

# The Impact of Student Loan Debt

September 2021



©2021 National Association of REALTORS®

All Rights Reserved.

May not be reprinted in whole or in part without permission  
of the National Association of REALTORS®.

For reprint information, contact [data@nar.realtor](mailto:data@nar.realtor).

# A Note From National Association of REALTORS® (NAR)

Since 2013, the National Association of REALTORS® (NAR) has collected primary research examining the effect student loan debt has on successful and potential home buyers. Over the last eight years, patterns in the data have emerged which demonstrate student debt is one of the biggest hurdles holding potential buyers back from being able to save for a downpayment on a home or to qualify for a mortgage due to the loan holder's debt-to-income ratio. With rising home prices and declining housing affordability, student debt greatly reduces a home buyer's buying power.



The annual *NAR Profile of Home Buyers and Sellers* is conducted among successful home buyers. Using 2020 data, among home buyers who had a hard time saving for a downpayment, student debt was the biggest factor delaying their saving, and delayed their saving by two years. Nearly one-quarter of all home buyers, and **37%** of first-time buyers, had student debt, with a typical amount of \$30,000.

This data was explored by race in the *NAR 2021 Snapshot of Race and Home Buying in America*. By race, Black/African American home buyers reported the highest share of student loan debt at **43%** with a median amount of \$40,000. Asian/Pacific Islander home buyers reported the largest median student loan debt amount at \$42,600 with **16%** having student loan debt. In comparison, among White/Caucasian

home buyers **21%** had student debt with a median amount of \$30,000. Hispanic/Latino home buyers had the lowest amount of student debt at \$20,000 and **24%** held the debt.

In the white paper, *Mind the Gap: Home Price Differences by Race and Student Debt*, *Profile of Home Buyers and Sellers* data was used to further explore the student debt relationship using advanced econometrics techniques. Even controlling for income and family help with downpayments, demographic differences, and housing characteristics, a buyer with student debt purchases a home that is **19%** less in cost than other buyers. This reduction in buying power has stark implications in a housing market that has seen year-over-year home price increases for more than nine years.

# A Note From National Association of REALTORS® (NAR)

The analysis from the latest research—*The Impact of Student Loan Debt*—is modeled off of reports conducted in 2016 and 2017 by the National Association of REALTORS® and American Student Assistance. The 2016 and 2017 reports, *Student Loan Debt and Housing Report*, were conducted among current debt holders who were making on-time payments on their debt. The 2017 report had a narrower scope and only looked at millennials who were current on their student loan debt.

This report builds on past findings from NAR and explores the current role of student loan debt and the relationship to homeownership. The findings tell the now grounded narrative that student debt does hold back home buyers. This report looks at a broader sample, surveying those who are making on-time payments, those who may be in forbearance or default, and those who have stopped paying their loans. Additionally, the sample was broadened into those holding debt for themselves and others, and those who may have paid off their debt in the last two years. Given the differing samples, caution should be used in comparing and contrasting results. While the themes are consistent based on past research, the current report expands the knowledge base by exploring the role of the current Federal Government Stimulus packages and the role the current COVID-19 pandemic has played on debt.



## POLL METHODOLOGY:

This poll was conducted by Morning Consult, on behalf of the National Association of REALTORS®, between June 10- 16, 2021 among a sample of 1,995 Student Loan Debt Holders. The interviews were conducted online. Results from the full survey have a margin of error of +/- 2 percentage points.

## SAMPLE DESCRIPTION:



Student Loan Debt Holders are defined as adults who hold, or have held within the last two years, student loan debt for themselves, a spouse/partner or child(ren)/dependent(s).

# A Note From National Association of REALTORS® (NAR)



## PAYMENT STATUS OF THE SAMPLE:

Two thirds of student loan debt holders (66%) say they have never been in forbearance (outside of federal COVID relief). One third of student loan debt holders say they are making payments on their own debt (35%), 19% are in administrative forbearance due to federal COVID relief, 15% report their personal loans are in default, and 11% report they are making payments but their loans had been in COVID related forbearance at one-time. Among those holding debt for their spouse or partner, 47% are currently making payments, 13% are in administrative forbearance due to federal COVID relief, and 16% report they are making payments but their loans had been in COVID related forbearance at one-time. Among those holding debt for their child(ren) or dependent(s), 51% are currently making payments, 20% are in administrative forbearance due to federal COVID relief, and 17% report they are making payments but their loans had been in COVID related forbearance at one-time.

The majority of the sample report the COVID pandemic did not allow them to get closer to paying off their student loan debt. However, 38% did report the pandemic helped them financially get closer to paying off their debt. The largest shares report zero interest on federal debt allowed them to get ahead of monthly

payments (16%) and cutting spending in other areas of life, such as entertainment and restaurants, allowed them get closer to paying off student loan debt (13%). Smaller shares of student loan debt holders say the COVID pandemic allowed them to get closer to paying off student loan debt because they moved to a lower cost area (8%) or moved home with family (6%).

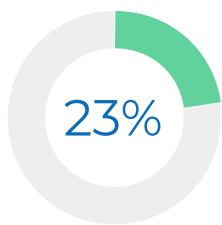
# 38%

of student loan debt holders report the pandemic helped them financially get closer to paying off their debt.

# Awareness of Costs and Earning Potential

Student loan debt holders were asked what their level of understanding was about the costs of attending a college or university prior to attending, either for themselves, for their spouse/partner or for a child/dependent. Student loan debt holders were also asked for their level of awareness, prior to attending a college or university, of their post-graduate earning potential.

## AWARENESS OF COSTS

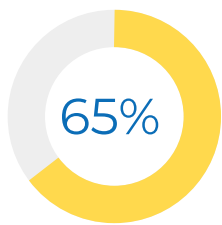


**One quarter** of student loan debt holders say they had a good understanding of the costs involved in attending a college or university prior to taking on student loan debt for themselves.

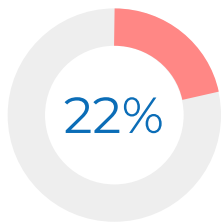
Student loan debt holders are more likely to say they had a good understanding of all the costs involved when taking on debt for a dependent or child (**39%**), compared to taking on debt for themselves (**23%**) or a spouse (**26%**).

## EARNING POTENTIAL

Most student loan holders say, when entering college, they did not have a strong understanding of what their earning potential could be post-graduation.



**Two-thirds** of student loan debt holders say they had at least **somewhat** of an understanding of what future potential earnings could be.



Only **one-fifth** say they had a **strong** understanding of what future potential earnings could be.



# Awareness of Costs and Earning Potential



## Generation:

Total understanding (strong + somewhat)



Millennial (70%) and Gen Z debt holders (76%) are more likely than Gen X (58%) and Baby Boomer (60%) debt holders to say they had at least **somewhat** of an understanding of post-graduate earning potential. Millennials (27%) are slightly more likely than other generations (Gen Z: 20%, Gen X: 21%, Baby Boomer: 16%) to say they had a **strong** understanding of post-graduate earning potential.

## Gender:

Total understanding (strong + somewhat)



Women (17%) are less likely than men (30%) to say they had a strong understanding of post-graduate earning potential. And, overall, men (76%) are more likely than women (59%) to say they had at least **somewhat** of an understanding of post-graduate earning potential.

## Income:

Strong understanding



Student loan debt holders in households making an annual income of more than \$100k (37%) are more likely than those making \$50k - \$100k (25%) or those making under \$50k (17%) to say they had a **strong** understanding of post-graduate earning potential.

## Homeownership:

Student loan debt holders who own a home (28%) are more likely than those who rent (19%) to say they had a **strong** understanding of post-graduate earning potential. Overall, these homeowners (71%) are more likely than renters (63%) to say they had at least **somewhat** of an understanding.

# Impact of Student Loan Debt

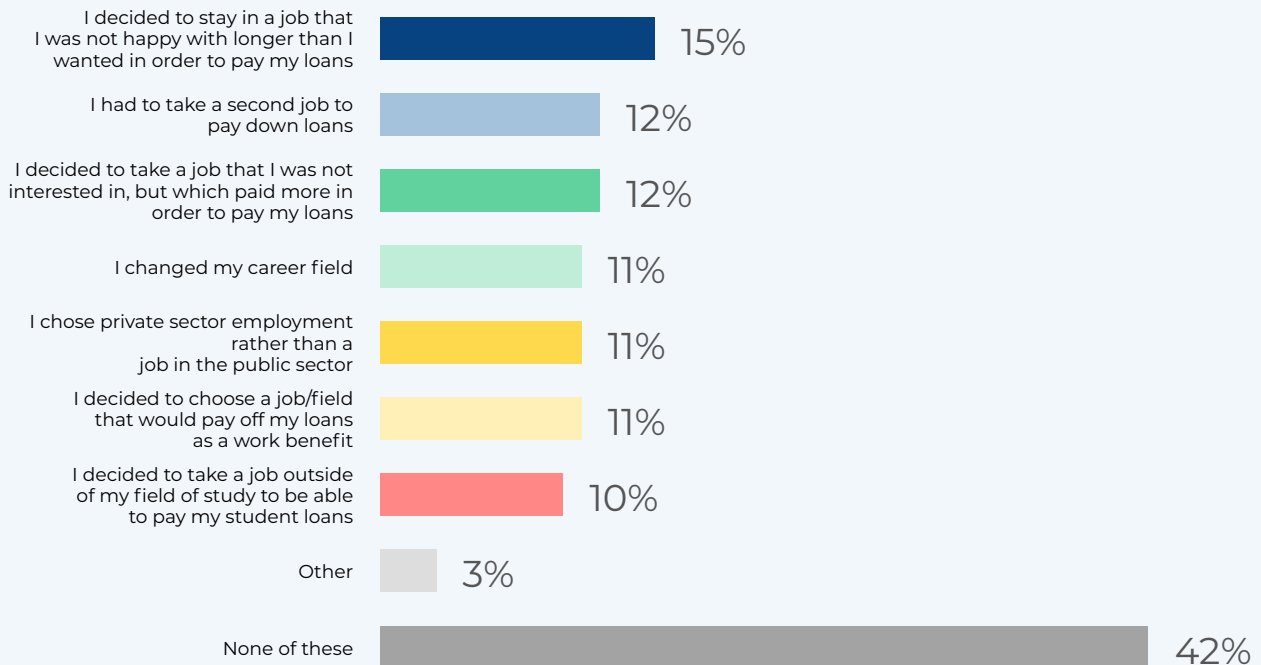
Student loan debt holders responded to a series of matrix questions to gauge how student loan debt has impacted, if at all, employment decisions, ability to save for retirement, major purchases, and major life choices or decisions.

## ON EMPLOYMENT

While the plurality say student loan debt has not impacted any of the surveyed employment decisions (42%), others say debt has kept them in disliked (15%) or uninteresting jobs (12%), forced them to take a second job to pay down loans (12%), or take a job outside of their field of study (10%).



Has student loan debt affected your employment decisions in any of the following ways?





# Impact of Student Loan Debt

The impact of student loan debt on employment differs by key demographics, such as debt status, generation, income, gender, and race/ethnicity.

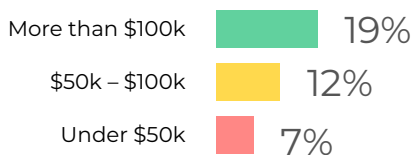
## Debt Status:

Across employment options surveyed, those holding debt for multiple people are more likely than those holding debt for a single person to say student loan debt has impacted their employment decisions.

## Generation:

Gen Z and Millennial student loan debt holders are less likely to say student loan debt has not impacted their employer decisions (Gen Z: **28%**, Millennial: **28%**). They're more likely to say they decided to stay in a job they're not happy with longer than they want (Gen Z: **16%**, Millennial: **18%**), they took a job they're not interested in (Gen Z: **17%**, Millennial: **16%**), or they had to take a second job (Gen Z: **17%**, Millennial: **17%**) because of student loan debt.

## Income:



Student loan debt holders in households making an annual income of more than \$100k (**19%**) are more likely than those making \$50k - \$100k (**12%**) or those making under \$50k (**7%**) to say they chose private sector employment rather than a job in the public sector because of student loan debt.

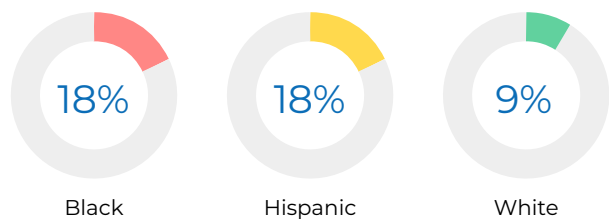
## Gender:

% who say their employment has not been impacted by student loan debt



Women (**51%**) are more likely than men (**30%**) to say student loan debt has not impacted their employment decisions in any of the surveyed ways. Men are more likely than women to say they have had to take a second job to pay down loans (**17% vs 9%**), have chosen a job/field that would pay off their student loans as a work benefit (**16% vs 6%**), have chosen private sector employment rather than a job in the public sector (**16% vs 7%**), or have taken a job outside their field of study (**14% vs 7%**) because of student loan debt.

## Race/ethnicity:



Black (**18%**) and Hispanic (**18%**) debt holders are more likely than White (**9%**) debt holders to say they chose a job/field that would pay off their loans as a work benefit.

Additionally, all other things being equal, **59%** of student loan debt holders say their decision to take a job would be impacted if an employer offered student loan repayment. Millennials (**66%**) and post-graduates (**66%**) are more likely to say an employer offering student loan repayment would impact their decision to take a job, as well as those holding student loan debt for multiple people (**72%**) and those who say student loan debt is delaying a home purchase (**72%**).

# Impact of Student Loan Debt

## ON RETIREMENT

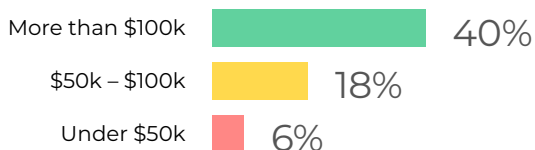
Most student loan debt holders say debt has impacted their ability to save for retirement. In fact, one quarter of student loan debt holders (26%) say they haven't been able to contribute to a retirement account at all.



One quarter of student loan debt holders also say that, **at times**, they haven't been able to contribute anything to a retirement account (23%) or that, **at times**, they've had to contribute at a reduced amount (22%).

### Income:

Looking at key demographics, student loan debt holders with a household income of under \$50k per year (40%) are more likely than those making between \$50k - \$100k (18%) or over \$100k (6%) per year to say they have not been able to contribute anything to a retirement account. However, households making over \$100k per year are more likely than other income brackets to say that, **at times**, they've had to contribute at a reduced rate (34%) or not contribute anything at all (32%).



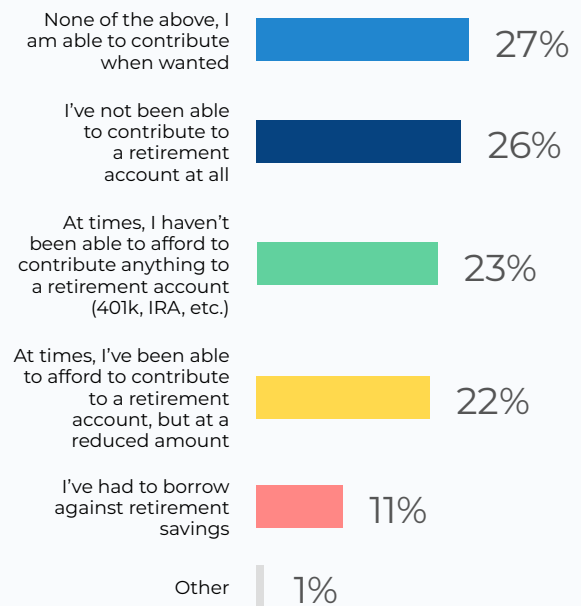
### Income Earners:

Student loan debt holders in households with one or fewer income earners (31%) are also more likely than those in households with more than one income earner (20%) to say they have not been able to contribute to retirement at all. Similar to differences seen by income, households with more than one income earner are more likely to say that, **at times**, they've had to contribute at a reduced rate (27%) or, **at times**, not contribute anything at all (26%).

## Homeownership:

Impact of student loan debt on retirement also differs by homeownership status. Renters (34%) are more likely than homeowners (16%) to say they have not been able to contribute anything at all to retirement.

### How has your student loan debt impacted your ability to save for retirement?



# 26%

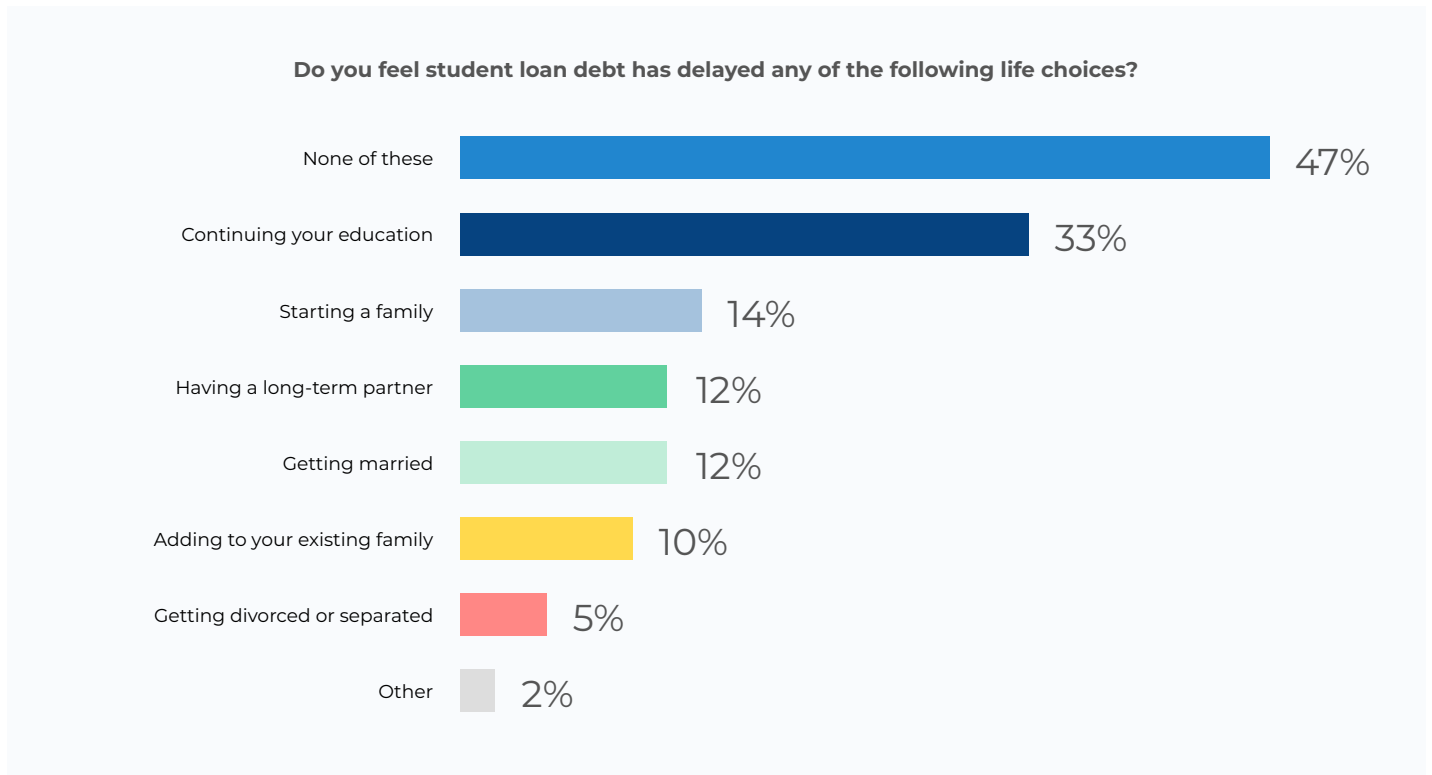
of student loan debt holders say they haven't been able to contribute to a retirement account at all.

# Impact of Student Loan Debt

## ON LIFE CHOICES

Approximately half of student loan debt holders say their debt has delayed the surveyed life choices (53%). One third say student loan debt has delayed their ability to continue their education (33%) while 14% say it has delayed their decision to start a family. 1 in 10 student loan debt holders say student loan debt has

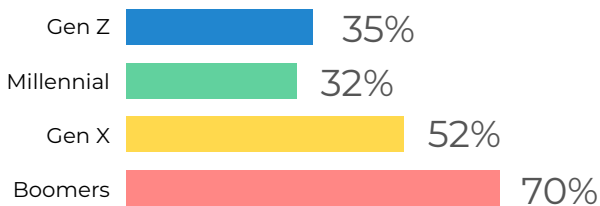
delayed them from having a long-term partner (12%), getting married (12%), or adding to their existing family (10%). Those holding debt for multiple people and those who say debt has delayed a home purchase are more likely to say debt has delayed all of the life choices surveyed.



# Impact of Student Loan Debt



## Generation:



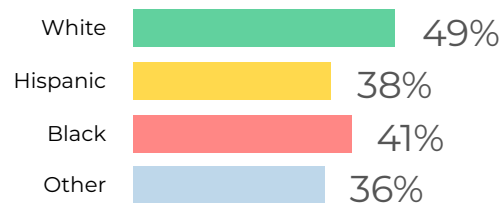
Gen Xers (52%) and Baby Boomers (70%) are more likely than Gen Zers (35%) and Millennials (32%) to say student loan debt has not impacted the surveyed major life choices. Millennials are more likely than other generational cohorts to say student loan debt has delayed continuing their education (42%). Both Gen Zers and Millennials are more likely than older generations to say their student loan debt has delayed starting a family (23%).

## Gender:



Men are more likely than women to say student loan debt has delayed their choice to start a family (18% vs 11%), add to their existing family (14% vs 6%), and have a long-term partner (16% vs 9%).

## Race/ethnicity:



White student loan debt holders (49%) are more likely than Hispanic (38%) and Black (41%) student loan debt holders to say student loan debt has not delayed the surveyed life choices.

Additionally, thinking about major life choices, one third of student loan debt holders say student loan debt delayed their decision, between less than 6 months to more than five years, to move out of a family member's home after college (36%).

- ◆ White student debt holders (57%) are more likely than Hispanic (35%) or Black (48%) student loan debt holders to say student loan debt did not delay their decision to move out of a family member's home after college.
- ◆ Student loan debt holders in the Midwest (61%) are more likely than student loan debt holders in other regions of the U.S. to say student loan debt did not delay their decision to move out of a family member's home after college.

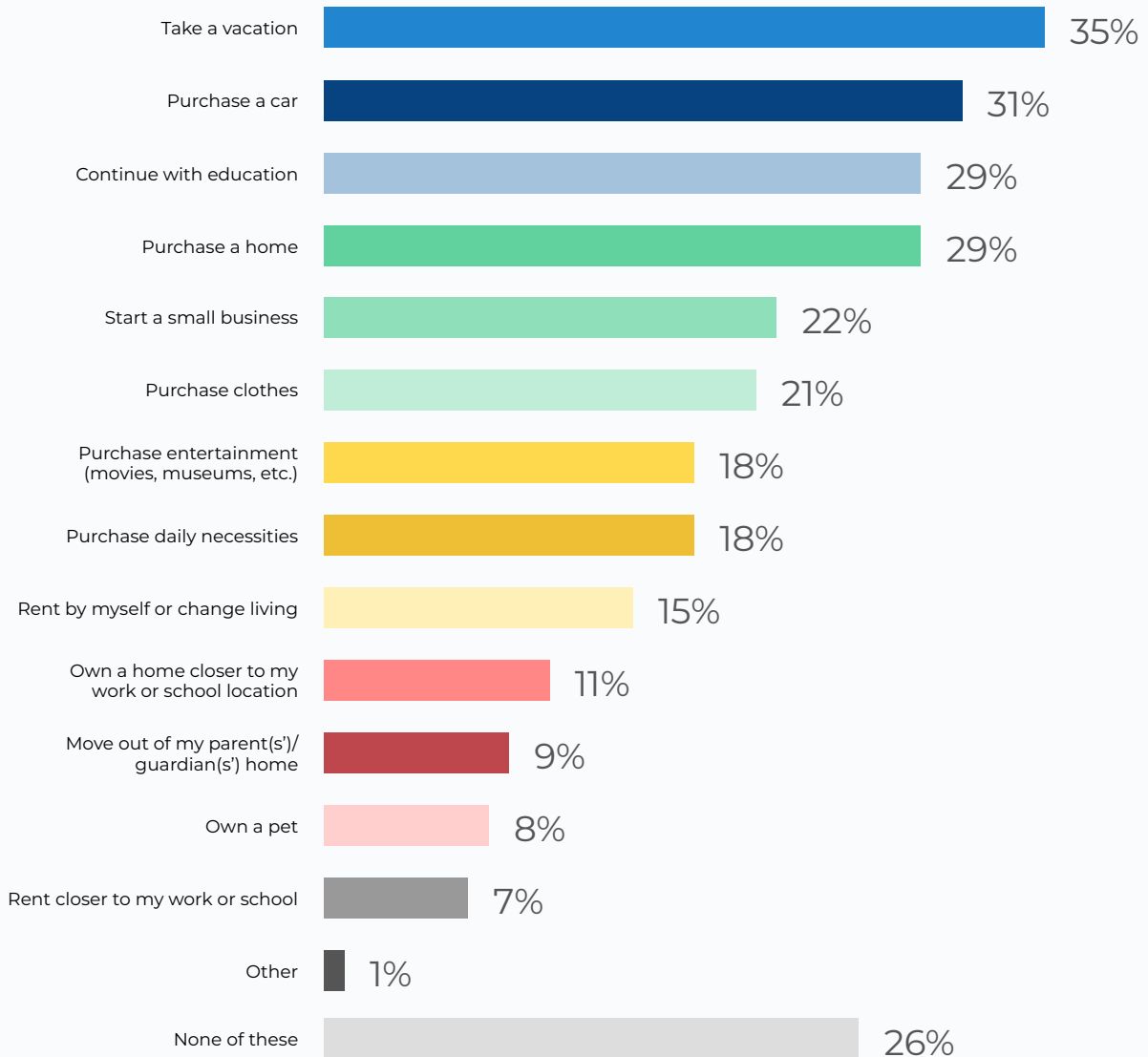
# Impact of Student Loan Debt

## ON MAJOR PURCHASES

Over one quarter of student loan debt holders say their debt has impacted their decision or their ability to purchase a home (29%), take a vacation (35%), or

purchase a car (31%). Approximately one quarter say student loan debt has impacted their ability to start a small business (22%).

Do you feel student loan debt has affected either your decision and/or your ability to do any of the following?

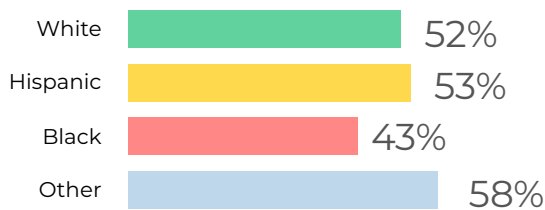


# Impact of Student Loan Debt



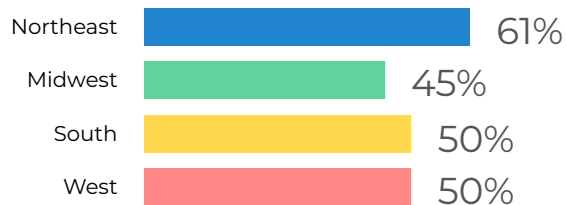
When asked specifically about purchasing a home, half of non-homeowners say student loan debt is delaying them from purchasing a home (51%).

## Race/ethnicity:



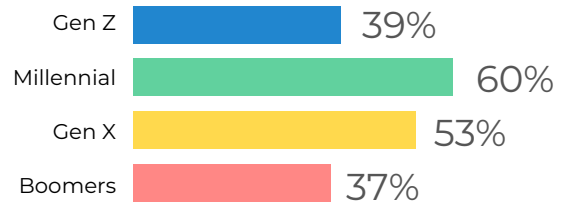
Among non-homeowners, White student debt holders (52%) are more likely than Black student loan debt holders (43%) to say student loan debt is delaying them from purchasing a home.

## Region:



Non-homeowner debt holders in the Northeast (61%) are more likely than those in the Midwest (45%), South (50%), or West (50%) to say student loan debt is delaying a home purchase.

## Generation:



Non-homeowner Millennials (60%) are more likely than non-homeowner Gen Zers (39%), non-homeowner Gen Xers (53%) and non-homeowner Baby Boomers (37%) to say student loan debt is delaying them from purchasing a home.

## Income:



Among non-homeowners, debt holders in households making more than \$100k (60%) per year are more likely than those making under \$50k (48%) to say student loan debt is delaying a home purchase.

Approximately three-quarters of non-homeowner student loan debt holders say they believe their student loan debt will delay them between 0-6 months to more than 8 years (72%), with 19% saying they believe student loan debt will delay them more than 8 years.

When non-homeowner student loan debt holders are asked why student loan debt will delay them from purchasing a home, nearly half of student loan debt holders say it is because they cannot save for a down payment because of student loan debt (47%) or that they do not think they can qualify for a mortgage due to their debt-to-income ratio (45%). Interestingly, 43% of student loan debt holders who say student loan debt is delaying a home purchase say they have never applied for a mortgage.

# Imagining a Future Without Student Loan Debt

Student loan debt holders were asked to predict their financial practices should they not have to make payments on student loan debt every month.

## POST-STUDENT LOAN DEBT

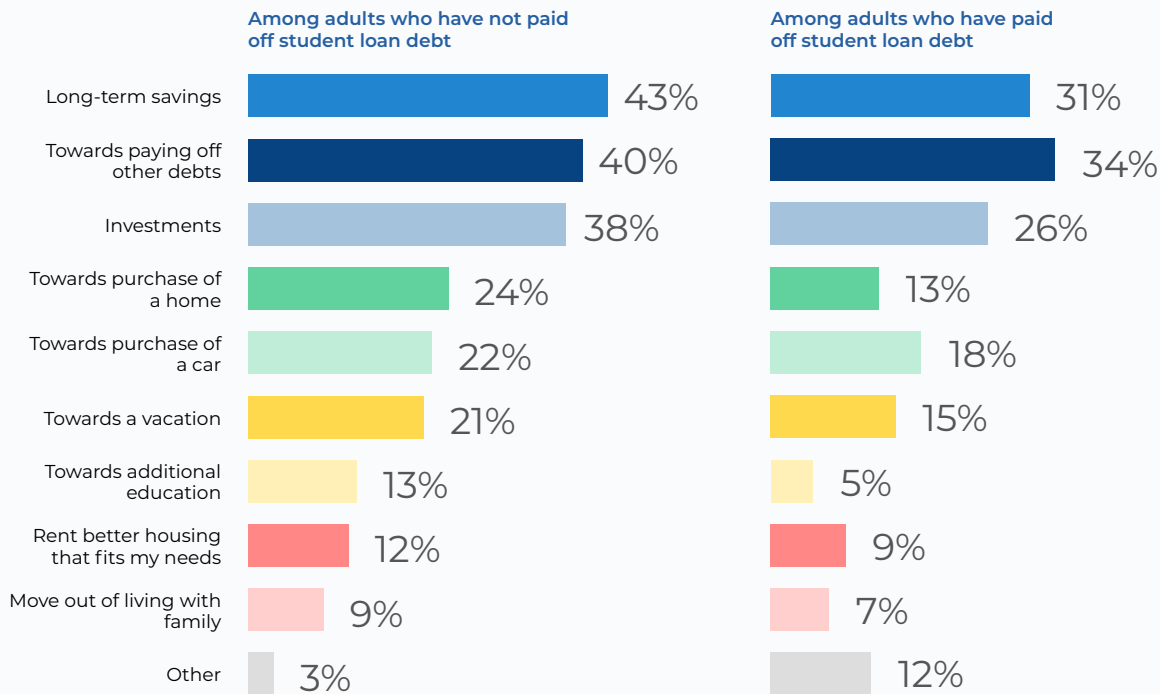
When student loan debt holders who have not yet paid off their student loan debt were asked what they would do with the additional funds should they not have to make student loan debt payments, they say they would contribute to long-term savings (43%), pay off other debts (40%), invest (38%), or purchase a home (24%) or car (22%).

- ◆ Millennial student loan debt holders (31%), student loan debt holders who rent (33%), Black student loan debt holders (28%) and

debt holders who say debt is delaying a home purchase (46%) are more likely to say they would use the additional funds towards the purchase of a home.

Similarly, student loan debt holders who have paid off their student loan debt within the past two years say they use the additional funds to pay off other debts (34%), contribute to long-term savings (31%), or invest (26%). Thirteen percent of these adults say they use the funds to contribute towards the purchase of a home.

**If you did not have to pay student loans every month, where would you put that additional money?**





The National Association of REALTORS® is America's largest trade association, representing more than 1.4 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

## **NATIONAL ASSOCIATION OF REALTORS®**

### **RESEARCH GROUP**

The Mission of the NATIONAL ASSOCIATION OF REALTORS® Research Group is to produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

To find out about other products from NAR's Research Group, visit

[nar.realtor/research-and-statistics](https://nar.realtor/research-and-statistics)

## **NATIONAL ASSOCIATION OF REALTORS®**

Research Group

500 New Jersey Avenue, NW

Washington, DC 20001

202-383-1000

[data@nar.realtor](mailto:data@nar.realtor)