The next 20 years:
A growing, changing region

Metro Leagues of Women Voters

January 11, 2020

METROPOLITAN COUNCIL

Today's agenda

- Why and how Met Council prepares forecasts
- A view on the future
  - Regional demographics
  - Also what it means for local communities
- Discussion

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Why we forecast

- 30-year forecasts of population, households, jobs
- Provide a shared foundation for coordinated planning, systems and services
  - Regional systems and services are scaled to meet forecasted demand
  - Local plans, infrastructure, services respond to the same forecasts
- Authorized by Minnesota Statutes 473.146 and 473.859
- Updated regularly to inform planning

Engaging with local governments

- The Council requires local land use plans be consistent with the Council's forecasts
    - Cities can adjust land uses, development intensity, or future development staging
    - Also, Met Council can adjust local forecasts, as needed
    - Goal: Council and local planners working from the same numbers

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How we forecast: models

Models represent real-world questions in a simplified way

- Economic and employment growth
- Demographic change
- Interaction of land and transportation
- Real estate market dynamics

Forecast models toolkit

Regional economic model for region-level employment and population

Land use model for location of future land use, local households and employment

Travel demand model accounting for trips, connection of places
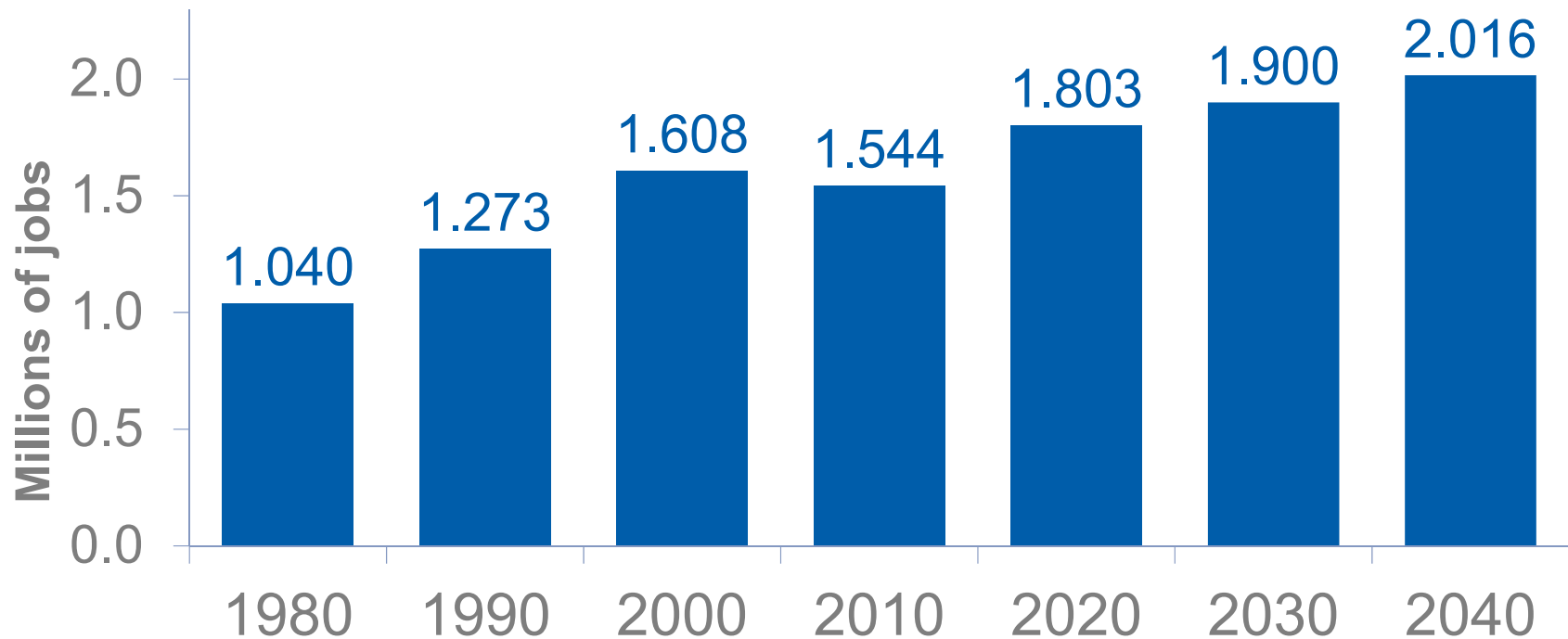
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The regional forecast model

- REMI-PI is a regional economic and demographic model, all in one

- Key relationships:

  – The regional forecast recognizes the region as situated inside of a larger national economic and population forecast

  – Integrated relationships between jobs, workforce and population – and an integrated forecast

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Regional forecast to 2040

	2000	2010	2020	2030	2040
Population	2,642,000	2,850,000	3,168,000	3,451,000	3,653,000
Households	1,021,000	1,118,000	1,237,000	1,351,000	1,447,000
Employment	1,608,000	1,544,000	1,803,000	1,900,000	2,016,000

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Over two million jobs by 2040

Millions of jobs

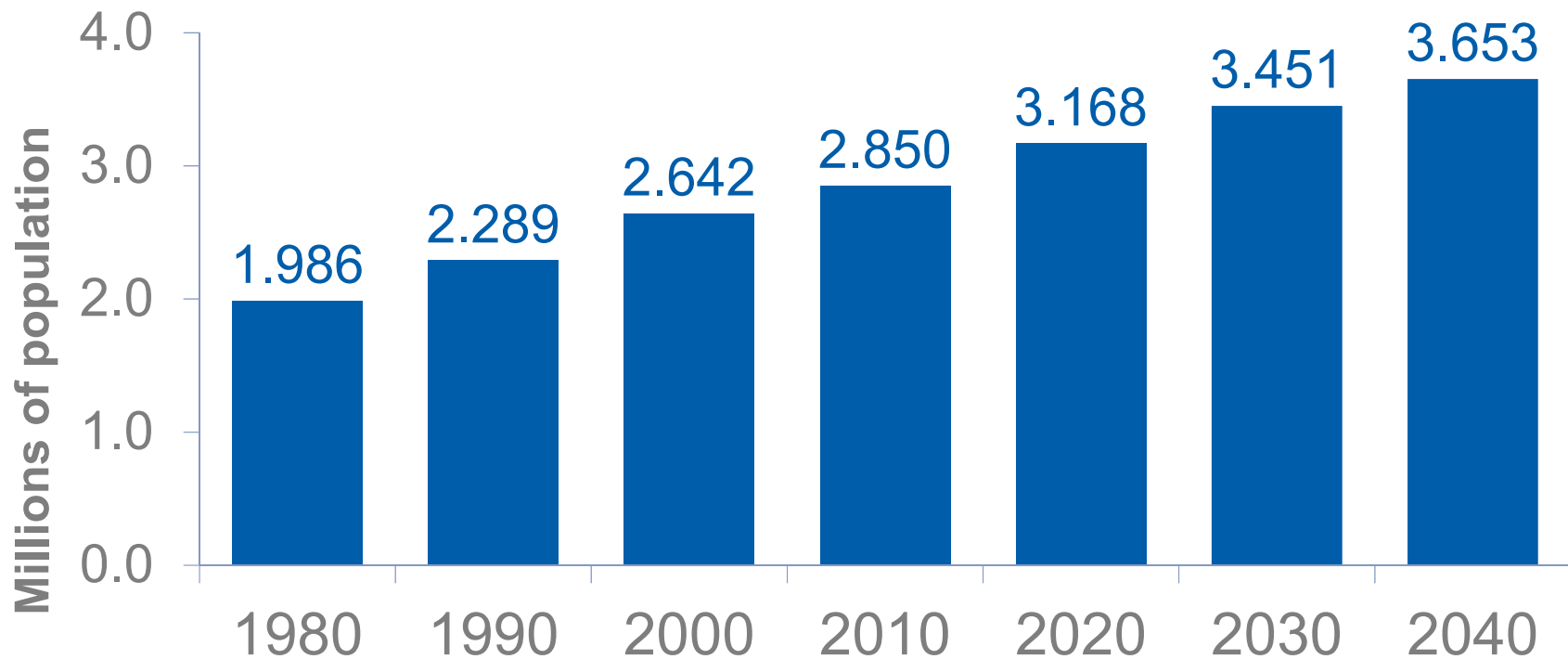| Year	Millions of jobs
1980	1.040
1990	1.273
2000	1.608
2010	1.544
2020	1.803
2030	1.900
2040	2.016

Source: 2010 data from Minnesota Department of Employment and Economic Development; 2020-2040 forecasts from Metropolitan Council (2019)
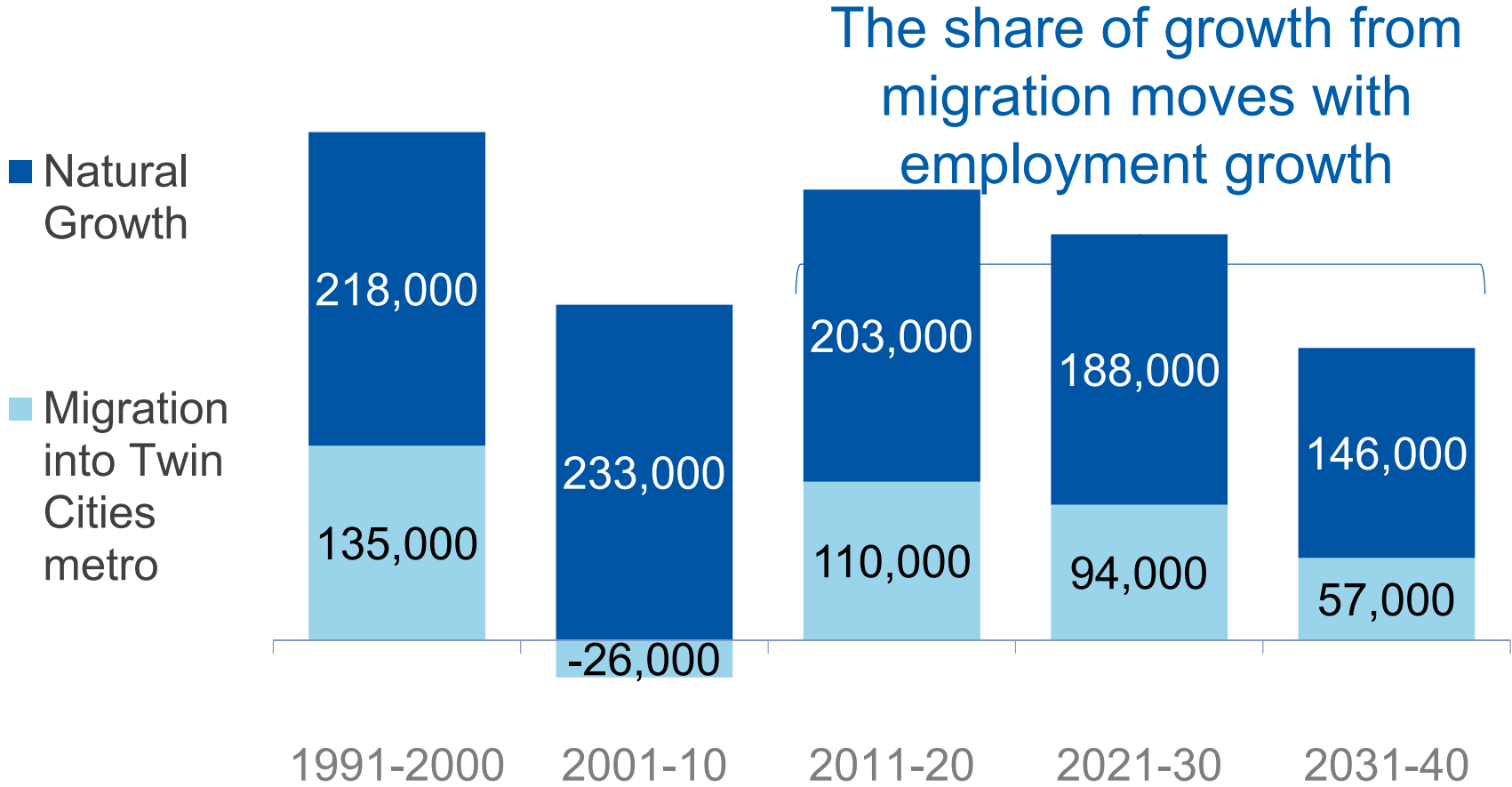
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Population growth: +803,000 over 30 years

Millions of population

Year	Population
1980	1.986
1990	2.289
2000	2.642
2010	2.850
2020	3.168
2030	3.451
2040	3.653

Source: 2010 data from Census Bureau; 2020-2040 forecasts from Metropolitan Council (2019)

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Twin Cities population growth components

The share of growth from migration moves with employment growth

■ Natural Growth

■ Migration into Twin Cities metro

Period	Natural Growth	Migration
1991-2000	218,000	135,000
2001-10	233,000	-26,000
2011-20	203,000	110,000
2021-30	188,000	94,000
2031-40	146,000	57,000

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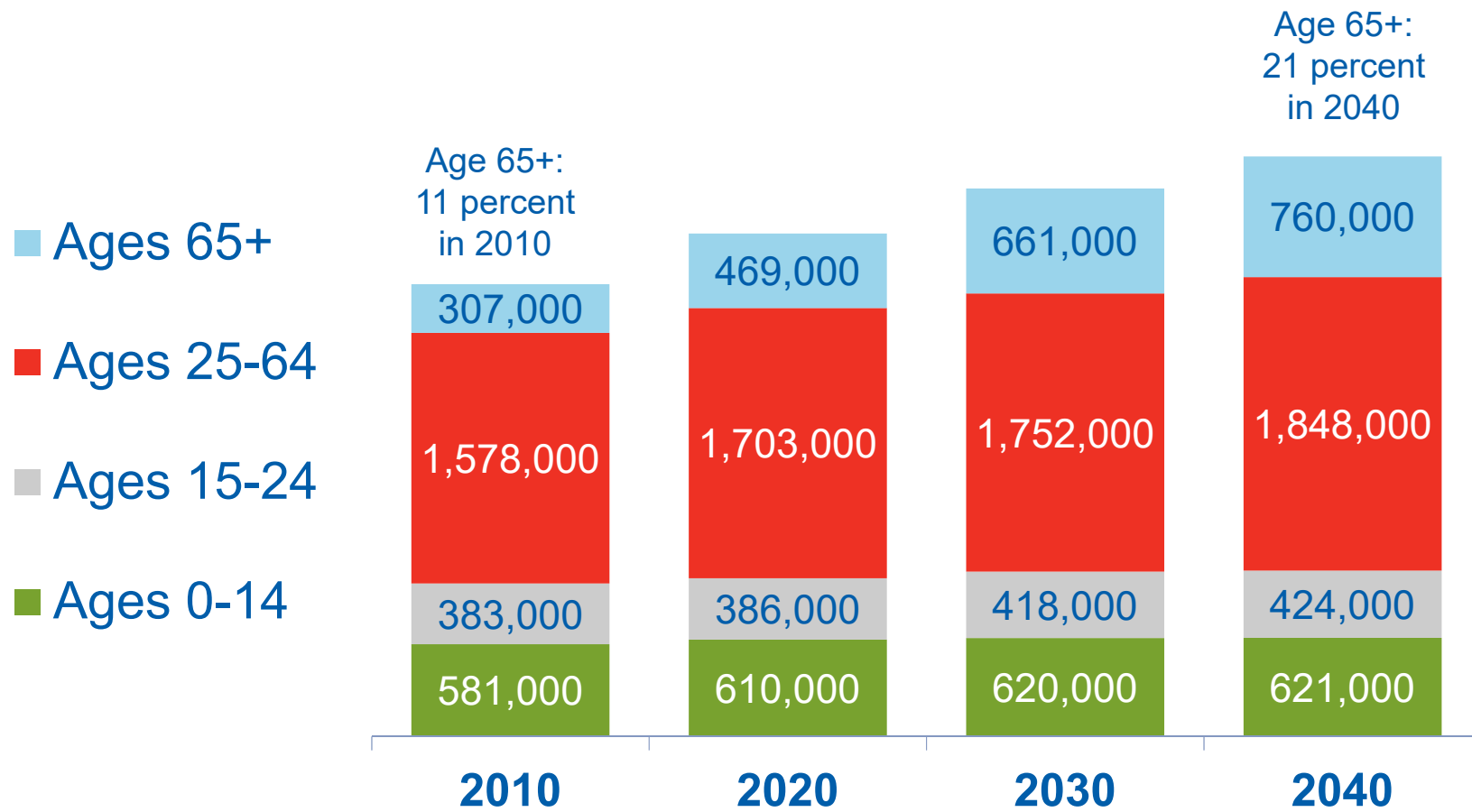# The forecast model highlights the main demographic trends

- Growing racial and ethnic diversity
- Aging of the population
- Changing mix of households
- All these will drive change in housing demand – where and what new housing are needed
- And changes in activity patterns, transportation patterns

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Growing racial and ethnic diversity

Latino

Asian and Other

Black or African-American

White

24 percent people of color in 2010

29 percent people of color in 2020

40 percent people of color in 2040

2010
- 168,000
- 274,000
- 234,000
- 2,173,000

2020
- 214,000
- 369,000
- 327,000
- 2,259,000

2030
- 281,000
- 474,000
- 424,000
- 2,271,000

2040
- 347,000
- 575,000
- 531,000
- 2,200,000

Source: 2010 data from Census Bureau; 2020-2040 forecasts from Metropolitan Council (2019)

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Aging of the population

Legend:
- Ages 65+
- Ages 25-64
- Ages 15-24
- Ages 0-14

2010 (Age 65+: 11 percent in 2010)
- Ages 65+: 307,000
- Ages 25-64: 1,578,000
- Ages 15-24: 383,000
- Ages 0-14: 581,000

2020
- Ages 65+: 469,000
- Ages 25-64: 1,703,000
- Ages 15-24: 386,000
- Ages 0-14: 610,000

2030
- Ages 65+: 661,000
- Ages 25-64: 1,752,000
- Ages 15-24: 418,000
- Ages 0-14: 620,000

2040 (Age 65+: 21 percent in 2040)
- Ages 65+: 760,000
- Ages 25-64: 1,848,000
- Ages 15-24: 424,000
- Ages 0-14: 621,000

Source: 2010 data from Census Bureau; 2020-2040 forecasts from Metropolitan Council (2019)

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Minnesota: Births have leveled off... Birth *rates* are historically low

Legend: ■ White ■ Black ■ Asian and Other Races ■ Latino

Source: 2001-2017 data from Minnesota Dept. of Health; 2020-2040 forecasts from Metropolitan Council (2017)

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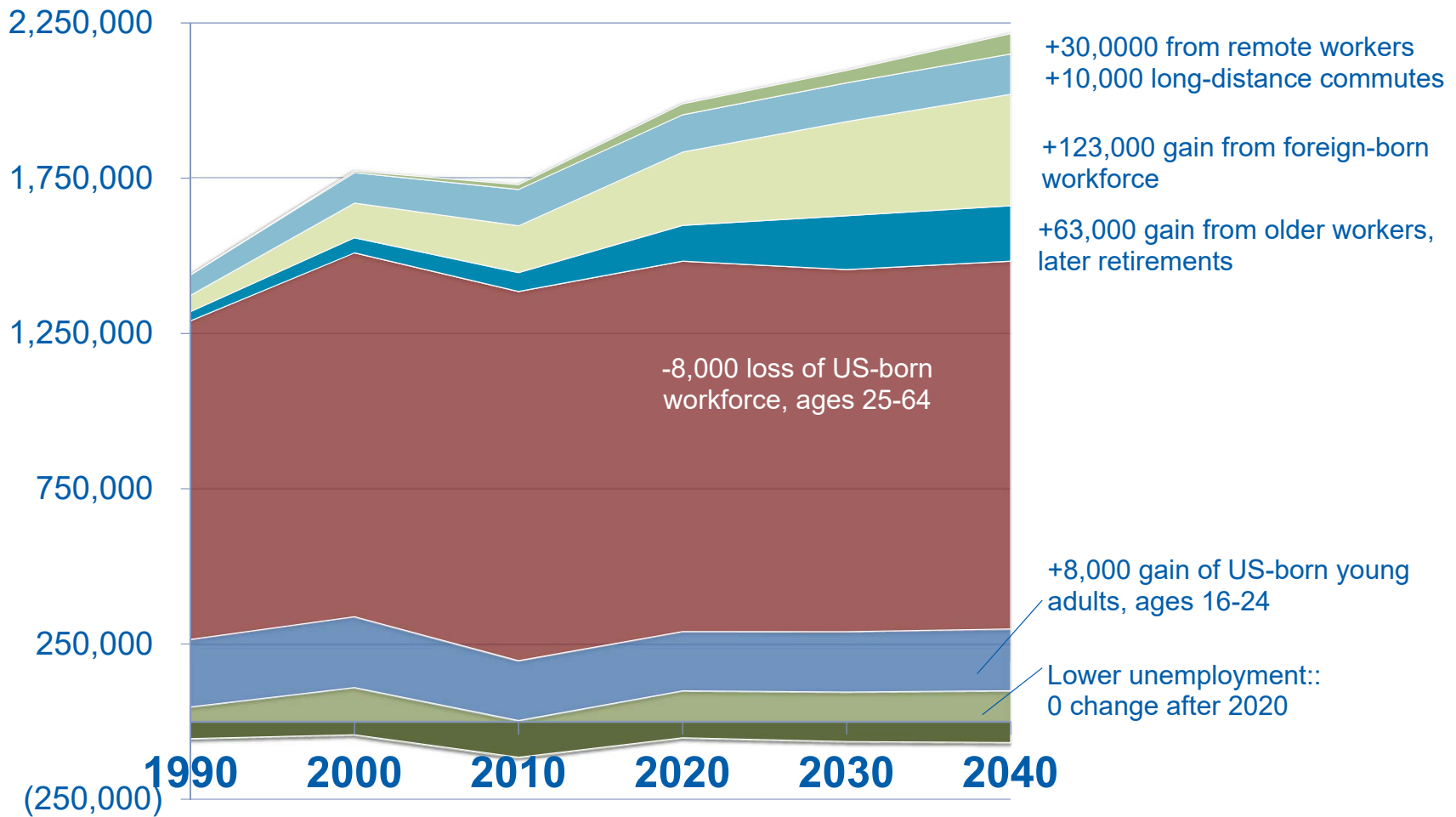
Minnesota: Births have leveled off…
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Where will the next 200,000 workers come from? MSP Region, 2020-2040

+30,0000 from remote workers
+10,000 long-distance commutes

+123,000 gain from foreign-born workforce

+63,000 gain from older workers, later retirements

-8,000 loss of US-born workforce, ages 25-64

+8,000 gain of US-born young adults, ages 16-24

Lower unemployment:: 0 change after 2020

2,250,000

1,750,000

1,250,000

750,000

250,000

(250,000)

1990   2000   2010   2020   2030   2040

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Aging of the population

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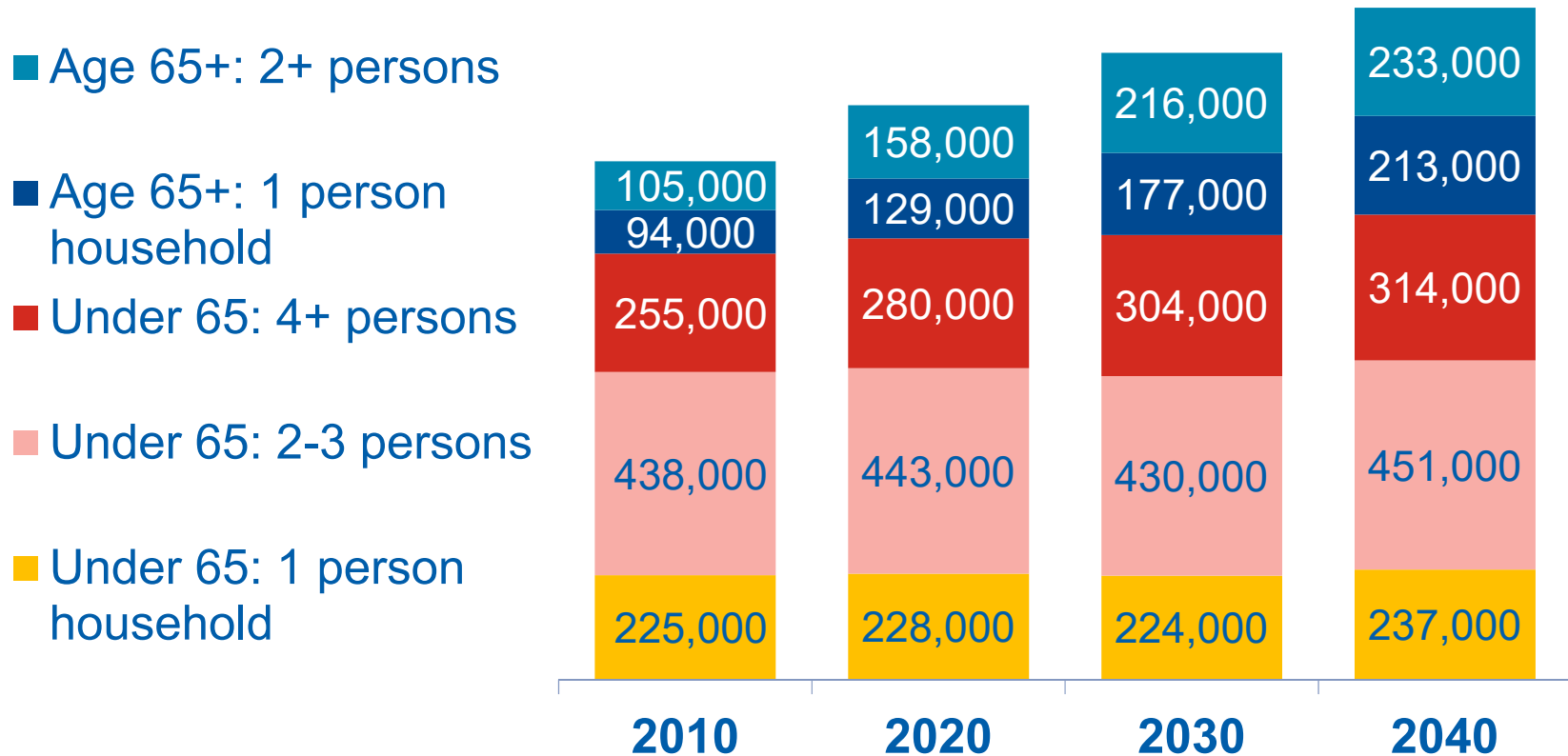
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Regional forecast to 2040

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A rethinking of how we convert forecasted population into households

- If age-specific household rates had remained unchanged, average household size would have declined: from 2.50 in 2010 to 2.46 in 2018
- But households composition has changed
  - We have observed more extended family situations, delays in adult children leaving parents' households, "doubling up"
  - The average household size did not decline to 2.46, but instead has leveled off at 2.51 = **a 2% shift in outcome**

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Reduced households formation and depressed housing production

- A household economics problem
  - Household income growth has lagged far behind the run-up in housing prices
  - Housing production has suffered because of slack demand
- What we see already, observed 2010 to 2018:
  - Builders added only 76,000 housing units (supply) during 2010-18
  - Twin Cities metro added **96,000 households**
  - Short of result if household formation rates remained at 2010 levels: 120,000 households

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Met Council's local land use model

Population
Households
Jobs

Where will we add jobs and households?

Totals from the *regional* model downscaled to *local* zones

- Local land use model provides distributions of people and jobs
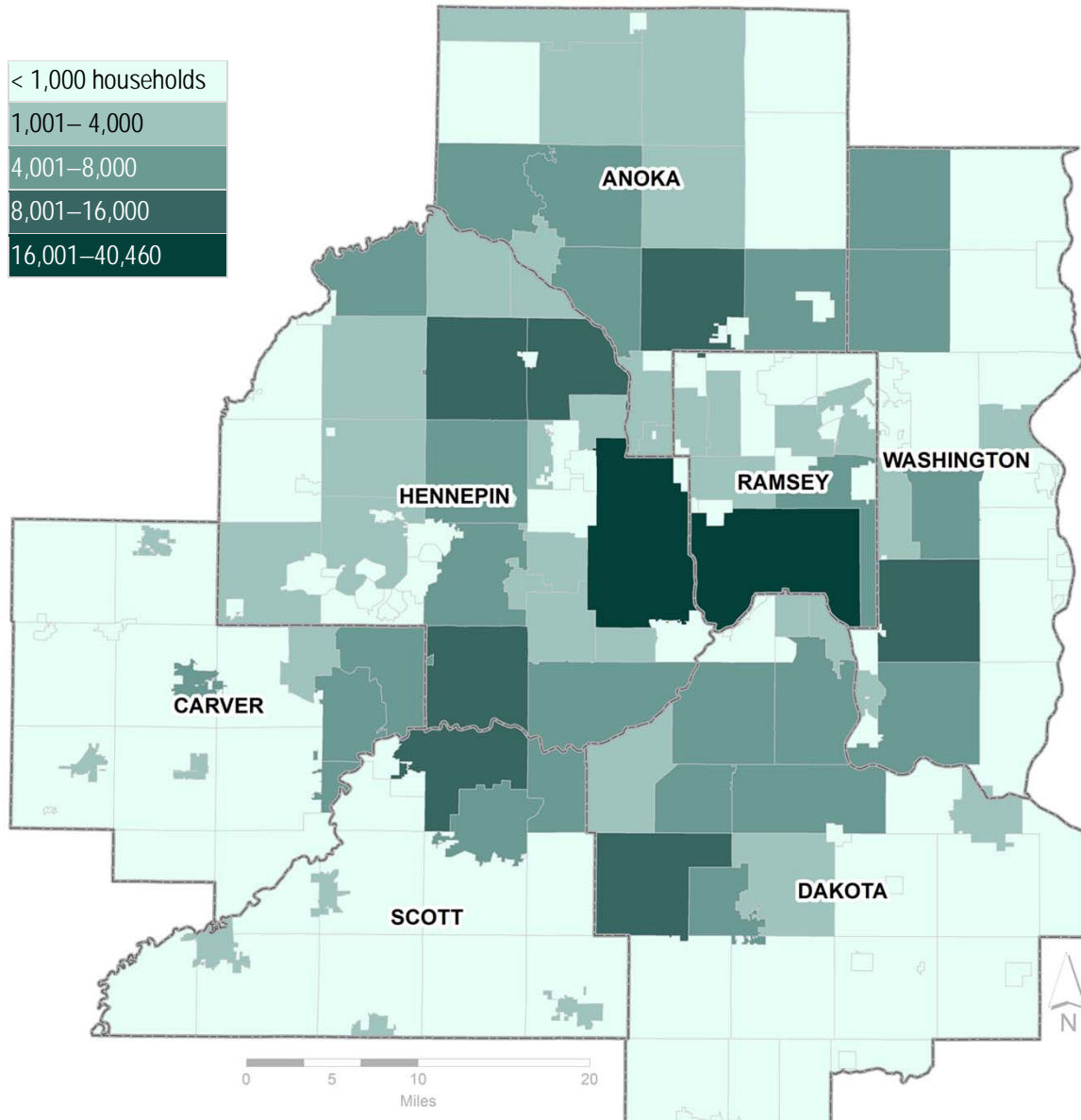- Travel demand model returns future network conditions

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Met Council's local land use model

- *Where* will we add jobs and households?
- Modeling the dynamics of location choice
    - **Neighborhood choices:** What locations best suit preferences of households and employers?
    - **Supply of real estate:** What locations are viable to developers? Policies and land use controls set the envelope
    - **It's an economic model:** Location decisions mediated by real estate prices

Local data informs the model

- Base year land supply
- Employment levels
- Socio-economic
- Housing stock
- Building costs, land prices
- Average rents
- Land consumption rates
- Regional systems and services
- Planned land use as a constraint
- Accessibility, by car and by transit
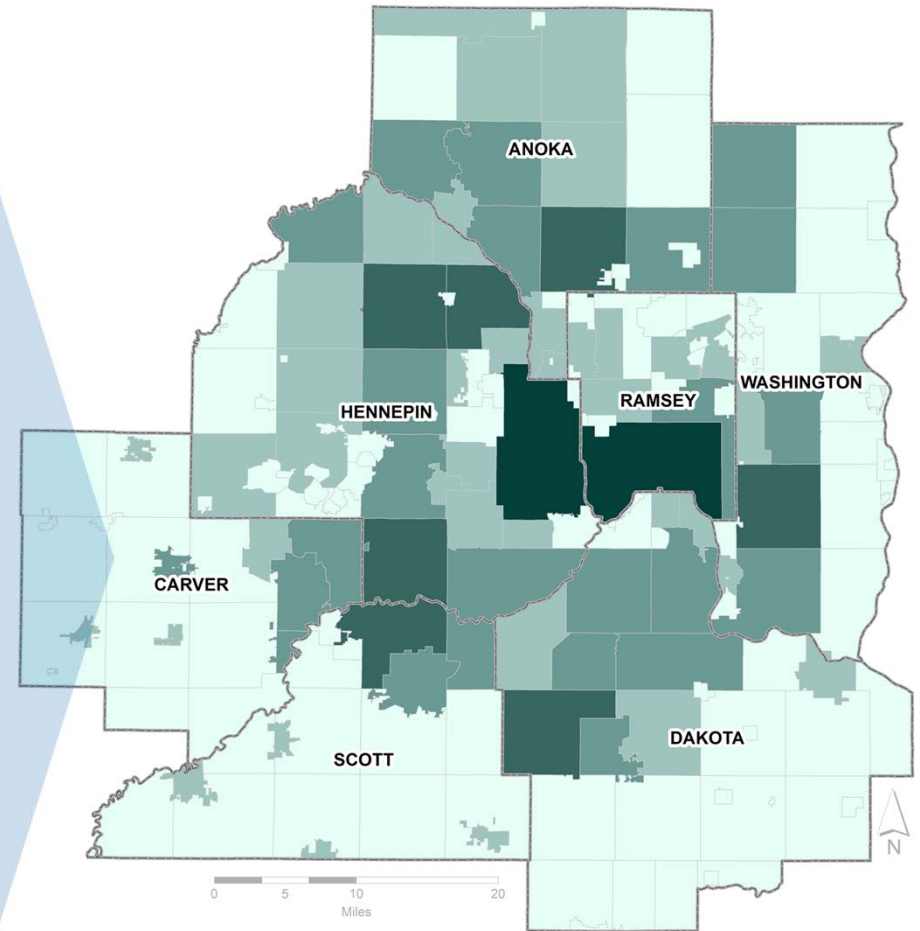
Forecast results:
Households growth, 2020-2040

Legend:
- < 1,000 households
- 1,001– 4,000
- 4,001–8,000
- 8,001–16,000
- 16,001–40,460

ANOKA

WASHINGTON

RAMSEY

HENNEPIN

CARVER

SCOTT

DAKOTA

• The region will gain 210,000 households over 20 years

• Growth in all parts of the metro urban services area
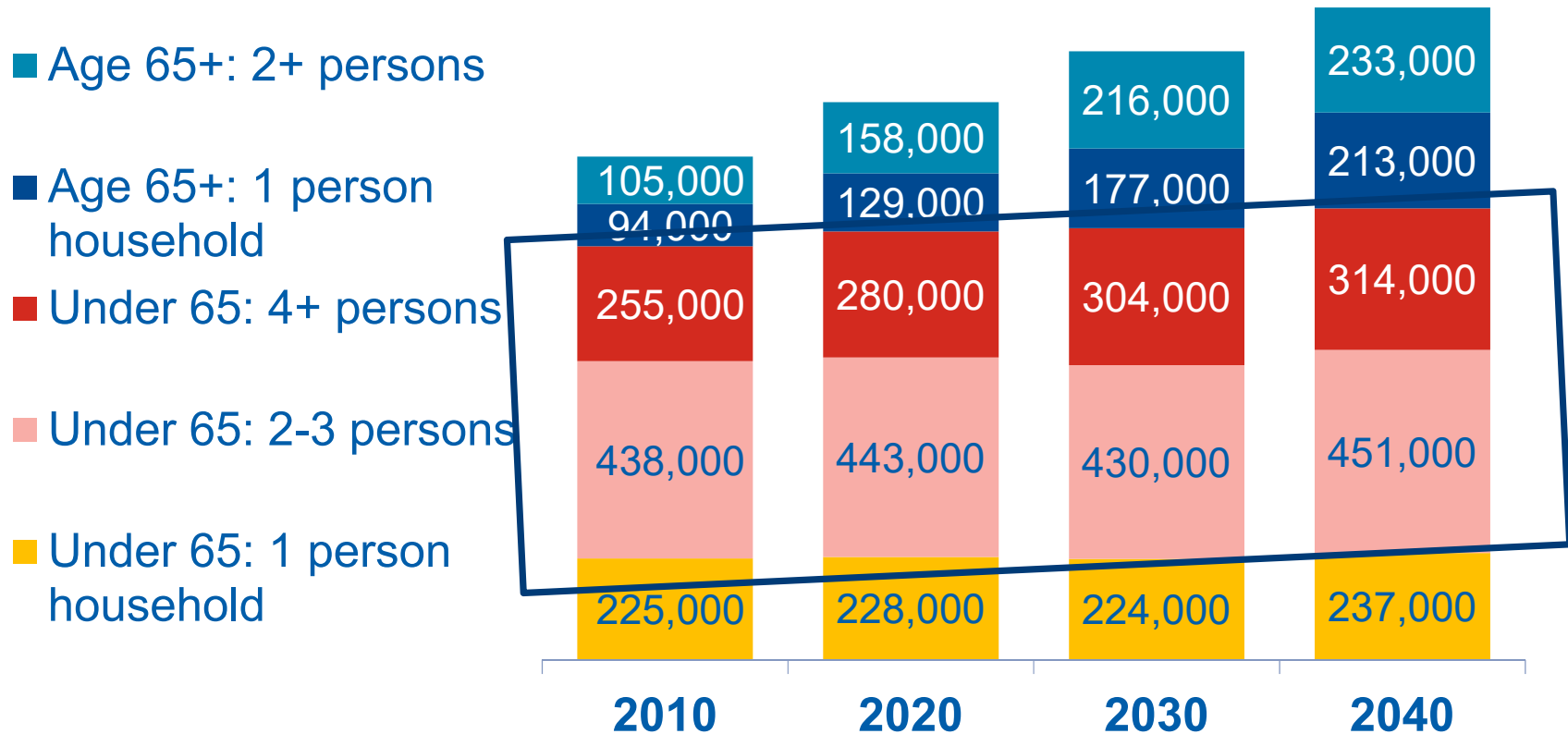
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**2014 households +
2014-40 growth**
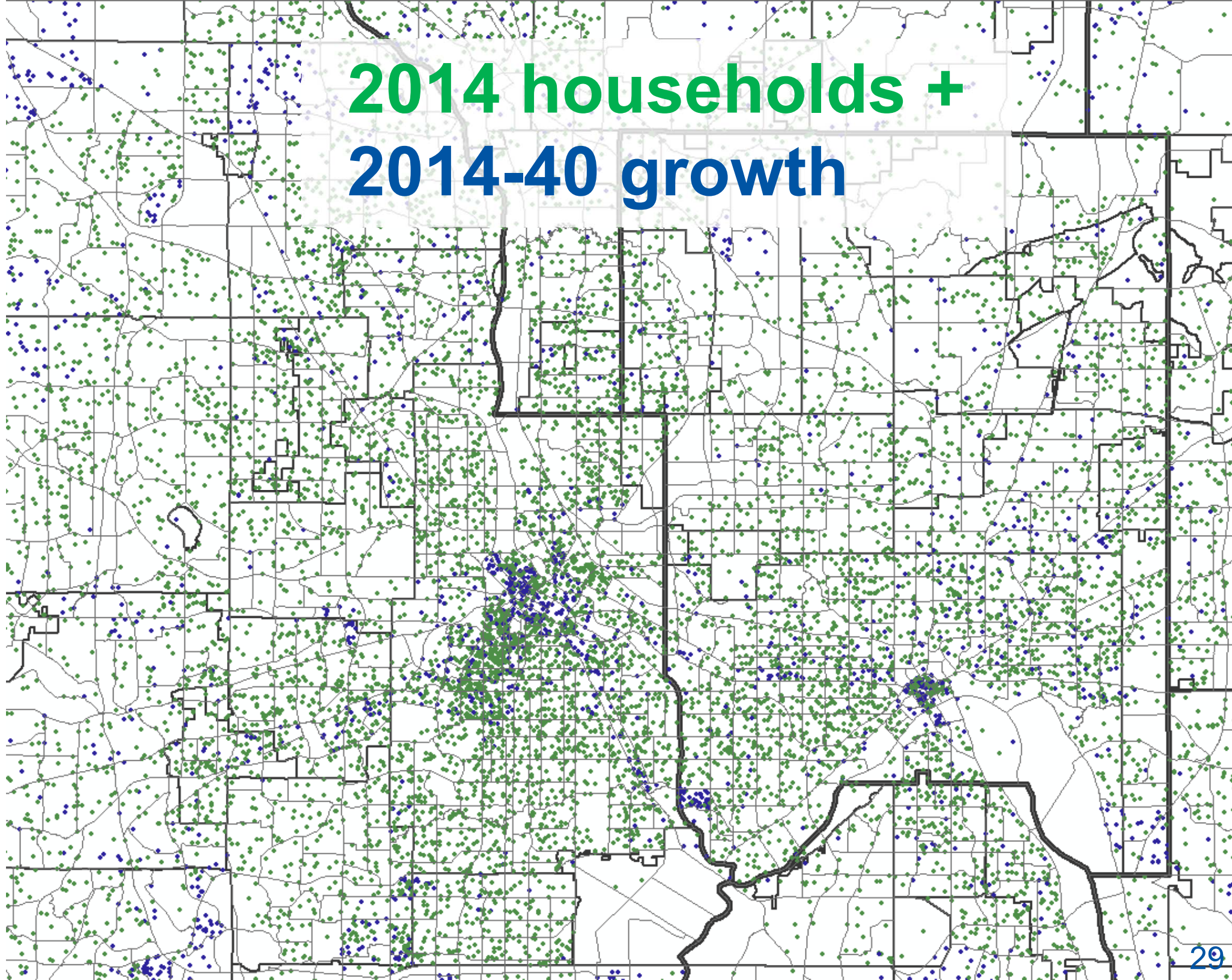
Some aspects of the local forecasts are surprising – but consistent with larger demographic and market trends

- Demand will continue changing – for both real estate types and locations
- The fastest growing demographics want central locations, access to destinations, and a mix of housing options
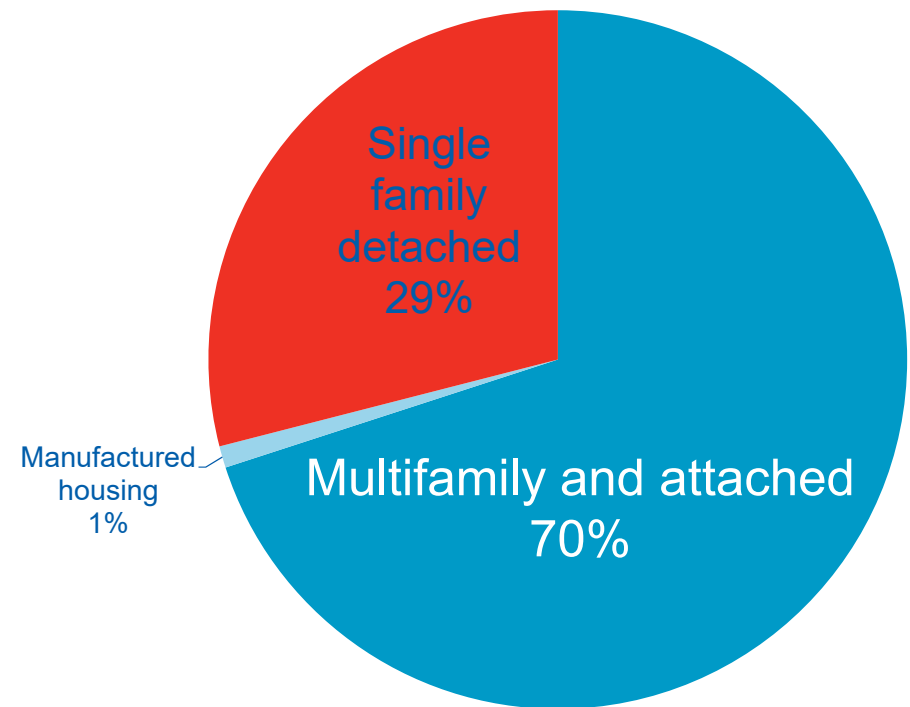
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Smaller households, older households on rise

- ■ Age 65+: 2+ persons
- ■ Age 65+: 1 person household
- ■ Under 65: 4+ persons
- ■ Under 65: 2-3 persons
- ■ Under 65: 1 person household

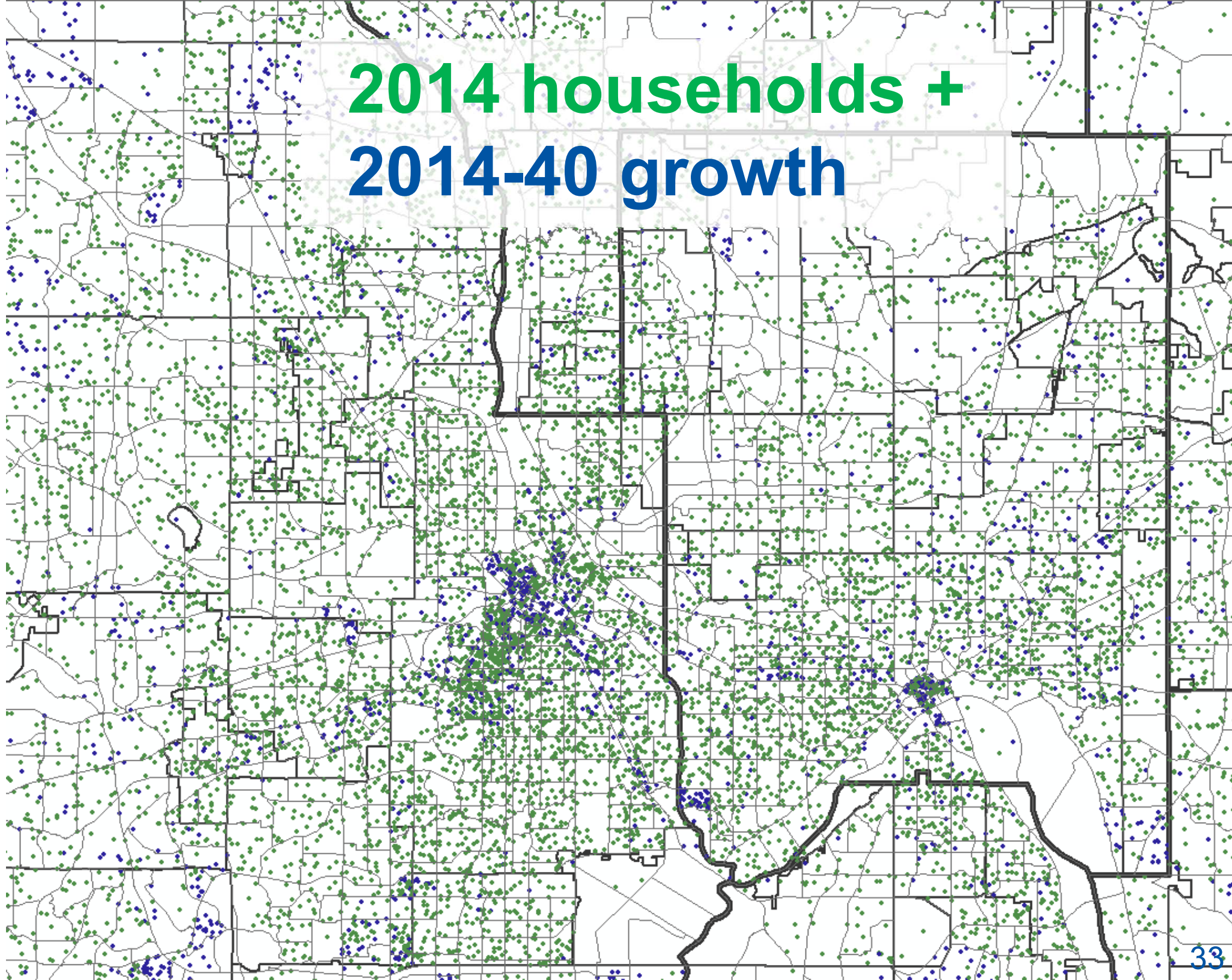|	2010	2020	2030	2040
Age 65+: 2+ persons	105,000	158,000	216,000	233,000
Age 65+: 1 person household	94,000	129.000	177,000	213,000
Under 65: 4+ persons	255,000	280,000	304,000	314,000
Under 65: 2-3 persons	438,000	443,000	430,000	451,000
Under 65: 1 person household	225,000	228,000	224,000	237,000

Source: 2010 data from Census Bureau; 2020-2040 forecasts from Metropolitan Council (2019)

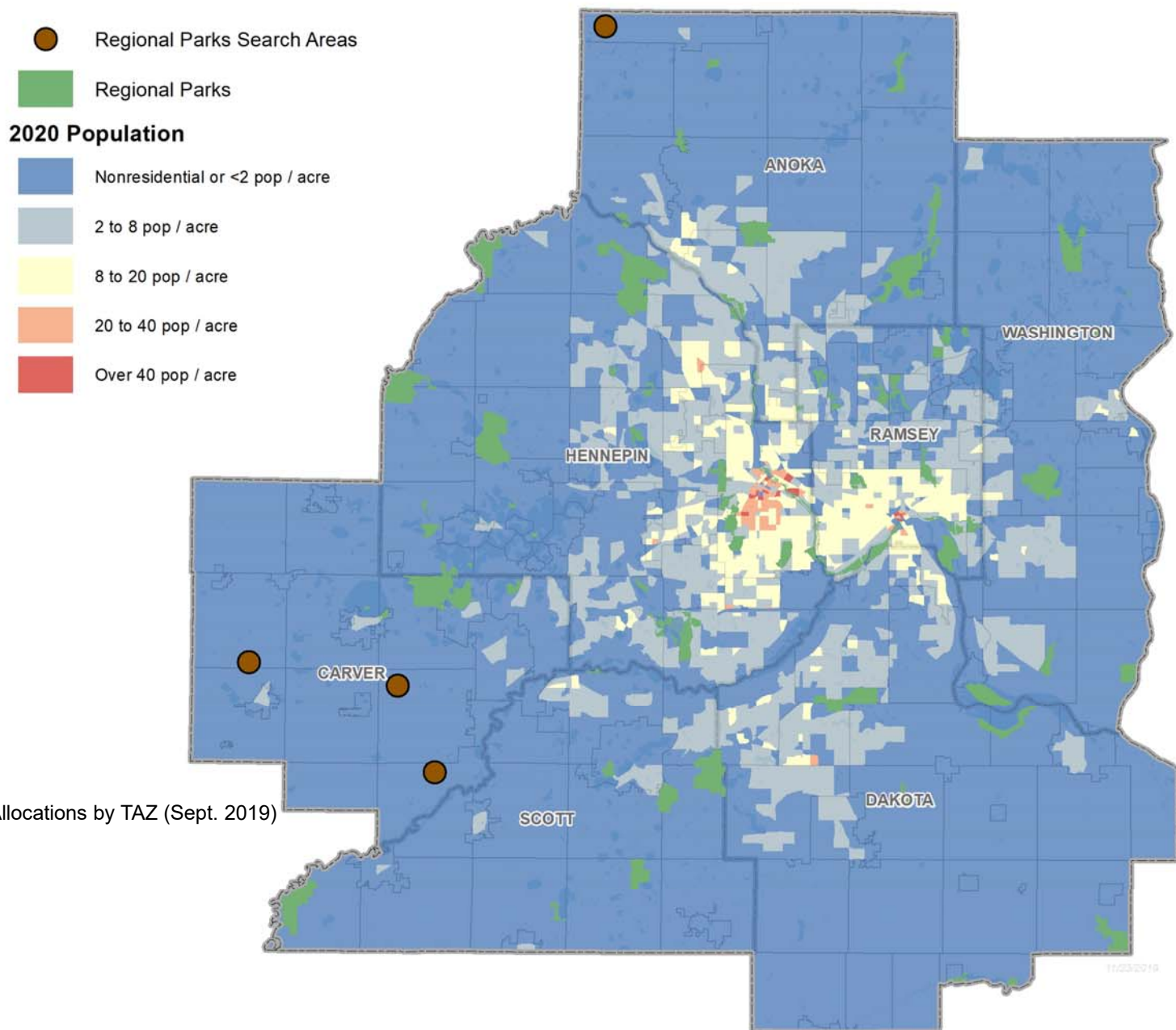# Change coming in housing demand

- With this demographic mix, most new housing will be multifamily or attached housing

- This is an estimate of long-term *demand*

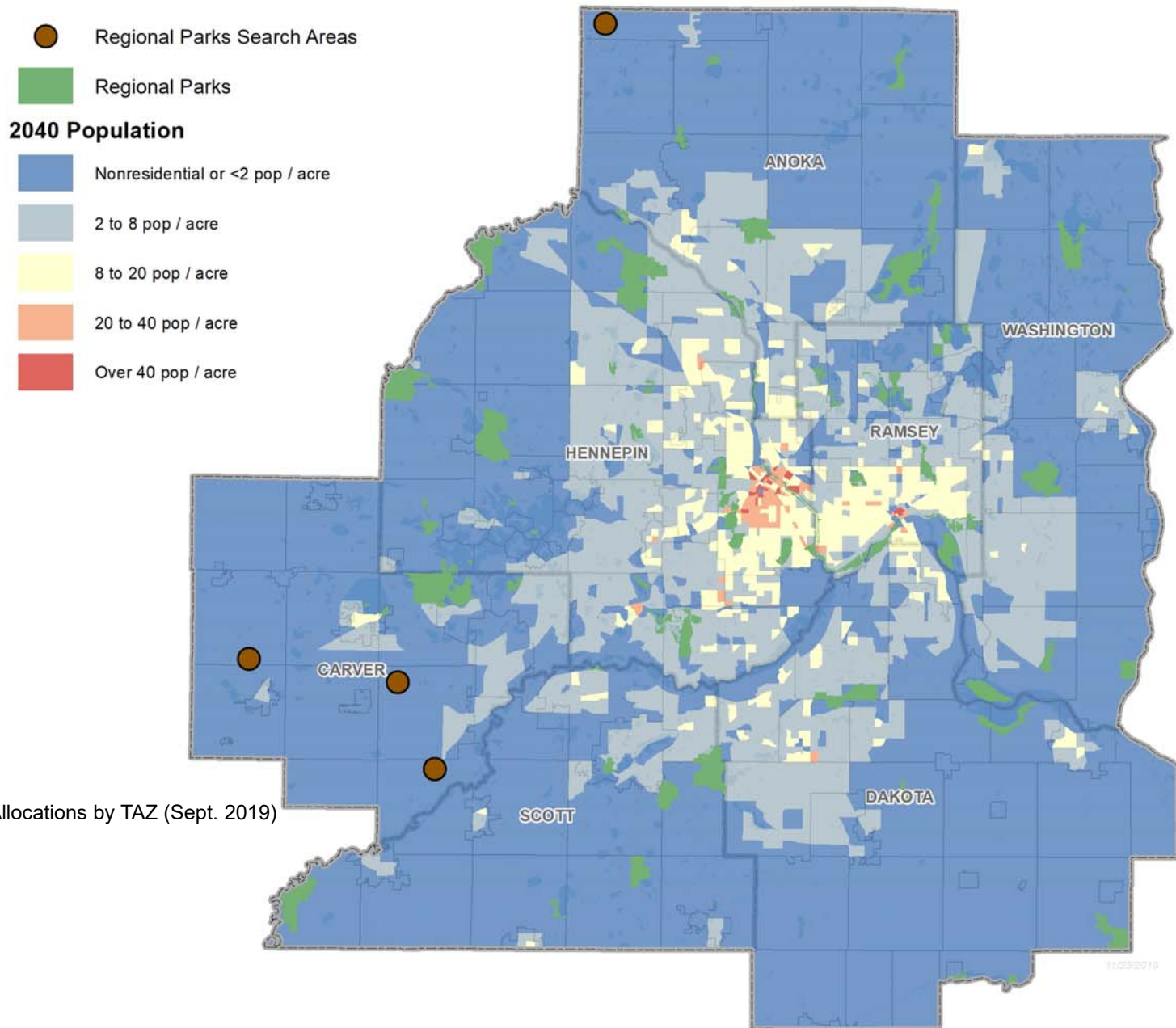- What developers have supplied or will supply could differ

Single family detached
29%

Manufactured housing
1%

Multifamily and attached
70%

2014 households +
2014-40 growth

Forecasted 2020 population

Regional Parks Search Areas

Regional Parks

2020 Population

- Nonresidential or <2 pop / acre
- 2 to 8 pop / acre
- 8 to 20 pop / acre
- 20 to 40 pop / acre
- Over 40 pop / acre

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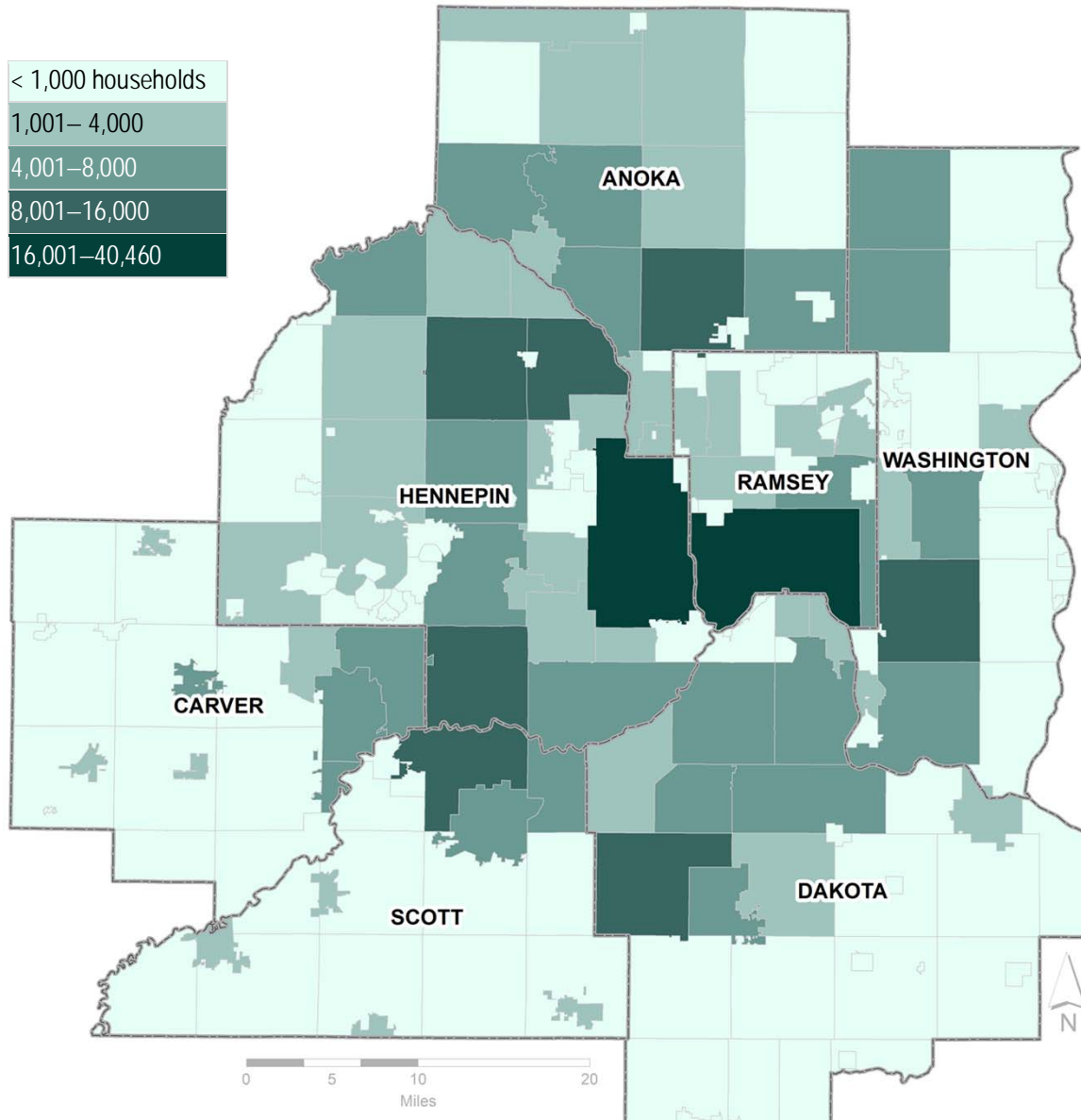
DAKOTA

Source: Forecast Allocations by TAZ (Sept. 2019)

Forecasted 2040 population

Source: Forecast Allocations by TAZ (Sept. 2019)

Forecast results:
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Counties shown: ANOKA, HENNEPIN, CARVER, SCOTT, RAMSEY, WASHINGTON, DAKOTA

• The region will gain 210,000 households over 20 years

• Growth in all parts of the metro urban services area

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65 and over population: 2014
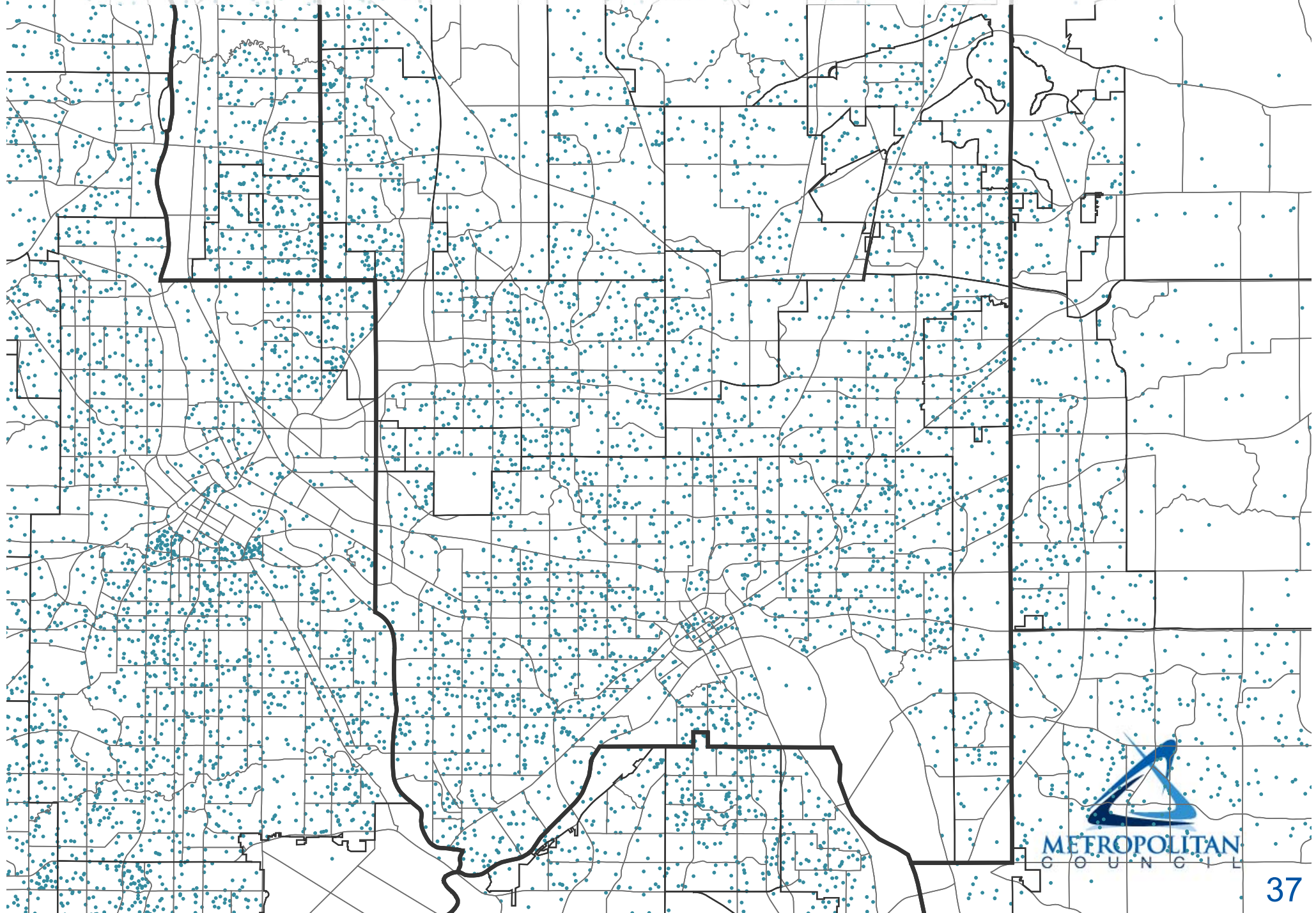
65 and over population: 2040
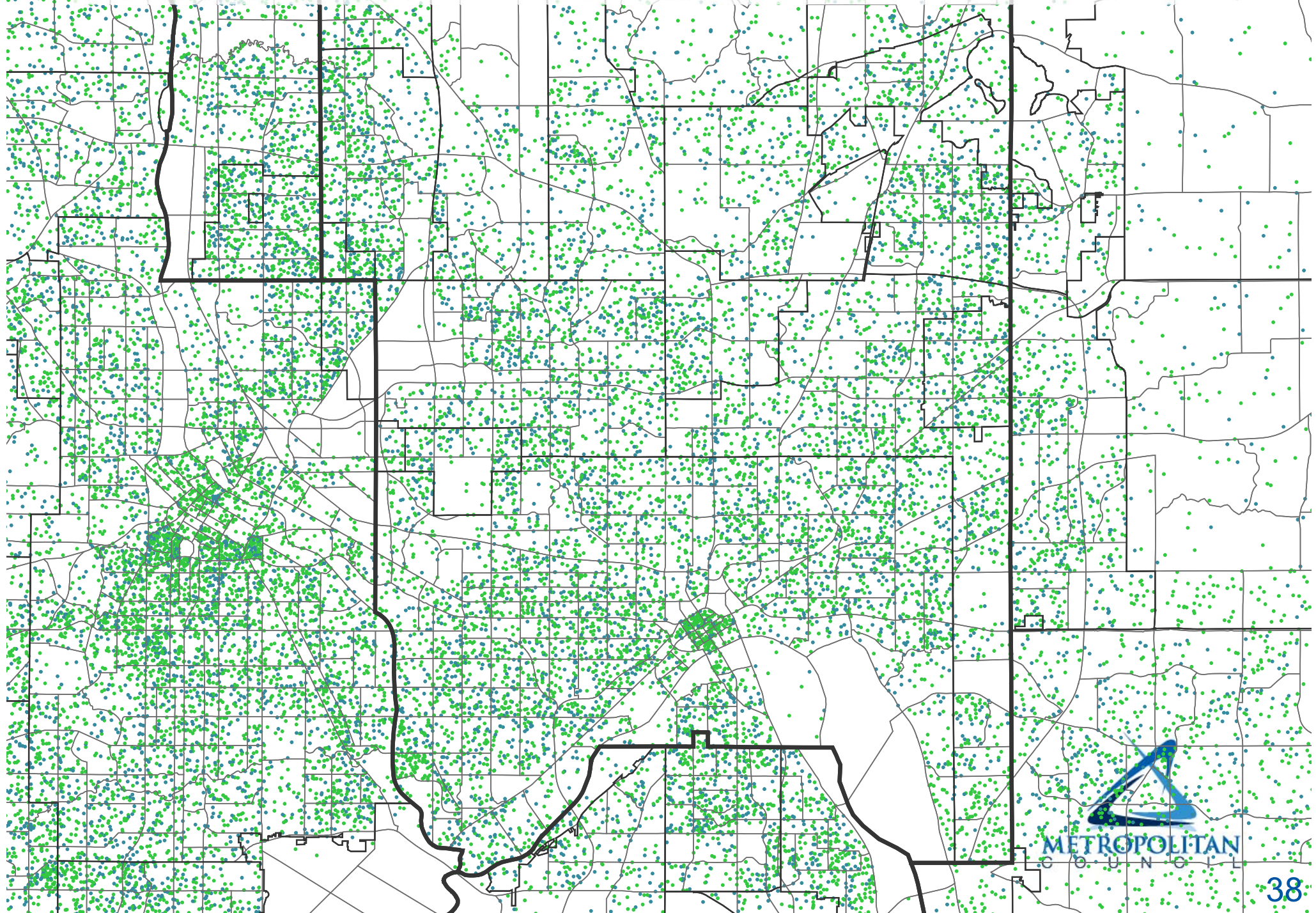
Aging: Planning considerations

- With retirement and aging come big changes in how people spend their day
  - Less time working, more time at home and in neighborhoods
- For community planners, considerations include:
  - recreation, arts and entertainment demand
  - transportation
  - emergency services and social services
  - need for life cycle housing options

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More information

- 2040 forecasts for cities, townships: https://metrocouncil.org/forecasts/
- 2040 forecasts for transportation analysis zones (19 counties): https://gisdata.mn.gov/dataset?q=taz+forecast

The next 20 years:
A growing, changing region

Todd Graham, Principal Forecaster
Todd.Graham@metc.state.mn.us

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