



Plan Bay Area 2040

Regional Forecast for Plan Bay Area 2040

Context

As part of the four-year update of *Plan Bay Area*, the Association of Bay Area Governments (ABAG) has modified the regional forecast to 2040. This document describes the regional projections of employment, population, household and housing growth from 2010 through 2040, to be used in *Plan Bay Area 2040*. The forecast presented here was accepted by the ABAG Executive Board in January 2016 and will be the basis for the growth scenarios to be released later this spring and the preferred scenario to be adopted in Fall 2016.

Plan Bay Area, the region's sustainable community strategy adopted in July 2013, was based on a set of projections published as *Projections 2013*. Regional conditions underlying the revised forecast are substantially different from the situation in which *Projections 2013* was developed. Between 2010 and 2015, employment in the region grew by 19 percent, finally surpassing the region's 2000 employment level reached during the dot-com boom. The pace of population growth accelerated from a half percent annually between 2000 and 2010 to over one percent annually between 2010 and 2015, representing a shift from net out-migration of working-aged adults to net in-migration. Housing construction picked up more slowly than employment or population growth, but the nature of new construction also changed, with multifamily permits accounting for 69 percent of units since 2010, compared to 49 percent in the previous decade.

ABAG's updated forecast recognizes the strength of the recent recovery but also takes into account the cyclical nature of growth in the San Francisco Bay Area, generated not only by national economic cycles but also by product cycles of the region's key industrial sectors. The forecast is also to some extent policy based. The employment forecast presented in this document is created under the assumption that the major efforts to expand housing production described in *Plan Bay Area* succeed in restoring regional housing production to levels achieved in earlier decades, while providing housing available to the mix of income ranges expected for the region's workforce. *Regional Forecast for Plan Bay Area 2040*, March 2016, discusses the forecast in more detail and provides background on the methodology.

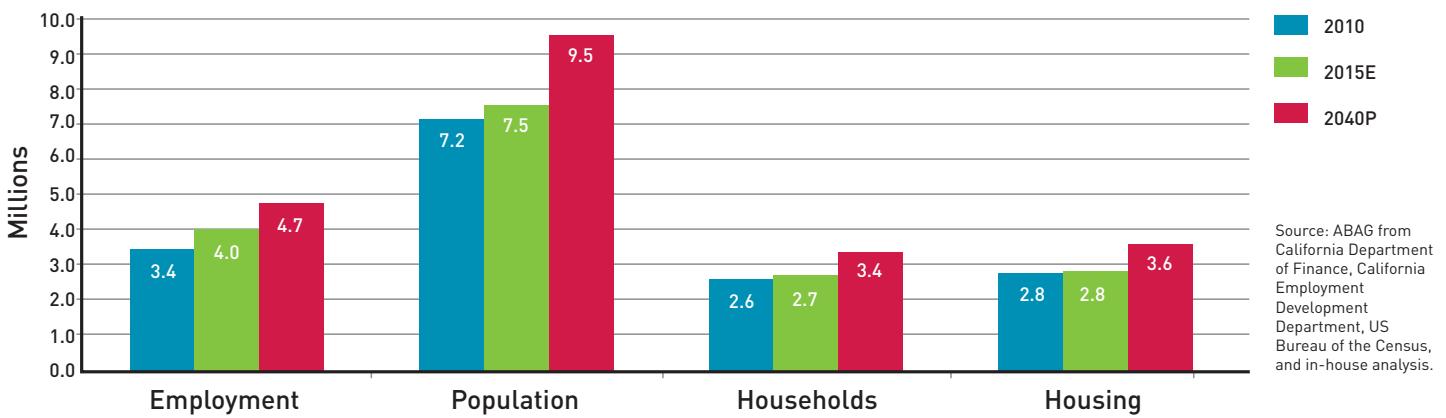
This handout is an excerpt from an existing report, *Regional Forecast for Plan Bay Area 2040*, available here:
http://reports.abag.ca.gov/other/Regional_Forecast_for_Plan_Bay_Area_2040_F_030116.pdf

Forecast Summary

Between 2010 and 2040, the region is projected to grow from 3.4 million jobs and 7.2 million people to 4.7 million jobs and a population of 9.5 million. We estimate this will result in almost 3.4 million households and a Regional Housing Control Total of more than 3.6 million housing units.

- Growth of 1.3 million jobs between 2010 and 2040. Almost half of those jobs—over 600,000—were added between 2010 and 2015.
- An increase of 2.4 million people between 2010 and 2040. Almost one fourth of the projected growth occurred between 2010 and 2015.
- An increase of 783,000 households. Only 13 percent of that increase occurred between 2010 and 2015, but the pace of household growth will increase as the population ages.
- 823,000 additional housing units. Only 8 percent of this growth had occurred by 2015, highlighting the need for a focused effort to expand housing production to meet to meet the legal settlement requiring an additional increment of housing units sufficient to accommodate the projected increase in the in-commute.

Figure 1: Employment, Population, Household and Housing 2040 Projections and Base Year



The table below shows the numbers associated with this summary.

Figure 2: Projected Employment, Population and Households (Thousands)

	2010	2015	2040	Change 2010-40	Change 2015-40	2010- 2040%	2015- 2040%
Total Employment¹	3,422.8	4,025.6	4,698.4	1,275.6	672.8	37.7%	16.7%
Population²	7,150.7	7,609.0	9,522.3	2,371.6	1,913.3	33.2%	25.1%
Households³	2,606.3	2,699.3	3,388.6	782.8	689.8	30.0%	25.6%
Regional Housing Control Total⁴	2,784.0	2,839.6	3,606.6	822.6	765.0	29.5%	27.0%

Source: California Department of Finance (DOF) and Employment Development Department [2010], ABAG analysis. [1] 2015 is ABAG year to date estimates based on 10 month growth rates estimated from EDD data. [2] 2015 is July 2015 estimate from the DOF; [3] 2015 is ABAG estimate for mid-year, based on 2015 January data and growth estimates; [4] 2015 is DOF estimate for January 2015; later years are calculated as the household number divided by 0.95 to account for 5% vacancy plus the in-commute increment (added in proportionately from 2020 to 2040).

Employment projections suggest an economy even more heavily concentrated in professional services and health and education and less in direct production of goods than currently, in line with changes expected nationwide. Population will become older and more diverse, influencing types of households and their location choices.