Oh, Where Will the Millennials Move Next?

Matt Prosser, Economic & Planning Systems
Rachel Shindman, Economic & Planning Systems
Greg Colucci, City of Lakewood
THEY REALLY CAN’T MAKE UP THEIR MINDS...

Millennials Will Live in Cities Unlike Anything We’ve Ever Seen Before

Millennials love moving to cities like Austin, according to new research

27 photos show the extreme lengths millennials will go to live in cities instead of suburbs

Millennials Continue Urbanization Of America, Leaving Small Towns
SO, WHAT’S THE DEAL?
What’s Really Happening?

Our Agenda for Today:

• What are Millennials really doing?
  o Demographic trends
  o Economic trends
  o Migration trends
  o Housing preferences

• What does this mean for Colorado?
  o For the housing market
  o For economic development
  o For cities, for suburbs, and for smaller places

FIRST, SOME BASICS
**Who Is A Millennial?**

• Definitions of generations outside of the Baby Boom are not standardized
• Generally, Millennials can be categorized as those born between 1980 and 2000

---

**Millennials Are...**

• Tech Savvy
• Collaborative
• Civic-Minded
• Racially Diverse
• Global
• Green
And While We’re Stereotyping…

- Live with their parents
- Live in micro apartments
- Don’t want a car
- Adopted a “sharing economy” for everything
- Shunning the traditions of marriage, children, homeownership

Oh, and they LOVE avocado toast
Stereotypes Aside

- Millennials have come of age during a time of technological change, globalization, and economic disruption
- This has given them a different set of behaviors and experiences than previous generations

And People Are Paying Attention

- In 2016, there were close to 76 million people ages 20-36 in the US - nearly 25% of the total population
- Millennials are often cast as the solution to – or cause of – many of America’s housing challenges
- Millennials are also increasingly seen as a conduit for economic development
NOW THAT WE’RE ALL ON THE SAME PAGE – THE DATA

DEMOGRAPHIC TRENDS
Population Growth

The Largest Living Generation

- Millennials have surpassed baby boomers as the country’s largest living generation
- This group is currently over **75 million** people, and with immigration is projected to peak at **81.1 million** in 2036
- 4.3 million Millennials turned 30 in 2015- this will jump to 4.6 million by 2020
- There will soon be more adults in their early 30s than at any other time in US history
**Lifecycle Trends**

**Life in the Slow Lane**

- Millennials graduated and entered the labor force in the recession and slow economic recovery
  - This meant limited employment options and stagnant wages – along with high student debt
- These economic conditions have shaped their choices
  - Delays in coupling up, marriage, household formation and homeownership
  - Millennials still strongly value marriage and desire homeownership, but financial challenges are holding them back
- Life cycle milestones adults traditionally passed through in their 20s and early 30s are on Millennials’ paths - just delayed
  - Median marriage age in the 1970s was 23 – now it’s 30
SO WHERE ARE THEY GOING?
Millennials Most Likely to be on the Move

- People 18-25 years old are **twice as likely to move** as the average person.
- Millennials accounted for **25%** of the population but **43%** of all moves between 2007 and 2012.
- At 35, you are roughly half as likely to move as a 25 year old.

But Not Moving as Much as You Think

- Millennials are moving at lower rates than previous generations.
- In 2016, only **20%** of Millennials moved in the previous year.
"America the Stuck"

The Boomerang Generation

- Highest rate of Americans 18-34 living with their parents since the 1940s
  - Especially men
- The rate of mobility and likelihood of living with parents is impacted by educational attainment
  - Millennials with college degrees are moving more
  - Others are moving less

Increase in living in parents' home is concentrated among less-educated young adults

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Millennials in 2016</th>
<th>GennXers in 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor's degree or more</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Some college</td>
<td>17%</td>
<td>11%</td>
</tr>
<tr>
<td>High school</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>Less than high school</td>
<td>31%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Note: "Living in parent(s)’ home" means residing in a household headed by a parent.
Pew Research Center
Fewer Barriers - But Still Not Moving

• If Millennials are less likely to...
  o Be married
  o Own a house
  o Have a child
• Why are they moving less?

That Darn Recession

• The stereotypical Millennial is college educated and affluent, but the cohorts’ **average income is $22,000**
• Generational wealth gap – according to the St. Louis Fed:
  o The median inflation-adjusted wealth of American families headed by someone aged 62 and older **grew by 40%** from 1989-2013
  o At the same time the typical net worth of middle-aged (40-61 years old) **dropped 31%**
  o It **dropped 28%** for families younger than 40
LESS MONEY TO SPEND
Lower employment levels and smaller incomes have left younger Millennials with less money than previous generations.

Mean income for 15-24 year olds as a % of total population

ENCUMBERED WITH DEBT
Student loan payments are taking up a growing chunk of postgraduate Millennials' income.

Mean Student Loan Balance for 25 year olds, in US Dollars

Source: Bureau of Labor Statistics

Source: Federal Reserve
The Tuition is Too Damn High!

• **Student debt has doubled since 2009**, to more than $1.4 trillion
  
  • The Federal Reserve Bank of New York quantified the impact of the rise in college-related borrowing on home purchases
    
    o Study looked at all 28-30 year olds (regardless of education)
    
    o Empirical model shows early homeownership appears responsive to the costs of higher education
  
  • As much as **35%** of the decline in young American homeownership from 2007 to 2015 is **due to higher student debt loads**
  
  • Had tuition stayed at 2001 levels, about 360,000 more young people would have owned a home in 2015

---

So Where Are They Moving?

• Two-thirds of the nation’s 25-34 year olds live in the largest metropolitan areas (pop. 1M+)
  
  • 25-29 year olds are most likely to live in urban neighborhoods, followed by people in their early 20s – but that's not a new phenomenon
  
  • Many factors affect the increasing popularity of city living, but one of the biggest factors is simply the number of people around age 25
  
  • Right now that number is as high as it has been in decades
  
  • The last time the US had a bubble of 25 year olds was the late 1970s/early 1980s

**Then, like now, an influx of people in their early 20s moved into cities**
More (But Not All) Are Moving to Cities

- From 2010 to 2015, about 3 million more Americans ages 20-29 moved from suburbs to principal cities than from cities to suburbs
- 2014 had the largest net gain for cities (Univ. of Virginia Demographics Research Group)

So They Are Going to the City... To Start

- Need to consider both migration to an urban area and migration within that area
- Movement within metro areas is more often from primary city to suburb
- Millennials are a part of this:
  - Between 2015 and 2016, Census data shows nearly twice as many people ages 20-34 moved from cities to suburbs as did from suburbs to cities
  - 25-29 year olds are 25% more likely to move from the city to the suburb; older Millennials are more than twice as likely
WHAT DO THEY WANT?

Not Buying Homes, At Least Not Yet...

- Millennials are more likely to be renters
  - 74% of Millennials in 2016 were renters
  - Compared to 61-67% for previous generations at same age

Are young adult movers renting or buying?

<table>
<thead>
<tr>
<th>Owner-occupied, not parent(s)/ home</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials in 2016</td>
<td>77</td>
</tr>
<tr>
<td>Gen Xers in 2000</td>
<td>68</td>
</tr>
<tr>
<td>Late Boomers in 1990</td>
<td>58</td>
</tr>
<tr>
<td>Early Boomers in 1981</td>
<td>55</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rental property</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials in 2016</td>
<td>71</td>
</tr>
<tr>
<td>Gen Xers in 2000</td>
<td>57</td>
</tr>
<tr>
<td>Late Boomers in 1990</td>
<td>47</td>
</tr>
<tr>
<td>Early Boomers in 1981</td>
<td>45</td>
</tr>
</tbody>
</table>

Note: Movers refers to those living at a different address one year prior. Information on household tenure was not collected before 1976. Some 4% of movers in each year moved to owner-occupied housing owned by their parent(s). Source: Pew Research Center analysis of Current Population Survey, Annual Social and Economic Supplements (PUMS), PEW RESEARCH CENTER.
... But Millennial Homebuyers are Coming

- According to Goldman Sachs, peak homebuying years are ages 25-45
  - Average age of a first-time home buyer is 31
- In 2015, Millennials purchased 35% of homes sold in the US
  - Median age of Millennials in 2015 was 25
- There is a wave of Millennial homebuyers coming

Source: Zillow Group, Report on Consumer Housing Trends
Credit: Katie Pant/WPP

What Will They Want?

- Millennial preferences are more diverse than previous generations – but they’re still not that much different
- ULI survey in 2014 found 62% of Millennials expected to own a single family house by 2020
- Will they be able to afford a single family house?
- Will any of us be able to afford a single family house?

Source: ULI/Luxman Associates Survey, November 2014
Metro Area Population

Millennials represent largest growth in workforce

- Millennials account for the majority of in-migration, while Gen Z is mainly natural growth

Denver-Aurora MSA’s Population Change by Generation, 2005 to 2014
### Metro Area Employment

**Millennials capturing the new job growth**

- Millennials are filling new jobs in the metro area, while older generations are leaving the workforce.

#### 7 County Metro Area Employment Change by Generation, 2005 to 2015

<table>
<thead>
<tr>
<th>Generation</th>
<th>Employment Change (2005 to 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>+430,790</td>
</tr>
<tr>
<td>Gen X</td>
<td>+45,818</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>-155,926</td>
</tr>
<tr>
<td>Silent Generation</td>
<td>-50,600</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis; Bureau of Labor Statistics; Economic & Planning Systems

---

### Lakewood Population

**Mirroring Metro Area Trend**

- Lakewood had a net increase of approx. 10,000 Millennials between 2000 and 2015.

#### Lakewood Population Change by Age, 2000 to 2015

<table>
<thead>
<tr>
<th>Generation</th>
<th>Population Change (2000 to 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>+24,414</td>
</tr>
<tr>
<td>Millennials</td>
<td>+10,231</td>
</tr>
<tr>
<td>Gen X</td>
<td>-5,281</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>-5,620</td>
</tr>
<tr>
<td>Silent Generation</td>
<td>-15,245</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis; Bureau of Labor Statistics; Economic & Planning Systems
**Trends Impacting Lakewood**

**Mismatch is Occurring**
- Employment growth outpaced housing growth over past decade
  - Approx. 15,000 new jobs but only 5,000 new households
- Commuting patterns changing
  - Fewer residents living and working in Lakewood
  - Significant increase of workers in-commuting to Lakewood
    - From approx. 5,200 in 2002 to 13,000 in 2015
- We know from metro data that the new workforce is predominantly Millennial
- Lakewood’s housing stock is more mixed than others in metro area **but is it in the right place to attract young workforce?**
  - It is not really turning over, with older residents aging in place
- Economic Development question: how can we attract the young workforce and keep pace with the rate of employment change?

**Lakewood Worker Preferences**

**Mirrors National Trends for Millennials**
- EPS is working with City of Lakewood Economic Development Department to assess future housing demand
- Surveyed workforce to understand preferences for housing

<table>
<thead>
<tr>
<th>What are their current stated preferences?</th>
<th>Age breakdown (under 35</th>
<th>35-54</th>
<th>55 or older)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• More important: home size or neighborhood?</td>
<td>Neighborhood (79%</td>
<td>35%</td>
<td>31%)</td>
</tr>
<tr>
<td>• Neighborhood preference:</td>
<td>Neighborhood preference:</td>
<td>Drive / larger home (31%</td>
<td>42%</td>
</tr>
<tr>
<td>a) drive to schools, stores, restaurants and live in larger home, or</td>
<td>vs.</td>
<td>walk / smaller home (54%</td>
<td>40%</td>
</tr>
<tr>
<td>b) walk to places and live in smaller home</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Sense of safety/security is very important</td>
<td>(68%</td>
<td>75%</td>
<td>80%)</td>
</tr>
<tr>
<td>• Walking distance to shops is very important</td>
<td>(44%</td>
<td>33%</td>
<td>22%)</td>
</tr>
<tr>
<td>• Sense of privacy is very important</td>
<td>(33%</td>
<td>39%</td>
<td>58%)</td>
</tr>
<tr>
<td>• Quality of schools is very important</td>
<td>(31%</td>
<td>41%</td>
<td>34%)</td>
</tr>
<tr>
<td>• Walking distance to rail station/bus stop is very important</td>
<td>(31%</td>
<td>24%</td>
<td>23%)</td>
</tr>
<tr>
<td>• Lower maintenance living is very important</td>
<td>(14%</td>
<td>10%</td>
<td>25%)</td>
</tr>
</tbody>
</table>
Where Are The “Attractive” Areas?
Retail, Employment Centers, and Grocery

Alignment with the Comprehensive Plan
Millennial Preference for Growth Areas
• The areas that have the attributes preferred by Millennials match the growth areas identified in Lakewood’s Comprehensive Plan
• Need to attract housing to these areas - but also jobs and amenities
SO... HAVE WE FIGURED OUT MILLENNIALS?

Takeaways

• There are a lot of Millennials – we should probably be paying attention
• This population will be driving the labor force and the housing market for the next 20-30 years
• Even small preference changes can make a big difference – the size of the generation means even a small percentage constitutes a lot of consumers
• BUT they’re not all the same – a diverse group means diverse needs and preferences
Impacts on Planning

- Millennials are demanding different places and experiences
  - May still want single family homes, but in walkable, more urban areas
  - Show a strong preference for bikeable and walkable communities with good public transportation
- Despite this, Millennials are getting older - their long-term preferences may not be different from previous generations
- Educated millennials may want to move to your town
  - If it has the housing stock and amenities at the price point they’re looking for

Impacts on Planning

- Planning with Millennials in mind is planning for the future
- Today’s Millennial is tomorrow’s Gen Z
  - Gen Z preferences are similar and even more pronounced
  - What attracts a Millennial today will also attract Gen Z
Thank you!

Matt Prosser
mprosser@epsdenver.com

Rachel Shindman
rshindman@epsdenver.com

Greg Colucci
GreCol@lakewood.org

Thank you!