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Real Estate in 2019 and Beyond: Expert Commentary by Ilyce Glink

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HSH continues its mission to deliver valuable information and insights by presenting opinions directly from leaders in the real estate marketplace.

Ilyce Glink's *Real Estate Matters* newspaper column is syndicated nationally. She is the author of many acclaimed real estate books, including her latest, "100 Questions Every First-Time Home Buyer Should Ask" (4th

Edition). She is also the CEO of Best Money Moves, an app that employers provide to employees to reduce financial stress. Ilyce answers consumer questions on her media site [ThinkGlink.com](#).

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How does the next generation of homebuyers differ from previous ones?

As the newest generation moves into homebuying, they are shaking up the market in many ways. Ilyce notes that Millennials now account for the largest share of new mortgages by dollar volume -- outranking both Gen Xers and Baby Boomers.

"Millennials and Generation Z are *profoundly different* from previous generations of homebuyers. They carry a staggering amount of debt, credit card and student loans, and they know it's going to be tough paying it back," Glink observes. "Their jobs don't pay enough and that holds them back from accomplishing other adult major milestones, like getting married, having kids, and buying houses."

This has spawned a lot of speculation among real estate analysts about whether Millennials and Generation Z are ready and/or willing to enter the real estate market.

"Because of their financial challenges," Glink explains, "young adults are taking longer to get through school, to start their careers and get settled personally. In the last 25 years, for example, the age at which adults buy their first homes has shifted from 26 to 34."

Mortgage approval itself is not the biggest obstacle for the newest homebuyers. The biggest obstacles are debt, lack of income; overall affordability. There is also a real shortage of affordable listings in many areas.

The challenges new homebuyers experience create challenges for home sellers and the real estate profession.

"The newest generation of homebuyers takes a less positive view of ownership in general, from cars to homes. And in many markets, there is a shortage of the kinds of listing these seem buyers want -- affordable, located in urban, multicultural neighborhoods.

"It will be interesting to see how this plays out," notes Glink.

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How savvy are homebuyers now?

It might seem as though the availability of technology and information would make today's buyers more knowledgeable about real estate. But, surprisingly, that's not the case, according to Glink.

"Today's homebuyers aren't any savvier than previous generations, though they are more fluid when it comes to using technology to automate processes. In one of my recent home buying seminars, attendees of all ages had lots of questions about how to find the right home, choose the right mortgage, and close without any issues."

Buyers are not shy about using apps and websites to find property, however. "It's all about mobile applications," says Glink. "The phone is all that matters today. Today's top real estate companies all have mobile apps, as do sites like Zillow, Trulia, Realtor.com, Homesnap, OpenDoor, etc. The typical home buyer will look at 7 to 10 websites before deciding to work with an agent and competition for those eyeballs is fierce."

But access to property information is not the same as being knowledgeable about the process.

"Buying and selling property is more complicated than it should be. No one has time to learn all that before they buy their first home. That's why my book, *100 Questions Every First-Time Home Buyer Should Ask*, has proved to be such a long-lasting resource and why I just published the fourth edition."

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What is the most important thing for new buyers to know?

Many new buyers don't realize how choices they make before buying affect their comfort and security after their purchase. or even their ability to buy a home at all. From a mortgage qualifying standpoint, if you qualify for a \$300,000 mortgage with a \$200 monthly car payment, you'll qualify for about \$65,000 less with a \$600 monthly car payment.

"Every dollar you spend on your lifestyle takes away from the amount you can spend on your home. It's just that you have a finite amount of cash available. So, inevitably, you'll have to make trade-offs in order to get the cash you need for a down payment, and then to afford the mortgage, taxes, insurance, maintenance and upkeep of the property.

"For example, let's say you go to a personal trainer weekly and take a Pilates class and perhaps get a manicure. You travel frequently on the weekends, and like to take a big trip once a year. Well, if you're going to buy a home, you'll want to have as much saved for your down payment as possible, and that may mean not taking that big trip, and cutting back from your personal training session to taking a group class. Or, in other cases, you'll have to forego some of your entertainment expenses.

"Buying a home is cash intensive. You've got to save for the down payment, but you also need cash reserves, cash for the closing, and cash for your moving expenses."

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What does the future of real estate look like?

Homebuyers and sellers should expect a shakeup in real estate as processes become more automated, consumers get used to a DIY economy and competition becomes fiercer, Glink predicts.

"I expect the number of real estate agents to decline dramatically in the coming years," says Glink. "The real estate market today is very fragmented, with a lot of unforeseen competition coming from technology, like OpenDoor and Zillow."

But, real estate agents are not likely to become extinct.

"There will always be a need for the kind of personal hand-holding agents are known for at the higher end of the market, but technology is looking to cater to Gen-Z and Millennials who don't realize there's a value to having a real person, with years of experience, guide you through the process of making the single most expensive purchase you're ever going to make."

New buyers should take advantage of that experience, according to Glink. "Because buying the wrong home could be an expensive, *life-changing mistake*. Good real estate agents can advise and help prevent this, and those who understand the level of customer service buyers need will probably remain in business.

"Millennials tend to have the most buyer's remorse. This may have to do with buying too quickly, or having too little context about the process and neighborhood. And, no house is perfect. Life isn't like HGTV and for some buyers, reality can be disappointing.

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What do tomorrow's buyers want?

Young buyers today have different expectations -- both in their agents and houses.

"Millennials and Gen Z buyers have different demands than prior generations. They really want more images and video and fast communication from agents. They want the latest, hottest and newest amenities in their homes. The latest is having a smart home amenity like Ring.

Smart homes? Not necessarily.

"There is no special, overall demand for smart homes that I've seen. Do you really need your fridge to tell you that you need milk? Or do you notice that yourself when you open the door ten times a day? Until 'smart homes' get a whole lot smarter, I don't know that we'll see this option become a true demand trend."

How will real estate offices serve these buyers in the future? Very well, or not at all, predicts Glink. "There is still room for full service at the higher end. The offices that succeed build or buy the best teams. They invest in the best technology. They hire the top agents and dominate the listings. These are the real estate companies the best agents want to work with. The stakes are very high, and the successful offices invest in hiring, developing and energizing the best talent possible."

Research: [Today's Mortgage Rates](#)