REAL ESTATE

Gen Z is helping drive cities' comeback: report

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San Francisco saw the biggest increase in Gen Z renters in 2021. Image credit: PropertyShark

By LUXURY DAILY NEWS SERVICE

While most of Gen Z has not begun to invest in real estate, this generation of renters is gravitating to urban cores.

According to findings from Rent Cafe, there was a 21 percent year-over-year increase in renting activity by Gen Zers in 2021. They are flocking to large urban areas that offer thriving social scenes and job opportunities giving cities a boost after the exodus of spring 2020.

"Big cities still appeal to Gen Z renters because in addition to human diversity and skill, they offer two critical commodities: high-speed internet and technology-enhanced, greener infrastructure that includes recycling, energy efficient apartments and the use of renewable energy sources," said Daniela Rivero Bryant, lecturer in real estate at the Tulane School of Architecture, in a statement.

"All that requires high public and private investment only available in major urban centers, making the city a practical place to be."

The findings are based on an analysis of 3.2 million rental applications.

Zoomer hotspots

San Francisco saw the biggest influx of Gen Z renters, with applications seeing a 101 percent y-o-y increase. Gen Zers account for about one in five renters in the city.

Jersey City followed, with a 95 percent y-o-y jump in Gen Z rental applications, while across the river, Manhattan saw 63 percent growth.

San Jose and the Bay Area continue to dominate luxury real estate in the U.S. Image credit: Redfin

Philadelphia and Boston rounded out the top five cities with the most growth, with increases of 61 and 59 percent, respectively.

Seattle and San Jose, CA two cities which, like San Francisco, are known for their tech industries both saw 52 percent more Gen Z renters.

As Gen Zers build their careers and earning power, many may eventually look to become homeowners like their older millennial counterparts.

According to Coldwell Banker, high-net-worth millennials are also returning to big cities. The oldest in this cohort, "golden millennials" ages 35 to 40, own 60 percent of all millennial-owned properties and tend to gravitate towards secondary cities and suburban areas such as Atlanta or Seattle (see story).

Beyond real estate, shifting migration patterns also impact the retail, cultural and financial scenes in New York City. Research from Knight Frank also shows that urban centers will continue to play important economic roles, continuing to attract tourists as well as homeowners and second homeowners (see story).