



# What Home-Buying Millennials Can Learn From Their Parents ... and Vice Versa



## Introduction

# The Cross-Generational Classroom

No two real estate clients are ever the same—especially when those clients come from different generations. As Millennials increasingly enter the market, they’re cultivating property preferences and buying styles that are a departure from how Gen-Xers and Baby Boomers played the real estate game. These differences offer an opportunity for everyone to learn and expand their perspectives—particularly in a hot market that demands knowledge and flexibility.

In order to more fully understand how each generation is interacting with today’s real estate market, we deployed a custom study in partnership with the Wall Street Journal | Barron’s Group. The results were eye-opening. While Millennials are eager to own property, today’s competitive market is keeping many on the sidelines. Furthermore, these young clients are worried about overpaying for a home, not realizing how low interest rates actually offer them a better opportunity than what was afforded to previous generations. On the flip side, Baby Boomers who already own homes are deferring moves that might better suit their lifestyles, fearing the fast-paced and competitive market will prevent them from finding a new property.

To answer these concerns, we reached out to Berkshire Hathaway HomeServices’ network agents for insights that each generation can use to better navigate the market. In the pages that follow, I hope you’ll find information that will reshape your real estate journey—no matter your age.

**Best,**  
**Christy Budnick**  
**CEO, Berkshire Hathaway HomeServices**



## What Home-Buying Millennials Can Learn From Their Parents ... and Vice Versa

*In a competitive market, each generation should take cues from the other on how to come out on top.*

Ask any real estate professional about the current state of the market and they'll tell you it's unlike anything they've ever seen before. The frenzy to snap up property—both primary residences and second homes—remains high two years into a global pandemic that's redefined what people want and need from their space.

Further fueling the market's unique dynamic are contrasting generational approaches to home ownership. Millennials are more likely to make quick decisions when buying, which can be advantageous in this frenetic environment. Meanwhile, Gen-Xers and Baby Boomers want to evaluate the whole financial health of their investment before taking the plunge.

With interest rates in flux and bidding wars becoming the norm, what's the right strategy for each generation to “win” in this market? We sat down with Berkshire Hathaway HomeServices network experts from across North America for a cross-generational real estate master class.

**Q:** What interesting real estate tactics do you see Millennials implement more frequently than older generations?

**Stephen C. Roney, CEO, Berkshire Hathaway HomeServices Utah Properties:** In areas like Park City, we've seen an influx of people—Millennials in particular—wanting to take advantage of the outdoor,

# 50%

of Millennials now account for all home-purchase loan applications

Source: “NAR” <https://www.nar.realtor/newsroom/nar-report-shows-share-of-millennial-home-buyers-continues-to-rise>

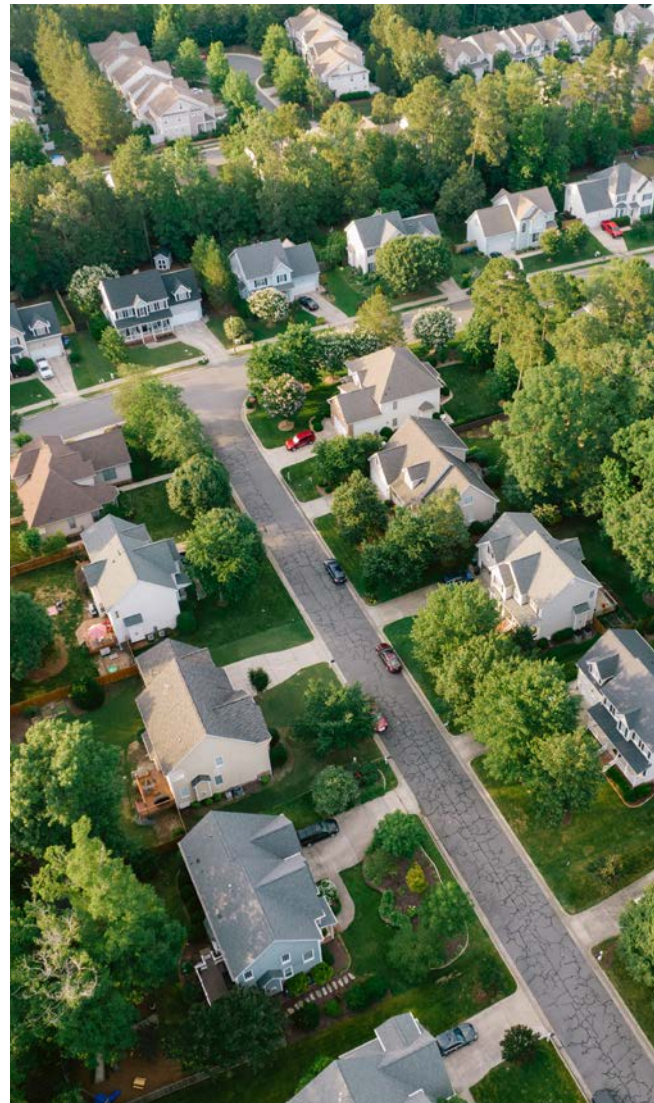
active lifestyle. That can be expensive, though, so we've seen many Millennials who are making a good salary but not considered part of a "wealthy class," partner with someone else in order to use two incomes to qualify for buying a home. So, there are a lot of unmarried people who buy together. They may or may not be romantic couples, oftentimes they may just be friends. I'd say that's a departure from how older generations traditionally bought primary residences.

Millennials are obviously more tech savvy than older generations, and they use online platforms to do everything from researching properties to obtaining financing. When it comes to second homes, however, Millennials are more focused than other generations on generating rent from the property. That can be more complicated than they anticipated here in Utah, since many resort areas have different rules around nightly, weekly and long-term rentals. So Millennials would be well-advised to take a cue from older generations and partner with a skilled real estate professional, alongside their own online research, to navigate the finer nuances of the local property markets.

### **Q: What advice do you give Millennial clients struggling to find a home—or even gain entry into this hot market?**

**Candace Adams, President & CEO, Berkshire Hathaway HomeServices New England Properties/Westchester Properties/New York Properties/Hudson Valley**

**Properties:** Increasing prices are a massive challenge for Millennials, and home appreciation right now is going to knock out some entry-level buyers. With that being said, we advise clients to look closely at renting versus buying. Many Millennials are paying a lot more in rent than they would if they bought a home right now. We believe that



Secondary homebuyers ages 18-49 are

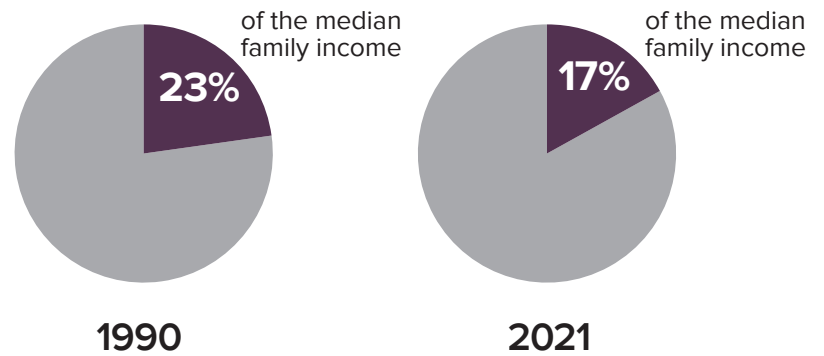
# 35%

more likely than secondary homebuyers over the age of 50 to use their home as an investment/rental property.

Source: "Responding to Today: January 2022," Berkshire Hathaway HomeServices and The Wall Street Journal | Barron's Group Intelligence Group (January 2022)



Typical mortgage payment for a median-priced U.S. single-family existing home:



Source: "NAR" <https://www.nar.realtor/newsroom/home-prices-spiked-by-double-digits-in-78-of-metro-areas-in-third-quarter-of-2021>

owning property provides financial security for people and, historically, it's been a wonderful investment for past generations. So we try educating our Millennial clients about their options, sharing lending and financing choices that are right for them. For this generation, there are renovation loans available and some great first-time buyer opportunities and mortgage lending.

One thing Millennial buyers have going for them, at least in the New York City area, is that they're much more open in their geographic search. They're coming to look at one particular town but are fine with us introducing them to inventory in an expanded area, because they haven't really selected a community yet. Older buyers can sometimes be really entrenched in a community they've already lived in and therefore are less flexible with their search.

**Q: What are some challenges your older generation buyers are encountering in this market?**

**Ann King, President, Berkshire Hathaway HomeServices Florida Network Realty:** Moving is overwhelming for many of my Gen-X and Baby Boomer clients. They get





decision fatigue and it's hard for them to let go of the material stuff they've collected over the years. Older Baby Boomers get frustrated by how quickly the market is moving right now and don't utilize technology like younger buyers.

For those clients, I tell them to look at their situation in a "Millennial way." The younger generations want to be able to pack up and go—to have more experiences than things. So I try to get my Baby Boomers into a little bit of that mindset, so they're able to find a home that's livable for them but also allows them to travel and to do other things that will be meaningful to them during this life stage.

Q: What do you think these generations can learn from one another in terms of buying real estate?

**Ian Gengos, CEO, Berkshire Hathaway HomeServices Baja Real Estate:**

Millennials can learn from older generations about long-term strategy and risk management. Millennials make fast decisions. Gen-X and Baby Boomers are looking for more upside, value and return on their investment. The older generation has been brought up with a more cautious, risk-averse mentality. So I think Millennials will certainly benefit from looking at things longer term.

On the flip side, Baby Boomers themselves can take a page from the Millennials' playbook and trust their instincts a little bit more. Play out some of the options they have in front of them in real time, act a bit more quickly and collaborate more with people they trust as their advisors.





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