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A Message from Jeffrey Chalmers:

"The Power of Millennials"

Millennials and How They've Changed Housing

Millennials have lagged most of their predecessor generations in terms of their homeownership rate but when they did begin to buy, **they become the fastest growing market segment.** The Census Bureau says the homeownership rate for those 25 to 34 years of age increased from 36.5 percent in the fourth quarter of 2018 to 37.6 percent 12 months later. The group also earns more than any young adult households in the last 50 years with a median household income of \$69,000.

Who knows where either measure will go given the current crisis, but CoreLogic has examined Millennial's impact on housing and found four areas where their housing choices are, or at least were, shaping the market.

Saumi Shokraee writes in the CoreLogic blog that Millennials are careful shoppers (or perhaps very picky) and are **willing to shop for a year or longer to find the right home.** "With a desire for both modern home technology and a location that fits their lifestyle, they are quite particular about their investments. However, this is not too surprising considering they just spent 10 years living with their parents and working as a barista in order to save up for their down payment!"

Shokraee quotes a survey from the National Association of Home Builders (NAHB) that found Millennials increasingly prefer newly constructed homes. Twenty-eight percent of consumers of the same age in 2007 had that preference while 41 percent did so in 2018. Millennials appear not to have the appetite to buy an older home and deal with remodeling it to fit their desires and there are other advantages including average homeowner insurance savings of 35.5 percent.

Millennials, not surprisingly, are **big fans of smart homes** and among the oldest segment of that generation, (those 27 to 36), 36 percent have already purchase one or installed smart home products. More than half (58 percent) of those who haven't purchased are interested in doing so.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00

Freddie Mac			
30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00

Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/26

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

	Value	Change
Builder Confidence	51	+6.25%

Many old neighborhoods in highly sought-after locations are being rebuilt as smart homes to attract these buyers. They feature appliances, lights, door locks, even barbeque grills that are wirelessly connected. Homes are even being prepared with empty conduits in order to provide control and transmission cabling for future technologies.

Millennials are also seeking **sustainable homes and communities and are the main drivers of green construction**. Solar panels will continue to be popular and excess energy will be distributed through the community. New and more efficient features and appliances will use only the minimum amount of energy required for a given task, reducing home energy usage by as much as 50 percent. Experts say this could lead to an electrical energy surplus in less than 10 years.

Millennials not only want to purchase tech; **they expect to buy with it as well**. They don't want to spend days touring homes but to shop for them the same they do for everything else-online. In fact, according to a *Real Estate in a Digital Age* report, 99 percent of millennials start their home search online and 58 percent found the home they finally purchased on a mobile device. Accordingly, an increasing number of agents and brokers are now creating digital platforms for home buyers to search for their next property while lenders are enabling ways for consumers to apply for and manage their mortgages online.

Shokraee concludes that millennial tastes and habits are shaping the housing market in new and fascinating ways. "Companies involved in the real estate ecosystem should tap into these trends quickly- or else risk missing out on the home purchasing power of a generation."

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Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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