

# ECONOMIC UPDATE LUNCHEON

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# ECONOMIC UPDATE LUNCHEON

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Greater Chattanooga Association of Realtors

National Association of REALTORS®

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# Myths We Hear About Who is Buying and Why

Gen Y want to rent and are renters (or live w/mom & dad forever)

Exodus from the suburbs and into the city

Baby Boomers downsizing and swarming Florida

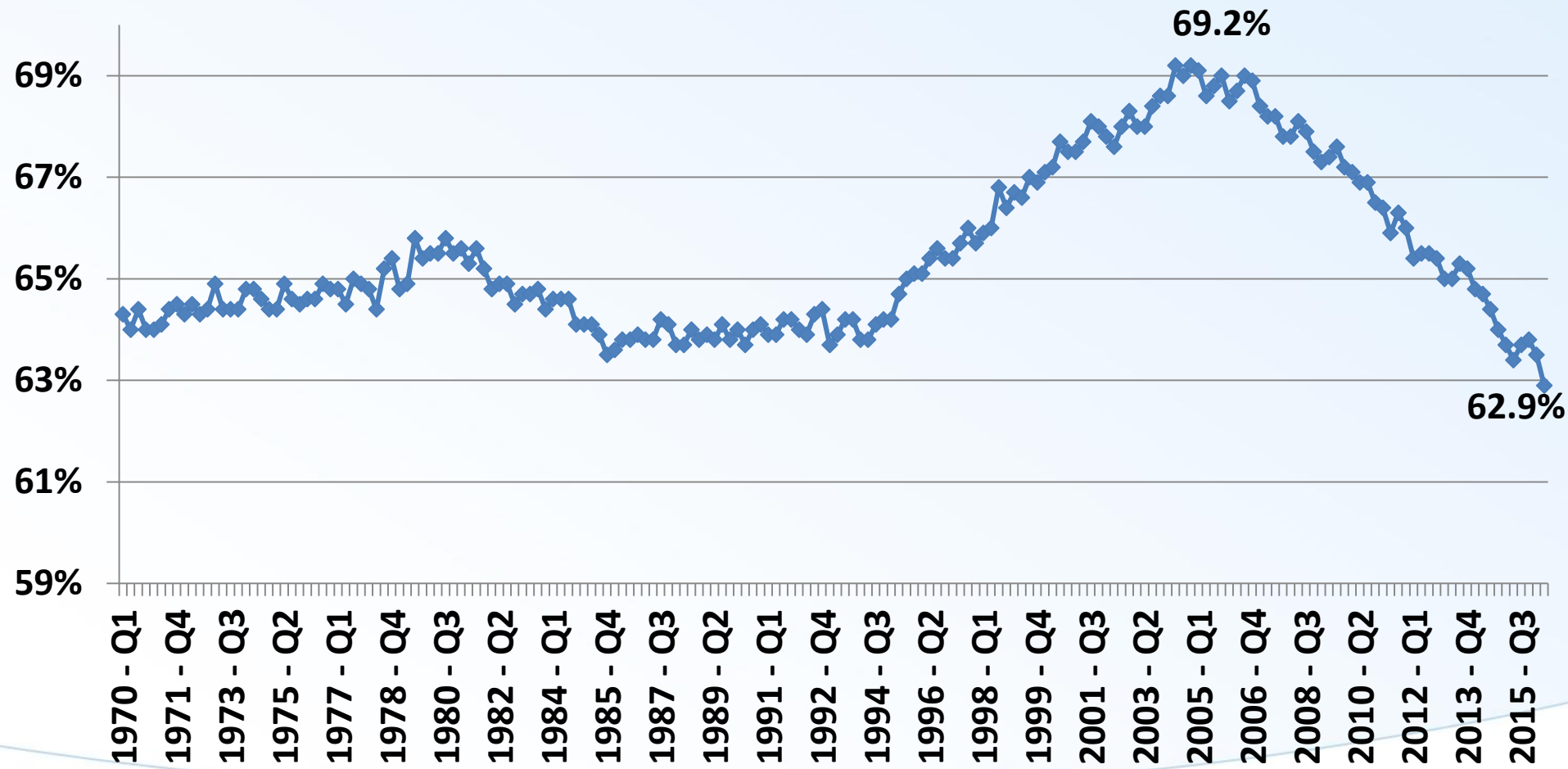
# “Just the Facts, Ma’am”

By 2045 majority-minority country

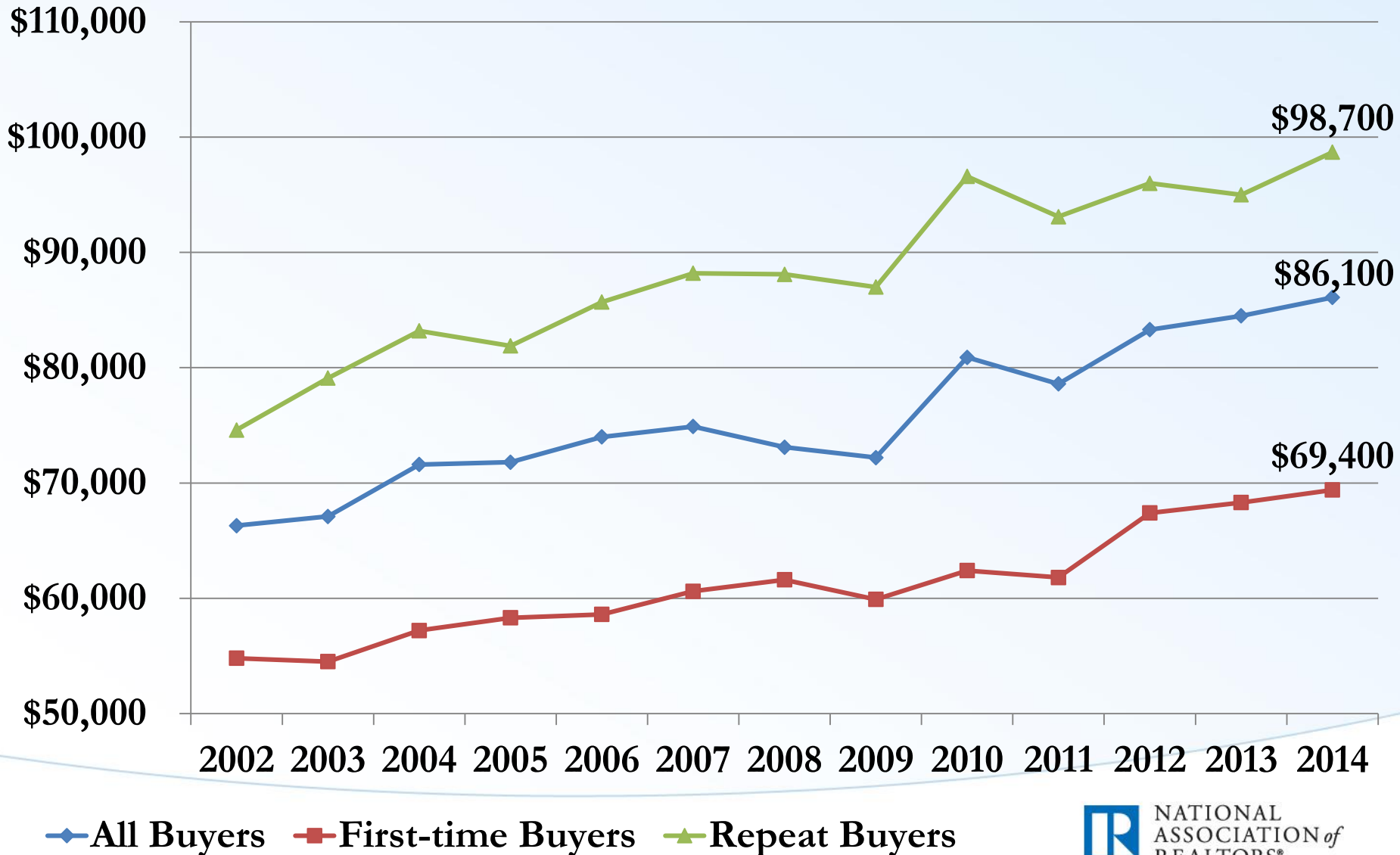
Millennials have overtaken Baby Boomers

Kindergarteners today more likely to be a minority

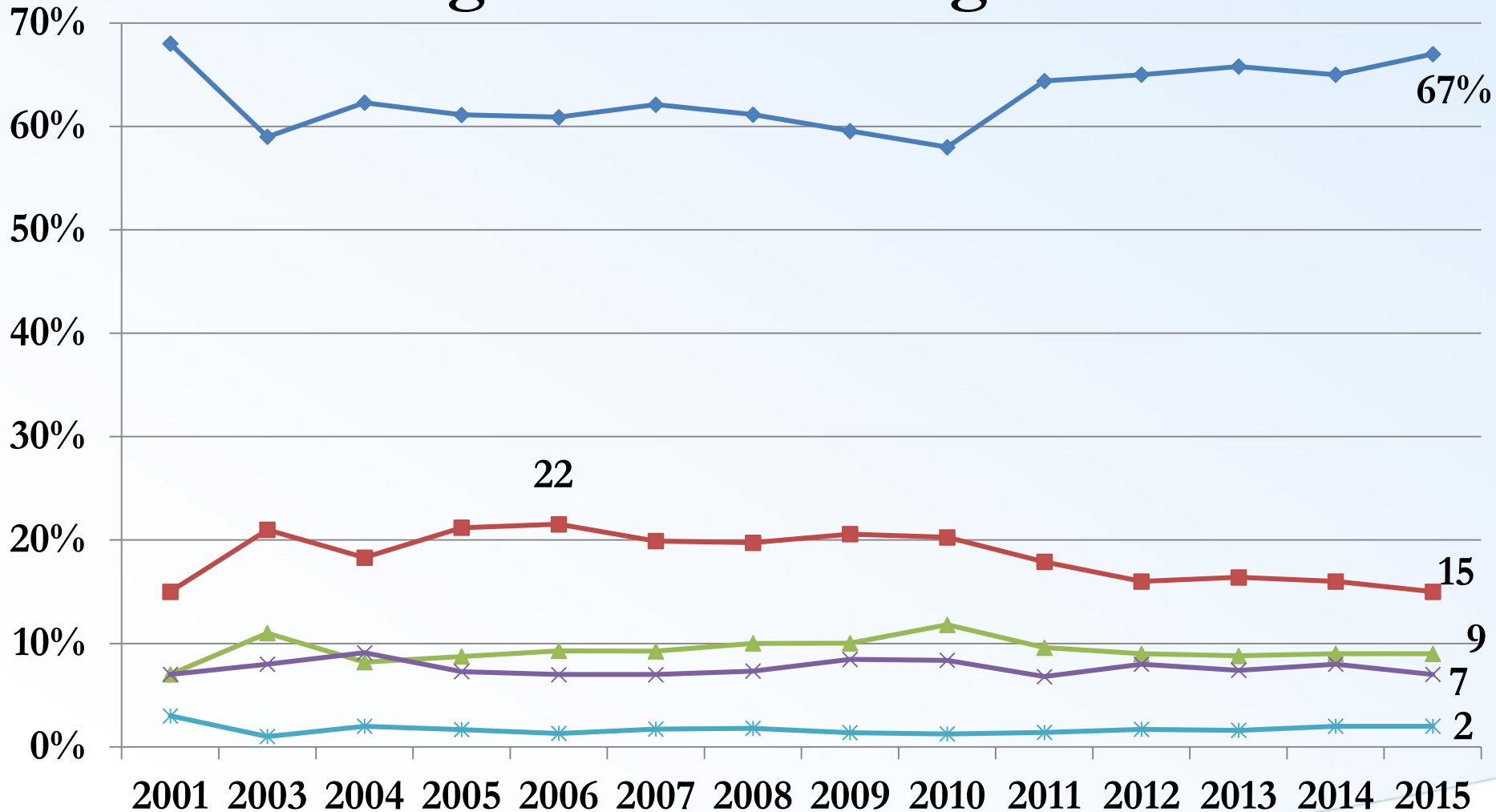
# Homeownership Rate



# Rise in Household Income



# No Longer...All the Single Ladies

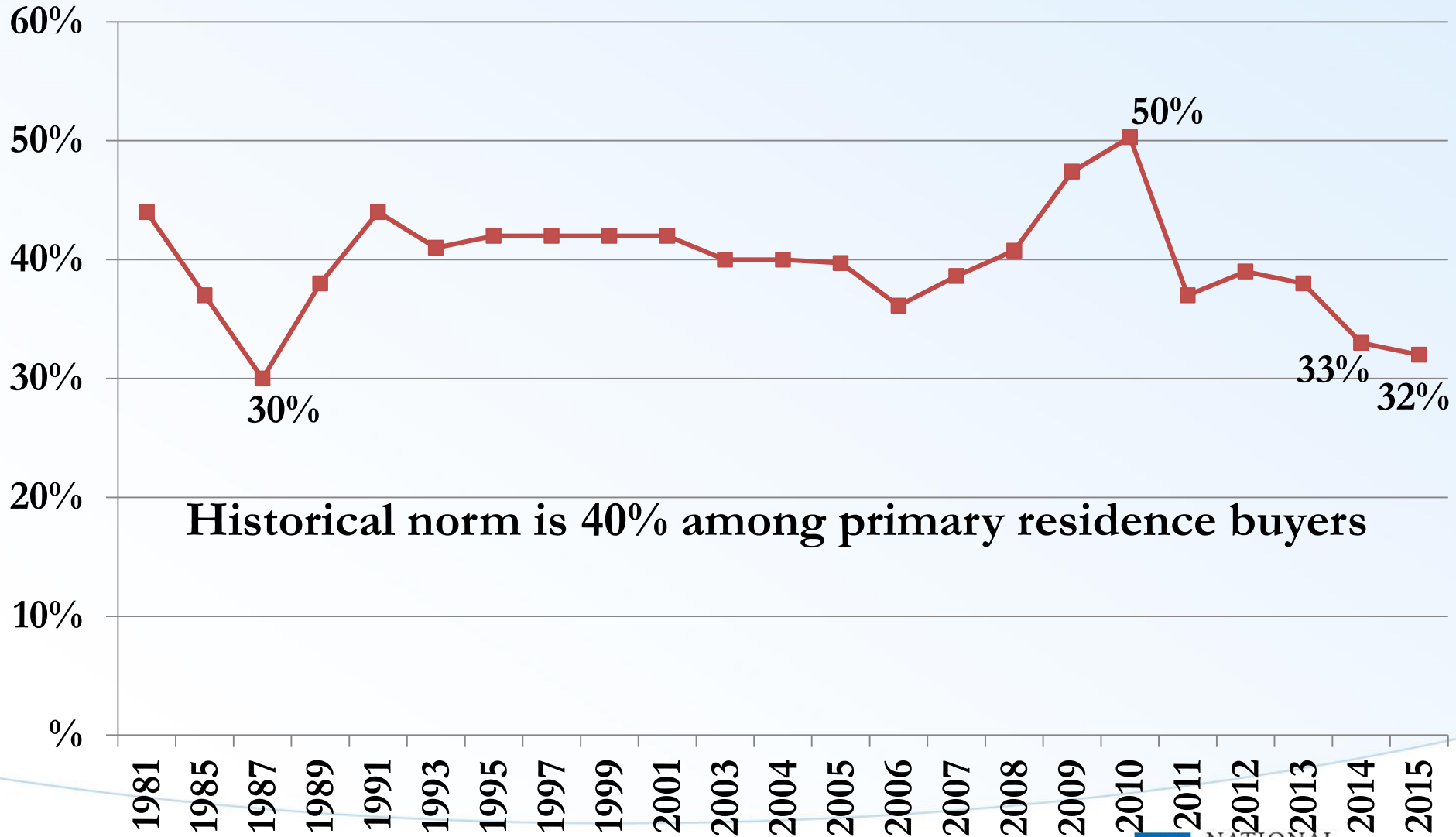


◆ Married couple    
 ■ Single female    
 ▲ Single male  
× Unmarried couple    
 \* Other

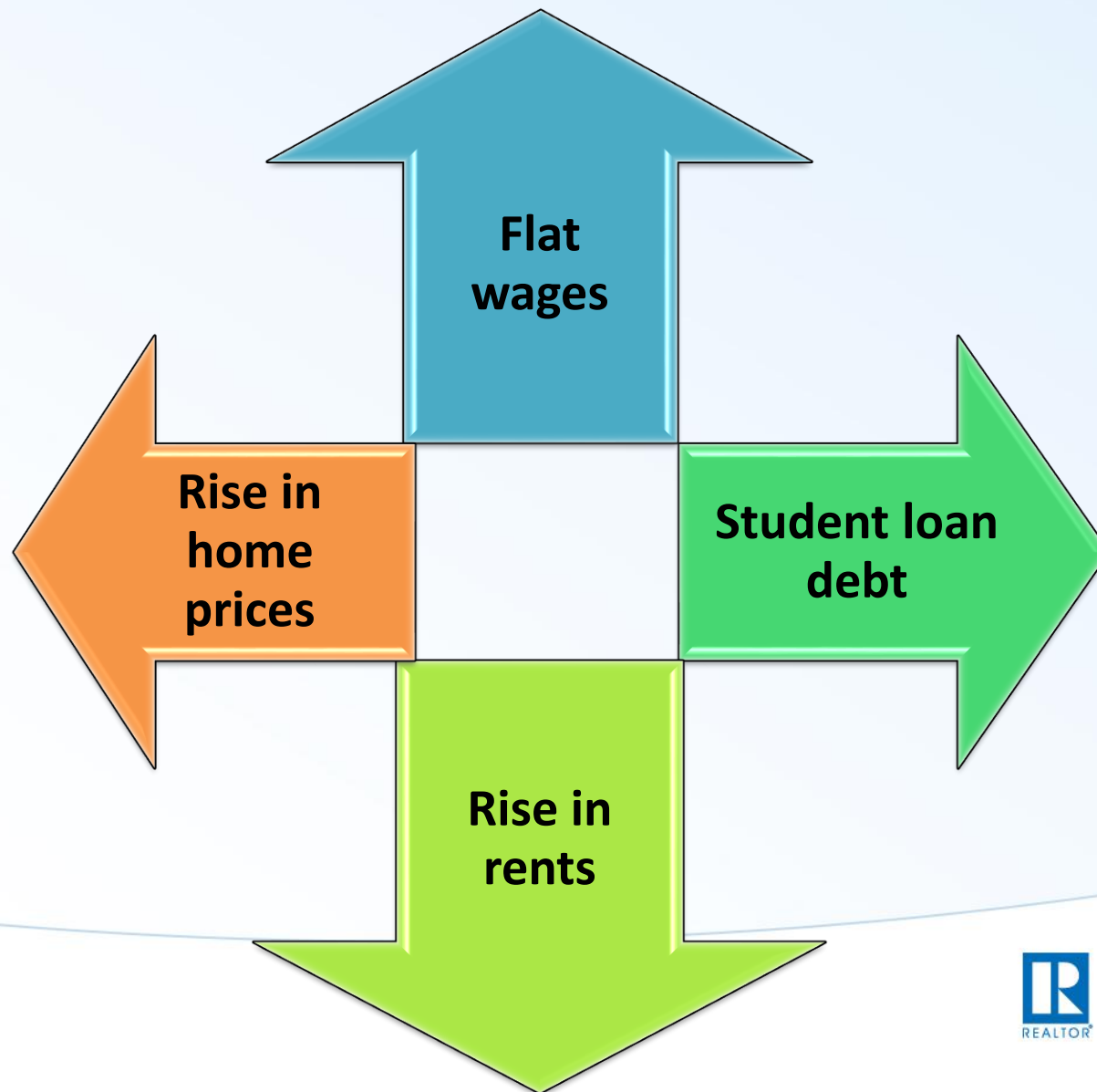




# First-time Buyers Under Historical Norm



# Millennials Pulled in All Directions




# Affordability Problems Increasing

80% homeowners believe good time to buy vs 62% of renters

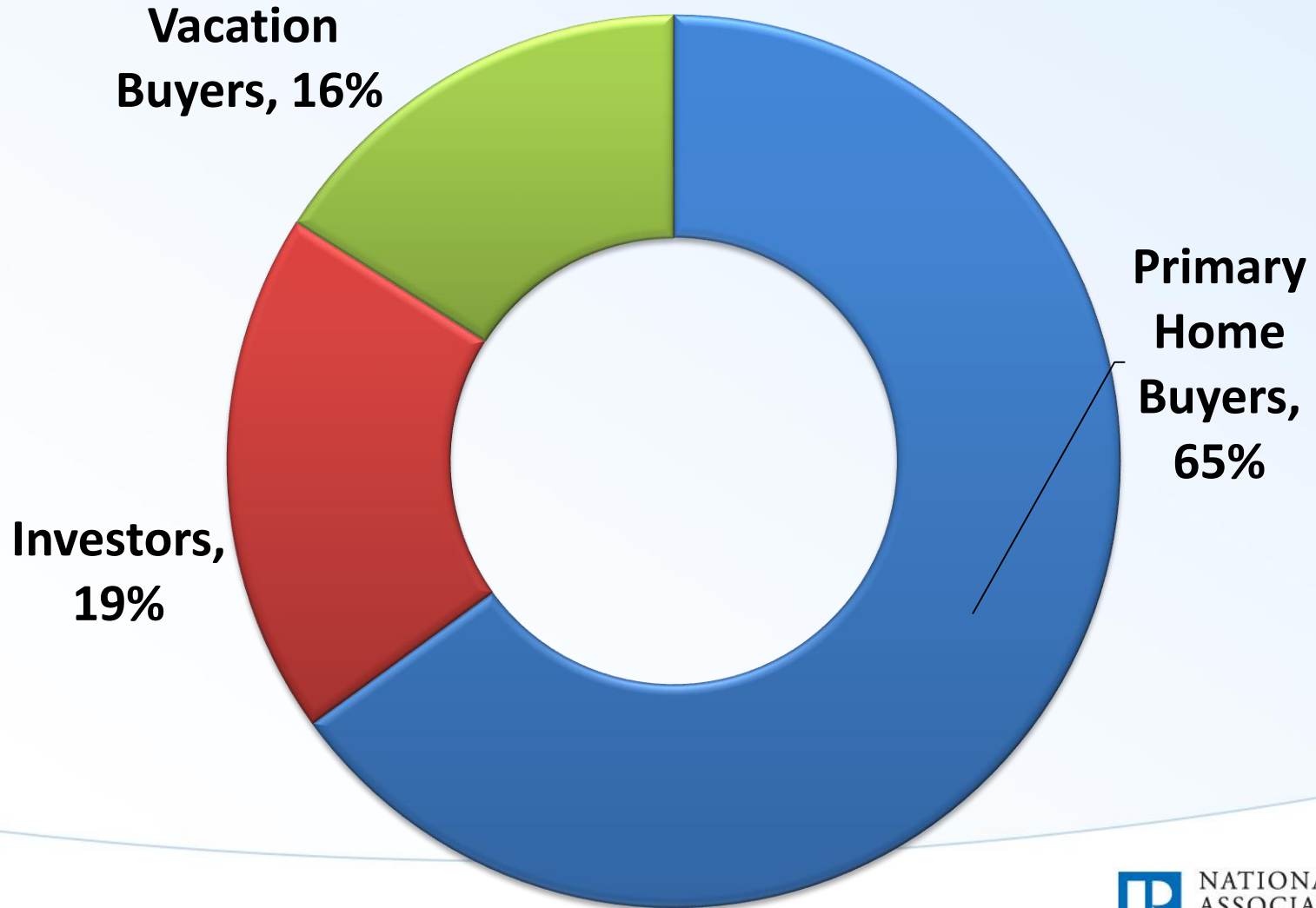


60% think it would be difficult to qualify for a mortgage



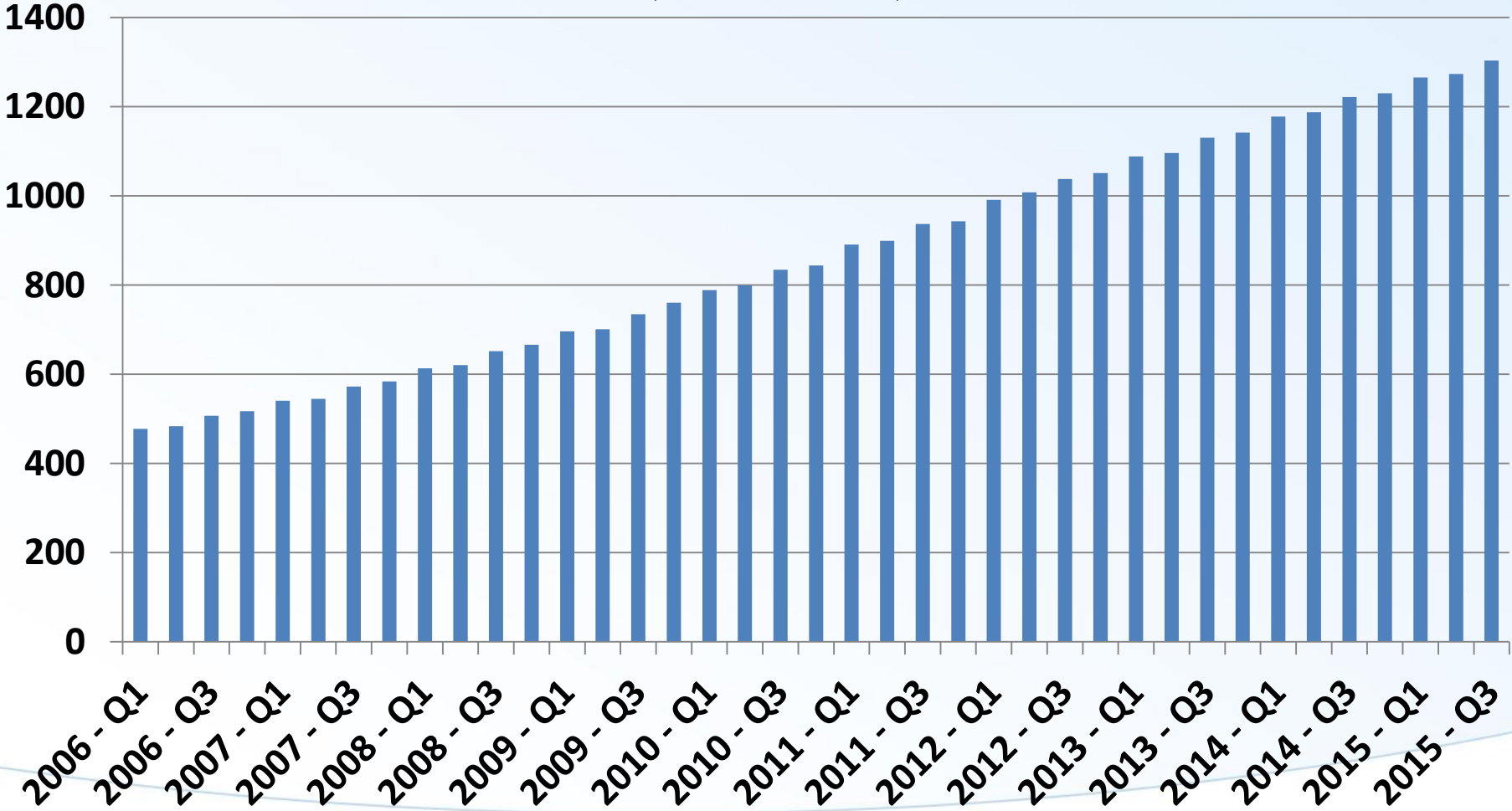
West region, renters, younger, and under \$50,000 HH income

# Competition is Unavoidable

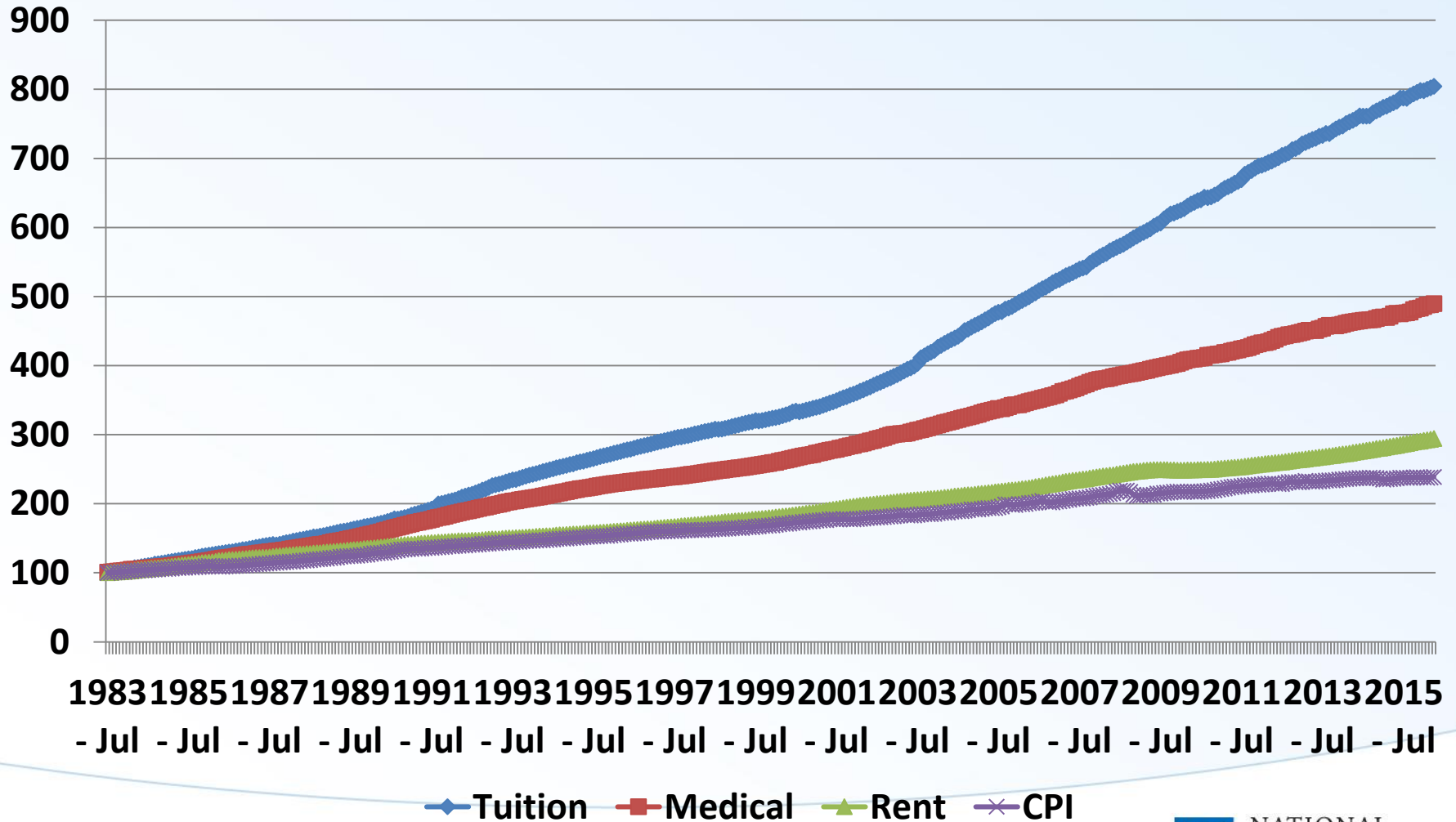


# Student Loan Debt

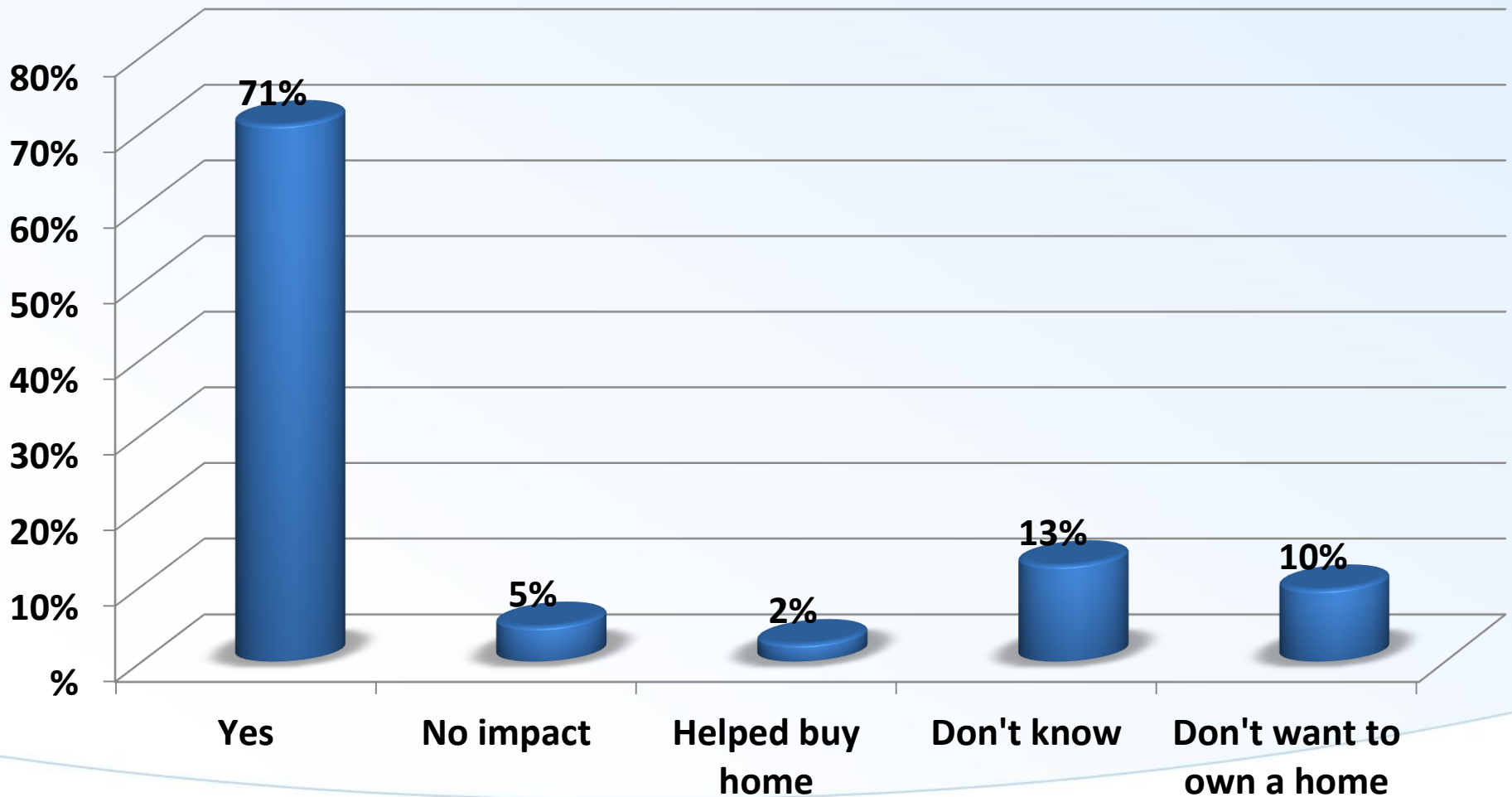
(in \$billion)



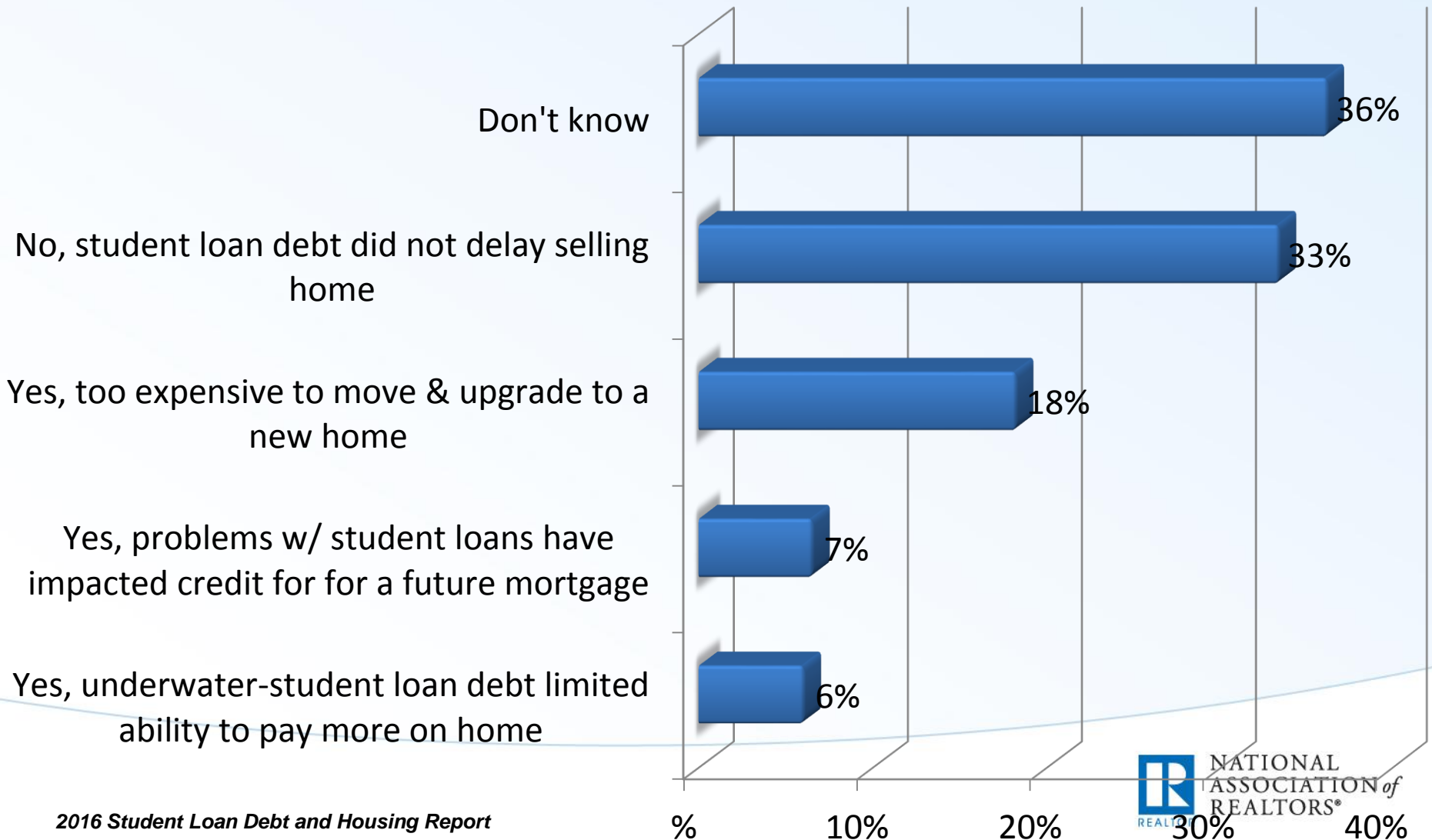
# Rise in Tuition Outpacing: Medical, Rent, CPI



# Among Non-Homeowners: Student Debt Delay from Home Purchase



# Among Homeowners: Debt Delaying from Selling and Buying Another Home





# 8 in 10 renters want to own— 9 in 10 of renters under the age of 34 want to own

**Why Renters  
Don't Currently  
Own**

**Can't afford  
to buy**

**Currently  
need  
flexibility**

**Don't want  
responsibility**

**What Would  
Cause Renter to  
Buy**

**Lifestyle such  
as: marriage/  
start a family**

**Improvement  
in financials**

**Desire to  
settle down in  
one location**

But...

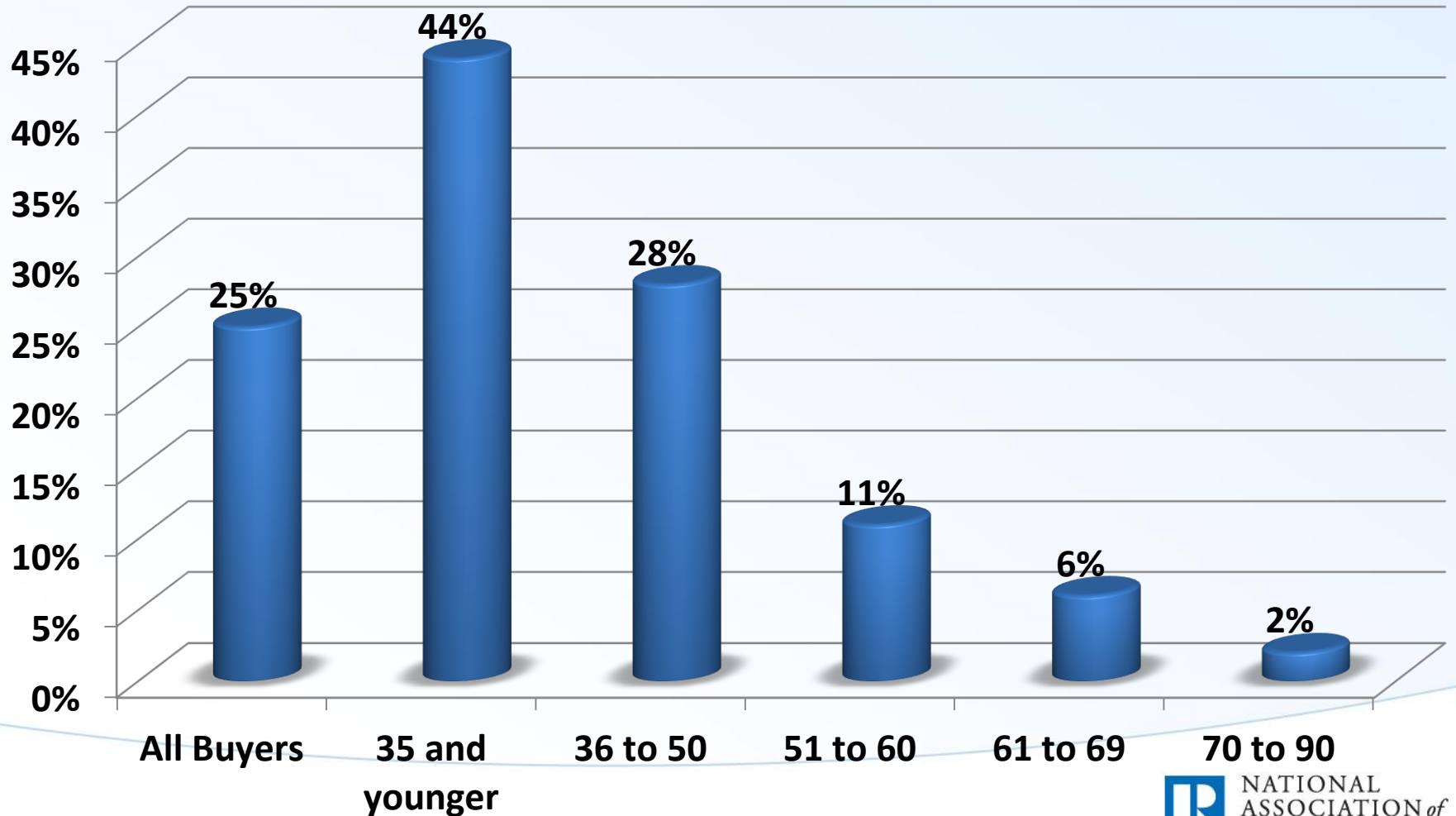
Gen Y is the largest cohort of  
home buyers for the  
3rd consecutive year



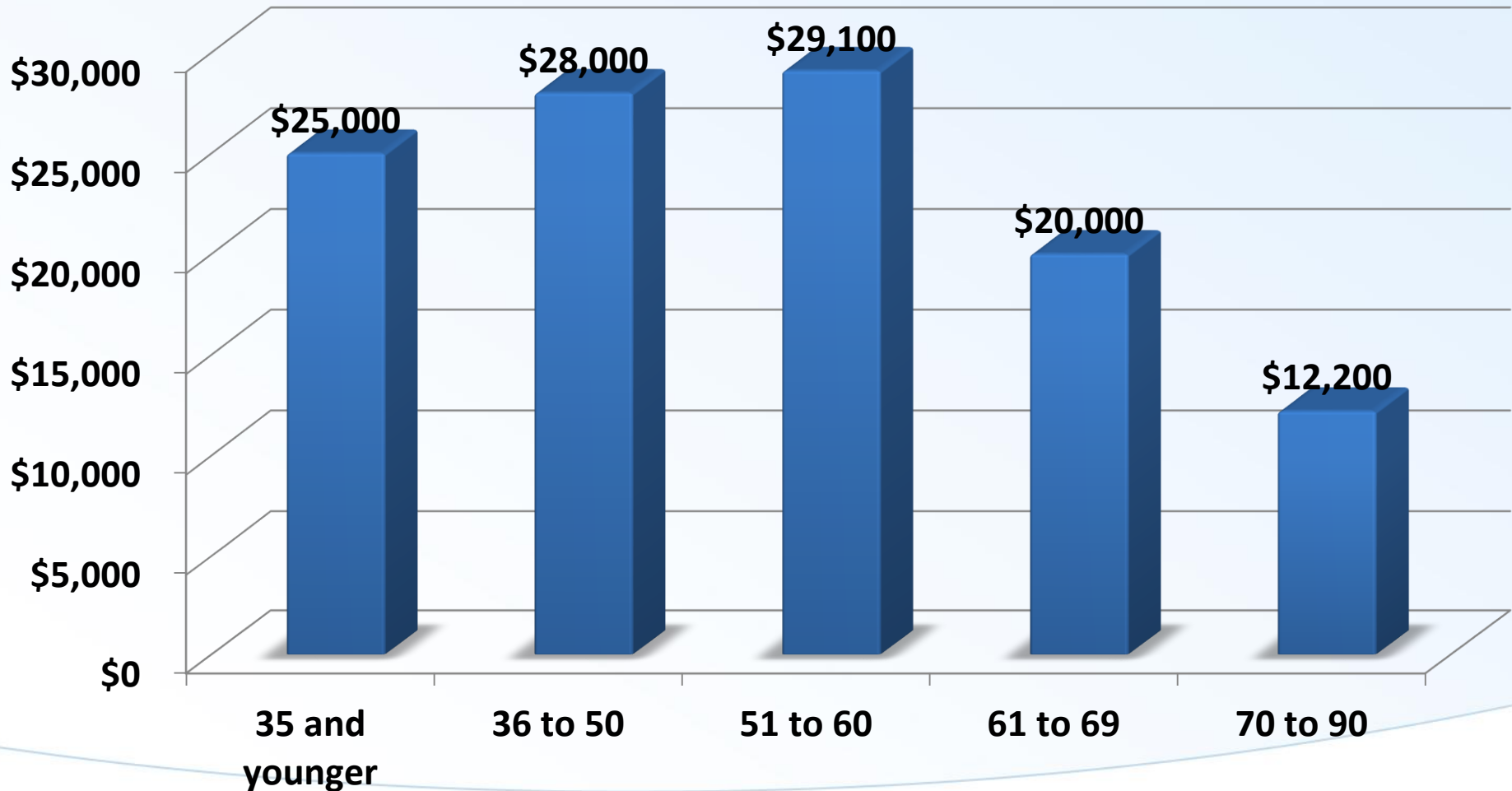
A photograph of a dog sitting in the driver's seat of a car. The dog is looking out the window. In the background, there is a brick building. The image is overlaid with a semi-transparent white box containing text.

64% of first-time buyers bought  
a home for the pure desire of  
owning a place of their own

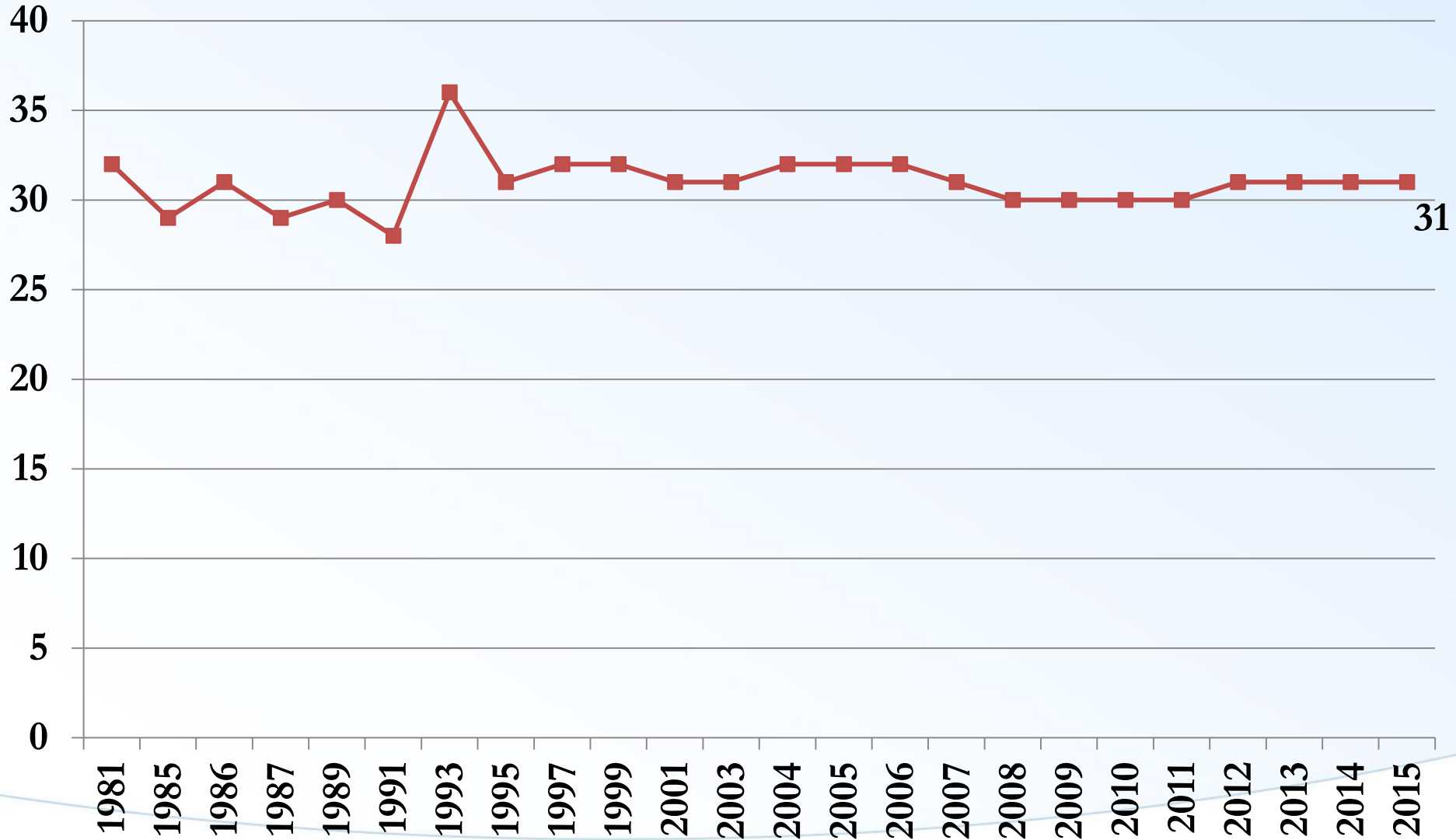
# Share of Home Buyers with Student Loan Debt



# Typical Amount of Student Debt of Home Buyers



# BORING Chart: Age of First-Time Buyers



# Where to go?

57 million live  
in a multi-  
generational  
household

Of those who  
are 25-34

20% of the  
unemployed  
live with  
parents

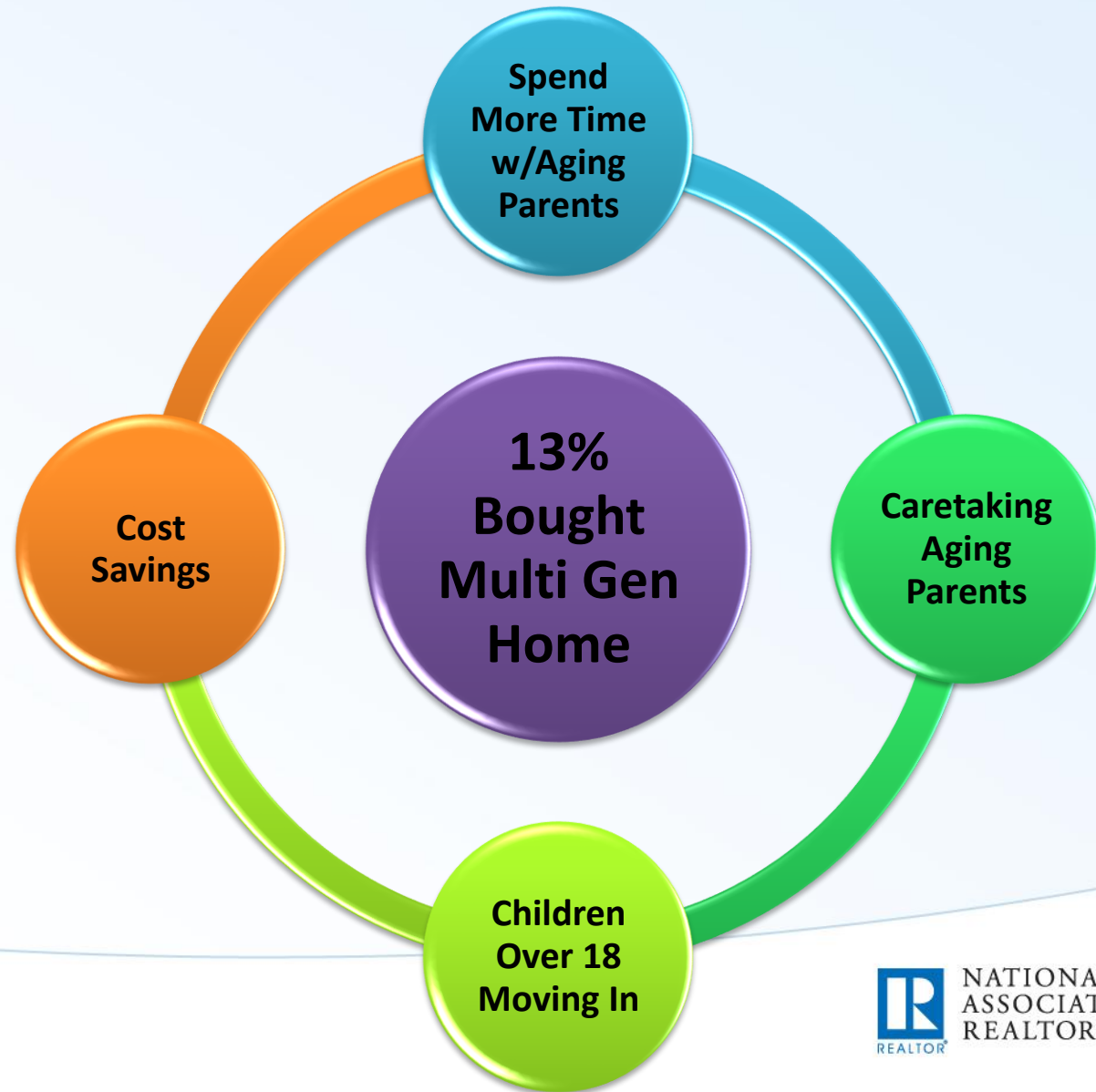
12% of  
employed live  
with parents

**Double** the number of  
multi-generational  
households than **1980**



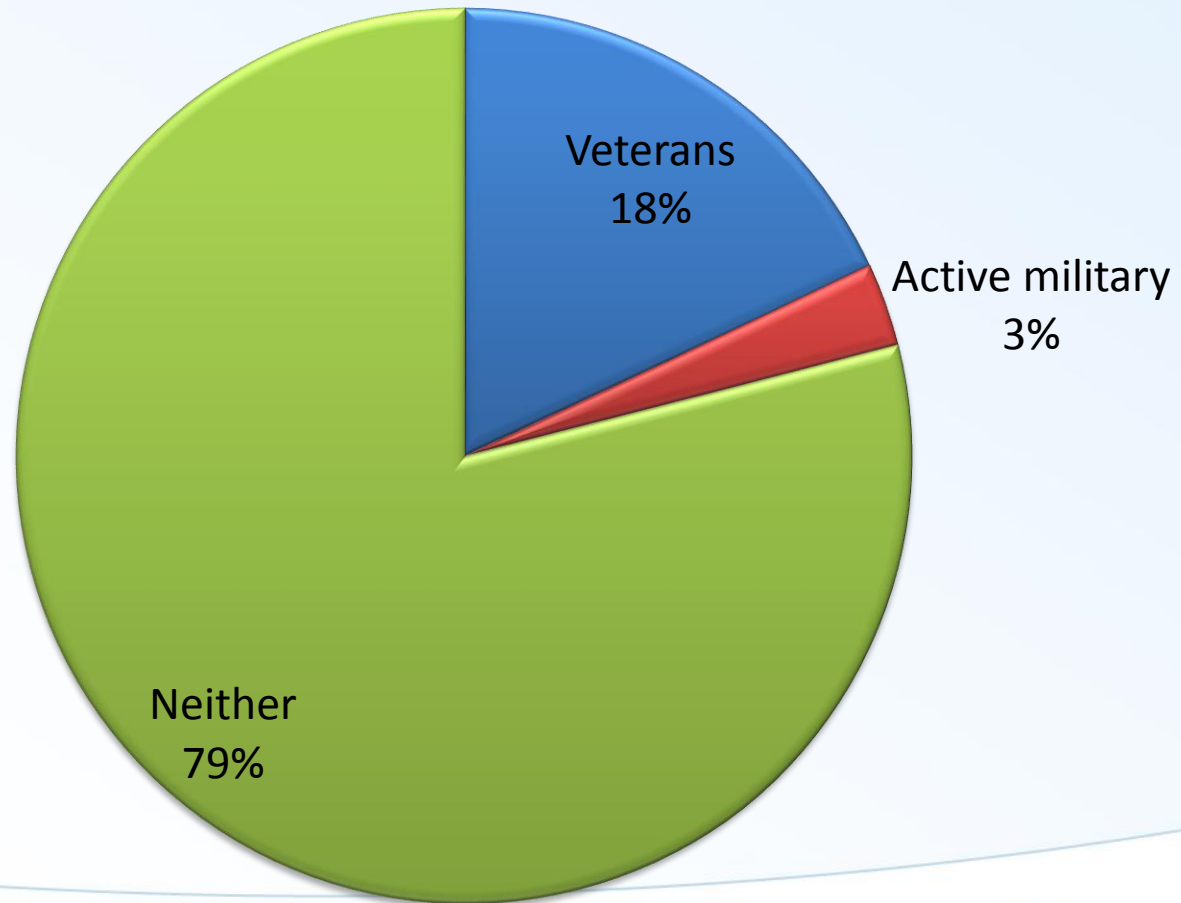
# Multi-Generational Home Buying

1 in 6  
Younger  
Boomers  
purchased a  
multi-  
generational  
home

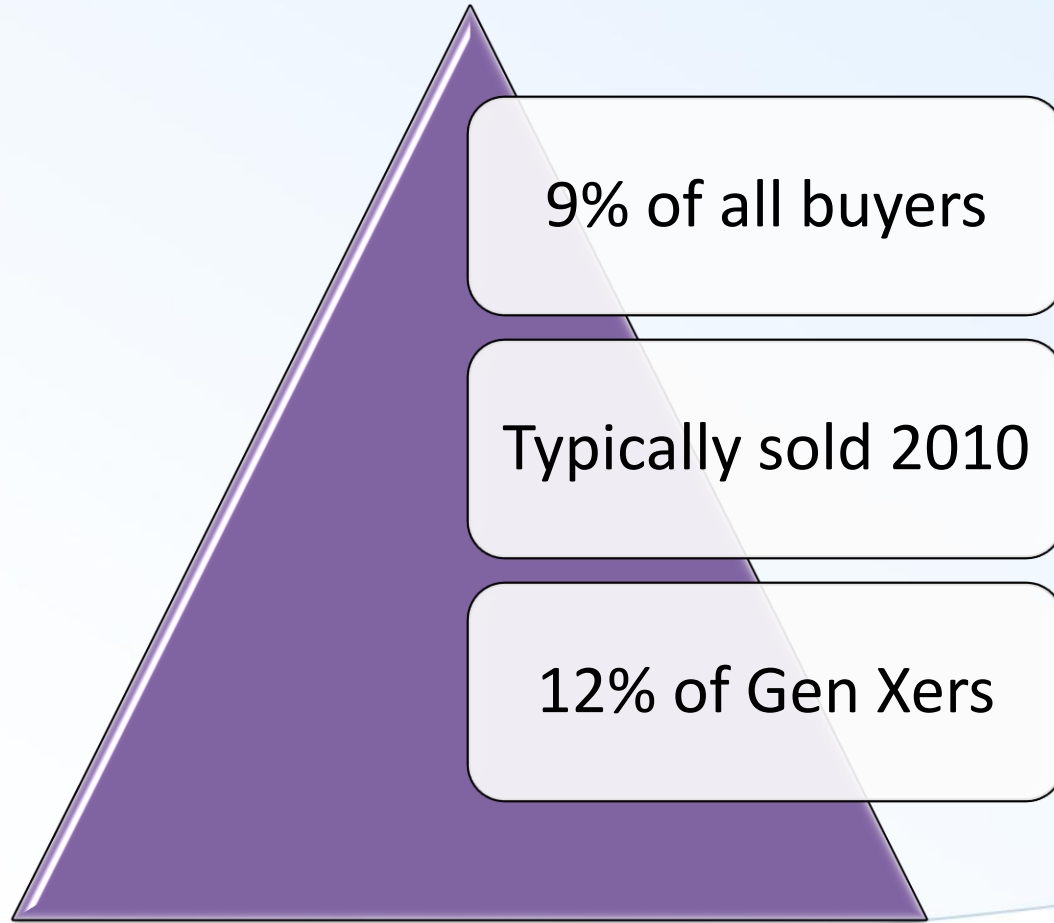




# Veterans and Active Military Buyers



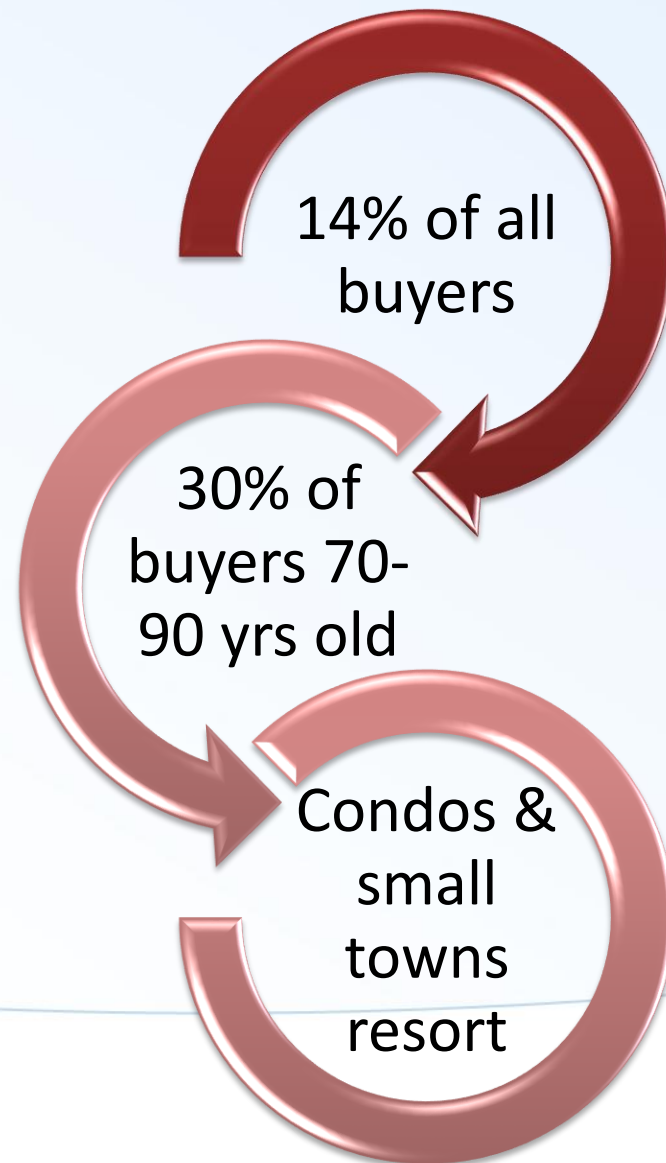
# Buyers Who Had a Distressed Sale



# LGBT Buyers



# Buyers in Senior-Related Housing



# Buyers are Buying Where and What



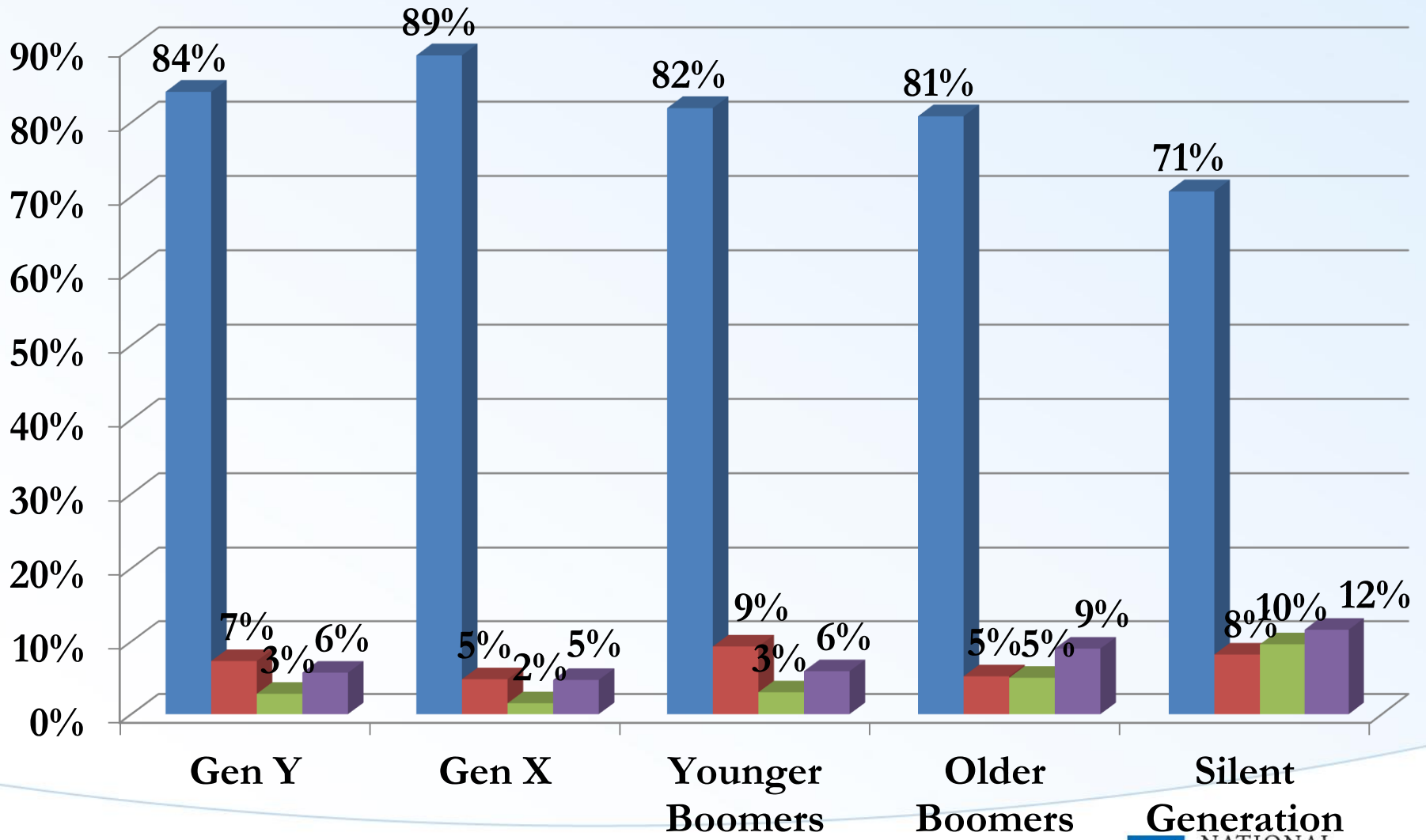
# Trends That Won't Quit

**Moving to the 'burbs...and 3 beds/2 baths**

**Affordability top priority**

**Short commute and.....schools**

# Silent Generation Buying Condos



■ Detached single-family home

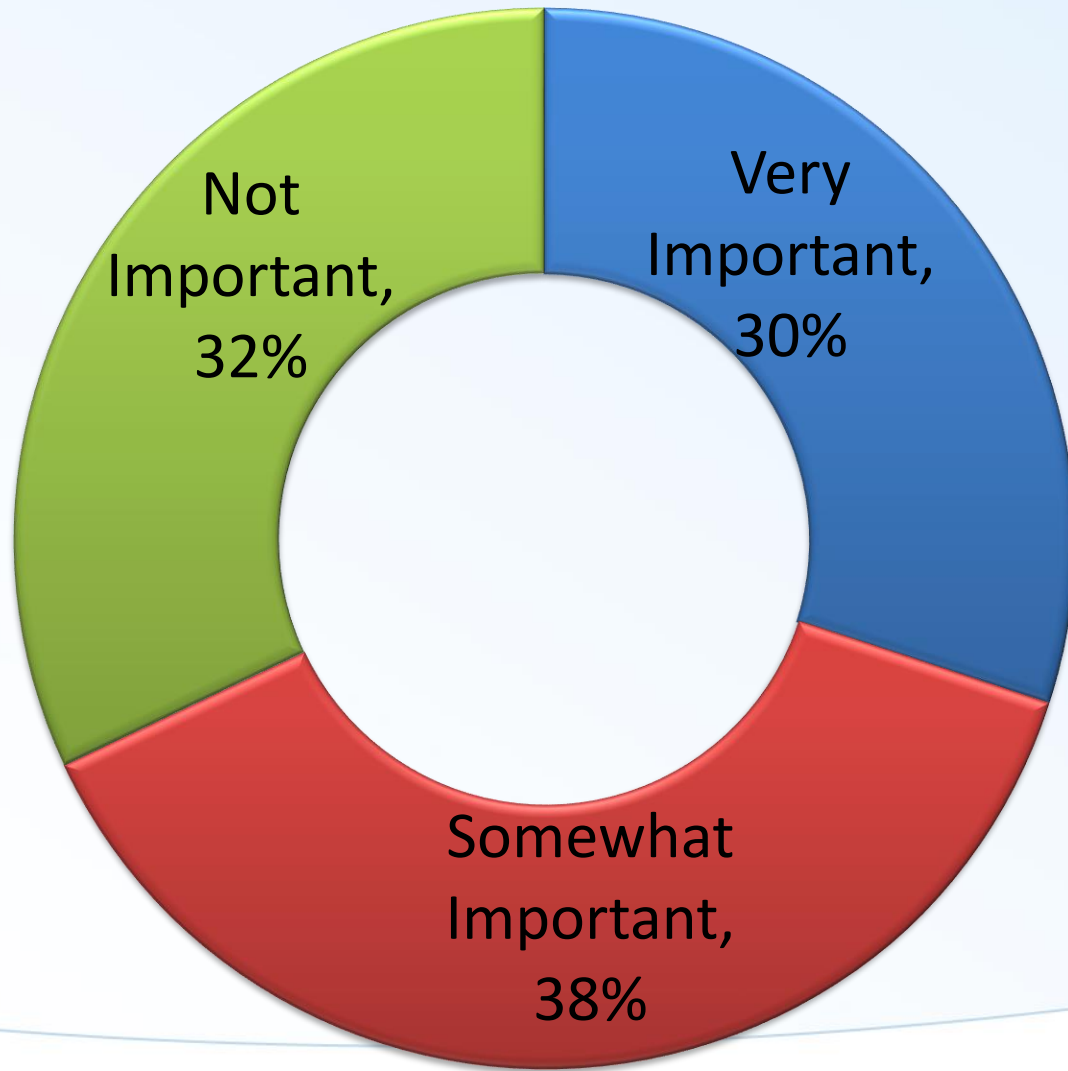
■ Townhouse/row house

■ Condos

■ Other

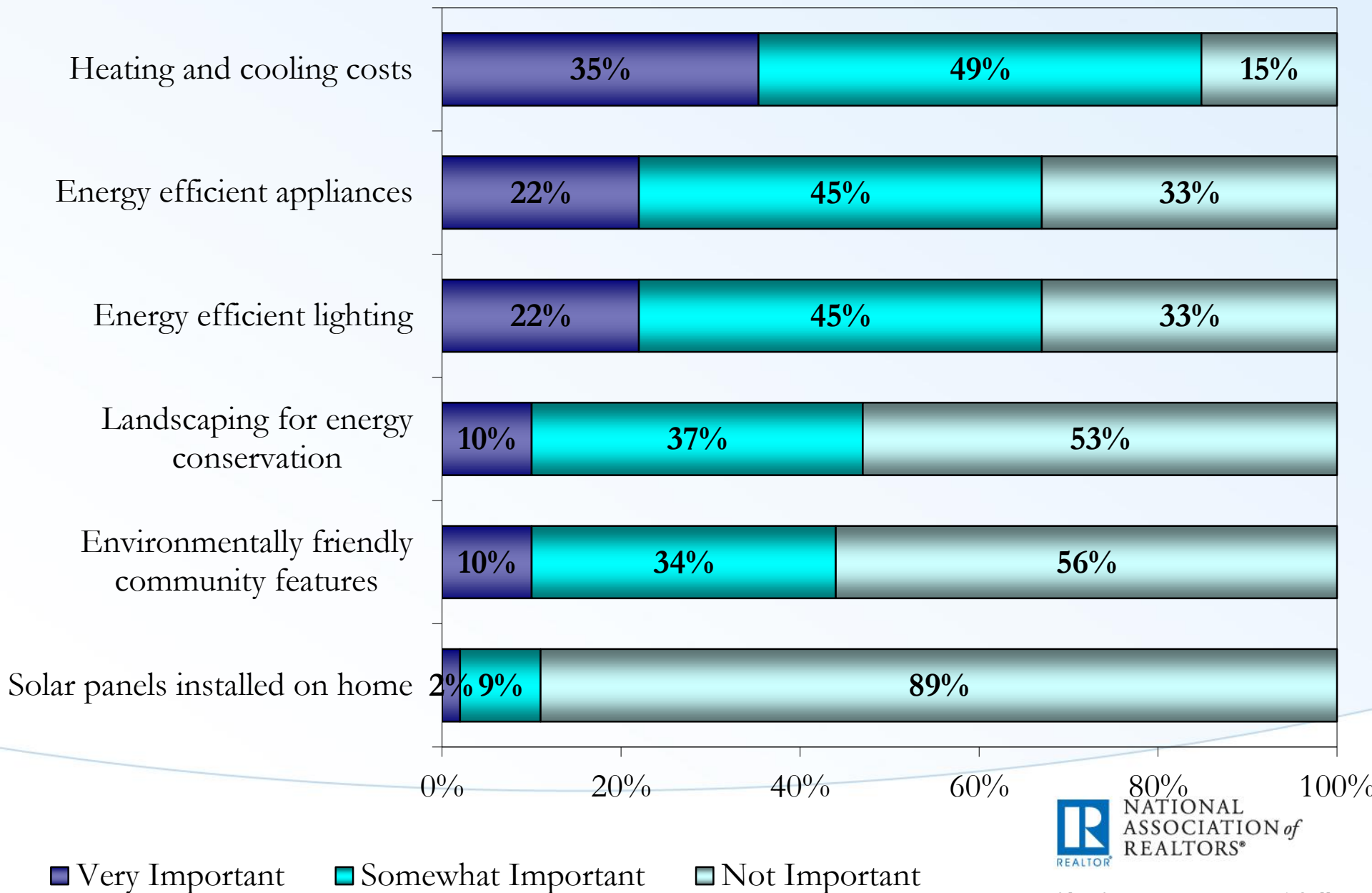


# Commuting Costs



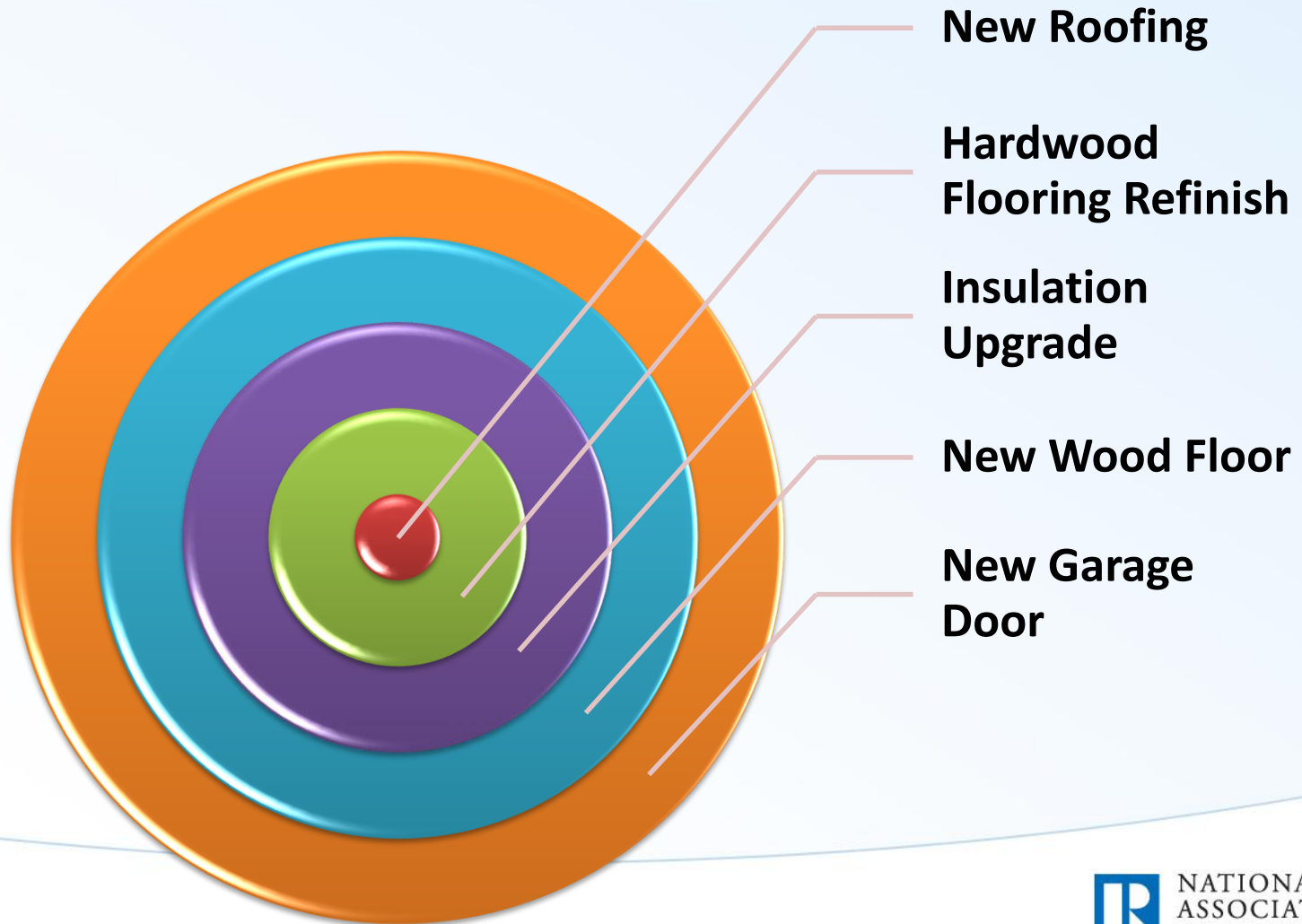


# Environmentally Friendly Features



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# Remodeling Impact: Highest Recovered Cost



**New Roofing**

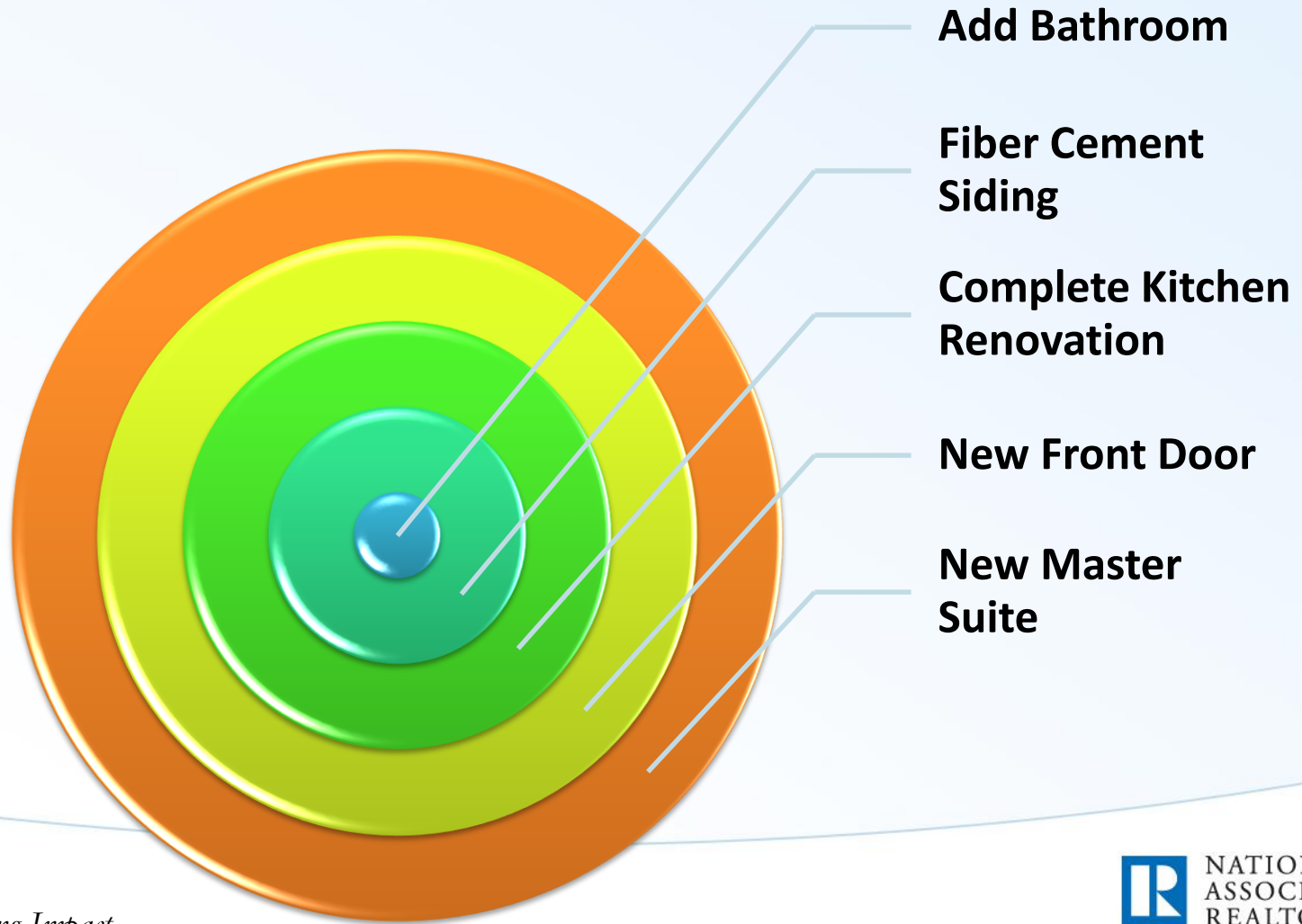
**Hardwood  
Flooring Refinish**

**Insulation  
Upgrade**

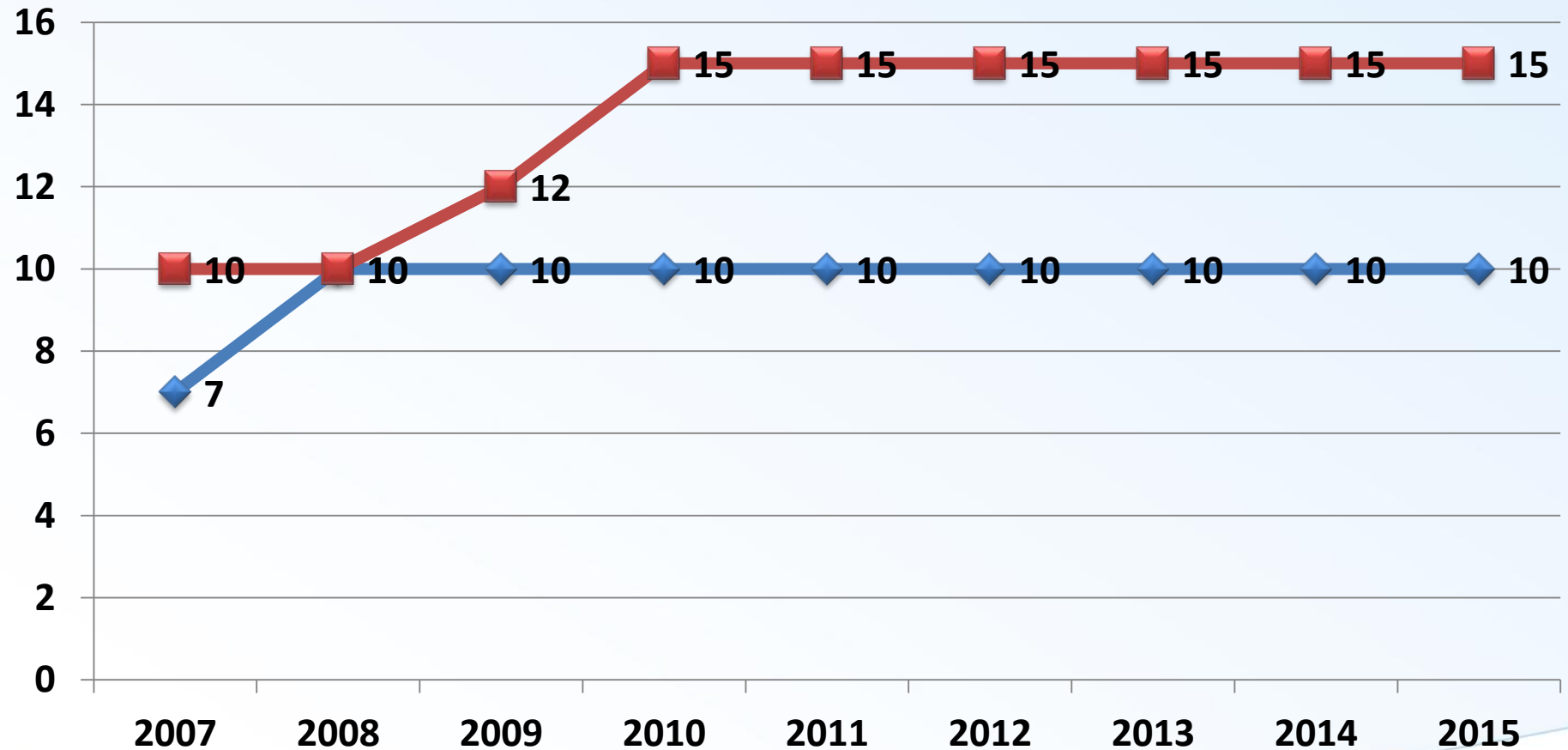
**New Wood Floor**

**New Garage  
Door**

# Remodeling Impact: Highest Joy Score



# Expected Tenure Remains High

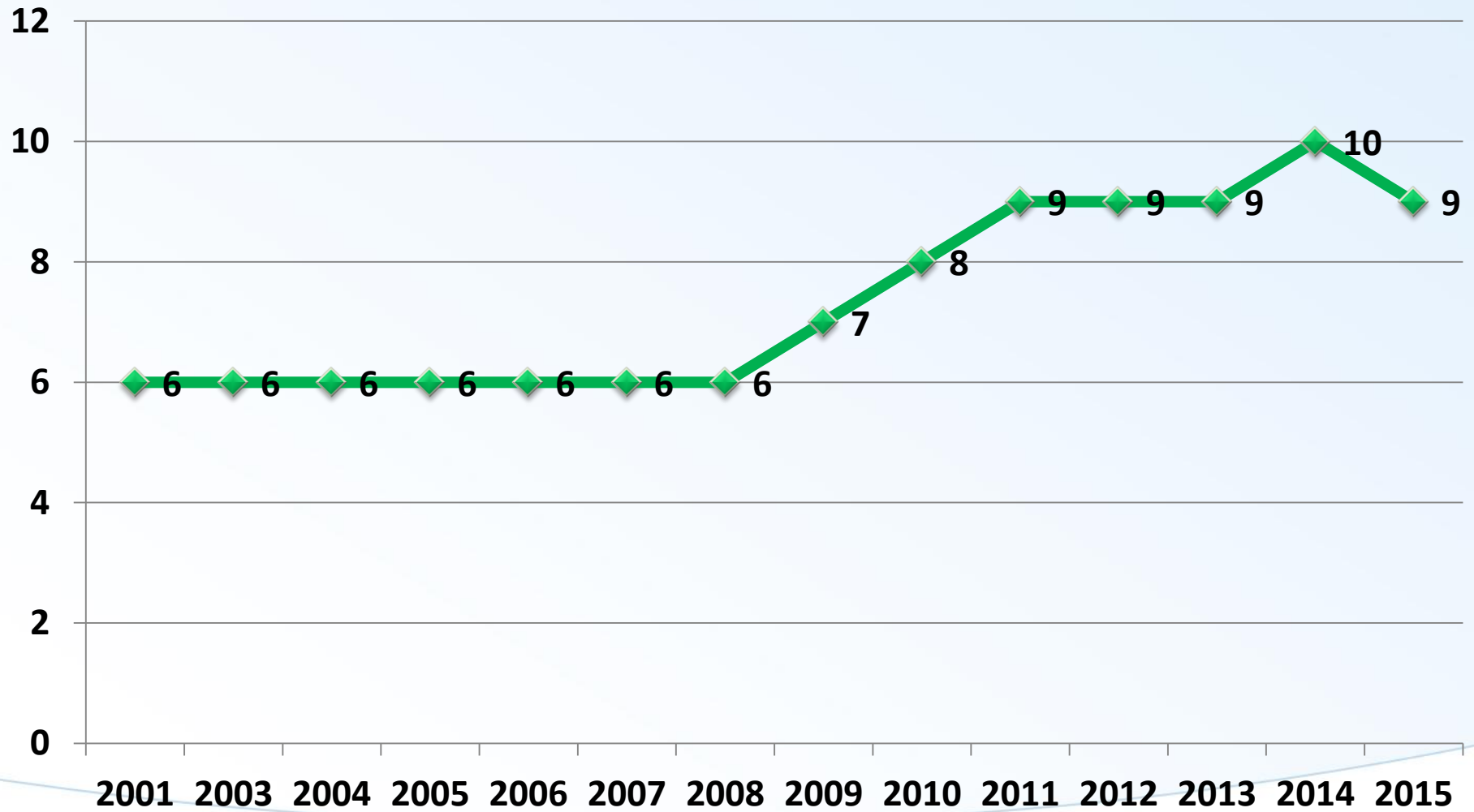


◆ First-time Buyers

■ Repeat Buyers



# Seller Tenure in Home



# Different Type of Home Search



# First Step Taken During the Home Buying Process

42% - Looked online for properties for sale

14% - Contacted a real estate agent

13% - Looked online for information about home buying process

7% - Contacted a bank or mortgage lender

7% - Drove-by homes and neighborhoods

5% - Talked with a friend or relative about home buying process

# Value of Website Features

**87% Found photos  
very useful**

**84% Found  
detailed  
information about  
properties**

**45% Found  
interactive maps  
very useful**

**42% Real estate  
contact  
information**

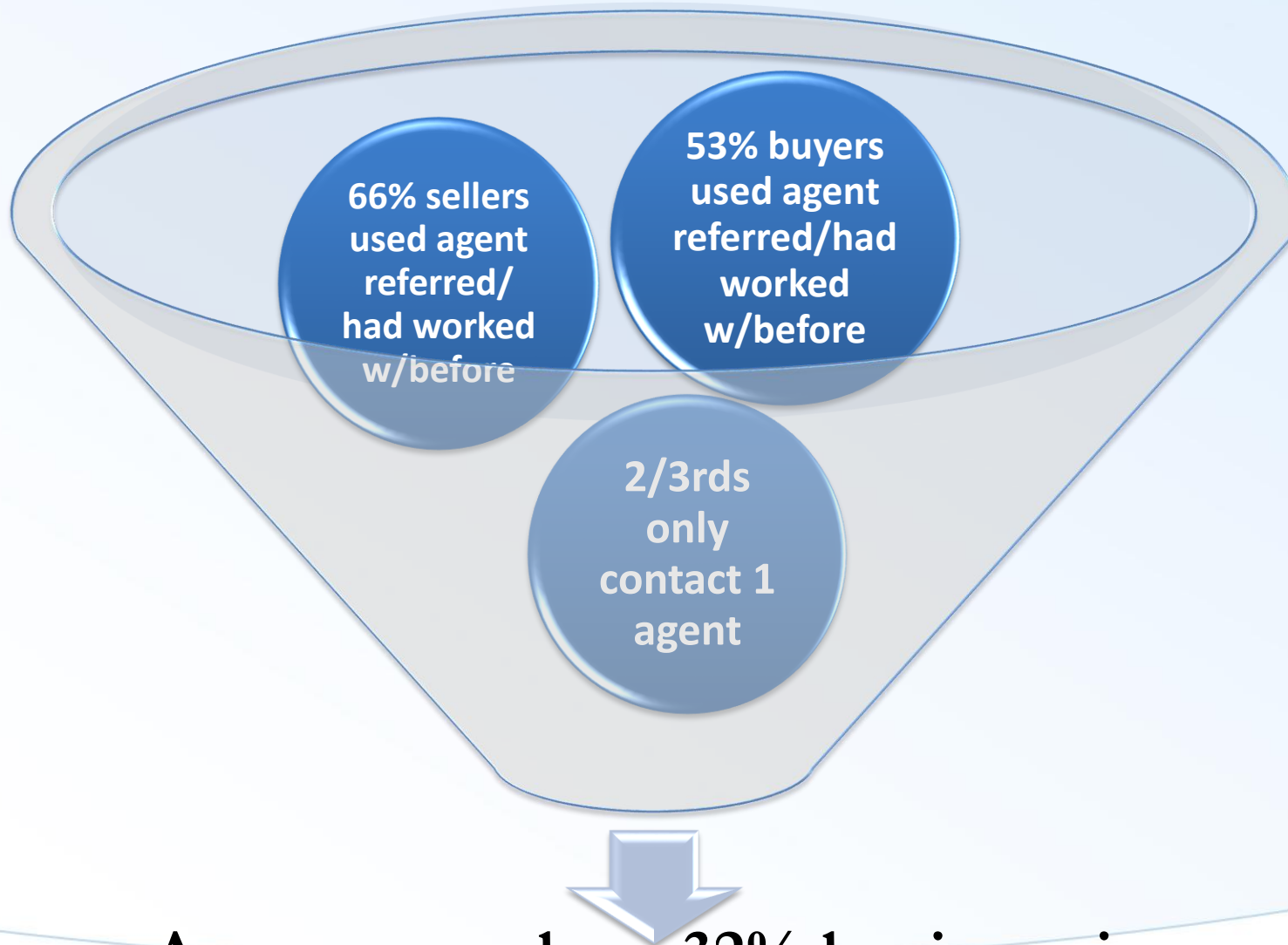
**42% virtual tours  
very useful**





**Real Estate Remains a Business of Relationships**

# Where Clients Come From



**Among members 32% business is from repeat clients and referrals**



# Most Difficult Steps of Home Buying Process

Finding the right property  
51%

Finding the right property was ranked highest among **all generations** for the **MOST DIFFICULT STEP** in home buying

Paperwork  
23%

Understanding the process  
14%

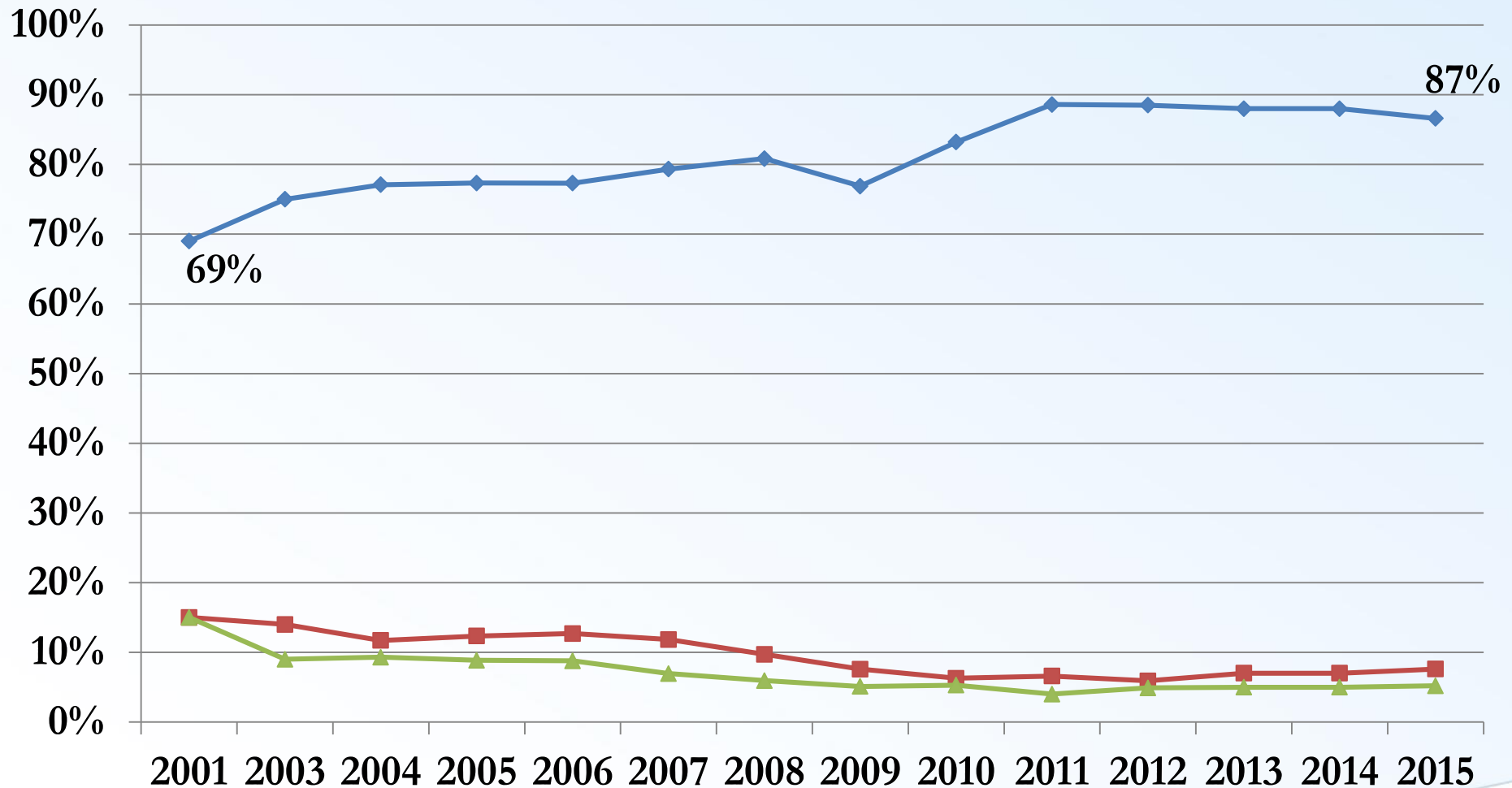
Getting a mortgage  
13%

Saving for the down payment  
13%

No difficult steps  
17%

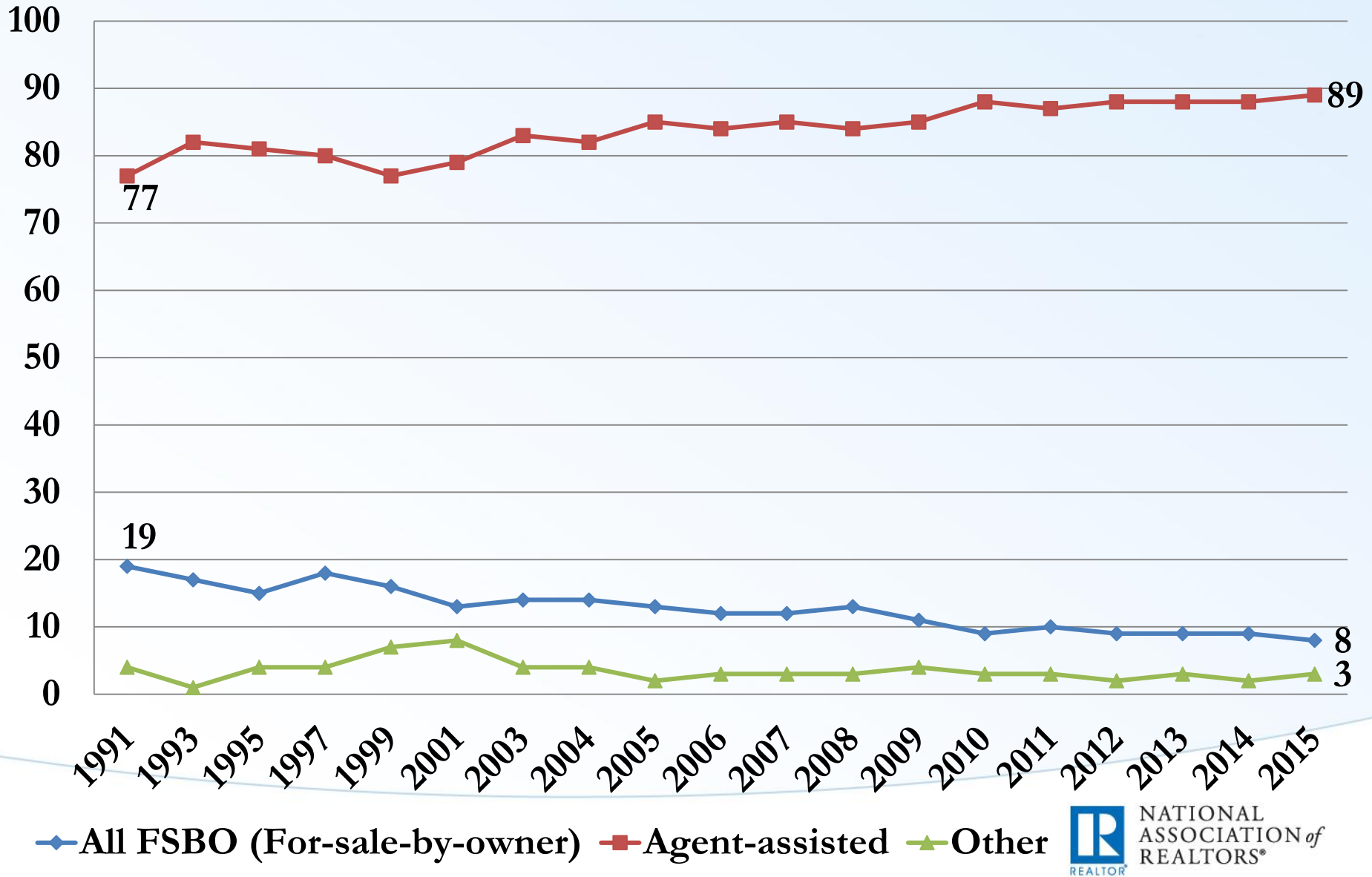
21% of **Repeat Buyers** noted there were no difficult steps compared to only 9% of **First-time Buyers**

# Buyer Use of Agents



- ◆ Through a real estate agent or broker
- Directly from builder or builder's agent
- ▲ Directly from the previous owner

# Agent-Assisted Sales All Time High



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