2017 Building Industry Show
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Derek Wyatt, Vice President

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Housing in
the Evolving
American
Suburb

Urban Land Institute Terwilliger Center for Housing

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STUDY GOALS AND OBJECTIVES
SUBURBS OVERLOOKED AND UNDERAPPRECIATED

► Document the reality that most Americans still live (often by choice) in a suburban framework

► Move the discussion about growth beyond the city versus suburbs dynamic

► Speak frankly about seismic shifts and diversity in the suburbs and create a more descriptive language for dealing with them

► Highlight the interesting and creative responses the development community is bringing to our evolving suburbs

► Surface the idea of "housing plurality" and position the Terwilliger Center as a value-neutral center of thought leadership about all housing

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THE NATIONAL STORY
SUBURBAN PLACES STILL DOMINATE AMERICAN LIFE

America remains a largely suburban nation

► **79%** of the population, **78%** of households and **32%** of the land area in 50 top metros.

Suburban growth has driven recent metropolitan growth

► **91%** of population growth and **84%** of household growth (2000-2015)

A large majority of Americans work in suburbs

► **67.5%** of total jobs

► 2005 and 2010 – no suburban growth; 8% urban growth

► 2010 and 2014 – 9% suburban growth; 6% urban growth

Suburban residents overall have higher incomes

► Median income **$21,800** higher in suburbs

The suburbs are "young" compared with their regions overall

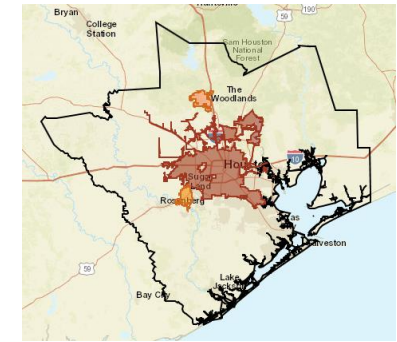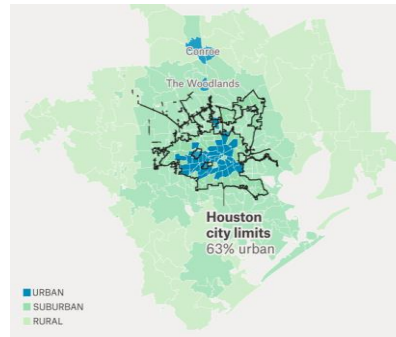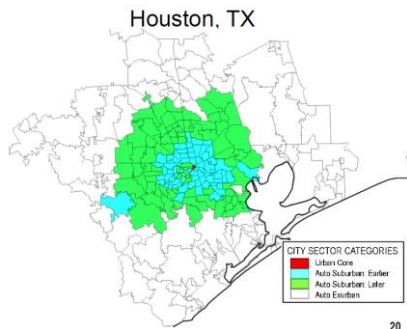► **75%** of 25- to 34-year-olds live in the suburbs of 50 top metros

American suburbs as a whole are racially and ethnically diverse

► **76%** of the minority population lives in the suburbs

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THE FIRST COMPLICATION
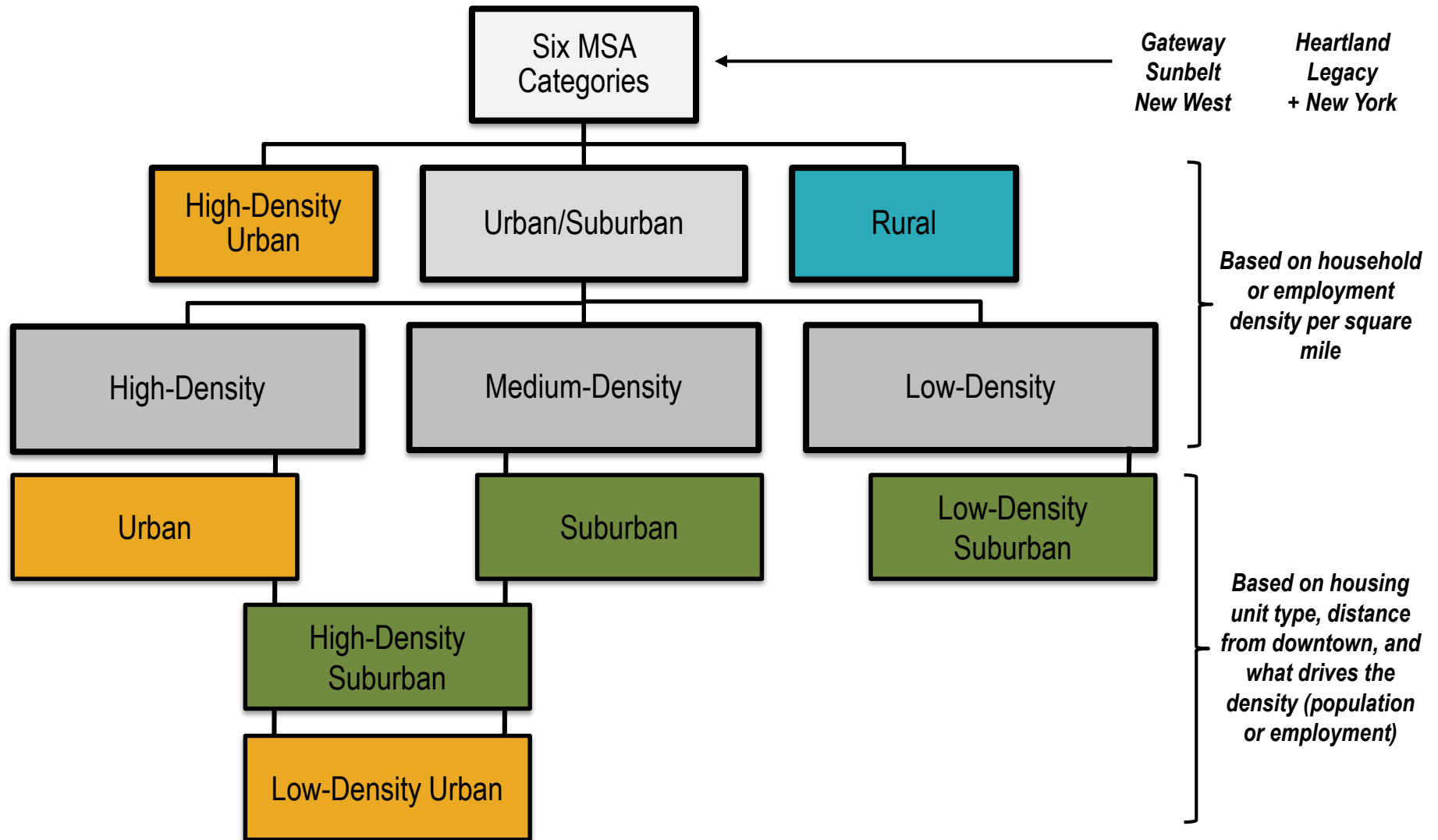## NOBODY KNOWS WHAT "SUBURBAN" REALLY MEANS AND THE EXISTING DEFINITIONS DON'T WORK

EXISTING URBAN/SUBURBAN CLASSIFICATION METHODS:		
Name Wendell Cox's City Sector Model	**Jed Kolko's Methodology**	**Other Studies**
Factors Used Transportation, housing types, employment, zip code boundaries	Household density, survey asking how Americans describe where they live	Jurisdictional boundaries
Shortcomings Produces very small urban cores, does not include rural areas within MSA boundaries	Applied same methodology to 50+ MSAs even though densities mean different things by different metro; too much urban in some, too much rural in others	In areas like Nashville, the principal city comprises a large portion of MSA, resulting in a lot more "urban" than there is; vice versa in areas like Boston

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SO WE DEVELOPED A NEW FRAMEWORK
AND IT DOES A BETTER JOB OF DESCRIBING THE SETTING IN WHICH PEOPLE LIVE

Six MSA Categories

Gateway Sunbelt New West   *Heartland Legacy + New York*

High-Density Urban

Urban/Suburban

Rural

Based on household or employment density per square mile

High-Density

Medium-Density

Low-Density

Urban

Suburban

Low-Density Suburban

High-Density Suburban

Low-Density Urban

Based on housing unit type, distance from downtown, and what drives the density (population or employment)

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SUBURBS NOW MORE DIVERSE THAN UNIFORM
FRAMEWORK FOR THINKING ABOUT THESE PLACES EMERGES

CLASSIFICATION OF SUBURB TYPE				
	Less Than 5 Miles From Downtown	5-10 Miles From Downtown	10-15 Miles From Downtown	More Than 15 Miles From Downtown
Urban				
High Value	Urban	Urban	Urban	Urban
Middle Value	Urban	Urban	Urban	Urban
Low Value	Urban	Urban	Urban	Urban
High Density Suburban				
High Value	Established High-End	Established High-End	Established High-End	Established High-End
Middle Value	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income
Low Value	Economically Challenged	Economically Challenged	Economically Challenged	Economically Challenged
Suburban				
High Value	Established High-End	Established High-End	Established High-End	Established High-End
Middle Value	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income
Low Value	Economically Challenged	Economically Challenged	Economically Challenged	Economically Challenged
Low Density Suburban				
High Value	Established High-End	Established High-End	Established High-End	Greenfield Lifestyle
Middle Value	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income	Greenfield Lifestyle
Low Value	Economically Challenged	Economically Challenged	Greenfield Value	Greenfield Value

PLACE CLASSIFICATION

- Urban
- Established High-End
- Stable Middle-Income
- Economically Challenged
- Greenfield Lifestyle
- Greenfield Value

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SUBURB ATLAS

Searchable on-line map showing the different types of suburbs in each of the top 50 metros: *http://www.rclco.com/suburb-atlas*

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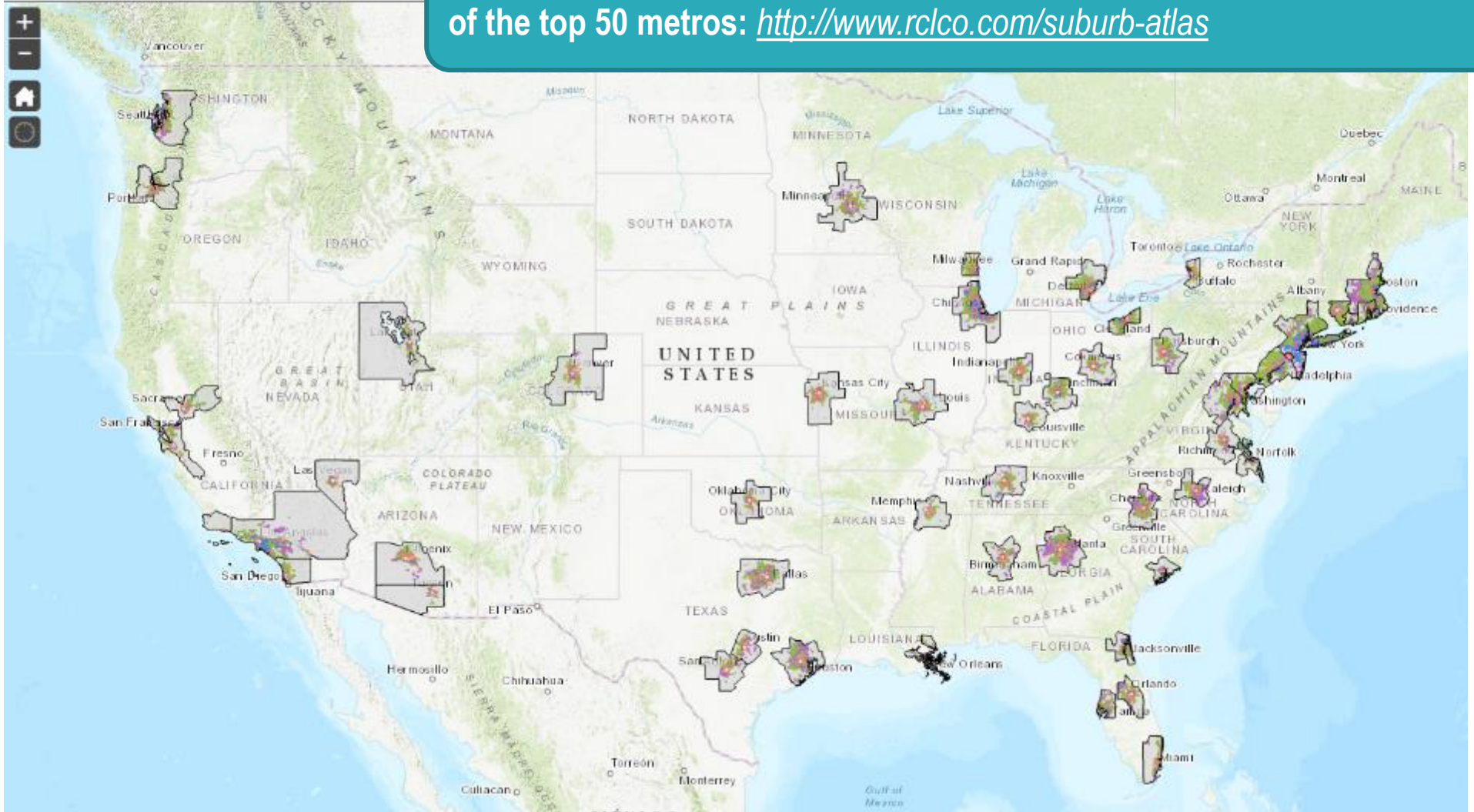
LOS ANGELES & ORANGE COUNTY SUBURBS CHARACTERIZED
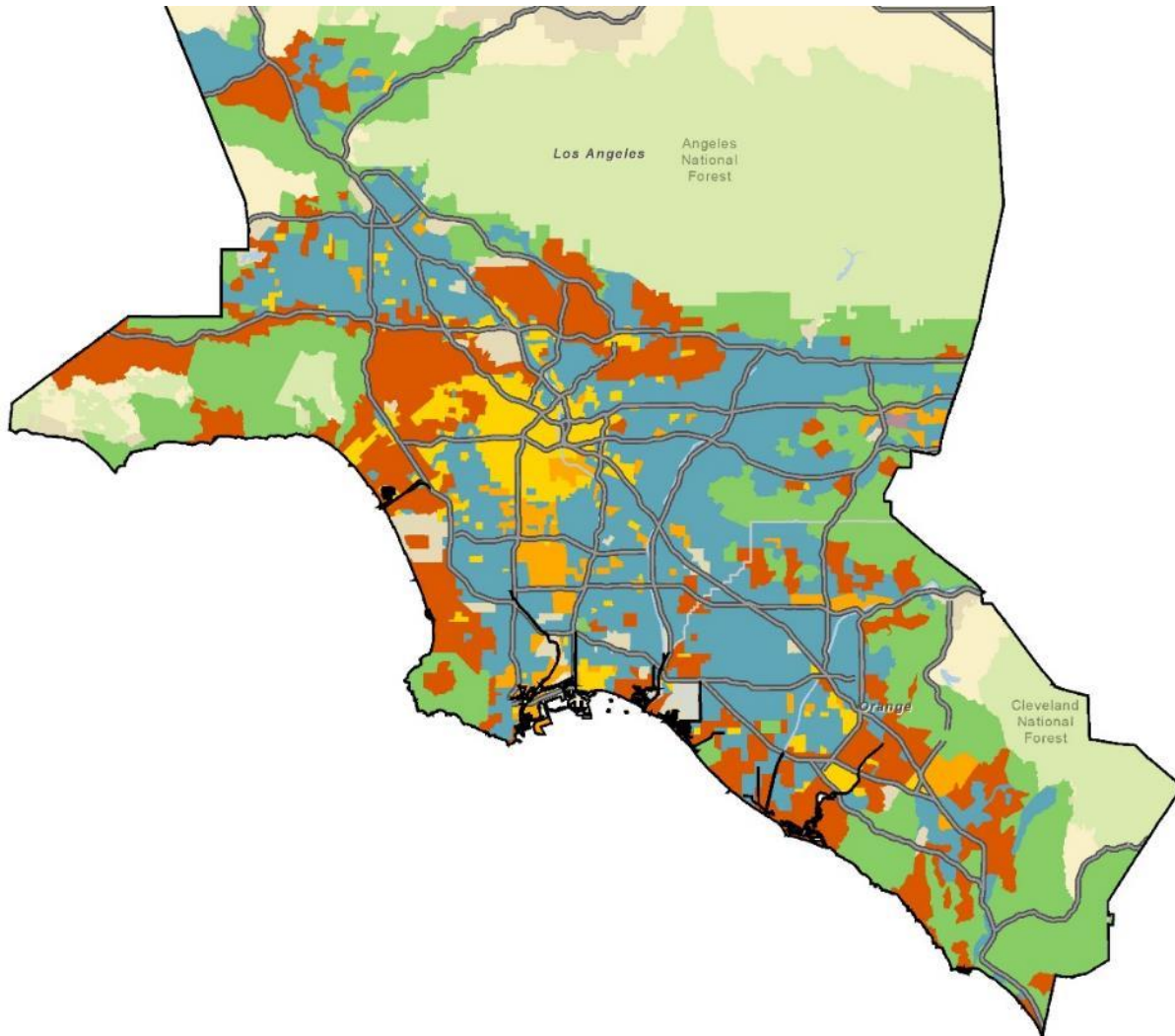
URBAN:
Dense employment centers and in-town, high-density residential neighborhoods

ESTABLISHED HIGH-END:
High home values and established development patterns

STABLE MIDDLE-INCOME:
Wide variety of home values that are attainable to a range of households

ECONOMICALLY CHALLENGED:
Lower home values and have seen little to no population growth in recent years

GREENFIELD LIFESTYLE:
Bulk of new community development at or close to suburban fringe, typically adjacent to established high-end suburbs

GREENFIELD VALUE:
At suburban fringe, often adjacent to stable or economically challenged areas or near low-wage job concentrations

OVERVIEW OF LOS ANGELES & ORANGE COUNTY

	URBAN	SUBURBAN	BY TYPE OF SUBURB				
			ESTABLISHED HIGH-END	STABLE MIDDLE-INCOME	ECONOMICALLY CHALLENGED	GREENFIELD LIFESTYLE	GREENFIELD VALUE
Total Population Distribution	16.8%	82.4%	18.0%	51.1%	5.7%	7.1%	0.6%
Minority Population Distribution	18.3%	80.1%	10.9%	57.0%	7.4%	4.5%	0.4%
Housing Unit Growth (2000-2015)	12.1%	10.8%	14.9%	7.3%	11.1%	23.2%	12.1%
Median Income	$41,000	$73,000	$96,000	$59,000	$41,000	$118,000	$48,000
Median Age	34.3	37.4	41.8	36.0	30.5	42.7	34.3
% of Households with Kids	32.6%	38.8%	29.0%	42.1%	52.7%	37.8%	49.6%
% of Households Under 35	28.1%	16.9%	15.9%	18.0%	21.5%	9.8%	22.6%
Median Year Build	1961	1966	1967	1963	1965	1979	1987
Median Home Value	$400,000	$527,000	$756,000	$419,000	$237,000	$735,000	$223,000
% Owners	25%	54%	54%	52%	44%	72%	55%

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DESPITE URBAN GROWTH, SOUTHERN CALIFORNIA IS STILL VERY SUBURBAN

Distribution of Population
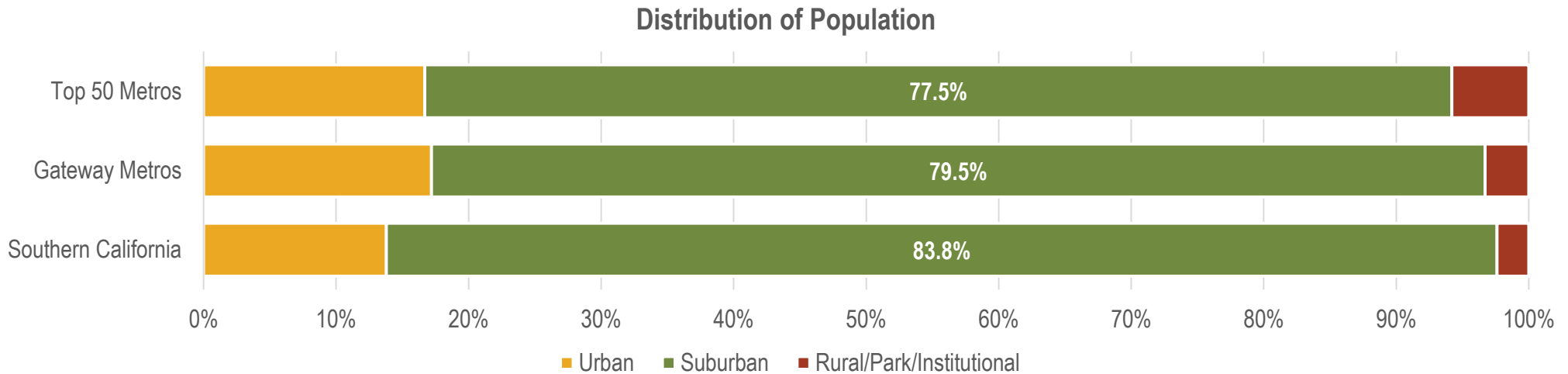
	DISTRIBUTION OF POPULATION		POPULATION GROWTH (2000-2015)		POPULATION GROWTH (2010-2015)	
	URBAN	SUBURBAN	URBAN	SUBURBAN	URBAN	SUBURBAN
NATIONAL						
Top 50 Metros	16.7%	77.5%	1.4%	13.1%	3.4%	3.7%
REGIONAL						
Gateway Metros	17.2%	79.5%	3.1%	6.9%	3.4%	2.4%
PEER CITIES						
Northern California	23.4%	74.5%	5.3%	5.3%	4.4%	3.7%
Washington-Baltimore	19.3%	73.8%	5.3%	14.8%	3.6%	4.7%
New York	34.6%	61.0%	2.5%	3.8%	3.5%	1.5%
Southern California	**13.8%**	**83.8%**	**1.8%**	**10.5%**	**2.8%**	**3.0%**

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THE JOBS REMAIN IN THE SUBURBS

Distribution of Employment

	Urban	Suburban	Rural/Park/Institutional
Top 50 Metros		65.2%	
Gateway Metros		67.5%	
Southern California		69.6%	
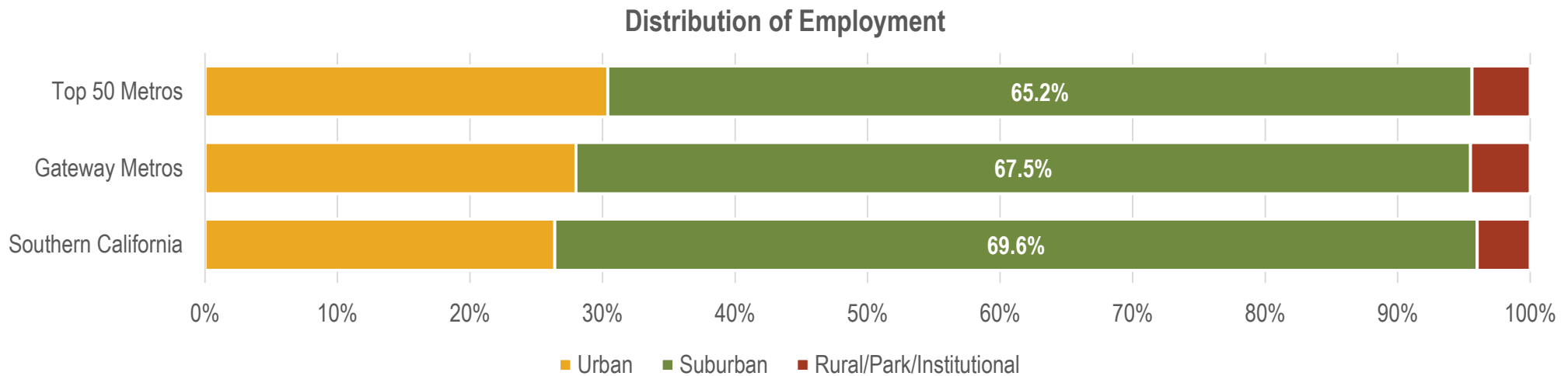
	DISTRIBUTION OF EMPLOYMENT		EMPLOYMENT GROWTH (2005-2010)		EMPLOYMENT GROWTH (2010-2014)	
	URBAN	SUBURBAN	URBAN	SUBURBAN	URBAN	SUBURBAN
NATIONAL						
Top 50 Metros	30.4%	65.2%	7.5%	-0.3%	6.4%	9.6%
REGIONAL						
Gateway Metros	28.0%	67.5%	17.0%	-2.2%	8.3%	8.8%
PEER CITIES						
Northern California	40.3%	57.5%	7.3%	0.5%	13.5%	13.7%
Washington-Baltimore	36.8%	57.5%	N/A	N/A	4.0%	5.2%
New York	42.6%	53.5%	14.5%	1.0%	8.7%	3.6%
Southern California	**26.4%**	**69.6%**	**4.3%**	**-0.3%**	**3.3%**	**7.8%**

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NOTE: Employment data is not available for the Washington DC metropolitan area before 2010.
Source: RCLCO; ESRI Business Analyst

DISTRIBUTION OF SOUTHERN CALIFORNIA POPULATION

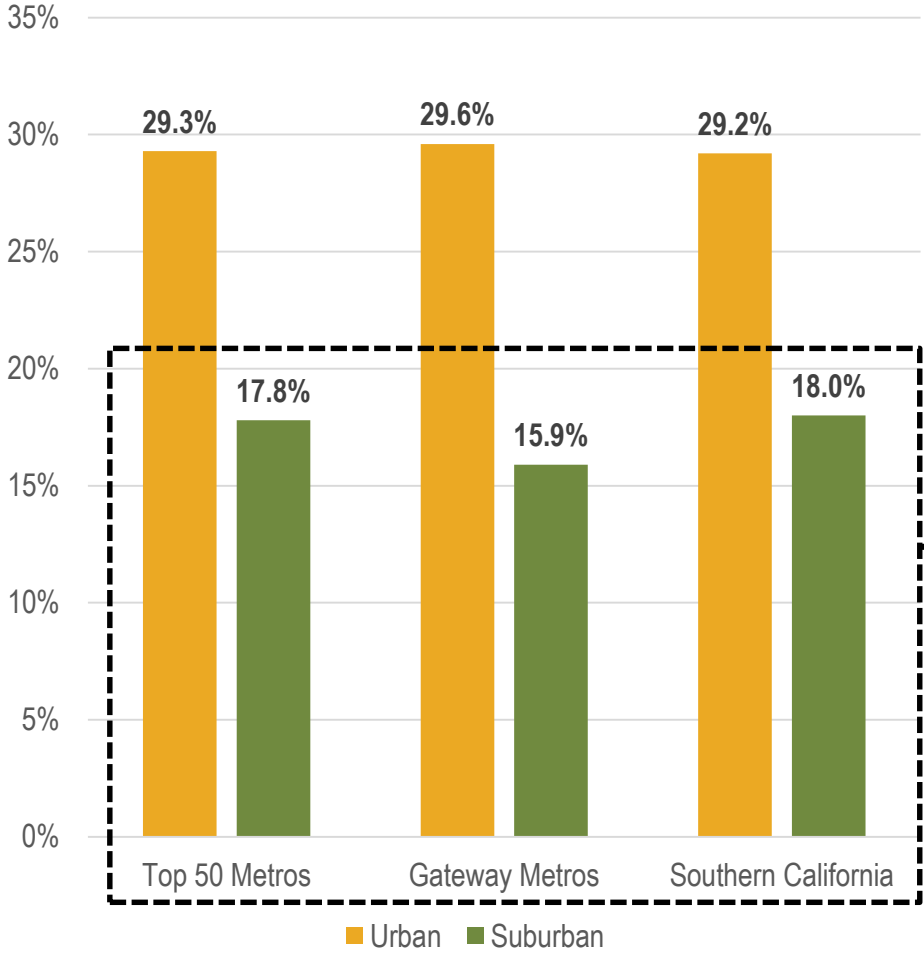|	Urban	Established High-End	Stable Middle-Income	Economically Challenged	Greenfield Lifestyle	Greenfield Value	Rural/Park/Institutional
Southern California	14%	14%	39%	16%	9%	5%	2%
Northern California	23%	17%	22%	21%	11%	3%	2%
Washington-Baltimore	19%	16%	15%	18%	17%	8%	7%
New York	35%	2%	20%	4%	28%	7%	4%

NOTE: For the purpose of this presentation, "Southern California" is comprised of the Los Angeles, Riverside, Oxnard, Santa Barbara, and San Diego MSAs. "Northern California" is comprised of the San Francisco and San Jose MSAs.
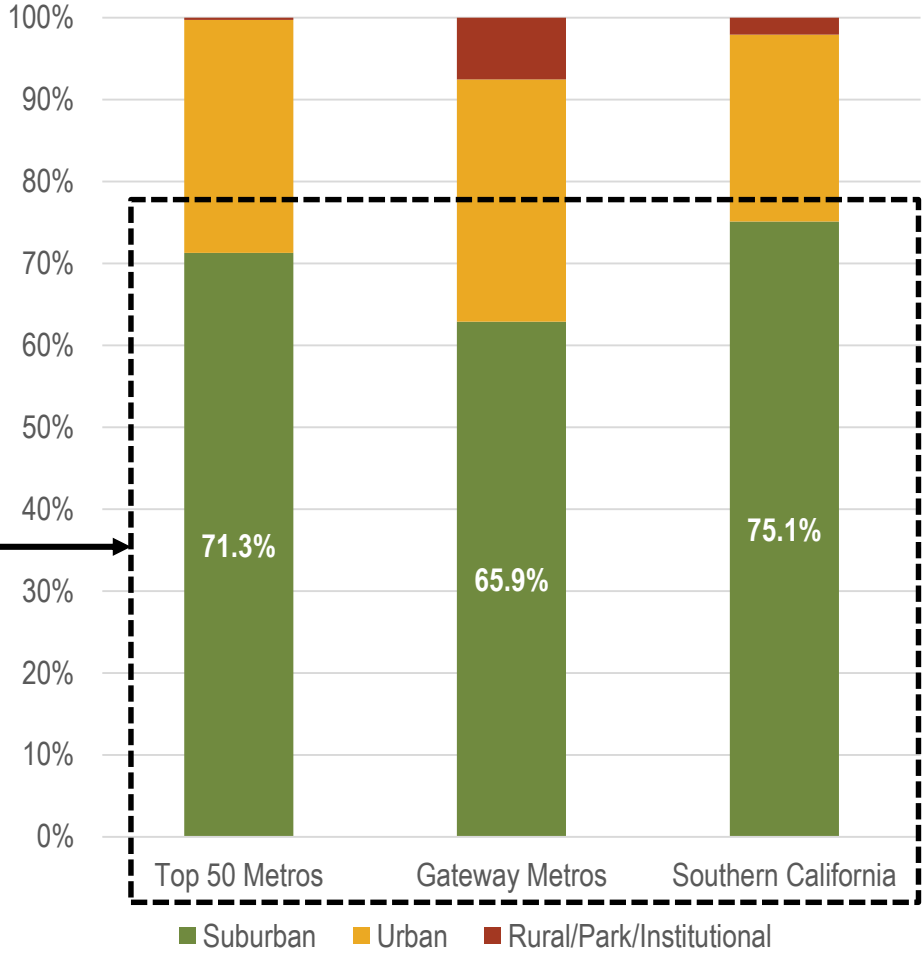*Source: RCLCO; ESRI Business Analyst*

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MILLENNIALS – SURPRISINGLY SUBURBAN

What Percentage of All Households are Under the Age of 35?

- Top 50 Metros: Urban 29.3%, Suburban 17.8%
- Gateway Metros: Urban 29.6%, Suburban 15.9%
- Southern California: Urban 29.2%, Suburban 18.0%

Legend: Urban, Suburban

Where Do All Households that Are Under the Age of 35 Live?

- Top 50 Metros: Suburban 71.3%
- Gateway Metros: Suburban 65.9%
- Southern California: Suburban 75.1%

Legend: Suburban, Urban, Rural/Park/Institutional

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SOUTHERN CALIFORNIA PRODUCT PREFERENCES WILL CHANGE OVER TIME

Southern California Population Distribution

Legend: "Gen Z" | Millennials | "Gen X" | Baby Boomers | Eisenhowers | Top 50 MSAs - Population Distribution
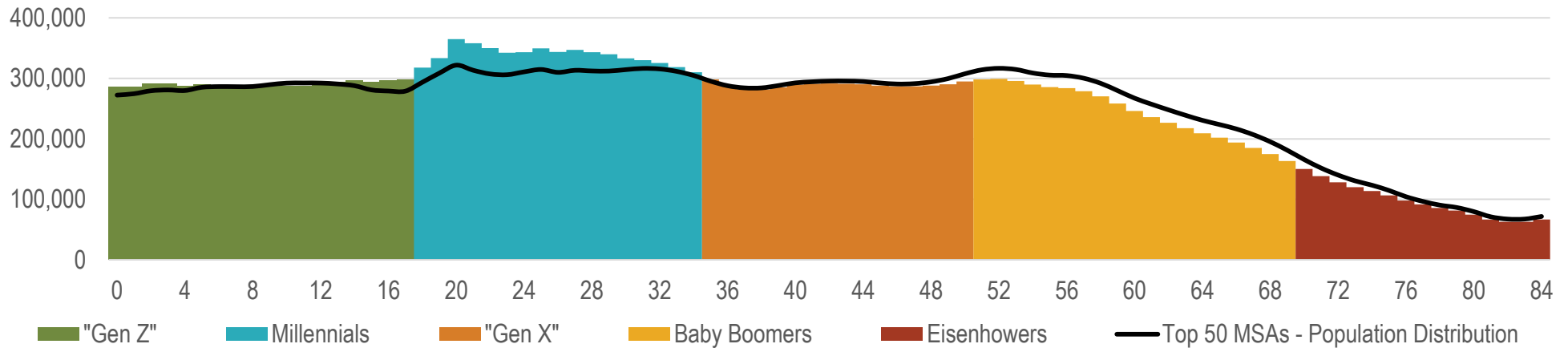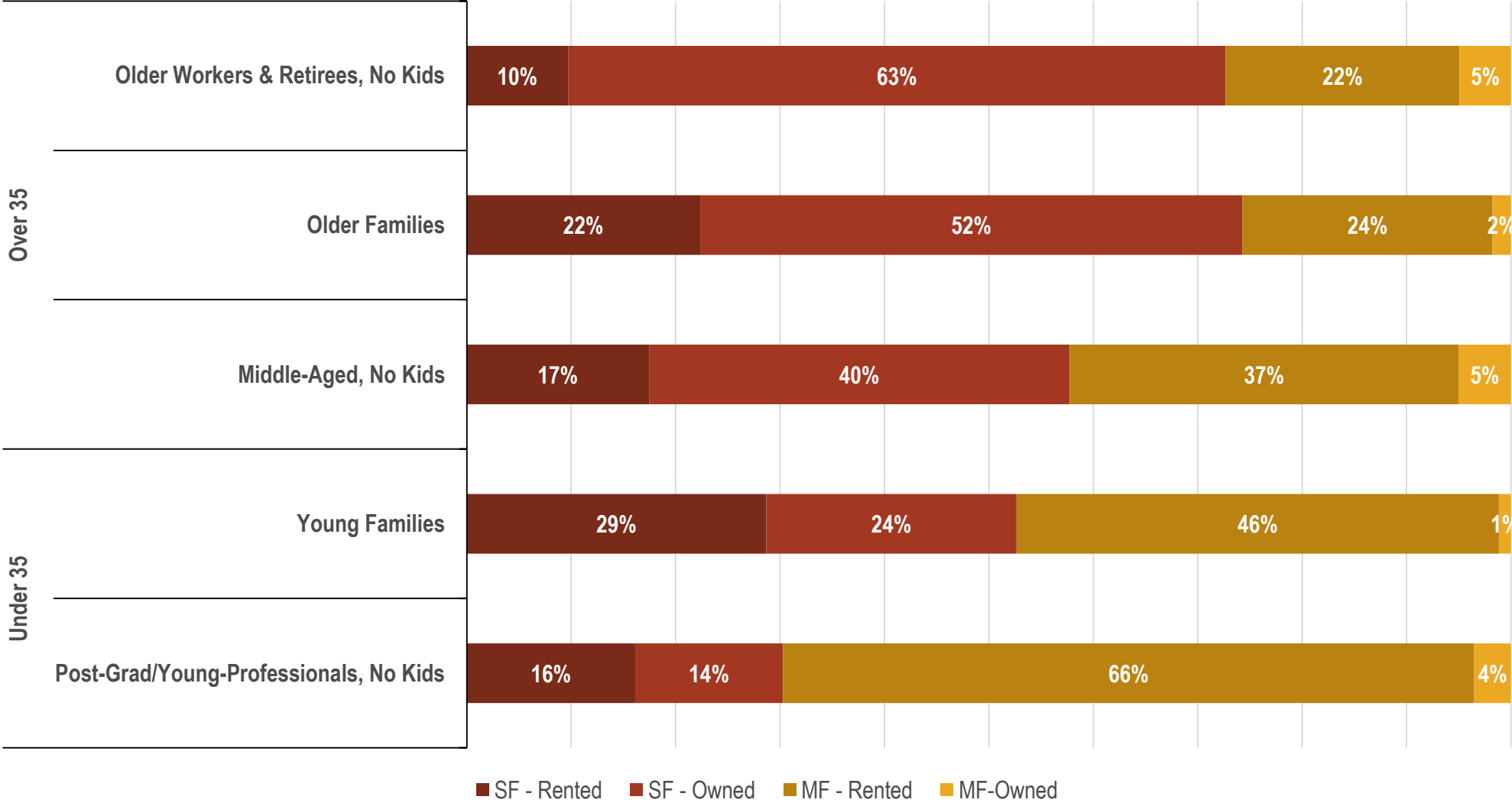
YEAR	STUDENT HOUSING	RENTAL HOUSING	RENT AS COUPLE / BUY CONDO	YOUNG FAMILY OWN	MATURE FAMILY OWN	EMPTY NESTER DOWNSIZE OWN	BUY/RENT RETIREMENT HOME
2015	Millennials	Millennials	Millennials	Gen X	Baby Boomers	Baby Boomers	Eisenhowers
				Millennials	Gen X		Baby Boomers
2020	Gen Z	Millennials	Millennials	Millennials	Gen X	Baby Boomers	Eisenhowers
						Gen X	Baby Boomers
2025	Gen Z	Millennials	Millennials	Millennials	Gen X	Gen X	Baby Boomers
		Gen Z	Gen Z		Millennials	Baby Boomers	
2030	Gen Z	Gen Z	Gen Z	Millennials	Gen X	Gen X	Baby Boomers
					Millennials	Baby Boomers	

NOTE: "Top 50 MSAs – Population Distribution" represents the age distribution of all MSAs examined, applied to Southern California's overall population
Source: RCLCO; ESRI Business Analyst

DISTRIBUTION OF SOUTHERN CALIFORNIA HOUSEHOLDS

Over 35

	SF - Rented	SF - Owned	MF - Rented	MF-Owned
Older Workers & Retirees, No Kids	10%	63%	22%	5%
Older Families	22%	52%	24%	2%
Middle-Aged, No Kids	17%	40%	37%	5%

Under 35

	SF - Rented	SF - Owned	MF - Rented	MF-Owned
Young Families	29%	24%	46%	1%
Post-Grad/Young-Professionals, No Kids	16%	14%	66%	4%

Legend: SF - Rented, SF - Owned, MF - Rented, MF-Owned

Housing
in the **Evolving**
American Suburb

by ULI Orange County
Inland Empire

#BISbiasc2017

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