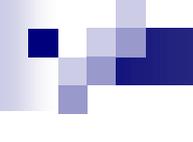


An aerial photograph of a rugged, mountainous landscape. The terrain is characterized by deep, dark green and brown ridges and valleys. In the lower-left foreground, a large, irregularly shaped reservoir of bright green water is visible, surrounded by a mix of green vegetation and brownish soil. The overall scene is a high-altitude, mountainous region.

# ***Mega Housing Opportunities***

**Arthur C. Nelson, Ph.D., FAICP**  
**Presidential Professor &**  
**Director of Metropolitan Research**  
**University of Utah**

**Rocky Mountain Land Use Institute**  
**March 5, 2009**



# America Grows

**200 million in 1968**

**300 million in 2006**

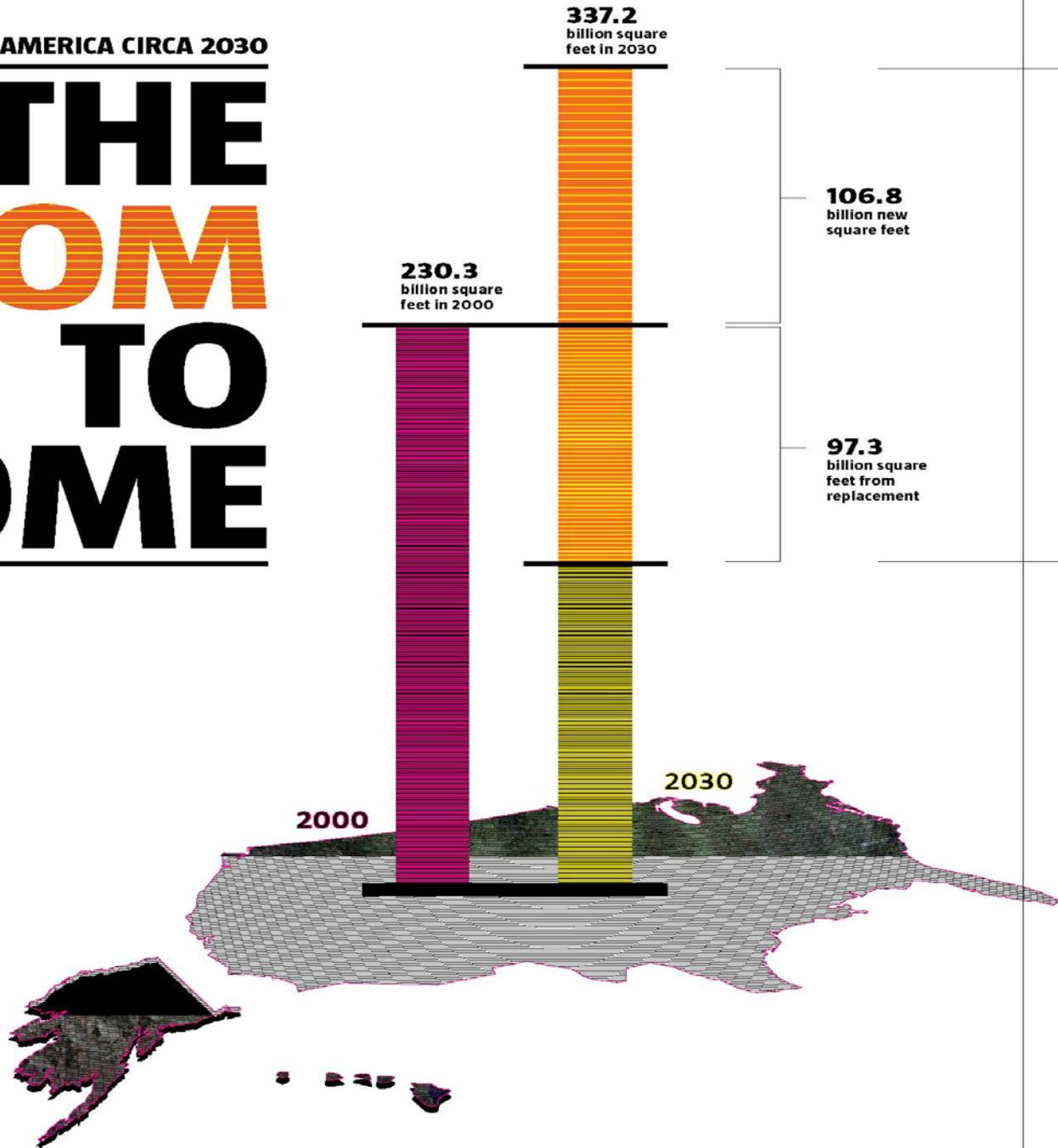
**400 million in 2032**

**500 million in 2050**

**America adds 100 million people faster than any other nation except India and Pakistan – But *faster* than China.**

AMERICA CIRCA 2030

# THE BOOM TO COME

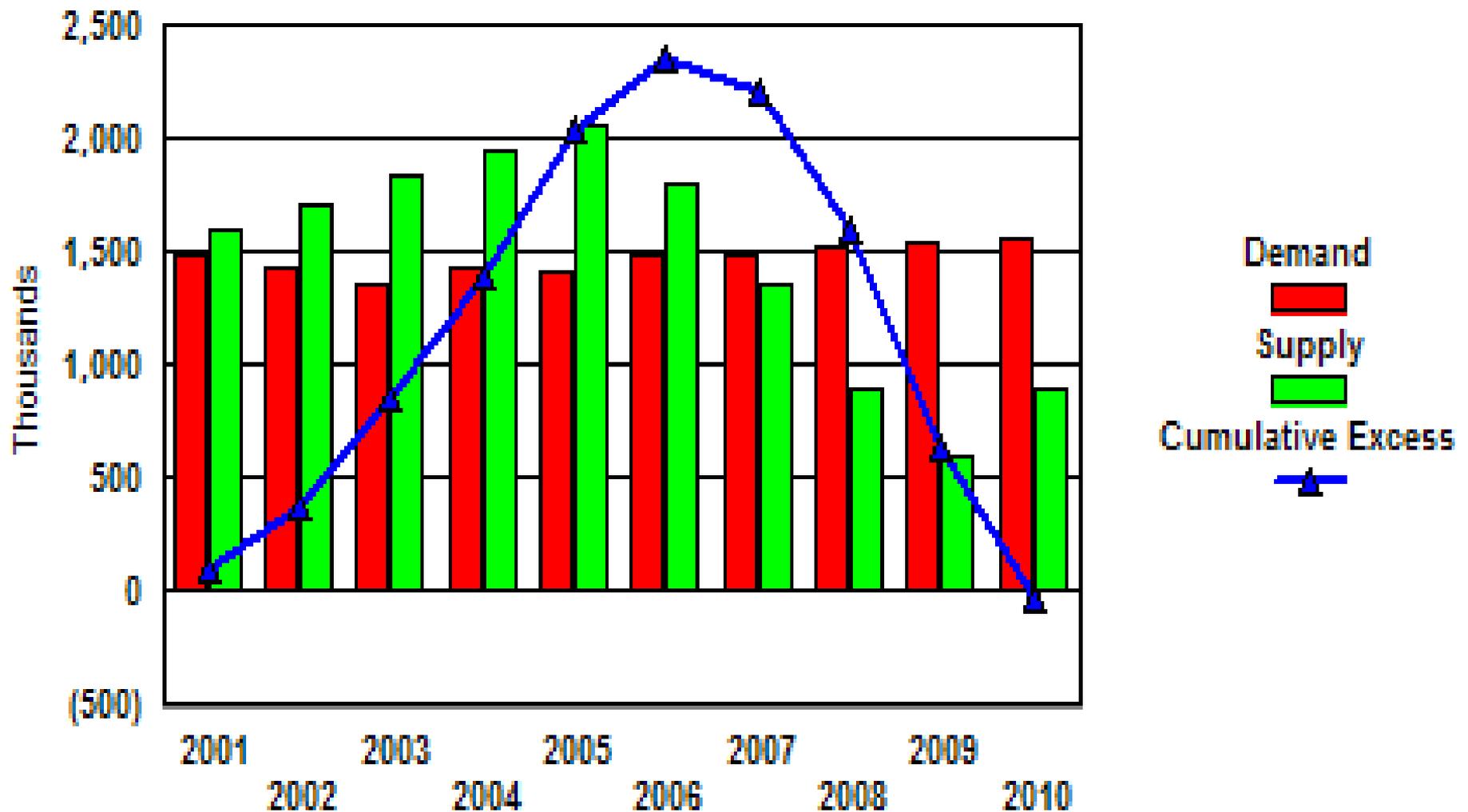


# Clearing Out the Excess

<b>Year</b>	<b>Demand</b>	<b>Supply</b>	<b>Balance</b>
2001	1,495k	1,603k	108k
2002	1,440k	1,705k	373k
2003	1,353k	1,848k	868k
2004	1,432k	1,956k	1,391k
2005	1,418k	2,068k	2,041k
2006	1,485k	1,801k	2,357k
2007	1,491k	1,355k	2,221k
2008	1,532k	906k	1,595k
2009	1,552k	600k	644k
2010	1,566k	900k	(22k)

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.

# Squeezing Out the Excess



# Getting Ahead of the Curve

<b>US</b>	<b>2005</b>	<b>2040</b>
Population	296 million	433 million
Housing Units	122 million	179 million
Jobs	156 million	272 million

*Source:* Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.



# Residential Development

<b>US</b>	<b>2000 to 2040</b>
Growth-Related Units	65 million
Replaced Units	38 million
<b>Total Units</b>	<b>93 million</b>

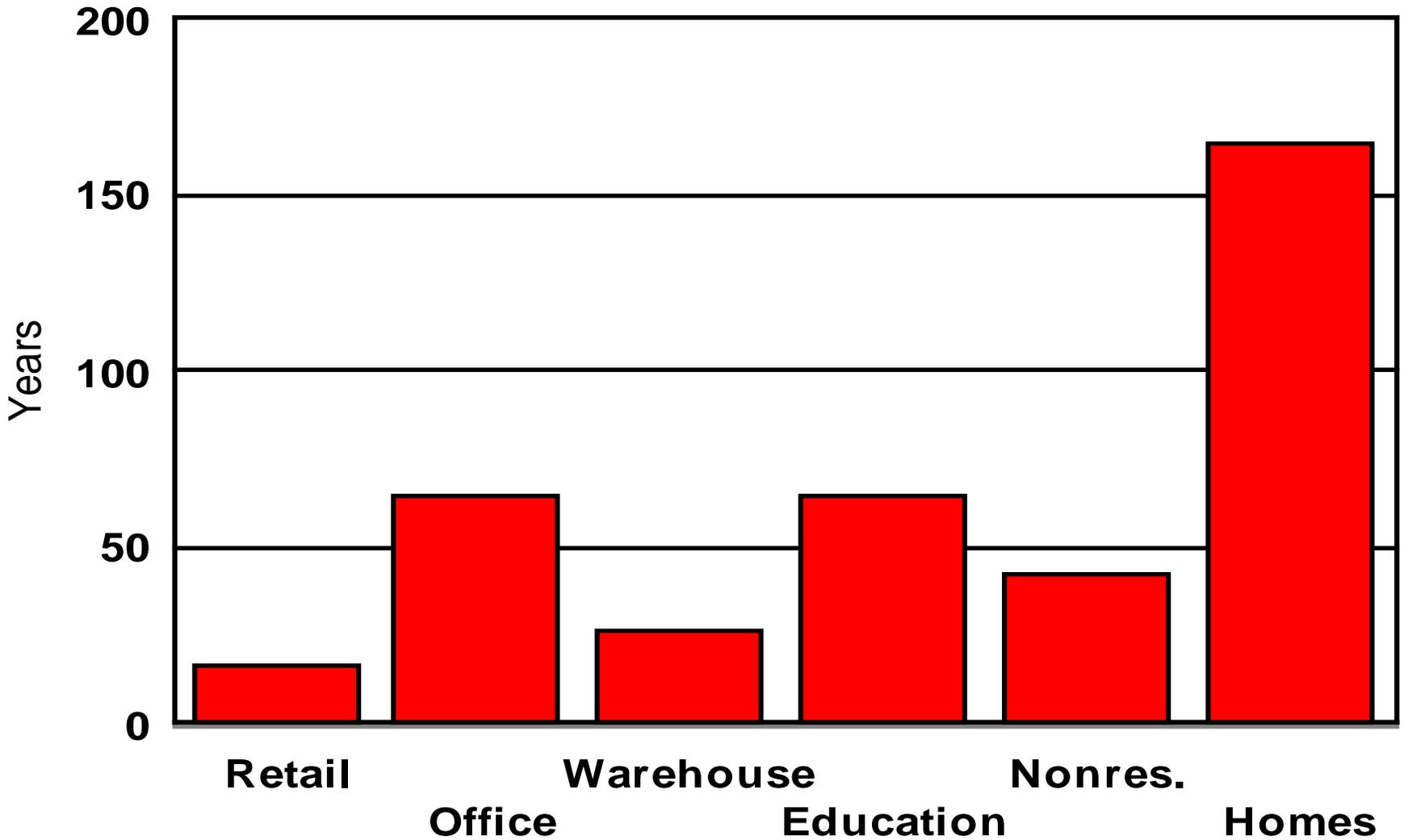
*Source:* Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research,  
University of Utah.

# Nonresidential Development

<b>US</b>	<b>2000 to 2040</b>
Growth-Related Square Feet	35 billion
Replaced Square Feet	102 billion
<b>Total Square Feet</b>	<b>137 billion</b>

*Source:* Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research,  
University of Utah.

# Life-Span of Building Function



Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah, based on DoE Commercial Buildings Energy Consumption Survey.

# Bottom Line Construction 2005-2040

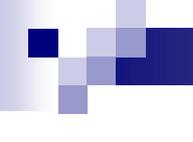
US

<i>Residential</i>	<b>\$34 Trillion</b>
<i>Nonresidential</i>	<b>\$14 Trillion</b>
<i>Infrastructure</i>	<b>\$ 9 Trillion</b>
<b><i>Total</i></b>	<b>\$57 Trillion</b>

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research,  
University of Utah.



# How Does It Grow?



# Market Analysts Finding Changing Preferences

**National Association of Realtors**

**National Association of Home Builders**

**Nationally Recognized Market Analysts**

**Urban Land Institute**

**Lend Lease/PriceWaterhouseCoopers**

**Joint Center for Housing Policy at Harvard**

***Golfing Buddies and Taxi Drivers***

# Residential Resale Indicators

<u>Year</u>	<u>SF+TH</u>	<u>Condo/Coop</u>
2006	\$221,900	\$221,900
2007	\$217,900	\$226,300
2008	\$197,100	\$210,000
Change	-11.2%	-3.3%

*Source:* Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah, adapted from National Association of Realtors monthly resale data accessed December 14, 2008. Figures are median resale prices.

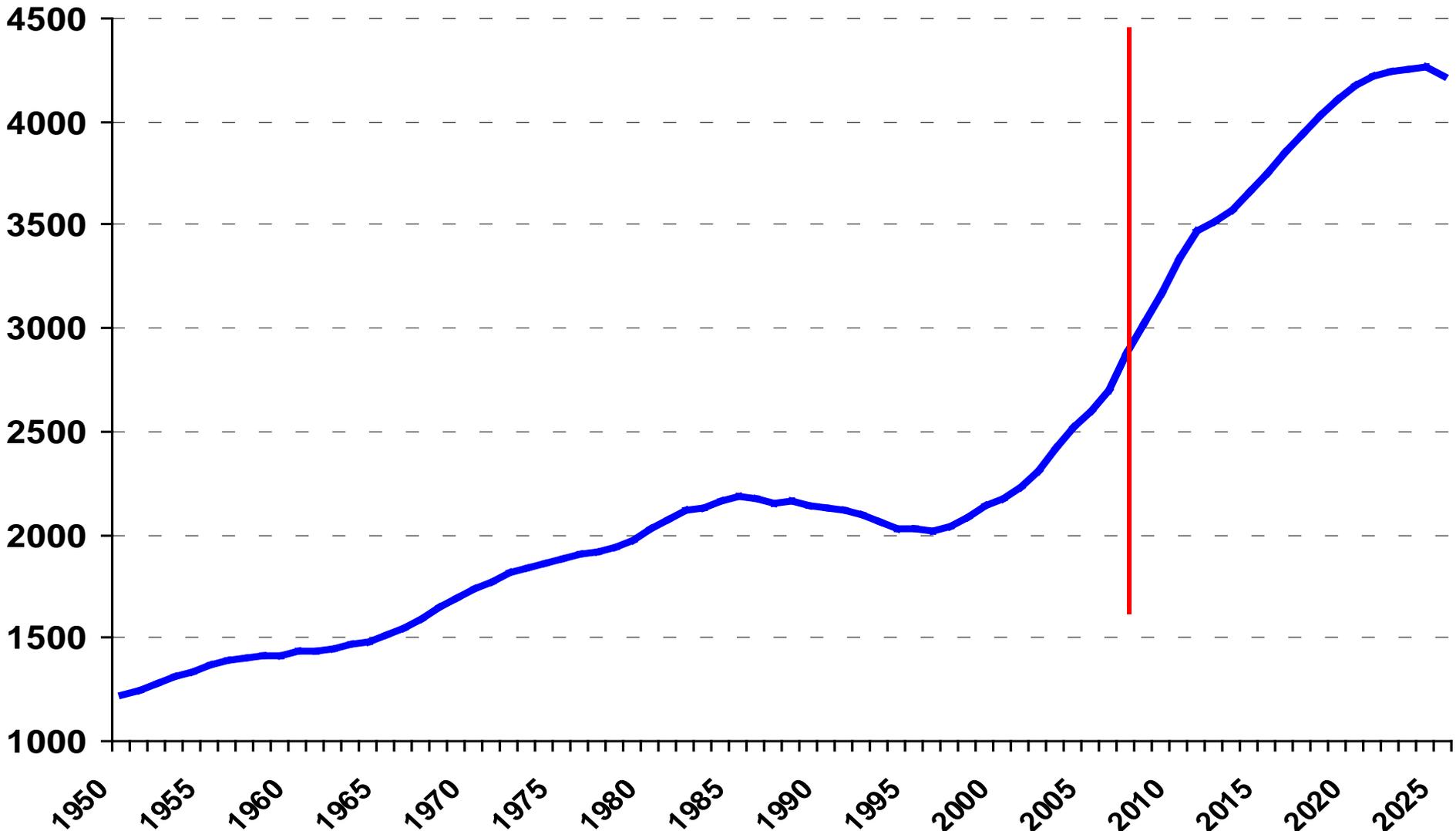
# Households are Changing

<u>Household Type</u>	<u>1960</u>	<u>2005</u>	<u>2040</u>
HH with Children	48%	32%	26%
HH without Children	52%	68%	74%
<i>Single/Other HH</i>	13%	31%	34%

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.

# People Turning 65 *Each Year*

[Figures in 000s]



Source: US Census Bureau – 65+ in the United States: 2005; Wan He, Manisha Sengupta, Victoria A. Velkoff, & Kimberly A DeBarros. December 2005.



# What Futurists Tell Us

**Bio-medical advances extend lifetimes.  
Insurance actuarial tables extend to 120.**

***Another 20 years added – minimum.***

**Adulthood mostly *after* child-rearing.**

# Retired Location Preference

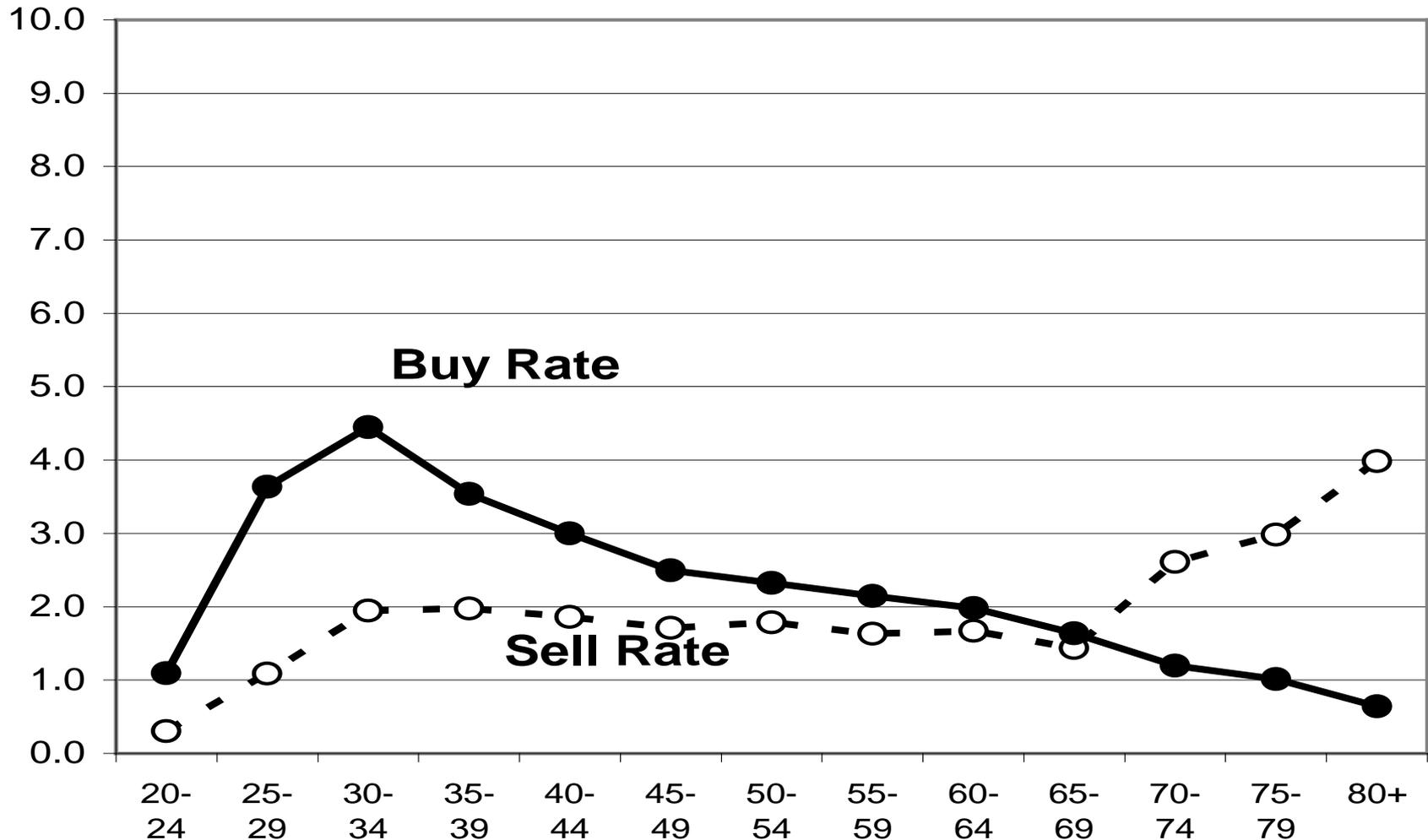
City or suburb close to a city	<b>51%</b>
Suburb away from a city	<b>19%</b>
Rural community	<b>30%</b>

***Conventional suburbs away from cities  
are the least desirable for this group.***

Source: Adapted from National Association of Realtors & Smart Growth America, National Community Preference Survey 2004.

# Buy-Sell Rates by Age Cohort

AHS



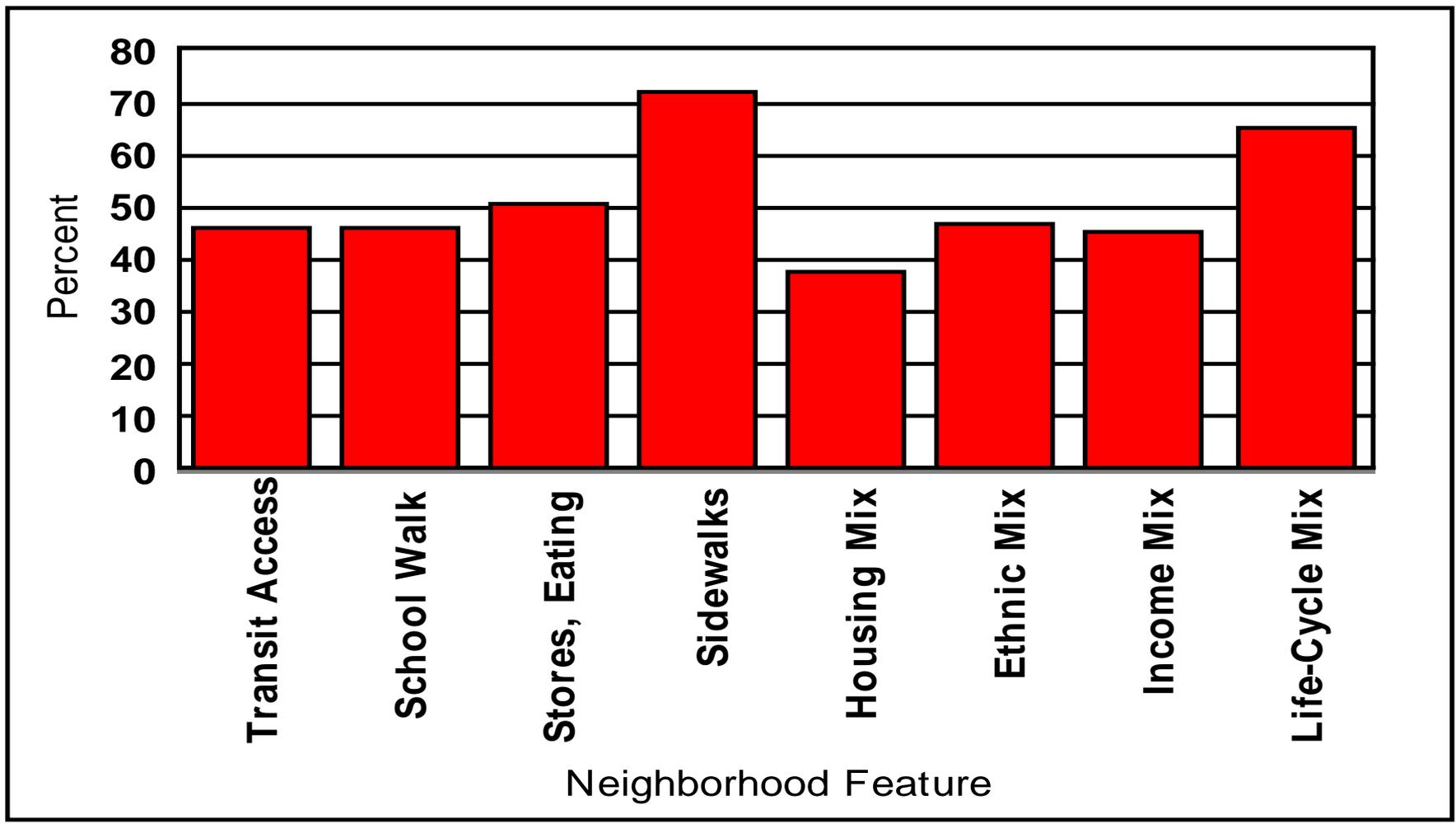
Source: Dowell Myers & SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble: Foresight and Mitigation of an Epic Transition", *Journal of the American Planning Association* 74(1): 1-17 (2007).

# Relocation Choices of Seniors

<u>Housing Type</u>	<u>Before Move</u>		<u>After Move</u>
Attached	24%	→	54%
Renter	20%	→	59%

*Source: American Housing Survey 2003. New movers means moved in past year. Annual senior movers are about 5% of all senior households; 75%+ of all seniors will change housing type between ages 65 and 80.*

# Emerging “Urbanity” Preferences



Source: National Association of Realtors, American Preference Survey 2004.



# Unmet *Walkable* Demand

<u>Residential Form</u>	<u>Boston</u>	<u>Atlanta</u>
% who get the walkable suburbs they want	<b>70%</b>	<b>35%</b>

Source: Jonathan Levine, *Zoned Out*, Resources for the Future, 2006.



# More Recent Surveys

**Susan Handy et al. (*JAPA* 2008)**

**42% to 59% of all households want “new urbanity” neighborhood characteristics.**

# Share of Growth 2000-2040

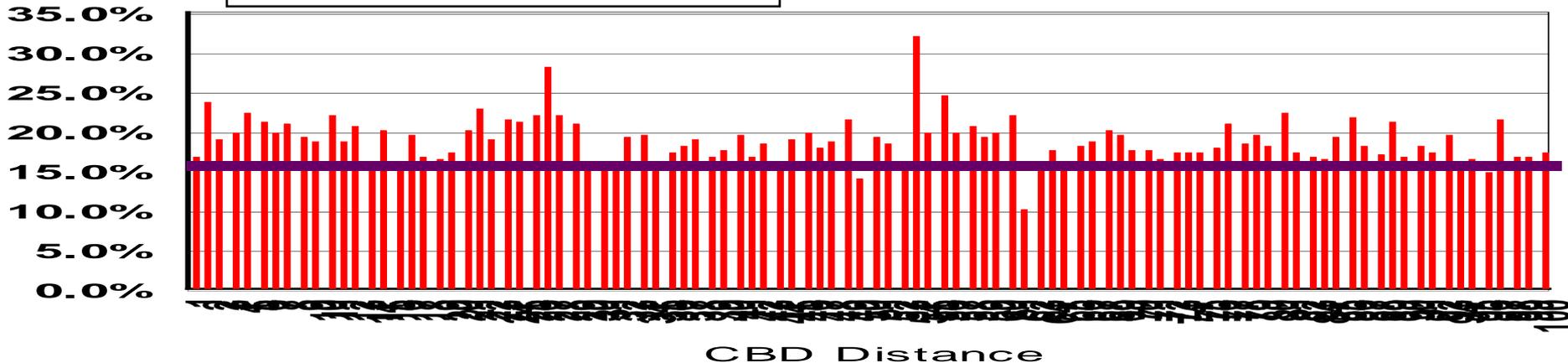
<u>US HH Type</u>	<u>Growth</u>	<u>Share</u>
HH Growth	54M	
With children	7M	<b>14%</b>
Without children	47M	<b>86%</b>
<u>Single/Other*</u>	<u>16M</u>	<u>30%</u>

***\*New single-person HHs double new HHs with children.***

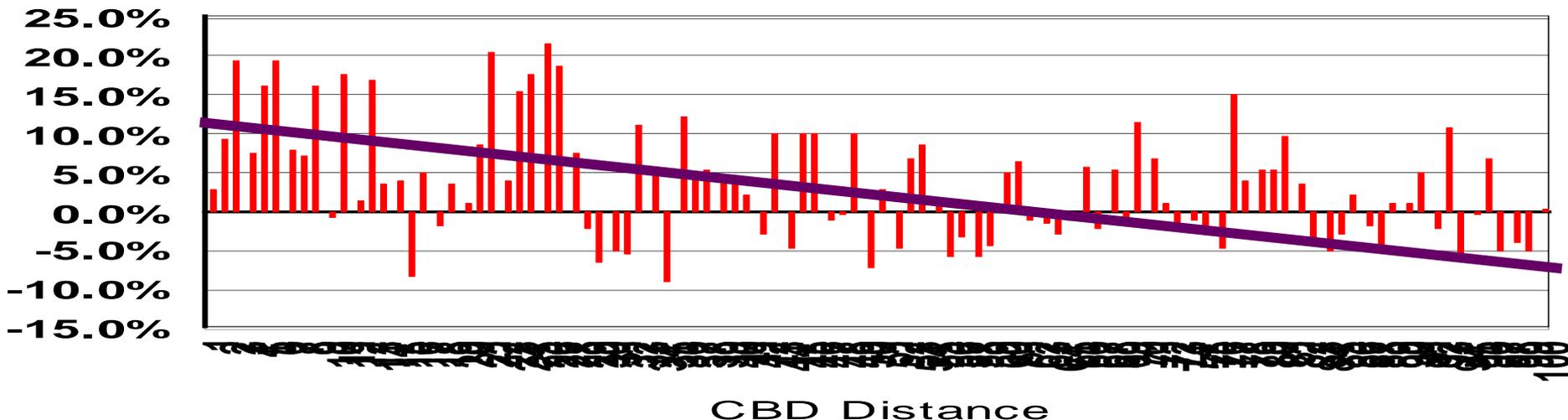
Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.

# Fringe Values Eroding: Phoenix

Average Annual Appreciation 2004-2006



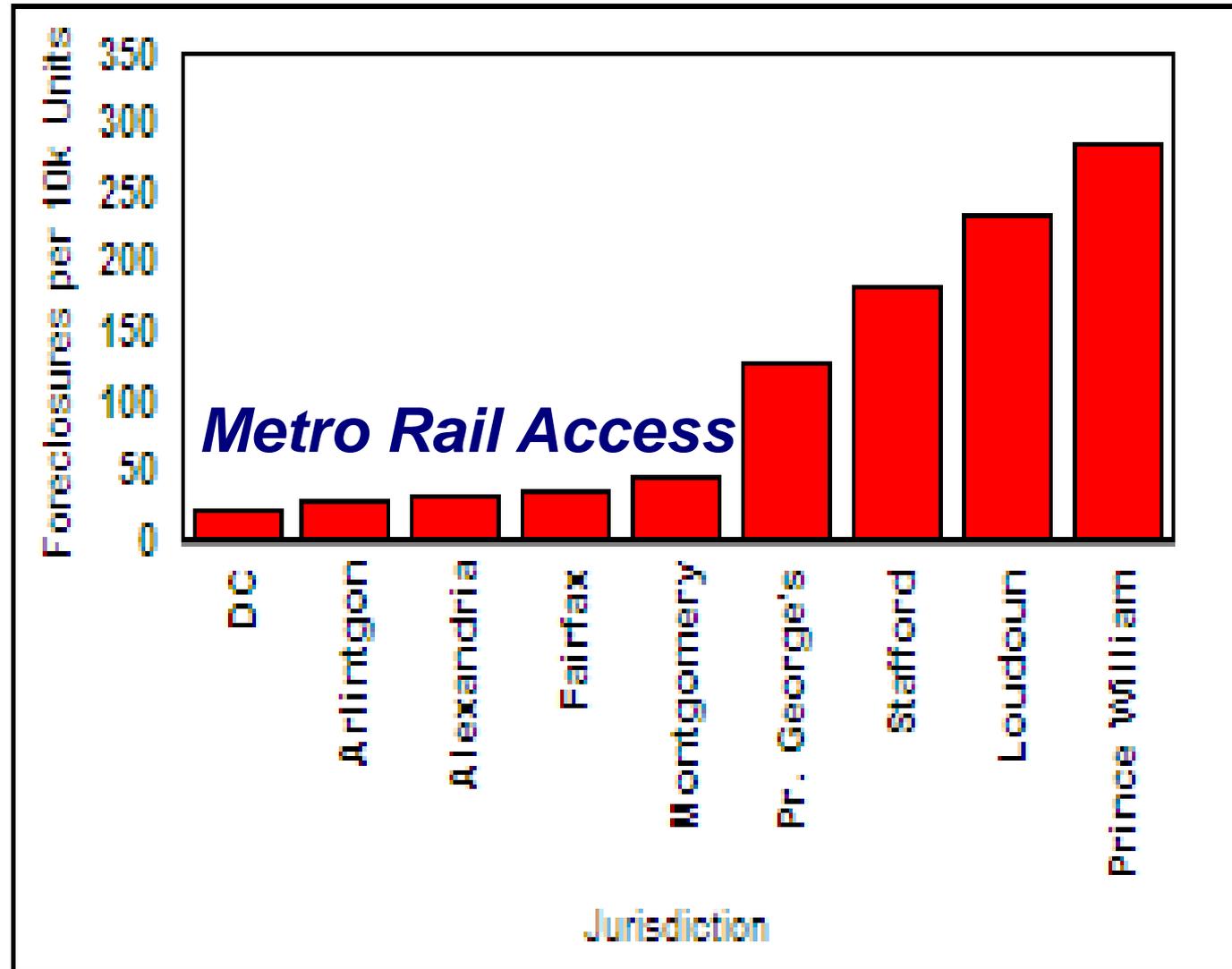
Appreciation 2006-07



Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah, based in Zillow analysis by Ceylan Oner.

# Fringe Foreclosure Pattern

DC Metro  
Subprime  
Oversupply  
Devaluation  
Energy prices





# Headlines

**U.S. homes lost \$2 trillion in value in '08**

Les Christie, CNNMoney.com staff writer. Dec. 15, 2008: 11:02 AM ET

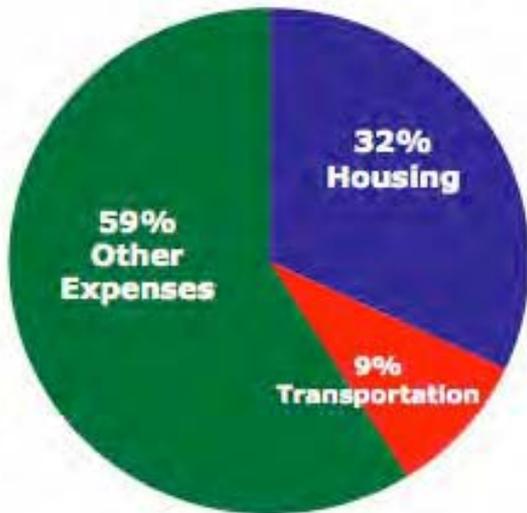
**20% Homes Nationally “Underwater”**

First American CoreLogic, Denver Post Mar. 5, 2009, p. 7B

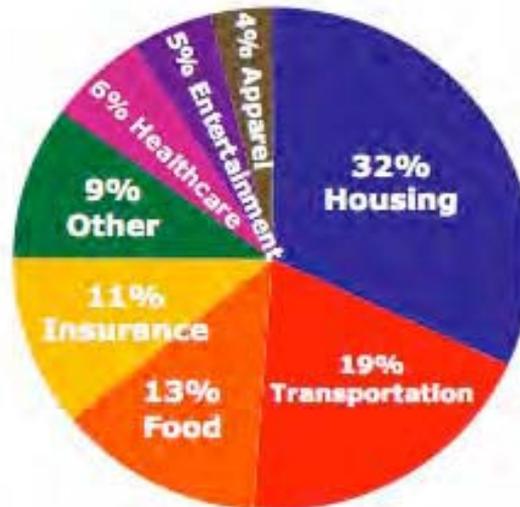
# Location Costs

## FORECLOSURE RESILIENT

Transit Rich  
Neighborhood

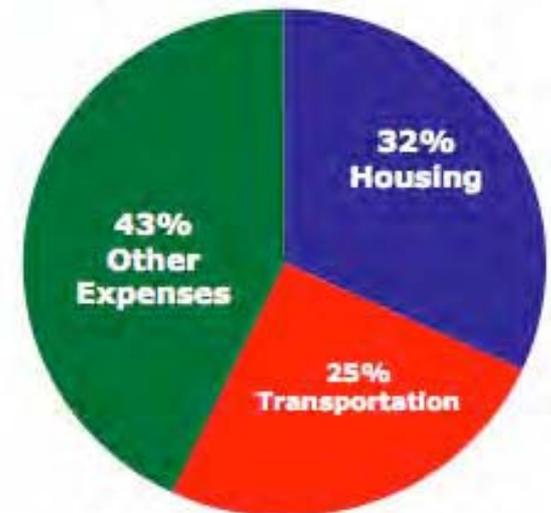


Average American  
Family



## FORECLOSURE RISKY

Auto Dependent  
Neighborhood



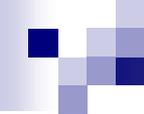
Source: Center for TOD Housing + Transportation Affordability Index, 2004 Bureau of Labor Statistics

**Transit-rich areas reduce  
“location” costs making  
households more resilient  
to economic changes**

**“Drive until you qualify”  
mortgage underwriting  
bias increases  
foreclosure risks**

# Home Ownership Rate Falling?

- Sub-prime “meltdown”.
- Private underwriting tighter.
- New regulations will tighten underwriting more.
- Many financially savvy people are renters.
- Renting provides mobility for jobs.
  - *Some Gen-X & Gen-Y attitudes different?*
- Upscale rental communities attractive to more middle/affluent/upper incomes.



# Home Ownership Trends

<u>Year</u>	<u>Ownership</u>
1980	64%
1990	64%
2000	66%
2004	69%
2008	67%
2010	64%

# Shifting Tenure Implications

<u>Year</u>	<u>Owner</u>	<u>Renter</u>
2008	67%	33%
2015	64%	36%
<b><i>Share of New Homes</i></b>	<b><i>33%</i></b>	<b><i>67%</i></b>

Units are “year-round” and include occupied, vacant, transitional, and other units meant for year-round occupancy. Figure for 2008 estimated from *American Housing Survey for the United States 2007*.

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.



**The New Promised Land?**



# **Tear Up a Parking Lot, Rebuild Paradise**

Large, flat and well drained

Single, profit-motivated ownership

Major infrastructure in place

4+ lane highway frontage → “transit-ready”

Committed to commercial/mixed use

Can turn NIMBYs into YIMBYs

Slide title phrase adapted from Joni Mitchell, *Big Yellow Taxi*, refrain: “Pave over paradise,  
put up a parking lot.”

# Re-Building Capacity

<u>Calculation</u>	<u>Result</u>
“Ripe” Redevelopment Acres by 2040	6.0M
Minimum Share Redeveloped	25%
Redeveloped Acres	1.5M
15-25 dwellings @ 1,800sq.ft.	
30-50 jobs @ 500sq.ft.	1.5FAR
Percent Residential Absorption	<b>min. 67%</b>
Percent Employment Absorption	<b>min. 75%</b>

Source: Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.



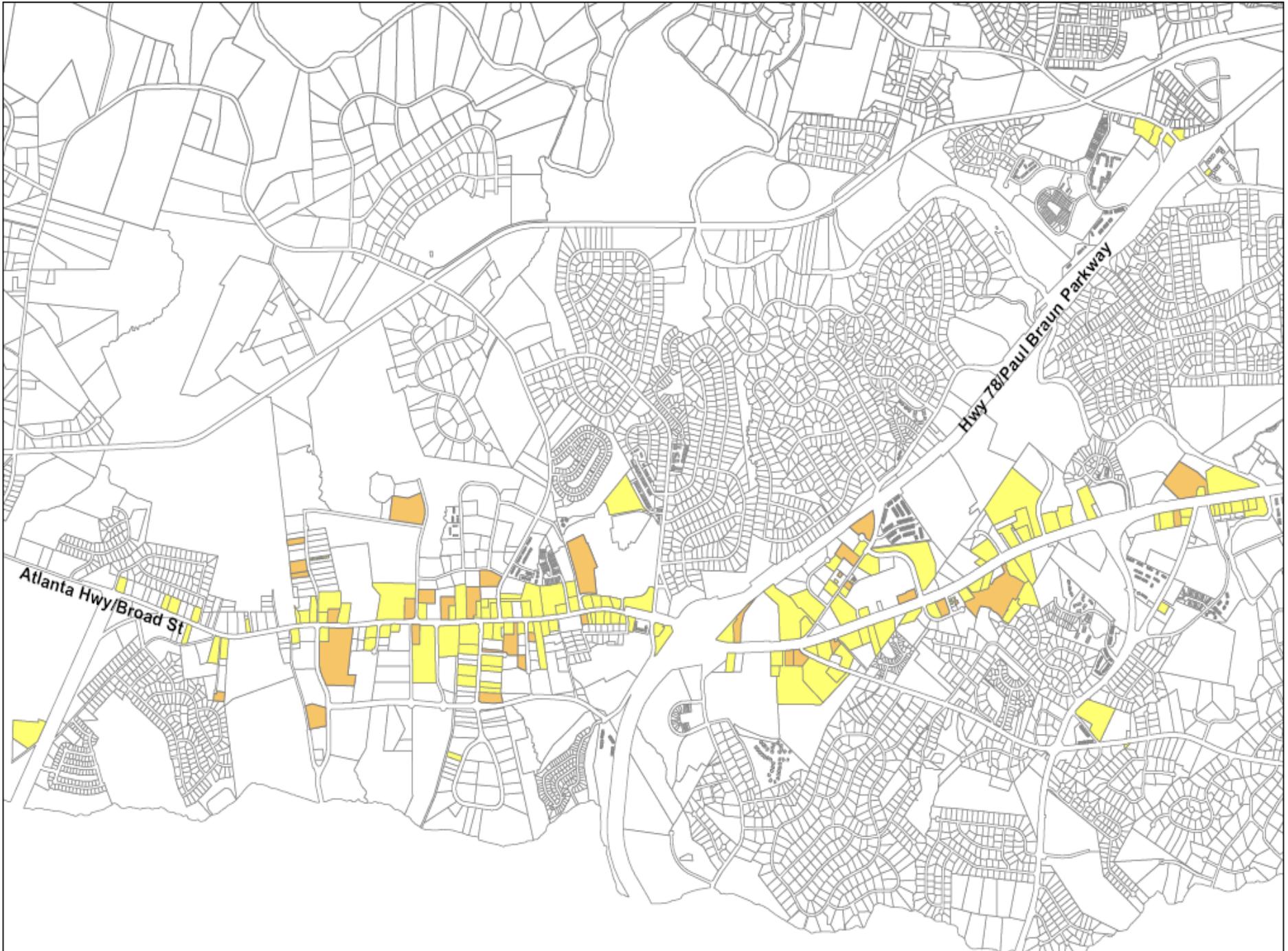




Figure courtesy of Dover Kohl Associates

# ***Reality Check***

**Site-specific redevelopment**

**+**

**Corridor redevelopment**

**+**

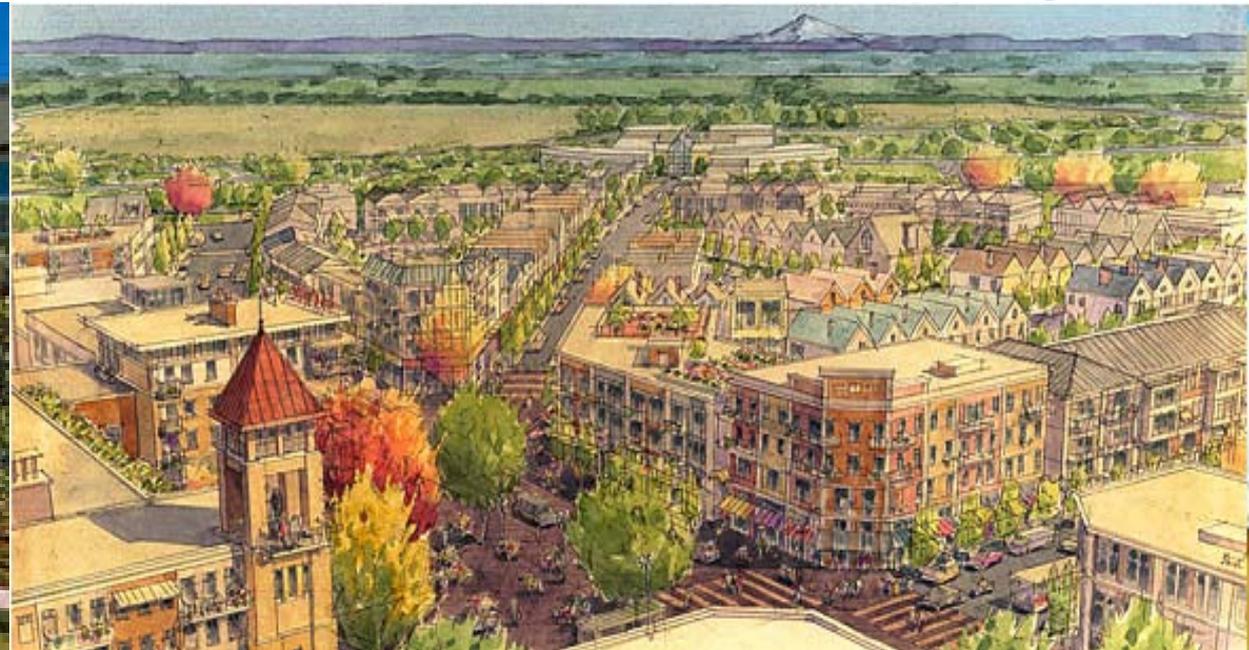
**TODs**

**=**

**50% of All Development Needs → *TOPS***

***Challenge: Making Suburban Options  
Attractive to a Diverse Population***

# Emerging Suburban Urbanity





***THANK YOU!***