2018

New Jersey and the Region
Structural Changes and Disruptions

James W. Hughes Ph.D.
1st 10 Minutes
2nd 10 Minutes
3rd 10 Minutes
Dr. Kevorkian
Forecast 9 of Our Last 5 Recessions
Overarching Structural Shifts
Fundamental Disruptions to Pre-Great Recession Assumptions and Protocols
A Reordered World
Fundamental Disruptions

1. Demographics: Changing of the Guard
2. Advances in Digital Information Technology
3. Attenuation of the Forces of Suburbanization
4. Office Ecosystem Transformation
5. Post-Recession Housing Realities
6. E-Commerce and the Retail Revolution
Second Half of 20th Century

Demographic Paradigm Shift

First Half of 21st Century
Disruption 1: The Changing of the Demographic Guard

Baby Boomer

Millennial
The Fabled Baby Boom
It Ruled the 20th Century
The Largest & Most Suburban-Centric Generation in U.S. History:
Housing Immediately Shaped by Requirements of Child Rearing
Tract-House Suburban New Jersey
Tidal Wave of Metropolitan Expansion
Empty-Nesters Resizing in the Housing Market
Rock Around the Clock
Limp Around the Block
Now a Back-Seat Passenger
Academics!
Gen Y / Millennials (1980-2000)
First Digital Generation at Birth
Today (2018): 18 to 38 Years of Age
MILLENIALS:
SHAPING A NEW ECONOMY OF EXPERIENCE
ECLIPSE OF THE BOOMERS:
Millennials Now Rule
Departing the Deeply Feathered Parental Nest

John S. Dykes, The Wall Street Journal
2018: The Era of Family-Raising Millennials is Commencing

Can We Forecast Their Shelter and Locational Choices?
Future Millennial (Gen Y) Shelter Preferences?
Sharp Suburban Market Differentiation
Disruptive Change 2: Innovations in Information Technology

The Digital Foundation of a Restructured Millennial-Driven Economy
### 3 Key 20th Century Information Technology Benchmarks

<table>
<thead>
<tr>
<th>Year</th>
<th>Technology</th>
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<tbody>
<tr>
<td>1981</td>
<td>IBM PC – Desktop Computer Revolution</td>
</tr>
<tr>
<td>1985</td>
<td>80386 Microprocessor and Spreadsheets</td>
</tr>
<tr>
<td>1995</td>
<td>Pentium Microprocessor and Fiber Optic Cabling</td>
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</tbody>
</table>
Advancing Information Technology

But Wait... THERE'S MORE!
2007

Mobile-Internet-Untethered Era

iPhone Introduced
2007: Steve Jobs Unveiling iPhone
Artificial Intelligence: A.I. Everywhere
So the World We Think MAY be Coming
So the World We Think May be Coming

May NOT be the
World that Actually Arrives
So the World We Think May be Coming

May Not be the World that Actually Arrives

Because of the Innovations and Disruptions by Things NOT YET Invented
Disruption 3

Diminished Suburbanization

Is this Disruptions being Disrupted?
Post 2010: The Shrinking Metropolitan Demographic Perimeter
Rutgers Regional Report

Issue Paper 39 | August 2018

The “Burbs” Bounce Back

“TRENDLET” OR “DEAD CAT BOUNCE”?

James W. Hughes
University Professor
Dean Emeritus

Joseph J. Seneca
University Professor
Emeritus

Will Irving
Research Associate
The New Employment Dynamic
Reversal of Economic Fortune
New Jersey and New York City: Employment Change

<table>
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<th>1950-2004</th>
<th>Job Change</th>
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<tr>
<td>New Jersey</td>
<td>+2,342,300</td>
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<tr>
<td>New York City</td>
<td>+81,800</td>
</tr>
</tbody>
</table>
New Jersey: Suburban Regional Economic Locomotive
New Jersey and New York City: Employment Change

**Job Change**

**1950-2004**
- New Jersey: +2,342,300
- New York City: +81,800

**2004-2016**
- New Jersey: +76,100
- New York City: +775,700
New Jersey: Caboose on the Regional Economic Train
Disruption 4

The Structural Transformation of the Office Ecosystem
1980s' Work Processes and Environments: Early Information Technology
The New Corporate Preference
Continental Insurance – Cranbury, NJ
Repurposing Underway
Urban Transformation: Prudential Complex in Newark
Disruption 5

New 21st Century Housing Realities
The Great 2006-2016 Homeownership Rate Plunge

Falling Down
U.S. homeownership rate

Source: Census Bureau
THE WALL STREET JOURNAL

Total Household Growth: +7.6 million

Owner Households: -1.1 million
Renter Households: +8.7 million
Housing: Super Piggy Bank
Disruption 6: The Revolution in Retailing and Distribution
Cathedrals of Consumption
The Great Retail Apocalypse
Right-Sizing of Regional Mall Ecosystem
THANKS FOR PAYING
ATTENTION

NOW DON'T ASK
QUESTIONS
21st Century Fundamental Changes

The Greatest Age-Structure Transformation in History

Ascending Millennial-Driven Demographic & Economic Protocols

Descending 20th Century Baby-Boom Certainties

Advances in Digital Technology

The Attenuation of the Great Era of Suburbanization and Office Ecosystem Transformations.

New Housing Realities.

The Retail and Distribution Revolution