

RESEARCH

Millennials' new preferences will significantly impact high-end real estate: report

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Still from Sotheby's video

By KAYSORIN

Millennial consumers have radically different preferences compared to their Boomer parents when it comes to purchasing luxury real estate, according to a new report by Unity Marketing.

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The market for high-end real estate has changed drastically over the past decade, and differences between Boomers and Millennials play a considerable role in influencing current trends. After a brief post-recession rebound in recent years, the luxury real estate market is now settling into steadier pace that will require professionals to cater to Millennials' new preferences.

“Real estate professionals will need to bring their A game on as they face the next decade or so aimed at the high-end housing market,” said Pam Danziger, president of [Unity Marketing](#), Stephens, PA. “Certainly, the real estate market is geographically diverse, so some markets may well remain strong and vibrant, but many sellers will face a much more difficult job of matching the right customer to the right property at the right price.”

Bigger isn't better

There are a number of significant differences when it comes to real estate preferences between Millennials and Boomers. The two generations are at very different points in life, with Boomers looking to downsize and Millennials not quite ready to purchase their first homes.



Millennial consumers are less interested in the massive homes their parents owned

“Downsizing baby boomers are going to leave a glut of big, expensive houses on the market,” Ms. Danziger said. “This is going to be the number one challenge for the high-end real estate market in the near future.”

Because the Boomer generation is so large compared to Gen X, it is impossible for GenXers to fill all of the houses that Boomers are looking to unload. This will likely lead to a competitive market that professionals will have to work to overcome.



Boomers are looking to downsize and sell the large homes they raised children in

“Unity’s new trend report helps real estate professionals better understand the needs and psychology of five distinct personalities that make up the luxury home market,” Ms. Danziger said. “Each personality is looking for different things in the homes they consider.”

“Better understanding of the customers is going to be key for the sales professionals in the future, which is why assuming that all affluents are looking for pretty much the same thing in a home won’t work any longer.”

Ultimately, Millennials have shown preferences for smaller homes compared to their Boomer parents. Though it is still too early to fully assess the situation, many millennial consumers are reluctant to purchase the large homes that they grew up in.

Success in this competitive market will require professionals to anticipate what Millennials want and work to provide it for them.



Many Millennials are not ready to purchase a home yet

New generations

The differences between generations have a large impact on luxury purchases in all areas. Affluent consumers are often labeled through household income, but by delving deeper than economics it is evident that there are generational differences among affluents when defining luxury, according to a report from Shullman Research Center.

Millennials are more likely to define luxury in terms of travel and something that is classy, whereas the generation above them thinks of the excessiveness of luxury. Understanding the different definitions and brand preferences across age groups can aid in targeting specific marketing campaigns among luxury brand marketers ([see story](#)).

When it comes to real estate, there have been many changes in recent years that are likely a result of this shift in generations. The average luxury home sat on the market for longer and prices grew at a slower rate compared to the year-ago period, according to a report by Redfin.

Redfin defines luxury properties as the priciest 5 percent on the market. While certain markets especially in Texas, California and Florida saw big jumps in this segment, the United States as a whole saw a major slowdown in price growth ([see story](#)).

Different preferences between generations have a large impact on the high-end real estate market.

“The demographics are clear,” Ms. Danziger said. “The huge Baby Boom generation is reaching retirement, which often is associated with selling off the big family home and moving on into a home right-sized for the later stages of life.

“I think we are going to find that the Millennials are going to be looking for different types of houses, in different types of communities that fit with their distinctly different lifestyles.

Final Take

Kay Sorin, editorial assistant on Luxury Daily, New York

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