



The New Home Buyer Journey

MOTIVATIONS & MISCONCEPTIONS

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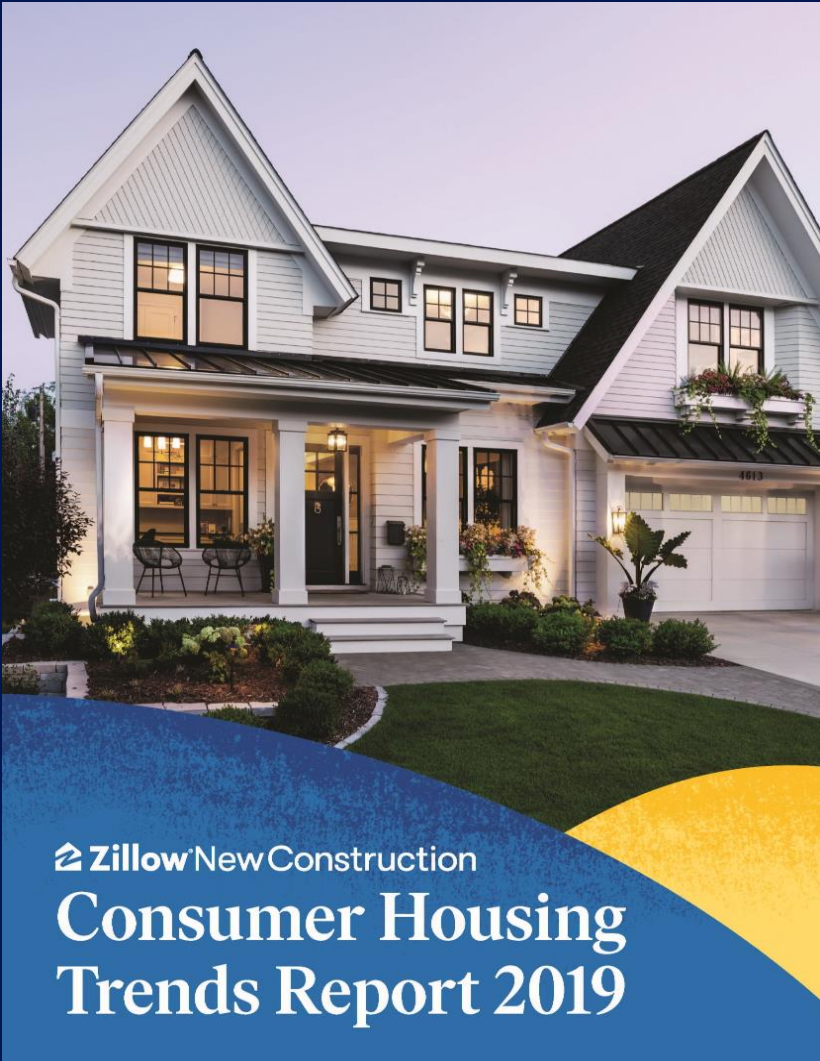
Laura Eddy

SENIOR DIRECTOR, CUSTOMER INSIGHTS

A man and a woman are standing in a grassy backyard, looking at a modern two-story house in the background. The man is pointing towards the house with a small photo of a house in his hand. The woman is smiling and looking at the man. A large green geometric logo is overlaid on the right side of the image. A green banner at the bottom contains the text "You know the industry — we know buyers".

You know the industry — we know buyers

Research approach



13,000

key household decision-makers
who self-identified as one of the following:



Buyers



New construction buyers



Sellers



Homeowners



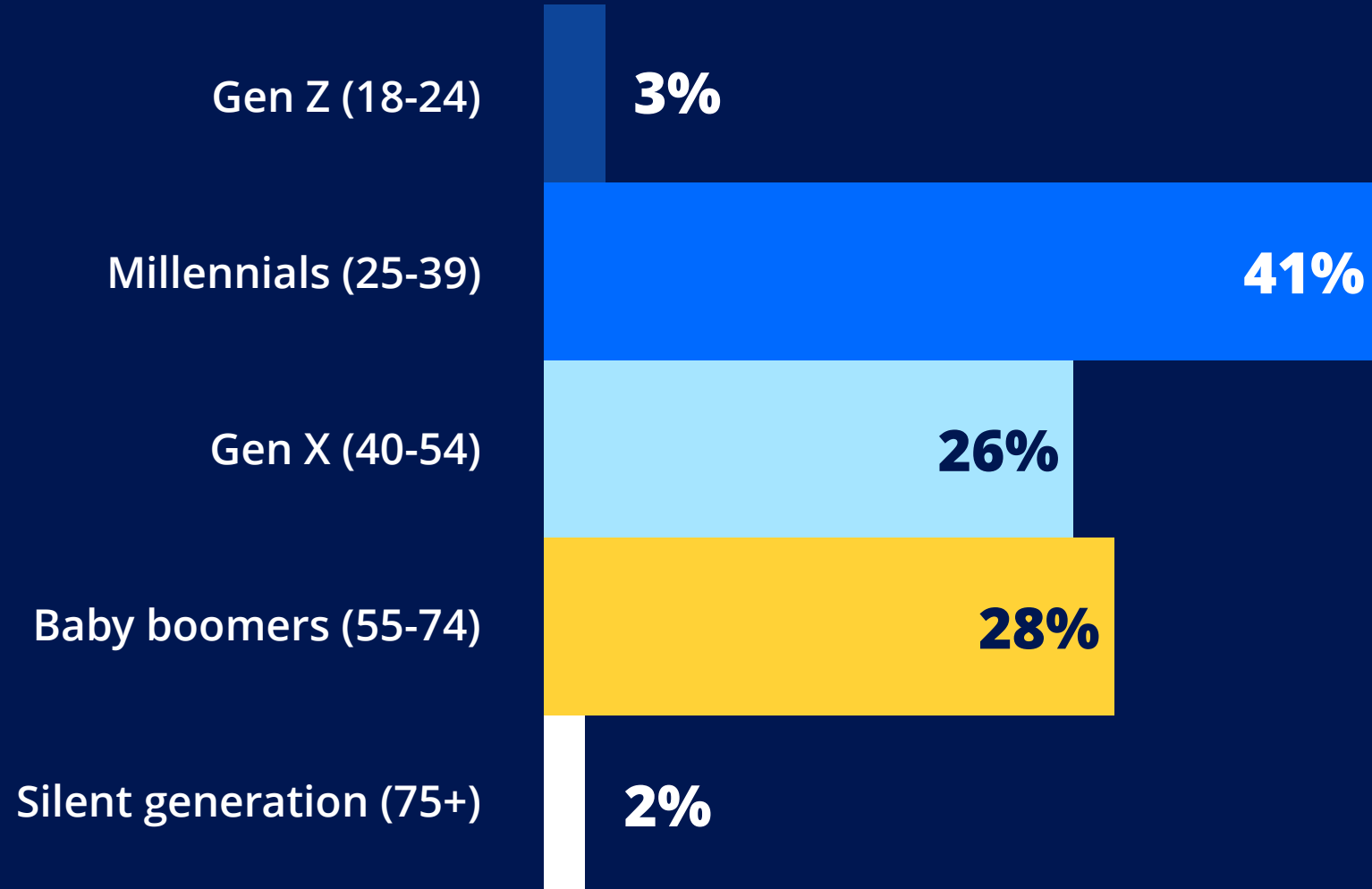
Renters



A tale of two buyers

MILLENNIALS VS. BABY BOOMERS

Different buyers, different needs





The first-time **millennial** buyer

The largest generation of new construction buyers

- More likely to move due to life events
- Relies on tech
- Is more financially strapped
- Has greater communication needs
- Experiences more pain points



The experienced **boomer** buyer

- Repeat buyers
- More particular in wants and needs
- Are retired or approaching retirement
- Take longer to search

Have empathy for the buyer's mindset



The **emotional state** of a buyer is likely to differ based on the reasons for their move.

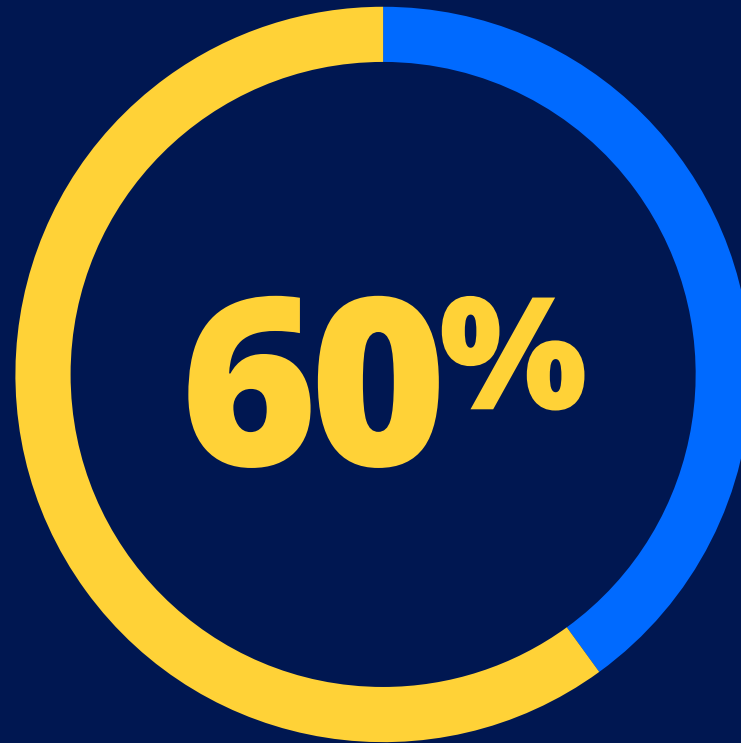




The boomer buyer

Less impacted by life events, market dynamics

ONLY 33% SAY THE MOVE WAS RELATED TO A LIFE EVENT



of new construction boomer buyers say neither life events
nor market dynamics played a role in the move

They take longer to search

6.6 months

on average for boomer buyers to find their homes

4.3 months

on average for millennials buyers to find their homes



The sales center matters more to boomers



of boomer buyers say they found their home via a sales center (compared to only 15% of all new construction buyers)



of boomer buyers say they found their home online (compared to 49% of all new construction buyers)



They care about features

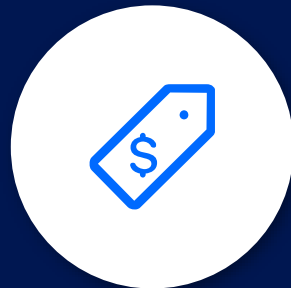
Asked to pick their top reasons for
buying a newly built home

Boomers:



Appealing home
features (floor plans)

Millennials:



The home is the best
value for the money



How to help the boomer buyer



- Ensure that the sales center and tour experience is exceptional
- Be transparent about all lot, feature, floor plan and finish options available
- Follow up frequently





The millennial buyer

More impacted by life events

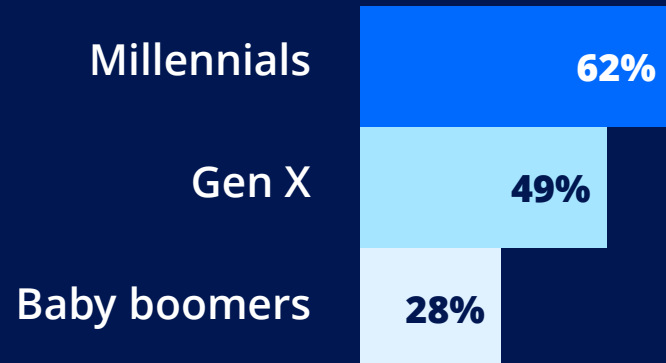
AS COMPARED TO 33% OF NEW CONSTRUCTION BOOMER BUYERS



of new construction millennial buyers say
a life event played a role in the move

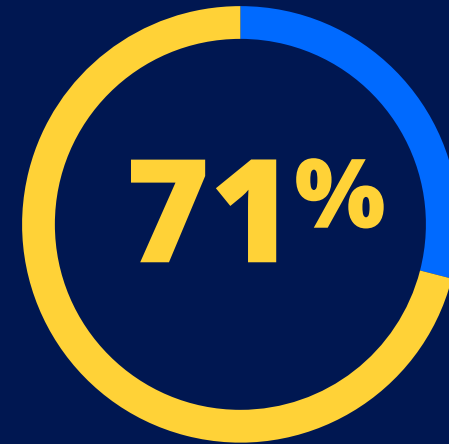
Millennials' first point of discovery is online

Buyers who learned about their home online



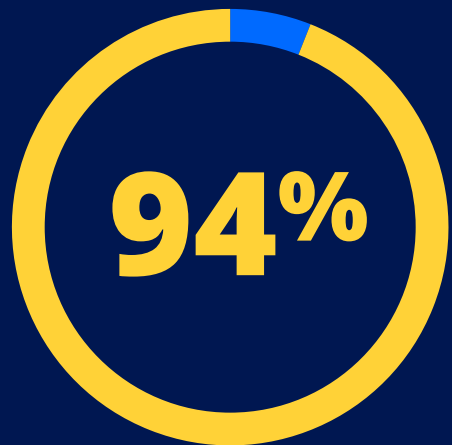


3D tours interest younger buyers



of millennial buyers say 3D tours would help them get a better feel for the space (as compared to 44% of new construction boomer buyers)

They are concerned about finances



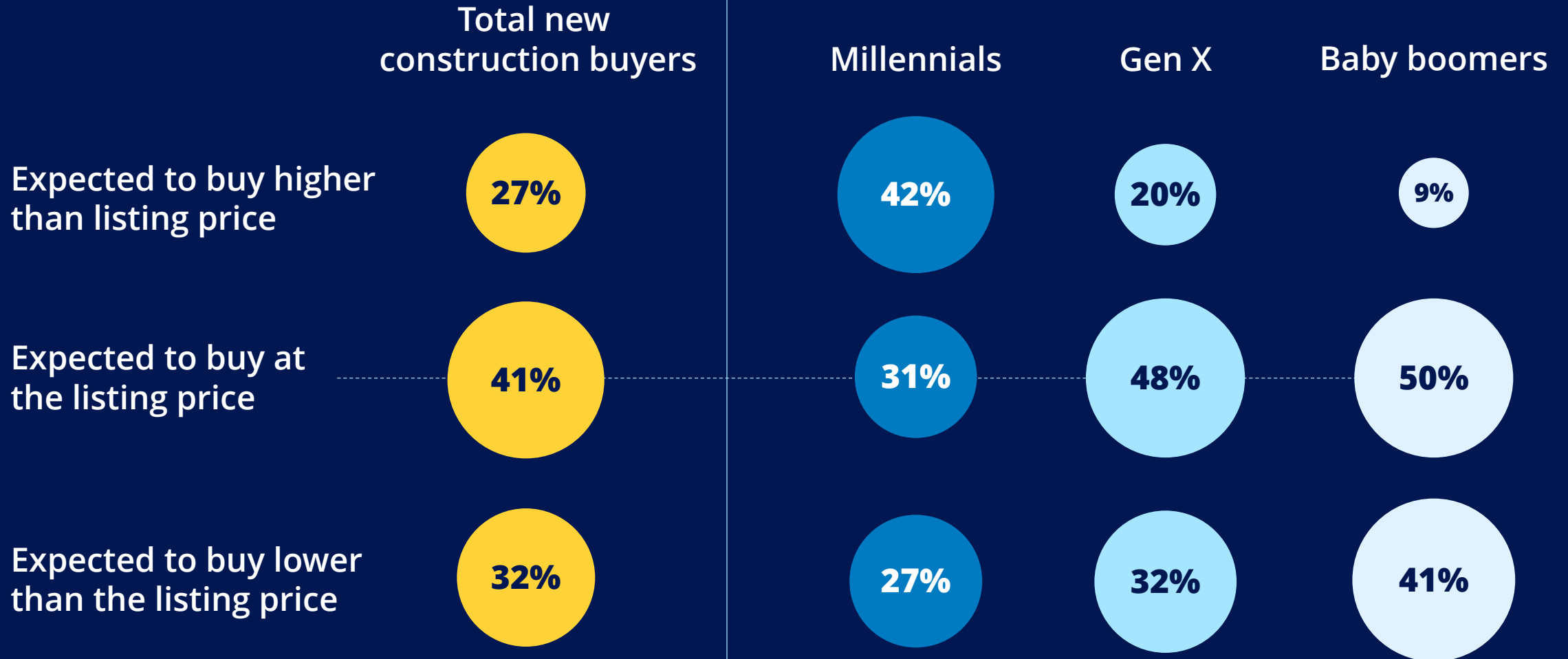
of millennial buyers
finance their home with
a mortgage



of millennial buyers say
they are concerned about
qualifying for a loan



They are more likely to expect to buy higher than list price



They need more communication from builders

Buyers who say their builder didn't communicate enough

Millennial buyers

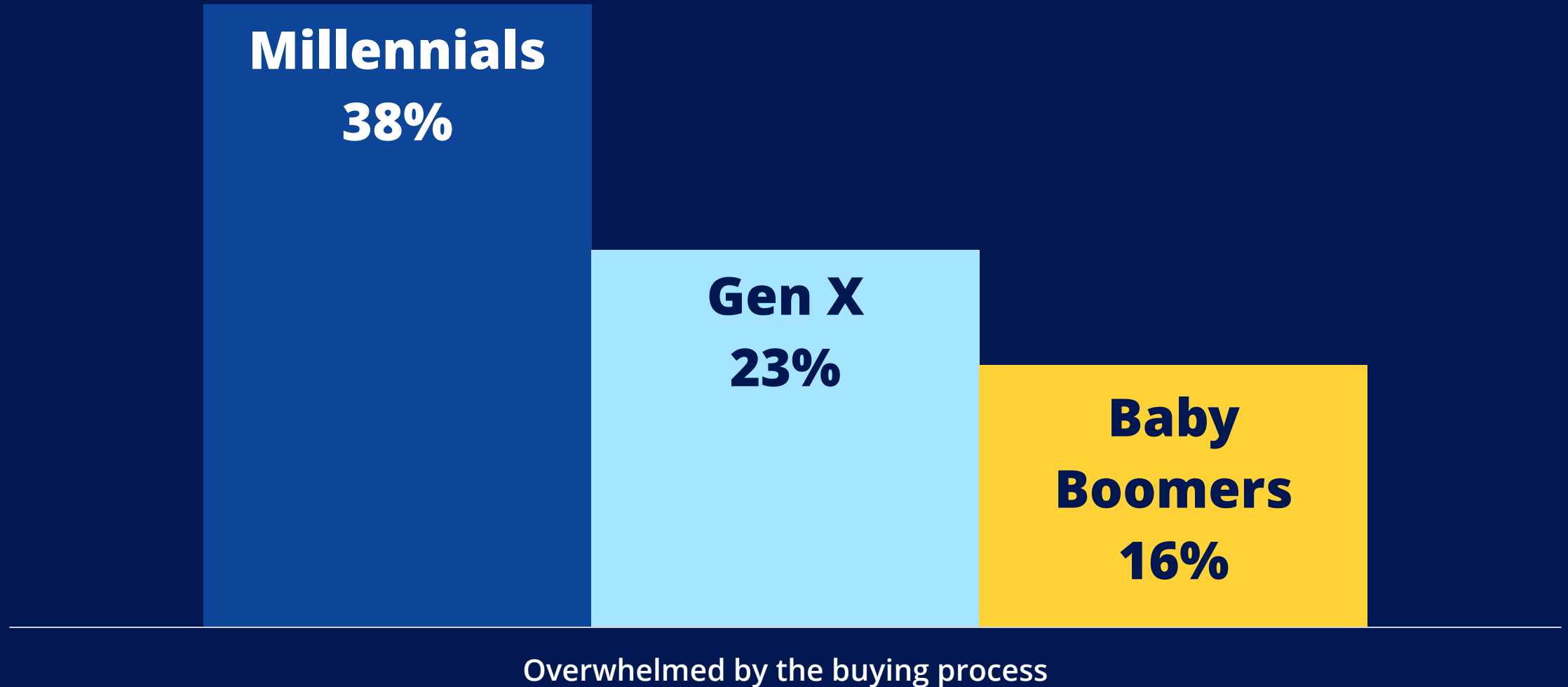
47%

All buyers

35%



Overall, they are more overwhelmed than other generations



How to help the millennial buyer



- Ensure your online listing content is rich, informative and mobile-optimized
- Use visualization tools to help bridge the digital/physical gap
- Communicate promptly, frequently, and in their preferred method
- Be transparent about costs, options and timelines





The opportunity for builders

What builders can do to ease the journey



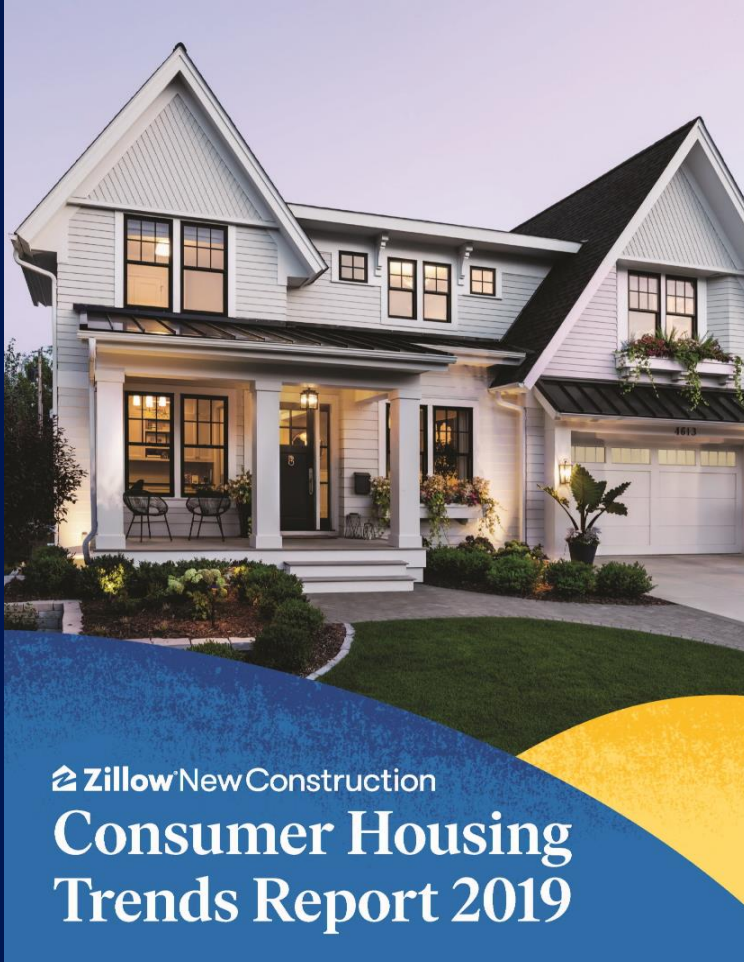
Takeaways

- Have empathy for the buyer's mindset.
- Be flexible to meet differing buyer needs.
- Strengthen your online presence with compelling content.
- Educate on the process and be transparent.



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Executive Summary

The landscape for new construction has changed ever so slightly since 2018, with new construction homes becoming somewhat more accessible to a broader audience of buyers.

With sales up year over year, 2019 is on pace to be the best year for new-home sales since 2007.¹

Low mortgage rates — along with cooling competition in some markets and historically low inventory that appears to have largely bottomed out — are drawing new buyers into the housing market, even as the supply of homes continues to lag behind demand.

Those buyers may find new construction more attainable now than in the past as the median sale price of a newly built home peaked in late 2017 and has since trended down slightly.²

Most home shoppers — an impressive 64% of all buyers — are potential new construction customers who have either set their sights exclusively on a newly built home or are open to buying one, whether it be their first or third home, their dream home, or a place to raise kids.

Why those buyers peel off and buy existing homes is a subject we'll explore in depth.

All eyes are on the millennial generation,* a diverse group who comprise the single largest generation of buyers of both existing and new construction homes. They differ from older generations in the way they shop for homes, in the type of homes and communities they're looking for, and in the degree to which they need help from trusted experts.

The process of buying new construction has some rough spots for consumers, especially those new to home buying. In addition to shopping for and financing a home, they're also trying to visualize a home and a community on what may still be dirt lots, evaluating a builder, and selecting floor plans and finishes — all for the first time.

It's a lot to ask, which explains why most buyers — especially younger ones — work with an agent who can guide their choices.

In the following pages, we'll introduce you to those buyers in depth, offer some tips and demonstrate opportunities for deeper connections with customers.

Over the next decade, 44.9 million people will turn 34, the median age of current first-time home buyers. That's a bump of more than 7% from the previous decade. We can't say whether those people will mirror previous generations in their home-buying activity, but we can say that they'll have a significant impact on the market just by their sheer numbers.³

*See Methodology for cohort definitions.

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