

What Real Estate Agents Need to Know About Millennials



Millennials (also known as Gen Y) are commonly defined as those people born between about 1980 and 2000. As with every generation, this one has distinct characteristics, and real estate businesses must clearly understand the needs and preferences of Millennials—particularly in terms of communication methods—in order to successfully work with them as clients.

Introduction/Overview

For decades, in-person meetings and lengthy phone calls were the main tools of the trade for real estate agents and brokers. While these practices are still important ways to build relationships and communicate with clients, additional tools are now required when dealing with Millennials who are looking to buy or sell a home.

The sheer size of this generation demands that real estate agents and brokers stand up and take notice. According to U.S. Census data released in June 2015, Millennials number 83.1 million and represent more than one quarter of the nation's population, making this group now larger than the 75.4 million Baby Boomers.¹ In addition, the National Association of REALTORS® *Home Buyer and Seller Generational Trends Report 2015* found that the largest group of recent buyers was the Millennial generation, those 34 and younger, who composed 32 percent of all buyers.²

This white paper examines some key characteristics of Millennials including their attitudes toward home buying, what they expect of their real estate agents and how they prefer to do research and have conversations. It also offers information on what agents can do to better connect with these younger clients, using today's broad spectrum of social media and communications options.

As a real estate agent or broker, you face challenges as well as opportunities with respect to Millennials. Your technology partners can equip your business with the resources required to effectively connect with this generation and identify, nurture and close sales leads.



¹ <https://www.census.gov/newsroom/press-releases/2015/cb15-113.html>

² <http://www.realtor.org/sites/default/files/reports/2015/2015-home-buyer-and-seller-generational-trends-2015-03-11.pdf>



Characteristics of Millennials

Demographics

- Overall, Millennials are more diverse than the generations that preceded them, with 44.2 percent being part of a minority race or ethnic group (that is, a group other than non-Hispanic, single-race white).³
- Of adult Millennials (18-33), 28 percent are married, 4 percent are separated/divorced and 68 percent have never married.⁴
- Of adult Millennials (18-33), 21 percent of men and 27 percent of women had a college degree.⁴
- Median household income in 2013 for adult Millennials was \$61,003.⁴

- In 2014, 86 percent of adult Millennials lived in metropolitan areas.⁴
- In 2014, there were 68.39 million people in the U.S. ages 18-33.⁴

Technology Use

Millennials are digital natives, meaning they have grown up using technology. In fact, when asked what makes their generation unique, Millennials ranked “Technology Use” first (24 percent).⁵ More than 74 percent feel that new technology makes their lives easier, and 54 percent feel new technology helps them be closer to their friends and family.⁵ Just how inseparable are Millennials from their devices? An astounding 83 percent say that they sleep with their smartphones.⁵

15 Economic Facts

With the first cohort of Millennials now in their early thirties, they will be an important engine of the economy for decades to come, and that includes the real estate business. The Council of Economic Advisers, an agency within the Executive Office of the President, released *15 Economic Facts About Millennials* in October 2014.

Fact 1: Millennials are now the largest, most diverse generation in the U.S. population.

Fact 2: Millennials have been shaped by technology.

Fact 3: Millennials value community, family and creativity in their work.

Fact 4: Millennials have invested in human capital more than previous generations.

Fact 5: College-going Millennials are more likely to study social science and applied fields.

Fact 6: As college enrollments grow, more students rely on loans to pay for post-secondary education.

Fact 7: Millennials are more likely to focus exclusively on studies instead of combining school and work.

Fact 8: As a result of the Affordable Care Act, Millennials are much more likely to have health insurance coverage during their young adult years.

Fact 9: Millennials will contend with the effects of starting their careers during a historic downturn for years to come.

Fact 10: Investments in human capital are likely to have a substantial payoff for Millennials.

Fact 11: Working Millennials are staying with their early-career employers longer.

Fact 12: Millennial women have more labor market equality than previous generations.

Fact 13: Millennials tend to get married later than previous generations.

Fact 14: Millennials are less likely to be homeowners than young adults in previous generations.

Fact 15: College-educated Millennials have moved into urban areas faster than their less educated peers.

The complete *15 Economic Facts About Millennials* report can be found here: https://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf

³<https://www.census.gov/newsroom/press-releases/2015/cb15-113.html>

⁴<http://www.pewsocialtrends.org/2015/03/19comparing-millennials-to-other-generations/#!10>

⁵<http://www.nielsen.com/us/en/insights/news/2014/millennials-technology-social-connection.html>

Millennials and Home Ownership



According to the National Association of REALTORS® *Home Buyer and Seller Generational Trends Report 2015*, Millennials make up the largest share of first-time buyers at 68 percent, and 39 percent of Millennials primarily purchased a home just for the desire to own a home of their own. The median age of Millennial home buyers was 29, and their median income was \$76,900.⁶

Generally speaking, Millennials are buying their first homes later than previous generations. This can be attributed in part to difficulties coming up with a down payment due to student loan debt, a weak job market, subpar wage growth and rising rents. Millennials are also getting married and having children later than previous generations, which relates to the timing of home ownership as well.

Types of Homes Preferred

These younger buyers tend to buy older homes, most often because the home is a better price and better overall value. For Millennials, the biggest factors influencing neighborhood choice were the quality of the neighborhood (75 percent) and convenience to jobs (74 percent). As buyers' children reach school age, the quality of school districts and convenience to schools starts to move up in terms of importance. On average, Millennials bought a 1,720-square-foot home costing \$189,900.⁶

Another factor for Millennials in home selection is the premium they put on life experiences such as travel over owning a lavish home. They are less interested in a status-symbol property and more interested in sharing photos of exotic vacations on social channels.

How Millennials Search for Homes

As the first generation of digital natives, Millennials' love of technology helps shape how they shop for everything, including a home. They are accustomed to instant access to price comparisons, product information and peer reviews. Not surprisingly, their first step when looking for a home is to look online for listings in their area and read up on residential financing. By comparison, older home buyers tend to look to their real estate agent for home research.

While the 2015 National Association of REALTORS® *Home Buyer and Seller Generational Trends* study found that the Internet was the leading source of where Millennials found the home they purchased (51 percent), Millennials also used an agent to purchase their home at a higher share (90 percent) than all other generations.⁶ That's good news for agents, and it indicates these tech-savvy buyers still value what agents bring to the table.

⁶<http://www.realtor.org/sites/default/files/reports/2015/2015-home-buyer-and-sellergenerational-trends-2015-03-11.pdf>

What Millennials Want from Real Estate Agents

Millennials want a partner in the home buying process—a real estate agent able to meet their needs and understand their preferences. Here are some common items on their wish lists:

- **Honesty and Integrity** – When choosing a real estate agent, Millennials look for an individual they can trust; not surprising, since buying a home is a major life event. This requirement is no different from other generations. What is different is that Millennials often look for testimonials and reviews online to find agents with strong principals, whereas previous generations would personally ask friends and relatives for recommendations.
- **Local Knowledge and Insights** – Millennials want to work with an agent who has extensive experience with the local area. While they can find some information about neighborhoods through their own online research, Millennials expect their agent to bring additional insights on community factors such as the school district, local services and general livability, based on first-hand experience.
- **Respect for Their Communication Preferences** – In order to feel comfortable working with an agent, Millennials

want to know that the individual is open to using the communication channels they prefer. This often means texting rather than phone calls, as well as emails, messaging apps and social media.

- **Ability to Streamline the Process** – Without an agent, searching for and buying a home can feel like a second job. Since Millennials are already busy with careers, family and travel, they want their agent to walk beside them and help navigate the complex buying process. They also want their agent to help them interpret the home information they've found online.
- **Organization and Planning** – Millennials don't like surprises. They want to know what to expect and when, so they appreciate an agent who provides timelines, checklists and charts.
- **Responsive Customer Service** – This is the generation raised with Google at their fingertips. Millennials expect quick answers to questions, and that includes the questions they pose to their agent. They will look for an individual who gets back to them promptly with information.

Communicate How and When They Want

A 2012 survey of members of the National Association of REALTORS® found that only 3 percent of agents were under 30 and 81 percent were older than 45, with 25 percent over 65.⁷ This presents a challenge, since these older, experienced agents must adjust their client communication habits in order to appeal to Millennials and make sales happen. It's a challenge well worth facing, however, since this demographic makes up the largest group of today's home buyers. Cultivating these relationships will likely pay off down the road, as Millennials continue to buy and sell more homes in the near future.

⁷<http://money.usnews.com/money/personal-finance/articles/2015/02/27/how-millennials-are-transforming-the-homebuying-process>

When working with new clients from the Millennial generation, follow their lead in terms of methods of communication and be ready to use text messages, emails and Facebook private messages instead of, or in addition to, phone calls (depending on the type of conversation).

Since Millennials have grown up with the 24/7 online experience, they expect to be able to communicate at any time. Some have coined them the “always on” generation. As an agent, you must do your best to meet these expectations by being readily available to answer questions or provide information.

Strategies for Communicating With Millennials

It's important for agents and customers to clarify upfront how they will communicate and how often, as well as how quickly they can expect a response.

Have a Mobile-Friendly Website

More than 50 percent of Millennials search for homes on their smartphones and, among those, 26 percent end up buying a home they found that way, according to data from the National Association of REALTORS®.⁸ If you want these potential clients to find your real estate business, it needs to have a mobile-friendly website, meaning its content can be viewed easily on smaller screens and also displays important company information without complicated navigation. In addition, keep the addresses of your listings up to date and test them on Google Maps to make sure the directions are correct.

Be Active on Social Media

When doing research, Millennials are three times more likely than Baby Boomers to read and be influenced by comments on social media or blogs.⁹ They are also more active on sites beyond Facebook including Instagram, Tumblr and Twitter. This generation values the connectivity of these sites and will reach out via social networks with questions and concerns about local companies.

Your real estate office needs to have a Facebook business page, which can provide office hours and allows clients to review you. As a real estate agent, you need to also create a personal profile for social channels that conveys your experience and knowledge as well as your personality. To support your statements, include testimonials from satisfied clients.

Once you get on social media, it's important to stay active. Check and respond to messages, post links to interesting articles from industry sources and highlight noteworthy listings.

⁸<http://www.realtor.org/infographics/2015-generational-trends-report-millennials>

⁹<https://www.marketstrategies.com/blog/2014/06/millennials-social-media-infographic/>



Think Visually

Online content gets more engagement when it includes a photo or video, so many real estate agents and brokers are taking full advantage of the visual nature of the business to help attract Millennials. For example, the national real estate brokerage Redfin recently began advertising on Instagram, showing pictures of homes for sale. It also uses YouTube to post do-it-yourself tips for homeowners.¹⁰

Provide All the Facts

Although Millennials were hit hard by student loan debt and the recession, members of this generation are optimistic about buying a home and willing to make sacrifices to save for a down payment. Your personal communication with them needs to include education about what makes a home a good investment and guidance about the mortgage process. You may also want to write a blog that includes FAQ, common misconceptions about home inspections and appraisals, current market conditions and other related content.

Feature Millennials in Your Marketing

It makes sense for real estate businesses to actively pursue Millennials, given their current real estate activity and decades of future activity ahead. One way to do this is to create marketing materials specifically aimed at Millennials; when they see images of their age group on real estate blogs and social media sites, they are more likely to read the content.

¹⁰<http://money.usnews.com/money/personal-finance/articles/2015/10/01/why-real-estate-agents-and-homebuyers-should-use-instagram-and-snapchat>

Selecting Communications Solutions for Real Estate Offices

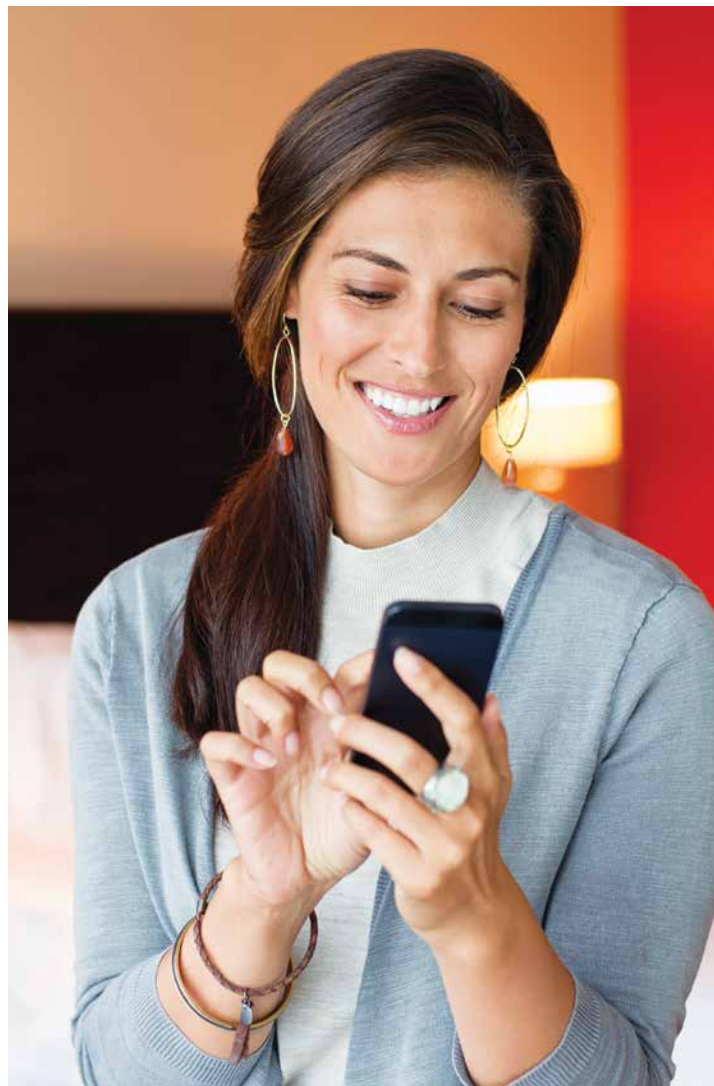
The real estate business demands that agents have quick access to information and convenient communication with clients, all while on the move between the office, client appointments and house showings. Evolving technology and the changing preferences of clients are combining to lead real estate brokers to explore more advanced communications solutions.

When selecting voice, data, video and security services, key factors to consider include:

- Will they help save time and enhance productivity?
- Are they designed with the flexibility and mobility required by real estate agents?
- Will they be compatible with the communications preferences of all clients, including Millennials?
- Are they affordably priced?
- Will they keep valuable data secure and accessible?
- Do they meet the needs of employees, clients and visitors?
- Can you count on the communications provider for reliable service and local support?

As communications technology continues to evolve, it's important to periodically reevaluate your services to see if better options are currently available to meet the requirements of your real estate office. Just as a client may have outgrown her two-bedroom starter home and be ready for more square footage, your business may need to upgrade its communications solutions to make room for today's activities and tomorrow's growth.

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