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## 1 – GLOBAL DEMOGRAPHICS 2009

Some highlights from *Global Demographics 2009* (Urban Land Institute):

- Over the next 40 years, the greatest population increases worldwide will occur in China, India and the US; while Africa, the Middle East, Southeast Asia and South Asia will be the globe's fastest growing regions.
- Europe is the one region of the world that will experience population declines between now and 2030.
- Mature but still growing economies (the US, Canada, UK, Ireland, Australia and New Zealand) will offer attractive real estate investment and development prospects once the recession subsides.
- The developed world's large workforce is aging rapidly, while the young labor pools in the Middle East, Africa and South Africa are expanding.

- Fertility rates have dropped globally, even in developing countries. As national economies improve and household incomes rise, fertility drops, children receive more education, and they find better jobs than their parents.
- Many developing nations are emerging consumer markets, with expanding numbers of moderate- and middle-income households generating enthusiastic consumer demand.
- Population growth is highest in the poorest countries (Yemen, Bangladesh, Haiti, Liberia, and Afghanistan) and they have the most difficulty reversing a cycle of abject poverty.
- In developing countries, the number of elderly is rising because of longevity gains, but their share of the total population is reduced by very large younger cohorts.

## 2 – US POPULATION PROJECTIONS: 2005 – 2050

If current trends continue, the population of the United States will rise to 438 million in 2050, from 296 million in 2005, and 82% of the increase will be due to immigrants arriving from 2005 to 2050 and their US-born descendants, according to new projections developed by the Pew Research Center.

Of the 117 million people added to the population during this period due to the effect of new immigration, 67 million will be the immigrants themselves and 50 million will be their US-born children or grandchildren.

Among the other key population projections:

- Nearly one in five Americans (19%) will be an immigrant in 2050, compared with one in

eight (12%) in 2005. By 2025, the immigrant, or foreign-born, share of the population will surpass the peak during the last great wave of immigration a century ago.

- The major role of immigration in national growth builds on the pattern of recent decades, during which immigrants and their US-born children and grandchildren accounted for most population increase. Immigration's importance increased as the average number of births to US-born women dropped sharply before leveling off.
- The Latino population, already the nation's largest minority group, will triple in size and will account for most of the nation's population growth from 2005 through 2050. Hispanics will make up 29% of the U.S. population in 2050, compared with 14% in 2005.

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- Births in the United States will play a growing role in Hispanic and Asian population growth; as a result, a smaller proportion of both groups will be foreign-born in 2050 than is the case now.
- The non-Hispanic white population will increase more slowly than other racial and ethnic groups; whites will become a minority (47%) by 2050.
- The nation's elderly population will more than double in size from 2005 through 2050, as the baby boom generation enters the traditional

retirement years. The number of working-age Americans and children will grow more slowly than the elderly population, and will shrink as a share of the total population.

The Center's report includes an analysis of the nation's future "dependency ratio" – the number of children and elderly compared with the number of working-age Americans. There were 59 children and elderly people per 100 adults of working age in 2005. That will rise to 72 dependents per 100 adults of working age in 2050.

### 3 – DEMOGRAPHIC TRENDS IN METRO AMERICA

A new report from the Brookings Institution looks at population changes in metro areas. Some findings:

- Migration across states and metro areas has slowed considerably in the past two years due to the housing crisis and looming recession. About 4.7 million people moved across state lines in 2007-2008, down from a historic high of 8.4 million people at the turn of the decade.
- From 2000 to 2007, the foreign-born population in the US grew by 22%, to 38 million; immigrants now comprise 12.6% of the total US population. The sources and destinations of US immigrants continue their long-run shifts: about 80% of the nation's foreign-born population in 2007 hailed from Latin America and Asia, up from just 20% in 1970. The Southeast, traditionally an area that immigrants avoided, has become the fastest-growing destination for the foreign-born.
- Racial and ethnic minorities are driving the nation's population growth and increasing diversity among its younger residents. Hispanics have accounted for roughly half the nation's

population growth since 2000. Already, racial and ethnic minorities represent 44% of US residents under the age of 15, and make up a majority of that age group in 31 of the nation's 100 largest metro areas (and a majority of the entire population in 15).

- The next decade promises massive growth of the senior population, especially in suburbs unaccustomed to housing older people. As the first wave of baby boomers reaches age 65 in less than two years, the senior population is poised to grow by 36% from 2010 to 2020.
- Amid rising educational attainment overall, the US exhibits wide regional and racial/ethnic disparities. While 56% and 38% of Asian and white adults, respectively, held post-secondary degrees in 2007, the same was true of only 25% and 18% of blacks and Hispanics.
- Even before the onset of the current recession, poverty rose during the 2000s, and spread rapidly to suburban locations. Both the overall number of people living in poverty and the poverty rate rose from 2000 to 2007.

### 4 – THE WORLD'S NEW NUMBERS

Martin Walker writes in *The Wilson Quarterly*:

Something dramatic has happened to the world's birthrates. Defying predictions of demographic decline, northern Europeans have started having

more babies. Britain and France are now projecting steady population growth through the middle of the century. In North America, the trends are similar. In 2050, according to United Nations projections, it is possible that nearly as many babies will

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be born in the United States as in China. Indeed, the population of the world's current demographic colossus will be shrinking. And China is but one particularly sharp example of a widespread fall in birthrates that is occurring across most of the developing world, including much of Asia, Latin America, and the Middle East. The one glaring exception to this trend is sub-Saharan Africa, which by the end of this century may be home to one-third of the human race.

**Three deeply misleading assumptions about demographic trends have become lodged in the public mind.** The first is that mass migration into Europe, legal and illegal, combined with an eroding native population base, is transforming the ethnic, cultural, and religious identity of the continent. The second assumption, which is related to the first, is that Europe's native population is in steady and serious decline from a falling birthrate, and that the aging population will place intolerable demands on governments to maintain public pension and health systems. The third is that population growth in the developing world will continue at a high rate. Allowing for the uncertainty of all population projections, the most recent data indicate that all of these assumptions are highly questionable and that they are not a reliable basis for serious policy decisions.

**Birthrates of Muslim women in Europe – and around the world – have been falling significantly for some time.** These sharp reductions in fertility among Muslim immigrants reflect important cultural shifts, which include universal female education, rising living standards, the inculcation of local mores, and widespread availability of contraception. Broadly speaking, birthrates among immigrants tend to rise or fall to the local statistical norm within two generations.

**Iran is experiencing what may be one of the most dramatic demographic shifts in human history.** Thirty years ago, after the shah had been driven into exile and the Islamic Republic was being established, the fertility rate was 6.5. By the turn of the century, it had dropped to 2.2. Today, at 1.7, it has collapsed to European levels. The implications are profound for the politics and power games of the Middle East and

the Persian Gulf, putting into doubt Iran's dreams of being the regional superpower and altering the tense dynamics between the Sunni and Shiite wings of Islam. Equally important are the implications for the economic future of Iran, which by mid-century may have consumed all of its oil and will confront the challenge of organizing a society with few people of working age and many pensioners.

**Across northern and western Europe, women have suddenly started having more babies.** Immigrant mothers account for part of the fertility increase throughout Europe, but only part. And, significantly, many of the immigrants are arrivals from elsewhere in Europe, especially the eastern European countries admitted to the European Union in recent years.

**A similar upturn is under way in the United States.** The US fertility rate has climbed to its highest level since 1971, reaching 2.1 in 2006, according to the National Center for Health Statistics. New projections by the Pew Research Center suggest that if current trends continue, the population of the United States will rise from today's total of some 300 million to 438 million in 2050. 82% of that increase will be produced by new immigrants and their US-born descendants.

**By contrast, the downward population trends for southern and eastern Europe show little sign of reversal.** In Russia, the effects of declining fertility are amplified by a phenomenon so extreme that it has given rise to an ominous new term – hyper-mortality. As a result of the rampant spread of maladies such as HIV/AIDS and alcoholism and the deterioration of the Russian health care system, says a 2008 report by the UN Development Program, “mortality in Russia is 3–5 times higher for men and twice as high for women” than in other countries at a comparable stage of development. The report – which echoes earlier findings by demographers – predicts that within little more than a decade the working-age population will be shrinking by up to one million people annually. Russia is suffering a demographic decline on a scale that is normally associated with the effects of a major war.

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It is important to consider what this means for the future of the Russian economy. Identified by Goldman Sachs as one of the BRIC quartet (along with Brazil, India, and China) of key emerging markets, Russia has been the object of great hopes and considerable investments. But a very large question mark must be placed on the economic prospects of a country whose young male work force looks set to decrease by half.

**Not so alarming social and political implications of aging populations.** Dire projections don't capture the full picture. There are at least three mitigating factors to be considered, which suggest that the German welfare state and others in Europe might not have to be dismantled wholesale.

The first is that the traditional retirement age of 60 in Italy, France, and Germany is very early indeed. An increase of the retirement age to 65 would sharply reduce the number of non-workers who depend on the employed for support, as would more employment for people below the age of 20.

Second, the work force participation rate in Germany (and much of continental Europe) is relatively low. An increase in employment would boost the revenues flowing into the social security system.

The third mitigating factor is that the total dependency ratios of the 21st century are going to look remarkably similar to those of the 1960s. In the United States, the most onerous year for dependency was 1965, when there were 95 dependents for every 100 adults between the ages of 20 and 64. That occurred because "dependents" includes people both younger and older than working age. By 2002, there were only 49 dependents for every 100 working-age Americans. By 2025 there are projected to be 80, still well below the peak of 1965. The difference is that while most dependents in the 1960s were young, with their working and saving and contributing lives ahead of them, most of the dependents of 2009 are older, with more dependency still to come. But the point is clear: There is nothing outlandish about having almost as many dependents as working adults.

**The rapid growth of the global middle class.** While the planet's population is expected to grow by about one billion people by 2020, the global middle class will swell by as many as 1.8 billion, with a third of this number residing in China. The global economic recession will retard but not halt the expansion of the middle class.

The lower the birthrate, the greater the likelihood that a given society is developing – investing in education, accumulating disposable income and savings, and starting to consume at levels comparable to those of the middle classes in developed societies. Absent a shock factor such as war or famine, a society with a falling birthrate tends to be aspirational: Its members seek decent housing, education for their children, provision for health care and retirement and vacations, running water and flush toilets, electricity and appliances such as refrigerators and televisions and computers. As societies clamber up the prosperity chain, they also climb the mobility ladder, seeking bicycles, motor scooters, and eventually cars; they also climb the protein ladder, seeking better, more varied foods and more meat.

Perhaps the most striking fact about the demographic transformation now unfolding is that it is going to make the world look a lot more like Europe. The world is aging in an unprecedented way. A milepost in this process came in 1998, when for the first time the number of people in the developed world over the age of 60 outnumbered those below the age of 15. By 2047, the world as a whole will reach the same point.

The world's median age is 28 today, and it is expected to reach 38 by the middle of the century. In the United States, the median age at that point will be a youngish 41, while it will be over 50 in Japan and 47 in Europe. The United States will be the only Western country to have been in the top 10 largest countries in terms of population size in both 1950 and 2050. Russia, Japan, Germany, Britain, and Italy were all demographic titans in the middle of the 20th century. Today, only Russia and Japan still (barely) make the top 10. They will not stay there long. The world has changed. There is more and faster change to come.