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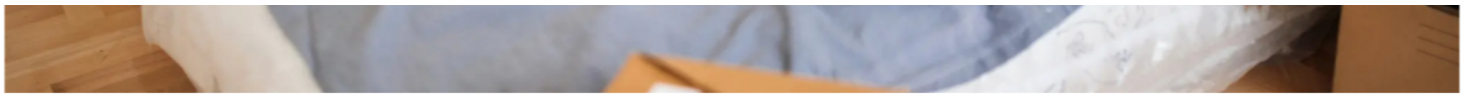
Are You a Guppie? Bleak Housing Market Spawns Sad Version of '80s Yuppies

Some young Americans who can't afford to buy a home in today's market have GUP — given up on property

Published 09/08/23 05:30 AM ET | Updated 09/08/23 12:21 PM ET
Kathleen Howley



Between prices and borrowing costs, owning a home feels out of reach for many would-be buyers. Almost one of every five millennials has given up completely. hobo_018/Getty Images

Coming off the COVID-19 pandemic, the U.S. economy has made headlines for many things: so-called egg-flation, on-and-off recession risk, and a boom and bust stock market, to name a few.

But will it also become known for breaking the spirit of many young Americans who dream of owning a home?

It's bad enough that the pandemic buying boom pushed real estate prices to crazy highs, but now that mortgage rates have spiked too (because of the same inflation that jolted egg prices,) many would-be homeowners are feeling dejected. Nearly one in five millennials, or 18% of 27- to 42-year-olds, believe they will never own a home, according to the results of a new survey commissioned by real estate brokerage Redfin. Their top reason? The expense.

"I've had three sets of young first-time buyers drop out of the market in the last few months and sign apartment leases because it was too hard to find a property they could afford, with rates so high and home prices so high," said David Vannort, an Atlanta real estate broker. "It's tough to be a buyer right now."

The market is so discouraging that it's even spawning a new term: Guppies. Coined by the U.K. real estate website Zoopla, Guppies describes Brits under 40 who have GUP — "Given Up on Properties." It's a play on the 1980s slang "Yuppies," or "Young Urban Professionals," but with an ironic twist. Yuppies tended to have plenty of money and gloated about their success. Guppies are throwing in the towel because they can't afford a home.

Not surprisingly, the Guppie sentiments revealed in Redfin's survey are already playing out. Even last year, which started out with much lower mortgage rates than it ended with, just 26% of homebuyers surveyed by the National Association of Realtors were first-timers — the smallest share since the group began tracking it. And the average age for a first-timer rose to a record high of 36, from 33 in 2021, according to NAR.

Interestingly, the last time buying a median-priced home was this unaffordable for a family of typical income was actually in the 1980s, when the term yuppie arose. But even then, more young people owned homes. According to the Census Bureau, 68% of people in their late 30s were homeowners in 1982, compared with 59% in 2022.

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In today's U.S. housing market, many prospective buyers, not just would-be first-timers, can't catch a break. They face a triple-whammy, as it were: inflated prices, high borrowing costs, and a shrunken market often offering very slim pickens.

Several recent gauges of home prices put them at new record highs, topping even the levels seen after record-fast run-ups in the prime pandemic years. That means down payments, typically 10% to 20% of the purchase price, are also high — right when the last two years' worth of inflation have made it tough to save money for anything.

"Many young people don't have a choice between renting and buying," Redfin Chief Economist Daryl Fairweather said in a statement about her brokerage's survey, which was conducted by Qualtrics in May and June of this year. "They're renting their home because even though rent payments have increased, too, it's still more affordable than buying in much of the country — and renters don't need a down payment."

Plus, even though the national inflation rate has subsided significantly since reaching a 40-year high last year, mortgages haven't been this expensive in decades. The average interest rate for a 30-year fixed mortgage reached a 22-year high of 7.23% in late August, more than double the 3% range seen for much of the pandemic, according to Freddie Mac.

What's more, there are about half as many properties for sale as there were before the pandemic, in part because homeowners don't want to give up their rock-bottom mortgage rates in a move. This means not only less choice for house hunters, but more competition among buyers, a fuel for higher prices.

When homes are this unaffordable, younger buyers are at more of a disadvantage because fewer of them already have a home that they can sell for a profit in order to make another purchase. According to a Redfin analysis of government data from 2022, 52% of millennials owned their home, compared to 71% of Gen Xers (ages 43-58,) 79% of baby boomers (ages 59-77) and 26% of Gen Z adults (ages 18-26).

In fact, when young people can't afford to buy a home, they miss out on a chance to build wealth whether they plan to sell or not. In the first quarter of this year, the

average 34-year-old had 72 cents for every $1 of wealth the average baby boomer had at the same age, according to the Federal Reserve Bank of St. Louis.

"Homeownership is the No. 1 way to build wealth in this country, as the value of the real estate increases over time," said Vannort. "That's what I'm most concerned about when I see these young buyers falling out of the market."

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