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NEWS

Millennials Change Home Ownership Trends

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Millennials are bucking trends, changing the landscape of America, and are sharply different from previous generations in many different ways. One of the most notable ways is through millennial home ownership numbers, according to experts on generational trends and home ownership presenting at the recent [2016 REALTORS Legislative Meetings & Trade Expo](#).

While all generations have their own hardships, opportunities and defining features, millennials are coming of age in a time of deep demographic transformation, experts say. In a session titled "The Minds of Millennials—Motivation, Mobility and Making Home," moderated by National Association of Realtors Chief Economist Lawrence Yun, panelists discussed what the shift means for the American way of life.

"America in the near future will look nothing like the America of the past," said Paul Taylor, executive vice president of the Pew Research Center and author of the book "The Next America: Boomers, Millennials, and the Looming Generational Showdown". "These shifts are creating big generation gaps that will put stress on our families, our politics, our pocketbooks, our entitlements programs and perhaps our social cohesion."

Millennials, Taylor said, are different from their parents and grandparents in ways that are already impacting all aspects of life. For example, he noted that millennials (those born after 1980) are less religiously affiliated and slow to marry and have kids. They grew up with cell phones and on social networking sites while also obtaining a high level of education, but are still struggling financially because of the economy. Politically, half of the generation identifies as independent, more than ever have before. While seemingly small differences, these characteristics have very real effects on home ownership. After all, he noted, 39 percent of millennials are still living with a parent or relative, citing the record share of young households holding student debt.

Jessica Lautz, managing director of survey research at NAR, agreed that home ownership among millennials is taking a hit. Student loan debt, flat wages, rising home prices (making it harder to get into the home ownership game) and rising rents (complicating the saving process), are delaying milestones such as marrying and having children – major events in life that often cause young people to buy a home.

The real estate industry is already feeling the impact of these factors on millennials in regards to home buying. First-time buyers have in the past accounted for about 40 percent of homebuyers; however, NAR data show that number has trended downward since 2011 and currently sits at 32 percent. And while married couples are the largest group of buyers (currently 67 percent of all buyers), single females make up the second largest group of buyers, and that share has also dropped from 22 percent in 2006 to 15 percent in 2015.

Still, one big thing hasn't changed, according to Lautz. "Even with all these statistics showing how things have changed for millennials and the fact that they are worse off financially than previous generations had been, the median age of first-time buyers has stayed relatively unchanged at 31," Lautz said. "This means that they are ready and willing to buy if they can in fact break into the market. It's getting more difficult to get to that point, but the desire to do so hasn't changed."

And while the path to home ownership is harder now for millennials carrying student debt, dealing with rising rents, and experiencing stagnant wages, NAR research shows that millennials still see the value in owning and home and once they are ready, they are looking to a real estate agent in higher numbers than ever before.

“We are seeing that millennials are using agents at much higher rates,” Lautz said. “You might assume that they would prefer to take on a purchase or sell on their own, being raised in the digital age, but instead, we have found that these buyers and sellers want someone to help them through the process, not unlike the way their parents have helped them through their young adult life. Not having been through the process before, they rely on real estate agents to get them through the competitive market and to the finish line.”

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