



BOOMERS BEATING MILLENNIALS IN BATTLE FOR HOMES

The past year's frenzied housing demand likely has more to do with the demographic makeup of the country than a one-time, pandemic-driven boom, according to a recent Zillow analysis of homebuyers over a decade.

"Even before the pandemic, the largest-ever generation entering their 30s and the hangover from more than a decade of underbuilding were on a collision course set to define the U.S. housing market," Zillow Senior Economist Jeff Tucker said in a release. "The pandemic supercharged demand for housing, bringing the shortage into relief sooner than we expected, as millennials sought bigger homes with Zoom rooms, and older Americans accelerated retirement plans, spurring moving decisions."

Although millennials are the biggest players in the housing market, buyers are trending older. The median age of a recent buyer was 44 in 2019, up from 40 in 2009, according to Zillow. The share of recent buyers who are 60 years and older grew 47 percent from 2009 to 2019. Over the same period, the share of recent buyers ages 18–39 fell 13 percent.

This means that millennials, already coping with skyrocketing housing costs and student debt, also have more competition from their parents' and grandparents' generations than their predecessors did.

That's likely one reason the share of buyers who were buying their first home trended down from 46 percent in 2018 to 37 percent in 2021, according to Zillow.

More than half of homes sold in July went for above their list price. Because baby boomers are more likely to be homeowners who can use proceeds from the sale of their current home toward their next one, they have a built-in advantage in a bidding war against younger buyers, who are often buying their first home, according to Zillow.

"There are many hurdles millennials must overcome when buying homes of their own, one of them being fierce competition from the next-most-populous generation: baby boomers," Tucker said. "Whether downsizing or moving to a new town, baby boomers being more active means competition that previous generations did not have when buying their first home. And older buyers have the advantage of a lifetime's worth of savings and home equity to leverage in a competitive offer."