



MGIC

The Race to Millennial Market Share:

Understanding the Most Misunderstood Generation



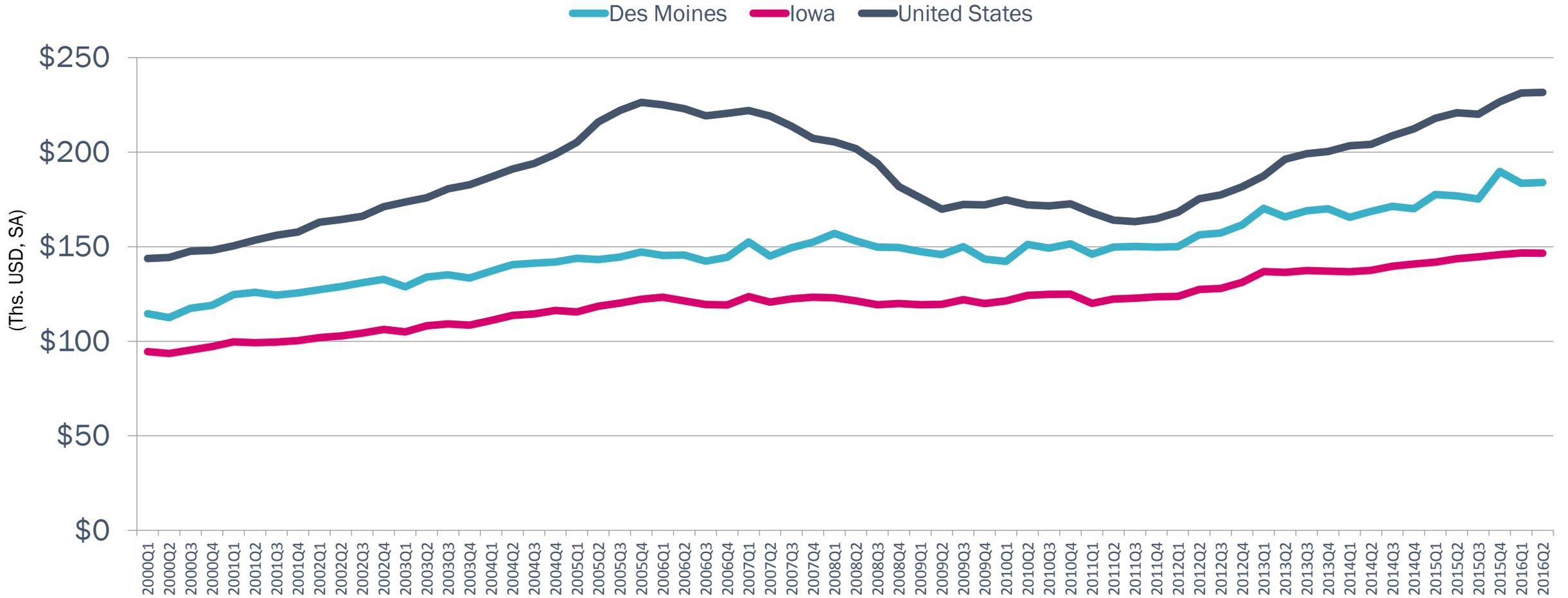
Presented by:
Vance Edwards, CMB
MGIC Marketing Program Director

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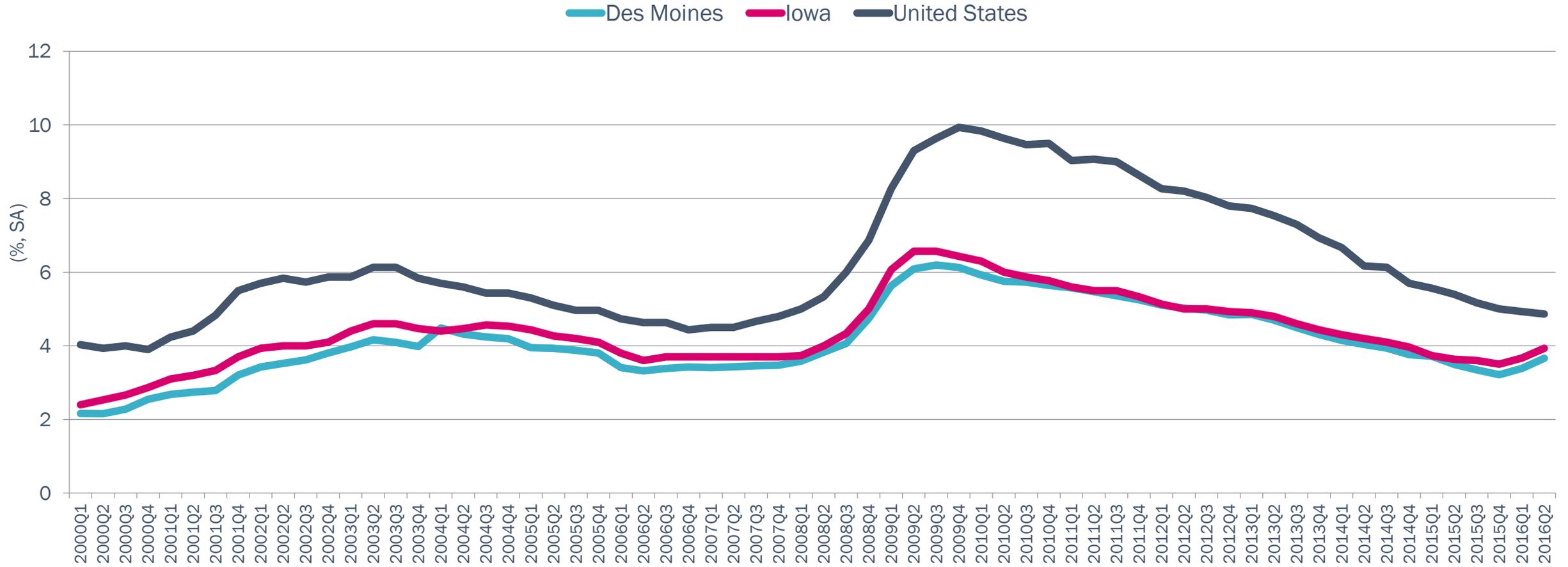
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If you're in a bad situation,
don't worry, it'll change.
If you're in a good situation,
don't worry, it'll change.

Median Sales Price Single-Family Homes

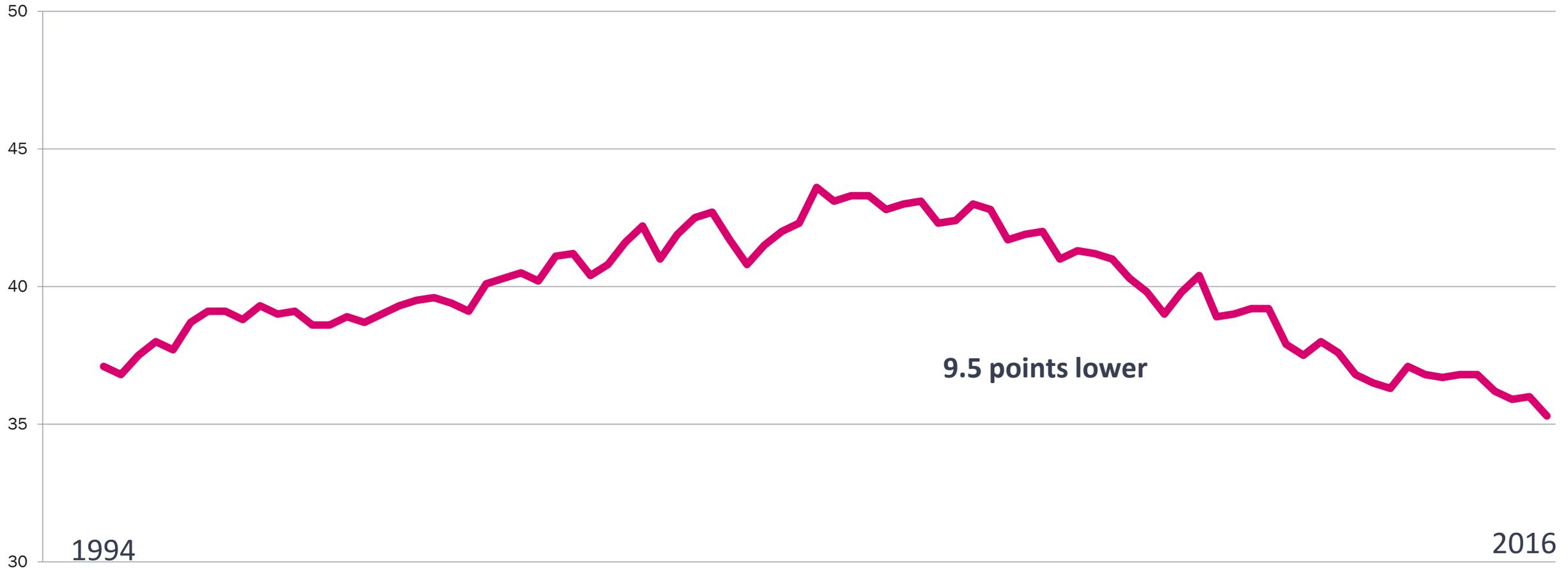


Unemployment Rate



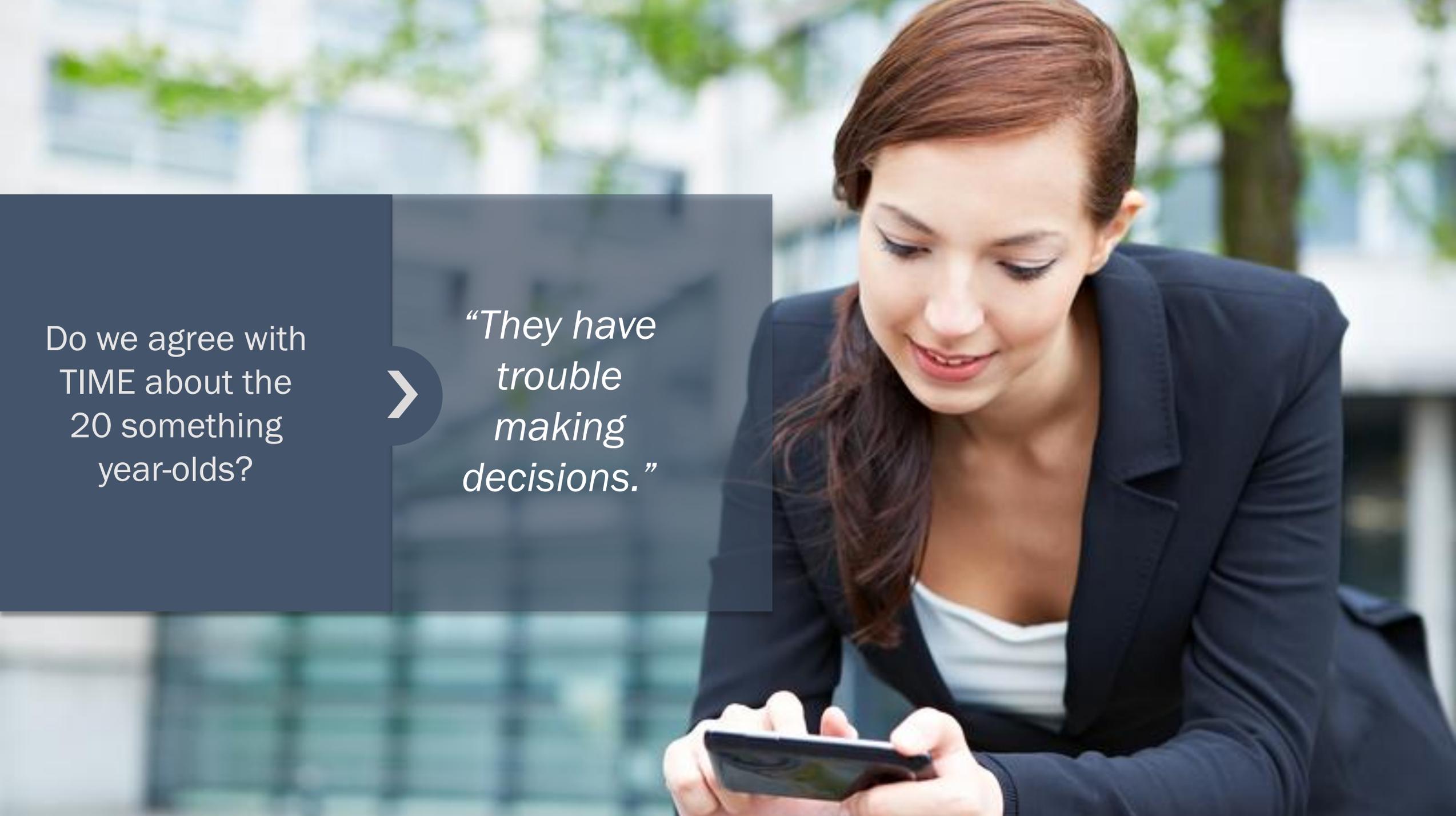
U.S. National Homeownership Rate

Under 35 years



Do we really
know what we
think we
know about
Millennials?





Do we agree with
TIME about the
20 something
year-olds?



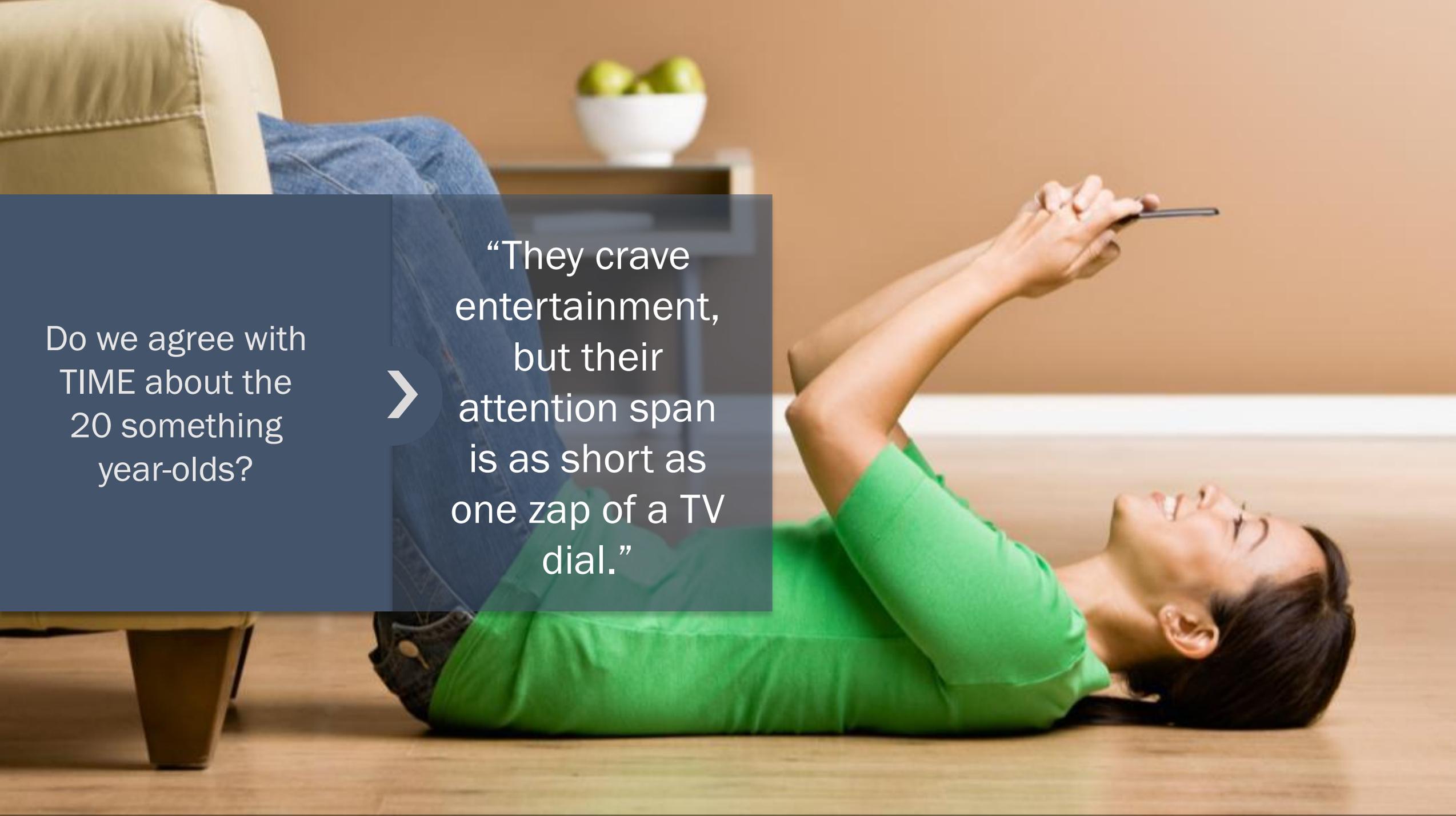
*“They have
trouble
making
decisions.”*

A photograph of three hikers with large backpacks standing on a rocky mountain ridge. The sky is a vibrant orange and yellow, suggesting a sunset or sunrise. The hikers are silhouetted against the bright light. The hiker on the left is wearing a blue hat and a dark jacket. The hiker in the middle is wearing a red hat and a dark jacket. The hiker on the right is wearing a red hat and a dark jacket. The ground is rocky and covered with sparse green vegetation.

Do we agree with
TIME about the
20 something
year-olds?

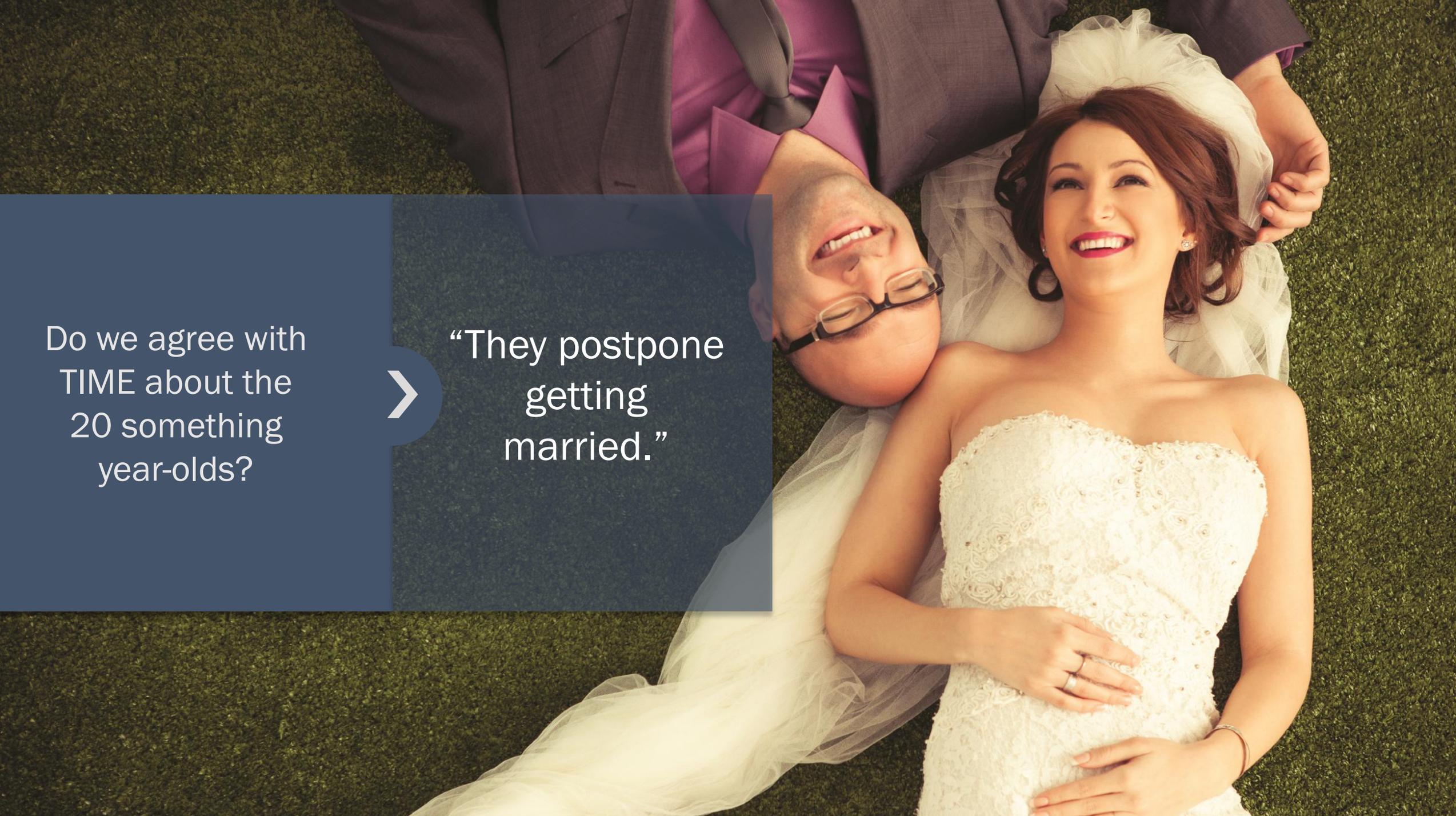


“They would
rather hike the
Himalayas than
climb the
corporate
ladder”

A woman with dark hair, wearing a bright green long-sleeved shirt and blue jeans, is lying on her back on a light-colored wooden floor. She is holding a black smartphone with both hands above her head and looking at it with a smile. In the background, there is a beige armchair on the left and a small white bowl containing green apples on a dark wooden table. The wall is a warm, light brown color. A semi-transparent dark blue box is overlaid on the left side of the image, containing text. A white arrow points from the text box towards the woman.

Do we agree with
TIME about the
20 something
year-olds?

“They crave
entertainment,
but their
attention span
is as short as
one zap of a TV
dial.”



Do we agree with
TIME about the
20 something
year-olds?



“They postpone
getting
married.”

Do we agree with
TIME about the
20 something
year-olds?



“What they
hold dear are
family life,
local activism,
national
parks...”



Do we agree with
TIME about the 20 something year-olds?

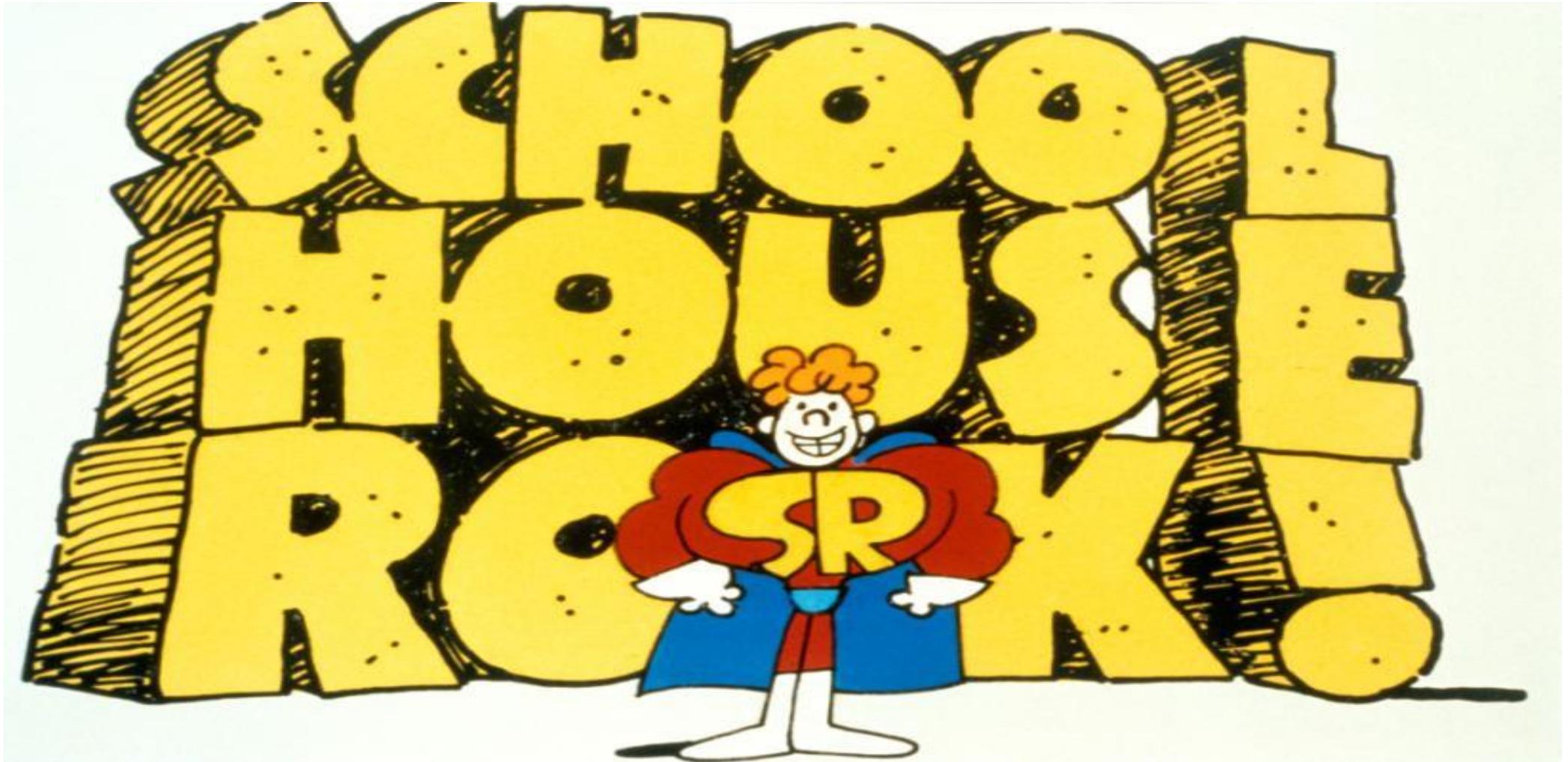
“What worries parents, teachers and employers is that the latest crop of adults wants to postpone growing up.”





TIME Magazine

July 1990





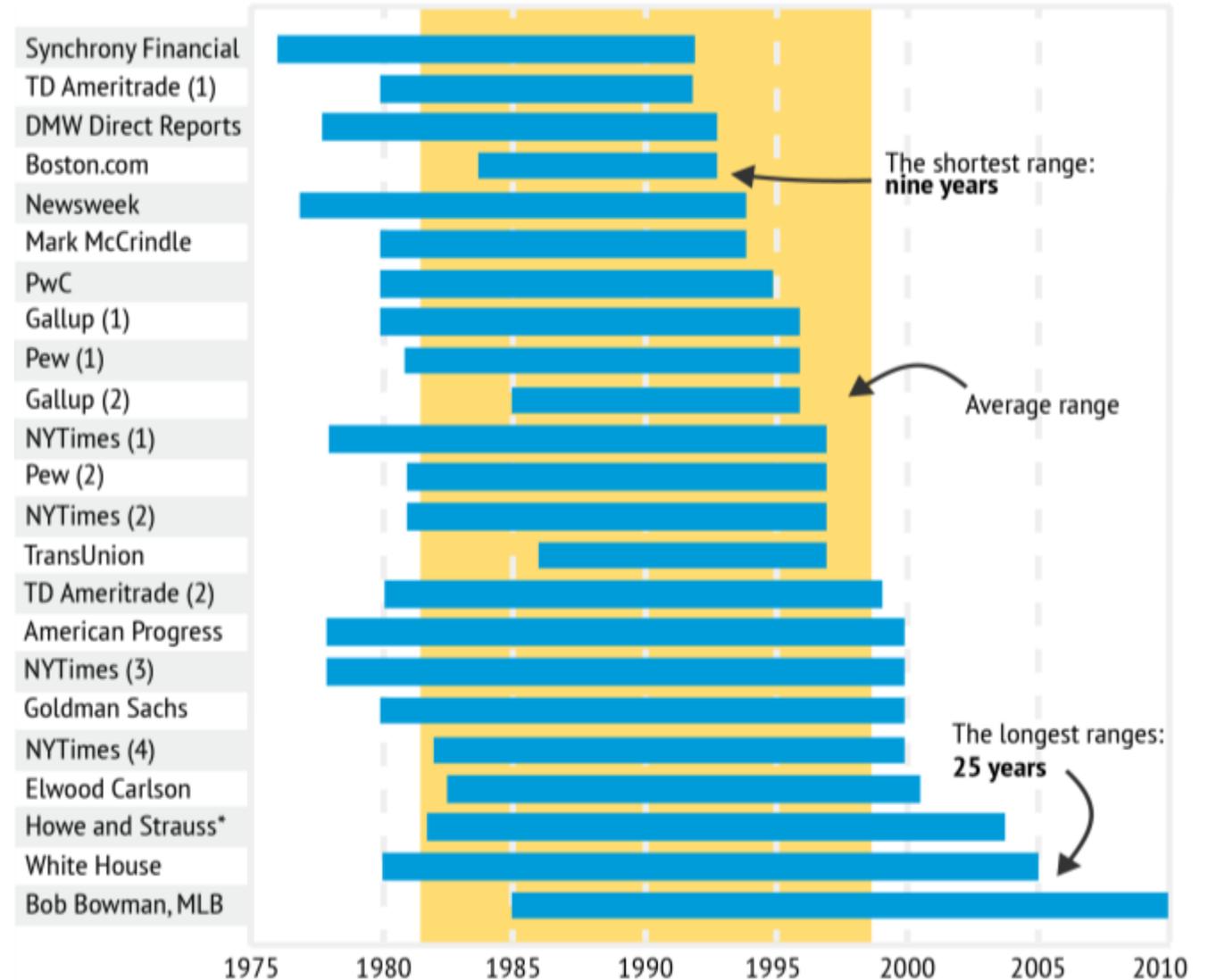
Agenda

1. Obstacles
2. Opinions
3. Opportunities



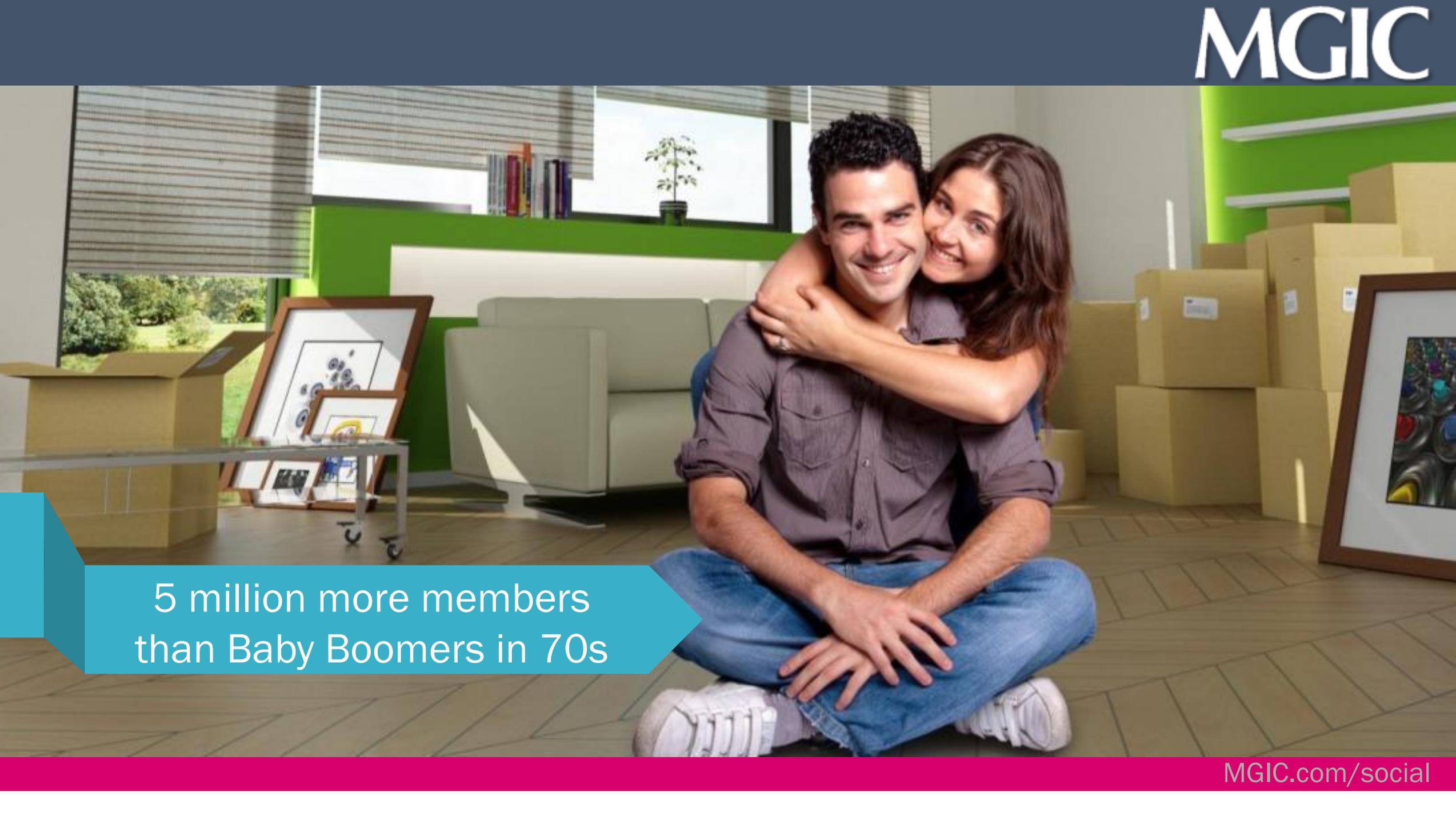
Just who are they?

- No agreed on start and end date
- Today's presentation:
 - Today would be between 35- and 18-years -old

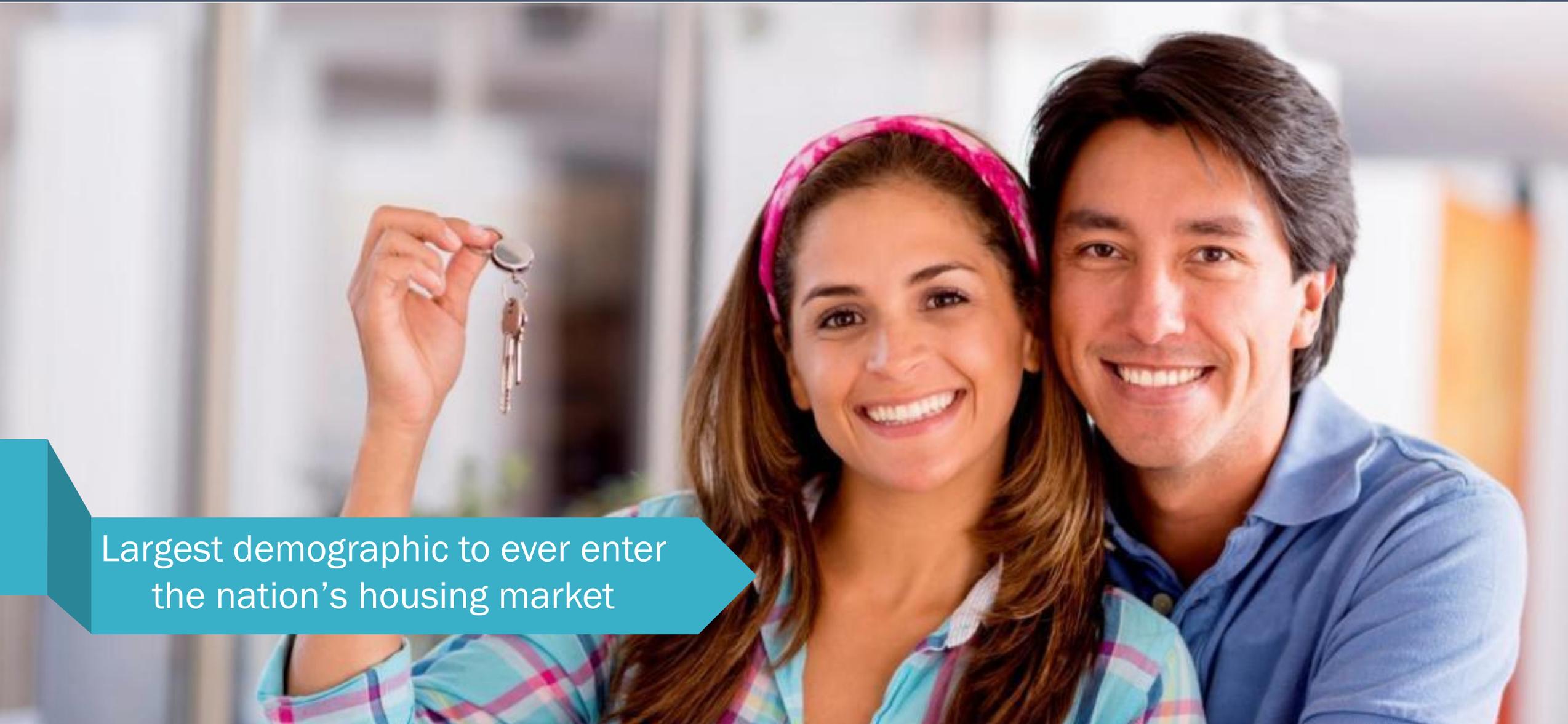


Gen-Y
Millennials
FOMO Generation
Echo Boomers
Boomerang Generation
Peter Pan Generation



A young man and woman are smiling and embracing in a living room. The man is sitting on the floor, and the woman is sitting on his shoulders. The room is filled with cardboard boxes, indicating a move. There is a green accent wall, a white sofa, and a window with blinds. A framed picture is leaning against a small table on the left.

5 million more members
than Baby Boomers in 70s

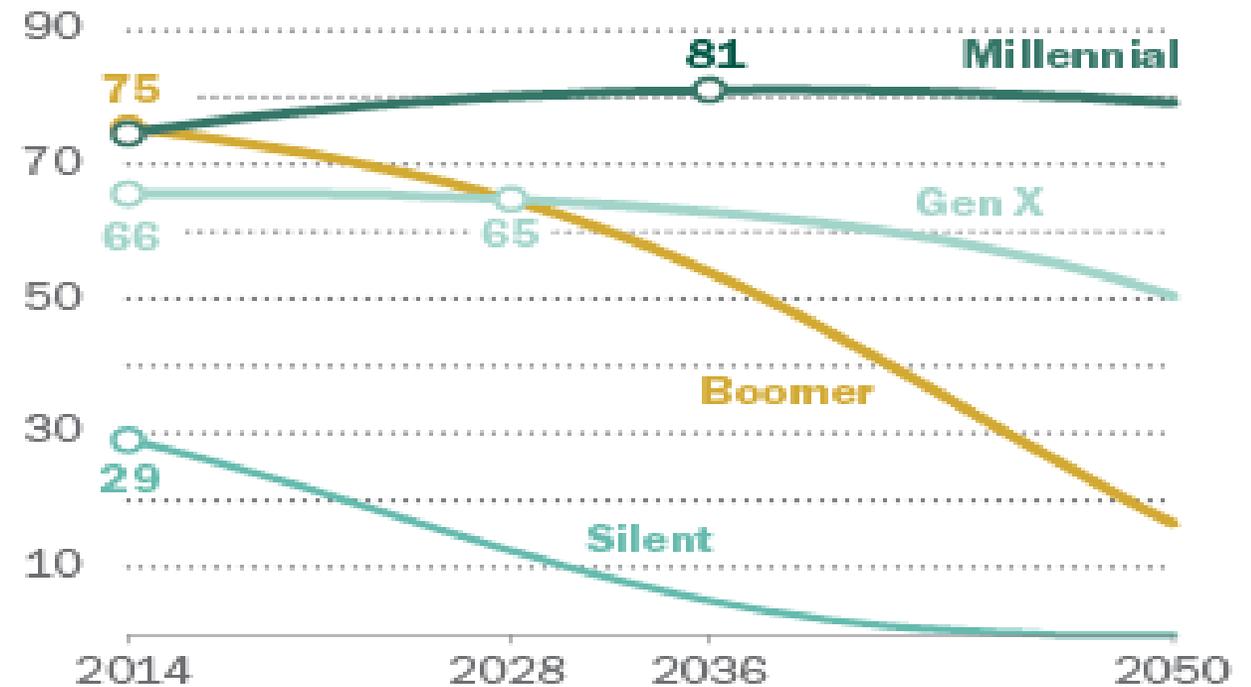


Largest demographic to ever enter
the nation's housing market

- 75.3 million (18-34) in 2015
74.9 million (51-69)
- More than one in three of adult Americans by 2020
- 75% of the U.S. workforce by 2025

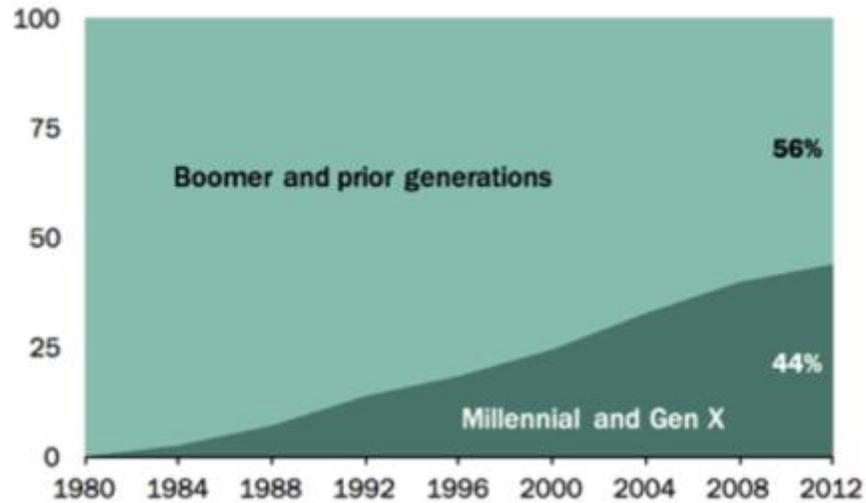
Projected Population by Generation

In millions



Boomer and prior generations have cast the vast majority of votes in recent elections

% of presidential votes cast

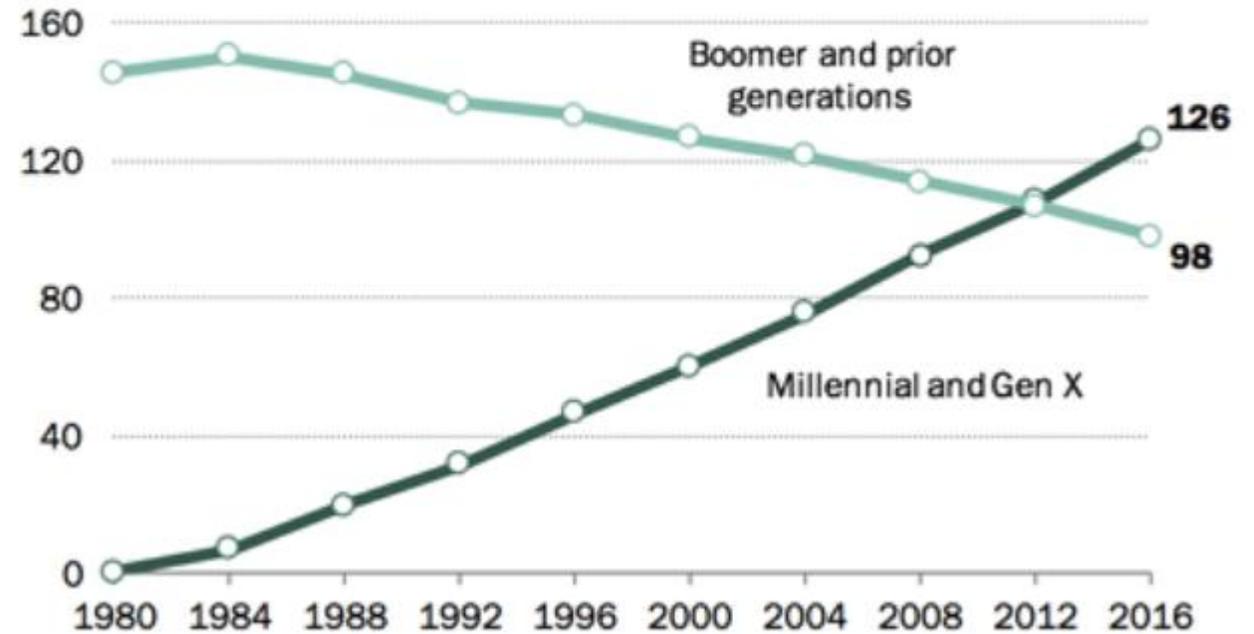


Notes: Based on persons who reported voting.
 Source: Pew Research Center tabulations of the 1980-2012 Current Population Survey November Supplement

PEW RESEARCH CENTER

Millennials and Gen Xers are now the majority of eligible voters

Eligible voters in millions



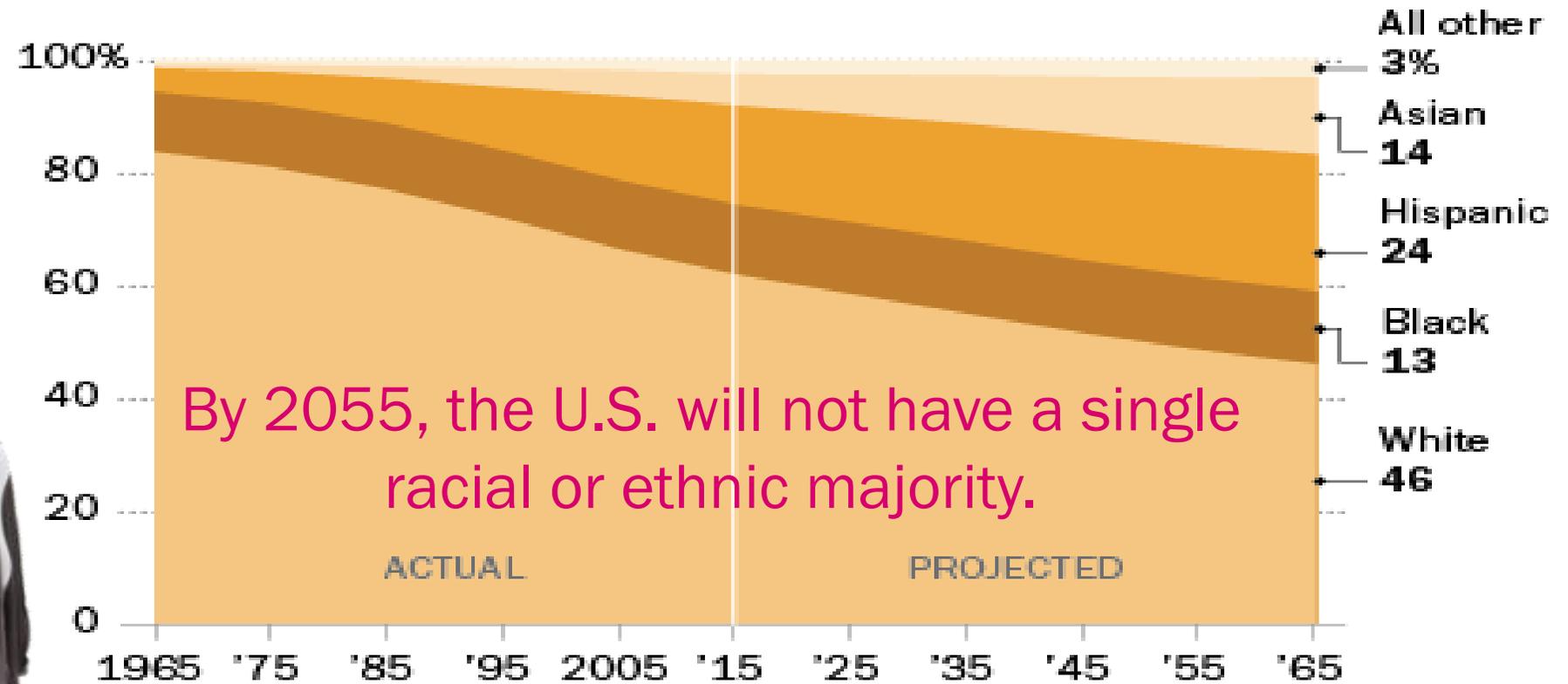
58% of smart phone users don't go an hour without checking it

68% of those 18-34

More Diverse

The changing face of America, 1965–2065

% of the total population



More Millennials have an M.B.A.
than have no higher education at all.

Women 18-34 enrolled in college in 1960.

5%

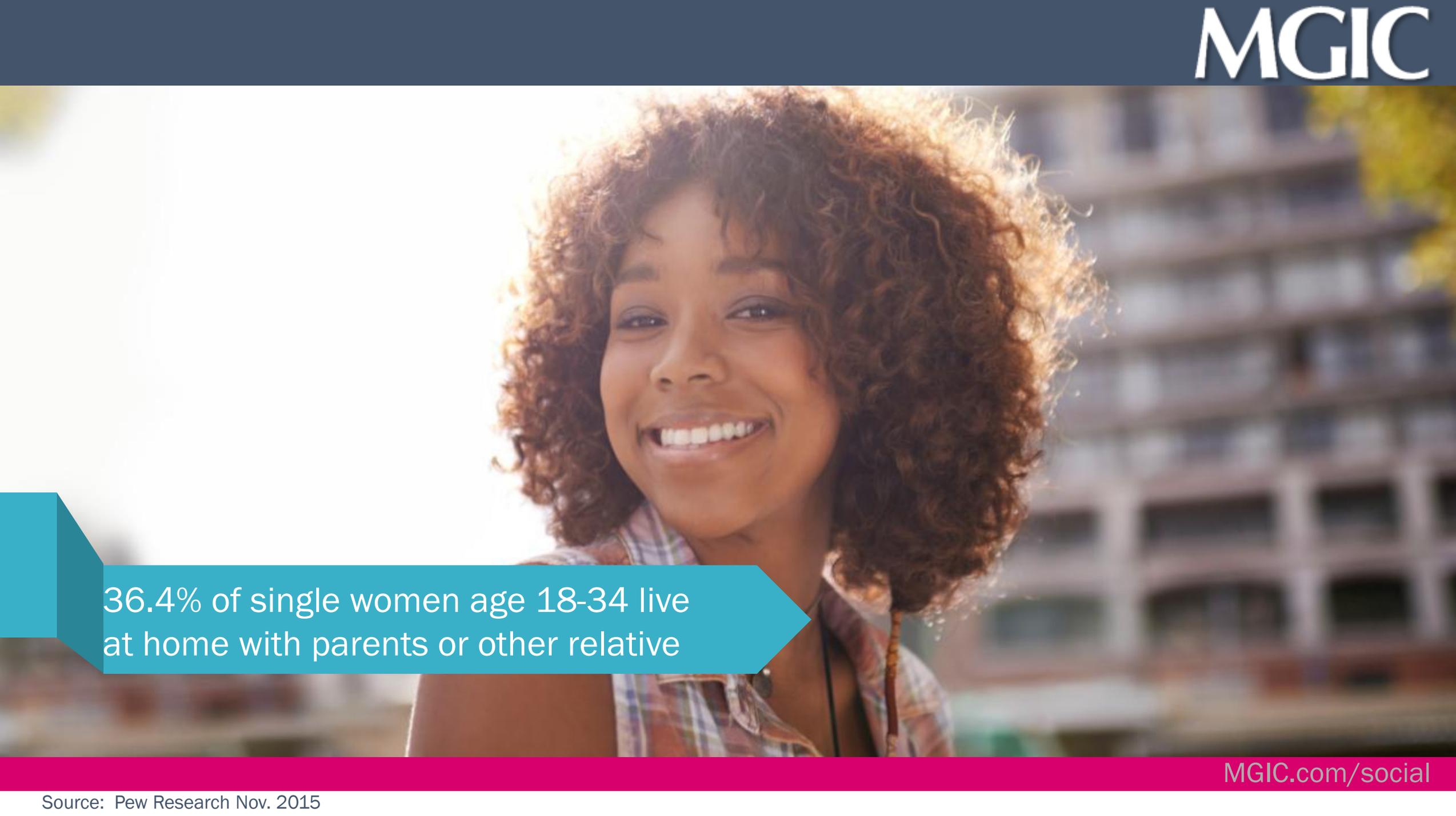
Women 18-34 enrolled in college in 2015.

27%





18% of first-time home buyers are single females

A young woman with voluminous, curly brown hair is smiling warmly at the camera. She is wearing a plaid shirt. The background is a blurred, multi-story building with many windows, suggesting an urban or campus setting. The lighting is bright and natural, possibly from the sun being high in the sky.

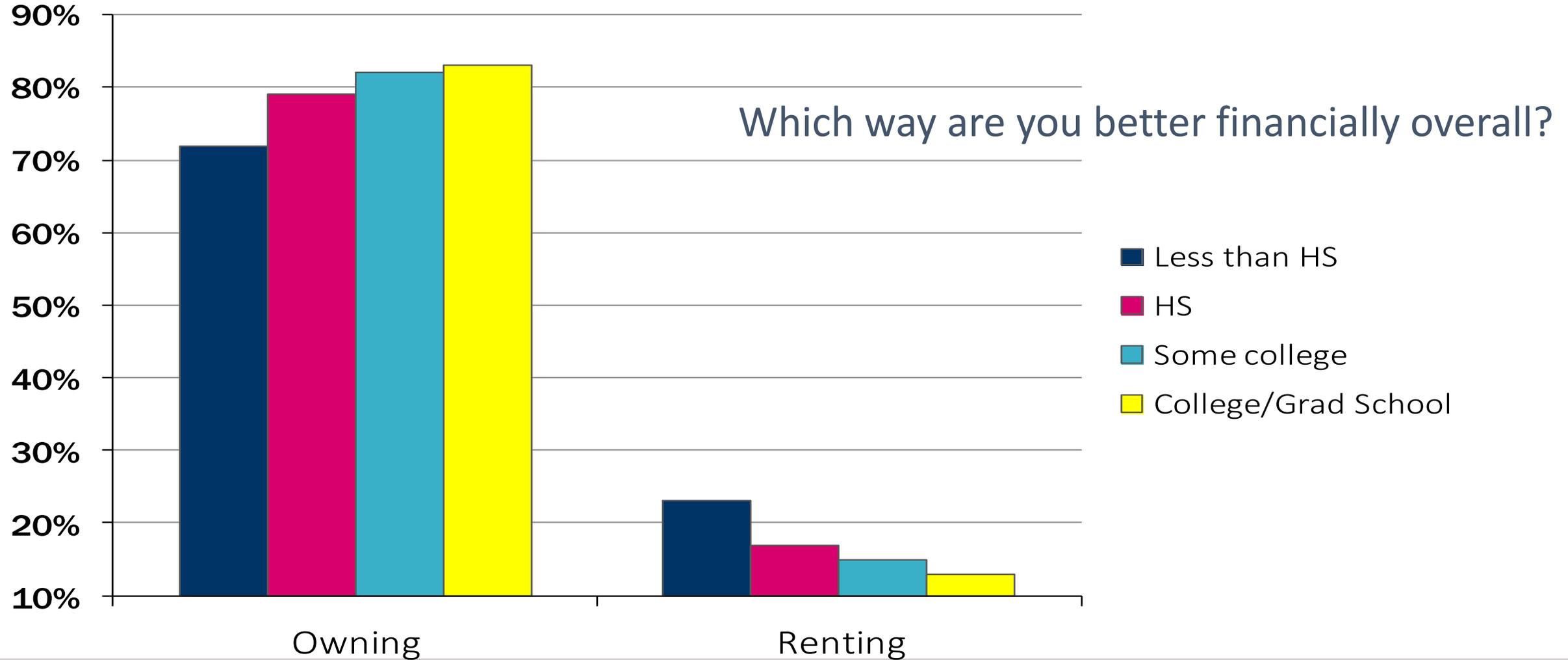
36.4% of single women age 18-34 live at home with parents or other relative



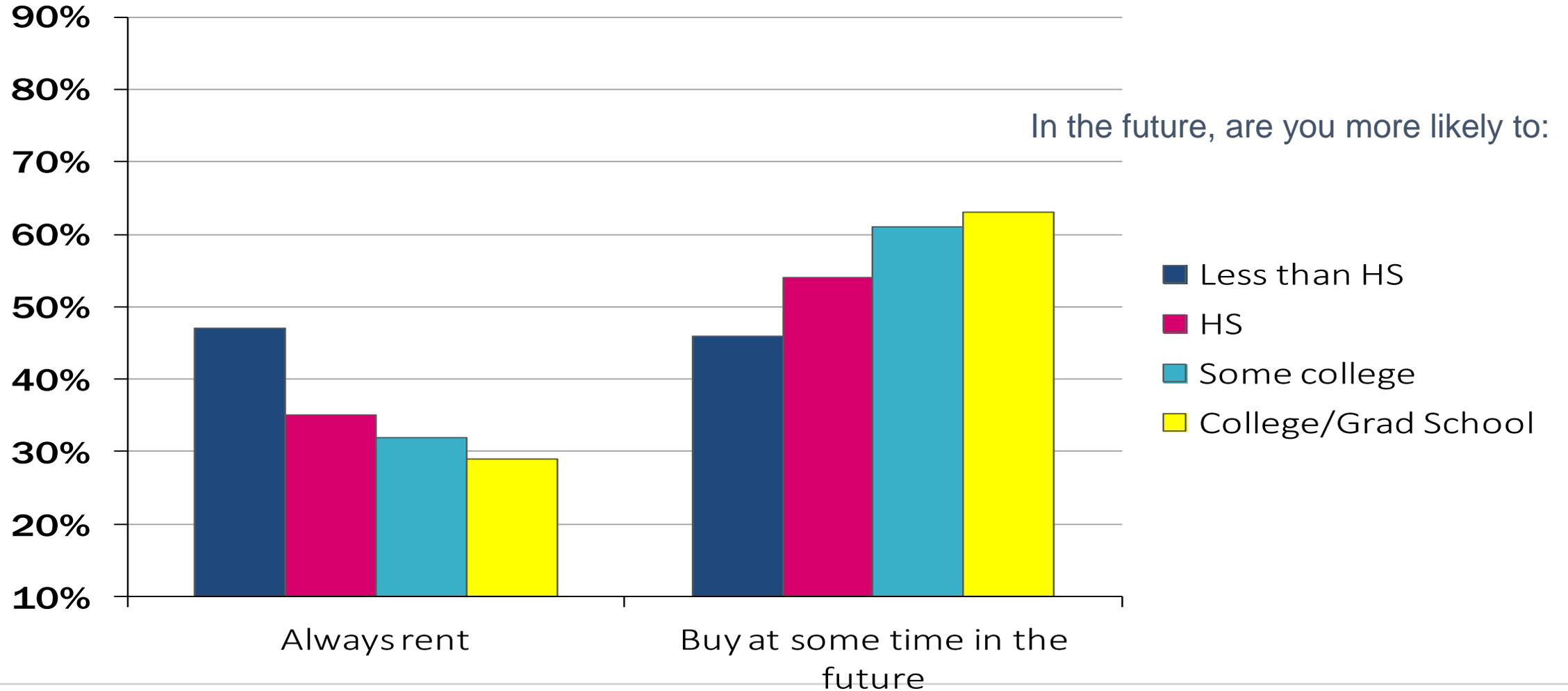
60% of college-educated Millennials report annual income of \$50,000 or more

Rate of return on college degree is 15%¹

Why Education matters



Why Education matters





Obstacles



Demand

reality.

uncertainty

ion.

Money!

NEWS

money,

Private

PANICKING

housing market

economic turnm

USA TODAY
A GANNETT COMPANY

Your student loan is killing the housing market

Forbes

New Posts

+10 posts this hour

Most Popular

America's Youngest Billionaires

Lists

The 2015 30 Under 30

Video

30 Under 30

**How Student Loan Debt is Affecting
Home Ownership**



“If you don't read the newspaper, you're uninformed.
If you read the newspaper, you're mis-informed.”

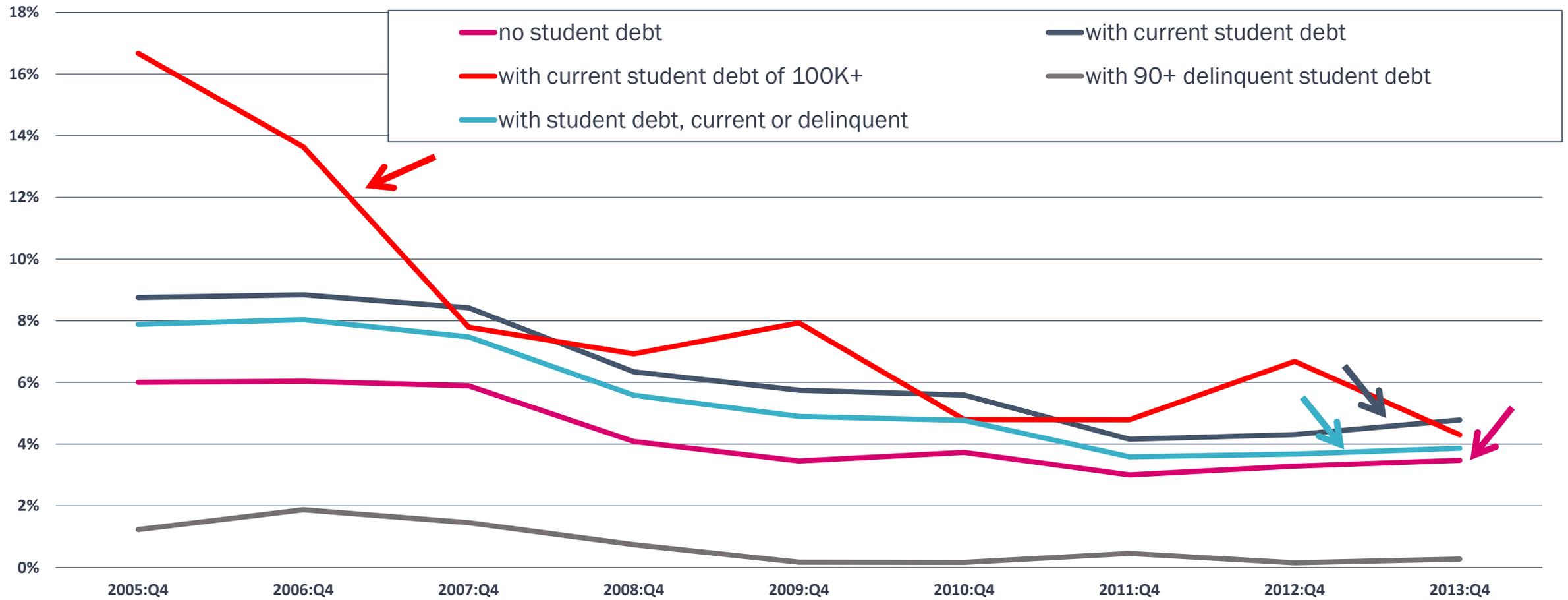
- Mark Twain

42% of student loan borrowers
owe less than \$10,000¹

Avg. monthly student loan
debt payment = \$351²
Avg. monthly extra earnings
for some college = \$750²



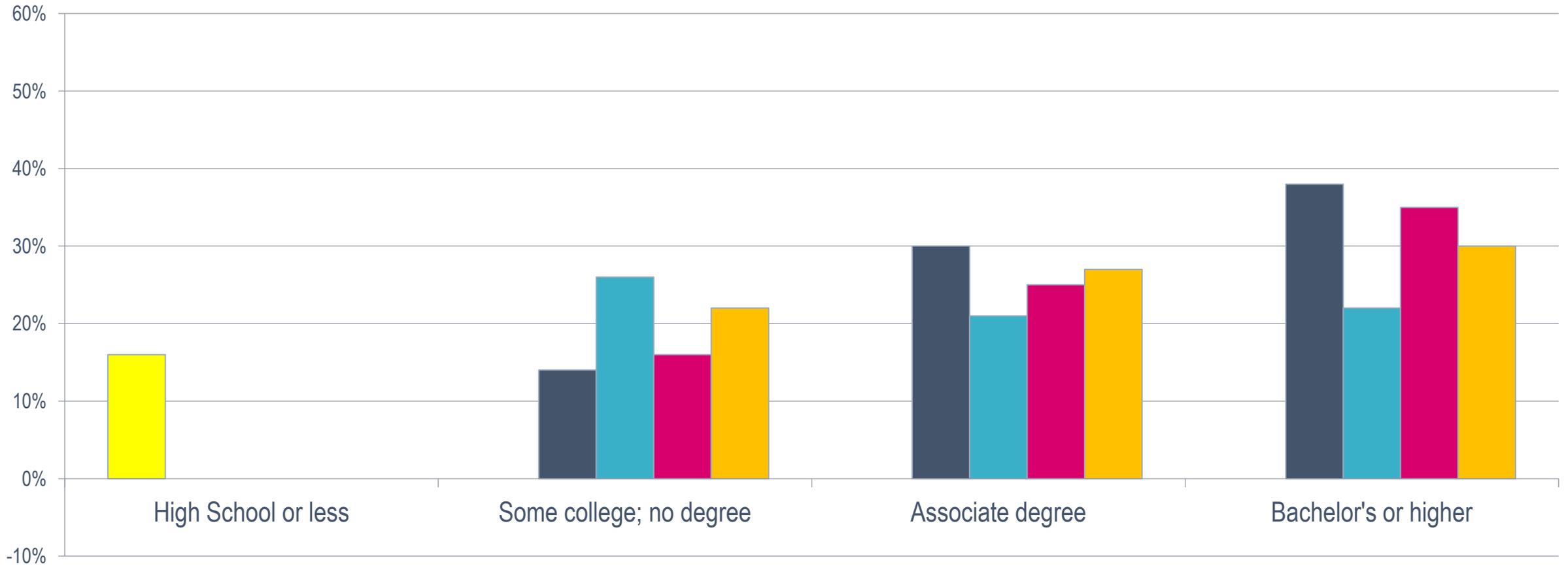
Share borrowers age 25 - 30 years old with new mortgage originations



Source: New York Fed Consumer Credit Panel / Equifax

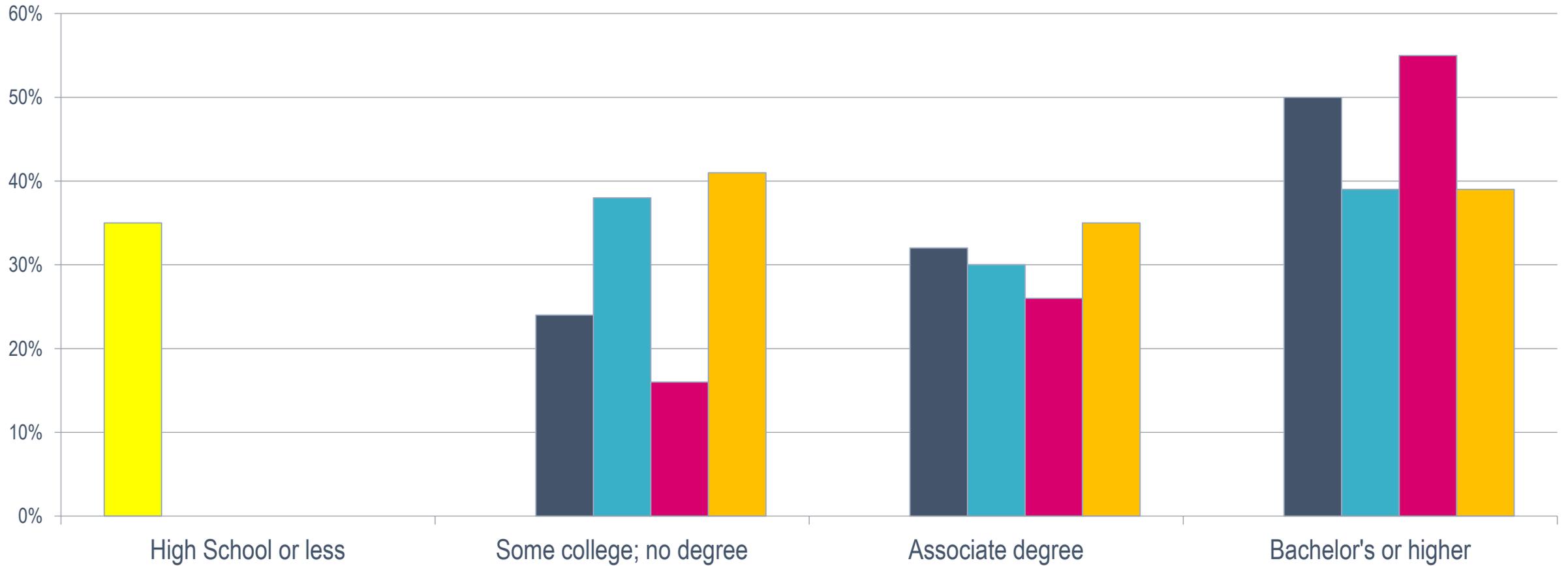
25- to 30-year-olds with a mortgage

■ All
 ■ Borrowed for College
 ■ Did Not Borrow for College
 ■ Still have college debt
 ■ No college debt



31- to 35-year-olds with a mortgage

■ All
 ■ Borrowed for College
 ■ Did Not Borrow for College
 ■ Still have college debt
 ■ No college debt



21% saving for down
payment most difficult task

#1 Reason Renters Won't Buy

Cannot afford a down payment for a mortgage

62%



Age 25-34

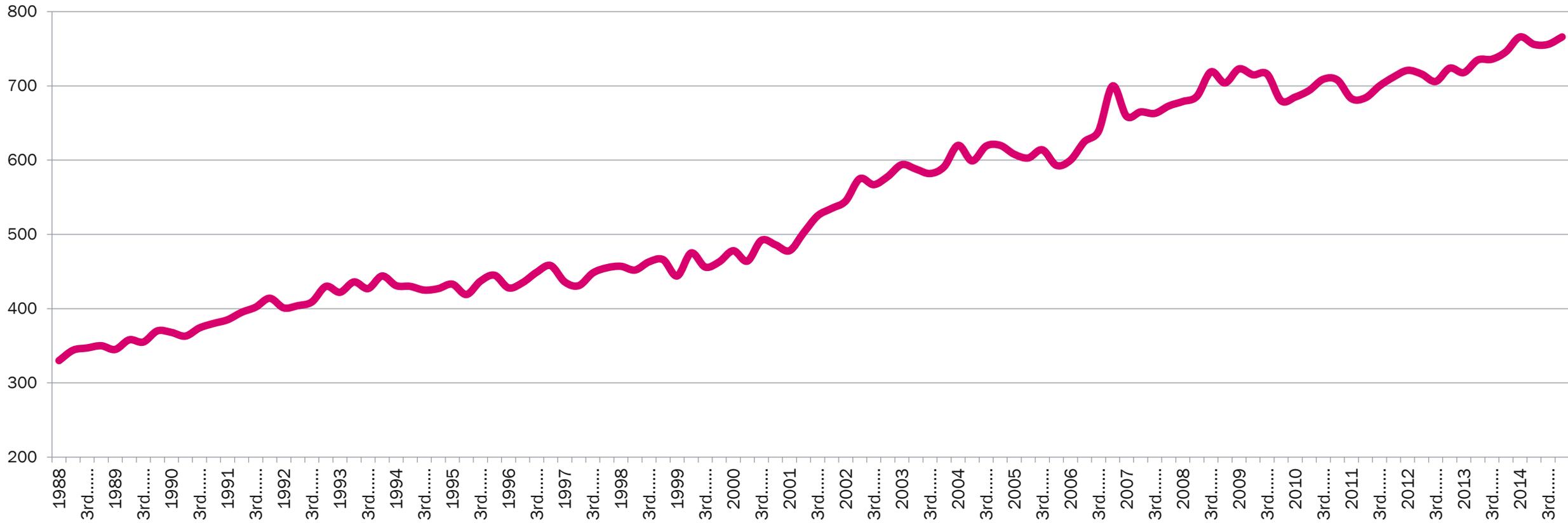
61%



Age 35-44

Median Asking Rent (dollars)

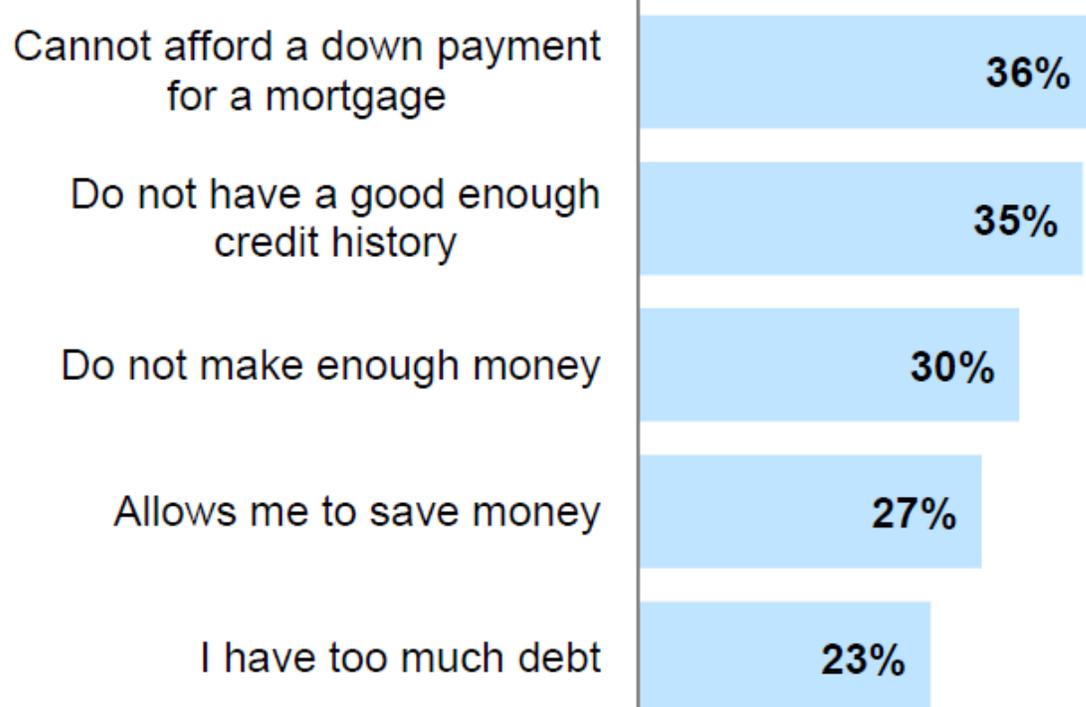
U.S.



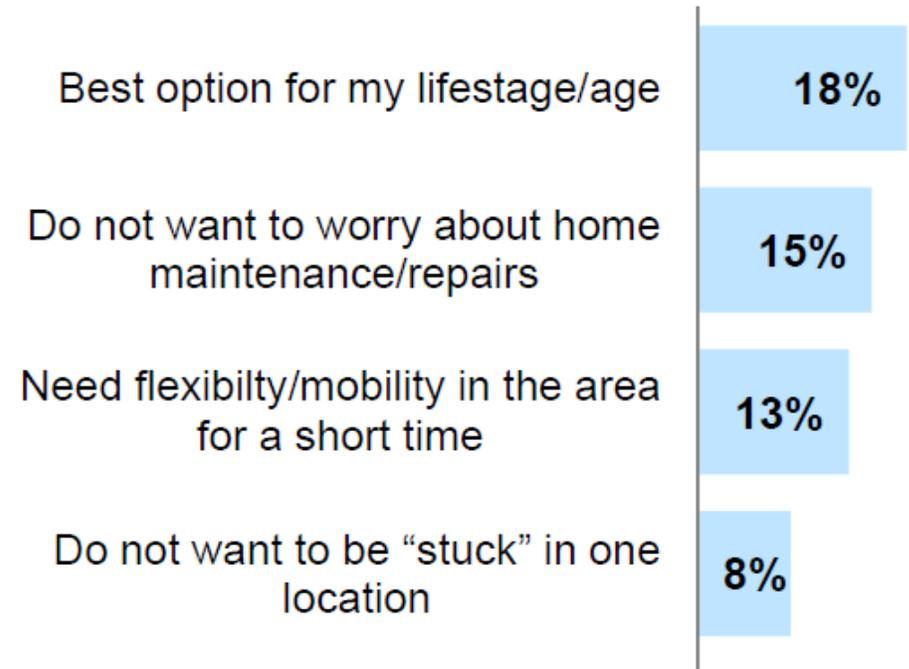
So why are you renting?

Q: What are the main reasons you are currently renting? Please select all that apply.

Financial Reasons



Life-Style Reasons

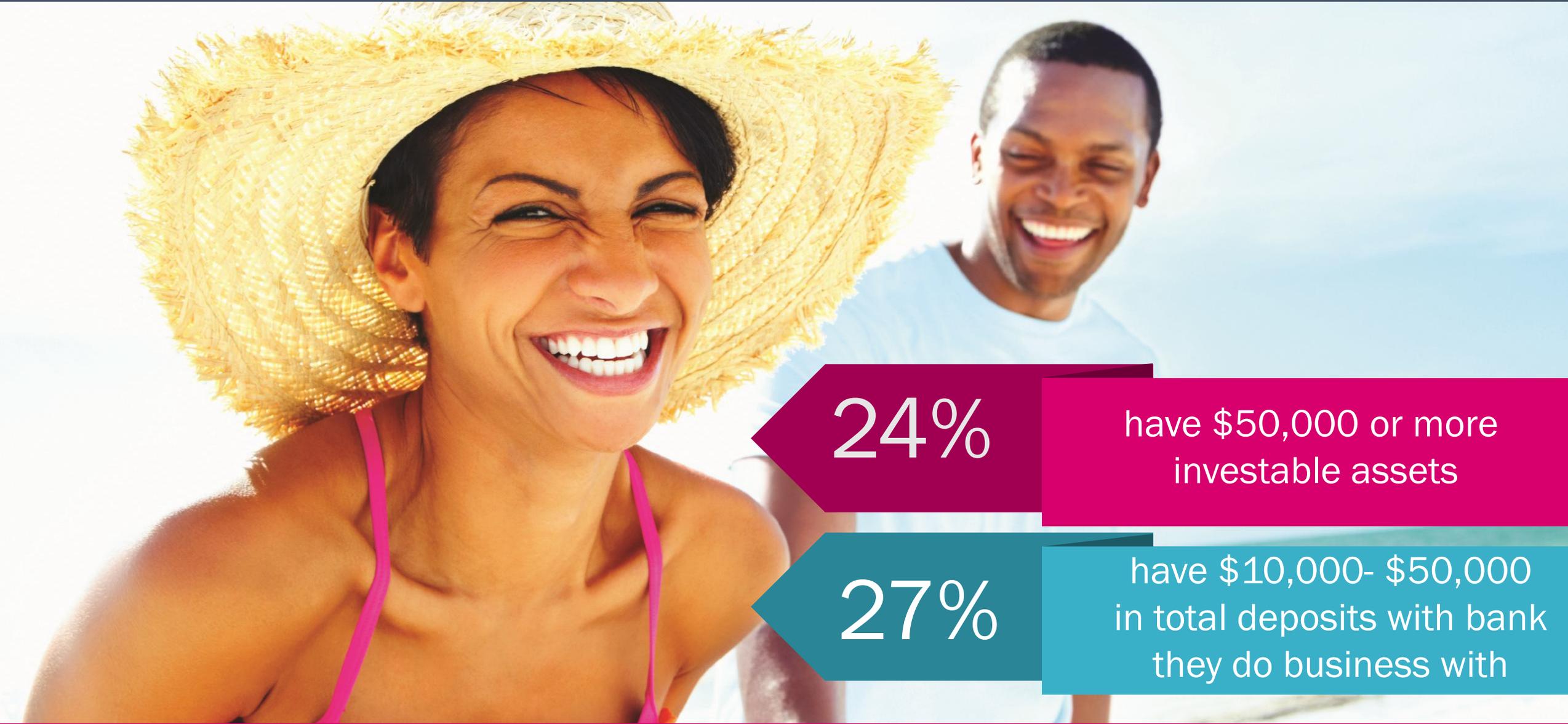


94%

Have saved money

65%

Save every month

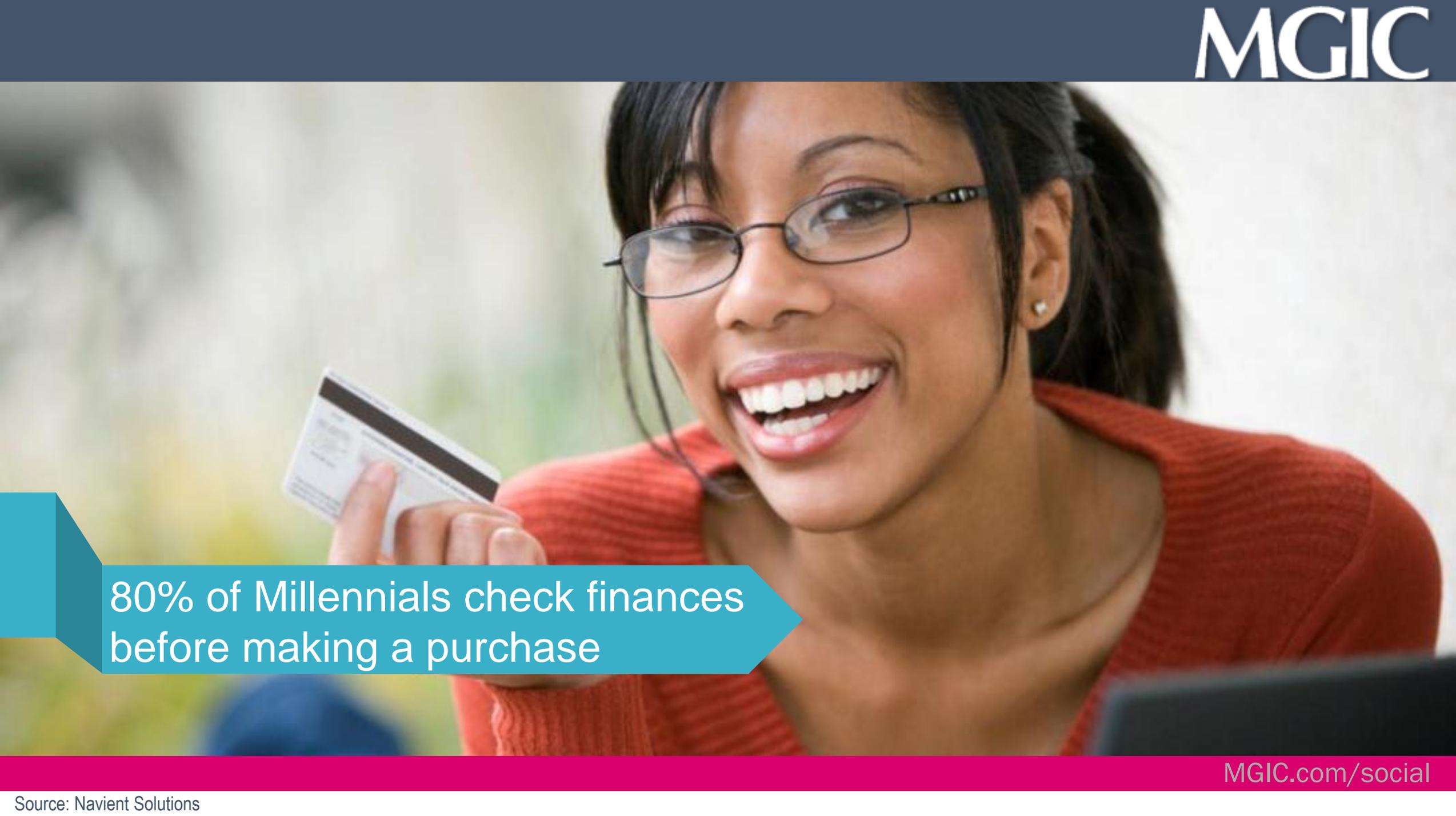


24%

have \$50,000 or more investable assets

27%

have \$10,000- \$50,000 in total deposits with bank they do business with

A young woman with dark hair and glasses, wearing a red sweater, is smiling broadly while holding a credit card. She is looking towards the camera. The background is a soft-focus outdoor setting.

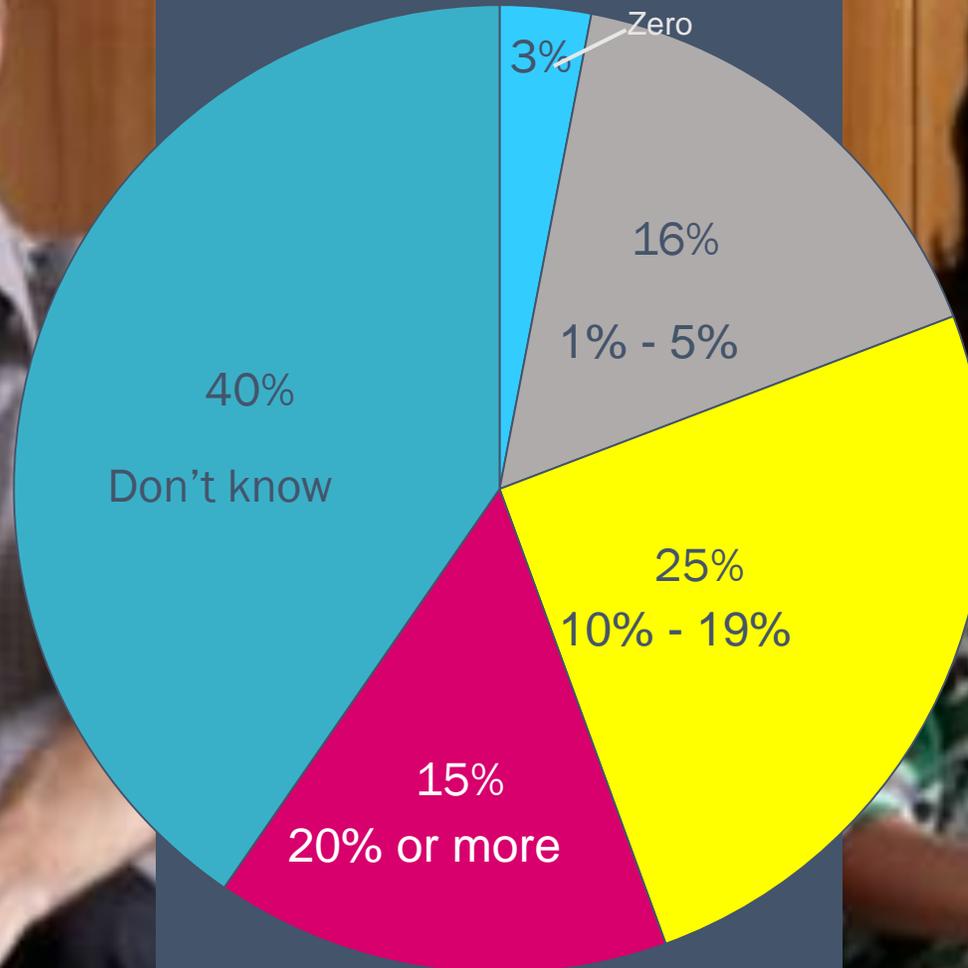
80% of Millennials check finances
before making a purchase

A man and a woman are shown from the chest up, looking down at a stack of money. The man is on the left, wearing a dark shirt and a patterned tie. The woman is on the right, wearing a dark top. The background is dark. A pink arrow-shaped graphic points from the text on the left towards the money. The TD Bank logo is visible on the man's shirt.

Consumers who indicate
that saving for down
payment is delaying
first-time home purchase

65%

Down payment Required by Lenders



Fannie Mae Consumer Survey Dec 2015



56% Renters who prefer to own but are not currently pursuing it because it would be too difficult to get a mortgage



74% Who fear they wouldn't qualify admit they haven't taken the steps to see if they would



In 2015, 2,653 guns
discovered in carry-on bags
83% of the time
gun was loaded



Last week of Aug. 2016:
58 guns found; 48 loaded

17 had a bullet
in the chamber

A young man and woman are shown in profile, looking down at a device together. The man is on the left, and the woman is on the right. They are both wearing light blue shirts. The background is softly blurred, suggesting an indoor setting with natural light.

53% of Millennials say they have no one to turn to for financial guidance



Millennials who used a gift as
part of the down payment

23%

From 2010 to April 2015
share of young adults
living at parents home
increased from
24% to 26%





Fastest, easiest way to get MI



of Millennials would
move up timeline to
buy if they had access
to a down payment.



Young couple: one a firefighter and one a teacher

Firefighter median annual salary:
\$44,729

Median annual salary teach
5-9 years experience:
\$44,178



Household annual income = \$89,000 or \$7,416.67 a month
Savings rate of 6%¹ = \$5,340 a year
\$187,400 purchase²
20% down = \$37,480 or 7 years

¹ Source: St. Louis Federal Reserve June 2016 savings rate = 5.3%; ² Source: NAR 2016 Home Buyer Generational Trends



5% down = \$9,370 or less than two years

3% down = \$5,622 or just more than a year

Reduced purchase power

RATE

4.75	\$956	\$983	\$1,010	\$1,035	\$1,062
4.5	\$930	\$956	\$983	\$1,008	\$1,034
4.25	\$905	\$931	\$956	\$980	\$1,006
4.0	\$880	\$905	\$930	\$953	\$978
3.75	\$856	\$880	\$904	\$927	\$951
Purchase price	\$180,000	\$185,000	\$190,000	\$195,000	\$200,000

P&I + MI

rounded to the nearest dollar amount; assuming 760 credit score and 5% down



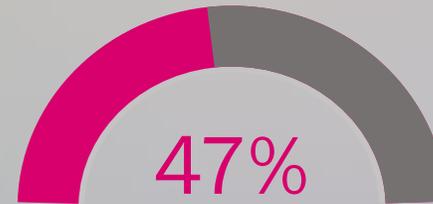
77%

Millennials list mortgage rates as most important when looking for a home

If rates rose
one point...

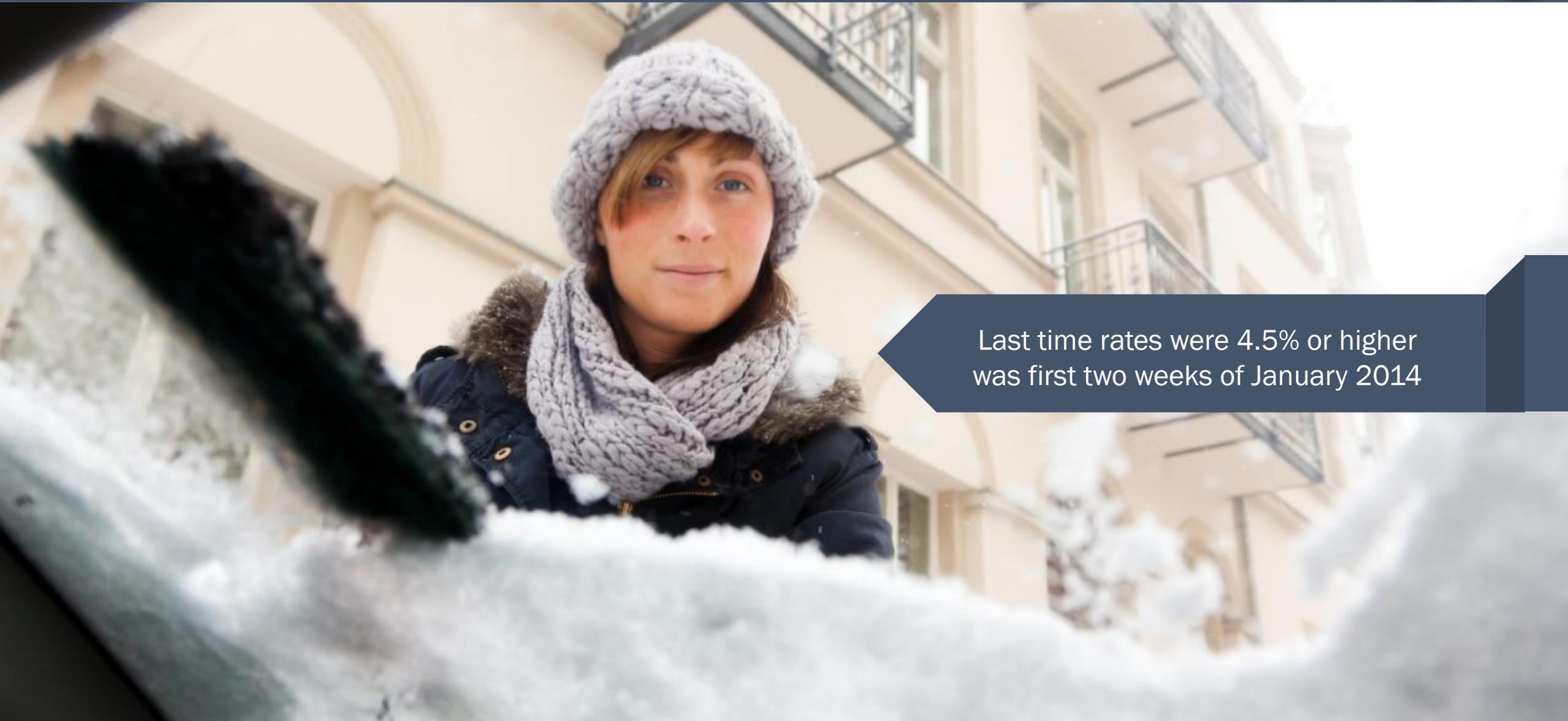


Buy less expensive house



Give up looking for house



A woman wearing a grey knit hat, a grey knit scarf, and a dark blue winter jacket with a fur-lined hood is looking out from a window. The window is covered in a thick layer of snow. In the background, a multi-story building with balconies is visible under a bright, overcast sky. A dark, out-of-focus object, possibly a camera lens or part of a window frame, is in the foreground on the left.

Last time rates were 4.5% or higher
was first two weeks of January 2014



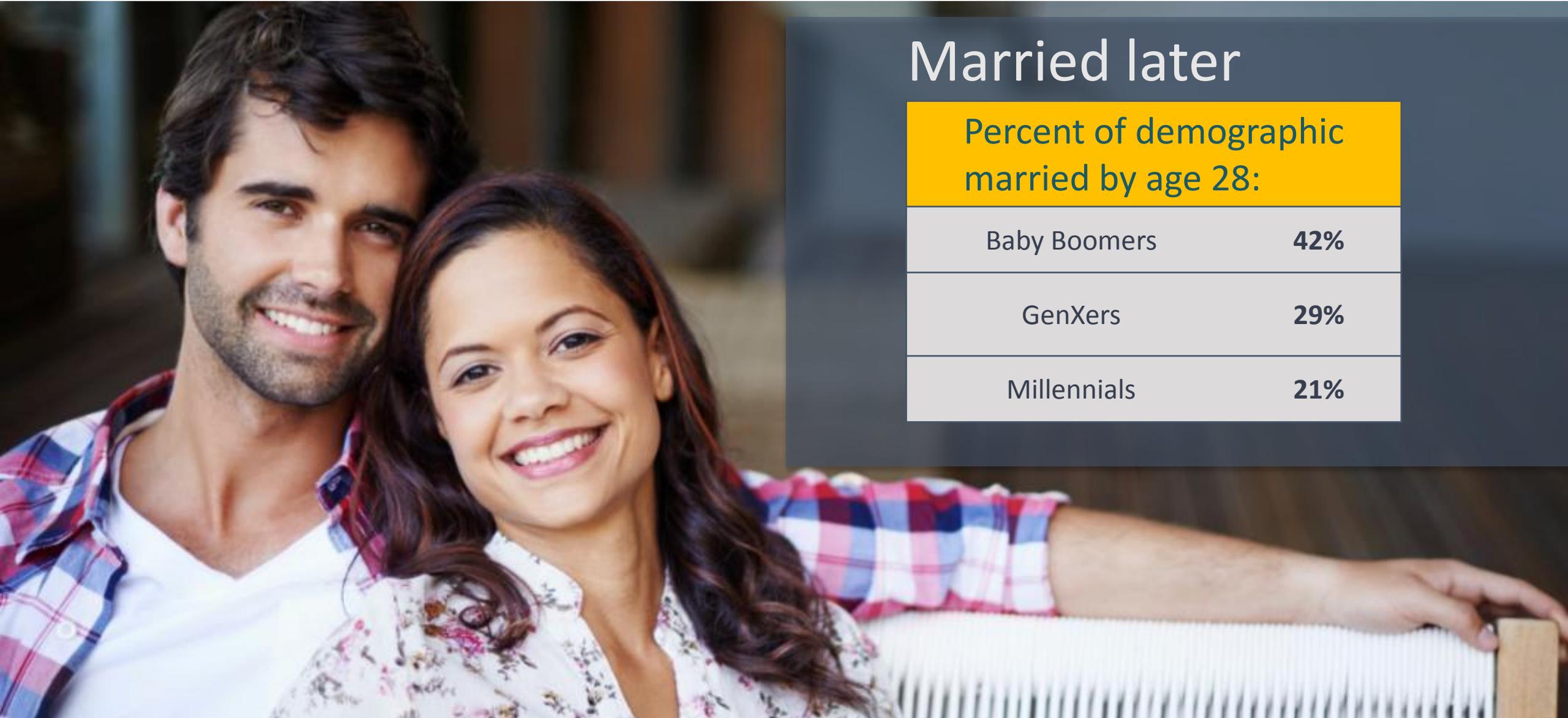
Last time rates were 5% or higher was May 6, 2010

Opinions

MGIC



[MGIC.com/social](https://www.mgic.com/social)



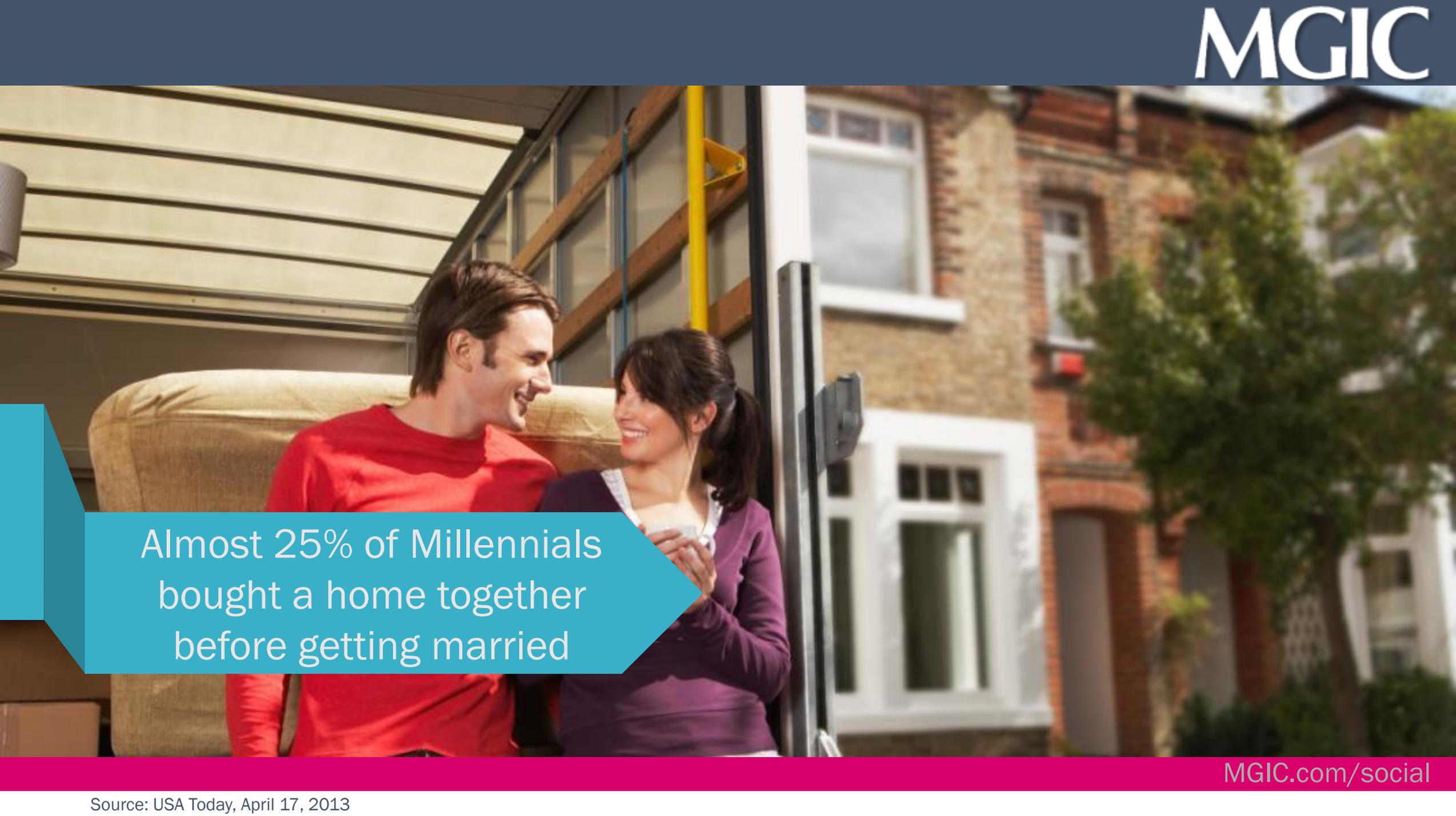
Married later

Percent of demographic married by age 28:

Baby Boomers	42%
--------------	-----

GenXers	29%
---------	-----

Millennials	21%
-------------	-----

A young man and woman are smiling and looking at each other in front of a house. The man is wearing a red shirt and the woman is wearing a purple top. They are standing near a doorway or a porch. The background shows a brick building with white window frames and a tree. A blue arrow-shaped graphic points to the right, containing the text.

Almost 25% of Millennials
bought a home together
before getting married



45% of Millennials now
have children under 18
in their home

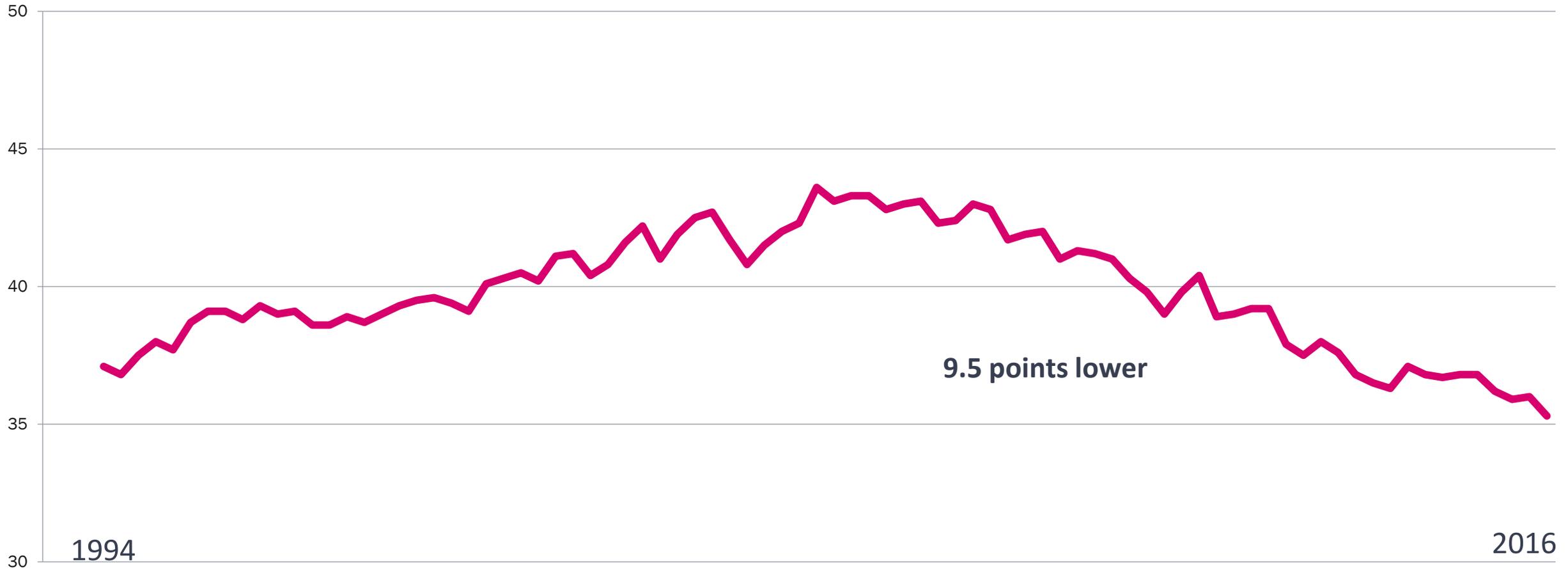


Millennial home
buyers in 2015

35%

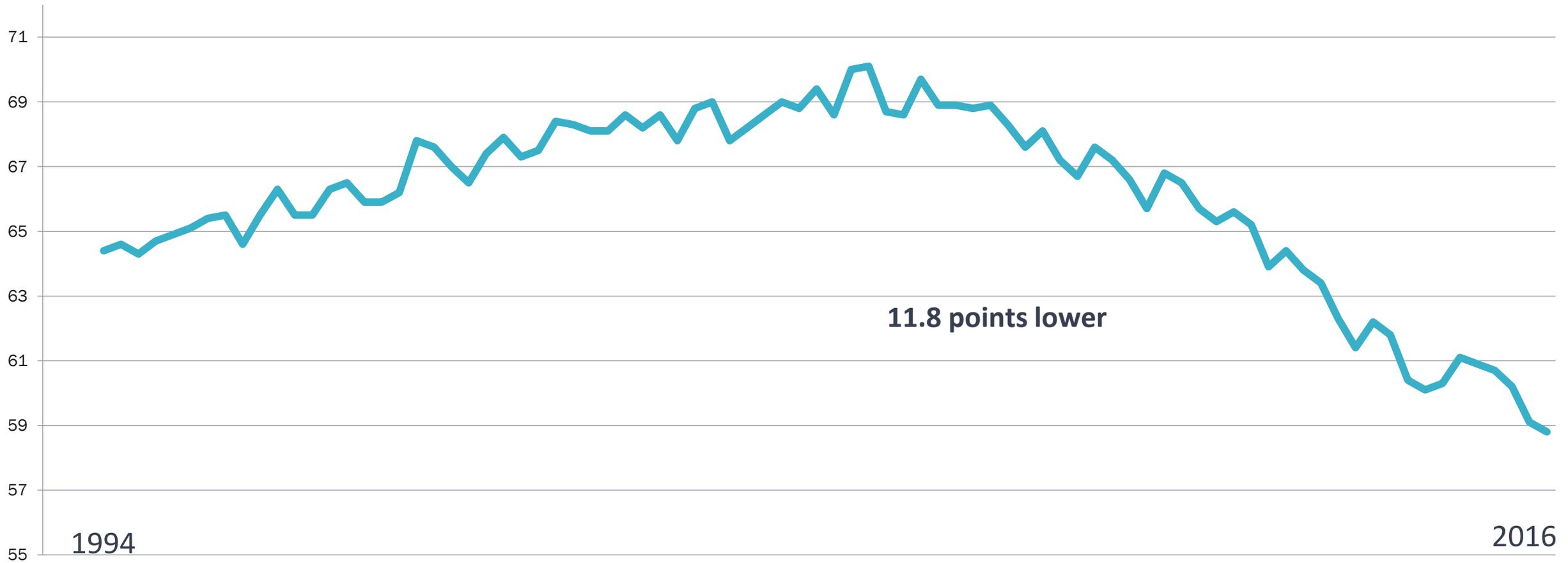
U.S. National Homeownership Rate

Under 35 years



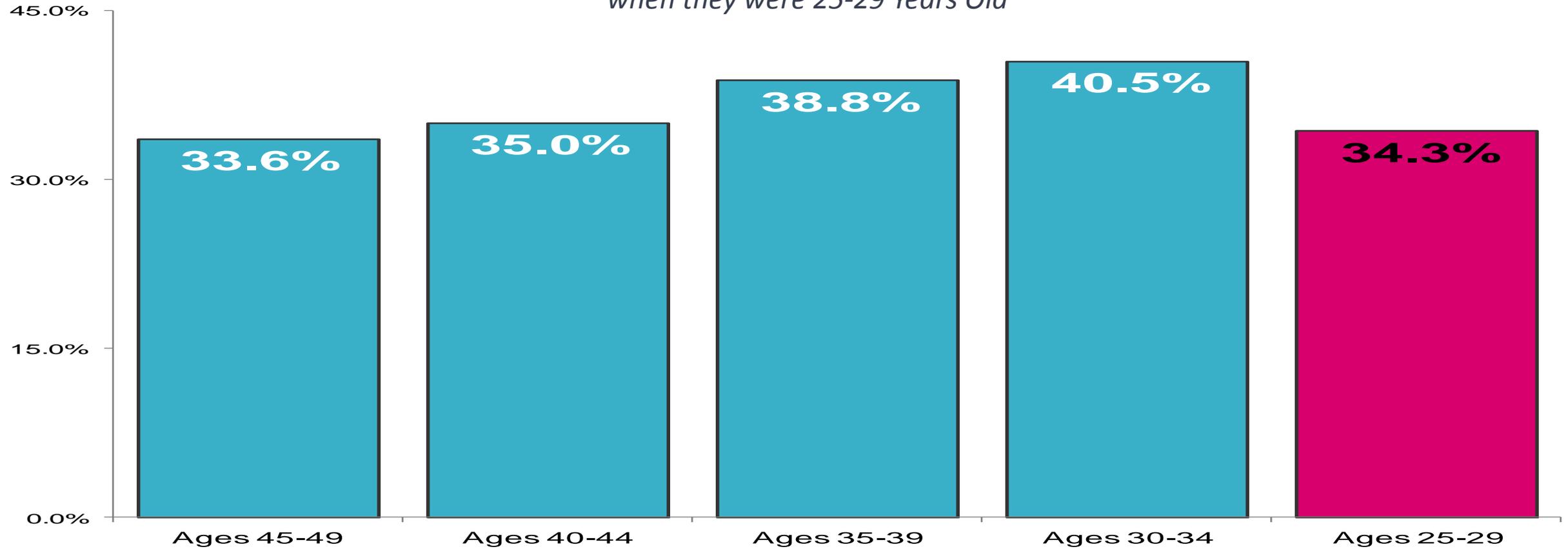
U.S. National Homeownership Rate

35 to 44 years

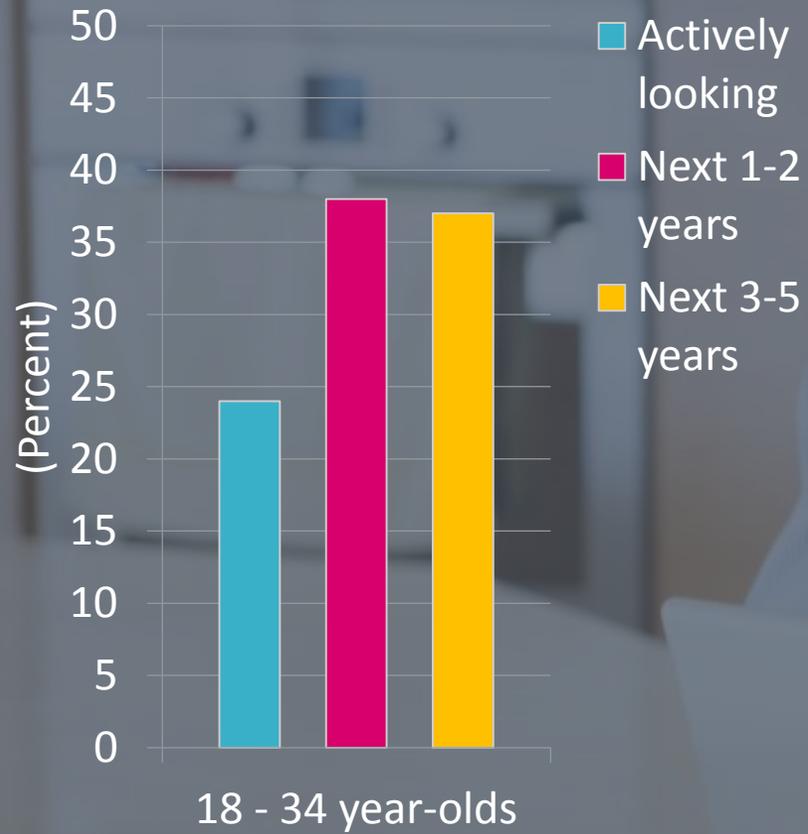


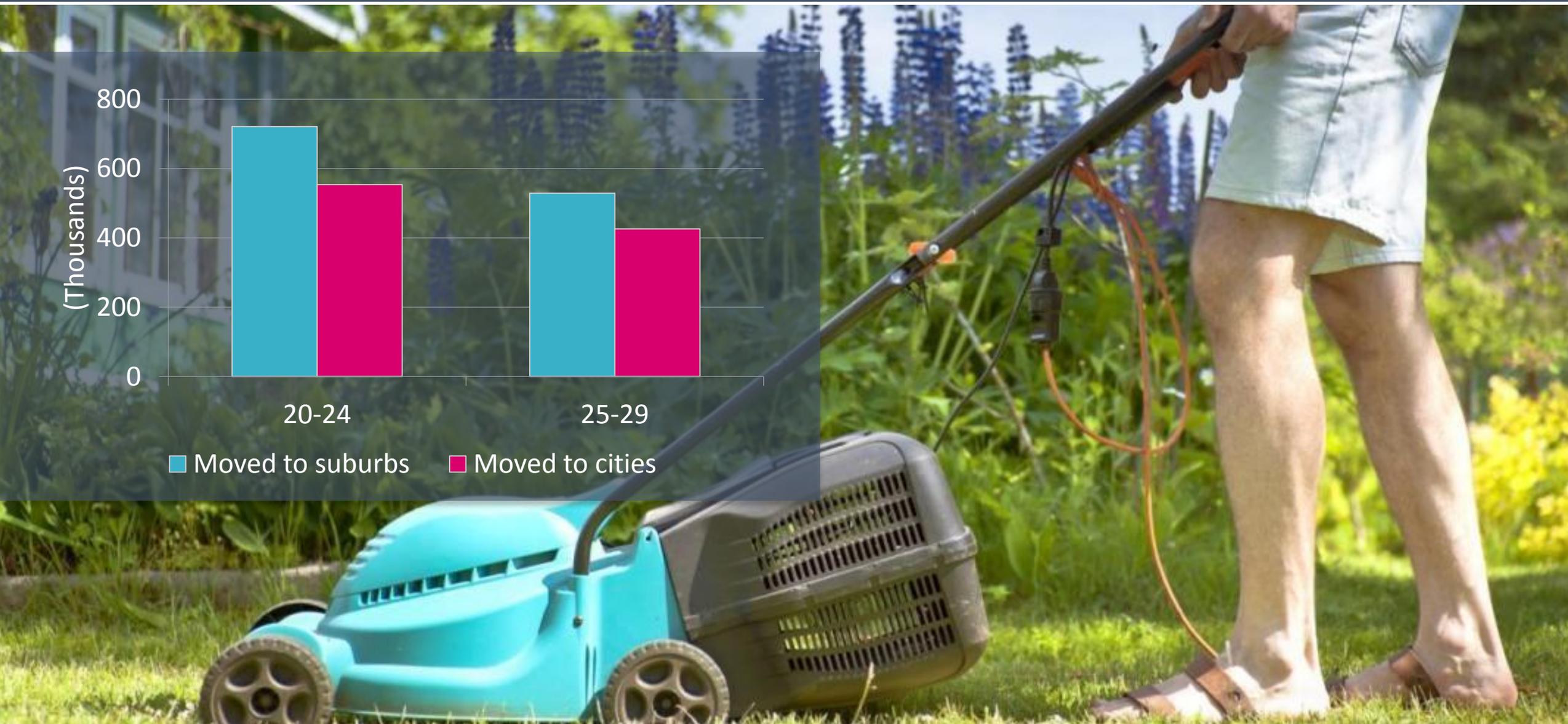
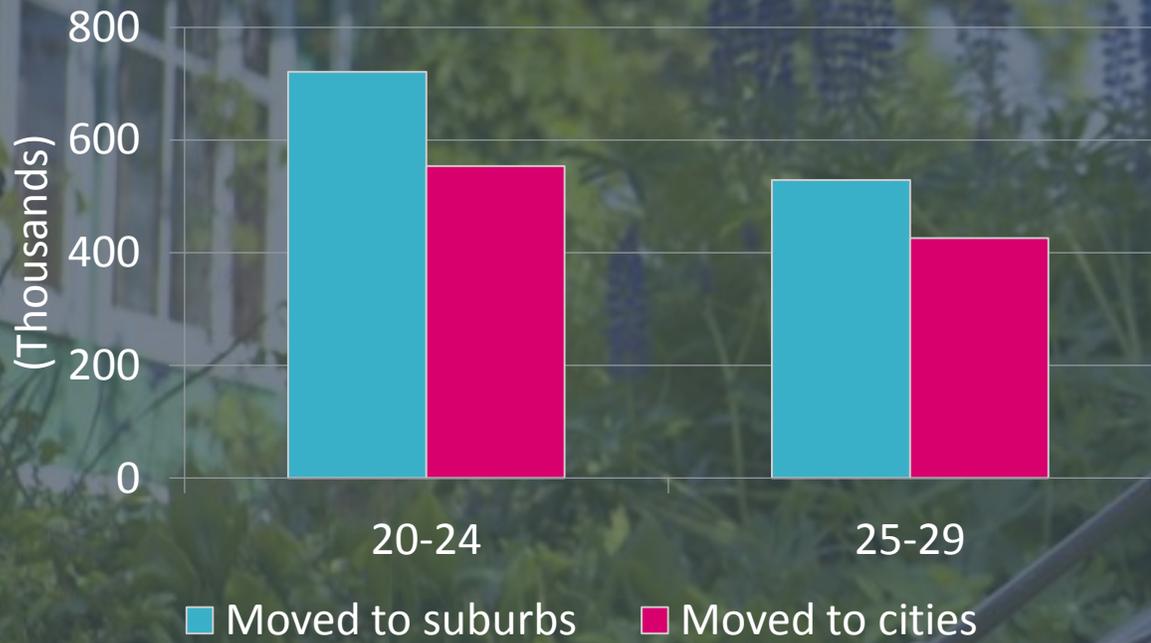
Homeownership Rate By Age Group

when they were 25-29 Years Old

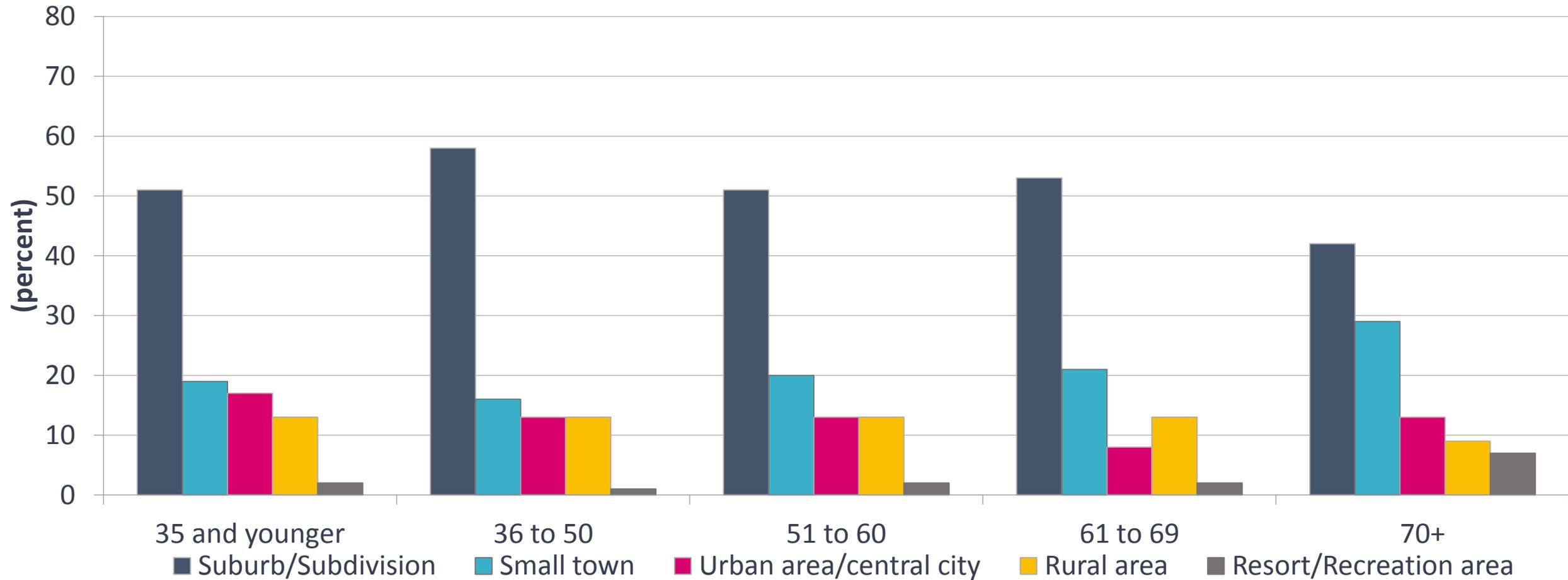


Ages reported are ages in 2012





Location of home purchased

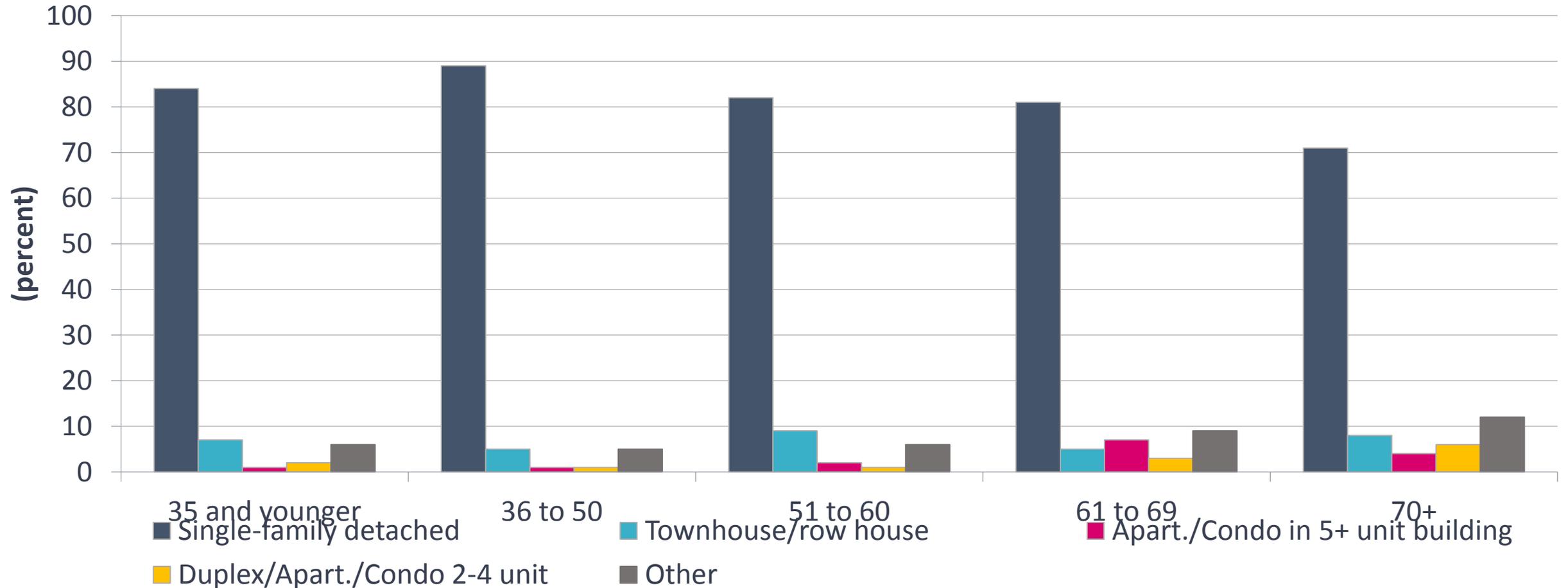




88%

Millennials looking to buy
in next 5-years interested
in single family home

Type of home purchased



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Ellie Mae: Millennials flock to FHA loans as credit tightens

Generation showing preference to FHA-backed mortgages

August 9, 2016 *Kelsey Ramirez*

- 37% of Millennial borrowers selected FHA in May
- Compared to 60% who went conventional
- Median FICO for Millennial closed loans = 722

Consider & Compare

MGIC

\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 97%	760 FICO
Down Payment	\$5,250	\$4,500	 \$750 less
Base Loan Amount	\$144,750	\$145,500	

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 97%	760 FICO
Down Payment	\$5,250	\$4,500	
Base Loan Amount	\$144,750	\$145,500	
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0	
Total Amount Borrowed	\$147,283	\$145,500	 \$1,783 less

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 97%
Down Payment	\$5,250	\$4,500
Base Loan Amount	\$144,750	\$145,500
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0
Total Amount Borrowed	\$147,283	\$145,500
Interest Rate	3.5%	3.75%
Monthly MI Payment	\$102	\$45

760 FICO

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 97%	760 FICO
Down Payment	\$5,250	\$4,500	 Less per month
Base Loan Amount	\$144,750	\$145,500	
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0	
Total Amount Borrowed	\$147,283	\$145,500	
Interest Rate	3.5%	3.75%	
Monthly MI Payment	\$102	\$45	
Monthly Loan Payment (P&I+MI)	\$763	\$709	

Consider & Compare



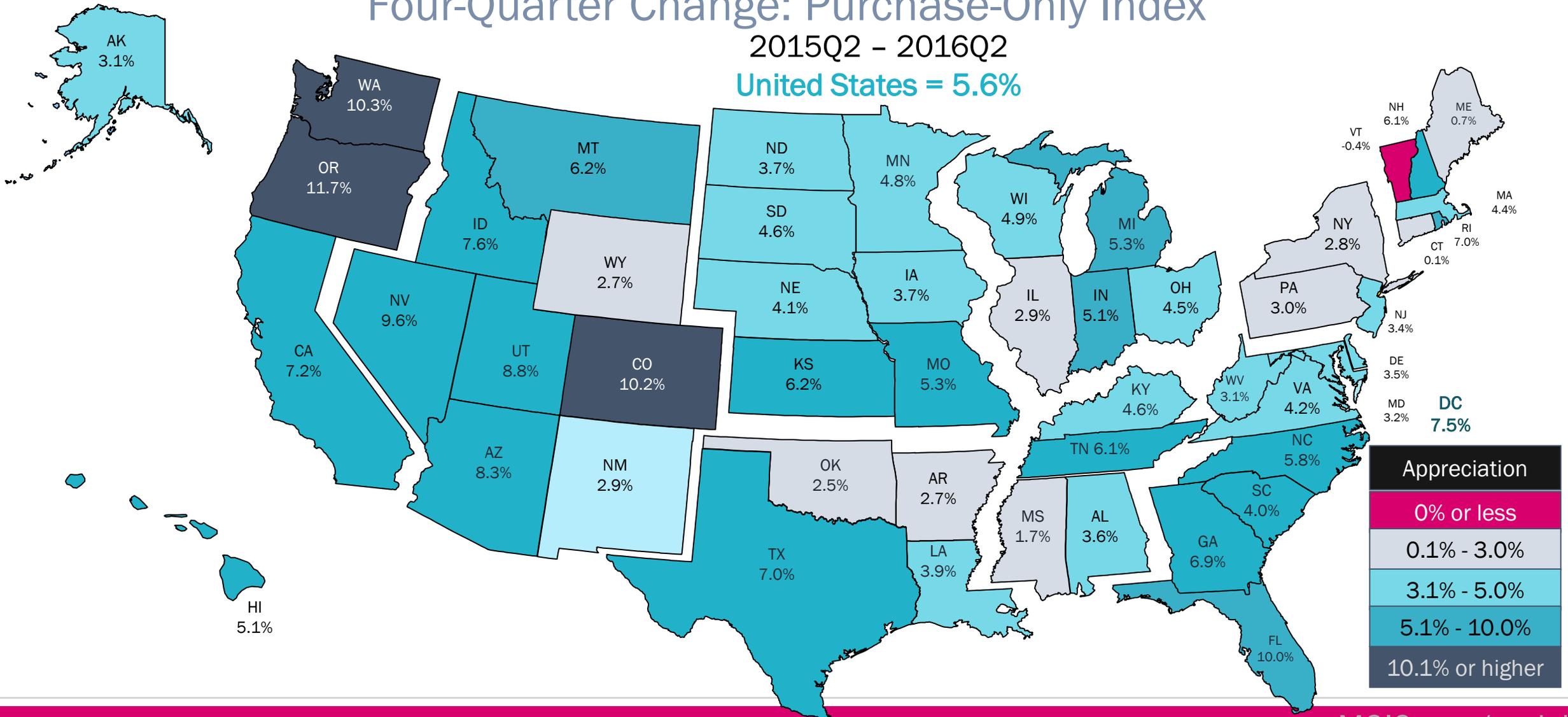
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Total Amount Borrowed	\$147,283	\$145,500	
Interest Rate	3.5%	3.75%	
Monthly MI Payment	\$102	\$45	
Monthly Loan Payment (P&I+MI)	\$763	\$709	
<i>assuming 3% annual appreciation</i>			
Est. MI Cancellation Month	Not Cancellable	61	
Est. Payment in 5 years assuming cancellation	\$752	\$664	

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 97%	660 FICO
Down Payment	\$5,250	\$4,500	FHA monthly savings = \$50
Base Loan Amount	\$144,750	\$145,500	Extra down payment + \$750
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0	Upfront MI + \$2,533
Total Amount Borrowed	\$147,283	\$145,500	Total = \$3,283
Interest Rate	3.5%	3.75%	\$3,283 ÷ \$50 = 5.5 years
Monthly MI Payment	\$102	\$143	
Monthly Loan Payment (P&I+MI)	\$763	\$807	
<i>assuming 3% annual appreciation</i>			
Est. MI Cancellation Month	Not Cancellable	61	
Est. Payment in 5 years assuming cancellation	\$752	\$664	

Four-Quarter Change: Purchase-Only Index 2015Q2 - 2016Q2 United States = 5.6%



What if they can get
a gift of 1.5% to add
to the 3.5% FHA requires?



Consider & Compare

MGIC

\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 95%	760 FICO
Down Payment	\$5,250	\$7,500	 Gift of \$2,250
Base Loan Amount	\$144,750	\$142,500	

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 95%	760 FICO
Down Payment	\$5,250	\$7,500	
Base Loan Amount	\$144,750	\$142,500	
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0	
Total Amount Borrowed	\$147,283	\$142,500	 Becomes \$4,783 in equity

 Becomes
\$4,783 in equity

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 95%	760 FICO
Down Payment	\$5,250	\$7,500	
Base Loan Amount	\$144,750	\$142,500	
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0	
Total Amount Borrowed	\$147,283	\$142,500	
Interest Rate	3.5%	3.75%	
Monthly MI Payment	\$102	\$38	

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 95%	760 FICO
Down Payment	\$5,250	\$7,500	
Base Loan Amount	\$144,750	\$142,500	
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0	
Total Amount Borrowed	\$147,283	\$142,500	
Interest Rate	3.5%	3.75%	
Monthly MI Payment	\$102	\$38	
Monthly Loan Payment (P&I+MI)	\$763	\$688	

Consider & Compare



\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 95%
Down Payment	\$5,250	\$7,500
Base Loan Amount	\$144,750	\$142,500
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0
Total Amount Borrowed	\$147,283	\$142,500
Interest Rate	3.5%	3.75%
Monthly MI Payment	\$102	\$38
Monthly Loan Payment (P&I+MI)	\$763	\$688
<i>assuming 3% annual appreciation</i>		
Est. MI Cancellation Month	Not Cancellable	57
Est. Payment in 5 years assuming cancellation	\$752	\$650

760 FICO

Consider & Compare

MGIC

760 FICO

\$150,000 purchase	FHA 96.5%	Iowa Finance Authority HFA Preferred w/MGIC 95%
Purchase Price	\$150,000	\$167,000
Down Payment	\$5,250	\$8,350
Base Loan Amount	\$144,750	\$158,650
Upfront Premium <i>(financed into loan amount)</i>	\$2,533	\$0
Total Amount Borrowed	\$147,283	\$158,650
Interest Rate	3.5%	3.75%
Monthly MI Payment	\$102	\$42
Monthly Loan Payment (P&I+MI)	\$763	\$766
<i>assuming 3% annual appreciation</i>		
Est. MI Cancellation Month	Not Cancellable	57
Est. Payment in 5-years or after cancellation	\$752	\$724

 Gift of \$3,100 = \$17,000 more in buying power



48th Street, Des Moines, IA
2 beds • 1 bath • 1,554 sq ft

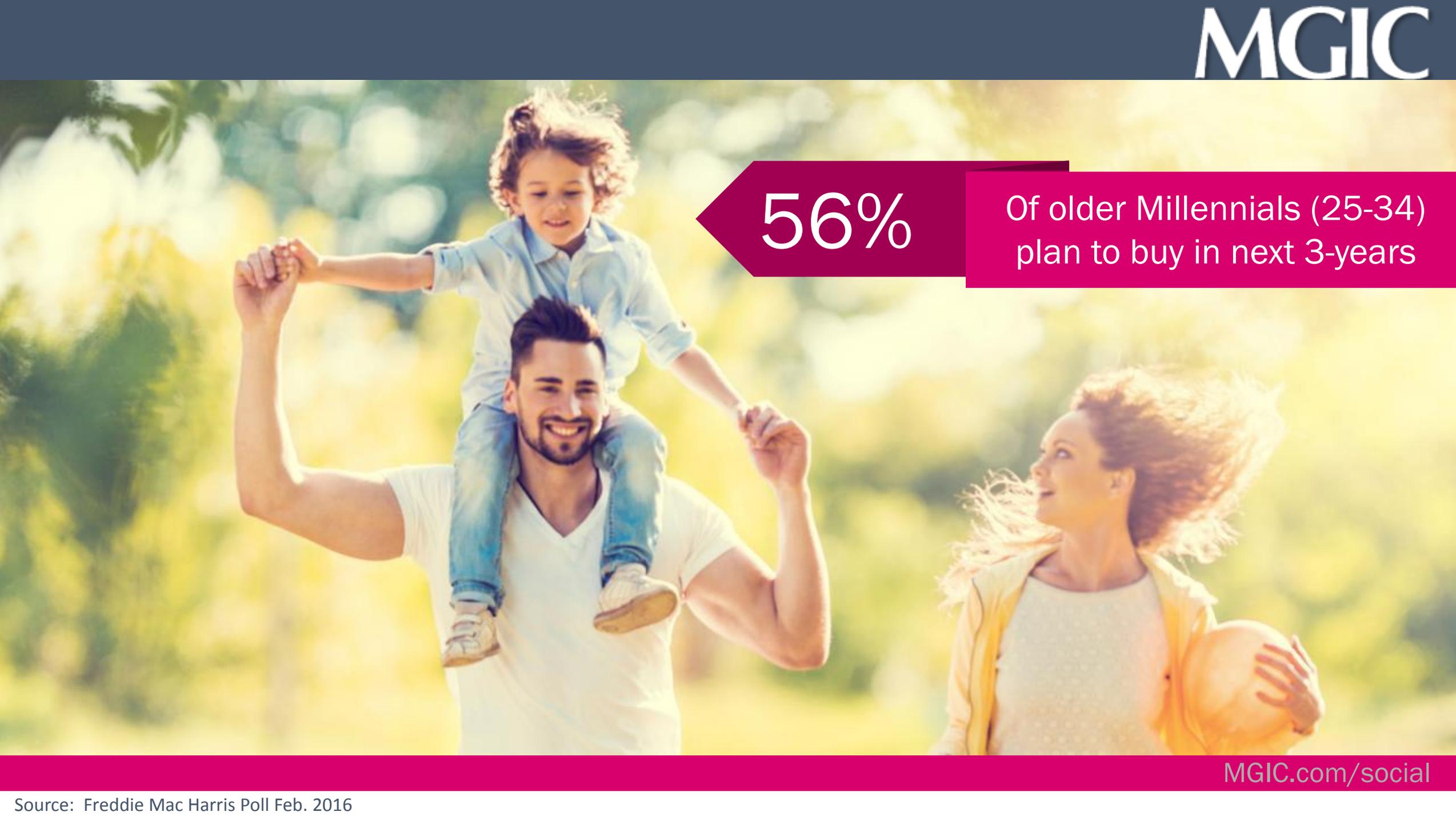


Southdale Dr, Des Moines, IA
3 beds • 3 bath • 1,788 sq ft

Median FICO® Scores

MGIC





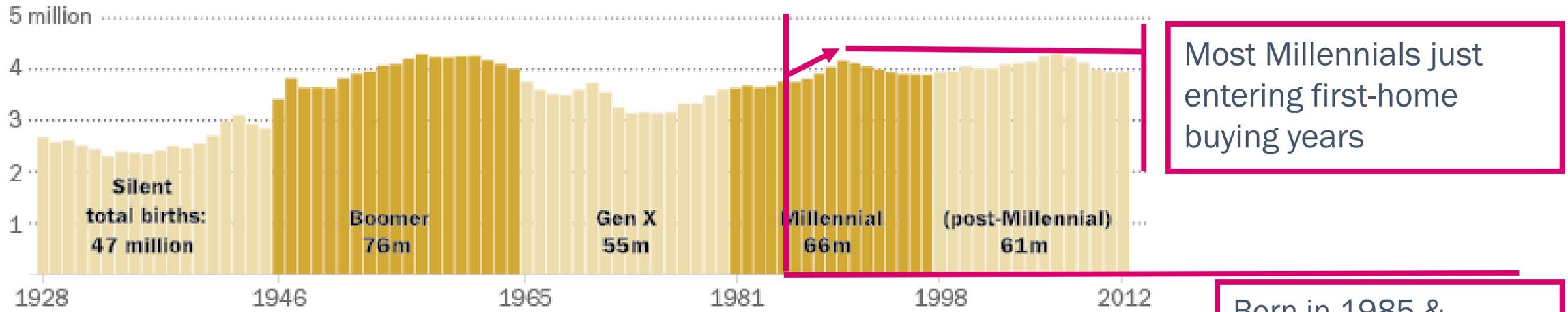
56%

Of older Millennials (25-34)
plan to buy in next 3-years

The Wave of First-Time Homebuyers

Births Underlying Each Generation

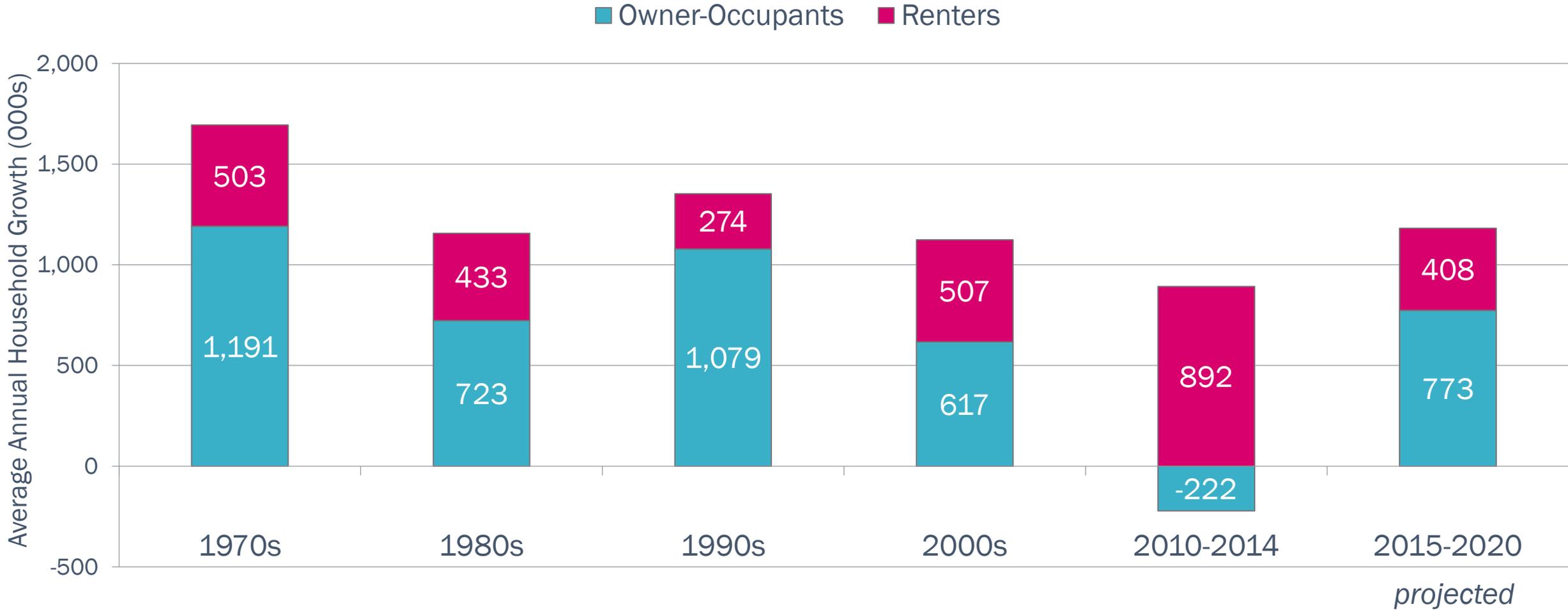
Number of U.S. births by year and generation



Source: U.S. Dept. of Health and Human Services National Center for Health Statistics

PEW RESEARCH CENTER

Homeownership to Rebound





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Thank You!