

We have more people (who need housing).

2018 Population Estimates

July 24, 2019

Metropolitan Council



Overview

- Estimates background
- The 2018 population estimates
- Implications for the housing market

Estimates background

Estimates are not forecasts!

Estimates look back to last year



Forecasts look ahead to 2040

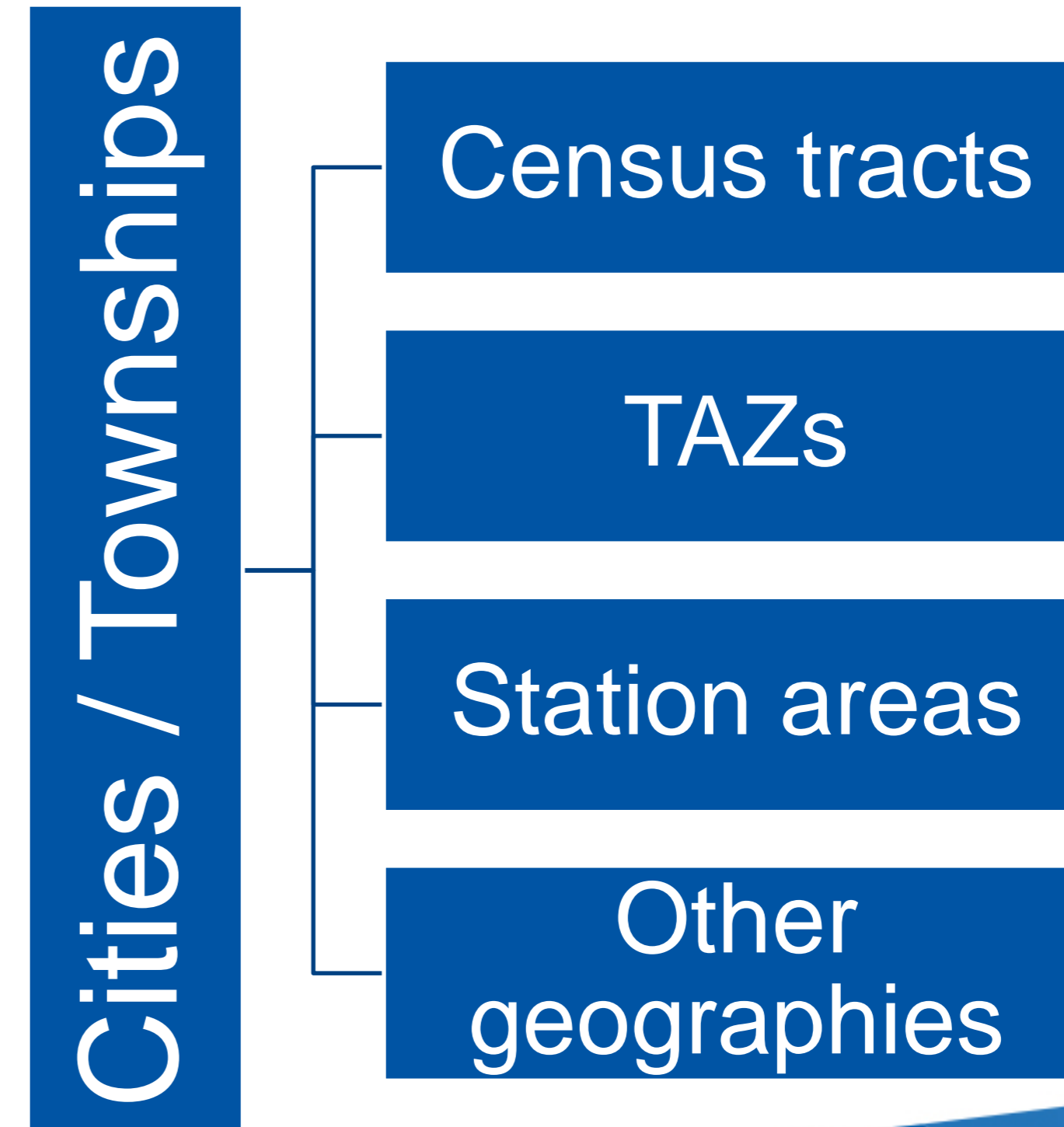


Estimates program overview

Characteristics

- Population estimates
 - Housing units
 - Households
 - Population
- Housing affordability estimates
 - Tenure
 - Household income relative to Area Median Income (AMI)
 - Housing costs relative to AMI

Geographies



Background: What estimates are (and are not)

Decennial Census

- Complete count of people
- Every 10 years
- Limited characteristics

American Community Survey (ACS)

- Sample of people
- Every year
- Detailed characteristics

Population Estimates

- Best approximation of population
- Every year
- No characteristics

Background

- Each year, the Metropolitan Council creates estimates for April 1 of the *previous* year
 - This year: Estimates for April 1, 2018
- Performed since the formation of the Council
- Governed by [Minnesota Statutes 473.24](#)

Background: Roles

- Population estimates for seven-county region

Metropolitan Council



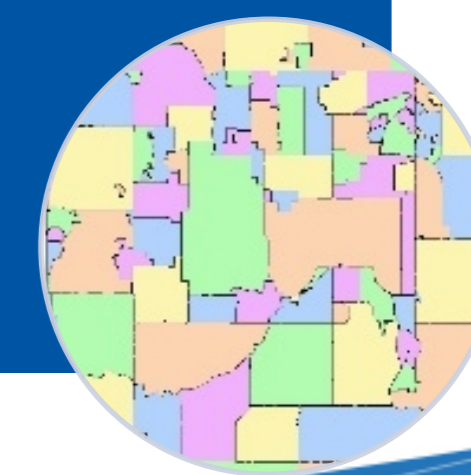
- Population estimates for Greater Minnesota (outside 7-county region)

State Demographic Center



- Review preliminary population estimates
- Comment if desired

Local governments

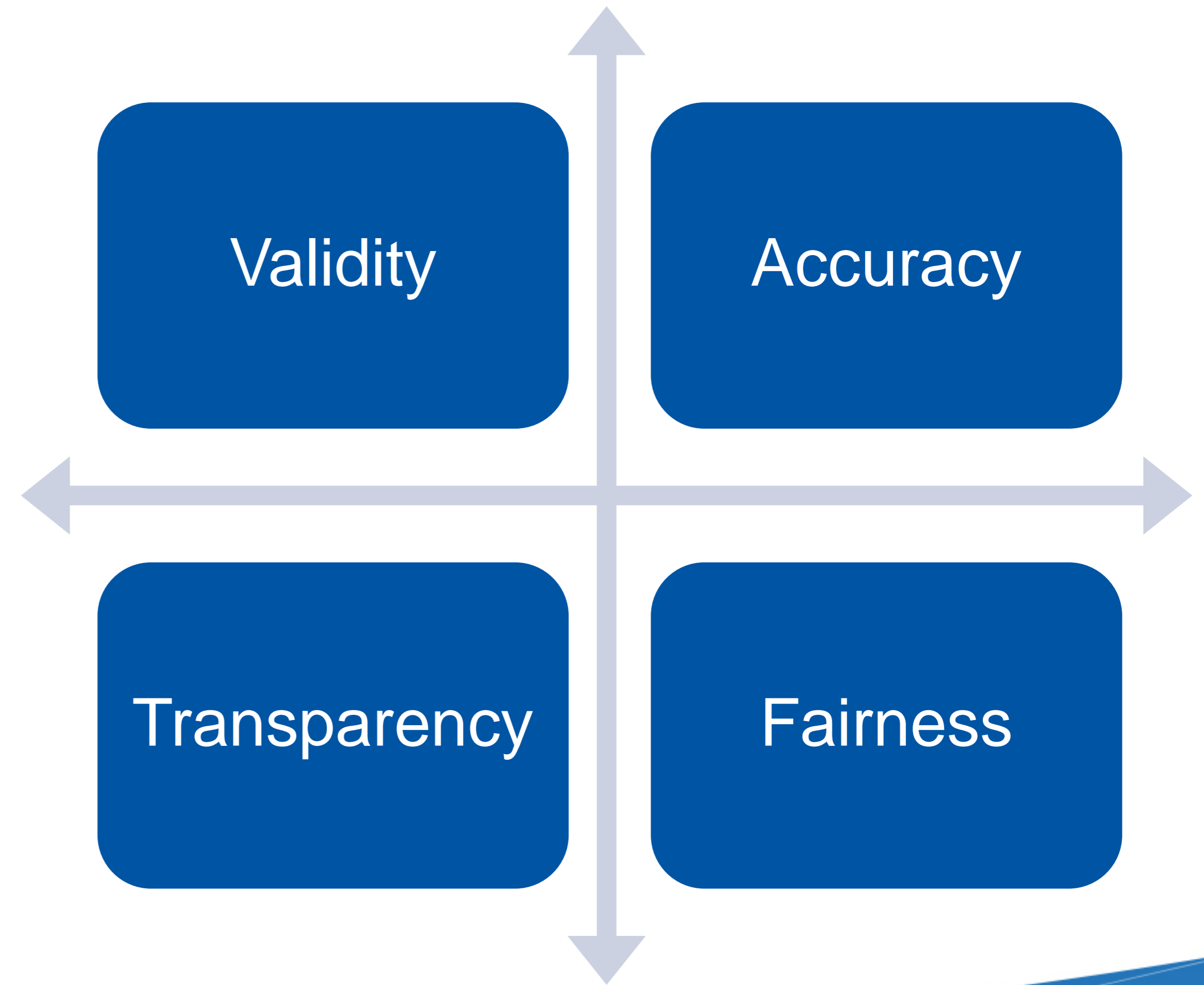


Why we produce estimates

- Official state government population estimates used to allocate:
 - Local government aid
 - Local street aid
 - Tax-base sharing under the Fiscal Disparities Act
 - Some forms of regional parks funding
- Some local governments have their own uses
- Help Council staff track growth and development

The population estimates model

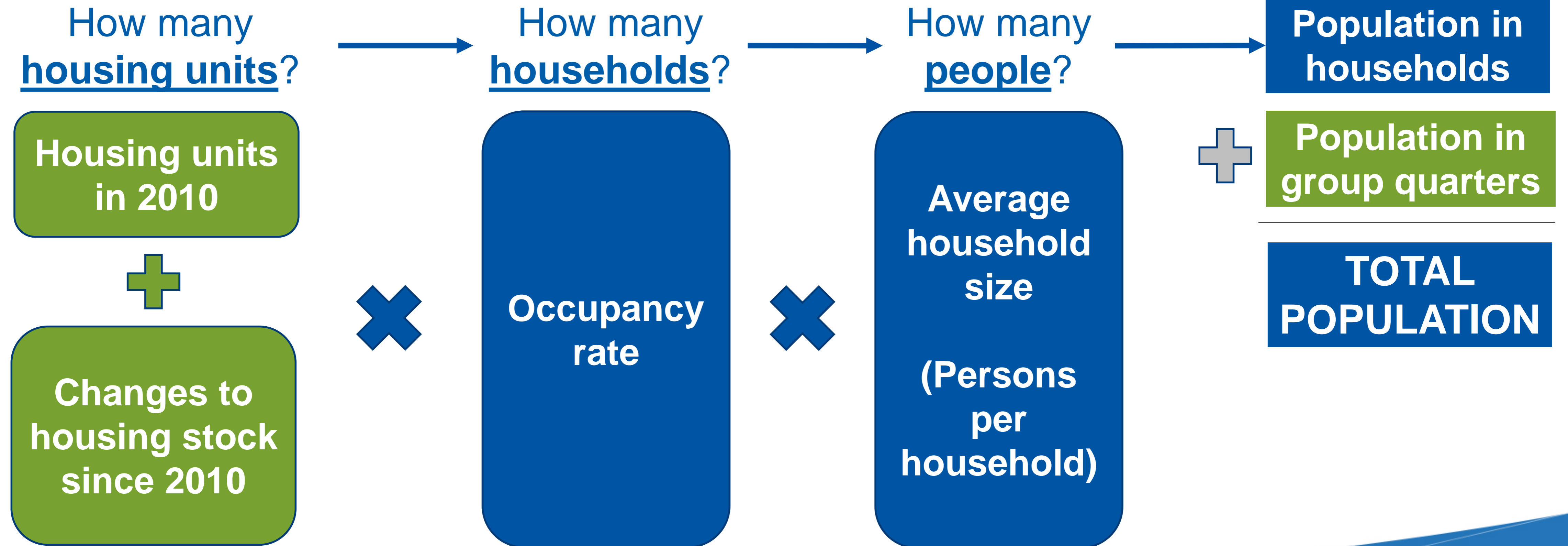
We do our best to balance four priorities



The population estimates model: Key questions

1. How many *housing units* does each community have?
2. How many *households* live in these housing units?
3. How many *people* live in these households?

The pop estimates model: Overview of calculations



The 2018 population estimates

2018 population estimates: Steady growth

- 2018 population: 3,113,338
 - Increase of 263,771 people from 2010
 - 9.3% growth since 2010
- Components of growth
 - Two-thirds “natural growth” (births > deaths)
 - One-third migration

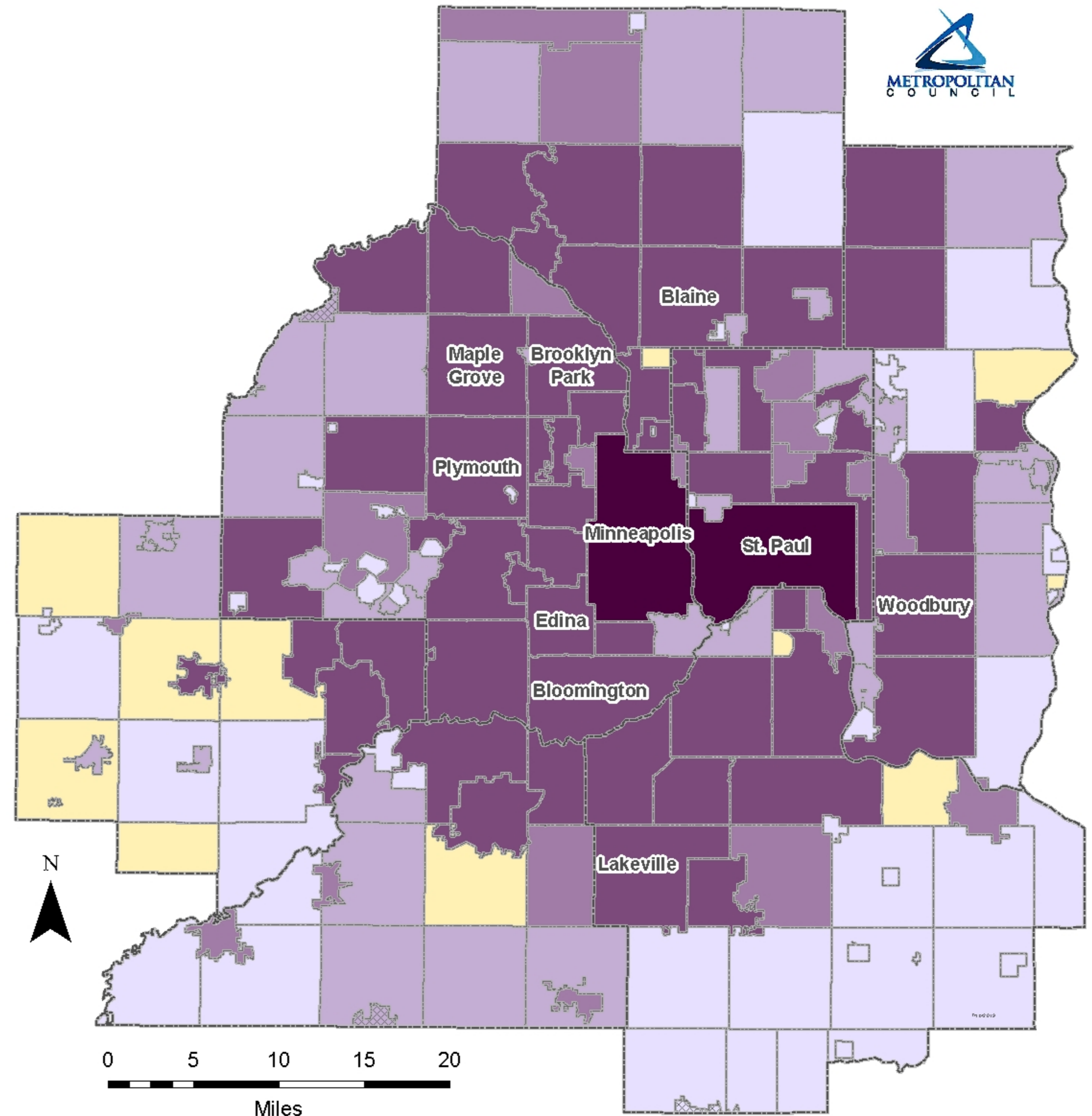
Balanced growth, 2010 to 2018



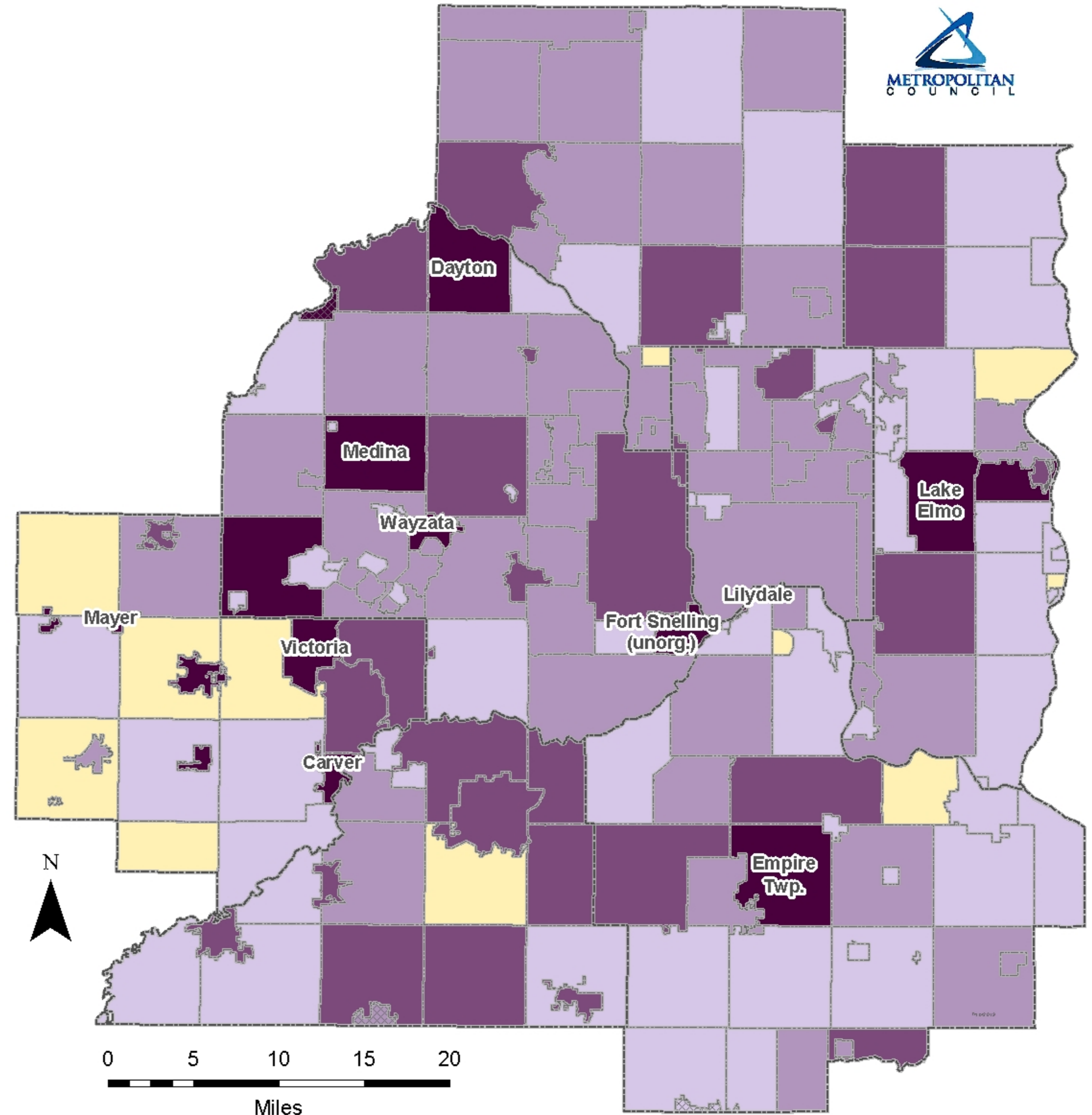
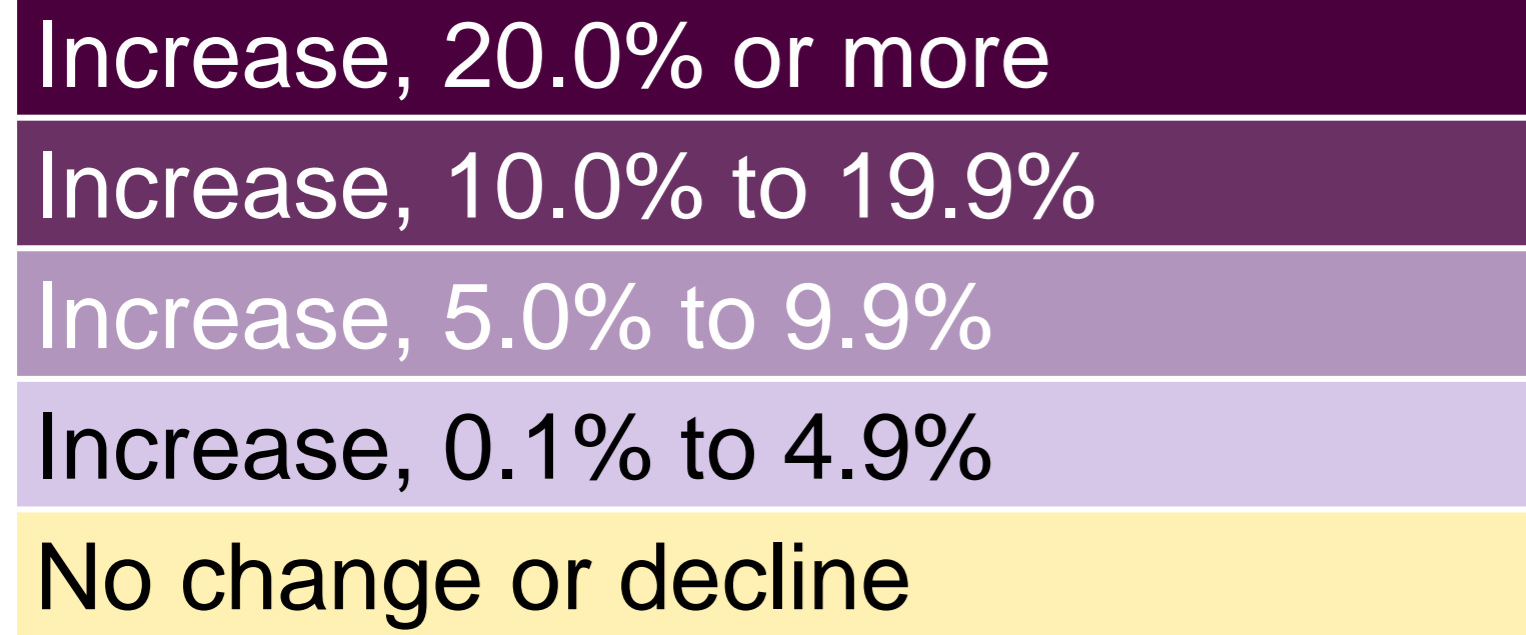
Increase of 45,905 (Minneapolis) / 27,942 (Saint Paul)
Increase, 1,000 to 9,481
Increase, 500 to 999
Increase, 100 to 499
Increase, 1 to 99
No change or decline

Source: U.S. Census Bureau, 2010 Census; Metropolitan Council, 2018 Population Estimates.

Note: The ten cities with the most growth since 2010 are labeled. Cities outside the Council's jurisdiction are shown with cross-hatches.



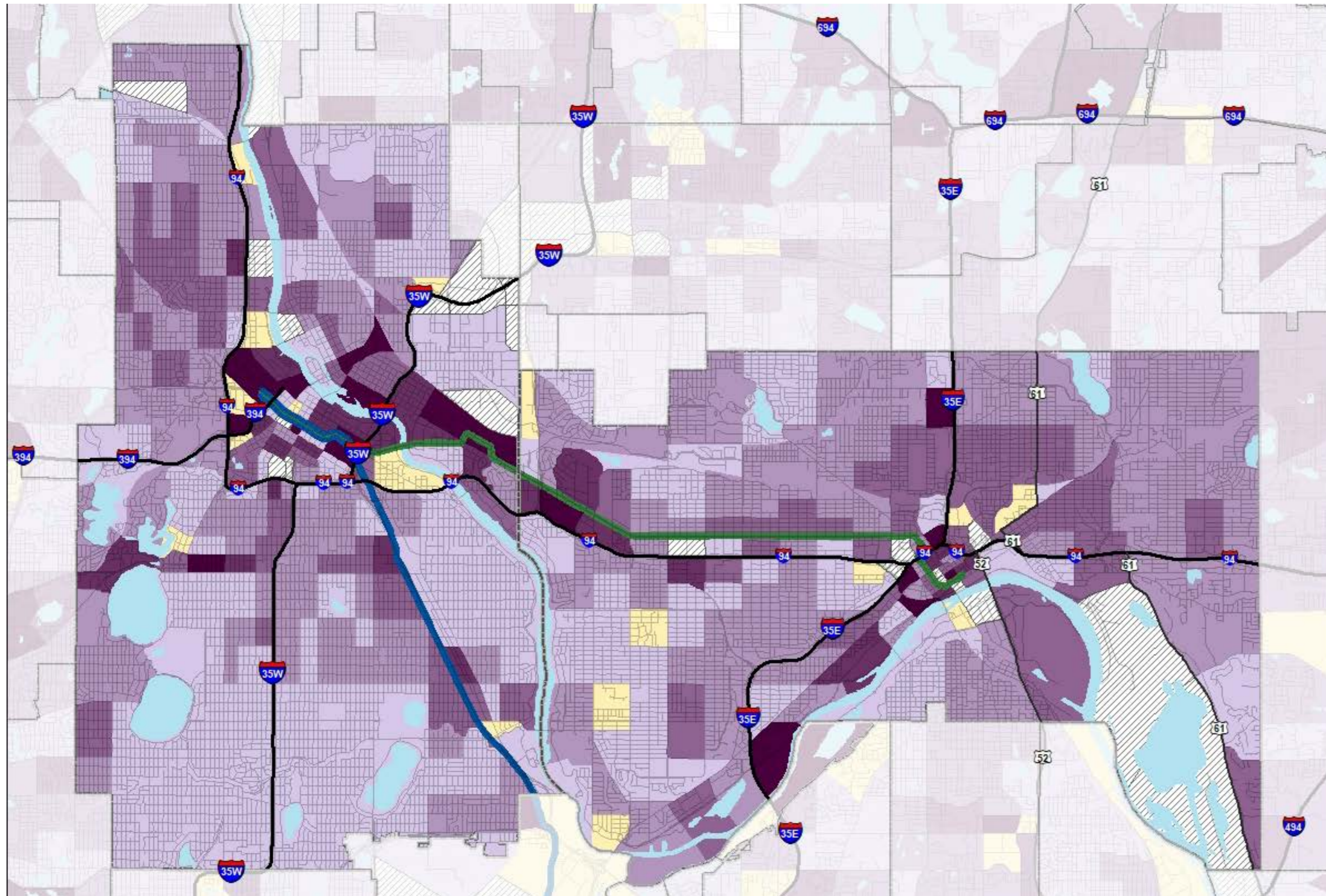
Growth rates higher in edge communities



Source: U.S. Census Bureau, 2010 Census; Metropolitan Council, 2018 Population Estimates.

Note: The ten communities with the fastest growth since 2010 are labeled. Cities outside the Council's jurisdiction are shown with cross-hatches.

MPLS & STP: Most areas grew



Increase, 100% or more

Increase, 25.0% to 99.9%

Increase, 10.0% to 24.9%

Increase, 5.0% to 9.9%

Increase, less than 5%

No change or decline

No population

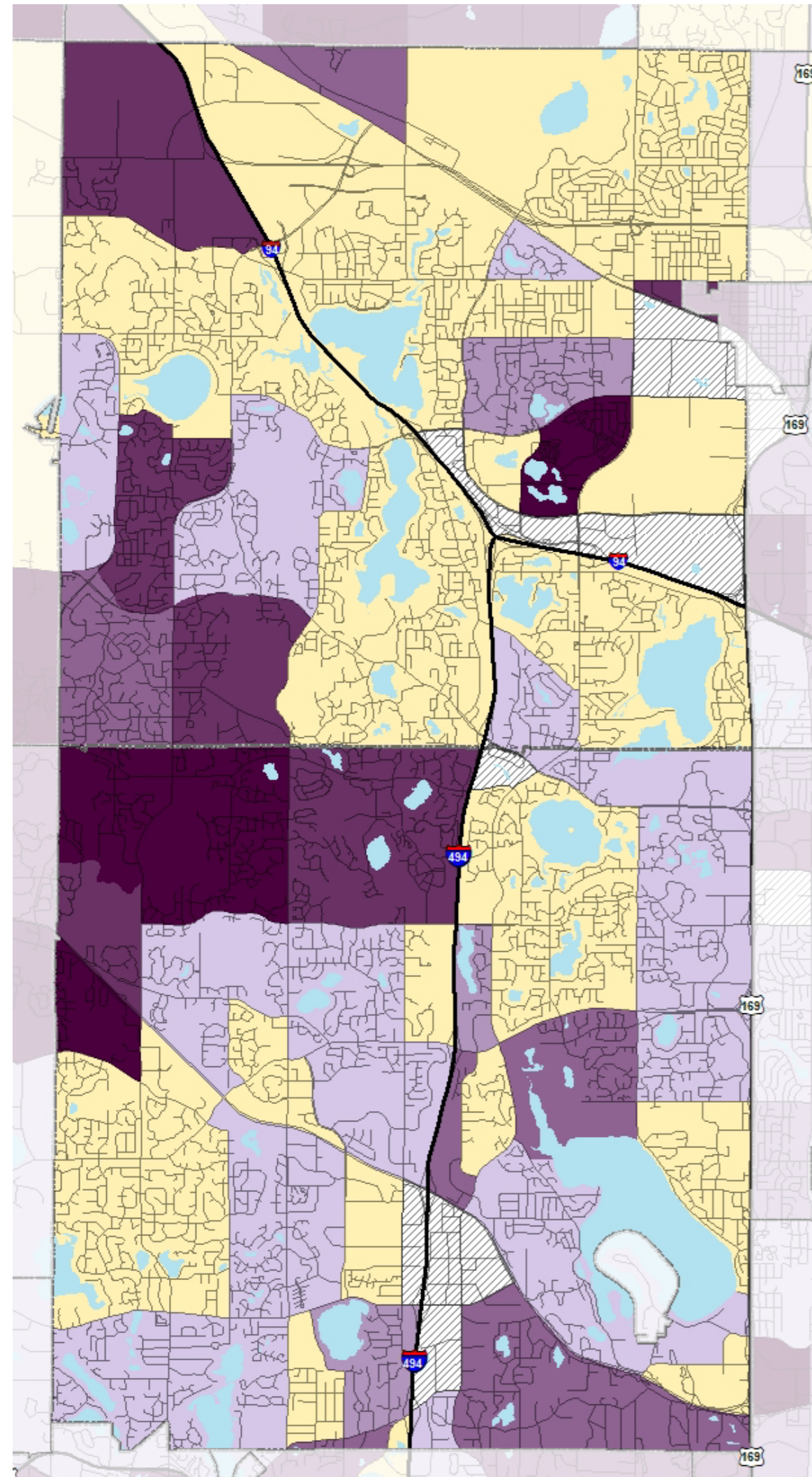
Source: U.S. Census Bureau, 2010 Census; Metropolitan Council, 2018 estimates for Transportation Analysis Zones.



METROPOLITAN
C O U N C I L

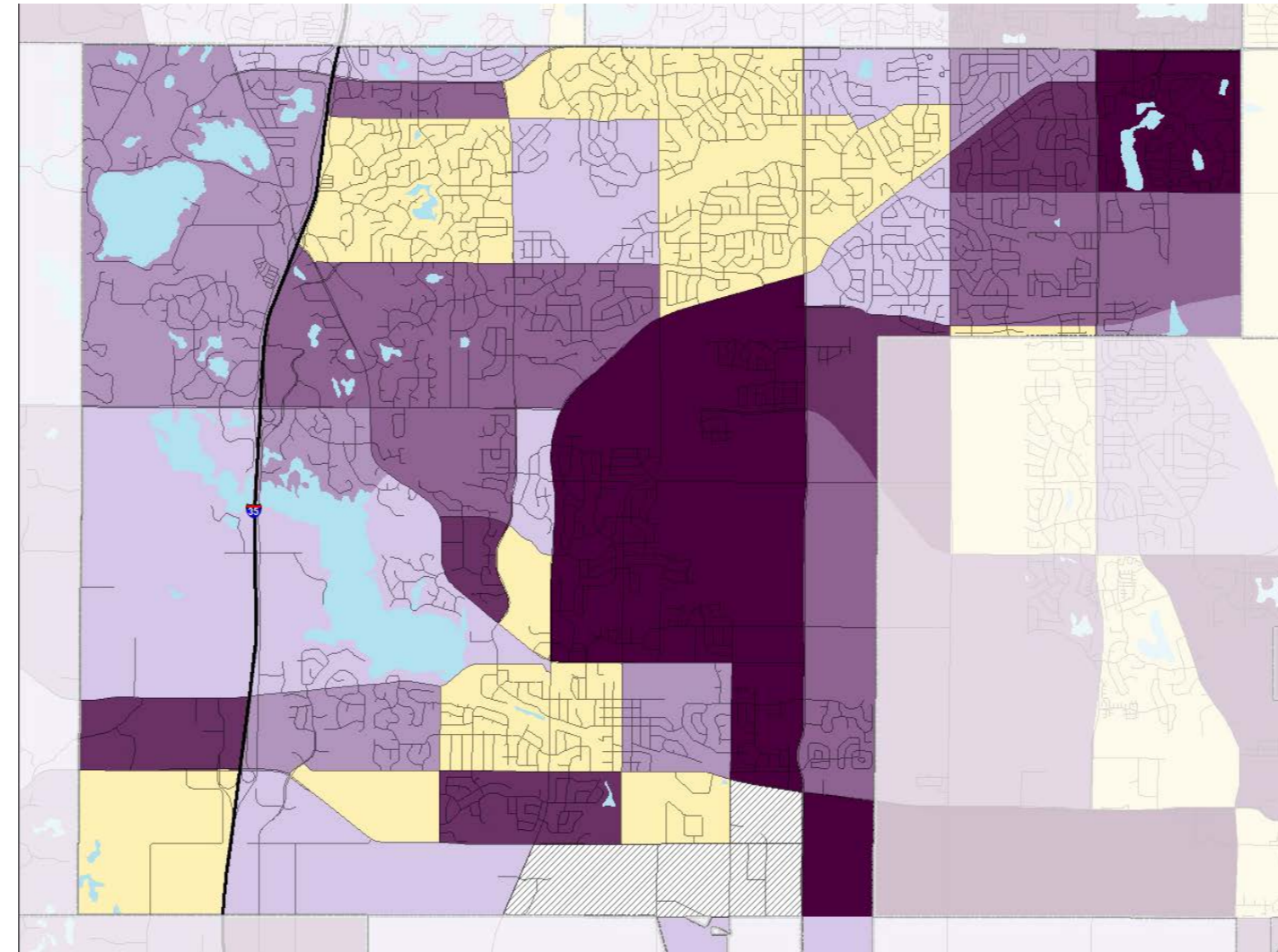
Suburban Edge: Concentrated growth

Maple Grove



Plymouth

Lakeville



Increase, 100% or more

Increase, 25.0% to 99.9%

Increase, 10.0% to 24.9%

Increase, 5.0% to 9.9%

Increase, less than 5%

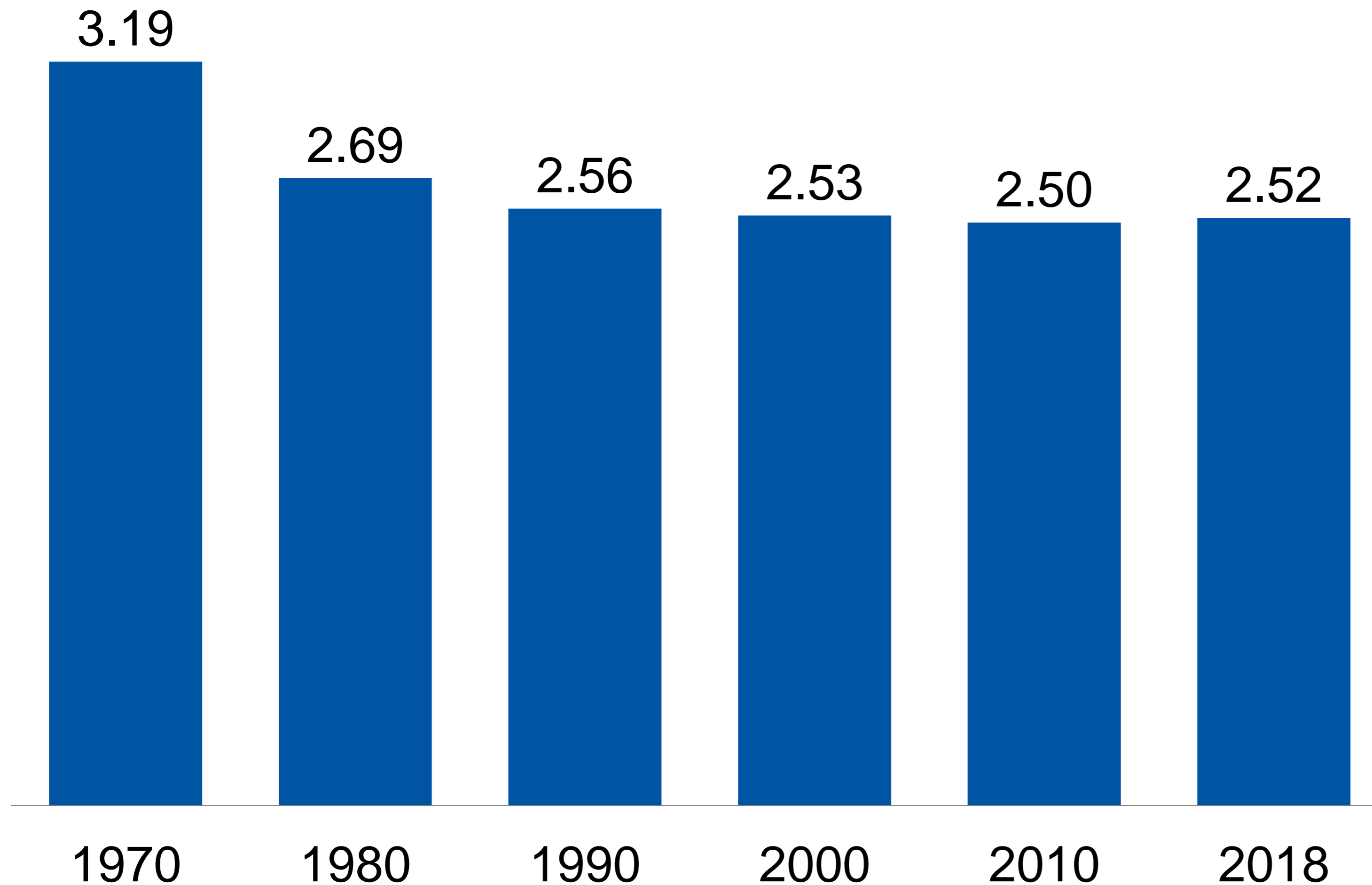
No change or decline

No population

Source: U.S. Census Bureau, 2010 Census; Metropolitan Council, 2018 estimates for Transportation Analysis Zones.

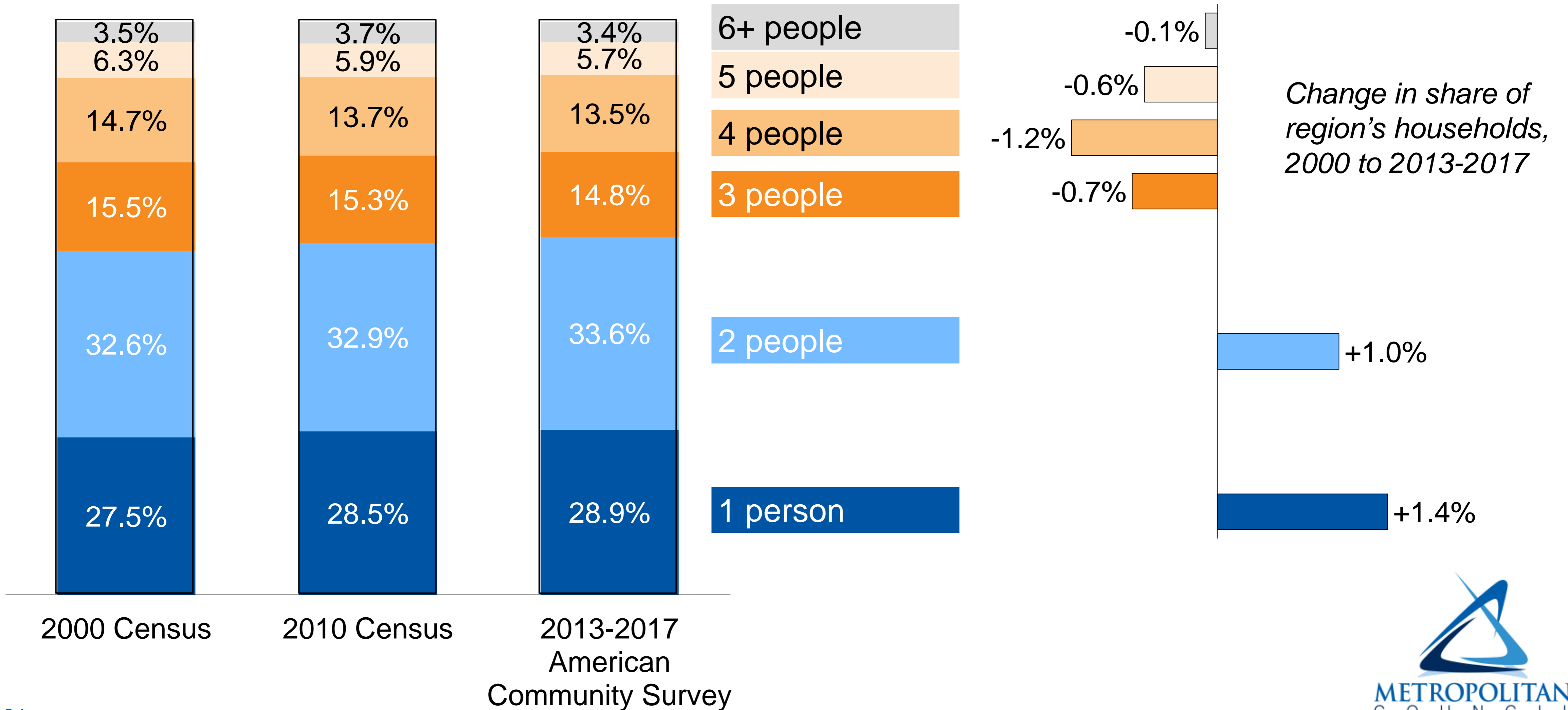
Implications for the housing market

Average household size: signs of increasing

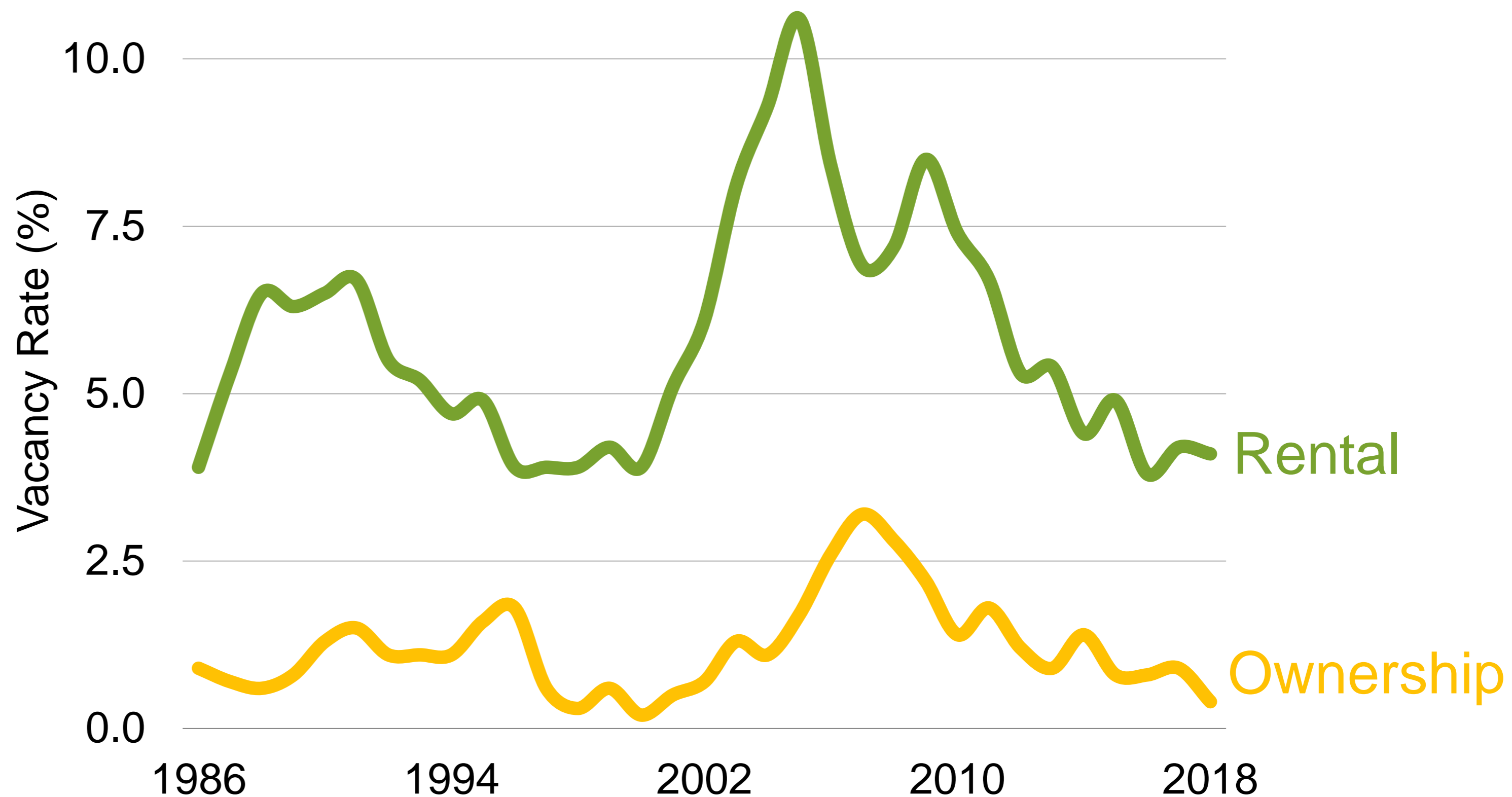
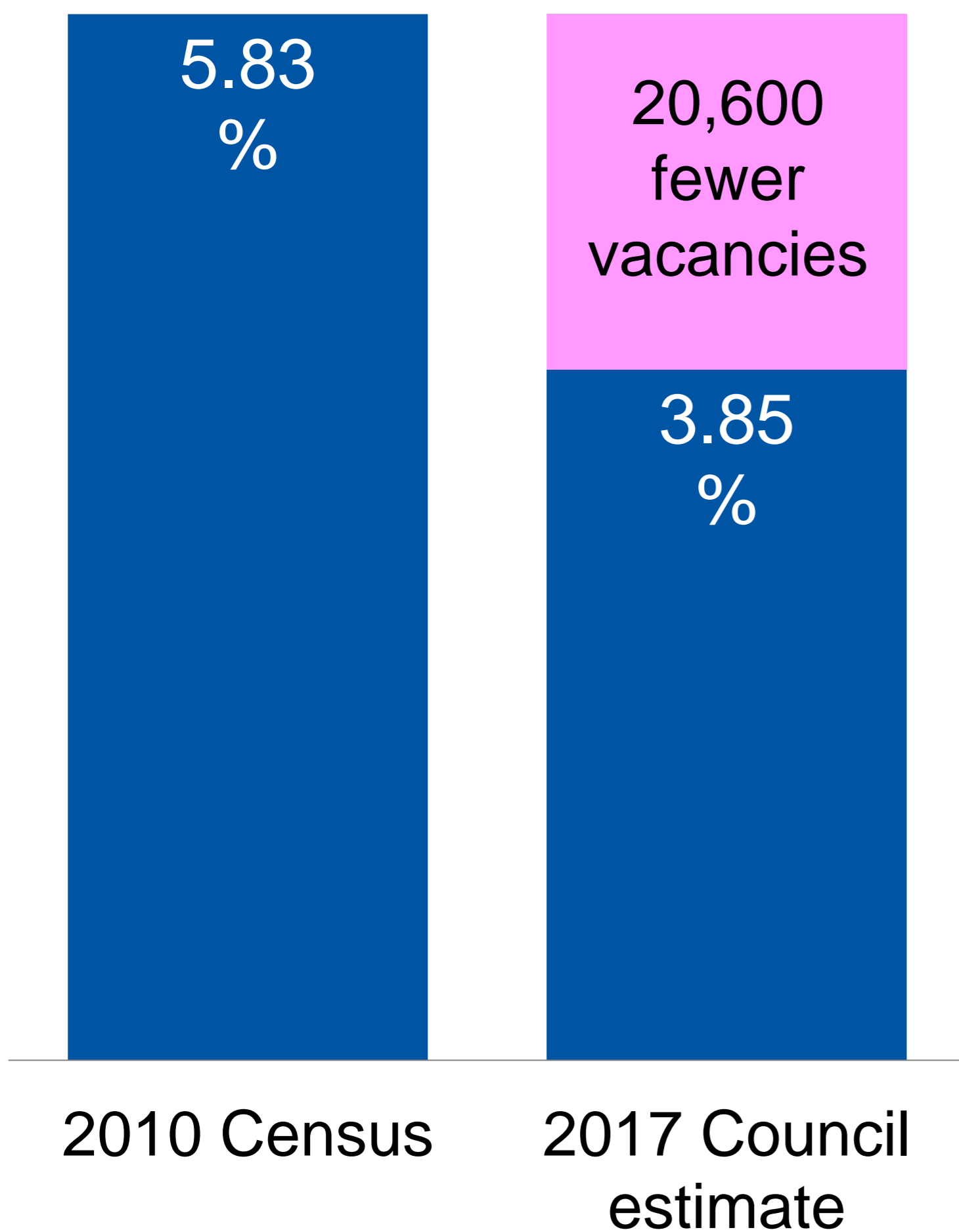


Source: U.S. Census Bureau, Decennial Census (1970-2010); Metropolitan Council, population estimates (2018)

Greater share of smaller households



Vacancy rates are dropping



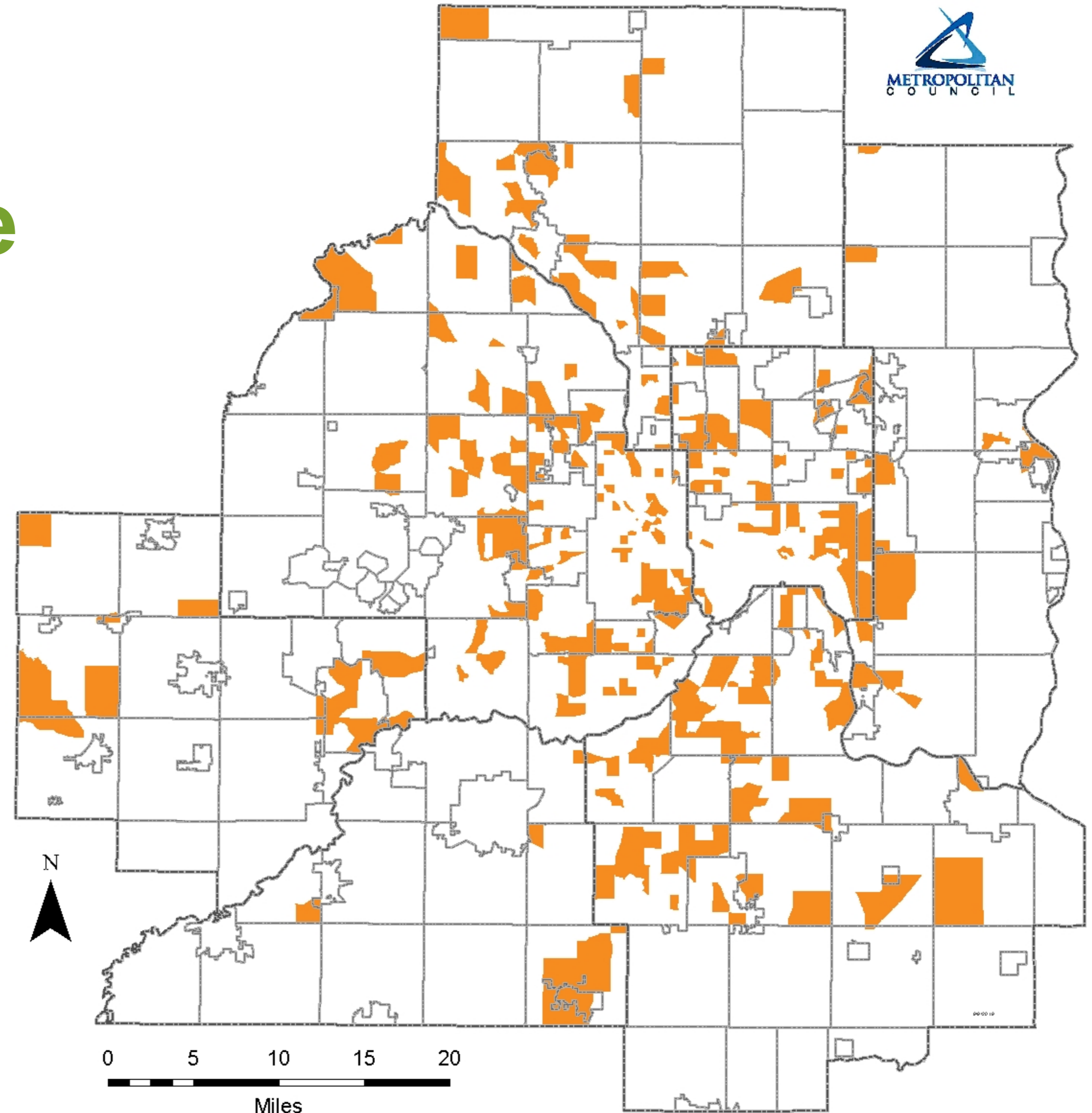
Source: U.S. Census Bureau, Current Population Survey / Housing Vacancy Survey data for full MSP metropolitan area.



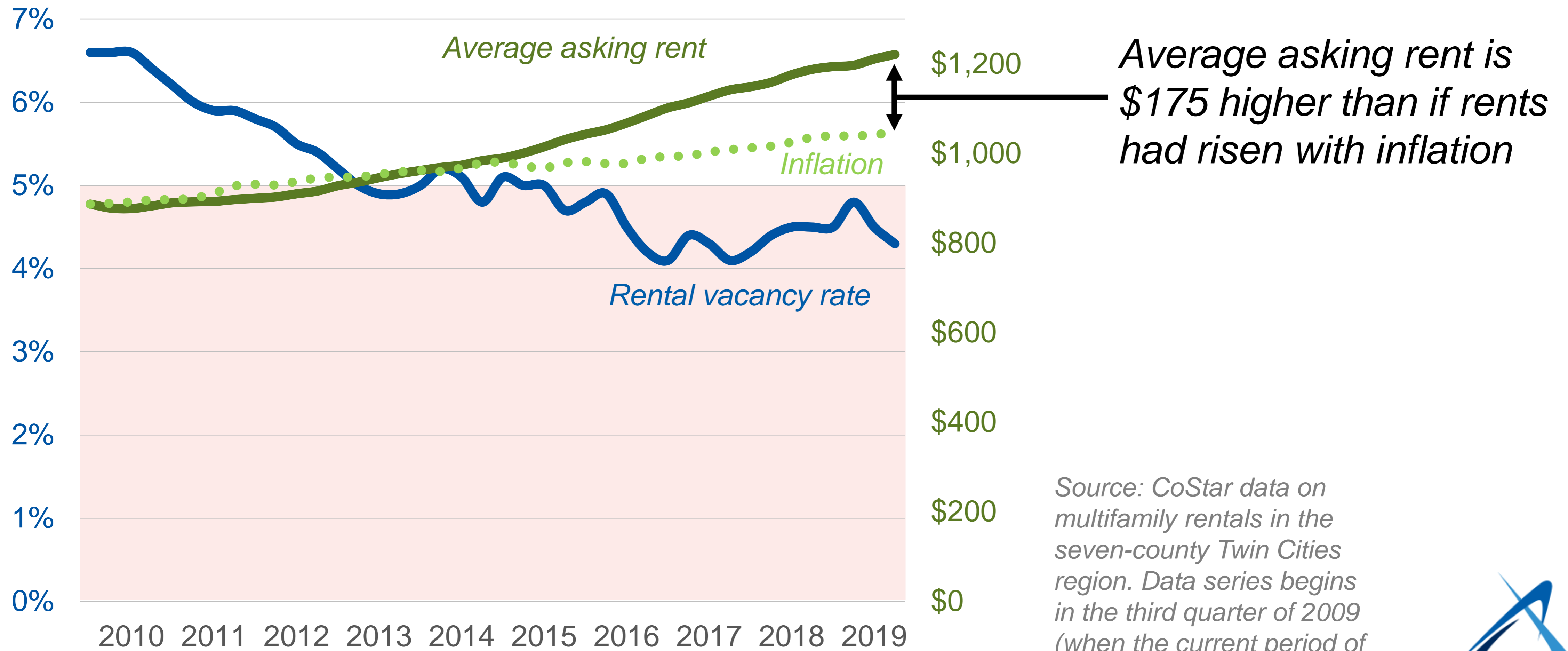
Vacancy rates are dropping region-wide

Transportation Analysis Zones where the vacancy rate dropped by at least half between 2010 and 2018

Source: U.S. Census Bureau, 2010 Census; Metropolitan Council, 2018 estimates for Transportation Analysis Zones.



The importance of “healthy” vacancy rates

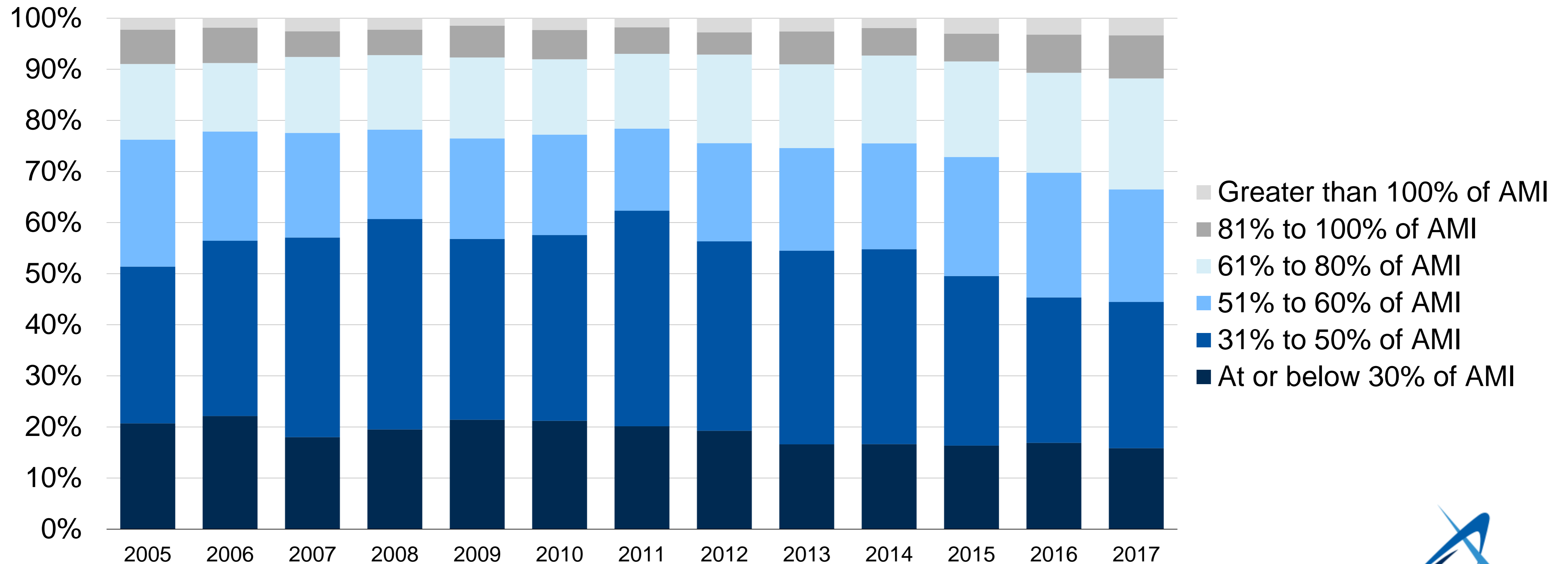


Source: CoStar data on multifamily rentals in the seven-county Twin Cities region. Data series begins in the third quarter of 2009 (when the current period of national economic expansion began).



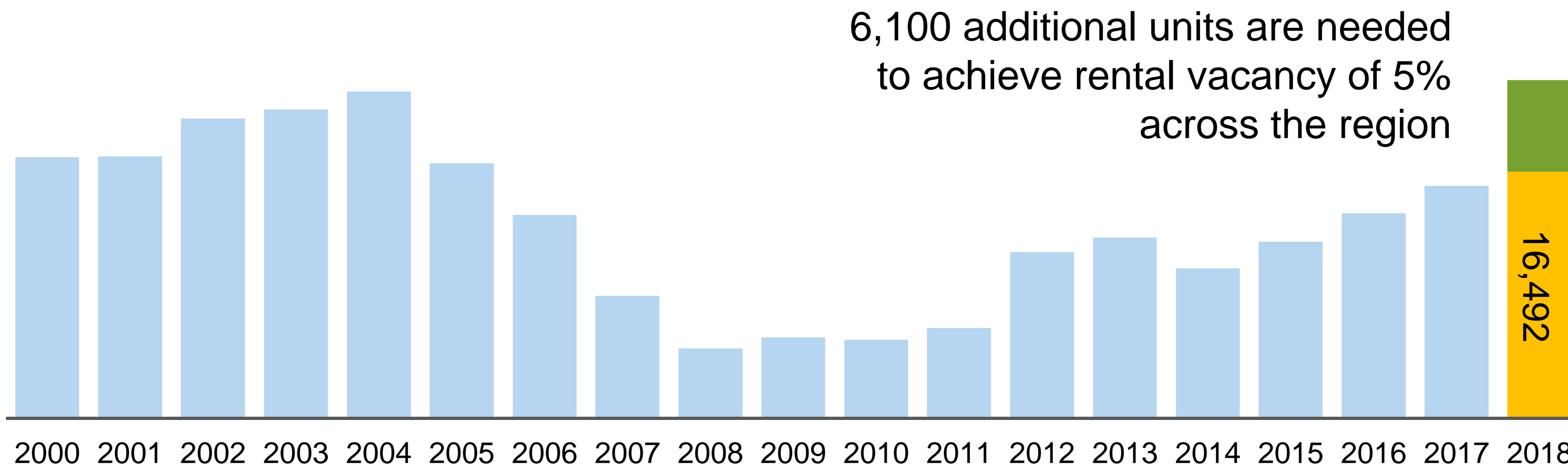
Rental affordability is dropping

Affordability of rental units built before 2005



Source: U.S. Census Bureau, American Community Survey one-year Public Use Microdata Samples.

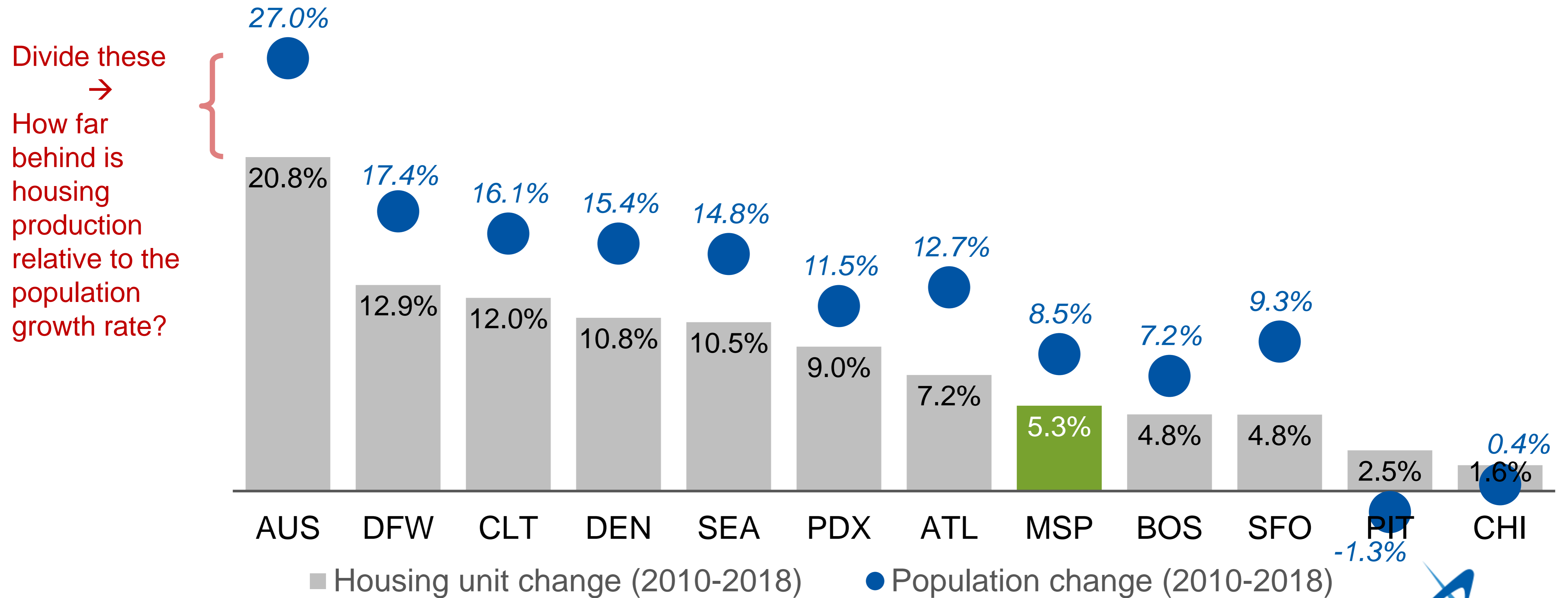
Filling the gap would take a large increase in housing production



Source: Metropolitan Council Building Permit Survey.

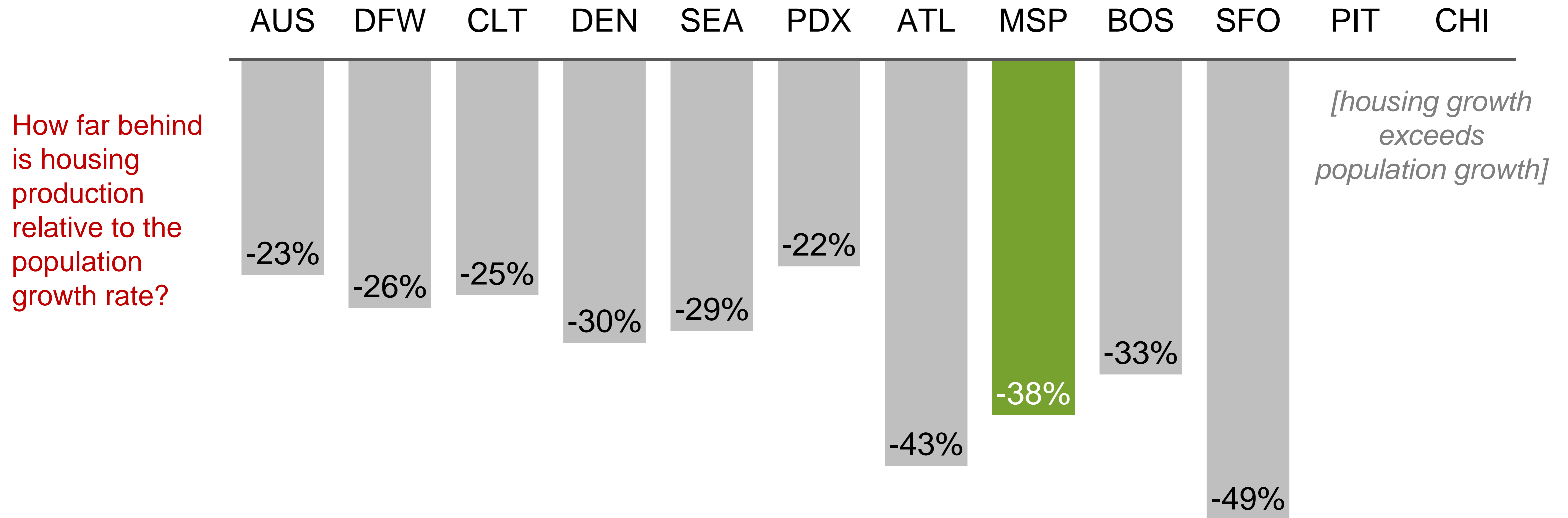
Data reflect net change resulting from all types of permits (including demolitions).

Housing unit growth: Peer regions



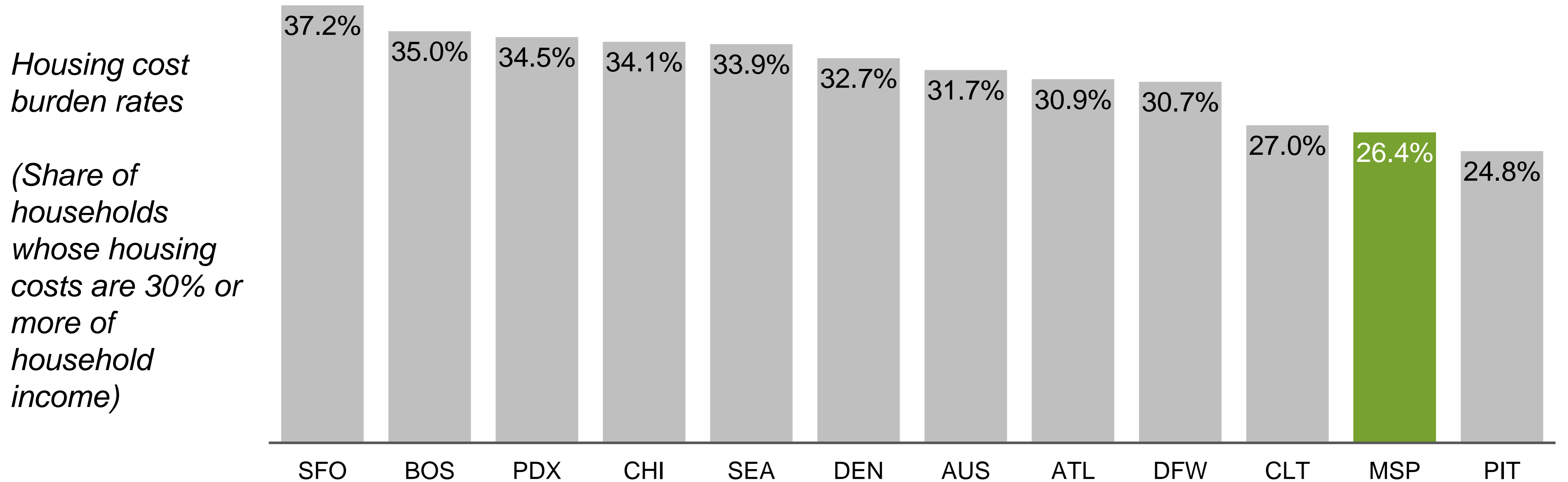
Source: U.S. Census Bureau Population Estimates Program. Population growth rate includes only people in households.

Housing unit growth: Peer regions



Source: U.S. Census Bureau Population Estimates Program. Population growth rate includes only people in households.

What happens to MSP's low housing costs?



Source: U.S. Census Bureau , 2013-2017 American Community Survey five-year estimates.

Summing up

- The region is adding people at a steady pace
- Smaller households are more common than they used to be
- We are not adding enough housing to keep up with population growth
 - Lagging behind peers
 - Long-term affordability challenges

For more information:

metro council.org/populationestimates

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