

# Multifamily Trends by Generation

Millennials, Boomers, and the intergenerational gap redefining multifamily

By ED CADAVERONA



**F**rom apartment design and amenities, to unit size and technologies incorporated, the topic of millennials' influence on multifamily trends has been nothing short of exhausted.

Since entering the rental market, millennials (1981-1996) have made headlines over their attitudes and priorities in life, and the timeline in which they're aspiring to achieve more "traditional" milestones. With a quarter (25 percent) of this demographic still living with their parents and nearly two-thirds (60 percent) not yet married, it's no surprise that homeownership among this group trails about eight percentage points behind their Gen X and Boomer counterparts when they were this age.

As we approach the 20-year anniversary of millennials entering the apartment rental market, it's important to reassess how their lifestyles today are evolving and whether the multifamily sector is keeping up with their needs. More importantly, should we still be talking about millennials' influence on multifamily as one homogenous group?

A closer look at the 16-year age gap between today's millennial group leads us to conclude that the answer is a hard no. The real estate development and design industry needs to address the specific and very divergent needs for the nation's largest demographic group, which encompasses young adults who are turning 23 to those blowing out 38 candles this year.

## Single-Family Shift for Older Millennials

For many years, multifamily housing has been an attractive option for millennials. These accommodations meet their need for living in, or close to, urban cores and they often are more affordable than single-family homes. The evidence lies in the record-breaking numbers, in terms of deal activity, rents, and new developments, observed by the multifamily sector in the past three years. But now that older millennials are well into their thirties, many are looking to purchase their first single-family

homes in more suburban neighborhoods and a quiet and safe environment to raise a family.

In fact, while this group has waited much longer than past generations to purchase their first home, they are now a force of reckoning in the mortgage industry, outpacing all other generations in volume and size of mortgages. While affording homeownership remains a

and millennials gravitating toward the same multifamily communities. This convergence is happening organically as baby boomers are looking to downsize from their high-maintenance homes while millennials are either saving to buy them or seeking the live-work-play lifestyle for which multifamily is known.

AO recently completed Vici, an urban

*A new trend is emerging that sees boomers and millennials gravitating toward the same multifamily communities.*

struggle for most, it's proving a more strategic – and affordable – alternative than renting given today's soaring rates and limited inventory on larger, more "family-sized" options.

## Co-Living for Younger Millennials

While older millennials are exiting the multifamily market, younger millennials are just now making their grand debut along with older members of Gen Z (born after 1997). In terms of multifamily development design and amenities, there is a lot of buzz around this age group trending toward "co-living." As a result, some new multifamily projects are incorporating student housing trends with micro-units equipped with modular "all-in-one" furniture, kitchenettes, and small bathrooms. They also include larger, more spacious communal areas boasting fully equipped commercial kitchens and dining areas on each floor in lieu of "traditional" kitchens in clubhouses.

Yet, not every developer is jumping on the co-living bandwagon. Many see it is a fad and question the viability of this type of project. And for good reasons. Studies are emerging pointing to the potential mental health risks inherent to living in small spaces.

## Appealing to Both Millennials and Boomers

A new trend is emerging that sees boomers

mixed-use project for HG Fenton Company in "Little Italy" in San Diego, Calif. That is comprised of 97 units atop ground floor retail and a large public plaza. The project was designed with baby boomers in mind, but has attracted millennials who have started to move in. Baby boomers, who are overall more financially secure, are renting the larger units while millennials are moving into studio and one-bedroom units.

What brings both generations together in this community is the five-star living experience that Vici offers, and also the vibrant, walkable urban neighborhood filled with bustling restaurants and retail that both groups are seeking. Similarly, retail repositioning which revitalizes dying malls by infusing them with high-density housing is sought after by both baby boomers and millennials, fulfilling their yearning for easy access to dining, entertainment, shopping, and social interactions all at once.

A key takeaway: great location, mix of uses, and good, thoughtful design are key ingredients to create viable projects that transcend generations. **BD**

Ed Cadavona is partner at architectural services firm *Architects Orange*. To learn more, he may be reached at [edc@architectsorange.com](mailto:edc@architectsorange.com) or 714-639-9860.