



BENEATH THE TREND

Millennials and Homebuying

October 2018



WHAT WE DID

We set out to learn about how Millennials view home ownership. So we screened for those who were first-time and second-time homeowners.



HOW WE DID IT

We just asked! They told us, in their own words. In a 15-minute qualitative interview with 202 people. And we probed their responses in an AI-delivered conversation.



WHAT WE ASKED

We talked about what pushed them into home ownership, how it aligned with their expectations, whether or not they would do it all again, and why they think other Millennials are not interested in owning a home.

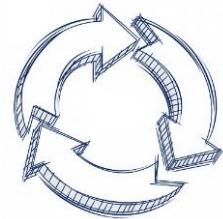


SUMMARY

MYTH: Millennials will never buy – “forever destined to be a generation of renters”

BUT

Millennials are actually the reason the **home ownership rate has increased over the past year**



Which begs the question, **how long can a Millennial stay a Millennial?** When the natural process of shifting life stages kicks in – growing up, getting married, and having kids – how do those generational narratives shift?

It warms a bitter Gen X heart to see all those little Millennial brothers and sisters growing up – BUT, in true Millennial fashion, **they want things done their way.** And – spoiler – they are happy with the home ownership experience because they got exactly what they wanted. Like a Millennial.

As we've found in Generation Nation – **Life Stage vs. Generation** is really the biggest predictor



**So, they're going to grow up ...
and also get their way.**

FIRST-TIME HOMEOWNERS VS. SECOND-TIME HOMEOWNERS

We love a language nuance – and there are some interesting differences between the First-time Homeowners and Second-time Homeowners:



1st Time Homeowners

VS.



2nd Time Homeowners



These folks are a little **more established** and aren't looking to get away from their previous home (or renting). Instead, they are **moving towards something**.

Looking to “**escape**,” get out and avoid renting

Don’t want to be so cramped, **feel imprisoned**, or answer to a landlord

Buying what they can afford – at this moment – because it’s better than renting

Been down this road before...

...so they **will not sacrifice their wants and needs** – they did that the first time and they know it’s not smart to purchase something that doesn’t exactly fit their needs

This **isn’t a transition home** – they have **time and money to be patient**. There are fewer surprises because they are more experienced

OWNERSHIP – WHAT WAS HAPPENING?

Millennials recall a very specific time when there was a life-changing event, an increase in income or a “hit that point in our life” moment



Family: Marriage, divorce, widowed or a child on the way, all cause one to evaluate their living conditions and adjust to something **more fitting for their family** (and to invest in the family's future)



Income: A new job, a first job or a salary increase opened the door to affordability; once more income is available, renting becomes “a waste of money”



Relocation: Often hand in hand with a new job, **the need to move** forces one to make new housing decisions including considering homeownership



Just that time: There's a feeling that there just comes a time in your life when **it's time to grow up and establish stability** through homeownership



Rental conditions: Rental is no longer available, the **rent has increased or the conditions (or renter) just aren't ideal**, purchasing a home sounds great

MOST IMPORTANT DRIVER – FIRST-TIME HOMEOWNERS

While the drivers are similar, the tone is slightly different between the two groups: First-time Buyers sound as if they need to escape renting ...



1st Time Homeowners

I'm building equity in my home rather than just 'throwing it away.' Say you rent a house for 2 years. At the end of 2 years all you have to show for it is two years of rental history. If you put that same amount of money toward a mortgage you have equity, which means a better profit when you sell the house.



Freedom and Control: Tired of living life on the **landlord's terms** and **under the watchful eye of others** – landlord, roommates, neighbors in close quarters; **crave the independence to make decisions** regarding the residence and living conditions



Investment: Financially, it just made more sense to build equity in a home **instead of giving the money to someone else**; the market and interest rates were considered, as well as the ability to come up with a down payment



Space: Whether getting married, having more children (who are growing!) or **the need for more personal space**, a house seems to provide more elbow room than a rental/apartment



Pride and Stability: “Having a sense of ownership” is important = **a sign of stability and adulthood**; ownership also means “a place to call home” with **less likelihood of moving around** (again, an indication of freedom of living on someone else’s terms)

MOST IMPORTANT DRIVER – SECOND-TIME HOMEOWNERS

... whereas the Second-time Buyers are more focused on specific qualities and amenities they appreciated with the new home



Space: With a growing family (including pets!), more space is needed to accommodate them and their guests; also to create more space for furniture or another car and the ability to add on to new house



Location, Location... (you get it): Relocating to be closer to a (sometimes new) job, to a place they wanted to raise a family, or “a really nice area”



Money: Saved so mortgage was possible, a down payment was attained; found “the perfect house at the perfect price”



Freedom and Control: The ability to make their own decisions and live life as desired



My husband and I wanted a home where we could start a family and have room for one or two children ... Since we were having children we knew we would want the freedom to change things and possibly add room on to our home.

OWNERSHIP – WHAT IT'S LIKE?

There are some tradeoffs in terms of the strings attached to homeownership, but one can't deny the feelings of pride and freedom Millennials express about this accomplishment of buying a home of their own

Liberating

Exciting
Proud
NoWorry
EnjoyLove
Accomplished
WorthIt
SmoothHappy
Freedom
Empowering
Fun
Control
Awesome
Easier

Great!



We love it. Our house is brand new and we haven't had to do any major maintenance or repairs. We have two cats and are expecting our first child and our home is perfect for us.

Stressful,
but worth it



I absolutely love it. Although there is more upkeep than with an apartment, it's totally worth it. We have to mow the lawn and do things to the house that we want, which costs money and time. However, having our own place that's ours is totally worth it.

Hard work



It's a lot of work. Our house wasn't crazy expensive so the payment is easy to make but we bought an old home with lots of issues so there are always projects to do.

FinancialLabor
DifficultPaintfulBurden
ResponsibilityStressfulBills
SatisfyingRestrictiveWork



Very few expressed dissatisfaction over satisfaction, and those tended to be describing owning an older home.

HOMEOWNERSHIP EXPECTATIONS

Through research or experience, most Homeowners think they know what they're getting into, but there's often a few elements of surprise and stress

First-time Homeowners....



Some didn't truly grasp:

- "the vast **financial responsibility**"
- "**HOW MUCH** work is needed"
- "issues with the house's **major stuff**"
- "a lot more **maintenance**"
- "a lot more **cleaning** than I'm used to"



However, the majority agree that the stress and expense are worth the satisfaction, **pride and joy of homeownership**



I expected it to be a safe haven for me, which it definitely is but I did not expect all the maintenance and upkeep it requires. Not to mention the cost.

Second-time Homeowners....



These Owners have experience buying a home and/or have learned from others **the dos and don'ts** of purchasing a home



Regardless, there are sometimes **unpleasant (often expensive) surprises**, like replacing an entire HVAC system or problems with an appliance



Like the First-time Homeowners, it's **still rewarding and exciting**



Well, you always think that when you buy a place, a newly built or a fixer-upper, you know what you're getting into. But being an owner you really don't until something happens or you find that 'problem.'



WAS IT WHAT THEY EXPECTED?

Millennials are kind of ridiculously happy with home ownership



For **88%** it was at least somewhat in-line with what they were expecting



And **92%** would buy their current home if they had it to do over again

THOSE WHO WOULD BUY IT AGAIN

These Millennials took their time to custom build a home exactly to their liking or bought a home that was “a perfect fit” in a great location with a big yard in a nice neighborhood



It is everything we want in a home. Every custom upgrade and fixture was our taste and the location is perfect.



“Everything on our wish list” – Owners were particular and **sacrificed no wants or needs**; they have all the space and upgrades to make this their **“forever home”**



Location – It’s not just the town or city that makes the location, but the **neighborhood** (in some cases, specifically “the neighbors”) that make it prime real estate



The yard – An extension of the interior, a **large front or backyard** gives the **kids and pets** plenty of space to run and play



Move-in ready – Yeah, there might have been some **minor things** to make the home their own but mostly reasonable, **elective changes that weren’t emergencies**

THOSE WHO WOULDN'T BUY IT AGAIN

If given a mulligan, Millennials would take time to ensure their new house was exactly what they needed... without all the unexpected expense and repair



Deception of quality – Owners found their home wasn't structurally sound or **needed repairs that weren't disclosed** (and that requires money); "it's in a poorer state than I anticipated"



Size matters – Some found the house was **too small** while others found their homes to be **too big** (leaving them wishing they had saved on a smaller, less expensive house with less maintenance)



Timing – Found themselves **in a rush** because of need to get out of rental fast or a baby on the way; stuck with what they **could afford at the time**



Single mentions – Long drive to work, unpleasant **neighbors**, taxes too high, yard too big (**maintenance**), well water, simply like renting



SO WHAT DO THEY THINK IS BENEATH THE TREND?

News stories suggest that Millennials are not interested in buying homes. What do Millennials think makes them the exception to that trend?

I am the exception because...



I'm Different

I have a good career,
I have children to care for,
I started life early



Today's World is Different

Houses are just expensive,
debt is limiting,
current events = instability



I Think Long Term

A home is an investment,
I am more careful and cautious,
I've saved more money



Other

Not ready for responsibility,
fear of commitment,
want an easier way



Lifestyle Priorities

How I was raised,
I want freedom with my home,
others prefer travel and adventure

SO WHAT DO THEY THINK IS BENEATH THE TREND?

From Millennials' perspective – why are some people their age NOT interested in buying homes?

Some Millennials do not own because...



Finances

Homes are too expensive; most have too much debt; apartments are more affordable; bad credit



Economy

Job availability and career focus; economy is unstable = fear; homes may lose value



Effort

Uninterested in maintenance; do not want the responsibility; prefer to party; less of a work ethic



Mobility

Not ready to settle down; focused on travel



Lifestyle

Ownership is too much commitment; no family or plans for a family; living in the moment

SUMMARY

Ultimate recommendation – drumroll – we need to question what we think we “know” about Millennials



**Just when you think you have a Millennial figured out, remember
that this is the generation undergoing huge Life Stage changes –
which will drive changes in the behavior we assume...**

... except for the spoiled part.





WHO WE TALKED TO

Millennial Homeowners,
both first-time and
second-time owners and
rep click sample.



202

Online
interviews with
AI moderator



TECHNIQUES APPLIED

- ✓ Customized probing
- ✓ In-depth language review
- ✓ Quantified qualitative language analysis

In the Weeds – Conversation & Detail

1

To start off today, I'd like to talk with you about home ownership, but before we get there, I'd like to think back to before you owned your home.

Tell me about what was happening in your life, and what specifically happened to push you into the world of home ownership.

2

As you think back, tell me about the one thing that really drove you to decide it was time to buy. Help me understand what was really most important to you.

3

So ... what's it like? Tell me what you think about life as a homeowner.

4

Is the experience of being a homeowner what you expected? What leads you to say that homeownership is [insert Similarities]. I'd love to hear your story about that.

5

Just out of curiosity, if you had it to do over again, would you buy your current home?

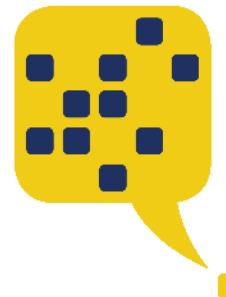
Again, I'd love to hear about what leads you to say that.

6

Thanks for walking me through all of that! To wrap up today, now I'd like to hear your thoughts about something else – there have been news stories that suggest that people your age are not interested in buying homes. First of all, what do you think makes you the exception to that trend?

7

So – assuming it's true that people your age are NOT interested in buying homes – talk to me about why you think that is. Help me understand that perspective.



BENEATH THE TREND

For more information, please contact:

TIM HOSKINS

President

Tim.Hoskins@Quester.com

515.509.1975

Quester.com

