Understanding Generational Characteristic Differences
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

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

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The Apartment Lifestyle Shift

Interior Amenities: The Old School

Function-only business centers: all work-no play

Minimalist, uninteresting fitness centers
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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

USD Burnham-Moores Conference
March 5th, 2015
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.

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Outdoor Amenities: The New School

Other typical outdoor amenities:
- Outdoor firepits/water features
- Rooftop bocce
- Kayak storage
- Etc.

Rooftop lounges & BBQ areas
Luxury saltwater pools with cabanas
Herb gardens for residents
Rooftop dog runs
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)
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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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