CELEBRATING NMHC 40 1978–2018

MEDIA RESEARCH AND APARTMENT LIVING

NMHC – April 18, 2018

Martin Block, Ph.D.
Northwestern University
mp-block@northwestern.edu

@ApartmentWire
#NMHCresearch

AMERICAN CONSUMER

Represented by 14 years of Prosper annual online data collected since 2005, total of 249,259 completions (15,770 in January 2018), plus another 240,000 completions from monthly surveys.

Demographic changes

- Consumers are older, increasing about one month per year on average. Over 55 increasing, 35 to 54 decreasing.
- Increase in single, never married. Decrease in household with children present.
- Decreases in Pacific and East North Central regions, increases in New England, Mid-Atlantic and South Atlantic.
- Fastest growing ethnicity is Hispanic, followed by African American, and Asian.

Financial Well-Being

- Those with college degrees and post graduate education have increased at almost 1% per year, today accounting for 45% of the adult population.
- The fastest growing occupational category is professional/managerial growing at more than 1% per year. Retired is growing, unemployed is decreasing.
- Average household incomes are growing at a rate of $2,150 per year reaching $66,890 in March 2018.
- Households owning their homes have increased slightly, whereas households renting has decreased.
- Consumers are feeling better off than last year, improving at a rate of 2.5% per year, and wealthier than last year improving at a rate of nearly 1.5% per year.
- Consumer confidence is soaring. Over half report being confident or very confident in the economy. This has increased at an annual rate of 4.5%.

Media Trends

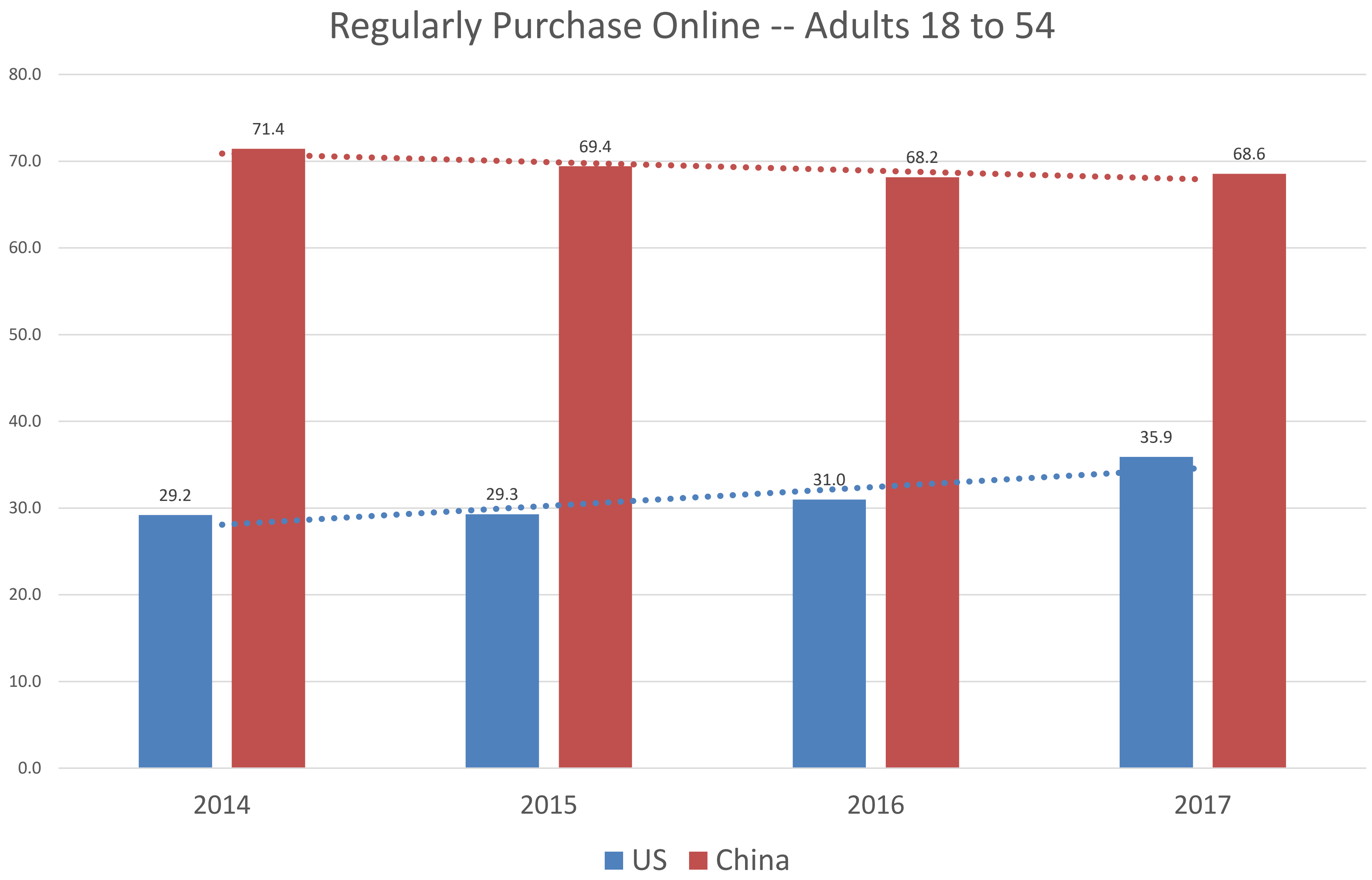
- Internet and social media usage have increased, while newspaper have steadily decreased.
- Online fun and entertainment activities are changing. Fastest growing are watching TV programs and video sharing, while downloading music and video is decreasing. Also talking to friends is increasing, while participating in an online community is decreasing. Gambling and video games are also rising.
- TV programs watched are also changing, cartoons and game shows are on the rise while passive shows such as police dramas are sharply decreasing.
- There are different patterns among age groups. Sports programs are declining across all age groups.
- Younger viewing segments seems to favor programming that is more participatory, whereas older segments prefer programming that is more oriented to passive viewing or being a spectator.
- Males seem to prefer programming that is more realistic, whereas females seem to prefer programming that is fantasy oriented

Shopping Trends

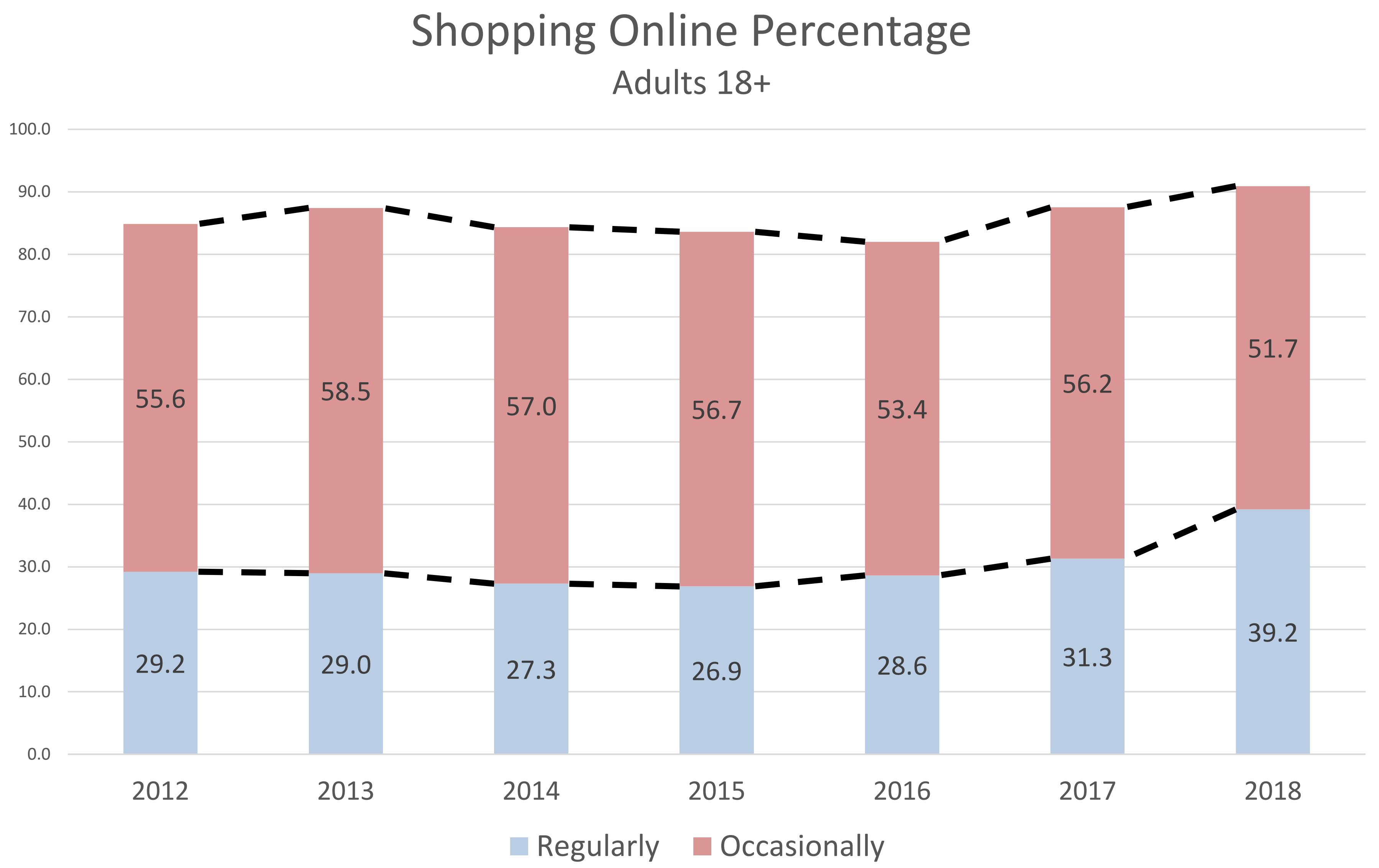
- Steady increase in online shopping, including move to regularly shopping from occasionally shopping online.
- Online shopping about half the rate in China.
- Amazon domination.

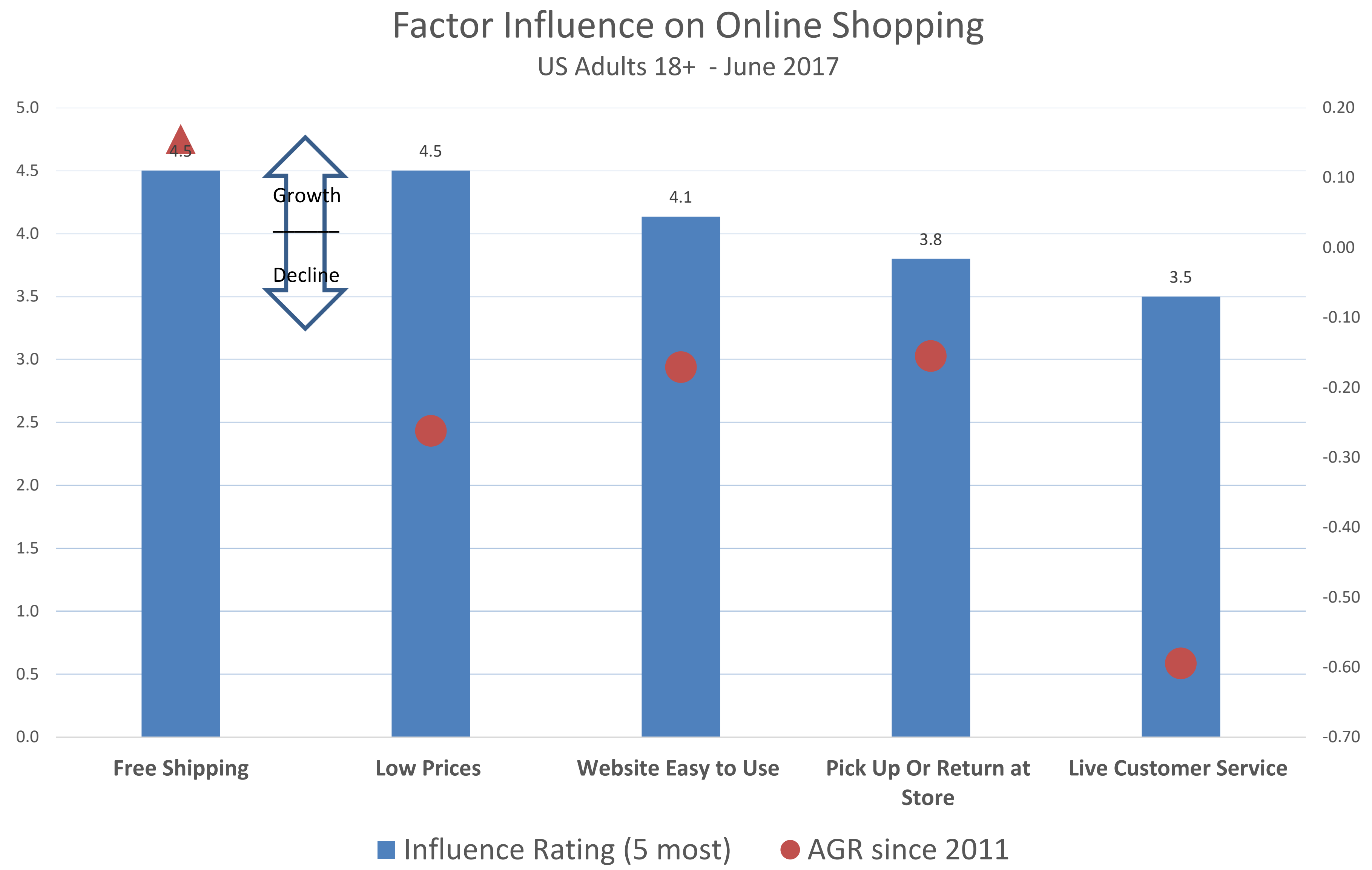
Prosper
INSIGHTS & ANALYTICS™

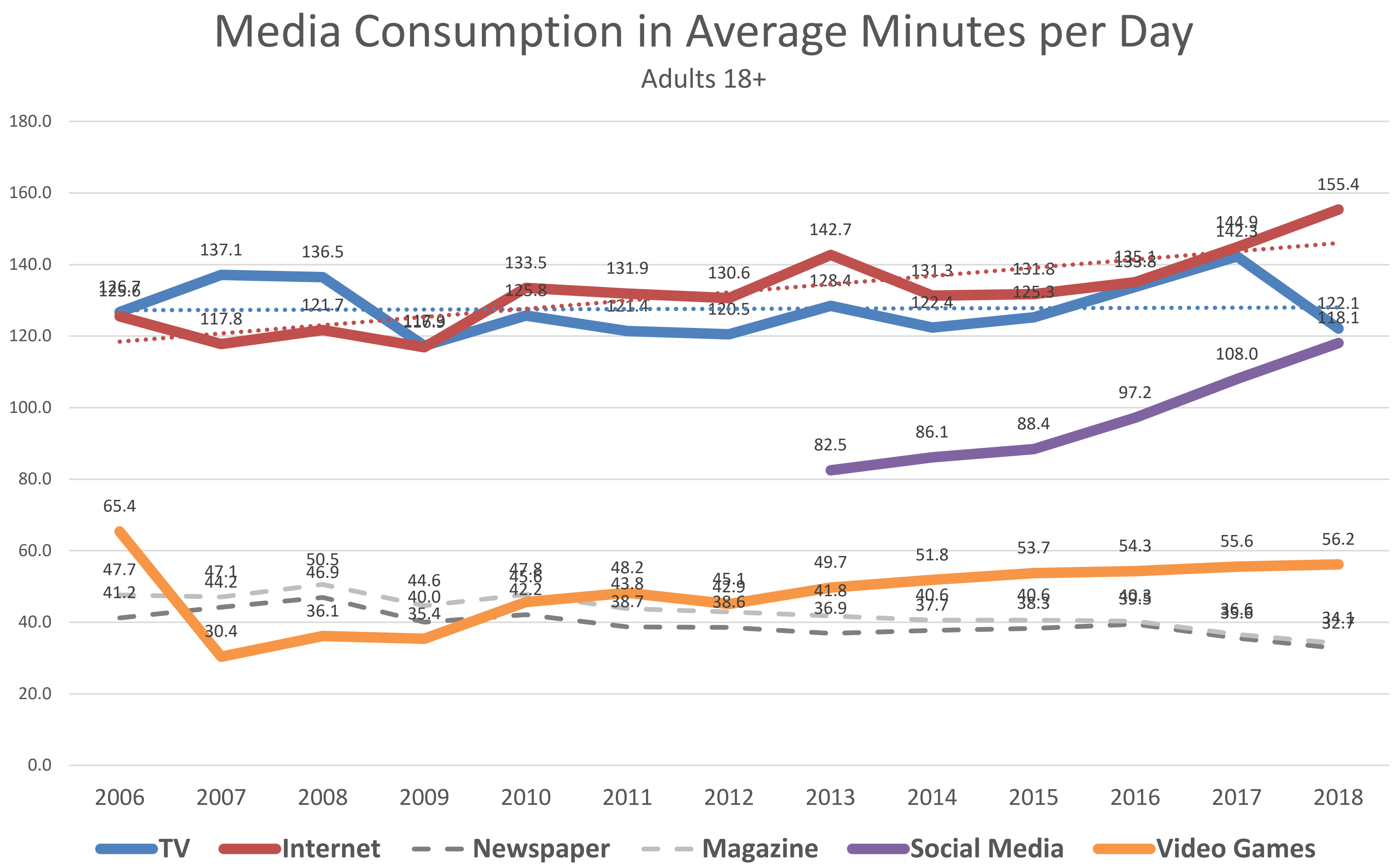
acxiom
Walmart
National Retail Federation
The Voice of Retail Worldwide
JCPenney
Morgan Stanley
integer
WPP
nick
ConAgra Foods
Food you love
Disney
SC Johnson
A Family Company
Televisa
Stein Mart
Google
iab.
meijer
mspark
ignite results
Valassis
OmnicomGroup
Forbes
J W T
PHILIPS
Henkel
COSTCO
WHOLESALE
SCHAWK!
Kimberly-Clark



Regularly Purchase Online -- Adults 18 to 54
80.0
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
71.4
69.4
68.2
68.6
29.2
29.3
31.0
35.9
2014
2015
2016
2017
US
China


Shopping Online Percentage
Adults 18+
100.0
90.0
80.0
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
55.6
58.5
57.0
56.7
53.4
56.2
51.7
29.2
29.0
27.3
26.9
28.6
31.3
39.2
2012
2013
2014
2015
2016
2017
2018
Regularly
Occasionally


Factor Influence on Online Shopping
US Adults 18+ - June 2017
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
0.20
0.10
0.00
-0.10
-0.20
-0.30
-0.40
-0.50
-0.60
-0.70
4.5
4.5
4.1
3.8
3.5
Growth
Decline
Free Shipping
Low Prices
Website Easy to Use
Pick Up Or Return at Store
Live Customer Service
Influence Rating (5 most)
AGR since 2011



@ApartmentWire
#NMHCresearch

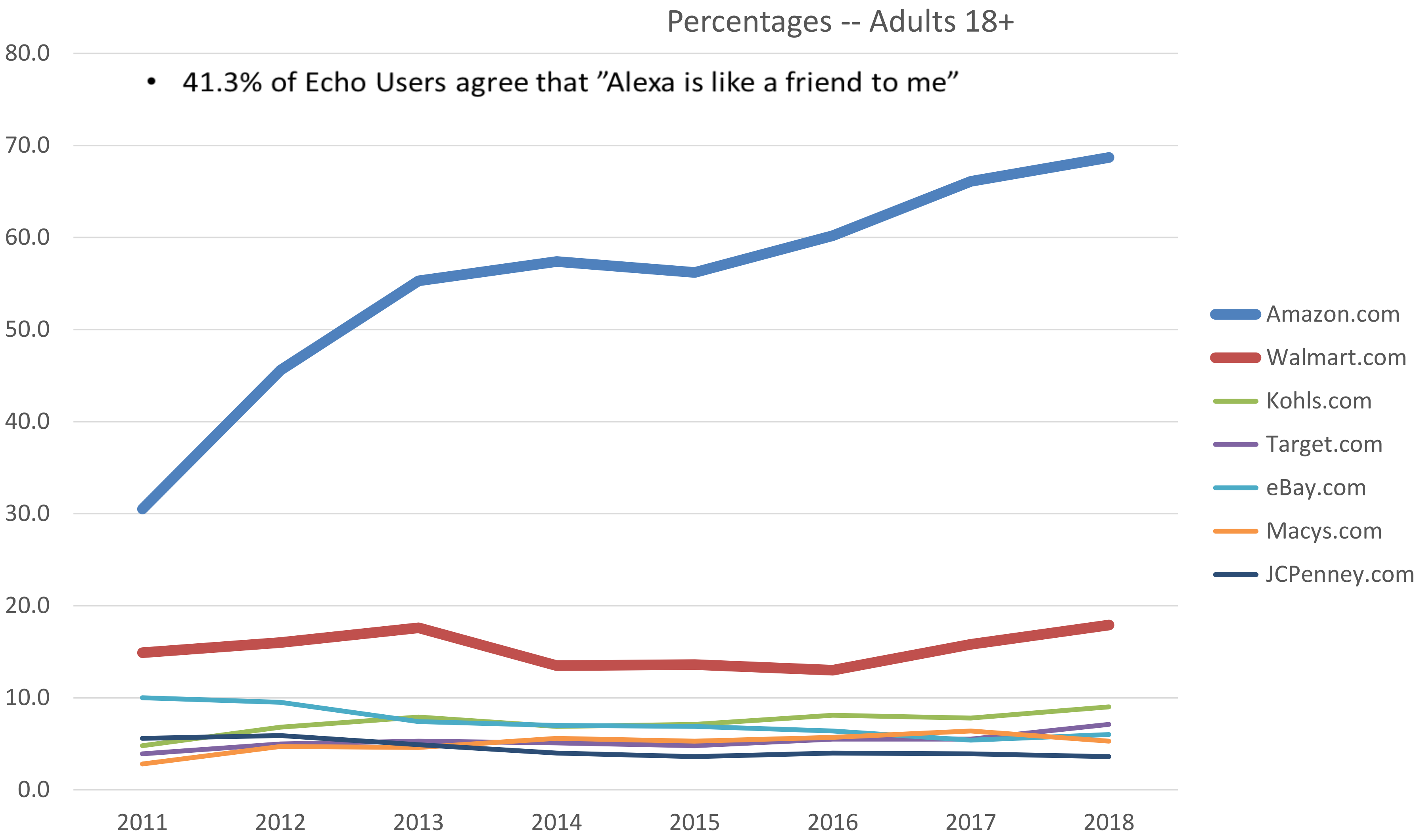
GROWTH IN SUBSCRIPTION SERVICES

PERCENTS - ADULTS 18+

	Satellite TV	Cable TV	High Speed Internet	Fiber TV/ Internet	Streaming Mobile Device	Subscription Services*
2013	31.8	73.0	69.1	13.0	6.8	42.4
2014	35.3	75.4	66.3	14.4	7.3	47.1
2015	34.4	74.5	63.9	15.8	7.6	50.5
2016	32.4	71.7	66.2	17.7	9.0	53.9
2017	31.4	72.3	68.7	16.5	12.6	58.8
2018	29.0	71.1	71.4	15.5	14.2	69.2
AGR	-0.79	-0.62	0.60	0.59	1.55	4.93

*Netflix, Amazon, etc.

E-Commerce Preference



- 41.3% of Echo Users agree that "Alexa is like a friend to me"

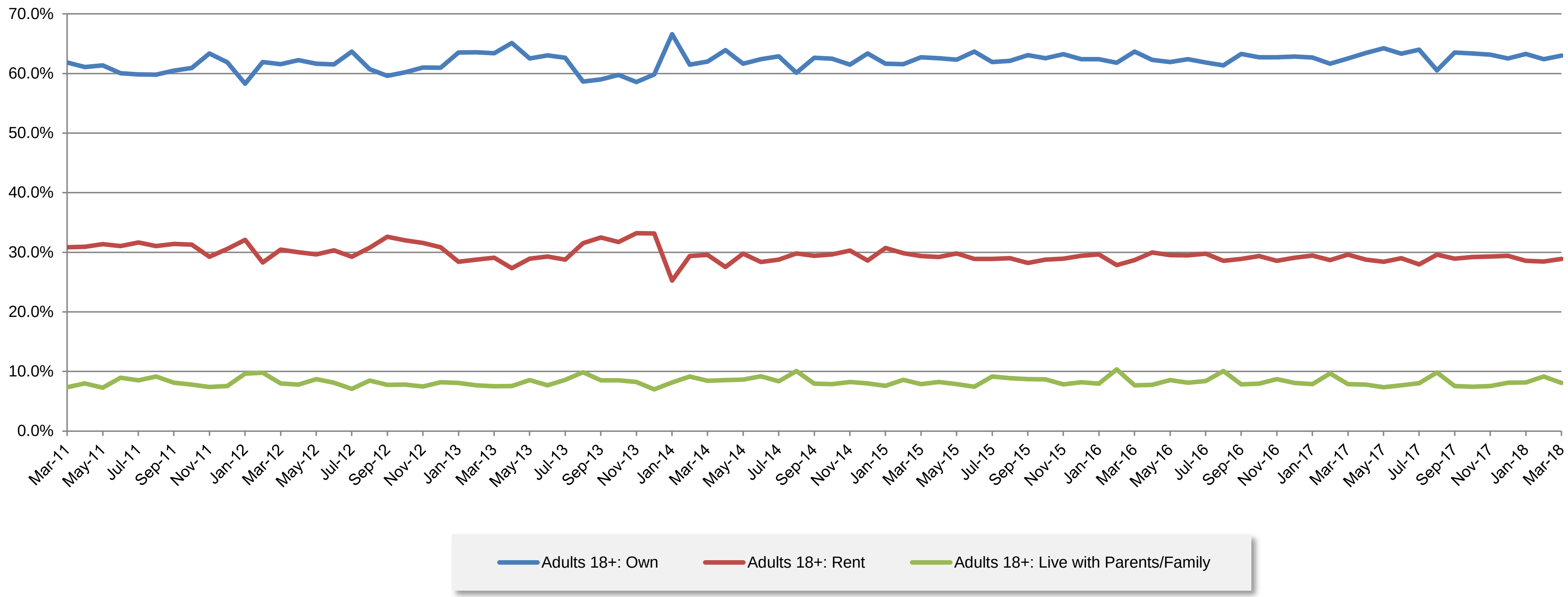
HOUSEHOLD STATUS BY SELECTED DEMOGRAPHICS

JANUARY 2018

	Own	Live with Family	Low Rent[1]	High Rent[2]	All 18+	High Rent Index
Percent	**62.4**	**7.3**	**26.3**	**3.9**	100.0	
Income ($)	72.9	50.2	33.9	106.1	62.4	170.0
Age (years)	52.4	33.3	44.8	42.4	48.6	87.2
African American	5.6	12.3	14.0	7.4	8.4	88.1
Hispanic	6.2	12.8	11.0	8.6	8.0	107.5
Own Dog	52.9	43.3	35.5	39.8	47.1	84.5
Male	50.4	42.3	43.4	47.5	47.9	99.2
Children in Household	32.7	27.9	27.7	36.4	31.2	116.7
Married	63.6	5.5	28.3	51.7	49.6	104.2
Single, Never Married	16.2	77.9	35.7	22.0	26.1	84.3
Professional/Managerial	23.7	5.9	11.3	38.3	19.7	194.4
Clerical or Service Worker	8.4	7.7	10.1	10.6	8.9	119.1
Homemaker	9.4	4.5	10.4	9.1	9.3	97.8
Retired	26.9	3.9	15.4	7.7	21.5	35.8

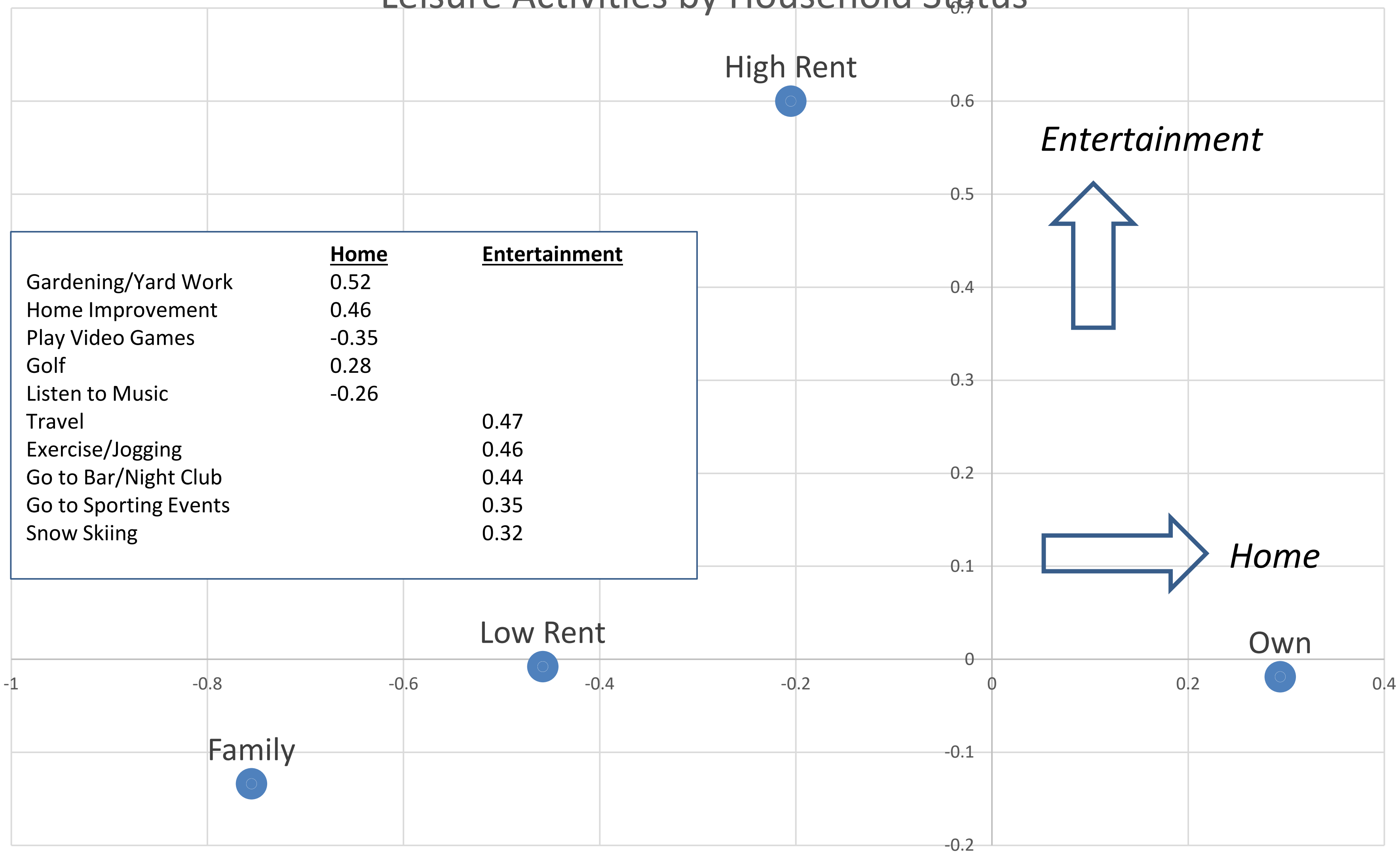
1 -- Renting with incomes under $75,000
2 – Renting with incomes over $75,000

What Is Your Household Status? (Mar-2018)



Source: Prosper Insights & Analytics™, Monthly Consumer Survey

Leisure Activities by Household Status



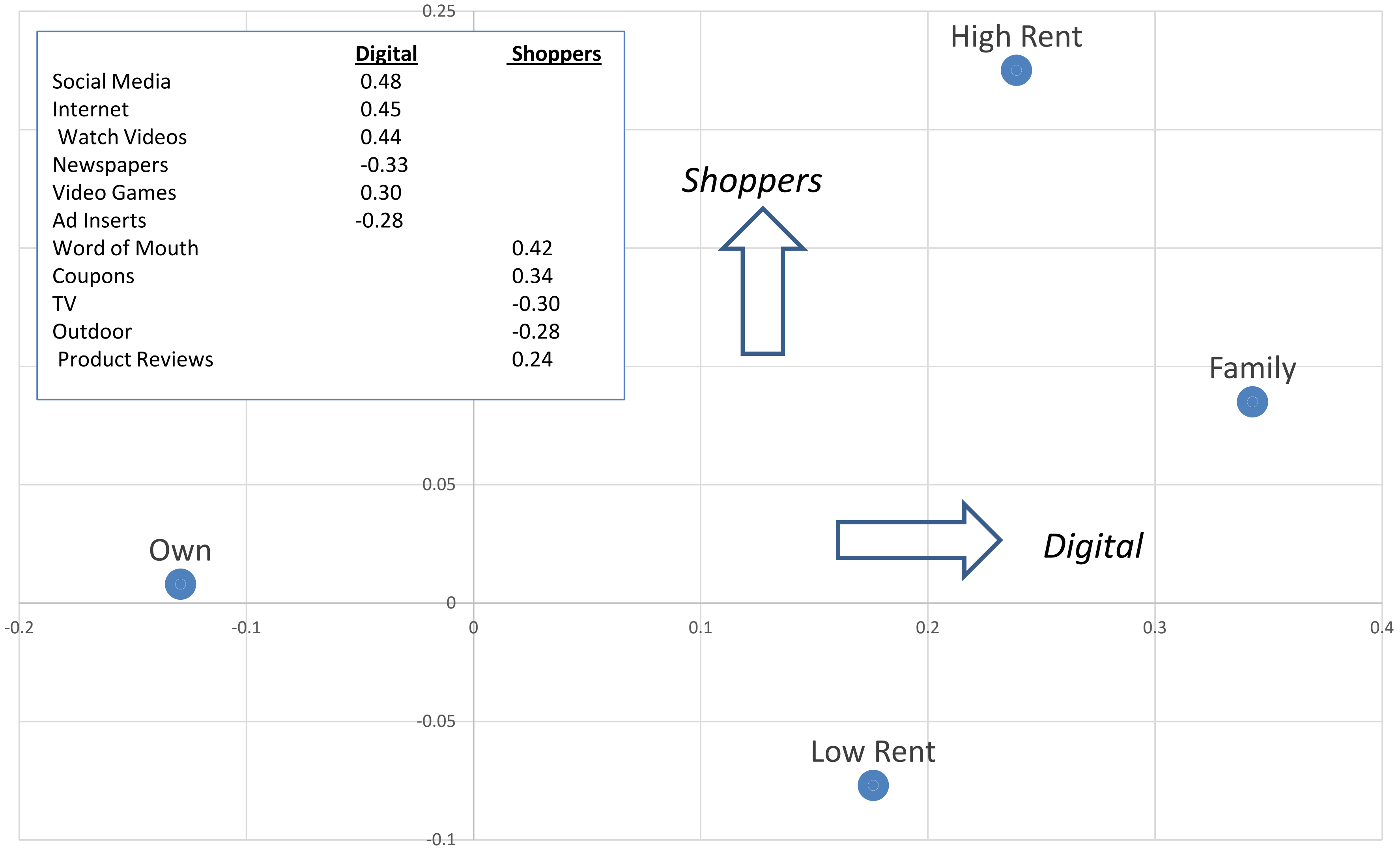
	Home	**Entertainment**
Gardening/Yard Work	0.52	
Home Improvement	0.46	
Play Video Games	-0.35	
Golf	0.28	
Listen to Music	-0.26	
Travel		0.47
Exercise/Jogging		0.46
Go to Bar/Night Club		0.44
Go to Sporting Events		0.35
Snow Skiing		0.32

AVERAGE MEDIA AND PROMOTION INFLUENCE BY HIGH RENT

	Adults 18+ 2017	Adults 18+ 2018	AGR*	High Rent	Index
Word of Mouth	27.1	24.5	-1.12	23.9	97.7
Internet	24.5	23.7	2.93	25.5	107.4
Coupons	21.7	20.3	-0.56	19.6	96.6
Product Reviews		20.6		17.8	86.4
TV	18.3	15.7	-1.05	16.3	103.9
In-Store Promotion	19.2	13.6	0.24	14.1	103.9
Direct Mail	14.9	12.3	-0.95	11.9	96.7
eMail	12.9	11.6	1.15	11.9	102.8
Social Media	12.5	11.4	3.03	13.6	119.5
Read an Article	13.3	11.3	-1.74	11.5	101.5
Inserts	13.4	11.2	-2.54	10.8	96.2
Magazines	10.2	8.7	-2.40	9.2	106.2
Newspaper	10.2	7.9	-2.60	7.3	92.4
Mobile	8.8	7.6	3.01	9.2	121.1
Videos	8.2	7.4	6.12	9.1	122.3
Radio	9.1	7.4	-1.37	8.1	109.2
Product Placement	8.4	6.8	-0.28	7.5	110.4
Outdoor	6.5	5.4	-0.22	6.1	112.6
Texts	5.8	5.1	4.86	5.9	116.5

*14 years

Purchase Influence by Household Status



	Digital	Shoppers
Social Media	0.48	
Internet	0.45	
Watch Videos	0.44	
Newspapers	-0.33	
Video Games	0.30	
Ad Inserts	-0.28	
Word of Mouth		0.42
Coupons		0.34
TV		-0.30
Outdoor		-0.28
Product Reviews		0.24

PSYCHOLOGICAL AND PERSONALITY VARIABLES

Extraversion: Characterized by excitability, sociability, talkativeness, assertiveness and high amounts of emotional expressiveness.

Agreeableness: Includes attributes such as trust, altruism, kindness, affection and other prosocial behaviors.

Conscientiousness: High levels of thoughtfulness, with good impulse control and goal-directed behaviors.

Neuroticism (Emotional Stability): Characterized by sadness, moodiness, and emotional instability.

Openness: Characteristics such as imagination and insight, and those high in this trait also tend to have a broad range of interests

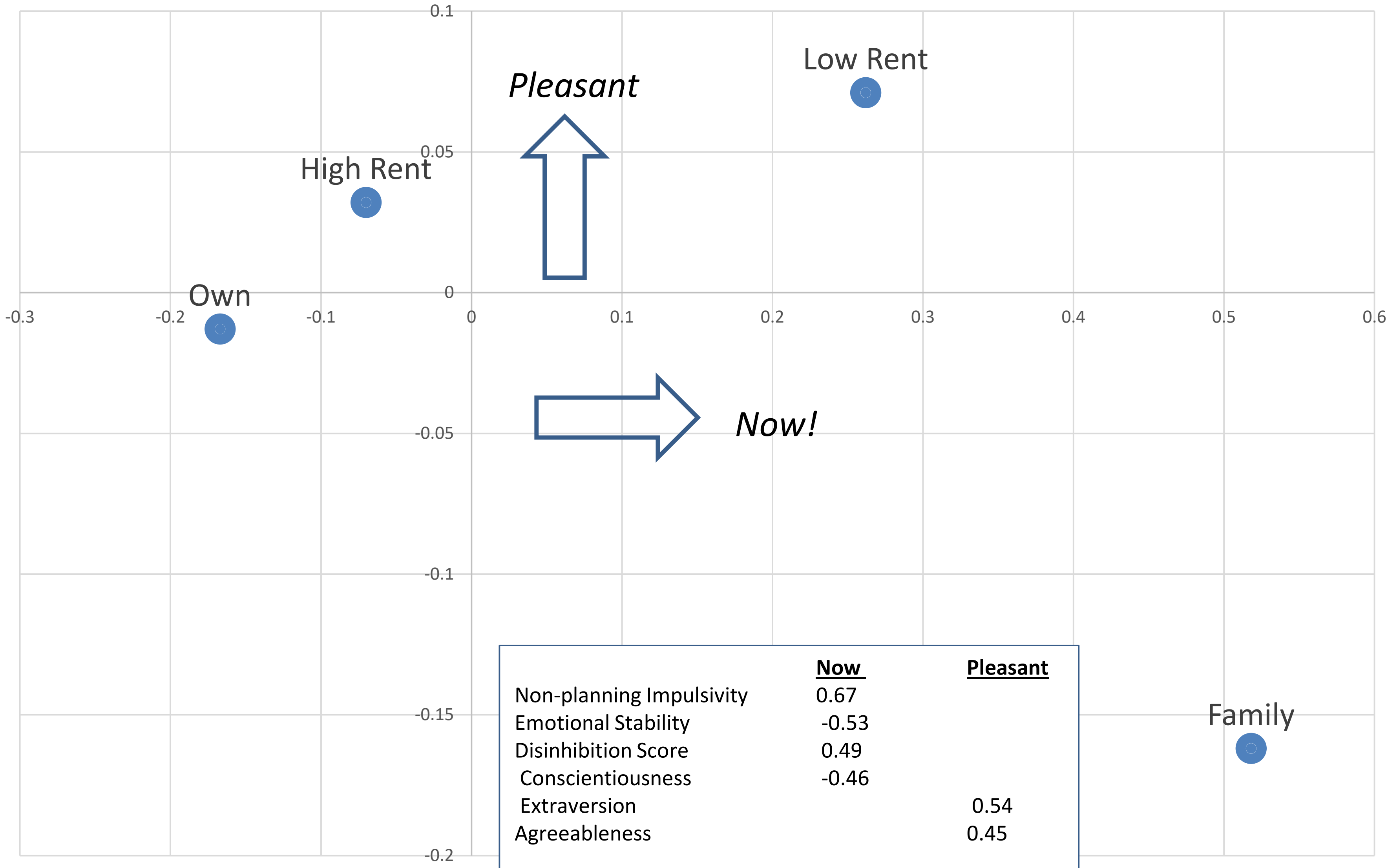
Disinhibition: Lack of restraint manifested in several ways, affecting motor, instinctual, emotional, cognitive, and perceptual aspects.

Attentional Impulsiveness: Task-focus, intrusive thoughts and racing thoughts

Motor Impulsiveness: Tendency to act on the spur of the moment and consistency of lifestyle

Non-planning Impulsiveness: Careful thinking and planning and enjoyment of challenging mental tasks

Psychological Characrteristics by Household Status



	Now	Pleasant
Non-planning Impulsivity	0.67	
Emotional Stability	-0.53	
Disinhibition Score	0.49	
Conscientiousness	-0.46	
Extraversion		0.54
Agreeableness		0.45

PLANS IN THE NEXT 6 MONTHS
JANUARY 2018

Life Events

	High Rent	All 18+	Index
New job	17.6	12.4	142.5
Moving	20.6	10.0	205.9
Buying house	14.4	6.1	236.4
Starting college	6.4	4.4	145.1
Getting married	6.5	3.0	215.8
Expecting baby	5.4	2.9	186.0
Retiring	2.0	1.6	127.0
Getting divorced	2.2	1.4	154.3
None	51.2	68.0	75.3

Major Purchase

	High Rent	All 18+	Index
Vacation travel	29.7	22.0	134.9
Computer	22.3	17.6	126.7
Furniture	22.3	14.1	158.0
TV	16.4	13.5	121.6
Home appliances	14.3	12.5	114.4
Mobile device	12.8	10.3	123.3
Home repair	5.5	9.6	57.5
House	12.4	5.2	238.8
Jewelry/watch	9.7	5.1	190.6
Smart watch	7.0	4.6	154.6
Digital assistant	4.5	2.6	174.5

SUMMARY

Based on China, online purchasing hovers around 70%, whereas in the US it is growing from 35%.

Free shipping the most important and growing influencing factor.

Amazon enjoys a dominant position in online preference.

About 4% of all adults 18+ currently rent and report incomes above $75,000.

High renters have considerably higher incomes and most likely to be employed in professional or managerial categories.

High renters are very “entertainment” oriented, and more likely to be “shoppers”.

High renters live less in the moment and are more pleasant than others.

High renters are very active in terms of life changing events and big purchases. A house is near the top of their list.

TOM BERNIER
SVP, NEW BUSINESS & RESEARCH

Bucksbaum Retail Properties

Chicago, IL

BACKGROUND:

- VP, Professional Services - Howard L. Green & Associates (Troy, MI)
  - Retail, real estate research and consulting firm
  - Lifestyle retailers, grocery stores, big-box retailers
  - Development companies

- SVP, Research & Strategy – General Growth Properties (Chicago, IL)
  - Second largest retail REIT
  - New development and redevelopment analysis
  - Consumer, retailer and real estate research

- SVP, New Business & Research – Bucksbaum Retail Properties (Chicago, IL)
  - New development identification
  - Retail leasing and strategy
  - Marketing strategy

CURRENT PROJECTS

NEWCITY LIFESTYLE & ENTERTAINMENT DISTRICT LINCOLN PARK

NEWCITY – Lincoln Park

- 199 - upscale rental residential units
- 360,000 square feet of retail, dining, entertainment and office space
  - ArcLight Cinemas
  - Mariano’s Grocery Store
  - Dick’s Sporting Goods
  - Yardhouse
  - Kings Bowling

“Live - Work - Play” - Transit Oriented

CURRENT PROJECTS

NEWCITY – Lincoln Park

NEWCITY
LIFESTYLE & ENTERTAINMENT DISTRICT
LINCOLN PARK

CURRENT PROJECTS

addison & clark

ADDISON & CLARK – Wrigleyville *(directly across from Wrigley Field)*

- 148 - upscale rental residential units
- 150,000 square feet of retail, dining, entertainment and office space
    - Cinemex Movie Theaters
    - Lucky Strike Social
    - Health Club
    - Harley-Davidson "*Experiential*" Showroom
    - Shake Shack

"Experience-based" - Transit Oriented

CURRENT PROJECTS

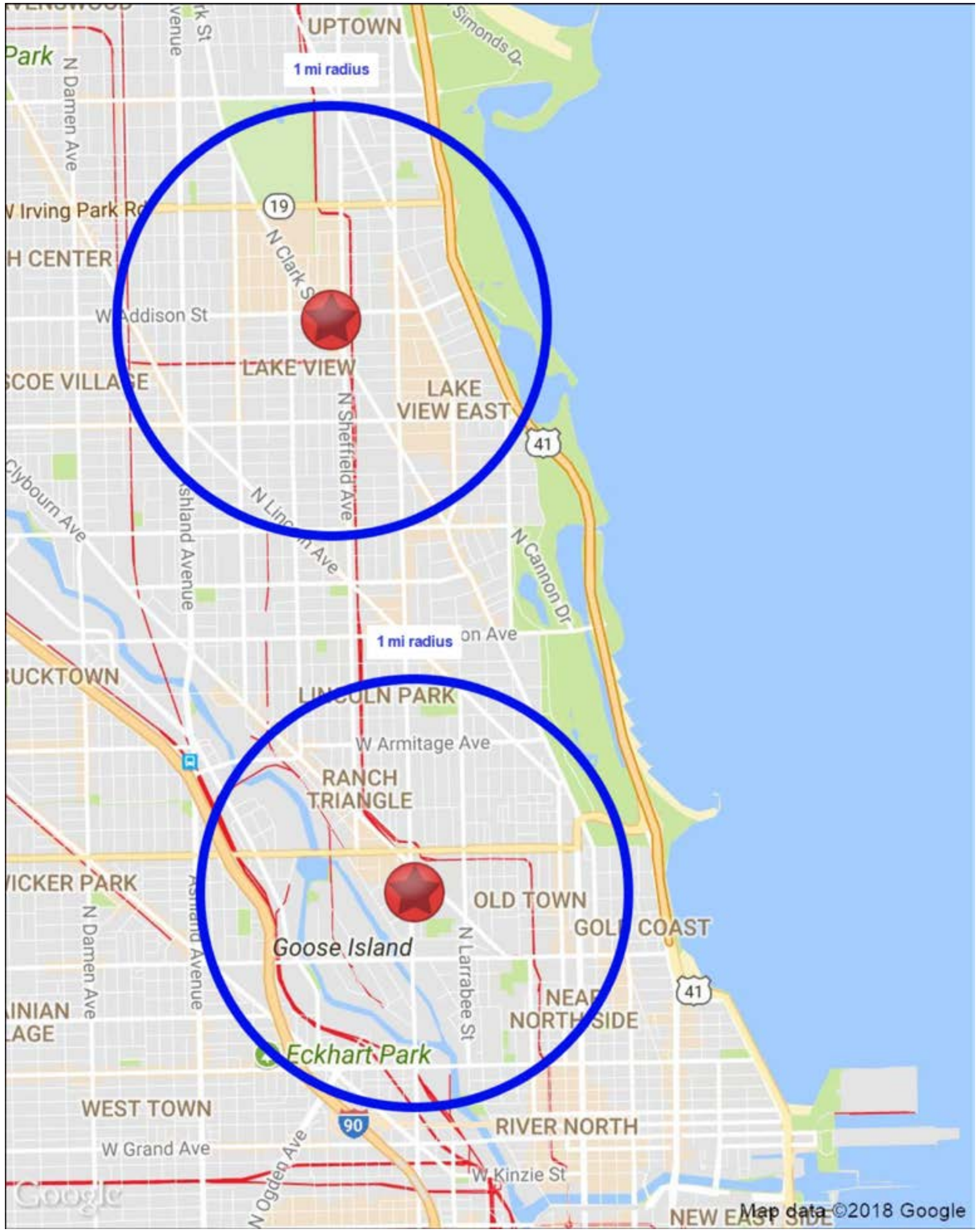
addison & clark

ADDISON & CLARK – Wrigleyville *(directly across from Wrigley Field)*

CURRENT PROJECTS

<u>ADDISON & CLARK – Wrigleyville *(directly across from Wrigley Field)*</u>

https://www.flickr.com/photos/62737823@N07/40383346844/in/album-72157694260342494/[flickr.com]



Similar but Vastly Different Projects:

1 Mile Radius Comparison		
	NewCity	Addison & Clark
Population	60,877	89,452
Avg. HH Income	$138,717	$123,857
Per Capita Income	$78,727	$73,134
Median Age	34.0 years	32.7 years
% Owner-Occupied	40.5%	36.4%
% 1 Detached Unit	21.0%	18.5%

THANK YOU!