



DEMOGRAPHIC DRIVERS & CONSUMER PREFERENCES SHAPING THE FUTURE OF HOUSING

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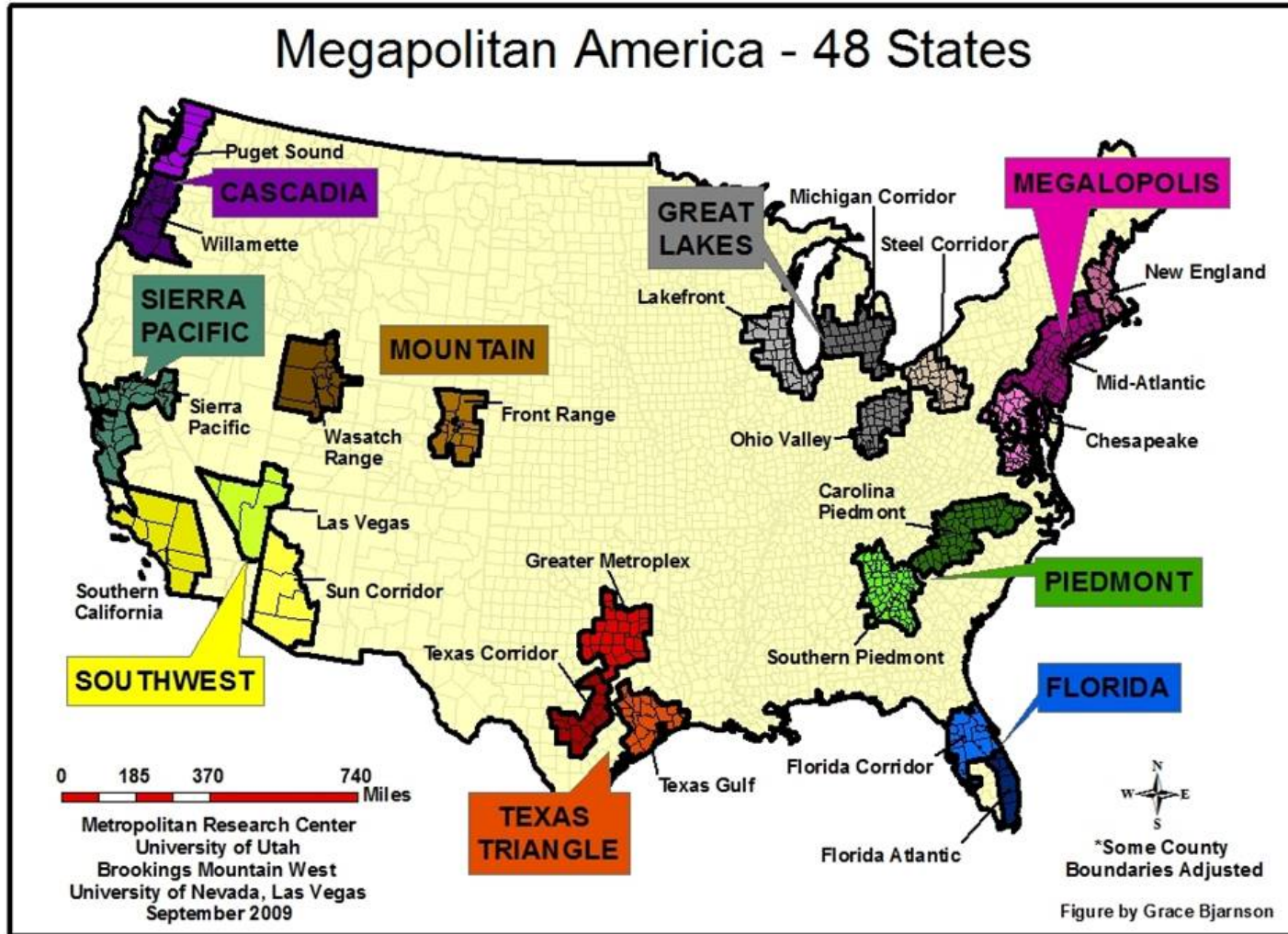
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Future of Housing Symposium, Washington, DC | June 23, 2010

FROM METROPOLITAN TO MEGAPOLITAN

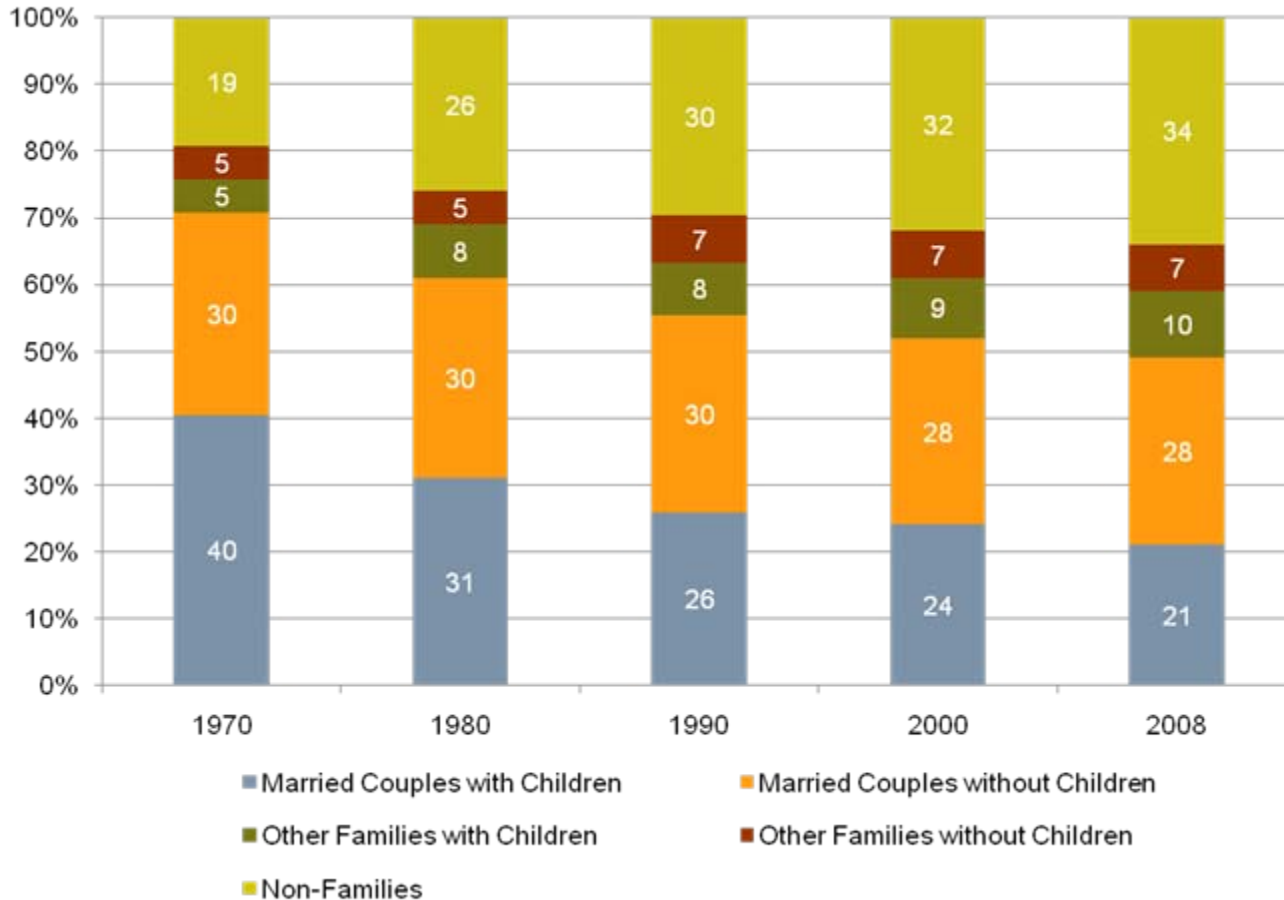
100 MM NEW PP IN U.S. BY 2040 – 60 MM IN 22 MKTS



- ▶ Regions will grow around multi-dimensional “centers”
- ▶ Places where employment, education, civic, and recreation combine to serve the region’s population and economic activity

“NON TRADITIONAL” HOUSEHOLD GROWTH

THE SHARE OF CHILD-FREE HOUSEHOLDS HAS STEADILY GROWN IN THE US



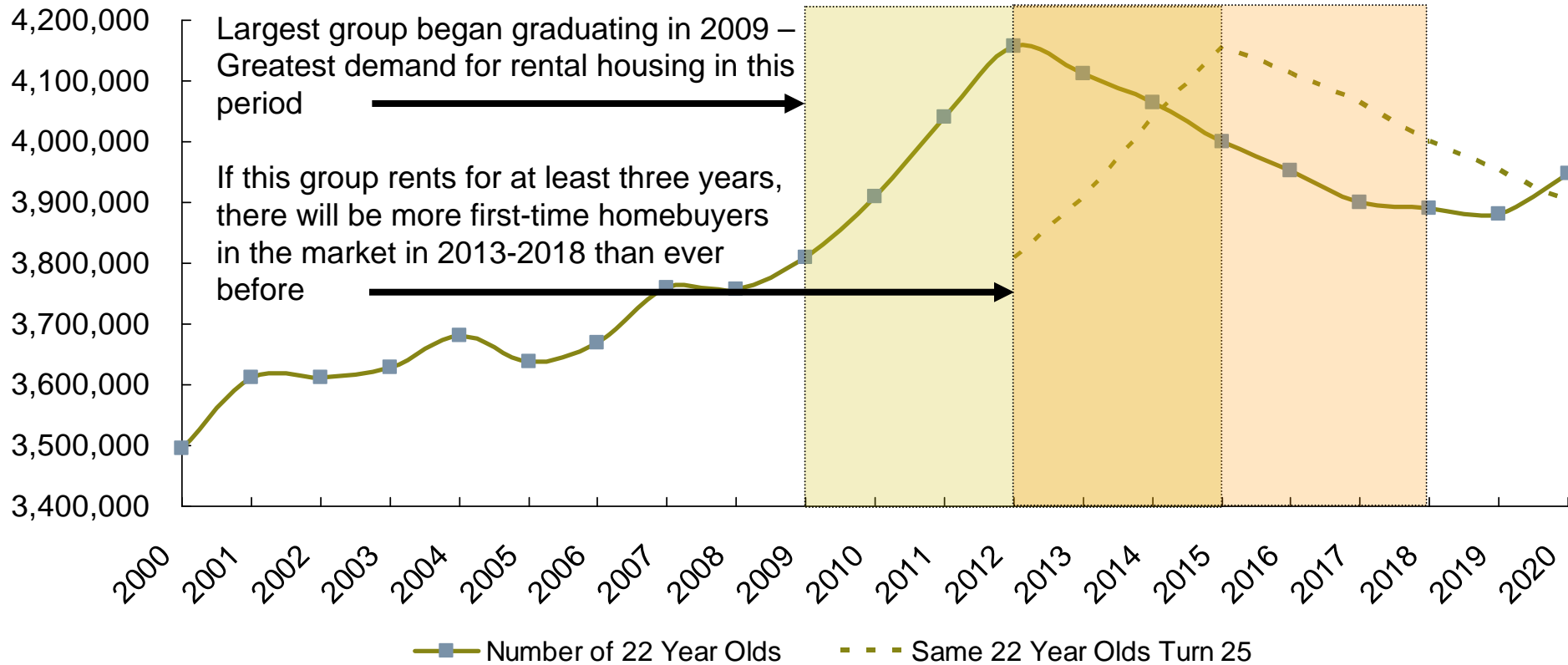
▶ **>85%** of net household growth between now and 2025 is projected to consist of households without children...

GEN Y MAKING ITS MARK TODAY

SHAPING POST-RECESSION PLACEMAKING EFFORTS

RCLCO Consumer Research shows:

- ▶ 41% of Generation Y plan to rent for at least three years
- ▶ 77% of Generation Y plan to live in an Urban Core



NOTE: Number of 22-year olds is based upon birth rate and does not factor in death rates and migration.

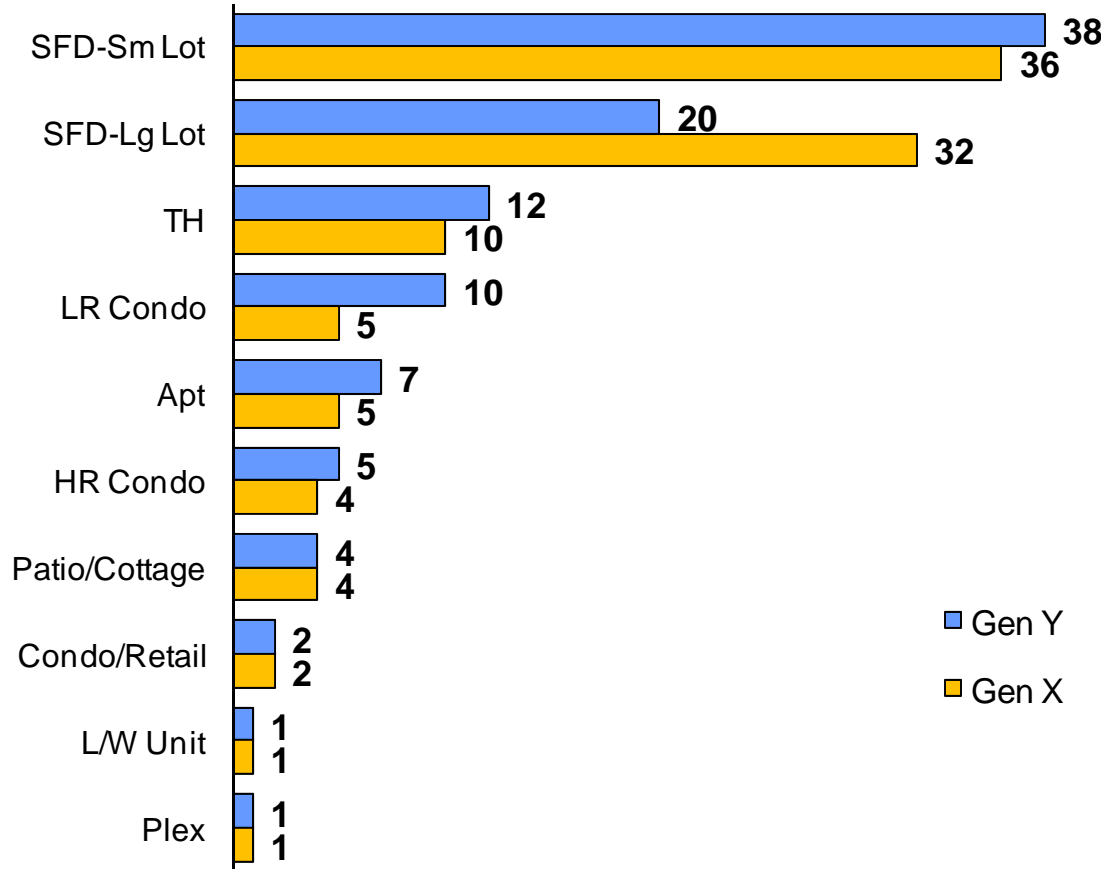
SOURCE: U.S. Centers for Disease Control and Prevention

THE “SMART GROWTH GENERATION”

GENERATION Y MAKING WALKABLE HOUSING CHOICES

Product Type Preference Gen X vs. Gen Y

%



For single-family products, preference for smaller lot homes and high density SFA in concert with local variations will influence design.

Alley-loaded parking becomes a safety issue – must be mitigated with a reimagining of the alleyway

SOURCE: RCLCO Consumer Research

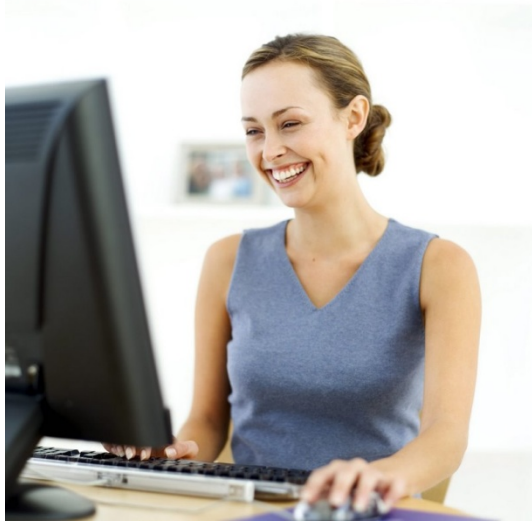
GEN Y WILL PAY FOR WALKABLE, MIXED-USE CHALLENGE IS PROVIDING PRODUCT THEY CAN AFFORD



- Driven by convenience, connectivity, and a healthy work-life balance to maintain relationships
- **1/3** will pay more to walk to shops, work, and entertainment
- **2/3** say that living in a walkable community is important
- More than **1/2** of Gen Y would trade lot size for proximity to shopping or to work
- Even among families with children, **1/3** or more are willing to trade lot size and “ideal” homes for walkable, diverse communities

SOURCE: RCLCO Consumer Research

WINKS – WOMEN WITH INCOMES AND NO KIDS



Portrait of a WINK

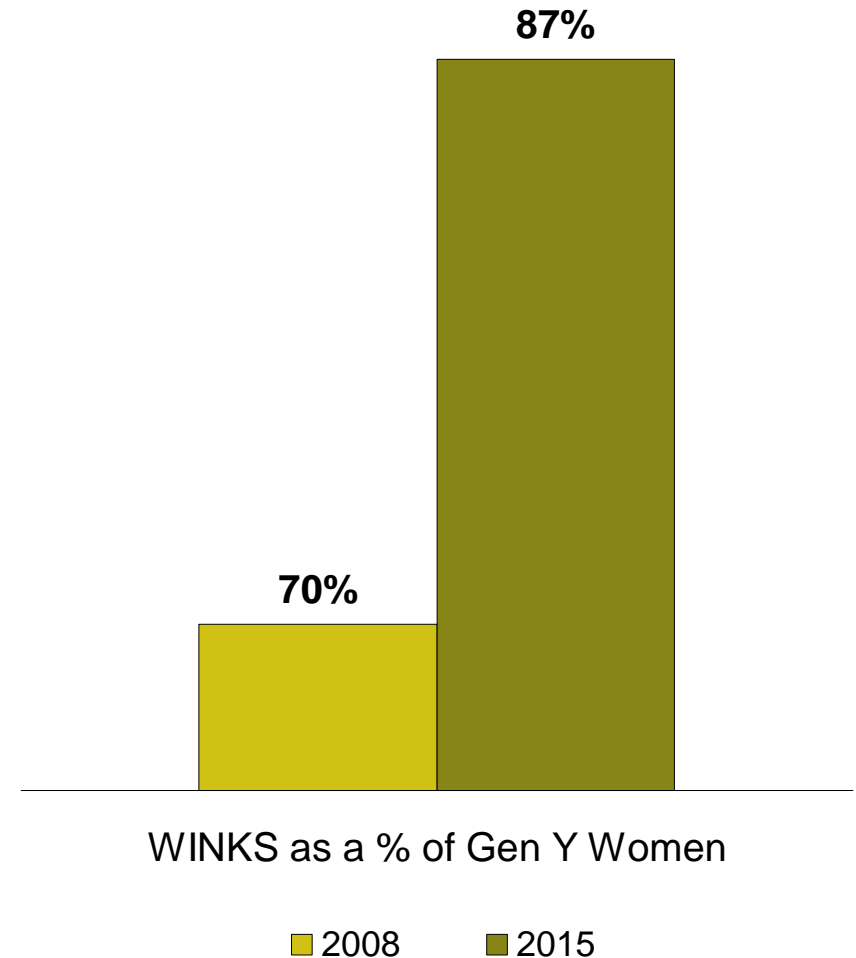
- ▶ 26-29 years of age (Gen Y is 20-29 years old)
- ▶ Not married, professional, well educated working woman
- ▶ No children
- ▶ Earning over \$50,000/year
- ▶ Largely renter, living alone
- ▶ Purchasing home in advance of marriage or children
- ▶ Prefer urban or walkable environment – will pay a premium
- ▶ Desire ability to walk to work, dining, and shopping
- ▶ Expected amenities – fitness facilities, trails, running groups, libraries, yoga instruction
- ▶ Will impact product types, floorplans and amenities
- ▶ Will have the most effect on urban and urban-lite locations

WINKS WILL DOMINATE THE URBAN LANDSCAPE

Women with Income and No Kids...

...defined as those who either live in city centers or in areas surrounding city centers and have incomes over \$50,000

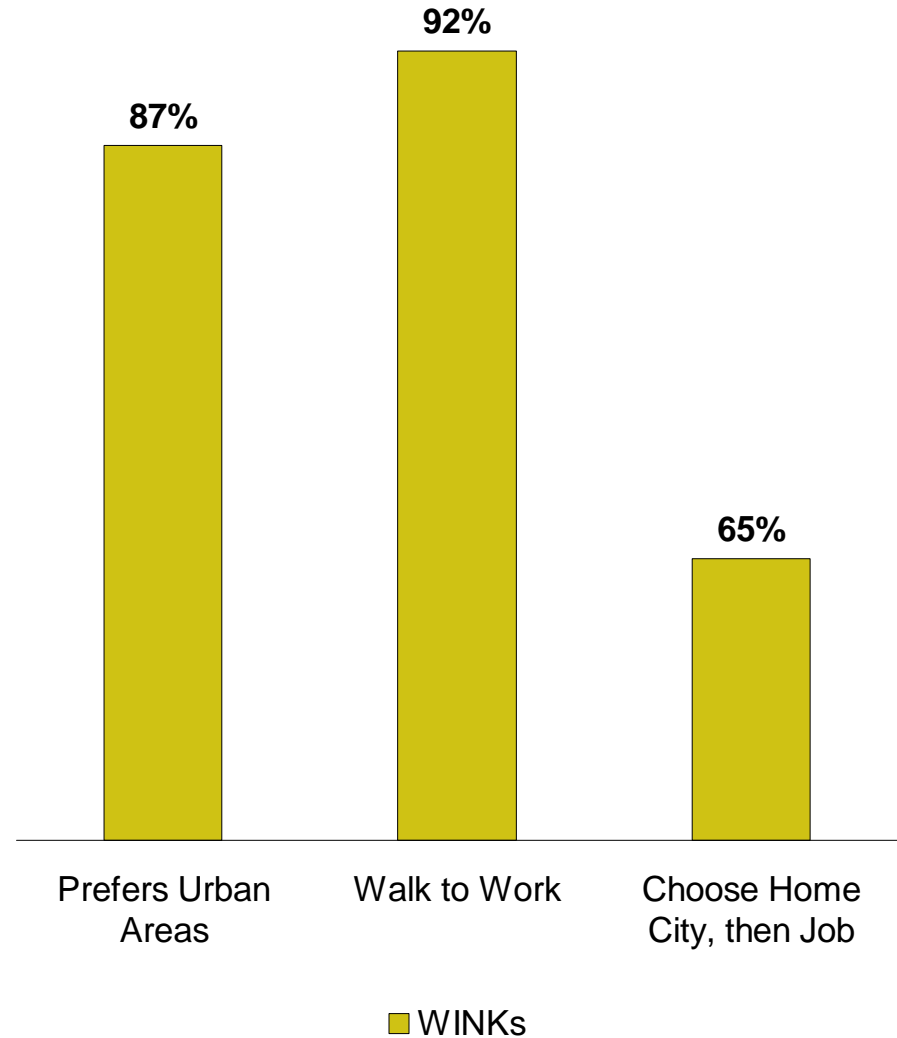
By 2015, WINKS will comprise 43% of ALL Gen Y Households



WHAT WOMEN WANT LIVING IN THE CITY

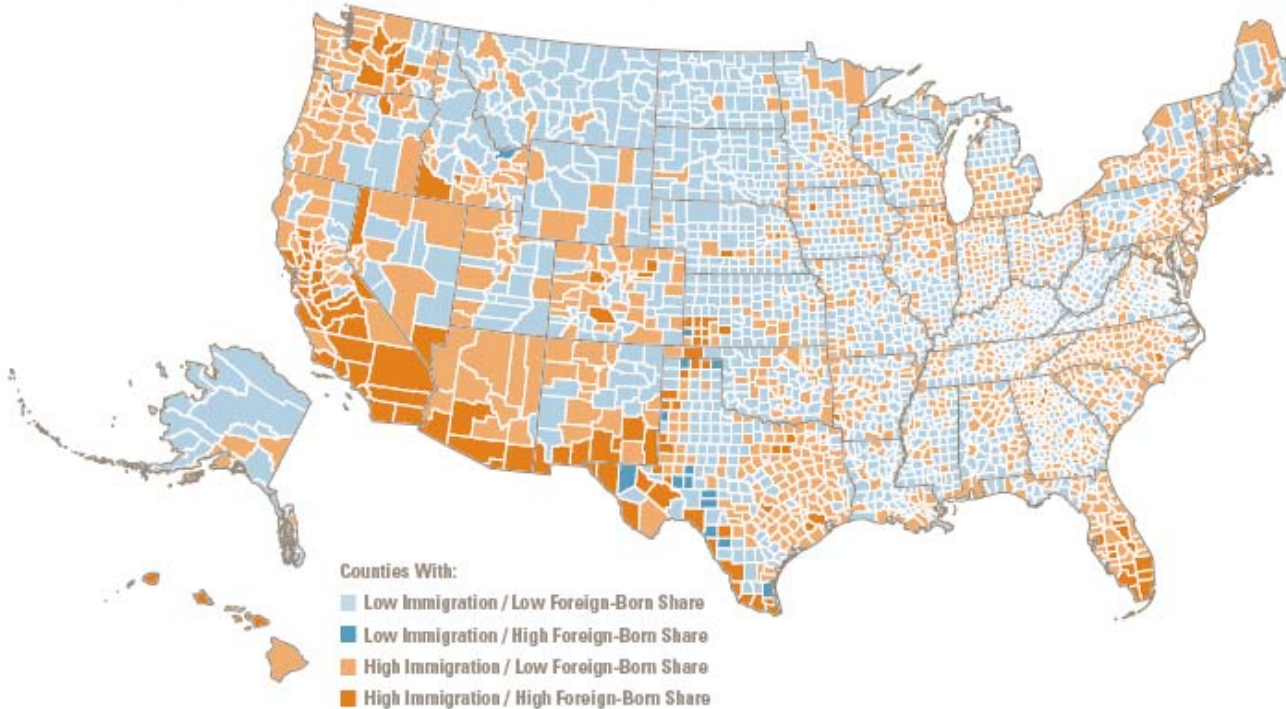
Female Gen Y and Gen X respondents indicate a strong preference for urban and urban-lite locations for home and work.

Homes that offer walkability or proximity to transit are especially attractive, especially if located near workplaces that are also located in central cities or urbanizing town centers.



MINORITIES WILL LEAD GROWTH IN AMERICA

International Migrants Are Settling in a Mix of Urban and Outlying Areas



- ▶ At current pace, minority share expected to grow from 29% today to **35%** by 2020
- ▶ Minorities are **younger**; growth in 35-64 year-olds strong through 2020
- ▶ White middle-aged households will **decline**
- ▶ Growing share of **high-income** homeowners and buyers among foreign-born and minority households

SOURCE: Joint Center for Housing Studies, Harvard

MAJORITY MINORITY IS ON THE RISE AND WILL CONTINUE

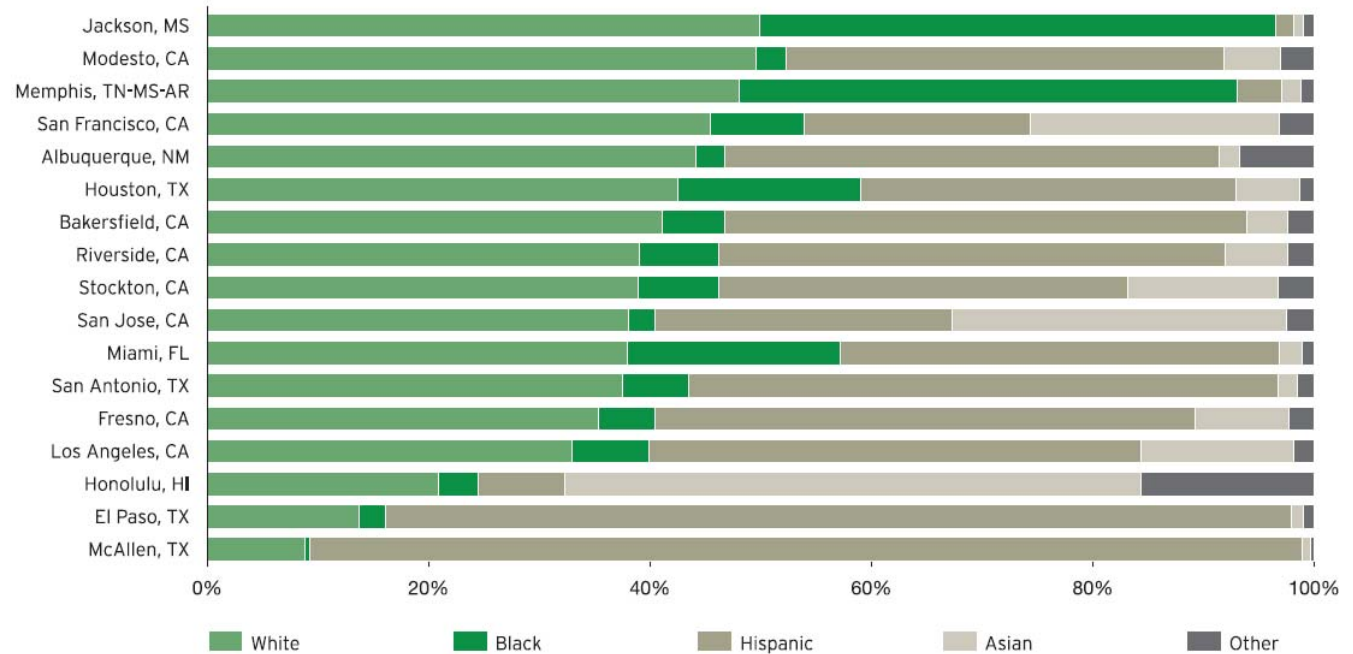
83% of population growth 2000-2008 was Non-White

73% of future growth 2010-2020

17 of largest 100 metro areas already "Majority Minority"

31 of largest 100 metro area's under-18 population are "Majority Minority"

Figure 3. Seventeen Large Metro Areas Have Majority-Minority Populations
Share of Population by Race/Ethnicity, 2008



SOURCE: Brookings Institution, State of Metropolitan America

SUBURBIA IS GROWING MORE DIVERSE

IMMIGRANTS BYPASSING TRADITIONAL DOWNTOWN GATEWAYS

- ▶ **1 in 8** Americans is an immigrant.
- ▶ Metropolitan areas in the **Southeast** gained immigrants at a faster rate than most other regions during the 2000s.
- ▶ More than **50%** of the foreign born live in large metropolitan suburbs, up from 44 percent in 1980.
- ▶ Hispanics' share of households rising to **35%**.
- ▶ Future: Hispanics will be **40%** of first-time homebuyers.
- ▶ **Non-families** became the most prominent suburban household type by 2008.

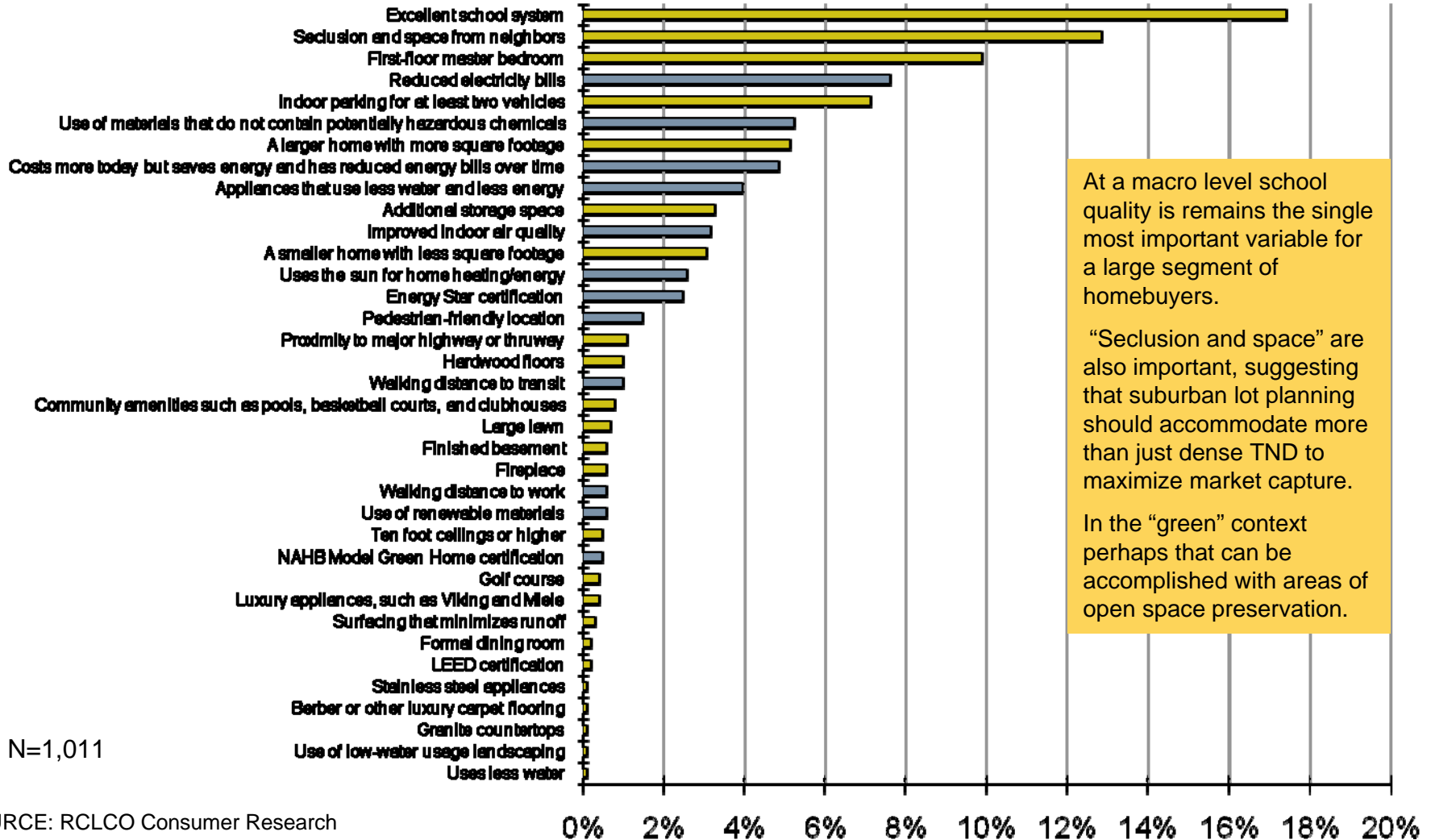


SOURCE: Brookings Institution, National Association of Hispanic Real Estate Professionals, Harvard Joint Center for Housing Studies, Claritas

“GREEN” COMPETES IN A CROWDED FIELD

SCHOOLS, SPACE, SIZE STILL MOST IMPORTANT FACTORS

Most Important Factors When Choosing a New Home



At a macro level school quality remains the single most important variable for a large segment of homebuyers.

“Seclusion and space” are also important, suggesting that suburban lot planning should accommodate more than just dense TND to maximize market capture.

In the “green” context perhaps that can be accomplished with areas of open space preservation.

N=1,011

SOURCE: RCLCO Consumer Research

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