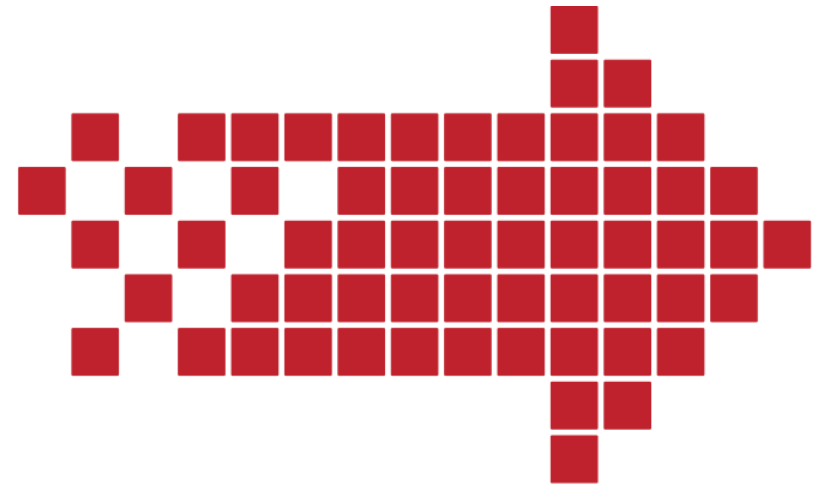


BIG SHIFTS AHEAD



DEMOGRAPHIC CLARITY FOR BUSINESSES



presented by:

John Burns | CEO

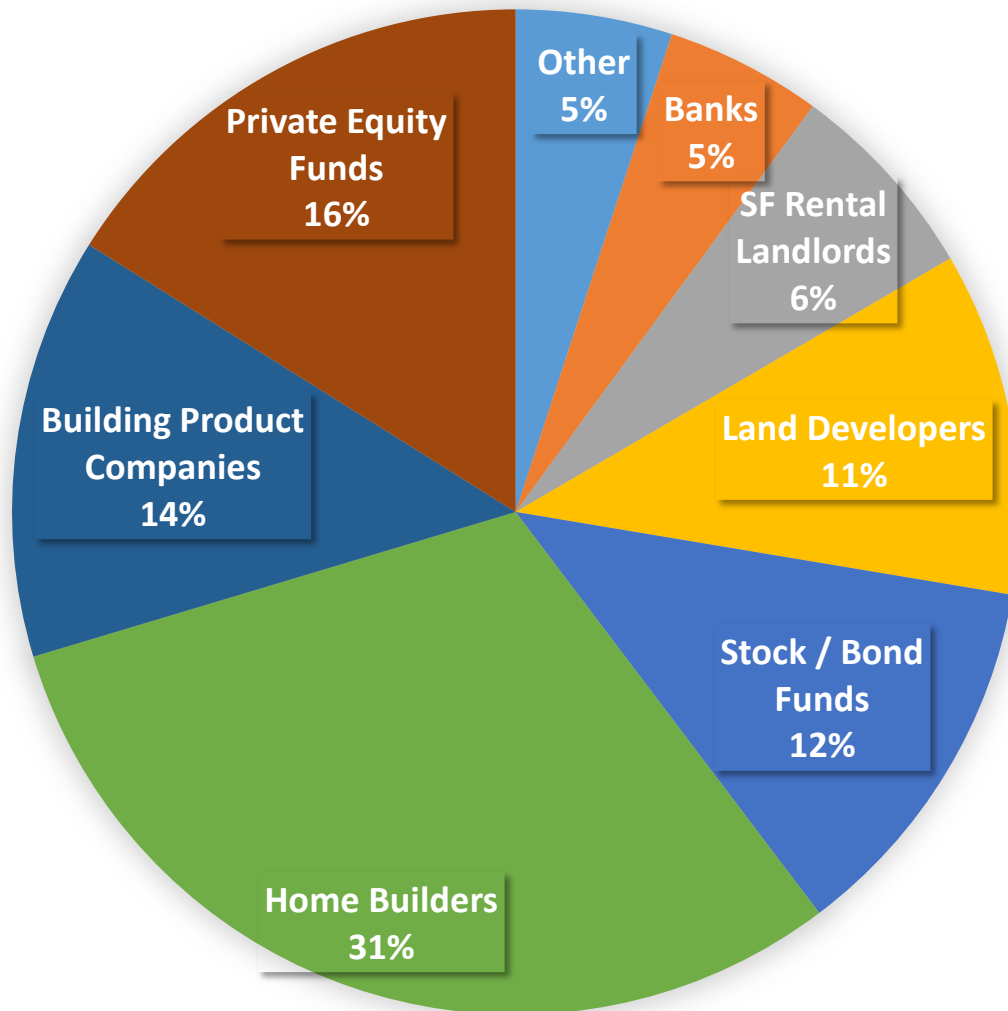
jburns@realestateconsulting.com

September 19, 2017

Who Is John Burns Real Estate Consulting?

Diverse Research subscribers

JBREC Research Subscriber Membership Distribution



Quick Stats

Companies
Subscribing to Our
Research **199**

Annual Consulting
Assignments **600+**

LinkedIn
influencer
Followers **600,000+**

Newsletter
Subscribers **30,000+**

Regularly Quoted In:



As of September 14, 2017

What do these two have in common?



33-year-old

Working Father

17-year-old

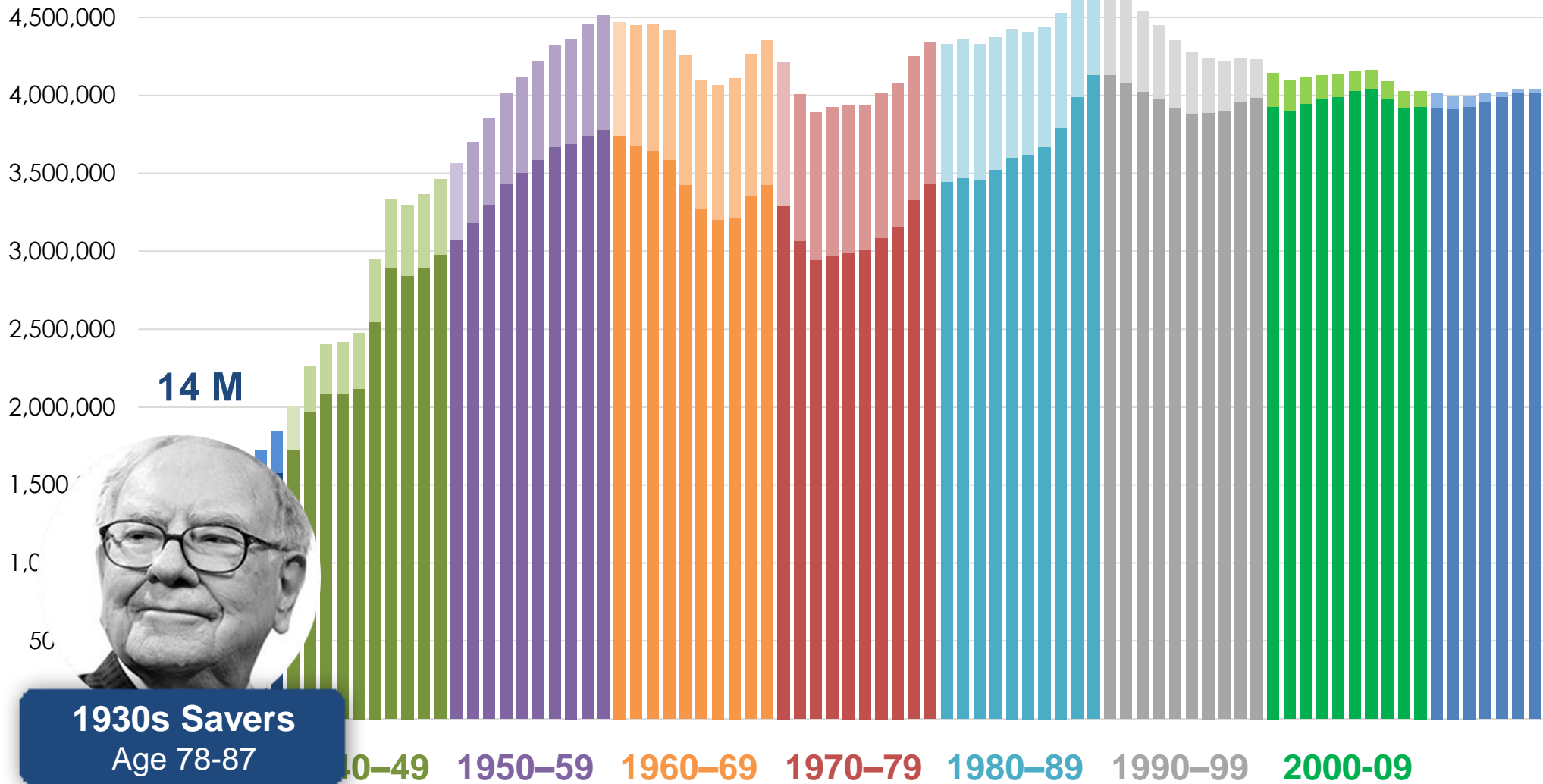
High School Senior



Defining the Generation by Decade Born Will Simplify Your Decision-Making

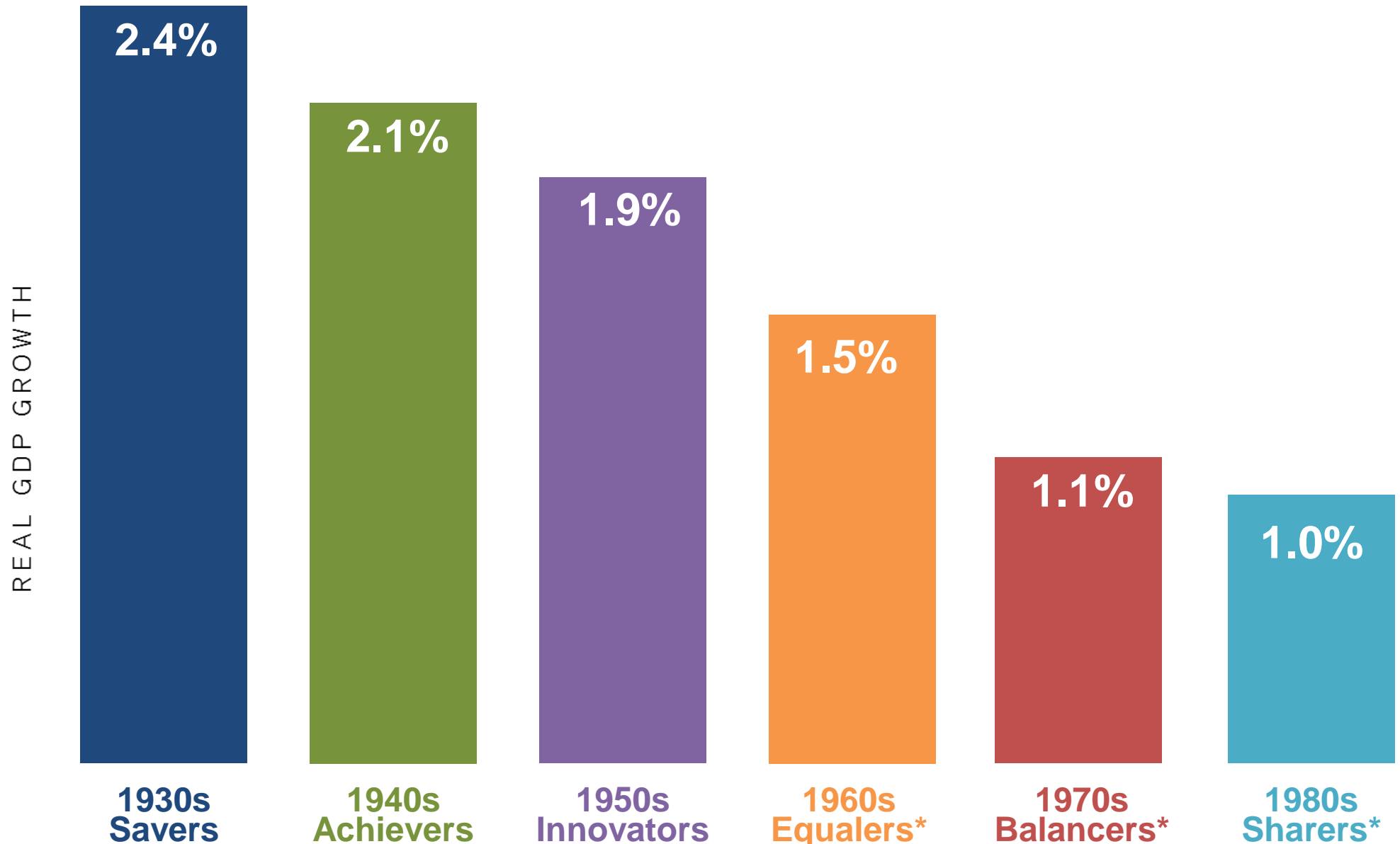
2016 US POPULATION

■ Foreign Born ■ US Born Alive Today



Retirees Had Double the Economic Growth that their Children Have Had

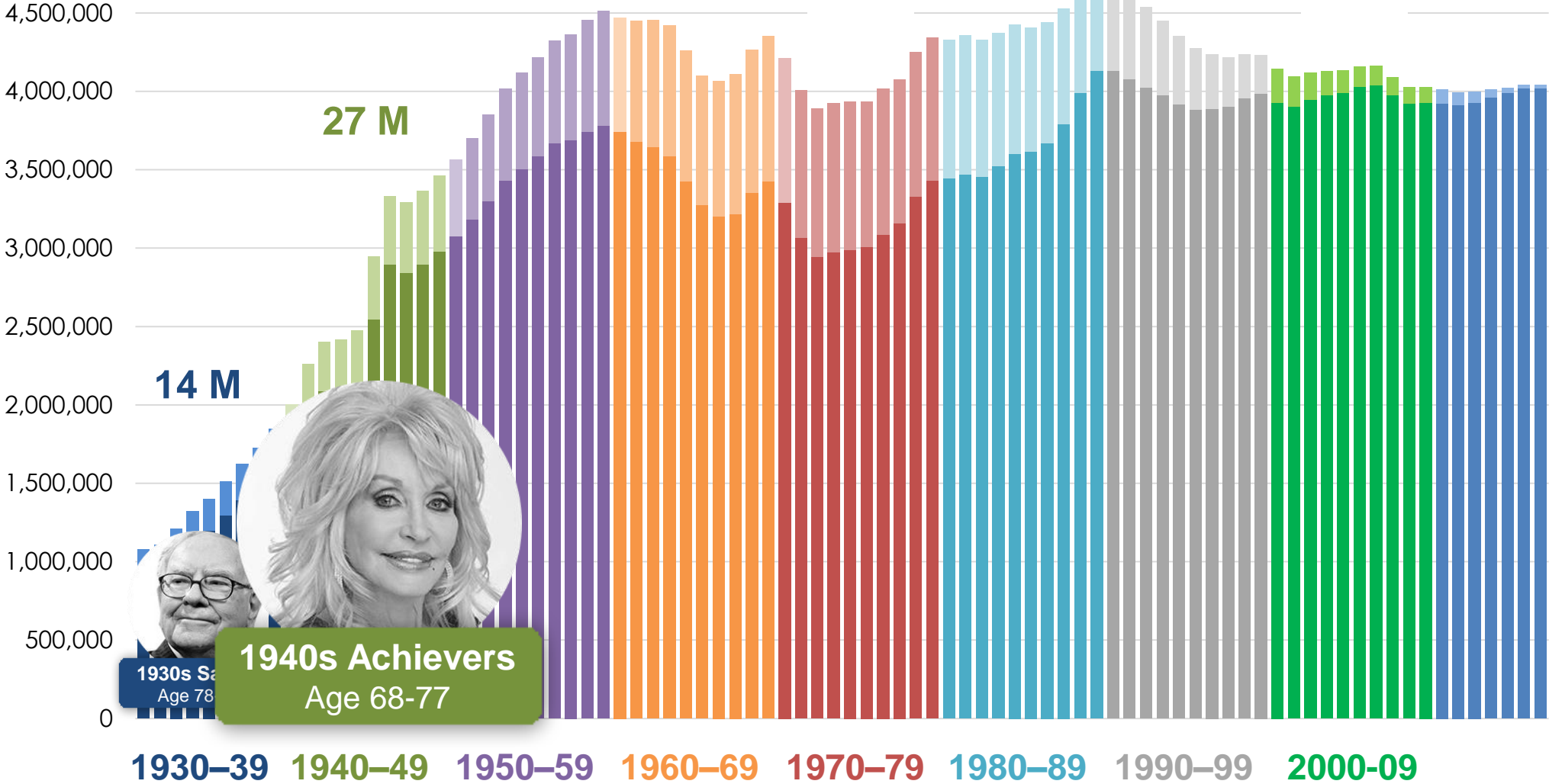
AVERAGE GDP GROWTH PER PERSON— PRIME WORKING YEARS (25-54)



Boomers Are Retiring in Drove

2016 US POPULATION

■ Foreign Born ■ US Born Alive Today

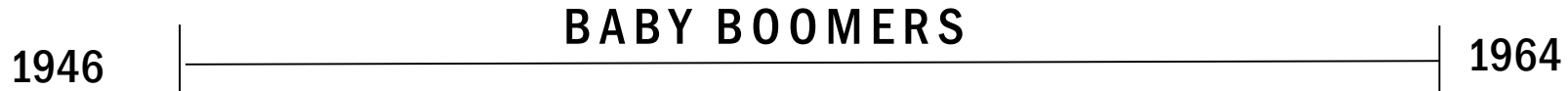


What do these two have in common?



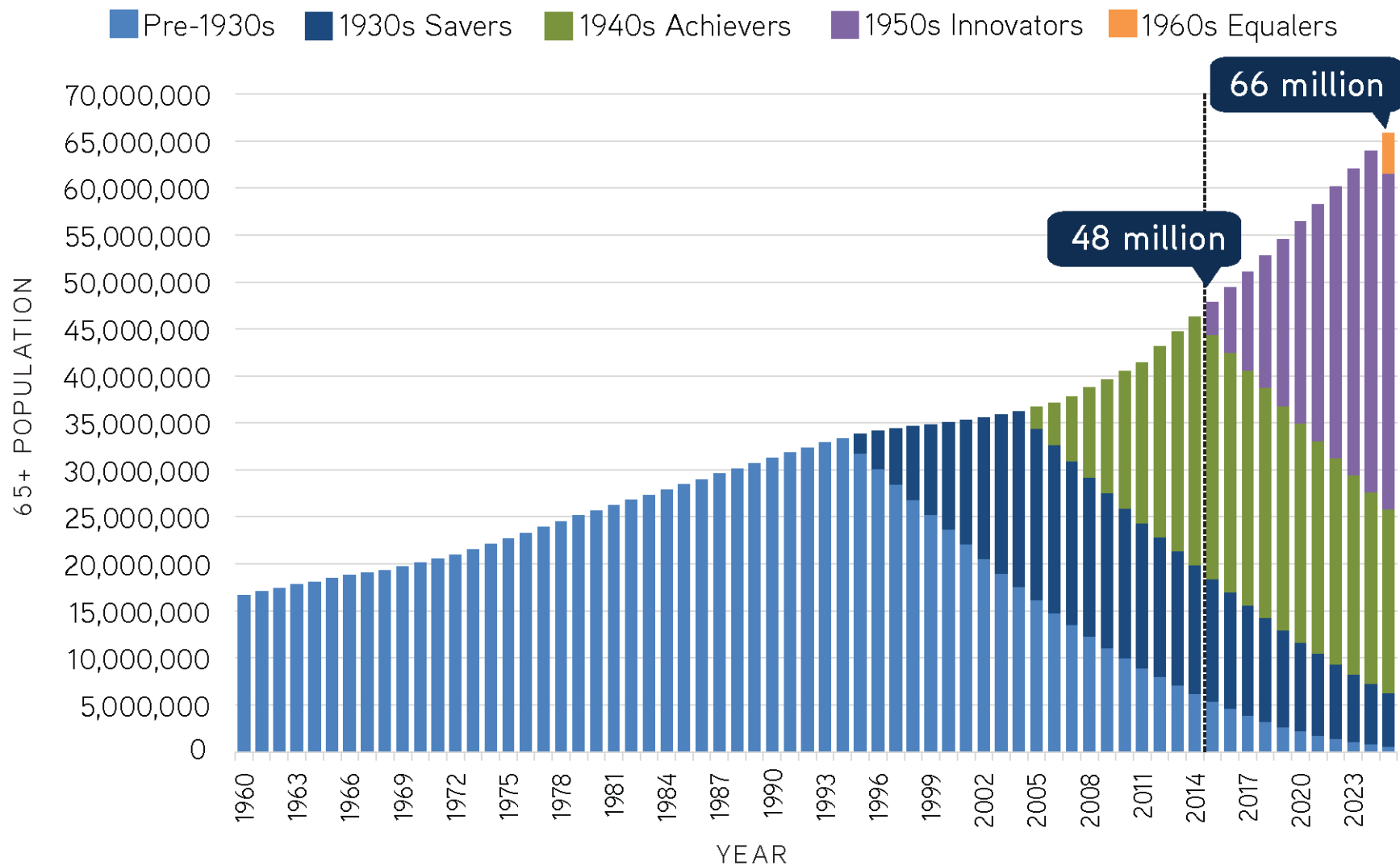
70 year old
Retired Grandfather

54 year old
High School
Senior's Father



Surging Retirement Will Slow the Economy and Create New Types of Real Estate Demand

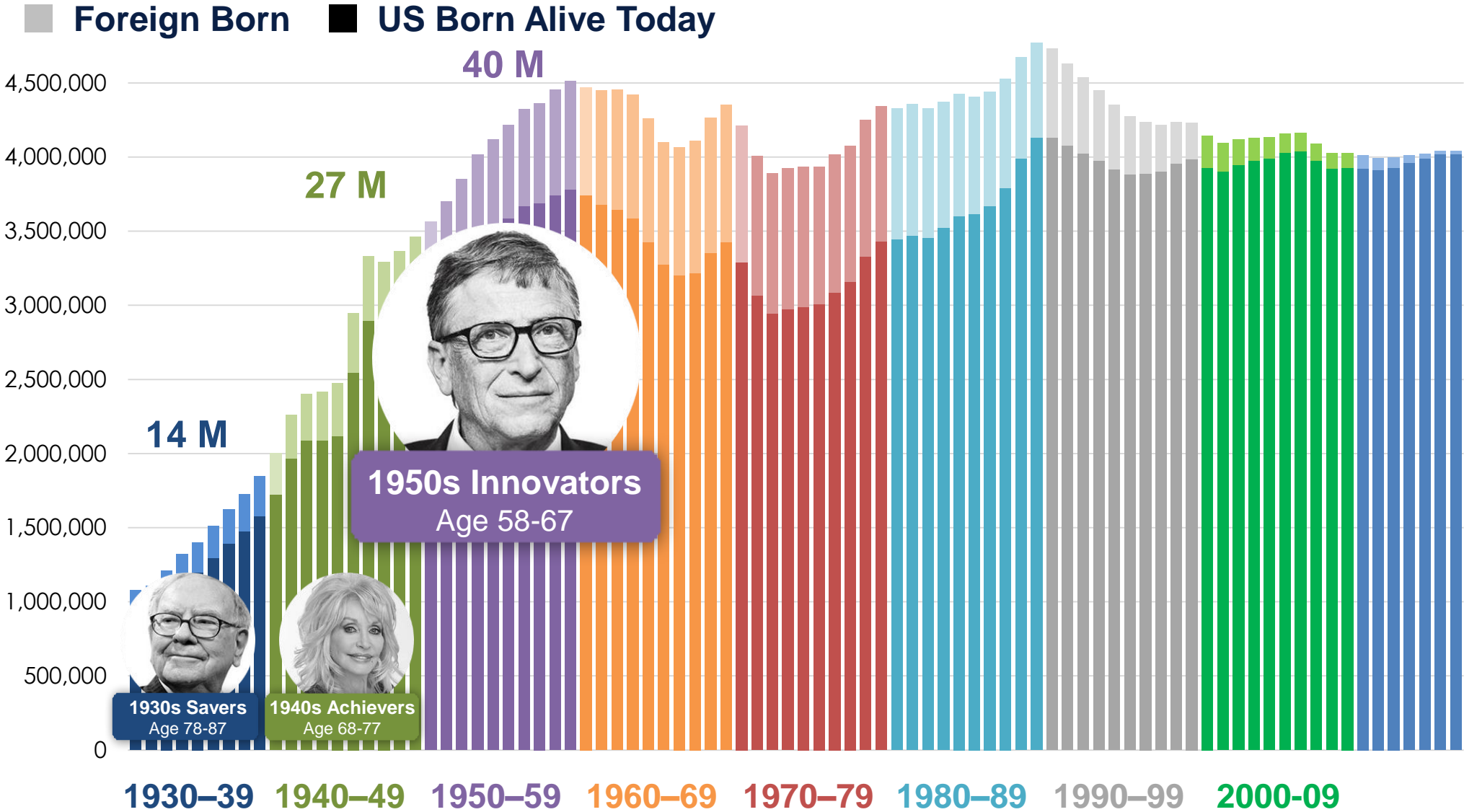
65+ POPULATION BY DECADE OF BIRTH



Source: John Burns Real Estate Consulting, LLC calculations of US Census Bureau Population Estimates and 2014 National Projections

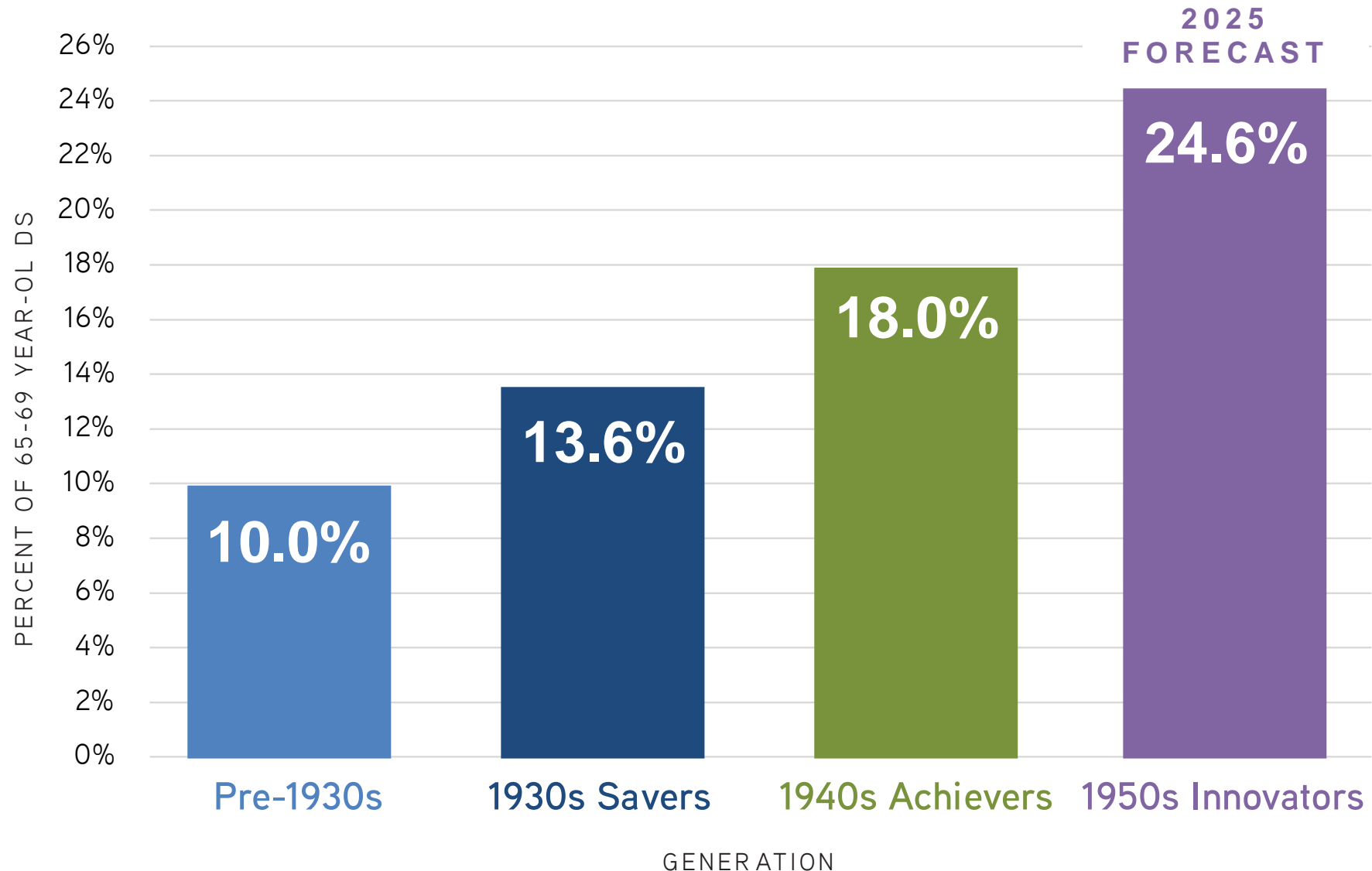
Boomers Are Retiring in Drove

2016 US POPULATION



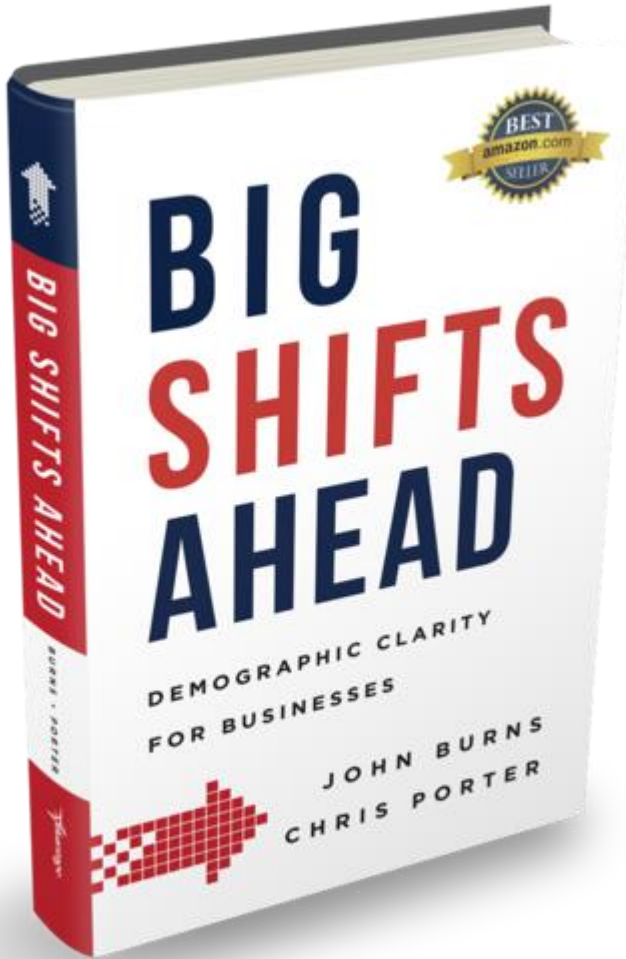
We expect 25% of 1950s Innovators to work full-time in their late 60s

PERCENT OF 65–69 YEAR-OLDS WORKING FULL TIME



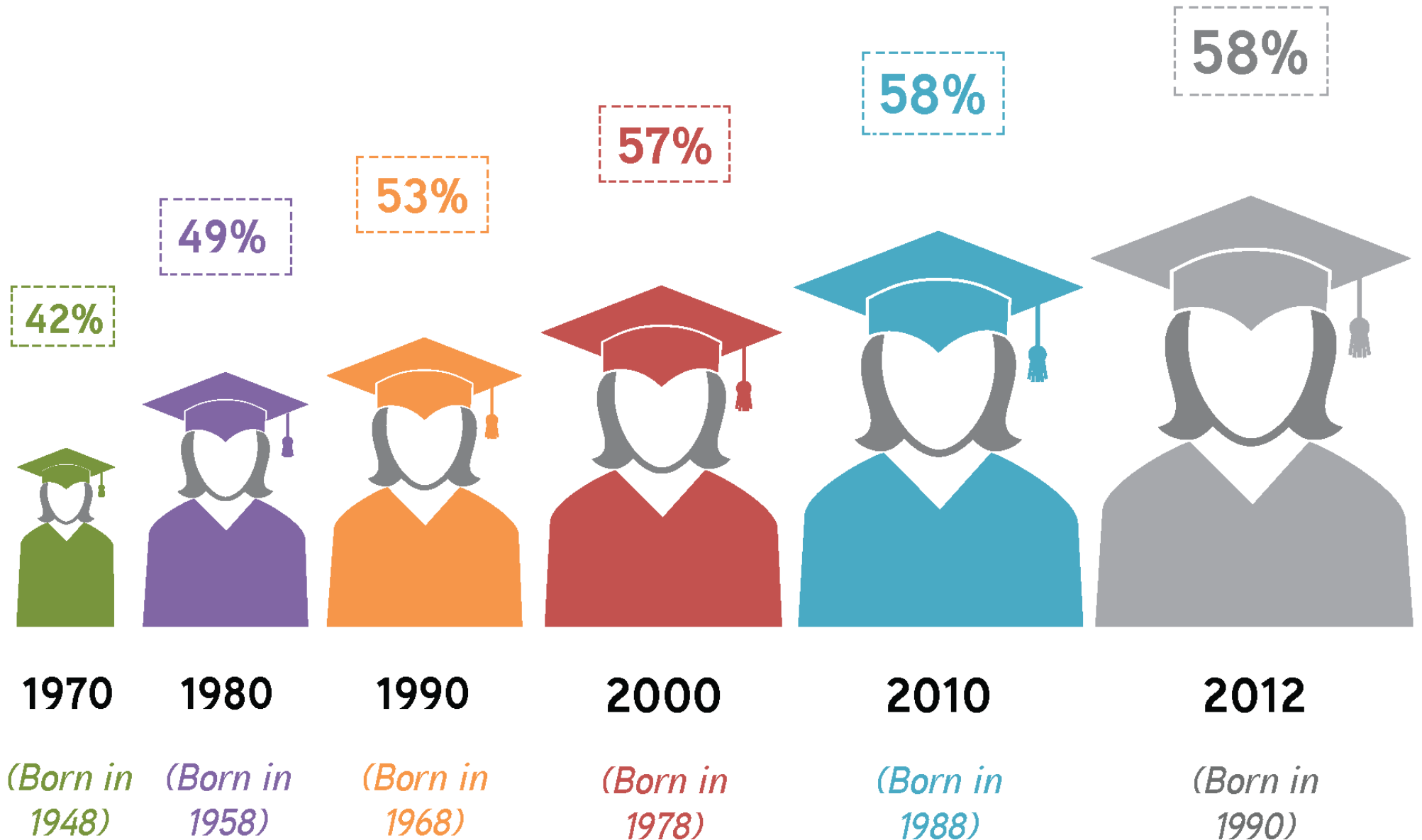
Source: John Burns Real Estate Consulting, LLC calculations of US Census Bureau, Current Population Survey, Annual Social and Economic Supplements via IPUMS-CPS

PERHAPS THE BIGGEST SHIFT IN MY LIFETIME



Women earn 58% of all college degrees.

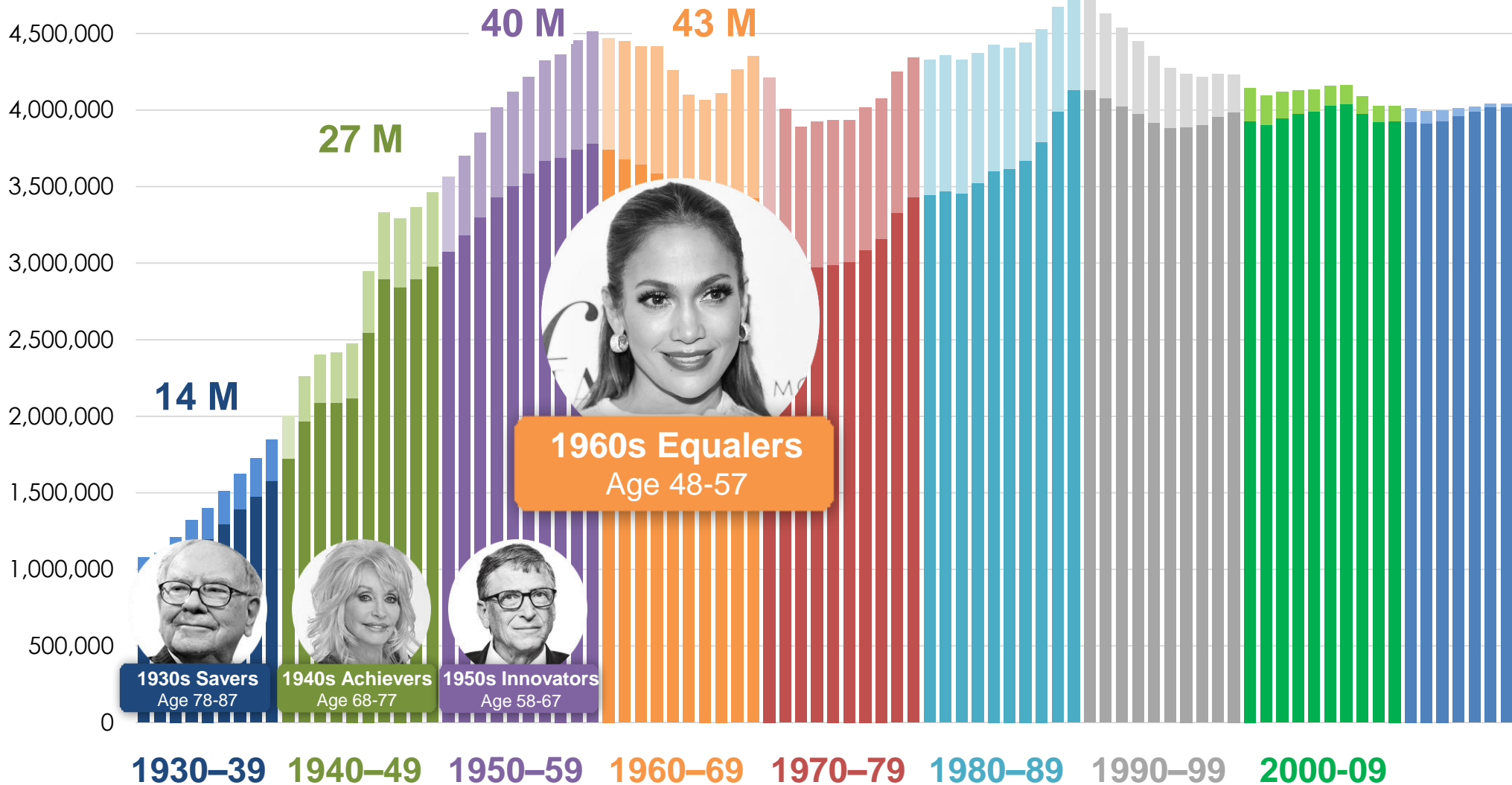
PERCENT OF ALL BACHELOR'S AND MASTER'S DEGREES



More 1960s-born Women Graduated from College than Men

2016 US POPULATION

■ Foreign Born ■ US Born Alive Today





— 1960s —

EQUALERS

43 Million Aged 47-56

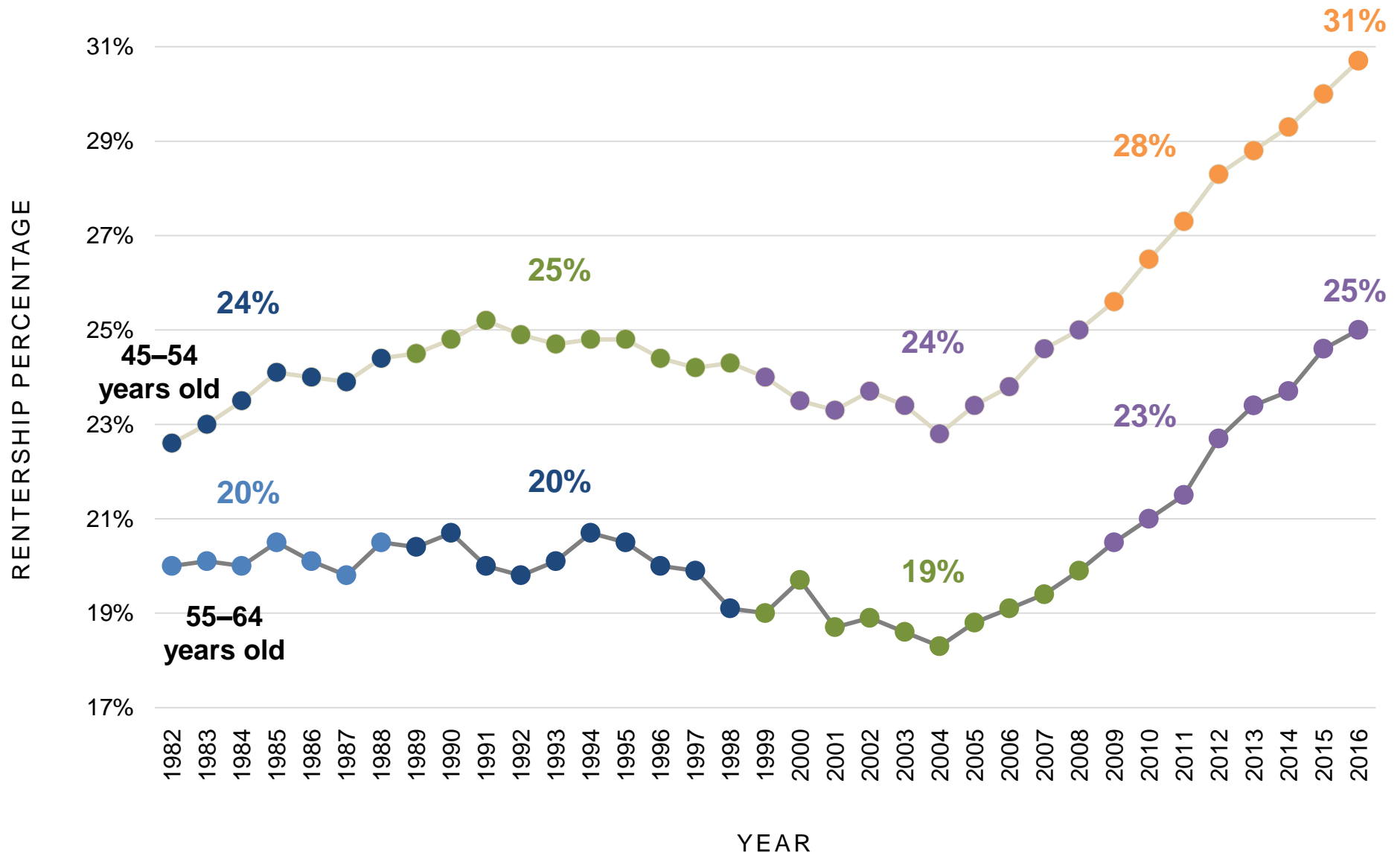


HC
FC
PR
AS



Renting Among Older Americans Has Surged 6-7% in 12 Years, Particularly in the Last Year

RENTERSHP RATE BY AGE



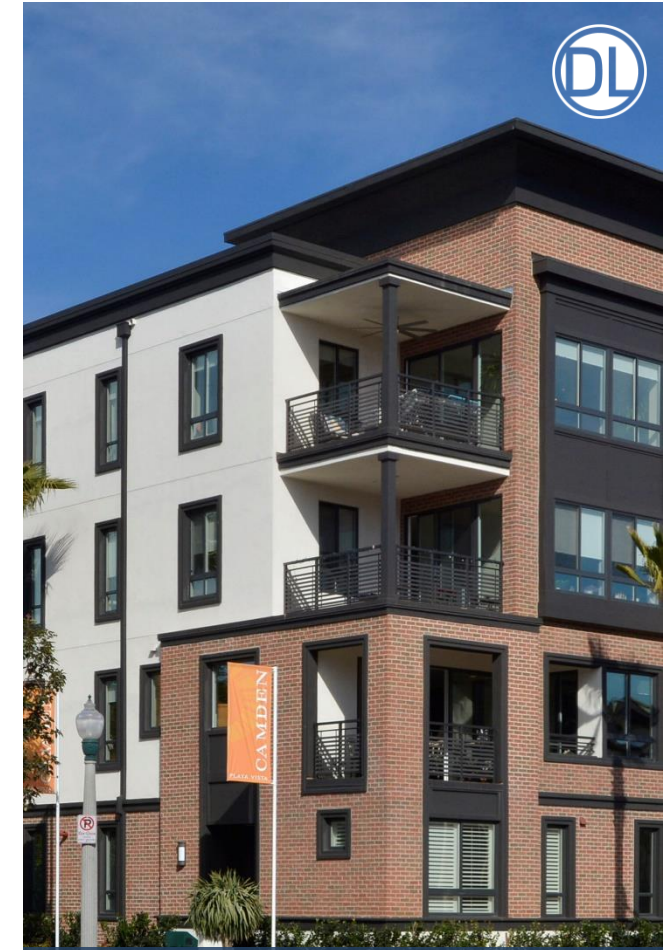
Consumers and Cities Want Surban™ Housing



Santana Row
San Jose



Harlow
Alpharetta, GA

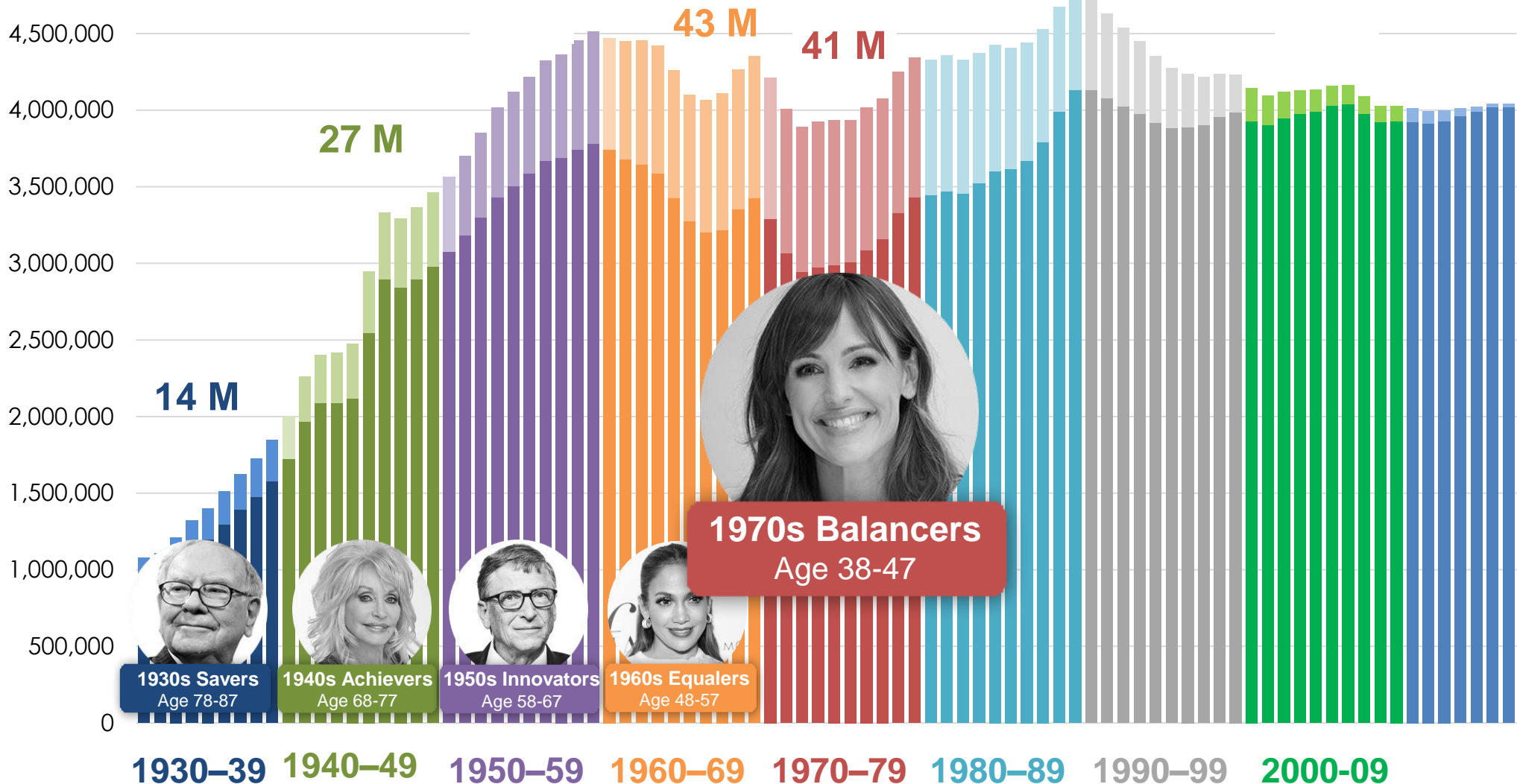


Camden
Playa Vista, CA

23% of the 1970s Balancers Were Born in Another Country

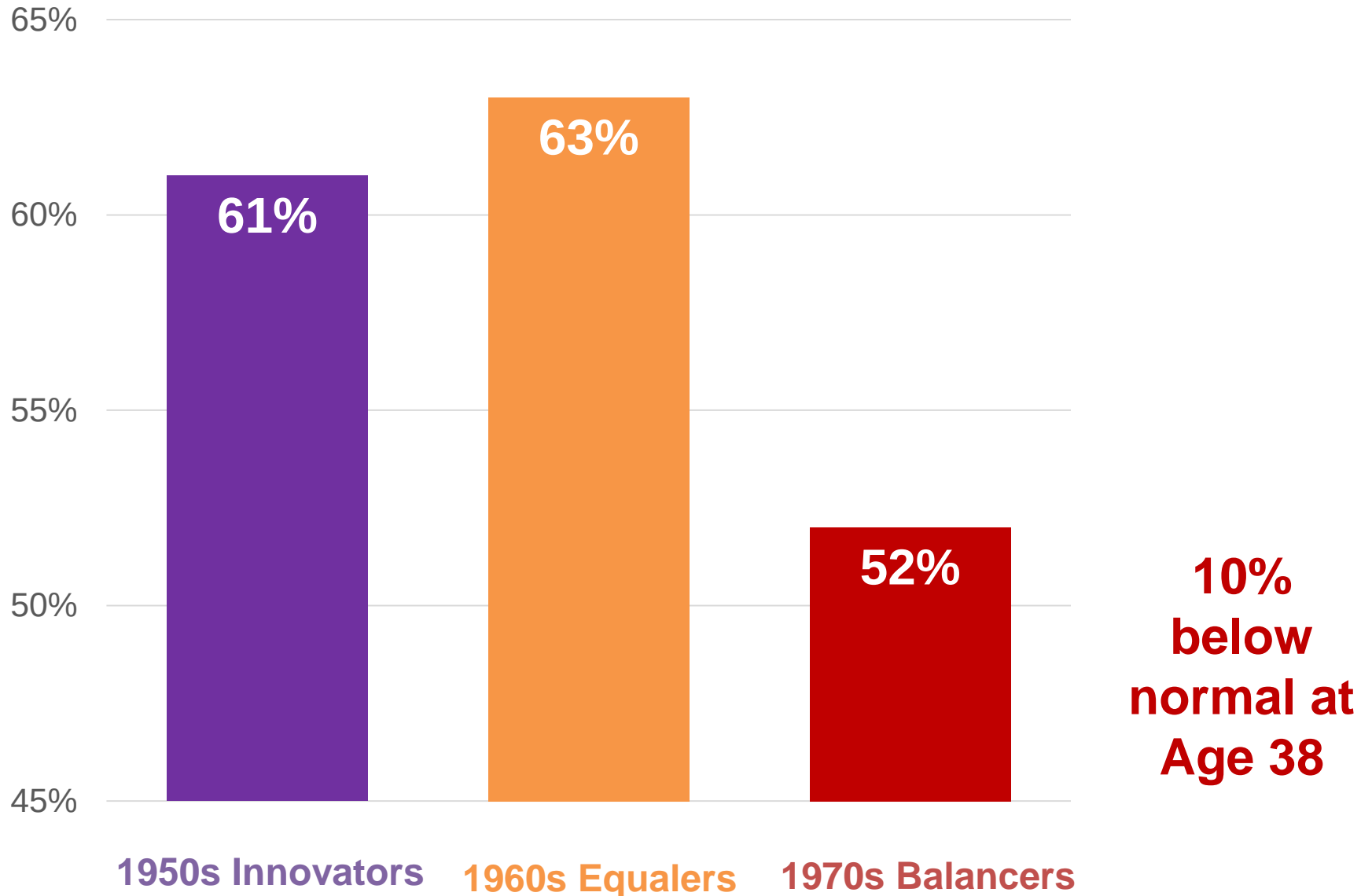
2016 US POPULATION

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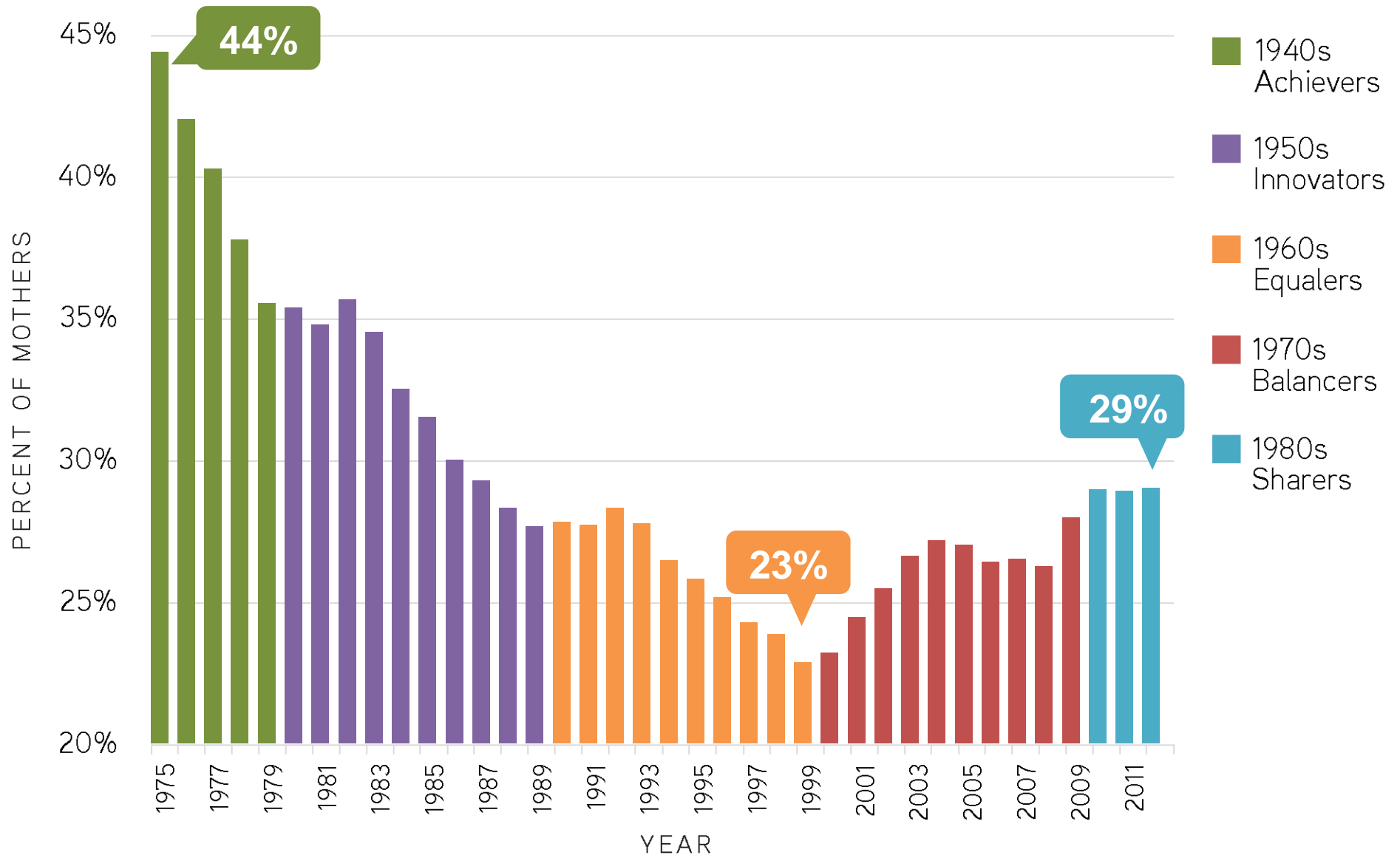
1970s Balancer Homeownership at their 20-year High School Reunion

HOMEOWNERSHIP RATE FOR 35-39 YEAR-OLDS



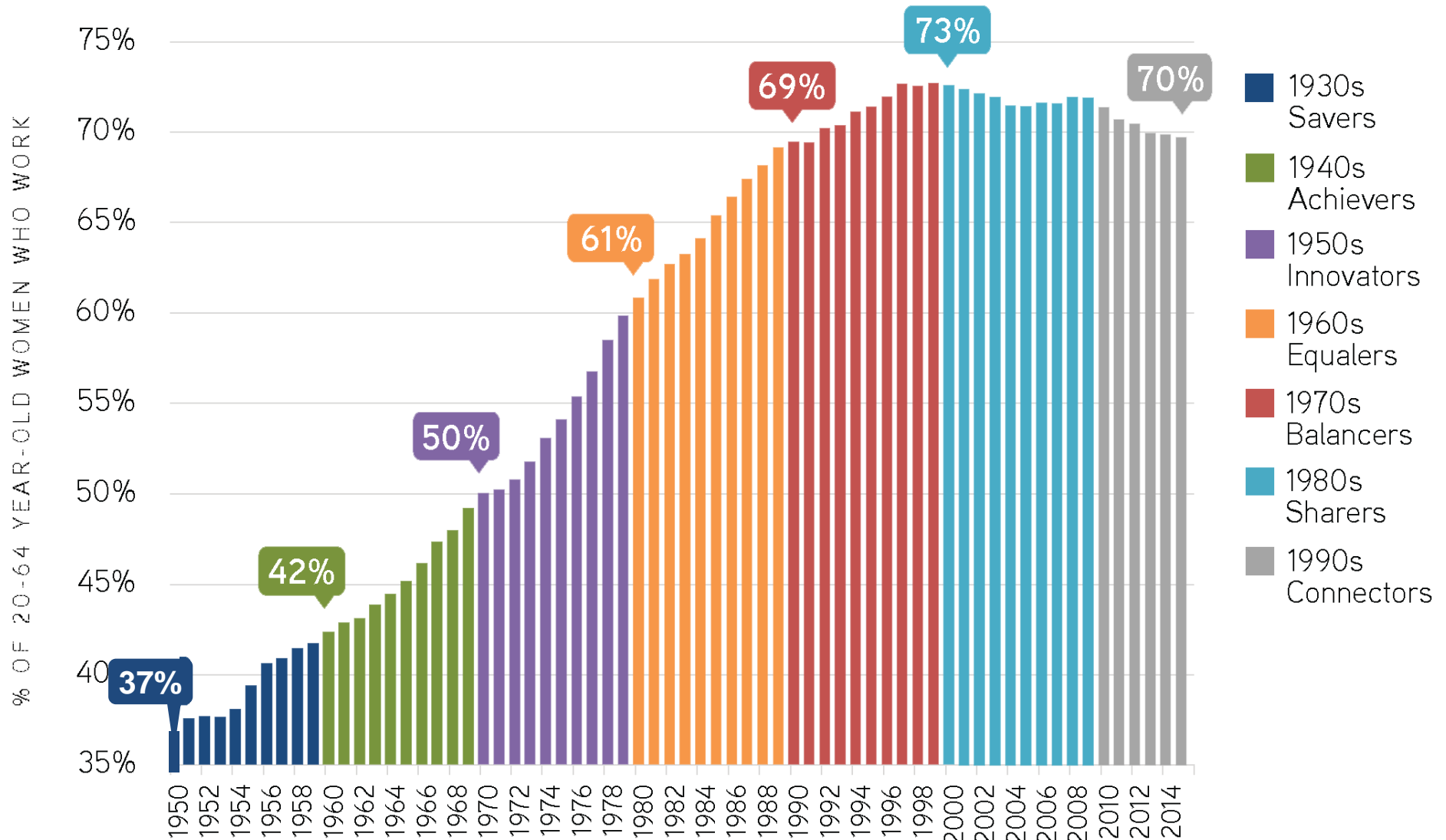
More Stay-at-Home Moms

SHARE OF MOMS WHO STAY AT HOME FULL TIME



Dual-Income Households are Now Declining

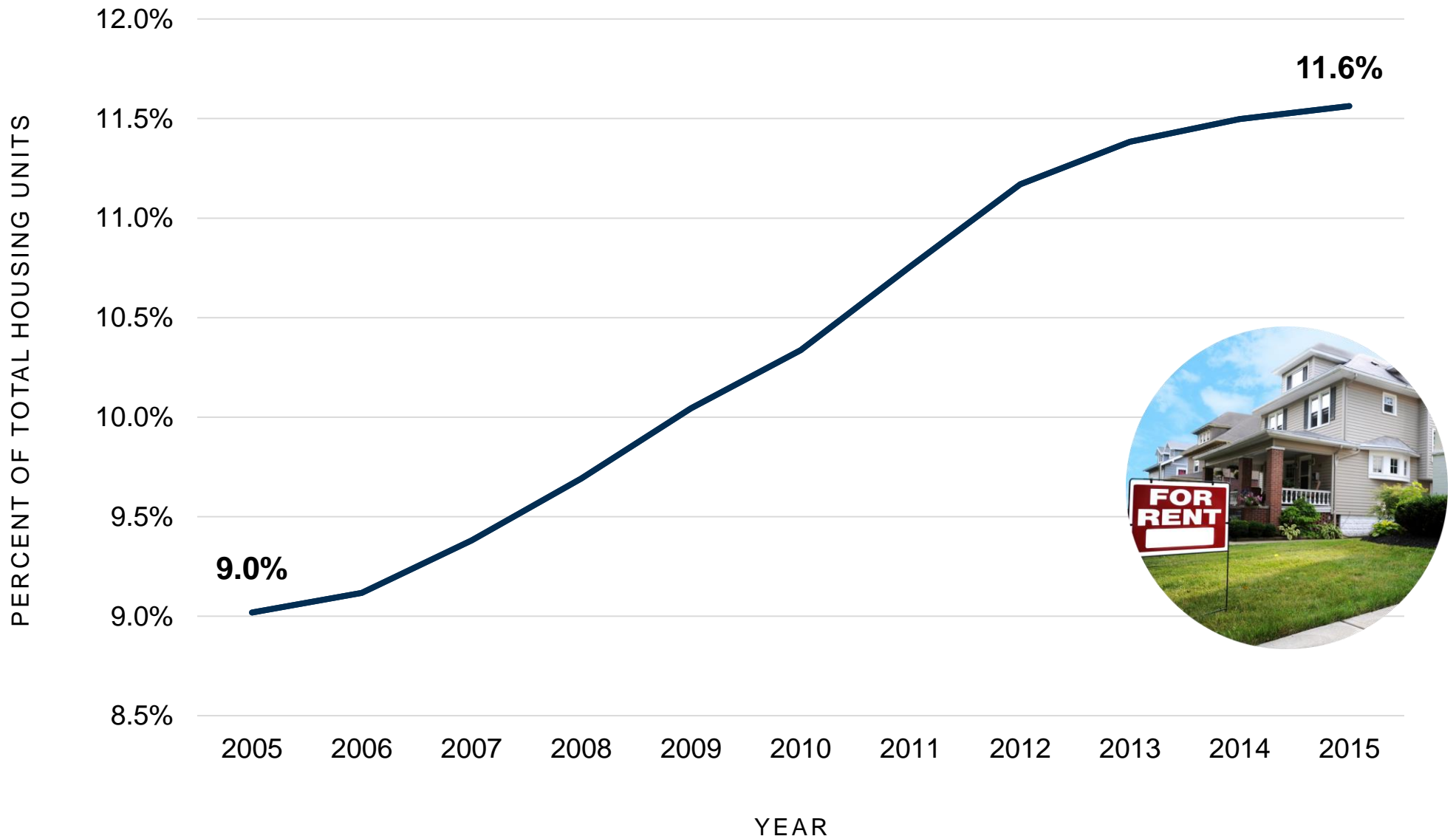
FEMALE LABOR FORCE PARTICIPATION RATE, AGES 20-64

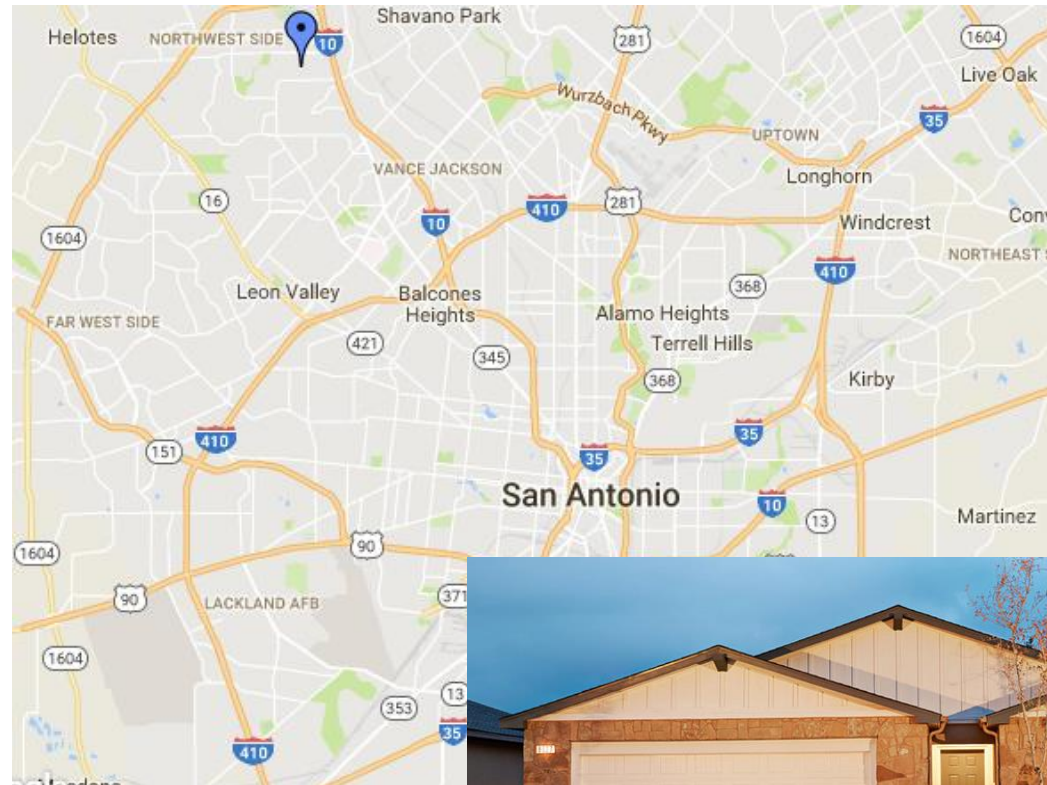


Source: John Burns Real Estate Consulting, LLC calculations of Bureau of Labor Statistics data; color-coded based on the year a generation turns 20

Almost 12% of America Now Rents a Single-Family Home

SINGLE-FAMILY RENTAL HOMES AS A PERCENT OF TOTAL HOUSING UNITS





RENTAL HOUSEHOLDS

Single-family

16M households



Multifamily

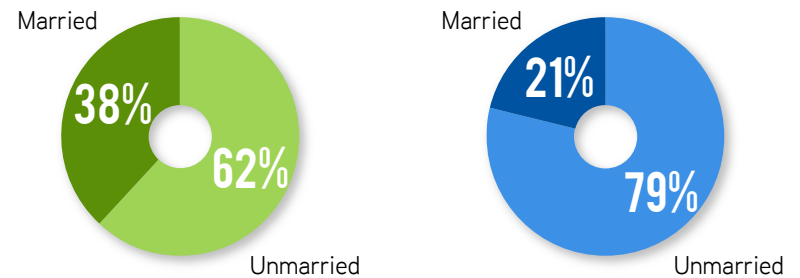
28M households



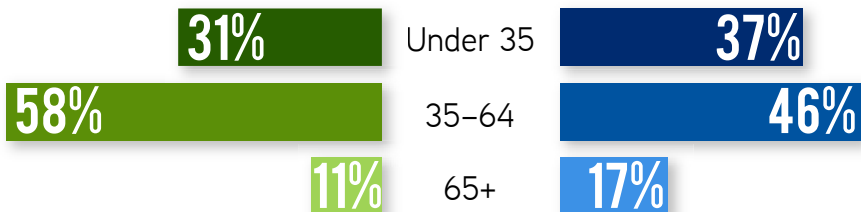
Median Income

\$42,600 vs **\$32,400**

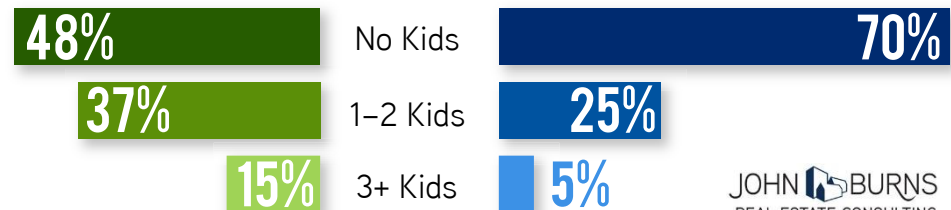
Marital Status



Age Group



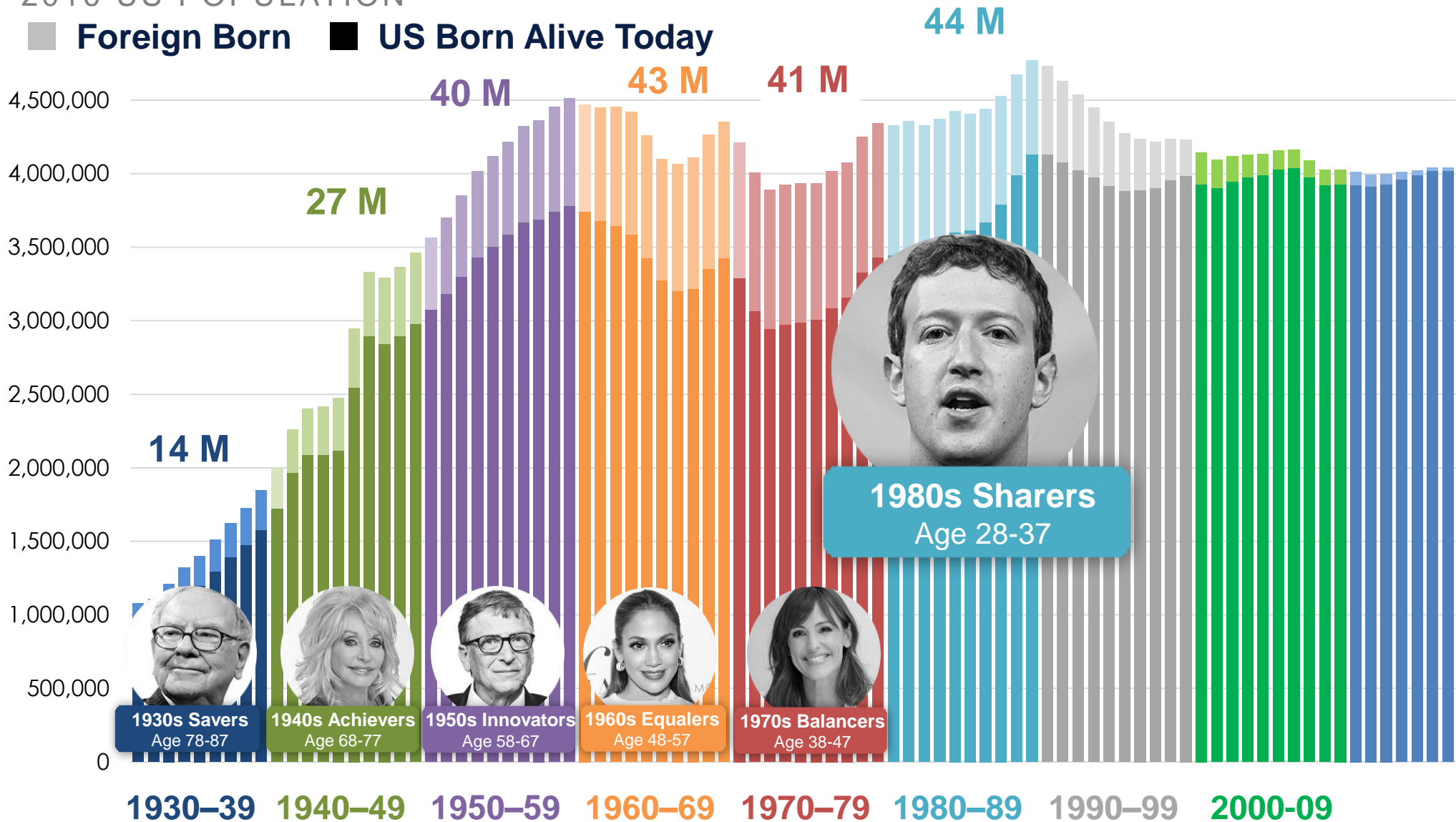
Number Of Kids



1980s Sharers Have Led the Disruptive Shift to a Sharing Economy

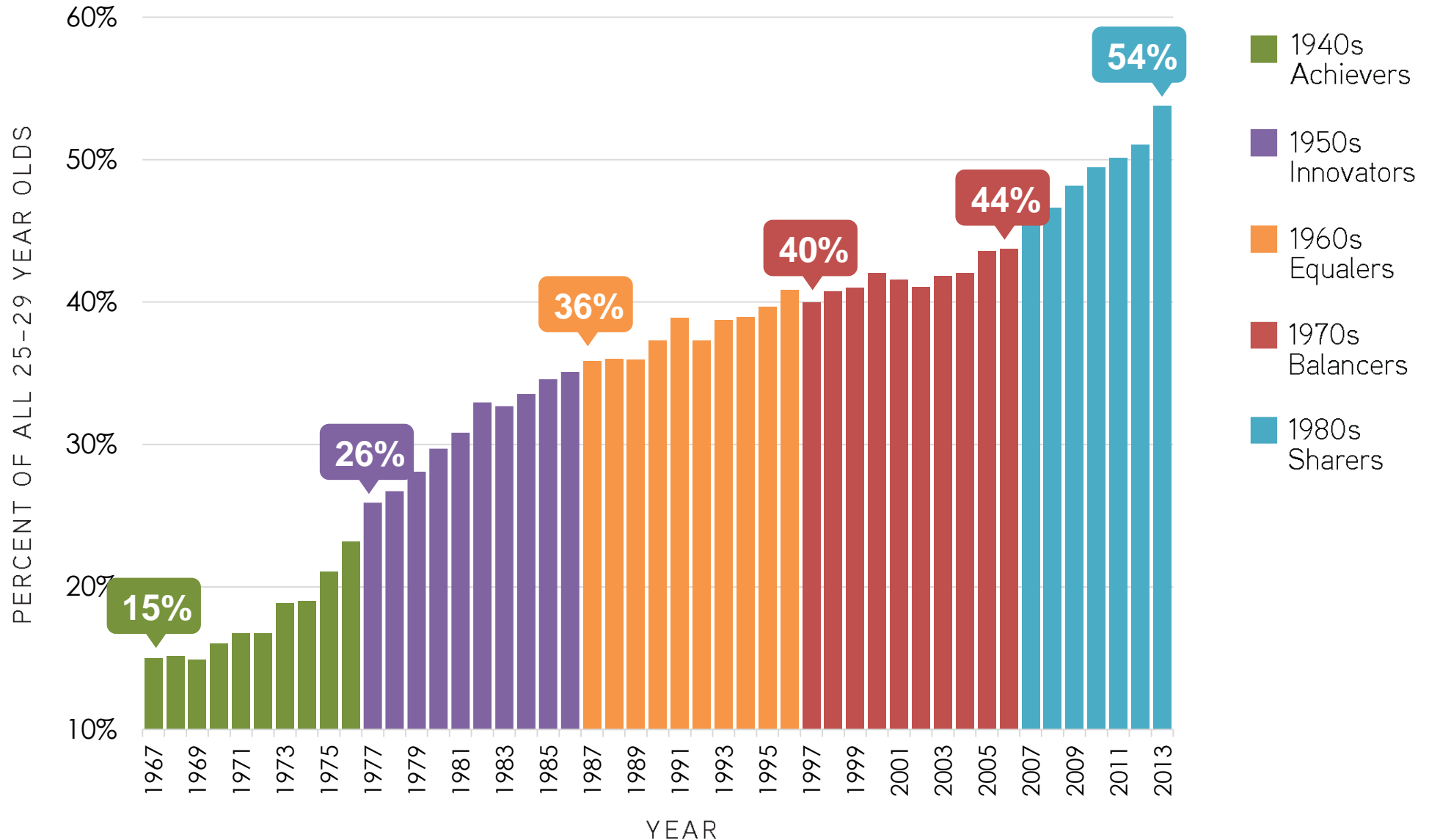
2016 US POPULATION

■ Foreign Born ■ US Born Alive Today



1980s Sharers Are 10% More Likely to be Single and Without a Child at their 10-Year High School Reunion

PERCENT OF 25-29 YEAR-OLDS SINGLE AND WITHOUT CHILDREN

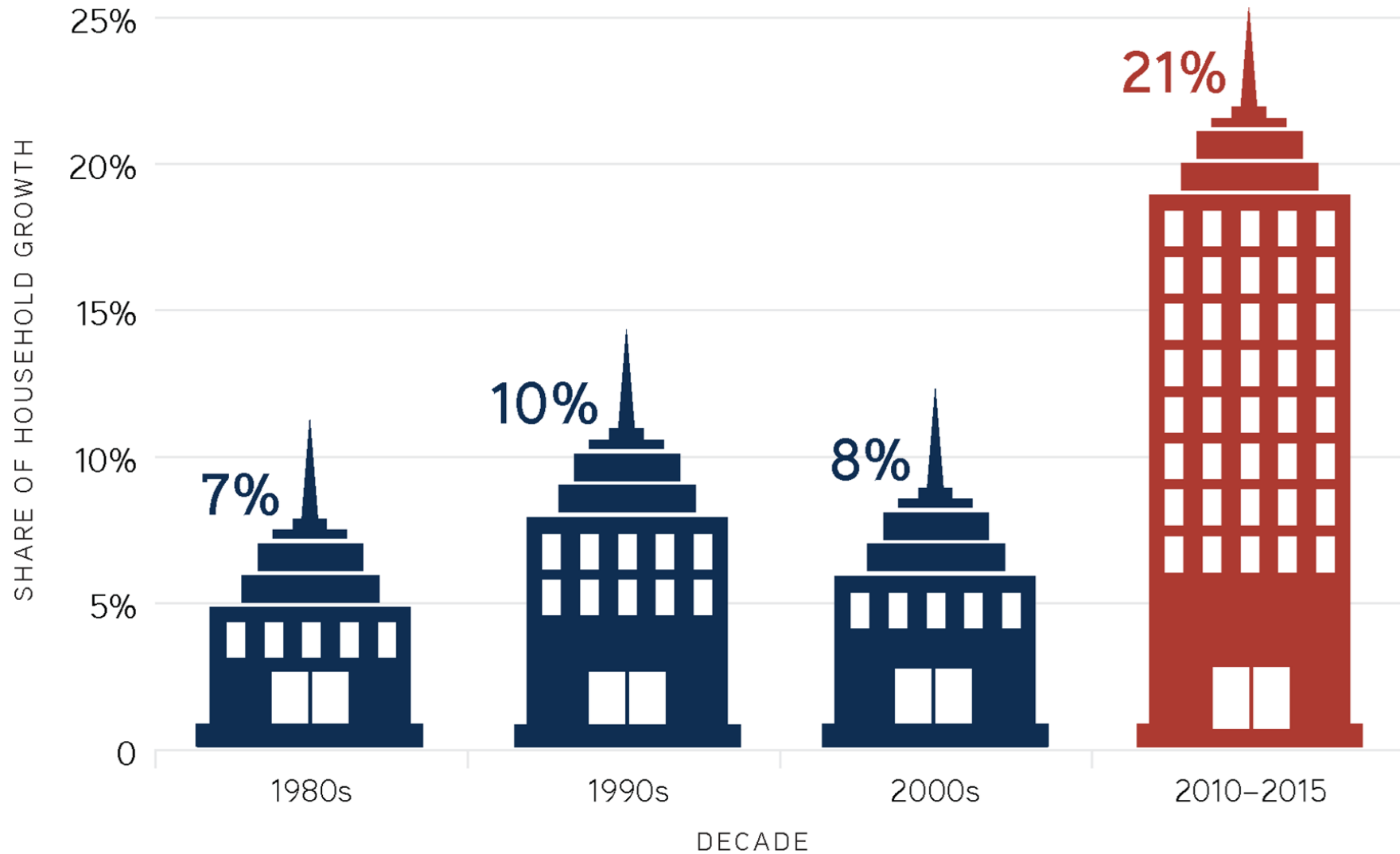


Source: John Burns Real Estate Consulting, LLC calculations of US Census Bureau, Current Population Survey, Annual Social and Economic Supplements via IPUMS-CPS



The Single Life Has Allowed the 1980s Sharers to Live Urban

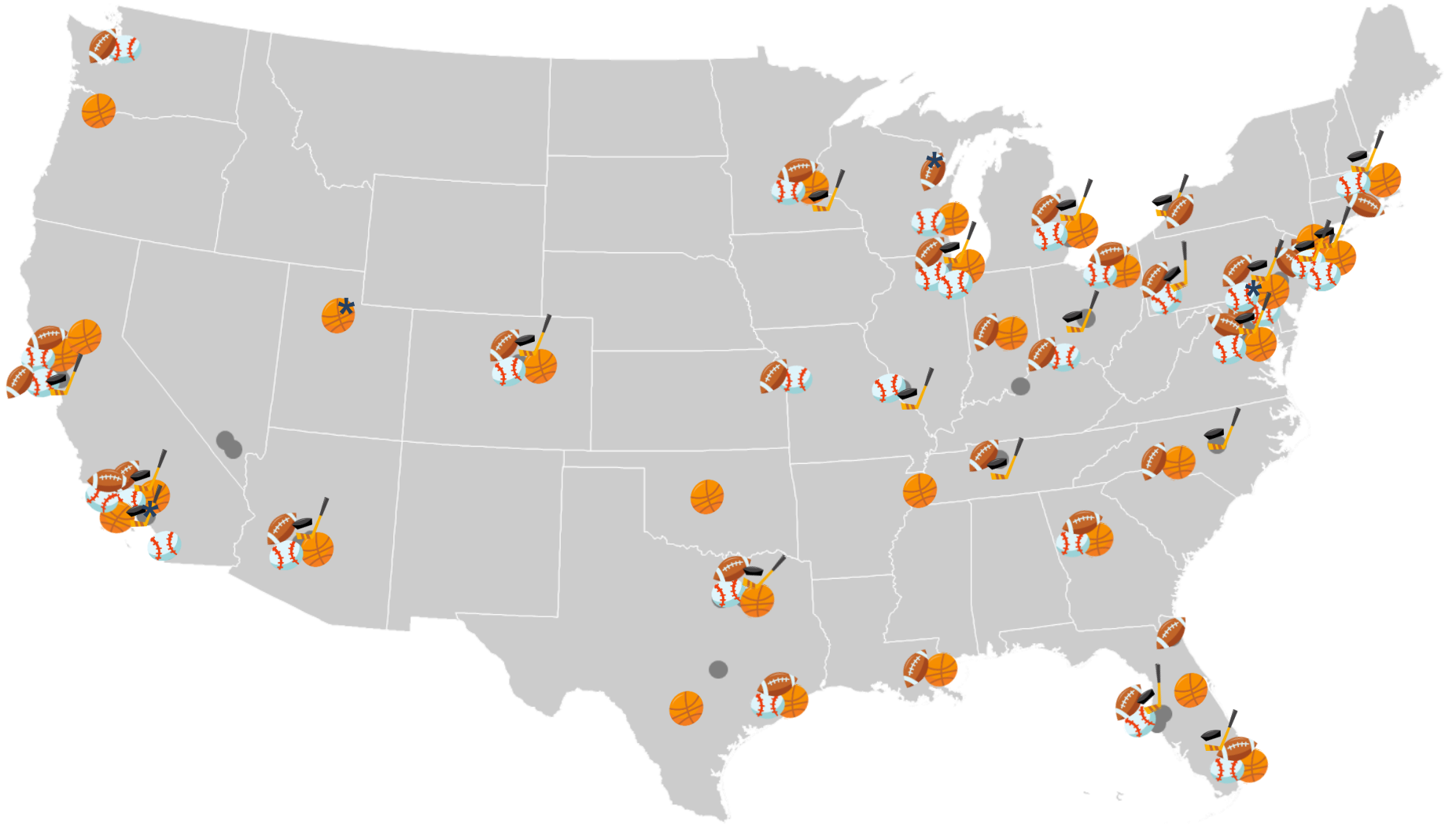
URBAN SHARE OF HOUSEHOLD GROWTH



Source: John Burns Real Estate Consulting, LLC based on US Census Bureau data

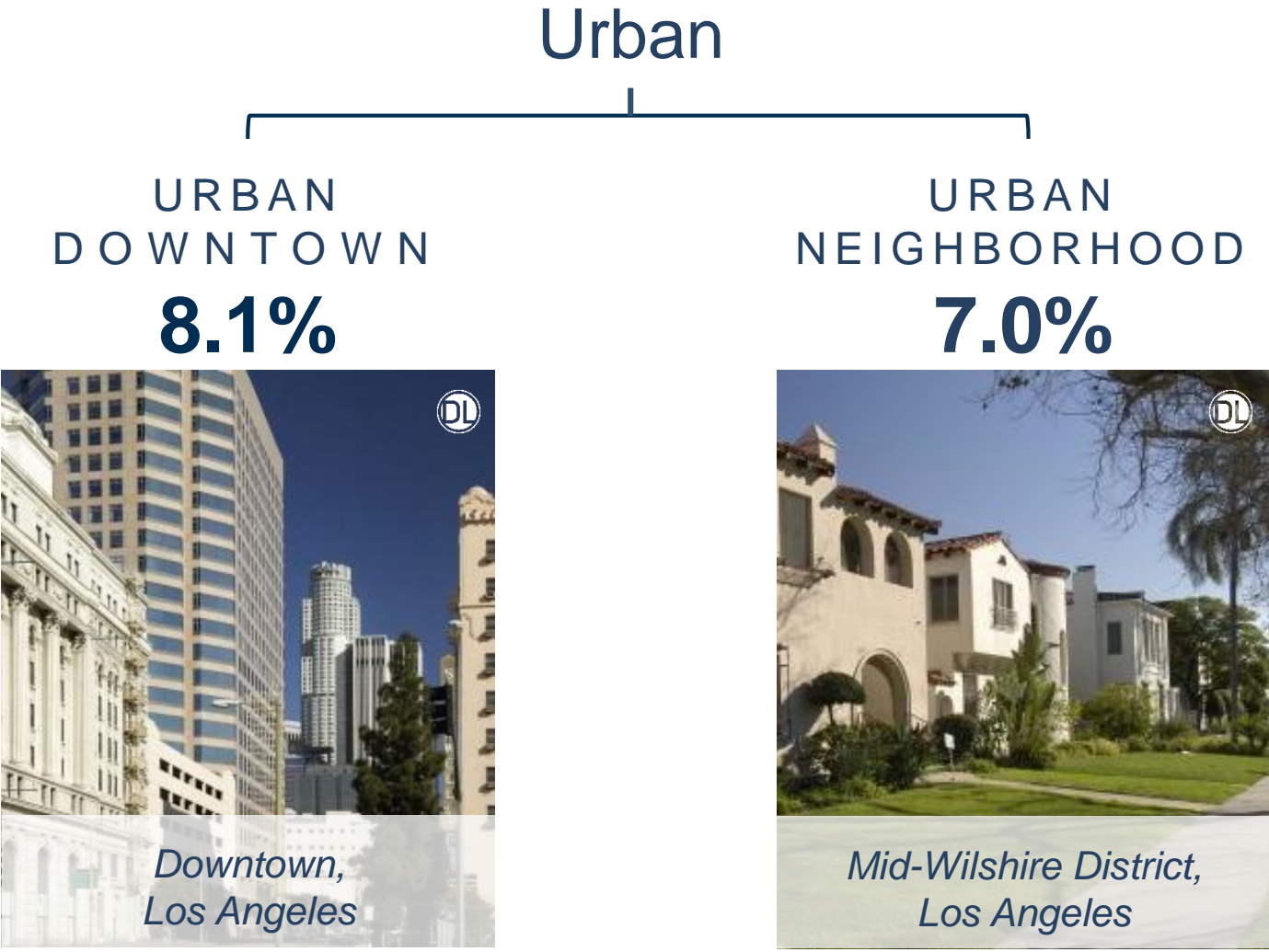
Urban = Pro Sports.

Almost all 50 of the urban cities have sports teams.



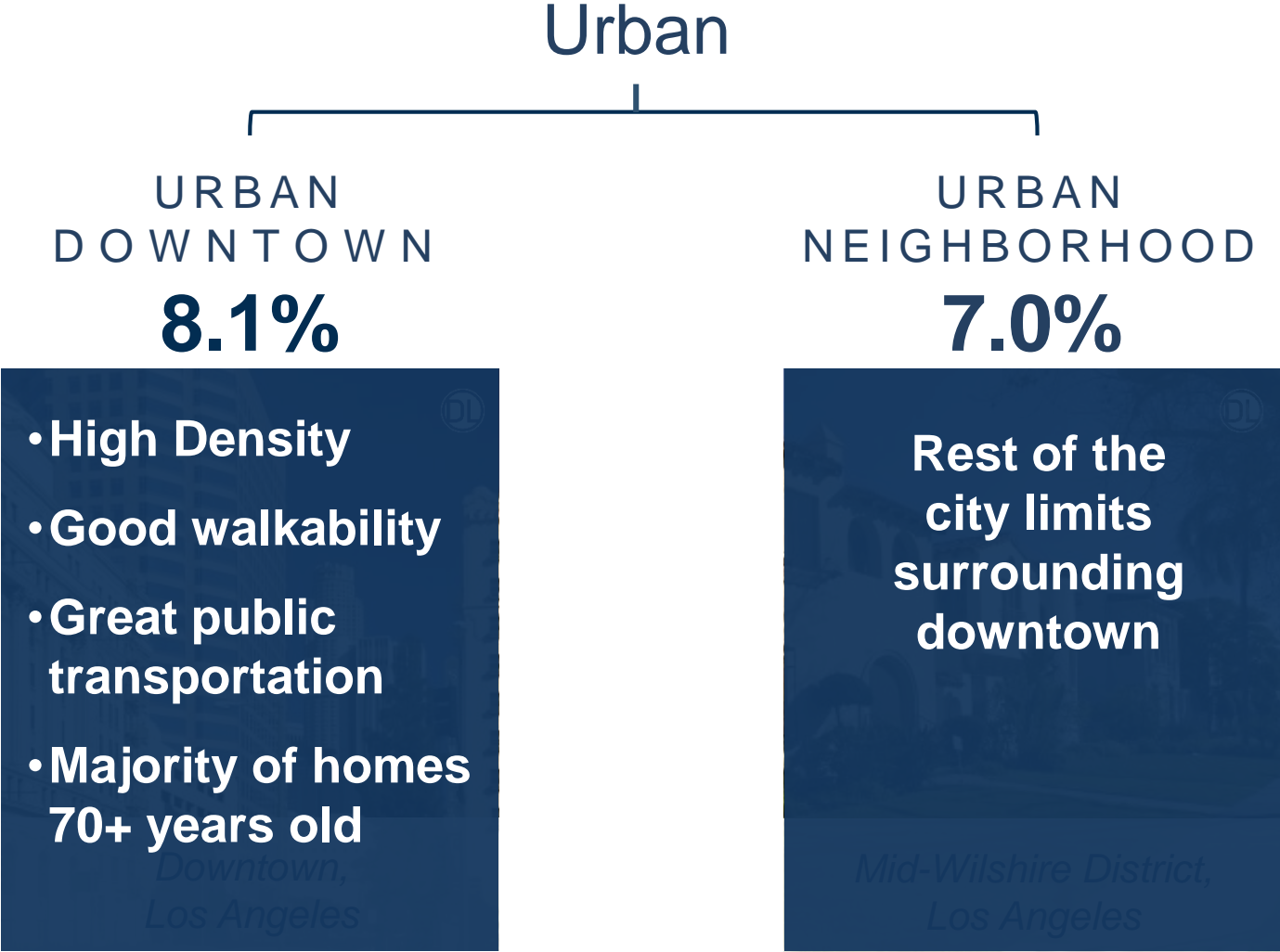
*Only 4 pro sports teams are located elsewhere: Green Bay plus the Big Suburban Cities of Anaheim, Newark and Salt Lake.

Urban – 15.1% of Americans live in urban areas, defined to be 50 of the 54 largest U.S. cities.



* We classified Mesa AZ, Virginia Beach VA, Aurora CO and ST. Paul MN as Big Suburban Cities.

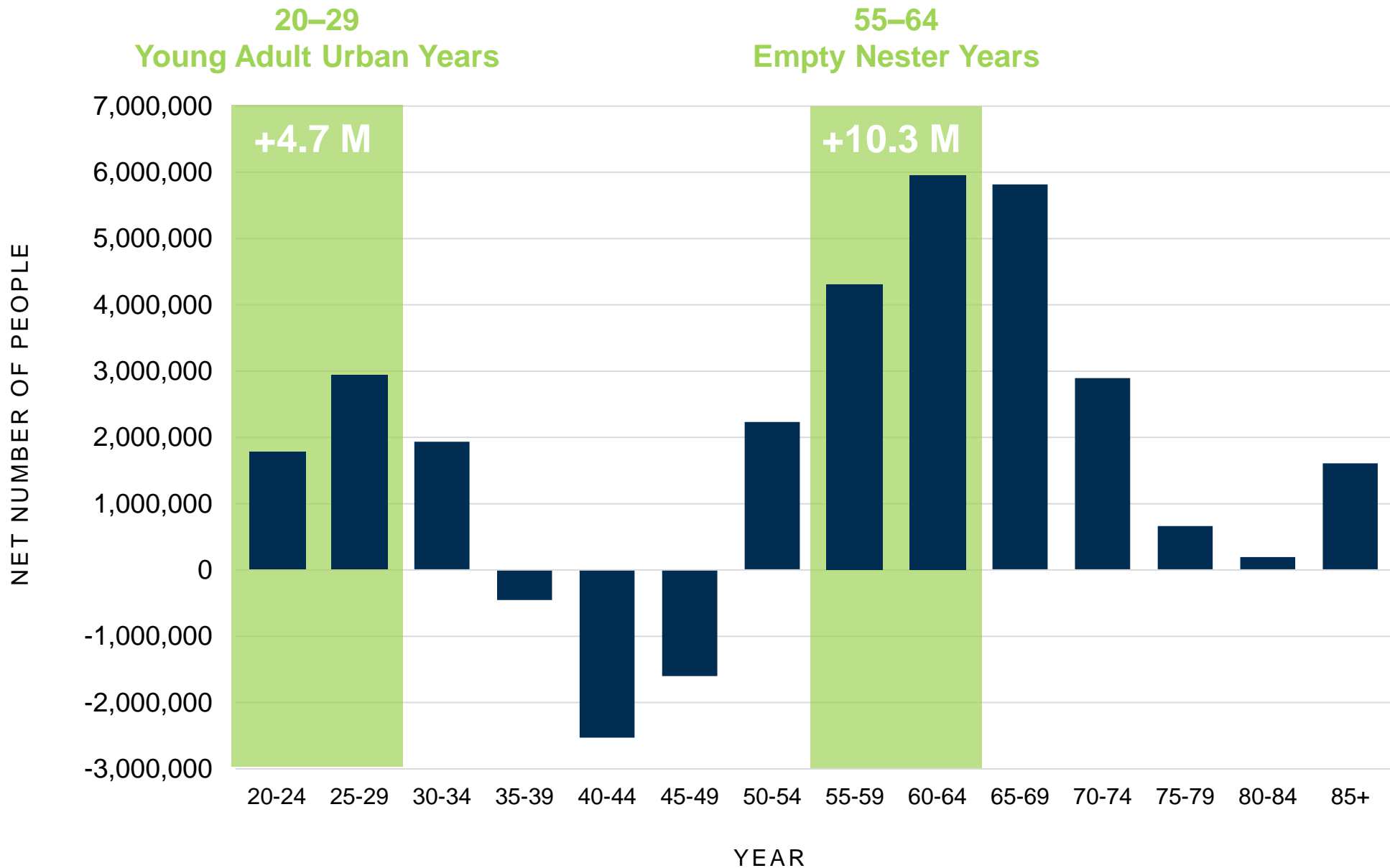
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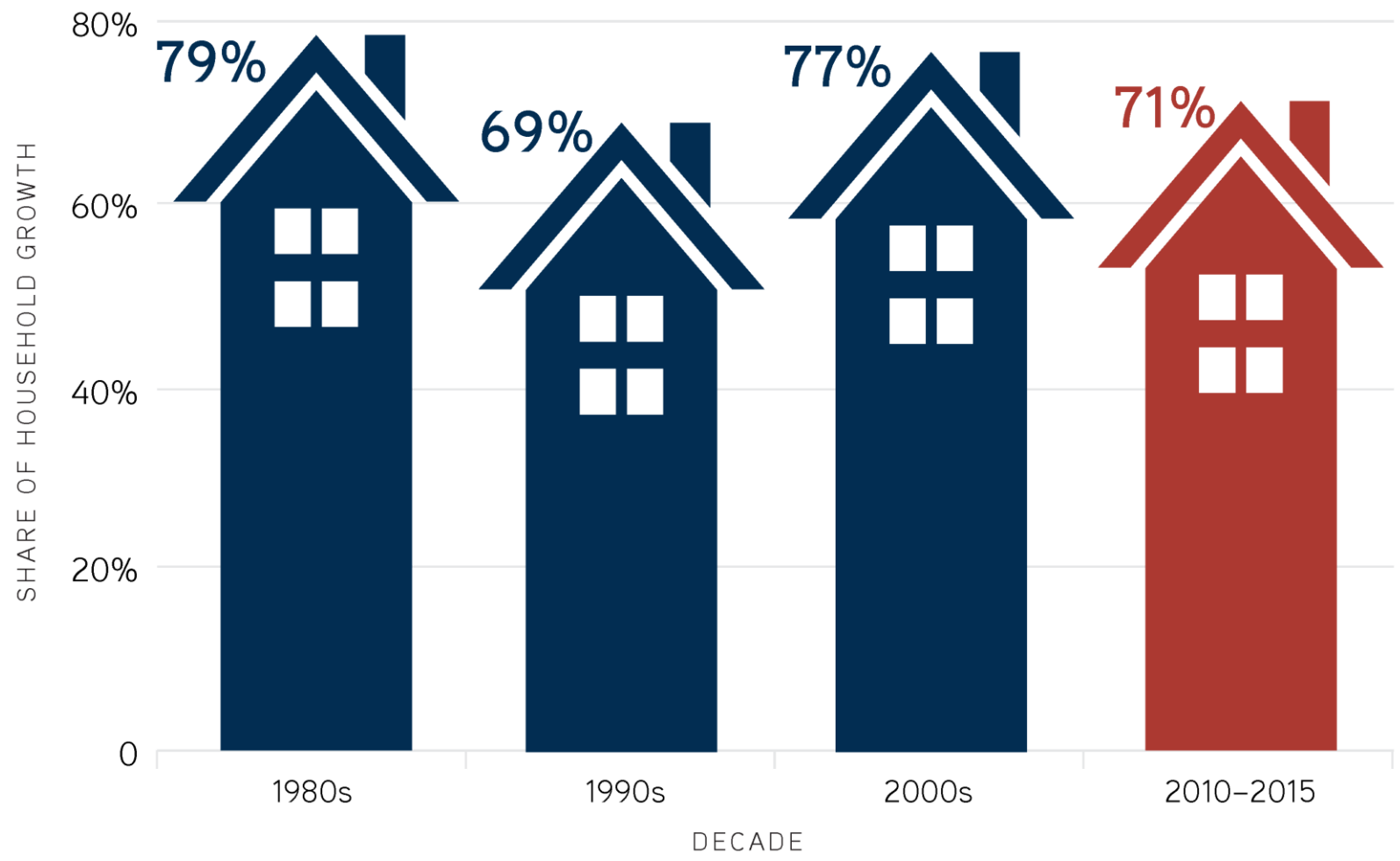
Urban Demand Has Surged as Population Growth Has Been Young Adults and Empty Nesters

RECENT CHANGE IN ADULT POPULATION BY AGE, 2005–2015



But Suburbs Still Capture Most of the Growth

SUBURBAN SHARE OF HOUSEHOLD GROWTH



Source: John Burns Real Estate Consulting, LLC based on US Census Bureau data

Suburban - 64% of Americans live Suburban. Most live in small, suburban cities.

Suburban

BIG
SUBURBAN
CITIES

7.7%



BOOMING
SUBURBAN
CITIES

1.6%



SMALL
PRINCIPAL
SUBURBS

10.3%



SMALL
SUBURBAN
CITIES

44.7%



Suburban - 64% of Americans live Suburban. Most live in small, suburban cities.

Suburban

BIG
SUBURBAN
CITIES

7.7%

- 112 cities
- 50K+ households
- Important enough to be included in the MSA name

*Richmond,
Virginia*

BOOMING
SUBURBAN
CITIES

1.6%

32 small,
fast-growing
cities in
MSAs

*Chandler,
Arizona*

SMALL
PRINCIPAL
SUBURBS

10.3%

- 520 small cities
- Important enough to be included in the MSA name

*The Woodlands,
Texas*

SMALL
SUBURBAN
CITIES

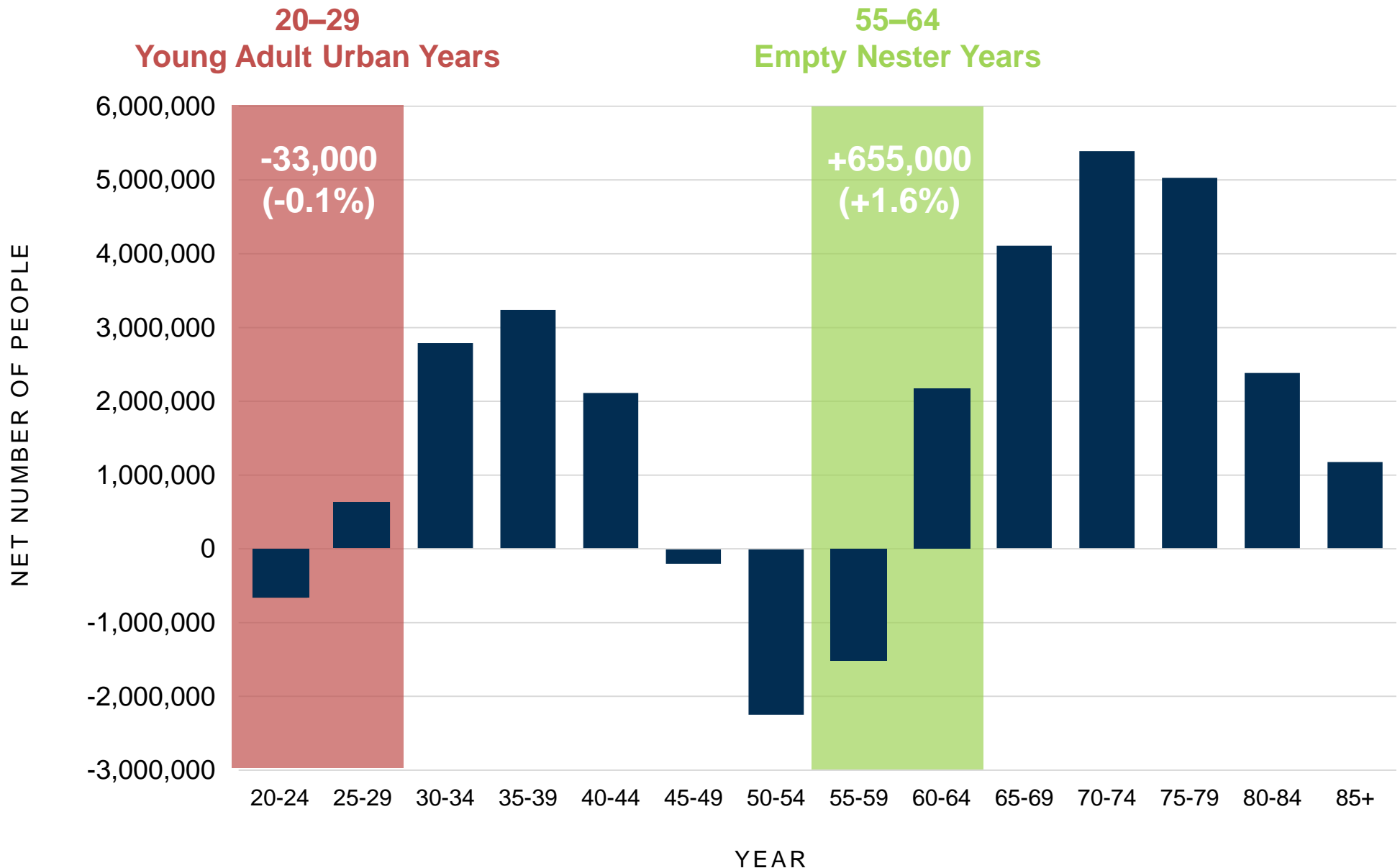
44.7%

Remainder
of the MSAs

*Buckeye,
Arizona*

Urban demand is slowing dramatically as demand is shifting to family and retirement years

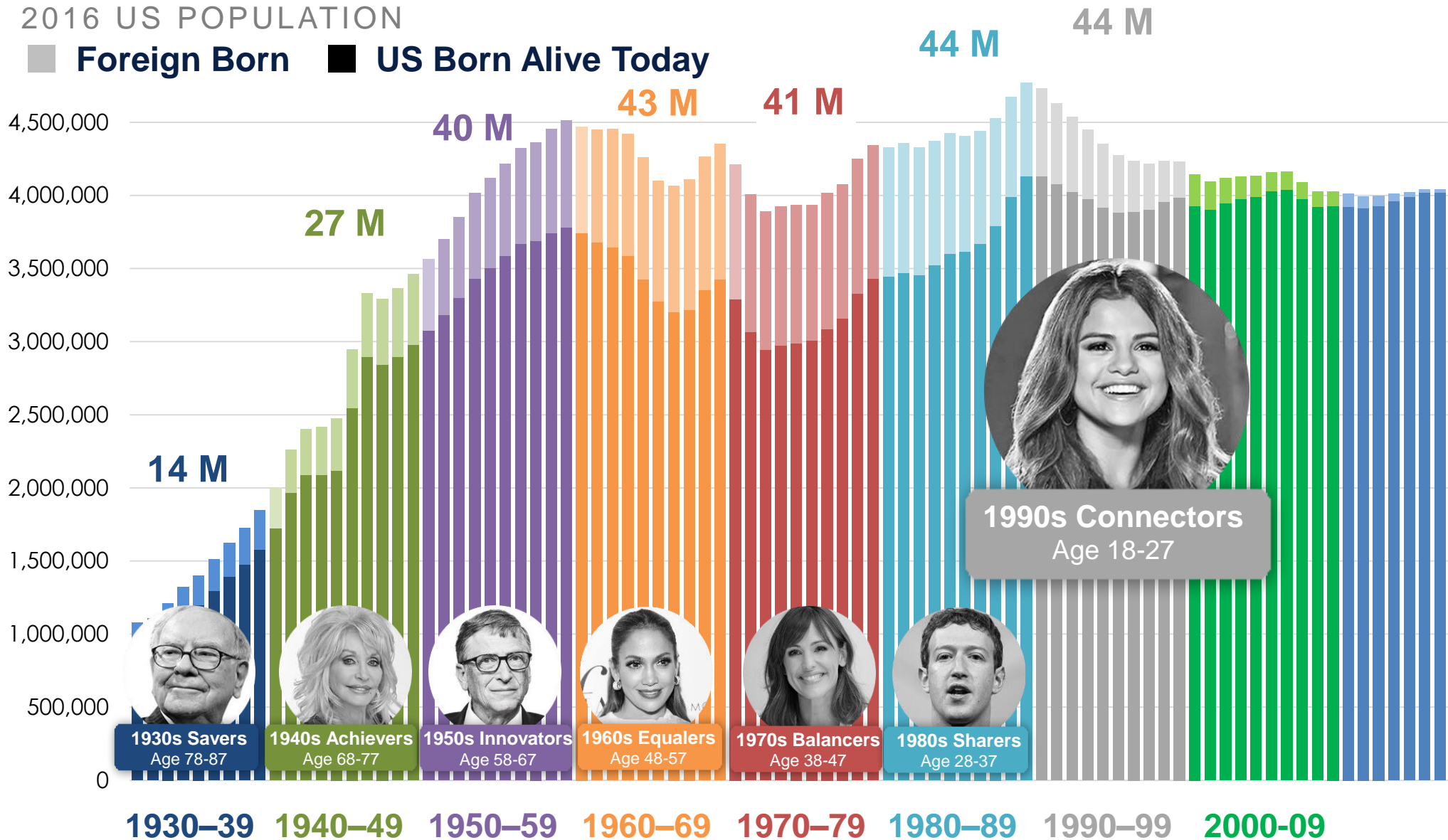
FUTURE CHANGE IN ADULT POPULATION BY AGE 2015–2025



1990s Connectors use their phones whenever possible

2016 US POPULATION

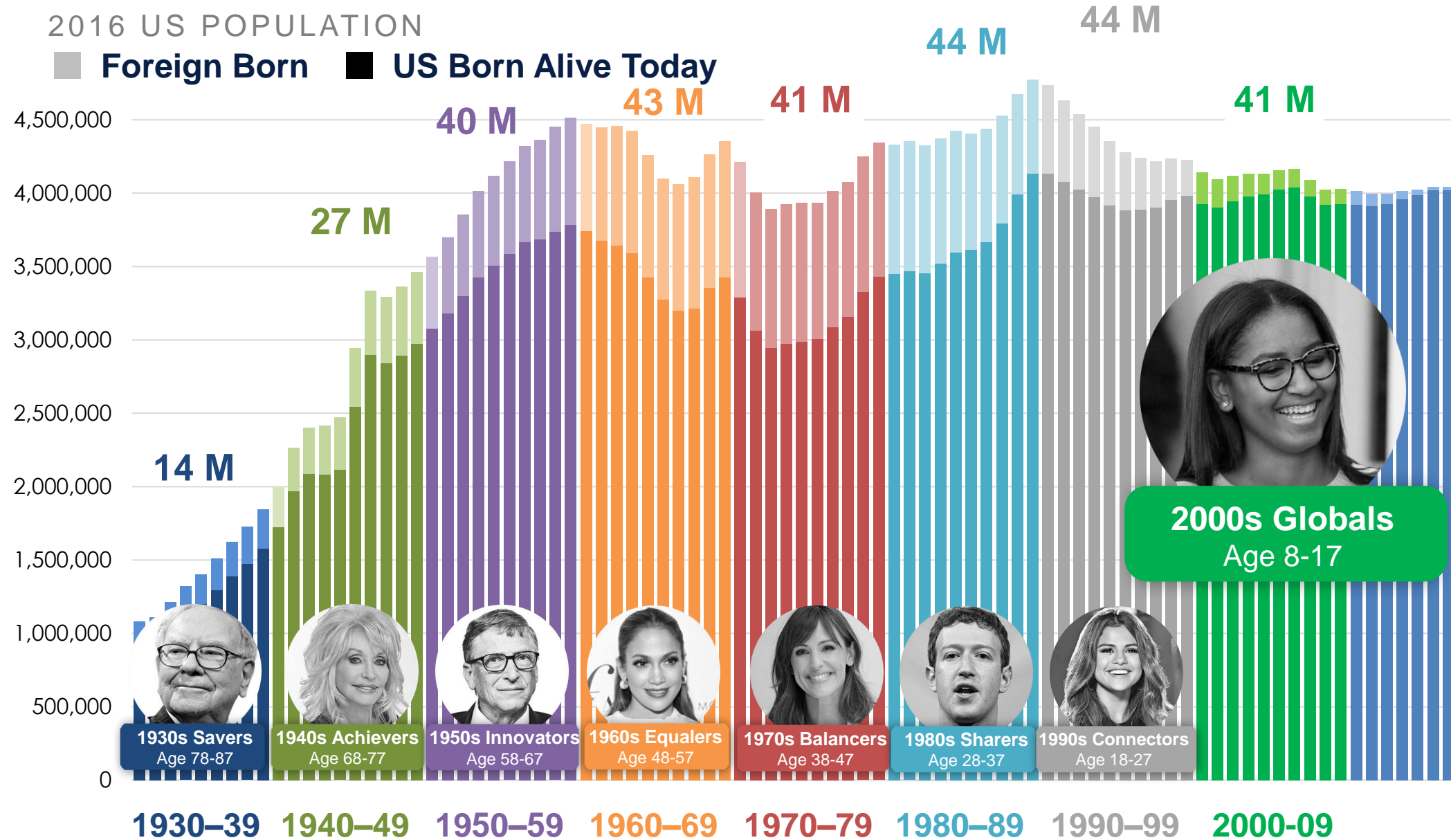
■ Foreign Born ■ US Born Alive Today



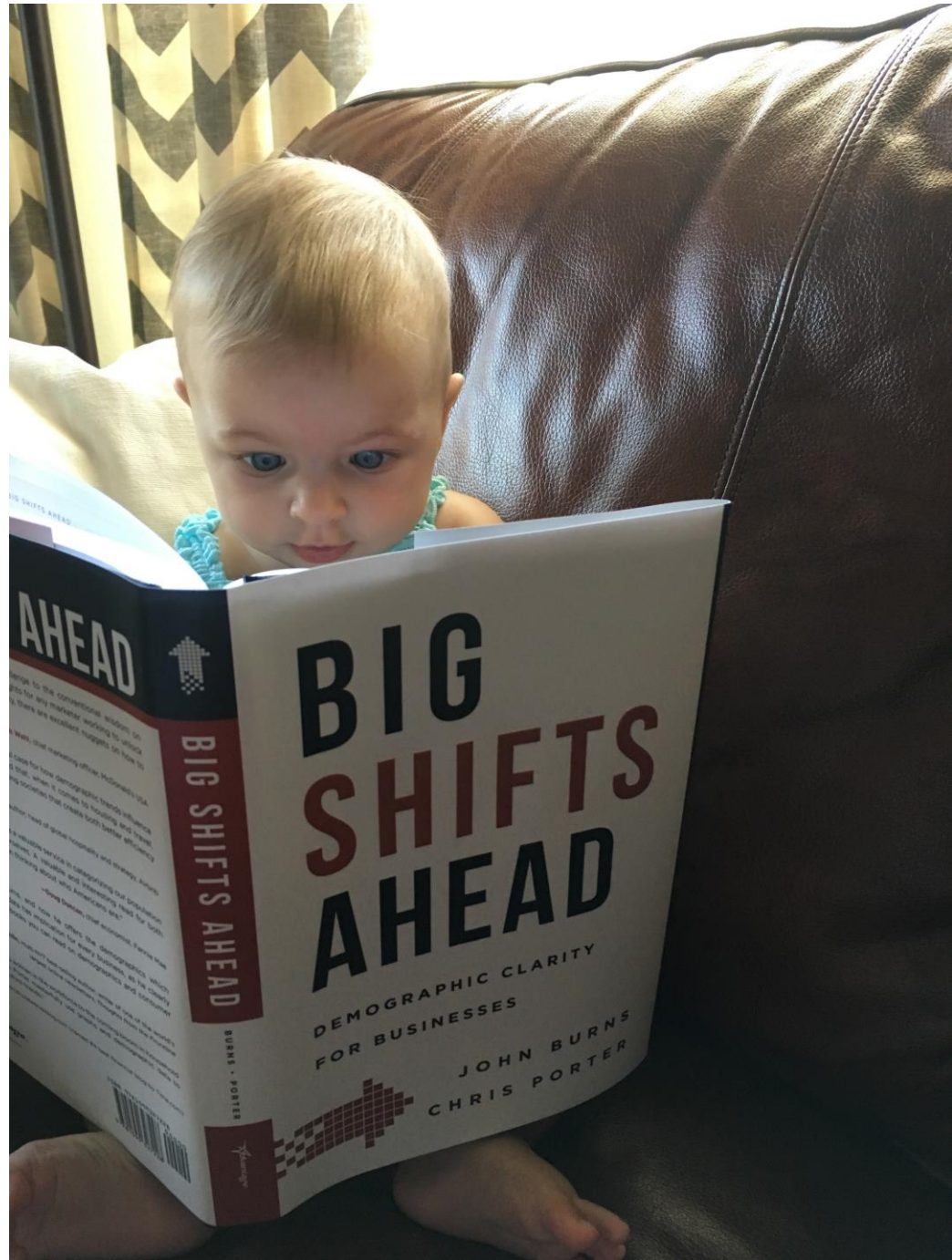
The 2000s Globals are diverse and globally aware

2016 US POPULATION

■ Foreign Born ■ US Born Alive Today



The next generation will be even smarter...





So what?



Forecasts may tell you a great deal about the forecaster; they tell you nothing about the future.

— *Warren Buffett* —

AZ QUOTES

4

THE 4 BIG INFLUENCERS



5

DURING 5 MAIN LIFE STAGES



6

HELP ANSWER THE 6 KEY HOUSING DEMAND QUESTIONS



Government Policies



Economic Conditions



Tech Advancements



Societal Shifts

Childhood

Early Career

Family Formation

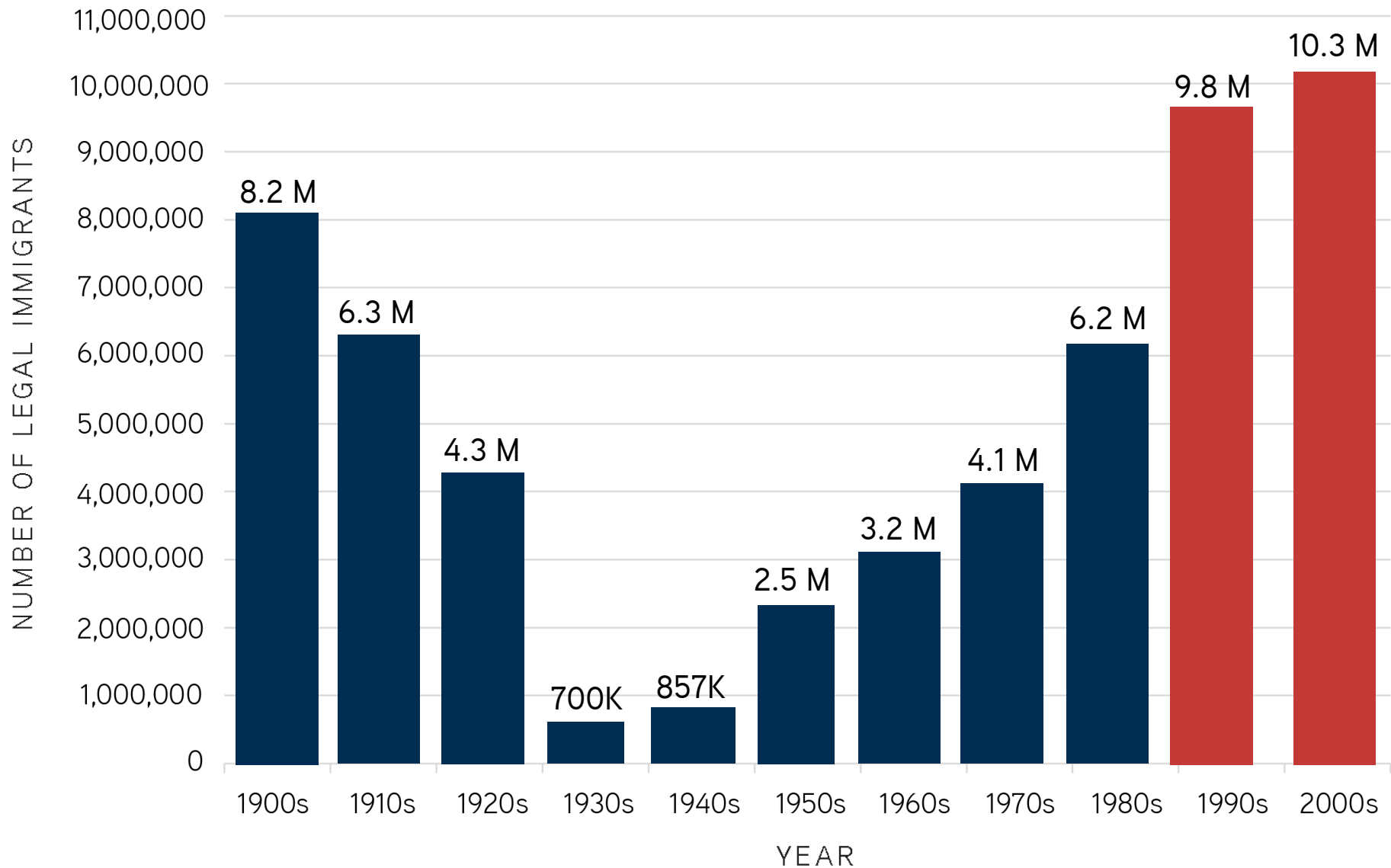
Late Career

Retirement



More immigrants legally moved to the US from 1990-2009 than the prior 60 years

LEGAL IMMIGRATION BY DECADE



Source: Department of Homeland Security, legal green card recipients only, fiscal years ending September

Remember that the Economy Impacts Each Life Stage Differently



Childhood



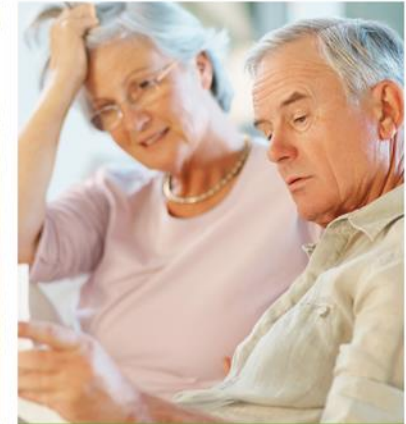
Early Career



Family Formation



Late Career



Retirement



Technologies impact each Generation



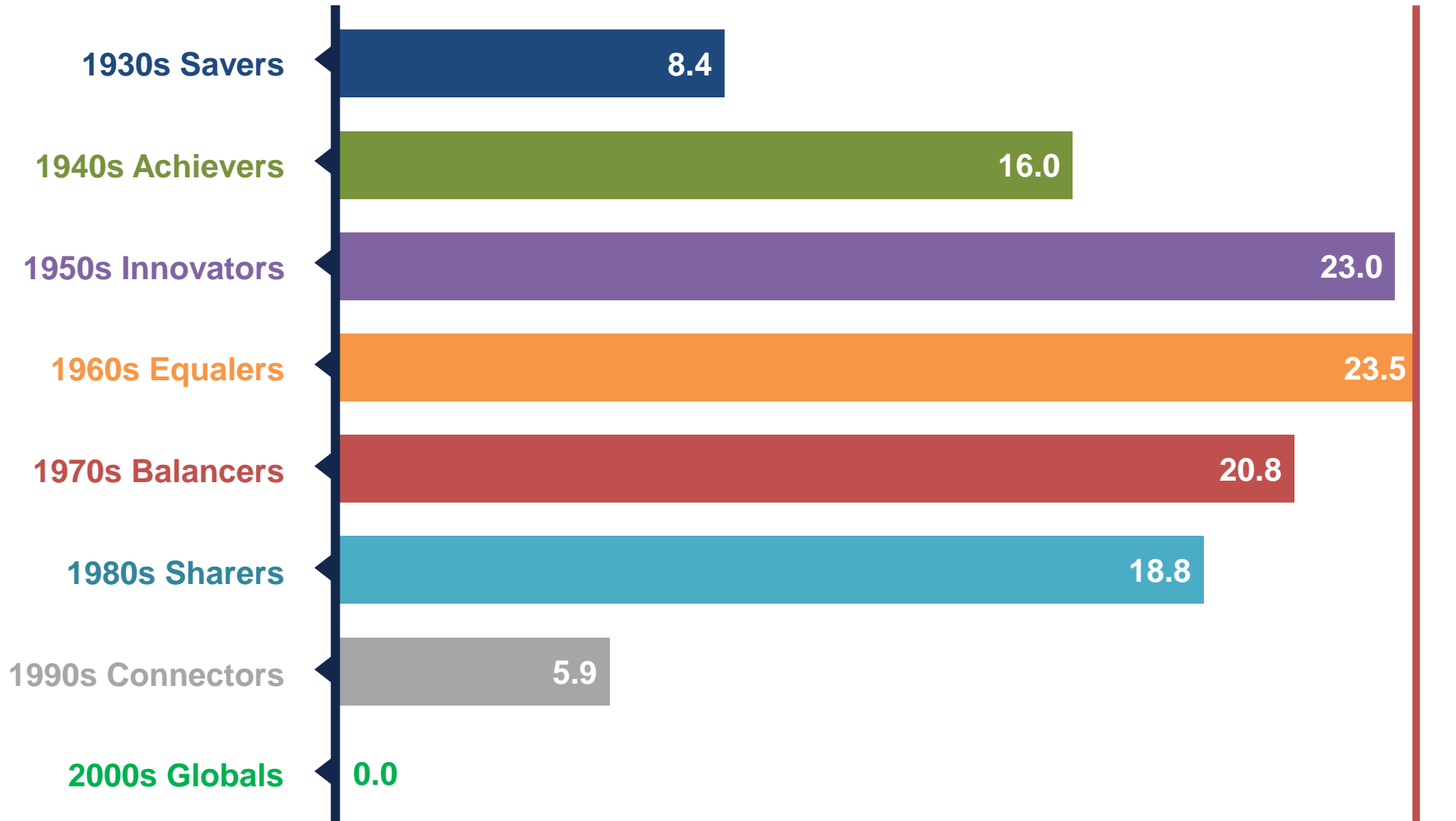
1960s Equalers



1990s Connectors

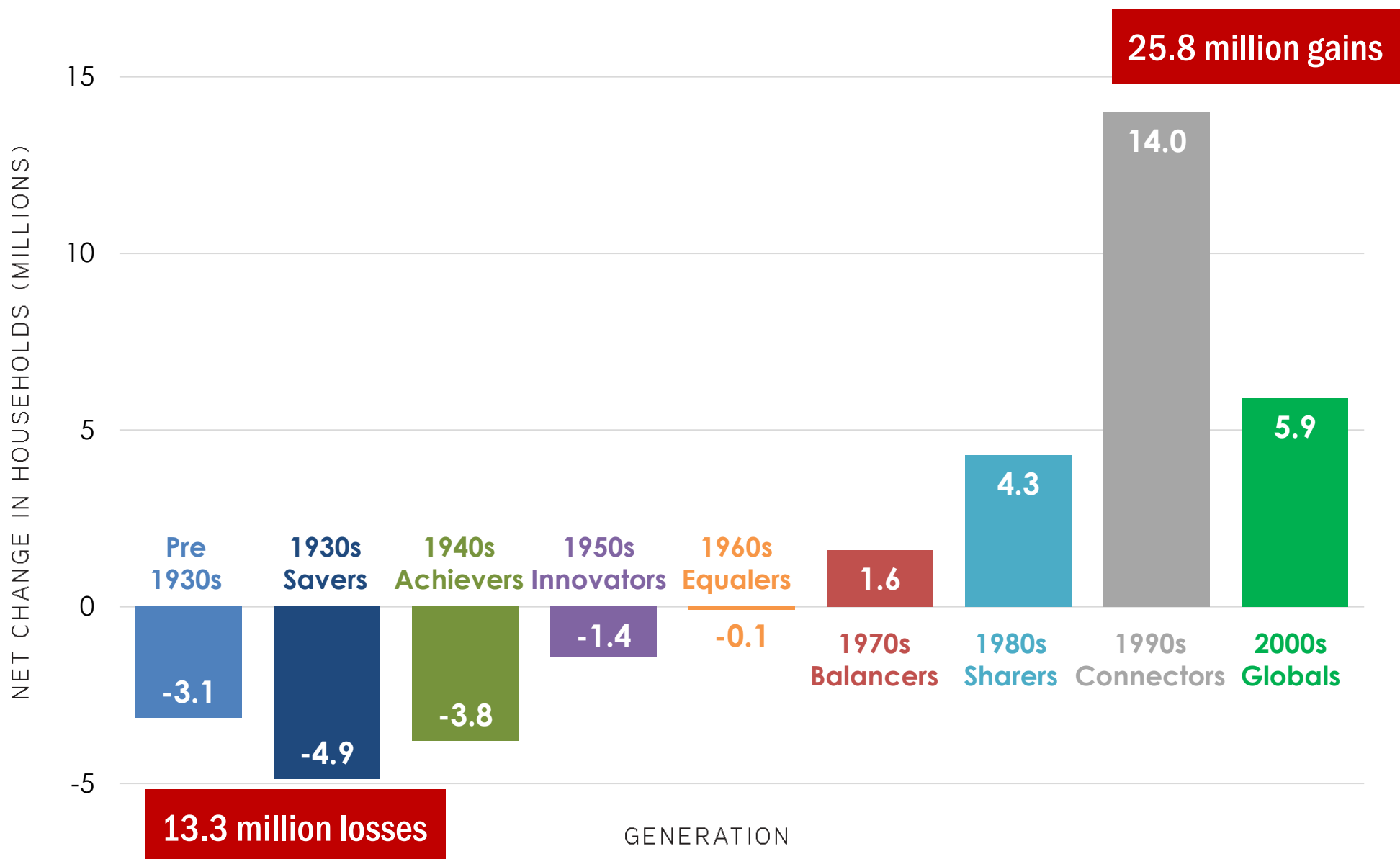
Plan for 22-25 Million Households From Each Generation

2015 HOUSEHOLDS BY DECADE BORN (MILLIONS)



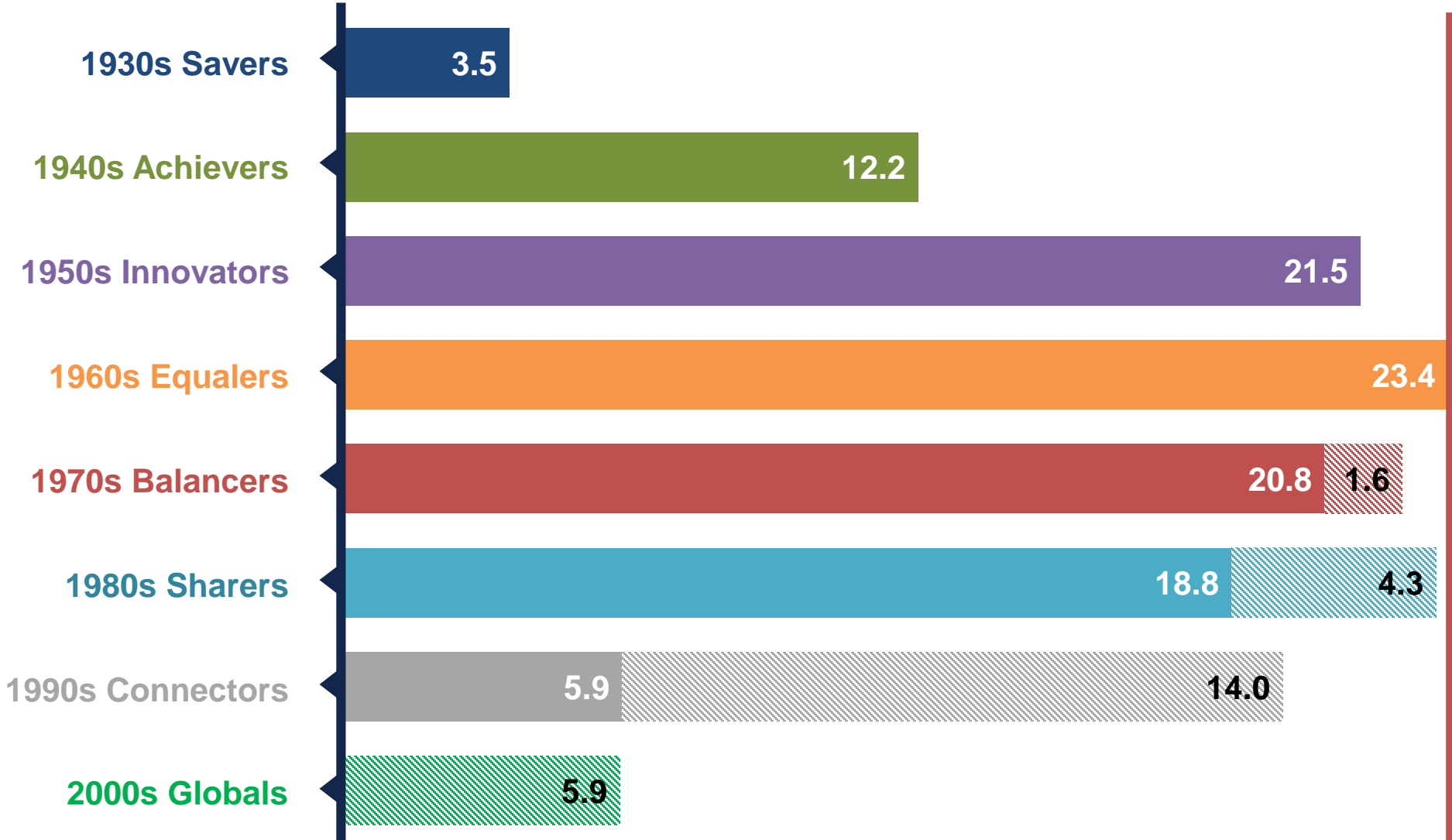
Plan for 12.5 Million Households over the Next 10 Years

NET CHANGE IN HOUSEHOLDS BY DECADE BORN, 2016–2025 (MILLIONS)



The Demographics Easily Support 12.5 Million More Households than Today

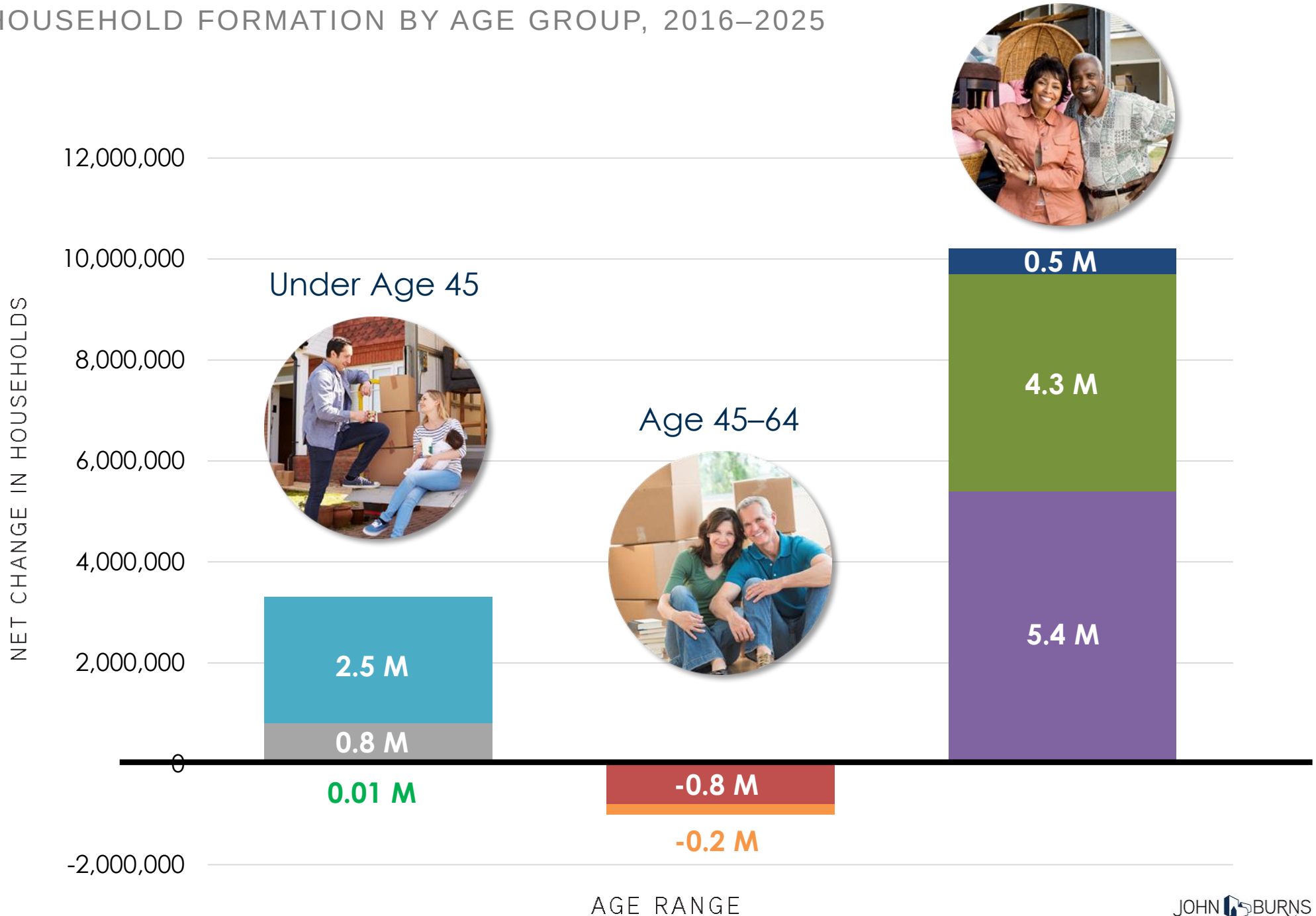
ESTIMATED 2025 HOUSEHOLDS BY DECADE BORN (MILLIONS)



Note: 1930s Savers will have 4.9M fewer households, 1940s Achievers will have 3.8M fewer households, 1950s Innovators will have 1.4M fewer households, and 1960s Equalers will have 0.1M fewer households.

Big Shift in Age of Household Head

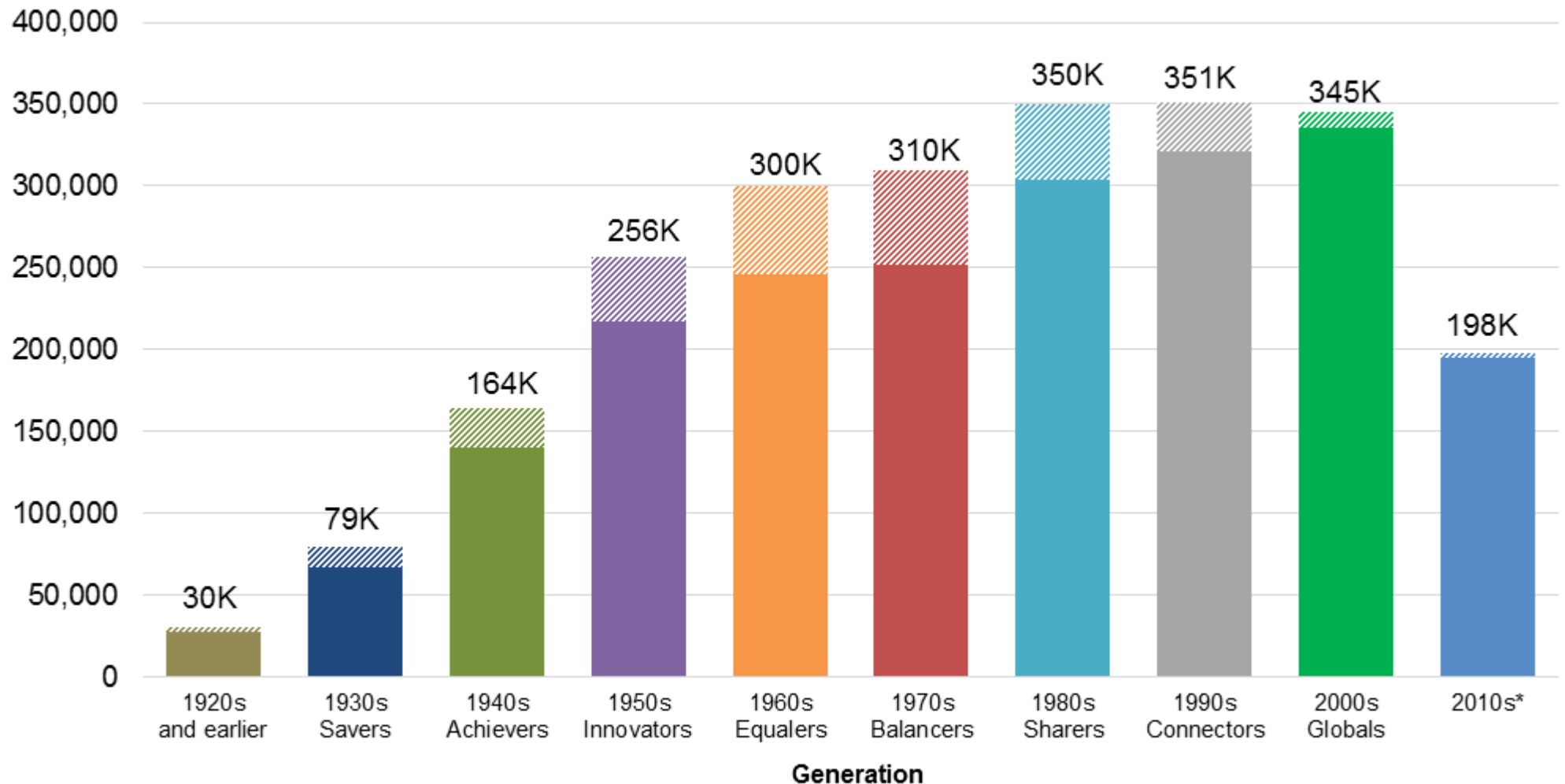
HOUSEHOLD FORMATION BY AGE GROUP, 2016–2025



San Antonio's Population is Much Younger, so Rentals and First-time Homes Will Continue to have the most Demand

2015 Population by Generation: San Antonio, TX

▨ Foreign born ■ US born

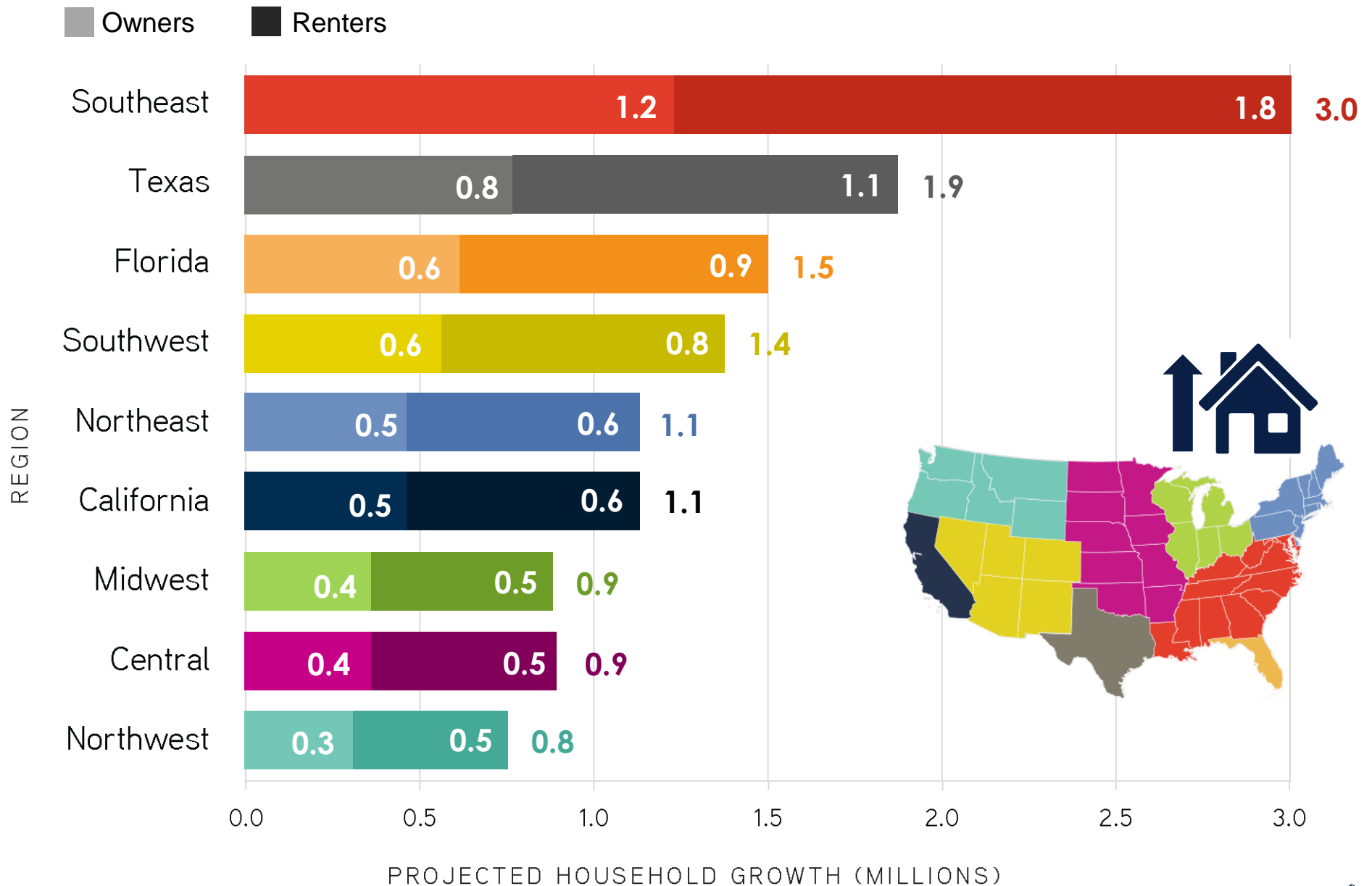


* 2010s represents population born from 2010–2015 only.

Source: John Burns Real Estate Consulting, LLC, calculations of U.S. Census Bureau 2015 population estimates

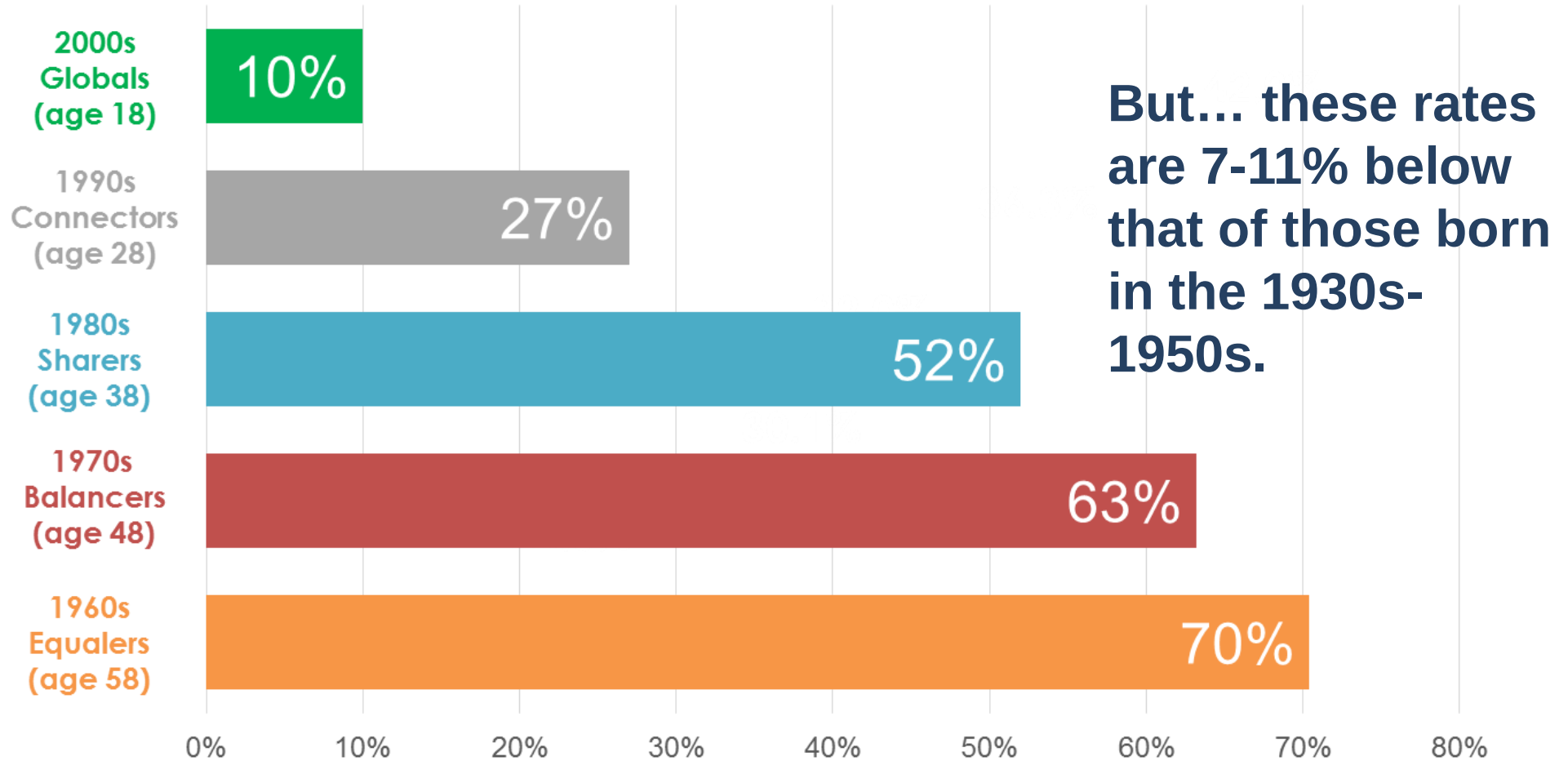
Most of the growth will be in the South.

PROJECTED HOUSEHOLD GROWTH BY REGION (MILLIONS), 2016–2025



Homeownership will rise as people age.

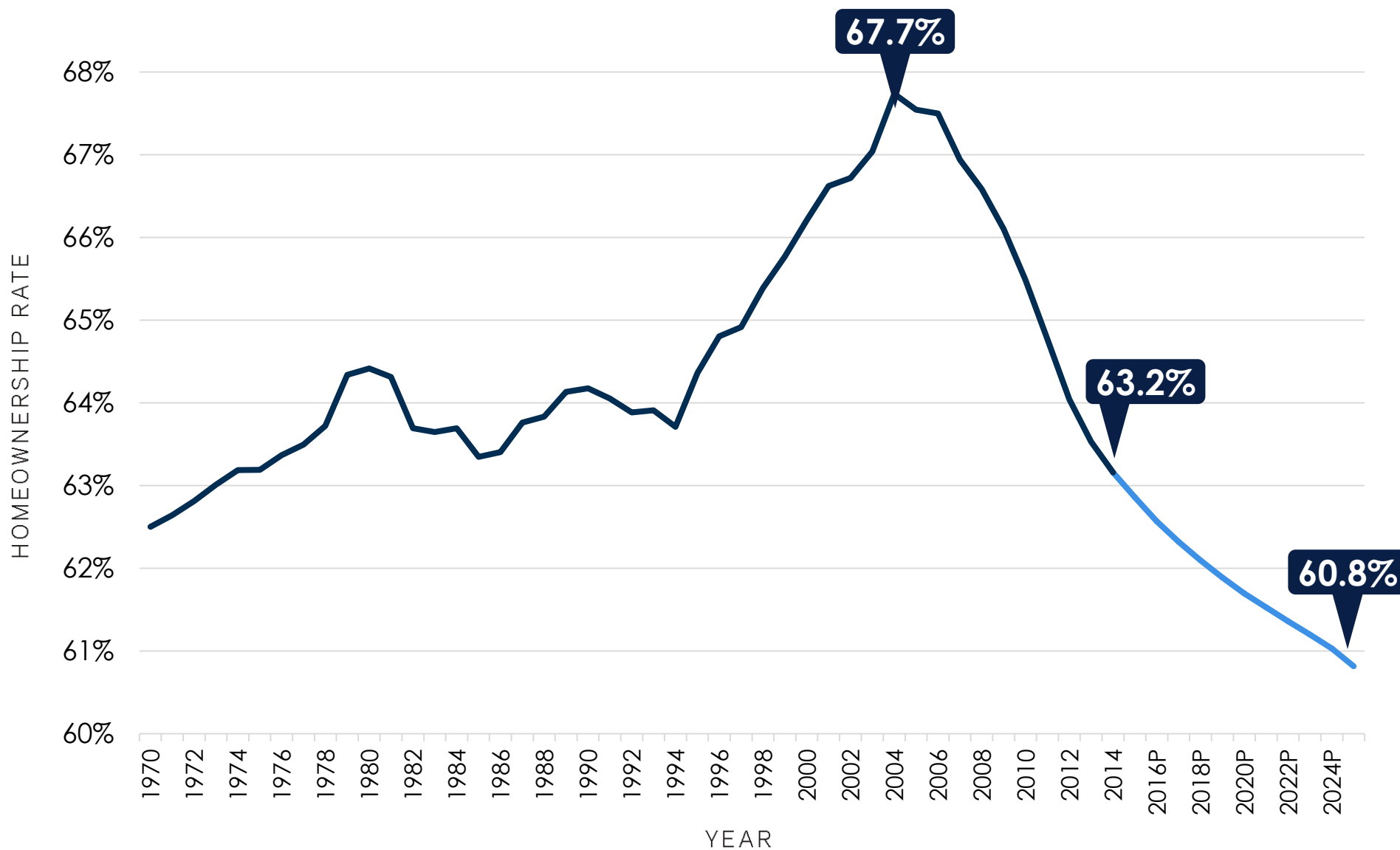
ASSUMED HOMEOWNERSHIP RATE IN 2025 BY AGE



Source: John Burns Real Estate Consulting, LLC

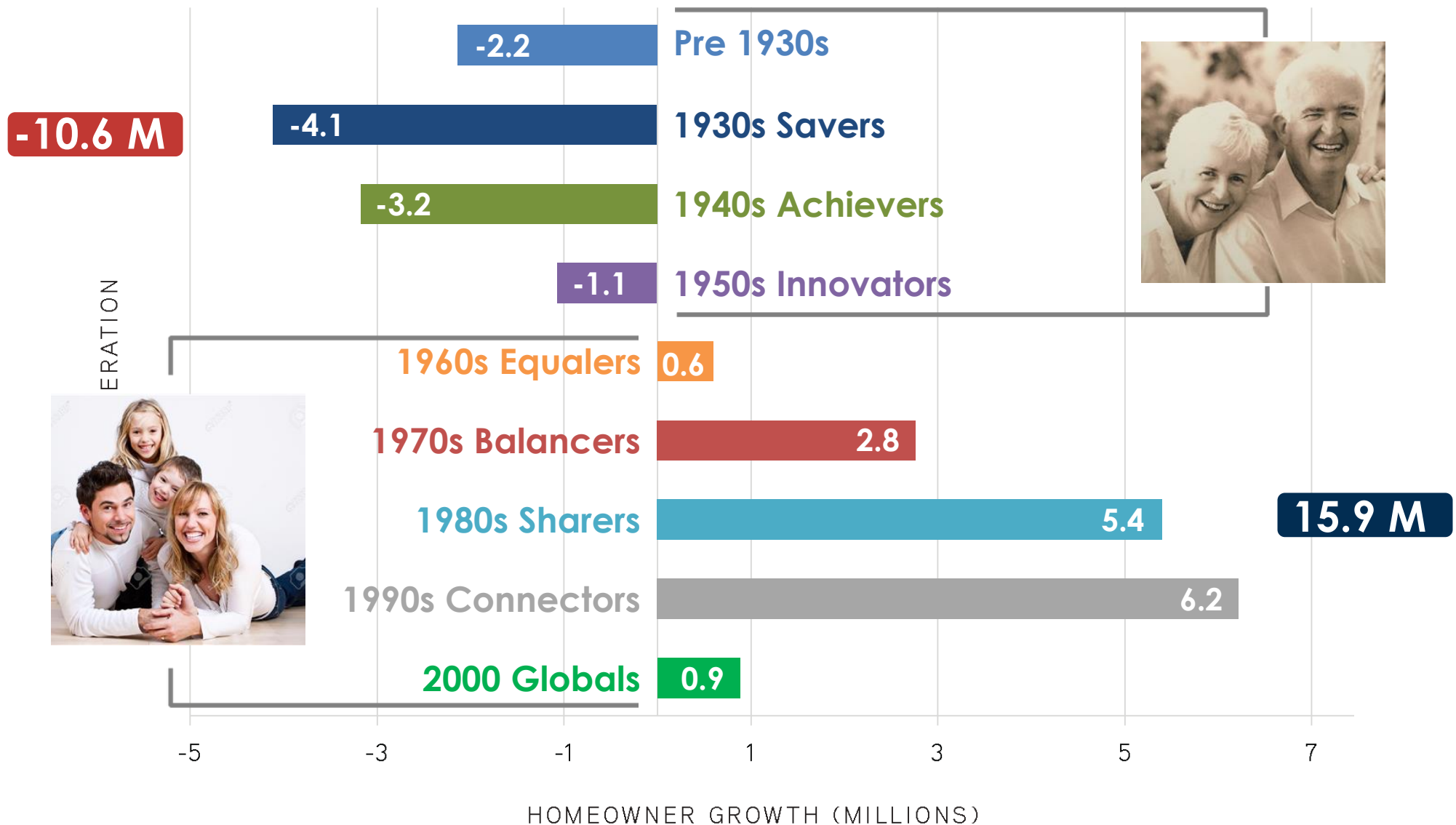
Homeownership is on track to reach 60.8% in 2025—the lowest since the 1950s

HOMEOWNERSHIP RATE (ANNUAL AVERAGE)

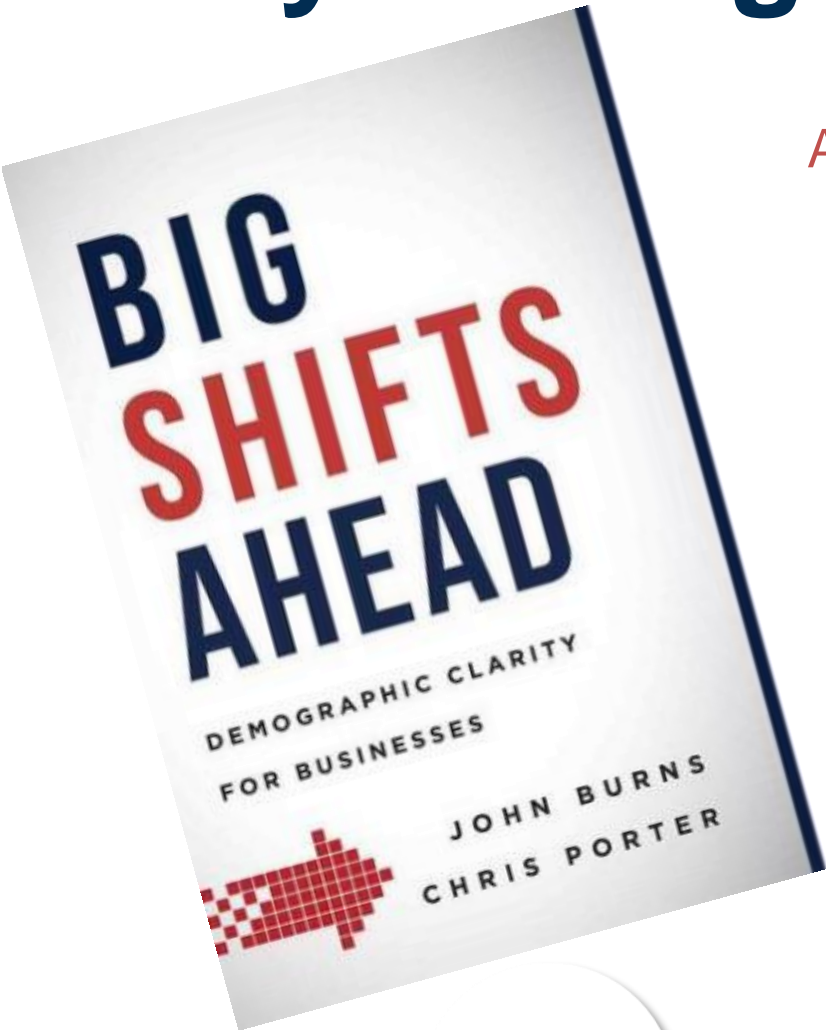


We expect 5.3 million more homeowners over 10 years

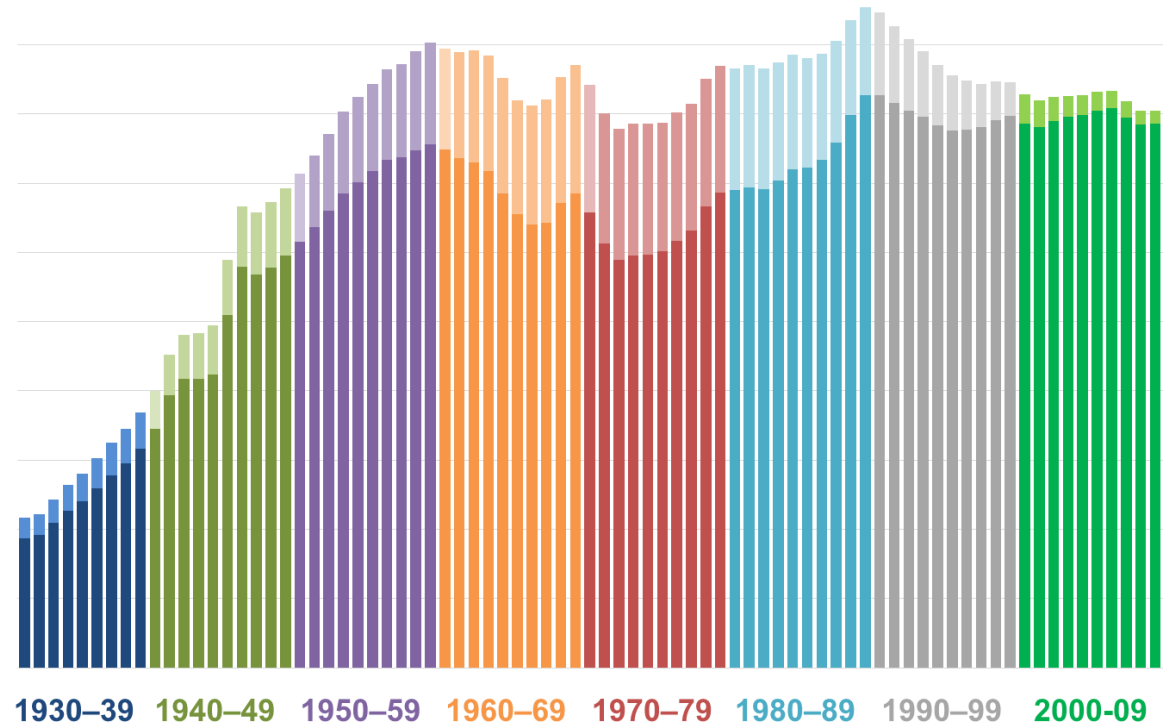
HOMEOWNER GROWTH BY GENERATION (MILLIONS), 2016–2025



Only 2 things to remember



ANALYZE THE POPULATION BY DECADE BORN











THE **4** → **5** → **6** RULE

FOR SETTING STRATEGIES

This Template Can Tell You the Exact Demand for Housing

LIFE STAGES

VETERANS	SAVERS	ACHIEVERS	INNOVATORS	EQUALERS	BALANCERS	SHARERS	CONNECTORS
1920s	1930s	1940s	1950s	1960s	1970s	1980s	1990s
							

15%	Young Singles (≤ 44)					22%	39%	60%	
6%	Young Childless Couples (≤ 44)					8%	16%	19%	
13%	Young Families (Oldest Kid ≤ 9)			1%	4%	24%	32%	21%	
18%	Mature Families (Oldest Kid 10-18)		1%	8%	35%	39%	13%		
21%	Mature Couples and Singles (45-64)			61%	44%	4%			
18%	Retirement (65+)	85%	83%	82%	9%				
11%	Multigenerational*	15%	17%	17%	22%	16%	3%		
		100%	100%	100%	100%	100%	100%	100%	
	Share of Total Households	3%	6%	11%	18%	20%	19%	19%	5%

Percentages less than 1% have been left out, and rounding adjustments were made to total to 100%
 *Multigenerational households have at least one child 19+ and no children 18 or under.
 Households with both adult children and younger children are categorized as Young Families or Mature Families.

... And What to Do When Something Unexpected Occurs.

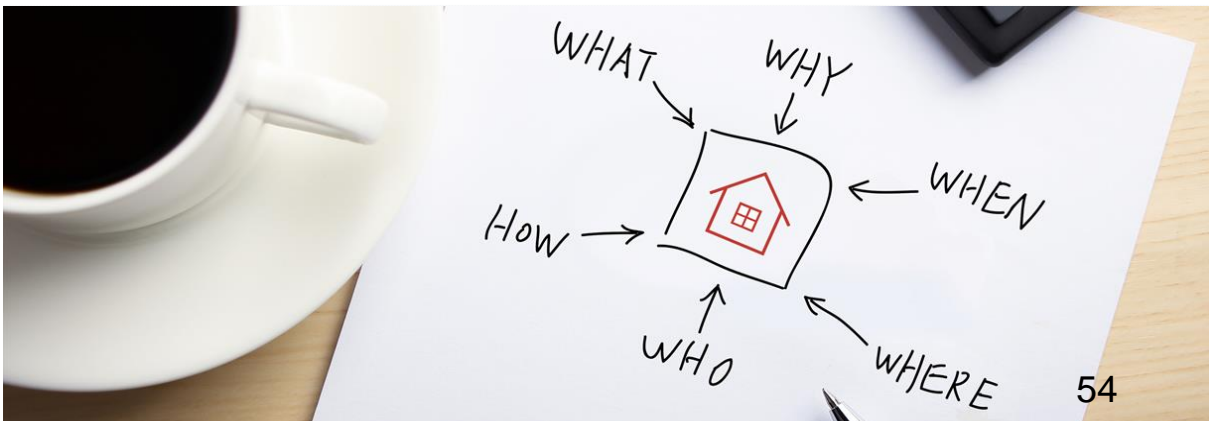
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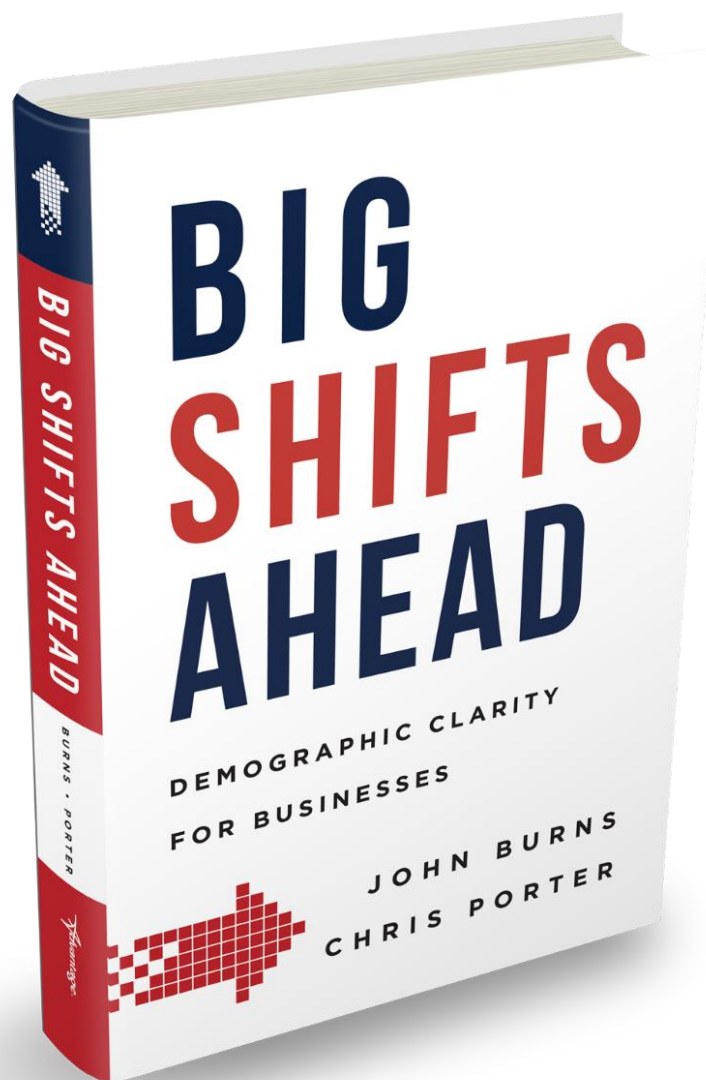


Strategies

- Focus on Young Adults
 - “Surban” rentals
 - Some will drive until they Qualify
 - Women are better educated
- Go 65+
 - Affluent Empty Nesters & Retirees
 - “Surban” apartments and homes
 - Renting more
 - Multigenerational Communities



QUESTIONS?



JOHN BURNS
REAL ESTATE CONSULTING

Prepared for:



Urban Land Institute
Terwilliger Center
for Housing

DEMOGRAPHIC STRATEGIES

FOR REAL ESTATE

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jburns@realestateconsulting.com