
City

The Young and Restless

September 2016

CityObservatory

City Observatory

City Observatory is a virtual think tank, contributing original data-driven research and regular commentary on what matters to city success, focused on how building great places to live can attract, develop and harness talent to create widely shared opportunity.

City Observatory was founded with support from the John S. and James L. Knight Foundation.

CityObservatory.org

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Storefronts and job growth

Earlier this week, we introduced the Storefront Index, a measure of the location and clustering of customer-facing retail and service businesses. A primary use of the index is to identify places th... →

By [Joe Cortright](#) | 27.4.2016

[Storefronts and job growth](#)

[Squaring off with the Storefront Index](#)

[The Storefront Index](#)

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The Storefront Index

As Jane Jacobs so eloquently described it in *The Death and Life of American Cities*, much of the essence of urban living is...

By [Joe Cortright](#) | 26.4.2016

[Full Report →](#)

What Matters to the Success of Cities

Economic Opportunity

A key measure of economic success

Talent & Prosperity

Talent drives city success: The biggest

Development Strategies

What are the policies and practices

Less in Common

The essence of cities is bringing people—from all walks of life—together in one place. Social interaction and a

Synopsis

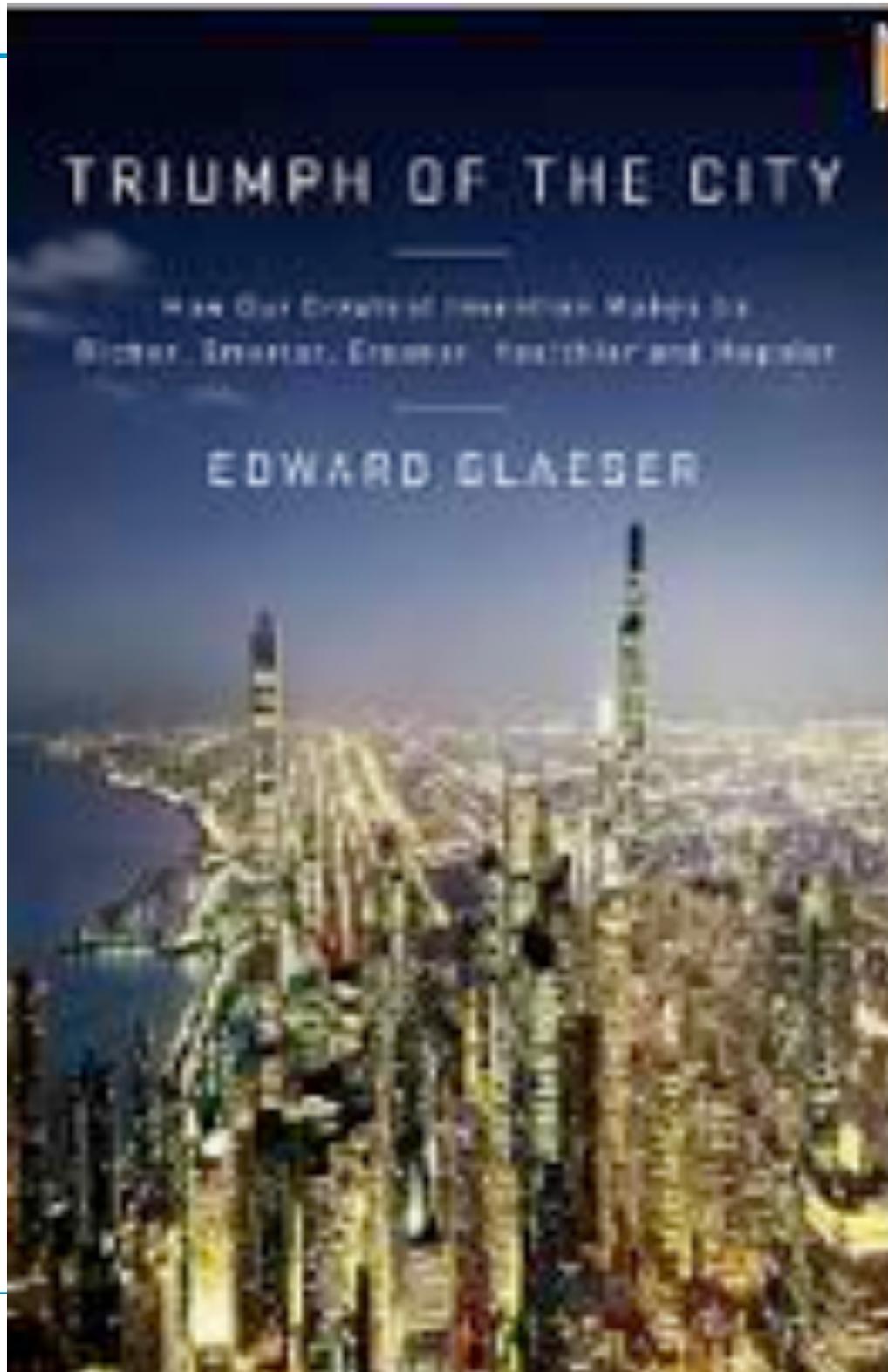
- **Talent**
- **Place**
- **The new reality of economic development**
- **Our shortage of cities**
- **Placemaking**

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Talent

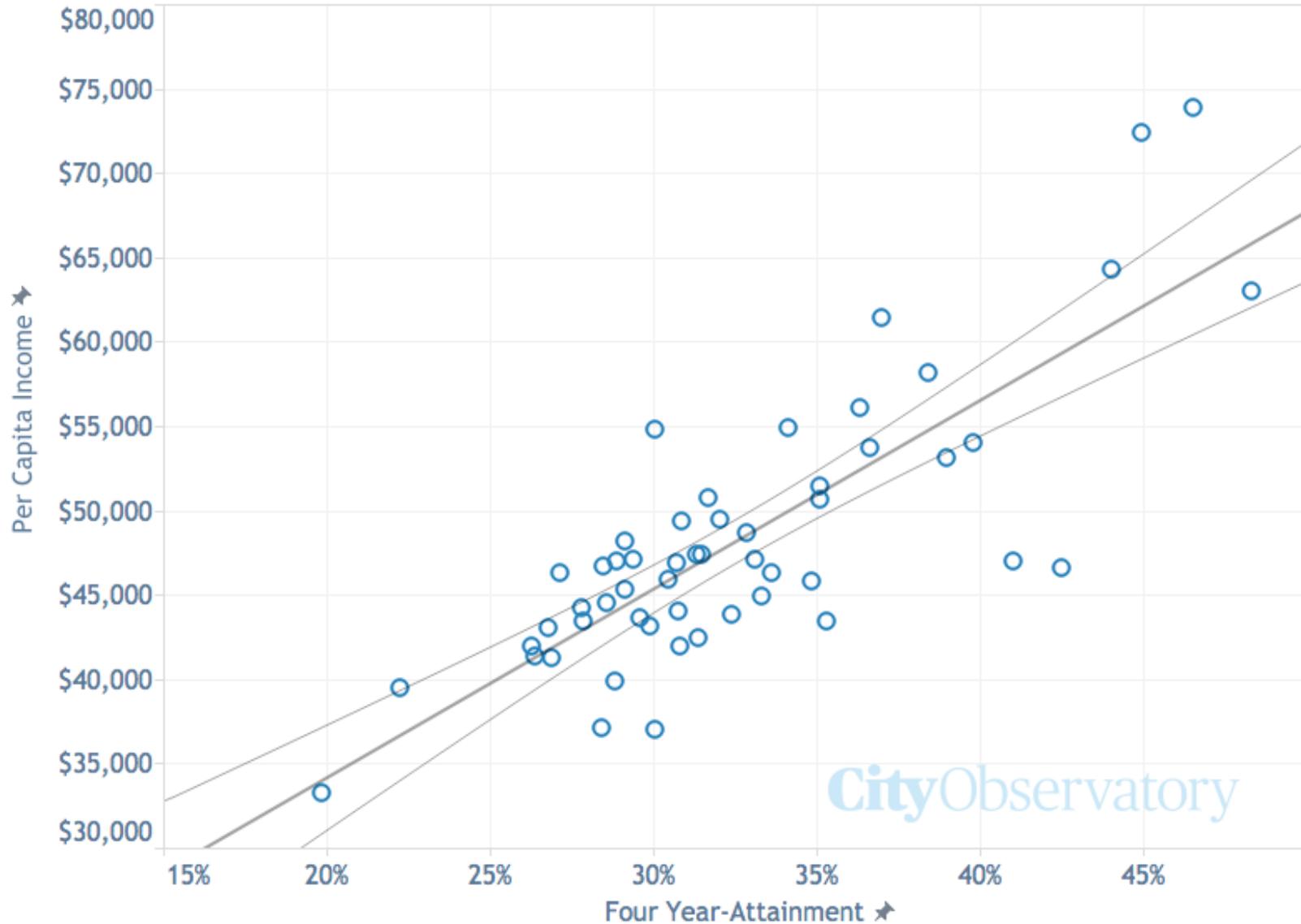
Ed Glaeser

“At the local level, fundamentally the most important economic development strategy is to attract and train smart people.”



Education drives prosperity

Educational Attainment and Per Capita Income, 2014



CityReport

October 2014

The Young and Restless and the Nation's Cities

Joe Cortright

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Talent

Metro	San Jose	Rank	San Francisco
Four-year adult college attainment rate	46.6%	2nd	3rd
Four-year 25-34 year-old college attainment rate	50.9%	3rd	4th
25-34 year-old college graduate share of adult population	7.5	4th	2nd

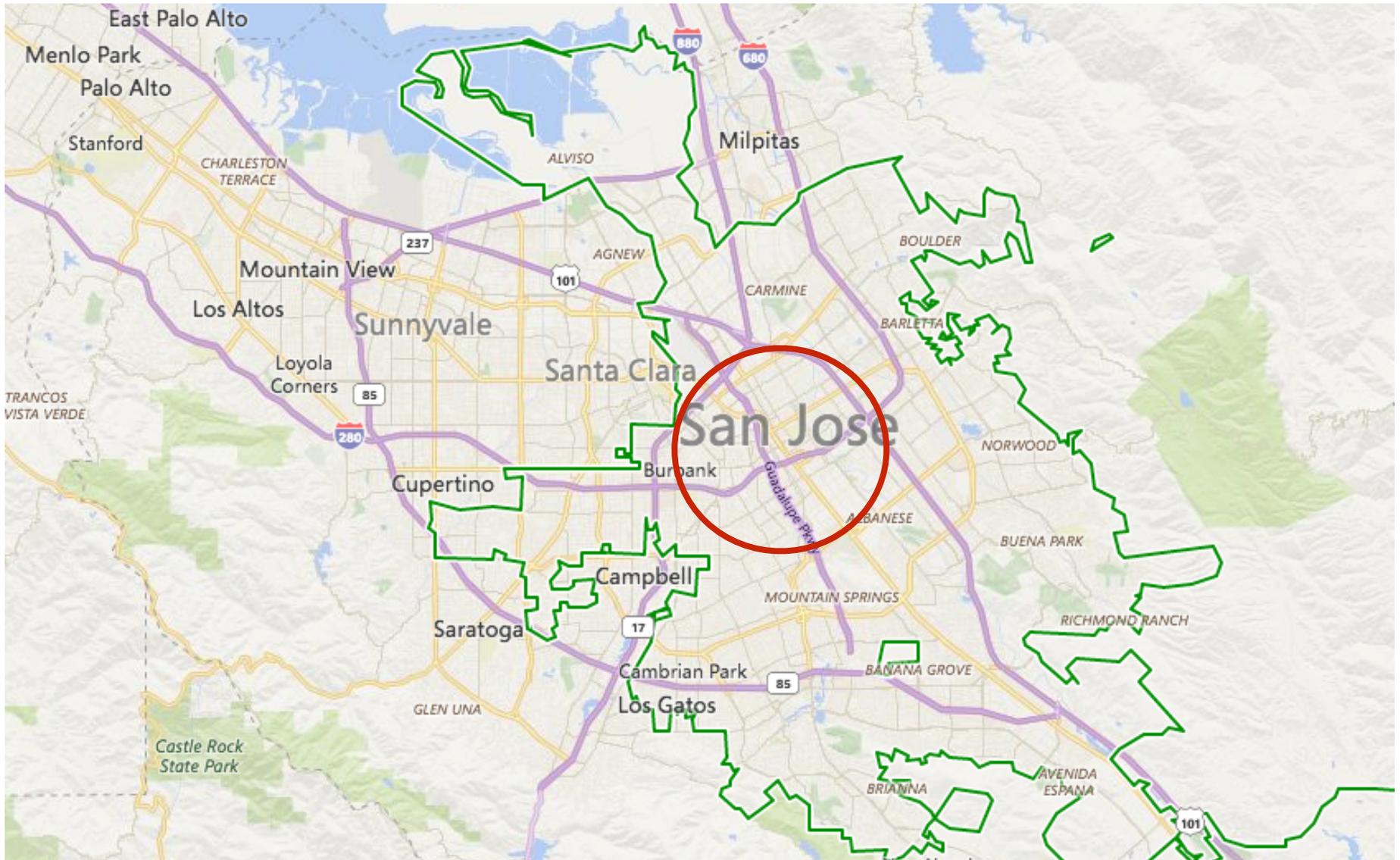
American Community Survey, 2010-14

Metro totals: 25-34 BA+

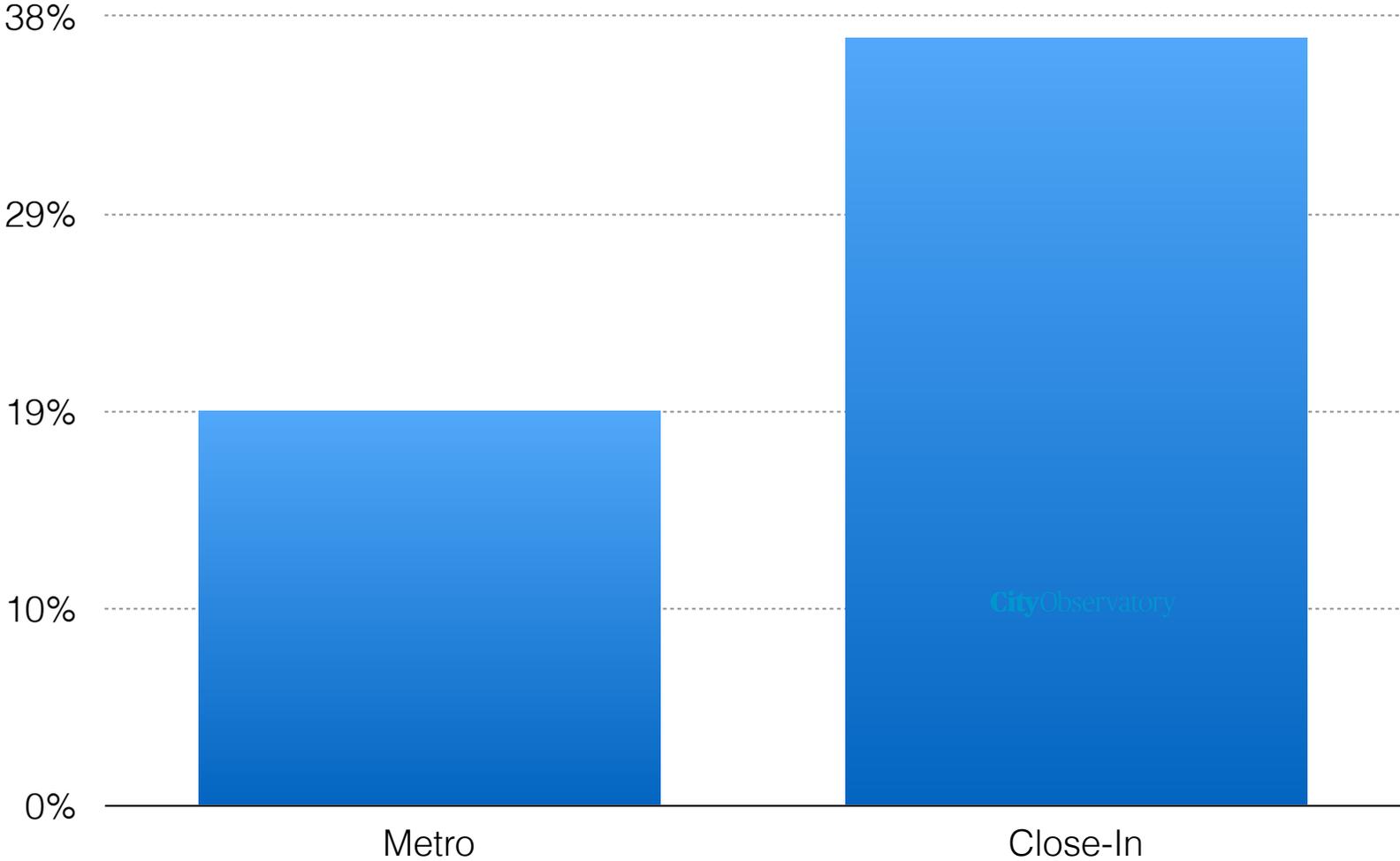
Metro	2000	2012	Increase	Percent
San Jose	134,357	141,942	7,585	+5.6%
San Francisco	316,327	353,165	34,771	+11.4%

Census 2000 and American Community Survey

San Jose



Nationally: Close-in neighborhoods growing twice as fast

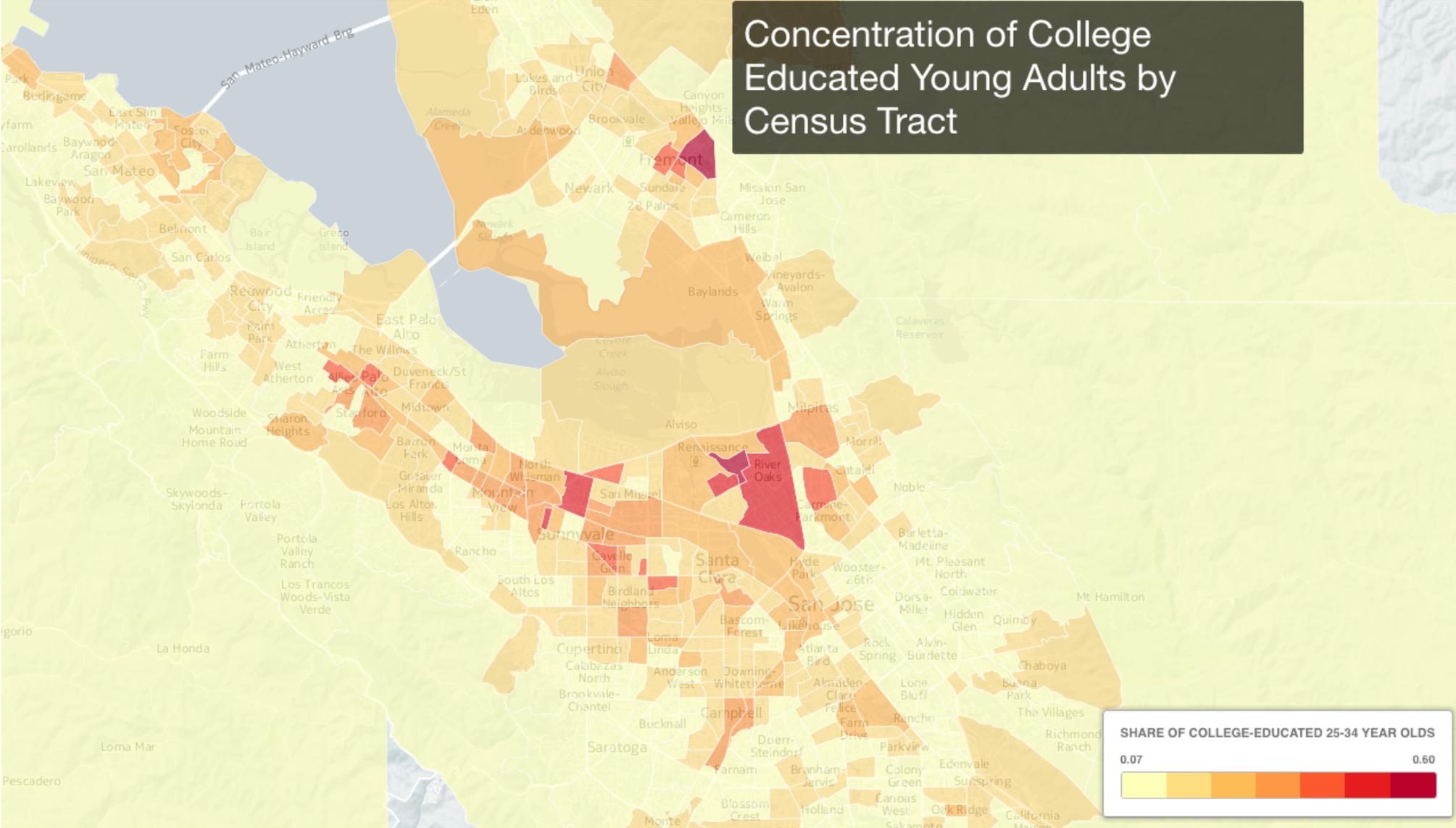


Close-in neighborhoods: 25-34 BA+

Metro	2000	2013	Increase	Percent
San Jose	11,821	18,053	+6,232	+52%
San Francisco	84,425	97,403	+12,978	+15%

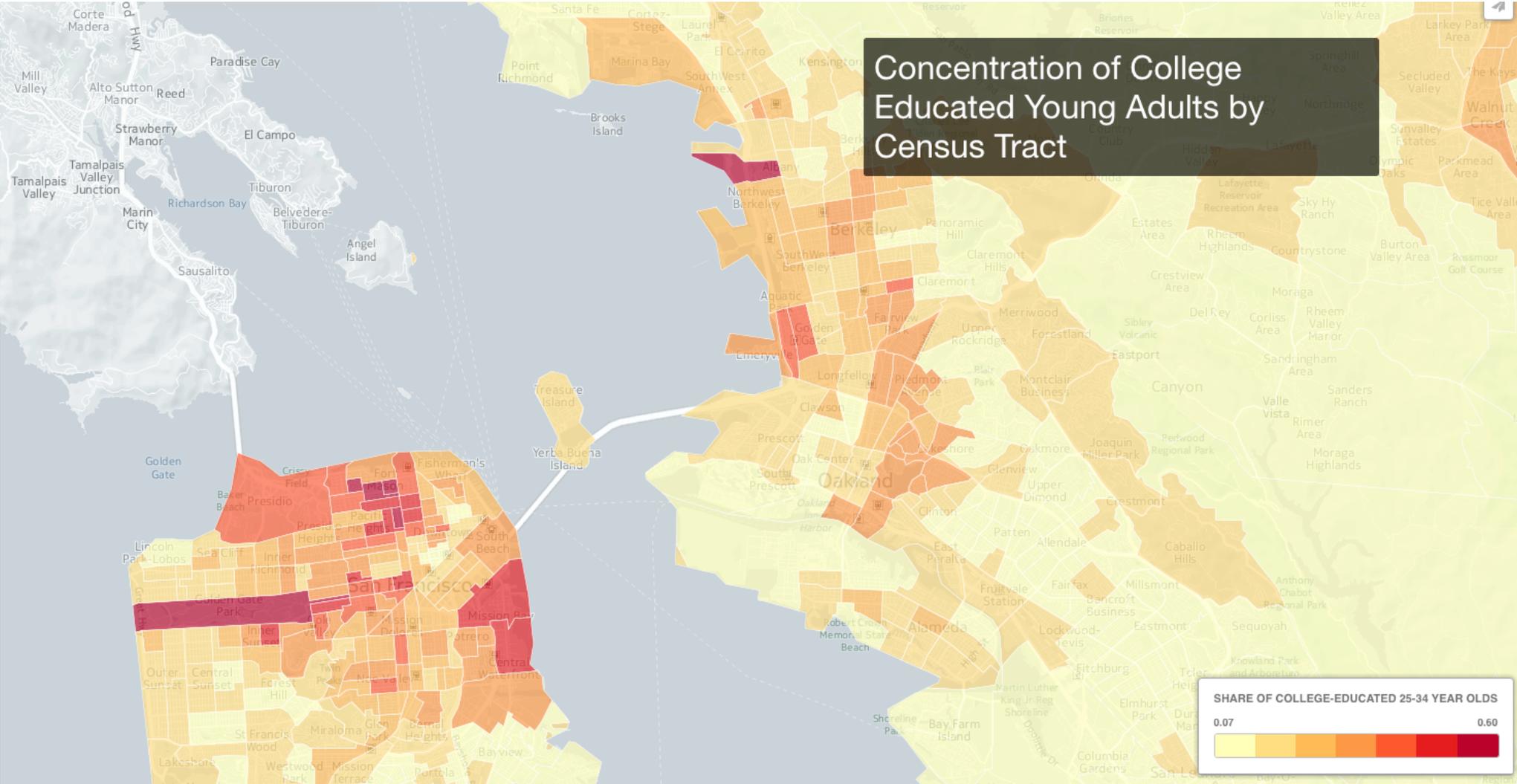
Census 2000 and American Community Survey

San Jose: Share 25-34 BA+



Data: American Community Survey, Map: Michelle Thong

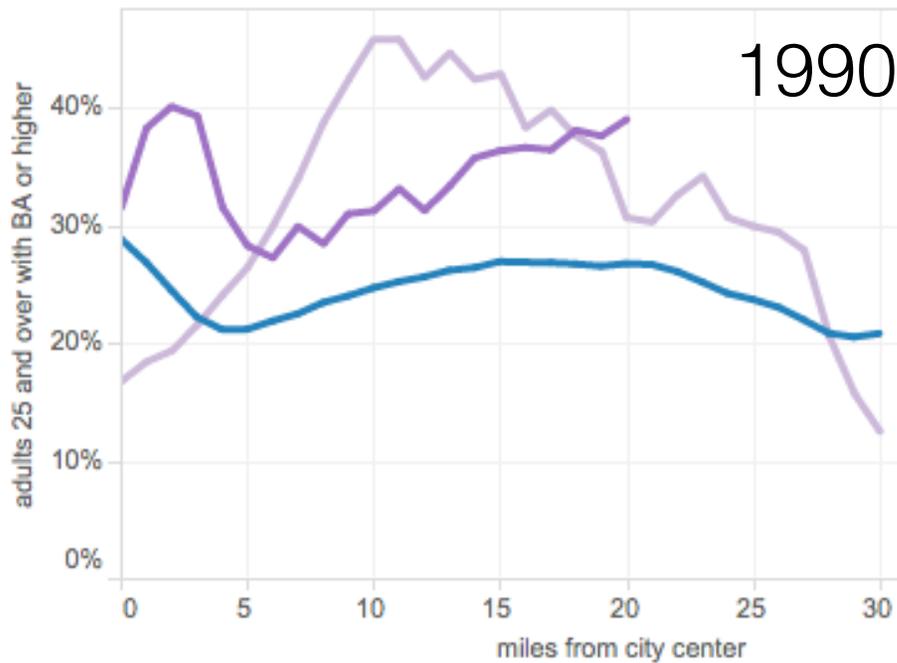
San Francisco: Share 25-34 BA+



Data: American Community Survey, Map: Michelle Thong

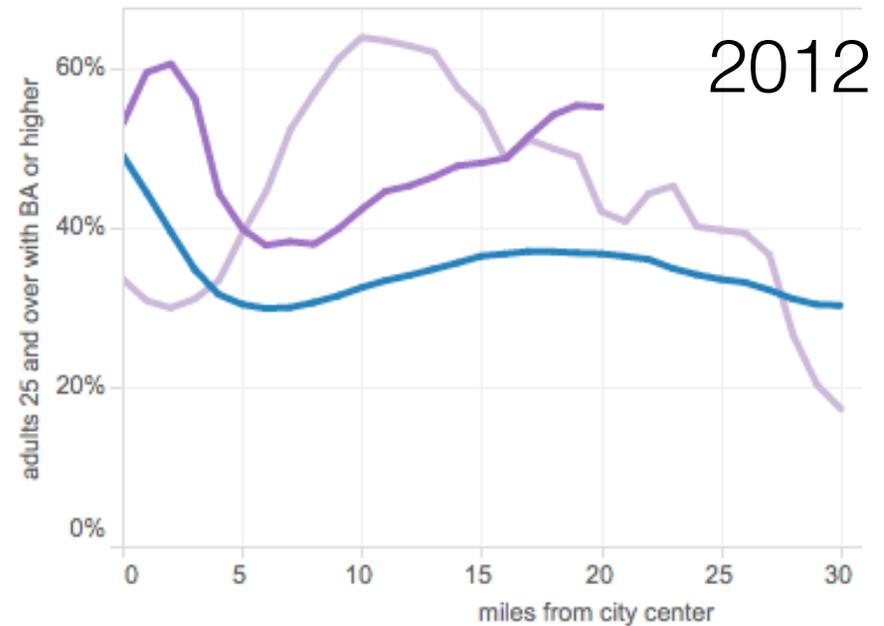
Better educated in the center

College Graduates



UVA Demographics Research Group

College Graduates



UVA Demographics Research Group

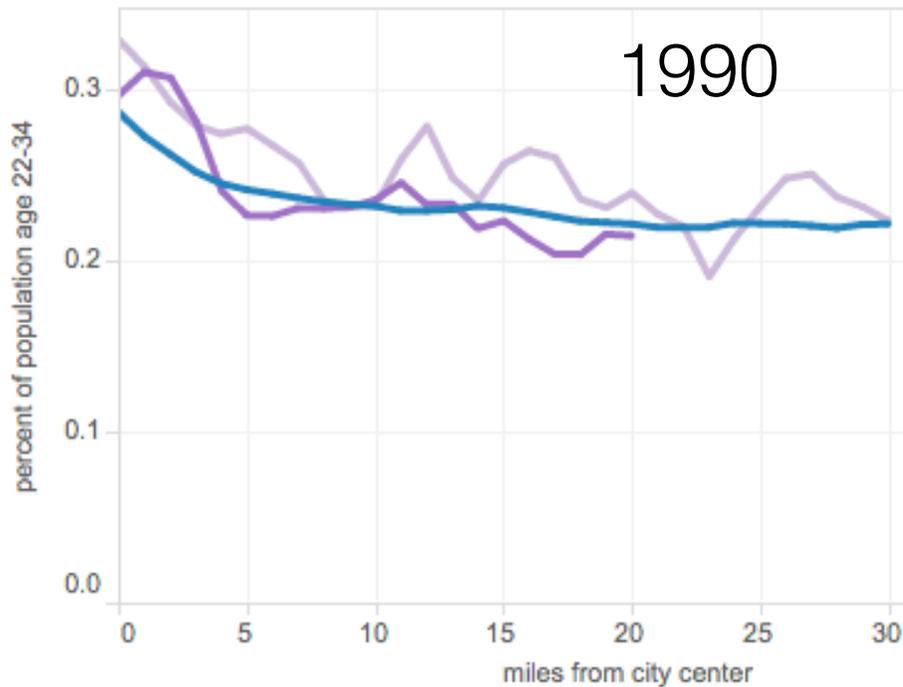
City

- Composite - 50 Largest ...
- San Francisco, CA
- San Jose, CA

Census data, courtesy Luke Juday, University of Virginia

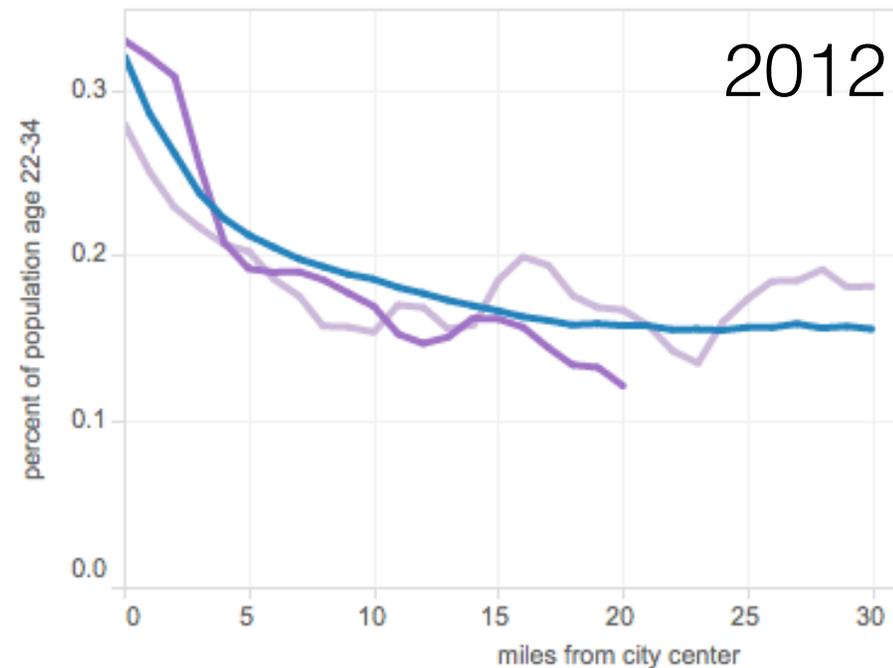
Young shifting to center

Young Adults



UVA Demographics Research Group

Young Adults



UVA Demographics Research Group

- Composite - 50 Largest ...
- San Francisco, CA
- San Jose, CA

Census data, courtesy Luke Juday, University of Virginia

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Place

Talent now seeks place

Thinking about how you will look for and choose your next job, which of the following statements best reflects your opinion?
(Asked of 1,000 25-34 year old college graduates)

Look for the best job I can find. The place where it located is pretty much a secondary consideration.



Look for a job in a place that I would like to live



0% 18% 35% 53% 70%

What young talent seeks

- Dense
- Diverse
- Interesting
- Bikeable
- Walkable
- Transit-served

The new reality of economic development:

The HR Department now drives business location and expansion decisions

- Where can we find lots of talented workers?
- Where can we easily attract more?

For tech job seekers, it's all about the city

Startups say being in Cambridge or Boston is a must for recruiting the top talent

By [Michael B. Farrell](#) | GLOBE STAFF JUNE 02, 2014

“For companies hoping to hire top talent, the simple fact is that most tech workers want to live and work in the city.” Boston *GLOBE*, June 2014

The
Boston
Globe



CityReport

February 2015

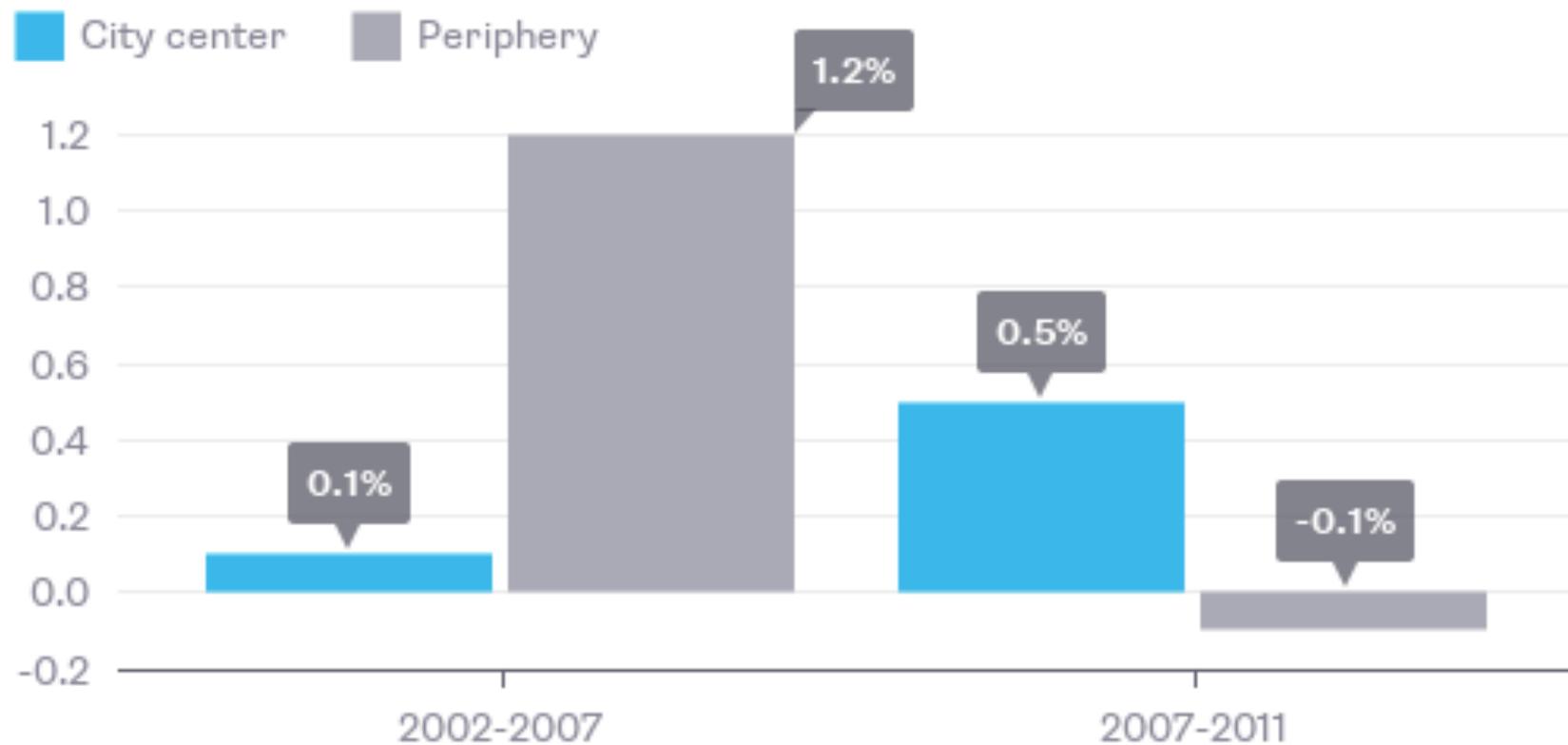
Surging City Center Job Growth

Joe Cortright
Dillon Mahmoudi

Job suburbanization reversed

A Return to Downtown?

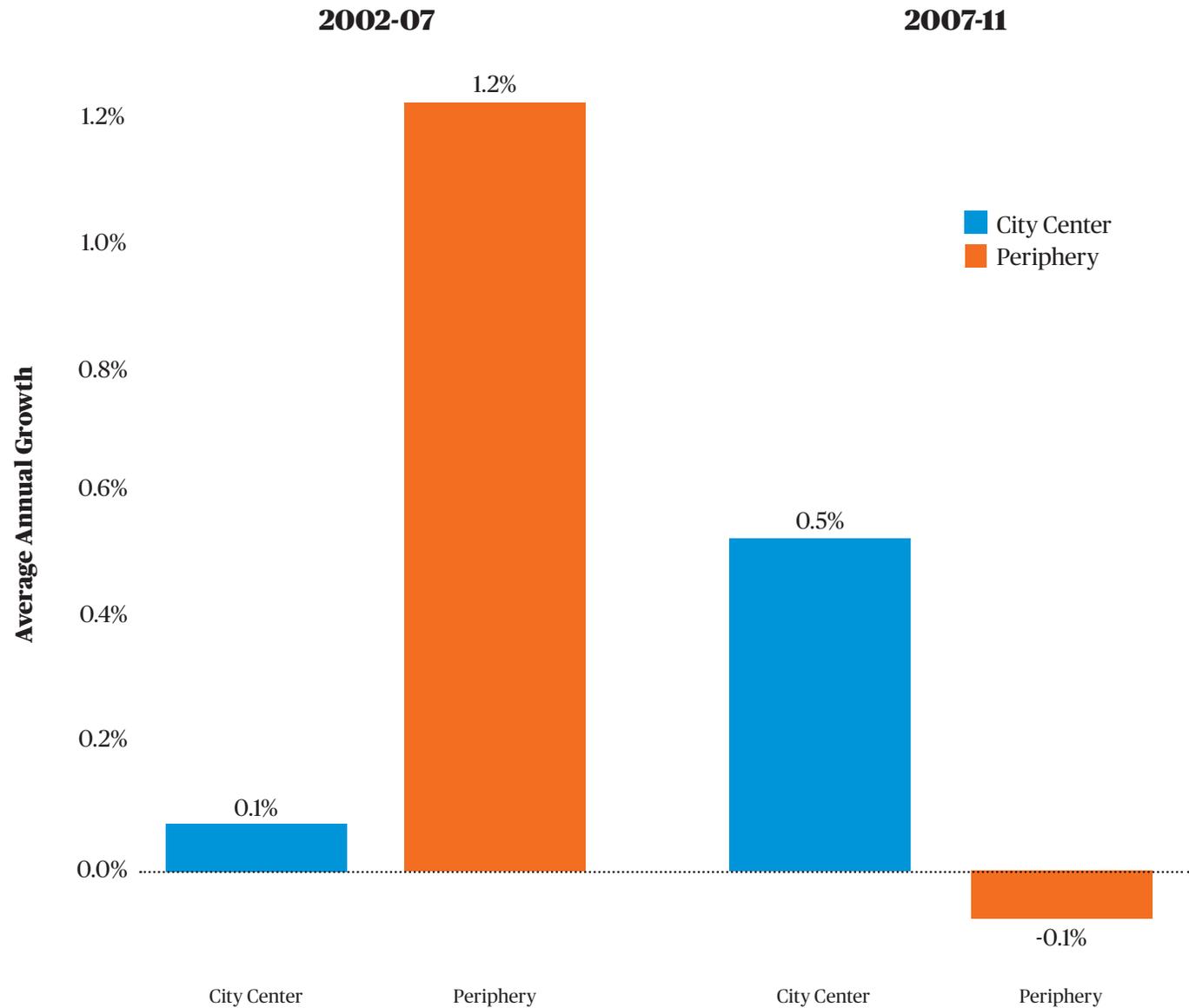
Employment growth, 2002-2011



Source: City Observatory

BloombergView

US: Job growth centralized



“Core Values”

Since 2010, nearly 500 companies expanded or relocated downtown

Reasons:

- “Attract & retain talented workers”
- Build brand & company culture
- Support creative collaboration



Core Values

Why American Companies are Moving Downtown



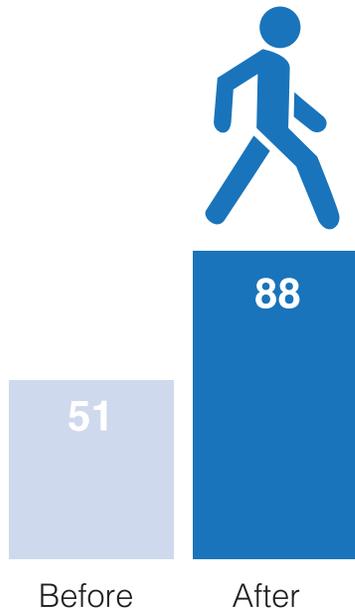
IN PARTNERSHIP WITH



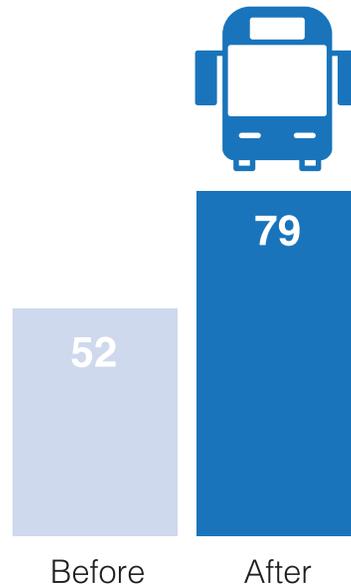
Center for Real Estate
and Urban Analysis
THE GEORGE WASHINGTON UNIVERSITY

Where do companies relocate to:

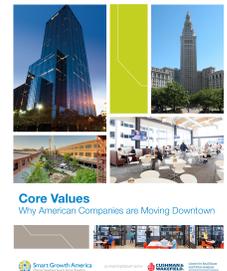
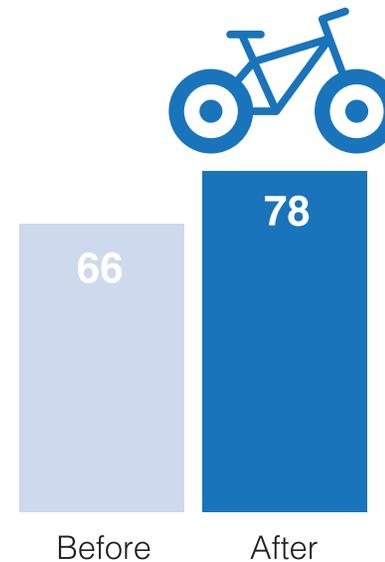
WALK SCORE



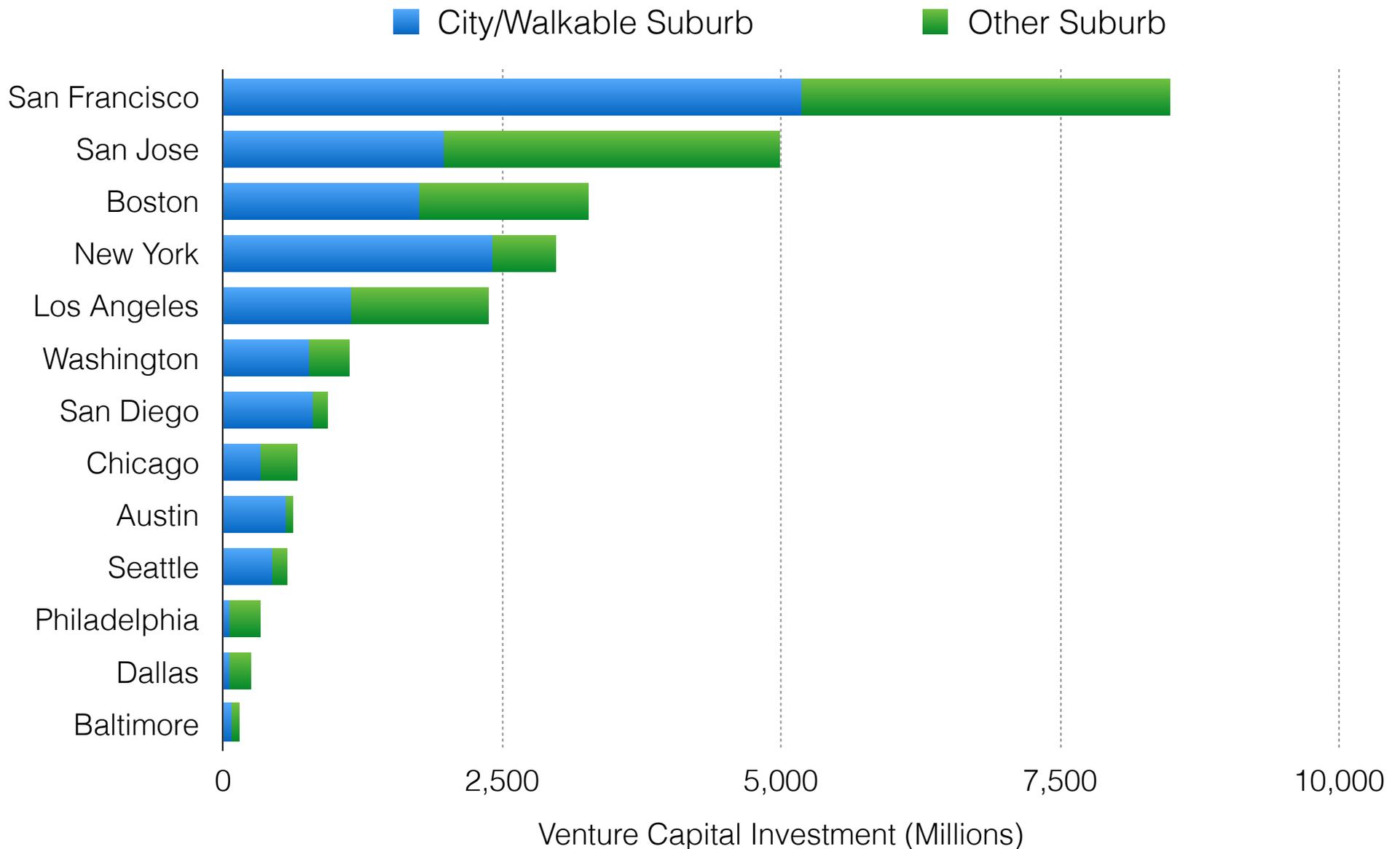
TRANSIT SCORE



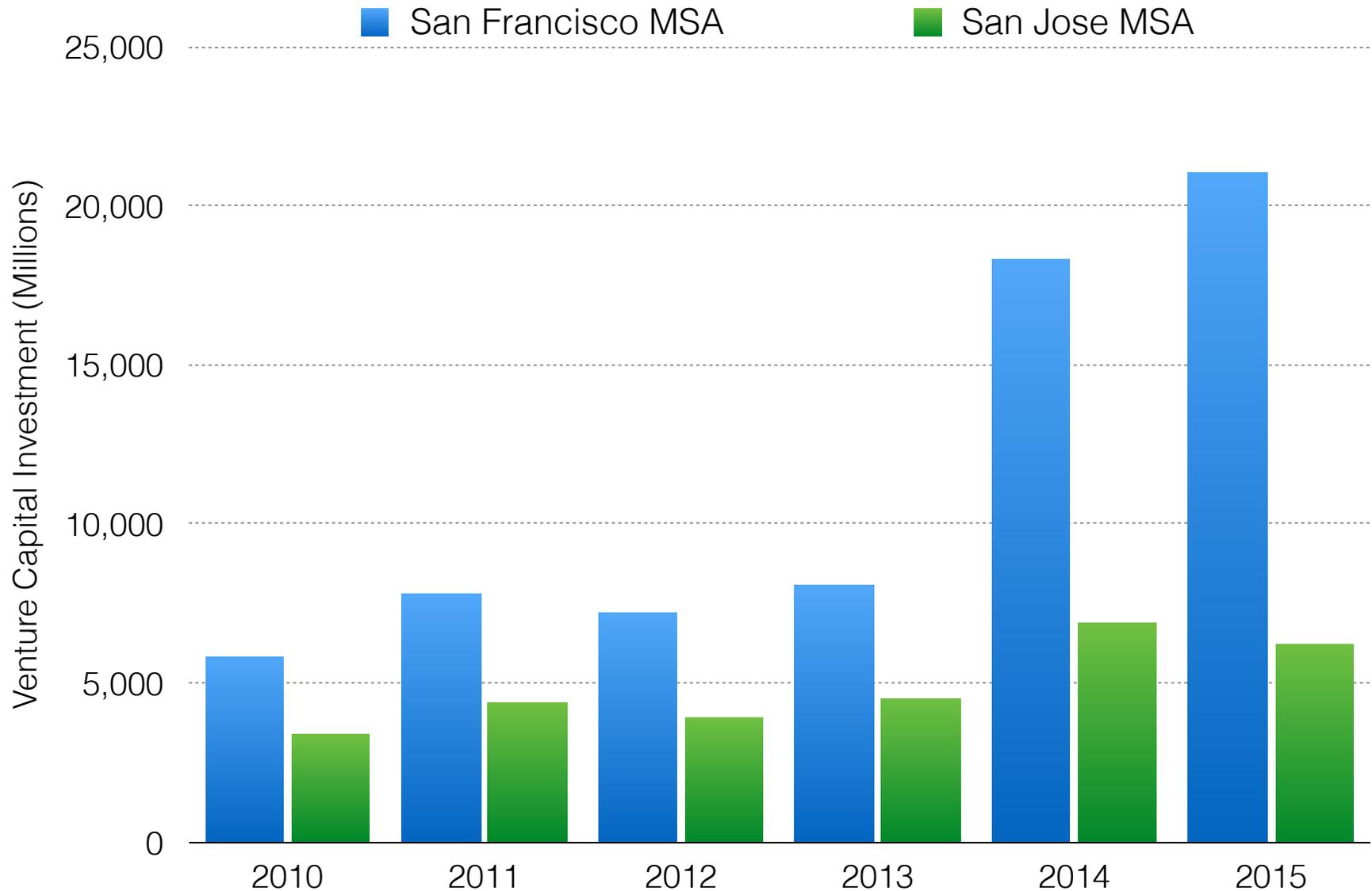
BIKE SCORE



VC flowing to cities



A shift in the Bay Area

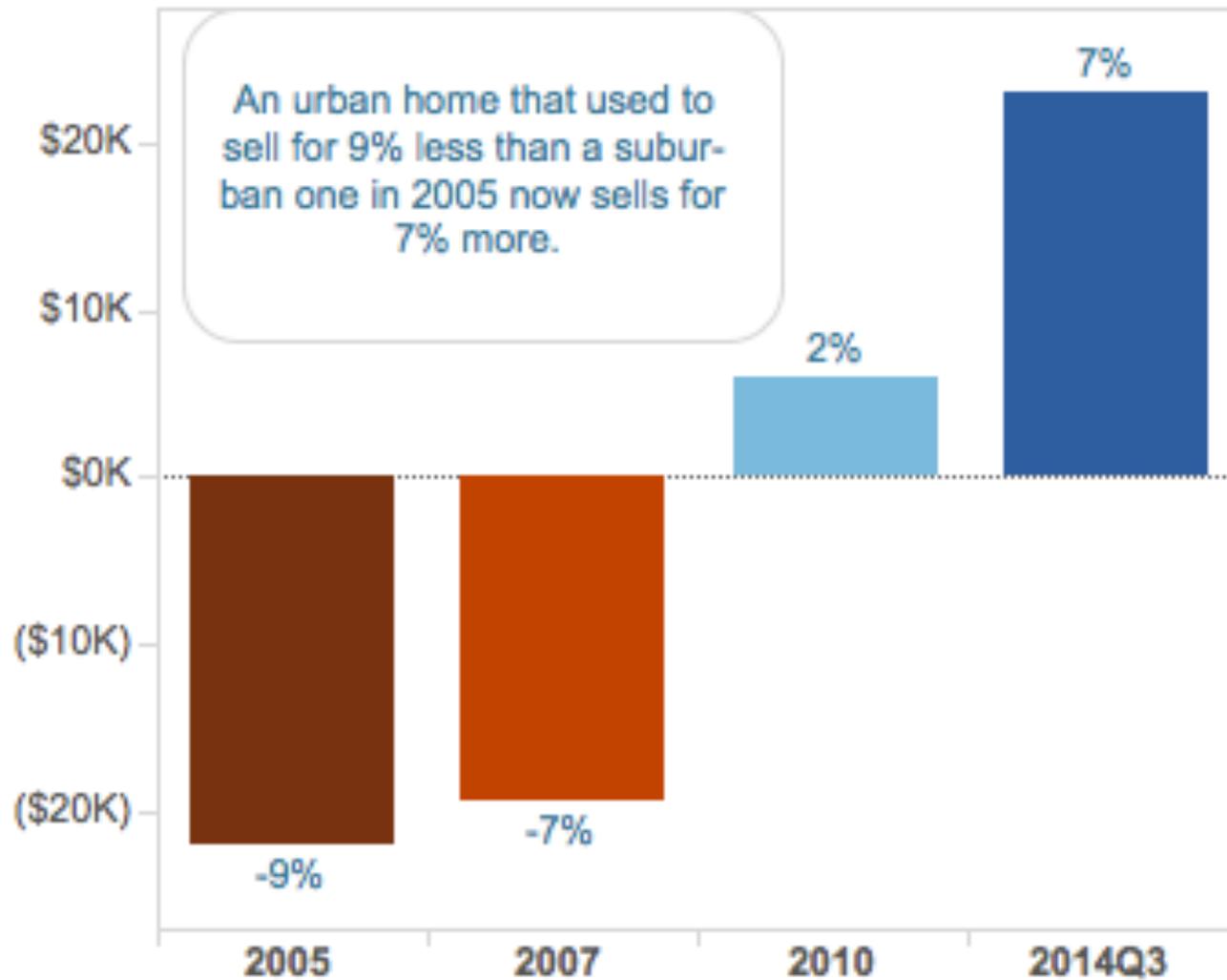


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A Shortage of Cities

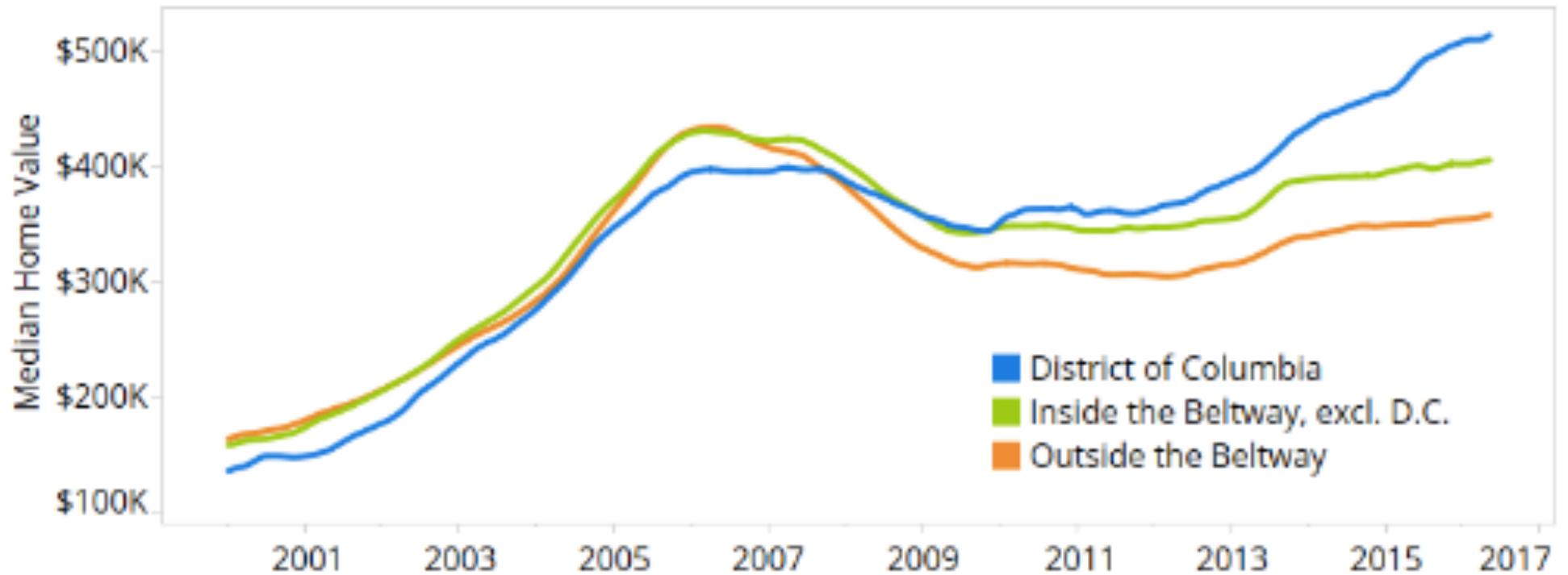
A premium for urbanity

Metro Portland City Suburb Price Differential



Urban ascendance: DC

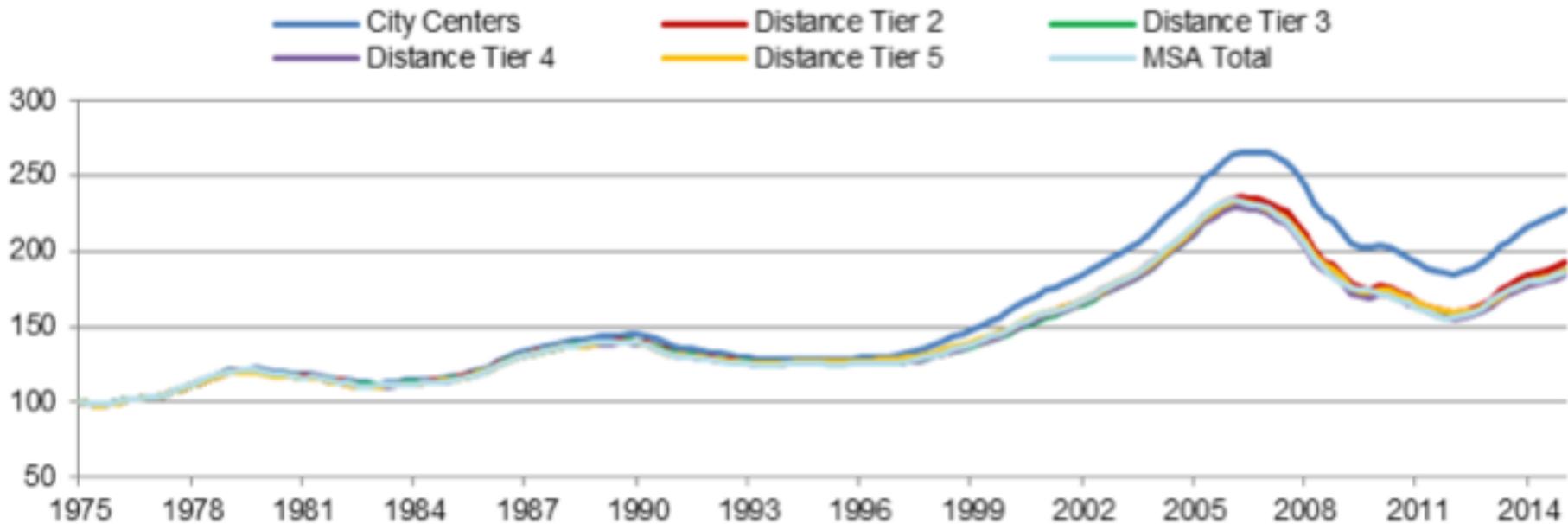
Figure 1: Home Values in the Washington, DC Metro Area



Growing demand for cities

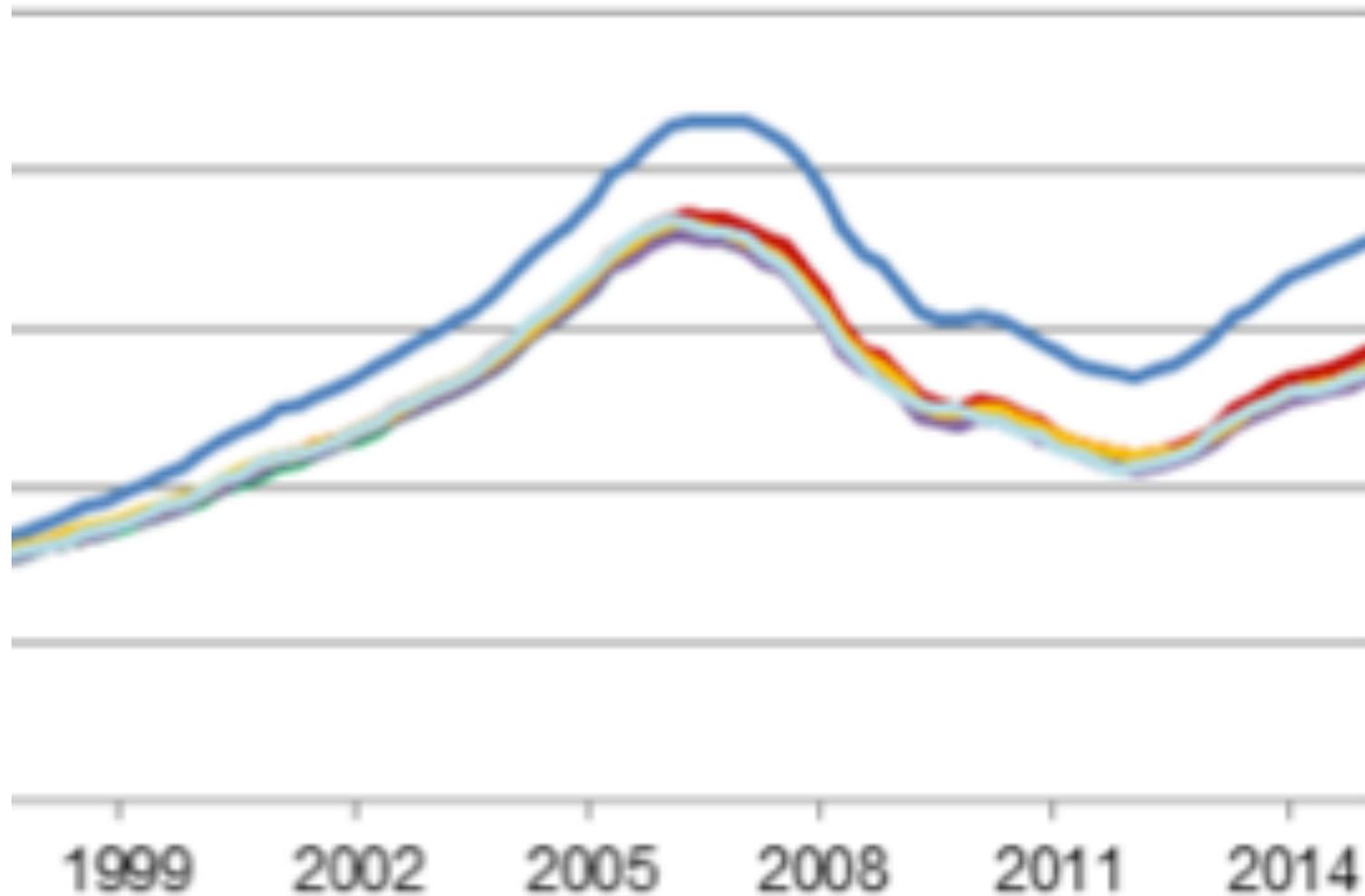
15 Years of Demand Boom in City Centers

(Real Case-Shiller Home Price Index: Zip Codes versus MSA Total [Top 50 MSAs])

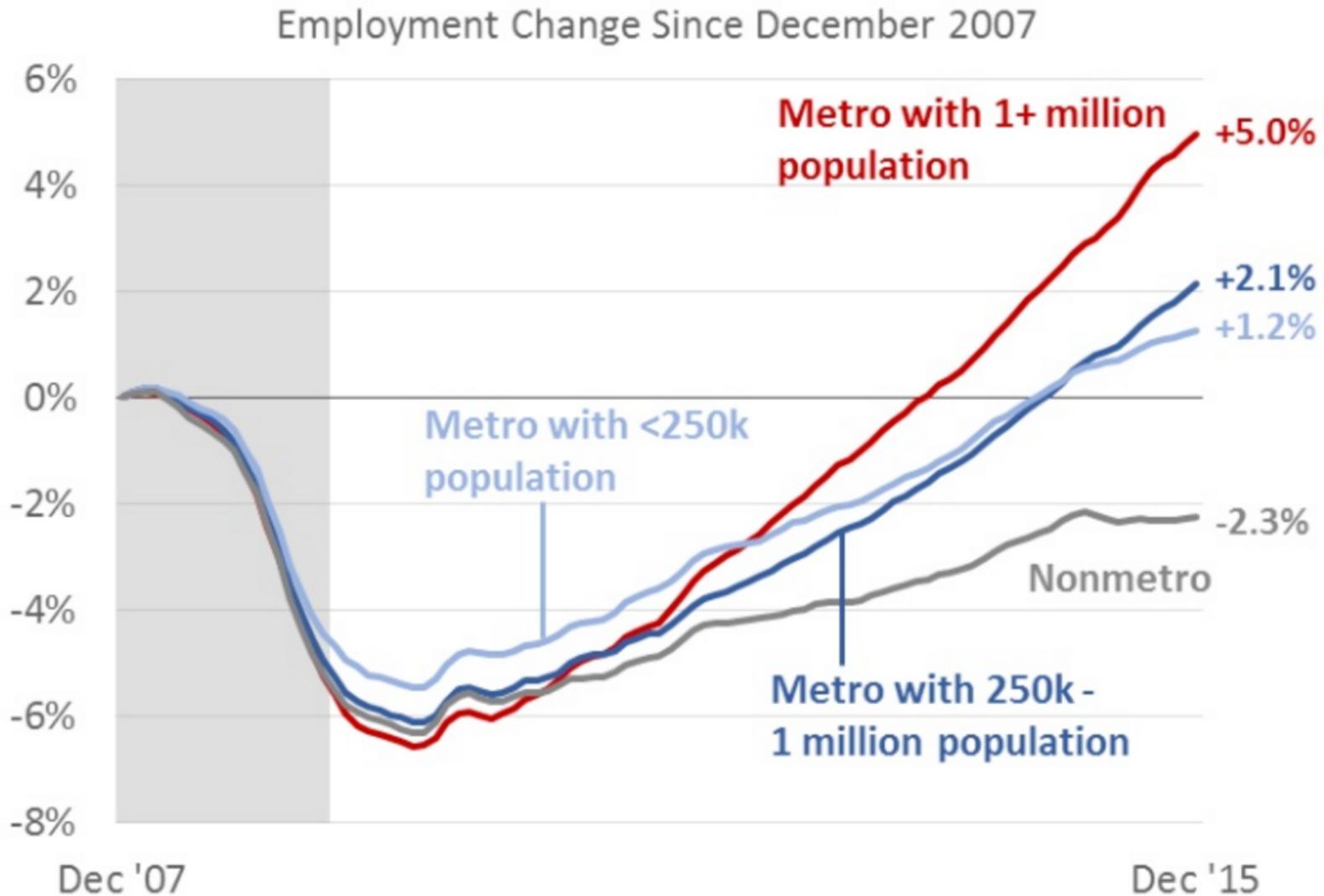


FitchRatings

Growing demand for cities



Big cities dominate growth



Data: QCEW, SA 3 MMA | Sources: BLS, USDA, Oregon Office of Economic Analysis

The latest news

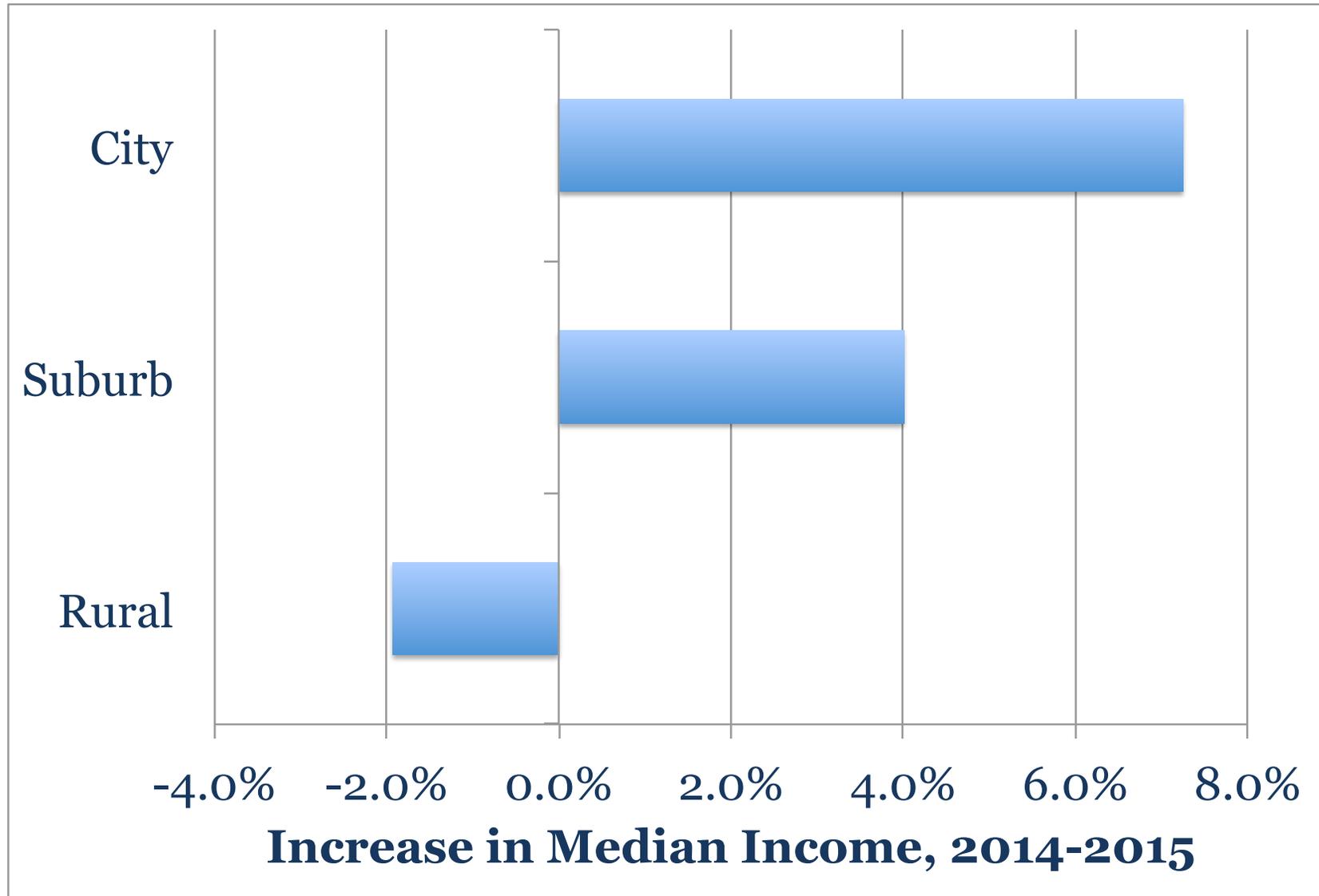
THE WALL STREET JOURNAL

U.S. Household Incomes Surged 5.2% in 2015, First Gain Since 2007

Census Bureau reports the largest annual gain since it began releasing such data in 1967

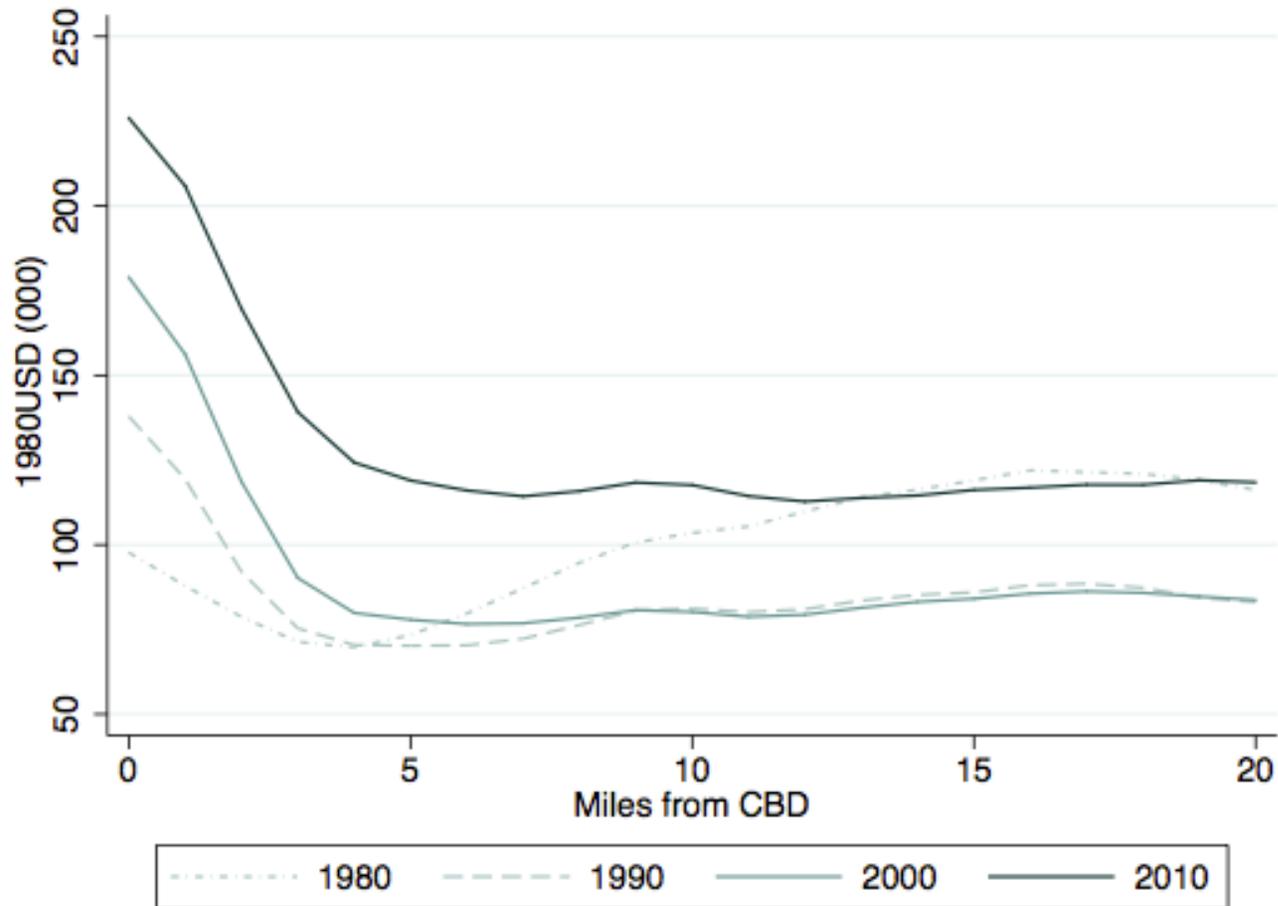
September 13, 2016

Cities lead income growth



A premium for city living

Figure 1: Home Prices by location



Notes: Owner-occupied, 2-3 bedroom, one-family homes. 20 miles includes 20-35 miles.

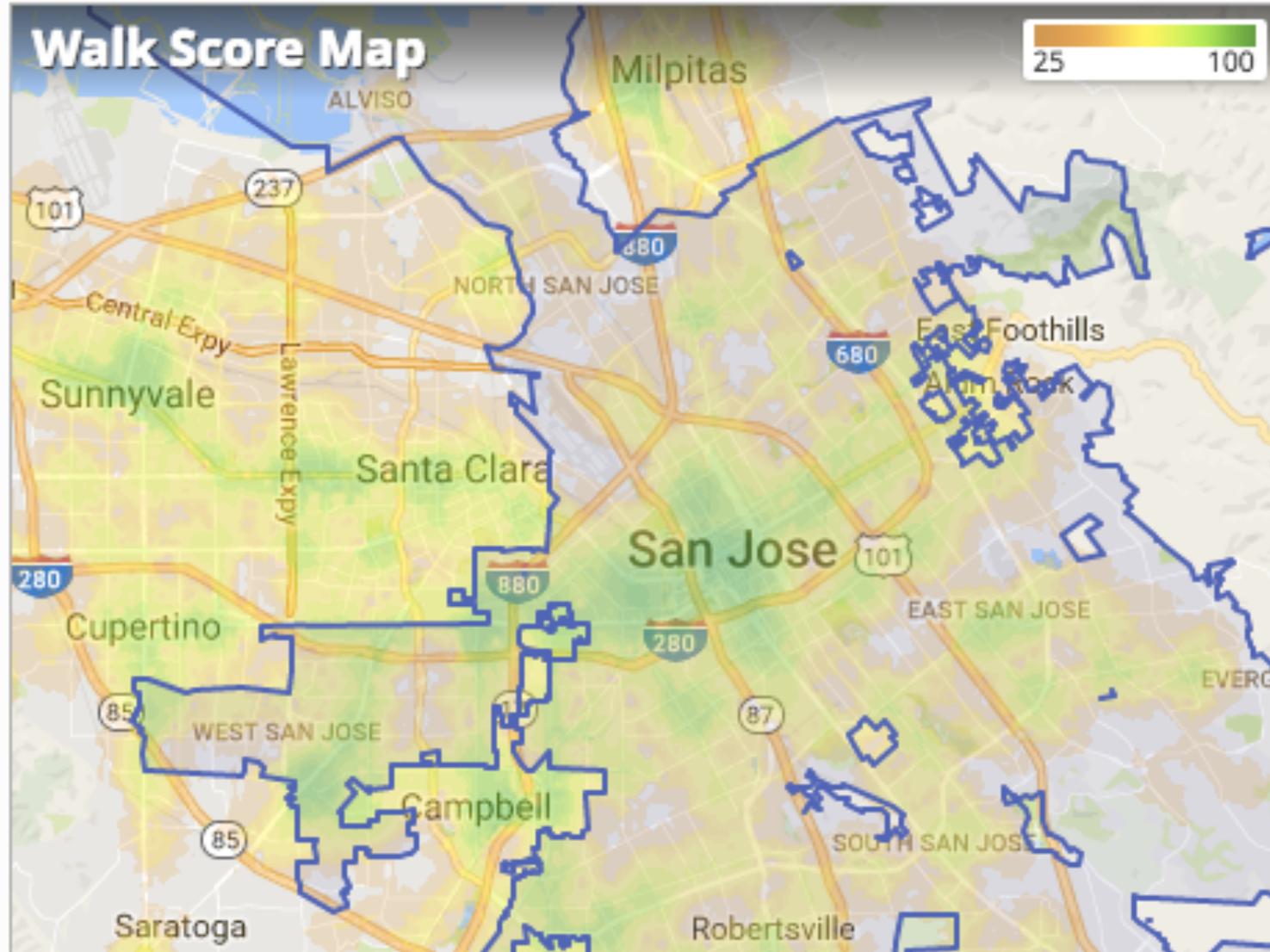
Source: Decennial censuses and the American Community Survey, restricted use data.

Edlund, Sviatchi & Machado, 2015

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Placemaking

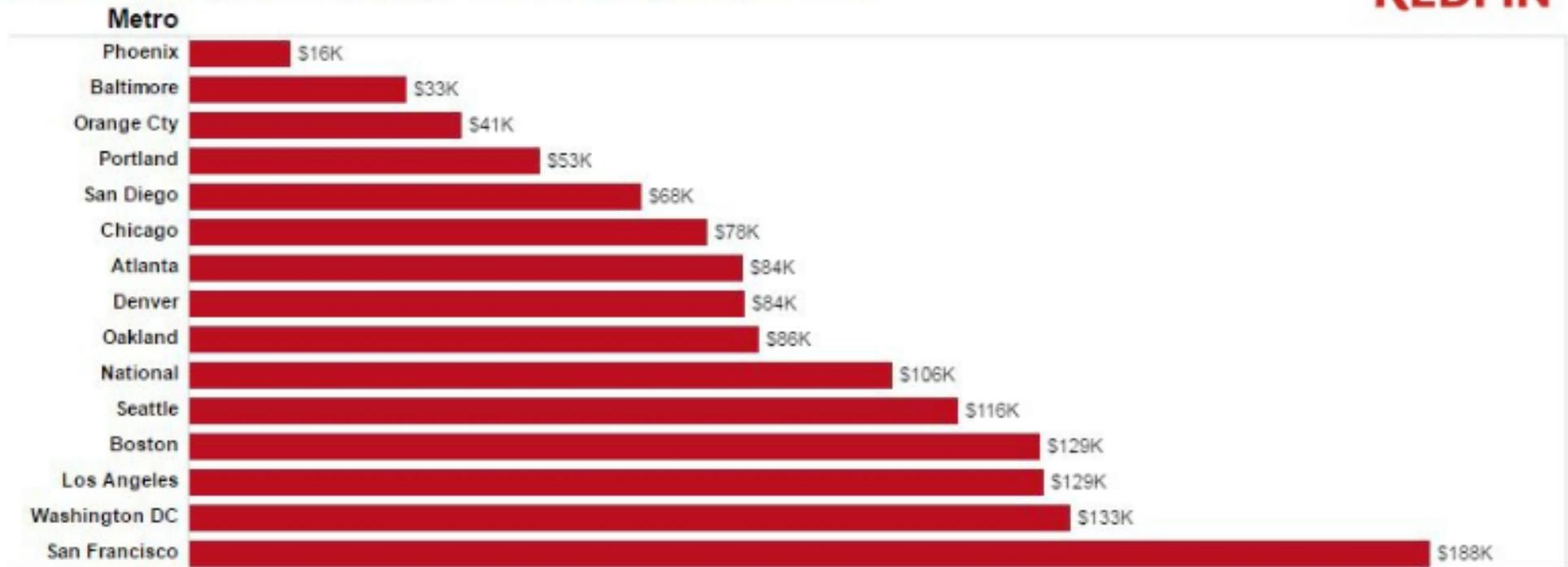
Walkable Neighborhoods



Walkability is highly valued

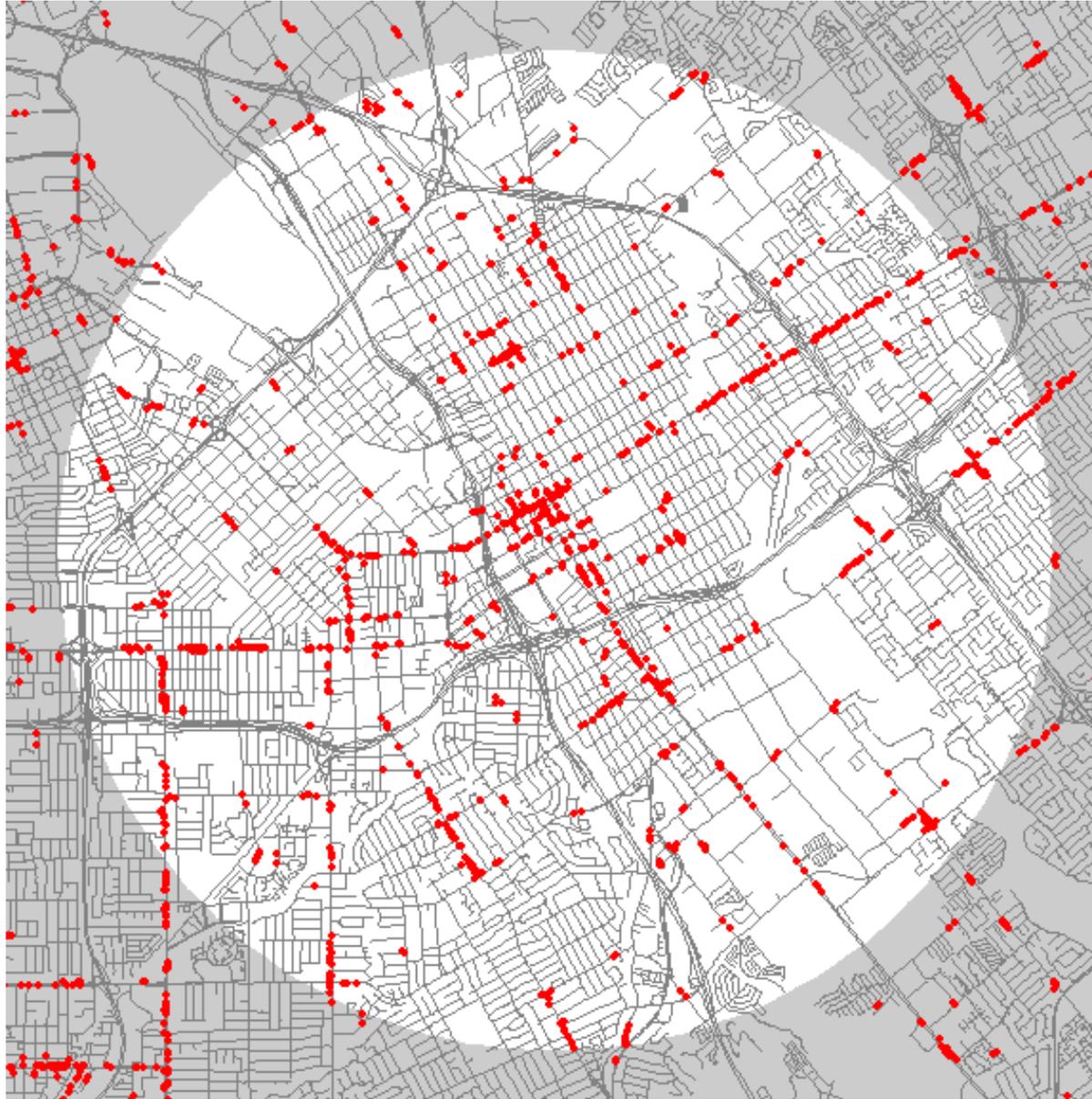
Home Price Premiums for Increases in Walk Score from 60 to 80

REDFIN



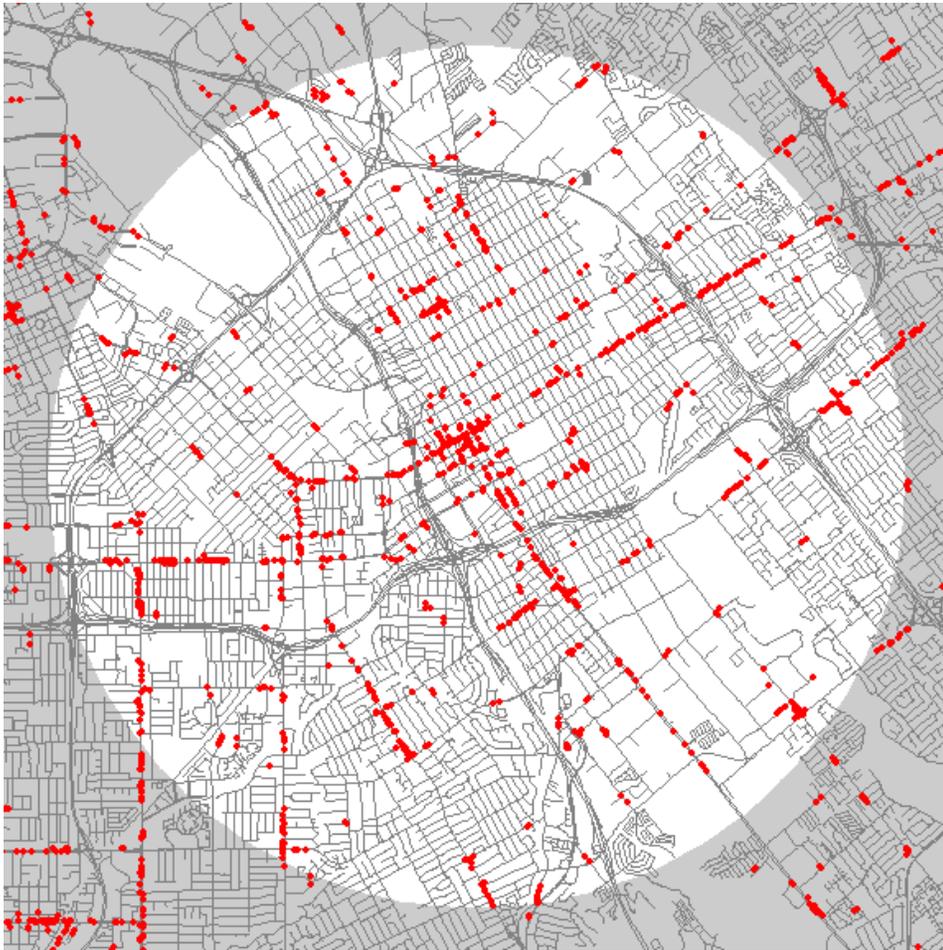
Nationally, a 20-point increase in Walk Score adds \$106K to a home's value

The Storefront Index

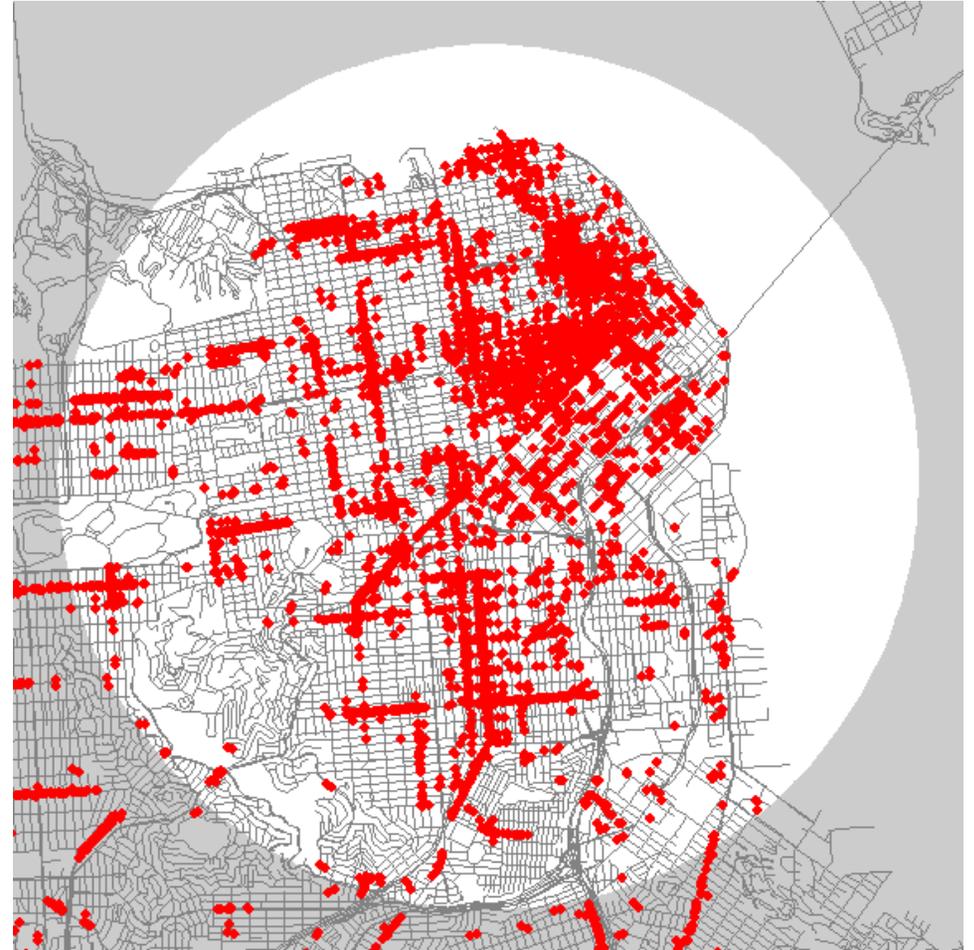


The Storefront Index

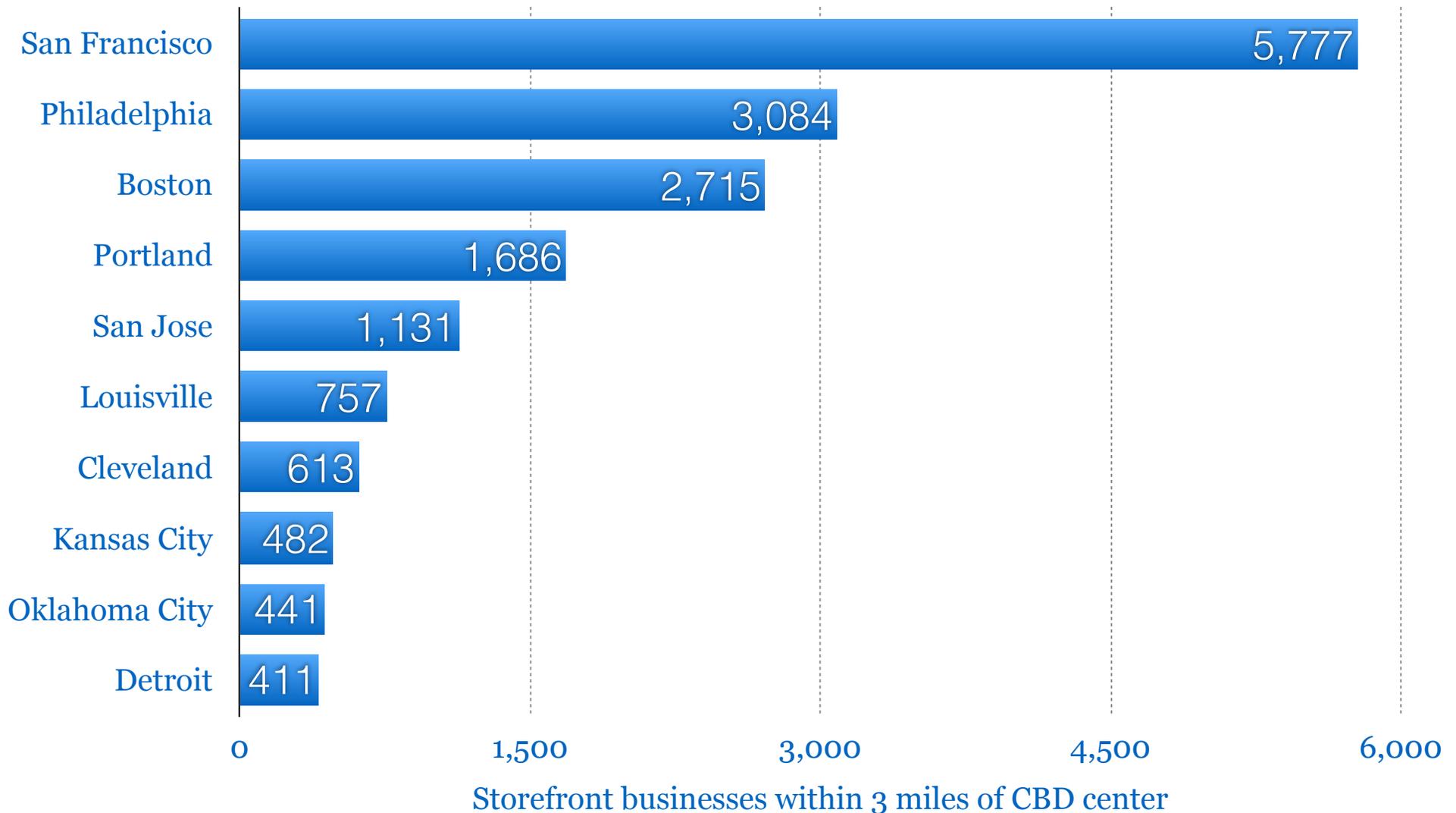
San Jose



San Francisco



Storefront businesses in core



The Takeaway

Talent drives economies

Place anchors talent

Building great urban places is
an essential economic
strategy

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