# Forecasting the next 30 years of metro development

Citizens League
December 17, 2015

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# Today's discussion

- Why and how Met Council forecasts

- Understanding market forces balanced with changing trends

- Data that inform the regional and local forecasts

- A view on the future: Forecast results

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# Why we forecast

- Forecasts provide a reasonable basis and yardstick for planning

- Alignment of <u>regional</u> and <u>local</u>: Planning for the same future

  – Systems, infrastructure, services are scaled and staged per future expectations

# How we forecast: models

- Models represent real-world questions in a simplified way…
  - Key components
  - System interactions
  - Big-picture view
- Allowing freedom to…
  - Test alternative scenarios
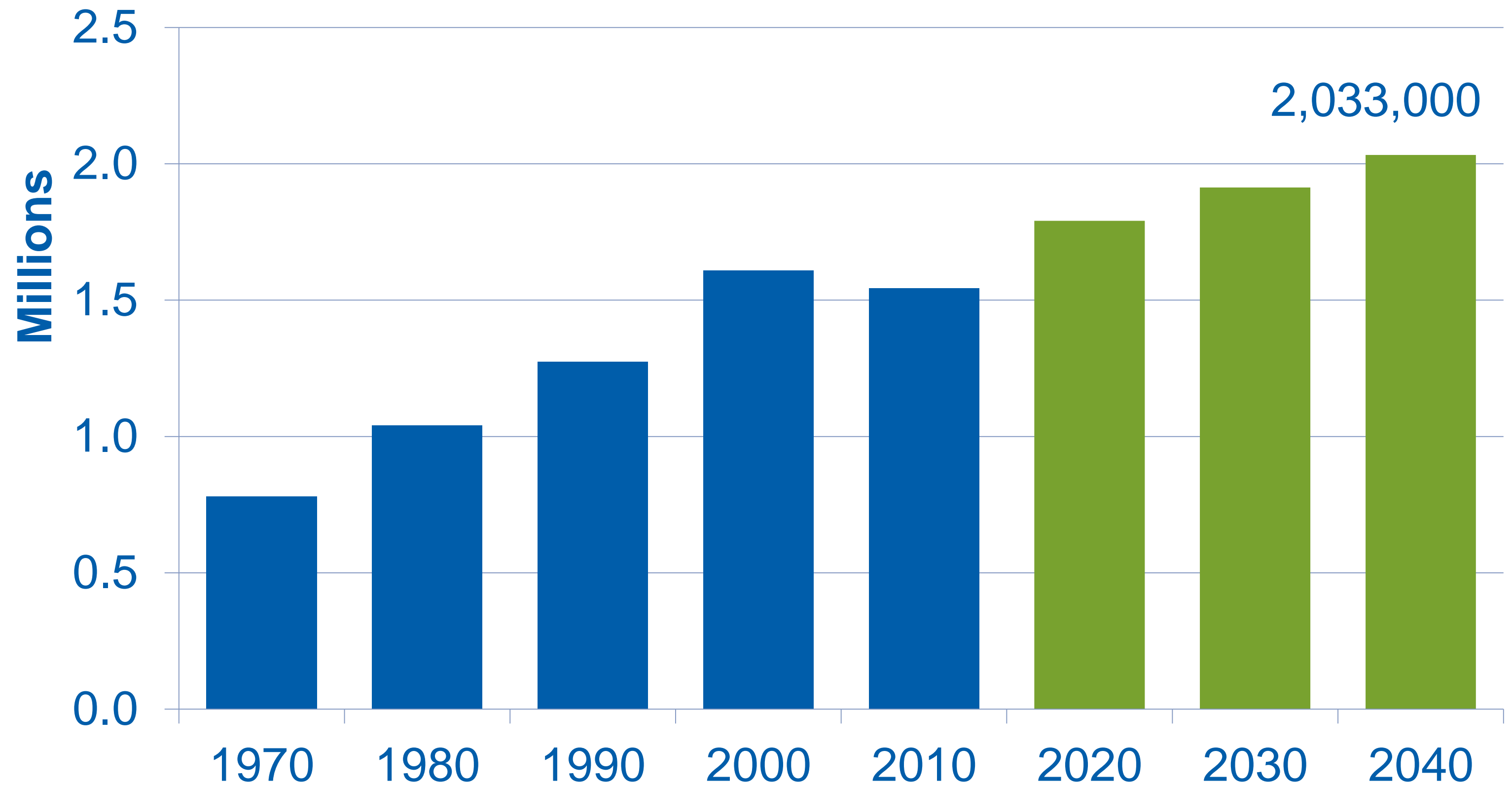
Metropolitan Council

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# Forecast Models Toolkit

A **regional economic model** for region-level employment and population

A **land use model** for allocating future land use, households and employment to the local level
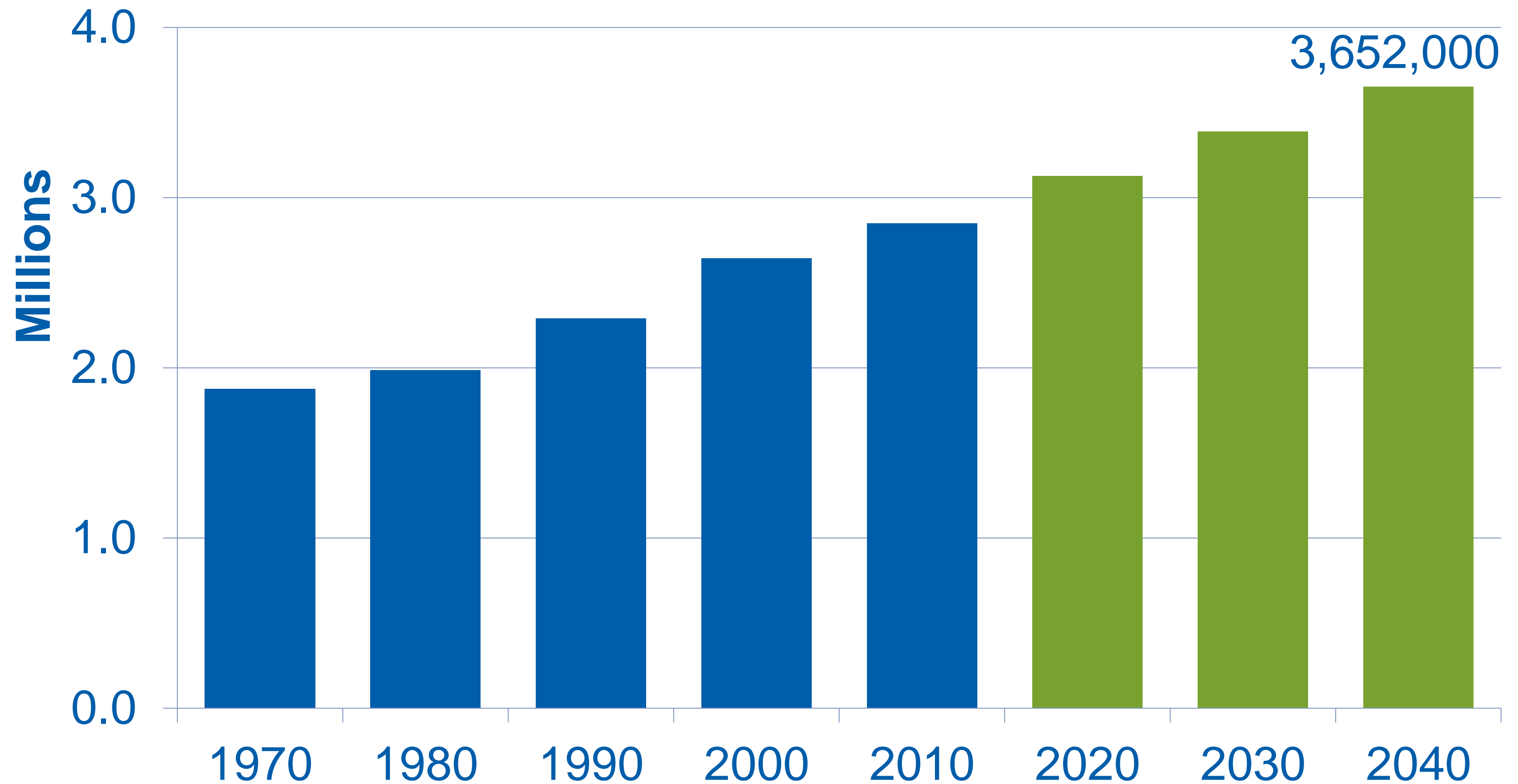
**Travel demand model**

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# Employment growth: +32%

Millions

2.5
2.0
1.5
1.0
0.5
0.0

2,033,000

1970  1980  1990  2000  2010  2020  2030  2040

Source:  2010 employment counts from Minnesota Department of Employment and Economic Development; 2020-2040 forecasts from Metropolitan Council (July 2015)
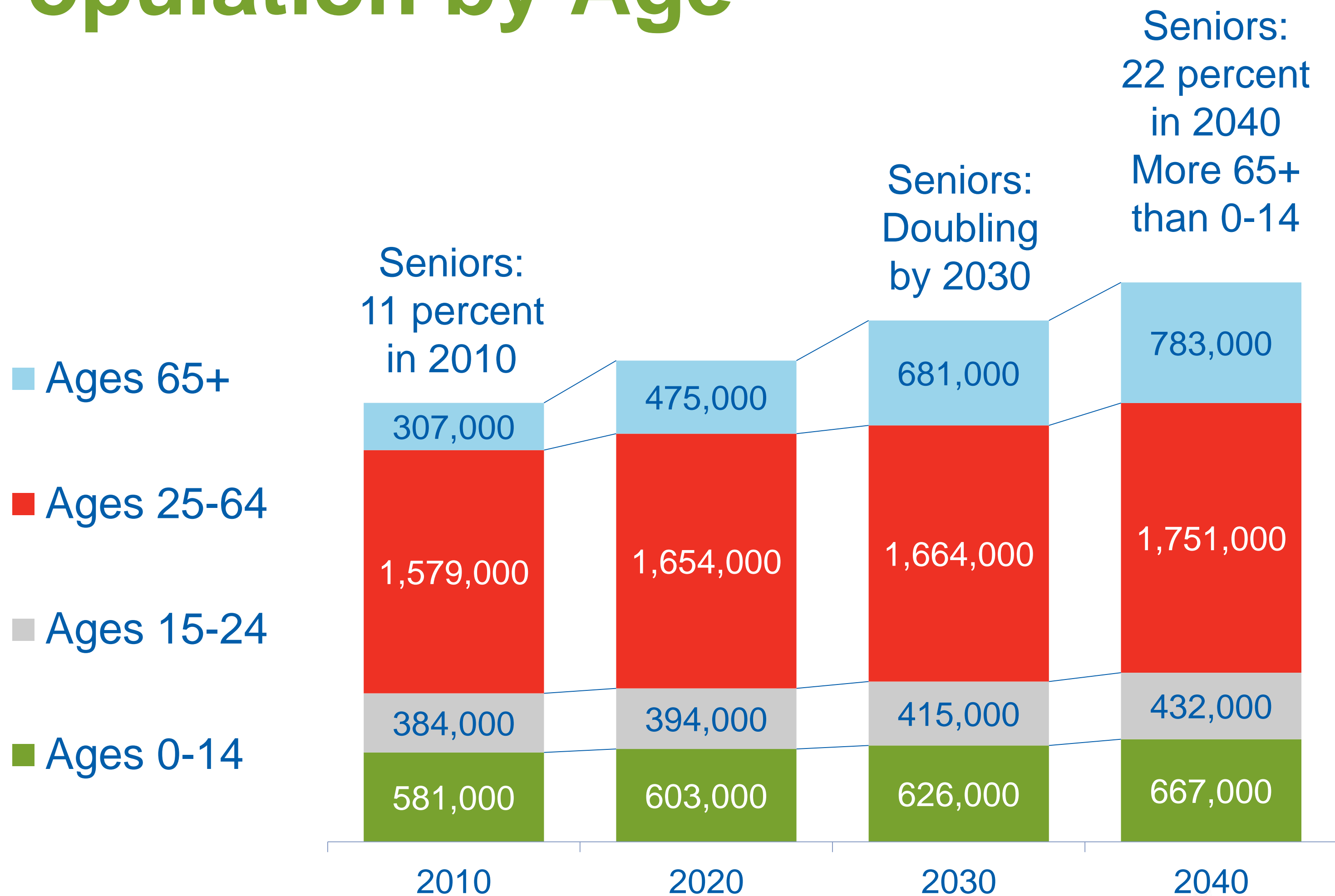
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# Population growth: +28%



Population in Millions by decade:
- 1970
- 1980
- 1990
- 2000
- 2010
- 2020
- 2030
- 2040

2040 value: 3,652,000

Y-axis: Millions (0.0 to 4.0)

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# Population by Age

**Ages 65+**

**Ages 25-64**

**Ages 15-24**

**Ages 0-14**

Seniors:
11 percent
in 2010

Seniors:
Doubling
by 2030

Seniors:
22 percent
in 2040
More 65+
than 0-14

| | 2010 | 2020 | 2030 | 2040 |
|---|---|---|---|---|
| Ages 65+ | 307,000 | 475,000 | 681,000 | 783,000 |
| Ages 25-64 | 1,579,000 | 1,654,000 | 1,664,000 | 1,751,000 |
| Ages 15-24 | 384,000 | 394,000 | 415,000 | 432,000 |
| Ages 0-14 | 581,000 | 603,000 | 626,000 | 667,000 |

Source: 2010 data on population and households from Census Bureau;
2020-2040 forecasts from Metropolitan Council (March 2015)

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# Households growth

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

| | 2010 | 2020 | 2030 | 2040 |
|---|---|---|---|---|
| Age 65+: 2+ person household | 100,000 | 162,000 | 229,000 | 249,000 |
| Age 65+: 1 person household | 90,000 | 134,000 | 193,000 | 236,000 |
| Under 65: 3+ person household | 418,000 | 426,000 | 439,000 | 462,000 |
| Under 65: 2 person household | 280,000 | 292,000 | 278,000 | 289,000 |
| Under 65: 1 person household | 229,000 | 244,000 | 238,000 | 249,000 |

Source: 2010 data on population and households from Census Bureau; 2020-2040 forecasts from Metropolitan Council (March 2015)
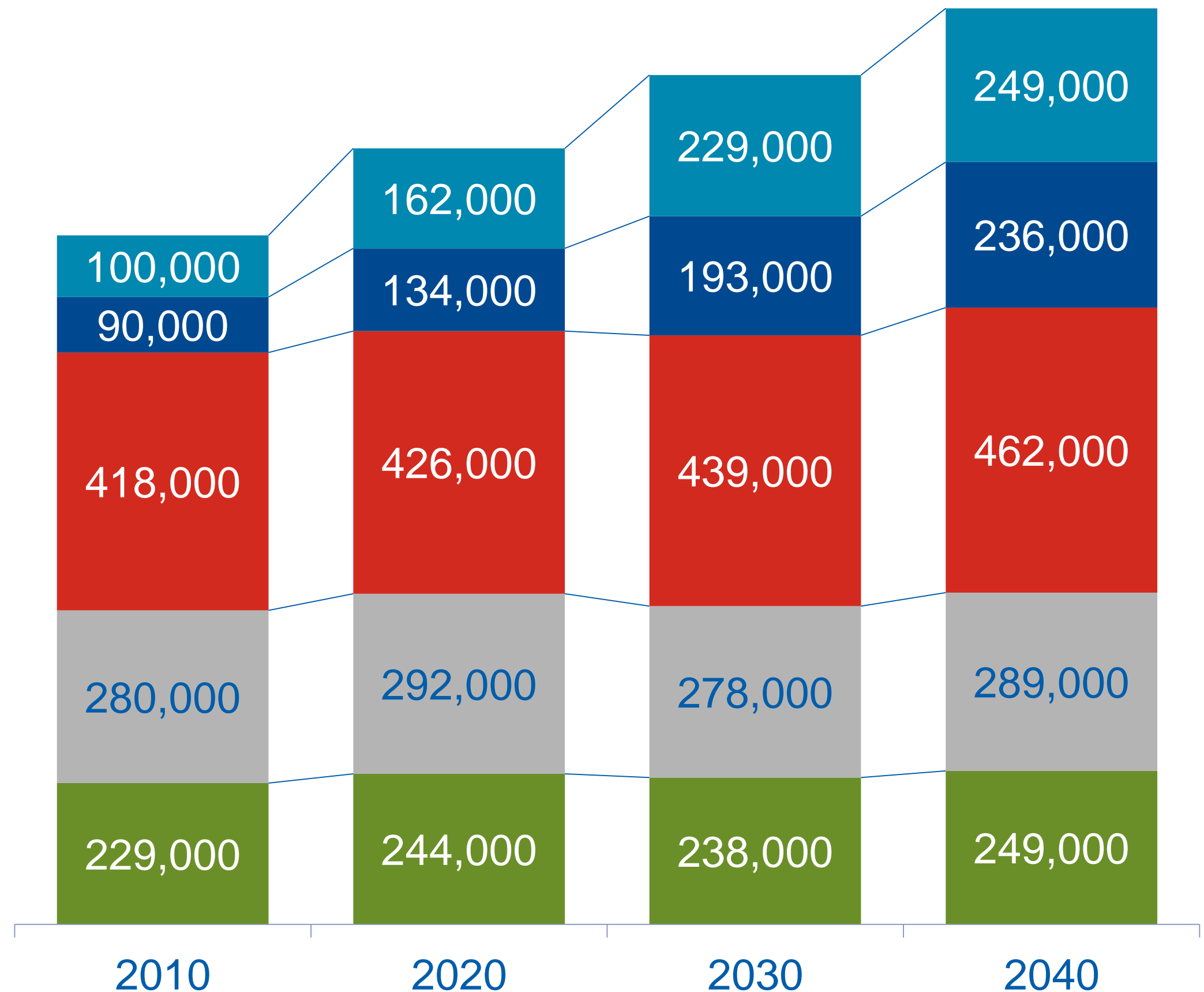
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# Need for a local land use model

Population
Households
Jobs

Regional totals from the *regional* model are allocated to *local* zones

- Complete "loop" of transportation and land use interaction

- Local land use model provides distributions of people and jobs to travel demand model

- Travel demand model returns future network conditions, accessibility measures

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# Met Council's local land use model

- Key dynamics and components of real estate market
- *Where* will we add 500,000 jobs and 370,000 households?
  - Site selection of households and employers: *what locations best satisfy preferences, mediated by prices?*
  - Supply of real estate: *what locations are viable to developers?*
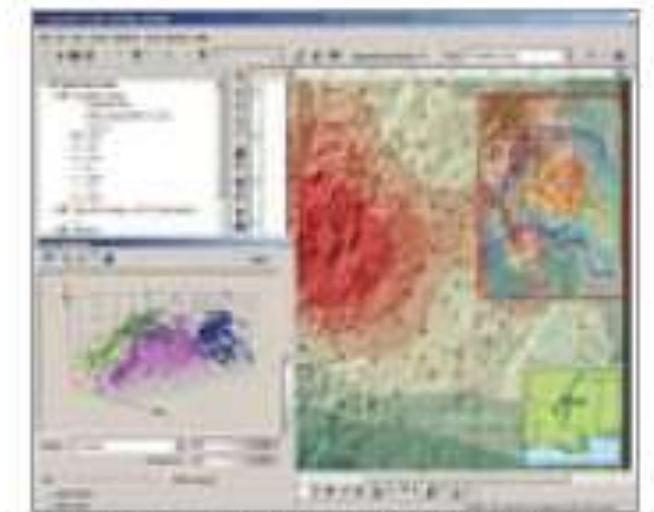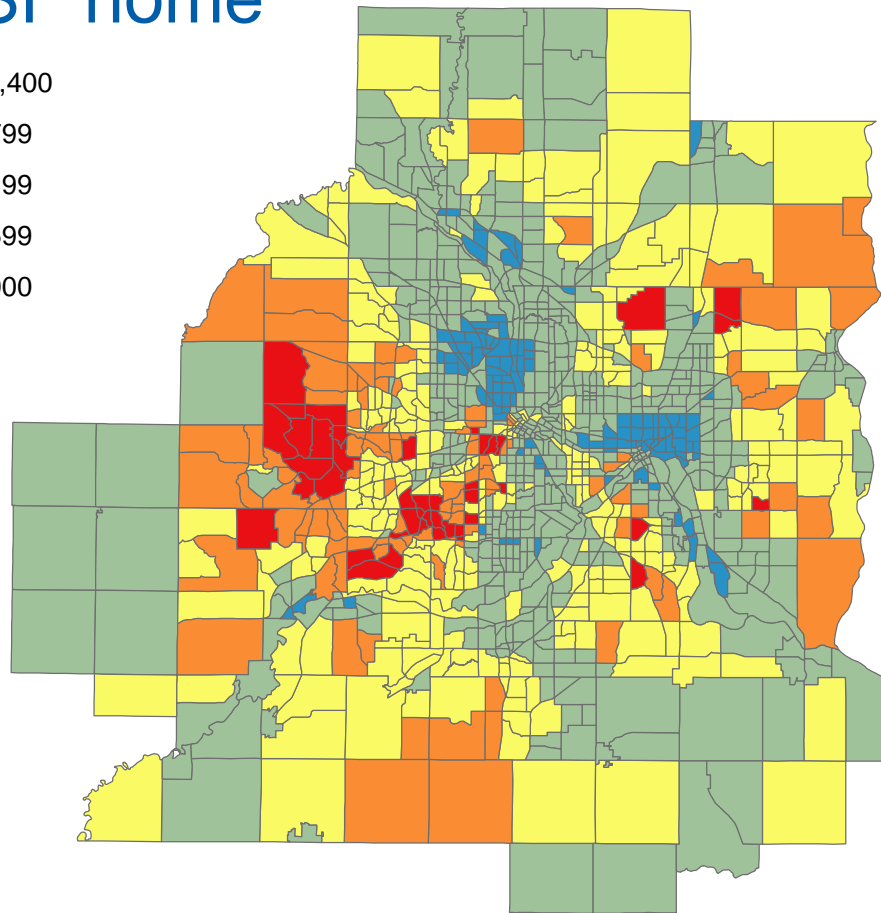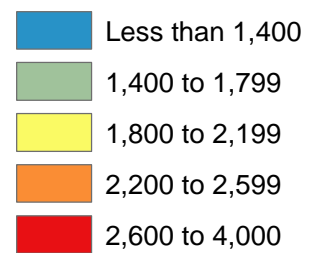

study geographic spread of population


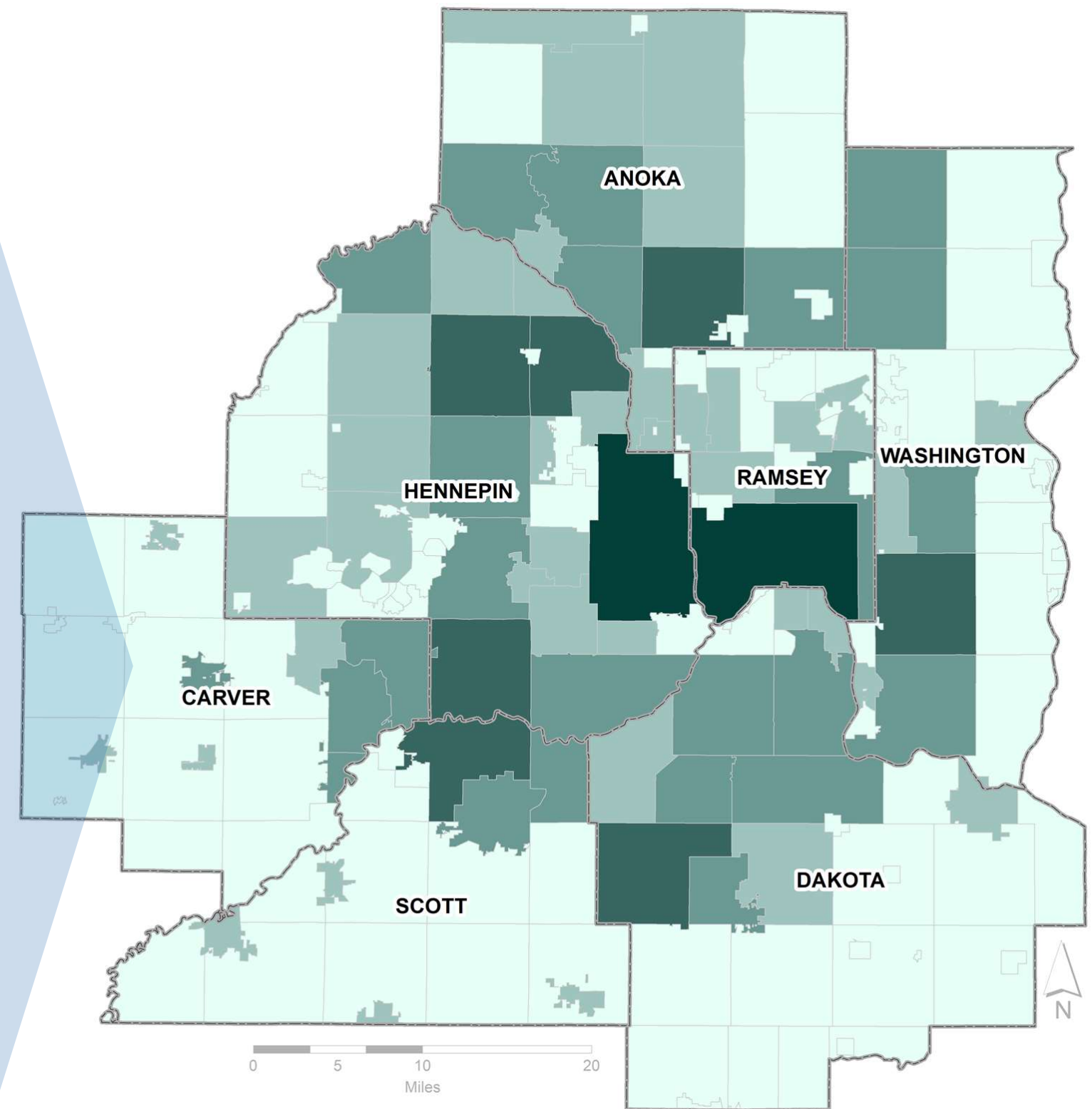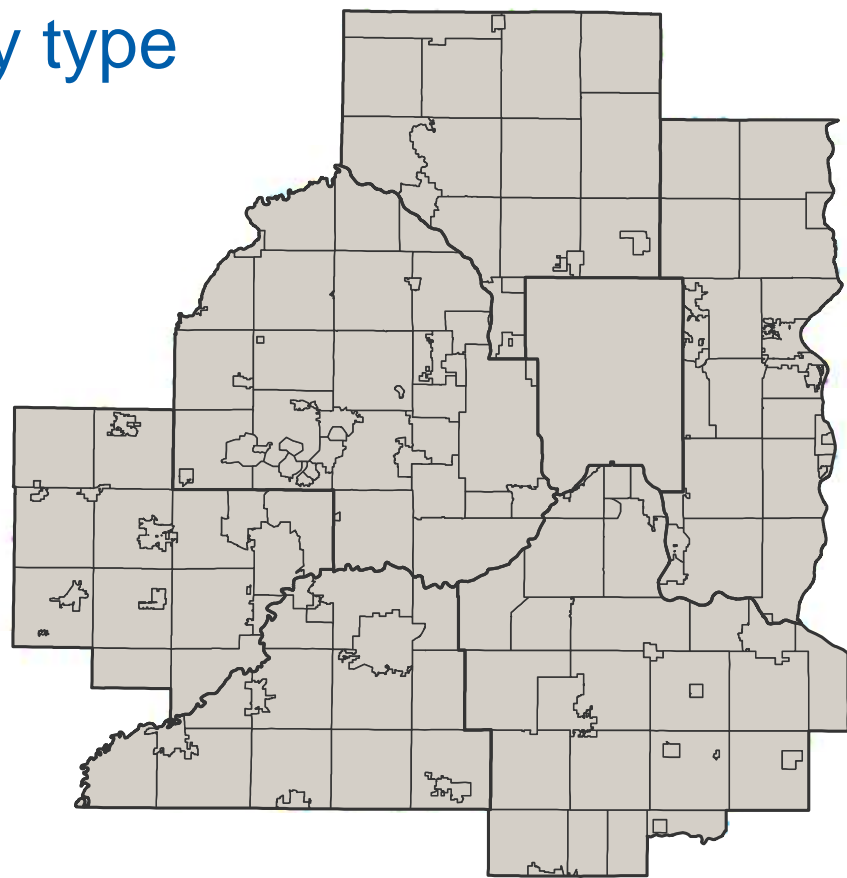estimate future population and employment
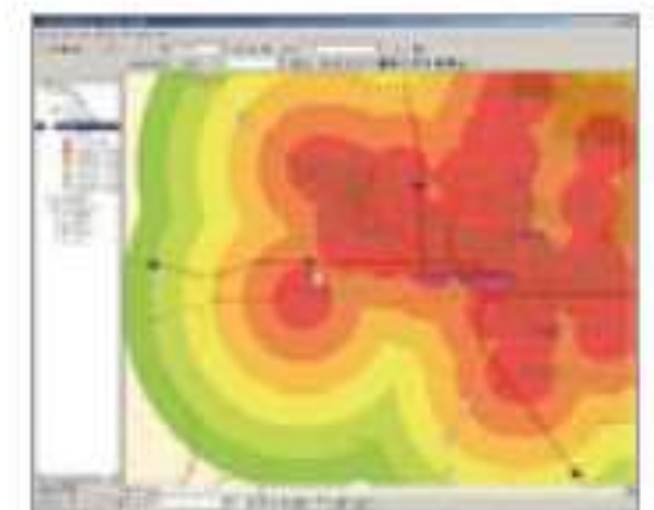

take into account accessibility

# Local data informs the model

**Rent for SF home**

- Less than 1,400
- 1,400 to 1,799
- 1,800 to 2,199
- 2,200 to 2,599
- 2,600 to 4,000

**Housing by type**



ANOKA

HENNEPIN

RAMSEY

WASHINGTON

CARVER
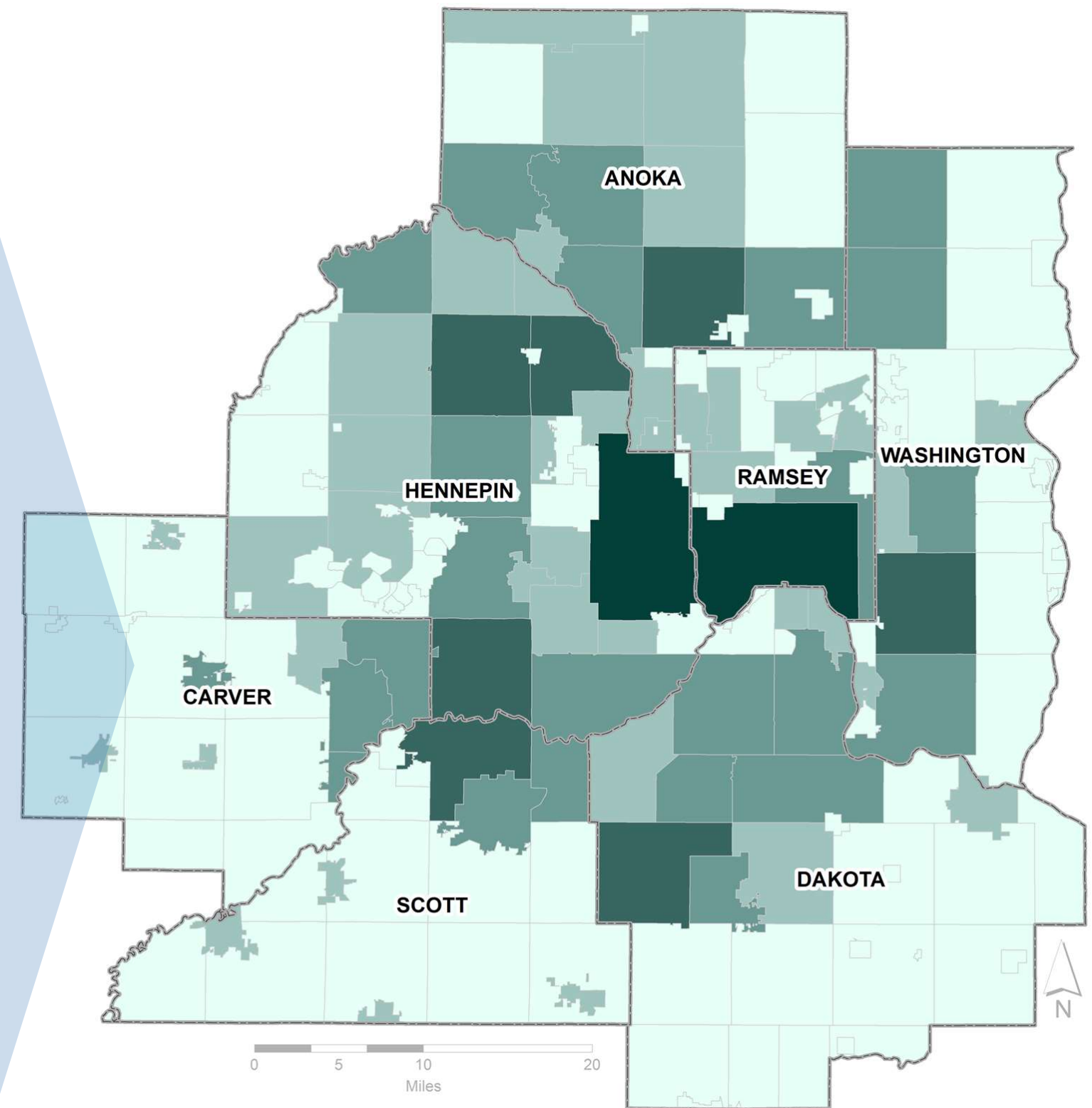
SCOTT

DAKOTA

0    5    10    20
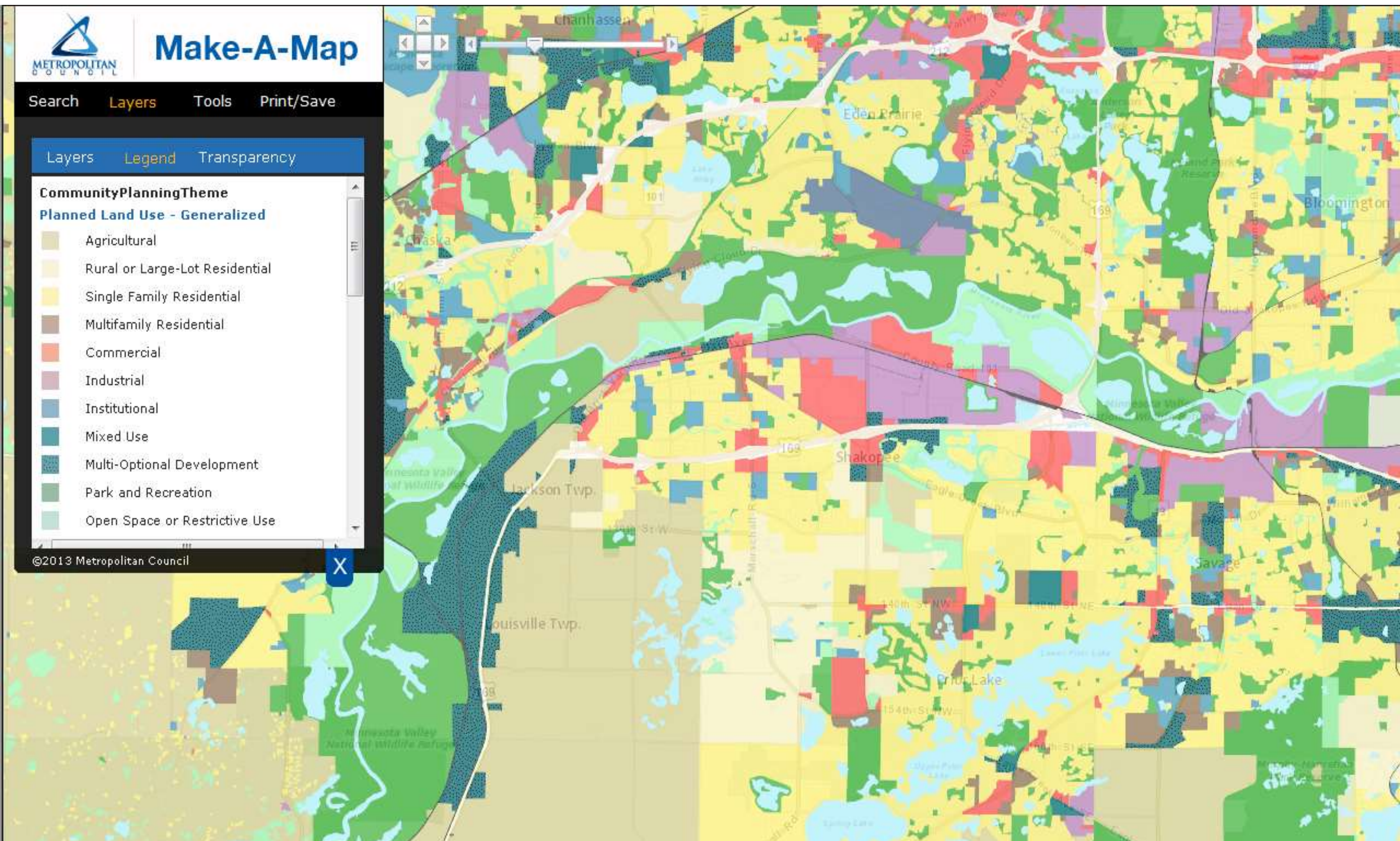Miles

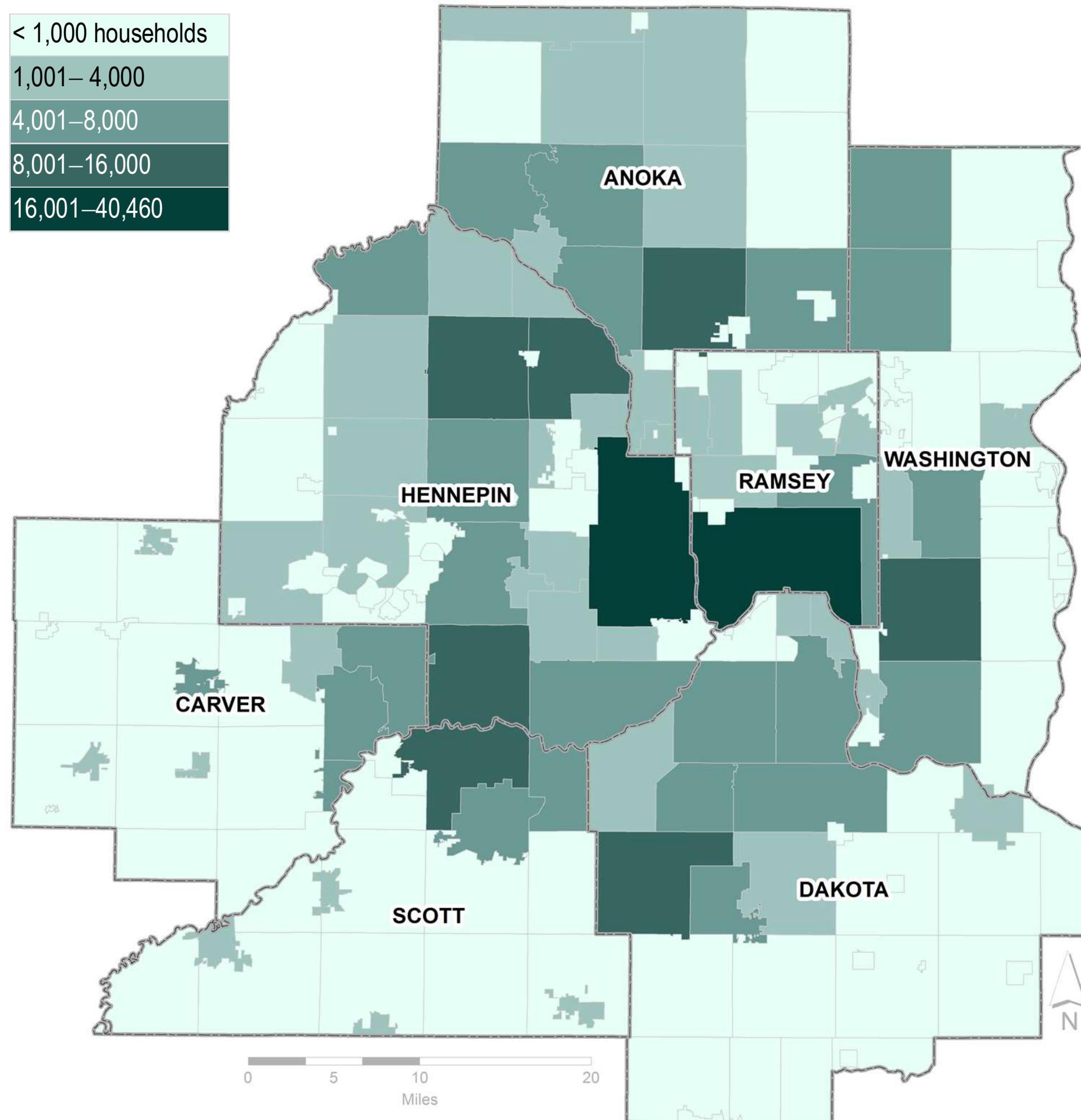METROPOLITAN
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# Local data informs the model

- Base year land supply
- Employment levels
- Socioec characteristics
- 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

# Local plans provide the envelope for what development is allowable, possible

# Households Growth, 2010-2040



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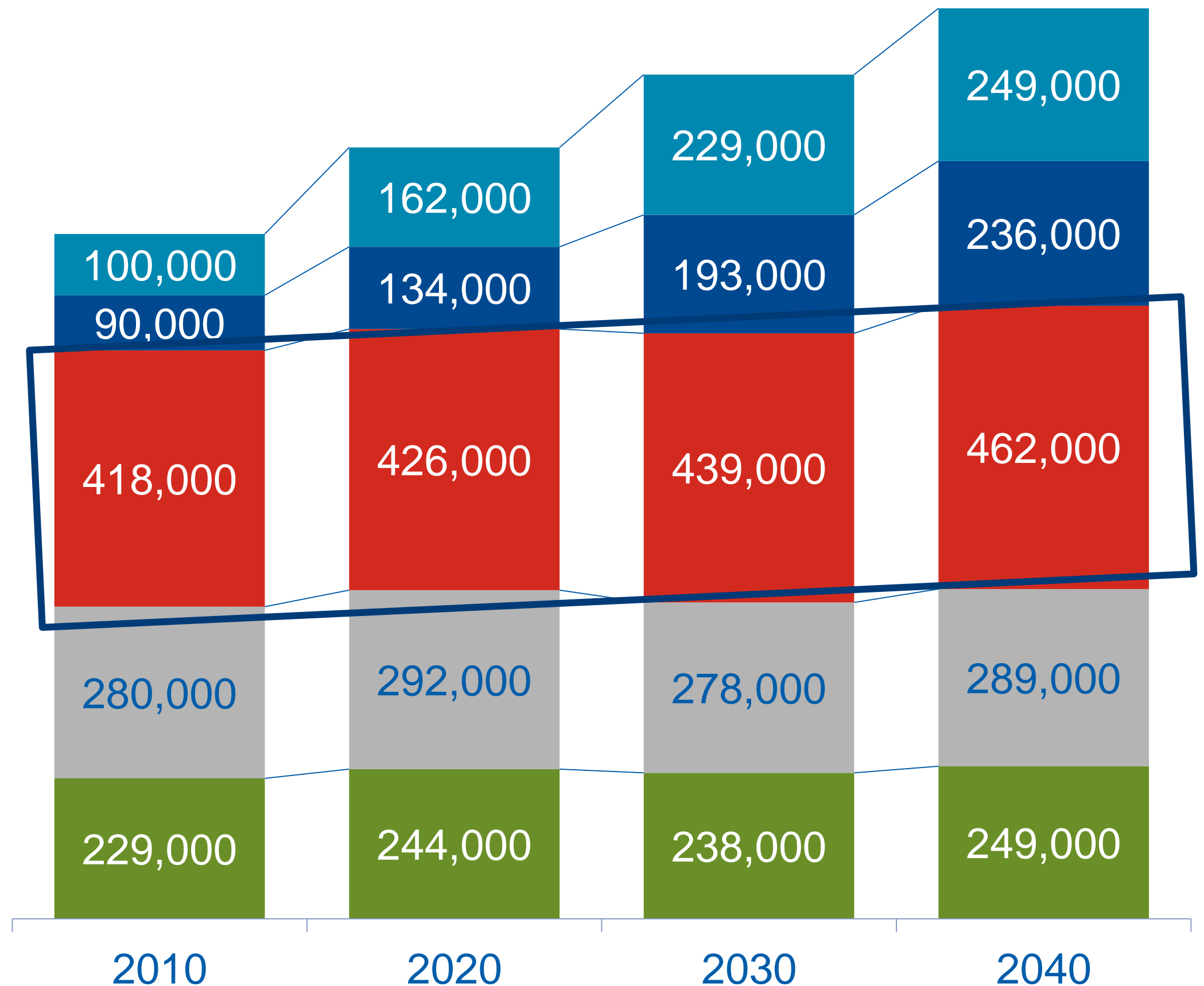- 16,001–40,460

Counties: ANOKA, HENNEPIN, RAMSEY, WASHINGTON, CARVER, SCOTT, DAKOTA

• The region will gain 370,000 households over 30 years

• Expect growth in all parts of the metro urban services area

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# Some aspects of the local forecasts are surprising – but consistent with larger demographic and market trends

- Long-term demand – for both locations and real estate types – will continue changing
- Long-term, the fastest growing market segments want central locations, access to destinations, and a mix of housing options

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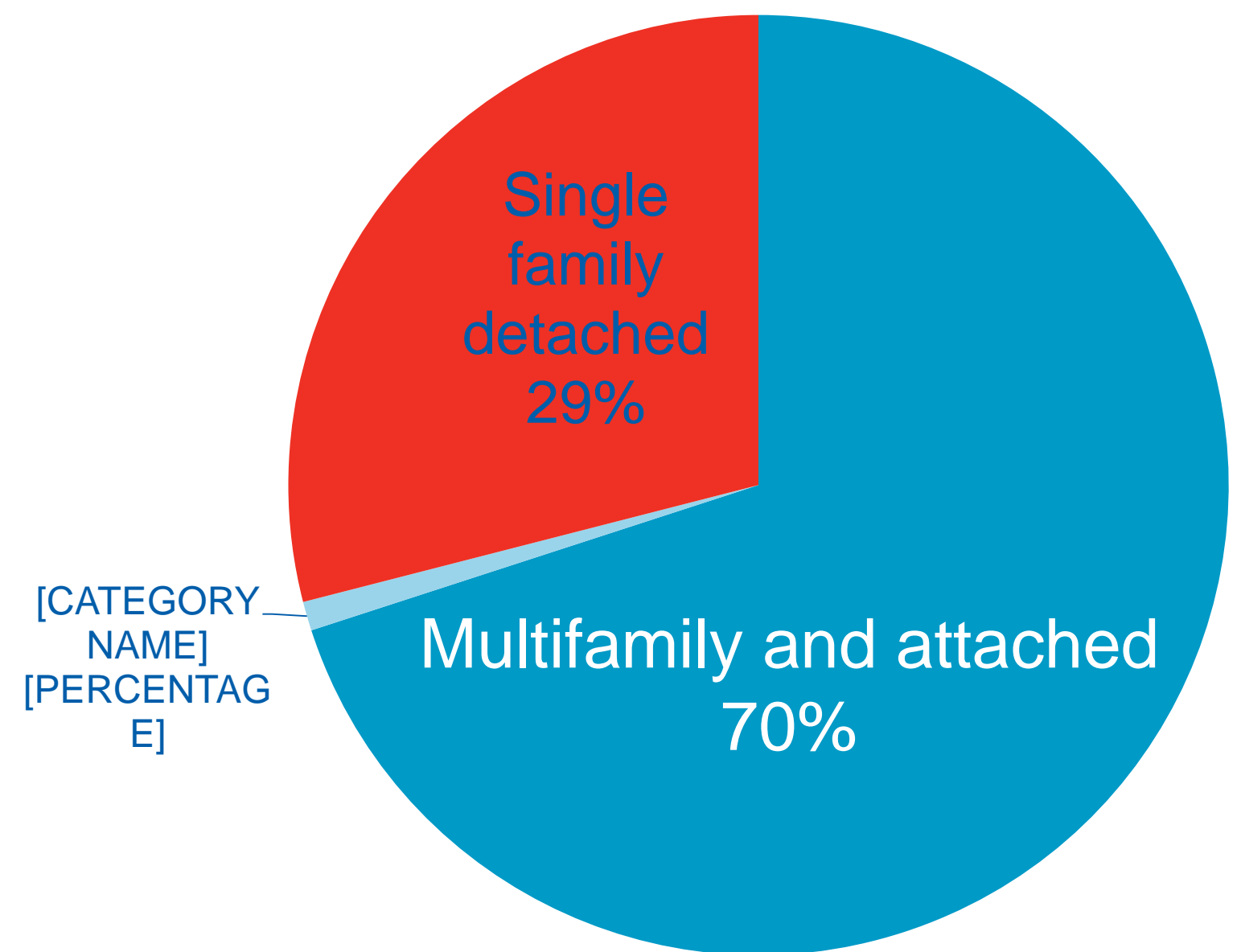C O U N C I L

# Households growth: smaller, older

- Age 65+: 2+ person household
- Age 65+: 1 person household
- Under 65: 3+ person household
- Under 65: 2 person household
- Under 65: 1 person household

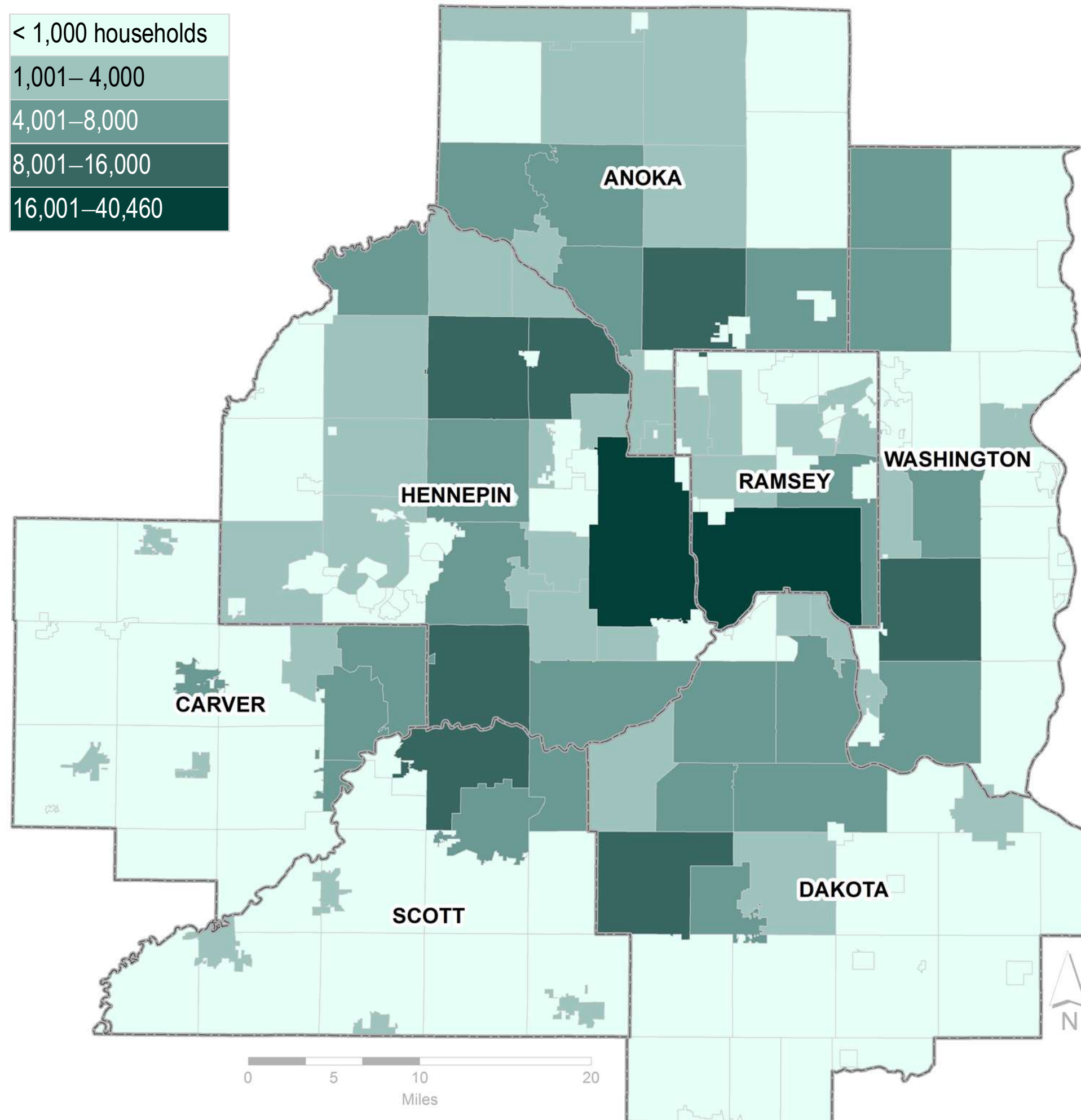| | 2010 | 2020 | 2030 | 2040 |
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Source: 2010 data on population and households from Census Bureau; 2020-2040 forecasts from Metropolitan Council (March 2015)

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# The next 370,000 housing units

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

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

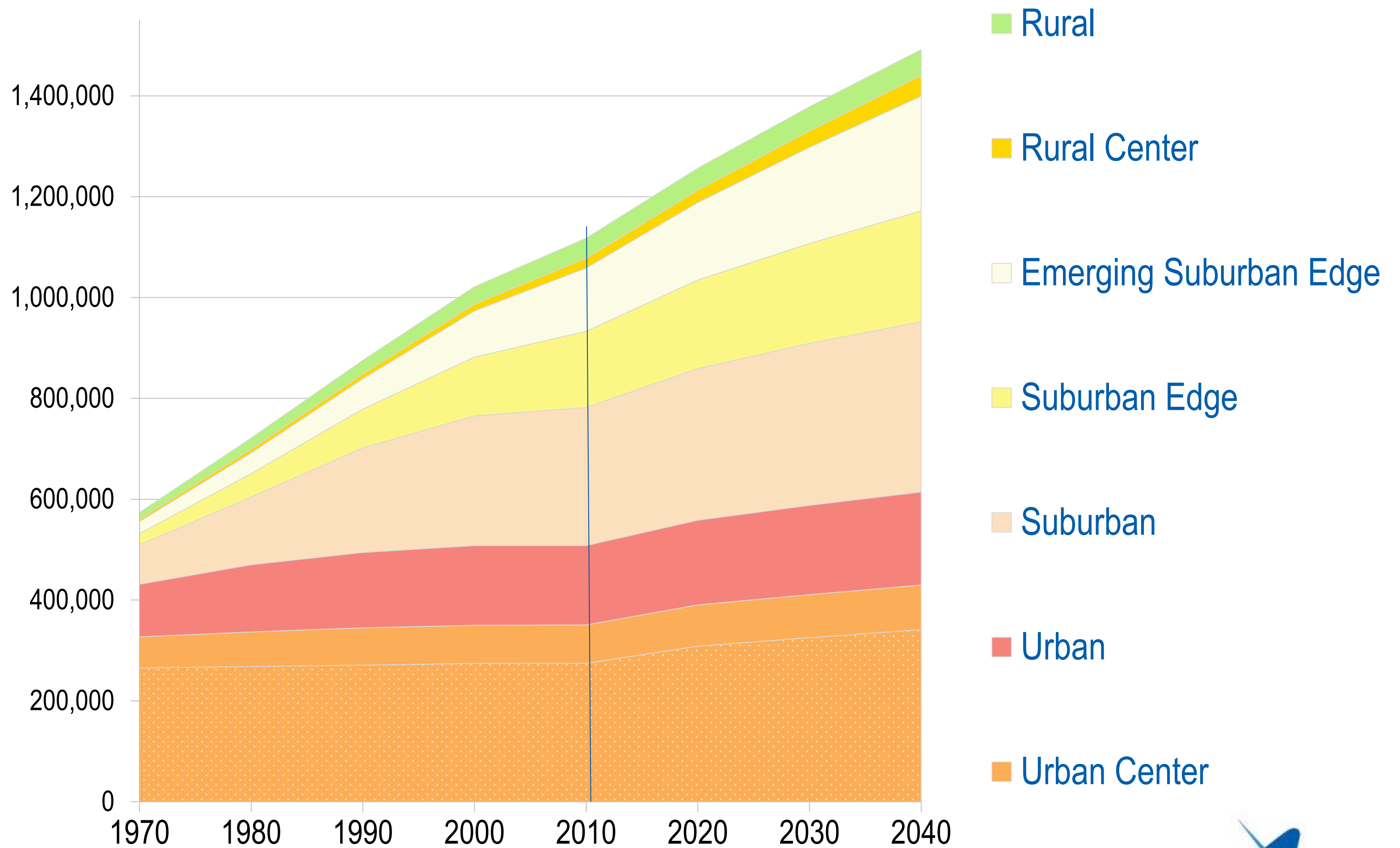- What developers have supplied or will supply could differ

Single family detached 29%

[CATEGORY NAME] [PERCENTAGE]

Multifamily and attached 70%

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# Households Growth, 2010-2040



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

ANOKA

HENNEPIN

RAMSEY

WASHINGTON

CARVER

SCOTT

DAKOTA

0   5   10   20
Miles

N

• The region will gain 370,000 households over 30 years

• Expect growth in all parts of the metro urban services area

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# Growth in all parts of the region

Legend:
- Rural
- Rural Center
- Emerging Suburban Edge
- Suburban Edge
- Suburban
- Urban
- Urban Center

2010-2040 forecasts from Metropolitan Council (July 2015 update)

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# More information

[www.metrocouncil.org/forecasts/](www.metrocouncil.org/forecasts/)

# Forecasting the next 30 years of metro development

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