



**BERKSHIRE
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HomeServices

NEWS RELEASE



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FOR IMMEDIATE RELEASE

Consumers are Navigating Tides of the U.S. Real Estate Market in Berkshire Hathaway HomeServices' Latest Homeowner Sentiment Survey

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Homeownership remains a priority as people adjust to inventory and price conditions; Boomers and others share why they're holding on to their homes; buyers are getting creative to stand apart from the competition

IRVINE, CA (Sept. 20, 2017) – Homeownership remains a priority for younger consumers despite tight housing inventory and stiff competition for homes – conditions that are driving up prices in many markets. In Berkshire Hathaway HomeServices' latest Homeowner Sentiment Survey released today, a full 71% of prospective homeowners – a demographic composed largely of Millennials – believe now is a good time to buy a home and 63% remain steadfast in their ideal preferences for a home.

Not surprisingly, consumers are gaining a deeper understanding of market conditions: 72% of prospective homebuyers acknowledge that homebuying has become increasingly competitive with a shortage of listings in many markets across the U.S.; 76% of prospective millennial buyers expressed concern of overpaying for a home; and 76% said finding a competitively priced home is a challenge.

Several factors have contributed to the current housing shortage in many markets. For starters, new construction ground to a halt during the Great Recession while population growth and household formation continue to blossom. Builders are increasingly hitting stride on new construction projects in a wider range of price points but demand still outstrips supply in many markets such as Miami, Philadelphia, Chicago, Los Angeles and San Francisco. The vast Baby Boomer generation has contributed to the shortage as many are reluctant to sell. In the survey, 73% of Boomers said they hesitate to list their homes because home values are rising. Another factor reflects convenience. Four out of five Boomers said they would rather not shop for a new property at the moment.

“The world seems to be waiting on Millennials to make a move in all facets of their lives,” said Gino Blefari, president and CEO of Berkshire Hathaway HomeServices. “Our data suggests younger generations remain very positive about homeownership and remain in the game in markets where competition for good, reasonably priced homes can be tough.”

Blefari said rising home prices likely will move more Boomers off the fence as they retire, downsize and move to other markets. “Home values have mostly recovered from the downturn and homeowners may have more equity than they're aware,” he explained. “Equity gives people latitude to make important changes in their lives.”

Buyers Stand Apart with Creativity

Increased competition has sparked creativity among consumers looking to stand apart in the market.

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- 45% of prospective homeowners say they are willing to cover closing costs.
- 36% of Millennials buyers will send a personal letter to sellers.
- 58% of Millennials said they would plunk down more of an earnest deposit to show their commitment to sellers.
- 31% of Millennials indicated they would offer above asking price to secure their home.

“Sure, it can be competitive to secure a good, reasonably priced home,” Blefari said. “To win, consumers must work with a skilled agent who understands the market and will recommend the best ways to secure a home at a fair price.”

Fueling Optimism

Overall, consumer favorability toward real estate and its prospects remains high, as lower mortgage rates and the prospects of rising home values continue to buoy enthusiasm. A full 72% of current homeowners expressed a favorable feeling toward the real estate market, with 51% pointing to low mortgage rates and 44% citing price appreciation for their optimism. Respondents also showed a greater understanding of mortgage rates with 61% of prospective buyers and 63% of current homeowners expressing knowledge of the current rate environment, jumps of 2 and 4 percentage points, respectively, from the spring Homeowner Sentiment Survey.

“Historically low mortgage rates continue making homeownership achievable for many Americans,” said Blefari. “We believe mortgage rates will remain within a range of current low levels for the foreseeable future.”

Berkshire Hathaway HomeServices Homeowner Sentiment Survey Methodology

Interviews with 2,518 respondents were conducted online by Edelman Intelligence in July 2017. Respondents captured were either current homeowners (individuals who currently own a home as a primary residence) or prospective homeowners (individuals who do not currently own a home and are likely to buy a home as their primary residence in the next six months). The margin of error is +/-2.18% for current homeowners and +/- 4.38% for prospective homeowners.

About Berkshire Hathaway HomeServices

Berkshire Hathaway HomeServices, based in Irvine, CA, is a real estate brokerage network built for a new era in residential real estate. The network, among the few organizations entrusted to use the world-renowned Berkshire Hathaway name, brings to the real estate market a definitive mark of trust, integrity, stability and longevity. Visit www.berkshirehathawayhs.com.

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