

EXECUTIVE SUMMARY OF THE 2017 SURVEY OF KANSAS CITY MILLENNIALS TO BETTER UNDERSTAND THEIR LIFESTYLE AND HOUSING PREFERENCES, WHICH WAS INITIALLY SHARED AT THE HIGHLINE FEUD WHERE LOCAL TEAMS FROM AREA REAL ESTATE ADVISORS, CREW KANSAS CITY, PRICE BROTHERS KC AND BRAIN DEVELOPMENT GROUP COMPETED FOR WORTHLESS PRIZES AND MILD HUMILIATION. IT WAS FUN. CENTRIC BOUGHT THE DRINKS. PROCEEDS BENEFITTED THE KC CHAPTER OF THE URBAN LAND INSTITUTE. BE THERE NEXT YEAR. CONDUCTED BY HIGHLINE PARTNERS.



WHY?

The origin of this survey is really simple: we were curious.

We were curious if all the stuff we see and hear about millennials is true of the millennials in Kansas City. Do they, like their peers on a national level, want to ditch their cars, share their homes, and live uber-urban lifestyles? We had just met with a developer who is doing something progressive and interesting in downtown Kansas City and he had a view of KC millennials that seemed to be more coastal than Midwestern. Is his view accurate? The only way to really find out was go ask a bunch of millennials.

So we did.

This survey was not established as a super-scientific study, nor did we verify the truth of everyone's answers, but it did give us a lot of insight. Patterns clearly emerged, and as we got deeper into the data, we were surprised.

We asked a total of 32 questions (which was a lot to ask of this, or any, generation). More than 200 millennials responded and more than half of them indicated they would participate in focus groups for further discussions. We have not conducted these to-date, but if you're reading this and want to work with us to conduct these groups, please let us know.

Our findings are broken into "Myths" and "Truths." As with any research, our findings represent our interpretation of the data and reasonable people can look at the same data and draw different conclusions. For this, we have included a large portion of the data at the end of this document. Certain data sets have been omitted by our own discretion. Some for privacy reasons, others for competitive reasons.

If you have questions, want to go deeper, or if you have ideas on how to get better data next year, we'd love to connect.



Myth #1

All millennials are most interested in edge, urban neighborhoods.

Truth #1

5 years from now, the majority of KC Millennials want to live somewhere other than downtown.

Overall, our research into KC millennials suggests that in the Midwest, the apple doesn't fall far from the tree. While there's been a big push to get more millennials to move downtown so that we can achieve the 2% goal, as millennials get married and start families, the most attractive neighborhoods remain the same — Fairway, Prairie Village, Brookside and Waldo. They want what their parents wanted — larger homes, strong schools, and garages for their cars.

While the press likes to cover the innovative developers who are pushing the lines east, or who are shrinking square footage, our research suggests that millennials who are starting families are less interested in being pioneers, rather, they want the same stability they knew growing up. KC millennials value developments that use common sense as a guide and want many of the same things they had growing up.

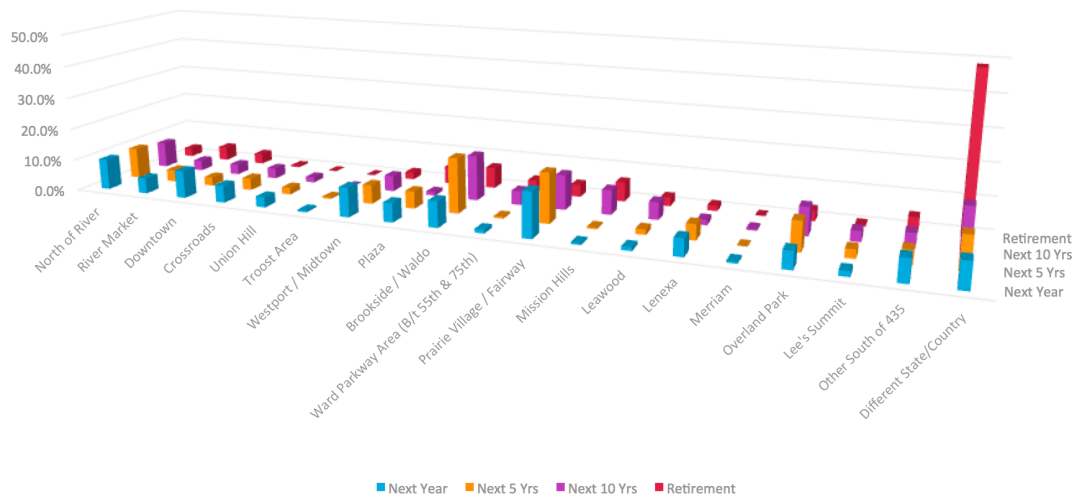
As they exit their urban years, they are looking for safe, attractive neighborhoods where they don't feel as if they are asking their kids to be pioneers. Does this mean that they aren't interested in Midtown or Troost? Maybe, but maybe not. Their perception of neighborhoods has been developed and reinforced for 20+ years and they are just as busy as their parents. Because they are busy, they are not actively seeking to learn new stories about new edge areas. They are following a pattern that was set long before they were alive.

For edge areas, developers need to do a better job at telling a cohesive story — independent developers need to work together to have a louder voice. This should not just be limited to developers — the cities that are interested in attracting millennials, be it Kansas City Kansas, the east side of Kansas City Missouri, Roeland Park, Olathe.... you need to work together with developers, architects, civic groups to present your case to this audience and you need to address the most obvious items first — schools, homes, safety, neighborhoods, accessibility, and entertainment.



THE LIFECYCLE OF IDEAL NEIGHBORHOODS IN KC

Immediate urban >> Midlife Suburban >> Retire Elsewhere



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What does Highline see in this chart? Certain neighborhoods need to do a better job telling their stories.

At Highline, we've met with a lot of cities and developers and each group has their own small budget and small agenda. If you want to tell a bigger story with enough volume to make the message heard, you would benefit by collaborating and investing in a unified story. If each group has an isolated voice and an isolated budget, you're going to have a hard time overcoming inertia that already exists.

Myth #2

Millennials are poor.

Truth #2

63% make more than \$51,000.

There appears to be some conflicting data about what millennials earn. Demographic studies that we read about Kansas and Missouri millennials suggested that the average income level is below \$30,000. But when we dug into it, the pattern became predictable: the younger you are, the less you make. The older you are, the more you make.

The majority (63%) of the millennials we surveyed make more than \$51,000. Unfortunately we didn't stretch our annual income to higher brackets because we were under the impression from everything we were reading at the time that "millennials were poor." Because our survey is more focused on their psychographics (how they feel, think and act) vs. their demographics, we are more curious about what's attractive to them vs. what they can actually afford.

In this vein, we learned that KC millennials have a stronger financial foundation and more spending power than those in the major cities on the coasts, where the national media is focused. Here in KC they own their cars, they have savings for down payments (63% of respondents), and the traditional KC pattern of first homes in starter neighborhoods lives on in their generation.



Myth #3

Millennials don't care about cars.

Truth #3

90% own a car.

6% lease.

4% don't have one.

When it comes to the idea that millennials are all about public transit and the shared economy, and that experiences trump material possessions, our survey suggests that they are typical American consumers and still care a lot about their “stuff.” The top amenity they desire is “secure covered parking.” And it's not because they want to film a Pepsi commercial, flash-mob dance party with a hip black guy, hip Asian girl, smiling woman in a burka, and a oddly attractive, bearded white gay couple in their garage.

It's because they have a car that they value and want to keep it safe.

They don't rely on public transportation, they don't use zip cars, and they don't ride their bikes en-masse. Uber is important to them – but it's equally important to Gen X and Baby Boomers and anyone who has had one-too-many bourbons.

The point: KC millennials are not the clichéd hipsters you see in stock photography, nor in most national publications about housing trends. While they value experiences and a shared economy, they still drive a car, they want to live in comfortable neighborhoods, and they see themselves investing in a home and raising a family.

Myth #4

Flexibility is everything, which is why they share and rent.

Truth #4

74% want to buy, not rent their next place.

47% said the first place they would look for the next place was Zillow.com.

While this is an odd conclusion to draw from this data, it's more something we saw across all the data: KC Millennials do not appear to be moving as much as the research on the coasts suggests of millennials in general. This could simply be a factor of cost – even if millennials living in LA, NYC, San Francisco or Boston wanted to settle down and buy a home, it's much more expensive. As a result, millennials in general are viewed as valuing flexibility over stability.

Here in Kansas City, and potentially across the more-affordable Midwest, millennials appear to be much less interested in renting over the long term. Owning a home is still highly desired and the traditional values of safety, walkability, strong schools and front / back yards are part of their American dream.



Myth #5

From tanning beds to bocce ball courts, it's all about innovative amenities to attract millennials.

Truth #5

Start by getting the basics right.
Covered parking. Washers and dryers in units. High speed internet.

So we had a lot of fun making fun of superfluous amenities at the Highline Feud but the truth is, if you can get the basics right, adding a lot of amenities is probably fine – if you have a lot of money to ~~waste~~ invest.

What Highline thinks is this: it's probably good for marketing and sales. As the potential renter tours the facility and sees (the lowest-rated amenities), they think:

“Oh yeah, I’ll use that tanning bed so I can look hot on the bocce ball court while sipping a crisp rosé fresh from my shared wine cooler.”

Ehhh probably not.

Highline Thinks...

To say that nothing you've read or seen about millennials is true, is also false.

They are definitely more open minded when the story is relevant to their identities. They are willing to discover and explore new ideas, new neighborhoods and new school models. But they want to be pursued in a way that doesn't feel trite or disingenuous. If KCMO and KCK school districts can inspire more confidence in millennials, they would welcome the opportunity to be plugged into community based schools.

One quote is telling here:

"I'm willing to take risks on neighborhoods, but I'm not going to risk my kids education. If there's a chance that the public school could fail my child, its not worth it."

Hence they default to Prairie Village, Overland Park and the small cities that dot the Kansas line.

Another truth about millennials is the desire for authenticity. Real is real to them. Their radar for "fake real" or "real fake" is high. Whether it a faux patina as a design style or a promise that goes unfulfilled, they aren't going to be duped.

For example, a local hotel has recently launched an underground "speakeasy" that feels fake and corporate. Let's put a date on the calendar 6 months from now and see what occupies that space.

So what does all this mean to you?

#1: Use common sense.

Hopefully we don't have to explain what that means.

#2: Beautiful still wins.

Humans (not just millennials) are attracted to attractive things. If you're cutting corners on design, landscaping or the subtler details of your development, people will notice.

#3: Go talk to your audience.

(Or hire a company that can give you accurate information - shameless plug.) Millennials are an open bunch. They will give you their opinions and they are telling you the truth. They enjoy being involved with the design process and are smart. They understand budgets and aren't unreasonable in their requests – for the most part.



#4: Don't lie / tell them the truth.

More than Gen X, they are definitely more connected via social media — if you make a promise that you can't keep, your reputation can be ruined in days. Transparency = authenticity. If you've made a mistake, apologize. Fix it, ask for feedback. If you're going to miss a deadline, tell them. If you're hoping a problem will just get ignored, see what happens when you try to ignore it....actually don't.

#5: If you really believe in your project, invest in a better story.

And TELL IT. Yes, this could appear to be a plug for us, but even if it's not us, working with an outside team helps you see the forest. You're deep in the details and you may be overlooking aspects of your story that are the most powerful. An outside storyteller can see it and communicate your story with fresh eyes and fresh words. As someone in real estate, you understand risk, don't fall short when you finally get to the final quarter of the game.



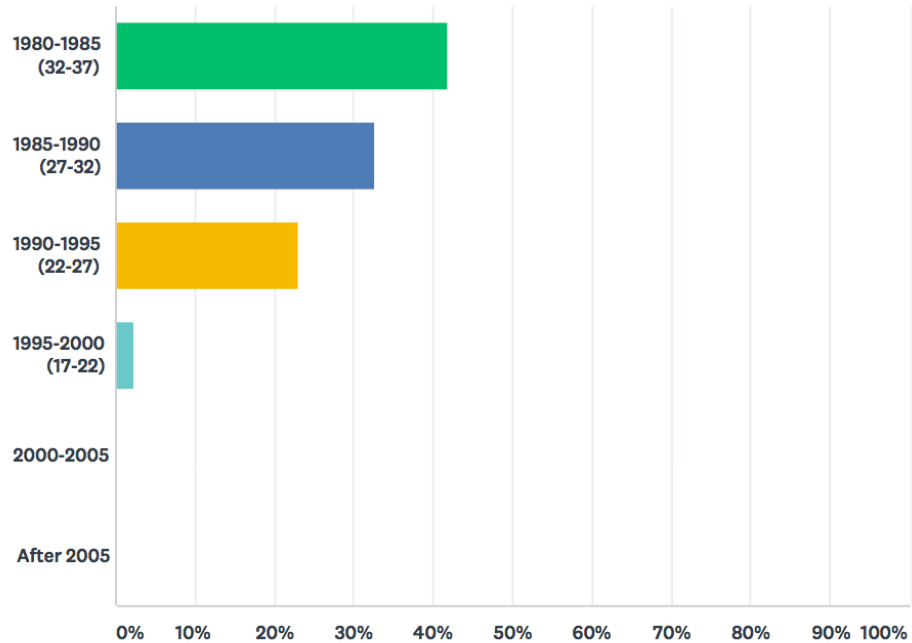
Survey Results

On the following pages, please find data for many (not all) of the questions we asked in the survey.



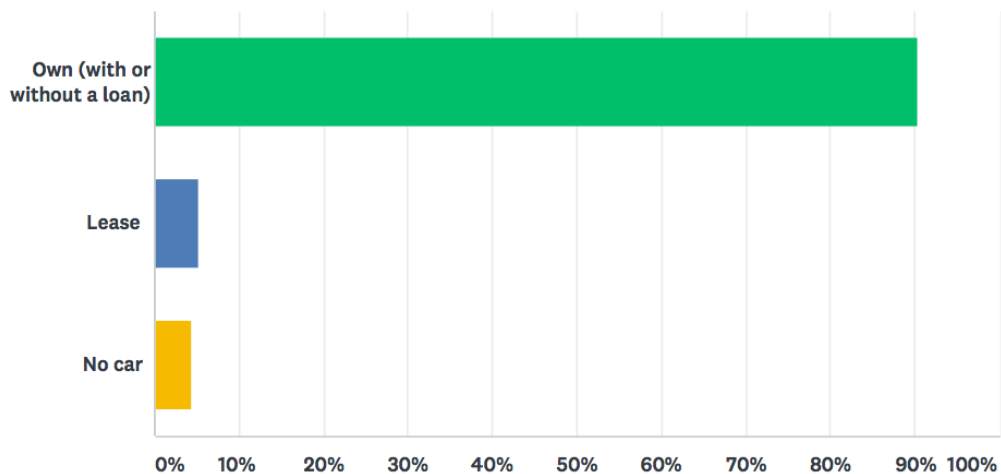
Q1 What year were you born?

Answered: 208 Skipped: 0



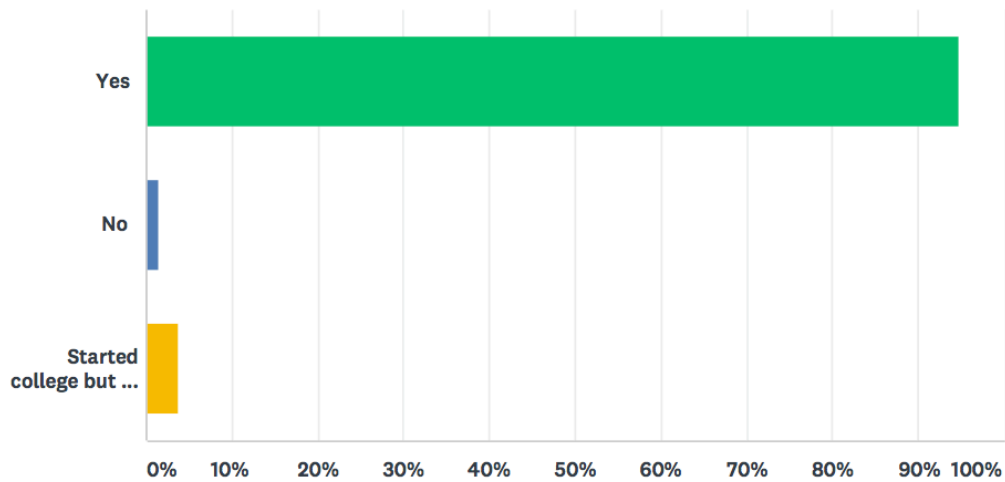
Q2 Do you own or lease a car?

Answered: 208 Skipped: 0



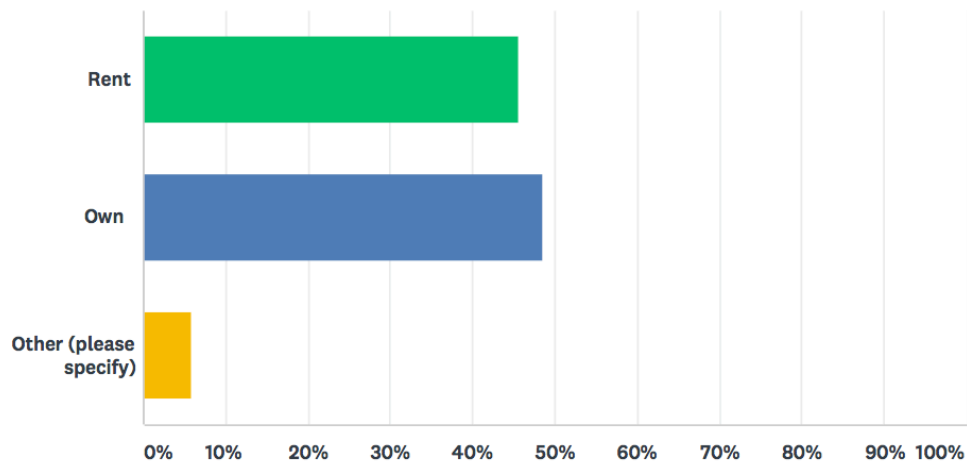
Q4 Do you have a college degree?

Answered: 208 Skipped: 0



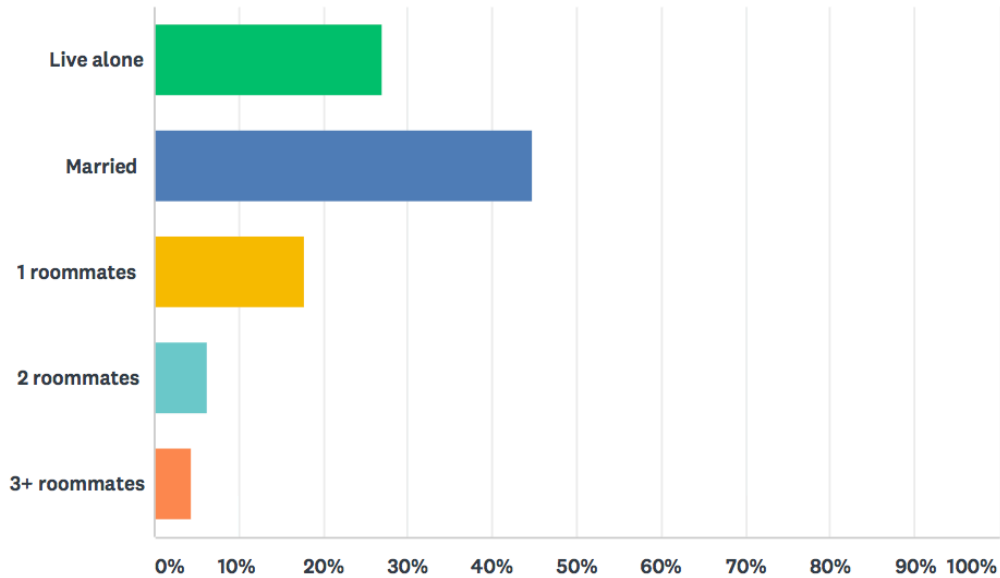
Q5 Do you rent or own the place where you live?

Answered: 208 Skipped: 0



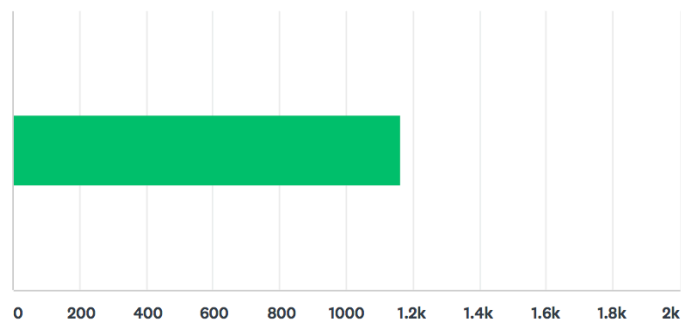
Q6 Do you have roommates?

Answered: 208 Skipped: 0



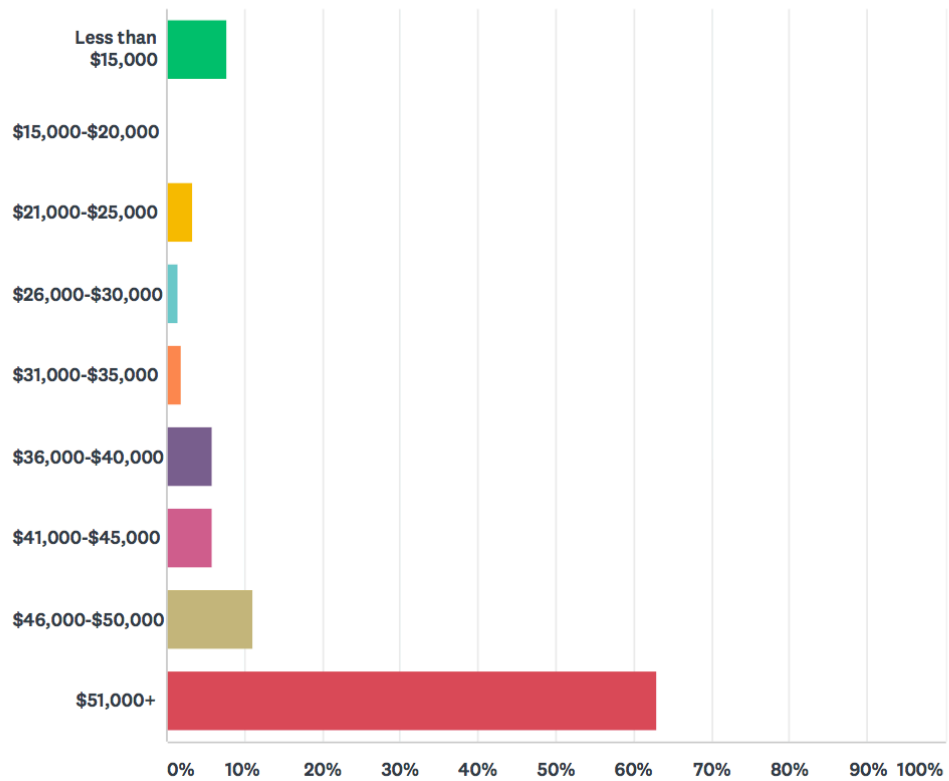
Q7 What's your current monthly payment for rent/mortgage? Skip if you don't have a monthly payment.

Answered: 197 Skipped: 11



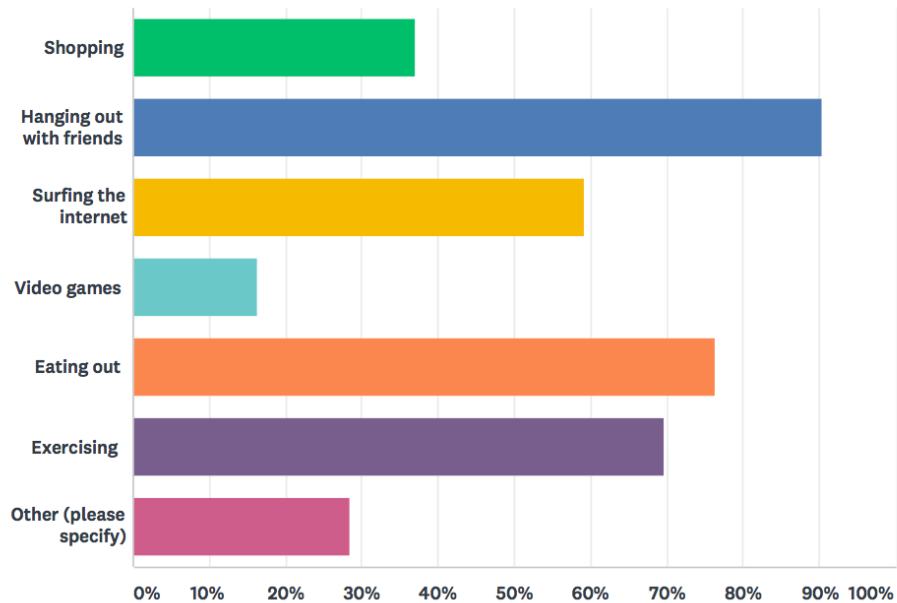
Q8 Your annual income is in which bracket?

Answered: 208 Skipped: 0



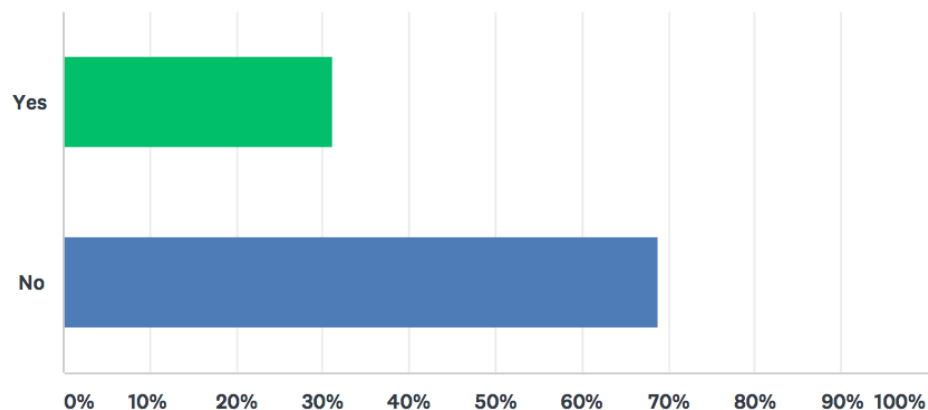
Q10 How do you spend your free time? Check all that apply.

Answered: 208 Skipped: 0



Q11 Do you or have you ever lived in downtown KC?

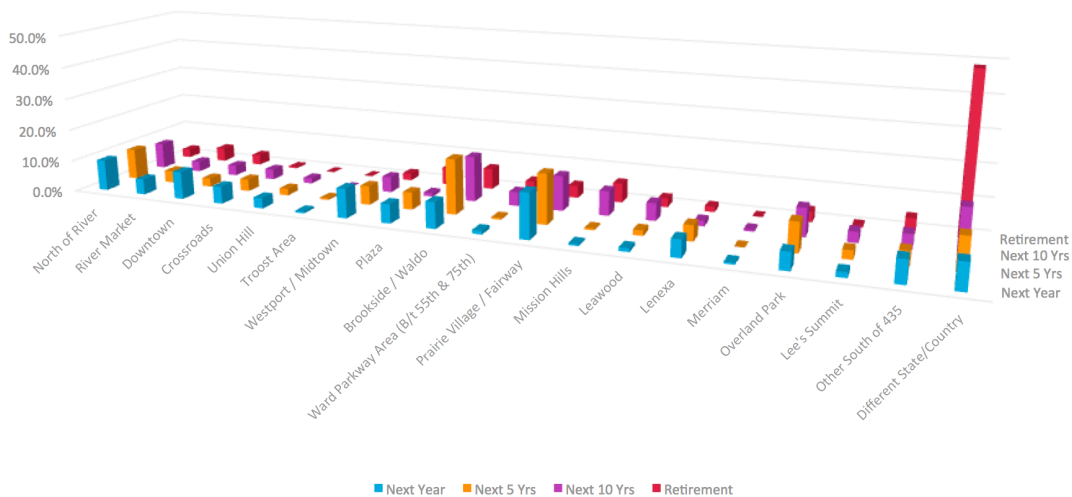
Answered: 208 Skipped: 0



Q13: Where do you want to live next year, in 5 years, 10 years and when you retire?

THE LIFECYCLE OF IDEAL NEIGHBORHOODS IN KC

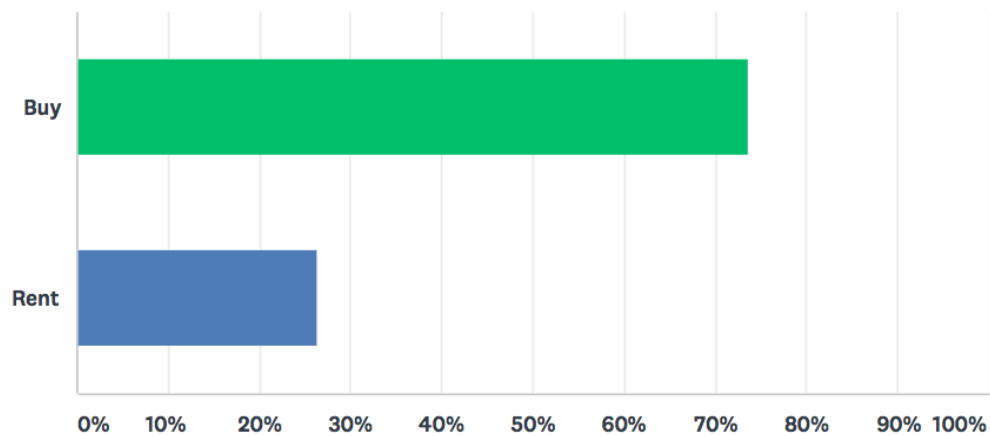
Immediate urban >> Midlife Suburban >> Retire Elsewhere



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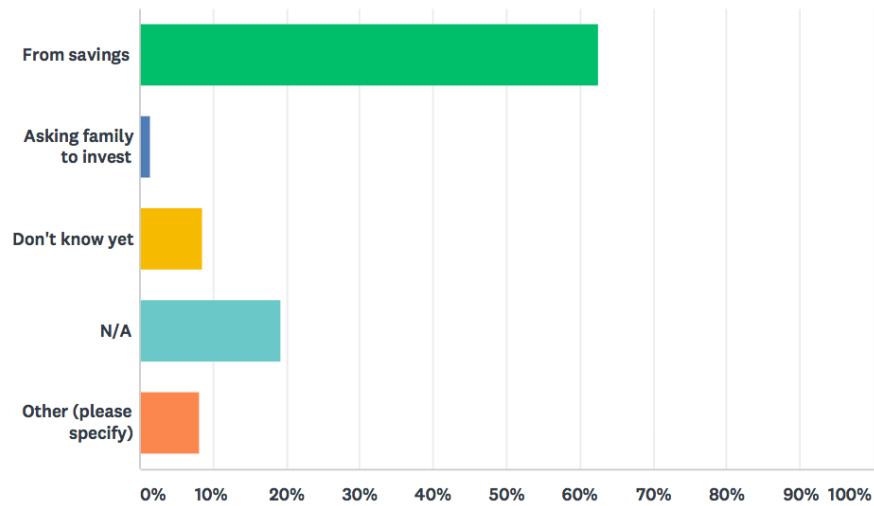
Q14 Do you want to buy or rent your next place?

Answered: 208 Skipped: 0



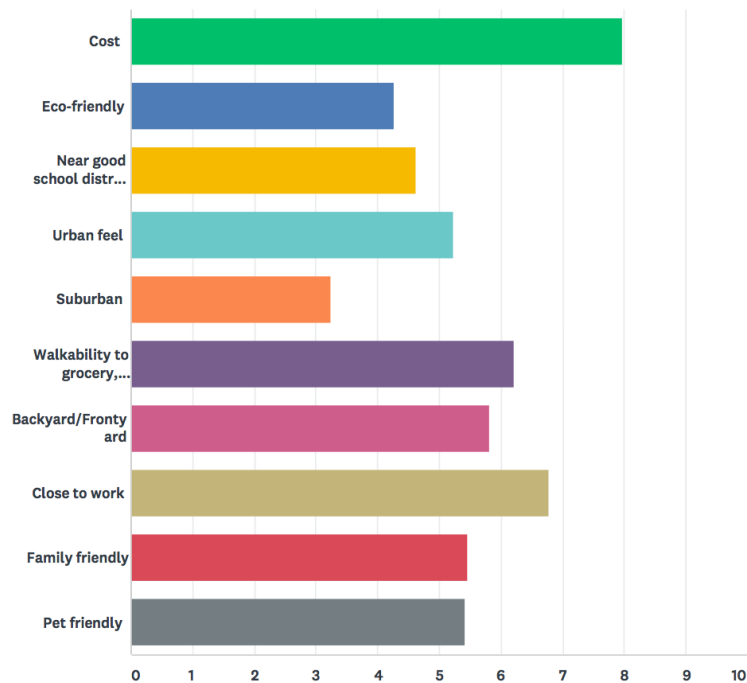
Q15 If buy, how do you plan on making a down payment?

Answered: 208 Skipped: 0



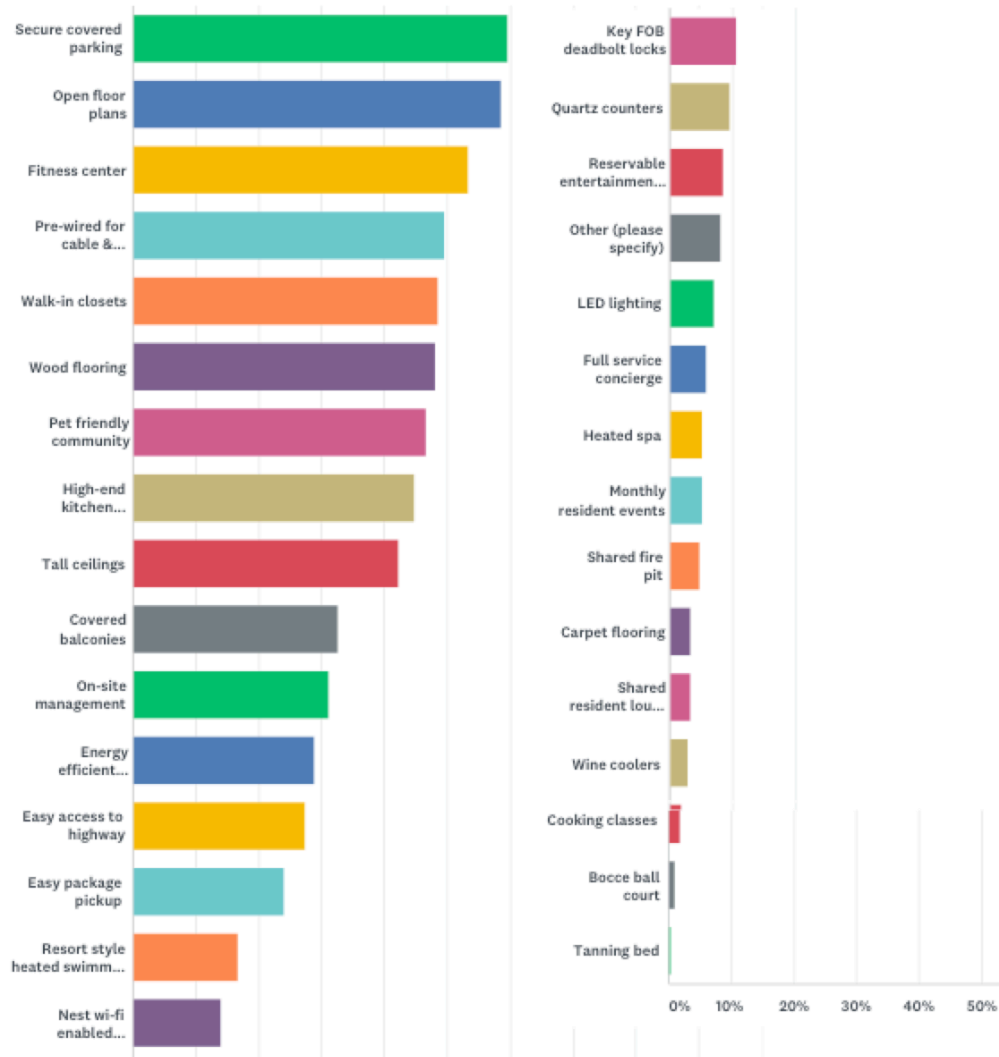
Q16 Rank these living factors in order of importance based on where you live now, from most important to least important.

Answered: 208 Skipped: 0



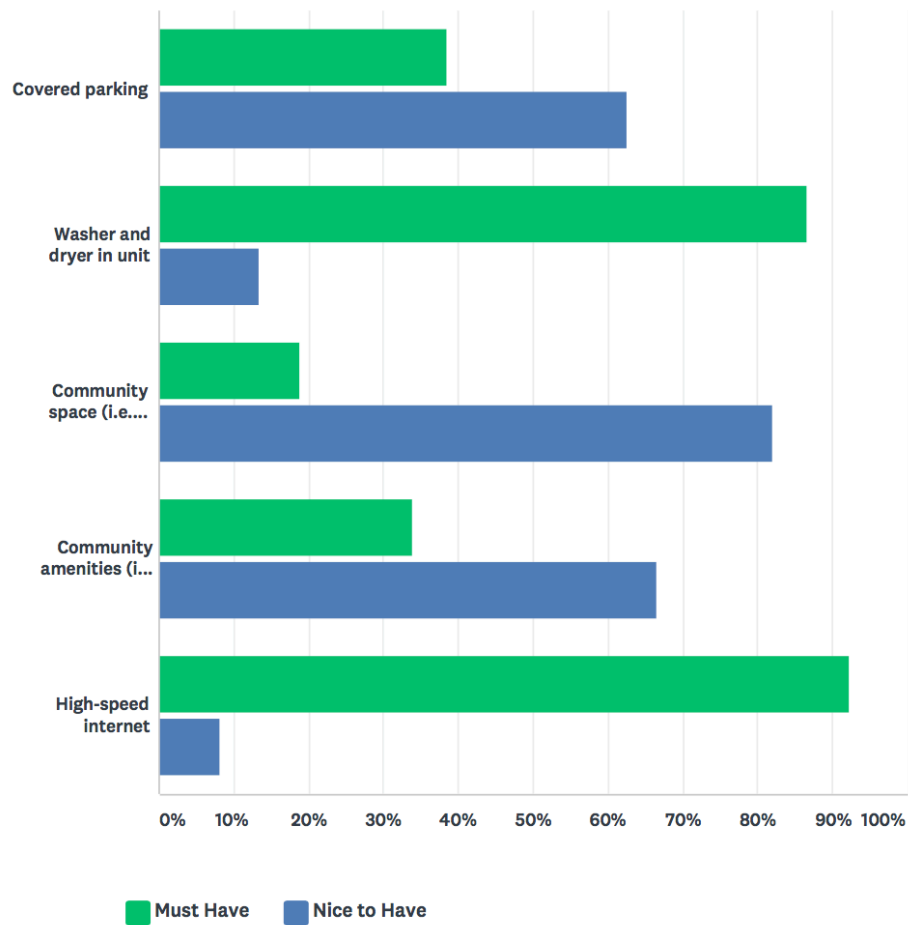
Q18 What are the most important amenities if your are living, or were to live, in an apartment? Check off your top 6.

Answered: 208 Skipped: 0



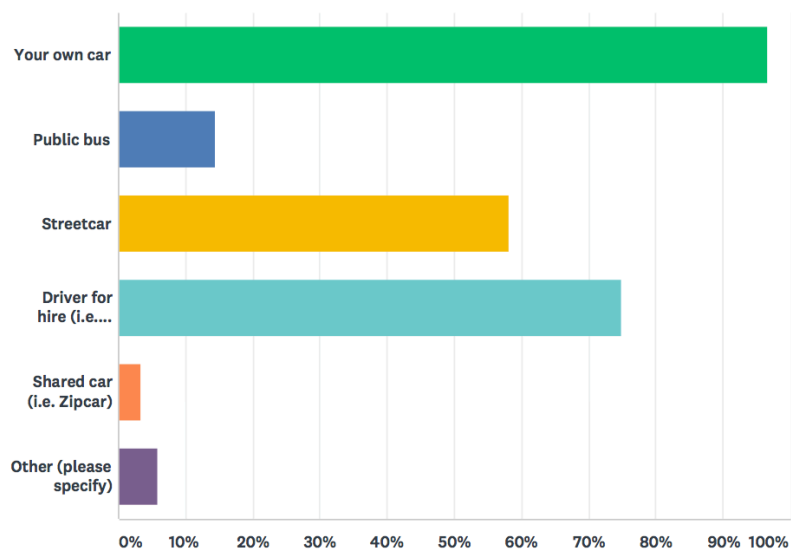
Q19 Do you consider the following a must have or nice to have?

Answered: 208 Skipped: 0



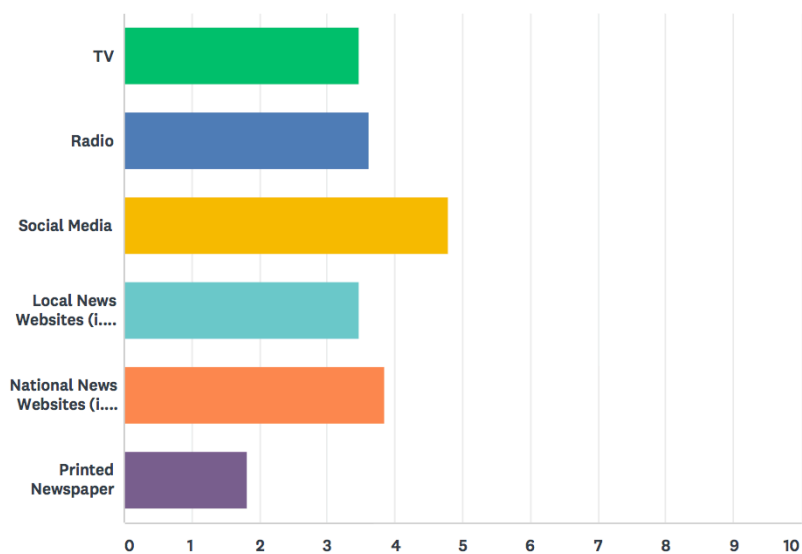
Q23 Which transportation types have you used in the past three months?

Answered: 208 Skipped: 0



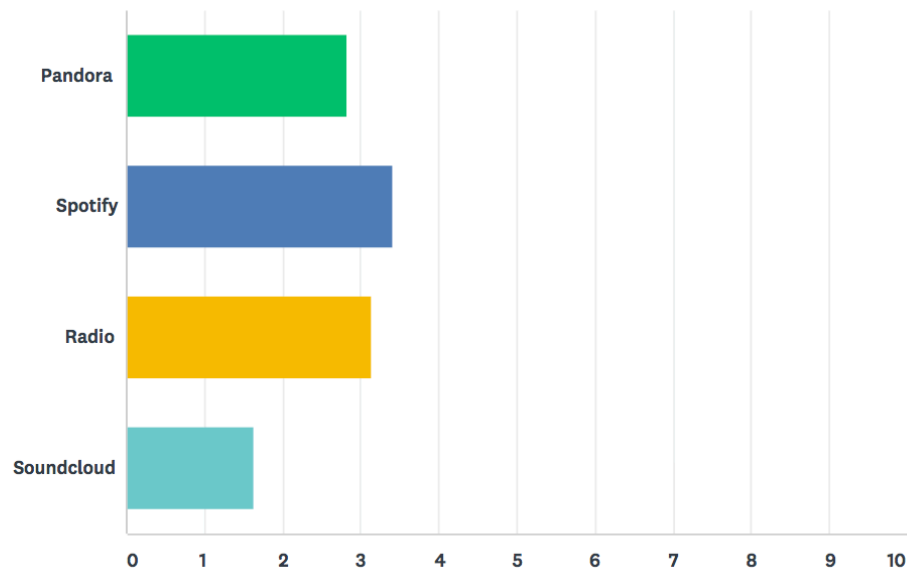
Q25 Where do you get your local news? Rank in order of most to least used.

Answered: 208 Skipped: 0



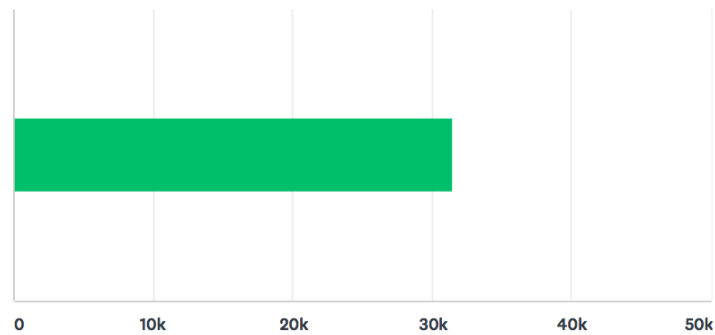
Q27 Rank where you spend the most time listening to music.

Answered: 208 Skipped: 0



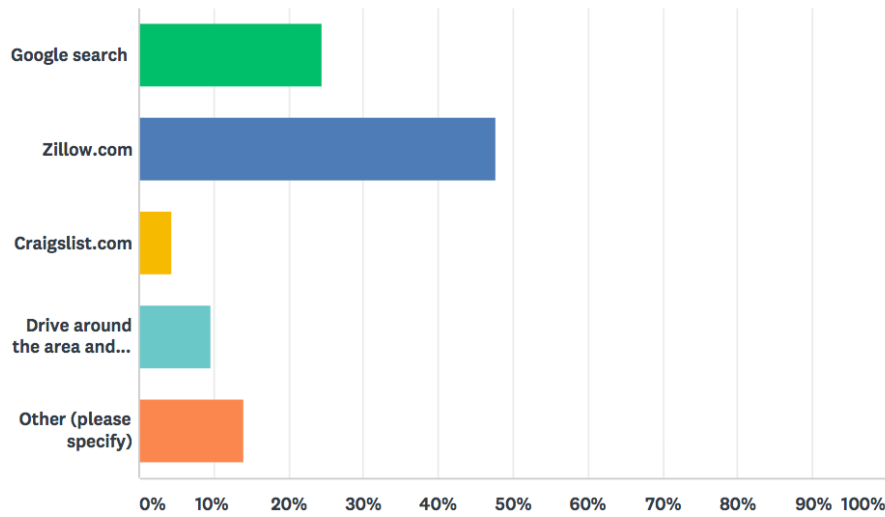
Q28 Do you have student debt? If so about how much? If not, skip.

Answered: 112 Skipped: 96



Q29 What's the first place you'd look for your next place to live?

Answered: 208 Skipped: 0



END OF THE DATA, PEOPLE.

Thanks for your interest.

Thanks to our teams who gave it their all at the Highline Feud.

