

# Demographics and Other Trends Impacting Community Sustainability and Finance

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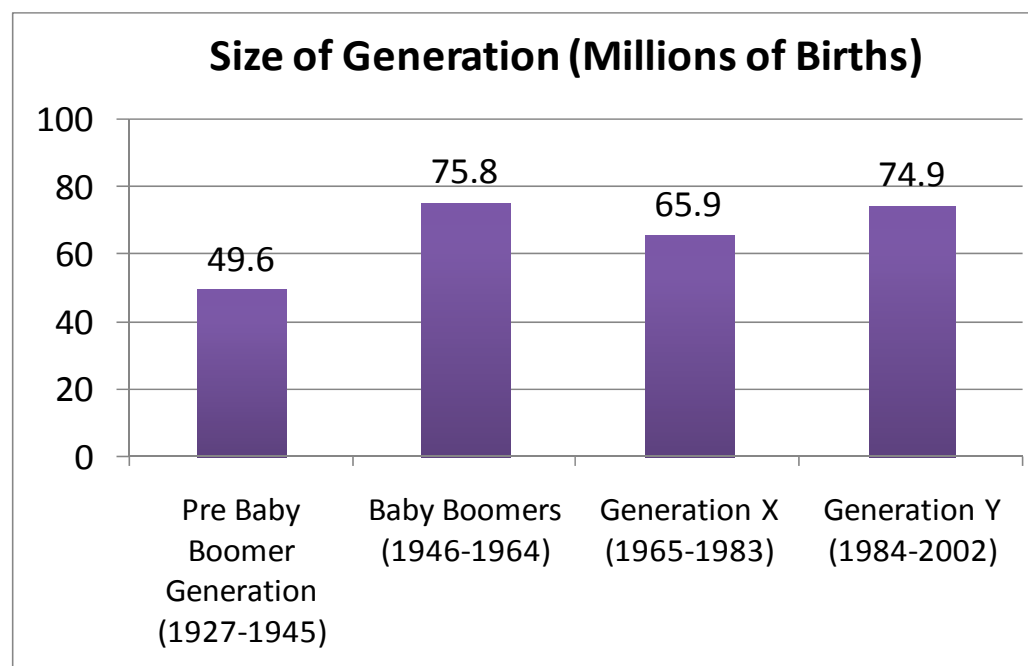
# Introduction

- Growth and Demographics
- Being a “Community of Choice”
- Building on Drivers and Anchors
  - Infrastructure
  - Anchor Institutions
  - Emerging Industries
- Impacts on Land Use and Housing Types and Community Development

# So Far, No One Has Cancelled the Future

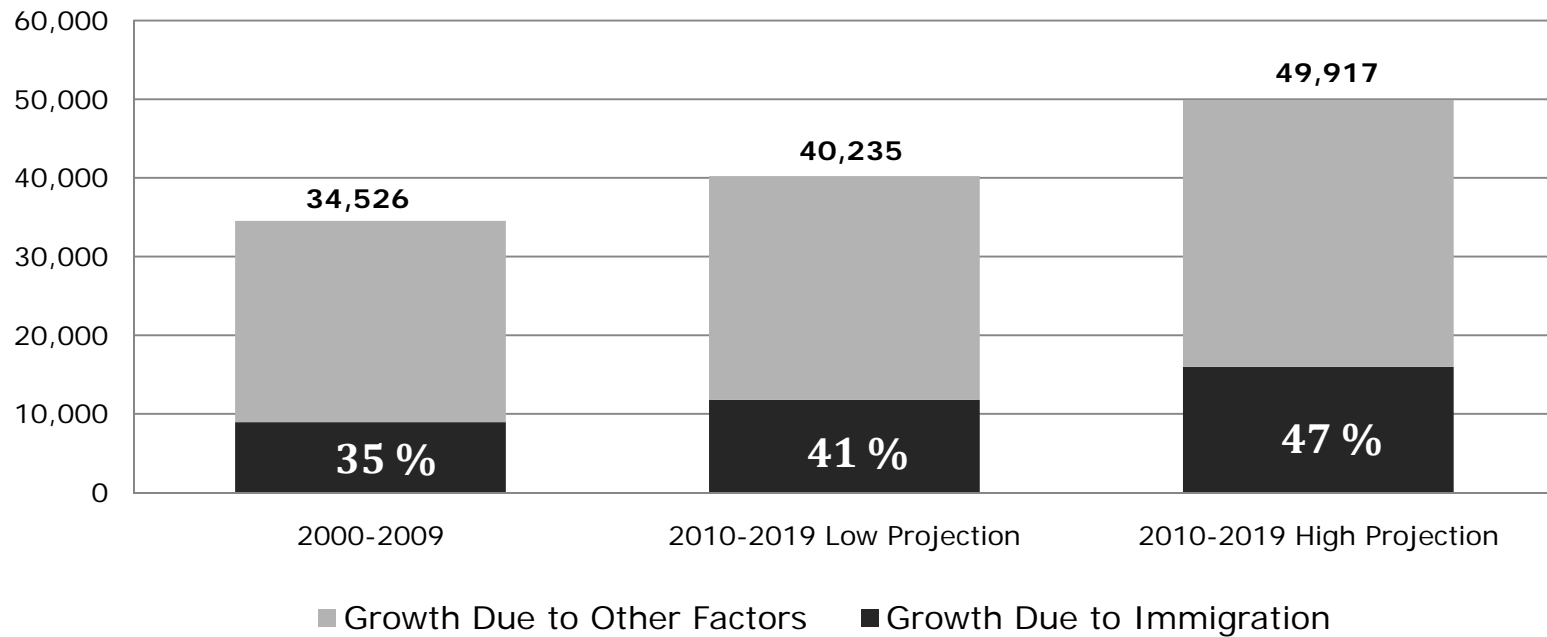
# Baby Boomers and Millennials Shape Markets

## Generational Waves (U.S.)

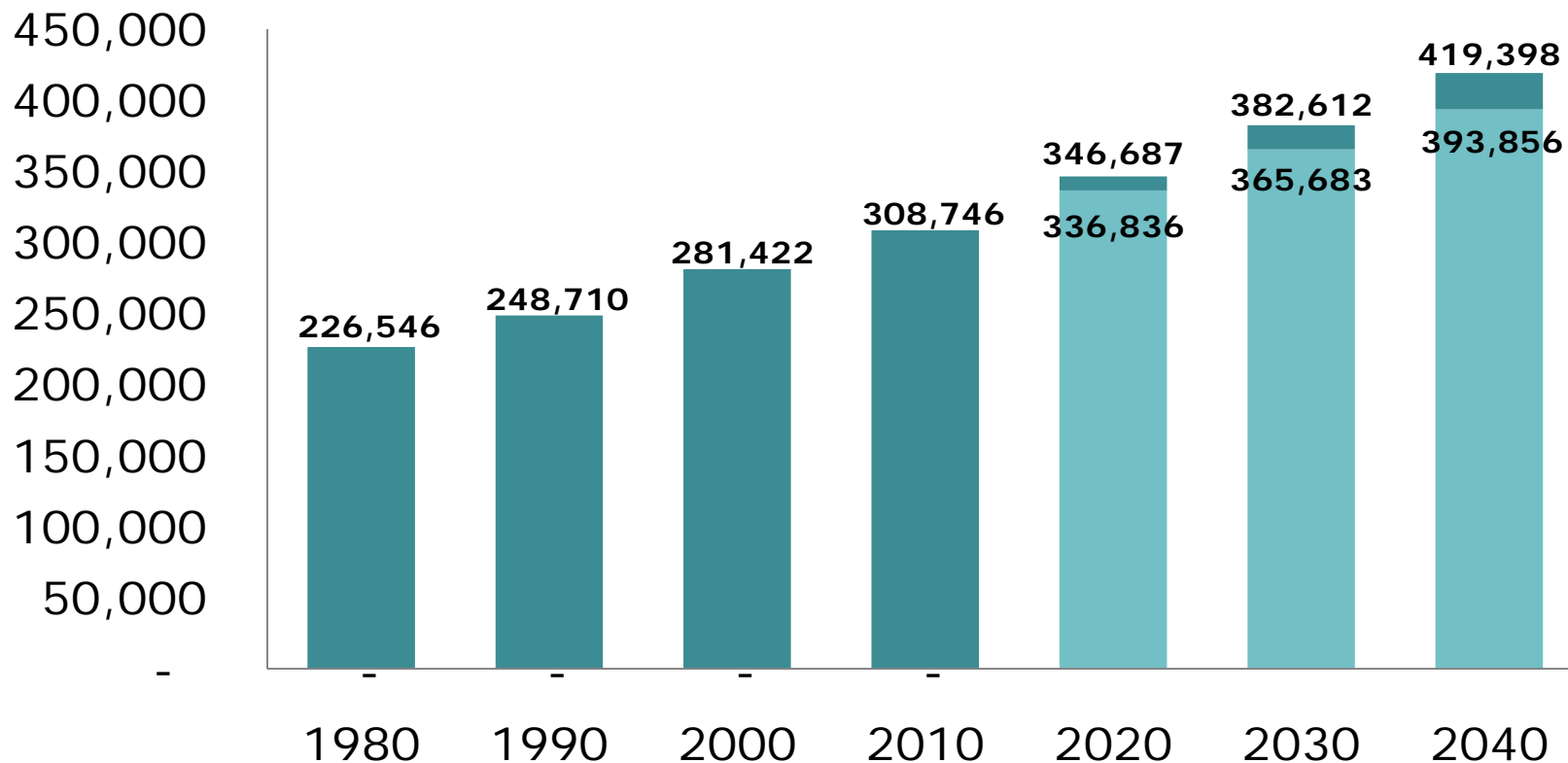


# Immigration and Population Growth

**Immigration Growth as Percent of U.S. Population Growth (Thousands of People)**



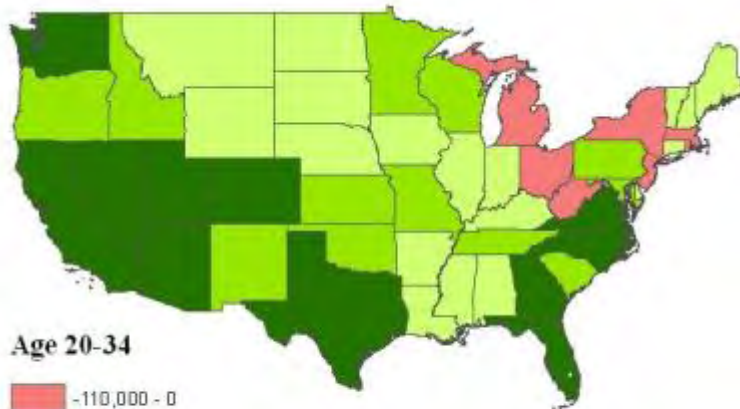
# Population Growth is Forecast to Continue!



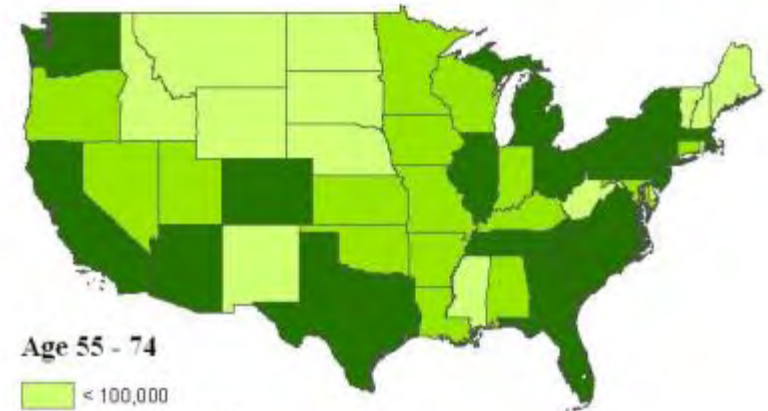
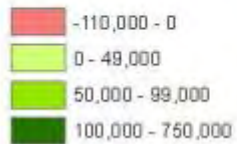
**U.S. Population, in Thousands**

Projected to grow between  
 58,110 and 110,652 total  
 between 2010 and 2040

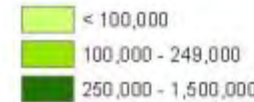
# Some Regions Win; Some Lose



Age 20-34



Age 55 - 74



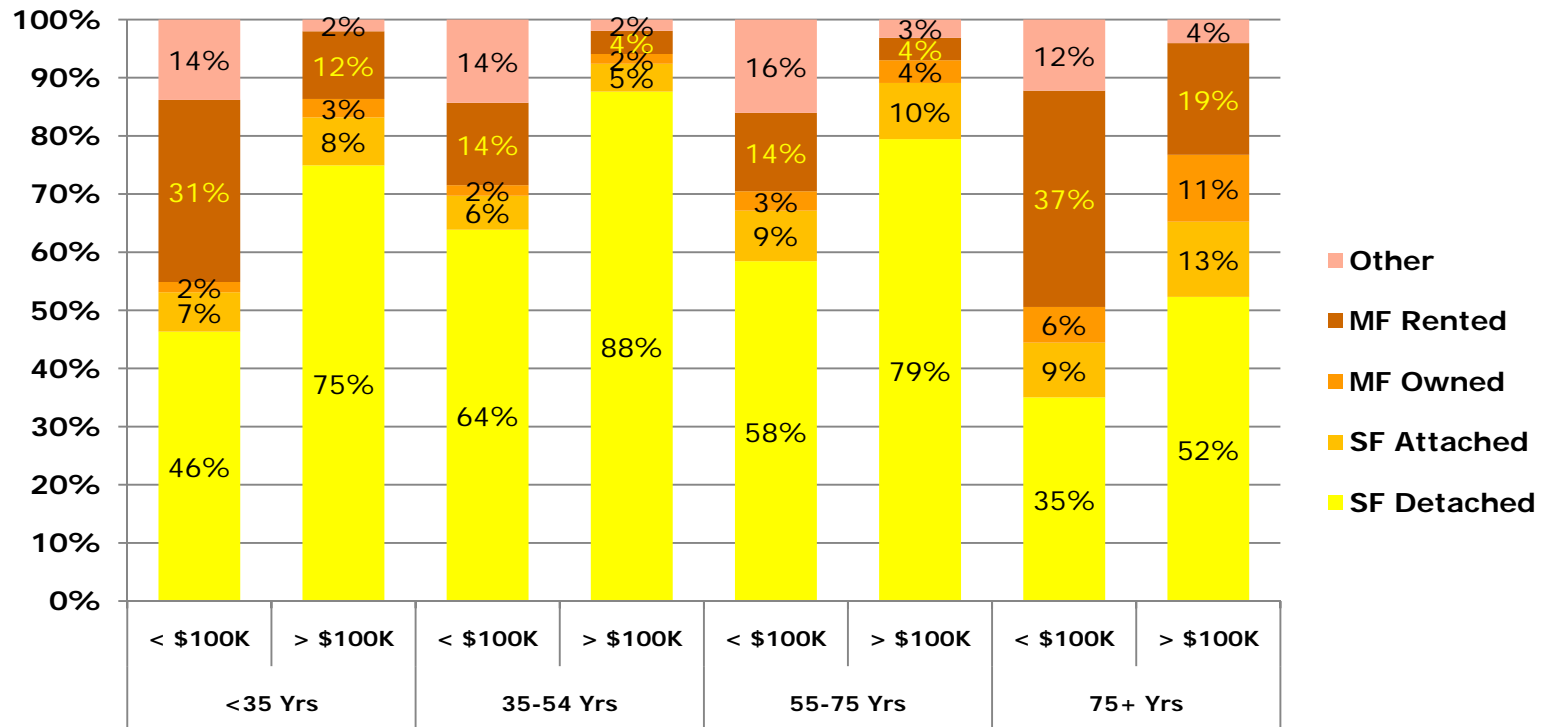
Estimated Population Change 2000-2009  
 Continental U.S.A.

| Age 20-34      |         |               |         |
|----------------|---------|---------------|---------|
| Highest Growth |         | Lowest Growth |         |
| Texas          | 735,683 | Michigan      | -11,524 |
| Florida        | 530,357 | New Jersey    | -27,160 |
| California     | 403,585 | Massachusetts | -15,117 |
| Arizona        | 282,443 | Ohio          | -14,477 |
| Georgia        | 187,228 | Rhode Island  | -5,833  |

| Age 50-74      |           |               |        |
|----------------|-----------|---------------|--------|
| Highest Growth |           | Lowest Growth |        |
| California     | 1,489,202 | D.C.          | 18,832 |
| Texas          | 1,061,982 | North Dakota  | 19,187 |
| Florida        | 726,147   | Wyoming       | 27,187 |
| New York       | 668,118   | Rhode Island  | 36,165 |
| Georgia        | 508,971   | Vermont       | 36,497 |

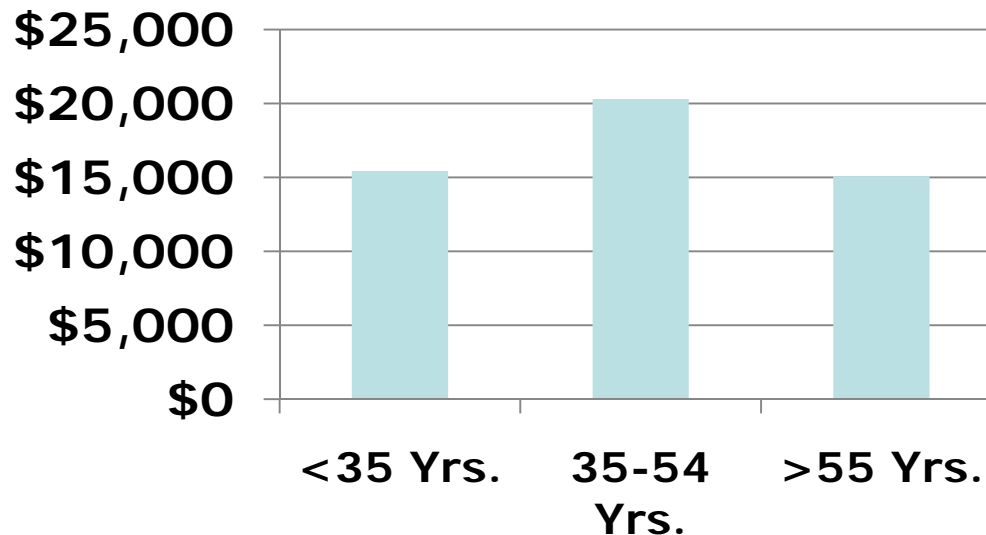
Growth is almost entirely in urban areas.

# Housing Choice by Householder Age and Income: 1995-2006 (National)



# Retail Spending Impacts

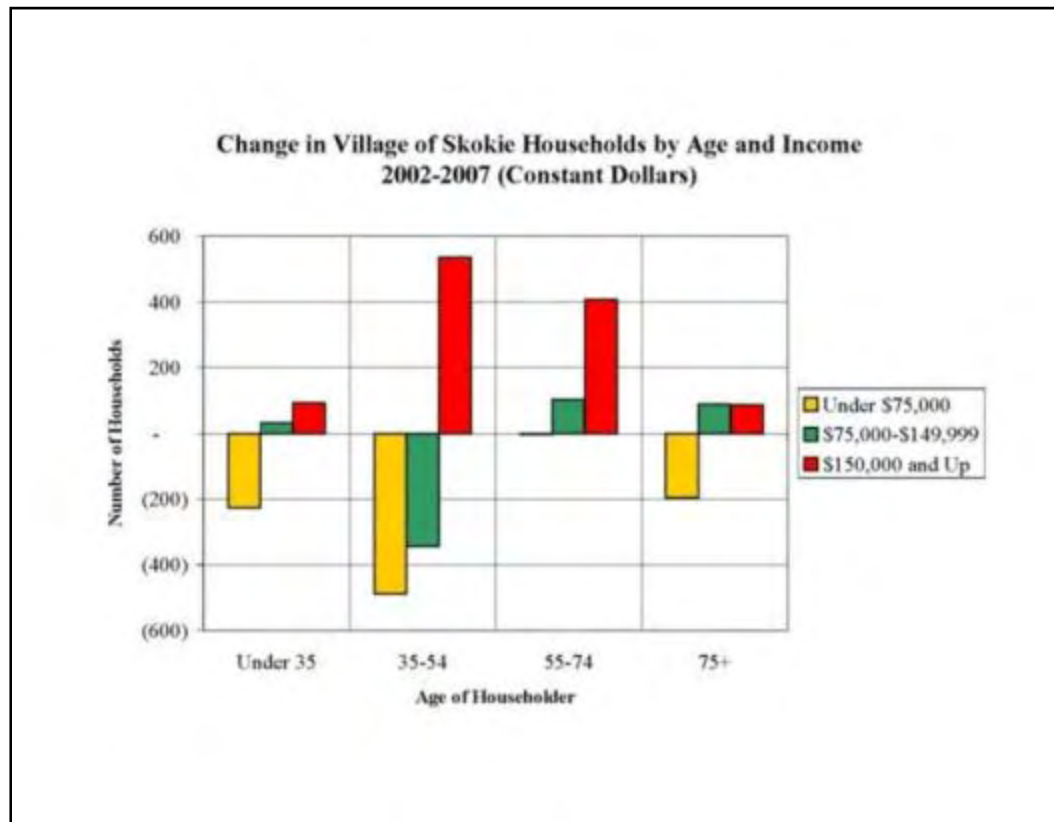
## Spending by Select Retail Categories by Householder Age



Source: US Bureau of Labor Statistics Consumer Expenditure Survey 2008 and S.B. Friedman & Company

*(Net worth of those under Age 45 negative; over positive)  
55+: More spending on services*

# Assessing Position: Decoding the Population Pyramid



# How Can Communities Position Themselves to Be Communities of Choice?

- Fiscal Condition a Function of Economic Growth
- Fiscal Balance a Function of Balanced Land Use
- Residential Still +/- 80% of Property Value
- Sustainable Balance Critical
- Local Government Largely on Its Own
- Equity Concerns Can Only Be Addressed at Local Level if Local Economy and Fiscal Condition Are Sound

# Build on Drivers and Anchors

- Infrastructure
  - Changes in Access and Service
  - Transit
  - Critical Needs / Extensions and Financing
- Anchor Institutions
  - Hospitals
  - Universities
  - Government
- Major 21<sup>st</sup> Century Industries and Economic Sectors
- Population and Age/Income Shifts and Choices



Image: Courtesy of the University of Illinois at Chicago

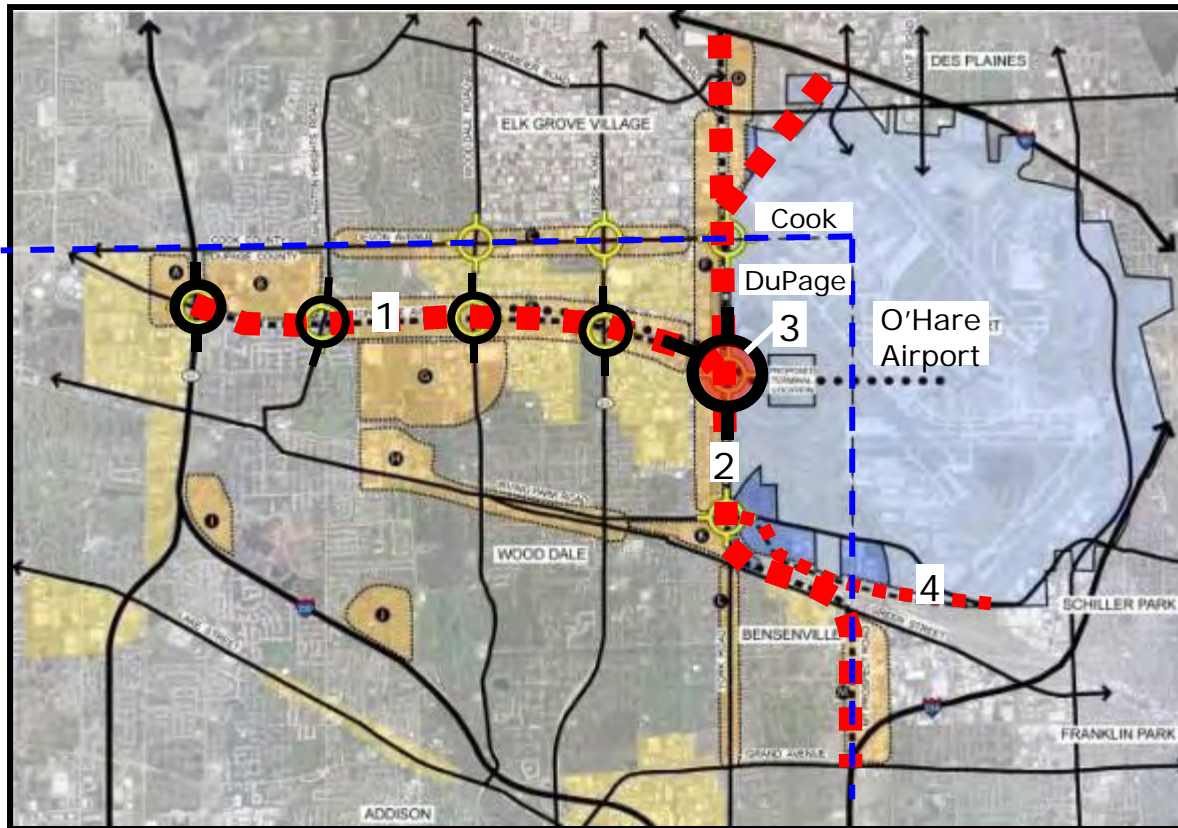


# Game Changing Infrastructure

Urban Land Institute, Chicago District Council  
Infrastructure Task Force Criteria:

- Competitiveness
- Opportunity
- Sustainability
- Public Support
- Financial Feasibility and Funding

# O'Hare Modernization Plan and Related Roadway Improvements



1. Elgin O'Hare Expressway
2. Western Bypass
3. Western Access
4. IL 19 Improvements

# New Transit Hub at O' Hare

- Existing Blue Line
- Star Line from Woodfield
- Thorndale Transit Corridor



*What are your game changers?*

# Industrial / Commercial Markets

- Driven by Overall Economic Growth by Sectors
- Finance and Insurance Global
- Consulting and Design
- Logistics Major Factor
- Manufacturing – Reshoring
- Forecast Based on:
  - Historical Relationship to Manufacturing Index or Moody's DotCom Data
  - Land and Building Absorption
- Access / Congestion
  - Multi-Modal Connections
- Shovel-Ready Sites



# Industrial and Distribution Potentials

Inland Port -- Explosive Industrial Growth: Over 40 Million SF in 10 Years



Map: Courtesy of Will County



Top and Bottom Images: Courtesy of CenterPoint Properties

## Shovel-Ready Criteria for Modern Business/Industrial Parks

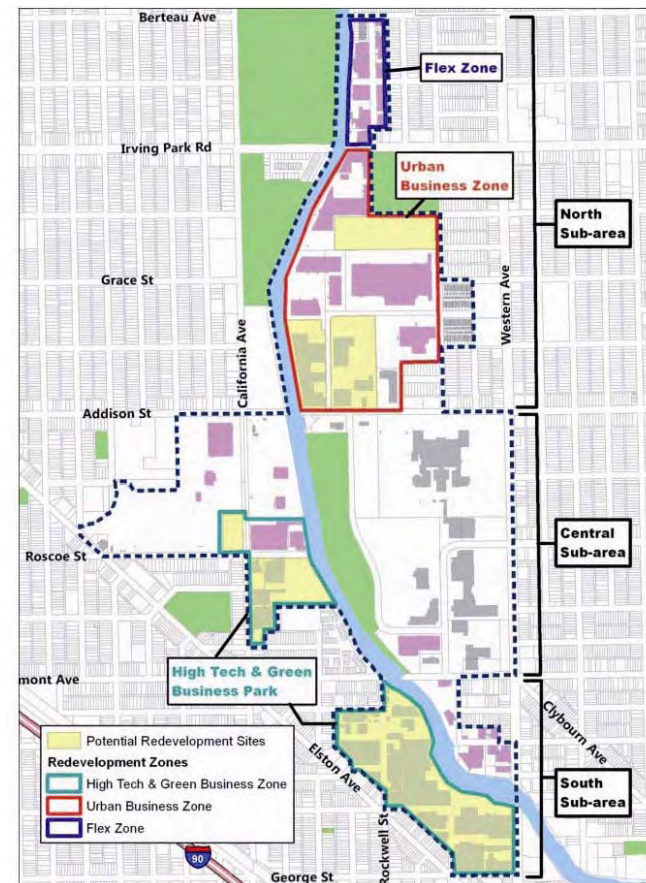
- Acreage: 25+ Acres
- Appropriate Zoning
- Shape of Parcels
- Single Ownership
- Highway Visibility and Access
- Multimodal
- Compatible Surrounding Uses
- Topography
- State-of-the-Art Infrastructure
- Environmental Characteristics
- Image of the Area
- Purchase Conditions

## Amenities Offered in Modern Business/Industrial Parks

- Design Guidelines
- Codes, Covenants and Restrictions
- Walking Paths
- Jogging Trails
- Green Space, Landscaping, Attractive Lighting and Signage
- Water Features: Ponds, Lakes, Fountains
- Incubator
- Health Club/Athletic Facilities
- Retail, Restaurants, Service Establishments, Dry Cleaner
- Mini Grocery Store, Food Mart
- Daycare

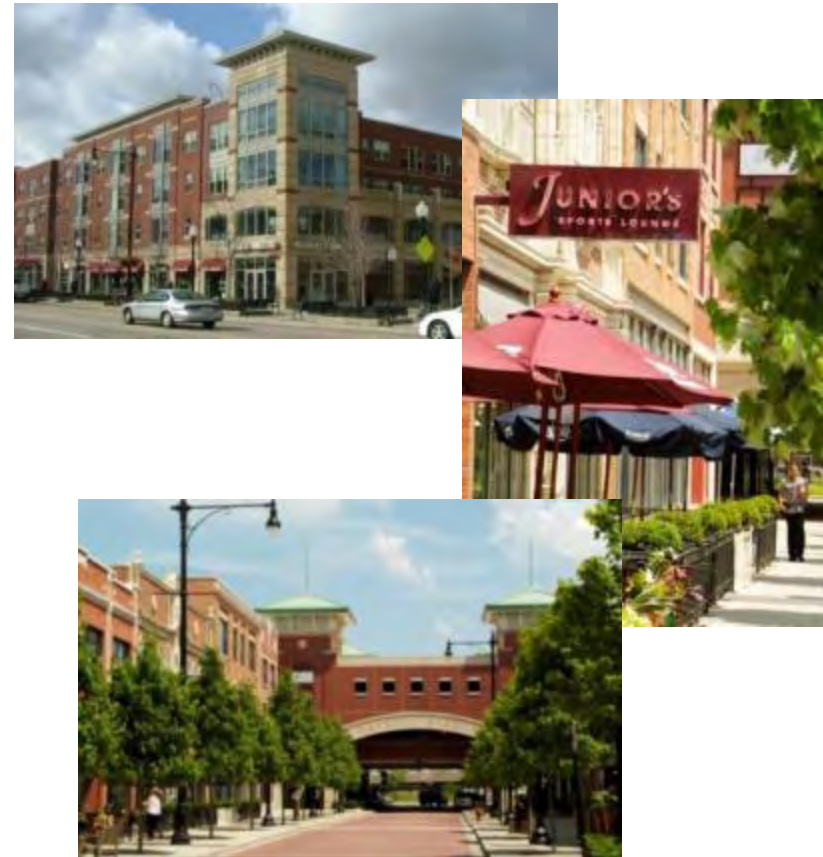
# Urban Industrial Redevelopment

- Sectoral Analysis
- Facilitate Expansion of Healthy Firms
- Redevelopment of Obsolete Buildings
- Tap Into Target Industries/Firms
- Green Trend Firms
  - Design
  - Wind/Solar
  - Architecture
- Other Locations for Manufacturing
- Land Banking
- Land Use Conversion Criteria



# Anchor Institutions: UIC's University Village

- Development Program
  - 140,000 Sq Ft Retail
  - 890 For-Sale Units
  - 72,000 Sq Ft of Office
  - 1,500 Units of Student Housing
  - Parking Garage
  - 3,000-Seat Multi-Event Center (UIC Forum)
- Primary Driver in Transforming the Look and Appeal of the Campus
- Replaced Flea Market
- Total Development Costs: \$400 Million
- TIF Investment: \$50 Million



# Residential – Impact of Recession and Demographics

- Rental Housing
- Return of Condos ? When Re-sales resume.
- Reconsider Half-Built Sub-Divisions
- Localized Mix



Image: Courtesy of AMLI Residential

## Development Implications -- Growing Generation Y Cohort

- Apartment Renters
- Both Downtown and Near Suburban Workplaces
- Return of the Clubhouse Complex?
- Zoning Requests for High-End Rental and Higher Densities
- Changing Politics – “Our Kids...”

# Market-Rate Rental Product of High Quality



Bristol Station – Naperville (TOD)



Thornberry Woods – Naperville

Top Image: Courtesy of RMK Management  
 Bottom Image: Courtesy of Lincoln Property Company



AMLI at 7 Bridges – Woodridge

Image: Courtesy of AMLI Residential



Alta at Kinzie Station – Chicago

Image: Courtesy of FRC Realty, Inc.

## Development Implications – Flat 35 to 55; Growing 55 +

- Slowing Sales of Entry Level Condos
- Empty Nesters to Both Downtown and Suburban Downtowns
- Other Lifestyle Choices
- Market Support for Higher Densities
- Political Long-Timers Wanting to Stay in Community Influence Policy and Zoning
- Limited Demand for Single Family in Many Locales
- Recovery of Resale Market Required
- Slow Growth Areas May Not Have Enough to “Back Fill”

# Diverse Condo Forms



The Shops and Residences of Uptown – Park Ridge



Condo on Chicago Avenue – Evanston



Image: Courtesy of Central Station Development Corporation  
 Central Station – Chicago

ShoDeen – Geneva Suburban Downtown Infill



NEB – Bartlett Suburban Town Center

Del Webb – Sun City – Huntley



Image: Courtesy of PulteGroup, Inc.

# Aging Population: Development Implications

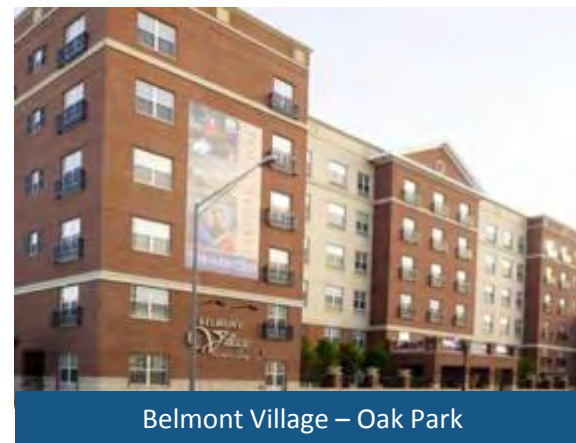
- Slowing Single Family Requirements May Drag Sales of Empty Nester's Homes
- But Many Ages Prefer Single Family
- Builders Likely to Shift to Other Products
- Pressure for Mixed Housing Type Developments to Hedge Risk
- Niches Come and Go
  - 1980s Continuing Care
  - 1990s Assisted Living
  - % Ever in Nursing Care Declining
- Post 2016, Steady Growth
  - Continuing Care
  - Mixed Age
- Softening Retail Demand

# Options for Aging

Image: Courtesy of the  
 Village of Glenview



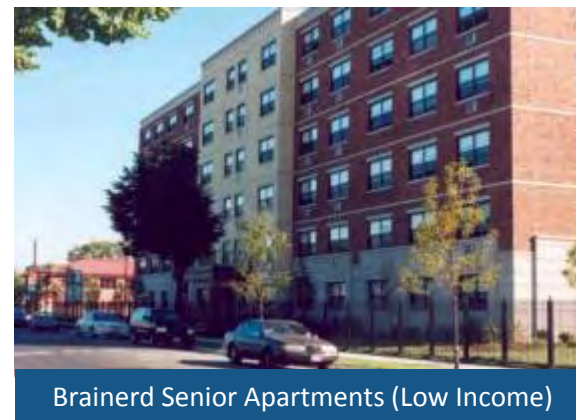
Classic Residence by Hyatt – Glenview



Belmont Village – Oak Park



Sunrise – Lincoln Park, Chicago



Brainerd Senior Apartments (Low Income)

# Impacts on Retail

- More Complex and Less Predictable than Housing
- Tied to Lifestyle, Income, Consumer Preferences
- Aging Shifts to Food from Other Retail
- May See Actual Declines in Retail Spending
- But It Will Evolve Due to Many Factors, Including Age Demographics
- Fewer Strong Retail Downtowns
- More Services
- More Public Anchors

Image: Courtesy of Dougherty Architectural Consulting



Deer Park Town Center



Lifestyle Retail



Des Plaines Library Plaza

# Most Successful Retail Formats for the Future (RetailWire Survey)



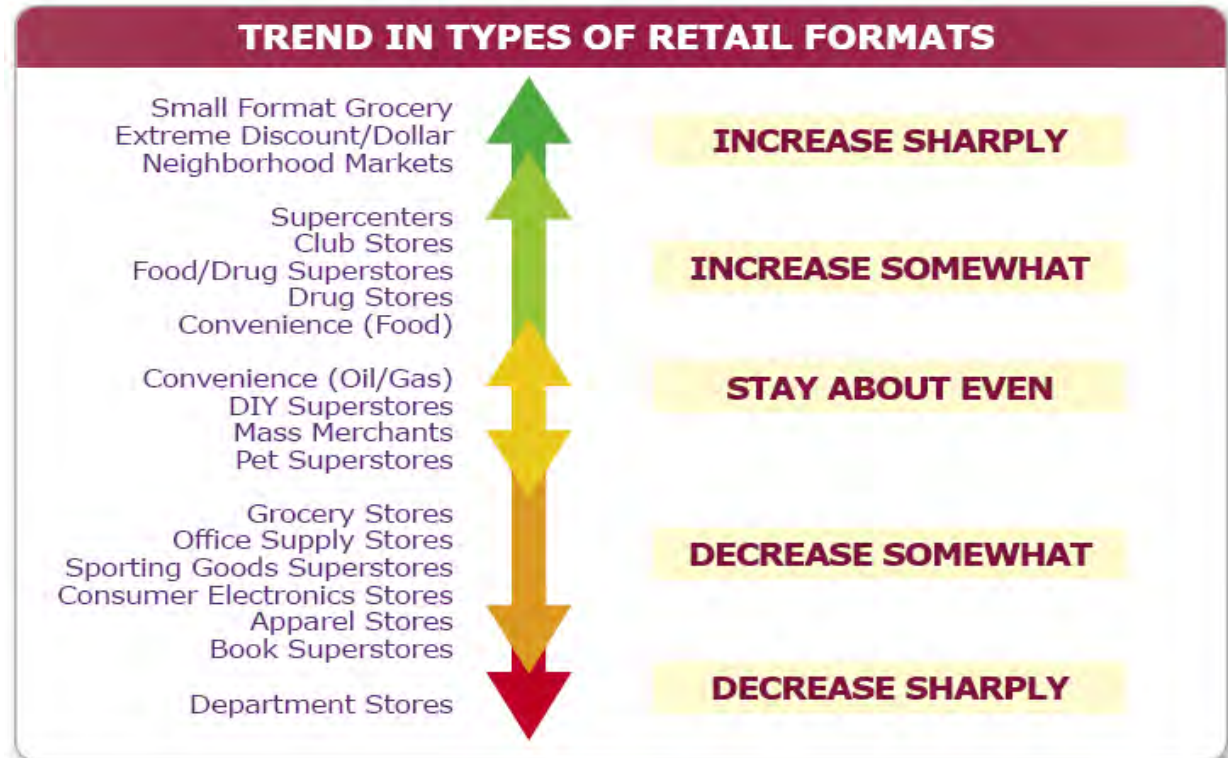
Oswego Commons Power Center - Oswego



Bartlett Town Center - Bartlett



Algonquin Commons - Algonquin



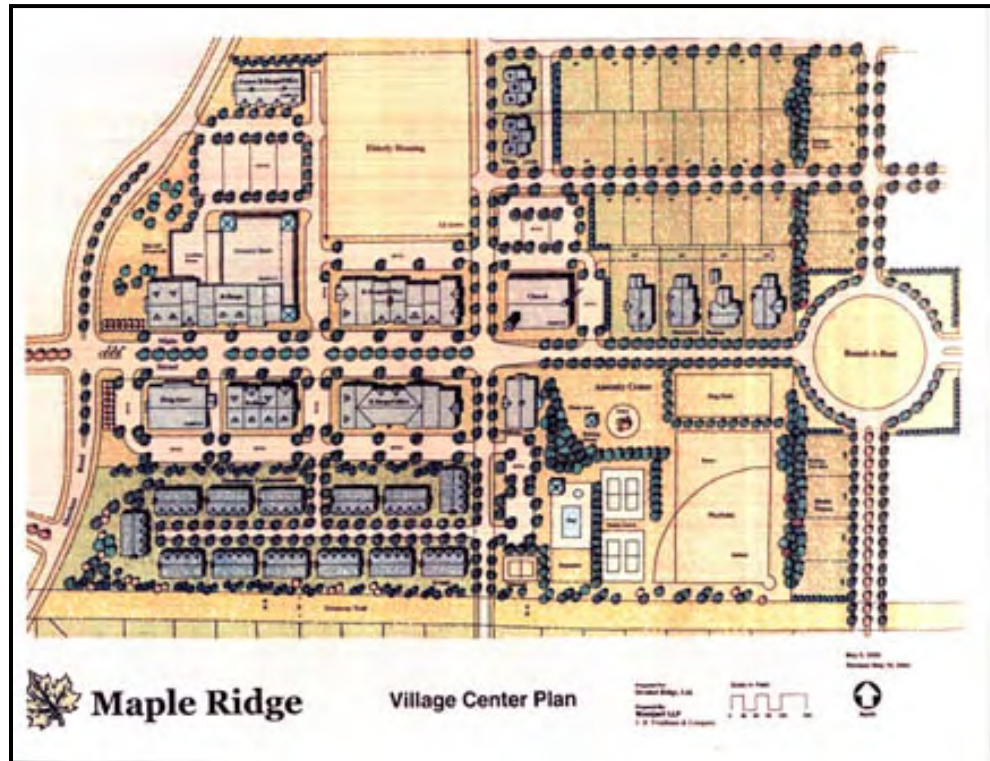
Source: RetailWire/Dechert-Hampe & Co. - "Retail Formats in Transition" study, February 2009

# Mixed Use – Shops & Residences of Uptown

- Infill Completed Downtown as “Life Style Center”
- Development Program Included 190 Residential Units
  - 89,000 sq ft of commercial/retail
  - 550 underground parking spaces
- TIF Was Used for Land Acquisition, Site Improvements, Public Underground Parking
- Total Development Costs: \$107 Million
- TIF Investment: \$16.8 Million



# How About Mixed-Age Communities?



# Mixed Use (Sub) Urban Centers

- Old Satellite City with Rail and Expressway Downtown
- I-355 to I-80 Was Game Changer
- Two Commuter Lines' Hub  $\frac{3}{4}$  Mile from I-80 Chicago Street
- Other Rail Webbed through (E J & E and Others)
- High-Speed Rail to Joliet Union Station
- Application for Multi-Modal Center
- Potential for Major Regional Center
  - Office
  - Residential
  - Education
  - Recreation



Images: Courtesy of the City of Joliet

## In Closing...

- Infrastructure
- Anchor Institutions
- Major 21<sup>st</sup> Century Industries and Economic Sectors
- Population and Age/Income Shifts Drive Retail and Housing Choices
- Opportunity to Become “Community of Choice”
- Economic and Fiscal Base for Future

