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**

- Census tracts
- TAZs
- Station areas
- Other geographies
## Background: What estimates are (and are not)

<table>
<thead>
<tr>
<th>Estimate Type</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decennial Census</strong></td>
<td>- Complete count of people</td>
</tr>
<tr>
<td></td>
<td>- Every 10 years</td>
</tr>
<tr>
<td></td>
<td>- Limited characteristics</td>
</tr>
<tr>
<td><strong>American Community Survey (ACS)</strong></td>
<td>- Sample of people</td>
</tr>
<tr>
<td></td>
<td>- Every year</td>
</tr>
<tr>
<td></td>
<td>- Detailed characteristics</td>
</tr>
<tr>
<td><strong>Population Estimates</strong></td>
<td>- Best approximation of population</td>
</tr>
<tr>
<td></td>
<td>- Every year</td>
</tr>
<tr>
<td></td>
<td>- No characteristics</td>
</tr>
</tbody>
</table>
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

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

• Review preliminary population estimates
  • Comment if desired

Metropolitan Council

State Demographic Center

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

- Validity
- Accuracy
- Transparency
- Fairness
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

- How many housing units?
  - Housing units in 2010
  - Changes to housing stock since 2010

- How many households?
  - Occupancy rate

- How many people?
  - Average household size
    - (Persons per household)

Population in households
Population in group quarters
TOTAL POPULATION
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


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

Increase, 20.0% or more
Increase, 10.0% to 19.9%
Increase, 5.0% to 9.9%
Increase, 0.1% to 4.9%
No change or decline


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.
Suburban Edge: Concentrated growth

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6+ people</td>
<td>3.5%</td>
<td>3.7%</td>
<td>3.4%</td>
</tr>
<tr>
<td>5 people</td>
<td>14.7%</td>
<td>15.3%</td>
<td>14.8%</td>
</tr>
<tr>
<td>4 people</td>
<td>27.5%</td>
<td>32.9%</td>
<td>33.6%</td>
</tr>
<tr>
<td>3 people</td>
<td>32.6%</td>
<td>28.5%</td>
<td>28.9%</td>
</tr>
<tr>
<td>2 people</td>
<td>15.5%</td>
<td>13.7%</td>
<td>13.5%</td>
</tr>
<tr>
<td>1 person</td>
<td>6.3%</td>
<td>5.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>3 people</td>
<td>-1.2%</td>
<td>-0.7%</td>
<td></td>
</tr>
</tbody>
</table>

Change in share of region’s households, 2000 to 2013-2017

- 6+ people: -0.1%
- 5 people: -0.6%
- 4 people: -1.2%
- 3 people: -0.7%
- 2 people: +1.0%
- 1 person: +1.4%
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

Average asking rent is $175 higher than if rents had risen with inflation.

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

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

6,100 additional units are needed to achieve rental vacancy of 5% across the region

Source: Metropolitan Council Building Permit Survey. Data reflect net change resulting from all types of permits (including demolitions).
Divide these

How far behind is housing production relative to the population growth rate?

## Housing unit growth: Peer regions

<table>
<thead>
<tr>
<th>City</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUS</td>
<td>-23%</td>
</tr>
<tr>
<td>DFW</td>
<td>-26%</td>
</tr>
<tr>
<td>CLT</td>
<td>-25%</td>
</tr>
<tr>
<td>DEN</td>
<td>-30%</td>
</tr>
<tr>
<td>SEA</td>
<td>-29%</td>
</tr>
<tr>
<td>PDX</td>
<td>-22%</td>
</tr>
<tr>
<td>ATL</td>
<td>-43%</td>
</tr>
<tr>
<td>MSP</td>
<td>-38%</td>
</tr>
<tr>
<td>BOS</td>
<td>-33%</td>
</tr>
<tr>
<td>SFO</td>
<td>-38%</td>
</tr>
<tr>
<td>PIT</td>
<td>-43%</td>
</tr>
<tr>
<td>CHI</td>
<td>-49%</td>
</tr>
</tbody>
</table>

How far behind is housing production relative to the population growth rate?

What happens to MSP’s low housing costs?

Housing cost burden rates

(Share of households whose housing costs are 30% or more of household income)

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:

metrocouncil.org/populationestimates

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