

U.S.

Wave of Hispanic Buyers Shores Up U.S. Housing Market

Homeownership rate for Hispanics has increased more in recent years than any ethnic group



Eyra Colindres closed on a \$235,000 two-bedroom home in San Bernardino, Calif., last year. Hispanics accounted for nearly 63% of new U.S. homeowner gains over the past decade. PHOTO: ALLISON ZAUCHA FOR THE WALL STREET JOURNAL

By Laura Kusisto and Ben Eisen

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Hispanics are experiencing the largest homeownership gains of any ethnic group in the U.S., a turnaround for the population hardest hit by the housing bust that could help buoy the market for years.

The homeownership rate for Hispanics has increased more during the past several years than any race or ethnic group, including whites. The rate, which hit a 50-year low in 2015, has risen 3.3 percentage points since then, according to U.S. Census Bureau data.

The overall U.S. homeownership rate bottomed in the second quarter of 2016 and has grown 1.3 percentage points since then. For blacks, the homeownership rate has fallen to its lowest level on record in the first quarter of this year. This marks the first time in more than two decades that Hispanics and blacks, the two largest racial or ethnic minorities in the U.S., are no longer following the same path when it comes to owning homes.

While Hispanics make up 18% of the U.S. population, the group accounted for nearly 63% of new U.S. homeowner gains over the past decade, according to the National Association of Hispanic Real Estate Professionals. New homeowners include people buying first homes and those coming back into the market after a foreclosure.

The group's homeownership has risen alongside gains in income and education and a growing familiarity with the U.S. mortgage market. The Latin community also has a large millennial population entering the age of homeownership.

Hispanic home buying stretched from towns in Southern California to rural Texas and suburban Minneapolis.

"The housing market would look very different today if it weren't for a tidal wave of Latino home buyers," said Gary Acosta, NAHREP's co-founder and chief executive.

Minorities bore the brunt of the 2008 housing bust and their return to homeownership has been mixed. Now, a growing population of young Latinos increasingly eager to buy homes offers fresh hope to a slowing housing market, where sales of existing homes have fallen on an annual basis for the past year.

That slowdown has been driven, however, by a lack of starter homes and prices that have risen out of reach of many young buyers in major cities—challenges that have hit the Hispanic community, which is concentrated in many of these places.

Down payments can also be a barrier to minority communities. A recent study by the Urban Institute found that 4.6 million Hispanic millennials earn enough to afford a home in their area but are blocked by a lack of down payment and inventory for sale. The Hispanic homeownership rate remains at 47.4%, well below the rate for non-Hispanic whites, which was over 73% in the first quarter.

Local and national lenders have courted a Hispanic clientele, who represent an appealing growth market as overall loan volume has slowed. Lenders have added Spanish-speaking loan officers and devoted additional resources to underwriting loans to borrowers who are self-employed or where multiple generations in a family are buying a home together.

NAHREP also said the median age in the Hispanic community is just under 29, compared with the median age for the U.S. overall of nearly 38 years old. That means Latinos are more weighted toward the age of first-time home buyers, who historically in the US. have been in their early 30s.

Jason Madiedo, chief executive of Las Vegas-based Alterra Home Loans, said 80% of his company's loans are to Hispanic buyers and 70% are to first-time buyers who are fearful that if they don't buy a home now they won't ever be able to afford one.

“The FOMO—the fear of missing out—has sort of set in,” he said.

Eyra Colindres, a 30-year-old Starbucks manager, began looking for a home last year after her mother was diagnosed with breast cancer. Ms. Colindres, who came to the Los Angeles area from Mexico when she was 5 years old, wanted to care for her parents by purchasing a home where they could live together.

“Her biggest stress factor was how is she going to stay here,” Ms. Colindres said of her mother.

Through a friend, Ms. Colindres met a loan officer at mortgage lender New American Funding. The loan officer helped her repair her credit so that she could get approved for a mortgage.

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What advice would you give to new homeowners? Join the conversation below.

In September 2018, she closed on a \$235,000 two-bedroom in San

Bernardino, Calif. She surprised her mother with the purchase, and they all moved in together.

“It took her about a week to stop crying,” Ms. Colindres said.

Hispanics and blacks saw significant gains in homeownership during the housing bubble, aided by lenders that targeted minority buyers with risky loans that eventually led to wide-scale foreclosures.

The Hispanic homeownership rate hit a high of more than 50%, before plummeting 6 percentage points over the next eight years, according to census data.

Houses in Hispanic communities were 2.5 times as likely to be foreclosed upon as homes in white communities between 2007 and 2015 while homes in black communities were twice as likely to be foreclosed on, according to an analysis by Zillow.

Artemisa Boston, a Realtor in Minneapolis, often has to reassure buyers that most mortgages nowadays have payments that are fixed for 30 years.

Many come from countries where credit and mortgages aren’t available so they are used to buying homes in cash. Ms. Boston will sometimes tell buyers to come back when they have been in the same job for two years so they can qualify for a mortgage.

Hispanic borrowers took out 9.4% of mortgages in the U.S. last year, versus 5.8% at their recent low point in 2010, according to ComplianceTech’s LendingPatterns.com.

Eva Angelina Romero, a real-estate agent in Nashville, Tenn., said that more small lenders are offering programs geared to Hispanic buyers. One uses a tax identification number instead of a

Social Security number, which a buyer wouldn't have if undocumented. She said that while most of her clients used to be non-Hispanic, now 80% are Latino.

“Mortgage companies are looking at that segment even more so now than before because refinances are not as plentiful [and saying] this is an opportunity we can no longer wait on,” said Alterra Home Loans' Mr. Madiedo.

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