Generation Y:
AMERICA'S NEW HOUSING WAVE

M. Leanne Lachman and Deborah L. Brett

ULI Urban Land Institute

ULI Foundation

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Lachman is widely published and is a frequent speaker. She is a ULI governor; is listed in *Who's Who in America*, *Who's Who in Finance and Industry*, and *The World Who's Who of Women*; and received the James Graaskamp Award for pragmatic real estate research in 1997 from the Pension Real Estate Association. She was awarded a BA from the University of Southern California and an MA from Claremont Graduate University.

Deborah L. Brett is a real estate and planning consultant for a wide range of public and private organizations, providing project-related market analyses. Areas of specialization include development planning, commercial revitalization, market-rate and affordable housing, mixed-use projects, and transit-oriented development.

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She previously served as senior vice president and director of consulting services at Real Estate Research Corporation in Chicago. In her 18-year career there, she directed land use policy analyses for many government agencies and prepared development strategies and analyses for private clients.

Brett holds a master's degree in urban and regional planning from the University of Illinois at Urbana–Champaign. She is a longtime member of ULI and a frequent contributor to its publications, including *Real Estate Market Analysis: A Case Study Approach*, used by real estate and planning programs at many universities. Brett is also a charter member of the American Institute of Certified Planners and Lambda Alpha, the real estate and land economics honorary society. She teaches classes in residential and retail market analysis at Rutgers University's Bloustein School of Planning and Public Policy.

Dr. Lawrence Becker provided assistance in survey design, sampling, and statistical analysis. He holds a PhD in social psychology from the University of California at Davis and has extensive experience in market and advertising research.

Letter

Dear Reader:

With initial findings from the 2010 U.S. Census hitting the mainstream media with some frequency, the issue of demographics is alive again at dinner tables across the country. American cities have undergone considerable change over the past ten years, and we know that the demographic composition of the country and especially metropolitan areas continues to be manifest by several long-term trends. Instead of analyzing the past, this survey explores future market preferences of a demographic cohort of great significance to real estate markets—Generation Y.

As the youngest adult cohort of the U.S. demographic spectrum, Gen Y—people age 18 to 32—is 80 million persons strong, the largest generation in U.S. history, surpassing the baby boomers by more than 5 million. Although members of this group have reached the prime stage in their lives for forming new households, household formation is about one-fourth the rate of just three years ago. This survey reveals that while Gen Y is a generation with high aspirations of near-term homeownership, recent market trends suggest those dreams may be curbed by economic realities.

Several factors that will undoubtedly have a great impact on Gen Y's participation in real estate markets include:

- the continued decline of home prices nationally—the Standard & Poor's Case-Shiller 2010 national price of $130,380 was down by 4.1 percent from 2009 and is projected by ULI senior resident fellow John McIlwain to fall another 5 percent in 2011;
- the ongoing foreclosure crisis—more than 2 million foreclosures occurred last year, and an equally high number is expected this year;
- high unemployment—the February 2011 rate was 8.9 percent and, while it is beginning to fall, it will take years for all who want work to find it;
- the fact that about 25 percent of the nation's current homeowners have mortgages that are "underwater"—that is, that exceed the value of their home;
- a drop in the national homeownership rate from the 2004 economic-boom peak of 69 percent to the current level of 66.6 percent;
- looming changes in the federal housing finance system that likely will raise the cost of home financing; and
- an eventual increase in mortgage interest rates to the long-term norm of 7 to 8 percent.

The challenge for ULI—particularly among the district councils active in metropolitan markets across the country—is laying the groundwork for communities to best compete in the new economy. This means helping create the quality-of-life ingredients that attract and keep the most educated and creative of the Gen Y cohort. Gen Y's housing preferences and housing realities will develop in tandem with objectives of providing a full spectrum of housing for people of all incomes, ages, and stages of life.

I would like to thank the ULI Foundation for funding this groundbreaking research on the housing preferences of Gen Y. I am sure it will spawn a vibrant dialogue across the ULI network and in communities across the country.

Patrick L. Phillips
Chief Executive Officer
Urban Land Institute

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Generation Y:
America's New Housing Wave

In 2010, Generation Y surpassed the baby boomers to become America's largest generation. Gen-Yers currently are 15 to 32 years old, are moving into apartments and buying homes, and will dominate residential demand for much of their lives—just as the boomers did over the past 45 years.

To get a sense of this young generation's housing circumstances and future preferences, the Urban Land Institute (ULI) commissioned an online survey of a nationally representative sample of Gen-Y individuals ages 18 to 22 who are no longer in high school. The survey was conducted in summer 2010. This monograph summarizes the findings.

FIGURE 1: Who Is Gen Y?

Age in 2010 (Years)	Share of U.S. Population (%)	
81+	3.3	Silent Generation
65–80	9.7	Depression and War Babies
46–64	24.6	Baby Boom
33–45	17.2	Gen X
15–32	**25.0**	**Gen Y**
<15	20.1	Gen Next

Source: U.S. Census Bureau, 2010.

Who Is Gen Y?

As illustrated in figure 1, Generation Y accounts for one-quarter of America's population, and its share of the population will keep growing because most new immigrants arrive in the United States as young adults. As happened with the boomers, Gen Y's ranks will expand until the youngest are well into their 30s, which is 20 years in the future. Meanwhile, the number of boomers is shrinking, as are the two oldest age cohorts—people born during the Great Depression and World War II, and the "silent generation," which is now 81 years of age and older.

Figure 2 offers a comparative snapshot of America's two huge consumer generations: the baby boomers and Gen Y. Because both cover broad time spans, they have older and younger members. Boomers range in age from Michelle Obama to Bill Clinton. The younger contingent is just hitting its peak earning years, while the oldest boomers are starting to retire.

Gen Y's youngest members are still in high school. ULI eliminated 15- to 17-year-olds from the survey because they all live at home or at school. The sample's 18- to 24-year-olds include college and trade school students and young adults who are relatively new to the working world. The older cohort is 25 to 32 years old; its members are pursuing careers, attending graduate school, and raising children.

FIGURE 2: **America's Two Big Generations**

Characteristic	Gen Y	Baby Boomers
2010 Size	77.4 million	76.2 million
Birth Years	1978–1995	1946–1964
Age Now	15–32	46–64
Hispanic	19%	10%
Black	15%	12%
Asian	6%	5%
Live to Work	16%	28%
Work to Live	85%	72%
Expect Never to Retire	10%	25%

As highlighted in figure 2, Gen-Yers are ethnically more diverse than the boomers: 19 percent are Hispanic, 15 percent are black, and 6 percent are Asian.[1] In ULI's survey, 6 percent of respondents identify themselves as biracial or multiracial. Among the baby boomers, only 27 percent are members of these minority groups. Many Gen-Yers who have grown up in large metropolitan areas are essentially color-blind regarding race and are comfortable with—and energized by—a wide range of cultures, music, food, and clothing. ULI's senior fellow John McIlwain calls this "the generation of fusion."[2]

The lowest band in figure 2 reflects attitudinal differences, especially with respect to work/life balance (discussed in more detail later in this report). As a group, Gen-Yers are committed to work and want to make meaningful contributions on the job, but they also value their personal time and their relationships with friends and family. Balance is important.

"When I was your age, I was an adult."

Gen-Yers grew up with computers, cell phones, texting, and finding instant online answers to questions. Blogs, craigslist, quality rankings of everything, and opinion polling are integral to their lives, and they expect (and give) continuous feedback. They are well-traveled and urbane. Even so, many parents of Gen-Yers contend that age 30 is now what

20 used to be: as highlighted in the *New Yorker* cartoon on the previous page, adolescence lasts longer than many believe used to be the case.

To describe today's 20-somethings, psychologists coined the term *emerging adulthood*, with emphasis on "emerging." Confirming this concept, one-fifth of ULI's survey respondents still live with parents and/or siblings. High unemployment rates keep some Gen-Yers at home, but that issue may be overstated; many are just not ready to fend for themselves—and parents may not be anxious to lose them. These are not rebellious young people, and they have been happy at home. In fact, the survey suggests that once they do leave home, many are determined to emulate their parents' living patterns.

Survey Methodology

ULI's primary goal was to discover Gen Y's current and anticipated housing preferences—looking ahead five years to 2015. The 1,241-response sample is nationally representative in terms of age, ethnicity, and the four regions of the country; the confidence level is plus or minus 3 percentage points on major questions. Conducted online using a panel assembled by Zoomerang, an online survey research company, the survey reached only computer-oriented respondents—though when targeting this "net generation," that is not a serious limitation. The breakdown of respondents by sex is 54 percent female and 46 percent male, so men are somewhat underrepresented.

The sample's age range is skewed toward older Gen-Yers, partly because high school students were eliminated and partly because Zoomerang's interviewee panel is older. Among ULI's respondents, 36 percent are 18 to 24 years old and 64 percent are 25 to 32. Having fewer respondents living at home or in college dorms provides more useful information on Gen Y's housing market participation; however, one result of oversampling the older Gen-Yers is that a startlingly high percentage of respondents already own their residences.

On the negative side, the older skewing explains the underrepresentation of Hispanics. Half the Hispanic respondents are 18 to 24, though this younger contingent accounts for only a third of the total sample. Therefore, disproportionate shares of the survey's Hispanic and black respondents are in school now, attending college, or involved in vocational training.

Survey respondents reside in rural areas, small towns, suburbs, and central cities of all sizes; there is no bias toward large urban areas. The sample geographically represents the U.S. Census Bureau's four regions, with the following percentage distribution: South, 37 percent; Midwest, 24 percent; West, 21 percent; and Northeast, 18 percent.[3] As it turns out, survey responses exhibit little variation by region.

Most Gen-Yers live in the same region in which they were born; however, 6 percent are foreign born, most of whom now reside in the South or West. A modest number of native-born Gen-Yers migrated from the Northeast to where they live today. An above-average share of African American respondents live in the South, and Hispanics are disproportionately in the West.

Looking ahead to where they expect to reside in 2015, one sees virtually no change in the regional distribution, after removing the 7 percent who say they will go wherever their (or their spouse's) job requires.[4] This suggests that Gen Y will not accelerate the decades-long shift of Americans from the Frostbelt to the Sunbelt.

With over 77 million members, Gen Y generates—and will continue to generate—enormous consumer demand. Even if only 2 percent choose to live in manufactured housing, for example, that amounts to 1.5 million residents. For years to come, Gen-Yers will generate market potential for every residential product except housing for seniors.

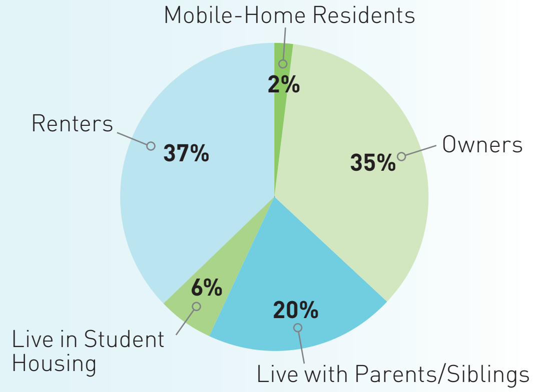
In recognition of the diversity inherent in so large a generation, this analysis of ULI's survey results is organized by four overall themes:

- Adolescence ⟷ Adulthood;
- Renters ⟷ Owners;
- Work ⟷ Life; and
- Rural ⟷ Urban.

Adolescence ⟷ Adulthood

The emerging adulthood continuum is a unique characteristic of Gen Y.[5] As illustrated in figure 3, over one-quarter of surveyed Gen-Yers still rely on their parents or their colleges for housing. Among the total respondents living at home or school, 55 percent are under 25 years old, but a more startling 45 percent are between 25 and 32 years old.

FIGURE 3: **Current Gen-Y Housing**



Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,210

Figure 3 actually understates Gen Y's degree of dependency for three reasons:

- The survey omits members of the large 15- to 17-year-old cohort, who all live at home or school.
- As mentioned, the sample is skewed older, so there is probably a disproportionate share living "independently."
- Many surveyed renters may count on their families to help cover some or all of their monthly expenses. This is especially true not only if they are still in college or in career training programs, but also if they work in a modestly paid occupation—retail clerk, service employee, aspiring actor, musician, museum curator—or are newly minted entrepreneurs.

The most surprising finding from the survey is the percentage of respondents who already own a home. (This will be covered in detail later.) If those in figure 3 who are living with relatives or in college housing are excluded, owners comprise nearly half

FIGURE 4: Gen Y-ers Living at Home by Age

Age	% Living at Home
18–24 Years	29
25–32 Years	14
Total Sample	2

Source: ULI/Lachman Associates Survey, Summer 2010.

the remainder. Gen Y appears to have taken full advantage of the first-time homeowner tax credit.

Living at Home versus Living Independently

As discussed above, the Gen-Yers living at home tend to be younger—nearly 30 percent of the 18- to 24-year-olds (see figure 4). However, 14 percent of respondents between ages 25 and 32 live with their parents or other relatives. For the first time in decades, America's average household size is inching up as Gen-Yers (and even some Gen-Xers) take longer to leave home—or return to their parents after losing a job. In 2009, according to the Census Bureau, the average household contained 2.59 people, up from 2.56 in 2007. The recession is certainly a key reason, but slow progress in emerging adulthood contributes as well.

Educational Attainment

ULI's survey respondents have spent a lot of time in school and are somewhat better educated than Gen Y as a whole. As summarized in figure 5, 12 percent have some postgraduate education, and two-thirds of those have master's, doctorate, or professional degrees. Another 25 percent have bachelor's degrees, and 11 percent have associate degrees. Less than one-quarter of the sample has no college education, though 10 percent of the non-college-educated respondents have attended trade school or participated in apprenticeship programs.

FIGURE 5: Education of Survey Respondents

Highest Level of Education Completed	Age 18–24 Years	Age 25–32 Years	Total Survey
High School, Trade School, or Less	30%	19%	23%
Some College	52%	33%	40%
Bachelor's Degree	14%	31%	25%
Advanced Degree or Postgraduate Work	4%	17%	12%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,241

As one might expect, more of the older respondents have completed college and postgraduate degrees; many 18- to 24-year-olds are still going to school, which is why a majority of them have only "some college." When looked at by ethnicity, Hispanics' educational profile matches that of the 18–24 cohort, and blacks parallel the total survey figures.

Marital Status

Nearly four of every ten surveyed Gen-Yers are married or have a partner. Among the 25- to 32-year-olds, half are in committed relationships, as highlighted in figure 6. Among women, 43 percent are married/partnered, compared with only 31 percent of the men. Almost seven of ten male respondents are single. Only 24 percent of black women and men are married/partnered,[6] well below the 34 percent figure for Hispanics and the 37 percent share for the total sample.

FIGURE 6: Marital Status by Age

Status	18-24	25-32	Total Survey
Single, Divorced, or Widowed	85%	50%	**63%**
Married or Partnered	15%	50%	**37%**

Source: ULI/Lachman Associates Survey, Summer, 2010.
N = 1,241

Children in the Home

As shown in figure 7, seven of ten respondents do not have children living with them, and among 25- to 32-year-olds, the proportion is closer to six of ten. Of the 29 percent with children in their homes, one-quarter are single parents. One-third of Hispanic respondents live with one or more children—slightly above the percentage for the total sample but not a statistically significant difference. The proportion of black respondents with children is the same as the survey average. Only 8 percent of respondents identify themselves as stay-at-home parents.[7]

FIGURE 7: Children at Home by Age of Respondent

Age	No Children in Household	Children at Home	Total
18–24 Years	87%	13%	100%
25–32 Years	63%	37%	100%
Total Sample	71%	29%	100%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,241

Renters ⟷ Owners

ULI's survey reveals a lot about Gen Y's residential patterns, their living preferences five years from now, and their locational biases (discussed in the last section of this monograph). Because the survey was conducted online, questions could be answered quickly. In retrospect, many more questions could have been asked, especially about housing costs and financing. As mentioned earlier, the high number of Gen-Y homeowners was unexpected, so left unexamined were their use of first-time buyer tax credits; experiences (if any) with delinquency, default, or foreclosure; mortgage terms; or monthly housing outlays. Although they were asked about the type of housing they occupy (single family versus multiunit), they were not asked about the age or size of their homes. Future surveys can fill the information gaps. Gen-Yers are candid and forthcoming and enjoy being asked for their opinions.

FIGURE 8: Gen-Y Housing Tenure by Age/Ethnicity

	Renters	Owners	Other*
18–24 Years	38%	15%	47%
25–32 Years	37%	48%	15%
Total	38%	36%	26%
Hispanics	35%	33%	32%
Blacks	44%	22%	34%
Whites	37%	40%	23%

Source: ULI/Lachman Associates Survey, Summer 2010.
***Living with relatives or in student housing**
N = 1,182

Homeowner Characteristics

As illustrated in figure 8, it is predominantly the older Gen Y members who have already acquired homes and condominiums; however, 62 respondents who are not yet 25 also own their dwellings.

By ethnicity, 40 percent of white respondents own versus 33 percent of Hispanics and 22 percent of African Americans. The fact that more of the Hispanic and black respondents are in the 18-to-24 age bracket reduces their probability of homeownership; this also explains why more Hispanics and blacks are still living with their parents or other relatives.

Gen-Y homeowners are well educated. Of the 900 respondents who are in college or have received their degrees, 68 percent already own their residences; less than one-third rent. The more college education Gen-Yers have, the greater their propensity to own.

As highlighted in figure 9, Gen-Y owners are dispersed throughout urban settings. Just over one-fourth are in central cities—in or around downtowns or in other urban communities. About one-fifth are in older suburbs of metropolitan areas, but, lest too strong an urban orientation be attributed to Gen Y, it is worth noting that 21 percent live in small cities/towns and 14 percent in rural areas. In total, 35 percent of respondents reside outside major metropolitan areas.

Few current owners expect to move in the next five years, so little change is likely in their location patterns. However, many more survey respondents anticipate becoming owners by 2015. As portrayed in figure 10, two-thirds expect to be owners, including over half those in their 20s. Among those who will be in their 30s, three-fourths believe they will be homeowners.

Of those saying they do not expect to own by 2015, seven of ten claim they will own at some future time. Gen Y's abundant optimism shines through in the observation that over half those currently living with their parents believe they will have acquired their *own* homes by 2015!

By ethnicity, Hispanics are ahead of whites in their ownership expectations. Blacks have slightly more modest homebuying goals, but the difference is not statistically significant.

Among those planning to buy in the next five years, downpayment expectations are as follows:

Downpayment as Percentage of Price	Share of Respondents
Under 10%	21%
10–20%	39%
20–24%	25%
25–29%	6%
Over 30%	9%

That such a high percentage of future homeowners expects to put down less than 20 percent on a home purchase suggests that Gen Y may not be fully apprised of today's tighter mortgage underwriting standards.

FIGURE 9: Current Location of Gen-Y Owners

In/Near Urban Downtown	**12%**
Other In-City Neighborhood	15%
Older Suburb	21%
Newer, Outlying Suburb	17%
Small City/Town*	21%
Rural Community	14%

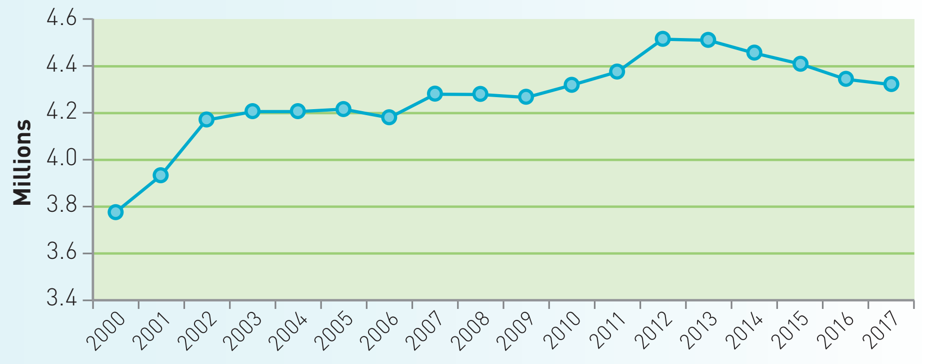
Source: ULI/Lachman Associates Survey, Summer 2010.
***Containing 50,000 people or less**
N = 430

FIGURE 10: Expected Housing Tenure in 2015

		Expected Housing Tenure		
Age Today	**Age in Five Years**	**Own**	**Rent**	**Total**
18–24	23–29	53%	47%	100%
25–32	30–37	75%	25%	100%
All Respondents		67%	33%	100%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,241

FIGURE 11: **Gen-Yers Turning 22, 2000–2017**



Source: U.S. Census Bureau.

Regardless of the amount they anticipate putting down, two-thirds of future buyers expect to draw upon personal savings, and almost 10 percent will use equity in homes they currently own. Surprisingly, only 4 percent say they will rely on relatives, though another 9 percent intends to use a combination of savings and assistance from relatives. Just 13 percent admit to not knowing the source of funding for the downpayments they plan to make by 2015.

Renter Characteristics

Of the 443 renters in ULI's 1,241-person sample, about 60 percent are in apartments and nearly 40 percent rent houses or rooms in houses. There is no difference in the age profiles of those renting apartments versus those renting houses. Renters' characteristics contrast with owners': tenants are younger, are more likely to be single rather than married/partnered, are less well educated, and are more likely to be African American. These are generalizations, though; renters can be found in all socioeconomic categories.

Historically, market analysts used young people turning 18 as a key indicator of rental demand; however, thanks to emerging adulthood, young men and women are taking longer to get out of the house and out of college. So, instead, the number of people turning 22 has become a more appropriate guidepost of future rental housing demand. About 4.3 million Gen-Yers turned 22 in 2010, as shown in figure 11, and the number will exceed 4.5 million in 2012 and 2013. For at least ten years—into the period when "Generation Next" emerges—well over 4 million American residents will turn 22 each year, producing solid apartment demand for the foreseeable future.

Future Housing Preferences

Figure 12 lays out the types of housing members of Generation Y want—showing much the same single-family bias as their parents; but Gen Y intends to own sooner. Only 9 percent expect to acquire condominiums or co-ops. This relatively small share reflects the fact that condominiums and co-ops may not be available in smaller metropolitan areas or even in the suburbs of large cities, and they are not part of the housing mix in most small towns or in rural areas.

FIGURE 12: Anticipated Housing in 2015

Housing Type	Expected Owners	Expected Renters	Total Survey
Apartment/Condominium	9%	60%	25%
Duplex, Rowhouse, Townhouse	5%	7%	6%
Single-Family Home	82%	28%	64%
Mobile Home	3%	3%	3%
Other	1%	2%	2%
Total	100%	100%	100%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,241

Although apartments dominate among those who expect to be renting five years from now, 35 percent anticipate being in duplexes, townhouses, or single-family homes. In many suburbs and small towns—and especially in rural areas—single-family homes (whether attached or detached) are the only rentals available because the multifamily stock is meager to nonexistent. It is easy to forget that single-family houses generally account for a quarter of all rentals nationally, year in and year out. Because of the recent decline in the homeownership rate and the high number of foreclosed single-family properties being rented out by lenders or investors, the current ratio of house rentals is undoubtedly higher.

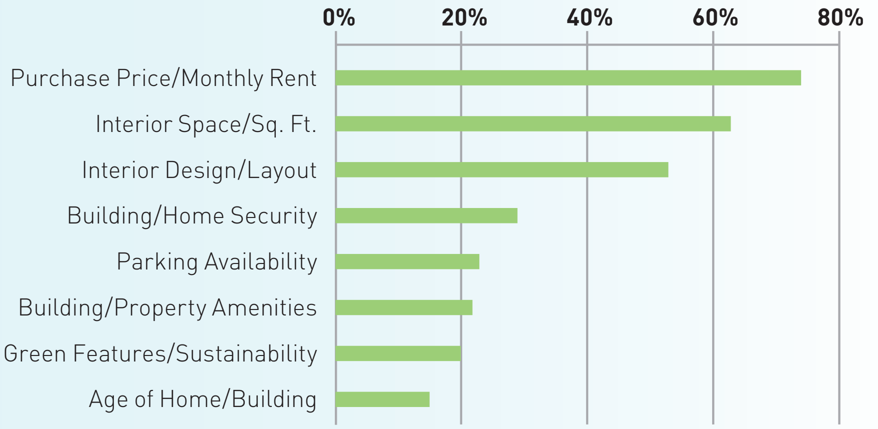
ULI asked Gen-Yers to rank the importance of eight different housing features when selecting a rental or ownership unit. Not surprisingly, cost ranks number one overall, but interior space and design are important as well. As indicated in figure 13, none of the other features is ranked among the top three by a majority of respondents.

Owning or renting a brand-new residence is not critical to Generation Y. Only 15 percent consider building age as a top-three feature; and in another survey question, only 13 percent say that living in a brand-new unit would be "very important" to them over time, and 45 percent claim that newness is not important at all.

Work ⟷ Life

Gen Y will dominate the workforce for the next 40 years, so employers scrutinize their attitudes and work habits. This generation favors interaction, teamwork, clear direction, and frequent feedback. They want to be challenged and are willing to work hard. However, they look for balance and favor efficiency, will work remotely when it makes sense, value social interaction within the workplace, and reject the notion of working unnecessarily long hours for the sake of appearance rather than because of genuine deadlines.

FIGURE 13: **Importance of Housing Features***

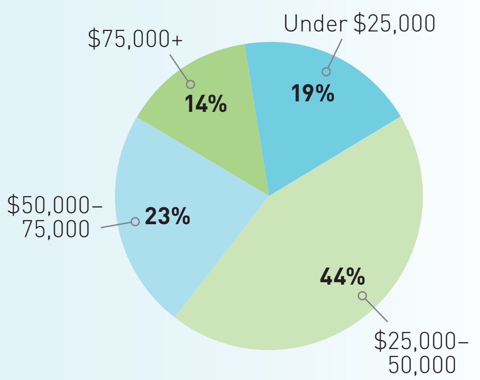


Source: ULI/Lachman Associates Survey, Summer 2010.
***% of respondents ranking each feature 1st, 2nd, or 3rd**

Almost half of ULI's survey respondents are employed full time, and nearly two-thirds work at least 20 hours a week. Another 14 percent are looking for jobs, which is well above the national unemployment rate but makes sense given their age. When they look ahead five years, three-quarters expect to be employed full time. Most of the remaining respondents anticipate still being in school or staying at home with children.

Figure 14 presents reported incomes of the full-time workers in the survey, who earn a median income of about $41,000.[8] The figures are for individuals and therefore do not necessarily reflect total household purchasing power for married or partnered workers.

FIGURE 14: **Full-Time Workers' Incomes**



Source: ULI/Lachman Associates Survey, Summer 2010.
N = 571

Work Locations

Among all workers, as illustrated in figure 15, nearly half are employed in a central city, either downtown or elsewhere within the city boundaries. Most of those who work in the city also live in the city. Likewise, small-town people work and live in similar communities. Gen-Yers who currently reside in outlying suburbs are as likely to work in central cities as in suburbs.

When asked where they think they will work in five years, one-quarter say "wherever I can find a job,"[9] and 7.5 percent say they will not be in the labor force. Of the remainder, 55 percent anticipate being employed in central cities, 21 percent in suburbs, and 23 percent in small towns or rural areas. Bottom line: more see themselves working downtown in 2015 than is true today, perhaps suggesting that cities appeal to members of Generation Y as a place to work, even if they prefer not to live in dense urban places. Of those who expect to work downtown, 44 percent also envision living downtown. Twice as many downtown workers will be single rather than married/partnered. By ethnicity, 19 percent of Gen-Yers who expect to work downtown are Hispanic and 17 percent are African American.

FIGURE 15: Work* Locations Now and in 2015

Work Location	2010 (n = 764)	2015 (n = 839)
In/Near Urban Downtown	28%	34%
Other in-City Neighborhoods	19%	21%
Older Suburb	16%	11%
Newer Outlying Suburb	8%	10%
Small City/Town	21%	17%
Rural Community	8%	6%
Not in United States	—	1%
	100%	100%

Source: ULI/Lachman Associates Survey, Summer 2010.
***Respondents working at least 20 hours/week**

Leisure Activities

As mentioned, Gen-Yers place a high value on work/life balance. When asked how they like to spend free time when not working or at school, the highest-ranked activity is "spend time with family/friends." Watching television is a close second, as shown in figure 16, but friends and family dominate for all ages of respondents—from 18 to 32. Among older Gen-Yers, reading ranks high; whereas the younger set is into exercise, outdoor sports, biking, and social networking. Unsurprisingly, more women than men are attracted to shopping.

Important Community Features

Survey respondents were asked to rank the features they consider most important in evaluating a residential neighborhood in which to live in the future. "Community character" topped the list, followed by safety. Only 5 percent name proximity to work as the primary factor; however, two-thirds say proximity to work is one of the five most important neighborhood attributes. Proximity to friends and family was almost as important—more evidence of the desire to balance work and life.

Rural ⟷ Urban

The question of whether those surveyed consider themselves city people, suburbanites, small-town folks, or "country" persons elicited the answers shown in figure 17. Unexpectedly, ULI's respondents are evenly distributed along this continuum. If the totals in the latter two categories are combined, the split is equal among city, suburban, and small-town/country people.[10] This characterization matches respondents' current residential locations, so they are not fantasizing wistfully about moving to the hinterlands.

FIGURE 16: **Preferred Free-Time Activities**

When not working or in school, how do you like to spend free time?

Ranking	Activity	% Selecting
1	Spend time with family/friends	58
2	Watch TV	56
3	Read	42
4	Listen to/play music	40
5	Go shopping	33
6	Online social networking	32
7	Go to gym/do yoga/exercise	31
8	Play computer games	29
9	Other hobbies	27
10	Travel outside local city/town	21
11	Play outdoor sports with friends	18
12	Run/ride bike	16

As this group grows older, the share of Gen-Yers who characterize themselves as city people declines: 36 percent of 18- to 24-year-olds characterize themselves as city people, as do 35 percent of 25- to 29-year-olds; the share then drops to just 27 percent of 30- to 32-year-olds. Among the older respondents, 37 percent say they are suburbanites, 24 percent are small-town people, and 12 percent identify themselves as country people.

Not surprisingly, more singles (38 percent) call themselves city people, and more married or partnered households (39 percent) consider themselves suburban. For small-town and country preferences, though, the singles and partnered respondents match the overall proportions in figure 17. Among households with children, 35 percent are suburbanites, but a relatively high 26 percent are city dwellers—basically the same as the small-town proportion.[11]

Significant variations in self-characterization come with ethnicity. Over half of all Hispanics and blacks identify themselves as city persons—nearly twice the proportion of whites—whereas far more whites consider themselves small-town and country people. Recall that the African American and Hispanic respondents are skewed younger, which contributes to the stronger city identification among young Gen-Yers.

Just over one-third of respondents expect to live in central cities in 2015—in keeping with the overall city identification shown in figure 17. At the other end of the spectrum, though, 11 percent expect to be in rural communities, which matches the current living situation of the survey sample.

FIGURE 17: Gen-Y Characterization by Ethnicity

Self-Characterization	Hispanic	Black	White	Total Sample
City Person	51%	54%	28%	33%
Suburbanite	30%	28%	36%	35%
Small-Town Person	17%	12%	23%	21%
"Country" Person	2%	6%	13%	11%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,241

Figure 18 summarizes the types of housing currently occupied by self-characterized city, suburban, small-town, and rural people. The differences among community types are not dramatic, which is interesting in itself; however, ownership dominates among suburbanites and country residents, and rental apartment living is highest for city people. Notable are the double-digit percentages in all geographies for rented houses. As indicated earlier, this is a sizable but often forgotten segment of the rental inventory.

Walkability and Mass Transit

Lots of generalizations are made about the importance of urban lifestyles and high-density activity nodes to younger Americans, so ULI asked Gen-Yers how critical walkability is to shopping and social gathering places. As reflected in figure 19, nearly

FIGURE 18: Gen-Y Self-Characterization by Living Situation*

Living Situation	City Person (n = 400)	Suburbanite (n = 426)	Small-Town Person (n = 252)	Country Person (n = 132)
Own Residence	28%	42%	33%	43%
Rent House	16%	10%	18%	12%
Rent Apartment	27%	24%	18%	13%
Live with Parents	21%	17%	23%	21%
Live in Student Housing	7%	6%	4%	3%
Mobile Home	1%	1%	4%	8%

Source: ULI/Lachman Associates Survey, Summer 2010.
***Residence in fall 2010**

FIGURE 19: **Importance of Walkability**

Importance of Shopping and Social Gathering Place Being within Walking Distance of Home	Hispanics	Blacks	Whites	Total
Essential	24%	21%	12%	14%
Preferable	47%	49%	49%	50%
Not an Issue	29%	30%	39%	36%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,234

two-thirds of respondents say it is either essential (14 percent) or preferable (50 percent) for their communities to be walkable. Clearly, walkability is more important for Hispanics and blacks than for whites. Of all respondents saying walkability is essential, half are central-city residents and one-fifth live in older suburbs. Among those identifying themselves as city persons, 22 percent consider walkability essential, and 24 percent say it is preferable. The survey did not ask about automobile ownership. Walkability can be a necessity—not just a preference—for young adults who cannot afford a car or live in a household where one car has to be shared.

When regarding which community features are most important in choosing a permanent place to live, access to mass transit ranked first, second, or third among 21 percent of those surveyed. Just under 15 percent put walkability in first, second, or third place.

FIGURE 20: **Expected Transport to Work in 2015**

	Age 18–24 Years	Age 25–32 Years	Total
Drive	69%	74%	72%
Public Transit	7%	7%	7%
Walk or Bike	6%	4%	5%
Combination of Two of Above	12%	10%	10%
Work from Home/ Telecommute	6%	5%	6%

Source: ULI/Lachman Associates Survey, Summer 2010.
N = 1,241

ULI asked respondents to look ahead five years and say how they expect to travel to work. As shown in figure 20, more than seven of ten expect to drive—lower than the 86 percent of all U.S. workers who either drove alone or carpooled in 2008, according to the American Community Survey. Nationally in 2008, 5 percent of workers commuted by public transit, whereas 7 percent of the Gen-Yers surveyed expect to use public transit, and another 10 percent say they will use a combination of driving, public transit, walking, and biking.

As is the case with the importance of walkability, far more African Americans (14 percent) and Hispanics (11 percent) expect to rely on public transit to get to and from their jobs than do whites.

Conclusion

This generation is not destined for radical change. Even though many Gen-Yers are maturing slowly, their goals largely match those of their parents. Furthermore, these are optimists. They certainly pay attention to the financial crisis, which they must face as they try to find and keep jobs, but they have not yet seriously altered their dreams. Fully 90 percent envision becoming homeowners eventually, and most think their purchases will occur sooner rather than later.

Notes

1. Only 15 percent of ULI's survey respondents identify themselves as Hispanic. This lower Hispanic representation is explained by the elimination of 15- to 17-year-olds and by the fact that survey respondents are skewed older: the younger Gen-Y cohort is more heavily Hispanic than the older half of the generation.
2. *Housing in America: The Next Decade* (Washington, D.C.: Urban Land Institute, 2010), 14.
3. ULI's sample overweights the Midwest and underweights the West by 2 percentage points each—not a meaningful variance.
4. In answering the question about the region in which they will live in 2015, 7 percent of respondents say they will go wherever a job takes them. When asked where within an individual metropolitan area they will live in 2015, a higher 12.5 percent say they will locate where there is a job. And when queried on where in a metro area they expect to work in 2015, 25 percent say they will go where their job takes them—downtown, other city neighborhood, older or newer suburb, etc. Gen Y is far more willing to move within a region than from one region to another.
5. In previous generations, young adult women got married earlier and, if they had not married, they tended not to move out on their own. The Census Bureau's historical files indicate that only 35 percent of women ages 18 to 24 lived with their parents in 1960, 43 percent in 1980, 47 percent in 2000, and 49 percent in 2009.
6. This difference corresponds to data in the Census Bureau's "America's Families and Living Arrangements: 2009" report. Among blacks ages 18 to 34, 19 percent are married with a spouse present (partners are not covered); among all Americans in this age group, the married share is 32 percent.
7. This is actually a significant share of the 29 percent who have children at home.
8. The Census Bureau's "Current Population Survey: 2010" reports 2009 mean earnings for 18- to 24-year-old, full-time, year-round workers at $27,177; the figure for 25- to 34-year-olds is $45,363. These data correlate well with ULI's survey results.
9. Interestingly, 30 percent of women versus 20 percent of men say they will locate wherever they can find employment.
10. Respondents who have not attended college are more likely to identify themselves as small-town and country persons.
11. When asked about the importance of various features in evaluating potential residential communities, Gen Y-ers found K-12 school quality less important than expected. Only 15 percent say school quality is one of the two most important factors in selecting a neighborhood. Even though 71 percent of respondents do not have children at home, the effect of school reputation on home values has traditionally made it an important consideration in purchase decisions.

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