

Demographic Trends Shaping the Future of Housing

Dowell Myers

University of Southern California

presented at the

23rd Annual Demographic Workshop of SCAG/USC

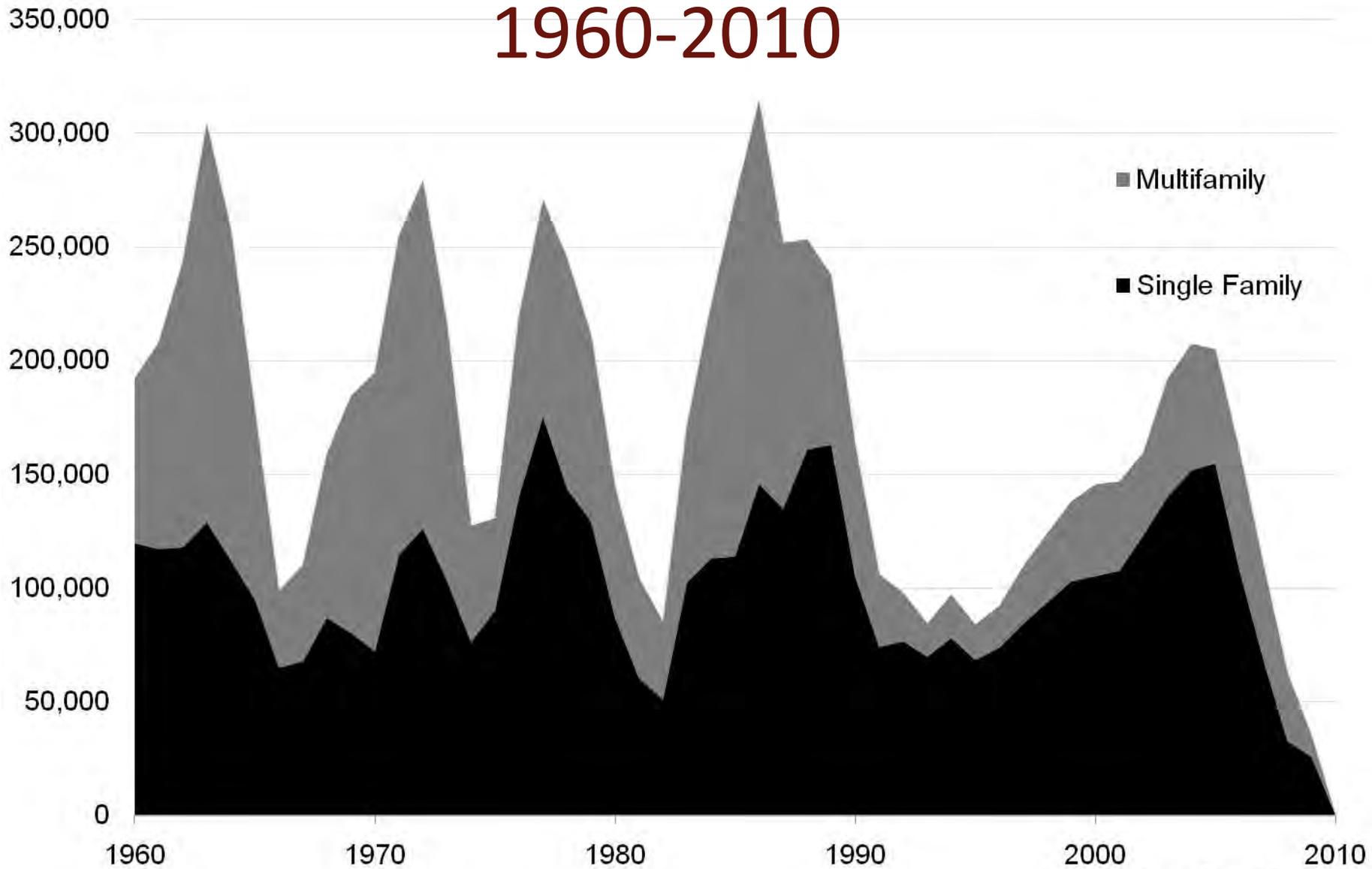
Monday, May 23, 2011

The Big Questions

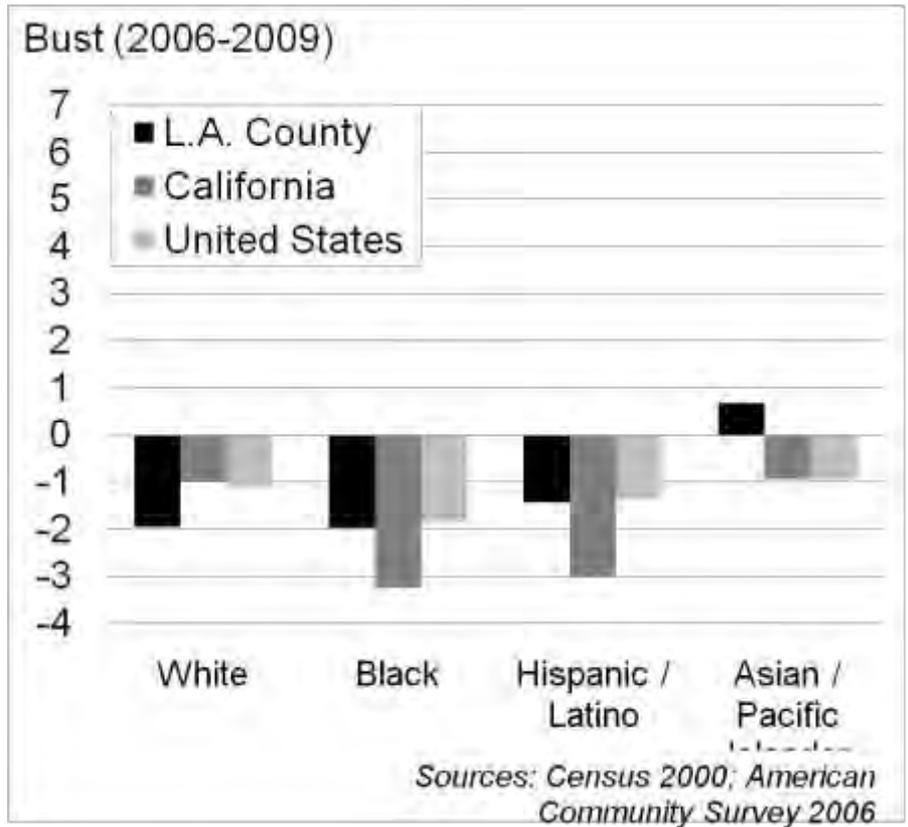
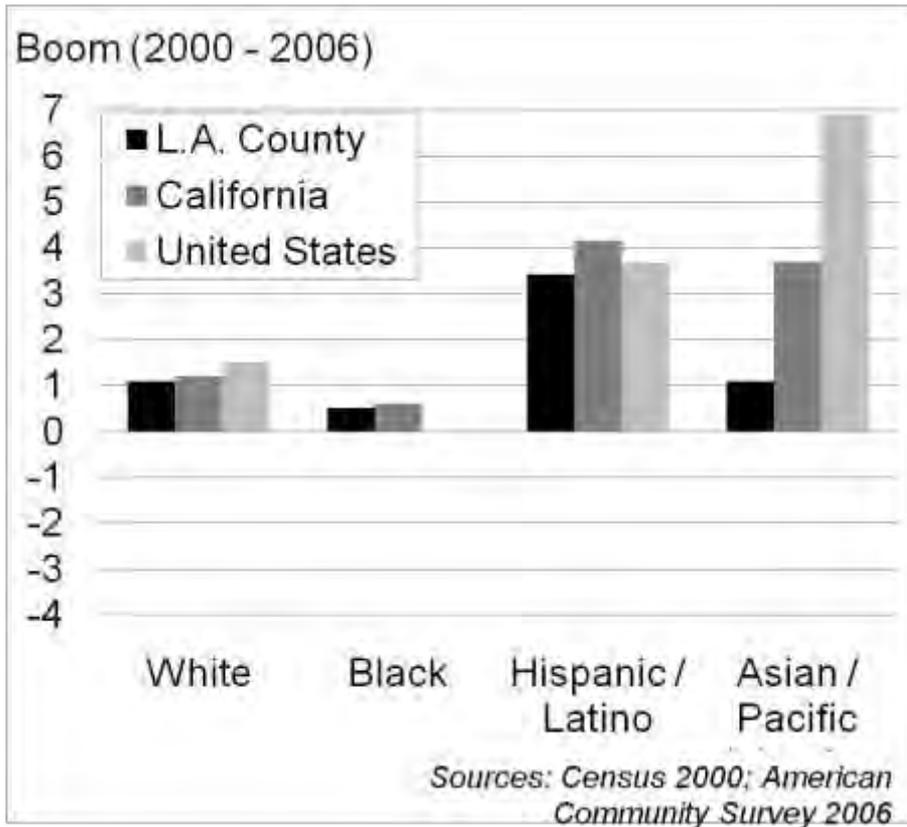
- How does demographic change shape cycles of housing demand and construction?
- What's “normal” and what can we expect next?
- How can we share this future knowledge for stronger public agreement?

Recovering from the Bust

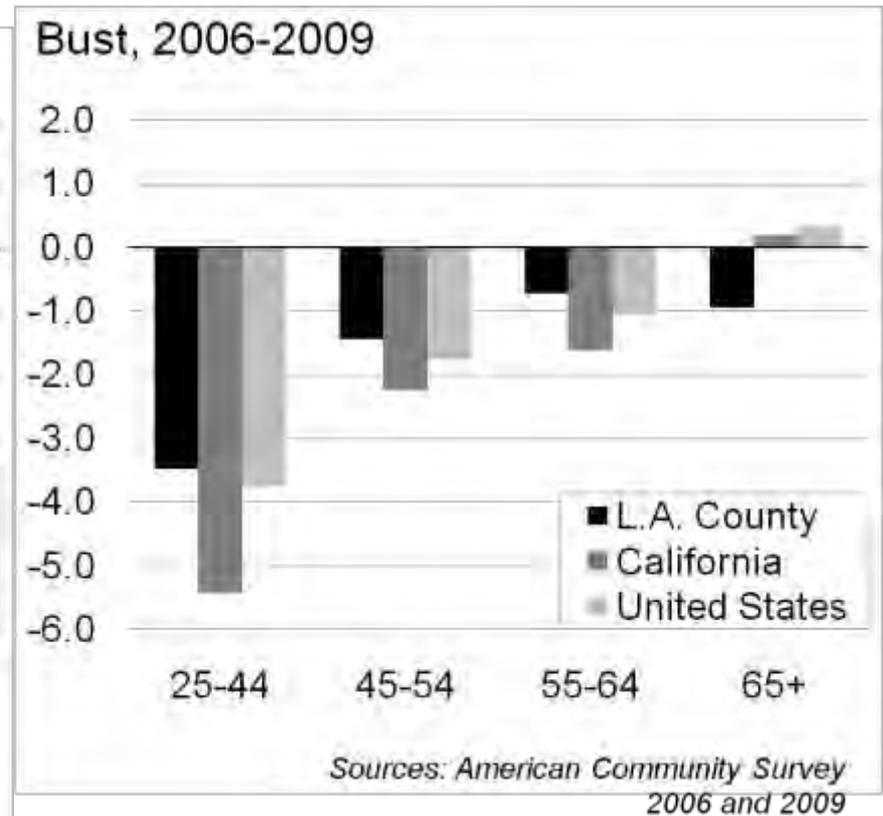
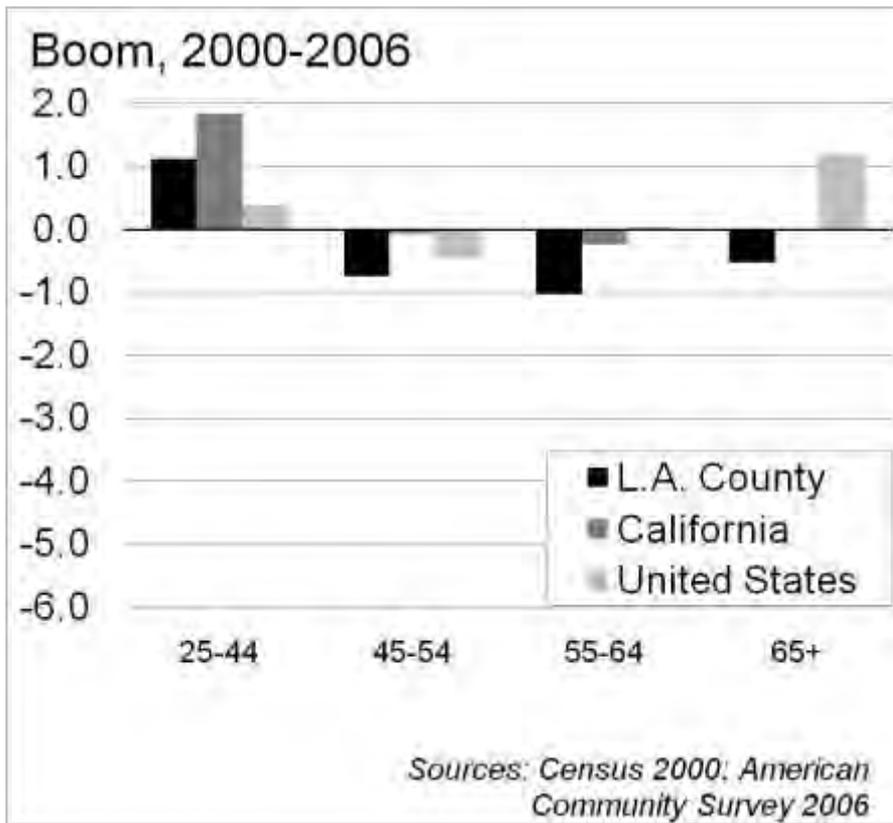
CA Housing Construction Permits, 1960-2010



Change in Homeownership Rate by Race in Boom & Bust

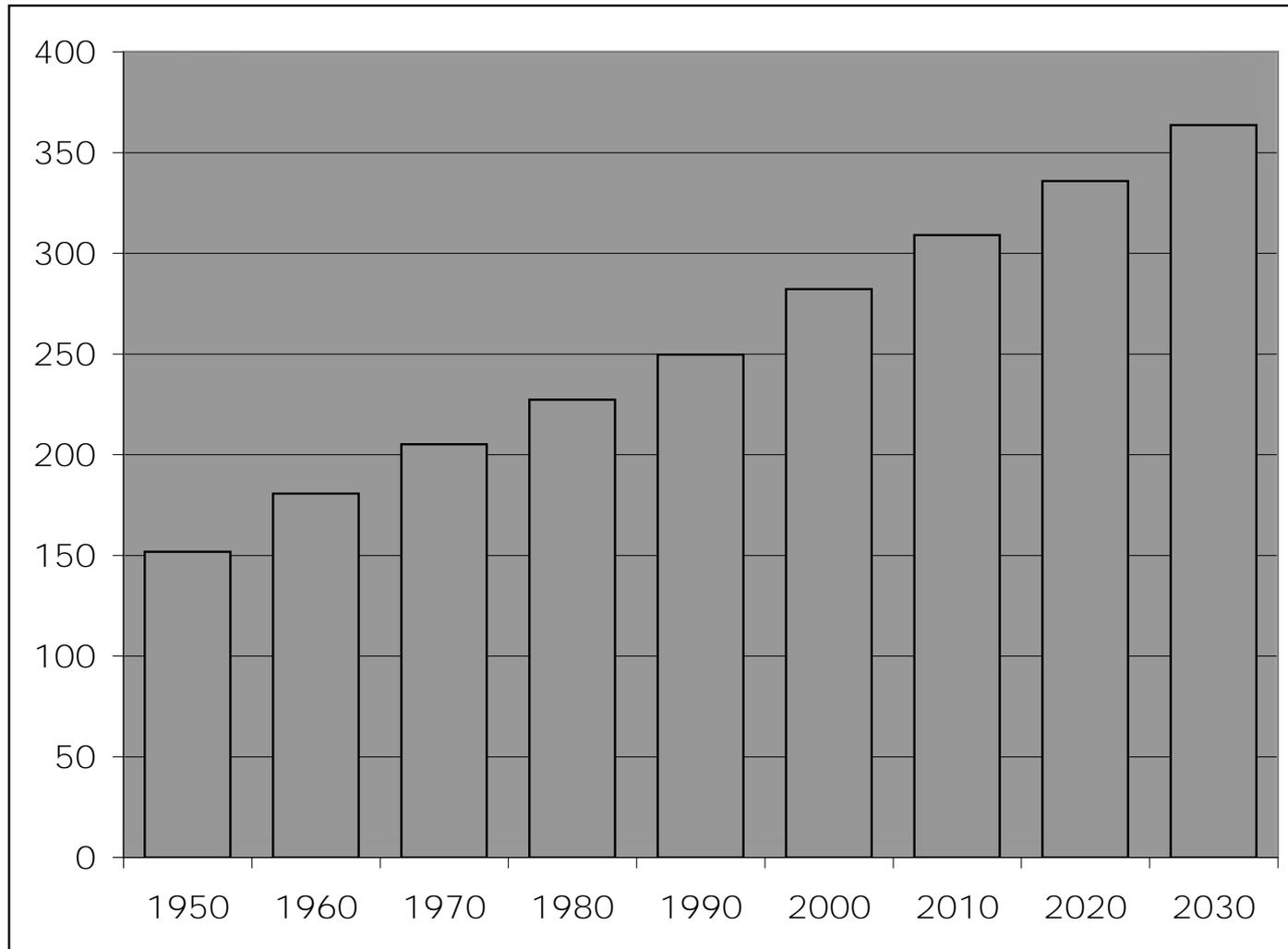


Change in Homeownership Rate by Age in Boom & Bust

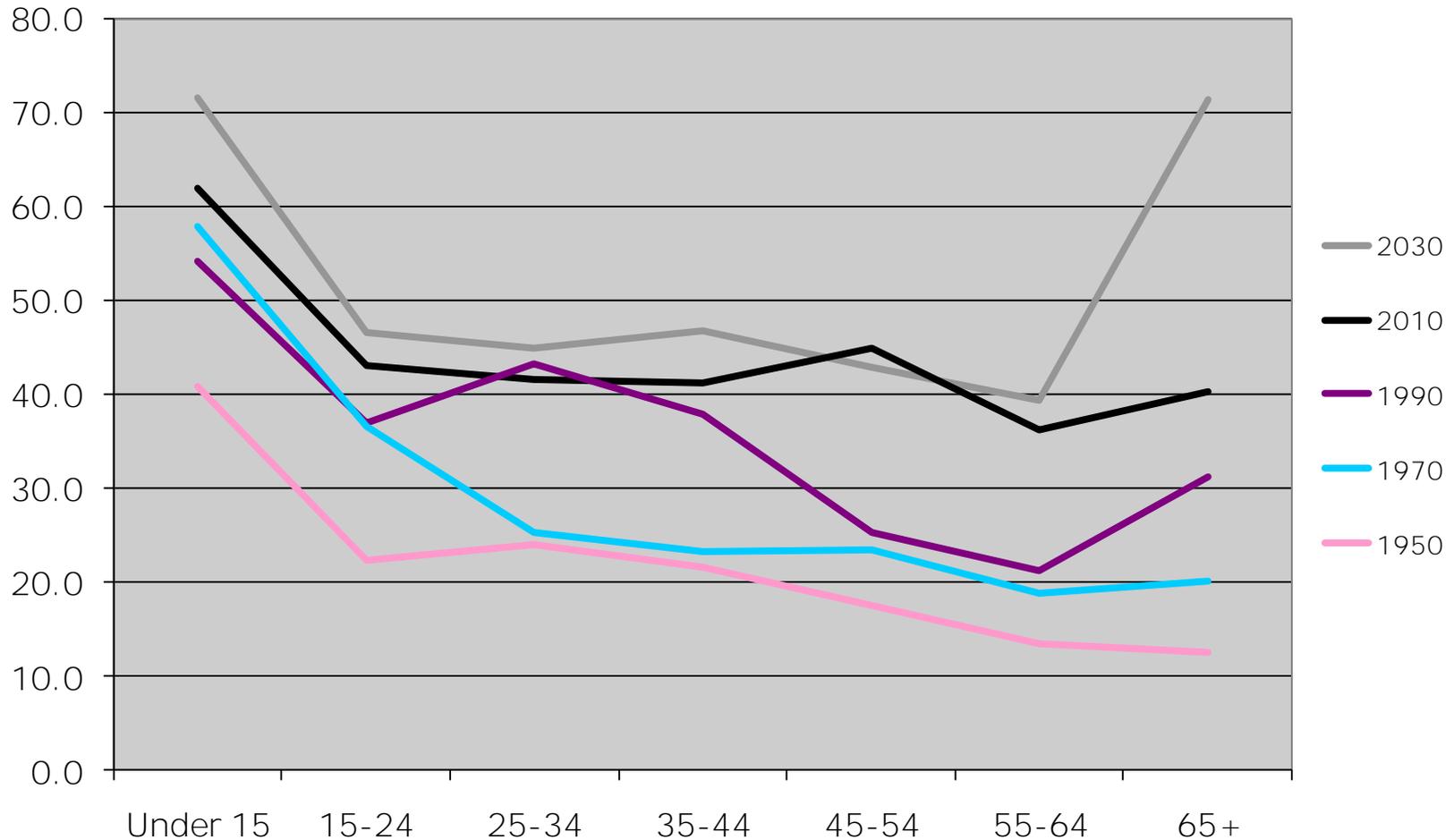


Population Age Waves and the Generational Housing Bubble

Total Population of the United States in millions

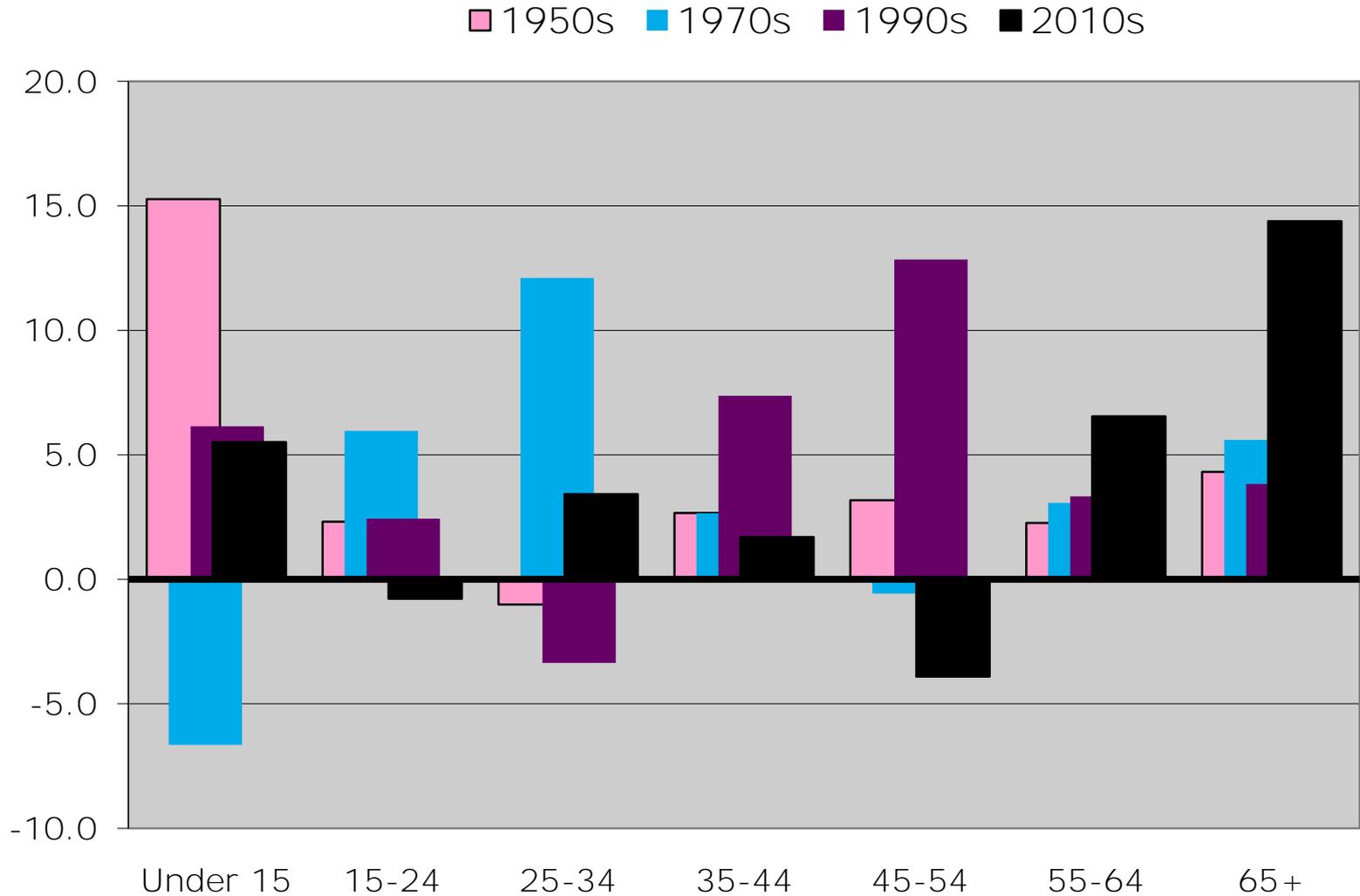


U.S. Population by Age Each Decade in millions



Source: Dowell Myers, USC; Data from Census Bureau

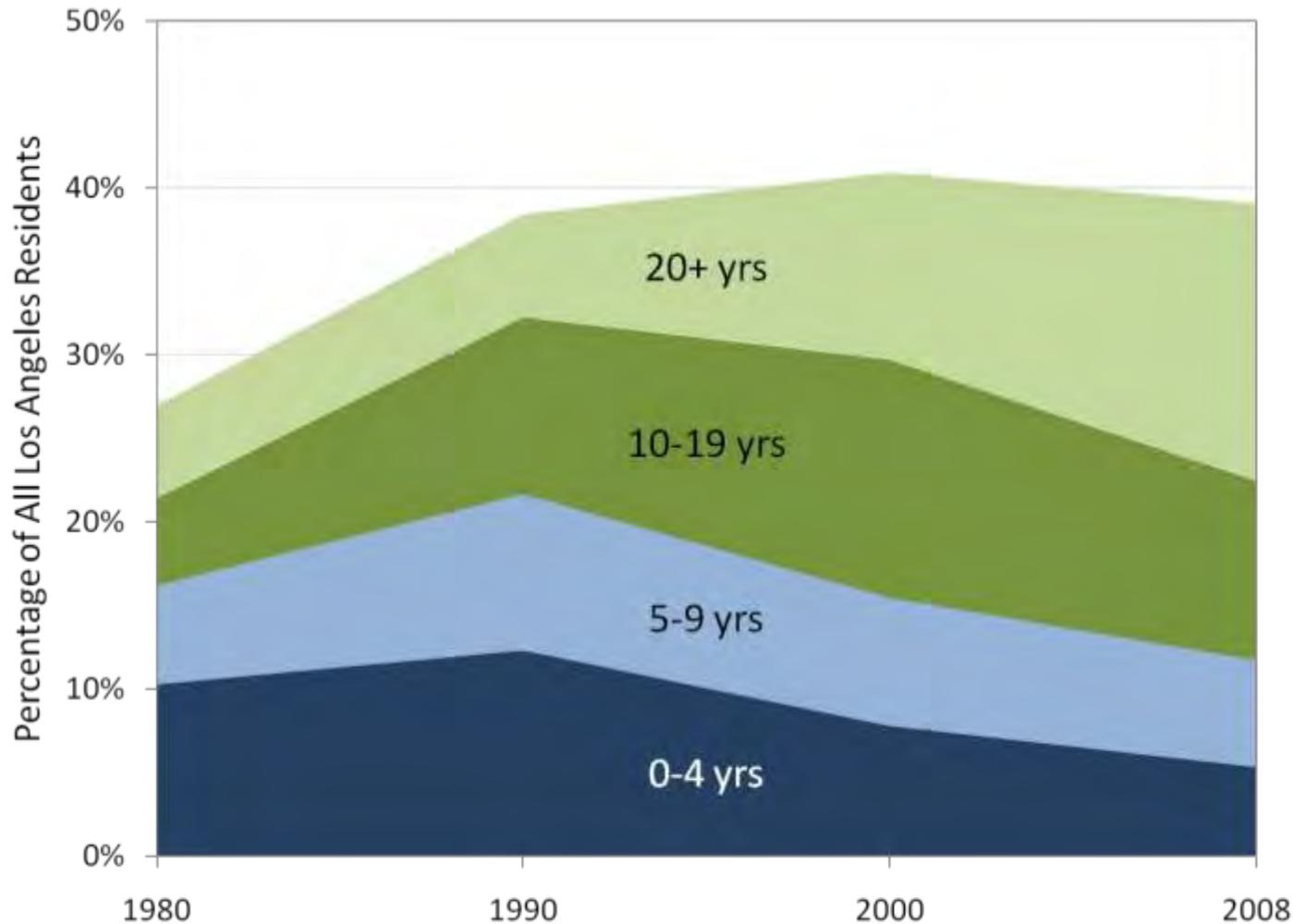
U.S. Population Growth by Age



Source: Dowell Myers, USC; Data from Census Bureau

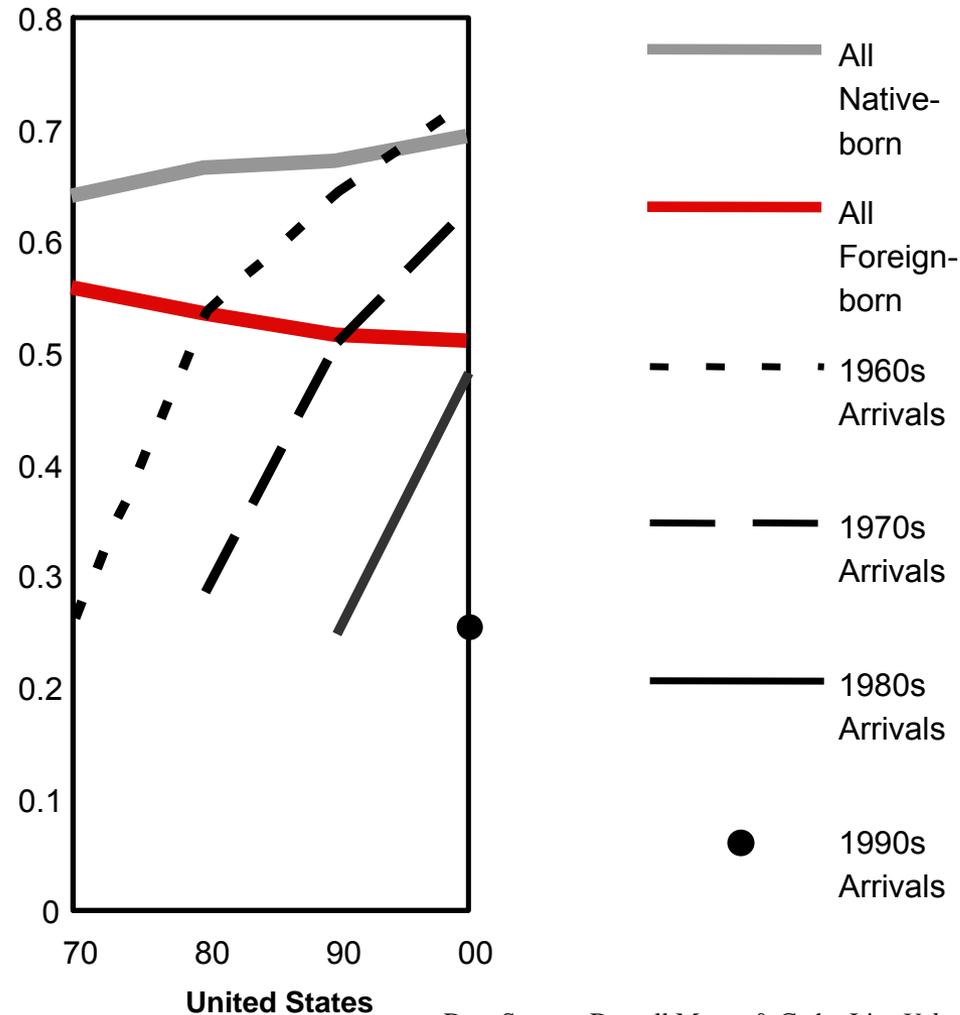
Immigrant Uplift

Foreign Born Population in LA by Length of Residence

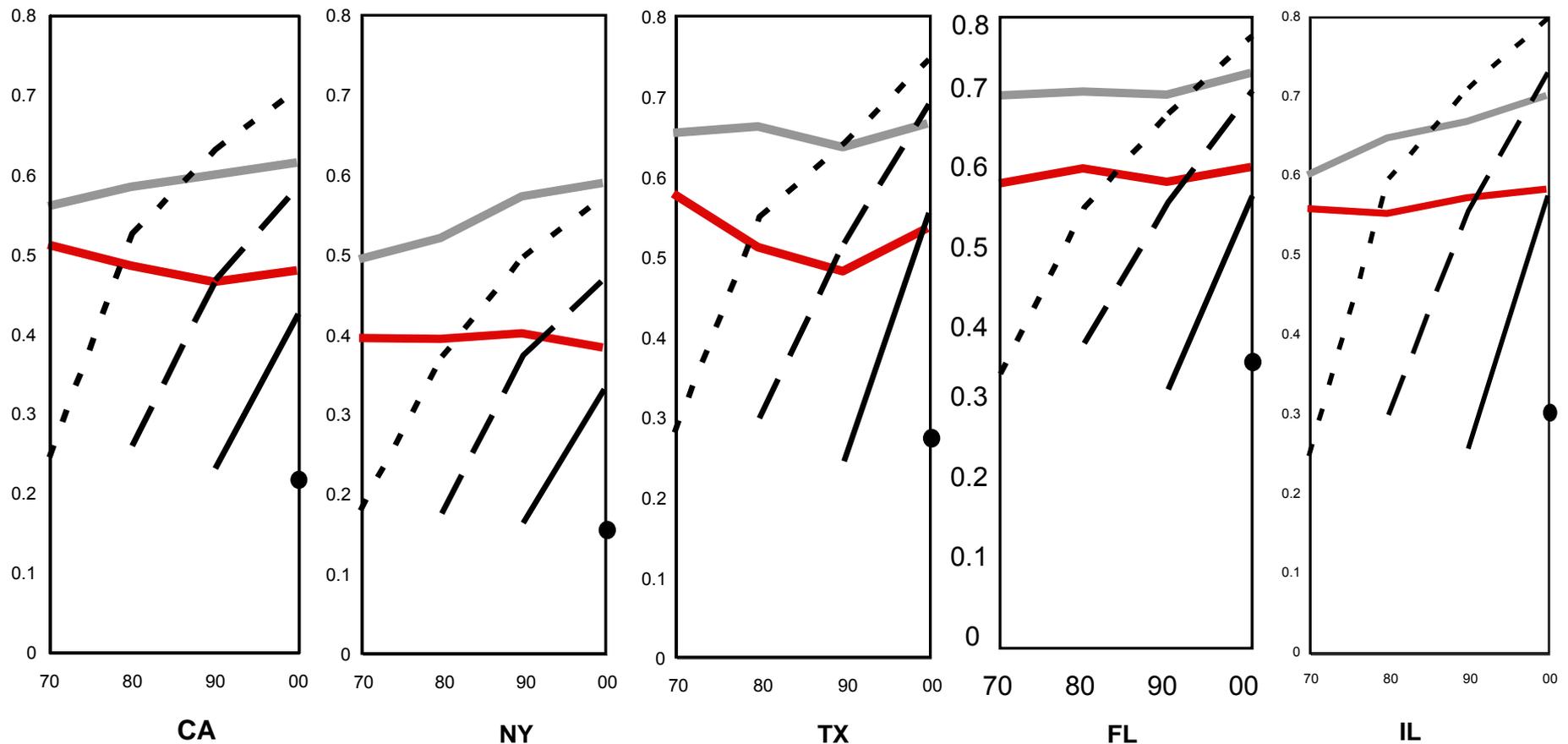


Source: U.S. Census, 1980, 1990, 2000; American Community Survey, 2006, 2008.

Soaring Immigrant Homeownership For Each Immigrant Wave by Arrival Decade



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



Turning Points in Cities and Housing

Minority Dictatorship of New Construction



**Everyone else lives
in existing housing**

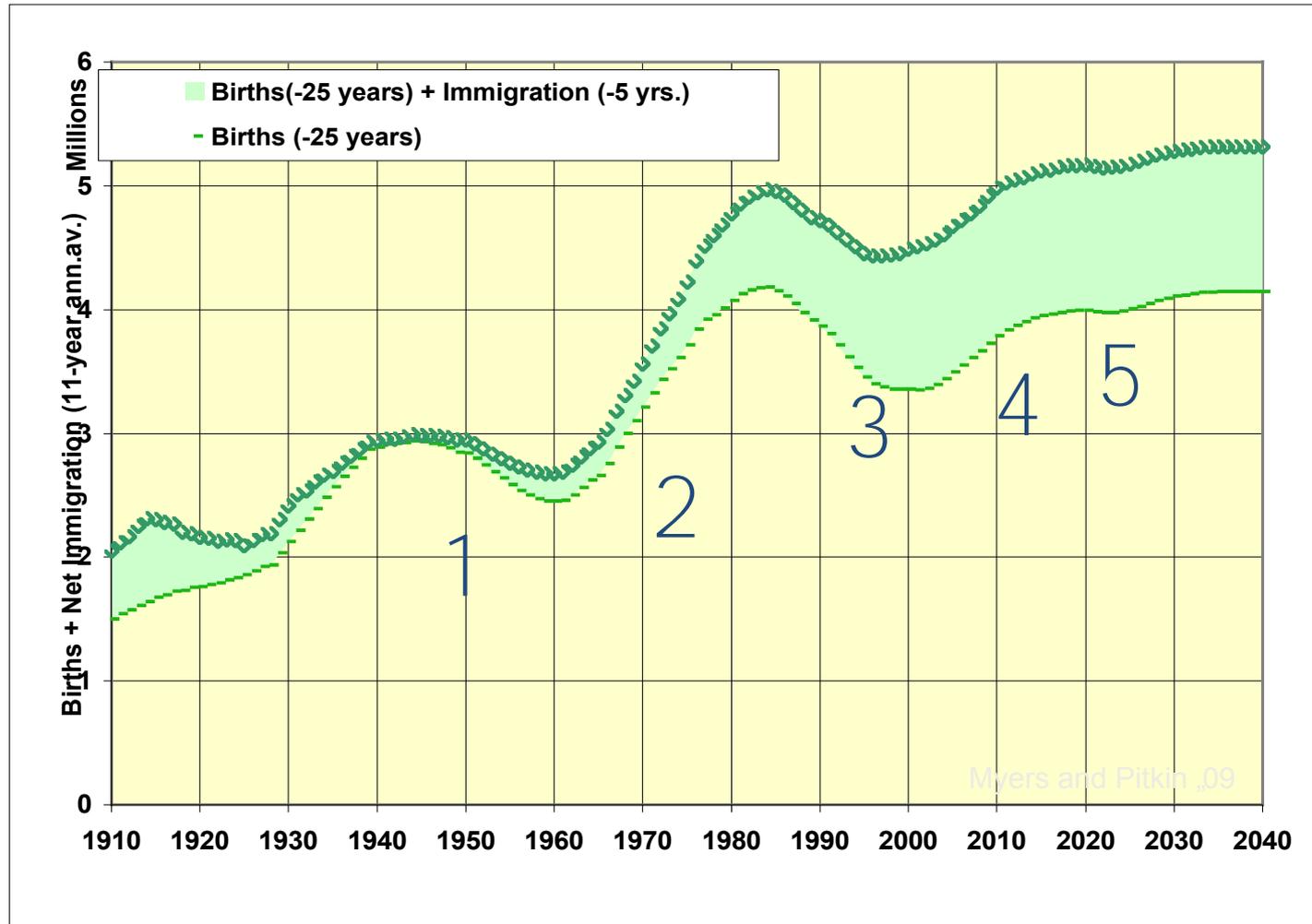
**1% of households
(growing segments)
dictate type of new
construction**

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)
4. Urban Revival & the Multifamily Rebound
(2006~2020)
5. Baby Boomer Sell-Off & Ripple Effects on
Suburbs.... (2015-2040)

Total Demographic Growth

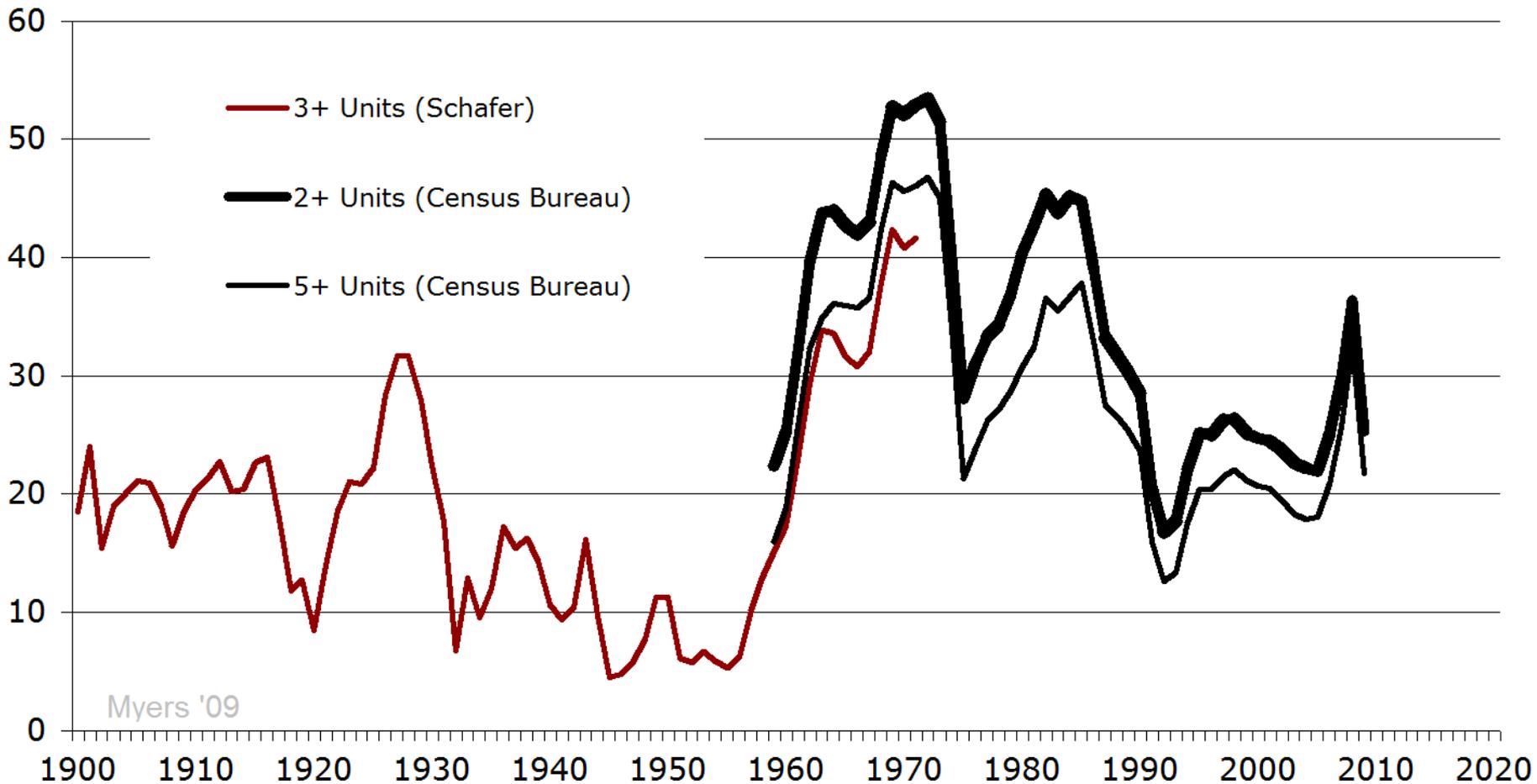
Native-Born Turning 25 + Immigrant Arrivals



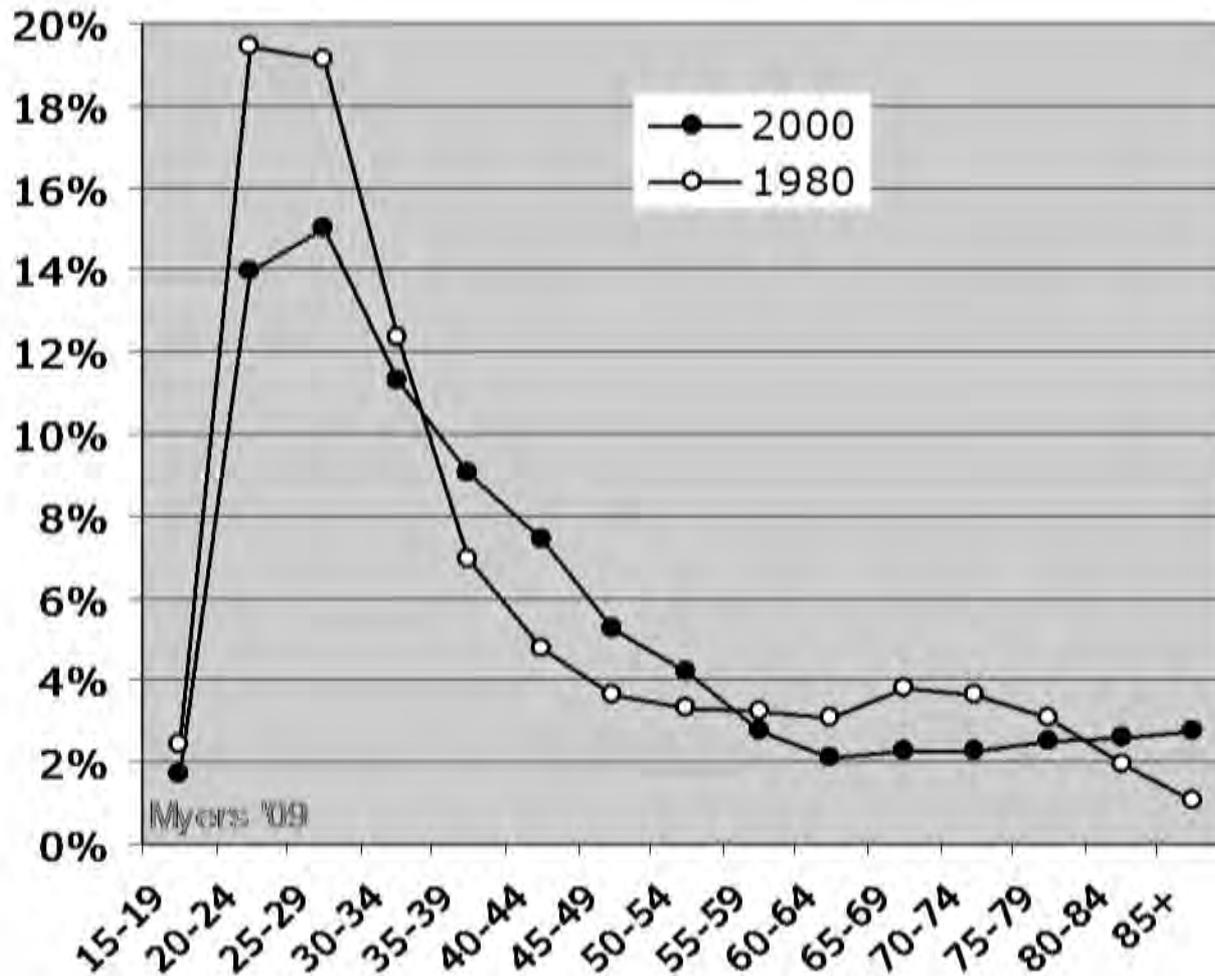
3 & 4.

**Multifamily Trend
and Outlook for Sprawl**

Century of U.S. Multifamily Construction Shares

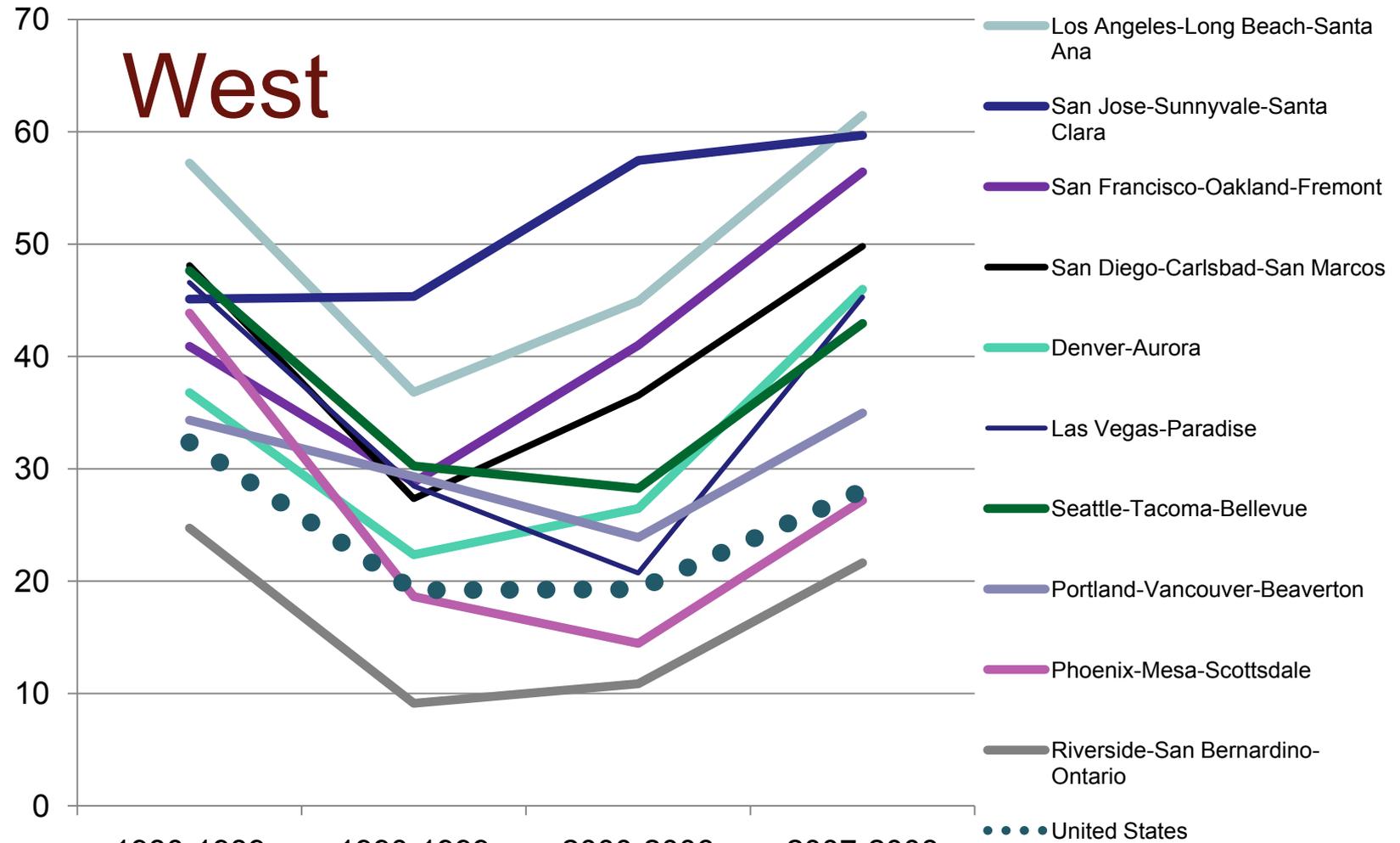


Age Profile of Tenants in Recently Built Apartments



Source: Dowell Myers, USC; Data from Census Bureau

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

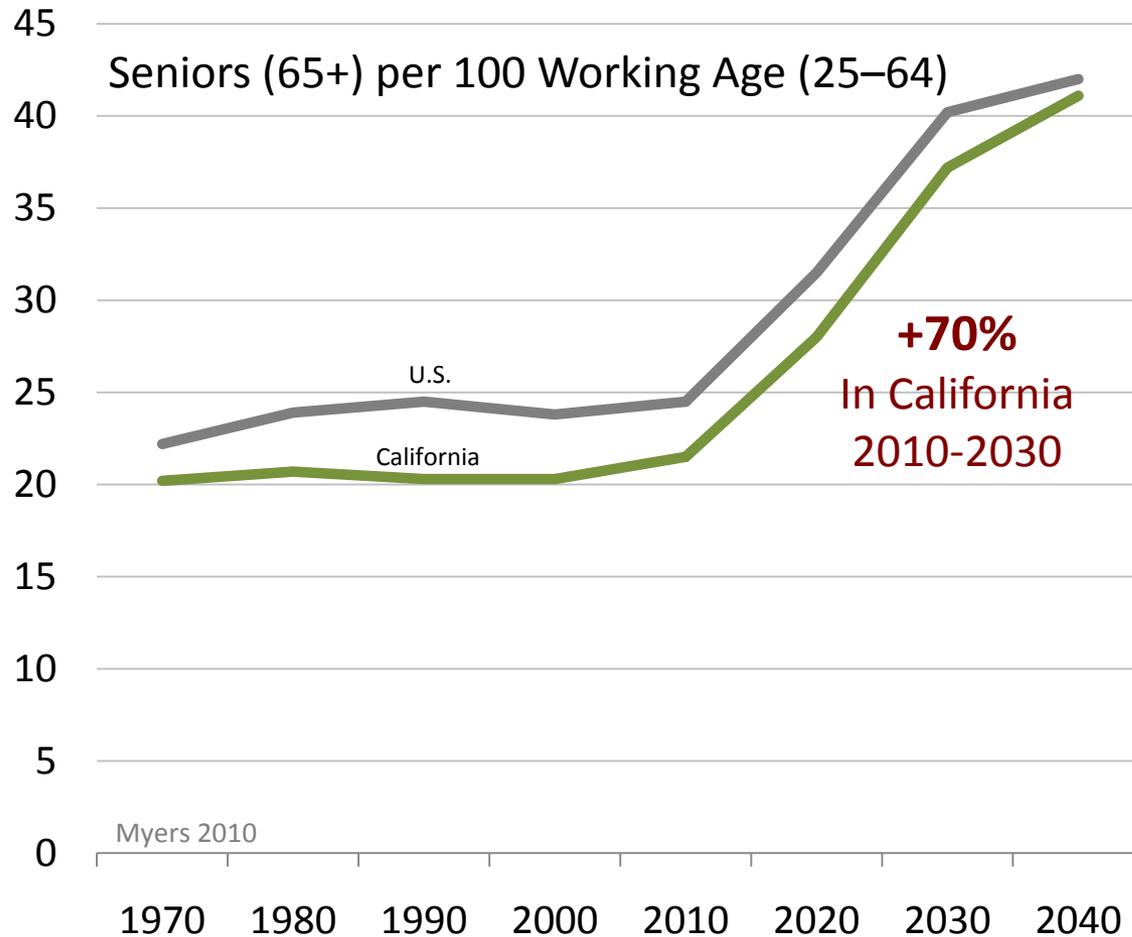


Source: Dowell Myers, USC; Data from Census Bureau

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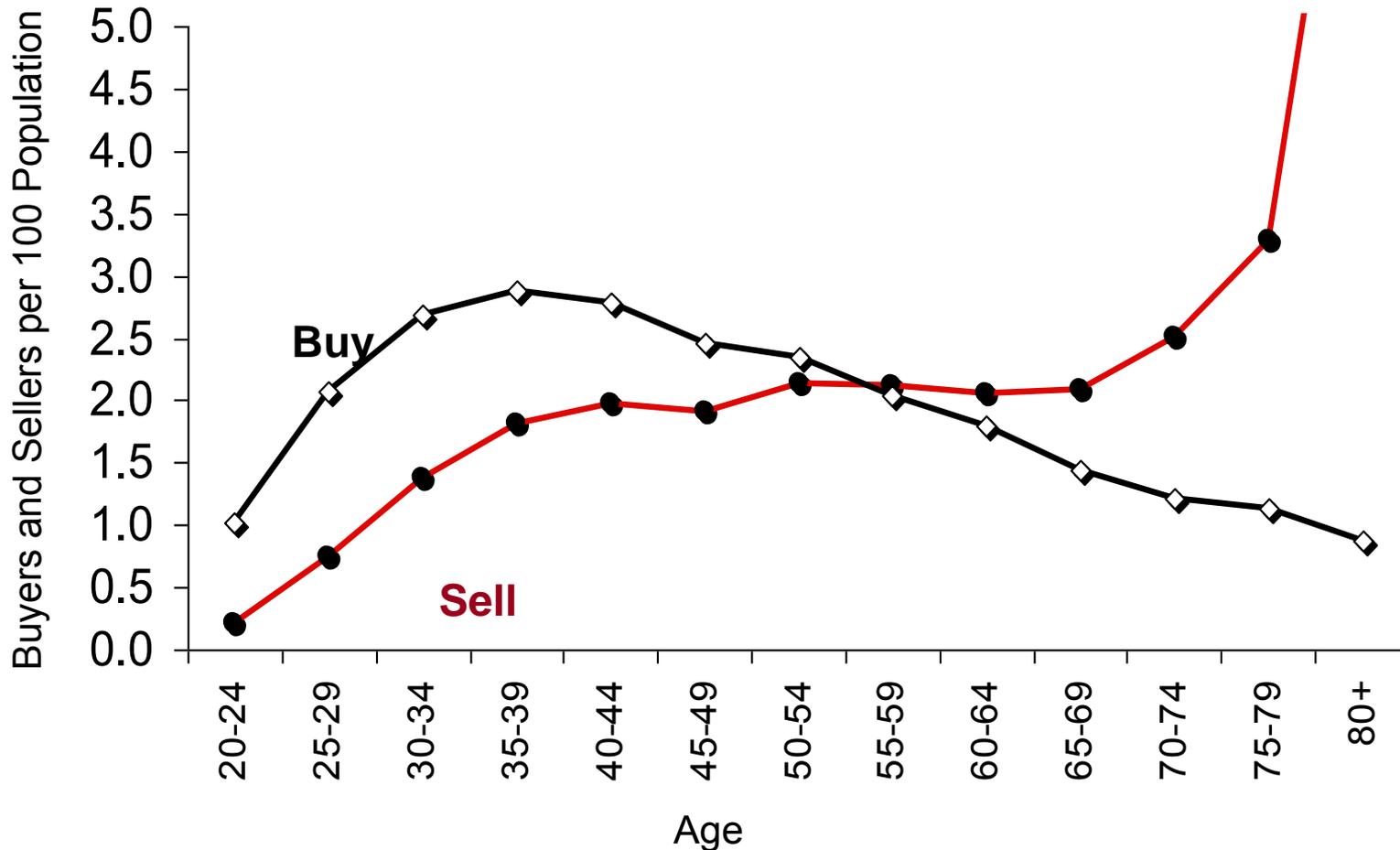
**The Baby Boomer
Sell-Off**

Soaring Ratio of Seniors to Working Age



Average Annual Rates of Buying and Selling

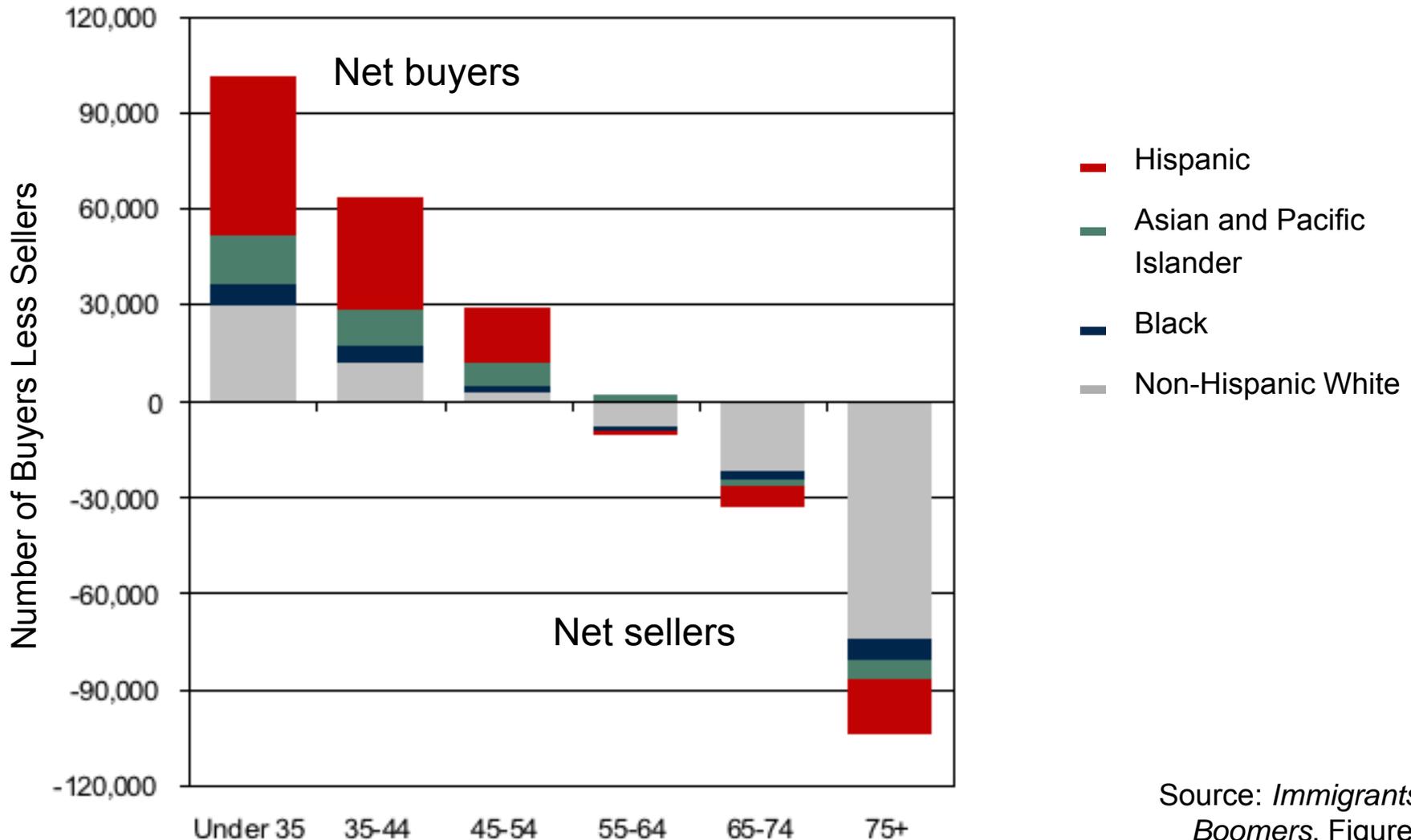
Per 100 People of Each Age in California



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

Who's Going to Buy Your House?

Myers's Projection for California in 2020



Source: *Immigrants and Boomers*, Figure 11.3

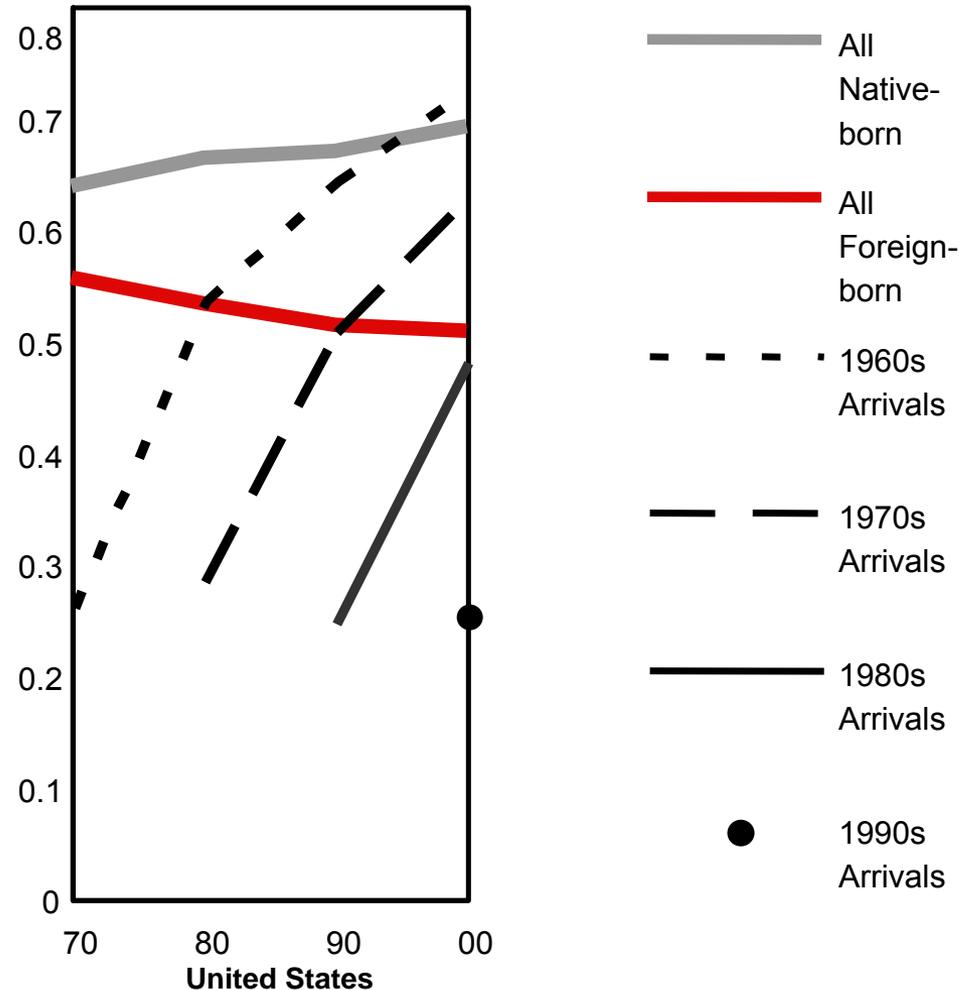


Need for
Bulking Up
the Younger
Generation

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



Conclusions

for the

Future



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

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

Fight the rising senior ratio

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

The Broader Solution

Fortify the younger generation
with costly education...

It's our key tax investment

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

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 21st 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, Ray Calnan, **Anna Jacobsen**, and **Josh Wheeler**, “California Roller Coaster: Income and Housing in Boom and Bust, 1990-2010,” **Special Report, Population Dynamics Research Group**, April 2011.

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, *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, “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.