

America is undergoing

a demographic revolution whose ramifications in the coming millennium will be every bit as significant as the movement from the farms to cities that took place in the beginning of the 20th century. For much of this century, we have been able to classify every metropolitan region with one paradigm: urban/suburban/rural. In the coming century, this paradigm will give way to two types of metropolitan regions: gateway metropolitan regions which will continue to serve as foreign immigrant

populations less than 60 percent non-Hispanic white, while non-Hispanic whites will account for 75 percent of the total population of 25 states.

Foreign immigration is more bimodal with respect to educational attainment than historically has been the case. Because of the great need and successful lobbying efforts on the part of the captains of our high growth, high-tech industries, we have a higher proportion of Ph.D.'s from Asia than ever before. On the other hand, we also have a higher proportion of Hispanics from Mexico and Central America with limited skill and educational levels. This trend is likely to continue well into the next century.

Ninety percent of California's future growth is likely to stem from immigrants, both



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by Nina J. Gruen

magnets, and metropolitan domestic migrant magnets, which will be dominated by native-born populations.¹

The ten metropolitan gateway immigrant magnets will not respond to regional economic cycles. Foreign-born immigrants make their locational decisions based on kinship, not economic factors. Domestic magnets, on the other hand, will continue to grow (or decline) based on employment opportunities, lower cost, and superior lifestyle opportunities. Table 1 identifies the top ten metro gateway immigrant magnets, which are unlikely to change over the next 25 years, and the 13 domestic magnets, which will fluctuate with regional economic cycles. These data are based on the 1990 - 1997 time period.

The new demographic paradigm will have important economic, social, political and land use/real estate ramifications.

By 2025, the ten gateway metro magnets will house a disproportionate number of Hispanic and Asian households. Twelve states, including California, will have

legal and illegal, and minority births. In 2005, non-Hispanic white births will account for only one-third of all California births, while Hispanic births will account for 48 percent, or almost one out of every two babies born six years from now.

The ten gateway immigrant magnets (which include the San Francisco Bay Area) will be increasingly polarized by age, income and ethnicity, with a larger proportion of both higher income older white (non-Hispanic) and younger, lower income, less skilled foreign immigrants and minorities. At the same time, these gateway metros will experience a continuous shrinkage in the number of middle class households.

Domestic migrant magnets will house a disproportionate number of middle class white as well as black native born residents. In the 21st century, domestic magnets are far more likely to be politically conservative, focusing on issues such as middle class tax breaks and Social Security, while the ten gateway metropolitan foreign immigrant magnets are likely to be far more concerned with federal safety net programs, including the right to health care.

From a land use perspective, these gateway metros will house the immigrant population throughout the region, not just in the center cities and close-in suburbs. High income households will increasingly seek residential communities that offer either vertical or horizontal security. By vertical security, I am referring to locked high-rises with on-site concierge or security guards, and by horizontal I am referring to gated or patrolled communities — a land use pattern far closer to the Mexican or Central American experience than what we have heretofore experienced in America.

¹ IMMIGRATION is movement to the United States from another country and MIGRATION is movement within the United States.

From a real estate perspective, San Francisco, like at least eight of the other gateway metros, will continue to attract tourism because it offers significant cultural, recreational and retail amenities. Tourist-oriented uses also are able to take advantage of the large pool of low-skilled, low-wage workers who live in these gateway metropolitan areas.

Over time, however, these gateway metros are likely to be less successful at keeping many of their other industries. This is particularly true for high housing cost locations like the Bay Region with its overwhelmed transportation network. Older industries – those most dependent on controlling costs – are likely to be forced out over time. The Bank of America's recent move to North Carolina may be a harbinger of this movement.

For high-tech industries, where viability is determined by the ability to bring new product to market fast, the availability of highly skilled labor is more important than the cost of real estate. As long as these firms can obtain an adequate supply of highly trained immigrants they will remain and continue to grow in California.

California, however, is experiencing an increasing imbalance between the demand for highly skilled labor and the supply of a highly skilled labor force. While overhauling



HIGH IMMIGRATION AND HIGH DOMESTIC MIGRATION METROS, 1990-97

Rank	Metropolitan Area*	Immigration	Net Domestic Migration
High Immigration Metros			
1	New York CMSA	1,045,347	- 1,551,591
2	Los Angeles CMSA	990,981	- 1,425,464
3	San Francisco CMSA	342,206	- 303,576
4	Chicago CMSA	251,582	- 403,896
5	Miami CMSA	212,515	- 37,802
6	Washington DC CMSA	189,513	- 149,227
7	Houston CMSA	169,073	55,425
8	Dallas-Ft. Worth CMSA	133,946	154,298
9	San Diego MSA	125,507	- 158,283
10	Boston NECMA	101,294	- 182,493
High Domestic Migration Metros			
1	Atlanta MSA	53,284	371,081
2	Las Vegas MSA	22,027	307,585
3	Phoenix MSA	48,214	294,024
4	Portland MSA	37,437	177,851
5	Denver CMSA	35,604	157,069
6	Dallas-Ft. Worth CMSA	133,946	154,298
7	Seattle CMSA	52,872	136,262
8	Austin MSA	21,104	125,295
9	Orlando MSA	33,399	124,369
10	Raleigh-Durham MSA	10,715	122,087
11	Tampa-St. Petersburg MSA	28,891	116,780
12	Charlotte MSA	9,649	112,281
13	West Palm Beach MSA	35,176	101,436

* Note: Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget. Official names are abbreviated.

Source: William H. Frey Analysis of U.S. Census Bureau Estimates

our educational system has the potential to be a solution, we would have had to successfully implement a retooling of our educational system yesterday if we are to reap its rewards 15 years from now. This does not mean we shouldn't begin to work toward such a solution today, for 15 years is not a long time in the life of a metropolitan region. I can think of no better organization than CREW to begin the hard work it will take to induce educational reform for the economic, social and political betterment of the Bay Area and the State of California.

About the Author • Nina Gruen



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