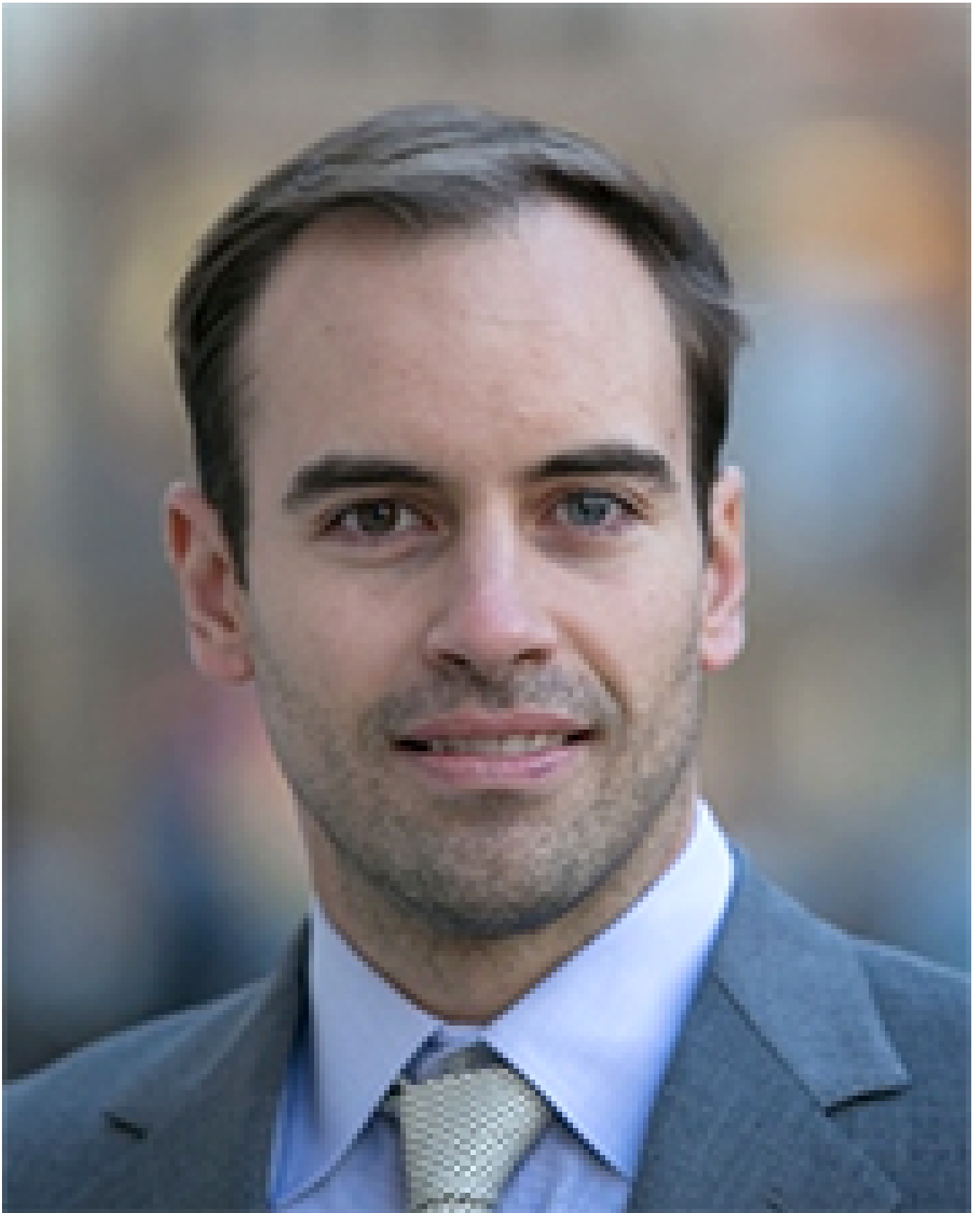




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Meeting the needs of Millennials and Boomers in transit-oriented workforce housing - by Nate Kline

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During the past decade, millennials have flocked to larger cities to take advantage of abundant employment opportunities and an environment of restaurants, shopping, culture and community. The ability to use mass transit in place of a car has added to the appeal. However, as major cities like New York have become prohibitively expensive after years of sharply escalating rents, millennials have begun to cluster in smaller urban and suburban locations with similar amenities and easy access to mass transit and the urban center. These locations offer lower prices, more space, and an easy commute to jobs.

More than many other generations, millennials are renting longer and spending less on housing. This is prompted in part by a conservative financial perspective caused by the great recession, and by a significant student debt burden. In fact, a full 70% of millennials questioned in a Property Shark survey said student debt, among other considerations, has prevented them from saving for a down payment. Millennials often remain in their parents' home as young adults, and when they do leave for their first apartment they often seek to recreate the sense of community with which they have grown comfortable. As of 2017 census data, 35% of young adults aged 18-34 still lived at home. New Jersey led the nation with almost 900,000 of these young adults.

The ideal housing option for this generation combines a central location with value and fresh design choices. A clean, streamlined environment with shared green spaces, as well as pedestrian and bike paths, is preferred. One planned community in Portland, Oregon, features multiple acres of green space, bike lanes, and varied architecture with local and sustainable businesses. This is the type of housing that attracts younger renters, and in many larger urban areas there are many residential properties located in the center of existing retail and entertainment options. Combined with technology-based conveniences such as easy shopping, food delivery and ridesharing options, these amenities turn the traditional image of the suburbs on its head, increasing the appeal of neighborhoods on the outskirts of major cities.

At the other end of the age spectrum, baby boomers have followed a similar path to transit-oriented housing. With children out of the house and retirement upon them, many boomers no longer want the burden of maintaining a large home. They also seek a sense of community and an energetic environment. Transit-oriented rental housing is low maintenance and increases access to cultural destinations like museums, nightlife, performances, and restaurants.

One Wall Partners has focused on transit-oriented workforce housing in New Jersey and Pennsylvania that offers easy access to cities such as Newark, NYC, and Philadelphia. Transportation is key, and our focus has remained on properties that provide easy access to trains, subways, buses, ferries or other affordable, convenient mass transit options. These properties are in diverse communities and will continue to remain in high demand as workforce housing. Given an increasingly service-oriented economy where most job creation doesn't allow renters to afford many brand new class A apartments, One Wall targets market-rate properties (regardless of property class) that are and remain naturally affordable to households earning 60-120% of area median income while we improve them. Our goal is to deliver the best home experience possible for every resident while striving to positively impact every person and community we touch.

While some transit-oriented workforce housing options are newly built, the economics of construction make it nearly impossible to accommodate the largest block of renters at the middle and lower end of the income spectrum. This market is best served by existing class B and C properties that will benefit from renovations and offer larger spaces and lower prices. One Wall projects are close to retail and restaurant options, are extremely walkable, and have personality. Older properties often have more character, significant communal and outdoor spaces and abundant light and air. These can't be easily found in new construction, which is often built right up to the lot line. The older properties can be enlivened by modernizing kitchens and bathrooms, investing in common spaces and maintaining unique architectural details.

The growing appeal of transit-oriented workforce housing is less a market trend and more of a paradigm shift. All signs point to Gen Zers looking for the same thing as their millennial counterparts. According to the Property Shark survey, 30% of Gen Zers prefer urban living, and nearly 60% rank suburbia as their first choice, with rural living, appealing to very few. Transit-oriented workforce housing will represent an increasingly appealing category in the real estate market.

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