

LIVE WORK PLAY

MILLENNIALS: MYTHS AND REALITIES

GLOBAL OVERVIEW

CBRE

MILLENNIALS: WHY ALL THE FUSS?



Every generation tends to look back on its predecessors as slightly old-fashioned, and down on its successors as too casual and laid-back. The millennial generation, however, seems to have attained almost-mythical status: that they're a group so different in values, beliefs and expectations that they challenge the status quo across every aspect of our lives. From academic literature to the popular press, debate rages about how "different" millennials really are. Perhaps not since H.G. Wells penned "The War of the Worlds" has so much been written and discussed about an alien invasion threatening the very foundations of our society!

Born towards the end of the last century, millennials now make up the youngest segment of the workforce—the fresh talent that employers are eager to attract.

They are growing in affluence, and need places to live and to shop. For a growing number of organizations, understanding the needs and desires of this generation is crucial. Central to CBRE's interest here is the role that real estate plays in their lives and expectations. Where do they want to live and work? What type of office environment do they prefer? What types of shops do they want to visit, or do they want to do everything online? These are critical questions for employers, retailers, property developers and investors alike.

So who exactly are these young people, and what are they really like?

The prevailing image of them may contain grains of truth, but if taken at face value it may also be grossly misleading. There is also a tendency to generalize across this demographic, ignoring the potential contrasts between older and younger millennials, and the differences between those of similar age who live in different parts of the world.

To help explore these issues and separate fact from fiction, CBRE conducted one of the most extensive and detailed global studies of how the millennial generation chooses to live, work and play.

We commissioned Ipsos to survey 13,000 millennials in their 20s across 12 countries around the world. We supplemented our findings with almost 7,000 survey responses from global CBRE staff, along with individual interviews and focus groups. Significant additional data and published research on the topic informs our analysis as well.

The result is a unique insight into this most fascinating of groups. In this first of a series of reports, we present a summary of our overall findings. Subsequent reports will look at specific aspects in more detail, and examine geographical or sector differences in our findings. We warmly encourage comments, suggestions and feedback from all those with an interest in this subject—whatever their age or generational affiliation!

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HOW MILLENNIALS LIVE

RENTING

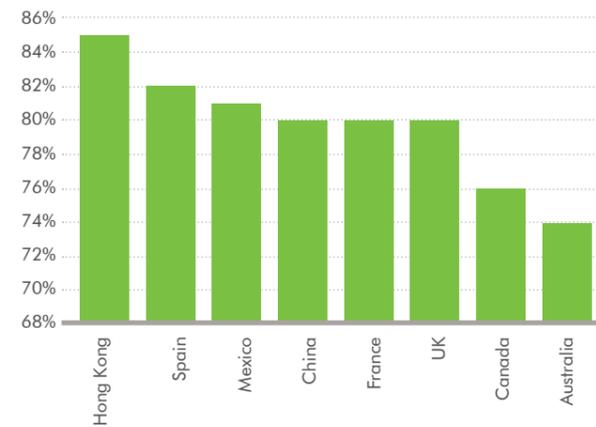
LIVING WITH THE PARENTS

74%

SAY WAGES ARE NOT KEEPING UP WITH PROPERTY PRICES



"I THINK PROPERTY PRICES ARE RISING FASTER THAN WAGES"



BACK HOME

Affordability of housing has led to a boomerang generation with **49%** of millennials living at home.

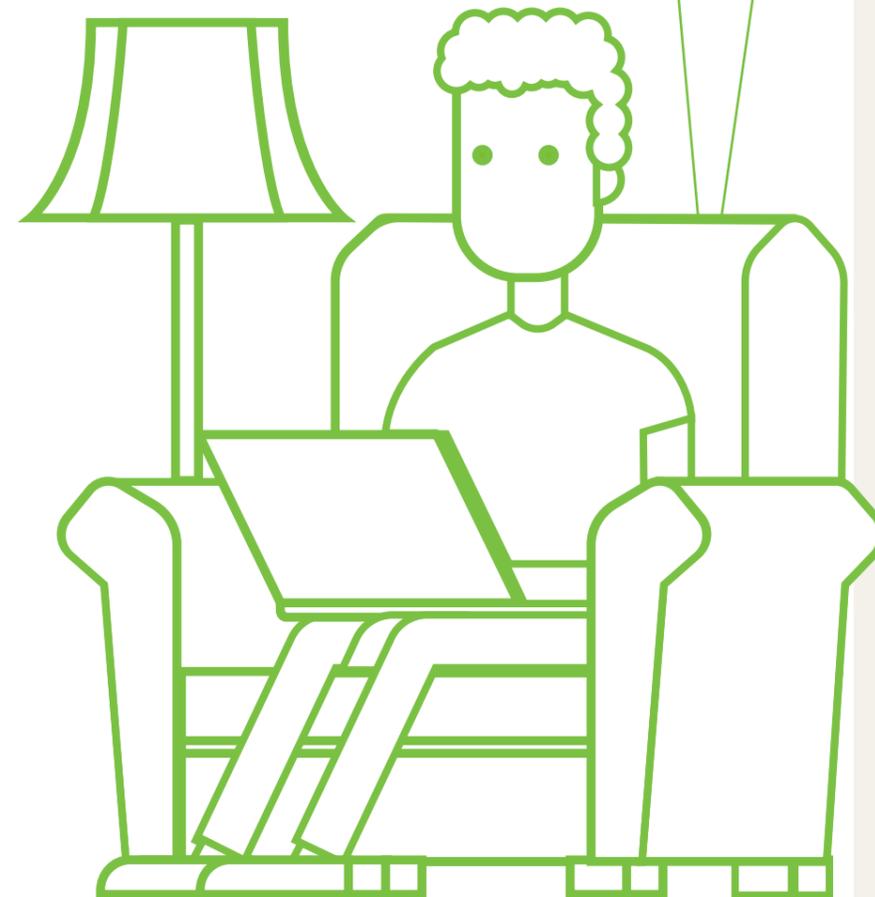
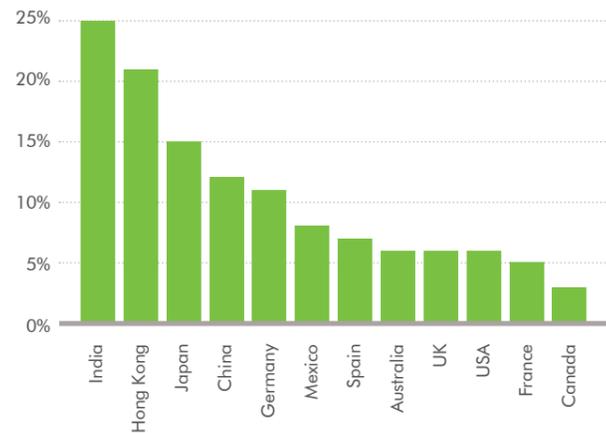
43% believe they will have moved out within two years but a further **43%** expect to be living with their parents more than three years from now.

12%

GLOBAL AVERAGE WITH NO PLANS TO LEAVE THE FAMILY HOME



WITH NO PLANS TO MOVE OUT OF THE FAMILY HOME



FOR RENT

64%
ARE RENTING

“ DUE TO THE MATURE RENTAL MARKET IN GERMANY IT’S NOT MANDATORY AND DESIRABLE FOR THE MILLENNIALS TO PURCHASE A PROPERTY...RENTING A FLAT HAS NO NEGATIVE IMAGE/STIGMA IN GERMANY DUE TO THE STOCK OF MULTIFAMILY HOUSES WITH AN ABOVE-AVERAGE FIT-OUT QUALITY. ”

CBRE EMPLOYEE IN GERMANY

TOP REASONS MILLENNIALS ARE RENTING

65%
COST/FINANCIAL CIRCUMSTANCES

31%
SHORT-TERM CONVENIENCE

16%
DON'T WANT THE COMMITMENT OF OWNING

15%
WAS THE ONLY WAY TO LIVE IN THE AREA I WANTED

12%
WIDER CHOICE OF AFFORDABLE PROPERTIES

11%
MORE PRACTICAL TO SHARE/LIVE WITH FRIENDS

HOW DID YOU FUND YOUR DEPOSIT?



71% FROM OWN SAVINGS



60% STILL EXPECT TO BUY AT SOME POINT

HOW MILLENNIALS WORK

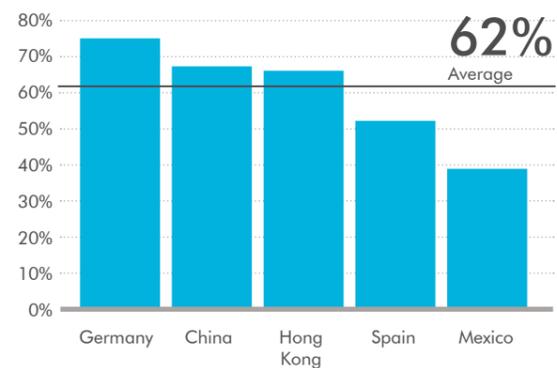
WORKPLACE

CAREER

By 2020, those born between 1980-2000 will make up **50%** of the global working population

Millennials aren't as disloyal as perceived, but they'll be more willing to stay with an employer with the right environment.

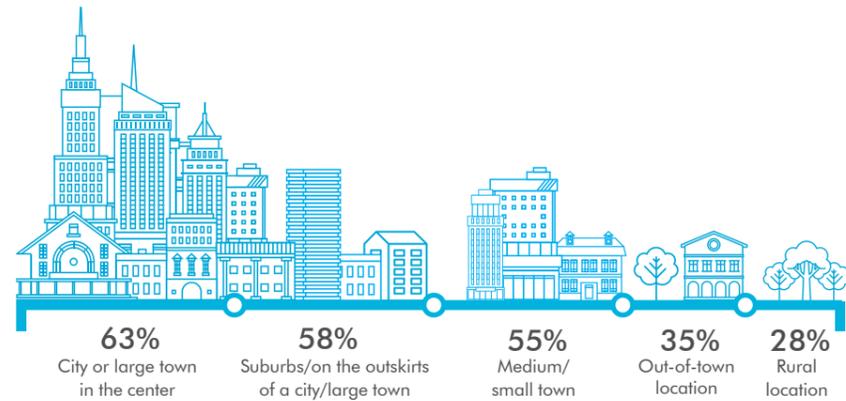
SEE THEIR IDEAL CAREER AS WITH THE SAME EMPLOYER OR ONLY A FEW EMPLOYERS



64% CONSIDER THAT THEY ARE LUCKY TO HAVE A JOB 

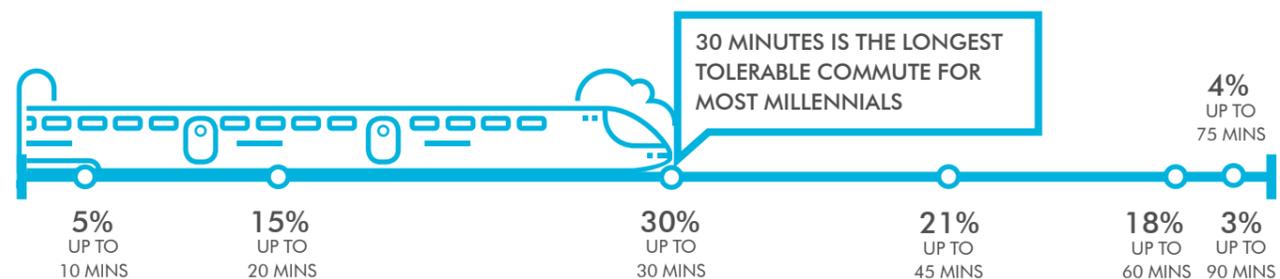
WORK/LIFE BALANCE

MOST APPEALING WORK LOCATIONS



56% OF MILLENNIALS THINK WORK AND LEISURE SHOULD BE SEPARATE, THEY'RE NOT ALWAYS-ON AND THEY VALUE THEIR PERSONAL TIME

MILLENNIALS' LONGEST TOLERABLE COMMUTE



78%

see workplace quality as important when choosing an employer and **69%** will trade other benefits for better workspace.



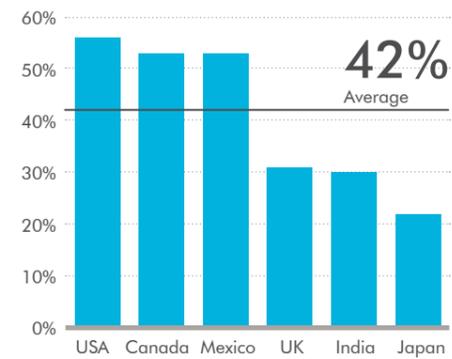
TOP TRADE-OFFS FOR A BETTER OFFICE ENVIRONMENT

23% MOVE TO A SMALLER, LESS WELL-KNOWN COMPANY

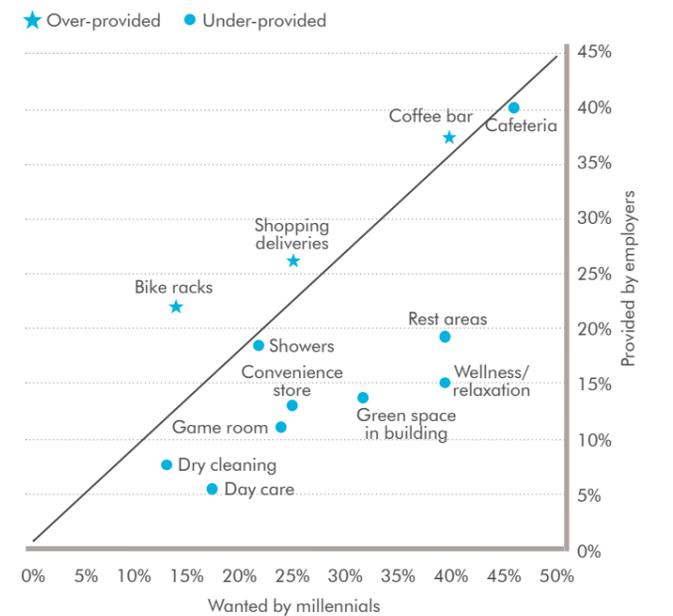
21% TRAVEL FARTHER TO WORK

20% MOVE TO A LESS ATTRACTIVE LOCATION FOR WORK

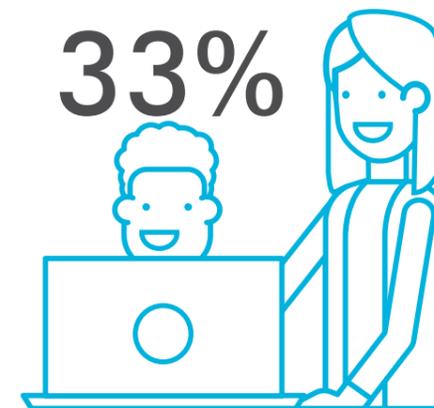
ASPIRING TO A PRIVATE OFFICE



CURRENT VS DESIRED FACILITIES



33%



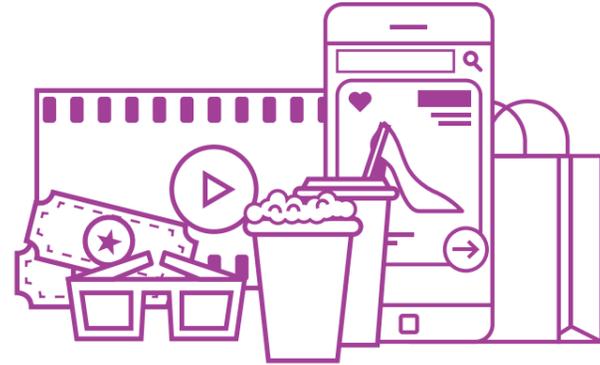
PREFER COLLABORATIVE WORKPLACE ENVIRONMENTS

ONLY 15% OF EMPLOYERS ARE PROVIDING WELLNESS FACILITIES YET **36%** OF EMPLOYEES WANT THEM

HOW MILLENNIALS PLAY

MONEY

INCOME SPENT ON LEISURE



MILLENNIALS SPEND ALMOST

50%

OF ALL DISPOSABLE INCOME ON LEISURE – GOING OUT, NON-FOOD SHOPPING AND OTHER NON-ESSENTIAL ITEMS

TIME

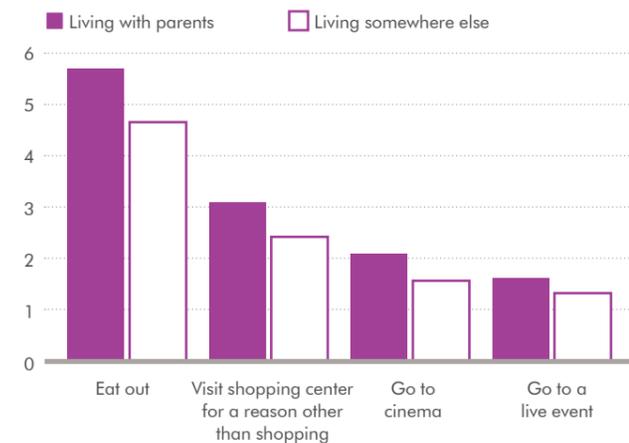
10 DAYS



Is the total global average number of days a month spent on 'going out' (going to a live event, eating out, going to the cinema and visiting a shopping center other than to shop).

“MILLENNIALS ARE POSSIBLY BEING FORCED TO LIVE AT HOME, WHICH MEANS BEING ABLE TO AFFORD LUXURIES AND HAVING FEWER RESPONSIBILITIES BUT RELINQUISHING FULL INDEPENDENCE.”
KAREECE, UK

TIME SPENT ON LEISURE (DAYS/MONTH)



IN STORE



16% GLOBAL AVERAGE FOR USING CLICK-AND-COLLECT

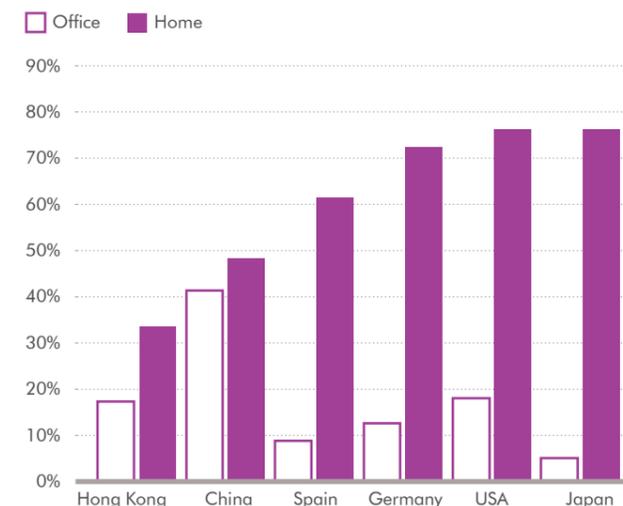
Few millennials want to order online and pick up purchases at the store.

ONLINE

CURRENT AND PREDICTED NON-FOOD ONLINE SHOPPING



GLOBAL AVERAGE FOR HOME DELIVERY



65% USE HOME DELIVERY "ALWAYS" OR "VERY OFTEN"

TOP REASONS WHY MILLENNIALS DON'T DO MORE SHOPPING ONLINE



MEET OUR “MYTHICAL MILLENNIAL”

LIVE

Delays moving out of the family home for as long as possible.

Returns to live with parents after college.

Rents in order to facilitate a highly mobile lifestyle, with no desire for the responsibility of owning a home.

Is not saving for the long term.

When buying a property, is dependent on the “bank of Mom and Dad.”

WORK

Feels entitled to rapid career progression and frequent increases in salary.

Is a job-hopper who works to live, with no loyalty to an employer.

Expects to be always digitally connected, blurring work/life distinctions.

Is a collaborative worker both in terms of workplace and working style.

Is a city slicker who doesn't want to commute, preferring to live and work in the center of the city.

PLAY

Is a digital native whose smartphone is the nerve center for all interaction with products—a conduit for selection, purchase and fulfillment.

Expects the e-commerce revolution to continue, with all retail activity eventually taking place online.

Desires instant gratification, driving a preference for click-and-collect.

Is “entitled,” expecting knowledgeable and helpful service in store.

Is debt-laden and lacks the means to buy anything other than discounted products and fast fashion.



LIVE WORK PLAY

HOW MILLENNIALS LIVE

HOW MILLENNIALS LIVE



The millennial generation is currently moving through life's most momentous transitions—finishing educations, starting careers, and forming intimate relationships and family units that will shape their futures. Though the decisions they face are familiar to the generations that came before, it's widely thought that millennials are making very different choices, particularly about housing. This includes when—or whether—they leave home, where they choose to live and the types of housing they aspire to. If this conventional wisdom is correct, it holds major implications for the residential property market and other industries beyond.

*We set out to separate fact from fiction—
how do millennials actually live, in contrast
to our “Mythical Millennial,” who:*

- Delays moving out of the family home for as long as possible.
- Returns to live with his or her parents after college.
- Rents housing to maintain a mobile lifestyle; has no desire for the responsibility of owning a home.
- Is not saving for the long term.
- When proceeding to buy a property, is dependent on “the bank of Mom and Dad.”

Those are the myths about the way millennials choose to live. What is the reality?

The stay-at-home generation?

Viewed by most parents with equal measures of anticipation and dread, leaving home is a seminal moment for many young adults. It generally occurs during a person’s 20s and usually coincides with the end of college, starting a career or developing an intimate relationship. Today’s millennials, however, are waiting longer to leave the nest. Nearly half of our millennials still live with their parents in the family home. And half of those actually moved back to the nest after having left once—the so-called boomerang babies.

49% **live at
home with
parents**



While many boomerangs intend to move out in the near future, substantial numbers say they do not. Of these, 43% don’t know or expect to stay for more than three years, while an eye-popping 12% have no plans to leave at all. This phenomenon doesn’t necessarily reflect a new-found love for family life (sorry, mom!). So why are they staying put?

MILLENNIALS: MYTHS AND REALITIES



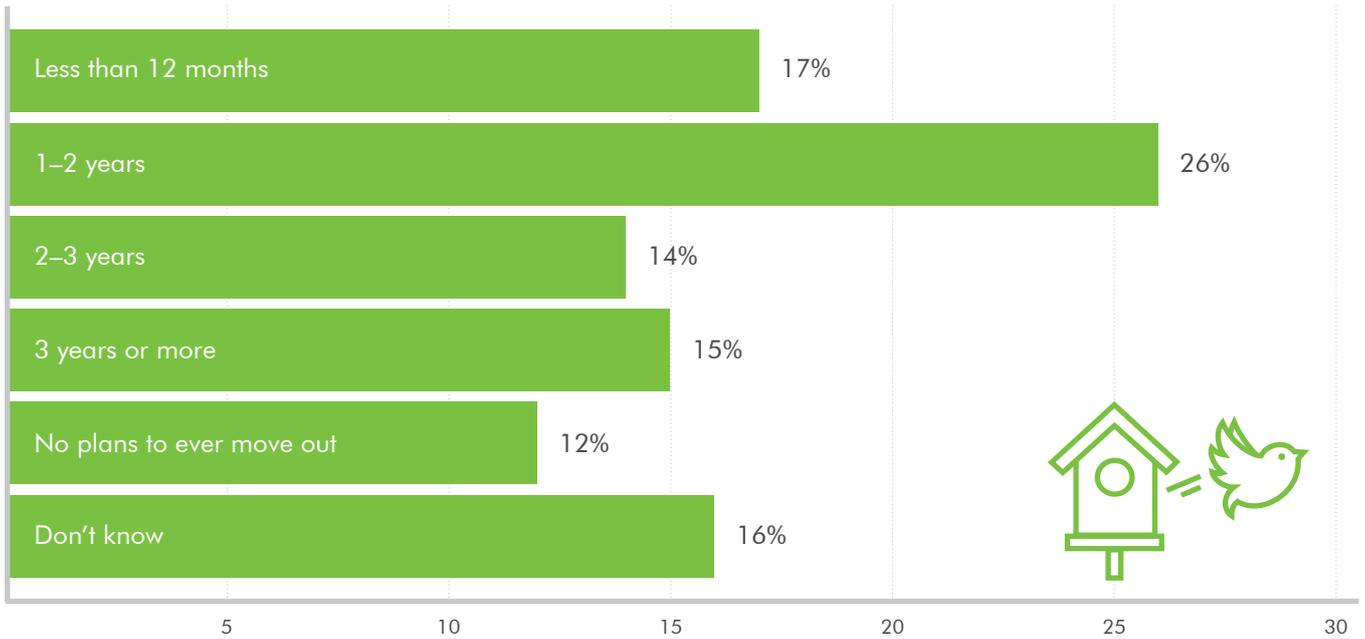
It's all about money, of course. In some countries, notably India and China, culture dictates that many children stay at home until they are married and can afford to buy their own home. In many other countries, high property values drive the decision to stay. Steep housing prices and rents, coupled with a lack of suitable jobs, mean that many millennials are not earning enough to live an independent life. For an increasing number, the trade-off is to remain with the folks. Of those who can afford to live independently, many choose to stay at home to save toward deposits on homes of their own.

Delaying the decision to move out isn't the only way in which millennials' "life cycle" may be different from those of previous generations. It's clear that this generation is also marrying and starting families later than their parents and grandparents did. In the 1970s, the average age of a first-time bride was 23. Today, she is 30.

New research from the Institute for Fiscal Studies in the U.K. shows home ownership among middle-income families with children to have declined dramatically over the past two decades; since 1995,¹ the proportion has fallen by one-fifth, from 69% to 50%. Over the same period, the percentage of middle-income families living in private rental housing has more than doubled—from 11% to 27%. Meanwhile, Shelter, a housing charity, recently found that 22% of Britons in relationships have postponed—or anticipate postponing—having children due to an inability to afford acceptable accommodations.²

1. Belfield, C., Cribb, J., Hood, A., Joyce, R. (2016) 'Middle income families receiving more benefits and increasingly living in rented housing,' Institute for Fiscal Studies
2. Shelter (2016) 'Generation Pause: 60% of under 45s left behind by housing crisis'

“When do you think you might move out of the family home?”



Renters by choice?

So, what about the millennials who are living independently? Do they rent or own? According to our survey, about a third are renters, while only a small share are homeowners. This trend seems to support the widespread belief that millennials are choosing renting as a lifestyle choice—to maintain a freedom from the responsibilities of home ownership. This has led some to tag millennials as “Generation Rent.”

29% “renting suits my lifestyle” 

Certainly, a quarter to a third of millennials are renting for convenience or to suit a lifestyle. However, that result may not be as straightforward as it appears, as the majority of millennials state they are renting out of financial necessity.

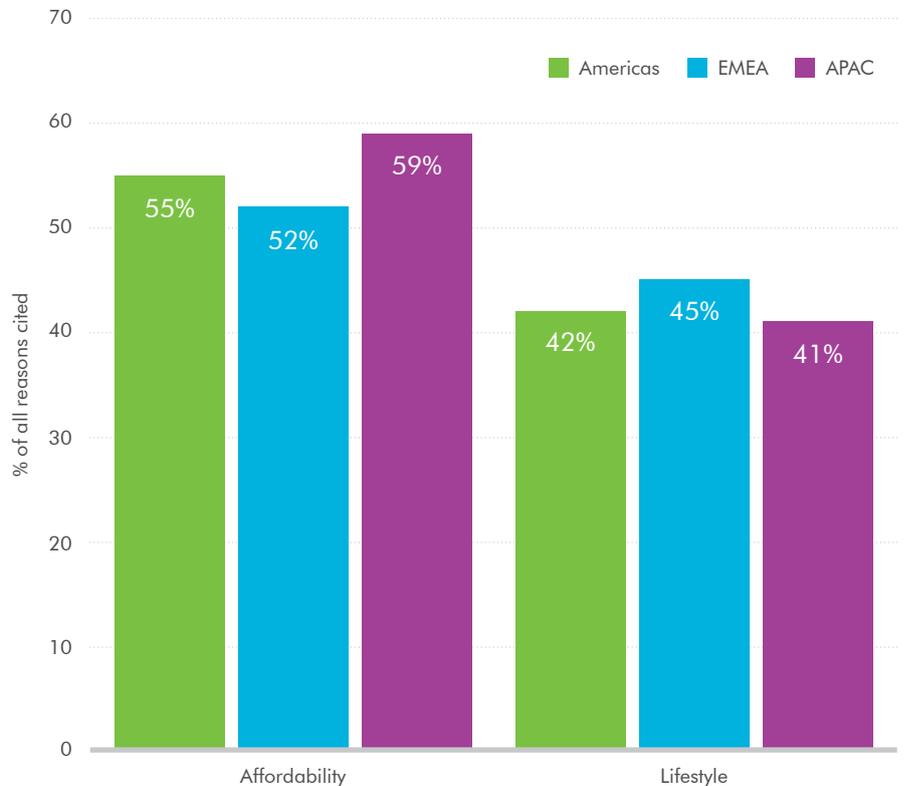
MILLENNIALS: MYTHS AND REALITIES

As we will see later in this report, millennials prefer a short commute and often choose to live in locations that offer the best options for this. In many cases, this leads millennials into the rental market, as they are priced out of ownership in the central locations they prefer.

65% rent due to affordability 

This demonstrates again that for almost a third of millennials, the decision not to buy is influenced by a trade-off between financial viability and wanting to live in a particular location.

Why millennials do not expect to buy a property



MILLENNIALS: MYTHS AND REALITIES



But even when choice is not an issue, “Generation Rent” is still a spot-on description for millennials, with more choosing to rent for longer periods of time than previous groups. As a result, the stigma of renting seems to be losing ground. A 2013 survey of U.S. citizens by the MacArthur Foundation³ supports this notion. It showed a seismic shift in attitudes towards renting versus owning: “Some 57 percent of adults believe that ‘buying has become less appealing,’ and by nearly the same percentage (54 percent), a majority believes that ‘renting has become more appealing’ than it was.

Despite this, the aspiration to own a home remains strong, and more than two-thirds of millennials expect to eventually own a property (with variance across countries).

No desire to own?

Among the millennials we surveyed globally, more than a third of current non-homeowners said a lack of affordability would likely prevent them from buying in the future. In Australia, Hong Kong and Great Britain, the proportion was significantly higher.

60% plan to buy 

So how much are they spending on housing?

On average, millennials spend less than one-third of their take-home pay on housing. There is, of course, national and regional variation; the U.S. West Coast sees the largest portion of millennial income spent on housing.

If it seems odd that millennials spend the same amount on housing whether they rent or own, consider this: They say the sizeable down payment to purchase a home is the issue, not the monthly cost of a mortgage. In the U.K., for example, purchasing a home generally requires a 25% deposit; with the average price of a property in London at \$819,226, buyers will need to find \$204,807 for the average deposit.

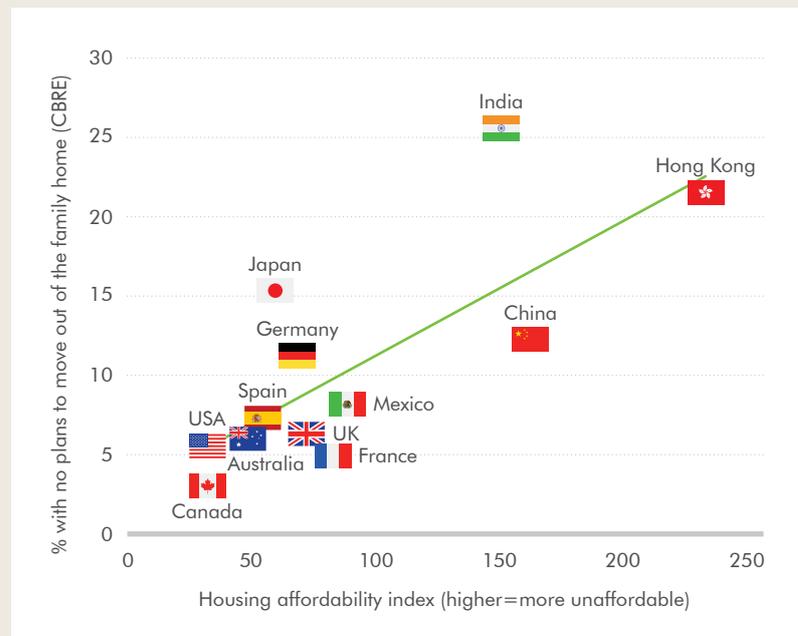
3. The MacArthur Foundation (2013) ‘How Housing Matters Survey’

The sizeable down payment to purchase a home, rather than the monthly cost of a mortgage, is the issue.

A CRISIS IN HOUSING AFFORDABILITY?

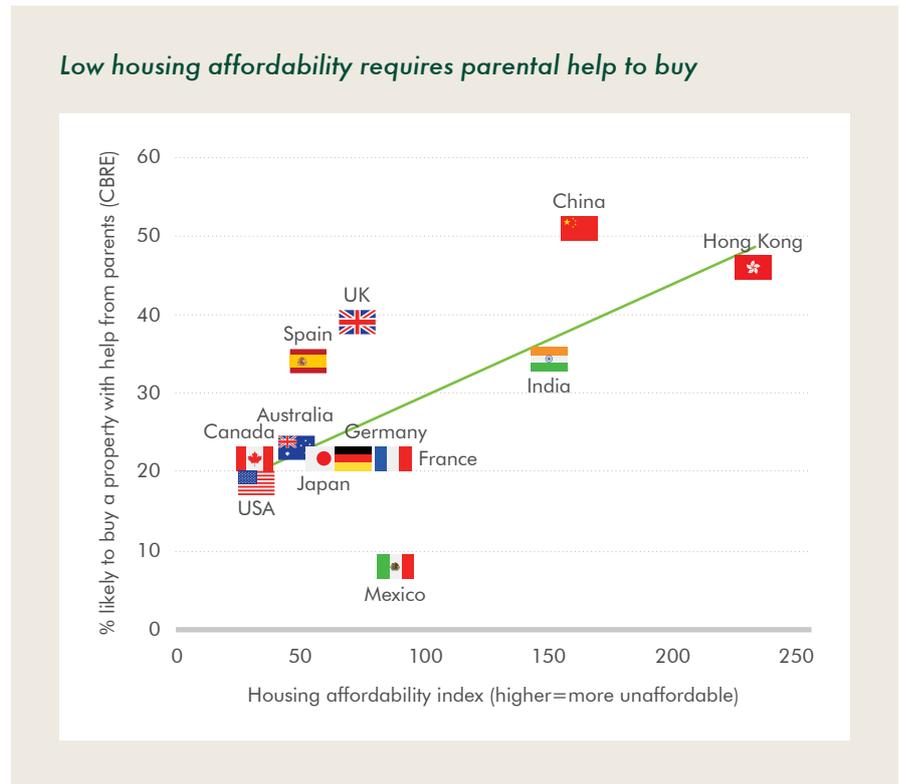
In its report, “The Crisis in Affordability in Real Estate,” research firm MSCI explores levels of affordability in key global cities.⁴ When paired with our research, we can see a clear link between real estate affordability and the percentage of our respondents living at home.

Low housing affordability encourages millennials to remain at home



A similar link can be found between affordability and the proportion of respondents who plan to buy but will only be able to do so with the help of parents. This would suggest that affordability is a key factor in not only millennials’ choice of housing, but also in how down payments are funded. Ultimately, in more expensive locations, the financial burden of housing costs is increasingly being shifted to the previous generation.

4. MSCI (2015) ‘The Crisis of Affordability in Real Estate’



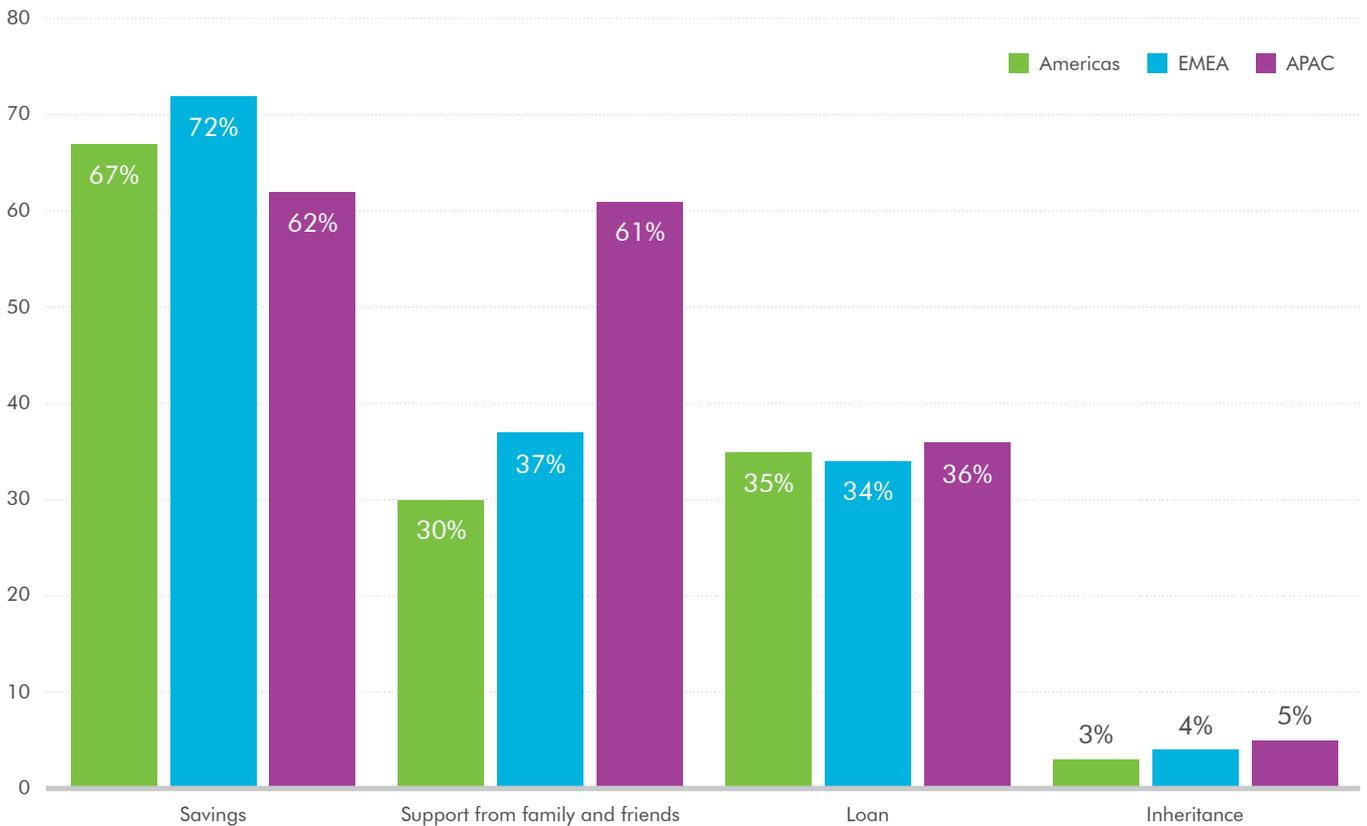
How do millennials fund down payments?

A majority of millennial homeowners report having funded their down payment from their own savings, at least in part. Given the sizeable deposits required in many areas, it seems unlikely that savings covered the entire amount in most cases. China and India, where a higher level of support is provided by parents and guardians, were exceptions to the trend of self-funding.

Help from parents and/or a bank loan were the next most popular ways of funding the down payment; a third of millennials reported using these sources. Support from “the bank of Mom and Dad” was much more common in Asia than in other parts of the world. In China, for instance, a majority rely on assistance from parents, compared with less than a third in Europe. Funding down payments through bank loans was fairly common in most countries, with the exception of the U.K. where it is not an option.

MILLENNIALS: MYTHS AND REALITIES

How millennials fund a deposit



So how mythical is our millennial? We discovered that:

- Nearly half of millennials are living at home—often as a means of saving for a down payment.
- A high proportion of millennials are renting, largely due to affordability rather than lifestyle choice.
- Millennials want to achieve the traditional milestone of home ownership, but they are postponing their plans for economic reasons.
- A majority of home-buying millennials use savings to fund at least part of their property purchase.



Implications for real estate

Millennials DO want to buy—eventually

Millennials aspire to own their own homes, just as previous generations did; just 16% say they will definitely not buy a home. Millennials face more challenges to home ownership than previous generations did, particularly with respect to the cost and availability of housing. The biggest barrier is the sizeable deposit needed to bring the overall cost of the property within range of a manageable mortgage.

An increase in long-term renting

The consequence of such challenges to home ownership is an increasingly long-term rental sector whose patterns of demand for housing are shifting. While current rental stock is geared toward young adults, students and young professionals, there likely will be an increase in demand from older individuals, and families looking for larger accommodations. The rental sector can take advantage of this trend by developing new housing stock that can satisfy a range of ages and desires.

The convenience factor is important

Affordability is millennials' main reason for renting, but convenience is highly relevant as well. Rental providers can capitalize on this by providing accommodations with as many short-term options as possible, which services a busy and mobile lifestyle. Two-thirds of our respondents agreed that "buying a property involves a lot of sacrifices in terms of lifestyle," and if buying is not an option, they might as well live somewhere they deem convenient.



HOW MILLENNIALS WORK

HOW MILLENNIALS WORK



By 2020, millennials born between 1980 and 2000 will make up half of the global workforce.⁵

With such a large voice, millennials' decisions about where they work, how they work and whom they work for will have lasting consequences for the global economy and for real estate. Consider the workplace, for example, which plays a huge role in staff morale and productivity. Employers looking to attract and retain the best and the brightest in the "war for talent" will need to know what motivates millennials and how their needs may differ from those of previous generations.

5. PwC (2011) "Millennials at work: Reshaping the workplace"

We set out to explore what millennials really think about the world of work—in contrast to our “Mythical Millennial” who:

- Feels entitled to rapid career progression and frequent increases in salary.
- Is a job-hopper who works to live, with no loyalty to an employer.
- Expects to be always digitally connected, blurring work/life distinctions.
- Is a collaborative worker, both in terms of workplace and working style.
- Is a city slicker who doesn't want to commute, preferring to live and work in the center of the city.

How closely does this stereotype resemble real millennials across the globe—our future workforce? And how should millennials' real inclinations influence occupiers' and investors' property decisions?

A sense of entitlement?

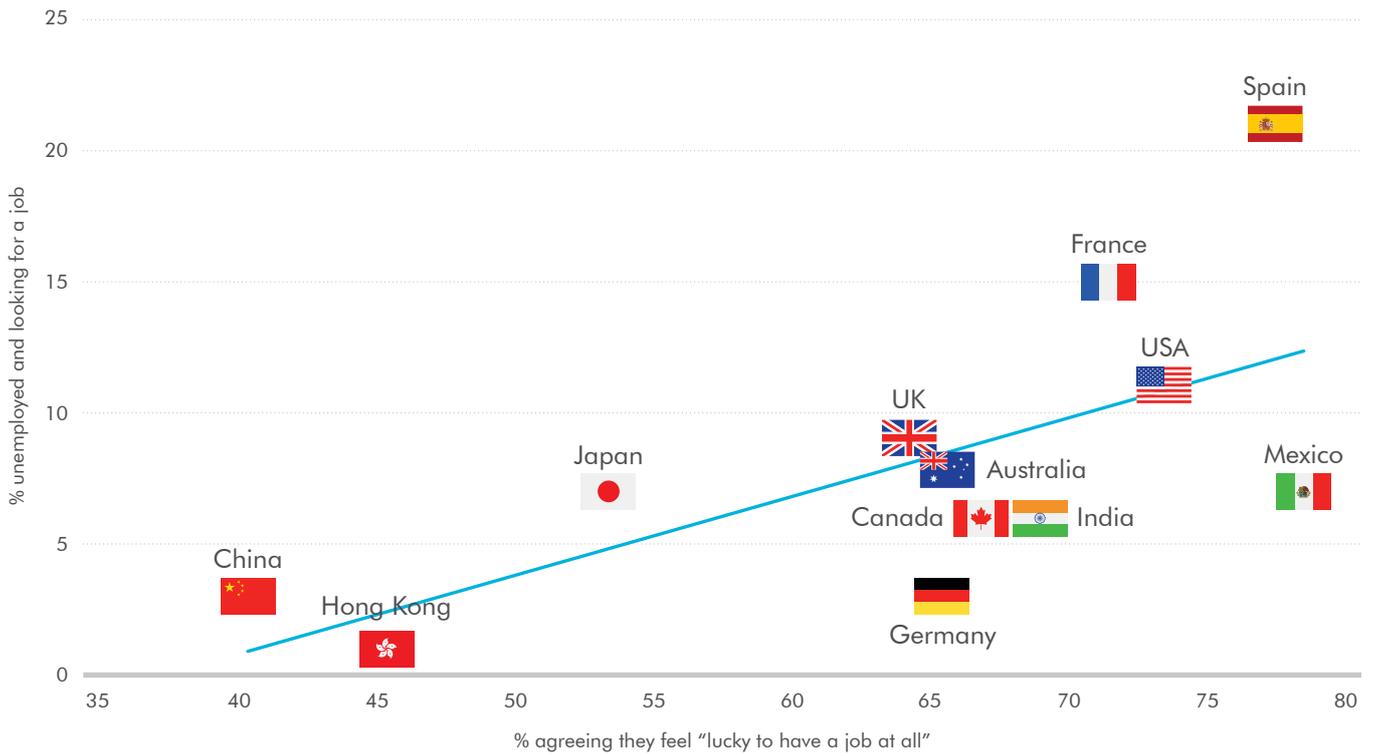
We're regularly told that millennials have a strong sense of “entitlement.”

While previous generations accepted the time-honored “start at the bottom and climb the greasy pole of success,” millennials allegedly can't wait. They expect challenging roles with early responsibility and rapid advancement—and if they don't get the opportunity, they will change employers in a heartbeat.

That may be true for some, but most millennials are far more realistic about their options. Many entered the workplace with high levels of student debt at a time of low wage growth and high rates of both unemployment and under-employment. The Financial Crisis of 2008 and its aftermath play a defining role in the way they think about their lives and careers. It either interrupted their early working years or led to the “new normal” economy at the time they were hunting for their first jobs. This may have left them with a lingering sense of insecurity; a majority of working millennials say they feel “lucky to have a job at all.”



Millennials feel far from entitled as unemployment persists



Job-hoppers?

The idea that millennials expect to change employers frequently—or even that they want to hold a “portfolio” of roles with different employers simultaneously—is also at odds with what the millennials we surveyed told us. When asked about their ideal career ladder, the majority seem to have similar attitudes to previous generations. Most want to work for the same or a small number of companies during their career, while only a tiny proportion want to work for a large number of companies or change jobs frequently.

62% see their ideal career as with the same or a small number of employers

MILLENNIALS: MYTHS AND REALITIES



However, there are national differences in attitudes towards employment, with respondents in Mexico expressing the greatest appetite for change. German millennials, on the other hand, are the most loyal, with a third wanting to work for one company throughout their careers.

A recent survey by Manpower⁶ found that millennials want to move on and move up, but more often than not they expect to advance with the same employer. The overwhelming majority of millennials also want lifelong learning and are willing to spend their own time and money on further training. Almost two-thirds say the opportunity to learn new skills is a top factor when considering a new job.

Like the traditionalists before them, they want the security of full-time work to ensure they can maintain their standard of living. Rather than wanting one job for life, millennials understand that continuous skills development is necessary to remain employable.

Most companies recognize that the “war for talent” is real, and that they cannot take employee loyalty for granted. In this era of LinkedIn and job vacancy websites, it has never been easier for staff of all ages to identify opportunities elsewhere and for competitors or head-hunters to target your top talent. When coupled with the difficulty in finding satisfactory and stable employment in today’s competitive job market, it’s hardly surprising that young people tend to move between employers until a better “fit” can be found.⁷ Overall, the idea that millennials are somehow pre-programmed for job-hopping seems misplaced; rather than desiring a nomadic career pattern, they are pursuing personal challenge, development, variety and skills enhancement.

6. ManpowerGroup (2015) ‘Millennial Careers: 2020 Vision’

7. Deloitte (2016) ‘The Deloitte Millennial Survey’

ALWAYS ON?

56% think work and leisure should be separate

As the first generation of digital natives, millennials' aptitude with technology and its ubiquity in their lives changes their approach to work. As with the rest of the workforce, technology blurs the traditional boundaries between work and leisure time. However, while it's widely assumed that younger generations readily accept or even welcome this blurring, our findings show something different. Slightly more than half of the millennials we surveyed agree with the statement, "work and leisure should be entirely separate," while less than a quarter disagree.

Millennials are not alone in expressing discomfort with the way technology promotes the intrusion of work into their personal lives.

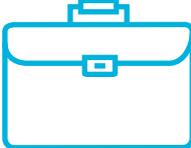
At the same time, though, employees of all generations welcome the ability to send personal emails or shop the internet from their desks. Sensible employers will recognize the need for work-life balance and will establish policies that demonstrate that they trust their employees to use technological access appropriately. They will also try to ensure that work doesn't intrude excessively into personal life.





Show me to my beanbag!

Perhaps fueled by images of tech company offices packed with sofas, pool tables and beanbags in primary colors, there is a perception that the typical millennial's preferred work environment resembles a cross between a cafeteria and a teenager's bedroom. We asked working millennials about their current office environments, and what their ideal would be. The results, at least at face value, were surprising.

42% **want a private office** 



Millennials appear far more conservative and traditional in their preferences than we have been led to believe. Overall, only a third expressed a preference for “collaborative” working environments, e.g. open-plan offices, or those that offer a variety of types of spaces in which to work. In contrast, two-thirds aspire to have their own office, or to share one. This desire appears particularly strong in North America, where personal offices are already more common among millennials and appear synonymous with progression, status and higher earnings.

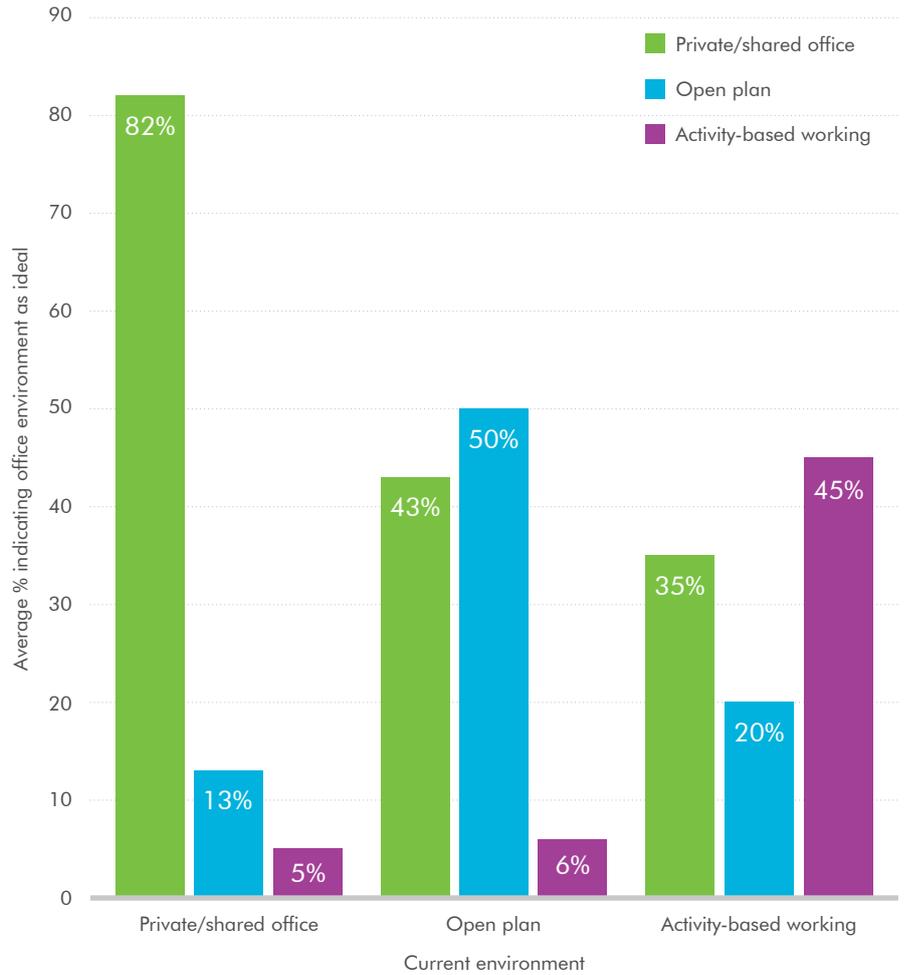
Does this mean the current trend towards open-plan offices—often thought especially appropriate for attracting millennial talent—risks having the opposite effect?

We think not—but the results do tell us some very interesting things about millennial preferences, and particularly about implementing collaborative working environments.

The first is that millennials do not emerge from the womb desiring collaborative working environments. Like other generations, they are heavily influenced by their personal experiences, and by the “cultural context” of their workplace. If you give millennials their own offices on day one, for instance, don’t be surprised if they do not want to give them up—particularly if the “cult of the corner office” is still alive and kicking across the rest of the organization. Humans naturally identify with and mimic what they see as successful behavior, so if having your own office is seen as a status symbol, guess what we’ll aspire to. This indicates a need for corporates to identify clearly what space arrangement is optimal for task fulfillment, as opposed to status reward.

It’s very clear that millennials who already have their own offices are far more likely to view that arrangement as their ideal. Conversely, those who work in more flexible environments are more likely to want to keep it that way: Only 27% would prefer a private office. Findings also showed that less than 10% of millennials aspire to “a wide range of working environments,” though more than 40% of those already working in this way name it as their preferred option.

Current environment has a large impact on perceived ideal



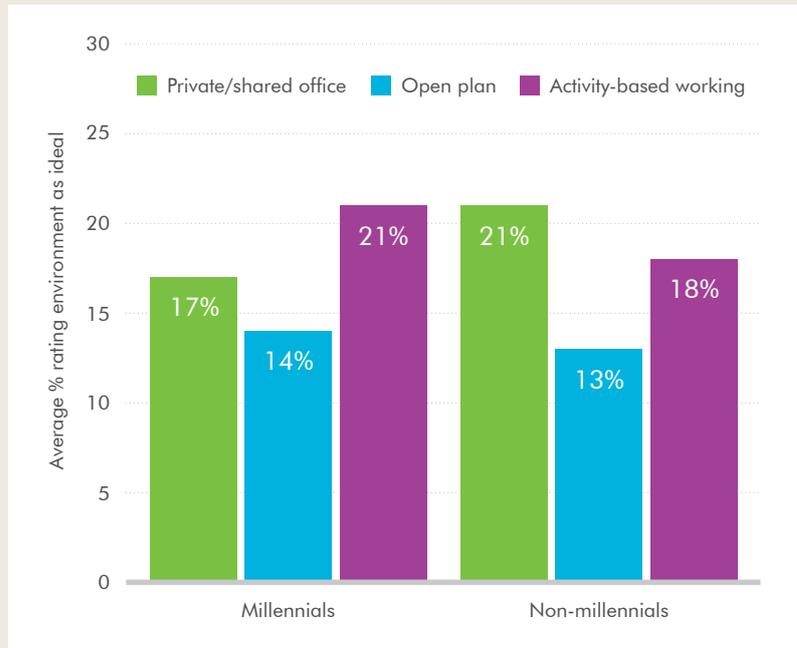
Our research suggests that millennials will embrace flexible working, but it also reaffirms what we already know from our practical experience of delivering alternative workplace strategies around the world: You need to do it well if you want it to succeed; and even then, leadership and change management is critical. Millennials, just like every other generation, will need help understanding and adjusting to new environments. Assuming they'll take to it like a duck to water risks making a huge—and very costly—mistake.

COMPANY CULTURE MATTERS

Our internal survey of almost 7,000 CBRE employees asked the same questions as our external survey—but also included responses from older generations.

When asked about their preferred office environment, CBRE employees of all generations showed greater preference for open-plan work arrangements around a variety of spaces. This likely reflects the success of the CBRE Workplace 360 program, with modern “activity-based working” office space being rolled out across many of the company’s buildings. High-profile successes, from Los Angeles to Tokyo, coupled with strong leadership from senior management, have helped raise the profile and cultural acceptability of alternative attractive workspaces throughout the company. But some things don’t change: Employees over the age of 55 are still 50% more likely to want their own office than CBRE millennials!

Ideal office environment (internal survey)



MILLENNIALS: MYTHS AND REALITIES



Employers also acknowledge that the physical workplace is a key element of employee engagement. Recent research conducted by Ipsos for Steelcase⁸ shows a correlation between employee satisfaction with the workplace environment and “engagement” with the business—which is associated with a series of positive attitudes toward work and the company. Employees that have a greater degree of control over where and how they work, including access to privacy when they need it, are likely to have higher levels of engagement. The high proportion of millennials in our research who stated a desire to have their own office may reflect a desire for more control and personalization of the workspace. Employers may have to find other ways of satisfying that need if they want to maintain open and flexible working environments.

8. Steelcase (2016) ‘Engagement and the Global Workplace’

Recent research shows a correlation between employee satisfaction with the workplace environment and “engagement” with the business

ACTIVITY-BASED WORKING

Activity-based working allows employees to choose among various work settings, according to which is most suitable for the task at hand. Such options theoretically offer employers an appealing way to “enable” employees to be more productive. Whether these settings are technologically advanced spaces for collaboration or quiet places just to think, dynamic workspace elements can support health and wellness by stimulating employees to get up and move during the workday, while also promoting productivity.

Getting this right needs careful planning and monitoring. The types of space and their distribution should be subject to rigorous pre- and post-implementation assessment to ensure that the right mix of environments is provided, and that any necessary adaptations are clearly identified.

Multi-functional space, which may be used for several different purposes—events, networking or quiet space—during a working day, should certainly be included. Space booking and reservation processes are important, as is sufficient quiet space for uninterrupted or confidential work, which is sometimes overlooked in the rush to provide open and collaborative work environments.

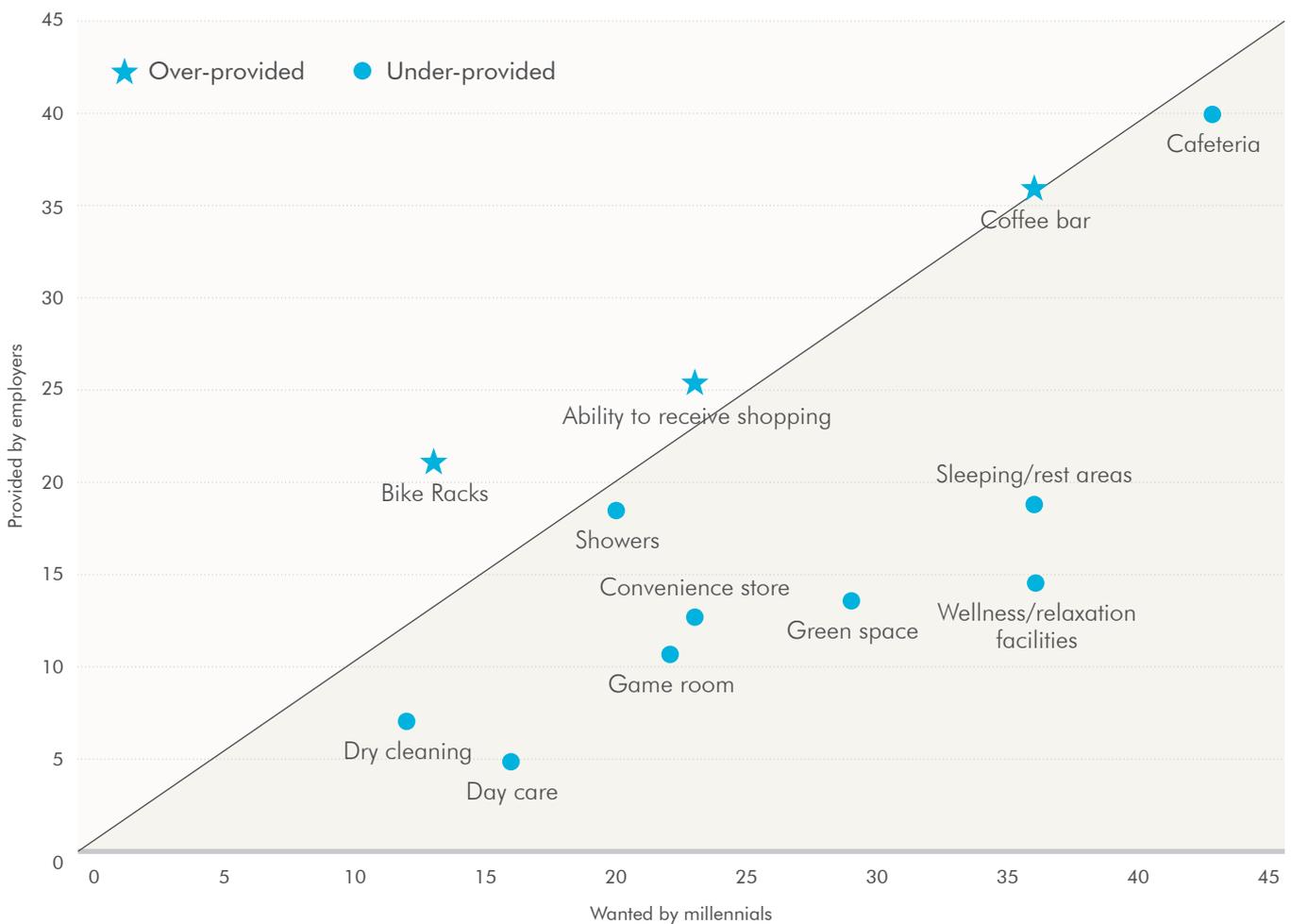


Day care, couches and a cafeteria?

The majority of working millennials agree that an office with good design and layout will have a positive impact on their work experience. But what exactly do they mean by this? And what facilities and amenities do they want their employers to provide? The stereotype suggests foosball tables and nap couches—is that the reality?

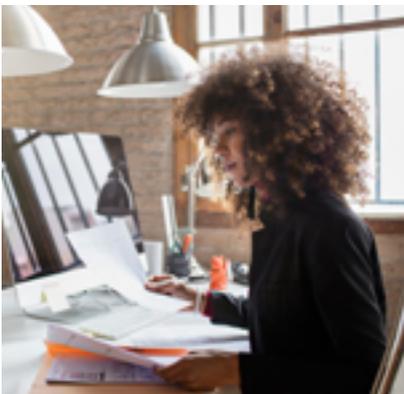
We started by asking our millennials to tell us which facilities their employer currently provides, and which would influence them when thinking of a new job.

Current vs desired facilities in the workplace



The cafeteria is the most commonly provided facility and the most popular, followed closely by coffee bars. Each is desired by more than a third of millennials—roughly as many as currently enjoy access to them. It is notable that several types of facility rate with high importance to a higher proportion of millennials than currently have access to them; there are also some—like day care, dry cleaning and game rooms—that fewer than 20% of millennials consider decision-changers. Where the provision of facilities is concerned, assuming that more is inherently better could well lead to overkill.

36% want wellness and rest facilities



A lack of wellness facilities is potentially of greater concern, and is an issue that companies are starting to take seriously. Previous research by CBRE has found that 74% of European employers have some type of health and wellness program in place.⁹ The enhancement of employee health is a primary focus, but employers expect to benefit in turn, through reduced healthcare costs and improved productivity and performance.

This is an important issue for millennials in the workplace, since their generation is characterized by a relatively strong commitment to health and well-being. As Goldman Sachs reports, millennials define “healthy” as more than just “not sick”—it is a daily commitment to eating well and exercising.¹⁰

Dynamic workspace elements can support health and wellness by stimulating employees to get up and move during the workday, while also driving productivity.

9. CBRE (2016) ‘European Occupier Survey 2015/16’

10. Goldman Sachs, (2016) ‘Millennials; Coming of Age’

MILLENNIALS: MYTHS AND REALITIES

Similarly, Nielsen¹¹ identified that millennials are more likely than other generations to regard the health attributes of food as “very important,” and they are more willing to pay a premium for healthy food than are any older age group. Forward-thinking employers are responding to these concerns to the benefit of all staff—even if some employees pass by the salad bar in the cafeteria more often than they know they should!

Workplace location clearly plays a role in determining what facilities employees look for in a workplace. Those living in cities are keener to see green space in the building, while those in out-of-town locations place greater emphasis on bike facilities.



11. Nielsen (2015) ‘We Are What We Eat’

Their generation is characterized by a relatively strong commitment to health and well-being

WELLNESS IN THE WORKPLACE

The environments in which we live and work affect our well-being. From worksite selection to workplace design and employee offerings, health and wellness is increasingly being adopted into modern organizations. Indeed, the evolution of the WELL building standard—a building certification system based around those features that affect health and wellbeing—shows that the issue is also becoming increasingly relevant for future development projects.

Worksite selection that gives preference to commuting convenience and to locations that connect with nature are prevalent. They signal that employers recognize the potential physical and mental health benefits that such spaces represent. Inside buildings, design trends that focus on promoting movement and productivity in the workplace are currently among the most promoted. Called active design, they include things like standing desks, desk treadmills and accessible stairways. These elements, along with educating workers on the positive effects of moving (and the negative effects of not moving), often have a substantial impact. Increasingly, occupants are being offered access to amenities that help them sustain healthy lifestyle choices at work; many have incorporated these into their personal routines. Fitness facilities, healthy food options and dedicated wellness resources are examples of common workplace offerings. Not only do these benefit employees, but their adoption may also help employers lower healthcare costs over the long term.





A thirst for flexibility?

The common stereotype of millennials is that they want a flexible working style. However, in considering new job opportunities, this is surprisingly less important than other factors, ranking 12th out of 14 considerations. It was still voted as important or very important by nearly two-thirds of millennials, so while it may not be the most important factor, it still has a large influence.

A thirst for flexibility? The extent to which employees want flexibility in working hours and “workstyle” is partly dependent on their other priorities in life.

MILLENNIALS: MYTHS AND REALITIES

A purely generational look at the data can't capture the true complexity of this issue. As future reports will explore in more detail, we believe that "life stage"—rather than age—is a more important factor in determining levels of demand for a flexible work arrangement.

The results also contradicted another major millennial stereotype—that they care far more about the environment and diversity than about how much money is in their bank account. Perhaps proving that millennials are no more good-hearted than other segments of the workforce, salary and benefits were placed firmly as the most important factor in choosing a new job, while employer attitudes to diversity and the environment ranked at the bottom.

So does the workplace even matter?

All of us have preferences, even expectations, about our employers and workplaces that aren't necessarily met all of the time. How important is the quality of the workplace to millennials, and what are they prepared to do about it?

78% see workplace quality as important when choosing a new employer

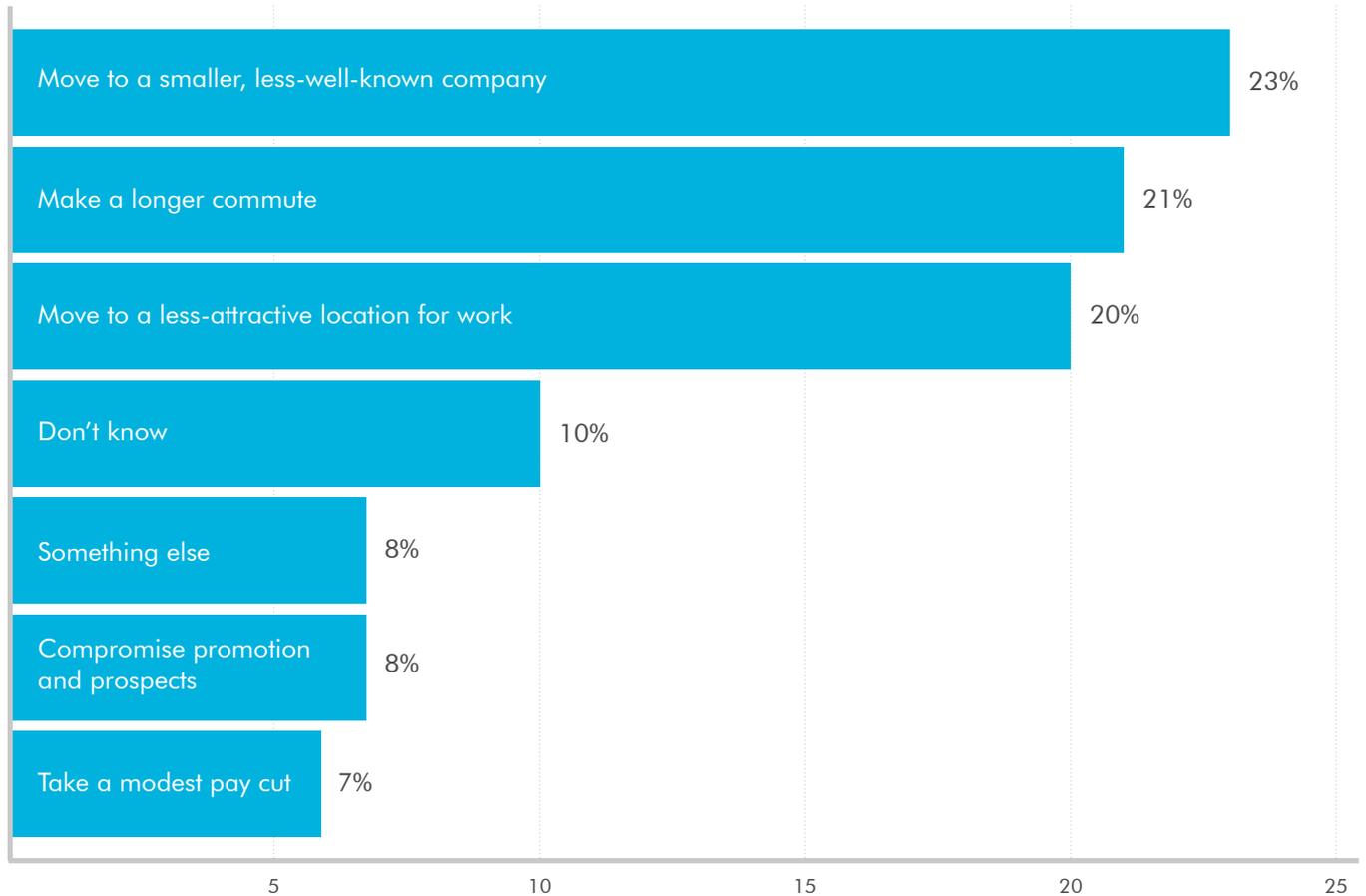


69% will trade other benefits for better workspace

We asked millennials what they were prepared to give up to secure a better working environment. While one-third are not willing to do anything, the rest are prepared to make quite big sacrifices:

- Almost a quarter would move to a smaller, less-well-known company.
- One in five would travel farther or move to a less-attractive location for work.
- Nearly 10% would give up a promotion prospect or take a modest pay cut.

Most millennials would be willing to make some trade-offs for a better office environment



The fact that some millennials appear willing to make significant compromises to secure a quality working environment raises some intriguing prospects for employers looking to gain an advantage in the “war for talent.” Could they upgrade their working environment but move to cheaper, less-central locations? Given some of the other challenges we have already seen facing younger generations in finding suitable locations to live, could this also allow young employees to find more-affordable housing close to their workplace? To find an answer, we need to look at one additional stereotype: the millennial’s insistence on city center living.



City slickers?

Conventional wisdom tells us that millennials are obsessed with living and working in the centers of big cities: 24/7 places that support their 24/7 lifestyle. Overall, three-quarters of the employed millennials in our sample work in large towns or cities, split 2:1 in favor of central rather than suburban locations. The vast majority of the remainder work in small or medium-sized towns—less than 10% work in business parks or rural locations.

75% work in cities or large towns 

Millennials seem to have voted with their feet and answered the question for us: They clearly want to work in large towns or cities, preferably in city centers.

Or do they?

We also asked them to rate each type of location according to its appeal as a place to work. The results are surprising, given the stereotype. Central city locations still emerge as the favorite—but very closely followed by suburban and small-to-medium-sized towns. Even a third of millennials would be happy working in a business park or campus setting, and more than a quarter find a rural location appealing. This has been backed up by a U.S. Census Bureau analysis, which showed that in 2014 the number of millennials moving to the suburbs outnumbered the inflow to cities.¹²

55% find small or medium-sized towns “fairly” or “very” appealing

12. U.S. Census Bureau (2015) ‘Geographical Mobility: 2013 to 2014’

Appeal of different work locations



Why the apparent contradiction? Given they appear happy to work in such a variety of locations, why are so many of them clustered in the expensive locations that make it difficult for them to find appropriate affordable housing? The explanation is likely to be “because that’s where the jobs are.”

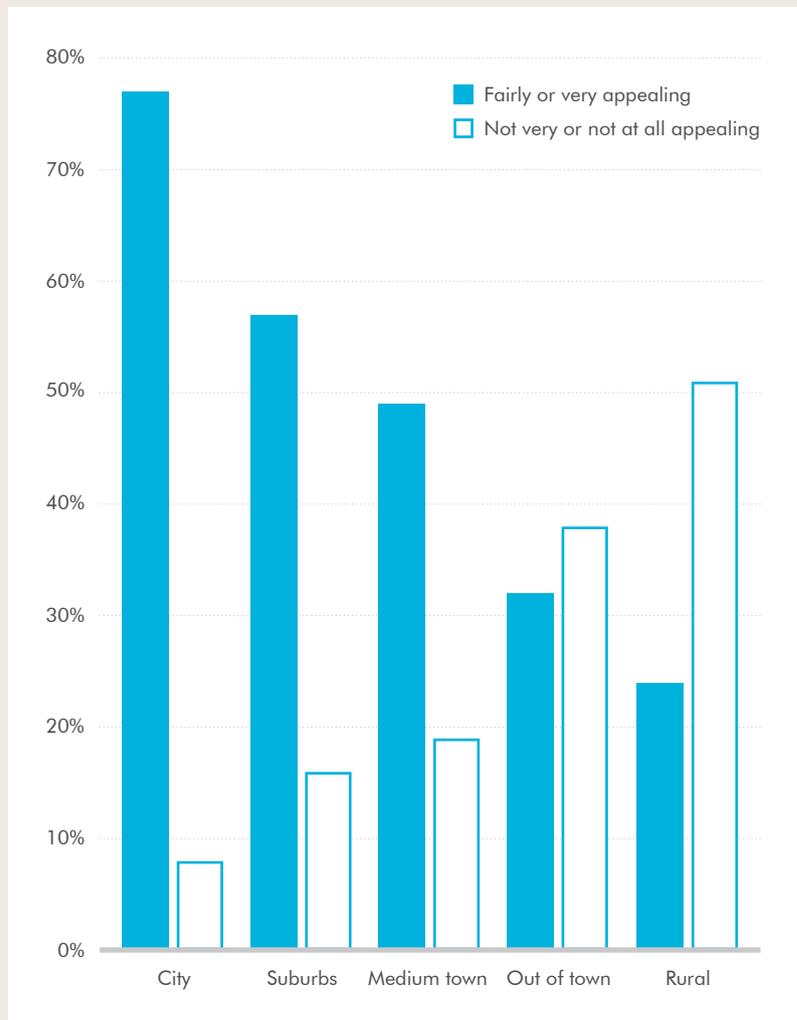
The existing concentration of the best-paid jobs in major city locations unsurprisingly attracts millennials to work there. However, our research also tells us that the high price of housing means they either have to live with their parents (if they are in a location within commuting distance) or they are forced to rent—often in locations they regard as less than ideal. Does this offer an opportunity? For some companies, we think it does.

The existing concentration of the best-paid jobs in major city locations unsurprisingly attracts millennials to work there.

NEW LOCATIONS

Uprooting millennials already located in a city is a significant challenge. For existing city-center workers, resistance to moving to a less-urban or peripheral environment increases with level of “rurality.” The more rural a potential move, the less appealing it is to current city dwellers.

Appeal of locations (city workers)





HOW'S THE COMMUTE?

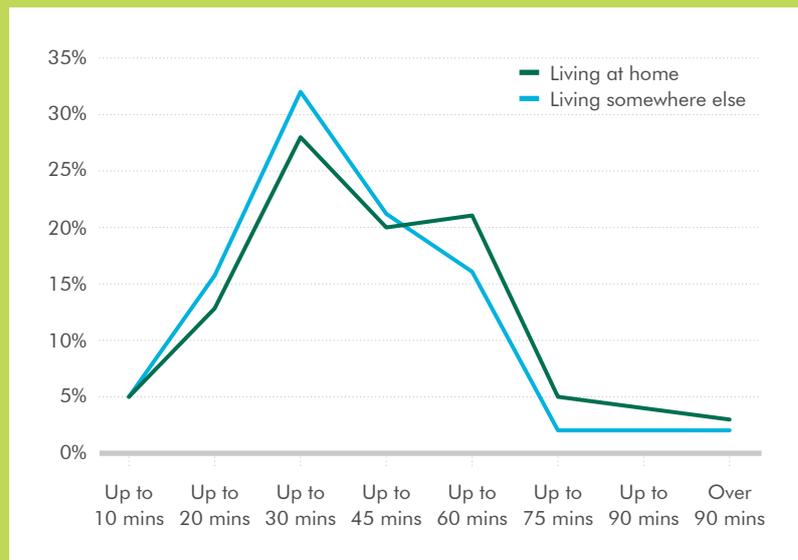
Millennials claim to have a low tolerance for long commutes.

30 minutes is the longest tolerable commute for most

Fifty percent of millennials say that they wouldn't be willing to spend more than 30 minutes getting to work. However, there are national and regional differences in these preferences; French millennials have the lowest tolerance, while a quarter of Japanese and British would be prepared to travel for up to an hour.

Since many millennials live with their parents, they aren't as willing or able to move to new locations. Many live with their families because they cannot afford to rent, so they can't move to a new location for work unless there is a considerable pay increase.

Maximum length of time respondents willing to travel

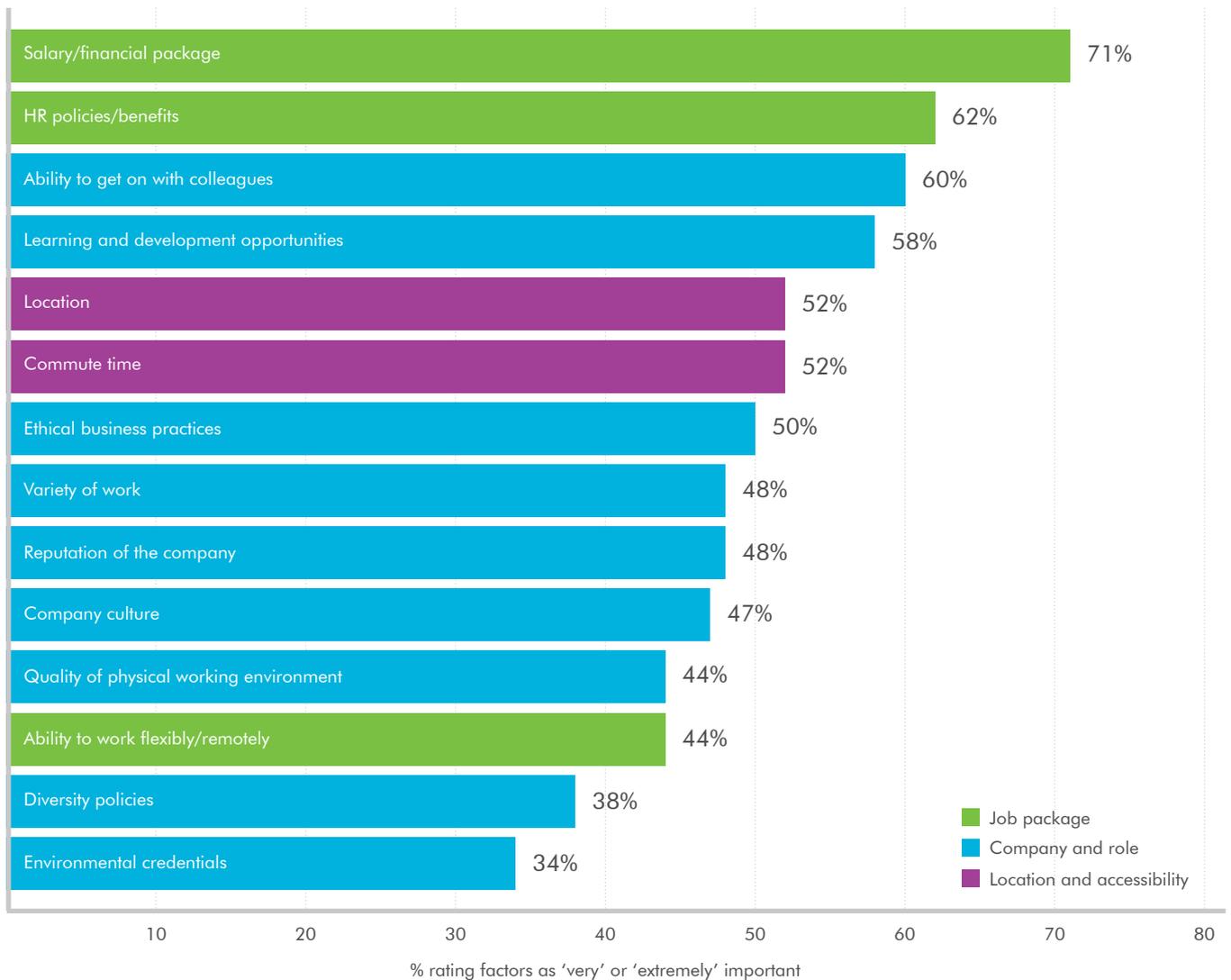


MILLENNIALS: MYTHS AND REALITIES

When thinking about a job, the highest-ranked issues fall into three categories:

- The right package and benefits (clearly most important).
- For the right company and role (fit with colleagues, and opportunities to develop).
- In the right place (an acceptable location and commute time).

Influential factors in workplace selection



MILLENNIALS: MYTHS AND REALITIES



Clearly there are good reasons why big cities are successful at attracting companies and creating jobs. One of the biggest reasons is that they are the most accessible locations with the highest densities of people: more job opportunities for the workers, more potential talent for the employers. A clear win-win?

Except that this isn't the case for everyone. Companies don't only have millennials to worry about—they need to attract a range of workers of all ages. What if an apparently optimal city-center location creates a particular burden on certain parts of the workforce? In particular, the younger generation, who are progressively being forced to compromise in other aspects of their life—notably on where they live and whether they can afford to buy or rent their own home? There is an opportunity for companies to leverage their location strategy to address some of the challenges that millennials face.

There is an opportunity for companies to leverage their location strategy to address some of the challenges faced by millennials

ACCESSING TECH TALENT

Highly skilled tech workers, especially millennials, are flocking to cities where the cost of living is lower, according to CBRE's annual "Scoring Tech Talent" report, which ranks 50 U.S. and Canadian markets according to their ability to attract and grow tech talent.

In their quest for highly skilled talent and for a lower cost of doing business, both new and expanding companies are establishing footprints in these more-affordable markets. This is increasing demand for office space and decreasing office vacancy. "Tech talent markets share several distinct characteristics, including high concentrations of college-educated workers, major universities producing tech graduates and large millennial populations," said Colin Yasukochi of CBRE Research. "The robust entrance of millennials into the labor pool contributed greatly to the growth in tech talent."¹³



13. CBRE (2016) 'Scoring Tech Talent'

MILLENNIALS: MYTHS AND REALITIES



That doesn't mean that companies should flee major cities and migrate to the countryside. But companies that are dependent on younger workers have a chance to secure the talent they need by adopting a slightly different approach.

This is exactly what we are seeing tech companies do in the U.S., as they rapidly grow their presence in smaller towns and cities outside the traditional tech hubs of Silicon Valley and Boston.

Such locations really do appear to offer win-win alternatives, at least for some. We know millennials would consider moving for a good job, in a good quality office, particularly if lower-cost housing were readily available.

Whether tapping into an existing pool of potential labor or attracting talent to come to them, companies in smaller towns and cities have the potential to secure a willing workforce at a lower cost than in more-expensive traditional urban areas. This isn't the answer for everyone, but high-tech companies and others that rely heavily on millennial talent are already reaping the benefits of this approach.

So how mythical is our millennial? We discovered that:

- Millennials do have high expectations of their careers, but most feel lucky to have a job at all.
- "Job-hopping" does occur, but is not seen as the ideal by millennials, who prefer a small number of employers.
- The majority want to separate work from their personal life, but do expect facilities that support an element of leisure and wellness in the working day.
- Millennials will thrive in open-plan, varied office environments—but don't put it at the top their list of priorities.
- They value the workplace and will make trade-offs for an improved office environment.
- Millennials are happy working in cities, small towns or suburbs, but do not like a long commute.



Implications for real estate

While the “new normal” may mean slower economic growth than before the Great Recession, unemployment has fallen sharply in many parts of the world and the competition for millennial talent is heating up. To compete for the best and brightest of the rising generation, companies are adapting their location strategies, their workstyle and their workplace design. As the global economy continues to recover, and growth becomes more widely established, there will be a big first-mover advantage for employers who have fully adapted to the changing needs and desires of their workforce.



Millennials are people too!

The trend toward activity-based working and open-plan, mixed-environment offices is changing the way many of us work. While millennials will naturally adapt to these environments, they will need support and encouragement to do so. Change management is always crucial when adopting new ways of working—particularly if the “corner office” was a symbol of success. Leadership from the top is needed, and poorly implemented approaches are destined to fail—but the millennial workforce will lead the charge if new office environments are implemented sensitively.

A blend of work and leisure

While millennials may have ushered in a blur of the boundaries between work and leisure, don't assume that they are naturally more comfortable with this than older workers. They don't want to be “always on,” and they do expect opportunities for privacy and relaxation in the workplace. An office environment that can meet these expectations, coupled with policies and a work culture that make the expectations clear, will help attract millennial talent.

Wellness and flexibility matters

Millennials seem to care more about their general health and well-being than other generations, although awareness is rising across all sections of society. As the debate about sitting being “the new smoking” rages on, companies need to emphasize wellness throughout the workplace. From travel to work and movement around the office to multi-height desks and healthy food options in the cafeteria, employers can find many ways to help those who care most about a healthy lifestyle—and encourage others to care more!

Flexible work arrangements that vary hours or work locations are valued by millennials—but not as much as might be expected, and not that much more than by other generations. We believe that simple age-based analysis doesn't capture the complexity of this issue, and that “life stage” is a more important driver of the need for flexibility. Leading employers are recognizing the need to take a holistic approach to when, where and how their employees work, allowing staff to balance their commitments to work and personal life in ways that benefit everyone.



Location, Location, Location?

Major cities are centers of business activity for good reason—and that’s unlikely to change any time soon. While they’re attractive places to live and work, they are also expensive—which makes it hard for millennials early in their career to manage. Despite the perception that young people prefer living in a city center, we found that millennials are also favorably disposed to other options—provided the overall attractiveness of the job was sufficient.

Some employers that especially need young talent—particularly in the tech sector—are adapting their location strategies to target concentrations of millennials outside of traditional major cities. With a lower cost of living and more-affordable housing market, these towns and smaller cities also typically offer lower operating costs for companies, adding another incentive for establishing a presence there. While this is not appropriate for all, it is an effective strategy for more and more major corporate employers.



LIVE WORK PLAY

HOW MILLENNIALS PLAY



HOW MILLENNIALS PLAY



The millennial generation is one of the largest generations in history. Though many are currently financially stretched, they still have significant consumer power and soon will be in their prime spending years.

But the group's most significant impact may not necessarily be how much they spend, or what they buy. It's how they will make their purchases. Millennials across the U.S. and Western Europe see themselves "on the cutting edge of technology"¹⁴—a full 80% own a smartphone and 45% own a tablet.¹⁵

Indeed, when asked to name the unique feature that sets their generation apart, the top response was use of technology.¹⁶ For that reason, we would expect millennials to be at the forefront of the e-commerce revolution sweeping through the retail sector.

14. Telefonica (2013) 'Telefonica Global Millennials Survey'

15. Nielsen (2014) 'Over 85% of Generation Y Owns Smartphones'

16. Nielsen (2014) 'Millennials: Technology=Social Connection'

We set out to learn how millennial shopping behavior contrasts with our “Mythical Millennial” who:

- Is a digital native whose smartphone is the nerve center for all interaction with products—a conduit for selection, purchase and fulfillment.
- Expects the e-commerce revolution to continue, with all retail activity eventually taking place online.
- Desires instant gratification, driving a preference for click-and-collect.
- Is “entitled,” expecting knowledgeable and helpful in-store service.
- Is debt-laden and lacks the means to buy anything other than discounted products and fast fashion.

To what extent do these perceptions reflect reality?

Is it all about online?

Millennials are the first truly digital natives. They grew up with technology, rather than having to adapt to it, and it influences how they shop. Contrary to expectations, however, the millennials we surveyed are not doing most of their shopping online. Instead, they use online stores primarily to research products, with the added mobility of smartphones giving them the power to search for products, compare prices and read reviews wherever they may be.

27% **proportion of shopping done online by the majority of millennials**

The popularity of online, non-food shopping among millennials varies significantly by country, and there is a clear split between non-adopters, infrequent users and frequent users. When we asked “How much of your non-food shopping do you typically do online?” the most common answer was “10% or less.”



Millennials use the internet primarily to research products.

Making purchases in a physical store is still the preferred means of shopping for the millennial generation and this position is unlikely to change dramatically in the near future. Why? Simply put, because millennials, like previous generations, are social animals. They like to shop in person with friends, family, or others. Though we expected to find that the convenience of online shopping would predict a significant rise in that activity among the group, the average expected increase in the next three years is only 6 to 8 percentage points.

Our findings align with A.T. Kearney's "Omnichannel" shopping preferences study,¹⁷ which states that "physical stores are a place where the most significant consumer and retailer value continues, and will continue, to be created." So while millennials like to use multiple retail channels throughout their customer journey, switching between physical and digital along the way, ultimately they prefer physical stores for trial, test, purchase and returns.

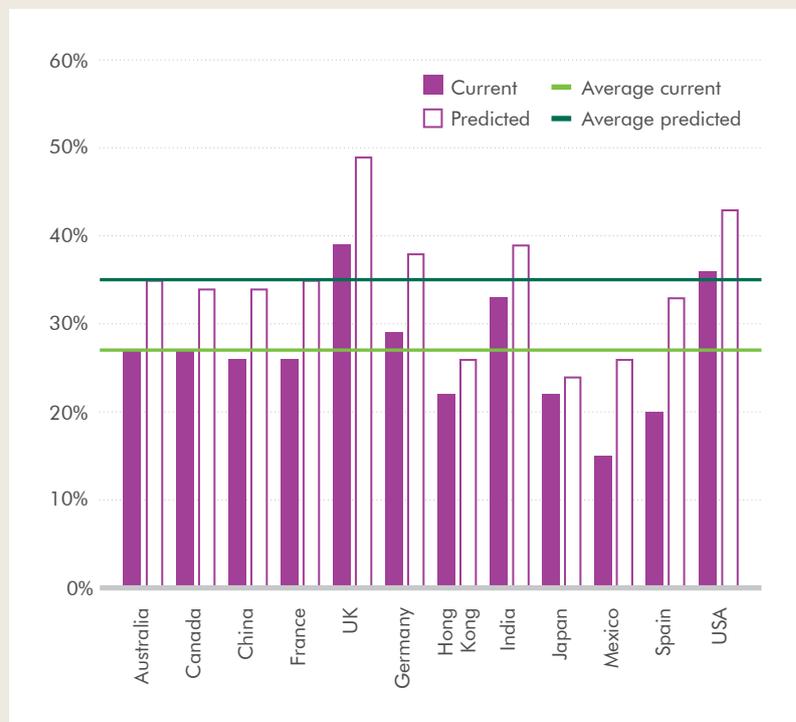
17. AT Kearney (2014) 'On Solid Ground: Bricks and Mortar is the Foundation of Omnichannel Retailing'

U.K. LEADS THE WAY

U.K. millennials do more than a third of their non-food shopping online, more than any other country surveyed. They are also more likely to be at the forefront of innovation in online retailing, with half expecting to do more than 50% of their non-food shopping online by 2019.

What's behind this trend? The U.K. has led the way in smartphone adoption and U.K. retailers have been at the forefront of developing strong online offers to complement the stores they operate. It's no surprise, then, that e-commerce represents a relatively higher proportion of total sales when compared with other markets. Early adoption, retailer development and the targeted language are all key to this position.

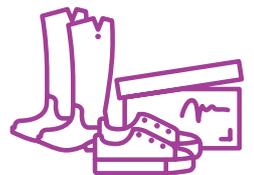
Proportion of non-food shopping online, current and in 3 years





When it comes to products they covet, millennials are no different from other shoppers: They want the physical experience of seeing, touching, testing and trying out the goods. Our survey showed more than 50% want to see a product before deciding to buy, though the importance of this interaction varies by product type. For instance, millennials are less likely to need to see an item if it is a standard, impersonal product. The desire to personally handle a product before purchase is connected to a perceived level of uncertainty about buying it online, as well as a desire to avoid dealing with returns.

56% like to see products before buying

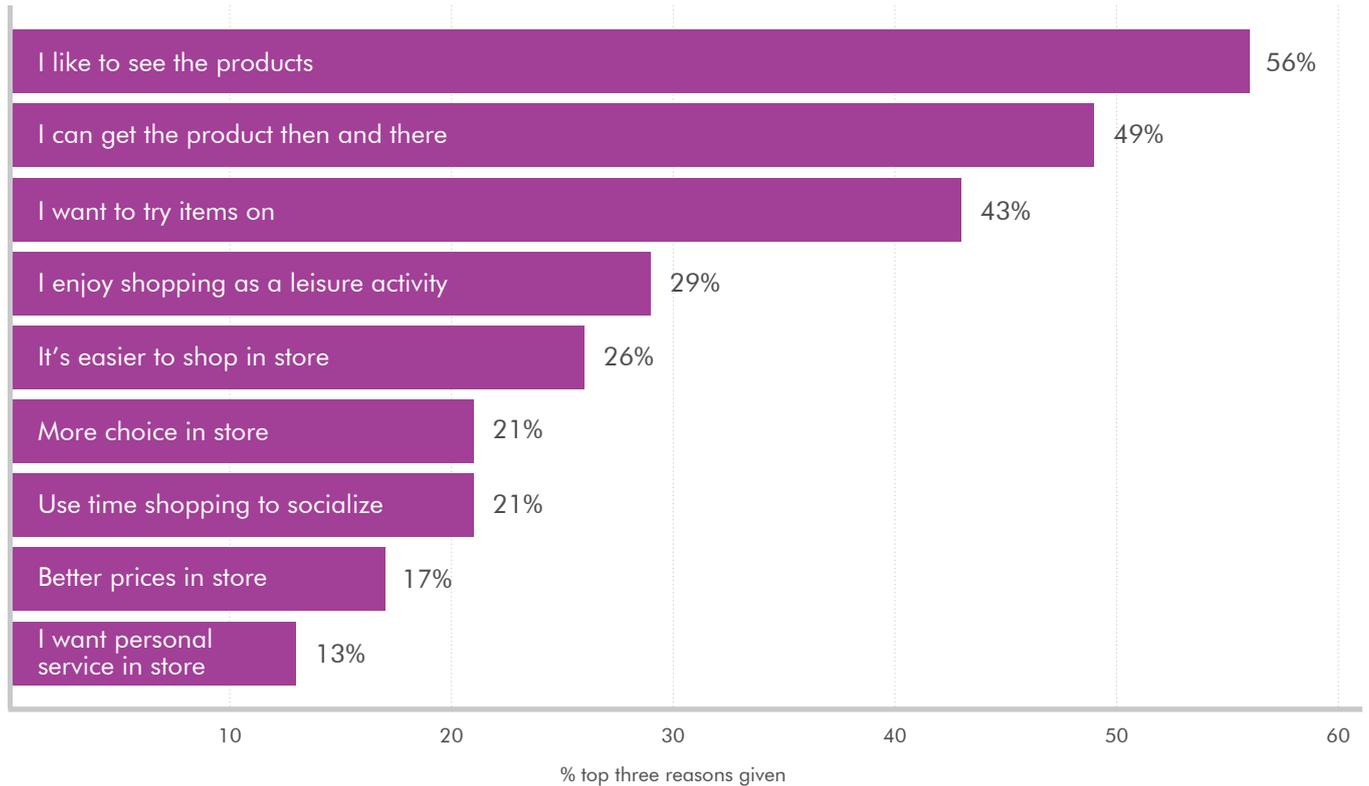


ACCESS DENIED

A simple truism is that if you can do something you will. But the opposite may be even more on target: If you can't do something, you won't! Thus, with shopping options around the world, there is a clear correlation between countries with fast and reliable internet access, internet penetration and online spending. In countries that cite internet speed as the key factor in their low levels of retail engagement, we see a parallel stream: as speeds increase so will online retail, until it reaches a point where an additional bump in speed has no tangible benefit.



Why don't you do more shopping online?



In-store service—my way

The concept of in-store service means something different to millennials. Generally, the standard “yes sir, yes madam, how may I assist you today?” assistance is of little interest to them. What they expect is whatever will allow them to complete their purchase in exactly the way they want—such as access to fitting rooms, no-wait-to-pay, a straightforward returns process and in-store ordering.

Their facility with digital technology means that they no longer rely on sales assistants to recommend goods and guide their purchases. Often they will have researched a product online by checking pricing and peer reviews before going out to shop. Brick-and-mortar retailers expecting to attract this new kind of consumer to their stores need to provide a reason to visit by creating a holistic and seamless approach to making the final purchase in person.

MILLENNIALS: MYTHS AND REALITIES

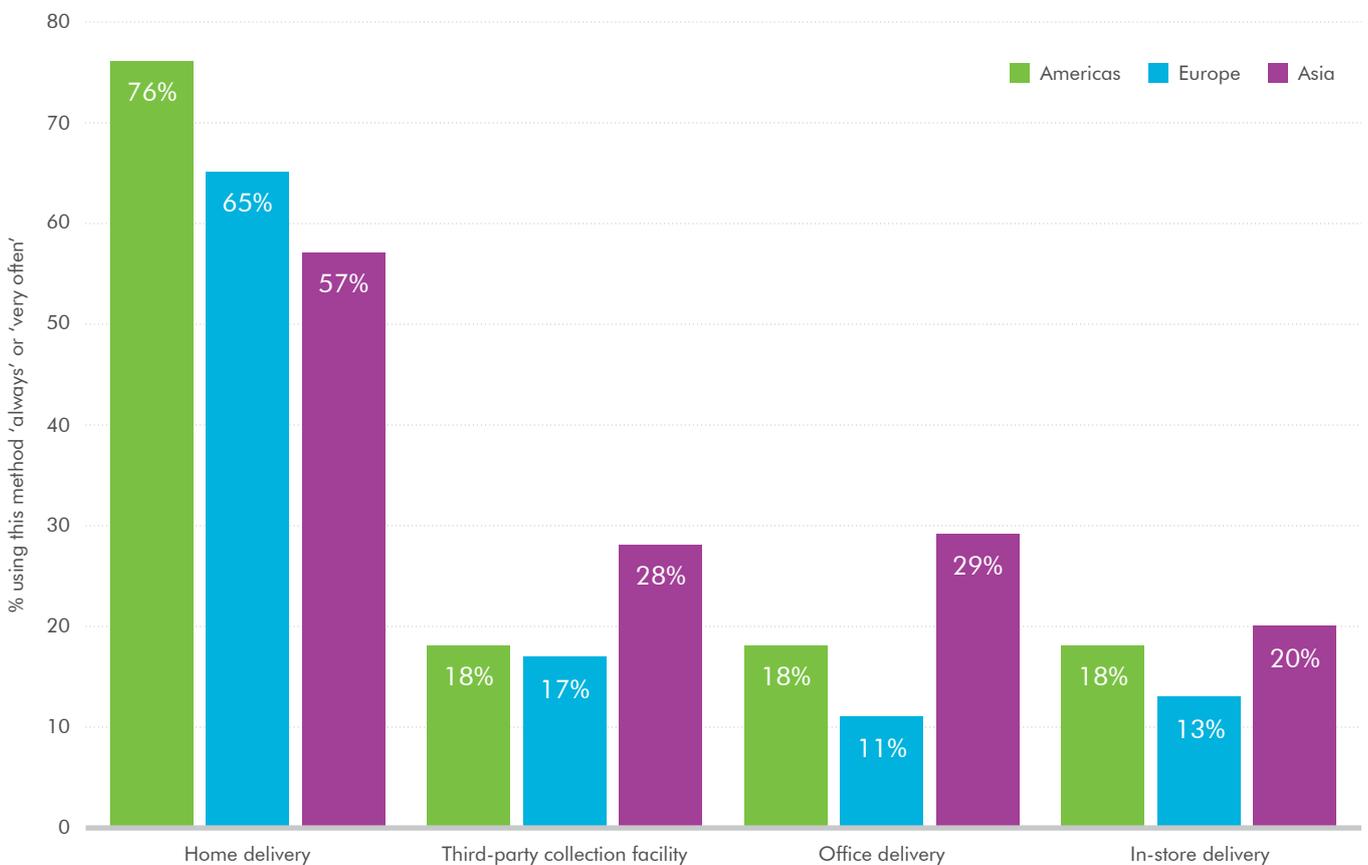
I want it now

One of the millennials myths with a hint of truth is that they are from the “I want it now” school of shopping. Instant gratification is highly important to them: They want to see it, try it on, buy it, and take it with them right away.

When they do shop online, millennials prefer to have their purchases delivered to their homes. One-third of those surveyed always use this method; two-thirds use home delivery “always or very often.”

Still, while home delivery is the overall preferred method, we found regional differences. The most marked result is a higher preference in Asia for third-party collection and office delivery.

Delivery methods



In most countries, there is a close correlation between the ability to receive goods in the office and a preference for that method. Almost half of millennials surveyed in India and China, for example, opt for office delivery.

Only 16% use click-and-collect



On the other hand, click-and-collect—paying for an item online and picking it up in-store—is the least popular delivery option for millennials. While it is a great option in large cities, where the purchaser often lives close to the brick-and-mortar retailer, the hassle of driving and searching for parking outweighs the benefits almost everywhere else. Nevertheless, click-and-collect is attractive for retailers; it simplifies logistics and increases footfall and impulse purchasing. Indeed, the CBRE study “How We Shop” found that the majority of shoppers who pick up pre-ordered products go on to buy additional merchandise.¹⁸ Retailers should consider ways to incentivize millennials to collect goods in-store if they want to maximize the commercial opportunities of this delivery channel.

Discount junkies?

Meanwhile, millennials are extremely aware of the value of the items they buy. Though they may not have a lot of disposable income just yet, they are fully aware of how much something “should” cost. As they aspire to buy more products and increase their average spend, they continue to use their tech savvy to comparison-shop online.

The relationship between “Live” and “Play” habits

Half of the millennials we surveyed live with their parents in the family home. Among this group, we see a greater frequency of eating out, brick-and-mortar shopping, and attending live events or movies, compared with those living elsewhere. In these surveyed markets there will likely be continued growth in disposable income from this demographic.

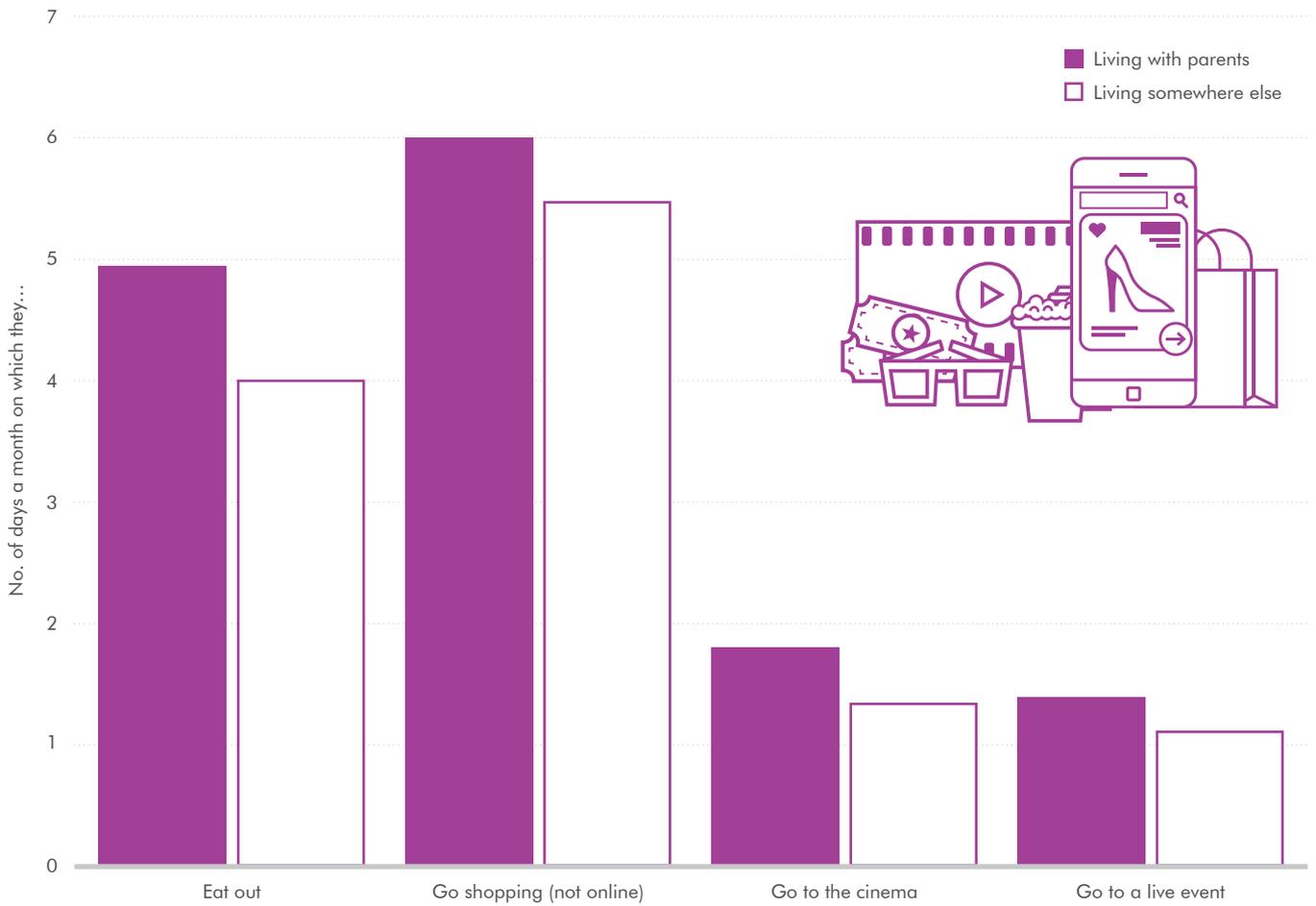
48% of disposable income spent on leisure



18. CBRE (2013) ‘How We Shop’

MILLENNIALS: MYTHS AND REALITIES

Leisure activities



Overall, millennials spend nearly half their net income on leisure activities, which is a significantly higher proportion than they save or use to shop. Millennials in Germany, Canada and Mexico buck this trend, however, by spending a third of their incomes on food and other household goods. Millennials in Hong Kong and China are the thriftiest; they put a third of their incomes into savings.

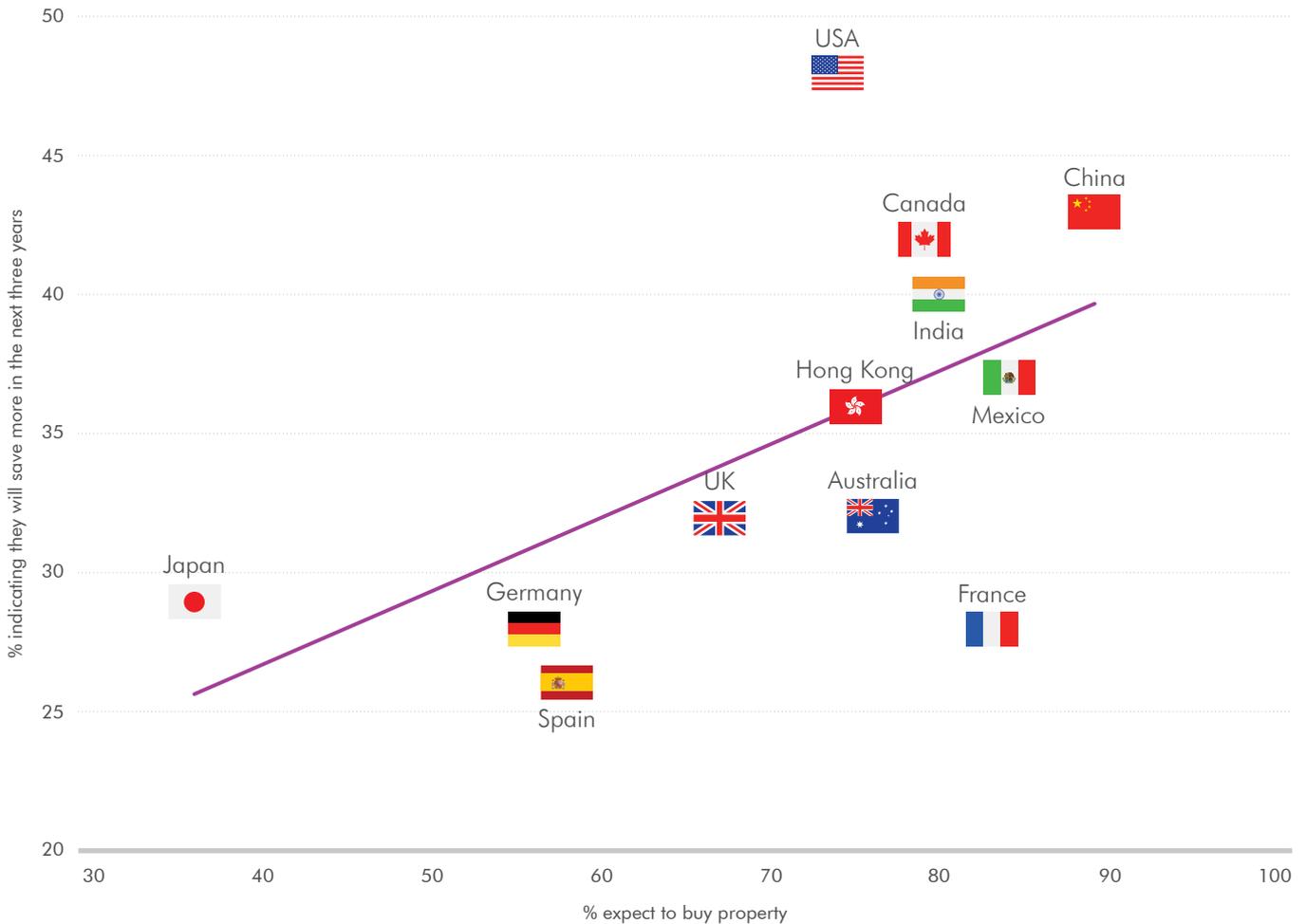
A third of millennials say they expect to save a higher percentage of their disposable income over the next three years. This decision is highly influenced by their current living situations and a desire to own property. About half of

MILLENNIALS: MYTHS AND REALITIES

those living in rental properties, for instance, plan to save more, a figure that rises depending on whether they plan to purchase a property in the next three years. In contrast, more than a quarter of those living rent-free or in their own property say they are going to save less.

With nearly half of millennials living at home with their parents intending to buy a property in the next two years, there is likely to be a reduction in spending power from this group. Retailers need to take this trend into account when targeting different millennials.

Savings intentions





Millennials at play

When it comes to spare time, millennials devote an average of six days per month to in-store shopping, versus four-and-a-half days to shopping online. This reinforces the idea that millennials use the internet to read product reviews and comparison-shop in addition to make purchases.

On average, millennials devote three days a month to leisure activities such as eating out, going to the movies and live events, and visiting shopping centers. The number rises to more than 13 days for millennials in the Asia Pacific region, who also eat out an additional two times per month.

Meanwhile, Americans highly value “experiences” such as concerts, athletic pursuits and cultural events, according to research Eventbrite¹⁹ conducted into millennial consumer spending—and they spend increasing amounts of time and money on them. These findings correspond with analysis of the Consumer Expenditure Survey and the Consumer Price Index for the U.S. between 1982 and 2012²⁰ that shows a long-term shift in U.S. consumer spending habits away from goods and towards services. For retailers, this presents opportunities. What services can they offer? How can they engage with new phenomena, such as the smartphone game Pokémon GO?

So how mythical is our millennial? We discovered that:

- The majority of millennial shopping still takes place in brick-and-mortar stores.
- Home delivery is the preferred delivery option for most millennials around the world.
- Informed millennial consumers do not require interactions with sales associates.
- Tech-savvy millennials punch above their income to buy luxury brands at a discount.

19. Eventbrite (2014) ‘Millennials: Fueling the experience economy’

20. Bureau of Labor Statistics (2014) ‘Consumer Expenditures 2014’



Implications for real estate

Millennials want to spend time in stores

Since the financial crisis, food & beverage has been one of the fastest-growing retail categories, with consumers showing a growing preference for eating out over eating at home.²¹ Food consumption is now recognized as a key attraction in the overall shopping experience; it's a key pull factor that also encourages dwell time. According to a recent CBRE study, 30% of consumers visit a shopping center just to eat or drink and 84% combine shopping with eating and drinking.

21. CBRE (2016) 'U.S. Placemaking: The Science Behind Placemaking in an Omnichannel World'



It's clear from these kinds of trends that the perception of the physical store is moving away from a place purely to make a purchase. It's becoming a brand ambassador, a place to engage with the products and have an "experience."

We have seen that millennials are comfortable dipping in and out of a range of shopping and delivery channels while using digital media to inform and facilitate the purchase process. It's a generation that is digitally connected day and night, and that expects consistent and instantly available product data and purchase opportunities. Retailers must factor in strategies that take this phenomenon into account.

In the coming years, the integration of digital and physical will become the typical retail experience. We can imagine moments where a shopper is recognized automatically as he or she enters a store, making his or her purchase history available to the sales associate. Product recommendations can then be made based on data, as opposed to the sales associate's subjective view. Purchased items will be available to collect in-store or will be delivered to the shopper's home or office at the shopper's convenience. His or her loyalty will be rewarded, and unique and personalized offers can be made upon entering the store or making a purchase.

Rather than thinking of physical stores and online shopping as mutually exclusive, the smart retail brands realize the potential benefits of this omnichannel approach.

Brand experience and loyalty—getting millennials into stores

In the U.S., a popular online menswear e-tailor named Bonobos has created a series of physical shopping destinations it calls "guideshops." Bonobos opened these stores as showrooms to allow customers to try on its apparel in different sizes and colors. The customer does not leave the guideshop with merchandise, however. Rather, he places an order and either collects it later from the store or

has it shipped to an address for free—just as if he had ordered directly from the Bonobos website. For Bonobos, the plus side to the approach is that the retailer does not have to maintain a large volume of stock on premises; it simply keeps all of its sizes, colors, fits and fabrics on hand for try-on.

Similarly, other brands are circumventing traditional retail outlets in order to encourage consumers to engage with their products. Cereal-maker Kellogg's, for example, has opened a restaurant in Times Square, New York, where it serves upmarket versions of its goods. Electronics company Dyson has opened its first dedicated retail store in Oxford Street, London, where shoppers can test and buy the company's full range of consumer products. Visitors to the so-called "Dyson Demo" can have their hair styled and dried using the company's "Supersonic" hair dryer, or choose from more than 60 different types of dust and debris to test out the efficiency of its vacuum cleaners.

Millennials expect the product to be delivered when and where they want

In the coming years, retailers will need to explore new delivery channels that are cost-effective for them while simultaneously meeting millennials' demand for convenience. To that end, U.S.-based online retailers are developing an "air drone delivery service" that can distribute by drone packages weighing less than 5 pounds. Customers within a 10-mile radius of its depot can expect delivery within 30 minutes, the company pledges.

Further innovation in this arena comes from start-up "Starship Troopers." Launched by Skype co-founders Ahti Heinla and Janus Friis, Starship has unveiled its version of a delivery robot: a small, six-wheeled device capable of carrying as much as 20 pounds up to a mile or more from a central service hub. The company's value proposition is that robot delivery costs between five and 15 times less than human delivery. Starship believes it can cut costs down to just \$1 per trip.

Retail needs to be where the consumer is

One of the next big trends in retail is "Placemaking." This strategy sees real estate players creating retail destinations that respond to an increasingly omnichannel world. One example is the integration of retail, residential, offices and even hotels into a single location.

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The important aspect of placemaking for retailers, and landlords, is to understand the role the store can play. Successful placemakers diversify their tenant bases and move away from the traditional category mix in favor of more service-oriented, high-growth tenants that are less vulnerable to online penetration—such as food & beverage, and entertainment. Creating this kind of digitally connected, convenient and experience-driven environment allows retailers to maximize millennial spend.

Restaurant owners in particular will want to take note: Research from CBRE²² shows that restaurant sales surpassed grocery sales in the U.S. for the first time ever in 2015. Since millennials dine out more often, and older generations spend more overall, we can assume more growth for restaurants as millennials age and earn more. Many retail center owners are already taking advantage of this shift by using restaurants as anchor tenants to draw in shoppers; it's a role formerly served by department stores and other retailers.

22. CBRE (2016) 'Restaurants: Now serving retail growth'



CONCLUSION

CONCLUSION

“It’s not that people born after 1980 are narcissists, it’s that young people are narcissists, and they get over themselves as they get older.”

—Elspeth Reeve (2013)

As the discerning reader may have guessed, we never really expected our mythical millennial to exactly match reality. But through testing our assumptions, our research did reveal many significant aspects of millennial attitudes that are of relevance to all employers, and to the real estate industry in particular.

The current generation of young adults faces significant challenges in finding affordable places to live. Many are choosing to live at home, or to rent, because they can’t afford to buy their own homes. Across generations, it is clear that the flexibility afforded by renting is a growing attraction—particularly for those who want to immerse themselves in urban life and therefore choose to live in expensive city centers. Overall, though, millennials rent by necessity—driven by lack of affordability—rather than by choice, and even then are forced to compromise on where they live. This unsatisfied demand presents one of the most significant challenges—and opportunities—to city governments and residential property developers alike.

At work, we have shown that millennials are far from the footloose and fancy-free job-hoppers they are sometimes presented as, and some of their attitudes are shaped by having entered the labor market in recessionary conditions. However, the wealth of online information about alternative employment opportunities means that employers can’t be complacent about holding onto their talent. While they may not be that different from previous generations, millennials’ demand for challenge, development and progression in their careers is surely something to be welcomed by forward-thinking employers. A high-quality workplace environment embracing activity-based working can be a key factor in helping attract and retain young talent—but don’t expect existing millennial employees to embrace such environments without the same change management applying to others.

When shopping, millennials are digital natives who fully embrace e-commerce and omnichannel retail. They use the internet to research products, gather feedback on potential purchases and search out the best prices. But contrary to some expectations, they still place great emphasis on the role of brick-and-mortar stores—and see no more than modest increases in their online purchasing in the years ahead.

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We believe we have identified some important findings that challenge conventional beliefs about millennials, but any attempt to generalize across an entire generation—and over the entire globe—is destined to be guilty of oversimplification. In future reports, which will focus on different aspects of millennial attitudes and results from specific parts of the world, we will dig deeper into the complexity and variation that lie behind the conclusions of this summary report. The result will be a fascinating insight into the way millennials live, work and play.

We warmly welcome any comments or feedback on any aspect of this research, or the wider topics that it addresses.

METHODOLOGY

The findings presented in this report are based on a variety of primary and secondary research. Initially, a literature review of existing research was undertaken, covering more than 200 articles and publications, to assess the body of existing knowledge around millennials and identify relevant topics for our primary research.

CBRE then commissioned Ipsos MORI to conduct an online survey of 13,000 millennials, defined as those born between 1986 and 1993 (i.e., currently aged between 22 and 29). They surveyed 1,000 respondents in each of 12 countries across the three major global regions:

- **Americas:** Canada, Mexico and 2,000 responses from the United States (1,000 from the East Coast, 1,000 from the West Coast);
- **Asia Pacific:** Japan, China, India, Hong Kong, and Australia;
- **Europe:** Germany, Spain, France and the U.K.

Within each country, the sample was constructed to ensure an equal balance of male and female respondents, as well as an equal ratio of 22–25 year olds and 26–29 year olds.

To supplement the data from the IPSOS survey, an equivalent online survey was circulated to CBRE employees. In part, the objective of this internal survey was to compare the views of millennials with those of older generations, so the survey was open to employees from all age groups. It was completed by 6,893 respondents from 52 office locations around the world, 27% of whom were between the ages of 22 and 29. In total, the data in our survey reflect the views of nearly 20,000 people from across the globe.

Finally, a series of discussion forums were held with CBRE employees around the world to explore some of the key themes of the report in greater depth.

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