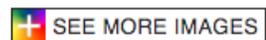


What You Need to Know About Buying a Home in 2020

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Millennials, expect a slew of **housewarming party** invites to start rolling in. And don't be surprised when your own itch to buy a place intensifies in 2020.

Fortune tellers we are not. But we *did* check in with real estate experts and analysts, and the general consensus is that millennials will be dominating the home-buying market, thus shaping many 2020 trends.

Here's why: In 2020, millennials will be reaching some key life milestones. Nearly five million millennials will be turning 30, which is a time when many people start getting serious about buying a home, according to an analysis from [Realtor.com](#). But then the oldest members of this generation—let's call 'em the elder millennials—will be approaching 39, which is a time when people start looking to move from the city to the 'burbs in search of more family-friendly amenities (i.e. trading a condo close to the best happy hour spots for a backyard equipped with a swing set). Collectively, millennials will account for more than 50 percent of all mortgages by the spring, according to [Realtor.com](#).

So, here's looking at you millennial buyers. These six home buying trends are expected to come into play in 2020.

Inventory Will Be Low

Inventory shortages, which have been plaguing buyers since 2015, will continue in 2020 and could even reach historic lows, predicts [Realtor.com](#). This is especially true in the entry-level category, which poses a tough hurdle for first-time buyers. Inventory is low partly because Boomers and Gen-Xers are staying in their homes longer, or buying second homes instead of selling their first, explains Philadelphia-based realtor [Jim Armstrong](#). If Gen-X buyers look to upgrade, it could free up some of those hard-to-come-by entry-level homes. In addition to low inventory, first-time buyers are also competing against investors who can make all-cash offers, as well as older buyers who are putting more money down, points out Ohio-based Realtor [Michelle Sloan](#).

We'll Want Our Homes to Be Smaller

America, we're downsizing. Sprawling suburban homes are becoming dinosaurs, an ongoing trend that [Zillow](#) has zoomed in on and predicts will continue into 2020. The median square footage of newly built, single-family homes has been decreasing over the past five years. In fact, the typical U.S. home has shrunk in size by more than 80 square feet since 2015, according to statistics from the [U.S. Census Bureau](#). Millennials prefer homes in urban areas, with restaurants and

parks and other amenities within walking distance—not mansions in the suburbs.

“Urban homes close to work are going to continue to increase in demand as millennials typically prioritize shorter commute times over larger homes and yards,” says Nicholas Henton, an associate at [RE/MAX Professionals](#) in Stillwater, Minn.

The Market Will Be More Colorful

Expect some bold pops of color in the open houses you tour in 2020. Though we’ve really been flirting with this trend (think: color-saturated front doors) for years, Zillow predicts color is staging a mighty comeback after almost a decade of minimalism, neutrals, and subdued Scandinavian modern designs. Look for color in lighting fixtures, on interior doors, moldings, kitchen cabinetry, and appliances.

You Might Be Able to Come in with a Low Down Payment

“Due to the strong demand, lenders have continued to roll out loan options for well-qualified buyers,” says Jason Kraus, broker at [RE/MAX Advanced Realty](#) in Indianapolis. You probably already know you [don’t need to put down 20 percent](#) (though, it can help you avoid [Private Mortgage Insurance](#), or PMI). But, Kraus says, lenders have continued to provide low-down payment options, including 3 percent and 1 percent down on conventional loan options. That’s even lower than the 3.5 percent down you’d need to scrape together for an FHA loan.

“I expect this trend to continue as lenders look to bring more millennial buyers into the housing market,” he says.

Mortgage Rates Will Remain Low

Interest rates fell in 2019 and are expected to remain low for most of 2020, experts predict, including those at Zillow. While that’s generally



a great thing for buyers, it will keep demand strong, which could mean more price growth in the parts of the country where homes tend to be more affordable. So, this is a good news-bad news situation.

“Mortgage rates are expected to remain low but with such low inventory, prices are expected to be strong and continue to increase,” says **Mike Zschunke**, a realtor with Berkshire Hathaway Homes in Scottsdale, Ariz.

Buyers Will Look for Move-In Ready Properties

Because the starter home inventory has been so low, many first-time buyers have been willing to take on some pretty hefty “**Fixer Upper**”-style projects so that they can break into the real estate market. But buyers in 2020 will be less willing to do those bigger makeovers.

“Simply put, today’s first-time buyers are busy and unable to take on a renovation project prior to moving in,” says **Barbara Ireland**, a real estate agent from DJK Residential in New York, New York.

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