MetroStats

METROPOLITAN COUNCIL

The Twin Cities Region's Local Forecasts July 2015

Why do we forecast?

The Metropolitan Council forecasts the growth of employment, population and households to promote shared expectations of when, where and how much growth is expected.

The local forecasts—forecasts for cities and townships—detail the likely geographic pattern of the metro region's development, accounting for real estate and location choice dynamics, transportation accessibility, availability of regional wastewater treatment, and local land use controls.

As authorized by Minnesota Statutes 473.146 and 473.859, the Metropolitan Council adopted an updated set of local forecasts on July 8, 2015.

The Council's forecasts inform metropolitan system plans for water resources, transportation and regional parks. In coming months, local forecasts and other local details of regional policies and systems will be assembled into system statements that inform the comprehensive plans of cities and townships in the metro region.

About us

The Regional Policy and Research team at Metropolitan Council wrote this issue of *MetroStats*. We serve the Twin Cities region—and your community—by providing technical assistance, by offering data and reports about demographic trends and development patterns, and by exploring regional issues that matter.

The most current regional and local forecasts are available on our website: http://metrocouncil.org/forecasts

For more information about this summary, please email us: research@metc.state.mn.us

Development patterns will change across the Twin Cities region

Changing demographics and maturing regional infrastructure systems will influence growth patterns over the next three decades. New forecasting for the regional development guide, *Thrive MSP 2040*, projects the likely geographic pattern of development across the Twin Cities region. While past growth mainly spread out across Suburban communities, the seven-county Twin Cities region is now experiencing a period of urban maturation, with growth across a range of cities and townships spanning various stages of development.

Our region will grow substantially in the next three decades

Our forecast shows the region's population will grow steadily—adding 802,000 people between 2010 and 2040—bringing the total population to nearly 3.7 million.

At the same time, the region's economy and employment are forecasted to grow by 489,000 jobs by 2040. Half of this growth happens in the current decade as Twin Cities region bounces back from the Great Recession. Beyond 2020, employment growth will become more difficult as our region experiences a retirement boom and challenging workforce shortages.

Figure 1. *Thrive MSP 2040* regional forecast totals – updated July 2015

	2010	2020	2030	2040
Population	2,849,567	3,127,660	3,388,950	3,652,060
Households	1,117,749	1,256,580	1,378,470	1,491,780
Employment	1,543,872	1,791,080	1,913,050	2,032,660

Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at http://metrocouncil.org/forecasts.

Local forecasts project where people and jobs will locate

The local forecasts allocate the region's total forecasted population, household and employment growth to specific cities and townships.

The Council forecasts growth in all parts of the Twin Cities region, and across a range of communities. Minneapolis and Saint Paul will capture a larger share of the region's new households and employment. Urban Center and Urban communities nearest the core will undergo redevelopment as opportunities arise. Emerging Suburban Edge communities have the greatest supply of ready, undeveloped land and they will continue to provide sites for new neighborhoods.

Local forecasts are summarized by *Thrive MSP 2040* Community Designations to provide an overview of projected growth patterns. (A detailed description of Community Designations are available in *Thrive MSP 2040* —pdf.)

Gradual, back-to-the-center development will drive household growth

Following World War II, the construction of the modern highway network surrounding Minneapolis and Saint Paul revolutionized transportation accessibility, opening up a supply of new land available for development. Historically, the region's urbanized footprint expanded as far as new transportation accessibility allowed. In recent decades—from 1980 to 2010—the majority of the region's new household growth occurred in Suburban or Suburban Edge communities. Together, these two Community Designations accounted for 61% of all new households over that 30-year period. Emerging Suburban Edge communities accounted for 21% of regional growth between 1980 and 2010. In contrast, the Urban Centers captured just 4% of growth in those decades.

While a large supply of available land remains surrounding the I-494/694 ring, outward growth following new highways has limits. Our analysis suggests that demand for land on the outskirts has peaked: a new real estate trend is emerging in which development patterns are weighted toward housing types and location preferences of people of color, older adults and young adults. Households with older adults are likely to want smaller, easy-maintenance housing that offers access to services and amenities near areas they know best—primarily, the developed core of the region. Likewise, people of color are expected to prioritize transportation accessibility and diverse, integrated places with a range of housing options. Land costs remain lower in Emerging Suburban Edge communities, but we expect these fastest-growing segments of market demand to drive a gradual, back-to-the-center development pattern.

Using the region's future demographic mix and data on each market segment's preferences, the Council projects substantial growth in Urban Center communities. We forecast that Minneapolis and Saint Paul will grow by about 30,000 and 26,000 households respectively between 2010 and 2040. These are dramatic increases compared to the previous 30 years, during which Minneapolis added 1,700 households and Saint Paul, 5,000.

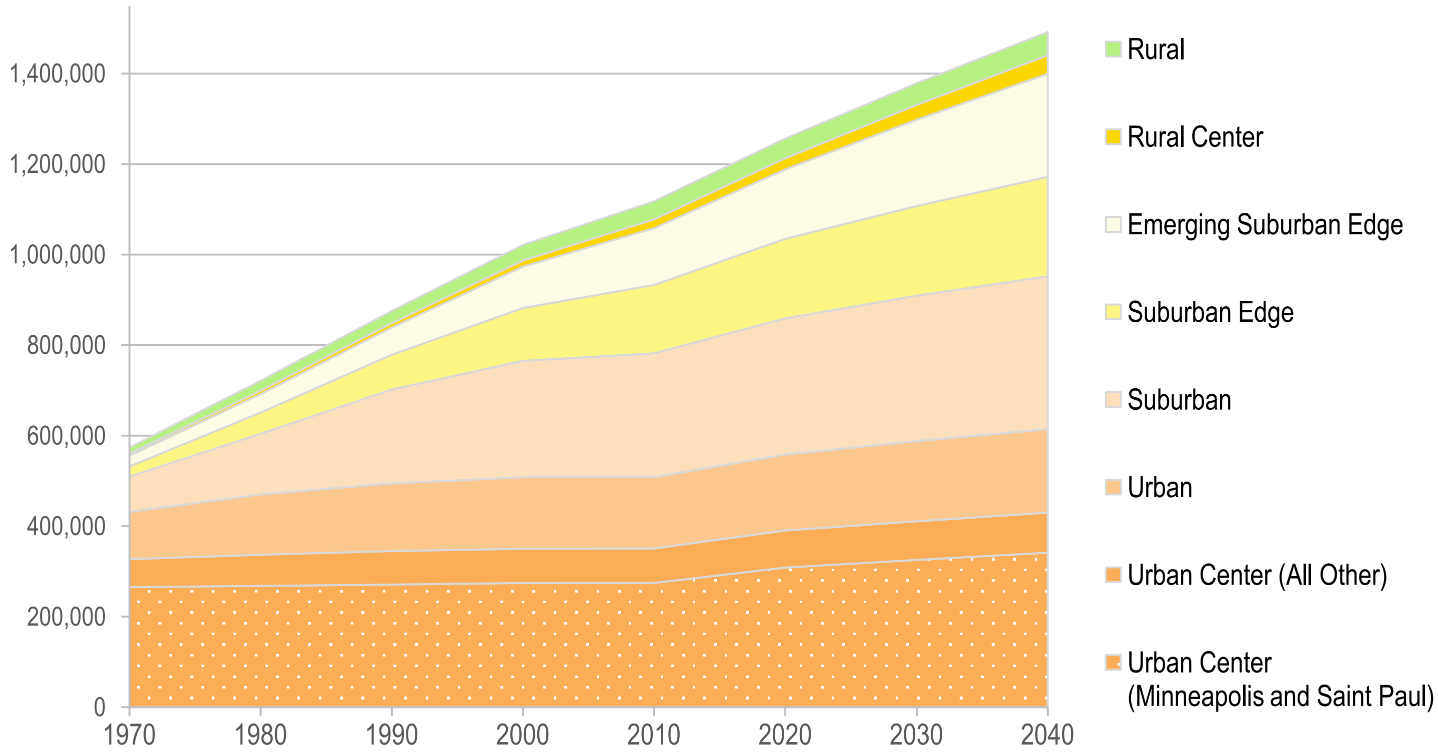
Figure 2 shows the 10 cities with the largest household growth (by numbers) between 2010 and 2040. The household growth that occurs in these 10 cities alone accounts for 38% of overall household growth between 2010 and 2040.

Figure 2. Cities with the largest forecasted household growth between 2010 and 2040

	2010 Households	2040 Households	Forecasted Growth
Minneapolis	163,540	204,000	40,460
Saint Paul	111,001	137,400	26,399
Blaine	21,077	33,300	12,223
Lakeville	18,683	30,000	11,317
Maple Grove	22,867	33,100	10,233
Woodbury	22,594	32,100	9,506
Eden Prairie	23,930	33,300	9,370
Shakopee	12,772	21,600	8,828
Brooklyn Park	26,229	34,300	8,071
Prior Lake	8,447	15,700	7,253
10 cities subtotal	431,140	574,800	143,660
Twin Cities region	**1,117,749**	**1,491,780**	**374,031**

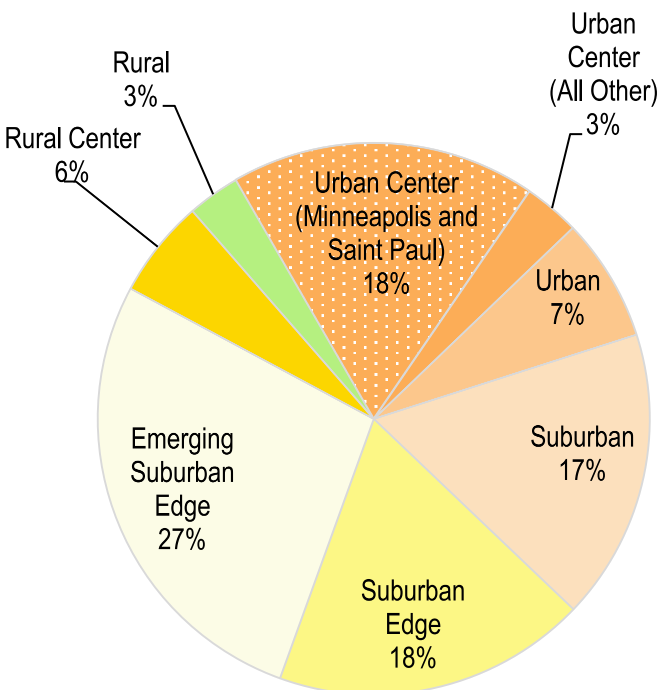
Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at http://metrocouncil.org/forecasts.

Figure 3. Household growth by *Thrive MSP 2040* Community Designations, 1970-2040



Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at http://metrocouncil.org/forecasts.

Figure 4. Share of the region's household growth between 2010 and 2040 by *Thrive MSP 2040* Community Designations



Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at http://metrocouncil.org/forecasts.

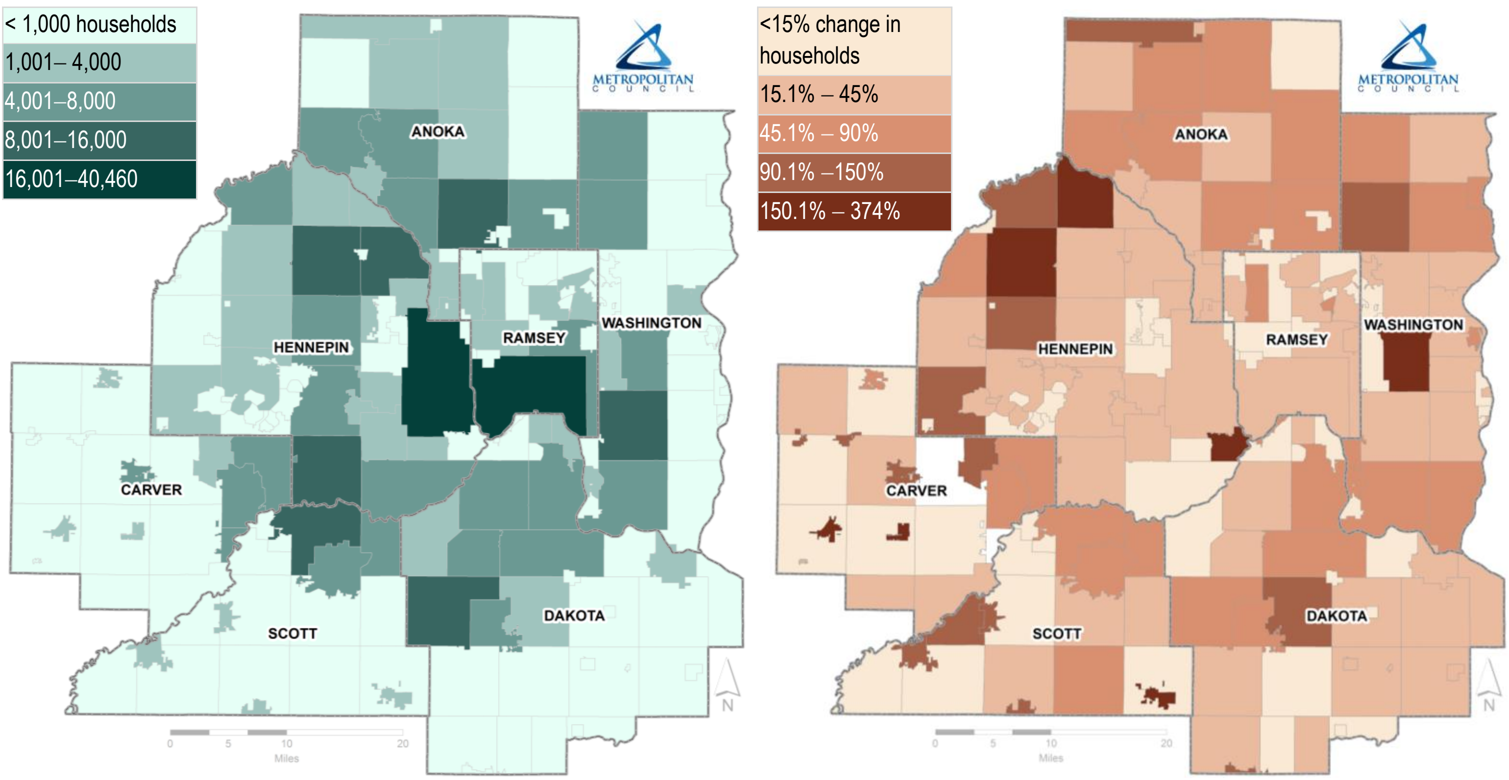
Over time, demands for central location and transportation accessibility will create opportunities that exceed the costs and challenges of redevelopment. Overall, Urban Center and Urban Communities will account for 28% of future household growth.

Growth in the Suburban Edge and Emerging Suburban Edge communities will slow but remain strong. Benefiting from land availability, we forecast that Suburban Edge and Emerging Suburban Edge communities will capture 46% of the region's household growth.

The 2020 local forecasts show the current decade producing the greatest gain in households in Urban Center and Urban communities. In some Emerging Suburban Edge communities though, growth rates accelerate in later years.

Figure 5 shows maps of household growth from 2010 to 2040—the first, the change in absolute numbers, followed by growth rate. Worth noting is that all parts of the Twin Cities region—north, east, south and west—will have fast growing cities and townships.

Figure 5. Household growth between 2010 and 2040 by city and township



Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at [http://metrocouncil.org/forecasts.](http://metrocouncil.org/forecasts)

Future job growth will follow existing employment base and transportation corridors

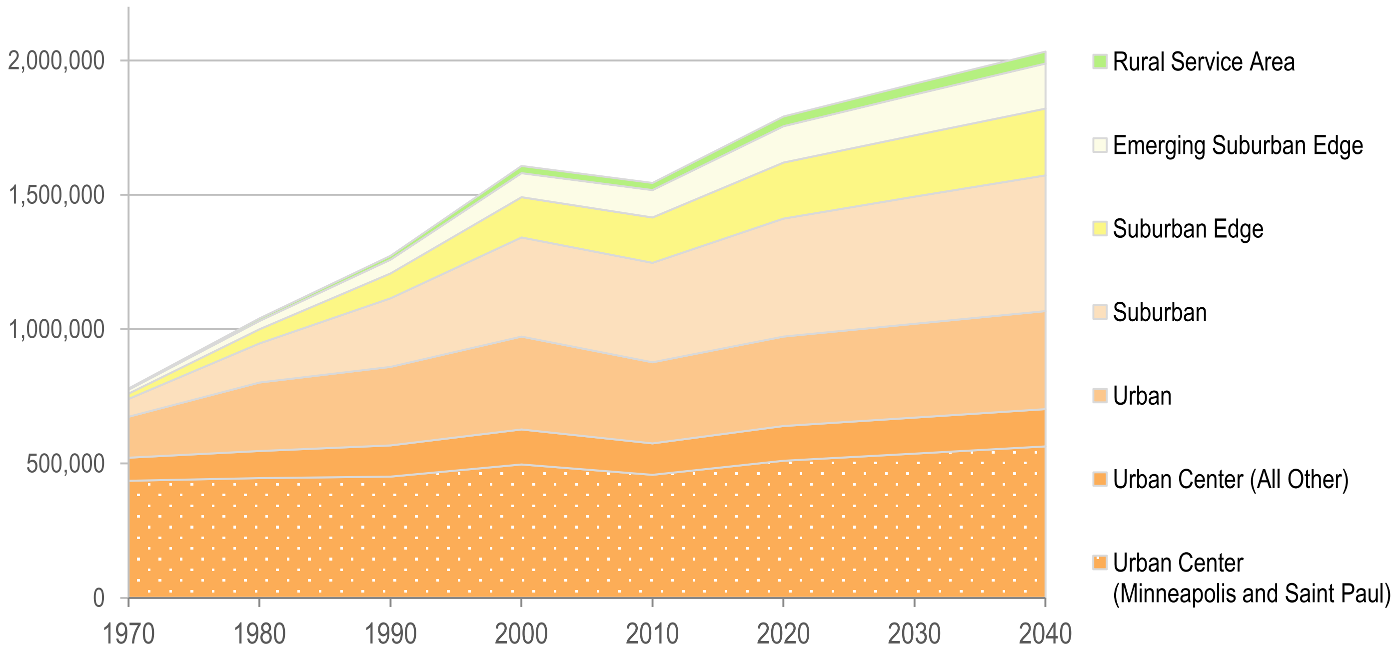
The *Thrive MSP 2040* employment forecasts demonstrate the importance of job concentrations and transportation corridors: cities with existing concentrations of jobs and proximity to both workers and customers will see further growth over the next thirty years.

Urban Centers will grow by about 128,000 new jobs total over the next 30 years and will remain the region's main employment centers. Minneapolis and Saint Paul will add 68,000 and 38,000 new jobs, respectively. Other Urban communities such as Bloomington and Edina will also benefit from central location and accessibility.

Suburban communities will capture 135,000 new jobs. Many of these cities are located along freeway corridors and future transitways. They are home to numerous corporate campuses, and they have a substantial employment base already.

Together, Suburban Edge and Emerging Suburban Edge communities will add 145,000 new jobs—about 30% of the region's new employment. Rural Centers and other communities within the Rural Service Area remain largely residential or agricultural. These communities are expected to add less than 4% of all new jobs.

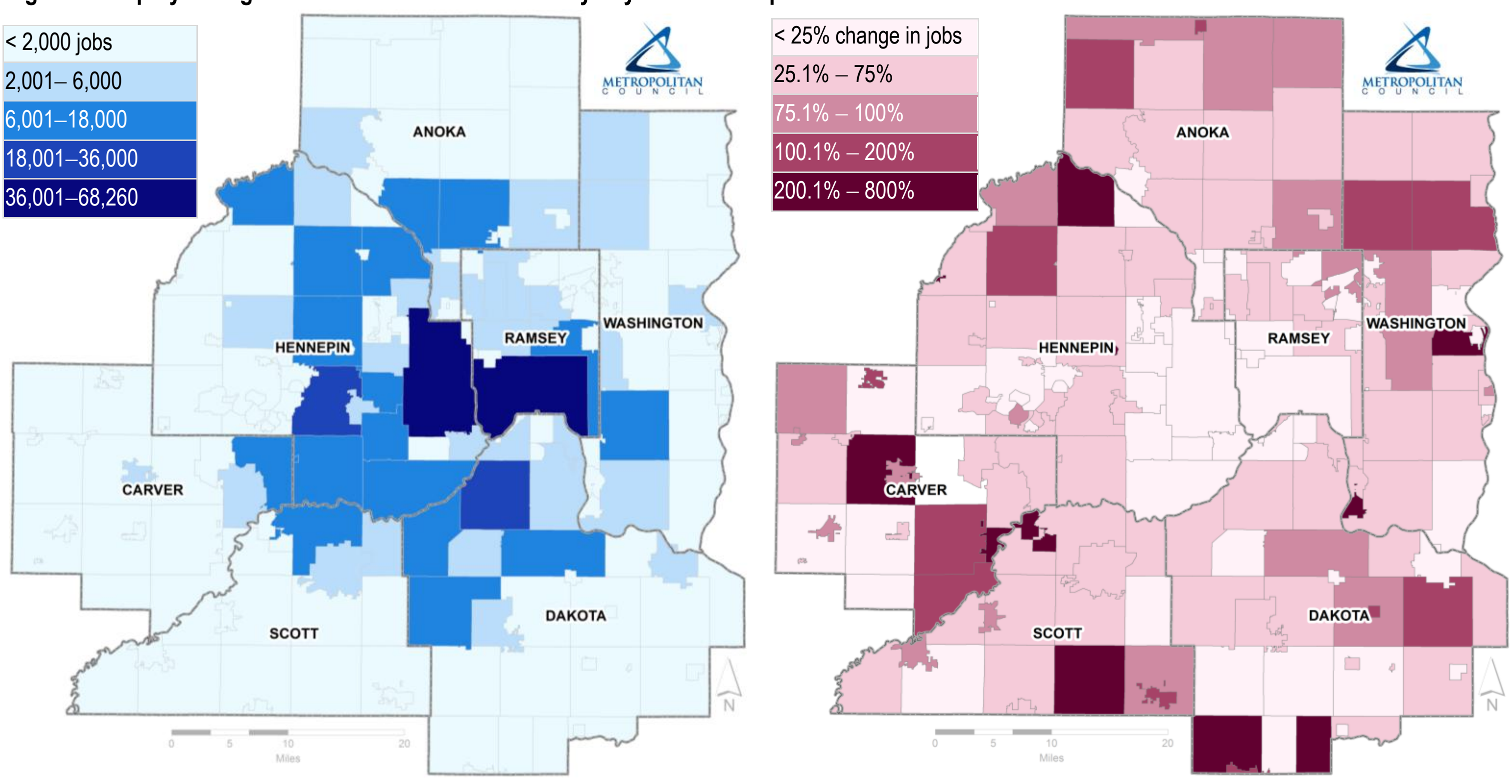
Figure 6. Employment growth by *Thrive MSP 2040* Community Designations, 1970-2040



Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at http://metrocouncil.org/forecasts.

Figure 7 maps employment growth between 2010 and 2040 by city and township—again, by number and by growth rate. The five cities that will add the most new jobs are Minneapolis (68,268), Saint Paul (37,567), Eagan (20,474), Minnetonka (18,972) and Eden Prairie (17,825).

Figure 7. Employment growth between 2010 and 2040 by city and townships



Source: Metropolitan Council Regional Forecast (July 2015). The most current regional and local forecasts are available at http://metrocouncil.org/forecasts.

About the data: How do we forecast the region's population, households and employment?

To develop a *regional* forecast of population and employment, the Council uses a regional macroeconomic model. REMI PI+ assesses a region's relative economic competitiveness to forecast jobs and gross regional product. Future population is forecasted considering birth rates and other demographic dynamics, future workforce demand and migration. The Council updates data in REMI PI+ with long-term economic forecasts prepared by Global Insight.

To develop *local* forecasts, the Council uses a real estate market and land use model called Cube Land, simulating real estate development possibilities and analyzing the likely geographic pattern of development, responsive to the region's future industry mix and future demographics. Cube Land projects that developers will build in places where households or firms find value, and where that value exceeds costs of construction and land. New development is limited to where policies and land availability allow for development. Local data inform the model. The model is provided with each community's plan for 2030 land uses, identifying allowable land uses and densities.

Future transportation plans also influence the local forecasts. The Council's land use model and transportation model are run in tandem, with a common transportation scenario that includes new transportation investments programmed for the next three decades. The land use model provides the spatial distributions of households and employment in the region. In turn, the transportation model returns accessibility measures—for example, what number of jobs and destinations can be reached from any point—for different areas across the region, which influence land use demand.