



How Demographic Shifts Will Affect San Antonio

RCLCO
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ABOUT OUR FIRM

Services

- Downtown/Corridor Revitalization
- Affordable/Workforce Housing
- Public/Private Partnership Structuring
- Transit-Oriented Development
- Economic & Fiscal Impact Analysis
- Smart Code Review
- Regional Visioning
- Consumer Research
- Campus Strategy Planning and Development

RCLCO

a land use and real estate economics firm providing **market intelligence**, **strategy**, and **implementation solutions**

OVERVIEW

- Market Demand Factors
- Changing Consumer Preferences
- Demand for Transit-Oriented Development

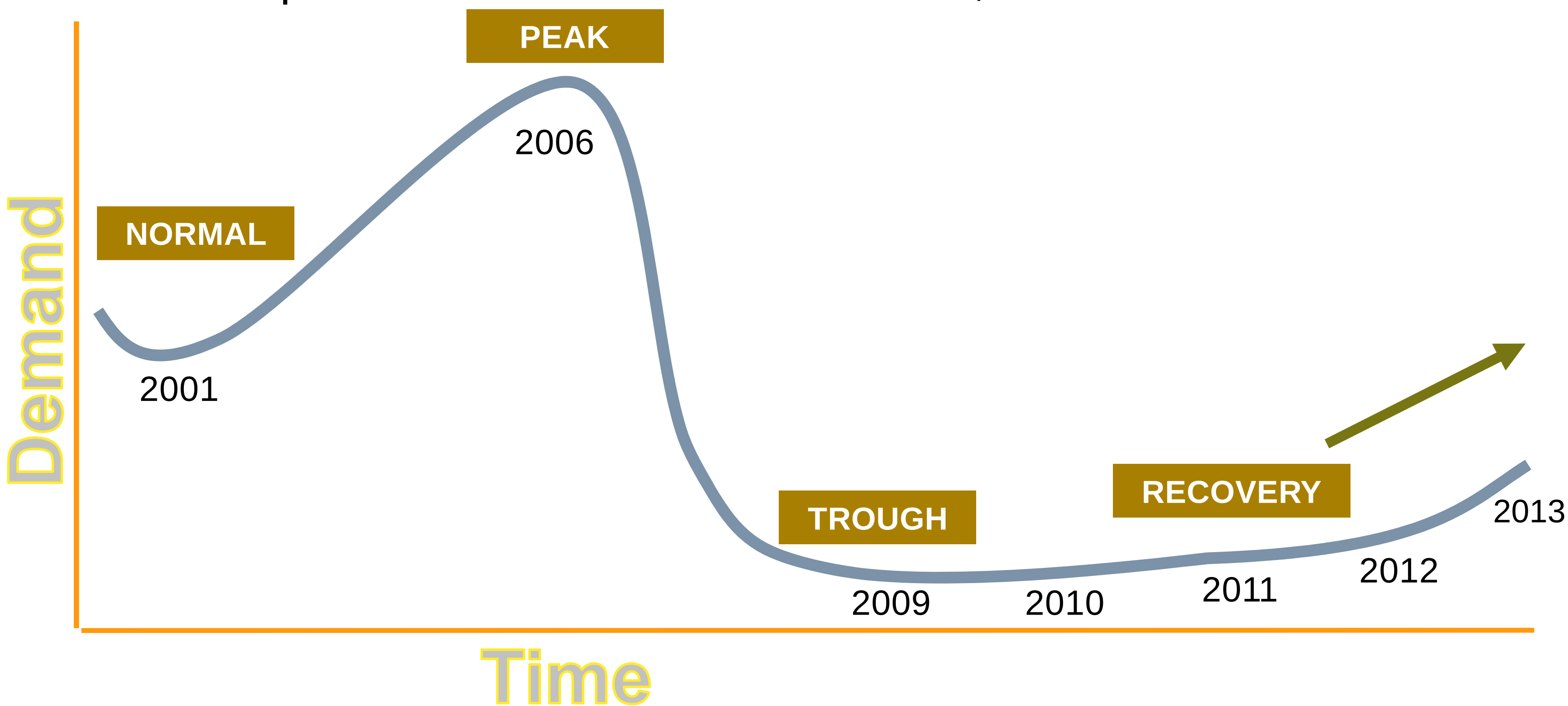
Changes in Market Demand

KEY DRIVERS OF DEMAND

- **Economy – Jobs**
- **Demographic changes**
- **Housing market changes**
- **Housing finance changes**
- **Preference changes**

SHAPE OF THE RECOVERY

- Moderate job growth in 2013
- Housing starts increase in 2013
- Lending standards improve 2013
- Boomers slowly returning the market 2012 – 2014
- GenY impacts rental demand 2010 – 2015; for-sale 2015+



HOUSEHOLD TYPES *ARE* CHANGING

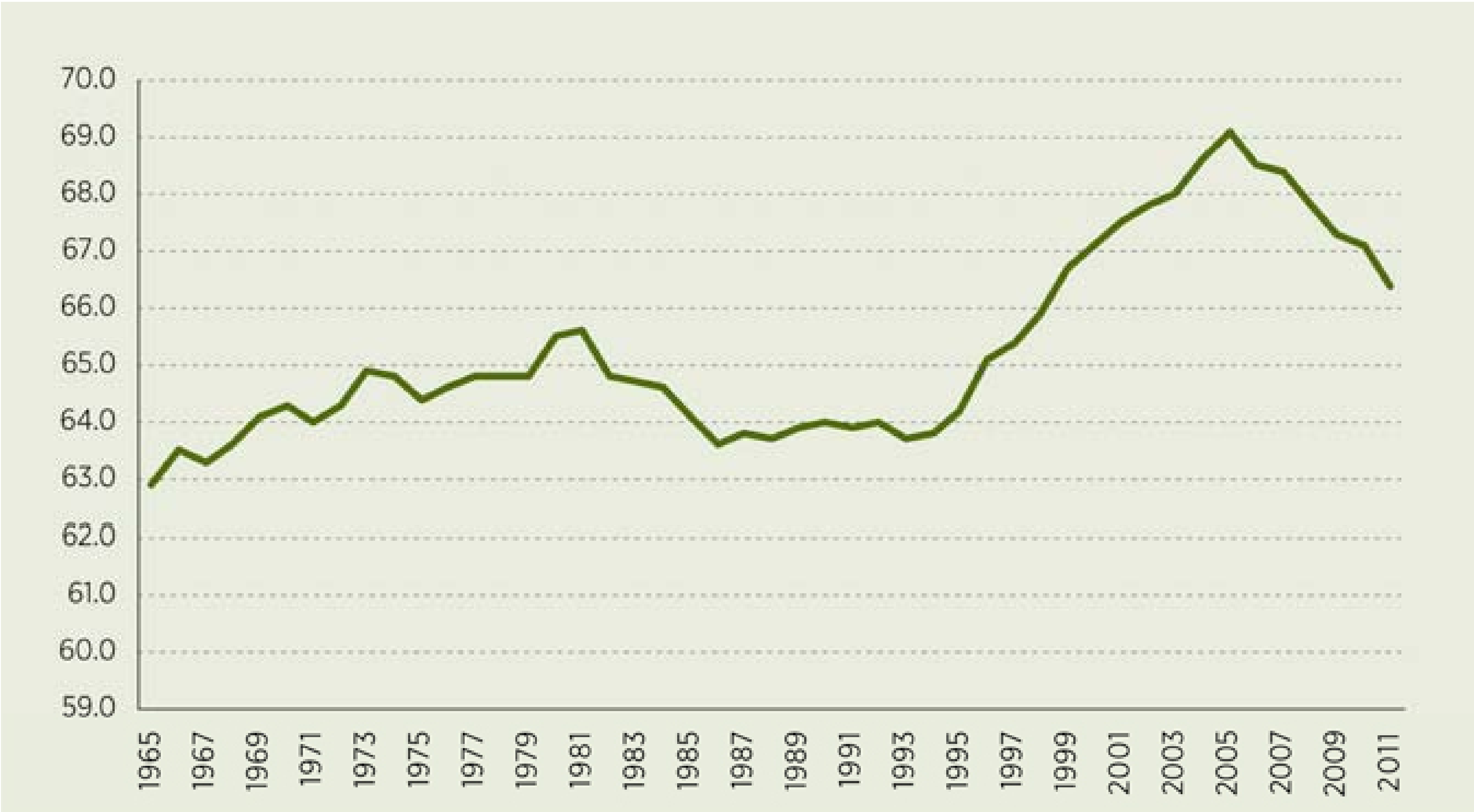
Household Type	1970	2000	2030
With Children	45%	33%	27%
Without Children	55%	67%	73%
Single/Other	14%	31%	34%

SHARE OF HOUSEHOLD GROWTH 2010 - 2020

Household Type	All
With Children	10%
Without Children	90%
Single Person	36%

***Source*: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah**

DECLINING HOMEOWNERSHIP



Returning to historical norms? How much further homeownership declines depends on whether socioeconomics, underwriting conditions and attitudes about investing in homeownership return to their pre-2000 levels. Ownership rates could fall another 1% to 2%.

SOURCES: RCLCO, Claritas

GEN Y AND BABY BOOMERS: LARGEST MKT SEGMENTS NATIONALLY, SAN ANTONIO

Generation	Born	2011 Age	2011 Pop.	2011 % of Nation	S.A. MSA 2011 Pop.	2011 % of S.A. MSA
Eisenhowers	Before 1946	65+	41M	13%	220K	11%
Baby Boomers	1946 – 1964	46 – 65	80M	26%	470K	23%
Gen X	1965 – 1980	30 – 46	62M	20%	417K	21%
Gen Y (Millenials)	1981 – 1999	11 – 30	85M	27%	603K	30%
Gen Z (?)	2000 and After	0 – 11	42M	14%	322K	16%

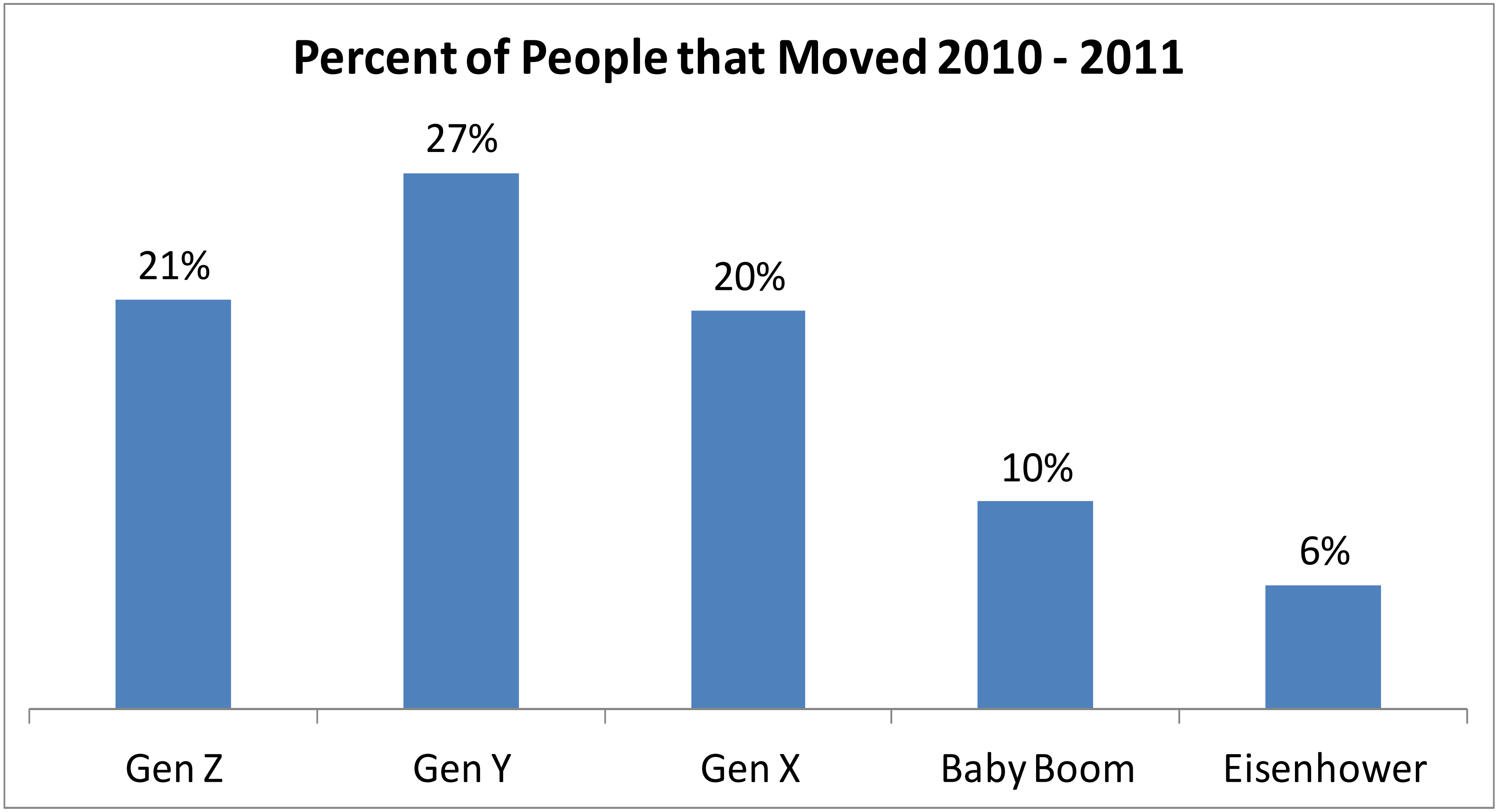
SOURCES: RCLCO; Claritas; National Center for Health Statistics

LIFE STAGE INFLUENCES NEW HOUSING DEMAND

Year	Student Housing	Rental Housing	Rent As Couple / 1st Home	Young Family Own	Mature Family Own	Buy 2nd Home	Empty Nester Downsize Own	Buy Retire Home
2010	Gen Y	Gen Y	Gen X Gen Y	Gen X	Baby B	Baby B	Baby B	Eisen Baby B
2015	Gen Y	Gen Y	Gen Y	Gen X Gen Y	Baby B Gen X	Baby B Gen X	Baby B	Eisen Baby B
2020	Gen Y Gen Z	Gen Y	Gen Y	Gen Y	Gen X	Baby B Gen X	Baby B Gen X	Baby B
2025	Gen Z	Gen Y Gen Z	Gen Y Gen Z	Gen Y	Gen X Gen Y	Gen X Gen Y	Gen X Baby B	Baby B

SOURCES: RCLCO

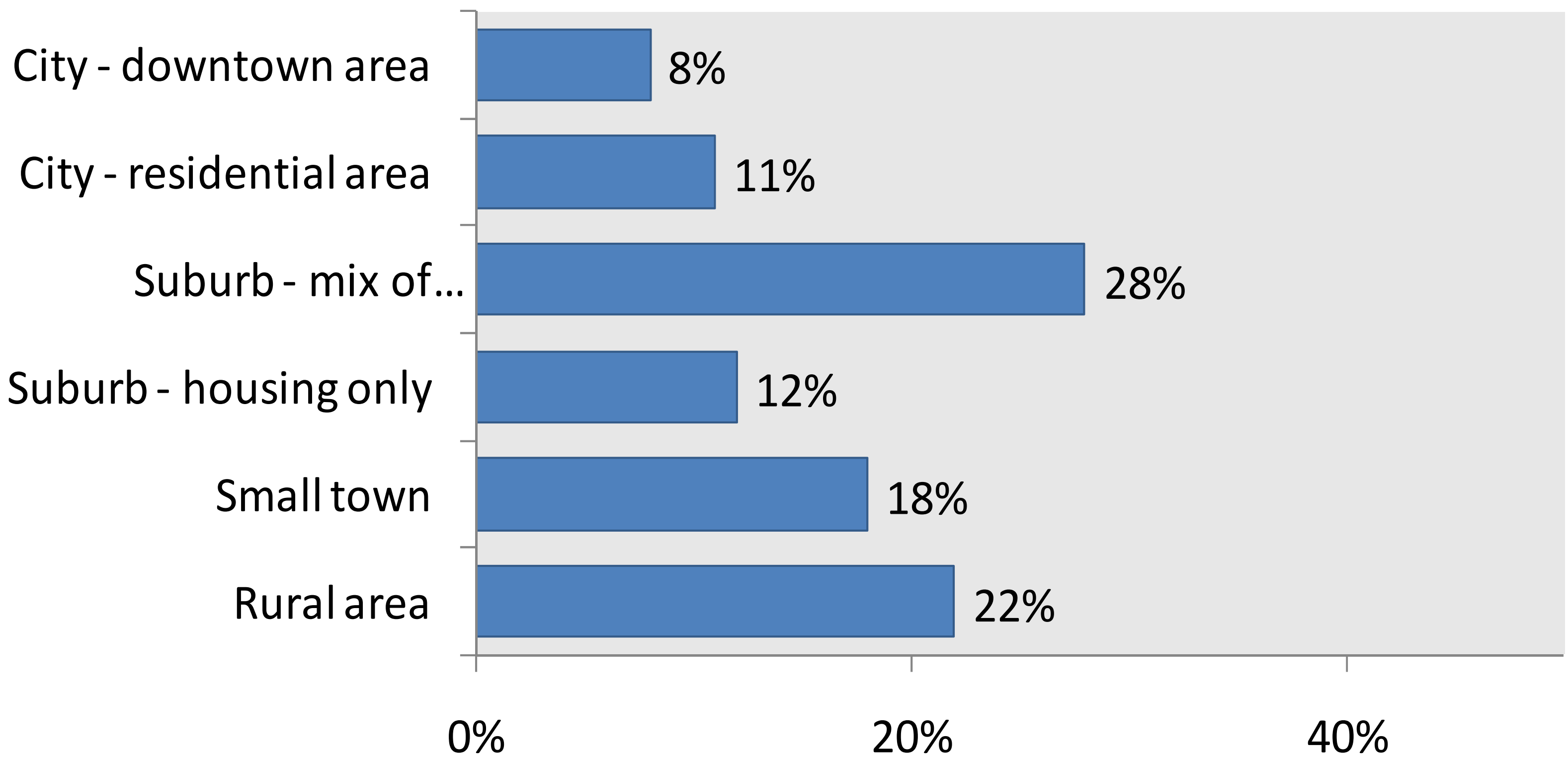
NOT JUST SIZE OF GENERATION THAT MATTERS: YOUNGER GENERATIONS MOVE MORE OFTEN



SOURCE: 2011 ACS

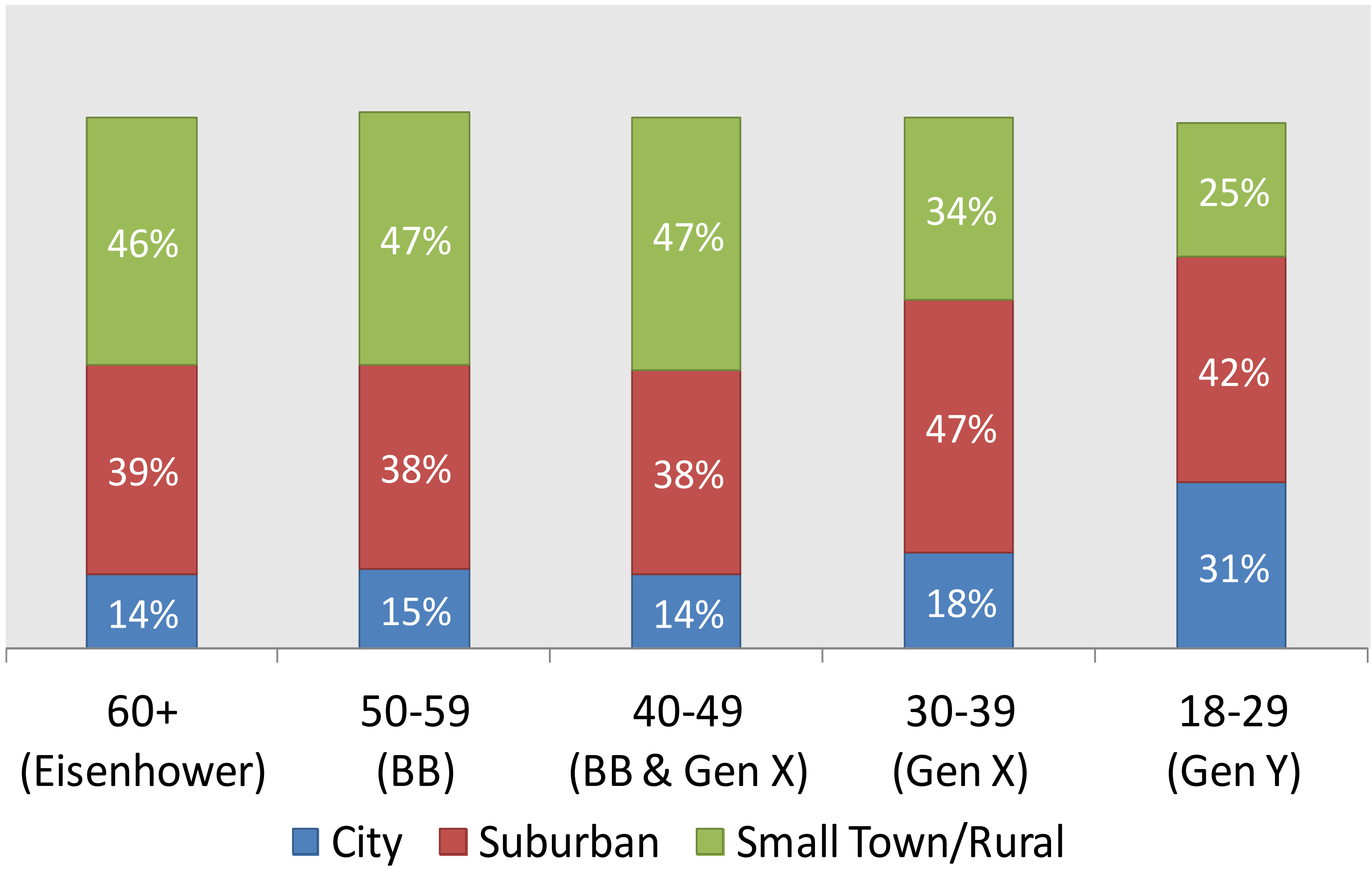
PREFERRED COMMUNITY TYPE

IF YOU COULD CHOOSE WHERE TO LIVE, IN WHICH TYPE OF THE FOLLOWING LOCATIONS WOULD YOU MOST LIKE TO LIVE?



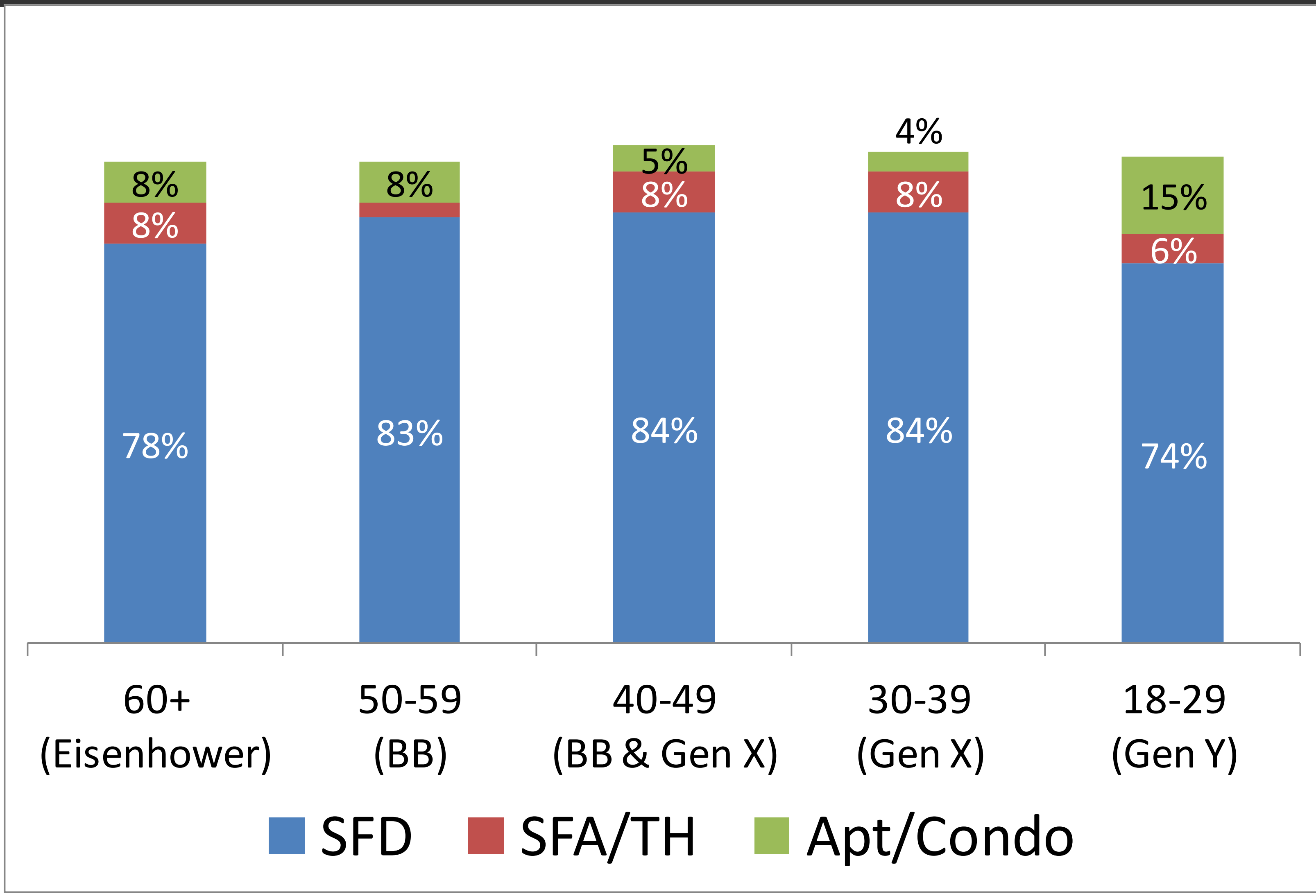
Source: **National Association of Realtors 2011.**

WHERE DO DIFFERENT GENERATIONS WANT TO LIVE?



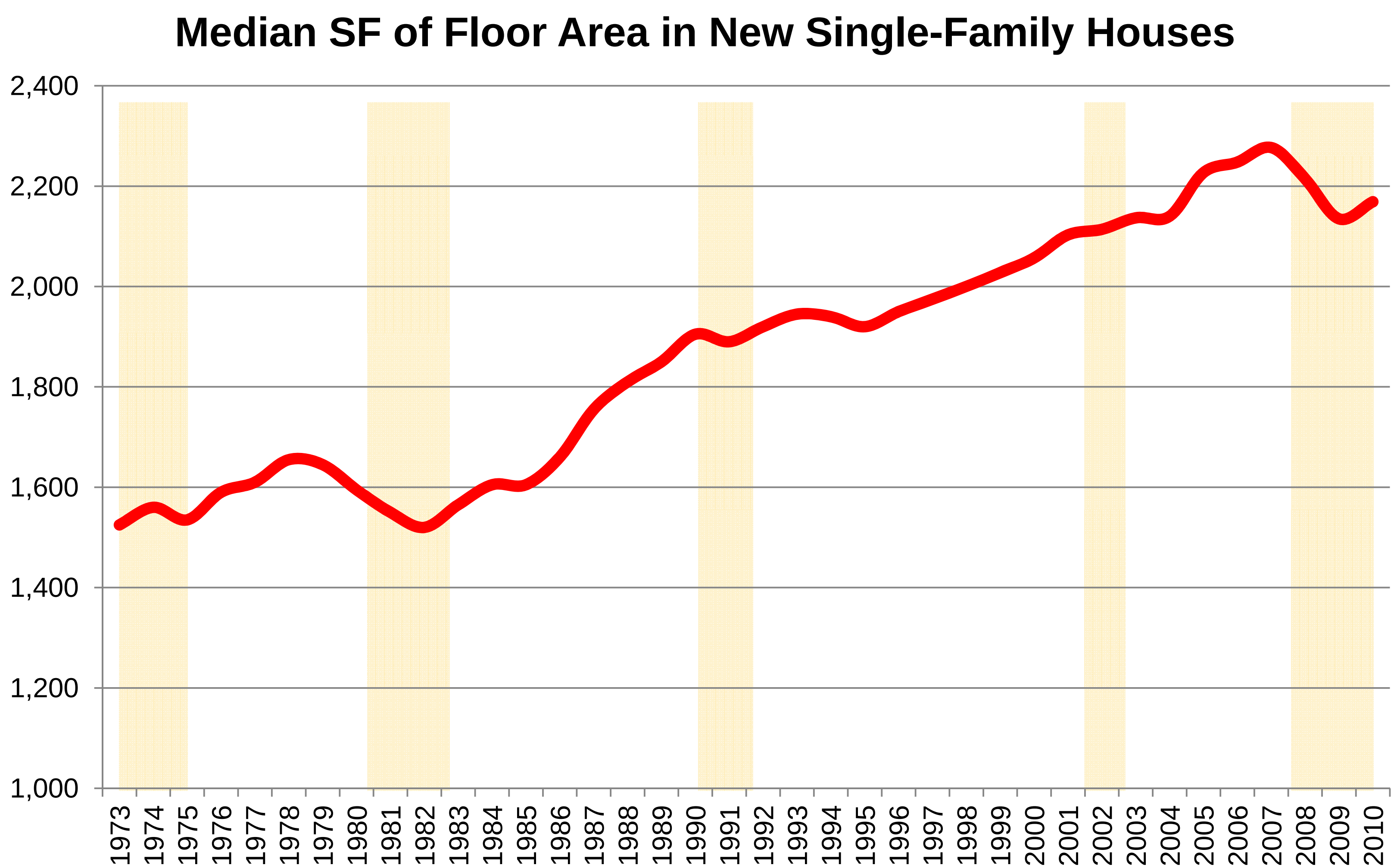
Source: 2011 National Community Preference Survey, National Association of Realtors, March 2011

HOUSING PRODUCT PREFERENCE BY GENERATION



Source: 2011 National Community Preference Survey, National Association of Realtors, March 2011

HOME SIZES GETTING SMALLER?



SOURCE: U.S. Census Bureau

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PRODUCT PREFERENCE BY LOCATION

- *Gen Y more open to MF products in all locations than other generations*
- **City**
  - More renters
  - MF, attached & small lot detached
  - 30% attached (towns, condo's)
- **Suburban**
  - Dominated by SFD, small and large lot
  - 15% attached (towns, condo's)
- **Rural/Small Town**
  - Single family on larger lots; some small lot clustered single family with shared open space
  - 8% attached (towns, condo's)

SOURCE: RCLCO

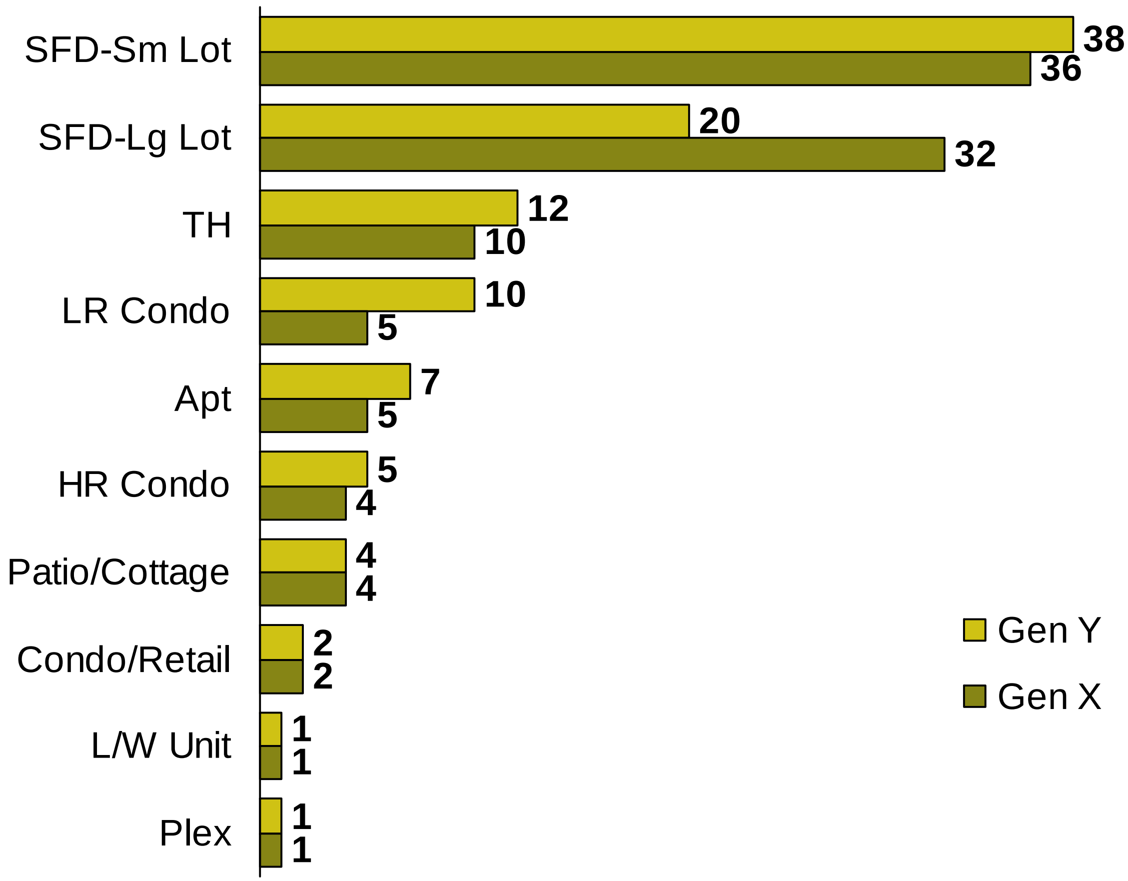
GEN Y WILL PAY FOR WALKABLE, MIXED-USE
CHALLENGE IS PROVIDING PRODUCT THEY CAN AFFORD

- Driven by convenience, connectivity, and a healthy work-life balance to maintain relationships
- **1/3 will pay more** to walk to shops, work, and entertainment
- 2/3 say that living in a walkable community is important
- More than 1/2 of Gen Y would trade lot size for proximity to shopping or to work
- Even among families with children, one-third or more are willing to trade lot size and “ideal” homes for walkable, diverse communities

SOURCE: RCLCO Consumer Research

THE "SMART GROWTH GENERATION"
GENERATION Y MAKING WALKABLE HOUSING CHOICES

Product Type Preference Gen X vs. Gen Y
%



For single-family products, preference for smaller lot homes and high density SFA in concert with local variations will influence design.

Alley-loaded parking becomes a safety issue – must be mitigated with a reimagining of the alleyway

SOURCE: RCLCO Consumer Research

Changing Consumer Preferences for Smart Growth

TWO TYPES OF REAL ESTATE

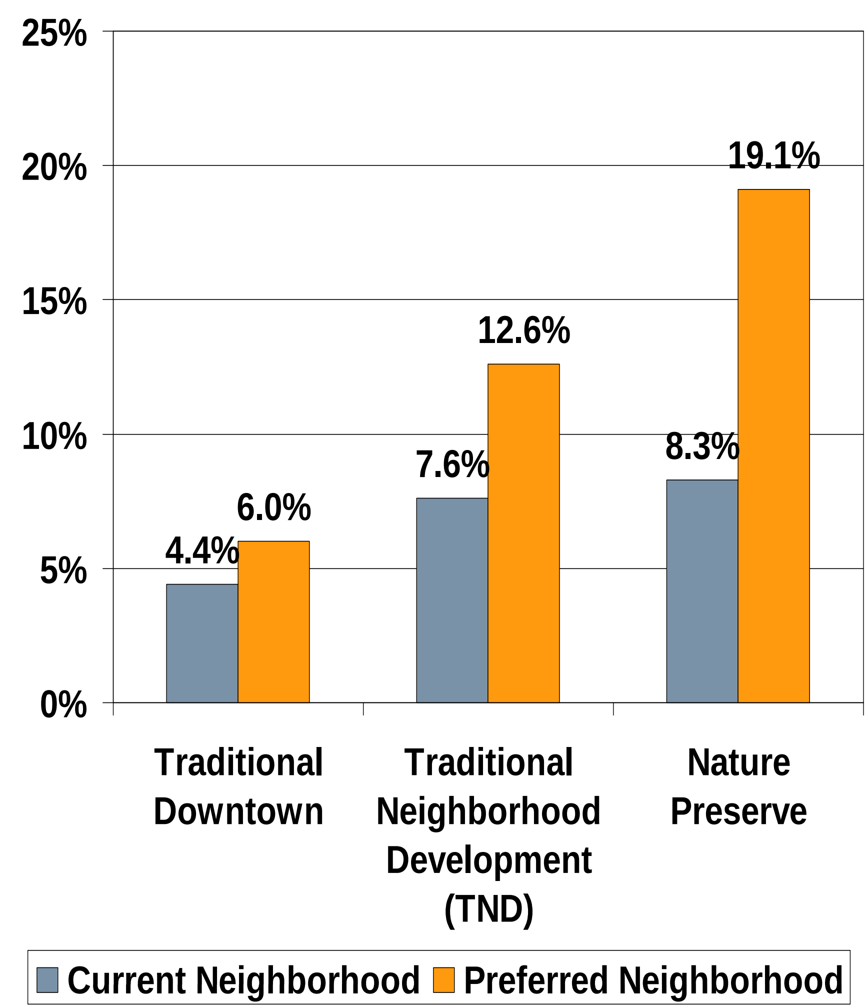
SHIFT FROM SUBURB TO WALKABILITY, NATURE PRESERVE

68 % of respondents indicate that they currently live in a traditional suburban neighborhood, *but only 50% indicate that they are most likely to choose type of neighborhood in their next home purchase*

Instead, response data suggests increased preference for:

- “Traditional Downtown”
- “Traditional Neighborhood Development”
- “Nature Preserve”

23% of 55+ respondents favoring small-lot single family detached



Source: National Association of REALTORS, 2011, RCLCO

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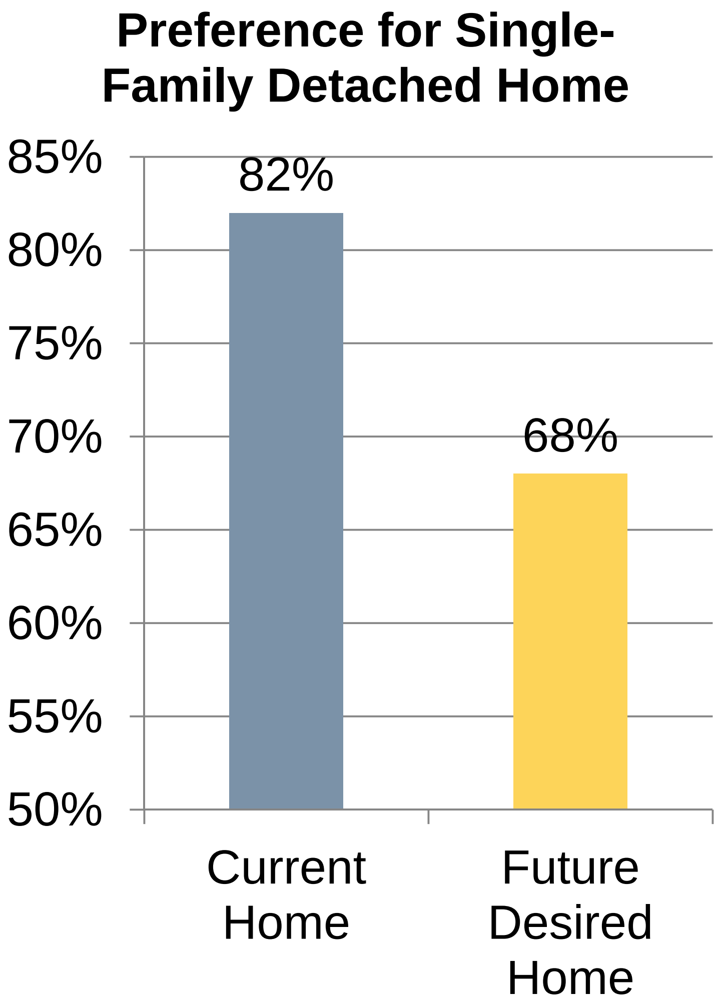


23% of respondents 55-59 years of age most likely to purchase small-lot single family detached (14% of those 60+ and 13% of those 50-54 do, as well)

Family and pre-family buyers distributed between increased preference for townhome or condo products and custom homes

Highest demand for real estate at two ends of the density spectrum

Source: National Association of REALTORS, 2011, RCLCO

Transit Oriented Development

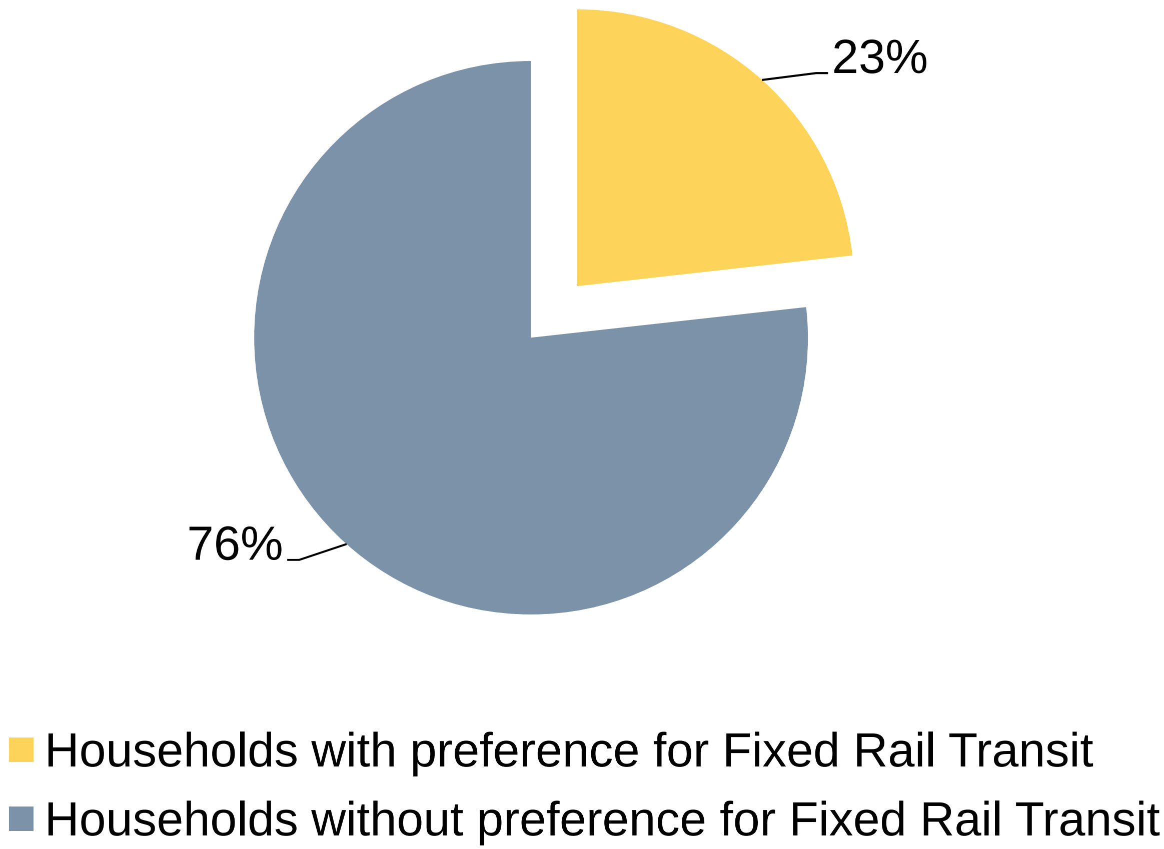
WHAT DOES THE REALTORS SURVEY SAY?
EXPLORING PREFERENCES FOR TRANSIT

18. In deciding where to live, indicate how important it would be to you to have each of the following within an easy walk: very important, somewhat important, not very important, or not at all important RANDOMIZE a-j AND PUT CODES ACROSS THE TOP

(Q18a) a. Schools
(Q18b) b. Grocery store
(Q18c) c. Pharmacy or drug store
(Q18d) d. Doctors' offices
(Q18e) e. Cultural resources like libraries or theaters
(Q18f) f. Recreational facilities like swimming, golf, or tennis
(Q18g) g. A hospital
(Q18h) h. (SPLIT SAMPLE COMBINED) Public transportation by (bus/rail)
(Q18h_a) h. (SPLIT SAMPLE A) Public transportation by bus
(Q18h_b) h. (SPLIT SAMPLE B) Public transportation by rail
(Q18i) i. Restaurants
(Q18j) j. Church, synagogue, or other place of worship

Source: National Association of REALTORS, 2011, RCLCO

WHAT DOES THE SURVEY SAY?
ONE QUARTER OF THE MARKET WANTS FIXED RAIL TRANSIT



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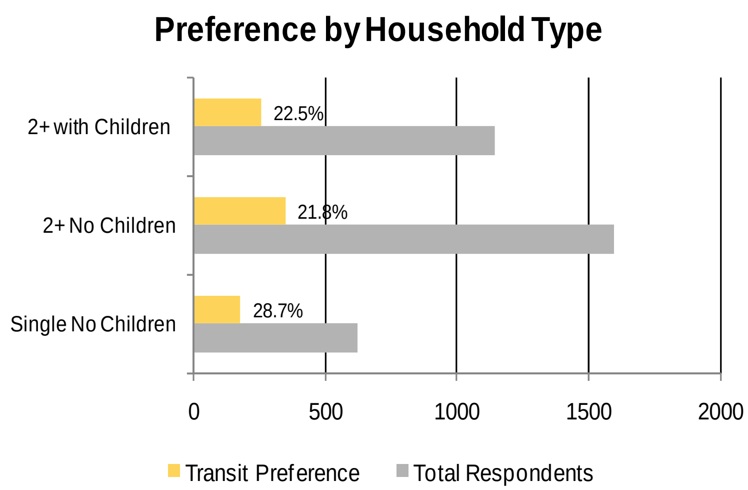
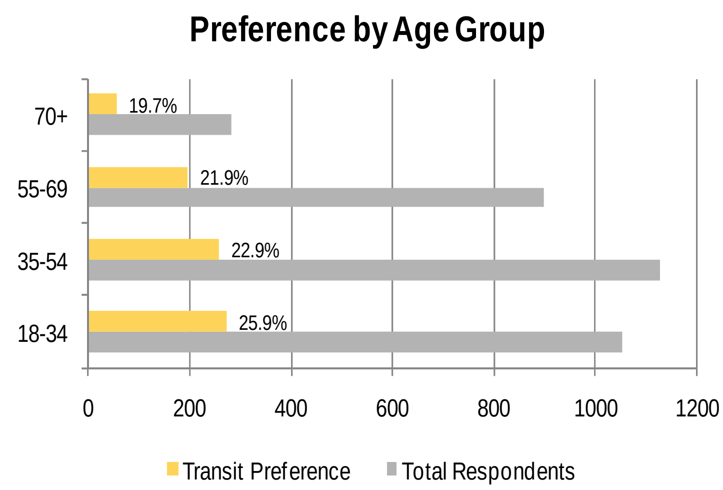
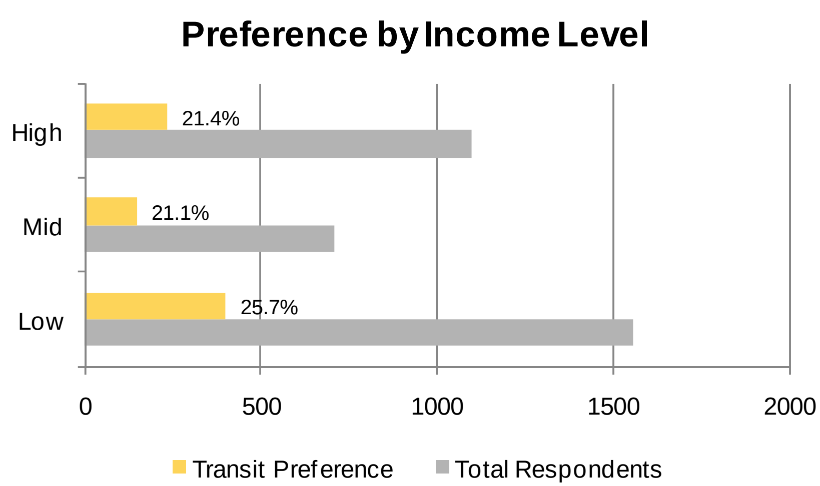


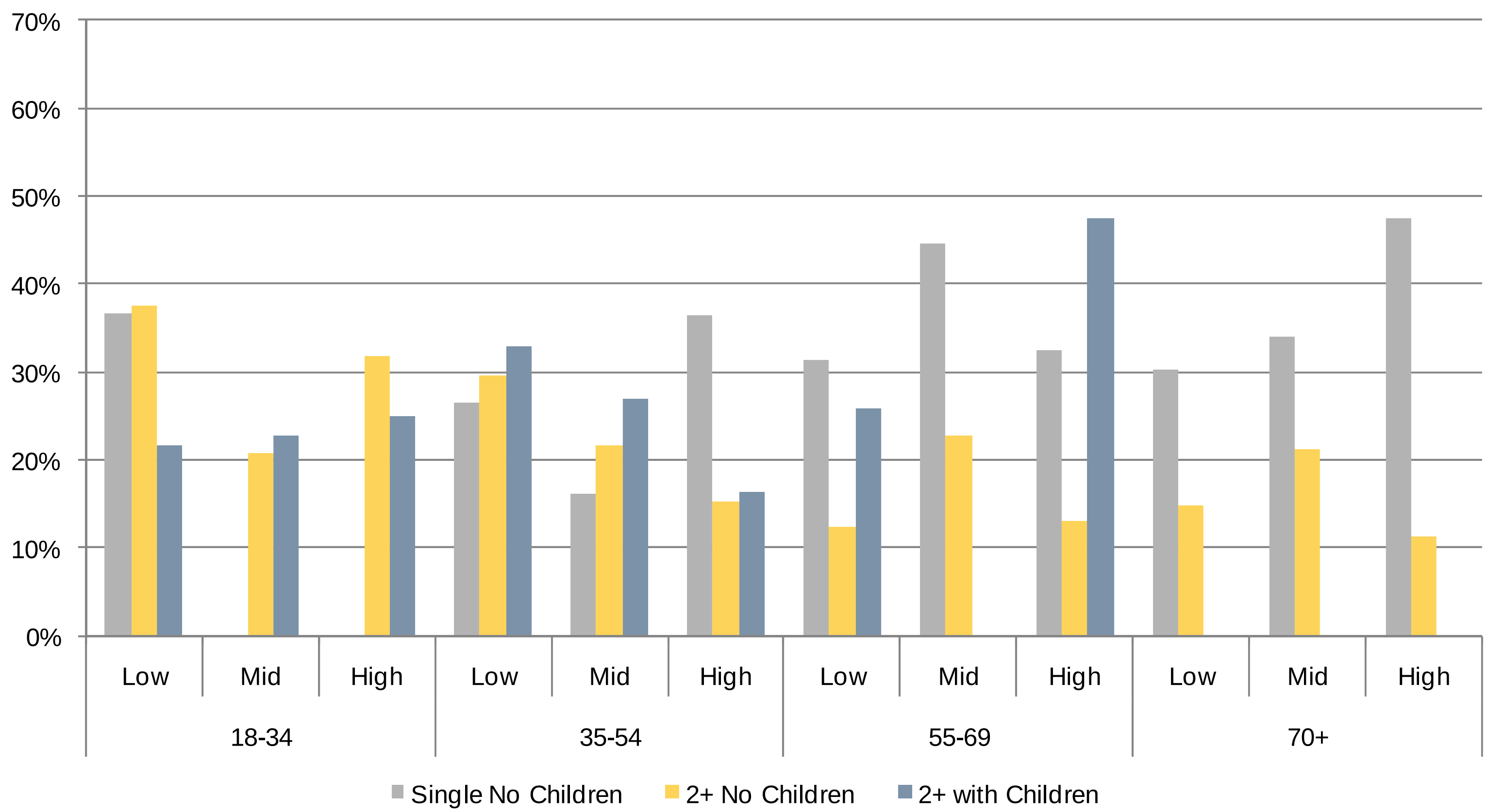




Note: Listed numbers are for S.A. MSA
Source: National Association of REALTORS, 2011, RCLCO

WHAT DOES THE SURVEY SAY?
PREFERENCES IN METRO AREAS WITHOUT RAIL TRANSIT

Transit Preference Among Respondents in Metropolitan Areas with No Existing Rail Transit



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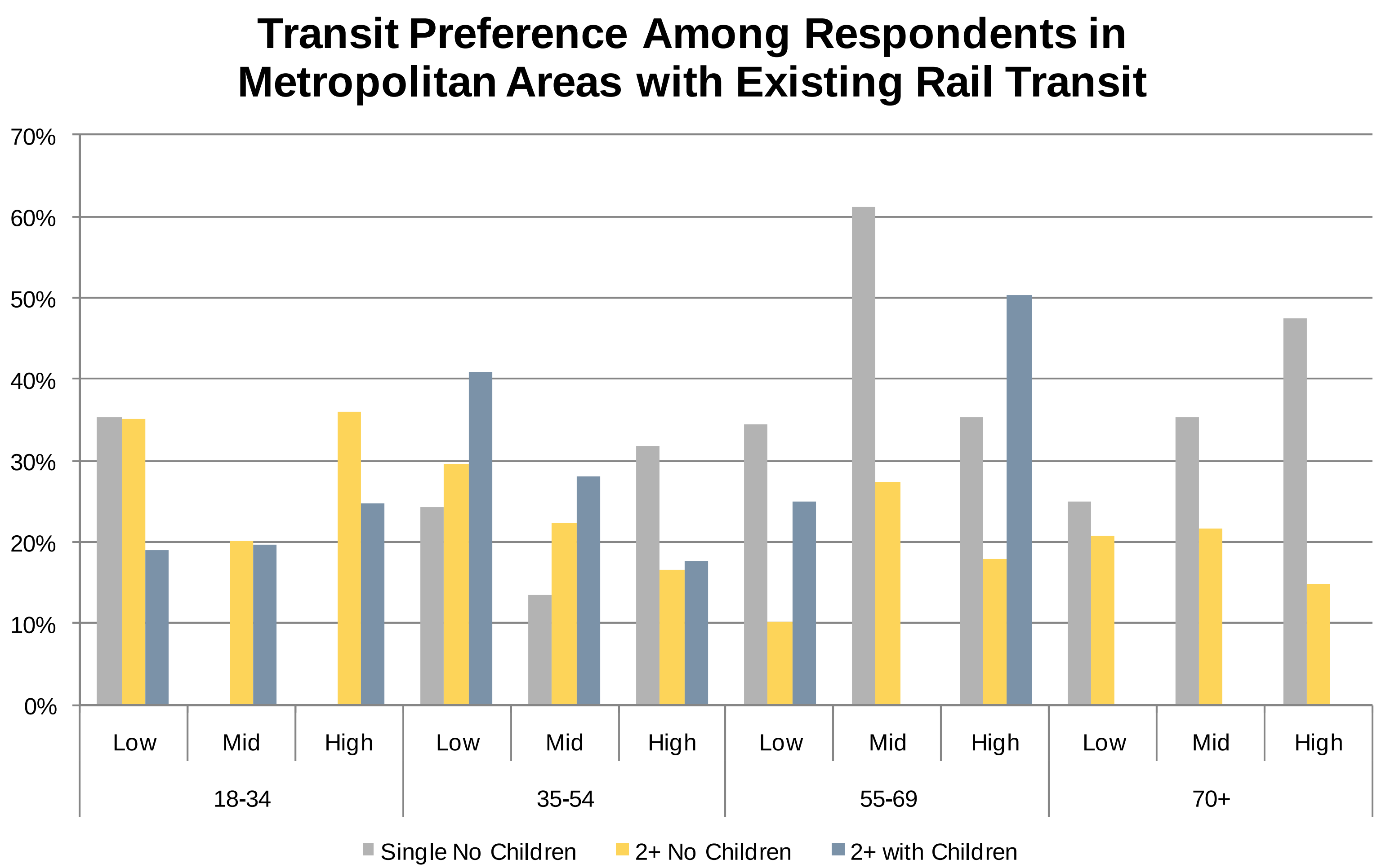

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