

THE HOME BUYERS OF TOMORROW—WHAT MILLENNIALS REALLY WANT

Presented by

Carmen Hirciag, MBA

Senior Research Analyst

Survey Methodology

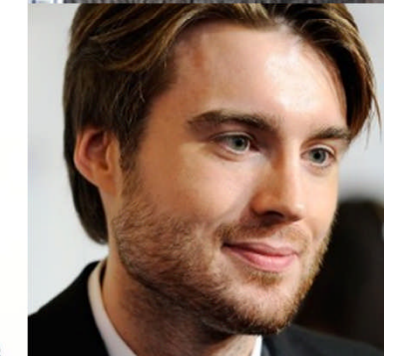
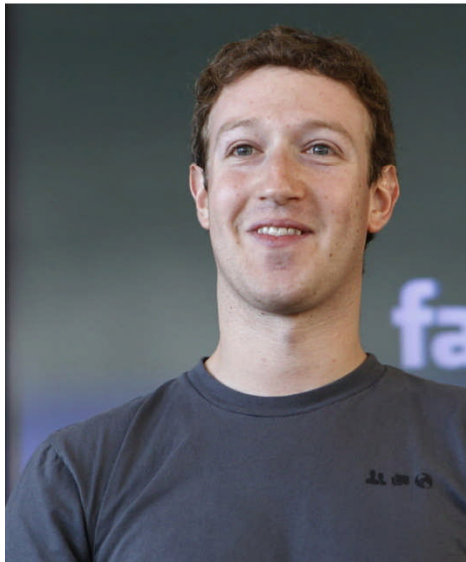
- 1,000 online surveys conducted in Aug 2014
- Respondents: CA residents, age 18-34



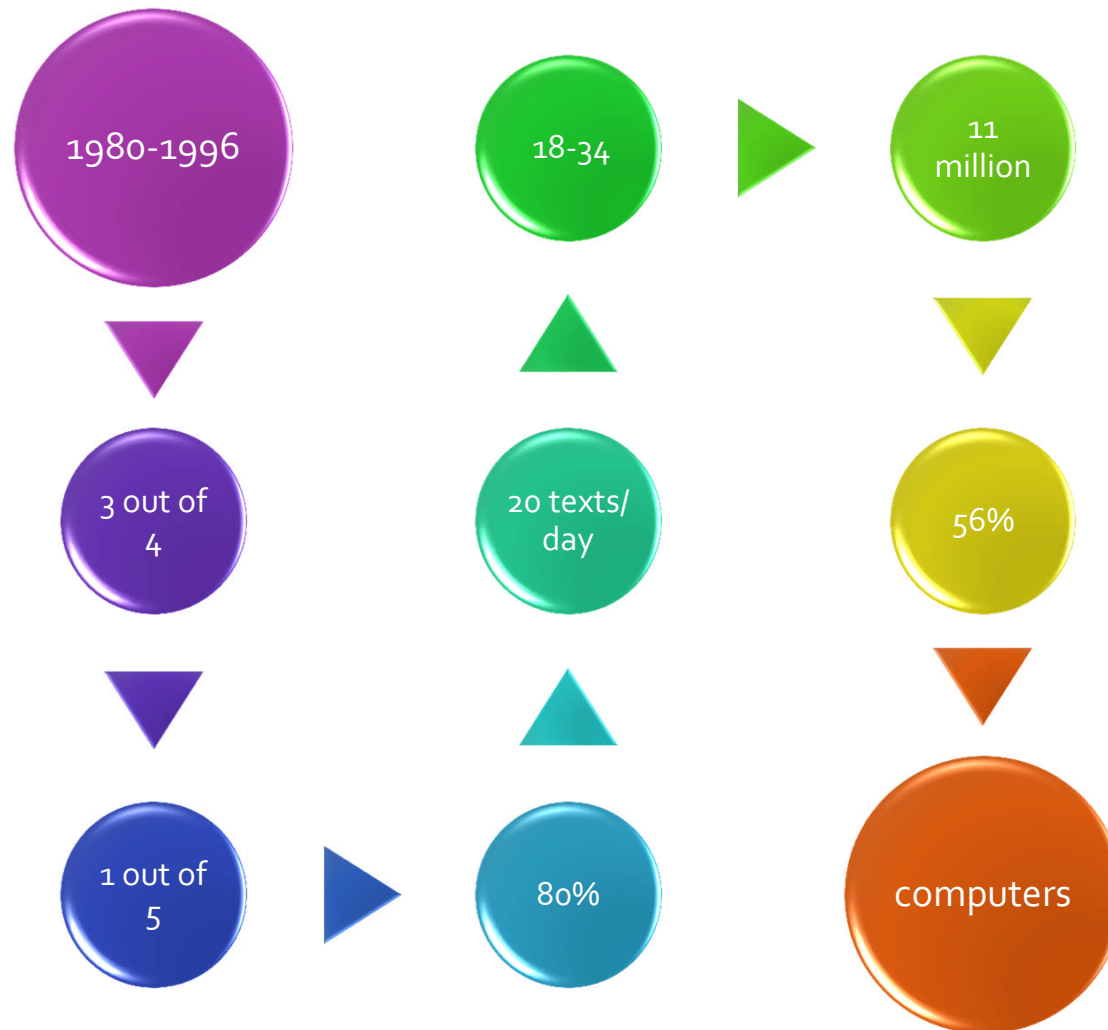
WHO IS THE TYPICAL MILLENNIAL?

Demographics

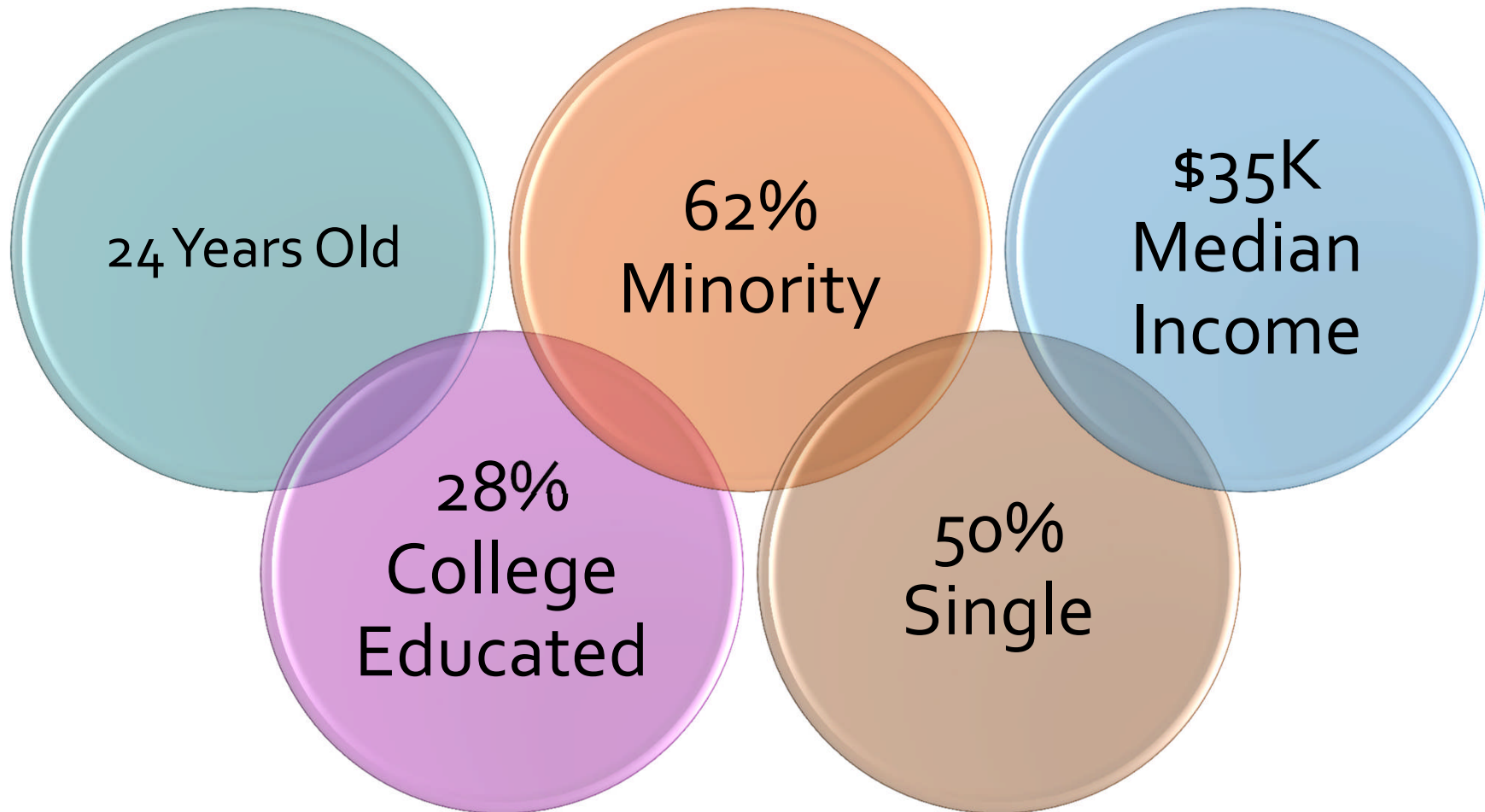
Famous Millennials



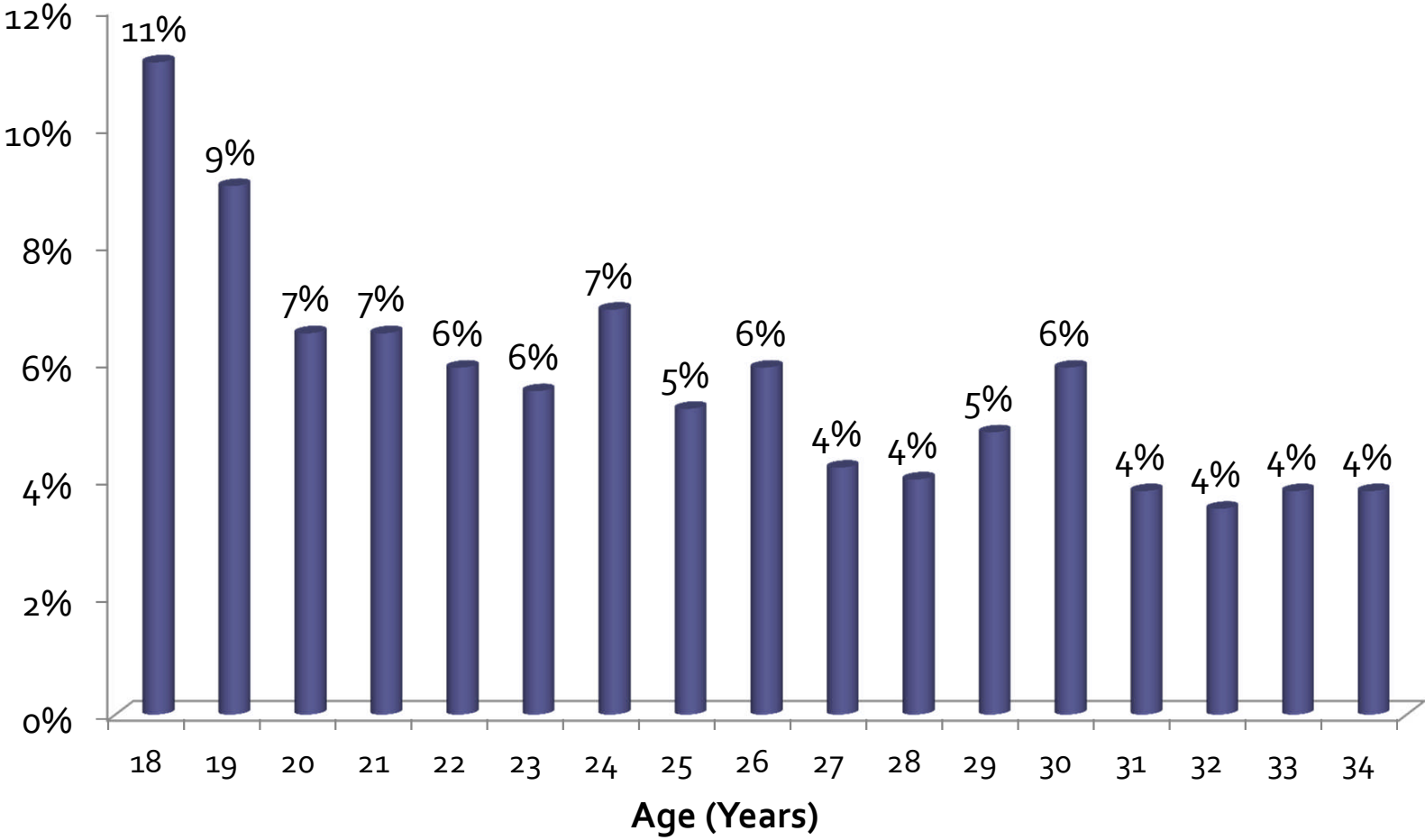
gen Y! echo boomers! generation next!



Typical Millennial



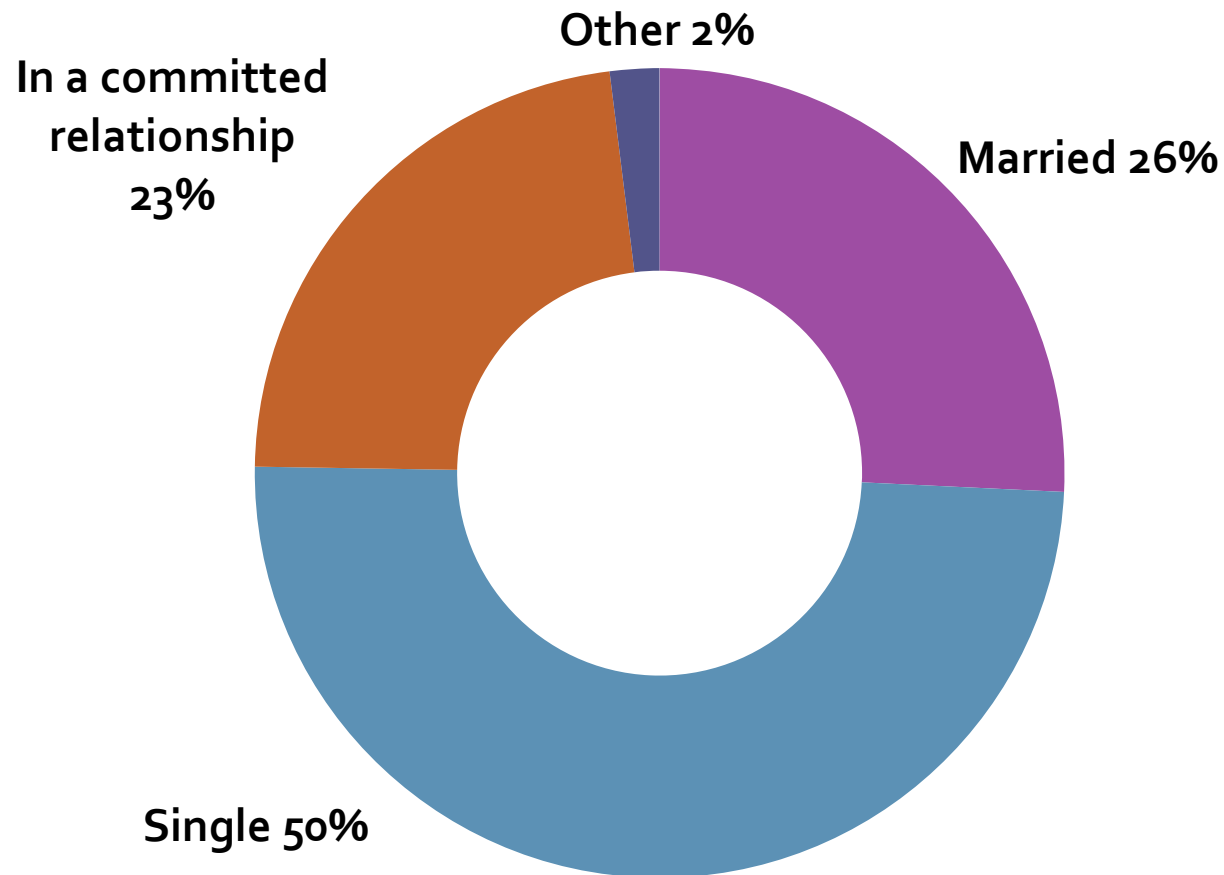
Median Age: 24



What is your age?



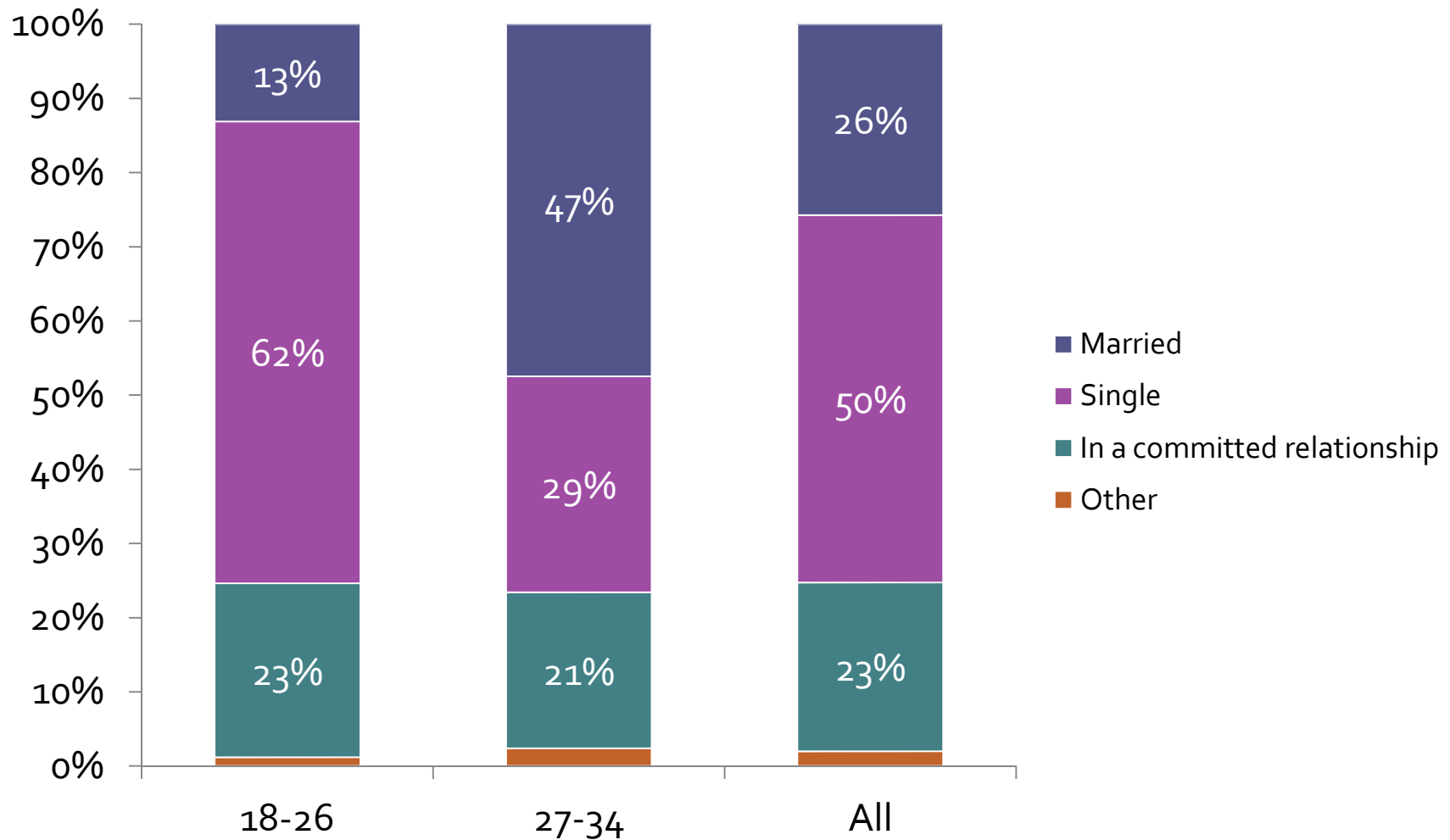
3/4 Millennials Not Married



What is your marital status?



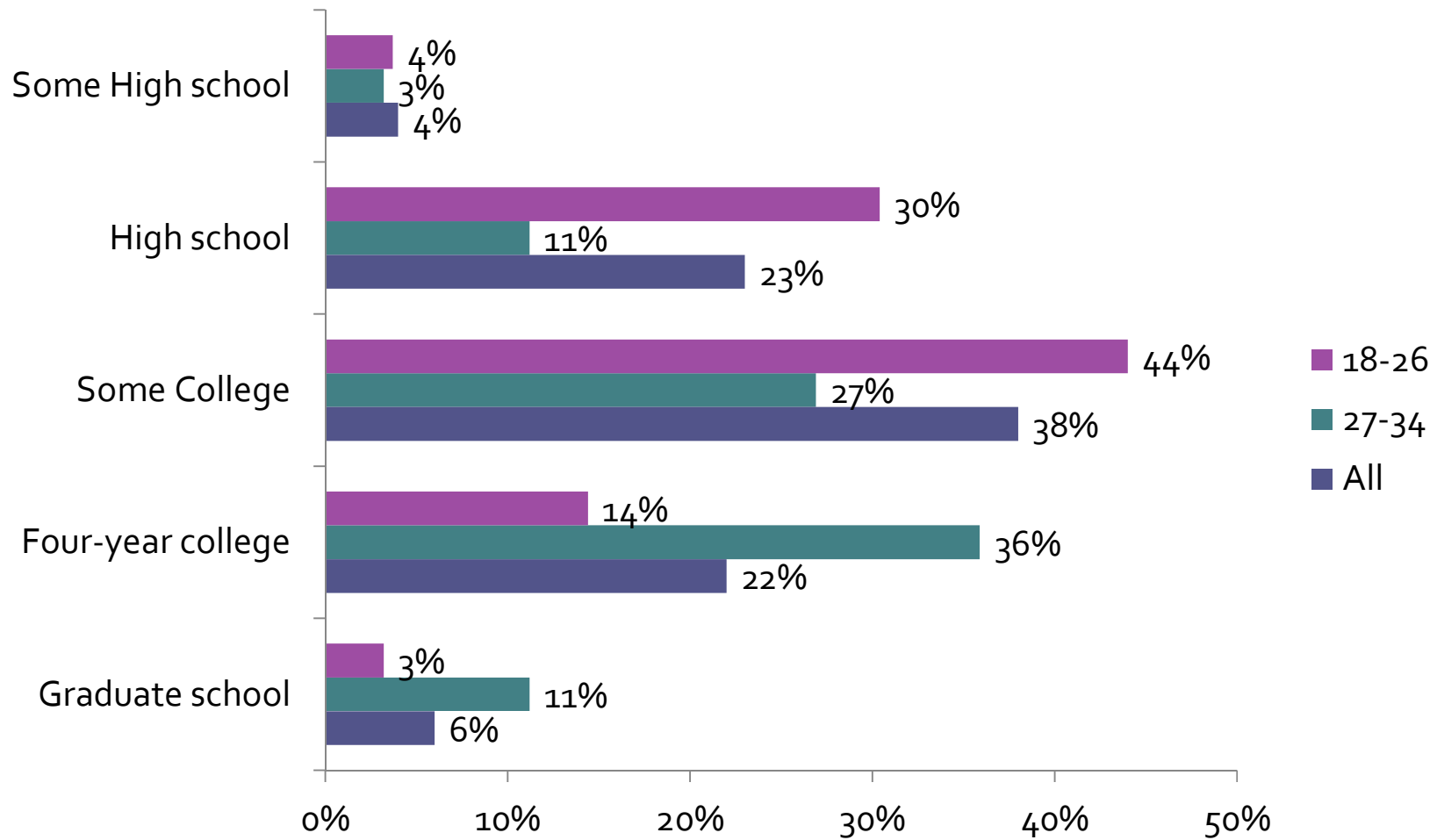
Marital Status Varies by Age Group



*Source: 2013 American Community Survey, U.S. Census Bureau
What is your marital status?



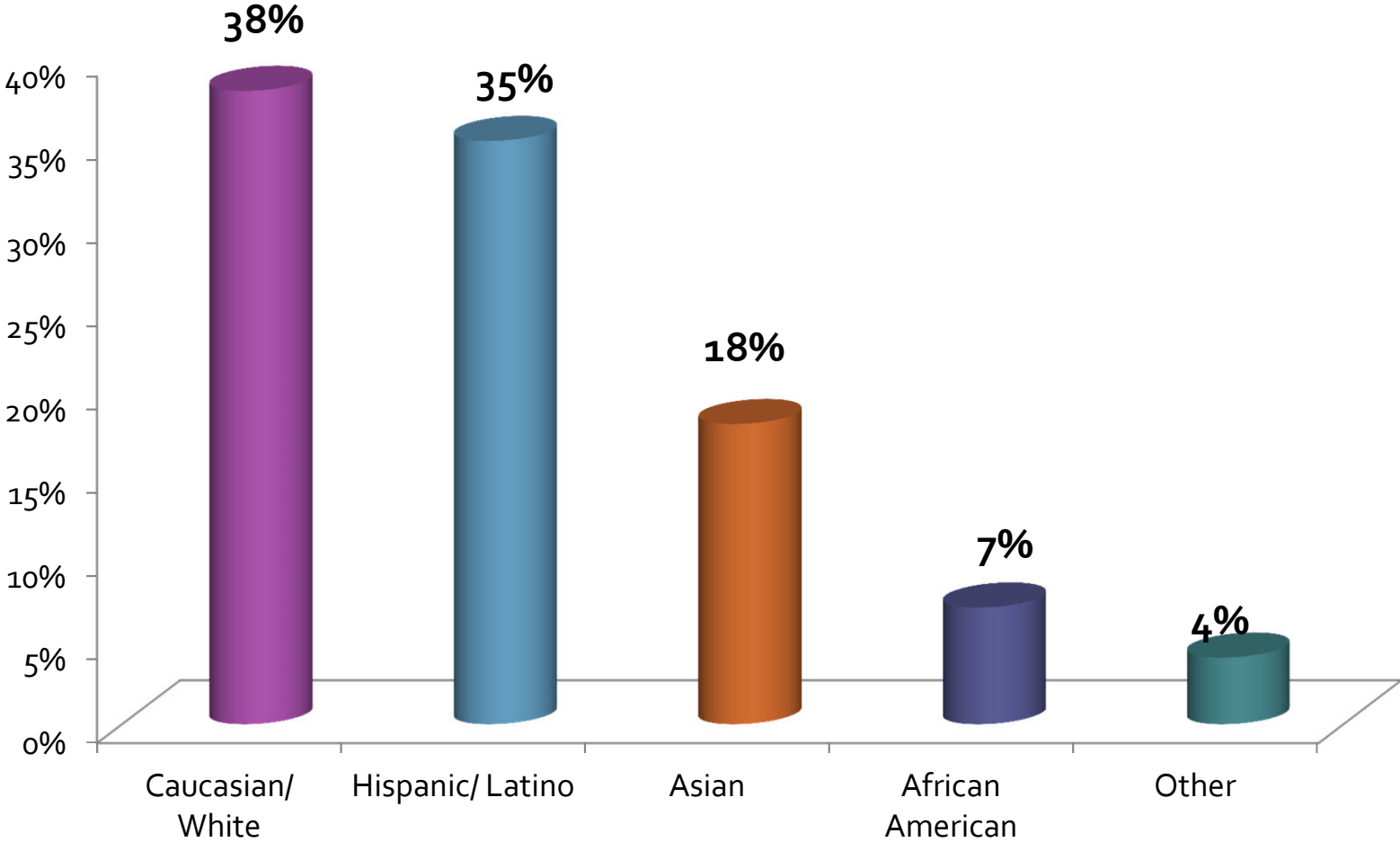
Education



*Source: 2013 American Community Survey, U.S. Census Bureau
What is the highest level of education you have completed?



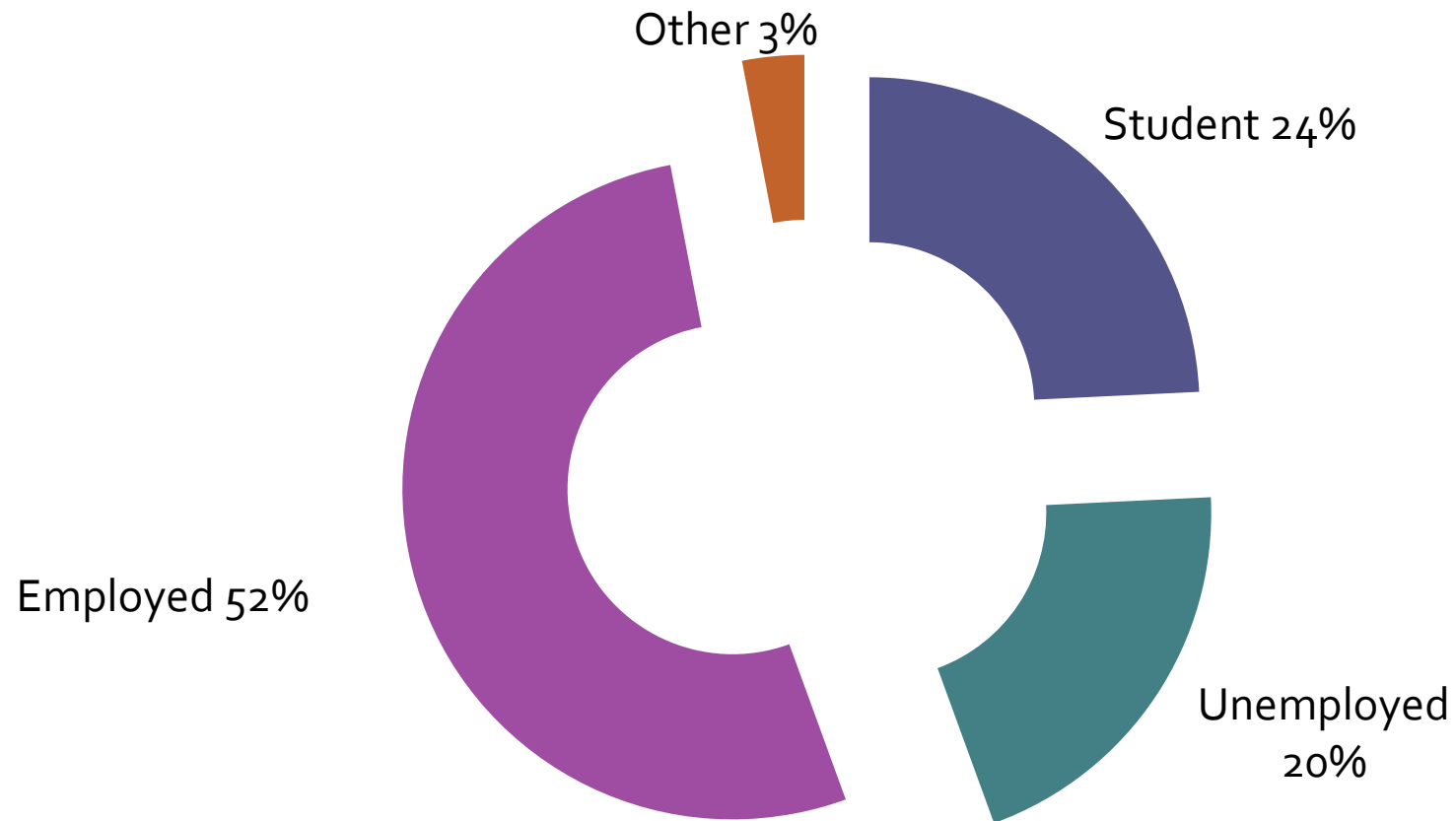
62% are Minorities



What is your ethnic background?



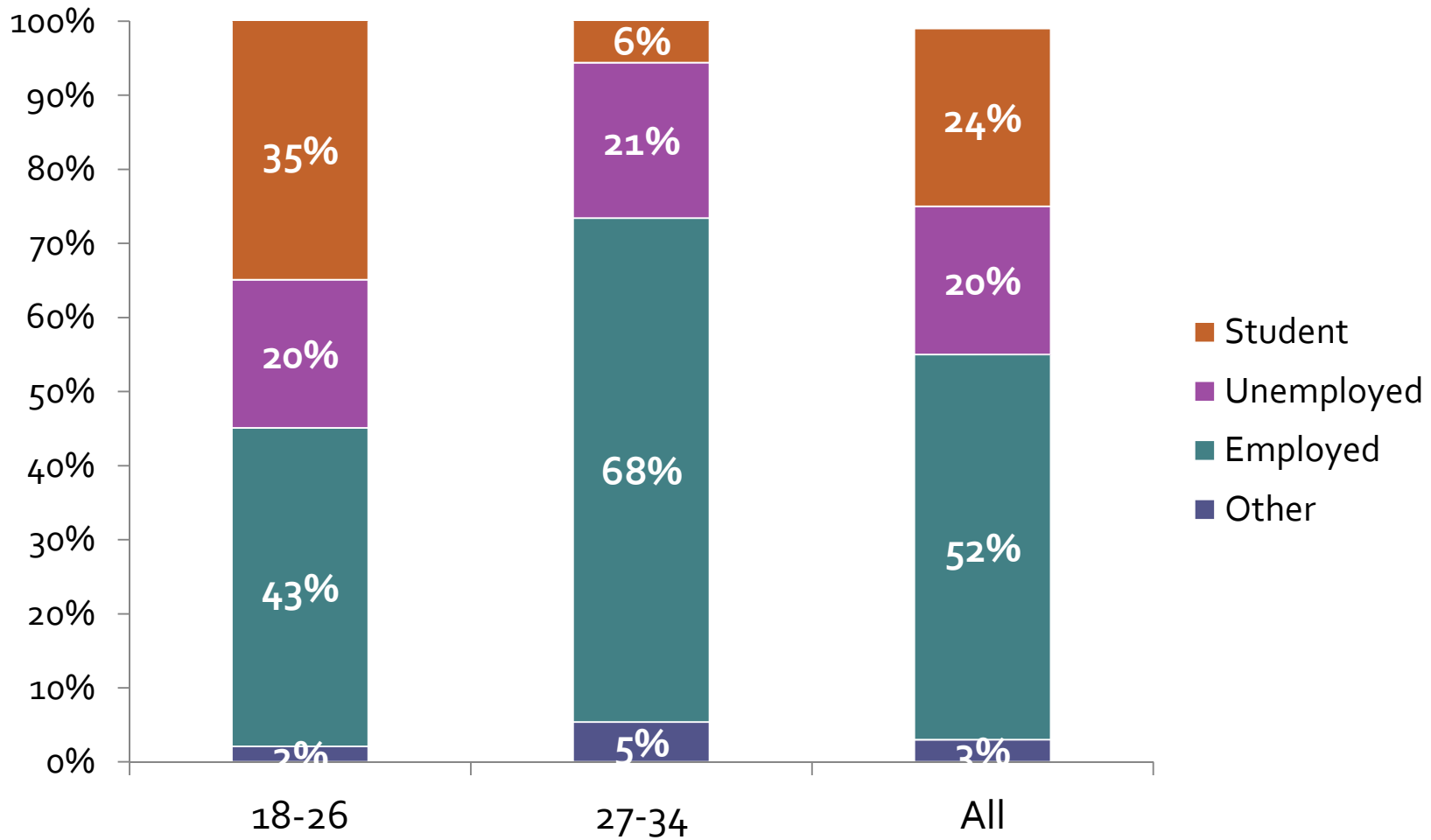
1/2 Millennials are Employed



What is your employment status?



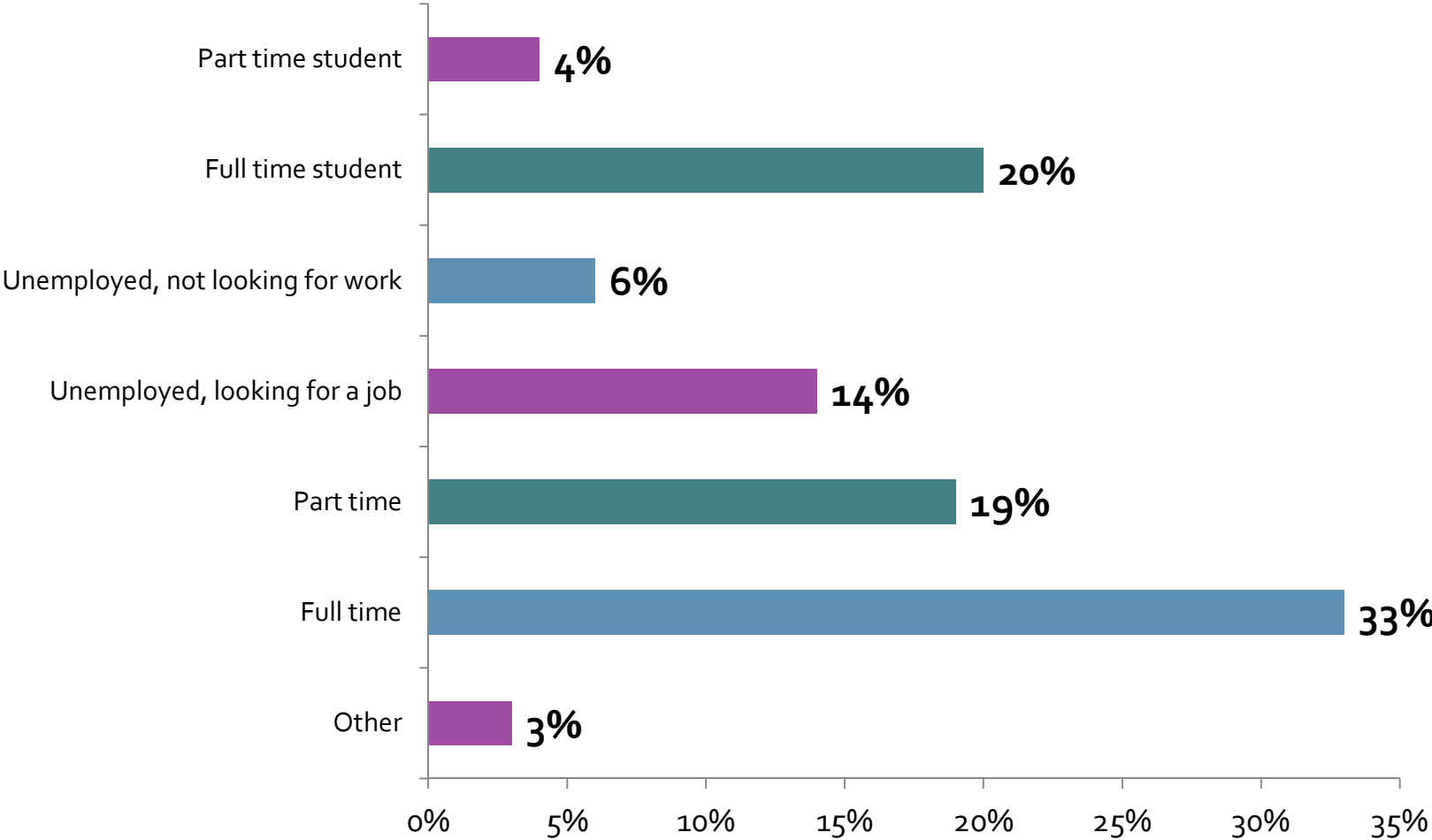
Majority Employed



What is your employment status?



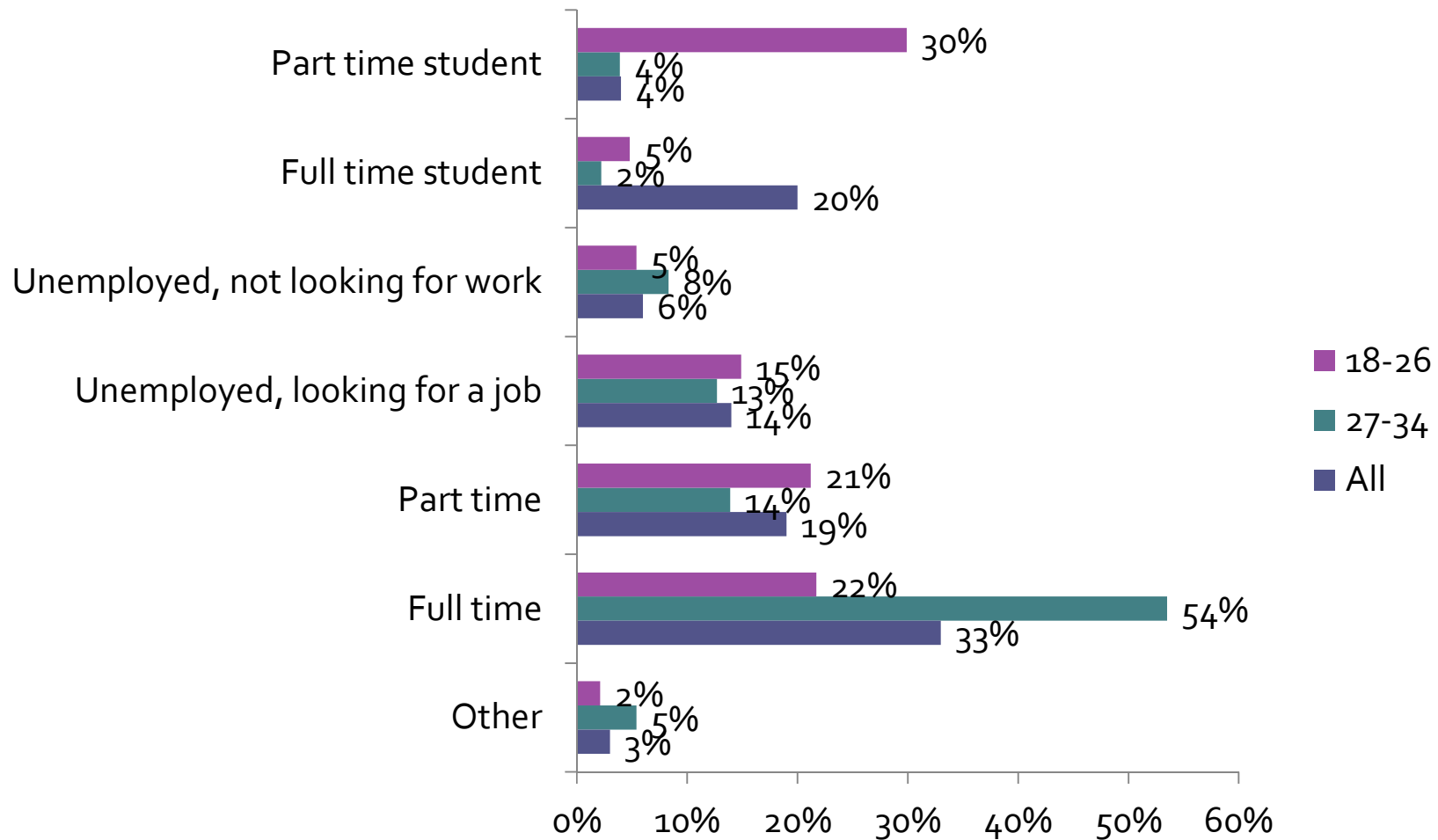
Only 1/3 Millennials Have Full Time Jobs



What is your employment status?



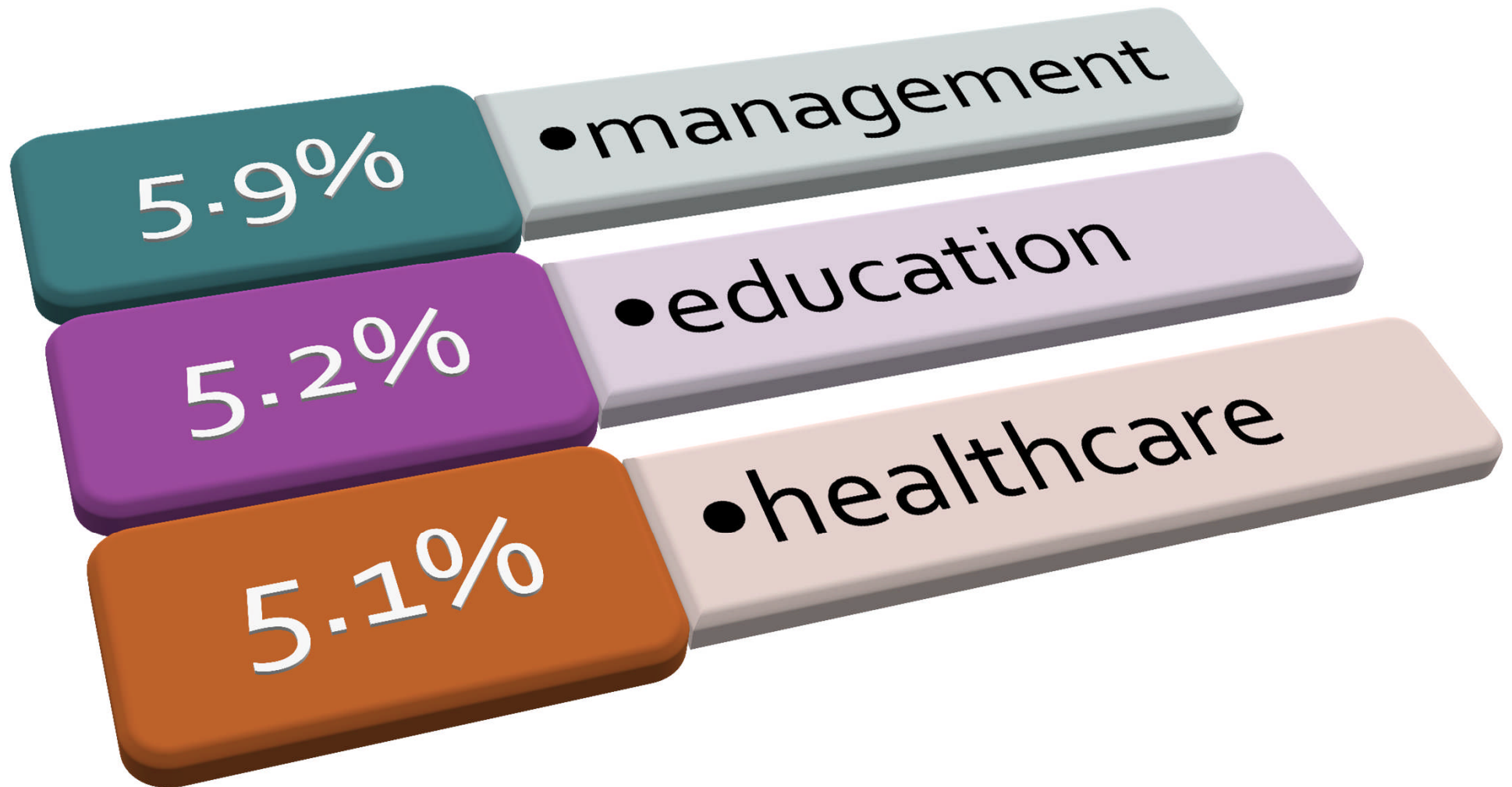
Employment Status Varies by Age Group



What is your employment status?



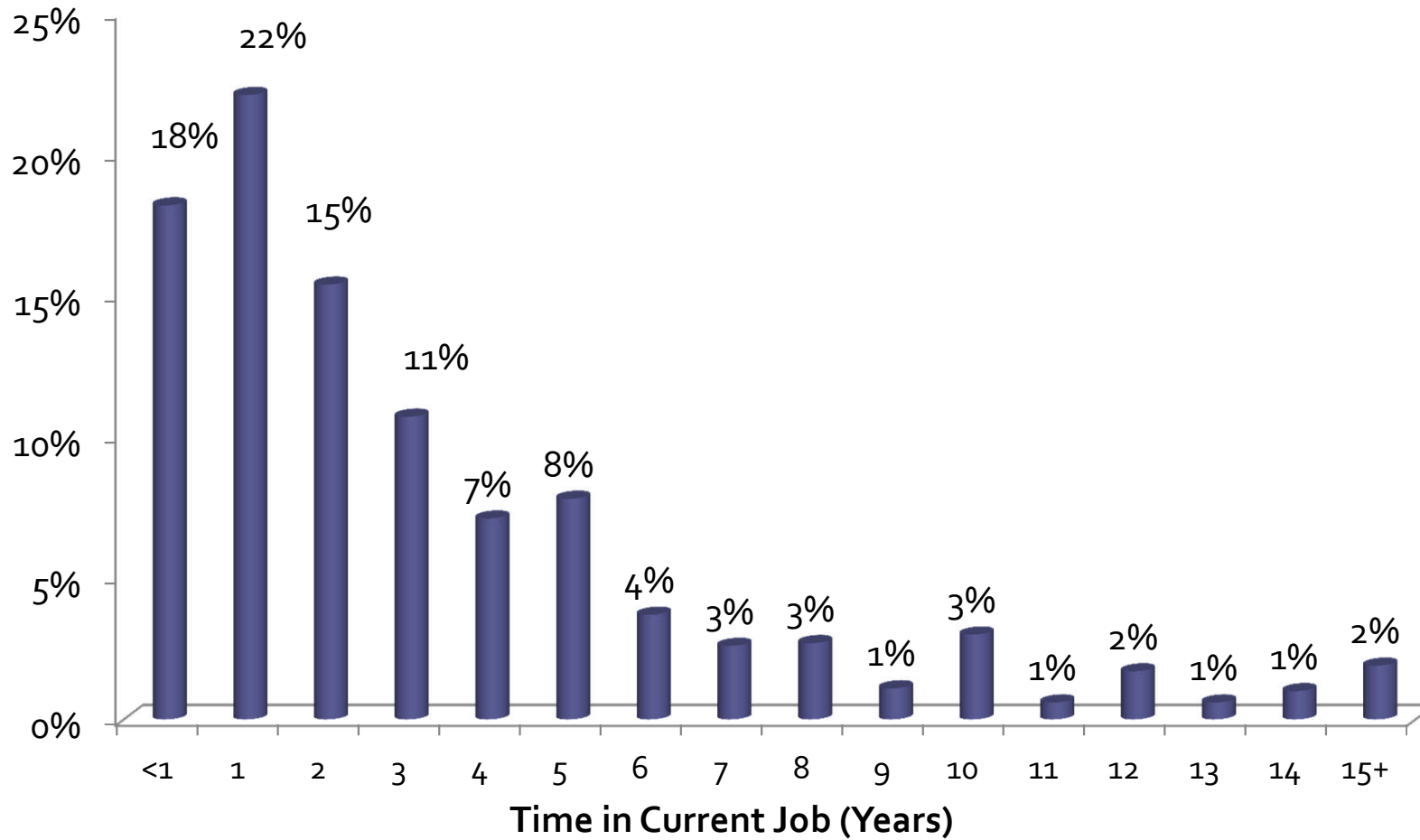
Top Millennial Professions



What is your profession?



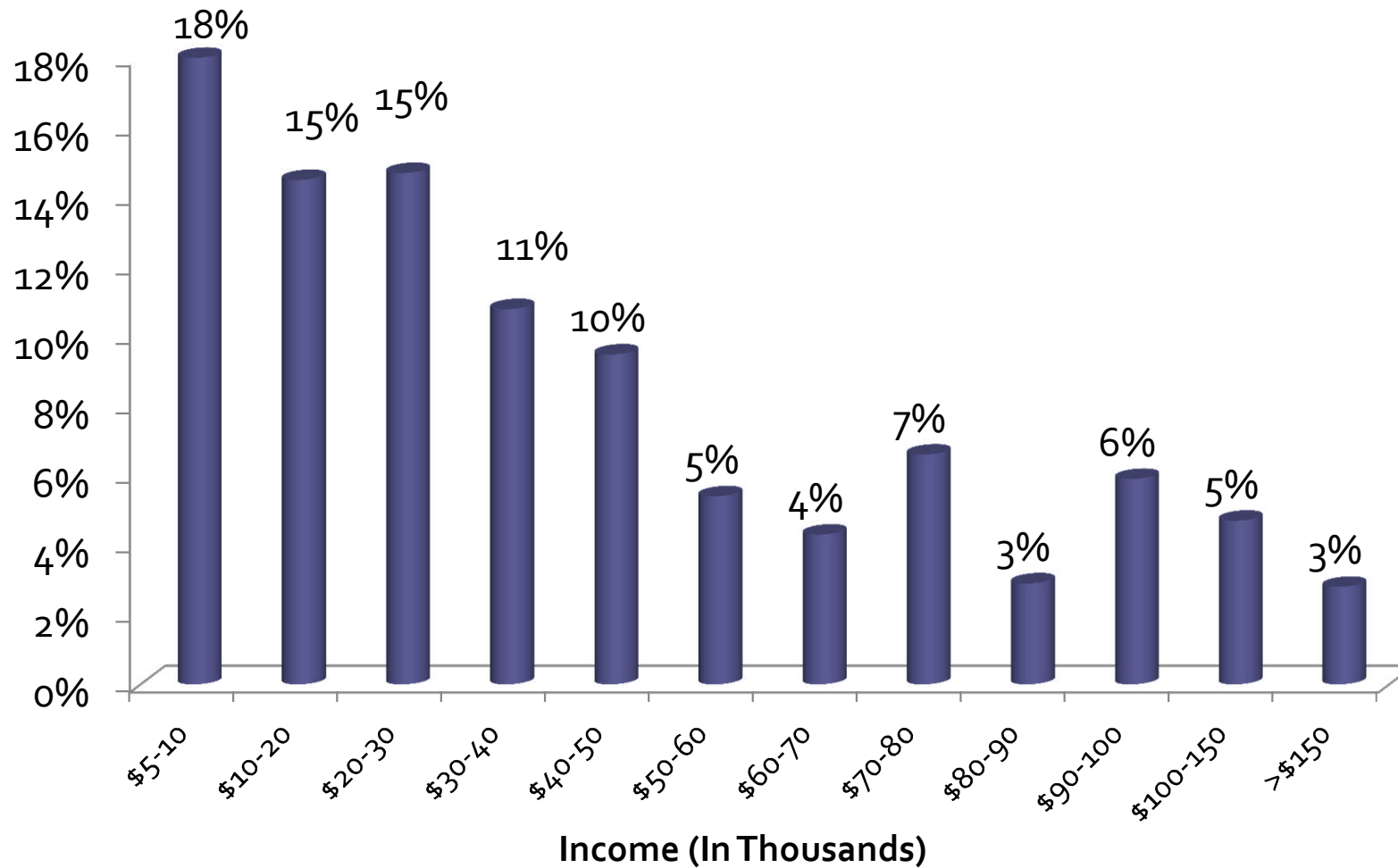
Median Years in Current Job: 2



How many years have you been in your current job?



Majority Earn Less than \$40k/Year

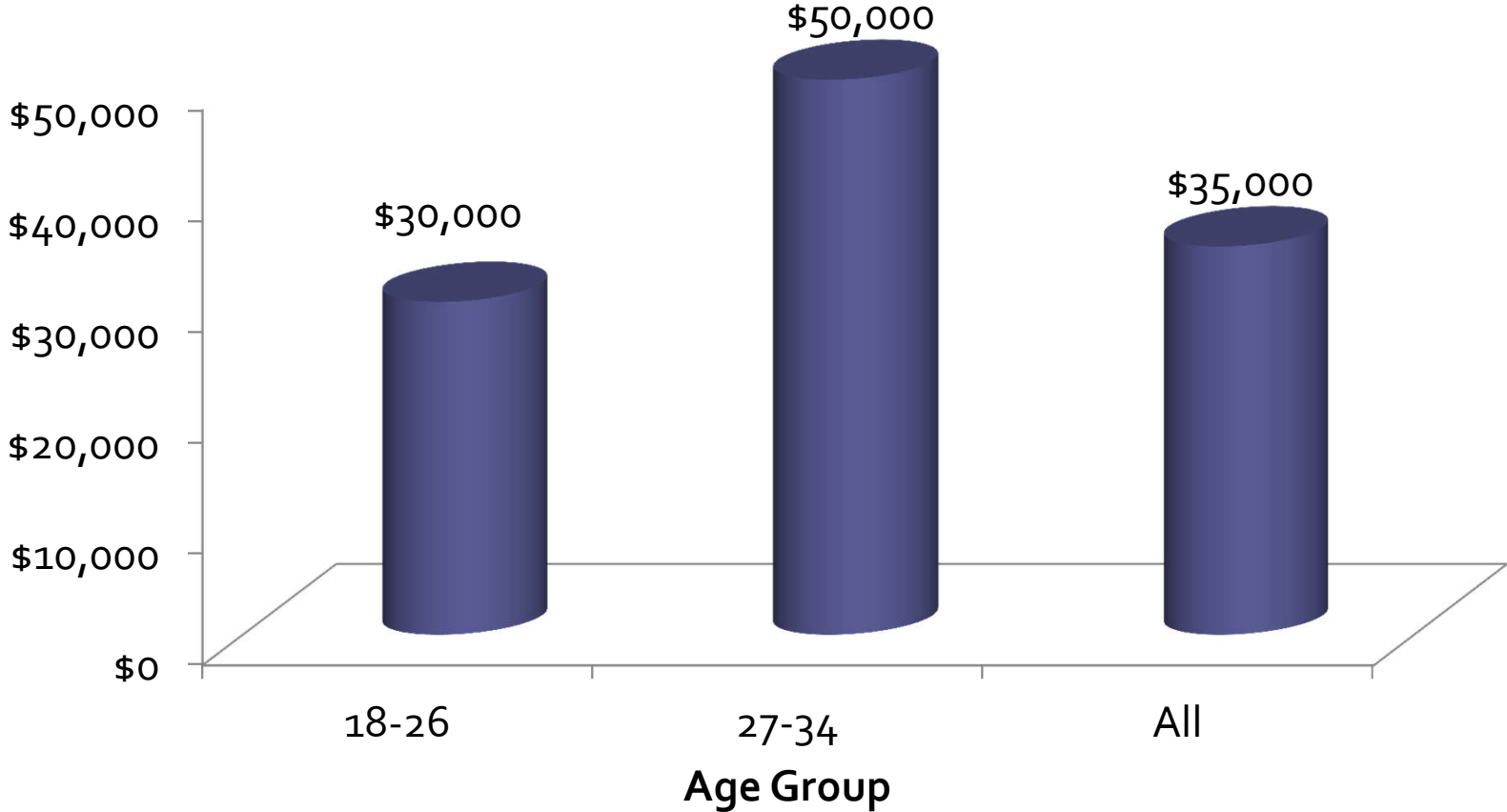


What is your annual household income?



Older Millennials Have Higher Earnings

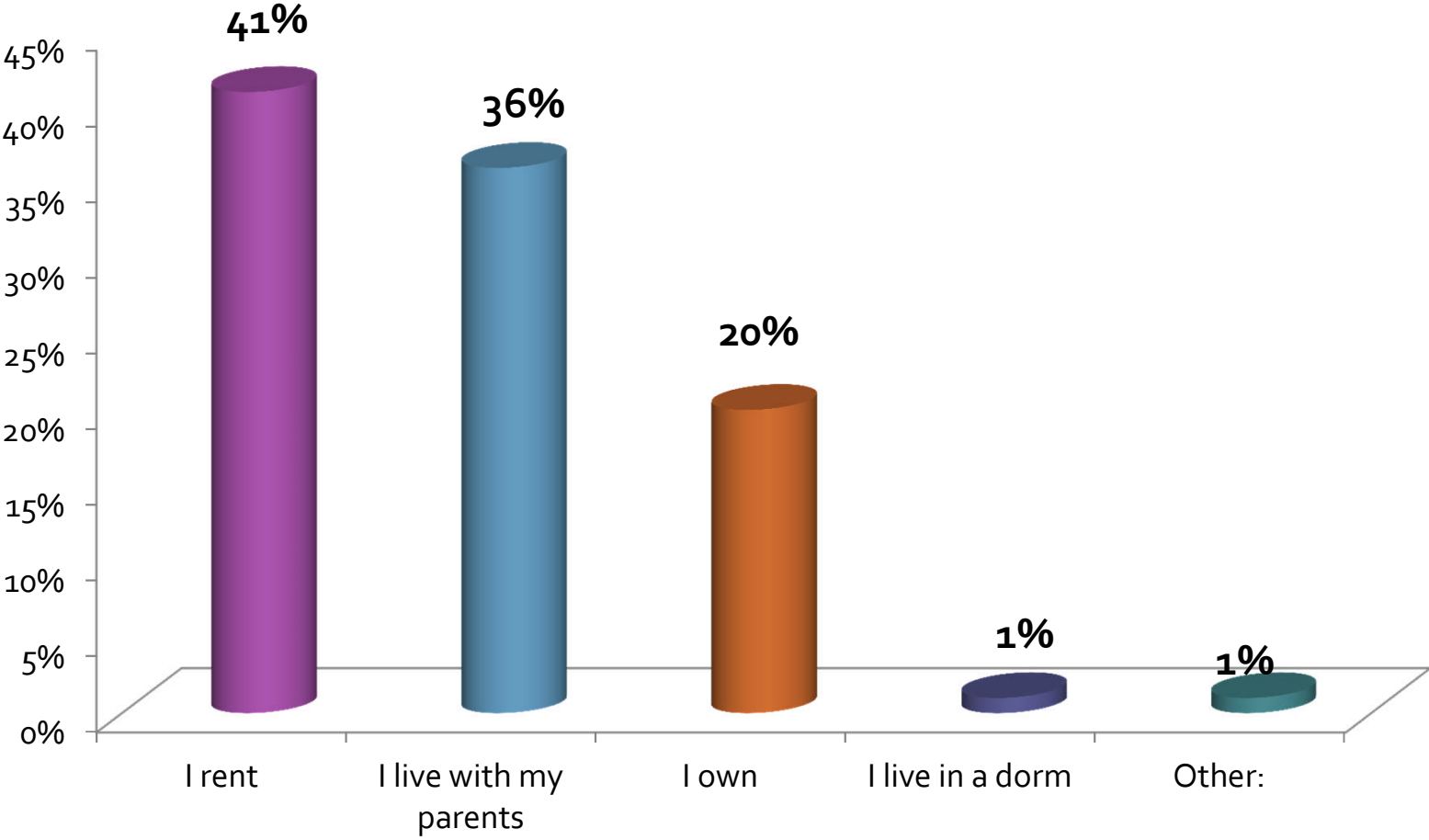
Median Annual Household Income



What is your annual household income?



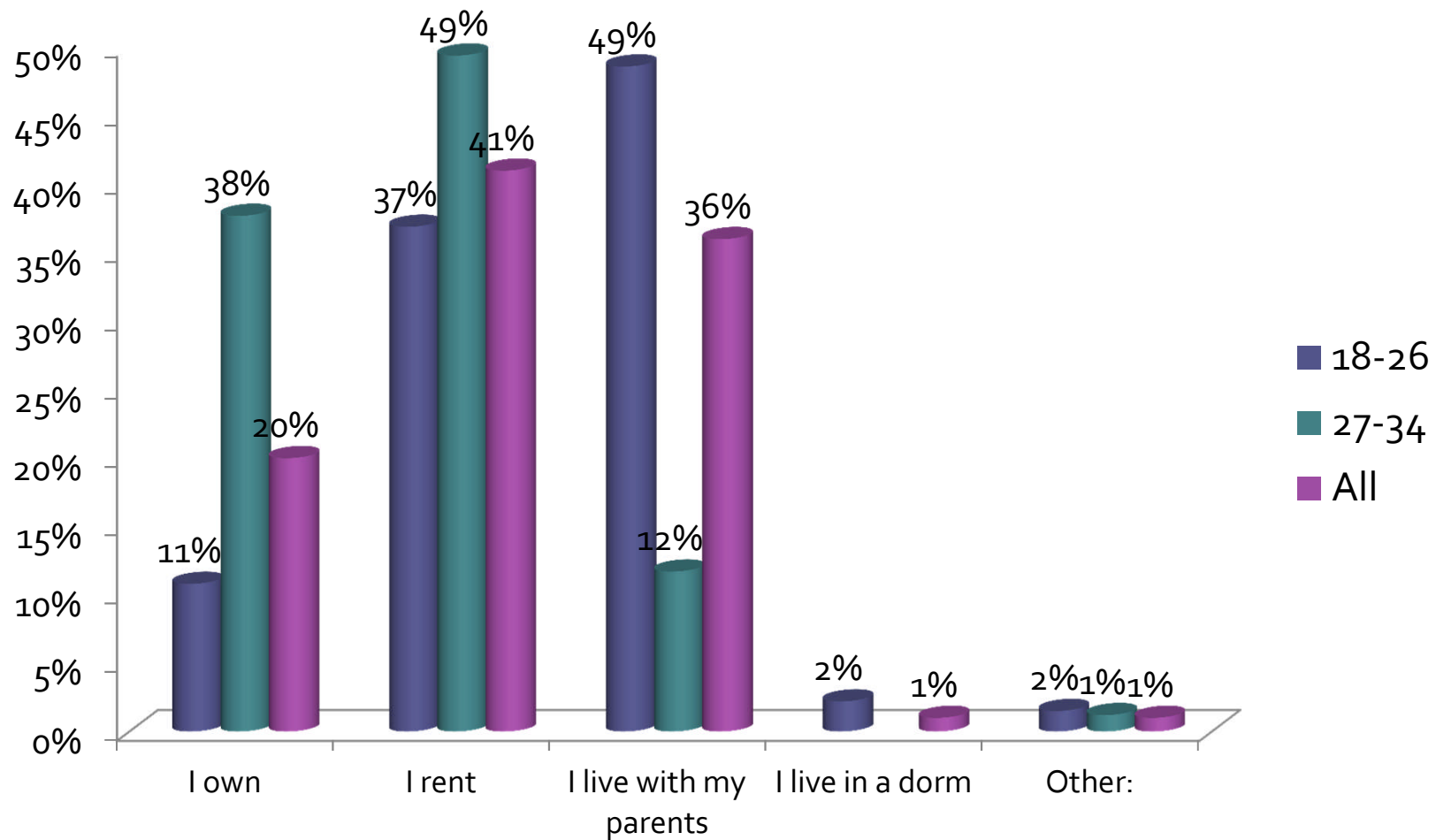
Nearly 2/5 Millennials Live w/Parents



What is your current living situation?



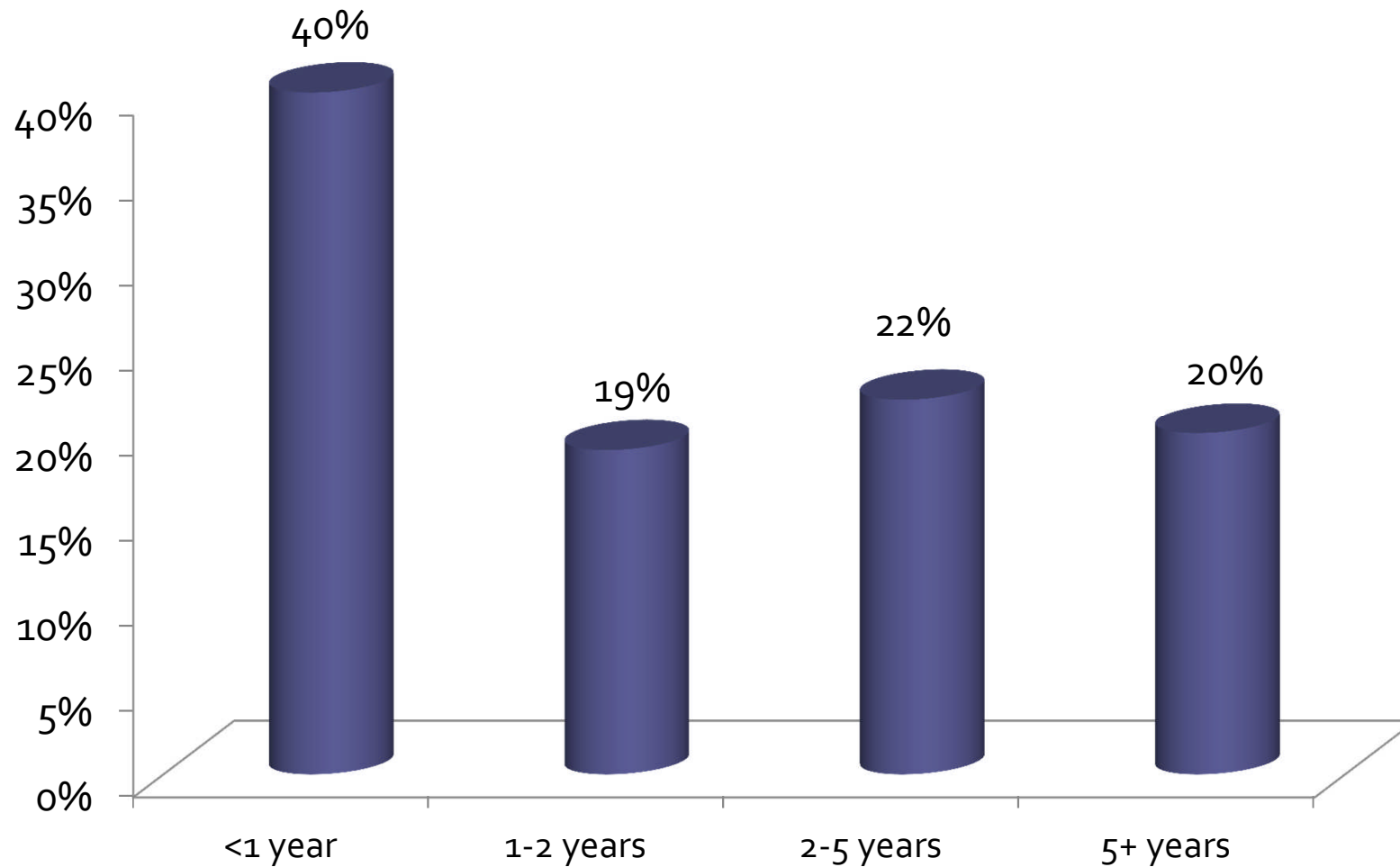
Nearly 1/2 of 18-26 Year Olds Live w/Parents



What is your current living situation?



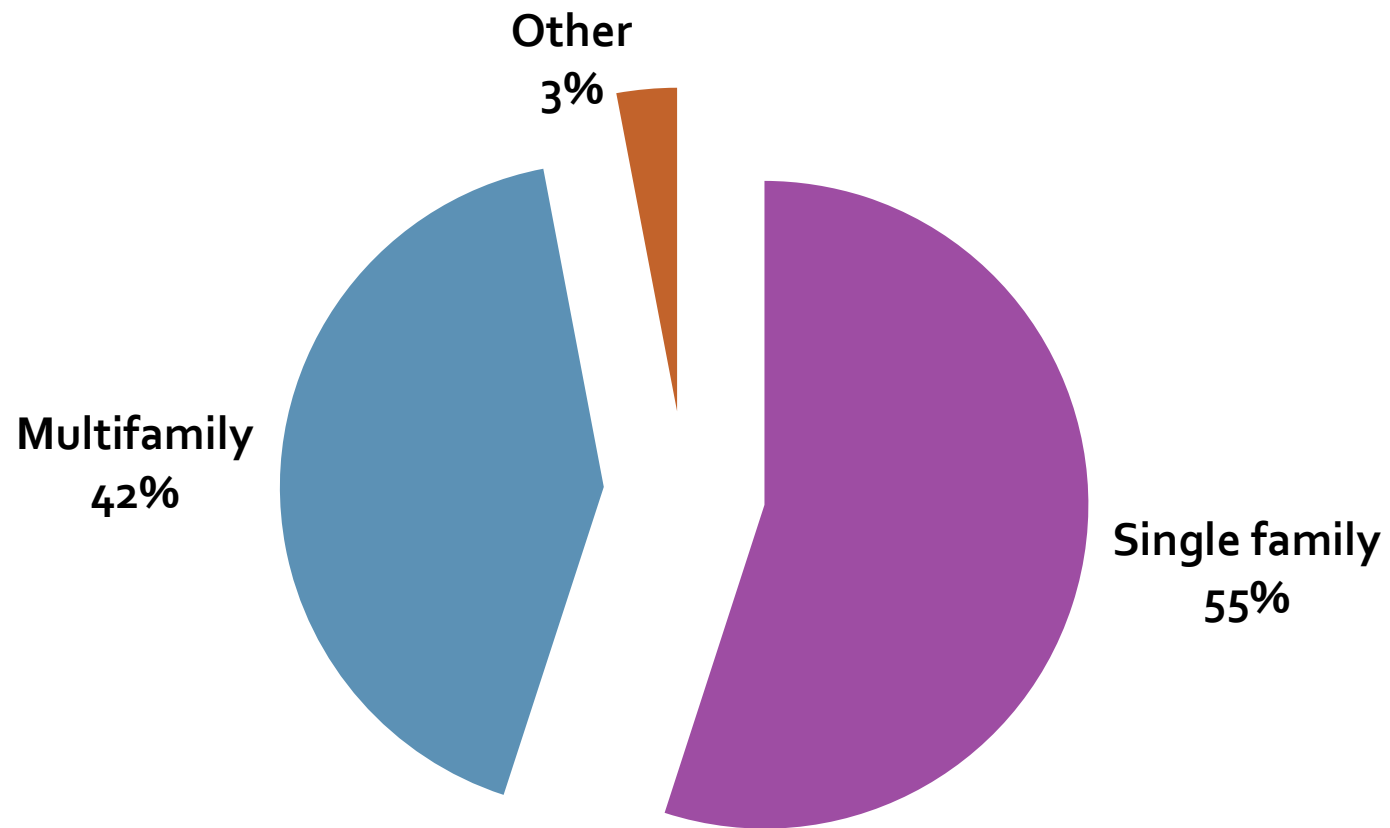
Majority Have Lived in Current Home <2 Years



How many months have you been living in your current residence?



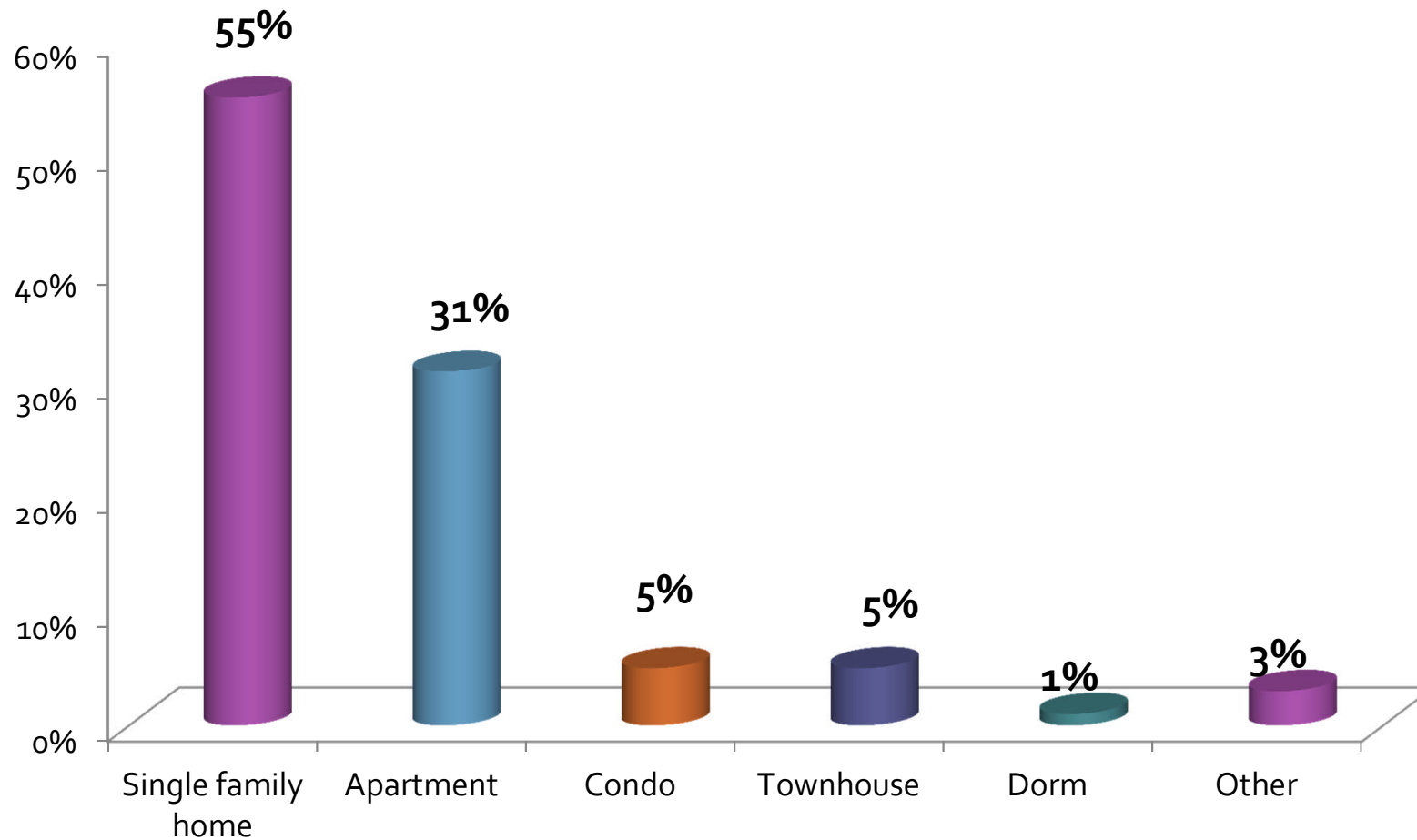
Slightly More than Half Live in Single Family Homes



In which type of home do you currently live?



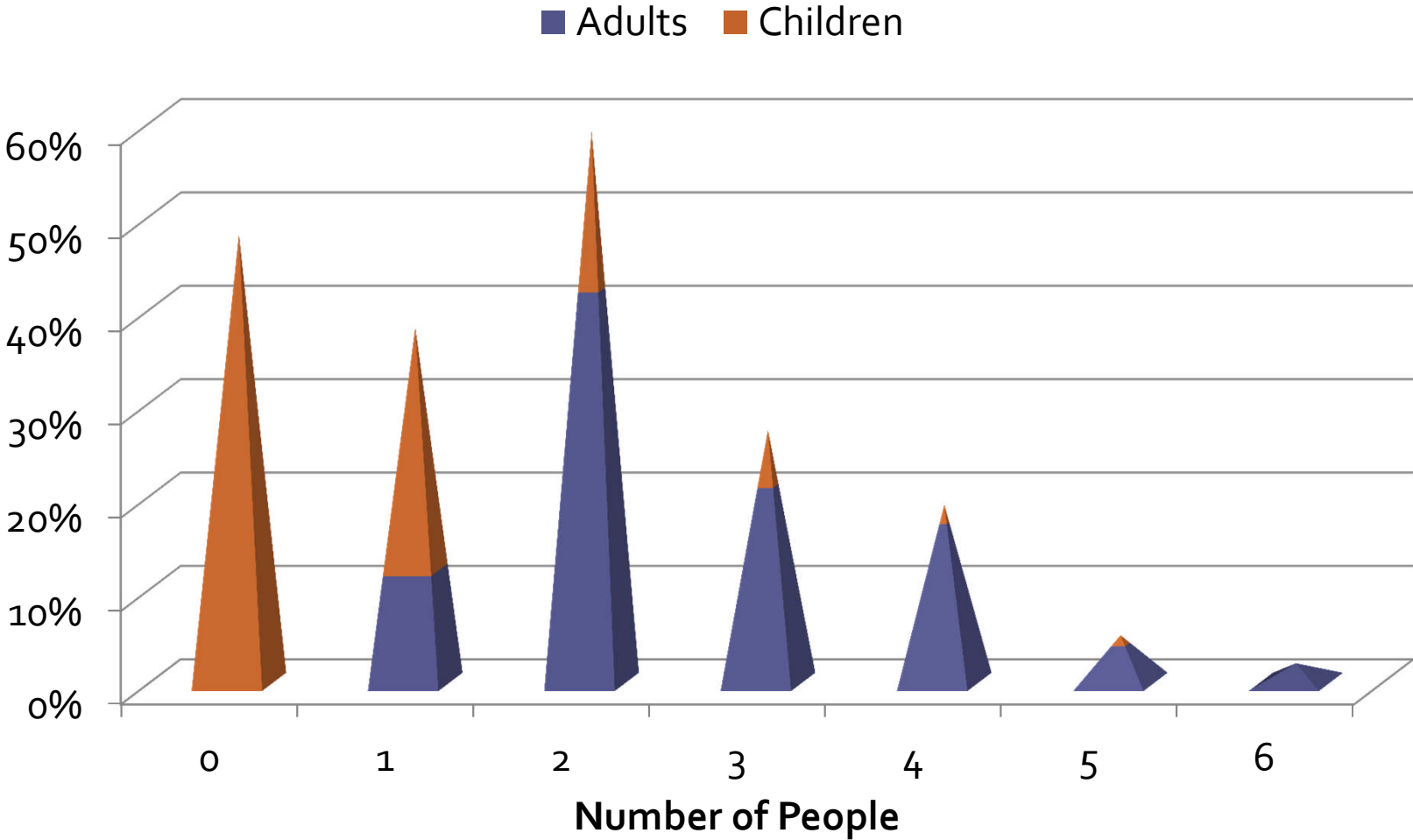
> 1/2 Live in Single Family Homes



In which type of home do you currently live?



Nearly Half Don't Have Children

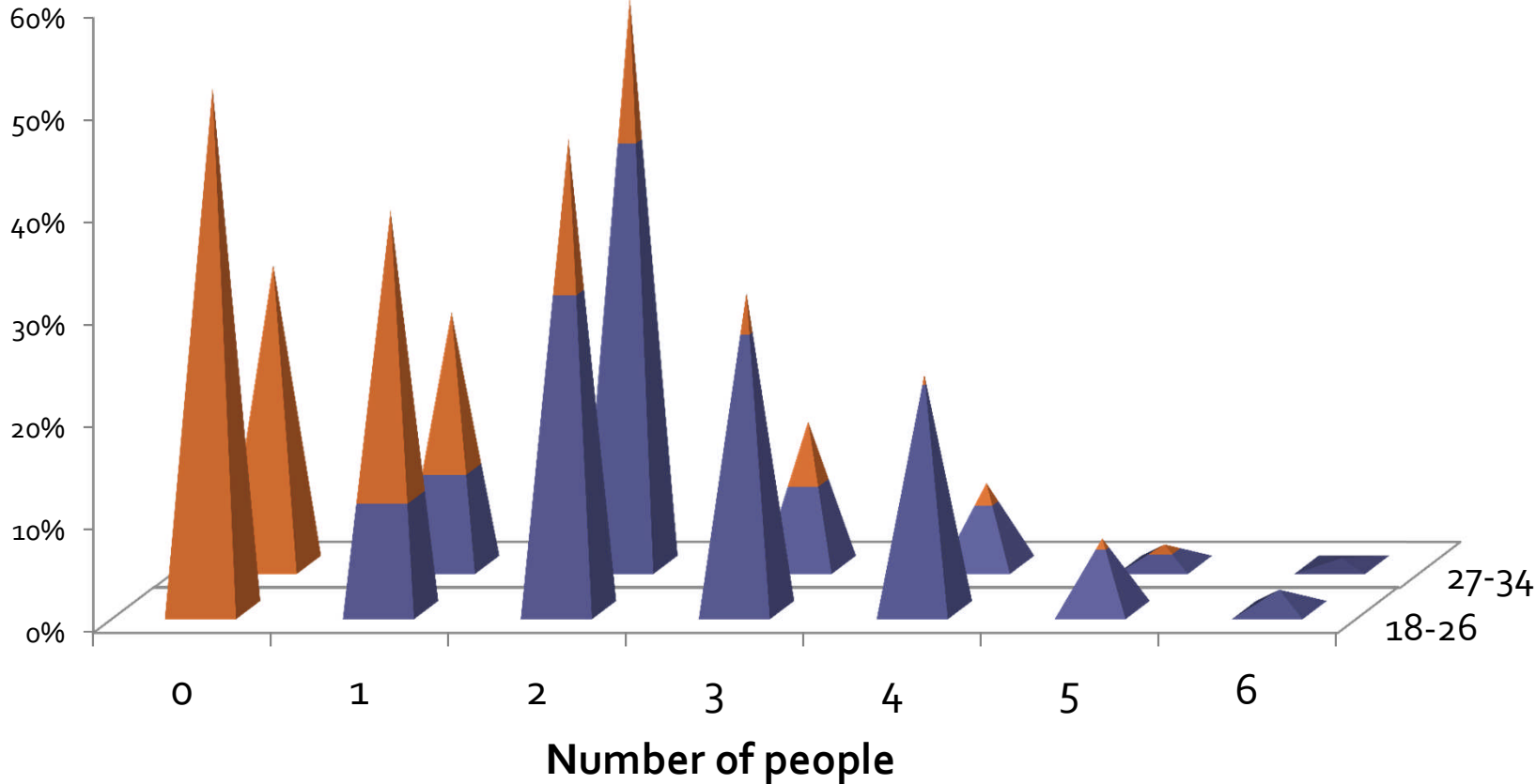


How many people live in the home?



Nearly Half Don't Have Children

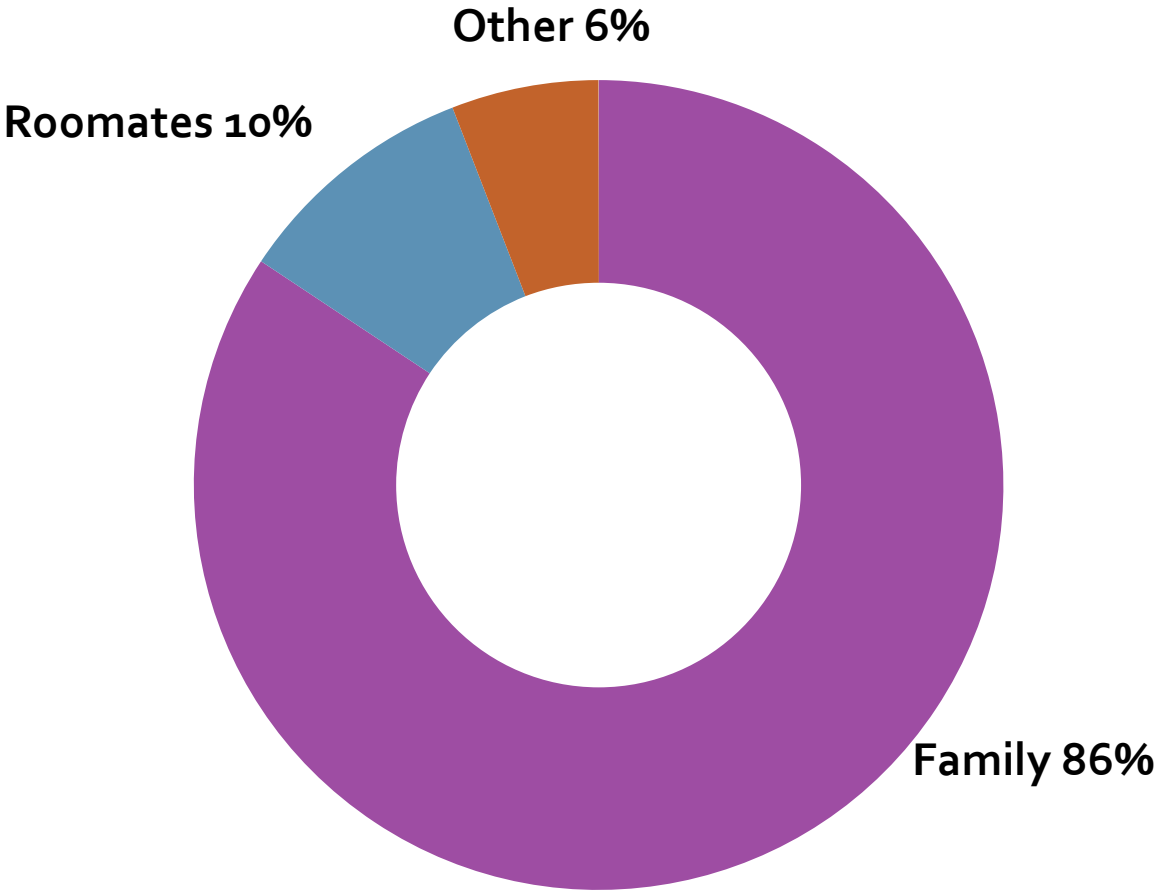
■ Adults ■ Children



How many people live in the home?



Most Households are Families

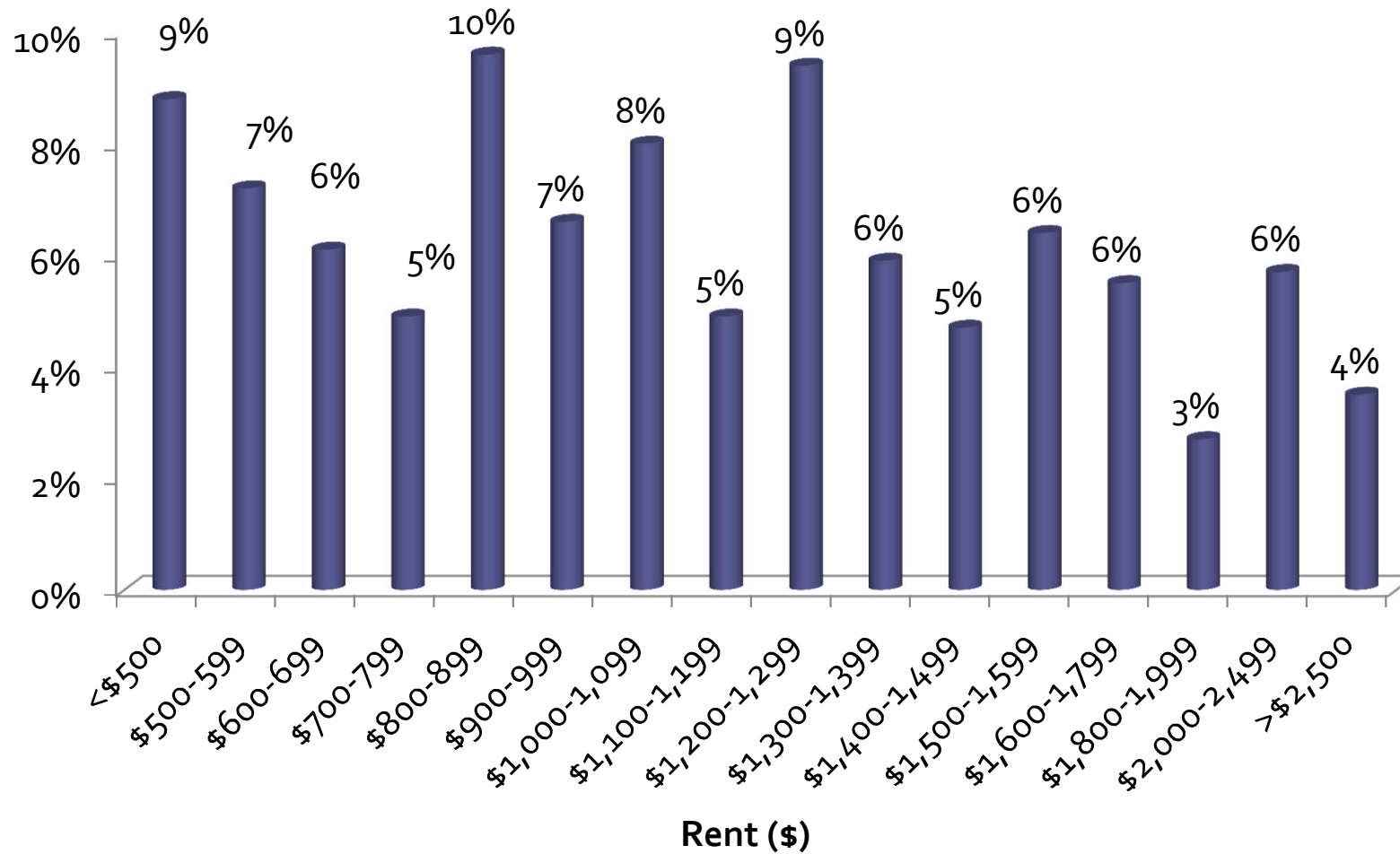


Please indicate the relationship between you and the other people living with you.



RENTERS

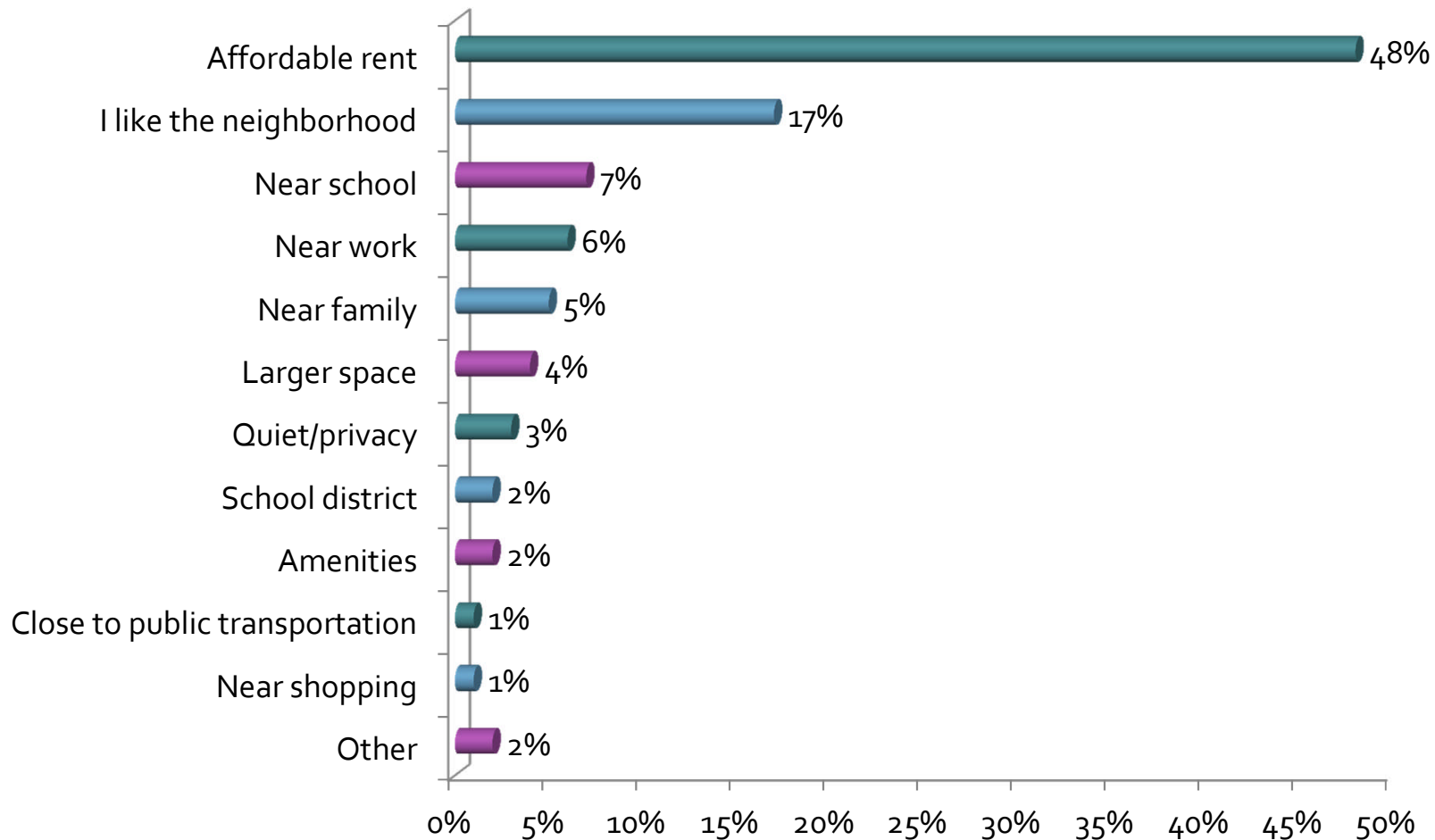
Median Monthly Rent: \$1,075



How much is your monthly rent?



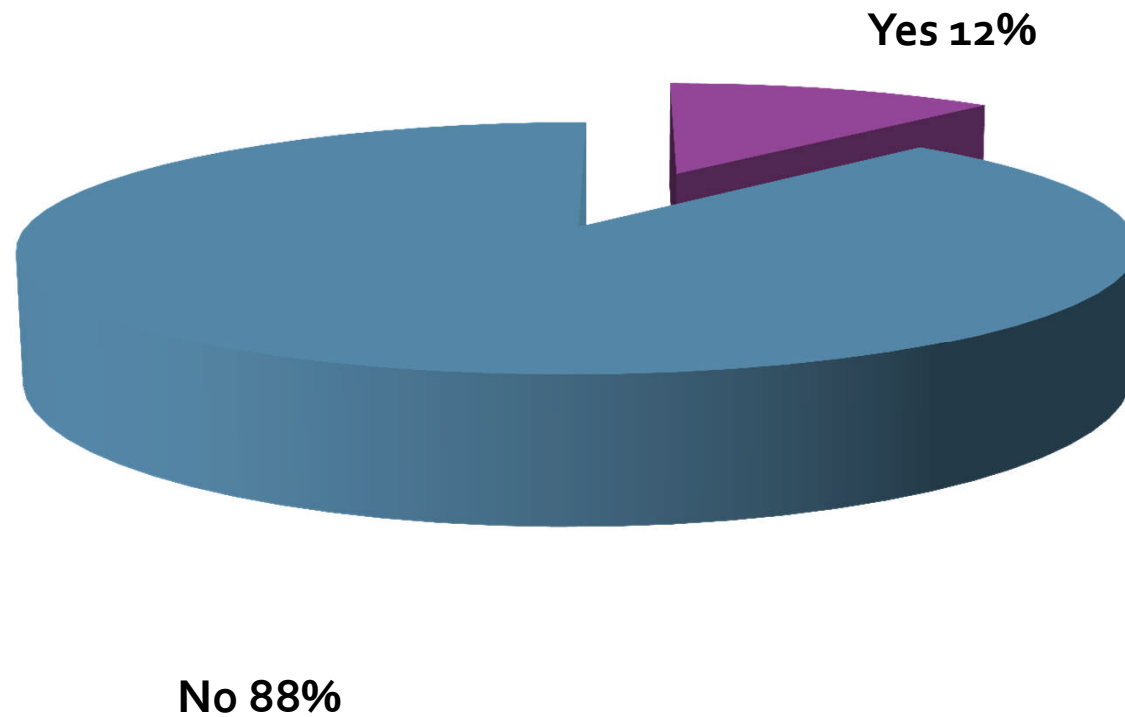
Affordable Rent is Top Reason for Choosing Current Residence



What was the most important reason for electing to live in your current residence?



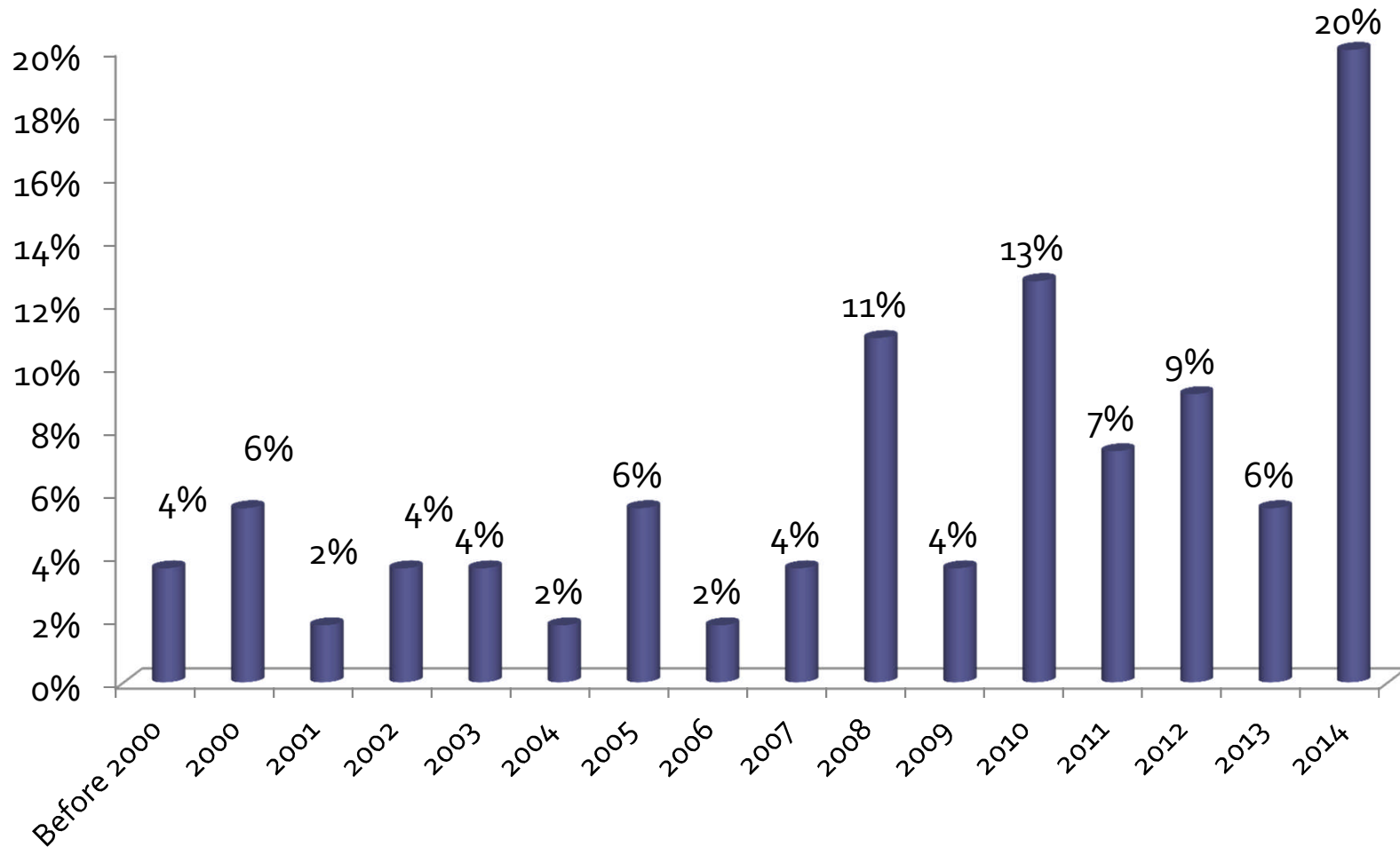
1/10 Renters Previously Owned a Home



Have you ever owned a primary residence?



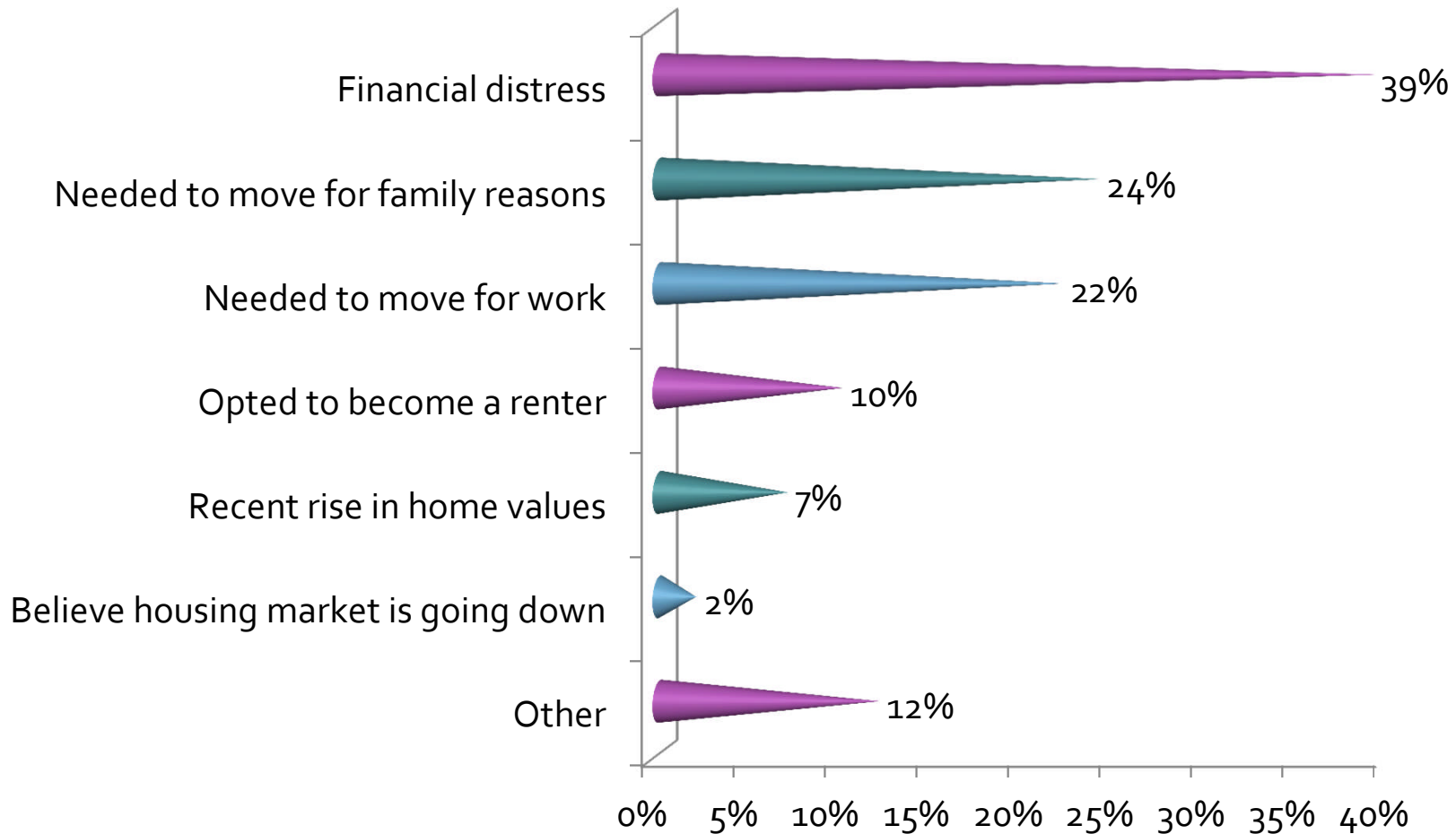
Majority Sold Home After 2009



What year did you sell your primary residence?



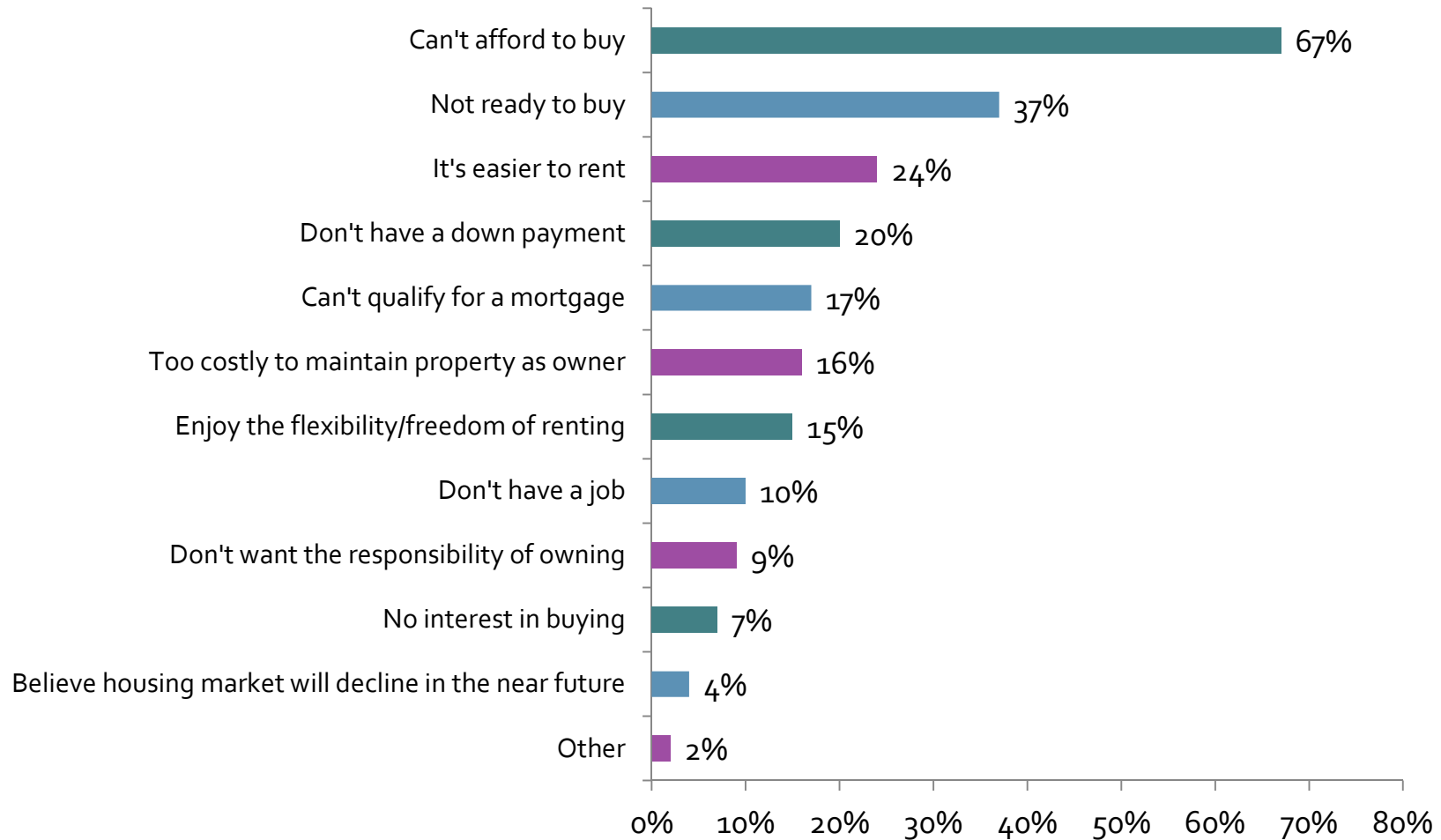
Many Sold Home Due to Financial Distress



Why did you sell your previous primary residence?



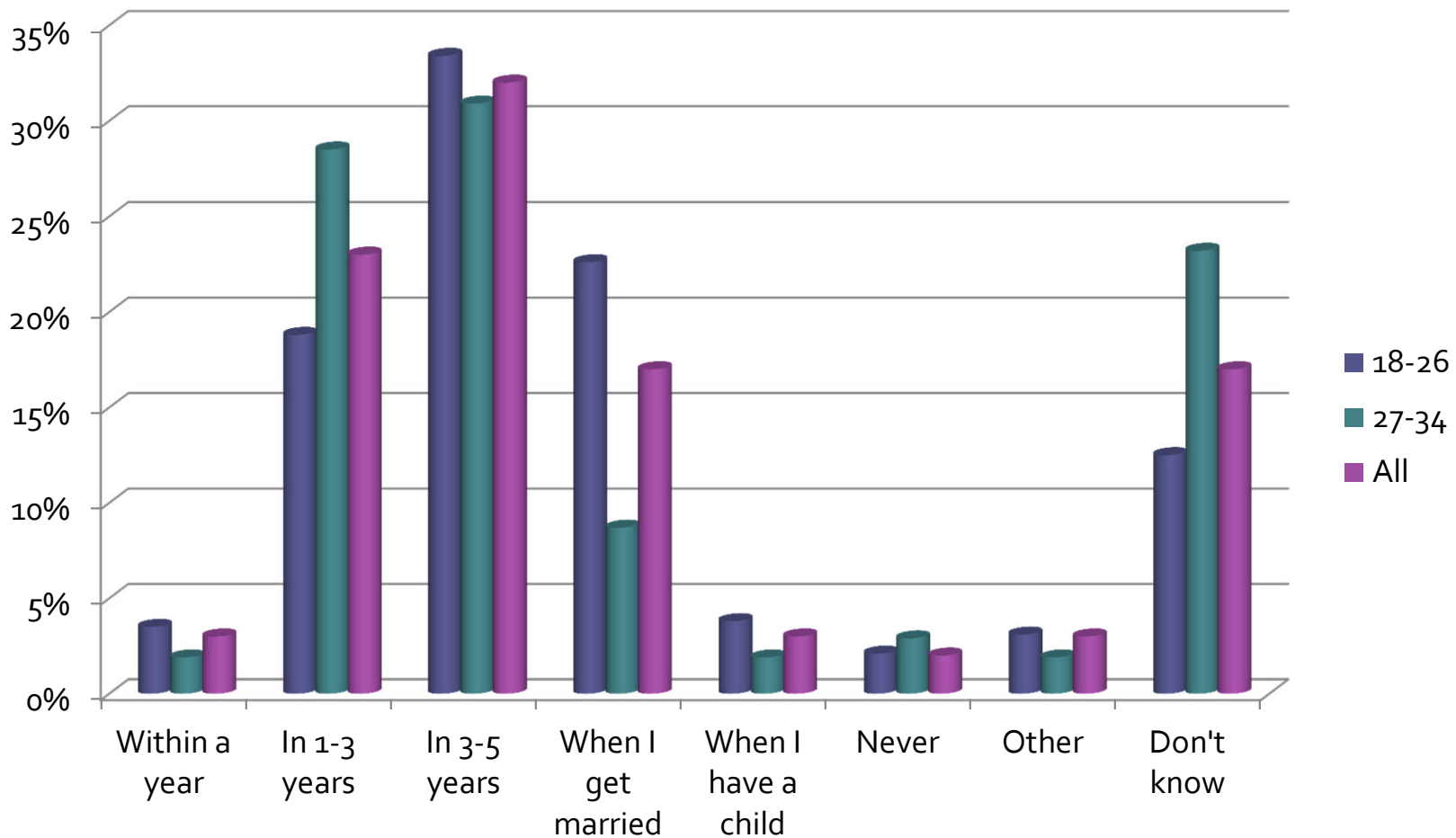
Majority Rent Because they Can't Afford to Buy



Why do you rent instead of buying?



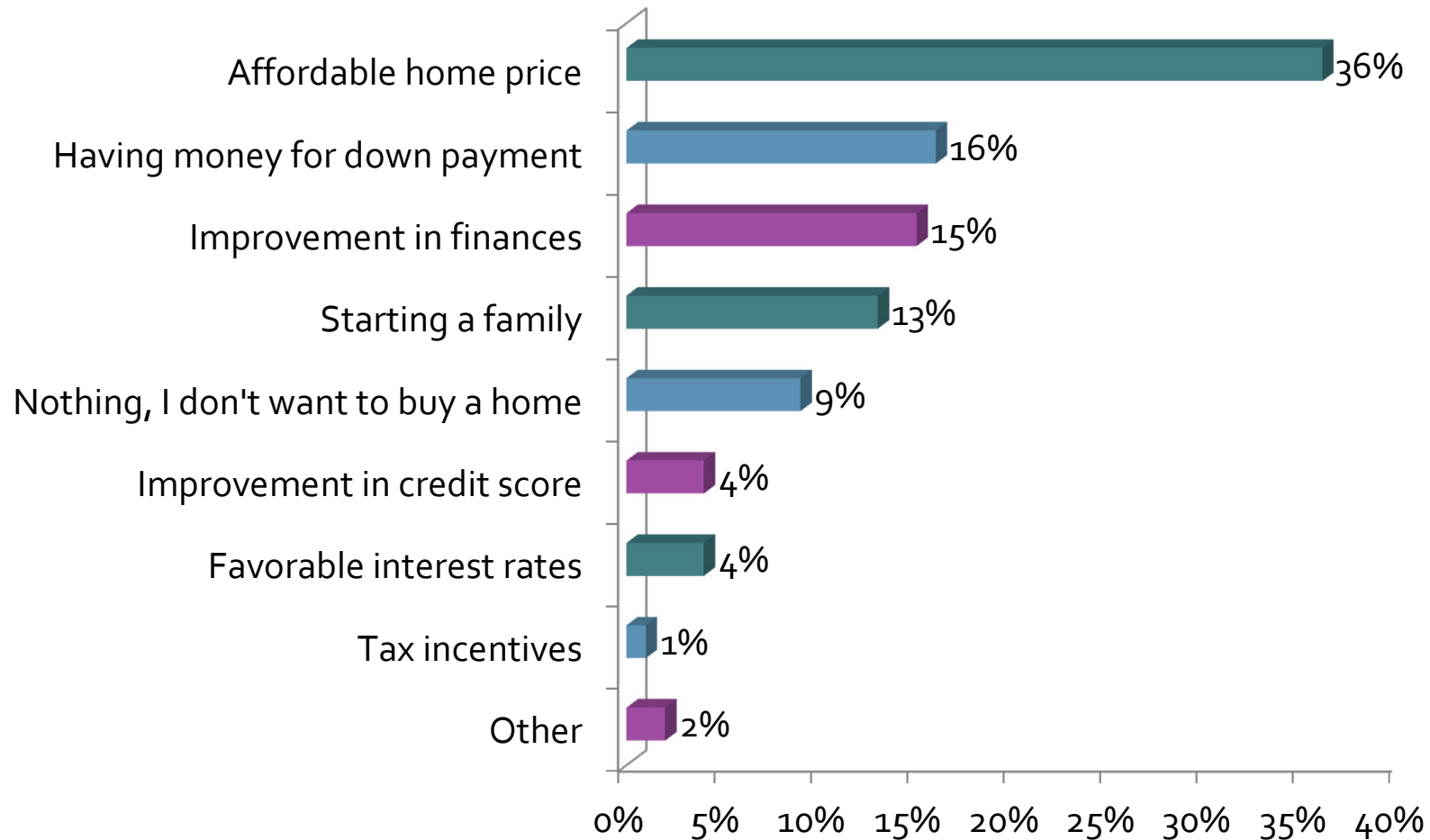
Most Expect to Buy a Home Within 5 Years



When do you expect to buy a home?



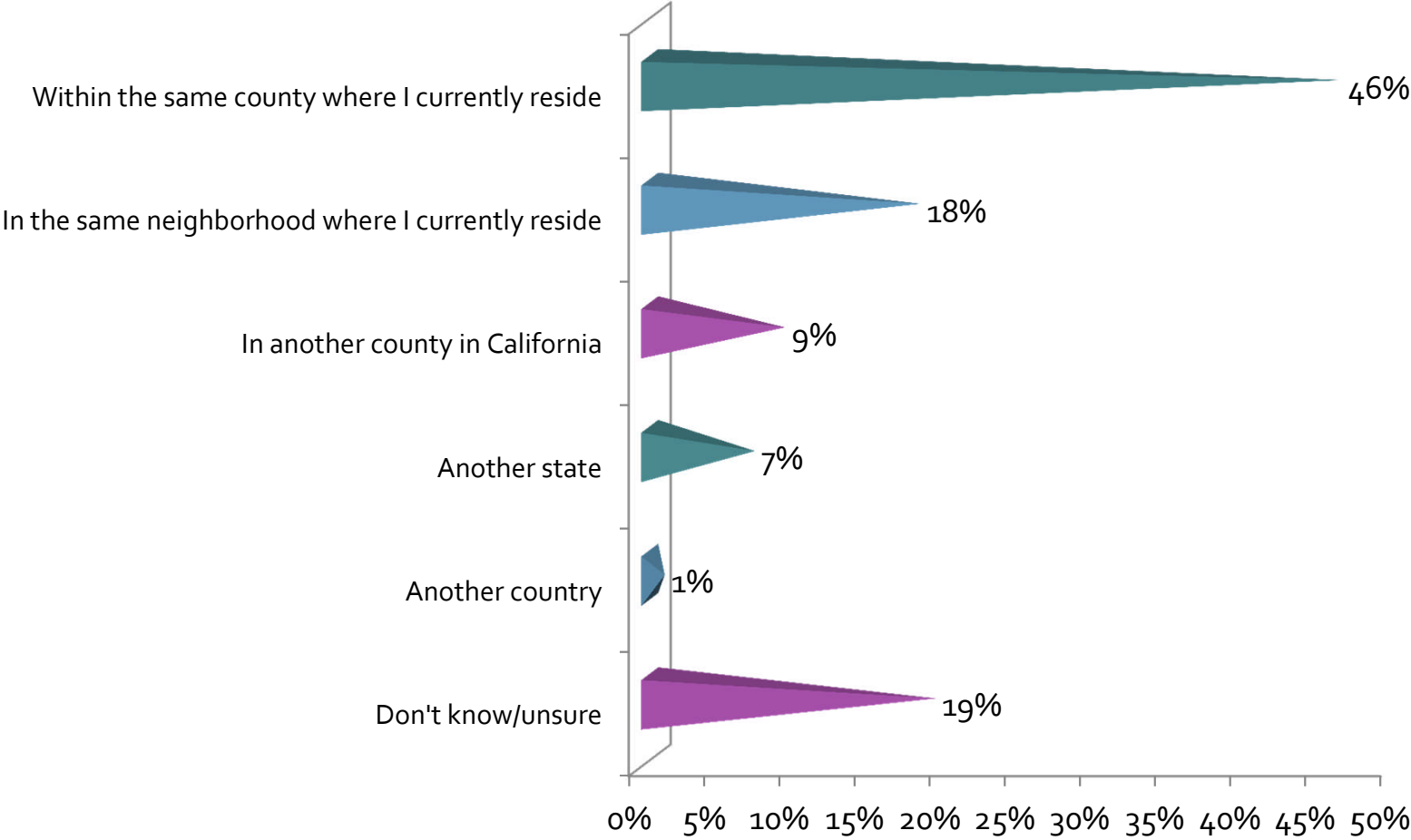
Affordable Home Price is #1 Motivator to Buy Now



What would most motivate you to buy a home now?



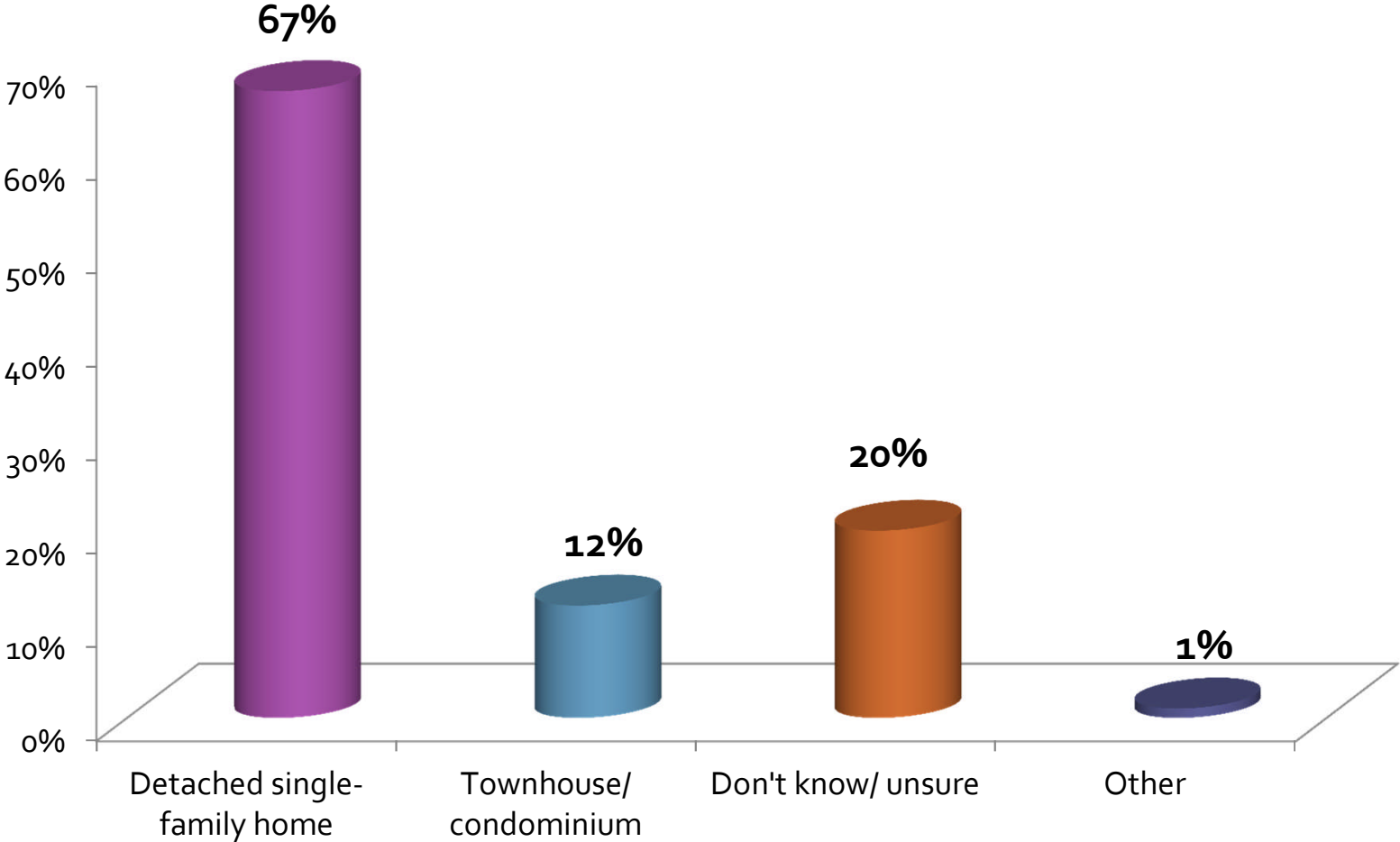
Most Plan to Buy Locally



Where do you plan to buy your next primary residence?



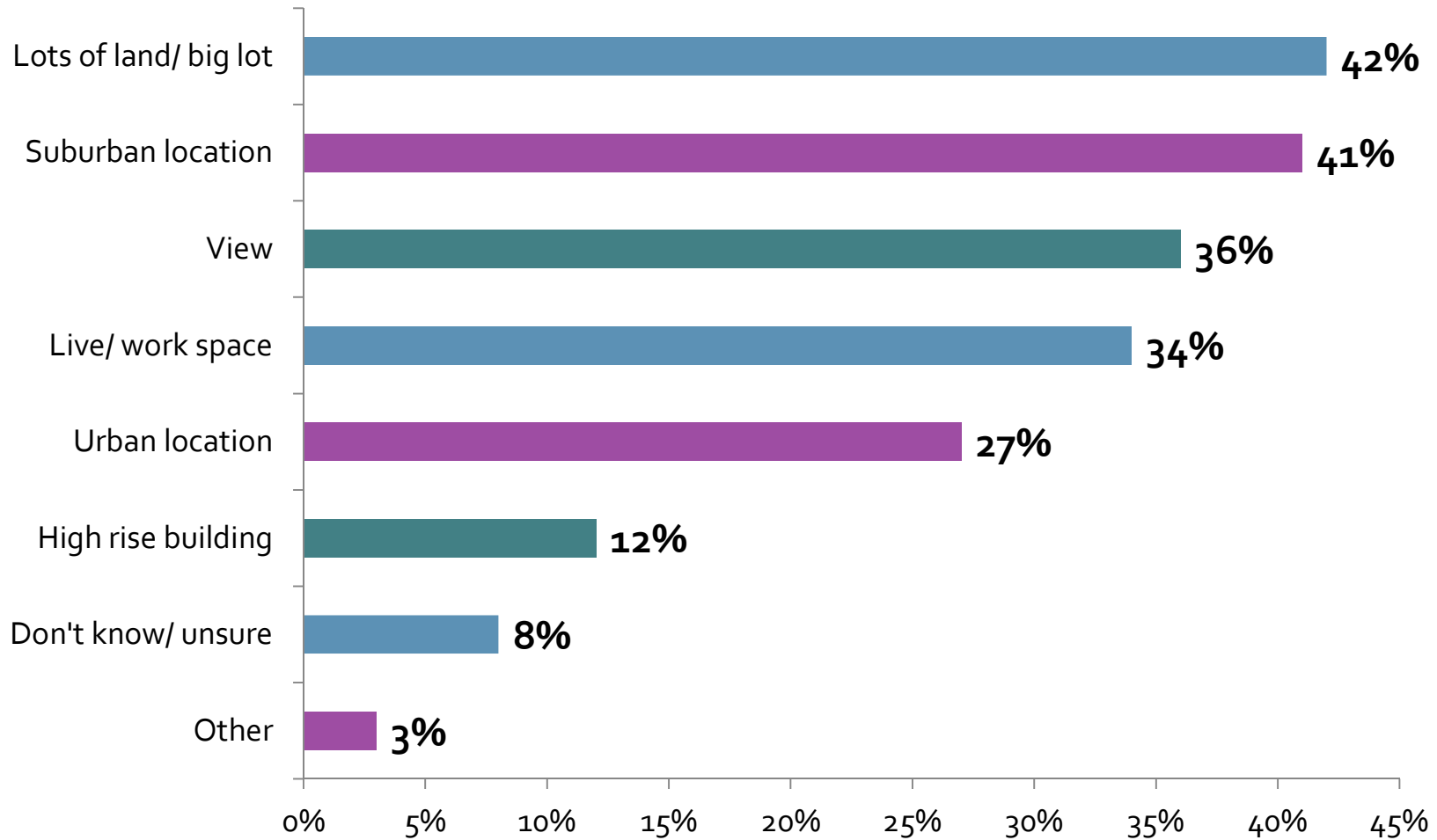
Millennials Prefer Single Family Homes



What type of residence do you plan to purchase?



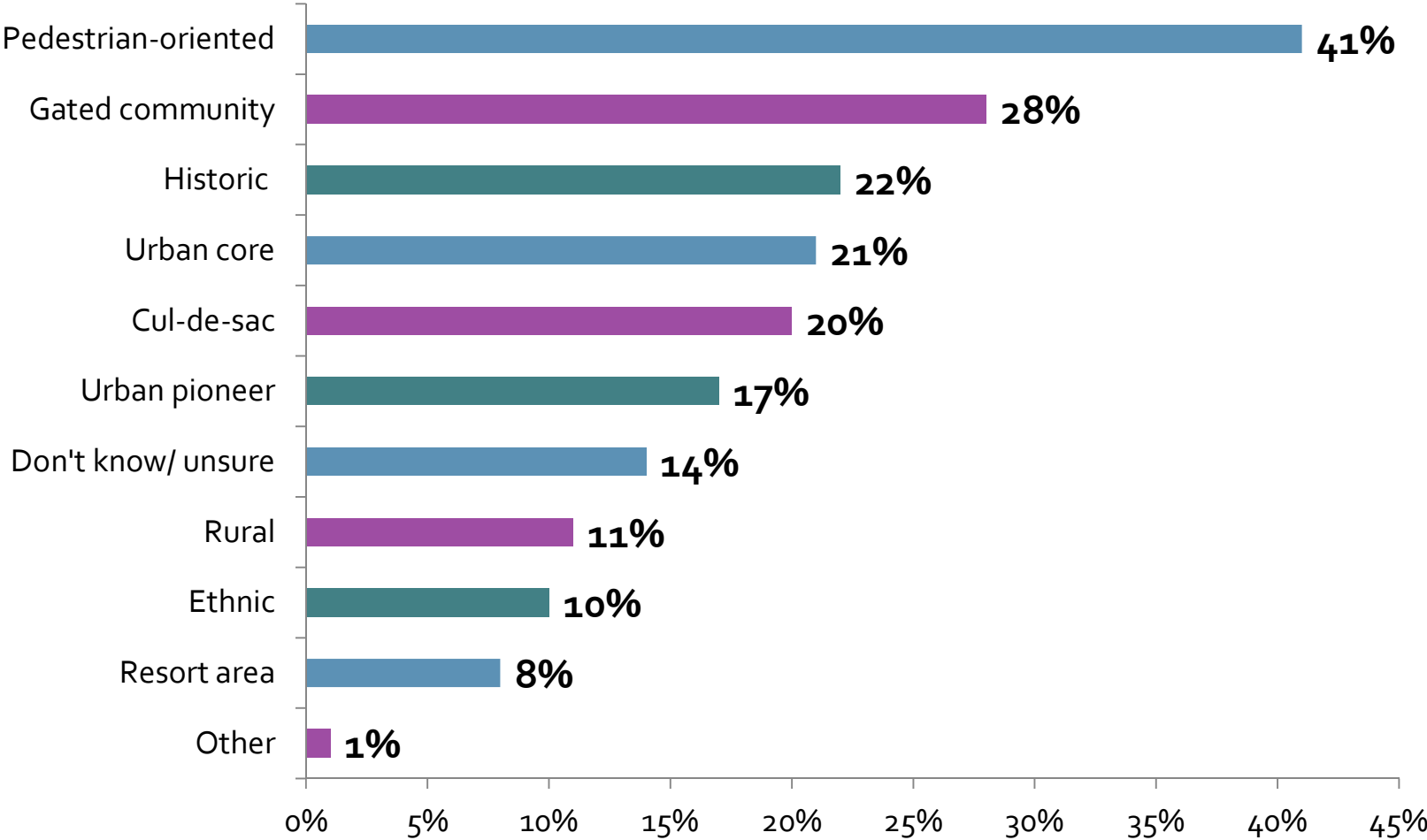
Big Lots in the Suburbs are Highly Desirable



Which of the following features would you like to have in your ideal home?



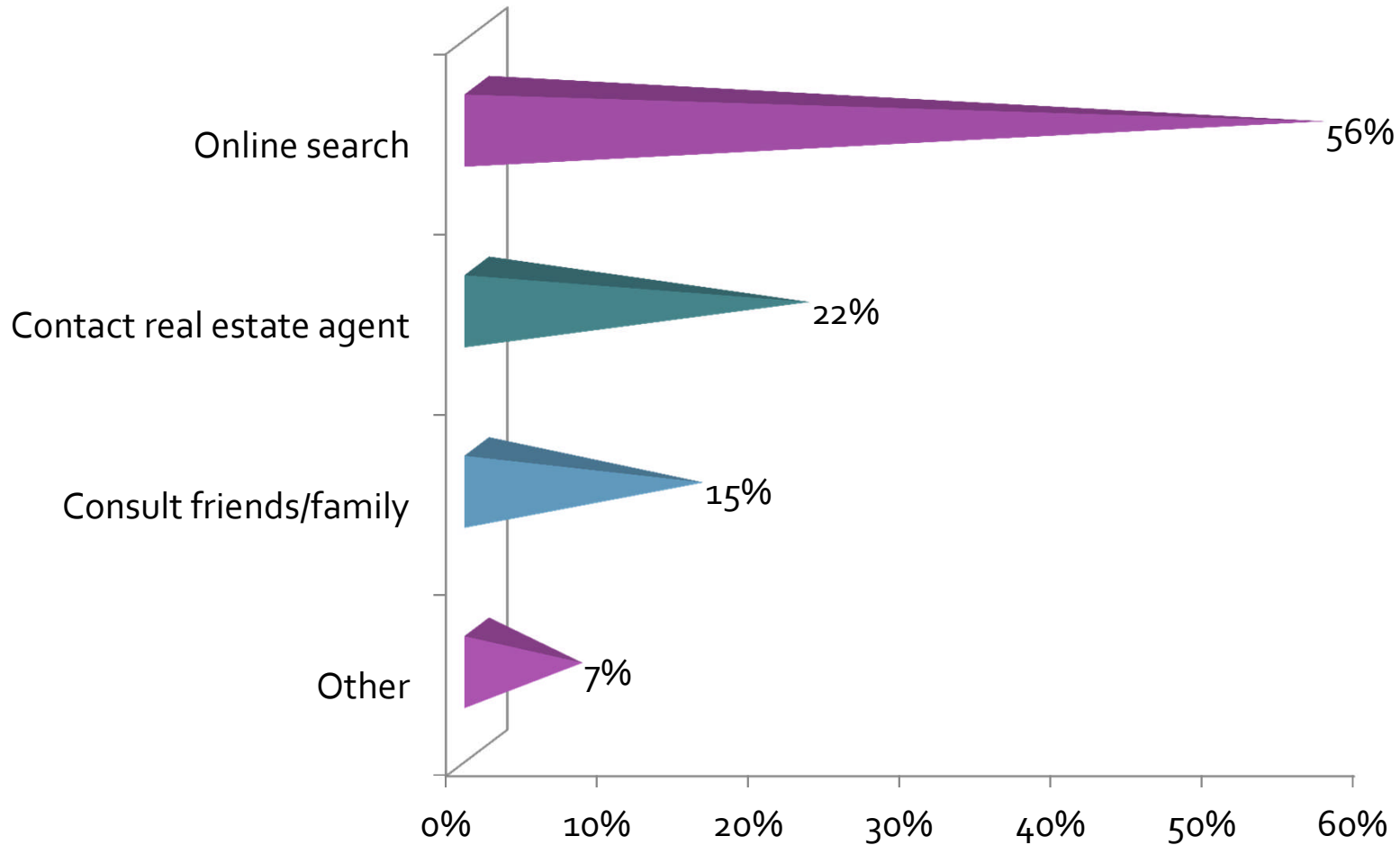
Ideal Neighborhood Features



Which of the following features would you like to have in your ideal neighborhood?



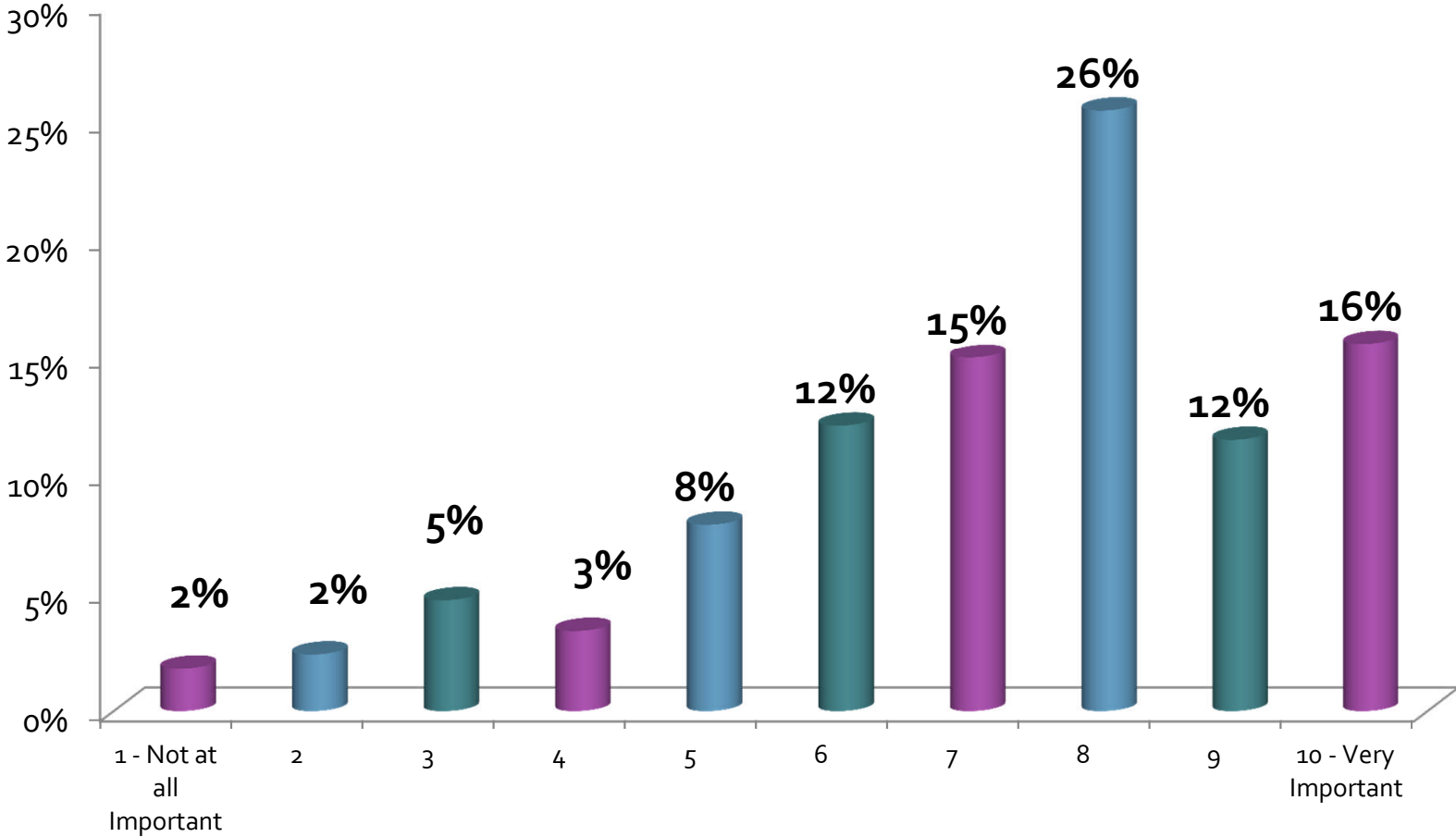
Majority Would Begin Home Search Online



How would you begin your search for a home to purchase?



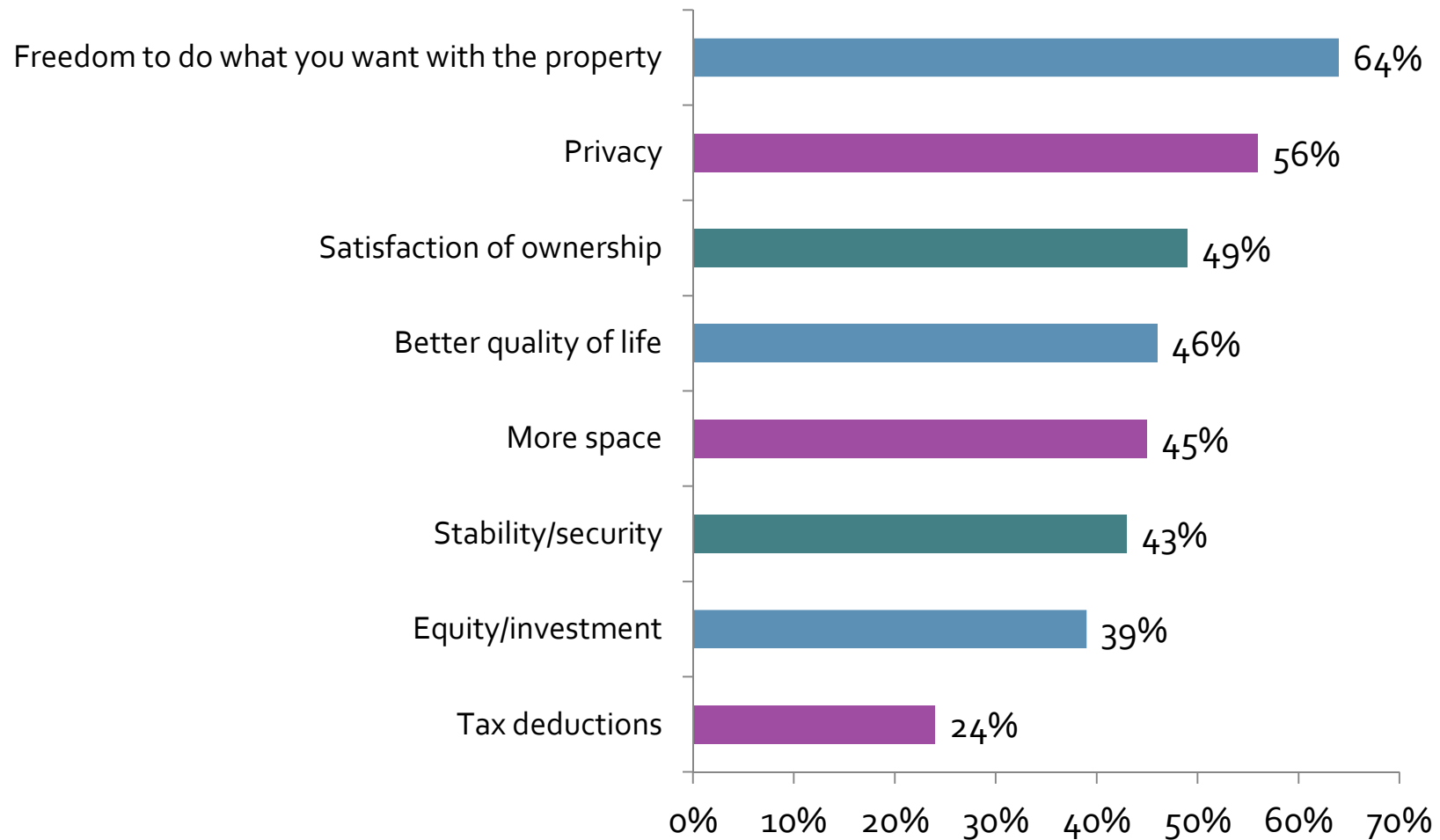
8/10 Feel Home Ownership is Important



How important is home ownership to you on a scale of one to 10, with one being not at all important and 10 being extremely important?



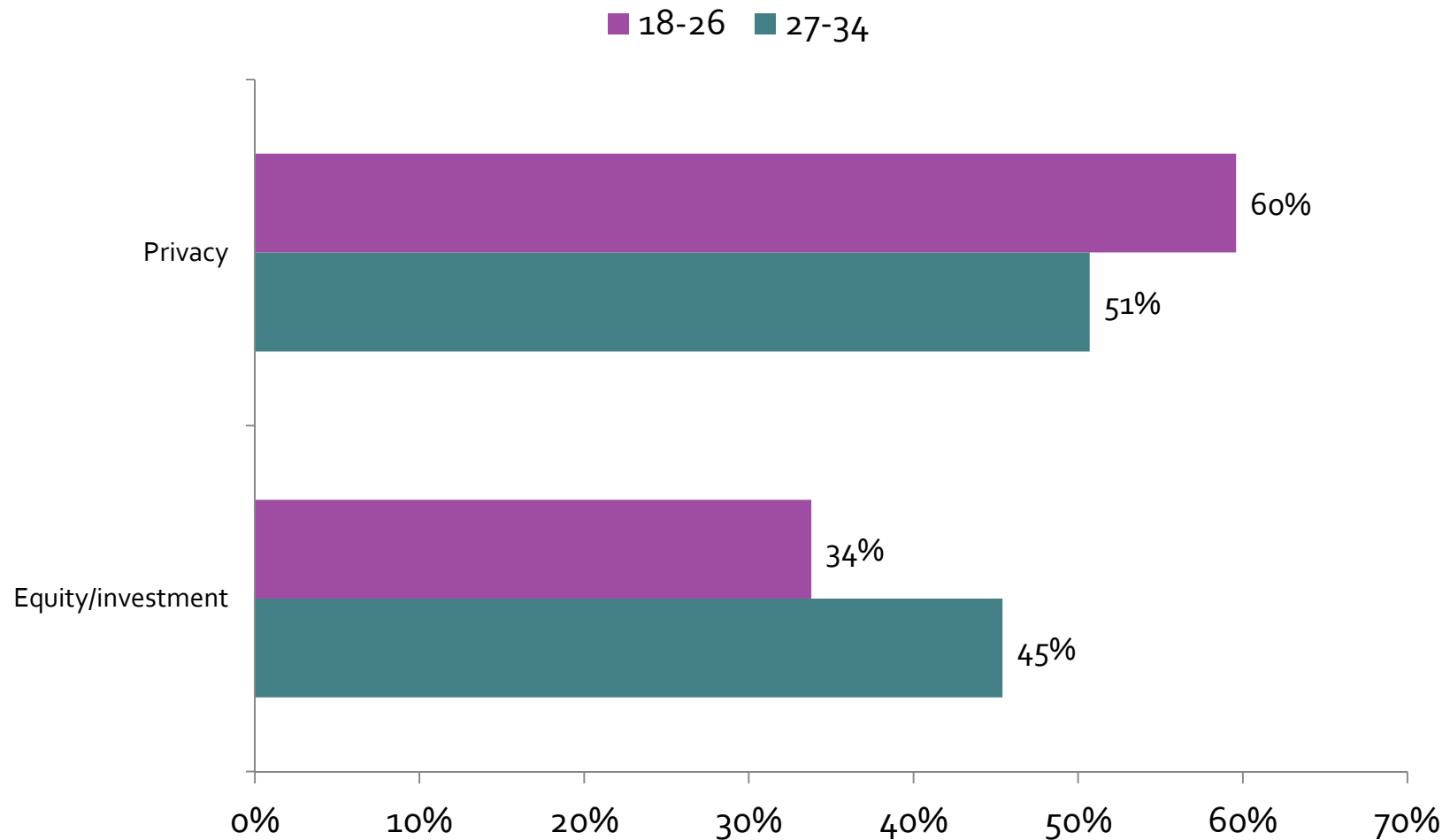
Advantages of Home Ownership



In your opinion, what are the advantages of home ownership?



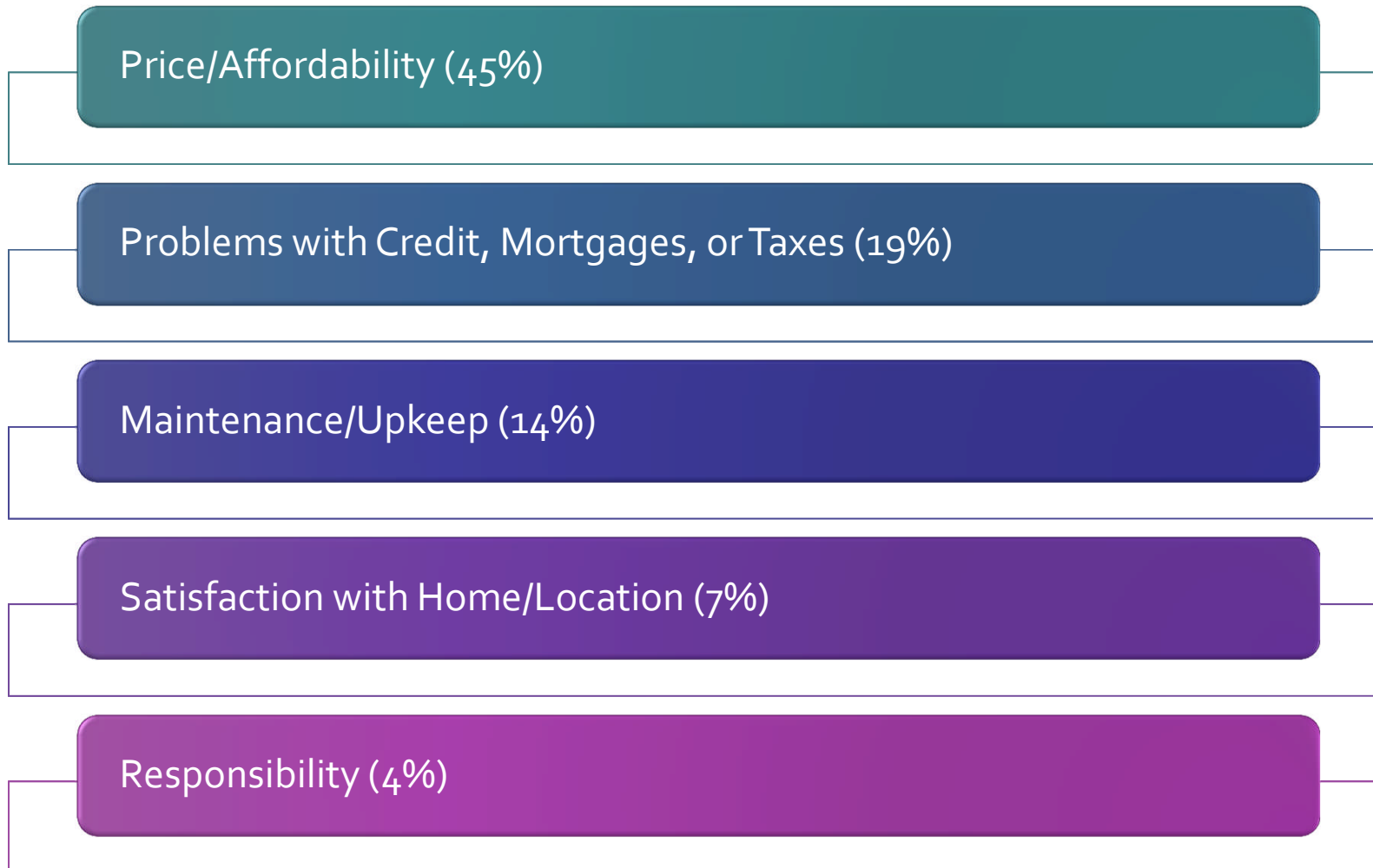
Advantages of Home Ownership



In your opinion, what are the advantages of home ownership?



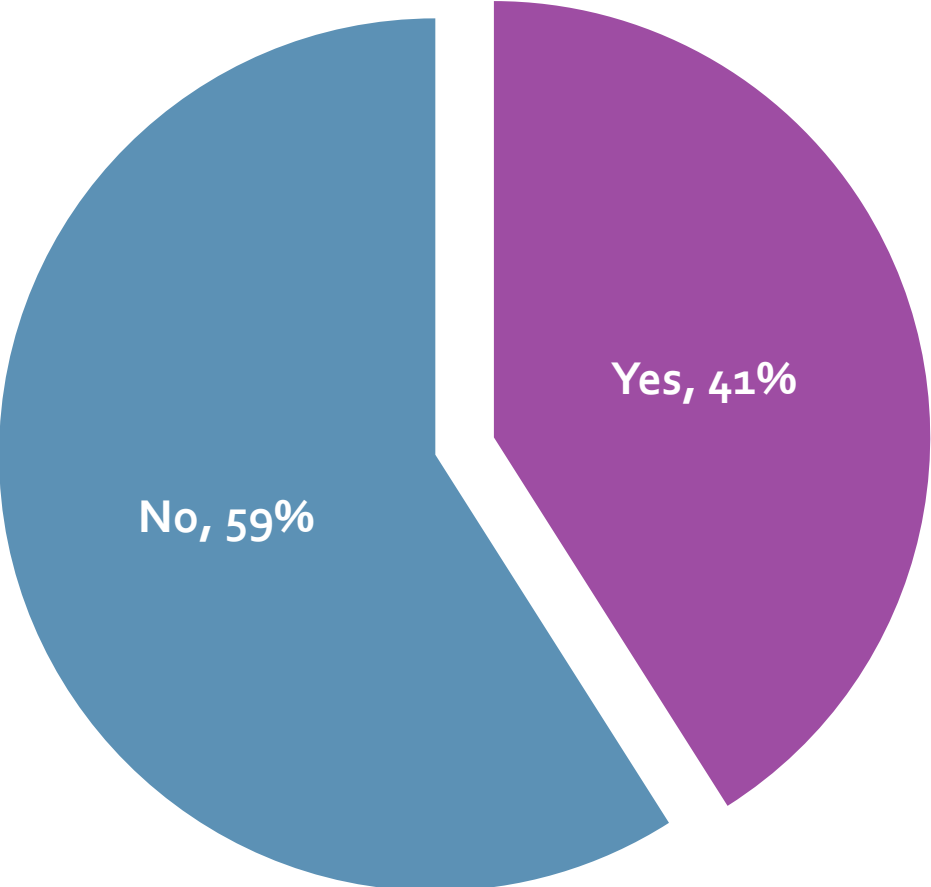
Millennials' Biggest Concerns



What are your biggest concerns about home ownership?



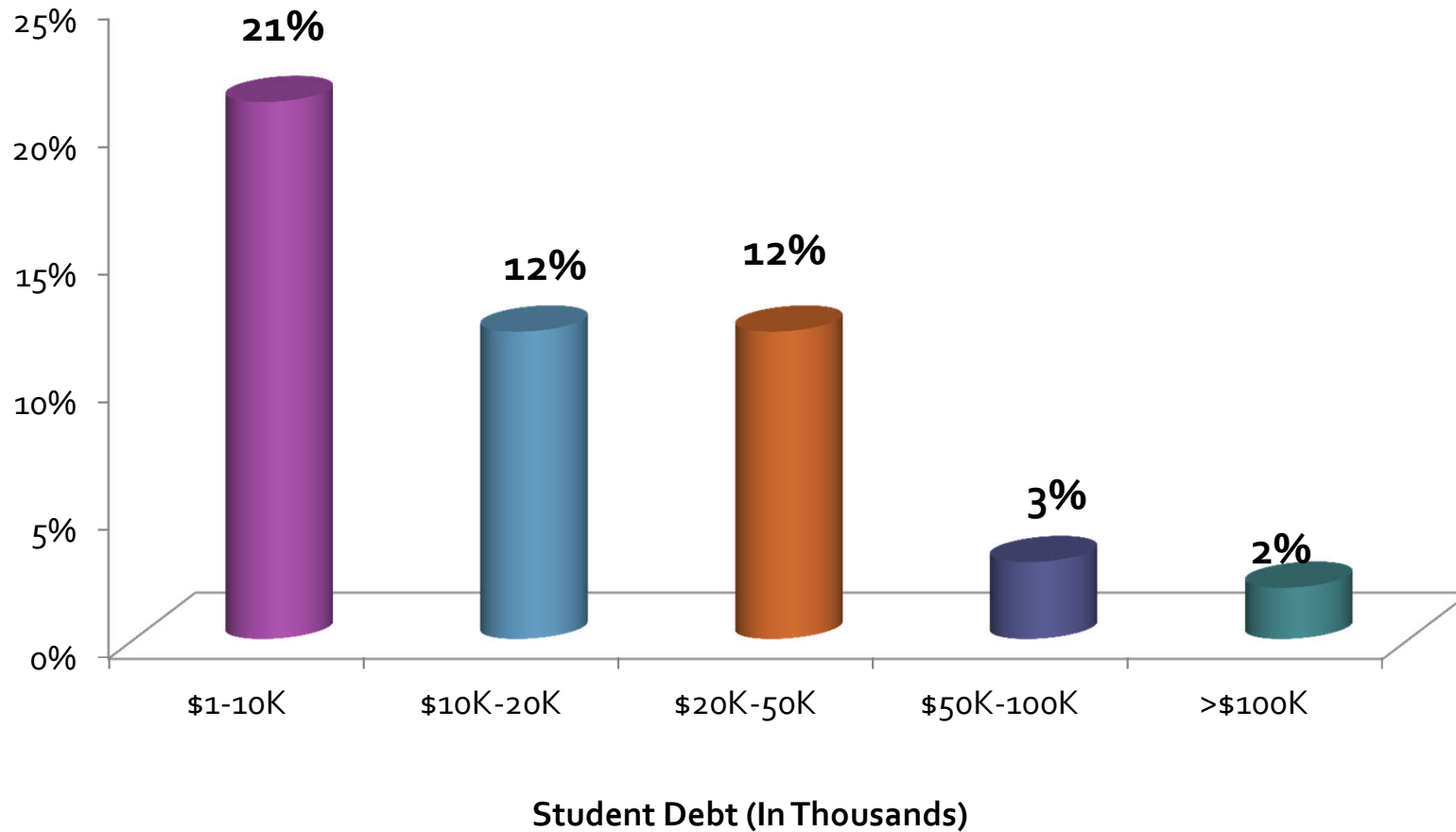
Housing Crisis Affected Home Ownership Perspective



Has the recent (2007-2008) housing crisis made you less likely to consider owning a home a good investment?



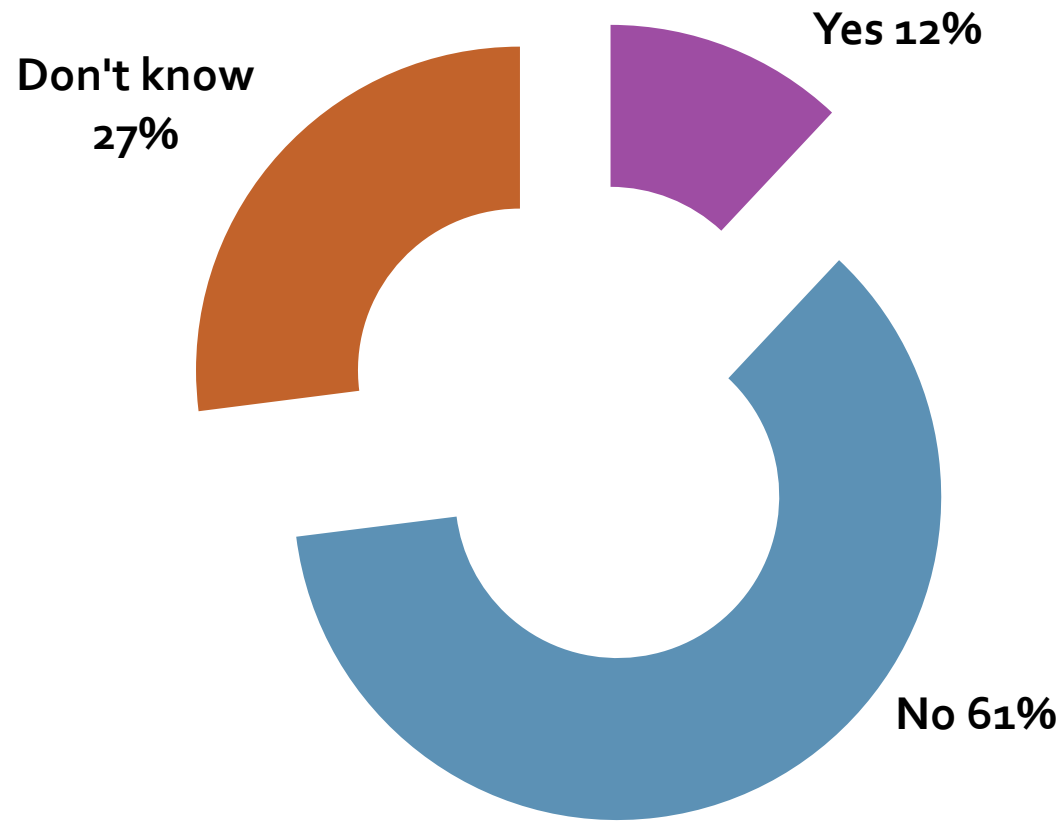
1/2 Have Student Debt



What is the balance of your outstanding student debt?



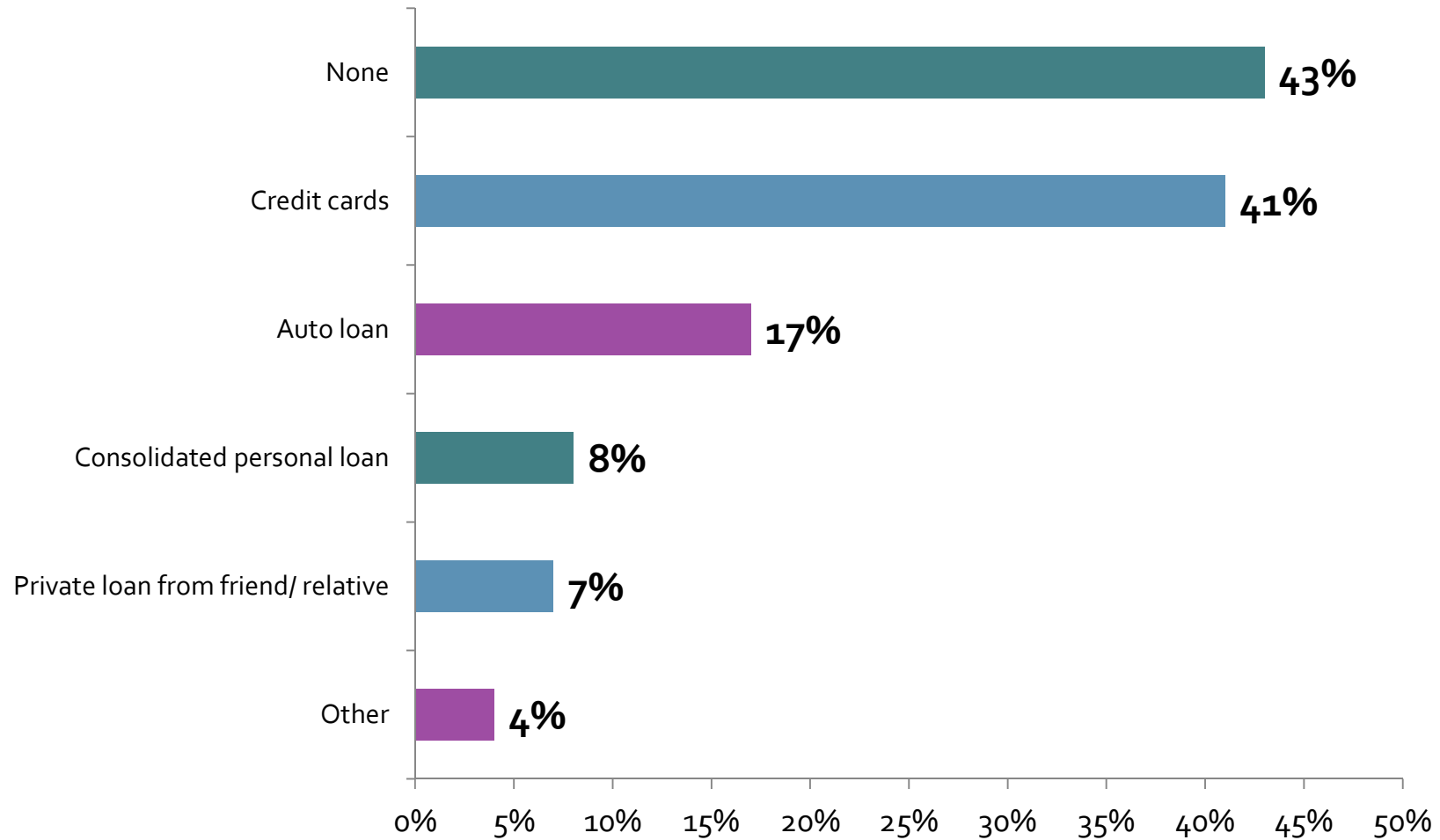
Student Debt Not Preventing Most from Buying



Is your student debt preventing you from qualifying for a mortgage?



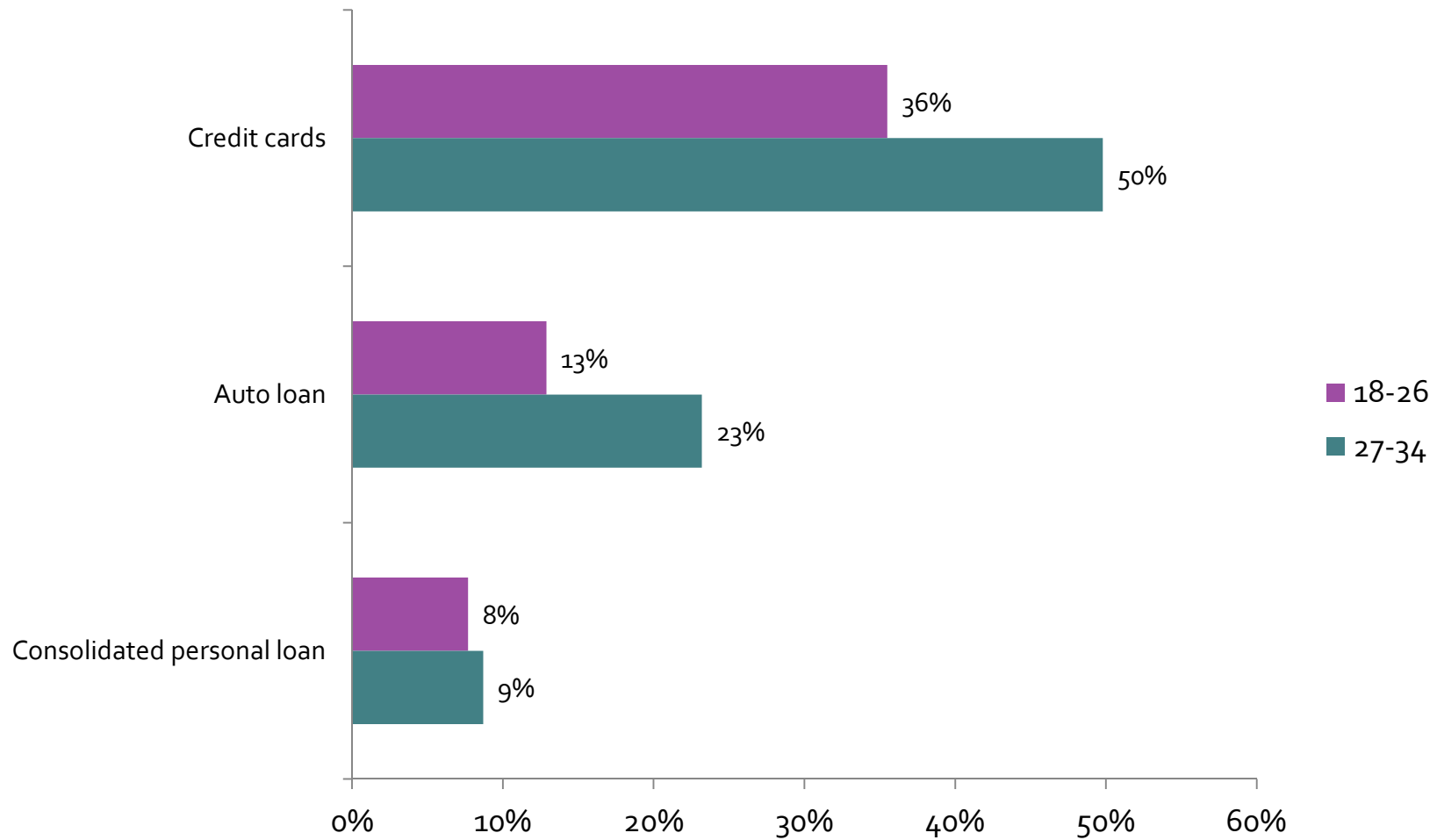
More than Half have Other Debt that Prevents Buying a Home



What other type of debt do you have that would make it difficult to buy a home?



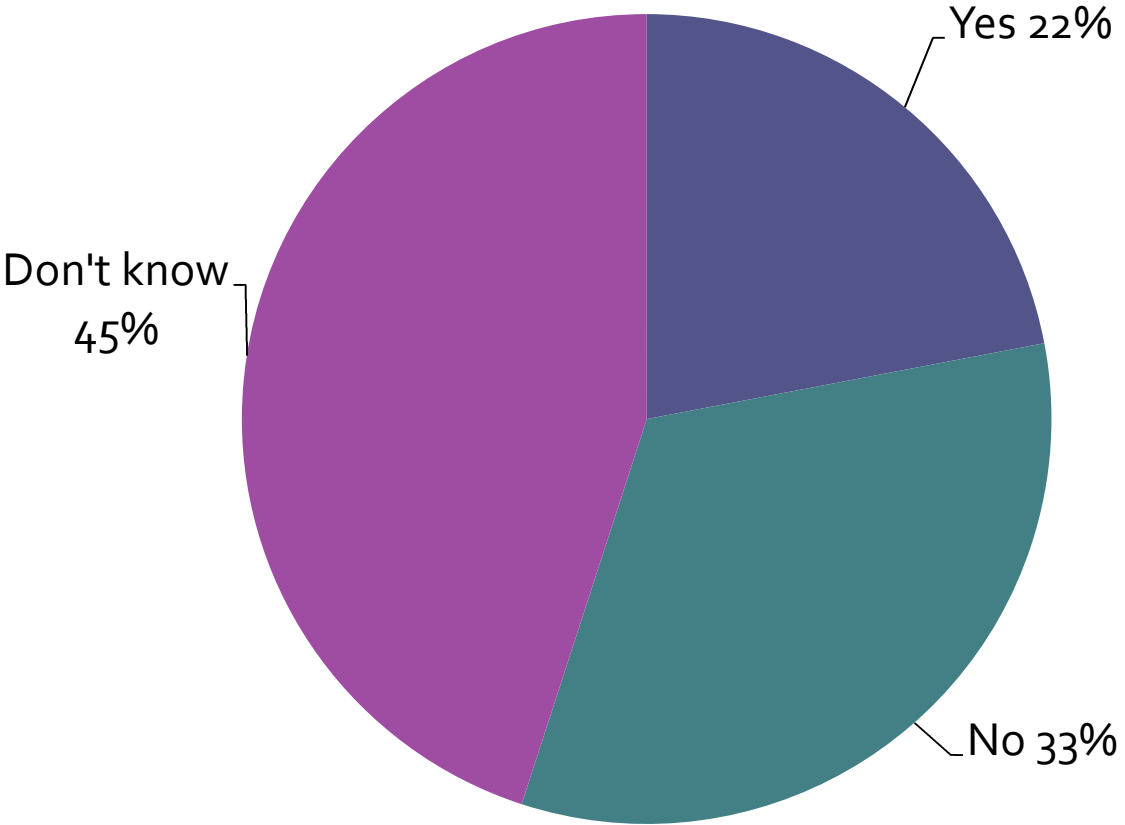
Older Millennials Have more Debt



What other type of debt do you have that would make it difficult to buy a home?



Most Uncertain/Doubtful they Could Obtain a Mortgage Now

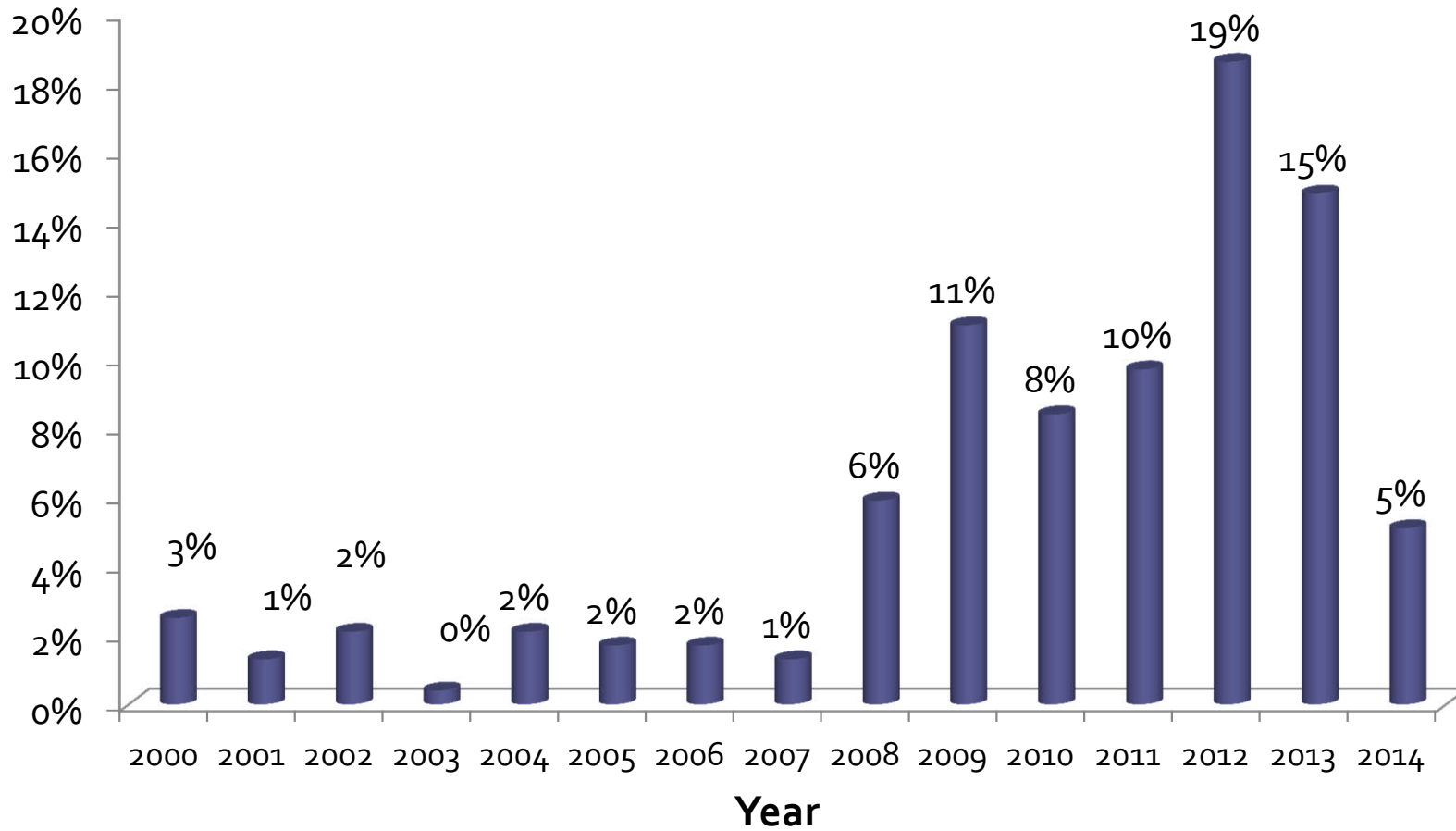


Could you obtain a mortgage if you applied now?



HOME OWNERS

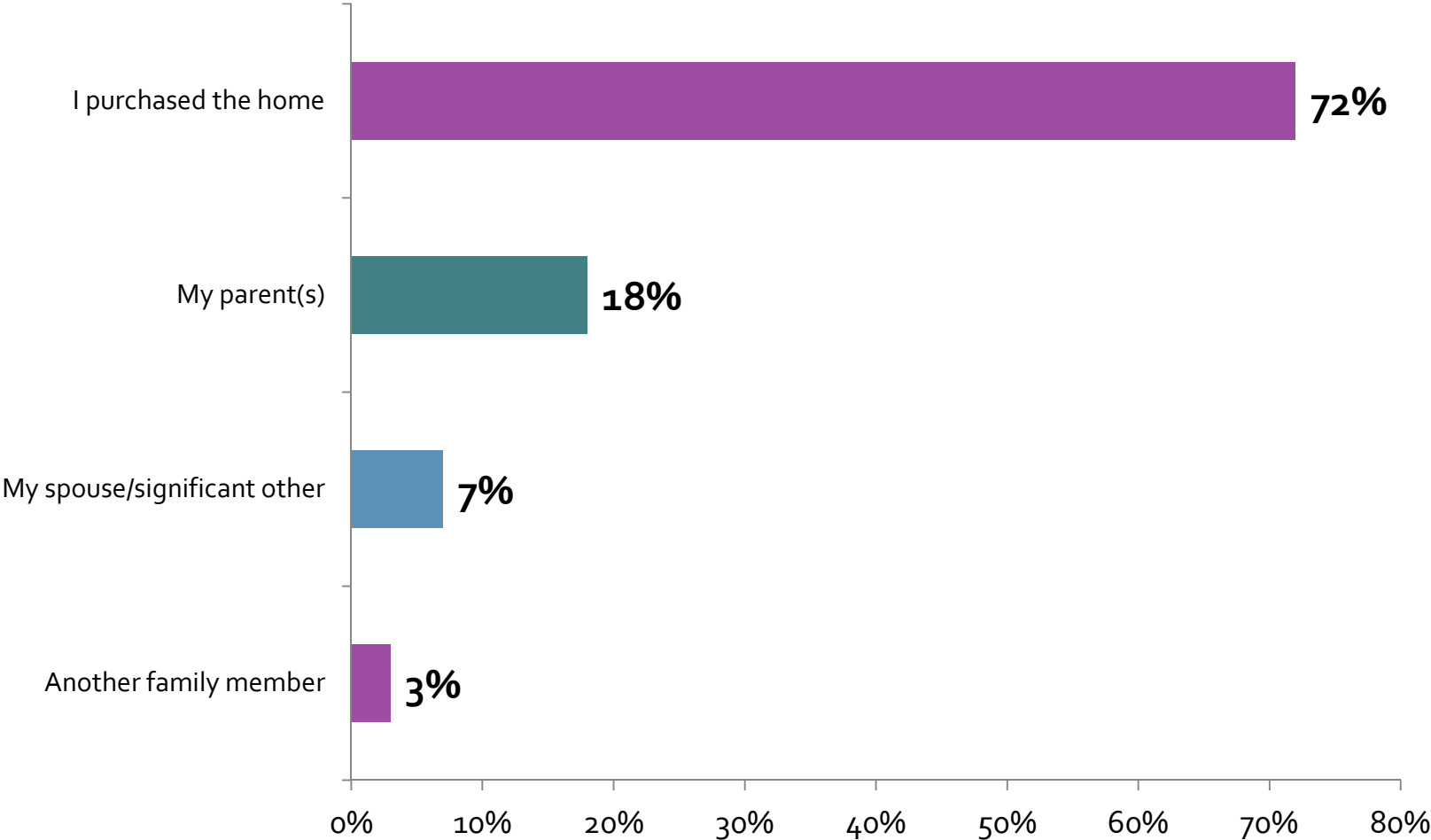
Most Homes Purchased after 2009



What year was the home purchased?



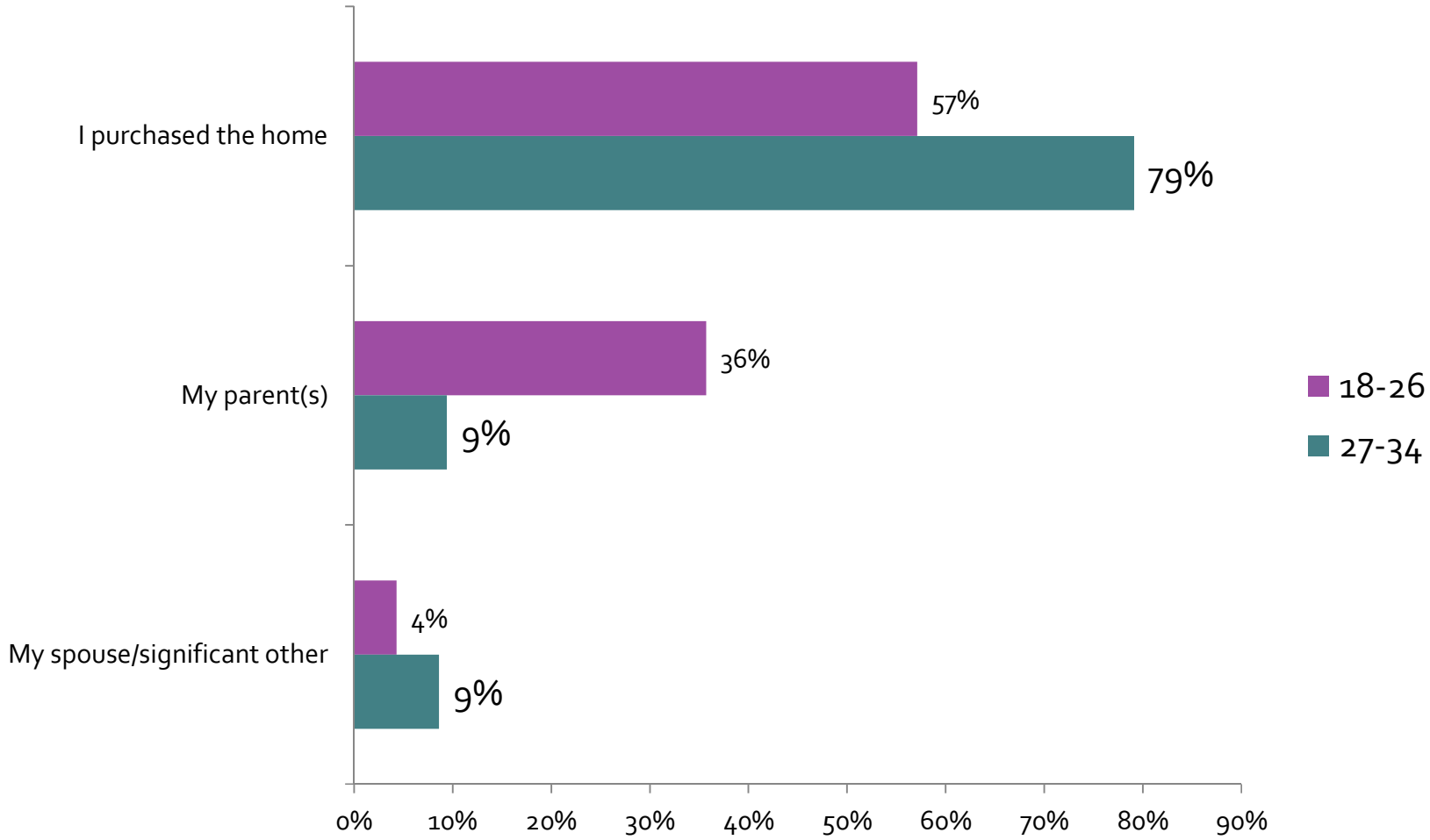
<3/10 Inherited their Homes



Who originally purchased the home?



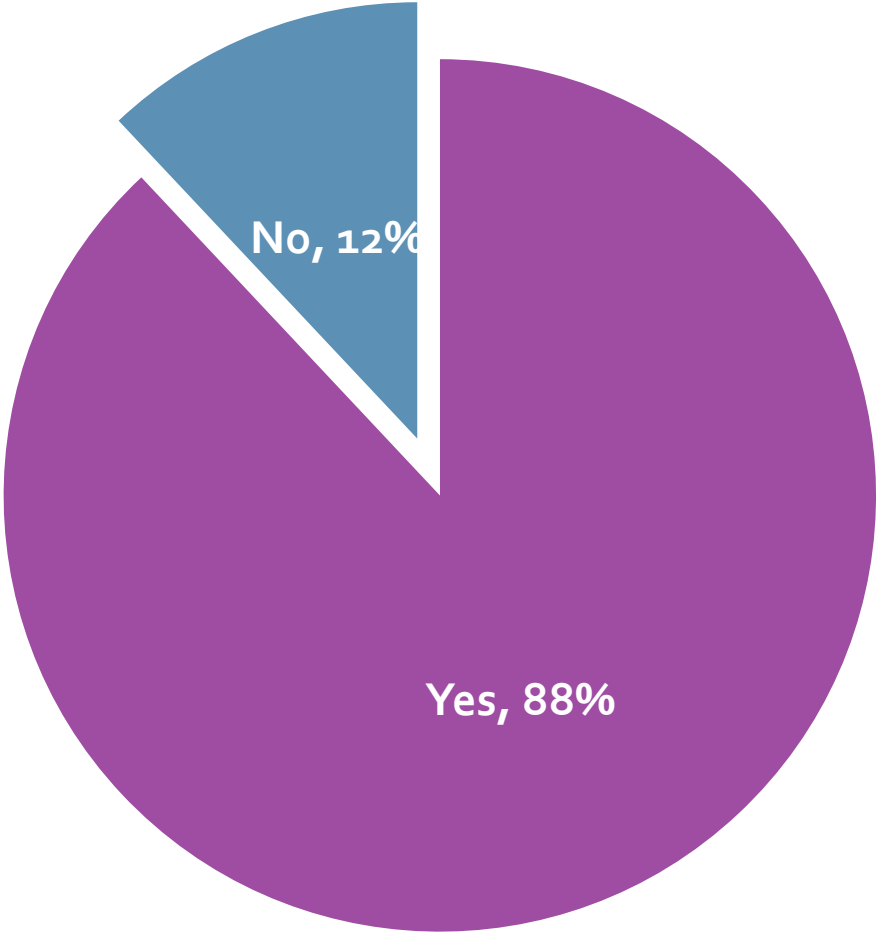
Majority Purchased their Homes



Who originally purchased the home?



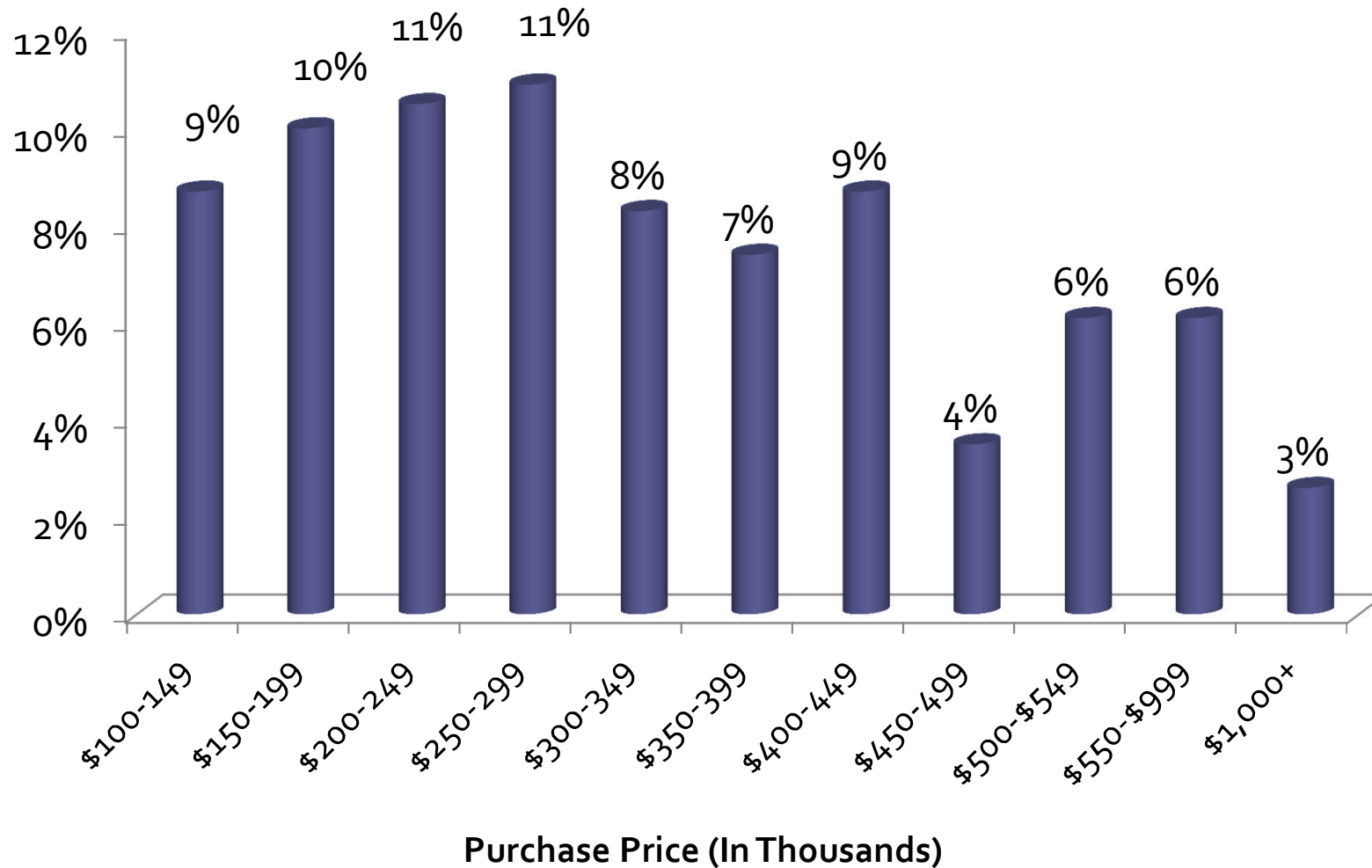
Most Millennials are First-Time Buyers



Was this your first home purchase?



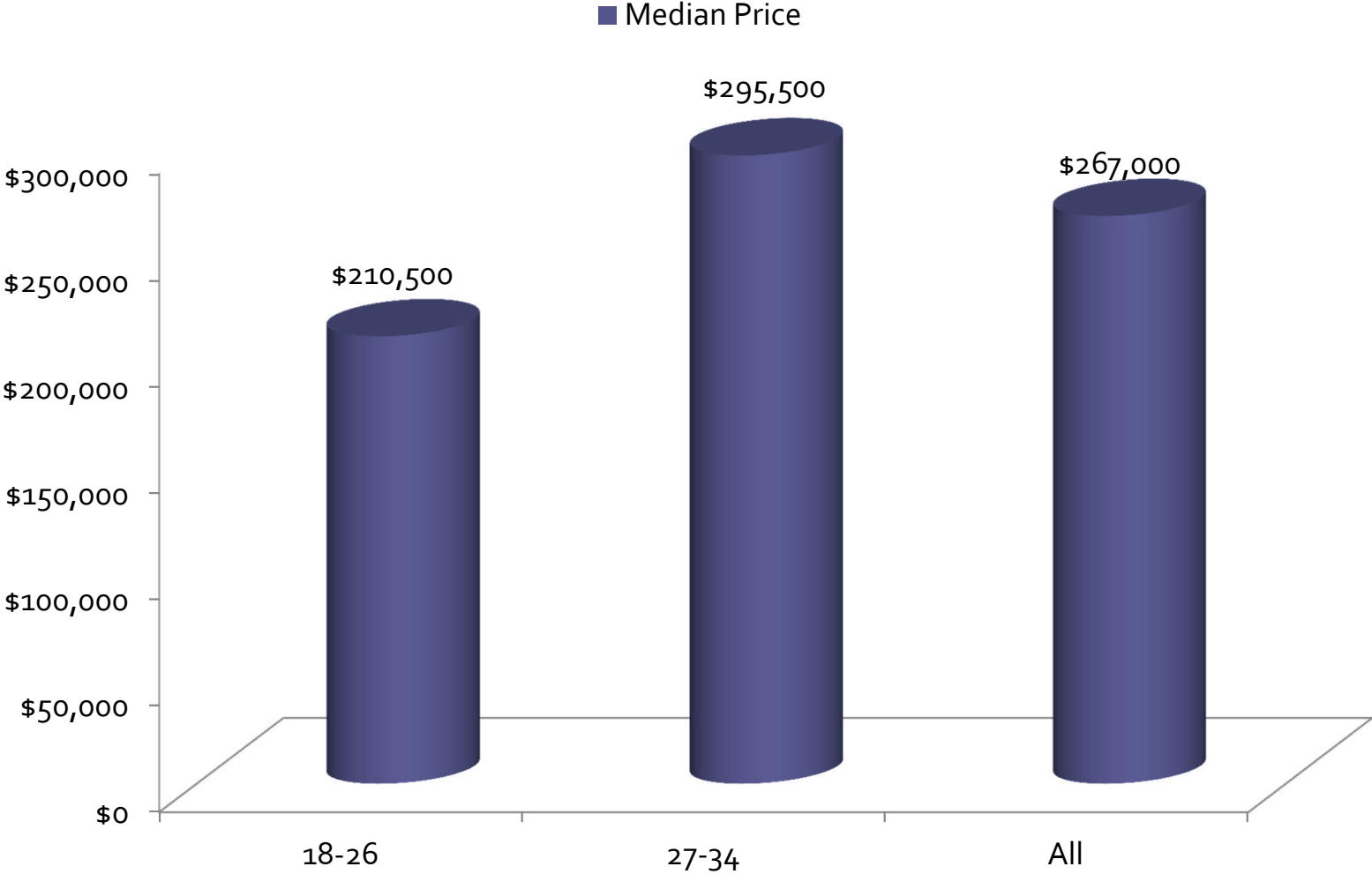
Median Purchase Price: \$267,000



What was the purchase price of the home?



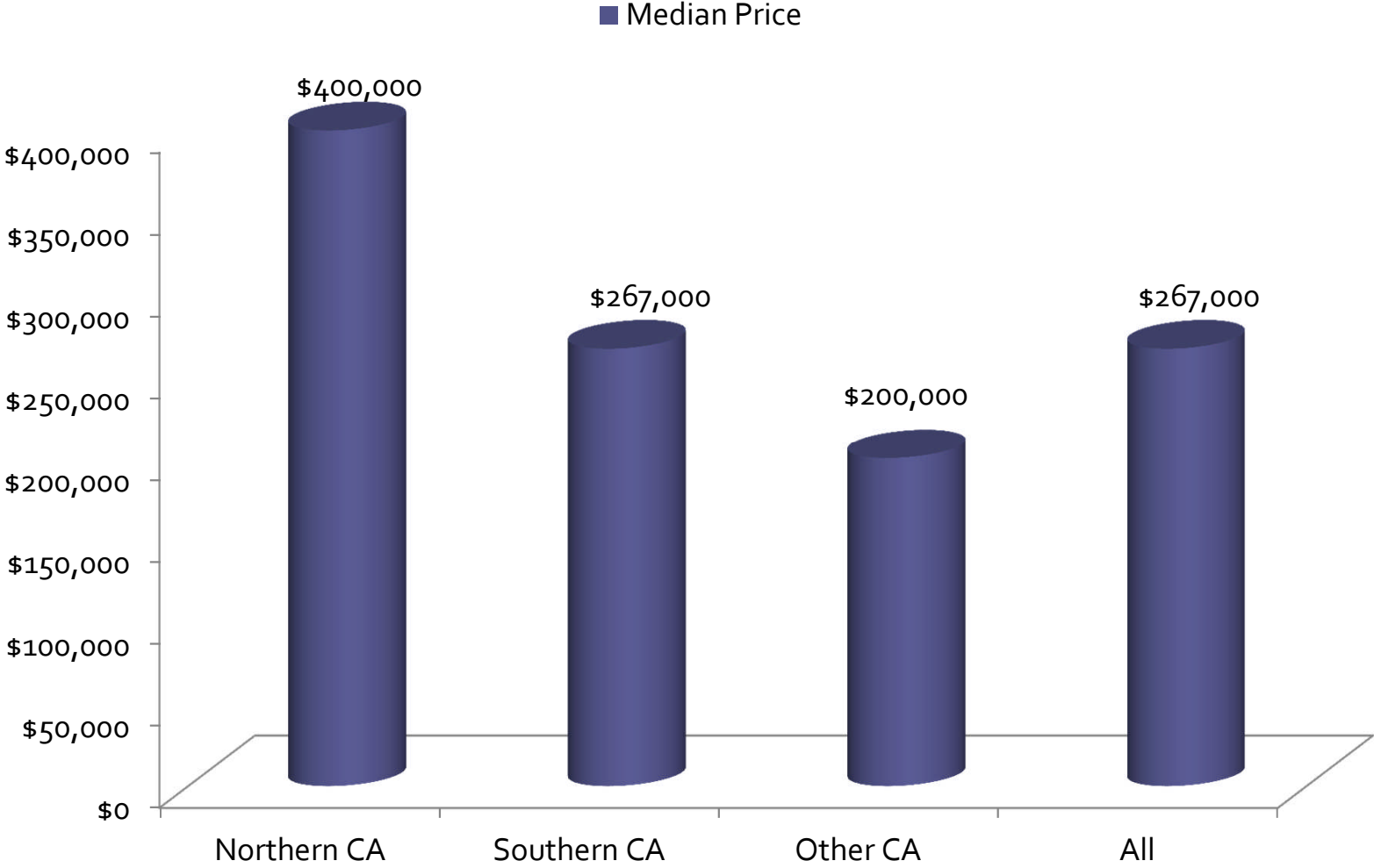
Older Cohort Purchased Pricier Homes



What was the purchase price of the home?



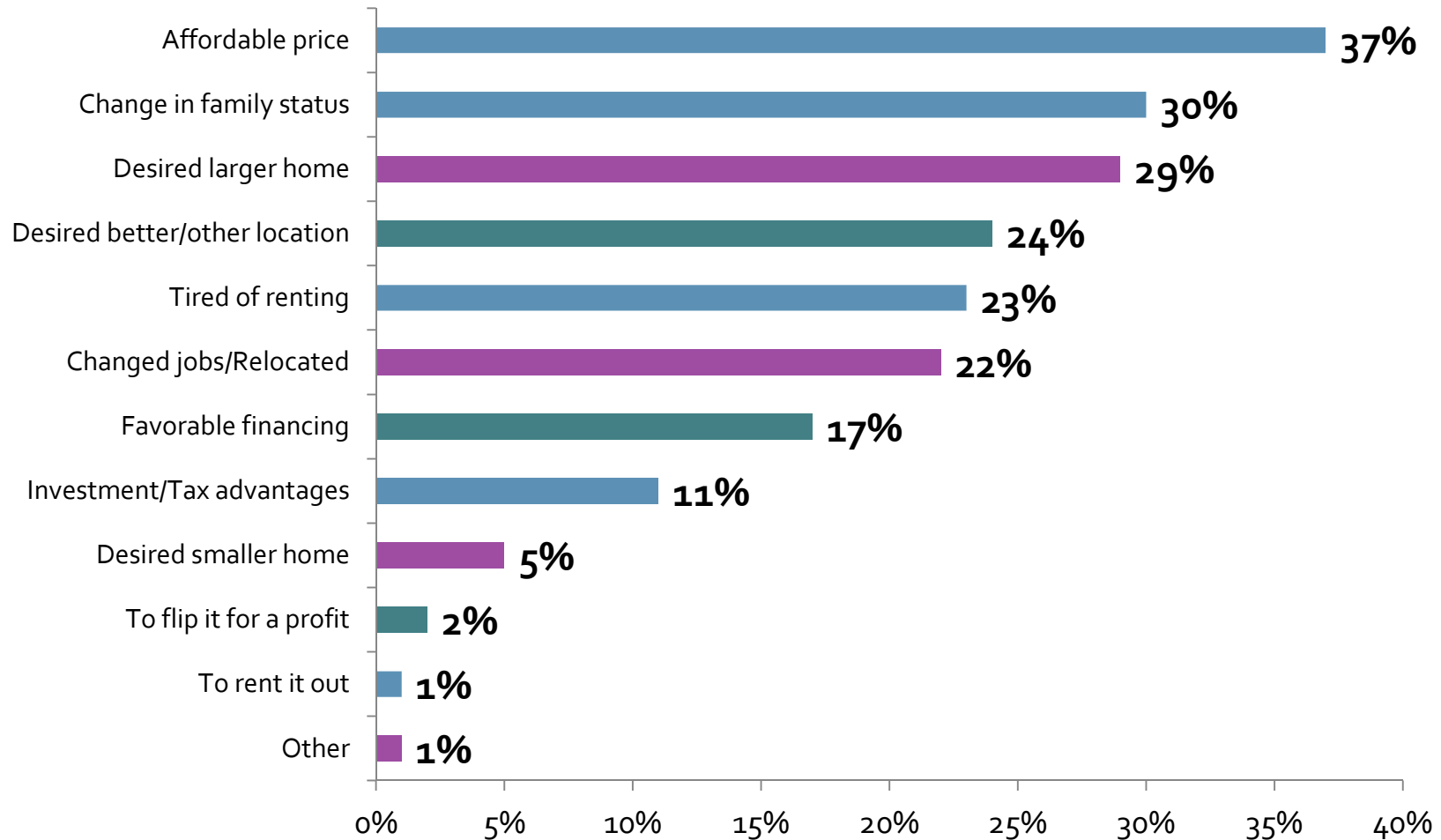
Purchase Price Highest in NorCal



What was the purchase price of the home?



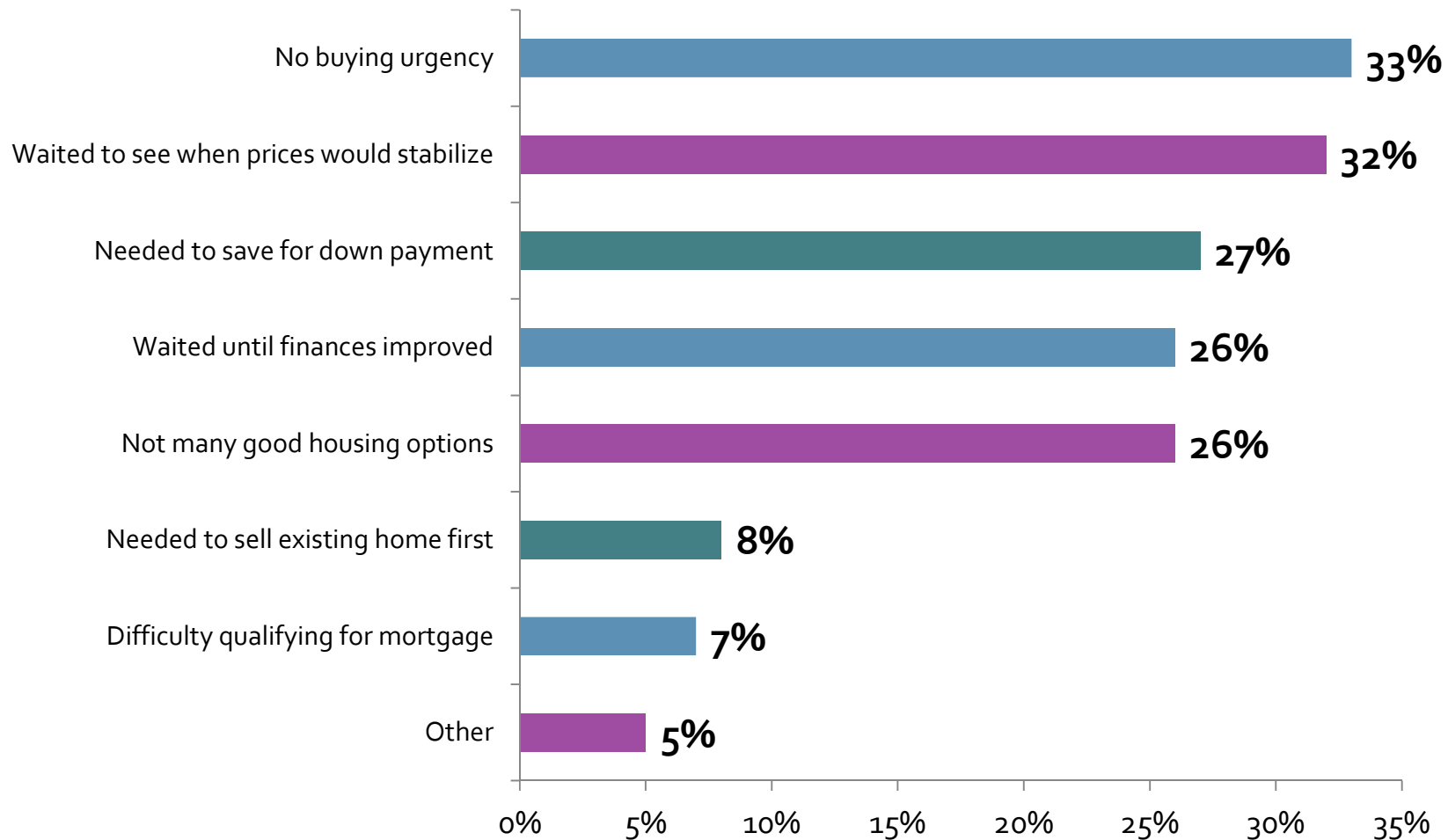
Affordability is Main Reason for Buying a Home



What were your main reasons for buying a home?



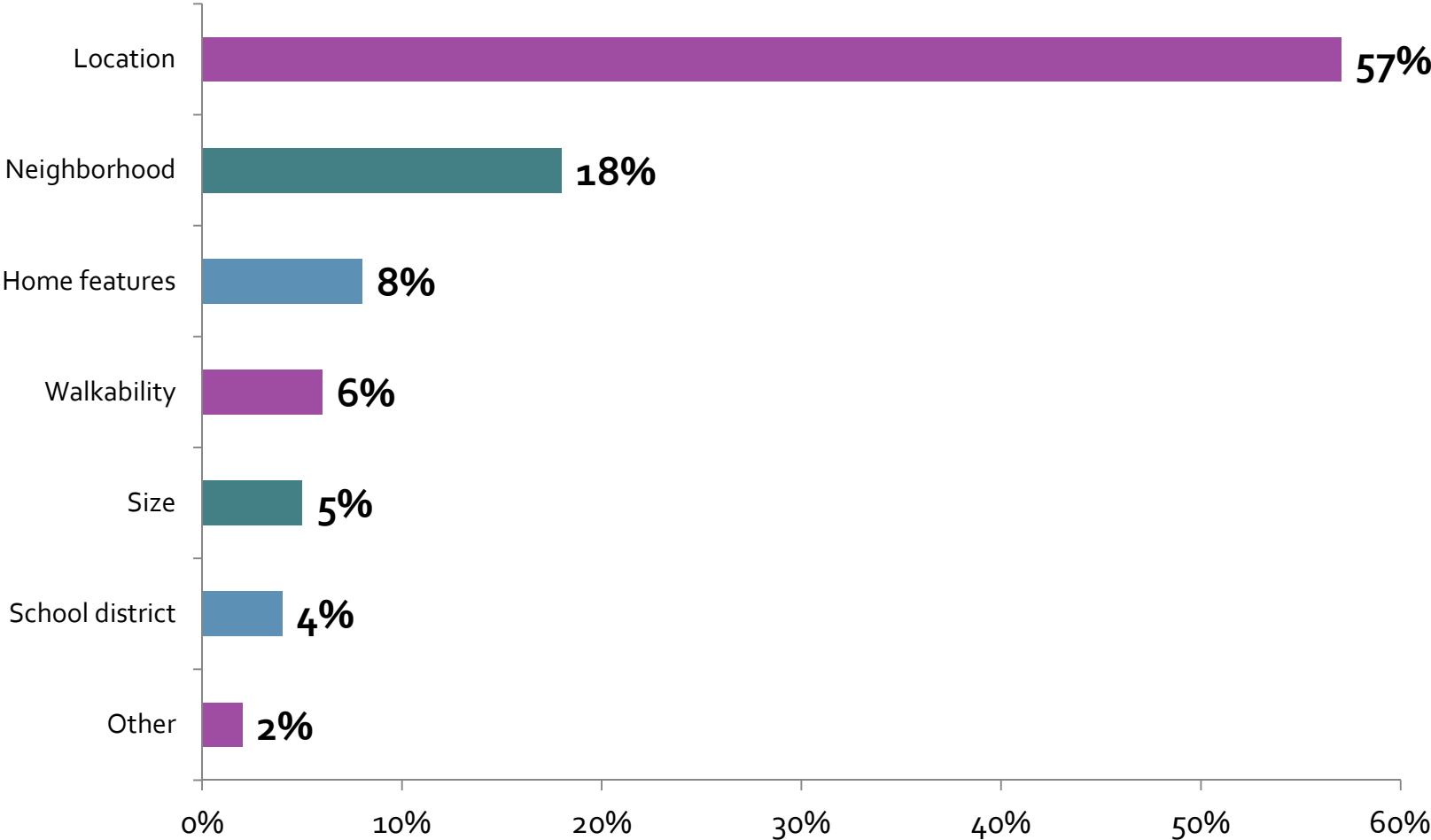
Many Didn't Buy Sooner Due to Lack of Urgency



Why didn't you buy a home sooner?



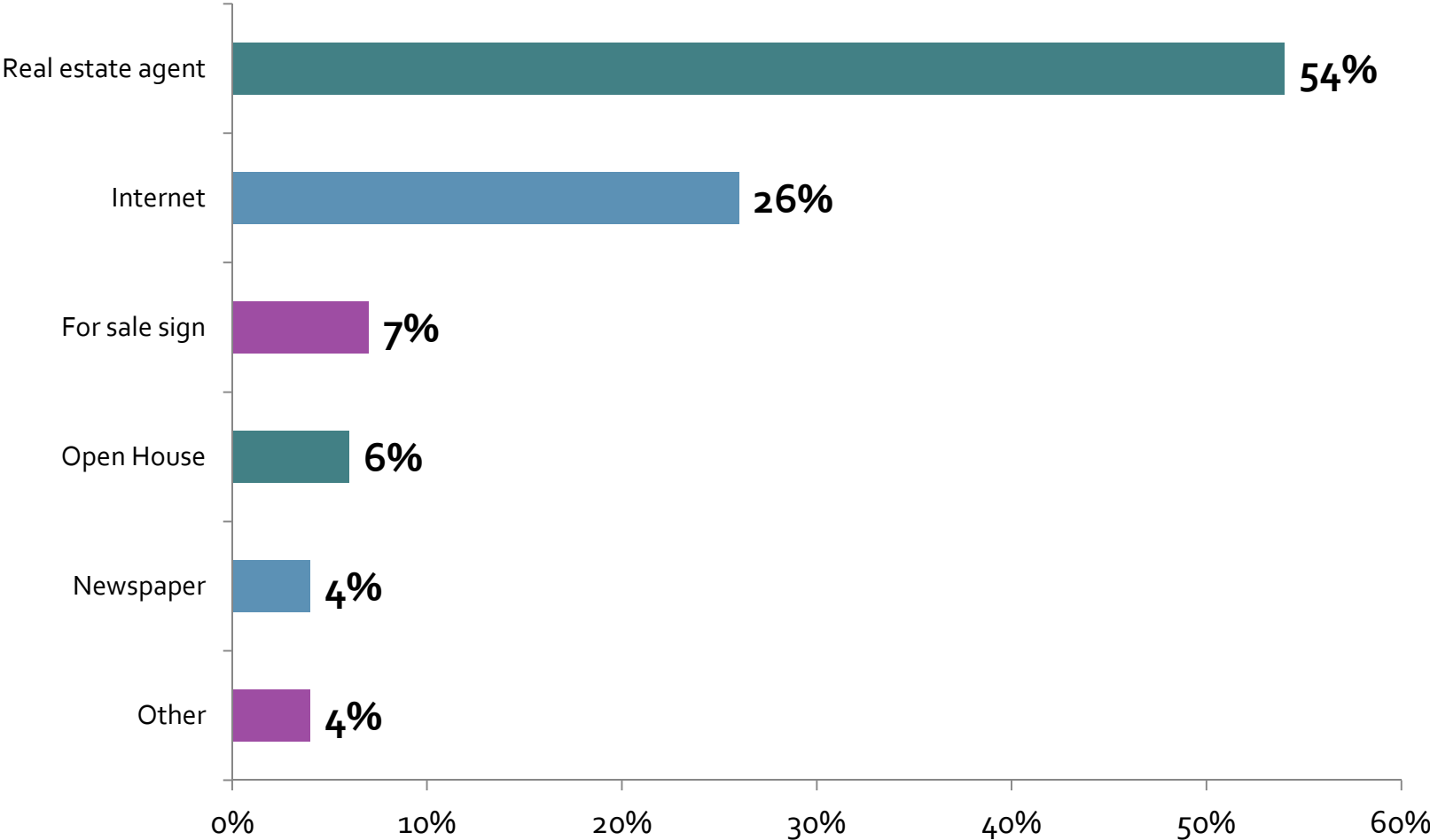
Location! Location! Location!



What was the most important reason for selecting the home you purchased?



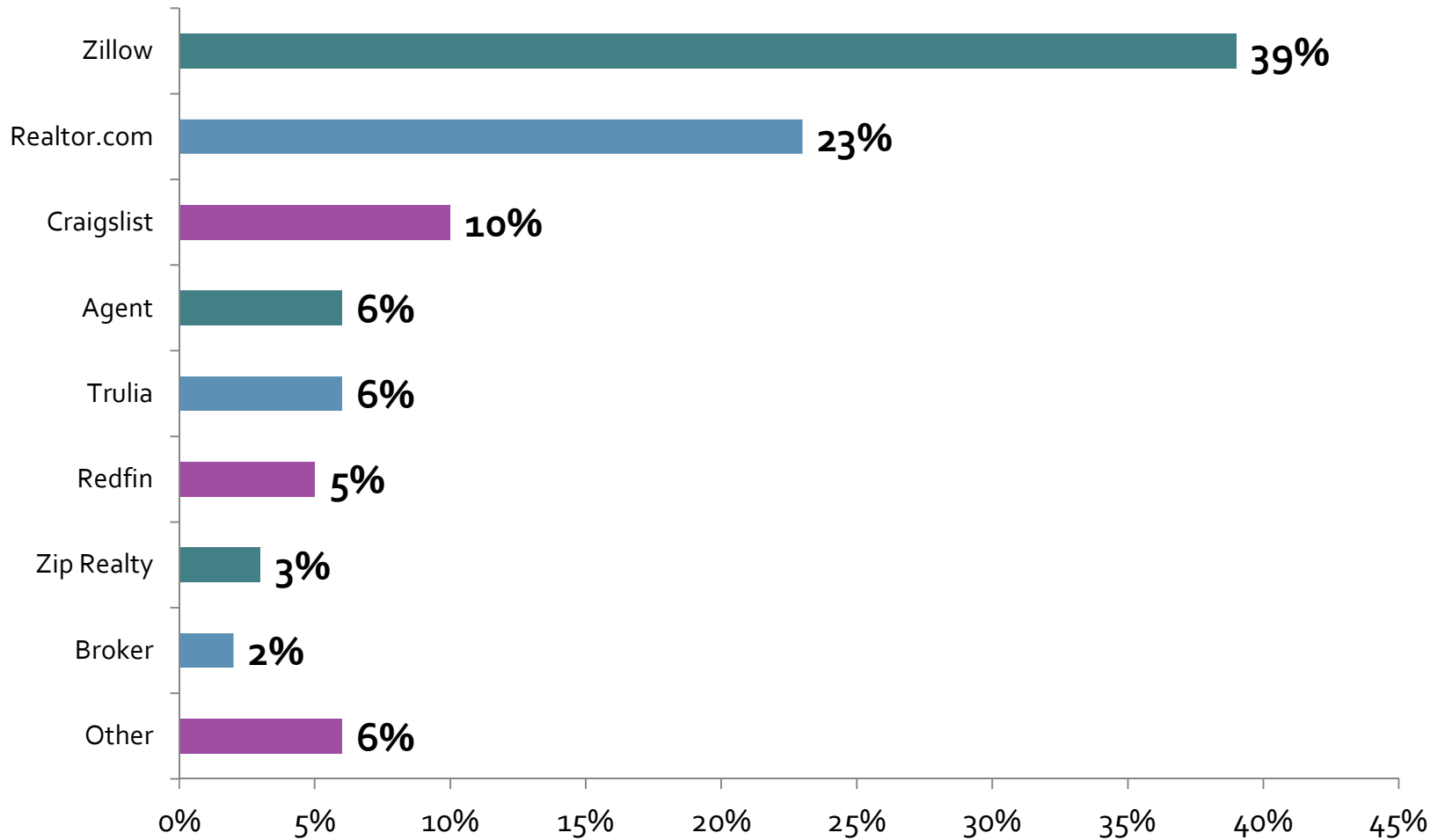
Majority Found Home Through Agent



How did you find the home you purchased?



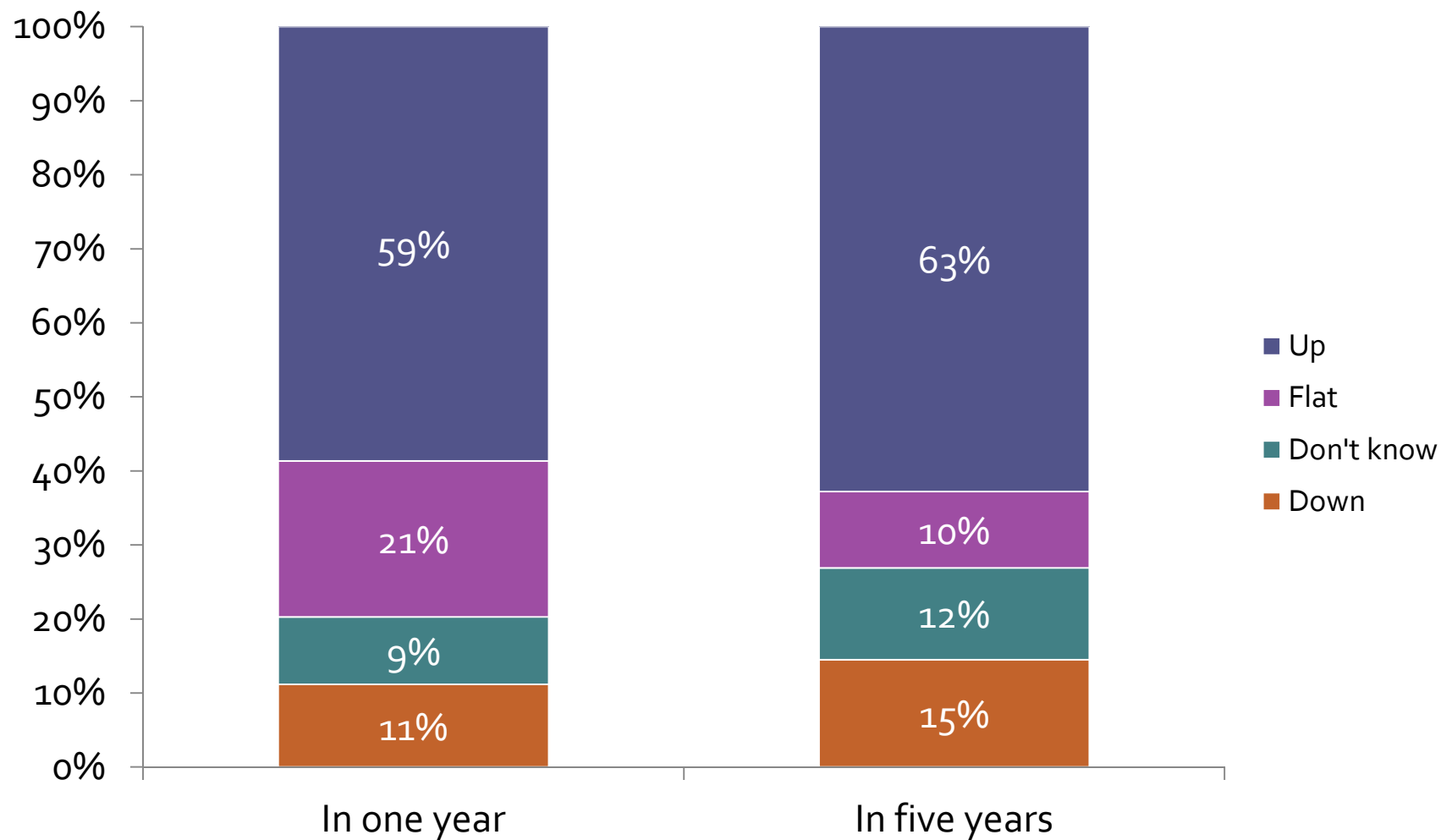
Most Found Home on Zillow or Realtor.com



If found home on internet, on which website did you find your home?



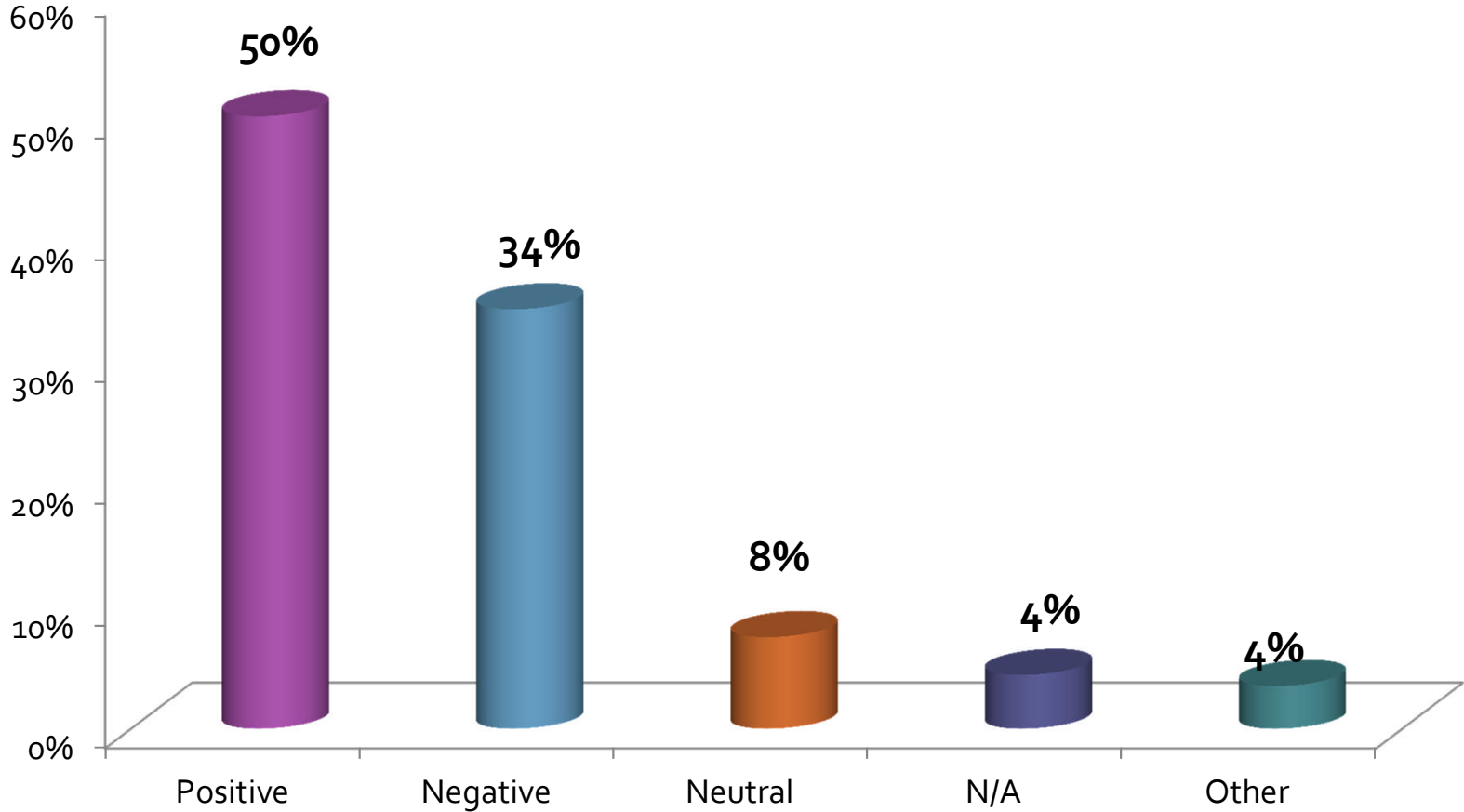
Future Home Price Expectations are Positive



Do you think home prices in the neighborhood where you purchased will go up, down or stay flat in ...



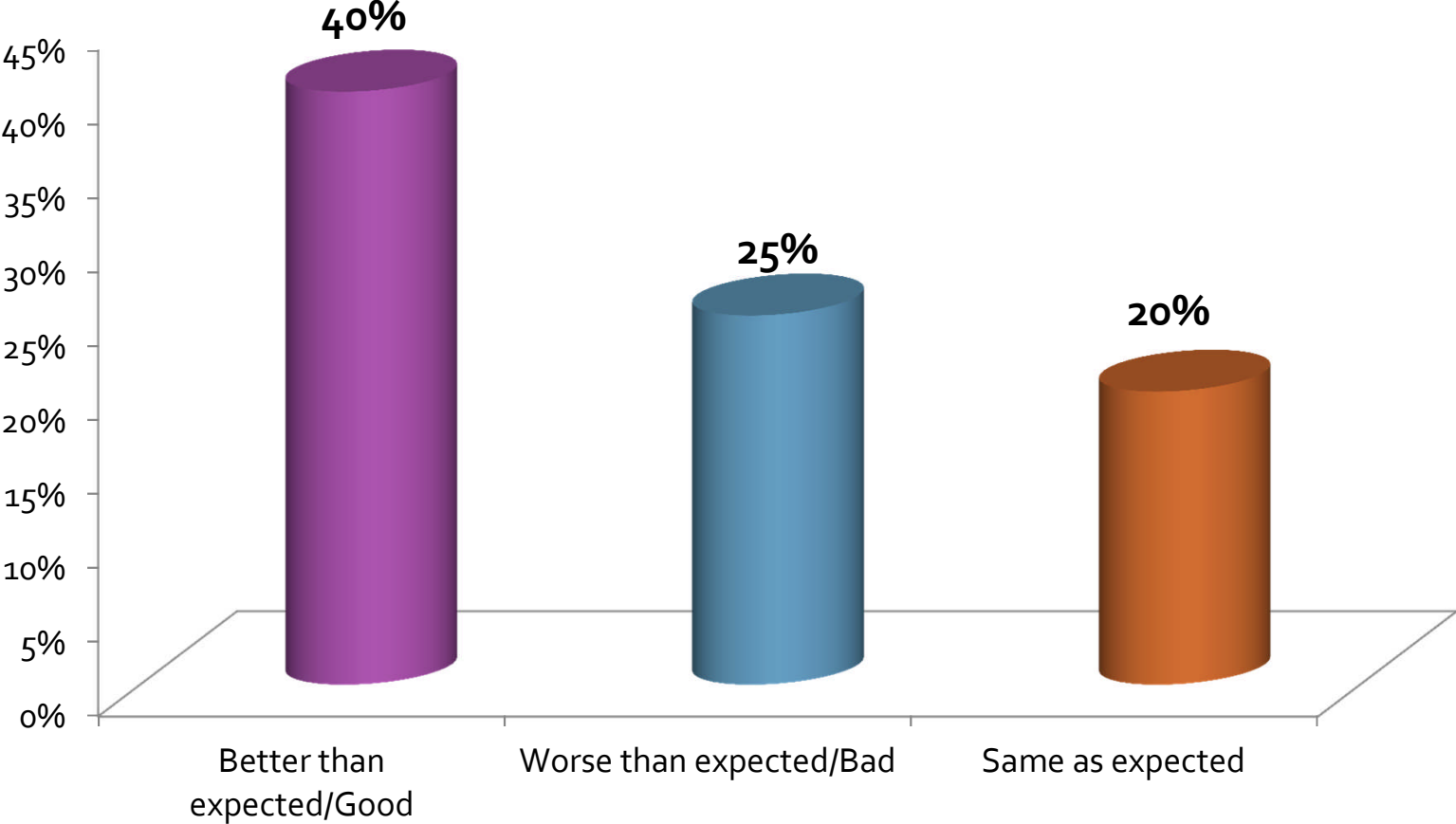
Positive Attitude Toward Home Buying Process



How would you describe your attitude towards the home buying process?



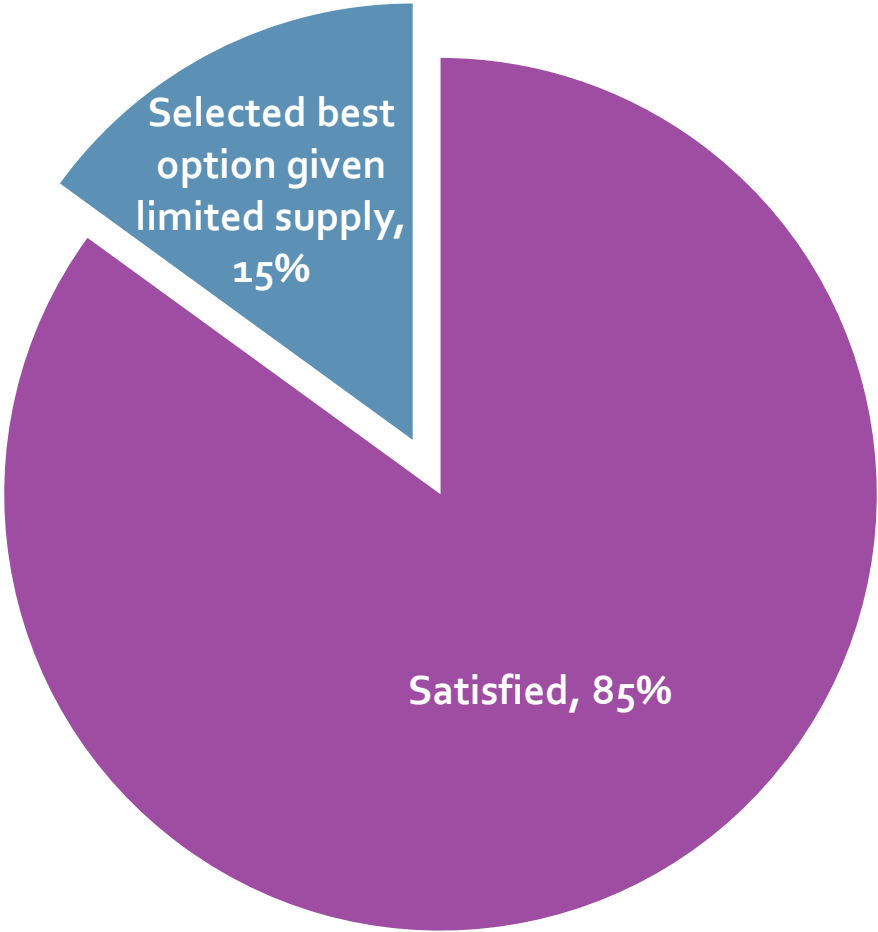
Home Buying Experience vs. Expectations



How did the actual home buying experience compare to your expectations prior to beginning the process?



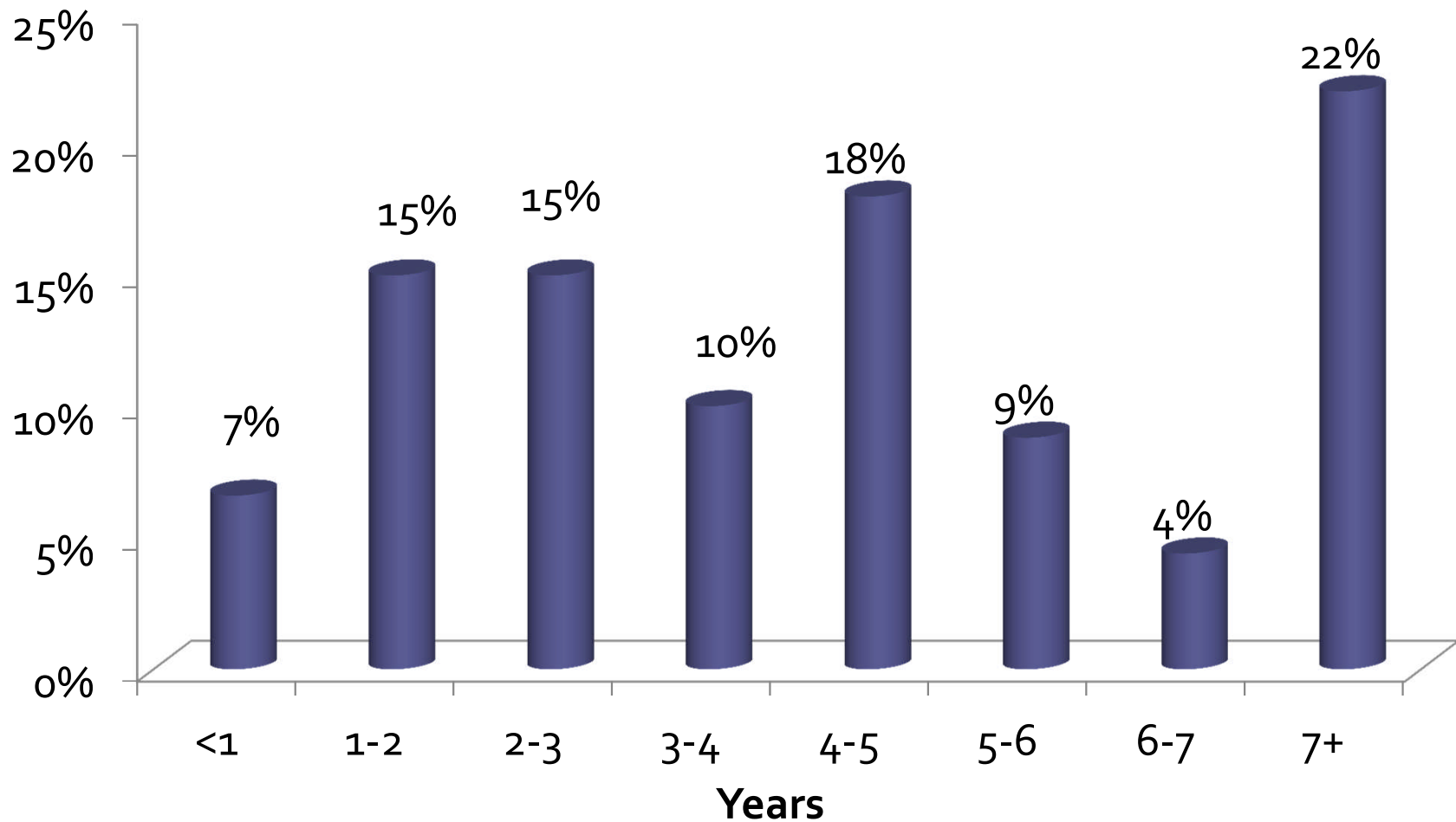
More than 4/5 are Satisfied with Home



Are you satisfied with the home you purchased or do you feel like you selected the best option given the limited supply of homes?



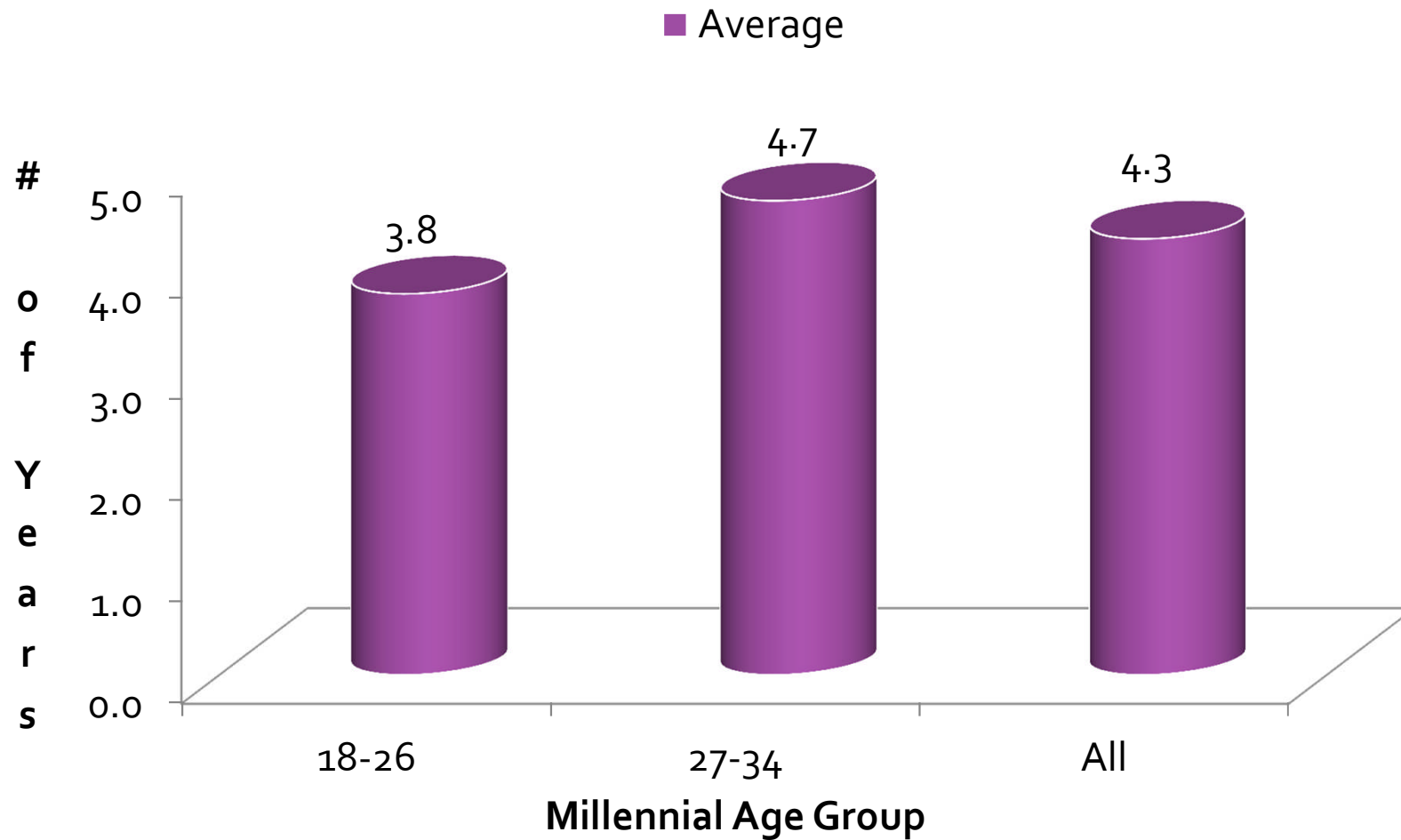
Most Planning to Keep Property <5 Years



How long do you plan to keep the property?



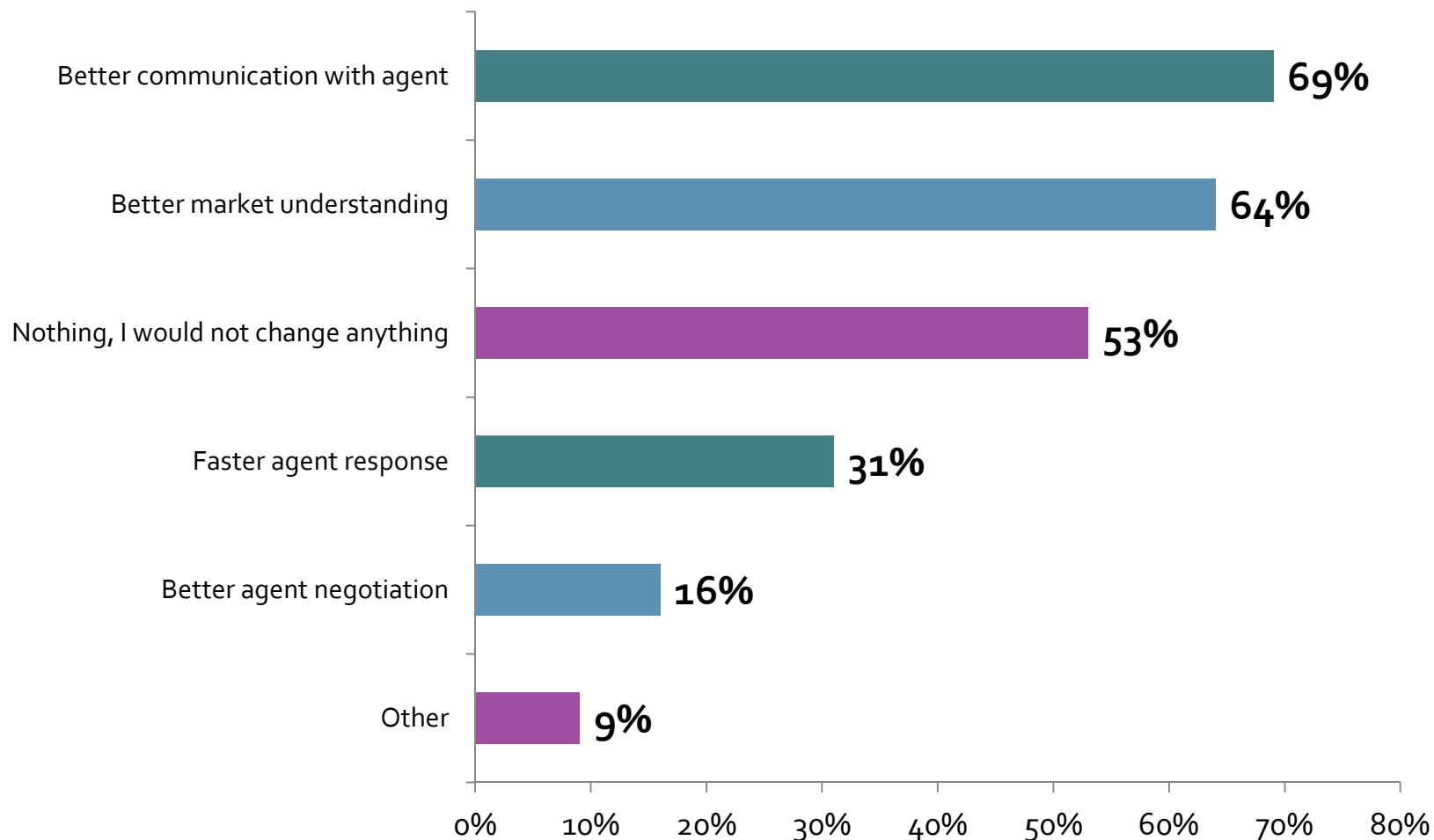
Older Millennials Plan to Keep Home 1 Year Longer



How long do you plan to keep the property?



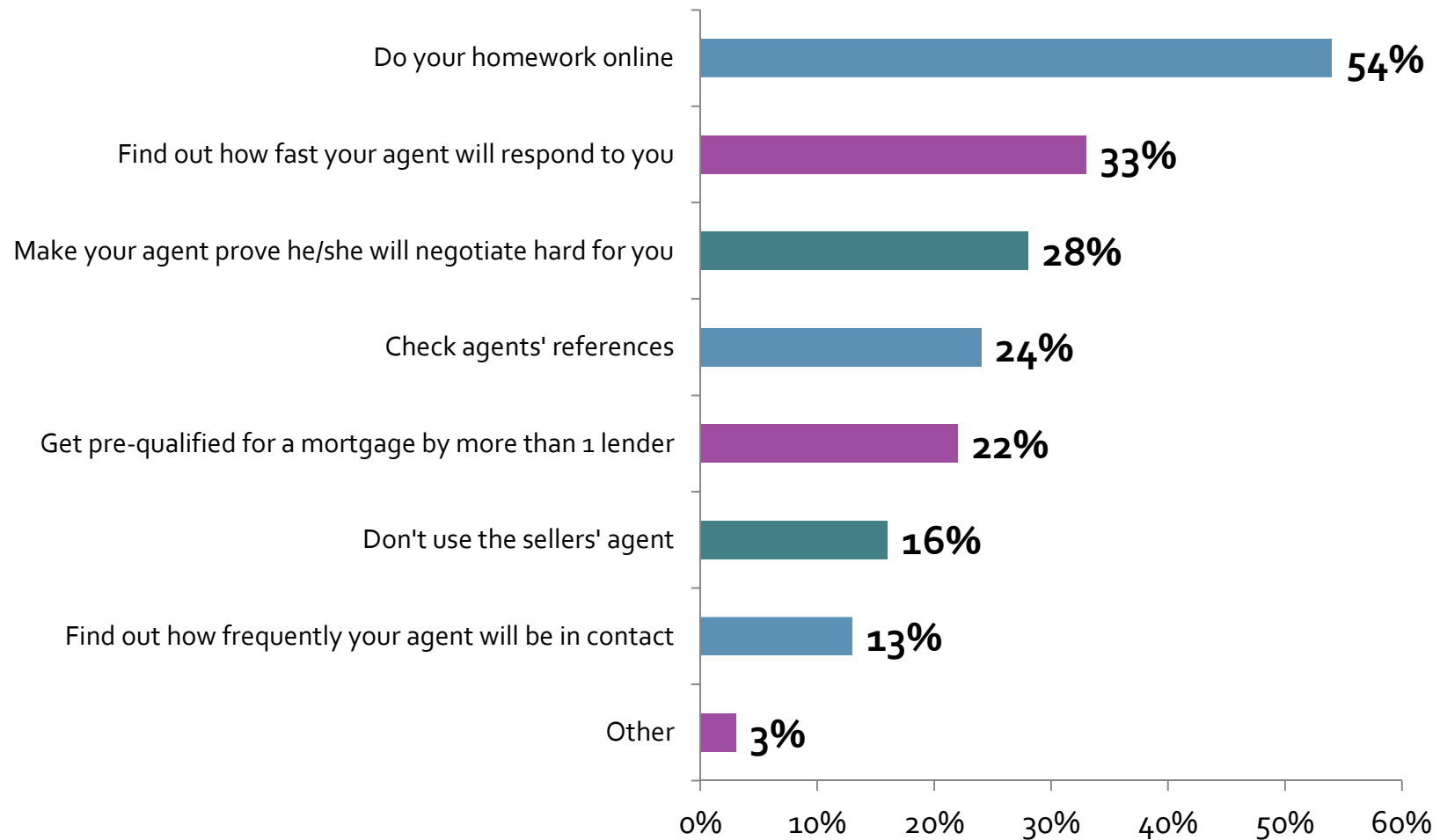
Most Want Better Agent Communication



If there were one thing you could change about your home buying experience, what would it be?



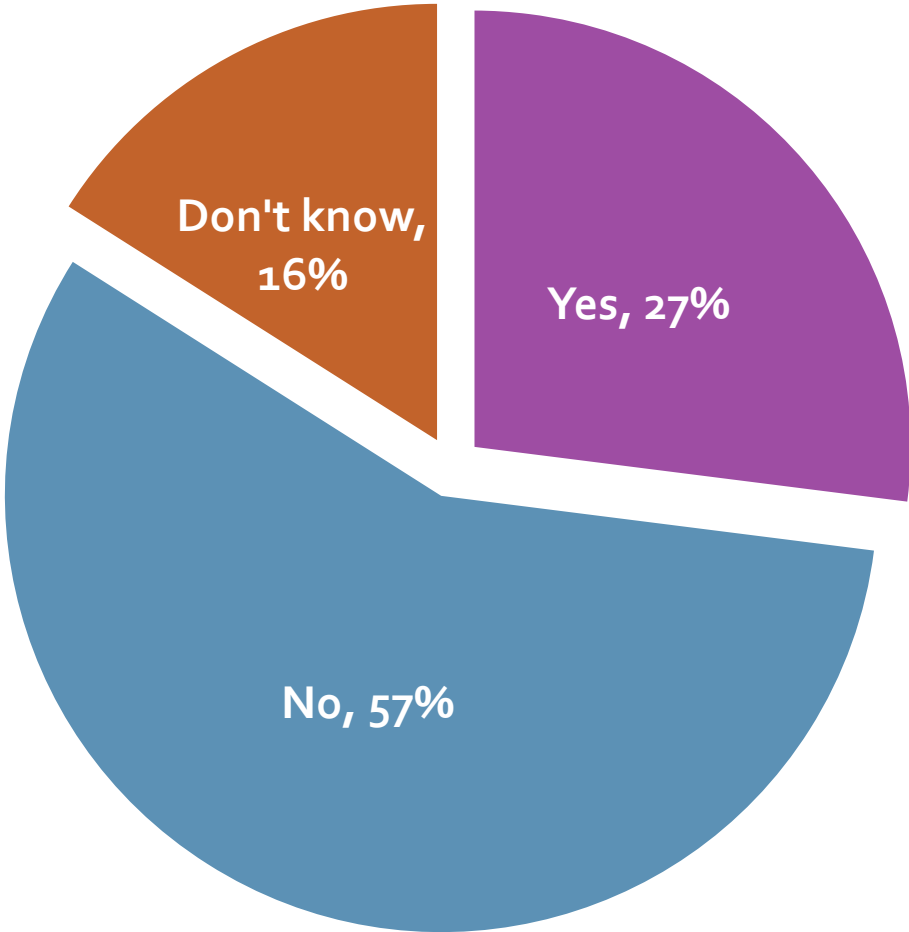
Advice to First-Time Buyers



What advice would you give to other first time buyers?



Most Wouldn't Sell Home Now



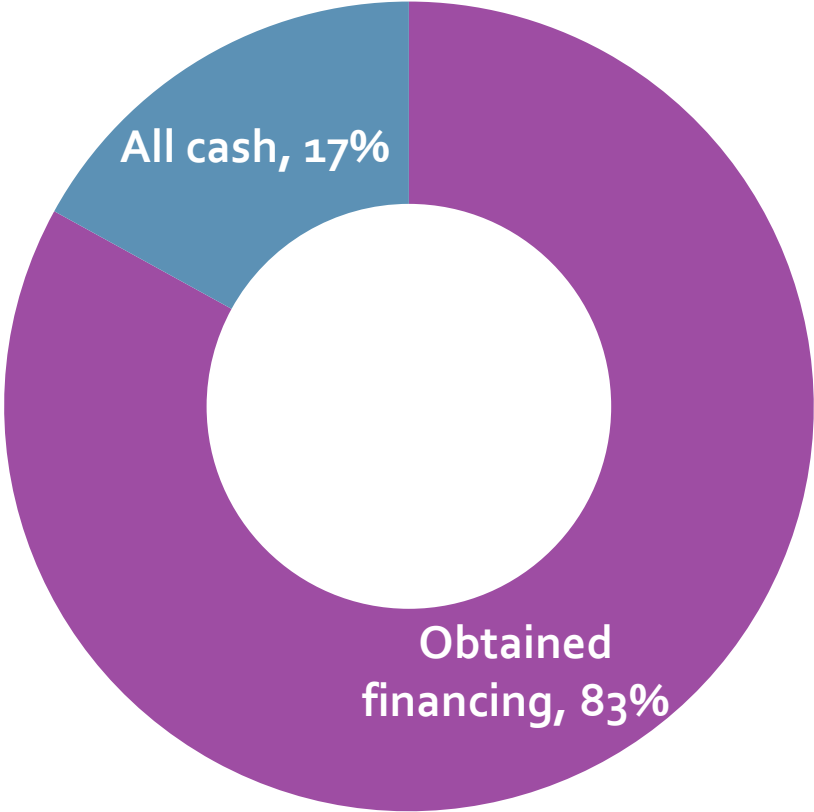
Would you consider selling your home now?



Financing



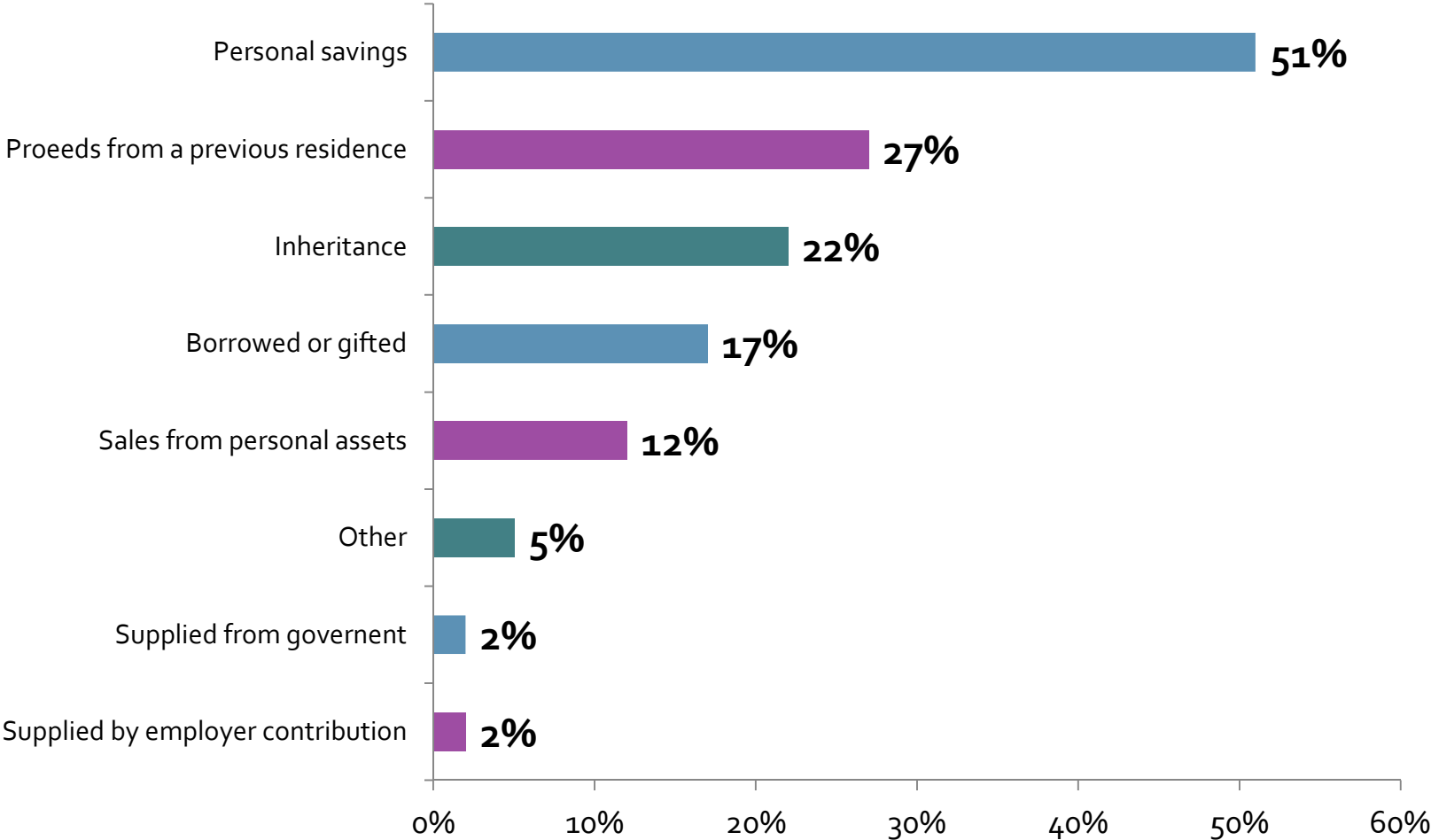
Majority Obtained Financing



How did you pay for the home you purchased?



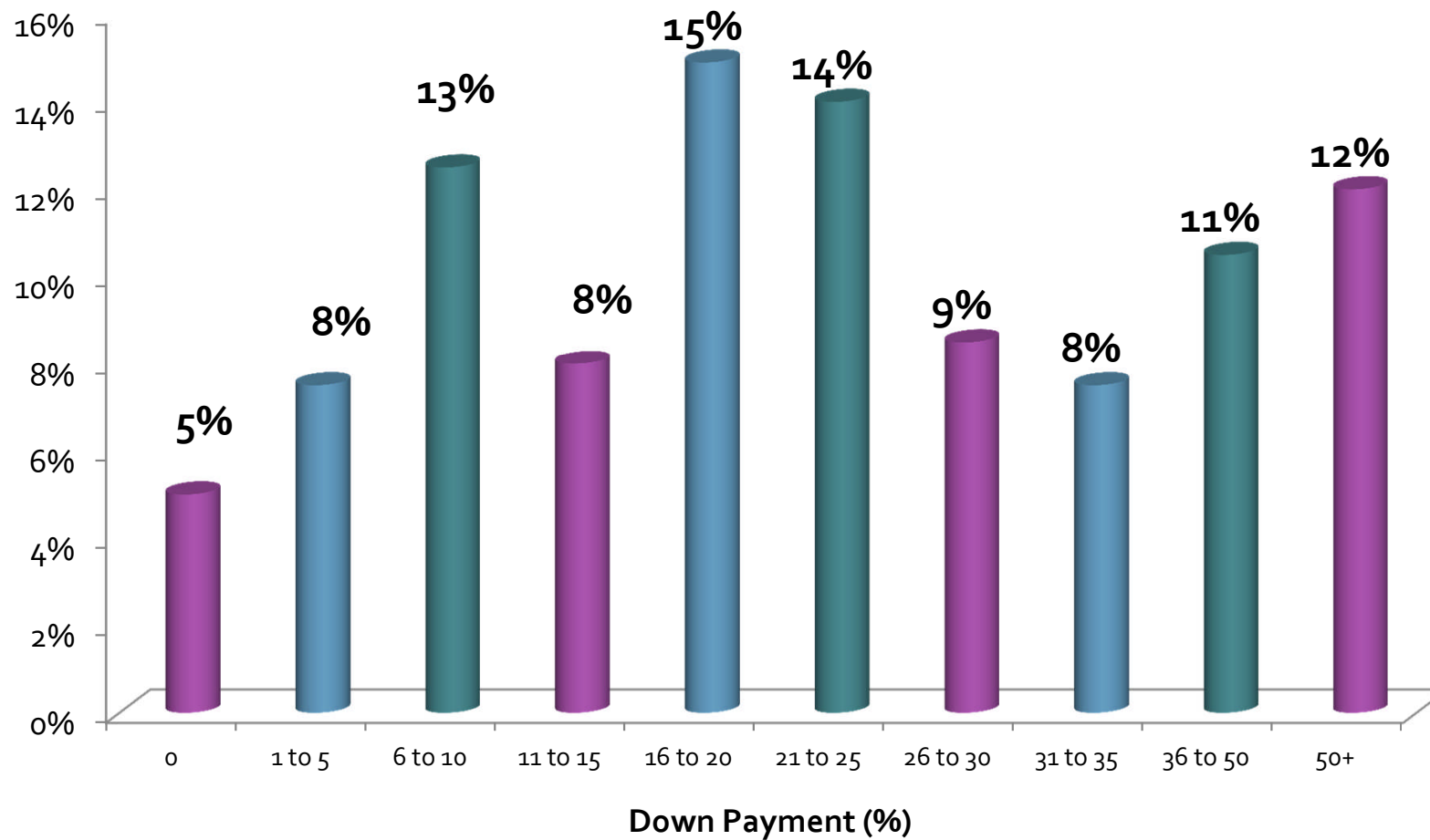
Cash Funds Mainly from Personal Savings



If all cash, where did the funds come from? N = 41



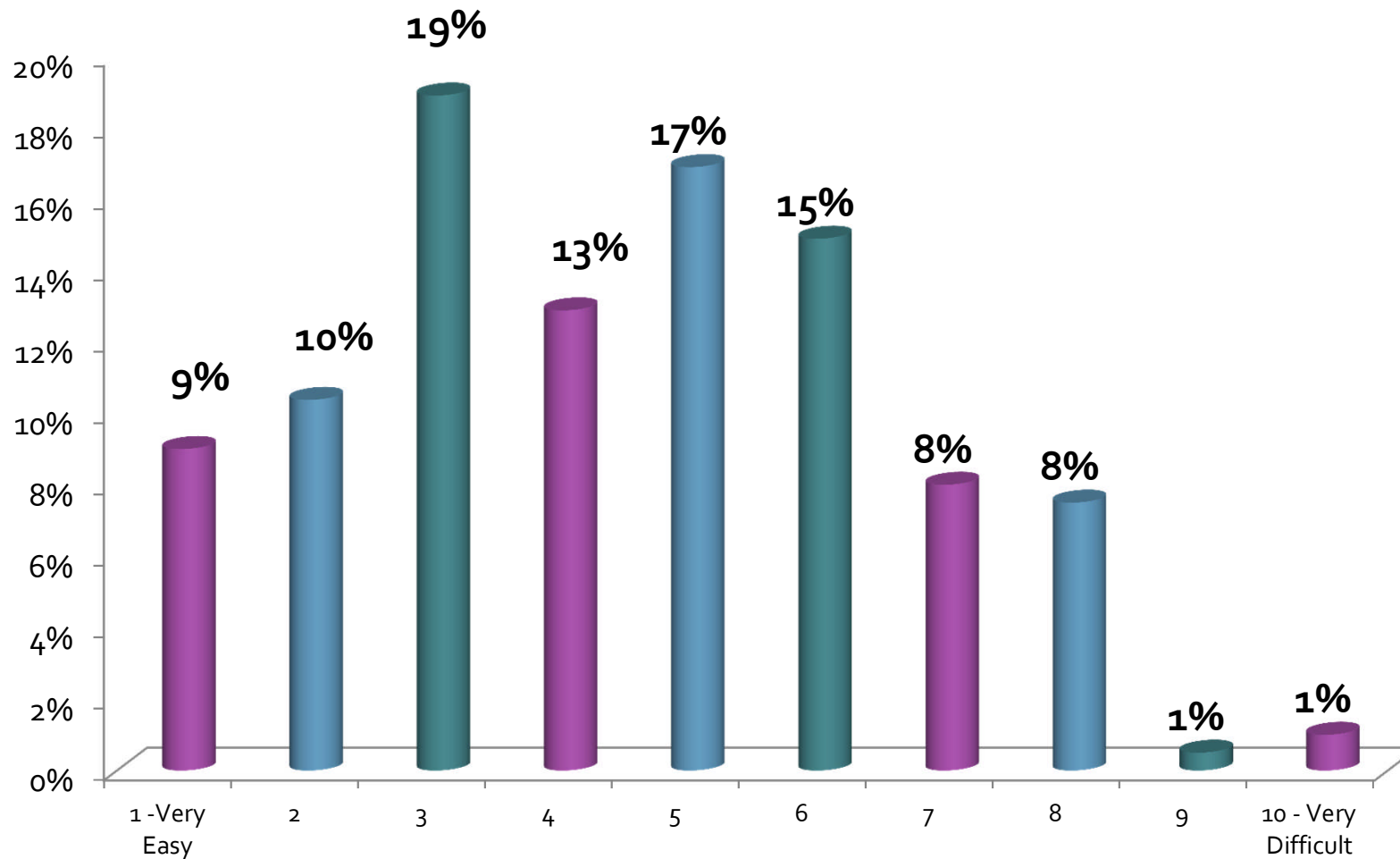
Average Down Payment: 26%



How much was your down payment for the home purchased (as a percentage of the sale price)?



Average Difficulty Rating: 4.4



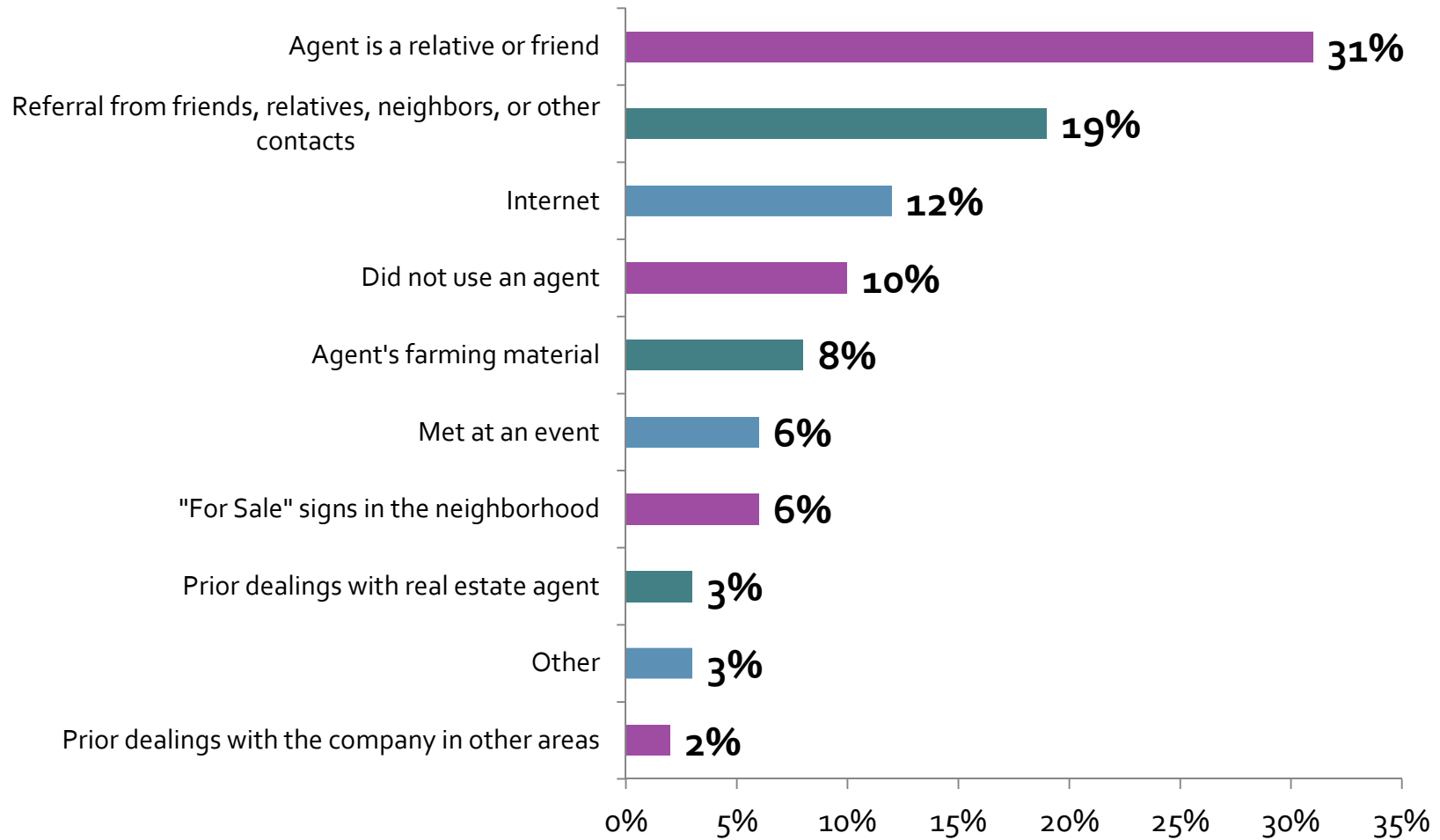
Please rate how easy or difficult it was to obtain financing on a scale of one to 10, with one being very easy and 10 being very difficult.





Buyer/ Agent Relationship

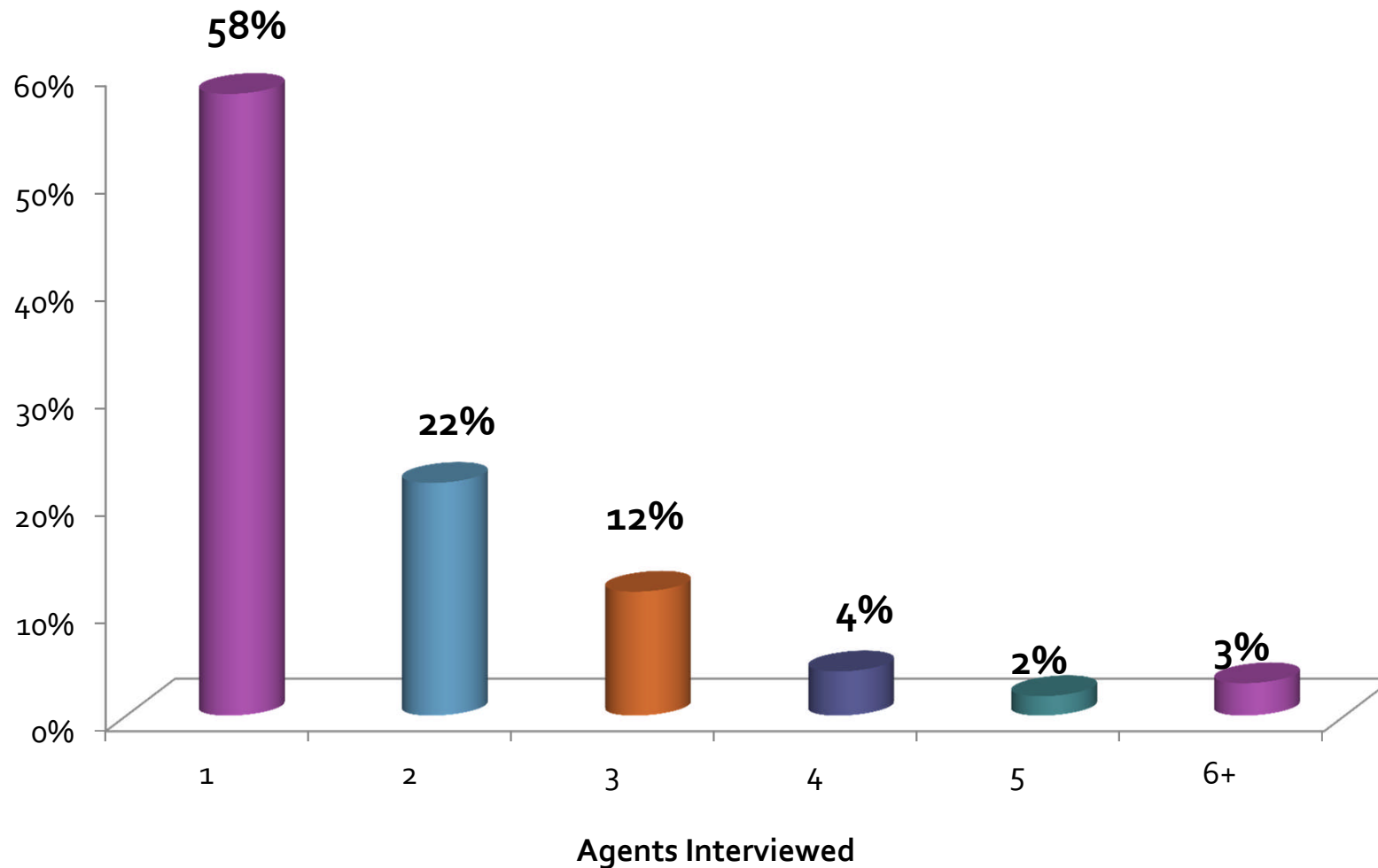
Many Related to Agent



How did you find your real estate agent?



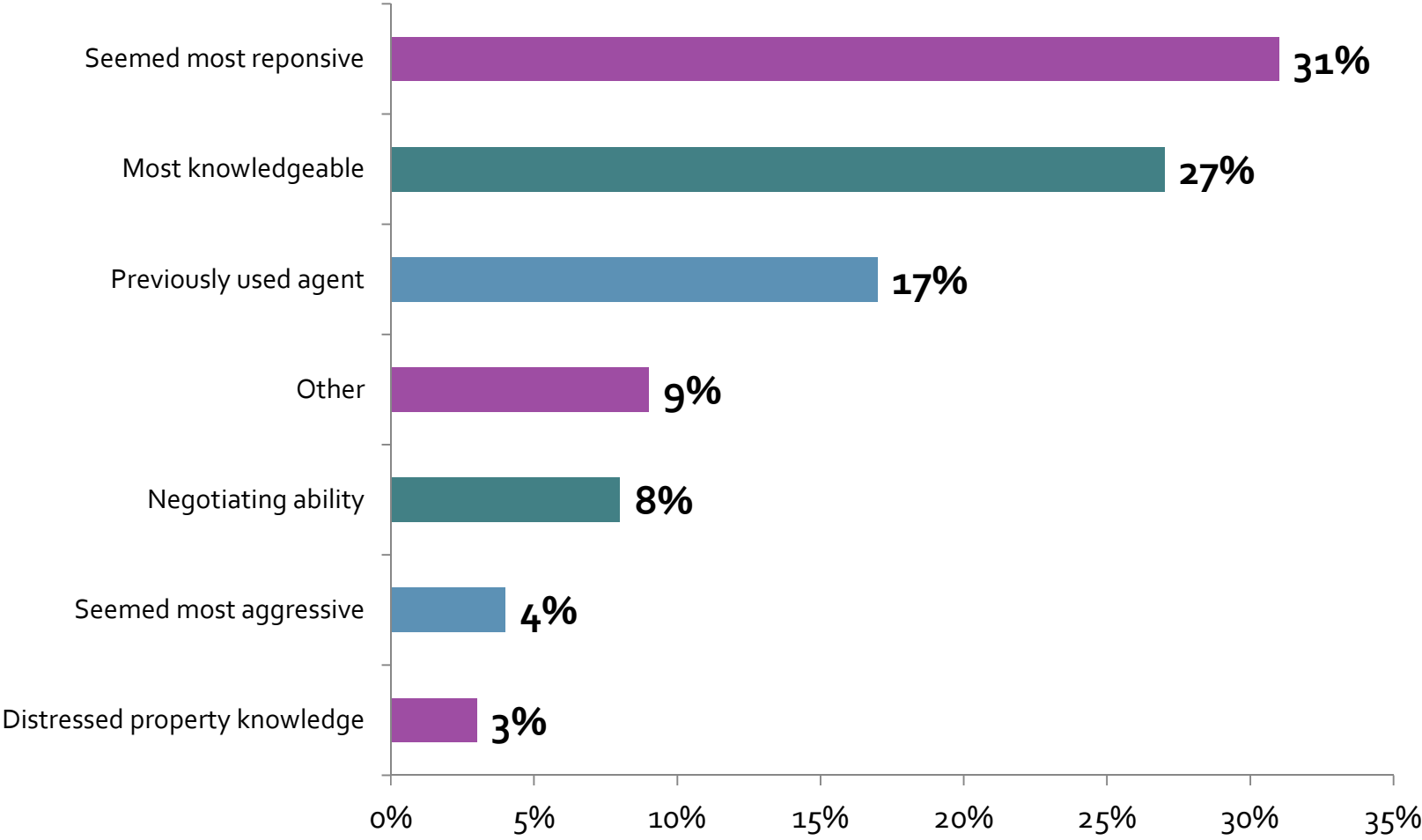
Average Number of Agents Interviewed: 2



How many agents did you interview prior to selecting the agent you used in your recent home purchase?



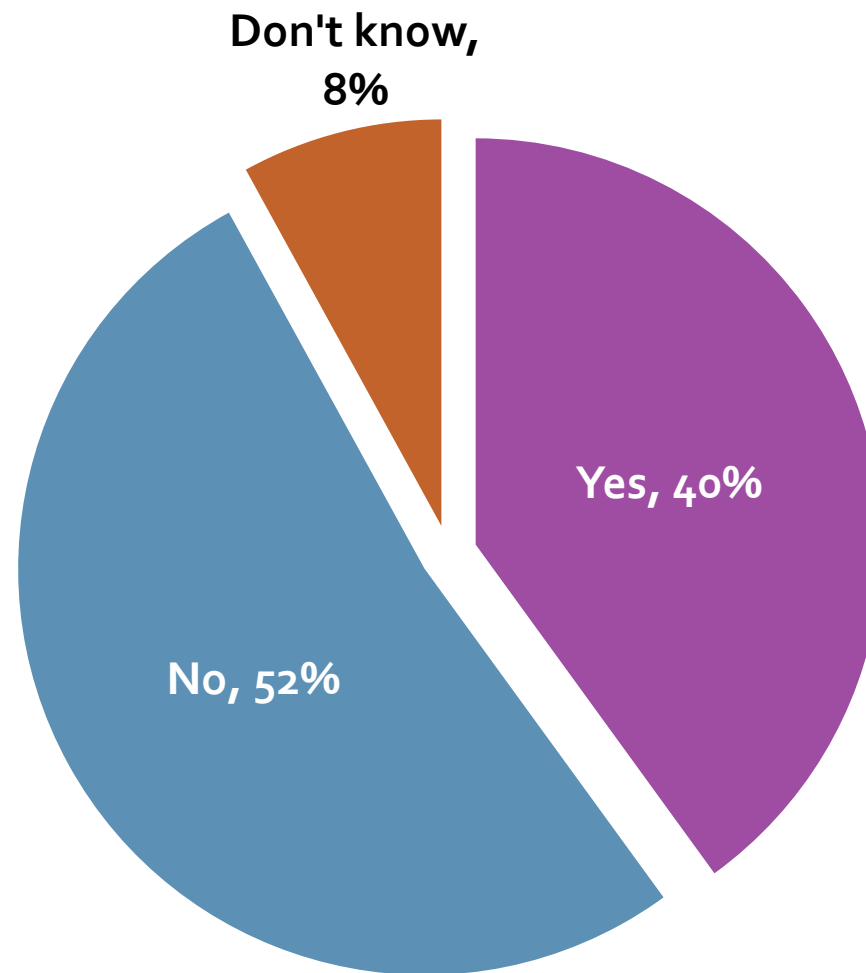
Responsive Agents are Most Desired



What was the single most important reason for selecting that agent?



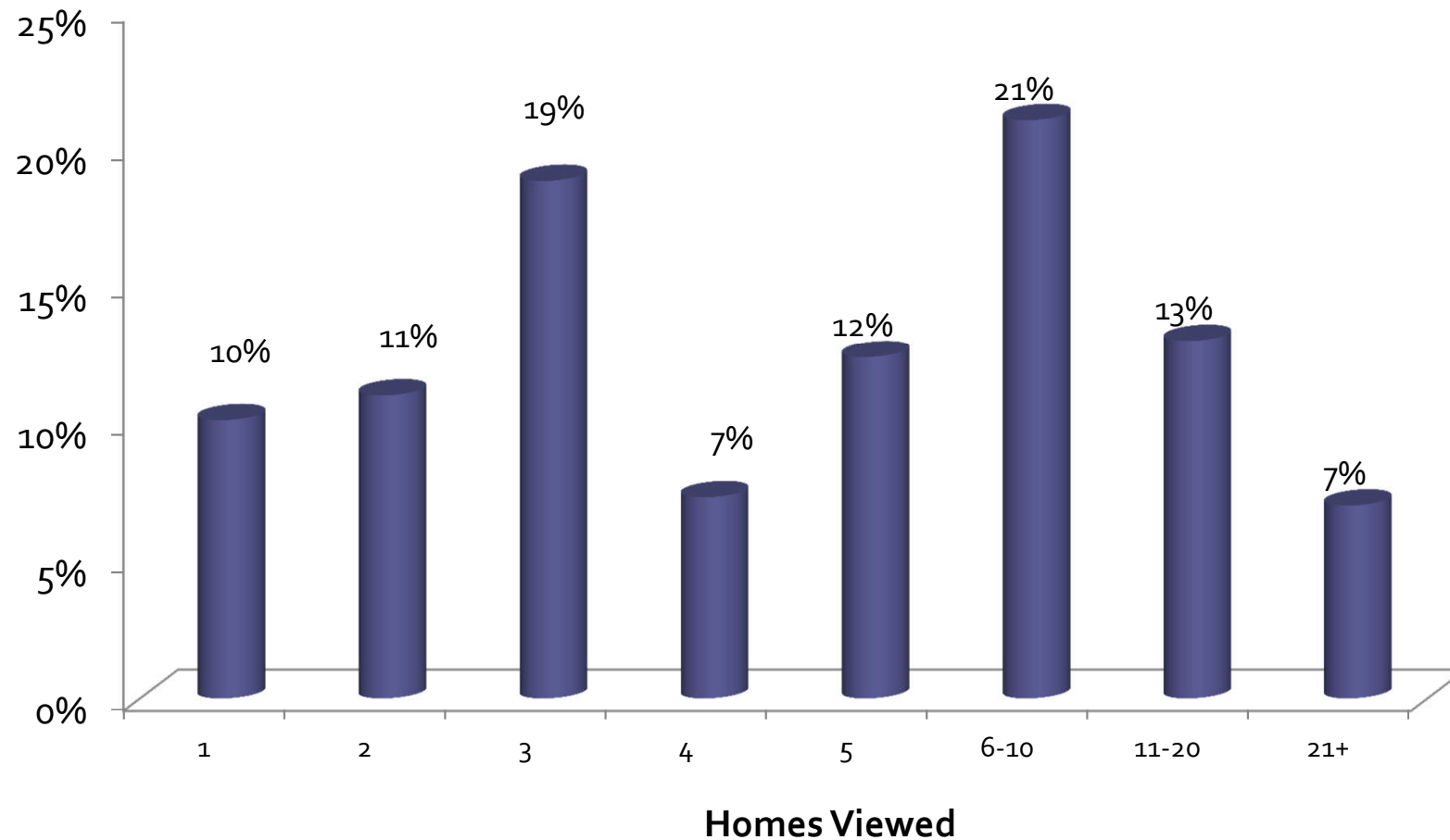
4/10 Googled Their Agent



Did you "Google" (conduct an internet search for) your agent to find out information about him/her?



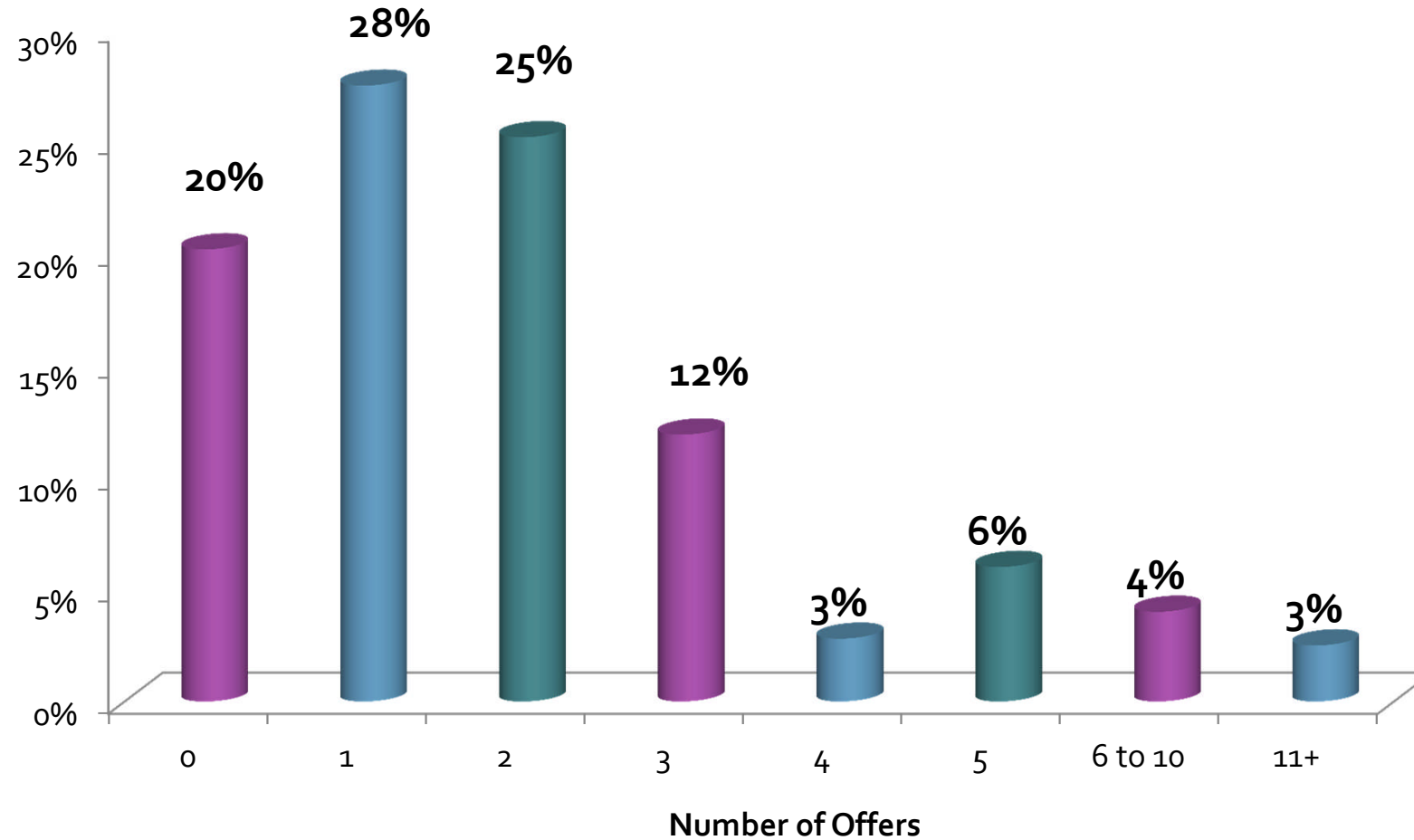
Average Number of Homes Viewed: 8.2



How many different homes did you preview and visit with your agent prior to making a purchase?



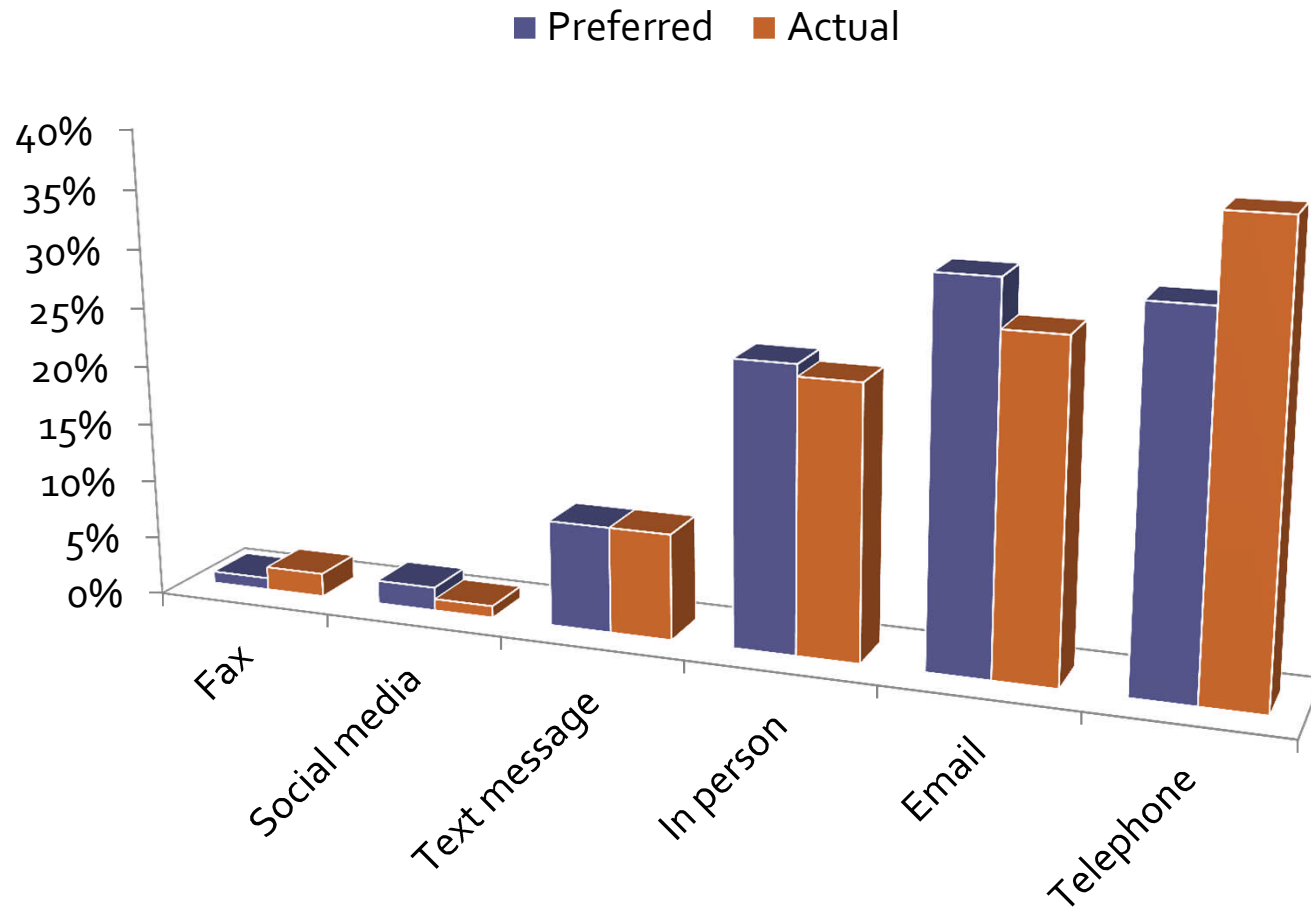
Average Number of Offers on Other Homes: 2.3



How many offers did you make on other homes?



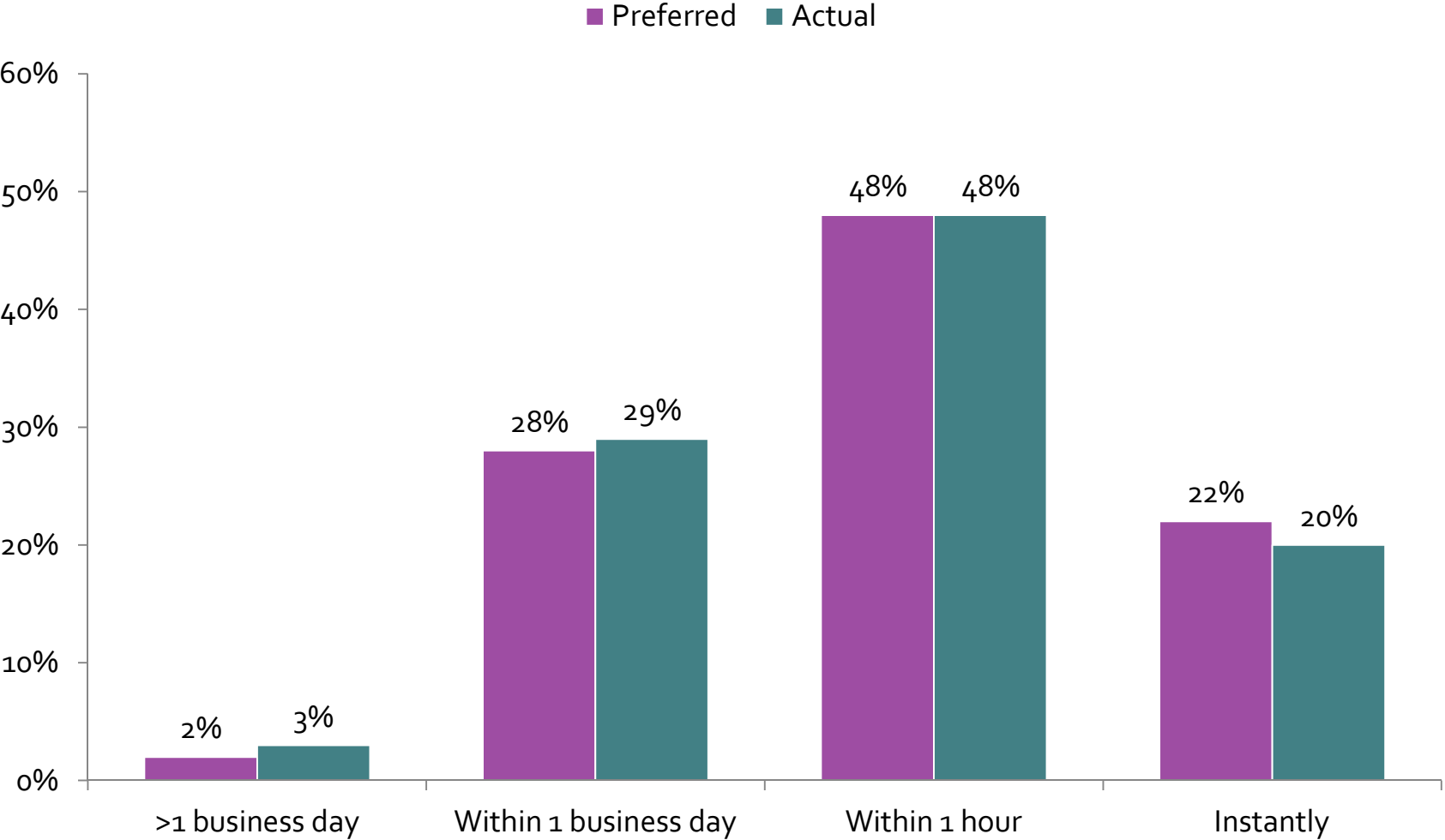
Preferred vs. Actual Communication



What was your preferred method of communicating with your agent and how did your agent primarily communicate with you?



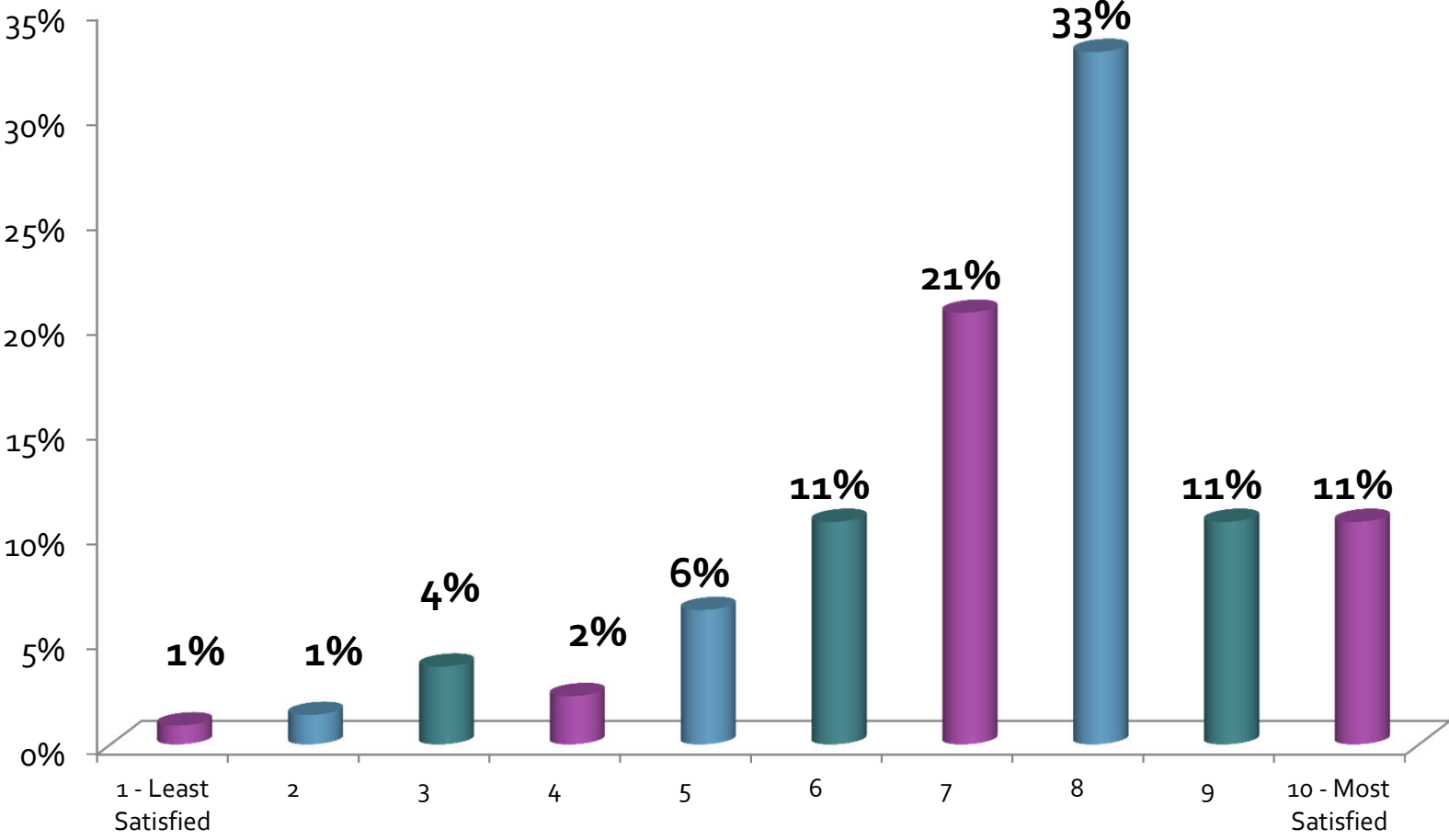
Preferred vs. Actual Response Rate



When attempting to reach your agent, what response time were you typically expecting for your agent to get back to you, and on average, what was the actual response time for your agent to return your communication?



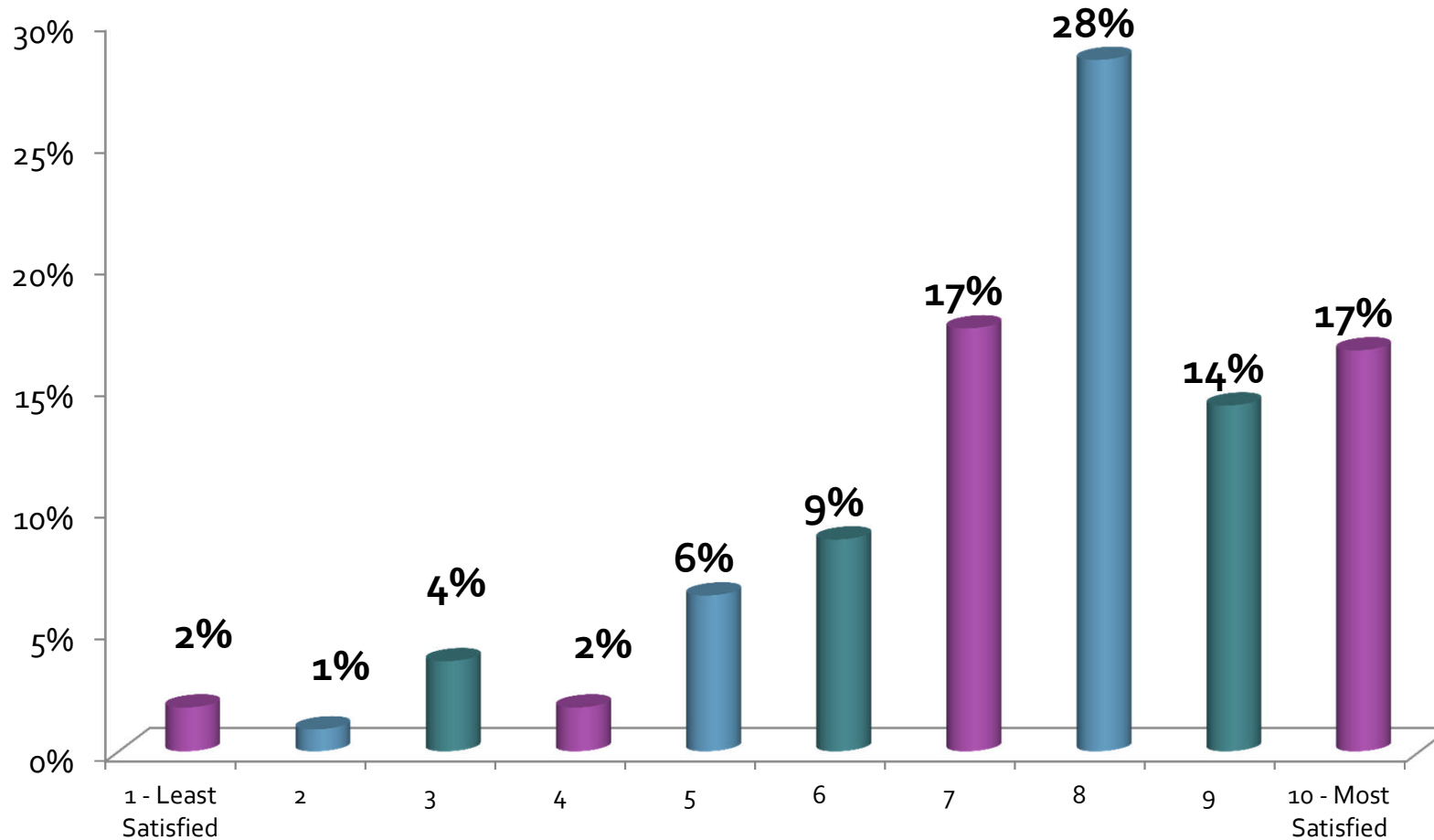
Overall Home Buying Process Average Satisfaction Rating: 7.3



Please rate your degree of satisfaction with the overall process of buying a home on a scale of one to 10, where one is least satisfied and 10 is most satisfied.



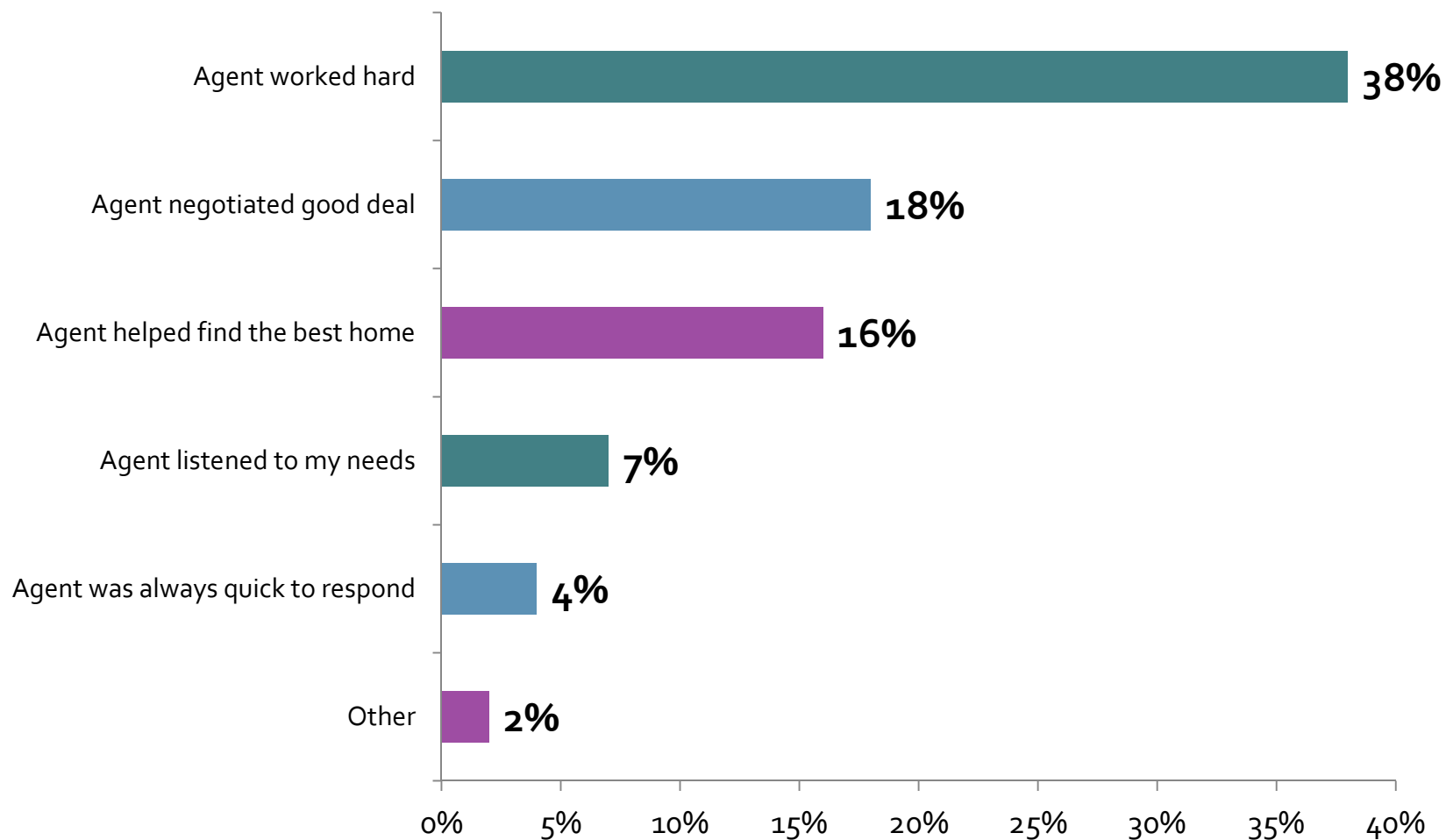
Average Agent Satisfaction Rating: 7.5



Please rate your degree of satisfaction with your real estate agent on a scale of one to 10, where one is least satisfied and 10 is most satisfied.



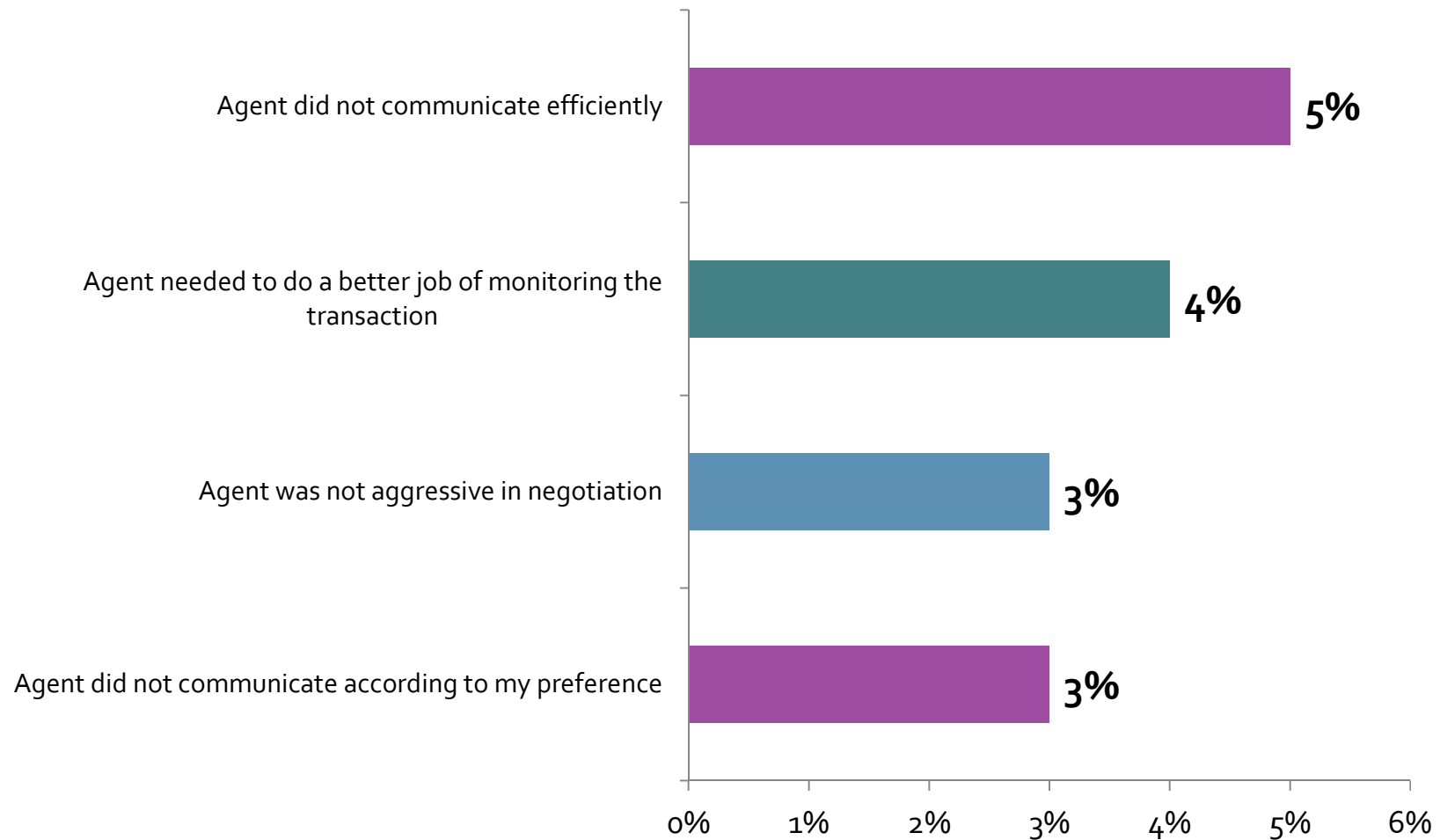
Why Were Millennials Satisfied with their Agent?



Why do you have that level of satisfaction with your agent?



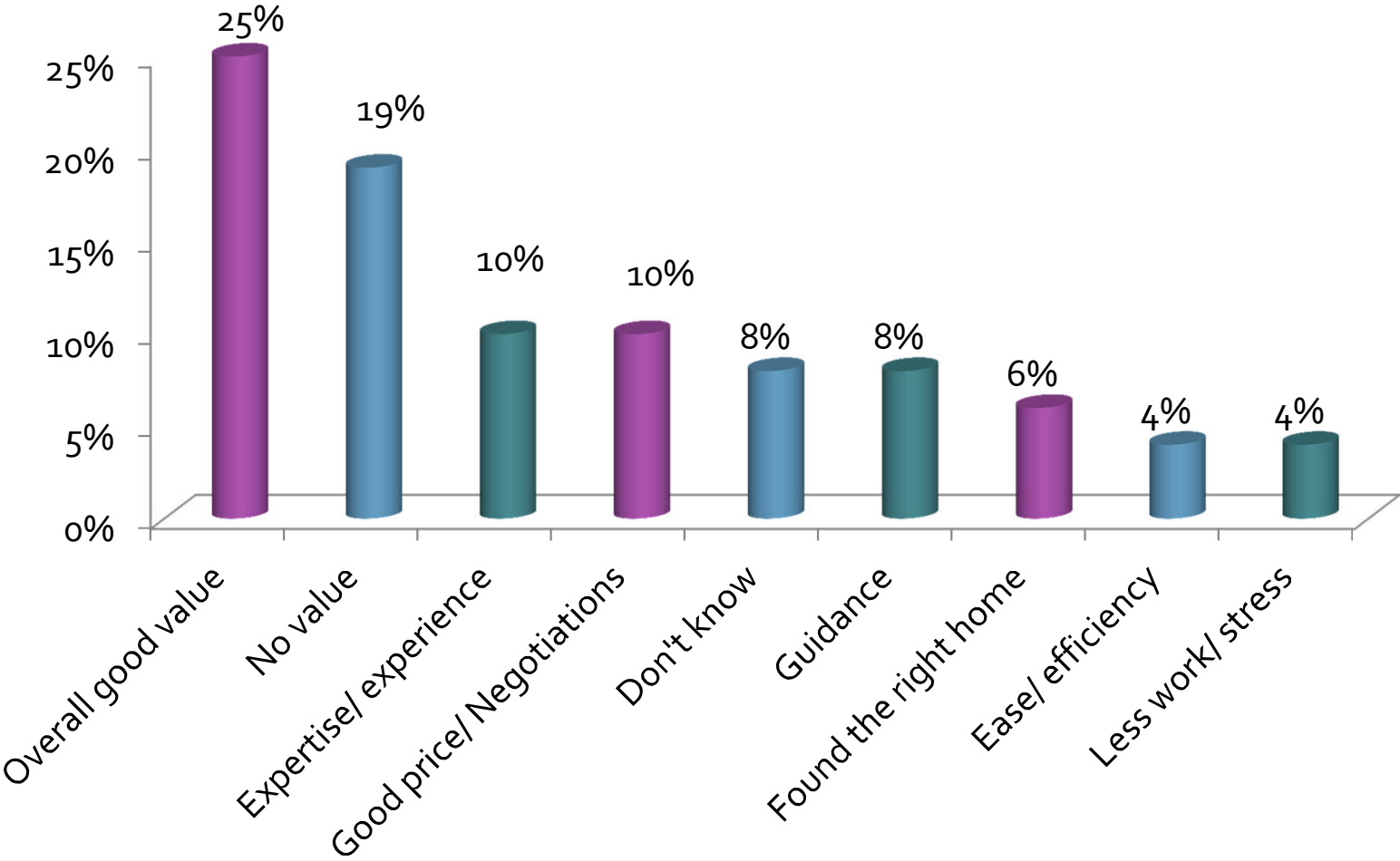
What Could Agents Improve?



Why do you have that level of satisfaction with your agent?



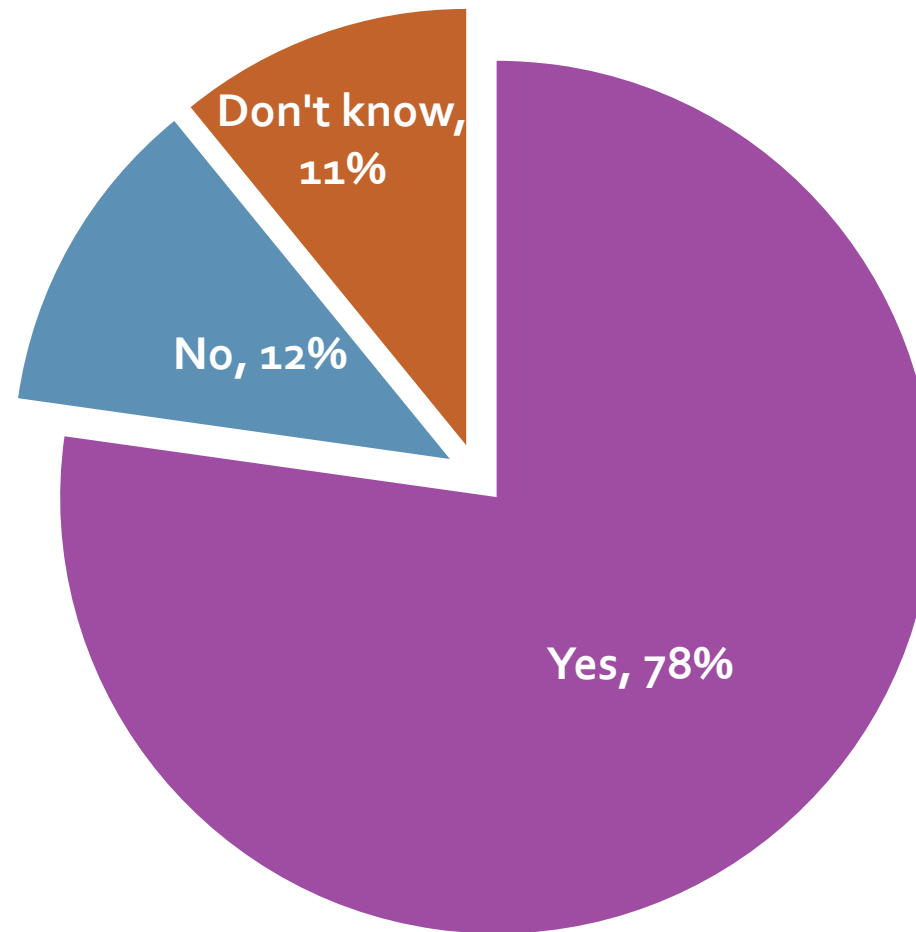
Value of Hiring an Agent



What value did you receive from hiring an agent to represent you in the transaction?



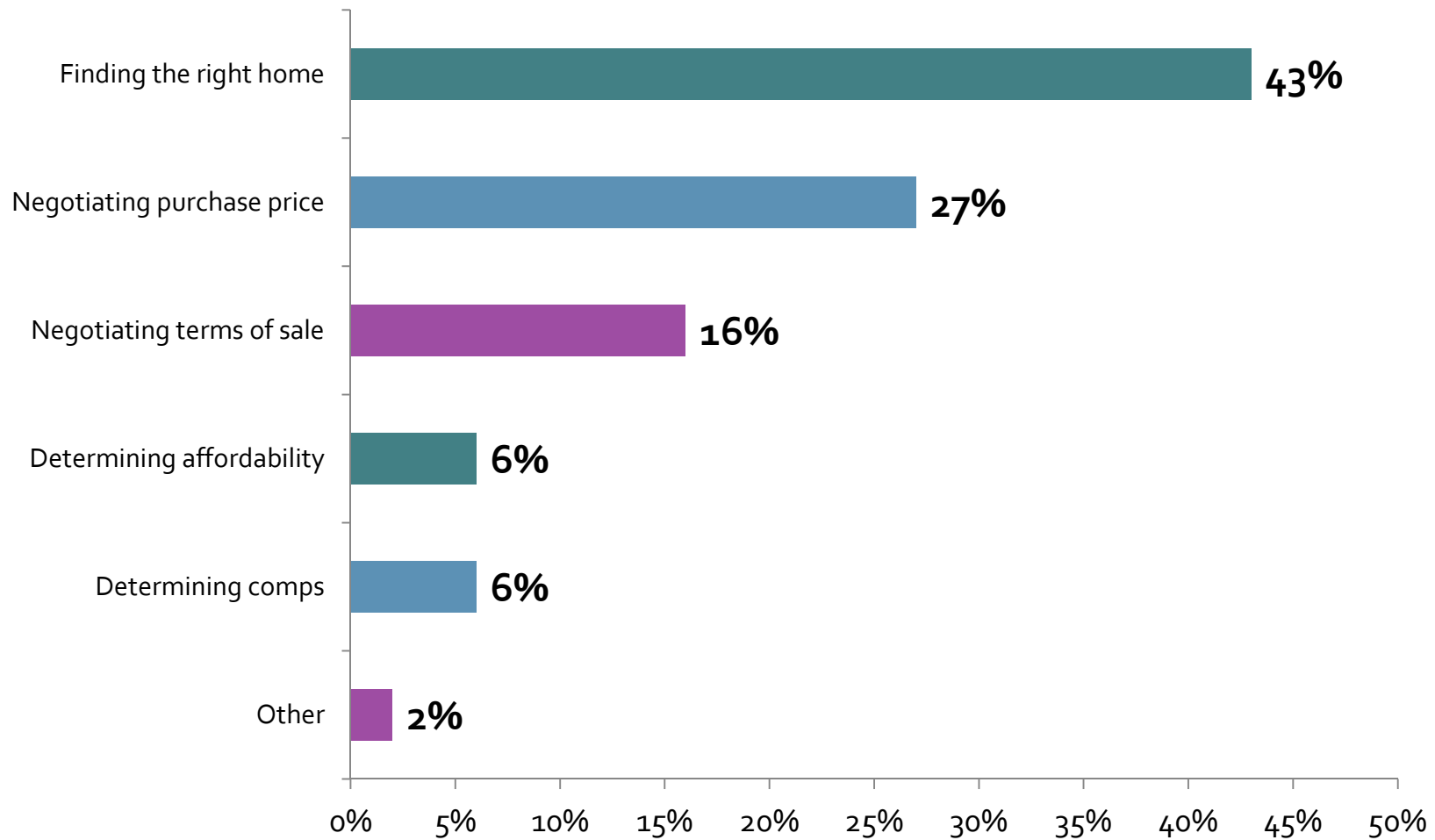
4/5 Would Work with Same Agent Again



Would you work with the same agent again?



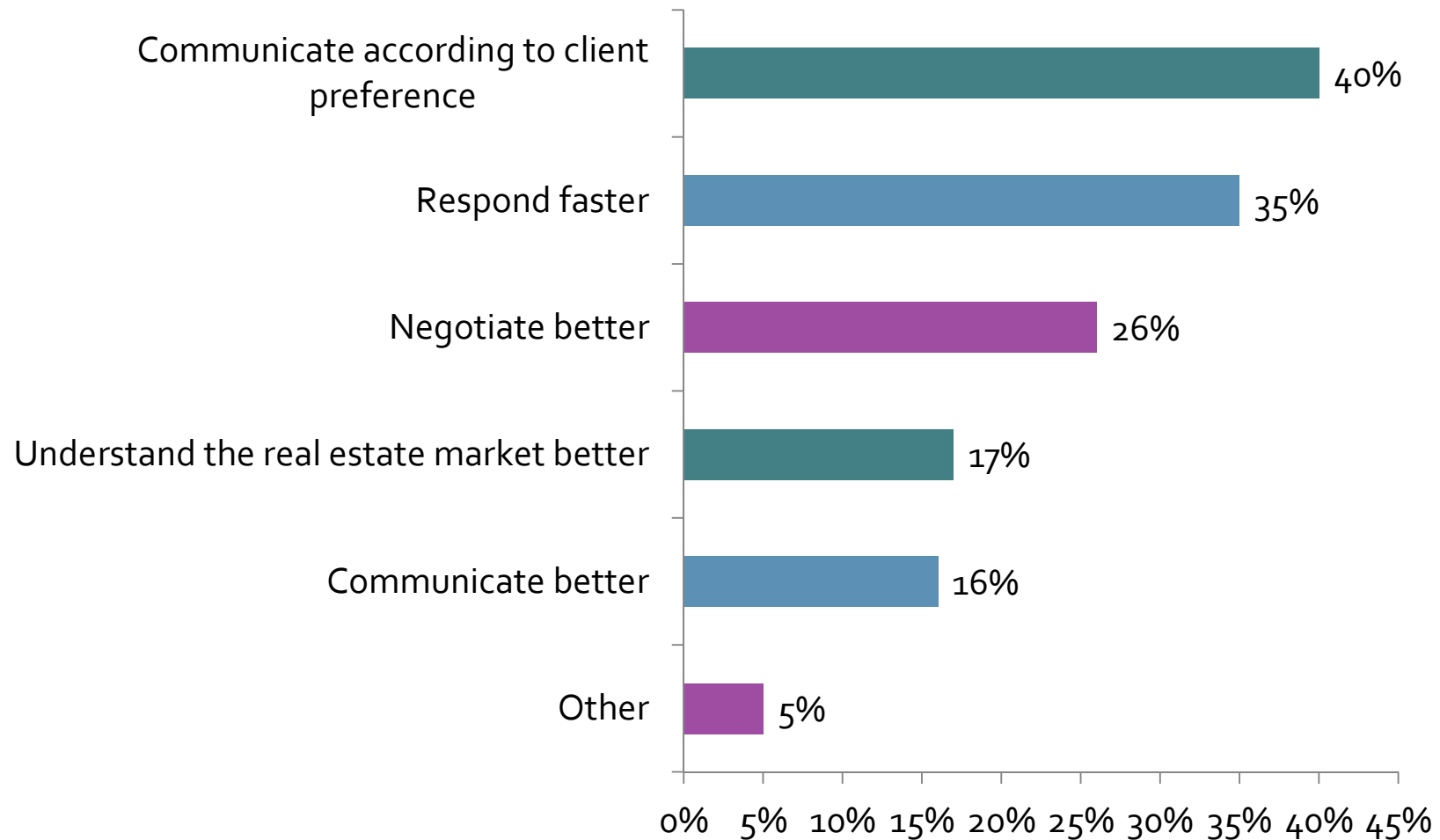
Where do Millennials Need Agent Assistance?



In which part(s) of the transaction did you need the most assistance from your agent?



Advice for Real Estate Agents



What advice would you give to real estate agents to improve the home buying process or their level of service?



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Diminished housing affordability continued to hold back pending home sales for the fifth straight month in August. »

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Diminished housing affordability continued to hold back pending home sales for the fifth straight month in August. »

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C.A.R. reports 2nd Qtr housing affordability

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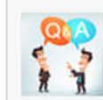
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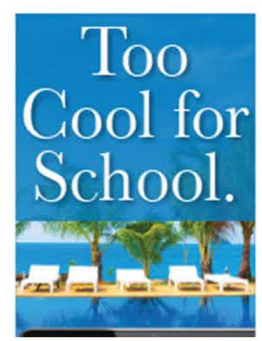
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THANKYOU!

Questions?

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