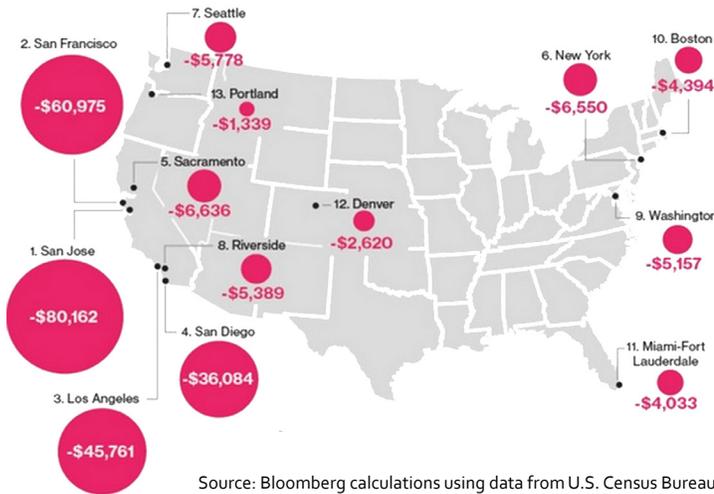


Affordability gaps in the top 13 cities where Millennials are priced out of the housing market



Source: Bloomberg calculations using data from U.S. Census Bureau, Zillow Group Inc., and Bankrate.com

College-educated young adults aged 25 to 34 are twice as likely to live within three miles of a city's downtown core. But the majority of the millennial generation can no longer afford to live near the downtown core of superstar cities. Rising downtown real estate prices in big cities have priced out the very demographic that will be the main driver of economic growth in America. While financial advisers may recommend that 30 percent of income goes toward housing, the current median rent for a one bedroom apartment in San Francisco is \$3,595 per month, a rate that demands more than 57 percent of the city's median household income. In contrast, the median rent for a comparable apartment in Cleveland, Ohio is only \$703 per month—only 19 percent of the city's median household income. This discrepancy is largely due to concentrated increases in real estate prices over the past 60 years. San Francisco's real estate prices have inflated at twice the national rate since 1950.

Due to exorbitant real estate prices, smaller cities like Oklahoma City and Baltimore are experiencing a rebound wave. They are beating out so-called superstar cities like Boston and New York in attracting 25 to 34 year olds with a college education because their housing prices are affordable. Metropolitan cities like Buffalo, Cleveland, New Orleans and Pittsburgh, who all had negative population growth between 2002 and 2012, experienced gains in their college-educated youth populations during that same time. Millennials migrating to more affordable urban areas present a unique opportunity for second-and third-tier cities to experience long-term economic benefits from the influx of young, college-educated professionals.

Though it may be an initial attractor, housing affordability on its own is not enough to retain Millennials over the long term. Over 61 percent of Millennials have attended college, making this generation the most highly educated in American history. They seek employment that matches their skill set, mainly in service and knowledge economy sectors like science and technology. Smaller cities that have managed to attract new economy anchor corporations have a competitive advantage in attracting – and keeping - millennial talent to fuel their brain gain.

Millennials are also looking for cities that cater to their unique lifestyle preferences. They prioritize walkable neighborhoods and the availability of transit options, especially those that integrate sharing economy services like Uber and bike share programs. Diverse entertainment and social spaces are just as important; Millennials want to feel that they are immersed in diversity, creativity, excitement and culture when they socialize in their neighborhoods.

Spotlight: Buffalo, NY

Nick Quaranto, a Buffalo, NY native, rebounded to his hometown after he and his wife decided they could not afford to live the type of lifestyle they desired if they remained in their small apartment in Boston. Today, he runs a Main Street co-working space called Cowork Buffalo that caters to freelancers, consultants, and other self-employed individuals who don't want to rent an office. Nick's story is illustrative of the Millennial rebound wave. Smaller cities that still have the affordability, opportunity, and tight-knit communities that Millennials are looking for, are well poised to capture the young, talented future of America.

ADDITIONAL RESOURCES

[Globalizing Cleveland: A Path Forward](#)
engagedscholarship.csuohio.edu

Part 2 of a three part series offering analysis and strategic pathways for Cleveland's transition from the balkanized Rust Belt to city that is globally competitive in the emerging knowledge economy. From the Center of Population Dynamics at Cleveland State University.

[15 Economic Facts About Millennials](#)
whitehouse.gov

The Council of Economic Advisers performed in-depth research about the Millennial cohort in order to glean findings about their future role in driving economic growth in the United States. The report examines this generation's adult lives, their successes and failures in the labor market, and their personal lifestyle choices.

[City Report: The Young and Restless and the Nation's Cities](#)
cityobservatory.org

Using data from the 2013 American Community Survey, this report examines young adult population change in the 51 metropolitan areas with one million or more population, focusing on the change in population in neighborhoods within 3 miles of the center of each metropolitan area's primary central business district.

P.U.M.A is an economic development and planning firm that delivers community based solutions to advance thriving and healthy downtowns and neighborhoods.



Columbus, Ohio's "life in CBus"
integrated image campaign



[Leading Locations for 2014: U.S. Metros Ranked for Economic and Job Growth](#)

areadevelopment.com

Area Development analyzes economic and workforce data for 379 MSAs, producing a snapshot of the cities across America that are poised to capitalize on the new potential for economic growth as the United States leaves the recession behind. A diversified economic base tops the most desirable traits.

P.U.M.A.
1201 East Colfax Ave., Suite 201
Denver, Colorado 80218

www.pumaworldhq.com
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