

Housing Trends

National Trends

A combination of suburban and urban living appears to be appealing to much of the population; they want the amenities and alternative modes of transportation that urban environments offer, but the space suburbs provide. This can be seen in “**Urban Burbs**”, which are walkable, offer public transit (and other modes of transportation), and have urban amenities (such as entertainment, groceries, etc.) without being in the urban core.

Generation Trends

Homeownership is still viewed by many, including Millennials, to be part of the American Dream and single-family homes in suburbs will still play a role for future homeowners, just to a *lesser extent* than it has before.

This can be an issue though, if the “expected 2/3 of Millennials select suburban housing as opposed to 80% of Baby Boomers, the results will be a greater demand for other housing products...”¹ as well as difficulty for owners selling existing homes.

Millennials:

Shifts in Millennial attitudes and behavior are not as drastic as stereotypes suggest, but even small changes in behavior can have a large impact on future demand when the Millennial population in the United States is about 80 million. Compared to previous generations, a *higher proportion* of Millennials show a preference for urban, mixed-use housing, and alternate modes of transportation.² But not all Millennials want this.

Millennials are the largest share of home buyers at 34%, 66% of which are first-time buyers. In 2017 there was an increase in millennials buying detached-single family housing in suburban areas.³ This generation has the largest proportion of non-homeowners, at 59%, and the smallest proportion of homeowners, at 12%.⁴

They are less likely to view homeownership as a good investment. 30% expect to be renters well into the future, but the majority (60%) do expect to own a home in the future.

They have a *relative* stronger preference for multigenerational housing and urban environments than other generations. This preference is still held by less than half of Millennials; 40% of Millennials want to live in an urban environment.

They also are the least likely to prefer rural or small town settings compared to other generations. “The Demand Institute concludes that, “Communities that can offer the best of urban living (e.g., convenience and walkability) with the best of suburban living (e.g., good schools and more space) will thrive in the coming decade.””⁵

Generation Definitions*

Millennials: Age 36 or younger

Younger: 26 or younger

Older: 27 to 36

Gen X: Age 37 to 51

Baby Boomers: Age 52 to 70

Younger: 52 to 61

Older: 62 to 70

Silent Generation: Age 71 or older

*Age brackets for generations used in this report are based on the ULI + MRCOG report “Taking the Wheel” and reports by the National Association of Realtors.

^{1,2} Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

³ National Association of Realtors. Home Buyer and Seller Generational Trends Report 2017.

⁴ National Association of Realtors. Aspiring Home Buyers Profile Feb 2017.

⁵ Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

“...it is not that there is a new demand for service amenities [music venues, theaters, bars, gyms, etc.] among young adults, but there is greater demand to live in *close proximity* to these places that makes the growth of urban areas likely to continue for some time.”⁶

Transportation:

Millennials want and use alternate modes of transportation more than other generations and “at a higher rate than persons of the same age did one decade earlier”,⁷ which counters the argument that Millennial lifestyles will change as they age.

83% of millennials own cars but many alternate forms of transportation are often used. On at least a weekly basis 48% walk, 22% use public transit, and 15% bike. They are over 4x more likely to use transit than Gen Xers and 2x more likely than Baby Boomers.

Location:

“...Millennials are most likely to consider access to public transit and the walkability of a community to be top priorities. Millennials also demonstrate higher preferences for aspects of urban living, such as housing close to recreational opportunities and a mix of shops and amenities.”⁸

However, “...some of the urban amenities commonly associated with Millennials are **shared by other generations**. For example, 55% of Millennials prefer having public transportation options; but so do 52% of Baby Boomers and 51% of overall respondents.” (ULI, America in 2013)

Fewer Millennials have a preference for rural living. “Whereas 51% of Baby Boomers and 44% of Gen Xers indicate a desire to live in rural areas or small town, less than one-third of Millennials express the same desire.”⁹

Gen X:

Gen Xers are 28% of home buyers. They are the highest income home buyers and thus have the highest median home prices and largest median home square feet.¹⁰ About 17% of this generation are non-homeowners. They are the most traditional in buying single family homes and most likely to view homeownership as a good investment.¹¹

Baby Boomers:

Contradictory findings indicate a strong preference for aging in place and remaining in current homes (only 37% indicate they are likely to move in the next 5 years) as well as a desire to downsize to smaller units. For those likely to move there was greater demand for alternatives to single-family homes.¹²

Younger Baby Boomers are 16% of home buyers. They have a higher median income than older Baby Boomers. 20% of this population has bought multi-generational housing.¹³

Older Baby Boomers are 14% of home buyers. When both younger and older Baby Boomers are combined, they comprise 30% of home buyers, the second largest share of home buyers.¹⁴

Silent Generation:

The Silent Generation is 8% of home buyers. They have the lowest median household incomes, are least likely to purchase a detached single-family home, and 24% of them have bought senior-related housing.¹⁵

6, 7, 8, 9, 10, 11, 12 Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

13, 14, 15 National Association of Realtors. Home Buyer and Seller Generational Trends Report 2017.

Multi-Generational Housing

In 2014, 19% of the U.S. population lived in multigenerational households. Multigenerational is defined as two or more adult generations (includes parents and adult children) OR grandparents and grandchildren. 49% of those in multigenerational housing consisted of parents and their adult children (age 25 or older, which excludes most college students). 44% of those in multigenerational housing have three generations.¹⁶

Aspiring Home Buyers¹⁷

Aspiring home buyers are those who rent or live with someone else without paying rent and want to own a home.

“For both homeowners and non-homeowners alike, homeownership is strongly considered a part of the American Dream. For non-owners, 8 in 10 reported that homeownership is part of their American Dream. For owners, 9 in 10 believe it is part of their American Dream.”¹⁸

About 85% of non-homeowners expressed a desire to be a homeowner, and 50-60% cited an inability to afford to buy a home as a reason why they do not currently own.

40% of non-homeowners have student loan debt.

Reasons why they would buy in the future:

30-40% lifestyle considerations (marriage, family, retirement)

20-30% improve financial situation

15-20% settle in one location

Renters

There is a trend nationally and locally towards increased renter-occupied housing and renter demographics are increasingly older, more likely to be married (despite declining marriage rates), and more likely to have some college education. College educated renters have gone up 21% in the Albuquerque Metro Area compared to up 8% nationwide.¹⁹

Tie ins with transportation and renters:

“The average rent per square foot in the Albuquerque market is: 24% higher in areas with a high walk score (walkscore.com), 24% higher in areas with a high bike score, and 26% higher in areas with a high transit score.”²⁰

^{15, 17, 18} National Association of Realtors. Aspiring Home Buyers Profile Feb 2017. Pew Research Center. A record 60.6 million Americans live in multigenerational households (Aug 2016).

¹⁶ Pew Research Center. A record 60.6 million Americans live in multigenerational households (Aug 2016).

^{19, 20} Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

Local Trends

General

Albuquerque median home prices are increasing. One factor affecting it is low housing inventory. The Albuquerque Metropolitan Area is expected to increase the proportion of its 65+ population from 12% to 21% by 2040. Per capita driving has been going down and there is still a desire for a rural lifestyle for some of the population. Overall, suburban populations want to move to non-suburban places and urban populations want to move to non-urban places, but more Millennials want to live in urban or semi-urban places and older Gen Xers/younger Boomers (45-54) least prefer urban settings.

Median Home Price

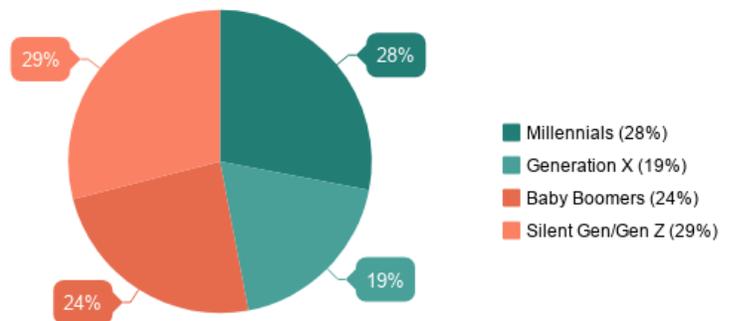
New Mexico median home prices have been increasing, with median home price \$175,000 in April 2015 increasing to \$192,000 in April 2017. Low housing inventory has been cited as contributing to the increase in home prices.²¹

The Albuquerque/Albuquerque Metropolitan Area and Bernalillo County median home price is estimated around \$200,000. The New Mexico median home price is estimated around \$175,000. The Los Ranchos median home price is estimated around \$420,000. Though different sources have slight differences in numbers, the village median home price is typically around two times as much as Albuquerque/the Albuquerque Metropolitan Area.²²

Generation Trends

“Albuquerque area residents demonstrate much of the same behavior and state similar preferences as residents from across the country. Policy-makers and stakeholders should pay attention to national market research; it applies here as well.”²³

The estimated 2016 population of the Albuquerque Metropolitan Area was 905,000. Of that population, 28% were Millennials, 19% were Gen Xers, and 24% were Baby Boomers. The remaining 29% of the population belonged to either the Silent Generation (born before 1946) or Generation Z (born after 2000).



Albuquerque Population (2016)

The Albuquerque Metropolitan Area population that is 65 years or older is estimated to increase from 12% to 21% by 2040.

Transportation

According to *America in 2013* by the Urban Land Institute, “when residents were asked to make tradeoffs, a clear majority indicated willingness to trade home size for a shorter commute (61% compared to 34%).”²⁴

In Albuquerque “...per capita driving fell both nationally and locally for nine years in a row between 2004 and 2013, and the average Albuquerque resident now drives 10 percent fewer miles per day than a decade ago.”²⁵

²¹ Ruidoso News. Housing trends up in New Mexico (May 2017).

²² Data for median home price was averaged across sources. Sources: National Association of Realtors, Zillow, Neighborhood Scout, and Albuquerque Business First.

^{23, 24, 25} Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

Location



Rural

Suburban

Semi-urban

Urban

The following is based on the above drawings²⁶ of different settings. In the Albuquerque Metropolitan Area in 2014, two times as many survey respondents live in suburban settings than would like to in the future (31% compared to 16%). Two times as many respondents live in urban settings than would like to in the future (17% compared to 33%).

“The desire for rural lifestyles in New Mexico remains strong, despite the state’s increasingly urban population; 22% of individuals would like to live in a rural setting in the future compared to 16.5% who currently do.”²⁷

“Millennials...indicate the greatest desire to live in semi-urban or urban settings (71%), while respondents 45 to 54 years of age are the group least inclined to prefer urban settings (52%).”²⁸

71% of millennials in Albuquerque want to live in an urban or semi-urban setting, but Albuquerque residents of **all ages** expressed interest in more urban settings, which follows the rest of the nation.²⁹

ABQ 2040 Predictions:³⁰

“...many of the shifts in housing demand will be informed by demographics and family size.”

“...a highly disproportionate share of growth will take place in the form of households consisting of either one individual or two adults and zero children. [for Albuquerque Metropolitan Area]”

25% of households with children by 2040 (down from 29%)

33% of households consisting of one person only by 2040 (up from 29%)

42% 2+ people in a home without kids (same in 2010 and 2040)

Policy Options Recommended by ULI + MRCOG:³¹

- Mixed-use and Flexible Zoning
- Incentives for Mixed-use Multi-family Housing
- Accessory Dwelling Units (ADUs or SDUs)
- Transit-oriented Development
- Reducing or Eliminating Parking Requirements in Activity Centers
- Redevelopment and Infill

²⁶ Drawings from Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

^{27, 28, 29, 30} Urban Land Institute & MRCOG. Taking the Wheel. Getting ABQ from here...to there. Trends in Housing and Transportation in the Albuquerque Metropolitan Area. June 2016.

Home Buyers and Sellers by Generation - Highlights by Generation ³²

All Generations

Buyers & Sellers

- Most generations (excluding the Silent Gen) bought mostly **detached single-family homes** (80-90%).
- The **desire to own their own home** was the main reason Millennials, Gen Xers, and Boomers bought homes.
- The factor that influenced neighborhood choice the most for all generations was the **quality of the neighborhood** (55-65%).
 - For all home buyers the three most important factors are the **quality of the neighborhood** (60%), **convenience to job** (43%), and **home affordability** (40%).
- Around 65% of home buyers in all generations were married couples.
- **Moving closer to friends/family** was the primary reason Baby Boomers (20%) and the Silent Gen (26%) sold their homes.

Median Income

- Gen Xers had the highest median income of home buyers at \$106,600 in 2015. They also had the highest median income of home sellers at \$122,100.
- The Silent Gen had the lowest median income of home buyers at \$66,600 in 2015. They also had the lowest median income of home sellers at \$63,300.

Senior-related (50+) Housing

- Around 50% of Boomers and the Silent Gen bought senior (50+) housing in a **suburb/subdivision**.
- Around 25% of Boomers and the Silent Gen bought in a **small town**.

Multi-Generational Housing

- Boomers bought the highest proportion of multigenerational housing at 17%.
- Millennials bought the lowest proportion of multigenerational housing at 7%.
- Of those that bought multigenerational housing, 20% of all generations mentioned **health and caretaking of aging parents** as a reason. ("None of the above" was also mentioned often.)

Median Home Price

- Gen Xers bought homes with the highest median home prices (\$261,000).
- Millennials bought homes with the lowest median home prices (\$205,000).

Home Size

- Millennials (12%) and Gen Xers (17%) mentioned wanting a **larger home** as a reason they bought, while Boomers (11%) and especially the Silent Gen (23%) mentioned wanting a **smaller home**.
 - The home being too small was the primary reason Millennials (37%) and Gen Xers (26%) sold their homes.
- Millennials and Gen Xers bought homes that had **greater median square footage** than the homes they sold, an increase of 700 square feet and 400 square feet respectively.
- Boomers and the Silent Gen bought homes that had **smaller median square footage** than the homes they sold, a decrease of 100 square feet and 200 square feet respectively.
- Gen Xers bought the largest homes, with a median square footage of 2,100 square feet.
- All other generations bought homes with similar median square footage, around 1,800 square feet.

³² National Association of Realtors. Home Buyer and Seller Generational Trends Report 2017.

Millennials

- Millennials were the highest proportion of home buyers (34%), 66% of which were first time home buyers.
- 50% of Millennials mentioned the desire to own their own home as the reason why they bought.
- 12% of Millennials mentioned wanting a larger home as the reason why they bought, and homes bought by Millennials had a median square footage 700 sq ft more than the homes they sold. 37% of Millennial home sellers said that the home being too small was the primary reason they sold.
- The quality of the neighborhood (66%) and convenience to job (65%) were mentioned the most as factors that influenced neighborhood choice.
- Millennials bought the lowest proportion of multigenerational housing (7%). Of those that bought, 20% mentioned health and caretaking of aging parents as a reason. Cost savings was the main reason why Millennials bought multigenerational housing (34%).
- Millennials bought homes with the lowest median home prices (\$205,000).
- 66% of home buyers were married couples. 13% of Millennial home buyers were unmarried couples, the highest among generations.
- Millennials had the most unmarried couple home buyers at 13%.

Gen Xers

- Gen Xers were the third highest proportion of home buyers among generations (28%).
- Gen Xers had the highest proportion of detached single-family homes (87%).
- Around 68% of Gen X home buyers were married couples, the highest among generations.
- 29% of Gen Xers mentioned the desire to own their own home as the reason why they bought.
- 17% of Gen Xers mentioned wanting a larger home as the reason why they bought, and homes bought by Gen Xers had a median square footage 400 sq ft more than the homes they sold. 26% of Gen X home sellers said that the home being too small was the primary reason they sold.
- Gen Xers had the highest median income of home buyers (\$106,600) in 2015. Gen Xers had the highest median income of home sellers (\$122,100). Gen Xers bought the largest homes, with a median square footage of 2,100 square feet. Gen Xers bought homes with the highest median home prices, at \$261,000.
- The quality of the neighborhood (61%) was mentioned the most as a factor that influenced neighborhood choice.
- 12% of Gen Xers bought multigenerational housing. Health and caretaking of aging parents was the main reason they bought multigenerational housing (19%). (Aside from the category “none of the above” at 23%.)

Baby Boomers

- Boomers were the second highest proportion of home buyers among generations (30%).
- Around 65% of Boomer home buyers were married couples. Boomers and the Silent Gen had the most single female home buyers (20%).
- 15.5% of Boomers mentioned wanting to own their own home as the reason why they bought. Younger Boomers mentioned wanting to own as the main reason (22%) while older Boomers mentioned being closer to friends/family and retirement as the main reasons (19%).
- 11% of Boomers mentioned wanting a smaller home as a reason they bought, and homes bought by Boomers had a median square footage 100 sq ft less than the homes they sold. 20% of Boomer home sellers said that moving closer to friends/family was the primary reason they sold.
- The quality of the neighborhood (54.5%) was mentioned the most as a factor that influenced neighborhood choice.
- Boomer home buyers bought the highest proportion of multigenerational housing (17%). Children/relatives 18 or older moving back in (19%) and the health and caretaking of aging parents (18.5%) were the main reasons they bought multigenerational housing. (Aside from the category “none of the above” at 24.5%.)
- Around 50% of Boomers bought senior (50+) housing in a suburb/subdivision and around 25% bought senior housing in a small town.

Silent Gen

- The Silent Gen had the lowest proportion of home buyers (8%) and bought the lowest proportion of detached single-family homes (65%).
- 65% of Silent Gen home buyers were married couples. Boomers and the Silent Gen had the most single female home buyers (20%). The Silent Gen had the most single male home buyers at 10%.
- Around 50% of the Silent Gen bought senior (50+) housing in a suburb/subdivision and around 25% bought senior housing in a small town. The Silent Gen bought the least amount of detached single-family senior homes (65%).
- The Silent Gen had the lowest median income of home buyers (\$66,600) in 2015. The Silent Gen had the lowest median income of home sellers (\$63,300).
- The quality of the neighborhood (58%) was mentioned the most as a factor that influenced neighborhood choice.
- 23% of the Silent Gen mentioned wanting to be closer to friends/family as a reason they bought.
- 23% of the Silent Gen mentioned wanting a smaller home as a reason they bought, and homes bought by the Silent Gen had a median square footage 200 sq ft less than the homes they sold. 26% of Silent Gen home sellers said that moving closer to friends/family was the primary reason they sold.
- Health and caretaking of aging parents (21%) was the main reason they bought multigenerational housing. (Aside from the category “none of the above” at 52%.)

Home Buyers and Sellers by Generation - Highlights by Category

Home Buyers:

- Millennials were the highest proportion of home buyers among generations at 34%, followed by Boomers at 30% and Gen Xers at 28%.
 - Of Millennial home buyers, 66% bought a home for the first time.
- The Silent Gen had the lowest proportion of home buyers, at 8%.
- Gen Xers had the highest proportion of detached single-family homes, at 87%. Other generations do not greatly differ, aside from the Silent Gen at 65%.

Reasons bought:

- 50% of Millennials mentioned the desire to own their own home as the reason they bought. The desire to own their own home was the main reason for Millennials, Gen Xers, and Boomers.
- Millennials (12%) and Gen Xers (17%) mention wanting a larger home as a reason they bought, while Boomers (11%) and especially the Silent Gen (23%) mention wanting a smaller home.
- The desire for a smaller home and being closer to friends/family were the main reasons the Silent Gen bought homes at 23%.
- Younger Boomers mentioned wanting to own as the main reason, at 22%, while older Boomers mentioned being closer to friends/family and retirement as the main reasons, at 19%.

Factors influencing neighborhood choice:

- 55-65% of all generations mention the quality of the neighborhood as a factor that influenced neighborhood choice, which is the factor that is mentioned the most for all generations.
- Millennials mentioned the quality of the neighborhood (66%) and convenience to job (65%) the most as factors that influenced neighborhood choice.

Median income:

- Gen Xers had the highest median income of home buyers at \$106,600 in 2015.
- The Silent Gen had the lowest median income of home buyers at \$66,600 in 2015.

Multi-Generational Housing:

- Boomer home buyers bought the highest proportion of multigenerational housing at 17%.
- Millennials bought the lowest proportion of multigenerational housing at 7%.

Reasons bought:

- Of those that bought multigenerational housing, 20% of all generations mentioned health and caretaking of aging parents as a reason.
- Aside from the reason "none of the above":
 - Cost savings was the main reason why Millennials bought multigen housing.
 - Health/caretaking of aging parents was the main reason why Gen Xers (19%) and the Silent Gen (21%) bought multigen housing.
 - 19% of Baby Boomers mentioned children/relatives 18 or older moving back in as a reason why they bought multigen housing. Health/caretaking of aging parents was mentioned often as well, at 18.5%.

Median square footage:

- Gen Xers bought the largest homes, with a median square footage of 2,100 square feet.
- All other generations bought homes with similar median square footage, around 1,800 square feet.

Median home price:

- Gen Xers bought homes with the highest median home prices, at \$261,000.
- Millennials bought homes with the lowest median home prices, at \$205,000.

Married couples:

- Around 65% of home buyers in all generations were married couples, with Gen Xers the highest at 68%.
- Boomers and the Silent Gen had the most single female home buyers at 20%.
- The Silent Gen had the most single male home buyers at 10%.
- Millennials had the most unmarried couple home buyers at 13%.

Senior-related housing (50+):

- The Silent Gen bought the least amount of detached single-family senior homes at 65%.
- Around 50% of Boomers and the Silent Gen bought homes in a suburb/subdivision.
- Around 25% of Boomers and the Silent Gen bought homes in a small town.

Home Sellers:

- Gen Xers had the highest median income of home sellers at \$122,100.
- The Silent Gen had the lowest median income of home sellers at \$63,300.

Differences between home sold and home bought:

- Millennials and Gen Xers bought homes that had greater median square footage than the homes they sold, an addition of 700 square feet and 400 square feet respectively.
- Boomers and the Silent Gen bought homes that had smaller median square footage than the homes they sold, a decrease of 100 square feet and 200 square feet respectively.

Primary reason to sell home:

- The home being too small was the primary reason Millennials (37%) and Gen Xers (26%) sold their homes.
- Moving closer to friends/family was the primary reason Baby Boomers (20%) and the Silent Gen (26%) sold their homes.