

USC-SCAG Annual Demographic Workshop  
June 1, 2015

# Millennials Form the Critical Foundation for Housing

**Dowell Myers**

**USC**Price

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# Four Major Background Indicators of Change

Total Growth Slowdown

Immigration In-Flows Reduced

Aging of Population

Downturn in Homeownership

# What Year Does LA County Reach 12 Million Population?

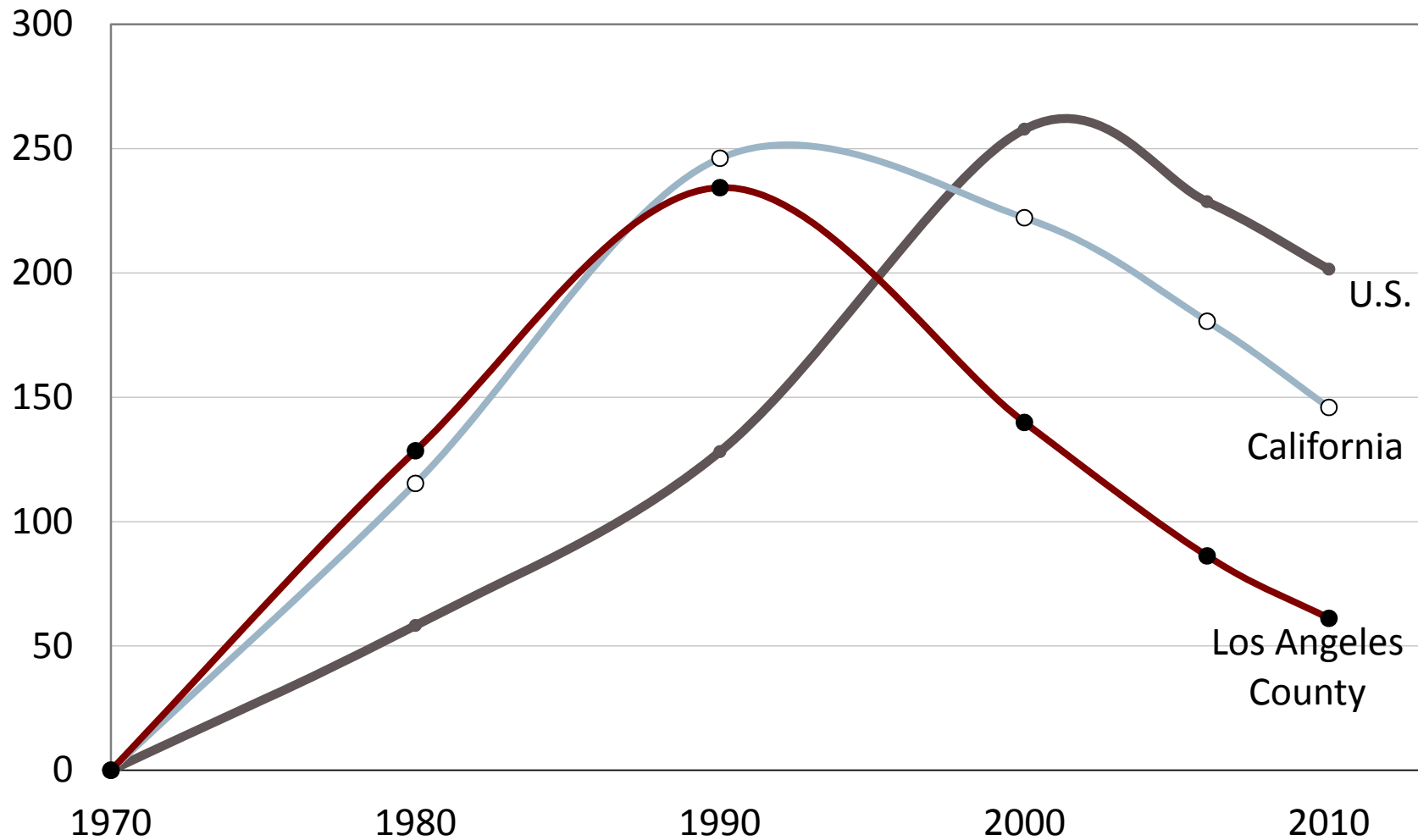
- Old Expectation = 2030
- New Outlook = after 2060

Source:

California Department of Finance, 2007 and 2013

# Annual Immigrant Arrivals

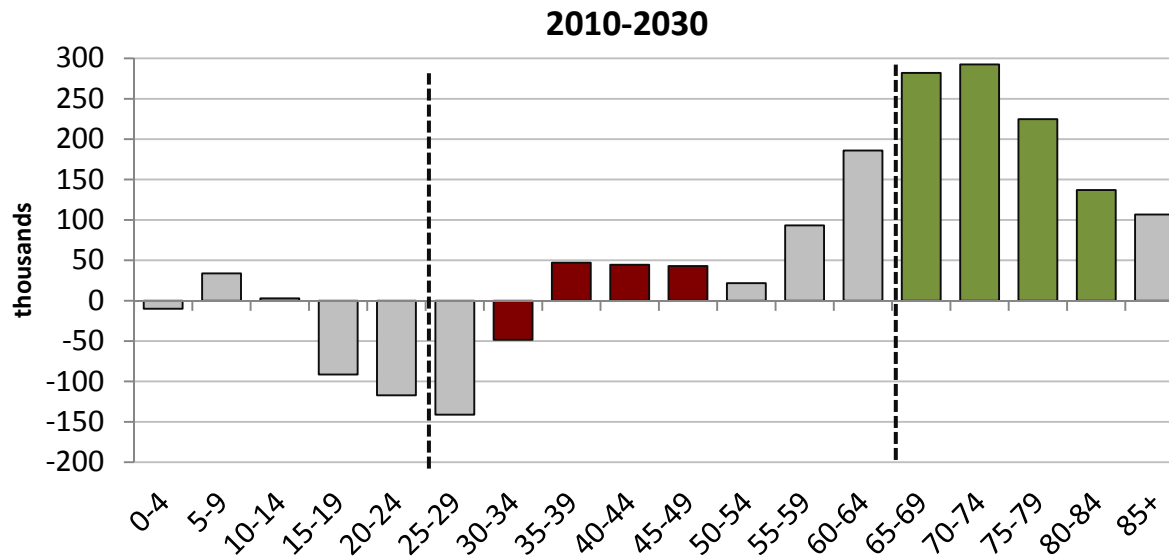
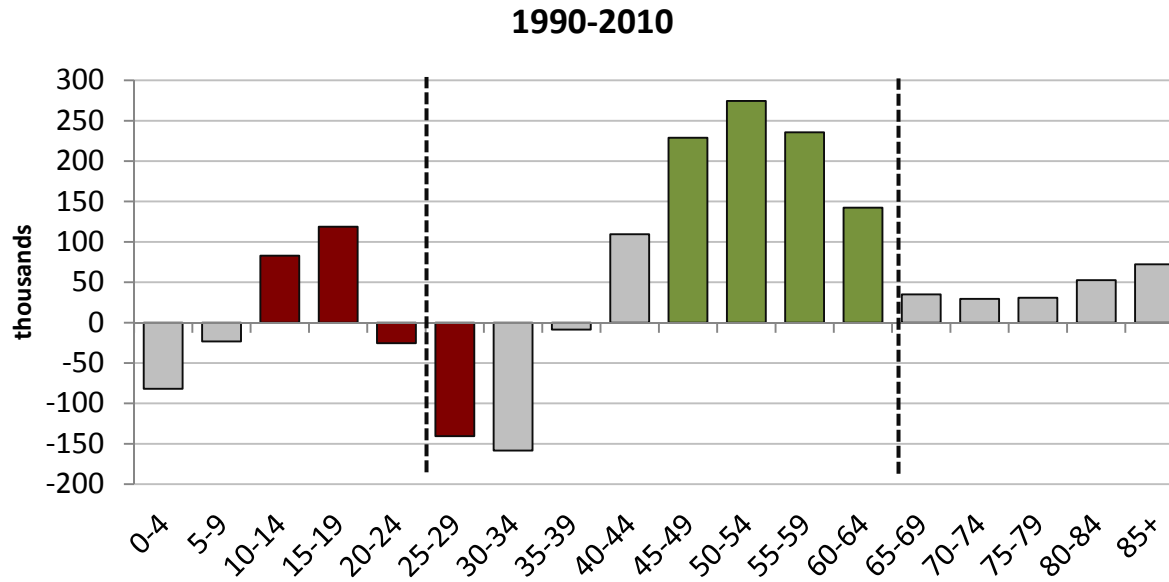
Percentage Change in Net Flow Since 1970



Source: U.S. Census 1970, 1980, 1990, 2000; American Community Survey 2006, 2008

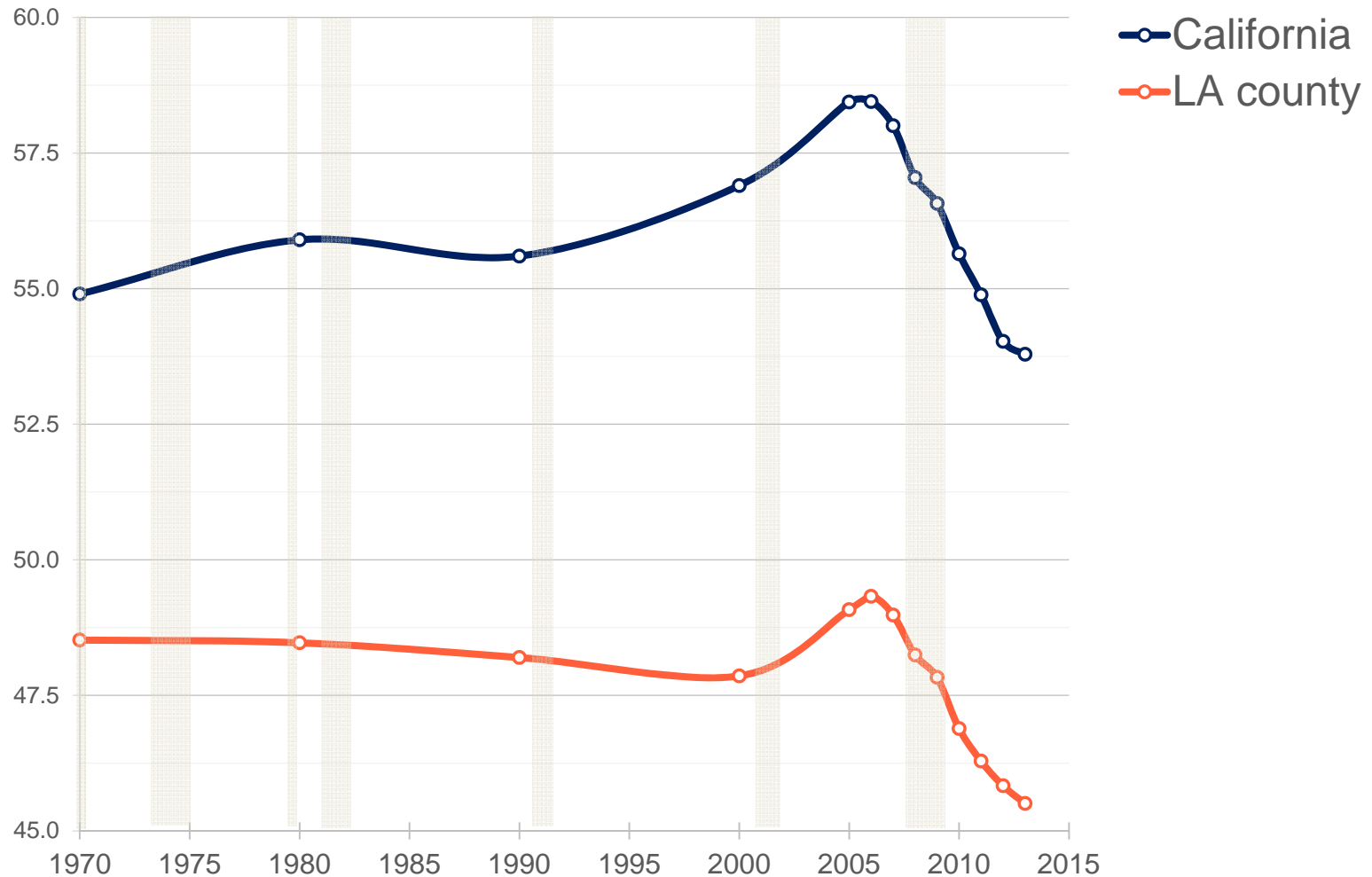
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# Growth in Age Groups in LA County, Then and Now



# A Half Century of Homeownership Rates

Homeownership per 100 people (%), 1970-2013

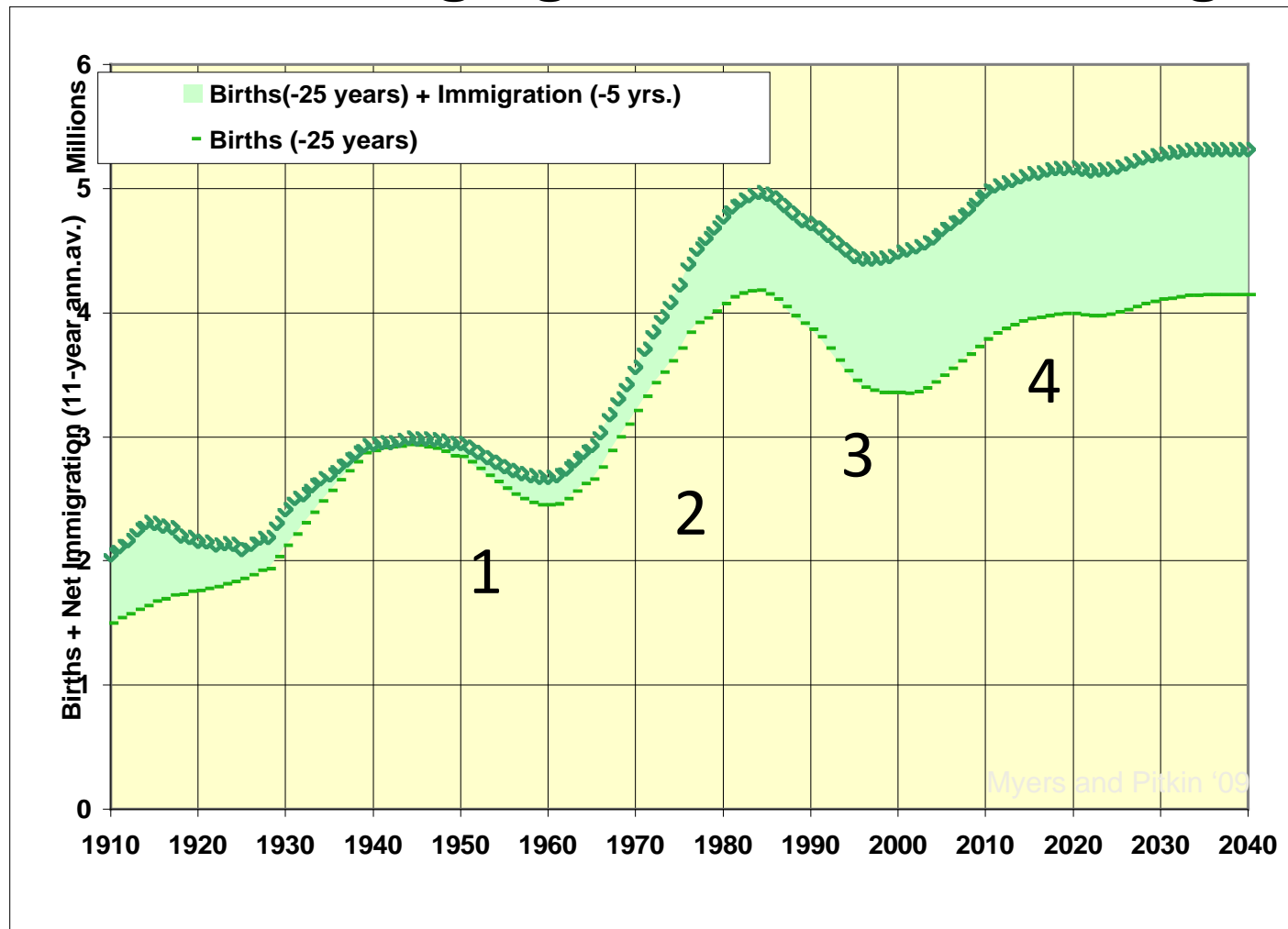


Note: Shaded areas indicate US recessions. Refer to 2015 [research.stlouisfed.org](http://research.stlouisfed.org).

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Millennials  
and Other Young Adults  
are the Foundation

# The Foundation of the U.S. Housing Market: Native-Born Turning Age 25, Plus New Immigrants



Myers and Pitkin, "Demographic Forces and Turning Points"

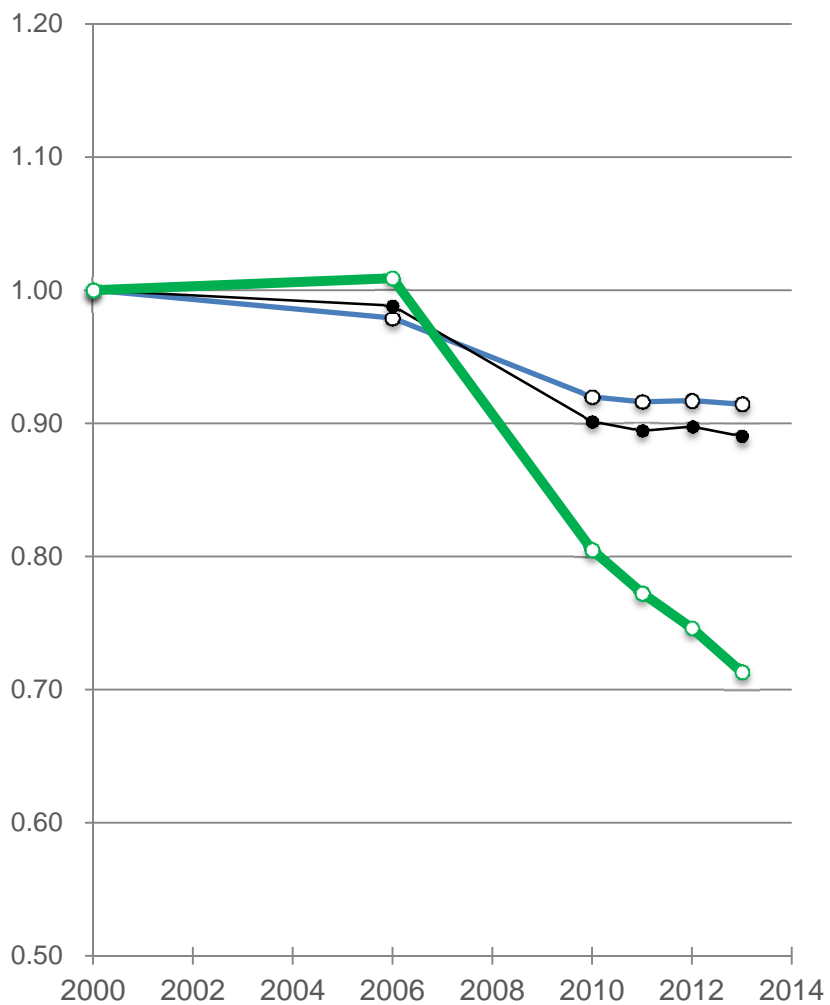
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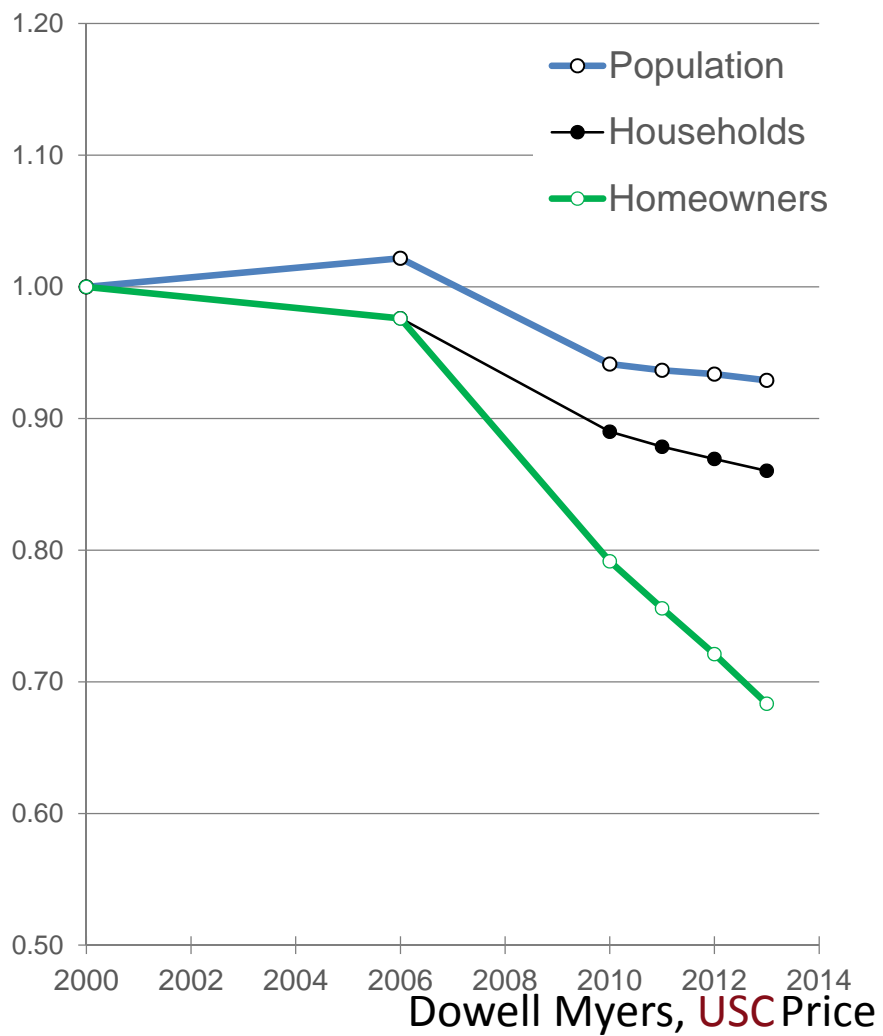
# Ages 35-44

Aggregate Trend Ratio based on 2000

## California



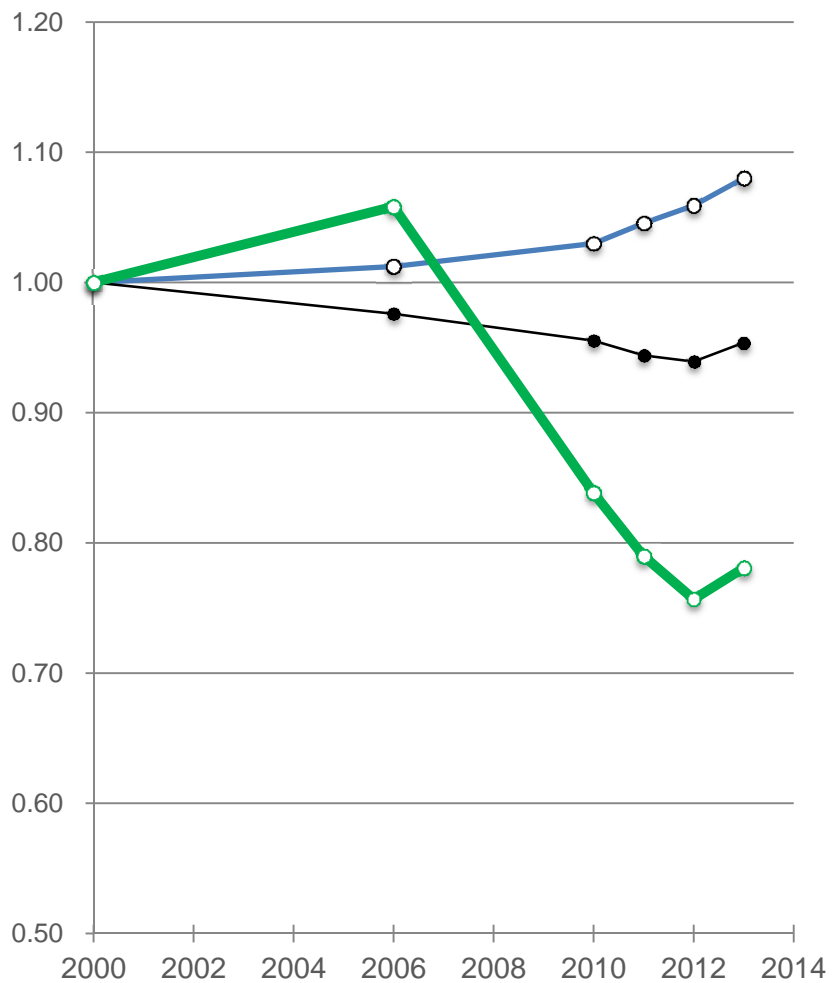
## LA county



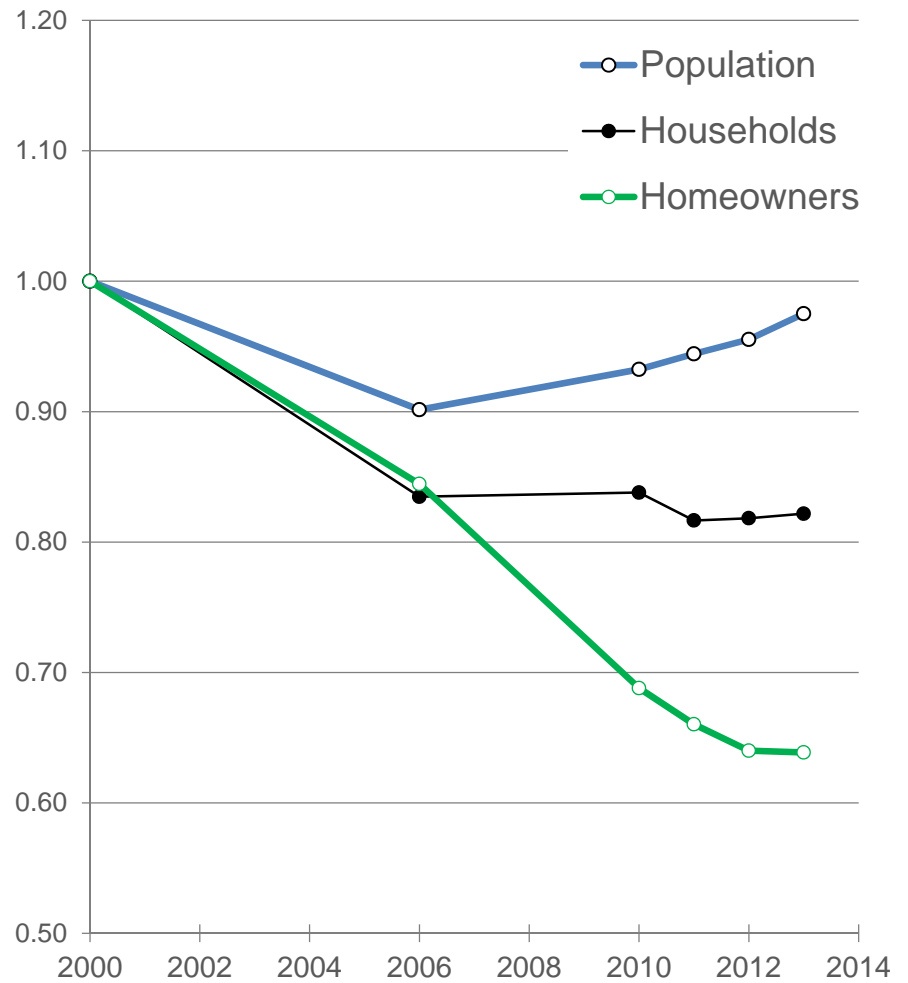
# Ages 25-34

Aggregate Trend Ratio based on 2000

## California



## LA county

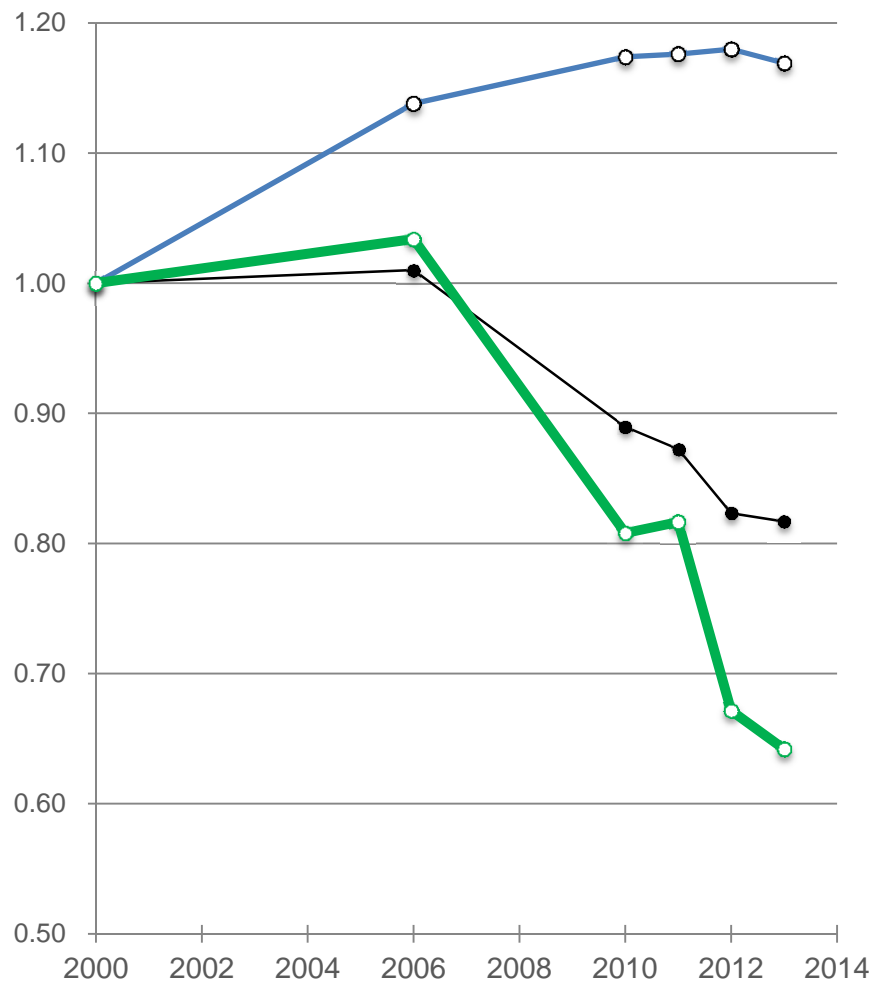


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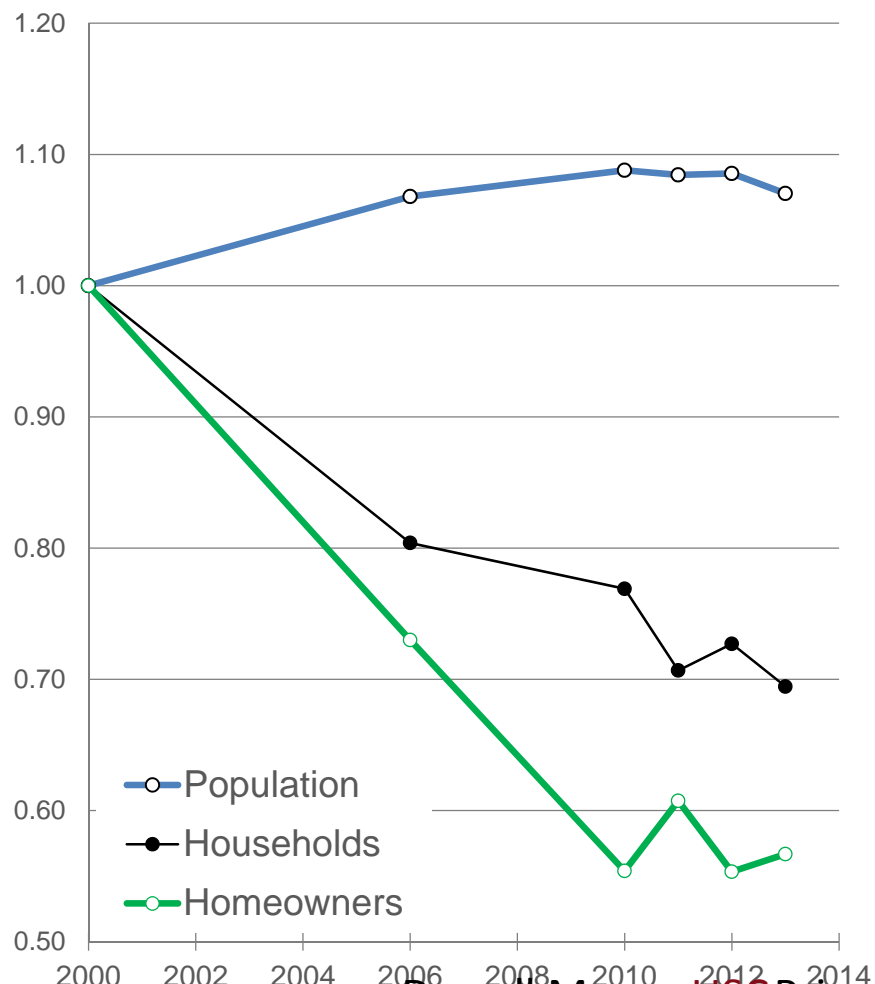
# Ages 15-24

Aggregate Trend Ratio based on 2000

## California



## LA county



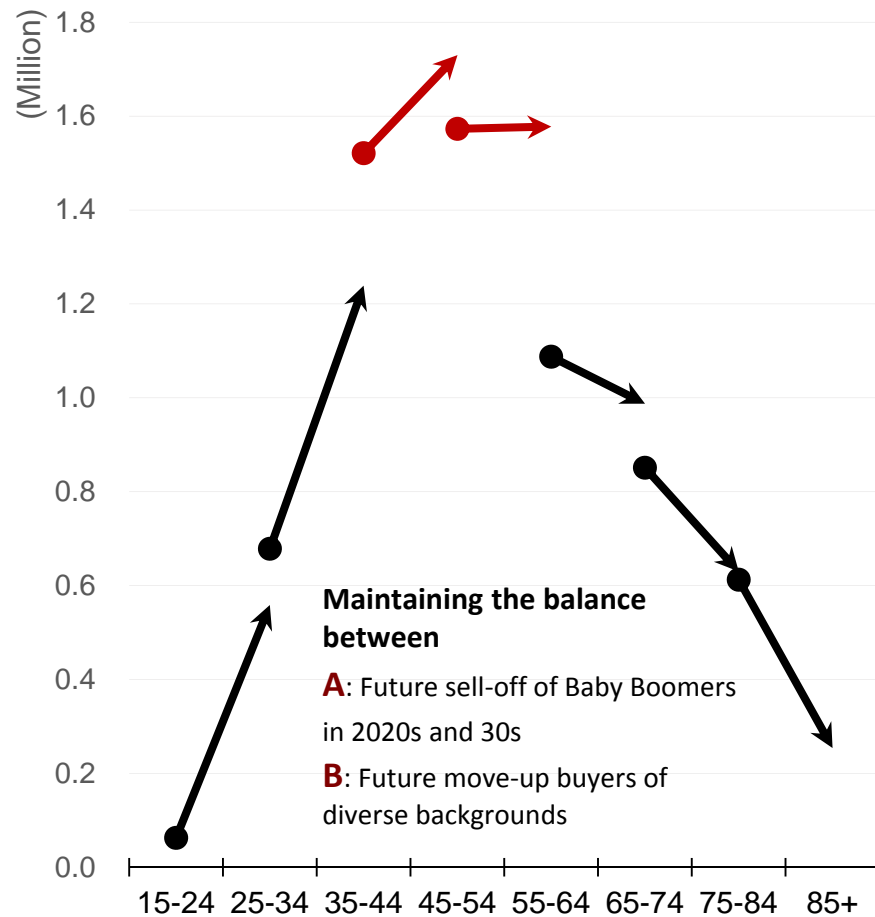
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# Cohort Momentum Under Way

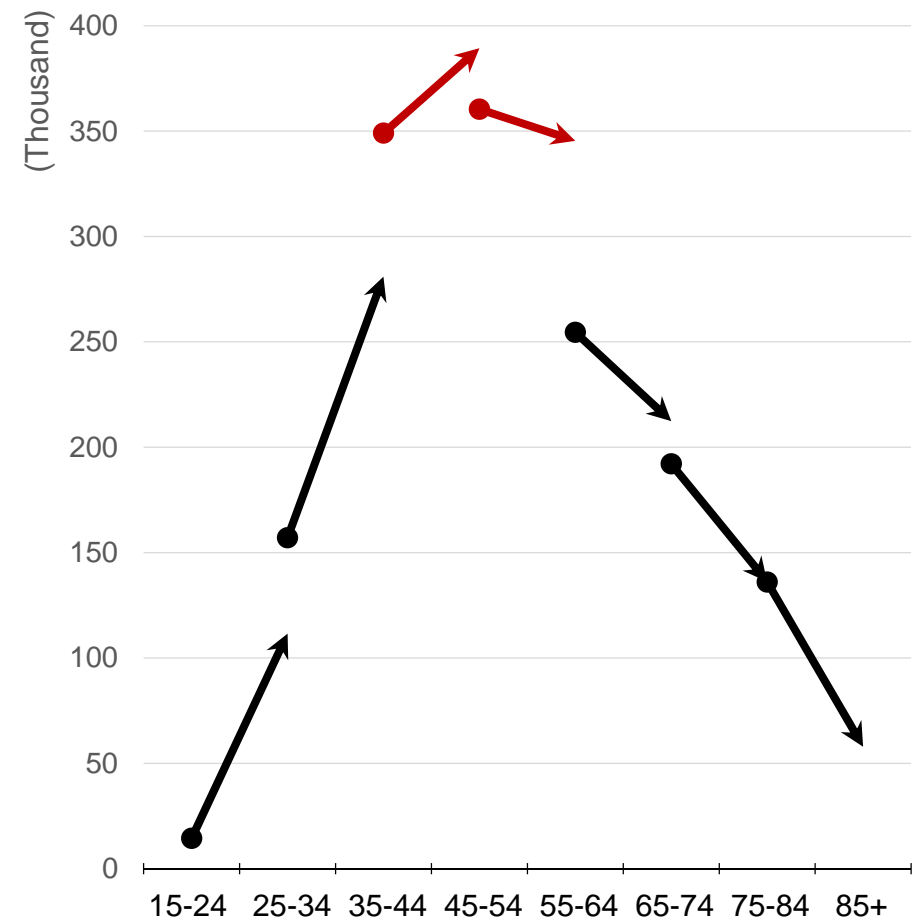
# Number of Homeowners by Age, 2000 to 2010

Cohort Trajectories of Absolute Numbers (Baby Boomers in red)

## California



## LA county



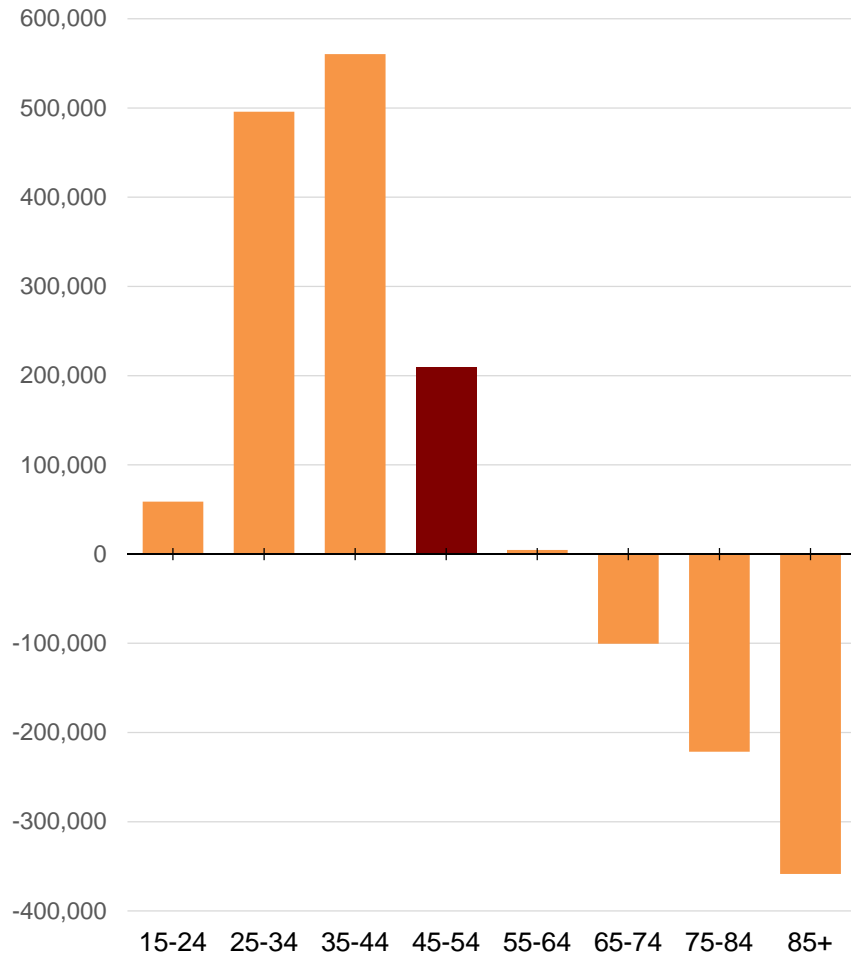
Source: Decennial Census; see Myers and Ryu, "Aging Baby Boomers and the Generational Housing Bubble"

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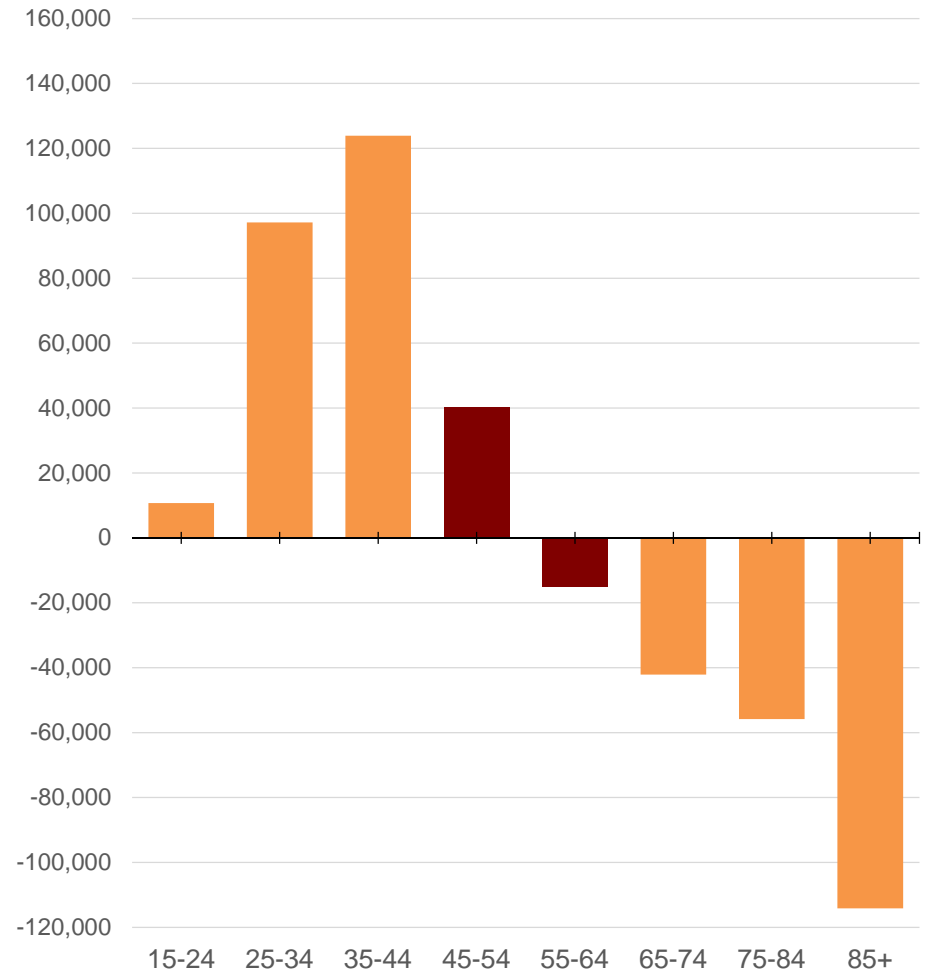
# Cohort Changes in Homeowners 2000 to 2010

by Cohort Age at the End of Decade

## California



## LA county



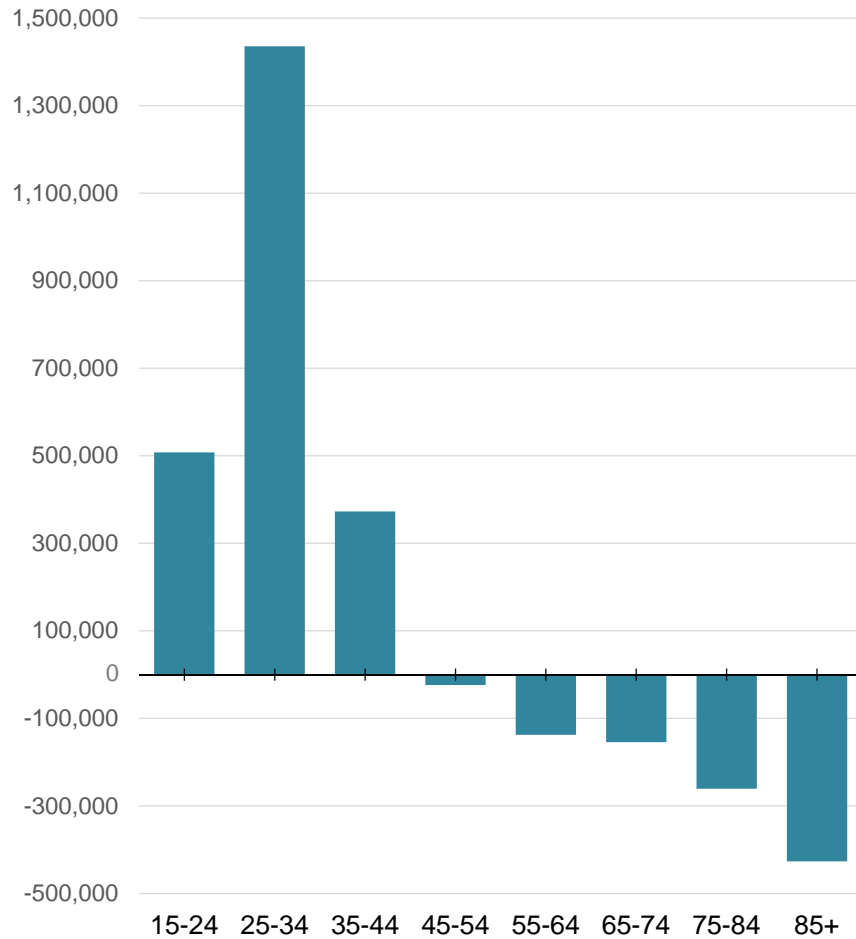
Note: Scales are different for California and LA county; CA slightly underestimated at 85+.

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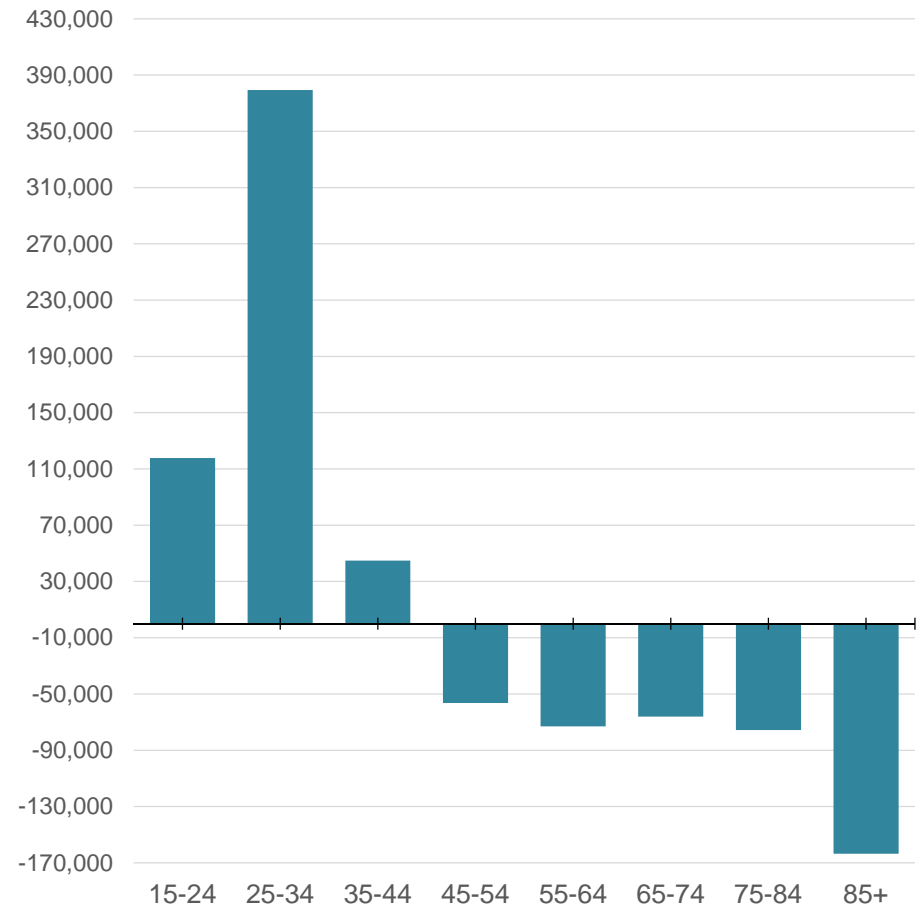
# Cohort Changes in Households 2000 to 2010

by Cohort Age at the End of Decade

## California



## LA county



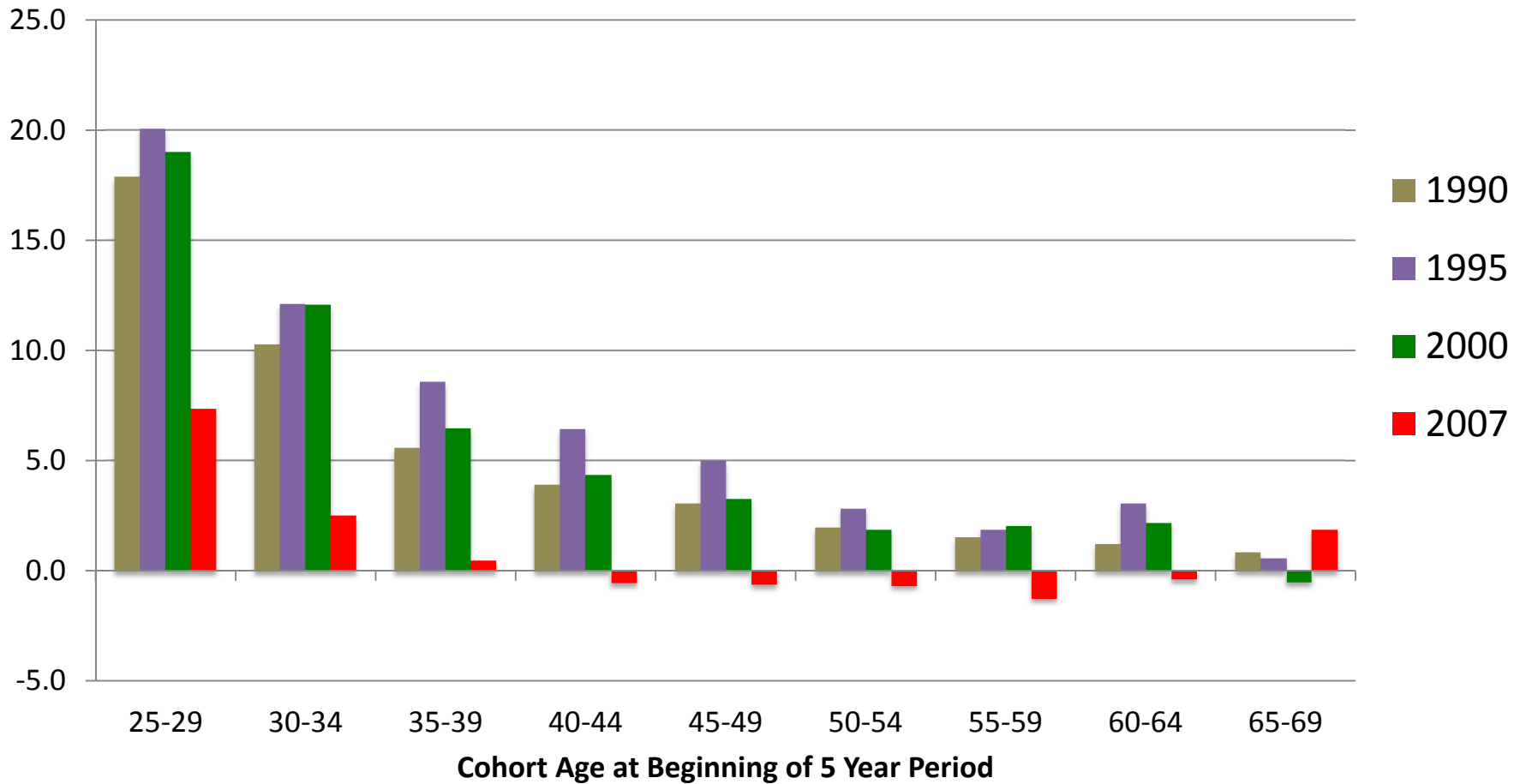
Note: Scales are different for California and LA county; CA slightly underestimated at 85+.

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# Comparison of Progress into U.S. Homeownership

by Four Cohorts Observed in Same Age Intervals

**Increment in Homeownership Rate by Cohorts  
in 5 Years After Beginning Date**

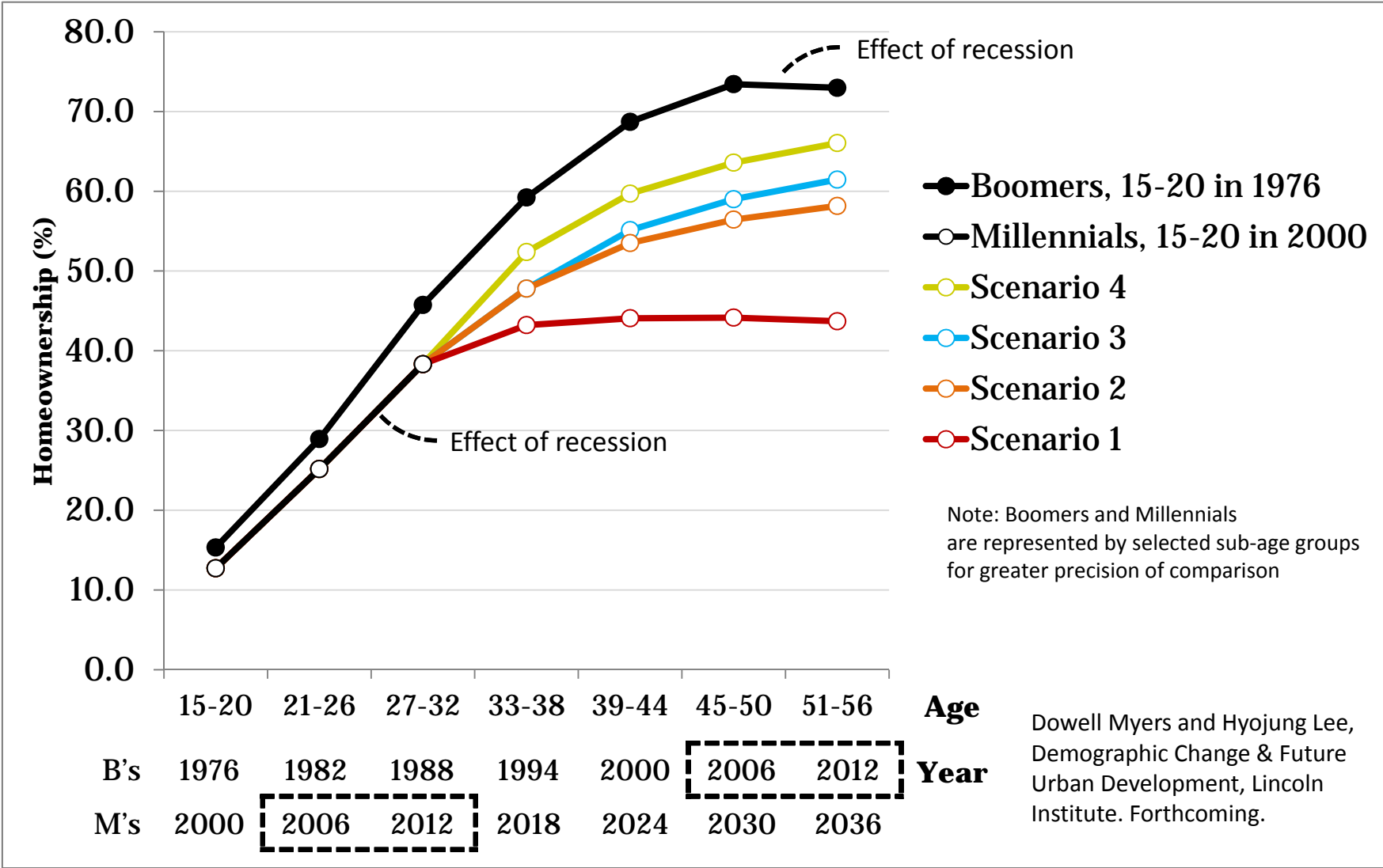


Source: Dowell Myers analysis of Housing  
Vacancy Survey data

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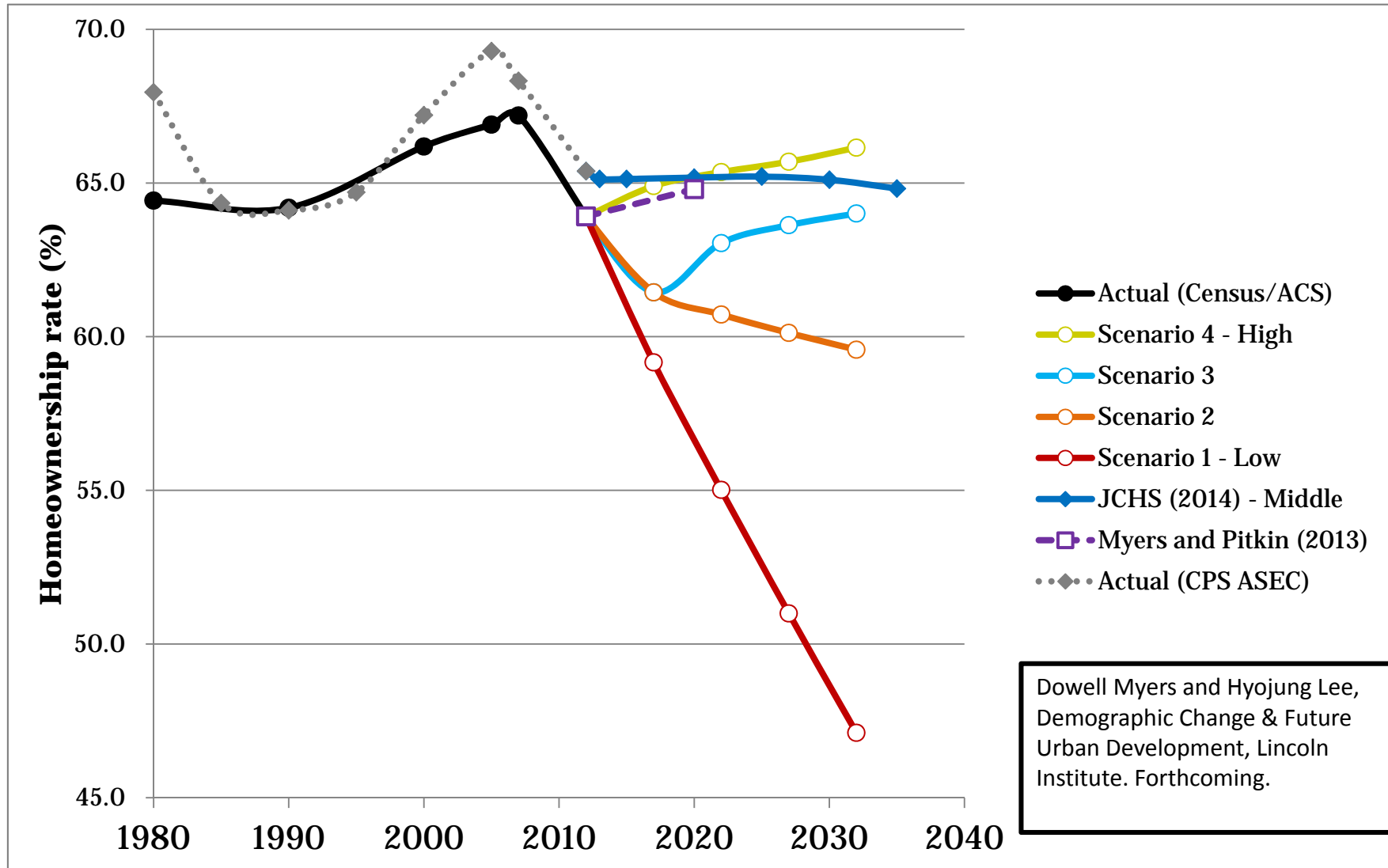


# Comparison of Homeownership Rate Between the Boomers and the Millennials in the U.S.

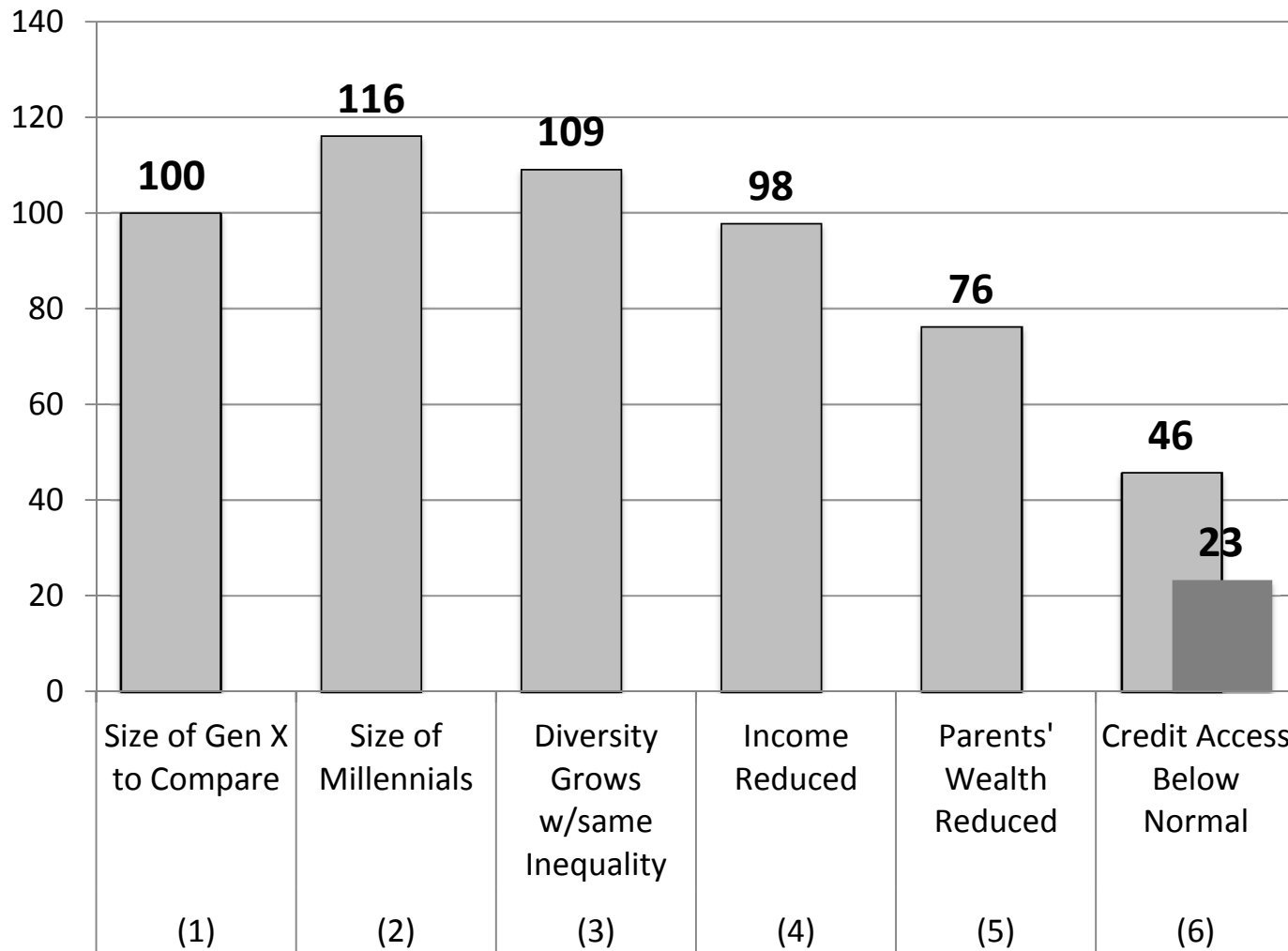


Dowell Myers and Hyojung Lee,  
Demographic Change & Future  
Urban Development, Lincoln  
Institute. Forthcoming.

# Alternative Projections of Homeownership Rate 1980-2012 (actual), and 2012-2036 (projected)



# The Eroded Market Power of the Millennial Generation



See Appendix for explanation of factors and calculation of cumulative eroded market power

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# Questions

So how fast are we getting back  
to normal now?

Or more hopefully.....

Will there be a period of “super normal” while we make  
up for deferred housing advances?

And in policy terms....

What can we do to get the Millennials on track to fill  
the big shoes of aging Baby Boomers?

**So  
What is the  
New Normal?**

**How Can We Make it  
a Relatively Good  
New Normal?**

*Thank you*