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LendingTree Survey: Financial Benefits of Homeownership and Housing Affordability Motivate Potential Homebuyers

First-time homebuyers dominate the homebuyer market as both mortgage rates and home prices are expected to rise

CHARLOTTE, N.C., June 18, 2013 /PRNewswire/ -- In recognition of Homeownership Month, LendingTree surveyed a panel of 600 individuals who are considering purchasing a home within the next 12 months, conducted online by Research Data Technology, Inc. from May 21-23, 2013. The survey revealed that prospective homebuyers expect both mortgage rates (64%) and home prices (68%) to rise over the next 12 months, indicating that today's housing market presents an ideal time to purchase a home.

(Logo: <http://photos.prnewswire.com/prnh/20110518/MM04455LOGO>)

Interestingly, 72% of home buyers residing in the western United States anticipate higher residential prices, compared to residents of the northeastern United States where 59% share this outlook. Of those surveyed, 57% are first-time homebuyers with the home buying urgency between active (45%) and more casual (55%) shoppers.

"The housing market is stabilizing and financing is becoming more available for potential home buyers," said Doug Lebda, founder and CEO of LendingTree.com. "Increasing home prices are providing would-be sellers with the confidence needed to take action, while rising interest rates are placing a sense of urgency on potential home buyers. Together this creates a unique window of opportunity for buyers and sellers to take advantage of the market while home prices and rates are still reasonably affordable."

Outlook on Household Finances

Active home seekers (80%) are more optimistic about their households' financial condition 12 months from now, compared to casual home seekers (70%). Less active home seekers cited they require more confidence in their household financial situations before home ownership moves into sharper focus. Forty-three percent (43%) of less active homebuyers cited improvement in household economic conditions (23%) and the need to save for a down payment (20%) as their top two reasons for being less committed to home purchase at this time. Additionally, 27% of experienced homeowners stated their top reason for the casual pursuit of a home at this time is they need to sell their current home.

Mortgage Process and Loan Preferences

The guiding attribute in future mortgage applications is affordability. When asked what percentage of the home purchase price did you put down or expect to put down when you find the home you want, forty-four percent of home seekers expect to put down less than 15% of the home purchase price, 37% expect to put down from 15-24%, and 19% will put down greater than 25%. The preferred type of mortgage sought by homebuyers is the fixed rate mortgage. As for expected loan type, 45% of home seekers expect to apply for a 30-year fixed rate mortgage, 36% a 15-year fixed rate mortgage, only 7% will seek an adjustable rate mortgage, with 12% of respondents unsure of their loan preference.

Shopping around for a mortgage is deemed worthwhile by most home buyers with 66% of homebuyers believing the variance in rates is 25bps to 75bps across lenders. Additionally, 49% percent of respondents claim they would apply the money saved on a mortgage payment towards debt reduction and they cite mortgage brokers as the most influential source for mortgage-related information, followed by the Internet and real estate brokers.

Time consuming paperwork is considered the most annoying aspect of the home buying process for 31% of respondents. Uncertainty about the fairness of their mortgage rate (30%) is tied with complexity of terms (30%) for the top causes of frustration in shopping for a mortgage. A lack of knowledge about mortgages and complexity of the terms bothered first time buyers.

Homebuying Motivators

Financial and habitat circumstances are motivating home shoppers to become homebuyers. Approximately 42% of potential homebuyers cited the financial benefits of owning versus renting as a main driver for their decision to buy while 32% said they needed more space to accommodate growing families. Other reasons for seeking a home include upgrading to better neighborhoods (32%), relocating (24%), downsizing for affordability (10%) or downsizing because of empty-nester status (9%).

Among casual homebuyers and those intending to start searching for a home within 12 months, 23% are waiting for their household's economic situation to improve and another 20% have to save more money for a down payment. These are their single largest hurdles to overcome before they can become more committed homebuyers.

About the Survey

Survey results are based on 600 individuals who are considering purchasing a home within the next 12 months. These potential homebuyers participated in an online survey conducted by Research Data Technology, Inc., on behalf of LendingTree, on May 21-23, 2013. The 600 respondents represent a targeted sample of potential homebuyers that were selected from a consumer panel of individuals in the US with access to the Internet. The margin of error in this survey is $\pm 4\%$. This means that in 19 cases out of 20, survey results based on 600 respondents will differ by no more than 4.0 percentage points in either direction from what would have been obtained by seeking the opinions of all eligible individuals who are online and thinking about purchasing a home.

About LendingTree, LLC

LendingTree, LLC is the nation's leading online source for competitive home loan offers, empowering consumers during the mortgage, refinance or auto loan process. LendingTree provides an online marketplace which connects consumers with multiple lenders that compete for their business, as well as an array of online tools and information to help consumers find the best loan. Since inception, LendingTree has facilitated more than 30 million loan requests and \$214 billion in closed loan transactions. LendingTree provides access to lenders offering mortgages and refinance loans, home equity loans/lines of credit, and more. LendingTree, LLC is a subsidiary of Tree.com, Inc. (NASDAQ: TREE). For more information go to www.lendingtree.com, dial 800-555-TREE, join our [Facebook page](#) and/or follow us on Twitter [@LendingTree](#).

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