

Millennials may be about to move out

 [washingtonpost.com/business/economy/millennials-may-be-about-to-move-out/2014/06/25/c52c6b72-fc80-11e3-932c-0a55b81f48ce_story.html](http://www.washingtonpost.com/business/economy/millennials-may-be-about-to-move-out/2014/06/25/c52c6b72-fc80-11e3-932c-0a55b81f48ce_story.html)

By [Dina ElBoghdady](#) and [Emily Badger](#) June 26

While the recession pushed young adults to move in with their parents, a study released Thursday suggests that the millennial generation is poised to move out in droves, lift the number of new households formed and maybe even transform the housing market.

Harvard University's Joint Center for Housing Studies projects that the millennials — the largest and [most diverse generation](#) in history — will make up 24 million new households between 2015 and 2025, substantially boosting demand for rentals and starter homes.

The leading edge of this closely watched generation will soon reach their 30s, the age range in which household formation ramps up, said Chris Herbert, the center's research director. As a result, the number of households in that age group will rise by 2.7 million in the next decade, according to the study, which defines millennials as those born 1985 to 2004.

"Demographics is destiny," Herbert said. "As millennials gain more of a financial foothold and make their presence felt, they're going to drive a whole chain of increased demand in the housing market."

The sheer number of young adults in this generation (nearly 86 million) is what makes them an especially influential force in the housing sector. The decisions they make about their living arrangements will, by extension, affect the economy, which has traditionally relied on the housing market to create construction jobs and generate consumer spending for everything from dishes to furniture to pricey appliances.

The housing bust and the ensuing recession disrupted household formation, reducing it to about half of the normal level in large part because many young adults struggling to find jobs decided to live in their parents' homes instead of striking out on their own. This retrenchment has contributed to the [housing market's sluggish recovery](#) and the dearth of first-time home buyers, who traditionally make up about 35 percent of the market.

Many new households that would have been created during more robust economic times never materialized. Even as the economy improved, the impact of the millennials has been muted. But that's likely to change in the next decade, the Harvard study concluded.

And there are a few signs that the number of new households has begun to recover.

In an analysis of recent Census Bureau data, Barclays found that the share of 18 to 24 year olds living with parents or in multi-generational homes fell last year for the first time since 2005. It dropped one percentage point from 2012 to 2013, which translates to 300,000 young adults looking for alternative living arrangements, the Barclays analysis said.

An improving job market has helped lift household growth. But it will take time to get back to normal — or about 1.2 million new households in a year — considering that household growth has roughly been in the 600,000 to 800,000 range in each of the past few years, according to the Harvard study.

In fact, about 2 million more adults in their 20s lived with their parents last year than in 2007 even though some of them now have jobs, the study said.

Among them was Andrew Pribulka, 25, who moved in with his family in Falls Church, Va., after graduating from college in 2012 with nearly \$75,000 in student loan debt. He has been working full time since then as a technology services intern for Arlington County.

Pribulka said his parents made him an offer he couldn't refuse: He could live at home rent-free if he applied \$1,000 of his pay toward his student loan debt each month. Now that he has made a small dent in the loans, he's getting a bit restless. Pribulka said he's starting to look for a permanent job that will provide benefits so he can move out.

"Until I find a job, I can't move," he said. "I'm turning 26 in November, and I'm feeling a bit worried about rents in this area. I'd have to get a job with a substantial pay increase."

He should be concerned. As the foreclosure crisis pushed people out of their homes and lenders tightened their mortgage standards, demand for apartments rose and so did rent prices, which jumped 3 percent last year, the Harvard study said.

Whether they choose to buy or rent, the millennials face constraints that their parents most likely did not, such as [massive student loan debts](#). Between 2001 and 2010, the share of households age 25 to 34 with such debt shot up from 26 percent to 39 percent. Within that demographic, the share with at least \$50,000 in debt tripled from 5 percent to 16 percent. Many housing experts fear that [this debt is keeping college graduates](#) from buying their first homes, or maybe even renting, as Pribulka's situation suggests.

Even if this debt — and the tighter credit standards that lenders are imposing on all potential borrowers — does not prevent millennials from becoming homeowners, it may change the scale and type of housing they buy. If they even want to buy.

The credit constraints are particularly problematic for many minorities, who continue to struggle to qualify for loans. They will make up a historically large share of this generation. By 2025, minorities will make up 36 percent of all households, and 46 percent of households aged 25 to 34, the prime demographic of first-time home buyers.

Dina ElBoghdady covers housing policy for The Washington Post.

Emily Badger is a reporter for Wonkblog covering urban policy. She was previously a staff writer at The Atlantic Cities. She's from Chicago.



SECTION: {section=business, subsection=economy}!!! INITIAL commentConfig: {includereply=true, canvas_permalink_id=washpost.com/8bv5zpd9k, allow_comments=true, commentmaxlength=2000, includeshare=true, display_comments=true, canvas_permalink_app_instance=bg52e9xhqr, display_more=true, moderationrequired=false, includefeaturenotification=true, canvas_allcomments_id=washpost.com/km4ey0dajm, comments_period=14, defaultsort=reverseChronological, includevoteofftopic=false, allow_videos=false, includesorts=true, markerdisplay=post_commenter:Post Commenter|staff:Post Writer|top_commenter:Post Forum|top_local:Washingtologist|top_sports:SuperFan|fact_checker:Fact Checker|post_recommended:Post Recommended|world_watcher:World Watcher|cultuer_connoisseur:Culture Connoisseur|weather_watcher:Capital Weather Watcher|post_contributor:Post Contributor, childrenitemsperpage=3, includeheader=true, includeverifiedcommenters=true, defaulttab=all, includerecommend=true, includereport=true, maxitemstop=3, source=washpost.com, allow_photos=false, maxitems=15, display_ugc_photos=false, includepause=true, canvas_allcomments_app_instance=6634zxcgfd, includepermalink=false}!!!

UGC FROM ARTICLE: {allow_comments=true, allow_photos=false, allow_videos=false,

comments_period=14, comments_source=washpost.com, default_sort=, default_tab=, display_comments=true, is_ugc_gallery=false, max_items_to_display=15, max_items_to_display_top=3, moderation_required=false, stream_id=}!!!

FINAL commentConfig: {includereply=true, canvas_permalink_id=washpost.com/8bvh5zpd9k, allow_comments=true, commentmaxlength=2000, includeshare=true, display_comments=true, canvas_permalink_app_instance=bg52e9xhqr, display_more=true, moderationrequired=false, includefeaturenotification=true, canvas_allcomments_id=washpost.com/km4ey0dajm, comments_period=14, defaultsort=reverseChronological, includevoteofftopic=false, allow_videos=false, includesorts=true, markerdisplay=post_commenter:Post Commenter|staff:Post Writer|top_commenter:Post Forum|top_local:Washingtologist|top_sports:SuperFan|fact_checker:Fact Checker|post_recommended:Post Recommended|world_watcher:World Watcher|cultuer_connoisseur:Culture Connoisseur|weather_watcher:Capital Weather Watcher|post_contributor:Post Contributor, childrenitemsperpage=3, includeheader=true, includeverifiedcommenters=true, defaulttab=all, includerecommend=true, includereport=true, maxitemstop=3, source=washpost.com, allow_photos=false, maxitems=15, display_ugc_photos=false, includepause=true, canvas_allcomments_app_instance=6634zxcgfd, includepermalink=false}!!!

SECTION: {section=business, subsection=economy}!!! INITIAL commentConfig: {includereply=true, canvas_permalink_id=washpost.com/8bvh5zpd9k, allow_comments=true, commentmaxlength=2000, includeshare=true, display_comments=true, canvas_permalink_app_instance=bg52e9xhqr, display_more=true, moderationrequired=false, includefeaturenotification=true, canvas_allcomments_id=washpost.com/km4ey0dajm, comments_period=14, defaultsort=reverseChronological, includevoteofftopic=false, allow_videos=false, includesorts=true, markerdisplay=post_commenter:Post Commenter|staff:Post Writer|top_commenter:Post Forum|top_local:Washingtologist|top_sports:SuperFan|fact_checker:Fact Checker|post_recommended:Post Recommended|world_watcher:World Watcher|cultuer_connoisseur:Culture Connoisseur|weather_watcher:Capital Weather Watcher|post_contributor:Post Contributor, childrenitemsperpage=3, includeheader=true, includeverifiedcommenters=true, defaulttab=all, includerecommend=true, includereport=true, maxitemstop=3, source=washpost.com, allow_photos=false, maxitems=15, display_ugc_photos=false, includepause=true, canvas_allcomments_app_instance=6634zxcgfd, includepermalink=false}!!!

UGC FROM ARTICLE: {allow_comments=true, allow_photos=false, allow_videos=false, comments_period=14, comments_source=washpost.com, default_sort=, default_tab=, display_comments=true, is_ugc_gallery=false, max_items_to_display=15, max_items_to_display_top=3, moderation_required=false, stream_id=}!!!

FINAL commentConfig: {includereply=true, canvas_permalink_id=washpost.com/8bvh5zpd9k, allow_comments=true, commentmaxlength=2000, includeshare=true, display_comments=true, canvas_permalink_app_instance=bg52e9xhqr, display_more=true, moderationrequired=false, includefeaturenotification=true, canvas_allcomments_id=washpost.com/km4ey0dajm, comments_period=14, defaultsort=reverseChronological, includevoteofftopic=false, allow_videos=false, includesorts=true, markerdisplay=post_commenter:Post Commenter|staff:Post Writer|top_commenter:Post Forum|top_local:Washingtologist|top_sports:SuperFan|fact_checker:Fact Checker|post_recommended:Post Recommended|world_watcher:World Watcher|cultuer_connoisseur:Culture Connoisseur|weather_watcher:Capital Weather Watcher|post_contributor:Post Contributor, childrenitemsperpage=3, includeheader=true, includeverifiedcommenters=true, defaulttab=all, includerecommend=true, includereport=true, maxitemstop=3, source=washpost.com, allow_photos=false, maxitems=15, display_ugc_photos=false, includepause=true, canvas_allcomments_app_instance=6634zxcgfd, includepermalink=false}!!!

