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Cover Story

Has Philadelphia reached peak millennial?

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Millennials are getting older.

The youngest of the generation are now in their early 20s, and the oldest are nearing their 40s. Some are taking to the suburbs with their families and others are getting priced out of city neighborhoods.

Big cities' millennial populations have plateaued in recent years, prompting demographers to claim that America's largest metros have reached "peak millennial."

Growth in Philadelphia's millennial intake in recent years has flattened, according to research from Jones Lang LaSalle, but it's not a unique situation. Data show that millennial growth is slowing in most major cities, such as New York and Los Angeles. The 10 largest cities in the U.S. grew their millennial populations by 14.4 percent on average between 2007 and 2015, but that growth has dropped to only about 1 percent on average.

"I think it's really just a national problem rather than something that specifically has to do with Philadelphia," JLL Senior Vice President and Senior Director of Research for Philadelphia Lauren Gilchrist said.



CHRIS KENDIG FOR CAMPUS PHILLY

Millennials in college said they would stay in Philadelphia after graduating.

Young people aren't fleeing the city. Gilchrist said there's no evidence to suggest that millennials are leaving yet.

"The flattening just says that that group is staying here," she said.

But Philadelphia is not one of the cities that millennials are moving to either. Per a SmartAsset survey, millennials were most attracted to tech hub Seattle and the much smaller Columbia, S.C.

Big cities like Philadelphia are still growing, but growth rates have largely fallen from the highs of the early 2010s when the largest share of millennials were entering the workforce.

The Philadelphia-Camden-Wilmington metropolitan area saw only 0.4 percent growth from 2016 to 2017, but it outpaced growth in the suburbs over the same period, per data from the Brookings Institution. It's unusual for cities to grow faster than suburbs because historically, the opposite has usually been the case, Brookings Senior Fellow William Frey said.

Census data show growth in Philadelphia County's population aged 25-34 from 2010 to 2017, but the 15-24 age cohort shrunk as millennials aged out in that time.

That's because Generation Z, the cohort that comes after millennials, is much smaller in size than the millennial generation. It's comparable to the difference in population size between the baby boomers and Generation X.

"The millennial surge, or the millennial bulge, has been very important to Center City..." said Center City District President and CEO Paul Levy. "That bulge will not be as large in five or six years."

The city also sees a massive influx of young people because of its large college student populations. Philadelphia had significant growth in its population of 25-34-year-olds with college degrees, growing 98 percent from 2005 to 2016, according to a study from Campus Philly, a nonprofit whose mission is to encourage college students to live and work in the region.

And those students are staying. Deborah Diamond, president of Campus Philly, said more than 60 percent of students graduating from Philadelphia-area colleges and universities plan to stay in the city for some time after graduating. In late 2016,

Campus Philly surveyed more than 1,000 students from more than 40 of the area's colleges and universities and found that 67 percent of respondents said they would stay in Philadelphia for some time after graduation, up 9 percent from 2010. College-educated people are more likely to attract employers and start businesses, Diamond said.

Urooba Abid, a student at the University of Pennsylvania, said she would consider living in Philadelphia for several years after graduation. The New York native said Philadelphia is affordable compared to her hometown and where her brother lives in Boston, but that she sees the city as more of a place to get started than a place she would live in the long term.

But as the number of millennials in college drops, universities are recruiting international students, Levy said. International student enrollment doubled since the Great Recession, according to the Pew Research Center.

"People have this idea that most millennials are young white people living in Brooklyn, and that's not true," Frey said.

Millennials are the most diverse generation to date. Nearly half of them in the Philadelphia-Camden-Wilmington area are racial minorities, and racial minorities drove massive growth in metropolitan areas from 2010 to 2015, according to the Brookings Institution. Minority populations contributed to all of the growth of millennials in the Philadelphia-Camden-Wilmington area in that time period.

Population growth in large cities is also increasingly driven by immigration, which is particularly important when baby boomers are aging, fertility rates are low, and domestic migration out of large cities is up, Frey said.

Immigrants help supplement population lost from domestic outmigration from the Philadelphia area, but that has been threatened in recent years by President Donald Trump's strict immigration policies.

"That may be more of a significant threat to the city than retaining our college students," Diamond said.

Philadelphia's cost of living is lower than similar markets, Gilchrist said, and there's a long way to go until the city is truly unaffordable.

To live comfortably in Philadelphia, Go Banking Rates estimated a resident would need to make about \$60,000 a year if 50 percent of income is spent on necessities, 30 percent on spending and 20 percent going toward savings.

Zillow data determined the median home value in Philadelphia is \$147,800 and is expected to rise 13.4 percent in the next year. There is a moderate oversupply of apartments in Center City, but supply and demand are at equilibrium, per Center City District's annual housing report.

Philadelphia City Councilman-at-Large Allan Domb said 84 percent of the homes in the city are affordable to people earning \$60,000 annually.

"If the whole millennial population stops moving to cities, we'll be the last city they stop moving to," Domb said.

Philadelphia has also had growing technology and restaurant scenes, and there has been heavy investment in the area's transportation infrastructure.

Maria Chirico, 25, just moved to Philadelphia because she was looking for a change and she found the city to be relatively affordable. She's a nurse looking to work in forensic nursing, and she moved to Rittenhouse Square with her dog, paying about \$2,000 per month to live in one of the city's most fashionable neighborhoods.

"It's affordable for me, I guess, but I have no strings attached to anything," Chirico said. "If I had more strings, it may not be as affordable."

However, the city isn't affordable for other millennials. Jasmine Simmons, 28, lives in New Jersey because Philadelphia's cost of living is high for her — she moved out of New York for the same reason. But she works as a swim instructor in the city. She has a daughter, which makes her expenses higher than those of single millennials.

"I don't want to have to feel like I have to subject my daughter to a particular standard that other people don't have to live by," Simmons said. "I have to pay a high rate just to live that way, and I'd have to work 85 jobs just to live in the city."

Millennials are flocking to cities that are experiencing job growth, such as Cincinnati and the Raleigh/Durham area of North Carolina. Job growth in large cities has been strong, Gilchrist said, but it hasn't had the double-digit growth of smaller cities.

“When we think of where millennials are going, we think of where jobs are and we think of cost of living,” Gilchrist said.

Steven Sanchez, 25, works as a security guard at a bookstore and aspires to work in the creative field. He lives in the Camden area, but works in Philadelphia because there’s more of a chance for growth.

“There’s not much opportunity where I’m from,” Sanchez said. “I’d stay in Jersey to save more money, but then again, if I move out here, there’d be better opportunity.”

He hopes to work as a voice actor, and he said Philadelphia has more for actors and creatives than Camden does. He compared Philadelphia with New York in terms of finding opportunities.

“Of course this place is booming with life. It’s a really great place for opportunity for people like me,” he said.

To retain younger generations, Philadelphia needs to develop amenities beyond beer gardens and invest in amenities that survive past millennials — 25 year olds have far different needs from even 35 year olds, the Center City District’s Levy said. He argued that Philadelphia needs more dynamic job growth and improve its schools to build retention. While beer gardens are cool, Levy said, they don’t pay off student loans.

“We can’t sit on our rear end and take for granted the idea that millennials are forever,” Levy said.

The city needs to be proactive.

“We need to do everything possible to make sure millennials continue to come here and continue to stay here,” Domb said. “They are the future.”

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