Millennial homebuyers are coming: they’re just five years behind

Millennials are a major driving force in today’s luxury real estate market. Though they’re starting later than their predecessors, they’re entering at a higher price point and bypassing the starter homes that were essential for their parents.

For those in luxury real estate, this wave of consumers in their 20s and 30s might seem to have come out of nowhere — but now they’re here, and they’re ready to buy. This is what you need to know about their evolving tastes.

Building personal brands and personal touches

Propriétés Parisiennes Sotheby’s International Realty

Millennial consumers put great emphasis on branding — and this goes beyond the products they buy. They consider their personal brand and the reputation of their associates when it comes to business relationships, and are vigilant about how their choices reflect back on them.

Compared to their parents, new affluent consumers are much more eager to have a realtor who listens to them and solicits their opinions: 48 percent of millennials prefer two-way communication, participation, and dialogue in their buying journeys, compared to a 24 percent preference amongst baby boomers.

Moreover, while 90 percent of millennial homebuyers still work with real estate agents, this number appears to dwindle in more high-end markets: only 26 percent of new affluent customers work with a sales associate, compared to 64 percent of more established affluents.

This disparity reinforces the need for real estate agents to reposition themselves as curators and storytellers who can show their millennial clients that a home is more than just a place to live — it's an expression of who they are, and represents the next exciting chapter in their own personal narratives.

Creating a lifestyle

Emerging affluent consumers have consistently shown that they care less about the size of a given property than they do about the lifestyle it offers.

This is part of a larger trend in the emerging luxury market: younger consumers are spending less on material goods and more on experiences, according to a 2017 study by Sotheby's International Realty Affiliates LLC. Eight-five percent of emerging affluents are less concerned with buying and selling, and more concerned about moving to new places, experiencing new cultures, and knowing what's "next" right now.

Help millennial clients imagine this lifestyle by embracing technology. Offer custom videos, livestreamed tours or innovative approaches like AR mobile overlays or VR walkthroughs via headset.

While you engage with the market's new tools, don't abandon analog: providing beautiful printed materials can allow your agency to mirror the design and lifestyle magazines that have seen a recent rise in circulation, thanks in no small part to this demographic.

Moreover, show your millennial clients that you understand their lifestyle. Reconsider an open house on a Sunday if your millennial clients like to capitalize on weekends away. Small details like this go a long way.

Understanding the DIY mentality

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Many millennials have a DIY mindset when it comes to researching a new home and are interested in the wide selection of web-based services available in the real estate industry. Take advantage of this traffic by ensuring your online listings are informative deep dives, and leverage platforms like Instagram to capture casual DIY browsers. Offer mortgage calculators on your website. Group listings by lifestyle (golf properties; oceanfront homes) to make them easily discoverable.

While this demographic is more comfortable than their predecessors with unaided exploration, they continue to seek agent guidance at the consideration and closing stages of their buying journeys. With personalized service, local expertise and the latest tools on hand, real estate agents remain integral to the home buying and selling process. The next generation of luxury consumers appreciates the human connection, and only an agent can give them that.

About Sotheby’s International Realty Affiliates LLC

Founded in 1976 to provide independent brokerages with a powerful marketing and referral program for luxury listings, the Sotheby’s International Realty® network was designed to connect the finest independent real estate companies to the most prestigious clientele in the world. Sotheby’s International Realty Affiliates LLC is a subsidiary of Realogy Holdings Corp. (NYSE: RLGY), a global leader in real estate franchising and provider of real estate brokerage, relocation and settlement services. The *Sotheby’s International Realty* network currently has more than 22,000 affiliated independent sales associates located in over 960 offices in 72 countries and territories worldwide. In 2017, the brand achieved a record global sales volume of $108 billion USD. *Sotheby’s International Realty* listings are marketed on the sothebysrealty.com global website. In addition to the referral opportunities and widened exposure generated from this source, each brokerage firm and its clients benefit from an association with the Sotheby’s auction house and worldwide *Sotheby’s International Realty* marketing programs. Each office is independently owned and operated.

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