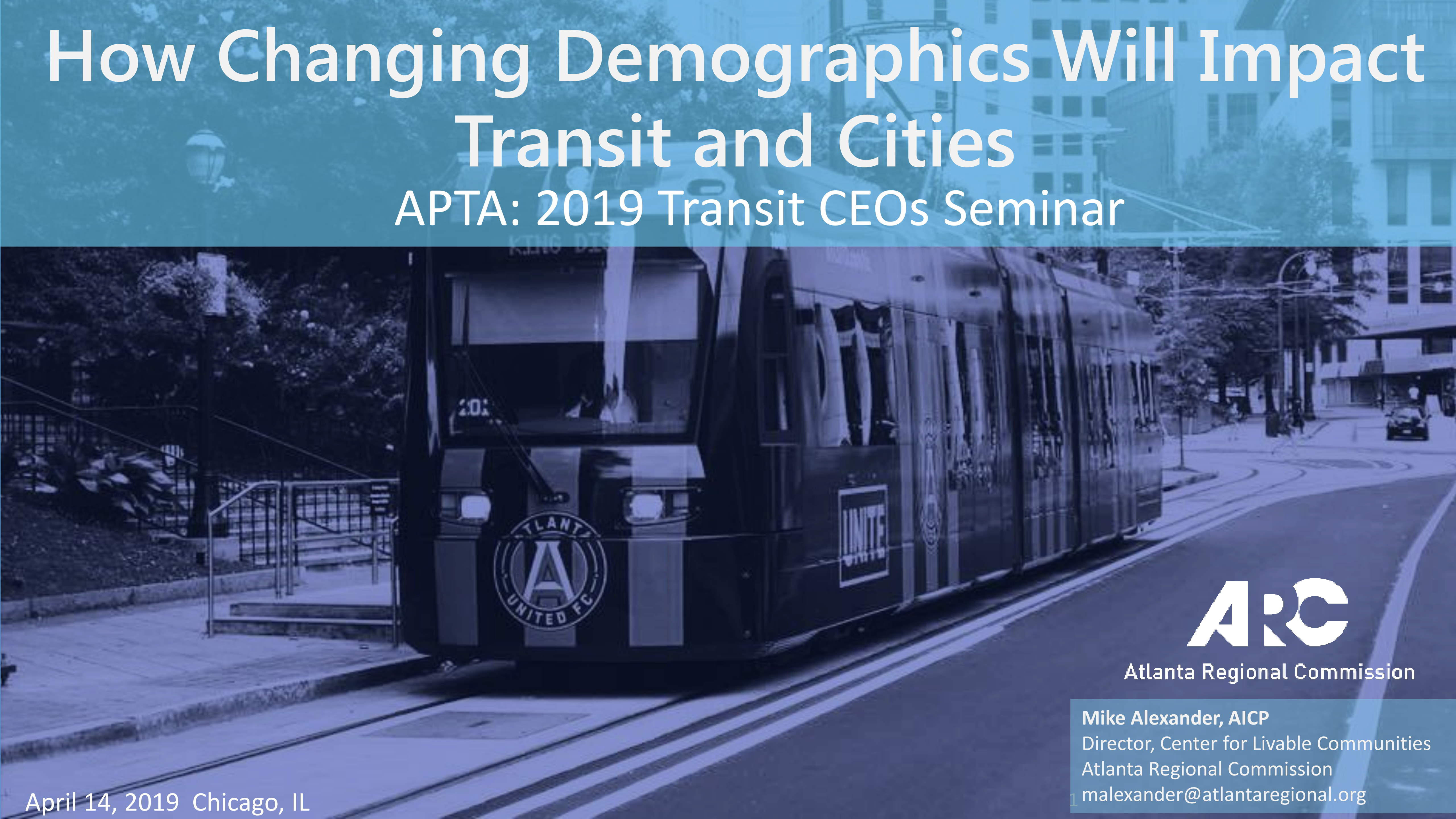
How Changing Demographics Will Impact Transit and Cities

APTA: 2019 Transit CEOs Seminar



Atlanta Regional Commission

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Atlanta Regional Commission
malexander@atlantaregional.org

April 14, 2019 Chicago, IL

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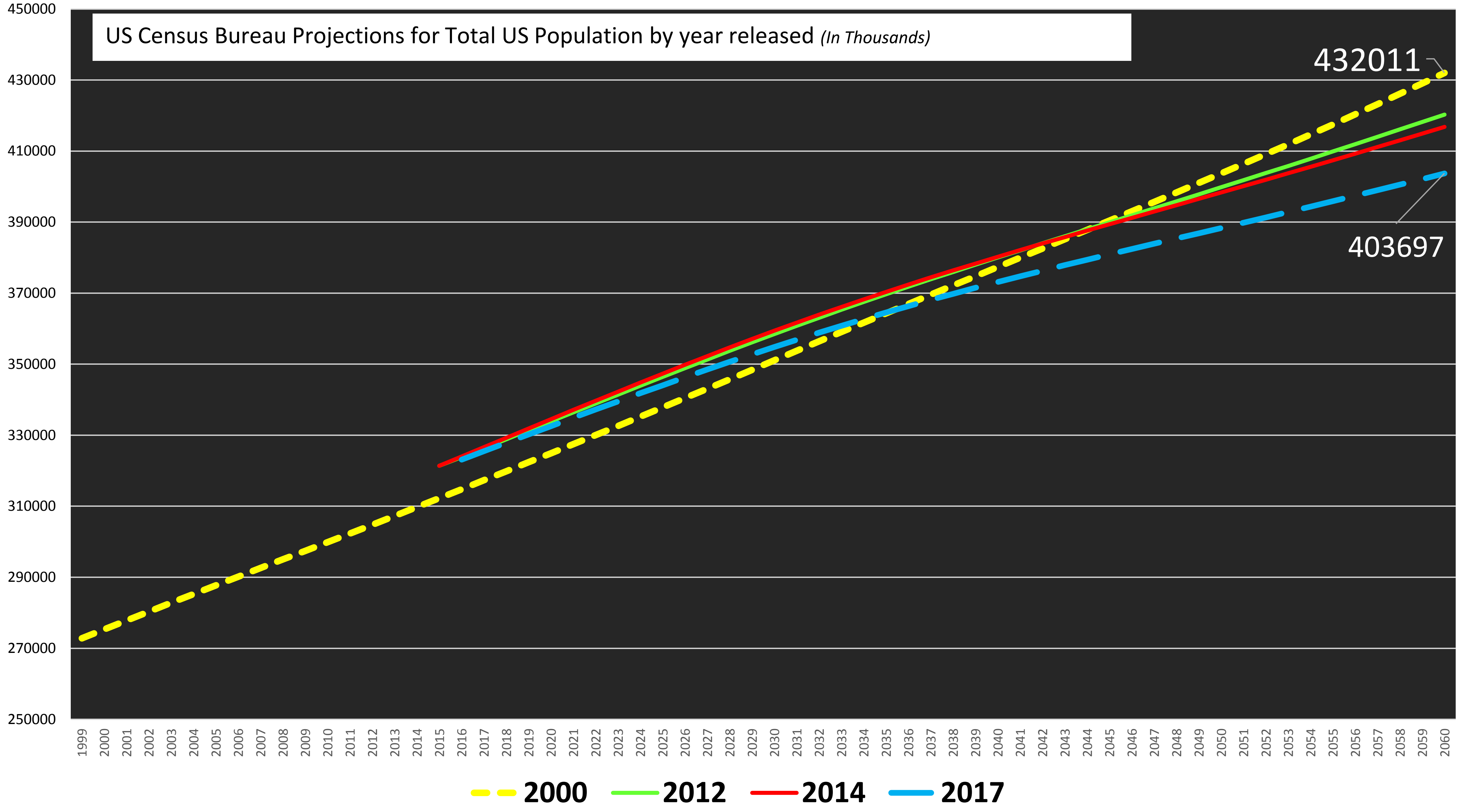
From McKinsey

The past 50 years were truly unusual in demographic terms, as large cohorts of working-age populations fueled the growth of cities and nations. In the new demographic era, we are likely to see a much more fragmented urban landscape, with pockets of robust expansion but also areas of stagnant and declining populations. Cities' growth prospects will reflect very different demographic footprints and dynamics shaped by their local birth and death rates, net domestic migration, and net international migration.

The Numbers keeps Getting Smaller



218 Years of World History in 60 Seconds

www.gapminder.org

Video

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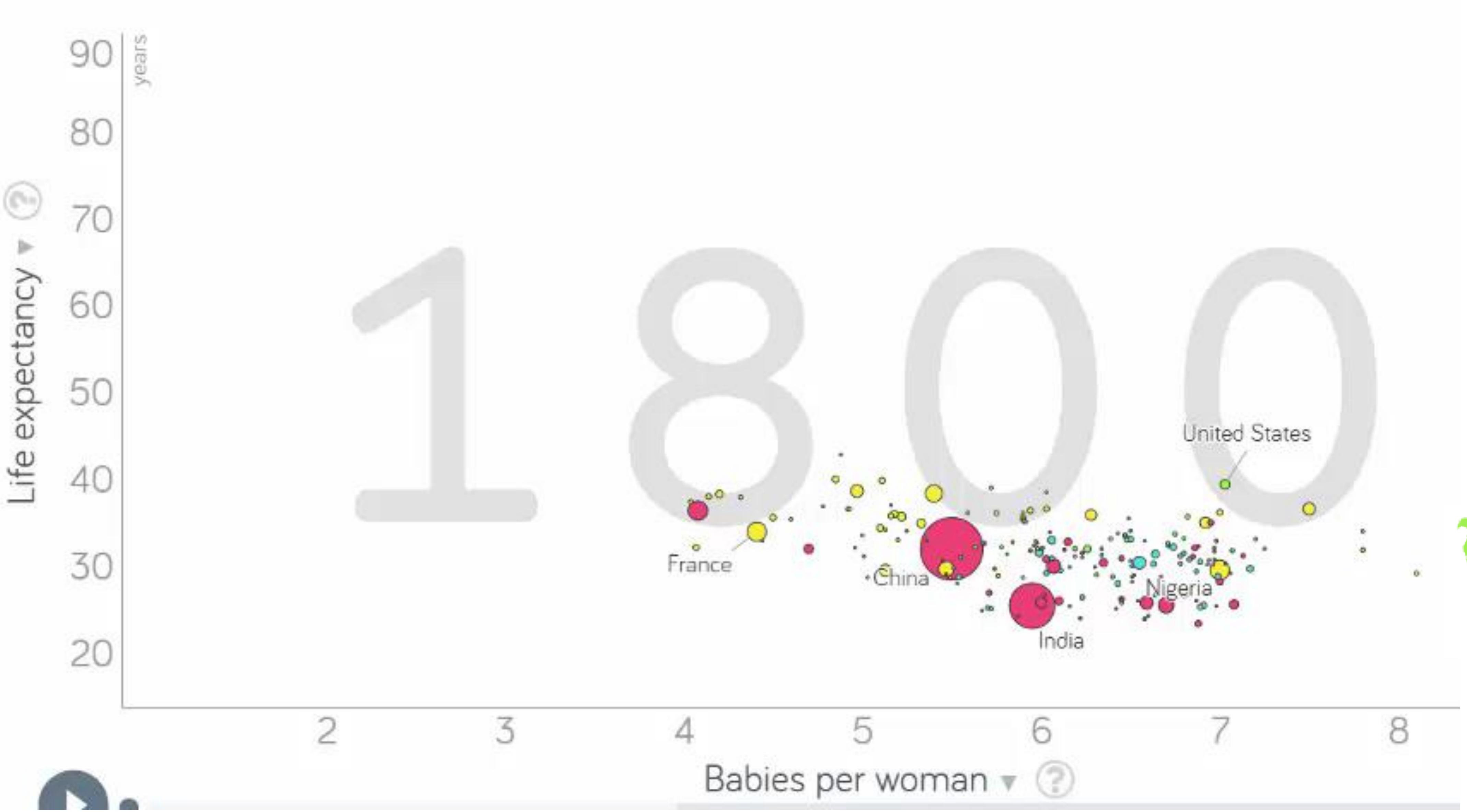
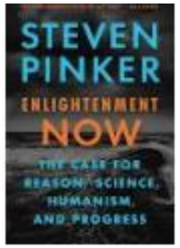
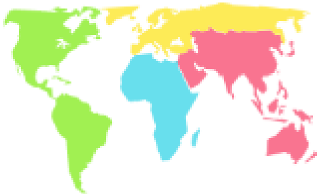
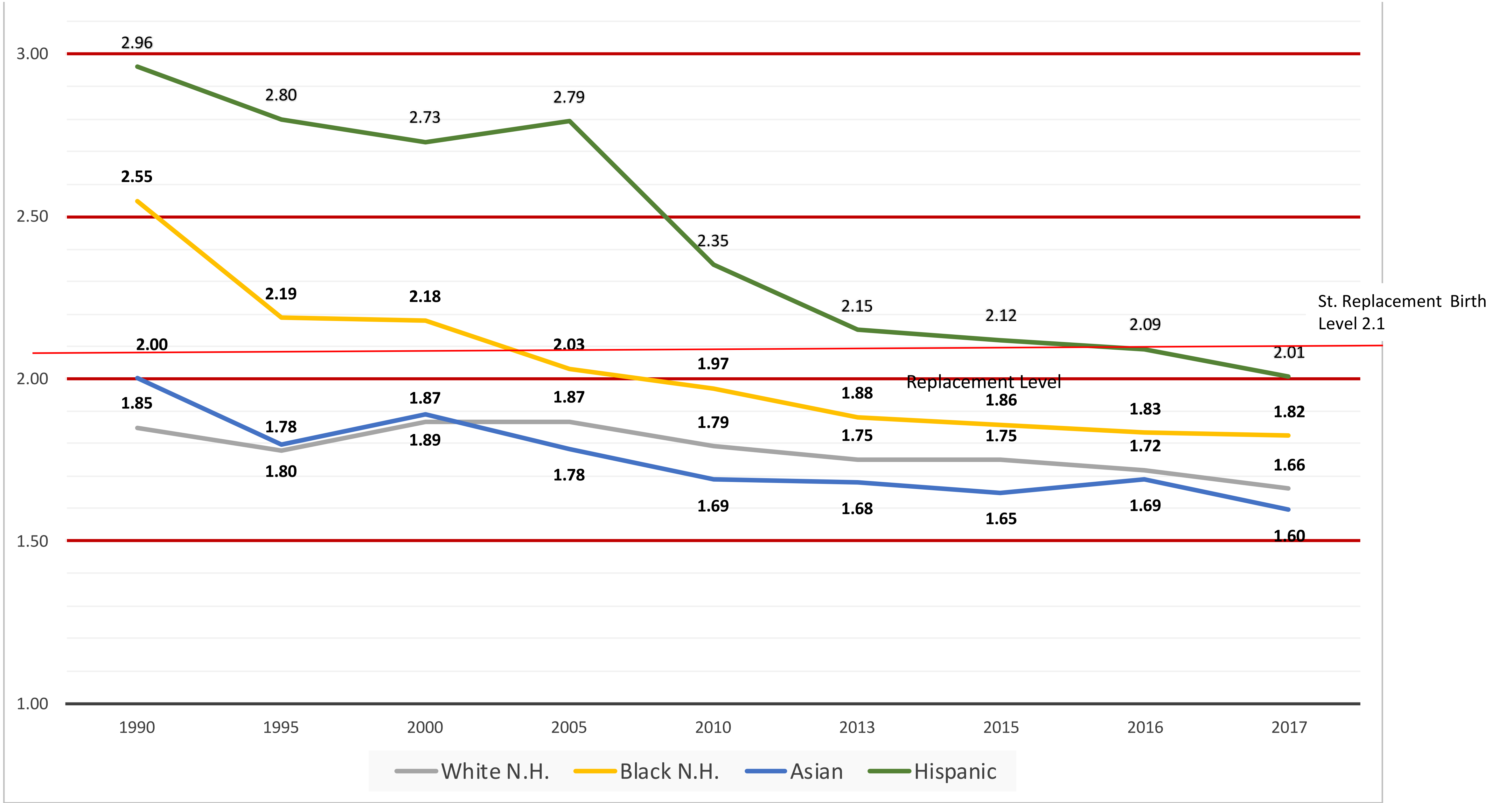




Color Code (World Regions)



The Future: Fertility Trends



https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67_08-508.pdf

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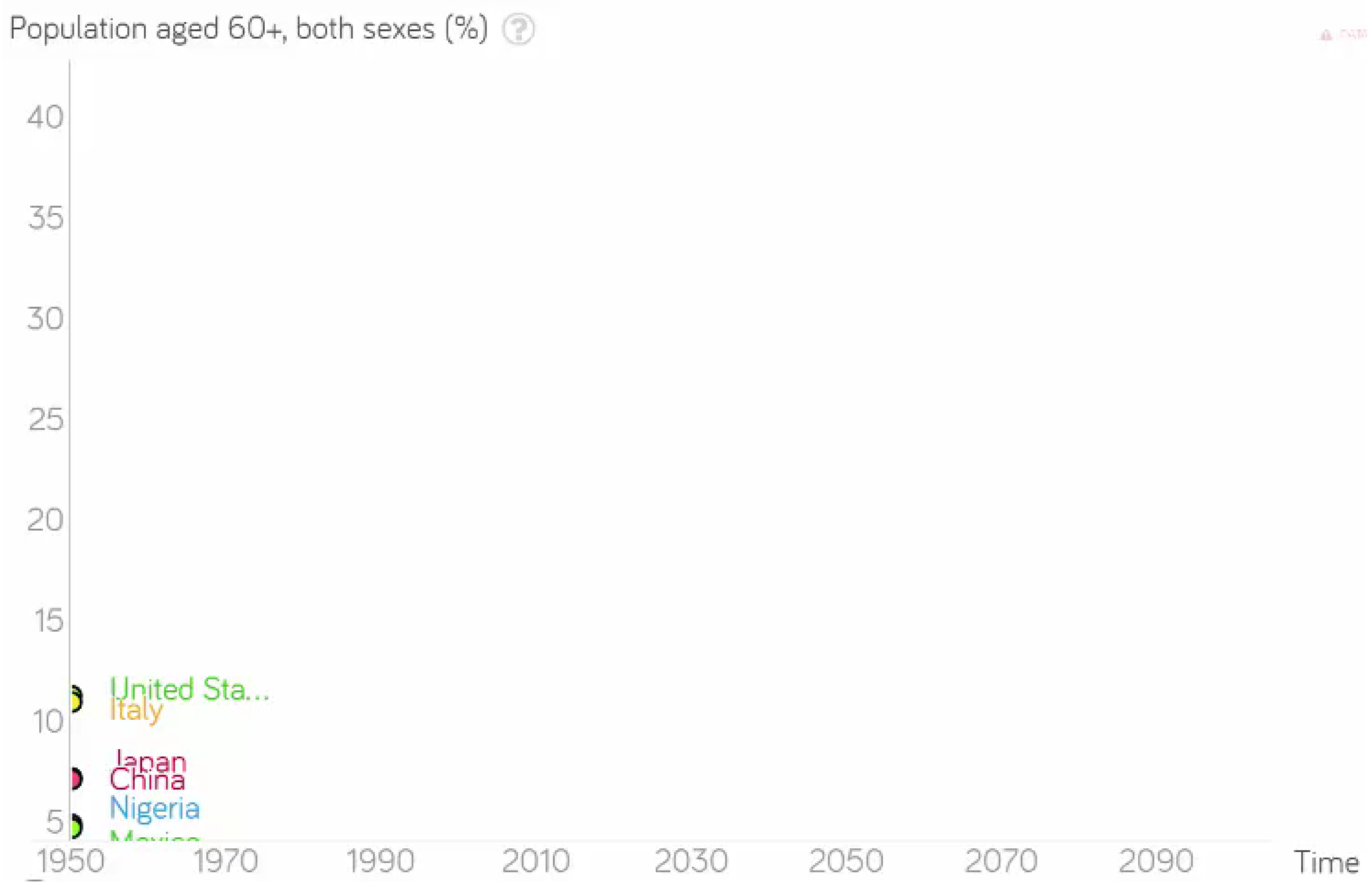
Global Aging

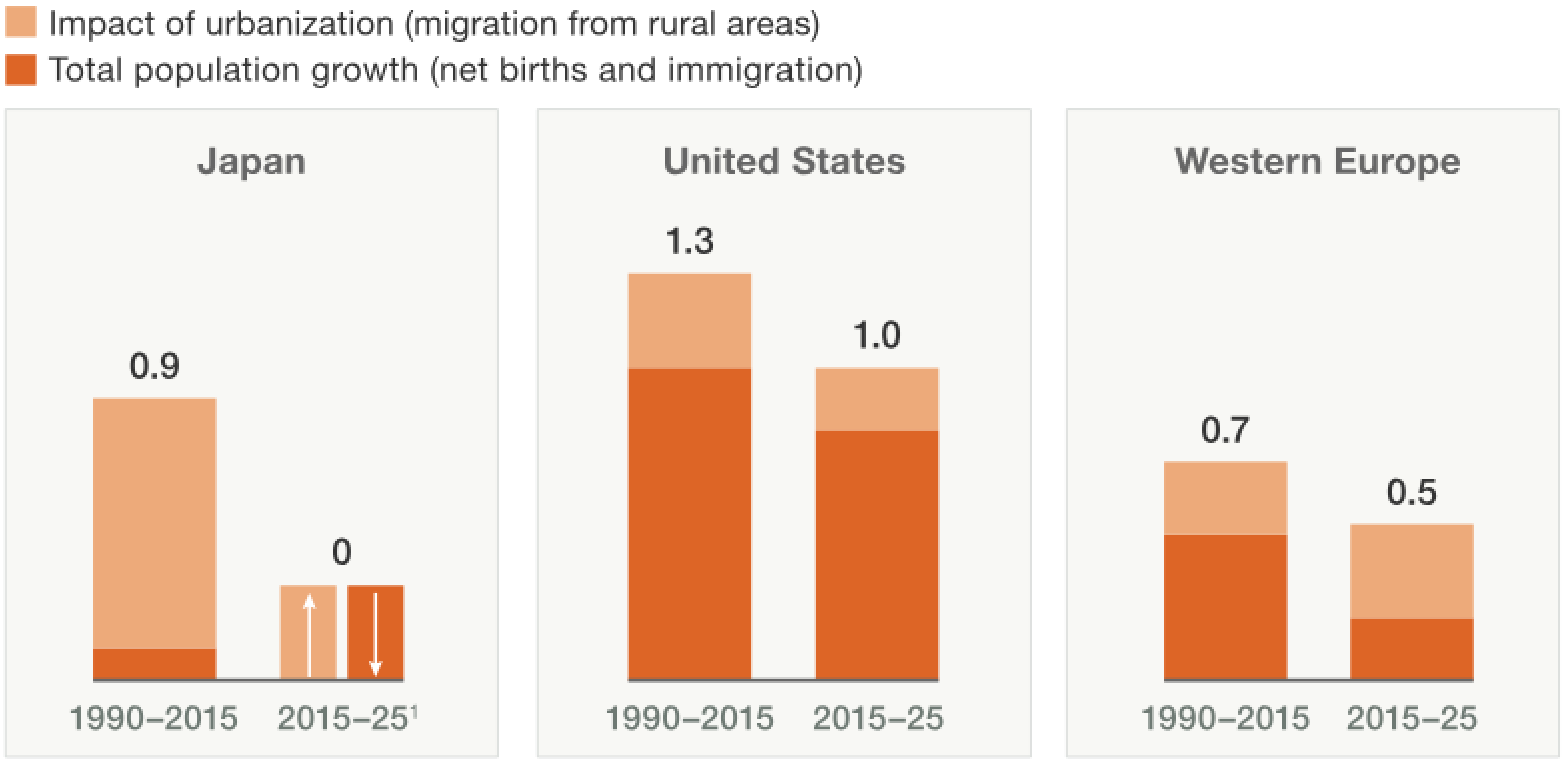
Kodokushi



Growth Capacity

Declining population growth, due to aging and falling fertility rates, and waning rural-to-urban migration will deliver a double hit to urban-population growth.

Urban-population growth, 2015–25 projected, %



[1]Projected growth represents +0.3% from urbanization and –0.3% for population.

McKinsey&Company | Source: McKinsey Global Institute analysis

US White Population 1970-2017

TABLE 1

U.S. white population, 1970 to 2017

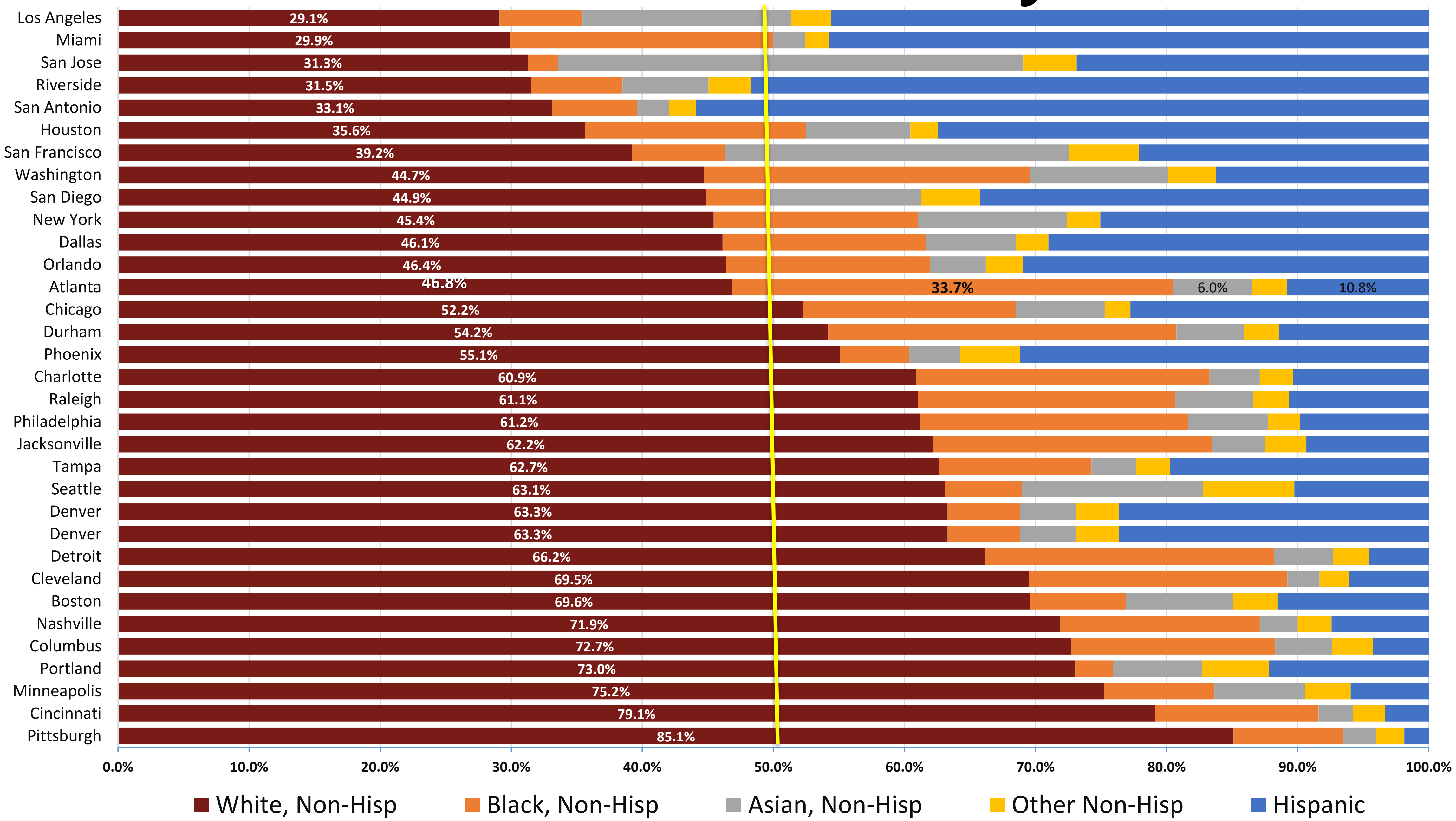
	White population*	Change
1970 Census	169,023,068	
1980 Census	180,256,366	11,233,298
1990 Census	188,128,296	7,871,930
2000 Census	194,552,774	6,424,478
2010 Census	196,817,552	2,264,778
2011..	197,486,707	669,155
2012..	197,641,635	154,928
2013..	197,692,643	51,008
2014..	197,802,527	109,884
2015..	197,844,074	41,547
2016..	197,834,599	(9,475)
2017..	197,803,083	(31,516)

* Non Hispanic whites
Source: US Decennial Censuses and Census Population Estimates, released June 21, 2018

Metropolitan Policy Program at BROOKINGS

https://www.brookings.edu/blog/the-avenue/2018/06/21/us-white-population-declines-and-generation-z-plus-is-minority-white-census-shows/

Metro Race and Ethnicity (Select)



Source: ESRI Demographics 2018

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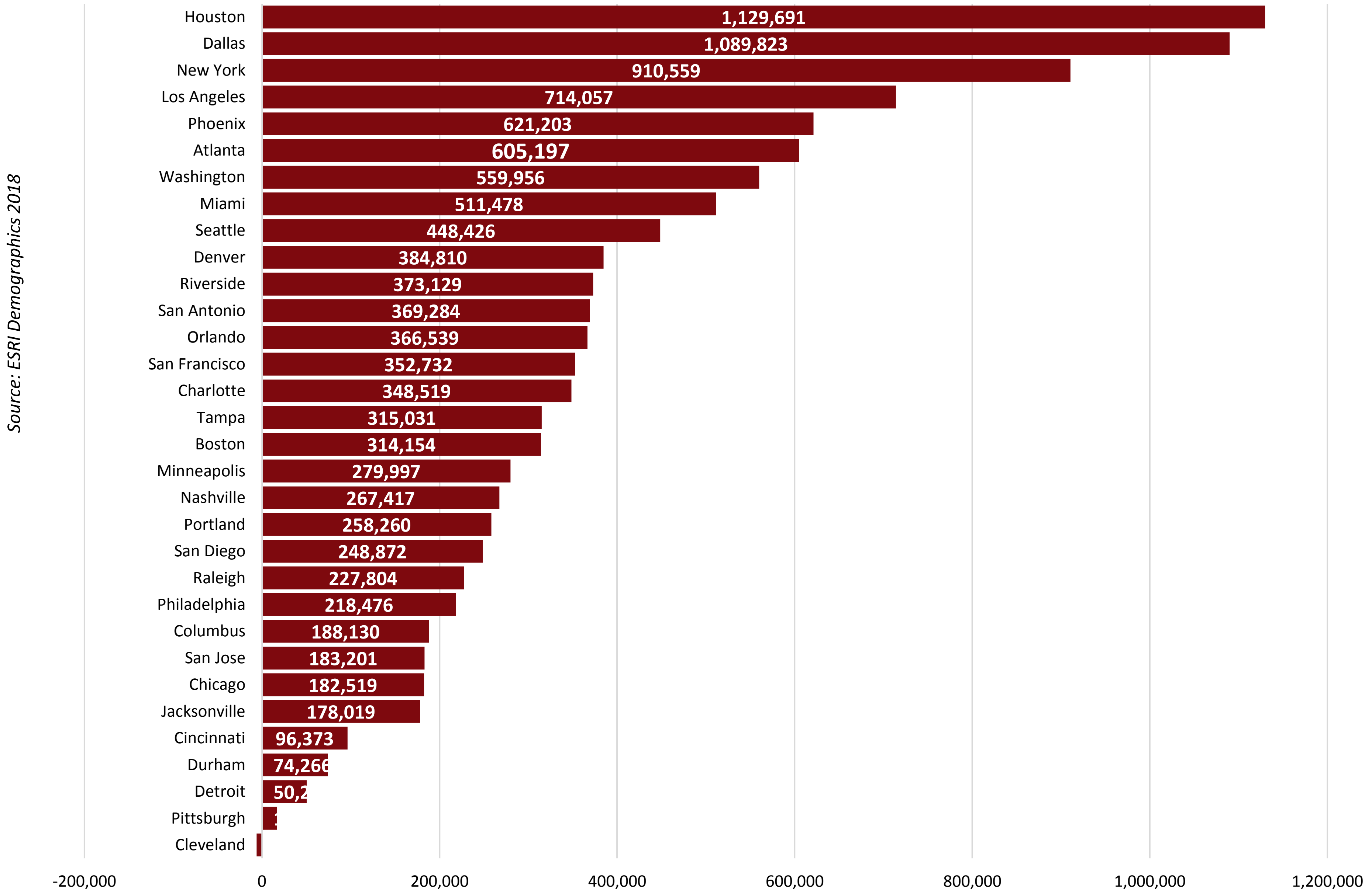
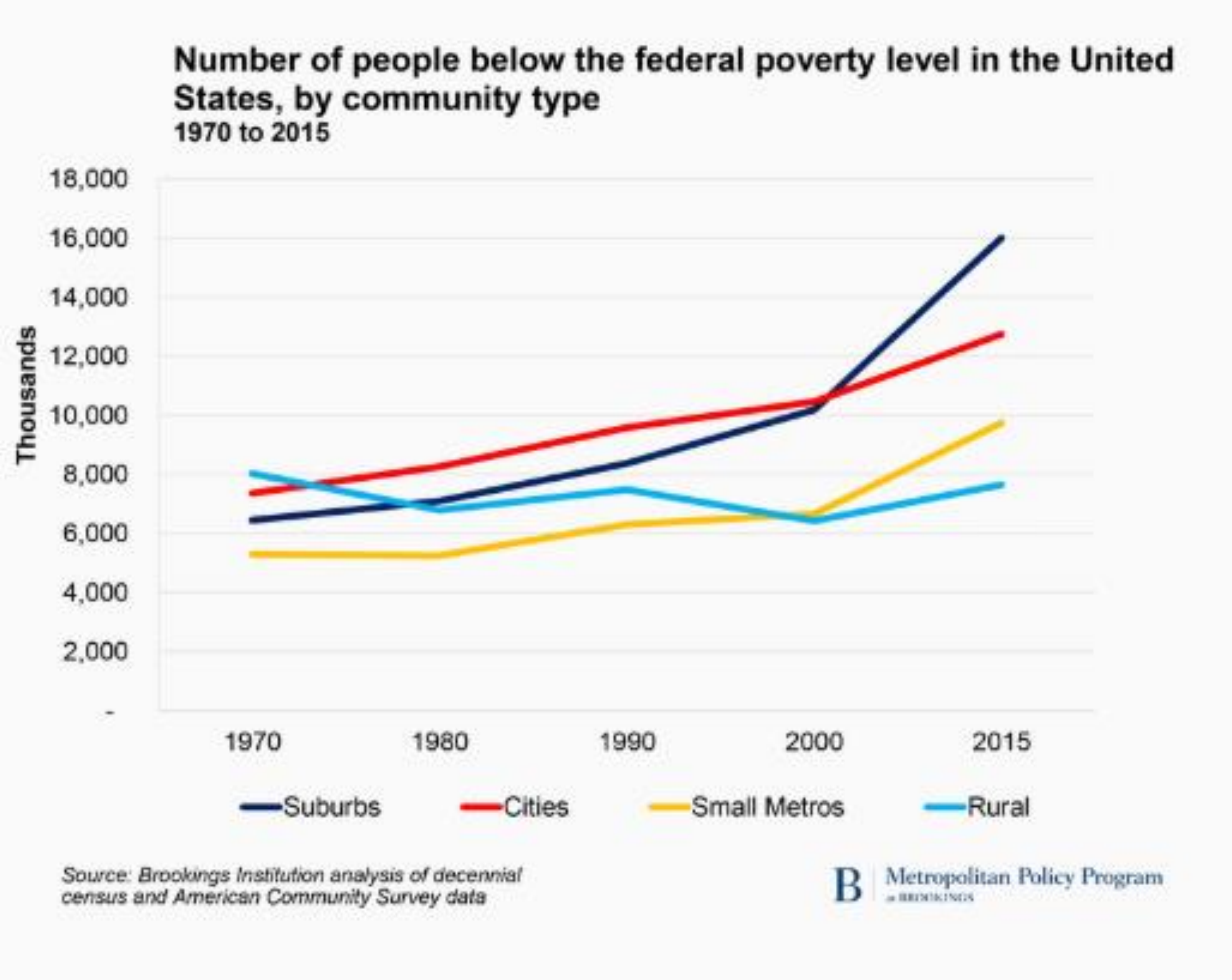
Population Growth, 2010-2018

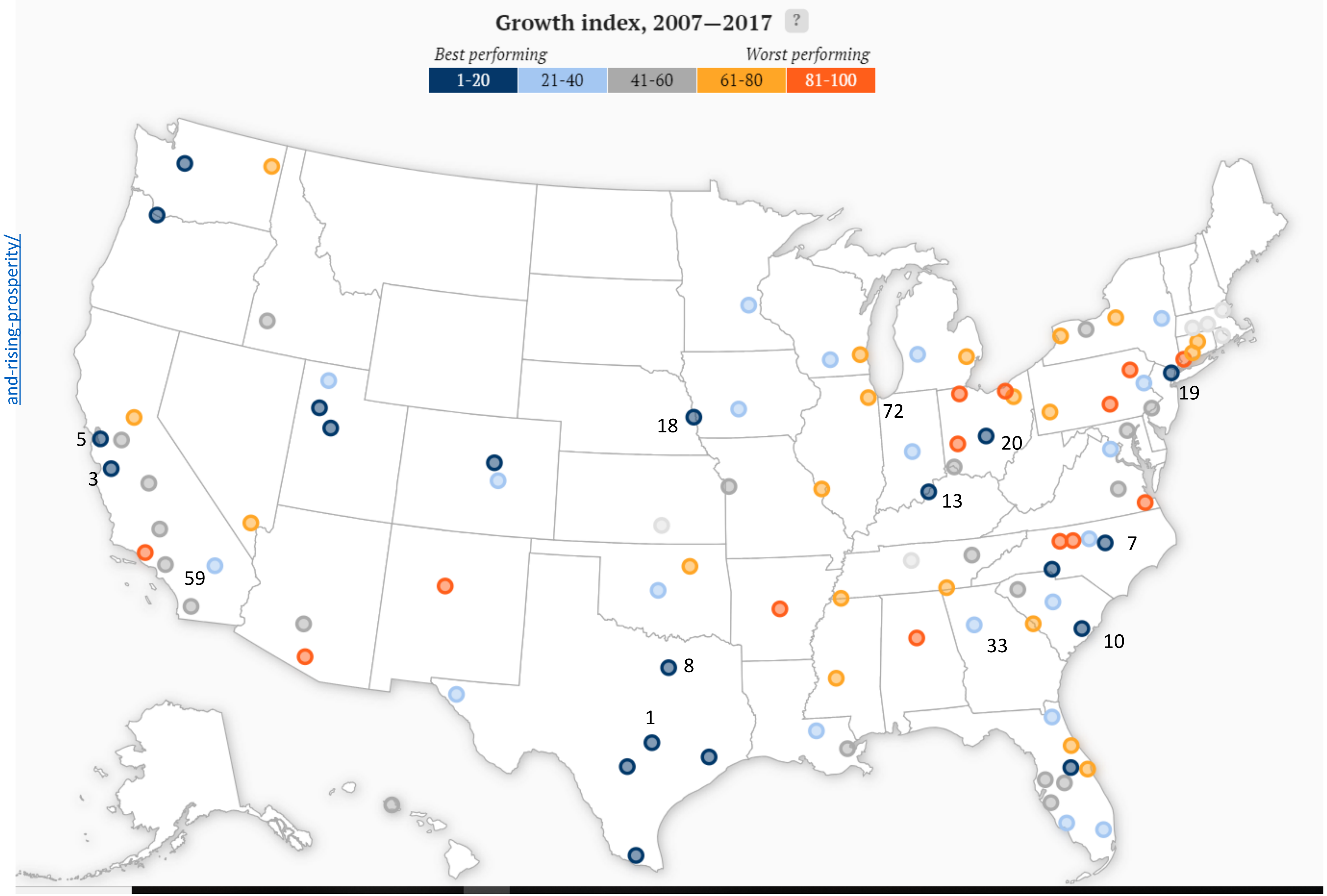


People in Poverty by Community Type



Large Metros: Growth Index

Jobs, GMP, Job Change in young firms



https://www.brookings.edu/research/metro-monitor-2019-inclusion-remains-elusive-amid-widespread-metro-growth-and-rising-prosperity/

Neighborhood Change

	METRO				CENTRAL CITY			
	Growth	Low-Income Displacement	Abandonment	Low-Income Concentration	Growth	Low-Income Displacement	Abandonment	Low-Income Concentration
Atlanta	2%	3%	1%	23%	7%	21%	1%	19%
Austin	5%	6%	0%	11%	5%	11%	0%	19%
Baltimore	1%	7%	1%	12%	2%	17%	5%	19%
Birmingham	2%	3%	5%	27%	3%	3%	16%	41%
Boston	1%	6%	0%	9%	5%	14%	1%	10%
Buffalo	0%	3%	3%	28%	1%	5%	9%	35%
Charlotte	3%	1%	0%	23%	3%	2%	1%	30%
Chicago	1%	3%	3%	34%	2%	9%	8%	34%
Cincinnati	1%	2%	2%	35%	1%	3%	11%	57%
Cleveland	1%	1%	5%	43%	2%	2%	24%	50%
Columbus	2%	2%	2%	29%	3%	4%	6%	43%
Dallas	4%	2%	1%	25%	4%	5%	3%	35%
Denver	2%	4%	0%	22%	6%	14%	0%	19%
Detroit	1%	0%	5%	49%	0%	0%	30%	56%
Hartford	1%	3%	0%	18%	8%	13%	3%	32%
Houston	7%	6%	1%	17%	1%	11%	3%	27%
Indianapolis	1%	1%	3%	35%	0%	1%	6%	51%
Jacksonville	6%	3%	2%	24%	0%	3%	4%	32%
Kansas City	2%	1%	2%	31%	4%	1%	8%	37%
Las Vegas	3%	0%	2%	34%	4%	0%	2%	49%
Los Angeles	3%	15%	1%	10%	6%	20%	1%	8%
Louisville	1%	4%	2%	23%	1%	2%	3%	33%
Memphis	3%	2%	5%	40%	0%	1%	9%	58%

https://www.law.umn.edu/institute-metropolitan-opportunity/gentrification

Neighborhood Change Methodology Explanation

A tract is classified as **strongly economically expanding** if:
1. The absolute number of non-low-income individuals increased by more than 10 percent between 2000 and 2016.
2. The population share of low-income individuals declined by more than 5 percentage points between 2000 and 2016.

Likewise, a tract is classified as **strongly economically declining** if:
1. The absolute number of non-low-income individuals declined by more than 10 percent between 2000 and 2016.
2. The population share of low-income individuals increased by more than 5 percentage points between 2000 and 2016.

	Tract is economically expanding	Tract is economically declining
Tract has low-income population growth	Growth	Low-income concentration
Tract has low-income population decline	Low-income displacement	Abandonment

Neighborhood Change

	METRO				CENTRAL CITY			
	Growth	Low-Income Displacement	Abandonment	Low-Income Concentration	Growth	Low-Income Displacement	Abandonment	Low-Income Concentration
Miami	3%	3%	1%	25%	12%	10%	0%	17%
Milwaukee	1%	1%	2%	36%	2%	2%	5%	52%
Minneapolis	1%	1%	1%	23%	3%	6%	2%	21%
Nashville	1%	3%	1%	19%	2%	5%	1%	32%
New Orleans	1%	10%	5%	19%	2%	20%	10%	19%
New York	2%	11%	1%	14%	4%	19%	1%	13%
Oklahoma City	5%	8%	1%	17%	6%	6%	2%	25%
Orlando	3%	1%	1%	24%	11%	2%	1%	33%
Philadelphia	1%	5%	2%	22%	2%	12%	4%	34%
Phoenix	7%	1%	1%	32%	4%	2%	3%	40%
Pittsburgh	1%	8%	2%	17%		9%	7%	22%
Portland	2%	6%	0%	14%	2%	14%	0%	9%
Providence	1%	4%	0%	17%	2%	14%	0%	13%
Raleigh	4%	2%	1%	12%	5%	2%	2%	16%
Richmond	2%	4%	1%	15%	6%	6%	0%	30%
Riverside	7%	4%	1%	15%	9%	10%	0%	10%
Sacramento	2%	4%	0%	28%	2%	8%	0%	30%
Saint Louis	1%	3%	3%	27%	3%	14%	8%	23%
Salt Lake City	5%	3%	1%	17%	2%	10%	0%	21%
San Antonio	7%	6%	0%	13%	4%	4%	0%	18%
San Diego	2%	10%	0%	13%	3%	16%	0%	9%
San Francisco	2%	6%	0%	12%	6%	13%	0%	7%
San Jose	2%	3%	0%	14%	3%	3%	0%	20%
Seattle	3%	5%	0%	10%	11%	14%	1%	5%
Tampa	5%	2%	1%	26%	6%	1%	0%	35%
Virginia Beach	3%	9%	0%	11%	2%	11%	0%	13%
Washington DC	3%	8%	0%	8%	3%	36%	0%	8%

https://www.law.umn.edu/institute-metropolitan-opportunity/gentrification

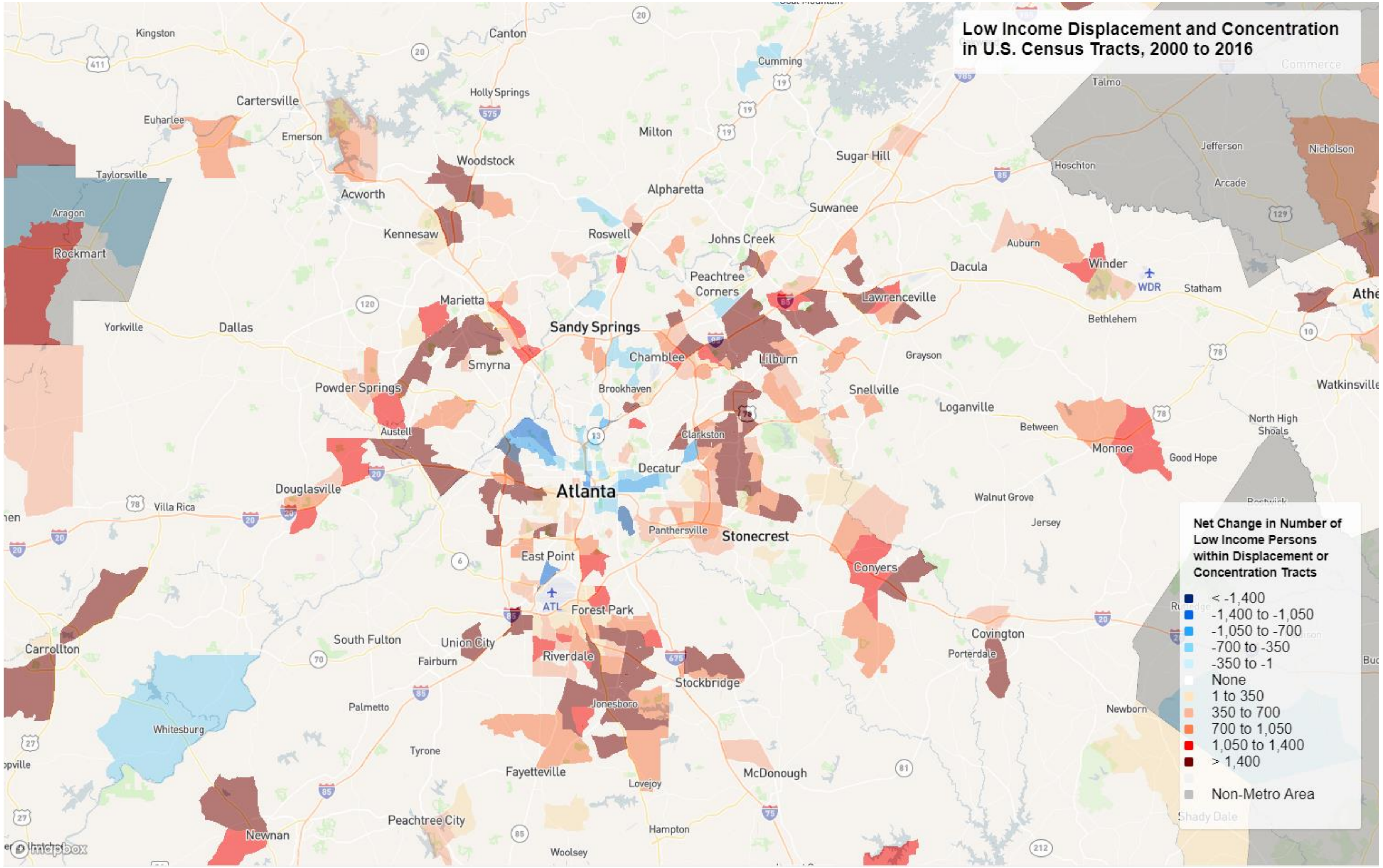
Cont.

	METRO				CENTRAL CITY			
	Growth	Low-Income Displacement	Abandonment	Low-Income Concentration	Growth	Low-Income Displacement	Abandonment	Low-Income Concentration
Washington DC	3%	8%	0%	8%	3%	36%	0%	8%
Atlanta	2%	3%	1%	23%	7%	21%	1%	19%
Los Angeles	3%	15%	1%	10%	6%	20%	1%	8%
New Orleans	1%	10%	5%	19%	2%	20%	10%	19%
New York	2%	11%	1%	14%	4%	19%	1%	13%
Baltimore	1%	7%	1%	12%	2%	17%	5%	19%
San Diego	2%	10%	0%	13%	3%	16%	0%	9%
Boston	1%	6%	0%	9%	5%	14%	1%	10%
Denver	2%	4%	0%	22%	6%	14%	0%	19%
Portland	2%	6%	0%	14%	2%	14%	0%	9%
Providence	1%	4%	0%	17%	2%	14%	0%	13%
Saint Louis	1%	3%	3%	27%	3%	14%	8%	23%
Seattle	3%	5%	0%	10%	11%	14%	1%	5%
Hartford	1%	3%	0%	18%	8%	13%	3%	32%
San Francisco	2%	6%	0%	12%	6%	13%	0%	7%
Philadelphia	1%	5%	2%	22%	2%	12%	4%	34%
Austin	5%	6%	0%	11%	5%	11%	0%	19%
Houston	7%	6%	1%	17%	1%	11%	3%	27%
Virginia Beach	3%	9%	0%	11%	2%	11%	0%	13%
Miami	3%	3%	1%	25%	12%	10%	0%	17%
Riverside	7%	4%	1%	15%	9%	10%	0%	10%
Salt Lake City	5%	3%	1%	17%	2%	10%	0%	21%
Chicago	1%	3%	3%	34%	2%	9%	8%	34%
Pittsburgh	1%	8%	2%	17%		9%	7%	22%

https://www.law.umn.edu/institute-metropolitan-opportunity/gentrification

Low Income Displacement and Concentration Atlanta

https://myottetm.github.io/USMapBoxIMO/USLwDispConc.html



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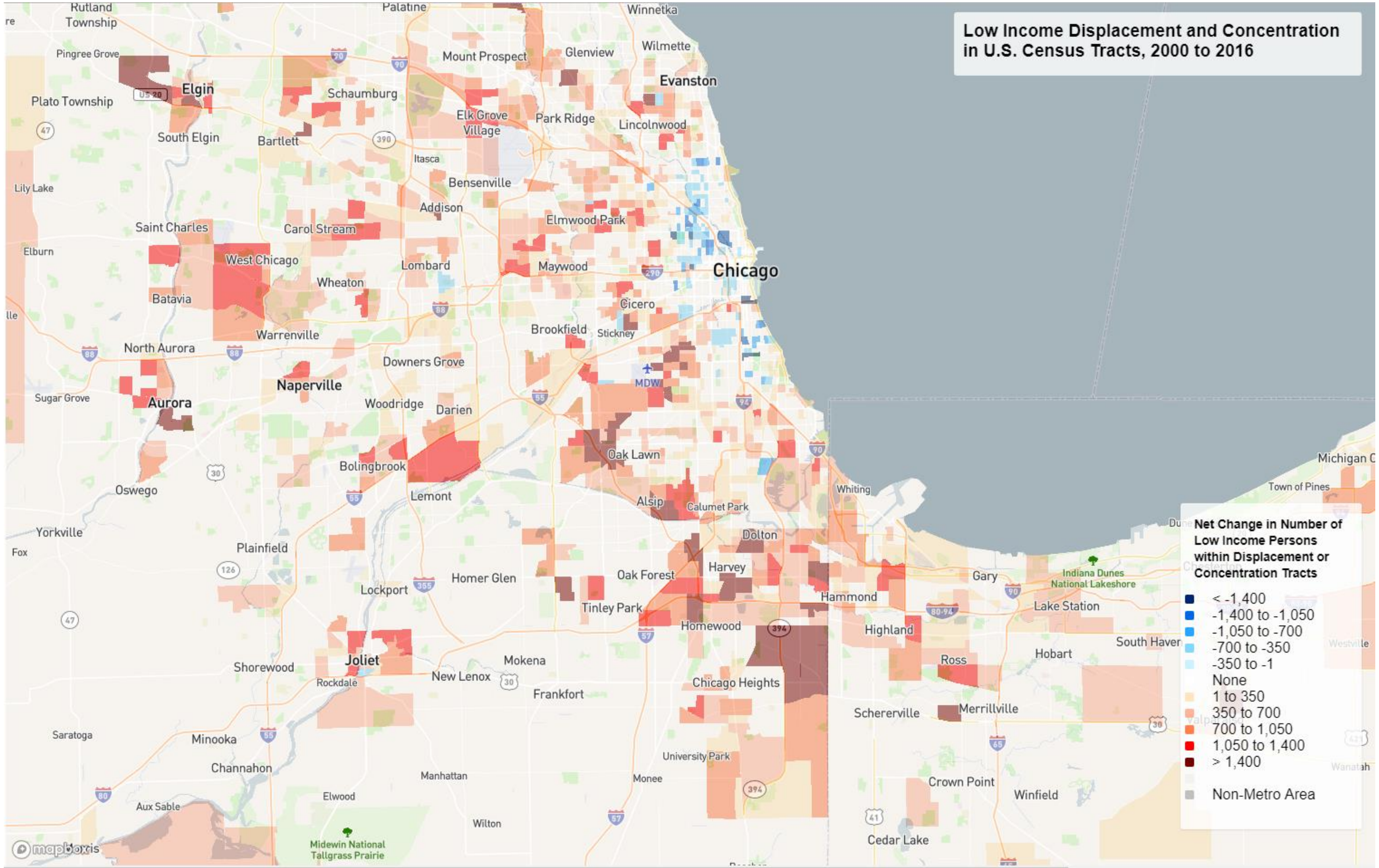
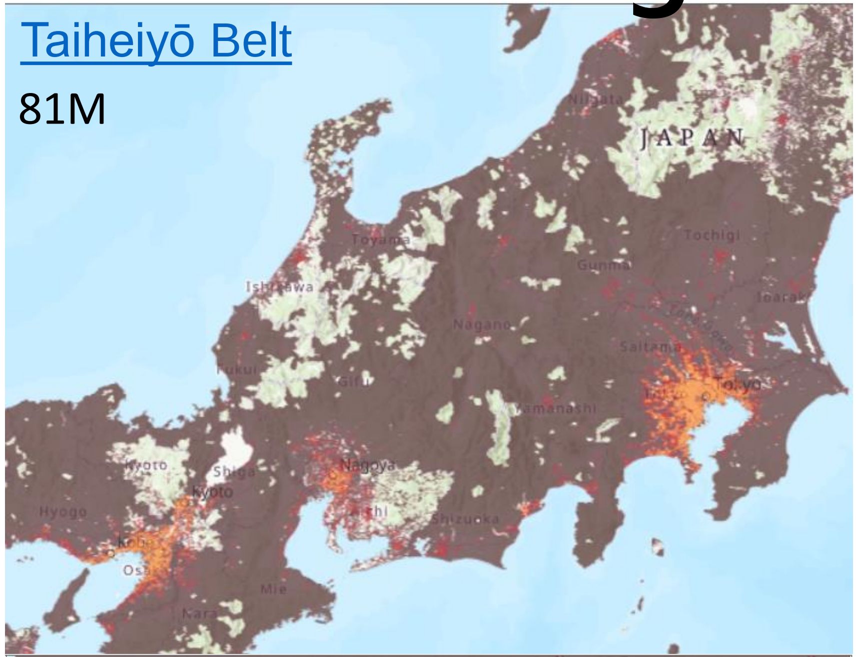
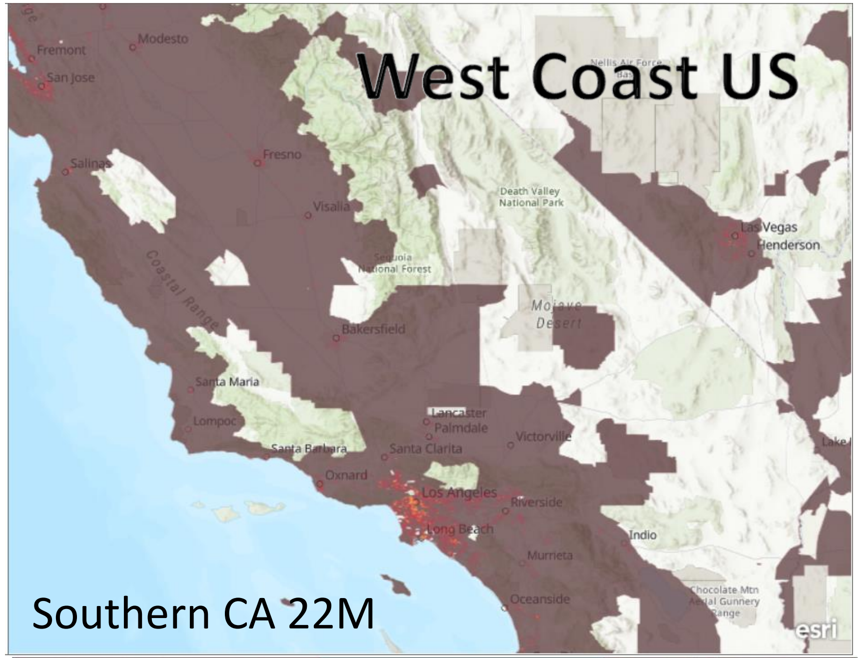
https://myottetm.github.io/USMapBoxIMO/USLwDispConc.html

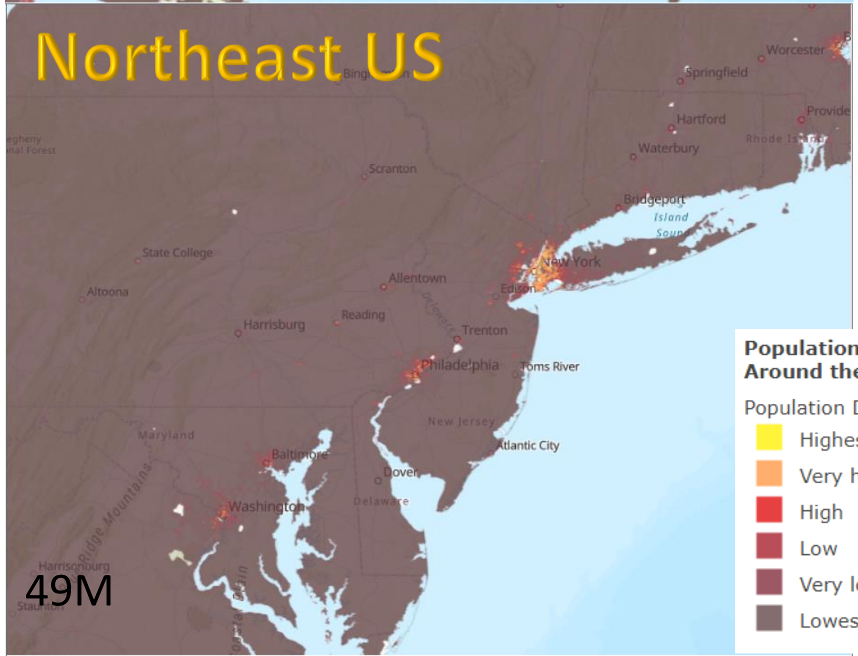
Low Income Displacement and Concentration Chicago

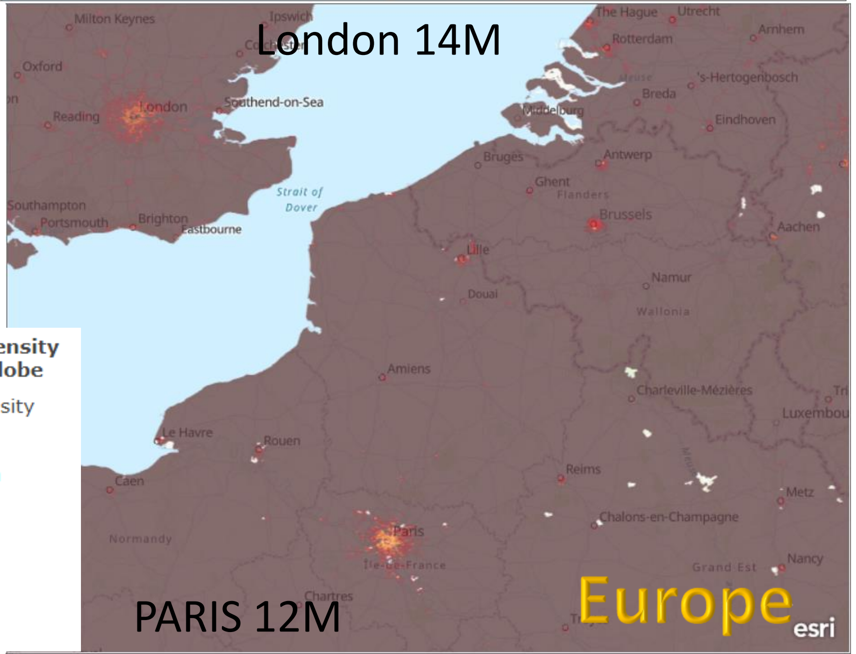


Megalopolis









Population Density Around the Globe

Population Density

- Highest
- Very high
- High
- Low
- Very low
- Lowest

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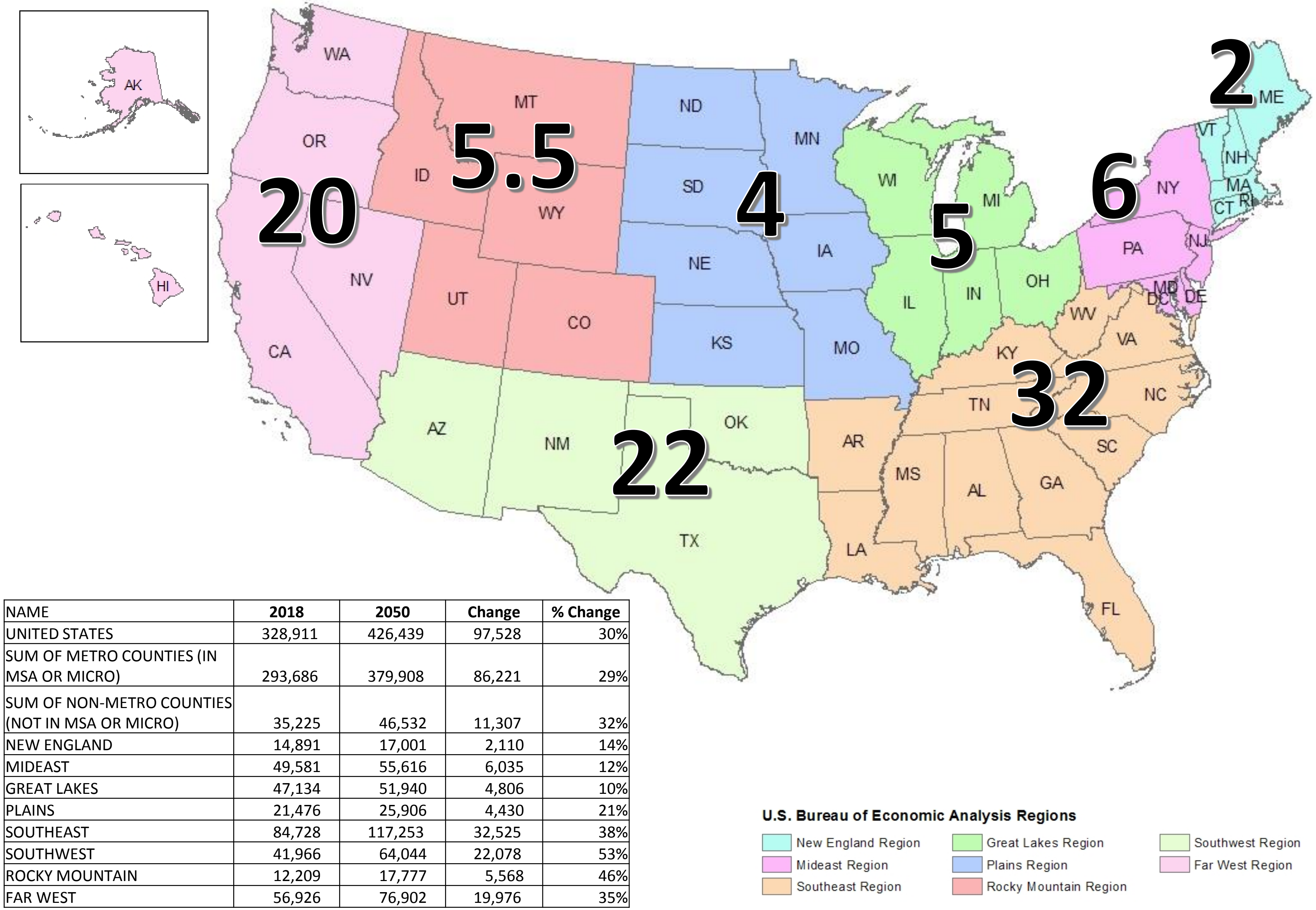
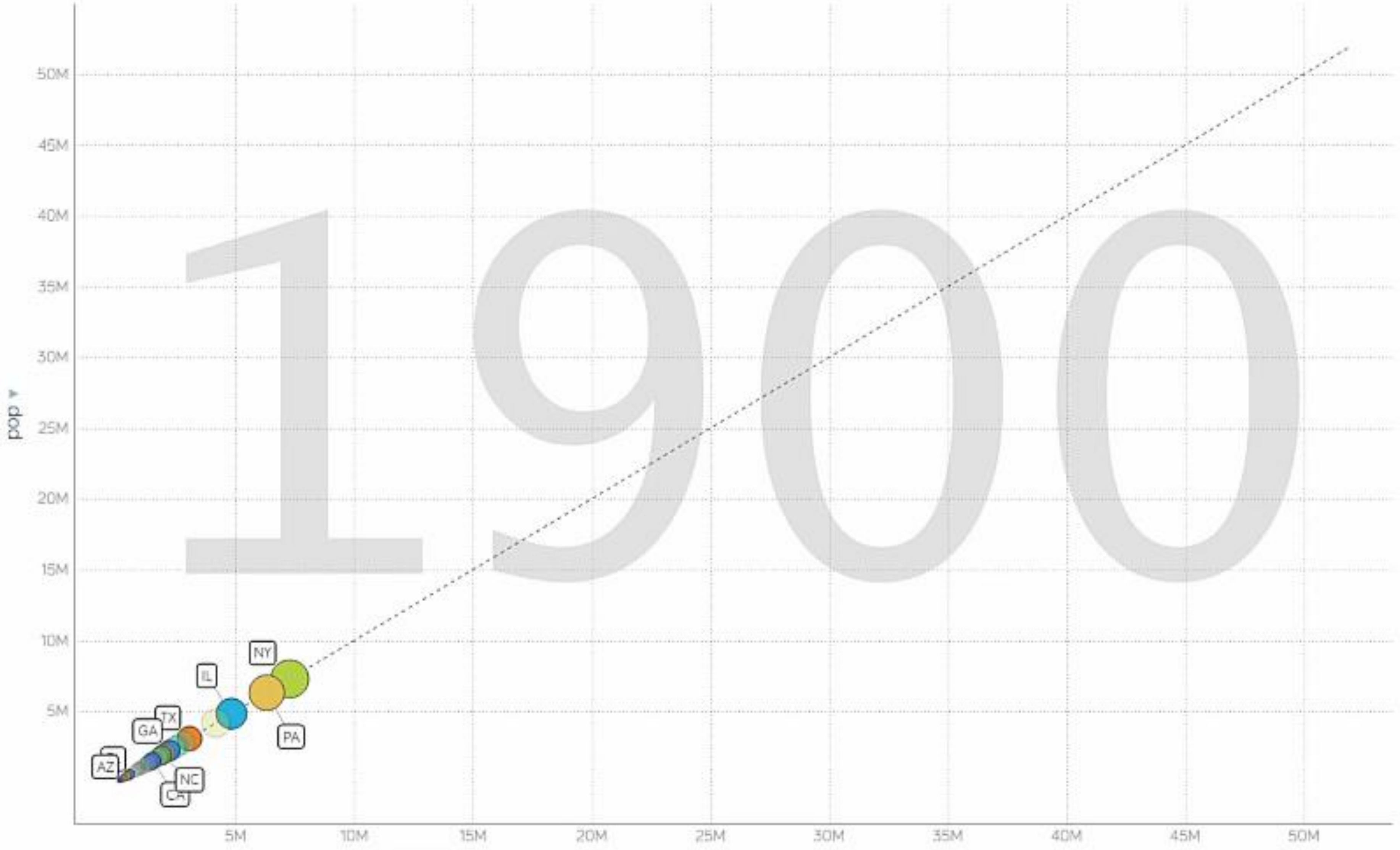
US Regions Growth 2018-2050

Woods & Poole Economics, Inc. (BEA regions)



NAME	2018	2050	Change	% Change
UNITED STATES	328,911	426,439	97,528	30%
SUM OF METRO COUNTIES (IN MSA OR MICRO)	293,686	379,908	86,221	29%
SUM OF NON-METRO COUNTIES (NOT IN MSA OR MICRO)	35,225	46,532	11,307	32%
NEW ENGLAND	14,891	17,001	2,110	14%
MIDEAST	49,581	55,616	6,035	12%
GREAT LAKES	47,134	51,940	4,806	10%
PLAINS	21,476	25,906	4,430	21%
SOUTHEAST	84,728	117,253	32,525	38%
SOUTHWEST	41,966	64,044	22,078	53%
ROCKY MOUNTAIN	12,209	17,777	5,568	46%
FAR WEST	56,926	76,902	19,976	35%

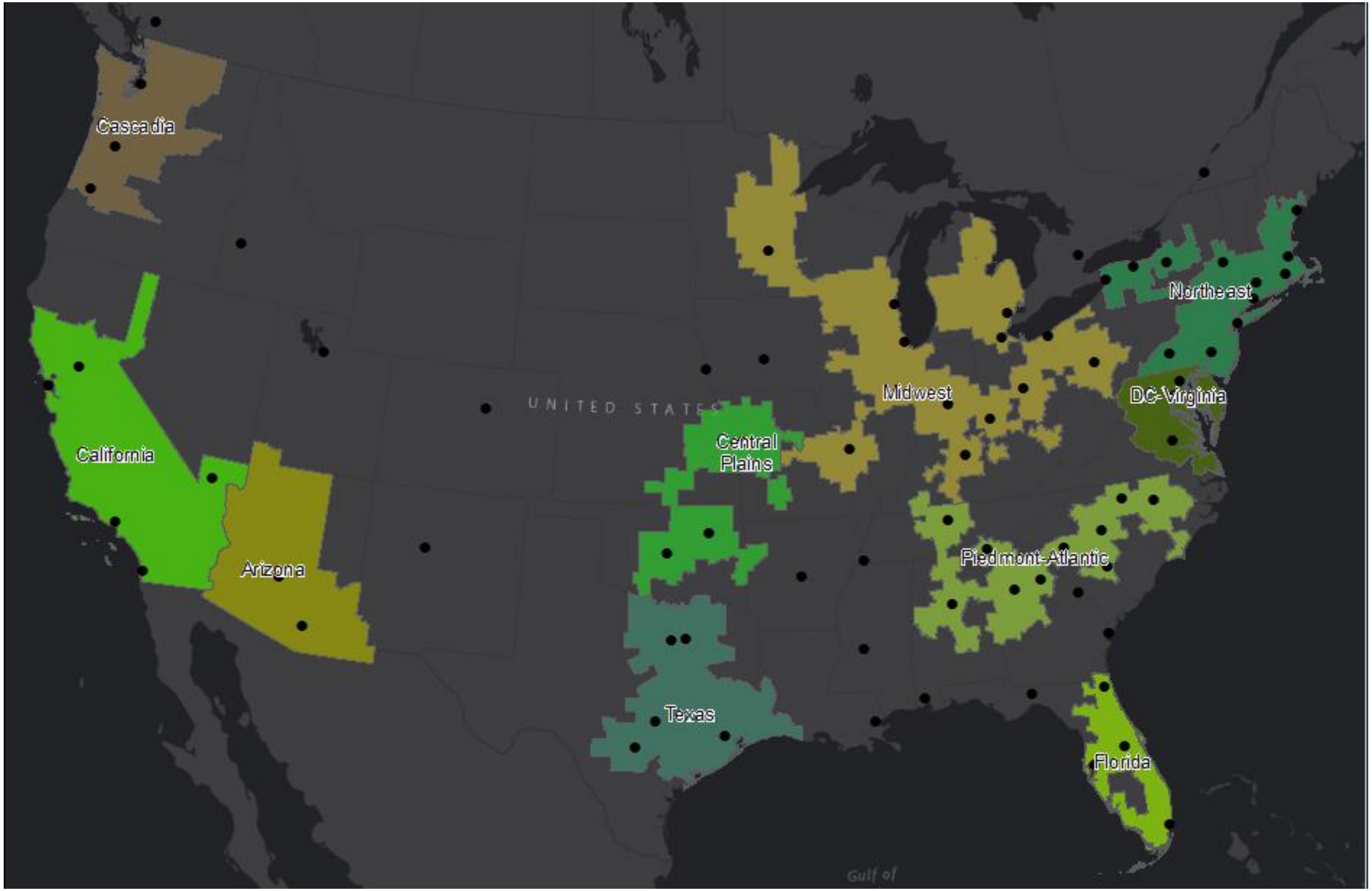
State Growth



Source: Woods and Poole

regional impact + local relevance

US Mega Regions (AMPO)



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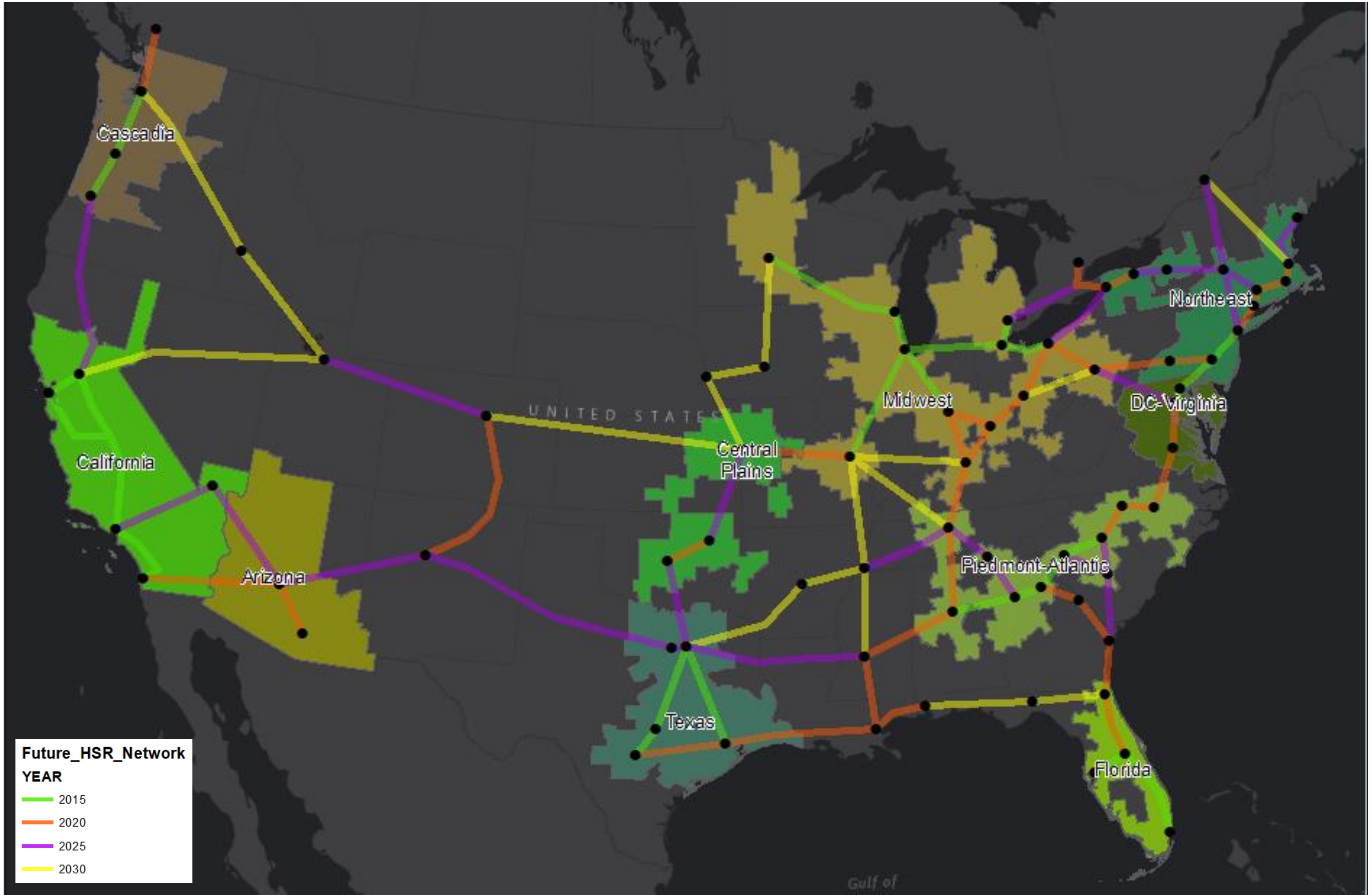
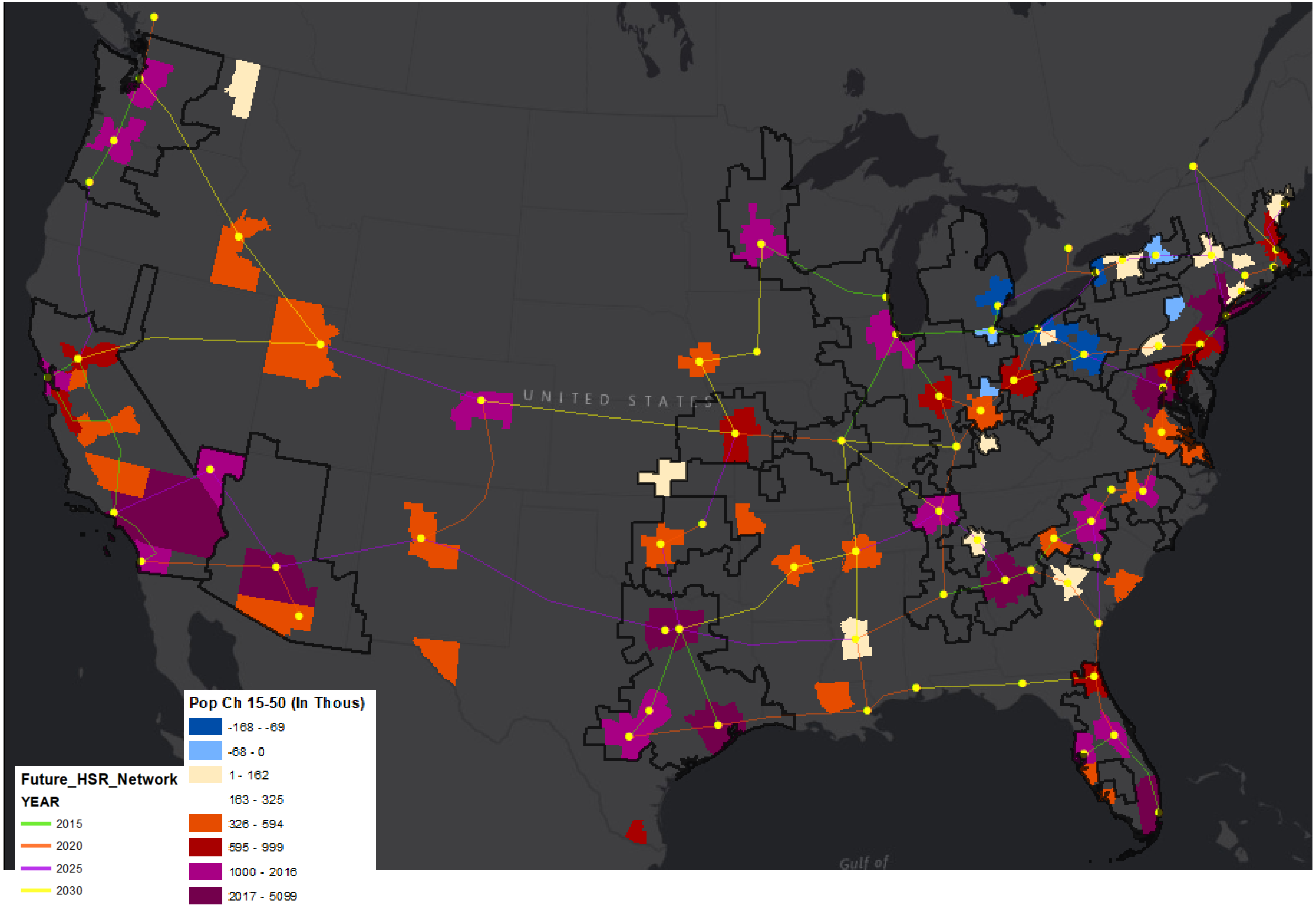
US Mega Regions (AMPO)



regional impact + local relevance

MSA Growth 2015-50 (Pop over 500K)

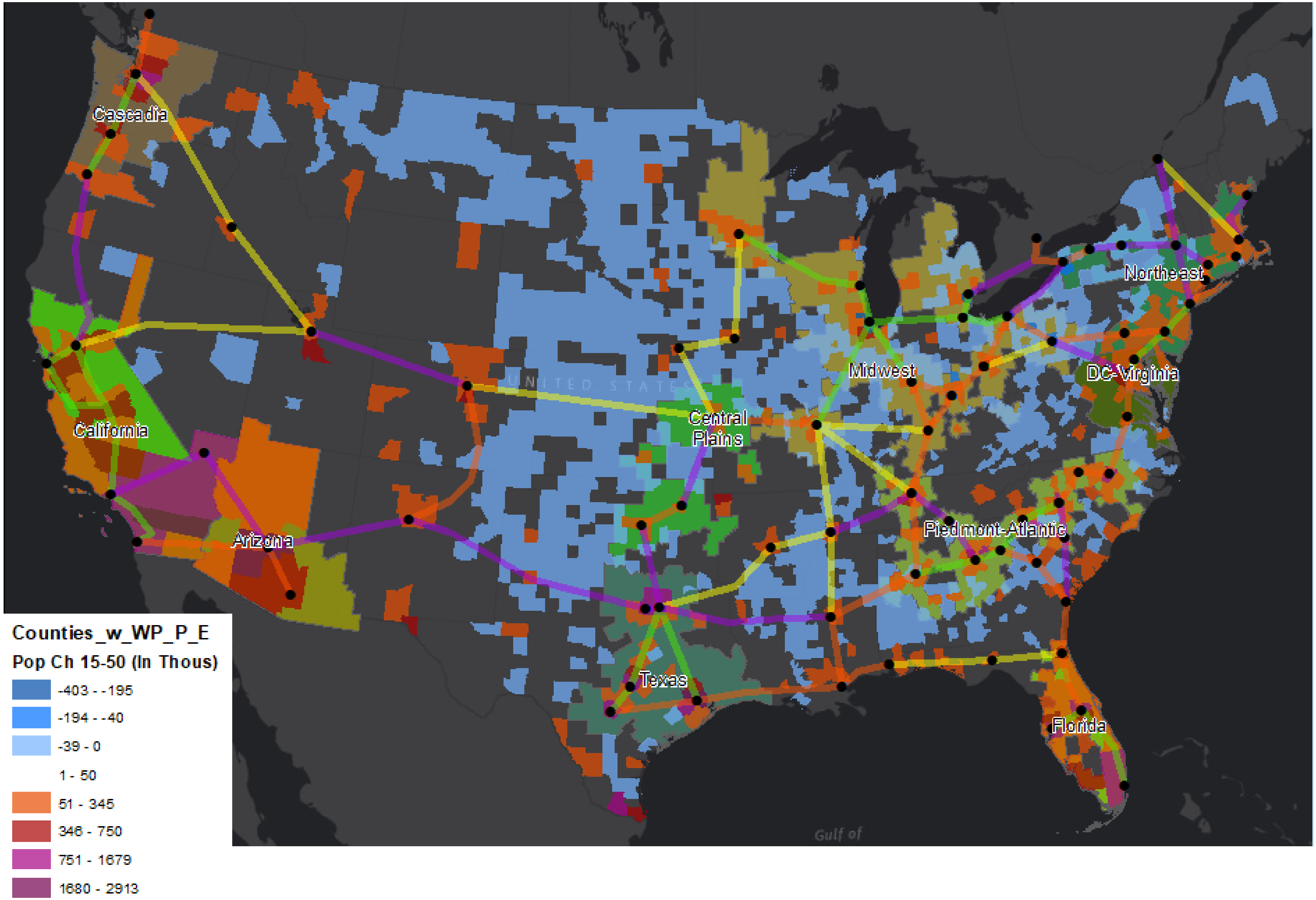
Source: Woods and Poole



regional impact + local relevance

County Population Change 2015-50

Source: Woods and Poole



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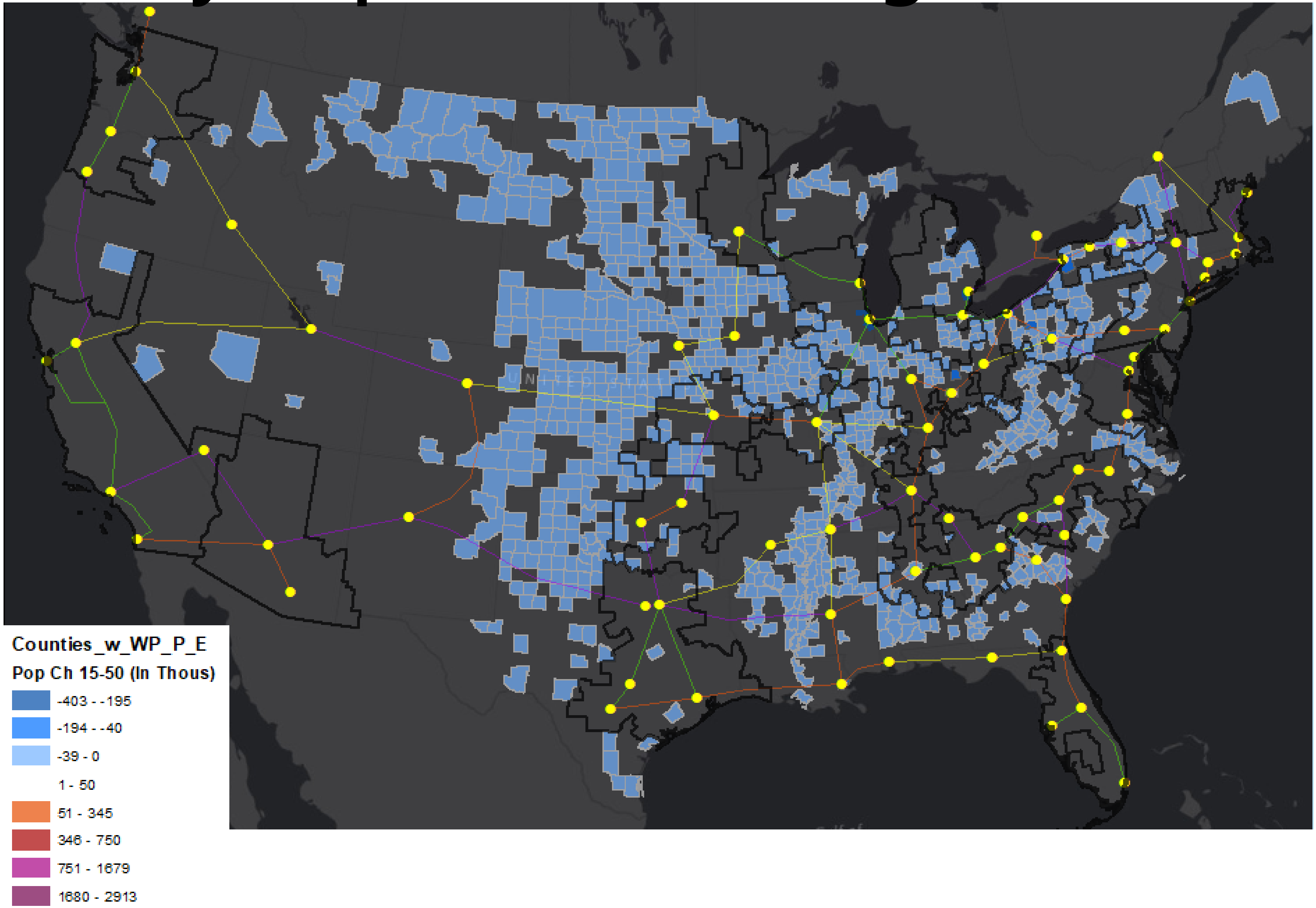
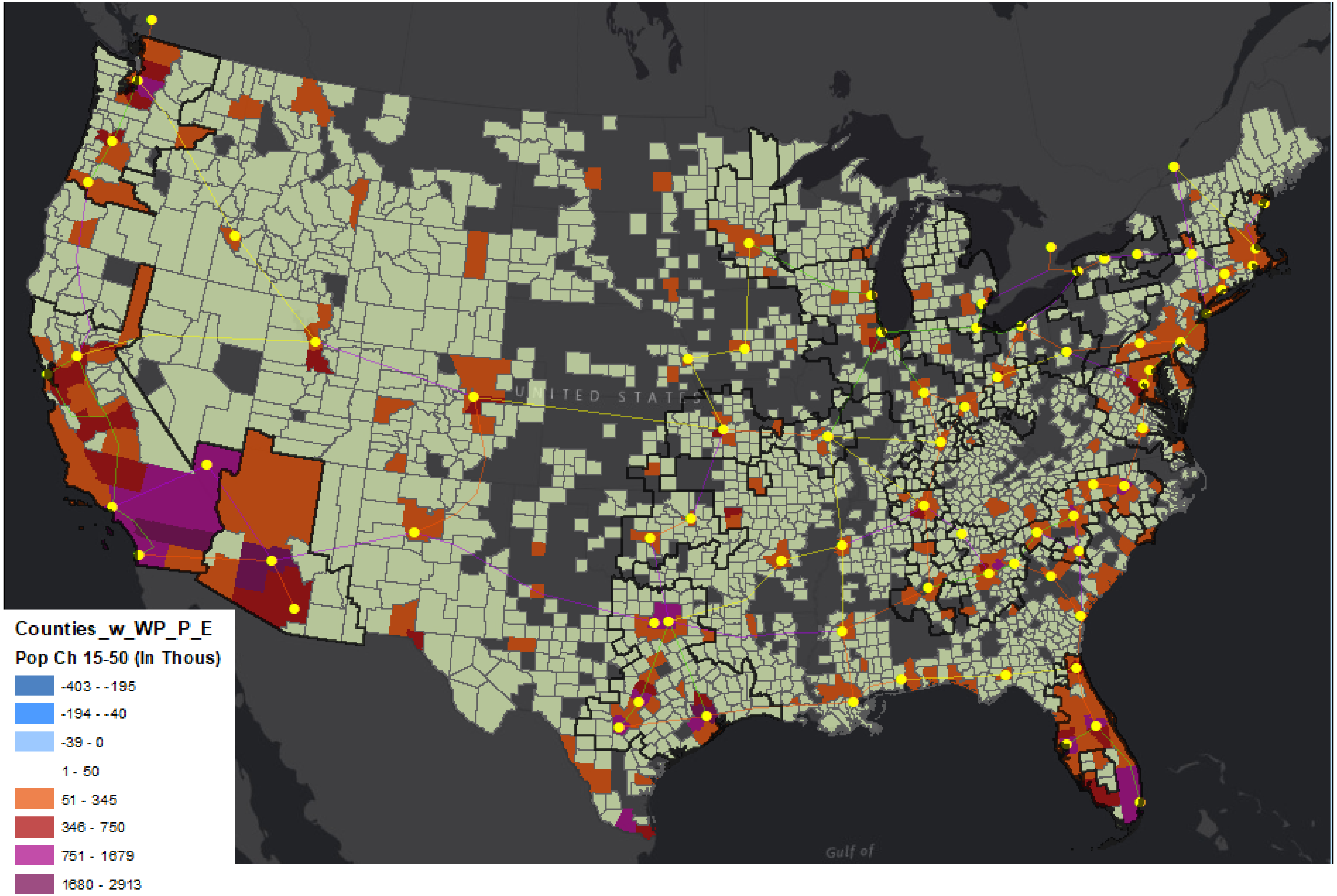
County Population Change 2015-50



Source: Woods and Poole

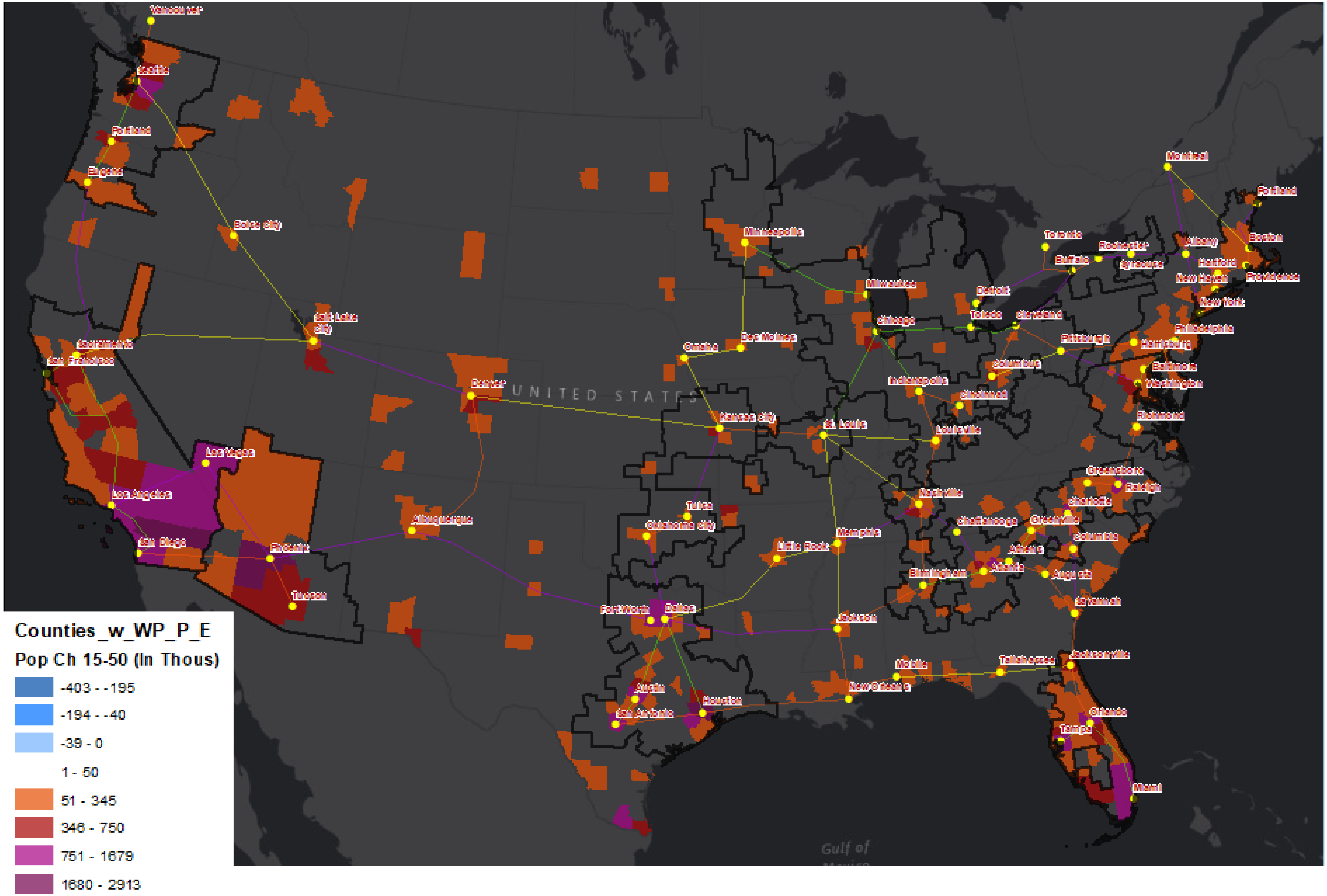
County Population Change 2015-50



Source: Woods and Poole

regional impact + local relevance

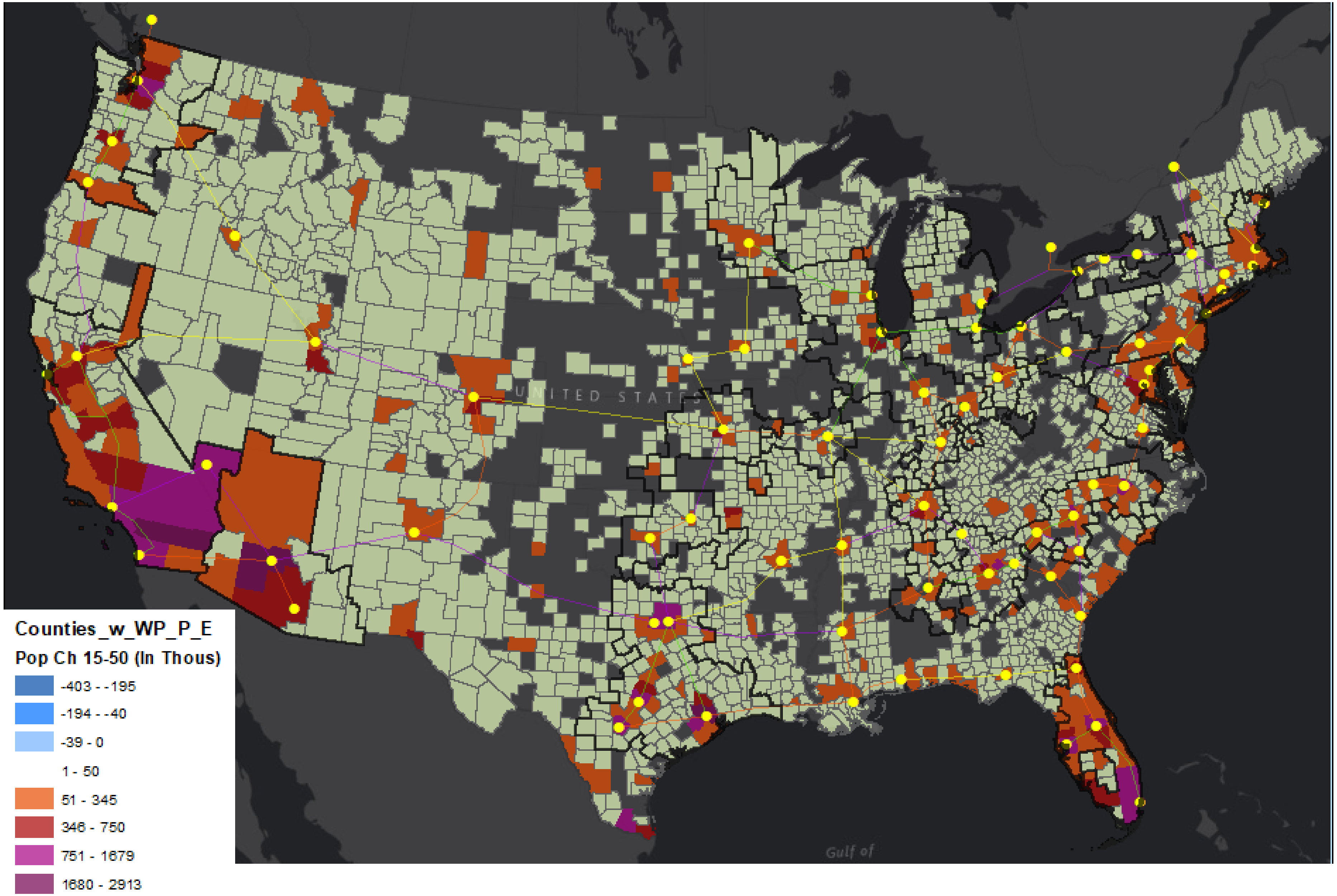
County Population Change 2015-50



Source: Woods and Poole

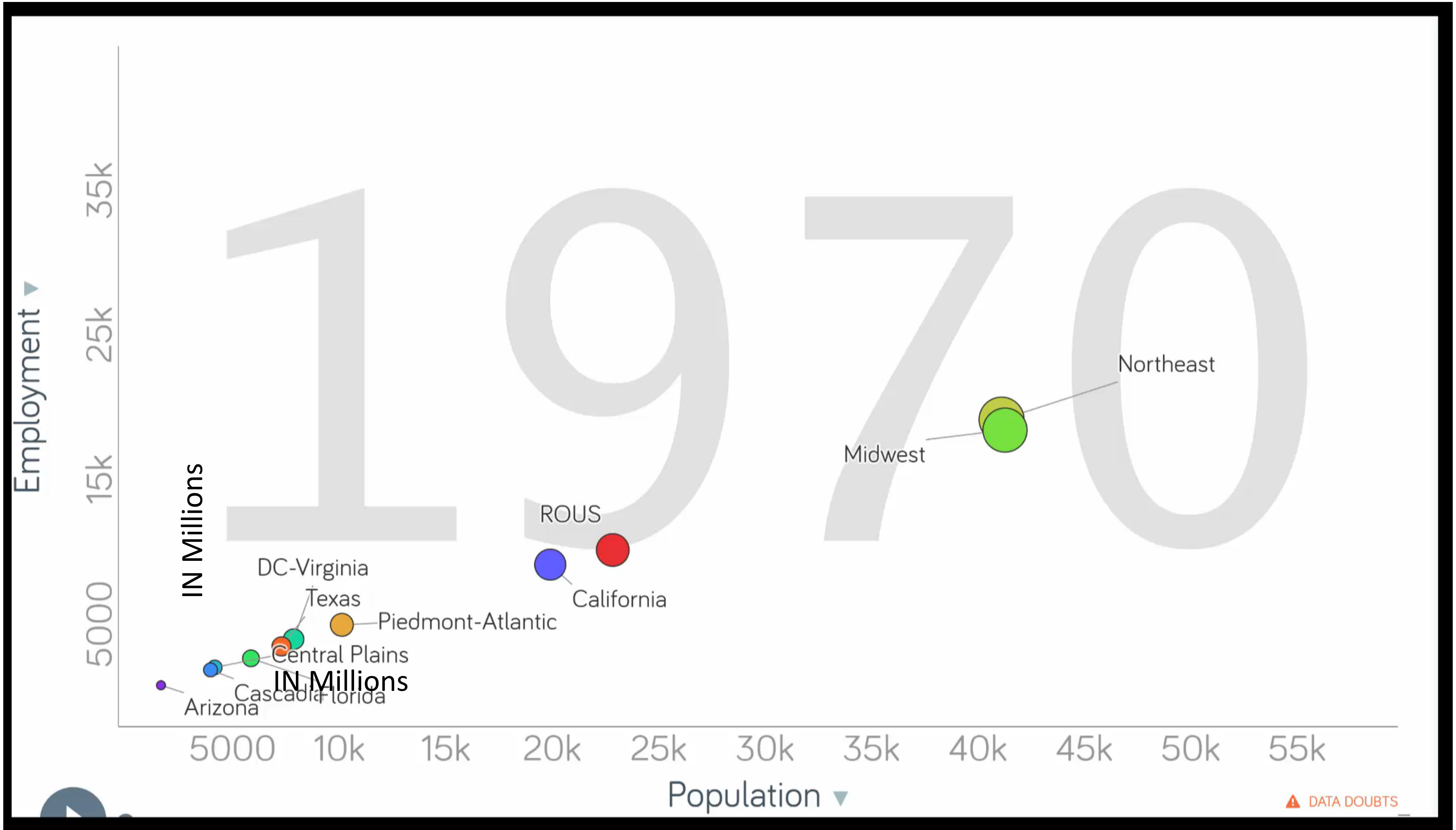
regional impact + local relevance

County Population Change 2015-50



Source: Woods and Poole

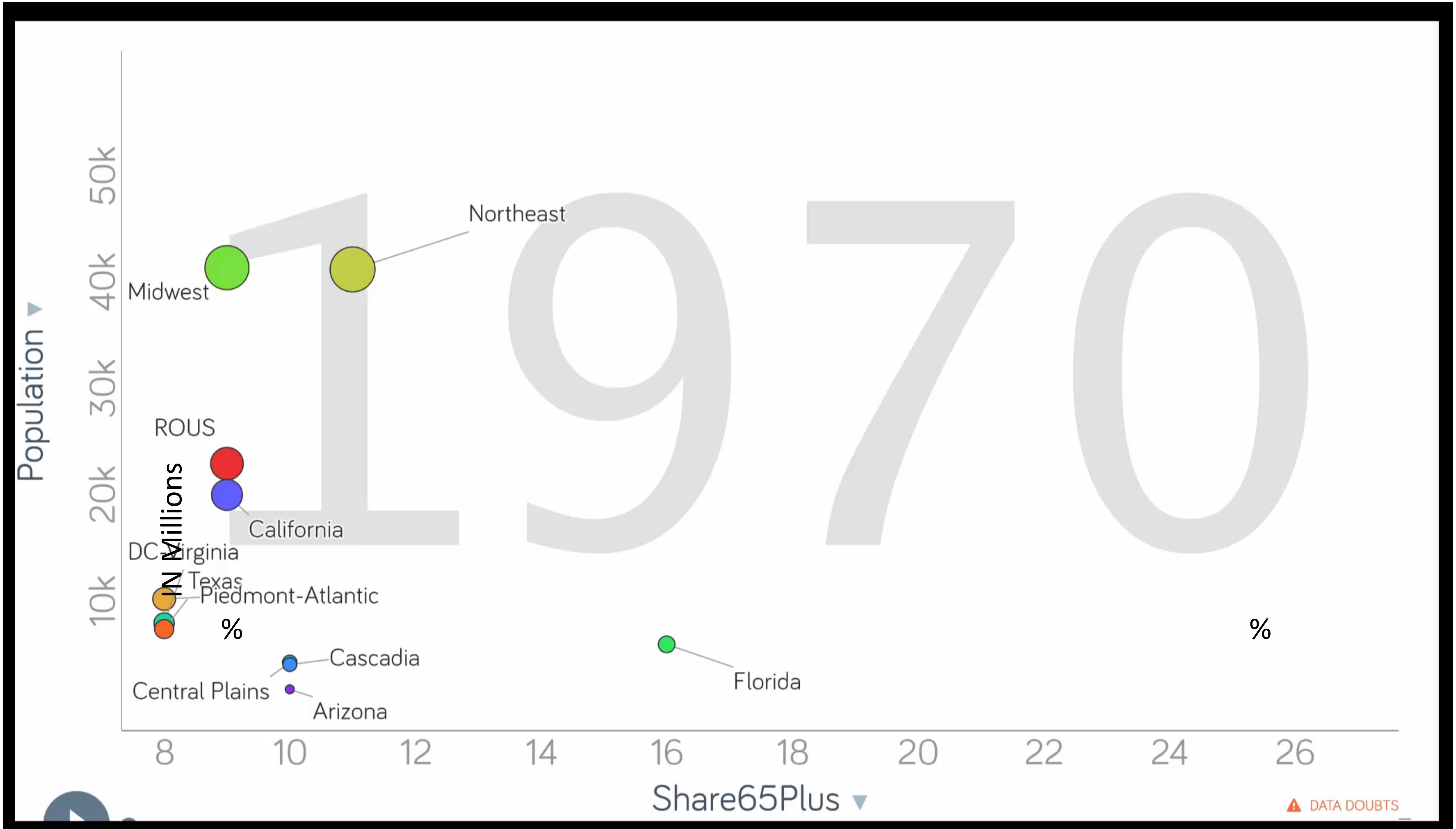
US Mega Region Growth



Source: Woods and Poole

regional impact + local relevance

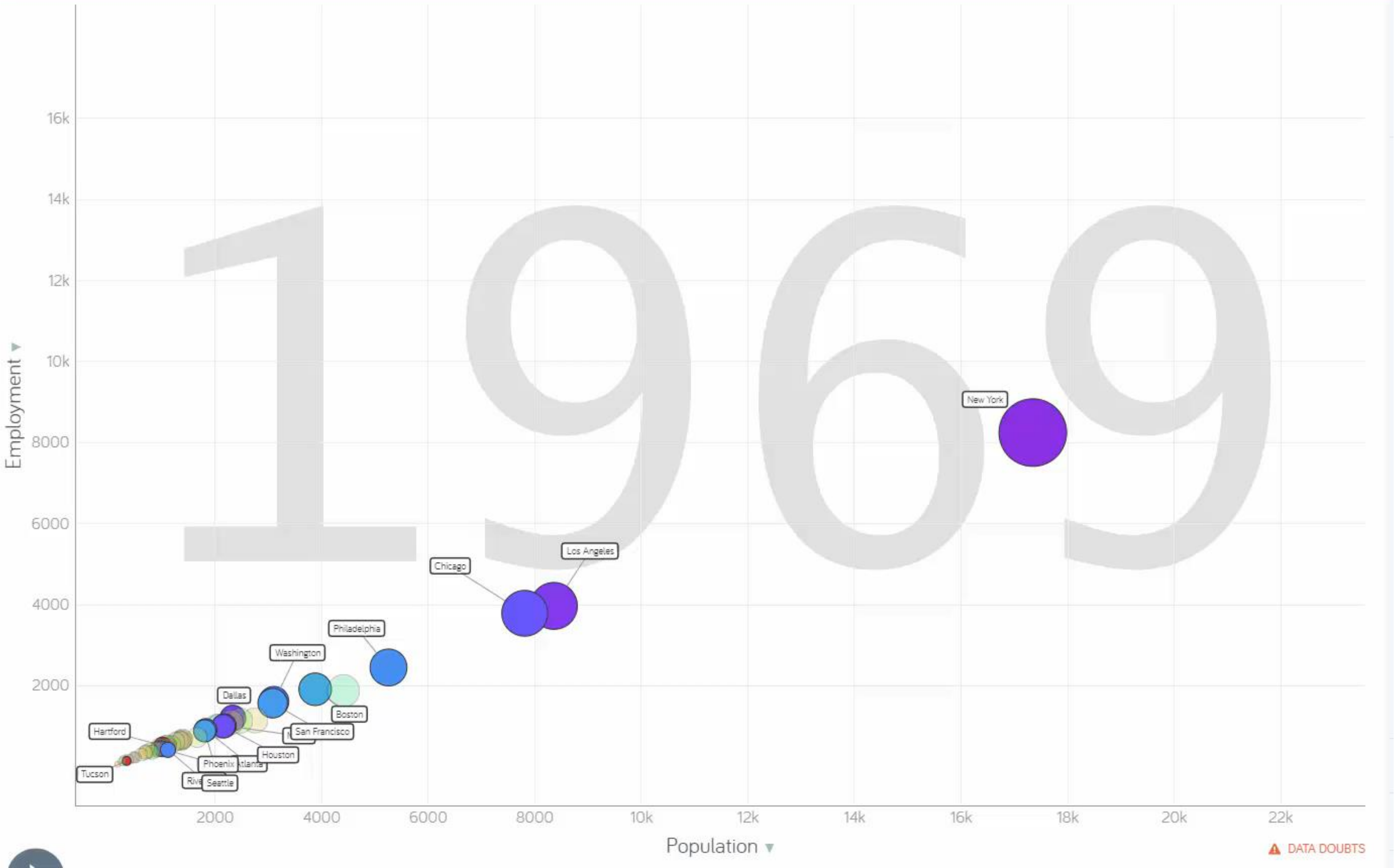
US Mega Region Growth



Source: Woods and Poole

regional impact + local relevance

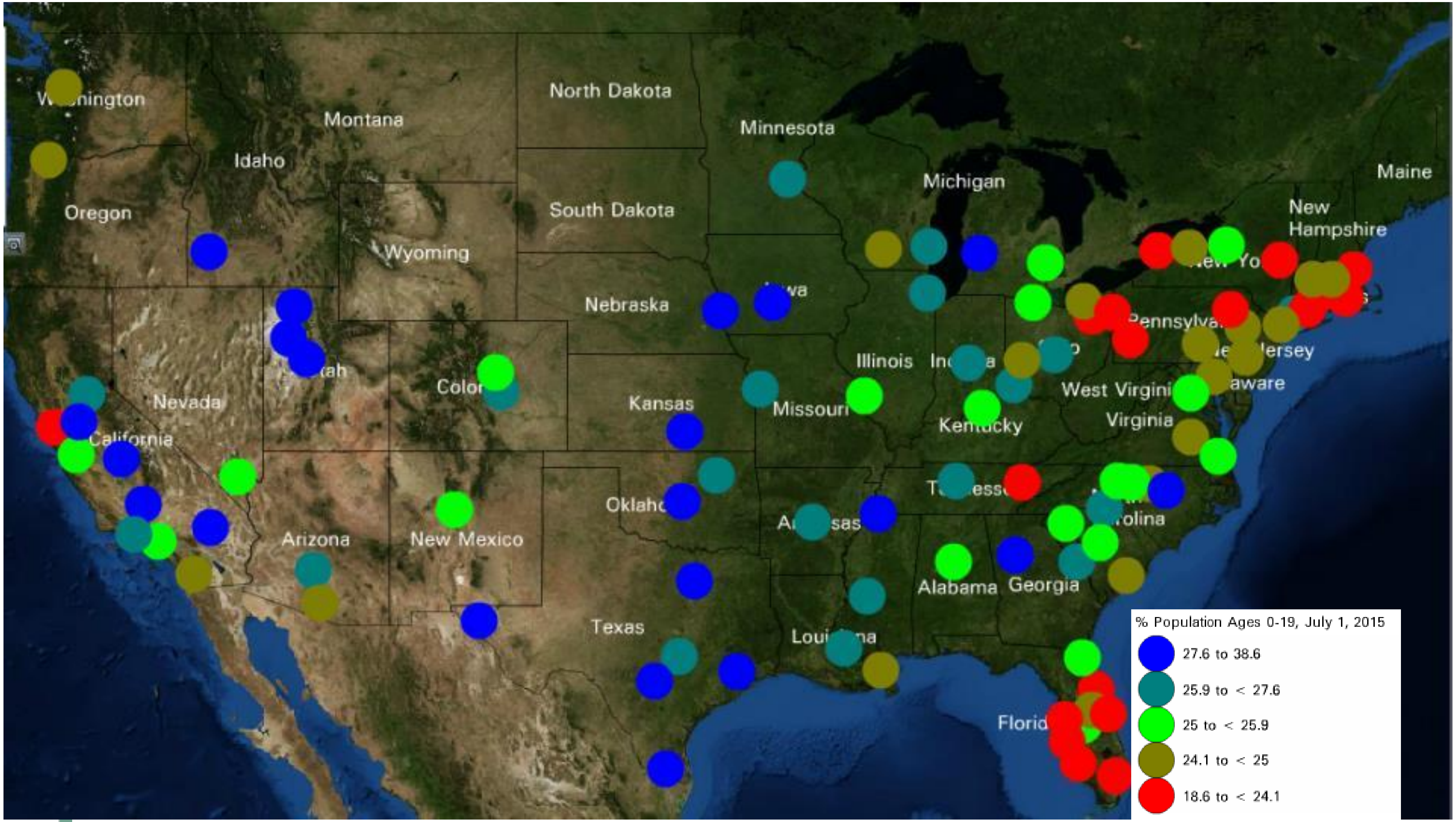
Metro Growth



Source: Woods and Poole

regional impact + local relevance

Big Differences in the Age of Metros



http://www.neighborhoodnexus.org/100-largest-metros

Source: US Census, via Neighborhood Nexus

neighborhood nexus

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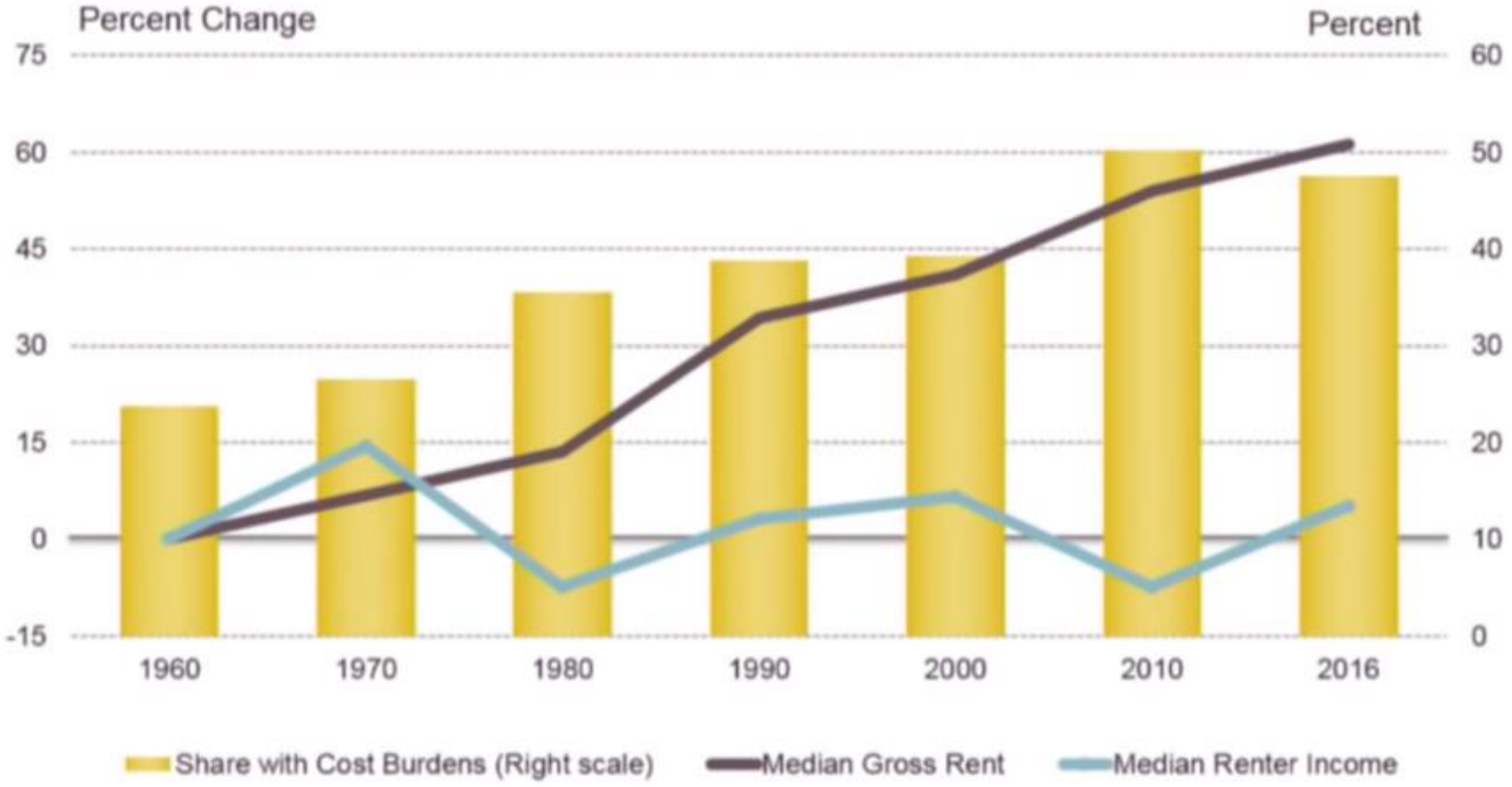
FIGURE 6

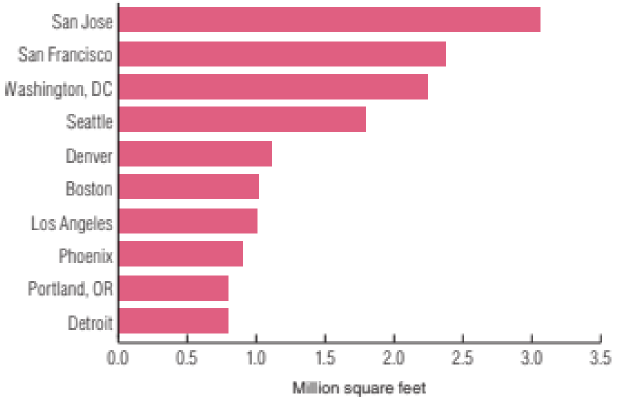
The Sharp Divergence in Housing Costs and Incomes Has Fueled a Long-Term Increase in Cost-Burdened Renters



Note: Rents and incomes are adjusted for inflation using the CPI-U for all items.
Source: JCHS tabulations of the US Census Bureau, 1960–1990 Decennial Census and 2000–2016 American Community Surveys.

San Jose, San Francisco, Seattle, and Washington, D.C., accounted for 45 % of total market absorption in 58 markets

Exhibit 4-10 **Highest Office Absorption, by Market, 1H 2018**



Source: CBRE Research Q2 2018.

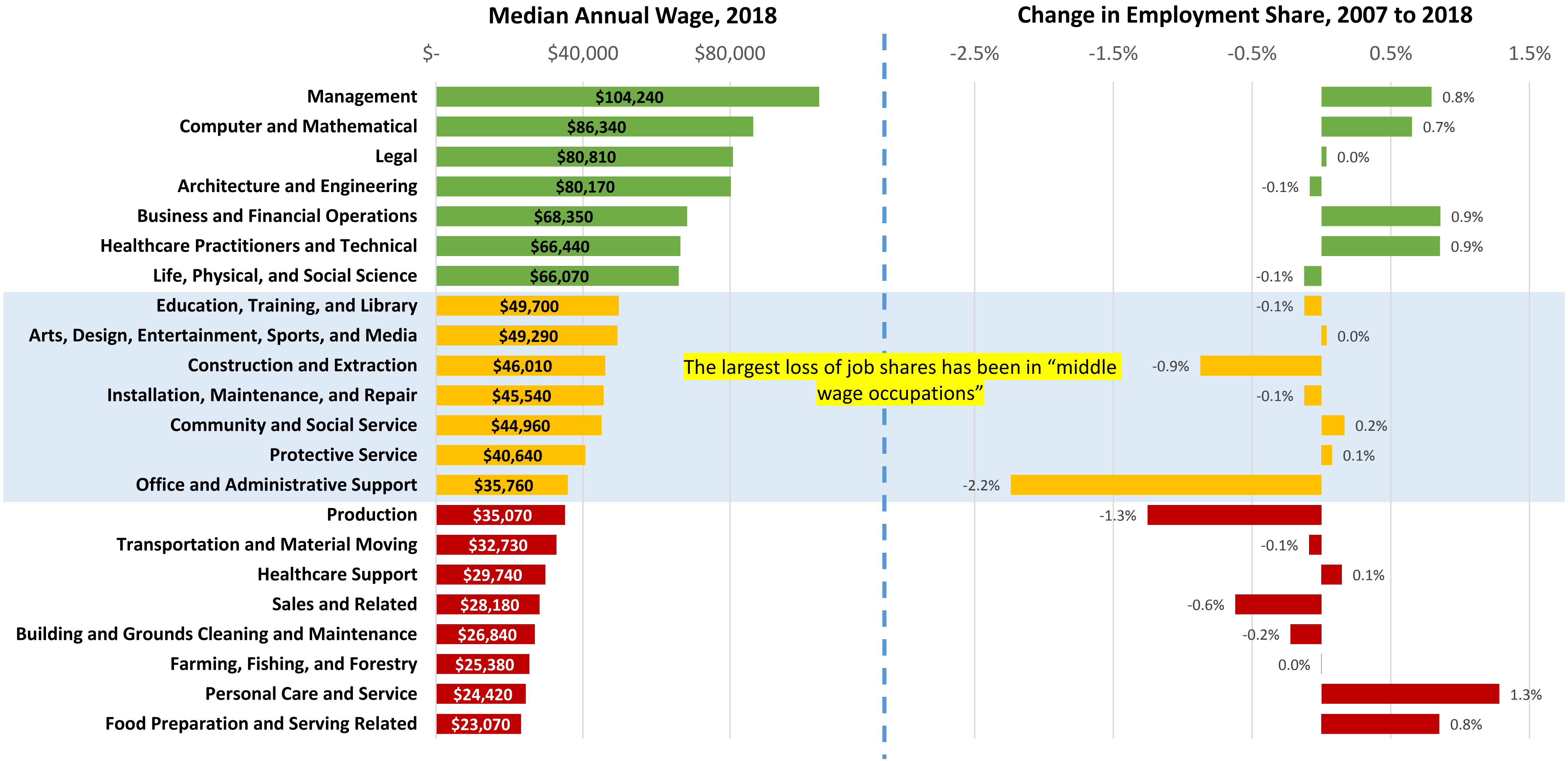
U.S. office investors continue to transact in a fairly balanced market. Office vacancy has remained near 13 percent for the past two years as new supply meets demand. With rents up by only 1.3 percent in the past year, the office sector is ranked fourth of six property types in the Emerging Trends survey for investment prospects in 2019, and fifth for development prospects—similar to its rankings in last year's Emerging Trends. However, significant variances exist by market as the tech industry continues to lead leasing trends. While the majority of markets continue to experience positive absorption, San Jose, San Francisco, Seattle, and Washington, D.C., accounted for 45 percent of total market absorption in 58 markets in the first half of 2018. Office supply is also concentrated in a few markets, with 41 percent of new office product under construction in just four markets—New York, San Francisco, D.C., and Seattle. With the exception of D.C., these markets have generally maintained high central business district (CBD) occupancy rates.

https://www.pwc.com/us/en/asset-management/real-estate/assets/pwc-emerging-trends-in-real-estate-2019.pdf

United States

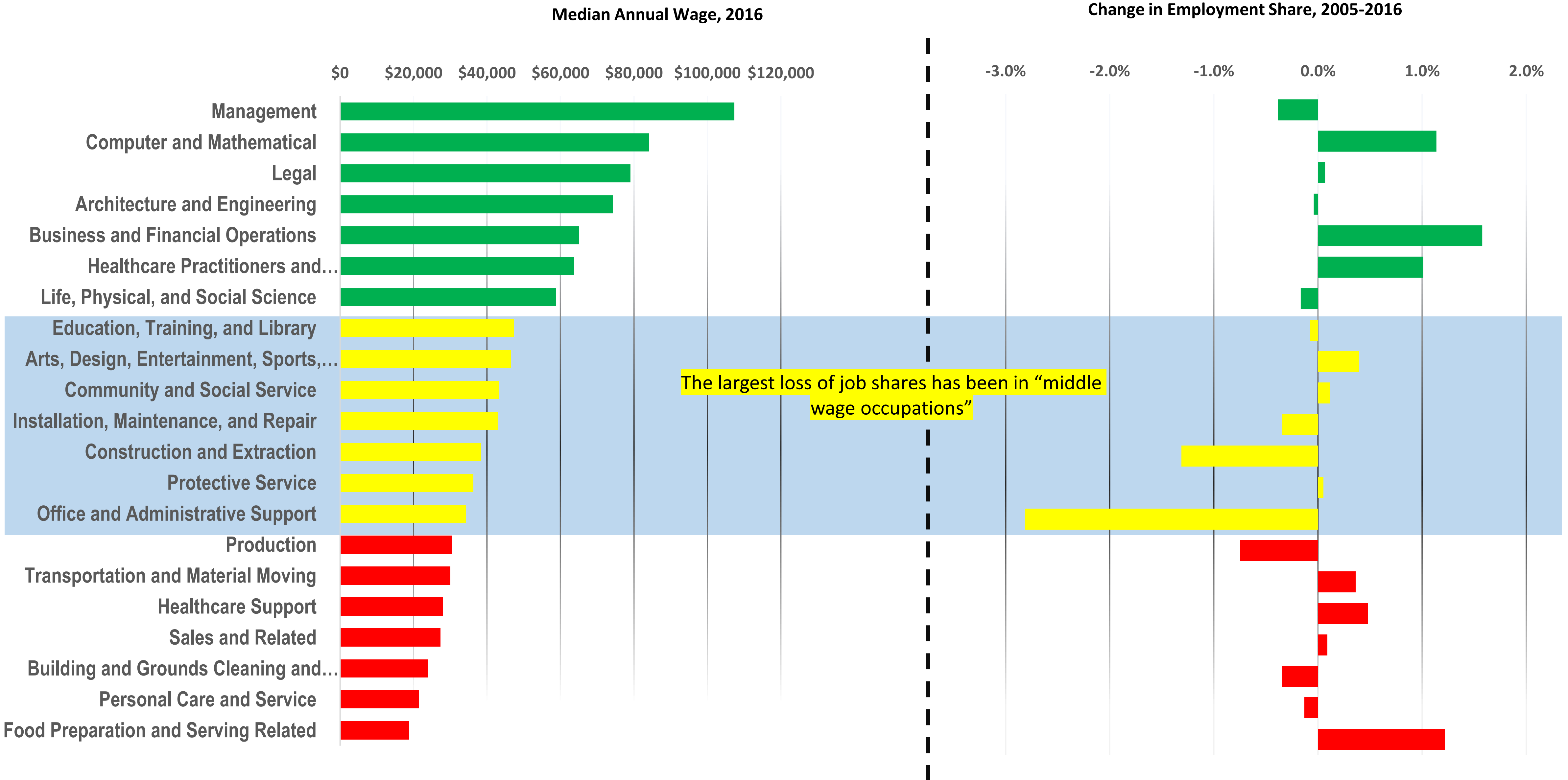
Major Occupations by Median Annual Wage & Change in Employment Share

2007 to 2018 (BLS)



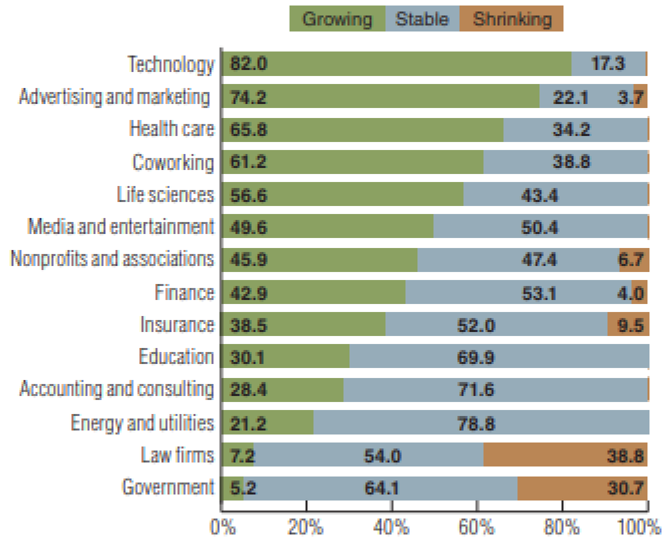
Atlanta MSA: Occupations by Median Annual Wage & Change in Employment Share

2005 to 2016 (BLS)



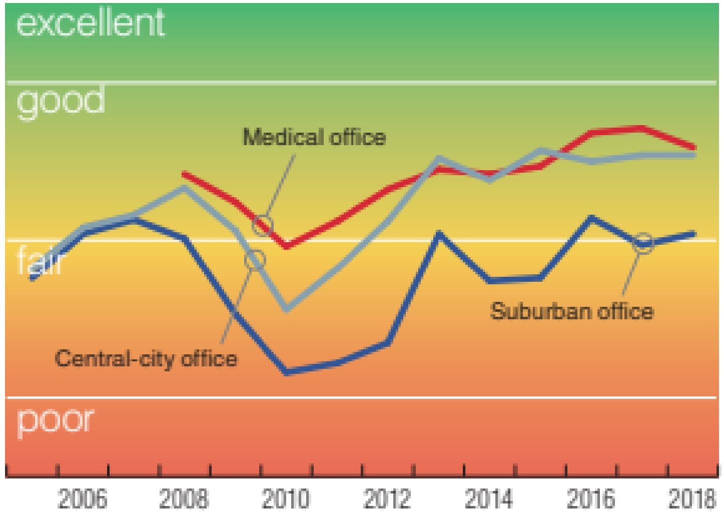
Suburban Office Still Dominates

Exhibit 4-11 **Profile of Office Leasing Activity by Industry, Q2 2017**



Source: *Office Outlook|United States|Q2 2017*, JLL Americas Research.

Exhibit 4-12 **Office Investment Prospect Trends**



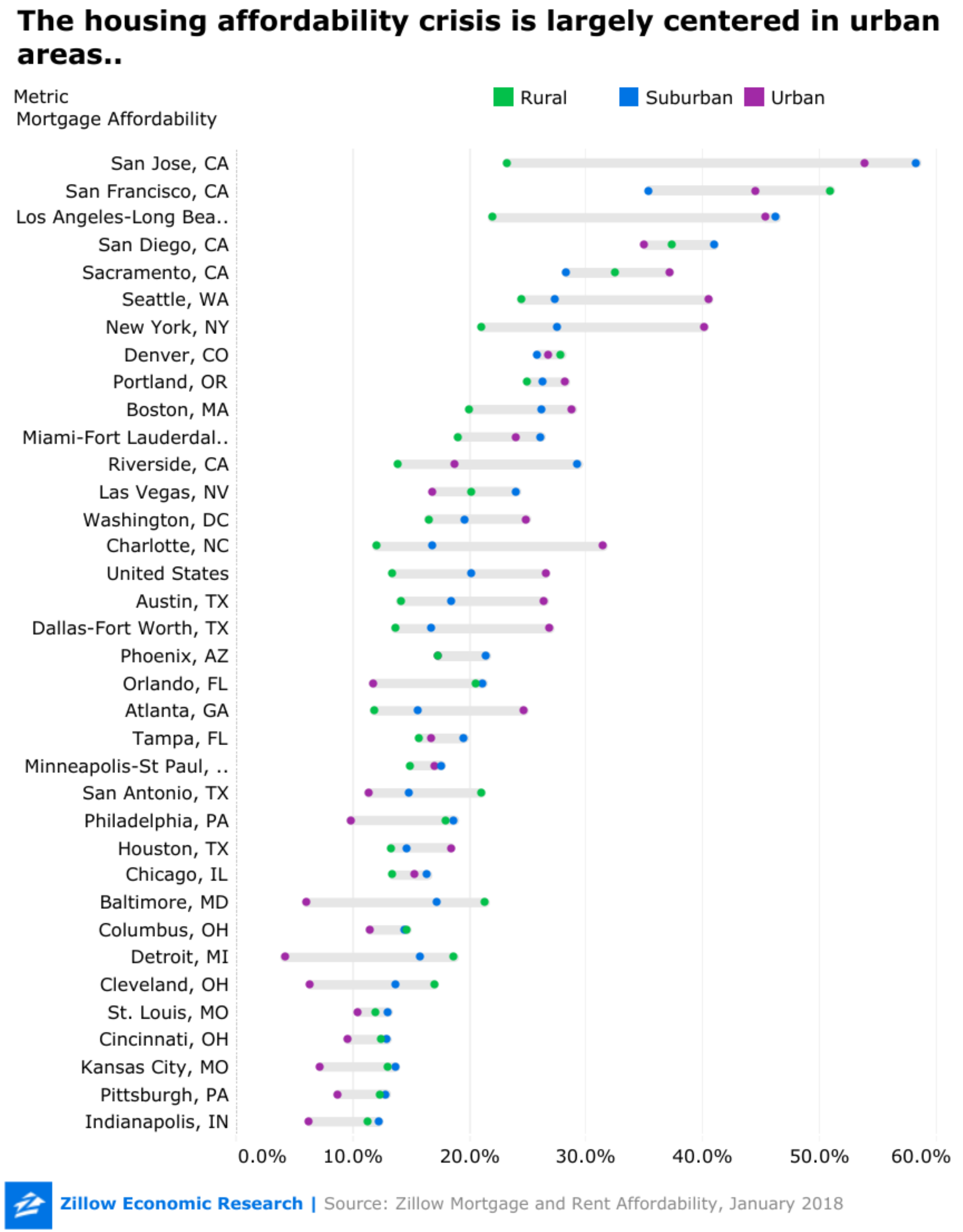
Source: *Emerging Trends in Real Estate* surveys.

Suburban markets accounted for 81 percent of net office absorption in the past year. Nevertheless, a CBD investor cautions that "people like to talk about job growth and strong growth markets, but if you don't have supply constraints you'll never see strong income growth." In fact, CBD office prices are 58 percent above their 2008 peak while suburban prices still lag their 2007 peak by 4 percent.

- Demand for Close-in Suburbs That Provide CBD-Like Amenities Favored suburban locations will be different going forward. In a search for the best of both worlds, transportation lines, walkability, good schools, high-quality real estate, and live/ work amenities will be important. Brooklyn in New York City and Belleview in Seattle are examples of the "new suburbs."

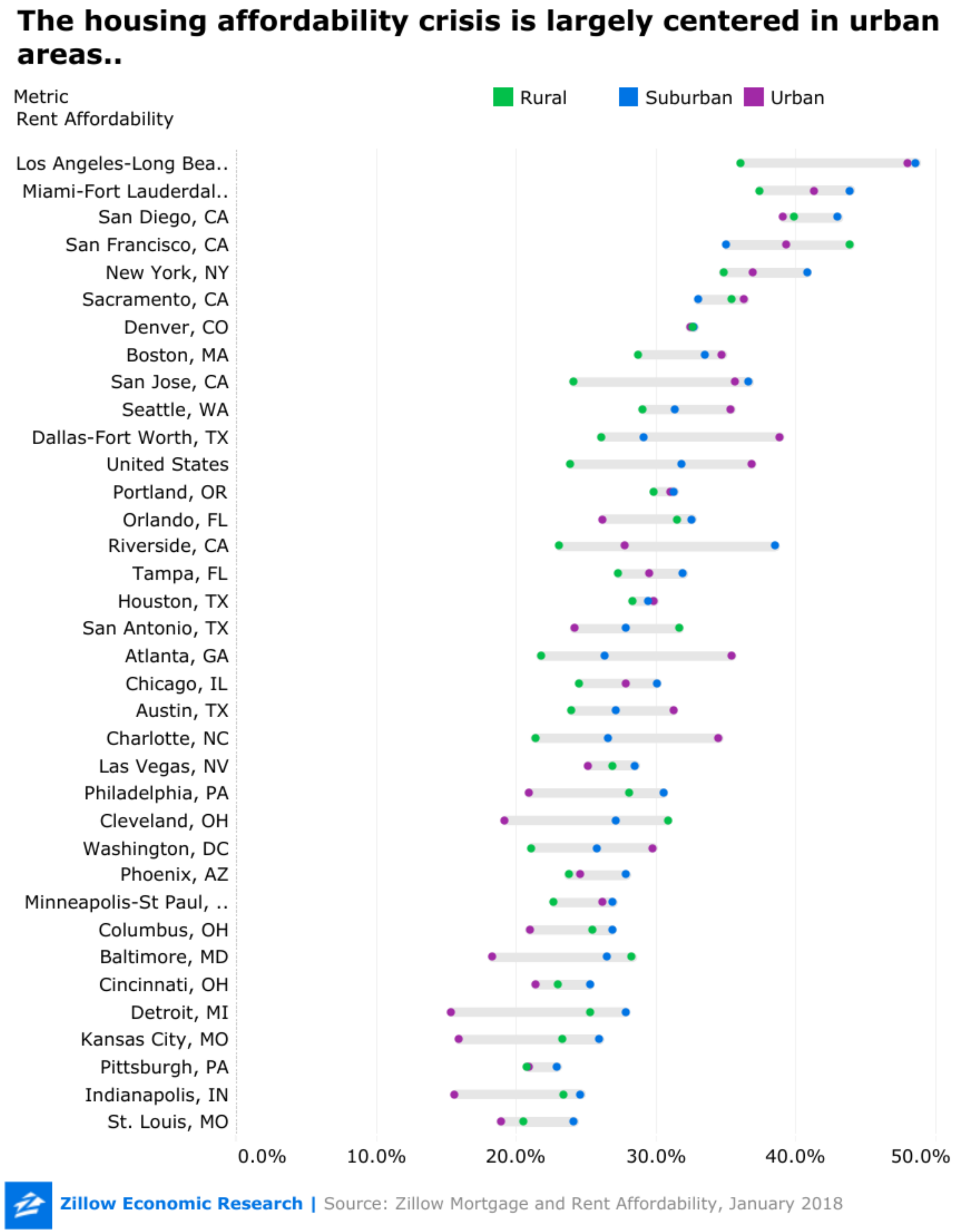
Urban Centers and Affordability MORTGAGE

Share of income Spent on Housing



Urban Centers and Affordability RENT

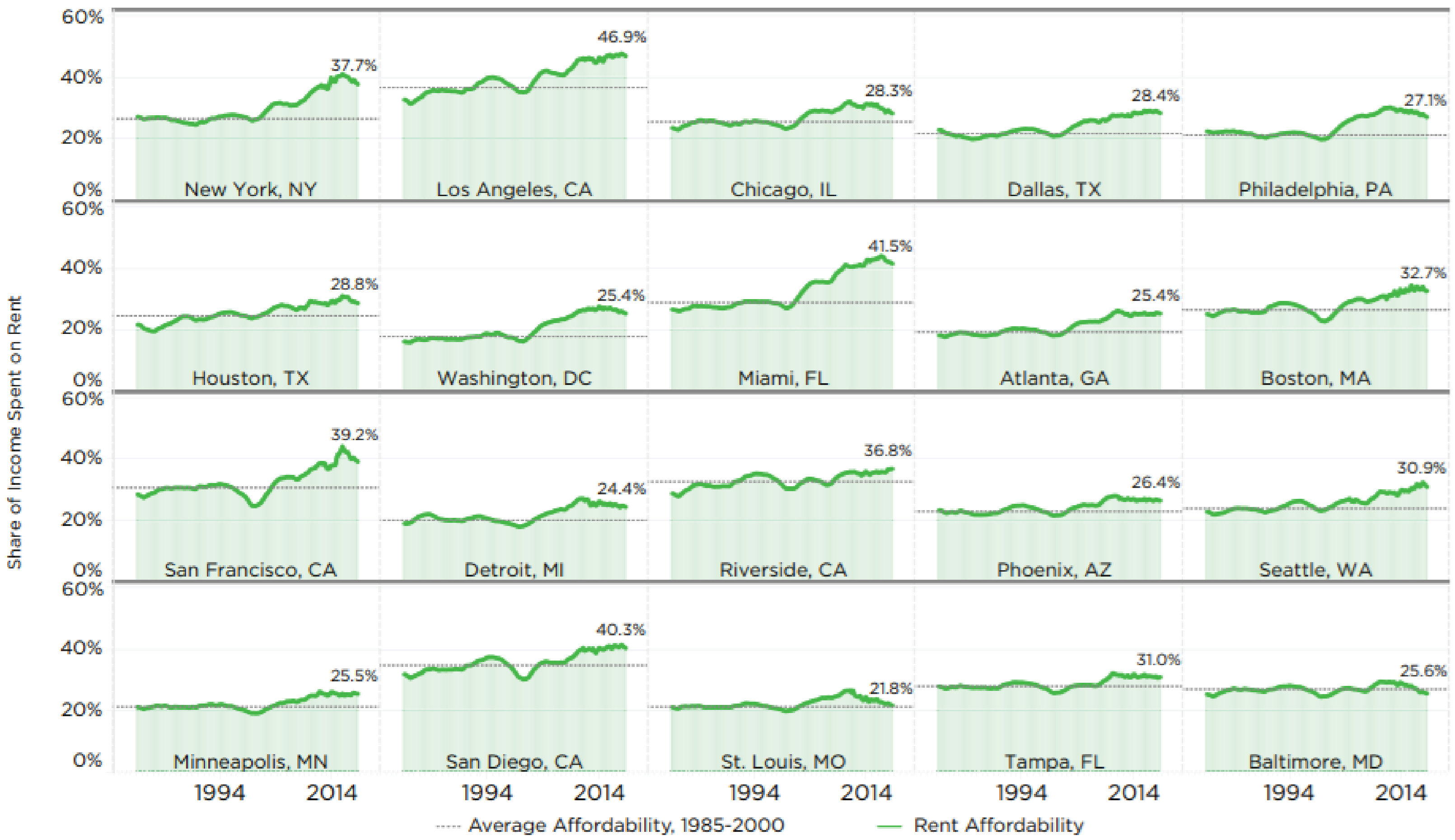
Share of income Spent on Housing



Rents are Higher than Historic Averages

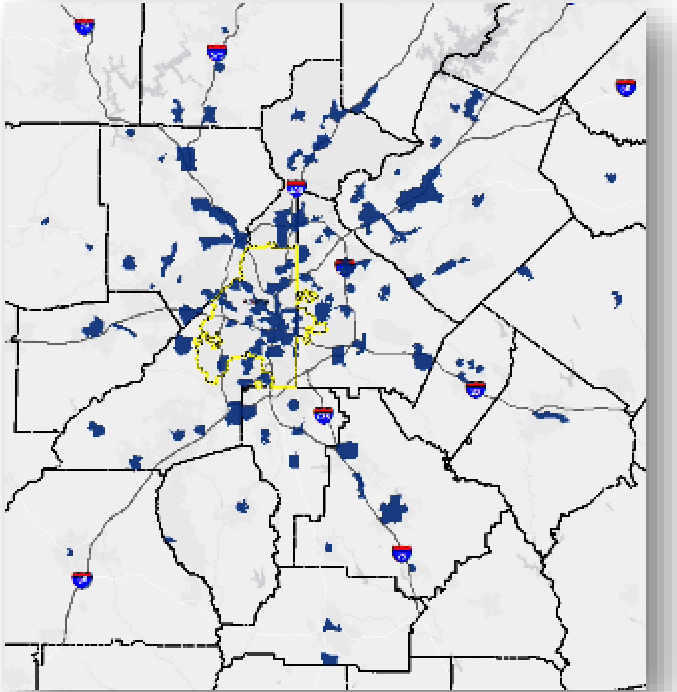
Rent Affordability by Metro

The share of income spent on rent is higher than the historic average in all but one of the nation's 20 largest metros.



ource: Zillow Rent Affordability (2018 Q2).

Innovative Mobility (LCI) Funding



TIP & RTP Commitment:
$800,000/year in studies
$500M in projects (through 2040)

To date, LCI has awarded:
- $8.6M to 119 communities for LCI Plans
- $5.6M for 118 supplemental studies
- $202M for 109 LCI transportation projects in 59 LCI communities

Avondale -$4,000,000 in Federal Transportation Dollars

Edgewood-$3,760,000 in Federal Transportation Dollars

MARTA has received $20,000,000 of LCI funds (including Avondale and Edgewood but not including the Decatur MARTA Station Plaza which was 4.1 million of LCI funds) Beltline has received $45 Million in Funding.

Questions?

http://www.atlantaregional.org/

http://www.neighborhoodnexus.org/

http://33n.atlantaregional.com/

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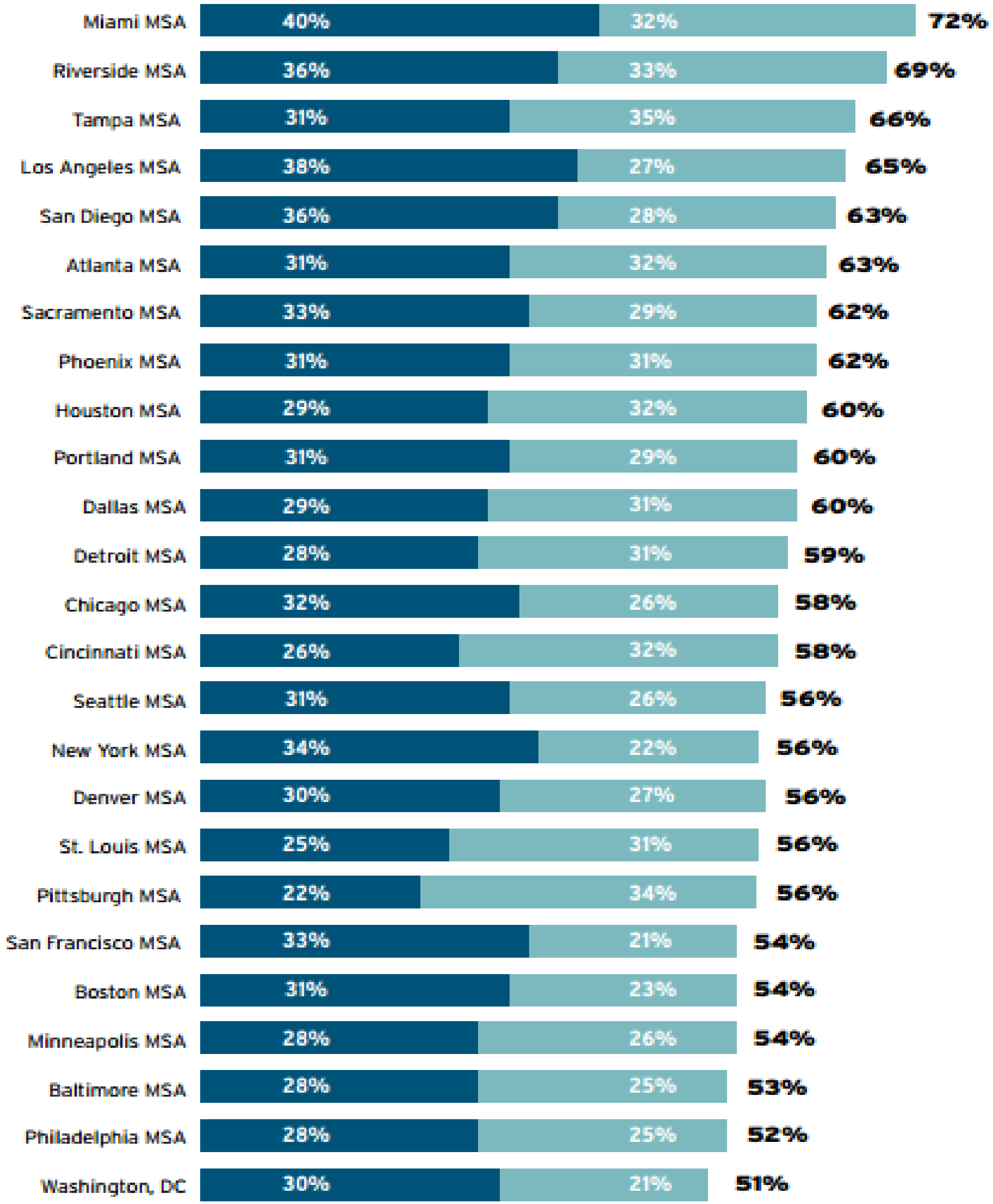
Atlanta Regional Commission

malexander@atlantaregional.org

regional impact + local relevance

Housing + Transportation Costs High for “Moderate-Income” Households



Source: Center for Neighborhood Technology

Moderate Income – 50-100% of AMI (~$29,000 - $57,500)