



New Study Ranks ‘The Bank of Mom and Dad’ 7th Largest Housing Lender in the U.S. in 2018

Family lent \$47 bn to younger buyers, supporting purchase of homes totalling \$317 bn in value.

It has millions of satisfied customers, has never asked for a bailout, and really cares about its borrowers: As a home loan lender in the United States, the **Bank of Mom and Dad (BoMaD)** stands alone. In a new report sponsored by [Legal & General Group](#) and released today, family and friends play a major role in the U.S. housing market, supporting the purchase of \$317 billion worth of property across America in 2018. That accounts for 1.2 million homes, with an average sum of \$39,000 lent or given—if it were an actual business, BoMaD would be the Number 7 lender, ranking among the Top Ten U.S. mortgage lenders.

“For many, perhaps most, young adults, buying a house without help is an increasingly unattainable goal. More than half of prospective homeowners under the age of 35 now expect to have help from family or friends to buy a home; this is worrisome from several standpoints. Over half of parents and others helping finance home purchases that we surveyed agreed that it is harder for younger generations to get onto the property ownership ladder than it was for them. While they cited the failure of income to keep up with the cost of living (64%) and high rents (49%) as reasons for this generational difficulty, the larger issue was property prices, which nearly three-quarters of BoMaD lenders say have risen to a point where they are unaffordable.”

Nigel Wilson, Legal & General Group Chief Executive

Key findings of the 2019 BoMaD USA study include:

- 20% of homeowners across the U.S. said they received financial help from family and friends when they purchased their current home
- BoMaD spent \$47 billion helping others purchase \$317 billion worth of homes
- The Pacific region saw the greatest share (27%) of BoMaD assistance, and the Rocky Mountains region the lowest (11%)
- 43% of home buyers under 35 received BoMaD help in their home purchase
- 6% of over-55s received help, while 12% expect to
- BoMaD funding for college ran about \$41,000 for both homeowners and non-homeowners
- 51% of those who graduated from college debt-free now own a home, whereas 39% do not
- 15% of BoMaD “lenders” have had to accept a lower standard of living to help their loved ones



Having studied this phenomenon in the UK for each of the past three years, Legal & General turned its attention to the U.S. housing finance market in 2018, looking not only at housing affordability, but also at the connection between BoMaD lending for first homes and for college. In the UK, the research found that more than a quarter of all buyers received help from parents, grandparents or other relatives to get onto the property ladder; the new U.S. report similarly finds that overall, an average of one in five buyers receive BoMaD gifts or loans. The U.S. study further looks at regional and demographic (age) differences in family loans as well as attitudes toward them; and at family help for students through college, as well as the role of student debt in the ability to purchase a home.

Another factor assessed in the study is the fallout for BoMaD lenders, many of whom go to significant lengths to help—by taking out a loan (15%), raiding their 401(k) savings (8%), downsizing their own home (6%), or coming out of retirement (3%). While the current situation puts undue strain on many who have worked hard to secure a comfortable retirement, it also has the effect of making many in the younger generations dependent on their parents and grandparents to buy a home.

The study also finds that many Millennials have effectively given up on owning their own home – at least in the near term. Of those under 35 who don't already own, 43% say they don't expect this to change in the next five years—most often (40%) because it's simply not feasible to save for a down payment in that time frame.

Nigel Wilson says: “BoMaD reflects, first and foremost, a housing market where significant problems remain in matching the supply and demand of different types of housing, most notably starter homes and affordable housing of all kinds. As the population changes and the Millennial generation strives to join the homeownership democracy, new thinking is due on meeting the needs and aspirations of Americans.”

About the study

Legal & General commissioned Cebr, a UK-based economics consultancy, to conduct proprietary research into the lending/giving patterns of family and friends in U.S. home purchases and college education. The BoMaD USA research was compiled using original survey data of 2,177 total respondents throughout the U.S., as well as existing data sources relating to transaction levels. The survey work was carried out by YouGov and Censuswide. For the borrowers the total sample size was 1,159 adults. Fieldwork was undertaken from September 26 - October 4, 2018. For the lenders, total sample size was 1,018 adults. Fieldwork was undertaken from September 26 – October 2, 2018. Both surveys were carried out online. In order to arrive at the overall value of BoMaD (in terms of the value of lending) we used data from the survey to obtain the share of transactions supported by BoMaD and the average value of the assistance. This was then scaled up using Cebr forecasts for total property transactions.

Notes to editors

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Further information

To see a copy of the report, please visit: <https://www.legalandgeneralgroup.com/media-centre/reports/>

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