

# A LOOK AT WEALTH 2019

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MILLENNIAL MILLIONAIRES

**COLDWELL  
BANKER** 

GLOBAL  
LUXURY

**We**  
WEALTHY





# MILLENNIALS and WEALTH

WealthEngine and the **Coldwell Banker Global Luxury®** program analyzes how the youngest millionaires think, act, spend, give and live.

Sometime this year, millennials are projected to overtake baby boomers as the largest living adult generation in America. By 2030, millennials will hold five times as much wealth as they have today, and are expected to inherit over \$68 trillion from their predecessors in the Great Transfer of Wealth.<sup>1</sup> In order to help luxury real estate professionals better understand this influential group of current and future homebuyers, the **Coldwell Banker Global Luxury®** program has partnered with WealthEngine to analyze key aspects of the millennial millionaire lifestyle, including wealth creation, philanthropy, property investments, spending trends and more.

“There is already a large and growing population of millennial millionaires, and there will be even more created over the next decade according to projections,” says Craig Hogan, vice president of luxury for **Coldwell Banker®** Real Estate LLC. “The big question is, ‘What will this generation do with their wealth when the Great Wealth Transfer takes place?’ We want Global Luxury Property Specialists to be ahead of the game. If you want to have a future in luxury real estate, it’s imperative that you learn how to connect with them in authentic ways and create lifelong clients.”

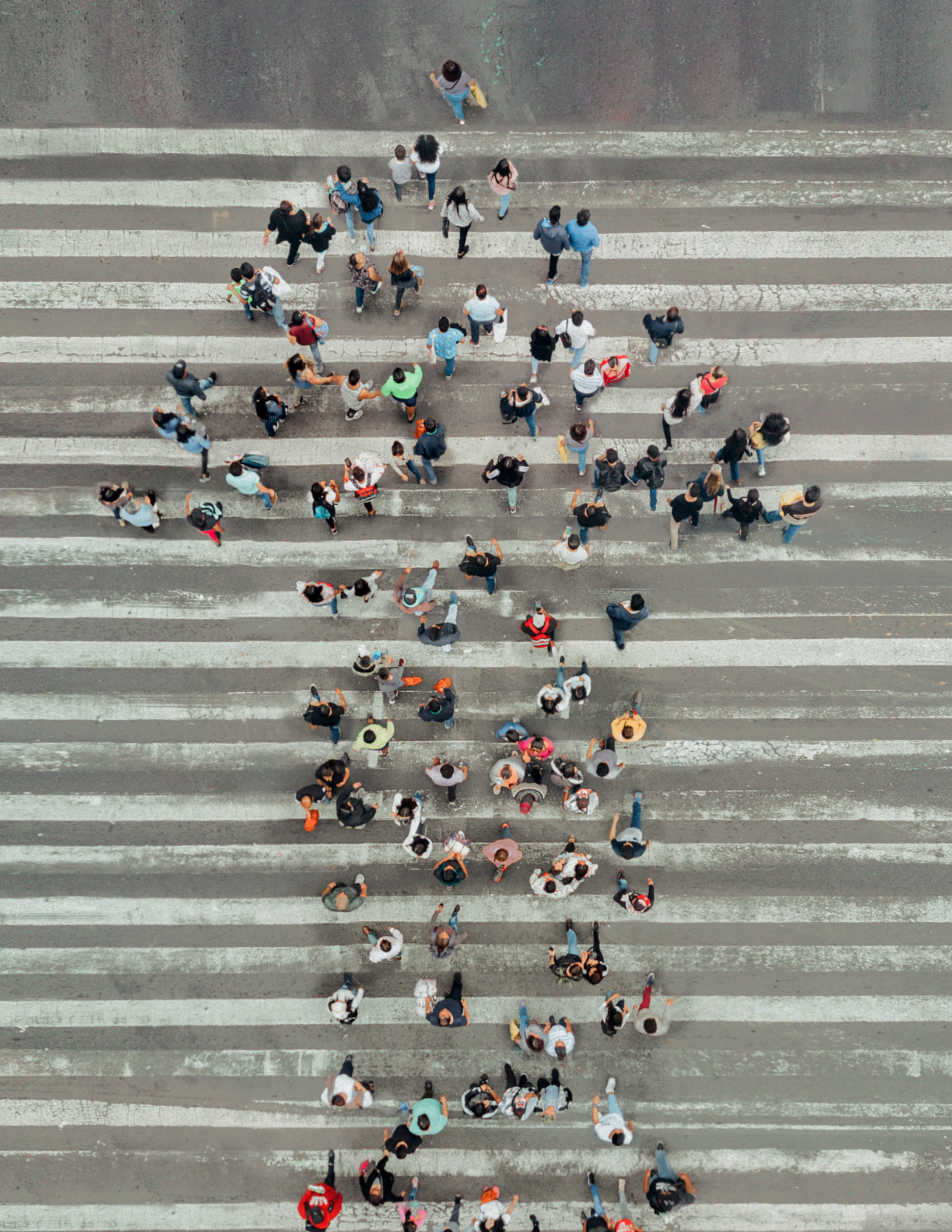
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<sup>1</sup> WealthEngine, “The 2019 Millennial Wealth Report.”



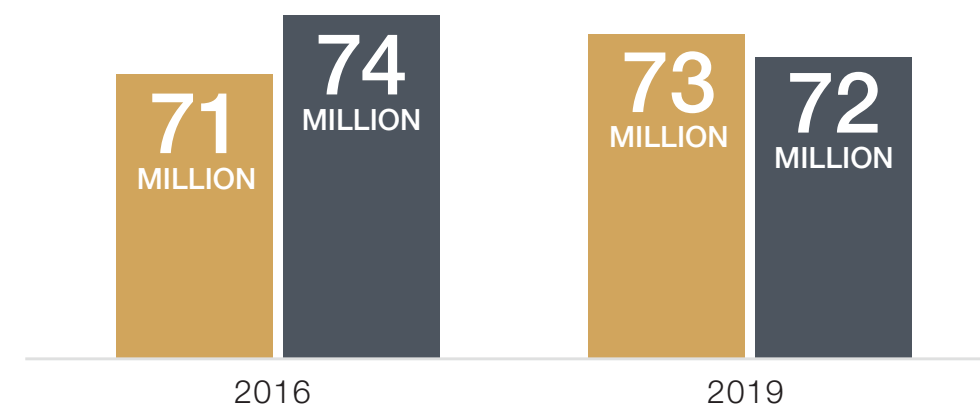


## THE MILLENNIAL BOOM

According to Pew Research Center, millennials\* are on the cusp of surpassing Baby Boomers as the nation's largest living adult generation. "Millennials are expected to overtake Boomers in population in 2019 as their numbers swell to 73 million due to immigration and Boomers decline to 72 million," Pew stated.<sup>2</sup> Millennials also now make up the largest group of homebuyers in the nation.<sup>3</sup>

## POPULATION CHANGE PROJECTIONS

■ MILLENNIALS ■ BABY BOOMERS



\* The United States Census Bureau uses the birth years 1982 to 2000 to define millennials, but has acknowledged that "there is no official start and end date for when millennials were born." For the purposes of this report, WealthEngine is using the birth years 1982 to 1996 to define millennials, or ages 23–37 in 2019.

<sup>2</sup>Pew Research, "Millennials Projected to Overtake Baby Boomers as America's Largest Generation"

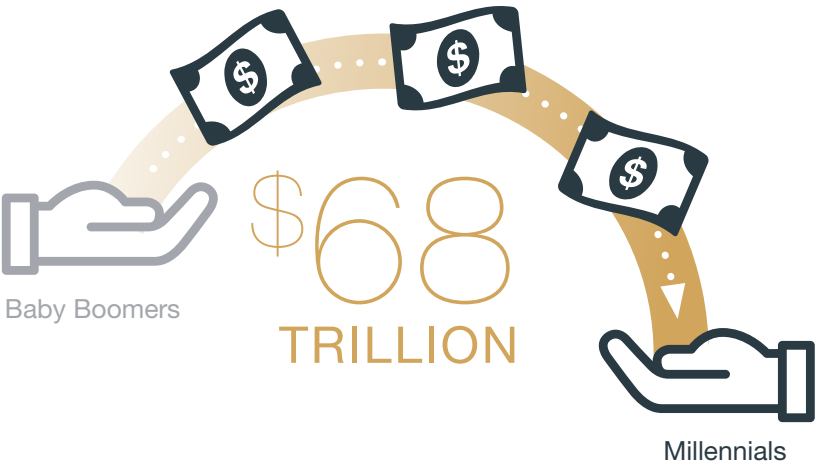
<sup>3</sup>National Association of REALTORS®, "2019 Home Buyers and Sellers Generational Report"



# THE GREAT WEALTH TRANSFER

WealthEngine defines millionaires as those who have a net worth (assets minus liabilities) of over \$1 million. “We focus on net worth as opposed to income, because it is a more accurate accounting of ‘spendability,’” explains Moira Boyle of WealthEngine. “It’s considered a better gauge of wealth because a person’s income is subject to all kinds of obligations that can leave little or nothing once bills are paid.”

According to WealthEngine data, there are approximately **618,000 millennial millionaires**. Millennial millionaires make up approximately 2% of the total U.S. millionaire population and 0.2% of the general U.S. population — “roughly the same volume as the total millionaire population during the country’s last millionaire boom in the early 1980s,” notes Moira Boyle. The difference between the millionaires of the early 1980s and the ones being created today is that many of them stand to inherit even more wealth from their baby boomer parents, who are considered the wealthiest generation in history. This event has been called the “Great Wealth Transfer.” Over the next few decades, it is estimated that \$68 trillion will be passed down from aging Boomers to their beneficiaries.<sup>4</sup> While the inheritance component



is hard to quantify with the current data available, there are still many millennials who are not considered wealthy today, but will be in the future.

“Will they sell the luxury properties they inherit from their parents, or will they keep them?” asks Hogan. “You can be assured that the Coldwell Banker Global Luxury program will be watching to see what they do with their newfound wealth.”

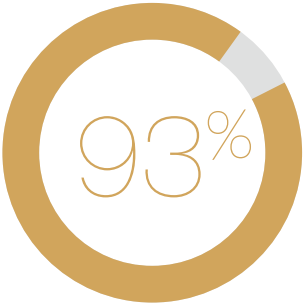




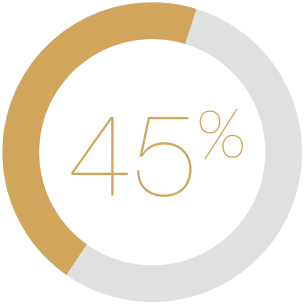
# WEALTH BUILDING

The vast majority (93%) of millennial millionaires have a net worth between \$1 million and \$2.49 million. Most (about 45%) are between the ages of 34 and 37. About 15% of millennial millionaires are business owners, “which is exciting because of the potential real estate commitment being tied to the community where their business is located,” notes Hogan.

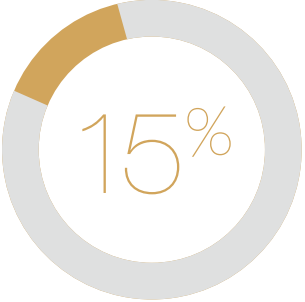
**NET WORTH**  
\$1M - \$2.49M



**AGES**  
34 - 37



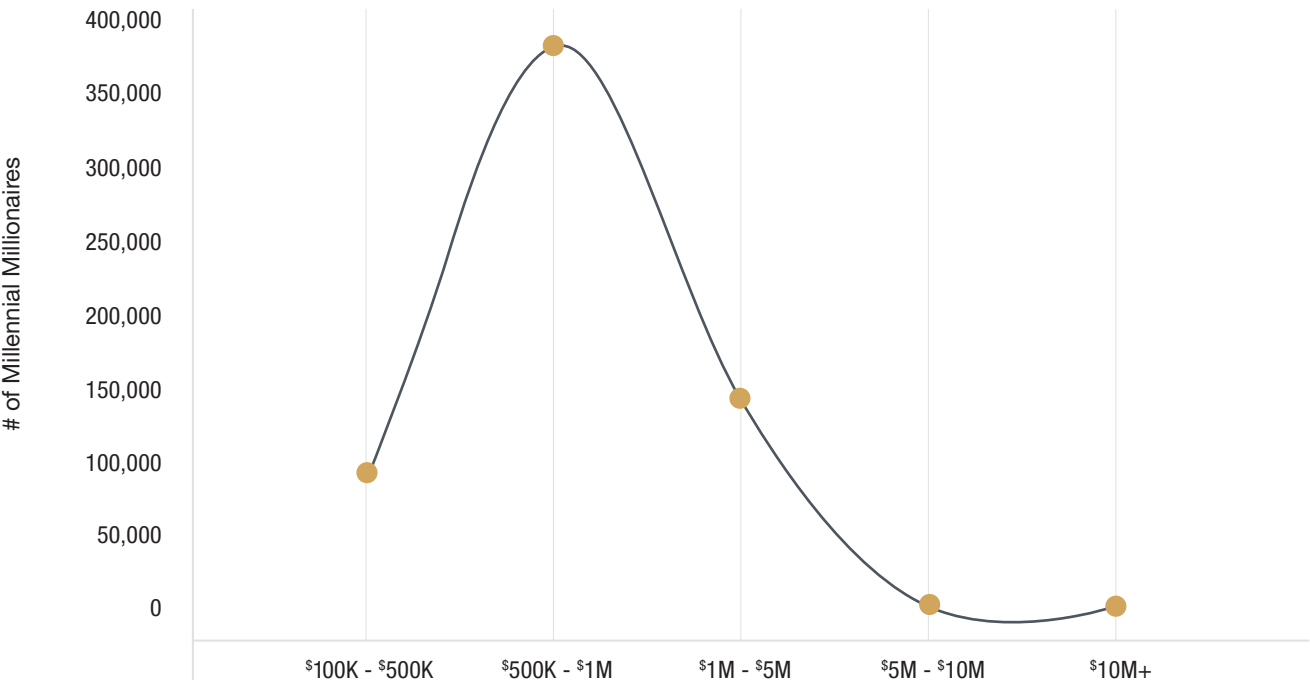
**BUSINESS OWNERS**



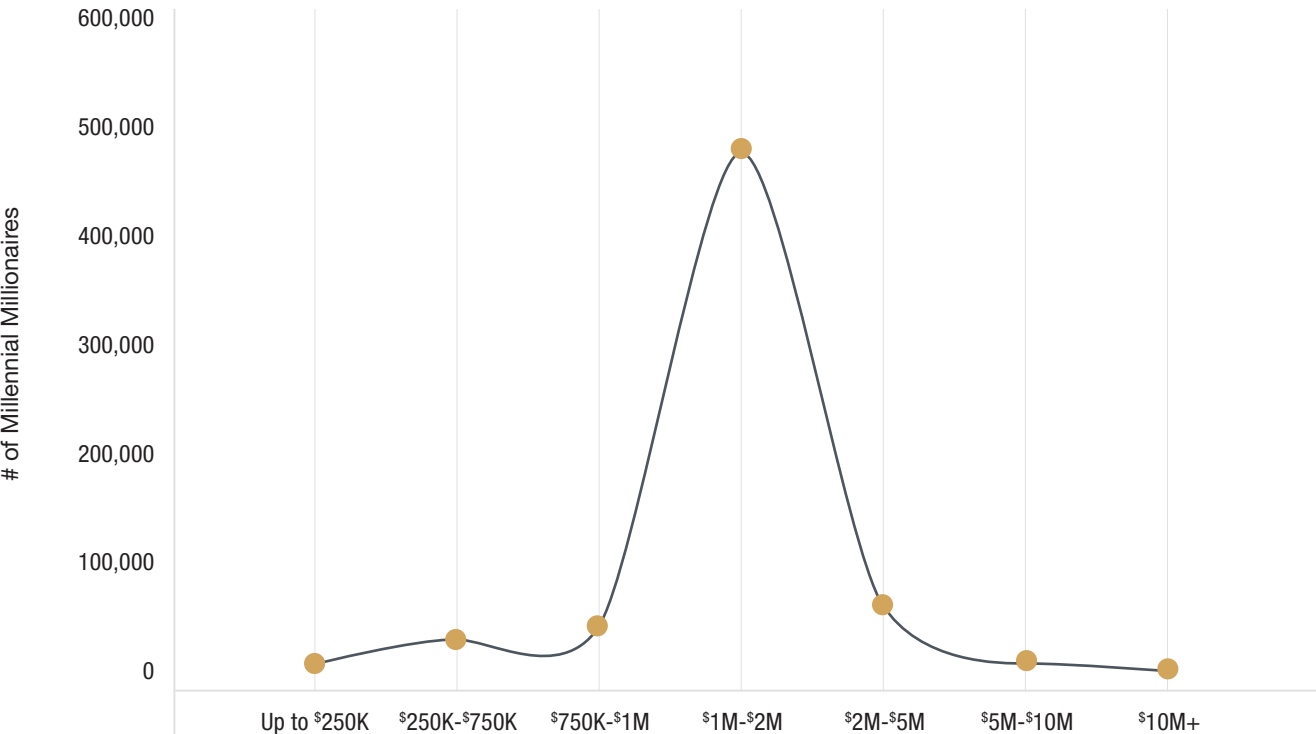


In general, millennial millionaires are showing a strong foundation of investable assets and real estate.

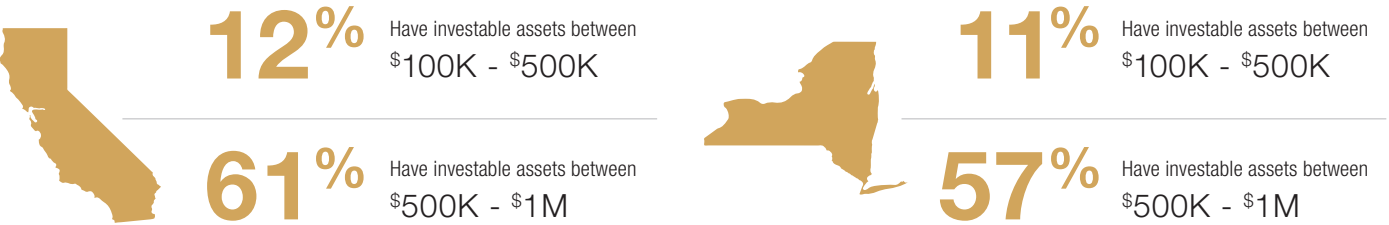
INVESTABLE ASSETS



REAL ESTATE PORTFOLIO



CALIFORNIA VS. NEW YORK













CALIFORNIA VS. NEW YORK





# MILLIONAIRES VS. MILLENNIAL MILLIONAIRES

	Millionaires	Millennial Millionaires
 Marital Status	76%	67%
 Children	1	1
 Business Owner	22%	14%
 College Education	42%	20%
 Charity Participation	51%	56%
 Net Worth \$1-2.5M	84%	93%
 Homeowner	94%	92%
 Single Family Home	80%	80%
 Average No. Properties	2.4	3
 Average Real Estate Portfolio	\$919K	\$1.4M







## ATTITUDES TOWARDS HOMEOWNERSHIP

Millennials have grown up in a time of rapid change in terms of technological advancement, globalization and economic disruption — which gives them a unique set of priorities and expectations that are different than those of previous generations. For instance, they tend to put off significant milestones like marriage and children.

Because this generation was significantly impacted by the Great Recession, they have been slower to accumulate wealth than previous generations and thus have been slower to take on mortgage debt. This delay of home ownership has led some to label them as the “Rent Generation.”

However, this picture is not entirely accurate. Just because millennials are delaying marriage doesn’t mean they want to stay single forever. In fact, 67% of millennial millionaires are already married, compared to 40% of the general millennial population. Both millennials and millennial millionaires have one child on average. About 63% of millennials have purchased property, with 57% purchasing a single-family dwelling unit. Not surprisingly, home ownership is even higher among millennial millionaires, as **92% of them have purchased property**. A vast majority (**80%**) **also bought a single-family dwelling unit**. The **average real estate portfolio of millennial millionaires is worth \$1,367,022**, distributed across about three properties on average.

### HOME IMPROVEMENT

Some real estate agents in major luxury markets have privately lamented that younger generations of millionaires aren’t interested in fixer-uppers. However, 77% of millennial millionaires say that they are interested in home improvement. This appears to be at least anecdotally true, especially in high-cost cities on the West Coast. **Jade Mills**, a Coldwell Banker Global Luxury Ambassador and Beverly Hills’ leading real estate professional, has observed that some affluent millennials cannot afford new construction properties, so they have resorted to choosing a desirable area and doing some work.

“It used to be that West Hollywood was affordable,” she says. “But now that it has gone up in price, rather than not purchase at all, millennials are purchasing property that needs work as long as they are in the area that they want to be in.”





Miami-based **Danny Hertzberg**, a Coldwell Banker Global Luxury Ambassador and a member of the top-producing The Jills-Zeder Group from Coldwell Banker Residential Real Estate in Florida, theorizes that what affluent millennials view as home improvement and what other generations view as home improvement may be two different things.

“What I’ve been seeing is that affluent millennial buyers are gravitating toward new construction — modern product with open floor plans,” says Hertzberg, a millennial himself. “However, they still want to personalize their spaces. So they might buy something that is turnkey in the traditional sense, but they will change out the countertops or the hardware or install a specific type of flooring to make their home feel like their own. Home improvement to a millennial buyer is paneling the walls in reclaimed wood, not necessarily taking on big renovation projects.”

Silicon Valley top-producing team **Karen Yang** and **Christopher Fling** of Coldwell Banker Residential Brokerage in Los Altos have found that millennial buyers tend to shy away from fixers in their marketplace. “I can’t tell you how many times we hear our millennial clients sheepishly admit that they are not really handy,” says Yang. This is especially true of younger millennials. Adds Fling: “Moving into a house that is not renovated, or a house that needs work? They’re just not into



*“‘Home improvement’ to a millennial buyer is paneling the walls in reclaimed wood, not necessarily taking on big renovation projects.”*

*— Danny Hertzberg*



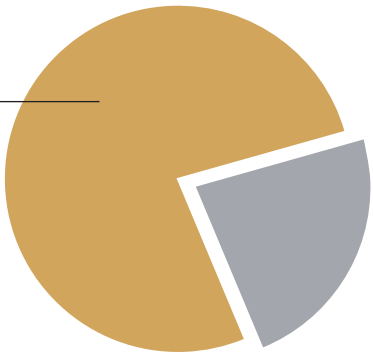
it.” As millennial millionaires age and shift priorities toward marriage and family building, however, this may be less true. They become more interested in buying the biggest house in the best location they can, even if it needs fixing, says Yang. “And they have the funds to do it, too.”

**WEALTH CREATION**

Both younger and older millennial millionaires in Silicon Valley share the view that real estate is key to wealth creation. Even younger millionaires in their 20s who know their life is going to change and probably only plan on living in a property for two to three years. They have the intention of hanging on to the property afterwards and converting to a rental property, according to Fling. “They know that wealth building begins with that first primary residence.”



77% of millennial millionaires are interested in home improvement





# WHERE THEY LIVE

Consistent with the general millionaire population, the majority of millennial millionaires are concentrated in California (44%). After that, New York, Florida, Massachusetts and Texas are the states with the largest populations of millennial millionaires. The high concentration of millennial millionaires in California follows another trend: the Golden State also has the highest percentage of business owners (23%) and the highest percentage of real estate investors. In California, it’s almost at 25%, which is an indicator for increased real estate purchasing.

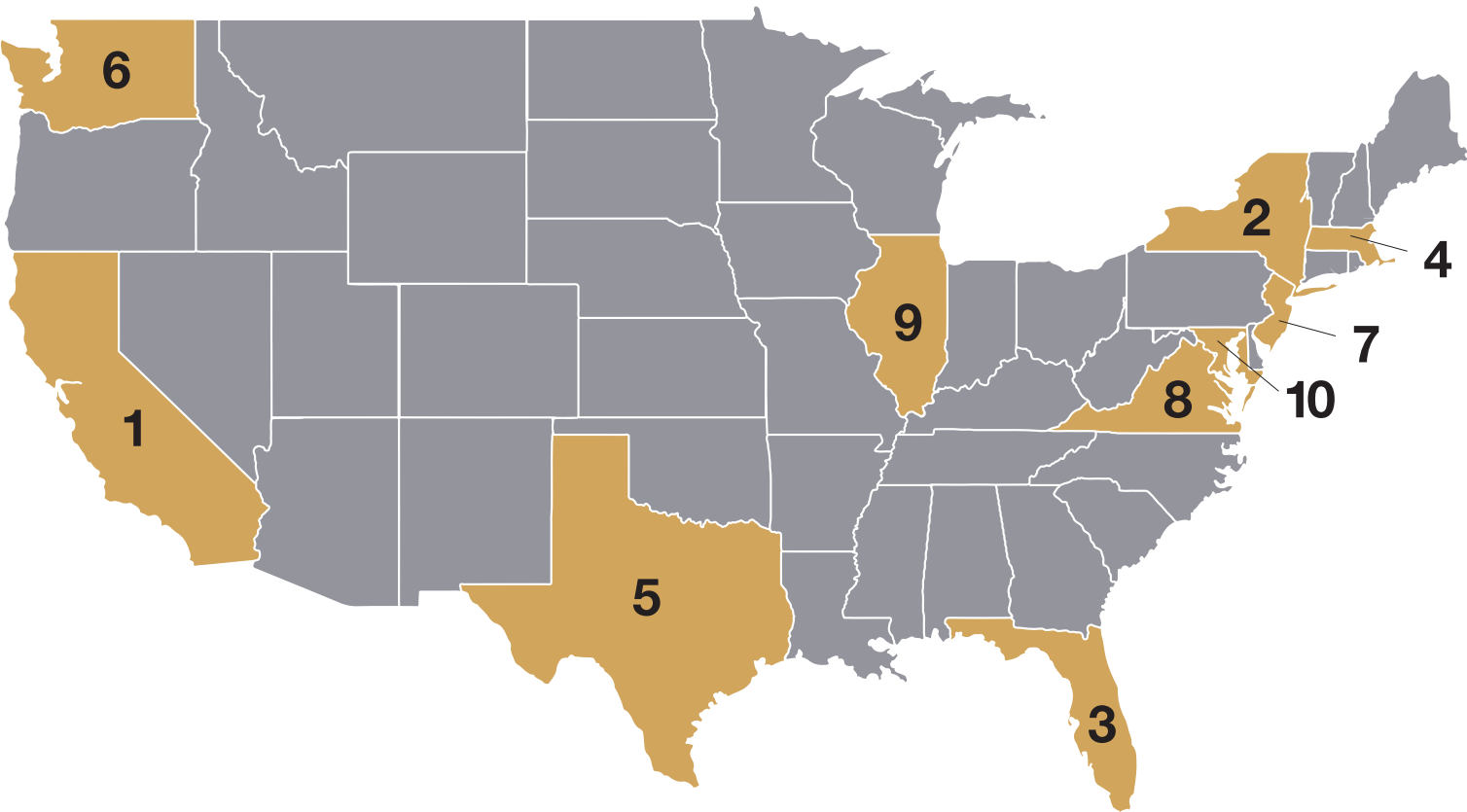
Conventional wisdom has held that millennials prefer to live in densely populated cities — and the data mostly bears that out. Most of the top ZIP codes are primarily concentrated in California, in Silicon Valley: Fremont, Cupertino, San Jose, Sunnyvale, Burlingame, Hillsborough and San Mateo. This suggests a strong tech connection that is associated with wealth creation.

“They’re 26 years old, only a few years out of school, and they have just gotten a big equity play of \$5 million because of what they can do at their desk behind a computer,” says Yang. “They view real estate as a significant way to build wealth.”

In terms of locations, millennials tend to prefer markets that are more affordable — often in suburbs or second-tier cities, where their dollar will carry them further. Even if they have the money, they may still choose a nontraditional luxury neighborhood over the prestige of a traditional luxury neighborhood, if it means they can walk to the corner café. “They want to live near gathering spaces,” says Yang. “They want to live near throwback downtowns, or districts that grew organically — and they are willing to give up square footage and amenities to be able to live in those kinds of locations.”

*“They want to live near gathering spaces.”*  
— Karen Yang

Hertzberg’s findings in Miami mainly support this view. “Walkability is a really big thing,” he says. “They want to be able to walk to neighborhood coffee shops and bakeries. Certain brands resonate with them. Trader Joes, for example, recently came into our market, and all our millennial clients are very excited. Health and wellness is a priority for them, so they like to be close to fitness facilities and yoga studios. Location has always been a factor in real estate, but what’s changed



THE TOP 10

STATES*	1	CALIFORNIA	44%	6	WASHINGTON	4%
	2	NEW YORK	14%	7	NEW JERSEY	4%
	3	FLORIDA	5%	8	VIRGINIA	3%
	4	MASSACHUSETTS	5%	9	ILLINOIS	3%
	5	TEXAS	5%	10	MARYLAND	2%

\*Percentage of millennial millionaires in each state

ZIP CODES	1	49685	Traverse City, MI
	2	94539	Freemont, CA
	3	95014	Cupertino, CA
	4	95120	New Almaden / Englishtown / Twin Creeks, CA
	5	95124	San Jose / Cambrian Park, CA
	6	94087	Sunnyvale / Cupertino, CA
	7	95125	San Jose, CA
	8	94010	Burlingame / Hillsborough / San Mateo, CA
	9	20854	Potomac, MD
	10	90275	Rancho Palos Verdes / Rolling Hills Estates, CA





*“Walkability is a really big thing...  
millennials want to be close to the action.”*

*— Danny Hertzberg*

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# 44% millennial of millionaires are concentrated in California

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is the definition of what is a good location. It used to be that the prestigious neighborhoods were gated and secluded, often outside of town. Millennial buyers want to be close to the action.”

## TOP ZIP CODES

Despite California's reign as the most popular state for millennial millionaires, one top ZIP code where millennial millionaires are choosing to live may come as a surprise: Traverse City, Michigan.

Set on the shores of Lake Michigan, Traverse City has historically been a tourist destination with a robust second-home market where luxury homes generally start at \$500,000 — a far cry from many Silicon Valley ZIP codes, where luxury home prices generally start at about \$2 million. Traverse City has experienced an urban renaissance in the last 10 years, with a dynamic food scene, microbreweries, wineries and walkable downtown with music, arts and festivals to attract younger generations of affluent homebuyers.

“The younger affluent like that they can get a fabulous home on, near or overlooking vineyards, fresh water or beaches for a fraction of the cost of larger metropolitan areas,” explains Shawn Schmidt Smith, associate broker/owner for Traverse City-based Coldwell Banker Schmidt. “We have a full-service airport, making it easy to commute. We have strong schools. We’ve also become a foodie destination and a vibrant cultural community.”

Smith also says an increased desire among affluent millennials to have a work-life balance has accounted for Traverse City’s growing popularity. “In northwest



*“Millennials may look for vacation homes in non-traditional markets where their dollar goes a little further.”*

*— Danny Hertzberg*

Michigan, locals are constantly slipping in and out of play/recreation mode throughout the week,” she notes. “It’s a small town where you’re never more than 10 minutes from a body of water, which makes it easy to get outside — whether it’s SUPing, boating, mountain biking or hiking. We’re a four-season town with amazing recreational opportunities year-round. On a Tuesday when you’re done with work, you can be on the bay SUPing or in a river fly-fishing within 20 minutes.”

Smith also notes that most of the younger affluent buyers purchasing properties in Traverse City typically have some sort of connection to the area. “They vacationed here as kids or they grew up here, moved away and when they were ready to settle down, Traverse City became a natural fit.”

Like their Silicon Valley counterparts, affluent Traverse City millennials view real estate as an important step on their journey toward wealth. “They understand that this region can be a very good long-term play,” says Smith. “We see a lot of millennials deciding that this is a place that they can call home for the rest of their lives. It’s not uncommon that their parents, grandparents and siblings also end up making Traverse City their home base.”

Hertzberg expects to see more emerging millennial millionaire hotspots that are off the beaten luxury path in the future.

“I think today’s millennials have a real traveler’s spirit, as compared to previous generations,” says Hertzberg. “If they inherit properties from their parents, I would think they would be looking to sell them and look for more vacation homes in nontraditional markets where their dollar goes a little further yet still offer the lifestyle they want. High-net-worth millennials tend to be more adventurous.”





# LIFESTYLES AND INTERESTS

Millennials are generally believed to be diverse, collaborative and inclusive toward a wide range of ideas and people. They also tend to be more socially minded than previous generations. Because of that, they have a wide range of interests — from health and wellness to technology and travel.

## HEALTH AND WELLNESS

About **62% of millennial millionaires say that they are interested in health.** Many prefer to live within walking distance to yoga studios, fitness facilities and organic dining options. Their interest in health may be driving the wellness real estate trend, which focuses on eco-conscious building practices such as LEED and WELL Building standards, and has grown to become a billion dollar industry, according to the Global Wellness Institute. They are also known for supporting local farms and farmer's markets, and some are known to actually grow their own produce.

## CARS

Many millennials are actually foregoing car ownership completely, preferring to rely on a combination of Lyft, Uber, public transportation and bike sharing. Data also shows that they are also more likely to buy a sedan than an SUV — not just because they are less expensive to buy, but also due to lack of available parking in many cities and increasing gas prices. Practicality and reliability appear to trump traditional luxury status symbol cars, even for their affluent counterparts. Case in point: **their top car model is a BMW 3 Series.**

That said, not all millennial millionaires are so pragmatic about their automobiles. At this year's Monterey Classic Car event, it was reported that there was a surge in the number of millennial millionaires buying collectible and classic cars.<sup>5</sup> They seemed to be particularly enamoured with vintage cars from the 80s and 90s and sports cars that they can take to the racetrack with their friends.



## BEHIND THE WHEEL



### MILLENNIALS

#### TOP CAR MAKES

CHEVROLET  
FORD  
TOYOTA

#### TOP CAR MODELS

CHEVROLET SILVERADO  
HONDA ACCORD  
FORD F SERIES PICKUP



### MILLENNIAL MILLIONAIRES

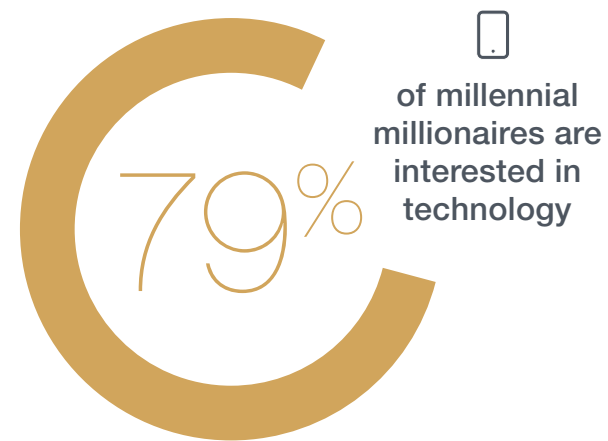
#### TOP CAR MAKES

TOYOTA  
HONDA  
FORD

#### TOP CAR MODELS

BMW 3 SERIES  
HONDA ACCORD  
JEEP GRAND CHEROKEE





## TECHNOLOGY

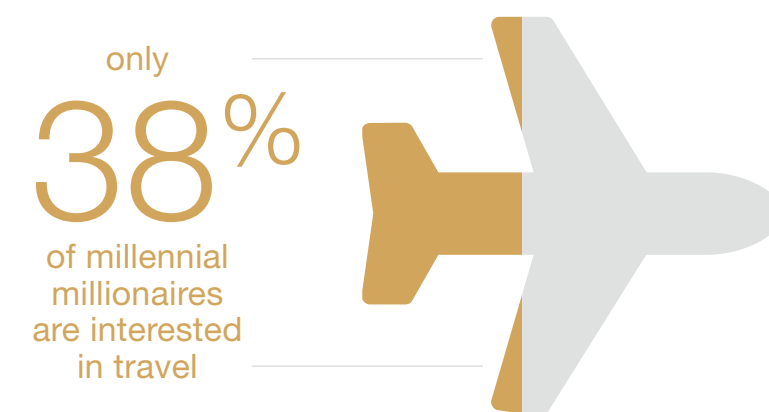
Millennial millionaires are major consumers of digital information and technology. On the whole, millennials are three times more likely to watch a video than Baby Boomers. They are the biggest users of social media platforms. They manage everything from their financial to shopping needs online.

These digital pioneers are also moving away from traditional institutions, such as banks, instead using online money management tools to transfer their money. Technology rules every part of their lives, including their homes as they expect a level of smart home technology to be integrated into their living spaces.

## TRAVEL AND ACTIVITIES

Millennials have been called the “wanderlust generation.” However, only **38% of millennial millionaires say that they are interested in travel.** Our analysts theorize that it could be a matter of semantics; they may define “travel” in more exotic terms, such as international travel or all-inclusive vacations where they never leave the resort.

Anecdotally, we know that they are known for seeking out local and domestic adventures that are authentic, unforgettable and Instagram-worthy — like hiking an iconic mountain peak or exploring the culinary culture of a new U.S. city.

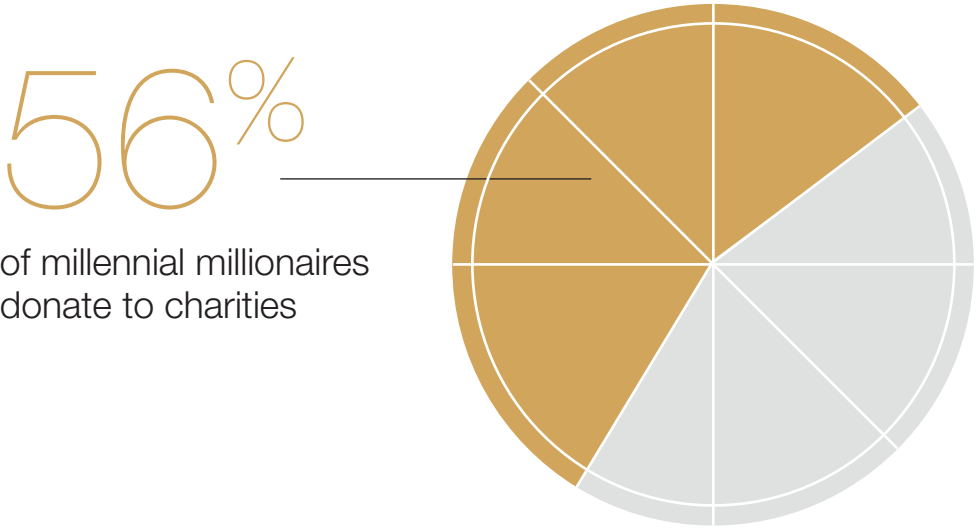




# CHARITABLE GIVING

Millennials are more likely to give than other generations. They are especially passionate about aligning with causes they care about, whether it's for the environment or political parties. According to WealthEngine statistics, 35% of them say they have donated to charities. As wealth increases and they become more generous over the course of their lives, this number jumps to 56% among millennial millionaires.

What's significant about their giving nature is that **70% of them say they are willing to spend more with brands that support causes they care about**, which has important implications for both luxury brands and luxury industry professionals who want to build meaningful connections with them.



Political causes are the **No. 1** charity choice of millennial millionaires







## INFLUENCING THE FUTURE

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*Given their age and real estate portfolio value, plus the fact that many of them own businesses and stand to inherit a lot of wealth, millennial millionaires are poised to be one of the richest and most influential generations in history.*

Luxury real estate professionals who want them as clients now or down the road need to be prepared for this unprecedented transfer of wealth, and understand what inspires them to make important financial investments like real estate.

### METHODOLOGY

The Coldwell Banker Global Luxury® program collaborated with WealthEngine to provide insights on the millennial millionaire lifestyle, including wealth creation, property investments, luxury spending trends, giving and more. Data was collected from the WealthEngine platform, which is powered by more than 1,500 wealth and lifestyle attributes that support half a trillion data points, and uses proprietary learning science to create unique WealthEngine Profiles for more than 250 million people in the U.S. Information was gathered on individuals ages 23 to 37, with a net worth (assets minus liabilities) of over \$1 million, between the periods of July 1, 2019 to September 16, 2019.

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