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## Suburbanization: Deja vu, all over again?

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Being a baby boomer, I have been fascinated with the demographic impact of this large group. But, as we boomers become old news, Millennials are the new, new thing. Those are the people born after 1982, who are now becoming potentially the largest demographic wave (depending upon how measured) in our history. The boomers are still a contender, but like it or not, as we get older, our social, economic and culture clout is less.

A lot has been written in the press about both well off boomers and young Millennials all wanting to return to the cities. As a result, many developers have made the big bet that cities are desperately in need of new multifamily housing. In the Boston/Cambridge area, somewhere between 15,000 and 20,000 new units are either under construction or under planning. I have written before about a potential demand-supply imbalance, but after my millennial research, the question seems less about the absolute numbers, and more about timing and changing preferences. It may well be that the current demographics demonstrate a need for this amount of new housing, but to me it seems the question is really about how long they will want or need it. Will the Millennials be renting in urban areas five to 10 years from now?

At the moment, home ownership is below 60%, the lowest in years, with the previous lowest level in 1965 at 63%. The highest percentage of home ownership was in 2004, at 69%, when then President Bush was promoting home ownership for every individual. Much has been said about the logic of Millennials moving into the cities, not buying homes, but renting apartments. The reasons are well known: uncertainty of employment; tight banking credit requirements despite low interest rates; shock of the recent real estate recession; huge amounts of student debt.

While the logic seems unassailable, certain demographers from Morgan Stanley and others have opined recently that this trend towards the city by Millennials may be exaggerated. In an article from the Forbes Group, on the geography of aging, they conjecture as to whether Millennials are actually headed back to the suburbs. In fact, statistics show that the first age cohort of Millennials, early thirties, have already started to move back to the suburbs. This group might be considered "settled" Millennials, as they are the most likely to have married, have children, and job certainty.

A survey of this group by TD Bank indicates that over 80% of the "settled" intend to purchase a single-family home in their future. One study suggests that almost half of the settled Millennials already own a home, and only a quarter are still renters. Many of the reasons for older Millennials' interest in owning homes, and potentially moving back to the suburbs, are obvious, starting with their need for good schools. Once urban renters decide to marry and start a family, they have already considered schooling for their future offspring. For many, not all, urban public schools are not their preference. They move to suburbs in metropolitan Boston which have phenomenally good public schools, often surpassing quality of private schools in both urban and suburban areas.

When Millennials move to the suburbs, they become involved in the school system, neighborhood

groups, the local sports teams, etc. In a sense, the school system and its community become the glue that holds Millennials together, creating a community where Millennials can make friends, be involved, create life-long bonds .... all strong neighborhood characteristics, even within the more sprawl-like conditions of suburbanization.

All of the other reasons for suburbanization that once existed in the 1950s also have impacts on Millennials. Besides schools, these include more single-family homes available for purchase, open space, yards and a growing issue of parking.

So, it will be interesting to see whether rental housing in urban areas can sustain the change that is probably coming. Within the next five to ten years, there will be many more Millennials reaching the family formation age, and the question is will they remain in urban areas, much improved by demand from older boomers , but still potentially lacking some of the education and school-related community aspects of suburban living. When thinking demography, think beyond absolute numbers and consider the changing preferences from people as they move through life. These changes may well occur more frequently and faster than previously.

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