



TOP

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GLOBAL TRENDS

Affecting North American Downtowns and How to Respond at Home

The 2020 edition of P.U.M.A.’s Global Trends Report highlights opportunities arising from converging shifts in demographics, lifestyles, and disruptive forces that are rapidly shaping our cities. This award-winning research effort has been a go-to resource for downtown management organizations, business leaders, and local decision-makers since 2007.

2020 marks the 13th 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, P.U.M.A.’s Global Trends Report has subsequently been utilized in cities throughout the nation to support a variety of downtown planning and economic development initiatives. 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. In the 2020 edition, we partner with the International Downtown Association (IDA) to bring further depth and North American breadth to the report.

The 2020 edition of P.U.M.A.’s Global Trends Report finds downtowns and urban districts benefiting from the continued acceleration of powerful market forces. 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, P.U.M.A.’s 2020 Global Trends Report introduces new trends to reflect the latest market dynamics and thought leadership in the evolution of cities. Over 500 sources have been compiled in supporting research. Joining mainstay trends in demographics and lifestyles, we offer insight into new phenomena that are becoming game-changing considerations for cities.

P.U.M.A.’s 2020 Global Trends Report examines trends through three lenses, including demographics and lifestyles. This year, a new section is added, disruption, exploring how the forces of divisive politics, technology, climate change, and social equity are impacting the shape of cities and the role of downtowns.

GLOBAL TRENDS

2007

DEMOGRAPHICS

Changing American Demographics
Immigration Trends
Changes within the “Creative Class”

LIFESTYLES

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

COMPETITION

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

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

Shifts 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

Shifts in Global Wealth
Continued Advances in Technology
Social Equity

2020

DEMOGRAPHICS

Changing American Demographics
Education, Talent & Jobs

LIFESTYLES

Changing Consumer Behaviors
Shifts in Transportation & Mobility
Housing
The Power of Place

DISRUPTION

Divisive Politics
Continued Advances in Technology
Climate Change
Social Equity



CONCLUSIONS

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

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

Capturing Millennial and Gen Z talent can help cities capitalize on an increasingly connected world. Broader distribution of information technologies is encouraging "bottom-up" innovation from entrepreneurs throughout the globe. Education will be key in ensuring that North America remains competitive, and cities that make connections to higher institutions of learning, including community colleges and vocational schools, will benefit. Companies are moving to cities where young skilled workers (Millennials and Gen Z) prefer to live and work. A focus on entrepreneurship, technological skills, and innovation will be essential. Downtowns are poised to be centers of creativity and innovation if they

can offer a business climate and quality of life amenities favorable to the incubation and growth of small dynamic enterprises.

Small and mid-size downtowns can anchor the emergence of new "opportunity cities." Increasing numbers of Millennials are 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 providing connections to "city building" activities that bring new vitality to center cities.

Valuing local context is key to unlocking differential advantages. As downtowns strive to showcase unique places and experiences, understanding local context is critical to long-term success. Context requires that city builders incorporate and build on the history, evolution, and existing populations of a community. Creating welcoming public spaces and unique storefronts, and embracing diverse cultures, are all part of the power of place, an important attribute as urban districts increasingly compete with each other.

Innovation and investment are more reliant on regional and local initiatives. Ballooning 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, affordable housing, 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 private/public partnerships, can play a stronger role in leading regional policy and investment initiatives.

Planning for economic, social, and cultural diversity is imperative. With trends in their favor, many downtowns are experiencing a renaissance that is attracting new investment and higher income households. This can become a disadvantage as prosperous cities find it more difficult to sustain a diverse economy. To ensure long-term economic vitality, urban centers need to advance social equity by encouraging a variety of affordable, attainable housing and transit options, quality schools, holistic approaches to reducing homelessness, civic amenities that promote healthy lifestyles, and policies that encourage equity. Demonstrating meaningful action in equity, climate change and other issues of importance to Millennials and Gen Z will help to recruit and retain the young, skilled workforce that is essential to local economies.



IMPLICATIONS FOR DOWNTOWNS

The research and conclusions from P.U.M.A.'s Global Trends Report 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 continue to 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, supporting multiculturalism, and using social media tools will invite populations that are increasingly diverse and technologically savvy. Downtowns also need a wider range of workplaces than ever before – agile real estate development is the name of the game.

Create an environment that appeals to diverse populations:

The workforce 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 underrepresented populations to participate in local policy and urban planning 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 initiatives that match volunteers to downtown improvement opportunities can be a powerful inducement for talent recruitment.

Foster an education continuum:

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. For Gen Z, higher education alternatives to four-year universities will be increasingly important.

LIFESTYLES

Implement integrated mobility strategies:

Mobility options are needed to appeal to younger populations that are increasingly disinterested in automobiles and seeking multimodal, bikeable, and transit-rich urban environments. Modes are integrated and diversified, as the smart phone becomes the “on-demand” mobility facilitator, replacing reliance on owning a car, shifting focus to “mobility as a service” that is safe, easy, and convenient. Age- and disability-friendly Universal Design standards should be employed to promote accessibility for all from aging Boomers to young families with young children.

Support local 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, memorable experiences, and personalized customer service. Younger consumers view shopping as a seamless, integrated experience from smart phone to storefront, and downtown retail strategies should facilitate this connection. 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, Universal Design principles, and incentives should be updated to promote opportunities for affordable, flexible, multigenerational, co-living, and other nontraditional housing. Downtown organizations can be leaders in local initiatives that create a continuum of housing choices, including attainable options for younger populations that are just starting their careers and for those of all ages who work in jobs with lower average wages that are needed to support a vibrant downtown.



Be part of the solution on homelessness:

While the homelessness crisis is a societal challenge that exceeds the capacity of any one organization to address, downtown organizations can be an important partner with local governments and nonprofit service providers. Downtown organizations can be proactive by contributing resources to support homeless services, advocate for supportive and transitional housing, and fund outreach worker positions as part of ambassadorial teams charged with engaging with individuals experiencing homelessness and/or mental health issues.

Create neighborhood amenities in

downtown: For downtowns seeking to jump start residential development, investing in civic amenities and social infrastructure can help to attract new investment. A wide range of amenities for living include active parks and plazas, bike and pedestrian facilities, destination libraries, 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.

Build on what makes you you: Increasingly consider local context when designing and/or activating public and private places -- keeping it real and connected in the creation and celebration of place. Avoid the increasing tendency for replicating what is becoming formulaic for "authenticity," and seek out adjoining neighborhoods and populations to participate in the planning and visioning for downtown.

DISRUPTION

Be a strong advocate for regional and local investment and collaboration:

Downtown leaders can help to educate communities on the benefits of regional cooperation and investment. Solutions to increasing challenges related to housing affordability, increased wages, improved schools, and homelessness will require regional approaches. With the loss of local newspapers, there is an opportunity for downtown leaders to support hyper-local media to engage the community and tell the local story. A new emphasis for downtown organizations may include introducing skill sets and leadership capabilities to affect policy and foster regional collaboration.

Entrepreneurship will continue to be a

key to job growth: Attracting, retaining, and growing small businesses will continue to be essential for promoting job growth and remaining globally competitive. Downtowns should explore ways to support small businesses and startups through direct technical assistance, co-working and other flex spaces, creative incentives, 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 private/public partnership approaches:

While global trends are favorable for downtown investment, conventional financing will be constrained due to economic uncertainty and government dysfunction. Increasingly sophisticated downtown partnerships can diversify revenue and add capacity to build capital improvements, activate greenspaces, manage parking, advance solutions to affordable housing and homelessness, and more.

Be technologically relevant:

Downtowns need to make sure they are providing the infrastructure that supports speed and security for computing and developing the creative applications that keep a tech-savvy population engaged. Downtown organizations can encourage smart city applications, plus partner with both local governments and transportation network companies, to proactively plan for the impacts of autonomous vehicles and other transformative technologies.

Incorporate environmental sustainability as part of the downtown brand:

Within compact, mixed-use urban environments, downtowns offer meaningful options for combatting climate change and can provide inspiration and relevancy to emerging

generations that view sustainability as a core value. Climate change, while large in concept, impacts places on a hyper-local level. The cities that are quick to adapt to and address climate risks are going to attract the jobs of the future and offer an enduring competitive edge.

Stay on the leading edge of social

equity issues: With income and social inequality expanding, while urban areas prosper from global trends, there is growing responsibility for downtowns to plan for and participate in social equity solutions. Many of these issues may pull downtown leaders beyond tidy center city boundaries and into citywide issues, but addressing involuntary displacement and advocating for a diverse city is a key to long-term prosperity. 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. People of color are becoming the majority, diverse cultural and religious backgrounds are becoming ubiquitous, and gender roles and norms are being redefined. A preference for living and working environments in downtowns that prioritize diversity, collaboration, and inclusivity is emerging.

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

Baby Boomers, born between 1945 and 1965, are looking more toward living situations that allow them to “age in place,” creating many implications for urban planning. This generation has similar

lifestyle preferences to Millennials looking for walkable, urban areas. Boomers are putting pressure on the rental market, with households aged 60 and over driving the surge in renters, outpacing younger age groups. They also outspend all other generations on consumer goods and services.

Generation X (Gen X), born between 1965 and 1980, is the generation smallest in number. Despite this, they are positioned to become the wealthiest generation within the next few years. Gen Xers are influential in the workplace, having advanced to leadership positions, yet their structured and linear work ethic has the potential to clash with rising Millennials. Gen Xers fall between generally more conservative Boomers and more liberal Millennials regarding social and political issues.

Millennials, born from 1981 to 1996, are the largest and most educated generation in the workforce. They are the most diverse adult generation in American history and the last one that will be majority white, acting as a “bridge” generation between the less diverse older generations and the even more diverse generation that follows them. Their economic outlook is mixed as student debt and stagnating wages have made it difficult for them to build wealth. Half of them rent instead of own, and they are postponing marriage and having children. Millennials

have helped spread urban lifestyles from downtowns to smaller or suburban areas. While known to flock to downtowns, some are moving away due to rising housing costs and to start families. However, they are not abandoning downtowns – 18 of the 20 top-sized zip codes with the largest shares of Millennials are in or near downtowns.

Generation Z (Gen Z), born after 1996, is the youngest and most tech-savvy generation. Having never known life without the internet, these “technology natives” are the largest generational cohort and on track to be the most educated and diverse generation ever. About half of Gen Zers are racial or ethnic minorities and one in four are Latinx. Although they aggressively pursue higher education, they are also more likely to seek nontraditional venues for education and entrepreneurship and are wary to take on student debt. They value job security over job-hopping. They are eager to shop at brick-and-mortar stores, expecting an integrated online and physical shopping experience. They are expected to follow Millennials with a preference for urban living but may be more prolific savers and more interested in home ownership opportunities.





TREND 2: EDUCATION, TALENT AND JOBS

The premium on a skilled workforce continues to drive development and investment in American cities and downtowns. Where these workers choose to live is increasingly the key decision factor for business growth and relocation. The shift to a preference among young professionals for living in denser, more urban neighborhoods began in the early 2000s. However, it is not just the superstar cities benefiting. With rising downtown real estate prices, second-tier cities are appealing to residents and businesses with an affordable quality of life.

Employees are attracted to cities that support and promote a diverse population, livability, and quality of life in their downtowns. As more work is technologically based and less tied to a fixed office, the workplace itself needs to offer its own amenities and experience. Firms need to make the workplace more appealing

by investing in the individual, diversifying workspaces, and reinforcing a shared culture and mission. As Gen Z begins to enter the workforce, adopting a strategy to promote diversity and inclusion in the workplace will be essential to retaining employees. Practical and prudent Gen Zers are also seeking jobs that stem from trade schools and vocational degrees. Further, technologies such as digitization, automation, and artificial intelligence in conjunction with shifting demographic forces could transform the nature of work and the skills required to get it done.

Women and people of color will play important roles as entrepreneurs. Women outperform men in higher education, accounting for nearly 60 percent of all college degrees in the U.S. and Canada, including advanced degrees. More women hold professional positions than men, although men are more likely to hold higher-paid, CEO positions. The rate of growth for women-owned businesses continues a steady upward trend, and about half of all women-owned businesses are started by women of color.

It is predicted that the U.S. will face a shortage of 8.2 million laborers between now and 2027 and that Canada will face a shortage of close to 2.0 million workers by 2031. The coming labor shortage is caused in part by retiring Baby Boomers, a low unemployment rate, low birth rates, skills mismatch, and the changing nature of work, including impacts of automation. The U.S. is adding fewer new workers and this trend is expected to continue. In the coming years, there will be a large demand for immigrant labor to maintain a robust and full labor force. Promoting diversity and inclusion in the workplace will be essential for attracting and retaining talent and for keeping pace with North American demographic changes.

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LIFESTYLES



TREND 3: 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. While many fear the impact of online sales on conventional retail, online sales still comprise less than 10% of overall sales, and as much as half of online sales include retailers that also have physical stores.

Consumers want personalized and local shopping experiences. Small businesses are following the trends of larger retailers by

capitalizing on technologies and creating curated, personalized experiences that increase engagement and loyalty. This is a promising time for small businesses, and trends signify their continued growth into the future. Downtown retail formats that prioritize a personalized consumer experience will stay competitive.

Consumers also want and expect convenience, opting for quick, cost-effective, reliable, and flexible delivery for a variety of needs. With delivery becoming a necessity to compete, retailers are examining how their real estate plays into the delivery supply chain. There will need to be warehouse space near downtowns and urban areas to answer

the demand for all the various delivery services.

Millennials continue to influence the retail industry with their support for the sharing and gig economies, which can provide opportunities for small business growth through shared retail spaces. As more populations seek to age in place, the sharing economy offers a saving grace due to its accessibility and flexibility. The continued integration and solidification of the sharing economy into the general economy suggests that this sector will continue to grow into the future, driven by Millennials, the middle-class, women, and seniors. While entrepreneurial Gen Z has grown up with the sharing



economy, they will likely continue to evolve and transform what is possible within it, due to their desire for practicality and stability.

Most Gen Zers prefer to shop in brick-and-mortar stores with the ability to physically engage with and shop for their chosen brand. However, they also expect “omni-channel retailing” -- an integrated experience between shopping online and in the physical store. The proliferation of online shopping and augmented reality are enhancing the physical retail environment as businesses start to seamlessly integrate their in-store and online experience for consumers.

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TREND 4: SHIFTS IN TRANSPORTATION AND MOBILITY

North America continues to shift away from automobile ownership which is influencing how mobility options shape cities. Millennials and Gen Z are less likely than other generations to think owning a vehicle is necessary. Lower-than-ever numbers of teens are getting driver’s licenses and owning cars. Only 26 percent of U.S. 16-year-olds have a driver’s license compared to 50 percent of that cohort in the 1980s. Gen Z is becoming synonymous with mobility culture.

“Only 26 percent of U.S. 16-year-olds have a driver’s license compared to 50 percent of that cohort in the 1980s.”

Riders prefer and expect a holistic, fluid system of transportation options, or “mobility as a service.” People will increasingly hire transport as needed and as appropriate, rather than investing in the cost and upkeep of a private vehicle. Gen Z sees mobility as an integrated system, taking advantage of the most economical, safe, and efficient forms at their disposal. “Mobility as a service” pairs technology and transit, resulting in new technology platforms that integrate end-to-end trip planning, booking, electronic ticketing, and payment services across all modes of transportation, public or private.

While public transit options are increasing in many downtowns, transit ridership has been decreasing in the U.S. since 2014 due to lack of funding to provide more reliable services along with the emergence of mobility options. Canadian transit ridership has held more steady due to more investment in transit service. For every year after ride-hailing services enter an urban market, rail and bus ridership can be expected to fall. A nascent trend shows public transit systems collaboratively partnering to integrate systems.

“More than 6,200 U.S. pedestrians were killed by automobiles in 2018, an increase of more than 50 percent in the past decade.”

The growing prioritization of safety could have an impact on how people get around in downtowns, regardless of transportation mode. More than 6,200 U.S. pedestrians were killed by automobiles in 2018, an increase of more than 50 percent in the past decade. Another safety-related concern is accessibility -- approximately 30 percent of transit systems are inaccessible according to disability guidelines. Further, curbside management will become a primary concern for safety and logistics as street curbs are evolving into hyper-local transportation terminals with various modes of transportation.

In 2018, people took 84 million trips on “shared micromobility” in the United States, more than double the number of trips taken in 2017. Shared micromobility encompasses all shared-use fleets of small, fully or partially human-powered vehicles such as bikes, e-bikes, and e-scooters. Bike-sharing has also grown, with 35 million bike-share trips taken in 2017, up 25 percent from the previous year.



TREND 5: HOUSING

More Americans are renting instead of owning their homes now than at any point in the past 50 years, due to a mix of changing lifestyle priorities and lack of affordability. Though Boomers are renting more, about 85 percent of Boomer homeowners are not planning to sell their home due to a desire to age in place, restricting the inventory for potential Millennial and Gen X first-time home buyers.

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. What both generations want in housing is much of the same thing: urban, multi-family housing that allows for better transportation options, multimodal communities, increased social connections, and technology-oriented spaces. However, while Millennials are more likely to rent due to costs and debt, Baby Boomers are choosing to rent because of increasingly attractive amenities offered in apartment living.

To strengthen local housing markets, downtowns are investing in public-space and quality of life amenities, particularly in secondary markets, to keep Millennials living downtown as they age and/or have families. These amenities may include schools, larger units, parks and green space, walkable and bikeable infrastructure, an enhanced public realm, and other key community features.





While the demand for multi-family units has been growing in urban cores, the number of people who are able to afford to live in them has been declining. Coupled with a lack of increase in wages, the surging trend in luxury housing is creating less inclusive downtowns by “squeezing-out” the working class and placing an extreme cost-burden on a high number of renters. Half of American renters are cost-burdened, and a quarter spend over 50 percent of their income on housing. In Canada, almost 40 percent of renters spend more than 30 percent of their average monthly income on housing.

Households are relocating to second-tier cities and suburbs in search of affordability. Suburbs are also stepping in as part of this “affordable migration.” As urban areas become more unaffordable, the suburbs are becoming increasingly diverse, both economically and demographically.

Research shows that homelessness rises faster where rent exceeds a third of income. Homelessness is on the rise in the U.S. after 10 years of decline. In the U.S., 17 out of every 10,000 people are homeless, and over half of those experiencing homelessness are living in one of America’s 50 largest cities. More than a quarter million Canadians experience homelessness in any given year.



TREND 6: THE POWER OF PLACE

Cities and downtowns are realizing that their competitive edge lies in offering a unique and special experience. City builders are rediscovering the importance of leveraging one-of-a-kind places — whereas “franchise architecture,” corporate sameness, and cookie-cutter designs are out.

“Contextualism” demands that places accurately reflect the unique character and heritage of a place, making its users, visitors, and rooted communities feel that they have been in a memorable location. Valuing a place’s history, culture, and existing populations are key to making sure that a community is simply not replicating a new formula for “authenticity” found in popular urban centers. As people seek deeper connections with their surroundings, context can serve as a tool to drive economic and community development efforts.

Experience has real dollar value—from adjacency to open space to unique, walkable developments as destinations. Compact and accessible urban places have higher

demand (and therefore higher land values and premiums) than typical suburban-type development. Metropolitan areas are densifying their suburbs and regional cities – bringing the design and benefits of “downtown living” to these suburban town centers, neighborhood hubs, commercial nodes, and even private developments.

Flexible live-work spaces remain in demand. The open office space layout is ubiquitous, represented in 80% of U.S. businesses. However, these spaces come with significant hurdles for employee productivity, questioning the function of these spaces moving forward - perhaps leading to more office space overhauls. Globally, co-working membership numbers have increased by over 1,000% in the past decade from 160 co-working spaces in 2008 to 18,700 in 2018 and forecasted to reach 26,300 spaces by 2022.

“Valuing a place’s history, culture, and existing populations are key to making sure that a community is simply not replicating a new formula for “authenticity” found in popular urban centers.”

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DISRUPTION



TREND 7: DIVISIVE POLITICS

North America is realizing the growing importance of regionalism and localism with civic governance and horizontal leadership. Distant from the gridlock and polarization of the federal government, cities and downtowns are emerging as “bright spots for democracy,” holding opportunities for finding solutions to social and political issues, and the evolution of economic development. Given that people trust local levels of government more than the federal level, power is shifting to states, provinces, cities, and metro areas and to horizontal networks of public, private, and civic actors. Local leadership is increasingly looking to public-private partnerships for solutions to complicated issues, systems, and projects in cities.

At the city-level, downtown development is a top issue in overall economic development. Cities are investing in vibrant downtowns to attract younger, high-skilled demographics and create amenities that address a variety of community needs.

“Distant from the gridlock and polarization of the federal government, cities and downtowns are emerging as “bright spots for democracy,” holding opportunities for finding solutions to social and political issues, and the evolution of economic development.”

Partisan politics has grown viscerally tribal and voters instinctively destructive. This trend, driven by social change, economic upheaval, and technological disruption, is worsening some of democracy’s gravest problems with increasingly political polarization and lack of compromise, social distrust, deepening instability, and barriers to cooperative governance. Urban voters tend to have shared values that require bigger government, and rural areas value individualism and limited government.

Fueled by this partisan divide there is a distrust of national media outlets, more information choice via social media and other online news sources, a lack of a shared objective truth between populations, a loss of local newspapers, and the bubble effect – where different groups hear different news. In the last 10 years, hundreds of local newspapers have shut down, merged or cut back, leading to the trend of “news deserts” in North America. When cities close a local paper, it is accompanied by a significant drop in citizen engagement. One positive effect of this is the emergence of independent, hyper-local digital media outlets.

Around the world, there is a rise in populism, partly due to a rise in globalization and a fear of change, skyrocketing income inequality, stalled wages, and lack of social mobility. The backlash is layered with fears of demographic and racial change. Building on their historical roles, cities and downtowns are often the central, civic locations for social expression and disruption of various types.



TREND 8: CONTINUED ADVANCES IN TECHNOLOGY

The first P.U.M.A.’s Global Trends Report in 2007 saw the original iPhone come to market, and now, there are an estimated 50 billion connected devices around the world. With the typical American household containing five smart devices, society is far more digitally connected than ever. This connectedness is expanding up to the municipal level, bringing a wide array of opportunities along with consequences that cities and downtowns are only now beginning to understand.

“Smart cities” – those that draw on different types of electronic sensors to collect data used to better manage municipal resources – are on the rise. Smart city networks view the city as a seamless ecosystem, monitoring traffic flow, parking, mail delivery, waste management, and other infrastructure.

As cities become smarter and increase the amount of data they collect and disseminate, data will increasingly turn into actionable intelligence that can be integrated into decision-making processes. Currently, the largest use of artificial intelligence (AI) in cities is in visual surveillance systems, public transit, and smart outdoor lighting. In the next decade cities are likely to rely on AI to predict crime, forecast environmental hazards, and detect building code violations.

“Smart cities” – those that draw on different types of electronic sensors to collect data used to better manage municipal resources – are on the rise.”





One major threat of AI development is algorithmic bias and machine ethics that may exacerbate inequalities that exist today. AI increasingly will make decisions like who gets a loan, who is insured, and who gets hired, making these biases a dangerous threat to inequality in society.

Smart cities also raise new privacy and cybersecurity concerns. With the proliferation of connected devices and sensors, cyber-attackers have exponentially more entry points to compromise a city's system. Further, the interconnectedness that is inherent in smart cities means that cyber-attacks can have a reverberating impact throughout cities, leading to data loss, financial impact, loss of public trust, and disruption of crucial city services. It is essential that smart cities establish a formal and comprehensive cybersecurity framework for governing effectively and safely.

One of the most tangible impacts of new technology will be autonomous vehicles (AVs). Fifty percent of large American cities are exploring how to integrate AVs into their long-term transportation plans. While the pace of AV integration hasn't been as high as initially thought, it is expected to increase, and in less than ten years over a million AVs are expected to be in use worldwide. Implications to cities stretch beyond mobility, and into economic and community development. AVs will reduce the need for on-street and surface parking reclaiming a significant portion of land that can be used as public space or green space. At the same time, AVs could result in more

people preferring to live outside of the city if congestion is minimized and they can make productive use of commuting time. In the interim, the transition is likely to be difficult and at times chaotic, as streets are shared by AVs and human-controlled vehicles.



TREND 9: CLIMATE CHANGE

Climate change is a major economic issue for cities and downtowns, as it eventually will threaten conventional growth principles. It is also a main concern of both Millennials and Gen Zers. Over 70 percent of Gen Z agrees that climate change is a problem, 66 percent of whom think it is a crisis that demands urgent action.

Cities are on the front line of climate change, use the most resources, and could create the most impact through direct action. They also disproportionately bear the impacts of climate change including hurricane damage, real estate losses, energy costs, and water costs. Rising sea levels are posing risks to economic development and institutional real estate investment as \$360 billion of U.S. institutional real estate is in the top 20% of locations vulnerable to sea-level rise. In Canada, climate effects could have an economic cost of \$43 billion by 2050. Without significant adaptation and mitigation efforts, climate change is expected to take a toll on aging infrastructure and property and to impede the rate of economic growth moving forward.

The next 20 years will be critical for finding new models of production and consumption, and cities will lead the transition. At the local level, mayors overwhelmingly agree that climate change is due to human activities and 68% agree that cities should play a strong role in reducing the effects of climate change. Cities are increasingly taking the lead on climate policy and action, even when it involves moving forward despite federal resistance.

"\$360 billion of U.S. institutional real estate is in the top 20% of locations vulnerable to sea level rise."

Climate change may not impact all areas equally. By 2080, climate-related costs could increase by 10-30% in counties throughout the southern U.S., while the northern states could see climate-related costs fall by as much as 13%. In Canada, coastal and northern communities are considered most at risk. Climate change can also cause "climate gentrification," a hypothesis where climate change impacts will make certain property more or less valuable by virtue of its capacity to accommodate human settlement and infrastructure.

Policy experts and leaders are now concerned about the future influx of "climate refugees." Since 2008, an average of 24 million people around the globe have been displaced by catastrophic weather events each year. This can shift patterns of urban development and be a driver of involuntary displacement, as





volatile property values and climate change patterns put pressure on households to relocate.

“Since 2008, an average of 24 million people around the globe have been displaced by catastrophic weather events each year.”



TREND 10: SOCIAL EQUITY

Social equity is characterized by a fair and equal opportunity for residents to achieve upward socio-economic mobility. The most visible indicator of a lack of social equity in the U.S. is rising income inequality, which is at its most extreme since the 1920s. It is estimated that as many as 80% of Americans and 50% of Canadians are now living paycheck to paycheck. Meanwhile, the top one percent alone commands roughly 40% of U.S. wealth, compared to 11% in Canada.

With this comes concentrated poverty. While the experience of poverty is difficult and challenging in any scenario, it is made worse when a large fraction of one’s neighbors are also poor. Concentrated poverty disproportionately affects persons of color: 75% of those living in high-poverty neighborhoods in the U.S. are Black or Latinx.

Income inequality, concentrated poverty, and segregation have major public health implications as well. In U.S. cities, it is not uncommon to see the rich live up to 30 years longer than the poor – a gap that is even more pronounced in cities that have higher levels of racial and ethnic segregation. Health has become a major factor in urban planning as research and public awareness about the link between them grows.

Gentrification is both a cause and effect of the troubling trends outlined above. Also referred to as “induced displacement,” gentrification is the process of economic and demographic change in historically disinvested neighborhoods, by means of real estate investment and new, higher income residents moving in that displaces lower income and often non-white residents. As urban areas continue to be popular destinations for young people and college graduates, cities need to discourage involuntary displacement – of not just residents but also long-valued cultures – in historical neighborhoods. Downtowns are at the forefront of this challenge. The ideal of a “downtown” is to represent and be open to all, yet increasingly fewer people can afford them and not everyone necessarily feels welcome in them anymore.

A growing body of research suggests that cities that offer greater equality of opportunity have higher aggregate growth. Diversity – of people, ideas, talent, and uses – is what makes cities vibrant and sustainable. Recognizing this, local governments and civic organizations are coming together to create pathways of inclusion and opportunity in an attempt to ensure that cities are built for everyone.

“It is estimated that as many as 80% of Americans and 50% of Canadians are now living paycheck to paycheck. Meanwhile, the top “one percent” alone commands roughly 40% of U.S. wealth, compared to 11% in Canada.”





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Progressive Urban Management Associates (P.U.M.A.) is an economic development and planning firm that delivers community-based solutions to advance 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 to help communities and organizations create and sustain dynamic places. Since 1993, we have advised more than 250 clients in 37 states, Canada and the Caribbean. For more information, please visit pumaworldhq.com.



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INTERNATIONAL DOWNTOWN ASSOCIATION

The International Downtown Association is the premier association of urban place managers who are shaping and activating dynamic downtown districts. Founded in 1954, IDA represents an industry of more than 2,500 place management organizations that employ 100,000 people throughout North America. Through its network of diverse practitioners, its rich body of knowledge, and its unique capacity to nurture community-building partnerships, IDA provides tools, intelligence and strategies for creating healthy and dynamic centers that anchor the wellbeing of towns, cities and regions of the world. IDA members are downtown champions who bring urban centers to life. For more information on IDA, visit downtown.org.

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This edition is the most comprehensive to date, backed up by over 500 sources. Supporting research is available from the Global Trends page at pumaworldhq.com.

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