

## Pursuits

# Millennial Americans Are Moving to the 'Burbs, Buying Big SUVs

by **Keith Naughton**  
August 22, 2017

- ▶ Cohort is starting to embrace home ownership, larger autos.
- ▶ Generation is 'making very similar decisions to their parents.

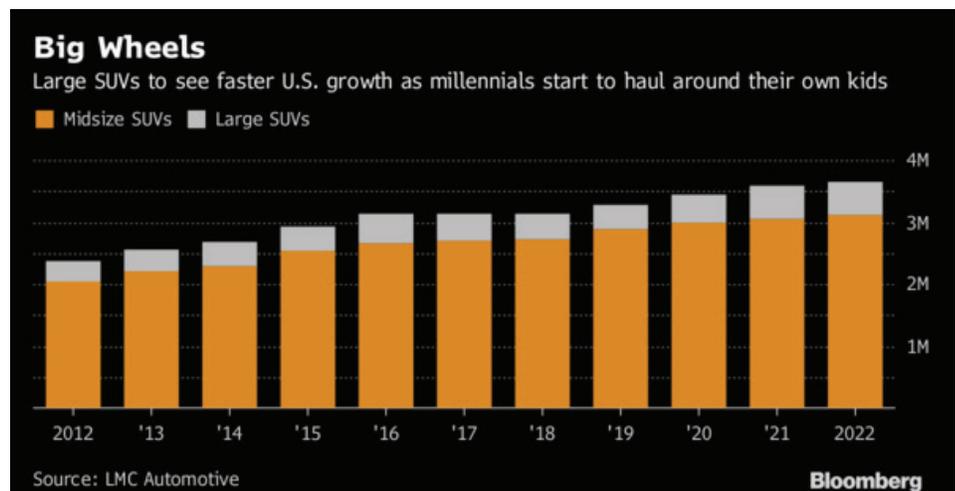
Millennials are finally starting their own baby boom and heading for the suburbs in big sport utility vehicles, much like their parents did.

Americans aged about 18 to 34 have become the largest group of homebuyers, and almost half live in the suburbs, according to Zillow Group data. As they shop for bigger homes to accommodate growing families, they're upsizing their vehicles to match. U.S. industry sales of large SUVs have jumped 11 percent in the first half of the year, Ford Motor Co. estimates, compared with increases of 9 percent for midsize and 4 percent for small SUVs.

"We do see that demographic group driving larger sport utility sales as they acquire homes, create families and gain some wealth," said Michelle Krebs, an analyst at car-shopping website Autotrader. "They started with compact sport utilities and now, with families, they're moving up."

The shift to suburbia may surprise those who've chided millennials for being more interested in pricey avocado toast than in saving for a home. Much of the generation delayed marriage, childbearing and home ownership after graduating with heaping student-loan debt and entering a weak job market. As more millennials overcome this, many want the life of their baby-boomer parents -- the kids, the house in the 'burbs and the beefy SUV.

"As more people move out of their parents' basement -- and there's still quite a few living there -- we expect to see continued healthy demand for homes," said Svenja Gudell, chief economist for Zillow, which found millennials made up 42 percent of homebuyers last year. "Millennials delayed home ownership, just like



they delayed getting married and having kids, but now they're making very similar decisions to their parents."

### Strollers, Cribs

More millennials are expected to move up into bigger SUVs with three rows of seats and enough cargo space for strollers and portable cribs. Sales of midsize SUVs will grow by 16 percent between now and 2022, while deliveries of the biggest rigs -- think Ford Expeditions and Chevrolet Tahoes -- will jump 25 percent, according to a forecast by researcher LMC Automotive.

Millennials ranked having children, buying a suburban home and driving a big family vehicle higher in terms of importance than living in a major city or relying on alternate forms of transportation in a survey that Ford conducted in June.

"There's no question people are waiting longer, but people still want to have children," Erich Merkle, Ford's U.S. sales analyst, said in an interview. "As long as people have children and those children grow and acquire friendships, it requires more space."

Today, the largest group of midsize and large SUV buyers is between the ages of 35 and 44, Merkle said. That cohort, known as Gen X, is

significantly smaller than millennials, who are about 80 million strong.

### More Buyers

"There's going to be an extra 25 million people passing into and through the 35- to 44-year-old demographic over the next 10 to 15 years," Merkle said. "That's going to lead to a gradual increase in the growth of large and midsize SUVs that's already starting to happen."

Merkle wouldn't say if Ford expected sales of larger SUVs to eventually outpace compact utilities, a segment that's surged past family sedans like the Toyota Camry and Honda Accord. Ford forecasts that SUVs will grow to 45 percent of the U.S. market in the next five to seven years, from 40 percent now.

Increasingly, that growth will be driven by millennials, the oldest of whom have lifted the annual birthrate for women 30 to 34 to the highest level since 1964, according to the U.S. Centers for Disease Control and Prevention.

"As a sample size of one, I certainly need a lot of space because it's really tough to travel with a child," said Zillow's Gudell, who drives an Audi Q5 SUV.