for the fourth time, and 6% are buying for the fifth (or more) time.

As you can imagine, the reasons behind a next-home purchase tend to vary, and they encapsulate a range of various needs, from location and size to specific amenities for growing families (or downsizing families).

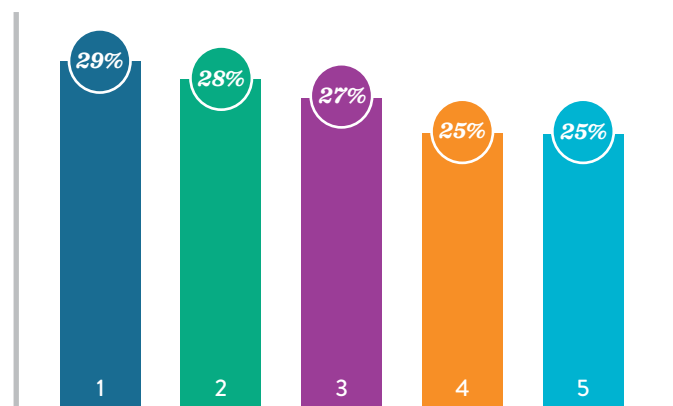


WHAT DO YOU DISLIKE ABOUT YOUR CURRENT HOME?

When we asked existing homeowners to choose one word that described what they disliked about their current home, the most popular responses were:



And when it came to specific factors that made respondents want to move out of their current home:



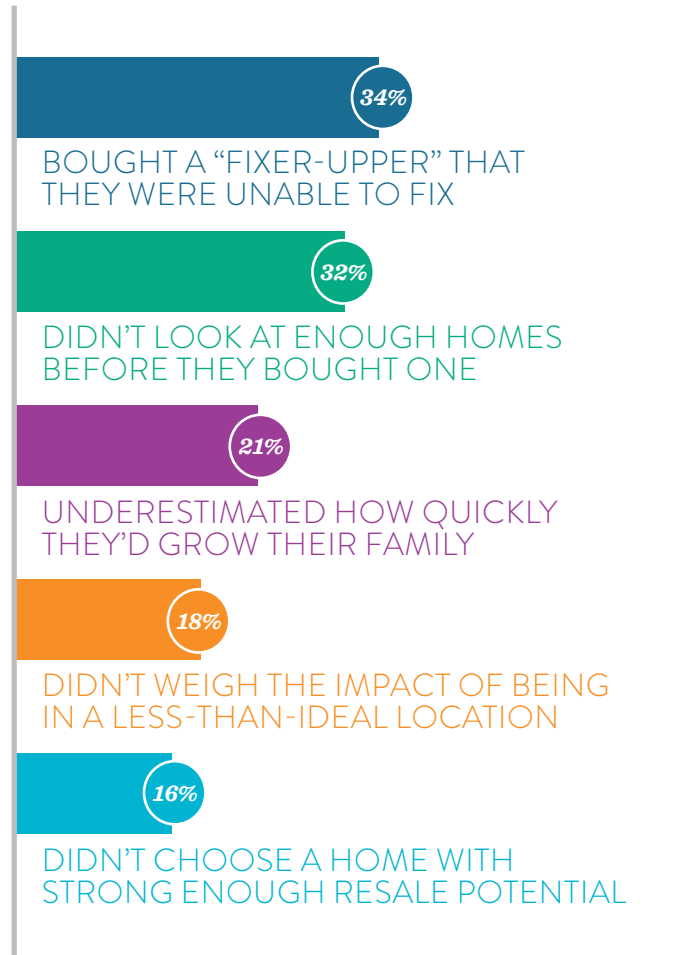
1. LACK OF STORAGE SPACE (29%)
2. KITCHEN IS TOO SMALL (28%)
3. WANT ROOM FOR GET-TOGETHERS (27%)
4. LACK OF OUTDOOR SPACE (25%)
5. TRYING TO DOWNSIZE (25%)

LEARNING FROM PAST MISTAKES & MOVING FORWARD

NEXT-HOME BUYERS LEAN ON THEIR EXPERIENCE AND TRY NEW THINGS WHEN SEARCHING FOR NEW HOMES.

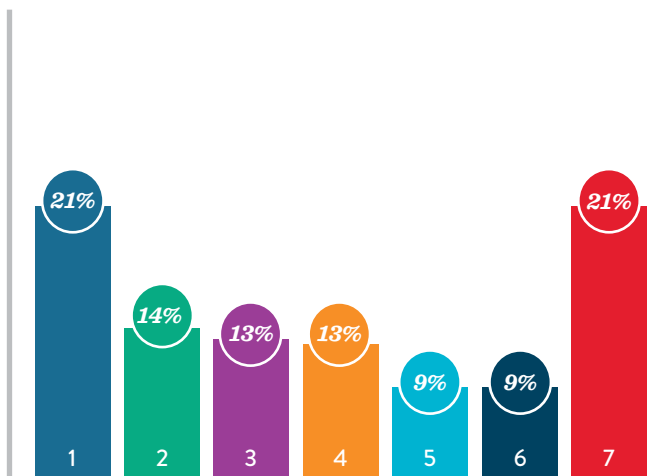
Having a little experience under your belt can be great in any scenario, and buying a home is no exception. Homebuyers purchasing their next homes definitely have the benefit of having gone through the process once (or multiple times) before; however, when it comes to executing a search, working with a real estate agent, or choosing a lender, next-home buyers don't always use the same means to achieve the end of homeownership.

Next-home buyers did indicate that they've learned from past mistakes from buying their first home (and will try to avoid these things in particular the next time around):



NEXT-HOME BUYERS SAID THEY ALSO LEARNED FROM PAST FINANCIAL MISTAKES FROM THEIR FIRST HOME PURCHASE.

Here's what they experienced (and are hoping to avoid in the future):

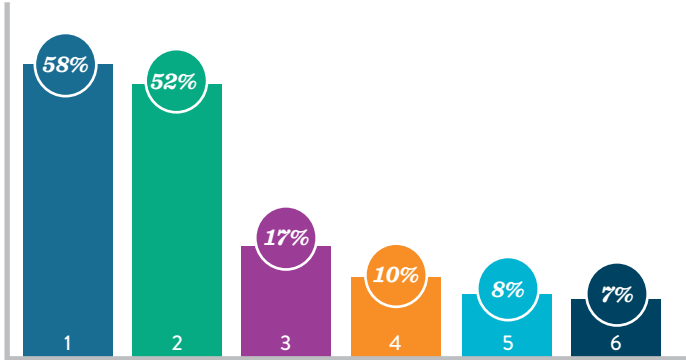


1. WIPED OUT SAVINGS / RAINY-DAY FUND (21%)
2. DIDN'T CHOOSE THE BEST MORTGAGE PROVIDER (14%)
3. DIDN'T USE A FIRST-TIME HOMEBUYER (13%)
4. UNDERESTIMATED CLOSING COSTS (13%)
5. COULDN'T COMFORTABLY AFFORD THE HOME THEY PURCHASED (9%)
6. DIDN'T UNDERSTAND OR PROPERLY ESTIMATE PROPERTY TAXES (9%)
7. OTHER (21%)

LEARNING FROM PAST MISTAKES & MOVING FORWARD

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When it comes to how next-time buyers are shopping around, responses varied from so-called “traditional” routes—like real estate agents and auctions—to true 21st century methods—like websites and mobile apps.



1. RESEARCH THROUGH WEBSITE / MOBILE APP, BUT WORK WITH A TRADITIONAL REALTOR ON THE TRANSACTION (58%)
2. WORK WITH A TRADITIONAL REALTOR (52%)
3. THROUGH A WEBSITE / MOBILE APP (17%)
4. PURCHASE FROM SOMEONE I KNOW (10%)
5. LISTED ON FACEBOOK (8%)
6. AT AUCTION (7%)

THE EMOTIONAL FACTOR

FOR MOST, BUYING A HOME COMES WITH PLENTY OF EMOTION.

Just because it isn’t their first homebuying rodeo doesn’t mean that next-homebuyers aren’t likely to experience to the emotional component that buying a new home can include. For starters, it’s usually a large financial endeavor for most buyers.

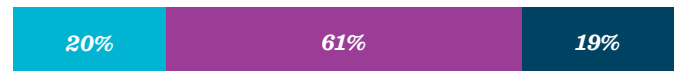
Secondly, the process of purchasing a home isn’t always easy or without obstacles. When asked to describe their mental or emotional state when buying their next home versus purchasing their first home, survey respondents do seem to be largely less nervous—and more excited.

key



I AM...

_____ NERVOUS



_____ EXCITED



I FEEL...

KNOWLEDGEABLE _____ ABOUT MY OPTIONS FOR MORTGAGE PROVIDER,



CONFIDENT _____ ABOUT MAKING DECISIONS IN THIS PROCESS



KNOWLEDGEABLE _____ ABOUT MY FINANCIAL SITUATION



When asked about the nuts and bolts behind their home buying journey—working with professionals like real estate agents, insurance providers, and mortgage lenders—next-home buyers’ responses varied. 97% of survey respondents know that they always have choices when it comes to mortgage lenders, and 43% are likely to work with the same one they’ve used in the past. Forty-seven percent of respondents said they’re likely to work with the same real estate agent they’ve used in the past, too.

For homebuyers who are likely to work with the same mortgage lender as they have in the past, there are several reasons why:

“Very good experience with responsiveness, information, cost savings, etc.”

“She’s great and easy to work with, and has been very helpful answering questions and getting me the best rates.”

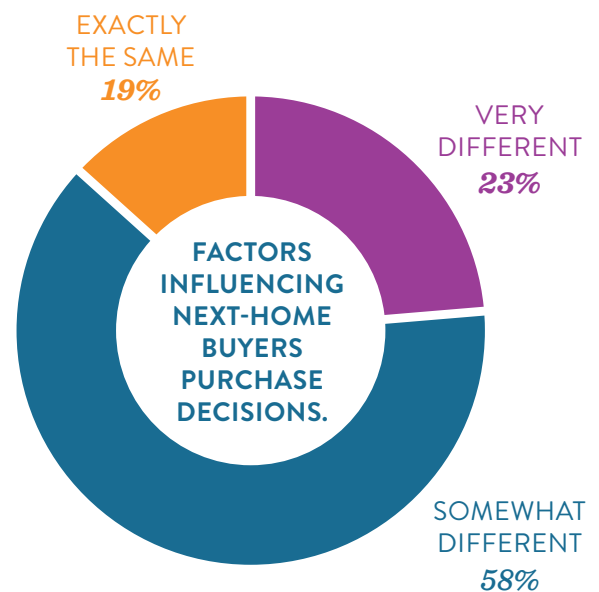
“I’m familiar with him, the mortgage with them I got is fair. I know I can trust them.”

“I liked working with them. They were great and assisted well with everything.”

FINDING THE PERFECT NEXT-HOME

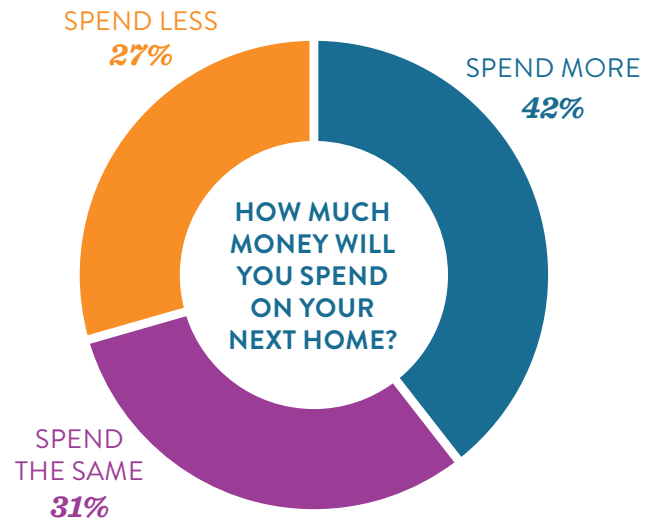
WHETHER THEY’RE SHOPPING FOR A FOREVER HOME OR A HOME JUST FOR NOW, NEXT-TIME HOME BUYERS ARE WEIGHING THEIR OPTIONS.

What exactly are next-home buyers considering during their decision-making process? Respondents said that the factors influencing next-home buyers purchase decisions are either somewhat different (58%), very different (23%), or exactly the same (19%).



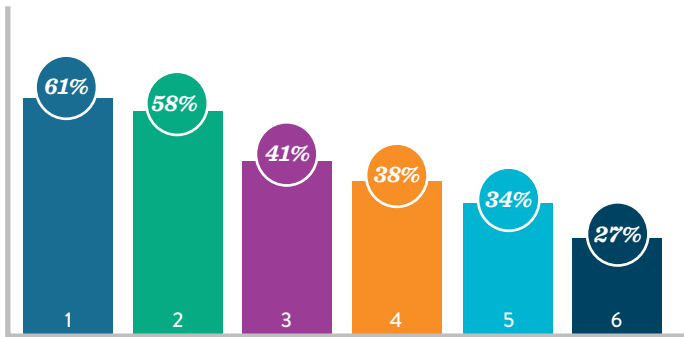
FINDING THE PERFECT NEXT-HOME *continued*

In terms of how much money they'll spend to purchase their next home, respondents said that they're either planning to spend more than their current home cost (42%), about the same as their current home cost (31%), or less than their current home cost (27%).



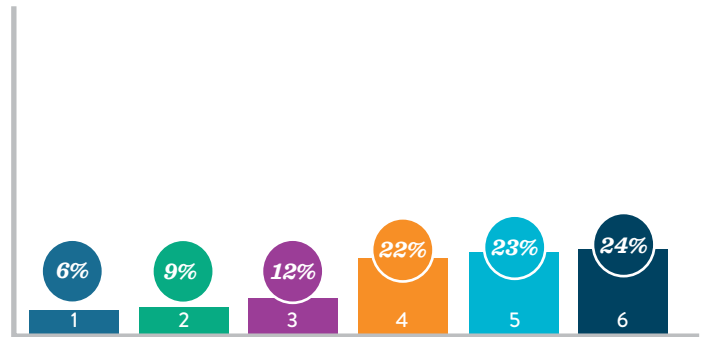
THE CONTRIBUTING FACTORS

When it comes to what amenities or attributes they're looking for in their next home:



1. PRICE (61%)
2. NEIGHBORHOOD (58%)
3. OUTDOOR SPACE (41%)
4. KITCHEN AMENITIES (38%)
5. RESALE VALUE (34%)
6. SCHOOLS (27%)

Surprisingly, the least-important factors to next-home buyers include:



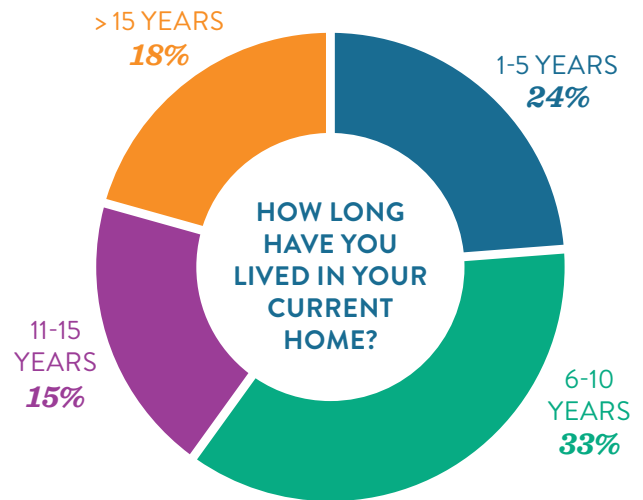
1. IN-HOME GYM (6%)
2. ACCESS TO PET PARKS (9%)
3. NATURAL DISASTER PROTECTION (12%)
4. NEARBY PARKS / OUTDOOR PATHS (22%)
5. CURB APPEAL (23%)
6. CITY AMENITIES (24%)

The majority of respondents are not thinking about their next-home purchase as a short-term deal. When we asked how long next-time buyers anticipate staying in their next home, 51% indicated that they'll either stay for more than 15 years or make this next purchase their forever home.



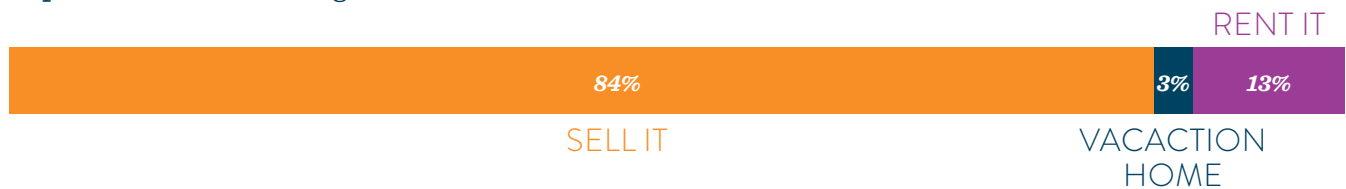
COMPARED TO HOW LONG THEY'VE LIVED IN THEIR CURRENT HOME, THIS IS QUITE A DEPARTURE.

Most respondents (24%) said they'd lived in their current home for 1-5 years, followed by 33% for 6-10 years, 15% for 11-15 years, and 18% for more than 15 years. What's more, some survey respondents are looking to make a change in terms of square footage when they purchase their next home



MAKING PLANS FOR YOUR EXISTING HOME

In order to actually pull the trigger and make that next-home purchase, many survey respondents have to make plans for their existing home:



When it's time to buy that next home, experienced homeowners will be able to lean on their experience to make the best decision for their individual financial scenario. Plus, they'll experience a few benefits that come along with homeownership:

EQUITY

Buying a home allows you to start building equity with the portion of that home's current value that you own free and clear (not including your mortgage). If the value of your home increases, that accumulated wealth could help you pay for the purchase of your next home.

STABILITY

Buying a home means that you get to avoid spending on money on rent that you won't be able to get back. You'll also establish roots in a neighborhood and a community.

FINANCIAL FLEXIBILITY

With some equity in your financial toolkit, you could potentially have the leverage to pay off high-interest debt, or cover other needs to ease financial stress. Plus, it's great to have options!