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## Sustained Population Growth in West Depends on Quality Jobs

Ability of businesses to address global economy and keep white-collar jobs stateside will help determine the future of Phoenix, Las Vegas, and California's Inland Empire.

By: [Katy Tomasulo](#)

**San Francisco, Nov. 5** -- Phoenix, Las Vegas, and California's Inland Empire east of Los Angeles were among the three areas in the American West that experienced the most explosive growth over the past few decades. But now each also has shown some of the biggest population shifts during the economic downturn, said speakers during the [Urban Land Institute Fall Expo](#) session "Downturn Demographics: Repositioning for Today's West."

In 2004, these three areas combined experienced a 300,000-person annual growth rate; by 2008, that rate had fallen to about half that amount, reported Hans P. Johnson, associate director of research and senior fellow of the [Public Policy Institute of California](#).

No city can sustain explosive growth forever, of course, and the expansion of these Western regions would likely have eased even without the market downturn. The question that remains is when will a more significant, permanent slowdown occur?

Still, a steadying of growth doesn't have to mean decline, Johnson explained. Well-established cities like New York and Boston aren't growing, but they're also not declining, in part because of long-term prosperity that depends on a highly skilled workforce.

That factor—quality, knowledge-based jobs—is key to the West's long-term stability, the speakers said.

Johnson used Detroit as an example: Like Las Vegas, the Motor City experienced a period of rapid growth (during the early decades of the 20th century); this year, it became the first metropolitan area in the country to experience a 1 million-resident loss, much of it due to a dependence on manufacturing jobs that are vulnerable to the global economy and economic fluctuations.

"What really matters for long-term growth is how we invest in people," Johnson said, noting that higher education is key.

The challenge, said Ioanna T. Morfessis, Ph.D., president and chief strategist for [IO.INC](#), is "Globalization and technology have forever changed how businesses evaluate operations, make capital investment decisions, and create jobs," and the U.S. must be better prepared to deliver the fundamentals of what businesses want.

"There's no function that's sacred to U.S. soil," Morfessis said. Companies must make sure they are globally integrated, not just organically growing. Also, "we need to be more competitive as 'Western states,'" not as Arizona versus California.

Those regions that cultivate, attract, and retain talent will be centers of population growth. Developing knowledge workers “means earnings and employment opportunities in order to fuel population and economic growth,” Morfessis concluded, and therefore to consume the real estate products we design, build, and sell.

Indeed, Arizona, Nevada, and California had some of the largest swings in existing home sales during the downturn; half of resale transactions in those states are now foreclosures, with Nevada hitting as high as 80%, according to Jeff Meyers, principal of [Meyers Builder Advisors](#). Phoenix also had the distinction of going from No. 1 in job growth to the No. 1 job loser.

Turnaround in these regions, said Meyers, will depend on buyer confidence in the job market, as well as an easing of home price declines. Many new buyers are coming from apartments; smaller homes and lots and more affordable options will appeal to these largely Gen Y shoppers.

Expect to see a growing focus on density, with creative lot and home designs to comfortably accommodate closer-in infill sites, Meyers said. For example, homes with fewer hallways and more open space will be a good option for achieving lot densities and more moderate sizes that appeal to former renters. Townhomes with varied elevations and façades also provide more density without feeling homogenous.

The years of master planned communities coming first, jobs second, needs to end, Morfessis said, and the American West needs to be more proactive at creating communities with economic opportunities that are attractive to young people. Without globally competitive economies, the region will be challenged to sustain population growth long term.

Morfessis encouraged attendees to work with policy makers, developers, associations, and other groups to ensure earnings opportunities are in place. “Only by working together will we ensure that the promise of the West will remain in place for generations to come.”

*Katy Tomasulo is Deputy Editor for EcoHome.*

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