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Generation Gap: 2013

Baby Boomers have more in common with their children than their parents



Urban partying is the thing for Generation Yers at Hard Rock Hotel's Float poolside bar in the Gaslamp Quarter. Whether they'll live downtown and stay there through child-bearing years is an open question.
Hard Rock Hotel

For all the distress in the housing market, most Americans still aim to own rather than rent -- and expect their homes to prove to be a good investment, a new report from the Urban Land Institute says.

However, the survey of 1,202 adults conducted earlier this year also identified baby boomers and their Generation Y children as having more in common with each other than with the seniors, born before 1947, and Generation Xers, born between 1966 and 1978.

"Seven in 10 believe that buying a home is a good investment for them, even in the aftermath of the housing and mortgage difficulties the nation has witnessed in the last few years," said the consulting firm Belden Russonelo Strategists in the report presented at the ULI spring convention in San Diego earlier this month. "Two-thirds of residents of the U.S. say they own their home and seven in 10 renters are hopeful that within five years, they will join the ranks of homeownership."

The young Gen Yers, born between 1979 and 1995, are currently most likely to rent today. But in five years 69 percent hope to be owners, up from 40 percent today.

While 71 percent of those surveyed believe homeownership is a good investment, only 40 percent of seniors -- 74 percent of whom are owners -- believe that's true.

Nancy Belden, who helped conduct the survey, said she was "a little surprised" by the results, considering that 14 million Americans remain under water on their mortgages -- owing more than their homes are worth.

"This is the land of opportunity -- someday my ship will come and I will be able to prevail," she said is the traditional American attitude. "It reflects an optimism that is not a completely realistic picture."

Another finding, surprising to "smart growth" advocates, is housing preference. Single-family homes remain the preferred choice for all, but Generation Y and their baby boomer parents show somewhat more interest than others in trading short commutes for less living space.

Many 20-something hipsters want to live in urban centers -- and even in the same high-rises with their parents, according to developer Alan Mark, active in the San Francisco market.



But when they get married and have children, it's an open question if they will revert to earlier generations' flight to the suburbs and better schools.

"The jury is out on whether or not their preferences for the inner city and compact, mixed use will endure," Belden said.

Mark said parents in some cities, such as New York City, are not leaving town when their kids enter kindergarten.

"Gen Y will stay in the city, put their kids in public schools and get involved and improve the schools, and I think we'll see better schools," Mark said.

Compared with earlier generations that bought things, Jamie Gutfreund, chief strategy officer for The Intelligence Group, said her company's "Cassandra Report" finds Gen Y solidly in the "share" not "buy" camp.

"It's a generation of use, not necessarily ownership," she said. That preference is reflected in an upsurge in renting, not owning; leasing cars or paying for them by the hour; listening to music on iPods and downloading books to iPads, not buying CDs and books to store on bookshelves.

Jeff Kreshek, vice president of West Coast leasing at Federal Realty, said in he notices baby boomers and Gen Y "get along together," entertain each other and, despite their love affair with computers and video games, Gen Yers are social animals as well as social media mavens.

"As much as they want to be able to do everything in their boxer shorts on the couch, they still want experience, to leave the house, do things in groups," Kreshek said.

That sociability prompts mall owners to freshen up their properties to beckon consumers and hope they buy something after they've lounged on one of the common area couches.

However, Robert E. Lang, University of Nevada at Las Vegas' director of the campus' Brookings Institution think tank outpost, poured some cold water on broad-brush characterizations of any generation, especially Gen Y.

"I'm sobered to the fact that demographics in and of itself is not destiny," Lang said.

Gen Y is 40 percent nonwhite and has the largest percentage of foreign born or first-generation American status than any since the 1920s, he said. This makeup alone suggests they will not revert to type and escape to the suburbs when children come. Instead, their diversity may portend many different approaches to work and life decisions. But Lang did offer one sweeping prediction:

"This generation is not fearing the big city," he said. "It's never been through an urban crisis like that of the 1970s."

Unaware of the urban riots of the 1960s and urban decay of the '70s, Gen Y may be open to exploring a nonsuburban lifestyle. It'll take clever developers with savvy marketing and detailed-minded architecture to close the sale.

One testimonial in that regard came from Josh Olson, 30, a Denver transportation planner, who was attending the ULI convention. He and his wife have a four-month-old near the center of St. Paul, Minn., and they're sold on Gen Y as the "generation of use not ownership," and one that lives near the center.

"I'm looking to stay there as long as I can," Olson said.