Abstract: As millennials transition to being the primary driving force of global economies, their habits and preferences become increasingly critical to the future of commercial real estate. Compared with five years ago, millennial household heads have already seen rapid growth in their purchasing power, and they are expected to spend 171% more globally in 2022 than in 2012. In addition to their spending and income attributes, this article examines to what extent this segment of the population shares similar lifestyles and preferences and how much these traits depend on geography.

Defining Global Millennials

Millennials can loosely be defined as anyone born between 1980 and 2000; there is no universally agreed-upon standard. While age is certainly a major factor in defining millennials, what separates them most from other generations is their lifestyle. They tend to be better-educated, health-conscious, technology-adept, concerned about the common good—and they deeply value individuality and experiences.

These preferences have led to a relative delay in major life decisions when compared with Generation X and baby boomers. On average, millennials form households much later in their life, opting to lease rather than buy and waiting to begin family formation. These are typically the behaviors that define millennials globally and, while there is some variance by geography, for the most part these characteristics hold true.

Chart 1 displays the population sizes for these groups in 2017. As one would expect, the size of this population segment varies heavily depending on geography, ranging from nearly 210 million in China to four million in Canada.

The number of millennials in a given region or country may change slightly over time due to immigration, but this is an exercise in evaluating the same group of people over a 10-year span. In order to quantify millennial habits and interests, consumer expenditure was used as a predictive measure of preferences. However, due to data limitations, this article will focus on millennials who were between the ages of 20 and 29 in 2012. Therefore, this group would be between the ages of 25 and 34 in 2017, and 30 and 39 in 2022. Only millennials who are heads of households were considered in this analysis.

Lessons Learned

- Globally, millennial household heads will spend 171% more in 2022 than they did in 2012.
- The global expenditure share for millennials’ housing will decrease from almost 24% in 2012 to 21% in 2022.
- In 2012, millennials in the United States allocated more than 12% of their spending to health goods and medical services. In 2022, this figure will jump to nearly 15%, close to five times higher than the global average.
- By 2022, millennials in the United States and Europe will see significant growth in their spending on restaurants, leisure and recreation, continuing their typical patterns.
- Millennials in Latin America, the Middle East, and the Asia-Pacific region will depart from millennial spending tendencies through a decreased expenditure share on leisure and restaurants from 2012 to 2022.
- While overall spending by Canadian millennials will continue to resemble levels in the U.S. and Europe, their shares devoted to leisure and restaurants will, like Latin America, the Middle East and the Asia-Pacific region, decline.

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1 The Pew Research Center has recently suggested that anyone born between 1981 and 1996 be considered a millennial. Individuals born in that time frame were old enough to watch and comprehend 9/11 and the resulting conflicts in Afghanistan and Iraq; to enter the workforce at the height of the 2007-09 recession; and to come of age during the rise and spread of the internet. See Michael Dimock, "Defining Generations: Where Millennials End and Post-Millennials Begin," Fact Tank, Pew Research Center, March 1, 2018.

2 Millennials who are not heads of households, (e.g., students or those living with parents) may have entirely different spending habits since they do not have to dedicate any expenditures toward housing or other categories.
regions covered in this analysis are: Asia-Pacific, Canada, China, Europe, Latin America, the Middle East, and the United States.

Millennials in 2012

As shown in Chart 2, millennial heads of household range widely in total consumer expenditures globally. This is partly due to income, and in a case like Asia-Pacific, to a vast population that weighs down the per-capita figure.

United States

In the United States, the average millennial household spent nearly US$63,000 in 2012, the second-highest of all the geographies examined. Numbering about 44 million people (about 15 million millennial households), millennials represented 14% of the total population, but only 9% of total spending in 2012. Their expenditure patterns were fairly atypical compared globally. While a 10.2% and 21.3% expenditure share for food and beverage (F&B) and housing, respectively, were relatively similar to other countries, U.S. millennials spent a disproportionate amount on health goods and medical services and education. (See Chart 3.)

With 12.2% of their expenditures being health-related, millennials in the U.S. allocate a share to this category five times

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3 Because China’s large population would skew the sample for the Asia-Pacific as a whole, making it difficult to compare across geographies, this piece analyzes the region separately from that nation. The countries included in this regional group are: Australia, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam.

4 “Europe” covers 28 countries—the EU-28, minus Luxembourg, Malta and Cyprus, plus Norway, Switzerland, Bosnia-Herzegovina, Macedonia, and Serbia.

5 The countries included in the Middle East region are: Bahrain, Egypt, Iran, Israel, Jordan, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates.
larger than any other region. Education, representing another 4.2% of expenditures, is a noticeably high component of the "other goods and services" category.

**Canada**

Canadian millennials, while geographically close to those in the U.S., exhibit significantly different spending patterns. Nearly 1.3 million millennials who are heads of households spent an average of about US$70,000 in 2012, slightly larger than that of the United States. Roughly a quarter (25.4%) of this group’s expenditure goes towards housing.

With universal health care lightening the burden of medical costs, Canadian millennials are able to allocate more expenditure to other categories, namely household goods, leisure and recreation, and restaurants.

**Europe**

In 2012, there were about 66 million millennials in Europe. Of this group, more than 18 million are heads of households, and they spent on average nearly US$45,000. Due to the marked socio-economic differences across Europe, these figures can vary from country to country. Europeans display similar spending patterns to those in Canada, as a majority of their spending revolves around housing and transportation.

In 2012, 20-to-29 year-olds devoted roughly 30% of their expenditure to housing. This is comparatively high, but European millennials still manage to spend a fairly large share of their expenditure on leisure, recreation, and restaurants.

**Latin America**

A fairly youthful region, Latin America accounts for more than 85 million millennials, representing 17.8% of the population in the area, the second highest of the seven regions. However, there are only about 18 million millennial households in the region, roughly the same as Europe even though there is such a large disparity in total millennials. The group of head-of-household millennials spent roughly US$21,000 in 2012.

Notably, Latin American millennials direct most of their expenditure towards housing consumption of F&B and transportation. While the consumption share of leisure slightly lags other geographies, millennials in Latin America spend above-average shares on hotels and restaurants.

**Asia-Pacific**

While Canada and the United States are fairly straightforward to compare, distance, population size and a much smaller total expenditure make the Asia-Pacific nations more challenging. This region contains nearly 120 million millennials. Only 23 million are heads of households, spending on average just more than US$20,000 in 2012, far less than Canada and the United States.

Examining the expenditure shares, home consumption of F&B stands out at 17%. This, however, does not imply that millennials in the region spend more on this category. Rather, because the total expenditure is much smaller, home consumption naturally reflects a larger share since spending on this category should vary much less by geography than other categories.

Even with low levels of total expenditure, millennials in the Asia-Pacific region spend the highest share of their income (one-tenth) on hotels and restaurants.

**Middle East**

Among the regions, the Middle East has the largest share of its population between the ages of 20 and 29 at just above 20%. A group of over 18 million households spent almost US$16,000 on average in 2012. More than half of their consumption is dedicated to two categories: F&B home consumption and housing. This leaves little spending to be distributed elsewhere. Interestingly, the Middle East is the only region in which the share of expenditure for

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*Chart 3: Consumer Expenditure Shares in 2012 by Geography*

Source: Euromonitor International

Note: Categories are in ascending order in the chart to align with the legend.
clothing and footwear is greater than that of both leisure and restaurants.

**China**

Slightly less than 18% of China’s massive millennial population qualifies as heads of households, the lowest among all analyzed regions. However, China still has the largest number of total millennial households, at nearly 38 million. This group spent about US$7,000 on average per household.

Much like the Middle East, Chinese millennials dedicate nearly half of their expenditures to the home consumption of food and housing. Remarkably, this group has the largest share of expenditure dedicated to clothing and footwear, at roughly 8.5%.

**Millennials in 2022: A 10-Year Evolution**

**United States**

By 2022, as seen in Chart 4, head-of-household millennials in the United States are projected to have an average expenditure of about US$124,000, nearly doubling their total from just 10 years before. In 2012, millennials allotted a relatively high proportion of their spending to healthcare and education. In 2022, this share is projected to rise even further, widening the gap between what U.S. millennials spend on these two categories and what global millennials spend. A surprising 14.8% of millennial consumption will be related to health goods and medical goods (see Chart 5). Likely income gains will fuel expenditure increases, making U.S. millennials the biggest spenders in the age group globally.

When examining millennials’ spending allocation, an interesting trend appears that confirms much about how they are viewed, especially those in the U.S. With a higher capacity for discretionary spending, 30-39 year olds in 2022 will allocate a much lower share to clothing and footwear than their 20-29 year-old selves. This spending will be redistributed to leisure, recreation, and dining. This age group has been characterized as experience-oriented, and in 2022 it seems this preference will be even more evident.

**Canada**

Canadian head-of-household millennials will spend more than US$75,000 in 2022, representing a 9% increase from 2012, the lowest of all regions over the decade. They will see a decrease in the traditional millennial spending categories, such as leisure and restaurants. Though the share decline departs from the pattern seen in the U.S. and Europe, overall spending remains closer to these regions than to Latin America, the Middle East and the Asia-Pacific region.

**Europe**

European millennials will see their average expenditure rise by 18%, to just above US$53,000. This growth will also yield a significant decrease in housing expenditure, from over 30% to just below 25%. However, this share is still one of the largest of all geographies. Spending is projected to be redistributed evenly across all categories, but leisure and recreation, along with hotels and restaurants, should record among the largest increases. Similar to the United States, this seems to indicate preferences that align closely with the perception of millennials as being more interested in experiences than in material goods.

**Latin America**

While Latin America had one of the smallest total expenditures in 2012, they are expected to grow by only 11% by 2022, the second-lowest of all regions. With a total 2022 spending of US$23,000, Latin America will be overtaken by both the Middle East and Asia-Pacific regions. One area in which Latin American millennials will lag is housing, which will account for only 14% of their expenditures, compared with at least 20% for the other regions. This potentially indicates that these millennials are dependent on their families for housing, even if they are heads of households.

Millennials will allot a higher share of expenditures to transportation (nearly 18%) than housing, as this figure continues to grow to more than five percentage points over the global average. Accompanying this increase is a decrease in leisure and restaurant spending.
Asia-Pacific

The Asia-Pacific region is projected to spend more than US$26,000 per millennial household in 2022, up 31% from 2012. The housing share of expenditure is projected to drop by nearly six percentage points, one of the largest changes in the major categories over the 10-year period. This is likely due to a higher total expenditure and income.

More surprisingly, the home consumption of F&B is projected to rise by four percentage points, while every other region except Latin America (which is forecasted to grow by just over one percentage point) decreased in this category. Consequently, declines are expected to occur in shares of leisure/recreation and restaurants. This indicates a shift away from what would be considered typical millennial tendencies.

Middle East

Millennials in the Middle East are set to undergo a much more favorable transformation than those in Latin America. Their total expenditure is projected to grow to over US$23,000 per millennial household, representing a growth rate of 48%, the highest of all geographies excluding the United States and China. Millennials in the Middle East are the only cohort to see their housing expenditure share rise by a marginal amount, potentially indicating that property development is growing faster than millennial incomes. Other categories will stay relatively close to their 2012 levels.

China

Millennial households in China are projected to see the largest growth in average expenditure, doubling to almost US$14,000 by 2022. China will also undergo the largest growth in households, up to 91 million.

Unlike other parts of the Asia-Pacific region, China will see a sharp decrease in millennials’ F&B consumption at home. Increasing costs will raise the share of transportation to about the global average for the age segment. Even though the share of millennials’ spending on clothing and footwear is projected to decrease to about 7.5% in 2022, that will still represent the highest of all geographies. Consequently, Chinese millennials will experience the third-largest growth in leisure and recreation, indicating the shift towards some typical millennial consumption patterns.

Regional Evolution

As the role of millennials changes in their respective regions, so too will their defining characteristics. Certain traits of the typical millennial—education, health and social consciousness, and technology adoption—seem unlikely to change. However, as they progress, the socio-economic context of their respective geographies will muddle the global millennial definition.

While not perfect, certain spending categories are indicative of millennial tendencies. Spending on leisure and recreation, hotels and restaurants, and health align with expectations of this demographic. On the other hand, spending on clothing and footwear, household goods, and more tangible objects can be seen as deviating from millennial spending patterns.

Millennials in the U.S. and Europe will continue to channel their spending towards experiences. Canadian millennials are similar, but are stunted slightly by less growth in total expenditure.

In other regions, such as Asia-Pacific, Latin America and the Middle East, where income and expenditures are not as high, the differences between millennials and other generations will become less visible.

Though millennials’ share of spending in China is trending in the same direction as their counterparts in the U.S. and Europe, overall size does not match these yet. In China, wealthier millennials will gravitate toward leisure, recreation, and restaurants, while the spending of most of the group will more closely resemble previous generations.

In this way, rising expenditures and positive economic environments allow millennials to further pursue their preferences. Millennial behaviors are bifurcated between regions with positive
economic outlooks and those with fewer signs of growth. It is important to note that these two convergence points will be dramatically different in 2022 than they were in 2012, making the global criteria for millennials much more disparate.

Looking Ahead

While economic limitations may diminish some millennials’ interests in individuality and entertainment, others will act unlike their parents and continue to delay many major life decisions for the sake of flexibility and experiences. By 2022, however, their similarities to prior generations should become more obvious.

In the United States, health service and experiential tenants will become a priority for developers. European millennials, projected for a boost in total expenditure, will see their spending shares shift to leisure and restaurants. Canadian millennials are in the same range as the U.S. and Europe in terms of overall levels, but with declining shares.

The Asia-Pacific region, Latin America and the Middle East should move away from these characteristic millennial preferences with decreases in expenditure share for leisure and restaurants. Rather, they should experience gains in the home consumption of F&B, housing, and household goods, potentially indicating the beginnings of household formation.

China will see mixed results, with wealthier pockets of millennials shifting towards typical millennial behaviors.

Overall, global millennials are currently undergoing the largest increase in expenditure in their lifetime. Due to the magnitude of this change, retail real estate, along with many other industries, will have to stay ahead of this key age group’s preferences: in this case, by adapting their spaces, providing a more experiential atmosphere and filling their properties with retailers and tenants that align with millennials’ interests.

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