

AMERICAN UNIVERSITY'S
KOGOD SCHOOL OF BUSINESS

GREATER WASHINGTON INDEX



MILLENNIALS

JANUARY 2016

**LETTER FROM KIM HORN,
PRESIDENT OF KAISER PERMANENTE OF THE MID-ATLANTIC STATES, INC.**

It is no surprise that Washington, DC, and surrounding communities comprise one of the country's most dynamic employment markets.

In this hub of government, industry, research, medical care, technology, and leading academia, we are actively working with partners to identify the best strategies to attract the Millennial generation to the workforce.

Kaiser Permanente of the Mid-Atlantic States is especially committed to tailoring opportunities for this influential generation to advance care and support innovation in healthcare delivery.

We are proud to invest in the enclosed 2016 Millennial Index compiled by American University's Kogod School of Business to explore the current climate, anticipate trends, and consider the many elements that will bring Millennials — with their unique talents and perspectives — to the region's workforce.

We hope you find this information compelling, useful, and empowering as you welcome future leaders to the Nation's Capital.



Kim Horn
President
Kaiser Permanente of the Mid-Atlantic States, Inc.



EXECUTIVE SUMMARY

Millennials are a large and important generation that will dominate the workforce over the coming decades. The greater Washington area attracted more than its fair share of these educated, diverse twenty-somethings during the recession and recovery, but now that pace has slowed. Should we be worried? And what does it mean for the future? The Kogod Greater Washington Index: Millennials was conceived to find out what Millennials want in a place to live and work, and to see how the greater Washington area measured up in 2015.

Overall, the news is positive: when weighted based on what Millennials value in a place to live, the greater Washington area scores 25% above the national average. The region is attractive to Millennials who value the many things to do, the prevalence of parks and nearby outdoor recreation, the diverse and passionate people and the many career

opportunities. Digging into the details, however, reveals a number of factors very important to Millennials where the greater Washington area is losing ground, most notably living costs, commute times and crime.

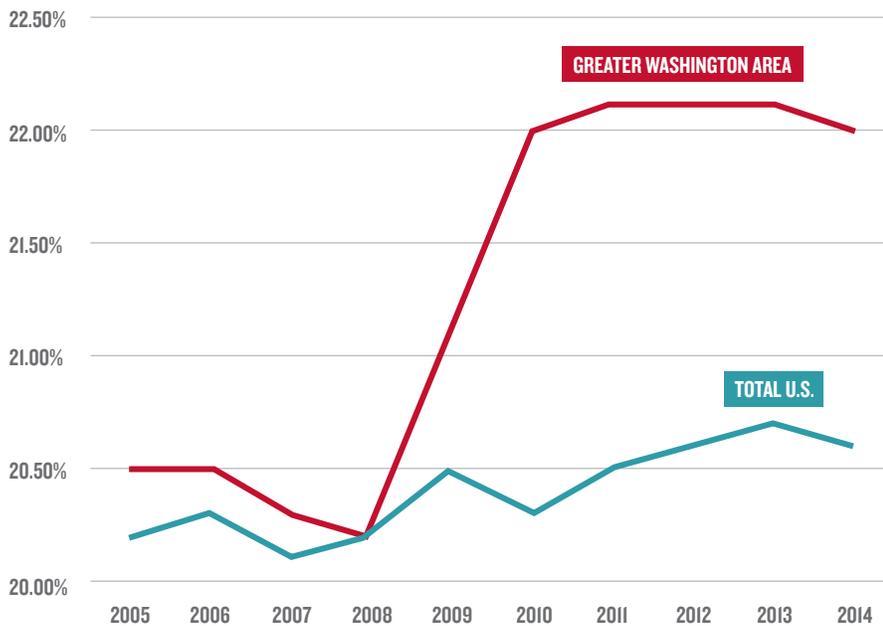
Contrary to their characterization in the media, many Millennials aspire to buy homes and start families. As more members of this generation move into their thirties, those living in the greater Washington area are finding that those aspirations are out of reach. In order to continue attracting this important future workforce to the greater Washington area, and importantly, to retain those Millennials already here, business and community leaders should develop strategies to address the region's shortcomings, such as how to shorten commutes, connect employees with affordable child care and bring home buying back within reach.

INTRODUCTION

Millennials are now the largest segment in the United States workforce and their importance and influence will only grow in the coming decades, as they become the breadwinners, leaders and rising stars of the nation's economy. The greater Washington area became a darling of this generation over the past few years, growing

its Millennial population at a rate 60% above that of the total US in 2012 and 2013. That growth slowed in 2014, leading people to question whether the greater Washington area still offers what Millennials want, and to wonder what can be done to continue to attract the workforce of the future to our region.

MILLENNIAL POPULATION GROWTH



Source: US Census, Adults 20-34

WHO ARE THE MILLENNIALS?

The Millennial generation follows Generation X, beginning with people born in 1981 and continuing through the late 1990's. The oldest Millennials were 34 in 2015 and the youngest were in their late teens, although a definitive end date has yet to be determined for this generation. According to the Pew Research Center, Millennials surpassed Gen X as the largest segment of workers in the first quarter of 2015. Numbering an estimated 53.5 million workers nationwide, Millennials are already a force within the economy. Their numbers will only grow as the youngest members of the generation finish high school, attend college, then join the workforce.

WHAT DO MILLENNIALS WANT?

The Millennial generation may very well be the most studied, analyzed and debated generation in history given today's hyper-connected blogosphere and round-the-clock news appetite. Millennials are noted for their high levels of education (33% of Millennials over 25 hold a Bachelors degree or higher), their diversity (44% are non-white) and their interest in socializing, volunteering and making a difference with their lives and their dollars. They are also notable for what they are delaying in their lives — getting married, having children and buying a home. While some see this as a sign that Millennials are avoiding responsibility, others note that these adults are making wise choices in a poor economic environment: high unemployment, low wages, steep student loan payments and a tight credit market.

It's easy to see why so many Millennials flocked to the greater Washington area during the recession. Our region boasted stronger employment and higher salaries than most other cities, fueled by government stimulus spending and a growing tech sector. Add to that a vibrant social scene created by and for the population of young, educated and driven professionals flooding in, and it's easy to understand why Washington was rated by Forbes as the "Coolest City" in the country in 2014, and the number three best city for Millennials.

MILLENNIALS IN THE GREATER WASHINGTON AREA: 2015

In 2015, the landscape in the greater Washington area looked different. The high levels of government spending that kept DC afloat during the recession subsided, while other parts of the country began to rebound. At the same time, those living in the greater Washington area found increased congestion and rising prices, two byproducts of the region's 7.5% population growth between 2010 and 2014. It is unclear whether DC's ability to attract Millennials has declined or whether our area has just been surpassed by surging growth and increased attractiveness in other areas. Regardless of the reason, the influx of Millennials has slowed, prompting an investigation into the causes, and the beginning of a discussion about what actions could or should be taken to keep the greater Washington area attractive to Millennials and thriving as an economy.

THE KOGOD MILLENNIAL INDEX

The *Kogod Greater Washington Index: Millennials* was conceived to address two key questions for business and government leaders in our region:

1. What do Millennials want?
2. How does the greater Washington area measure up to their needs?

To answer the first question, we created a list of 31 work and lifestyle items based on previous studies of Millennial habits and interests. We then surveyed 300 Millennials living in the greater Washington area to determine how each of these items affects their decisions on where to live and work. The items were grouped into five major categories — Jobs, People, Amenities, Affordability and Career Options — and respondents were asked to rate the importance of each item and each category. They were also asked to rank the major categories in order of importance, forcing them to differentiate even if they felt all the items were of equal importance. The results of the survey provide insight into how Millennials decide where to live and work, and what actions can be taken to retain current Millennials and attract more to our region.

To answer the second question (How does the greater Washington area measure up to Millennial needs?), we compiled objective data on every factor in the index. We calculated how the greater Washington area stacks up against the average across the US, or against a peer set of large cities when national data was unavailable or not meaningful. By comparing the importance of each item to the greater Washington area's ability to deliver what is desired (a low crime rate, a short commute or high salaries, for instance), we begin to see where the region is satisfying Millennial needs and where it's falling short.

The Millennial index is a single number designed to summarize the attractiveness of the greater Washington area to Millennials. It provides a quick snapshot and a handy basis of comparison from year to year. The Millennial index is composed of scores for each of five major categories — Jobs, Affordability, Career, Amenities and People — and for five to seven individual factors (31 in total) that make up each category. For each factor, we determined both an importance score and a delivery score, and

then aggregated the values at the category and summary levels based on their relative importance to greater Washington area Millennials.

▪ **Importance Score**

Rating of how important each factor and category is to greater Washington area Millennials, derived from survey data. Maximum score is 100.

▪ **Delivery Score**

Assessment of how well the greater Washington area is delivering against the factors and categories, calculated from publicly available data on the Washington, DC metropolitan statistical area (MSA) compared to national averages. Delivery score is an index, where 1.0 (100%) means the greater Washington area is on par with the nation. Values over 1.0 indicate the greater Washington area is doing better than the national average while values below 1.0 indicate the area is doing worse.

OVERALL SCORE



2015 KOGOD GREATER WASHINGTON INDEX: MILLENNIALS

125%

How did the greater Washington area do with Millennials in 2015? Perhaps not surprisingly, the overall rating for the region was well above average. When all 31 index factors were evaluated against national averages, then weighted by how important they were to area Millennials, the resulting score is 1.25, or 25% more attractive than an average US location.

The past migration of young professionals to the area is testament to the many positives offered by the DC region. Indeed, Millennials in our survey gave glowing reviews to a wide variety of items when asked what was great about living and/or working in the greater Washington area:

“It’s a diverse community and culturally a rich environment. You can learn about the world just by stepping outside. You can interact with people of all different backgrounds.”

“It is the perfect mix of a large metropolitan and international city, but still with the ability to get to the countryside or mountains within 30 minutes.”

“The city is gorgeous, has a strong housing market and generally insulated job market from the ups and downs experienced by the broader economy.”

“The people are smart, engaged, passionate, and there are lots of career opportunities.”

“The best thing about living in the Washington area is the culture! Politics, nonprofits, progressive organizations, and all the green space and public parks.”

“DC has a very connected public transportation system, great restaurants, museums and cultural institutions, professional sports teams, a respectable music scene, and decent weather — including all four seasons.”

DIGGING BELOW THE ROSY TOPLINE

As with any analysis, the aggregate result can mask wide variation in the underlying data.

The chart to the right provides a visualization of the composite Millennial Index score. The area of each box correlates to the relative importance of each factor and whether it is driving the index above the national average (a score of 1.0) or pulling it back.

A quick glance shows that the two most important factors — Jobs and Affordability — together account for two-thirds of the composite index, so performance in those areas is critical to the overall score. Also worth noting is that the region scores above the national average on all but one of the factor categories, Affordability, suggesting that the appeal of the area is diversified across many aspects of work and life.

The Washington area scores a hefty 44% above the national average on Jobs, which was rated the most important concern for Millennials and accounts for 38% of the composite score. The region's high salaries and low unemployment are clearly driving a large portion of the composite score.

The Affordability factor, which accounts for 27% of the composite, shows a different story. The Washington area rates 9% below the national average, offsetting some of the positive impact generated by the other factors. If rising costs outpace the growth in salaries, this factor could easily lead to erosion of the region's overall attractiveness to Millennials.

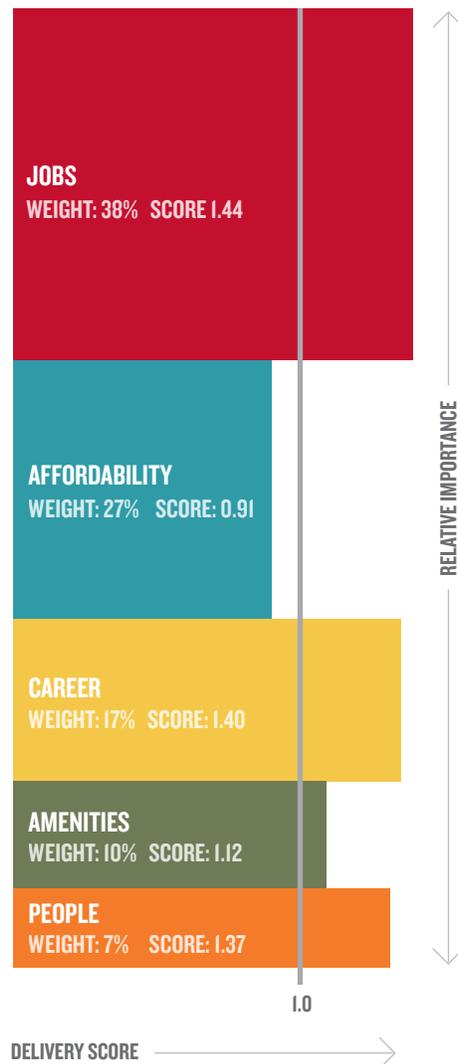
The rating for long term Career options is very similar to Jobs at 40% above the national average, driven in part by the wealth of universities and graduate schools in the region and the prevalence of professional positions. At a weight of 17%, Career is as important as Amenities and People combined.

The final two factors — Amenities and People — rated very low in relative

importance at 10% and 7% respectively. The DC region scores above average on both measures, especially on People factors, but the overall impact is small due to their relative insignificance in the index.

Based on the media coverage of Millennials, one might expect the factors related to socializing, diversity and volunteering to be top-of-mind and critically important with this group. What the data shows, however, is that regardless of what Millennials want to do with their time and their lives, the age-old challenges of finding a job, paying bills and trying to get ahead in a career still reign supreme.

WHAT'S DRIVING THE OVERALL INDEX SCORE



INDIVIDUAL FACTORS

The chart below provides an overview of what is most important to Millennials in the greater Washington area. The first five items stand out as more important than the others, and they are reminiscent of Maslow’s hierarchy: jobs, housing costs, salary levels, crime rate and easy commuting all relate to the basic needs for physical, psychological and economic safety. Indeed, the top nine most important items all relate to jobs, costs (time and money) and crime.

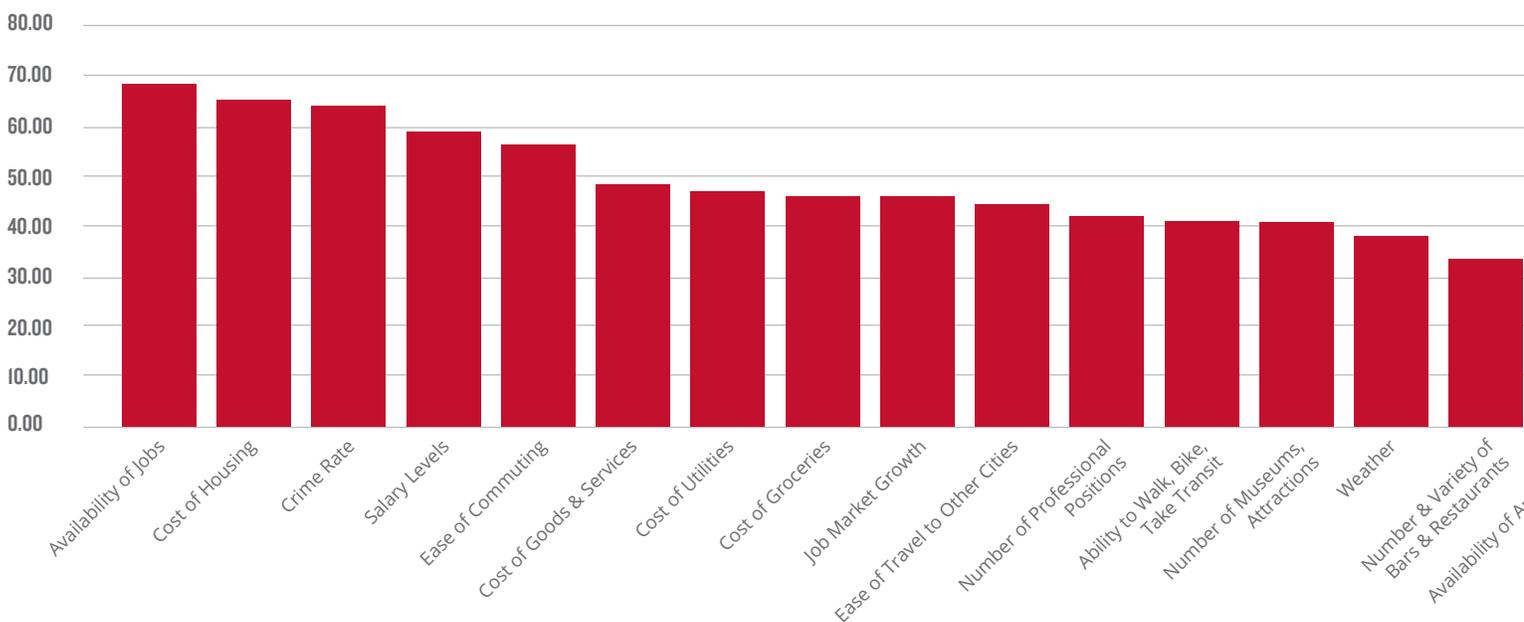
These concerns came across loud and clear when we asked greater Washington area Millennials to tell us about the worst or most challenging part of living in this area. Almost 40% of respondents voluntarily listed traffic and congestion and a third cited the cost of living, often zeroing in on housing prices. Crime and issues with Metro were also mentioned frequently.

Most of the amenities factors — weather, activities, green space and transit options — are bunched in the middle, showing that these factors are important, but not the main drivers of the decision on where to live and work. Perhaps they are what makes the area livable and enjoyable week to week (the “sizzle”), but the real “meat” is the economic reality of working and managing costs. The one notable exception is the crime rate, which is about 50% more important than any other amenity on the list. Sizzle is great, but if people don’t feel safe, they won’t be venturing out to enjoy any of it.

Finally, as noted above, the people factors are rated as the least important in the list. This is counterintuitive given the focus on Millennial as hyper-social, connected adults. The highest rated people factor (a diverse population) is less than half as

important as the top three factors overall. Being around similar people, both in terms of age and education, and the number of social clubs and organized activities were just mildly important. Regardless of whether they grew up in the area or not, Millennials rate the people factors as similarly low in importance. One possible explanation is that Millennials only need a core group of friends to feel at home, and finding that group is not difficult in a region brimming with almost 1.5 million 18-34 year olds.

IMPORTANCE SCORES

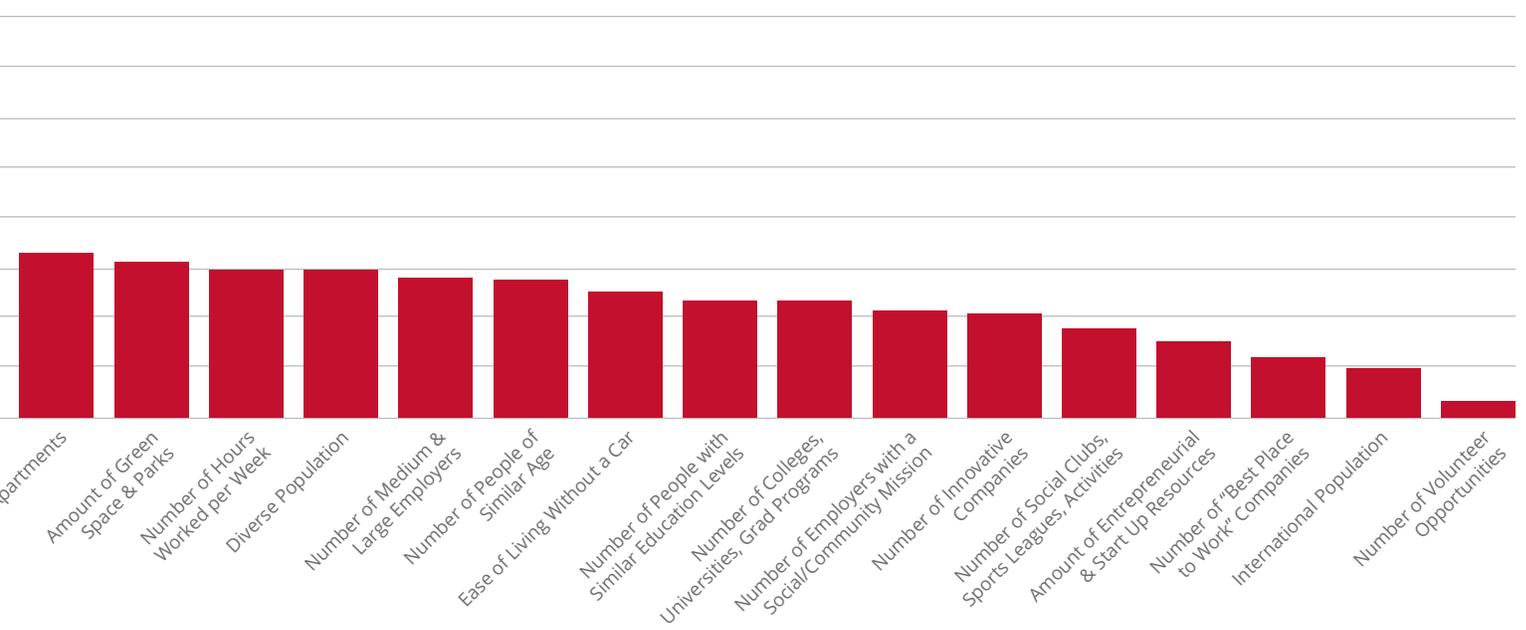


WORDS USED TO DESCRIBE GREATER WASHINGTON AREA TRAFFIC

HORRENDOUS
AWFUL
HORRIFIC
MISERABLE
NIGHTMARE

WORDS USED TO DESCRIBE GREATER WASHINGTON AREA HOUSING COSTS

RIDICULOUS
INSANE
ATROCIOUS
UNAFFORDABLE
IMPOSSIBLE





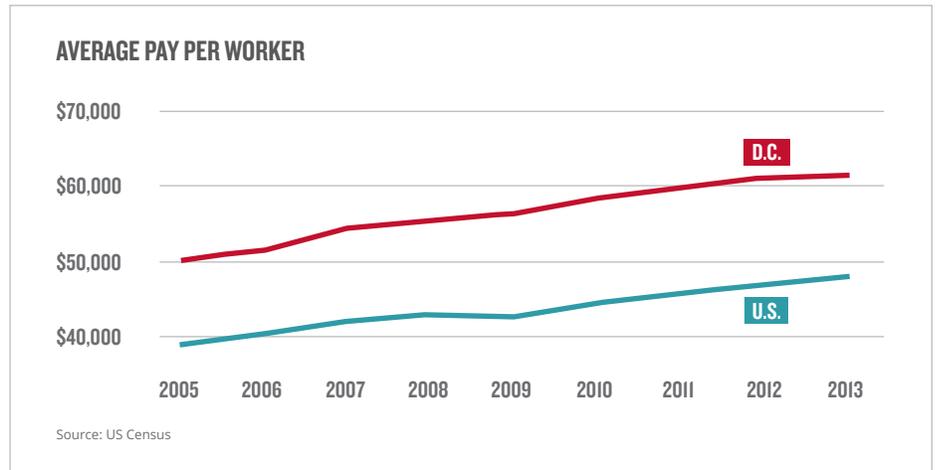
JOBS



Jobs are important to everyone, and certainly top-of-mind for Millennials who are entering the workforce and plotting their career paths. Over two-thirds of the Millennials we surveyed said that having a job was the first or second most important factor in their decision about where to live and work. With its robust job market, the greater Washington area scores 44% above the national average on this critical category.

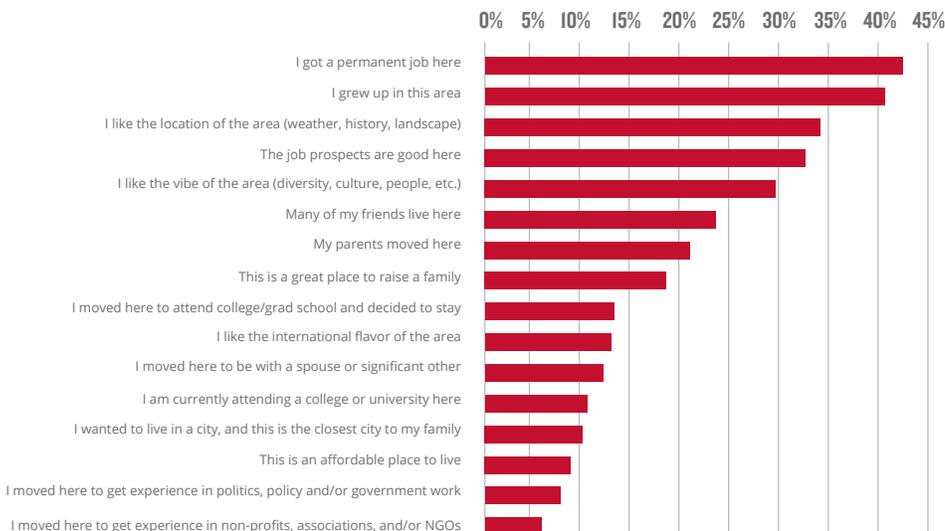
The availability of jobs comes in at the number one most important factor to Millennials in the Jobs category, with salary levels close behind. The strength of the greater Washington area job market, especially compared to the rest of the nation, attracted people to the region through the recession and recovery, a time when many Millennials entered the workforce.

Indeed, US Census data shows that the greater Washington area offers salary levels 28% higher than the national average, a pattern that has been consistent over the last decade. Strong salary levels are contributing to the greater Washington area's high rating on the Millennial Index.



Jobs, especially good ones, bring people to the greater Washington area. "Getting a permanent job here" was the number one reason cited by our survey respondents for why they live in the area. Importantly, almost two-thirds of highly educated respondents (those with a graduate, professional or doctorate degree) and over half of those making over \$100,000 per year agree that a job brought them or keeps them here.

WHY MILLENNIALS LIVE IN THE GREATER WASHINGTON AREA



Source: Kogod Millennial Index Survey. Why do you currently live in the Washington DC metro area?

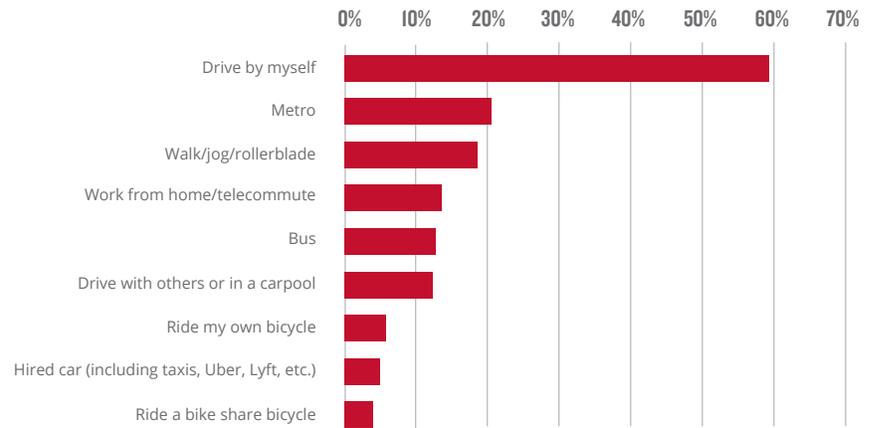
COMMUTING TO WORK

Getting to those jobs is another story. Ease of commuting is almost as important to Millennials as salary levels, but the greater Washington area's performance is woefully sub-par — 31% below national norms. As noted above, survey respondents had many choice words to share about the traffic and congestion on greater Washington area roads. While Millennials are often cited as heavy users of alternative transit options, like bike shares and car shares, the reality from our study is that 60% of greater Washington area Millennials are driving alone to work often or always. That's three times the number who are using the Metro to commute.

Not surprisingly, Millennials living inside the District are the least likely to be driving alone to work, although almost 20% of them still do it regularly. The highest rates of driving to work occur among Millennials with children (71%), those who are attending college or graduate school part time (79%) and those who live beyond the counties bordering the District (74%). While public transportation might work for those making a simple trek to and from downtown each day, those who live far from Metro stations or who have multi-stop commutes (to pick up children from daycare or attend school at night, for instance) are more likely to be in their cars and wasting time stalled in traffic. According to the US Census, over 56% of Washington area commuters spend over 30 minutes getting to and from work, compared to just 36% nationwide, and 16% of commuters in our region are in their cars for over an hour each way.

Metro, while cited as a positive amenity in the greater Washington area by many Millennials, suffers from frequent service

HOW MILLENNIALS COMMUTE IN THE GREATER WASHINGTON AREA
Number of Millennials saying they use each option always or often



Source: Kogod Millennial Index Survey. How often do you use the following commuting options to get to work or school?

interruptions. As one respondent noted, “our Metro seems to catch on fire or derail more often than it runs on time.” A number of Millennials also use the bus to commute, including 28% of those living in the District. Several respondents in the survey cited the need for the buses to run on schedule as an important area for improvement in the region.

The bottom line is that commutes are important — occurring daily and taking huge chunks of time — yet the greater Washington area faces challenges across the board with congested roads, an underfunded and aging Metro and unreliable buses. Aside from those living close enough to walk or bike to work, Millennials face a commuting challenge that forces them to choose the lesser of their evils. As one respondent noted, “Traffic is miserable and the Metro is terrible.”

OTHER JOB-RELATED FACTORS

Of the four remaining factors in the Jobs category, the number of hours worked per week in the area scored highest, but still only registered as half as important as the most important items in the index. DC is notorious for its go-go-go culture, although the greater Washington area scores only slightly worse than other cities in the country in terms of average hours worked each week. Young Millennials and those with less than a Bachelor's degree are the ones who rate this item as most important, whereas those making over \$150,000 are least likely to say hours worked is a deciding factor in where to live and work. The data suggests that professionals understand and perhaps even expect to work as many hours as needed to earn their salaries and move ahead.

Another factor that may contradict commonly held beliefs about Millennials is how important it is to work for a company with a social or community service mission. While the greater Washington area outperforms the national average by a whopping six times, the importance

of this factor is a relatively low 21.3. The Case Foundation's 2014 Millennial Impact Study had similar findings: 63% of Millennial employees said their company's involvement with community and cause initiatives did not factor into their job search. What the company does or sells, along with pay and benefits, were the key factors when evaluating potential employers.

Young Millennials are slightly more likely to rate the social/community service factor as extremely important, but otherwise there are no clear patterns among sub-groups. There is likely a niche of people in the greater Washington area (and perhaps across the nation) who are focused on making a difference as the primary motivation for their work, but it is certainly not a strong motivator for all Millennials.

The number of innovative companies is another factor we expected to score high on importance based on popular beliefs about Millennials' employment preferences. What we found instead was another factor

that was only mildly important to anyone. The only group placing significantly more emphasis on innovative companies was Asian respondents, with over half saying the number of innovative companies was either extremely or very important to their decision on where to live and work. The Washington area has a respectable innovation score according to 2thinknow's Global Innovation Cities Index 2014, but it still lags behind Silicon Valley, New York, Boston, Seattle, Los Angeles and Chicago.

The final measure in the Jobs category is related to the quality of employers, as defined by the "Best Places to Work" rankings. This factor scored very low in importance across the board, although part-time workers and those making less than \$50,000 per year were more likely to deem this factor extremely important. The low rating of importance may have to do with skepticism about these types of "Best Places" ranking lists, or the very real need to focus on the fundamentals of finding a job — any job, but ideally a high paying one — in a competitive job market.

HOW THE GREATER WASHINGTON AREA STACKS UP: JOBS	IMPORTANCE	DELIVERY
Availability of Jobs	67.8	100%
Salary Levels	58.7	128%
Ease of Commuting	56.2	69%
Number of Hours Worked Per Week	29.7	97%
Number of Employers with a Social/Community Mission	21.3	637%
Number of Innovative Companies	20.5	91%
Number of "Best Place to Work" Companies	12.0	138%



AFFORDABILITY



The cost of living in the greater Washington area is top of mind for many Millennials, especially those who are ready to settle down, buy a house and raise a family. Despite what's been written about Millennials delaying the process of growing up — living at home longer, not getting married, avoiding major purchases like cars and houses — a raft of new research shows that Millennials want to do all of those things, but they can't afford to. For instance, Fannie Mae's latest housing survey found that 96% of Millennials are optimistic that they will own a home one day, and the Pew Research Center found that 69% of Millennials would like to get married, but many want to be more financially stable first.

The challenge for Millennials in the greater Washington area is the high cost of living, especially when it comes to the housing market. Only 9% of Millennials in our survey selected "This is an affordable place to live" as one of the reasons they reside in the greater Washington area, and most of those respondents came from counties that do not border the District of Columbia. Not a single resident of the District or Arlington, VA cited affordability as a reason to live here. Surprisingly, neither did anyone with a household income over \$150,000. One potential explanation is that those high income individuals feel that they make a very good income, yet they see much of it being spent on the basics of housing, child care, taxes and goods and services, leaving them just as frustrated as lower wage earners.

DC: THE MOST EXPENSIVE CITY IN THE COUNTRY

In August, the Economic Policy Institute released its 2015 Family Budget Calculator and the District topped the list as the most expensive place in the country for a four-person family to live, edging out New York and San Francisco for the dubious honor. The Virginia and Maryland suburbs are

more affordable than the District, but if they were ranked alongside the most expensive cities in the nation they would come in at number five and number six, respectively.

It is precisely this high cost of living that Millennials cited when asked about the challenges of living in and around the nation's capital. Reading through all the responses, a sense of frustration comes through. Many of them love this area and want to take the step toward home ownership, but the costs are quickly moving DC out of reach even for higher earners.

“It's stressful to think of how to raise a family in this area.”

“The real estate market is a real challenge for those middle or lower classes of people trying to buy.”

“DC is too expensive to live in forever.”

“The high cost of housing is the biggest challenge. It's almost impossible to buy a reasonably sized home in DC on an income under 100k.”

Given this economic reality, it's not surprising that Millennials rate the cost of housing as the second most important of the 31 individual factors in the Millennial index. The next three factors in the category — the costs for goods and services, utilities and groceries — are basically rated at the same level of importance, and they are considered very important to the decision of where to live and work. Besides housing, which is almost double the median cost across the country, goods and services are also expensive. Note that our index does not currently include the cost of child care, but according to the Family Budget Calculator, that is a significant driver of the high cost of living in the District of Columbia. Fully 29% of the estimated cost of supporting a family of four in the nation's capital comes from the high cost of child care — an annual price tag of over \$31,000

compared to a median value in the US of under \$13,000. Twenty-three percent of the Millennials we surveyed have children at home, and the number will no doubt rise. Future editions of the survey and index will include this important factor.

2015 COST OF LIVING FOR A 4 PERSON FAMILY

1.	Washington, D.C.	\$106,493
2.	New York	\$98,722
3.	San Francisco	\$91,785
4.	Boston	\$85,793
	VA suburbs of D.C.	\$82,284
	MD suburbs of D.C.	\$79,330
5.	Philadelphia	\$76,393
6.	Baltimore	\$74,427
7.	San Diego	\$74,425
8.	Los Angeles	\$73,887
9.	Seattle	\$72,274
10.	Chicago	\$71,995

Source: Economic Policy Institute 2015 Family Budget Calculator

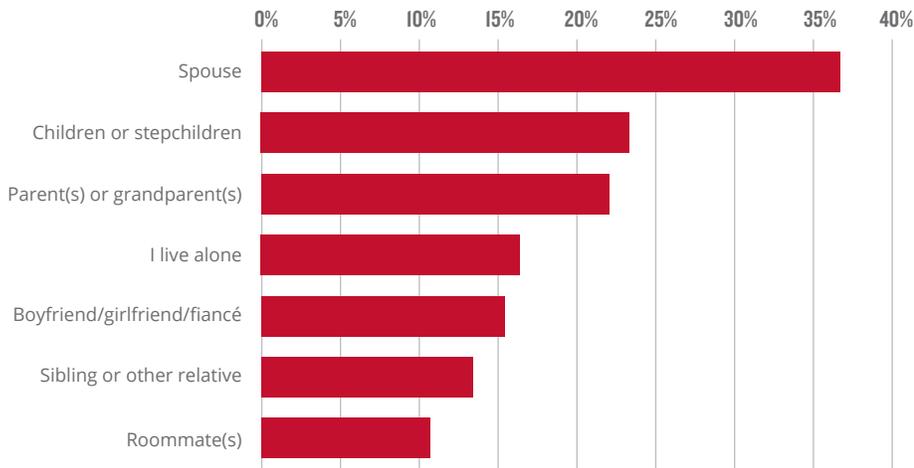
LIVING ARRANGEMENTS

Knowing that the cost of housing in the greater Washington area can be out of reach for younger Millennials and those struggling with student loan debt, we surveyed respondents about their living arrangements to understand how they are making ends meet. Not surprisingly, we found a very low number of Millennials living on their own — only 16%, compared to a national rate of 27% reported by the Census Bureau in 2013. Also not surprisingly, 22% of area Millennials are living with their parents or grandparents, including 60% of the youngest age group, those 20-24. Almost all of those reporting that they live with a sibling are doing so at home, with their parents or grandparents as well. For those Millennials who grew up in

the area, living at home is certainly the most economical choice.

Contrary to media reports about Millennials not settling down and forming households, we find that 37% of greater Washington area Millennials we surveyed are married and another 15% are coupled up with a boyfriend, girlfriend or fiancé. There is a clear lifestage trend in the marriage data: only 4% of young Millennials (20-24) in the area are married versus 36% of 25-29 year olds and 53% of 30-34 year olds. Millennials in the greater Washington area are indeed getting married, but consistent with national trends, more educated adults tend to marry at a later age.

WHO MILLENNIALS ARE LIVING WITH IN THE GREATER WASHINGTON AREA



Source: Kogod Millennial Index Survey. Who lives in your house or apartment with you?

LIVING WITHOUT A CAR

One way to mitigate the high cost of living is to forgo owning and maintaining a car. According to Zipcar, the average car in North America sits idle 23 hours per day. Millennials' driving habits have been thoroughly analyzed and the bottom line is that they are less car-dependent and car-interested than previous generations. Fewer of them are getting drivers licenses, more of them are living in urban settings, and most

of them are delaying having kids, leaving cars unnecessary and even burdensome.

In light of this, we asked Millennials to rate the importance of being able to live without a car, which most often means getting to work by foot, bicycle or mass transit. Millennials rated the factor in the bottom third of the list overall. Almost two-thirds of those living in the District and Arlington

County said this factor was extremely or very important, but those living in other counties rated it as much less important. As noted above, a high percentage of Millennials outside of the District drive to work every day, making the ability to live without a car somewhat irrelevant to them.

STUDENT LOANS

Student loan numbers are startling: college students graduating this year who financed their college educations through loans left campus with an average debt of just over \$35,000. There is so much media attention to the rising cost of college and escalating debt burdens that it's easy to overlook the fact that not everyone takes loans to get through school. Among the Millennials we surveyed, 45% do not have student loans, a number that is relatively consistent across all the demographic variables we gathered. The monthly repayment amount does not seem overly burdensome, but given the high

cost of other necessities in the area, even \$200 each month may feel like a challenge to some Millennials.

Eleven percent of the Millennials we surveyed are paying more than \$600 per month in student loans, either alone or with a spouse. Those Millennials most likely took out large loans to pay for a graduate or professional degree, and they have the high salaries to support the loan payments. Overall, student loans do not appear to be a huge economic burden for greater Washington area Millennials.

HOW MUCH MILLENNIALS ARE SPENDING ON STUDENTS LOANS IN THE GREATER WASHINGTON AREA



Source: Kogod Millennial Index Survey. How much do you (you and your spouse/partner) pay per month toward student loans?

HOW THE GREATER WASHINGTON AREA STACKS UP: AFFORDABILITY	IMPORTANCE	DELIVERY
Cost of Housing	64.8	53%
Cost of Goods and Services	48.2	72%
Cost of Utilities	46.8	95%
Cost of Groceries	45.8	93%
Availability of Apartments	32.8	111%
Ease of Living without a Car	25.2	189%



CAREER OPTIONS



Jobs and career are certainly related, but the first category deals with the immediate and short term needs of being employed while the second addresses the longer term options to advance in a profession, get additional education and start a business. Seventeen percent of the Millennials we surveyed ranked long term career options as their number one category when deciding on a place to live and work. This group is more likely to have a college or graduate degree and say they are living in the area to get experience in politics, policy and/or government work. Another 20% of the respondents ranked it as their second most important consideration, but on average it fell into the third spot out of the five major categories — important, but not among the most critical concerns.

Within the category, the top three factors are closely rated to the Jobs category above — growth in the job market, the number of professional positions in the area, and the number of medium and large employers (that would presumably offer substantial opportunities for career growth). The greater Washington area is very strong on professional jobs: one third of all residents are employed in information, finance, real estate, education, scientific services or management of companies. For comparison, only 19% of jobs nationwide are in these fields. The Washington area

also has an above-average concentration of medium and large employers. The one factor where the region is not outpacing the national average is growth in jobs. While employment and growth remained high during the recession and recovery, the rest of the country is finally catching up and outstripping the greater Washington area in job creation.

When it comes to higher education, the greater Washington area is deep with high quality options, both in the District and the surrounding counties. The American Institute for Economic Research rated DC as the #2 best college destination among major metro areas, behind Boston and ahead of San Francisco and New York. The Millennials in our study who rated the college and graduate school options the highest were those who had not yet finished their education — younger Millennials with an Associates Degree or some college completed. Interestingly, people who grew up in the area were more dismissive of the importance of the colleges and universities in the area versus those who moved here for other reasons. We also see schools acting as an important magnet, attracting educated Millennials to the area: 13% of all respondents and 19% of those with a grad, professional or doctorate degree said they moved to the area to attend college or grad school and decided to stay.

The factor related to entrepreneurial and start-up resources scored surprisingly low in importance among the Millennials surveyed. A recent survey of Millennials by Bentley University found that 66% of respondents wanted to start their own business, suggesting that the entrepreneurial spirit is alive and well with this digital native generation. Our survey revealed two different groups when it comes to entrepreneurship; those who moved to the greater Washington area for a permanent job after college or grad school are more likely to rate this factor as unimportant. This group is clearly on a career path and currently focused on moving up the ladder in a traditional company or organization setting.

On the other hand, those who are not entrenched in a career — those making less than \$50,000 per year, working part-time and going to school part-time — see entrepreneurial resources as an important factor when evaluating where to live. The greater Washington area scores very high on this measure based on the number of venture capital deals completed in 2014. For those interested in starting their own business, a respectable network of entrepreneurs and funders can be found in the area.

HOW THE GREATER WASHINGTON AREA STACKS UP: CAREER OPTIONS	IMPORTANCE	DELIVERY
Job Market Growth	45.8	85%
Number of Professional Positions	42.0	172%
Number of Medium and Large Employers	27.8	116%
Number of Colleges, Universities, Grad Programs	23.3	143%
Amount of Entrepreneurial and Start Up Resources	15.0	258%



AMENITIES



The Amenities category includes factors related to the “life” side of the work-life balance equation. Washington has been racking up accolades in this area over the last few years, topping the country as the “fittest city” in America according to the American College of Sports Medicine and the most walkable city in the nation according to a report by the Center for Real Estate and Urban Analysis at The George Washington University. The Washington area also has a thriving bike share program, many public transit options and a robust network of parks and playgrounds. The region benefits from moderate weather and proximity to other major East Coast cities and numerous recreation options including beaches and skiing.

According to our survey, all the factors within the Amenities category are fairly important to Millennials. The lowest rated factor — the amount of green space and parks — scores higher than all six factors in the People category and three of the five Career factors. Mintel’s 2012 study of Millennial leisure trends found that the number one thing Millennials want to see more of in their local communities was outdoor events and activities like pickup sports games and hiking, and they enjoy cultural events, sporting events and exercising in their free time. With its abundance of museums, historical sites and restaurants, plus a full complement of professional sports teams, the greater Washington area satisfies Millennial’s needs for entertainment and social activities. As one respondent pointed out, “You get big city life without being totally overwhelmed by people like you would in New York City. It’s a ‘small’ big city with lots of opportunities and possibilities.”

CRIME

While the greater Washington area is thriving on most Amenities measures, crime stands out as a major negative. It is the third most important factor in the

entire index, joining jobs and housing costs as the most critical issues to Millennials deciding where to live and work. When asked about the downsides of living in the greater Washington area, 10% of survey respondents volunteered responses that mentioned the crime rate. As one person said when asked what they would change about the greater Washington area, “The amount of crime in certain areas. I want to feel safe traveling anywhere in the city.”

Violent crime in the District of Columbia is high according to the FBI’s latest statistics, and news reports suggest that it’s on the rise. In 2013, there were 1,219 violent crimes for every 100,000 residents, a rate 66% higher than the average for all cities with more than 250,000 residents. Rates of crime are much lower in the suburbs, but the District is the heart of the region and where Millennials find many of the restaurants, sporting events, concerts, museums and other activities they find so attractive. High and increasing levels of crime are certainly a threat to Millennials’ positive feelings about the region, and may ultimately cause them to start looking elsewhere to put down roots.

THE DC DILEMMA

The issue of crime highlights the tradeoffs that Millennials in the greater Washington area are increasingly forced to make. Many

parts of the District of Columbia and most of the suburban areas are quite safe, so Millennials have many housing options where crime is not a major concern.

“The rent prices are atrocious and most of the (semi) affordable places to live have high crime rates.”

Unfortunately, those locations are usually far away from the downtown hub of jobs and activities, leading to a long daily commute, or close to downtown and very expensive. Given Millennials’ concern over terrible traffic and unreliable public transit, living closer to downtown is likely their most desirable option. And while there are many apartment and condominium choices available, recent development has skewed toward high-end finishes driving prices to unaffordable levels for many Millennials just starting their careers.

THE DC DILEMMA: PICK TWO



HOW THE GREATER WASHINGTON AREA STACKS UP: AMENITIES	IMPORTANCE	DELIVERY
Crime Rate	63.8	52%
Ease of Travel to Other Cities	44.3	141%
Ability to Walk, Bike, Take Transit	40.8	179%
Number of Museums, Attractions, Things to Do	40.5	107%
Weather	37.8	99%
Number of Bars and Restaurants	33.5	99%
Amount of Green Space and Parks	31.0	143%



PEOPLE



Millennials are often heralded as the most social and connected generation, using a bevy of apps to chronicle their lives, stay in touch and meet new friends. Knowing this, we included a number of factors related to the people in an area in our survey of Millennials. Surprisingly, the factors in the People category are among the least important in the Millennial index; only 7% of respondents said it was the most important factor to them when choosing a place to live and work.

Even though the people factors were not critical for most Millennials, the greater Washington area outperforms the nation on every single one we surveyed, often by huge margins. When asked what was great about living and working in the greater Washington area, over 40 respondents cited diversity, and indeed this area is diverse: almost 22% of the greater Washington area population is foreign born and 53% is non-white, compared to 13% and 38% for the nation as a whole.

“The population is internationally minded and outward thinking.”

“There is a diverse population of young professionals that keeps the city exciting.”

“You are always bound to meet people who do very interesting things for the world.”

Besides being more international and more racially diverse, the people in the greater Washington area are among the most educated in the nation, with 47.8% of residents over 25 having a Bachelors degree or above, compared to 28.8% in the total US. The large population of young, educated and diverse people, plus the social clubs and activities they participate in, over-delivers on what Millennials are looking for in a place to live and work. But compared to the other considerations — jobs, costs and career options — people factors are relatively unimportant.

HOW THE GREATER WASHINGTON AREA STACKS UP: PEOPLE	IMPORTANCE	DELIVERY
Diverse Population	29.50	125%
Number of People of Similar Age	27.50	106%
Number of People with Similar Education Levels	23.50	166%
Number of Social Clubs, Sports Leagues, Activities	17.67	151%
International Population	9.67	167%
Number of Volunteer Opportunities	3.00	119%



LOOKING AHEAD

The greater Washington area is a highly attractive location for Millennials to live and work, as evidenced by the region's overall index score of 1.25 — 25% above the national average across all factors. But the scores on individual factors, as well as the responses given to our open-ended questions, show that there are several major areas of concern — high costs, crime, traffic and unreliable public transportation. If business and government leaders want to attract and retain Millennials to the greater Washington area, they must take note of this generation's issues and find ways to acknowledge, mitigate and overcome them.

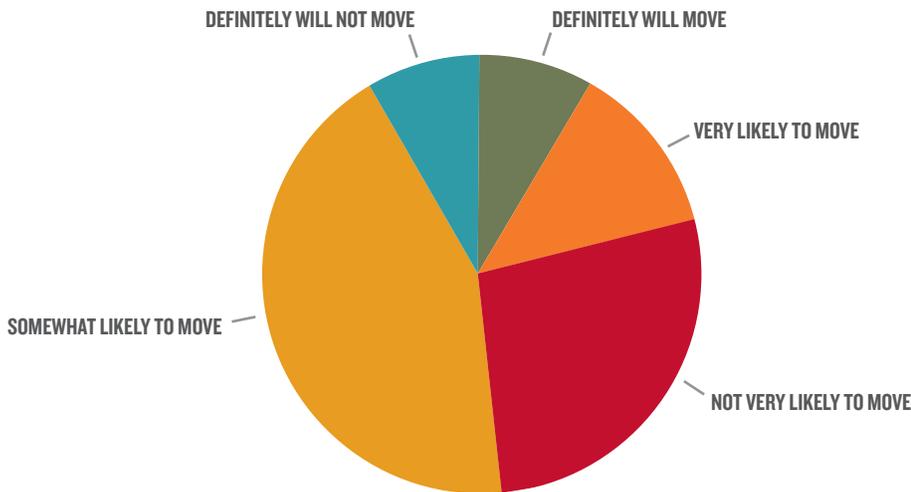
Given the challenges noted by Millennials in our survey, it's not surprising that many

expect to move away from the greater Washington area within the next five years. Just over half of respondents said they are unlikely to move, although the majority of those said moving is "not very likely" instead of a definite no. Interestingly, 8% of respondents said they definitely will not move and another 8% said that they definitely will move away from the greater Washington area.

Groups that are least likely to consider moving are older Millennials (30-34), those who grew up here, those who live in the far suburban counties, those who see the Washington area as a good place to raise kids, and those who ranked Amenities as the most important category when

deciding on where to live and work. Millennials who are most likely to consider moving are those who are still attending college and those paying over \$600 per month in student loans. All other groups, including highly educated Millennials and those making six figure salaries, mirror the overall pattern of respondents — a few who will definitely stay, a few who will definitely go, and the majority somewhere in the middle. The takeaway is clear: most Millennials are on the fence about whether the greater Washington area is a place for them to put down roots, so how the region develops in terms of job prospects, career opportunities, amenities and affordability will be critical to their decisions.

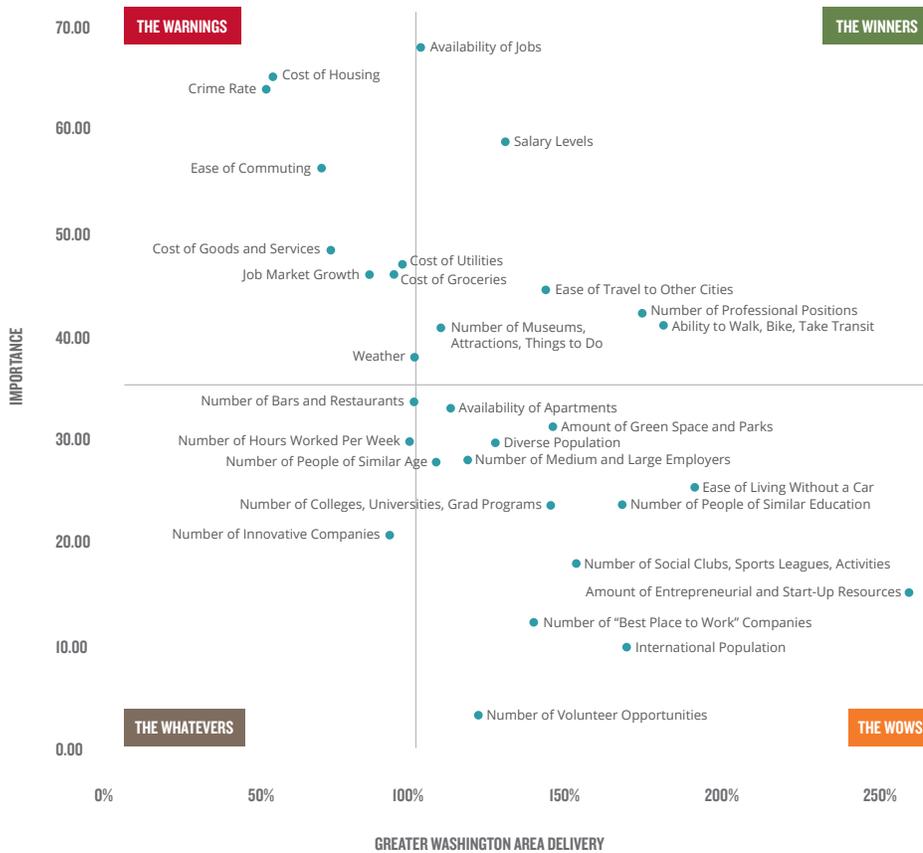
PLANS TO STAY OR MOVE AWAY



Source: Kogod Millennial Index Survey. How likely is it that you will move away from the Washington, DC area within the next 5 years?

WHERE TO FOCUS

The chart below plots the 31 Millennial index factors according to how important they are to Millennials in the greater Washington area and how well the region delivers against them.



Note: The data point 'Number of employers with a Social/Community mission' (importance of 21.3, delivery of 637%) is an extreme outlier and does not appear on the graph to avoid distortion.

The chart is divided into four quadrants:

The Winners

Critical issues for Millennials where the greater Washington area is performing above the national average. These are important and valuable points of difference for the region that should be preserved, and promoted to attract and retain Millennials.

The Warnings

Critical issues for Millennials where the greater Washington area is performing below the national average. These should be the primary areas of concern for area leaders since they are key decision

factors for Millennials and other locations look more attractive than the greater Washington area on these measures. Steps should be taken to move the greater Washington area's delivery of these factors back to or beyond the national average.

The Wows

Items that are less important to Millennials, but where the greater Washington area is performing above the national average. These factors are great "added value" for Millennials and should be promoted together as a great bundle of benefits that

make living and working in the greater Washington area fun, interesting and different from any other place in the nation.

The Whatevers

Relatively unimportant items where the greater Washington area is performing below the national average. These factors should remain on the radar screen in case they become more important to Millennials in the future, but otherwise they are insignificant and not a point of difference for the greater Washington area.

CONCLUSION

The key challenge for leaders in the greater Washington area will be to keep the region growing and thriving while maintaining the feel of a manageable mid-size city.

As one Millennial noted when asked why the greater Washington area was a better place to live and work than other cities, "It is a smaller (and cheaper) city than NYC or

Chicago, but I feel it offers the same level of culture, diversity and career opportunities."

Many Millennials living in the area agree that the greater Washington area is a diverse, interesting place with a balanced mix of competitiveness, opportunity and free-time activities, but they also see the daily challenges of congestion, crime and rising prices. Employers seeking to attract and retain Millennials should be aware that they aspire to follow the traditional path of previous generations, including marriage, home ownership and children, but that those aspirations are becoming more and more unreachable as the high cost of living begins to affect everyone, even high earners. The added stressors of traffic, transit and crime are also shifting the balance for many Millennials, causing them to question whether they want to remain in the greater Washington area long term.

In the very near future, employers will find that Millennials constitute the majority of their workforce. Now is the time for greater Washington area leaders to brainstorm around the key concerns Millennials have, and to develop creative strategies to help this unique generation have it all.

- How can we help our employees afford to buy a home?
- How can we connect our employees with affordable and reliable child care?
- How can we reduce the amount of time our employees spend commuting to work?
- How can we help our employees maximize the enjoyment of their free time?
- How can we help our employees achieve their education and career goals?
- Where should we locate to balance affordability, safety and ease of commuting?

THE WINNERS	IMPORTANCE	DELIVERY
Availability of Jobs	67.8	100%
Salary Levels	58.7	128%
Ease of Travel to Other Cities	44.3	141%
Number of Professional Positions	42.0	172%
Ability to Walk, Bike, Take Transit	40.8	179%
Number of Museums, Attractions, Things to Do	40.5	107%

THE WARNINGS	IMPORTANCE	DELIVERY
Cost of Housing	64.8	53%
Crime Rate	63.8	52%
Ease of Commuting	56.2	69%
Cost of Goods and Services	48.2	72%
Cost of Utilities	46.8	95%
Cost of Groceries	45.8	93%
Job Market Growth	45.8	85%
Weather	37.8	99%

THE WOWS	IMPORTANCE	DELIVERY
Availability of Apartments	32.8	111%
Amount of Green Space and Parks	31.0	143%
Diverse Population	29.5	125%
Number of Medium and Large Employers	27.8	116%
Number of People of Similar Age	27.5	106%
Ease of Living Without a Car	25.2	189%
Number of People with Similar Education Levels	23.5	166%
Number of Colleges, Universities, Grad Programs	23.3	143%
Number of employers with a Social/Community Mission	21.3	637%
Number of Social Clubs, Sports Leagues, Activities	17.7	151%
Amount of Entrepreneurial and Start Up Resources	15.0	258%
Number of "Best Place to Work" Companies	12.0	138%
International Population	9.7	167%
Number of Volunteer Opportunities	3.0	119%

THE WHATEVERS	IMPORTANCE	DELIVERY
Number of Bars and Restaurants	33.5	99%
Number of Hours Worked per Week	29.7	97%
Number of Innovative Companies	20.5	91%

METHODOLOGY

The Kogod Greater Washington Index: Millennials was created using publicly available data weighted based on survey responses from a representative pool of greater Washington area Millennials. The survey was conducted online via computer, tablet and mobile devices by Prizma Research in August, 2015. Three hundred responses were gathered from adults ages 20 – 34 who are non-temporary residents of the Washington metropolitan statistical area (MSA). Younger Millennials were excluded from the survey to focus on adults with more experience making decisions about living and working in the greater Washington area.

The index uses a variety of sources to measure how the greater Washington area compares to other places to live and work in the United States. Whenever possible, the greater Washington area was compared to the total US incidence, average or median. When complete tracking data was not available, the greater Washington area was compared to average values for the 15 most populous cities in the country.

JOBS	
Availability of jobs	Bureau of Labor Statistics
Salary levels in the area	US Census
Average number of hours people work each week	NY Comptroller analysis
Number of innovative companies in the area	Innovation-cities.com
Number of companies nationally recognized as a “best place to work”	Glassdoor.com
Number of area employers whose mission includes social and community responsibility	Bureau of Labor Statistics
Ease of commuting to work	US Census
LONG TERM CAREER AND EDUCATION OPTIONS	
The number of colleges, universities and graduate school programs in the area	Department of Education
The number of medium and large employers	US Census
Availability of professional positions requiring a college or graduate degree	US Census
Resources available to support entrepreneurs and start-ups	National Venture Capital Association
The growth of the area's job market	Bureau of Labor Statistics
PEOPLE	
Number of people similar in age to me	US Census
Number of people with a similar education level as me	US Census
Diverse population	US Census
International population	US Census
Number of social clubs, sports leagues and organized activities to participate in	Meetup.com
Number of volunteer opportunities	Corporation for National and Community Service
AMENITIES	
Ability to walk, bicycle or use public transportation to get around	US Census
Ease of traveling to other cities or countries via plane, train or bus	Bureau of Transportation Statistics
Weather	NOAA
Number of museums, attractions, sports events and things to do	Institute of Museum and Library Services; TripAdvisor
Amount of green space and park land	Trust for Public Land
Number of bars and restaurants	US Census
Crime rate	FBI
COST OF LIVING	
Availability of apartments to rent	Marcus & Millichap
Housing costs	Economic Policy Institute
Ability to live and get around without owning a car	la.streetsblog.org, rideindego.com, Google, Business Insider
Cost of groceries	ACCRA Cost of Living Index
Cost of goods and services	Economic Policy Institute
Cost of utilities such as electricity and Internet	ACCRA Cost of Living Index

HOW THE KOGOD GREATER WASHINGTON INDEX: MILLENNIALS WAS CALCULATED

The Millennial Index is a weighted average comparison of how well the greater Washington area performs on 31 factors and how important each factor is to the Millennials residing in the region. Below is a detailed summary of how the scores were developed.

Importance Score: For each of the 31 factors, survey respondents were asked to rate how important each item was when deciding where to live and work. Ratings were done on a five point scale from “1 — not at all important” to “5 — extremely important.” The importance score was calculated using the percentage of respondents who rated the factor a “5” or “4” discounted by the percentage who rated the factor a “1” for not at all important. This method avoids the common problem of regression to the mean and allows clearer differentiation between the factors.

Delivery Score: The delivery score rates how well the greater Washington area

is delivering against the 31 factors. The delivery scores are calculated as an index between the Washington MSA value and the national average (or composite of the top 15 cities when national data was unavailable) for each measure. As with any index, 1.0 (100%) means the greater Washington area is on par with the nation. Values over 1.0 indicate DC is doing better than the national average and values below 1.0 indicate DC is doing worse. For most of the factors, bigger values are better, such as salary levels or amount of parkland. In this case, the greater Washington area value is the numerator and the national average is the denominator. For some factors, smaller values are more desirable, such as crime rate or commuting time. In those cases, the national value is the numerator and the greater Washington area is the denominator.

Factor Weights: To aggregate importance and delivery scores for each major category — Jobs, Affordability, Career, Amenities and People — each factor within

the category was weighted based on its relative importance to the other factors in the category. For example, if four factors comprise the category and their individual importance scores are 50, 30, 15 and 5 (totaling 100 points), then half of the category score comes from the first factor, 30% from the second, 15% from the third and 5% from the fourth.

Category Weights: To arrive at an overall score for how well the greater Washington area is doing regarding Millennial desires, the five category delivery scores were combined into a weighted average. The weights (relative importance) for each of the five categories were calculated by combining results from two questions on the Millennial survey — one which required respondents to rank each category according to how important it is, and one which asked respondents to rate the importance of each category on the five point importance scale.

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The Greater Washington Board of Trade is the premier regional business organization representing all industry sectors. Pro-business and bipartisan, the Board of Trade develops positions on issues with the basic premise that sound, reasonable policies will benefit the economy and the community at large. The Board of Trade addresses business concerns that stretch across the District of Columbia, Suburban Maryland, and Northern Virginia, with a priority focus on transportation, emergency preparedness, green as a competitive advantage, and workforce issues. To learn more about the Greater Washington Board of Trade and its commitment to improving the region's business community, visit www.boardoftrade.org.

About Kaiser Permanente of the Mid-Atlantic States

Kaiser Permanente of the Mid-Atlantic States region, headquartered in Rockville, Maryland, provides and coordinates complete health care services for more than 600,000 members through 29 medical centers in Maryland, Virginia, and Washington, D.C. Founded in 1980. Kaiser Permanente of the Mid-Atlantic States is a total health organization comprising Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., and the Mid-Atlantic Permanente Medical Group, P.C., an independent medical group that features more than 1,200 physicians. Kaiser Permanente of the Mid-Atlantic States was rated in the nation's top 9 Medicare plans and the top 11 Commercial health plans — by The "NCQA Health Insurance Plan Ratings 2015-2016 report." Additionally, NCQA recognized all 29 of Kaiser Permanente's medical centers in the Mid-Atlantic region with the Patient Centered Medical Home Level III designation for excellence in coordinated care. For more information about Kaiser Permanente of the Mid-Atlantic States, visit kp.org or follow us on Twitter, twitter.com/KPMidAtlantic.



About Kogod School of Business

The Kogod School of Business is the leading destination for the study of business in the Washington, D.C. metro area. The School has been a part of the D.C. business community for 60 years and is accredited by the Association to Advance Collegiate Schools of Business. AACSB accreditation represents the highest standard of achievement for a business school worldwide.

Kogod's Washington, D.C. location serves as a laboratory for learning through work, internships, and other forms of experiential education. The School's educators know that conducting business in the capital, where so many industries and sectors meet, is unlike doing business anywhere else in the world and are committed to preparing Kogod graduates to excel in this dynamic environment.