**Saul Ewing 7th Annual Real Estate Conference: Millenials, E-Commerce, Technology and Other Trends Transforming the Real Estate Industry**

By: Zachary Hansen

Baltimore, MD –Real Estate industry leaders met at the Saul Ewing 7th Annual Real Estate Conference to present, discuss, and analyze the trends that are affecting the real estate market and development. One of the panels focused on the expanding Millennial demographic, what their expectations and desires are, and how e-commerce and technology are influencing those expectations and desires.

“Demographics are a tremendous opportunity. In exactly the same way in the 1980’s to early 2000’s the Baby Boomers, a much larger segment of the American population that was then 20-30 years old, drove investment in real estate; Millennials are poised to do that today,” explained Adam Ducker, Managing Director of RCLCO. “The peak of the surge of Millennials, of people who are turning 22-24 today is about 4.5 million. 20 years ago, it was 3.5 million. More than any generation we’ve seen in the past, their tastes, their behaviors, their appetites, their ability to … drive the evolution seems greater.”

The panel covered six major themes that characterize the Millennials’ tastes and interests in real estate: a market interest in a walkable urban lifestyle, the emphasis on socialization, a sense of being more transient and open to change, a focus on the design and quality of what they are buying, an embrace of the sharing commune, and an openness to digital solutions.

**Walkable Urban Lifestyle**

Millennials enjoy a sense of being connected to the world around them. Urban environments meet this desire very well as it is very easy to stay connected to a plethora of experiences when they are all within walking distance. “When we look at Millennials, we’re still looking into the marketplace and seeing that there’s a substantial amount of desire to have a living in a city, urban populations, still connected online but still having a place for the retail store,” said Derrick Johnson, Vice President of Marketing at UPS. Ducker concurred, commenting that being connected to food and exercise is what really further drives this experience. “If you look at what makes Millennial neighborhoods particularly popular, it is the quality and unique experience and the opportunity to do spinning, cycling, cross train or whatever it might be, which are focused on the experience and interaction,” continued Ducker.

**Design and Quality Driven**

Integrated into the theme of the walkable urban lifestyle is the Millennial focus on the quality and the design of their experiences. “What they’re looking for is an authentic experience. It’s not just a Chipotle, it is an artisanal small taco factory that is located at the base of your building.” said Sara Queen, Executive Vice President of Brookfield Property Partners. “When we built a food court, we put in all these fast, casual concepts because we didn’t want to be just a food court.”

**Transient and Open to Change**

Because they are more open to change, Millennials find renting is more attractive than buying a home. “Millennials are one of the big pushers of the rental surge in America,” explained Ducker. “However, we don’t necessarily see this as a lifelong, cyclical shift. What has really changed is the desire for renting, for now because of the flexibility and the relative value of renting, is very compelling.”

**Embrace of the Sharing Commune**

Millennials don’t view work as an isolated activity. Being able to socialize and work alongside their peers is very important to the new trend in working culture. “What they’re selling is not sitting by yourself in a stuffy office. What they’re selling is that you’re sitting next to somebody else that is doing similar work. For example, you’re a graphic designer and you’re sitting next to a web designer who needs a graphic designer, really establishing that sense of community,” Queen also noted this new trend in the work force and concluded, “So what we’ve taken away from that is figuring out how to include more collaborative work spaces across our office portfolio.”

**The Importance of the “Sharing Commune**

The motivation for the Millennial embrace of the sharing commune is the importance of socialization to the them. Millennials blur the lines of work and play and often enjoy when both can happen in the same space. “It is a demographic that does not have the same hard boundary between work, social, personal, and business that our generation might feel.” remarked Ducker in response to the discussion of the shared commune. “So people are looking at how you make work, and the space where people work, fun, vibrant, high-energy, and exciting.” With this focus on being able to socialize while working, Millennials are actually able to be more successful rather than less productive. Johnson added, “Where they do have the shared work space, they’re very successful and they work in regards to the way they collaborate. But as these companies grow, they grow in a different fashion, they’re different than how we were growing up in the business. The reason they collaborate is that they’re discussing things like: ‘How are you getting this manufactured?’ and ‘What does this design look like?’ ”

**Openness to Digital Solutions**

Millennials are very adept with the use of computers and other smart devices. This has influenced the real estate industry as seen with the concept of Smart Buildings. “Technology can support a very optimized facility for their experience.” stated Casey Talon, Senior Research Director of Navigant Research. “They may have a new set of networked sensors that connect to the lighting, that really has the ability to sense everything from occupancy and where people are to indoor air quality and even using cell phone apps as a way of engaging. Our research shows an increasing demand for this kind of youth-centered information and access to having input on the way that the HVAC and lighting is working.”

So the question for the industry becomes, how do you redesign existing buildings to be cool for Millennials again? “In some markets, you want to make sure that the moment when the tenant is driving into the parking garage and they can be on their cell phone the whole way with a good DAS system and great Wi-Fi throughout the whole building so that part is seamless for them,” explained Queen. “You’re having a collaborative work space that all tenants in the building can use, where you can really build a community. You have a great arts and events program that does programming that is aimed at millennials and focused on using the outdoor space and healthy living.” Bronwyn LeGette, Vice President of Cushman & Wakefield and Moderator of the panel, added “I met with a design company and they had a concept for a mixed use tower that wasn’t placing the amenities horizontally but rather vertically and sprinkling them throughout the building and putting in interconnected staircases to create activity throughout the whole building.”

The panel concluded with slides of various properties that Brookefield Property Partners had redeveloped to conform more to these trends. Some examples of the major modifications included: adding much more glass to increase transparency and natural light, creating ease of access for commuters, and adding gyms, restaurants and other amenities to increase activity in the area. It seems that the new market for real estate is looking for a place that is both healthy and dynamic to live and work in, Millennials are leading the way for buildings to be connected to the community around them, and the industry is intently focused on creating places that provide these experiences.