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Co-Living - Planning for Organic Growth and Evolving Expectations:

Part I - Generations on the Move and their Evolving Vision of Future Living

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Introduction

In the past decade, new trends in housing have emerged. Beginning with millennials, younger generations are putting off home ownership, due to various financial constraints and lifestyle values. Older generations—primarily baby boomers—are increasingly turning to renting as they decide to downsize after their children grow up and leave home. These shifts in generational behaviors have led to a growing interest in co-living residential properties/communities around the world. This paper will define co-living, briefly describe the history of the shared-living lifestyle, and provide insights and rationale for its rise in popularity for these two demographics. It is not our intention to present co-living as a singular solution to housing challenges and societal needs, but merely to encourage a continued conversation around the who, what, why, and how behind co-living. It is worth noting that this investigation was performed prior to the COVID-19 pandemic of 2020—2021. While we may have observed that the conversations around co-living have accelerated due to the pandemic—and we will note this where possible—this paper does not specifically study the impact of the pandemic on co-living.

Co-Living Defined

Under the traditional apartment-renting scenario, the renter is looking for a residence within a multi-tenant building where he or she—with or without housemates—can occupy a single residential unit. This unit consists of individual bedrooms and bathrooms and contains living, dining, and kitchen space (Itkowitz, M., 2018). For the purposes of this paper, we will refer to this as a residential unit. A common example of a residential unit in the United States is some on-campus student housing and multi-family housing apartment complexes, such as the Residences at Ag47 in Silverton, Ohio.

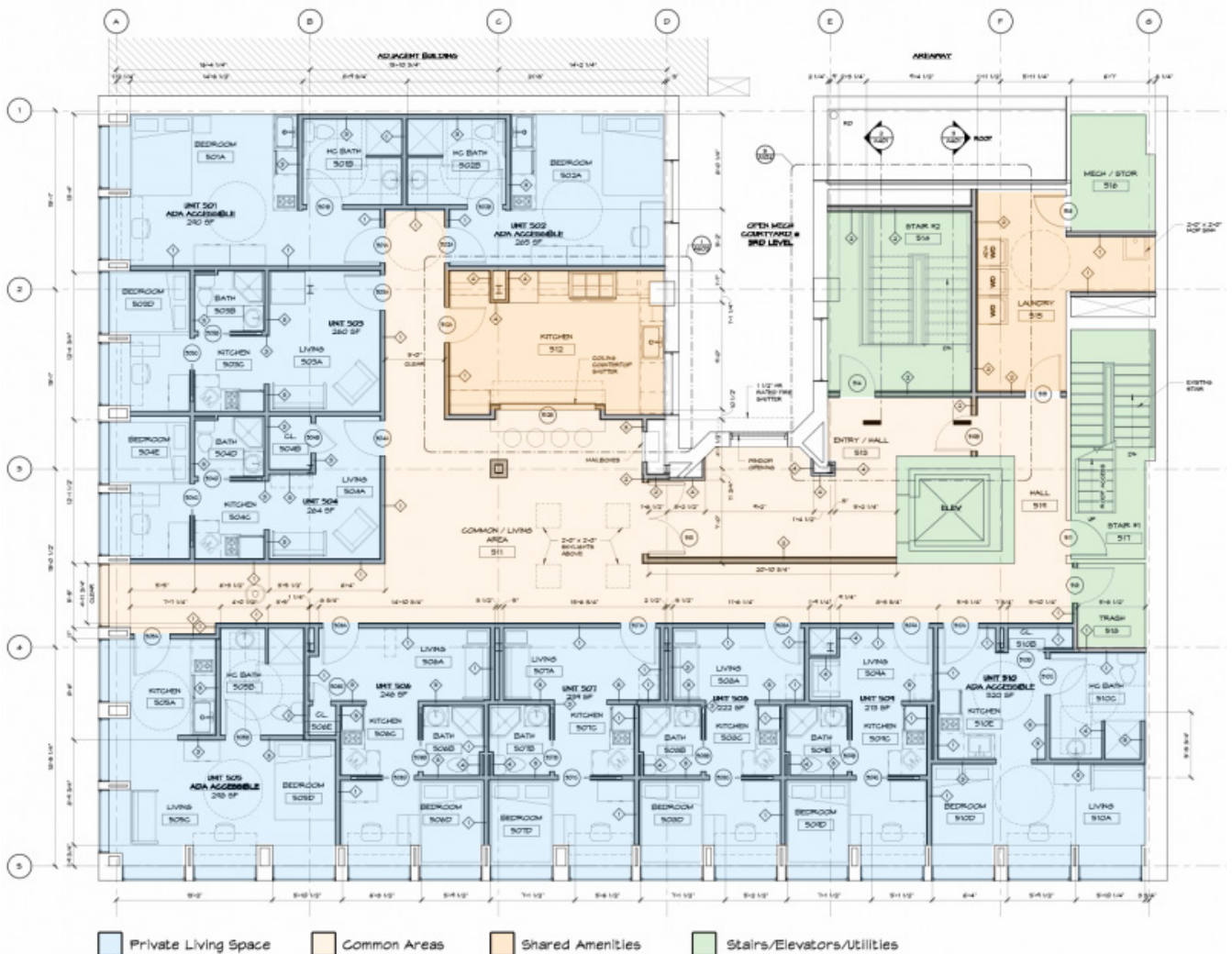


[Pictured is a living space and bedroom that is a part of a singular residential unit occupied by housemates. Design by M+A Architects. Josh Beeman Photography, 2021]

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Under the co-living model, a group of unrelated individuals, who are often strangers, rent a single unit within a complex. This unit most commonly contains space for each person’s separate bedroom and private bathroom, and perhaps a small, shared sitting area. The traditional living and kitchen spaces are located outside of the individual unit, in a space that is shared by all residents within the co-living complex. For the purpose of this paper, we will refer to this as a dwelling unit (George, G., 2017; ScottHanson & ScottHanson, 2005).

Within co-living communities, these shared common spaces are intended for more than just the residents’ living functions. They are often designed to be a connection between residents and the local community. The shared common areas provide space for communal programs, socializing, relationship building, and co-working. The developer/landlord often advertises communal programs as an attraction for potential residents; they are selling an experience and an opportunity for residents to build connections (Itkowitz, M., 2018). The image below shows the use of communal space in a contemporary co-living community in Syracuse, New York.



(Highlighted floor plan showing zones of units and common spaces in Commonsace, a Live/Work/Connect Space in Syracuse New York. Semuels, A. 2015)

The History of Co-Living

Communal living has a long history. During the medieval period, households were often composed of many families that formed a community and shared household responsibilities. Many of these families were nomadic, and they travelled where they needed to for work or living resources. It wasn't until the 1800s that homes became much more segregated and defined by the family that lived in them (Strauss, I., 2016).

During the nineteenth and twentieth centuries, communal living often took the form of boarding houses. The occupants were usually women or immigrants. They sought out communal-living arrangements when they were travelling for work or while their family members were at war. Some made a boarding house their permanent home (Outsite, 2016; Hester, J. 2016).

Prior to co-living, the most recent evolution of communal living was the co-design process of the co-housing movement, which originated in Scandinavia during the 1970s. Co-housing is a form of community living in which active stakeholders participate in the design process to define the community's goals and parameters (Szebeko, D., Tan, L., 2010).

These communities were generally composed of clusters of houses of varying sizes with a shared central building. The number of homes ranged from two to three to upwards of 35 households (Riedy, C., Wynne, L., Daly, M., and McKenna, K., 2017). Residents of these co-housing communities often shared in all aspects of daily living, including meal preparation. They were also typically a part of determining how the community was run (New Society Publishers, 2004).

The appeal of the co-housing movement was that the residents were able to form a community with like-minded individuals, could share both financial and social resources, and could create social relationships (Melzer, G., 2005). The residents could essentially create their own way of living, rather than having to accept the existing prescribed options (Szebeko, D., Tan, L., 2010).

A contemporary example of co-living is Serenbe, near Atlanta, Georgia. The SerenBe community is founded on a set of shared values and goals that all within the community work toward and support. Finding a community, creating social relationships, and sharing resources are the main tenets upon which current co-living communities are built.



(Serenbe Community Masterplan showing local neighborhoods and communities with areas labeled by values and needs. Serenbe, 2021)

Growing Popularity

The proverb “It takes a village to raise a child” is rooted in the history of communal living. Learning this history and the origins of co-living helps us to understand why it is becoming more prevalent and attractive as a model today. It helps us to understand why co-living is particularly attractive for the millennial and baby boomer generations and their shifting lifestyle values.

There are three main social and global components at play that foster the desire for co-living: the millennial lifestyle, evolving dwelling paradigm expectations, and economic factors.

1. THE MILLENNIAL MINDSET AND LIFESTYLE CHANGES

The millennial generation, which is composed of more than 75 million people, is the largest generation in the United States. It eclipses the current population of the baby boomer generation. In the United States, millennials make up nearly a quarter of the total population, 30 percent of the voting population, and almost two-fifths of the working population (Fray, W., 2018). Within this vast generation, there are multiple trends that contribute to a changing mindset that includes an acceptance of shared living. These trends are a redefinition of what “adulthood” looks like, a constant state of being “on the move,” and the realities of life in a shared economy.

YOUNG ADULTHOOD REDEFINED

Research shows that millennials are consistently staying single longer than previous generations. A 2014 Gallup poll found that as many as 64 percent of millennials reported being single and living alone (Saad, L., 2014). However, between 2005 and 2015, there was a 39 percent increase in the rate of single (unmarried) millennials living with roommates or housemates, from 5.7 percent to 7.4 percent (Talty, A., 2015). These numbers indicate that while millennials are choosing to delay marriage, they are still seeking to live with others in a shared unit—but not in a traditional single-family home.

What this information suggests is that previous generations’ opinions about what it means to be an adult—i.e., marriage and “settling down” into a single-family home—are not shared by many millennials. They are more open to living with roommates, and they rent for a much longer time period than previous generations. These trends explain why the co-living model is becoming more attractive to millennials.

ON THE MOVE

Co-living spaces cater to young, single, nomadic professionals seeking an elevated/curated experience and maximum convenience, flexibility, and opportunity. Technology has fueled greater flexibility in where and how people work. Millennials are a digital-native generation, and so digital nomadism has become a rising trend for them, as well as for recently graduated members of Generation Z. As a result of the COVID-19 pandemic, members of older generations have also experienced digital nomadism. Many people of all generations now see it as a desired future work experience. In an acknowledgment of some employees’ desire for continued digital nomadism, many technology companies have announced that they will not require their employees to return to the workplace after the pandemic ends.

Young entrepreneurs seek spaces in which they can work and live without strings attached. This enables them to be more agile when it comes to seizing opportunities that may not come from within the four rigid walls of a traditional company with an “old-school” mentality (Outside, 2016). They want to be able to quickly change locale without having to worry about the upkeep of a property. Co-living spaces meet these needs. They are designed to liberate tenants from everyday concerns, such as general building maintenance and the caretaking of the kitchen, the yard, and other communal spaces. Amenities such as furnished apartments, stocked kitchens, shampoo dispensers, and cleaning services allow tenants to focus on what they find important—career growth, community involvement, or other experiences—over investing in a home/dwelling.

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Increasingly, younger generations prioritize experiences over ownership of material possessions (Taylor, M., et al., 2018). Often, they move quickly from job to job. This nomadic way of living is part of the “gig economy,” a term that describes the rise of jobs such as Uber driver, according to the Taylor Review in 2017. A “gig” is defined as where an employee decides to work on a “per-job-basis.” Sometimes, people decide to travel to another country to live and work.

Social mobility has blurred the lines between work and leisure, allowing one to experience what locations have to offer before settling down (Outsite, 2016). According to the World Tourism Organization, the youth segment of global travel accounts for 23 percent of all international arrivals each year—more than 284 million travelers in 2016 (Outsite, 2016). In 2018, according to Forbes, there were 57 million workers in the United States who were part of the gig economy, which accounts for about one-third of the workforce population (Talty, A., 2015). Pieter Levels, the founder of Nomad List, predicts that the world is trending towards more than 1 billion digital nomads by 2035. These people will need accommodations, no matter where they choose to work in the world.

Developers must future-gaze to design for these changing workplace habits (Osborne Clarke, 2015). The co-living model is one way to meet people’s desires for more flexible work experiences. As a larger number of millennials want the freedom to move on to the next “gig” or community experience, co-living provides an opportunity for shorter leases and a choice of living experiences and job opportunities.

SHARED ECONOMIES ON THE RISE

From ride shares to couch surfing, millennials around the world are taking advantage of surplus space through the rise of the “sharing economy.” The Oxford Dictionary defines the sharing economy as an economic system in which assets or services are shared between private individuals. A shared economy creates inherent efficiencies and is a sustainable benefit to the environment, both of which are enticing to younger generations (Outsite, 2016).



[Gig-workers desire amenities that can help them support their flexible working habits. Design by M+A Architects. Cory Klein Photography, 2021]

Companies in many different economic sectors have joined the sharing economy. For instance, Airbnb and CouchSurfing are shaking up the hotel industry, and DogVacay is the new dog kennel. Rent the Runway and Banana Republic Style Passport are changing the fashion industry. Turo and Getaround are going after rental car customers, and companies such as Uber and Lyft are taking business from traditional taxi companies (and car ownership in general).

The sharing economy helps fuel an acceptance of non-ownership, opening up the way in which people dwell and share their living space. Because millennials are more apt to share than own, and because they desire flexibility over permanence, it is no wonder that the co-living model is attractive to them.

2. EVOLVING EXPECTATIONS OF 'HOME'

Home is defined by Merriam-Webster as “one’s place of residence” or “the social unit formed by a family living together.” Dictionary.com defines home as “the place in which one’s domestic affections are centered.” However, for millennials, the definition of home and the expectations of what it supplies have changed drastically over the last twenty years. Some of these changes are due to increases in life expectancy and the inclusion of technology in daily lives. Many millennials now want home to incorporate a sustainable work/life balance. Because of their previous experiences in student rentals, some millennials also have elevated expectations of what a home should provide.

EVOLVING DEFINITIONS

We are living in the “Age of Accelerations,” as defined by Thomas Friedman. Globalization and rapidly evolving technology are challenging traditional definitions of what we call “home.” Friedman argues that the housing system has not adequately responded to the quickly evolving world around us (Taylor, M., et al., 2018). Housing must work harder. Once seen only as a status element of what we have achieved, many now see the home as a tool to support our living in ways that move beyond the basic need for shelter and providing for a family.

As cultural and societal changes evolve, our living environments must evolve as well. The way we live, work, and interact with one another must adjust in order to stay relevant. This notion has been accelerated by the COVID-19 pandemic, as people’s living space has also become their working space. Many now expect their housing to not only provide shelter but to create community, provide flexibility, be sustainable, and facilitate human well-being. Housing must also be affordable and fit within the standard of living to which we have grown accustomed.

The days of a single-function device are gone. Today’s watches do more than tell time, and today’s phones do more than make calls. Similarly, many people now want their living environments to provide more than four walls and a roof. Living spaces of the future must provide opportunities and possibilities that align with a changing mindset and lifestyle.



[Flexible spaces that can pivot and shift functions are key after the COVID-19 pandemic. Unit of the future design by M+A Architects, 2020.]

EVOLVING RETIREMENT PHASE OF LIFE

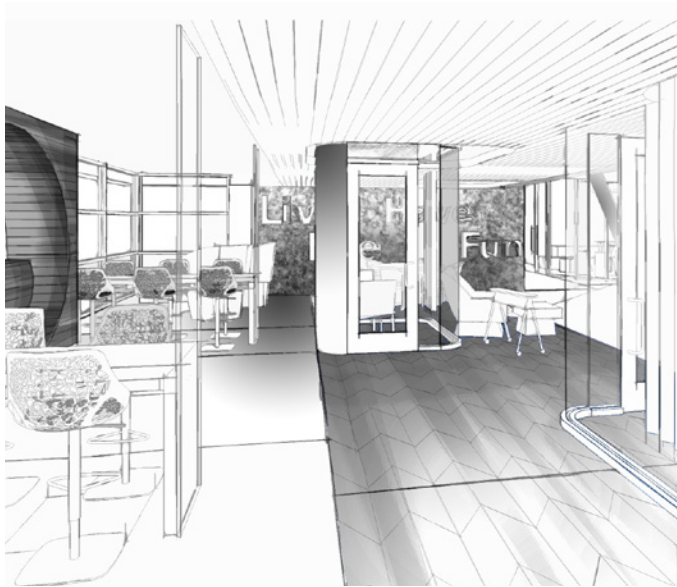
In 2016, the Albert Einstein College of Medicine reported that the average maximum human lifespan was one hundred and fifteen years (Melzer, G., 2005). While the average life expectancy is only seventy-nine years, there are now projects—such as the Human Longevity Project—that use data in an attempt to increase this number. As human lifespans lengthen, older generations are rethinking what retirement looks like.

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Many people who are approaching retirement age want to ensure that they do not become isolated. The co-living model provides opportunities for older generations to engage in planned activities, to make connections to a community, and to feel more secure than they would living within a single-family home (Neves, E., et al., 2013).

The average age of retirement is increasing, and older workers sometimes lack knowledge and experience in recently developed technologies. Co-living facilities can provide for older workers upskilling opportunities that offer an evolution of skill sets.

Lastly, members of older generations often want to move out of single-family homes. Co-living facilities allow them to downsize and pare down their material possessions so that they need less room. The reduced square footage that people occupy in a co-living unit enables them to reduce their environmental footprint and their household costs (Riedy, C., et al., 2017).



(Student housing has become a place for elevated design expectations. Study for future student housing complex, design by M+A Architects, 2018.)

ELEVATED EXPECTATIONS

One shift in lifestyle ideology comes from one of the youngest cohorts—Generation Z (born 1995 - 2010). While living in updated student housing at colleges and universities, some members of Gen Z experienced an all-inclusive lifestyle. They became accustomed to a higher level of serviced accommodation, such as pools, hot tubs, dog parks, integrated technology, digital messaging platforms, learning kitchens, wellness rooms, and exercise areas.

After graduation, many members of Gen Z look for the same types of high-quality accommodations, which provide them with flexibility and consistency. Co-living is a natural next step for post-student housing. It can provide amenities that would not be possible for members of Gen Z to achieve on their own, due to lower incomes and student loan debt. Gen Zers are able to transition seamlessly from the shared living lifestyle and elevated experiences within dormitories to a co-living model that provides much of the same, if not even greater, amenities (Osborne Clarke, 2015).

3. ECONOMIC INFLUENCE

The last factor that explains the rising desire for co-living is the high cost of housing in many urban locations. As discussed above, the millennial generation is delaying marriage and home ownership for several reasons, including changing ideas about adulthood. Other reasons millennials are waiting to settle down are the rising costs of real estate coupled with student loan debt. This perfect storm of a financial burden means that younger generations are simply unable to purchase a home as early in their lives as previous generations did (Outsite, 2016).

Instead, younger generations are seeking locations that provide home amenities they find attractive, but at rates more akin to those of renters. Co-living facilities fit the bill. The co-living model allows residents to share with others the expenses for a home's common areas, such as a living room. This way, residents do not have to carry the burden of furnishing and maintaining these areas on their own.

Some members of older generations also want to reduce their expenses. They want to free up capital to allow for travel and an elevated lifestyle, and they want to make sure that family members never have to cover their expenses. Just as with younger generations, older people still want the home amenities they prefer. Now, however, they are willing to share them with others. This allows older people to remain autonomous and to avoid having to move in with their families, while still maintaining the aspects of their home life that they have cultivated (Riedy, C., et al., 2017).

INFLUENCE OF URBANIZATION

Urbanization is a growing trend. It is predicted that cities will soon account for nearly 77 percent of the total European population, compared to 62 percent just 50 years ago. In order to meet growing demand on land use, density is consistently a point of discussion for many urban jurisdictions. “Location, location, location” remains strong, as graduating students seek an extension on their lifestyles in a highly desirable location while maintaining relatively affordable costs. Location and affordability are two key factors that make co-living attractive. Urban areas with close proximity to universities play a vital role in start-ups and new business creation, sectors which attract young adults. However, land values are highest and pressures on land use are greatest in these urban areas. In order to keep costs down, there is an obvious need to increase the number of people that can live in these locations (Osborne Clarke, 2015).

There is no doubt that people are becoming more interconnected in the Internet age. The Internet affords people the ability to connect with others across the globe, in both rural and urban locations. However, the reality is that people are clustering in dense urban areas like Silicon Valley in order to capitalize on knowledge and innovation. This is proof that physical proximity is still very relevant when it comes to collaboration and assembling ideas (Taylor, M., Et AL., 2018). The COVID-19 pandemic further highlighted that, while people are capable of working from home, the desire to physically interact with others still exists. In addition, while companies may allow people to continue to work from home, their apartment or house

may not accommodate their work needs. Hence, co-living may be an even greater necessity to facilitate the physical proximity that is needed for collaboration.

From an investor standpoint, the key benefit of co-living is the ability to spread risk and diversify income. Rather than being reliant solely upon students (and their parents as guarantors), investors gain additional exposure to higher-earning young professionals and entrepreneurs, who want quality, flexible, serviced accommodations in good urban locations (Jones Lang LaSalle IP, 2018).

Summary

As defined in this paper, co-living is a model in which unrelated individuals become part of a physical complex, forming a community that supports their living preferences. This model is attractive to many, especially to baby boomers and millennials, generations that are on the move. People are living longer. Many want more agility in their lives, as well as an affluent lifestyle commensurate with their past experiences. The advent of the COVID-19 pandemic has only accelerated many of the generational preferences explored above. These are all outcomes that can be provided in a co-living facility, if they are set up, programmed, and designed successfully.

In the forthcoming second part of this white paper, we will further examine strategies for designing successful communities within co-living facilities that build through organic growth.

M+A Architects commissioned this white paper, performed the secondary research literature reviews, and generated the content for this report with coordination and review from the Department of Design at The Ohio State University. At M+A Architects, we are using this and other evidence-based research to support our decision-making process to elevate our clients and our practice. To continue the conversation on successful co-living communities and our other services, contact Mark Bryan at research@ma-architects.com.

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