


# Socio-Economic Trends and Future Land Use Implications

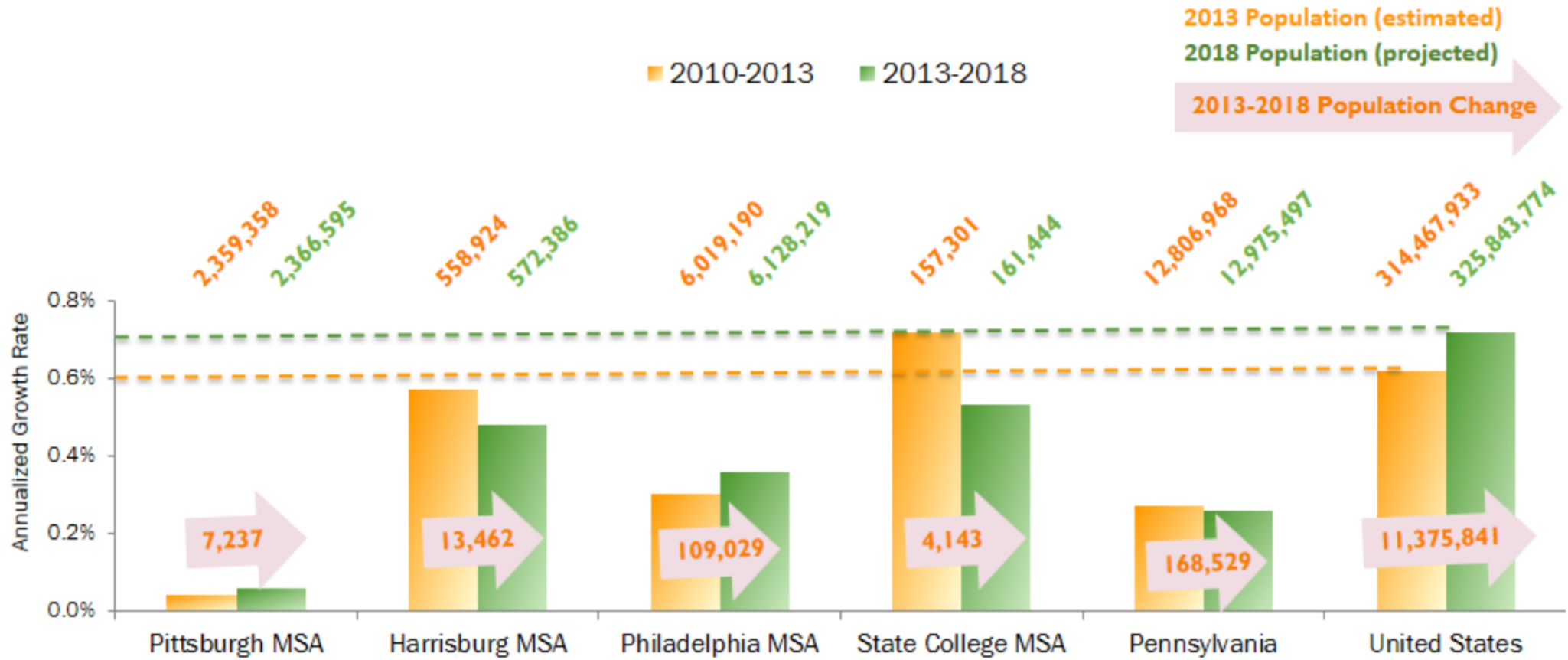
How will current and coming socio-economic trends influence land-use decisions and impacts?



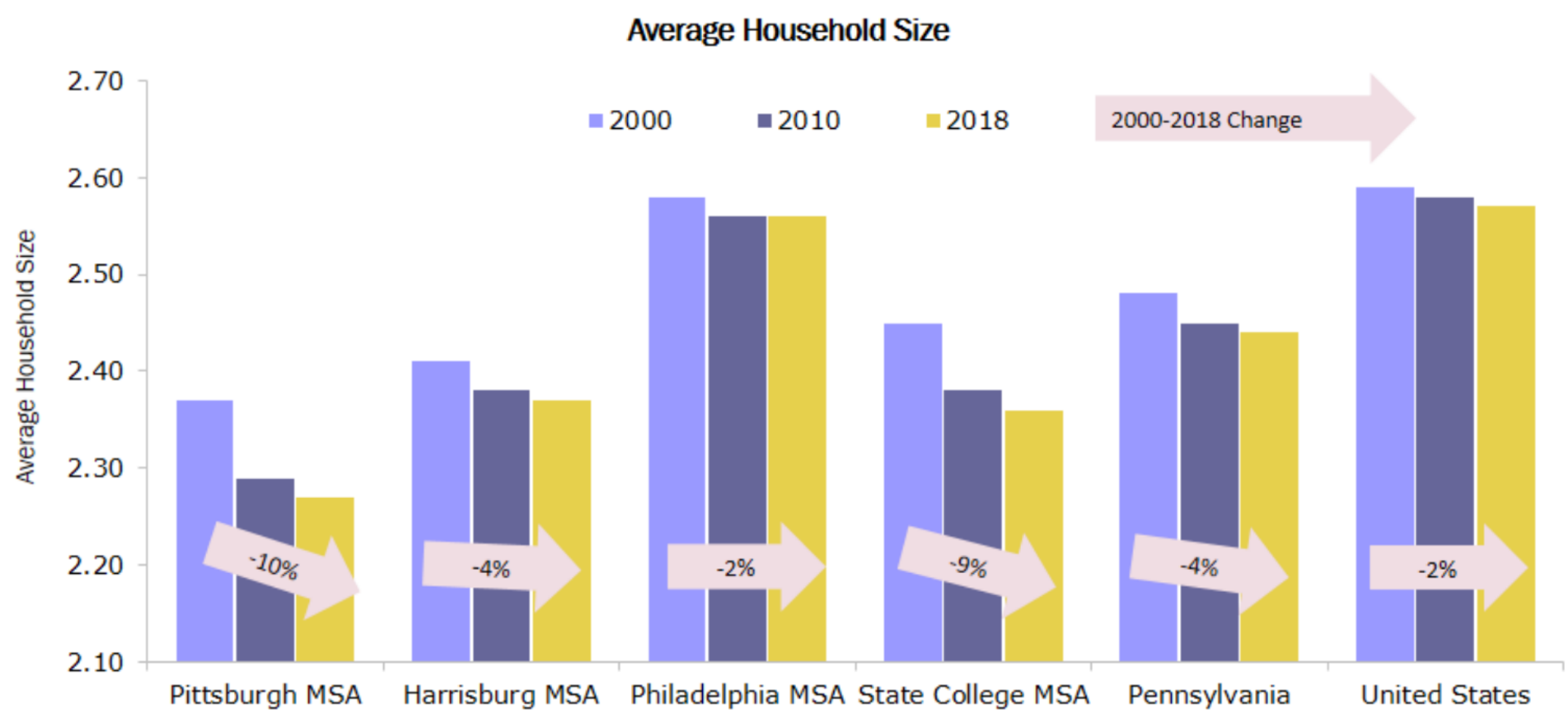
- 
- Population growth
  - Household (HH) Formation
  - HH type and size
  - Race
  - Age
  - Median HH Income
  - HH Tenure

# People

### Annualized Percentage Change, Total Population

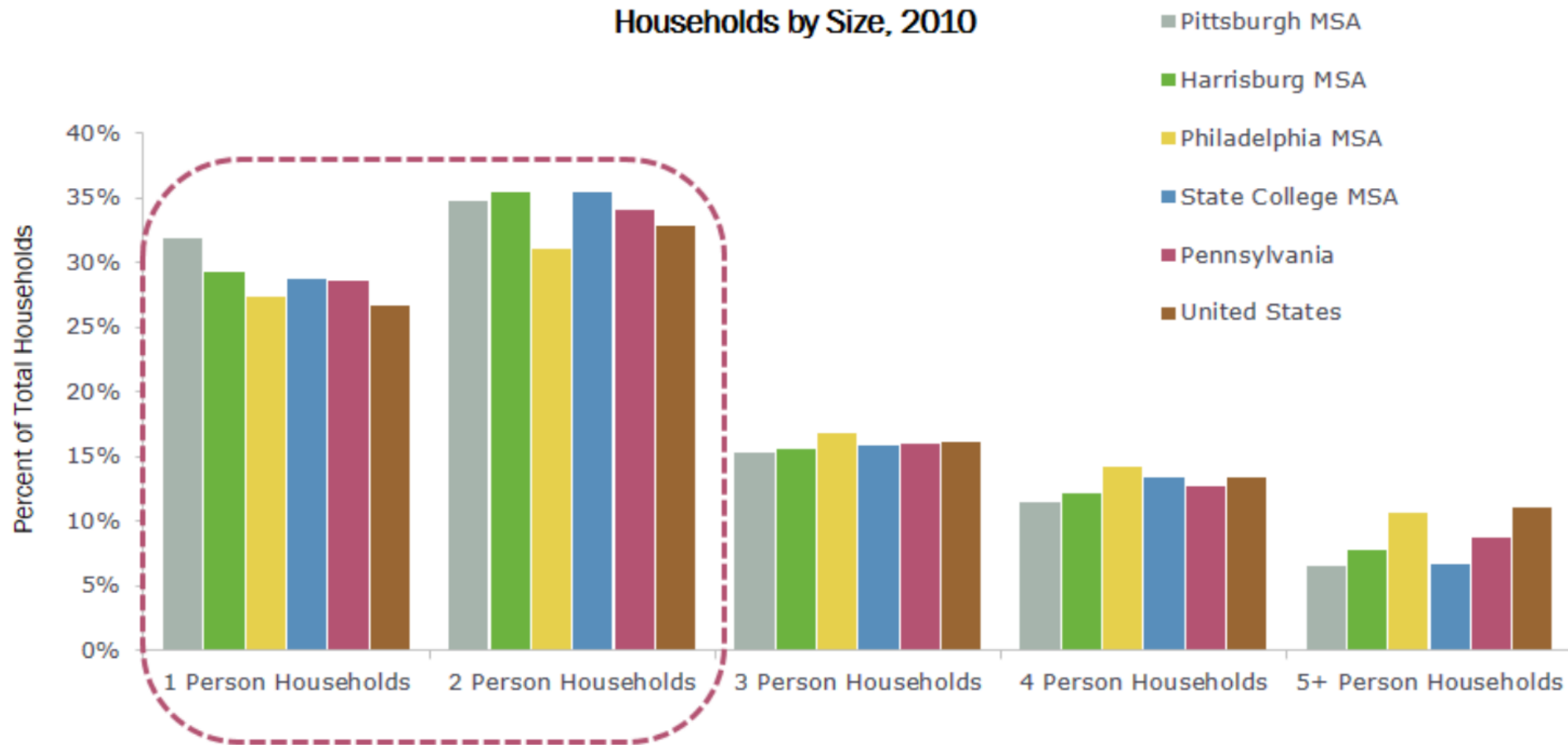


# Household Size





Households by Size, 2010



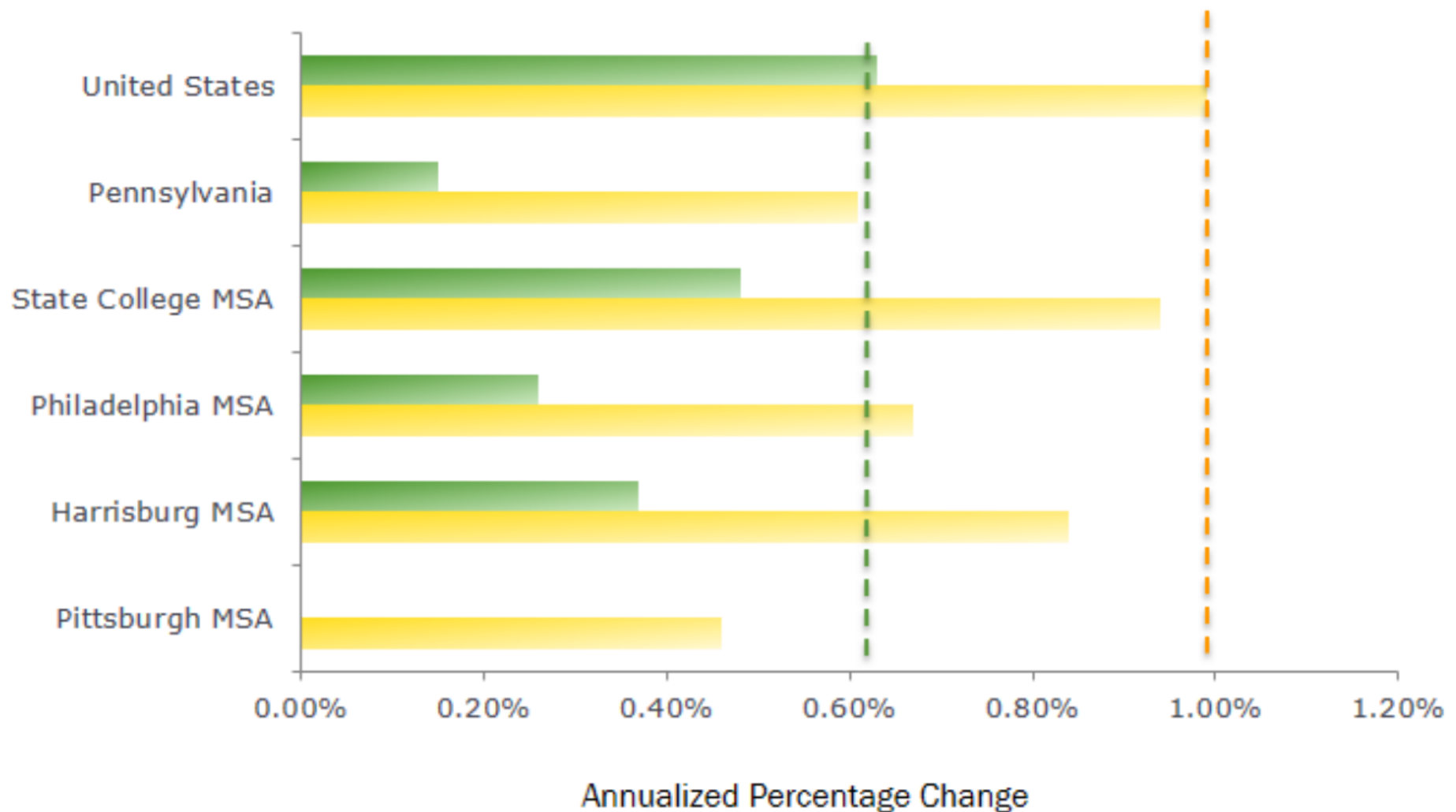
## Annualized Percentage Change, 2014-2018



Family Households

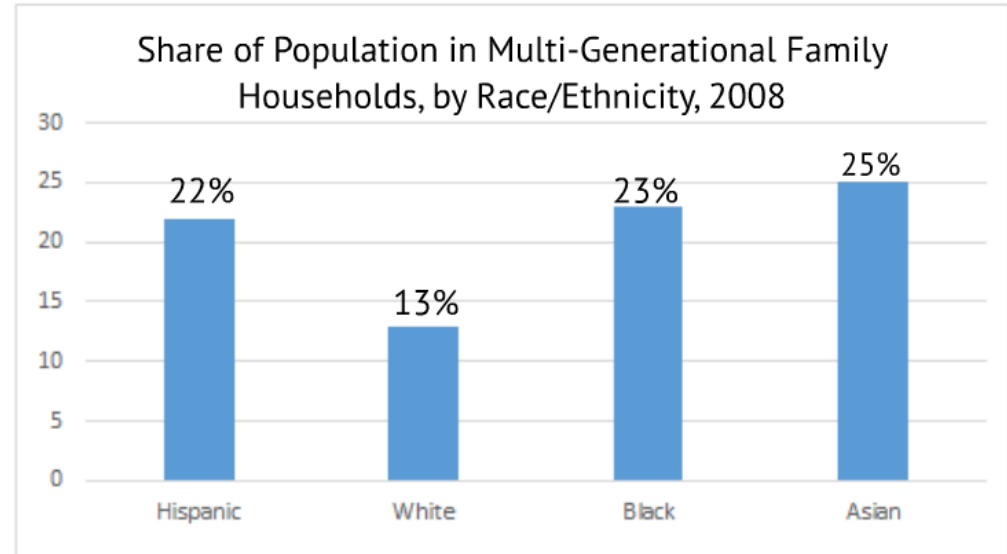
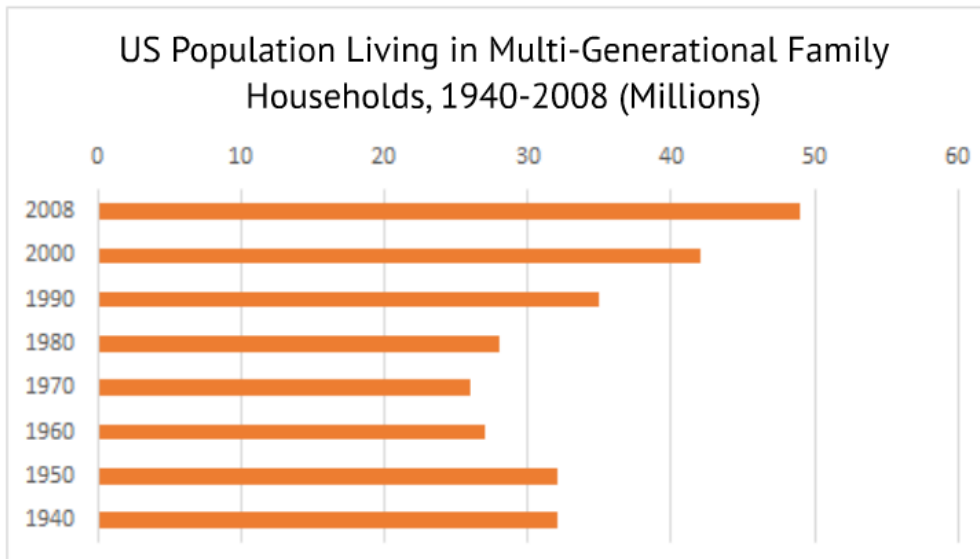


Non-Family Households



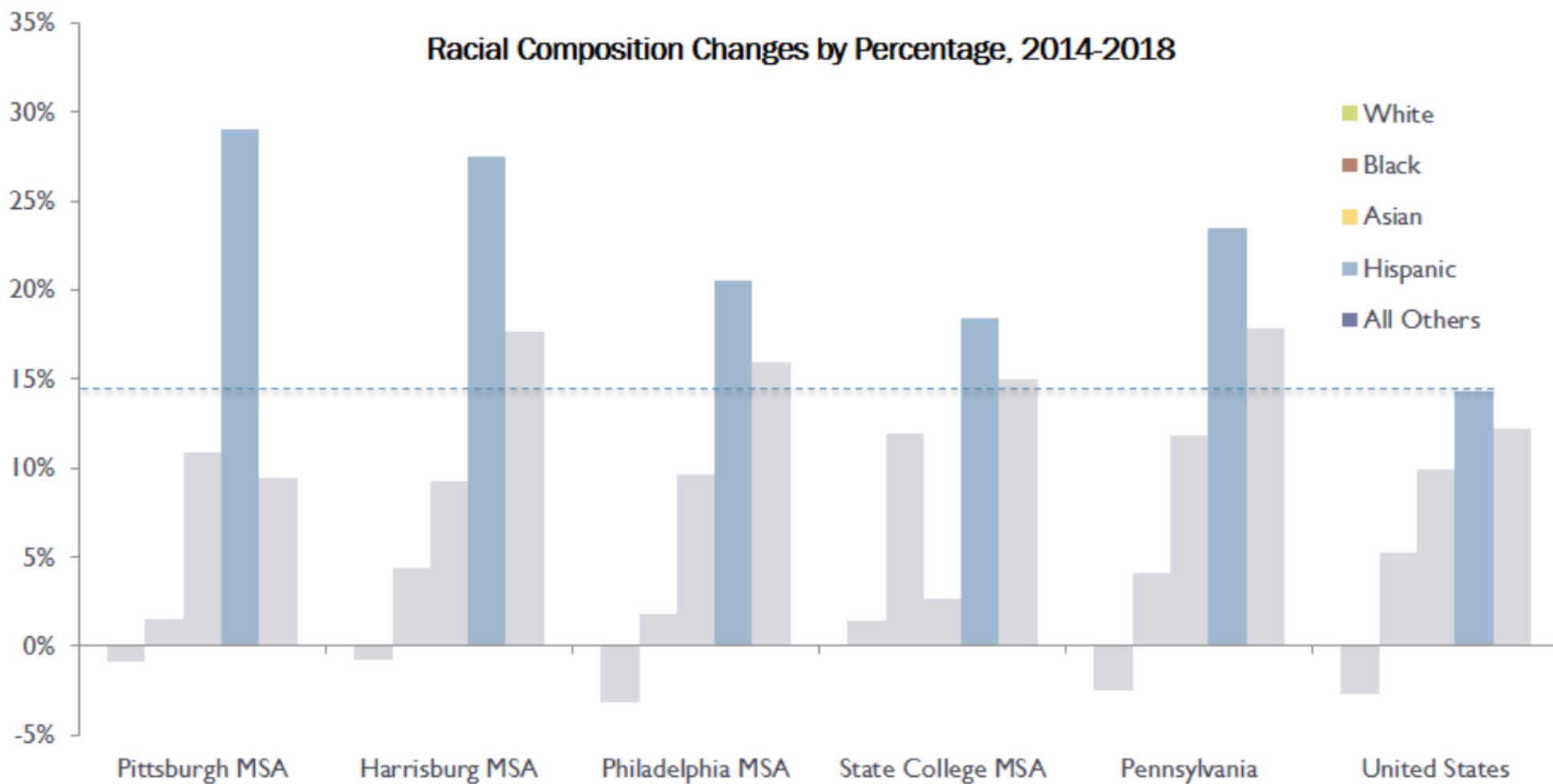
# The Return of the Multi-Generational Family Household

- Hispanics, blacks, and Asians are all significantly more likely than whites to live in a multi-generational family household.



Source: US Census, Pew Research Center, 2010

Racial Composition Changes by Percentage, 2014-2018

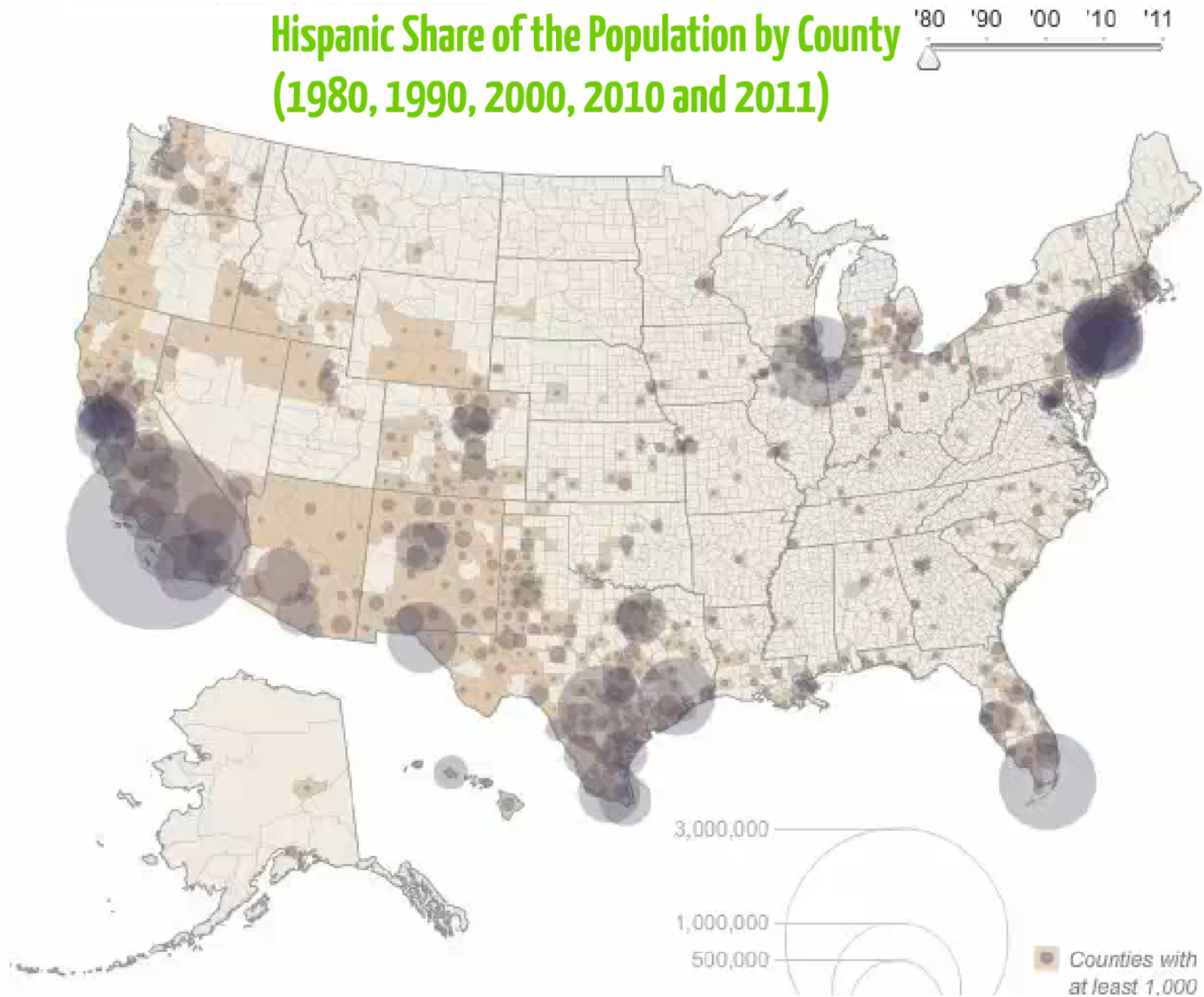


# Pennsylvania at a Glance:

## Hispanic Population

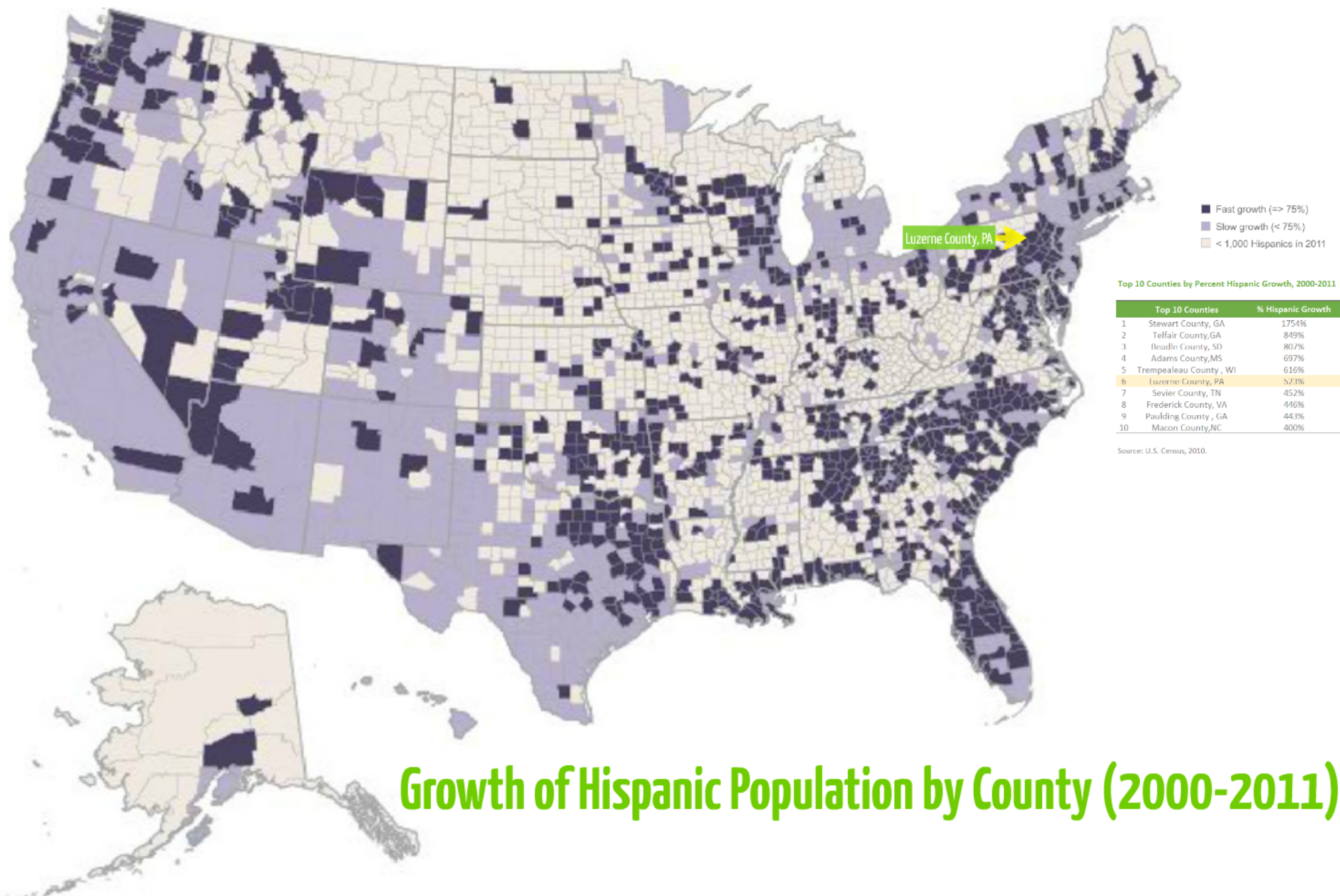
POPULATION	750,000
PERCENT OF STATE POPULATION	6%
MEDIAN AGE	25 years
MEDIAN ANNUAL PERSONAL EARNINGS, 16+	\$20,000
POVERTY RATE, 17 AND YOUNGER	45%
WITHOUT HEALTH INSURANCE	22%
PERCENT HOMEOWNERSHIP	42%
PERCENT OF ALL K-12 STUDENT	9%

## Hispanic Share of the Population by County (1980, 1990, 2000, 2010 and 2011)



Source: Pew Research Center, Census Bureau





## Growth of Hispanic Population by County (2000-2011)



Luzerne County, PA

- Fast growth ( $\geq 75\%$ )
- Slow growth ( $< 75\%$ )
- $< 1,000$  Hispanics in 2011

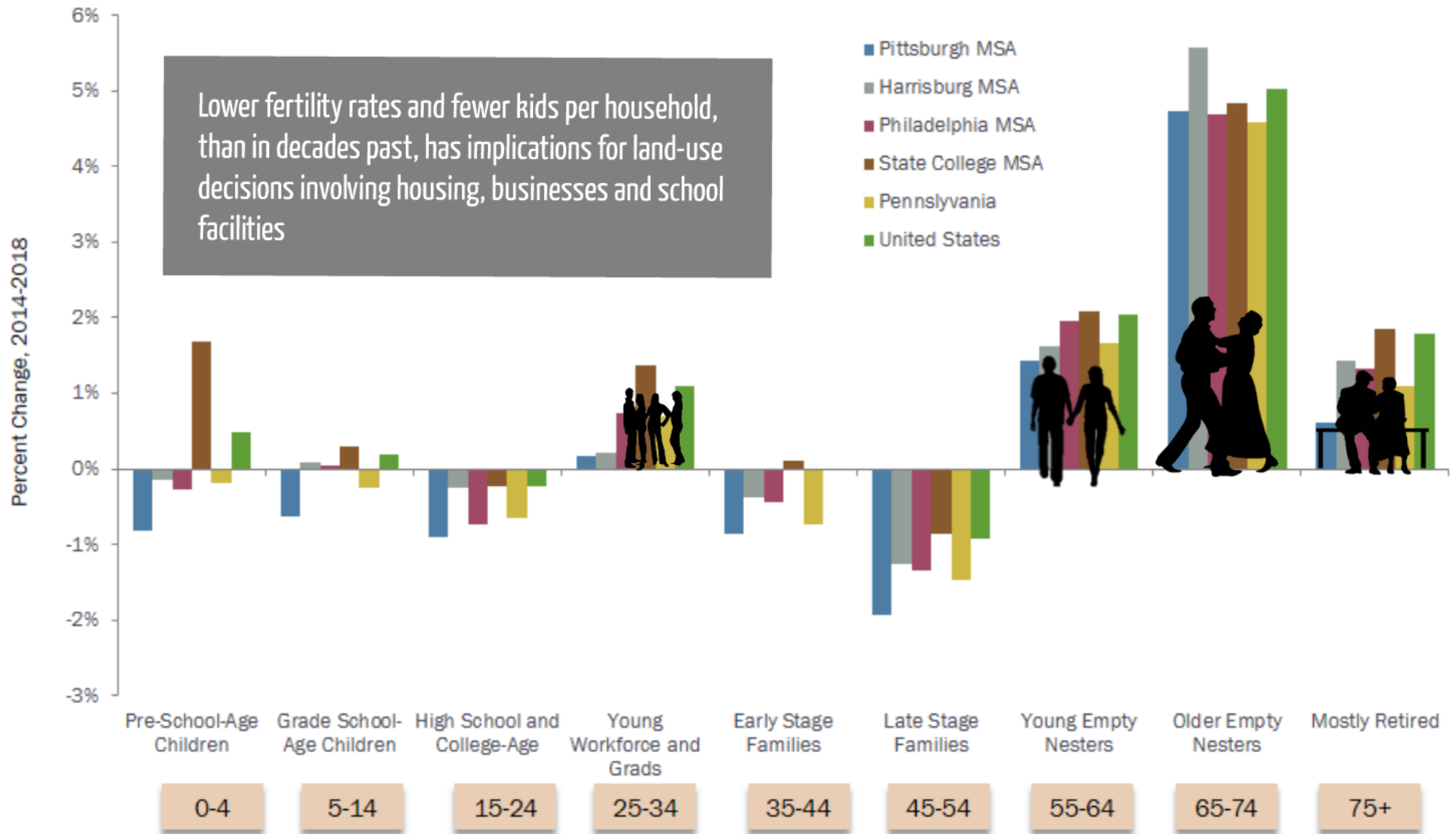
#### Top 10 Counties by Percent Hispanic Growth, 2000-2011

Top 10 Counties		% Hispanic Growth
1	Stewart County, GA	1754%
2	Telfair County, GA	849%
3	Beadle County, SD	807%
4	Adams County, MS	697%
5	Trempealeau County, WI	616%
6	Luzerne County, PA	523%
7	Sevier County, TN	452%
8	Frederick County, VA	446%
9	Paulding County, GA	443%
10	Macon County, NC	400%

Source: U.S. Census, 2010.

# Age

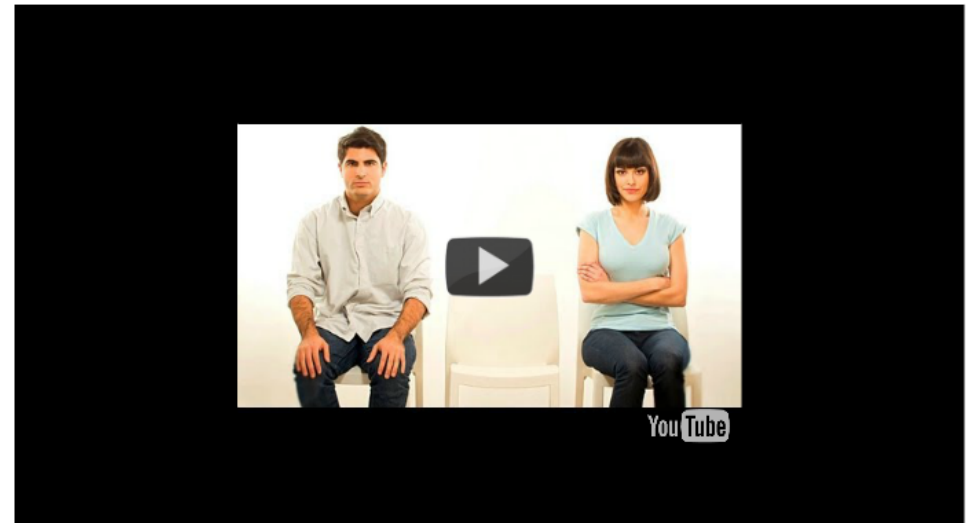
Age Cohort Changes by Annualized Percentage Change, 2010-2018



# Millennials

America is in the throes of a huge demographic shift, and a major factor is due to the Millennial generation ( 18- to 33-year-olds), which is forging its own distinct path to adulthood compared with older Americans.

- More likely to live at home
- More men than women.
- Mostly unmarried
- Most racially diverse generation in American history.

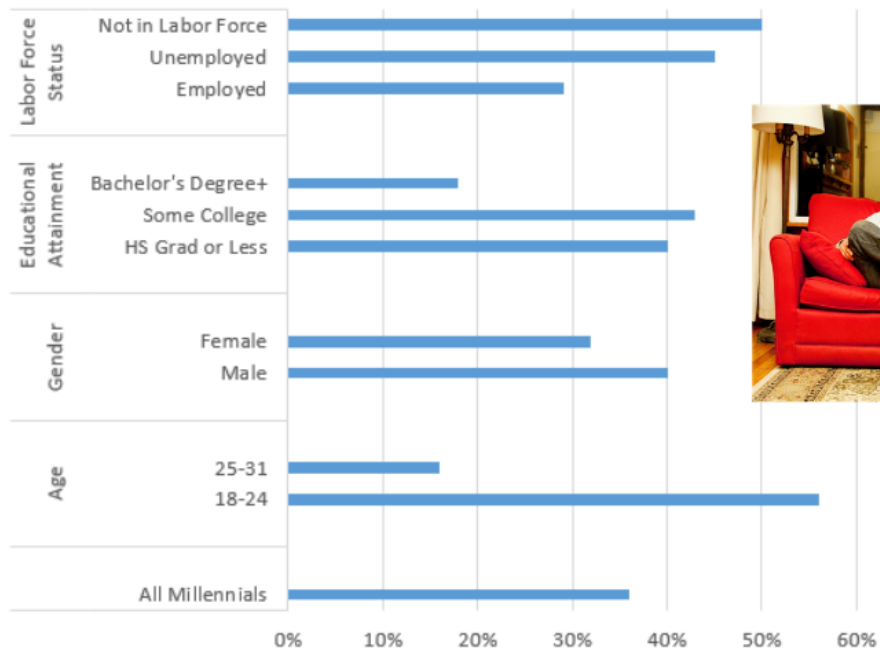


Source: Pew Research Center



## Millennials Living at Home (2012)

Percent of adults age 18 to 31 living at the home of their parents

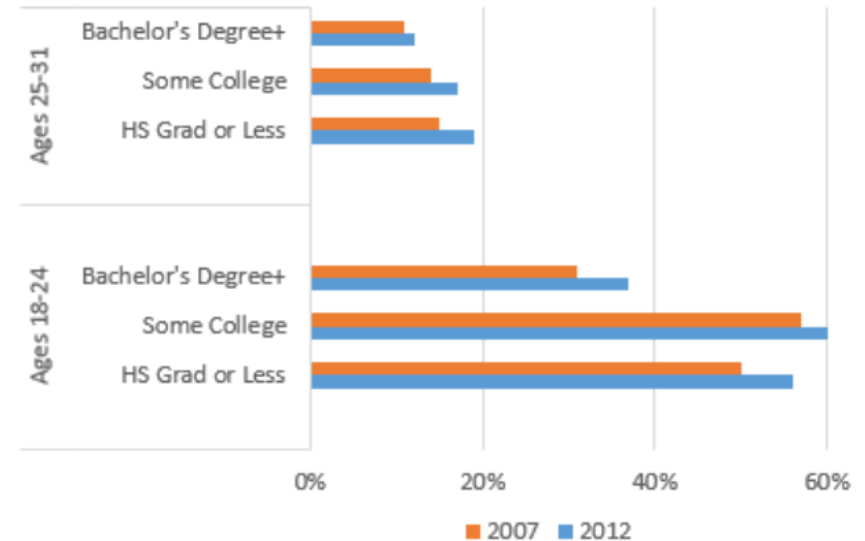


Source: Pew Research Center, 2012



## Increase in Living at Home Concentrated among Less-educated Young Adults (2007 and 2012)

Percent living at home of parents(s)



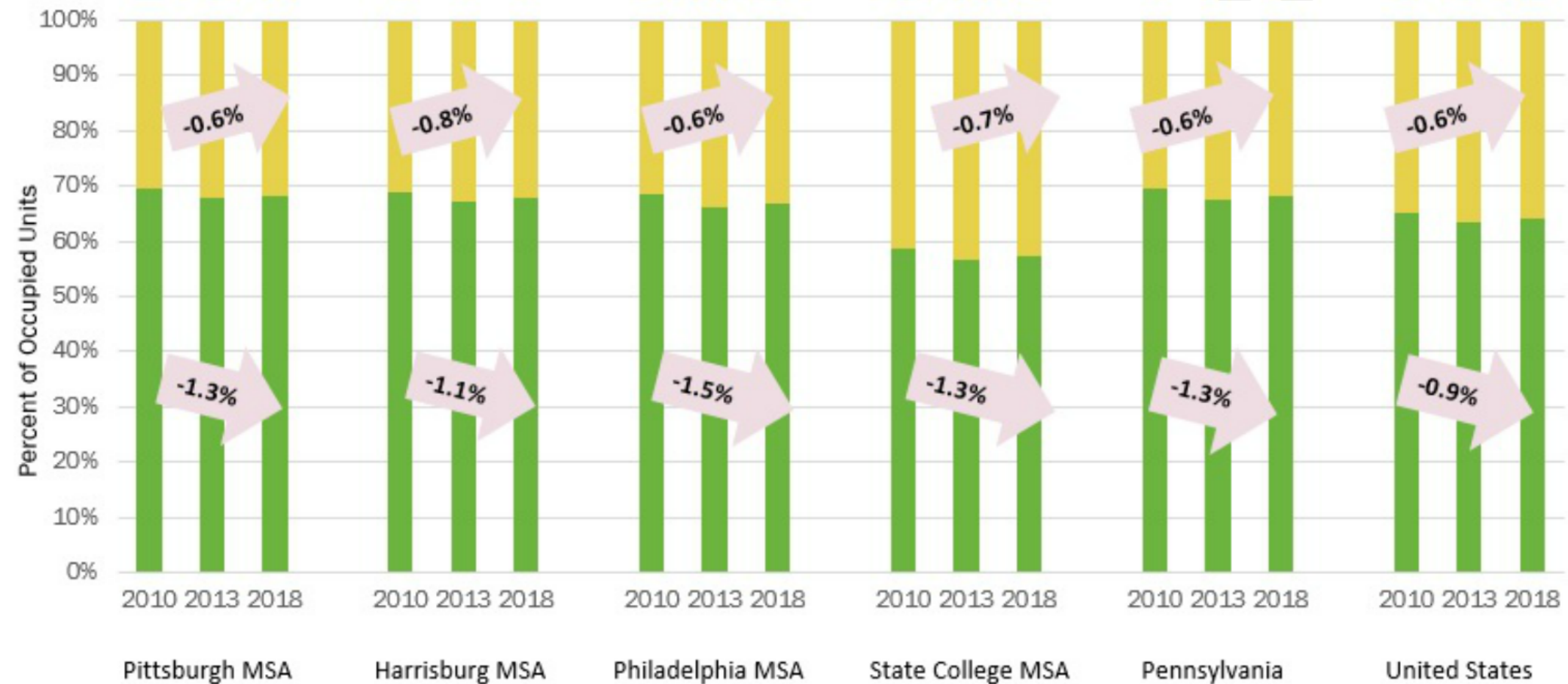
# Housing Tenure

Housing Tenure by Geography, 2010-2018



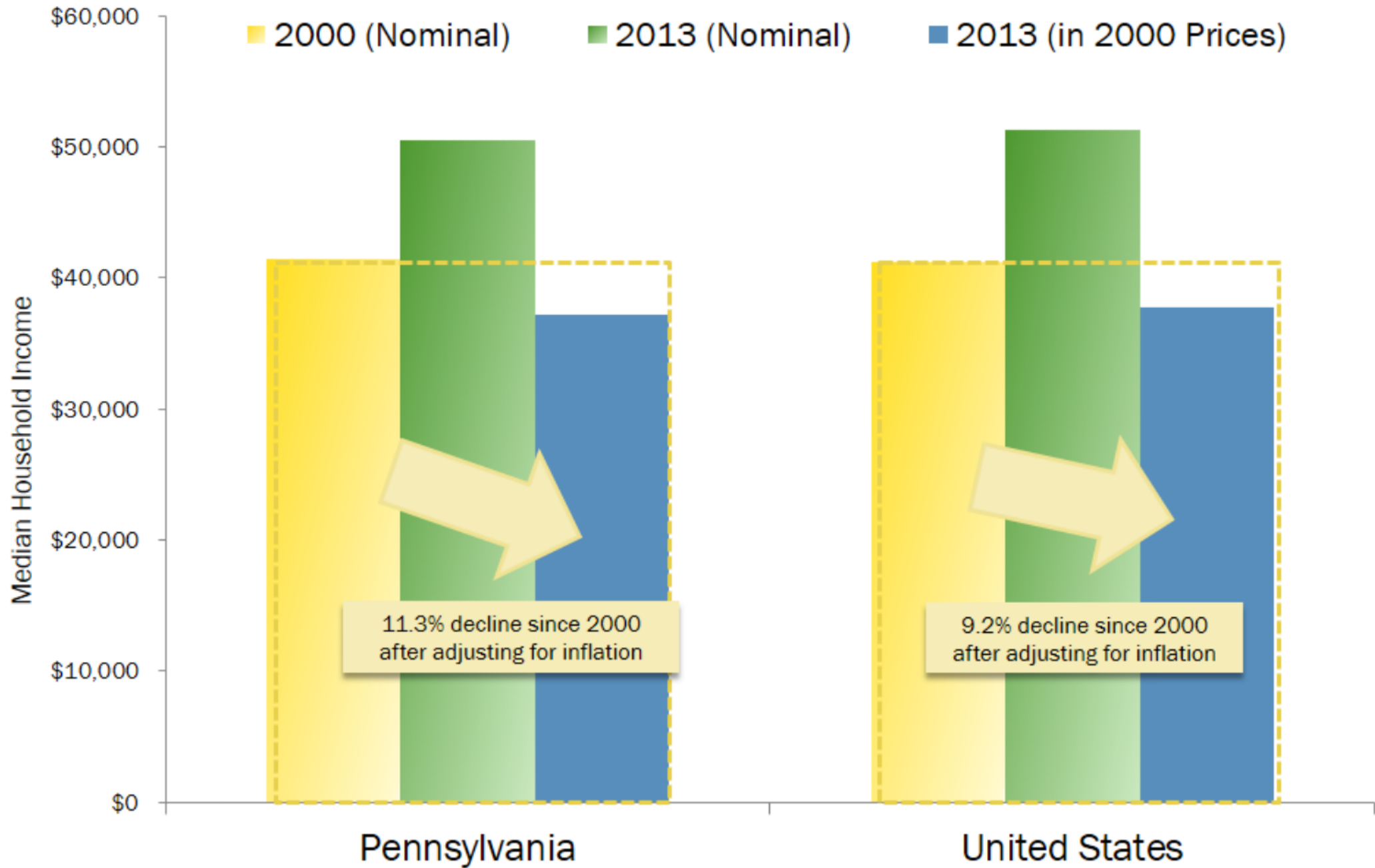
Owned

Rented



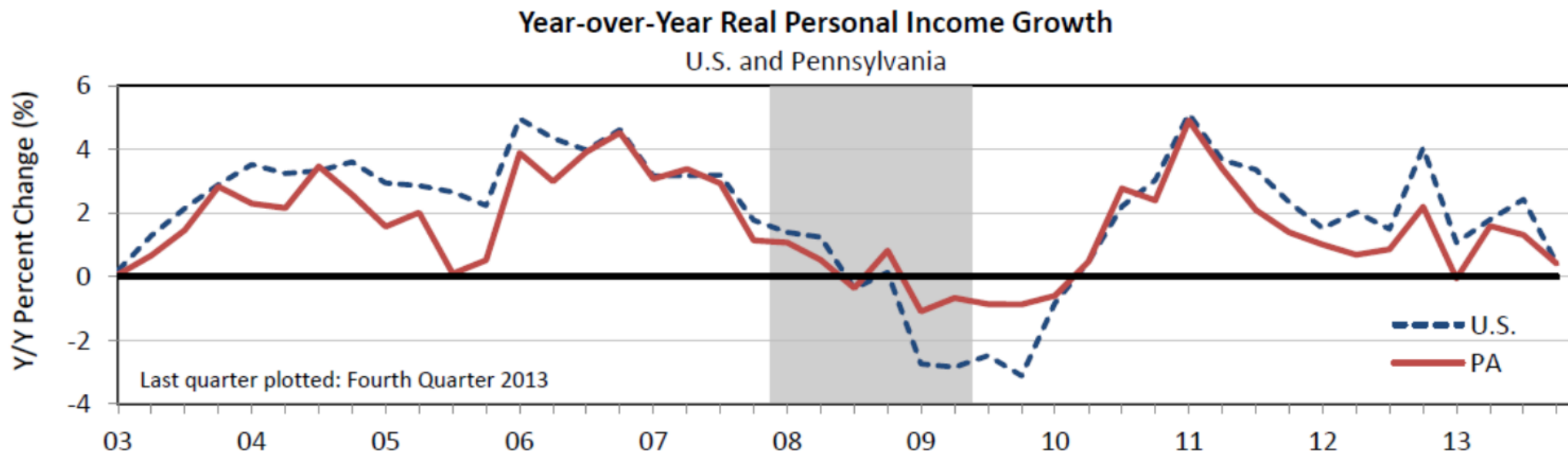


## Median Household Income Comparison



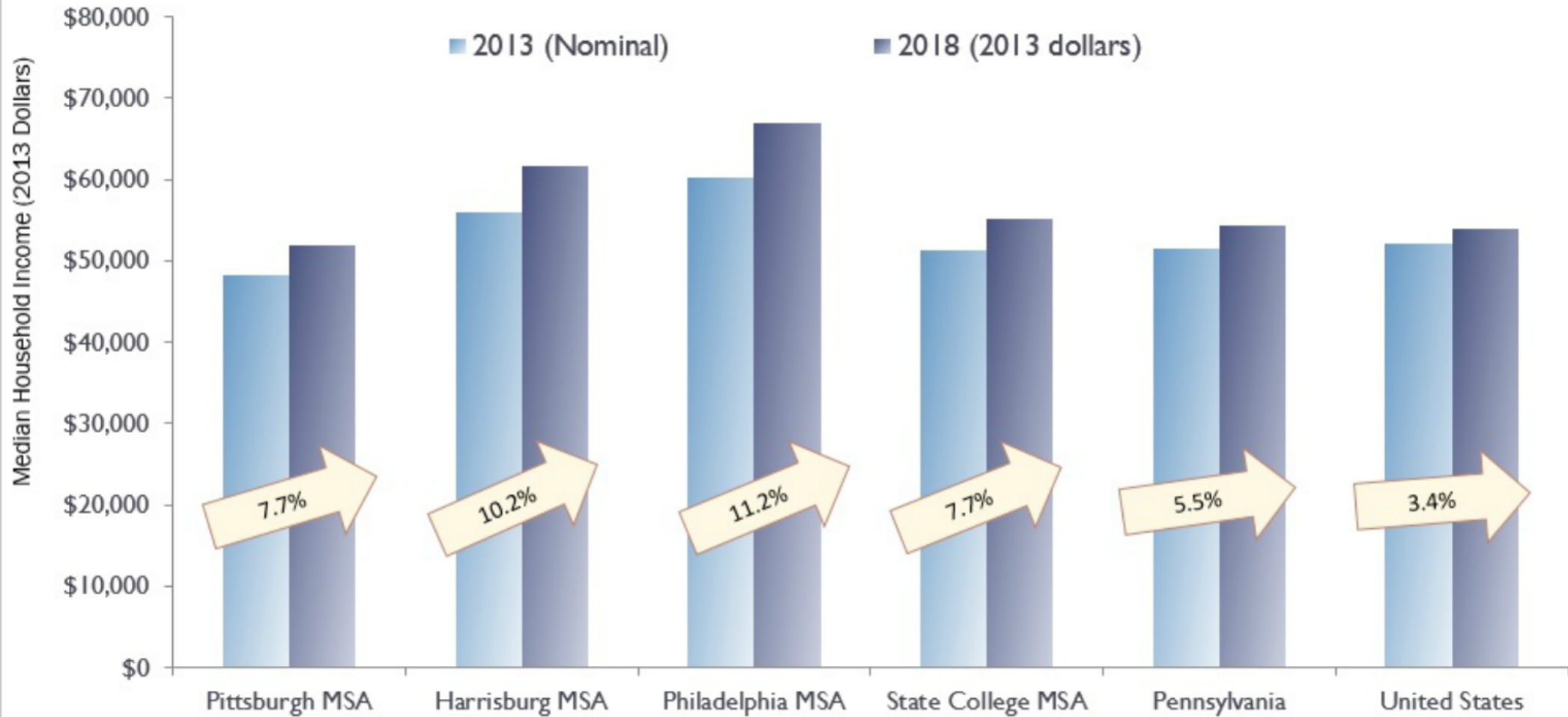
# Income

Real personal income is defined as personal income per capita, adjusted for inflation.

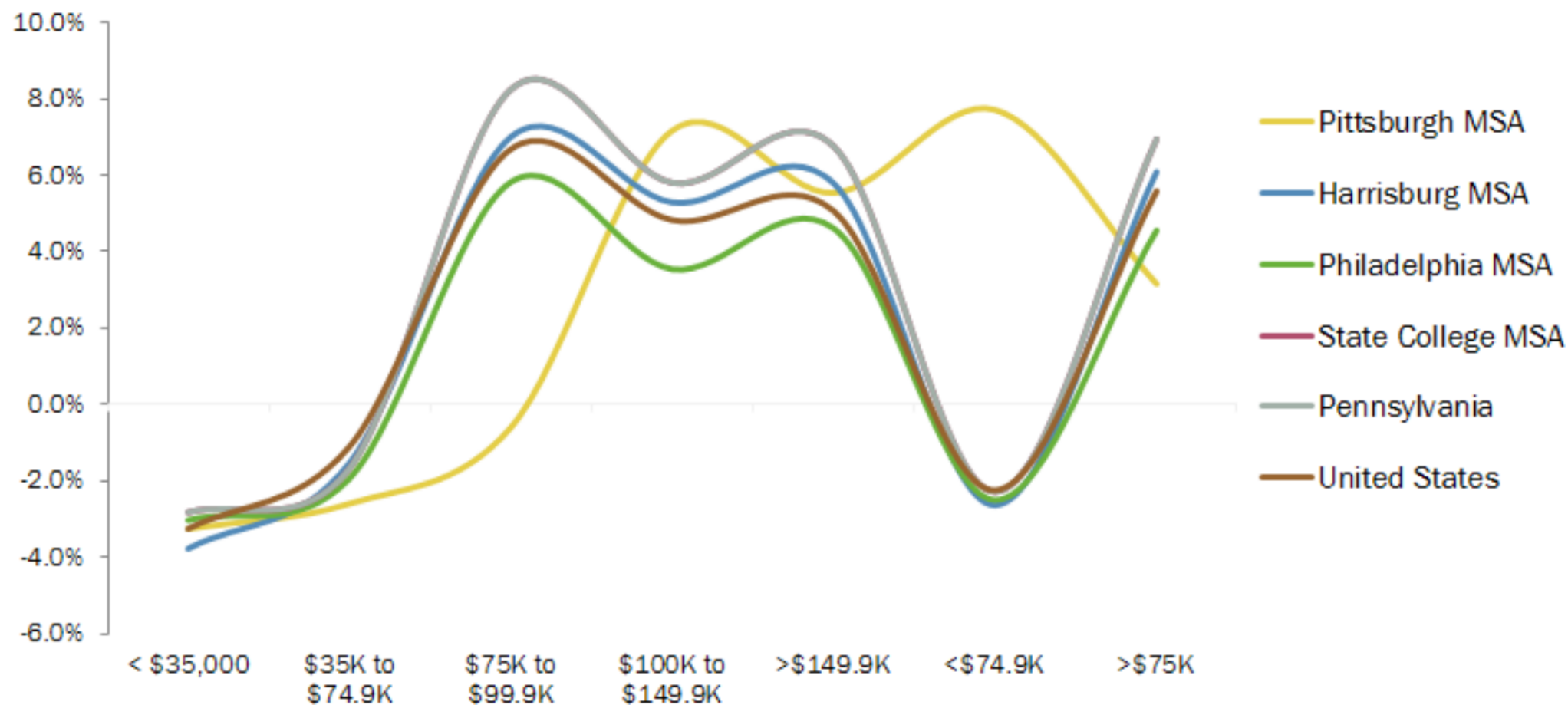


Source: U.S. Bureau of Economic Analysis, Federal Reserve Bank of Philadelphia

## Median Household Income Comparison

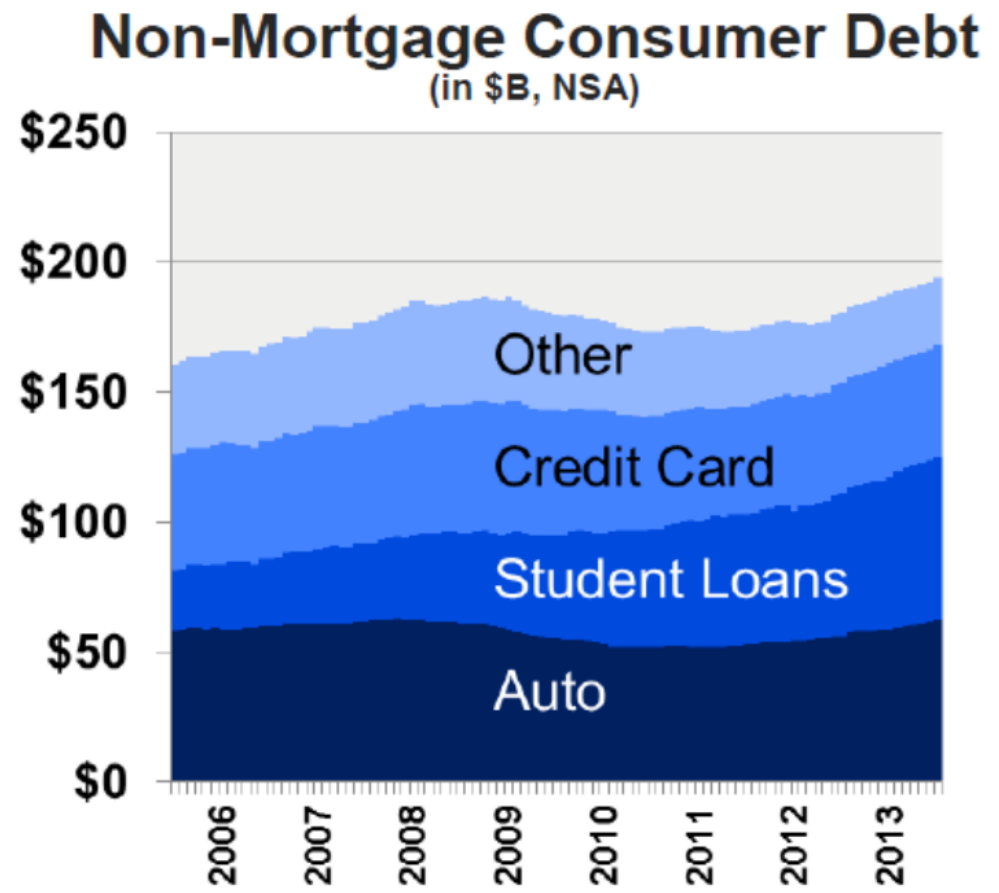
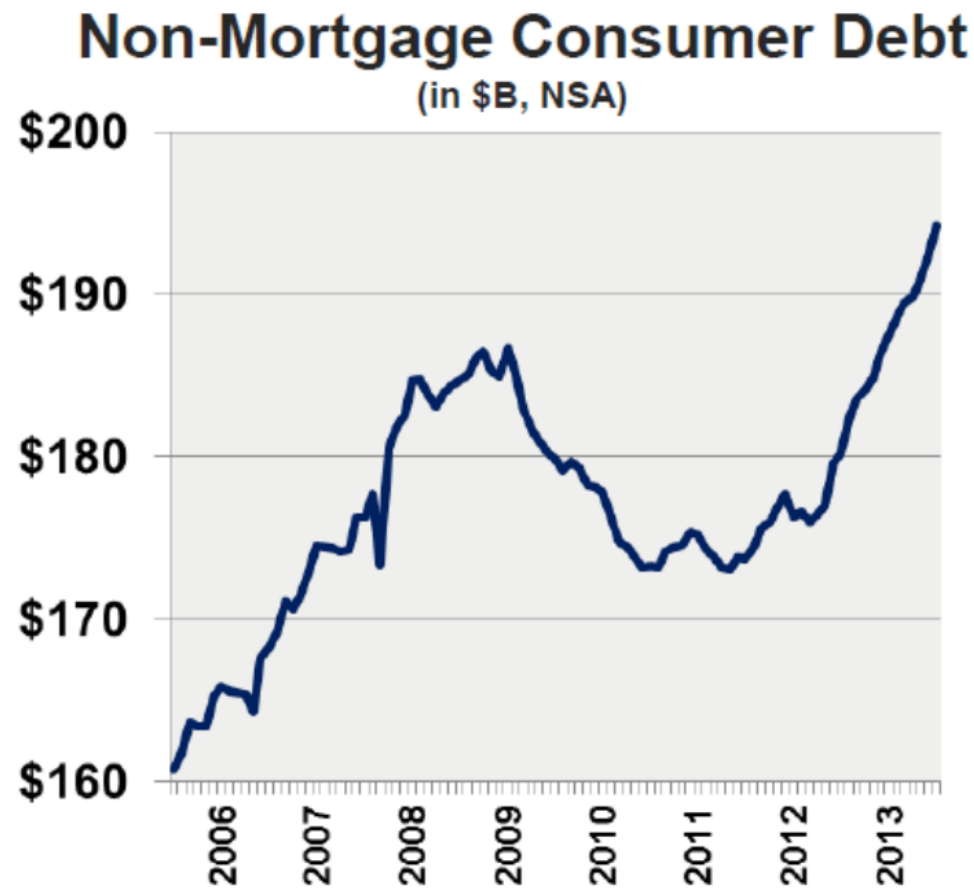


## Annualized Growth Rate, 2013-2018



# Non-Mortgage Consumer Debt

- Although home equity line of credit debt has been dropping since 2009, non-mortgage consumer debt (e.g. student loans) continues to climb.



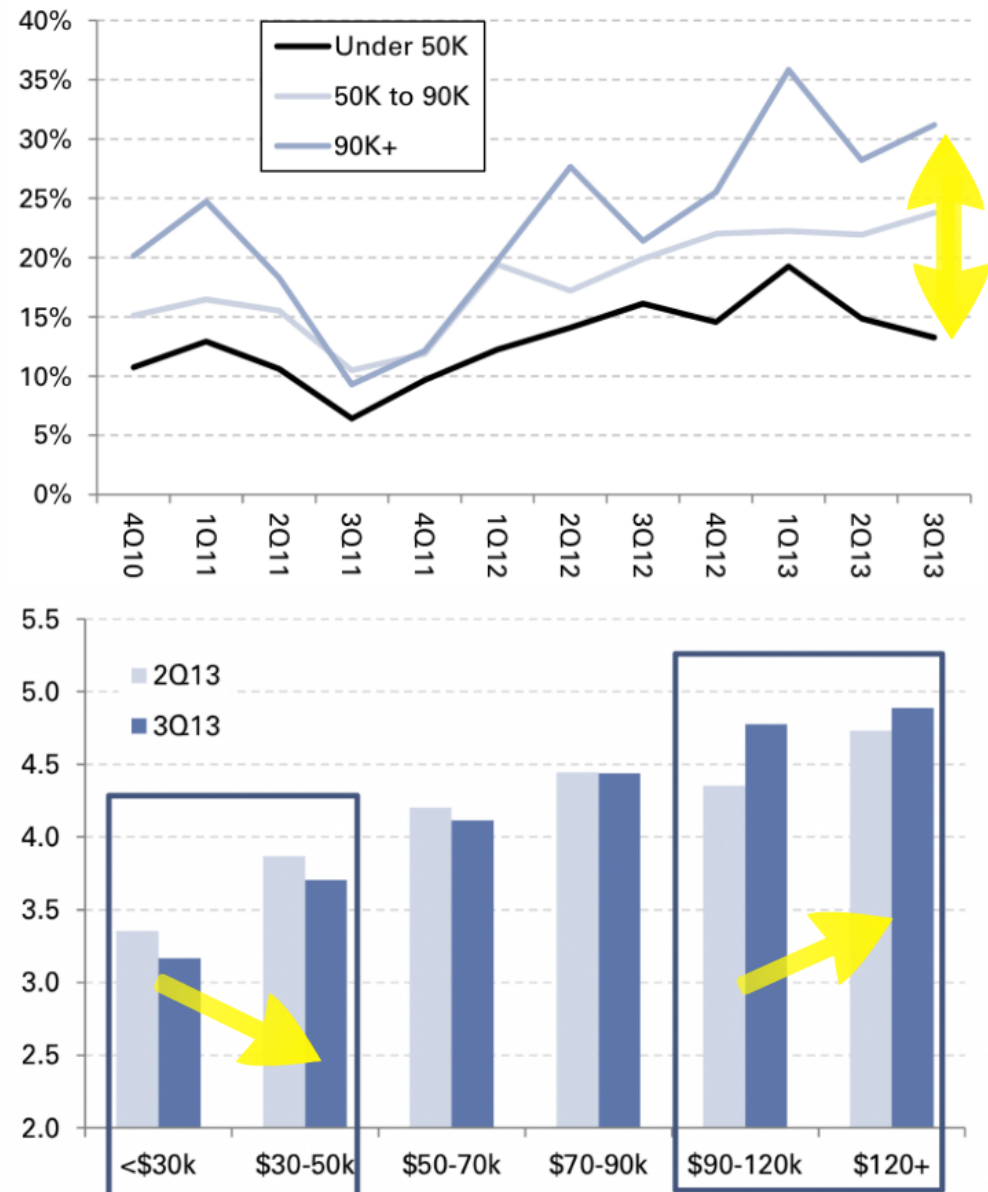
Source: Equifax (Credit Trends 4.0; data through July 2013)

Vertical Axis Scales Not Aligned

# Consumer Spending Disparity by Household Income

- The spread between high- and low-income households widened to the highest level in the history of Goldman's survey in 3Q.
- Consumers in \$90,000+ households reported an increase in spending in 3Q vs. 2Q, while consumers in under-\$50,000 households reported a decrease in spending this quarter.

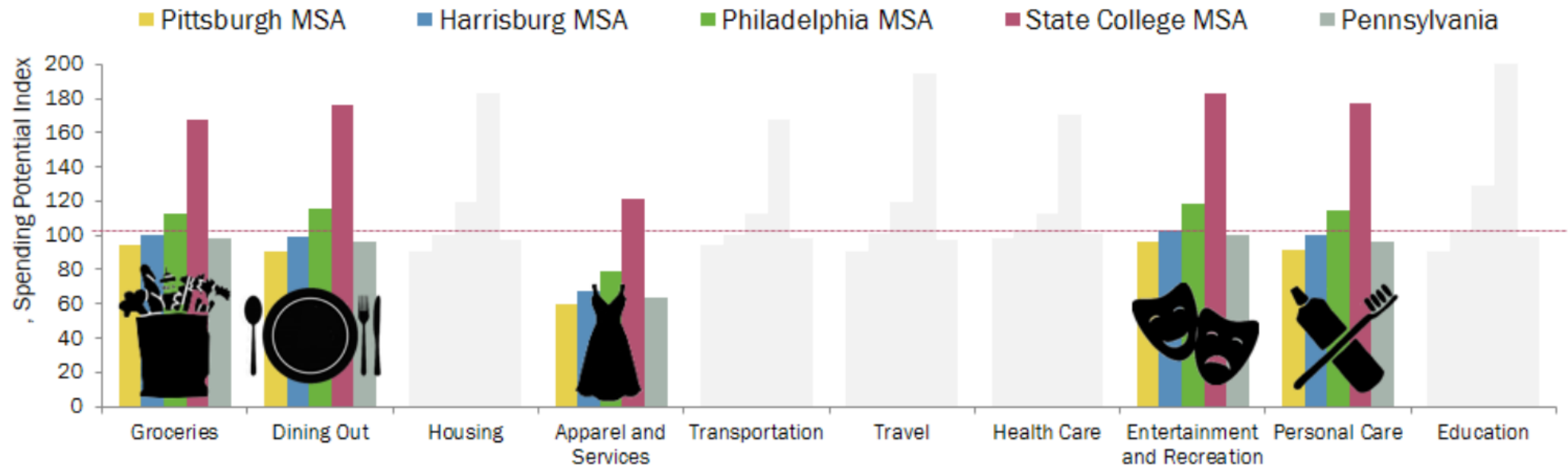
Source: Goldman Sachs survey of 2,000 US consumers





# Household Spending

Household Spending Potential Index, 2013

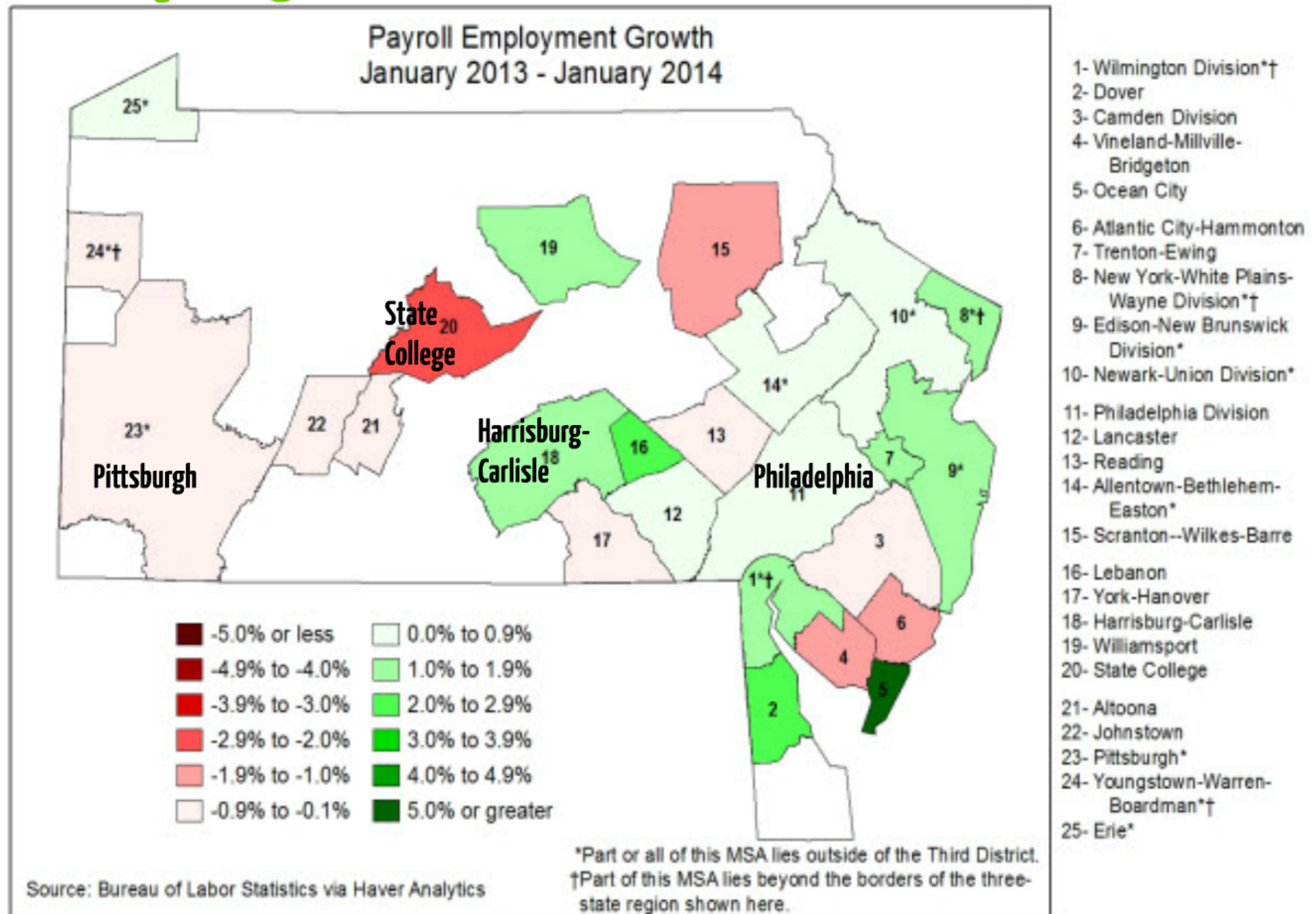




# Jobs

- Labor Force
- Top Industries
- Average Wage
- Growth Trends

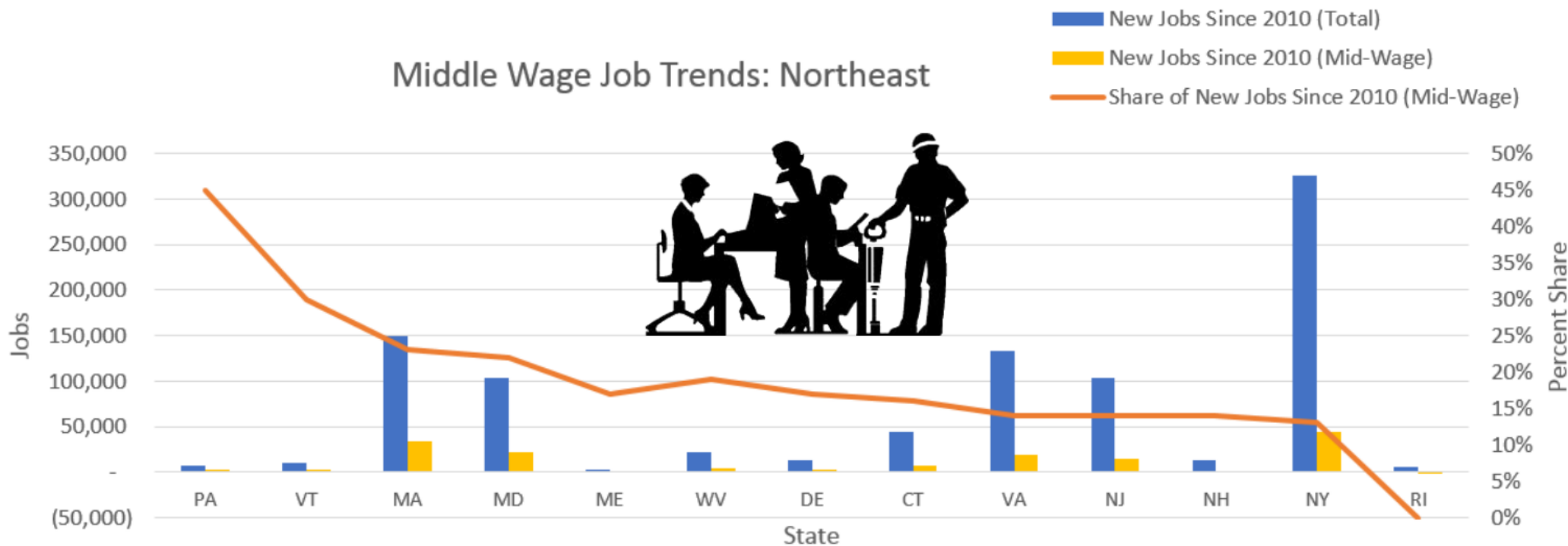
# Employment Trends



# Job Trends

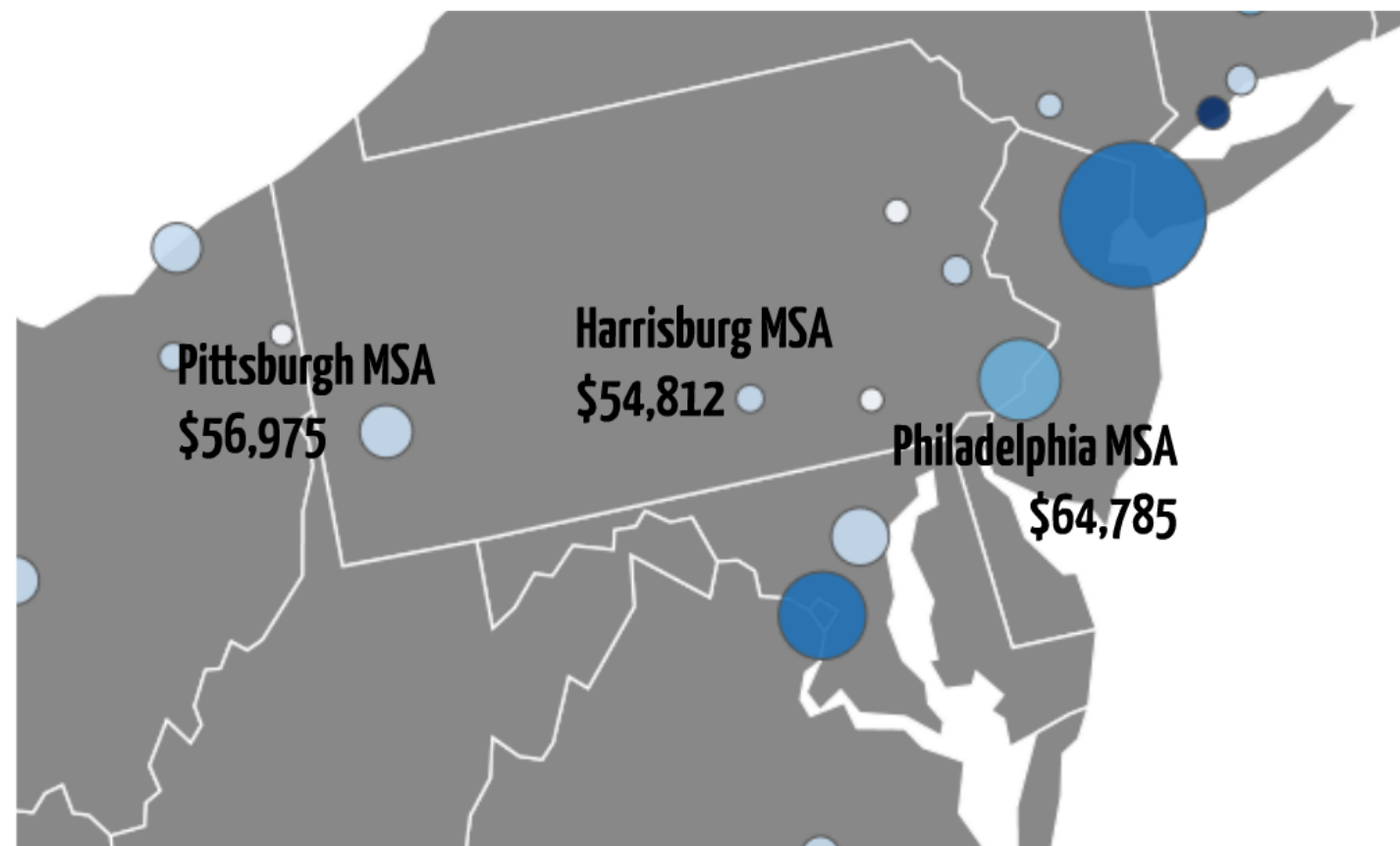
From 2010 to 2013, Pennsylvania gained approximately 7,600 new jobs, of which approximately 45 percent (3,400 jobs) were considered mid wage jobs-- the highest percent share for all northeastern states.

## Middle Wage Job Trends: Northeast



Source: QCEW Employees, Non-QCEW Employees & Self-Employed - EMSI 2013.3 Class of Worker

## Average Earnings per Job (2013)



Data source: QCEW Employees, Non-QCEW Employees & Self-Employed - EMSI 2013.3 Class of Worker

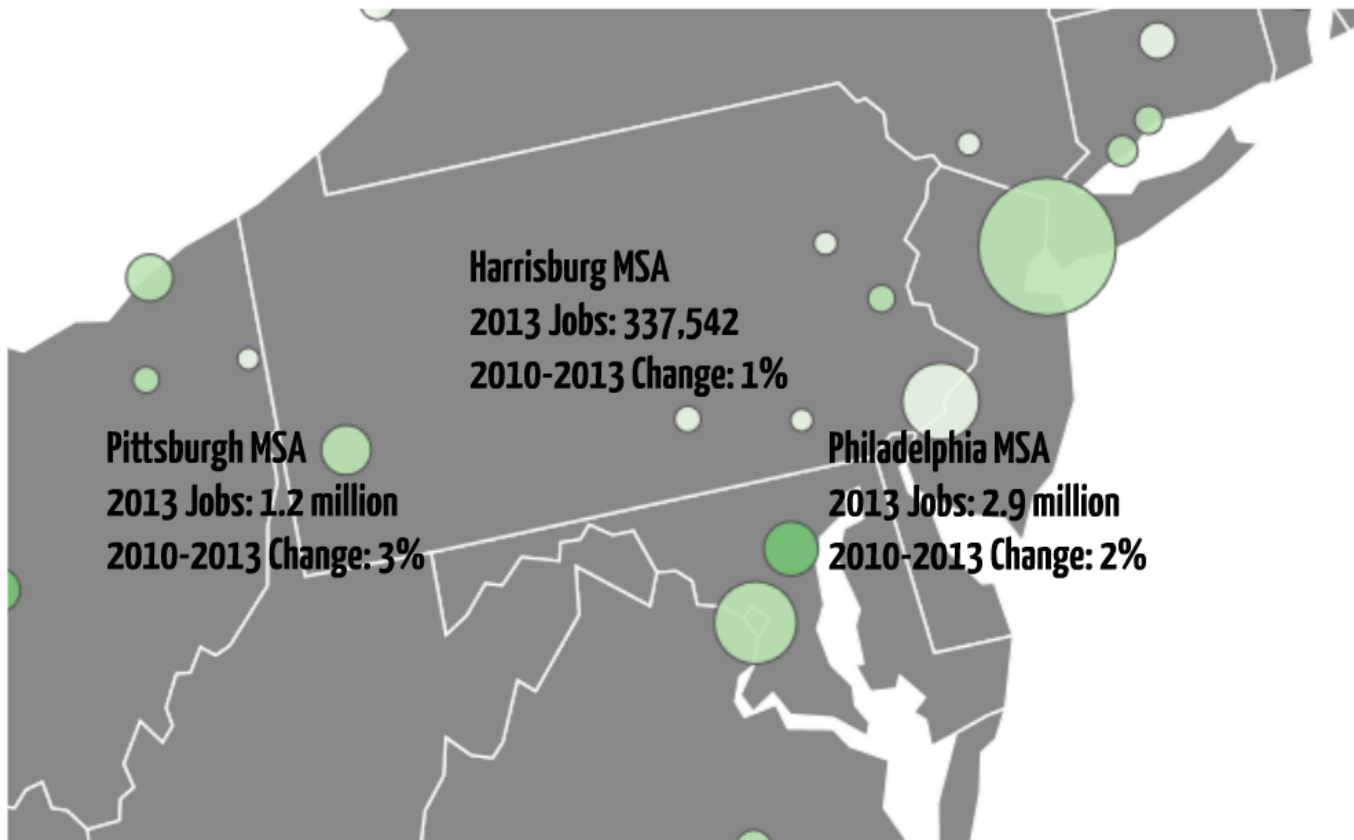
AVERAGE EARNINGS PER JOB (2013)



JOBS 2013



## Percentage Change 2010-2013



Data source: QCEW Employees,  
Non-QCEW Employees & Self-  
Employed - EMSI 2013.3 Class of  
Worker

% CHANGE 2010 - 2013



JOBS 2013



211,928



9,251,962



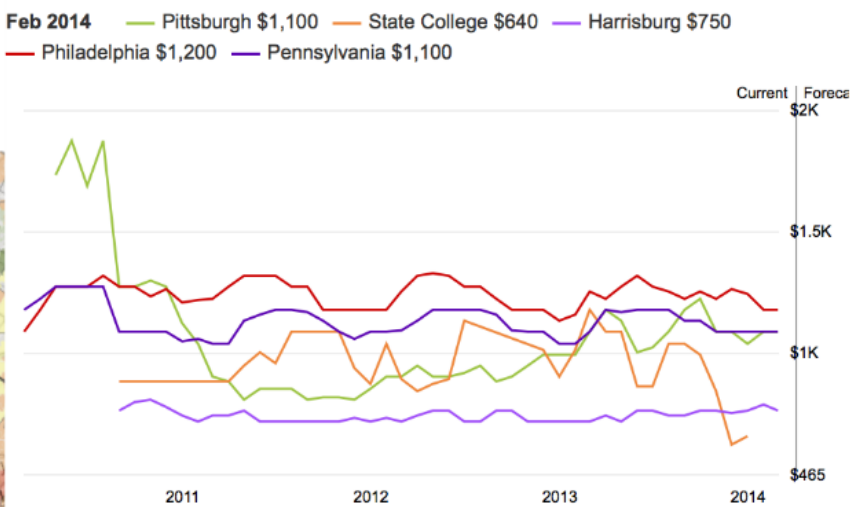
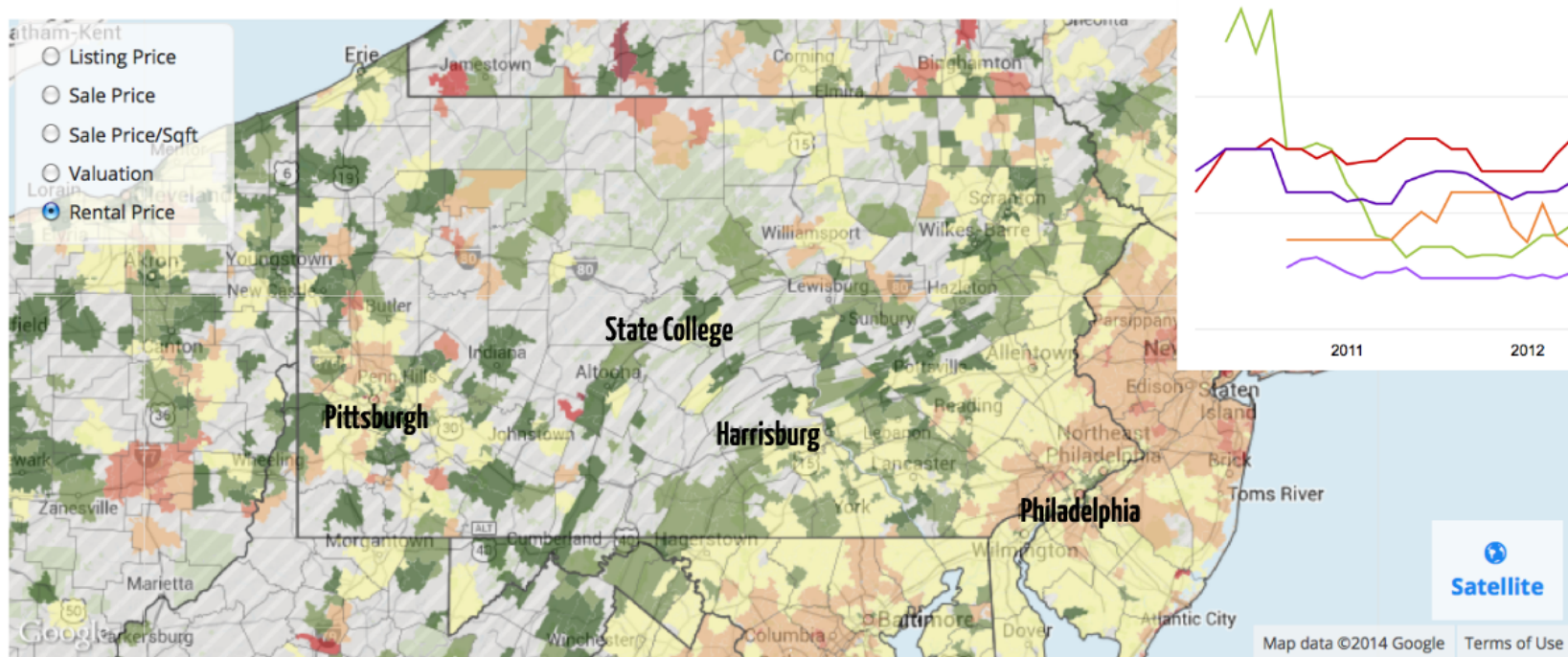
The background of the slide is a blurred map showing green spaces and grey lines representing roads or rivers. Overlaid on the left side of the map is a solid blue silhouette of a city skyline with several buildings of varying heights.

# Housing

## Housing Trends

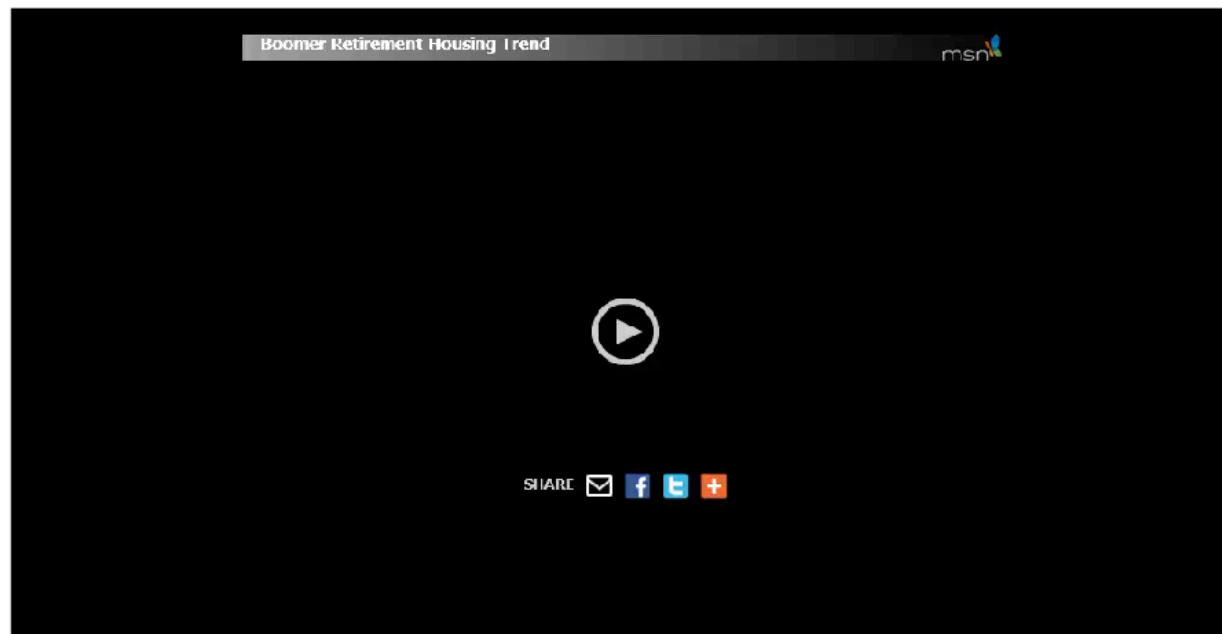
- Location (urban vs suburban, proximity to amenities)
- Size (bedrooms, sq.ft.)
- Type
- Tenure
- Price

# Rent Price



# Boomer Retirement Housing Trend

After waiting out the housing crash, baby boomers are downsizing again and they are moving from active adult communities in the suburbs to cities, where they can be close to amenities and their children.



Source: CNBC, 4/12/13

# 25 Best Places To Retire in 2014

Forbes evaluates cities based on housing and living costs, taxes, weather and air quality, crime rates, doctor availability, and active-lifestyle rankings for walkability, bicycling and volunteering.



## **Pittsburgh, PA**

- Pros: Solid economy, average cost of living, typical home price \$130,000, large number of doctors per capita, high ranks for volunteering, bicycling and walkability.
- Cons: High crime rate, cold winters.

## **State College, PA**

- Pros: College town, good economy, average home price \$259,000, low crime, high walkability rank.
- Con: Cost of living 5% above national average.



## Smaller is Better

More U.S. cities are embracing smaller apartment options to house the boom in single residents.

# Hispanics to Shape Future Housing Demand

## Major Reason to Buy a Home

56

Percent of Hispanics  
consider buying a  
home a symbol  
of success

VS.

Percent of  
All Americans 32

66

Percent of Hispanics  
buy a home to be  
closer to work, family,  
and friends.

VS.

55 Percent of  
all Americans

Source: National Association of Hispanic Real Estate Professionals, 2013



# The Rise of Walkable Urban Places

The next real estate cycle will be defined by the rise of Walkable Urban Places (WalkUPs) and the fall of sprawl development.

Christopher Leinberger, Center for Real Estate and Urban Analysis

- **Philadelphia** is *Very Walkable* (ranked 4th in the county) as most errands can be accomplished on foot. Philadelphia has good public transportation and is somewhat bikeable.
- **Pittsburgh** is *Somewhat Walkable* as only some errands can be accomplished on foot. Pittsburgh has good public transportation but does not have many bike lanes.

Walk Score  
**77**

Transit Score  
**67**

Bike Score  
**68**

Walk Score  
**60**

Transit Score  
**54**

Bike Score  
**39**

Source: Walk Score

The background of the slide features silhouettes of a woman, a child, and a stroller against a blue sky. At the bottom, there is a horizontal strip showing a map of a city area with green spaces and roads.

# Retail

- Consumer expenditures
- Vacancy rates and rents
- Trends by Type (regional vs neighborhood)
- Cultural preferences



# The Death of the American Shopping Mall

"This declining retailer health of American malls and shopping centers in the form of very high vacancy rates and sluggish rents is an indicator that supply exceeds demand..."

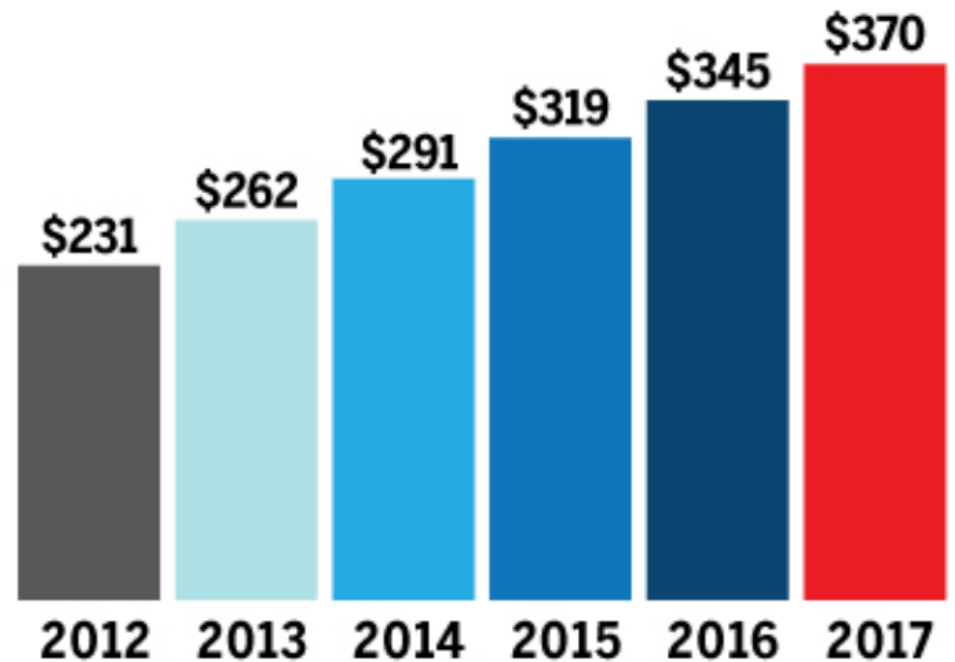


# The Rise of E-Commerce

## U.S. online retail forecast, 2012 to 2017

Online retail sales will grow at a compound annual rate of 10% from 2012-2017, Forrester Research says. By 2017, the web will account for 10% of U.S. retail sales.

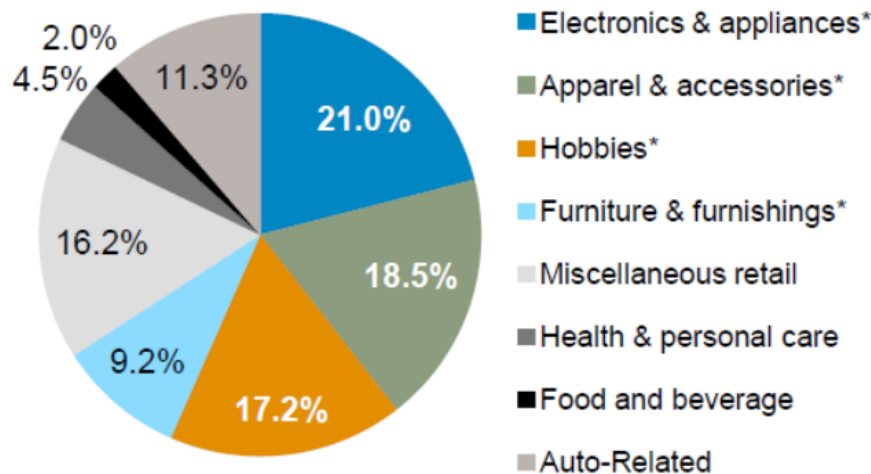
Source: Forrester Research, sales in billions



# Sales Vary By Retail Category

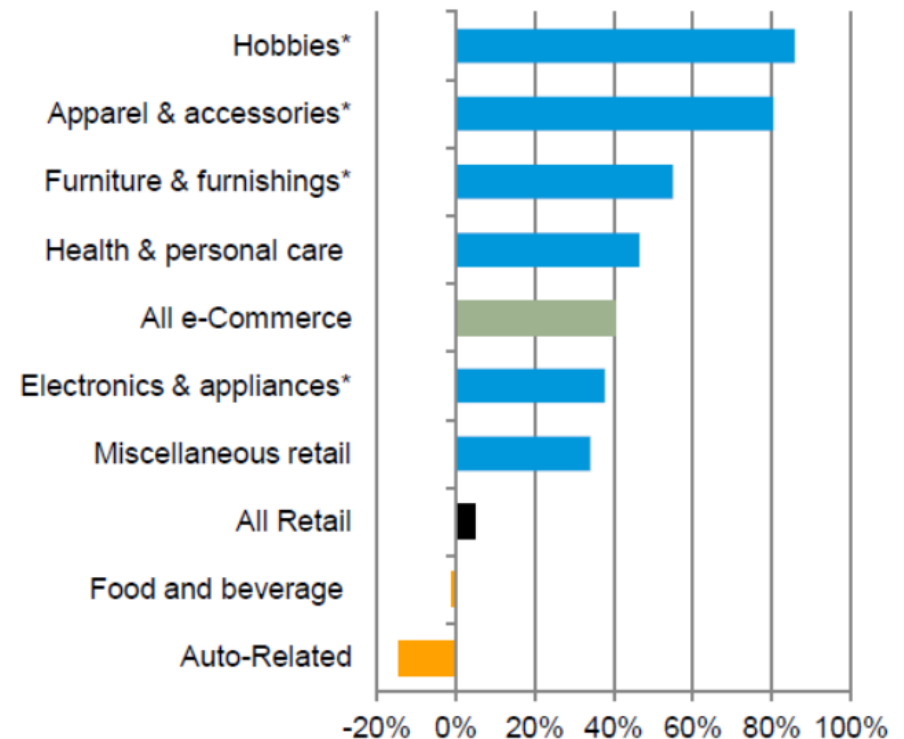
- More than half of e-commerce is dominated by just three retail segments: electronics, apparel, and hobbies.

**E-Commerce Sales in 2011**



\* "Core" online sales categories

**E-Commerce Sales Growth, 2007-2011**



\* "Core" online sales categories

# How are older malls to survive?

Examples:

- **Montgomery Mall** (North Wales) upgrades include adding an exterior-facing restaurant with patio area, a redesigned exterior and entrance, “refreshed” retail spaces, a children’s play area, new family restrooms and upgraded lighting and hardscaping.
- **Granite Run Mall** (Middletown Township) may be turned it into a mixed-use property.

Enough??

- Despite **Plymouth Meeting Mall's** (Plymouth Meeting) \$100 million renovation sales on a per-square-foot basis have been relatively flat.

Source:

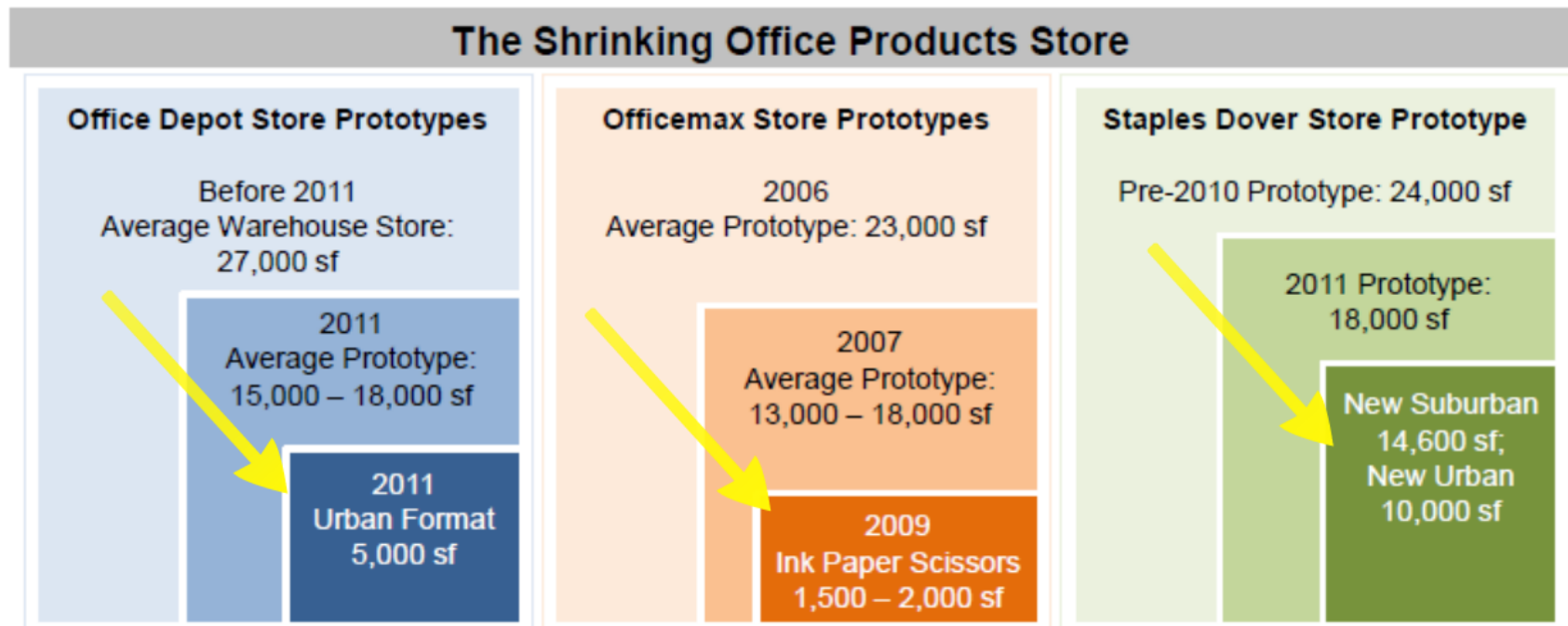
- “Shifting Dynamics of Malls in the Philadelphia Area”, Morningstar – Independent Investment Research. Philadelphia Business Journal, “Local shopping malls: The good, the bad and the ugly”, Feb 27, 2014.





# The Future of In-Store Retailing

- E-commerce will continue to pound retailers unable to deliver superior service or unique products.
- Smaller, more productive stores can translate into higher rent potential for superior centers.

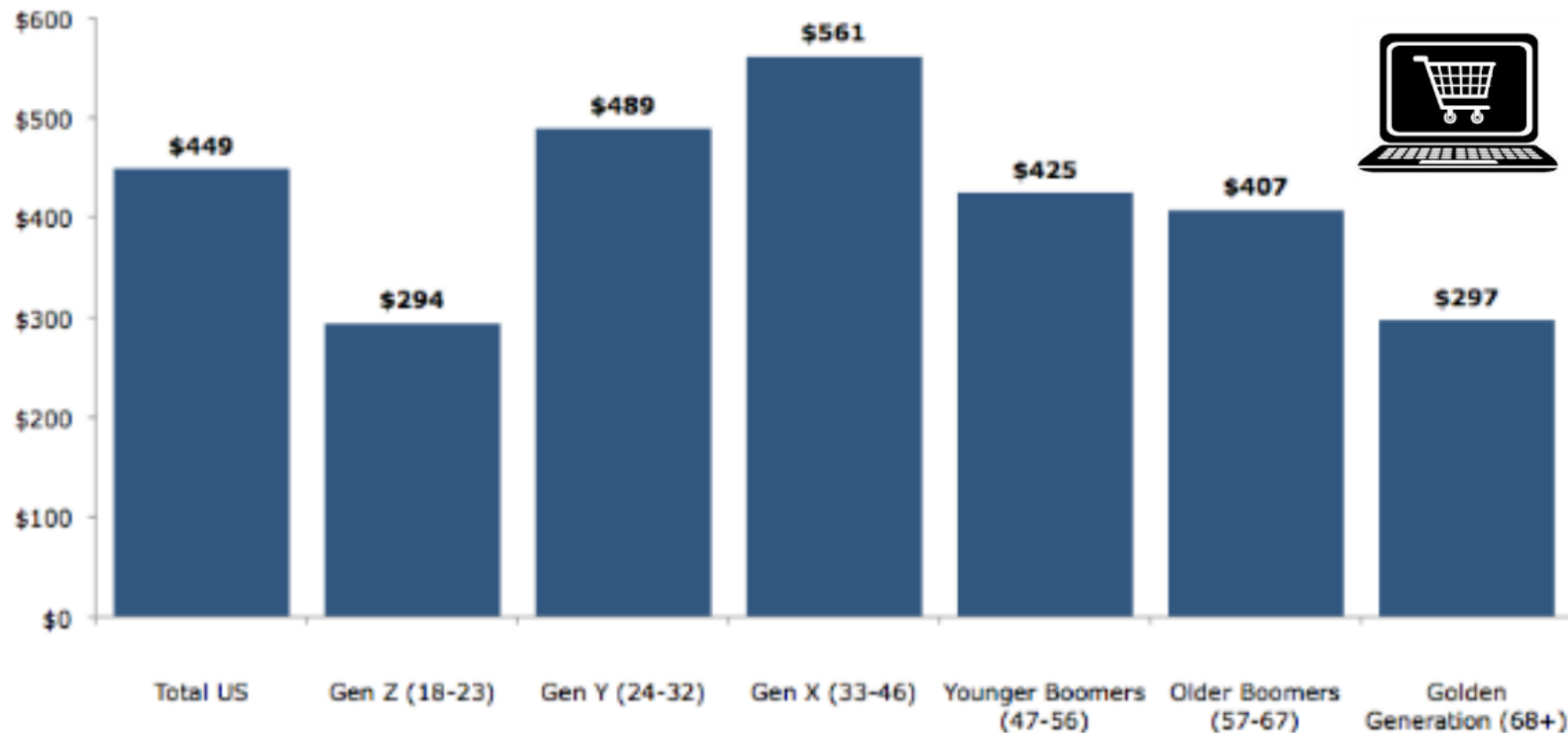


Sources: Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era | July 2012. Company filings, RREEF Real Estate. As of June 2012.

# Understanding Shopping Preferences

## Online Retail Spending by Generation, 2012

(average amount spent per adult on online purchases during 3-month period)



Source: Forrester Research, December 2012



# Upscale Latino's - “The Most Influential Segment since the Baby Boomers”

A 2013 Nielsen report unveiled a powerful core segment of “upscale Latinos” that control 37 percent of the group’s \$1.3 trillion spending power.



- **Size:** 15 million strong and growing (about 29% of total U.S. Hispanic population)
- **Income:** \$50K-100K, typically supporting a family
- **Young:** 75% under the age of 45
- **Financially Savvy:** Tend to own their own homes and are very financially savvy
- **Technology:** More likely to use smartphones and own iPads than their peers
- **Pamper:** Spend more on health and beauty products

Sources: Report: Nielsen, 2013. Image: Getty



4WARD  
PLANNING<sup>TM</sup>

Economic

**So what?**



Social

Fiscal

Environmental

# Residential Land Use Implications

- Suburban areas need to allow for mixed-income, inter-generational housing near urban amenities. This means allowing for infill opportunities at higher densities (in-law suites)
- Urban areas need to permit for higher density, smaller housing options (micro-units)

"The future of American planning and public policy will be geared to meeting the needs of households without children."

-Arthur C. Nelson, Reshaping Metropolitan America, 2013.



# Shifting Retail Landscape



- Retailers are rediscovering the benefits of urban markets: higher profile and closer to consumers.
- The best-located malls, main-street shopping districts, and grocery-anchored centers will have an advantage. Big-box retailers will begin a long period of decline.
- Obsolescent retail shopping centers and regional malls will need to be repurposed, providing opportunities to create new mixed use town centers and community gathering spaces.
- Zoning will be necessary to permit for a mixed of uses within retail centers.

# Pay Attention to Technology!

Rise of technology's role in business means less office space per worker.

Heard of "Show Rooming?"





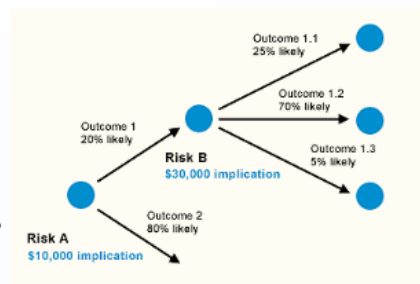
# Decision Tree Analysis

## de·ci·sion tree

### *Noun*

A tree diagram which is used for making decisions in business or computer programming and in which the branches represent choices with associated risks, costs, results, or probabilities

Source: Merriam-Webster.com



Source: techrepublic.com

## Case Study

### Town Revitalization Project



#### Assumptions:

- Cleanup costs and demolition of the old site: \$3,000,000, paid for in bonds of \$195,154.31 per year
- Sale of \$1, plus \$200,000 in taxes per year by year 5
- Cost of upkeep of land to city (if not sold) is \$100,000 per year
- Everything is discounted at a 5% rate of inflation.

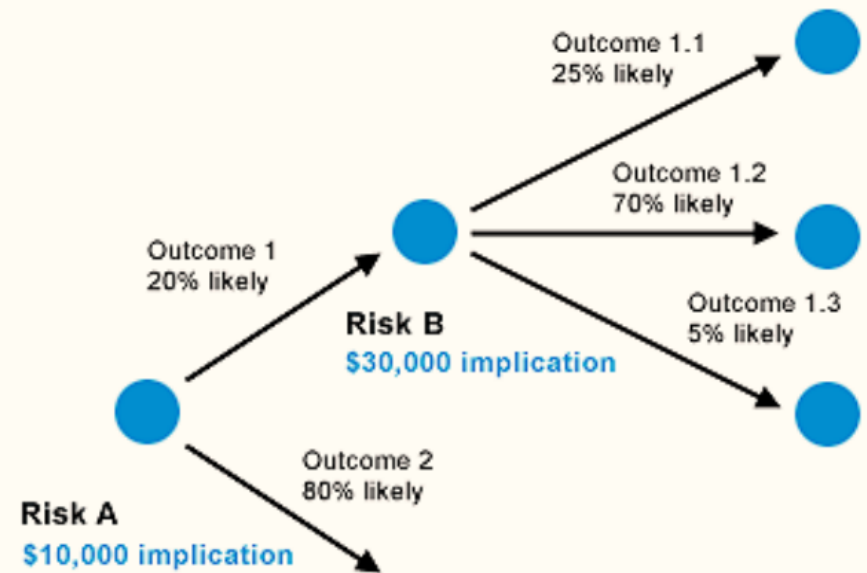


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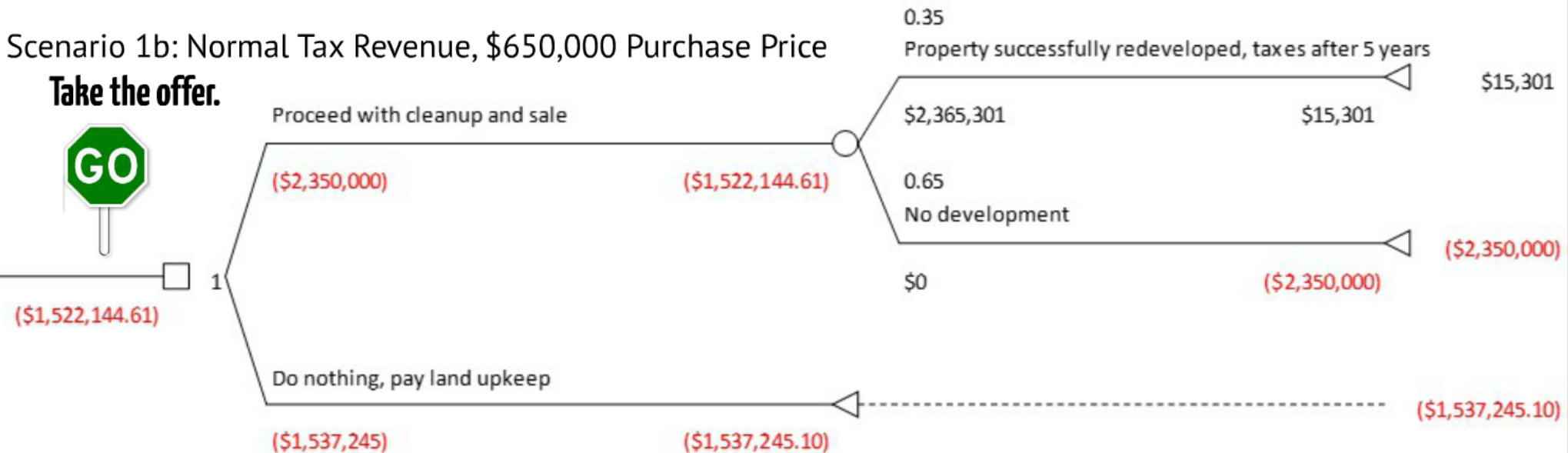
### Scenario 1a: Normal Tax Revenue, No Purchase Offers

**Sit on the land for a better offer.**



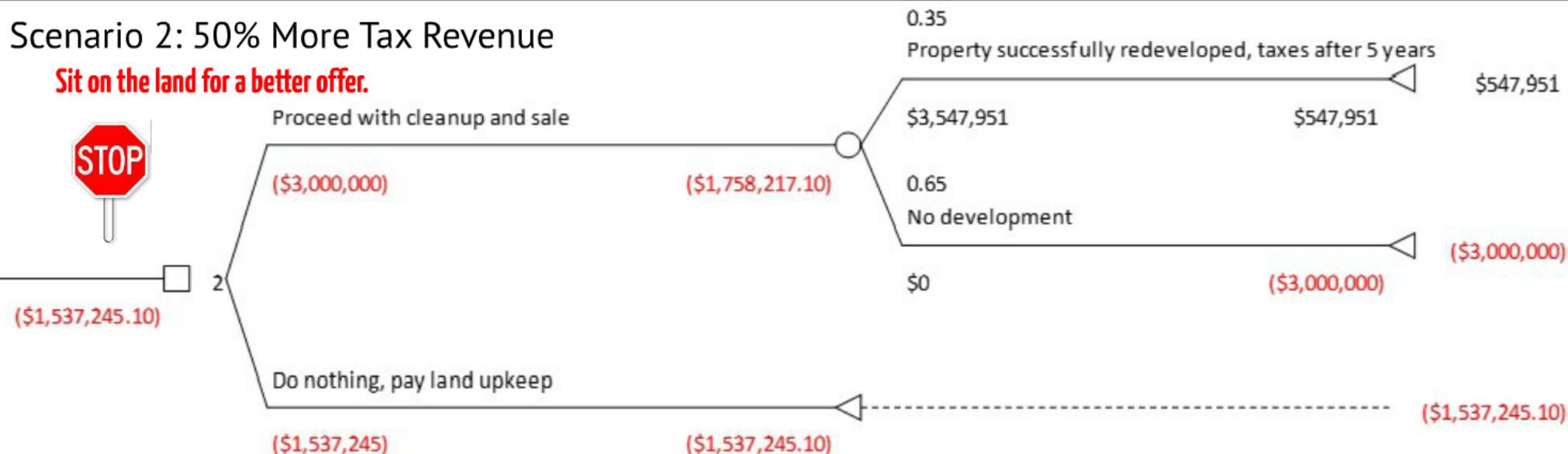
### Scenario 1b: Normal Tax Revenue, \$650,000 Purchase Price

**Take the offer.**



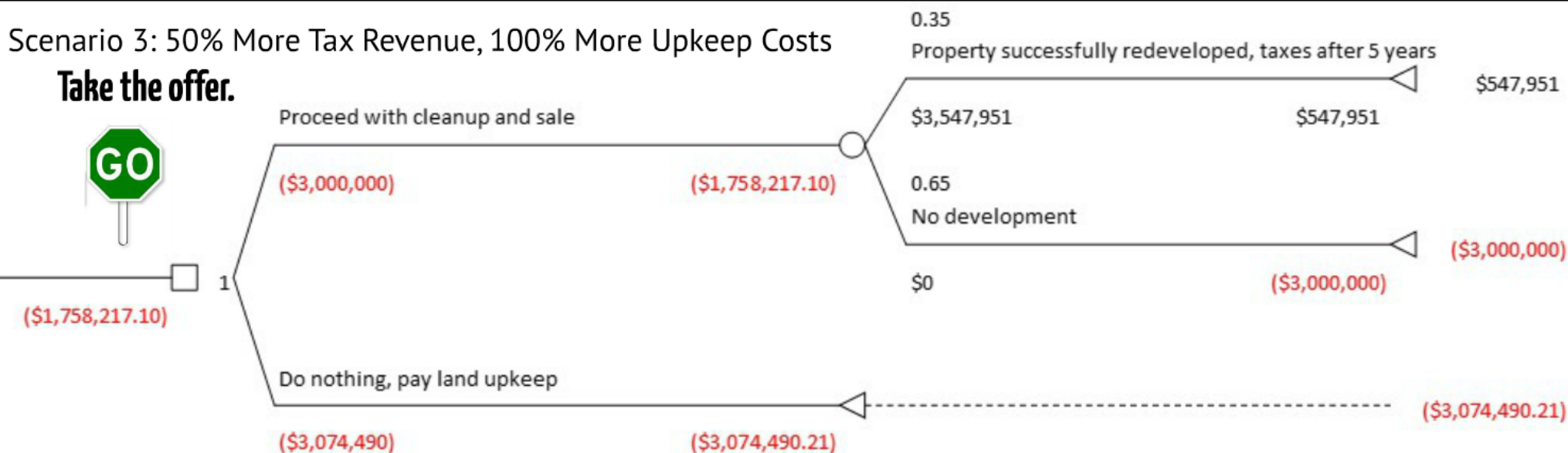
## Scenario 2: 50% More Tax Revenue

**Sit on the land for a better offer.**



## Scenario 3: 50% More Tax Revenue, 100% More Upkeep Costs

**Take the offer.**



Decision Tree Analysis



**Planning Tools**

**Design Tools**





# Socio-Economic Trends and Future Land Use Implications

How will current and coming socio-economic trends influence land-use decisions and impacts?

