



# Empowering Gen Z



## Strategies for Effective Borrower Education



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# Introduction



If you've been following the news in recent years, you know that Gen Z is officially growing up. And if you've been following mortgage news, you know they're ready and excited for homeownership.

That's right, even though most Gen Zers (affectionately referred to as "Zoomers") still live at home with their parents, they have big dreams of becoming homeowners. A Better Homes and Gardens Real Estate survey found that a whopping 97%<sup>1</sup> of this generation believe they will own a home someday. That's not all, though. The same survey found that 82% of Zoomers believe homeownership is the most important factor in achieving the American Dream.

So, as a mortgage professional, what does this generation's coming of age, plus their needs and preferences, mean for you?

According to Better Homes and Gardens Real Estate, 81%<sup>1</sup> of Gen Zers believe they'll work with a real estate agent during the home purchase process. And except for a few all-cash purchases (only 8.4%<sup>2</sup> of total new home sales in 2023), that means they'll also likely be working with a mortgage professional. Why not you?

But, hey, we're getting ahead of ourselves. Before we dive into it, let's get to know Gen Z a little bit better.



# Background



So, who is Gen Z? To understand this powerful group, let's explore their demographics, buying power, and more.

## Demographic Data

Gen Z follows the Millennial generation, sometimes called Gen Y. This generation is characterized by complete digitization and connectedness. They don't remember a time pre-smartphone and are entirely digitally native.

Some other stats that might help paint a more complete picture:

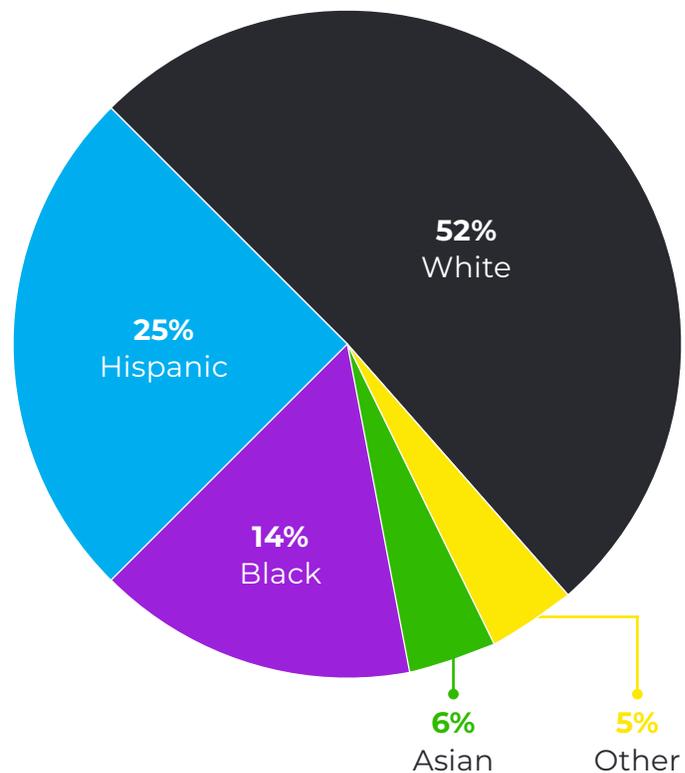
**61 Million** members<sup>3</sup>

Birth years:  
**~1997-2012**<sup>4</sup>

Ages, as of 2024:  
**~12-27**<sup>4</sup>

One of the most  
**diverse generations**  
of all time<sup>5</sup>

**16%** identify as part of the  
LGBTQ+ community<sup>4</sup>



Note: Figures may not add to 100% due to rounding. Racial groups include only single-race non-Hispanics. Hispanics are of any race.

# Gen Z and Homeownership



As Gen Z grows up, they have ample opportunity to change the housing market — forever.

## Gen Z's Homeownership Preferences

As it turns out, Gen Z has a lot of thoughts on what they'd like to get out of their living spaces<sup>3</sup>:

**97%**

want to own a home in the future

**87%**

want to buy before the age of 35

**MOST**

prefer to rent in large urban centers

**MORE**

prefer to buy in the suburbs

**MOST**

expect the ability to customize their personal space (not opposed to fixer-uppers)

**MANY**

prioritize living near work<sup>1</sup> and within culturally diverse neighborhoods<sup>5</sup>

# Gen Z and Homeownership (continued)



## Gen Z's Homeownership Rates

Gen Zers are already tracking ahead of their parents' homeownership rate: 30% of 25-year-olds owned their home in 2022, higher than Gen X's 27% rate at the same age<sup>6</sup>. Compare that to Millennials, who are instead tracking behind their parents. In 2022, 62% of 40-year-olds owned their home. That's a bit lower than the 69% rate for baby boomers at the same age.

Gen Zers who didn't take advantage of the pandemic era's low mortgage rates could see similar lags as well, though. That's because, unfortunately, Gen Z carries high rates of student loan debt, and their salaries are not keeping pace with the rising costs of housing<sup>3</sup>.

It's not too late, though! Approximately 25% of Gen Zers were planning to purchase a home in the next 12 months, as of June 2023<sup>7</sup>. In 2025, Gen Z's homeownership rate is expected to reach 30.5%<sup>8</sup>.

## Gen Z's Buying Power

But what exactly will Gen Zers be able to afford? As we all know, housing prices are still on the rise, proving difficult for many first-time buyers to overcome. In fact, in 2021, a whopping 70% of survey respondents agreed that buying a home is harder for today's young adults than it was for their parents<sup>9</sup>.

While Gen Z probably hasn't hit its stride just yet (remember, the oldest Gen Zers are roughly 27 today), their generation does hold a lot of potential. It's believed that Gen Z represents about \$450 billion in spending power across the world, and \$360 billion in the US, specifically<sup>10</sup>. That's a lot of starter homes!

# Problem



So with all this potential are there actually problems? The reality is, that while this generation is certainly excited about homeownership, they're also up against some serious roadblocks.

One of the largest hurdles Gen Z will need to overcome is low levels of personal financial knowledge. Some sources have found that roughly 26% of Gen Zers see personal financial knowledge as their top challenge<sup>8</sup>. Case in point: a staggering 60% overestimate how much they'll need for a downpayment<sup>5</sup>.

Other sources found that financial constraints are a big barrier for roughly 74%<sup>5</sup> of Gen Z respondents. Almost one-third expect that it will take them more than three years to save up for a down payment<sup>5</sup>.

They're also skeptical about the financial benefits. More than one in three (36%) said they weren't sure whether owning a home was the best way to build generational wealth, and a sizable 27% of recent homebuyers said they were not sure whether their home would be a good investment<sup>8</sup>.

How does this lack of knowledge and understanding ultimately affect the mortgage transaction?

Well, in light of these struggles, prospective homebuyers in Generation Z are looking for a guide. A sizable 64% of younger homebuyers said that they expect lenders to educate them about the mortgage process<sup>11</sup>. Housing counseling from a HUD-approved nonprofit housing counseling agency, anyone?

They'll also need strong relationships. Even though younger homebuyers immediately take to the internet for information, a staggering 90% still want to talk with a human being post-research<sup>12</sup>. They're going to need those face-to-face conversations to build confidence and ultimately grow their financial knowledge.

# Proposed Solutions



Here's how you can connect with Gen Z and share some knowledge:

## Meet Them Where They're at (on Social Media)

It's no secret that Gen Z is the king of social media. A sizable 44% of Gen Zers check in on social media at least hourly, with 7% checking in more often than every fifteen minutes<sup>13</sup>. That means ample opportunity for you to connect.

What's more, 29% of Gen Z survey respondents said that they were more likely to purchase from a brand with a social media presence<sup>14</sup>.

It's not just about purchasing habits, though. Gen Z is also going to social media specifically for financial advice. A study conducted by Qualtrics on behalf of Credit Karma found that 57% of Gen Zers are getting financial advice from Instagram and 52% are getting it from TikTok<sup>15</sup>. That could be your account!

Long story short: to appeal to Gen Z, you need to beef up your social strategy. Some cutting-edge tips include<sup>16</sup>:

- Make a point to respond to comments and direct messages.
- Combine social media and customer service for a seamless experience.
- Explore different social sites, from Discord to BeReal.
- Convey your brand's values and beliefs with every post.
- Consider working with influencers or exploring co-marketing campaigns.
- A/B test and experiment often.

# Proposed Solutions (continued)



## Use Real-World Examples

When it comes to Gen Z, case studies are your friends.

This generation relies highly on social proof, meaning they trust fellow consumers more than they trust brands themselves<sup>17</sup>. So, you'll want to share real-world success stories whenever and wherever possible.

Perhaps you recently helped a Gen Zer with student loan debt purchase a starter home. See if the client might be willing to create a video testimonial you could share across social media.

Or maybe you work mostly with young families. Ask for permission to highlight their relevant positive reviews on your website.



# Proposed Solutions (continued)



## Let Technology be Your Teacher's Aid

There's no way around it: You need to integrate tech if you're going to reach Gen Z.

Here's why:

- Gen Z spends an average of 3 hours and 38 minutes online on smartphones<sup>13</sup>. That's nearly 50 minutes longer than the average Internet user.
- 72% of Gen Zers have access to all mobile wireless services.
- Gen Z's top mobile activities include:
  - Text messaging (81%)
  - Downloading apps (59%)
  - Playing preinstalled games (53%)
  - Accessing websites (53%)
  - Live video calling (46%)
- The top websites/apps used by Gen Z are:
  - YouTube (91%)
  - Gmail (75%)
  - Snapchat (66%)
  - Instagram (65%)
  - Facebook (61%)
- Three-quarters of Generation Z watch YouTube videos at least weekly.

So, how can you tap into this hunger for tech? Perhaps consider live streaming events, in-depth explainer videos on YouTube, or Q&A sessions on Instagram<sup>18</sup>. That way, Gen Z consumers can directly engage with your brand, ask questions, and receive real-time responses, fostering a sense of connection and transparency.



# Proposed Solutions (continued)



## Lead with Transparency

Gen Z feels strongly about trust. In fact, nearly half of Zoomer survey respondents said they were motivated to engage with a new brand on social media when the brand appeared trustworthy and transparent<sup>20</sup>.

This is where you'll want to remember that Gen Z has high anxiety around their level of financial understanding. To them, you're a guru. You need to be clear, honest, and transparent while showing them the ropes.

You also need to follow through. If you say you're going to call at three, make sure you call at three!

If you plan to utilize third-party support during any part of the transaction, it's crucial to inform the borrower upfront. For instance, if you're leveraging processing services to streamline your workload, make sure to give the borrower a heads-up beforehand. This ensures they won't mistake a communication from a processor as unsolicited and provides clarity from the start.

You'll also want to carefully vet third-party support candidates to ensure they prioritize transparency to support your commitment to borrower education and understanding. Third-party processing from wemlo<sup>®</sup> offers one of the most transparent experiences in the industry. Working with wemlo or a processor as committed to the borrower experience, transparency can remain at the forefront.

# Proposed Solutions (continued)



## Create Customized Learning Paths

The hard truth: Gen Zers don't want brands targeting them with a one-size-fits-all approach<sup>21</sup>. They want to be recognized for their complexities, differences, needs, and anxieties. They want to be supported in a meaningful way.

So, give them what they want!

For example, do you have clients with student loan debt? Perhaps host a lunch and learn<sup>22</sup> for borrowers worried about buying with their balances.

Or maybe some of your Gen Z clients are military borrowers. You could interview a VA expert to really get through to them.

The key is to personalize anything and everything!

## Offer Support After Closing

Remember, your Gen Z clients might be coming from a place of self-doubt. Some of them may have believed they'd never become homeowners. Others may have struggled with financial literacy. Whatever the case, your support will need to go beyond closing.

Maybe you give clients a call a month after closing, just to see how everything's going. Or make a point to add all former clients to an educational email newsletter. That way, you'll be popping up in each of their inboxes reliably, building multiple relationships with one single send.

And the best part? These well-developed relationships could even lead to referral business. Remember, Gen Z is big on social proof! That means, that when they talk with their friends about the mortgage pro who saved the day, those friends might just become new clients.

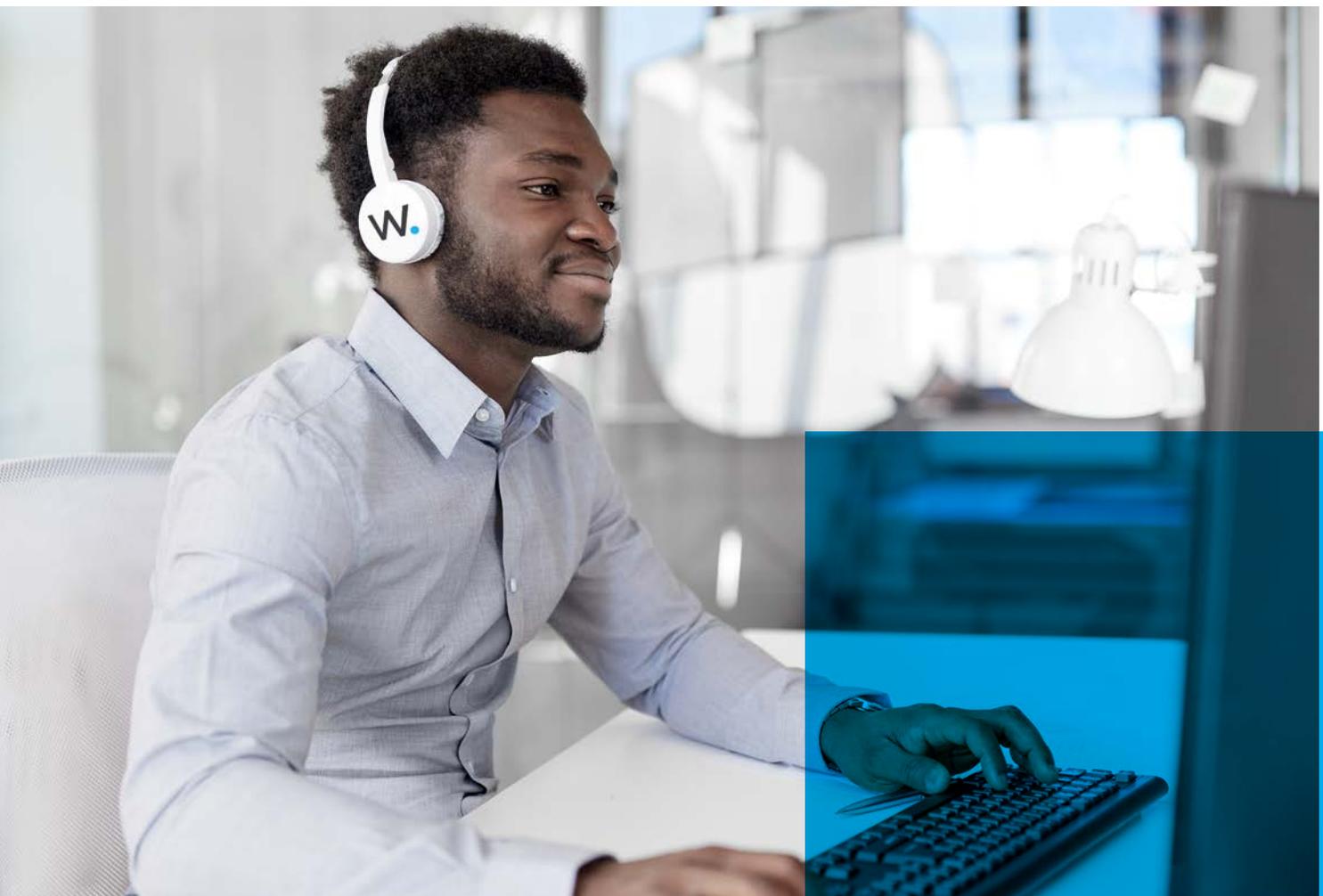
# Conclusion



The future of homeownership is here and it may be under 28 years old! To succeed as a mortgage professional, you may want to tap into this newest generation of borrowers.

By working to understand their background, needs, wants, pain points, and learning style, you'll be cutting it up with the kids in no time! And don't worry, you won't even need to learn a TikTok dance.

Are you on the hunt for deeper industry insights? Dive into a wealth of educational resources tailored specifically for mortgage professionals at [wemlo.io](https://wemlo.io).



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