

HALLOWEEN REPORT

What are first-time homebuyers scared of? Their finances

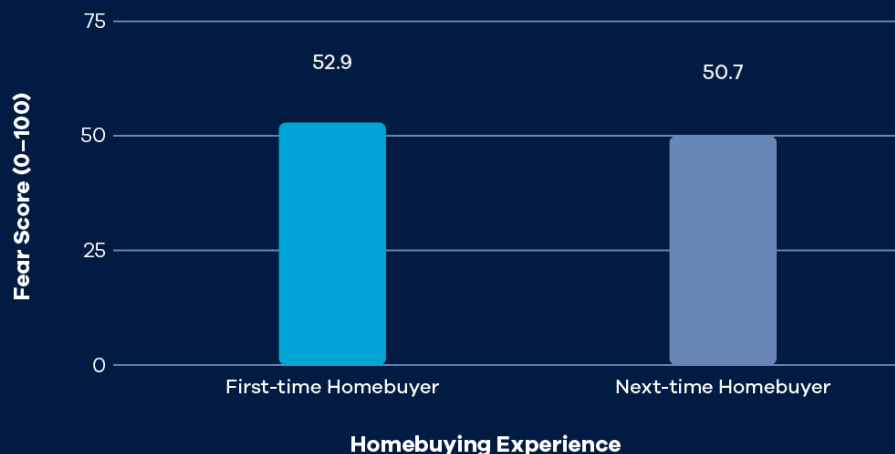
By Patrick Kearns | Oct 29, 2021

A new report from OJO Labs shows how homebuying fears differ between first-time and repeat homebuyers

Both first-time and repeat homebuyers are moderately afraid of the homebuying process — but the fears they rank the highest and the ones that affect the process differ, a new report released Friday by **OJO Labs** revealed.

A survey of 200 homebuyers conducted between July 2020 and July 2021 — a time when the housing market ran the gamut from stagnation to frenzy — found that, on average, buyers reported a fear level of 51.2 on a scale from 0-100. First-time buyers skewed slightly higher on that same scale, reporting a fear level of 52.9, while repeat buyers reported a fear level of 50.7.

Fear Score by Homebuying Experience



When you break down the top fears for each group, it becomes clear that different fears drive their behavior.

For first-time homebuyers, financial-related fears made up four out of the top five fears. Specifically, the fear of not being able to afford a mortgage and being too nervous to take a look at their own finances ranked as the second and third biggest fears. Despite financial-related fears dominating the top five, it was actually the fear that there are better options out there that was the top-rated fear for first-time homebuyers.

First-time buyers didn't let these fears greatly disrupt the process, however. The fear of better options delayed respondents' homebuying timelines by an average of 4.5 days, while the fear of not being able to afford a mortgage caused no delay at all. COVID-19 related concerns ranked low on the list of top fears, but interestingly expedited the timeline of first-time homebuyers, by an average of 97.2 days, or more than three months.

First-time Homebuyers

Fear Statements	% of respondents who cited this as top fear	Timeline Impact in Days <small>- = Expedited + = Delayed</small>
I was afraid there might be better options out there than the home(s) I was looking at	40.40%	-4.50
I was afraid of not being able to afford my mortgage	36.80%	0
I was nervous to take a hard look at my finances (credit score, debt to income)	31.60%	+14.10
I was afraid that home prices would continue to rise	31.60%	-9.60
I was afraid to take on so much debt	28.10%	-13.50



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For repeat buyers, the fear that home prices would continue to rise was at the top of the list, followed by a fear that inventory would continue to decline — both of which are economic-related fears. The third biggest fear was the one that first-time buyers cited as their top fear, a fear that there would be better options out there. Ultimately, repeat buyers were less scared of or deterred by personal finance-related fears, with the fear of being able to afford a mortgage coming in last.

Repeat buyers let their top fears have a bigger impact on their timelines, however, with a fear of rising home prices delaying their timeline by an average 11.1 days. A fear that inventory would continue to decline delayed timelines, while a fear that there would be better options out there delayed timelines by 28.5 days, nearly a month—a stark contrast from first-time homebuyers.

Next-time Homebuyers

Fear Statements	% of respondents who cited this as top fear	Timeline Impact in Days <small>- = Expedited + = Delayed</small>
I was afraid that home prices would continue to rise	41.60%	-11.10
I was afraid inventory would continue to decline	41.60%	-18.60
I was afraid there might be better options out there than the home(s) I was looking at	24.80%	-28.50
COVID-19 made it difficult to commit to buying a home	22.10%	-12.30
I was afraid to take on so much debt	22.10%	-9.90



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The other major difference was how the pandemic disrupted timelines. For repeat buyers, COVID-19-related concerns placed fourth and delayed timelines on average by 12.3 days, which is a massive difference from the more than three months by which first-time buyers said it expedited their timelines.

The OJO Labs fear survey surveyed a diverse cohort of 200 individuals, representative of the population, who had purchased homes in the past 12 months. Since the respondents were able to choose more than one fear as their top fear, the top fear column adds up to more than 100%.



Patrick Kearns is the Director of Storytelling at OJO Labs. Prior to joining OJO Labs, Patrick worked as a journalist for more than a decade, most recently covering housing and real estate at Inman News. He's also written for The Guardian, The Washington Post, Sports Illustrated, Vice, and others.



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