

# TOP 10 GLOBAL TRENDS

## Affecting Downtowns and How to Respond at Home

This 6th edition of P.U.M.A.'s Global Trends Report comes at a pivotal moment for downtowns and urban districts. Shortly after the 2020 edition of the report was published, we were confronted with the first global pandemic in 100 years. Our downtowns were transformed overnight. COVID-19 put a temporary pause on many of the factors that make our downtowns and urban districts special, while also accelerating changes that had long been in motion. As the deepest and most damaging phase of the pandemic continues to fade in the rear-view mirror, downtowns are experiencing exciting renaissances but also facing stronger headwinds than they have in decades.

As in past editions, P.U.M.A.'s 2023 Global Trends Report introduces new trends to reflect the latest market dynamics and thought leadership in the evolution of cities. Over 150 sources have been compiled in supporting research. Joining mainstay trends in demographics and lifestyles, we offer insights into pandemic-accelerated phenomena that have become game-changing considerations for cities.

P.U.M.A.'s 2023 Global Trends Report examines trends through three lenses – demographics, lifestyles, and disruption. This year, new trends explore how the forces of polarization, public health, inequality, and the future of work are impacting the shape of cities and the role of downtowns.

2023 marks the 16th year that P.U.M.A. has conducted groundbreaking research to identify the top global trends impacting American cities. Originally prepared for the Downtown Denver Plan to forecast our hometown's growth, P.U.M.A.'s Global Trends Report has subsequently been utilized in cities and towns throughout the nation to support a variety of downtown planning and economic development initiatives. P.U.M.A.'s Global Trends Report was the recipient of the International Downtown Association's President's Award, acknowledging its value to the place management and downtown development fields.

The 2023 edition of P.U.M.A.'s Global Trends Report highlights opportunities and challenges arising from converging shifts in demographics, lifestyles, and disruptive forces that are rapidly shaping our cities. This award-winning research effort has been a go-to resource for downtown management organizations, business leaders, and local decision-makers since 2007.

2023	<b>DEMOGRAPHICS</b> Changing American Demographics Talent & Labor	<b>LIFESTYLES</b> Future of Work Consumer Behaviors Housing Crisis	<b>DISRUPTION</b> Finding Community in a Polarized Age Public Health & Safety Climate & Environment Technology Growing Inequity & Inequality
2020	<b>DEMOGRAPHICS</b> Changing American Demographics Education, Talent & Jobs	<b>LIFESTYLES</b> Changing Consumer Behaviors Shifts in Transportation & Mobility Housing The Power of Place	<b>DISRUPTION</b> Divisive Politics Continued Advances in Technology Climate Change Social Equity
2017	<b>DEMOGRAPHICS</b> Changing American Demographics Education, Talent & Jobs Rise of the Mid-Tier City	<b>LIFESTYLES</b> Changing Consumer Behaviors Shifts in Transportation & Mobility Housing & Livability Regionalism	<b>COMPETITION</b> Shifts in Global Wealth Continued Advances in Technology Social Equity
2014	<b>DEMOGRAPHICS</b> Changing American Demographics Education, Talent & Jobs Influence of Women	<b>LIFESTYLES</b> Changing Consumer Behaviors Shifts in Transportation & Mobility Health & Wellness Rise of Regionalism	<b>COMPETITION</b> Shifts in Global Wealth Continued Advances in Technology Social Equity – The Neglected Pillar of Sustainability
2011	<b>DEMOGRAPHICS</b> Changing American Demographics Education, Talent & Jobs Emergence of Young Professional Women	<b>LIFESTYLES</b> Changing Consumer Behaviors Shifts in Transportation & Mobility Health, Wellness & Urban Form The Age of Austerity	<b>COMPETITION</b> Emergence of a Planetary Middle Class Continued Advances in Technology Sustainability Mainstreamed
2007	<b>DEMOGRAPHICS</b> Changing American Demographics Immigration Trends Changes within the "Creative Class"	<b>LIFESTYLES</b> Traffic Congestion & Value of Time Trends in Health Care/Wellness/Recreation Growth of Tourism America's Growing Debt Burden	<b>COMPETITION</b> Emergence of a Planetary Middle Class Continued Advances in Technology Environmentalism, Sustainability, Climate Change

# CONCLUSIONS FOR DOWNTOWNS



Downtowns face more headwinds today than they have in decades. The pandemic accelerated demographic, lifestyle, and disruptive trends, creating new challenges. The good news is that today is not the 1980s when there was little market support for city centers – downtowns remain gifted with advantages that provide a springboard for the next generation of vitality. To guide recovery and future resiliency, downtowns can embrace a variety of economic, social, and physical changes that will diversify them in many dimensions. More than ever, it is imperative that downtown management organizations champion and lead the adaptations and transformations needed in the years ahead.

**The pandemic was the “great accelerator”:** COVID-19 brought forth the first global pandemic in 100 years, initially putting a freeze on downtowns’ primary advantage as the place where people gather, create, and seek entertainment. The pandemic accelerated changes that had been in motion for years, many not favorable for downtowns, including flexibility in the workplace, the demise of traditional retail brands and formats, rising housing costs, and symptoms from America’s gaping inequality most visible in a growing unhoused population. Recovery will require a new set of coordinated strategies – some old, some new – and collaboration among downtown advocates and their civic partners.

**Demographics remain favorable for downtowns, but cannot be taken for granted:** Since P.U.M.A.’s first Global Trends Report in 2007, demographics have largely favored downtowns. First Millennials and Boomers, and later Gen Z, were attracted to urban environments and lifestyles. Evidence shows that these demographics, particularly people under 40, remain attracted to downtowns; however, there are prerequisites to bringing workers, visitors, and residents back. Compelling, welcoming, and safe experiences are essential in a world where people have choices to be downtown, or not. Younger demographics are increasingly diverse, creating a direct link between embracing diversity and guiding downtown prosperity.

## DEFINING THE GENERATIONS

### Gen Alpha

Born: 2010 -

### Gen Z

Born: 1996 - 2010

### Millennials

Born: 1980 - 1996

### Gen X

Born: 1965 - 1980

### Baby Boomers

Born: 1945 - 1965

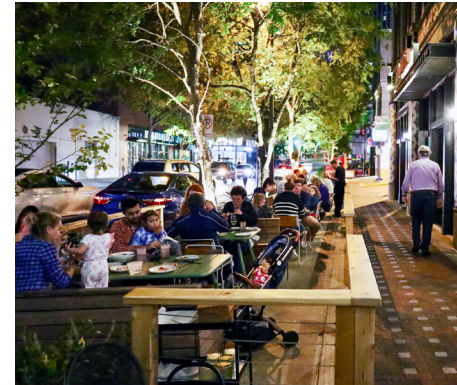
### Silent Generation

Born: 1928 - 1945

By 2034, the US population will become the oldest in its history, with one out of every five Americans aged 65 or older.



Analysis of cell phone data by Cushman & Wakefield has shown that employee attendance in vibrant neighborhoods – those with myriad restaurants, experiential retail, etc. – has recovered three times as much as non-vibrant neighborhoods in the same cities.



**All downtown dominant real estate sectors require fresh thinking:**

The pandemic accelerated the need to rethink the real estate that is concentrated in downtowns. As much as a quarter of traditional office space that exists today may never be used in the same way again. Office buildings will need to invest in new amenities, convert to alternative uses, or be demolished and replaced. Filling vacant storefronts is a top priority, as downtowns recalibrate activation strategies beyond retail and restaurants. Housing continues to be a promising opportunity, but offering a variety of price points with a focus on affordability will be critical.

**In an increasingly polarized age, downtowns can capitalize on their traditional role as central gathering places:**

The pandemic broadened the gap of political polarization in America, as well as increasing mental health challenges, drug addiction, and gun violence. The CDC cited an “epidemic of loneliness” as a pre-existing condition accelerated by the pandemic. Downtowns hold the promise of a higher form of community and human connectivity to combat these ills. By creating inviting public spaces, programming, and economic opportunities that welcome all walks of life, downtowns can emerge as places that bring our society together.

**Many of downtowns’ most pressing challenges will require local and regional collaboration to solve:**

Homelessness, crime, housing affordability – the headlines in many American cities are dominated by stubborn problems the pandemic accelerated or aggravated. For the foreseeable future, with a federal government gridlocked by partisanship, most civic challenges will require local and regional collaboration to contain and solve. The advocacy role of downtown management organizations is critical to bring business expertise to the table with public and nonprofit partners to develop new civic strategies. Bigger issues, including climate change and growing inequity, also require local responses and are the top concerns of people under 40, the next generation that will influence downtowns.

**Downtowns will benefit from embracing a new generation of leadership:**

Millennials will make up 75% of the workforce by 2030, and Gen Z will be the first cohort where white people are in the minority. Generational shifts are happening throughout the nation, and downtowns, who will depend on younger demographics to prosper and thrive, need to welcome and reflect societal change. For downtown management organizations, this creates an imperative to establish clear pathways to diversify boards and staff.

Decades of exclusionary zoning laws coupled with rising construction costs and local opposition to multifamily projects have led to an estimated shortfall of 3.8 million units. Nationally, this housing shortage is projected to last through the end of the 2020s.

Several public health trends related to mental health, gun violence, and the opioid crisis were accelerated by the pandemic and will become increasingly impactful in 2023 and beyond.

Total US population growth is slowing and for the first time immigration is making up the majority of population growth.



# IMPLICATIONS FOR DOWNTOWN MANAGEMENT ORGANIZATIONS

**The fundamentals are... fundamental:** Downtown Management Organizations (DMOs) and their civic partners need to remain focused on the clean and safe fundamentals that launched the business improvement district movement more than 50 years ago. The pandemic revealed the importance of clean and safe teams maintaining a consistent uniformed presence on downtown streets. Safety concerns, whether real or perceived, remain barriers to regaining consumer confidence in the downtown experience. In cities with unhoused populations, deploying and/or sponsoring social impact teams, working collaboratively with local and county governments and other agencies, is a near-term strategy, while longer-term solutions should be advanced by regional coalitions.

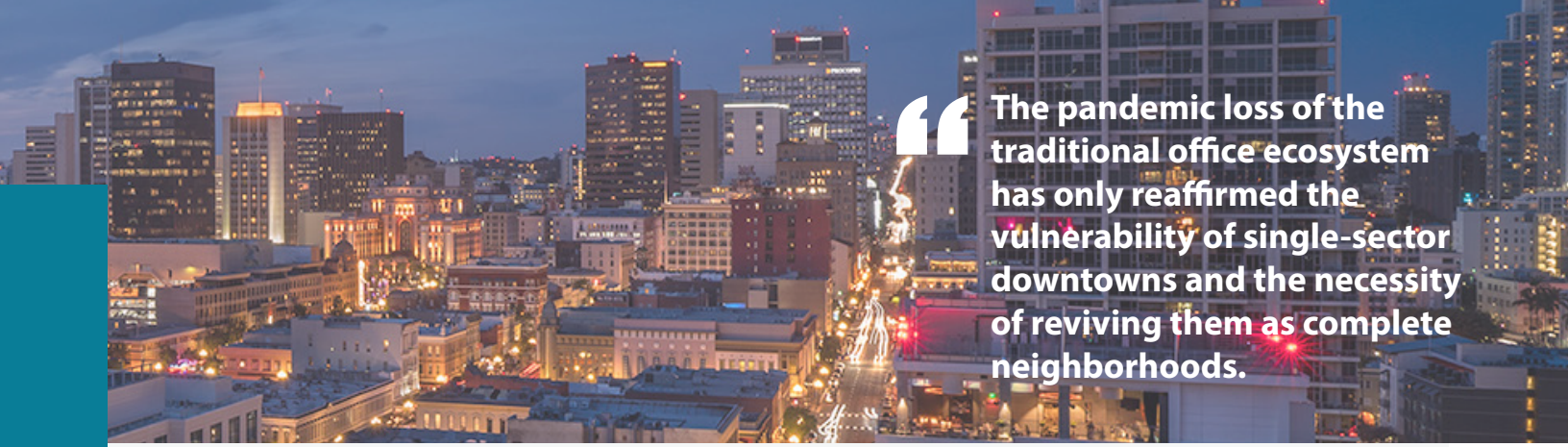
**Activate storefronts and reinvent offices:** The lingering impacts from the pandemic have reaffirmed the economic vitality role within DMOs. Storefront activation has become a priority in most downtowns as retail and restaurant sectors regain their post-pandemic footing. Non-white communities are vastly underserved by the retail sector on-the-whole, presenting additional options for downtowns. In the office market, DMOs can be thought partners with the local real estate community, offering data, research, and knowledge of trends to help guide the reuse of outdated space. Local land use regulations and incentives may need to be adjusted to jump-start building conversions.

**Create inviting civic spaces...:** The pandemic forced outside-the-box thinking, a result of which was the creative use of outdoor spaces to expand dining and retail options and to provide healthy places for people to gather. Many pandemic-era outdoor innovations should become permanent. Downtowns should advance new parks and gathering spaces that offer a break from hardscapes. The greening of downtowns creates a more attractive living and

working environment, plus offers the benefit of moderating urban heat islands. Thinking outside the box shouldn't just be a last resort, but part of the DMO ethos moving forward.

**...and program them differently:** Many DMOs are augmenting large festivals and events with frequent, smaller-scale, community-oriented programming that showcases local music, arts, and culture. Celebrating and inviting a community's creative DNA into downtown can provide a multitude of benefits, from engaging local talent to curating unique experiences and activating storefronts and public spaces. Storytelling that expresses both current conditions and history from nearby neighborhoods or the city-at-large can be featured.

**Focus on creating amenities – and becoming a neighborhood – for living:** Residential development remains a strong market opportunity for most downtowns, but downtowns need to look and feel like places residents want to be in order to take full advantage of the opportunity. To entice development, DMOs can focus on creating a variety of amenities that support a complete neighborhood, such as grocery and other residential services, dog parks and active recreation, a lively dining and entertainment scene, and child care to help attract and retain young families. Other more ambitious infrastructure changes are also beneficial, such as buffering sidewalks from auto traffic via more street trees and furnishings, widening sidewalks, adding parklet dining spaces, completing one-to-two-way street conversions, and improving pedestrian connections to surrounding neighborhoods. Options for affordable rental and ownership housing will be increasingly important. Downtown housing should also be viewed as a return-to-work strategy, as lengthy commutes are one of the top reasons workers prefer working remotely.



“The pandemic loss of the traditional office ecosystem has only reaffirmed the vulnerability of single-sector downtowns and the necessity of reviving them as complete neighborhoods.”

**Welcome diverse cultures, offering both social and economic opportunities:** Downtowns’ traditional roles as regional economic hubs and “town squares” continue as cities diversify, fueled by growing Gen Z (America’s first non-white majority generation) and immigrant populations. DMOs can engage with different demographics through inclusion in programming, events, advocacy, and education. Economic opportunities, including business and/or property ownership, can pave the way for a new generation of diverse downtown stakeholders that are representative of the community’s future. It is critical for DMOs to work with neighbors and civic leaders to thwart the impacts of involuntary displacement or gentrification.

**Diversify revenue sources:** DMOs that are dependent on assessment-based revenue may face shrinking budgets, as it is likely that commercial property valuations will be stagnant in the near-term and could erode in markets that are heavily dependent on office properties. A variety of options can be explored to diversify organizational revenue. A charitable nonprofit affiliate can become a conduit to philanthropic and corporate grants and sponsorships, plus its board leadership is not restricted to members or assessment-payers. Other options include parking revenue, event sponsorships, service contracts, and local government support.

**Be data-driven:** It has never been more important for DMOs to use data – both original data that is collected via surveys and counts, as well as data from reliable external sources – to tell an accurate story of what’s happening in downtown. There’s an ongoing fascination from media and the general public about downtown recovery. If DMOs aren’t leading the charge by collecting, interpreting, and sharing the data, media – and in turn, the public – will draw

from other sources that often do not paint a full or accurate picture. Downtown conditions are constantly evolving and newer data sources, such as mobile data, are becoming increasingly relied upon. It is important for DMOs to have staff that can “speak data” and dedicate resources to provide nuanced analysis to offer an up-to-date and accurate story of downtown recovery.

**Collaborative and creative problem-solving needs to be the mantra of DMOs:** As champions of downtowns, DMOs often find themselves caught between the goals of property and business owners, city officials, and other interests. Yet, given the regional, sometimes global, nature of many complex near-term challenges for downtowns, collaborative problem-solving will be critical moving forward. DMOs will need to represent downtown while working with partners in government, nonprofits, and other agencies, and be ready to participate in citywide and regional conversations. The challenges of today and tomorrow cement the importance of civic partnerships.

**Build influence by adapting to a changing world:** As Boomers retire, Gen X and Millennial leaders are taking the reins in corporate, government, and nonprofit sectors. For many DMOs, this change is overdue, as traditional power has been established and held by legacy property and business owners. In a rapidly changing and diversifying world, the recipe for influence has shifted. DMOs will be more influential if their leadership is reflective of and connected to the people of the region around them, diversifying by age, gender, race, and ethnicity. Pathways to guide the next generation of leaders should be created throughout DMO boards, committees, staff, and volunteer opportunities.

# TOP 10 GLOBAL TRENDS OVERVIEW

↑ ACCELERATION SINCE 2020



## Demographics

01

### CHANGING DEMOGRAPHICS

Aging country – all Boomers will be over 65 by 2030

By 2034, those 65 and older will outnumber children (those under 18) in the U.S. for the first time

Millennials and Gen Z remain attracted to urban areas

Population increasingly diverse, immigration fueling growth

Several dimensions influencing domestic migration, including proximity to family, politics, and climate change – but ultimately, affordability continues to drive migration patterns



03

### FUTURE OF WORK

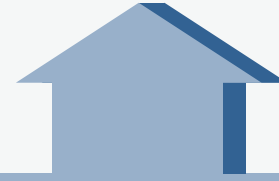
Knowledge-based workers seek flexible work arrangements, primarily to improve work-life balance, avoid unpleasant aspects of office work, and eliminate commutes

Remote work particularly appeals to women and non-white knowledge workers

Hybrid model and erosion of five-day work week to remain

Offices (and downtowns) will need to add amenities – office attendance significantly higher in amenity-rich buildings and neighborhoods

Residential conversion feasible for some buildings, not all



## Lifestyles

04

### CONSUMER BEHAVIORS

Strong spending trends continue

Unprecedented channel switching and brand loyalty disruption – Millennial and Gen Z show strong preference for brands and stores reflective of their values

Non-white communities vastly under-served on retail, represent untapped purchasing power

Preference for physical stores remains

However, fundamental challenges for retail continue – labor shortages, wage pressures, inflation, manufacturing costs, supply chain, and reduced foot traffic



05

### HOUSING CRISIS

National housing shortage, most dire at lower income levels

Estimated shortfall of 3.8 million units nationally – expected to last through the end of the 2020s

Increase in unhoused populations, concentrated in downtowns

Demand for downtown housing remains strong

Office-to-housing conversions increase, but not a panacea

Diverse residential base and housing options now key for downtown viability





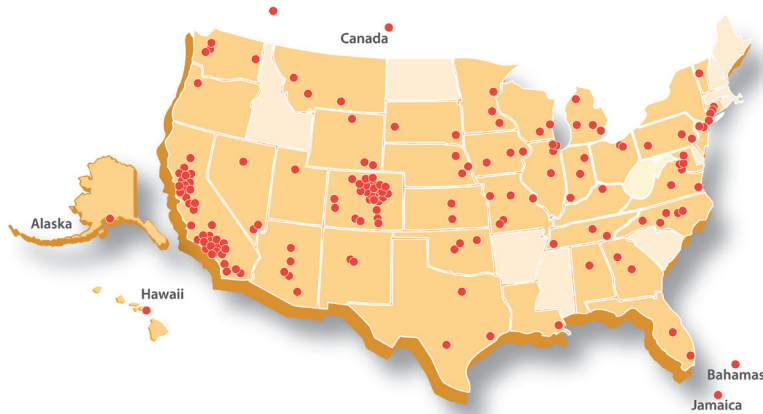
## PROGRESSIVE URBAN MANAGEMENT ASSOCIATES

**Immersive | Market-Based | Tactical**

Progressive Urban Management Associates (P.U.M.A.) is a national leader in helping communities and organizations across the country create and sustain thriving places. We advise clients on a wide range of community planning, economic development, organizational management, and financial solutions. Downtown action plans, strategic planning, and business improvement district (BID) formation and renewal are specialties of the firm. Since 1993, we have advised more than 300 clients in 39 states, Canada, and the Caribbean. For more information, please visit [pumaworldhq.com](http://pumaworldhq.com).



*Left to right: Yvette Freeman, Daniel Makela, Andrea Buglione, Amanda Kannard, Brad Segal, Naomi Lacewell*



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## INTERNATIONAL DOWNTOWN ASSOCIATION

The International Downtown Association is the premier association of urban place managers who are shaping and activating dynamic downtown districts. Founded in 1954, IDA represents an industry of more than 2,500 place management organizations that employ 100,000 people throughout North America. Through its network of diverse practitioners, its rich body of knowledge, and its unique capacity to nurture community-building partnerships, IDA provides tools, intelligence, and strategies for creating healthy and dynamic centers that anchor the wellbeing of towns, cities, and regions of the world. IDA members are downtown champions who bring urban centers to life. For more information on IDA, visit [downtown.org](http://downtown.org).

## ACKNOWLEDGEMENTS

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This edition is backed up by over 150 sources. More detailed Trend narratives and supporting research can be found from the Global Trends page at [pumaworldhq.com](http://pumaworldhq.com).