

Continued: Millennials & Housing Trend

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This is already playing out in the real estate market, and there's potential here to have a significant impact including the way homes are being marketed.

The previous generation (X and Y) when coming out of university would rent a 2-bed, 2-bath condo with a friend for a couple years, then find a place to rent on their own, then eventually buy a starter condo around age 26 or 27.

Today, Millennials right out of university, 22-years-old, who have \$30K and want to buy a condo downtown, rather than rent, sometimes with their parent's help or not.

Where are these people going to live over the next few years? And are they going to own the properties in which they reside?

The ultimate decision of where to live and how much to spend is a cross-section of the following:

- 1) Money
- 2) Desire for Space
- 3) Desire to Commute
- 4) Family and/or Upbringing
- 5) Lifestyle

Let me expand on these a bit...

1) Money

This is only a trade-off for the Millennials. The thinking goes like this:

The more I spend on a home, or the more debt I go into, the less I have to spend in other areas of my life. Max-out on a home, and you're "house poor" for the next decade or more. Less travel, less entertainment, and less perks in every area of your lives and my kid's lives.

2) Desire For Space

Maybe I don't need much square footage?

Recent generations grew up fantasizing about a big house, with a lush front lawn, a sprawling backyard in which to play sports, a man-cave in the basement, and four bedrooms for the two kids.

The desire for space is shrinking as fast as the very spaces that condo developers are building these days. The 'average' Millennial thinks of making-do with a little less square footage than their parents. For those that insist on a backyard with a pool, if they don't have the money then they might move to the suburbs.

3) Desire To Commute

It's not just the *commute* itself that's in question. It's the lifestyle change that comes with it. It's a lifestyle, created by the commute.

For those that value the location and walking distance to amenities above all else, will choose a smaller space in the city.

Buy a house in the 'burbs, commute, but get a bigger house.

4) Family and Upbringing

You might work downtown , but if your parents live in the suburbs/neighborhood, one of your siblings live in same suburb/neighborhood, and your spouse's circle of friends live there too, then perhaps buying a home in that area and commuting to work isn't such a bad idea.

Family and friends are probably one of the most important two or three things in all our lives and it is true for the Millennials as well. It's one thing to see them regularly, but it's another thing to simply have that feeling that they're "close." It makes it a lot easier to move out of downtown and into the 'burbs' if you're being welcomed with open arms.

5) Lifestyle

While "money" comes first on the Millennials list, perhaps "lifestyle" is the ultimate decision-maker.

It is the catch-all criteria, in that the commute, desire for space, and family, friends, and upbringing all affect one's lifestyle.

Lifestyle *can* be the deciding factor for many people, but it's often in tandem with one or two of the other items on our list.