

Kogod Millennial Index Year 2 “Sneak Peak”

Dawn Leijon, Executive in Residence
Kogod School of Business at American University

Millennials are important

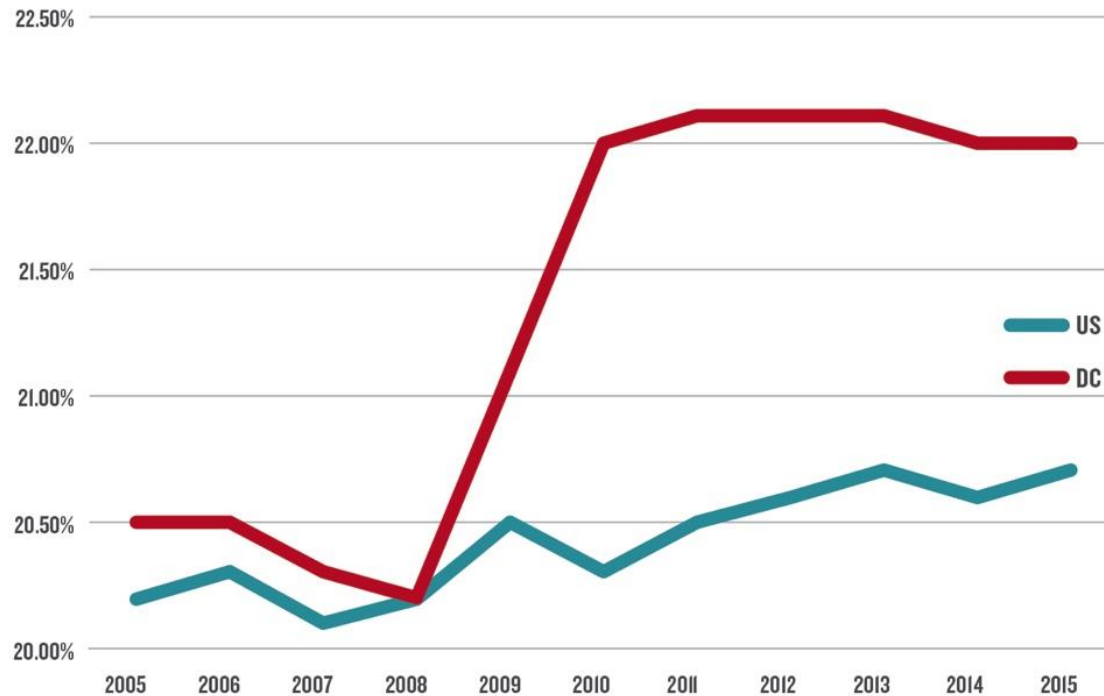


- Millennials (b. 1981-1999) are 16-36 today
- Already the biggest chunk of the workforce, with more on the way
- Future managers, leaders, business owners, heads of households, home buyers
- Highly educated, tech savvy workers drive innovation and regional economic growth
- 31% of the electorate - roughly equal to Baby Boomers, but growing

Millennial share holding flat

- DC has more than its fair share of Millennials, but rate has plateaued while rest of US saw growth

MILLENNIALS WITHIN THE POPULATION



Source: US Census, Adults 20-34

Findings confirm Year 1 surprises



- 60% of DC area Millennials are driving to work
- Traditional goals of marriage and children are alive and well
 - 35% are married, another 15% are coupled up
 - 21% have children at home
- Student loan debt is not oppressive
 - 42% have no student loan debt
 - only 14% are paying \$600+ per month
- Amenities and People are NOT important factors when choosing where to live and work

2016 Kogod Millennial Index

???

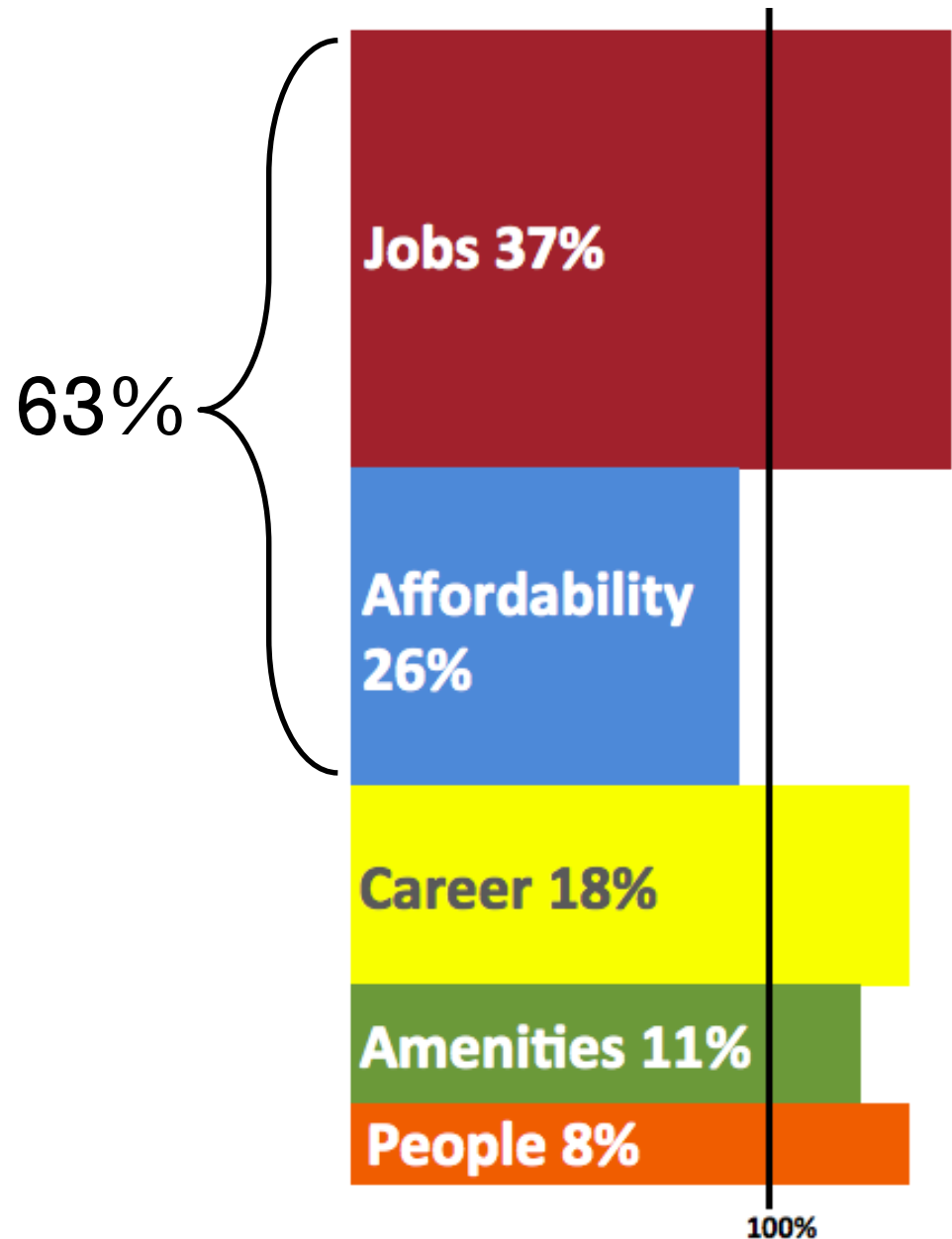
0%

- DC was 25% more attractive than the national average in 2015
- 2016 score to be unveiled in the coming weeks
- Comparison scores for the other 19 top US cities also coming
- Email rsweeney@american.edu to get a hard copy report mailed to you when it's published

Jobs still drive the Index

- Most important item and DC over-delivers on employment and salaries
- Affordability is #2, and the one place DC underperforms the national average
- DC scores high on Career from job growth and continuing education
- Amenities and People are low importance

Millennial Index Composition



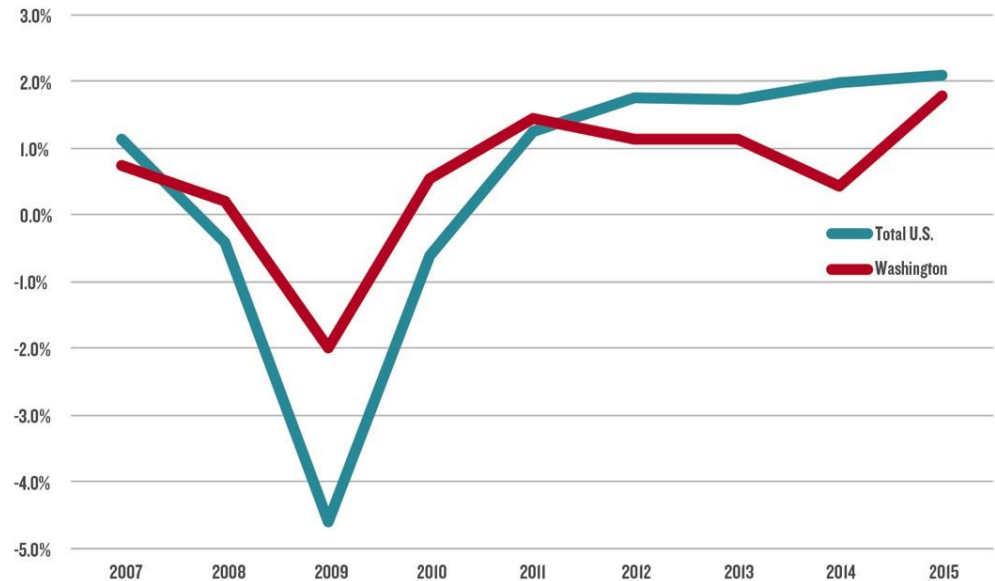
Top 5 factors for Millennials (still)

- Availability of jobs
 - #1 most important factor, second year in a row
- Salary levels
 - Moved up from #4 to #2
- Cost of Housing
 - Over twice the national average, delivering at just 44%
- Crime Rate
 - 2nd worst delivery score among all 33 factors
- Ease of Commuting
 - 2nd worst commute among top 20 US cities

DC has jobs, \$\$

- 43% cite jobs or opportunities as the best part of living in DC
- Wages rose to 36% above the national average in 2015, just shy of top city SF
- 1/3 of all jobs are professional, the highest concentration among the top 20 cities
- Watch out - professionals lured by jobs may leave: 66% are open to moving away for the right job

JOB GROWTH GREATER WASHINGTON AREA VS TOTAL U.S.



Source: Bureau of Labor Statistics

AVERAGE ANNUAL WAGE

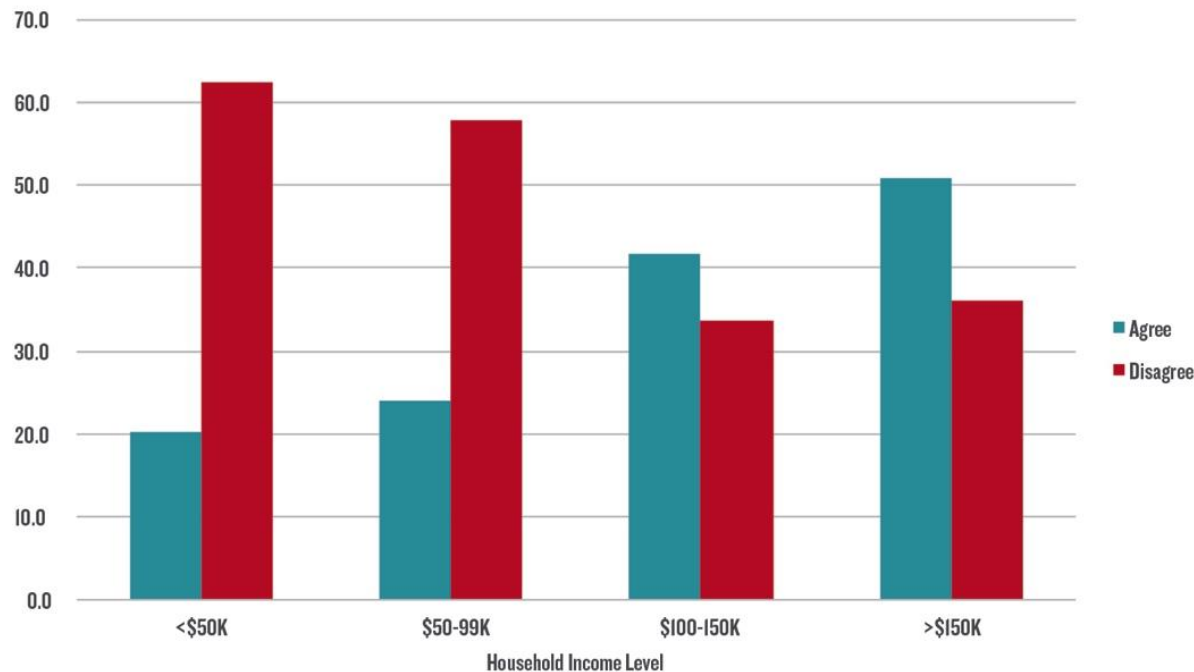
San Francisco	\$66,900
Washington	\$65,910
Boston	\$62,070
New York	\$59,990
Seattle	\$59,060
Denver	\$54,450
San Diego	\$54,210
Los Angeles	\$54,000
Minneapolis	\$53,450
Philadelphia	\$52,420
Houston	\$51,830
Chicago	\$51,600
Detroit	\$49,910
Atlanta	\$49,430
Dallas	\$49,030
TOTAL US	\$48,320

Source: Bureau of Labor Statistics, May 2015

... but housing is expensive

- 36% of \$150k+ earners feel they cannot afford to buy a home
- Lack of affordability spans all local geographies

"I CAN AFFORD TO BUY A HOME IN THE DC AREA."



"I CAN AFFORD TO BUY A HOME IN THE DC AREA."

% AGREEING

Prince Georges	34%
Fairfax	32%
District	32%
Other Counties	31%
Arlington	28%
Montgomery	26%
Alexandria	21%

Source: Kogod Millennial Index Survey. Please rate how much you agree or disagree with the following statements about living in the Washington, DC area.

... and crime is high

- ◆ 39% of Millennials say they are concerned about crime
- ◆ Crime in the District is 44% higher than peer-sized cities and 75% higher than cities of over 1 million
- ◆ 10% of Millennials cited crime when asked the worst part of living in DC (same incidence as 2015)
- ◆ High cost of housing and bad traffic are forcing Millennials to live in less costly, higher crime areas



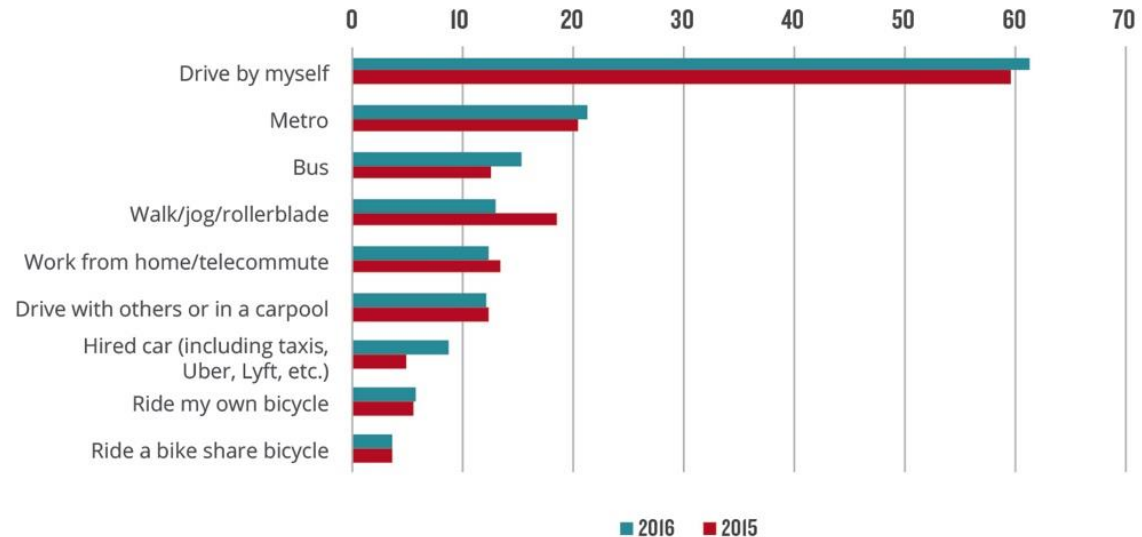
... and commutes are frustrating

- 60% are still driving to work always or often
- 57% say they could take Metro but don't because it's too unreliable, time consuming and/or expensive
- 80% agree that "traffic is horrendous"

"There is never a good way to get into or out of the city during rush. It is even worse if you're commuting from MD to VA or vice versa."

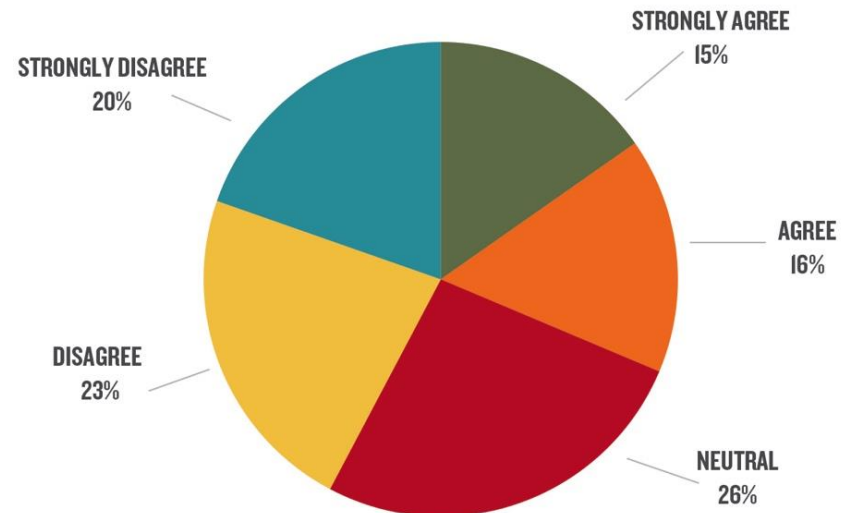
HOW MILLENNIALS COMMUTE IN THE GREATER WASHINGTON AREA

PERCENT OF MILLENNIALS SAYING THEY USE EACH OPTION OFTEN OR ALWAYS



Source: Kogod Millennial Index Survey. How often do you use each of the following commuting options to get to and from work or school?

"MY COMMUTE IS KILLING ME."



Source: Kogod Millennial Index Survey. Please rate how much you agree or disagree with the following statements about living in the Washington, DC area.

The DC Dilemma = bad tradeoffs

Affordable and safe locations are far from downtown, leading to long, arduous commutes

Affordable locations within easy commuting distance from downtown are not safe



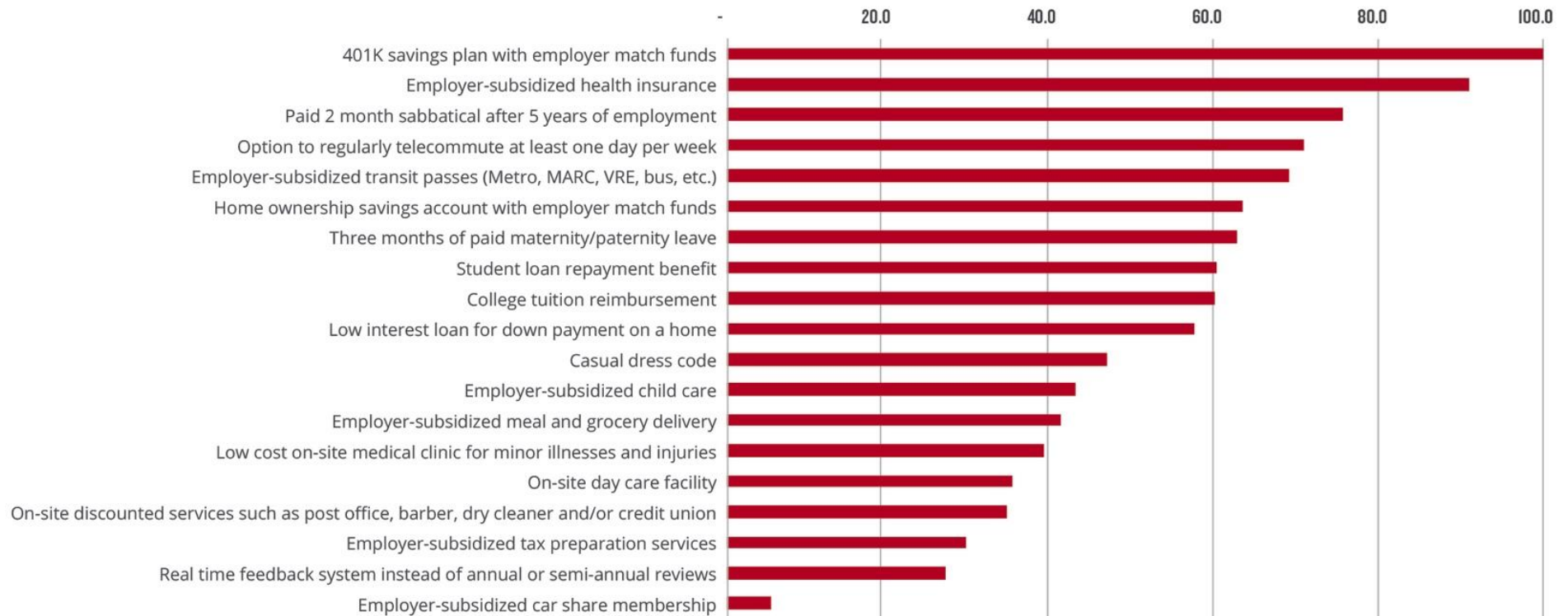
Safe locations within easy commuting distance from downtown are unaffordable to early-career workers

“Living in DC is near to impossible if you don't have a very (very) high paying job, and/or are willing to sacrifice living space for easier commute/access to the district.”

Desired benefits: mostly traditional

- 401K and health insurance are most desired
- Paid sabbaticals and home ownership accounts are top non-traditional choices

RELATIVE APPEAL OF POTENTIAL EMPLOYER BENEFITS

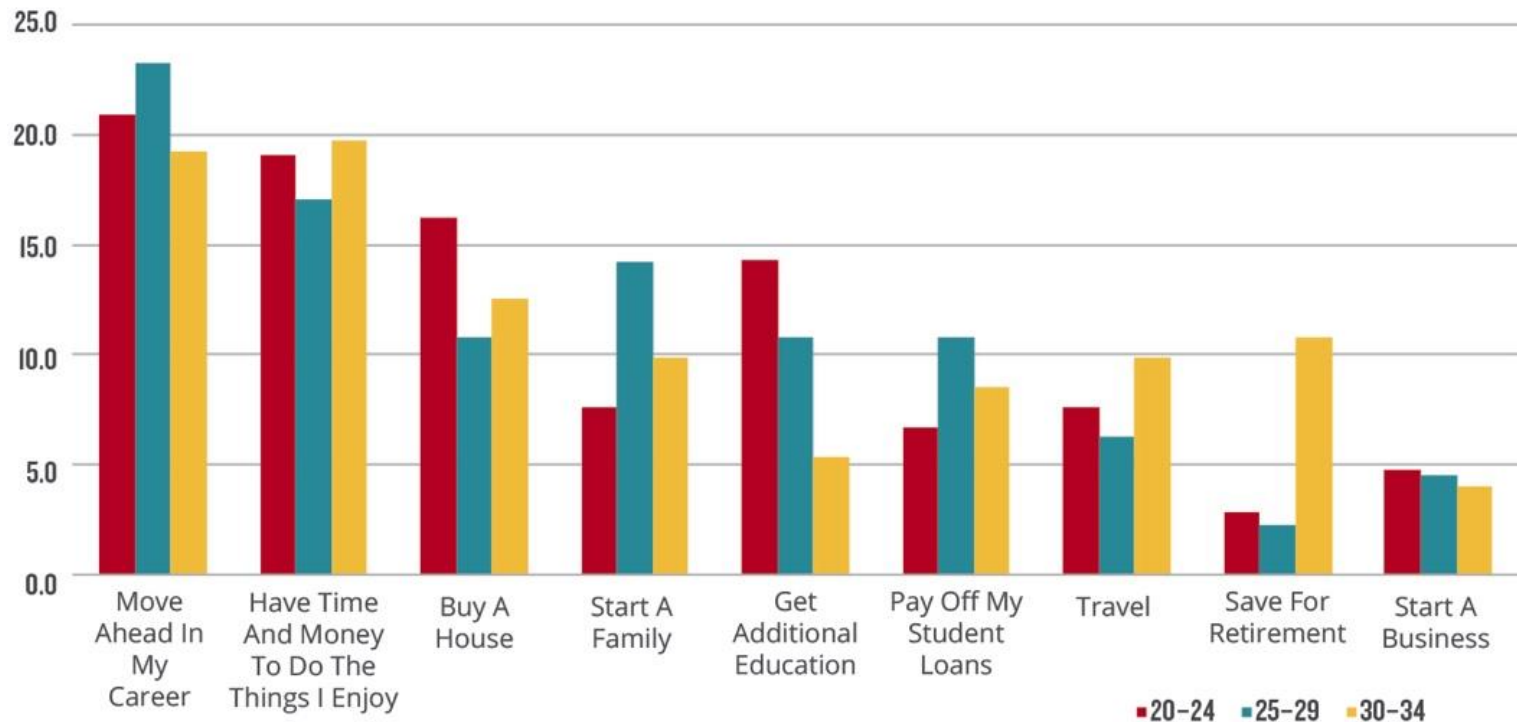


Millennials age, priorities change

- Career and enjoyment top the list of short term goals, but not by big margins
- Older Millennials focus more on enjoying life, starting a family and saving for retirement

3-5 YEAR GOALS

PERCENT RANKING EACH GOAL AS THEIR TOP PRIORITY



Source: Kogod Millennial Index Survey. When thinking about your personal goals over the next 3 - 5 years, what is most important to you?

Kids are coming – be prepared

- 21% have children now, and 2/3 of those parents are over 30
- Oldest Millennials are 35 and the biggest bubble will be 30 soon – expect steep growth in Millennial parents over the next 5 years
- Priorities change; Millennials with kids care more about:
 - Affordability
 - Crime
 - Hours worked
 - Commute times
 - Cost of child care
 - Colleges and universities in the area
- 47% of Millennials agree that it's too expensive to stay here permanently and 58% say that even with a good salary it's hard to make ends meet

Conclusions

- DC Millennials are regular “working stiffs” who care about
 - Having a job
 - Affording a place to live
 - Getting to and from work without tearing their hair out
 - Being safe as they go about their lives
- DC is among the top cities for professional jobs (#1), high salaries (#2) and employment (#3) – the job market brings Millennials to the region
- DC Millennials are not committed to staying in the area – they may be lured away for job opportunities or pushed away by costs, crime or ugly commutes

Some of what Millennials love about DC

- “small town feel with big city amenities”
- “some of the smartest individuals in the US”
- “larger variety in almost all aspects of life than in many other places in this country”
- “constantly evolving more so than other permanent cities”
- “vibrant restaurant and bar scene.”
- “a lot of really smart people doing a lot of really smart things”
- “the nation's capital; there are lots of museums, art, culture, and history here”
- “intellectually stimulating”
- “the education is number one in the country”
- “the population is diverse, intelligent, and liberal; the people are very accepting”
- “living history takes place here every day”
- “energetic”
- “many areas are walkable.”
- “a recession-proof economy and incredible opportunity for young people”
- “thriving and diverse”
- “intelligent, dedicated and passionate people”
- “the people who work and live here are doing important things in the world”
- “a bustling international city that always has things to do”
- “drive a short distance and be in the mountains, city, or beach”
- “a beautifully green city”
- “be exposed to people, places and experiences that you cannot receive anywhere else in the country”
- “transportation is very convenient ... the area is very easy to understand so you won't get lost”
- “steady job growth and a lot of opportunity for a young, educated person”
- “people from all over the country and world”
- “urban, but also very small and easily navigable with lots of great amenities”
- “so many great people; there is incredible diversity”
- “career opportunities, availability of arts, diverse culture and government all colliding in one city”
- “travel to different places in less than 4 hours”