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55 YEARS

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Generation Z, on the move... like literally. - by Daniel Calano

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Last month I wrote about how culture influences the creation and use of real estate. My main point was that current culture changes so quickly, leading to an uncertain future of building permanence. In this article, I am venturing a bit further, perhaps going out on a limb. The seed of this writing is the recent “gamification” of stock trading, and the young entrepreneurial nonconformists of the day who created it. You most likely have heard about the Robin Hood trading app, the related Reddit social media platform, and the powerful ramifications they have had on the Wall Street industry. You say, what on earth has this got to do with real estate? Let me explain.

These young entrepreneurs, enabled by technology and their eagerness to take chances, recently traded stocks with such purchase and sophistication, leading to stock movement so quick that it appeared to be stock manipulation. Some traders were involved simply to show the establishment that it was not all powerful, that the iconic Wall Street actually did not need to exist. Digital stock trading has been around for a while, but these traders showed that it no longer needed a centralized place. It no longer needed buildings at all. It can be done anywhere/anytime, all discussed, evaluated, and acted upon, by tens of thousands of unrelated individuals.

Many writers, including myself, have explored the Baby Boomer culture, Gen X community, Millennial's, and now Gen Z. Z'ers are just turning 21 years old, and while not the largest group, Z will dominate our culture for the next decade or so. I say decade, but given the pace of change, and the “foreshortening” of generational culture, Z will probably divide and multiply in many ways. With such potential change, ask yourself these real estate questions. Will Z sit 9 to 5 in large office buildings? Will Z be going to banks to arrange mortgage lending? Will Z stay in one place, be part of physical community, live in their homes, the same town, for generations. Some will; most won't.

Allow me one quick example of a young family from this generation. As friends of their parents, the example is close to home. Long story short, the son and daughter-in-law married, went to San Francisco where both worked, established friendships, and had two babies. When Covid struck, much of that unraveled, and tethers were loosened. After some introspection, but mostly a sense of

freedom, the couple packed up their computers, some clothes, skis, the babies, and moved to Boulder Colorado. They have worked there remotely for months, and are now considering their next move. While I probably underestimate, this entire brief adventure was undertaken because it was easy and seemed like a normal part of life.

So I ask you again: do these young people play by rules that are needed for stability in real estate? Will they move, change jobs, change community, friends, networks in seemingly abrupt and perhaps impulsive moves? I ask my friends, the parents, as they try to keep up by considering second homes near the nomads, rent VRBO, travel monthly or move themselves thousands of miles from their homes to be near children and grandchildren. They are understandably frustrated, trying to figure it all out.

Will those of us in real estate be equally frustrated in trying to determine where demand will take place, for what type structures, for what time-frame. Or, will we continue to build permanent, concentrated structures in major cities as we historically have. Without doubt, many of this generation will do as their parents have, staying in the same community for a lifetime. There will be Z subsets who continue to be “old school.” But, the majority will choose or be required to move about, changing jobs, office needs, places to live. Not a surprise, building will need to accommodate them, not the inverse.

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