



Y should you care?

Pointing your leasing strategy toward Gen Y offers up a multi-billion rental market that is here to stay as the "Baby on Board" generation enter the rental market with calculation and force.

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Today, the oldest members of Generation Y are about 27 years old though there has yet to be solid consensus on its start/end dates. The most commonly quoted dates refer to the approximate 70 million born between 1981 and 2001, and include the Echo Boom between 1989 and 1993, when the number of annual births exceeded four million. Some demographers refer to Gen Y as the 80 million born since 1980. Some refer to them as The Millennials: anyone born after 1978—a group with one trillion dollars on hand according to the U.S. Census Bureau in November 2006. Factoring in immigration brings the population born since 1980 to approximately 90 million, as reported by *College and University* in January 2007, which would make them the largest generation in American history to date. This total surpasses the baby boomer generation with its 77 million born between 1946 and 1964.

Gen Y personality profile

Known by a range of names including the "Baby on Board" generation, Gen Y, Millennials, or Echo Boomers, the oldest are entering the work force and the youngest are still in elementary school. Those ages 13 to 26 currently spend approximately \$170

billion a year. Most Gen Y'ers have been raised in wealth with two working parents and/or parents who waited until later in life to have children.

Gen Y marks a sharp departure on all fronts from its predecessor, Generation X, born 1965 to 1980 whose motto is quoted as: "To thine own self be loyal—all others take a number." (Zemek 2001) In some events, members of Gen X and Gen Y can belong to the same family, both parented by baby boomers. Yet there is little similarity in their generational identity. A study by Strauss and Howe in their book *Generations* describes how each generation departs from its predecessor (X), crusades to correct what it perceives as excesses of the middle generation (baby boomer), and occupies the social role being vacated by the departing elder generation (Traditionals). Gen Y emerges as a Strauss Howe classic.

The Gen Y personality is peculiar: tribal as compared to the loner Gen X mentality. They are coddled, expressive, questioning, non-conventional, multitasking multi-techs. Millennial expert Nancy Robinson of Iconoculture observes that Millennials are tech nomads and three times more prone to work offsite. 87 percent of ages 18 to 29 are Internet users. Pew Research Center reported in January 2008 that 42 percent of ages 18-29 surveyed get the presidential campaign news over the Internet compared to 26 percent ages 30-49 and 15 percent ages 50+.

87 percent are Internet users

It is not unusual to see a Gen Y at work or at home on a computer, plugged in to their iPod and texting—simultaneously. Gen Y has already moved beyond the Internet. They have gone Internet mobile.

Millennials are also the highest producers of Consumer Generated Media (CGM) at 46 percent as reported in a Deloitte "State of the Media Democracy" survey. Generation Y'ers not only live on the Internet, they produce their own brands of video, photos and music. They visit fewer Websites than their Gen X counterpart.

When it comes to Internet shopping for apartments, they are not only the largest population sector at 52 percent to shop for housing online, they are also the largest sector making sight-unseen reservations at 48.5 percent.

51.65 percent of reported apartment shoppers are ages 18-29. 48.5 percent of online sight-unseen apartment reservations are made by shoppers ages 18 to 29.

Gen Y lifestyle

Gen Y lives have been closely structured by doting parents. Baffled bosses and teachers are seeing parents accompany their children to interviews. Gen Y'ers have never had to wait on anything: the microwave oven is older than they are. They expect instant results 24/7 and constant variety and change—they crave experience. Gen Y'ers are very tolerant of differences in people. Teens now have the largest rate of volunteerism in over 50 years and they network on an unprecedented level, identifying by areas of interest rather than just geographic location. They seek constant affirmation, feedback and recognition.

Higher education enrollment will peak at an estimated 15.8 million students by 2012, an increase of 12 percent. Millennials will account for 75 percent of higher education enrollment in 2012. Currently, 75 percent of Gen Y college freshman are planning a graduate degree and average S.A.T. scores are the highest they have been in more than 30 years. Twenty-one percent of Gen Y'ers use public libraries, 10 percent more than the general population—they love gaining knowledge in a community environment.

The average age for a Gen Y to leave home is 27. Thirty-seven percent of Gen Y'ers expect to start saving for retirement before they reach 25 according to a survey by Purchase, New York based diversified investment advisors. Seventy percent of



working Gen Y'ers contribute to their 401K. They have money, they love their favorite brands, but they are very shrewd consumers. The Bureau of Labor Statistics reports that ages 20 to 28 have \$520 billion in buying power. Having been bashed by multimedia advertising as long as they can remember, they are skeptical and resistant to traditional advertising. Some real estate prognosticators are concerned that Gen Y will skip apartment living altogether because of their long term investment mentality. A national survey conducted by Century 21 Real Estate LLC. concludes that Gen Y home-buyers are younger than their generational counterparts by three years, at an average age of 26 and they are primarily motivated to buy as a long term investment. Forty-two percent of Gen Y home-buyers search the Internet for homes for sale and take the longest time to make up their mind at an average of 5.4 months.

Mark Obrinsky of The National Multi Housing Council (NMHC) projects that the number of renters will rise to 39.2 million by 2015. The greatest sector increase, 1.27 million, will be in the group ages 25 to 34, followed closely by 1.24 million age 65+ and 1.12 million ages 55-64. Discerning real estate management leaders are already undergoing technological upgrades, policy, and service adjustments to respond to this huge, advancing market both as their prospective residents and future employees.

Gen Y multifamily marketing

Jennifer Brezicha, regional manager of 3,000 N.Y. apartments for Dermot Realty Management Company Inc., recounts how to lease to a Gen Y prospect. "Gen Y prospects come having already located exactly what they want on the Internet. They are prepared to pay for upgrades without hesitation. When you lease to them, you find yourself making a presentation to their whole family; security and lifestyle are always an issue. We are looking at condominium-level living in their domns, and their expectations for apartment life are high."

Monica Klingenberg, director of marketing for The Marketing Directors, Inc., says Gen Y prospects want all the new tech features they have had growing up. Home builders now offer high-tech access and control of their home systems, such as temperature, lighting, audio and video, through touch screen remote access where they can adjust lighting, activate the fireplace, and order up music from their iPod docking stations. Technological upgrades first seen in the single-family housing industry will ultimately create demand in the multihousing rental market and condominium market—and Gen Y prospects will drive the market.

The leasing office of the near future may look very different than what we see today in light of the new generation. Desks and file cabinets may soon become obsolete when computers are hand-held; the kiosk will take care of many leasing functions with efficiency. Prospects will lease apartments sight-unseen and complete all of their paperwork online, pay their rent and make service requests online, and merely drop by the office to pick up their keys. There will be more room for comfort and less room for chaos. Audiovisual communication may be common via plasma television between managers and residents.

Campus Advantage, an Austin-based company founded by President and CEO Mike Peters, is one of the pioneer, progressive Gen Y marketers in place. Campus Advantage houses 25,000 students in 46 communities spanning 36 universities across 16 states. As a speaker at the National Apartment Association in 2007, Peters described the Gen Y market as experience-seekers who are more interested in a lifestyle than luxury. In marketing to Gen Y students, it is necessary to reach them through their local tribes: know where they gather and what they appreciate.

Eighty-five percent of Campus Advantage student leases come through the Internet. Gen Y statistics reveal they spend 11 hours a day with media (Internet and television) and 50 percent have laptops; they

spend 3.5 hours a day with email and Web surfing and 6.5 hours a week social networking. Text messaging is a superior method of communicating with members of Gen Y. Campus Advantage has a system in place whereby they can broadcast text messages to their residents' cellphones in case of an emergency.

Monica Stone, chief communications officer for Campus Advantage says, "We focus on providing a complete lifestyle to residents by giving them a sense of community. Providing Internet access is a must since their lifestyle is 24/7. We focus on reaching prospects in unconventional ways. We network with the universities and link to their Websites when that avenue is available." Stone says that their greatest source of leases are the Internet and word-of-mouth. Campus Advantage provides a matching service for roommates and social activities for special interest groups. They arrange volunteer groups, social groups and sponsor campus events.

Joanna Hackney, regional manager for San Miguel Management of Simmons Vedder Partners in Austin, Texas, manages student housing near the University of Texas. The Quarters on Campus are three, upscale, popular apartment properties housing UT students. Simmons Vedder also has three new apartment communities and a retail site under construction in the UT area, scheduled to launch August 2008.

"The Website is our lifeline," states Hackney, "We would not be able to conduct business without it." An overwhelming percent of The Quarters on Campus prospects schedule appointments online and most leasing paperwork is implemented via email. Since Gen Y students are all but immune to traditional hype advertising, Hackney initiates public relations to market the properties by networking with the university print and online publications and volunteering articles. Their advertising is concentrated on the university Website and in media that goes to parents.

"Our residents care more about being with their friends and enjoying a sense of community than having all the goodies, so word of mouth is a powerful ally to our success," says Hackney. She has published a Facebook.com group page and The Quarters regularly schedules resident socials at nearby establishments, announcing the events on Facebook.com and the property Website.

Maintaining a strong Web presence is paramount in leasing to Gen Y. Internet Listing Services (ILS) such as Apartments.com, ApartmentFinder.com, ApartmentGuide.com, and ForRent.com



Andover House - D.C.



The Breyley - Florida



989elements - Seattle



Verano - California



Ashwood Commons - Seattle



Marina del Rey - California



Circle Towers - D.C.



Legacy - Dallas



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