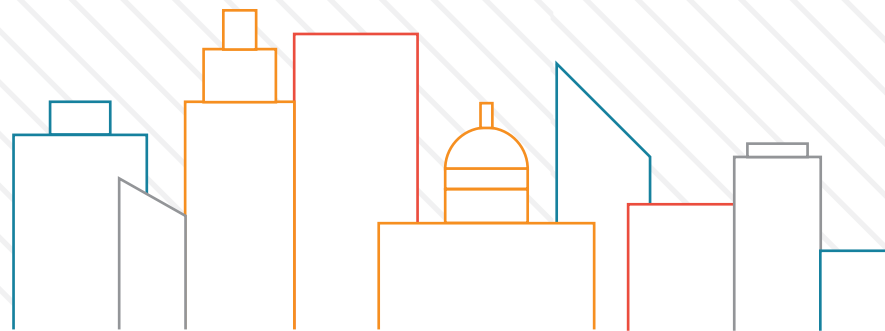


2020



TOP

10

GLOBAL TRENDS

*Affecting North American Downtowns
and How to Respond at Home*

SUPPORTING RESEARCH

This document is the supporting research for P.U.M.A.'s 2020 Global Trends Report, which was released at the International Downtown Association (IDA) Annual Conference in October 2019. In the 2020 edition, P.U.M.A. partnered with the International Downtown Association (IDA) to bring further depth and North American breadth to the report.



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SHAPING CITIES**

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TREND 1: CHANGING DEMOGRAPHICS

Table 1: Age, size, and population distributions among Baby Boomer, Generation X, Millennial, and Generation Z generational cohorts based on 2017 census data

**Estimating the size of each generation is not an exact science and these figures are estimates. Based on how the Census data categorizes the age brackets, and informed by various ways to define each generation, the estimates below are a best approximation. Consequently, there may be slightly different statistics referenced throughout the rest of this section, but these numbers here are simply meant to provide a general outline of the approximate size of each generation.

<i>American Demographic Cohorts</i>			
Generation	Age	Approx. size (millions)	% Total
Gen Z	6 to 22	84,879,248	26%
Millennials	23 to 40	64,433,582	20%
Gen X	41 to 56	63,358,153	20%
Baby boomers	54 to 74	68,250,909	22%
From American Community Survey Census Data from the 2014-2017 5-Year Estimates			

Table 2: Age, size, and population distributions among Baby Boomer, Generation X, Millennial, and Generation Z generational cohorts based on 2016 census data

<i>Canadian Demographic Cohorts</i>			
Generation	Age	Approx. size (millions)	% Total
Gen Z	5 to 24	8,566,144	26%
Millennials	25 to 39	7,638,438	24%
Gen X	40 to 54	7,362,666	23%
Baby boomers	55 to 74	8,843,374	27%
From Statistics Canada, Table 17-10-0005-01, Population Estimates, July 1 st , 2016, by age and sex.			

***The majority of references sourced in this document refer to the American population, yet many of the overall trends and takeaways are still informative and relevant and applicable to Canadian generations.

Baby Boomers: Baby Boomers (born between 1945 and 1965) are **aging**, and as they do, the population overall ages. Currently, more than 22 percent of the American population and 24 percent of the Canadian population are 60 years or older.^{1, 2} The median age in the U.S. increased from 36.7 in 2007 to 37.9 in 2016.³ In Canada, the median age increased from 39.2 in 2007 to 40.8 in 2016.⁴ The number of U.S. census tracts where the majority of households is headed by an older adult more than doubled from 1,499 to 4,764 between 2000 and 2016.⁵ With over 10,000 Boomers turning 65 each day, they are leaving the workforce and putting a strain on the social security reserves.⁶ **This generation is also putting pressure on the rental market, with households aged 60 and over driving the surge in renters, outpacing younger age groups with a 43 percent increase.**⁷ This generation prefers to rent instead of own as they move toward downsizing and housing options that support their preference to stay active.⁸ Many Baby Boomers have similar lifestyle preferences to Millennials, looking for **walkable, urban areas** and this is leading them to move to downtowns more often. This generation also remains a powerful consumer force, **outspending all other generations on consumer goods and services by at least \$400 billion.**⁹

Generation X: Generation X is comprised of individuals born between 1965 and 1980 and are often overlooked. As of 2017, they made up approximately 20 percent of the U.S. population and 23 percent of the Canadian population, making them smaller than any other generation in each country. **Despite their low numbers, they are positioned to become the wealthiest generation within the next few years, and they outspend almost every other generation.**¹⁰ On average, they spend approximately 11 percent more than Baby Boomers and 33 percent more than Millennials.¹¹ The average Gen X household spent \$68,532 in 2016.¹² In particular, they have a high willingness to spend money on food outside of the home, spending an estimated \$4,229 eating out in a year.¹³ **Their propensity to spend has also led them to have more debt than any other generation.**¹⁴ **They are also the biggest spenders on education because many are helping their Millennial and Gen Z children pay for college.**¹⁵ Although they are sometimes known as the sandwich generation, implying that they are the forgotten middle child between Baby Boomers and Millennials, their position between these two generations gives them a lot of influence over both as they often care for their parents and their children, sometimes simultaneously,¹⁶ helping them make financial decisions that can impact all three generations.

Millennials: Today, the Millennial cohort, born between 1981 and 1996 (ages 23 to 38), is the largest generation (73 million), outnumbering Baby Boomers (ages 55 to 73) (72 million) according to Census Bureau projections.¹⁷ Millennials are more educated, more racially and ethnically diverse, and slower to marry than previous generations, and their economic outlook is mixed.¹⁸

- **Education and economic outlook** For Millennials, there is a strong connection between educational attainment and economic outlook. In general, the Millennial generation is better educated than its

¹ Sarac, Floretina. "America's Population of Older Renters Is Growing Bigger and Faster." RENTCafé rental blog.

² From Statistics Canada, Table 17-10-0005-01, Population Estimates, July 1st, 2016, by age and sex.

³ Sarac, Floretina. "America's Population of Older Renters Is Growing Bigger and Faster." RENTCafé rental blog.

⁴ From Statistics Canada, Table 17-10-0005-01, Population Estimates, July 1st, 2016, by age and sex.

⁵ "The Number of Older Adults in the US Has Increased Dramatically."

⁶ Bergman, Adam. "Social Security Feels Pinch As Baby Boomers Clock Out For Good," *Forbes*.

⁷ Sarac, Floretina. "America's Population of Older Renters Is Growing Bigger and Faster." RENTCafé rental blog.

⁸ Sarac, Floretina. "America's Population of Older Renters Is Growing Bigger and Faster." RENTCafé rental blog.

⁹ "Design Strategies For Active Aging." *Gensler*.

¹⁰ <https://www.mediapost.com/publications/article/312131/spending-trends-by-generation.html>

¹¹ <https://www.forbes.com/sites/forbesagencycouncil/2018/11/14/the-forgotten-generation-lets-talk-about-generation-x/#6f18b59476d5>

¹² <https://www.mediapost.com/publications/article/312131/spending-trends-by-generation.html>

¹³ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11>

¹⁴ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11>

¹⁵ <https://www.mediapost.com/publications/article/312131/spending-trends-by-generation.html>

¹⁶ <https://www.forbes.com/sites/forbesagencycouncil/2018/11/14/the-forgotten-generation-lets-talk-about-generation-x/#6f18b59476d5>

¹⁷ Anthony Cilluffo and D'Vera Cohn, "6 demographic trends shaping the U.S. and the world in 2019," *FactTank*.

¹⁸ Anthony Cilluffo and D'Vera Cohn, "6 demographic trends shaping the U.S. and the world in 2019," *FactTank*.

predecessors with around 39% holding a bachelor's degree or higher,¹⁹ and this is in part because education is seen as a pre-requisite to employment and financial well-being.²⁰ Further, there is a sharp divide between the economic fortunes of Millennials with a college degree and those without.²¹ **Stagnating wages have made it more difficult for Millennials to build wealth than previous generations, with family wealth 34 percent below that of earlier generations at a similar age.**²² This has made it difficult for this generation to contribute more than the bare minimum to their retirement plans and to find housing they can afford that is near their place of employment.²³ Millennials struggled to recover from the recession due to being weighed down by student loans and stagnant wages.²⁴ This creates somewhat of a "catch 22" for Millennials because education is a pre-requisite to financial stability and employment, but higher education also becomes financially burdensome due to the weight of student loans.

- **Millennial Workforce** As of 2017, Millennials were dominating the workforce, with 56 million working or looking for work in that year compared to 53 million Gen Xers and 41 million Baby Boomers.²⁵ Up until 2016, Gen Xers dominated the workforce until the youngest Millennials began to graduate and enter the workforce. More and more, Millennials are questioning the whether the student debt they took on to go to college was worth it. Approximately 44 percent of recent graduates are employed in jobs not requiring a degree and one in eight recent grads are unemployed.²⁶
- **Having Kids** Millennials are waiting longer than previous generations to get married and to have children.²⁷ Just under half (46%) of millennials are married.²⁸ This trend could be conducive to the tendency for Millennials to wait to have children, as particularly among white women in their 20's, marriage is a strong precursor to having children.²⁹ Among **women who choose to be childfree, they are focusing on the freedom and autonomy of not having children and instead prioritize the ability to travel, pursue careers, and further their education.**³⁰ For many, economic drivers determine their likelihood to have children, and economic uncertainty due to the recession and debt causes some to abstain.³¹ The delay in parenthood is not indicative of a lack of desire to become parents, but instead points to a desire to wait until they are in the position to be good parents.³² **Once Millennials do become parents, they enjoy it more than previous generations and also believe that they do a good job as parents.**³³ Overall, the tendency for millennials to delay parenthood impacts many aspects of their lives and their contribution on society. For example, it impacts how they shape the housing market because Millennial couples without kids are more likely to seek smaller houses and condos in urban areas with close proximity to jobs, restaurants, and a vibrant social scene and this is a far cry from the traditional 4-bedroom, picket fence image that has been coveted by previous generations.³⁴ **Even for Millennials that do have children, 3.6 million fewer families with kids own a home compared to the same age range 10 years ago.**³⁵

¹⁹ Bialik, Kristen and Richard Fry. "How Millennials Compare with Prior Generations" *Pew Research Center* (blog).

²⁰ Bialik, Kristen and Richard Fry. "How Millennials Compare with Prior Generations" *Pew Research Center* (blog).

²¹ Bialik, Kristen and Richard Fry. "How Millennials Compare with Prior Generations" *Pew Research Center* (blog).

²² Steverman, Ben. "America's Millennials Are Waking Up to a Grim Financial Future - Bloomberg."

²³ Steverman, Ben. "America's Millennials Are Waking Up to a Grim Financial Future - Bloomberg."

²⁴ Steverman, Ben. "America's Millennials Are Waking Up to a Grim Financial Future - Bloomberg."

²⁵ <https://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/>

²⁶ <https://www.inc.com/ryan-jenkins/generation-z-vs-millennials-the-8-differences-you.html>

²⁷ Livingston, Gretchn. "More than a Million Millennials Are Becoming Moms Each Year." *Pew Research Center* (blog).

²⁸ Bialik, Kristen and Richard Fry. "How Millennials Compare with Prior Generations" *Pew Research Center* (blog).

²⁹ Mariani, Mike. "They're Millennials. They Don't Want Kids. Are They Selfish — Or Building A Better Future For Us All?" GOOD

³⁰ Mariani, Mike. "They're Millennials. They Don't Want Kids. Are They Selfish — Or Building A Better Future For Us All?" GOOD

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³² Livingston, Gretchn. "More than a Million Millennials Are Becoming Moms Each Year." *Pew Research Center* (blog).

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³⁴ Mariani, Mike. "They're Millennials. They Don't Want Kids. Are They Selfish — Or Building A Better Future For Us All?" GOOD.

³⁵ Balint, Nadia. "3.6 Million Fewer Families with Kids Own a Home Compared to 10 Years Ago." RENTCafé rental blog.

- **Where Do Millennials Live** Millennials are **helping to spread urbanization from downtowns to smaller, suburban, or more remote areas**. This generation has been known to flock to downtowns and urban areas, but as housing prices continue to increase and as more Millennials are starting families, they are moving out of cities.³⁶ However, Millennials are not totally abandoning downtowns.³⁷ **In fact, 18 of the 20 top zip codes with the largest share of Millennials are in or near downtowns.**³⁸ **However, when Millennials do leave cities or for Millennials that never left smaller towns, they tend to have a transformative impact, instilling the urban characteristics that big cities provide to their own towns.**³⁹ In this way they are revitalizing and reviving smaller cities, creating more urbanized suburban and small town enclaves where they can prioritize quality of life. They prioritize the walkability, public transit, and proximity to social activities provided by downtowns and large cities, but they also prioritize quality of life and the relationships that they build, and are not always willing to compromise working long hours to be able to afford the higher rents of large cities.⁴⁰ **Fifty percent of Millennials rent instead of own due to the inability to save enough money to afford a down payment and student debt.**⁴¹
- **Diversity** Not only is the Millennial cohort the largest, at over 75 million, making up almost a quarter of the total US population, **they are also the most diverse adult generation in American history.**⁴² Forty four percent of Millennials are racially diverse, making them a bridge between the less diverse older generations and the even more diverse generation that follows them.⁴³ Three out of 10 are first- or second-generation Americans and 1 out of 6 are multilingual.⁴⁴ They are the most accepting of racial diversity and will pave the way for more tolerant workplaces, businesses, and leaders in business and government for the generations that will follow them.⁴⁵ The Millennial cohort is the **last cohort that will be majority white**, with estimates showing that the generation following them will be 46% white by 2035.⁴⁶

Gen Z Gen Z is the youngest and most tech savvy generation – having never known a life without technology, they are also known as **“Technology Natives.”** Approaching 27% of the population,⁴⁷ **they are the largest generational cohort and on track to be the most educated and most diverse generation ever.** They are anxious about student debt and employment and are more likely to save for their future.

As of the *2017 Global Trends Report*, Millennials prevailed as the most dominant generation influencing trends downtown. Since then, Gen Z has overtaken Millennials by population, prompting a shift in focus toward them to inform our understanding of economic decision making, changing market trends, and evolving preferences. Because many Gen Zers are still minors, they have not fully overtaken Millennials in terms of influence over some of these categories, particularly in terms of workforce, but this point in time is emblematic of the catalyzing force of the burgeoning Gen Z.

- **Buying Power and Market Influence** The *2017 Global Trends Report* set the stage for Gen Z spending power and since then, more has come to light about how they choose to spend their money. Gen Z young adults generate an aggregate income of approximately \$463 billion, while older teens (15- to 17-year-olds)

³⁶ Walker, Alissa. “Millennials Will Live in Cities Unlike Anything We’ve Ever Seen Before.” Gizmodo.

³⁷ Frey, William H. “Millennial Growth and ‘Footprints’ Are Greatest in the South and West.” *Brookings* (blog).

³⁸ Balint, Nadia. “Top Trending Millennial Zip Codes Are Big City Urban Cores.” RENTCafé rental blog

³⁹ Walker, Alissa. “Millennials Will Live in Cities Unlike Anything We’ve Ever Seen Before.” Gizmodo.

⁴⁰ Walker, Alissa. “Millennials Will Live in Cities Unlike Anything We’ve Ever Seen Before.” Gizmodo.

⁴¹ Buzec, Mihaela. “Gen Z Brings Competition on Real Estate Market.” RENTCafé rental blog.

⁴² Frey, William H. “The Millennial Generation: A Demographic Bridge to America’s Diverse Future.” *Brookings* (blog),

⁴³ Frey, William H. “The Millennial Generation: A Demographic Bridge to America’s Diverse Future.” *Brookings* (blog),

⁴⁴ Frey, William H. “Will Millennials Make America Whole?” *Brookings* (blog),

⁴⁵ Frey, William H. “The Millennial Generation: A Demographic Bridge to America’s Diverse Future.” *Brookings* (blog),

⁴⁶ Frey, William H. “Will Millennials Make America Whole?” *Brookings* (blog),

⁴⁷ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11>

have an aggregate income of \$17 billion and have parents who spend \$25 billion on their clothing and categories such as entertainment and personal care items.⁴⁸ Studies show that Gen Z **wields an estimated \$143 billion in spending power**.⁴⁹ The large purchasing power of this group makes them a target for market research, however, studies are finding that today's teens and young adults display a wide range of complicated and contradictory characteristics that make marketing to them very difficult.⁵⁰ This generation is also difficult because unlike previous generations, **they are less likely to be loyal to particular brands**.⁵¹ In fact, **52% Gen Zers will easily move on to a different brand if they perceive a drop in product quality or if the brand is not socially-conscious**.⁵² On average, teenagers spend 24 percent of their cash going out to eat, primarily at Starbucks and Chipotle.⁵³ **They are also more eager than Millennials to shop at brick and mortar stores**,⁵⁴ with 73 percent stating they would rather have the full experience of shopping.⁵⁵ In order to capture the Gen Z market, some brands have started to launch gender-neutral marketing campaigns for gender-neutral products, reflecting their open-mindedness and preference for inclusivity.⁵⁶

- **Education and economic outlook** America's 68 million⁵⁷ Gen Zers (also known as Post-Millennials or iGen), **are on track to be the most diverse and best educated generational cohort yet**.⁵⁸ The oldest Gen Zers are enrolling in college at higher rates than Millennials and this is partially due to the fact that 43 percent of Gen Zers live with parents with a bachelor's degree, compared to 32% of Millennials.⁵⁹ 64 percent of Gen Z-ers are considering an advanced college degree, compared to 71 percent of millennials.⁶⁰ **Although Gen Z is aggressively pursuing higher education, they are also more likely to seek other avenues for education**. Approximately 75 percent of Gen Z say there are other ways of getting a good education than going to college such as just-in-time or on-demand learning solutions like YouTube tutorials or finding employers with robust on-the-job training.⁶¹ **Nearly 72 percent of high school students want to start a business someday** and 61 percent would rather be an entrepreneur than an employee when they graduate college, according to a study by Millennial Branding.⁶² Gen Z sees themselves as entrepreneurial; around half may never work for someone else if they get their way⁶³. Consequently, Gen Z is more likely to depend on earnings from self-employment.⁶⁴
- **Workforce** Watching Millennials struggle with unemployment and student loan debt, Gen Z seeks alternative avenues for education and job eligibility with **only 11 percent of Gen Zers stating they would be willing to take on debt to get a college degree**.⁶⁵ The nature of the types of jobs Millennials and Gen

⁴⁸ <https://www.prnewswire.com/news-releases/united-states-gen-z-demographic-patterns-and-spending-trends-2018-gen-z-young-adults-generate-an-aggregate-income-of-463-billion-while-older-teens-have-an-aggregate-income-of-17-billion-300704021.html>

⁴⁹ <https://www.grocerydive.com/news/how-to-tap-into-gen-zs-143b-spending-power-by-smartphone/551513/>

⁵⁰ <https://www.prnewswire.com/news-releases/united-states-gen-z-demographic-patterns-and-spending-trends-2018-gen-z-young-adults-generate-an-aggregate-income-of-463-billion-while-older-teens-have-an-aggregate-income-of-17-billion-300704021.html>

⁵¹ <https://www.businessinsider.com/generation-z-spending-habits-2014-6>

⁵² <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11#both-generation-x-and-gen-z-tend-to-spend-a-lot-of-money-on-food-1>

⁵³ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11#both-generation-x-and-gen-z-tend-to-spend-a-lot-of-money-on-food-1>

⁵⁴ <https://www.prnewswire.com/news-releases/united-states-gen-z-demographic-patterns-and-spending-trends-2018-gen-z-young-adults-generate-an-aggregate-income-of-463-billion-while-older-teens-have-an-aggregate-income-of-17-billion-300704021.html>

⁵⁵ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11#both-generation-x-and-gen-z-tend-to-spend-a-lot-of-money-on-food-1>

⁵⁶ <https://www.prnewswire.com/news-releases/united-states-gen-z-demographic-patterns-and-spending-trends-2018-gen-z-young-adults-generate-an-aggregate-income-of-463-billion-while-older-teens-have-an-aggregate-income-of-17-billion-300704021.html>

⁵⁷ Levin, Dan. Who is Generation Z? The New York Times.

⁵⁸ Anthony Cilluffo and D'vera Cohn, "6 demographic trends shaping the U.S. and the world in 2019," *FactTank*.

⁵⁹ Fry, Richard and Kim Parker. "'Post-Millennial' Generation On Track To Be Most Diverse, Best-Educated," *Pew Research Center*.

⁶⁰ <https://www.businessinsider.com/generation-z-spending-habits-2014-6>

⁶¹ <https://www.inc.com/ryan-jenkins/generation-z-vs-millennials-the-8-differences-you-.html>

⁶² <https://www.businessinsider.com/generation-z-spending-habits-2014-6>

⁶³ <https://www.bloomberg.com/news/articles/2019-03-29/how-gen-z-s-different-than-millennials-companies-try-asmr-memes>

⁶⁴ <https://www.prnewswire.com/news-releases/united-states-gen-z-demographic-patterns-and-spending-trends-2018-gen-z-young-adults-generate-an-aggregate-income-of-463-billion-while-older-teens-have-an-aggregate-income-of-17-billion-300704021.html>

⁶⁵ <https://www.forbes.com/sites/ashleystahl/2018/09/26/gen-z-what-to-expect-from-the-new-work-force/#650e0be763e0>

Z seek is also changing. Millennials have little patience for stagnation and would ideally like to work in a career that allows them to try out various roles and projects.⁶⁶ The oldest members of Gen Z are now graduating college and entering the workforce, and we can expect them to be highly driven and looking for prestigious work, reflecting the importance they place on ranking. They are also less likely to job hop than Millennials and **are looking for job security in the long run.**⁶⁷

- **Tech Savvy and Anxious** **This is the first generation to never know a world without the internet**⁶⁸ making them very tech-savvy and highly connected to social media, with nearly half of teens saying they are online “all the time” and 90 percent using social media.⁶⁹ 75 percent name their mobile phone as the device of choice (with 95% having access to a smartphone), with the majority admitting to spending three hours a day on social media⁷⁰. While half say that their connections to social media acts as a source of support, 45 percent say social media make them feel judged, and 38 percent say it contributes to their insecurity.⁷¹ This generation is less likely to view getting news from social media as a bad thing.⁷² Social media is only one of many things stressing this generation out including gun violence and school shootings, suicide rates, sexual harassment, getting good grades, finances, and mental health.⁷³ This generation is more likely than any other to seek professional help for their mental health, with **approximately 7 in 10 teens today stating that anxiety and depression are major issues.**⁷⁴
- **Prudent + Socially Conscious** Gen Zers tend to be more financially conservative than Millennials⁷⁵ and also tend to perceive student loan debt as infringing more on their ability to purchase a house.⁷⁶ Consequently, like Millennials, 50% of Gen Zers rent instead of own a home.⁷⁷ They are also much less likely to live independently and cohabitation is on the rise among Gen Zers.⁷⁸ This generation has an eye to the future and 32 percent report moving money into their savings monthly to feel more confident and **71% report that investing their money in their futures is a top priority.**⁷⁹ Their future-orientedness also translates into a preference to support socially conscious brands and food that is certified organic, organic, fair trade, and locally sourced, with **60 percent of today's teens demanding brands be socially or ethically conscious for them to earn their trust.**⁸⁰ They're ethnically diverse, socially tolerant, globally connected, and environmentally aware – one nickname for the group that emerges is “**Philanthroteens.**”⁸¹ These prudent choices they make such as saving and supporting socially conscious business shows their propensity to want to change the future and this can be reflected in their aspirations as well. Approximately 60 percent of Gen Zers want to have an impact on the world, leading to higher than average volunteerism, with nearly one in four Gen Zers involved in volunteering.⁸²

⁶⁶ <https://www.inc.com/ryan-jenkins/generation-z-vs-millennials-the-8-differences-you.html>

⁶⁷ <https://www.forbes.com/sites/ashleystahl/2018/09/26/gen-z-what-to-expect-from-the-new-work-force/#650e0be763e0>

⁶⁸ Goldman Sachs | What If I Told You...” Goldman Sachs.

⁶⁹ Levin, Dan. Who is Generation Z? The New York Times.

⁷⁰ <https://www.digitalcommerce360.com/2019/04/11/how-brands-can-harness-the-spending-power-of-gen-z/>

⁷¹ Ducharme, Jamie. “More Than 90% of Generation Z Is Stressed Out. And Gun Violence Is Partly To Blame.” *Time*.

⁷² Parker, Kim, Nikki Graf and Ruth Igielnik. “Generation Z Looks a Lot Like Millennials on Key Social and Political Issues” *Pew Research Center*.

⁷³ Ducharme, Jamie. “More Than 90% of Generation Z Is Stressed Out. And Gun Violence Is Partly To Blame.” *Time*.

⁷⁴ Menasce Horowitz, Juliana and Nikki Graf. “Most U.S. Teens See Anxiety, Depression as Major Problems,” *Pew Research Center*.

⁷⁵ “Goldman Sachs | What If I Told You...” Goldman Sachs.

⁷⁶ Buzec, Mihaela. “Gen Z Brings Competition on Real Estate Market.” RENTCafé rental blog.

⁷⁷ Buzec, Mihaela. “Gen Z Brings Competition on Real Estate Market.” RENTCafé rental blog.

⁷⁸ <https://www.prnewswire.com/news-releases/united-states-gen-z-demographic-patterns-and-spending-trends-2018-gen-z-young-adults-generate-an-aggregate-income-of-463-billion-while-older-teens-have-an-aggregate-income-of-17-billion-300704021.html>

⁷⁹ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11#both-generation-x-and-gen-z-tend-to-spend-a-lot-of-money-on-food-1>

⁸⁰ <https://www.insider.com/gen-z-vs-gen-x-spending-habits-2018-11#both-generation-x-and-gen-z-tend-to-spend-a-lot-of-money-on-food-1>

⁸¹ <https://www.bloomberg.com/news/articles/2019-03-29/how-gen-z-s-different-than-millennials-companies-try-asmr-memes>

⁸² <https://www.businessinsider.com/generation-z-spending-habits-2014-6>

- **Diverse** Forty-eight percent of Gen Zers are racial or ethnic minorities, maintaining a thin majority of non-Hispanic whites at 52 percent.⁸³ One in four Gen Zers are Hispanic, 6 percent are Asian, and 14 percent are African American.⁸⁴ Gen Z Hispanics are less likely than Millennial Hispanics to be immigrants with only 12 percent of Gen Z Hispanics born outside of the US compared to 24 percent of Millennial Hispanics in 2002.⁸⁵ **Their historic diversity lends to their propensity to value identity.**⁸⁶ The Post-Millennial generation is much more likely to know someone who prefers gender-neutral pronouns,⁸⁷ they are more likely to state that increasing racial and ethnic diversity is a good thing for society, and they are also more open to same-sex and interracial marriage than older generations.⁸⁸
- **Evolving Definition of Healthy** As Gen Z emerges as an influential force, they are shaping the definition of what it means to be healthy. In many ways, their definition is in line with that of Millennials – they **take a holistic view of health, emphasizing physical fitness, health eating, and mental well-being.**⁸⁹ Given their likeliness to struggle with mental health and wellbeing, they **put more weight on managing stress and mental health than Millennials,** with 72 percent of Gen Zers saying it is their top priority.⁹⁰ Gen Zers like to stay active as well, with as many as 87 percent reporting that they exercise 3 or more times per week.⁹¹ They tend to use fitness apps, workout from home, and like to take advantage of wearable technology to track their workouts. Although they accounted for 38 percent of gym sign-ups globally in 2018, 71 percent rely on social media to find new workouts.⁹² Gen Z values healthy and convenient food options that reflect their prudent nature. In addition, they favor high protein, low carb diets and see sugar as a barrier to health. Citing health and environmental concerns, nearly 80 percent of Gen Z plan to go meatless one to two times per week.⁹³

⁸³ Fry, Richard and Kim Parker. "'Post-Millennial' Generation On Track To Be Most Diverse, Best-Educated," *Pew Research Center*.

⁸⁴ Levin, Dan. "Generation Z: Who They Are, in Their Own Words." *The New York Times*.

⁸⁵ Fry, Richard and Kim Parker. "'Post-Millennial' Generation On Track To Be Most Diverse, Best-Educated," *Pew Research Center*.

⁸⁶ Levin, Dan. "Generation Z: Who They Are, in Their Own Words." *The New York Times*.

⁸⁷ Levin, Dan. "Generation Z: Who They Are, in Their Own Words." *The New York Times*.

⁸⁸ Parker, Kim, Nikki Graf and Ruth Igielnik. "Generation Z Looks a Lot Like Millennials on Key Social and Political Issues" *Pew Research Center*.

⁸⁹ <https://insider.fitt.co/gen-z-wellness/>

⁹⁰ <https://insider.fitt.co/gen-z-wellness/>

⁹¹ <https://insider.fitt.co/gen-z-wellness/>

⁹² <https://insider.fitt.co/gen-z-wellness/>

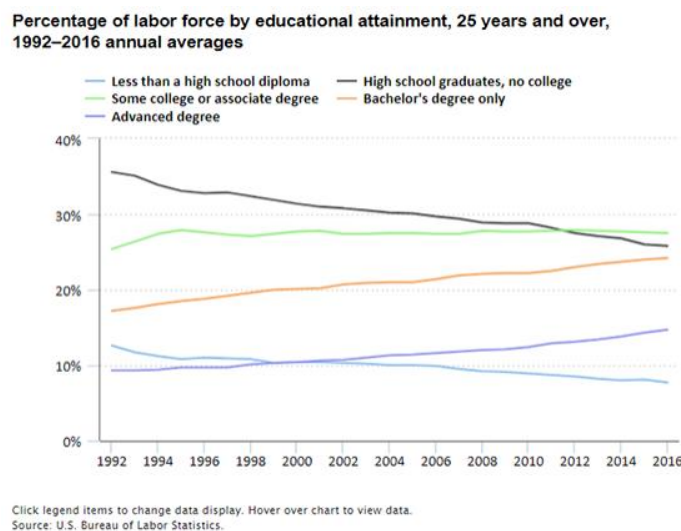
⁹³ <https://insider.fitt.co/gen-z-wellness/>

TREND 2: EDUCATION, TALENT & JOBS

The Benefits of Increased Talent

The growth in the population pursuing both higher education and trade certifications benefit cities and downtowns because they tend to be hubs for sectors that employ high-skilled laborers and have the most dynamic economies and labor needs. **Recent graduates are still flocking to cities in search of jobs,⁹⁴ robust labor markets,⁹⁵ and cultural amenities,⁹⁶ but they are moving between states less often.** A recent research brief measuring interstate mobility of recent college graduates⁹⁷ shows that the percentage of young adults with a bachelor's degree moving to a different state within the last year decreased by 4 percentage points from 16 percent in 2001 to 12 percent in 2016. Despite this slight decline in mobility, the recent graduates that do move tend to move to states with booming economies and robust job markets, which are usually states with large metropolitan areas.

The share of people in the workforce with higher education continues to grow and hold highly-skilled, high-wage jobs. Since 2012, people with some college or an associate's degree have made up the largest share of the labor force relative to all other categories of educational attainment.⁹⁸ Further, the share of adults over 25 with a bachelor's degree or higher has continued to increase over time, reaching 38.5% in 2017.⁹⁹ Higher educational attainment correlates with higher rates of labor force participation. In 2016, the labor force participation rates for men and women with less than a high school diploma were 58.1 percent and 33.3 percent, compared to the rates for men and women with a professional degree, which were 79.9 percent and 75.1 percent.¹⁰⁰ This gap in opportunity is due in part to the change in the labor market in the wake of the Great Recession. In the recovery period, manufacturing has declined by about one third, and employment in knowledge-intensive and service-oriented sectors have nearly doubled.¹⁰¹ **Of the 11.6 million jobs created since the recession, 11.5 million have gone to jobs that require at least some education beyond high school.**¹⁰²



⁹⁴ <https://www.forbes.com/sites/prestoncooper2/2018/01/26/young-college-graduates-arent-moving-like-they-used-to/#602ded87685f>

⁹⁵ <https://slate.com/business/2018/05/college-graduates-are-moving-out-of-state-less.html>

⁹⁶ <https://www.hiringlab.org/2018/05/10/graduate-jobs-2018/>

⁹⁷ <https://www.forbes.com/sites/prestoncooper2/2018/01/26/young-college-graduates-arent-moving-like-they-used-to/#602ded87685f>

⁹⁸ <https://www.bls.gov/spotlight/2017/educational-attainment-of-the-labor-force/pdf/educational-attainment-of-the-labor-force.pdf>

⁹⁹ <https://statisticalatlas.com/United-States/Educational-Attainment>

¹⁰⁰ <https://www.bls.gov/spotlight/2017/educational-attainment-of-the-labor-force/pdf/educational-attainment-of-the-labor-force.pdf>

¹⁰¹ <https://www.pewsocialtrends.org/2016/10/06/1-changes-in-the-american-workplace/>

¹⁰² <https://www.chicagotribune.com/business/ct-recession-recovery-for-college-degrees-0630-20160630-story.html>

The Appeal of Second-Tier Cities and Downtowns:

In the U.S., the shift to a preference among young people for living in denser, more urban neighborhoods began in the early 2000s, reversing the 30-year trend toward suburbanization. Today as many as 82% of North Americans live in urban areas in both mid-size and large cities^{103, 104} and estimates project that by 2050, seven out of ten people will live in urban areas globally.¹⁰⁵ Millennials, the largest demographic cohort in the workforce and the main driver of economic growth in America, value walkable, urban places that provide easy access to services, quality of life amenities and a live-work lifestyle. However, **rising downtown real estate prices in many cities, coupled with national trends of stagnant wages and widening inequality, are pricing out the Millennial demographic.** Further, the surge of luxury housing within these areas is ultimately beginning to create less diverse, livable and economically vibrant downtowns by placing extreme cost burdens on many renters. The dense, large “superstar” cities that were synonymous with economic growth and opportunity during the past decade are slowly being overtaken in popularity by smaller, less flashy but more affordable, urban areas. A Brookings analysis of recent census data showed that large metropolitan areas lost migrants to smaller and non-metropolitan areas for the first time since 2008.

A P.U.M.A. analysis of a sample of 83 American cities found that “second-tier” cities such as Boise, Durham, Lincoln, Raleigh, Reno, etc. experienced higher increases in median home listing prices than any other category of city (*superstar cities, steady star cities, cities to watch*). The median listing price of homes in “sizzling second-tier cities” has increased by 31 percent over the past three years, the highest percentage of all four city categories. Some individual sizzling cities’ home listings increased by a lot more (Fort Wayne: 42%, Atlanta: 47%, Boise: 38%, Cincinnati: 43%, Grand Rapids: 45%, Las Vegas: 36%, Louisville: 39%, Lincoln: 37%, Orlando: 34%, St Petersburg: 60%, and Tampa: 36%). Further, “steady star” and “second-tier” American cities had higher population growth than the “superstar cities” like New York or San Francisco. Similarly, when looking at changes in median listings of home in Canada over the past three years, some top increases from second-tier cities such as Guelph (37%), Hamilton (29%) and Ottawa (22%) reflect the American average increase in second-tier cities of 31%.¹⁰⁶

Much like Millennials, Gen Z are still moving to the “steady star” cities for their city-feel, quality of life amenities, transportation infrastructure, etc. However, it is interesting to note is that Gen Z has higher rates of in-migration to “second-tier cities” and “cities to watch” when compared to Millennials. This is a trend to keep an eye on as Gen Z gets older and their lifestyle and migration patterns continue to take place. This is also reflected in Canada, as the cities with the fastest population growth are “sizzling second-tier cities” such as Calgary, Edmonton, Saskatoon, Regina, Lethbridge, Kelowna, and Guelph¹⁰⁷. When looking at the largest increases in median household income change from 2005 to the present, the top cities are Saskatoon, Regina, Edmonton, Calgary, Kelowna, Winnipeg, and Abbotsford¹⁰⁸.

¹⁰³ Brett Boyd “Urbanization and the Mass Movement of People to Cities,” Grayline Group.

¹⁰⁴ <https://www.citylab.com/equity/2012/03/us-urban-population-what-does-urban-really-mean/1589/>

¹⁰⁵ Mariona Tomas, “Metropolitan Trends in the World,” n.d.

¹⁰⁶ <https://creastats.crea.ca/natl/index.html>

¹⁰⁷ Stats Canada. Total Population Growth, 2011-2016.

¹⁰⁸ Stats Canada, Median Household Income. 2005, 2016.

Sizzling Second Tier Cities: In-Migration State to State				
	% Millennial Population	% Gen Z Population	% Millennials who moved here from another state in last 5 years	% Gen Z who moved here from another state in last 5 years
Superstar Cities (New York, San Fran)	19%	11%	4%	6%
Steady Star Cities (Seattle, Denver)	20%	10%	7%	11%
Sizzling Second Tier (Boise, Omaha)	17%	11%	5%	7%
Cities to Watch (Tulsa, Milwaukee)	16%	11%	5%	6%
Source: US Census 5-year estimates; 2017. (In this table, Gen Z is broadly defined as 18-24-year-olds and Millennials are broadly defined as 25-34-year-olds for the purposes of trend analysis)				

Small and mid-size downtowns can capitalize on this trend by being portals of opportunity, offering assistance to find jobs, housing and services, and, perhaps most importantly, connections to “city building” activities that bring new vitality to center cities.¹⁰⁹

Increased Demand for Trade Schools:

Although traditional college enrollment continues to rise in the US, **enrollment in trade schools is also growing** to meet increasing demand for sectors of the labor market that do not require an advanced degree, such as in the manufacturing, infrastructure, and transportation fields.¹¹⁰ Those who choose to attend trade school will come by their certification more quickly and at a far lesser cost than obtaining a bachelor’s degree.¹¹¹ Vocational programs also fill in a gap created when jobs require specialized skills that bachelor’s programs are too broad to address. **In these instances, students seek a “last mile” type of vocational-education program after completion of a degree.**¹¹² Vocational degrees are becoming an option for those who can’t afford traditional higher education or who want to pursue a more technical track. These programs help promote a balance between education and skills in the labor market and appeal to the **practical and prudent preferences of the upcoming Gen Z workforce.**

Continuing Presence of the Sharing/Gig Economies:

Cities have also become hubs for the burgeoning gig economy because they offer an ideal concentration of people and activities. People are finding creative ways to solve day-to-day problems in cities where there are jobs to do, plenty of people, and money to be made.¹¹³ Estimates suggest that the gig economy comprises more than a third of the American workforce.^{114 115} This includes a quarter of full time workers, half of all part-time workers, and over a third of all multiple job holders.¹¹⁶ Individuals of all education levels participate in the gig economy¹¹⁷ pointing not

¹⁰⁹ Progressive Urban Management Associates, Sizzling Second-Tier Cities, 2018 Update.

¹¹⁰ <https://www.theatlantic.com/education/archive/2019/03/choosing-trade-school-over-college/584275/>

¹¹¹ <https://thebestschools.org/magazine/trade-schools-rise-ashes-college-degree/>

¹¹² <https://www.theatlantic.com/education/archive/2019/03/choosing-trade-school-over-college/584275/>

¹¹³ <https://www.wonolo.com/blog/best-cities-to-rent-gig-economy/>

¹¹⁴ <https://www.wonolo.com/blog/best-cities-to-rent-gig-economy/>

¹¹⁵ <https://www.forbes.com/sites/tjmccue/2018/08/31/57-million-u-s-workers-are-part-of-the-gig-economy/#6baf933f7118>

¹¹⁶ <https://www.forbes.com/sites/tjmccue/2018/08/31/57-million-u-s-workers-are-part-of-the-gig-economy/#6baf933f7118>

¹¹⁷ <https://www.gigeconomydata.org/basics/who-participates-gig-economy>

only to the changing nature of the economy but also the ways in which individuals are participating in the workforce. Downtowns and urban areas offer more opportunities to individuals seeking to participate in the sharing or gig economies.

The Importance of Educational Institutions:

Beyond considering whether and why recent graduates are moving to cities and downtowns, more and more research is focusing on which cities are drawing graduates and whether they can retain them over the long run. Generally, **institutions of higher learning tend to be economic anchors¹¹⁸ and engines of growth¹¹⁹** for cities and towns, impacting the flow of recent graduates into and out of cities. Graduates of lower-tier universities are more likely to stay in the town where they graduated whereas graduates of ivy league and other more prestigious institutions tend to leap to other cities post-graduation.¹²⁰ The graduates that spread to cities around the country all tend to be looking for high-paying jobs in influential industries, which can most often be found in cities. A study by Indeed found that overall, larger metro areas are more likely to both keep their college graduates and attract new ones, based on a survey of job searches performed by recent graduates.¹²¹ Cities should capitalize on this trend and continue to promote education as an economic driving force by investing in universities that help develop digital skills and forward-looking educational opportunities that will result in a workforce that is malleable to the changing nature of the economy moving forward.¹²²

The Sought-after Employee:

A handful of disruptive technologies threaten the structure of the workforce looking into the future. **Technologies such as digitization, automation, and artificial intelligence in conjunction with shifting demographic forces could transform the nature of work and the skills required to get it done.**¹²³ Consequently, despite an increasing share of the population with advanced degrees and a shift in the labor market geared toward employing high-skilled labor, some employers report difficulties maintaining workers over the long-run. A report from Kinsey Insights shows that 60 percent of global executives **expect that up to half of their firm's workforce will need retraining or replacing within the next 5 years.**¹²⁴ In Canada, the federally-owned Business Development Bank of Canada (BDC Canada) found that 53 percent of small and medium-sized enterprises say **the labour shortage**, caused in part by retiring Baby Boomers, will cause them to limit business investment this year¹²⁵. According to a survey from the Canadian Federation of Independent Business, Canada had a record-high 430,000 vacant jobs sitting unfilled for three months or more in the third quarter of 2018. Skilled trade workers (electricians, welders, mechanics), sales representatives, drivers, engineers, and technicians have consistently ranked among the top five hardest roles to fill in Canada for the past ten years¹²⁶. Not only could the nature of work change in the coming years, but **it is predicted that the US will face a shortage of 8.2 million laborers between 2017 and 2027**, and that organizations need to cater to their employees to be able to retain their working population.¹²⁷ In order to recruit and maintain sought-after talent, firms should take a more complex and comprehensive view of the labor force, seeking dynamic skill sets that can help them weather the transformation. **Firms also need to make the workplace more appealing by investing in the individual, diversifying work spaces, and reinforcing a shared culture and mission.**¹²⁸ Approximately 81%

¹¹⁸ <https://www.brookings.edu/research/why-rural-america-needs-cities/>

¹¹⁹ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹²⁰ <https://slate.com/business/2018/05/college-graduates-are-moving-out-of-state-less.html>

¹²¹ <https://www.hiringlab.org/2018/05/10/graduate-jobs-2018/>

¹²² https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹²³ <https://www.mckinsey.com/featured-insights/talent-management>

¹²⁴ <https://www.mckinsey.com/featured-insights/talent-management>

¹²⁵ https://www.huffingtonpost.ca/2019/01/17/labour-shortage-canada-economy_a_23645470/

¹²⁶ <http://blog.careerbeacon.com/labour-shortage-the-most-in-demand-workers-and-skills-in-canada-in-2018/>

¹²⁷ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹²⁸ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

of employers feel that amenities are one of the top 3 things they can offer to their employees to retain them¹²⁹. Currently, there are over 53.5 million Millennials in the workforce, which is over 34 percent of all workers,¹³⁰ and this means that today, catering to the desires of workers often means catering to the preferences of Millennials.

Companies are Moving Downtown:

After opportunities for growth, company reputation, job role, and pay, Millennials in the workforce **highly desire walkable neighborhoods in an urban context**.¹³¹ Consequently, companies are moving to downtown office spaces to cater to these desires. Millennial employees want sidewalks, bike paths, restaurants, and access to public transit,¹³² particularly as the population relies less on cars and as self-driving cars perpetuate into the future. People are living more integrated lives and in turn, purpose and connection are increasingly important to the talent pool,¹³³ making a downtown location in the heart of a mixed-use hub essential. Further, employers should seek tenancy in buildings that are mixed-use and sustainable. Because the nature of work is becoming more technological, laborers are less tied to their desk, and **if employers want to bring them in, they need to offer amenities and create an experience within the workplace**.¹³⁴ This means state-of-the art technology and programming, and a move away from single-use office buildings. More and more, employers and employees prefer coworking spaces that help forge synergies, spur innovation, and bring new ideas into play rapidly.¹³⁵ Lastly, as the labor pool becomes more diverse, particularly as Gen Z begins to infiltrate the workforce, **adopting a strategy to promote diversity and inclusion in the workplace** will be essential to retaining employees and generating opportunities for achievement and success for employees.¹³⁶

The Changing Role of Minorities and Immigrants in the Workforce:

Current research on the role of minorities and immigrants in the workforce focuses on their role in resurrecting a declining workforce. The employment rate has fallen to a historic low of near 4 percent.¹³⁷ A low unemployment rate paired with a large exodus of aging baby boomers from the workforce¹³⁸ may lead to worker shortages.¹³⁹ Particularly for industries like construction, home health aides, and tech, there is huge demand for immigrant labor, and these are the sectors that will be hit hardest if the administration continues to restrict the flow of immigrants into the US.¹⁴⁰ Immigrants already account for much of the growth in employment since 2008. By 2018, 28.2 million foreign-born persons participated in the US labor force, making up 17.4 percent of the total.¹⁴¹

Minorities also account for much of the growth in employment. Hispanics, Asians, and blacks accounted for 130.6 percent of the total net increase in employment between 2008 and 2018, offset by a decline in the dominance of whites in overall employment.¹⁴² In other words, in that same period, when employers created new jobs they were met with a contracted supply of whites in the job market and a skyrocketing number of immigrants and minorities in the market.

¹²⁹ PWC/ULI Emerging Trends in Real Estate, 2019.

¹³⁰ <https://smartgrowthamerica.org/app/uploads/2016/08/core-values.pdf>

¹³¹ <https://smartgrowthamerica.org/app/uploads/2016/08/core-values.pdf>

¹³² <https://www.businessinsider.com/millennials-forcing-end-suburban-office-parks-2017-2>

¹³³ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹³⁴ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹³⁵ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹³⁶ https://www.gensler.com/uploads/document/593/file/Gensler_Design_Forecast_Shaping_the_Future_of_Cities.pdf

¹³⁷ <https://www.thedailybeast.com/americas-future-depends-on-the-bedroom-not-the-border?ref=home>

¹³⁸ <https://www.americanprogress.org/issues/economy/reports/2012/07/12/11938/the-state-of-diversity-in-todays-workforce/>

¹³⁹ <https://www.marketplace.org/2018/04/05/what-role-immigrants-labor-force/>

¹⁴⁰ <https://www.marketplace.org/2018/04/05/what-role-immigrants-labor-force/>

¹⁴¹ <https://www.bls.gov/news.release/pdf/forbrn.pdf>

¹⁴² <https://democracyjournal.org/arguments/race-ethnicity-and-the-job-market/>

In Canada, one in five persons is an immigrant. According to the 2016 Census, 7.5 million foreign-born people came to Canada through the immigration process.¹⁴³ Immigrants fill an important role in the North American labor force and loss of participation in the labor force by immigrants and minorities could exacerbate possible future labor shortages and hinder overall economic output.

Not only are immigrants and minorities essential for maintaining a robust and full labor force [see declining U.S. workforce chart below], research shows that employment of these populations also drives innovation and productivity overall. A more inclusive and diverse workforce drives economic growth as more women, racial and ethnic minorities enter the workforce.¹⁴⁴ Currently, **approximately 17 percent of the US workforce is foreign born¹⁴⁵ and estimates suggest that between 2000 and 2050 new immigrants and their children will account for 83 percent of the growth in the working-age population.**¹⁴⁶ Promoting diversity and inclusion in the workplace is essential for attracting and retaining talent and for keeping pace with demographic changes impacting the overall population of North America.

The US is adding fewer new workers

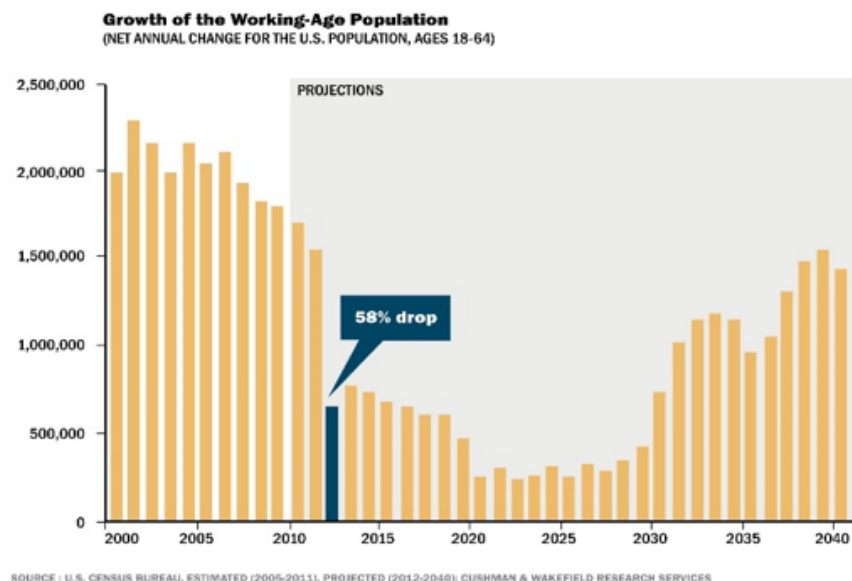


Chart: Stantec Urban Places Group

The Influence of Women in the Workforce:

Since the last Global Trends report, not much has changed for women in the workplace. Although the pay gap has decreased by \$0.05 since 2015, women in the US will still only make \$0.79 for every dollar men make by 2019¹⁴⁷ and women in Canada will make \$0.87 for every dollar earned by men. Men in the US had higher labor force participation

¹⁴³ <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2017028-eng.htm>

¹⁴⁴ <https://www.americanprogress.org/issues/economy/reports/2012/07/12/11938/the-state-of-diversity-in-todays-workforce/>

¹⁴⁵ <https://immigrationforum.org/article/immigrants-as-economic-contributors-they-are-the-new-american-workforce/>

¹⁴⁶ <https://www.americanprogress.org/issues/economy/reports/2012/07/12/11938/the-state-of-diversity-in-todays-workforce/>

¹⁴⁷ <https://www.payscale.com/data/gender-pay-gap>

rates than women at almost every level of educational attainment in 2016 except at the doctoral level.¹⁴⁸ Despite this, women's overall participation in the US workforce continues to increase, and in fact, **as of 2017, more women in the US held professional positions than men**, at 31 percent and 20 percent respectively.¹⁴⁹ Although more women work in professional occupations (as opposed to technical or service industry positions) than men, the likelihood that a woman will hold a higher paid position (like CEO or other leadership position) is lower than for a man.¹⁵⁰ Women are more likely to work in education and healthcare jobs (67% women compared to 30% men), which generally pay less. This is an example of the structural barriers keeping women from advancing in the workplace, creating an opportunity gap that reinforces the gender pay gap.¹⁵¹ This is similar in Canada, where most women (56 percent) are employed in occupations involving the "5 Cs": caring, clerical, catering, cashiering and cleaning. Approximately one quarter of Canadian women are employed in natural and applied science (24% women compared to 76% men)¹⁵².

In both countries, women are underrepresented as owners among companies of all sizes, especially on the larger end.¹⁵³ However, **the rate of growth for women-owned businesses continues on a steady upward trend** in the US, growing by 58 percent since 2007 leading to women owning 4 out of every 10 businesses by 2018.¹⁵⁴ These businesses employ 9.2 million people and generate \$1.8 trillion in revenue yearly.¹⁵⁵ **Approximately 47% of all women-owned businesses are started by women of color**,¹⁵⁶ contributing to the overall diversity of the business community. In Canada, women make up one third of Canadian entrepreneurs, but not in the tech industry. However, a bright spot is Canada's increasingly younger, female small business owners; the number of female entrepreneurs under 45 years old is growing, with 59 per cent between 18 and 44, compared to only 42 per cent of men in the same age range, and younger leaders are typically more open to using technology to drive their business than those over 45 years of age.¹⁵⁷

The Rise of Educated Women At every level of higher education, women are obtaining more degrees than men for the eleventh straight year.¹⁵⁸ This is echoed in Canada, where since 1981, a greater proportion of young women attend post-secondary school than young men. In 1976, 41.2% of young women attended school, as did 45.3% of young men. By 2015, 65.1% of young women and 58.2% of young men attended school—increases of 23.9 percentage points and 12.9 percentage points, respectively.¹⁵⁹

US College Degrees by Gender						
Degrees	Class of 2017			Class of 2026 (est.)		
	Percentages		Females per 100 Males	Percentages		Females per 100 Males
	Male	Female		Male	Female	
Associate's	37.9%	62.1%	164	34.9%	65.1%	187
Bachelor's	42.9%	57.3%	134	41.8%	58.2%	139
Master's	41.7%	58.3%	140	41.6%	58.4%	140
Doctor's	47.8%	52.2%	109	47.6%	52.4%	110
All Degrees	41.5%	58.5%	141	40.0%	60.0%	150

Source: US Department of Education

¹⁴⁸ <https://www.bls.gov/spotlight/2017/educational-attainment-of-the-labor-force/pdf/educational-attainment-of-the-labor-force.pdf>

¹⁴⁹ <https://www.bls.gov/opub/reports/womens-earnings/2017/pdf/home.pdf>

¹⁵⁰ <https://www.bls.gov/opub/reports/womens-earnings/2017/pdf/home.pdf>

¹⁵¹ <https://www.payscale.com/data/gender-pay-gap>

¹⁵² <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

¹⁵³ <https://advancingwomeninbusiness.com/wp-content/uploads/2018/01/Supporting-Growing-Women-Owned-BusinessesFINAL.pdf>

¹⁵⁴ <https://www.wbenc.org/blog-posts/2018/10/10/behind-the-numbers-the-state-of-women-owned-businesses-in-2018>

¹⁵⁵ <https://www.wbenc.org/blog-posts/2018/10/10/behind-the-numbers-the-state-of-women-owned-businesses-in-2018>

¹⁵⁶ <https://www.wbenc.org/blog-posts/2018/10/10/behind-the-numbers-the-state-of-women-owned-businesses-in-2018>

¹⁵⁷ <https://www.itbusiness.ca/news/women-make-up-one-third-of-canadian-entrepreneurs-but-not-in-tech-industry/105893>

¹⁵⁸ <http://www.aei.org/publication/prediction-no-2017-graduation-speaker-will-mention-this-the-growing-gender-college-degree-gap-favoring-women/>

¹⁵⁹ <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

TREND 3: RETAIL + SPENDING

Spending Power by Generation – who should the market cater to?

Gen Z's significant (and growing) spending power is making waves for downtowns and the businesses rooted there. Gen Z is breathing **fresh life into physical retail stores** and pushing retailers to provide **personalized and engaging shopping experiences** that increase brand recognition and loyalty. Retailers are increasing foot traffic to physical stores by integrating the in-store and online shopping experiences into one engaging and personalized shopping experience. This generation's entrepreneurial spirit bodes well for the future of small businesses and the sharing economy, particularly as technologies improve and open up new avenues for productivity.

Over time, markets evolve to cater to the population as different generations gain and lose purchasing power because businesses want to capture as much spending as possible. While it is easy to overlook the influence of older generations, they have significant stake in the game as well. **Baby Boomers have the greatest amount of disposable income** of all generations¹⁶⁰ and their purchasing patterns should not be overlooked. **Gen Xers** produce 31 percent of total US income¹⁶¹ and sometimes financially support both a Baby Boomer parent and a Millennial or Gen Z child, making them **important decision makers in the market place**. Over the last decade or so, Millennials have been reinventing the commercial landscape, spending an average of over \$600 billion a year.¹⁶² Although Millennials have dominated the marketplace, it is now Gen Z's time to shine. Although this generation is still young and newly entering the workforce, sources estimate that their buying power represents nearly \$143 billion in spending.¹⁶³ These numbers are significant given that many Gen Zers haven't yet entered the workforce, suggesting that these numbers will climb significantly in the coming years.

Brick and Mortar Still Thriving

Over the years, as the internet has become more ubiquitous and online shopping has proliferated, many have assumed that brick and mortar stores will soon become obsolete. The *2017 Global Trends Report* suggested that trends show this is not the case, and evidence today shows that brick and mortar stores are still going strong and have a bright future. Baby Boomers, the generation with the most disposable income overwhelmingly prefer to shop in physical stores at a rate of 84 percent.¹⁶⁴ Baby Boomers aren't alone in their appreciation of shopping in person – **77 percent of Gen Zers prefer to make purchases in store**.¹⁶⁵ Around 95 percent of them had shopped in-store in a three-month period when surveyed in 2018 as compared to 75 percent of Millennials and 58 percent of Gen X.¹⁶⁶ In fact, some retailers are closing their online stores and redirecting their efforts to their physical spaces.¹⁶⁷ Big-box stores like Target and Walmart are also creating smaller footprint stores to open in mixed-use developments and transit hubs to capture the growing urban population.

¹⁶⁰ <https://revelsystems.com/resources/generational-breakdown-purchasing-patterns/>

¹⁶¹ <https://revelsystems.com/resources/generational-breakdown-purchasing-patterns/>

¹⁶² <https://revelsystems.com/resources/generational-breakdown-purchasing-patterns/>

¹⁶³ <https://www.inc.com/marla-tabaka/forget-millennial-purchasing-power-gen-z-is-where-its-at.html>

¹⁶⁴ <https://revelsystems.com/resources/generational-breakdown-purchasing-patterns/>

¹⁶⁵ <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2018/05/16/how-brick-and-mortar-stores-are-making-a-comeback-with-millennials-and-gen-zers/#3fe823b81640>

¹⁶⁶ <https://www.bloomberg.com/news/articles/2019-04-25/are-u-s-malls-dead-not-if-gen-z-keeps-shopping-the-way-they-do>

¹⁶⁷ <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2018/05/16/how-brick-and-mortar-stores-are-making-a-comeback-with-millennials-and-gen-zers/#cdd5d7216400>

Omni-channel Retail Enhances In-Store Experience

The truth is that the proliferation of online shopping is actually in many ways enhancing the physical retail environment as businesses start to seamlessly integrate their in-store and online experience for consumers via omni-channeling. A survey by Retail Dive showed that **Gen Z shoppers see no difference between online and physical stores and expect an integrated experience between the two.**¹⁶⁸ More and more, stores are using their online presence to direct consumers to shop in-store by providing online shoppers in-store inventory numbers and in-store pick-up options. In addition, **stores are taking advantage of Gen Z's propensity to be glued to their phone by offering in-store online coupons that capitalize on the fact that 91 percent of Gen Zers report looking for deals on their phones while shopping in a physical store.**¹⁶⁹ Some stores are also enticing Gen Zers to shop in-store by offering discounts when individuals take pictures with merchandise while shopping and post to their social media. **Retailers are creating an in-store experience that is highly sharable across social media to increase foot traffic.**¹⁷⁰ Rather than viewing the relationship between online and brick and mortar retail as adversarial, more and more companies are seeing them as one in the same and creating an integrated, engaging, and personalized experience to shoppers suggesting the in-store shopping experience has plenty of staying power into the future.

Local Logistics: The Myth of Free Delivery

Consumers and residents now expect convenience. They opt for quick, cost-effective, reliable and flexible delivery for a variety of needs. With delivery becoming a necessity to compete, retailers are examining how their real estate plays into the delivery supply chain.¹⁷¹ **There will need to be warehouse space in a close proximity to downtowns and urban areas to answer the demand for all the various delivery services.** Metropolitan areas need to be aware of the logistical implications these services have for industrial and storage areas and road capacity.

It is predicted that there will be a greater focus on last-mile and city logistics. Many retailers are already strengthening their store-based fulfillment capacity to satisfy customer demand for quicker delivery. Yet, there is no such thing as 'free delivery,' despite what is marketed to consumers. With consumers expecting faster delivery times, there is a looming shortage of urban infill sites for last-mile delivery, prompting developers to build vertically. While this is already common in Asia Pacific markets like Hong Kong, Singapore and Tokyo, it is now gaining traction in the U.S. and some markets in Europe, with Seattle, New York, London and Paris leading the way. These markets possess the requirements for multistory development: high population density and land values, strong e-commerce penetration and tight logistics market conditions.¹⁷² Real estate professionals are considering the roles of robotics and emerging technologies inside and outside the box, such as Artificial Intelligence (AI), Augmented Reality (AR) and autonomous trucks.¹⁷³ The surge in delivery services also poses the challenge of congestion along streets and highways, creating the classic 'free rider' problem in urban economics, where taxpayers foot the bill.¹⁷⁴

Personalizing the Shopping Experience to Draw Shoppers In

Gen Z values strong relationships, including those with brands, and they are willing to offer reviews and post content online about their experience as consumers. Consequently, businesses are building relationships by

¹⁶⁸ <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2018/05/16/how-brick-and-mortar-stores-are-making-a-comeback-with-millennials-and-gen-zers/#3fe823b81640>

¹⁶⁹ <https://www.bloomberg.com/news/articles/2019-04-25/are-u-s-malls-dead-not-if-gen-z-keeps-shopping-the-way-they-do>

¹⁷⁰ <https://www.forbes.com/sites/jiawertz/2018/10/28/how-to-win-over-generation-z-who-hold-44-billion-of-buying-power/#36ac07174c13>

¹⁷¹ <https://streetsense.com/icsc-recon-2019/>

¹⁷² <https://www.cbre.us/research-and-reports/2019-Global-Real-Estate-Market-Outlook-Industrial-Logistics>

¹⁷³ <https://www.cbre.com/research-and-reports/Global-Logistics--The-Big-Picture-March-2018>

¹⁷⁴ 2019 Emerging Trends in Real Estate, PWC, ULI.

personalizing the shopping experience to draw shoppers into stores. For example, some companies are creating showrooms stocked with examples of merchandise where shoppers can't actually purchase products in store. These showrooms will also feature bars, cafes or spas that allows visitors to have a complete experience while browsing merchandise and doing product consultations. Shoppers can place orders online to pick up in store or have items shipped to their homes. One example of this type of store is Nordstrom Local.¹⁷⁵ These types of personalized shopping experiences help build engagement and thus loyalty with customers.

Augmented Reality Increases Personalization and Engagement

Another way that stores are personalizing the shopping experience is by experimenting with augmented reality. One space where brick and mortar retail is especially strong is with beauty products. Stores are creating both in-store and online try-before-you-buy interactive experiences where shoppers can see what beauty products look like on without having to actually try the product. This tactic promotes shopper-product interaction, helping shoppers to be engaged and thus increasingly loyalty. Shoppers are drawn to the store to take advantage of the technology and opportunity to personalize their experience, increasing their likelihood to make a purchase and giving them a reason to come back. **Augmented reality is becoming more common in retail**, with 41 percent of customers already expecting to be offered augmented reality from retailers, and 21 percent of small businesses conducting augmented reality marketing in 2018.¹⁷⁶

The Future of Small Business

Not only is Gen Z shaping the future of retail and the way that shoppers interact with businesses in person and online, but they are also shaping the future of small businesses. Given that Gen Z is skeptical of student debt and given their prudent and driven nature, nearly 8 in 10 students aged 11 through 18 said they want to be their own boss.¹⁷⁷ In addition, 72 percent of high school students and 64 percent of college students are eager to start their own business.¹⁷⁸ Gen Zers dream of forming their own businesses, rather than navigating what they see as a tenuous economy. Not only is Gen Z enthusiastic to start businesses, but new technologies continue to emerge that can assist them in doing so. Technology is opening the door to troves of data allowing small business owners new insights into the health of their business¹⁷⁹ and can help owners keep track of income and spending, upcoming payments, and investments. Small businesses are also following trends of larger retailers, **capitalizing on technologies like augmented reality and creating curated, personalized experiences for shoppers that increase engagement and loyalty**. This is a promising time for small businesses, and **trends signify their continued growth into the future**.

The Sharing Economy

In the same way that Gen Z's entrepreneurial spirit will breathe life into the future of small business, it will also help the sharing or peer-to-peer economy continue to thrive. Gen Z will continue to find creative ways to use their resources and capital to generate income and **create the flexible lifestyle they desire**. Into the future, the sharing economy will also be driven by the **emerging middle class, women, and the elderly**.¹⁸⁰ The sharing economy offers an onramp to help propel individuals to success and **may also provide some stability for retirees into the future**. **As more populations seek to age-in-place, the sharing economy offers a saving grace due to its accessibility**

¹⁷⁵<https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2018/05/16/how-brick-and-mortar-stores-are-making-a-comeback-with-millennials-and-gen-zers/#3fe823b81640>

¹⁷⁶<https://www.forbes.com/sites/forbesagencycouncil/2019/02/19/four-ways-augmented-reality-is-revolutionizing-brick-and-mortar-retail/#39e8c58721ed>

¹⁷⁷ <https://www.visioncritical.com/blog/entrepreneurial-gen-z>

¹⁷⁸ <https://www.visioncritical.com/blog/entrepreneurial-gen-z>

¹⁷⁹ <https://hbr.org/2019/06/how-ai-could-help-small-businesses>

and flexibility.¹⁸¹ As the sharing economy continues its foray into ubiquity, it is seen more often as part of the economy as opposed to its own separate sharing economy. Companies like Uber and Lyft are going public in 2019, pointing to the staying power of the sharing economy.¹⁸² This **continued integration and solidification of the sharing economy into the general economy suggests that this sector will continue to grow into the future and cities will benefit because they offer the most resources, diversity, flexibility and opportunity that the sharing economy thrives on.**

Tourism + Hospitality

The *2019 Emerging Trends in Real Estate* report notes that hotels appear to be holding their own with investors, both from a return-on-investment perspective as well as a development perspective, with midscale and luxury hotels rising.¹⁸³ However, Gen Z is more conservative with their money than Millennials and want to be more responsible and frugal when they travel, so cost will ultimately be the deciding factor.¹⁸⁴ Downtowns are often the regional epicenter of a city in terms of tourism and visitation. According to IDA's *Value of Downtowns and Center Cities* report, on average, downtowns have an average of 27 hotels and more than 5,500 hotel rooms, representing 35% of a city's hotel rooms. Hotels are now providing **loft-type experiences**, such as boutique hotels like Aloft, providing **walkable hospitality**¹⁸⁵, **bike share services**, **high-tech check-ins**, **convenience as a differentiator**, and **personalized experiences**. One such experience is "wellness," with **wellness tourism** expected to exceed \$800 billion by 2020¹⁸⁶, including hotel amenities such as wellness architecture, on-site fitness, silent spas, healthy food, medical recovery rooms, and in-house nutritionists.¹⁸⁷

Given that Gen Z and Millennials like to travel and **spend money on experiences over things**, this lends itself for opportunities within the tourism and hospitality market to match those desires. Gen Z travelers are taking 2.8 leisure trips per year, which is just behind Millennials (three leisure trips per year), indicating that travel is already a priority for this generation.¹⁸⁸ These generations want an **authentic experience** and are moving more towards **AirBnB**, **VRBO**, loft-style hotels, and away from traditional hotels. With AirBnB blurring the line between hospitality and community, this may have implications for the experience provided at downtown hotels. Its mission of letting people "live in a place instead of just traveling to it" has encouraged hyper-localization and prompted hotels to follow suit.¹⁸⁹

Gen Z and Millennials are highly influenced by social media and online reviews to choose a travel "**destination**." They also want to choose a place that is "**instagrammable**" and photo-worthy. They want to **choose hotels that are themselves destinations**, matching the local culture of the place.¹⁹⁰ They are also less likely to book normal tours opting to connect with locals and experience what life is like for locals. For example, companies such as Vamonde¹⁹¹ are emerging- these are platforms that provide visitors with curated and authentic experiences as told and designed by locals. These generations' favorite activities when travelling are eating out, followed by sightseeing, visiting museums, and embarking upon outdoor adventures.

¹⁸³ <https://www.pwc.com/us/en/asset-management/real-estate/assets/pwc-emerging-trends-in-real-estate-2019.pdf>

¹⁸⁴ <https://www.sellmytimesharenow.com/blog/generational-tourism-the-latest-on-gen-z-travel-trends/>

¹⁸⁵ <https://sbj.net/stories/opinion-downtown-real-estate-trends-to-watch-in-2019,61570>

¹⁸⁶ Global Wellness Institute, 2018.

¹⁸⁷ Gensler Design Forecast, 2018.

¹⁸⁸ <https://www.travelagentcentral.com/resources/stats-gen-z-travelers-take-2-8-leisure-trips-per-year>

¹⁸⁹ <https://www.genzinsights.com/inconsistency-is-the-new-consistency-for-gen-z-travellers-hotels-are-adapting-accordingly>

¹⁹⁰ https://www.wsmv.com/news/downtown-hotels-go-for-the-unique-in-pulling-in-this/article_fbfaabfe-4091-5863-b828-56781b2ac294.html

¹⁹¹ <https://www.vamonde.com/>

Millennials and Gen Z value the **uniqueness of a place and the local story. By focusing on creating places for locals and daily livability**¹⁹², **cities are realizing this will in fact enhance their tourism appeal.**¹⁹³ Visitors and locals are both looking for more 'authentic' travel experiences, as articles such as "*No one likes to be a tourist- the rise of the 'anti-tour'*" spell out.¹⁹⁴ The 2018 Expedia Group study found that 78 percent of both Millennials and Gen Z strongly agree or somewhat agree with the statement, "I often opt for 'off the beaten path' locations and recommendations from locals" and when prioritizing, activities and unique experiences drive travel decisions.¹⁹⁵

This **"sense of experience" and "exploration"** may tie in with downtown hotels themselves. It is also reflecting trends in the convention center industry, most of which are located in downtowns. **Convention Centers** are trending towards **integrating with the downtown as a place, not just standing on its own.** There must first be significant options for retail, restaurants, parks, walkability, and other amenities to attract visitors. **Walkability** to offerings is of particular importance to convention attendees.

¹⁹² <https://www.brookings.edu/blog/the-avenue/2019/03/20/stop-trying-to-solve-traffic-and-start-building-great-places/>

¹⁹³ <https://www.strongtowns.org/journal/2017/5/24/the-big-urban-mistake-building-for-tourism-vs-livability>

¹⁹⁴ <https://www.theguardian.com/cities/2019/jan/28/no-one-likes-being-a-tourist-the-rise-of-the-anti-tour>

¹⁹⁵ <https://info.advertising.expedia.com/typ/travel-and-tourism-trends-for-american-travelers>

TREND 4 – TRANSPORTATION AND MOBILITY

Overview

Global trends indicate a shift from a reliance on cars toward a more integrated system of accessibility and mobility. **North American culture is shifting toward valuing mobility more generally as opposed to the singular automobile**, and car manufacturers are not just noticing; they have already started participating in the market for bike and car share programs. Transportation Network Companies (TNCs) such as Uber and Lyft continue to proliferate in popularity. However, there is a growing consensus that TNC use increases overall traffic and congestion by shifting riders from public transit or other alternative modes into cars. Yet, new technological platforms emulating the TNC model are beginning to emerge. These burgeoning technologies aim to create a fluid mobility experience for riders, allowing them to take advantage of various forms of transportation together. A more holistic system of transportation options is also called “Mobility as a Service” (MaaS). The term implies that people will increasingly hire their transport as needed and as appropriate, rather than investing in the capital cost and upkeep of a private vehicle.¹⁹⁶ **The future of mobility will be multimodal, with a connected environment with features on demand.**¹⁹⁷

Gen Z Shaking Up Car Ownership

In the same way that Gen Z does not differentiate between online and in-store shopping, instead seeing it as one integrated system, they are also starting to view mobility in the same way, taking advantage of the most economical, safe, and efficient forms at their disposal. While these advances are exciting, there remains room for improving accessibility for disabled and senior populations.

Current estimates show that Gen Z is less interested in obtaining a driver’s license (and driving in general) than previous generations. Gen Z also has less of an attachment to owning cars than prior generations, seeing them more as appliances, with more than half indicating a car represents no more than a means of transportation.¹⁹⁸ Sixty percent of Gen Zers also believe that they will have access to autonomous vehicles by 2029.¹⁹⁹ Estimates suggest that only somewhere between one quarter and one third²⁰⁰ of American 16 year-olds had their license in 2017.²⁰¹ Bloomberg reports that only 26 percent of U.S. 16-year-olds had a driver’s license in 2017, a rite of passage that almost 50 percent of that cohort would have obtained just 36 years ago.²⁰² Of those without a license, 38 percent of them say they have no need for one.²⁰³ **This is leading to fewer vehicle purchases by this generation**, with JD Power estimating that Gen Zers will purchase 120,000 fewer cars compared to Millennials in 2004 when they were at approximately the same age/stage as Gen Z is today.²⁰⁴ Between 2010 and 2017, the number of American households without a vehicle has remained somewhat steady (from 8.9 percent in 2010, from 9.1 percent to 2015, and to 8.8 percent in 2017).^{205, 206} Despite this small drop, car-free living is becoming more common²⁰⁷ and car ownership rates are dropping in the U.S. for the first time in modern history.²⁰⁸ This is not the same case in Canada yet, with driver’s

¹⁹⁶ <https://www.cbc.ca/news/business/automobile-alternative-transport-1.5129241>

^{197,197} <https://www.forbes.com/sites/sarwantsingh/2019/02/11/top-automotive-trends-in-2019-a-year-of-wows-and-woes/#346af0a71be8>

¹⁹⁸ <https://www.mediapost.com/publications/article/333113/gen-z-shifts-car-culture-to-mobility-culture.html>

¹⁹⁹ <https://www.mediapost.com/publications/article/333113/gen-z-shifts-car-culture-to-mobility-culture.html>

²⁰⁰ <https://www.mediapost.com/publications/article/333113/gen-z-shifts-car-culture-to-mobility-culture.html>

²⁰¹ <https://www.wsj.com/articles/driving-the-kids-are-so-over-it-11555732810?ns=prod/accounts-wsj>

²⁰² <https://www.bloomberg.com/news/features/2019-02-28/this-is-what-peak-car-looks-like>

²⁰³ <https://www.mediapost.com/publications/article/333113/gen-z-shifts-car-culture-to-mobility-culture.html>

²⁰⁴ <https://www.wsj.com/articles/driving-the-kids-are-so-over-it-11555732810?ns=prod/accounts-wsj>

²⁰⁵ <https://medium.com/@sjpeterson/car-free-living-in-the-united-states-what-the-data-says-bc5bd396f52e>

²⁰⁶ <https://www.governing.com/gov-data/car-ownership-numbers-of-vehicles-by-city-map.html>

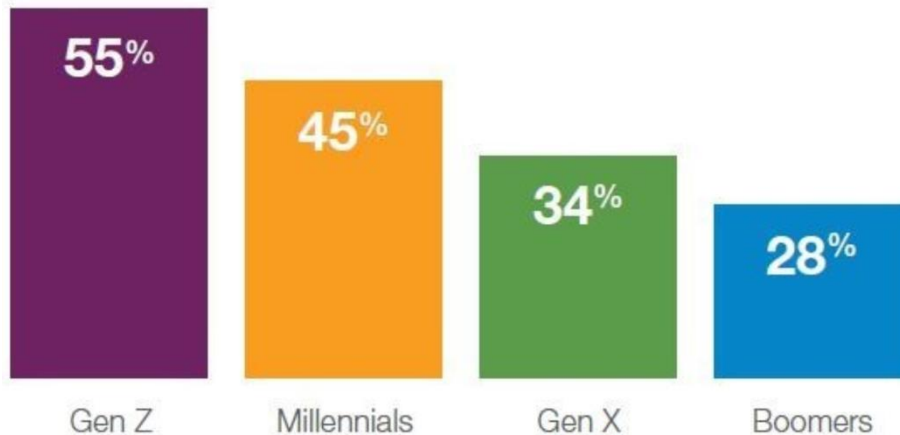
²⁰⁷ <https://medium.com/@sjpeterson/car-free-living-in-the-united-states-what-the-data-says-bc5bd396f52e>

²⁰⁸ <https://investorplace.com/2019/04/4-charts-car-ownership-over/>

licenses and car ownership actually increasing slightly- this could be related to land use, policies focused on electric vehicles, and not as much of a surge in TNCs.²⁰⁹

The following chart from Cox Automotive shows that **Millennials and Gen Z are less likely than other generations to think owning a vehicle is necessary**.²¹⁰ However, while preferences remain for car-free living, transportation infrastructure has not kept up^{211, 212}.

HAVING TRANSPORTATION IS NECESSARY, BUT OWNING A VEHICLE IS NOT (% AGREE)



Source: Cox Automotive

Mobility and Access over Ownership

These changing preferences are impacting the way that car manufacturers are investing the future of mobility. **In order to stay relevant, car manufacturers are investing in mobility as opposed to only focusing on cars.** For example, the three big US automakers – Ford, Fiat Chrysler, and General Motors – are making moves to enter the car-sharing, ride-hailing, or autonomous car markets.²¹³ They are also reorienting toward marketing the benefits of mobility options to communities over individuals, highlighting the broader societal contributions, such as reducing carbon footprints, easing noise pollution, or improving safety.²¹⁴ For car manufacturers, it is becoming more important to promote access than ownership, particularly because this is what is important to Gen Z.²¹⁵ As long as the big auto manufacturers can increase access to cars, then they can maintain their hold in the industry. Increasing access to vehicles benefits car manufacturers because it ensures that Gen Z would still be captive to cars, and it would provide the companies with market data on how this generation travels.²¹⁶ This shift in thinking of mobility in a more comprehensive way is occurring first and most aggressively in cities, reflecting a broader trend toward mode agnosticism – Gen Z will prefer to use whatever form of transportation is most time and cost-efficient.²¹⁷ **In much the same way that Baby Boomers in their teens defined American Culture as car culture, some posit that Gen Z**

²⁰⁹ <https://www.cipma.org/2018/04/12/millennial-ownership-of-vehicles-in-canada/>

²¹⁰ <https://investorplace.com/2019/04/4-charts-car-ownership-over/>

²¹¹ <https://www.cato.org/blog/new-census-data-detail-transits-decline>

²¹² <https://usa.streetsblog.org/2017/10/10/americas-car-ownership-rate-higher-now-than-before-the-recession/>

²¹³ <https://www.npr.org/2017/12/08/568362029/generation-z-may-not-want-to-own-cars-can-automakers-woo-them-in-other-ways>

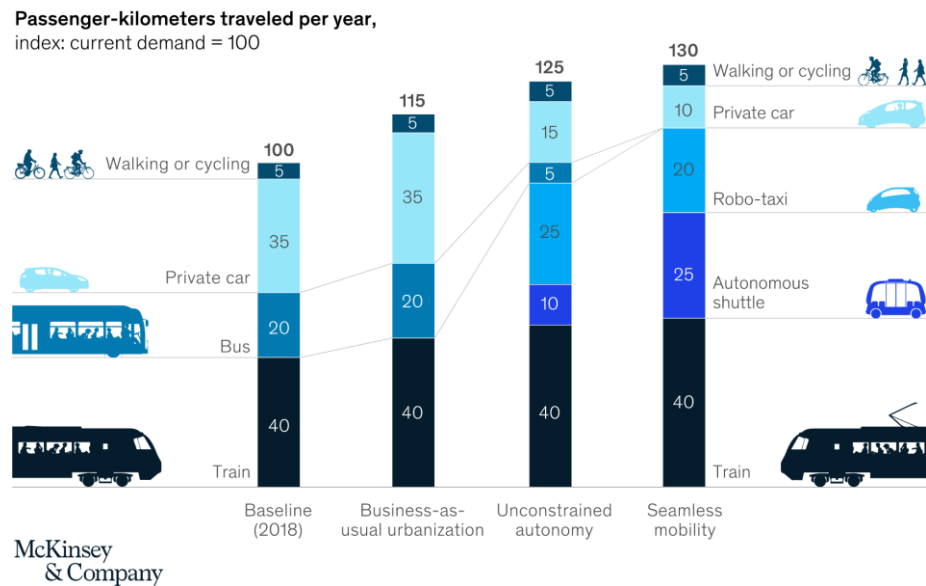
²¹⁴ <https://www.mediapost.com/publications/article/333113/gen-z-shifts-car-culture-to-mobility-culture.html>

²¹⁵ <https://www.forbes.com/sites/sarwantsingh/2019/04/09/car-companies-get-thinking-out-of-the-box-for-gen-z/#1f4ed8f35de0>

²¹⁶ <https://www.npr.org/2017/12/08/568362029/generation-z-may-not-want-to-own-cars-can-automakers-woo-them-in-other-ways>

²¹⁷ <https://www.npr.org/2017/12/08/568362029/generation-z-may-not-want-to-own-cars-can-automakers-woo-them-in-other-ways>

will become synonymous with mobility culture.²¹⁸ The following chart shows that in the next 10 years (by 2030), in the seamless-mobility scenario, private cars will be used less and autonomous vehicles will capture that demand²¹⁹.



Transit as Part of an Integrated Mobility System

Increased mobility via multiple types of transit is opening up new possibilities for how individuals access transit moving forward. For example, systems known as **Mobility as a Service (MaaS)** pair technology and transit, resulting in new technology platforms that integrate end-to-end trip planning, booking, electronic ticketing, and payment services across all modes of transportation, public or private.²²⁰ This platform reflects the agnosticism that Gen Z holds between transit types, creating a seamless system where different transit types can work as a system to efficiently get people around. In many ways, this is the next step from TNC platforms such as Uber and Lyft, which have continued to grow in popularity over the years. The addition of autonomous vehicles will also contribute to the vision of a frictionless mobility experience. Some autonomous shuttles broke onto the scene, running on corporate campuses and airports as of 2018.²²¹ Because of these changes, curbs and sidewalks are also becoming a larger topic of debate. **Curbs are evolving into hyperlocal transportation terminals, with various modes of transportation** (bikes, scooters, cars, autonomous vehicles, etc.).²²² Curbs need to be available to promote and be conducive to active mobility.

²¹⁸ <https://www.agilitypr.com/pr-news/public-relations/gen-zs-perspective-on-transportation-ushers-in-new-mobility-culture/>

²¹⁹ <https://www.mckinsey.com/business-functions/sustainability/our-insights/getting-beyond-gridlock-in-cities>

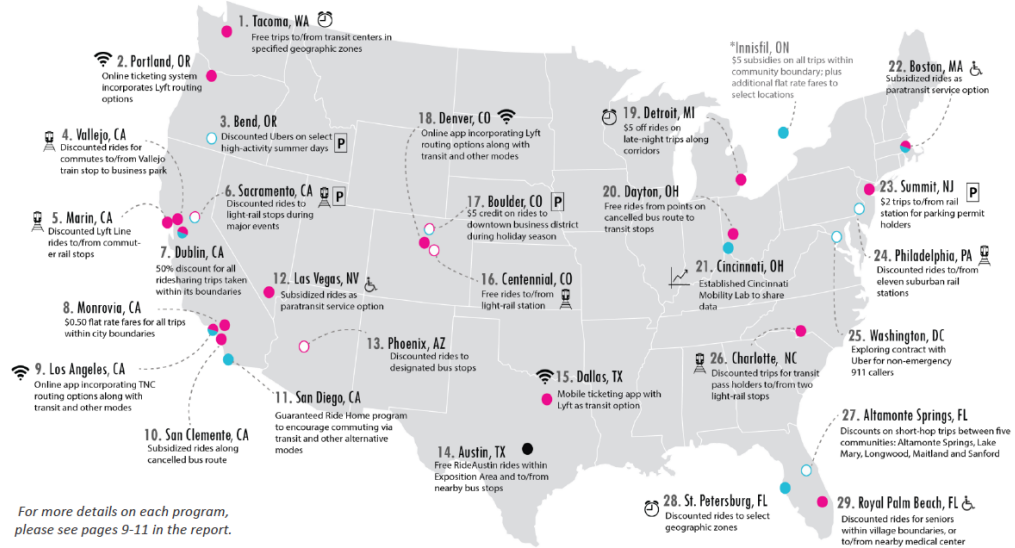
²²⁰ <https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/consumer-business/deloitte-nl-cb-ths-rise-of-mobility-as-a-service.pdf>

²²¹ <https://www.masstransitmag.com/technology/blog/12389128/transit-trends-for-2018-and-beyond>

²²² <https://www.planning.org/planning/2019/jun/curbcontrol/>

PARTNERSHIPS BETWEEN TRANSPORTATION NETWORK COMPANIES AND PUBLIC AGENCIES

Past and Present



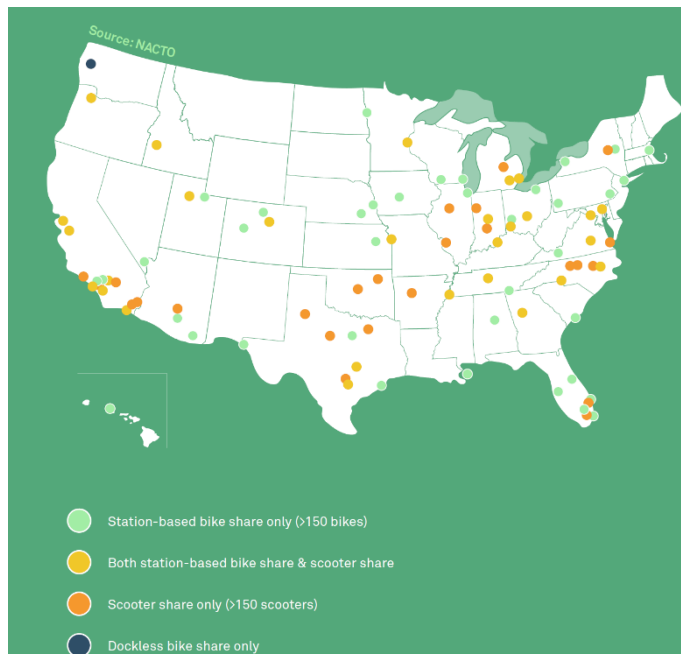
Shared Micromobility

NACTO, Shared Micromobility in the U.S., 2018

The proliferation and popularity of TNCs has paved the way for integrated mobility systems. **In 2018, people took 84 million trips on “shared micromobility” in the United States, more than double the number of trips taken in 2017²²³.** Shared micromobility encompasses all

shared-use fleets of small, fully or partially human-powered vehicles such as bikes, e-bikes, and e-scooters.

Carsharing in particular has rapidly gained popularity, with projections suggesting that by 2024, carsharing users will exceed 23 million.²²⁴ **Bike sharing** has also grown, according to a report just released by the National Association of City Transportation Officials (NACTO)-- In 2017, more than 35 million bike-share trips were taken, up 25 percent from the previous year.²²⁵ These large ridership numbers are the result of over 55 bike share systems available nation-wide, making available over 42,000 bikes.²²⁶ Bike-share programs, which are usually funded by public-private partnerships, could be a relatively inexpensive way to get people out of cars.²²⁷ A recent ridership study out



²²³ NACTO. Shared Micromobility in the U.S.: 2018.

²²⁴ <https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/consumer-business/deloitte-nl-cb-ths-rise-of-mobility-as-a-service.pdf>

²²⁵ <https://www.wired.com/story/americans-falling-in-love-bike-share/>

²²⁶ <https://www.curbed.com/2017/3/21/15006248/bike-share-ridership-transit-safety>

²²⁷ <https://www.wired.com/story/americans-falling-in-love-bike-share/>

of New York University (NYU) shows that bike share trips are being used to shorten commute times. Trips are usually less than 10 minutes and the busiest stations are located near transit hubs, indicating that riders use them for trips that seem too long to make on foot but too short for transit.²²⁸ **Ridership data shows that as cities build better bike infrastructure, ridership goes up.**²²⁹ In addition to bike-share programs, micro-mobility options like e-scooters have gained popularity in larger cities throughout the US since 2018. Of those who rent e-scooters, 30 percent say their trip replaced a car trip, and 27 percent said they use scooters to connect to transit.²³⁰ The availability to bike share and scooter share systems may be able to relieve some traffic congestion and improve pedestrian mobility in cities. To move toward a less car-reliant and more integrated mobility system in the US, these types of programs should continue to grow.

TNCs and Mobility

According to a statement released by Uber, their long-term goal is to “end the reliance on personal vehicles and allow a mix of public transportation and services like Uber.”²³¹ In order for this to happen, individuals would use ride-hailing services to fill in the “last mile,” when public transit cannot get a rider from door to door. This vision is very much in line with MaaS, promoting an integrated system of ride-hailing and public transit to reduce reliance on cars, however, in actuality, **there is an emerging consensus that TNCs may actually be exacerbating traffic congestion and competing directly with public transportation.**²³² A survey found that nearly 60 percent of TNC riders in Boston would not have been in a car if they were not using a ride-sharing app, and would have instead been on public transit or some other form of transportation.²³³ The same survey found that 49 percent of ride-hail trips create new rides.²³⁴ Another survey done in some of America’s largest cities found that anywhere between 49 and 61 percent of car rides from TNCs would have trips made on public transit, or by walking or biking if the option didn’t exist.²³⁵ In addition, Uber has a new feature called Express Pool, which is seen as directly competing with mass transit.²³⁶ Their rapid proliferation also may lead to TNCs becoming a mainstream form of personal and freight transportation, especially as autonomous vehicles become more prevalent.²³⁷ In some cities, such as Denver, TNCs are partnering with public transit to promote a more integrated system. The “Nearby Transit” feature within the Lyft app shows riders the nearby transit route options and schedules and seeks to integrate the payment method so riders can take advantage of both types of services more easily.²³⁸ In order to promote mobility and move toward Uber’s vision of ending reliance on personal vehicles, more TNC services will have to move toward this **system of working collaboratively with public transit** and not competing with it and regulations will have to hold these large companies accountable to their word. On the opposite side of the coin, public transit agencies are realizing that riders value the predictable and convenient experience that TNCs offer and want the similar features with transit such as trip planners, mobile ticketing, real-time information, and integration with technology. Passengers are five times more likely to opt for ridesharing when they perceive the experience of using transit as un-favorable than when it is perceived as favorable.²³⁹ In fact, 98 percent

²²⁸ <https://www.curbed.com/2017/3/21/15006248/bike-share-ridership-transit-safety>

²²⁹ <https://www.curbed.com/2017/3/21/15006248/bike-share-ridership-transit-safety>

²³⁰ <https://www.forbes.com/sites/adeyemijao/2019/02/01/everything-you-want-to-know-about-scooters-and-micro-mobility/#521bd7b85de6>

²³¹ <https://www.bostonglobe.com/business/2018/02/05/uber-pulling-boston-commuters-off-transit-and-putting-them-traffic-study-says/m81MOB3tNBlaW19e2zBAMN/story.html?event=event25>

²³² <https://www.apnews.com/e47ebfaa1b184130984e2f3501bd125d>

²³³ <https://www.bostonglobe.com/business/2018/02/05/uber-pulling-boston-commuters-off-transit-and-putting-them-traffic-study-says/m81MOB3tNBlaW19e2zBAMN/story.html?event=event25>

²³⁴ <https://www.bostonglobe.com/business/2018/02/05/uber-pulling-boston-commuters-off-transit-and-putting-them-traffic-study-says/m81MOB3tNBlaW19e2zBAMN/story.html?event=event25>

²³⁵ <https://www.apnews.com/e47ebfaa1b184130984e2f3501bd125d>

²³⁶ <https://www.apnews.com/e47ebfaa1b184130984e2f3501bd125d>

²³⁷ [https://www.nlc.org/sites/default/files/2016-](https://www.nlc.org/sites/default/files/2016-12/City%20of%20the%20Future%20FINAL%20WEB.pdf#_ga=2.266278791.907640393.1554307871-678956719.1554307871)

[12/City%20of%20the%20Future%20FINAL%20WEB.pdf#_ga=2.266278791.907640393.1554307871-678956719.1554307871](https://www.nlc.org/sites/default/files/2016-12/City%20of%20the%20Future%20FINAL%20WEB.pdf#_ga=2.266278791.907640393.1554307871-678956719.1554307871)

²³⁸ <https://www.bizjournals.com/denver/news/2019/03/11/rtd-lyft-partner-nearby-transit.html>

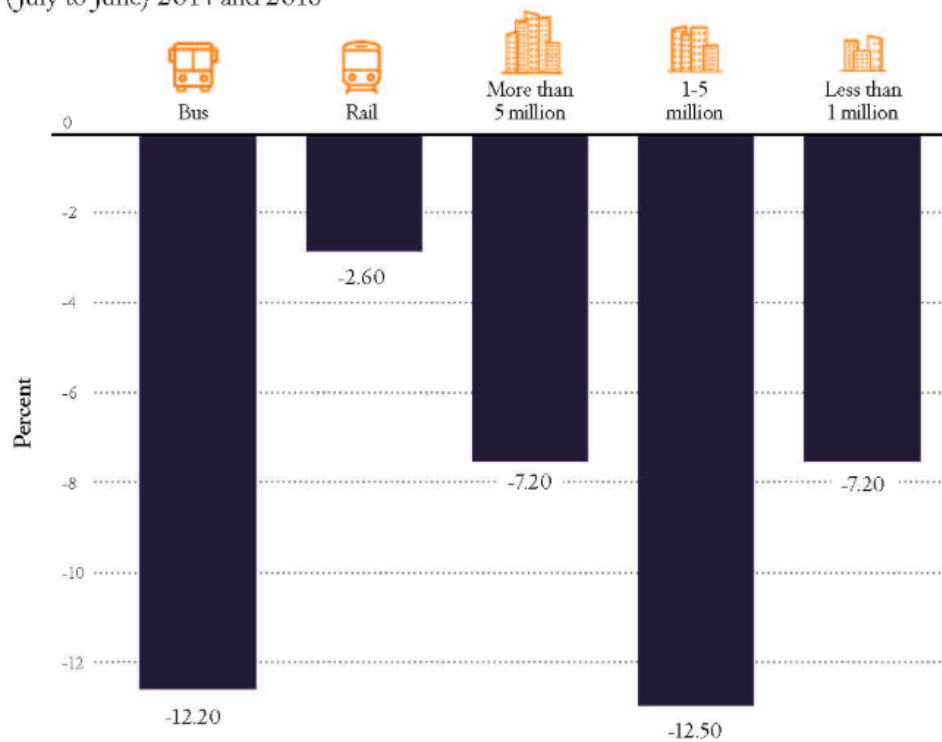
²³⁹ <https://medium.com/@YannLeriche/learning-from-uber-and-lyft-the-case-for-passenger-experience-in-transit-b9641a35f4c2>

of U.S. transit authorities note that “improving the passenger experience” is among their top priorities over the next few years.²⁴⁰

Declining Transit Ridership

Transit ridership has been declining since 2014²⁴¹ and an increasing number of reports attribute the decline at least in part to the emergence of TNCs. **Approximately 31 of 35 major metro areas in the U.S. lost passengers in 2017 and it is estimated that for every year after ride-hailing services enter an urban market, rail ridership can be expected to fall by 1.3 percent, and bus ridership by 1.7 percent.**²⁴² City’s with bike share programs see increased light and heavy rail ridership, but an overall decrease in bus ridership by 1.8 percent.^{243 244} The increased rail ridership could be due to bike shares decreasing the “first and last mile” hurdle for transit users. Travel surveys estimate that 20 percent of TNC trips replace transit, biking, and walking.²⁴⁵ The decline in transit ridership is not only attributable to TNC’s. More transit-dependent people have gained access to cars, shifting the focus for transit agencies to “choice riders,” or people who already own a car, but can use transit as a useful alternative. Consequently, the average income of transit riders has increased faster than the average income of all American workers.²⁴⁶ Both the 2010 and 2017 Census found that people who earned \$75,000 or more per year are more likely to ride transit than any other income class.²⁴⁷

Figure 1 Ridership decline by mode and urban area population between fiscal years (July to June) 2014 and 2018



Source: National Transit Database, “Monthly Module Adjusted Data Release,” Federal Transit Administration, June 2018, tinyurl.com/yatym9t7.

²⁴⁰ <http://www.trb.org/Publications/Blurbs/177112.aspx>

²⁴¹ <https://www.cato.org/publications/policy-analysis/charting-public-transits-decline>

²⁴² <https://www.citylab.com/transportation/2019/01/uber-lyft-ride-hailing-impact-public-transit-ridership/581062/>

²⁴³ <http://usa.streetsblog.org/wp-content/uploads/sites/5/2019/01/19-04931-Transit-Trends.pdf>

²⁴⁴ <http://usa.streetsblog.org/wp-content/uploads/sites/5/2019/01/19-04931-Transit-Trends.pdf>

²⁴⁵ <https://nyc.streetsblog.org/2018/07/25/uber-and-lyft-are-overwhelming-urban-streets-and-cities-need-to-act-fast/>

²⁴⁶ <https://www.cato.org/publications/policy-analysis/charting-public-transits-decline>

²⁴⁷ <https://www.cato.org/publications/policy-analysis/charting-public-transits-decline>

Accessibility

To have full integrated transportation systems, places need to continue to work toward improving accessibility for all potential riders, including those with disabilities and the growing elderly population. The Americans with Disabilities Act (ADA) passed almost 30 years ago, and while much has been accomplished since its adoption, there are still many ways that accessibility to transit (and other emerging transportation options) can improve. While almost 99 percent of buses, trains, and stations may be accessible,²⁴⁸ the bus stops and paths to get to these stations may not be. Many urban systems were built as long as a century ago and updating or making improvements to these systems can be time-consuming and expensive. Today in the U.S., there are 71 light rail, rapid rail, commuter rail, and inclined-plane systems that have 3,447 stations, of which 72 percent are accessible.²⁴⁹ The remaining quarter of rail stations and 12 percent of rail fleets remain inaccessible, hindering the mobility of ADA-dependent population.²⁵⁰ As more technologies continue to proliferate and to change the way that people get around, we need to change the approach used to create these new technologies. Instead of designing them for most people and then modifying them for people with disabilities, as has often been done in the past, **new technologies, at their advent, should be designed with accessibility for all in mind.**

Safety Conscious

More than any other generation, Gen Z is concerned about safety when it comes to getting around cities. Approximately 43 percent of Gen Z find safety to be a top priority, beating out Millennials (25 percent), Gen X (11 percent), and Baby Boomers (9 percent).²⁵¹ They are **willing to pay more for features on cars that reduce the risk of collisions** and informs drivers of dangerous situations, which will be essential for the auto industry moving forward.²⁵² **As more and more Gen Zers start to enter the workforce, their prioritization of safety could have an impact on how people get around in downtowns, regardless of transportation mode.**

Vision Zero

More than 6,200 US pedestrians were killed by automobiles last year, an increase of more than 50 percent in the past decade. The **pedestrian death rate in the US is now 75 percent higher than in Europe.**²⁵³ Many cities around North America are prioritizing safety by adopting Vision Zero policies. Vision Zero is a strategy adopted by local and national governments to eliminate traffic deaths and serious injuries, giving citizens the right to safe mobility. The initiative began in Sweden over 20 years ago and the first implementation in the United States was in 2014. Since then, it has quickly spread throughout the U.S. and Canada. As of summer 2018, there were 35 cities that have adopted Vision Zero policies or plans, pledging to eliminate pedestrian traffic deaths. Although each city with a policy has the same end goal, every plan looks different and uses different methods to get there.²⁵⁴ Successful implementation of a Vision Zero policy requires backing by the Mayor along with other political champions and leaders in key agencies in the community to build out and implement an action plan.²⁵⁵ There have been varied results between cities, but this is a growing trend where cities are making strong attempts to make the roads safer for pedestrians, bicyclists, and transit riders.

²⁴⁸ <https://www.metro-magazine.com/accessibility/article/732021/despite-progress-true-public-transit-accessibility-remains-elusive>

²⁴⁹ <https://www.metro-magazine.com/accessibility/article/732021/despite-progress-true-public-transit-accessibility-remains-elusive>

²⁵⁰ <https://www.metro-magazine.com/accessibility/article/732021/despite-progress-true-public-transit-accessibility-remains-elusive>

²⁵¹ <https://www.globalfleet.com/en/smart-mobility/global/features/generation-z-prefers-car-ownership-over-sharing?a=FJA05&curl=1>

²⁵² <https://invers.com/news/the-future-of-mobility-is-with-the-next-generation/>

²⁵³ City Observatory, 28 June 2019.

²⁵⁴ <http://www.stateofplace.co/our-blog/2018/7/ultimate-vision-zero-guide>

²⁵⁵ <https://citiesspeak.org/2019/02/12/cities-take-the-lead-in-reducing-preventable-traffic-fatalities-with-vision-zero/>

TREND 5: HOUSING

Overview

More and more Americans are renting their home instead of owning, due to a mix of changing lifestyle priorities and lack of affordability. Developers and property managers are engaging in an amenities race to attract these renters in the luxury market while the supply of affordable rental properties struggles to grow at the speed needed to support demand. Many American cities are facing a housing crisis as the rise in home and rent prices have severely outpaced the rise in incomes. This has resulted in households relocating to other cities and suburbs in search of affordability. The mismatch in the growth of housing costs and income last and the demographic shifts of the wealth into cities has caused a wave of gentrification and involuntary displacement in urban areas around the country, leading us to ask, who are cities for and who are growth and development meant to benefit?

Renter and Ownership Rates

More Americans are renting now than at any point in the past 50 years.²⁵⁷ In the U.S., rentership growth has outpaced homeownership rates in 97 of 100 large cities,²⁵⁸ reflecting similar trends nationwide. Nationally, the number of renters has increased by more than 23 million while the number of homeowners has only increased by 700,000 in the last decade.²⁵⁹ Other estimates state that rentership has grown even faster, from 9 million to 43 million between 2005 and 2015, the fastest growth within a 10-year period ever.²⁶⁰ The growth in renter households is expected to continue into the future, with industry estimates anticipating another 500,000 new rental households per year until 2025.²⁶¹

The increasing proportion of renters is due in part to housing affordability, and in part because of the quality of rental units. While Millennials may be forced to rent, Baby Boomers are choosing to rent because of increasingly attractive amenities offered in apartment living. **Apartment living is transforming home from a place to live and keep your stuff to a platform for entertainment and experiential living.**²⁶² While some choose to rent for the lifestyle it offers, others rent out of necessity. According to Zillow, typical rent payments in the U.S. require nearly 29 to 30 percent of the national median income, making it very difficult to save for a down payment.²⁶³ Currently, 24 percent of U.S. renter households (about 20 million) spend more than 50 percent of annual income on housing. Across some U.S. cities, rent-to-income ratios are well above the national average.²⁶⁴ In Canada, almost 40 percent of renters captured in the census spent more than 30 percent of their average monthly income on housing — a figure largely unchanged from 2011 and more than double the approximately 17 per cent recorded for homeowners.²⁶⁵ Further, research from Rentals.ca predicts on average of a 6 percent rental rate increases across Canada in the next year.²⁶⁶

²⁵⁷ <https://www.pewresearch.org/fact-tank/2017/07/19/more-u-s-households-are-renting-than-at-any-point-in-50-years/>

²⁵⁸ <https://www.rentcafe.com/blog/rental-market/market-snapshots/change-renter-vs-owner-population-2006-2016/>

²⁵⁹ <https://www.rentcafe.com/blog/rental-market/market-snapshots/change-renter-vs-owner-population-2006-2016/>

²⁶⁰ <https://www.forbes.com/sites/josephcoughlin/2018/08/12/having-it-all-but-owning-none-of-it-welcome-to-the-rentership-society/#3be186ee1a32>

²⁶¹ <https://irei.com/wp-content/uploads/2018/11/Dec-2018-ClarionPartners-SponsorReport.pdf>

²⁶² <https://www.forbes.com/sites/josephcoughlin/2018/08/12/having-it-all-but-owning-none-of-it-welcome-to-the-rentership-society/#3be186ee1a32>

²⁶³ <https://www.forbes.com/sites/forbesrealestatecouncil/2018/11/06/millennials-gen-zers-have-changed-the-real-estate-landscape-how-the-industry-must-respond/#2209d9ac625f>

²⁶⁴ <https://irei.com/wp-content/uploads/2018/11/Dec-2018-ClarionPartners-SponsorReport.pdf>

²⁶⁵ <https://www.moneysense.ca/spend/real-estate/home-ownership-rate-in-canada-on-the-decline-census/>

²⁶⁶ <https://rentals.ca/blog/2019-rental-market-predictions-from-experts-across-canada>

One analysis finds that in total years renting, Baby Boomers spent as much as \$148,000 on rentals **before buying a home and Millennials can expect to pay over \$200,000.**²⁶⁷ Millennials, in particular, struggle to purchase a home due to the huge burden of student loan debt in addition to their preference to live in cities, which tend to have higher rents. Canadian census figures show that 30-year-old Canadians are less likely to own a home today than their Baby Boomer parents did at the same age, mirroring a modest but unmistakable decline in the national home ownership rate. In Canada in 2016, more than 9.5 million of the 14.1 million households owned their homes, an ownership rate of 67.8 per cent — down from 69 per cent in 2011 after 20 steady years of baby boomers flooding the real estate market.²⁶⁸ Besides the financial burden, millennials are also delaying home ownership due to staying in school longer and declining marriage and childbirth rates.²⁶⁹

In 2018, **85 percent of Baby Boomers indicated they were not planning to sell their home**²⁷⁰ **driven by a desire to age in place.**²⁷¹ The reluctance of Baby Boomers to sell their homes restricts the inventory for first-time home buyers, making it more difficult for Millennials and Gen Xers to buy their first homes. As Gen Z begins to graduate college and enter the workforce, some surveys suggest they will increase the demand for purchasing homes in the coming years.²⁷² Whether their aspirations to purchase will be matched by their ability to afford a down payment is yet to be determined. In addition, this generation is more interested in suburban living as opposed to the urban living that Millennials prefer.²⁷³ They are willing to sacrifice location for space, amenities, value, connectivity, and community, and are highly pushing for developers to be ethically and environmentally conscientious.²⁷⁴

Amenities Gone Wild

The U.S. will need to build 4.6 million new units by 2030 just to keep up with the demand for apartment living, according to a report by the National Multifamily Housing Council (NMHC). One way that developers are choosing to distinguish themselves is by providing amenities. Every new luxury apartment building seeks to draw in potential renters by offering more and better amenities than its competitor. It is common for luxury complexes to have dog parks, yoga rooms, gyms, community gardens and more. The push for amenities has also increased the importance of common areas in apartment complexes, with some even having retail open to the public on the first floor.²⁷⁵ With amenities becoming expected and common, developers are challenged to provide smart apartment technologies including locks, in-building messaging and energy efficiency.²⁷⁶ The core issue is that renters are expecting an experience and a sense of community in their complex. Simply providing opportunities for activities is not enough — property managers are expected to offer events and create meaningful interaction for residents. Consequently, many property managers are hiring outside companies to manage events.²⁷⁷

²⁶⁷<https://www.forbes.com/sites/forbesrealestatecouncil/2018/11/06/millennials-gen-zers-have-changed-the-real-estate-landscape-how-the-industry-must-respond/#2209d9ac625f>

²⁶⁸ <https://www.moneysense.ca/spend/real-estate/home-ownership-rate-in-canada-on-the-decline-census/>

²⁶⁹ <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081318.html>

²⁷⁰ <https://blog.z57.com/2019-housing-trends-for-baby-boomers-gen-xers-and-millennials>

²⁷¹ <https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-081318.html>

²⁷² <https://www.inman.com/2018/09/07/generation-z-zones-in-on-housing/>

²⁷³ <https://www.forbes.com/sites/forbesrealestatecouncil/2018/11/06/millennials-gen-zers-have-changed-the-real-estate-landscape-how-the-industry-must-respond/#2209d9ac625f>

²⁷⁴ <https://www.forbes.com/sites/forbesrealestatecouncil/2018/11/06/millennials-gen-zers-have-changed-the-real-estate-landscape-how-the-industry-must-respond/#2209d9ac625f>

²⁷⁵ ULI/PWC Emerging Trends in Real Estate 2019.

²⁷⁶ <https://www.curbed.com/2019/3/26/18281713/rent-apartment-amenity-residential-real-estate>

²⁷⁷ <https://www.curbed.com/2019/3/26/18281713/rent-apartment-amenity-residential-real-estate>

Living Alone and Social Isolation

Loneliness is an issue gaining attention worldwide and is hitting North Americans, too. One in ten Americans say they feel lonely or isolated from those around them most of the time.²⁷⁸ More and more, **loneliness is seen as an urban issue, and this is in part due to the fact that urban areas are more likely to have a higher proportion of single-person households.**^{279 280} By 2012, the proportion of single-person households increased to more than a quarter of all American households, reaching 27 percent, and that number is expected to grow by at least 1.1 percent each year until 2030.²⁸¹ The trend toward loneliness can also be attributed to many factors, including the changing nature of work and the shift toward the gig economy. People are more likely to jump from job to job, and city to city, as work becomes harder to find.²⁸² The increased transience associated with urban life can make it more difficult to build community. Urban migration trends disrupt social connection and exacerbates loneliness in cities because when urbanites leave one community for another, they weaken and may even sever social ties and networks that they have built there.²⁸³ Loneliness spikes among those who replace neighborhood or community gatherings with social media,²⁸⁴ and people report feeling loneliness when they have weak ties to their community or are considering leaving their community soon.²⁸⁵ As cities grow and homogenize through processes such as gentrification that drive out poor, disabled, and homeless populations, isolation also increases by creating a feeling that some belong and others don't.²⁸⁶ These trends could result in the prominence of third places, the public places that provide informal opportunities for locals to connect and interact, including parks, coffee shops, dogs parks, etc.²⁸⁷ These types of places help residents develop a sense of belonging and help create a sense of community. These trends **could also lead to an increase in co-living housing options.**

Non-Luxury Supply Shortage

One piece of the puzzle of rising rents is the oversupply of luxury apartment buildings. Eight out of 10 new apartment buildings were high-end in 2017, trend continues in 2018²⁸⁸ when multifamily housing construction reached a 40-year high, however, 75 to 80 percent of new supply was of luxury, upscale developments.²⁸⁹ Although the luxury market is largely over built, rising construction costs have hamstrung developers, forcing them to enter into an amenities race to attract potential renters.²⁹⁰ In 2017, 16 of the 30 largest cities exclusively built high-end, luxury apartments.²⁹¹ This oversupply of luxury multi-family developments serves to exacerbate the affordability crisis, and further points to the need for the development of affordable housing. The context for building affordable housing is extremely difficult, leading developers to pursue luxury apartments to meet their bottom lines. A resulting, unintended trend is "renoviction." In Canada, the term "renoviction" refers to the situation where landlords evict tenants in affordably-priced housing in order to renovate and charge higher rents for upgraded units.²⁹² Lack of

²⁷⁸ Bialik, Kristen. "Americans Unhappy with Family, Social or Financial Life Are More Likely to Say They Feel Lonely." *Pew Research Center* (blog).

²⁷⁹ Pyzyk, Katie. "Tackling the Silent Health Risk Creeping across Cities: Loneliness." *Smart Cities Dive*.

²⁸⁰ Dolley, Joanne, and Tony Matthews. "Many People Feel Lonely in the City, but Perhaps 'third Places' Can Help with That." *The Conversation*.

²⁸¹ Pyzyk, Katie. "Tackling the Silent Health Risk Creeping across Cities: Loneliness." *Smart Cities Dive*.

²⁸² Brooks, Arthur C. "Opinion | How Loneliness Is Tearing America Apart." *The New York Times*.

²⁸³ Dolley, Joanne, and Tony Matthews. "Many People Feel Lonely in the City, but Perhaps 'third Places' Can Help with That." *The Conversation*.

²⁸⁴ Pyzyk, Katie. "Tackling the Silent Health Risk Creeping across Cities: Loneliness." *Smart Cities Dive*.

²⁸⁵ Bialik, Kristen. "Americans Unhappy with Family, Social or Financial Life Are More Likely to Say They Feel Lonely." *Pew Research Center* (blog).

²⁸⁶ Anzilotti, Eillie. "Capturing the Art of Urban Loneliness." *CityLab*.

²⁸⁷ Dolley, Joanne, and Tony Matthews. "Many People Feel Lonely in the City, but Perhaps 'third Places' Can Help with That." *The Conversation*.

²⁸⁸ <https://www.rentcafe.com/blog/rental-market/luxury-apartments/8-out-of-10-new-apartment-buildings-were-high-end-in-2017-trend-carries-on-into-2018/>

²⁸⁹ <https://www.cnbc.com/2018/02/16/major-apartment-developer-there-is-an-acute-crisis-headed-our-way.html>

²⁹⁰ <https://www.cnbc.com/2018/02/16/major-apartment-developer-there-is-an-acute-crisis-headed-our-way.html>

²⁹¹ <https://wolfstreet.com/2018/10/03/high-end-apartment-construction-by-city-2018-mismatch-supply-and-demand/>

²⁹² https://www.vice.com/en_us/article/j5zxx/canada-rent-prices-soar

development in new rental housing in Canada is leading new and growing rental demand to be met on the secondary market.²⁹³

However, it should be noted that 'build more housing' is part of the solution and is no match for systemic inequities.²⁹⁴ A new paper by leading economic geographers states: "The affordability crisis within major urban areas is real, but it is due less to over-regulation of housing markets than to the underlying wage and income inequalities, and a sharp increase in the value of central locations within metro areas, as employment and amenities concentrate in these places... While building more affordable housing in core agglomerations would accommodate more people, the collapse of the urban wage premium for less-educated workers means that the extra housing would mostly attract additional skilled workers."²⁹⁵

Housing Crises in North American Cities

Many cities and their downtowns are in the midst of, or on the precipice of housing crises. Prices in major cities around the world are on the rise, and municipal governments are at a loss as to how to stymie the growing affordable housing crisis. The Wall Street Journal notes that 32 global cities' real home prices on average grew 24% over five years, while average income rose only 8% in the same time period. Canadian cities are experiencing similar trends. For example, between 2006 and 2018 in Toronto, household income grew 30 percent while home ownership costs increased by 131 percent.²⁹⁶ In the U.S., home prices are rising at twice the rate of wage growth and 11 million Americans spend more than half of their paycheck on rent.²⁹⁷ Nationally, **there are only 37 available affordable homes for every 100 extremely low income renter household.**²⁹⁸ Today, nearly half of American renters are cost-burdened and two thirds of renters say they can't afford to buy a home.²⁹⁹ Reasons for the massive price growth are diverse, including a movement back into cities from suburbs, as well as a global migration of wealthy people.³⁰⁰ Although year-over-year growth in home values is normally seen as a positive indicator, as many as 15 U.S. cities have seen growth that is unsustainable, with housing costs skyrocketing from massive population growth and no plan to accommodate that growth and increase the stock of affordable housing.³⁰¹ There is not only a lack of affordable housing, but all housing in general. Although the U.S. population has continued to grow steadily along with demand for housing, construction of apartments fell by 10 percent in 2017 and there are fewer homes on the market than in any year since 1982.³⁰² Americans are taking note, with 60 percent believing housing affordability is a serious problem where they live, up 21 points since 2016.³⁰³

²⁹³ <https://static1.squarespace.com/static/546bbd2ae4b077803c592197/t/5c5c92ae15fcc0cc392edc40/1549570776033/CUIPublication.TorontoHousingMarketAnalysis.2019.pdf>

²⁹⁴ <https://www.citylab.com/equity/2019/05/housing-supply-home-prices-economic-inequality-cities/588997/>

²⁹⁵ <http://econ.geo.uu.nl/peeg/peeg1914.pdf>

²⁹⁶ <https://static1.squarespace.com/static/546bbd2ae4b077803c592197/t/5c5c92ae15fcc0cc392edc40/1549570776033/CUIPublication.TorontoHousingMarketAnalysis.2019.pdf>

²⁹⁷ <https://www.curbed.com/2019/5/15/18617763/affordable-housing-policy-rent-real-estate-apartment>

²⁹⁸ <https://www.buzzfeednews.com/article/mikekoprowski/sky-high-rents-2020-issue>

²⁹⁹ <https://www.curbed.com/2019/5/15/18617763/affordable-housing-policy-rent-real-estate-apartment>

³⁰⁰ <https://www.wsj.com/articles/affordable-housing-crisis-spreads-throughout-world-11554210003>

³⁰¹ <https://www.smartcitiesdive.com/news/15-us-cities-on-the-verge-of-a-housing-crisis/556456/>

³⁰² https://www.huffpost.com/entry/housing-crisis-inequality-harvard-report_n_5b27c1f1e4b056b2263c621e?ncid=engmodushpimg00000004

³⁰³ <https://www.buzzfeednews.com/article/mikekoprowski/sky-high-rents-2020-issue>

The US is under-supplied with MF housing



62%
of US household stock
is **single family**



22%
of US households are
**married couples
with children**

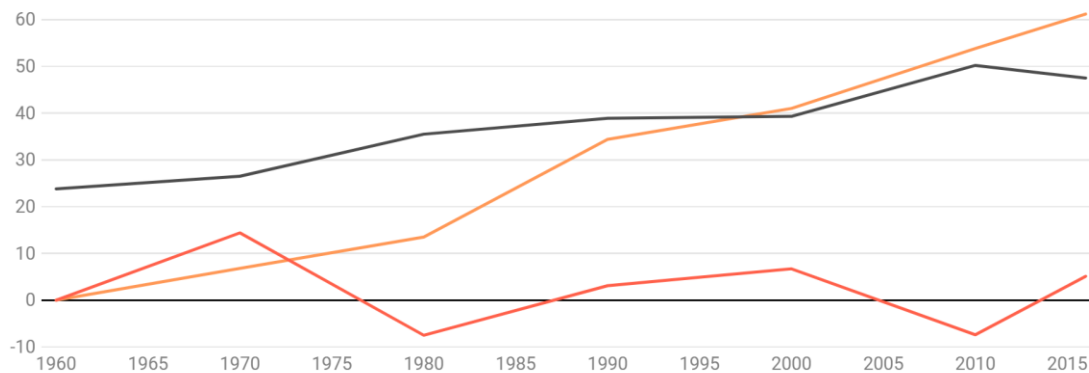
Graph: Stantec Urban Places Group

Nationwide in Canada, the housing affordability crisis took a turn for the better in the last quarter of 2018, with the income share needed to cover the costs of owning a home falling by .7 percentage points. Home ownership prices are expected to flatten in 2019, with the possibility of some more decreases.³⁰⁴

Change in median rent and wages compared to 1960

Rents have dramatically outpaced wage growth, leading to more cost burdened households

■ % change in median rent ■ % change in median wages ■ Percent with cost burdens



Percentage changes are relative to 1960. Adjusted for inflation.

Chart: Jeff Andrews • Source: [Harvard Joint Center for Housing Studies](#) • [Get the data](#) • Created with [Datawrapper](#)

Affordable Migration

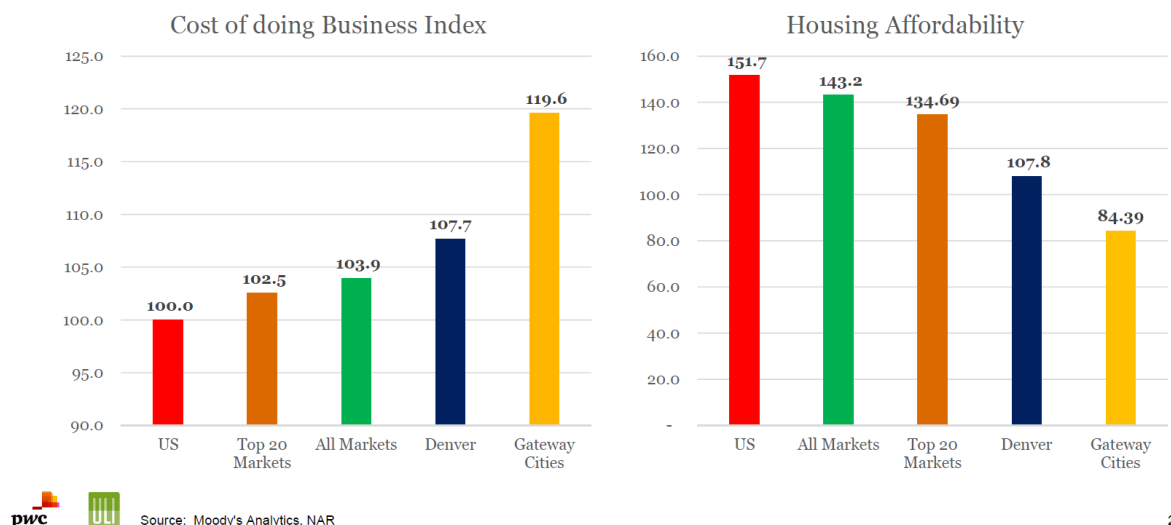
Affordable and attainable housing is now a tool to attract young talent to cities. **The growing popularity of second-tier cities is due in part to housing affordability.** According to the U.S. Census Bureau, around 55 percent of those who decide to move do so for a housing-related reason, such as to relocate to a new or better home, to find cheaper housing, or to own their home instead of rent.³⁰⁵ Moving from an expensive first-tier metro to a more affordable second-tier city is known as “**affordable migration**.” Most of the counties with the biggest decreases in population

³⁰⁴ RBC Economic Research. Housing Trends and Affordability. March 2019.

³⁰⁵ <https://www.rentcafe.com/blog/rental-market/real-estate-news/top-10-counties-where-people-are-moving-offer-half-price-housing/>

exhibit high levels of housing unaffordability.³⁰⁶ For cities hoping to grow their economies and attract new inhabitants, affordable housing is an attractive option.

Affordability a key consideration in 2019



Filling the Void: The Suburbs

While center cities may have been historically synonymous with poverty, today, the reality is that poverty and diversity are increasing in American suburbs. **The suburbs have become increasingly diverse, both economically and demographically.**³⁰⁷ As middle- and high-income households move into downtowns, lower income households are suburbanizing. These households move either because they experience displacement or because they are in search of safer neighborhoods, more space, and better schools. Suburbs are actually growing faster than urban areas. Since 2000, suburban counties saw a population increase of 16 percent compared to a 13 percent increase in urban areas.³⁰⁸ Some of the migration to the suburbs is of urban residents (approximately 5 million since 2000³⁰⁹), but migration is also occurring among immigrants populations, with over 5 million international immigrants settling in the suburbs since 2000.³¹⁰ In addition, the 65-and-older population has grown 39 percent in the suburbs since 2000, compared to 26 percent growth of the same age group in urban areas. Often, suburbs are where work-life conflict and economic insecurity take place, challenging the stereotype that poverty lives in the inner city.

³⁰⁶ <https://www.rentcafe.com/blog/rental-market/real-estate-news/top-10-counties-where-people-are-moving-offer-half-price-housing/>

³⁰⁷ <https://slate.com/human-interest/2018/03/the-suburbs-are-now-where-poverty-lives.html>

³⁰⁸ <https://www.pewresearch.org/fact-tank/2018/05/22/key-findings-about-american-life-in-urban-suburban-and-rural-areas/>

³⁰⁹ <https://www.pewresearch.org/fact-tank/2018/05/22/key-findings-about-american-life-in-urban-suburban-and-rural-areas/>

³¹⁰ <https://www.pewresearch.org/fact-tank/2018/05/22/key-findings-about-american-life-in-urban-suburban-and-rural-areas/>

Affordable Housing

Often, affordable housing developments require creative ways to acquire equity funding in addition to grants and other public assistance. In the U.S., there are approximately 19 million households that qualify for housing assistance and only 24% of them receive housing support because of the nationwide shortage of affordable units.³¹¹ Another report estimates a shortage of nearly 7.4 million affordable rental homes for renters with extremely low incomes.³¹² Before the recession, around 1.1 million homes were built in the U.S. per year, whereas in its best year since, 849,000 homes were built.³¹³ At the same time that overall home development has decreased, the population continues to grow steadily, and there are fewer homes on the market than in any year since 1982.³¹⁴ In addition, since 1960, incomes have increased by only 5 percent while rents have risen 61 percent and out of 3,000 counties in the United States, there are only 22 where a full-time worker earning minimum wages can afford a modest one-bedroom rental.³¹⁵

For cities and downtowns, affordable housing may be a cheaper way to support the homeless or low-income population. **A study in Chicago found that the daily costs of supporting affordable housing was \$33.45. Alternatives including shelter costs, jail or prison costs, hospitals or mental hospitals ranged from \$40 to \$1,770 per day.**³¹⁶ Providing affordable housing is not only a cheaper way to care for vulnerable populations or those that need housing assistance, but it is also a safer and more sustainable solution for the long run. Putting people experiencing homelessness in prison or housing them in hospitals will not help decrease homelessness in the long-term.

Public support of affordable housing also creates jobs and stimulates local economies. A report from the National Low Income Housing Coalition (NLIHC) says that in 2015 alone, over a half-million jobs were created or supported through HUD investments.³¹⁷ The same report projects that the creation of 100 affordable rental homes would generate almost \$12 million in local income, over \$2 million in taxes and other government funding along with over 160 jobs in the first year. In addition, new affordable housing developments can be the catalyst to spur further economic investments in a neighborhood, creating ripple effects that create further financial impacts on communities, both immediate and long-term. When nearby housing prices increase as a result of new affordable developments, municipalities enjoy increased revenue from property taxes to put toward government services. Affordable housing can improve nearby property values and also increase expendable household income that can be used on goods and services to stimulate the economy.³¹⁸ Affordable homeownership programs decrease the likelihood of foreclosure, decreasing sometimes significant foreclosure costs to municipalities.³¹⁹ In addition, employers benefit from affordable housing because it increases dependability and lessens worker turnover.³²⁰

Affordable and attainable housing options are also effective in improving diversity in neighborhoods. In addition to hiring local companies and business owners to build affordable housing developments, developers can also employ Minority businesses and Women's Business Enterprises.³²¹ Developers have the unique opportunity to generate employment within the community. In addition, affordable housing developments built in poor or minority

³¹¹ <https://www.mhsa.net/blogs/economic-arguments-supporting-affordable-housing>

³¹² <https://www.mhsa.net/blogs/economic-arguments-supporting-affordable-housing>

³¹³ https://www.huffpost.com/entry/housing-crisis-inequality-harvard-report_n_5b27c1f1e4b056b2263c621e?ncid=engmodushpimg00000004

³¹⁴ https://www.huffpost.com/entry/housing-crisis-inequality-harvard-report_n_5b27c1f1e4b056b2263c621e?ncid=engmodushpimg00000004

³¹⁵ <https://www.buzzfeednews.com/article/mikekoprowski/sky-high-rents-2020-issue>

³¹⁶ <https://www.mhsa.net/blogs/economic-arguments-supporting-affordable-housing>

³¹⁷ <https://www.mhsa.net/blogs/economic-arguments-supporting-affordable-housing>

³¹⁸ <https://providencehousing.org/wp-content/uploads/2014/03/Housing-and-Economic-Development-Report-2011.pdf>

³¹⁹ <https://providencehousing.org/wp-content/uploads/2014/03/Housing-and-Economic-Development-Report-2011.pdf>

³²⁰ <https://www.natlawreview.com/article/affordable-housing-economic-development-benefit>

³²¹ https://www.huffpost.com/entry/the-economic-impact-of-affordable-housing_b_58d8088ee4b0f633072b38ce

neighborhoods can lead to greater racial and income integration.³²² Households that spend less of their paycheck on rent are better off as well because they are able to spend more on groceries, clothing and healthcare, leading to greater economic stability.³²³ It is a natural fit to provide these affordable housing options in and around downtowns, given the characteristics of the built environment and centralized nature of its location.

Homelessness

Homelessness increased last year after over 10 years of declining, according to HUD's annual Point-in-Time Count of people experiencing homelessness in the United States.³²⁴ In 2018, 552,830 people were experiencing homelessness, **a number that represents 17 out of every 10,000 people in the US.**³²⁵ Between 2007 and 2017, homelessness in the US decreased by 15 percent until increasing by 0.3 percent in 2018.³²⁶ Of those who experienced homelessness in 2018, about two-thirds stayed in shelters or transitional housing, with the rest considered "unsheltered," meaning they were sleeping on the street, in abandoned buildings, or other places deemed unsuitable for human habitation.³²⁷ The total number of people living in such conditions rose by 2 percent last year.³²⁸

In the *State of Homelessness in Canada 2016* report, it was estimated that at least 235,000 Canadians experience homelessness in a given year. The actual number is potentially much higher, given that many people who are unhoused live with friends or relatives, and do not come into contact with emergency shelters. Data from a Ipsos Reid poll in March 2013 suggests that as many as 1.3 million Canadians have experienced homelessness or extremely insecure housing at some point during the past five years.³²⁹

Homelessness is most pronounced in cities, with over half of all people experiencing homelessness living in one of America's 50 largest cities.³³⁰ A trend of increasing home prices in cities likely also accounts for this uptick in homelessness. Homelessness rises faster where rent exceeds a third of income³³¹ – For communities with housing prices so high that typical households are spending over 32 percent of their income on housing, homelessness increases the fastest,³³² pointing to the importance of increasing the housing stock overall, and in particular, increasing access to housing that is affordable.

³²² <https://www.progrss.com/communities/20170712/study-affordable-housing-good-diversity/>

³²³ <https://www.natlawreview.com/article/affordable-housing-economic-development-benefit>

³²⁴ <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-report/>

³²⁵ <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-report/>

³²⁶ <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-report/>

³²⁷ https://www.huffpost.com/entry/homelessness-statistics-united-states-2018_n_5c1970a9e4b02d2cae8e322e

³²⁸ https://www.huffpost.com/entry/homelessness-statistics-united-states-2018_n_5c1970a9e4b02d2cae8e322e

³²⁹ <https://www.homelesshub.ca/about-homelessness/homelessness-101/how-many-people-are-homeless-canada>

³³⁰ <https://www.forbes.com/sites/niallmccarthy/2018/12/20/the-u-s-cities-with-the-most-homeless-people-in-2018-infographic/#460e53ce1178>

³³¹ <https://www.zillow.com/research/homelessness-rent-affordability-22247/>

³³² <https://endhomelessness.org/new-research-quantifies-link-housing-affordability-homelessness/>

TREND 6: THE POWER OF PLACE

Overview

The world is becoming increasingly urban, with metropolitan areas densifying their suburbs and regional cities. The design and benefits of downtown living are being realized in other place types such as suburban town centers, neighborhood centers, and other commercial nodes. These 'walkable urban places' have higher land values and premiums than typical suburban-type development. The commercial real estate landscape is reflecting the greater trends of placemaking, with focusing on walkability, community, and experience- from individual properties to the office space itself. The office market will have to confront increasing construction costs and fewer construction workers. The built environment also needs to make increasingly space for logistical purposes from self-storage to retail storage in order to satisfy all the deliveries now expected in the marketplace. A major takeaway from all these trends is that there will be a greater need for flexibility in design and development when it comes to the public realm, buildings, office spaces and other commercial uses.

An Increasing Urban World

Globally, cities are epicenters for economic activity, and their output has reverberating impacts outside of city centers. Prosperity that originates in cities disseminates out to surrounding areas through innovation and economic output. Cities contribute to 70 percent of the world's GDP³³³ and most industries and businesses are located in or within the vicinity of urban areas.³³⁴ Economic agglomeration – the clustering of people, jobs, and capital – in cities results in tremendous economic output.³³⁵ In fact, **the world's 300 largest metropolitan areas produce almost half of the world's economic output, despite having only 20 percent of the population.³³⁶ Looking even further ahead to 2050, estimates project that by then, seven out of ten people will live in urban areas.³³⁷**

In America, there are nuances between metropolitan areas, cities, suburban areas, etc. The U.S. is growing both "up and out" with increases in center city density, the urbanization of the suburbs, and the rise of regional cities. When looking at U.S. central business districts (CBDs), the population growth in areas 10-35 miles from the CBD outpaced the national average in three decades (1990s, 2000s, 2010s). This confirms both the presence of the back-to-the-cities trend and offer perspective about size relative to suburban growth since 1990.³³⁸

³³³ "Expert Voices 2019: Why Cities? | PennIUR."

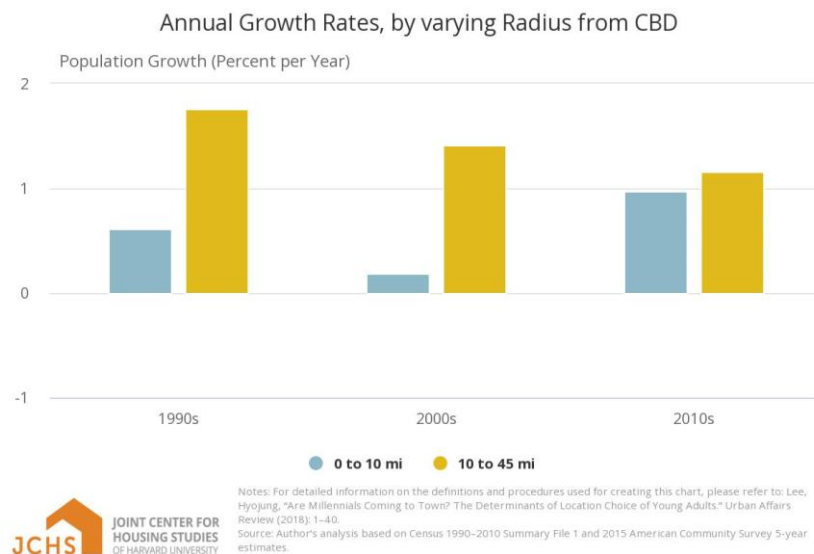
³³⁴ Nuala Morgan, Simina Lazar and Stefanie Weber, "Gender Equal Cities" URBACT.

³³⁵ Nathan Arnosti and Amy Liu, "Why Rural America Needs Cities," Brookings (blog).

³³⁶ Florida, Richard. "The Rise of the City-State." Penn IUR Expert Voices 2019.

³³⁷ Mariona Tomas, "Metropolitan Trends in the World," n.d.

³³⁸ <https://www.jchs.harvard.edu/blog/reconciling-the-back-to-the-city-thesis-with-sustained-suburban-growth/>



With this said, metro areas are still the population hubs of the U.S. The 30 largest Census metropolitan areas in the U.S. have a population of 150 million people—47 percent of the total U.S. population. **While these metro areas make up a small portion of the total land area, just 7 percent of the lower 48 states in the U.S., according to the Bureau of Economic Analysis, they accounted for 56 percent of U.S. real gross domestic product (GDP) in 2017.**³³⁹ More specifically, **we are seeing the rising importance of midsize metro areas, with one in five Americans living in a midsize metro area** and the resulting increases in office and residential rates in American mid-sized downtowns.³⁴⁰

The urbanization of sprawling cities is also related to the “rise of the regional city.” While in the past, there may have been one core city (and downtown) for a region, regional cities are emerging with increases in both population and home values. We can see this clustered agglomeration outside of core cities in places such as Seattle (Bellevue, Tacoma, Renton), Washington D.C. (Arlington, Silver Spring), San Francisco (Oakland, Fremont, Berkeley, Hayward), Denver (Aurora), etc.³⁴¹

While Canada is undergoing urbanization, it is more spread apart than in the United States. Statistics Canada refers to the phenomenon as urban spread: while the country moves toward urbanization overall, there is faster growth in suburbs.³⁴² Big cities are experiencing large internal population shifts as people move to the suburbs. Despite this trend, **Canada is overwhelmingly urbanized with over 80 percent of the population living in cities** as of 2014.³⁴³ The difference now since 2014 is that urbanization is spreading outward from cities and infiltrating the suburbs, creating larger urban areas.

The Spread + Premium of Walkable Urban Places

The downtown’s traditional built environment with mixed-use functionality, walkability, density, and experience of public space is being modeled in other places such as suburbs, town center, and other commercial nodes. This is reflected in a preference for walkable places. Americans prefer walkable communities more so than they have in the past. According to the National Association of Realtors, 80 percent give importance on being within easy walking distance of neighborhood destinations.³⁴⁴ In another survey, **when asked what would strengthen their local**

³³⁹ https://smartgrowthamerica.org/app/uploads/2019/06/Foot_Traffic_Ahead_FINAL-compressed.pdf

³⁴⁰ <https://urbanland.uli.org/economy-markets-trends/office-residential-development-driving-revival-midwest-downtowns/>

³⁴¹ US Census and Zillow.

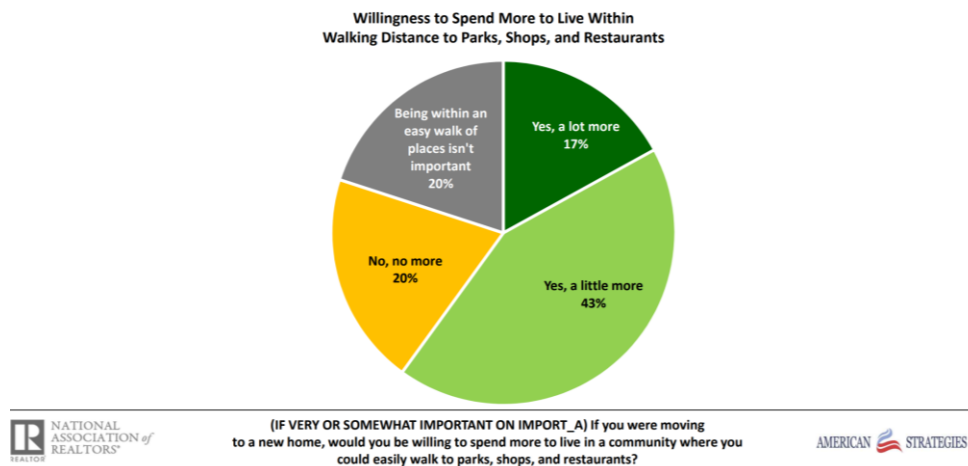
³⁴² Jeff McIntosh, “Big Canadian Cities See Faster Suburban Growth despite Bid to Boost Density,” *The Globe and Mail*.

³⁴³ “Canada - Urbanization 2017 | Statistic.”

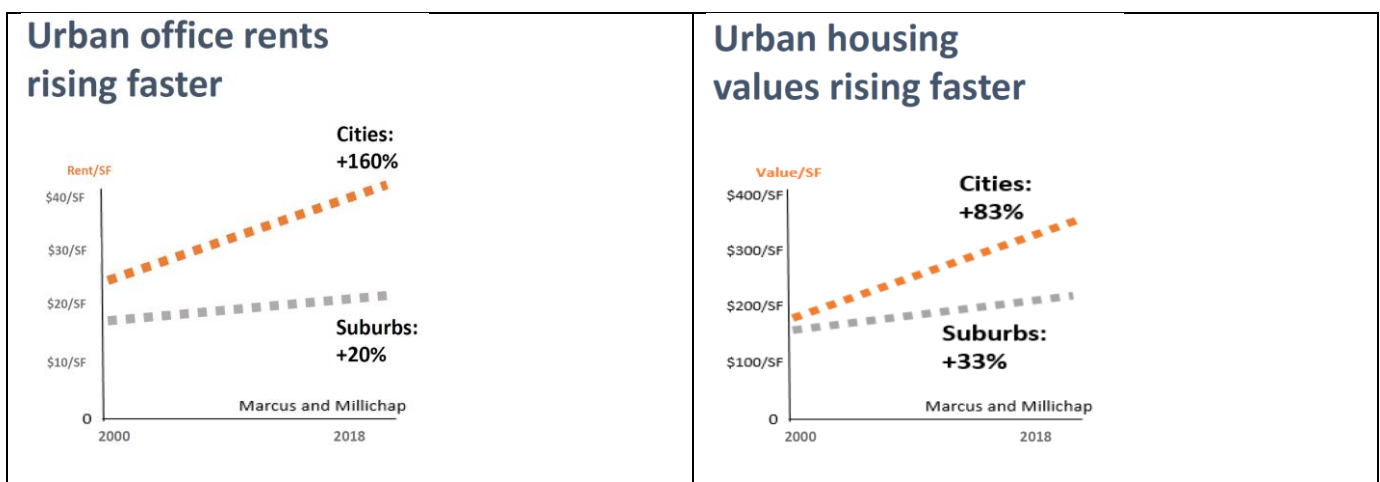
³⁴⁴ National Association of Realtors, 2017.

economy, two-thirds of American survey respondents believed that investing in schools, transportation choices, walkability and key community features were key. For both Millennials and active Boomers, including those living in today's suburbs, walkability is in high demand."³⁴⁵ The latest National Association of Realtors Preference Survey found that 6 in 10 Americans would pay more to live in a walkable community.³⁴⁶ The price (and thus tax-base) premium for walkable areas does not have to mean that such areas are exclusive or inaccessible to the majority of people, because living in such a place comes with its own benefit to the household bottom line: low transportation costs.³⁴⁷

Six-in-Ten Would Pay More To Live in a Walkable Community



Research shows that such an investment would pay off. As **an area's Walk Score increases from 60 to 80 out of 100, that increased walkability translates into a \$100,000 home price premium.**³⁴⁸ The high price of walkable urban places isn't just a matter of intrinsic desirability. It's also a matter of scarcity: strong demand for real-estate (both residential and commercial) in walkable neighborhoods, coupled with extremely inadequate supply in most metro areas. Housing in walkable areas costs more—a lot more—which is indicative of strong demand and limited supply.³⁴⁹ The following charts from Marcus and Millichap via Stantec's Urban Places show that **both urban office and urban housing rates are rising faster than their counterparts in the suburbs.**



Charts: Stantec Urban Places

³⁴⁵ https://planning-org-uploaded-media.s3.amazonaws.com/legacy_resources/policy/polls/investing/pdf/pollinvestingreport.pdf

³⁴⁶ <https://www.nar.realtor/sites/default/files/documents/2017%20Analysis%20and%20slides.pdf>

³⁴⁷ <https://www.strongtowns.org/journal/2019/6/26/striding-toward-walkability-5-insights-about-walkable-urban-places>

³⁴⁸ (Redfin, 2016)

³⁴⁹ <https://www.strongtowns.org/journal/2019/6/26/striding-toward-walkability-5-insights-about-walkable-urban-places>

Walkable urbanism is emerging as a rising or even dominant factor in real estate development across U.S. metros. Walkable urban places (WalkUPs) are where mixed-use, higher-density development is found, whether in downtowns, suburban town centers, or innovation districts. WalkUPs have high concentrations of economic activity and jobs, as well as rental and for-sale premiums, when compared to drivable suburban locations in their metro areas. Research from The George Washington University School of Business and Smart Growth America finds there are 761 regionally significant, WalkUPs in the 30 largest metropolitan areas in the United States. These WalkUPs occupy a minute portion of the total land mass of the top 30 U.S. metropolitan areas (less than one percent), but deliver outsized economic performance.³⁵⁰ Drivable suburban real estate products have been losing market share to walkable urban real estate products in all 30 metros. In some metros, walkable urban places have accounted for almost 100 percent of net new office and rental multi-family space while drivable suburban places have added no new space or lost occupancy since 2010.³⁵¹ The analysis demonstrates a structural shift from drivable suburban to walkable urban development patterns in all of the largest 30 U.S. metro areas. Growth in market share in walkable urban income products, at the expense of drivable suburban, is occurring nationwide—but at varying speed. The U.S. metropolitan landscape will likely continue to see a trend towards walkable urbanism, with real-estate indicators positively trending towards this pattern of urban development.³⁵²

The Urbanization of Sprawl

Sprawling cities are becoming more urban.³⁵³ The largest 25 US “sprawling cities” are growing at tremendous rates this decade, and their growth now includes complete neighborhoods in addition to fragmented sprawl.³⁵⁴ Today, **sprawling cities are becoming denser through infill, transit-oriented development (TOD) and suburban retrofit.** Metro areas of all kinds are becoming more urban and walkable in their growth patterns.³⁵⁵ In many of the top-performing metros, the multifamily premium is higher in the suburbs than in the center city. Unmet demand for affordable pedestrian and transit-accessible multi-family apartments in the suburbs is a major equity challenge for U.S. suburban jurisdictions.³⁵⁶ This is particularly relevant as Census data reveal that large cities (over a million population) are growing at lower rates than previous years and suburban growth, while modest, is beginning to occur.³⁵⁷ In many of the second-tier cities experiencing population growth, renewed suburbanization is complementing the downtown revivals that have marked urban change in the past quarter-century.³⁵⁸ However, the transportation infrastructure is not always keeping pace to meet the demand for walkable urbanism.

Cities may be popular, but they can be expensive, leading many to forecast a wave of new suburban centers built with urban amenities, such as walkable neighborhoods, denser main streets, and mass transit connections. Older suburbs and master-planned communities with pedestrian-friendly cores are increasingly finding favor, though the “urbanization” of suburban areas often leads to the same types of rising prices and gentrification seen in hot downtown neighborhoods. Millennials are increasingly moving to the suburbs, and urbanizing them as a result³⁵⁹.

³⁵⁰ https://smartgrowthamerica.org/app/uploads/2019/06/Foot_Traffic_Ahead_FINAL-compressed.pdf

³⁵¹ https://smartgrowthamerica.org/app/uploads/2019/06/Foot_Traffic_Ahead_FINAL-compressed.pdf

³⁵² Foot Traffic Ahead.

³⁵³ <https://www.cnu.org/publicsquare/2017/02/09/sprawling-cities-are-becoming-more-urban>

³⁵⁴ <https://www.cnu.org/publicsquare/2017/02/09/sprawling-cities-are-becoming-more-urban>

³⁵⁵ <https://www.cnu.org/publicsquare/2017/02/09/sprawling-cities-are-becoming-more-urban>

³⁵⁶ Foot Traffic Ahead 2019.

³⁵⁷ <https://www.brookings.edu/blog/the-avenue/2018/05/25/early-decade-big-city-growth-continues-to-fall-off-census-shows/>

³⁵⁸ <https://www.cre.org/external-affairs/2019-20-top-ten-issues-affecting-real-estate/>

³⁵⁹ Gensler Design Forecast, 2018.

Commercial Real Estate Development

In a *2019 Emerging Trends in Real Estate* survey, real estate experts included the following as key issues impacting real estate: building supply, job and income growth, construction costs, qualified labor availability, land costs, housing costs and availability, and infrastructure/transportation.³⁶⁰

Office Market: The commercial real estate market is facing issues of outdated office products, changing technology, evolving workplace design and coworking trends, and rising construction costs and a lack of construction workers. According to CBRE, office-using employment and occupier demand will grow at a slower pace in 2019, playing into the accelerating shift towards agile real estate and employee-centric workplace strategies. Development activity will start to increase, loosening supply-side conditions in some cities and resulting in generally weaker rent growth.³⁶¹

Another issue is that of aging office space and outdated office product.³⁶² “Existing downtown Class A buildings in northeastern US cities are aging and many do not have the conveniences required by today’s tenants. The focus on new construction and on-site amenities means many landlords are stepping up their game to attract tenants. Food halls, roof decks, communal space with giant TVs, and golf simulators are all perks that landlords are using to attract tenants.”³⁶³ Further, there are now ‘wellness certifications’ in building development for a competitive edge.³⁶⁴

As technology advances, developers are realizing the best investment in a building or property is one that is flexible. Future-proofing and flexible development will be the solutions. For example, today’s parking garage could be designed to eventually be converted into a future occupiable space, such as a mixed-use building. Today’s garage may be tomorrow’s office or apartment.³⁶⁵ We are already seeing this trend in the conversion of Class B and C office space into downtown residential options.³⁶⁶ The trend of **flexible building development** also translates into a renewed focus on how assets can be made more resilient, in the face of rising environmental hazards.³⁶⁷

Rising construction costs and labor shortages have implications here, too. Over the next few years, cities also must address crucial challenges ranging from rising construction costs to a dwindling supply of talent not only in the real estate and construction fields but also overall. “Construction costs are rising rapidly, partly due to labor shortages, which raises the cost of ownership. There is clearly a shortage of workers. Based on the numbers, there are fewer unemployed people than there are job openings. If every unemployed person got a job, there would still be openings, but of course, the real issue is the skills mismatch.”³⁶⁸

Live-Work: The office market is seeing competing trends with both an increase of live-work spaces, such as WeWork’s model, along with predictions of the end of the open office space. With workers leading more integrated lives between life and work, these trends will most likely merge into flexible spaces that can match the demands of individual offices and workers. CBRE echoes this trend, stating that **technology companies and flexible space providers will continue to dominate the market.**³⁶⁹

³⁶⁰ PwC/ULI 2019 report.

³⁶¹ <https://www.cbre.us/research-and-reports/2019-Global-Real-Estate-Market-Outlook-Industrial-Logistics>

³⁶² <https://urbanland.uli.org/development-business/driving-office-redevelopment-in-the-northeast/>

³⁶³ <https://urbanland.uli.org/development-business/driving-office-redevelopment-in-the-northeast/>

³⁶⁴ http://www.prweb.com/releases/new_uli_report_explores_growing_interest_in_building_for_health_and_obtaining_wellness_certifications_to_give_developments_a_competitive_edge/prweb15633776.htm

³⁶⁵ <http://www.gensler.com/cities/2018/1/30/six-urban-design-trends-to-watch-in-2018.html>

³⁶⁶ Stantec’s Urban Places.

³⁶⁷ <https://www.cbre.com/research-and-reports/Global-Resilience-and-Property-Management--May-2019>

³⁶⁸ <https://urbanland.uli.org/development-business/driving-office-redevelopment-in-the-northeast/>

³⁶⁹ <https://www.cbre.us/research-and-reports/2019-Global-Real-Estate-Market-Outlook-Industrial-Logistics>

The open office space is ubiquitous, with 80 percent of U.S. businesses implementing this type of layout.³⁷⁰ However, research shows that employees in these spaces consistently rank noise and lack of privacy as significant hurdles for work³⁷¹ and that workers are losing up to 28 percent of their productive time due to interruptions and distractions. It can take more than 20 minutes to refocus on the task at hand, which means a loss of as much as 86 minutes per day, per employee, due to noise distraction alone.³⁷² A Harvard study also found that people in open-plan offices spend around 70 percent less time in face-to-face interactions, choosing instead to spend more time on their devices, communicating with their colleagues over email and instant messenger instead.³⁷³ However, these types of open-plan formats are less expensive for the employer to maintain and do offer benefits for collaboration. With such a split in results, we may see more **office-space overhauls, such as the Space10 innovation lab in Copenhagen, designed to offer workers opportunities flexibility and privacy when needed, giving workers a stronger sense of ownership over their surroundings. They are doing this by providing workspaces with materials that are customizable to adapt to changing needs.³⁷⁴ Other solutions include integration with natural light and biophilic elements in the building space. Head of Space10, states, "In today's digitally oriented world, the role of a **physical office needs to be reassessed but not abandoned**. When every space can potentially become a workplace – homes, coffee shops, WeWorks – **it's even more essential to have a tangible hub that ties people together in a common goal**. The **physical office has never been more important than now**. We can work from anywhere and we can work all the time, and this shows how the lines between work and private life are really blurring."³⁷⁵**

Technology and Office Design: Co-Working Continues

Emerging technologies are impacting productivity, the nature of work, and where work can be done. Unlike industries like healthcare and agriculture, technology-based businesses are not tied to a specific locality or geography. Technology companies and flexible space providers will continue to play a key role in supporting demand. **This plays into the accelerating shift towards agile real estate and employee-centric workplace strategies.**³⁷⁶ Coworking membership numbers skyrocket over the past five years, so it comes as no surprise to hear from developers that coworking is a major component of future development plans. From expansions of current coworking brands to brand-new businesses sprouting, we're expecting to see nearly 26,000 coworking spaces worldwide by 2022.³⁷⁷

Consequently, entrepreneurs have more flexibility to choose where to locate their businesses and often this means choosing cities with great amenities that are lower cost than coastal cities.³⁷⁸ This trend contributes to the rise in second tier cities. For cities to be competitive, their biggest asset is a talented workforce. **New companies seeking to attract top talent in second tier cities and large metropolitan areas are offering flexibility that matches the mobility of their employees. Projections estimate that by 2020, nearly 75 percent of the workforce will be mobile.**³⁷⁹ As a result, **more and more of the workforce is working from home** and firms have seen positive results. A recent survey of 1,992 workers showed that productivity increased by 69 percent and work quality improved by 80 percent when telecommuting.³⁸⁰ Not only that, but retention improved as well. Despite the positive aspects of telecommuting, workers thrive from interaction and collaboration, leading to the rise in coworking spaces. Numerous studies have shown the benefits of thoughtful and balanced workspaces on employee wellbeing and productivity.³⁸¹ **Between 2005 and 2015, the number of coworking spaces grew from 1 in San Francisco to 7,800 across the**

³⁷⁰ <https://www.businessnewsdaily.com/10923-is-open-office-dead.html>

³⁷¹ <https://www.azuremagazine.com/article/open-plan-office-problems/>

³⁷² <https://www.azuremagazine.com/article/open-plan-office-problems/>

³⁷³ <http://www.calnewport.com/blog/2018/07/06/open-offices-make-you-less-open/>

³⁷⁴ <https://www.dezeen.com/2019/03/06/open-plan-office-end-simon-caspersen-space10-interior-design/>

³⁷⁵ <https://www.dezeen.com/2019/03/06/open-plan-office-end-simon-caspersen-space10-interior-design/>

³⁷⁶ <https://www.cbre.us/research-and-reports/2019-Global-Real-Estate-Market-Outlook-Office>

³⁷⁷ <https://streetsense.com/icsc-recon-2019/>

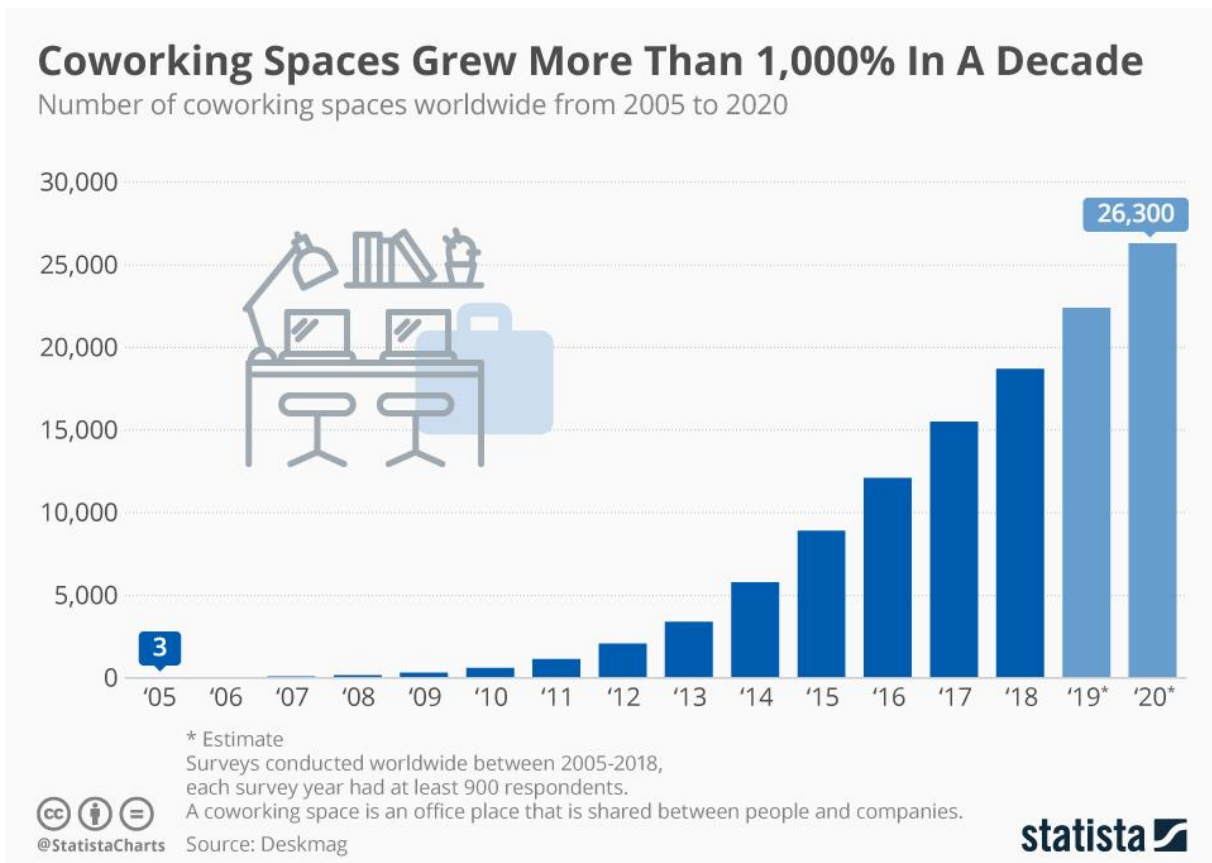
³⁷⁸ <https://www.thinkbigpartners.com/why-cities-need-shared-workspaces-now-more-than-ever/>

³⁷⁹ <https://www.thinkbigpartners.com/why-cities-need-shared-workspaces-now-more-than-ever/>

³⁸⁰ <https://slate.com/technology/2010/09/how-green-is-telecommuting.html>

³⁸¹ <https://theundercoverrecruiter.com/coworking-transforming-cities/>

world, projected to reach 26,000 coworking spaces by 2022, gathering more than 2,000,000 people.³⁸² According to statista.com, **coworking spaces have grown by over 1,000 percent over the span of a decade**: “Back in 2008, there were just 160 coworking spaces worldwide. A decade later, there were 18,700 coworking spaces internationally. Within the next year and a half, coworking spaces are forecasted to reach 26,300 spaces worldwide.”³⁸³ Workers enjoy coworking spaces when they close to their home and to other amenities such as bars and restaurants. Focusing on the local, coworking spaces can foster community through creating an environment for collaboration and innovation that bring people together in a curated environment. Coworking spaces benefit cities by attracting businesses and connecting them with corporations, bringing new jobs to cities and sparking innovation. This results in more density, vibrancy, and resources to help a city thrive.³⁸⁴



Placemaking as a Real Estate Development Strategy

Downtowns and other urban centers are focusing on various placemaking elements to enhance the experience, appeal and competitiveness of a place. **Successful places are safe, authentic, creative, convenient, walkable, and built at the human scale.** The following trends are now guiding the design of city centers. Placemaking is now being embraced by business-improvement districts, developers, and local governments. Placemaking combines built interventions and programming, and involves working with the community to tailor solutions to local needs and character.³⁸⁵ Brookings writes, “There is an urgency, and opportunity, for local and regional leaders to embrace and advance place-led development that produces better economic outcomes for more people in more places.”³⁸⁶

³⁸² <https://www.coworkingresources.org/blog/key-figures-coworking-growth>

³⁸³ <https://www.statista.com/chart/19028/coworking-spaces-worldwide/>

³⁸⁴ <https://www.forbes.com/sites/ellistalton/2019/05/28/beyond-coworking-homegrown-innovation-spaces-are-transforming-second-cities/#5bc1b31f12bf>

³⁸⁵ Gensler Design Forecast 2018.

³⁸⁶ <https://www.brookings.edu/research/why-we-need-to-invest-in-transformative-placemaking/>

Developers and landlords are continuing to see great return on their work-live-play-shop centers — coupling housing with retail, restaurants, entertainment, grocery, and fitness. The importance of creating experiences was a big part of the conversation as developers are juggling large entertainment venues like bowling lanes and movie theaters with compact urban spaces.³⁸⁷ Beyond individual property owners and developers, **larger real estate firms and developers (such as Forest City) are getting into the game to provide public realm enhancements that positively impact both the community and their own property, along with providing open market concepts such as greenways, parks, plazas, central markets, etc.** Developers see placemaking as a value-add. George Roberts, director of public spaces for Quicken Loans Community Fund in Detroit highlights this trend of investing outside of one's own walls to see huge investments and returns, "Investing in your neighborhood, in parks, streets, alleys, libraries, and places to hang out was a proven strategy for urban vibrancy, and can become the game-changer for asset value and the real estate market."³⁸⁸

Contextualism: The Ideal of an Authentic Experience of Place

After years of moving toward sameness in attracting similar corporate and franchised retailers, downtowns and downtown district managers are realizing that their **competitive edge lies in offering a unique and special experience, rather than a repeat of what other cities offer.** There are commonalities that exist between widely-accepted authentic places that urban place management organizations can use to identify, evaluate and highlight their district's authenticity. **Authentic places accurately reflect the unique character and heritage of a place,** making its users and visitors feel that they have been in a one-of-a-kind memorable location. As people seek deeper connections with their surroundings, authenticity can serve as a tool to drive economic and community development efforts.³⁸⁹ This trend is exhibited throughout North America, with headlines such as "*Kansas City: Don't Make Us Denver*,"³⁹⁰ or "*May your city never become San Francisco, New York or Seattle*"³⁹¹.

Authenticity, while somewhat ambiguous to define³⁹², includes efforts of creative placemaking³⁹³, place branding, walkability, accessibility, and urban design with appropriate size and scale. The trend is not just on designing a place—**it is all about experience—how buildings and the spaces between them are treated in relation to human-scale design.** City builders are now looking at ways to design more intelligently and strategically for women, focusing on safety, cleanliness, wayfinding ease, ambiance, connectivity, and children.³⁹⁴ **Developers are rediscovering the importance of leveraging authenticity and contextualism—**"franchise architecture" and cookie-cutter designs are out. Experience has real dollar value—from adjacency to open space to unique developments as destinations. Experience brings customers back again and again—not just for retail offerings, but also for the sense of belonging and ownership.³⁹⁵ Activating a place includes focusing on the experience, with initiatives such as 18-hour cities, a vibrant nighttime economy, parks and green space, activating public space, arts and culture, and designing for workers, visitors and residents. Developers and cities have discovered the value of open space as key design elements—and not just from an aesthetic aspect, but from a real dollar value. In some cities, adjacency or proximity to parks results in a significant increase in rents and property values. When combined with interests in wellness, urban cycling, and quality of life, the momentum of re-greening will be maintained in cities and suburbs. Smart developers will include significant open space components in their projects.³⁹⁶

³⁸⁷ <https://streetsense.com/icsc-recon-2019/>

³⁸⁸ <https://urbanland.uli.org/planning-design/leveraging-public-spaces-to-make-placemaking-a-value-add/>

³⁸⁹ International Downtown Association, Maintaining Authenticity of Place. Top Issues Council Report.

³⁹⁰ <https://www.kansascity.com/opinion/editorials/article22202495.html>

³⁹¹ <https://www.nytimes.com/2018/12/26/upshot/happy-new-year-may-your-city-never-become-san-francisco-new-york-or-seattle.html>

³⁹² <https://www.citylab.com/perspective/2019/02/city-branding-traps-marketing-campaigns/582496/>

³⁹³ <https://ideas.stantec.com/blog/curiosity-and-artistry-6-takeaways-on-downtowns>

³⁹⁴ Feehan, David. Designing Downtown for Women, 2018.

³⁹⁵ <http://www.gensleron.com/cities/2018/1/30/six-urban-design-trends-to-watch-in-2018.html>

³⁹⁶ <http://www.gensleron.com/cities/2018/1/30/six-urban-design-trends-to-watch-in-2018.html>

TREND 7: POLITICS

In a time of stark political partisan divides, exacerbated by distrust of federal government and national news outlets or even social media, North America is realizing the growing importance of regionalism and localism- with civic governance and horizontal leadership. Cities and downtowns are emerging as bright spots for democracy, holding opportunities for finding solutions to social and political issues, and the evolution of economic development.

Partisan Divide + Populism

The United States is experiencing increasingly political polarization and a lack of compromise. The trend of negative partisanship in the U.S. is where Americans increasingly vote based on their fear and distrust of the other side, not support for their own.³⁹⁷ Harvard University political scientist Steven Levitsky writes, “all-out partisan warfare has made cooperative governance unthinkable. With social distrust and political chaos rising, this is going to be a major challenge going forward.”³⁹⁸ He continues, “*People have always organized more easily around what they’re against than what they’re for, but this is different. **Politics have grown viscerally tribal and voters instinctively destructive. This trend, driven by social change, economic upheaval and technological disruption, is worsening some of democracy’s gravest problems. It is feeding partisanship’s rancor and intransigence, as voters organize around opposing the other side. It is deepening instability, with elections that fracture parties and eject whoever holds power. And it is driving populist revolts, as citizens clamor to tear down establishments and status quos. Across Europe, mainstream parties have splintered, weakening centrist leaders and empowering hard-line populists. In the United States, all-out partisan warfare has made cooperative governance unthinkable.***”³⁹⁹

While much has been written about the “urban and rural split,” there are some real differences. **For one, the “blue” economy outpaces the “red” in terms of total GDP, with Democratic districts representing \$10.2 trillion and Republican districts representing \$6.2 trillion.**⁴⁰⁰ This is not surprising, given the tendency for jobs to cluster in urban areas. There are also correlations between political views and where one lives. **Urban voters tend to have shared values that require bigger government and rural voters value individualism and limited government.** A Pew Research Center study found correlations between the more liberal one is, the more one valued shared amenities and smaller homes while the more conservative, the more one valued a larger home and less shared amenities (see chart below). These preferences tie into local politics. In the 2018 midterm election, not one urban congressional district elected a republican representative. All urban areas elected democratic representatives. For the first time since 1914, there was only one split (Republican and Democratic) state legislature in the whole country (Minnesota) and that’s largely because that state wasn’t up for any elections in 2018. The partisan divide is showing itself in state representation: one is either all red or all blue.⁴⁰¹ The United States political leaders are also finally beginning to mirror the growing diversity of the country. The 2018 election saw record numbers of women elected to U.S. legislatures.

Around the world, we are seeing a rise in populism, partly due to a rise in globalization and a fear of change, along with the aftermath of the 2008 financial crisis, skyrocketing income inequality and stalled wages and social mobility When looking at the United States, research by Roberto Stefan Foa and Yascha Mounk found that, **“as inequality rises, citizens become less likely to believe that their government is truly democratic — undermining legitimacy of the system itself.** This anger, studies suggest, can be as much about dollars and cents as about fear of losing status relative to one’s neighbors and losing control of one’s future — a backlash layered with

³⁹⁷ <https://www.nytimes.com/2019/03/29/world/europe/brexit-theresa-may-democracy-chaos.html>

³⁹⁸ <https://www.nytimes.com/2019/03/29/world/europe/brexit-theresa-may-democracy-chaos.html>

³⁹⁹ <https://www.nytimes.com/2019/03/29/world/europe/brexit-theresa-may-democracy-chaos.html>

⁴⁰⁰ Patton Boggs/PWC-ULI, 2019.

⁴⁰¹ Patton Boggs/PWC-ULI, 2019.

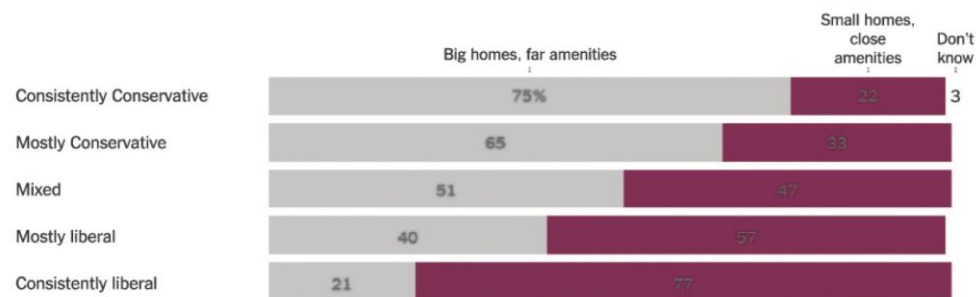
whites' growing fears of demographic change."⁴⁰² This distrust of federal governments and rise of nationalism translates at the local level. North America (and globally), there is a resurgence of white supremacy movements, hate crimes⁴⁰³, mass shootings, and violent protests - all impacting cities. **In terms of the built environment, cities and downtowns are often the central, civic locations for social disruptions of various types.** These are gathering places for protests, rallies, events, and even violent incidents. Cities and local leaders are confronting issues of safety, social issues, and emergency preparedness. These trends also have very real impacts on local civic participation and dialogues. For example, immigrants may feel intimidated by local planning processes based on the national dialogues and policies around immigration.

Ideology and Housing

SQUIRE
PATTON BOGGS

Big Houses vs. Walkable Neighborhoods

Pew asked Americans if they would prefer to live where houses are larger but schools, stores and restaurants are several miles away or where homes are closer together but amenities are within walking distance.



A small percentage of people said they did not know.

Source: Pew Research Center "Political Polarization in the American Public" survey of 3,341 adults (2014).

Media: Not unrelated to the intensifying partisan divide is the role of the media in North American society. Beyond the proven financial consequences of weakening the city's local bond market when newspapers close, with research citing that city bonds increase by 11 points when these "civic watchdogs" are no longer there to do their job.⁴⁰⁴ The city also feels "poorer, politically and culturally" without a local news outlet.⁴⁰⁵ Research shows that based on the partisan divide, different groups are actually hearing different news (see graph below). There is distrust of various national media outlets and a lack of grasping the objective truth. Social media platforms have emerged, and some citizens have access to information and technology, but not all do. Further, social media itself has a role in disinformation, with expectations for regulations coming over the next several years. YouTube recently enhanced its community guidelines⁴⁰⁶ and Twitter and Facebook are in the midst of discussions on regulations with the federal government after incidents of hate-speech, the spread of false news, and national election interference. These implications for an informed citizenry related to social media are yet to be fully realized. However, research shows that Americans are now in favor of protecting information freedoms over steps to restrict false news.⁴⁰⁷

⁴⁰² <https://www.nytimes.com/2019/03/29/world/europe/brexit-theresa-may-democracy-chaos.html>

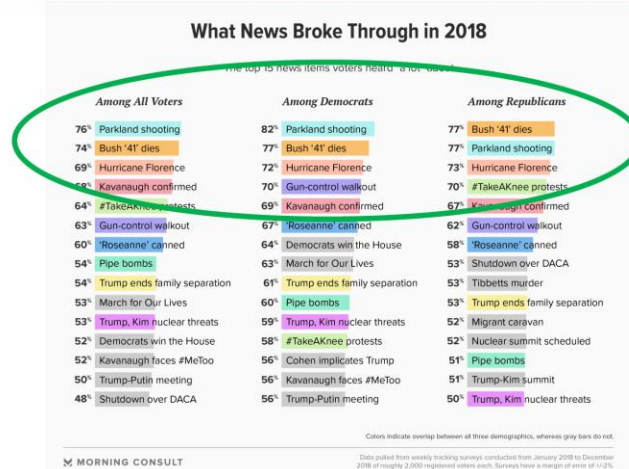
⁴⁰³ <https://www.splcenter.org/news/2019/02/19/hate-groups-reach-record-high>

⁴⁰⁴ <https://www.citylab.com/equity/2018/05/study-when-local-newspaper-close-city-bond-finances-suffer/561422/>

⁴⁰⁵ <https://www.citylab.com/equity/2018/05/study-when-local-newspaper-close-city-bond-finances-suffer/561422/>

⁴⁰⁶ <https://abcnews.go.com/Business/youtube-strikes-community-guidelines/story?id=61237311>

⁴⁰⁷ <https://www.journalism.org/2018/04/19/americans-favor-protecting-information-freedoms-over-government-steps-to-restrict-false-news-online/>



Local news is important for local civic engagement and a connection to a sense of place, yet within the last decade, several hundred newspapers have shut down, merged or cut back from daily to weekly publication⁴⁰⁸. In 2004, newsroom employment and print advertising were near peak 1990s levels, and since then, the number of journalists employed by newspapers has been cut in half, and print advertising revenue has fallen to record low levels. The large metro and regional state papers felt the squeeze first. By 2010, even century-old weeklies that had survived the Great Depression were feeling the existential threat⁴⁰⁹. There have also been high rates of consolidation, with a few major owners of newspapers. The top 25 companies that own the most newspapers – control the fate of nearly one-third of all papers, up from 20 percent in 2004. This included two-thirds of all dailies – 812 – and almost a fourth of all weeklies – 1,376.⁴¹⁰

News deserts are becoming a growing trend in the U.S. A UNC report writes, “There are hundreds -- if not thousands – of communities at risk of becoming isolated news deserts. There are almost 200 of the 3,143 counties in the United States without any paper. An additional 1,449 counties, ranging in size from several hundred residents to more than a million, have only one newspaper, usually a weekly. More than 2,000 have no daily paper. The residents of America’s emerging news deserts are often its most vulnerable citizens. They are generally poorer, older and less educated than the average American.”⁴¹¹ This is not a trend unique to the U.S. In Canada, 260 news outlets – including more than 200 newspapers, two dozen broadcast outlets and a dozen online news sites – have closed or merged within the past 10 years.⁴¹² This has a real impact on a local community⁴¹³ as the FCC has reported that as much as 85 percent of the news that feeds local democracy comes from local papers⁴¹⁴. Studies show that there is a “significant” drop in citizen engagement when cities lose a local paper.⁴¹⁵ When this happens, there is a niche that needs to be filled, with independent, **hyper-local digital media outlets emerging** such as *Denverite* in Denver or *Greater Greater Washington* in D.C. Further, research has found that every dollar spent on local news produces hundreds of dollars in public benefit.⁴¹⁶ Local news also builds social cohesion and benefits community, serving as a key part of the public square and the civic commons. These trends may have implications for downtowns to help support these hyper-local media outlets.

⁴⁰⁸ <http://newspaperownership.com/executive-summary/>

⁴⁰⁹ https://www.cislm.org/wp-content/uploads/2018/10/The-Expanding-News-Desert-10_14-Web.pdf

⁴¹⁰ https://www.cislm.org/wp-content/uploads/2018/10/The-Expanding-News-Desert-10_14-Web.pdf

⁴¹¹ https://www.cislm.org/wp-content/uploads/2018/10/The-Expanding-News-Desert-10_14-Web.pdf

⁴¹² <https://www.usnewsdeserts.com/spotlight-research/more-loss-of-local-news-questions-with-april-lindgren/>

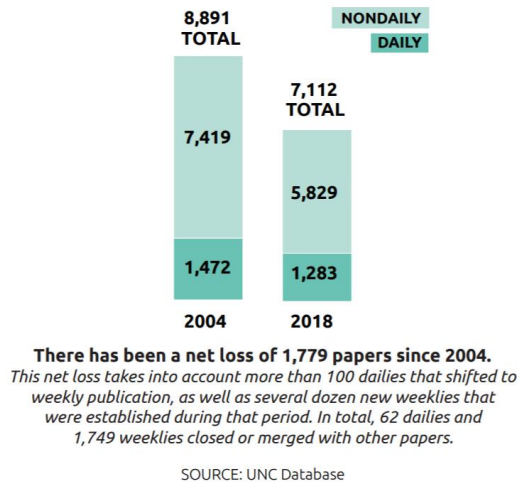
⁴¹³ <https://www.wsj.com/articles/youngstown-vindicators-collapse-are-local-papers-beyond-saving-11562151602>

⁴¹⁴ <https://cele.sog.unc.edu/local-news-is-a-vital-tool-for-civic-engagement-hows-the-health-of-your-local-newspaper/>

⁴¹⁵ <https://www.tandfonline.com/doi/abs/10.1080/10584609.2012.762817>

⁴¹⁶ <https://localnewslab.org/2018/06/20/how-we-know-journalism-is-good-for-democracy/>

TOTAL NUMBER OF U.S. NEWSPAPERS: 2004 & 2018



Local and Regional Leadership

With such political gridlock at the federal level, there are very real policy and funding implications for local jurisdictions, beyond the challenges that come when the norms and foundational democratic principles of the federal government are under threat.

It is unsurprising that surveys show people trust the local levels of government more so than the federal level⁴¹⁷. **Surveys show that people tend to think their local and/or state governments are going in the right direction, but the country is not.**⁴¹⁸ Cities and local governments are echoing in the efficiency of local, civic governance. An “Urban Age, in short, requires the evolution of urban instruments and institutions that can harness large pools of capital and deploy innovative mechanisms for building resilient communities and making markets that work for disadvantaged people and places.”⁴¹⁹ Cities are able to get things done. “Cities have emerged as a bright spot of democracy in the United States today. With the federal government mired in gridlock and hyper-partisanship, local leaders are stepping up to advance solutions to their unique economic, social, and environmental challenges. As a result, the public maintains high trust in local government while its faith in federal institutions has eroded dramatically.”⁴²⁰

Jeremy Nowak and Bruce Katz have put forward the theory of “new localism” – whereas we are seeing a shift from outmoded hierarchical models of national governance to more flexible, networked, multi-stakeholder models of local and metropolitan governance.⁴²¹ Katz sees the new localism as an antidote to the more vitriolic and prejudiced side of modern populism because it empowers local leaders of all backgrounds to champion their communities' concerns.⁴²² With the federal government the way it is, “cities and counties—and their diverse networks of public, private, and civic institutions—are now responsible for investing in many things that drive their competitive futures. For all the mythology of an omnipotent federal government, the fact is that burdens for funding the future—particularly for activities that support entrepreneurs, retrofit or build infrastructure, and close the achievement gap among young children—increasingly rest at the local and metropolitan level.”⁴²³ They write that **“Power is shifting in the world: downward from national governments and states to cities and metropolitan communities;**

⁴¹⁷ <https://www.pewresearch.org/fact-tank/2018/04/26/key-findings-on-americans-views-of-the-u-s-political-system-and-democracy/>

⁴¹⁸ PWC/ULI 2019 Emerging Trends in Real Estate.

⁴¹⁹ Katz, Bruce. The Evolution of Urban Institutions. IUR Penn. Expert Voices. 2019.

⁴²⁰ Brookings- What the forgotten Americans really want and how to give it to them, 2018.

⁴²¹ <https://www.citylab.com/equity/2018/01/can-a-new-localism-help-cities-transcend-gridlock/551219/>

⁴²² <https://www.strongtowns.org/journal/2018/1/24/the-new-localism>

⁴²³ <https://www.citylab.com/equity/2018/02/cities-dont-just-wait-for-the-feds/553577/>

horizontally from the public sector to networks of public, private and civic actors; and globally along circuits of capital, trade, and innovation.⁴²⁴ If the “20th century was very much about hierarchical systems; specialized, compartmentalized, highly bureaucratic. **The 21st century is going to be networked, distributed, and led by cities. It calls into question how we think about leadership. It must be much more horizontal than vertical.**⁴²⁵

New localism is a focus on networked, cross-sector, civic governance that is more of a form of participatory democracy (at the local level) that is evidence-driven, data-rich, and outcome-oriented.⁴²⁶ It is not a replacement for the necessary roles the federal government should play, but an effective compliment, and “currently, an urgently needed remedy for national dysfunction.”⁴²⁷ New localism “has been in play for quite some time, particularly in the United States, because we’ve seen the degrading of the public sector at multiple levels, and we’ve seen the federal and state governments become mired in partisan gridlock and ideological polarization. The so-called lower levels of government—cities, counties, and metro areas—have begun to fill the vacuum. They began to do that initially beginning in the Eighties and the Nineties in parts of their downtowns, by remaking their waterfronts that had been depopulated, by revitalizing areas that were beset by drug trafficking and crime, and through school reform.”⁴²⁸

Civic and Cultural Identity: Local leadership is impacting the evolution of built environment’s civic and cultural identity in our cities and downtowns. For example, who should the old city statues in the public realm represent? Cities have replaced statues of confederate leaders because of what they represent. Renaming highways and other entities may come up, too. There is an opportunity for local places to tell their story and represent themselves based on the way that celebrates residents and gets away from institutional racism.⁴²⁹ There is also an evolution of civic dialogue with efforts towards reconciliation. For example, Canada practices giving land acknowledgments before speeches, events, etc. based on where they are speaking. A territorial or land acknowledgement is an act of reconciliation that involves making a statement recognizing the traditional territory of the Indigenous people who called the land home before the arrival of settlers, and in many cases still do call it home.⁴³⁰

Public-Private Partnerships: Part of the “new localism” school of thought includes innovative, networked solutions to city’s problems. Metropolitan areas are situated “in an environment of multi-level governance, where horizontal and vertical relations exist. These networks enable an exchange of experiences and best practices that may serve to stimulate policies in other cities and make metropolitan problems visible on a global scale.”⁴³¹ **Local leadership is increasingly looking to public-private partnerships (P3s) to solutions for complicated issues in cities. For example, thirty-five percent of mayors cited P3s as promising options for funding affordable housing, compared to only 11 percent of mayors citing local taxes or resources.**⁴³² **Some initiatives include partnerships between anchor institutions, innovation districts, catalytic developers, innovating financing mechanisms, special districts, and creative funding sources (i.e. marijuana tax to fund affordable housing).** The private sector is also getting involved in placemaking and community investment (i.e. MasterCard⁴³³, Southwest, etc.). Place management is a growing industry, with over 3,000 organizations (BIDs, BIAs, DDAs, etc.) globally. These local leaders are getting work done, but also facing growing skepticism as social issues are front and center in the realm of downtown development.

⁴²⁴ <https://www.brookings.edu/book/the-new-localism/>

⁴²⁵ <https://www.citylab.com/equity/2018/01/can-a-new-localism-help-cities-transcend-gridlock/551219/>

⁴²⁶ <https://www.citylab.com/equity/2018/01/can-a-new-localism-help-cities-transcend-gridlock/551219/>

⁴²⁷ <https://www.brookings.edu/book/the-new-localism/>

⁴²⁸ <https://www.citylab.com/equity/2018/01/can-a-new-localism-help-cities-transcend-gridlock/551219/>

⁴²⁹ <https://www.cbsnews.com/news/mitch-landrieu-book-in-the-shadow-of-statues/>

⁴³⁰ <https://www.cbc.ca/news/canada/toronto/territorial-acknowledgements-indigenous-1.4175136>

⁴³¹ Tomas, Mariona, University of Barcelona. Metropolis Observatory. Issue Paper 01. Metropolitan Trends in the World. Metro Polis.

⁴³² Menino Survey of Mayors, 2017.

⁴³³ <https://www.smartcitiesdive.com/news/mastercard-adds-7-members-to-city-possible-network/541928/>

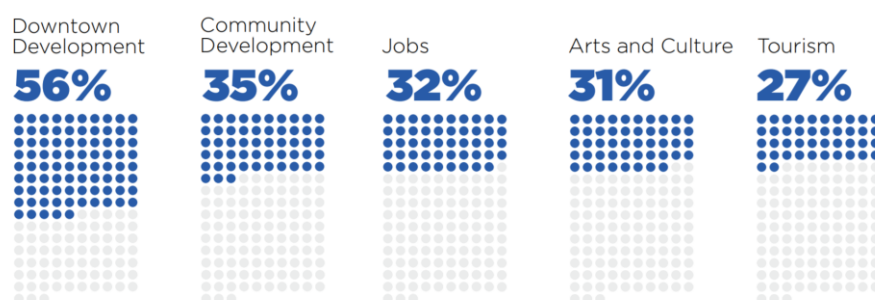
Politics of Economic Development

Political gridlock impacts various industries, including economic development and real estate. The Counselors of Real Estate (CRE) polled their membership in May 2019 and found that “the adversarial conditions prevailing in the current political arena were frequently cited as a major issue affecting real estate directly, and indirectly through their economic impacts. As several of the Counselors observed, political gridlock and/or infighting is either creating problems or frustrating solutions in many issues such as population migration, infrastructure, and housing.”⁴³⁴

The Amazon effect and aftermath: The 2018 Menino Survey of Mayors reveals that mayors perceived the competition for Amazon’s HQ2 as “abnormally focused on tax incentives.” Further, while mayors think that economic incentives are good for their city, 61 percent of them agree that other cities overuse these incentives. Mayors were divided between prioritizing resident jobs or the growing tax base.⁴³⁵ While competition for Amazon HQ2 was intense and widespread across North America, the ultimate “winner” faced such backlash from local communities that Amazon backed off locating in Long Island City (NYC).⁴³⁶

Downtown as Economic Development Strategy: The National League of Cities report, “State of the Cities” benchmarks the topics that over 150 U.S. mayors speak the most about. 2019’s topics included economic development, infrastructure, ridesharing, recreational marijuana, solar power, intergovernmental relations, blight and vacant properties, education initiatives, civic engagement, school outcomes, and social media.⁴³⁷ **Downtown development continues to be the top issue within economic development.**⁴³⁸ Cities are investing in vibrant downtowns to encourage economic development and growth, but also to address community needs. Economic development and infrastructure continue to be top priorities for U.S. leaders. Issues facing municipal governments include addressing deferred maintenance on the nation’s infrastructure, the nation’s opioid crisis, state’s looming pension payment crisis⁴³⁹ and liabilities⁴⁴⁰, along with solutions from local funding mechanisms to state P3 offices (i.e. VA, TX, DC).

TOP 5 ECONOMIC DEVELOPMENT SUBTOPICS



National League of Cities

⁴³⁴ <https://www.cre.org/external-affairs/2019-20-top-ten-issues-affecting-real-estate/#political>

⁴³⁵ Menino Survey of Mayors, 2018. Boston University Initiative on Cities.

⁴³⁶ <https://ny.curbed.com/2019/2/18/18226681/amazon-hq2-new-york-city-timeline>

⁴³⁷ <https://cityspeak.org/2019/06/12/top-10-topics-mayors-are-buzzing-about-in-2019/>

⁴³⁸ <https://www.nlc.org/sites/default/files/2019-05/StateOfTheCities%202019.pdf>

⁴³⁹ <https://www.sacbee.com/opinion/editorials/article199693069.html>

⁴⁴⁰ <https://cityspeak.org/2019/03/20/how-cities-around-the-country-address-rising-pension-liabilities/>

TREND 8 TECHNOLOGY

Overview

These key trends in technology are the by-products of incredible rates of connectedness. The first Global Trends report saw the first iPhone coming to the market and now, 50 billion connected devices are forecasted by 2020. This edition emphasizes the consequences of this connectedness, i.e. cybersecurity and privacy. There may be a coming privacy revolution that restricts the full potential of smart cities and artificial intelligence. There is a focus on Smart Cities, with municipalities and planners addressing issues such as autonomous vehicle impact. Another important consideration is the role of artificial intelligence in shaping both our minds and our cities by confirming our biases and other unforeseen consequences.

Smart Cities

At a time when more than **90% of U.S. households contain at least one of these smart devices** (smartphone, desktop/laptop computer, tablet, or streaming media device), with the typical (median) American household containing five of them, society is becoming more digitally connected than ever.⁴⁴¹ This connection is becoming expanded to the municipal level. **Smart cities are urban places and governments that draw on different types of electronic internet of things (IoT) sensors to collect data to use to manage city assets and resources most efficiently.** This data collection has the opportunity to solve many municipal and social issues as well as increase productivity and GDP globally. Smart cities are on the rise, with projections estimating that the smart-city market will exceed \$1.7 trillion within the next 20 years⁴⁴² and the rapid urbanization that is bringing them to fruition is cited as one of most important forces impacting the world today. Currently, the top 600 urban centers generate 60 percent of global GDP and that number only stands to increase as smart cities emerge.⁴⁴³ Estimates differ in the magnitude of projected growth with some stating that by 2025 the smart cities market could reach \$237.6 billion⁴⁴⁴ and others stating that by 2023 it will reach \$717.2 billion.⁴⁴⁵ This growth could unlock more than \$20 trillion in additional economic benefits within the next decade.⁴⁴⁶ **Cisco predicts that 50 billion connected devices will exist by 2020.**⁴⁴⁷

Not only could smart cities unlock productivity and output, they also create an opportunity for governments and civic leaders to change the way that they serve residents and manage resources more effectively by addressing traditional problems with data-driven solutions. The right technology and application of data collection and use can let smart governments offer cost-effective services for residents that are scalable and helps them to see operations clearly and make policy decisions based on data.⁴⁴⁸ The increasing interconnectivity of the population sets the foundation for the interconnectedness of nodes within cities to support a smart city network. Sensors will connect cars, infrastructure such as waste management, mail delivery, parking, traffic flow, and integrate them into one seamless system.⁴⁴⁹ Sensors will mine insights from interactions and behaviors understanding the city as an ecosystem. Successful smart cities will need to master data sharing because fragmented data does not support a unified platform. This will pave the way for regional collaboration between cities in order to create the most fluid and comprehensive data bases.

⁴⁴¹ <https://www.pewresearch.org/fact-tank/2017/05/25/a-third-of-americans-live-in-a-household-with-three-or-more-smartphones/>

⁴⁴² <https://www.pwc.com/us/en/services/consulting/cybersecurity/library/broader-perspectives/smart-cities.html>

⁴⁴³ <https://www.pwc.com/us/en/services/consulting/cybersecurity/library/broader-perspectives/smart-cities.html>

⁴⁴⁴ <https://www.grandviewresearch.com/press-release/global-smart-cities-market>

⁴⁴⁵ <https://www.prnewswire.com/news-releases/the-global-smart-cities-market-size-is-expected-to-grow-from-usd-308-0-billion-in-2018-to-usd-717-2-billion-by-2023--at-a-compound-annual-growth-rate-cagr-of-18-4-300777566.html>

⁴⁴⁶ <https://www.smartcitiesworld.net/smart-cities-news/smart-cities-news/smart-cities-and-cybersecurity-is-it-wise-to-get-smarter-3782>

⁴⁴⁷ <https://www.canurb.org/smart-cities/>

⁴⁴⁸ <https://citiesspeak.org/2019/03/06/leadership-in-2019-why-cities-need-to-rethink-digital-services/>

⁴⁴⁹ <https://www.digitaltrends.com/home/cities-looking-become-smart-need-look-beyond-adding-sensors/>

This will also push cities to learn from one another and adopt similar technologies that work well together. Managing the interplay between different technological platforms could lag smart city growth. Cities should focus on updating existing infrastructure and building new infrastructure that is compatible with new technologies and can usher the way for new and innovative business.⁴⁵⁰ Smart Cities will experience the coming impacts of technological advances in areas of planning, mobility, communication and logistics. However, these will come over time. For example, it seems that autonomous vehicle impact continues to be limited/measured over the next several years, with exception of land use/building planning contingencies.

One case study of a smart city is Quayside in Toronto, which is under development by Sidewalk Labs (a subsidiary of Google), and is focusing on driverless cars, sensing and monitoring technologies for infrastructure, reducing its carbon footprint, creating safe walkable spaces, and relying on data-driven planning processes. The largest upfront barriers are the company's ability to install sensors across Quayside to measure everything, the public's growing distrust of large technology companies, and privacy concerns. Citizens groups are asking whether Toronto was taking its embrace of technology too far by giving a tech company so much leeway to create a community.⁴⁵¹ However, some are viewing the development like the evolution of smart phones: the city is a platform and people have the ability to design and change it, making it authentic because it does not reflect a central plan.⁴⁵² The success of this experimental community remains to be seen.

Privacy and Cybersecurity

While smart cities offer many opportunities, they also open the door for new concerns regarding cybersecurity, monitoring and privacy and infrastructure costs. One of the most pressing challenging heading into the development of smart cities is earning the public's trust. Citizens have come forward with major data privacy concerns.⁴⁵³ To keep residents, the city and the network safe, proactive identification and response policies need to be in place.⁴⁵⁴ The number of IoT devices is expected to rise from 8.4 billion to almost 20 billion by 2020⁴⁵⁵ opening up vulnerability to cyber-attacks. With the proliferation of IoT devices, attackers have exponentially more entry points to compromise a city's system⁴⁵⁶ and take advantage of the resulting vulnerabilities.⁴⁵⁷ The interconnectedness that is inherent in smart cities means that cyber-attacks can have a cascading and reverberating impact throughout cities, leading to data loss, financial impact, reputational damage in addition to disruption of crucial city services and infrastructure.⁴⁵⁸ These disruptions could have dire impacts such as loss of life or breakdown of social and economic systems.⁴⁵⁹ In part, the vulnerability to smart city systems stems from the need to integrate new digital technologies with pre-existing or outdated systems, which can be challenging and instill more risk. Not only might the technology platforms be incompatible, but there may be inconsistent security policies and procedures as well. Additionally, sensor technologies from different vendors generate data in different formats with different protocols, causing interoperability between systems. Smart city governments may face a trade-off between safety and interoperability as infrastructure is established. Consequently, it is essential that smart cities establish a formal and comprehensive cybersecurity framework for governing effectively.

⁴⁵⁰ <https://www.digitaltrends.com/home/cities-looking-become-smart-need-look-beyond-adding-sensors/>

⁴⁵¹ <https://www.nytimes.com/2019/06/24/world/canada/toronto-google-sidewalk-labs.html>

⁴⁵² <https://www.technologyreview.com/s/610249/a-smarter-smart-city/>

⁴⁵³ <https://meetingoftheminds.org/smart-cities-predictions-29579>

⁴⁵⁴ <https://gcn.com/articles/2018/09/18/smart-city-security.aspx>

⁴⁵⁵ <https://www2.deloitte.com/insights/us/en/focus/smart-city/making-smart-cities-cyber-secure.html>

⁴⁵⁶ <https://www.pwc.com/us/en/services/consulting/cybersecurity/library/broader-perspectives/smart-cities.html>

⁴⁵⁷ <https://www2.deloitte.com/insights/us/en/focus/smart-city/making-smart-cities-cyber-secure.html>

⁴⁵⁸ <https://www2.deloitte.com/insights/us/en/focus/smart-city/making-smart-cities-cyber-secure.html>

⁴⁵⁹ <https://www2.deloitte.com/insights/us/en/focus/smart-city/making-smart-cities-cyber-secure.html>

Autonomous Vehicles

Autonomous vehicles (AVs) are also rapidly emerging into the equation, and like smart cities, they bring with them many opportunities and also present many challenges. In the U.S., cities are playing a pivotal role in the development and integration of AVs. **Fifty percent of large American cities are exploring how to integrate AVs into their long-term transportation plans,**⁴⁶⁰ up 10 percent since 2015.⁴⁶¹ Cities also play a significant role in passing legislation that enables the use of autonomous vehicles in cities and that works with federal and state regulations to enable AVs to be tested, developed and deployed.⁴⁶² Currently, there is significant variation in the legislation between different cities and how they choose to test and pilot them. Between 2011 and 2017, 22 states passed 46 bills relating to AV usage and 5 governors signed executive orders encouraging their development.⁴⁶³ The pace of AV innovation is expected to continue to increase in the years to come, even if it is not as high as initially thought. There are still substantial hurdles to overcome (regulations, legalities, infrastructure, ethics)⁴⁶⁴ and **in less than 10 years, over a million are expected to be in use worldwide.** There will be levels of AV⁴⁶⁵. The stages between their inception now and full integration of AVs in the future will entail the roads being home to a mix of AVs, partial AVs, and human-controlled vehicles which could result in some chaos and confusion and the transition may be difficult.⁴⁶⁶ The success of AVs relies on the use of sensors, suggesting they will fit into the framework and vision for smart cities, potentially helping to eliminate traffic, reduce the need for parking, and improve efficiency and sustainability for cities. In the near-term, introducing AVs into cities will require some adjustments. For example, use of AVs will cut into some revenue streams for cities including those from parking tickets, traffic violations, traffic camera fines, vehicle registration, licensing, sales tax on gasoline, and other fees.⁴⁶⁷ Some cities rely on these revenue streams more than others, but for the ones that do rely on them heavily, AVs could create a huge fiscal impact in that respect alone. AVs will bring cost reductions to cities as well and at this point it is difficult to measure the costs and benefits to city budgets precisely, but AVs have the ability to significantly impact city budgets.⁴⁶⁸

AVs open up a whole world of opportunities for mobility. The technology will impact urban policies around transportation and will have major implications for land use, economic growth, and community development. In many ways, city leaders of the past overlooked and did not plan for many of the negative aspects of cars, and introduction of AVs provides a new opportunity to avoid making that mistake again.⁴⁶⁹ Some are even looking into ways that AVs can improve equity and prop up vulnerable populations – many new technologies are designed for the average person and then updated or edited to work for vulnerable or disabled populations. With AVs, we have a chance to design them for everyone from the beginning.⁴⁷⁰ Implementation of AVs could have drastic impacts on the built environment. First, **AVs will be in use over 90 percent of the time if they are run efficiently, reducing or eliminating the need for on-street parking and surface parking lot. This will reclaim a significant portion of land that has been set aside for parking and that can be put to use as public space or green space.** Zoning laws currently also accommodate cars and consider building heights and the impact on traffic. AVs will allow more flexible zoning. Street lights, speed limit sign, stop signs, etc. will become obsolete because AVs will know the rules of the road inherently, opening up room for more aesthetically pleasing design within city streets themselves. AVs that serve different purposes can take on different shapes and sizes and street widths can be narrowed or changed, leaving

⁴⁶⁰ <https://www.citylab.com/perspective/2018/10/cities-lead-regulation-driverless-vehicles/573325/>

⁴⁶¹ <https://www.techrepublic.com/article/self-driving-stories-how-6-us-cities-successfully-integrated-autonomous-vehicles/>

⁴⁶² <https://www.citylab.com/perspective/2018/10/cities-lead-regulation-driverless-vehicles/573325/>

⁴⁶³ <https://www.techrepublic.com/article/self-driving-stories-how-6-us-cities-successfully-integrated-autonomous-vehicles/>

⁴⁶⁴ <https://www.pcmag.com/commentary/366394/the-predictions-were-wrong-self-driving-cars-have-a-long-wa>

⁴⁶⁵ <https://www.vtapi.org/avip.pdf>

⁴⁶⁶ <https://www.bbhub.io/dotorg/sites/2/2017/05/TamingtheAutonomousVehicleSpreadsPDF.pdf>

⁴⁶⁷ <https://www.governing.com/topics/finance/gov-cities-traffic-parking-revenue-driverless-cars.html>

⁴⁶⁸ <https://www.governing.com/topics/finance/gov-cities-traffic-parking-revenue-driverless-cars.html>

⁴⁶⁹ <https://www.bloomberg.org/program/government-innovation/bloomberg-aspen-initiative-cities-autonomous-vehicles/>

⁴⁷⁰ <https://www.techrepublic.com/article/self-driving-stories-how-6-us-cities-successfully-integrated-autonomous-vehicles/>

room to design cities for walkability and to be focused on people.⁴⁷¹ AVs could also result in more people preferring to live outside of the city because they can make use of commuting time if they do not have to drive themselves and if congestion and traffic is less of an issue.⁴⁷² There are many possibilities for how AVs will impact cities, but their integration will have far-reaching impacts on how cities run and how people work, live, and move around in them.

Automation/Innovation

Between 1987 and 2017, manufacturing output grew 80 percent, but the number of workers dropped dramatically, particularly in cities, due in part to automation.⁴⁷³ This trend has hit cities hard, particularly in the Midwest, leading to shrinking populations and necessitating these cities to compensate for jobs lost in manufacturing in particular by finding other avenues for these displaced workers to be productive. While some of the discussion of automation focuses on amazing new technologies that increase output, efficiency and convenience, the narrative tends to shift to the impact on human jobs inevitably. Oxford and ISEA studies project that **as many as half of all US Jobs could be vulnerable to future automation within the next 20 years.**⁴⁷⁴ In 2017, 13 percent of workers age 18 to 24 had either lost a job or had pay or hours reduced because their employers replaced their positions with a machine, robot or computer program.⁴⁷⁵

This job displacement will not be felt evenly throughout different employment sectors, and in fact, could even usher in job creation in certain sectors and make work more accessible to those who are getting left out.⁴⁷⁶ Autonomous vehicles could help low-income and disabled city residents who live in transit-inaccessible areas opportunities to travel farther and more efficiently.⁴⁷⁷ Autonomous delivery vehicles can also reduce congestion and traffic from the roads, bike lanes, and driveways.⁴⁷⁸ These same sidewalk delivery vehicles could be a boon for local small business including restaurants and retail shops allowing them to compete with the delivery times of Amazon.⁴⁷⁹ The flip side of that argument is that these automated delivery vehicles would eliminate jobs for delivery people. People are worried about the impacts of automation. Eight in 10 US adults believe that by 2050, robots and computers will do much of the work currently done by humans, and nearly 6 in 10 believe there should be limits on the number of jobs that businesses can replace with machines, even if it would slow efficiency gains.⁴⁸⁰ Others (4 in 10 Americans) believe that automation will make the economy more efficient, freeing up people to work less and focus more on the aspects of life that are most fulfilling like family and leisure.⁴⁸¹ There is a lot of excitement and anxiety surrounding the topic of automation and innovation, and cities are acting as the testing grounds for new technologies.

Artificial Intelligence

Artificial intelligence (AI) offers myriad solutions to social problems and also opportunities to improve efficiency and safety for cities. As cities become smarter and increase the amount of data they collect and disseminate, data will increasingly turn into actionable intelligence that can be integrated into decision-making processes.⁴⁸² In turn, AI has

⁴⁷¹ <https://www.wired.com/story/self-driving-cars-cities/>

⁴⁷² <https://tandfonline.com/doi/full/10.1080/10630732.2018.1493883>

⁴⁷³ <https://www.usnews.com/news/cities/articles/2019-03-12/cities-must-prepare-for-the-changing-workforce>

⁴⁷⁴ <https://www.forbes.com/sites/petesaunders/2017/06/25/cities-and-automation-2-0/#50e08da183cf>

⁴⁷⁵ <https://www.pewresearch.org/fact-tank/2019/04/08/how-americans-see-automation-and-the-workplace-in-7-charts/>

⁴⁷⁶ <https://www.citylab.com/perspective/2018/07/can-cities-shape-the-automated-future/565322/>

⁴⁷⁷ <https://www.citylab.com/perspective/2018/07/can-cities-shape-the-automated-future/565322/>

⁴⁷⁸ <https://www.scientificamerican.com/article/out-of-the-way-human-delivery-robots-want-a-share-of-your-sidewalk/>

⁴⁷⁹ <https://www.scientificamerican.com/article/out-of-the-way-human-delivery-robots-want-a-share-of-your-sidewalk/>

⁴⁸⁰ <https://www.pewresearch.org/fact-tank/2019/04/08/how-americans-see-automation-and-the-workplace-in-7-charts/>

⁴⁸¹ <https://www.pewresearch.org/fact-tank/2019/04/08/how-americans-see-automation-and-the-workplace-in-7-charts/>

⁴⁸² <https://medium.com/the-cityxchange-roadmap-2018/technologies-changing-cities-data-and-machine-learning-transportation-innovation-and-blockchain-7907a796d052>

significantly contributed to smart city programs with the proliferation of technologies such as IoT, energy-efficient LED lighting and cloud computing paving the way for low-cost sensors, city-wide Wi-Fi, and cost-effective illumination.⁴⁸³ Currently, the largest use of AI in cities is visual surveillance systems along with public transit and smart outdoor lighting. These three areas combined account for almost 25 percent of total smart city spending.⁴⁸⁴ By 2030, cities are likely to rely heavily on AI technologies to detect and predict crime by using drone footage to spot anomalous behavior, making policing more targeted.⁴⁸⁵ In addition, predictive analytics will allow government agencies to more efficiently allocate limited resources and forecast environmental hazards or detect building code violations.⁴⁸⁶ AI also threatens to replace some jobs, however, in the short term, it stands to replace tasks rather than full jobs, and like automation, it stands to create new jobs and markets.⁴⁸⁷ However, in the short run, resources should be allocated to education and re-training to help place those displaced by AI. **One major threat of AI development is algorithmic bias and machine ethics, that may exacerbate and further systematize inequalities that exist today.** For example, software used to predict future criminals showed a bias against black people.⁴⁸⁸ AI is ultimately created by humans, who inherently have their own biases, which will need to be checked. AI increasingly will make decisions like who gets a loan, who is insured, and who gets hired, making these algorithmic biases a dangerous threat to inequality in society.⁴⁸⁹ There could also be times when some AI need to make moral decisions and they will have to do so based on the algorithms provided by humans, which creates a huge challenge to regulators and the creators of AI tech moving forward.

⁴⁸³ <https://medium.com/neuromation-blog/ai-in-smart-cities-dfe2fa7d2829>

⁴⁸⁴ <https://medium.com/neuromation-blog/ai-in-smart-cities-dfe2fa7d2829>

⁴⁸⁵ <https://singularityhub.com/2017/11/25/8-ways-ai-will-transform-our-cities-by-2030/>

⁴⁸⁶ <https://singularityhub.com/2017/11/25/8-ways-ai-will-transform-our-cities-by-2030/>

⁴⁸⁷ <https://singularityhub.com/2017/11/25/8-ways-ai-will-transform-our-cities-by-2030/>

⁴⁸⁸ <https://www.forbes.com/sites/tomvanderark/2018/06/26/how-cities-are-getting-smart-using-artificial-intelligence/#51a076d38036>

⁴⁸⁹ <https://www.forbes.com/sites/tomvanderark/2018/06/26/how-cities-are-getting-smart-using-artificial-intelligence/#51a076d38036>

TREND 9: CLIMATE

Climate change is a major economic issue for cities and downtowns, as it eventually will threaten conventional growth principles. It is also a main concern of both Millennials and the Gen Z generation.

The last five years on Earth have been the hottest on record⁴⁹⁰ and these generations support urgent action. A Harvard Political poll found that “over 70 percent of the Gen Zers agree that climate change is a problem, 66 percent of whom think it is a crisis and demands urgent action.”⁴⁹¹ Cities are on the front line of climate change, use the most resources and could create the most impact through direct action. Place management organizations could emerge as local leaders to advance localized solutions – bringing knowledge and resources of private sector to leverage what local governments may be doing. They could also publicize and advance their sustainability efforts by appealing to the Millennial and Gen Z generations, attracting them to live, work, and visit their downtowns. By cities and downtowns taking a greater role to combat climate change and climate disasters, they will also be investing in the future economic development of their place.

Climate Change Acceleration

A landmark report from the United Nations’ scientific panel on climate change “paints a far more dire picture of the immediate consequences of climate change than previously thought and says that avoiding the damage requires transforming the world economy at a speed and scale that has ‘no documented historic precedent.’”⁴⁹² Climate change has intensified since the Industrial Revolution from collectively adding more carbon dioxide to the Earth than we can absorb⁴⁹³ primarily from burning fossil fuels.⁴⁹⁴ The UN report states that to avoid the most serious damage, the world economy needs to transform within just a few years to avoid the damage that would come at the global cost of \$54 trillion.⁴⁹⁵ As noted later in the research, the United States experienced record years of climate disasters and will pay for it socially, environmentally and economically. **The United States stands to lose roughly 1.2 percent of gross domestic product for every 1.8 degrees of warming.**⁴⁹⁶ Canada is facing the same hurdles. A federal government climate report found that Canada is warming twice as fast as the rest of the world, due to the influence of human activities. The rapid warming is coming from a loss of snow and sea ice, increasing the absorption of solar radiation and surface warming.⁴⁹⁷

Cities and Climate Change

Given that more and more people are continuing to move to cities and that cities could house as many as 7 billion out of 10 billion of the earth’s population by 2050,⁴⁹⁸ generating 80 percent of global GDP, cities will disproportionately bear the impacts of climate change.⁴⁹⁹ **Major cities are responsible for 75 percent of global energy resource use from fossil fuels despite occupying about 5 percent of the total land mass on earth.**⁵⁰⁰ **Cities are also responsible for 70 percent of global CO2 emissions⁵⁰¹ and 75 percent of greenhouse gas emissions.**⁵⁰² Cities themselves face major risks from climate change as well, with 90 percent of all urban areas being

⁴⁹⁰ <https://harvardpolitics.com/united-states/hpop-gen-z/>

⁴⁹¹ <https://harvardpolitics.com/united-states/hpop-gen-z/>

⁴⁹² <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁴⁹³ <https://www.climate realityproject.org/blog/how-do-we-know-humans-are-causing-climate-change-0>

⁴⁹⁴ <https://www.climate.gov/teaching/essential-principles-climate-literacy/teaching-essential-principle-6-human-activities-are>

⁴⁹⁵ <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁴⁹⁶ <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁴⁹⁷ <https://www.bbc.com/news/world-us-canada-47754189>

⁴⁹⁸ Dasgupta, Ani. “Can We Implement Changes Fast Enough.” Penn IUR Expert Voices 2019.

⁴⁹⁹ <http://100resilientcities.org/wp-content/uploads/2018/10/Resilience-Prospectus-United-States-2018.pdf>

⁵⁰⁰ <https://transmitter.ieee.org/smart-cities-and-sustainability/>

⁵⁰¹ <https://www.c40.org/ending-climate-change-begins-in-the-city>

⁵⁰² <https://www.forbes.com/sites/uhenergy/2018/10/15/climate-change-and-cities-what-we-need-to-do/#35b7600428f6>

coastal and thus at risk of flooding from sea level rise.⁵⁰³ Due to the drastic impacts that cities have globally relating to climate change, sources argue that there is no way to save the planet without serious changes in how city-dwellers live, work, and move. The next twenty years will be critical for finding new models of production and consumption and cities will lead the transition.”⁵⁰⁴

Cities are uniquely positioned to aggressively act on climate change because mayors are accountable directly to constituents and are more nimble than state and national elected officials to take action.⁵⁰⁵ This is important because research shows that drastic action needs to be taken now because policymakers estimate that GHG emissions need to be reduced by 45 percent before 2030 and reach net zero emissions by 2017.⁵⁰⁶ Although the upfront costs of combating climate change are intimidating and hard to swallow for cities, the cost of inaction will be significantly more. **The most feasible options for cities are encouraging public transit, reducing food waste, green infrastructure, and promoting solar power and battery storage.**⁵⁰⁷

Cost of Climate Change

Beyond the physical repercussions of climate change, there are also huge financial costs. To date, 2017 was the costliest year on record with 16 disasters which together cost the U.S. more than \$300 billion.⁵⁰⁸ More than 200 million people are impacted each year by natural hazards such as storms, floods, and earthquakes⁵⁰⁹ and by 2030 the cost of disasters is estimated to reach \$314 billion⁵¹⁰, which is almost double the average over the last 15 years.⁵¹¹

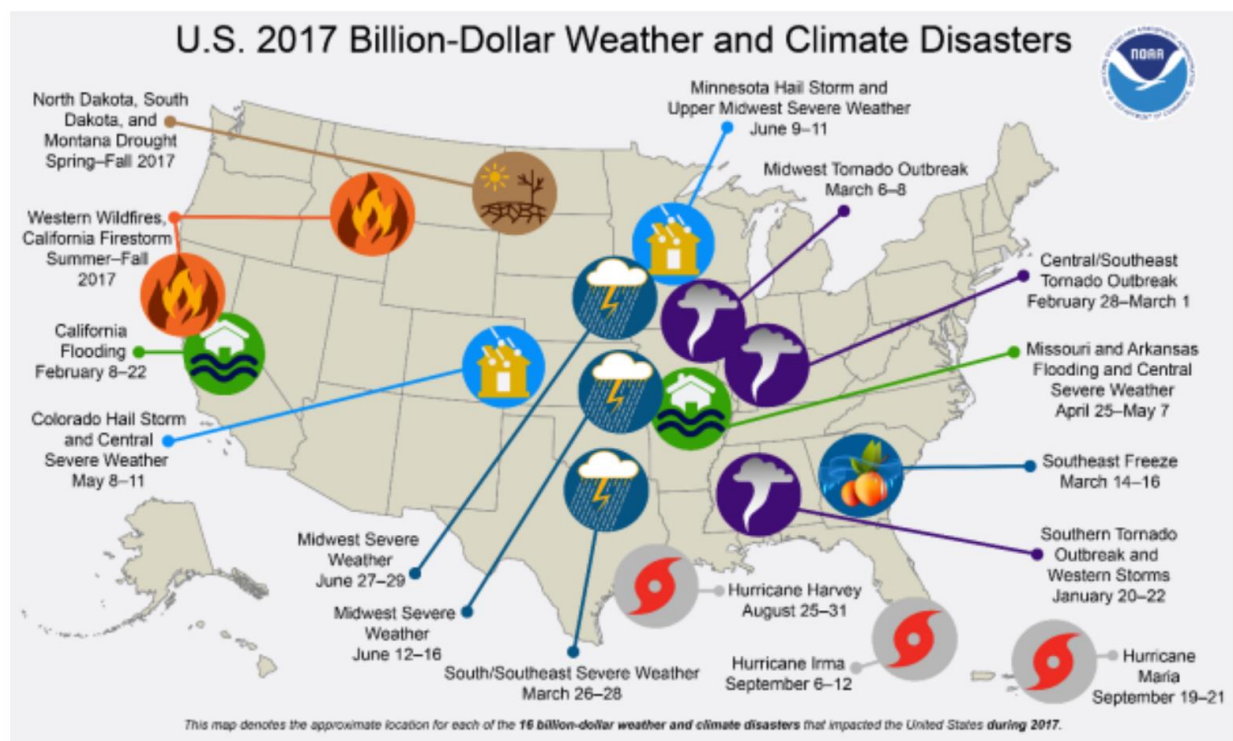


Chart from NOAA⁵¹²

⁵⁰³ <https://www.c40.org/ending-climate-change-begins-in-the-city>

⁵⁰⁴ Tomas, Mariona, University of Barcelona. Metropolis Observatory. Issue Paper 01. Metropolitan Trends in the World. Metro Polis.

⁵⁰⁵ <https://www.c40.org/ending-climate-change-begins-in-the-city>

⁵⁰⁶ <https://www.forbes.com/sites/uhenergy/2018/10/15/climate-change-and-cities-what-we-need-to-do/#35b7600428f6>

⁵⁰⁷ <http://100resilientcities.org/wp-content/uploads/2018/10/Resilience-Prospectus-United-States-2018.pdf>

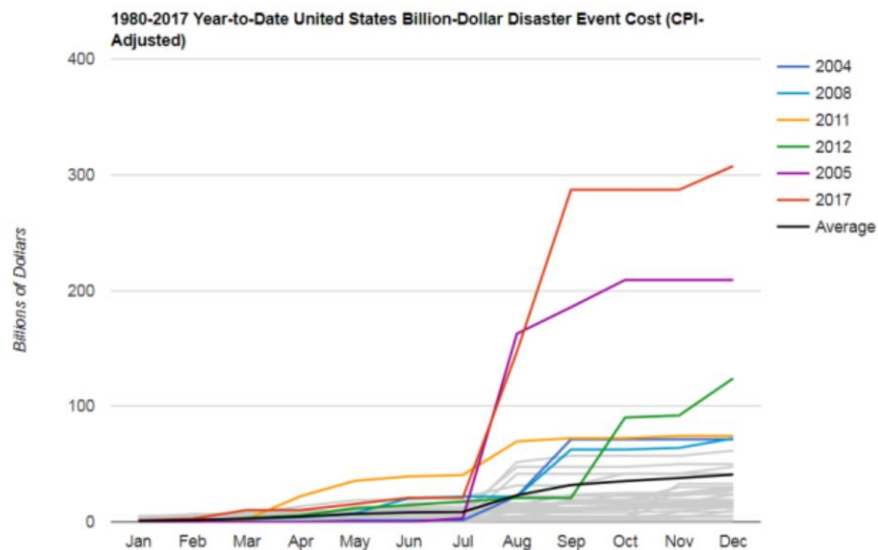
⁵⁰⁸ <https://www.nytimes.com/interactive/2018/05/24/us/disasters-hurricanes-wildfires-storms.html>

⁵⁰⁹ <http://documents.worldbank.org/curated/en/708271541534427317/pdf/131856-WP-REVISED-II-PUBLIC.pdf>

⁵¹⁰ United Nations Office for Disaster Risk Reduction (UNISDR), 2015 Global Assessment Report

⁵¹¹ <http://documents.worldbank.org/curated/en/708271541534427317/pdf/131856-WP-REVISED-II-PUBLIC.pdf>





⁵¹² <https://www.climate.gov/news-features/blogs/beyond-data/2017-us-billion-dollar-weather-and-climate-disasters-historic-year>



This graphic depicts the accumulation in the estimated cost of billion dollar weather and climate disasters on a monthly basis, for each year since 1980.

Chart from NOAA⁵¹³

Climate change is estimated to have cost U.S. taxpayers more than \$350 billion over the past decade and by 2050 that number is projected to be \$35 billion per year.⁵¹⁴ These costs include cleanup and disaster assistance from flooding and storms, which are projected to intensify in the coming years. Without significant adaptation and mitigation efforts, climate change is expected to take a toll on aging American infrastructure and property and impede the rate of economic growth moving forward.⁵¹⁵ If current trends continue, the total cost of global warming could reach up to 3.6 percent of U.S. GDP.⁵¹⁶ Four of these global warming impacts – hurricane damage, real estate losses, energy costs, and water costs – will cost 1.8 percent of U.S. GDP, or almost \$1.9 trillion annually by 2100.⁵¹⁷

The Global Warming Price Tag in Four Impact Areas, 2025 through 2100										
		In billions of 2006 dollars				As a percentage of GDP				U.S. Regions Most at Risk
		2025	2050	2075	2100	2025	2050	2075	2100	
	Hurricane Damages	\$10	\$43	\$142	\$422	0.05%	0.12%	0.24%	0.41%	Atlantic and Gulf Coast states
	Real Estate Losses	\$34	\$80	\$173	\$360	0.17%	0.23%	0.29%	0.35%	Atlantic and Gulf Coast states
	Energy-Sector Costs	\$28	\$47	\$82	\$141	0.14%	0.14%	0.14%	0.14%	Southeast and Southwest
	Water Costs	\$200	\$336	\$565	\$950	1.00%	0.98%	0.95%	0.93%	Western states
SUBTOTAL FOR FOUR IMPACT*		\$271	\$506	\$961	\$1,873	1.36%	1.47%	1.62%	1.84%	

*Note: Totals may not add up exactly due to rounding.

Rising sea levels are posing risks to economic development and institutional real estate investment. \$360 billion of U.S. institutional real estate is in the top 20 percent of locations vulnerable to sea-level rise⁵¹⁸. Plans will need to take into account how climate risks are being factored into real estate investment strategies. There will be significant

⁵¹³ <https://www.climate.gov/news-features/blogs/beyond-data/2017-us-billion-dollar-weather-and-climate-disasters-historic-year>

⁵¹⁴ <https://www.marketwatch.com/story/6-ways-to-prepare-your-finances-for-climate-change-2016-12-20>

⁵¹⁵ <https://www.marketwatch.com/story/6-ways-to-prepare-your-finances-for-climate-change-2016-12-20>

⁵¹⁶ <https://www.nrdc.org/sites/default/files/cost.pdf>

⁵¹⁷ <https://www.nrdc.org/sites/default/files/cost.pdf>

⁵¹⁸ <https://urbanland.uli.org/sustainability/rising-sea-levels-pose-risk-to-institutional-real-estate-investment/>

consequences to climate planning or the lack thereof. Eric, Smith, CEO for the Americas at Swiss Re, one of the world's largest reinsurance companies stated, "The cities that are quick to adapt to climate risks are going to attract the jobs and the factories of the future. There's going to be communities that I think will be left way, way behind."⁵¹⁹

TOP 50 NPI METRO AREAS AND DEGREE OF SEA-LEVEL-RISE RISK



Chart from Urban Land Institute

Climate Inequality

Climate change also exacerbates inequality. **Globally, climate change has nearly halted progress made in developing nations.** Many of these countries have boosted economic output over the past half century and although this progress has decreased inequality, progress would have moved faster if not for rising temperatures.^{520 521} According to the latest UN study, if greenhouse gas emissions continue at the current rate, the atmosphere will warm up by as much as 2.7 degrees Fahrenheit (1.5 degrees Celsius) above preindustrial levels by 2040, inundating coastlines and intensifying droughts and poverty.⁵²²

In North America, climate change may not impact all areas equally. Researchers estimate that by 2080, climate-related costs could increase by 10 to 30 percent in counties throughout the southern U.S., while the northern states could actually see climate-related costs fall by as much as 13 percent.⁵²³ Climate change can also cause a process coined "climate gentrification,"⁵²⁴ a hypothesis where climate change impacts will make certain property more or less valuable by virtue of its capacity to accommodate human settlement and infrastructure. In practice, this can shift patterns of urban development and possibly be a driver of involuntary displacement, as volatile property values and climate change patterns put pressure on households to relocate.⁵²⁵ **In the U.S., 90 percent of total climate-related losses occurred in zip codes containing less than 20 percent of the population, indicating that these disasters tend to strike the same locations again and again.⁵²⁶** A surprising number of residents remain in these areas because they either can't afford to leave or they have deep family ties to

⁵¹⁹ <https://www.nytimes.com/2019/06/19/climate/seawalls-cities-cost-climate-change.html>

⁵²⁰ <https://www.cnn.com/2019/04/22/economy/inequality-climate-change/index.html>

⁵²¹ <https://www.cnn.com/2019/04/22/economy/inequality-climate-change/index.html>

⁵²² <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁵²³ <https://www.governing.com/columns/urban-notebook/gov-climate-change-cities.html>

⁵²⁴ <https://www.citylab.com/equity/2018/07/the-reality-of-climate-gentrification/564152/>

⁵²⁵ <https://www.citylab.com/equity/2018/07/the-reality-of-climate-gentrification/564152/>

⁵²⁶ <https://www.nytimes.com/interactive/2018/05/24/us/disasters-hurricanes-wildfires-storms.html>

the area.⁵²⁷ However, for the low income communities in these areas, the costs (both public and private) of these disaster are extensive and may even act as a barrier to relocation. There are also the significant implications of a culture tied to a place, including people's histories, languages, etc. After Hurricane Katrina, New Orleans wrestled with the "great footprint debate," whereas the community faced the decision to redevelop low-lying areas that people called home or to turn them into green space.⁵²⁸

New research identifies 241 cities of 25,000 people or more that will require at least \$10 million worth of sea walls by 2040 just to protect against a typical annual storm.⁵²⁹ Not all places will be able to invest in their resiliency infrastructure. Experts believe that there will be hard choices ahead, on which areas will be chosen to receive federal funding and assistance (and how much.) Richard Wiles, Executive Director of the Center for Climate Integrity states, "Once you get into it, you realize we're just not going to protect a lot of these places. This is the next wave of climate denial – denying the costs that we're all facing."⁵³⁰

Climate Migrants

Policy experts and leaders are now concerned about the future influx of "climate refugees" or "climate migrants." Globally, in 2018 alone, 17.2 million new displacements associated with disasters in 148 countries and territories were recorded.⁵³¹ Since 2008, an average of 24 million people have been displaced by catastrophic weather events each year.⁵³² The Global Compact on Refugees, adopted by an overwhelming majority in the UN General Assembly in December 2018, recognizes that 'climate, environmental degradation and natural disasters increasingly interact with the drivers of refugee movements.'⁵³³ While currently, climate migrants are not crossing borders⁵³⁴, the UN report states that at 3.6 degrees of warming, [it] predicts a "disproportionately rapid evacuation of people from the tropics and in some parts of the world, national borders will become irrelevant."⁵³⁵ Cities will need to prepare for climate migrants – either entering or leaving their cities. Of course, not all people have the means to relocate, so planning for these populations will also become paramount.

Rise of Resiliency Planning

Current demographic and development trends are making natural disasters even more destructive, and experts suggest that federal programs are not adequately emphasizing the need to adapt to risks instead of just respond.⁵³⁶ Adapting to risk would mean government should stress building for resilience against disasters. Resilience is the capacity of individuals, communities, institutions, businesses and systems within a city to survive, adapt, and grow regardless of the chronic and acute shocks they experience.⁵³⁷ Resiliency planning will require that cities adopt an integrated, inclusive, risk-aware and forward-looking plan and one that seeks to protect the culture of a place. **While many disaster recovery plans focus on restoring physical assets, it is also essential to plan with the cultural context in mind in order to maintain the community's sense of belonging, livability, and the reconciliation**

⁵²⁷ <https://www.nytimes.com/interactive/2018/05/24/us/disasters-hurricanes-wildfires-storms.html>

⁵²⁸ <https://fivethirtyeight.com/features/why-the-plan-to-shrink-new-orleans-after-katrina-failed/>

⁵²⁹ <https://www.nytimes.com/2019/06/19/climate/seawalls-cities-cost-climate-change.html>

⁵³⁰ <https://www.nytimes.com/2019/06/19/climate/seawalls-cities-cost-climate-change.html>

⁵³¹ <https://www.un.org/sustainabledevelopment/blog/2019/06/lets-talk-about-climate-migrants-not-climate-refugees/>

⁵³² <https://www.npr.org/sections/goatsandsoda/2018/06/20/621782275/the-refugees-that-the-world-barely-pays-attention-to>

⁵³³ <https://www.unhcr.org/en-us/climate-change-and-disasters.html>

⁵³⁴ <https://www.un.org/sustainabledevelopment/blog/2019/06/lets-talk-about-climate-migrants-not-climate-refugees/>

⁵³⁵ <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁵³⁶ <https://www.nytimes.com/interactive/2018/05/24/us/disasters-hurricanes-wildfires-storms.html>

⁵³⁷ <http://100resilientcities.org/wp-content/uploads/2018/10/Resilience-Prospectus-United-States-2018.pdf>

process.⁵³⁸ To prepare for existing and future impacts of climate change, it is in the best interest of cities to adopt disaster recovery plans that are resilient and adaptive to the coming challenges.

U.S. mayors overwhelmingly agree that climate change is due to human activities and 68 percent agree that cities should play a strong role in reducing the effects of climate change.⁵³⁹ Cities are increasingly taking the lead on climate policy and action⁵⁴⁰, even when it involves moving forward despite federal resistance⁵⁴¹. For example, many cities upheld the principles of the Paris Agreement on Climate change when the federal administration backed out.⁵⁴²

Another trend in cities is the creation of “chief resiliency officers.” A “chief resiliency officer” is a top level official reporting to a city’s mayor to establish a compelling resilience vision for his or her city, working across departments and with the local community to maximize innovation and minimize the impact of unforeseen events.⁵⁴³ The officers and departments use data-driven decision making, tracking, and partnerships with various organizations to confront climate disaster mitigation and response. Several cities also have “resilience plans” in place, including Oakland, CA⁵⁴⁴, Pittsburgh, PA⁵⁴⁵, San Francisco, CA⁵⁴⁶, New York City, NY⁵⁴⁷, Atlanta, GA⁵⁴⁸, Los Angeles, CA⁵⁴⁹, Norfolk, VA (St. Paul’s Area Redevelopment, RISE Coastal Accelerator)⁵⁵⁰, and New Orleans, LA⁵⁵¹,⁵⁵².

Local governance structures, such as place management organizations are also responding to the call to action and planning when it comes to climate risk. For example, New York City’s Downtown Alliance’s response to Hurricane Sandy established strategies that focused on preparation, assistance and strategy. Before and after the storm, members of the public safety and sanitation crews secured and cleared roadways, cleaned debris, and took assessments across the district. Recognizing the need to assist small businesses, the Downtown Alliance established a \$1.6 million Back to Business Small Grant Program, granting businesses up to \$20,000. With many businesses facing challenges of restoring telecommunication networks, the Downtown Alliance distributed square mobile card devices to retailers that were unable to complete credit card transactions. Encouraging residents, workers, and tourists to shop local and patronized neighborhood shops and restaurants, the Downtown Alliance also rapidly reframed the focus of its holiday marketing campaign.⁵⁵³

Another example of a place management organization extending its role into climate risk mitigation is Downtown Victoria Business Association BIA’s Green Index guide to provide local, small businesses with easily accessible and tactical information on sustainable practices. The Index is structured into three sections, the main index, four video case studies, and links to grant and rebate programs. The main section of the guide is dedicated to seven sections of information businesses can implement in their own push for sustainability. Purchasing and Packaging; Energy; Heating and Cooling; Waste; Construction, Repairs and Retrofits; and Transportation. Categories include product info, breakouts, notes, quotes, and links to other information. Stats are used along with side-by-side comparisons of

⁵³⁸ <http://documents.worldbank.org/curated/en/708271541534427317/pdf/131856-WP-REVISED-II-PUBLIC.pdf>

⁵³⁹ Menino Survey of Mayors, 2017, Boston University.

⁵⁴⁰ <https://www.npr.org/sections/goatsandsoda/2019/03/11/688876374/its-2050-and-this-is-how-we-stopped-climate-change>

⁵⁴¹ <https://www.governing.com/topics/transportation-infrastructure/gov-states-climate-change-paris-trump-global-warming.html>

⁵⁴² <https://www.curbed.com/2018/5/30/17411024/paris-agreement-climate-change-climate-mayors>

⁵⁴³ <https://www.100resilientcities.org/what-is-a-chief-resilience-officer/>

⁵⁴⁴ <https://nextcity.org/daily/entry/oakland-publishes-playbook-resilient-future>

⁵⁴⁵ <https://nextcity.org/daily/entry/pittsburgh-resilience-plan-takes-aim-at-economic-woes>

⁵⁴⁶ <https://www.planningreport.com/2017/10/26/sf-city-administrator-naomi-kellys-vision-resilient-san-francisco>

⁵⁴⁷ <https://medium.com/cities-taking-action/rethinking-disaster-recovery-3b7968d49b3>

⁵⁴⁸ <https://saportareport.com/atlanta-publishes-resilience-strategy/>

⁵⁴⁹ <https://nextcity.org/daily/entry/los-angeles-releases-resilience-strategy>

⁵⁵⁰ <https://medium.com/the-global-resilience-prospectus>

⁵⁵¹ <https://medium.com/cities-taking-action/building-resilient-districts-6098ceab2de5>

⁵⁵² <https://action.100resilientcities.org/page/content/case-study-new-orleans#/-/>

⁵⁵³ <https://www.downtownny.com/press-releases/international-downtown-association-honors-downtown-alliance-with-annual-pinnacle>

different materials, fixtures and methods of operation. Real world examples highlight the information which has been stripped down to its necessities to make it both interesting and easy to digest for busy business owners.⁵⁵⁴

Energy and Transportation Policy: The implications of climate change impact the future energy and transportation choices of downtowns and cities. Local leaders agree, as the top two areas that mayors would prioritize if they could allocate a significant amount of new money would be to 1) reduce the number of vehicles on the road and 2) energy efficient upgrades to city assets.⁵⁵⁵ To prevent 2.7 degrees of warming, greenhouse pollution must be reduced by 45 percent from 2010 levels by 2030 and 100 percent by 2050. To do this, coal as an energy source would need to drop from 40 percent today to between 1 and 7 percent.⁵⁵⁶ The U.N. report also notes that renewable energy, such as wind and solar, which currently make up 20 percent of the energy mix today, would have to increase to 67 percent.⁵⁵⁷ One major takeaway from this dire report is that there is no way to mitigate climate change without the world's reliance on coal and fossil fuels. This opens up the floor for states and localities to take the lead on transportation and land use policy. Historically, U.S. and Canadian cities have benefitted from "an extended era of cheap fuel and transportation."⁵⁵⁸ Transportation accounts for the largest share of greenhouse gas emissions in the U.S.⁵⁵⁹ There is an opportunity for cities to take the lead on climate mitigation strategies such as density, travel reductions, investment in multi-modal transportation infrastructure, flexible infrastructure design⁵⁶⁰, resiliency planning, data sharing, reporting pollution levels, and innovative localized solutions. The next twenty years "will be critical for finding new models of production and consumption and [cities] must lead the transition towards more sustainable, metropolitan areas."⁵⁶¹ Cities will be the most impacted by "the weather events, migration, and resource scarcity projected for this century" and will need "policy and design to anchor city planning in resilience, which includes dimensions of security, culture, and behavioral change to measure how prepared a city is to bounce back from challenges."⁵⁶² Climate resilience, "the capacity to adapt or change or spring back from disaster," is one of the most pressing challenges and opportunities for cities.⁵⁶³ Successful, smart cities will be the ones that are able to become more adaptable and resilient.⁵⁶⁴

Green Infrastructure: Currently, the U.S. is facing \$3.6 trillion worth of ailing infrastructure in the form of aging roads, bridges, levees, water mains and other systems that sustain the economy, cities, and communities.⁵⁶⁵ While this poses a huge challenge in the U.S., it also provides an opportunity to impose green infrastructure solutions which may be more cost-effective and even offer fringe benefits such as more green space, improved air quality, and community development.⁵⁶⁶ **Examples of green infrastructure include rainwater harvesting, permeable pavement, green roofs, more trees and rain gardens.**⁵⁶⁷ One major purpose of green infrastructure is to help absorb, delay, and treat storm water, mitigating flooding and pollution downstream. Green infrastructure also creates oxygen, sequesters carbon, and creates wildlife habitat.⁵⁶⁸ Green Infrastructure can lower utility bills for residents and is also cheaper for municipalities.⁵⁶⁹ Human-made infrastructure such as traffic management, public transit, water and waste management, public safety etc. present challenges with reliability and aging, and legacy systems are being retrofitted

⁵⁵⁴ <https://downtownvictoria.ca/>

⁵⁵⁵ Menino Survey of Mayors, 2017. Boston University.

⁵⁵⁶ <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁵⁵⁷ <https://www.nytimes.com/2018/10/07/climate/ipcc-climate-report-2040.html>

⁵⁵⁸ <https://www.governing.com/columns/urban-notebook/gov-climate-change-cities.html>

⁵⁵⁹ <https://www.governing.com/columns/urban-notebook/gov-climate-change-cities.html>

⁵⁶⁰ <http://www.impactlab.org/news-insights/climate-research-needs-to-change-to-help-communities-plan-for-the-future/>

⁵⁶¹ Tomas, Mariona, University of Barcelona. Metropolis Observatory. Issue Paper 01. Metropolitan Trends in the World. Metro Polis.

⁵⁶² Gensler Design Forecast, Shaping the Future of Cities, 2018.

⁵⁶³ Gensler Design Forecast, Shaping the Future of Cities, 2018.

⁵⁶⁴ Gensler Design Forecast, Shaping the Future of Cities, 2018.

⁵⁶⁵ <https://www.forbes.com/sites/marktercek/2017/10/23/why-cities-are-investing-in-nature-for-stormwater-management/#2342aa7268eb>

⁵⁶⁶ <https://www.forbes.com/sites/marktercek/2017/10/23/why-cities-are-investing-in-nature-for-stormwater-management/#2342aa7268eb>

⁵⁶⁷ <https://www.nrdc.org/stories/5-ways-cities-are-preparing-dry-or-flooded-future>

⁵⁶⁹ <https://www.forbes.com/sites/marktercek/2017/10/23/why-cities-are-investing-in-nature-for-stormwater-management/#2342aa7268eb>

both with smart technology and to be more green.⁵⁷⁰ Smart city infrastructure can track water levels, consumption and weather patterns like drought to better manage ecological and environmental systems in urban environments. It could also help optimize recycling systems and cut back on waste.⁵⁷¹ The tech revolution is changing how cities are powered and also the infrastructure needed to power them. For example, IoT and digital transmission could render cable and wiring obsolete, making room for new and more sustainable infrastructure.⁵⁷²

⁵⁷⁰ <https://transmitter.ieee.org/smart-cities-and-sustainability/>

⁵⁷¹ <https://www.triplepundit.com/story/2015/how-smart-cities-enable-urban-sustainability/32661>

⁵⁷² <https://www.forbes.com/sites/miriamtuerk/2019/03/14/smart-cities-are-going-green-because-it-costs-less/#7142c94740fe>

TREND 10: SOCIAL EQUITY

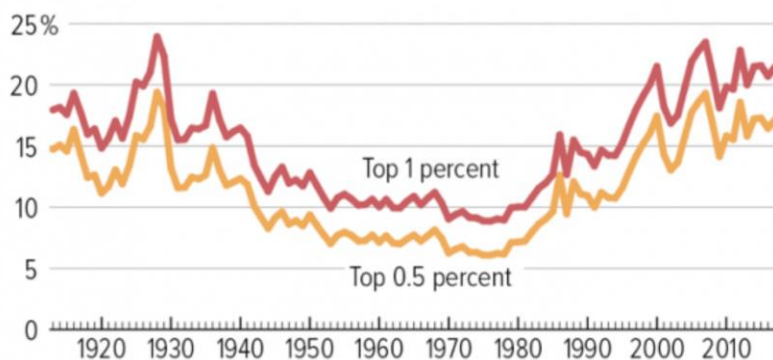
Social equity is characterized by a fair and equal opportunity for residents to achieve upward socio-economic mobility. The most visible indicator of the issue is growing income inequality in America, which is at its most extreme since the 1920s. Achieving social equity and inclusive prosperity is increasingly a major concern with Millennials, and Gen Z. With Millennials the most diverse generation in American history and Gen Z set to be on track to be the most diverse generation yet, these generations will place a higher value on diversity and social equity than previous generations. It is also becoming a major goal of both municipalities and major organizations. This shouldn't be a surprise as new research suggests that cities and metro areas that offer greater equality of opportunity have higher aggregate growth. Diversity—of people, ideas, talents, and uses— makes cities vibrant and sustainable, with opportunities that draw in people to center cities, adding to their appeal.

Income Inequality

The most visible indicator of the issue is growing income inequality in America, which is now at its most extreme since the 1920s⁵⁷³. The “one percent” have gotten \$21 trillion richer since 1989, while the bottom 50 percent have gotten \$900 billion poorer.⁵⁷⁴ There has not been equitable economic growth in US. Since 1980, “the bottom 50 percent of earners – half of American workers – have experienced zero income growth before taxes and transfers.”⁵⁷⁵

Income Concentration at the Top Has Risen Sharply Since the 1970s

Share of total before-tax income flowing to the highest income households (including capital gains), 1913-2017



Source: Emmanuel Saez, based on IRS data

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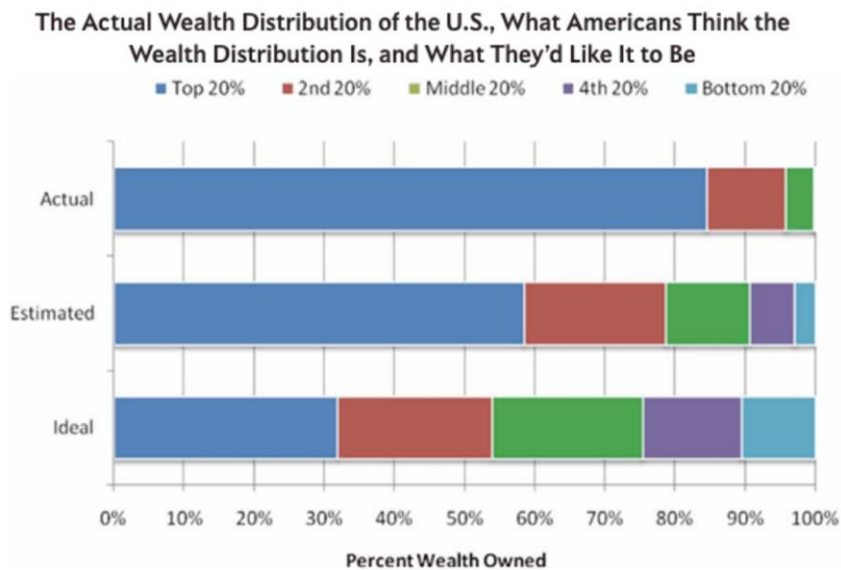
In 2011, Michael Norton of Harvard Business School and Dan Ariely of Duke University published a study on Americans' views of how wealth was distributed in their society, and how they felt it should be distributed. They found that, “in the average American's ideal world, the richest 20 percent would own 32 percent of national wealth. In reality, the top quintile owned 84 percent as of 2011. And that share has grown in the intervening years. Today, the one percent alone commands roughly 40 percent of all America's wealth.”⁵⁷⁶

⁵⁷³ <https://www.marketwatch.com/story/its-been-almost-a-100-years-since-the-americas-1-had-so-much-wealth-2019-02-11>

⁵⁷⁴ <http://nymag.com/intelligencer/2019/06/the-fed-just-released-a-damning-indictment-of-capitalism.html>

⁵⁷⁵ Thomas Piketty, Emmanuel Saez, and Gabriel Zucman, “Economic Growth in the United States: A tale of two countries” (Washington: Washington Center for Equitable Growth, 2016).

⁵⁷⁶ <http://nymag.com/intelligencer/2019/06/the-fed-just-released-a-damning-indictment-of-capitalism.html>



This image comes courtesy of [Slate](#). Chart: [Slate](#)

With such a gap between the largest earners and the rest of the country, the middle and working classes (which are becoming increasingly ambiguous to define) struggle to make ends meet and build wealth. Fewer Americans are making more than their parents did, especially if they grew up in the middle class.⁵⁷⁷ Absolute upward mobility has declined over the past few decades and people are no longer out-earning their parents.⁵⁷⁸ House representative Ocasio-Cortez echoes this, “Student loan crisis means my entire generation [Millennials] is delaying or foregoing purchasing houses.”⁵⁷⁹ **In the 1960s, 75 percent of jobs were middle-class, whereas now only 33 percent are.**⁵⁸⁰ **According to a 2018 report from CareerBuilder, 80 percent of Americans live paycheck to paycheck.**⁵⁸¹ “The minimum wage has not remotely kept up with inflation, making it exceedingly difficult for people to survive on it. Major living expenses, such as housing, health care and higher education, have also gone up well beyond inflation, making it more difficult for the average family – or even a better-than-average earner – to have the life their parents or grandparents did.”⁵⁸² 90 percent of children born in 1940 grew up to earn more than their parents – Today, only half of all children earn more than their parents did.⁵⁸³

Approximately a third of U.S. mayors believe that insufficient living-wage jobs are a key obstacle to achieving social mobility, and just over 40 percent believe that cities should have strong living-wage ordinances.⁵⁸⁴ However, national policies need to take place and they have not been enacted to change the current situation. As the 2018 World Inequality Report demonstrated, “policy choices do matter — and income inequality is much lower in Western Europe than it is in the U.S.”⁵⁸⁵ **Research shows that “reducing barriers to economic opportunity in U.S. metro areas can enhance economic growth. More inclusive regional economies can maximize the talent and entrepreneur bases on which their growth and productivity depend. In doing so, they minimize the fiscal and social costs of exclusion, and foster environments that allow for better collective decision-making to shape their economic future.”**⁵⁸⁶ Even the real estate community is realizing this, with one of the top 2019

⁵⁷⁷ <https://www.brookings.edu/blog/up-front/2018/07/25/fewer-americans-are-making-more-than-their-parents-did-especially-if-they-grew-up-in-the-middle-class/>

⁵⁷⁸ Brookings, Opportunity for Growth, p.4.

⁵⁷⁹ <https://www.newsweek.com/alexandria-ocasio-cortez-student-loan-crisis-debt-houses-1371148>

⁵⁸⁰ Pew Research Center.

⁵⁸¹ <https://www.cnbc.com/2017/08/24/most-americans-live-paycheck-to-paycheck.html>;

<https://www.theguardian.com/commentisfree/2018/jul/29/us-economy-workers-paycheck-robert-reich>

⁵⁸² <https://www.usnews.com/news/the-report/articles/2019-01-11/stretched-thin-majority-of-americans-live-paycheck-to-paycheck>

⁵⁸³ <https://opportunityinsights.org/>

⁵⁸⁴ Menino Survey of Mayors, 2018. Boston University Initiative on Cities.

⁵⁸⁵ 2018 World Inequality Report.

⁵⁸⁶ Parilla, Joseph. Brookings. Opportunity for Growth. Sept 2017.

trends in real estate titled, "We're all in this together!"⁵⁸⁷ The report continues, "You can say that it feels good to follow responsible practices, but we are seeing more examples of it also enhancing returns."⁵⁸⁸

Concentrated Poverty + Systemic Racism

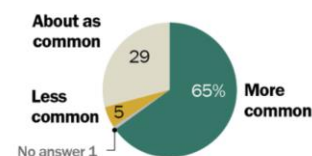
Concentrated poverty is one of the largest barriers to success. The most serious consequences of poverty are found in high-poverty neighborhoods—places where 30 percent or more of the population live below the poverty line. While the experience of poverty is difficult and challenging in any place, it is made worse when a large fraction of one's neighbors are also poor. **Concentrated poverty disproportionately affects persons of color: 75 percent of those living in high-poverty neighborhoods are African American or Latino.**⁵⁸⁹ While local leadership cares about this issue – Mayors have a deep concern for and focus on residents who are marginalized and living in poverty -- ⁵⁹⁰ they need partners at the federal, state, and local levels to help accomplish solutions. Some of the obstacles are listed below:

Views on Race: According to the Pew Research Center, a majority of Americans say race relations in the United States are bad, and of those, about seven-in-ten say things are getting even worse.⁵⁹¹ More than four-in-ten say the country hasn't made enough progress toward racial equality, and there is some skepticism, particularly among blacks, that black people will ever have equal rights with whites. About eight-in-ten blacks (78%) say the country hasn't gone far enough when it comes to giving black people equal rights with whites (compared to 37% of white respondents), and fully half say it's unlikely that the country will eventually achieve racial equality (compared to 7% of white respondents). Americans see disadvantages for blacks and Hispanics in the U.S. A majority of all adults (56%) say being black hurts people's ability to get ahead at least a little, and 51% say the same about being Hispanic. In contrast, 59% say being white *helps* people's ability to get ahead. Majorities of blacks, Hispanics and Asians say they have experienced discrimination because of their race or ethnicity. Majorities of black and white adults say blacks are treated less fairly than whites in dealing with police and by the criminal justice system. Most Americans (65%) – including majorities across racial and ethnic groups – say it has become more common for people to express racist or racially insensitive views since the 2016 presidential election. A smaller but substantial share (45%) say this has become more acceptable.⁵⁹²

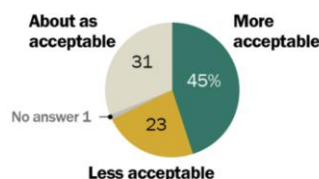
Most say it's now more common for people to express racist or racially insensitive views

% saying, since Trump was elected ...

It has become ____ for people to express racist or racially insensitive views



It has become ____ for people to express racist or racially insensitive views



Source: Survey of U.S. adults conducted Jan. 22-Feb. 5, 2019.
"Race in America 2019"

PEW RESEARCH CENTER

⁵⁸⁷ 2019 Emerging Trends in Real Estate, ULI/PWC.

⁵⁸⁸ 2019 Emerging Trends in Real Estate, ULI/PWC.

⁵⁸⁹ http://cityobservatory.org/wp-content/uploads/2014/12/LostinPlace_12.4.pdf

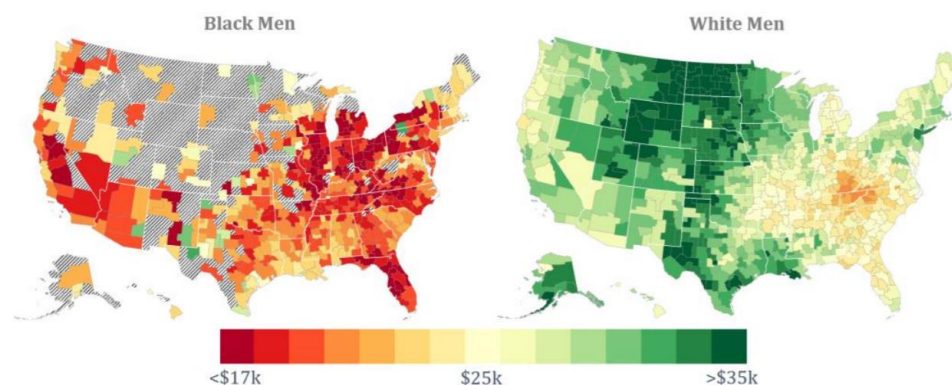
⁵⁹⁰ <https://www.surveyofmayors.com/>

⁵⁹¹ <https://www.pewsocialtrends.org/2019/04/09/race-in-america-2019/>

⁵⁹² <https://www.pewsocialtrends.org/2019/04/09/race-in-america-2019/>

Racial Inequity + Downward Mobility: A new Stanford and Harvard study, which assesses data on intergenerational economic mobility for 20 million US children and their parents, shows that when it comes to racial inequality, primarily between black and white Americans, class alone can't explain the gap. When comparing the outcomes of black and white men who grow up in two-parent families with similar levels of income, wealth, and education, it shows that the black men still have substantially lower incomes in adulthood⁵⁹³. Black Americans (and American Indians) not only have lower rates of upward mobility, they also have higher rates of downward mobility, implying that closing the wide and persistent income inequality gap over time is currently out of reach. This was the case in 99 percent of the neighborhoods in the U.S., indicating that geography couldn't overcome systemic racism⁵⁹⁴. However, neighborhoods have causal childhood exposure effects: black boys who move to good areas at a younger age do better, and both black and white boys have better outcomes in neighborhoods commonly perceived to be "good" areas: Census tracts with low poverty rates, high test scores, and a large fraction of college graduates⁵⁹⁵. Still, black-white gaps are larger on average for boys who grow up in such tracts, because whites benefit more from living in such areas than blacks do. The authors say this reveals that intergenerational equality can't be explained by neighborhood-level resources alone, such as the quality of schools. In the US, the economic inequality gap between races will never close unless policies are directed specifically at improving upward mobility for black men. Targeted programs such as mentoring for black boys, efforts to reduce racial bias among whites, and interventions to reduce discrimination in the criminal justice hold the most promise.

Average Incomes for Black and White Men who Grow up in Low-Income (25th Percentile) Families



Cycle of Segregation: A recent analysis of national level-surveys and in-depth interviews, researchers found that "residential stratification is reinforced through the biases and blind spots that individuals exhibit in their searches for housing. People rely heavily on information from friends, family, and coworkers when choosing where to live. Because these social networks tend to be racially homogenous, people are likely to receive information primarily from members of their own racial group and move to neighborhoods that are also dominated by their group." The authors suggest that even absent of family ties, people gravitate toward neighborhoods that are familiar to them through their past experiences, including where they have previously lived and where they work, shop, and spend time. Because historical segregation has shaped so many of these experiences, even these seemingly race-neutral decisions help reinforce the cycle of residential stratification. As a result, segregation has declined much more slowly than many social scientists have expected. To overcome this cycle, the authors advocate multilevel policy solutions that pair

⁵⁹³ <https://qz.com/1233187/equality-of-opportunity-project-a-new-study-proves-that-race-matters-more-than-class-to-us-economic-inequality/>

⁵⁹⁴ http://www.equality-of-opportunity.org/assets/documents/race_summary.pdf

⁵⁹⁵ http://www.equality-of-opportunity.org/assets/documents/race_slides.pdf

inclusionary zoning and affordable housing with education and public relations campaigns that emphasize neighborhood diversity and high-opportunity areas.”⁵⁹⁶

Lack of National Policy: A new study⁵⁹⁷ by Robert Manduca, at Harvard University finds that income inequality is not necessarily based on regional economic divides, but rather, it is mainly dependent on national policies. An analysis of census microdata from 1980 to 2013 finds that America’s growing regional divide is largely a product of national economic inequality, in particular the outsized economic gains that have been captured by the 1 percent.”⁵⁹⁸ While income inequality can be exacerbated by preexisting spatial inequalities, the major driver of regional economic divergence is national-level income division.⁵⁹⁹ He writes, “it’s more helpful to think about how these local trends are largely a consequence of national-level policy changes.”⁶⁰⁰ Manduca continues, “Coping with America’s escalating regional divide cannot, and will not, happen unless we grapple with the even larger national problem of structural inequality and its causes.”⁶⁰¹

Gentrification and Displacement

As city centers continue to be popular destinations for young people and college graduates, cities need to be aware of trends of gentrification and the possibility for involuntary displacement in historical neighborhoods. **The Urban Displacement Project defines gentrification as: a process of neighborhood change that includes economic change in a historically disinvested neighborhood —by means of real estate investment and new higher-income residents moving in - as well as demographic change - not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.**⁶⁰² Key historical events including redlining, white flight, urban renewal, and the Great Recession have resulted in disinvestment in downtown neighborhoods.

Today, people and capital are flooding back into these disinvested areas because of their affordability, historic housing with appealing character, close proximity to city centers and opportunities for revitalization. **Rapid influx of capital and new residents can lead to both physical and cultural displacement.** The households that lived in these neighborhoods even through times of disinvestment are pushed out because of increasing property taxes, lack of affordability, or sometimes, through eminent domain. The residents of these historically disinvested areas tend to be low income and minority, making them generally more precarious and susceptible to being displaced if costs rise.⁶⁰³ When they move, they often end up in worse-off areas and they are replaced by higher-income residents. Over time, these simultaneous changes lead to shifting economic and racial boundaries.⁶⁰⁴

Gentrification, or induced displacement, can have harmful consequences for cities and downtowns because it can cause desegregation of low-income and minority populations, irrevocably changing historical neighborhoods and culture. Both gentrification and involuntary displacement are very difficult trends to track and therefore, this report does not provide statistics or figures regarding the intensity of these trends. However, cities and downtowns should be aware of the risks and should seek to find ways to develop, add amenities, improve safety, and improve the quality of life in historically disinvested neighborhoods while ensuring that residents who are vulnerable to displacement can stay and enjoy the improvements. **If downtowns, often considered historical, cultural, and civic hubs for a city are only affordable to one population segment, who are they actually for?** This is a pivotal question that those who influence development in downtowns should consider before taking action.

⁵⁹⁶ <https://www.russellsage.org/publications/cycle-segregation-0>

⁵⁹⁷ <https://academic.oup.com/sf/advance-article-abstract/doi/10.1093/sf/soz013/5418441>

⁵⁹⁸ <https://www.citylab.com/equity/2019/04/economic-inequality-geographic-divide-map-census-income-data/586222/>

⁵⁹⁹ <https://academic.oup.com/sf/advance-article-abstract/doi/10.1093/sf/soz013/5418441>

⁶⁰⁰ <https://www.citylab.com/equity/2019/04/economic-inequality-geographic-divide-map-census-income-data/586222/>

⁶⁰¹ <https://www.citylab.com/equity/2019/04/economic-inequality-geographic-divide-map-census-income-data/586222/>

⁶⁰² <https://www.urbandisplacement.org/gentrification-explained>

⁶⁰³ <https://www.citylab.com/equity/2019/04/gentrified-cities-neighborhood-change-displacement-poverty-data/586840/>

⁶⁰⁴ <https://www.citylab.com/equity/2019/04/gentrified-cities-neighborhood-change-displacement-poverty-data/586840/>

Public Health

Place as a Health and Social Determinant: Research shows that where one grows up shapes one for life⁶⁰⁵. **Among the 500 largest U.S. cities, 56 have very large life expectancy gaps between census tracts, where on average people in one neighborhood can expect to live 20 to 30 years longer than their neighbors a few miles away. These large life expectancy gaps occur most frequently in cities that have higher levels of racial and ethnic segregation,** according to an analysis by researchers in the Department of Population Health at NYU School of Medicine, using data from the City Health Dashboard. In one neighborhood in Chicago, the rich live 30 years longer than the poor.⁶⁰⁶ According to the analysis, Chicago had the largest gap in life expectancy across neighborhoods at 30.1 years. Washington, DC had a life expectancy gap of 27.5 years, followed by New York City at 27.4 years, and New Orleans and Buffalo, both with gaps of 25.8 years. Each of these cities had neighborhood racial and ethnic segregation scores that were more than double the average score for all 500 cities in the Dashboard. For example, in New York City, which is highly segregated by race and ethnicity, people living in East Harlem live an average of 71.2 years while those living in the Upper East Side, just a few blocks away, live to 89.9 years.⁶⁰⁷

Healthy Places: Elements such as poverty, systemic racism, access to education, national policies and neighborhood segregation all have a physical impact on health. **Health “has become a major factor in urban and community planning, as research and public awareness about the link between them grows.** As air quality, access to healthy food, and safe spaces for exercise become increasingly important to urban dwellers, cities are looking for ways to integrate these features into every environment. Planning and design will focus on human experience, with a process guided by understanding and engagement to result in better health outcomes and increased levels of happiness”.⁶⁰⁸ Localities and organizations are beginning to step up with data-driven efforts around health with health impact assessments, well-being measures⁶⁰⁹, ParkScore⁶¹⁰, City Health Dashboards⁶¹¹, and others.

In terms of addressing pressing health issues for treatment and prevention, multi-disciplinary partnerships will be essential. These new models of care will drive real estate decisions and design of facilities that promote collaboration and advance the field. Healthcare real estate will leverage economic, demographic, and ethnographic research to reimagine America’s underused healthcare facilities, giving them more spaces for community and outpatient care.” Trends in community health services will focus on convenience, real time information, affordability, transparency and flexibility.⁶¹² “Making cities healthy is essential to urban planning today. There is no avoiding the research proving how planning impacts our health and quality of life—and how those in turn impact the quality of our cities. At work, holistic well-being is becoming a key metric for higher performing workplaces. Implementing wellness programs that encourage mental well-being, fitness, and outdoor access decreases sick days and boosts happiness and productivity. For the spaces in between, green spaces are on the rise, boosting the livability and health of our urban environments.”⁶¹³

Opioid Epidemic: The opioid epidemic is rampant in North America. About one-fifth of adults (and one-quarter of white adults) personally know someone who has been addicted to opioids.⁶¹⁴ *“No community has been untouched by the opioid epidemic, and municipal officials are constantly confronted by the devastating losses experienced by those dealing with substance use disorder. The top job for 2019 is to destigmatize this disease. Unless residents*

⁶⁰⁵ <https://www.nytimes.com/2018/10/01/upshot/maps-neighborhoods-shape-child-poverty.html>

⁶⁰⁶ <https://nyulangone.org/press-releases/large-life-expectancy-gaps-in-us-cities-linked-to-racial-ethnic-segregation-by-neighborhood>

⁶⁰⁷ <https://nyulangone.org/press-releases/large-life-expectancy-gaps-in-us-cities-linked-to-racial-ethnic-segregation-by-neighborhood>

⁶⁰⁸ Gensler Design Forecast, 2018.

⁶⁰⁹ Santa Monica Well-Being Index.

⁶¹⁰ Trust for Public Land, ParkScore.

⁶¹¹ <https://icma.org/articles/pm-magazine/pm-article-city-health-dashboard>

⁶¹² Gensler Design Forecast, 2018.

⁶¹³ Gensler Design Forecast, 2018.

⁶¹⁴ <https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf>

*embrace this cause, we will not be able to take the controversial steps needed to end the epidemic.*⁶¹⁵ U.S. Mayors observe a wide range of health challenges confronting their communities and identified obesity/diabetes/heart disease (25%) and addiction/opioids (24%) as the top health challenges facing their cities. Other common responses include access to healthcare (14%), environmental threats (10%), and mental health (8%).⁶¹⁶ Downtowns are often at the intersection of social issues and place and that includes opioid impacts. Social issues like opioid epidemic, protests, and homelessness take place in cities.⁶¹⁷ This is also related to the rise of poverty as new U.S. Department of Health Human Services research confirms that, on average, areas with lower economic prospects have higher rates of opioid prescriptions, hospitalizations, and overdose deaths.⁶¹⁸ Cities and their downtowns will continue to be on the front lines of this issue.

Struggling Places

Not all cities are winning: Cities and downtowns are all individual places, with unique histories and legacies of employment, policies, and cultures. While many urban areas are experiencing a resurgence, not all places are thriving. It is important to note that stagnant⁶¹⁹ and struggling cities⁶²⁰ face their own pressures to “create the preconditions of revival by fixing their finances, reforming their governance, and rebuilding the core public services on which their residents depend.”⁶²¹ These metropolitan areas often have several strikes against them, including population loss, weak job markets, low value economies, a low share of adults with college degrees, few high-value assets, a lack of headquarters or universities, a lack of name recognition, and a central municipality that is financially distressed. These cities can look to the successful efforts of second-tier cities for economic and cultural vitality.

Suburbanization of poverty: Urban success and rising property values, home values, and costs of living mean that lower income and middle-income residents are moving to the suburbs. Concentrated areas of poverty are no longer in downtowns, but in suburbs. In an analysis of 2010 and 2015 Census data for the 51 largest U.S. metros, the core cities in 28 of the 51 largest metros are outpacing their suburbs in aggregate and per capita income, with 17 of the 51 having their strongest aggregate and per capita income growth in the suburbs.⁶²² Urban planner Pete Saunders writes, “This transfer of wealth from suburbs to cities is just as profound as the city-to-suburb shift that preceded it in the middle of the 20th century, and presents a new challenge to both. It’s certainly fueled concerns around inequality and potential displacement in our big cities.”⁶²³

⁶¹⁵ <https://icma.org/sites/default/files/EBook%20-%202019%20on%202019%20-%20Predictions%20on%20Local%20Government%20from%202019%20Experts.pdf>

⁶¹⁶ Menino Survey of Mayors, 2018.

⁶¹⁷ <https://www.governing.com/columns/urban-notebook/gov-opioid-epidemic-skid-row-cities.html>

⁶¹⁸ <https://www.brookings.edu/blog/the-avenue/2018/08/01/addiction-by-design-place-isolation-and-deaths-of-despair/>

⁶¹⁹ <https://www.manhattan-institute.org/how-shrinking-metropolitan-cities-can-be-revived>

⁶²⁰ <https://www.manhattan-institute.org/html/johnstown-flint-pittsfield-youngstown-fix-cities>

⁶²¹ <https://www.manhattan-institute.org/html/johnstown-flint-pittsfield-youngstown-fix-cities>

⁶²² <https://www.governing.com/columns/urban-notebook/gov-cities-suburbs-income.html>

⁶²³ <https://www.governing.com/columns/urban-notebook/gov-cities-suburbs-income.html>

...urban success =
suburbanization of
poverty

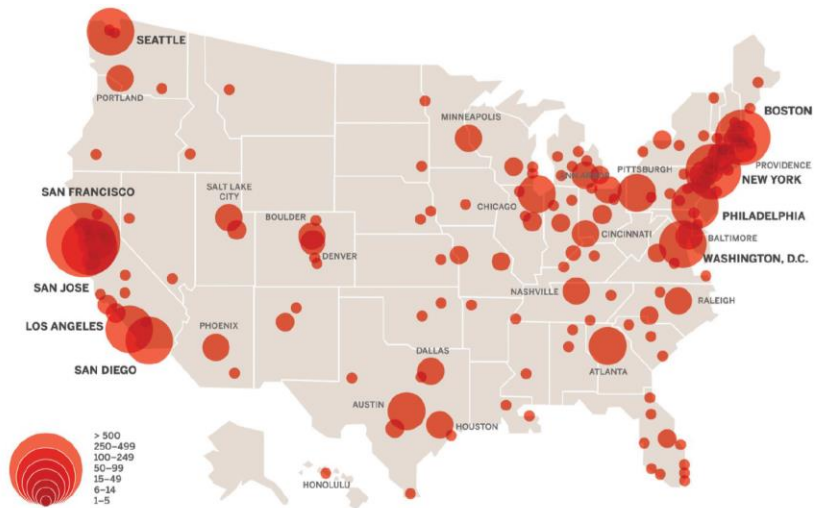
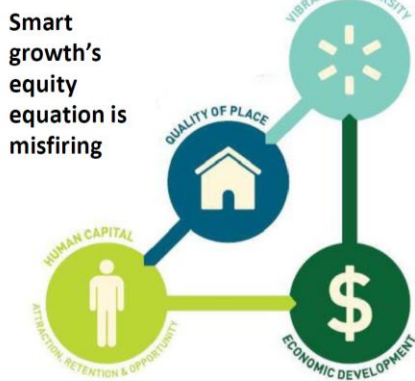


Chart: Stantec Urban Places Group

Social Infrastructure

Walkability as Social Infrastructure: While U.S. metros with the highest levels of walkable urbanism are the most educated and wealthy (as measured by GDP per capita), they are the most socially equitable. The national concern about social equity has been exacerbated by the very rent premiums, referred to as gentrification⁶²⁴. **Counter-intuitively, measurement of moderate-income household (80 percent of AMI) spending on housing and transportation, as well as access to employment, shows that the most walkable urban metros are also the most socially equitable⁶²⁵. The reason for this is that low cost transportation costs and better access to employment offset the higher costs of housing.** This finding underscores for the need for continued, and aggressive, development of attainable housing solutions.⁶²⁶ People living in walkable neighborhoods trust neighbors more, participate in community projects and volunteer more than in non-walkable areas.⁶²⁷ Social equity is a generator of social capital. Which in turn builds more equity. Every ten minutes of commuting reduces all forms of social capital by 10%.⁶²⁸ With walkable urbanism comes the potential to plan for more equitable places. The challenge lies in how cities and downtowns can capitalize on the asset of walkability to increase social equity and create opportunities.

Civic Commons for Community Resilience: More and more, cities are recognizing public libraries and other civic structures as key assets for both community and economic development. The initiative, Reimagining the Civic Commons, highlights this in their work to revitalize civic assets in communities, such as libraries, parks, recreation centers, community centers, trails, lakes, rivers, streets, sidewalks, and vacant land.⁶²⁹ This is vital social infrastructure, lending itself to the resiliency of a community. The role of public libraries as community anchors and economic catalysts is a growing trend in North America and worldwide. Libraries are stable, place-based anchors, given their position as a trusted institution in a community, and their provision and access to services and resources. There is an economic opportunity to capitalize on a public library's role to enhance the vibrancy of a place and its people through community engagement, mixed-use development, incorporation of parks and greenspace, programming and

⁶²⁴ Smart Growth America. GWU. WalkUPs.

⁶²⁵ Smart Growth America. GWU. WalkUPs.

⁶²⁶ Smart Growth America. GWU. WalkUPs.

⁶²⁷ (Rogers, Shannon; Halstead, John; Gardner, Kevin; Carlson, Cynthia; University of New Hampshire, 2010)

⁶²⁸ (Putnam, Robert, 2000)

⁶²⁹ <https://medium.com/reimagining-the-civic-commons/can-we-transform-civic-assets-for-everyone-46458ac3f06a>

activation, and partnerships. **Public libraries are “opportunity institutions” and serve as a modern-day ‘commons.’ They encourage civic engagement, serve multi-cultural populations, provide essential community services, deliver access to resources and information, foster social connections and social resiliency.** Public libraries, both “destination” and more local-serving branches, can be significant catalysts for economic development that could trigger on-site adjacent mixed-use development and capital improvements. This public anchor serves as a destination and place identity, adding value to adjacent properties and land areas. Public libraries are beginning to incorporate green space, parks, and programming into the outside built environment. The physical space of the library (as a place-based anchor) is enhanced with community gathering space for events, public art, everyday use, and others, creating physical connections with and for the community. Libraries are becoming to support emerging learning models that extend outward, leveraging community and business partnerships.⁶³⁰ These social and civic spaces represent a major opportunity for cities and downtowns to build upon existing social structures to create places and systems of equity.

Importance of Diverse Communities: A growing body of social science research confirms the importance of diversity to economic success. Greater socioeconomic mixing is facilitated in neighborhoods that reflect America’s racial and ethnic diversity, and which offer housing that is affordable to people with a range of incomes.⁶³¹ **New research suggests that cities and metro areas that offer greater equality of opportunity have higher aggregate growth.**⁶³² Living in a neighborhood with greater diversity and a mix of incomes generally means that families enjoy better-resourced public services and civic assets (including schools, parks and libraries) and develop stronger, more diverse social networks. Diverse, mixed-income neighborhoods are a platform for helping kids from lower-income families to escape poverty.⁶³³ As the world globalizes, it gets more diverse: “It’s not only the mix of people, but the way that technology and culture combine to increase the variety of experiences available to us—impacting the ways we learn, treat ourselves, travel, and communicate. It’s also radically influencing the way we design space and plan cities. **Diversity—of people, ideas, talents, and uses—is what makes cities vibrant and sustainable. That vibrancy and the opportunities available, in turn, draw people to urban centers and add to their appeal.**”⁶³⁴ It is also what many people in cities and downtowns want- In the US, 84 percent of city dwellers want to live in a community with a diverse population, with “a mix of different age groups.”⁶³⁵ In the coming decades, America is projected to become a majority-minority nation. With this major shift occurring in racial and ethnic demographics, cities and localities (along with federal levels) will need to ensure that diverse entrepreneurs from different backgrounds are starting and growing firms as an economic development priority.⁶³⁶

Inclusive Places

Social Equity is defined as a civil and human right and collective responsibility to ensure that all of a society’s shared resources (collective wealth, economy and institutions) can be accessed equally by all of its members, regardless of our circumstances at birth⁶³⁷. **Equity requires recognizing the role of histories of inequity in shaping our society and actively addressing the ongoing effects of those legacies as well as working to dismantle barriers to opportunity, access and inclusion**ⁱ. Inclusive and intersectional placemaking aims to focus on equity by connecting all the place-based stakeholders (diversity of races, ages, genders, incomes, abilities, roles, etc.) in a process that acknowledges the systemic planning mistakes that cities have made, addresses a hierarchy of place needs (safety, engagement, trust, services, access, attainability) and identifies the related hurdles and successes. Inclusive recovery

⁶³⁰ Gensler Design Forecast. 2018.

⁶³¹ <http://cityobservatory.org/admin/>

⁶³² Brookings. Opportunity for Growth.

⁶³³ <http://cityobservatory.org/admin/>

⁶³⁴ Gensler Design Forecast. 2018.

⁶³⁵ Gensler Design Forecast, 2018.

⁶³⁶ Dell Gines article in 2019 Main Street.

⁶³⁷ Davies, Bree. PUMA. 2019.

occurs when a place overcomes economic distress in a way that provides the opportunity for all residents- especially historically excluded populations- to benefit from and contribute to economic prosperity.ⁱⁱ

The ideal of a “downtown” is to represent diversity and be open to all, yet not everyone can afford it and not everyone necessarily feels welcome. Inclusion remains elusive amid widespread metro growth and rising prosperity.⁶³⁸ However, **more and more cities and organizations are realizing this and moving toward the goal of inclusive prosperity.** Several North American cities are now working to actively measure and track displacement. The rise of inclusive economic development can be found in initiatives from large national organizations such as Forward Cities, Growing Entrepreneurial Communities, Kauffman Foundation, IEDC, IDA, etc. Public spaces “have tremendous potential to bring people together and create connections across cultures – These shared spaces create an experience of togetherness, allowing us to interact with people from diverse income levels, ages and ethnicities - improving economic vitality and social cohesion”⁶³⁹

The need and opportunities for advancing equity and inclusion in our downtowns probably plays out most strongly in our public spaces: “These are the places where local place management organizations can play a direct role in designing, managing, and programming the public commons. These are spaces to hangout, interact with others, engage in social and recreational activities, and participate in civic events. They are important elements of economically vibrant downtowns and cities - attracting visitors, residents, and businesses. But they are also essential for social cohesion and well-being. They are connective tissue between other elements of downtown and with the people who use and spend time there.”

Social equity will be expected as a goal from both places and organizations. A focus “on inclusion and equality has spurred objective, data-driven decision-making. There is profound public pressure—and increasingly an economic argument—for responding to pressing challenges of inequality. Spaces and programs will flex to provide access to a broader spectrum of people and uses. A robust connective matrix of public space supports economic development and provides a platform for enhancing social interaction and livelihood opportunities, and bridging diversity.”⁶⁴⁰

Strong growth will be inclusive and sustainable growth: “Rising inequality is an issue that comes to a head in cities around the world. And as cities urbanize, the inequality and the challenges connected to it become more severe—and costly. Mounting research shows how reducing barriers to economic gains and social inclusion benefit people and local economies. **Recognizing this, cities and civic organizations are coming together to create pathways of inclusion and opportunity, and to ensure that cities are built for everyone.** Data-driven smart cities will also help flip the frame of traditional top-down models.”⁶⁴¹ Beyond data, **acknowledging past cultural, social and political actions will be essential in processes of true, lasting reconciliation.**⁶⁴² For example, Canada is beginning to make strides with the First Nations Governance Centre, with public land acknowledgments in public speeches- acknowledging the land was stolen and by which tribe or people.⁶⁴³

A 2019 Brookings study looked at trends in growth, prosperity, economic inclusion and racial inclusion and found that from 2016 to 2017, while 80 metro areas made positive progress on growth measures, and 88 made progress on prosperity measures, only 24 metro areas made positive progress on inclusion measures.

These relatively rare instances of inclusive economic growth demonstrate that even as most metro areas have rebounded to prerecession levels of output, jobs, and living standards, other changes in the economy and labor market have mostly served to widen their gaps by race and income.⁶⁴⁴ Places are confronted with the challenge of planning for inclusive prosperity across multiple levels. Greater knowledge of how city initiatives affect social equity

⁶³⁸ <https://www.brookings.edu/research/metro-monitor-2019-inclusion-remains-elusive-amid-widespread-metro-growth-and-rising-prosperity/>

⁶³⁹ Race, Class and Culture in Public Spaces. IDASATX18 presentation. Shanna Draheim and Jamillah Jordan. 2018.

⁶⁴⁰ Gensler Design Forecast, 2018.

⁶⁴¹ Gensler Design Forecast, 2018.

⁶⁴² <https://www.policyalternatives.ca/newsroom/updates/true-lasting-reconciliation>

⁶⁴³ <https://fnigc.ca/>

⁶⁴⁴ https://www.brookings.edu/wp-content/uploads/2019/03/PressRelease_MetroMonitor2019.pdf

will allow public officials to better be able to incorporate equity into their activities. Cities that share information and implement monitoring metrics along with the policies themselves, will find themselves better positioned to improve the effectiveness of their policies, resulting in the increased livability of their downtowns.
