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WHAT GEN 'Y' WANTS

Take it for granite: They ask for luxury -- plus technology

Heather Boerner, Special to The Chronicle
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The first shock to Kealoha Yoshioka's system after he signed the papers to buy his first house last month was that he'd have to cut back on buying Xbox games.

The 27-year-old Apple employee is a computer and gaming buff, with a large flat-screen TV and a lot of high-definition media components. He admits that limiting his purchases after a young adulthood where he could have -- and did get -- everything he wanted is hard. Since he and his fiancée, Christine Migita, 25, bought the two-bedroom condo, Migita and her accountant mother put him on an allowance and took away his credit cards.

But he says it was worth it to get a house with granite countertops, his-and-hers sinks in the master bath, a home near restaurants and bars and, new for him, an in-home washer and dryer. It even has crown moulding. "I had no idea what crown molding was 'til we bought this place," he chuckled. Living in Silicon Valley, he said he wants to be "in the know about all the latest and greatest."

"Learning to live within my means is a problem," said Yoshioka, whose fully renovated condo is in Campbell. "All my friends don't own a home -- they own cars, but they're struggling to make payments. Living within our means is something our generation needs to get a grip on. We're making a lot more than our parents, and it makes us feel good, but also I guess we feel a little cocky."

That "cockiness" means Yoshioka and his contemporaries often insist on a new home with all the designer details, and are willing to spend to get them. This is a generation that, according to demographers and market researchers, spends more on itself than any other generation; that expects all the high-end finishes and appliances that equip their parents' houses; and that expects a few tech bells and whistles thrown in besides.

Builders, suddenly struck by a downturn in the market, are scrambling to accommodate them.

Rochelle Barcellona, a real estate marketing consultant in Sacramento, has a client that includes an iPod docking station in its kitchens. Lennar Homes, a national builder with two projects aimed at

first-time home buyers in Mountain House, the new town sprouting up near Tracy, includes, as standard, granite in the kitchen and bath and pre-wiring for audio and Internet throughout the house. At other developments, builders are instructing salespeople to be extra accommodating and thorough in helping people in their 20s, who are both new to home buying and are used to being coddled by adults.

"Everyone got a trophy" when they were growing up, one marketer said.

"There are a lot of twentysomethings looking now, and the ones who are buying are doing it in lofts and condos," Barcellona said. "That's very different from previous generations. This is a generation that expects higher-end appliances, granite countertops, high-end lighting, lofts with lots of architectural elements. It's not oak cabinetry. It's high style and feel. Builders are realizing that the majority of home buyers are not the family of four with two kids and a dog. So they need to build products that reach those other audiences -- twentysomethings included. It's a viable market that has the money to spend on itself."

And it's a trend that's somewhat new. In the past few years, developments focused on those in their 20s have popped up in Nashville, New York and Atlanta. Perhaps influenced by the ubiquitous house flippers and home design programs, experts say there are more people that age with a priority of buying a home now.

"A dozen years ago, I would have said that, because of the price points in San Francisco, the home buyers are in their 30s and up. But starting with the Yerba Buena Lofts, the Beacon and now the Potrero, we're seeing a lot more people 25 to 30 who are buying," said Alan Mark, president of the Mark Co., a real estate marketing firm in San Francisco that is marketing part of the Potrero toward people in that age group, with prices starting in the \$400,000s.

"When we marketed our first building in this neighborhood (Potrero Hill) 10 years ago, we found that people in their 20s, the first thing they did was go buy a car and have major car payments. That was their goal. Today, a lot more twenty-somethings want to get their foot in real estate."

In seminars at the Pacific Coast Builders' Conference, held in San Francisco in May, speakers lectured on topics such as "Buyer Preferences: What Are They Thinking Now?" And "Nouveau Buyer Behavior: What Are They Thinking?"

To that last question, Shyam Kannan, senior consultant at the Washington firm RCLCO, profiled the average young home buyers: They spend \$172 billion per year and their spending and earning power is growing. They eat out 24 times a month. They shop at trendy stores -- Abercrombie & Fitch, not the Gap. They are less likely to have kids. Architect Jonathan Watts of Cuninghame Group in Los Angeles found that younger buyers want to live in places with a "sense of place, where you can meet neighbors if you want to."

All of this proved true for Bevan Lew, a 28-year old real estate agent who was among the first to buy into the Potrero, landing a one-bedroom with stainless steel appliances. He's determined to have the best or buy nothing. "The way I see myself is I want the best of whatever I have. It's all about quality and not quantity," Lew said. "I'll sacrifice size for location. It forces me to buy what I absolutely love. I don't buy anything disposable."

He likes that his new home is a low rise with a lot of greenery. He likes that there's a real neighborhood there. He likes that there's an internal walkway and places to meet his neighbors. Because he eats every meal out, he likes that there are lots of restaurants he can ride his bike to. And he likes that the building has modern lines.

"I think we live in a time in which everything is very much coming from a design perspective: a tissue box, a sippy cup, absolutely everything we own comes from a creative person," he said. "Nothing we own is utilitarian. It's a statement. Of course our homes have to be that, too. That should be the ultimate expression of who we are."

E-mail Heather Boerner at heather@heatherboerner.com.

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