



Homeownership Tenure and

# The Impact on the Real Estate Industry

TODAY AND TOMORROW

# Home Sweet Home Is Getting Sweeter for Longer

The supply vs. demand imbalance of 2020 may have been one of the real estate industry's most prominent storylines. Countless buyers who entered the market wanting to take advantage of record-low mortgage interest rates and address their new work-from-home needs were met with record-low inventory.

However, the supply vs. demand trend had started to emerge well before the beginning of 2020.

A chronic lack of new home construction following the Great Recession had already been contributing to the low inventory levels. Another driving force of lowered supply has been the length of time homeowners are remaining in their homes.

The data points are stunning. The National Association of REALTORS® recently shared that the median tenure for those who sold in 2020 was ten years compared to five years in 1985. After remaining steady at a median of six years from 1987 to 2008, NAR began to see an increase to today's current market.

The trend of longer tenure may be here to stay. According to the 2021 NAR Home Buyer and Seller Generational Trends Report, 44 percent of buyers expect to live in their home for 16 or more years.

In this thought leadership report, we share insights from ERA Real Estate affiliated brokers across the country about how homeownership tenure has impacted their business, how they have responded and their views on what may follow in 2021 and beyond.



*Sherry Chris*

**SHERRY CHRIS,**  
PRESIDENT AND CEO

# A Brief History of Homeownership Tenure

**As a brokerage owner, the biggest question is how do we change our business to be successful in this environment? Furthermore, what if the inventory issues remain longer than are sustainable?**

**Grattan Donahoe, ERA Donahoe Realty**

Before the 2007 downturn, the average tenure in a home was four years according to [NAR](#). (See chart.) The main driver of this, according to the [Federal Reserve](#), was the rapid appreciation of home values resulting from the subprime mortgage boom. With more people able to qualify for a mortgage under these less stringent lending practices, demand for homes increased, driving up prices. Because home values skyrocketed, homeowners realized they could sell their homes for a significant profit. To avoid paying capital gains taxes on the sale of the house, homeowners needed to stay in the home for at least two years. After two years, moving to make money was the primary strategy.

A shift in homeownership tenure occurred after the subprime loan fallout and the resulting Great Recession. Starting in 2010, which can be noted as the inflection point (see chart), the average homeownership tenure gradually increased.

After the Great Recession and the very gradual market appreciation, people's attitudes shifted, and the narrative around homeownership changed. The home was no longer viewed as a revenue-generating vehicle but now valued as a place to live and celebrate life.

In 2011, the American Housing Survey published by the National Association of Home Builders reported that the average buyer was expected to stay in a single-family house 13 years before moving. That proved out as reported in the U.S. Census 2018 1-year American Community Survey, which found that the median duration of homeownership in the U.S. was 13 years.

On the forecasting front, the 2019 and 2020 NAR Profile of Home Buyers and Sellers reports that people who have recently bought a home intend to stay for *at least a median of 15 years*.

For homeowners who took advantage of the low mortgage rates to refinance existing mortgages or borrow additional money to fund home renovations, their tenure may extend to keep a low monthly payment or because they want to enjoy the upgrades.

As people stay in their homes longer, the available inventory decreases due to lower turnover. Combined with homebuilder's cautious return to new development, a prolonged drag on inventory is taking shape.

## Homeownership Tenure

Year	Tenure (in years)	Year	Tenure (in years)
2000	4.2	2010	4.8 (inflection point)
2001	4.3	2011	5.4
2002	4.2	2012	6.0
2003	4.4	2013	6.5
2004	4.3	2014	6.8
2005	3.9	2015	7.1
2006	3.8	2016	7.5
2007	4.2	2017	7.7
2008	4.0	2018	7.9
2009	4.1	2019	8.05

Source: <https://magazine.realtor/daily-news/2019/05/03/average-homeowners-stay-8-years-before-moving>

# More Agents Means Smaller Piece of the Pie

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## Situation:

In 2020, the number of licensed REALTORS® increased by more than 60,000 as newly unemployed people pursued a career change. The current number of real estate agents is the highest it has ever been in NAR's history, resulting in more people competing for fewer listings and diluting the share of the inventory pie.

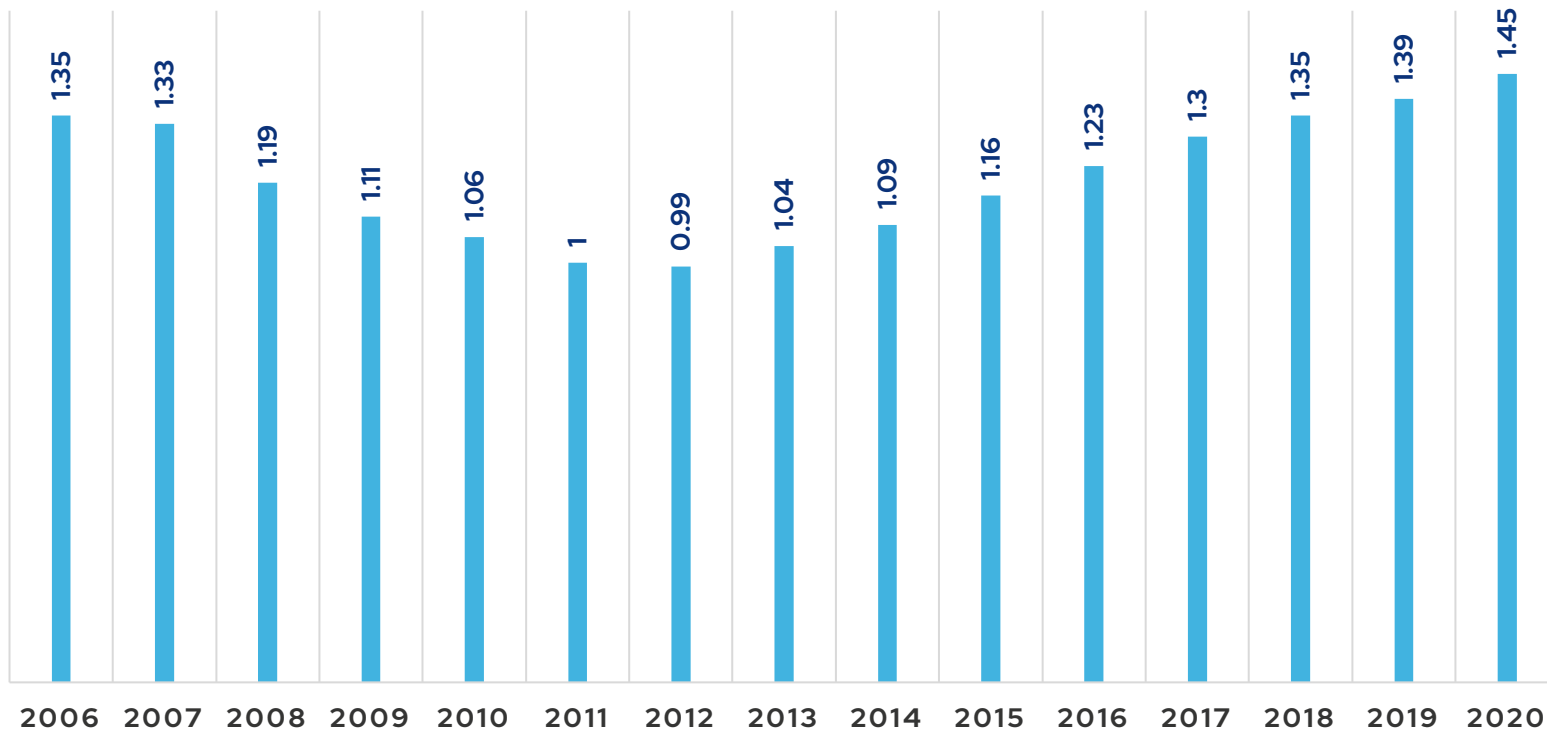
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## Solution:

Work spheres of influence aggressively.

# Number of Realtors

■ In Millions



Source: NAR Membership Reports

**There was a 5% increase in licensed REALTORS between 2019 - 2020.**

# More Agents Means Smaller Piece of the Pie

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Agents get 80% of their business from referrals, but you also have to go out and find new customers by working your sphere. You can go out and find business or sit around waiting for it to come to you. In one scenario, there's food on your table. In the other you may not eat. If you've been in this business for five or more years, you more than likely have a sizeable sphere so it's critical to go out and work that sphere to find business.

**GUS GRIZZARD**  
ERA Grizzard Real Estate

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According to the experiences of the brokers we interviewed...

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New agents are currently experiencing hardships. They are having great challenges maintaining buyer relationships due to market conditions. Generally, newer agents gravitate towards buyer clients, and this has shown to be a “make or break” situation for new agents that don't diversify their marketing efforts. Focusing on sellers becomes an important strategy.

**DENISE STROTHER**  
ERA Strother Real Estate

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# Getting Creative in Creating Supply

## Situation:

Average tenure figures most likely declined in 2020 as annual home sales increased 5.6% YOY, according to NAR. This represents an additional 207,000 people who sold their homes over the previous year, yet the increase was still insufficient to fulfill demand.

## Solution:

Seller-focused marketing that highlights the opportunity to cash in on current home values is paying off. Opportunities for a secondary message relate to focusing on taking advantage of the buyer's market and moving closer to family.

NAR's 2021 Home Buyer and Seller Generational Report indicated that of those who sold in 2020, the most commonly cited reason for wanting to sell their residence was a desire to move closer to friends and family (15%), followed by the home being too small (14%) and a change in family situation (12%).

United Van Lines, which reports annually on out-of-state moves, found in its 44<sup>th</sup> Annual National Migration Study that in 2020 more than 25% of people who moved did so to be closer to family – a significant increase compared to previous years.

# Getting Creative in Creating Supply



According to the experiences  
of the brokers we interviewed...

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The biggest way to get people to sell their homes is to educate them on the current economic environment and create a sense of urgency to take advantage of the seller's market. The key message is to capitalize on the financial benefit. You won't see a sellers' market like this ever again, so take advantage of the opportunity to cash out at the absolute top of the market.

**GUS GRIZZARD**  
ERA Grizzard Real Estate

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Right now, many aspirational buyers can be converted into sellers when they learn about the many options available for selling their home from traditional brokerage to iBuyer to bridge products.

**DAVID MOODY**  
ERA Sunrise Realty

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We realized we needed a way to create supply, so we developed a new solution for sellers that presents seven different options to sell their homes. Some options sell faster; other options get the best price. This approach has helped generate leads high up in the funnel, and also convert leads at a listing presentation. Many people who don't want to go through the hassle of selling their homes may be open to listing their homes through this program. It can be an efficient solution for people going through a divorce or dealing with the death of a parent and want to sell the home soon. Spending the time to educate consumers about this evolution in the traditional brokerage process is critical to highlight new options for selling a home in today's market.

**ANDREW LINN**  
ERA Davis & Linn Real Estate

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# Getting Creative in Creating Supply



According to the experiences  
of the brokers we interviewed...

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For aspirational buyers, we talk about the opportunity to use one of the non-traditional options like iBuyer or bridge products so they can make an offer when the dream home comes along. Why risk losing it?

**GREG MARTIN**  
ERA Sunrise Realty

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We have taken a three-tier approach to creating supply: educate, entice, engage. A large part of our business is made up of vacation home buyers. Since many people have never heard of Chautauqua, N.Y., we first have to showcase the region's offerings. On the social media front, we target prospects by interest, such as wine enthusiasts, lake lovers, ski buffs or outdoorsy types.

**BILL SOFFEL**  
ERA Team VP Real Estate

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We've seen higher than usual migration from our traditional feeder markets of New York, New Jersey, Connecticut, Pennsylvania and Ohio to South Carolina. People are looking to take advantage of lower median home prices than the Eastern Seaboard, favorable taxes and the growing number of people who can work from home permanently. We also saw people who had previously lived in the region return – people looking to retire, people wanting to be closer to their families and military personnel.

**EDDIE WILDER**  
ERA Wilder Realty

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# Getting Creative in Creating Supply



According to the experiences  
of the brokers we interviewed...

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When inventory is tight and buyer demand outpaces homes on the market, agents are going out to try and create opportunities to help find their buyer client a home. They canvas neighborhoods, send out postcards, knock on doors, set up automated text campaigns. We've supported that effort with a weekly 'Have and Want' email that goes to all 250 of our agents to connect buyers and sellers within our company's book of business.

**KURT SCHULER**

Schuler Bauer Real Estate Services  
ERA Powered

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Our marketing has become more seller-focused. We use a program that helps identify homeowners who have been in their homes for six years or more. We target them and let them know how much their home is worth in this market. To overcome their objection of not having anywhere to move to, agents offer the option of a 60-day rental at a local apartment complex that is partnering with ERA Real Solutions Realty.

**JEREMY RABY**

ERA Real Solutions Realty

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# Tap into Renters by Adding Property Management

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## Situation:

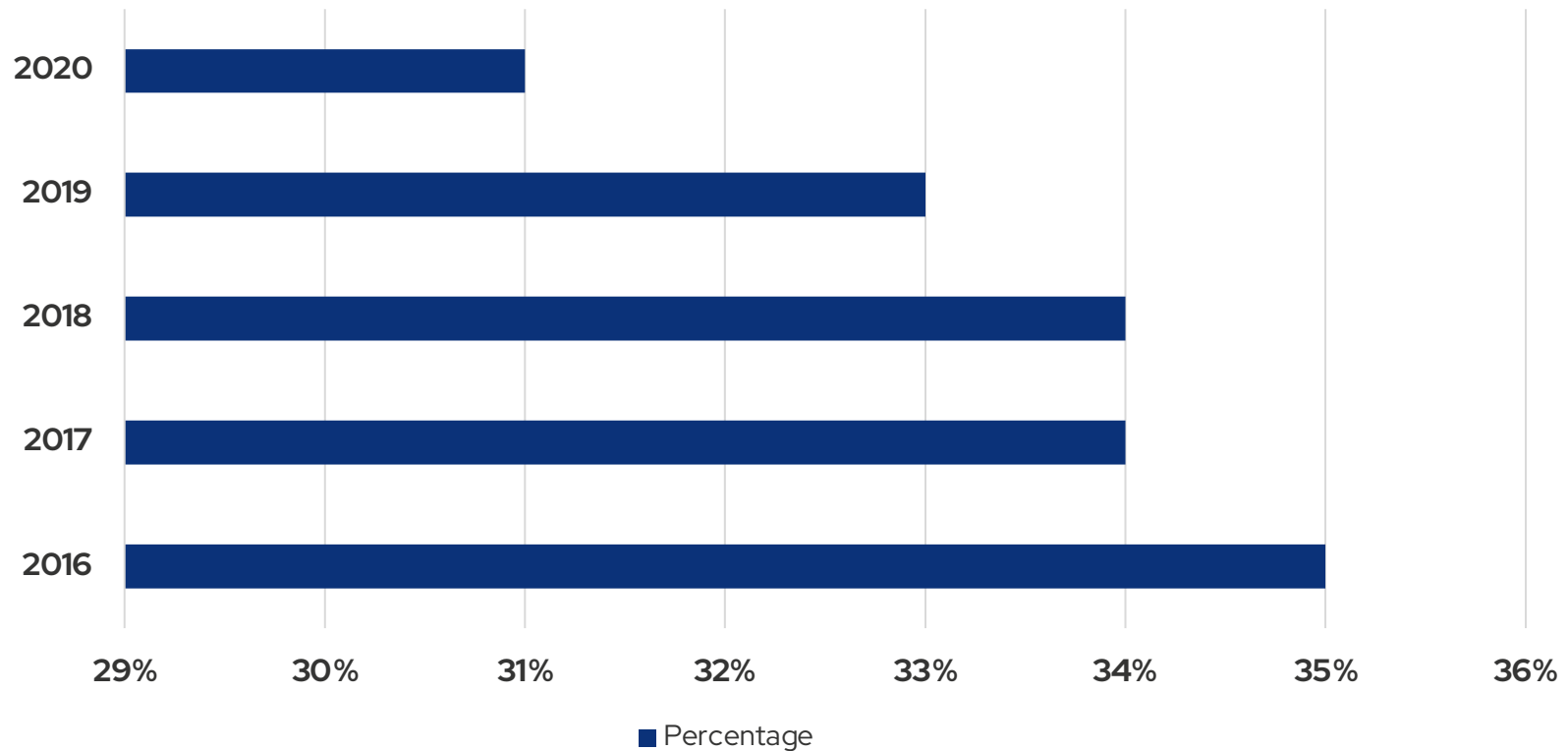
Limited inventory means first-time homebuyers who are priced out of the market or edged out by cash buyers will rent longer.

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## Solution:

Having an affiliated property management division can help sustain the bottom line when the brokerage's number of units declines. Nurturing these future clients and converting them into buyers when inventory becomes available keeps the bottom line solid for the present and the future.

## First-time Home Buyer Percentage



Source: NAR Existing Home Sale Reports

**The share of first-time homebuyers declined to 31% in 2020,  
a net loss of nearly 14,000.**

# Tap into Renters by Adding Property Management

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With our transient market, real estate professionals have realized that homeownership tenures are lasting longer as a reaction to market conditions. So, professionals are exploring property management at the firm and the agent level to sustain income levels.

**DENISE STROTHER**  
ERA Strother Real Estate

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According to the experiences of the brokers we interviewed...

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With such high buyer demand, we may see people rent for a year to wait for the market to calm down. When mortgage rates start to rise, prices will soften, and fewer people will be in the market. This is why having a property management company right now is a great way to diversify a brokerage business. We currently have about 2,000 doors and are looking to double that based on what we see in our market.

**JEREMY RABY**  
ERA Real Solutions Real Estate

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# Tap into Increased Demand for Multigenerational Housing

## Situation:

A Pew Research study from the summer of 2020 found that 52 percent of Americans between the age of 18 and 29 were living with parents, the highest percentage since the Great Depression.

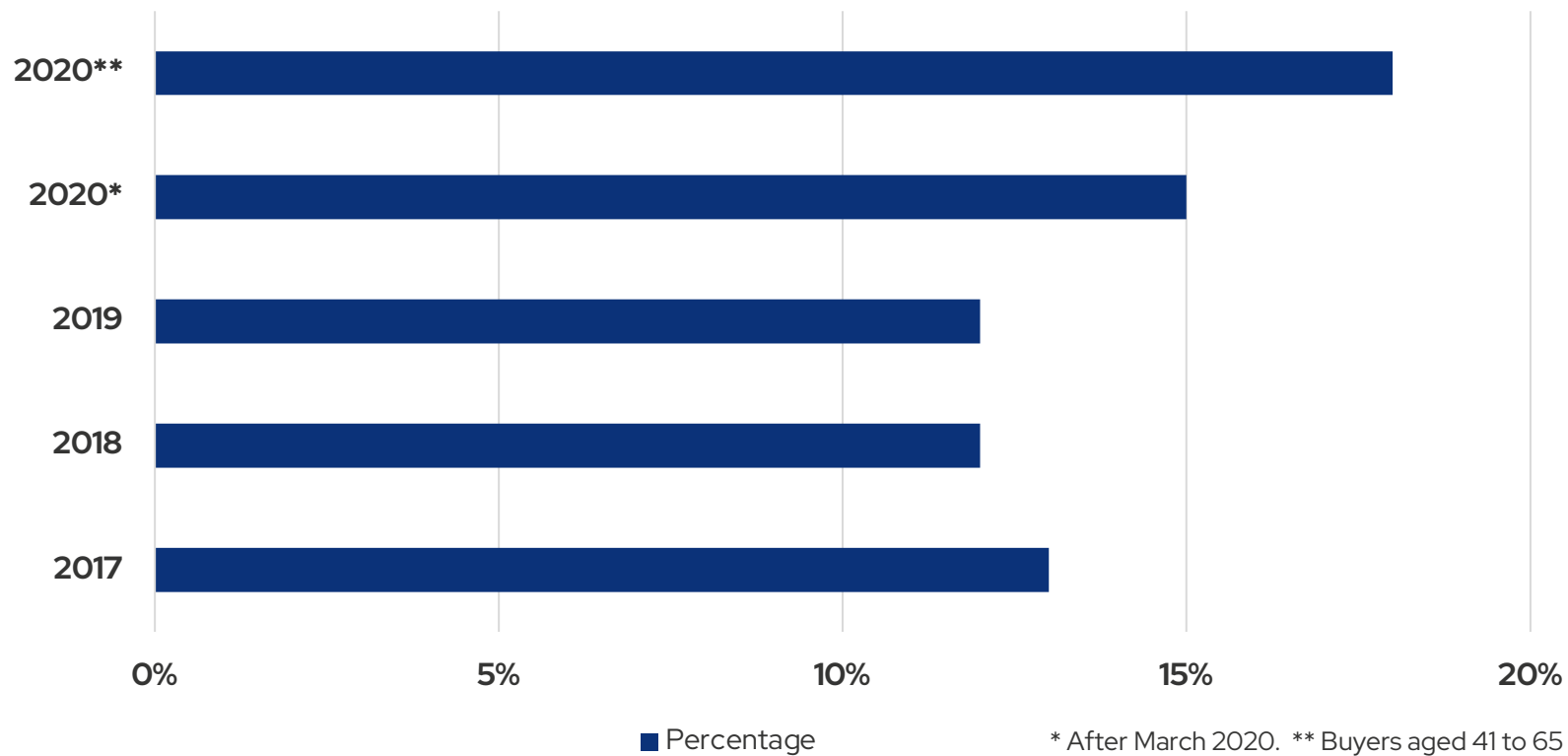
## Solution:

Aligning with builders who are creating flexible housing stock helps position you as experts in this client segment. Additionally, marketing homes with the ability to become multigenerational homes can expand this niche.

Cohabitation among the generations may persist past the pandemic as good for the soul and wallet. Alternatively, adult children may opt to buy near their parents to preserve family bonds.

According to NAR's 2021 Home Buyers and Sellers Generational Report, 18% of homebuyers between the ages of 41 and 65 purchased a multigenerational home in 2020 – a home that will house adult siblings, adult children, parents or grandparents.

## Multigenerational Home Purchases



Source: NAR Profile of Home Buyers and Sellers

# Tap into Increased Demand for Multigenerational Housing



According to the experiences of the brokers we interviewed...

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Jacksonville has seen a rise in demand for multigenerational layouts from new home builders. Homes that have multigenerational features sell more quickly and for more money. For example, one agent realized a \$700k listing had multigenerational living potential and was able to price it higher to align with purpose-built multigenerational homes, which were selling at a higher price.

**ANDREW LINN**

ERA Davis & Linn Real Estate

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In the last few years, we have noticed an increase in the number of clients looking for homes that can accommodate multigenerational living. Homes that have or can accommodate a first-floor bedroom and full bath will support aging in place for seniors. Our agents are also adept at marketing flexible spaces in the home that can provide privacy such as a finished basement or home office/den.

**JIM NAPIER**

ERA Napier REALTORS

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Today, sellers may need to consider if their property might be retrofitted to accommodate multigenerational living. Even without doing the work themselves, being able to market the idea that a buyer willing to make some adjustments to the current property could make it a comfortable home for a multigenerational household will open up the pool of buyers for such a property.

**BILL MARTIN**

ERA Martin Associates

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# Expand Reach into Feeder Markets

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## Situation:

By 2020, low rates and pandemic-related lifestyle moves increased buyer demand, forcing many to consider out-of-market moves. NAR's existing home sales report for January 2021 revealed that most moves in 2020 were to the South, where home prices are lower than in other regions.

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## Solution:

Understanding where out-of-market moves originate can inform strategic expansion into those feeder markets to capture clients rather than simply referring them.

# Expand Reach into Feeder Markets



According to the experiences  
of the brokers we interviewed...

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Another way to ride out the lack of inventory is to enter a new market with feeder potential. Many people from Ohio are moving to Ft. Meyers, Fla., so we acquired a brokerage there to capture that business.

**JEREMY RABY**  
ERA Real Solutions Real Estate

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Feeder markets are an interesting concept in our local market. Fayetteville specifically is centered around Fort Bragg, an Army base, and experiences the ebbs and flows of government policy. However, because of our positioning, we do see investors from Florida and New York quite often. These customers are interested in investing so they can flip for future one-time profit or generate steady income from rental properties.

**DENISE STROTHER**  
ERA Strother Real Estate

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Our company serves two resort markets, one by a lake and one by a ski lodge. These two markets comprise 35% of company sales volume. We are increasing our marketing to second-home buyers and wealth managers, estate planners and tax attorneys. There is also the opportunity to target people who are planning to retire in the next five years who may want to purchase a vacation property that ultimately becomes their primary residence upon retirement.

**BILL SOFFEL**  
ERA Team VP Real Estate

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# Expand Reach into Feeder Markets



According to the experiences  
of the brokers we interviewed...

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We are looking at where our buyers are coming from and finding referral partners in those markets. Similarly, we're watching where our sellers are moving, and creating referral partners in those locations as well.

**GRATTAN DONAHOE**  
ERA Donahoe Realty

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We took an in-depth look at the migration trends out of Florida to lower-priced markets in Georgia and acquired a brokerage just over the Florida/Georgia line. This has not only created an extended contiguous service area for the company but provides additional opportunities for building out this feeder market.

**ANDREW LINN**  
ERA Davis & Linn Real Estate

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We noticed an uptick in “snowbird” vacation home buyers, short-term buyers who only intended to stay a few years, as well as investment purchases in the vacation rental sector prompted by low mortgage rates and high affordability combined with growing investment portfolios. This favorable financial situation made investing in a second home popular with affluent businesspeople from New York and New Jersey.

**EDDIE WILDER**  
ERA Wilder Realty

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# Keeping in Touch

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## Situation:

Customer relationship management has never been more critical in keeping referrals in-house. While people may be staying in their homes longer, it allows agents to continue to build their relationships with clients over that duration.

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## Solution:

An effective CRM platform can help agents keep in touch with clients and remain relevant so that when the homeowner is ready to move, their agent will be top of mind.

# Keeping in Touch

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We just implemented a contact management platform to automate a lot of client relations outreach on behalf of our agents. We made this a priority due to the persistent inventory shortage in order to generate more listings and market share.

**BILL SOFFEL**  
ERA Team VP Real Estate

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According to the experiences of the brokers we interviewed...

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One straightforward, old-school approach for staying in touch is a handwritten thank you note. We provide all of our agents with branded thank you cards. One agent sent 200 cards out during the pandemic and was able to secure a referral for a \$700k listing.

**ANDREW LINN**  
ERA Davis & Linn Real Estate

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# Planning for the Future

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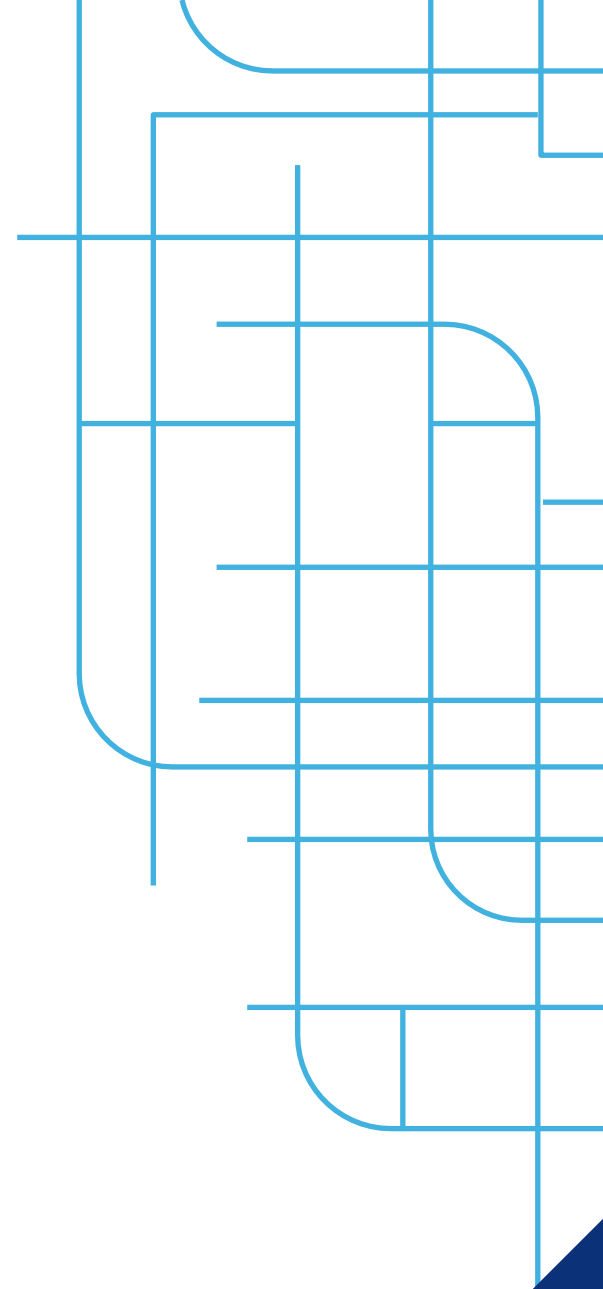
## Situation:

The 5.64 million people who bought in 2020, as reported by NAR, are locked into unbelievably low mortgage rates. As a result, homeownership tenure will likely increase again in the coming years as mortgage rates inevitably tick up.

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## Solution:

Understanding this coming shift is critical to positioning the brokerage to ride out another inventory shortage.



# Planning for the Future

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Many Americans view their home equity as part of their retirement plan. Honestly, for some Americans their home equity IS their retirement plan. If that's the case, people definitely won't be moving unless they need to utilize the equity position they've built over time.

**GRATTAN DONAHOE**  
ERA Donahoe Realty

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According to the experiences of the brokers we interviewed...

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We have always been a big proponent of business planning and we help our agents build tailored plans to meet their goals. Over the past year, the number of agents who have business plans significantly increased over last year. The past year proved to agents that the brokerage's resources and support were invaluable, underscoring the relevance of the broker to the agent's success. We believe that a one size fits all approach to agent support doesn't work. We aim to customize the service we provide to each agent.

**BILL SOFFEL**  
ERA Team VP Real Estate

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# Planning for the Future

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Right now, people are taking advantage of the incredible buying power they have with low rates coupled with the fact that they are getting top dollar for their home. When rates go up, they will be less likely to consider moving because of the potential increase in their mortgage payment.

**JEREMY RABY**  
ERA Real Solutions Real Estate

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According to the experiences of the brokers we interviewed...

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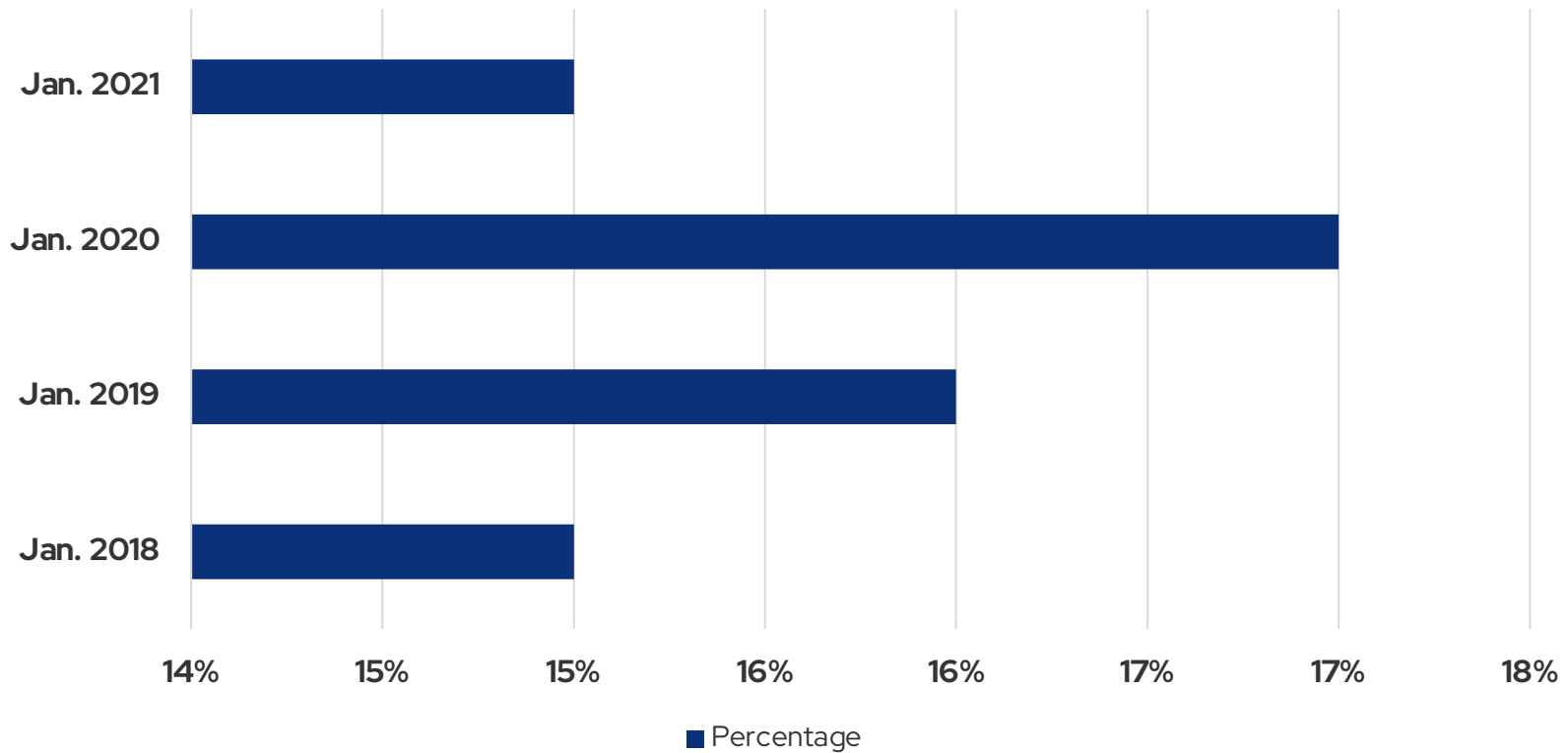
As many companies make remote work more permanent, people's jobs are less location-specific, which should spur moves. Nevertheless, a lot of inventory is created from corporate relocation, so it will be interesting to see if that picks back up or not. I think this shift to working from home is the real wild card. Another piece of the puzzle relates to investors. Investors have been laying low this past year as they wait out overvalued home prices, which has made more inventory available for buyers who will live in the home. Additionally, there may come a time when investors cash in on their investments and get top dollar for their doors. Should this happen, we can expect to see more homes released onto the market.

**GUS GRIZZARD**  
ERA Grizzard Real Estate

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## Percentage of Investors



Source: NAR Existing Home Sale Reports  
and NAR REALTOR Confidence Index Reports

# Conclusion

The last twenty years have seen significant ebbs and flows in inventory, demand, pricing and tenure. The brokerages that have withstood these fluctuating market dynamics are the ones that have balanced short-term activities with long-term positioning. Understanding the macroeconomic drivers such as lending policies, employment trends, government policy and tax laws while being attuned to consumer preferences and behaviors is critical to ensuring continued success in the real estate industry.

But the most recent real estate landscape has been one of extremes. The last year's events created record highs and lows, from rock-bottom mortgage rates to double-digit price increases, from the highest ever number of licensed REALTORS® and record home sales to the lowest ever inventory levels.

It's clear that many people who made moves bucked tenure trends. Understanding how this will play out in years to come will be critical in future success.

For many ERA affiliated brokers, innovative ways to create supply have spurred moves. Creating connections with feeder markets has kept business in-house. Tapping into increased demand for multigenerational living has helped to capture a more significant piece of the pie. Cultivating renters through property management has created a solid pipeline for the future. Supporting affiliated agents with tailored marketing resources and CRM support has given them the competitive advantage of extra time to support existing clients and farm for future ones.

For successful companies, adaptation occurs at every level of the business, from doubling down on business planning for agents and investing in new technology to executing company-driven marketing campaigns and adding new lines of business to the brokerage.

Homeownership is not going away. There may be shifts in population, attitudinal changes in buyers or sellers, a focus on different amenities or a continued expansion of technology utilization, but brokerages and sales professionals remain as the conduit to the consumers' needs.

Knowing when and how to adapt has always been a competitive advantage, one that successful brokers across the country will continue to leverage no matter the market conditions.

# Meet the ERA Broker Media Council





## GRATTAN DONAHOE

ERA Donahoe Realty,  
Temecula, CA

Grattan Donahoe has firsthand experience in REO and short sale transactions, trustee sale and auction investments, income properties, property management, and owner-occupant buyers and sellers. He founded his firm in 2007 and affiliated with ERA in 2014. Donahoe also teaches a 13-week course focused on growing wealth and financial health that has changed the lives of many families.



## GUS GRIZZARD

ERA Grizzard Real Estate,  
Central Florida

As the broker/owner of ERA Grizzard Real Estate, Gus Grizzard drives brand and agent growth through his leading-by-serving philosophy and focus on agent support and development. This practice has created an award-winning, top producing and nationally recognized team. Grizzard began his real estate career in 1993 and purchased the company from his father in 2007.



## ANDREW LINN

ERA Davis & Linn Real Estate,  
Jacksonville, FL

Andrew Linn is a third-generation Floridian and a second-generation broker at ERA Davis & Linn Real Estate. Prior to joining the family business, Andrew worked as a project manager at a large developer in Jacksonville. After obtaining his real estate license in 2005, Andrew earned the National Rookie of the Year his first full year in the business.



## GREG MARTIN

ERA Sunrise Realty,  
Atlanta, GA

After a 17-year career in marketing and sales leadership for Union Pacific Railroad and Southern Pacific Railroad, Greg Martin entered the real estate business in 1998. He and his partner David Moody opened a new ERA Sunrise Realty branch office in 2002. Martin also is co-owner and school director for The Real Estate Productivity Center, a state-approved real estate school devoted to improving the knowledge and professionalism of real estate agents in Georgia.



## DAVID MOODY

ERA Sunrise Realty,  
Atlanta, GA

David Moody first ventured into the real estate industry in 1987 when he and his father Leonard founded Georgia Real Estate Evaluation Services in Canton, Ga. After running this successful real estate appraisal company for four years, they founded Sunrise Realty and affiliated with the brand in 1994. As the qualifying broker for the entire company, Moody also oversees three of the company's seven offices, which includes recruiting, retention, training and deal doctoring.



## JIM NAPIER

Napier Realtors ERA,  
Richmond, VA

Jim Napier, president and broker of Napier Realtors ERA, has been active in real estate for more than 40 years, many of them in a leadership capacity. In addition to serving as a member of the Board of Directors for the Virginia Association of Realtors, he has also served three terms as a Director of the Richmond Association of Realtors and its President. Founded in 1958, Napier Realtors ERA remains a family-owned business.



## **BILL SOFFEL**

ERA Team VP Real Estate,  
Chautauqua, NY

Bill Soffel started his career in real estate as the marketing director for a real estate development company. He founded his own firm in 1997 and affiliated with ERA Real Estate in 1990. An active member in many local realtor associations, he has served on the national board of trustees for The ALS Association and is currently a member of the board of directors for The Upstate New York Chapter of The ALS Association.



## **DENISE STROTHER**

ERA Strother Real Estate,  
Fayetteville, NC

As CEO of the company, Denise Strother oversees daily operations, growth initiatives and marketing. The firm specializes in military and corporate relocation, as well as residential sales and property management and rentals. The company's new home division has the largest new home inventory in the area.



## **JEREMY RABY**

ERA Real Solutions Realty,  
Columbus, Cincinnati, Cleveland

Jeremy Raby entered the real estate business in 2001 after college graduation and founded his firm in 2007. His vision for a boutique-style brokerage that focuses on agent production rather than agent count continues to be one of the company's pillars. Raby was named one of the Top 50 real estate professionals under the age of 30 by the National Association of Realtors.



## **EDDIE WILDER**

ERA Wilder Realty,  
Columbia, SC

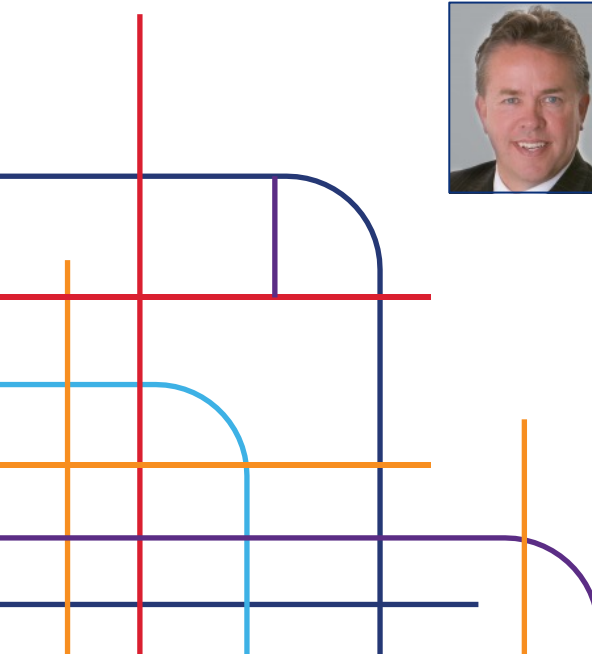
Eddie Wilder founded his real estate company in 1995 and affiliated with ERA Real Estate in 2001. A member of Optimists, Lions Club and Rotary and a strong supporter of the Muscular Dystrophy Association, Wilder believes strongly in supporting his community. A highly respected business leader, he has served as president of his local real estate board and chairman of the Lexington Planning Commission.



## **BILL MARTIN**

ERA Martin Associates,  
Salisbury, MD

Bill Martin has been a licensed real estate broker since 1978 and began his own brokerage in 1985. Today it is one of the top real estate firms in the Delmarva region (Delaware, Maryland and Virginia.) In addition to residential real estate sales, Martin also has extensive experience with development and new construction, as well as income-producing investment properties.





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