MetroStats

METROPOLITAN COUNCIL

The Twin Cities Region's Local Forecasts October 2014

Why does the Council forecast?

The Metropolitan Council updates forecasts of population, households and employment at least once every 10 years. The local forecasts (forecasts for cities and townships within the seven-county region) detail the likely geographic pattern of future growth. We provide these forecasts to promote shared expectations of when, where and how much growth is expected.

The forecasts will be used in the coming months to prepare metropolitan system plans for water resources, transportation and regional parks.

In 2015, we will update these forecasts to reflect forecast process improvements, updated information and any impacts of new regional policies.

The most current regional and local forecasts are available on our website: http://metrocouncil.org/data

For more information about this summary, please email us research@metc.state.mn.us.

Introduction

The Metropolitan Council's forecasts detail when, where and how much growth the metro region can expect in coming decades. Over time, geographic patterns of activity and of new development can change. New forecast modeling for *Thrive MSP 2040* projects the likely pattern of growth.

Our region will grow substantially by 2040

The region's population is projected to grow steadily, adding 826,000 people between 2010 and 2040, bringing the total population to nearly 3.7 million.

Concurrently, the region's economy and employment are forecasted to grow by 558,000 jobs by 2040. The largest share of this growth will happen in the current decade. Beyond 2020, employment growth will become more difficult as the region experiences a retirement boom and challenging workforce shortages.

Figure 1. *Thrive MSP 2040* regional forecast totals

	2010	2020	2030	2040
Population	2,849,567	3,123,430	3,395,060	3,675,660
Households	1,117,749	1,259,450	1,390,990	1,510,190
Employment	1,543,872	1,820,710	1,955,580	2,102,090

Source: Metropolitan Council. For the most current forecast numbers, visit our website http://metrocouncil.org/data

All of these people and jobs will locate in specific places

The regional forecast is allocated to specific places with a real estate market model of household and employer locations choices and resulting development patterns.

Changing demographics, changing needs and maturing regional systems will all influence growth patterns over the next three decades. While past growth concentrated largely in suburban communities, the local forecast details robust future growth across a range of communities in various stages of development.

Minneapolis and Saint Paul will capture a significant share of the region's new households and employment. Urban Center and Urban communities nearest to Minneapolis and Saint Paul are mostly fully developed but will

experience renewal as redevelopment opportunities arise. Emerging Suburban Edge communities have the greatest supply of ready, undeveloped land and will continue to experience healthy growth and provide additional housing opportunities.

In this report, local forecasts are summarized by *Thrive MSP 2040* Community Designations[1] to provide an overview of projected growth patterns (see page 8).

Growth of households

Following World War 2, the construction of the modern highway network surrounding Minneapolis and Saint Paul revolutionized accessibility and multiplied the land supply available for new development. The region's development footprint advanced outward, exploiting cheap land availability and the newly accessibility terrain. In recent decades—from 1980 to 2010—the majority of new household growth occurred in Suburban or Suburban Edge communities. Together, this grouping accounted for 61% of all new households. Emerging Suburban Edge communities were another 21% of regional growth. In contrast, the Urban Centers captured just 4% of all new growth.

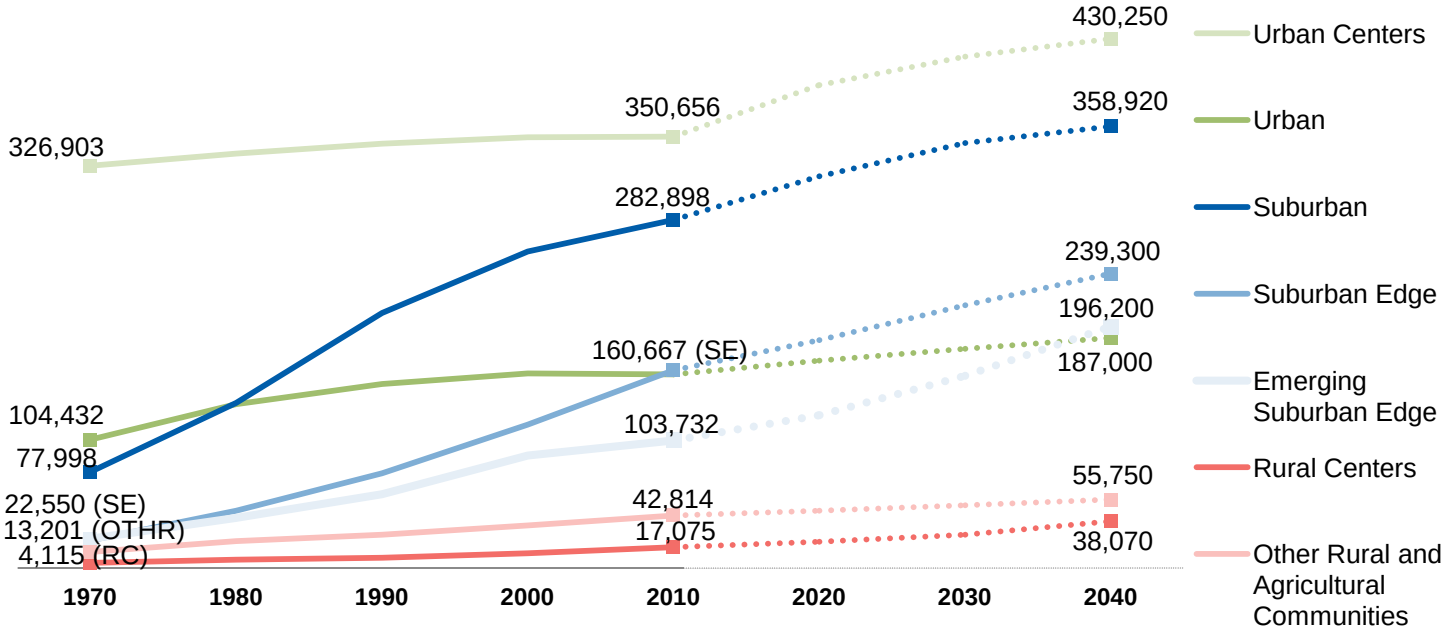
While a large supply of available land remains surrounding the I-494/694 ring, the outward growth following new highways has limits. Looking forward, development patterns will reflect the preferences of region's increasingly diverse population and maturing regional systems.

Council analysis of real estate preferences suggests that demand for land on the outskirts has peaked. A new real estate demand trend is emerging, weighted toward the housing and location preferences of senior citizens, people of color and young adults. Senior citizens households are expected to demand smaller, easy-maintenance housing, accessibility to services and amenities, and location in or near the communities which they know best—primarily the developed core of the region. Likewise, people of color are also expected to prioritize accessibility to destinations and diverse, integrated communities with a range of housing options. The land cost advantages of Emerging Suburban Edge communities have not disappeared, but the Council expects these fastest-growing segments of market demand to drive a gradual, back-to-the-center development pattern (Figure 2).

Provided with the region's future demographic mix and data on each market segment's preferences, the Council's local land use model returns projections of substantial growth in Urban Center communities. The Council forecasts that Minneapolis and Saint Paul will grow by about 39,000 and 26,000 households respectively between 2010 and 2040. These are dramatic increases compared to the previous 30 years during which Minneapolis added 1,700 households and Saint Paul, 5,000.

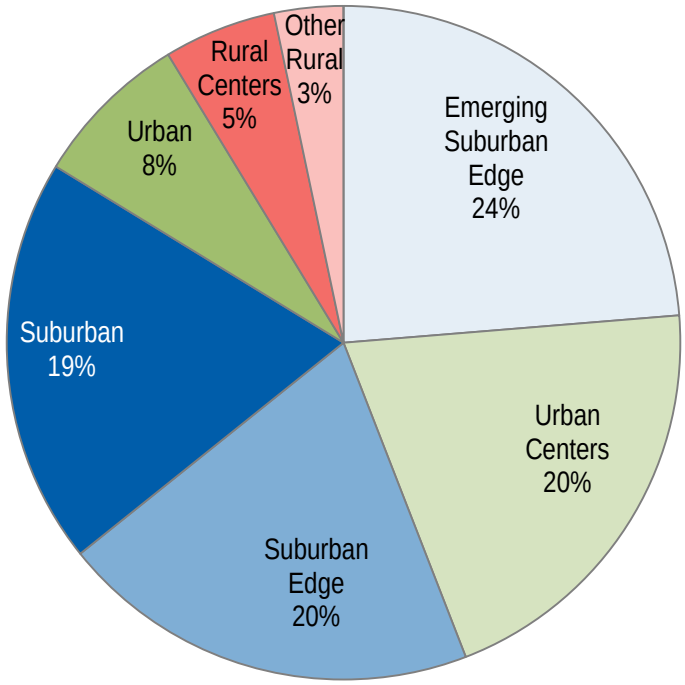
[1] A detailed description of Community Designations is available in Thrive MSP 2040.

Figure 2. Household Growth by Community Designation, 1970-2040



Over time, demands for central location and accessibility create value opportunities that exceed the challenges of redevelopment. Overall, Urban Center and Urban Communities will account for 28% of future household growth. Growth in the Suburban Edge and Emerging Suburban Edge areas will slow but remain strong. Benefiting from land availability, the Council forecasts that Suburban Edge and Emerging Suburban Edge areas will capture 44% of the region's household growth (Figure 3).

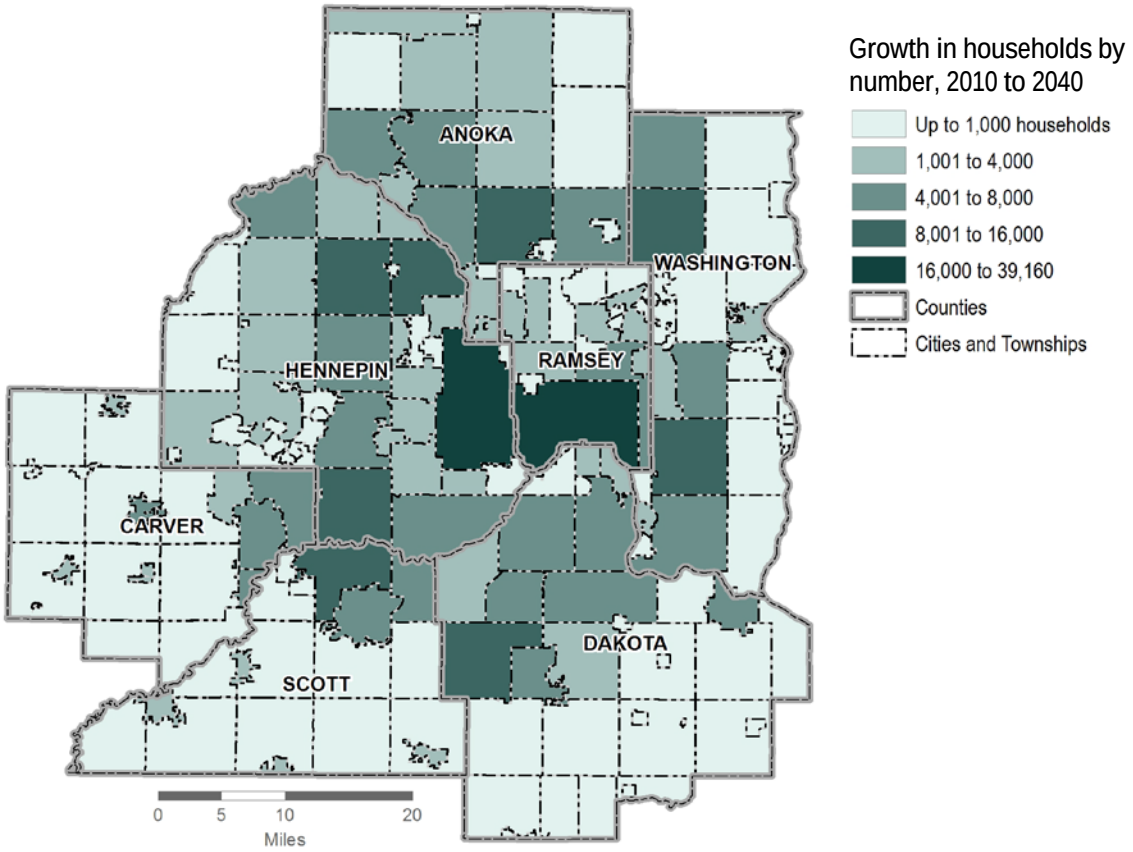
Figure 3. Share of the region's overall growth of households, 2010-2040

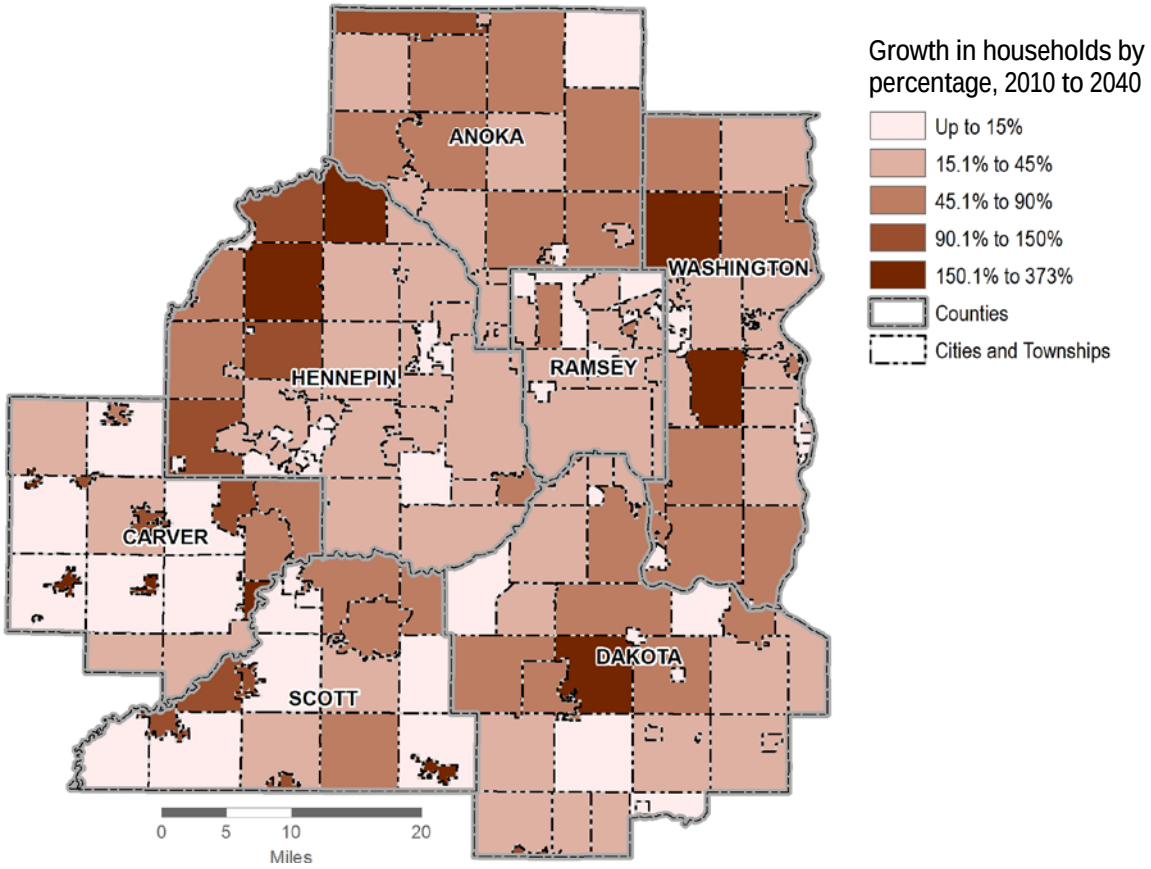


The 2020 and 2030 local forecasts show a large portion of the household growth expected in the region over the next 30 years taking place between 2010 and 2020 (36%), then slowing down in the decades that follow. Not all community types follow this overall trend, however. Household growth in Emerging Suburban Edge, Rural Centers and other rural and agricultural communities is steady, with sizable gains each decade.

Figure 4 shows maps of household growth from 2010 to 2040—the first, change in absolute numbers, the second by the percent change. Worth noting are the five communities that will add the most households by 2040 based on sheer numbers: Minneapolis (39,160), Saint Paul (26,599), Blaine (11,923), Lakeville (11,817) and Woodbury (10,506).

Figure 4. Household growth by Community, 2010-2040





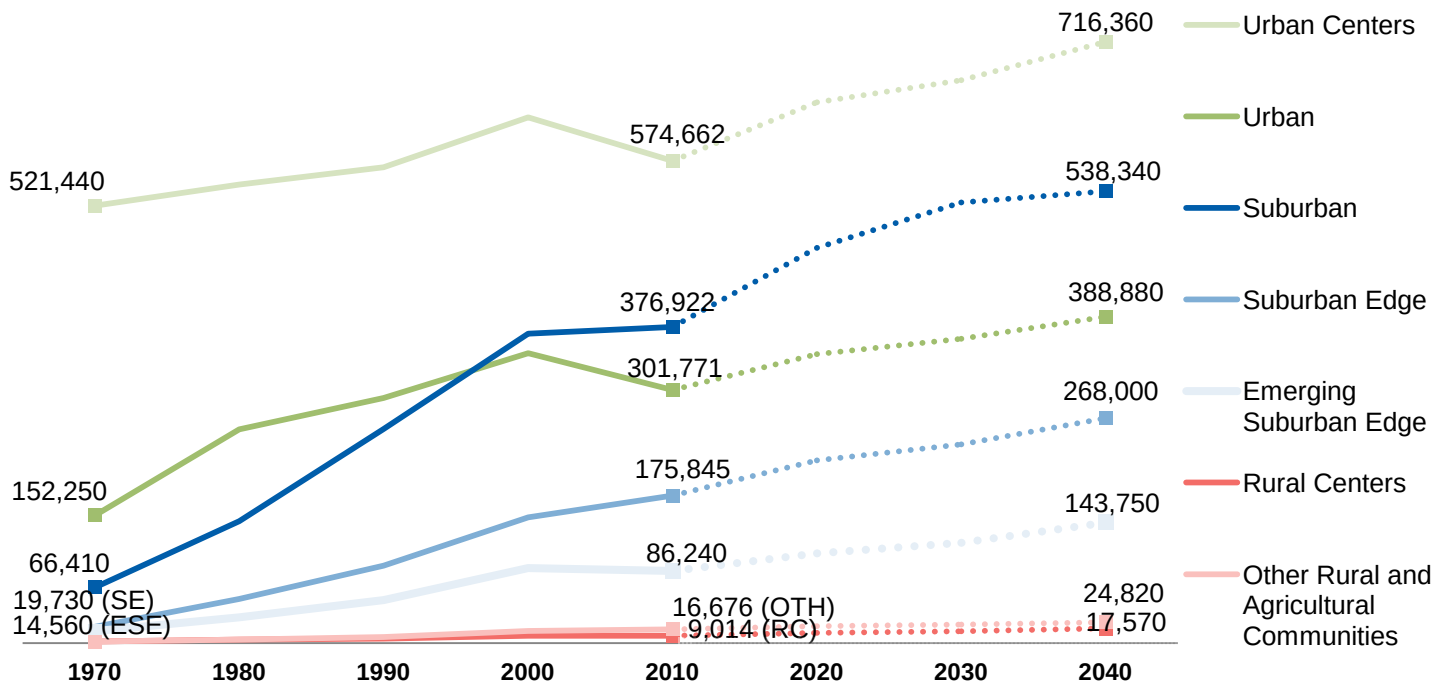
Employment growth

The *Thrive MSP 2040* employment forecasts demonstrate the importance of employment concentrations and transportation corridors. Cities with existing concentrations of jobs and good accessibility to workers and customers will see further growth over the next thirty years.

Urban Centers will grow by a total of about 141,000 new jobs over the next 30 years and will remain the region's predominant employment centers. Most of this growth will occur in Minneapolis and Saint Paul, gaining about 74,000 and 42,000 new jobs respectively. Other Urban Centers such as Bloomington and Edina also benefit from central location and proximity to other areas of high economic activity.

Suburban communities will capture 162,000 new jobs. Suburban communities include cities such as Eden Prairie, Minnetonka and Brooklyn Park. Many of these are located along freeway corridors and future transitways, and already have a substantial base of employment and are home to many of the region's corporate campuses. From the Council's modeling, this accessibility and economic base will continue to generate employment growth over the coming decades.

Figure 5. Employment Growth by Community Designation, 1970-2040



Suburban Communities will add about 161,000 jobs by 2040, accounting for 29% of the region's employment growth. Suburban Edge and the Emerging Suburban Edge Communities as a group will gain 140,000 new jobs (about 27% of the region's new employment). Rural Centers and other rural and agricultural communities remain largely residential and agricultural—together, they are expected to add about 3% of all new jobs (Figure 6).

Figure 6. Share of the region's overall employment growth, 2010-2040

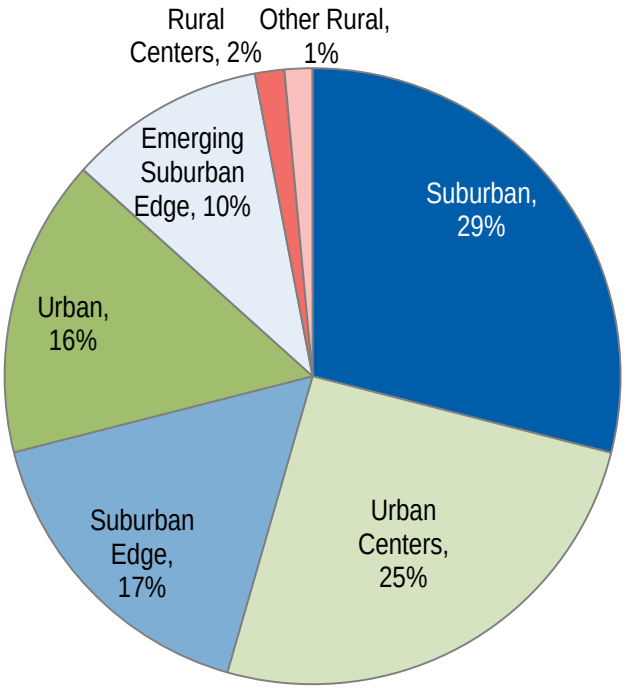
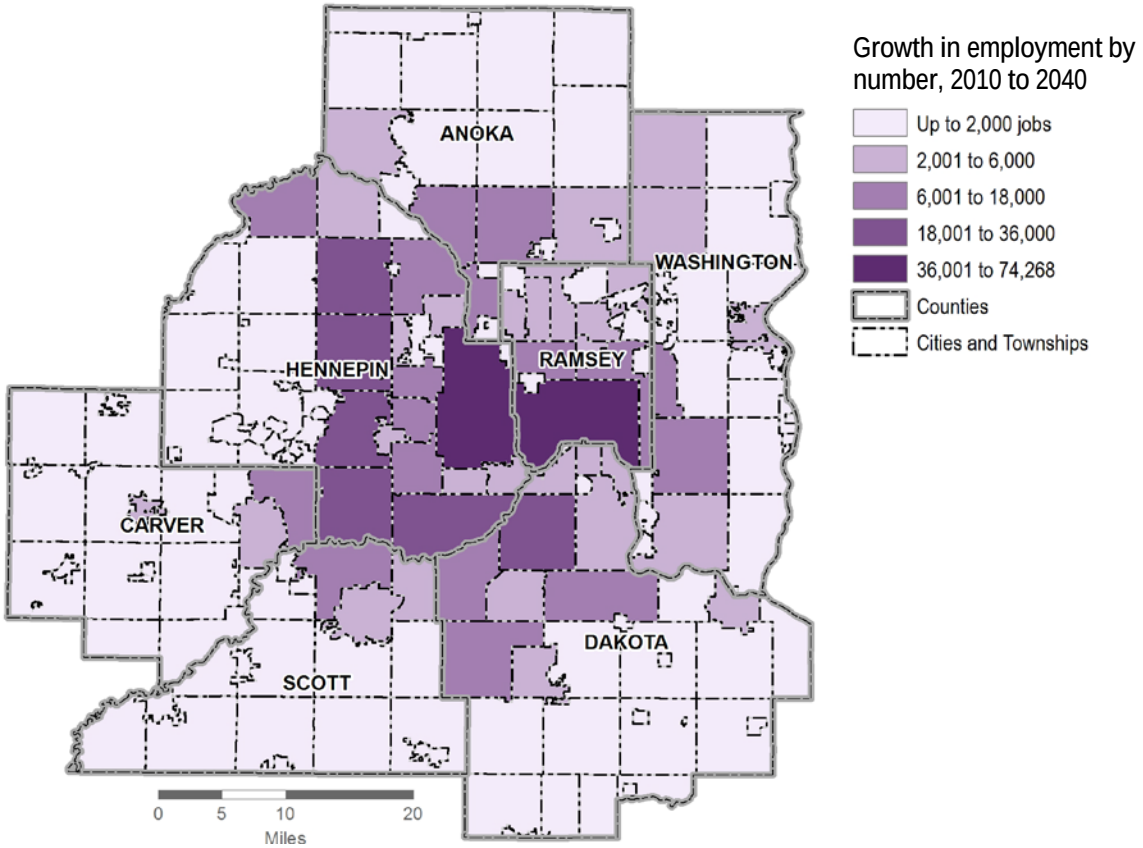
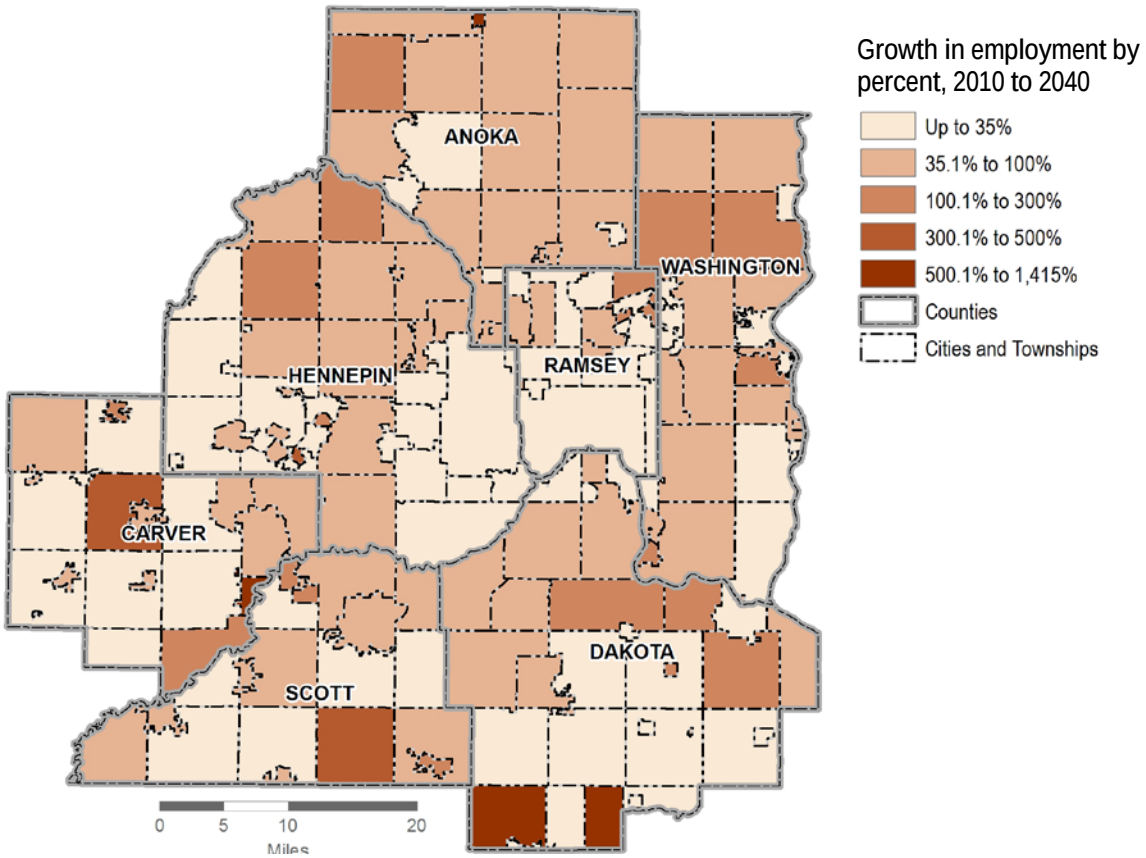


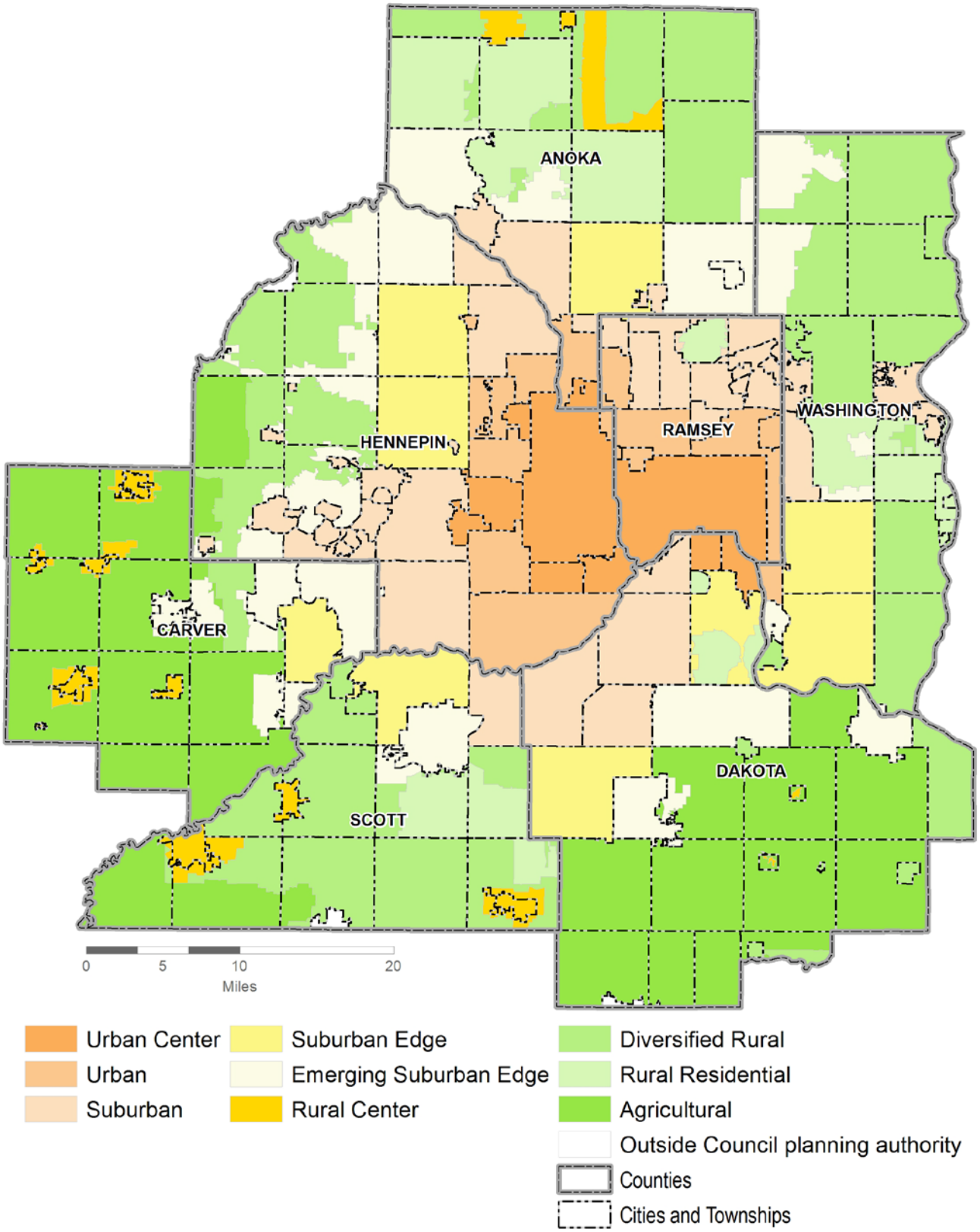
Figure 7 on the next page maps growth in employment by community—again, by number and by percent growth between 2010 and 2040. The five communities that will add the most new jobs are Minneapolis (74,268), Saint Paul (42,067), Bloomington (24,407), Eden Prairie (21,225) and Eagan (20,674).

Figure 7. Employment Growth by Community, 2010-2040





Appendix A: *Thrive MSP 2040* Community Designations



Appendix B: How does the Council forecast?

To develop regional forecasts of population and employment, the Council uses a regional economic model called REMI PI+. REMI PI+ assesses a region's relative economic competitiveness to forecast future population, jobs and gross regional product. The Council updates data in REMI PI+ with long-term economic forecasts prepared by Global Insight.

To develop local forecasts, the Council uses a land use model called Cube Land, simulating real estate development possibilities and analyzing the likely geographic pattern of development, responsive to the region's future industry mix and future demographics. Cube Land projects that developers will build in places where households or firms find value, and where that value exceeds costs of construction and land. Of course, this new development is limited to zones where policies and land capacity allow for development. Local data inform the model. The model is provided with each community's 2030 Comprehensive Plan for land use identifying the total potential land supply and allowable land uses and densities.

Future transportation plans also influence the local forecasts. The Council's land use model and transportation model are run in tandem, with a common transportation scenario, inclusive of new transportation investments programmed for the next three decades. The land use model provides the spatial distributions of households and employment in the region. In turn, the transportation model returns results on the accessibility terrain, which can inform land use decisions.