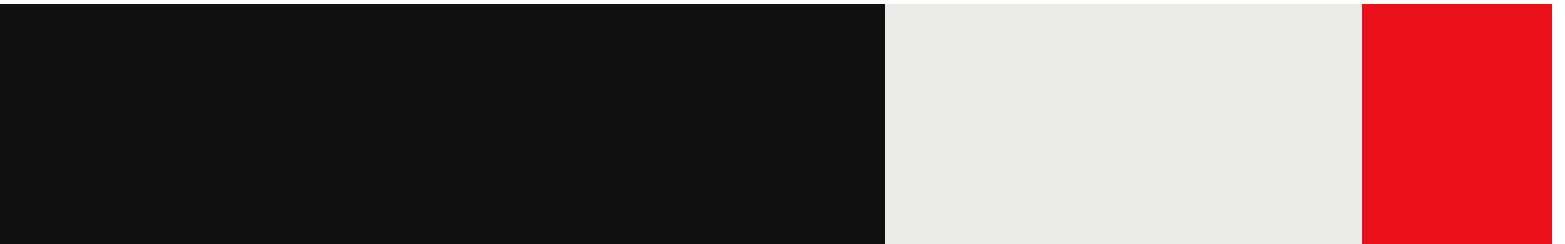


Banks must act fast to beat nonbank competitors in the impending mortgage boom

Article



The news: Twenty-five percent of US consumers want to purchase a home within the next three years, per Fannie Mae's Mortgage Understanding Study. And many of them are just waiting for rates to ease before pulling the trigger.

- That's according to an online survey of 3,338 US consumers that Fannie Mae conducted in December 2023.

Zoom in: Just 19% of the survey's respondents believe it's a good time to buy a home, down from 62% in 2018.

- **Many express concerns about their finances**—with an increased percentage feeling their finances control their lives—and **worry about the longevity of their savings.**
- **Approximately 90% overestimate the down payment**, which negatively affects consumers' understanding of their preparedness.
- And fewer people believe mortgages are accessible than did in previous years. Those that no longer do cite uncertainty around affordability.

Consumers are planning ahead: If affordability is consumers' main concern, then lowering mortgage rates could spur widespread demand for mortgages. And that's expected to start happening incrementally later this year.

Plus, **consumers are better informed now**, which has prepared them to act as soon as the opportunity for homeownership arises.

- The percentage of consumers who have seen their credit score has grown from 87% in 2018 to 93% in 2023, per Fannie Mae's study.
- And awareness of low down-payment programs has risen to 32% from 23% in 2018.

What this means for banks: The US mortgage market is expected to soon rebound from its 20-year low point. During this lull, banks have lost ground to nonbank lenders like **United Wholesale Mortgage, PennyMac Financial Services, Inc., and Rocket Mortgage**, which have increased their share in the mortgage market YoY due in part to market consolidation, per Fitch Ratings.

Financial institutions that offer mortgage products should strategically position themselves to be their customers' first choice. They should target potential homeowners, especially first-

time home buyers, with marketing campaigns that highlight their favorable mortgage terms—and what makes them a better choice than nonbank competitors.

Dive deeper into what the mortgage targeting process looks like with our report, [“Consumer Lending Trends 2024.”](#)