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September 2023

A VA FIELD REPORT:

# RISING DIVERSITY IN VA HOMEBUYING

DATA ANALYTICS POWERED BY:  
POLYGON RESEARCH



# VETERANS POPULATION DIVERSITY



The VA home loan, an esteemed benefit bestowed upon US military service members as a token of gratitude for their contractual service to the nation, stands as a beacon of hope in the realm of homeownership. Interestingly, while the title of "US Veteran" is not recognized as a protected class in housing, nor covered by ECOA or the Fair Housing Act, the actual individuals behind this title – especially those from diversified communities – experience unparalleled advantages through this program.

Recent trends showcase the dynamic shifts within the Veteran community. Women Veterans are emerging as a powerful homebuyer group, wielding approximately \$13 billion in purchasing power that continues to expand by an impressive 14% annually. Additionally, Hispanic and Black Veterans are amplifying their footprint in the homeownership landscape. As the Veteran community diversifies in terms of race, ethnicity, gender, and disability status, it becomes imperative to acknowledge and serve their unique housing needs – ranging from accessible housing specifications to specific neighborhood predilections, and tailored VA loan benefits.

Furthermore, as the number of disabled Veterans swells, there emerges a distinct necessity for specialized housing and understanding of their earned financial assistance. This burgeoning demographic represents a market that will need specialized professional support and an understanding of their awarded benefits to facilitate home ownership.

Although the Veteran status may not be earmarked as a protected class, the individuals who have served the nation undeniably are. Arguably, there exists no other loan more equipped to serve the minority population and other marginalized communities than the VA Home Loan. In this paper, our objective is to substantiate this assertion with undeniable evidence.



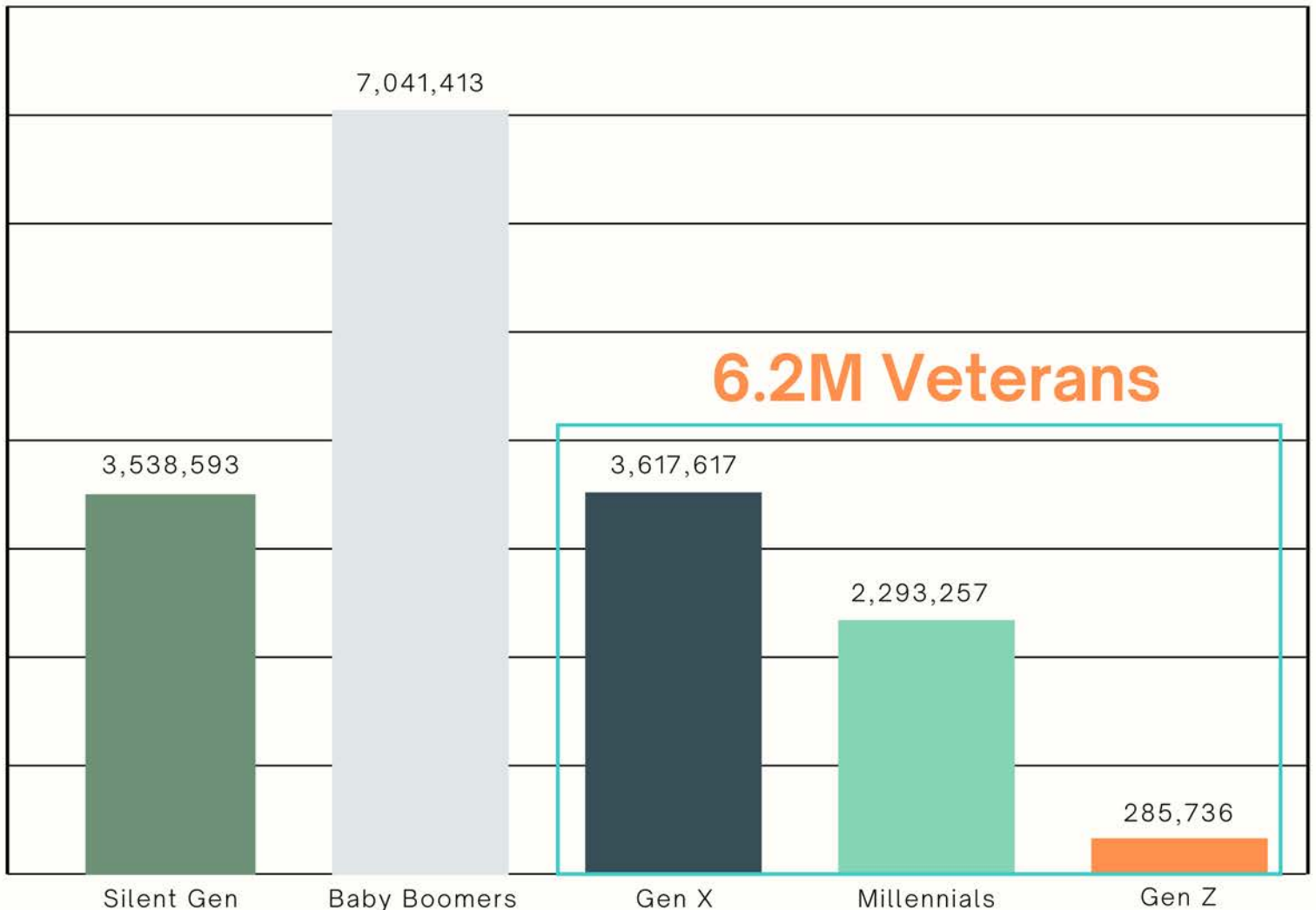


# VETERAN POPULATION DIVERSITY

## GEN X, MILLENNIALS AND GEN Z VETERANS: GENERATIONS

# 17M

The total number of Veterans is around 17 million. The homeownership opportunities typically lay with the younger generation Veterans, Gen X (born between 1965 and 1980), Millennials (born between 1981 and 1996) and Gen Z (born between 1997 and 2012).





# GEN X, MILLENNIALS AND GEN Z VETERANS DRIVE THE HOMEOWNERSHIP RATE FOR VETERAN HOUSEHOLDS

# 67.4%

HOMEOWNERSHIP RATE

The homeownership rate for these generations is higher for Veterans at 67.4% compared to 56.7% for non-Veterans. The Veteran homeownership rate is calculated on ASEC 2022 data (number of owner HH who are Gen X, Mill, and Gen Z/all HH who are Gen X, Mill, and Gen Z for Veterans vs. Non-Veterans. The homeownership rate for Veterans is **even higher at 78%** if we include all generations, Baby Boomers and older.

## OWN VS. RENT OVER THE YEARS



SOURCE: POLYGON RESEARCH, CPS PIVOT, ANNUAL SOCIAL AND ECONOMIC SUPPLEMENT (ASEC)

# GEN X, MILLENNIALS, AND GEN Z VETERANS DIVERSITY



Like the broader population, the Veteran community is diversifying rapidly with a minority population of:

# 33.8%

MINORITY POPULATION

## MINORITY OVERALL

Non-Hispanic Whites account for 66.2% of the Veteran community. Minority Veterans account for 33.8%; the minority Veteran makeup is incredibly diverse, providing ample opportunities to diversify your clientele and promote inclusion in VA home lending.

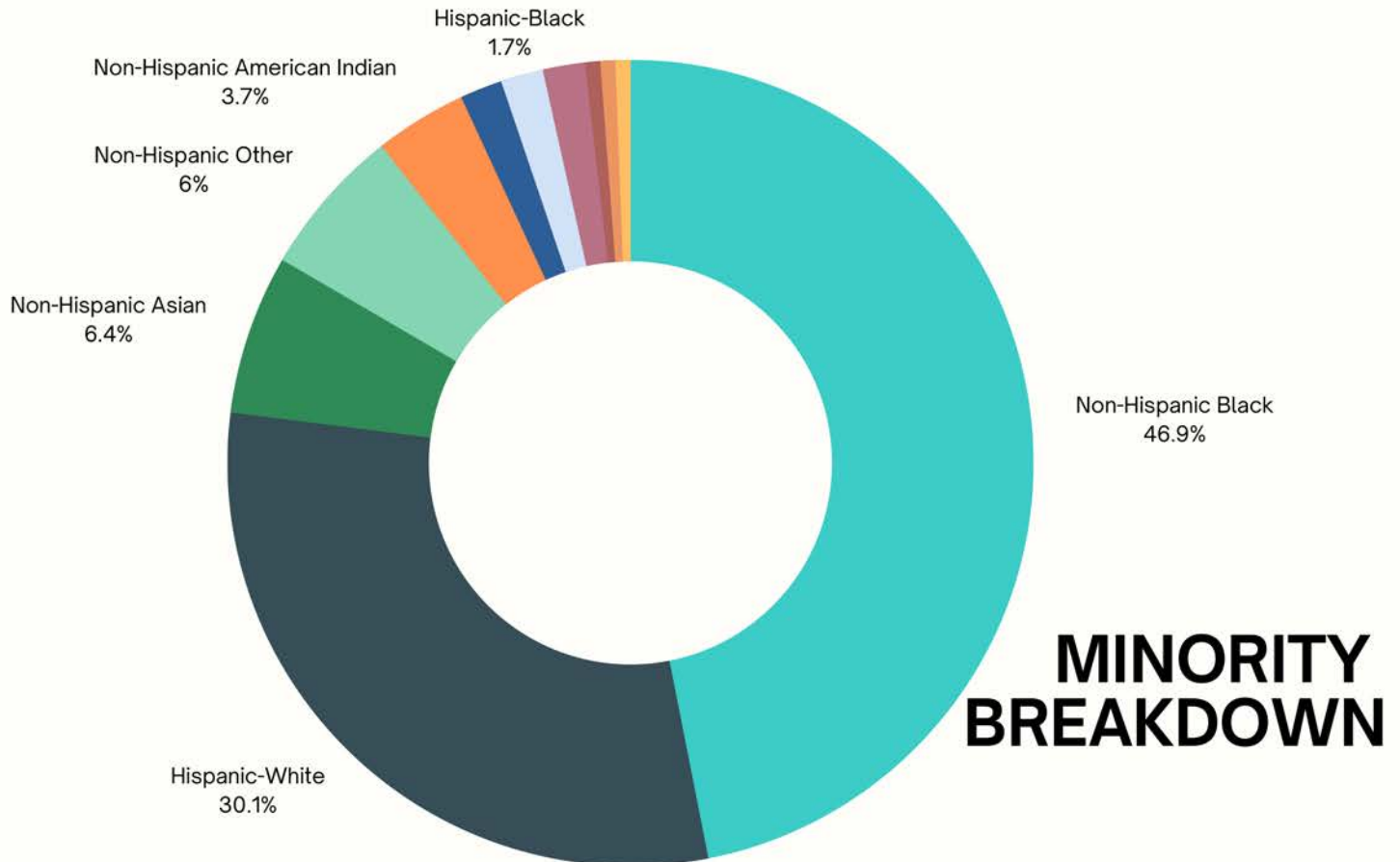
Of the 33.8% minority population Non-Hispanic Black and Hispanic White are the majority:

# 46.9%

NON-HISPANIC BLACK POPULATION

# 30.1%

HISPANIC WHITE POPULATION





# GEN X, MILLENNIALS, AND GEN Z VETERANS DIVERSITY



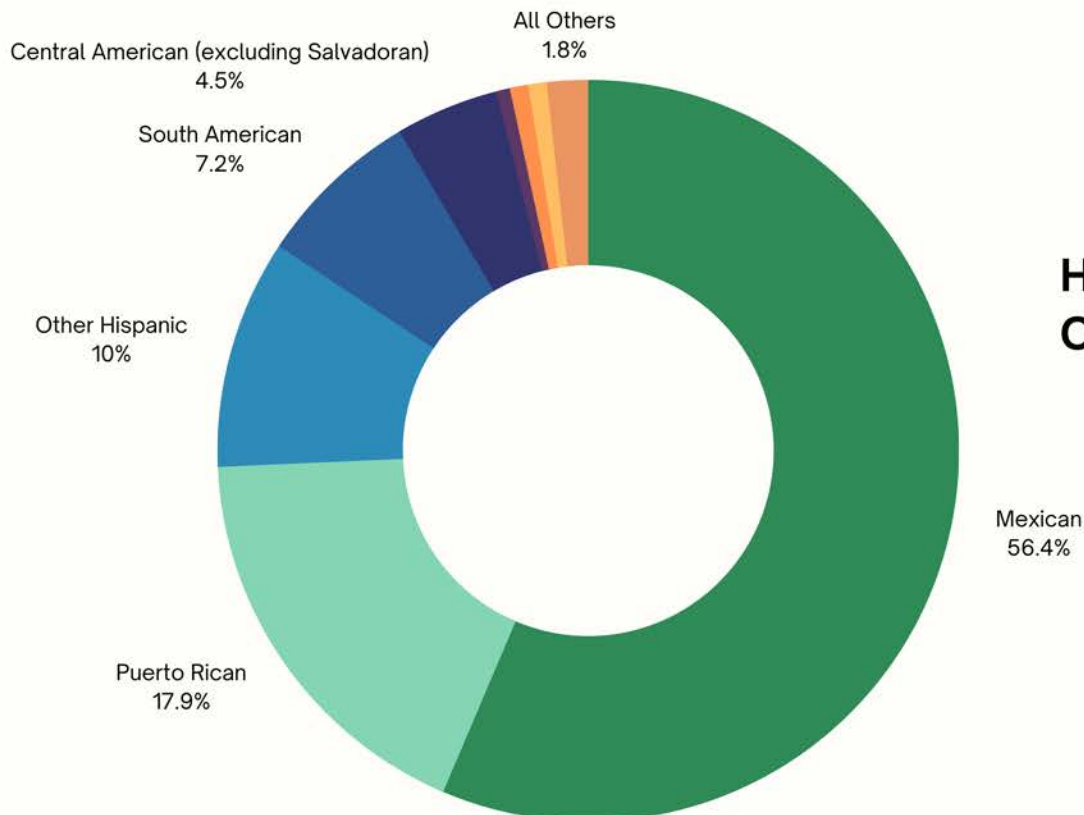
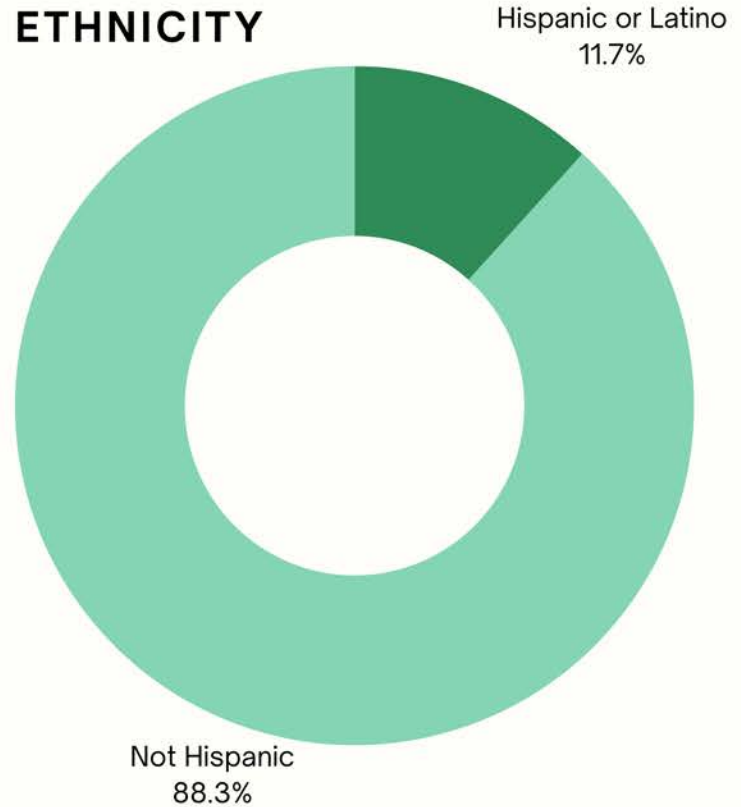
## HISPANIC VETERAN POPULATION

# 11.7%

of the Gen X, Millennials, and Gen Z Veterans identify as Hispanic

Mexican and Puerto Rican Veterans are 56.4% and 17.9%, respectively, of the Veteran Gen X, Millennials, and Gen Z populations.

### ETHNICITY



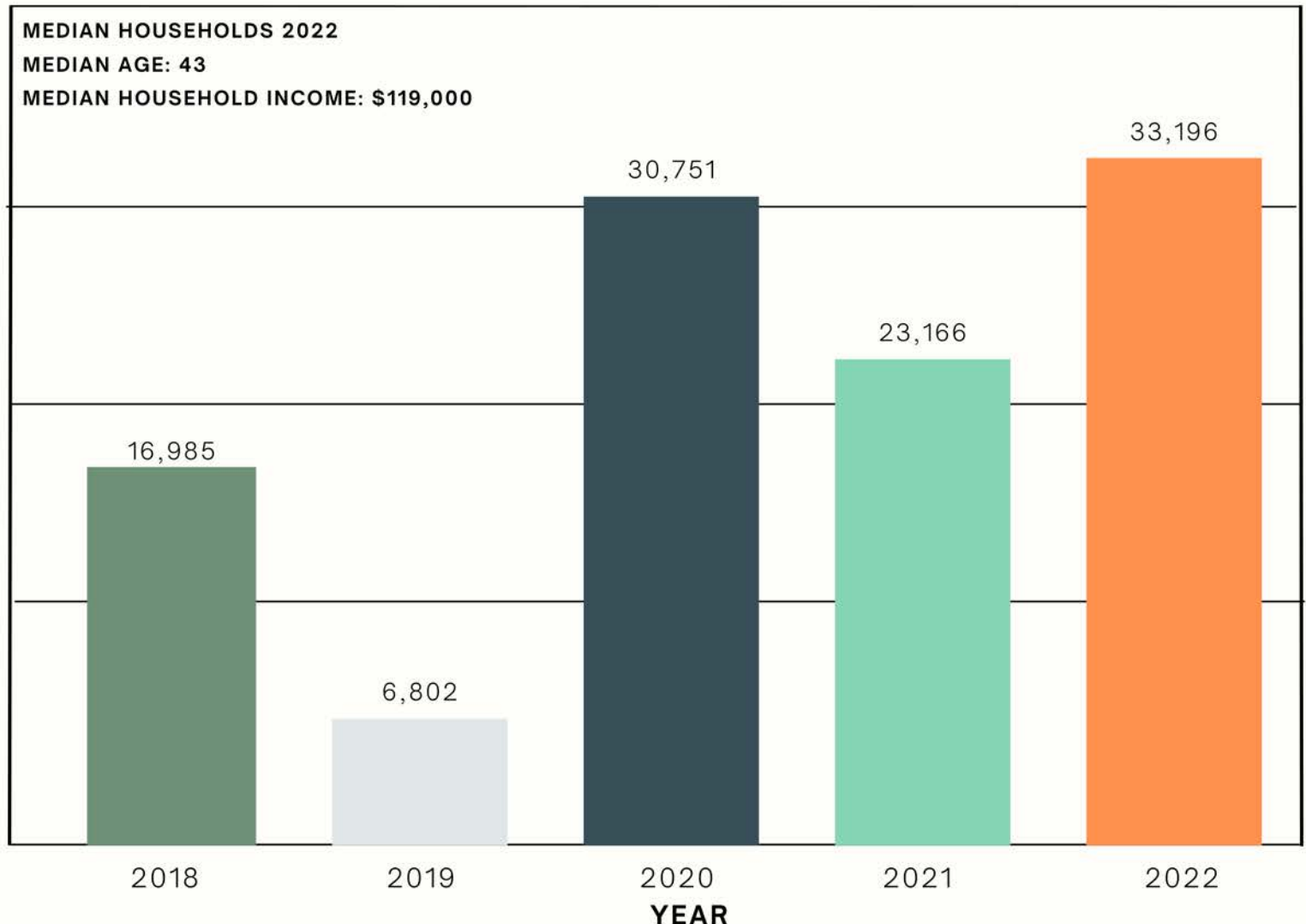
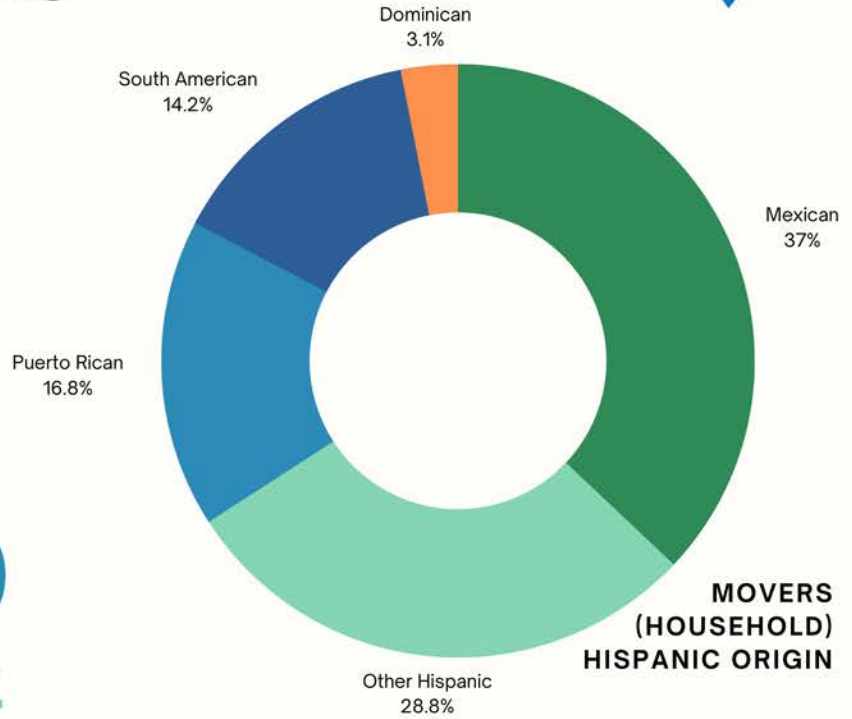
### HISPANIC ORIGIN

# GEN X, MILLENNIALS, AND GEN Z VETERANS DIVERSITY



## HISPANIC VETERAN POPULATION

## HISPANIC VETERAN HOMEOWNERS DOUBLED FROM 2018 TO 2022



SOURCE: POLYGON RESEARCH, CPS PIVOT, ANNUAL SOCIAL AND ECONOMIC SUPPLEMENT (ASEC), 2022



# GEN X, MILLENNIALS, AND GEN Z VETERANS DIVERSITY

## BLACK OR AFRICAN AMERICAN VETERAN HOMEOWNERS BY AGE & GENERATION\*

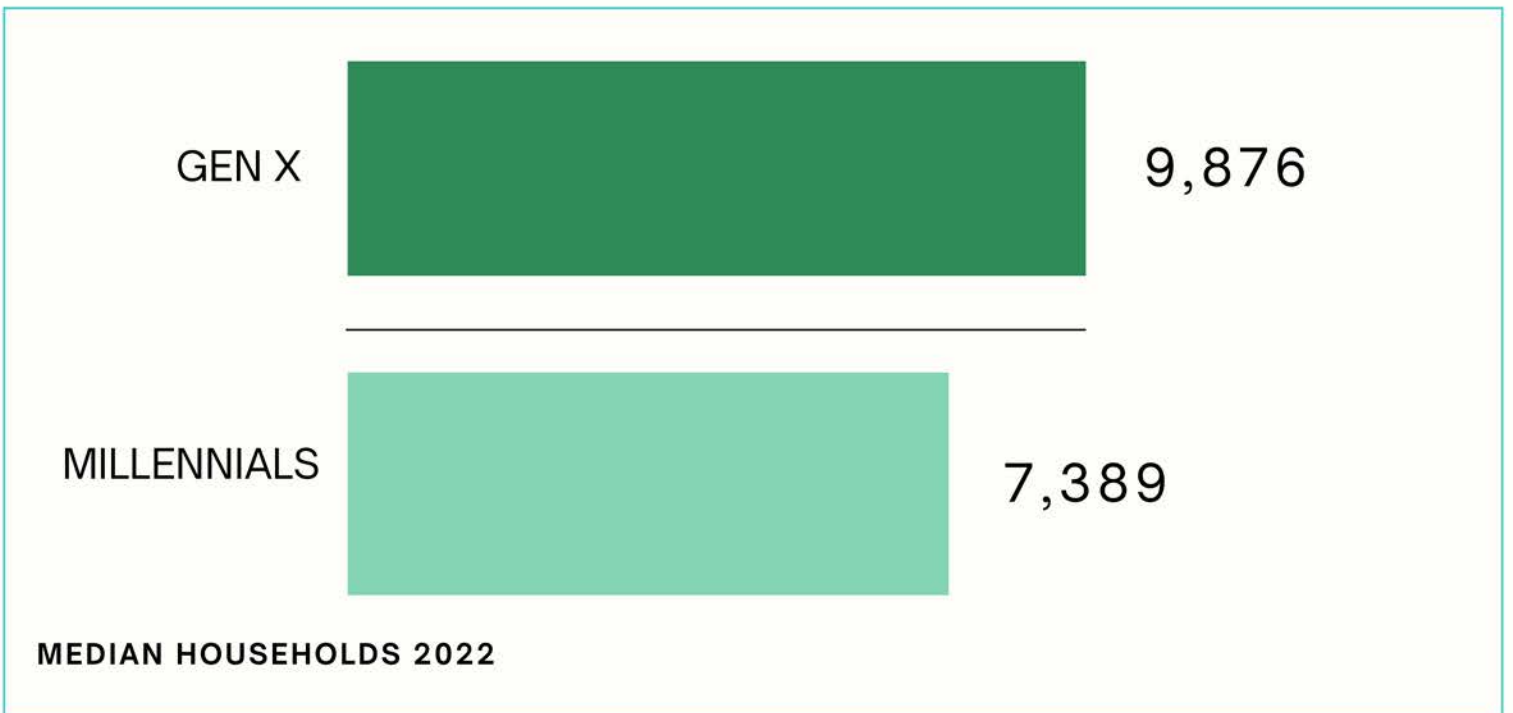
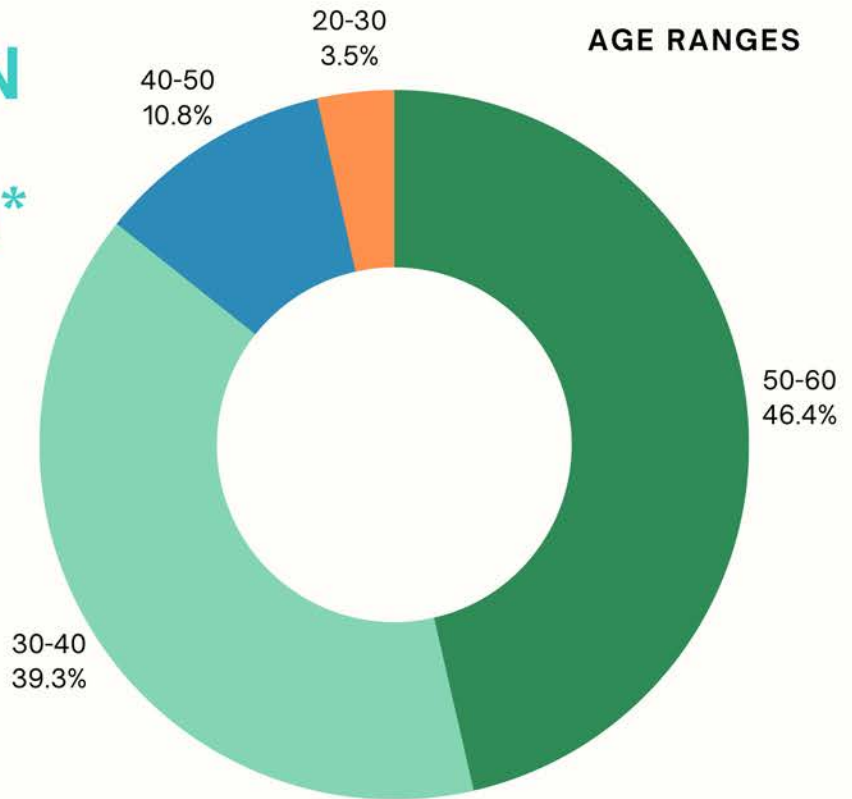
Gen X and Millennials Veteran Homeowners of **Black or African American Origin**.

*\*No Gen Z in sample data*

# \$136,000

Median Household Income

# 49

 Median Age



# GEN X, MILLENNIALS, AND GEN Z VETERANS DIVERSITY



## BLACK OR AFRICAN AMERICAN VETERAN HOMEOWNERS OWN VERSUS RENT

Year	Veterans Own	Veterans Rent	Veteran Homeownership Rate	General Pop Own	General Pop Rent	General Pop Homeownership Rate
2018	969,676	610,105	↑ 61%	7,260,337	9,736,285	43%
2019	811,420	562,099	↑ 59%	7,123,922	10,042,951	41%
2020	837,668	532,030	↑ 61%	7,648,778	9,392,195	45%
2021	913,436	557,190	↑ 62%	7,836,075	9,483,314	45%
2022	931,158	511,750	↑ 65%	7,968,670	9,729,548	45%
2023	986,915	517,471	↑ 66%	8,316,576	9,760,334	46%

Black or African American Veterans have a higher rate of homeownership versus renting than the Black or African American general population. Homeownership among these Veterans has increased year after year alongside the general population.

**62%** AVERAGE HOMEOWNERSHIP RATE AMONG BLACK OR AFRICAN AMERICAN VETERANS

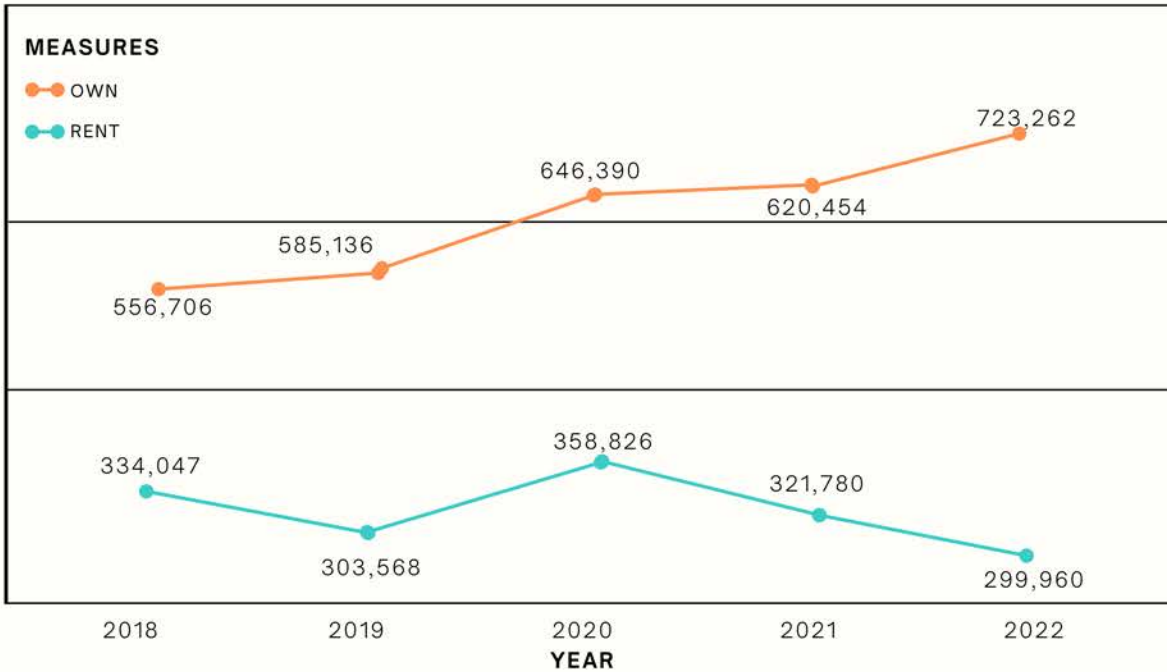
# GEN X, MILLENNIALS, AND GEN Z VETERANS DIVERSITY



# 16.5%

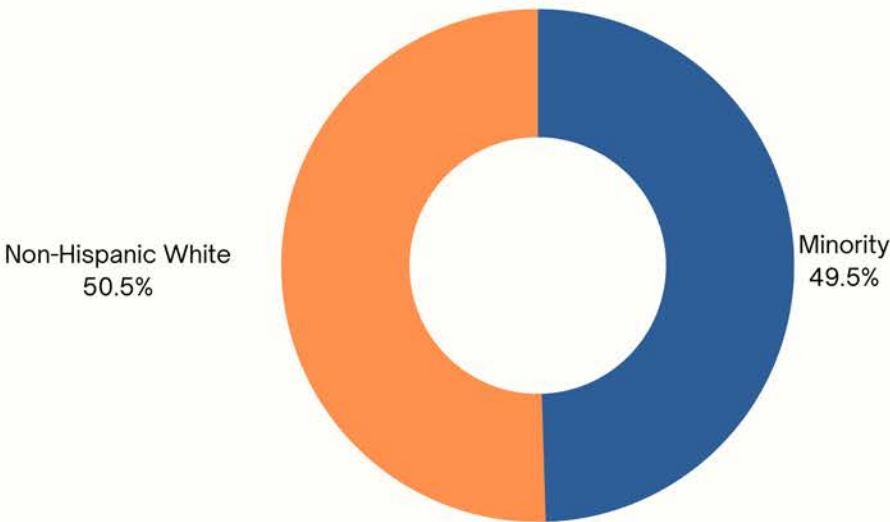
## WOMEN VETERAN BORROWERS\*

MADE UP A 10% DECREASE IN RENTERS AND 30% INCREASE IN HOMEOWNERSHIP

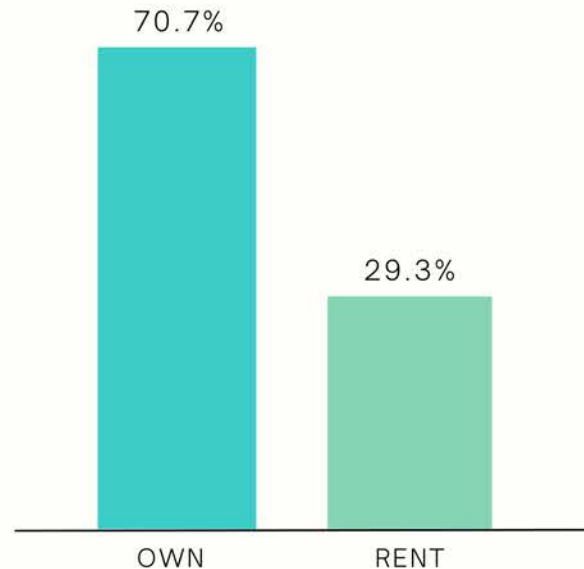


\*Women Veterans are less than 1/4 of total of the Veteran population, but are a **powerful source** of homeownership and homeownership opportunities.

\*In this age cohort are Gen X or younger



MEDIAN HOUSEHOLDS 2022  
PEOPLE: 1,023,222  
MEDIAN HOUSEHOLD INCOME: \$93,000



# 49.5%

## MINORITY WOMEN HOMEOWNERS GENERATED \$13B IN LOAN APPROVALS



# GEN X, MILLENNIALS AND GEN Z VETERANS



## MEDIAN HOUSEHOLD INCOME AND MEDIAN AGE OF HOMEOWNERS AND RENTERS

# \$110,500

Veterans who are homeowners had a median household income of \$110,500 and median age of 46 years.

# \$70,000

Veterans who are renters had a median household income of \$70,000 and are younger (40 years old)

### OWN VS RENT

OVERALL 6,196,610

OWNERS / INCOME / AGE

RENTERS / INCOME / AGE

TOTALS

4,394,594 / \$110,500 / 46

1,802,016 / \$70,000 / 40

MEDIAN  
HOUSEHOLD  
INCOME

MEDIAN  
AGE



# \$40.5K

DIFFERENCE IN  
HOUSEHOLD  
INCOME





# GEN X, MILLENNIALS AND GEN Z VETERANS



## FUTURE BUYER OPPORTUNITY

Veterans are increasingly diverse  
and growing their purchase power.

The future homebuyer opportunity  
can be defined as Gen X or younger  
Veterans who are:

1. RENTERS
2. IN LABOR FORCE
3. HOUSEHOLD INCOME  
OF \$75K OR HIGHER

# 788,778

TOTAL ADDRESSABLE MARKET OF  
FUTURE HOMEBUYERS

Race	People	People Mix	YoY Count: 2021 - 2022	YoY %: 2021 - 2022	Median Household Income	Median Age
Totals	788,778	100%	157,384	24.9%	—	—
American Indian	11,234	1.4%	5,318	89.9%	\$164,000	38
Asian	24,878	3.2%	16,557	199.0%	\$152,400	39
Black/African American	151,615	19.2%	10,106	7.1%	\$130,000	46
Other/Two or More Races	34,086	4.3%	14,460	73.7%	\$125,000	31
White	561,115	71.1%	111,515	24.8%	\$113,400	40
Pacific Islander	5,850	0.7%	-572	-8.9%	\$86,200	35

# DISABLED VETERANS



Defined as Veterans who indicated they had a service-connected disability in the CPS Veteran Supplement\*

# 5,310,383

Veterans with service-connected disability.

# 5 MIL

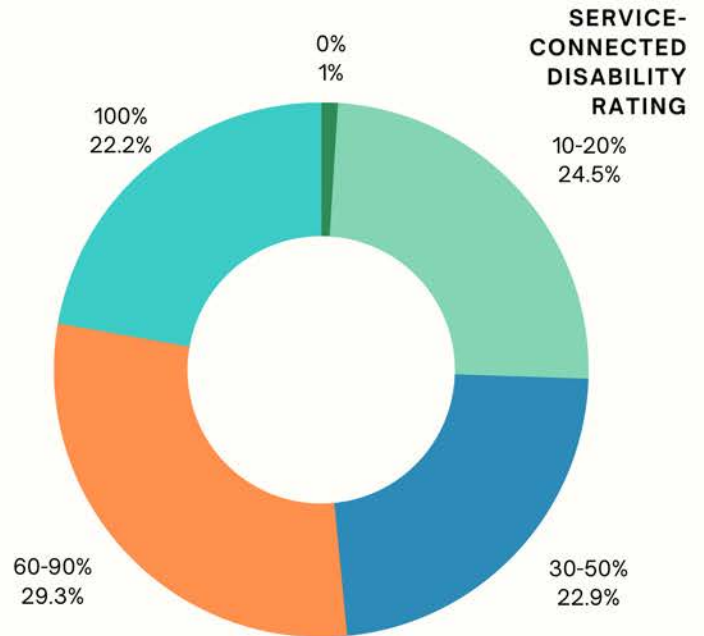
With over 5 million Veterans reporting disabilities, the market opportunity to better serve disabled Veterans' homebuying needs is significant.

## TOPS THREE STATES WHERE DISABLED VETERANS RESIDE



# 99%

With 99% of service connected disabled Veterans being over 10%, the disability rating can be used to estimate the segment of eligible VA borrowers that are eligible for a reduced or exempt VA funding fee.



## EMPLOYMENT STATUS

**At Work:** 2,377,981

**Not in Labor Force, Retired:** 1,882,120

**Not in Labor Force, Unable to Work:** 527,407

**Not in Labor Force, Other:** 292,518

**Has job, not at work last week:** 136,587

**Unemployed, experienced worker:** 93,790

# 2.6M

About 2.6 million disabled Veterans are in the labor force, excluding Not in Labor Force.

# DISABLED VETERANS

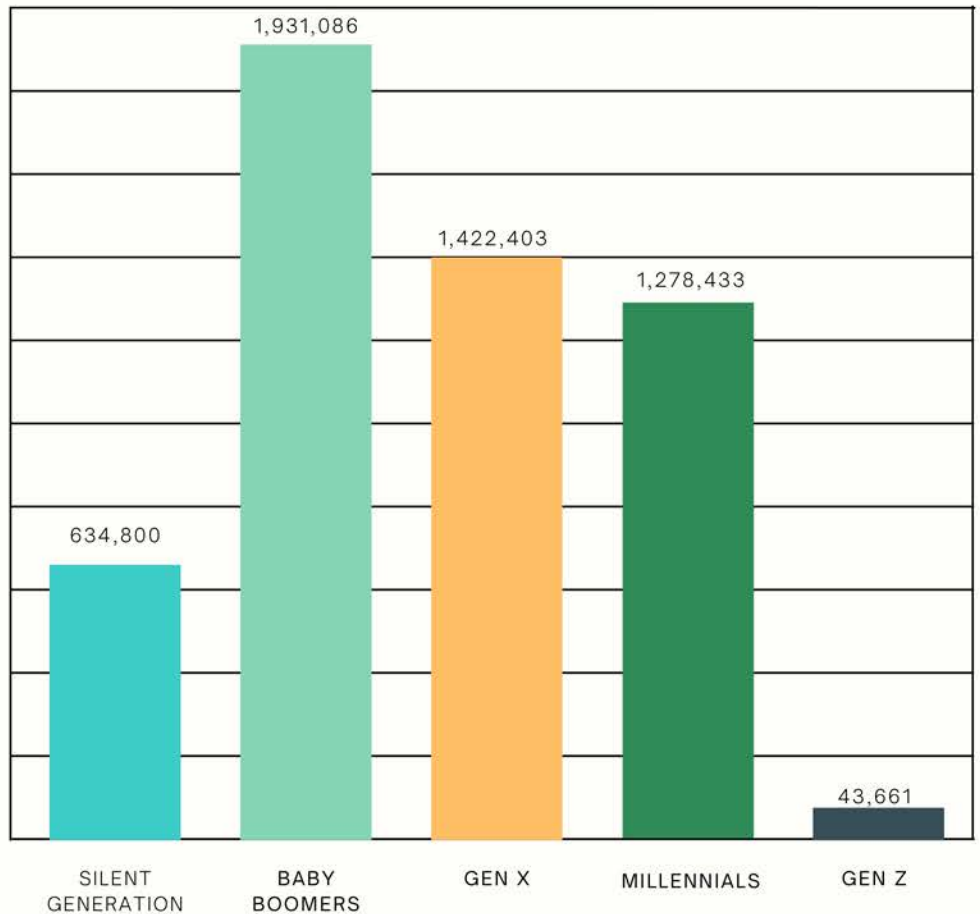


# 20

Top states with the larger community of disabled veterans.

Texas	476,598
California	374,647
Florida	342,185
Virginia	262,055
North Carolina	220,389
Ohio	214,683
Indiana	191,769
Tennessee	186,485
Illinois	186,022
New York	169,491
Arizona	159,135
Colorado	148,952
Minnesota	139,443
Pennsylvania	135,810
South Carolina	127,316
Georgia	126,450
Michigan	121,968
Washington	116,463
Oregon	115,003
Maryland	106,956

## GENERATION BREAKDOWN



# 1.9M

Disabled Veterans of the Baby Boomer generation.



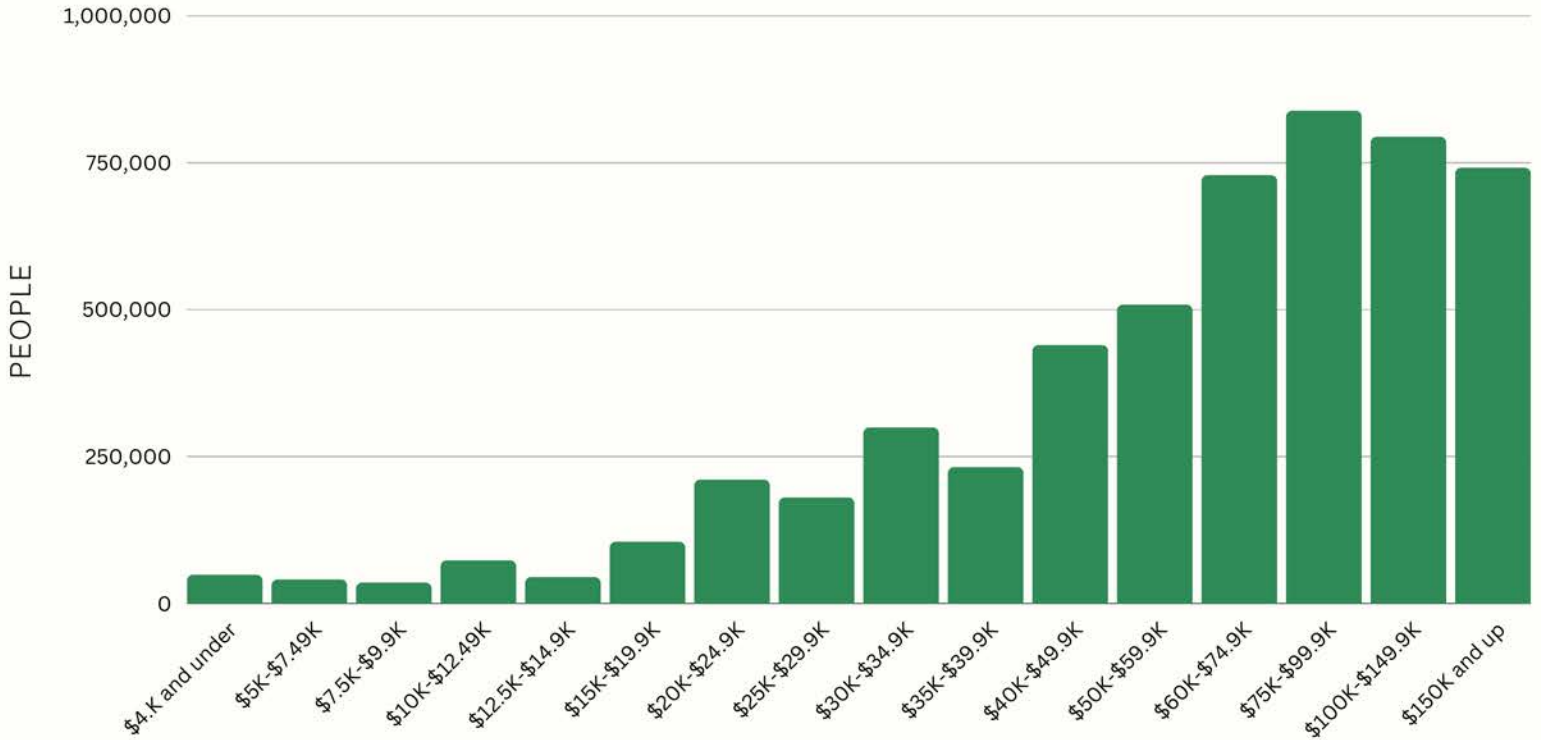
# DISABLED VETERANS



# FAMILY INCOME

Distribution of family income of household by income band for all Veteran generations.

FAMILY INCOME OF HOUSEHOLD



## Private, For Profit

1,588,141

## Federal Government Employee

436,417

## Local Government Employee

187,391

## Self-employed, not incorporated

134,018

## Private, Non-Profit

133,428

## Self-employed, Incorporated

73,109

## State Government Employee

69,155

# CLASS OF WORKER

Disabled Veterans of all generations distribution by class of worker. Majority of workers are gainfully employed in the private sector.

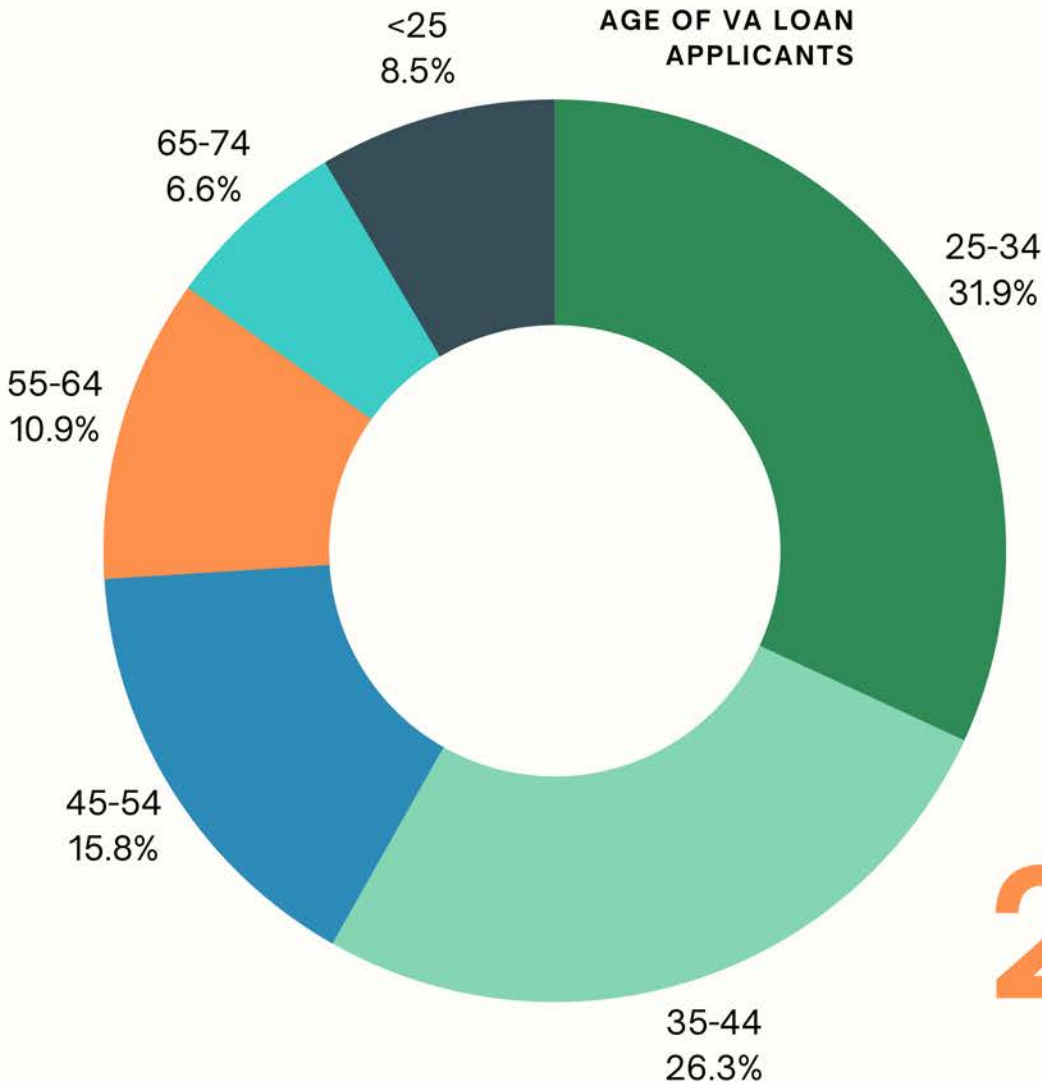
SOURCE: CPS PIVOT, VETERANS SUPPLEMENT, 2021

# VETERANS MORTGAGE LENDING DIVERSITY



## VA HOME PURCHASE LENDING BREAKDOWN BY AGE OF APPLICANT

2022 VA Home Purchase Lending



# 74%\*

of home purchase borrowers were 54 years of age or younger

\*For context, 73% of home purchase borrowers using other mortgage types were of age 54 or younger.

# 25-34

Majority of applicants are ages 25-34 years, making up 31.9% of VA home purchase lending.

# \$107.6B

in purchases per year from Veteran borrowers ages 54 and below

# VETERANS MORTGAGE LENDING DIVERSITY

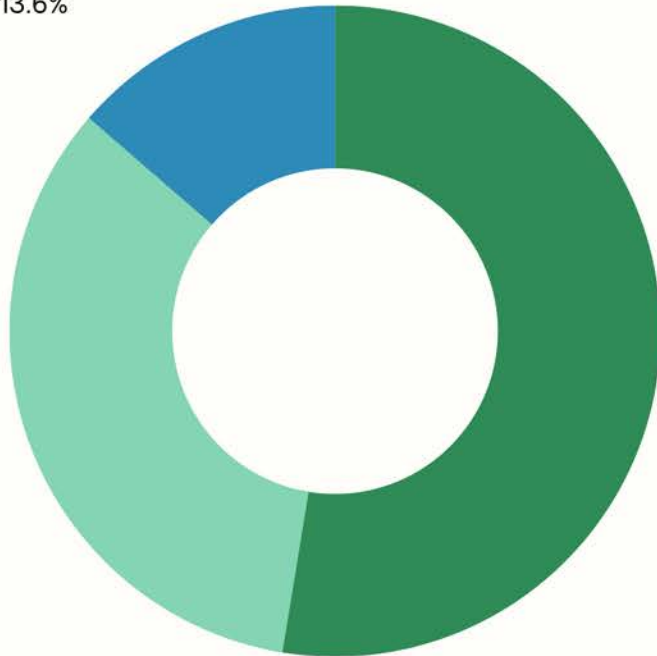


## VA HOME PURCHASE LENDING BREAKDOWN BY ETHNICITY

2022 VA Home Purchase Lending

Ethnicity N/A, Race N/A  
13.6%

MINORITY, NON-MINORITY PURCHASE



# 32.7%\*

of home purchase borrowers identified as a minority.

# \$47.8B

Minority purchase borrowers represent a market segment of \$47.8 billion per year.

Non-Hispanic White  
52.6%

Minority  
33.8%

**\$20.6B** Hispanic Borrowers

**\$17.5B** Black or African American Borrowers

**\$1.1B** Native American Borrowers

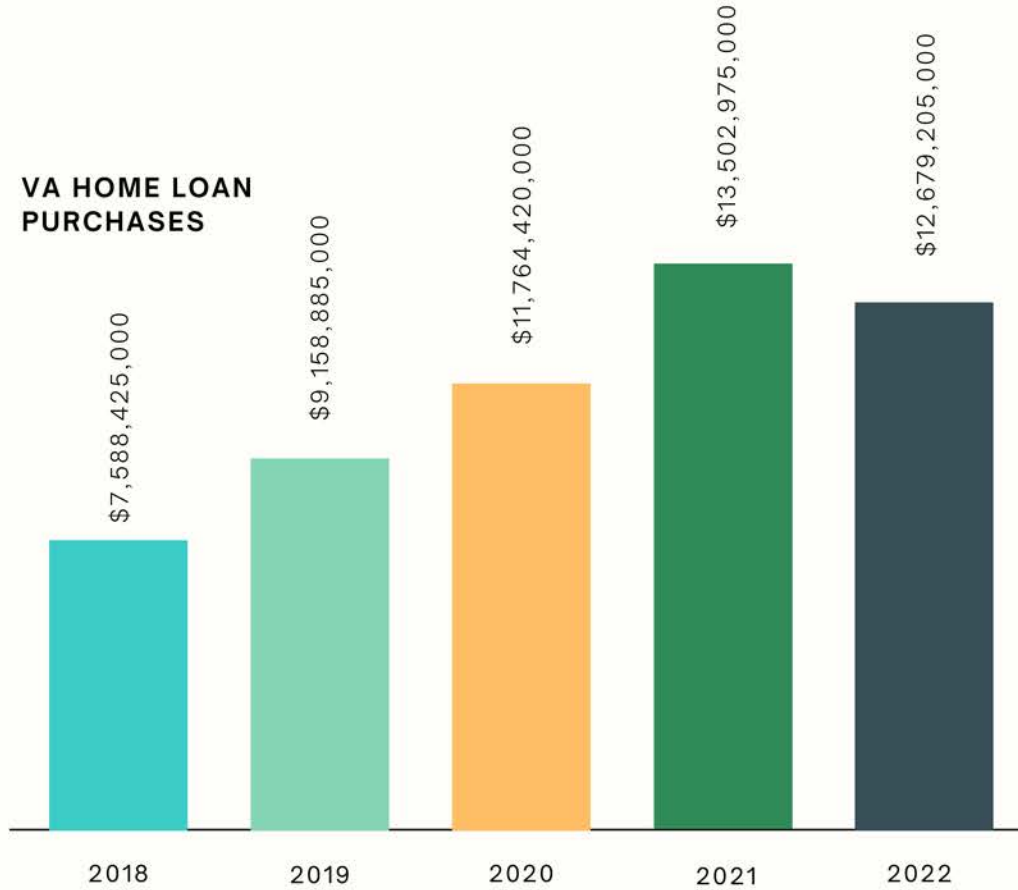
\*For context, 30.8% of home purchase borrowers using other mortgage types identified as minority.



# VETERANS MORTGAGE LENDING DIVERSITY



## WOMEN VETERAN HOME PURCHASE BORROWERS



**\$12.7B**

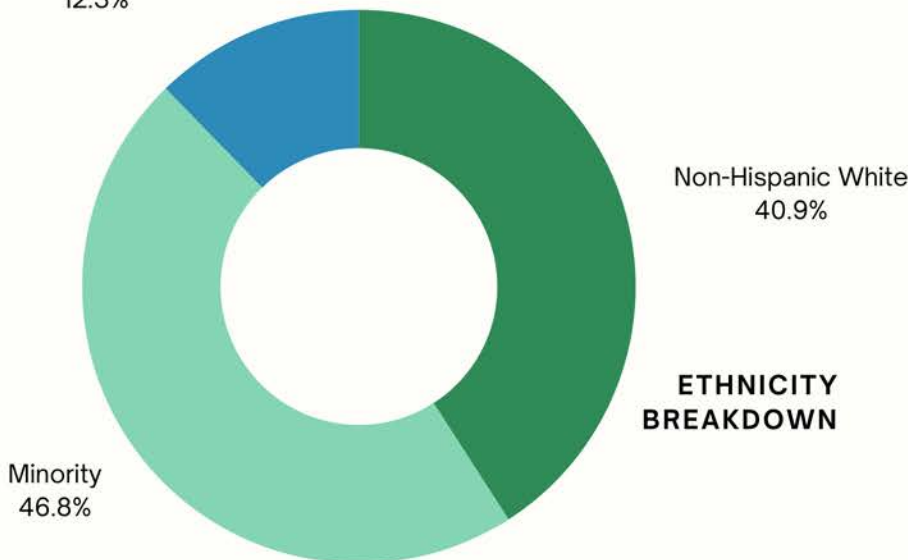
Women Veteran home purchase borrowers make up a \$12.7B market share.

**67%**

Increase home purchase power among women Veterans.



Ethnicity N/A, Race N/A  
12.3%



Texas is the leading state for home purchase among women Veterans. With 1,057 Active Lenders, average median origination was \$305,000 with a median interest rate of 4.88%, 100% CLTV and median property value of \$315,000

Women Veteran Home Purchase Borrowers are diverse. 46.8% of VA loan borrowers identify as minority compared to 38.8% for women home purchase borrowers using other loan types.



# VETERANS MORTGAGE LENDING DIVERSITY

## COMPARATIVE PRICING ANALYSIS OF ORIGINATIONS

2022 VA Home Purchase Lending

**.24%**  
**26pts**

Minority VA borrowers obtain credit at more **favorable terms** than other mortgage products with a .24% reduction in interest rate even with a 26-point difference in median credit score.

LOAN TYPE	TOTAL LOAN (#)	MEDIAN LOAN SIZE	MEDIAN CLTV	MEDIAN CREDIT SCORE EST	MEDIAN NET CHARGES & CREDITS	MEDIAN INTEREST RATE
TOTALS	1,354,546	\$315,000	91.56%	742	\$1,690	4.99%
VA	121,100	\$355,000	100.00%	716	\$1,390	4.75%
CONV	941,545	\$325,000	80.58%	753	\$1,495	4.99%
FHA	280,147	\$285,000	96.50%	671	\$2,567	5.13%
USDA	11,744	\$175,000	100.27%	697	\$2,013	4.75%

**\$1,495**

Minority borrowers of Conventional loans pay \$1,495 in fees for higher interest rates (4.99% vs 4.75%) with a VA loan.



# VETERANS MORTGAGE LENDING DIVERSITY

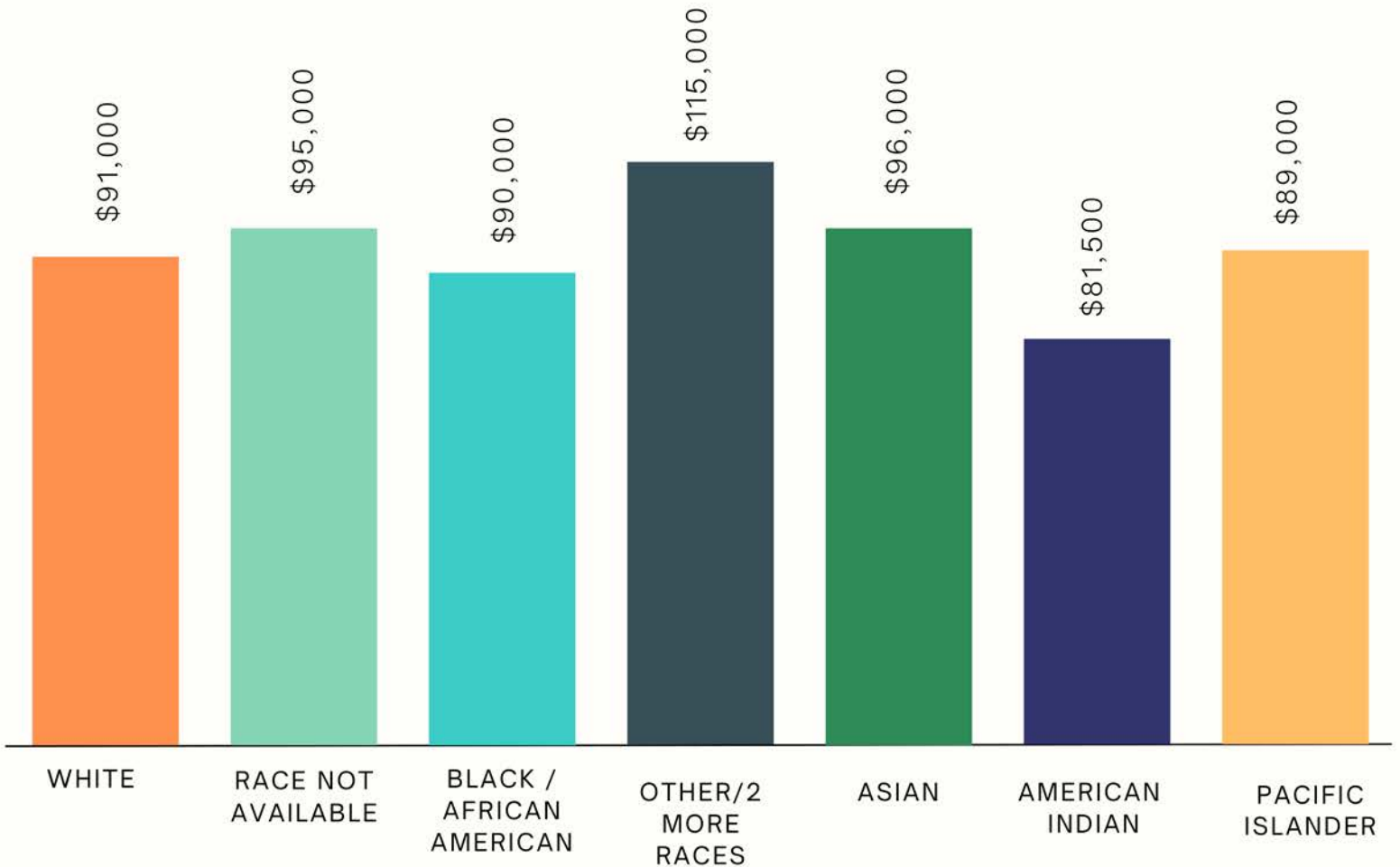
## VA PURCHASE BORROWER MEDIAN INCOME

2022 VA Home Purchase Lending

# \$93.9K

Average income reported by VA purchase borrowers.

### ANALYSIS BY ORIGINATIONS







# VETTED VA'S CALL TO ACTION

Housing market stakeholders that are not preparing to serve the diverse Veteran market will miss out on significant business opportunities.

Adapting and expanding services for diverse Veterans is imperative for all agencies; real estate firms, lenders, builders, and more.

The time is now! Time to learn, train, educate and get ahead of the demographic trends and serve our next generation of Veteran homebuyers.

**LEARN,  
TRAIN,  
EDUCATE  
& SHARE**

Visit  
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and join the ranks!