

Reshaping Metropolitan America

San Francisco Planning and Urban Research

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FOREWORD BY CONGRESSMAN EARL BLUMENAUER

Reshaping Metropolitan America

*Development Trends
and Opportunities to 2030*



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Foreword

Acknowledgments

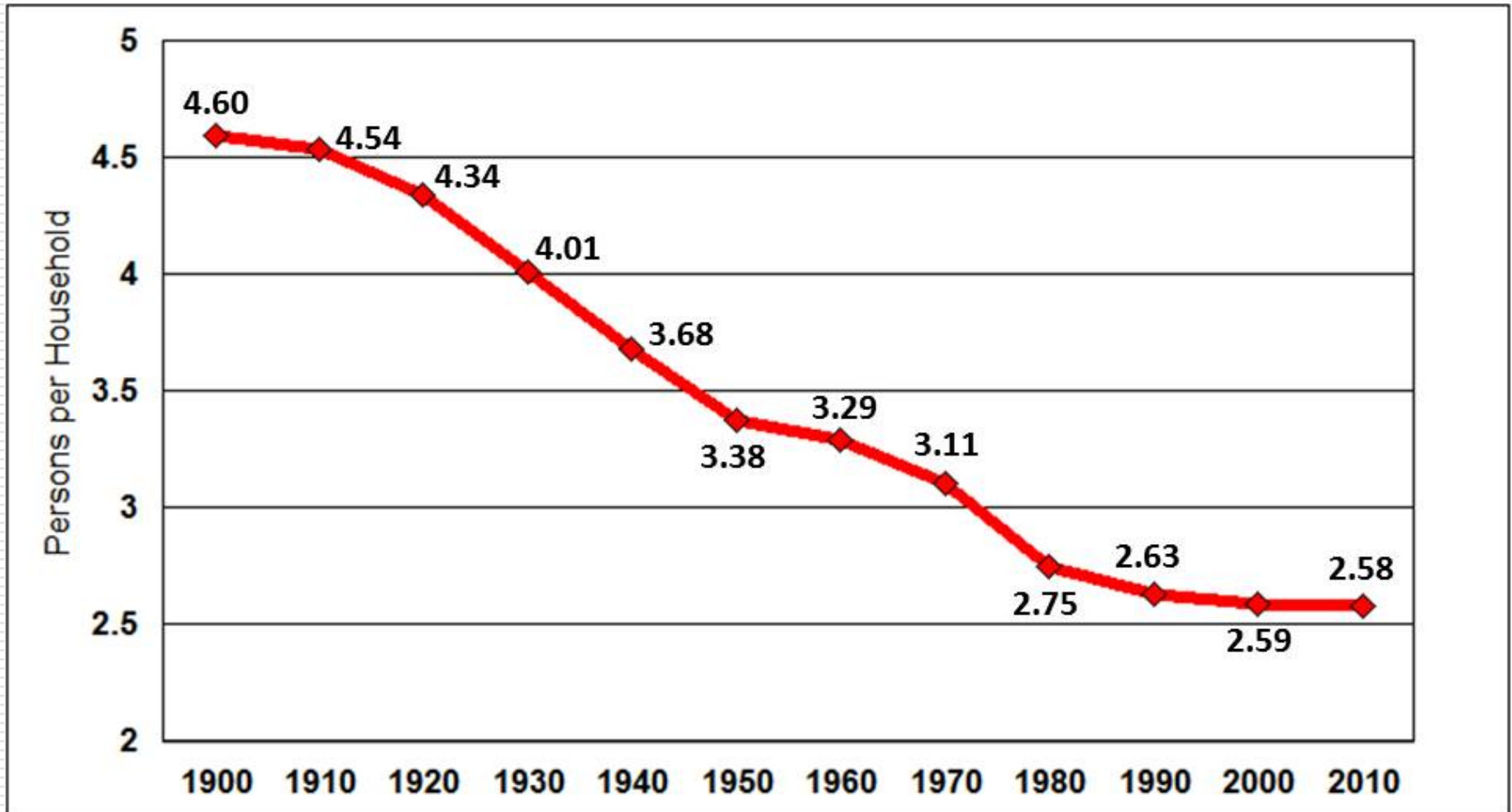
Introduction

- 1.** Major Market Trends and Demographic Changes
 - 2.** What Americans Want
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New Housing Market Realities

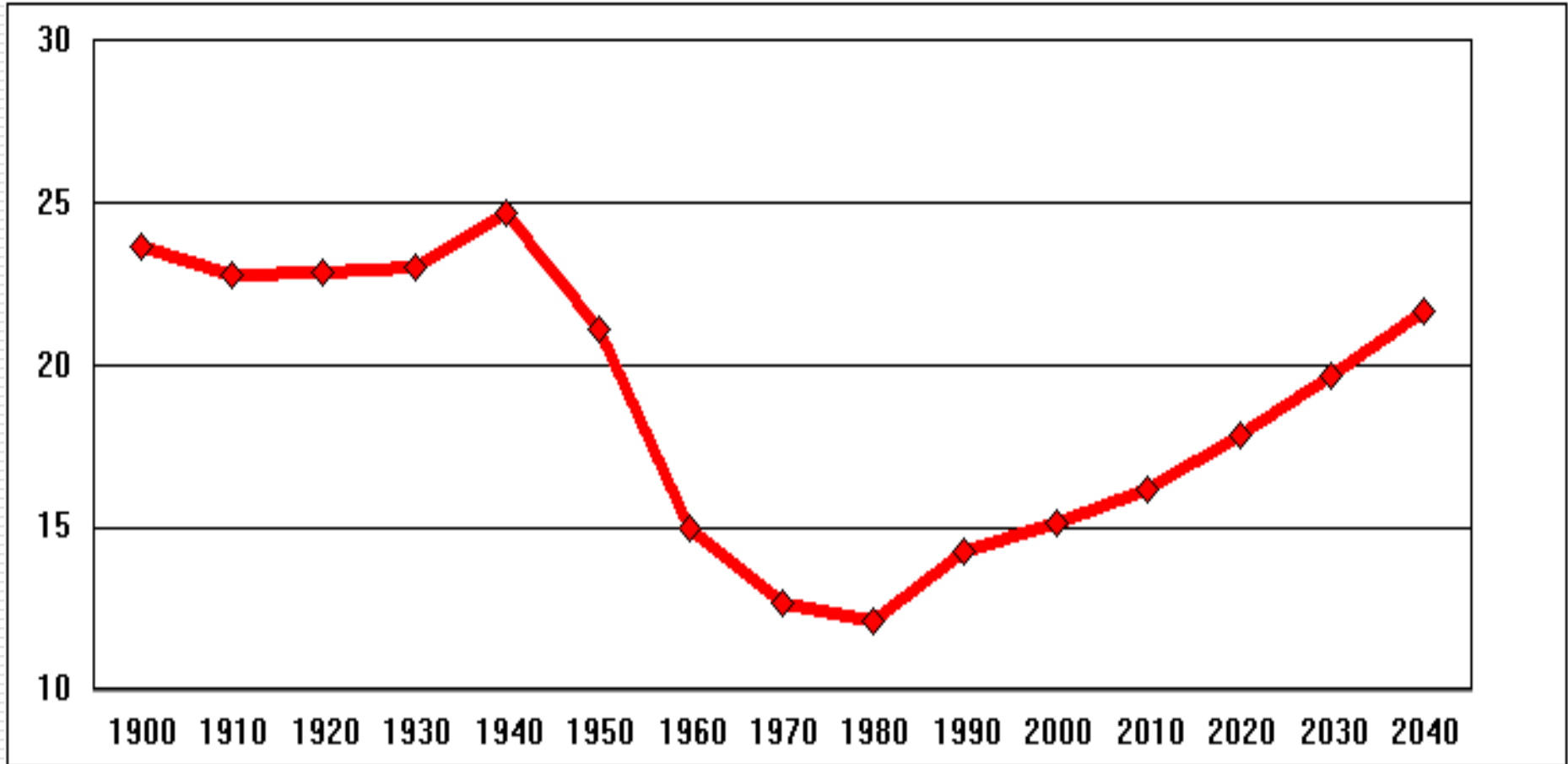
- ❑ **Sub-prime mortgages are history.**
 - ❑ **20% down-payments are the new normal.**
 - ❑ **Meaning**
 - ***Smaller homes → maybe more people per unit***
 - ***Smaller lots → more attached units***
 - ***More renters → including doubled-up renters***
-

Household Size Has Stabilized

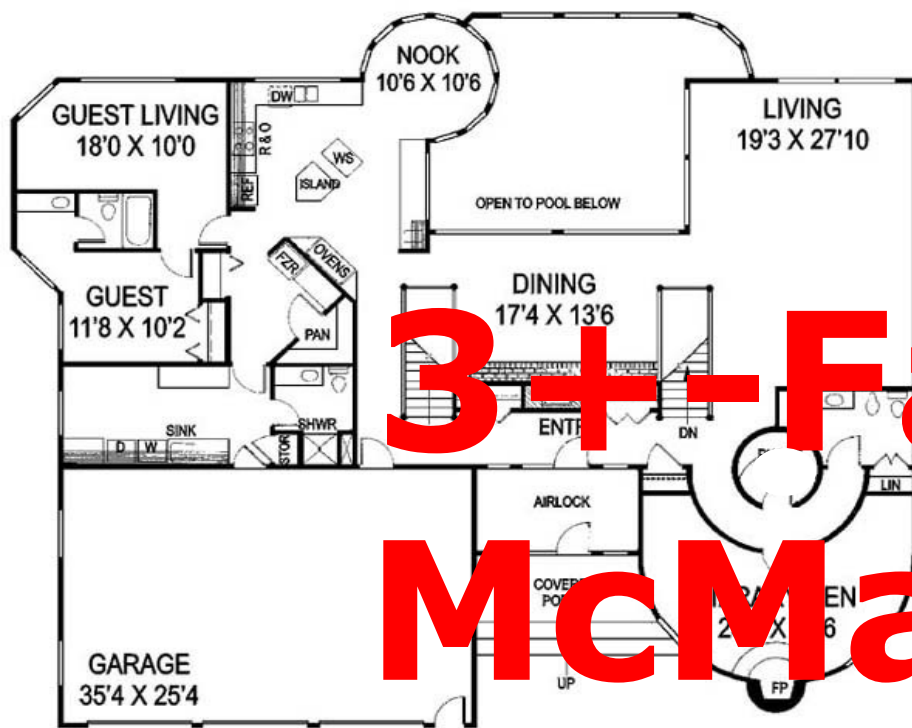


Source: Census.

Rise of Multi-Generational Households

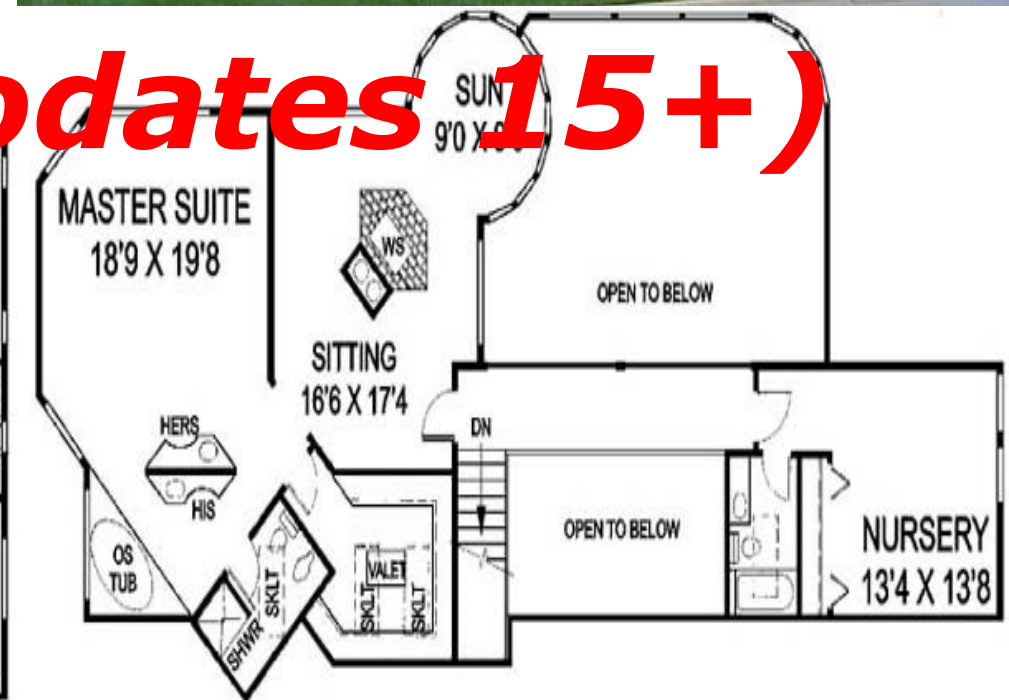
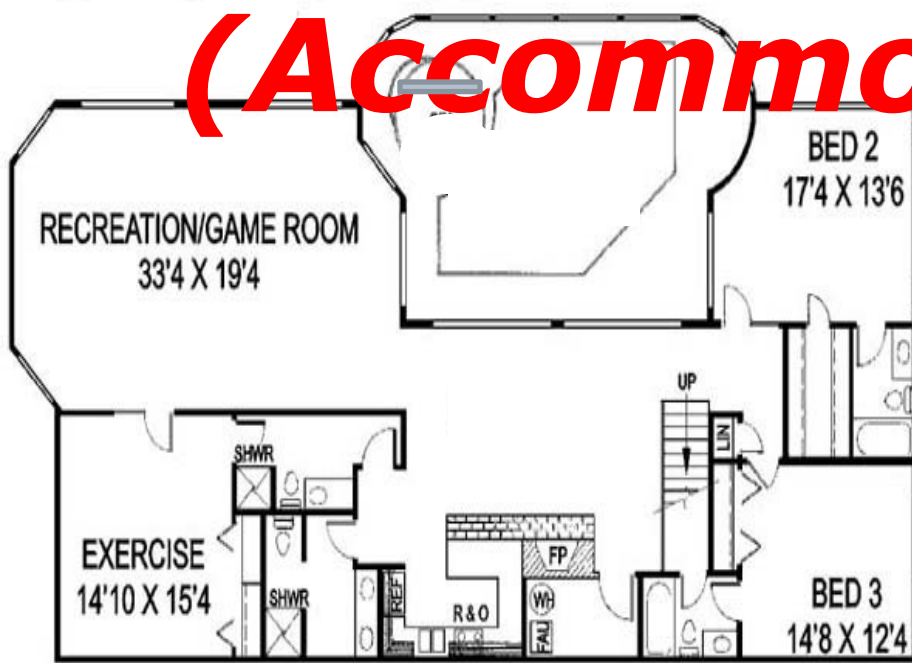


Source: Census Current Population Reports.



**3+ Family
 McMansion**

(Accommodates 15+)



Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah.

Population Change 2010-2030

Metric	US	California	Bay Area
Population 2010	309,350	37,349	7,488
Population 2030	373,924	45,255	8,411
Population Change	64,575	7,905	923
Percent Change	21%	21%	12%
Minority Population Change	55,649	9,457	1,420
White Non-Latino Change	8,926	(1,552)	(497)
Minority Share of Change	86%	100%	100%

Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

Population 65+ Change, 2010-2030

Metric	US	California	Bay Area
Population 65+ 2010	40,331	4,257	915
Population 65+ 2030	72,337	8,364	1,675
Population 65+ Change	32,006	4,107	760
Population 65+ Percent Change	79%	96%	83%
65+ as Share of Growth	50%	52%	82%

Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

Change in HHs by Type, 2010-2030

Metric	US	California	Bay Area
HHs w/ Children Change	3,544	438	9
HHs w/o Children Change	22,743	2,463	371
Single HHs Change	13,817	1,344	241
Total HH Change	26,287	2,901	380
HH w/ Children Share	13%	15%	2%
HH w/o Children Share	87%	85%	98%
Single HH Share	53%	46%	63%

Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

HH Change by Age, 1990-2010

Metric	US	California	Bay Area
HH Change <35	(1,285)	(513)	(124)
HH Change 35-64	20,457	2,098	383
HH Change 65+	5,779	626	120
Total HH Change	24,951	2,211	379
HH Share <35*	0%	0%	0%
HH Share 35-64	77%	72%	68%
HH Share 65+	23%	28%	32%

*Figures adjusted not to be negative.

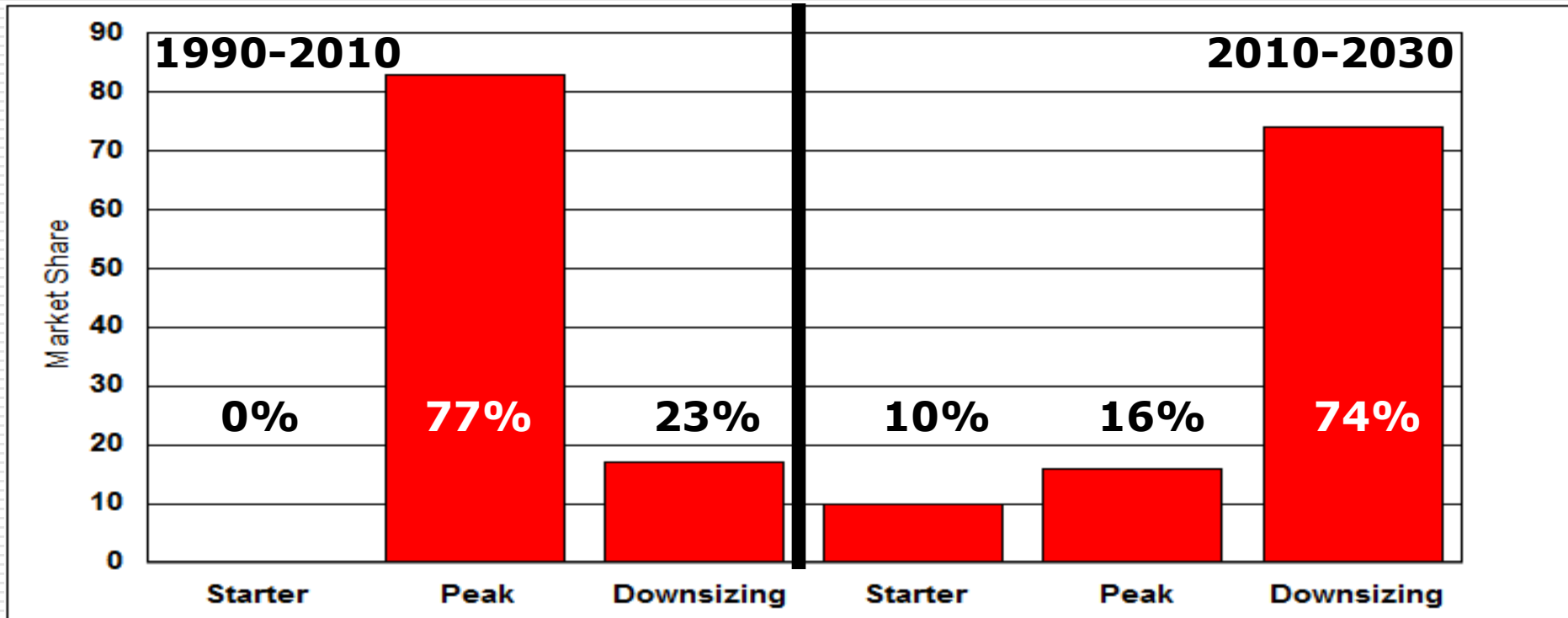
Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

HH Change by Age, 2010-2030

Metric	US	California	Bay Area
HH Change <35	2,668	80	12
HH Change 35-64	4,102	565	14
HH Change 65+	19,517	2,255	354
Total HH Change	26,287	2,900	380
HH Share <35	10%	3%	3%
HH Share 35-64	16%	19%	4%
HH Share 65+	74%	78%	93%

Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

What a Difference a Generation Makes

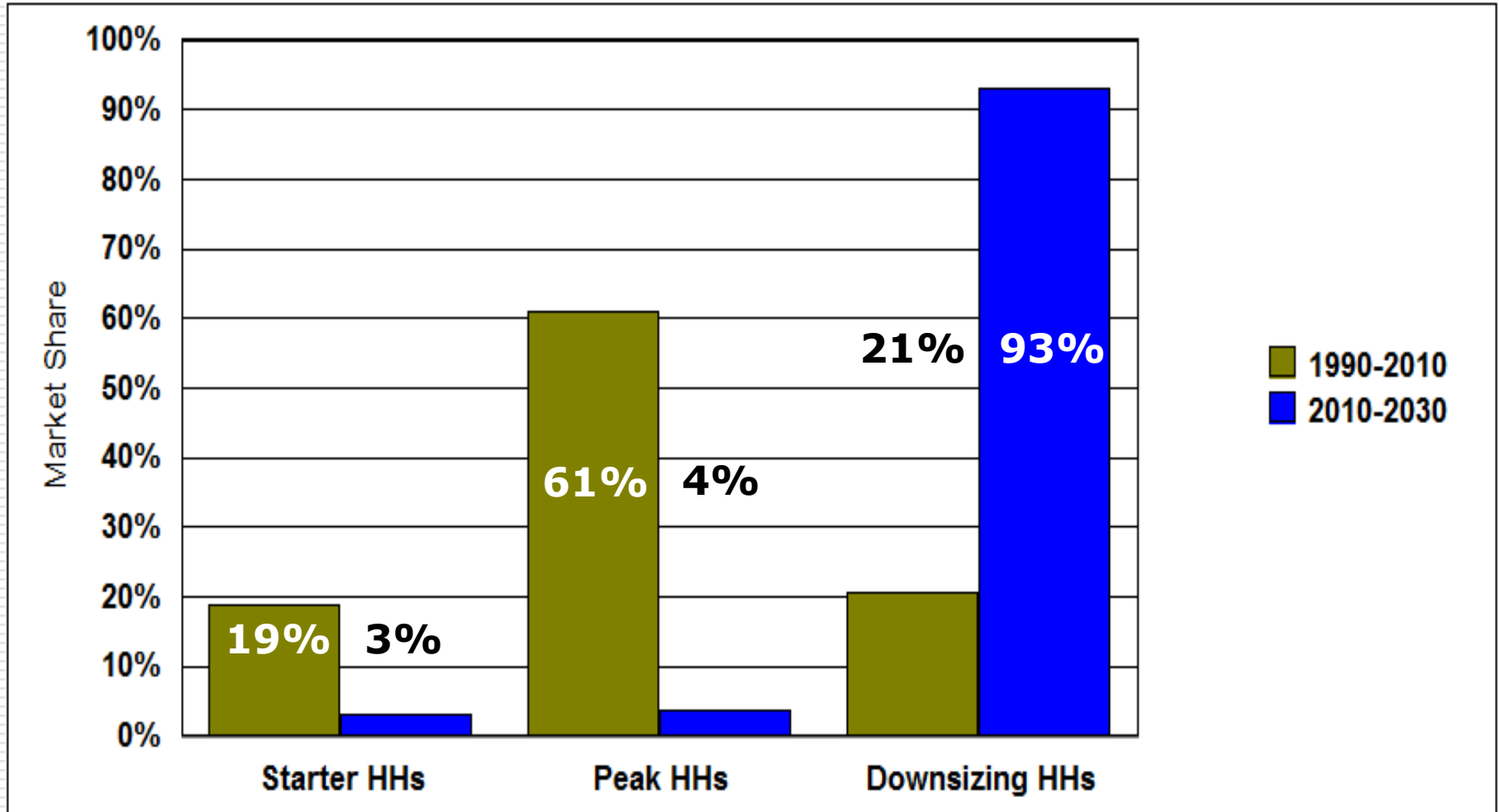


Distribution of Units Built, United States, 1989-2009

Type	Volume	Total Share	Detached Share
New Units	24.5		
Detached	20.7	85%	
2500 sf+	6.6	27%	32%
0.5-10 ac	8.7	35%	42%

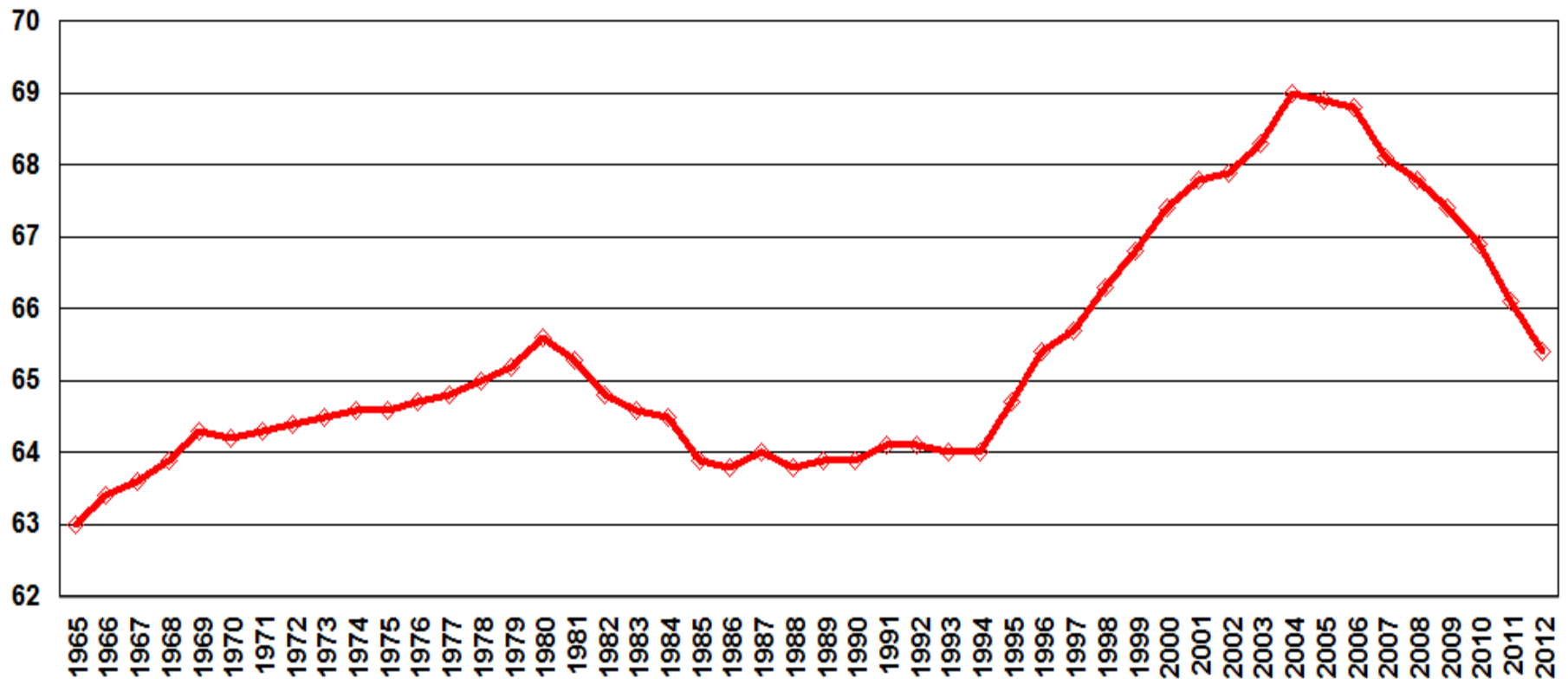
Source: American Housing Survey

Bay Area 1990-2010 & 2010-2030



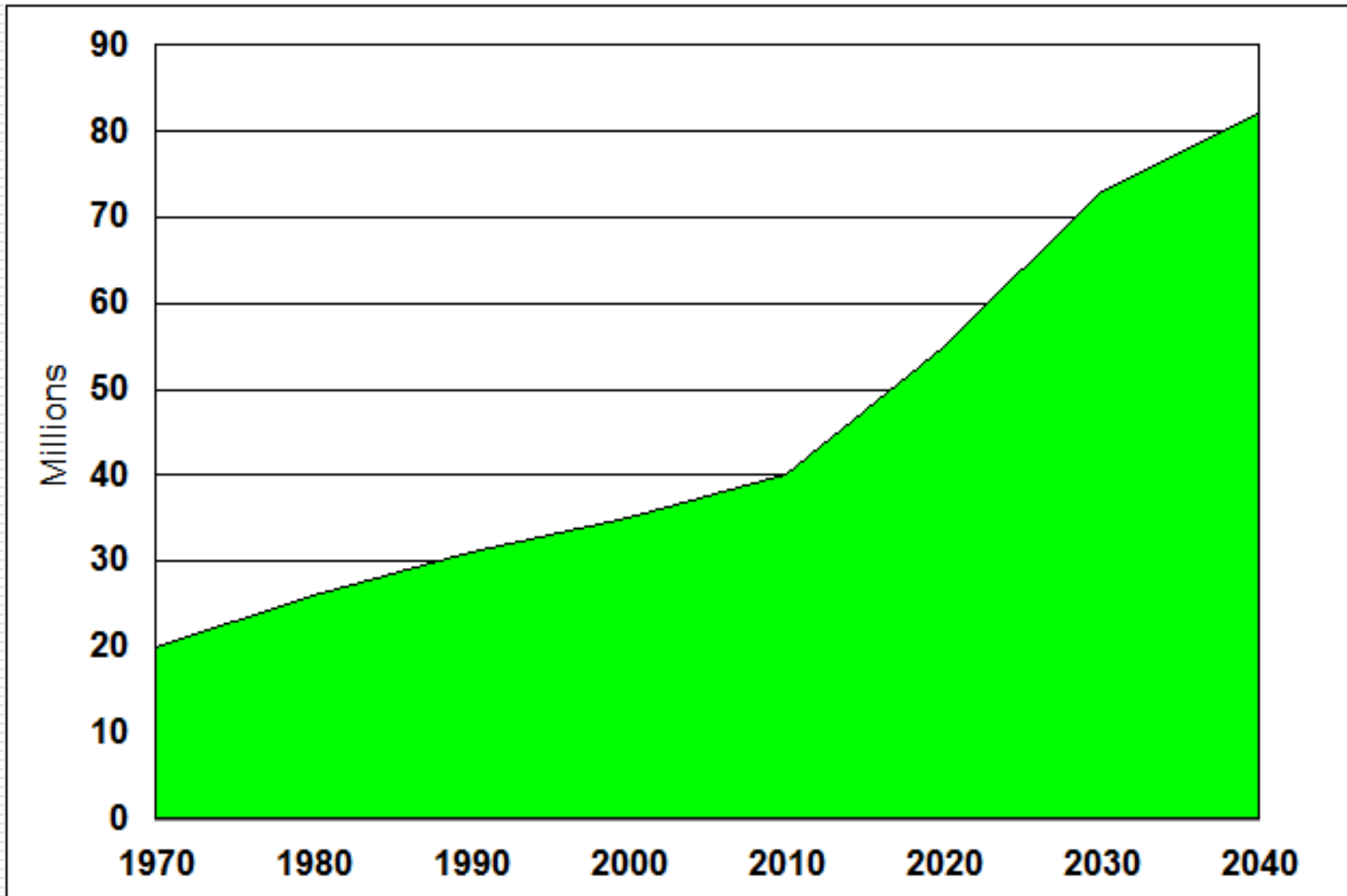
Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

Home Ownership Rates US 1965-2012



Source: Adapted from Census

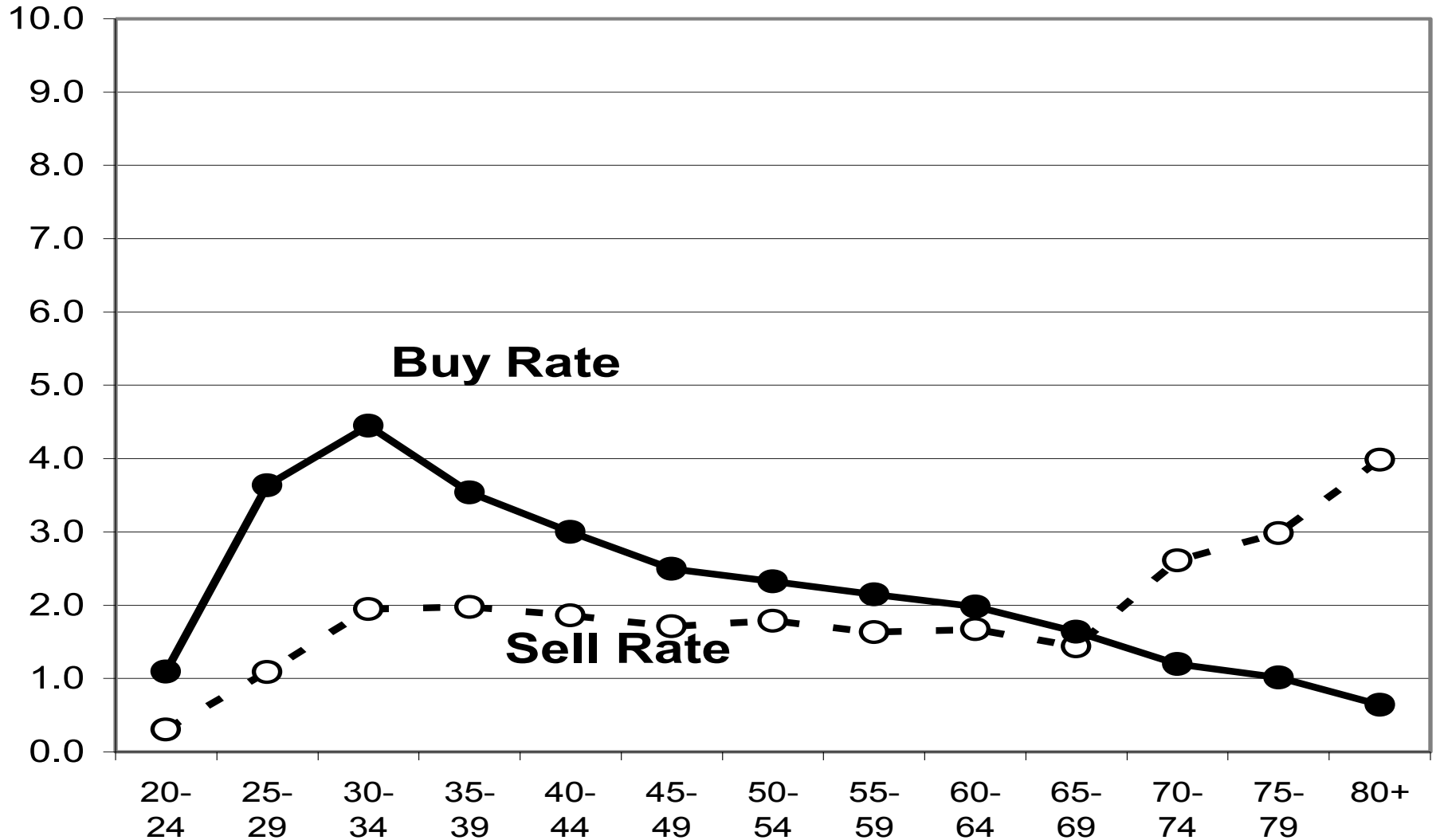
Number of Seniors 1970-2040



Source: Arthur C. Nelson, Metropolitan Research Center, University of Utah

Buy-Sell Rates by 5-Year Age Cohort

AHS



Source: Dowell Myers & Sung Ho Ryu, "Aging Baby Boomers and the Generational Housing Bubble: Foresight and Mitigation of an Epic Transition", *Journal of the American Planning Association* 74(1): 1-17 (2007).

The Great Senior Sell Off Begins 2016

Householder Age	Owners Who Move Annually	Owner to Renter Percent
All HHs 70+	4.0%	52%
All HHs 75+	3.9%	60%
All HHs 80+	4.1%	68%
All HHs 85+	4.5%	79%

Seniors may be unable to unload **4M+** homes during the 2020s. They may “age-in-place” involuntarily.

Source: Adapted from American Housing Survey raw data, Metropolitan Research Center, University of Utah

Tenure Change, 2010-2030

Metric	US	California	Bay Area
Ownership Rate, 2010	65.1%	55.9%	56.3%
Renter Rate, 2010	34.9%	44.1%	43.7%
Ownership Rate, 2030	63.1%	53.5%	54.2%
Renter Rate, 2030	36.9%	46.5%	45.8%
Change in Homeowners	13,558	1,242	148
Change in Renters	12,728	1,659	232
Total Change in Households	26,287	2,901	380
Owner Share of Change	52%	43%	39%
Renter Share of Change	48%	57%	61%

Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

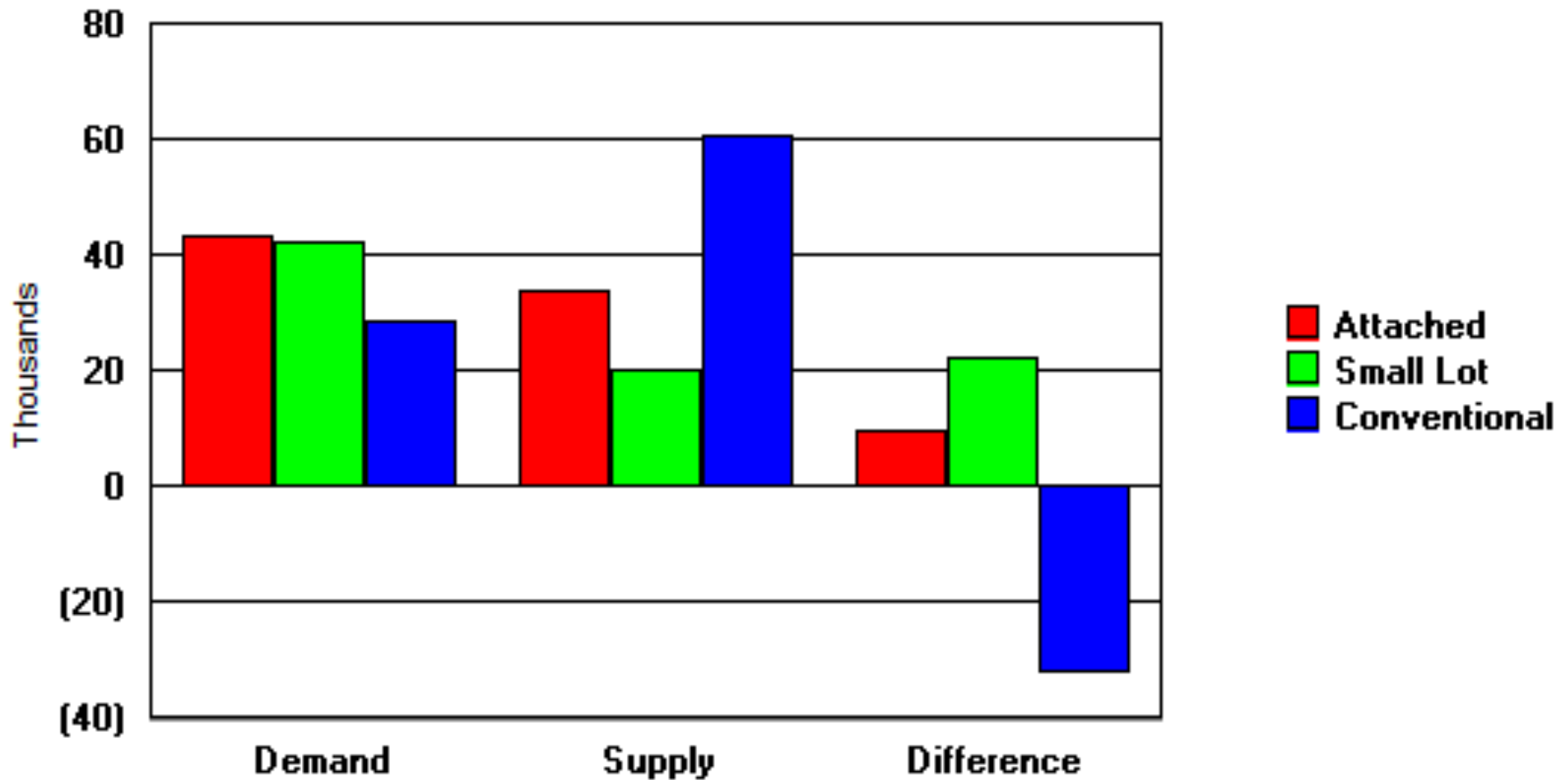
US Preference Demand vs. Supply

House Type	Nelson	RCLCo*	NAR	AHS
Attached	38%	34%	38%	28%
Small Lot	37%	35%	37%	29%
Large Lot	25%	31%	25%	43%

**Owner demand only*

Source: Nelson (2006), RCLCo (2008), NAR (2011), American Housing Survey (2011)

Occupied Housing Demand-Supply Mismatch 2011



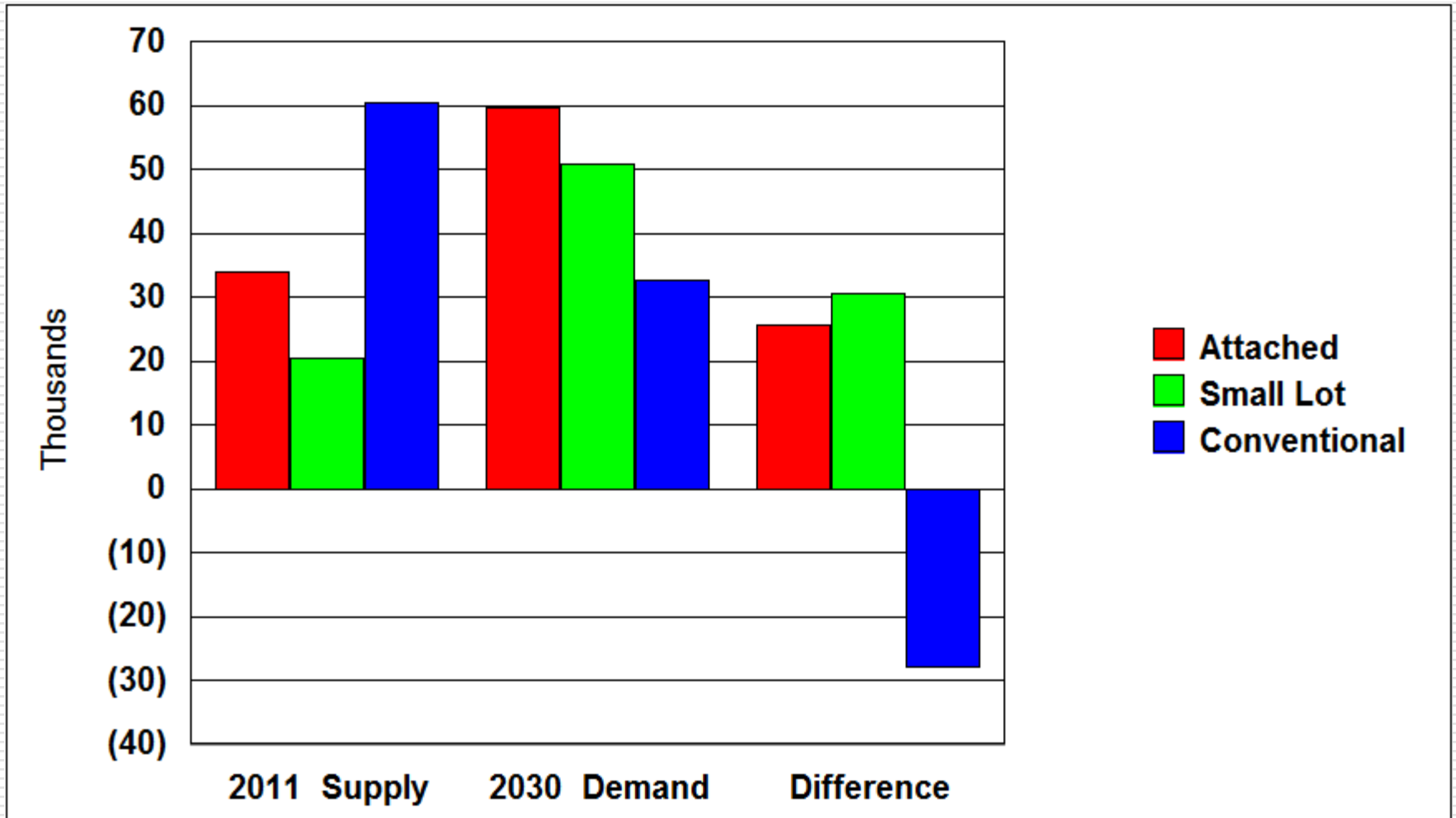
Source: Adapted from American Housing Survey 2011

Age-Based 2030 Demand Compared to 2011 Supply

House Type	2011 Supply	2030 Demand	Difference
Attached	33,957	59,662	25,705
Small Lot	20,384	50,980	30,597
Conventional	60,568	32,589	(27,979)
Total	114,908	143,231	28,323

Source: Arthur C. Nelson. Figures in thousands.

Supply 2011 Compared to Demand 2030



Source: Arthur C. Nelson.

FIGURE 4.9 Demand in 2035 for Residential Units in the Largest Four MPO Areas by Major Category, Compared to Supply in 2010



Source: Arthur C. Nelson, *The New California Dream*, ULI (2011)

Weekly US Gasoline Prices

In Nominal Dollars



2002-2012 gasoline prices rose at 10%+ per year, compounded. At this rate gasoline prices will be →
\$8+ /gallon by 2020 **~\$15/gallon by 2030**



Chevrolet Volt
MSRP: \$39,145
MPG: 35 / 40

Mercedes C- Class
MSRP: \$35,350
MPG: 21 / 31

What Gen-Y & Millennials Want

- 1/3** will pay more to walk to shops, work, entertainment
- 1/2** would trade small lot size for proximity to work, shop
- 1/3** with children would trade small lot size for walkable, mixed-use communities

Source: Adapted from RCLCo.

Boomers Will Lead the Way

Boomers looking for something different:

- Many seek urban/close-in suburban locations
- Most want “urban amenities” in suburban location

Walkable communities with amenities, culture, education:

- The village center is the new club house
- Seek convenience, healthy living, staying engaged

Source: Adapted from RCLCo.



The New Promised Land?

Tear Up a Parking Lot, Rebuild Paradise

Large, flat and well drained
Single, profit-motivated ownership
Major infrastructure in place
4+ lane highway frontage → “transit-ready”
Committed to commercial/mixed use
Can turn NIMBYs into YIMBYs

Slide title phrase adapted from Joni Mitchell, *Big Yellow Taxi*, refrain: “Pave over paradise, put up a parking lot.”

Life-Span of Building

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah, based on DoE Commercial Buildings Energy Consumption Survey.

Years

200
150
100
50
0

Retail

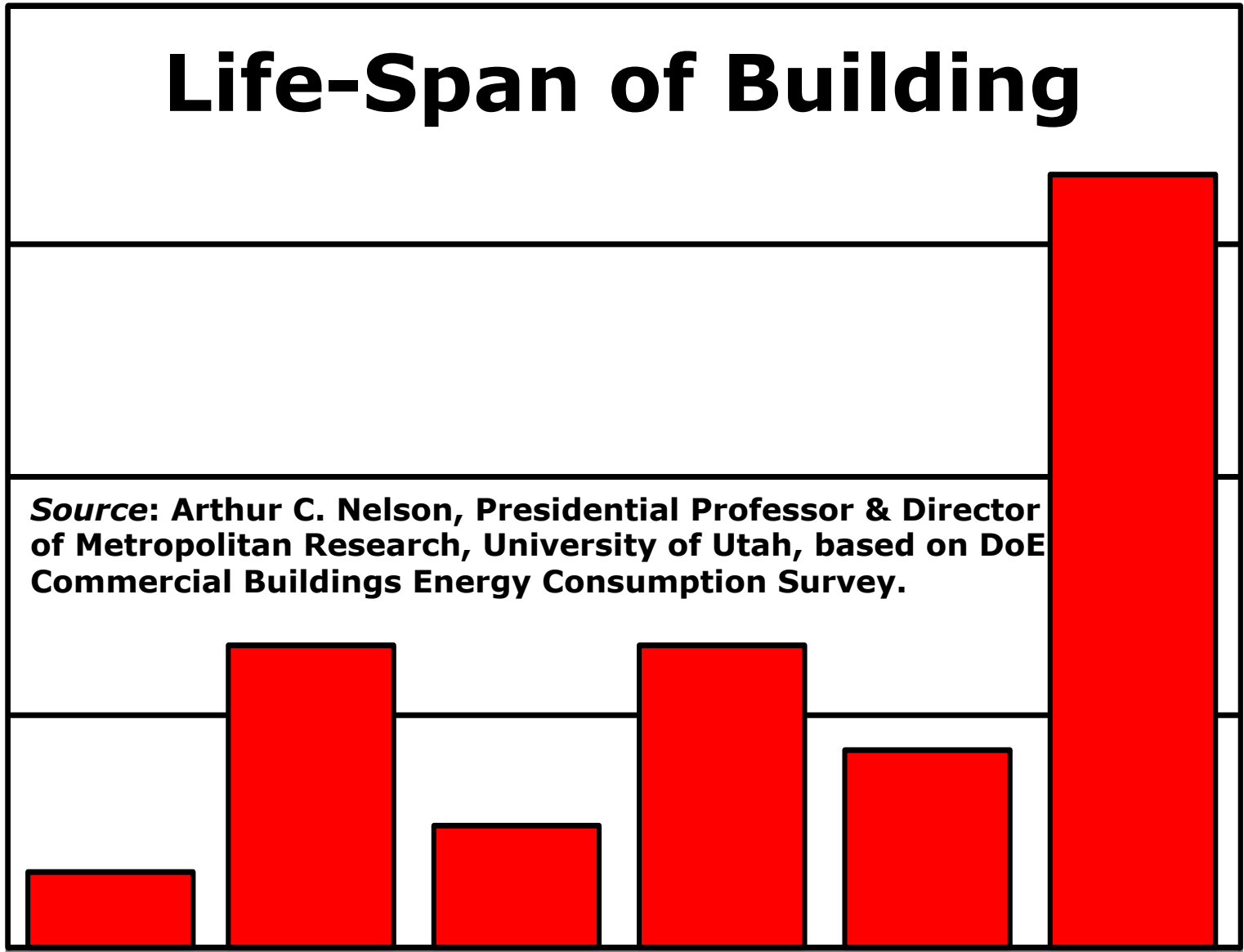
Office

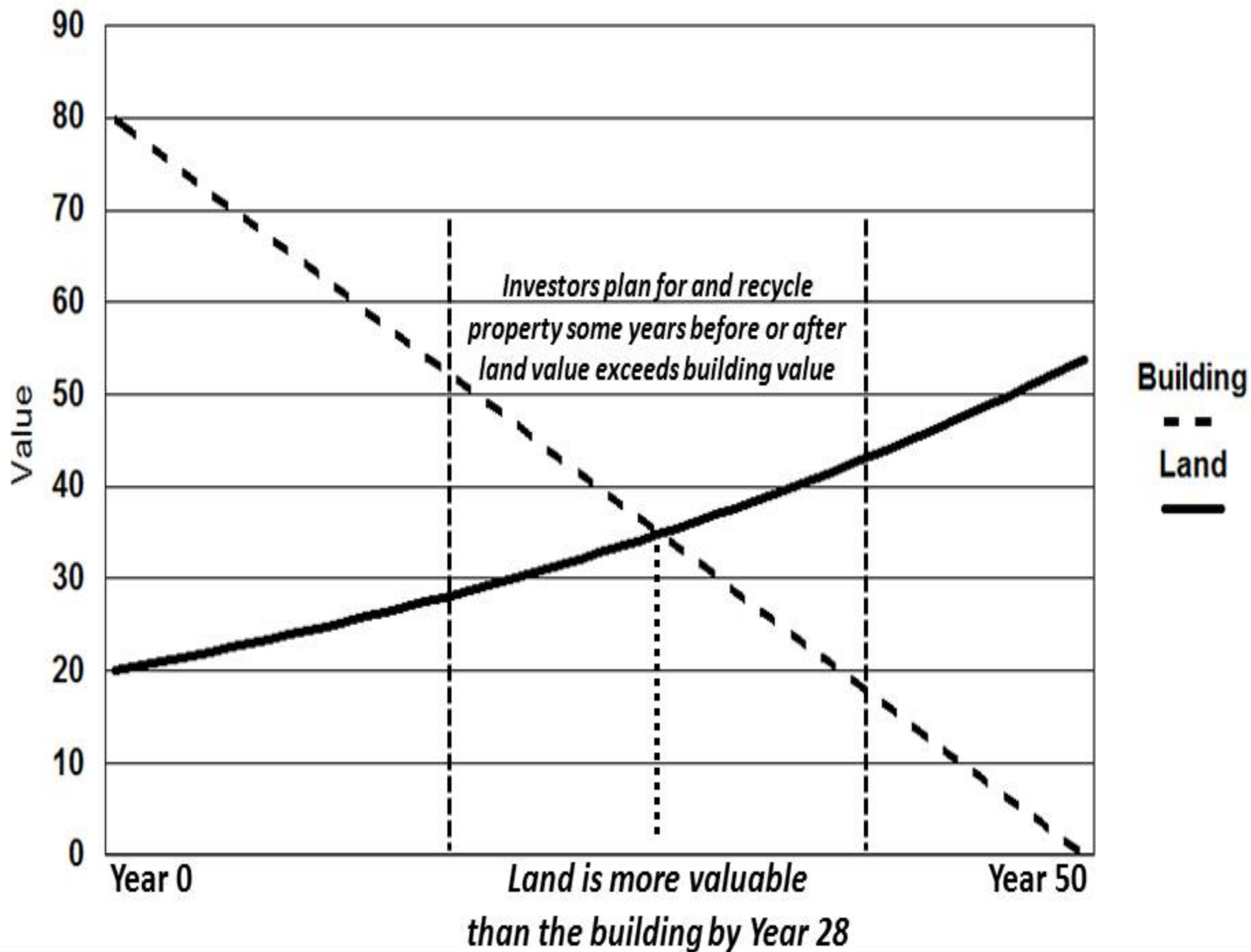
Warehouse

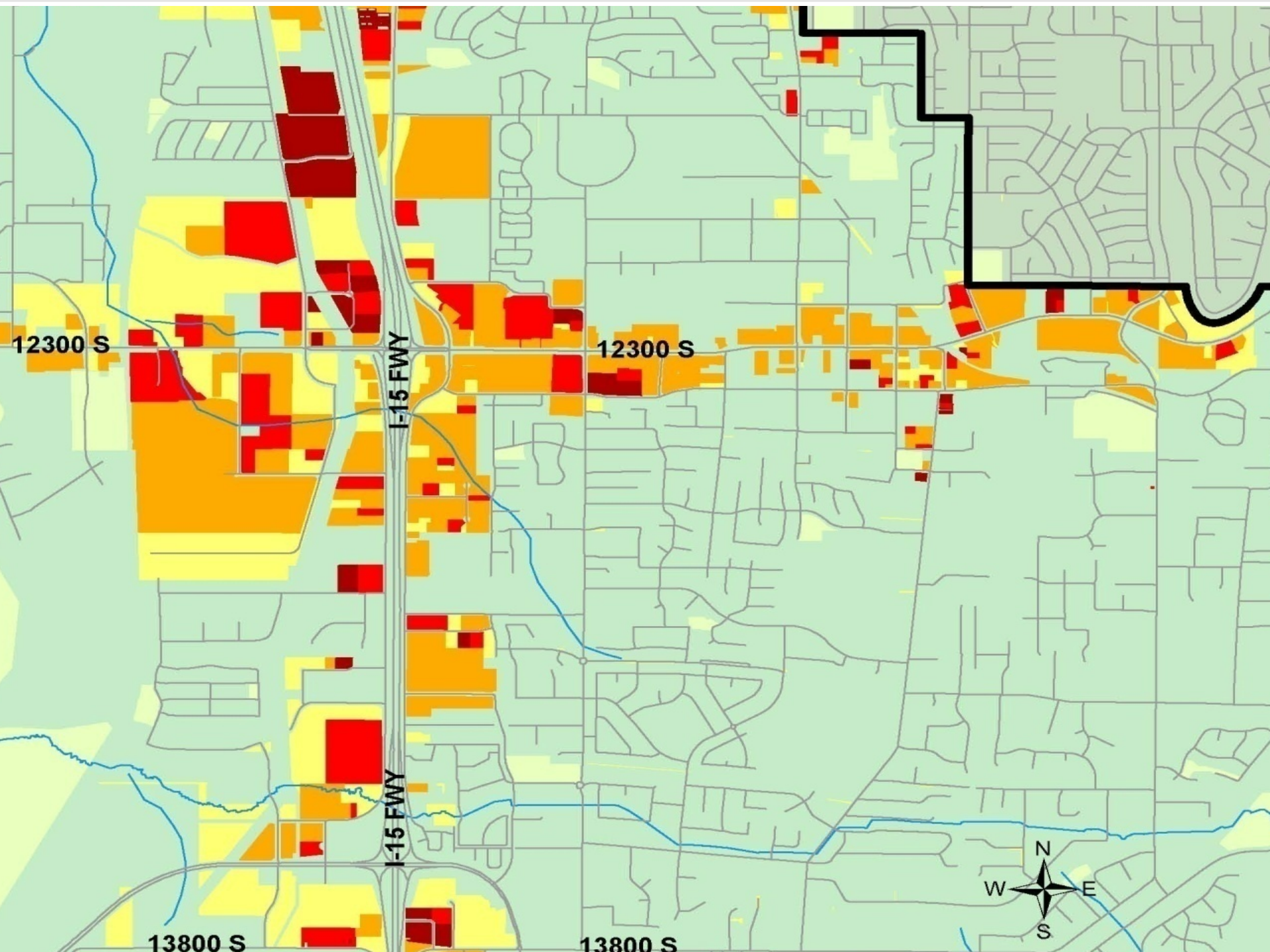
Education

Nonres.

Homes







Nonresidential Space Development, 2010-2030

Metric	US	California	Bay Area
Jobs 2010	157,249	18,164	4,216
Jobs 2030	205,447	23,628	5,219
Change	48,198	5,464	1,003
Percent	31%	30%	24%
Space 2010 (000s)	83,349	9,538	2,252
Space 2030 (000s)	106,908	12,009	2,568
Net New Space (000s)	23,558	2,472	317
Percent	28%	26%	14%
Replaced Space (000s)	52,924	6,076	1,204
Percent	63%	64%	53%
Total Built (000s)	76,482	8,548	1,521
Share of 2010 Space	92%	90%	68%
Greenfield Dev. Need	0%	0%	0%

Source: Arthur C. Nelson, *Reshaping Metropolitan America* (2013).

Thank You