



Housing the Millennial Generation



Jed Kolko, Independent Economist

The Millennial housing myths

- ▶ Millennials are fueling housing demand as they move out of their parents' homes
- ▶ Millennials have a different attitude toward housing and homeownership
- ▶ Millennials are especially urban

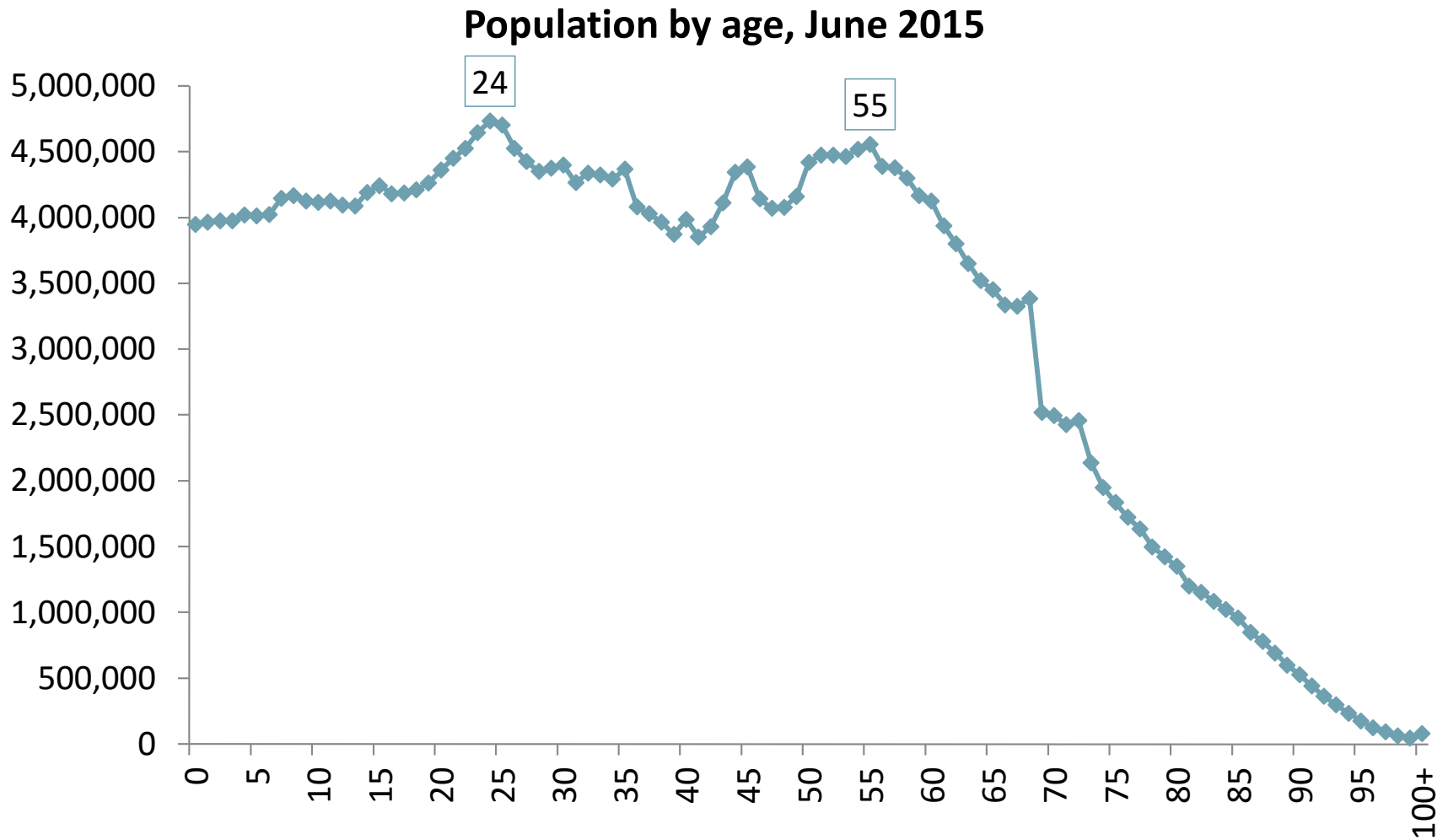


Outline: the Millennial housing truths

1. ***Millennials are not driving today's housing demand***
2. Demographics explain Millennial housing behaviors
3. Millennials are less urban than previous generations



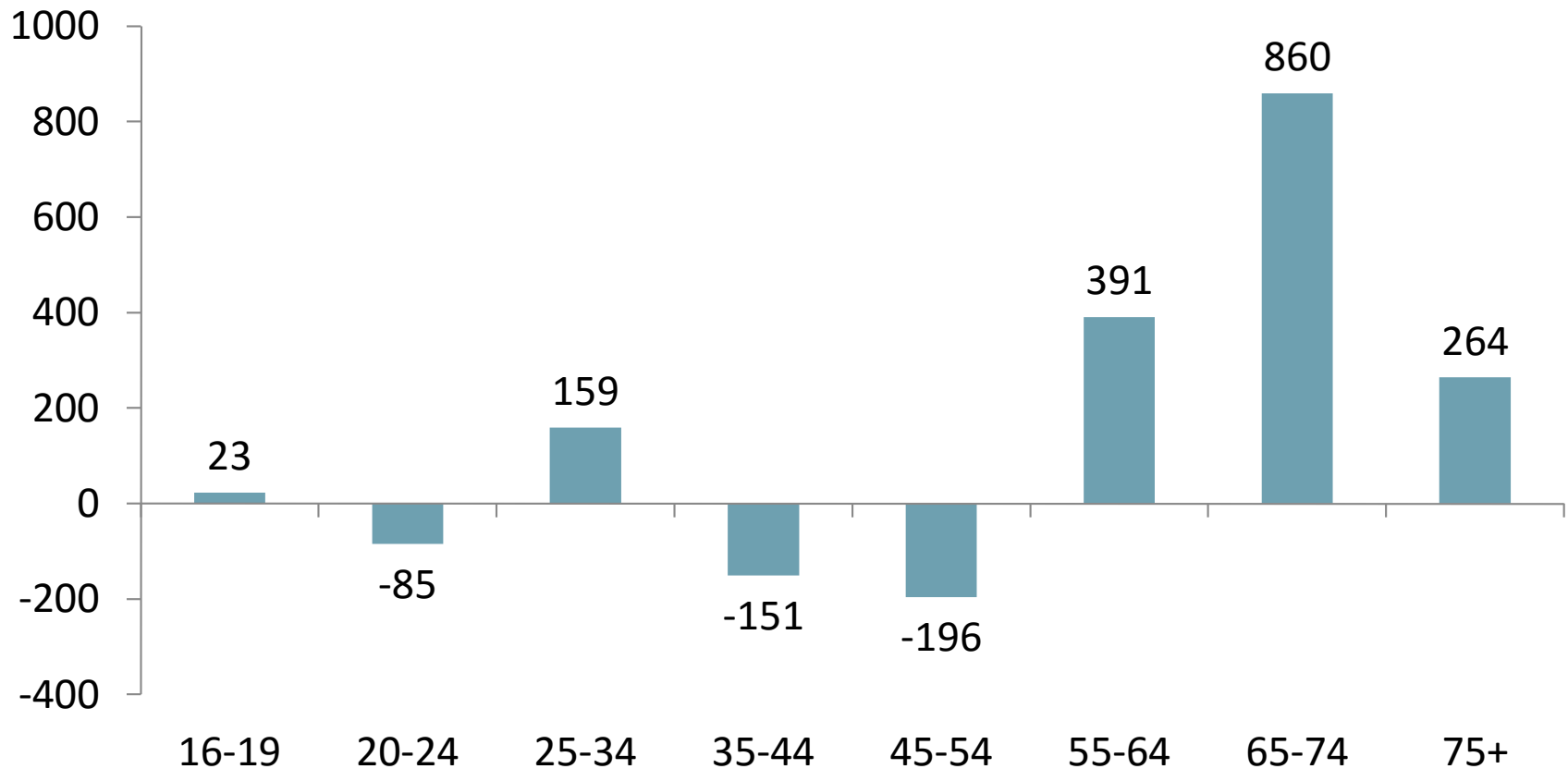
Peak age: 24



data source: U.S. Census Bureau

Boomers are driving the increase in households

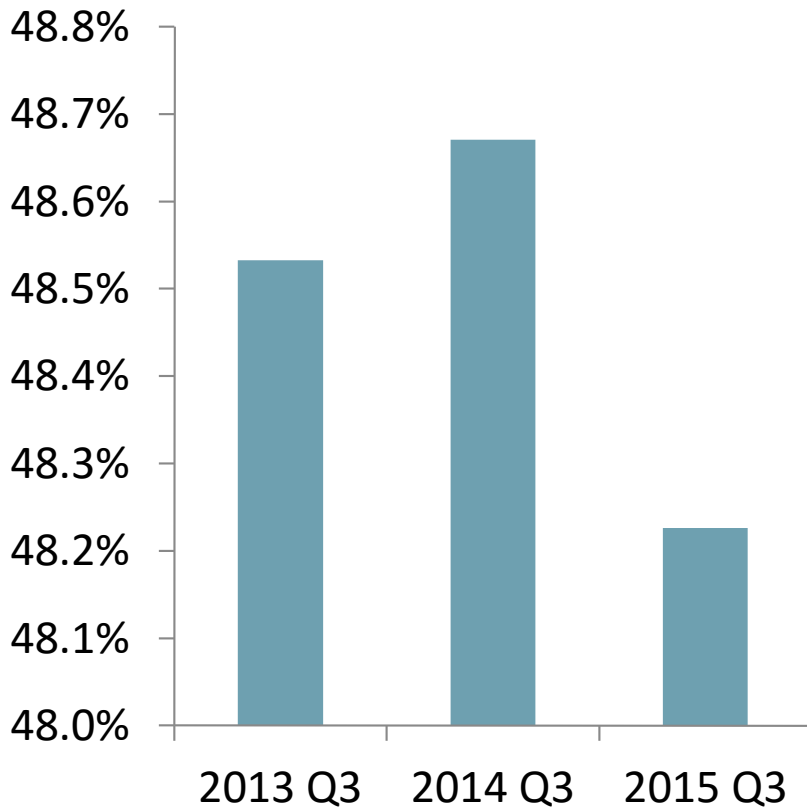
**Household formation, 2014-2015, by age of householder
(thousands)**



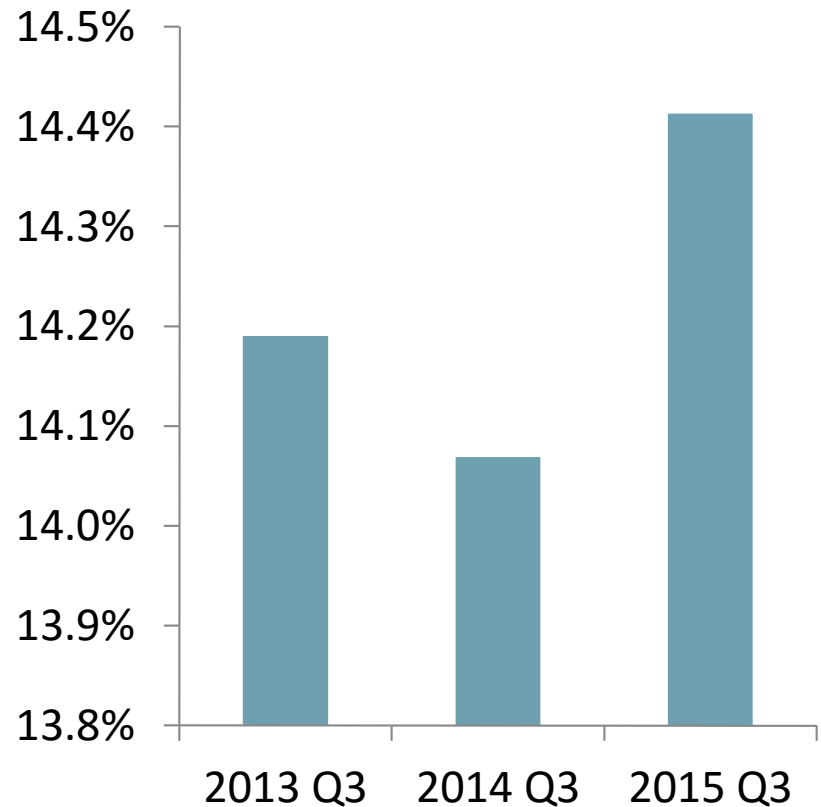
data source: U.S. Census Bureau

Young adults slipped in Q3 2015

Headship rate, 25-34



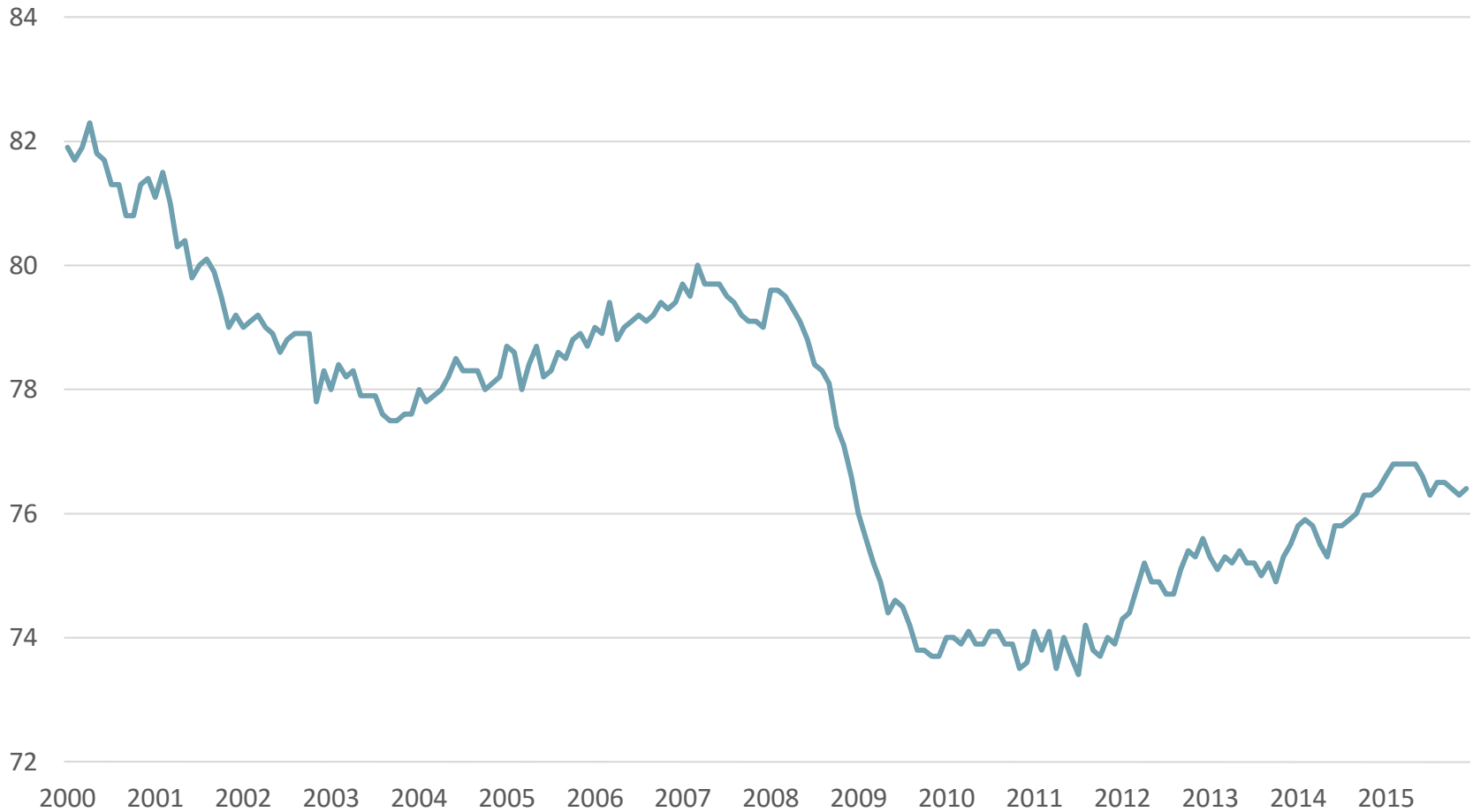
Living with parents, 25-34



data source: U.S. Census Bureau

Millennials are still not back to work

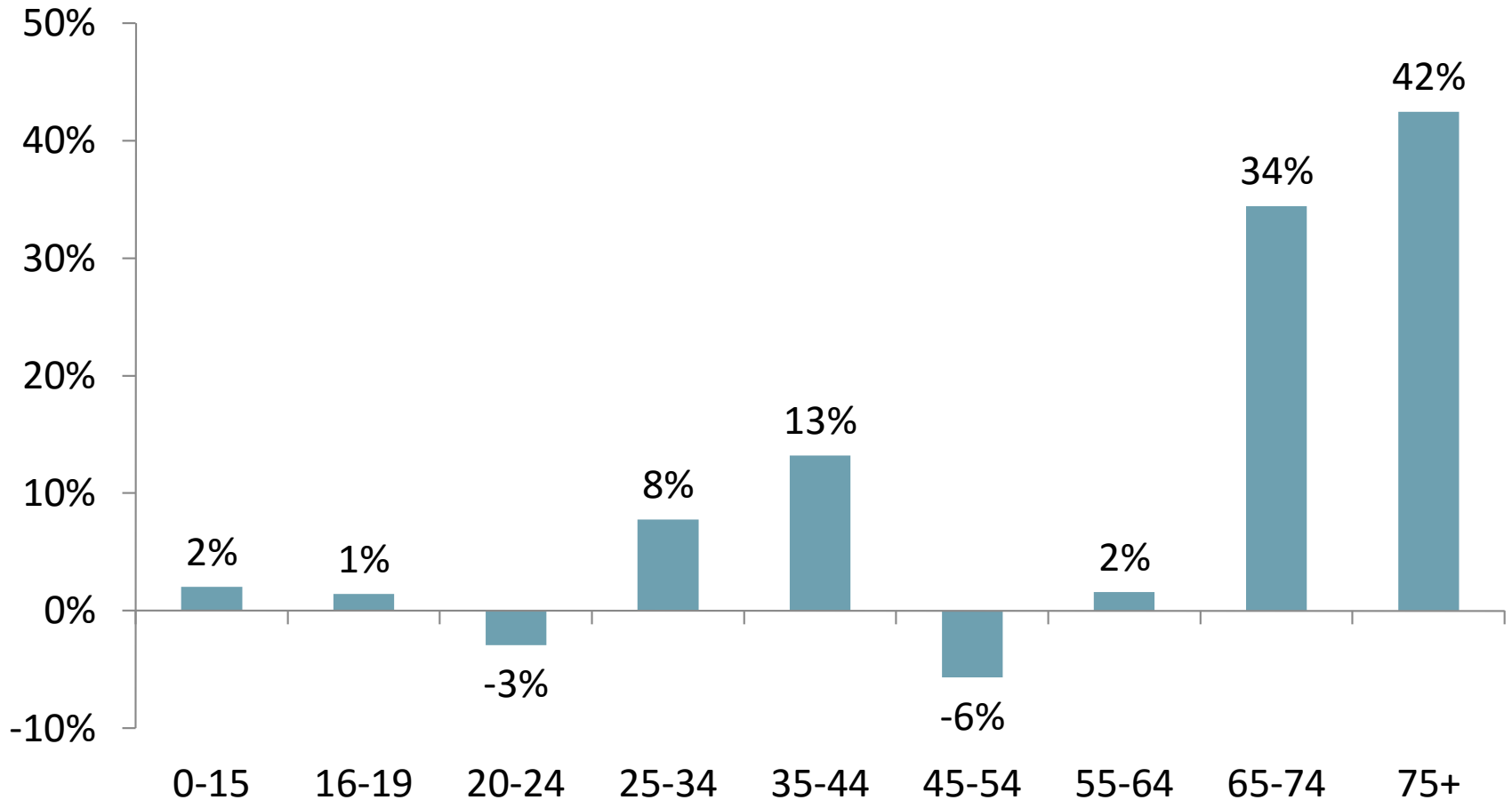
% employed, age 25-34



data source: Bureau of Labor Statistics

Growth will come from Boomers

Projected population growth by age group, 2015-2025



data source: U.S. Census Bureau

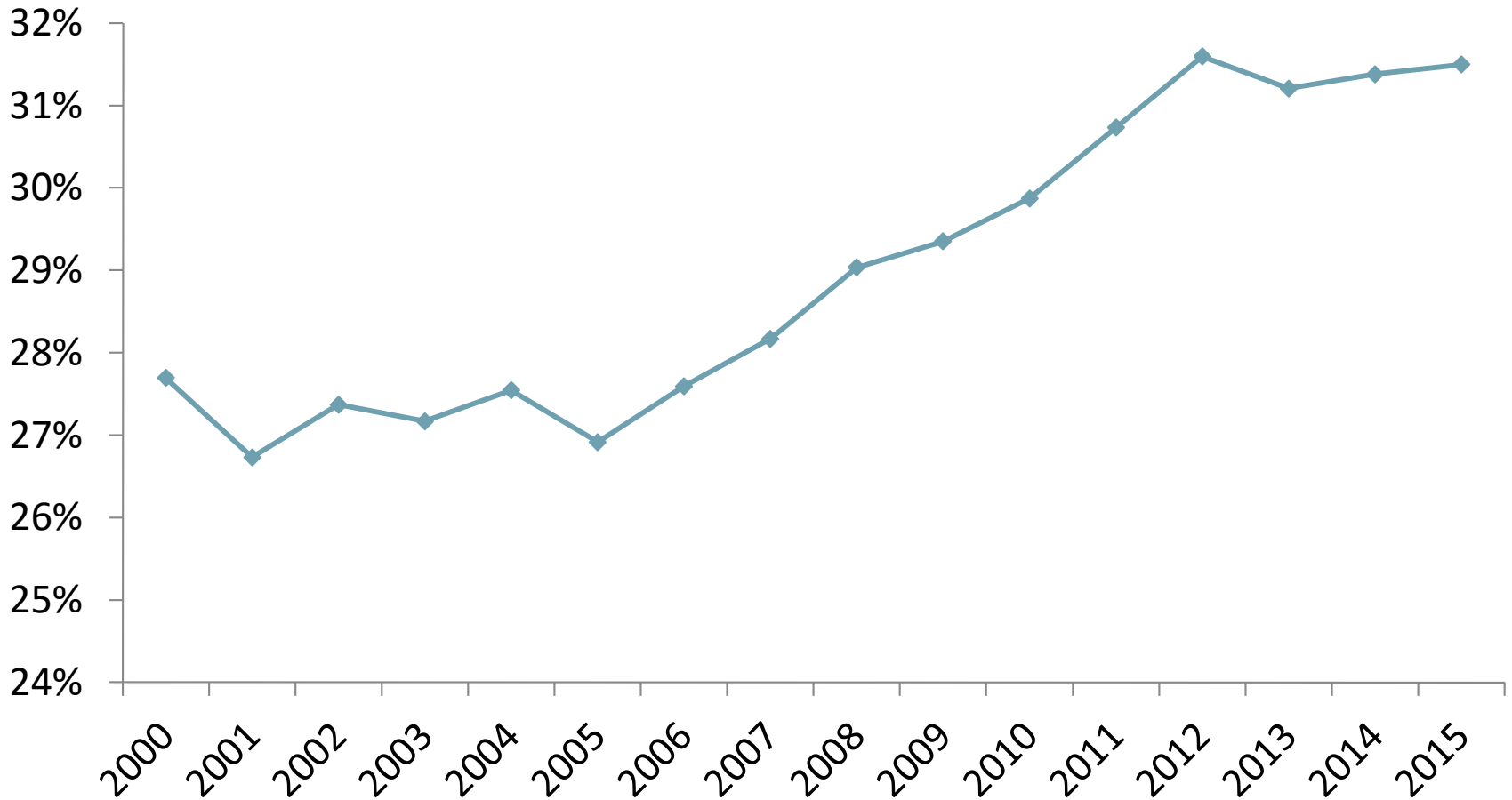
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Still in Mom & Dad's basement

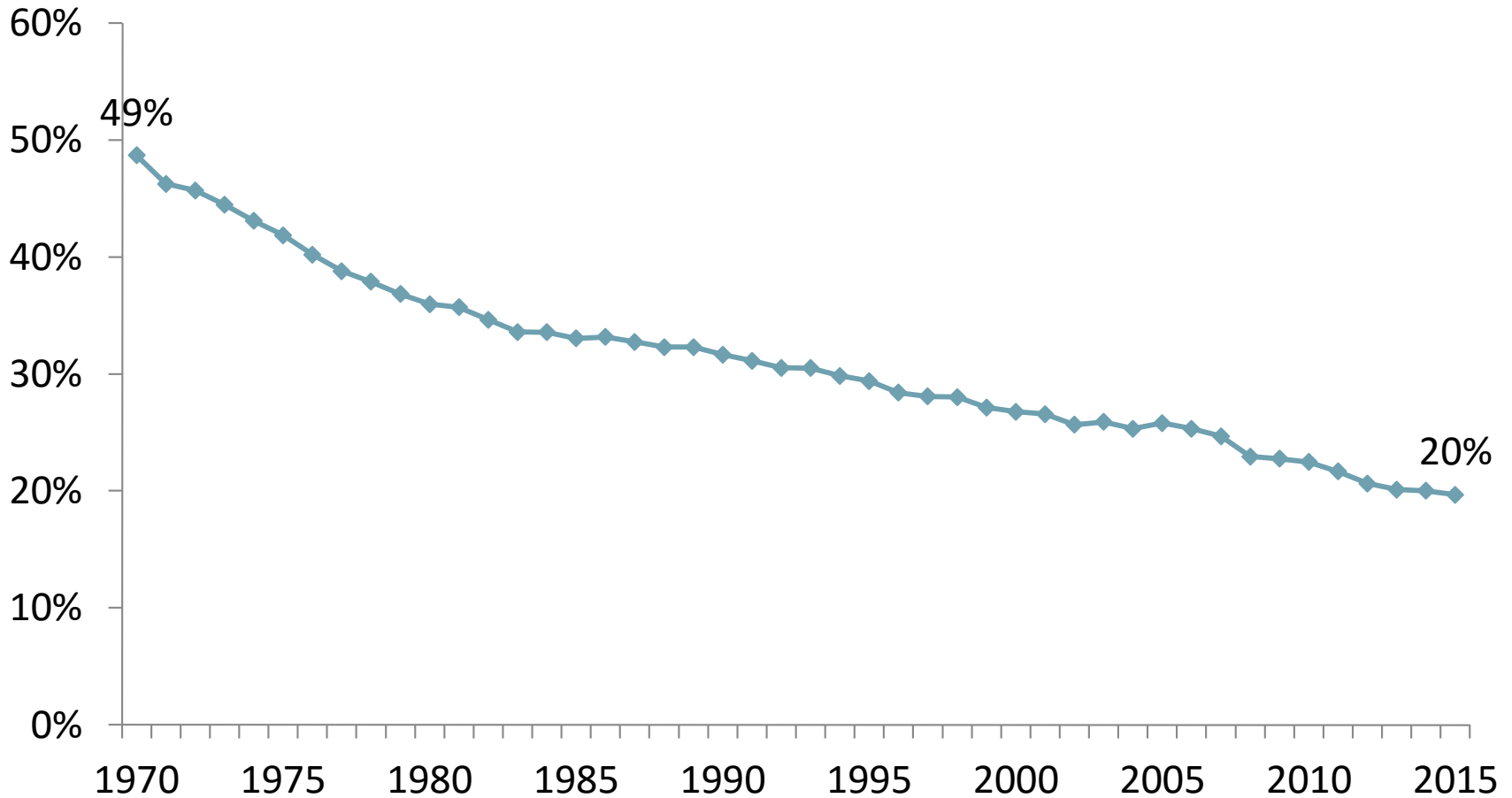
% of 18-34 year-olds living in parents' home



data source: U.S. Census Bureau

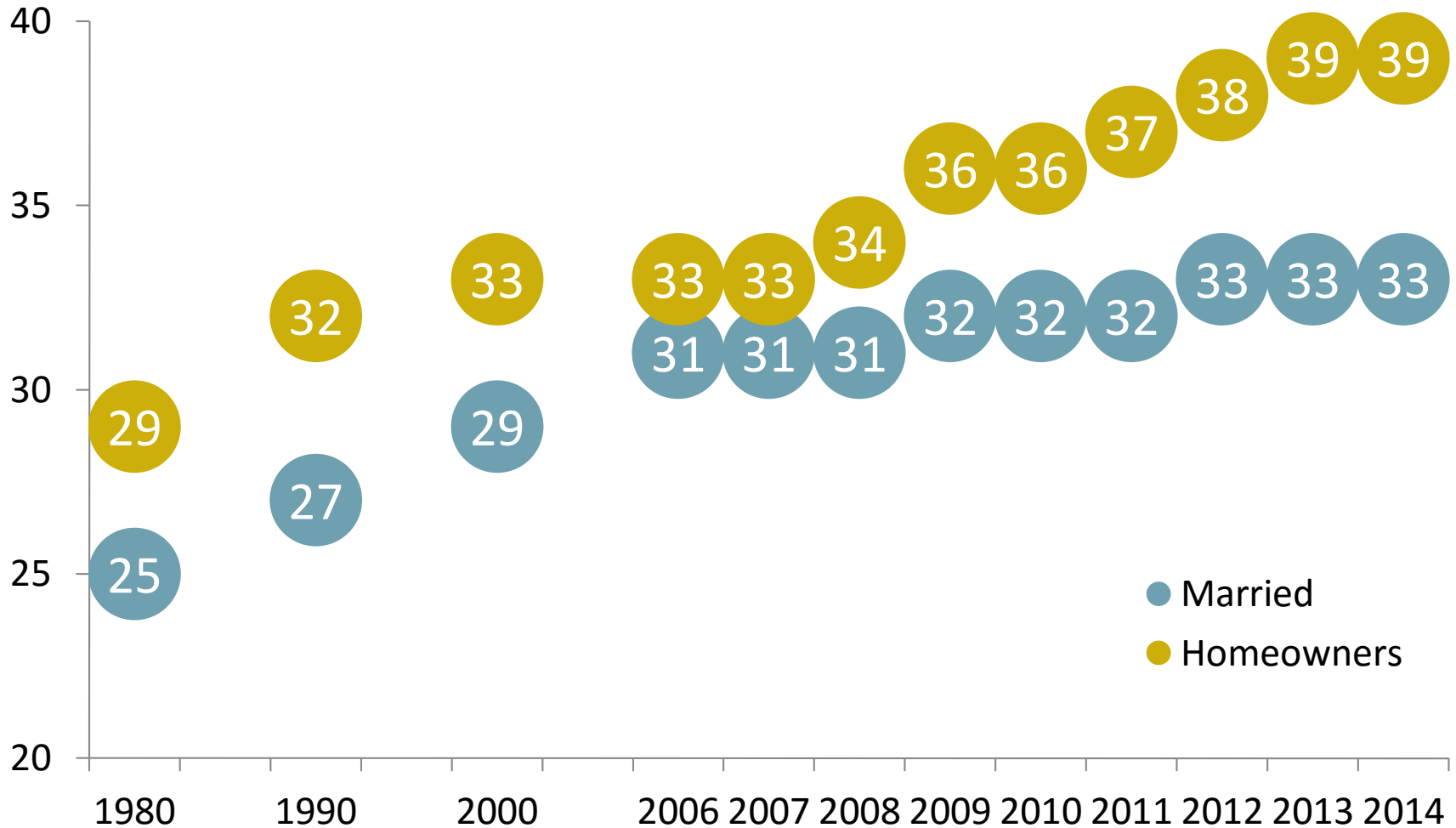
How Millennials really are different

% of 18-34 year-olds who are married with kids



data source: U.S. Census Bureau

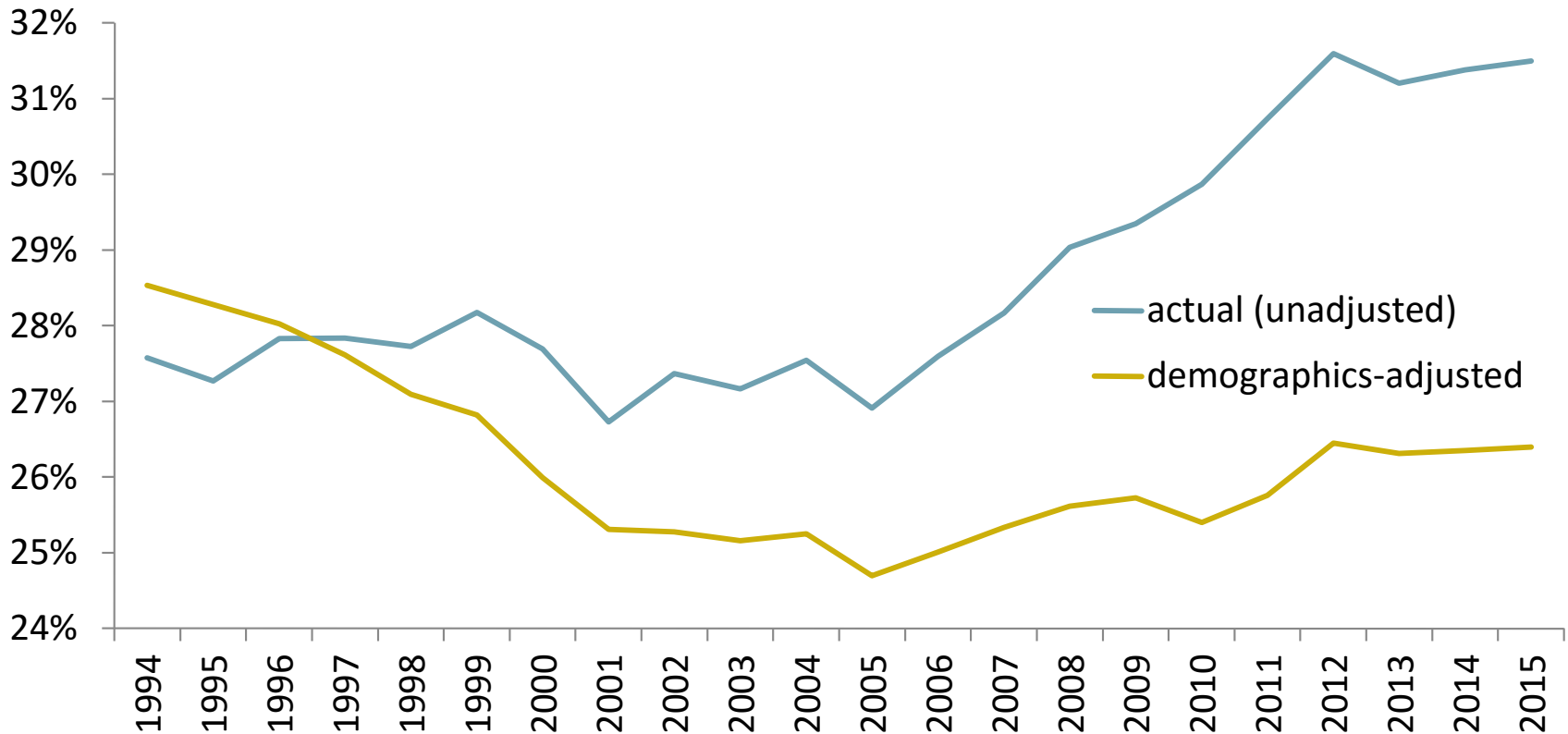
Age at which majority are married or homeowners



data source: U.S. Census Bureau

Demographics explain long-term rise in living at home

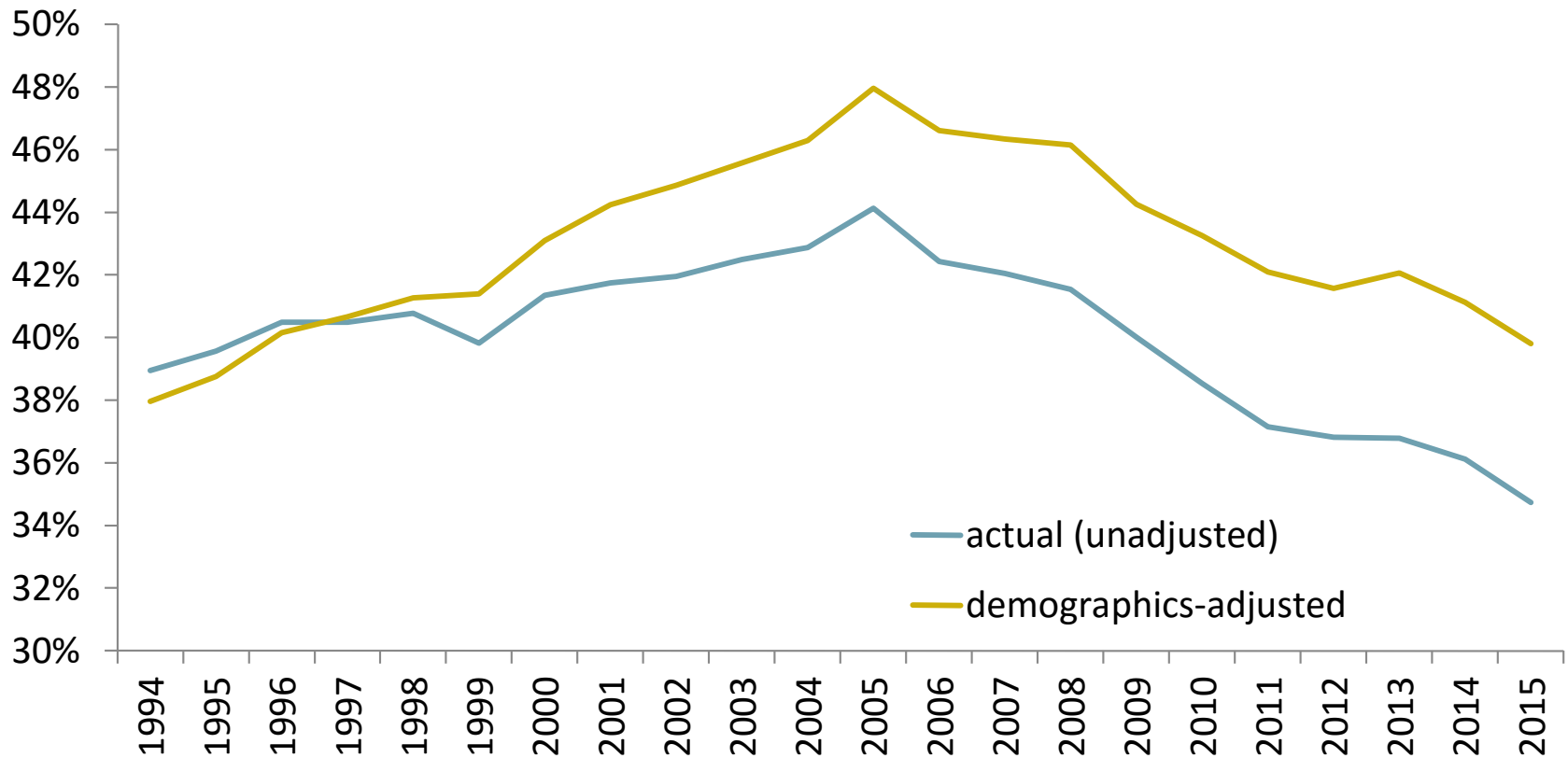
**% 18-34 year-olds living in parents' home
actual vs. adjusted for demographic shifts
baseline = 1994-1999**



data source: U.S. Census Bureau

Demographics explain long-term decline in homeownership

**Homeownership Rate, 18-34 year-olds
actual vs. adjusted for demographic shifts
baseline = 1994-1999**



data source: U.S. Census Bureau

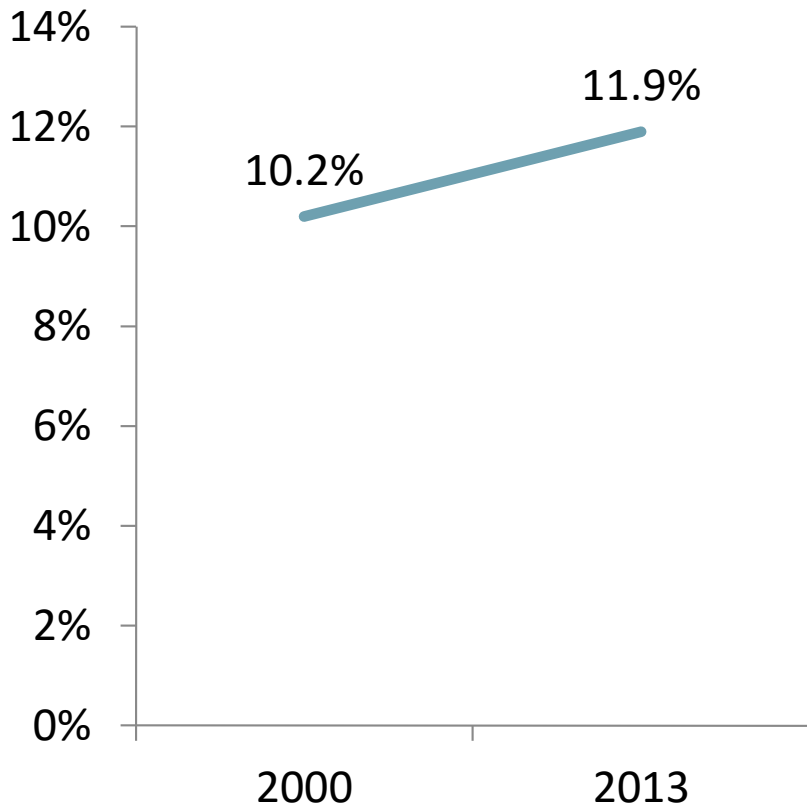
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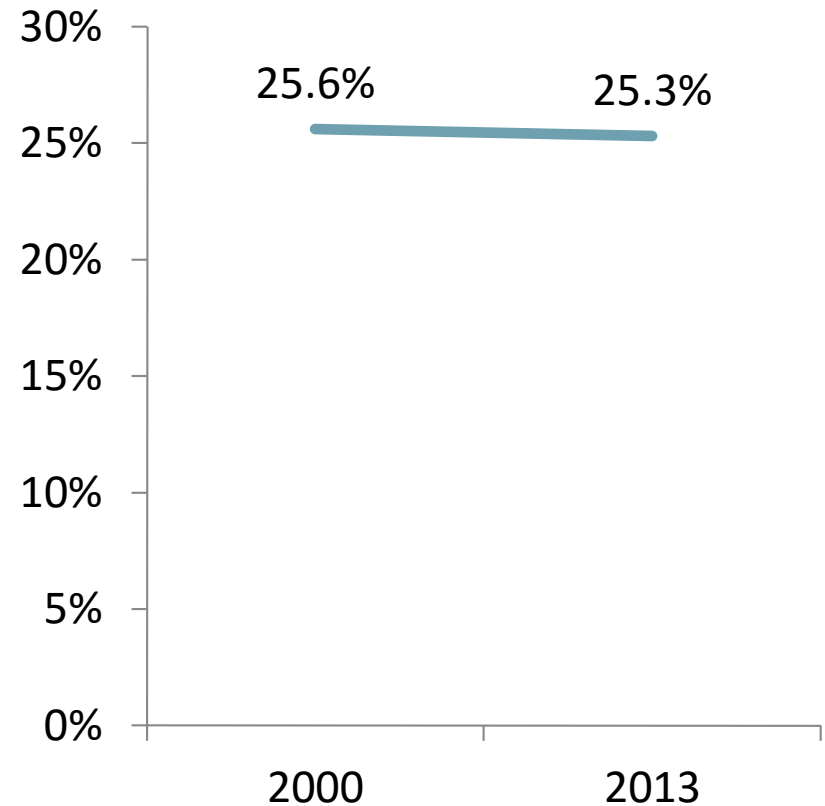


Millennials in cities? An urban legend.

% of college-educated 25-34 y.o.'s in hyper-urban neighborhoods

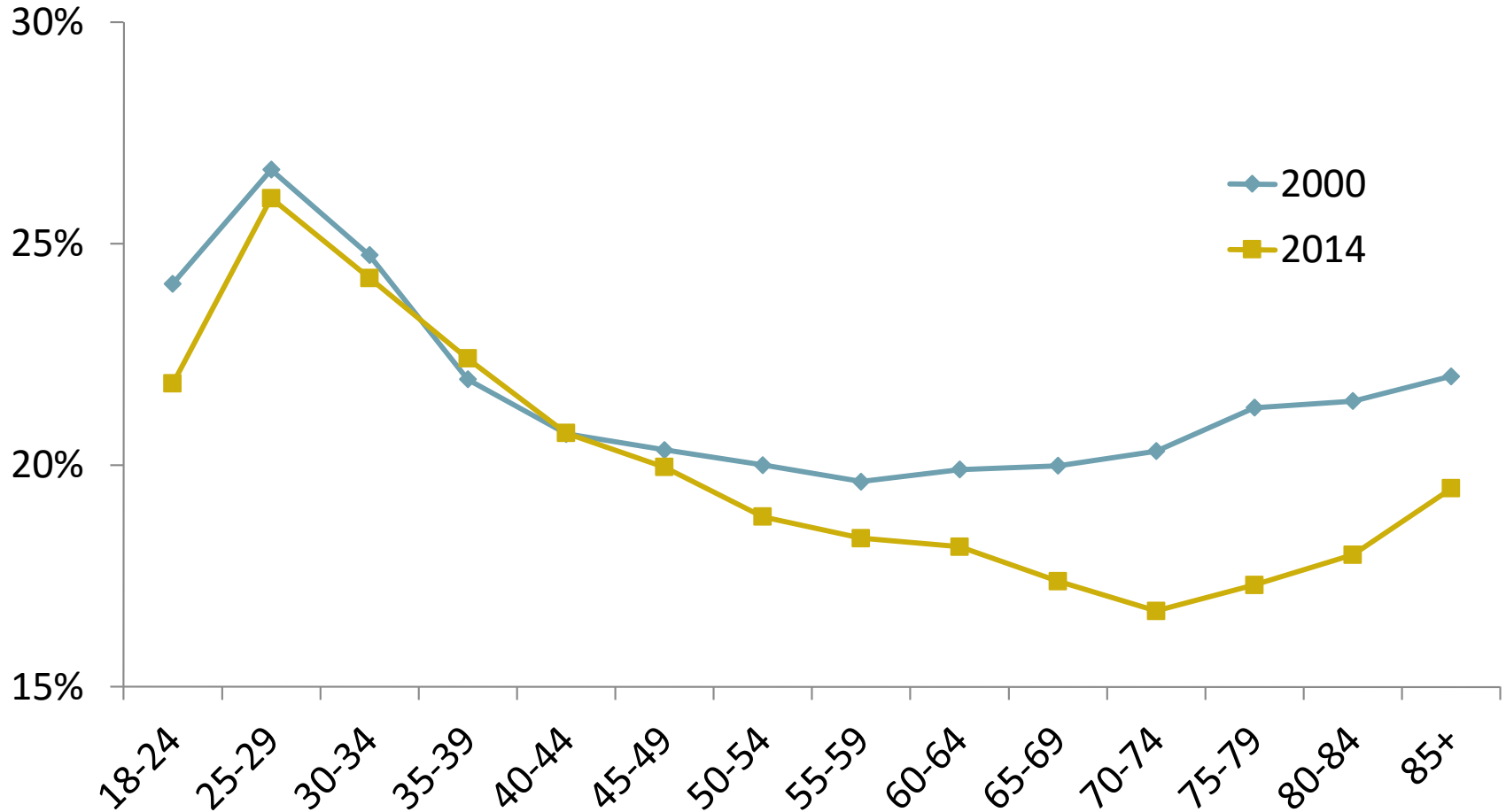


% of all 25-34 y.o.'s in all urban neighborhoods



An aging population boosts the suburbs

% living in urban neighborhoods, by age group



data source: U.S. Census Bureau

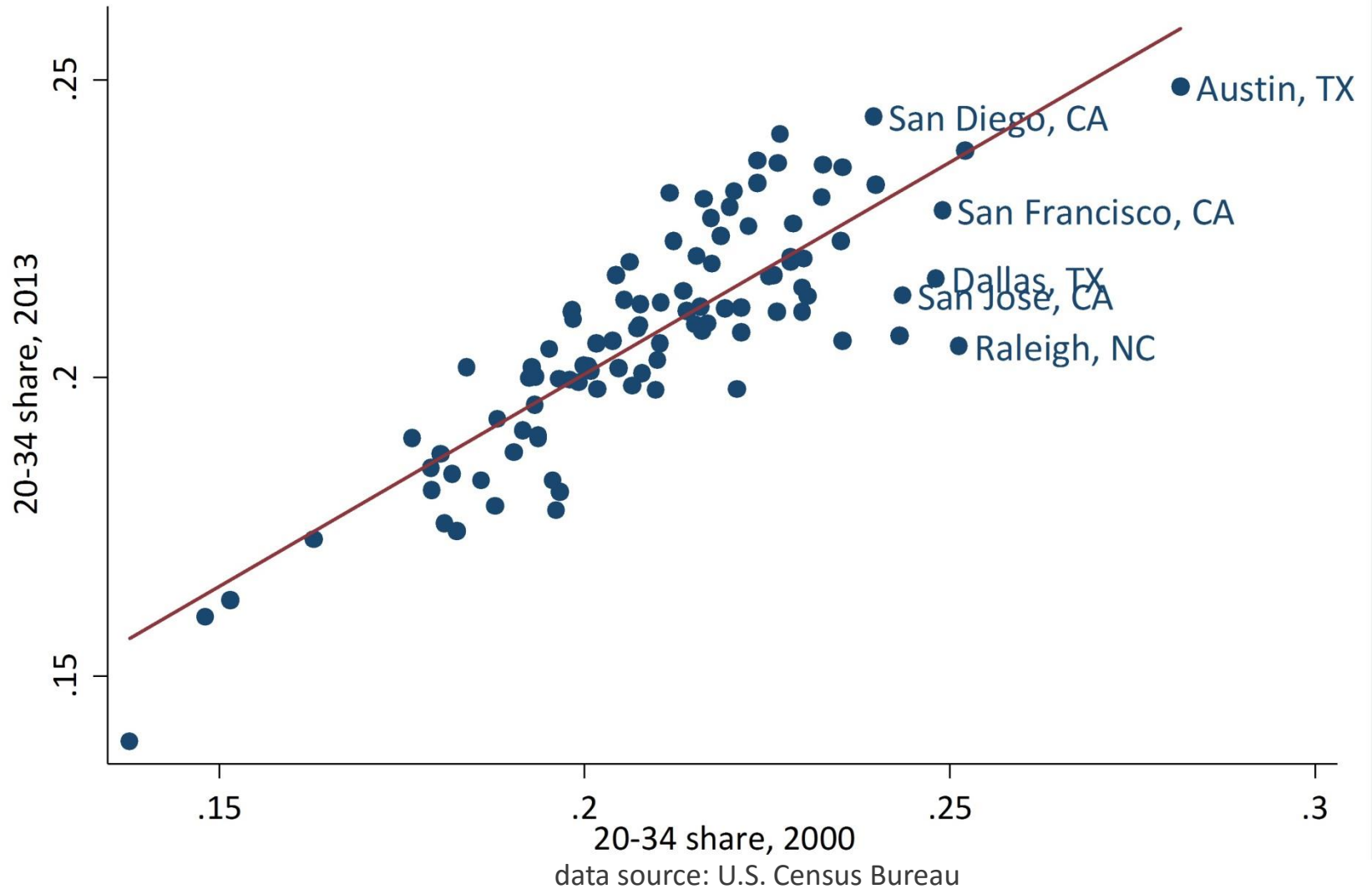
Metros with fastest millennial growth

#	Metro	Population growth, age 20-34 Cumulative 2010-2014
1	Colorado Springs, CO	13.4%
2	Honolulu, HI	13.3%
3	San Antonio, TX	12.7%
4	El Paso, TX	12.0%
5	Orlando, FL	11.2%
6	Denver, CO	10.5%
7	Seattle, WA	10.1%
8	Houston, TX	10.1%
9	Cape Coral-Fort Myers, FL	9.7%
10	North Port-Sarasota-Bradenton, FL	9.5%

Among large metros

data source: U.S. Census Bureau

Millennials live where Gen Xers did



What it means

- ▶ Since demographics explain Millennial housing behaviors, it's not attitudes
- ▶ Household formation and homeownership may have permanently shifted later in life
- ▶ Housing investments must reflect seniors' preferences and needs
- ▶ Absent major policy shifts, there will be plenty of demand for suburban homes



Thank you!

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- ▶ www.jedkolko.com

