

Understanding Generational Characteristic Differences



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Generations by the Numbers

- ▶ 1925-1945: Silent (Traditionalist) Generation
 - ▶ Population = 35 Million (11.3%)
- ▶ 1946-1964: Baby Boomer
 - ▶ Population = 84 million (27%)
- ▶ 1965-1981: Generation X
 - ▶ Population = 68 Million (21%)
- ▶ 1982-2000: Generation Y (Millennial)
 - ▶ Population = 79 Million (25%)

Source: U.S. Census Bureau, 2010

Unique Characteristics Silent Generation Born: 1925-1945

- ▶ Communication:
 - ▶ Did not challenge authority
- ▶ Work Ethic:
 - ▶ Loyalty (Most had 1 job entire career)
 - ▶ Reliability (Show up, do job, no complaints)
- ▶ Financial Perspective
 - ▶ Frugal
 - ▶ Legacy (Leave something behind)

Unique Characteristics Baby Boomers Born: 1946-1964

- ▶ Communication:
 - ▶ Challenge authority
- ▶ Work Ethic:
 - ▶ Time (70-80 Hour work week)
 - ▶ Money (Measure of success)
- ▶ Financial Perspective
 - ▶ Money is to be made and spent (Created the consumer society. Wealthiest generation of any generation, before or since, per capita, at any age)

Unique Characteristics Generation X Born 1965-1981

- ▶ Communication:
 - ▶ Care less about hierarchy/position than Boomers
- ▶ Work Ethic:
 - ▶ Productivity (Don't measure my time, measure my productivity)
 - ▶ Skillset (Give me jobs/tasks that will build my skills)
- ▶ Financial Perspective
 - ▶ Want less – have less
 - ▶ Work-Life Balance

Unique Characteristic Generation Y

Born: 1982-2000

- ▶ Communication:
 - ▶ Constant (Particularly asynchronous: Text, social media, etc.)
- ▶ Work Ethic:
 - ▶ Relationships (Want genuine connections)
 - ▶ Cause (Belonging to something larger)
- ▶ Financial Perspective
 - ▶ Creators of "Shared Economy" (Why should we purchase and own when we can share)

Evidence of Shared Economy Success:

- ▶ Car Service: Car Ride Services
 - ▶ Uber (Founded 2009, \$4.9B)
 - ▶ Lyft (Founded 2012, \$332 Million)
 - ▶ Halo (Founded 2010, \$101 Million)
- ▶ Housing: Rent bedrooms to whole houses
 - ▶ Airbnb (Founded 2008, \$795 Million)
 - ▶ HomeAway (Founded 2005, \$505 Million)
- ▶ Parking: Rent parking spaces to strangers
 - ▶ ParkWhiz (Founded 2007, \$12 Million)
 - ▶ SpotHero (Founded 2011, \$7.5 Million)
 - ▶ Parking Panda (Founded 2011, \$4.7 Million)

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The Apartment Sector



The Apartment Lifestyle Shift

Lobbies & Leasing: The **Old School**



- **Functional** based
- Leasing is highly **interpersonal**
- Property **information is controlled** by leasing staff
- **Nothing memorable** or defining in the design



The Apartment Lifestyle Shift

Lobbies & Leasing: The **New School**



Icis by Alliance



Array by ConAm



Circa 37 by Sudberry

- Modeled after **open hotel lobby designs**
- **Impactful** on entry
- **Hassle-free, customer-controlled** touch-screen leasing technology

The Apartment Lifestyle Shift

Interior Amenities: The **Old School**



Function-only business centers: all work-no play



Minimalist, uninteresting fitness centers

The Apartment Lifestyle Shift

Interior Amenities: The **New School**



Expansive “great room” rec lounge, with multiple uses



Business Centers: function as a Starbucks, collaborative, blur the line between work-play



High-end fitness centers

Other typical interior amenities:

- Dog washes
- Bike maintenance rooms
- Wi-fi throughout
- Fitness/yoga classes
- Cooking classes
- Wine tastings
- Etc.



Demonstration Kitchens & Lounges

The Apartment Lifestyle Shift

Outdoor Amenities: The Old School



Community BBQ areas that are purely functional



Community pools that are bland and uninteresting



Tennis courts: eat up precious land and usually go unused



"No Pets" policy is history...70% of 2014 renters own pets.

The Apartment Lifestyle Shift

Outdoor Amenities: The **New School**



Rooftop lounges & BBQ areas



Rooftop dog runs



Luxury saltwater pools with cabanas

Other typical outdoor amenities:

- Outdoor firepits/water features
- Rooftop bocce
- Kayak storage
- Etc.



Herb gardens for residents

The Apartment Sector

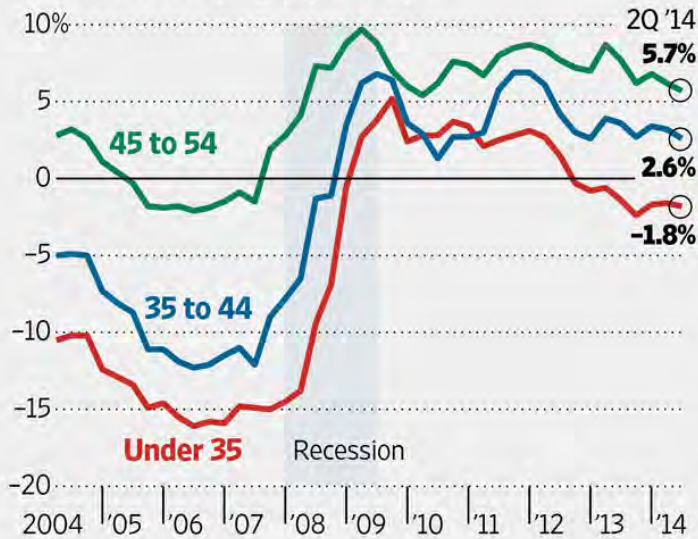


Millennials – Financial Complications to Homeownership

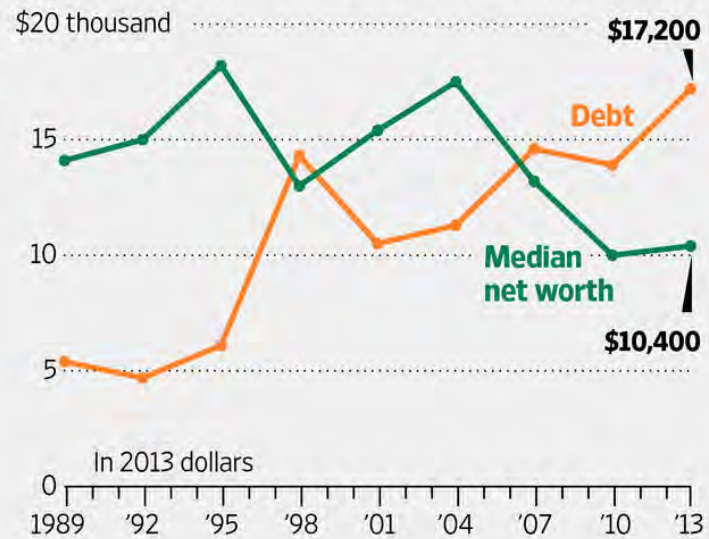
Taking Account

Savings rates for Americans of all ages rose during and after the recession, but the so-called millennial generation has recently stopped saving. At least part of the cause may be relatively high student-debt burdens.

Savings rates by age, quarterly



Student debt and median net worth, under age 35



Sources: Moody's Analytics (savings rate); Federal Reserve (debt and net worth)

The Wall Street Journal

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Demographics/Consumer Preferences Drive Retail

- **Characteristics of the population are changing**
 - age
 - income distribution
 - ethnicity
 - shopping habits
- **Where people choose to live and work is impactful**
- **How people shop has shifted dramatically**
- **Retail/retail development needs to remain relevant/responsive**

Emphasis on Convenience

- **Proximity to transit**
- **Higher densities/mixture of uses: live/work/play**
- **Growth in urban/dense in-fill suburban nodes**
 - migration to the cities
- **Walkability**

Experiential Retail

- **More entertainment, dining options**
- **Health clubs, day spas, different exercise formats**
- **Importance of public place making**
- **Tenant mix and amenities**

Impact of the Internet

- **Omni-channel retailing has become the norm**
 - Most “Brick and Mortar” retailers have established an on-line presence
 - “Showrooming”
 - On-line retailers opening physical locations
 - Amazon
 - Athleta
- **Retailer consolidation**
 - Office Depot/Staples/Office Max
 - Best Buy/Circuit City/Comp USA
- **Store formats being downsized**
- **Some categories more vulnerable than others**
- **Use of neighborhood locations as “distribution facilities”**

Impact on Grocers of Changing Demographics

- **Segmentation of the category**
 - Income fragmentation, convenience, ethnicity, personal preference
- **Higher end options**
 - Whole Foods
 - Fresh Market
- **High volume/low price competition**
 - Costco/Sam's Club
 - Walmart Neighborhood Market
 - Target
- **Internet competition**
 - Amazon Fresh
- **Specialty**
 - Trader Joes
 - Sprouts
- **Ethnic**
 - 99 Ranch, Hmart, Seafood City
 - Northgate, Vallarta, Mi Pueblo, Superior

Impact on Retail Investment/Development

- **Shopping center formats changing to maintain relevance**
 - Example: repositioning of well-located but obsolete regional malls
- **Creating environments that support experiential retail**
 - place-making
 - entertainment
 - dining
- **Increased density and mix of uses**
 - live/work/play
 - proximity to transit
 - walkability
- **Focus on categories less vulnerable to the internet**
 - everyday needs
 - entertainment
 - dining
 - service-oriented
 - medical

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