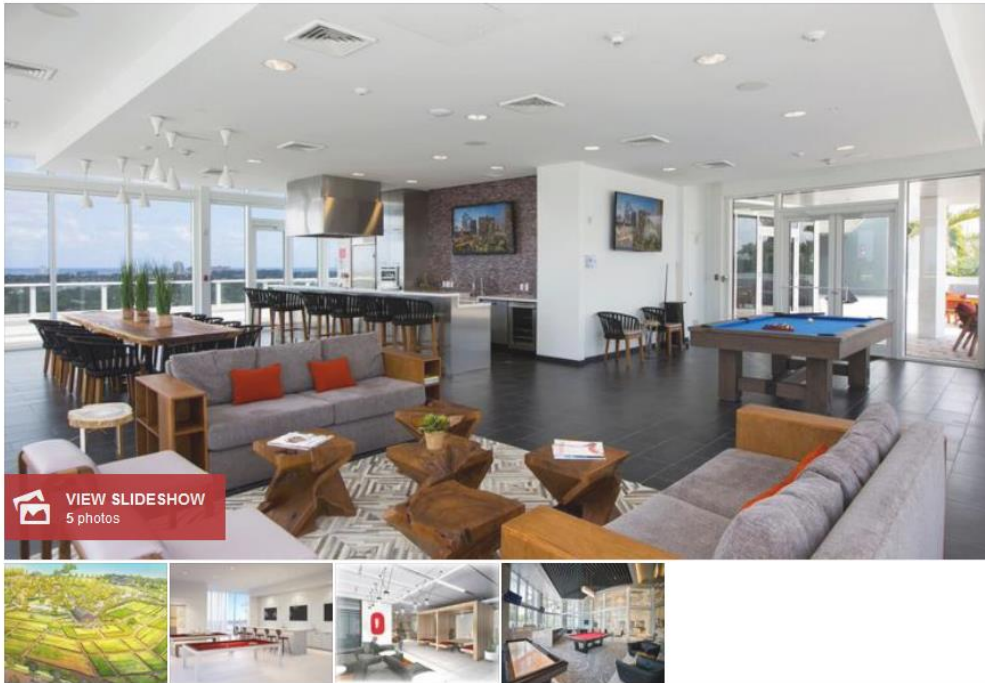


## Cover Story: How South Florida's residential developers are making their projects millennial-friendly 🔑



Developers in South Florida are changing how they plan and design homes to attract the fast-growing millennial population, a group that faces unique challenges in the residential market.

Their construction initiatives are critical to preserving the building industry's future bottom line. But businesses and cities have a stake, too. With more than 75 million people nationwide, the millennial generation will soon make up the heart of the workforce, and companies will decide to locate and grow in communities that can attract them.

"We are competing more with other cities in other states for housing options for them," said [Art Falcone](#), managing principal of Boca Raton-based Encore Capital Management.

For local developers, millennials present a huge opportunity – and a big challenge. The tri-county region ranks near the bottom among major metropolitan areas for millennials as a share of the total population, and leads the nation for the highest percentage of young people living with their parents.

High housing prices, below-average wages, and a strained transportation network present major obstacles to homeownership for millennials here. Deep college debt also means many recent graduates are on a tight budget, so they must be prudent with housing costs.

But developers are adapting, offering price points and features that differ from South Florida's traditional garden apartments and country club communities to appeal to millennials.

## Younger lifestyles key

Rental apartments are the housing of choice for most millennials when they graduate college or leave the nest. The challenge for developers is meeting both the price points and features that millennials seek.

millennial-friendly rental apartments, said this generation wants apartments in dense population centers and business districts. So that's where the company is building the first of its newly branded X apartment projects, which are squarely aimed at millennials.

Ryan Shear, managing principal for PMG in South Florida, said X Miami (formerly Vice) and X Las Olas (formerly Las Olas Riverfront) both meet a key criteria for this age group: urban location.

Another important aspect are social activities and places that bring residents and their friends together, he said.

"In many condo buildings, they really don't know their neighbors," Shear said. "You won't find that in our buildings."

At the X buildings, staff will program regular events for residents, and they'll be encouraged to invite their friends, said [Brian Koles](#), PMG's director of brand and experience. These will include activities such as a yoga class followed by a wine tasting, professional networking, pot-luck dinner, movie screening, mixology classes, a pool party with a bar, and a pet-friendly cocktail hour, he said. X will also donate meeting space to community groups, and open the coffee shop/bar in the lobby to the general public.

"It will look and feel more like a happening hotel than a traditional rental building with a formal front desk," Koles said.

In addition to a large fitness center, amenities will include a large co-working space, big social rooms, a summer kitchen, game rooms and a snack bar.

Communal kitchens, like the ones at Vu New River in Fort Lauderdale, are a popular amenity for millennials, said [Jon Cardello](#), VP with the Miami office of architecture firm Stantec. They are more likely to eat out or order takeout than cook at home, so they can have smaller kitchens in their apartments, he said. The communal kitchens, with several ovens and a host of cooking appliances, allow them to throw parties and host family gatherings.

Package delivery service isn't often thought of as an amenity, but it's absolutely crucial for this generation of tenants, said [Joel Altman](#), CEO of Boca Raton-based Altman Cos. The front desk staff at many older apartment buildings is often overwhelmed with package deliveries as more people shop online. Altman's new Altis Boca Raton has lockers for receiving packages. Residents receive a code via text to retrieve them from the lockers 24/7. This includes refrigerated lockers for meal delivery.

"Millennials are the ones driving the boat in acceptance of this way of shopping," Altman said.

It's not surprising that the generation that grew up with the smartphone values technology as much as

brick and mortar in their living spaces. Apartment developers said Wi-Fi connectivity and cellphone reception throughout the building are crucial. Koles said PMG's X apartments will have a single Wi-Fi network throughout so residents don't have to log onto a new network when they walk around. Residents will also have a special mobile app to unlock their doors, access amenity areas, receive package delivery notifications, control the thermostat, pay their rent and more.

Apartment size is another change driven by millennials.

Studios at Wynwood 25 will start at 400 square feet. That allows for lower monthly rents than most new apartments in Miami's urban core, said [Jonathon Yormak](#), managing principal of [East End Capital](#), which is building it with the Related Group. Tenants will spend more time outside their apartments, either in the building's communal social spaces or at Wynwood's many attractions, he said.

"Millennials have proven they want to spend their money more on experiences and less on things," Yormak said.

PMG is also building smaller units and larger amenity spaces. Additionally, Koles said, the company will rent by the bedroom, instead of by the apartment, and send roommates a bill for a pro-rated share of their rent and utilities. Fully furnished apartments will be an option, he said.

"If they are more transient and switching jobs more frequently, they need more furnished units," Koles said.

With smaller units, that means single rooms must serve multiple functions. Cardello said the Solitair apartments that Stantec designed in Miami will have "robotic" furniture by Ori that can transform a single space from a bedroom to a dining room or a workspace to a living room.

To accommodate millennials who have roommates, Altman Cos. has designed two-bedroom apartments at its Altis Boca Raton with identical master bedrooms, each with walk-in closets and private bathrooms.

Developers of apartments for millennials must even rethink the transportation and parking elements.

Cardello said buildings should have drop-off/pick-up areas for ride-sharing services. Anticipating that demand for parking will fall in the future, developers have asked Stantec to design parking garages with flat floor plates that could be easily converted to other uses. Some buildings are incorporating bike sharing or bike valet services, he added.

## **Converting millennials into homeowners**

While apartment developers focus on urban areas, the for-sale housing industry is figuring out how their homes, often in more suburban locations, can appeal to millennials. This generation has been getting married and having children later – and because of that, they've been slower than previous generations to purchase homes.

This trend is starting to change. First-time homebuyers accounted for 38 percent of all single-family home purchases in 2017, the largest percentage since 2000, according to [Genworth Financial](#).

[Mike Pappas](#), president of Miami-based brokerage Keyes Cos., said millennials will follow patterns similar to previous generations once they start getting married and having kids. They'll move to the suburbs, enduring a longer commute in exchange for more space and better schools.

"Millennials are more urban-driven today, but urban living doesn't necessarily align with children and good schools," he said.

Reaching millennial homebuyers is a crucial goal for Miami-based [Lennar Corp.](#) (NYSE: LEN), now the nation's largest homebuilder. One of its standard home designs is Next Gen, which has a separate entrance for an extra bedroom. This could be helpful when millennials and their parents share a home.

As South Florida runs low on large tracts for single-family homes, the company will likely explore more vertical development like it has done in San Francisco, said [Chris Leimbach](#), VP of sales and marketing for Lennar's Palm Atlantic Division (Palm Beach/Treasure Coast), where its sales to millennials were up 3 to 5 percent in 2017.

A focus on technology in new homes is another way Lennar is appealing to younger buyers, Leimbach said. Its new homes are now Wi-Fi certified with pre-installed technology and home automation powered by Amazon Alexa.

## Pricing is key

The top factor in attracting millennial buyers is an affordable price, so developers shouldn't price them out of the market with expensive features, said [Michael Nunziata](#), president of Miami-based homebuilder 13th Floor Homes.

He said millennials made up a significant amount of the buyers in 13th Floor Homes' Tamarac community, where homes were priced in the low \$300,000s. Many of them were former renters who wanted to lock in their monthly payments, he said.

More South Florida millennials are buying homes in their 30s, said [Brent Baker](#), president of Pulte Homes' Southeast Florida division. He's sold to them more frequently in Pulte's townhome communities, which have lower price points and less costly maintenance, and are within reasonable distance of employment centers. When younger families buy single-family homes, they are typically smaller, like the 2,000-square-foot models Pulte offers at Hillcrest in Hollywood.

For neighborhood amenities, millennials are less interested in tennis and golf. Instead, they value large fitness centers and multipurpose gathering spaces, Baker said.

Communal features such as "agri-hoods" are more appealing too, Leimbach said. The Arden neighborhood in Wellington, where Lennar is one of the developers, will have a 5-acre farm for growing fruits, vegetables and herbs, plus an event barn for residents.

"Millennials are a force in the housing market, and one we are very keenly focused on," he said.