

# **Generational Demographic Portents for Real Estate**

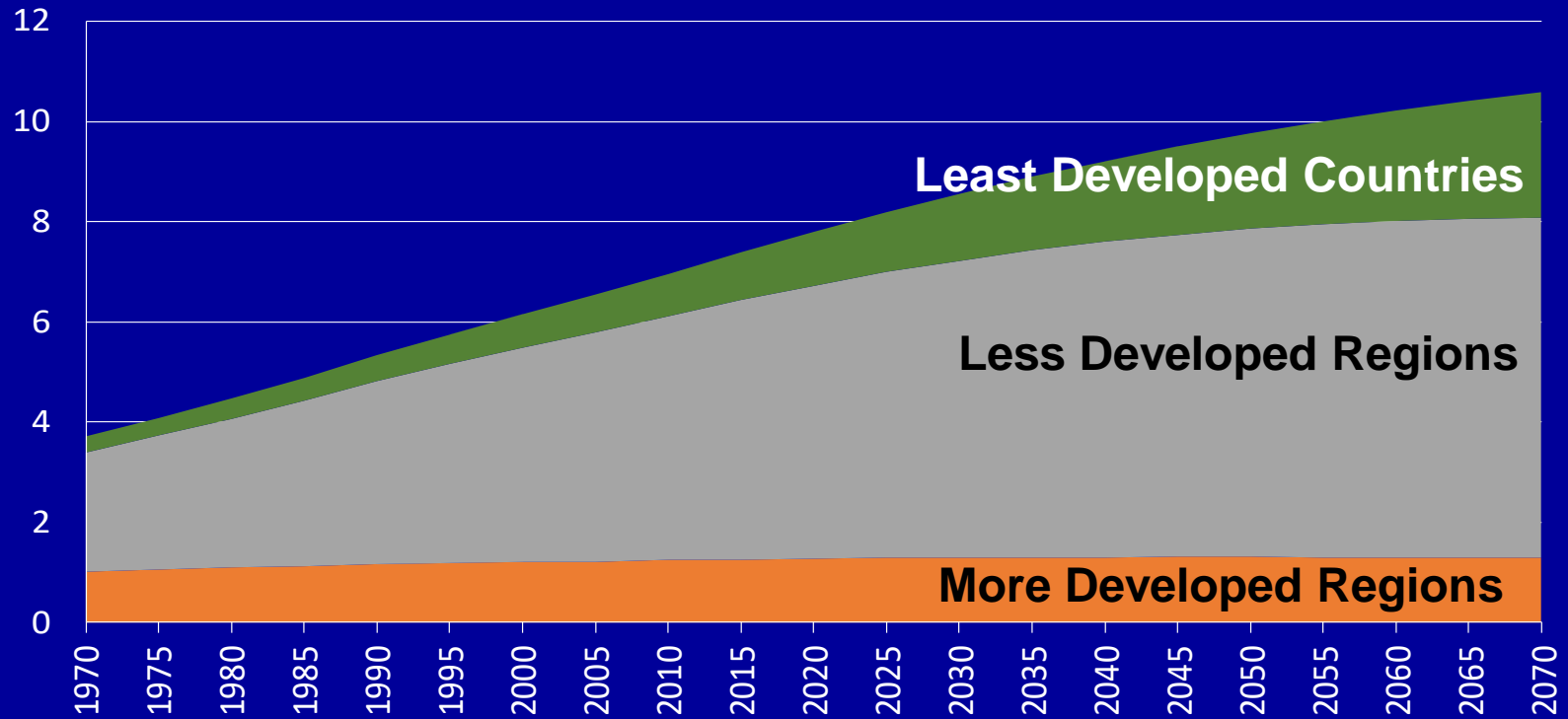
**ULI Boston  
October 10, 2018**

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Columbia Business School

# World Population Growth

Billions of People

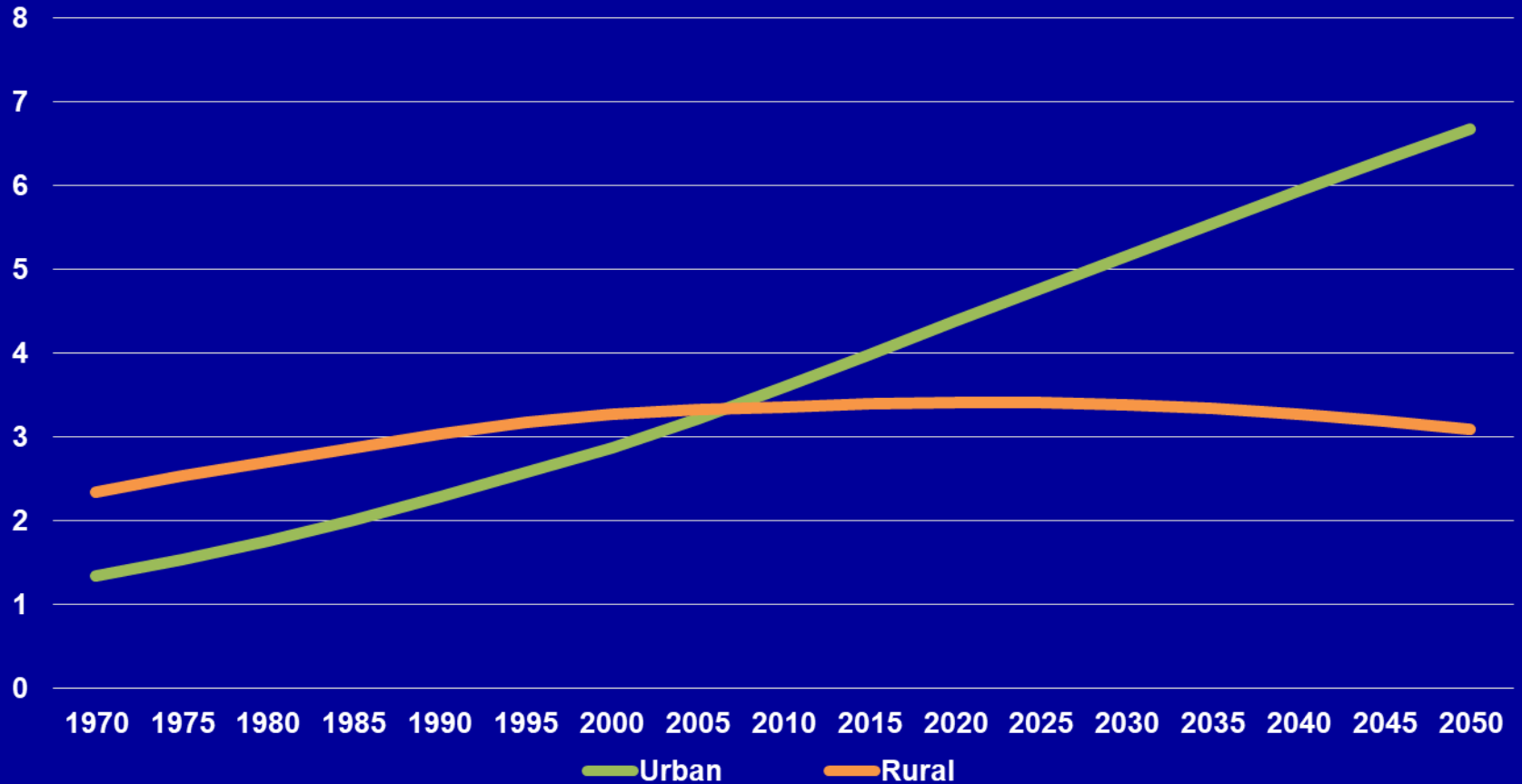
2017: 7.550 Billion



Source: UN Population Division, *World Population Prospects: The 2017 Revision*.

# Urban/Rural Mix

Billion



# Urbanization's Effects

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- Incomes rise
- Fertility falls
- Children's education improves
- Children get better jobs
- Incomes rise further

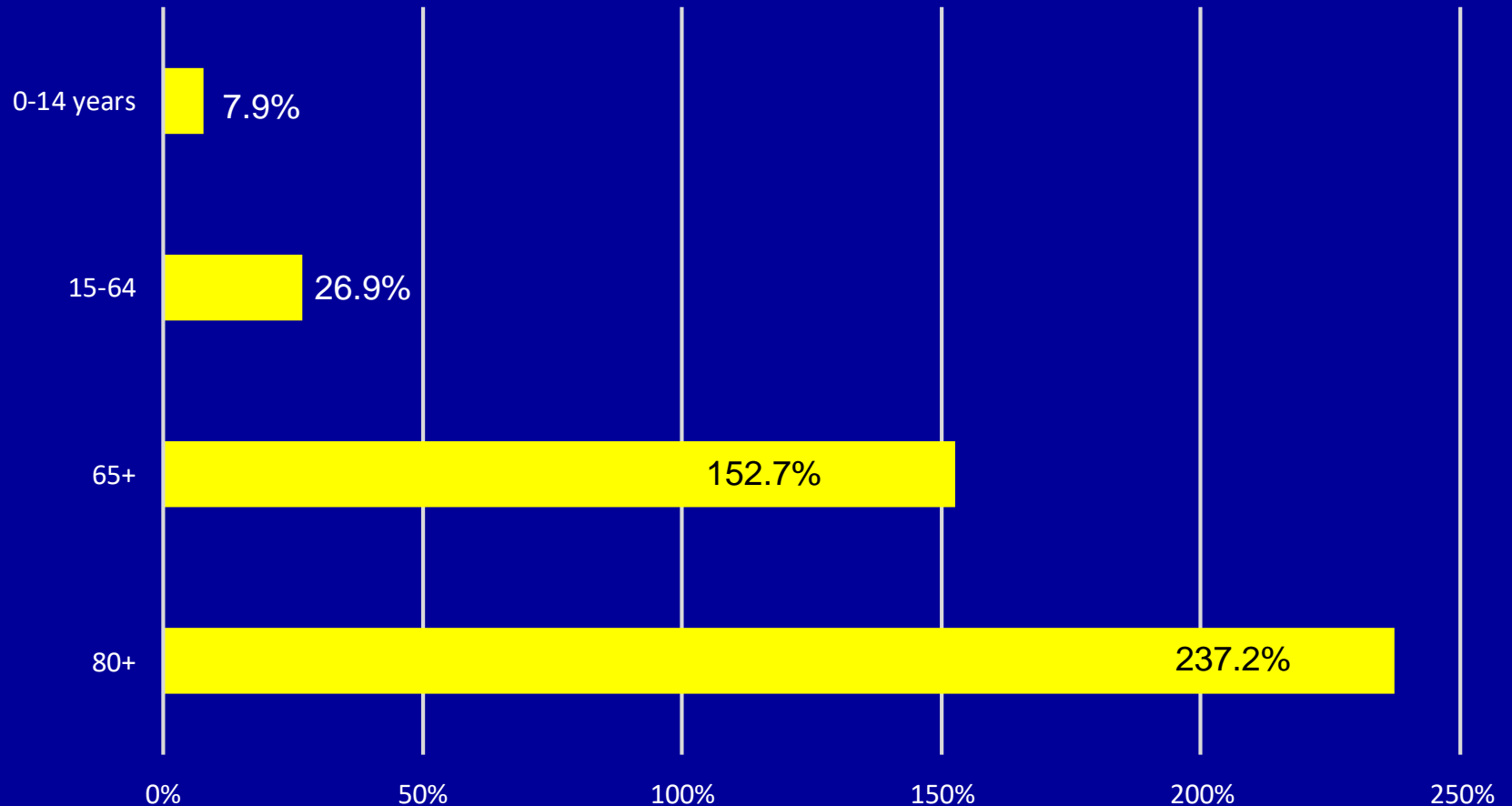
*A virtuous cycle*

# Emerging Market Demand

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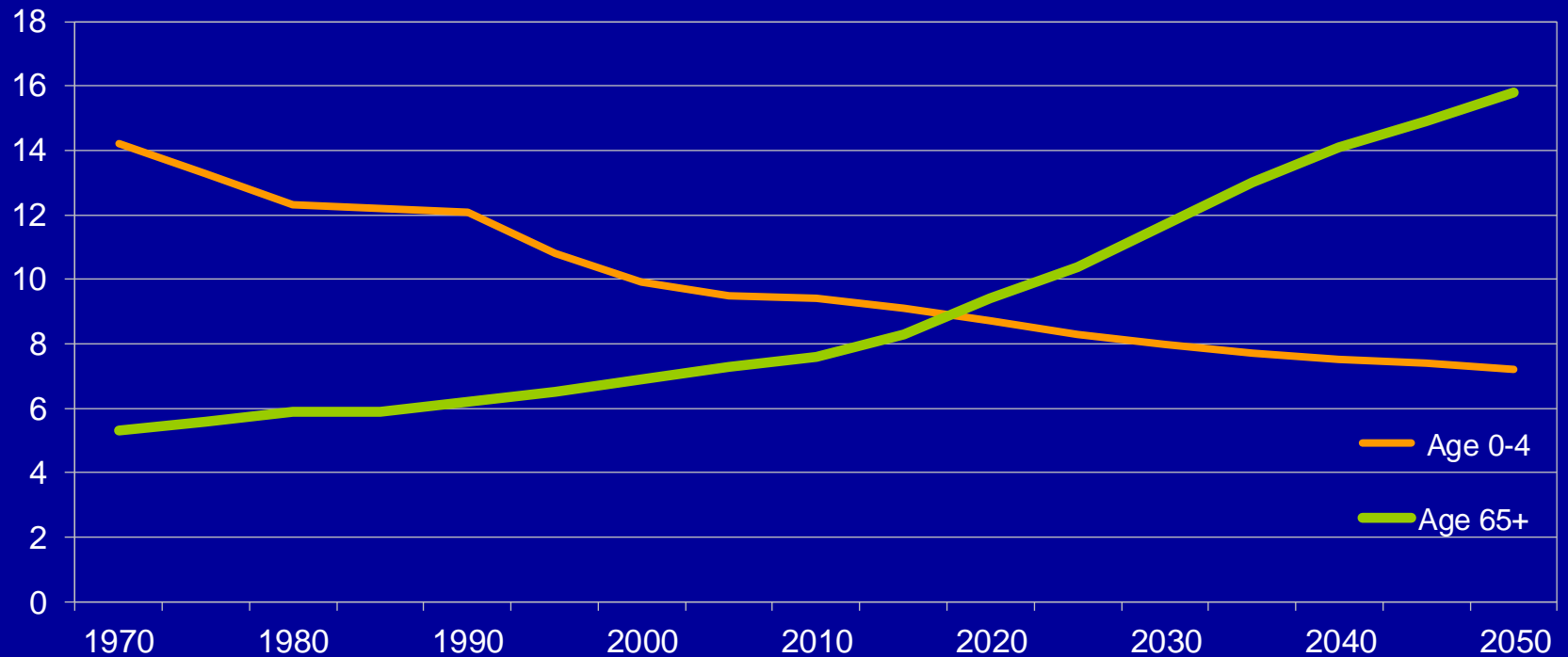
- Hypermarkets
- Workforce housing
- Budget hotels
- Warehouses
- Water and air ports
- Retail malls
- Mortgage finance
- Offices
- Middle-class condos
- Tourist facilities

# Global Growth by Age, 2015-2050



# Young & Old as % of Global Population

% of Total Population



# Working-Age Population Change

	2015-2030 Change*	
	Number (Mil)	Percent
Sub-Saharan Africa	292.6	56.0
MENA**	88.8	28.8
Latin America & Caribbean	59.1	14.0
Asia	273.8	9.7
Oceania	4.3	16.9
North America	6.7	2.8
Europe	-37.0	-7.5
<b>World</b>	<b>688.3</b>	<b>14.2</b>

\*Age 15-64

\*\*Middle East & North Africa

Source: United Nations



# Global Fertility Rates - 2016

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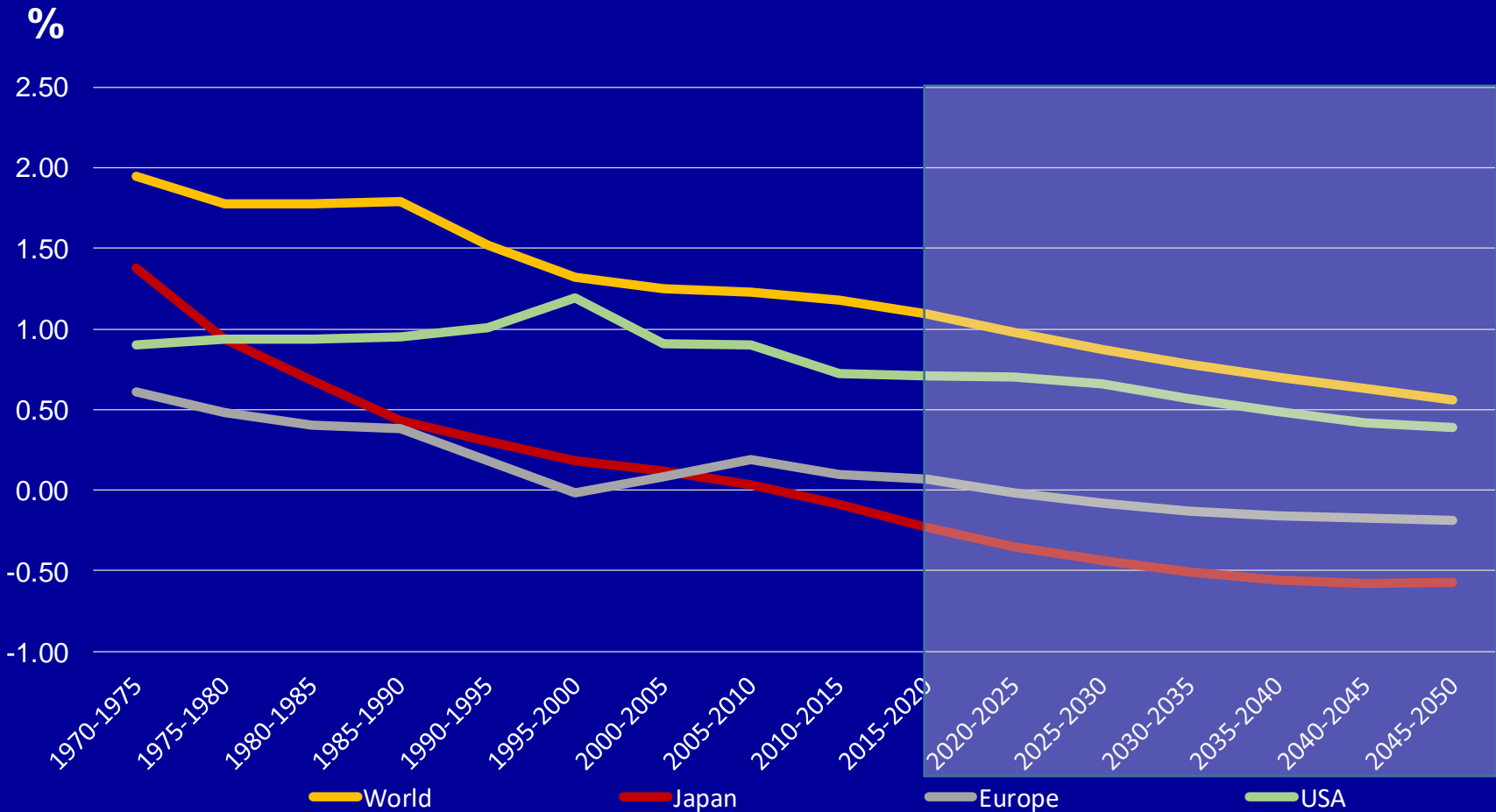
<b>World</b>	<b>2.4</b>
Sub-Saharan Africa	4.8
MENA	2.8
South Asia	2.5
East Asia & Pacific	1.8
Latin America & Caribbean	2.1
Northern America	1.8
European Union	1.6

# A Few Real Estate Implications

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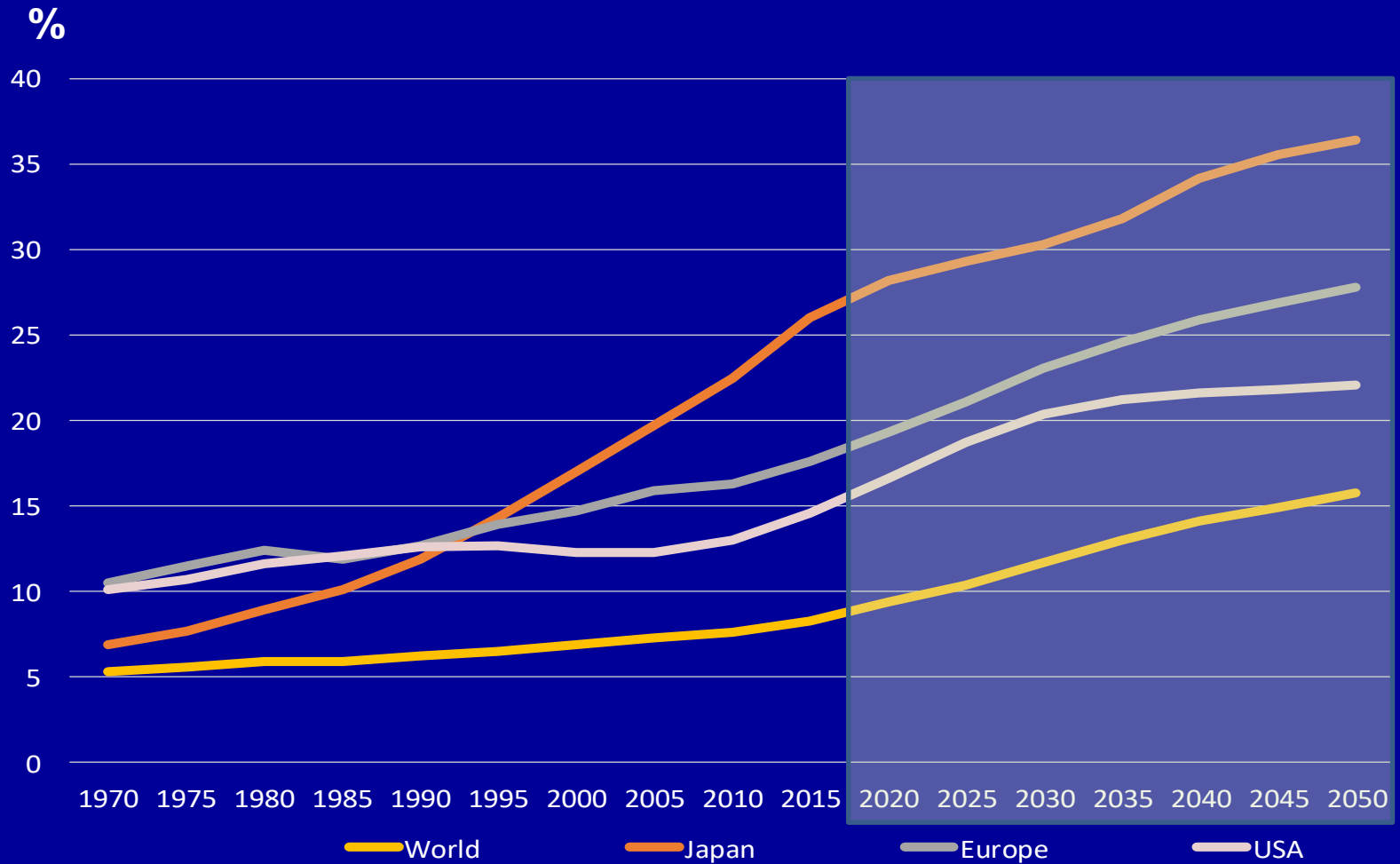
- Strongest development demand in emerging markets
- In a digital world, jobs migrate to workers' locations
- Growing consumer markets need retail
- Retail needs distribution warehouses
- Senior housing is a global challenge
- Budget & middle-market tourism thriving
- Huge infrastructure demand globally

# Average Annual Population Growth



Source: United Nations, Population Division, World Population Prospects: The 2017 Revision.

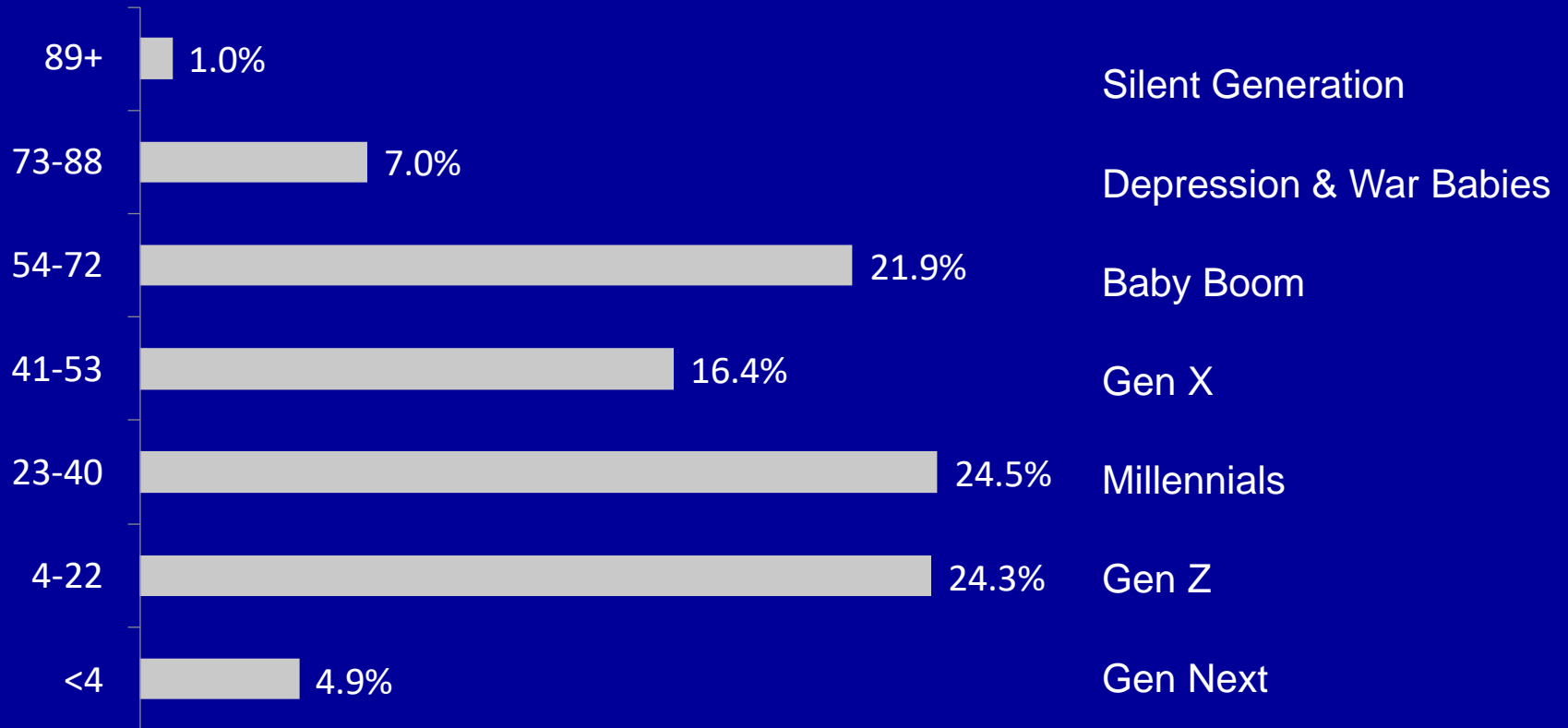
# % of Population 65+



Source: United Nations, Population Division, World Population Prospects: The 2017 Revision.

# America's Generations

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# Americans Age 73+

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- Target group for senior living
- Fiscally conservative
- Most are active:
  - Travelers
  - Restaurant patrons
  - Classical music attendees
  - Voters
- Volunteer pool
- Many dependent on Boomers/Xers
- Source of inheritances to Boomers/Xers

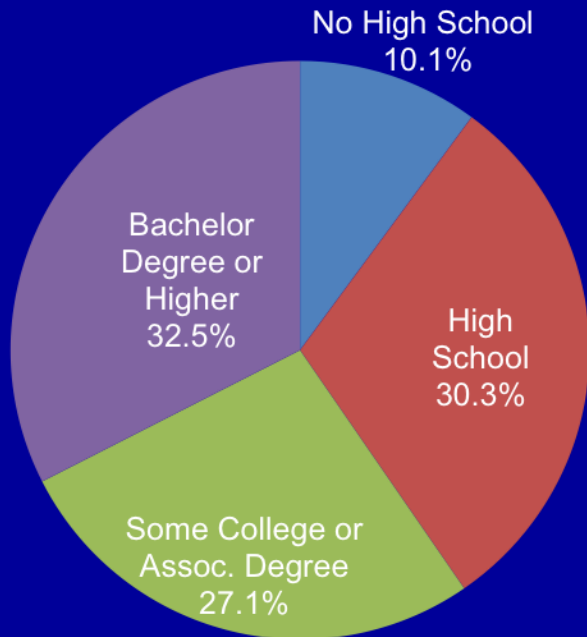
# Baby Boomers: Ages 54-72

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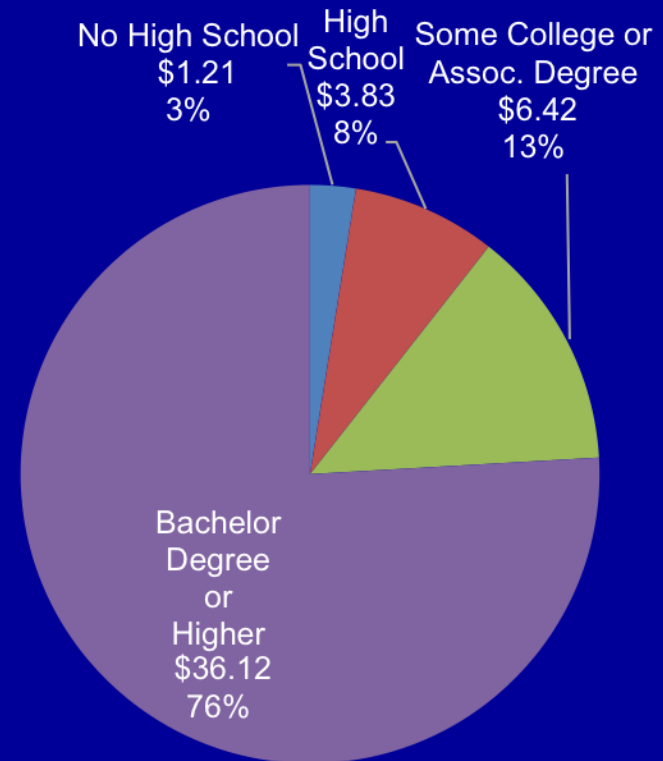
- Two groups:
  - Early retirees (smaller)
  - Peak wage earners (larger)
- Mostly empty nesters
- Varying housing preferences:
  - Most remain in existing neighborhoods
  - Independent, age-restricted living can appeal
  - Others prefer mingling with younger cohorts
  - Second home buyers/renters
- Active investors

# Boomer's Education & Net Worth

## Educational Attainment



## Net Worth by Educational Level (trillions)





# Gen X: Ages 41-53

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- 54 million – 16.4% of Americans
- Glue between Boomers & Millennials
- Skeptical; want verification
- Believe they're ignored
- Tech savvy
- Parents of Gen Z
- Shop 'til you drop

# Marriage Postponement

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	% of Generation Married @ 18-32
Silent Generation	65%
Baby Boomers	48%
Generation X	35%
Millennials	26%

# Millennials: Ages 23-40

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- 80 million
- Ethnically/racially diverse
- Largely finished with school
- Under age 30
  - Overwhelmingly renters
  - Many roommates
  - Often still at home
  - Few children
- Over age 30
  - Starting families
  - Buying homes
  - Or not
- Love to travel
- Love experiences
- “Recommendation” generation
- Sharers more than acquirers

# Millennials' Geographic Preferences

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- 37% identify as city people
- 36% identify as suburbanites
- 26% identify with small town/rural living

Only 13% are “downtowners”

# Magnet Downtowns

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## Primary

New York

Washington, DC

Boston

Philadelphia

Chicago

San Francisco

## Secondary

Seattle

Portland

Denver

Minneapolis

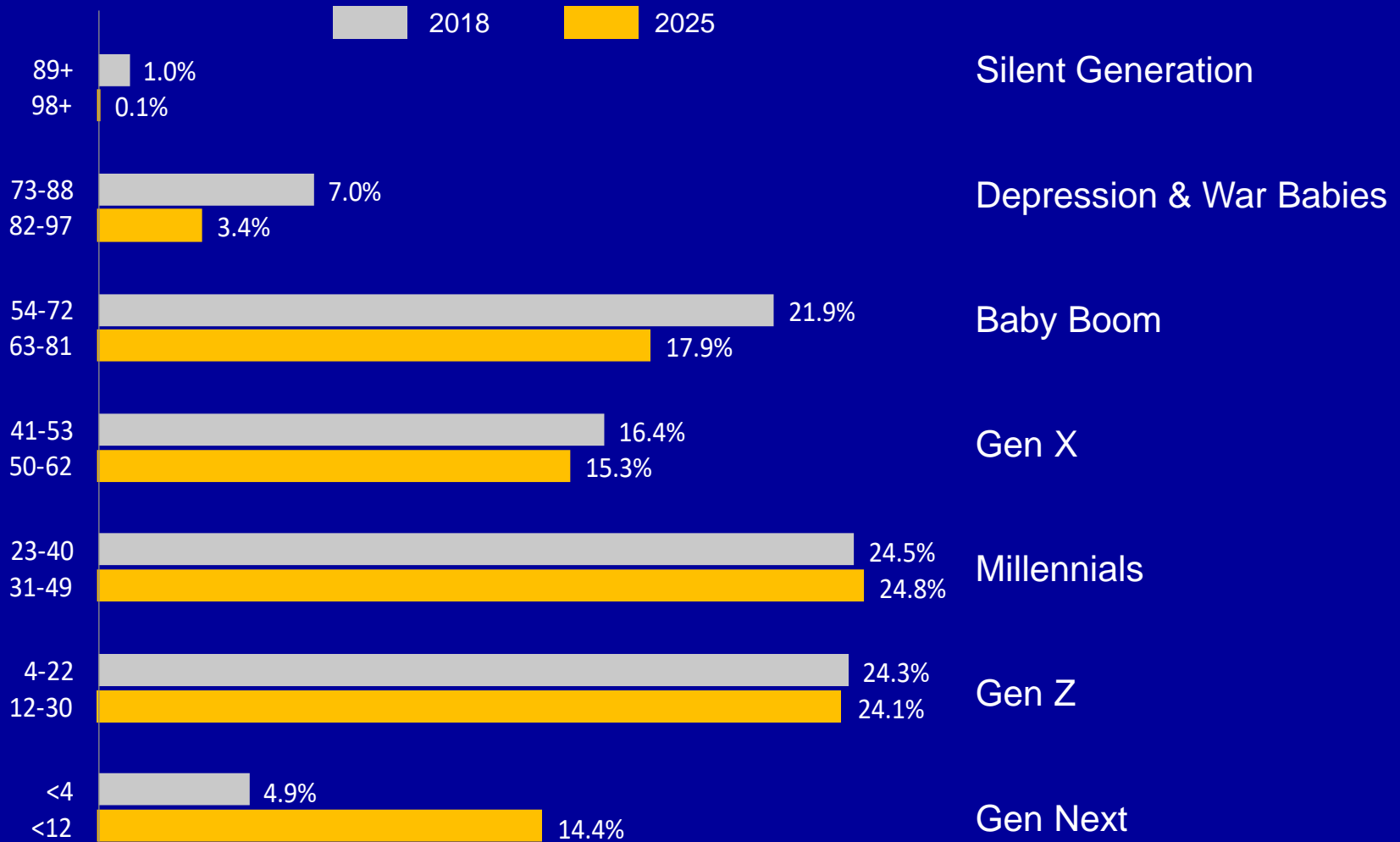
# Gen Z: Ages 4-22

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- Same large size as Millennials
- Tech empowered
- Heavily influenced by Great Recession
- Believe they will work longer & harder
- Fiscally conservative

**Share many enthusiasms with Millennials**

# America's Generations in 2025



Source: U.S. Census Bureau