MetroStats



A Growing and Changing Twin Cities Region: Regional Forecast to 2040

February 2014

The Metropolitan Council forecasts population, households and employment, with a 30-year horizon, for the seven-county Minneapolis-St. Paul region. The Council assesses the Twin Cities region's relative economic competitiveness and projects future population and employment using a regional economic model, REMI PI.

The Council locates regional forecasts to specific cities and townships through additional modeling. The Council's land use model projects the likely geographic pattern of future growth, given real estate and location choice dynamics, regional policies and local land use controls.

The regional forecast, together with local forecasts, will be incorporated into the Thrive MSP 2040 regional plan, scheduled for Council adoption in May 2014.

Consistent with Minnesota Statutes 473.146 and 473.859, the regional and local forecasts provide a shared foundation for coordinated, comprehensive planning by the Council and local governments.

See About the Forecasts on p. 5.

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The Metropolitan Council's forecast anticipates continued growth and increased diversity for the seven-county Minneapolis-St Paul region. The region's population is projected to grow by 824,000 in coming decades. By 2040, people of color will comprise 40 percent of the region; senior citizens, 21 percent.

Metropolitan Council Regional Forecast to 2040

	2010	2020	2030	2040
Population	2,850,000	3,102,000	3,381,000	3,674,000
Households	1,118,000	1,257,000	1,388,000	1,509,000
Employment	1,548,000	1,819,000	1,953,000	2,097,000

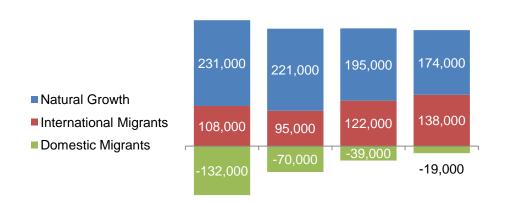
The seven-county Minneapolis-St. Paul region is projected to gain 824,000 people in coming decades, reaching 3,674,000 residents in 2040, up from 2,850,000 in 2010. Projected growth rates, 9 percent per decade, are below peak growth rates seen in the 1980s and the 1990s but above-average compared to national projections for the same period.

Natural population growth, or births outpacing deaths, will add 590,000 residents. Natural population growth will account for 72 percent of the total population growth from 2010 to 2040. Birth rates are higher among families of color than white families, contributing steadily and gradually to the racial and ethnic diversity of the region.

More than one-quarter (28 percent) of the region's population gain will be driven by migration. The Twin Cities region is likely to gain 355,000 new residents through international immigration while losing 128,000 residents to domestic out-migration, for a net migration gain of 227,000 during the 30-years forecast period.

The Twin Cities region will continue to be an immigration gateway throughout the 30-year period, and immigration will substantially accelerate the region's diversity trend. Of the expected international immigrants, 85 percent will be people of color, from all continents; 15 percent will be white, non-Latino, mainly from Europe and Canada.

Components of Population Growth, 2000-2040



2001-2010 2011-2020 2021-2030 2031-2040

■ Ages 65+

Ages 25-64

Ages 15-24Ages 0-14

Net domestic migration – the flow of movers between the Twin Cities region and the rest of the nation – amounts to a net loss of 128,000 residents during 2010-40. This is not a new trend. US Census data shows emigrants leaving the region have outnumbered new domestic arrivals throughout the past decade.

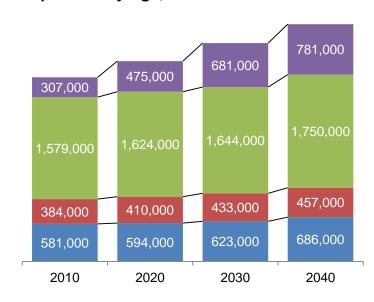
This net loss is directly related to economic conditions: The regional economy did not gain employment during the decade ending in 2010. An improving economy will steer this trend over time. Domestic migration will respond to new workforce demand.

Still, geographic situation and perception of the Twin Cities region are challenges to attracting new residents. While employment and business opportunities draw in workers and students, the region loses people who have priorities beyond work and school. For example, many long-time residents have family or sentimental connections with Greater Minnesota; much of the Twin Cities' domestic migration deficit is due to returns or relocations to the rest of the state.

Immigration and natural population growth together will replenish the Twin Cities region's school enrollments and workforce. The region's under-25 population will grow 18 percent, from 965,000 in 2010 to 1,143,000 in 2040. This will partly offset the protracted retirement boom that is expected to last for the next 20 years.

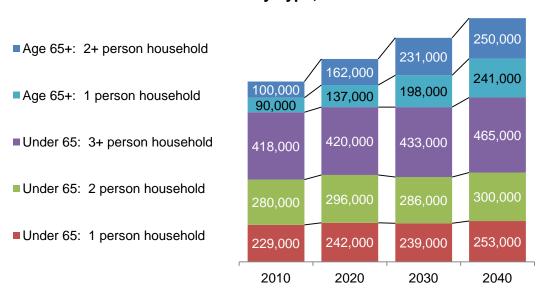
While every age cohort will grow, none will grow as fast as the senior citizens population. Twin Cities region's senior population will double between 2010 and 2030, and will continue to grow throughout the projections period, from 307,000

Population by Age, 2010-2040



seniors in 2010 to 781,000 in 2040. Between the aging of baby boomers and longer life expectancies, senior citizens will become a substantial market segment. In 2010, senior citizens were 11 percent of the region's population; in 2040, seniors will be 21 percent of the population.

Households by Type, 2010-2040



As the region's age profile changes, its households mix also changes: The senior citizens population will more than double by 2030; so too will the number of seniorheaded households.

With seniors making decisions for 32 percent of region's households in 2040, their needs and preferences will become a predominant driver of the housing market. Twin Cities region's seniors are mostly long-time residents, and mostly have lived in single-family

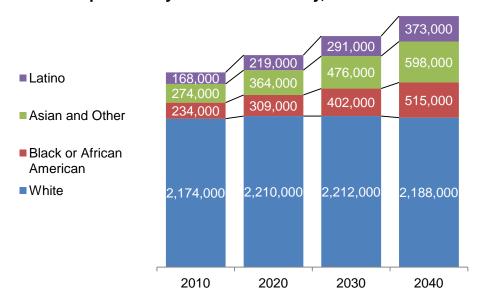
detached housing. Some may choose to "age in place." But almost half of senior-headed households are people living alone. Many seniors living alone, and senior couples, will choose to move, opting for attached housing, apartments, and age-restricted housing options. As they move, the turnover of single-family detached houses will balloon, offsetting the need for greater supply of single-family detached housing.

The Council forecasts 1,509,000 households in 2040, up 35 percent from the 1,118,000 households counted by Census 2010. The overall gains, and the net additional housing implied, are in line with historical trends. But the balance of market demand will be very different from recent history. The number of senior-headed households will grow by 200,000, driven upward by the aging and longevity of baby boomers. As baby boomers leave the ranks of family-age or working-age households, those market segments will grow at much reduced rates. The number of family-age or working-age households with 2 or more people will grow by only 67,000 – just 17 percent of expected households growth.

Between the churn of migration and higher birth rates among Latino, black, and Asian populations, the Twin Cities region will become more racially and ethnically diverse. In 2010, people of color comprised 24 percent of the regional population. By 2040, people of color will be 40 percent of the region. And the workforce of 2040 will reflect the diversity seen today in the region's elementary schools.

The population of color will more than double during the forecast period, from 676,000 in 2010 to 1,486,000 in 2040, while the white population will peak and level off at its current level. Among people of color, each racial or ethnic group is forecast to more than double. The Latino population will increase from 168,000 in 2010 to 373,000 in 2040. The black population will increase from 234,000 in 2010 to 515,000 in 2040. And the population of Asians and other people of color will increase from 274,000 in 2010 to 598,000 in 2040.

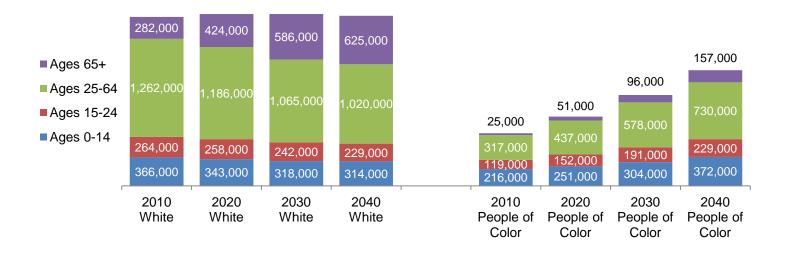
Population by Race and Ethnicity, 2010-2040



The Council's population forecasts reveal contrasting trends in the age distributions of white residents and people of color. This will have significant implications for the future workforce of the region.

The number of white residents, ages 25-64, will shrink by 19 percent, from 1,262,000 in 2010 to 1,020,000 in 2040. Concurrently, the working-age population of color will more than double, from 317,000 in 2010 to 730,000 in 2040. Within the workforce, diversity will grow. By 2040, people of color will comprise 42 percent of working-age residents.

Population by Race / Ethnicity and Age

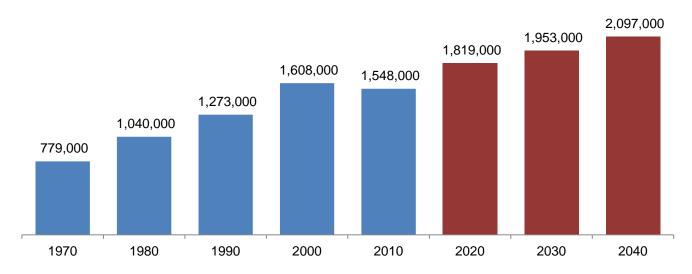


Similarly, the Council projects an increasingly diverse student body in the region. The population of color under age 25 will grow by 180 percent, from 335,000 in 2010 to 601,000 in 2040. In contrast, the number of white residents under age 25 will fall from 630,000 in 2010 to 543,000 in 2040, pulling down the share of whites among school-age children and young adults.

Migration is the major factor driving this demographic transition. People moving from the Twin Cities region to other parts of Minnesota or the nation are mostly white and older (retirees). In contrast, the region's gain of international immigrants is predominantly people of color, mostly people in their 20s, and often immigrating with children.

The Council forecasts employment growth of 549,000 jobs, up from 1,548,000 in 2010 to 2,097,000 in 2040. Employment will grow rapidly in the short-term (18 percent growth in the 2010s) and at a slower pace (7 percent growth) in the 2020s and 2030s. This growth compares to a net employment loss during the 2000s, and previous gains of 34 percent in the 1970s, 22 percent in the 1980s, and 26 percent in the 1990s.

Historic and Forecasted Employment



The region's Gross Metro Product, the sum of value added by all industry sectors, will rise to \$409 billion in 2040 – equivalent to 1.5 percent of the US Gross Domestic Product. For context, the Twin Cities region has less than 1.0 percent of the nation's population.

Employment opportunities in the Twin Cities region attract not only new migrants, but also commuting workers living in Greater Minnesota or Wisconsin. In 2010, the Council estimates that 6.8 percent of earnings at Twin Cities workplaces are earned by external commuters. (This is offset by 1.3 percent of residents' earnings coming from work in Greater Minnesota, Wisconsin, or elsewhere.) This balance of long-distance commuters, and earnings returning with to their places of residence, will persist long-term, as the Twin Cities region remains the predominant economic center for Minnesota and western Wisconsin.

About the Council's Forecasts

To prepare its long-range forecast, the Metropolitan Council uses REMI PI, a regional economic model. The REMI PI model utilizes computable general equilibrium and new economic geography techniques to project forward timeseries of economic and demographic outcomes. The REMI PI projections are informed by data on the region's industry mix, costs and productivity, and analysis of regional competitiveness within the national economy. Employment, migration, and population outcomes directly flow from projected economic performance.

To obtain household counts, the REMI PI population projection is parsed into household types using race-specific, age-specific household formation rates from analysis of Census data.