



Top 5 Strategies for Converting Millennial Renters into Buyers

READING TIME: 10 MINUTES





One outcome of the COVID pandemic is the number of millennials who are fast-tracking their home buying plans. In a recent **survey**, about 75% of millennials report they've been working remotely since the pandemic hit and, of those respondents, 63% said they plan on buying a home as a result of their company's remote-work policies. Nearly half reported the pandemic has motivated them to buy a home sooner.

Several states stand out as top destinations for these and other millennial renters and potential future buyers, including Texas, Florida and California. More cities within the Lone Star State, in particular, have drawn more millennial renters to Texas' affordable, business-friendly climate.

In a **RentCafe study** analyzing 13 million rental applications across the U.S., four cities in Texas ranked within the top 15, including Austin, Houston, San Antonio and Dallas. While Seattle has long presided as the No. 1 rental city, Austin edged out the Emerald City as the No. 1 destination for young renters in 2020.

In Florida, where Miami still idles as a wait-and-see market for millennials due to the higher cost of entry, Jacksonville-, Tampa- and Orlando-based brokerages are reporting hot markets for millennial first-timers.

And in California, where millennials are moving out in droves of high-rent districts like San Francisco, many are setting up new digs in smaller, more affordable cities like Sacramento, Reno, Lake Tahoe and Napa.

Recently, we asked agents and industry insiders in these key states to share their best strategies for converting the millennial renter into a buyer.



Top Features Millennials Seek in a New Home

While the media has painted a bleak picture for millennials hoping to enter the housing market in general, it seems the Southern charm of Texas has attracted more millennials looking for a change. A millennial himself, **Phillip Gazca of the Phillip Gazca Group, Keller Williams RGV, McAllen, TX**, points out that this demographic has preferences that differ from other generations so it's important to know what the millennial home buyer is looking for in a home match.

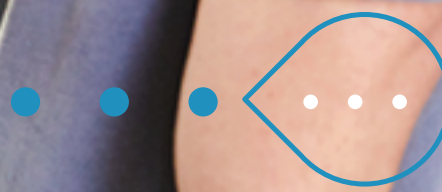
First, location is key with many seeking nearby lifestyle amenities, including food, art, music and sports. Houston, for instance, offers a vast array of in-town cultural offerings, rightly earning its reputation as the “Southern capital of cool.”

In all locales, the key to making the millennial match is finding that perfect intersection of work/life balance.

“Millennials want to make sure they’re purchasing a place where they can maintain their unique lifestyle,” says Gazca. “They want to walk to a coffee shop and gain quick access to anything they want, whether it’s disc golf, a nearby lake, entertainment, restaurants, and hiking and biking trails.”

Many millennials are willing to forego the extra bedrooms and storage space for these location attributes. They also covet larger kitchens and common spaces where they can cook and entertain. They’re getting married later than older generations and opting for pets over children at this juncture in their lives, so a yard is often on the wishlist.

Some are “househacking,” buying a house and renting out rooms to their friends. “I know lots of millennials who are taking steps to purchase property and are looking at this, myself included,” says Gazca, who notes, “for many, this isn’t their forever home — just the house they love now.”



Top 5 Strategies to Convert Millennial Renters into Home Buyers

For first-time millennial home buyers, student debt, unemployment and rising home prices continue to pose formidable challenges, but, fortunately, we have agent-curated strategies — 2020-tested and approved in several hot markets — that can help turn renters into buyers for you.

1. HELP RENTERS THINK IN FUTURE TENSE.

Coaching clients to downsize their rent as a means of saving for the down payment, and supporting them rental-to-rental as they make their journey to a new home, might help to nurture the relationship early at the rental stage, says Ken Laroza, director of broker relations for Zillow. He advises agents look at the relationship through a five-year lens, which promises to pay off in high business volume.

Regardless of whether a millennial renter buys from you or not, chances are good that they'll refer you if you deliver the best experience possible, says Laroza. "Millennials tend to be really loyal to those who treat them well."

Another way to prime the renter for buying, says Brent Davies, a former property manager and admin assistant for [David Dorman C21 Professional Group, Ocoee, FL](#), is to cross-market with preferred lenders who can help young potential buyers learn to repair credit issues, such as college debt.



The millennial renter may also need a little reminding that they can actually save money by buying. **Kevin Grant, broker/owner of Staged to Sell Realty, Jacksonville, FL**, educates millennial renters via Zoom interviews, which he posts to social media or emails in a drip campaign, demonstrating how owning is often more affordable than renting.

“When you can show that the principle, taxes, interest and insurance add up to what they’re paying in rent, those two numbers are many times similar. But this house you’re going to buy will make four, five or even 10% more in additional dollars in the future. Secondly, going through the mortgage process, filling out the ‘paperwork’ has gotten so much easier,” says Grant.

Both processes, comparing rent to owning and taking the transaction digital in an end-to-end contract to close, can both be accomplished on dotloop’s transaction management platform. Through the platform’s free interactive forms and worksheets resource guide, users will find a **digital mortgage calculator** to quickly calculate estimated monthly payments.

“Just going digital and having eSignatures and the option that they don’t have to physically come to you to sign contracts is favorable among millennials,” Gazca says. “Millennials don’t set business hours. That’s why dotloop has been such an awesome tool for us.”



2 USE THE WORK/LIFE RULE WHEN POSTING SOCIAL

“When it comes to social media, millennials want to look at agents or companies and see actual people,” says Gazca, whose social media referrals comprise a large portion of his business. “They’re not just looking at information about buying and selling. They want to see your lifestyle. They’re picking agents who they want to work with in the same way they look at restaurants. They want to know what an agent looks like, their values and their reviews.”

Instead of advertising your agent skills in every social post, Gazca recommends telling the story of your business with real-life people, a trend in social media. Then, let your millennial followers serve as your social influencers.

Gazca has found success by creating “almost a virtual TV show,” storytelling through pictures and videos that provide an insider’s look at properties he tours. “Potential buyers and sellers get to see what I do really candidly in my day-to-day action, with no lighting or filters. It’s this balance of the two — posting about real estate and who you are as a person — that’s important because millennials tend to buy based on values and familiarity.”

Social can also be a great way to convey crafty comms like, “Message me your rent payment and I’ll send you a list of homes you can buy for the same payment.” That was the message behind a recent post made by [Craig Beggins of C21 Beggins Enterprises, Apollo Beach, FL](#), who adds that millennial clients (and agents) often have wide spheres of influence on Instagram, Facebook and other social channels.

Consider expanding your social palette from Facebook to posting 60-second videos on Instagram, Twitter or TikTok.



3 TREAT THEM AS COLLABORATORS, NOT CLIENTS

If you want to cultivate a millennial home buyer, you have to treat them more as “collaborators than clients,” Gazca says. They want to be involved.

At the same time, millennials can be somewhat commitment-phobic if they’re feeling pressured, so don’t push too hard, warns Gazca.

“Millennials don’t like to feel tied down. That’s one of the biggest challenges; they tend to be collaborative and want to feel like they’re working with you, rather than ‘I’m the real estate agent and you’re the client.’”

4 TAKE THE TRANSACTION COMPLETELY DIGITAL

Ask any millennial what their communication preference is, and they will most likely tell you it’s texting. “Millennials are more willing to text than actually answer the phone. That’s why I ask the question, “How do you work best?” says Gazca.

Marianne Fearon, an agent with Berkshire Hathaway HomeServices Florida Network Realty, Atlantic Beach, FL, has found that this ability to interact with the millennial client immediately is critical. “If you as an agent can do that, you’re going to be able to work for them.

Many millennials won't even check their email," says Fearon, who uses the [dotloop mobile app](#), which offers a texting feature that lets agents share and eSign contracts, get instant notifications and submit for approval.

In addition to texting, the millennial buyer wants every communication, contract and transaction served to them digitally. Dotloop and its more than 70+ integrations digitize and sync every step of the transaction, such as with [Notarize](#), an integration coming soon, and [Earnnest](#), which replaces manual deposits with a convenient way for clients to digitally request money transfers and deposit funds directly to escrow holders.

5 ... CONSIDER LEASE MANAGEMENT

In 2020, when most of San Francisco's tech and other industry-based employers suddenly shifted their workforce into remote mode, many millennials, who might have been paying \$3500 or \$4000 for single rentals, headed out of town in search of less expensive and roomier properties. Boston and New York City also witnessed what seemed like sudden vacancies overnight.

In California, Cassandra Joachim, Director of Business Development with dotloop integration partner [Intellirent](#), automation software for rental screening, witnessed a mass exodus of San Franciscan renters heading toward Sacramento and Lake Tahoe, Napa and Reno with one mission: To rent and buy properties with more space and fewer roommates.

As Joachim reminds, "If an agent isn't taking advantage of the rental market by offering leasing services, they're missing a rewarding opportunity to capture leads for future buyers."

The dotloop/Intellirent integration can help simplify lease management by allowing agents to create loops directly from applications, upload rental documents in dotloop, and autopopulate data. “If you’re using Intellirent and dotloop, you’re saving time by reducing double entry, while ensuring data accuracy, and you’re done in under 24 hours,” she says. “And maybe a year from now, you have a ready-made lead gen database.”

In the future, Gazca predicts that millennials will soon be starring as major players in the real estate industry as buyers and sellers. As they pay off their student debt and secure more stable incomes, they’ll not only comprise a larger portion of the buying pool, he says, but they’ll also start changing the trends in how transactions get done. Why not get ahead of the curve and start nurturing this high-potential demographic today and prepare for a more profitable return tomorrow?

