

2021 State of Diversity in the Mortgage Industry Report

By Cultural Outreach & NAMMBA

MARKETPLACE OPPORTUNITY: HOMEBUYER DEMOGRAPHICS

KEY TAKEAWAYS:

Hispanic Homebuyers

In the last ten years, Hispanic homebuyers in the United States made up over 50 percent of homeownership growth nationwide.¹ A report from the Urban Institute projects that 70 percent of new homeowners by 2040 will be Hispanic. Almost one in three Hispanic people in the U.S. are between the ages of 25-44, which are prime homebuying years. Hispanic homebuyers have less student loan debt than other demographics, often use low down payment products, and tend to buy in areas with a lower cost of living.

Black Homebuyers

The homeownership gap between Black and White households has widened since the passing of the Fair Housing Act in 1934. The foreclosure crisis of 2008 had a very destructive impact on Black homeownership. This gap is driven by predatory lending practices in the early 2000s and patterns of racial segregation. For example, real estate agents tend to steer both Black and

non-Hispanic White homebuyers to homes in neighborhoods that mirror their own ethnic background. This limits the number and quality of housing options for Black homebuyers, reinforces the existing patterns of racial segregation, and restricts access for Black people to better quality schools, safer neighborhoods, and higher home appreciation.

AAPI Homebuyers

The Asian American and Pacific Islander (AAPI) community is concentrated mostly in the nation's least-affordable housing markets: Los Angeles, San Francisco Bay Area, Seattle, and New York City. AAPI homebuyers have a high median income of \$87,243 per year, which is 41 percent higher than the national average.² Despite their high median income, the AAPI community faces several challenges to homeownership such as language barriers, high cost of the cities they live in, and outdated credit scoring practices. AAPI households tend to prefer avoiding debt and making purchases in cash, which has led the community to struggle histori-

cally with credit qualification due to their limited credit history.

NextGen Homebuyers

NextGen homebuyers tend to be first-time homebuyers above any other age group, and they are the most educated age group. They are more likely to purchase homes in urban areas, with commuting costs and convenience to work being important factors to them. Although the majority of NextGen purchase their home through an agent and use loan officers, only one-third find them reliable or trustworthy. Referrals from friends, relatives, and neighbors continue to be the primary method by which most NextGen homebuyers find their real estate agent.

Women Homebuyers

Single women accounted for 17 percent of homebuyers in 2019.³ The median age of single women who are first-time homebuyers is 33 years old, and for repeat homebuyers it's 59 years old. Single women listed convenience to friends and family as an important factor when choosing a

neighborhood more so than any other household composition. They are more likely to purchase a condo or townhome than married couples.

LGBTQ Homebuyers

LGBTQ homebuyers are more likely to be first-time homebuyers compared to non-LGBTQ homebuyers. They are also more likely to identify as male and are on average a little younger than non-LGBTQ homebuyers. The median income of LGBTQ homebuyers is \$93,200 per year, which is slightly less than non-LGBTQ homebuyers at \$97,000 per year.⁴ LGBTQ homebuyers tend to purchase homes in urban areas and cities, with convenience to entertainment and leisure being important. LGBTQ homebuyers are more likely to finance their purchase at least in part with a mortgage.

1. U.S. Census Bureau. (2021, February 2). Current Population Survey/Housing Vacancy Survey.
2. AREAA 2020 Three Point Policy Plan to Boost AAPI Homeownership
3. National Association of Realtors' annual Profile of Home Buyers and Sellers. 2019
4. National Association of Realtors' 2021 Profile of LGBTQ Home Buyers and Sellers

ACTIONABLE TAKEAWAYS:

CHALLENGE 1: Recruiting candidates with specialized skills.

To meet the growth of financial technology and stricter compliance regulations, companies are creating a greater demand for positions with these specialized skill sets. Traditional recruiting tends to overlook opportunities to connect with established candidates.

SOLUTION: Attract high-potential employee candidates before they are looking for jobs.

Engage with candidates who aren't actively seeking employment.

- These potential candidates tend to have well-established reputations and are engaged in their career, actively following industry news and content. They feel secure in their current positions but could be persuaded to move if the right opportunity presented itself.

Targeted recruiting of talent from other industries.

- By identifying those industries where the occupations require similar skills and capabilities to what is required in the mortgage and real estate industry, you can facilitate the successful transfer of individuals from one industry to this one.

CHALLENGE 2: Recruiting & Retaining NextGen employees.

NextGen's make up nearly half of the global workforce, and they need to be taken seriously not just as employees but as future leaders. Compared to older generations, NextGen's have different expectations and qualities they look for in employers:

- Opportunities for advancement
- Good work-life balance, flexible work
- Sense of meaning from work
- Professional development and training
- Competitive salary

SOLUTION: Foster and promote a NextGen-friendly workplace.

In order to recruit and retain NextGen's, companies need to maintain a collaborative and flexible work environment.

- Remote work policy when possible.
- A collective work area where staff can escape their desks and interact casually.
- Opportunities for career growth & professional development.
- Investing in software that is compatible with newer devices like smartphones and tablets

CHALLENGE 3: Building a diverse workforce.

Having diverse perspectives is critical to innovation and maintaining a competitive edge in this industry especially with the growing number of minority homebuyers and sellers. Discrimination might not be perpetuated deliberately, but certain practices and norms give certain demographics an advantage over another. Example: Men still tend to have a competitive advantage when women take maternity leave.

SOLUTION: Implement and promote inclusive initiatives in order to develop a diverse workforce.

- Promote job opportunities through both online & offline diverse networks.
- Write job descriptions in a way that is culturally aware.
- Seek employee referrals from a diverse group of current employees.
- Train employees to use inclusive practices especially when working globally or across teams.

To read the full report visit www.culturaloutreach.com