



Generational Trends

How does the real estate market affect generational trends in homebuying and selling, and how can real estate agents, mortgage professionals and title agents best assist each demographic? This flyer examines data from the National Association of REALTORS® (NAR) recent home buyers and sellers report* through the lens of marketing research firms for the purpose of helping industry professionals identify key strategies for courting customers from different generations.

THE SILENT GENERATION & BABY BOOMERS

STRATEGY #1:

Use Data to Create a Good First Impression

Smart companies use consumer data to better understand their customers, anticipate their needs and tailor their marketing efforts to create the best first impression possible.

Although the Silent Generation (born 1925-1945) accounted for just four percent of buyers in 2021, they represented the largest number of buyers to purchase new homes (at 20 percent), as new developments offer the appeal of less upkeep and need for renovations. Made up of mostly retirees, many in this generation are downsizing or seeking senior-specific communities. They are also looking for information on property tax and withholding, with many relying on their more tech-savvy children and grandchildren to help them maintain their property and finances.

The majority of home sellers in 2021 (42 percent) were Baby Boomers (born 1946-1964). Older Boomers (ages 68-76) are entering retirement, seeking less property maintenance responsibilities and downsizing to smaller spaces due to empty nests. However, one in six Younger Boomers (ages 58-67) show a preference for larger multi-generational homes to care for aging parents or accommodate adult children over the age of 18.

STRATEGY #2:

Understand & Honor Customer Preferences

Customers look to real estate professionals for guidance when buying or selling a home. Therefore, it's important to understand and honor generational preferences for communication, financing and more.

For example, the Silent Generation is more likely to purchase homes based on proximity to health and care-giving services. Twenty-eight percent chose senior-specific housing in 2021 to accommodate their needs. This group is the most likely to depend on a real estate agent for paperwork help, inspections and determining market value. They prefer to see prospective homes in person rather than online and have the lowest urgency when selling their home, preferring to wait for the right offer.

As Baby Boomers reach retirement age, many are looking to cash in on the equity they've amassed in their homes and move to metropolitan areas that offer better affordability and lower tax rates; ample access to health care; strong, diverse economies with part-time employment opportunities; moderate climates; and low crime rates. Sellers in this demographic are the most likely to depend on real estate agents for help marketing their home to potential buyers and many prefer to meet in person. As most sellers in this demographic are repeat sellers, Boomers generally depend on equity earned from their previous home to finance their new one.

STRATEGY #3:

Show Care and Respect

Great customer experience happens when customers feel known, heard, and valued. That means getting to know the people you serve, listening to their needs and showing them you care. For example, older generations may enjoy getting a handwritten thank you note, or a holiday card wishing them well. Like any relationship, customers who feel valued are more likely to remain loyal and recommend you to others.





MIDDLE-AGED BUYERS (GEN X & MILLENNIALS)

STRATEGY #1:

Use Data to Create a Good First Impression

The NAR's recent report reveals plenty of data for middle-aged buyers when it comes to their goals, concerns and mindset for buying and selling a home.

In the prime of life and at the height of their careers, Gen Xers (born 1965-1979) are the most likely age group to have school-aged children at home, influencing their priorities for home size, neighborhood and proximity to good school districts. With upward mobility in their careers and increased ability to work from home, Gen Xers are upgrading from starter homes to dream homes and made up the largest share of sellers at 24 percent.

Millennials (born 1980-1998) made up the majority of homebuyers in 2021 at 43 percent. Many are at the stage of life where they are financially stable, have saved up enough money for a down payment, and have or are beginning to start families — all catalysts for purchasing a starter home. Eighty-one percent of Millennial homebuyers were first-time buyers in 2021.

STRATEGY #2:

Understand & Honor Customer Preferences

Each age group has different preferences for approaching the home search or selling process, communicating with professionals and exploring financing options.

According to the NAR report, Gen X buyers are looking for metropolitan areas with strong job markets, a diverse employer base and more managerial positions than the national average. They also seek highly-ranked school systems and homes that typically provide 150 more square feet than the national average.

As the first of the internet generation, Gen Xers like to do their own research online before consulting a professional and take their time to shop around for the best value. In 2021, Gen Xers visited the most open houses out of any generation, viewing a median of eight homes before making an offer.

Drawn to bigger, updated single-family homes with a typical square footage of 1,900-2,400, Millennials are also looking for multifunctional homes and room to grow. Top cities for Millennials boasted affordability and availability of homes, and above-average employment opportunities in the tech, finance and healthcare industries.

Tech-savvy and eager to do their own research, Millennials often rely on digital communication with real estate professionals, virtual tours and live streams of showings, and like to take their time shopping around and weighing their options. On average, Millennials obtained six mortgage quotes before buying, compared to three quotes for Baby Boomers. Yet, despite their use of tech tools, Younger Millennials are still using real estate agents at the highest rate (92 percent) in order to help them find the right home and negotiate transaction terms.

STRATEGY #3:

Show Care and Respect

As marketing researchers can attest, a vital part of the customer experience is making sure the customer feels like more than a number — even after the transaction ends. For example, customers don't just appreciate follow-up calls, they expect them. According to a 2019 PricewaterhouseCoopers' survey, 52 percent of home buyers who received a call after closing said they would be likely to use the same lender again for their next loan, compared to just 23 percent of those who didn't get a call. Often, it's the simplest gestures that mean the most.

YOUNGER BUYERS (GEN Z)

STRATEGY #1:

Use Data to Create a Good First Impression

As the youngest generation, Gen Z (born 1999-2011) remained statistically irrelevant in most studies, making up just two percent of both buyers and sellers.

However, NAR data indicates that homeownership will be an important rite of passage for this group, and that their increased proclivity for technology and eco-friendly alternatives will greatly influence the real estate and home building industries in the coming years.

STRATEGY #2:

Understand & Honor Customer Preferences

Poised to become the largest consumer base in the U.S. within the next decade, Gen Z's preferences will greatly influence the housing market. One thing is for sure: this generation is already the most climate-conscious and wants to invest accordingly. A 2020 survey by First Insight, which specializes in this age group, found that 73 percent of Gen Zers are willing to pay more for sustainable products, from construction materials to eco-friendly home features. Having grown up in the digital age, Gen Z is the generation most comfortable with, and reliant on, the internet, apps and other digital services. As such, they are primed to explore alternative methods for buying and selling, like iBuyer services, home sale-leaseback programs and mobile/online closings.

STRATEGY #3:

Show Care and Respect

Highly conscious of current events, social equality and autonomy, Gen Z consumers expect the same values and social consciousness from the brands and services they turn to, and will likely do more research before making a purchase. Flexibility, omnichannel customer experiences, a social media presence and a commitment to diversity, equity and inclusion (DEI) are all important factors as well. If you want a customer for life, you need to meet them where they are and be willing to go the extra mile. Quick responses to social media engagement, follow-up texts and respecting pronoun preferences are all simple but effective ways to attract and retain Gen Z customers.

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