



NAR Identifies Best Purchase Markets for Aspiring Millennial Homebuyers

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Best Purchase Markets for Millennial Homebuyers

WASHINGTON (July 24, 2014) – First-time homebuyers have been largely absent from the housing market in the current economic recovery, but some metropolitan areas – particularly in the Midwest and West – are well positioned to see increases in home-buying from the Millennial generation in upcoming years, according to new research by the [National Association of Realtors®](#).

NAR analyzed current housing conditions, job creation and population trends in metropolitan statistical areas¹ across the U.S. to determine the [best markets](#) for aspiring, leading edge Millennial² homebuyers. Austin, Texas and Salt Lake City were identified as top standouts for Millennials for having a young adult population with solid job growth rates and still relatively affordable home prices. Seven of the 10 metro areas recognized are in the Midwest and West.

[Lawrence Yun](#), NAR chief economist, says the homeownership rate for young adults under the age of 35 peaked in 2005 (43 percent) and fell to 36 percent in the first quarter of 2014³.

“Limited job prospects, student debt and flat wage growth have combined with tight credit conditions and low inventory to price Millennials out of some of the top cities such as New York and San Francisco,” he said. “However, NAR research finds that there are other metro areas Millennials are moving to where job growth is strong and homeownership is more attainable. These markets are well-positioned to soon experience a rise in first-time buyers as the economy improves.”

NAR analyzed [100 metro areas](#) that have a large Millennial presence, solid local job market conditions and strong migration patterns of young adults moving to that particular area to determine the best purchase prospects for young buyers. [Housing affordability](#) and inventory availability were also considered.

The best purchase markets for aspiring Millennial homebuyers are (*listed alphabetically*):

- Austin, Texas
- Dallas

- Denver
- Des Moines, Iowa
- Grand Rapids, Michigan
- Minneapolis
- New Orleans
- Ogden, Utah
- Salt Lake City
- Seattle

Other markets with strong potential for attracting Millennial homebuyers include:

- Madison, Wisconsin
- Nashville, Tennessee
- Omaha, Nebraska
- Raleigh, North Carolina
- Washington, D.C.

NAR President [Steve Brown](#), co-owner of Irongate, Inc., Realtors® in Dayton, Ohio, said favorable affordability in these markets will ultimately be met with inevitable life milestones to increase homebuying activity.

“Millennials will eventually settle down, trade their roommates for spouses and want to raise a family,” he said. “As long as median income continues to support purchasing power in most areas, the demand and opportunity will be there for Millennials to purchase their first home with guidance and insights from a Realtor®.”

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1 million members involved in all aspects of the residential and commercial real estate industries.

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¹ Areas are generally metropolitan statistical areas as defined by the U.S. Office of Management and Budget. NAR adheres to the OMB definitions, although in some areas an exact match is not possible from the available data. A list of counties included in MSA definitions is available at: <http://www.census.gov/population/estimates/metro-city/List4.txt>.

Regional median home prices are from a separate sampling that includes rural areas and portions of some smaller metros that are not included in this report; the regional percentage changes do not necessarily parallel changes in the larger metro areas. The only valid comparisons for median prices are with the same period a year earlier due to seasonality in buying patterns. Quarter-to-quarter comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns.

Median price measurement reflects the types of homes that are selling during the quarter and can be skewed at times by changes in the sales mix. For example, changes in the level of distressed sales, which are heavily discounted, can vary notably in given markets and may affect percentage comparisons. Annual price measures generally smooth out any quarterly swings.

NAR began tracking of metropolitan area median single-family home prices in 1979; the metro area condo price series dates back to 1989.

Because there is a concentration of condos in high-cost metro areas, the national median condo price often is higher than the median single-family price. In a given market area, condos typically cost less than single-family homes. As the reporting sample expands in the future, additional areas will be included in the condo price report.

² Millennials are generally categorized as those between the ages of 20-34. For the purposes of this research, only leading edge Millennials between the ages of 25-34 are considered for this study, as they are more likely to be prospective home buyers.

³ According to the U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, Series H-111.