NEW FACES: New groups are changing the way things are done.

YUPPIE BABY-BOOMERS
What they buy (e.g., smaller homes) and where they retire will have significant implications for urban and suburban growth dynamics. The gains in elderly over the next 25 years are projected to result in retirement migration to high amenity areas of the mountain west and south. Within metropolitan areas the better-off and healthy “yuppie elderly” will tend to locate on the periphery, and the more disadvantaged segments of the older population will reside closer in.

DIFFERENT MELTING POT
The second important demographic player will be the new immigrants, who began arriving in the mid-1960’s. These new immigrants appear to be unlike their European predecessors. Past European immigrants felt acculturation was necessary in order to succeed economically and socially. However, today’s ethnic minority immigrants are attempting to maintain their cultural identities and statistics show a clustering of new immigrants into a handful of metropolitan areas – Phoenix is one of them.

TALENT SHORTAGE
After the baby boom’s huge bulge in births, from 1946 to 1964, the population increases due to natural increase fell off sharply in the mid-1960’s and did not rebound until the baby “boomlet” began in the late 1970’s. This boom-and-bust pattern has created big swings in supply and demand in everything from schools and jobs to housing. But fundamentally, it means a shortage of talent, such that employers are going to pay a premium for the young well-educated, creative talent critical to their success in the new economy.

NEW ECONOMY: Technology advances mean new challenges for regions.

SMALL IS “IN”
Small, fast growing firms are reshaping the landscape and that means the large “vertical cities” (New York, Chicago) are losing ground to the more mid-sized horizontal cities (San Jose, San Diego). Only 11 companies in Silicon Valley have more than 10,000 employees. Where does everyone else work? Hint: the average size software firm is 27 people.

PLACES TO NETWORK
Large urban areas are particularly exciting centers for people and firms who want to be innovators and need to stay on the cutting edge. They will come to the city-center to reap the benefits of the creative milieu and mixing of ideas. Contrary to some early predictions for a lessening in social relationships as a result of more communication via computers and the Internet, today’s urban center is largely sustained by interaction between specific groups who seek out and find each other, uniquely within the urban core.

24/7
The new generation of knowledge workers’ life styles fit no earlier pattern in history. They maintain a 24-hour-a-day/7-day-a-week schedule. Because the timeframe in which they must accomplish tasks is highly abbreviated, they value “just-in-time” amenities. Whether it is cappuccino or a movie, they want it when they want it and they want it to be good. Downtowns or funky city neighborhoods that cater to their 24 hour schedule are in. They would not be caught dead in a sterile suburban campus!

NEW GEOGRAPHY: Place still matters – but for different reasons.

QUALITY OF PLACE
Unlike the previous era when companies located near highways, railroads, and waterways to facilitate transportation of their goods, technology has made it possible for many to locate their businesses or work from anywhere. But such flexibility has not decreased the importance of place. As competition to attract talent has become more fierce, the premium placed on a region’s quality of life has likewise increased. Geographic and cultural amenities matter. Cities with devastated cores, poor weather, and a relative lack of cultural attractions are disadvantaged in the new economy.

REGIONAL IMPERATIVE
Cities are no longer islands. As groups of cities have grown into metropolitan areas, the resulting regions are becoming the nexus of activity. As such, each jurisdiction within that region is reliant on the others to maintain the region’s health. The effects of poorly planned growth management in one jurisdiction will affect the quality of life in the others. This is another argument for greater regional cooperation.

Source: Morrison Institute for Public Policy; Milken Institute; Collaborative Economics; Joel Kotkin.