What Lies Ahead: Population, Household and Employment Forecasts to 2040   April 2012

The Metropolitan Council forecasts population, households and employment for the seven-county Minneapolis-St. Paul region with a 30-year time horizon.

The Council will allocate this regional forecast to local communities through additional modeling. The Council's local land use model will represent the expected spatial distribution of population, households and employment during 2010 to 2040, given real estate and location choice dynamics, and regional policies and local land use controls. The ultimate results of this project—a final regional forecast, together with local forecasts—will be incorporated into the next metropolitan development guide scheduled for Council adoption in early 2014.

Consistent with Minnesota Statutes 473.146 and 473.859, the regional and local forecasts are intended as a statement of future expectations and will reflect regional planning and policies.

For more information about the methodology behind these regional forecasts, see p. 5.

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Metropolitan Council Forecasts to 2040

Metropolitan Council's preliminary forecast anticipates increasing demographic diversity and continued growth for the seven-county Minneapolis-St Paul region by 2040. The region's population is projected to grow by 893,000. By 2040, 43 percent of residents will be persons of color.

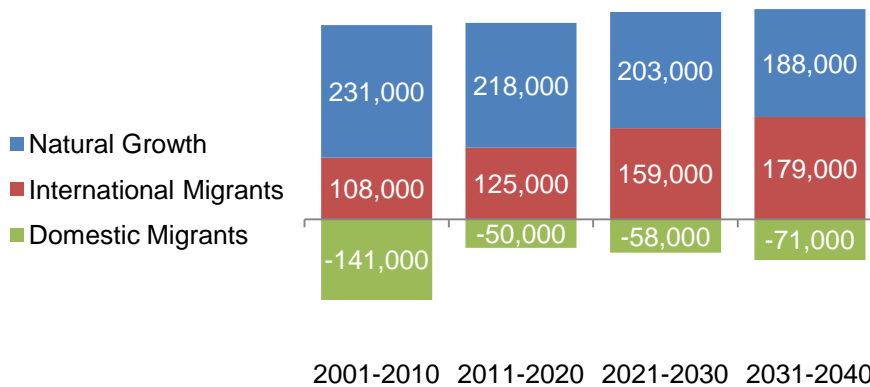|	2010	2020	2030	2040
Population	2,850,000	3,144,000	3,447,000	3,743,000
Households	1,118,000	1,293,000	1,464,000	1,576,000
Employment	1,548,000	1,743,000	1,943,000	2,118,000

The seven-county Minneapolis-St. Paul region is projected to gain 893,000 people over the next three decades, reaching 3,743,000 residents in 2040, up from 2,850,000 in 2010. Projected growth rates, 9 to 10 percent per decade, are well below the historic growth rates of 15 percent per decade in the 1980s and the 1990s.

Natural population growth, or births outpacing deaths, will add 609,000 residents. Natural population growth will account for over two-thirds, or 68 percent, of the total population growth from 2010 to 2040. Birth rates are higher among families of color than white families, contributing to the increasing racial diversity of the region.

One-third of the population increase in the Minneapolis-St. Paul region will result from migration. The Minneapolis-St Paul area is likely to gain 463,000 new residents through international immigration while losing 179,000 residents to domestic out-migration.

The Minneapolis-St. Paul region will continue to be an immigration gateway throughout the 30-year period, and immigration will substantially advance the region's diversity. Of the expected international immigrants, 83 percent will be people of color, from all continents; the remaining 17 percent will be white, non-Hispanic.

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Components of Population Growth, 2000-2040

| | Natural Growth | International Migrants | Domestic Migrants |

231,000   218,000   203,000   188,000

108,000   125,000   159,000   179,000

-141,000   -50,000   -58,000   -71,000
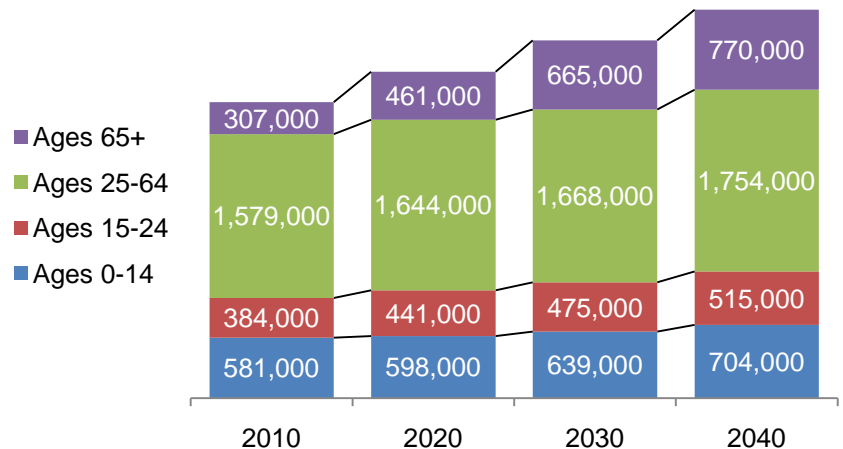
2001-2010   2011-2020   2021-2030   2031-2040

Net domestic migration—between the Twin Cities region and the rest of the nation—will be negative, totaling a loss of 179,000 residents during 2010-40. This is not a new trend; US Census data shows out-migrants leaving the region have outnumbered new domestic arrivals during the past decade. Geographic position and perceived attractiveness of the Minneapolis-St. Paul area are challenges to domestic migration. While the region's employment and business opportunities draw international immigrants, the Twin Cities are less attractive to movers who have other priorities. This trend is projected to continue into the future unless there is a major change that dramatically alters domestic perceptions of attractiveness and amenity value.

Migration and natural population growth together will replenish the Minneapolis-St Paul region's school enrollments and workforce. The Council forecasts 254,000 additional residents under the age of 25 in the Minneapolis-St Paul region, up from 965,000 in 2010 to 1,219,000 in 2040, for a 26 percent increase. These dynamics will balance out the rapid expansion of the region's senior citizen (65 and over) population.

The senior population in the Twin Cities area will double between 2010 and 2030 and will continue growing throughout the projections period, from 307,000 seniors in 2010 to 770,000 seniors in 2040. Between the aging of Baby Boomers and longer life expectancies, senior citizens will become a substantial cohort of the population in the Minneapolis-St. Paul area. In 2010, senior citizens were 11 percent of the region's population; in 2040, seniors will be 21 percent of the population.

Population by Age, 2010-2040

| | Ages 65+ | Ages 25-64 | Ages 15-24 | Ages 0-14 |

307,000   461,000   665,000   770,000

1,579,000   1,644,000   1,668,000   1,754,000

384,000   441,000   475,000   515,000

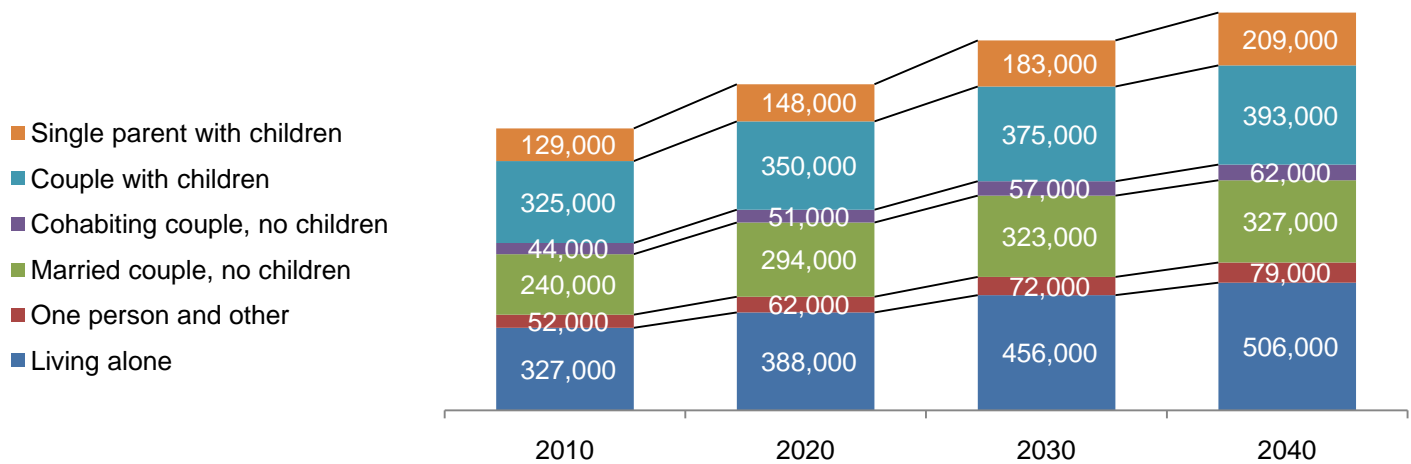581,000   598,000   639,000   704,000

2010   2020   2030   2040

As the age profile of the population shifts, the mix of households in the Minneapolis-St. Paul area is also changing. The Council forecasts 1,576,000 households in 2040, an increase of 41 percent from 2010. Senior citizens are the most significant contributors to household growth as seniors tend to live alone or with a spouse. Most of the forecasted gain in households (58 percent) is reflected in net growth of one-person households (up 179,000 over 30 years) and of married couples without children (up 87,000).

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These gains reflect the end stages of the household life-cycle, as couples with children become households without children.

Growth in Generation Y and Millennials will still generate growth in households with children (up 148,000 or 33 percent over 30 years). However, most of the net household growth in the Twin Cities area will result from growth in one-parent households (up 80,000 or 62 percent over 30 years).
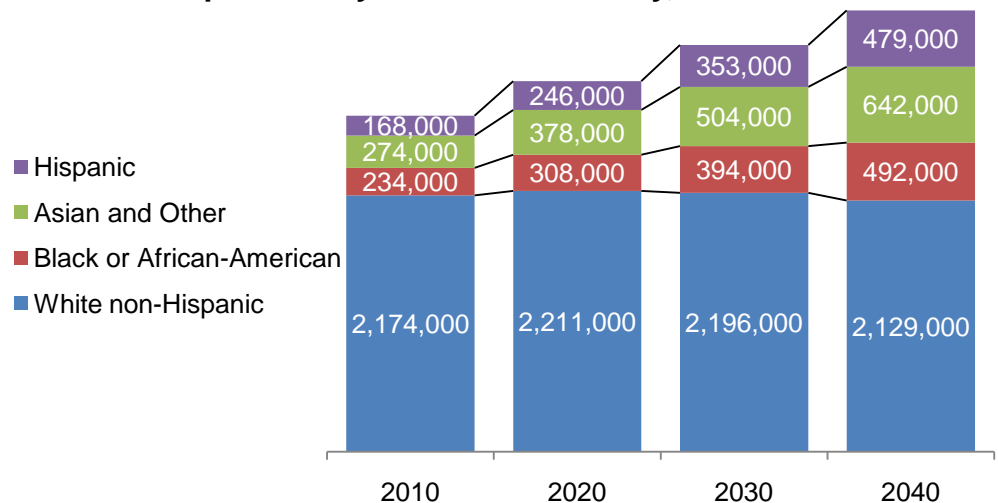
Household Type, 2010-2040

Legend:
- Single parent with children
- Couple with children
- Cohabiting couple, no children
- Married couple, no children
- One person and other
- Living alone

	2010	2020	2030	2040
Single parent with children	129,000	148,000	183,000	209,000
Couple with children	325,000	350,000	375,000	393,000
Cohabiting couple, no children	44,000	51,000	57,000	62,000
Married couple, no children	240,000	294,000	323,000	327,000
One person and other	52,000	62,000	72,000	79,000
Living alone	327,000	388,000	456,000	506,000

Between the churn of migration and higher birth rates among Hispanic, Black or African-American, and Asian populations, the Minneapolis-St. Paul region will become more racially and ethnically diverse. In 2010, people of color comprised 24 percent of the regional population. By 2040, the Council projects that 43 percent of residents will be people of color. In 2040, the Minneapolis-St Paul workforce will reflect the diversity seen today in the region's elementary schools. The population of color will more than double, up from 676,000 in 2010 to 1,613,000 in 2040, while the White non-Hispanic population will decrease by 2 percent. The region's Hispanic population is expected to nearly triple (from 168,000 in 2010 to 479,000 in 2040), and both the Black or African-American population and the population of Asians and other people of color will more than double (from 234,000 in 2010 to 492,000 in 2040 and from 274,000 in 2010 to 642,000 in 2040).
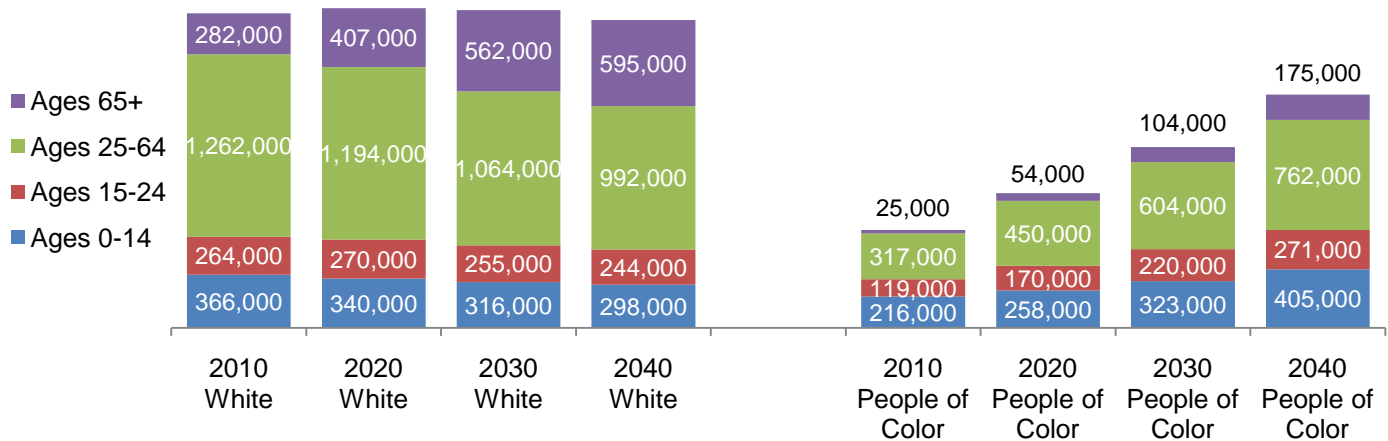
The Council's population forecasts reveal contrasting trends in the age distribution

Population by Race and Ethnicity, 2010-2040

Legend:
- Hispanic
- Asian and Other
- Black or African-American
- White non-Hispanic

	2010	2020	2030	2040
Hispanic	168,000	246,000	353,000	479,000
Asian and Other	274,000	378,000	504,000	642,000
Black or African-American	234,000	308,000	394,000	492,000
White non-Hispanic	2,174,000	2,211,000	2,196,000	2,129,000

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of people of color and white residents. These trends will affect the composition of the region's working-age residents, with significant implications for the future workforce of the region. The number of white residents, ages 25-64, will shrink by 21 percent (from 1,262,000 in 2010 to 992,000 in 2040), while the population of color in the same age cohort will more than double, climbing from 317,000 in 2010 to 762,000 in 2040. The share of people of color will increase from 20 percent of working-age residents in 2010 to 43 percent in 2040.

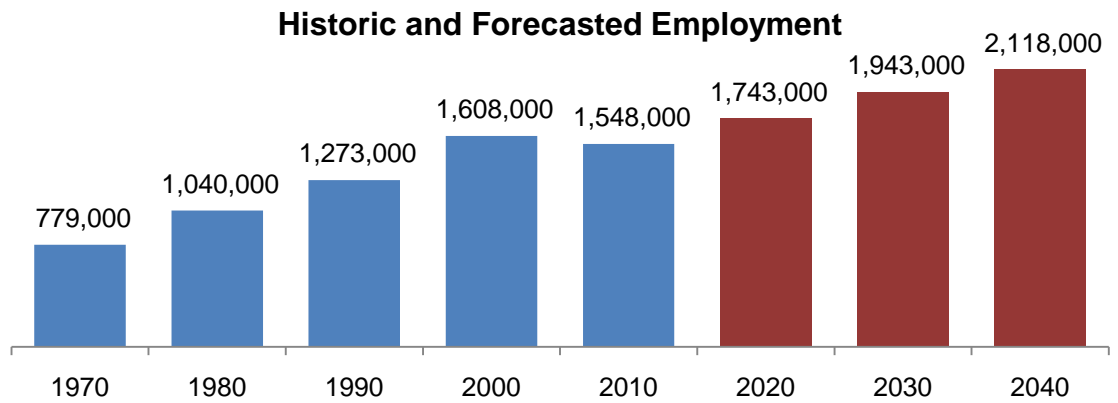### Population by Race / Ethnicity and Age

The Council's population forecasts anticipate an increasingly diverse student body in the region. The population of color under age 25 will double in size, up from 335,000 in 2010 to 676,000 in 2040. In contrast, the number of white residents under age 25 would decrease from 630,000 in 2010 to 543,000 in 2040, pulling down the share of white school-age children and young adults in this age of group from 65 percent in 2010 to 45 percent in 2040.

Migration dynamics are the major factor in this demographic transition. People moving from the Minneapolis-St Paul area to other parts of the nation (domestic out-migration) are mostly white and older (retirees). In contrast, the region's gain of international immigrants is predominantly people of color, mostly people in their 20s, often immigrating with children.

The Council forecasts an employment gain of 570,000 jobs, up from 1,548,000 in 2010 to 2,118,000 in 2040. The Council anticipates employment growth will range from 13 percent in the current decade to 9 percent in the 2030s. This growth compares to a net employment loss over the 2000s and previous gains of 34 percent in the 1970s, 22 percent in the 1980s, and 26 percent in the 1990s.

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The region's Gross Metro Product, the sum of value added by all industry sectors, will rise to $400 billion in 2040—equivalent to 1.5 percent of the US Gross Domestic Product. For context, the Minneapolis-St Paul region has less than 1.0 percent of the nation's population.

Historic and Forecasted Employment

779,000 — 1970
1,040,000 — 1980
1,273,000 — 1990
1,608,000 — 2000
1,548,000 — 2010
1,743,000 — 2020
1,943,000 — 2030
2,118,000 — 2040

Employment opportunities in the Minneapolis-St Paul region attract not only new migrants, but also commuting workers living in Greater Minnesota or Wisconsin. In 2010, the Council estimates that 7.7 percent of earnings at Minneapolis-St. Paul workplaces are earned by commuters into the region. (This is offset by 1.5 percent of the region's household earnings coming from work outside the Twin Cities region.) This balance of workers commuting in, and earnings returning with those workers to their place of residence, is projected to remain unchanged over the projections period as the Minneapolis-St Paul region remains the predominant economic center for a large part of Minnesota and western Wisconsin.

About the Council's Forecasts

To prepare its long-range forecast, the Metropolitan Council has adopted REMI PI+, a regional macroeconomic model, and ProFamy, a demographic model. Both models have been customized to include additional regional data and represent Minneapolis-St Paul regional conditions.

The REMI PI+ model represents regional economic dynamics and projects time-series of economic and demographic outcomes. The REMI PI+ projections are informed by data on the region's industry mix, costs and productivity, and analysis of regional competitiveness and relative position within the national economy. Employment, migration and population outcomes directly flow from projected economic performance.

The Metropolitan Council is using ProFamy, an extended cohort-component simulation model, to group populations into household types. These projections are informed by age-by-race-specific demographic schedules of birth rates, household formation and dissolution rates, fertility, and mortality rates. The end-product is a time-series of projections of household counts by household type.