

A report that digs into how this influential generation is coping with the realities of the housing market.

# THE MILLENNIAL REPORT

Who prioritizes avocado toast, craft beer, and travelling over home ownership? **Millennials**. It's all about the lifestyle for this generation.



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# THE MILLENNIAL REPORT

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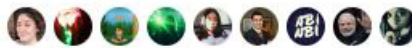
**braden graeber**  
@hipstermermaid

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My generation loves brunch because it's two hours of distraction from the fact we'll never own real estate.

1:15 PM - 19 Mar 2017

2,207 Retweets 4,636 Likes



18



2.2K



4.6K

”

“



**Eindeloos Tussendoortjes**  
@i\_zzzzzz

[Follow](#)

Maybe if millennials spent less on brunch and more on particle physics research they could travel to 1974 and afford a house. Just a thought

1:30 PM - 16 Oct 2016

13,412 Retweets 19,632 Likes



”

“



**joe**  
@mutablejoe



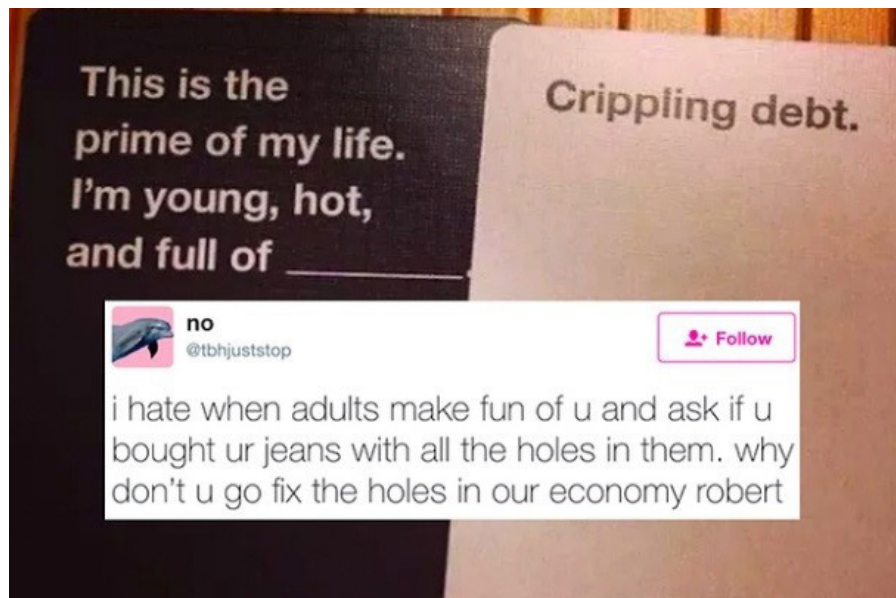
There should be a millennial edition of Monopoly where you just walk round the board paying rent, never able to buy anything.

13.5K 3:58 PM - Nov 26, 2016



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# THE MILLENNIAL REPORT

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**Spence**  
@SpenceDen



Millenials. Walking around like  
they rent the place.

3:31 pm · 03 Jan 18

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**8,024** Retweets **33.1K** Likes

”

## INTRODUCTION

Given their sheer numbers, millennials make up a significant demographic. Many are just coming to an age where they will begin to hit key milestones, like a first child or home purchase (hopefully, or just settle into a nice long-term rental home). Millennials continue to be the focus of much consumer and cultural research and are responsible for the production of a tremendous amount of data, much of which is referenced in this report.

This generation, like their baby boomer parents, is beginning to exert significant influence on North America's economy and culture, which includes the real estate market. This report describes some of the ways millennial renters and buyers are different in the way they approach renting or buying a property from previous generations. These insights provide the investor with knowledge as to how to engage millennials and what needs to be offered to this cohort regarding property type, lifestyle, and amenities to attract and keep this growing tenant profile or sell to this soon-to-be home buyer. Consider this your millennial How-To Manual, replete with avocado-toast tweets. Because if we've learned anything from Twitter about millennials, it's the importance of balancing the budget to afford both housing and avocados. So much so, the British Broadcasting Company (BBC) has created the Avocado Toast Index as part of their generation project to examine the unique experiences and "marquee moments" of millennials.



**Figure 1.** From the BBC's Avocado Toast Index, Vancouver's market





**Figure 2.** From the BBC's Avocado Toast Index, the Global Picture

“



**Rebekah Smith**

@brbwatmelon

Follow



Yesterday I had to make a big decision. Buy an avocado for toast today... or not buy an avocado every day for 448 years to afford a house.

12:44 PM - 18 May 2017

17 Retweets 56 Likes



9



17



56

”



“

**Kaleb Horton**   
@kalebhorton[Follow](#)

Alright, I did the math. If I stopped eating avocado toast every day, I would be able to afford a bad house in Los Angeles in 642 years.

**Curb'd Jorts**  
@JortsAuthority[Follow](#)

monthly budget:

food: \$200

gas: \$300

savings for buying a house: \$50

avocado toast: \$65k

someone who is good at economics please help me

11:30 AM - 15 May 2017

15 Retweets 45 Likes



1



15



45

**Brandon** @satisfyingthud · 15 May 2017

Replying to @JortsAuthority

save less for your house



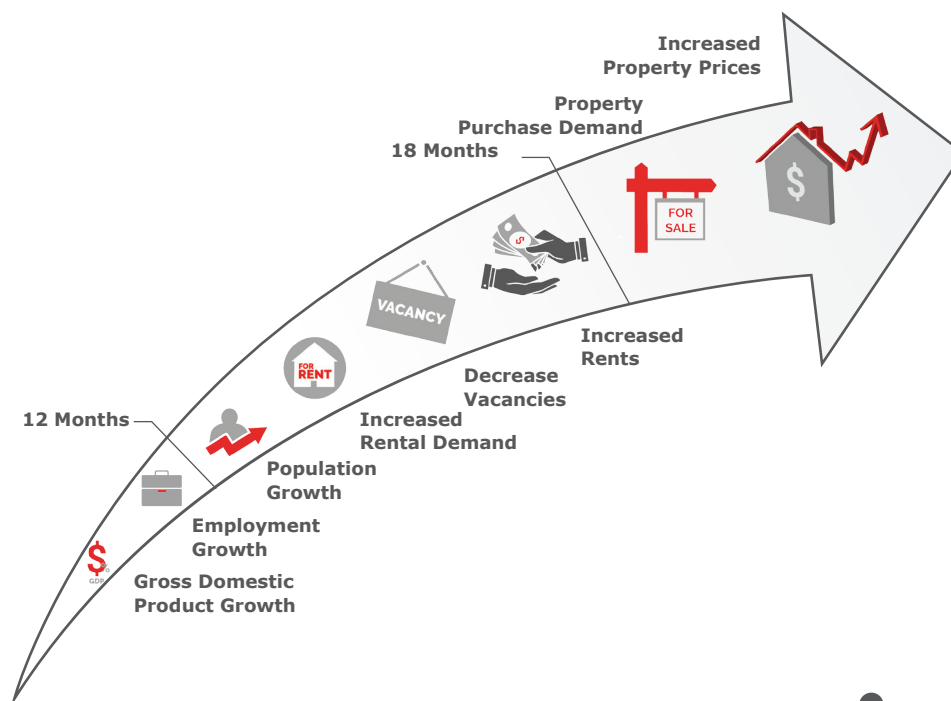
2

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All jokes aside, this generation of first-time home buyers is beginning to rent or purchase real estate in larger numbers, so they need to be your radar if you're in the real estate game. Given the amount of pressure millennials could exert on the rental and housing markets over time as they graduate from colleges and universities and become independent and move into their prime renting and purchasing years, REIN believes that understanding what drives this cohort's decisions around real estate is important. We trust this report digs deeply enough into the specifics of millennial culture to give you an idea of how this generation differs from prior generations in its real estate priorities, and why it matters to you and to your investment real estate.

A reminder of REIN's Long-Term Real Estate Success Formula: population growth is a key demographic driver that creates demand for real estate, such as first-time homebuyers, which millennials are (*Secrets of the Canadian Real Estate Cycle*, p.38-40).

## REIN's Long-Term Real Estate Success Formula

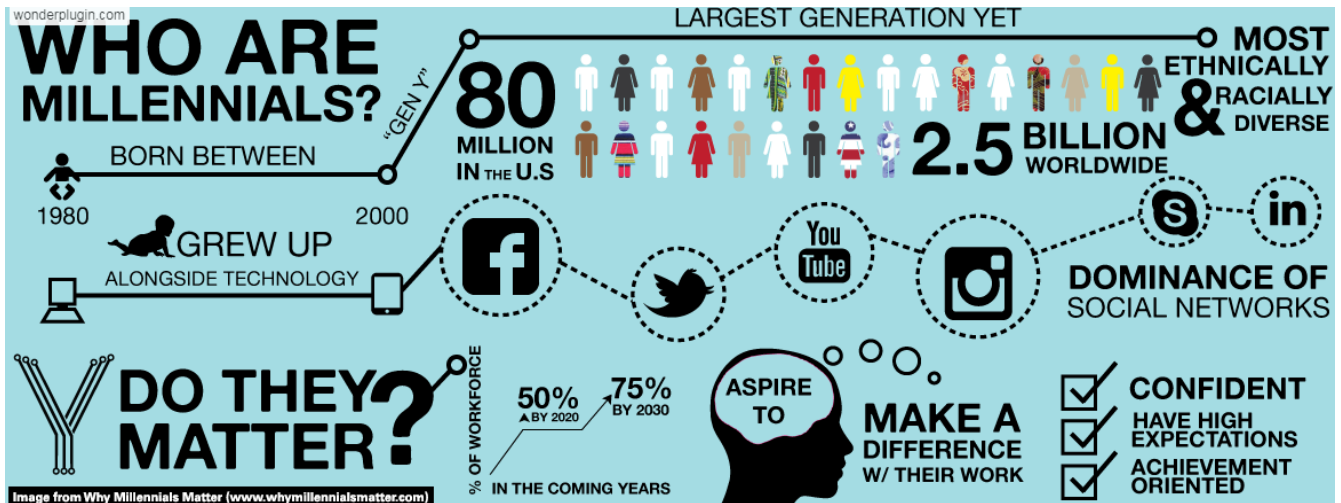


**Figure 3.** REIN's Long-Term Real Estate Success Formula

## A GENERATIONAL OVERVIEW

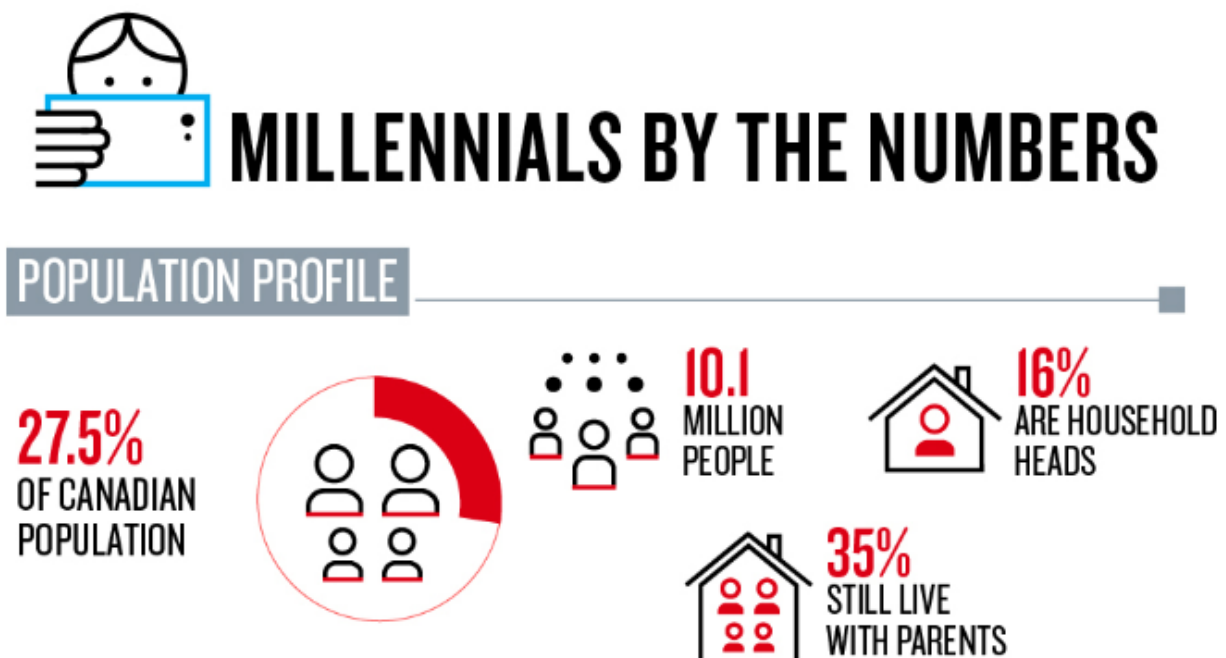
Millennials are the generation born between 1981 and 1996, also known as Gen Y because they followed the Gen X generation. Millennials are also referred to as the "echo boomers," the "anxious generation," and the "selfie generation." They also seem to be media's favourite generation to mock, at least in North America (millennials are also known to be self-deprecating as evidenced by the tweets they make about themselves). So as of 2019, millennials spanned early to mature adulthood (ages 23 to 38). It should be noted that the years demarcating demographic generations can vary by source, and occasionally are tweaked by agencies, so it is possible to find discrepancies in age or years when reading about cohorts, even within this report! The Pew Research Center in the United States published its guidelines of the generations based on "demographic, labor market, attitudinal and behavioral measures;" these are:

- **The Silent Generation:** Born 1928-1945 (73-90 years old)
- **Baby Boomers:** Born 1946-1964 (54-72 years old)
- **Generation X:** Born 1965-1980 (38-53 years old)
- **Millennials (Generation Y):** Born 1981-1996 (22-37 years old)
- **Generation Z:** Born 1997-present (0-21 years old)



**Figure 4.** Why Millennials Matter

Globally, as of June 2018, millennials represented one-quarter of the world's population. In 2012, Canadian millennials between the ages of 20 and 29 numbered around four million, which represents 11.5 per cent of the population, but as the Nielsen infographic below demonstrates, that number has ballooned rapidly. An American statistic puts the group at 80 to 83 million strong in the United States, so millennials are poised to become the largest cohort ever in the US, surpassing their baby boomer parents. Please see Figure 6 on the next page for the projected population by generation in the United States as another example of the size of this generation comparatively.



**Figure 5.** June 2018 Canadian Millennial Insights (from Nielsen)

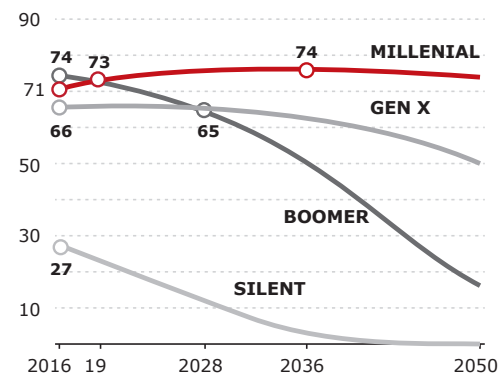
Millennials are typically the children of baby boomers, a generation born during the improving economic conditions of Fordism in the US that followed WWII, coupled with higher marriage rates and a lack of effective birth control. In 2019, these folks are between the ages of 55 and 73. This was the largest group of children ever born in both Canada and the United States. The boom produced the highest volume of births in North America, Australia and New Zealand. In war torn Europe, some countries experienced a boom while others did not. The baby boomer population peaked in 1999 at 78.8 million in the US, and until recently it was the largest generation in North America. Baby boomers experienced the tumultuous 1960s, which featured significant cultural and political upheaval around race and gender. Generationally, the significance of baby boomers on building Canada's economy, educational institutions, corporations, cities and society will not soon diminish, even as the cohort retires.

There are significant cultural differences between baby boomers and millennials, despite the similarities in the size of the two demographics, which forms a large part of this report. To summarize though, millennials:

- Are a generation that have grown up with digital media;
- Were young adults or children when 9/11 (September 11, 2001 World Trade Centre attacks in New York city) occurred, meaning they have grown up in a world not only dominated by the threat of terrorism, but have witnessed, often in real-time due to technological advances and accessibility, terrorists attacks on a frequent basis;
- Have grown up in a society with school shootings;
- Have lived through an unstable economy that has both boomed and busted in their young lives, including the real estate market crash and recession that followed in 2008;
- Have entered the work force at the height of that recession; and
- Were the first generation to be scheduled and managed by their overprotective parents (also known as helicopter parents).

All these factors have contributed to a particular millennial trait: they do not trust institutions or leaders. Only one-third of millennials surveyed in an Environics Institute study said that people can trust others, while two-thirds opined that you can't be too careful when dealing with others. This particular trait becomes important when wooing a millennial tenant or buyer.

### Projected Population by Generation in millions



**Note:** Millennials refer to the population ages 20 to 35 as of 2016.

**Source:** Pew Research Center tabulations of U.S. Census Bureau population projections released December 2014 and 2016 population estimates.

**Figure 6.** Millennials are on the Cusp of Surpassing Baby Boomers as the United States Largest Living Adult Generation

*Time* magazine featured a cover in May 2013 called *The Me Me Me Generation*, with the byline “Millennials are lazy, entitled narcissists who still live with their parents; why they’ll save us all.” Never has a generation been labelled with so many negative personality traits, including entitlement, arrogance, and attention seeking. For example, the *Time* article points to the rising levels of narcissism in the generation. Reportedly, a study by the National Institutes of Health found “58% more college students scored higher on a narcissism scale in 2009 than in 1982.” By comparison, the worst said about Gen X is typically that they are disloyal and bitter. And baby boomers were called out for their self-centered traits and labelled the “Me Generation.” While that label is a few “me’s” short of the millennial handle, the implication is the apple hasn’t fallen far from the tree but has only grown in magnitude of self-centeredness.

Yet, a study asking millennials what makes them unique as a generation found that over one-third of them cannot think of a single attribute that makes them any different than prior generations. Despite observances about their selfishness, millennials have been praised for positive traits, including being nice, tolerant of diversity in all manners of humanity, and being optimistic entrepreneurs. American psychologist Jeffrey Arnett, who studies adolescence, has renamed millennials the “Generous Generation” due to their greater numbers of volunteer hours. It is these positive and creative traits that, as millennials move into positions of governance, will lead the world into a new era, and save us all!

“



**Talia Effin' Right**  
@talzir

If I had a dollar for every time a BabyBoomer complained about my generation, I'd have enough money to buy a house in the market they ruined

6:33 PM - 14 Mar 2015

”

Despite the popularity of astrology, it can be troublesome to lump millions of people into one group and label them as all acting the same way, being the same, and wanting the same thing from life. Yet, there are traits common to every generational group given their political, economic, and social contexts. As such, broad and correlational trends can be monitored, understood, and leveraged. In other words, there’s value in understanding demographic trends and their implications on socio-economic realities, including impacts on your real estate. For example, this generational group is Canada’s most ethnically and racially diverse cohort ever and this could impact neighbourhoods by breaking down the ethnic divisions historically seen in cities. There is also academic research that suggests diversity seekers like millennials are often the group primarily involved in revitalization efforts, if that is an area of interest to you as an investor or homebuyer. This leads us to more specifics regarding this intriguing generation.

## NOT ALL MILLENNIALS ARE THE SAME

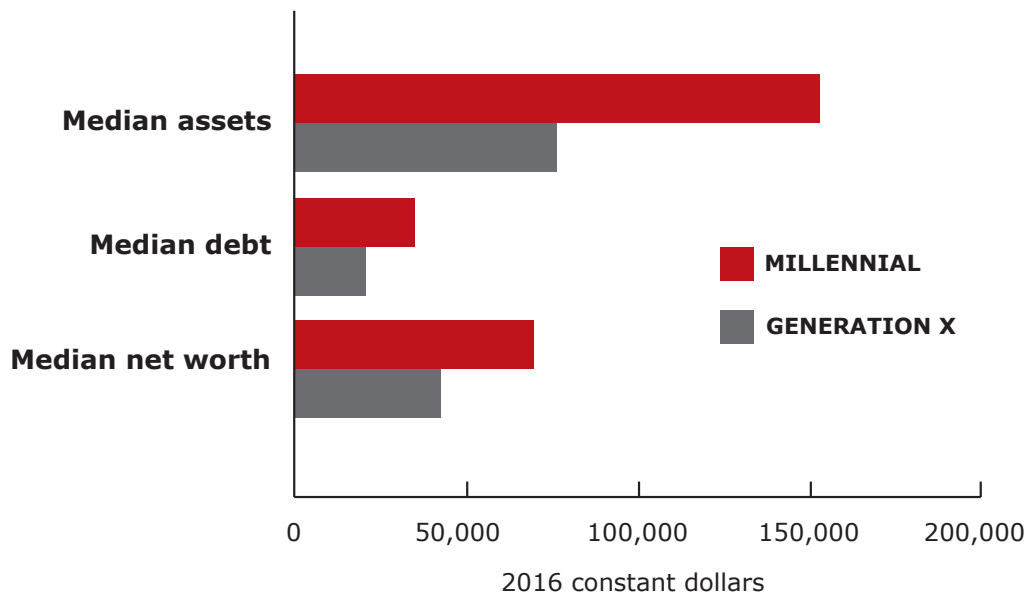
Today, given globalization, the Americanization of media, social media, and technological interconnectivity, millennials are more cohesive culturally on a global scale than any other previous generation. That being said, due to the technological divide, meaning there is a lack of access to the technology utilized by the West, there are areas of the globe where the strength of millennial traits and values may not be as ubiquitous as in technologically connected countries. A millennial in the UK has been exposed to many of the same ideological influencers via media as a millennial in Canada, a far different situation than what baby boomers would have experienced. For example, in the aforementioned *Time* article, millennials in China were described as more confident and self-involved, similar to the West, despite China being a collectivist society in which family is traditionally more important than in the individualistic West.

However, we must always be mindful that while social factors reflect political, economic, and cultural dynamics that may indeed seem global, micro influencers develop within specific geographical locations. For example, in Canada, while B.C. and Ontario have economically boomed in 2016 and 2017, Alberta has experienced a recession, and the economy is a significant driver in both behaviour and real estate values. So, millennials in Metro Vancouver or the Greater Toronto Area (GTA) may respond to cultural drivers differently than a millennial in Calgary or Edmonton. For example, a millennial in Alberta may be hesitant to incur the debt associated with university tuition during a recession or may consider moving to another province where a job is more accessible to support a goal to attend school. On the contrary, a millennial in Metro Vancouver or the GTA may consider moving to a different province in order to afford a real estate, either to rent or purchase. In fact, geographic concentrations of different millennial typologies in Canada was a fascinating aspect of a 2017 study by the Environics Institute and is discussed in more detail in the next section - millennials as social values tribes.

In April 2019 Statistics Canada released an economic study that focused on comparing millennials to other generations of Canadians. Contrasting millennials with the prior generation, the study found millennials have more assets and wealth, and more debt, than Gen-Xers did. However, within the cohort, there are significant differences in wealth and debt, and millennials who have invested in the housing market, are educated, or live in either Toronto or Vancouver (due to rising property values), are better off. Overall, educated millennials make more money than the Gen-X cohort did, but the debt to income (after-tax) ratio has reached 216% for millennials, which far exceeds the 125% for young Gen-Xers or 80% for young baby boomers. One telling statistic that appears to contradict other reports about millennials and their living arrangements suggests millennials purchase a home between the ages of 30-34 at exactly the same rate as the prior generation (51 per cent), which is only four per cent lower than young baby boomers. Which suggests staying at home living with Mom and Dad longer does pay off for this generation in terms of saving up to purchase a home. Particularly given the fact millennials have to take on approximately 2.5 times the value of their median after tax income (\$83,200) in mortgage debt compared to young baby boomers who only took on the equivalent of one annual after-tax income. There is another significant disparity within the millennial cohort not seen in previous generations which mirrors society at large – the

gap between the wealthiest and poorest within the generation has widened. The top 10 per cent of millennials hold 55 per cent of the generation's wealth, tied to home ownership. To summarize, this highly educated group, once in the housing market, particularly if living in Vancouver or Toronto, appears to be accumulating wealth as prior generations have, they just carry a much larger debt load.

### A Generational Comparison of Wealth and Debt



**Figure 7.** Median Assets, Debt, and Net Worth by Generation

“



**TechnicallyRon** ✓  
@TechnicallyRon

Let's play a game of MILLENNIAL MONOPOLY. The rules are simple, you start with no money, you can't afford anything, the board is on fire for some reason and everything is your fault.

5/6/18, 5:10 PM

”



## MILLENNIALS AS SOCIAL VALUES TRIBES

The Environics Institute study of Canadian millennials found there are six millennial “tribes” that constitute six different orientations to life, career/work, and political/civic engagement. These typologies organize millennials by their social values:

- **Bros & Brittanys** (32 per cent and residing primarily in Quebec): Noted to be about one-third of the demographic, this group wants to get along rather than change the world, is focused on having a good time and consuming avocado toast, craft distilled spirits and any life experience that can be purchased, yet they also wish to obtain financial stability.
- **Diverse Strivers** (20 per cent and residing primarily in the GTA): Active in their community but career focused, and new experiences are a top priority.
- **Engaged Idealists** (17 per cent and residing primarily in Ontario): Socially connected and upbeat, keen to contribute to society and already situated on a meaningful career path, likely due to their higher level of education.
- **Lone Wolf** (16 per cent and residing primarily in Quebec): “More likely to be unemployed or underemployed, have little or no post-secondary education, lack clear lifetime goals and confidence in future success, and are the least engaged in their communities,” but are not angry or hostile.
- **New Traditionalists** (11 per cent and residing primarily in the Prairie Region): Oldest and most established of millennials, hold traditional values, and practice religion.
- **Critical Counter-Culturalists** (4 per cent and residing primarily in British Columbia): Have a questioning stance on the status quo, authority, and status, are among the most educated of the cohort, and the least interested in family.

The study concludes that millennials aren’t really that different from previous generations in terms of life-cycle goals, career aspirations, and community engagement. The Environics analysis concluded that because most millennials are still young, there are “predictable life-cycle differences,” meaning that young adults tend to be orientated to specific behaviours and ideals such as exploration, technology, and status recognition. When we look at the geographical specification in the Environics social tribes, we see millennial social value orientations coinciding with the political values a province has traditionally been associated to. For example, B.C. has a reputation as the “left coast,” so it is not surprising to see the mass of critical counter culturalist millennials residing in B.C. Basically, what a real estate investor can take out of this information is that millennials in the prairie provinces are the most likely to follow the path of prior generations in terms of marriage, children, and homeownership, while millennials in Quebec and Ontario are the most focused on experiencing life to the fullest – YOLO (you only live once!). However, there is one significant difference evident in this cohort, and that is how millennials define family: marriage is not as important to this group as prior generations in terms of when it happens in the life cycle, and the group also holds a more flexible definition of family. For many millennials, family includes common-law and same-sex marriages, and is defined emotionally, rather than by the traditional construct of a legal formality.

**RENTAL HOUSING PROVIDER/LANDLORD TIP**

*Create a "Melrose Place"- style community to address the family orientation and community living preferences of millennials.*

**LOVE, MARRIAGE, AND BABY CARRIAGE**

The reversing independence trend of moving out of your parents' home in your early twenties has impacted the age of marriage and birthing rates. Bluntly, living at home impacts making babies. As such, millennials are having children later and producing smaller families. In Canada, the total fertility rate (live births per 1,000 women in a population) has continued to decrease since 2008, and the decreased number of children women are choosing to have is most evident in the under thirty group. In fact, Canada has not been renewing its population through natural birth rates since 1971, relying on migration instead to create population growth. So again, what we might attribute to millennials has been the prevailing norm in our society for decades. Since the 1960s, the average age of a first-time mother has increased, and in many areas of Canada now exceeds thirty. Therefore, on average, it is only the first wave of millennials that has started to have children in the last few years. For a real estate investor, this translates into millennials not yet desiring a three- or four-bedroom house in the suburbs, instead preferring condo living in the urban centres.

According to Statistics Canada, demographic markers such as age, race, ethnicity, and religious identification are increasingly diversifying across the country. Population growth and which cohort is living where varies greatly from east to west due to the influence of factors such as fertility, mortality, and international and internal migration. The 2016 census illustrates that only the Prairie provinces house more millennials than baby boomers. The population aged 15 to 34 in these provinces is sustained by higher fertility and immigration, and in the case of Alberta, migration of people from other provinces drawn to the labour market.

“



**King Bryan** 🏰  
@\_BlackZA

"You're 22 and you're still living with your parents?"

Whose parents am I supposed to live with?

1:25 AM - Feb 3, 2018

🤍 109K 💬 53.5K people are talking about this

”

## WHERE MILLENNIALS LIVE

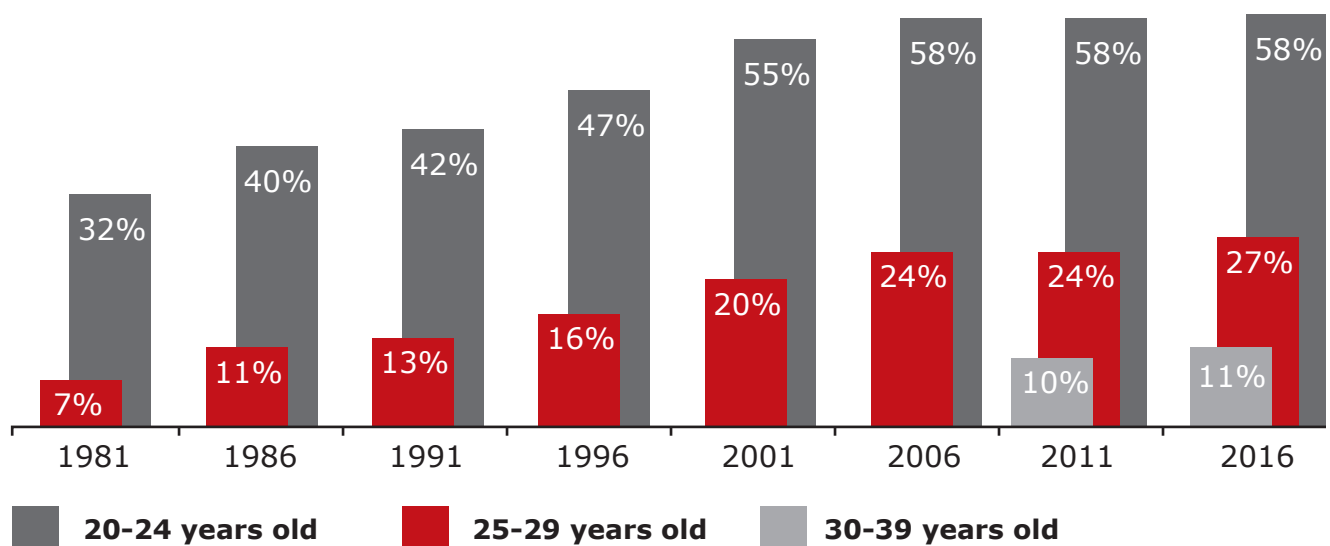
One of the most common jokes about millennials as a generation is that they live at home with their parents longer than prior generations. The Pew Research Center reported that in 2018 the number of young folks living with their parents became the most common kind of living arrangement for US residents ages 18 to 34. A *Time* article from May 2018 addresses the reasons this cohort has stayed in their parents' home longer than any prior generation: it has focused on getting an education and saving up for a down payment to purchase a home, while living a lifestyle full of experiences. The same article cites data from the US Census Bureau, which states the number of young people living with their parents has increased almost every year since the late 1960s. Meaning, while this trend began before the advent of millennials, this cohort is the most obvious indicator of this adaptation to reversing an earlier trend of independence.

As of June 2018, in Canada, 35 per cent of the demographic lived at home. The number of millennials living at home in Canada is on par with other countries:

- United States - 34 per cent of young adults 18 to 34
- Australia (in 2011) - approximately 30 per cent
- European Union (in 2012) - 48 per cent of young adults aged 18 to 29

See Figure 8 for the percentage of millennials in British Columbia living at home with their parents, and Figure 9 for the percentage of millennials living at home in select Canadian cities.

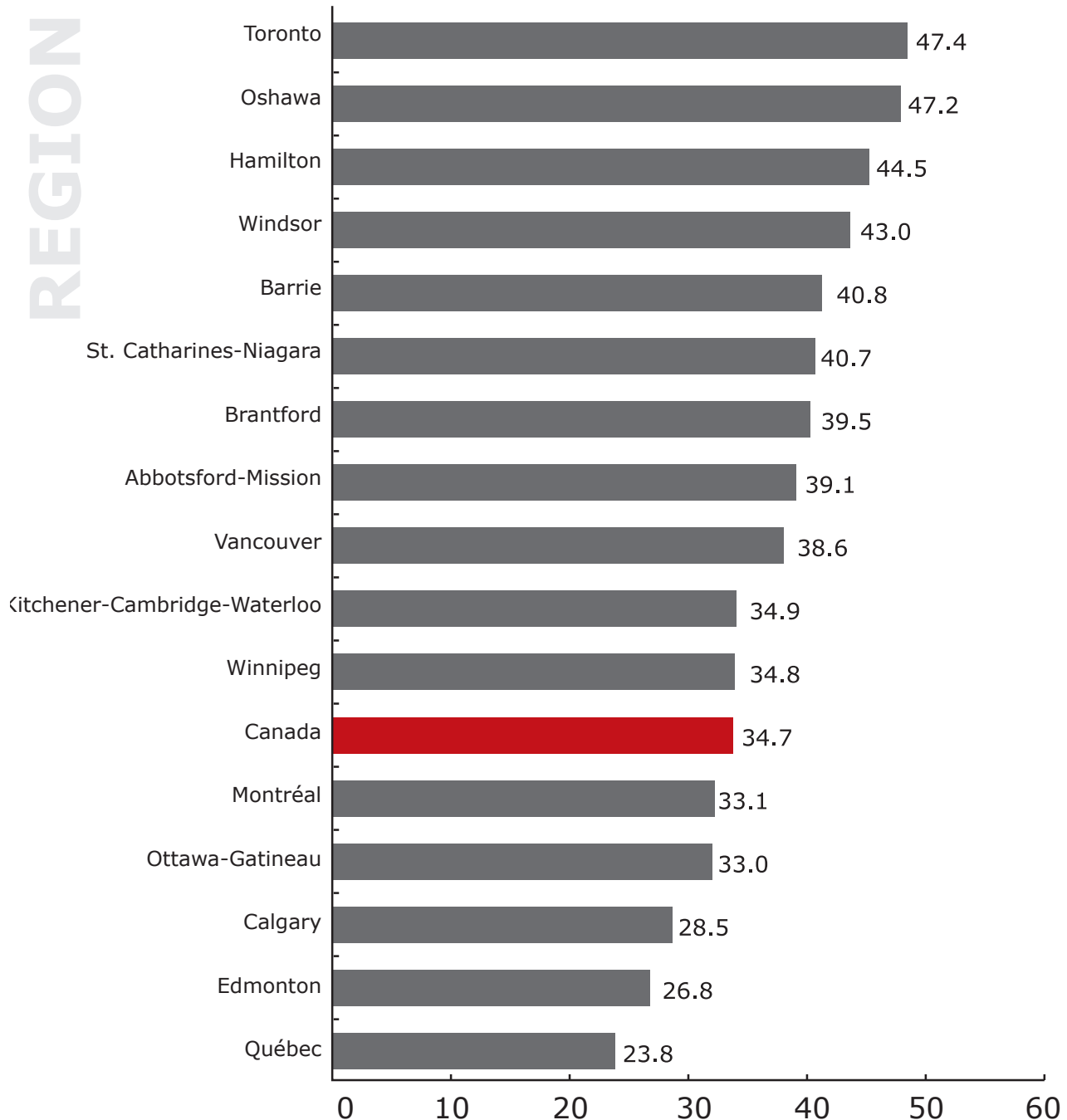
### Proportion of Kids Still at Home, B.C.



**Figure 8.** Percentage of Millennials Living at Home in British Columbia, 1981-2016

## Percentage of Millennials Living at Home in Select Canadian Cities

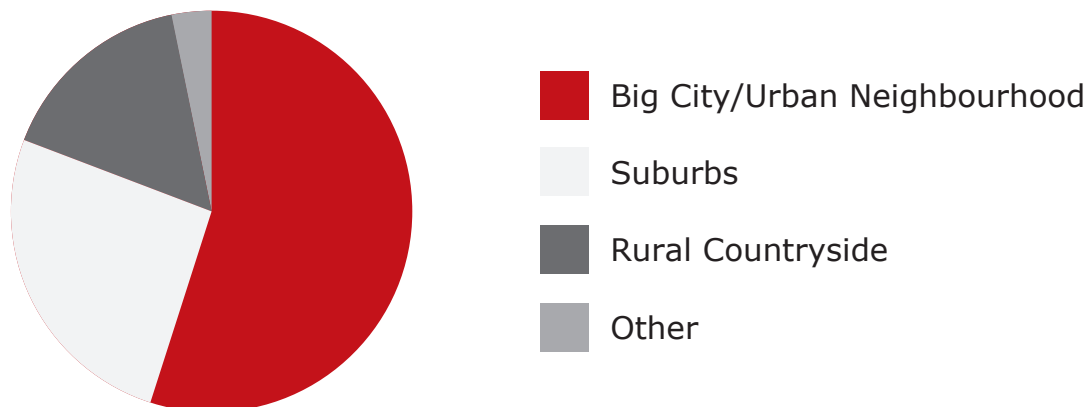
Included are all CMAs with a total population of 500,000 or more and smaller CMAs that had a proportion higher than the proportion for all CMAs (36.2%): Oshawa, Windsor, Barrie, St. Catharines-Niagara, Brantford and Abbotsford-Mission.



**Figure 9.** Percentage of Millennials Living at Home in Select Canadian Cities

In Canada, according to the 2016 Census, there is a clear urban/rural divide in the number of millennials living at home, with Toronto, ON and Oshawa, ON nearing 50 per cent. Generally, in rural areas, the percentage drops to 32 per cent. Young adults in Ontario represent the highest proportion of millennials living at home – 42 per cent. Given Ontario has the largest population in Canada, the province skews the national numbers, which rest around 35 per cent.

### Millennial Ideal Neighborhood Type



**Figure 10.** Where American Millennials Prefer to Live

According to Statistics Canada, there are more millennials in large urban centres than non-census metropolitan areas. Census Metropolitan Areas (CMAs) attract young people for educational opportunities and because their labour markets are more diverse and often stronger. Proportionally speaking, Statistics Canada reports there are 4.6 per cent more millennials in the 35 Canadian CMAs than in smaller municipalities. There has been some evidence that in the last few years millennials were leaving the largest and most expensive areas of Canada for cheaper towns within their home province. For example, millennials were moving from Vancouver to Abbotsford, and from Toronto to Hamilton or Barrie. However, in April 2019 RBC released research challenging the millennial hollow-out of the three largest cities in Canada. The research illustrates that for every millennial that moves out of Vancouver, Toronto or Montreal, an average of eight millennials move in:

- 12 millennials from abroad or other parts of the country move into Vancouver and Montreal while
- 7 move into Toronto to replace each lost millennial.

Therefore, the number of millennials in the largest cities is growing and given the strong economies and cultural scenes of these cities, RBC forecasts there will be little change to this inflow. However, RBC also reports given the high cost of housing in these cities, most of these newcomers will be renters.

**RENTAL HOUSING PROVIDER/LANDLORD TIP**

*In urban centres, immigrating millennials will be your key clients for many years to come.*

**EDUCATION & EMPLOYMENT TRENDS**

Millennials are a highly educated group, the most educated of the generations in fact, particularly so for women. Yet, the costs of obtaining a post-secondary education have been on the rise, so it follows that education debt is on the rise. In Canada:

- Data from the Canada Student Loans Program reveals that in the 2014-2015 fiscal year, the government provided 489,000 full-time students with \$2.7 billion in loans and a further \$20.9 million in loans to 12,100 part-time students.
- Borrowers typically take between 9 and 15 years to fully pay off their loan and that period usually overlaps with when Canadians are most likely to start a family. The report also stated:
  - » University students graduate with an average debt of \$16,727
  - » College students have an average debt of \$10,172
  - » Doctoral students carry an average debt at graduation of \$29,000

As a rental housing provider, landlord or homeowner, you know all too well that debt factors into the amount of money one can borrow for a mortgage. Paying off student loans also impedes saving up for a down payment. As such, we are seeing a nation of renters emerge with this cohort given the average national cost of purchasing a home.

Due to changing employment trends, millennials are often involved in the gig economy (part-time, contract, on-call, and entrepreneurial). According to the 2017 Environics Institute study, only 57 per cent of millennials are employed full time, with the largest number of these workers being found in the older group of the generation. For example, only 42 per cent of millennials between the ages of 21 and 26 are employed full time, contrasted with 66 per cent of millennials ages 32 to 36. Overall, almost 8 in 10 millennials are in the work force. Many millennials are self-employed, but because of their sociability, they seek out co-working spaces. This also concerns living arrangements, which is discussed below. Perhaps of even greater interest, the primary concern of millennials when it comes to career goals or aspirations is to establish a work-life balance. A full 79 per cent of millennials placed this goal as their number one concern, ahead of financial security and creating wealth. And the more educated the millennial, and the greater their income, the more prevalent the work-life balance value becomes. Whether work-life balance can be achieved, it is not surprising millennials value the concept, given the "emphasis this generation places on family and relationships, as well as other life goals around travel, health and wellness. It is also reflected in the importance placed on having a degree of autonomy in the workplace, with almost half (48%) placing critical importance on having flexibility in how and when one works." Again, for an investor, these employment values will impact whether a millennial remains a renter as opposed to purchasing.

Two intriguing nuggets about millennials and finances from the Environics Institute study are:

- Millennials in Alberta have a stronger drive to achieve financial security as a career goal
- Millennials with a Chinese or South Asian background are more concerned with creating wealth.

## HOW MILLENNIALS SPEND THEIR MONEY

Millennials are starting to transition to become the “primary driving force of global economies,” making their consumption preferences critical to understand. In fact, millennial households have experienced a “rapid growth in their purchasing power” and are expected to spend “171% more globally in 2022 than in 2012.” Millennials like to spend their money on restaurants, leisure, travel, health goods, medical services, education, and recreation. As will be covered in greater depth in the section why should an investor care about millennials, millennials do not necessarily prioritize home ownership above lifestyle choices, suggesting they will spend their money on experiences rather than save for a down payment.



Despite being the most globally connected cohort in history, or perhaps because of the global influence they face, the group is bucking globalization by sourcing foods, products, and services locally, and this ultimately identifies with a singular pursuit of individuality. Culturally, this group is a big reason for the neolocalism movement: a backlash against globalization, and an attempt to reclaim a sense of place in the face of our globalizing economy. This movement has given rise to the popularity of shopping locally, food trucks, craft beer, the artisan product or producer, and the re-emergence of farmer’s markets. In short, super-diversity - meaning many options of specificity and the rise of the niche market - can be attributed to, in part, pressure from millennial culture. For example, the millennial hipster (a trendy or progressive young person) has specifically been a key figure in creating the demand for the craft beer industry, which has a strong focus on local ingredients, like using kelp as a flavouring (Tofino Brewing Company). Money talks and these examples demonstrate where millennials want to spend their dollars. Still following their money, it’s found that millennials value pursuing individuality most of all, and internet shopping has opened the world up to the millennial. So, while it might seem ironic that the most globally connected cohort

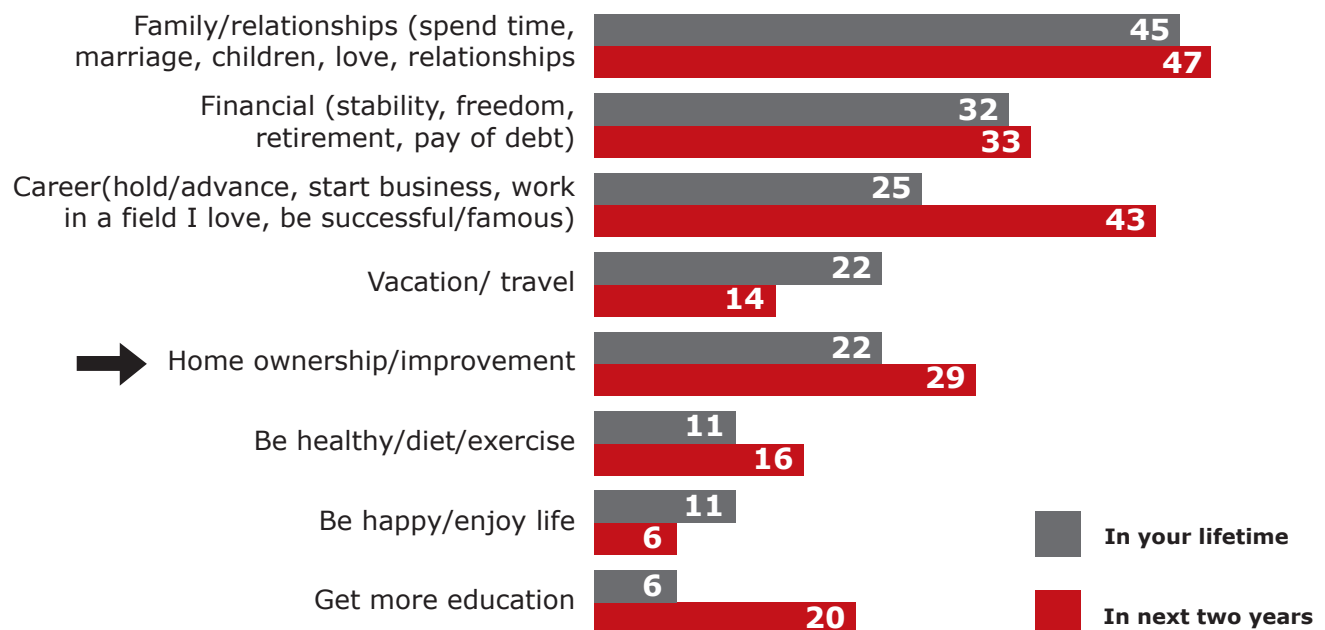


craves a special experience in their local neighbourhood, they are in fact using the digital network to support artisans on Etsy or find a unique product online. The Nielsen consumer research company reports a fundamental shift in the consumer's "path-to-purchase" is occurring. As we discover in this report, the focus on the local and niche translates into housing for this group as well.

### RENTAL HOUSING PROVIDER/LANDLORD TIP

*Don't underestimate the neighbourhood and quality of "place" if your target client is a millennial. It is very important to this generation. Be mindful of the neighbourhood specifics this group values when conducting your diligence.*

### Life Goals and Aspirations



**Figure 11.** Environics Institute Study of Millennials Aspirations

## **CANADA'S CHANGING URBAN AND SOCIAL LANDSCAPE**

Suburban sprawl post World War II led to a reconfiguration of society. Living in the suburbs often means travelling a great distance from home to workplace. "In Canada, we have organized our lives, land and economy around mobility, mostly around a model that privileges private vehicle ownership. Between 1996 and 2016, the proportion of commuters who drove to work in a private vehicle has declined by a mere 1.2 percent, from 80.7 percent to 79.5 percent." The visual evidence in any downtown core clearly indicates a refocus on the urban core, facilitated through densification and infill measures.

In 2016, Canada's combined total household spending on transportation (including insurance) was \$179.5 billion. One 2018 article estimated a private vehicle costs between \$8,600 to \$13,000 a year to keep on the road (including depreciation). These figures are second only to shelter in terms of major spending categories. Therefore, it should not be surprising that all cities researched in 2018 for REIN's Transportation Effect Reports have significant transit infrastructure undertakings in the works for their citizens. As environmental concerns become more prominent, the congestion in cities increases commuting times, and insurance rates and gas prices climb, the demand for public transit increases.

"Household spending for personal travel accounted for about 10 per cent of GDP" in Canada in 2016; therefore, lower-income families, millennials with their debt, or baby boomers on a fixed pension may rely on transit more heavily than other groups.

## **WHY SHOULD AN INVESTOR CARE ABOUT MILLENNIALS?**

So how does this profile of the millennial consumer become significant to a real estate investor? Three ways:

- Millennials are the largest demographic in Canada, so they influence the economy and culture, including real estate, which means their preferences will impact housing trends for years to come.
- Given their sheer numbers, as the baby boomers retire and millennials age, they will become the primary economic contributors to our economy through their consumption, which includes housing, whether as a renter moving out of their parents' home, or as a first-time purchaser.
- Millennials want to be homeowners, but at this time, given their financial constraints and the affordability challenges the current market presents, they have adapted their needs to match their reality, meaning a great number of them are renters.

A 2014 Bank of Montreal (BMO) study found that in terms of financial priorities, millennials do want to own a home. However, only one-third of this generation sees home ownership as an essential marker of adulthood. This slight adaptation to previous generation's values influences an individual's

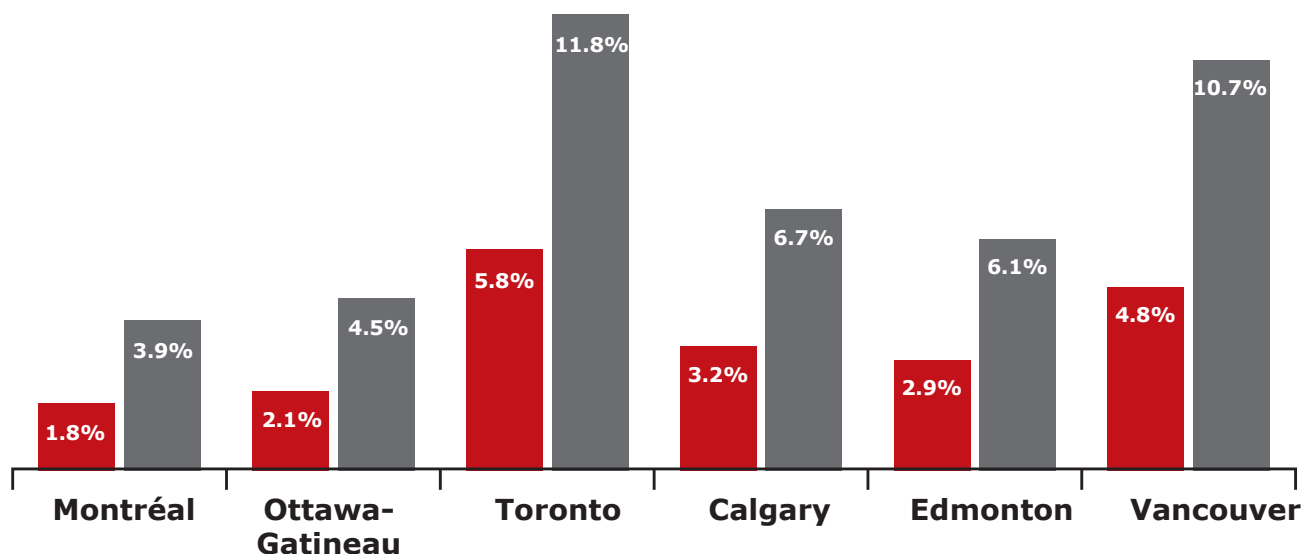
motivation to either give up avocado toast and save or rent and have experiences. Even if millennials are less inclined to purchase real estate in the short-term, they still need somewhere to live and eat those avocados! And once millennials begin having children, they are unlikely to want to continue living in a downtown apartment. In contrast to home-grown millennials, the Environics study determined immigrating millennials give greater prominence to the typical markers of adulthood, like homeownership. Therefore, as Canada accepts more immigrants over the years, we could see a geographical real estate impact based on where these newcomers settle with their values, including their value of home ownership. Remember, the previously mentioned RBC 2019 research shows the majority of millennial immigrants are moving to Vancouver, Montreal, and Toronto. Immigrants settling in urban areas is not a new trend, and the influx of immigrants should remain consistent given Canada's commitment to immigration. Meanwhile, another trend began to emerge in the last few years. TD bank reported in April 2019 that millennials are beginning to choose the suburbs over the city for a home purchase. The study reports the three priorities that are influencing millennials home-buying decisions include:

1. Affordability
2. Home size
3. Neighbourhood

This table summarizes a few critical influencers and their impacts on housing options:

CRITICAL INFLUENCER	HOUSING IMPACT
The precarious nature of employment they face.	Affects saving for a down payment and size of mortgage they might qualify for, and the possibility of not being able to demonstrate consistent income in great enough quantity.
Affordability challenges in the cost of home ownership in many large urban centres.	Saving up for the down payment and managing payments with the stress test in place is leading to an increasing trend in Canada of multi-generational living (see the next section of the report below – Inter-generational housing).
Student debt – A 2015 survey of graduating university students reported about 50% of students used debt to finance their education (40% from government student loans). The average debt is \$26,819, with 29% of all students reporting debt of \$20,000 or greater.	Affects debt service ratio which impacts mortgage qualification.

## Under One Roof



**Figure 12.** Multi-generational Living in Canada's Largest Cities (households that include three or more generations)

## Inter-Generational Housing

In many other cultures around the world, it is common practice for several generations to live within one dwelling. Often, the males, or the eldest male, will stay in the home to care for their parents, while the females leave the natal home to live with their husband's family. If, and when, the male children marry, their wives and children will also reside in the natal home. This is referred to as inter-generational or multi-generational housing. This style of living with extended family has not been widely practiced in industrial societies that esteem independence and individuality. However, perhaps taking a cue from our multi-cultural neighbours, in Canada, there is an increase in inter-generational living, and it is the millennials who lead the way in this new trend. Likely due to the financial pressures that stem from low rates of wage increases, increased self-employment, educational debt burdens, and affordability constraints in many Canadian real estate markets, millennials have challenges obtaining a mortgage, and multi-generational living is one solution to the problem. An April 2018 Financial Post article notes the geographical concentration of multi-generational households correlates with Canada's most expensive real estate markets: affordability in action in Vancouver and Toronto. The math is simple; even though a larger home with more bedrooms is needed to support multi-generational living, a "\$750,000 suburban home inhabited by six persons" costs "\$125,000 per person compared to a couple paying \$375,000 per person for a \$750,000 condominium." An April 2019 article demonstrates the trend exists outside Canada as well. In Britain, roughly 30 per cent of homeowners are inter-generational households. The article suggests it is a coinciding of two significant life-course moments affecting parent and child that has led to an increase of inter-generational households - millennials cannot afford to buy a home, and baby boomers want to age in place. In this scenario, while both generations may sacrifice, they also both gain.

**RENTAL HOUSING PROVIDER/LANDLORD TIP**

*Inter-generational living is a growing trend and may impact property type demand.*

**House Hacking**

For millennials who do not share a home with extended family, one's options for sharing the costs of home ownership that also meet the generation's sociability are becoming apparent. Home ownership has been delayed by this cohort so far, which means the demand this group can place on the market is yet to come, but when millennials do leave the nest, the way they choose to live looks differently than previous generations. For example, the change in ideological signifiers of material success has contributed to the boom of the sharing economy, including co-living arrangements and office-sharing. The sharing economy is also called the peer-to-peer economy and is a preference to share goods or services collaboratively, rather than singly owning a good or service. Uber is a good example of the sharing, bartering, lending, trading, renting, gifting, and swapping that occurs in an economy that has been redefined by technology. When millennials purchase a home, they are often either buying properties with a rental suite or are arranging for roommates to help pay the mortgage. A May 2018 article on Realtor.ca calls this social change "house hacking," which is, according to the author, "a mix between buying a personal residence and an investment property." This house hacking is an example of putting one's home into the sharing economy, like Airbnb, but on a more permanent basis. Millennials value real estate as an investment, but the added bonus of sharing their homes works well to address millennial sociability, given this generation is not as independent as prior generations and is team orientated, despite the noted individuality in consumption practices outlined earlier. It also helps the millennial save money, thus getting them into their "forever home" earlier, and possibly generates income. Given the generational change in how success is performed or communicated, there will be an impact on the real estate industry as these consumers become the primary driving force of global economies. As an investor, if it's time to sell a property with a suite, make sure you target the millennial buyer using the tips and tricks throughout this report.

**RENTAL HOUSING PROVIDER/LANDLORD TIP**

*This house hacking trend applies to rentals too, so consider your willingness to have multiple adults renting a space, and/or creating social/community spaces if possible.*

## The Number of Millennial Owners

Millennials overwhelmingly accept, or have resigned themselves to, the fact they will likely be renting for a longer-term until such time they can own a home. Which is not to say the group does not desire home ownership. In 2018 the Canada Mortgage and Housing Corporation reported almost half of first-time homebuyers are millennials, yet this market segment is struggling to purchase with the current restrictive governmental policies. Which is great news for the investor with a buy-and-hold strategy. For example, according to Statistics Canada, in British Columbia, only 8.7 per cent of individual resident owners are in the millennial cohort, and the greatest number of these owners possess condominium apartments. In Ontario, millennials represent 9.6 per cent of all homeowners, with row-houses or townhouses being the greatest number of properties purchased.

What you, as a real estate investor or homebuyer, can take from this, is there are still a lot of millennials who will eventually purchase real estate. In all likelihood, they won't be purchasing a detached house as their first property, unless they are able to accumulate the necessary down payment that will allow them to house-hack or inter-generationally live. Or they inherit a large amount of money, which is a very real possibility.

## THE ANTICIPATED WEALTH TRANSFER

Another social phenomenon specific to the millennial demographic that will impact the real estate market is the anticipated transfer of wealth from baby boomers to millennials. It is anticipated that over the next 25-40 years, trillions of dollars will be transferred to the younger generation, a generation that is noted to be leery of financial institutions. Forbes reported in August 2018 that in the US, the amount to be transferred is estimated at \$30 trillion, or \$10 more than the entire US GDP in 2017. However, a CNBC article from November 2018 updates the anticipated amount as closer to \$68 trillion. A caution from a CNBC article of the same year suggests that given improvements in health care, baby boomers will live in retirement longer than any prior generation, and the transfer of wealth may not be as large as anticipated. Basically, the author cautions that although the wealth transfer will occur, it will be fragmented out in smaller sums, like down-payment assistance, rather than a large lump-sum inheritance. In Canada, RBC's 2017 wealth transfer report suggests \$400 billion will move hands in the coming decades. As this transfer of wealth occurs, the dream of home ownership for millennials who have remained renters will be realized.

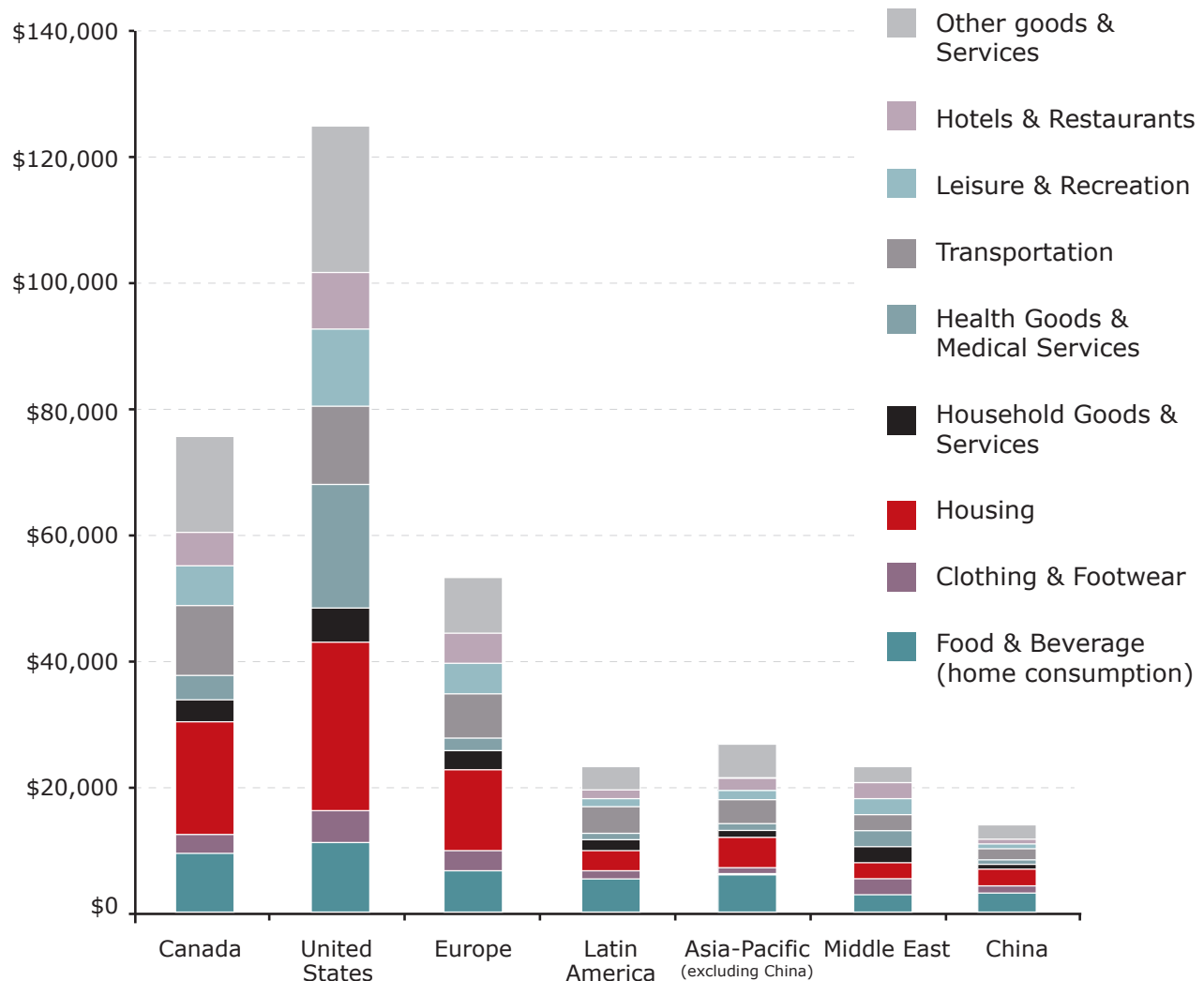
A January 2019 study surveyed 9,800 millennial respondents in Canada, the US, and Europe to determine how millennials are currently spending the money they have today in light of the impending wealth they will inherit in the future. The survey, which was attempting to forecast the investing habits of the generation, found the immediate financial goals of this group were:

- 23.8% – Earning a graduate/master's degree
- 21.5% – Buying a car
- 19.6% – Getting married
- 19.0% – Buying a primary home
- 7.3% – Opening a business
- 6.4% – Having a child
- 2.3% – Buying a vacation home

## MILLENNIALS AND REAL ESTATE

Given the size of this demographic in comparison to the smaller Gen-X group that came between baby boomers and millennials, the desires of the younger generation will outweigh Gen-Xers and fuel economic changes in real estate development, whether they rent or purchase. Genworth, a mortgage insurance company, calls this group the “engine of Canada’s real estate market,” and one 2018 global study of millennials aged 20 to 29 reports this cohort spends more on housing in Canada than most other countries in the world, at roughly 25 per cent. The 2018 research paper indicates that global millennial purchasing power will increase by 171 per cent from 2012 to 2022. The results of how millennials are expected to spend their money by the year 2022 can be reviewed in the figure below.

### Consumer Expenditure Levels in 2022 by Geography



**Note:**

Categories are in ascending order in the chart to align with the legend.

**Figure 13.** Forecasted Global Millennial Expenditures by Geographical Area



Millennials desire properties within walking distance of their place of employment or shared office space, their play places, and transit. They seek and value experiences over material goods; therefore, the material good of their home needs to be near experiences and digitally modern. Millennials seek innovative surroundings and amenities from their building and neighbourhood, and even in their actual unit. These desires have married nicely with the push in many North American cities to gentrify abandoned inner cores and create mixed-use spaces, with a focus on the 'good life,' as mentioned above. Yaletown in Vancouver, B.C. is a good example, but if you have a copy of any of REIN's *Transportation Effect* Reports (2018/2019), you will find a section on community nodes and master planned communities outlining specific communities being built with the amenities millennial desires.

According to one real estate article, don't expect millennials to participate in renovation and revitalization projects themselves, regardless of whether you are selling or seeking a renter. No stainless-steel appliances? Reject. One study found that 75 per cent of millennials shopping for real estate want new appliances. Luxury kitchens, bathrooms, and a big master bedroom with a walk-in closet topped the list of what millennials seek when buying. Purchasing millennials won't have any money left over for renovations, nor are they inclined to spend time on such things. And younger buyers sometimes have trouble seeing the bones of a home and often don't realize which features can be changed easily at minimal cost, which makes this buyer the perfect target for a fix-and-flip investor. And for the landlord, buy, reno to millennial tastes, refinance, and rent! In short, offer a millennial shopper a new, trouble-free product. A 2017 survey of 1,000 millennials determined the following was significant in the perfect home:

- "The three most popular upgrades were also in the lowest cost category: new appliances (75%), large master bedroom (64%), and two-car garage (54%)
- Having solar power and an energy storage system also ranked relatively high at 47%
- Other popular options: luxury kitchen (46%), solid hardwood/stone flooring (45%), and finished basement (41%)"

But don't expect the following to create a big demand amongst the average millennial shopper:

- Above-ground pools are not popular (3%)
- Land exceeding 1 Acre (24%)

### **RENTAL HOUSING PROVIDER/LANDLORD/INVESTOR TIP**

*Update those kitchens, particularly the appliances, and lay that hardwood floor in order to attract the millennial renter or buyer.*



Mrs. Math Teacher  
@MrsMathTeachr



Baby boomers blame millennials for everything BUT  
WHO PUT CARPET OVER ALL THESE HARDWOOD  
FLOORS PATRICIA

9:36 PM - Mar 4, 2018

♡ 329 💬 131 people are talking about this



## MILLENNIALS AS HOME BUYERS

Despite low winter sales in most markets, a poll in early 2018 conducted by RBC found “Millennials are at the forefront of an overall increase in buying intentions across the country.” In fact, in 2018, almost half of first-time home buyers in Canada are millennials. In the United States, in 2017, millennials finally surpassed baby boomers as high-end mortgage borrowers, injecting \$514 billion into the US housing market. Many of these young people are getting help from their boomer parents, who are also implicated in major changes in the real estate market in North America. In fact, as previously mentioned, industrialized countries are on the precipice of the largest wealth transfer between generations the world has ever seen. As baby boomer parents elect to sell their large homes, presumably to downsize, they have a significant amount of equity and so can help their millennial children with down payments. One Canadian realtor reports that 75 per cent of his millennial clients are getting financial help from their parents. And a whopping 44 per cent of millennials are expecting either a loan or a gift from their parents to make their first home purchase.

Millennials need this help, according to an April 2018 Financial Post article. With the introduction of the stress test and the national median millennial income of \$38,142, there are very few locations in Canada a millennial can afford to buy a home, even after living with their parents longer to save. A 2018 report out of the United States sets the average age for a first-time homebuyer at 32.5. A Canadian poll by the Bank of Montreal in 2017 found the average first-time home buyer’s age to be 36. What this means is there is another ten years or so before the youngest of the millennials hits the current average age of a homebuyer.

### RENTAL HOUSING/LANDLORD/INVESTOR TIP

*Hold on – the millennial wave is still cresting.*

Typically, millennials are buying condos. According to a study by real estate firm Royal LePage, “the average millennial home buying budget fell to \$203,246 [at] a 5.14 per cent mortgage rate, a drop of \$40,103 or 16.5 per cent.” “When two incomes are combined, an average millennial couple sees their maximum purchase price increase to \$406,479, down from \$486,674 prior to the stress testing.” This allows the average millennial couple to purchase an average home in Saskatchewan or on the East Coast of Canada, but not in most of Vancouver or the GTA. A 2017 report indicates a lot of millennial home purchases that year were focused in Calgary, where millennials can afford to purchase in the urban core, which is their preferred location. REIN Finance Centre’s math has shown that new stress test rules introduced on January 1, 2018 have affected people’s ability to qualify for a mortgage by about 30 per cent. While this may sound like bad news, some experts believe the stress test has stabilized the market and reduced people overextending themselves.

To put the sum by Royal LePage of \$203,236 into practice, based on the table below (Figure 14 - a snapshot of average home prices in several Canadian cities in April 2018) we can see that without their parents’ help, single millennials would have to move to New Brunswick to own a single-family dwelling. However, as noted throughout this report in various sections, we know this isn’t reality. Millennials live in urban areas where they can access jobs and educational opportunities, and experiences that add value to their lives. Another recent report, this time from Ryerson University’s Centre for Urban Research and Land Development, found that over the next 10 years, 700,000 millennials will be looking to move into their own homes in the GTA. It is possible the homeownership rates for millennials in the GTA “could rise from 40 per cent in 2016 to 60 per cent in 2026,” meaning that in the years to come there could be significant upward pressure on home values in key urban centres sought after by millennials. Following REIN’s Long-Term Real Estate Success Formula, you can expect to find millennials where there are attractive jobs, and the urban centres of the GTA offer millennials what Fredericton, N.B. cannot.

## Where Can the Average Millennial Purchase a Single-Family Home in Canada?

**Table 1.** Average House Prices in Canadian Cities (April 2018)

City	Average House Price	12 Month Change
Vancouver, B.C.	\$1,092,000	+ 14.3 %
Toronto, ON	\$766,000	-5.1 %
Calgary, AB	\$431,000	+ 0.1 %
Ottawa, ON	\$382,000	+ 8.3 %
Montreal, QC	\$341,000	+6.3 %
Halifax, NS	\$316,000	+ 2.4 %
Regina, SK	\$276,000	- 6.5 %
Fredericton, NB	\$173,000	+ 1.2 %

A United States article shows a geographical shift in where millennials live. Given the high cost of housing, millennials are moving out of the expensive coastal cities in California and New York and moving into either less expensive coastal cities or the centre of the country where they can find cheaper housing, something replicated in Canada's statistics. As of May 2018, the number of millennials moving out of Toronto and Vancouver for less expensive areas of their province is trending upwards. Family is important to this generation, despite their delay in marriage or having children, so theoretically, eventually millennials may shift to suburban living, or at minimum, larger dwellings with multiple bedrooms, in greater numbers.

One real estate company assessed 85 of the most populous cities in Canada, comparing eight factors considered to be important to millennials: housing affordability, unemployment rate, life satisfaction, low crime rate, healthcare, climate, level of education, and the percentage of millennials in the total population. Quebec City was crowned the most attractive location for millennials according to Point2Homes and the eight factors listed above. An astute reader of REIN's publications will recognize many of the cities on the list shown below from REIN's *Top 10 Towns and Cities Reports* for British Columbia, Alberta, and Ontario, including, but not limited to, Victoria, Ottawa, Waterloo, and Kingston. The news article illuminates that "none of Canada's largest cities made the top five, and seven out of the top ten best cities for millennials have a population of under 500,000."

### Millennial Hot Spots in 2018

CITY



**Figure 14.** Top Canadian Cities for Millennials According to Point2Homes

## HOW DO I ATTRACT THE MILLENNIAL TO RENT OR BUY FROM ME?

### Property Type and Amenities

Suggestions for developers and investors wanting to attract a millennial renter include offering bike storage, USB charging ports, and co-working spaces in the building or a dedicated workspace in the unit. Make the space as smart as possible with upgrades to programmable thermostats and security systems, preferably units that can be engaged remotely through an app. Millennials must have excellent Wi-Fi, but care little for land-lines or cable television. Millennials value green living, which can include solar-panel power. Urban gardens, gyms with yoga space, and communal kitchens are some additions to the mixed-use space buildings that have been geared specifically towards millennials. One firm comments, "It's not always about finishes and layouts. It's how developers will be improving their lifestyle." Of course, many of these suggestions also work on the individual level for landlords to create inexpensive upgrades to their property that complement the millennial lifestyle.

Of the 90 per cent of millennials who rent, overwhelmingly the group wants to meet specific objectives within their rentals. Many will choose to pay a premium to rent in the right location, sacrificing square footage to be close to amenities, transit or work, instead of paying the same monthly mortgage costs for older, outdated homes in the suburbs. This cohort values lifestyle above all else and will make choices accordingly. For example, on the topic of money, the typical millennial attitude is that it is earned to be spent, and that means on lifestyle, be that travel, new experiences, or housing.

You can use REIN's Property Goldmine Scorecard to identify areas in your community that fit the bill for a millennial's lifestyle (see p.67 of *Real Estate Investing in Canada*), depending on your preferred real estate investor tactic:








- If you find an area in transition, you have an opportunity to tailor the property for the millennial purchaser or renter with the renovations suggested on p.24.
- If possible, focus on purchasing opportunities near transportation, or in walkable neighbourhoods that feature amenities such as green spaces, interesting shops and restaurants, and entertainment.
- Given the challenges millennials face obtaining mortgages, rent-to-own might be a good tactic for an investor to engage with millennials, depending on where the community is in REIN's Real Estate Cycle. REIN offers education on how to complete a rent-to-own contract in their Rapid Cash Program or see p.194 in *Secrets of the Canadian Real Estate Cycle*.
- If buy-and-hold is your chosen tactic and you live in an urban area that is likely going to have a base of millennials seeking rental accommodations, follow some of the tips above to tailor the space to this clientele.
- If fix-and-flip is your preferred investment tactic, bring the property in line with the digital experience millennials expect these days, such as programmable thermostats and

USB chargers, etc. along with less expensive upgrades like a bike rack and a built-in workstation.

- If you want to attract an inter-generational buyer or renter that attends to both millennial and baby boomer needs, a British study found almost one-quarter of home-owners wanted a space dedicated to mindfulness to calm themselves from the stress of living with their family. Ground floor bedrooms and bathrooms were also important for aging parents.
- Or, try the tactic one Vancouver developer is offering in Spring 2019 to sell their condo's - and we're not kidding about this - "Each new resident of the Woodbridge Homes' Kira condos will get a gift card to a local restaurant loaded up with enough cash for 52 orders of avocado toast—one for every weekend of the year."

## Marketing and Administration

As landlords, individuals are encouraged to i) communicate with their millennial tenants by text; ii) eliminate paperwork; and iii) expect rent to be digitally transferred. To attract a millennial renter, use social media. See Figure 15 below from REIN's Chief Growth Officer for recommendations on which platform landlords need to utilize to access potential millennial renters or buyers. Do have professional photos, and use a platform optimized for mobile viewing and apps. Millennials like to conduct online research and do it from their ever-present phone, so any efforts to attract someone who has grown up in a digital world must have a digital component to their marketing plan. Any user-generated information you can include, like reviews/testimonials from past tenants, will help earn a millennial's trust. Additionally, know that the millennial will google your name. By the time a millennial texts you, they've already established some background knowledge about you and/or the property. Which brings up another point: make sure it's not just a landline number being advertised, because you might lose a millennial's interest if they can't reach you by text.

SOCIAL MEDIA APPS		BEST FOR	DEMOGRAPHICS
	 <b>FACEBOOK</b>	<b>EVERYONE</b> You must be here for any and all business!	1.3+ Billion Users Age 25-40 60% Female
	 <b>INSTAGRAM</b>	<b>Renting to millennials</b>	200 Million Users Age 18-29
	 <b>SNAPCHAT</b>	<b>Renting to students</b>	400 Million Users Age 15-35
	 <b>TWITTER</b>	<b>Relationship Building</b> (Private Sales, Agreements for Sale)	600 Millions Users Age 18-29
	 <b>YOUTUBE</b>	<b>Education and differentiation</b>	1 Billion Users All Ages
	 <b>LINKEDIN</b>	<b>Business professionals, short term</b>	600 Millions Users Age 30-49
	 <b>PINTEREST</b>	<b>Flips, Renovations, Luxury</b>	700 Million Users Age 18-35 80% Female

**Figure 15.** Social Media Apps, Their Purpose, and Who They Best Target

## **WHAT DOES THIS ACTUALLY MEAN FOR YOU AND WHAT CAN YOU DO WITH THIS INFORMATION?**

Society and culture are always in flux, responding to demographic pressures, the economy, macro and micro level politics, and new information, such as the growing environmental awareness that has led governments at all levels to focus on public transportation. In this report, we've outlined some of the significant social, political and economic influencers that are impacting the millennial generation. Although millennials may have much in common with previous generations in terms of their life cycle goals, there are a few significant changes in how these major markers are playing out over time that impact housing, and thus, you, the real estate investor.

The significant difference between millennials and prior generations is that these younger folks have been immersed in technology from a young age. Their comfort level with technology impacts the way they communicate (they text and don't talk), the way they conduct research (online), which means you as an investor have to be visible online, and what they demand in housing. This desire to be connected at all times also means millennials seek a lifestyle that is in the centre of where it's all happening. Millennials want to be able to walk, bike, or take transit to the newest restaurant or the latest entertainment hotspot. And given the sheer numbers of this demographic, you can be sure they will be influencing trends in the social sphere for many years to come.

We know that millennials want to purchase a home, but that means getting rid of student debt, having stable employment that pays well, and saving for a down payment. This cohort is living at home longer, delaying marriage and having children, and delaying their own home purchase. Millennials are more likely to purchase a condo or townhome in an urban centre with good transit and amenities that supports their individual lifestyle experience. At the end of the day, though, millennials are primarily renting, and will be for some time, which is great news if you have a rental property! And, as the generation comes into its own in terms of size and purchasing power, they will create more demand for home purchases.

Millennials are not necessarily looking for the same housing solutions as their parents and grandparents – i.e. not the ranch bungalow in the suburbs. Whether you are going to focus on renting to millennials as a strategy, think you can attract a millennial buyer to purchase your property, or you want to invest in an area millennials are calling home, the bottom line is: millennials are looking for amenities that add value to their lifestyle, all the while keeping the avocado toast budget intact!

In this report we outlined some of the ways in which millennials are getting creative with their living space, including house hacking and multi-generational living, so if there is any way to make your property more amenable to multiple adults in the space, you're ahead of the competition (can every bathroom be renovated into a master bathroom?). We have also provided you specific suggestions that will appeal to a millennial for each of the tactics based on REIN's Real Estate Cycle that we trust will be helpful.

As millennials will soon become the primary contributors to our economy, as entrepreneurs, employees, and consumers, this report positions you to take advantage of the trends millennials are developing now, as well as positioning you for years to come as millennials exert pressure in the rental and property markets in their unique way.



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## NOTES

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