

The largest U.S. age group since the baby boom will make an unmistakable mark on the housing market. Here's what you need to know to tap into this powerful market segment.

BY MICHELLE HOFMANN

Life without Google. Communication without text messaging. Real estate without virtual tours.

These things are hard to imagine for the millions of people who fall into Generation Y, a massive demographic comprised of people born between 1977 and the mid 1990s. As children of the baby boomers, this group is predicted to make up the bulk of U.S. population within 20 years.

That's why it's essential for real estate practitioners to understand what makes Gen Y tick. After all, it won't be long before Gen Yers — also called "millennials" and "echo boomers" — are a dominant segment of home buyers.

For its sheer size alone, "discounting this group of people is dangerous," says Saul Klein, president of San Diego-based InternetCrusade, a real estate technology firm that handles NAR's e-PRO program.

"If you want to have a future in the real estate business, you must think about the customer of tomorrow," Klein says. "It might seem like you don't need to worry about these people because so many of them are young and can't afford to buy a home yet, but every year more and more of them will be able to."

To get a better feel for Gen Y, here are some quick facts:

They're big. Experts say Gen Y ranges in size from 72 million to 78 million people nationwide and 2 billion worldwide. Factor in the young immigrant population, and the group grows even larger. They're diverse. According to a 2005 study by RMG Connect, an international specialist in relationship marketing, one in three echo boomers is non-Caucasian, one in four is from a single-parent home, and three in four have working mothers. The Web is their playground. They track down their friends on MySpace, they download their songs from iTunes, and they send e-mails from their phones while waiting in line at Starbucks. And you had better pay attention to their e-mails, because they expect a fast response. They buy young. On average, Gen Yers buy homes at age 26, three years earlier than most Generation Xers, according to a Century 21 Real Estate study in 2006. "Gen Y is not just some kid out of college," says Adam Lee, 28, a salesperson for Abe Lee Realty LLC in Honolulu. "He's a kid with parents who want to see him get

off to the right start and is willing to put 10 percent down on a house and have the kid pay the mortgage every month." They have hectic schedules. "Their lives are a lot busier than their parents were at their age," says boomer Elaine VonCannon, ABR®, SRES, a RE/MAX real estate agent in Williamsburg, Va., who has been tracking and writing about Gen Y for the past decade. "They're always moving. They need an all-inclusive agent. So if they're going to invest, for example, they want someone who can help them manage the property after the sale." They do their research. Don't try to pull one over on an echo boomer. "You'd better know what you're talking about, because they will have done the research," VonCannon says.

The Importance of Technology

Who better to offer tips on dealing with Gen Y clients than Gen Y real estate practitioners themselves?

Brooke Wolford, 27, says it may sound cliché, but it's critical to embrace technology when working with young buyers. Wolford, a practitioner with Edina Realty in Hastings, Minn., bought her first home at 22. "I loved that my practitioner had GPS in his car and could quickly send me an e-mail," she says.

Indeed, nine out of 10 Gen Yers have a home computer, according to the RMG Connect survey. Almost all — 97 percent — have a cell phone, and 68 percent send text messages from their

phone. Fifty percent listed instant messaging as their preferred form of communication.

Meredith Tanguay, 27, CRS, ABR®, SRES®, is a sales practitioner and a partner with Keller Williams Realty in Topsfield, Mass. She agrees that technology is tops with Gen Yers. “Young buyers see slower response times and lack of comfort with technology as agents’ biggest weaknesses.”

To increase your response time, consider using a smart phone that allows you to easily send and receive e-mail from the field. “That doesn’t mean that if I’m with a client, I stop everything to answer the e-mail. But if I have to go to the office to do that I might lose the advantage of being the first to respond,” Klein explains.

Other ways to appeal to millennials? Have a great Web site, says Kelly Cote, 27, a marketing team coordinator with North American Title Co. in Pleasanton, Calif. It’s a given that young buyers will search for homes online, so make sure your site can be accessed through major search engines like Google and Yahoo!, Cote says. Also, include plentiful photos, virtual tours, and informational resources to help clients do their own research.

Cote says Generation Y also could be called the “instant gratification generation.”

“If we don’t get what we want right away from the person who promised it, it’s just a phone call, e-mail, or text message away to recruit another real estate person to do the work,” she adds.

Is Younger Better?

While Gen Yers want a practitioner who’s comfortable with technology, they also value the expertise of a veteran. “We felt safer dealing with someone around my parents’ age,” says Candace Handt, 28, who purchased a house in Simi Valley, Calif., with her husband in May.

“If you tout your experience and show that you’re tech savvy, that’s a nice combination for young buyers and sellers. Older agents have the advantage already, as long as they don’t get out-communicated by not having the right tools like a Blackberry, for instance,” Lee says.

But Cote warns that even the most experienced and tech-savvy practitioners will fail to win over Gen Yers if they don’t treat their clients like adults. When searching for her first home at 25, Cote says she felt like older agents didn’t take her seriously. “The only exception was when I found an agent who was near my age,” Cote says.

Pros and Cons of Know-It-Alls

Gen Yers tend to do lots of home research online. They seek advice from their parents, and have a good feel for how much they can really afford. Is all of this information a good thing or a bad thing? It depends on whom you ask.

“In the past two years, I’ve had some transactions that were really easy because the client was already educated about most aspects of the transaction,” Lee says, “but they needed that extra expertise to negotiate.”

Maryna Bazhydai, a 25-year-old practitioner with Gove Group Real Estate LLC in Stratham, N.H., tells a similar story. She says Gen Y clients recently came to their first meeting with two pre-qualification letters from a bank and a local mortgage broker.

“They are smart and act smart,” Bazhydai says. “In my experience, they research the overall market situation and read the news. And they don’t panic as much as older generations do in tough circumstances. They communicate well, are open with you, and don’t hide facts.”

But Shelley Diamond, a Gen Xer sales professional with Coldwell Banker Bain in Seattle, says too much information can backfire.

“Generation Yers want to do things on their own and save as much money as they can in the process, even if it costs them in the end,” Diamond says. “They’re so Internet savvy that they think that they can get all their education from the Web and are wary of the agent’s information, even if it’s heavily researched and proven. This can be a challenge.”

Ideas for Reaching Out to Gen Y

With Gen Y becoming a more powerful segment of the real estate market, there’s huge potential in catering your business directly to this demographic, says Lee, who’s surprised there’s not more real estate marketing geared to Gen Y. To reach millennial buyers and sellers, here are some ideas:

Take to the airwaves. “Team up with a local DJ and develop a good radio talk show to explain why younger people should buy a house early,” Lee says. Understand their culture. Check out some

of the Web sites and TV shows that are popular with Gen Y, suggests Brian Copeland, CRS®, a salesperson with Nashville, Tenn.-based Village Real Estate Services. Copeland isn’t a member of

Gen Y, but he makes a point of tuning into media that shapes the perceptions of his young clients:

online social hubs like YouTube and MySpace, and real estate shows on cable. “They’re huge real

estate reality TV show fans,” says Copeland, who was featured on The Learning Channel’s “Flip That House.” “Know the shows like, ‘Buy Me,’ ‘Designed to Sell,’ ‘Flip that House,’ and ‘House Hunters.’ They will talk about these shows.” Advertise listings on Craigslist. This online classifieds Web site is hugely popular with all buyers and sellers, but especially with the Web-savvy

Gen Y set. Don’t try to upsell. Online marketing specialist Elizabeth Kirwin, of Asheville, N.C., says

the most important factor in finding her first home in 2005 was locating an affordable property close

to town. Now in her early 30s, Kirwin says she thinks it’s important for practitioners to be sincere with

younger buyers. “Don’t promise something you can’t deliver. Do not try to up-sell ... find the home they want within their price range. They will love you.” Know what they like. Younger buyers tend to want a home that’s close to work; near a park (to walk the dog); and within walking distance to shopping, the gym, and local bars and restaurants. Easy home maintenance is also high on their list. “So craft a sales approach that’s in sync with this,” Kirwin says.