Generation Y and Housing: What They Want, Where They Want It

M. Leanne Lachman
Lachman Associates
May 13, 2015
Who is Gen Y?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>86+</td>
<td>1.9%</td>
</tr>
<tr>
<td>70-85</td>
<td>8.2%</td>
</tr>
<tr>
<td>51-69</td>
<td>23.1%</td>
</tr>
<tr>
<td>38-50</td>
<td>17.3%</td>
</tr>
<tr>
<td>20-37</td>
<td>24.6%</td>
</tr>
<tr>
<td>&lt;20</td>
<td>24.9%</td>
</tr>
</tbody>
</table>

Silent Generation (86+)
Depression & War Babies (70-85)
Baby Boom (51-69)
Gen X (38-50)
Gen Y (20-37)
Gen Next (<20)

Source: U.S. Census Bureau, 2012
## Gen Y’s Profile

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>19-24</td>
<td>35%</td>
</tr>
<tr>
<td>25-30</td>
<td>33%</td>
</tr>
<tr>
<td>31-36</td>
<td>32%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>73%</td>
</tr>
<tr>
<td>Black</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Married/Partnered</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38%</td>
</tr>
<tr>
<td>No</td>
<td>62%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Live w/Children</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>28%</td>
</tr>
<tr>
<td>No</td>
<td>72%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Car Ownership</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>83%</td>
</tr>
<tr>
<td>No</td>
<td>17%</td>
</tr>
</tbody>
</table>

n=1270
Source: UDR/Lachman Associates Survey, November 2014
Key Survey Findings

• Optimistic about their economic future
• 50% currently rent
• 21% live at home
• 26% own their homes
• Self image:
  – 37% city people
  – 36% suburbanites
  – 26% small town/rural persons

Source: UDR/Lachman Associates Survey, November 2014
Gen Y Employment

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working full time</td>
<td>62%</td>
</tr>
<tr>
<td>Working part time</td>
<td>15%</td>
</tr>
<tr>
<td>Job hunting</td>
<td>6%</td>
</tr>
<tr>
<td>In school, interning, volunteering</td>
<td>9%</td>
</tr>
<tr>
<td>Stay-at-home parent</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

n=1270
Source: UDR/Lachman Associates Survey, November 2014
Income of Full-Time Workers

- $100,000+ 8%
- $75,000-$99,999 12%
- Under $25,000 14%
- $25,000-$34,999 15%
- $50,000-$74,999 27%
- $35,000-$49,999 24%

n=791
Source: UDR/Lachman Associates Survey, November 2014
Gen Y is Financially Prudent

- **Self description:**
  - 38% “savers”
  - 30% “spenders”
  - 32% can afford both

- 22% have retirement accounts
- 26% have other investments
- **Yet**, half only have enough income to pay their bills
- 31% get parental help with living expenses
- 21% do not use credit cards
- 31% pay off credit card monthly
- **Yet**, 13% have credit card balances of $6,000+

*Source: UDR/Lachman Associates Survey, November 2014*
# Student Debt Status

<table>
<thead>
<tr>
<th>Status</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never incurred debt</td>
<td>38%</td>
</tr>
<tr>
<td>Fully repaid debt</td>
<td>10%</td>
</tr>
<tr>
<td>With outstanding debt:</td>
<td></td>
</tr>
<tr>
<td>Current on loan payments</td>
<td>31%</td>
</tr>
<tr>
<td>Behind &lt;3 months</td>
<td>4%</td>
</tr>
<tr>
<td>Seriously delinquent/in default</td>
<td>4%</td>
</tr>
<tr>
<td>Still in school/recent grad</td>
<td>15%</td>
</tr>
</tbody>
</table>

n=1270

Source: UDR/Lachman Associates Survey, November 2014
50% of Gen Yers Rent

- Single-family homes: 25%
- Small walk-up buildings: 24%
- Garden apartments: 16%
- Mid-rise buildings: 8%
- High-rise buildings: 5%
- Condos: 6%
- Mobile homes: 3%
- Duplexes, townhouses, and row houses: 13%

n=630
Source: UDR/Lachman Associates Survey, November 2014
Gen Y on the Move

In last 3 years:

- 45% moved at least twice
- 35% moved once
- 20% did not move

n=630
Source: UDR/Lachman Associates Survey, November 2014
Gen Y’s Happy Renting

26% very satisfied

41% satisfied

33% prefer to own but rental is best choice now

n=630

Source: UDR/Lachman Associates Survey, November 2014
## Marriage Postponement

<table>
<thead>
<tr>
<th>Generation</th>
<th>% of Generation Married @ 18-32</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silent Generation</td>
<td>65%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>48%</td>
</tr>
<tr>
<td>Generation X</td>
<td>35%</td>
</tr>
<tr>
<td>Generation Y</td>
<td>26%</td>
</tr>
</tbody>
</table>

*Source: Pew Research Center*
21% Live at Home

36% of those 19-24
19% of those 25-30
8% of those 31-36

42% have moved back home
40% pay rent or contribute to family finances

Only 10% now at home expect to live at home in 5 years

n=270
Source: UDR/Lachman Associates Survey, November 2014
Multi-Generational Households

• 14% of Gen Yers live in 3-generation households with:
  – Parent(s) & grandparent(s), or
  – Children & parent(s), or
  – Children & grandparent(s)

• 21% of Hispanics

• 24% of blacks

n=1270
Source: UDR/Lachman Associates Survey, November 2014
26% of Gen Yers Own

8% of those 19-24
25% of those 25-30
47% of those 31-36

29% of whites
14% of blacks
20% of Hispanics

n=329
Source: UDR/Lachman Associates Survey, November 2014
Gen Yers in Their Early 30s

• Catching up on life events:
  – Marriage
  – Children
  – Homeownership
  – Life insurance
  – Eating in, rather than out

• Quickly taking care of all this can be stressful
• Nonetheless, 72% are “happy”
• 74% are “hopeful”
Homeownership for Households <35

Source: Joint Center for Housing Studies of Harvard University, State of the Nation's Housing: 2014
# Gen Y’s Locational Identity

<table>
<thead>
<tr>
<th>Self Image</th>
<th>All Gen Yers</th>
<th>Blacks</th>
<th>Hispanics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within central city</td>
<td>37%</td>
<td>48%</td>
<td>54%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>36%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Small town/rural</td>
<td>26%</td>
<td>24%</td>
<td>17%</td>
</tr>
</tbody>
</table>

n=1270

Source: UDR/Lachman Associates Survey, November 2014
Gen Y “Downtowners”

- Only 13% of total sample
- 17% of male respondents vs. 10% of women
- 29% have roommates vs. <18% of total sample
- 73% single vs. 62% of all Gen Yers
- 25% do not own cars vs. 17% of total sample
- Almost 75% work full time
- Gen Y’s trend setters

n=1270
Bottom Line on Gen Y and Housing

• Largest source of rental demand
• Largest source of 1st-time purchases
• Virtually all expect to own someday
• Only 4% expect to live at home in 5 years

In a generation of 78.6 million, even a small % is a lot of consumers
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