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Planning for Prosperity: Understanding the Economic Perceptions and Community Preferences of the Millennial Generation

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Recently, I walked past a door in downtown Durham and saw our economic future flash before my eyes. There was a sign with a red and white icon, and the words “Two Toasters” written on it. This was not an appliance retailer with a limited inventory, but rather a high-tech start-up that develops cutting-edge mobile apps for customers such as Airbnb, Zumba Fitness, and Ebates. This start-up could be located in Mumbai or Moscow, but instead its founders chose downtown Durham. The reason? Talent attraction. What I saw also highlighted the fundamental importance of planning in ensuring our economic prosperity.

More and more, companies cite the importance of skilled labor in achieving success in a global economy. Millennials are now the largest segment of the population

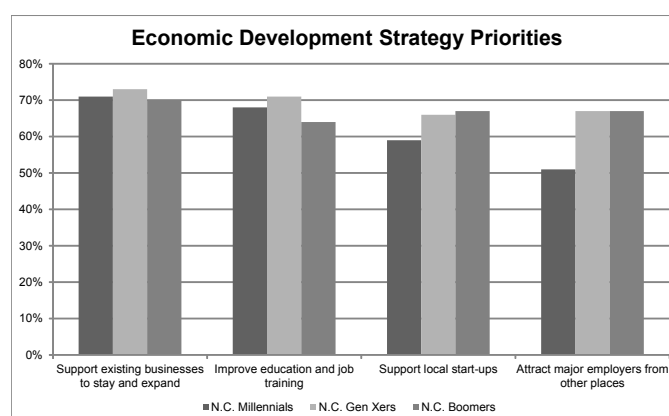
nationally, and are close to surpassing Gen X in total numbers in North Carolina, where the population is slightly older than the national average. Millennials are also a highly mobile population. Understanding what they want and how they make their locational decisions has become an undertaking of fundamental importance to our state’s economic well-being.

To better understand how to attract and retain Millennials, the North Carolina Chapter of the American Planning Association (APA-NC) worked with APA National in 2014 to conduct a special poll. APA hired HarrisPoll, now part of Nielsen, to conduct a scientific survey focusing on the economic perceptions and community preferences of Millennials (ages 21-34), both in North Carolina and nationwide. HarrisPoll also surveyed Generation Xers (ages 35-49) and Active Boomers (ages 50-65). More details on the polling methodology are included in the corresponding sidebar. Here are the results, along with selected commentary on their implications for planning and economic development initiatives.

Economic Perceptions

The poll began by exploring economic perceptions. 74% of N.C. Millennials said the view that the U.S. economy was “fundamentally flawed” was closer to their belief than the statement that it was “fundamentally sound.” 75% of Gen Xers and 70% of Active Boomers shared this perception. These responses are probably not surprising coming on the heels of the Great Recession and the widespread economic disruption that it caused. Nevertheless, the results indicate that Americans young and old are concerned about the structural health of the economy and are interested in new ways of building economic vitality.

To help grow the economy, 61% of N.C. Millennials favored investing in schools and community features such as transportation choices, walkable areas and making the community as attractive as possible, as opposed to investing in recruiting companies to their area. 56% of N.C. Active Boomers and 51% of Gen Xers shared this view. Most communities probably use some combination of the two strategies, but these responses suggest a desire for a stronger emphasis on community investment.



When asked which of the following strategies they believed would most help strengthen the local economy, Millennials, Gen Xers, and Active Boomers all demonstrated strong support for helping existing businesses. However, Gen Xers and Boomers embraced a broader range of strategies at a consistently high level, while Millennials evidenced somewhat lower support for helping local start-ups, and were split on support for recruiting major employers from other locations.

For most questions, the response of N.C. Millennials mirrored that of Millennials nationally. One topic where the responses had a statistically significant difference was on the question of whether the respondent had already started a business, or was planning to start one. 49% of N.C. Millennials responded “yes”, compared with 38% nationally. Similarly, 40% of Gen Xers in North Carolina responded “yes”, compared with 29% nationally. In contrast, 21% of Active Boomers responded “yes”, both in North Carolina and in the national sample.

The question then is what reasons might lie behind these differences. One professor I talked with hypothesized that this might reflect necessity, with N.C. Millennials potentially having more difficulty finding a job and instead having to develop their own paying work during the Recession, since unemployment in North Carolina was higher than the national average during this time. The fact that Gen Xers also exhibited this difference lends support to this view, since Gen Xers would likewise be more dependent on securing gainful employment and have a number of years remaining in the workforce, as opposed to potentially being able to retire, as might be the case for some Active Boomers. Another professor I spoke with suggested that this might be an indicator of the effects of the considerable focus on entrepreneurship in the University of North Carolina system in recent years, both in terms of class offerings and in terms of institutional support for developing and commercializing business ideas. Could this response suggest the existence of a strong North Carolina entrepreneurial spirit? More study would be needed to answer this question.

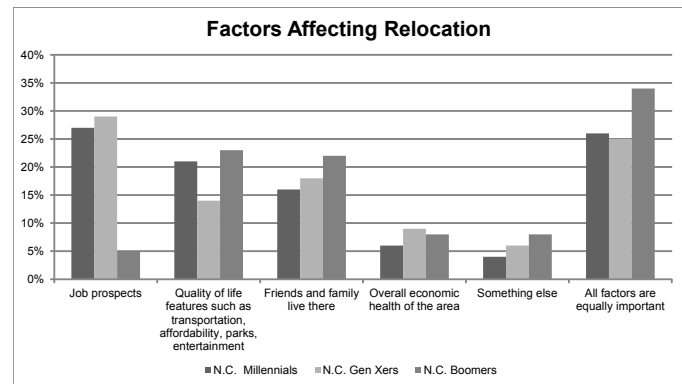
Locational Preferences

The second set of questions explored locational preferences. APA’s poll confirmed that Millennials are a highly mobile population, with 70% of Millennials responding that they were at least somewhat likely to move to another part of the state or to another state within the next five years (compared with 38% for Gen Xers and 30% for Active Boomers). The question then is what factors they would consider in their decision on where to relocate.

First, APA tested whether there was one overriding factor that respondents looked for when choosing where to live (see Table below). The results suggest there is no single factor that predominates. Instead, the highest scoring consideration was that a number of factors were important.

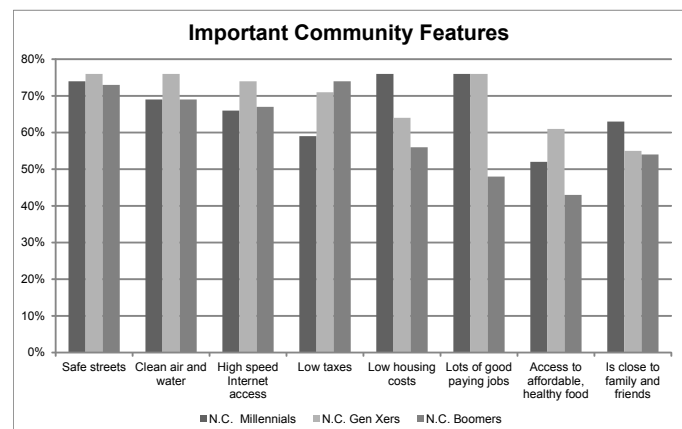
The APA poll then provided a long list of community

features, and asked which were a high priority. A large percentage of N.C. Millennials, Gen Xers, and N.C. Active Boomers agree on the importance of safe streets, clear air and water, and high speed internet access. They differ markedly, however, in their responses to the question of low taxes, low housing costs, and lots of good paying jobs. N.C. Millennials prioritize low housing costs over low taxes, while N.C. Boomers do just the opposite, with Gen Xers in between.



This difference is probably explained by each group’s relative point in its life cycle and the percentage of homeownership amongst younger, middle-age, and older North Carolinians. For example, the real estate firm, Redfin, notes that only 42% of Millennials own a home, compared with 65% for the U.S. population as a whole, suggesting the reason for their focus on housing costs (which they are more likely to be paying through rent) as opposed to taxes (which they are less likely to be paying directly) . The higher support amongst Gen Xers for access to affordable, healthy food may reflect the fact that they are in their prime child-rearing years, and may have a heightened focus on raising a healthy family.

The poll then probed community preferences in a different way, asking which of a series of factors were most important to respondents when deciding where to live.

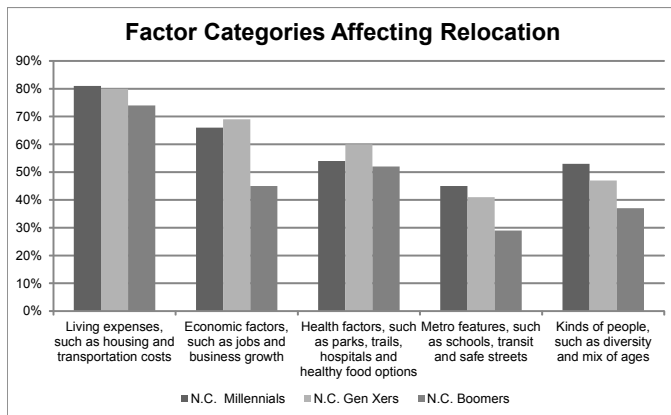


Living expenses were important to all three cohorts, but responses varied regarding the other factors. One commonality was that more than 50% of the respondents

in each group valued health factors, such as parks, trails, hospitals and healthy food options.

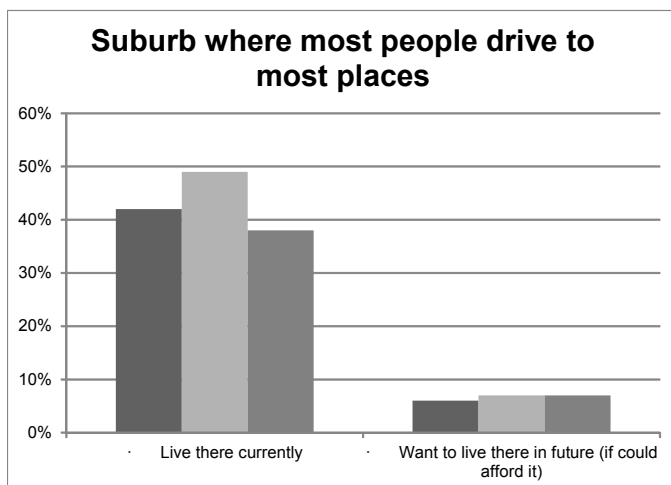
The responses to a subsequent question on walkability reflect this theme of healthy lifestyles. 42% of N.C. Millennials currently live in a suburb where most people drive to most places. However, only 6% of them would like to live in this location in the future. Gen Xers and Active Boomers provided similar responses.

In turn, a significantly larger percentage of each group would like to live in a walkable community (whether urban, suburban, or small town) in the future than currently do, if they could afford it. These responses highlight an opportunity for communities to significantly enhance their value and appeal by working to promote walkability and create linked pedestrian networks.



These findings highlighting the desirability of walkable communities reflect responses in other national polls. For example, 70% of Americans gave “walkability” a high ranking of importance as a community attribute in the Urban Land Institute’s *America in 2013* national poll.

Several other questions provided interesting insights as well. 71% of N.C. Millennials said it was a high priority to live close to work when choosing a home in a specific neighborhood, compared with 64% for Gen Xers, and 37% for Active Boomers. In addition, 74% of N.C. Millennials said it was important to have transportation options other than driving a car, compared with 62% for Gen Xers, and 70% for Active Boomers.



Conclusion

The results of the APA poll can help planners, economic developers, and decision makers identify a package of features that can attract skilled workers. In synthesizing the results, three key community attributes emerge as particularly important to Millennials -- Access, Amenities, and Affordability. Many North Carolina Millennials want to live close to where they work and have transportation options to get to the places where they need to go. They want a high quality of life, with interesting, healthy, and fun things to do. And they want an affordable cost of living, with abundant employment opportunities and housing costs they can afford. Many of these attributes are also valued by Gen Xers and Active Boomers, especially a low cost of living, high quality of life, and transportation choices.

These community attributes don’t usually occur by accident. They require good planning. Together, they suggest the existence of a new “Economics of Place”. This dynamic plays out at a personal level as individuals make decisions about where to locate and whether they can afford to live in a particular place and at a community scale as civic leaders work to position their communities for success in the New Economy.

The poll results also highlight the importance of investing in community assets. In so doing, local decision makers can reap a double benefit, providing better service and a higher quality of life to existing residents and businesses and simultaneously creating a stronger magnet to attract skilled workers. The more desirable attributes that a community can provide and the better they can provide them, the stronger the magnet.

Since my encounter with Two Toasters, my walks in downtown Durham have felt different. Not only do I enjoy the scene and marvel at the urban vitality, but I also feel the incredible energy of the entrepreneurial activity. By planning for prosperity, civic leaders, planners, and economic developers can draw the talent that drives economic success and increase the vitality and prosperity of their communities in the years ahead.

