The emerging luxury consumer is different. Here’s what you need to know

The pool of emerging affluent consumers is growing exponentially, and as the youngest of this cohort enters the real estate landscape, they’re already making their mark on how homes are marketed and sold.

Miguel Espinoza, Luxury Agent, ONE Sotheby’s International Realty

Their collective impact is made even more notable as baby boomer and Generation X luxury buyers are less active in the market. “Successful empty nesters, or those 55 and older, are less likely to be looking for new investments,” says Miguel Espinoza, Luxury Agent with ONE Sotheby’s International Realty. “Therefore, younger consumers are driving today’s luxury market.”

According to Espinoza, these young, affluent consumers are very selective about the brands they give their business to, which is not so different from their predecessors. What’s different about younger buyers is that their brand affiliations are so deep and personal that they won’t hesitate to drop a label that no longer aligns with their values.

“Young consumers see luxury as more than a transaction,” he explains. “When young luxury consumers purchase something, they’re buying into a value system, into a lifestyle, not just a social status. That is why technology and environmental consciousness play a role in their decision-making process.”

The emerging consumer prefers agents who have an intelligent, accessible, and aesthetically-pleasing online presence, and with whom they can connect on digital channels. Espinoza notes that his prospects have often searched him online prior to meeting, and make reference to his photography and marketing materials.

Annie Williams, Luxury Specialist, Sotheby’s International Realty in San Francisco

“That’s because young luxury consumers are acutely attuned to the evolving digital market and turn to it to do research on agents before they call,” he says. “They want to work with a brand that is innovative and not stagnant, one that keeps up with the digital world.”

Annie Williams, Luxury Specialist with Sotheby’s International Realty in San Francisco, has noticed that her younger clients also want to be kept in the know and that they appreciate service and insights that go above and beyond.

“I believe it’s all about providing customer service, whatever that may be — educating buyers about

local schools, recommending designers and house managers, and generally making their life easy," she says. "There is more information available online than ever before, but buyers still relish knowing about the off-market inventory and behind-the-scenes scoop."

Here are three traits and trends that agents should keep in mind as they work with these new affluents:

1. They're focused on the near future

Sotheby's International Realty – San Francisco Brokerage

According to Williams, these are homebuyers that prioritize instant gratification. Few are at the stage where they're looking for their forever home: they are simply on the lookout for a good investment and are interested in the short term.

“They want things that are done — most are busy earning money and working hard, and don’t want to take on a project, either now or gradually,” she says. “I encourage my sellers to do more home prep than five years ago; make the home as turn-key as possible by changing out floors, countertops, appliances, lights, making sure the paint colors are modern, and making the outdoor space as inviting as possible.”

2. They aren’t bound by tradition

Working with younger clients, Williams has noticed an indifference toward features that were once staples of a family home — open floor plans are preferred over formally demarcated spaces, and high-maintenance gardens are a thing of the past.

“Today’s young luxury buyers are also different in that they form their own opinions about what is and isn’t a good location,” she says. “Decades-old notions of a ‘good block’ are out the window: they decide what suits them rather than relying on conventional wisdom. They really value walkability and don’t mind noise as much as older generations did.”

Williams and Espinoza both note that this irreverence for tradition extends to networking and meeting with agents, which is more likely to occur in a coffee shop rather than an office.

“The emerging young consumer likes to spend time at trendy and happening places, renowned restaurants, and lounges,” says Espinoza. “Here in Miami we are fortunate to host amazing events such as the international boat shows in Miami and Fort Lauderdale, Art Basel, and the South Beach Wine and Food Festival. You can find some of the world’s most affluent consumers at these events.”

3. They’re invested in technology and the environment

One Sotheby’s International Realty

“Young luxury buyers want a home with the latest technology that fits their lifestyle, like a Smart Home system that controls lights, temperature, music, and home security,” explains Espinoza. “They tend to be more environmentally conscious and look for a home with eco-friendly features such as solar panels and LED lighting.”

Indeed, when asked what tops the wish lists of her emerging affluent clients, Williams half-jokingly says, “Tesla chargers.” “In all seriousness, they are more eco-conscious than their elders and care about the environment,” she continues, “so things like energy efficiency, solar panels, and radiant heat are a must.”

The fondness of today’s emerging luxury consumers for technology affects how they find agents. “I’m very active on social media and the different platforms that exist, and I understand that young affluent consumers are as well,” says Espinoza. “Whether my new clients come via referrals from

former clients, open houses, or print marketing, I can assure you that all potential new clients first check out my work online or on social media."

In the luxury real estate space, this is also a unique cohort that requires a more nuanced understanding of their needs and goals. Espinoza recommends staying up-to-date on trending architectural styles, fashion, and music, as these are influential factors for young people.

Finally, agents need to be experts who know the market inside out and maintain a fresh, engaging digital presence. By staying well-versed and highly-informed, agents can add value for emerging luxury consumers, and provide the high-end service young affluents have come to expect.

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