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# Demographic Trends Shaping Future Housing and Land Use

**Dowell Myers**

*University of  
Southern California*

# The Big Questions

*How does demographic change shape housing preferences and construction?*

*What's "normal" and what can we expect next?*

*What does this imply for the suburbs?*

*How can we share this future knowledge for stronger public agreement?*

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# **Difficulties of Grasping the Future**

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# **Principles About Future Outlook**

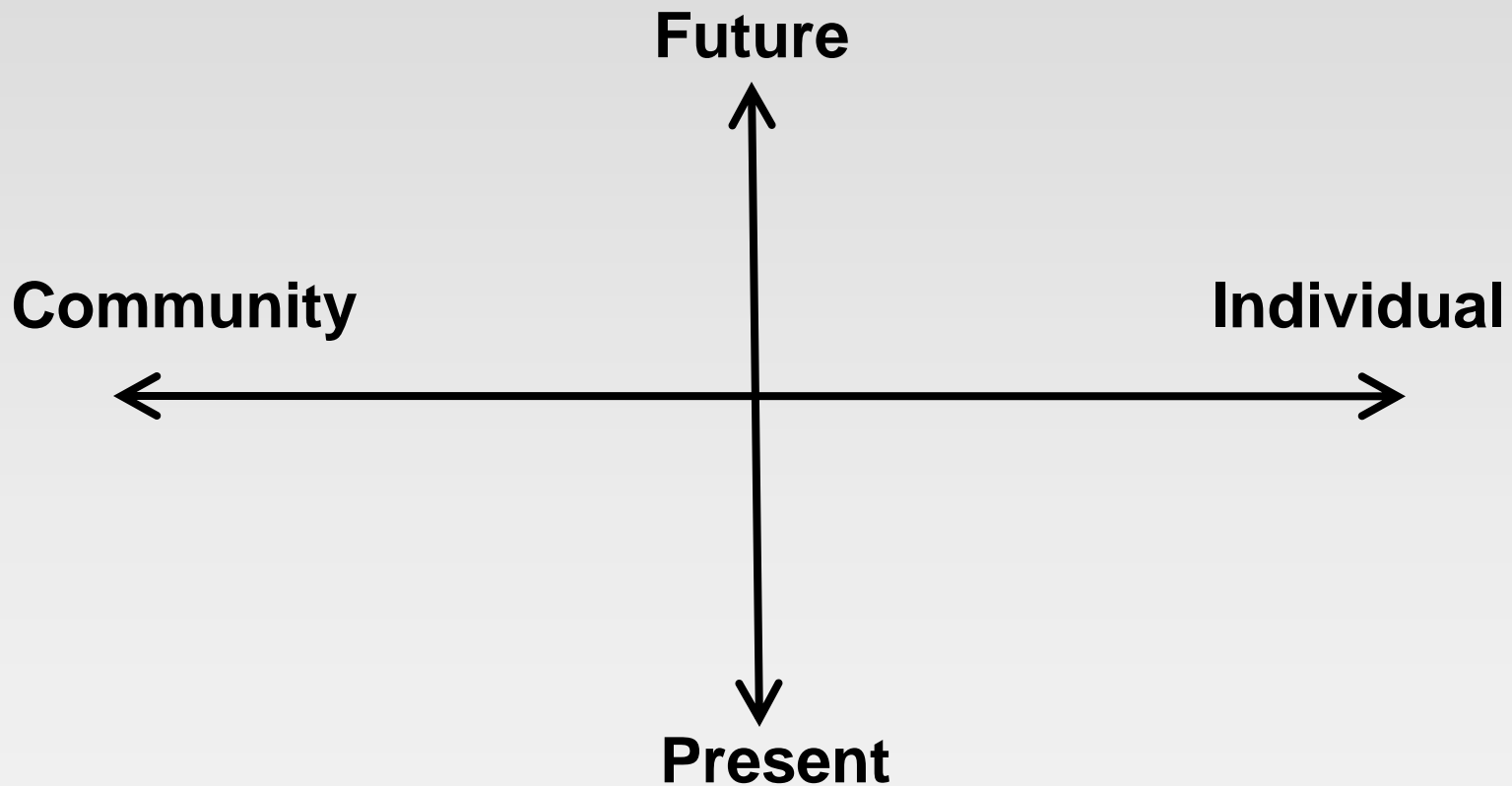
The future outlook is extended from prior experience—sometimes recent, sometimes long-remembered

The past is usually always better

Similarity is preferred because it is known

Agreement is difficult about the unknown

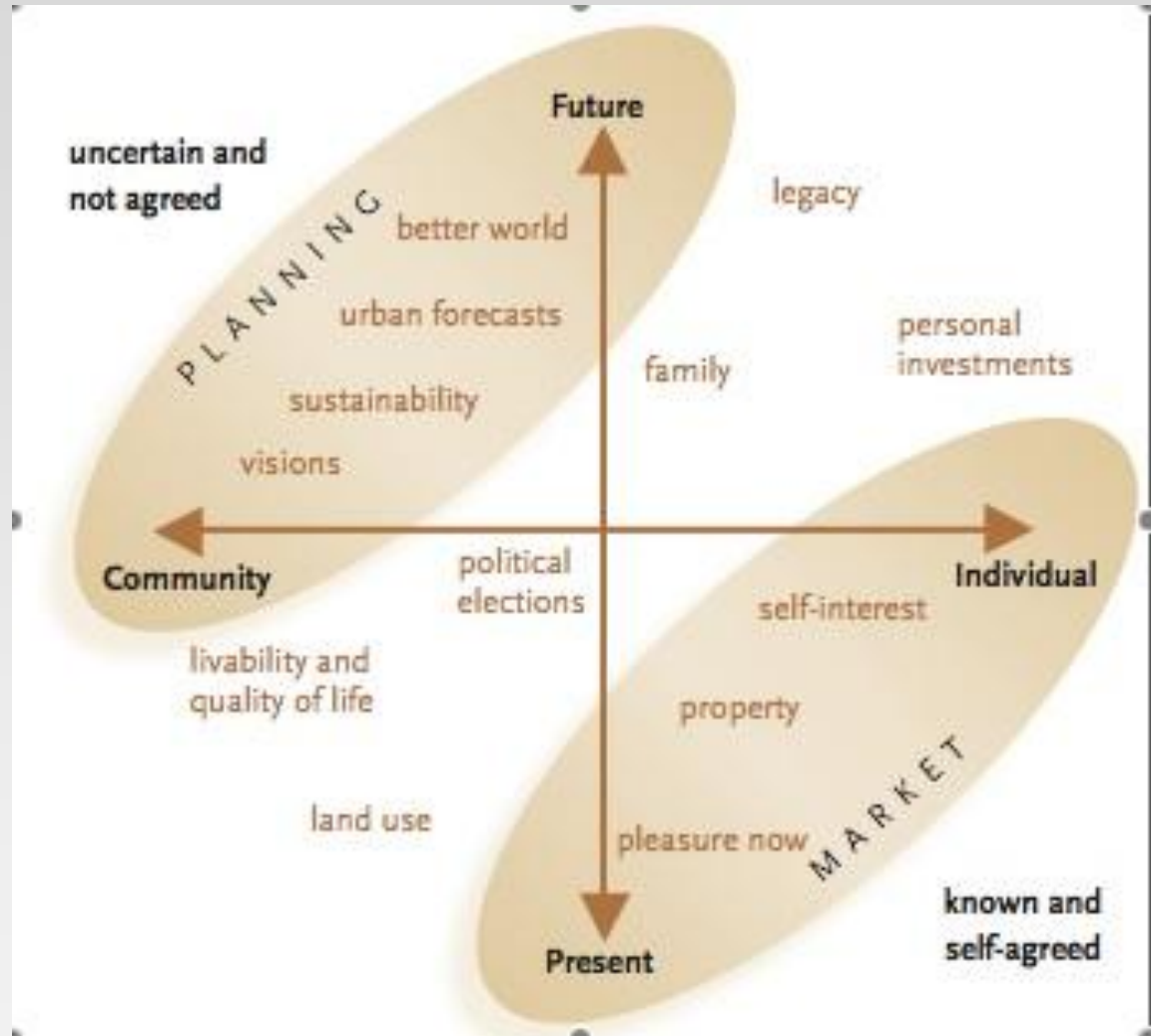
# The Challenge of Gaining Agreement in Local Plans



Source: Figure 4.1 in Myers, "Promoting the Community Future..."

# Gaining Agreement about an Unknown Future

**What  
basis of  
proof  
???**



Source: Figure 4.1 in Myers, "Promoting the Community Future...."

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*Planning is persuasive  
storytelling about the future*

Jim Throgmorton

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# **Stories of the Future**

“Resisting Big Brother” who denies freedom, heaps tax burdens, and grows an unsustainable fiscal deficit

“Building a Sustainable City” that is required by peak oil and global warming

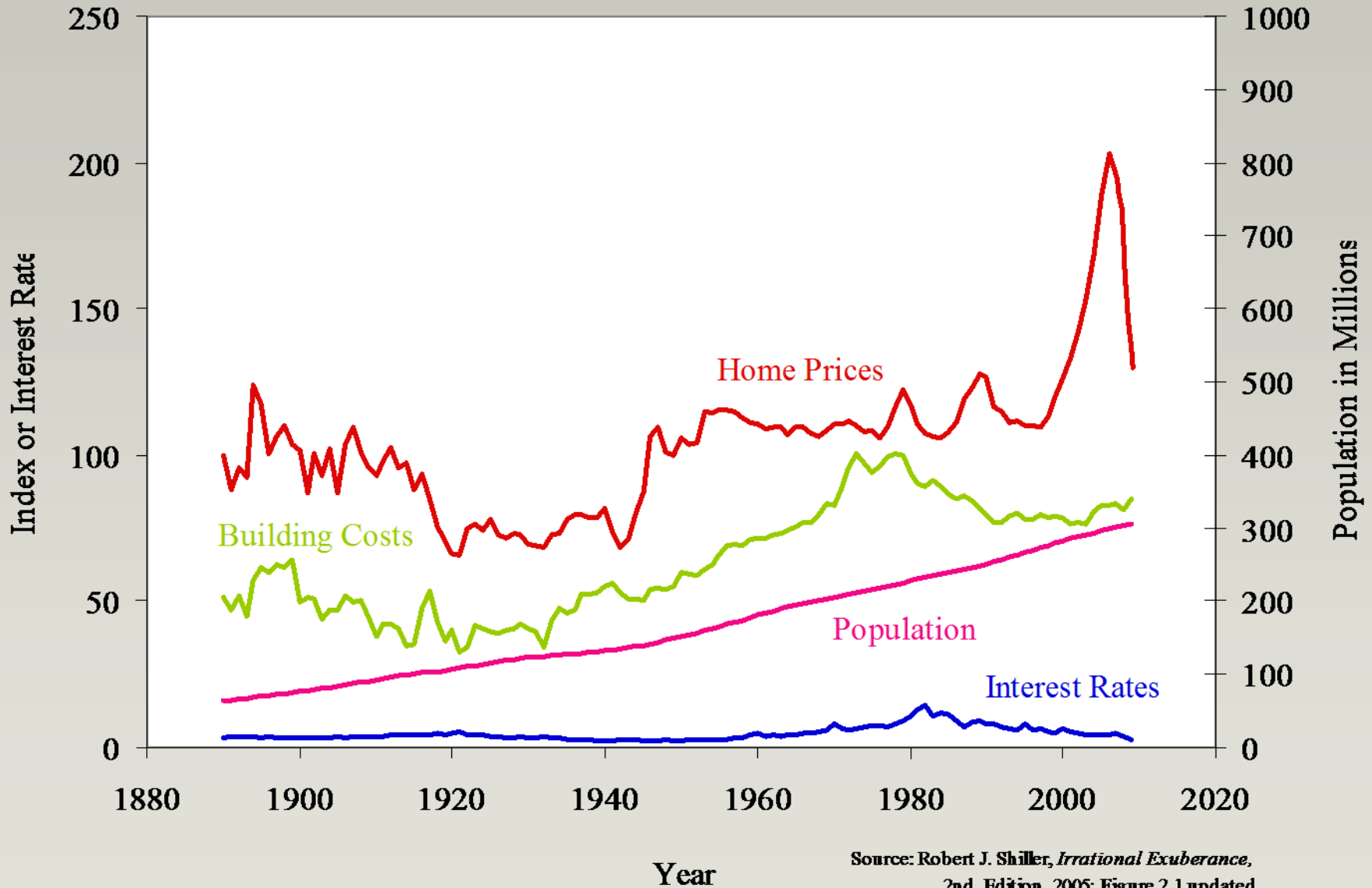
“Housing our Demographic Future” that is required by life cycle changes and that demands new land use patterns



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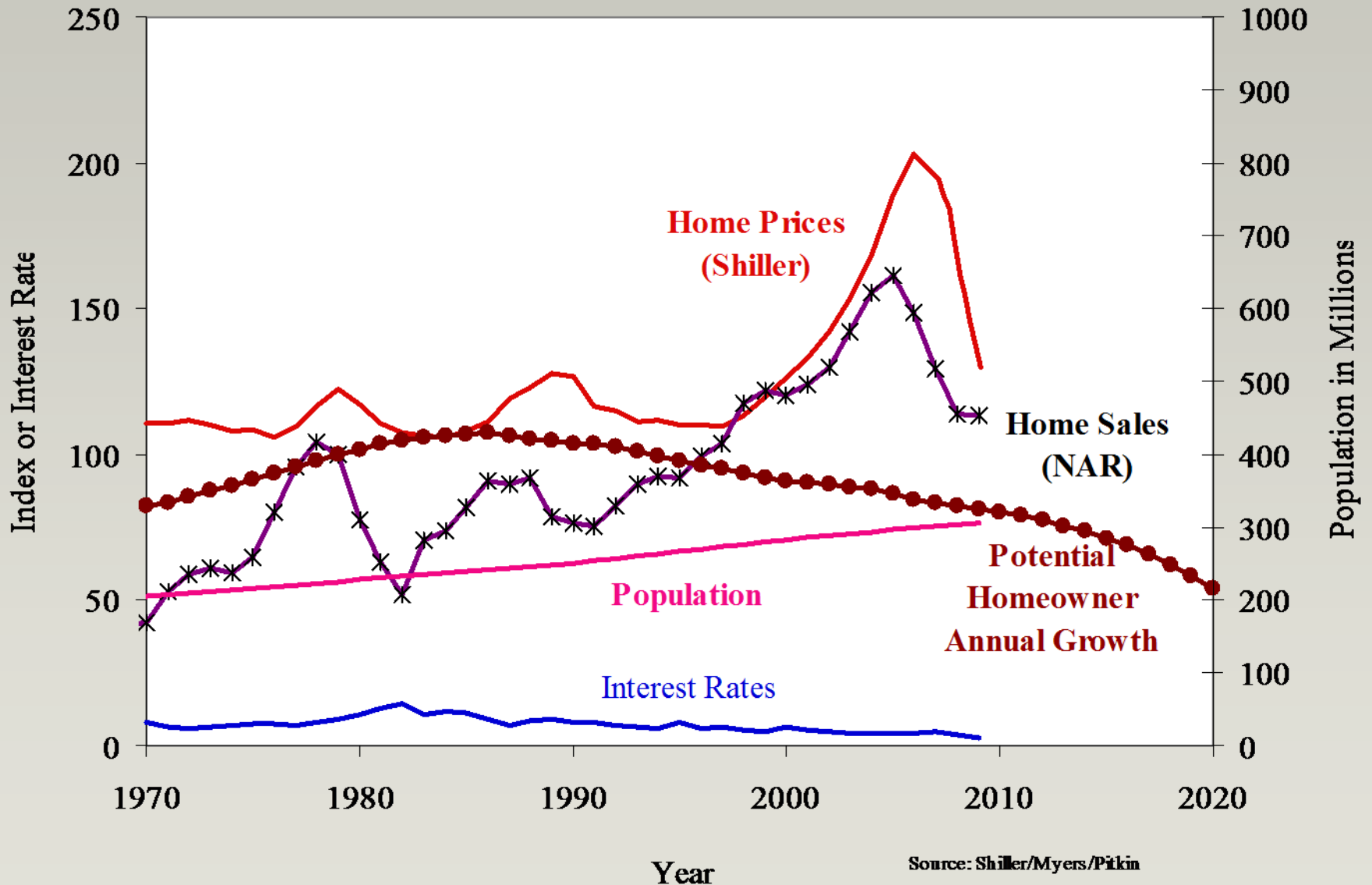
# **Recovering from the Bust**

# Shiller's 120 Year View of House Prices



Source: Robert J. Shiller, *Irrational Exuberance*, 2nd Edition, 2005; Figure 2.1 updated

# Closer View of Prices in 1970 to 2020



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# Questions About the Recovery

When?

What will “the market” dictate?

What will the “new normal” look like?

How will we agree?

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# **What's Up with Demographics?**

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Traditional aging, fertility & migration

Expanded scope -->

People migrate between cities

People live together in houses

People drive cars/ride transit

People pay taxes

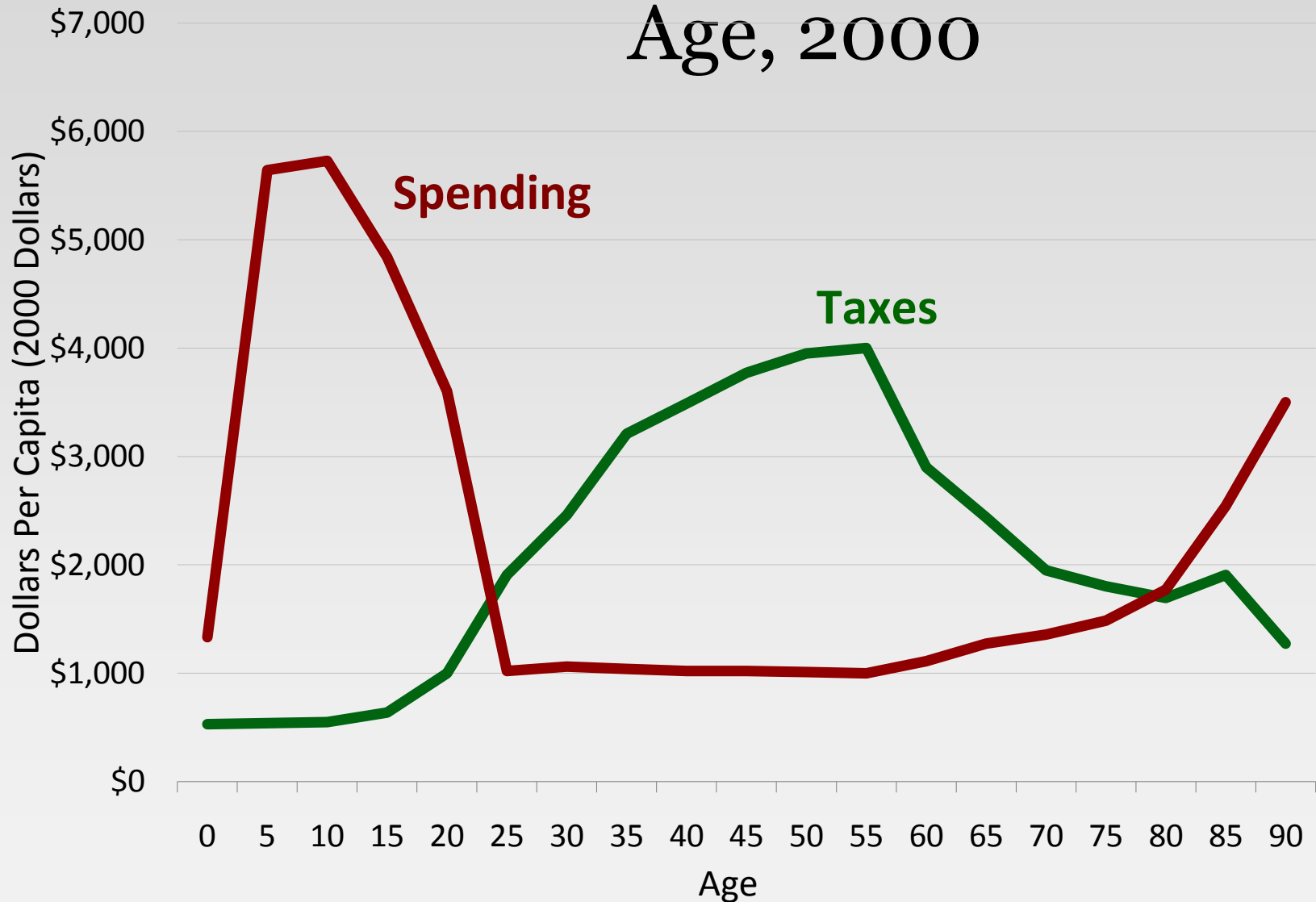
People vote

People have preferences

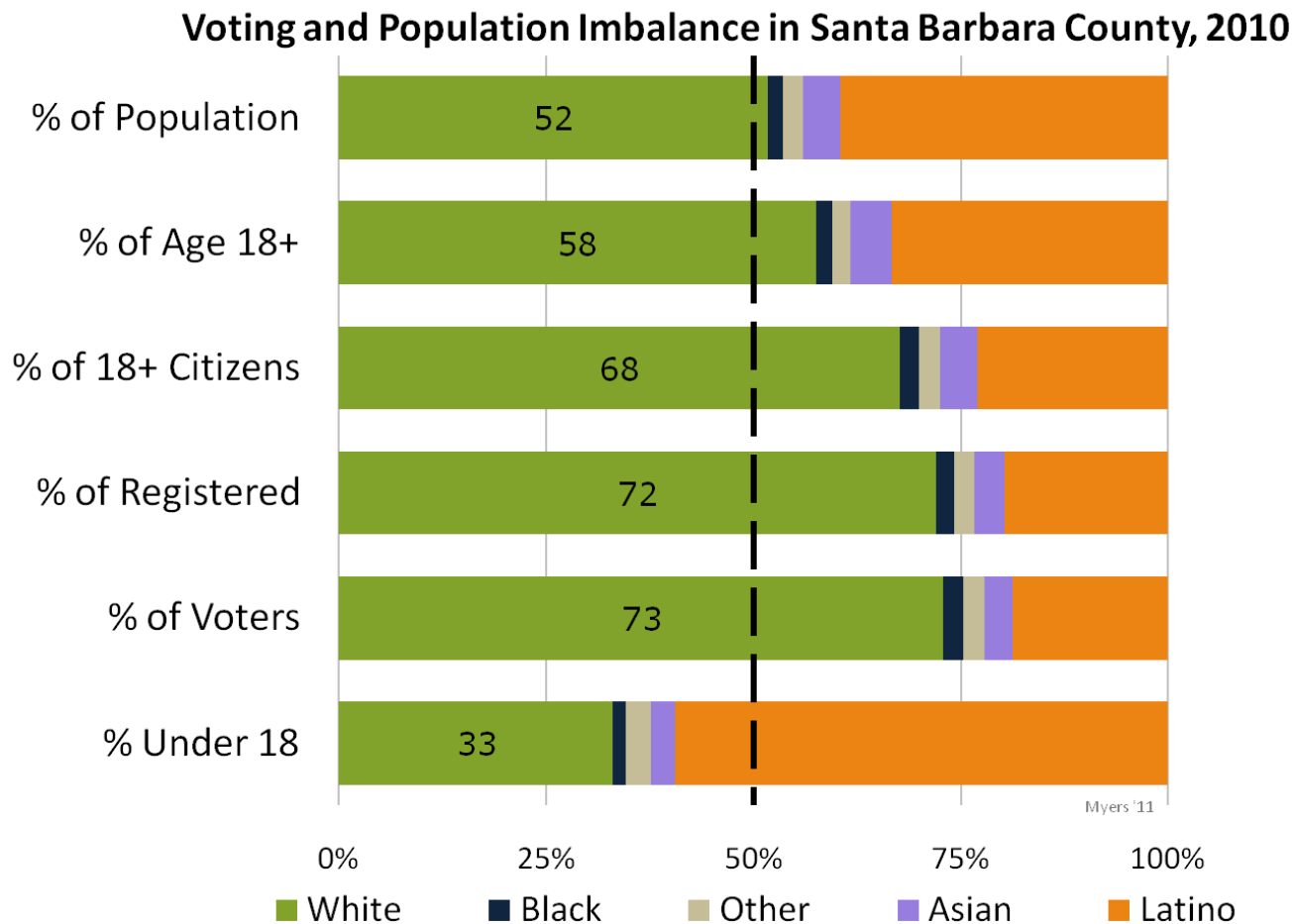
Economics are powerful at the margin

Demographics are the people  
and the main effects

# Spending and Taxes in California by Age, 2000



# Political Lag of Demographic Change



Source: Author's Compilation of 2009 ACS data data, exit poll data, and CA DOF school data



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# **Housing & Land Use Questions**


*How do the demographic factors all come together in housing & land use?*

*Gaining the Long View on turning points: what's "normal" and comes next?*

*How do demographics square with more infill and compact development?*

*What does it mean to have an aging dominated housing market?*

# Minority Dictatorship of New Construction



**Everyone else lives  
in existing housing**

**1% of households  
(growing segments)  
dictate type of new  
construction**

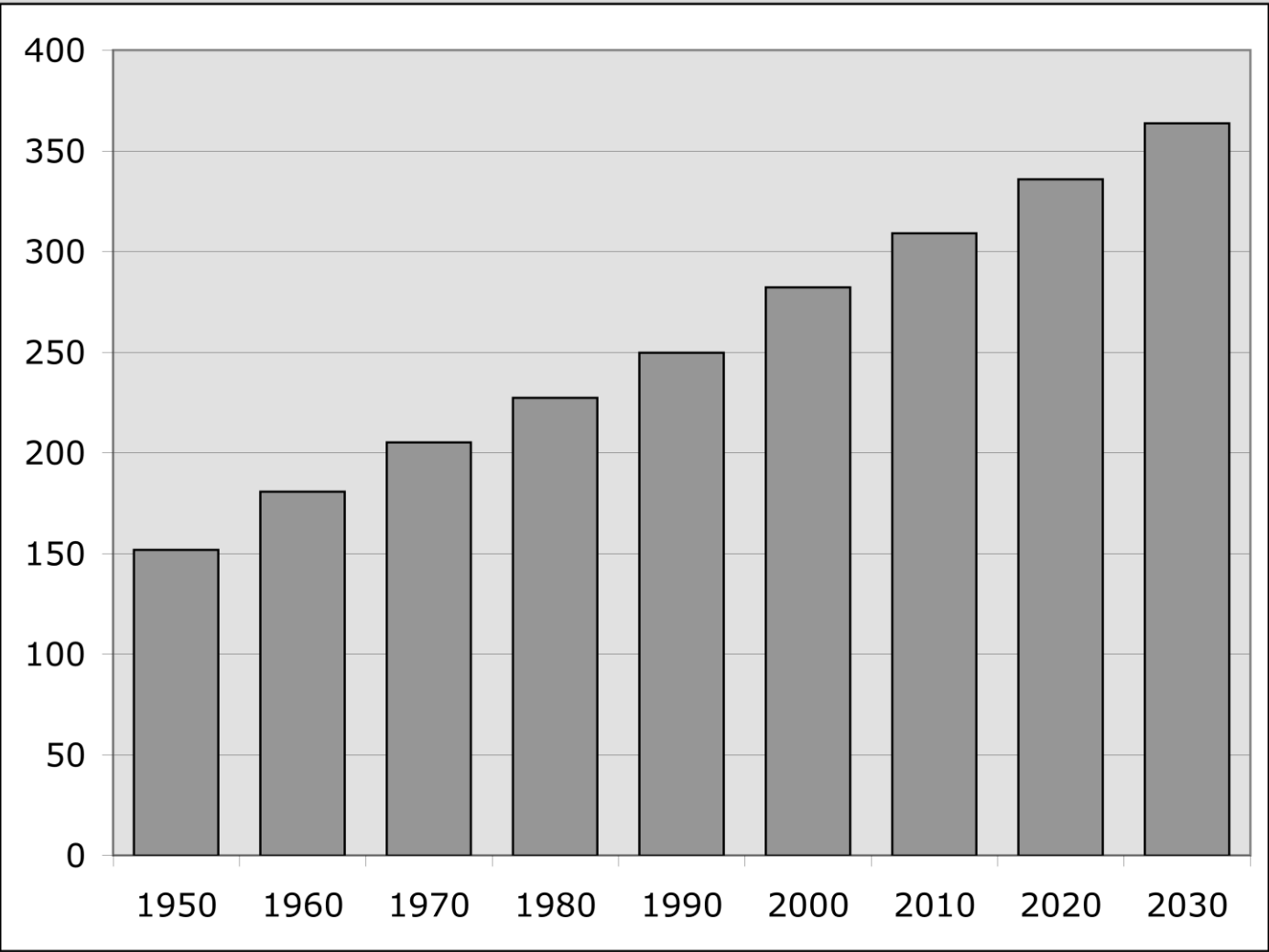
Dowell Myers, USC

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# **Impact of Population Age Waves**

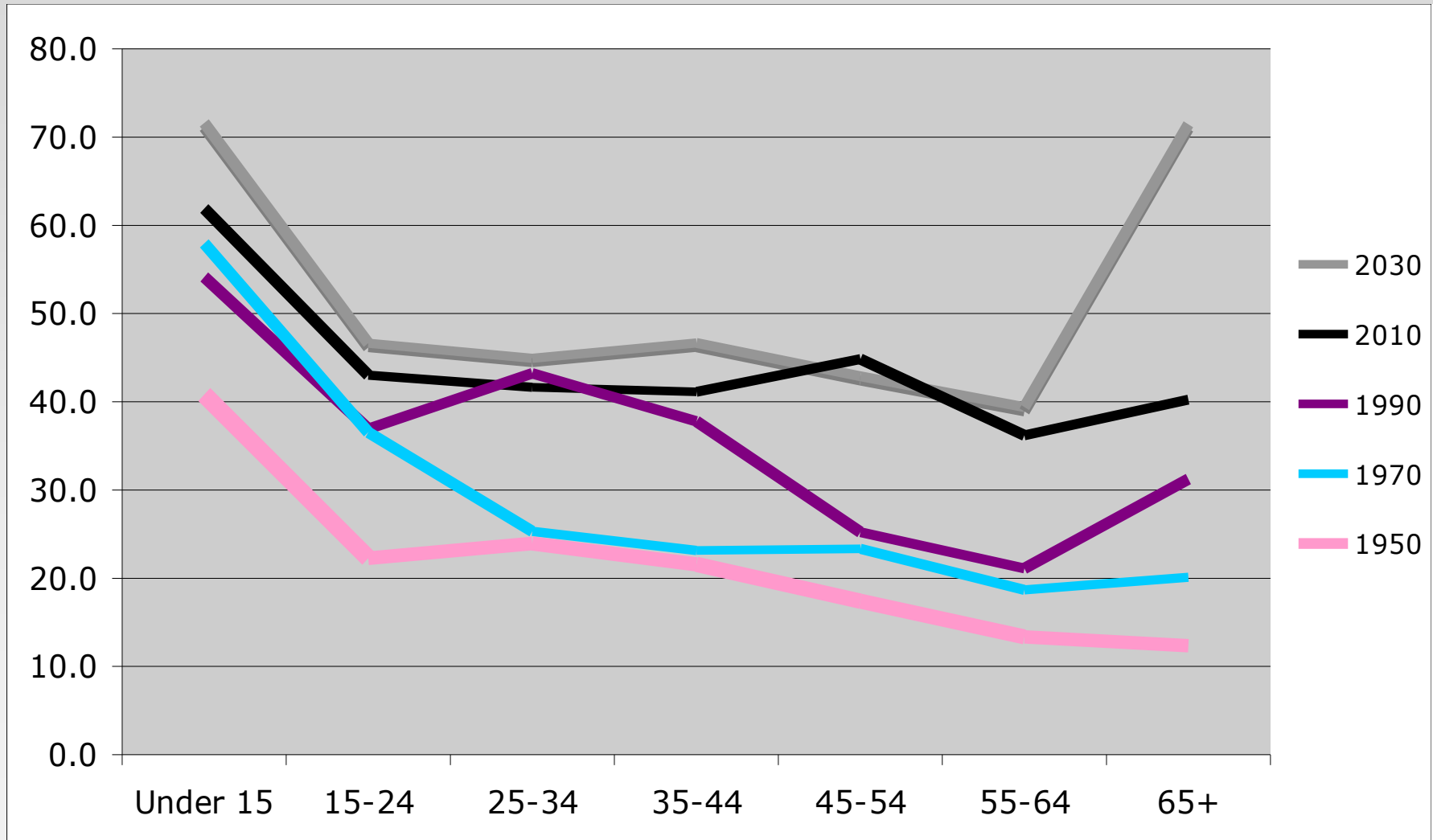
# Total Population of the United States

*in millions*



# U.S. Population by Age Each Decade

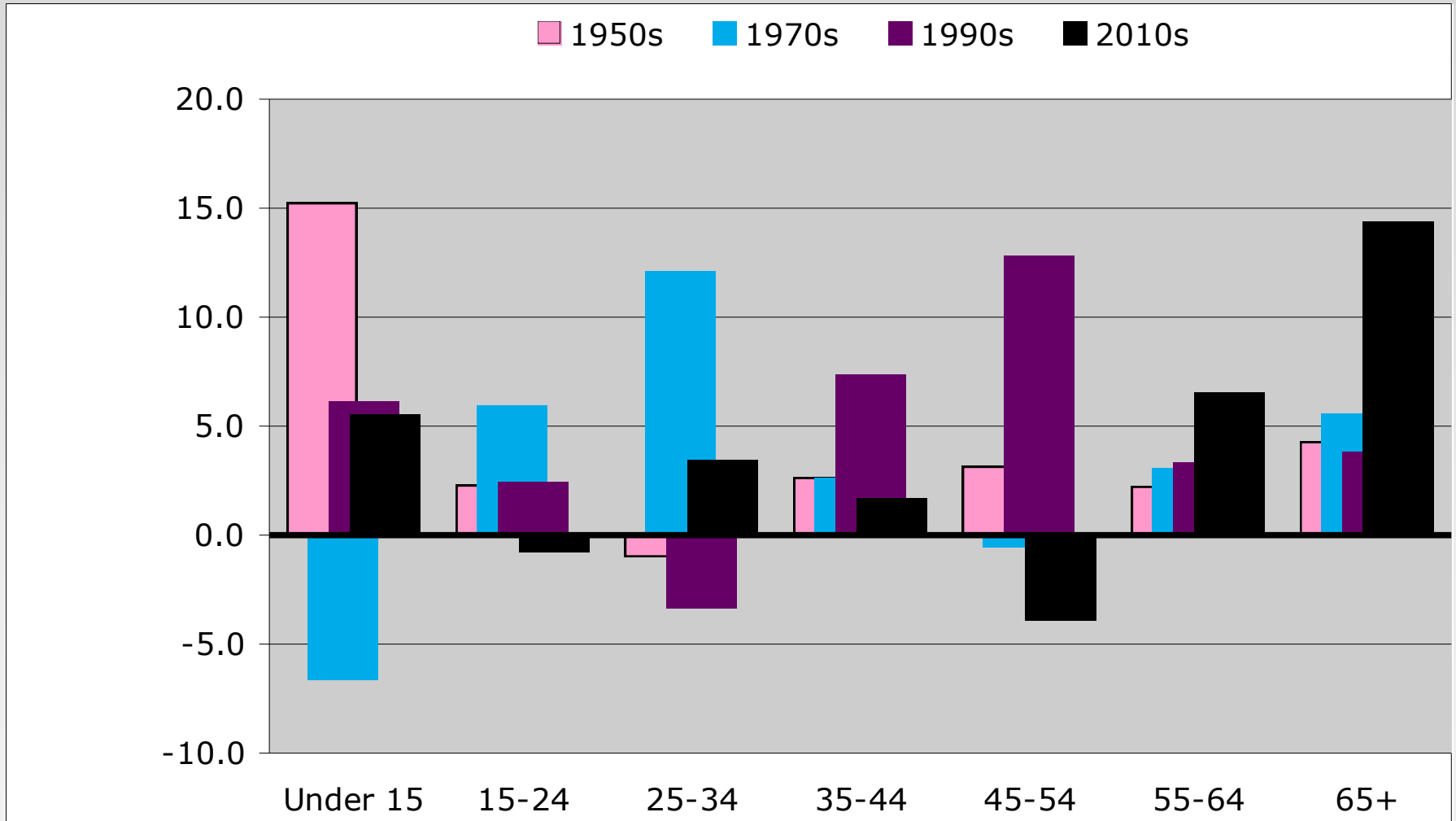
*in millions*



Source: Dowell Myers, USC; Data from Census Bureau

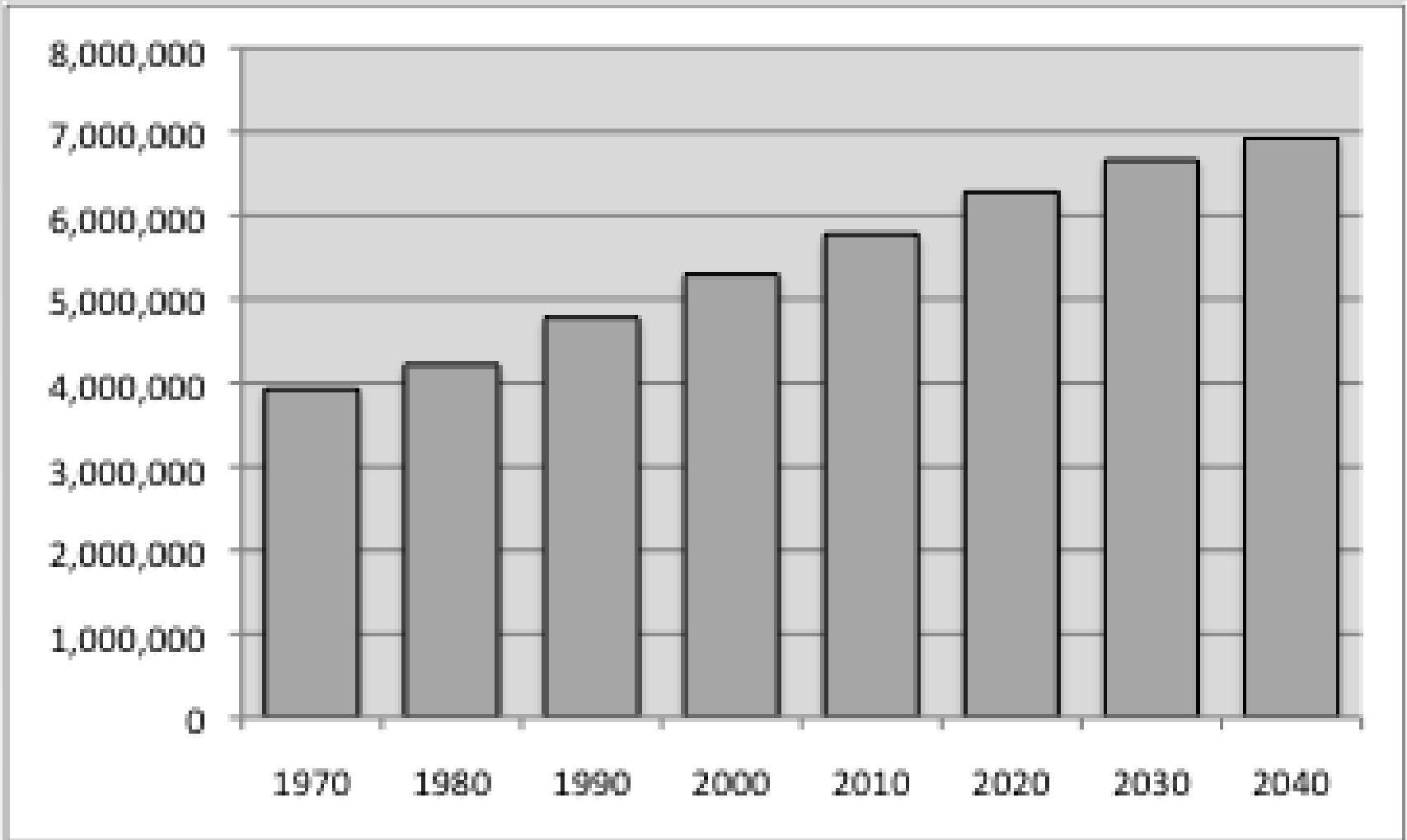
# U.S. Population Growth by Age Each Decade

*in millions*



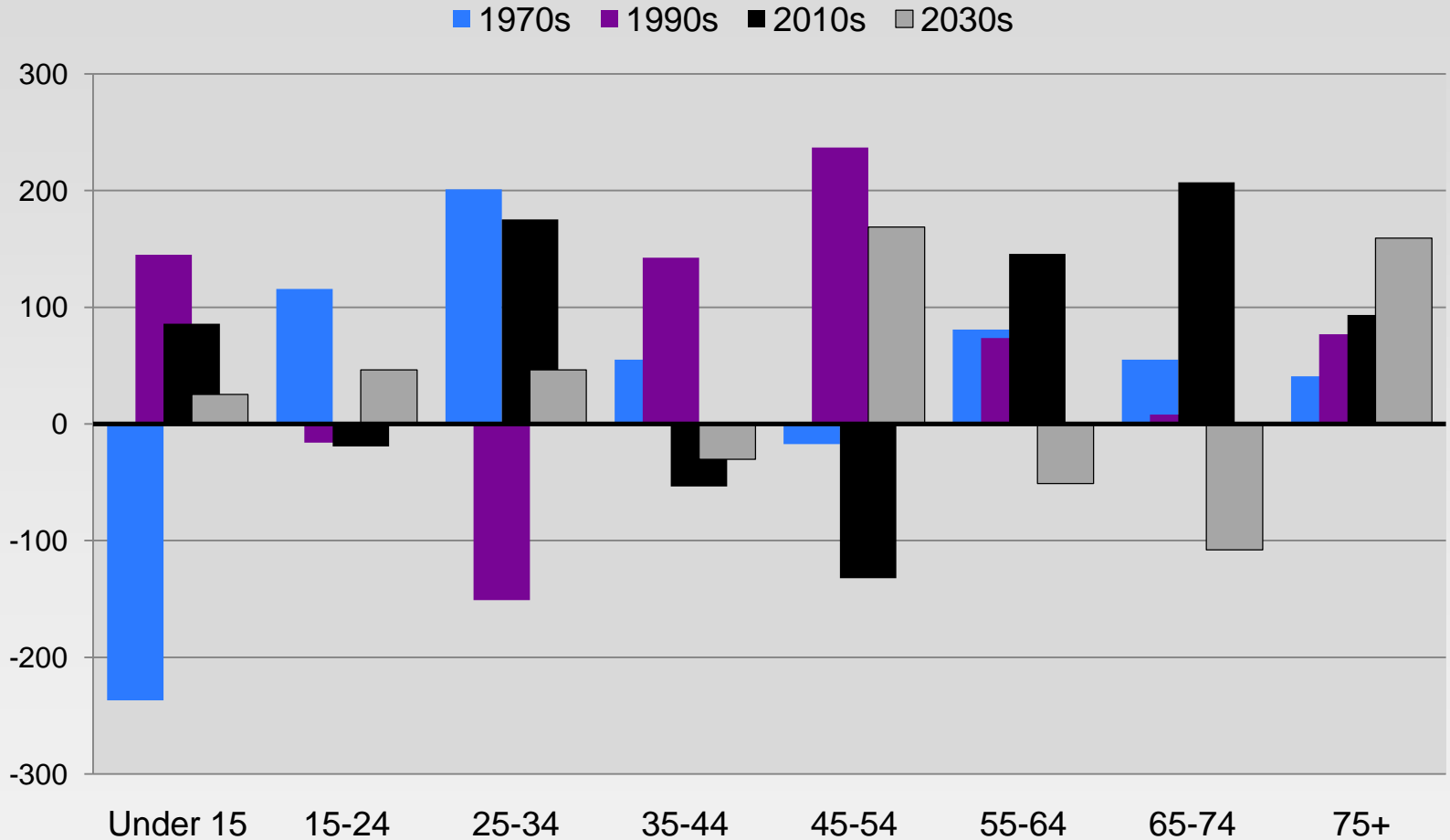
Source: Dowell Myers, USC; Data from Census Bureau

# Total Population of Maryland



Source: Dowell Myers, USC; Data from Maryland Department of Planning

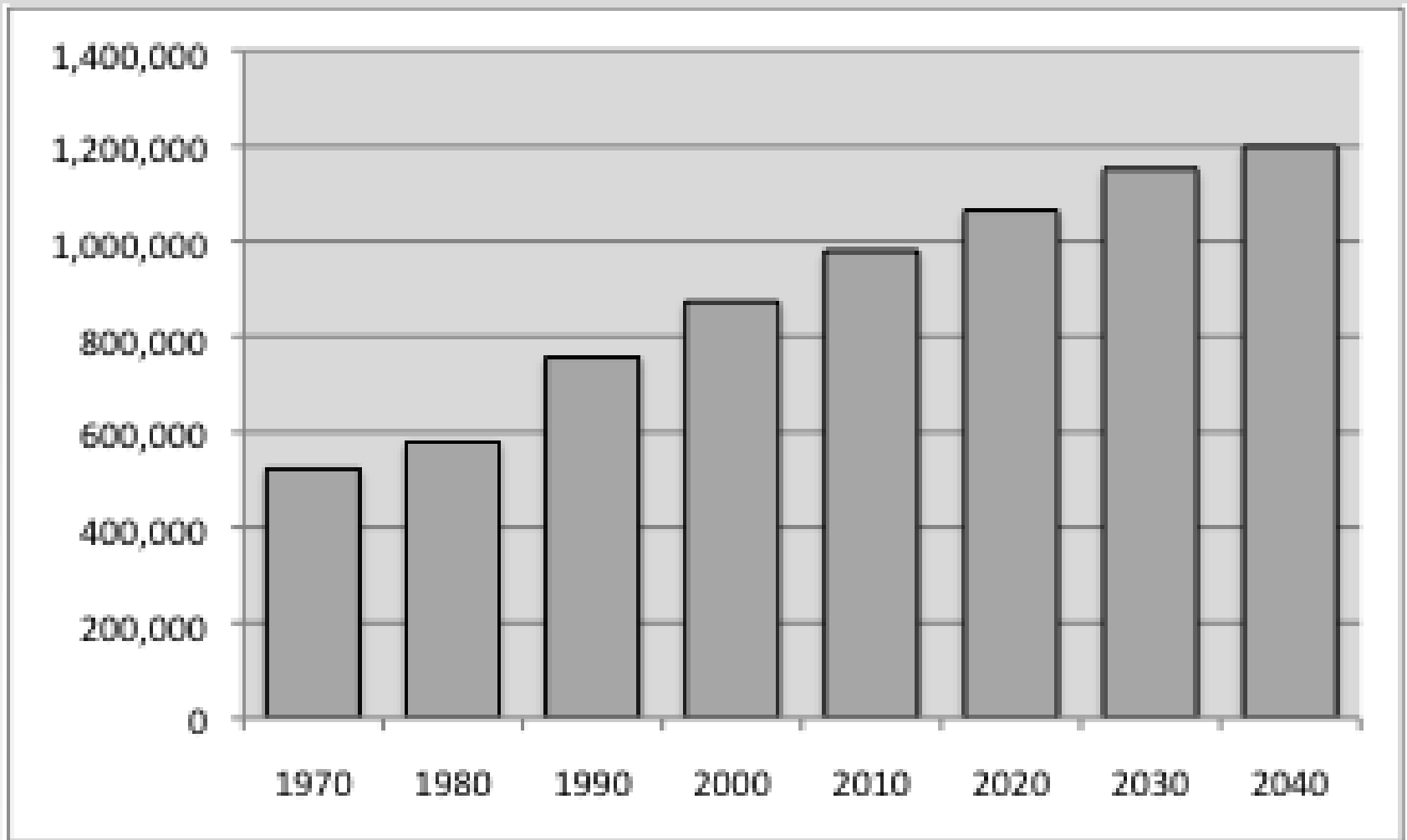
# Maryland Population Growth by Age Each Decade in 1000s



Source: Dowell Myers, USC; Data from Maryland Department of Planning

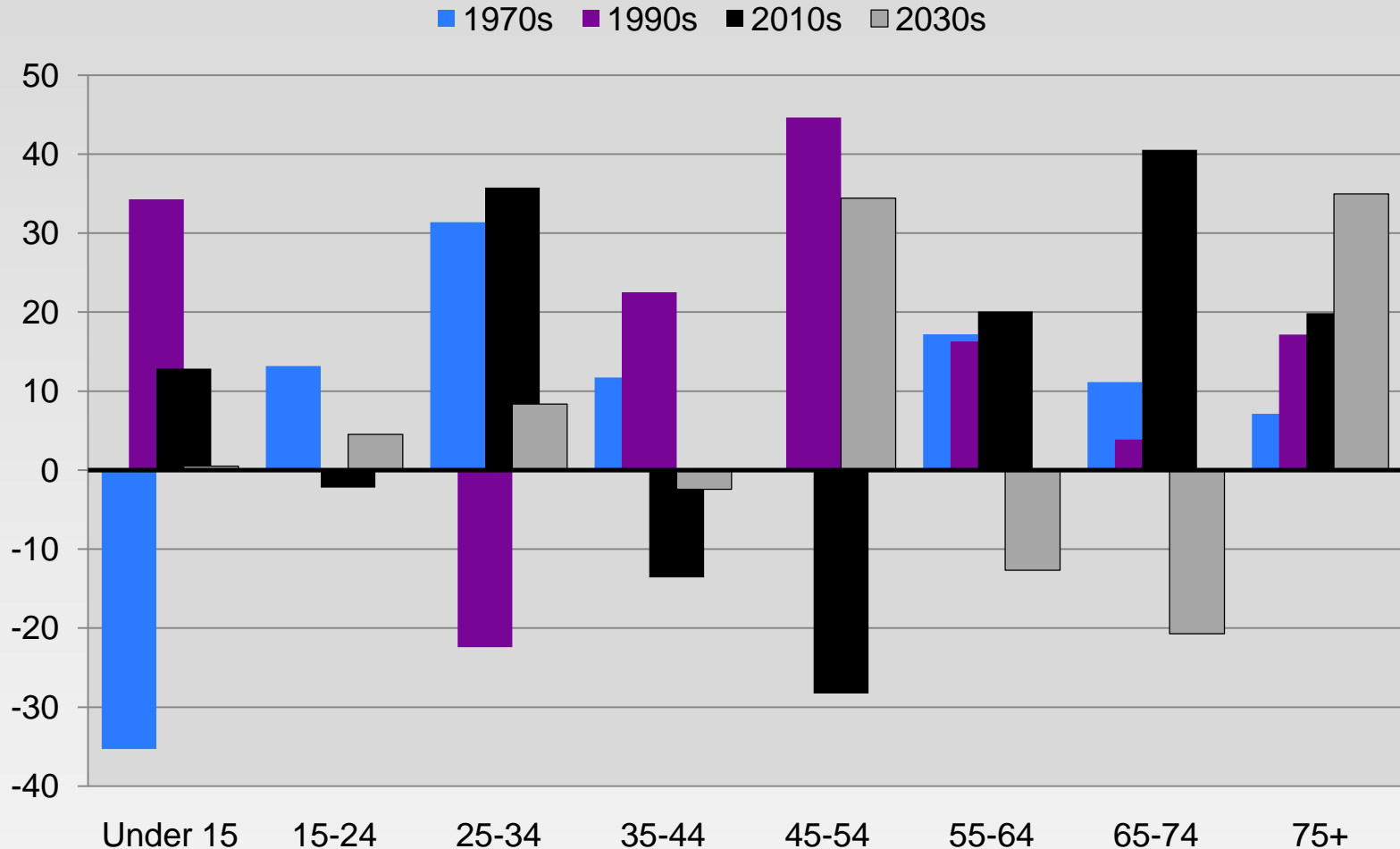


# Total Population of Montgomery County



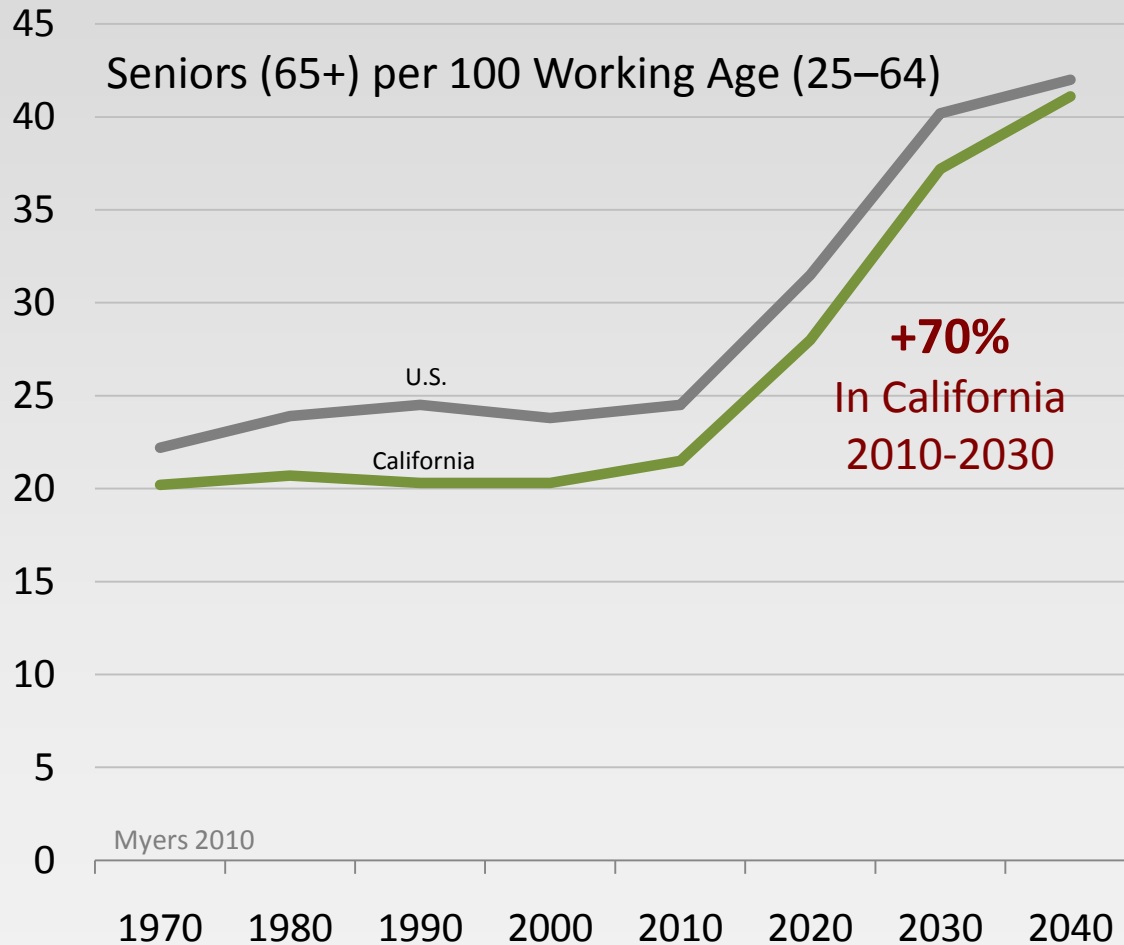
Source: Dowell Myers, USC; Data from Maryland Department of Planning

# Montgomery County Population Growth by Age Each Decade in 1000s

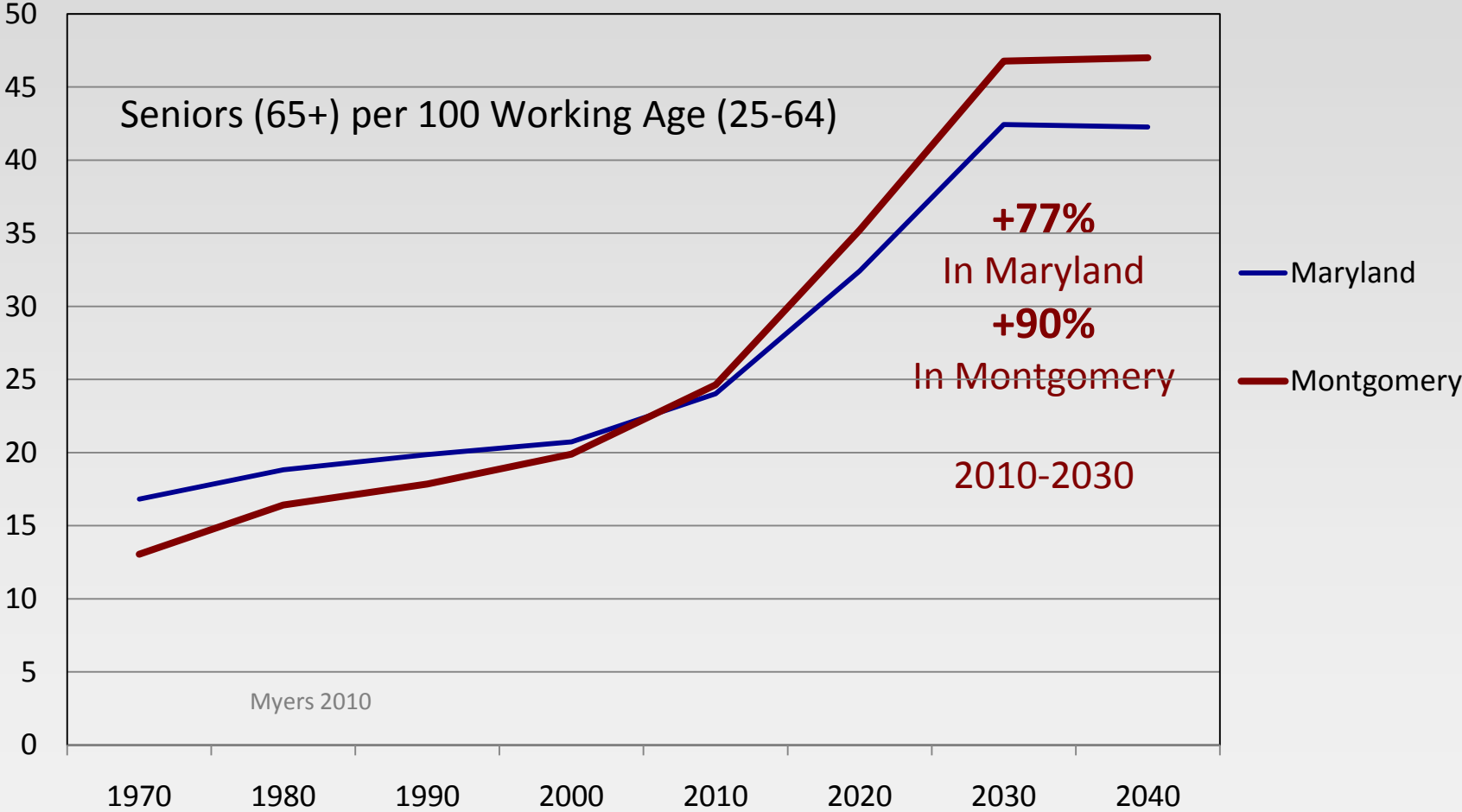


Source: Dowell Myers, USC; Data from Maryland Department of Planning

# Soaring Ratio of Seniors to Working Age



# Soaring Senior Ratio in Maryland

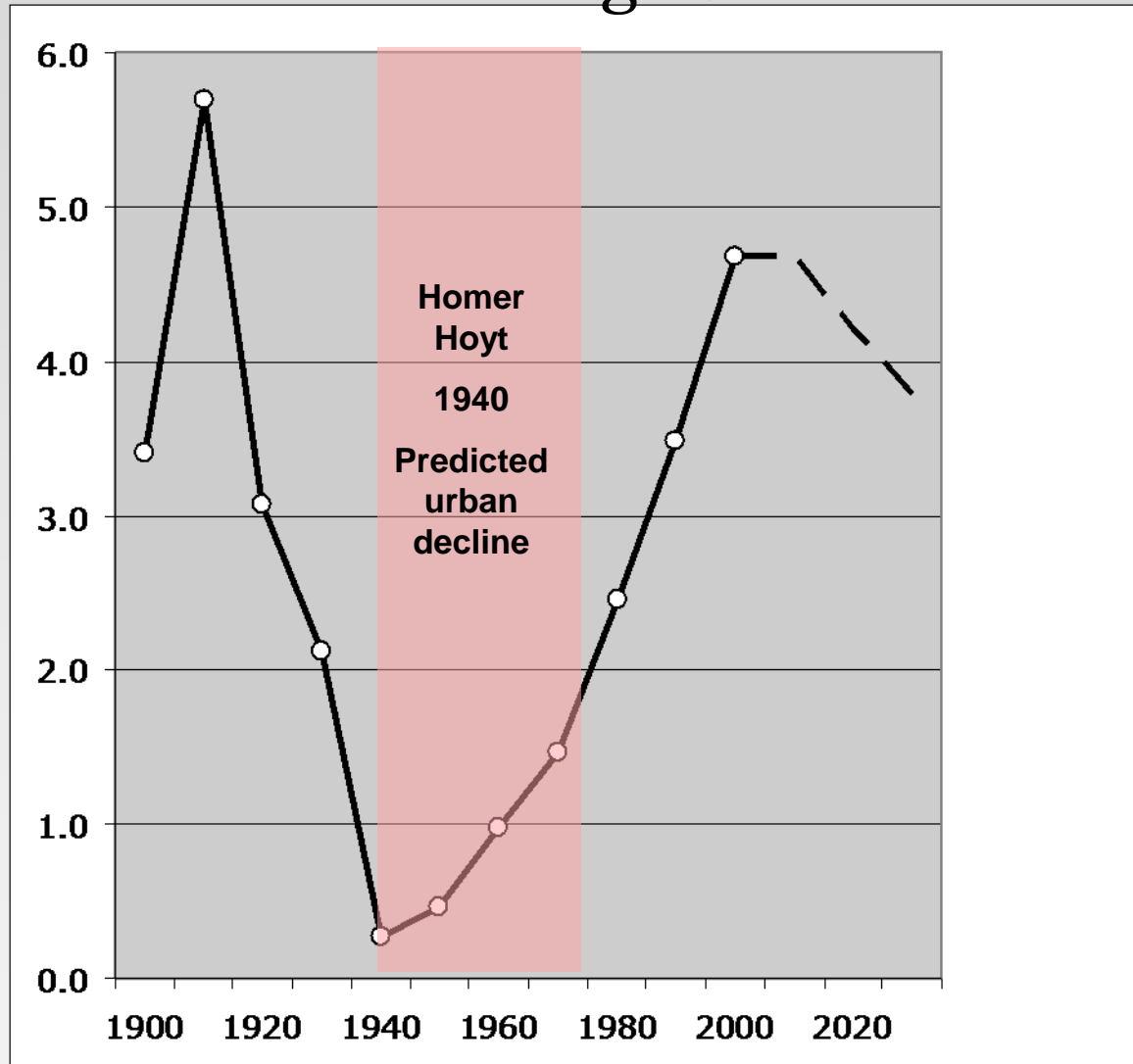


Source: Myers calculations; Maryland Department of Planning,

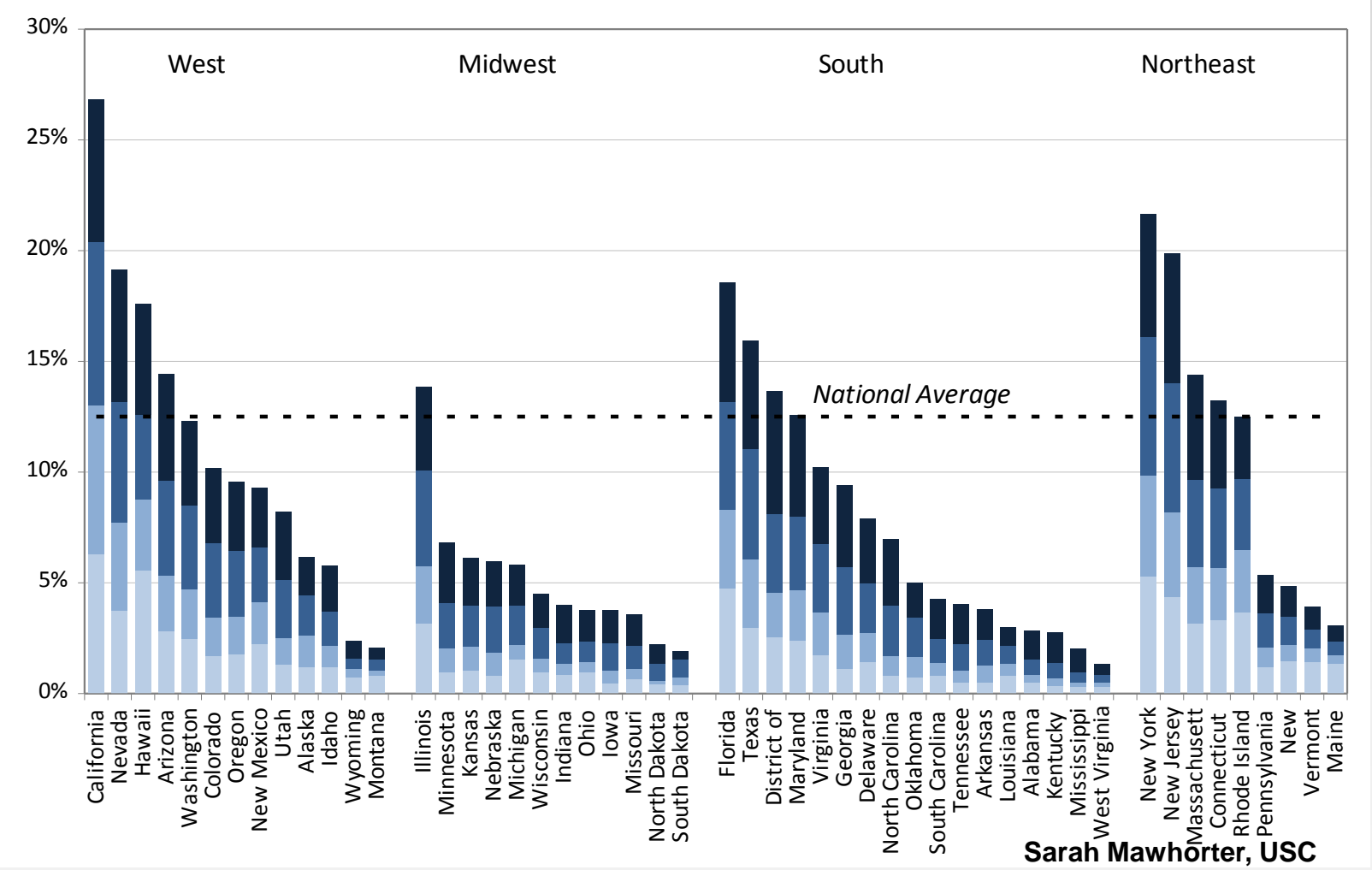
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# **Immigrant Uplift**

# Percent of U.S. Population Newly Immigrated in Preceding 10 Years

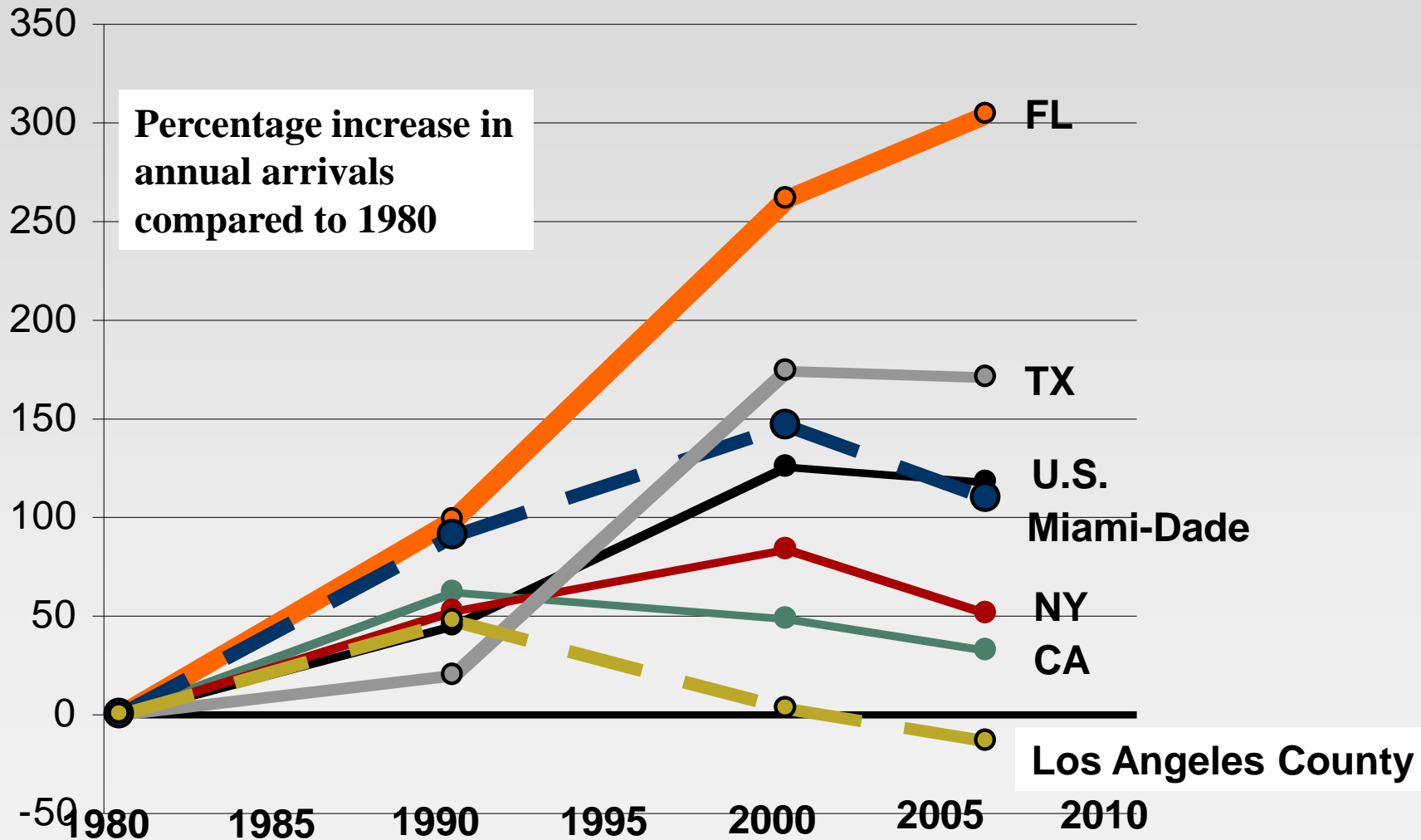


# Foreign Born Share of State Population by Decade of Arrival (newest on top)



Sarah Mawhörter, USC

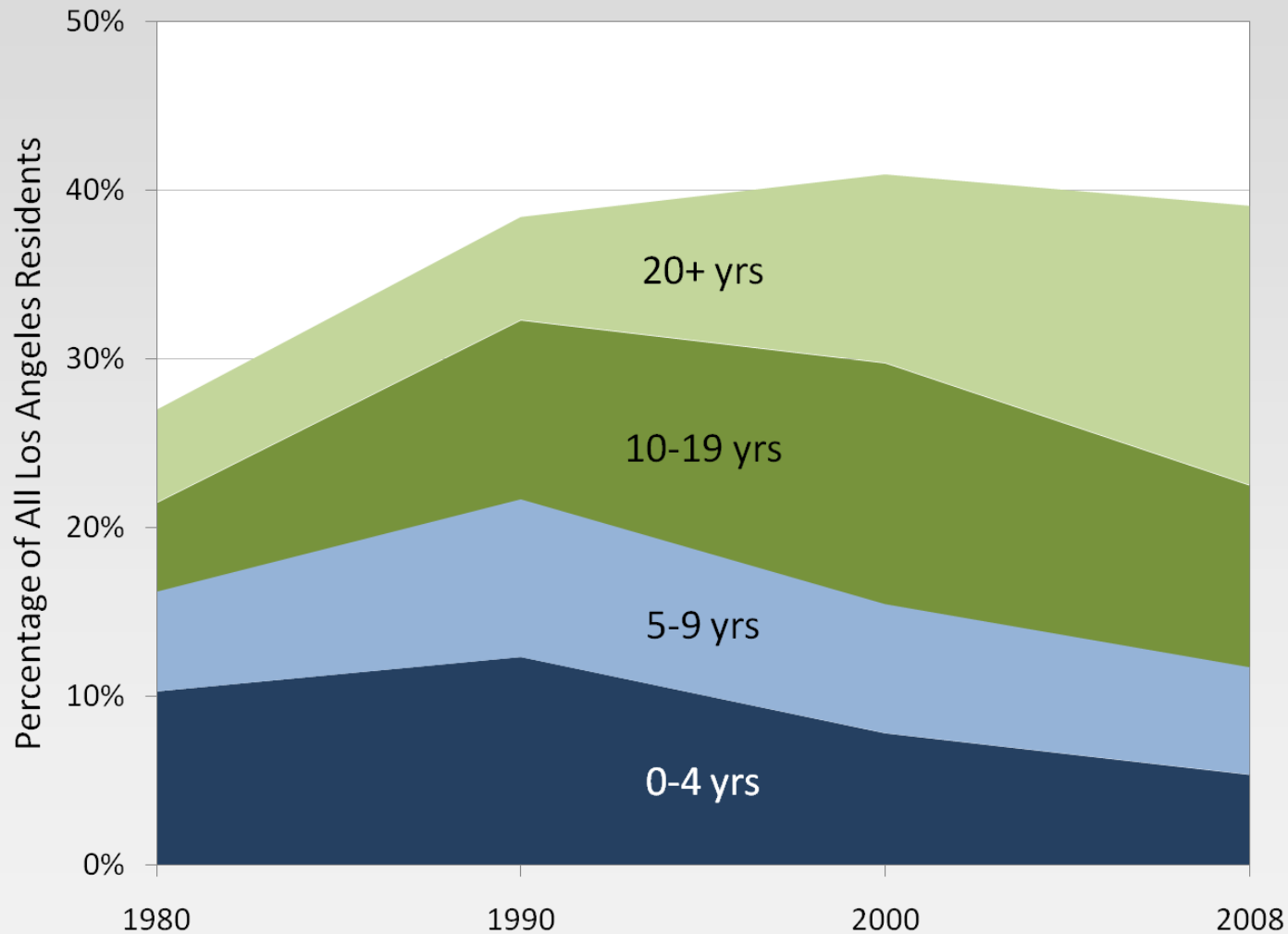
# Annual Immigration Levels Off in Traditional Major Gateways



Source: Dowell Myers, USC; Data from Census Bureau



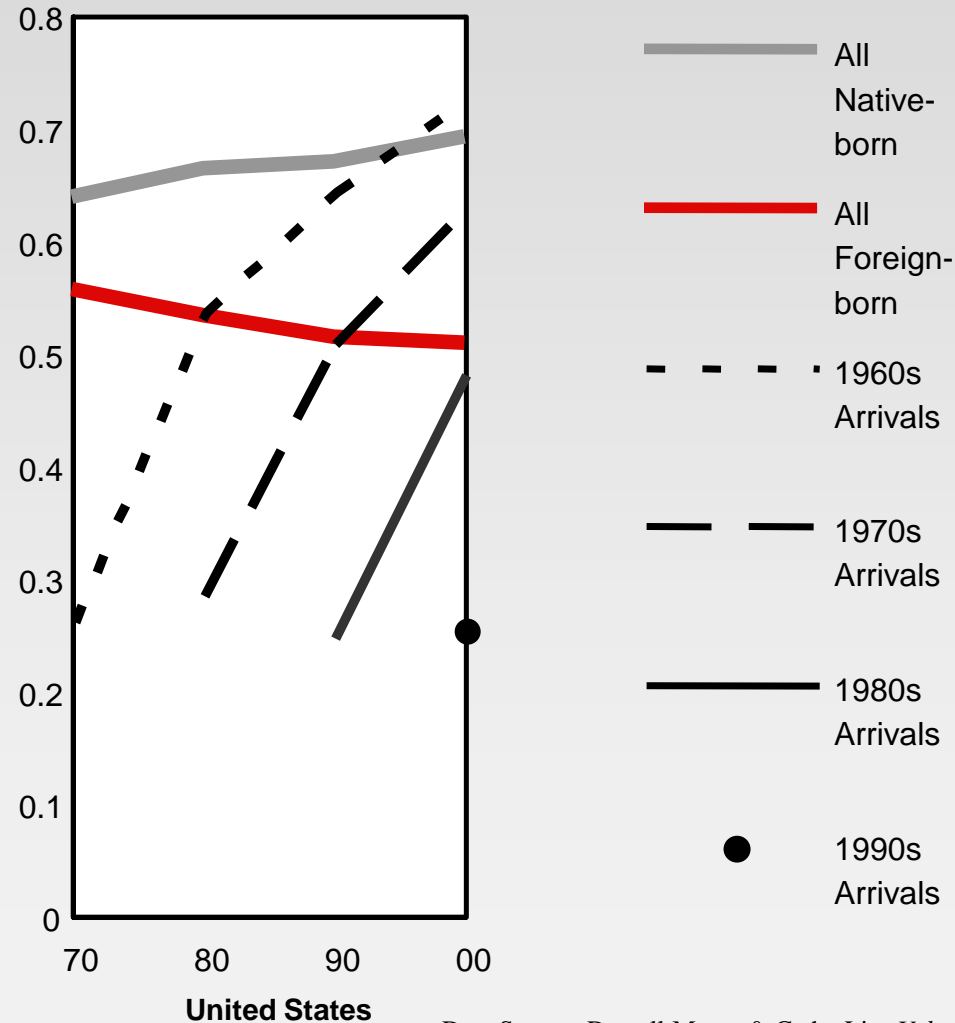
# Foreign Born Population in LA by Length of Residence



Source: U.S. Census, 1980, 1990, 2000; American Community Survey, 2006, 2008.

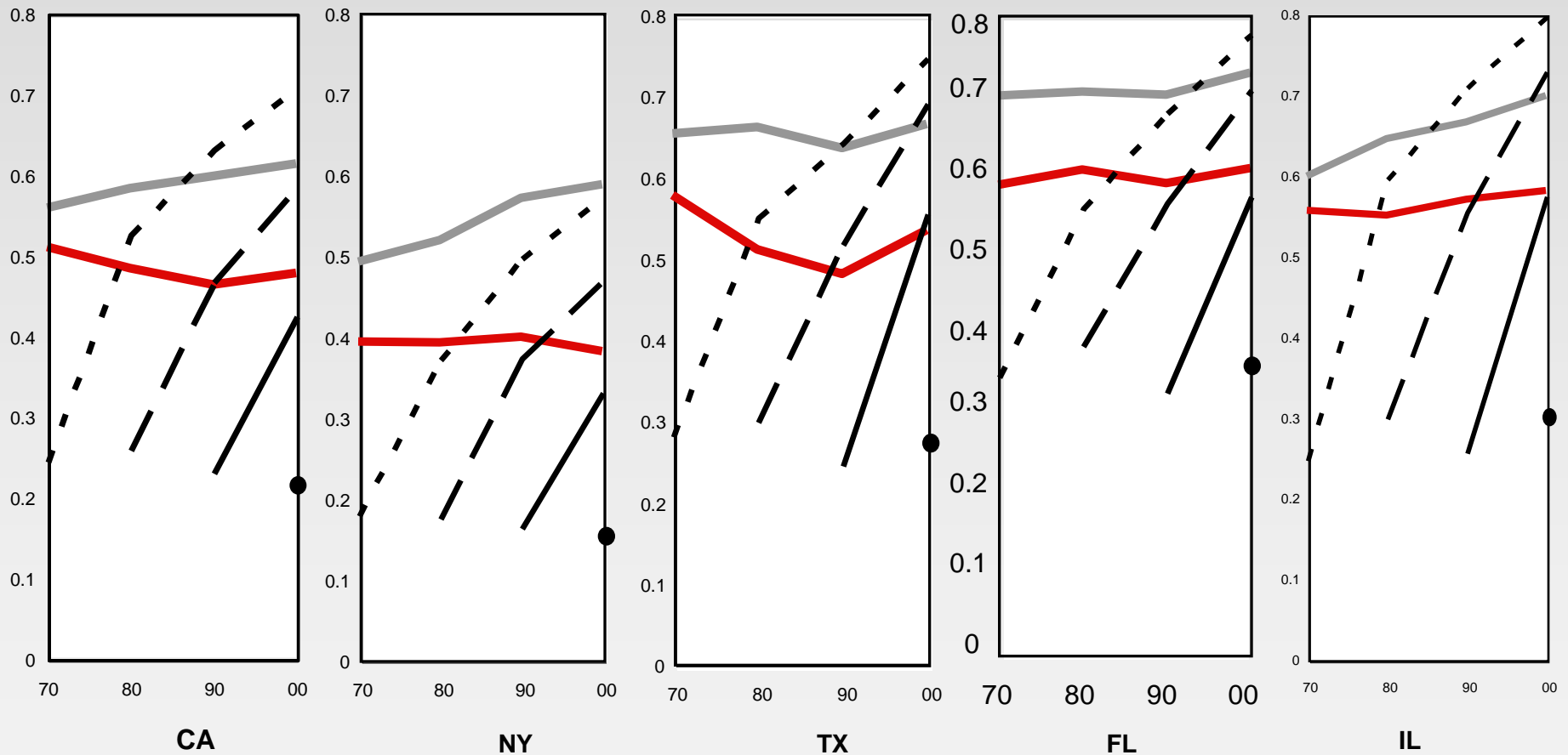
# Soaring Immigrant Homeownership

For Each Immigrant Wave Arriving Before 1970, 80, 90, 2000



# Change in Homeownership


For Successive Waves of Immigrants Arriving  
Before 1970, 1980, 1990, or 2000



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# **Turning Points in Cities and Housing**

# Minority Dictatorship of New Construction



**Everyone else lives  
in existing housing**

**1% of households  
(growing segments)  
dictate type of new  
construction**

Dowell Myers, USC

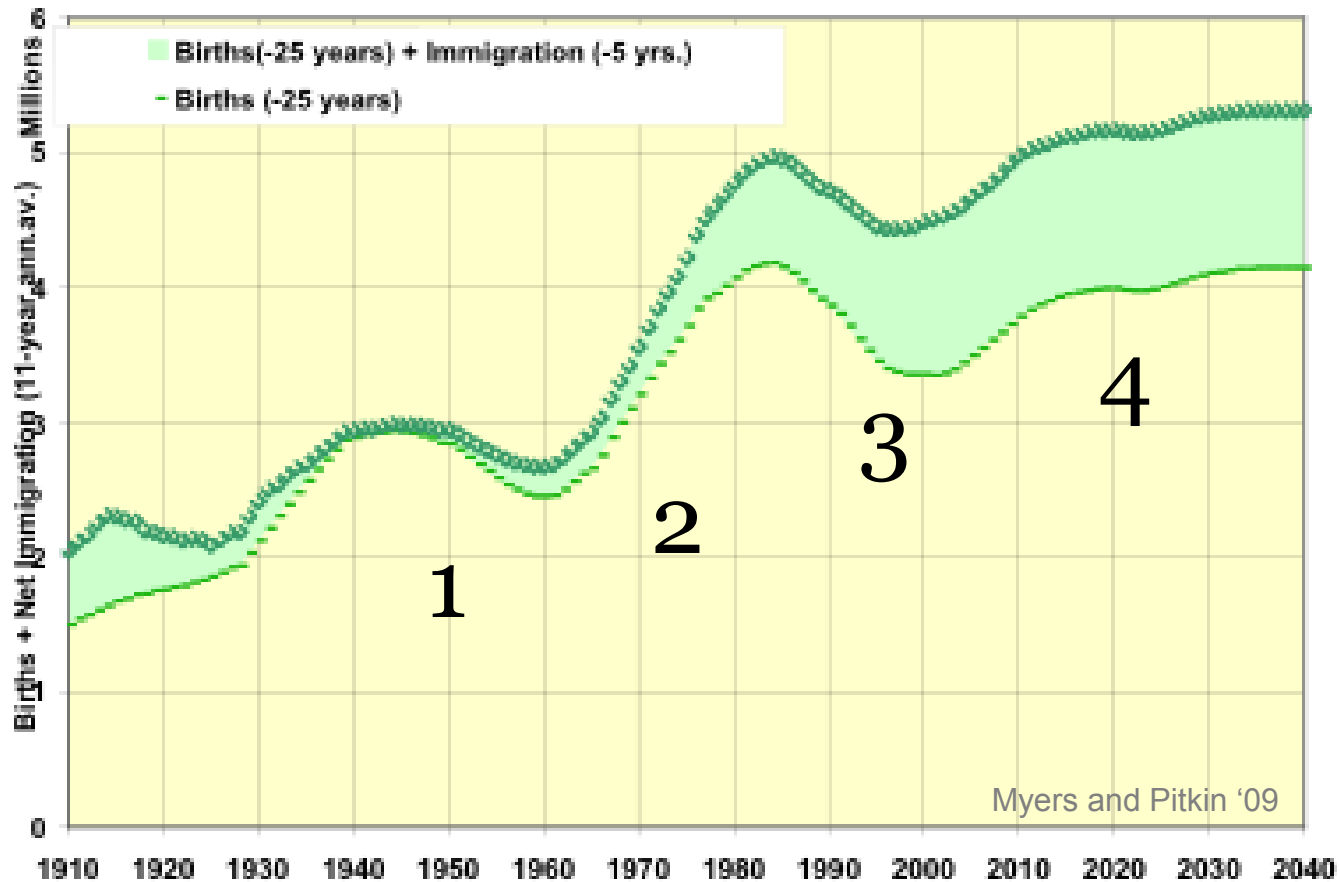
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# Episodes in the Urban Condition

- 1.** Urban Decline & Abandonment (1950-80)
- 2.** Gentrification, the Long Boom  
& the Affordability Crisis (1970-2008)
- 3.** Collapse of Multifamily Construction (1990-2005)  
Urban Revival & the Multifamily Rebound  
(2006~2020)
- 4.** Baby Boomer Sell-Off  
& Ripple Effects on Suburbs.... (2015-2040)

# Total Demographic Growth

Native-Born Turning Age 25 Plus Immigrant Arrivals

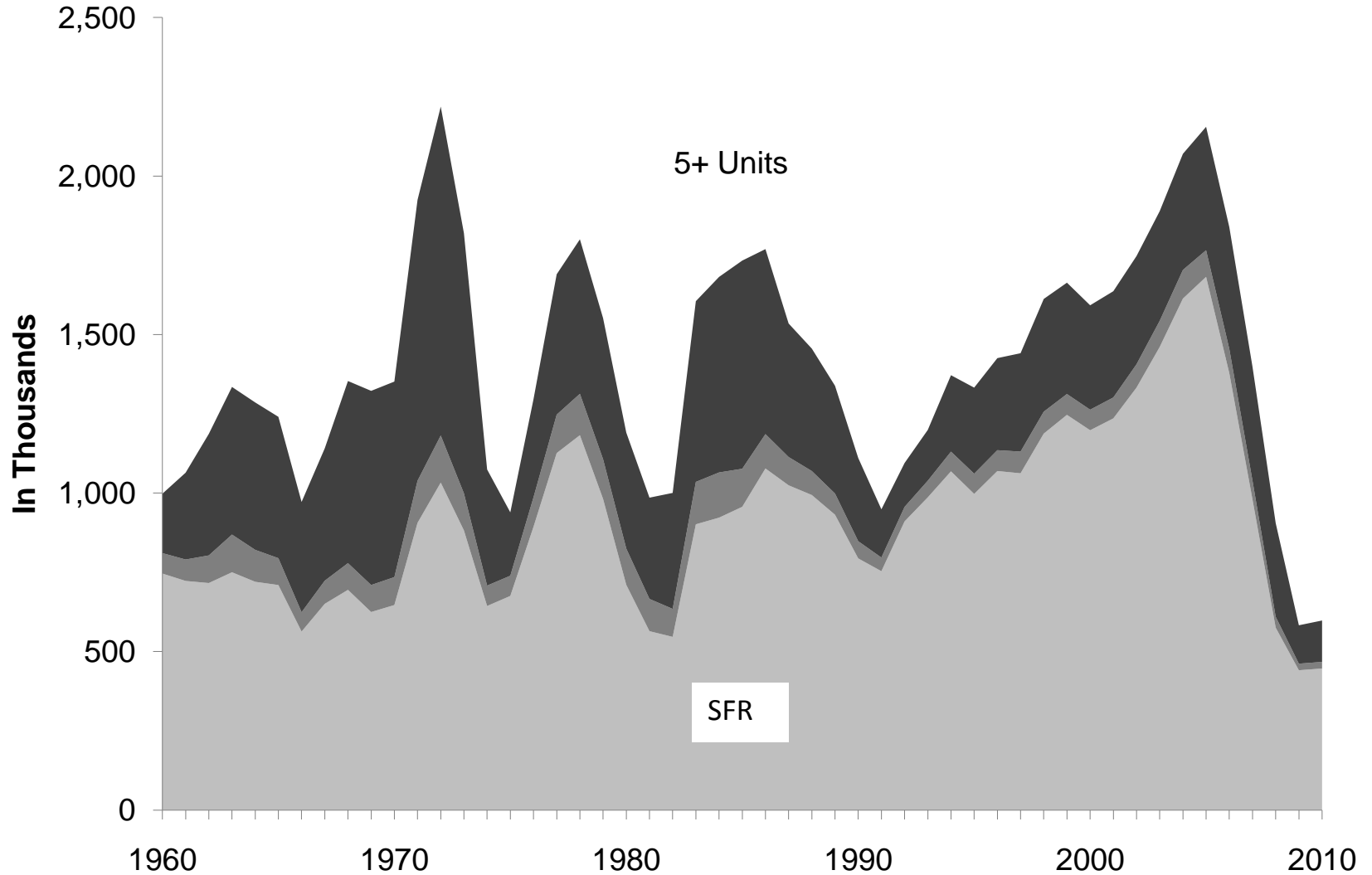


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**3.  
Multifamily Trend  
and Outlook  
for Sprawl**

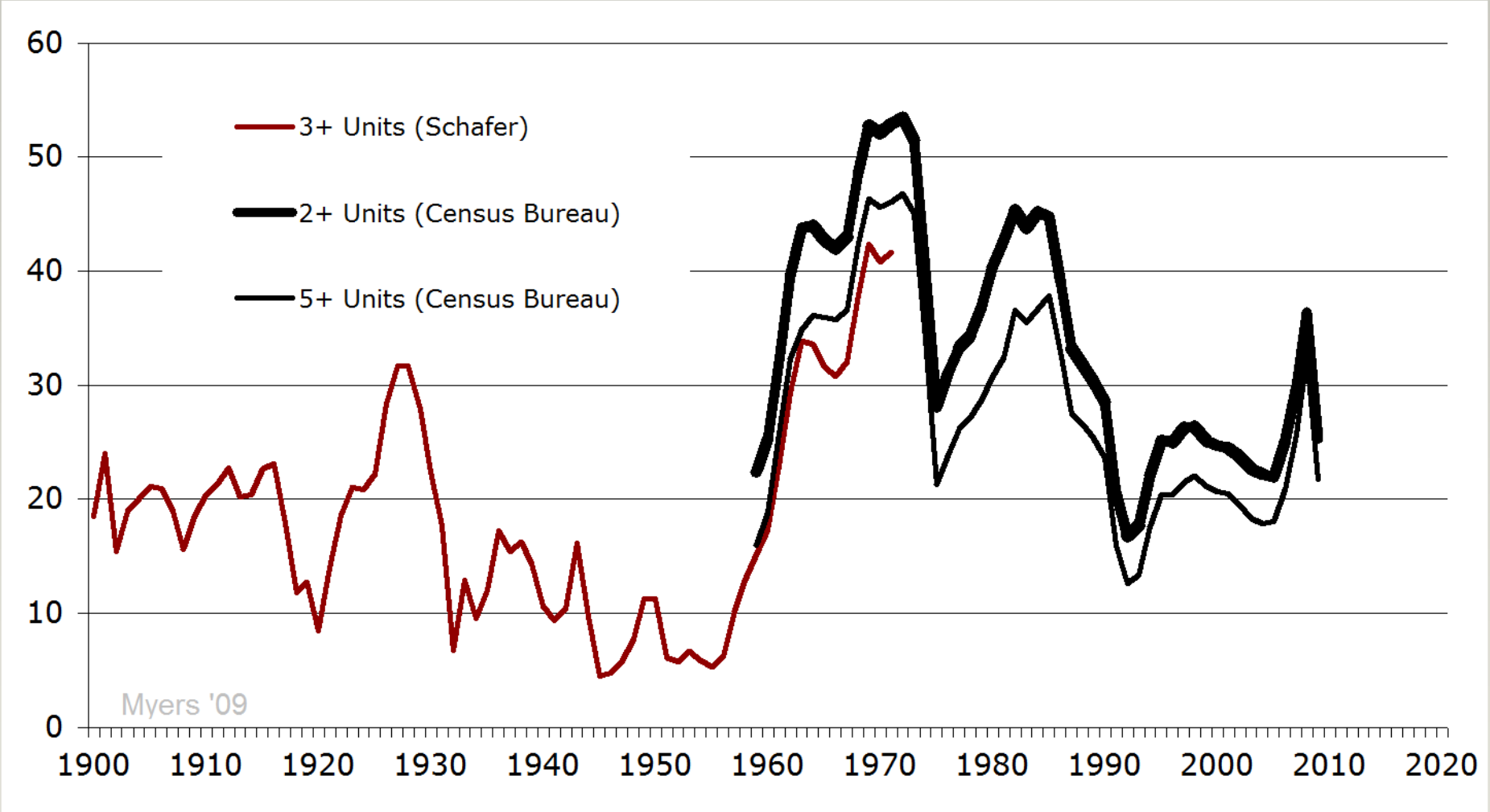


# Housing Construction Permits - U.S. (1960-2010)

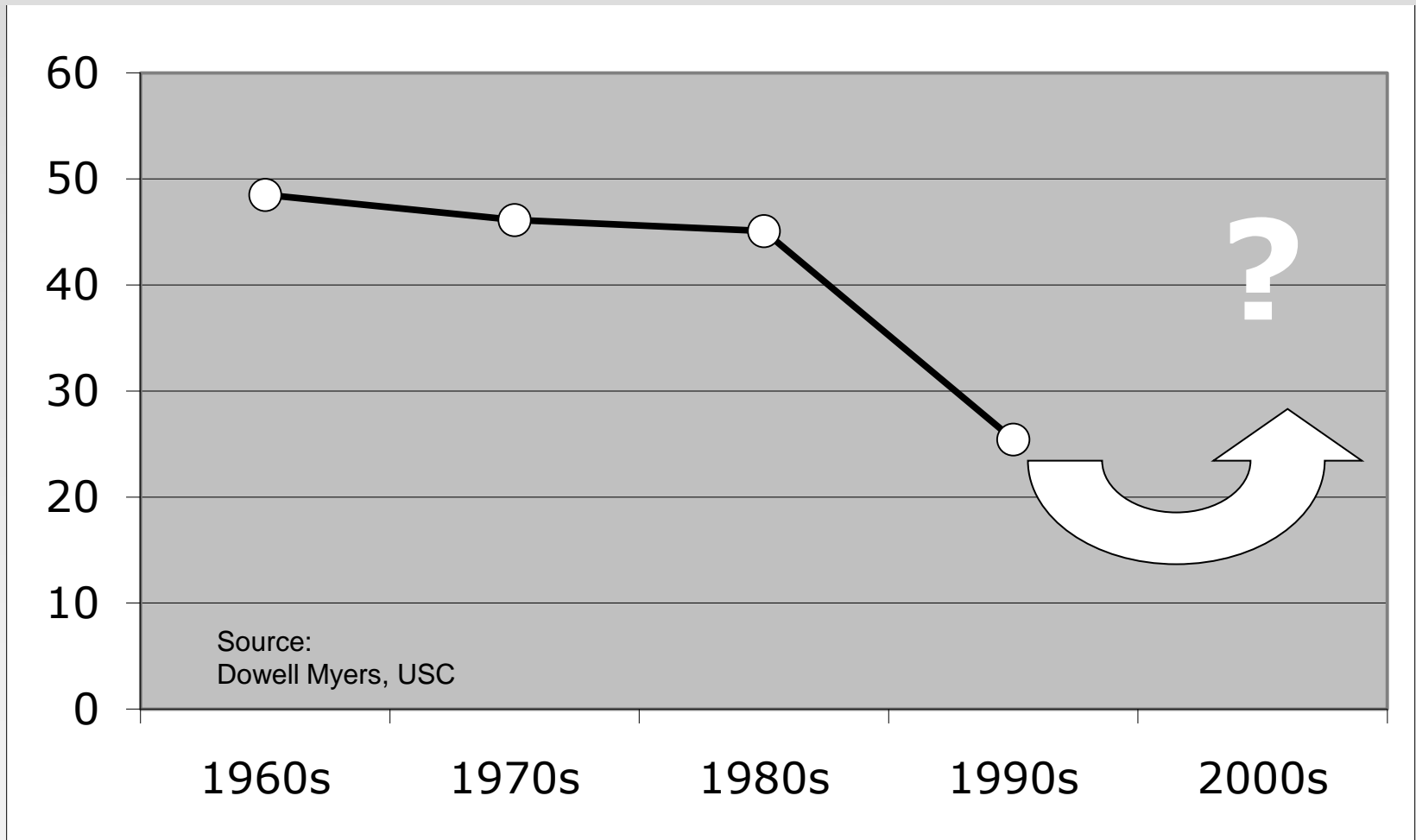


Source: Census C-40 series

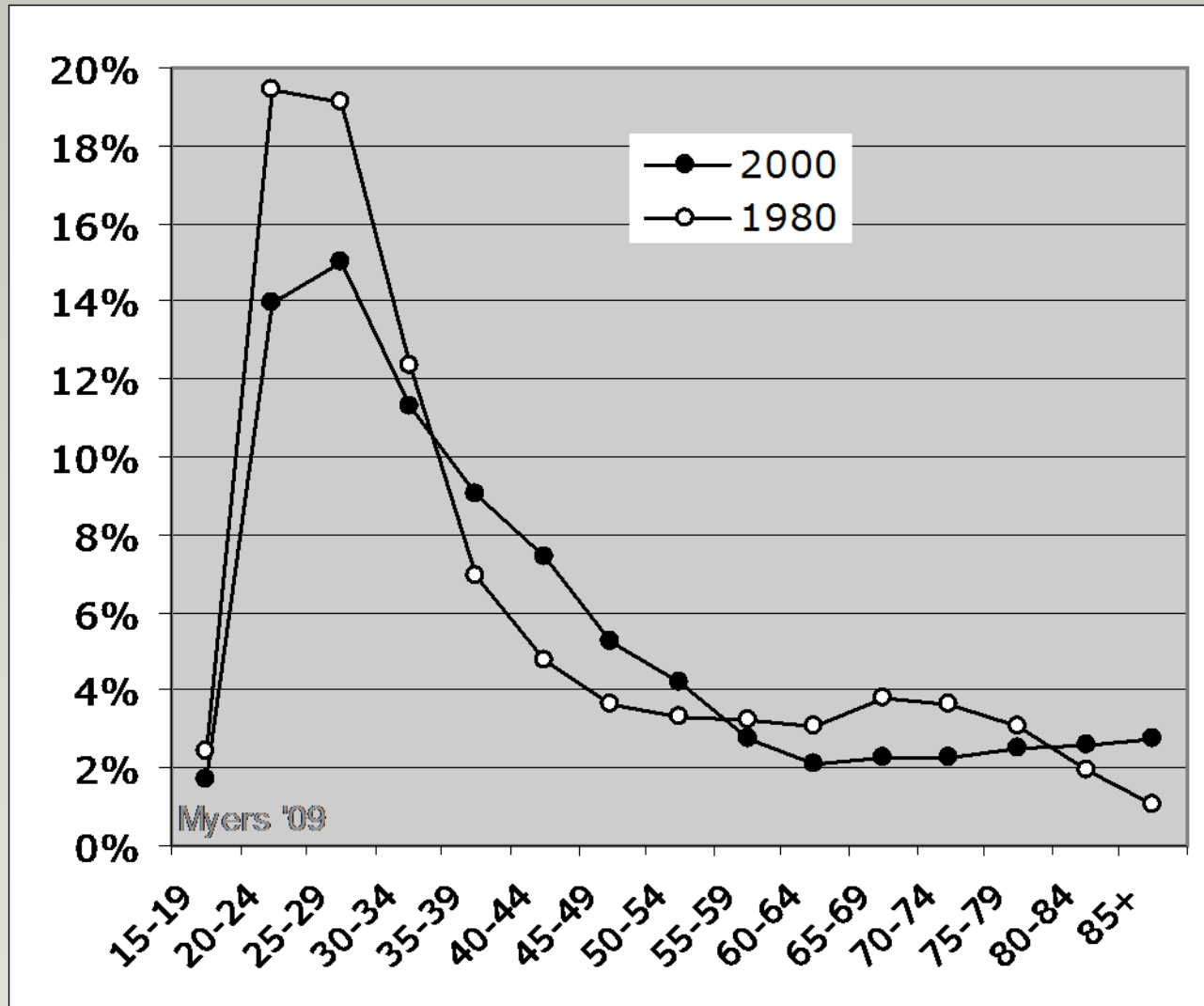
# Century of U.S. Multifamily Construction Shares



# Share of Housing Construction in Multifamily In California Each Decade

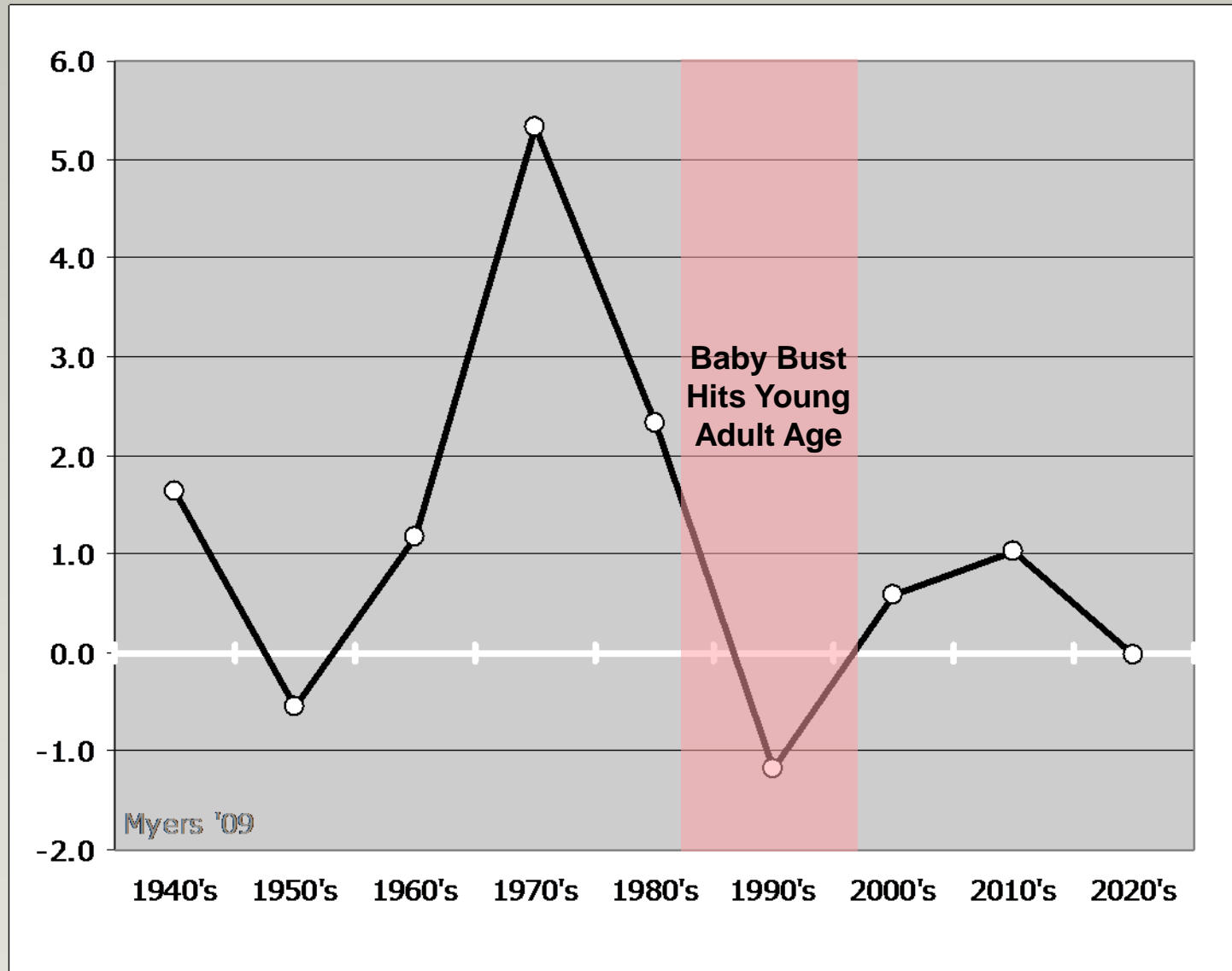


# Age Profile of Tenants in Recently Built Apartments

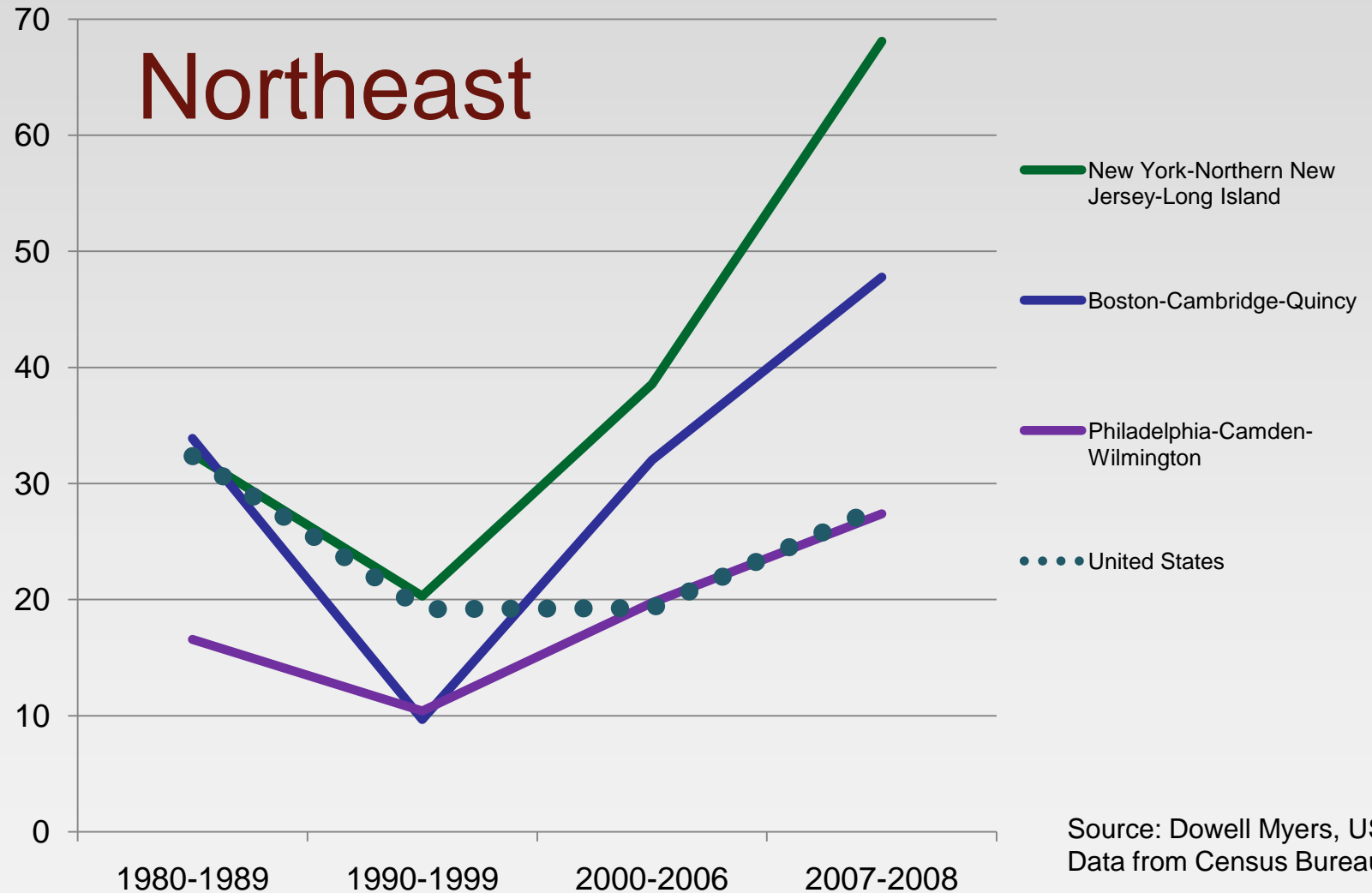


Source: Dowell Myers, USC; Data from Census Bureau

# Growth at Ages 25-34 as a Percent of US Population

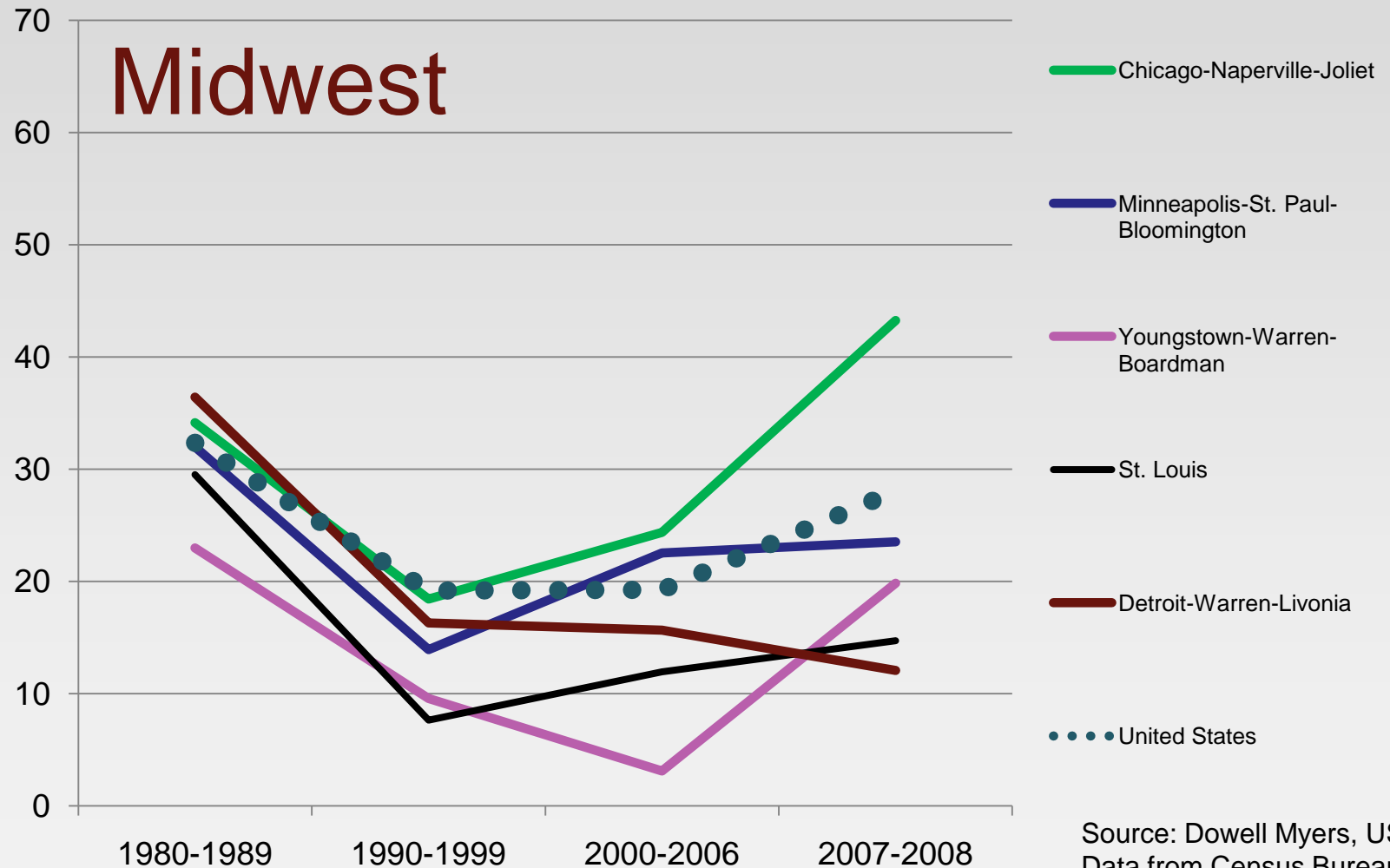


# Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000

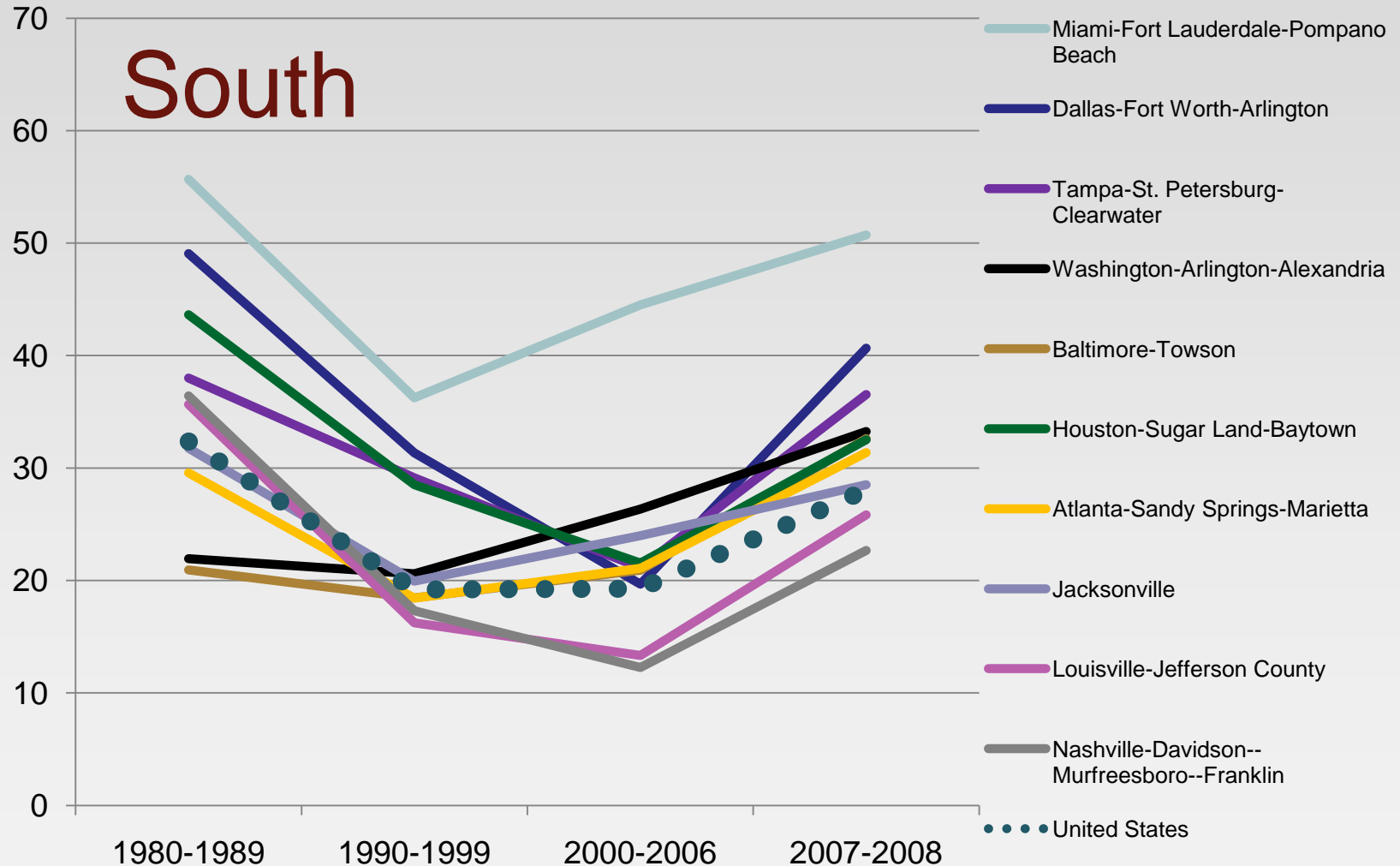


Source: Dowell Myers, USC;  
Data from Census Bureau

# Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000



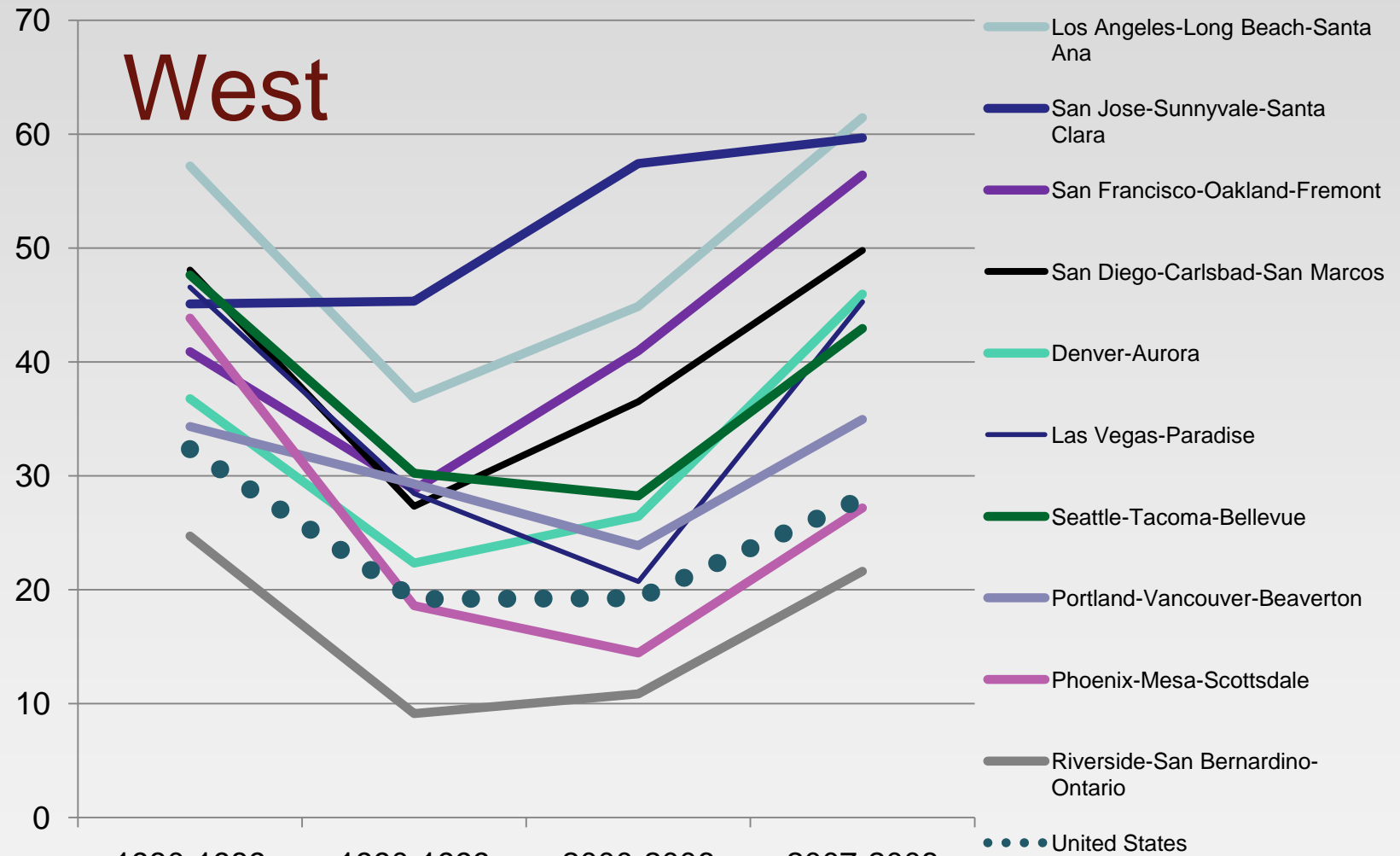
# Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000



Source: Dowell Myers, USC; Data from Census Bureau



# Percent Multi-Unit Housing (5 or more) of Building Permits, by MSA, 1980-2000



Source: Dowell Myers, USC; Data from Census Bureau

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**The Continued Dominance of**

**Sprawl**

**?**

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# Conventional Beliefs of Housing Preferences

**American housing consumers are said to favor a housing product that satisfies five major criteria:**

- ◆ **suburban fringe location**
- ◆ **single-family detached unit style**
- ◆ **location within a low-density neighborhood**
- ◆ **ease of automobile use, including driving and parking**
- ◆ **and lowest cost given these criteria**

# Asking California Housing Preferences, 2001

## Question:

Would you **most prefer** to live in  
a single-family detached home,  
an attached home such as a condo or  
townhouse,  
an apartment, or  
another type of dwelling?

# Trading Off California Housing Preferences, 2001

## Question:

People say **there are tradeoffs** in choosing a local community to live in, meaning that you have to give up some things in order to have other things that you want.

How do you feel about these tradeoffs—other things being equal? (rotate questions 14-17)

Source: Statewide Poll of the Public Policy Institute of California, Mark Baldassarre, Director

# Trading Off California Housing Preferences, 2001

Would you choose to live in a **small single-family** detached home—if it means you could live close to work and have a short commute?

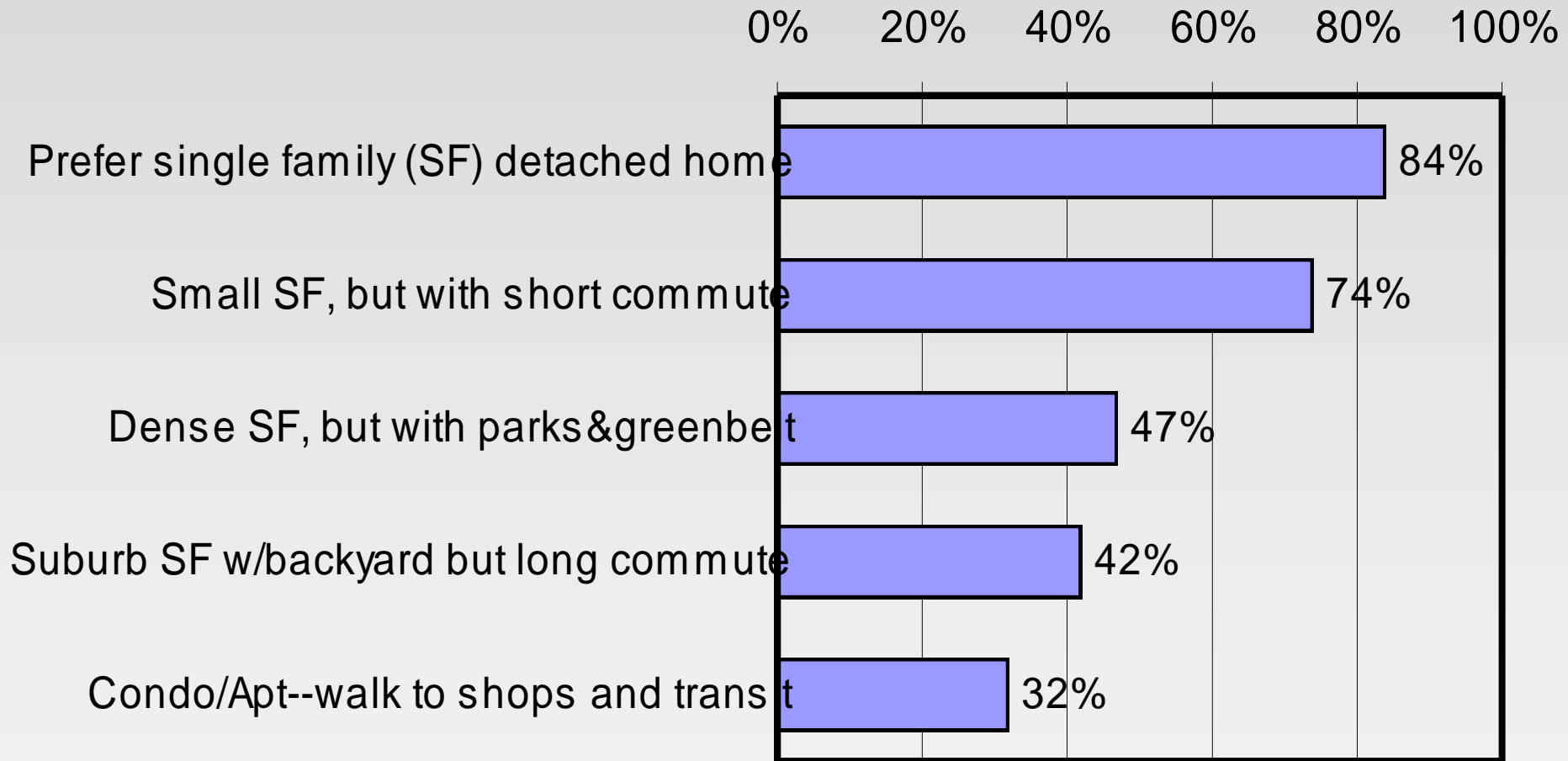
Would you choose to live in a dense neighborhood where **single-family homes are close together** —if it means you could be near parks and greenbelt areas?

Would you choose to live in multi-story, multi-family housing—such as a **condo or apartment**— if it means you could walk to shops, schools, and mass transit?

Would you choose to live in a single-family detached home with a **backyard in the suburbs** —if it means you would live far from work and have a long commute?

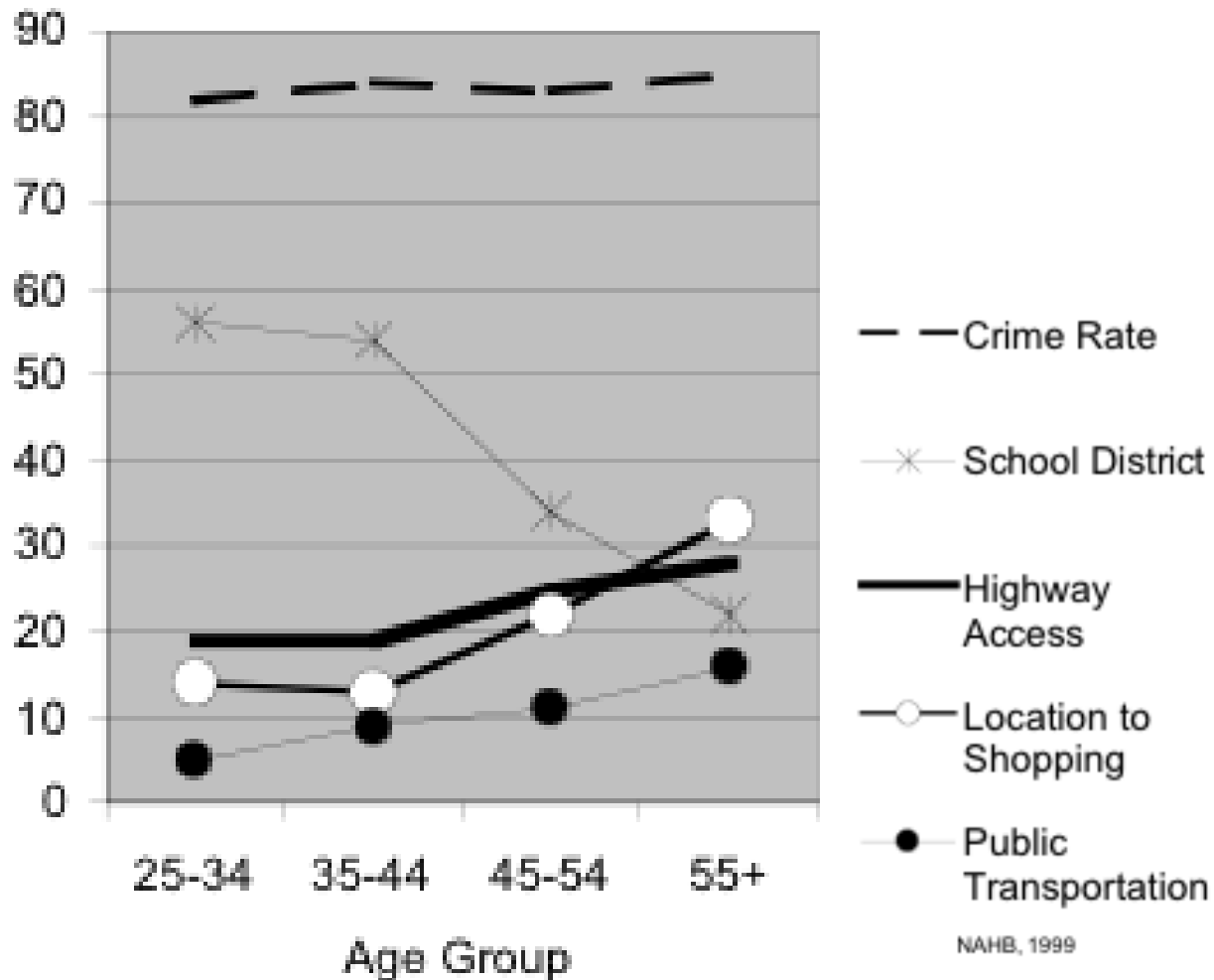
# California Housing Preferences, 2001

## *Not monolithic*



Source: Statewide Poll of the Public Policy Institute of California, Mark Baldassarre, Director

# Percent Calling Factor Very Important if Buying a Home Today, U.S. 1999





# The NAHB Trade-Off Question

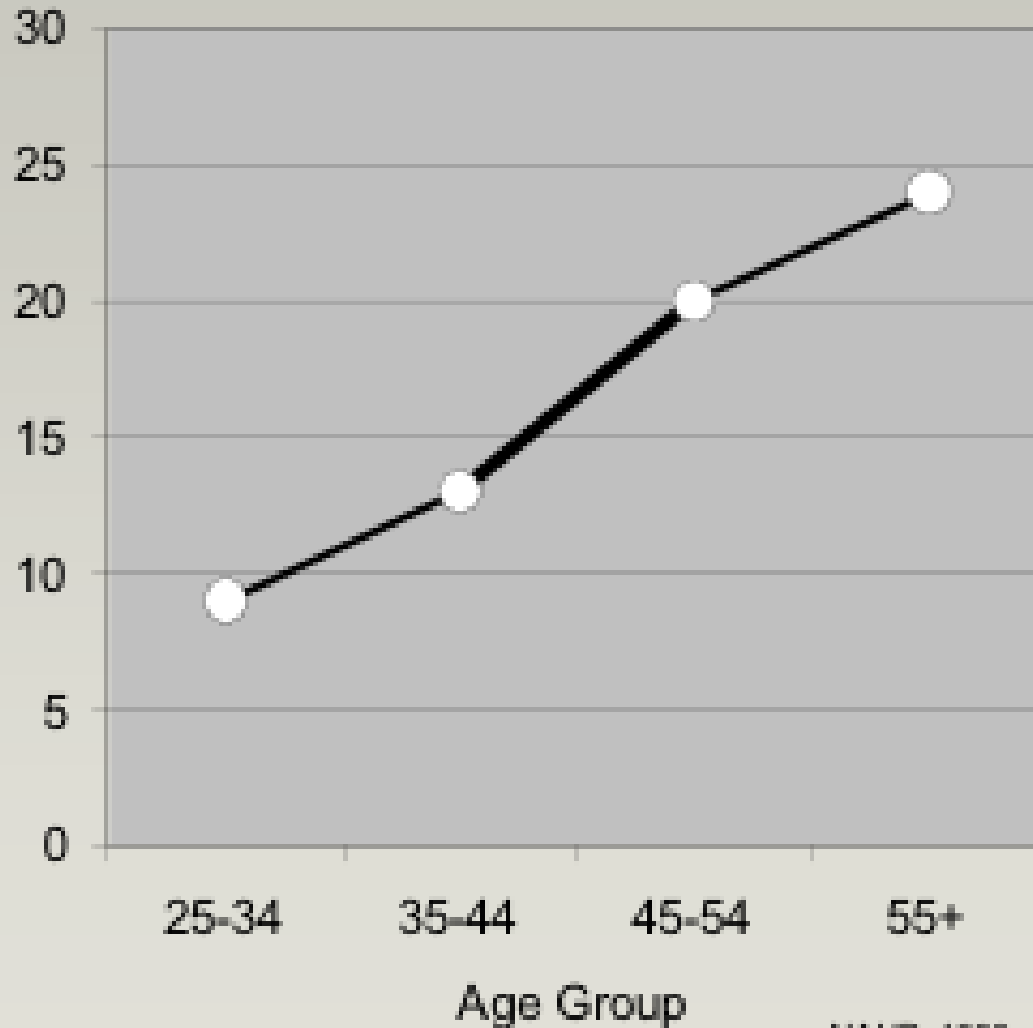
**Consider the following hypothetical choice:**

**Your income is high enough to purchase a \$150,000 home.**

**You have two options:**

- ◆ **Buying a \$150,000 townhouse in an urban setting close to public transportation, work and shopping.**
- ◆ **Or, you could purchase a larger, detached single-family home in a suburban area, with longer commutes to work.**


# Expressed Preference for a Townhouse in the City



NAHB, 1999

Myers and Gearin 2001 based on NAHB data

# Minority Dictatorship of New Construction



**Everyone else lives  
in existing housing**

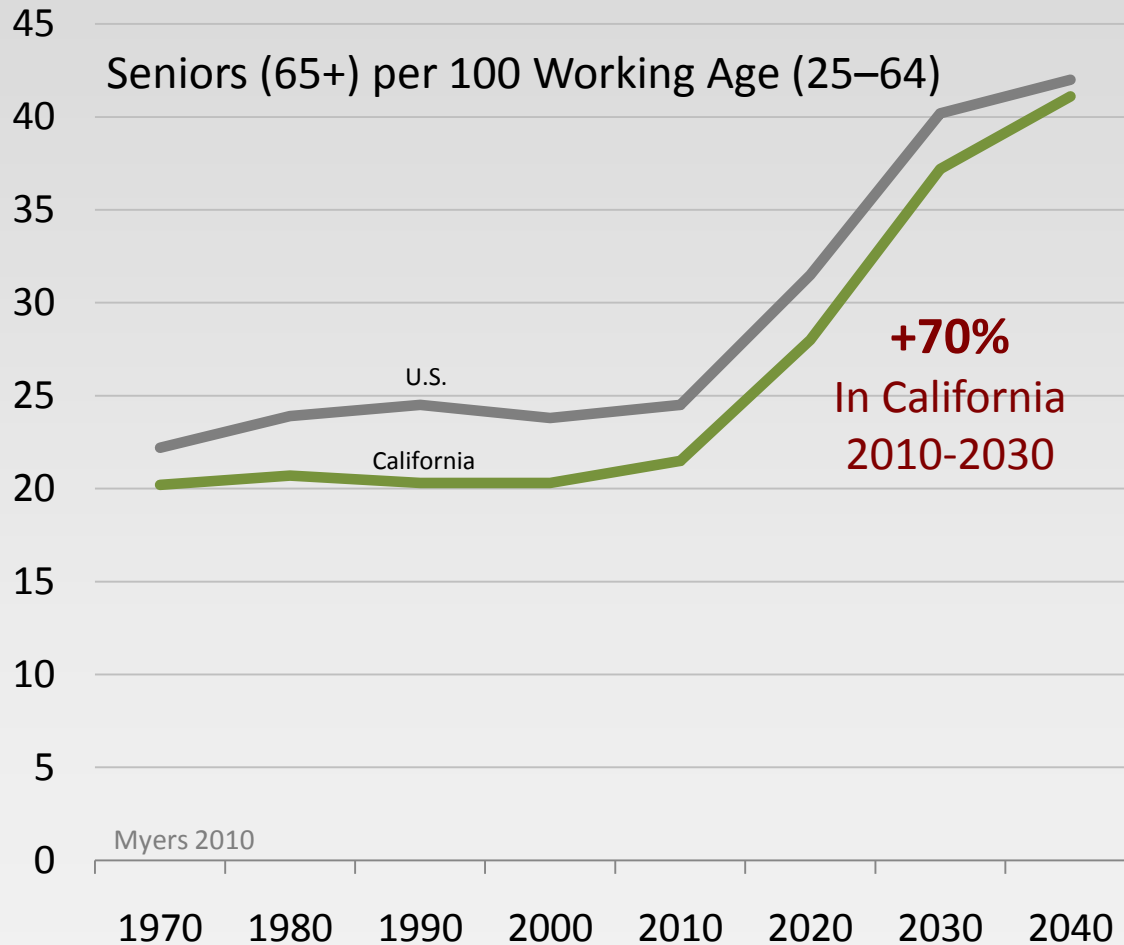
**1% of households  
(growing segments)  
dictate type of new  
construction**

Dowell Myers, USC

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**4.**  
**The Baby Boomer  
Sell-Off**

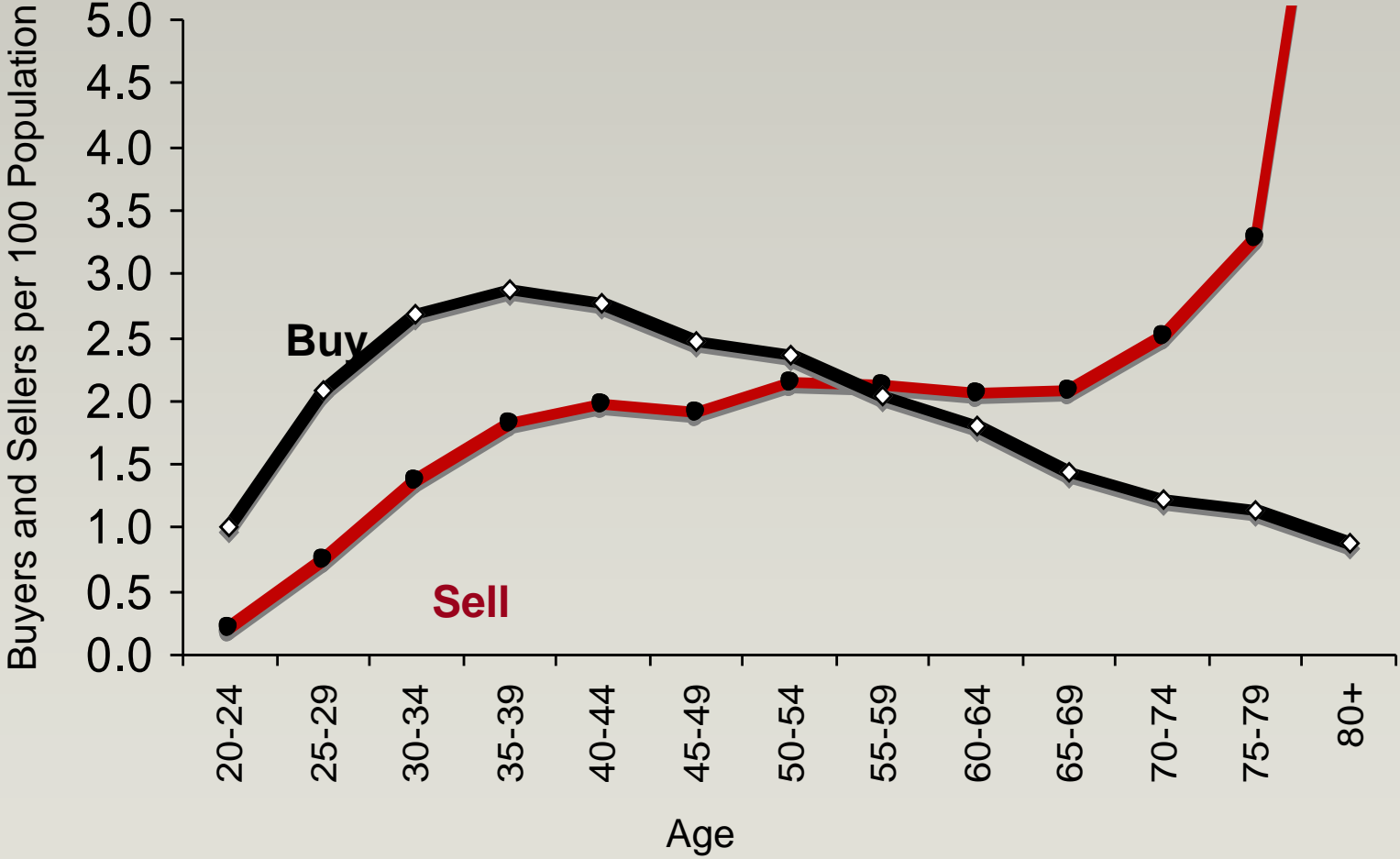
# Soaring Ratio of Seniors to Working Age



Source: California Department of Finance, Census Bureau, and Authors' calculations, 2010.

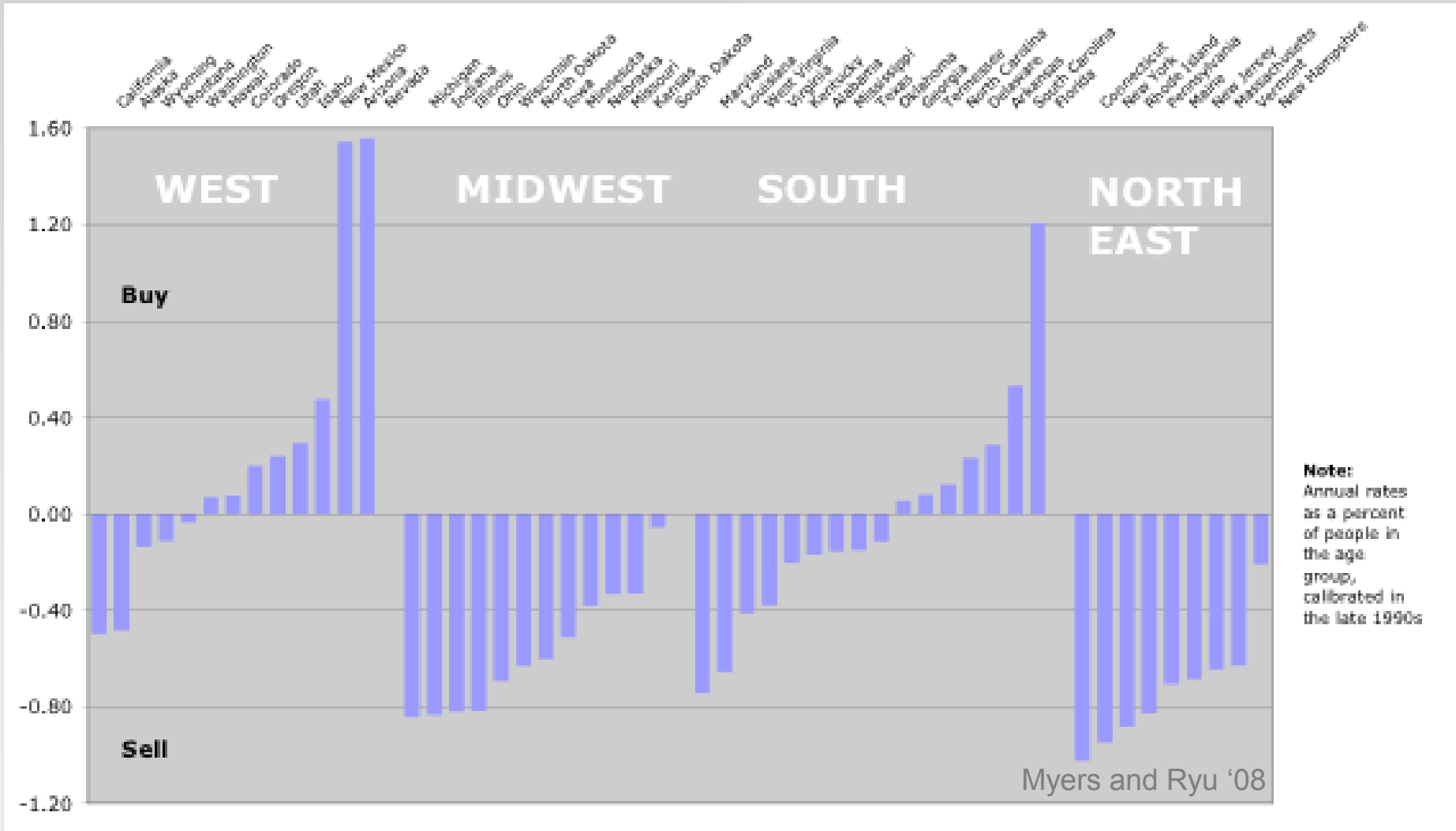
# Average Annual Rates of Buying and Selling

Per 100 People of Each Age in California



Source: Myers (2007) *Immigrants and Boomers*, Figure 11.1

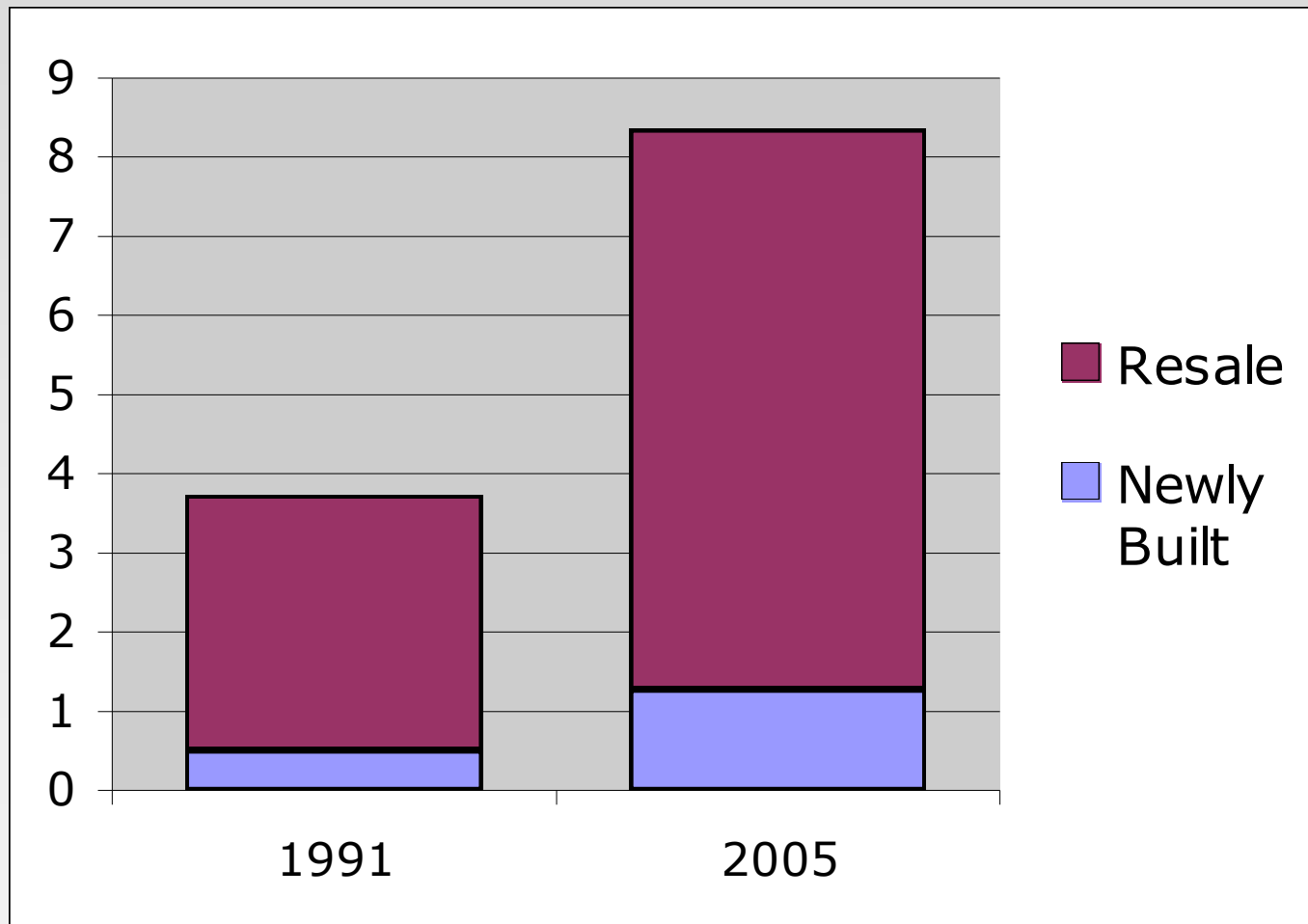
# Annual Net Selling Rate at Age 65-69



Source: Dowell Myers and SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association* (winter 2008)

# Will Supply Cut Back?

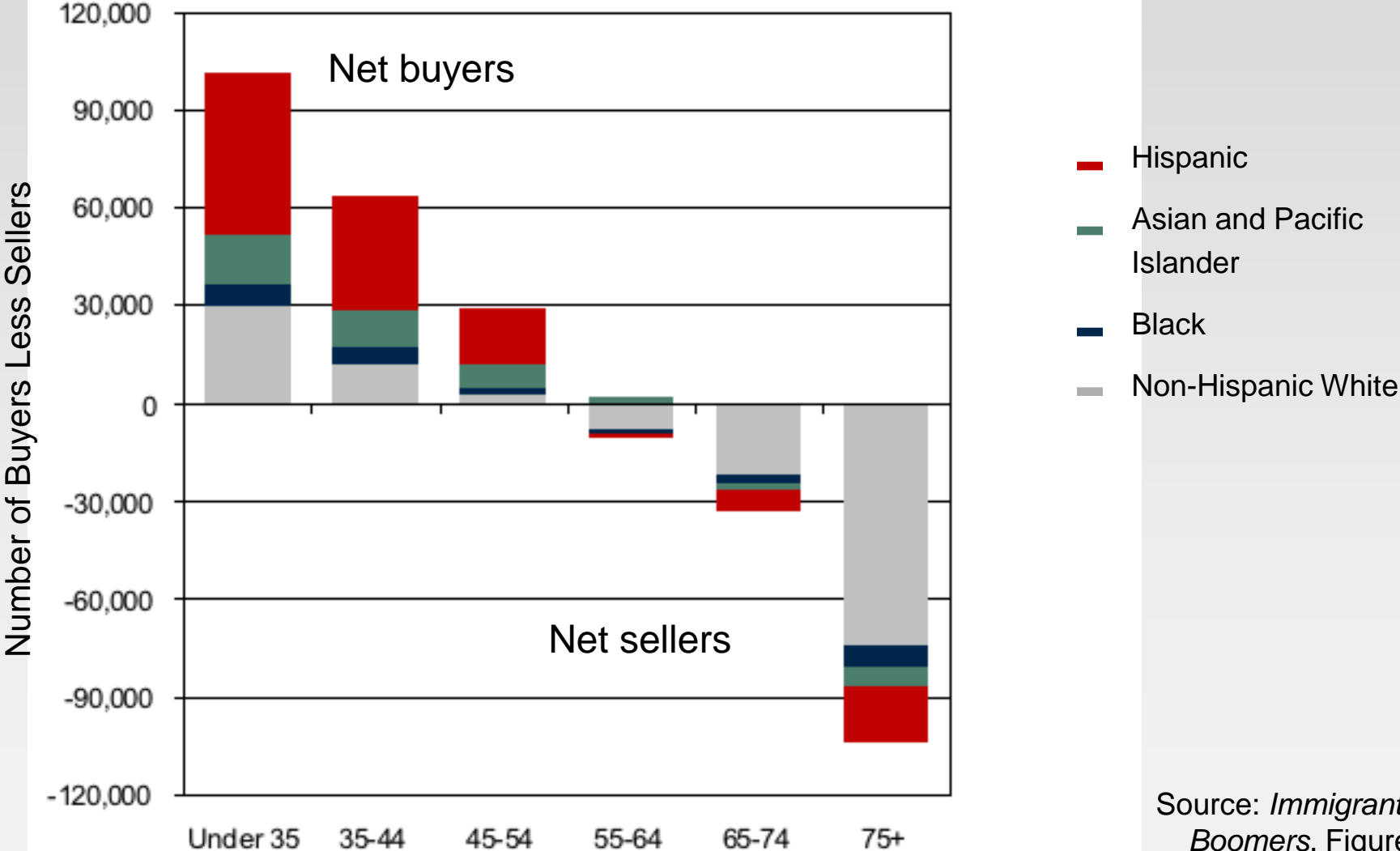
Annual Home Sales in Millions





# Who's Going to Buy Your House?

Myers's Projection for California in 2020



Source: *Immigrants and Boomers*, Figure 11.3

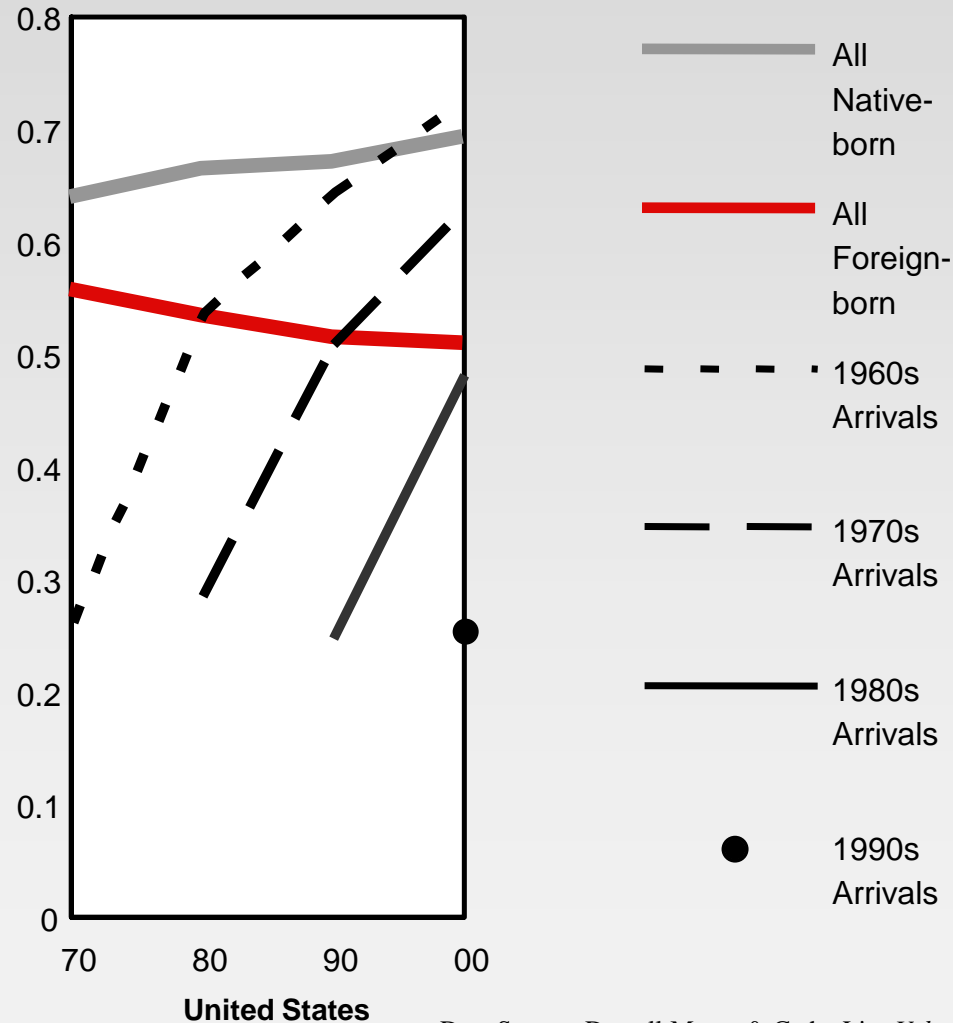


Need for  
Bulking Up  
the Younger Generation

**67, 70, 77, or 90% Heavier**  
Senior Ratio of Home Sellers

# Cultivating Immigrant Home Buyers

Progress of Each Immigrant Wave Arriving Before 1970, 80, 90, 2000



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**Conclusions**

for the

**Future**



*"What is it, Lassie—is Timmy in trouble?"*

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# **MultiFamily is the New Normal**

- 1. Recognizing and supporting the renewed growth of young adults**
- 2. Returning to the housing norms of the 1960s, 70s, and 80s**
- 3. Showcasing better designs for greater community acceptance**

# **Competitive Strategies on Sell-Off**

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## **Fight the rising senior ratio**

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- 1. Create elder friendly communities in suburbs for aging in place and to slow departures**
- 2. Attract the young with jobs, lifestyle, good schools, and housing assistance**
- 3. Attract upwardly mobile immigrants**

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# **What's it Mean for the Three Stories of the Future?**

Resisting Big Brother

Building a Sustainable Future

Housing Our Demographic Future



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# **The Broader Solution**

**Fortify the younger generation  
with costly education...**

**Its our key tax investment**

**Everyone a College Grad  
...and a Home Buyer,  
a Worker and a Better Taxpayer**

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# **Sustainable Cities?**

## **A Fortunate Confluence of the Housing Demographic Future with Reductions in Energy & Emissions**

1. Density driven by demographics
2. Climate friendly (SB 375)
3. Conserves energy consumption
4. End of sprawl--Livable, compact development fills demand unmet by existing single-family sprawl

# What Final Conclusions?

*Population is not a flat pink line or a steady gray climb*

*Demographic change is highly leveraged and forces turning points in the city*

*Demography is NOT destiny, but aging happens*

*The new normal is NOT like the 1990s*

***Hey, it's the 21<sup>st</sup> century***

# Thank You

## Dowell Myers

<dowell@usc.edu>

Search for **USC popdynamics**

For further information,

Also see the references that follow....

# Publications Referenced in this Presentation

Myers, Dowell and John Pitkin, “Demographic Forces and Turning Points in the American City, 1950 To 2040,” *Annals of the American Academy of Political and Social Sciences* 626 (November 2009): 91-111.

Myers, Dowell and SungHo Ryu, “Aging Baby Boomers and the Generational Housing Bubble: Foresight and Mitigation of an Epic Transition,” *Journal of the American Planning Association* 74, 1 (Winter 2008): 17-33. (Winner of 2008 Award for Best Article in the Journal.)

Myers, Dowell, “Promoting the Community Future in the Contest with Present Individualism,” pp. 59-78 in Lewis D. Hopkins and Marisa A. Zapata, eds., *Engaging the Future: Forecasts, Scenarios, Plans, and Projects*, Cambridge, Mass.: Lincoln Institute for Land Policy, 2007.

Myers, Dowell, *Immigrants and Boomers: Forging a New Social Contract for the Future of America*. New York: Russell Sage Foundation, 2007.

Myers, Dowell and Cathy Yang Liu. “The Emerging Dominance of Immigrants in the US Housing Market 1970-2000,” *Urban Policy and Research* 23, 3 (2005): 347-65.

Myers, Dowell and Elizabeth Gearin, “Current Housing Preferences and Future Demand for Denser Residential Environments,” *Housing Policy Debate* 12, 4 (2001): 633-59.

Myers, Dowell, “Demographic Futures as a Guide to Planning: California Latinos and the Compact City,” *Journal of the American Planning Association* 67 (Autumn 2001): 383-97. Co-winner of 2001 Award for Best Article in the Journal.

Myers, Dowell, “Building the Future as a Process in Time,” pp. 62-65 in *Metropolitan Development Patterns: Annual Roundtable 2000*, Lincoln Institute for Land Policy, Cambridge, MA, 2000.