

The 2017 edition of P.U.M.A.'s Global Trends Report highlights opportunities arising from converging shifts in demographics, lifestyles and competition that are rapidly shaping our cities. An award-winning research effort, P.U.M.A.'s Global Trends Report is a go-to resource for downtown management organizations, business leaders and local decision-makers.



TOP 10 GLOBAL TRENDS

Affecting Downtowns & How to Respond at Home

2017 marks the tenth year that Progressive Urban Management Associates (P.U.M.A.) has conducted ground breaking research to identify the top global trends impacting American cities. Originally prepared for the Downtown Denver Plan to forecast our hometown's growth, the P.U.M.A. Global Trends Report has subsequently been utilized in cities throughout

the nation to support a variety of downtown planning, marketing and economic development initiatives. Broadening and deepening our research, the last two Trends Reports were created along with the University of Colorado Denver College of Architecture and Planning. P.U.M.A.'s Global Trends Report was the recipient of the International Downtown Association's President's Award, acknowledging its value to the place management and downtown development fields.

The 2017 edition of P.U.M.A.'s Global Trends Report finds downtowns and urban districts benefiting from powerful market forces that have accelerated. Urban areas that once took decades to improve are transforming in a matter of years. The resulting urban renaissance is good news for city builders but is also presenting new challenges.

As in past editions, the 2017 Trends Report introduces new trends to reflect the latest market dynamics and thought leadership in the evolution of cities. Joining mainstay trends in demographics, lifestyles and competition, we offer insight into new phenomena that are becoming game changing considerations for cities, including:

- The emergence of Gen Z, the generation now coming of age behind Millennials.
- The Rise of the Mid-Tier City, exploring how Millennials are increasingly attracted to the affordability and lifestyle of smaller cities.
- Housing and Livability looks at how downtowns are becoming multi-dimensional neighborhoods.
- Social Equity is becoming an economic imperative for downtowns to retain their historical role as centers of opportunity, diversity and tolerance.

[GLOBAL TRENDS]

2007

Demographics

Changing American Demographics
Immigration Trends
Changes with the "Creative Class"

Lifestyles

Traffic Congestion & Value of Time
Trends in Health Care/Wellness/Recreation
Growth of Tourism
America's Growing Debt Burden

Competition

The Emergence of a Planetary Middle Class
Continued Advances in Technology
Environmentalism, Sustainability,
Climate Change

2011

Demographics

Changing American Demographics
Education, Talent & Jobs
Emergence of Young Professional Women

Lifestyles

Changing Consumer Behaviors
Shifts in Transportation & Mobility
Health, Wellness & Urban Form
The Age of Austerity

Competition

The Emergence of a Planetary Middle Class
Continued Advances in Technology
Sustainability Mainstreamed

2014

Demographics

Changing American Demographics
Education, Talent & Jobs
Influence of Women

Lifestyles

Changing Consumer Behaviors
Shifts in Transportation & Mobility
Health & Wellness
Rise of Regionalism

Competition

Shift in Global Wealth
Continued Advances in Technology
Social Equity – The Neglected Pillar
of Sustainability

2017

Demographics

Changing American Demographics
Education, Talent & Jobs
Rise of the Mid-Tier City

Lifestyles

Changing Consumer Behaviors
Shifts in Transportation & Mobility
Housing & Livability
Regionalism

Competition

Shift in Global Wealth
Continued Advances in Technology
Social Equity

[CONCLUSIONS]

Overall, global trends continue to appear favorable to promote growth in vibrant downtowns.

America's population is growing younger and older and more culturally diverse.

Demographic trends in the United States continue to support downtown development. The population is growing both older (aging Baby Boomers) and younger (Millennials and emerging Gen Z). Both Boomer and Millennial markets have fueled downtown population growth over the past decade and are poised to continue to populate urban environments, particularly in those cities that offer jobs, housing, amenities and activities that respond to their needs. America will become more culturally and ethnically diverse, creating an advantage for downtowns that welcome, accommodate and celebrate diversity.

Capitalize on an increasingly connected and competitive world.

Broader distribution of information technologies is encouraging "bottom-up" innovation from entrepreneurs throughout the globe. Education will be key in ensuring that America remains competitive and cities that make connections to higher institutions of learning, including community colleges, will benefit. Companies are now moving to cities where young skilled workers (Millennials and soon Gen Z) prefer to live and work. A focus on entrepreneurship and innovation will be essential if Gen Z eschews college as expected. Downtowns are poised to be centers of creativity and innovation if they can offer a business climate favorable to the

incubation and growth of small dynamic enterprises.

Small and mid-size downtowns can anchor the emergence of new "opportunity cities".

A nascent trend finds increasing numbers of Millennials moving from top tier "superstar" cities to smaller markets in search of affordable living, quality of life and civic involvement. Small and mid-size downtowns can capitalize on this trend by being portals of opportunity, offering assistance to find jobs, housing and services, and, perhaps most importantly, connections to "city building" activities that bring new vitality to center cities.

Global growth will continue to make investment in cities more attractive.

While many global economies are experiencing turbulence, long-term trends support the expansion of a planetary middle class. India is the next global powerhouse and could eclipse China's economic importance within ten years. Growth in emerging economies will strain the supply and increase the costs of non-renewable resources, making traditional suburban land use and vehicular transportation patterns increasingly expensive and inefficient. At the same time, American lifestyle preferences are favoring more walkable, bikeable and transit-rich communities. Cities will look to maximize the use of existing infrastructure and promote sustainable development.

Innovation and investment is more reliant on regional initiative.

Increasing federal debt and political polarization in Washington result in diminished federal and state resources dedicated to infrastructure, education and innovation. America's economic growth will be led by cities that choose to invest in regional transportation, education and cultural facilities. New financing solutions are required and a willingness to invest (yes, new taxes) and innovate (public/private partnerships) will keep cities that choose to do so competitive and connected to the global economy. Downtowns, often led by innovative public/private partnerships, can play a stronger role in leading regional policy and investment initiatives.

Planning for economic and cultural diversity is a priority.

With trends in their favor, many downtowns are experiencing a renaissance that is attracting new investment and higher income households. To ensure long-term economic vitality, urban centers need to advance social equity by encouraging a variety of housing and transit options, better schools, holistic approaches to reducing homelessness, public amenities that promote healthy lifestyles and policies that encourage equity. Downtowns should welcome everyone and showcase the cultural diversity of the city, thereby preserving their historical role in delivering the American Dream.

[IMPLICATIONS FOR DOWNTOWNS]

Research and conclusions from Global Trends offer many implications for the future of downtowns. Highlights, as analyzed by Progressive Urban Management Associates, include the following:

DEMOGRAPHICS

Capture the young skilled workforce:

Downtowns have the edge in attracting the young skilled workforce coveted by employers. To capture this market predisposed to urban living and experiences, downtowns should provide a welcoming environment and information services that make it easy to relocate for jobs and housing. Embracing social tolerance, celebrating multi-culturalism and using social media tools will invite populations that are increasingly diverse

and technologically savvy. Creative incentives, such as subsidizing student loan debt, should be considered.

Create an environment that appeals to diverse populations: The next professional, working and creative classes will increasingly be dominated by women and people of color. Downtowns must look for ways to engage these populations in all facets of the downtown experience, including active public spaces, mixed-use living options, transit and mobility, daycare, retail, art, creative expression and entertainment

offerings. Encouraging under-represented populations to participate in local policy and urban design leadership positions can create a competitive edge.

Develop meaningful opportunities for "city building": Many young skilled workers are moving from expensive top-tier markets to more affordable and livable second-tier markets. A key motivation for many of these migrants, including "rebounders" that are moving back to home cities, is to be involved in civic initiatives including those aimed at energizing downtown. City building initia-

tives that match volunteers to downtown improvement opportunities can be a powerful inducement for talent recruitment.

Foster education: Educational institutions are civic anchors, economic stabilizers and incubators of new creative businesses and jobs that should be encouraged to locate and grow in downtowns. Education continuums, connecting local public school systems to colleges and technical schools, should be explored. As cities work to attract and retain young families, the development of quality downtown K-12 schools is essential.

Multiple Generations “Aging In Place”: Both Baby Boomers and Millennials are projected to perpetuate demand for downtown living. Urban amenities that appeal to both Boomers and Millennials should be considered, including robust dining and entertainment options, and investments in promoting healthy lifestyles and social interaction from dog parks to public markets. The eldest of Gen Z are entering adulthood, will also be attracted to urban places and will be looking for these same amenities.

LIFESTYLES

Implement comprehensive mobility strategies: Downtowns need to invest in streetscapes, two-way conversations, connectivity improvements and other ways to implement complete streets principles that support a variety of modes beyond vehicles. Mobility options are needed to appeal to younger populations that are increasingly disinterested in automobiles. Age-friendly Universal Design standards should be employed to promote accessibility for all, from aging Boomers to young families with infants and toddlers.

Promote the sharing economy: Grounded with less consumptive values and armed with mobile technologies, Millennial consumers are increasingly seeking opportunities to share, rent or resell goods and services. Bicycle and car sharing are becoming the accepted norm in downtowns, and in larger cities are now a priority supported by major employers. Localized apps and other accessible technology platforms for sharing consumer goods, workplaces, housing, recreation and social experiences can build a sense of community.

Support authentic and unique retail concepts: In a changing retail environment, downtowns can capitalize on national preferences for brick and mortar stores that offer one-of-a-kind products and personalized customer service. Shared retail and “pop-

ups” can fill vacant storefronts and test new concepts.

Encourage housing with diverse price points and unit types: To provide an environment that attracts a multi-skilled workforce and culturally-mixed demographics, varied housing price points and unit types are needed. Zoning codes, development standards and incentives should be updated to promote opportunities for affordable, flexible, multi-generational and other non-traditional housing. Downtown organizations can be leaders in local initiatives that create a continuum of housing choices, including attainable choices for younger populations that are just starting their careers.

Create new amenities for living: For downtowns seeking to jump start residential development, investing in civic amenities can help to attract new investment. A wide range of amenities for living include active parks and plazas, bike and pedestrian facilities, and neighborhood services including a grocery. Downtowns in secondary markets can also reach out to urban residential developers in top tier markets that have become expensive and less profitable.

Keep it fun, entertaining and interesting: Many downtowns have become hubs for entertainment, arts, culture and sports. To remain competitive and continue to attract a young and diverse workforce, fortifying and expanding downtowns’ experiential attractions will be critical. Downtowns should integrate new mobile technologies into marketing and promotions. A variety of cultures and languages should also be accommodated, appealing to an increasingly diverse local population and international tourists.

Be a strong advocate for regional investment and collaboration: Federal and state investment in infrastructure, mobility and education has decreased. Cities and regions that choose to invest in these initiatives will thrive; those that do not may stagnate. Downtowns can help to educate communities on the benefits of regional cooperation and investment. Solutions to increasing challenges related to housing affordability, better wages, improved schools and homelessness, will require regional approaches. A new emphasis for downtown organizations may include introducing skill sets and leadership capabilities to affect policy and foster regional collaboration.

COMPETITION

Entrepreneurship will continue to be a key to job growth: Downtowns should explore ways to support small businesses and

startups through direct technical assistance, co-working and other flex spaces, creative incentives, designated innovation zones and other options. Entrepreneurship becomes more important as Gen Z comes of age with a larger tech-savvy population preferring entrepreneurial pursuits over more traditional collegiate pathways.

Develop innovative public/private partnership approaches: While Global Trends are favorable for downtown investment, conventional financing will be constrained due to lingering effects of recession and government dysfunction. Increasingly sophisticated downtown partnerships can diversify revenue and add capacity to build capital improvements, activate greenspaces, manage parking, advance solutions to homelessness and more.

Be technologically relevant: Mobile communications for social and business uses continue to grow with the influx of Millennials and Gen Z into the workforce. Downtowns need to make sure that they are technologically relevant, both in providing the infrastructure that supports speed and security for computing and in developing the creative applications that keep a tech savvy population engaged.

Adaptive reuse will be more affordable as construction costs rise: As global demand continues for building materials, the cost of new construction will increase. Beyond traditional historic properties, reuse opportunities will become increasingly attractive for post-1950 buildings, including office high rises that were constructed during the 1970s and 1980s.

Incorporate sustainability as part of the downtown brand: Downtowns can incorporate environmental sustainability as a key component of the center city brand. With compact mixed-use urban environments, downtowns offer inspiration and relevancy to emerging generations and the economic model for a sustainable future.

Stay on the leading edge of social equity issues: With income and social inequality a growing national concern, and urban areas prospering from Global Trends, there is growing responsibility for downtowns to plan for and participate in social equity solutions. By bringing private sector perspectives, downtown management organizations are in a unique position to offer leadership, resources and balance in issues that include housing, wages, education, homelessness and other related topics.



[DEMOGRAPHICS]

TREND 1: CHANGING AMERICAN DEMOGRAPHICS

As the younger generations of Americans begin to assume more responsibility at home and in the workplace, the impacts of differing lifestyle preferences are becoming more apparent in downtowns. Non-white races and ethnic groups are fast becoming the majority, diverse cultural and religious backgrounds are becoming ubiquitous, and gender roles and norms are being redefined. To this end, a notable preference for living and working environments that prioritize diversity, collaboration, inclusivity and the free exchange of ideas is emerging.

Though the influence of youth is rising, four distinct generations are shaping the development of American cities:

Baby Boomers, born between 1945 and 1962, have lost their position as the largest generation, having been surpassed by Millennials in 2015. Recession-driven dents in retirement savings and rising medical costs are driving increased debt in this generation, forcing many who are well past traditional retirement ages to prolong their stay in the workforce. Longer life expectancies, increasing health care demands, and continued participation in the American job market mean that the Boomers' impact is still strong.

Generation X (Gen X), born between 1963 and 1978, is the American generation smallest in number.

Gen Xers are savvy, skeptical, and self-reliant. They are often referred to as the “middle child” between the older Boomers and younger Millennials, falling between conservative Boomers and liberal Millennials with regard to social and political issues. Gen Xers are most influential in the workplace, having advanced to management positions where their structured and linear work ethic has the potential to clash with that of their more carefree Millennial subordinates.

Millennials, born from 1979 to 1996, are the first “digital native” generation. Burdened by student debt, Millennials have redefined adult milestones for themselves, choosing to live with their parents longer and marrying and buying homes later in life than past generations. They are racially diverse and, unlike previous generations, define diversity as the mix of experiences, identities, ideas, and opinions, instead of placing it within the more traditional racial framework. They will comprise up to 75% of the workforce by 2025 and are the most educated of all adult generations. Millennials place a high emphasis on healthy lifestyles and are willing to splurge on healthy food, wellness and athletic gear.

Generation Z (Gen Z), born after 1996, is racially diverse and projected to be majority-minority by 2020. Now beginning to enter the workforce and higher education, Gen Zers display a high level of anxiety regarding future job satisfaction, a fear that translates into a highly entrepreneurial generation—the majority express a desire to start or own their own businesses. Technology-savvy from birth, Gen Z is

interested in developing technology-related job skills, especially those relating to development and design. Having witnessed the effect of the economic downturn on Millennials, Gen Z is evolving into a financially conservative generation that prefers to save money rather than spend it. When they do spend, they exhibit a preference for material objects much like the generations encompassing their Gen X parents and Boomer grandparents.

TREND 2: EDUCATION, TALENT & JOBS

The premium on a young skilled workforce continues to drive development and investment in American cities. While college-educated workers make up about one-third of the American workforce, they produce more than half of the nation's economic output. Where young skilled workers choose to live is increasingly the key decision factor for business growth and relocation.

The shift to a preference among young people for living in denser, more urban neighborhoods began in the early 2000s. This reversed the 30-year-old trend toward suburbanization among recent college grads, much earlier than previously realized, and suggests that the recent return to urban areas is more of a long-term trend rather than a temporary phase.

With a growing share of the population attaining higher levels of education, cities will need to ensure that they have a talented employee base with the skills needed in a modern, high-skill service-oriented job market. Private investment in metro areas has been on the rise, with venture capital flowing into metros that are not only larger,

denser, and more affluent, but also more open and diverse with greater concentrations of talent. High-growth companies have said they value a talented employee base as the most important business-related resource that cities can offer, outranking access to customers and suppliers, low tax rates, and business-friendly regulations.

Employers and employees alike value an inclusive quality of life and are attracted to cities that support and promote a diverse population as well as invest in the livability of their downtown areas. Large employers have taken steps to align their values and commitments with those of their employees.

Women, people of color and immigrants will play important roles as entrepreneurs. Women continue to outperform men in higher education, accounting for nearly 60 percent of all college degrees, including advanced degrees. The projected five percent growth of the American labor force over the next two decades is attributed to the growth in the non-White population, without which the American labor force would actually shrink. The rate of growth for women-owned business has also been on a steady upward trend, with cities averaging a growth rate well above the national average.

Research has shown that diversity in the workplace prompts interactions between people of varying backgrounds, promoting the development of new perspectives and creativity in problem-solving, leading to higher productivity and wages. Cities that invest in programs and services that fulfill the needs of residents of all income levels and demographic groups in order to ensure access to jobs and amenities will maintain an economic advantage.

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**TREND 3:
RISE OF THE MID-TIER
CITY**

The dense, large “superstar” cities that were synonymous with economic growth and opportunity during the past decades are slowly being overtaken in popularity by smaller, less flashy but more affordable, urban areas. These mid-tier cities are beating out superstar cities like New York and San Francisco in attracting 25- to 34-year-olds with a college education because they are more affordable and livable. Metropolitan cities like Buffalo, Cleveland, New Orleans and Pittsburgh, which are experiencing negative

population growth, are simultaneously experiencing gains in their college-educated youth populations. Millennials migrating to more affordable urban areas present a unique opportunity for second- and third-tier cities to experience long-term economic benefits from the influx of young, college-educated professionals.

College-educated young adults aged 25 to 34 are twice as likely to live within three miles of a city’s downtown core. But rising downtown real estate prices in big cities have priced out the very demographic that are now the main driver of economic growth in Amer-

ica. Businesses, too, are finding that their investment dollar stretches much further in mid-tier markets. With a resurgence of talent returning to smaller cities, businesses are following—and reaping excellent returns. These cities are now being referred to as “opportunity cities,” those with metro areas where both businesses and residents have the best chance to thrive.

Mid-tier cities with strong connections to education are also seeing unprecedented growth and development. Cities are fostering engrained relationships between education and business, creating permanent pipelines that funnel

talent straight from their local higher education institutions into their local businesses.

Cities are aligning their own development priorities to match the livability preferences of young talent by investing in extensive downtown amenities and attempting to become “18-hour cities,” where restaurants, retail, and housing are keeping people downtown long after the typical work day ends. Mixed-use development projects that incorporate retail, office and residential continue to dominate new construction in downtowns, catering to the desire for integrated living and working.



**TREND 4:
CHANGING CONSUMER
BEHAVIORS**

Advances in technology continue to impact the nature of the retail industry and the shape of brick-and-mortar stores that are critical to downtowns. The convenience and ease of e-commerce is stimulating increases in online sales; however, the majority of retail transactions still occur in traditional stores. In 2015, e-commerce sales grew nearly 15%, but still only accounted for 7.5% of total retail sales in America. Ninety percent of all retail transactions still occur in a physical store. Brick-and-mortar stores provide the sort of visual navigation and tactile experience that will be difficult to replicate online, making the in-store experience unique in that it offers consumers the ability to physically engage with their chosen brand and brand ambassadors.

Consumers prefer to support locally produced items that offer the added value of an emotional connection through the product with the local

[LIFESTYLES]

neighborhood. Downtown retail formats that prioritize a personalized consumer experience will stay competitive.

Consumers are increasingly voting with their dollars, seeking out companies they believe to be trustworthy, reliable, authentic and visionary. They demand that companies and brands are transparent about their production processes, ingredients, materials and labor, and they show a preference for brands that protect consumer privacy and treat their employees well. The exchange of information between company and consumer is more comprehensive and immediate than ever; companies that demonstrate their responsiveness to consumer preferences are better positioned to retain their share of the competitive American marketplace.

Millennials in the workforce now exhibit the largest influence on the American economy. Compared to previous generations, Millennials are much more deliberate when considering major purchases, and retail stores must make adjustments to meet their changing preferences. This generation will continue to influence the retail industry with their support for the modern bartering system of goods and services, known as the sharing economy, which can provide opportunities for small business growth through

shared retail spaces. Cities that provide flexible spaces for pop-up retail stores and markets will be able to capitalize on this new interpretation of brick-and-mortar retail.

Early research on Gen Z, the next generation behind the Millennials, suggests they will be more materialistic and opt to own consumer items more like Gen X and Boomers. Having witnessed Millennials suffer from student loans, underemployment and the delay of adulthood during the Great Recession, 60 percent of Gen Z believes that “a lot of money” is evidence of success compared to only 44 percent of Millennials that believe the same.

**TREND 5:
SHIFTS IN TRANSPORTATION & MOBILITY**

The previous Global Trends Report documented a national shift away from auto-dependence and toward walkable cities. This trend has continued and is made even stronger by the lower-than-ever numbers of teens and young adults who are getting their driver’s licenses and owning cars. Only 60% of 18-year-olds have their driver’s licenses today, as opposed to 80% in the 1980s – resulting in overall lower

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rates of car ownership. Millennials are about 30% less likely to buy a car than those in Gen X, and they also generally wait longer to buy their first car, meaning they will usually own fewer cars over their lifetime.

After a decade of declining per capita vehicle miles traveled, 2015 evidenced a reversal of this trend credited to low fuel prices and a stronger economy. However, long-term trends point to continued decreases in vehicle use driven primarily by demographic preferences.

Capitalizing on the increasingly ubiquitous shared economy model, carshare programs are on the rise, expanding from universities and cities into other areas as well. Car-share program memberships have doubled over the last five years, demonstrating steady growth in the field. Another significant and growing impact on transportation in cities is Uber and Lyft. Though the increase in these services might actually be contributing to an increase in vehicle miles traveled, cities that have such ride sourcing programs have noticed decreases in fatalities from drunk driving.

Bike sharing also continues to grow steadily. In the 2014 Global Trends Report, more than 500 cities globally had a local bike share program; now nearly 1,000 cities support them, continuing bike share’s momentum as the fastest growing mode of transportation in human history.

A majority of local bike share initiatives are found in Europe and China, and more than 100 are now found in North America.

Public transit options are increasing in many downtowns, with cities across the U.S. attempting to make the transit experience more enticing. Streetcar investment is on the rise, though returns on this particular transit option are inconsistent across markets. Rapidly growing southern and western cities are experiencing excellent results in coordinated efforts to focus development around new light rail corridors, while Bus Rapid Transit investment across the country has consistently proven to be the most cost-effective and reliable improvement to public transit systems. Transit riders continue to prioritize commute time, reliability, expense, and distance from home and work when selecting a public transit option.

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erations want in housing is much of the same thing: urban, multi-family housing that allows for better transportation options, walkable communities, increased social connections, and technology-oriented spaces.

A 2016 analysis found extraordinary rent premiums for housing and other uses in “walkable urban places.” In a walkable urban place multi-family residential commands a rent premium of 66%, retail a 71% premium and office space a 90% premium.

While the demand for multi-family units has been growing in urban cores, the supply of people being able to afford to live in them has been declining. The surging trend in luxury housing is ultimately beginning to create less diverse, livable, and economically vibrant downtowns by “squeezing-out” the working class and placing an extreme cost-burden on a high number of renters.

As minorities become majorities in many urban areas, it is becoming increasingly important for downtown housing to cater to the specific cultural preferences and needs of these populations. This includes space, configurations, and amenities that can accommodate cultural housing makeups such as larger family sizes, multigenerational families, and younger average ages, as well as affordability.

New senior living options are emerging as seniors reject traditional sunbelt retirement communities. These include communities based on the Village Concept, Cohousing, Home Sharing and Eco-communities.

Other emerging housing types include micro-units and mixed-use apartments atop commercial uses.

TREND 7: REGIONALISM

The fiscal health of federal, state, and local governments has generally improved since the depths of

debt was \$29,000. In 2016, the per capita share of national debt had ballooned to nearly \$60,000 and growing. Post-recession recovery of state and local government tax revenues has been slow and uneven, and unfunded pension and health-care liabilities will put significant pressure on state and local budgets in the long-term.

Meanwhile, political gridlock in Washington and in many state legislatures across the country shows little sign of letting up, and it is unclear whether Millennials or possible disruption to the political status quo signaled by the 2016 election will lead to any breakthroughs. Twenty years ago, 64% of Republicans were more conservative than the median Democrat, and 70% of Democrats were more liberal than the median Republican. By 2015, these percentages increased to 93% and 94% respectively.

In response to dwindling resources and political gridlock at the state and federal levels, city and county governments in metropolitan regions across the country are turning to collaboration with private companies, universities, hospitals, non-profits, and each other in order to accomplish tasks once reserved for or funded by state and federal governments. Cities and regions as different as Denver, Oklahoma City and Cleveland are finding ways to expand transit systems, attract jobs and talent, upgrade civic and cultural facilities, and invest in other regional priorities through cross-jurisdictional collaboration, regional bond initiatives, and partnerships with private businesses and institutions. Cities and regions that embrace these new forms of cooperation and leadership on a regional scale will be best prepared to weather the effects of declining fiscal health and growing political dysfunction. Downtowns, which have long relied on innovative public/private partnerships to attract investment and manage the public realm, can be leaders in new regional dialogues.

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the Great Recession, but long-term projections indicate worsening deficits fueled by growth in entitlement and healthcare spending at the federal and state levels. Ten years ago, when the first P.U.M.A. Global Trends Report was published, the per capita share of the national



TREND 6: HOUSING & LIVABILITY

The high demand for multi-family units in center cities is expected to continue. Though renting has increased among all age groups, household types, and income groups, the primary reason for the high demand for multi-family units in downtowns has been attributed to the Millennial and Baby Boomer generations. Studies have shown what both of these gen-

One major factor that is expected to shape future rental housing demand is the aging of the Millennial generation. The desire to “age in place,” a phrase typically used for the elderly, is now emerging as a trend for Millennials in downtown cores. As Millennials begin having children, they will have needs for larger spaces, easy access to employment centers, and, perhaps most importantly, close proximity to safe and well-rated schools.

[COMPETITION]



TREND 8: SHIFTS IN GLOBAL WEALTH

In prior editions of Global Trends, we looked at consumption patterns in emerging economies around the world and their impact on American cities. Despite recent twists and turns in the global economy, a dramatic rise in personal wealth is creating a rapidly growing international middle class. In a world of interconnected parts, America's ability to chart its own destiny continues to diminish.

Despite a slowdown in its rate of growth, China is the world's second largest economy with a growing middle class. China's relative consumption of global commodities continues to increase, accounting for 27.5% of global car sales in 2015 versus less than 1% in 2000. India is now growing faster than China and is predicted to have the world's largest and youngest workforce within 10 years.

Over 80% of the world's population lives in emerging markets, and these regions are expected to be responsible for nearly all future global population growth and expanding middle-class consumer spending. Emerging economies are expected to account for 60% to 70% of global GDP growth for the foreseeable future as they expand at more than twice the rate of developed economies. In the long-term, this trend appears to indicate further globalization in the natural resource marketplace along with continued acceleration in global resource depletion.

Foreign investment in apartment housing, mixed-use development, office and industrial space is driving the transformation of American

cities. Mid-tier cities such as Austin, Denver, Seattle, Charlotte and Nashville are expected to see high levels of investment from both domestic and foreign interests as investors find better returns in these markets than the larger markets that have historically attracted investment. This trend may have far-reaching implications for cities as traditional American property rights interests are intertwined with those of international corporate shareholders.

TREND 9: ADVANCES IN TECHNOLOGY

To maintain and improve high service levels on tighter budgets, downtowns are increasingly looking toward technological solutions. With global mobile phone subscriptions expected to top nine billion by 2020, cities are increasingly leveraging mobile access to communicate directly with their citizens.

Mobile devices are continuing to diminish the importance of static office locations, allowing for connections anywhere, anytime. Office space configurations are changing, with reduced space needed to conduct business and greater utilization of space beyond traditional eight hour workdays. To attract young skilled employees, office design is increasingly combining business and social functions – a growth of mixed-use principles within buildings as well as outside of them. The growing popularity of “co-working” spaces are reflective of these trends.

Because more data is being exchanged through electronic means cybersecurity infrastructure is becoming a priority. Small- and medium-sized cities are working cooperatively, investing on a regional scale in security measures in order to defer costs.

Technology advances are also finding their way into public works

projects. In response to high-profile infrastructure failures throughout the country, cities are seeking strategies to manage the high costs of infrastructure maintenance. Sensors are being increasingly used by cities to measure the status of infrastructure and to cue maintenance. Investment in monitoring technology may provide cities operating on a limited budget with better information to allocate their funds.

In terms of mobility, autonomous cars have the potential to dramatically change the arrangement of cities in the coming decades. Limited introduction to the market is possible within the next couple of years. If driverless cars are adopted by individual owners, parking will still be necessary downtown, but in tighter space configurations. Reduced congestion and fewer accidents may result, positively impacting fuel efficiency but with unintended consequences of more driving and less use of public transit.

TREND 10: SOCIAL EQUITY

The last Global Trends Report predicted a rising tide of civic activism to demand equitable living circumstances in American cities. This prediction has come to fruition, with social equity issues relating to income inequality, affordable housing, living wages and inequalities within the justice system becoming mainstay topics of debate within the American zeitgeist.

The richest 1% of households owns 35% of the country's wealth, while the lower 50% owns only 2.5% -- a gap widened to extremes not experienced since the 1920s. The big picture impact of income inequality is debated, but there is growing evidence to suggest that one-dimensional wealthy cities are at an

economic disadvantage. If a variety of housing and employment types cannot be provided, a fully functioning diversified economy is difficult to sustain.

The implementation of progressive policies that promote social justice and equal economic opportunity are becoming increasingly mainstream. A fiscal disparities plan in Minneapolis gives back to poor communities more than they contribute into a tax-sharing fund. And some larger cities like Los Angeles have implemented community benefits policies that work as a type of fiscal concession to lower-income communities that may have been adversely affected by development projects.

Cities are taking active measures to address the lack of affordable housing that is disproportionately affecting working Millennials. To attract and sustain a diverse market demand, downtowns must offer a mix of housing options that cater to multiple lifestyle needs and that serve residents through all stages of life.

Access to quality education and jobs plays a pivotal role in increasing economic mobility. Due to the skyrocketing costs of college education, young adults' record-breaking student debt loads will delay their ability to accumulate wealth.

Downtowns can produce a homegrown pool of workforce talent by ensuring high quality public school education for local residents and by creating programs to support the pursuit of a post-secondary education. Those that work to attract a diverse mix of employers, especially those in new-economy sectors, will have the competitive advantage.

If a variety of housing and employment types cannot be provided, a fully functioning diversified economy is difficult to sustain.



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Research Team for Global Trends

Primary research for P.U.M.A.'s Global Trends Report 2017 was undertaken by 11 graduate students in the spring 2016 urban revitalization class at the University of Colorado Denver College of Architecture and Planning, Master of Urban and Regional Planning (MURP) program. The MURP program counts over 1,300 alumni and is the largest planning program in the Rocky Mountain region. Located in the heart of Downtown Denver, we use Colorado as our classroom and emphasize experiential, hands-on, real-world learning. Our teaching, research and community engagement center on three issues at the forefront of planning practice: Healthy Communities, Urban Revitalization, and Regional Sustainability.

Primary research was verified and edited by P.U.M.A. intern and project assistant Liz Munn. P.U.M.A.'s Brad Segal finalized the report, with contributions from Erin Lyng and Yvette Freeman.

Supporting research for P.U.M.A.'s Global Trends Report 2017 is available upon request by contacting us at www.pumaworldhq.com



Front row from left to right: Brad Segal, co-lecturer, Laurie Tabachnick, Fontaine Burruss, Cayla Cothron, Jungwha Yuh

Second row from left to right: Anna Jones, co-lecturer, Liz Munn, project assistant, Kevin Carder, Jessica Vargas, Liia Koiv-Haus, Lauren Richardson, Megan Yonke, Steve Price IV, Kelsey Blaho

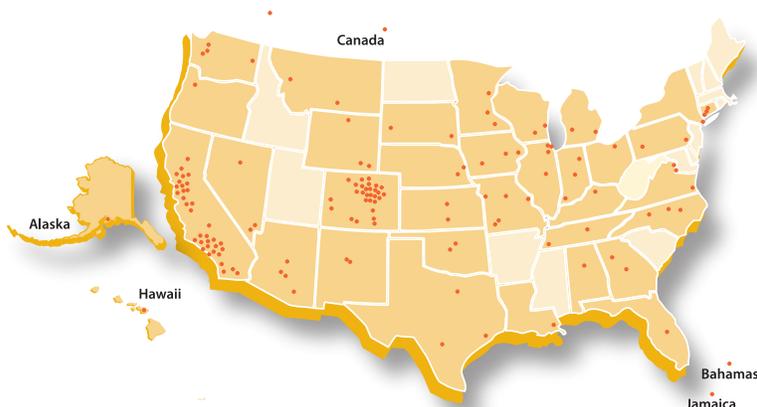
PROGRESSIVE URBAN MANAGEMENT ASSOCIATES

Progressive Urban Management Associates (P.U.M.A.) is an economic development and planning firm that delivers community-based solutions to create thriving downtowns, corridors and neighborhoods. A national leader in downtown and community development, we advise clients on a wide range of management, marketing, financial, urban design and implementation tactics that help communities and organizations create and sustain dynamic places.

Specialties

- **Economic Development Strategies**
Downtown Action Plans and Place-Based Economic Development
- **Strategic Planning**
Strategic Plans and Community Engagement
- **Equitable Communities**
Social Equity and Healthy Places
- **Community Development Tools**
BID Creation, Expansion and Renewal and Community Development Financing

Client Communities



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