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From

To

# THE US 20: Twenty Huge Trends That Will Dominate America's Future



[Rob Wile](#)

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Interior Department

The year is winding down, so it's time to take stock of where America is heading.

Last year's [inaugural U.S. 20 list](#) featured things like the end of retail, the revival of manufacturing and the shale revolution.

Believe it or not, it wasn't difficult at all to come up with 20 brand new trends this year that will dominate headlines over the next decade.

It's not that all of last year's forces have already dissipated.

But new movements have already sprung up.

The 2013 list includes two new geographic centers of the American economy, evolving patterns of relationships, robots, and the changing energy landscape.

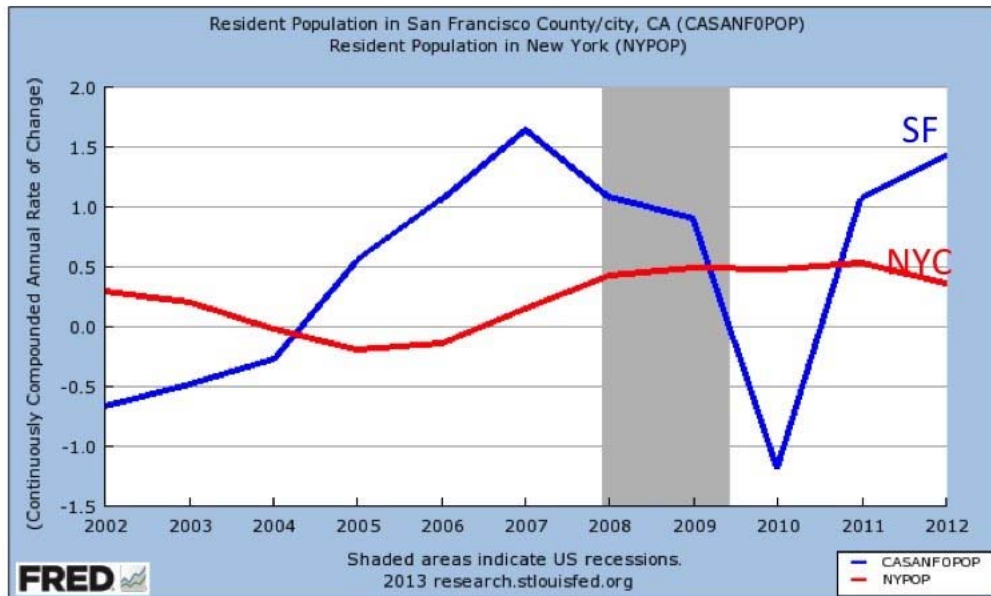
Check it out.

## 1. The Bay Area Is Now The Center Of The Universe

# 1. THE BAY AREA IS NOW THE CENTER OF THE UNIVERSE

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- In a recent New Yorker article, Nathan Heller wrote the following:  
*"Like many observers, I've been dimly aware of a shift in the country's aspirational character over the past few years. It showed up in what people—mostly ambitious middle-class city people—wanted from life, and how they reached for it. Many did good works or started companies that did them. Many who'd been racing up ladders in New York or Los Angeles or Washington dropped everything and moved out to the Bay Area to work."*
- San Francisco is now growing much more rapidly than New York City:



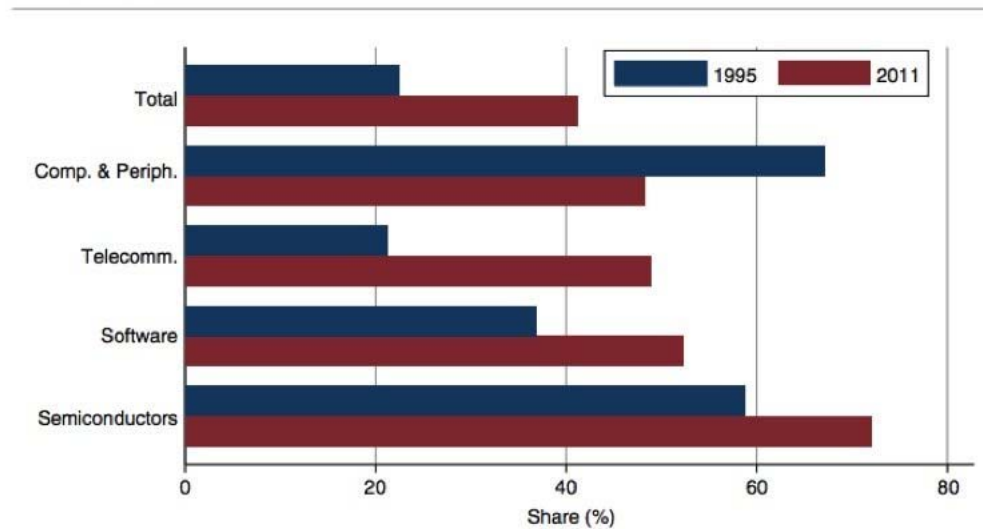
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## 1. The Bay Area Is Now The Center Of The Universe

## Everyone wants to give Bay Area firms money.

- San Francisco saw 236 firms receive angel funding, 292 get venture capital and 64 exit the start-up phase in the past 12 months — all more than any other city in the world, according to Statista and Seedtable.
- The Valley's always been strong, but never this strong — its share of all U.S. venture capital investment has doubled over the past decade.

**Figure 17: Silicon Valley's Share of U.S. Venture Capital Investments, 1995–2011**

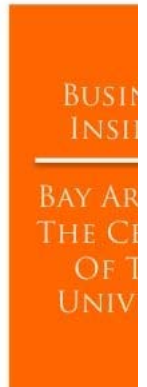


Source: PricewaterhouseCoopers MoneyTree

Source: Bay Area Council Economic Institute

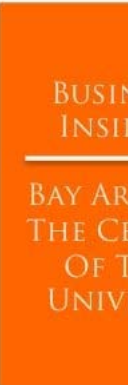
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### 1. The Bay Area Is Now The Center Of The Universe



## Residents say they don't even really need the rest of the country.

- "...Where value is created is no longer in New York, it's no longer in Washington, it's no longer in LA. It's in San Francisco and the Bay Area. ... We are becoming the eminent [vehicle] for change and influence, and capital structures that matter. If companies shut down, the stock market would collapse. If the government shuts down, nothing happens and we all move on, because it just doesn't matter. Stasis in the government is actually good for all of us."  
— *Chamath Palihapitiya, Venture Capitalis* , Oct. 5 2013
- "[Balaji] Srinivasan, a computer scientist and co-founder of the genomics company Counsyl, told a group of young entrepreneurs that the United States had become 'the Microsoft of nations': outdated and obsolescent. When technology companies calcify, Mr. Srinivasan said, you don't reform them. You exit and launch your own. Why not do so with America? In practice, this vision calls for building actual communities that would be beyond the reach of the state that Silicon Valley's libertarians despise."  
— *New York Times*, Oct. 28, 2013

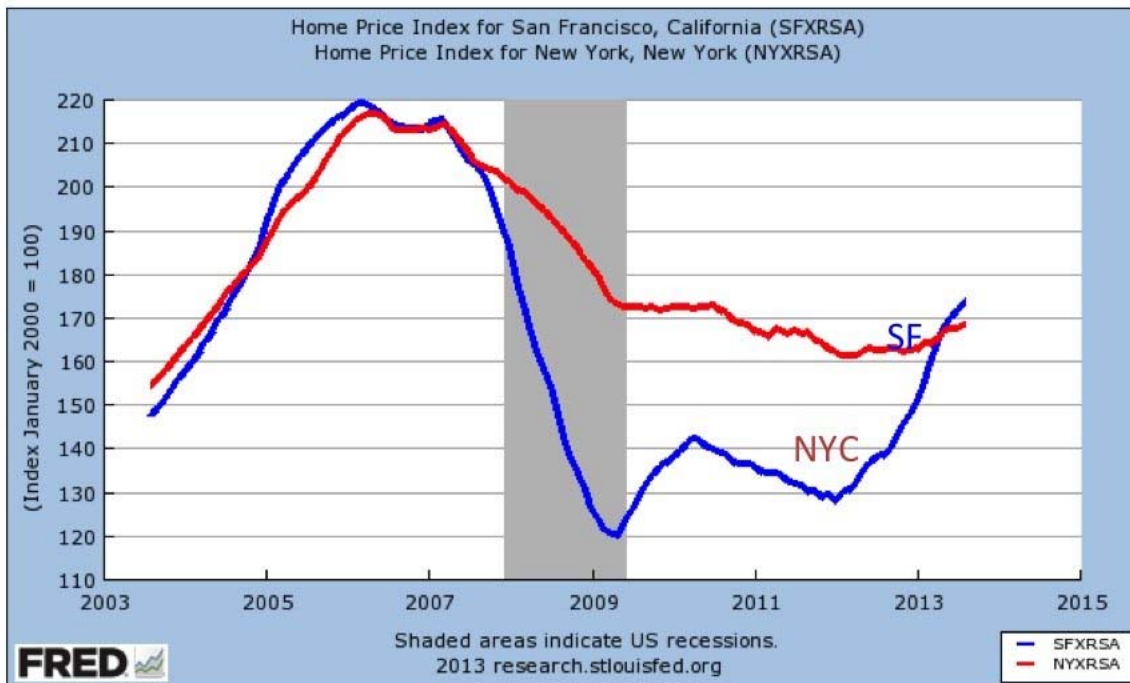


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### 1. The Bay Area Is Now The Center Of The Universe

## The cost of living in the Bay Area is now astronomical.

- The city's consumer price index now grows 2.5% a year on average, compared with 2% in NY, according to the BLS.
- Rent for a one-bedroom now averages \$2,800, according to Priceonomics.
- Home prices are now climbing much faster in SF than NYC:



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## 2. The Sharing Economy

## 2. THE RENTING AND SHARING ECONOMY

- ConvergeX Group says low cash flow combined with inherent trendiness has turned everyone into sharers. "Renting and sharing allow us to live the life we want without spending beyond our means." — Aug. 12, 2013
- The biggest players are in transportation and hospitality: Zipcar has become Hertz for 20-somethings. Lyft allows you to find safe, affordable carpools. And of course, there is Citibike. Airbnb allows you to be your own hotel booking agent by tracking down people renting their own apartment.



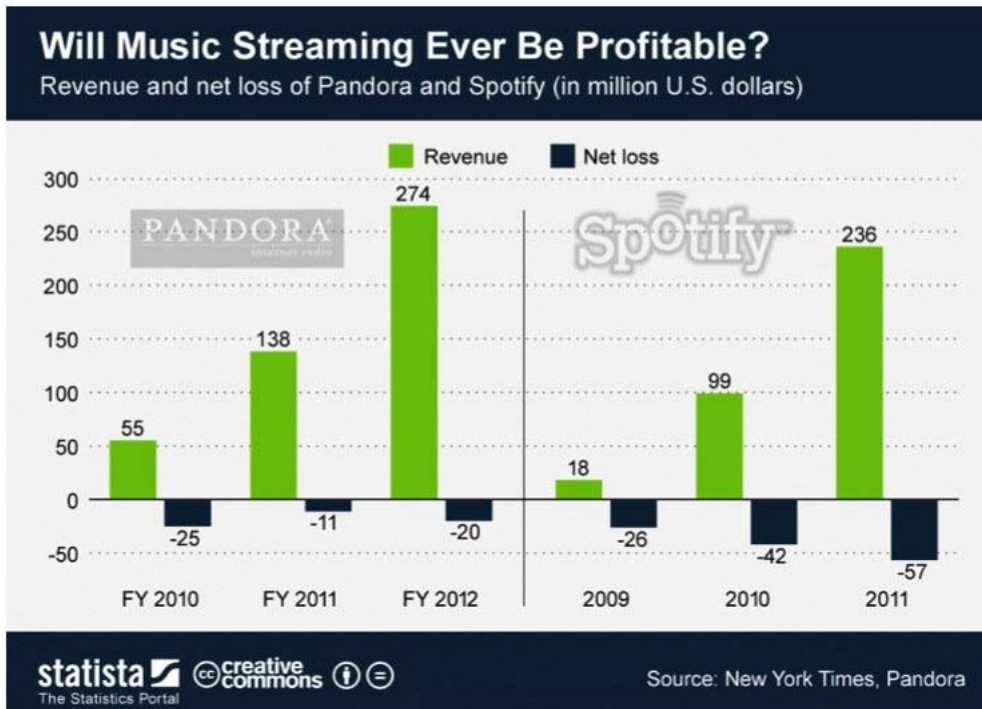
*A mom gets a ride from a Lyft driver, whose signature pink mustaches adorn all volunteers' cars. (Source: lizasperling/flickr)*

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### 2. The Sharing Economy

## Spotify lists are the mixtapes of 2013.

- The business models are something of a work in progress, but streaming music services are seeing huge revenue growth.



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## 2. The Sharing Economy

## Now you can even share your boat.

- GetMyBoat.com is billed as the Airbnb of boats — you can rent a yacht from a CEO away on business.



Source: GetMyBoat.com

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ECONOMY

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## 2. The Sharing Economy

## The economic consequences could be ugly.

- "The potential impacts of renting/leasing as a long-term trend, though, are worrisome: Renting and sharing could lead to lower home sales (and, subsequently lower home values and net worths), as well as lower auto and retail sales," write the strategists. "The ripple effects could also be catastrophic: Adjusting to a consumer who does not necessarily buy, but rather rents, would necessitate a shift in production, sales, and even employment structures. Everything interesting in economics happens at the margin, so if the nth consumer chooses to rent an apartment instead of buying a house or making do with a car-share program instead of purchasing a new vehicle, then demand for new houses and cars drops." — ConvergeX Group, Aug. 12, 2013

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### 3. The Texas Growth Engine

### 3. THE TEXAS GROWTH ENGINE

- Texas has added nearly 1 million workers to payrolls since the trough of the recession, and its share of U.S. nonfarm payrolls now stands at 8.2% compared with 7.8% in 2008.
- Texas has gained 1 million people from other states since 2000.
- Time Magazine, Oct. 2013: "More than any other state, Texas looks like the future."

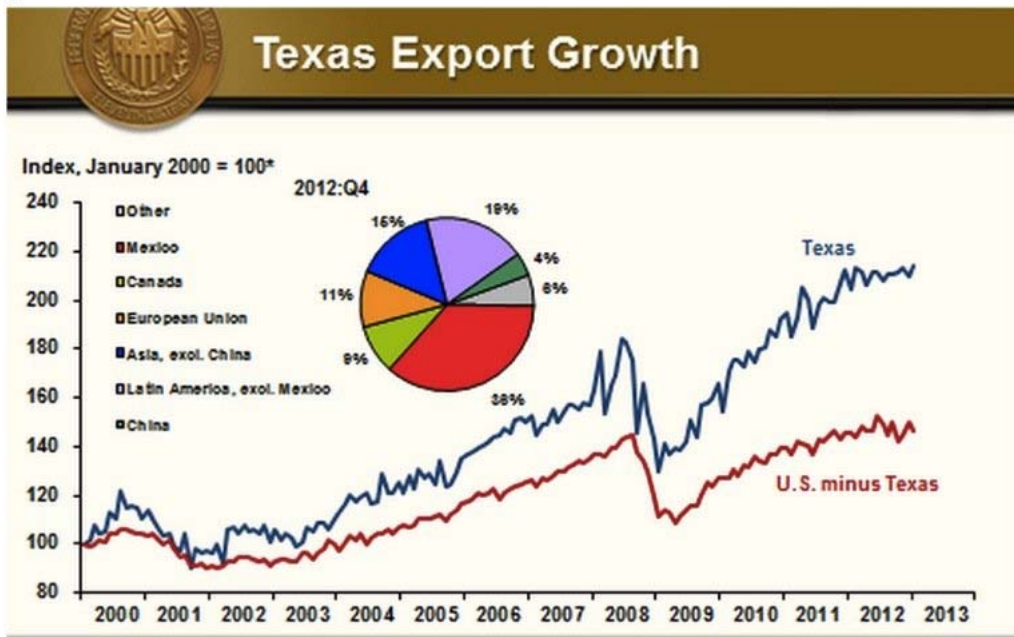


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### 3. The Texas Growth Engine

## Shale boom boosting state, national GDP.

- At 4.8%, Texas' GDP is the second highest in the nation (behind fellow oil-boomer North Dakota).
- State petroleum exports jumped 16.9% between 2011 and 2012.
- Texas now accounts for 17.8% of all U.S. exports, more than any other state.
- The Eagle Ford shale play generated \$61 billion in revenues last year.



Source: Richard Fisher, Dallas Fed

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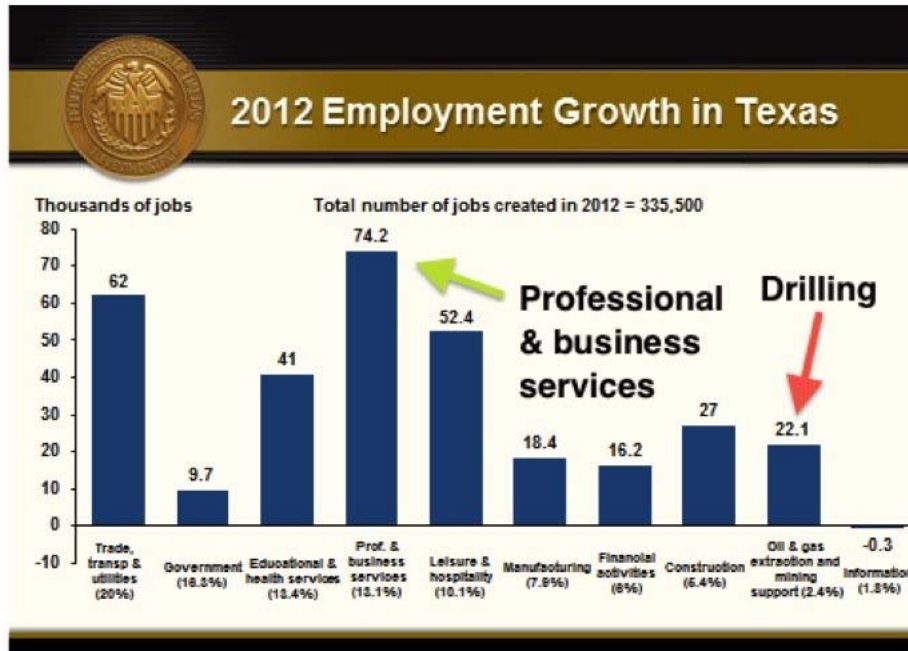
### 3. The Texas Growth Engine

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GROWTH  
ENGINE

## But shale is not even half of the Texas story.

- Austin has the second-highest number of patents per person in the U.S. and has outpaced Houston's rate of employment since the recession.
- More new anti-cancer drugs are evaluated at Houston's M.D. Anderson than at any other institution in the country, with approximately 500 clinical trials underway.
- Texas' business services sector added 74,000 jobs last year, compared with 22,000 in oil and gas drilling.

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Source: Richard Fisher, Dallas Fed

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### 3. The Texas Growth Engine

## Texas' cost of living remains reasonable.

- Gas prices are 5-10 cents lower than national average.
- Texas is one of six states with no income tax.
- "In Houston, the typical home costs \$130,100 — and it is likely a stand-alone and newer than the structure in Brooklyn." — Tyler Cowen/Time
- Austin has the most expensive homes in the state, and they're only slightly above the national average, and well below San Francisco and New York City.



Source: Zillow

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### 4. The Great Congealing Of Cities And Suburbs

## 4. THE GREAT CONGEALING OF CITIES AND SUBURBS

- "...the perceived differences between 'city' and 'suburb' will begin to disappear. Suburbs will introduce more housing types than conventional single-family homes, to attract a more diverse group of residents. Edge cities will become more walkable. Downtowns and town centers will emerge where currently none exist. They'll have to respond to the aging of their residents and the needs they have. Similarly, cities will continue to attract young, educated and affluent residents who will be attracted to the inherent adaptability of cities – their transit networks, mix of housing types, job centers, and amenities. ... I can think of a new term to describe what will happen with metros that more accurately describes what I expect to happen -- The Great Congealing." — *Pete Saunders, Nov. 1. 2013*

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### 4. The Great Congealing Of Cities And Suburbs

## Cities are starting to resemble suburbs.

- The portion of Americans living in urban areas increased 17 basis points between 2000 and 2010 to 80.7%. (Rural America shrank to 19.3%.)
- Seventy-seven percent of millennials want to live in an "urban core," but many will have lived in the suburbs and are subsequently bringing consumption habits they grew up with with them.

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*A shopper walks with an Abercrombie & Fitch bag through Soho, a scene that would have been unthinkable 10 years ago. REUTERS/Chip East*

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### 4. The Great Congealing Of Cities And Suburbs

## Suburbs are starting to resemble cities.

- Toll Brothers says "suburban move-up" houses now comprise just 50% of its sales, compared with as much as 80% a few years ago. — Leigh Gallagher, "The End Of The Suburbs," 2013
- "Preference surveys indicate that half or more Americans now want something other than what conventional suburbia offers, but for the most part they do not crave large, dense cities." — Arthur C. Nelson, "The Resettlement Of America's Suburbs," Planning Theory and Practice, Sept. 2013

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*Rockville, Md. was once a suburb; now it's something between a suburb and a city*  
REUTERS/Larry Downing

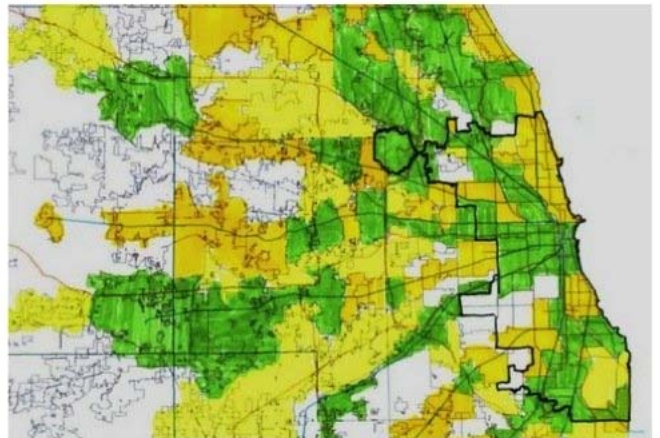
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### 4. The Great Congealing Of Cities And Suburbs

## Transportation will dictate where the “congealing” occurs first.

- “...areas that have the best current access, either both rail and highway or one or the other, might be at the leading edge of the trend. Coincidentally, the areas that have the greatest access are generally the ones that have the most eclectic mix of small, medium and larger home lots, possibly making them more attractive to a wider range of potential home buyers and renters than others. I expect that this pattern will play out in metros around the country, even in those currently without rail access. Older areas with a more diverse mix of land uses will benefit; the more homogeneous places may have to adapt quickly or risk decline.” — Pete Saunders, Nov. 1, 2013

*Map of Chicago. Green areas are served by both rail transit and interstates; darker yellow areas by rail transit only; lighter yellow areas by interstates only; blank, neither. Areas with the most access to transportation volume will be the first to congeal.*



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TRENDS

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### 5. Rise Of The Robots

## 5. RISE OF ROBOTS

- A recent Oxford University study concluded at least 45% of all U.S. jobs, not just ones involving manual labor, are vulnerable to automation. — Frey, Osborne Sept. 17, 2013
- "I see these soon-to-be-obsolete jobs everywhere I go: from the dealers at a casino in Reno (the poker room was already dealer-less) to anyone working a checkout counter to taxi drivers being replaced to self-driving cars." — Richard White, CEO of UserVoice, September 2013
- Amazon bought robot startup Kiva Systems last year for \$775 million.

*A Kiva robot mans one of Amazon's facilities.*



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### 5. Rise Of The Robots

## Self-driving cars are imminent.

- Companies are racing to construct models: Nissan unveiled a prototype earlier this year; Tesla says it can have one ready within three years.
- Google says its driverless cars have already driven over half a million miles with no accidents while the car was "in charge." — Bloomberg, May 30, 2013
- We desperately need them: One study argues texting while driving is six-times more dangerous than drunk driving; meanwhile, 80% of college students now say they text and drive.

*Google's self-driving car on the road.  
(Source: Jennifer Balaco/flickr)*



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### 5. Rise Of The Robots

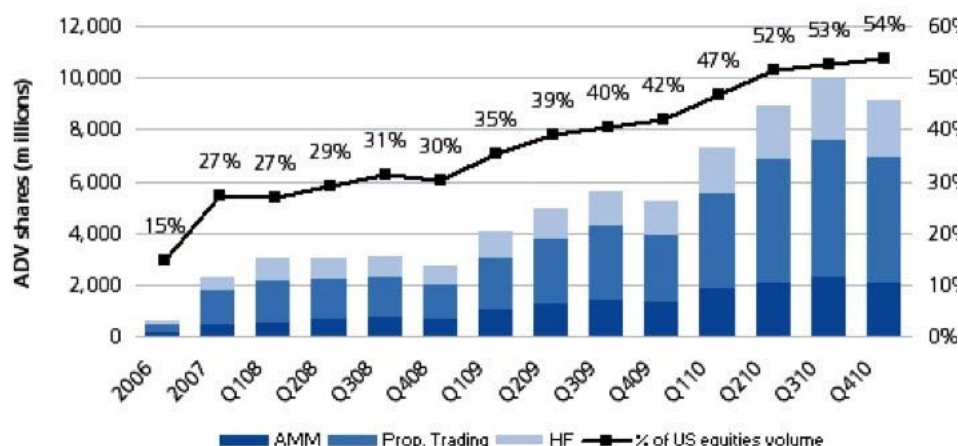
## Freak-outs over high-frequency trading continue unabated.

- There's debate about the extent of HFTs in the market. Norway's sovereign wealth fund says they now account for over 70% of stock market trading volume. Celent says it had already reached 54% by 2010, a large jump from 2006.
- SIFMA recently told the Treasury Department that fixed income electronic trading has "created stresses" on linkages across rates markets because HFTs and clearing houses have completely different goals.

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*Celent's chart tracking share of equity trading volume accounted for by HFTs.*

Percentage of US Equities Volume from HFT and By Segment



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### 5. Rise Of The Robots

## Automation could create social problems

- MIT's Andrew McAfee says automation is likely to exacerbate inequality. — MIT Technology Review, June 12, 2013
- "Many workers in existing industries will be stranded on the wrong side of software-based disruption and may never be able to work in their fields again." — Marc Andreessen, Wall Street Journal, Aug. 20, 2011
- A group representing low-wage industries like hotels and restaurants ran an ad during this summer's nationwide fast-food strike warning that workers were fighting a losing battle against technology.

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*There are already robots poised to take over some duties at Japanese fast food restaurants.*

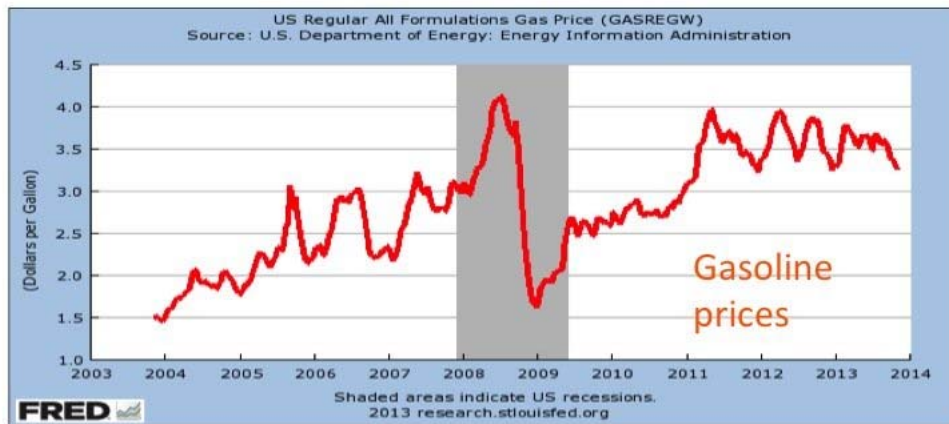


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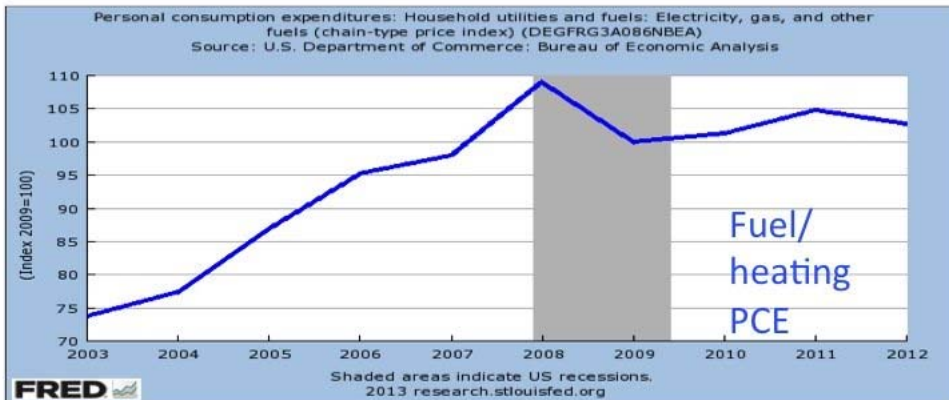
### 6. Energy Costs Have Stopped Growing

## 6. ENERGY COSTS HAVE STOPPED GROWING

- Gasoline hasn't topped \$4.00 since 2008 and has been trending downward.



- Electricity and heating price growth has flat-lined.



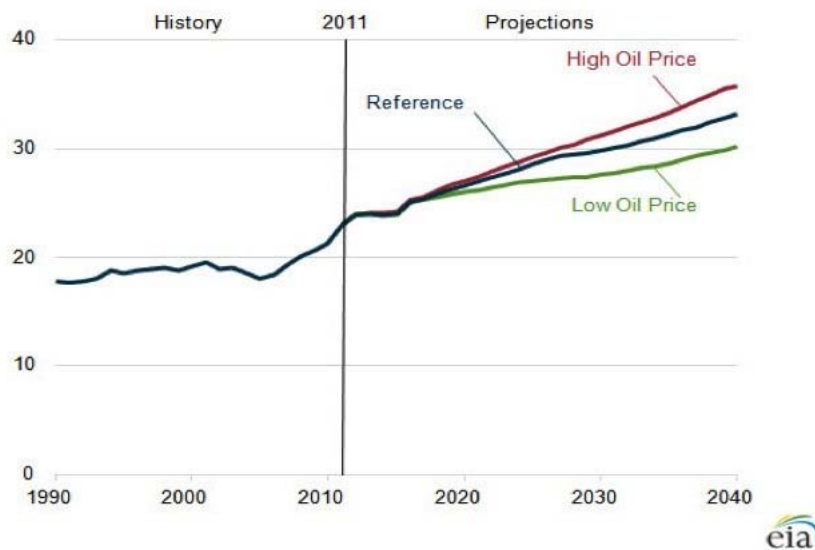
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### 6. Energy Costs Have Stopped Growing

## On the supply side, fuel production has reached levels not seen in decades.

- The feared slowdown in U.S. shale oil production is still nowhere in sight.
- The EIA sees no significant decline in natural gas production, even if oil prices stay low.

Figure 90. Total U.S. natural gas production in three oil price cases, 1990-2040 (trillion cubic feet per year)



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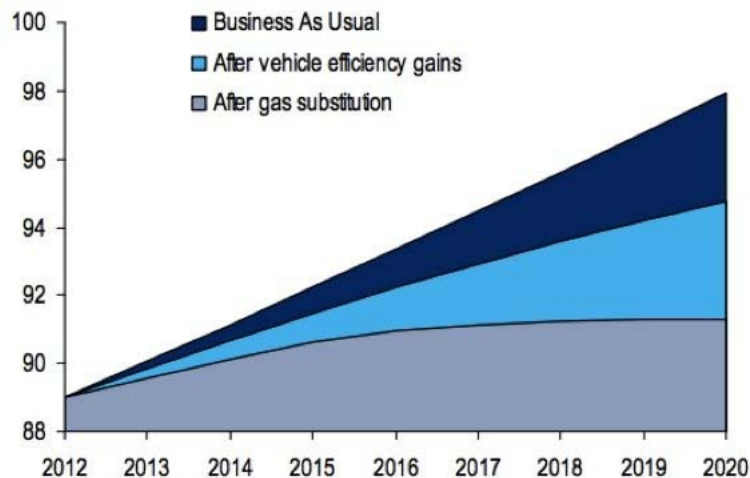
### 6. Energy Costs Have Stopped Growing

## Fuel demand faces steep hurdles.

- Global oil demand drives gasoline prices, and Citi's Ed Morse says it's stopped rising: "We assume that transport fuel demand over the last few decades has been impacted by fuel economy improvements which we back out to avoid double counting. By 2020 this improvement in the fuel efficiency of the global fleet already reduces projected global oil demand by 3.8-mb/d versus the BAU scenario." There's also the potential for a larger natgas fleet, he says.

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COSTS  
STOP  
GROWING

Figure 1. Global Oil Demand Projections:-mb/d



Source: Citi Research

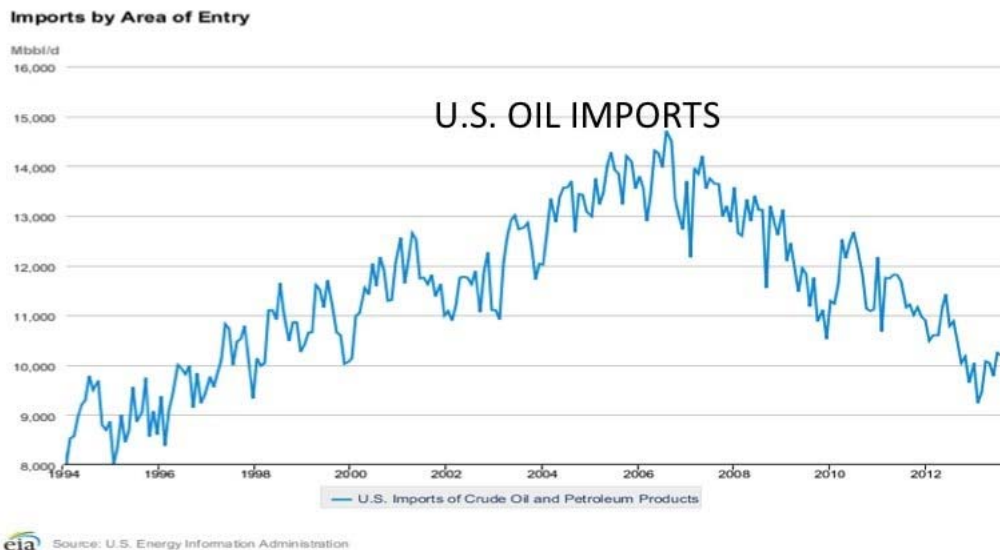
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### 6. Energy Costs Have Stopped Growing

## The U.S. will always be facing a global fuel price market, but trade flows are poised to shift.

- U.S. oil imports are at lows not seen in more than a decade.
- U.S. petroleum product exports are at all-time highs.
- Since 2011, The U.S. government has approved four liquefied natural gas terminals to process exports. At least 21 applications are awaiting review.
- Talk has also begun to allow crude exports. Exporting more fuel could temporarily raise prices but would in the long run produce more price stability.

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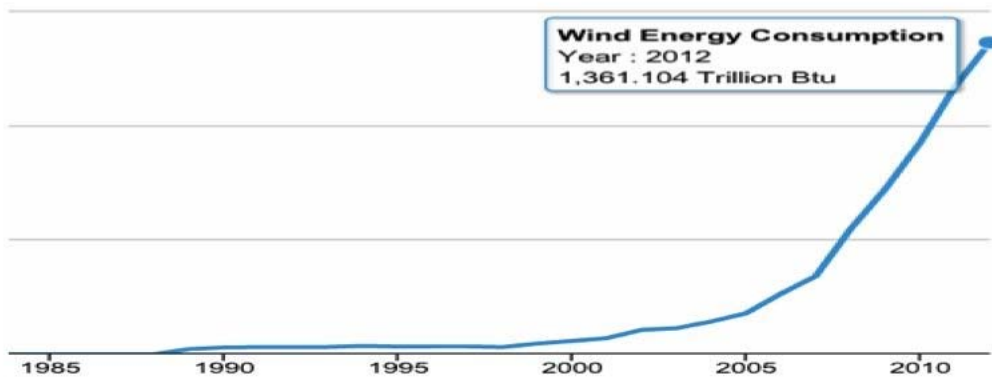
Source: EIA

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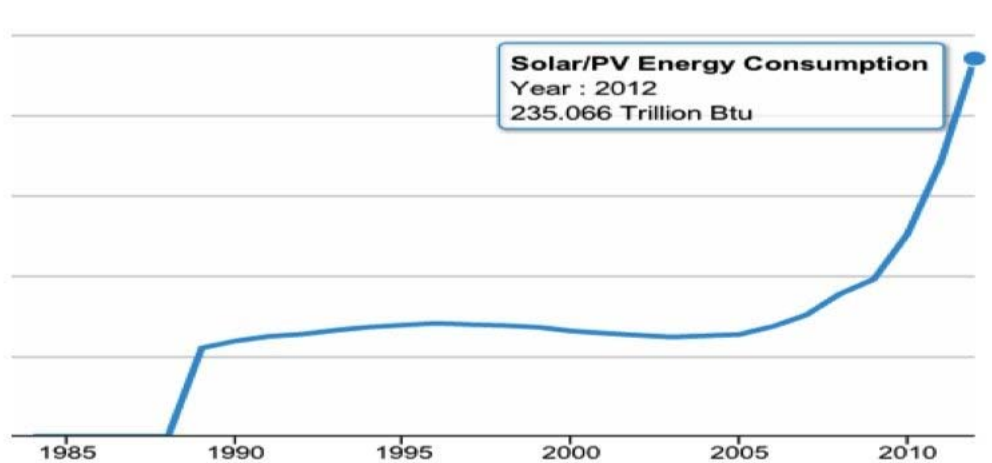
## 7. Renewables Are Surging

## 7. RENEWABLES ARE SURGING

- In 2012, wind consumption jumped 538% from 2005.



- Solar consumption surged 267%.



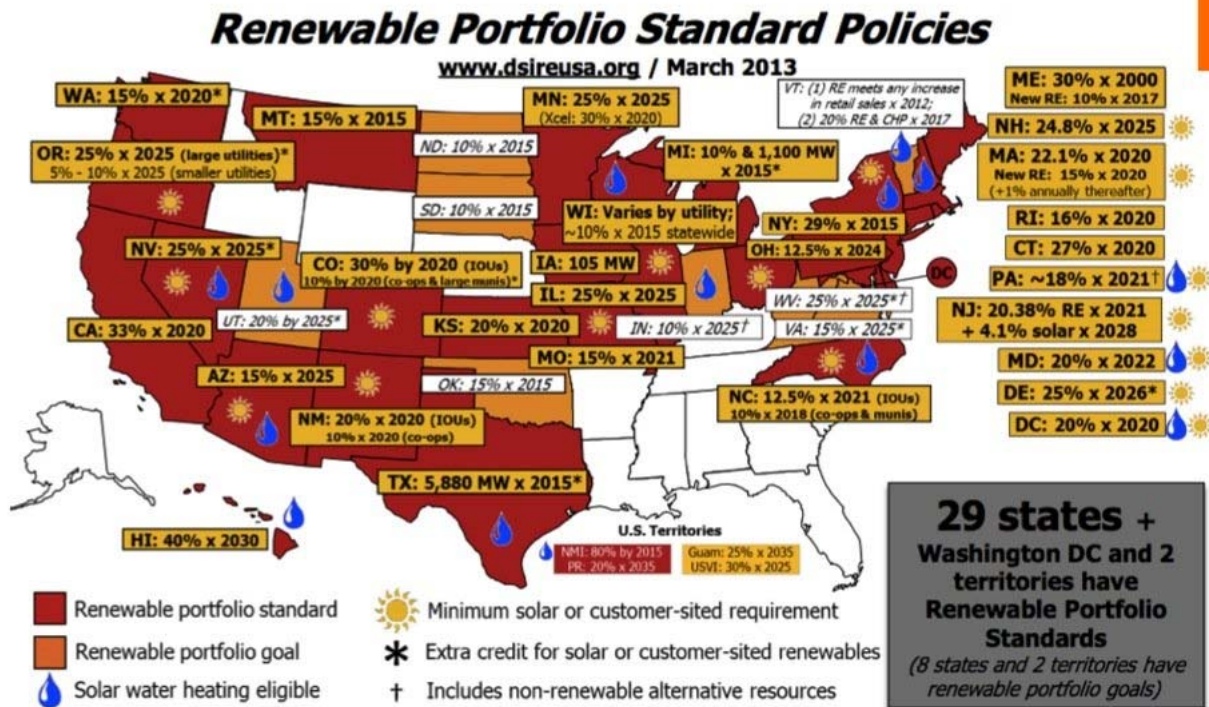
Source: EIA

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### 7. Renewables Are Surging

## States are helping.

- A majority of states now possess renewable portfolio standards, dictating a minimum percentage of power generation must come from renewable sources. Most were adopted within the past decade.



Source: DSIRE

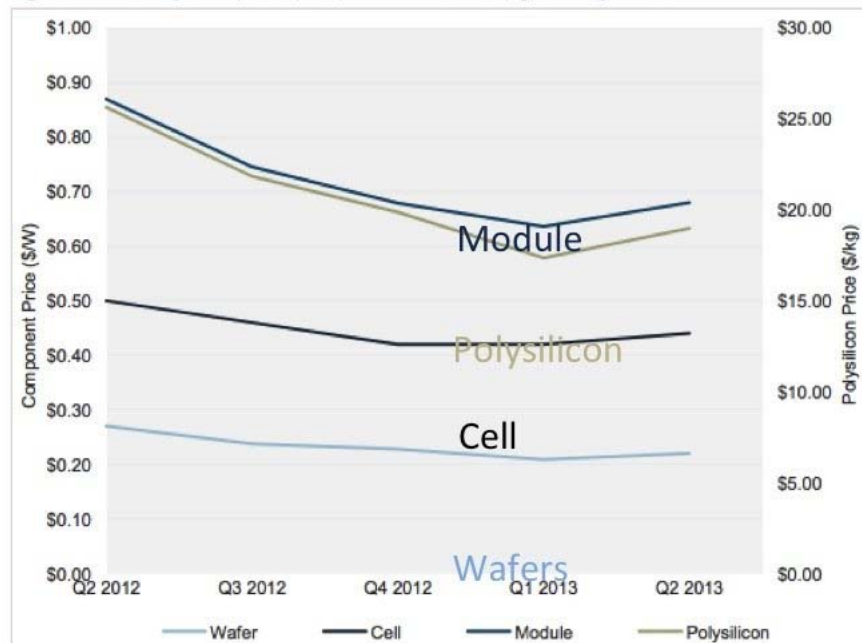
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## 7. Renewables Are Surging

## But costs are falling fast even without incentives.

- Component prices have all declined year over year thanks to an ongoing supply glut overseas, though price declines have slowed as the industry consolidates.
- There's also a "learning curve," where the price drops 24 percent for every doubling of total installation. (Bloomberg March 13, 2012)

Figure 2.9 U.S. Polysilicon, Wafer, Cell, and Module Prices, Q2 2012-Q2 2013



Source: GTM Research

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## 7. Renewables Are Surging

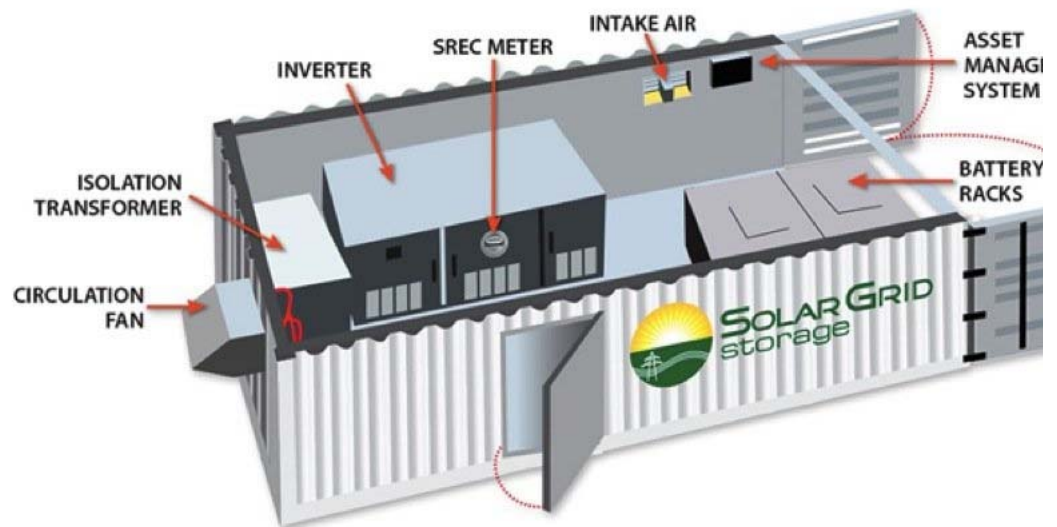


## Storage is the next major growth area.

- There will be more than \$10 billion invested in energy storage technologies in North America alone by 2030. — Boston Consulting Group, July 15, 2013.
- While batteries will see a decent amount of that, hydrogen storage will continue to lead the way because it can capture much more energy.

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ARE SURGING

Solar Grid Storage's "storage container" contains a battery that the local grid can use to charge and discharge excess electricity, making the technology economical.

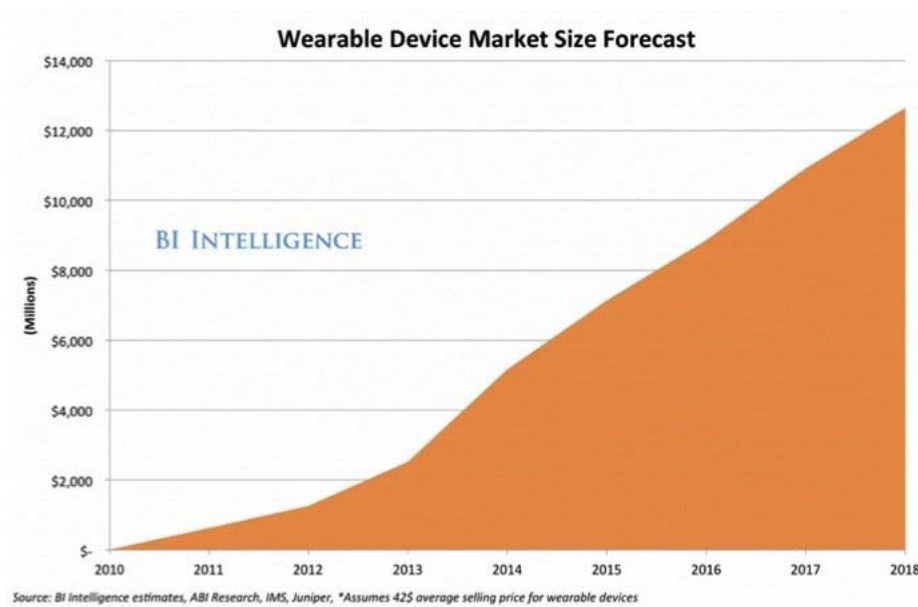


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### 8. Wearable Technology

## 8. WEARABLE TECHNOLOGY

- Smart watches, vests shirts, and footwear are all poised to enter the mainstream, if they haven't already done so.
- According to IMS Research, the wearables market is poised to grow from 14 million devices shipped in 2011 to as many as 171 million units shipped by 2016. Another outfit says it could reach 485 million annual device shipments by 2018, though BI Intelligence believes this is overly optimistic. They say it will hit 100 million milestone in 2014, and reaching 300 million units five years from now.



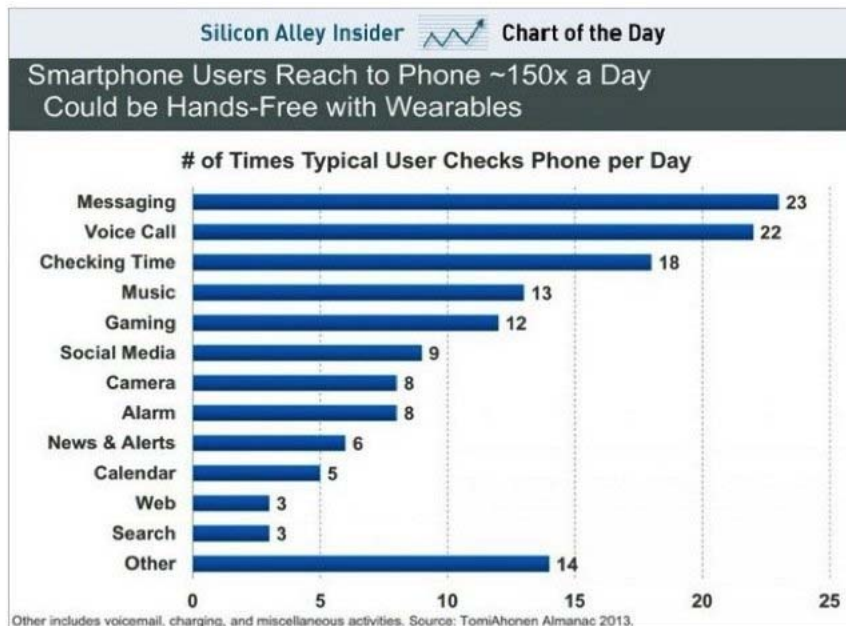
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### 8. Wearable Technology

## Watches seem like the ones to ... watch.

- Credit Suisse says they're a \$56 billion market.
- Google bought a smartphone startup sometime this summer. There have also been rumors Microsoft is interested.
- SAI recently explained why the chart below shows their potential: BI's Nicholas Carlson said he'd be more inclined to check an Apple iWatch than his phone for email, messaging, and voice calls. — May 30, 2013

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## 8. Wearable Technology

## Google Glass is not the answer.

- Although it hasn't yet been released to the public, many analysts now consider it just an experiment.
- BI's Jay Yarow said it is "plagued by bugs, and of questionable use ... The person you're with will see you checking email, or whatever you're trying to do." — Business Insider, May 3, 2013
- Launch.co's Jason Calacanis recently Tweeted (Nov. 7, 2013): "The number of people wearing Glass at tech conference [sic] seems to have stabilized and is perhaps trending down. At the Gigaom #roadmap2013 event there were only two Glassholes and they are no longer being surrounded by folks who want to try them on. In fact I get the sense when you wear these things folks tend to avoid you. No one wants to talk to people wearing them."



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### 8. Wearable Technology

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## "The quantified self."

- Fitness is currently where the bulk of wearable tech can be found, with lots of people talking about "the quantified self," a trend that involves tracking calories, hours of sleep, miles jogged, etc., to improve health.
- The current leading brand is Fitbit, which just released a new wristband that BI's Steve Kovach says is the kind of thing "he's been looking for" for a while. — Business Insider, Oct. 27, 2013
- Nike and a company called Jawbone also have products in this space.



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### 9. Everyone's Living Alone

## 9. EVERYONE'S LIVING ALONE

- Twenty-seven percent of U.S. households now consist of a single person, higher than at any time in U.S. history and up from 17% in 1970.
- Just 20% of households are now comprised of a married couple with children, compared with 40% just 40 years ago.

*This is actually an artwork called "Woman Eating" by sculptor Duane Hanson at the Smithsonian. There's another (real) woman, alone, checking her phone. June 25, 2012, REUTERS/ Kevin Lamarque*



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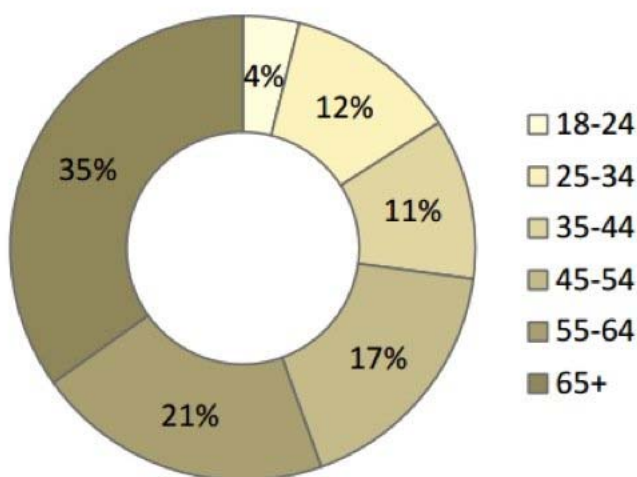
### 9. Everyone's Living Alone

## The demographics behind this phenomenon are complicated.

- Sixty-one percent of Americans living alone in 2011 were previously married, and “solo householders” tend to be older.
- There is also a racial component, with the incidence of solo households higher among whites and blacks.

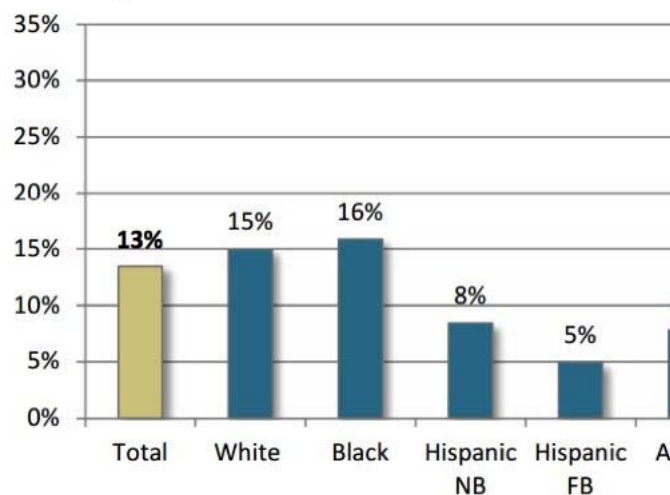
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EVERYONE  
LIVES  
ALONE

Figure 1. Age Distribution of Adults Living Alone, 2011



Source: U.S. Census Bureau, American Community Survey, 2011

Figure 3. Percentage of Adults (age 18+) Living Alone by Race, Ethnicity and Nativity, 2011



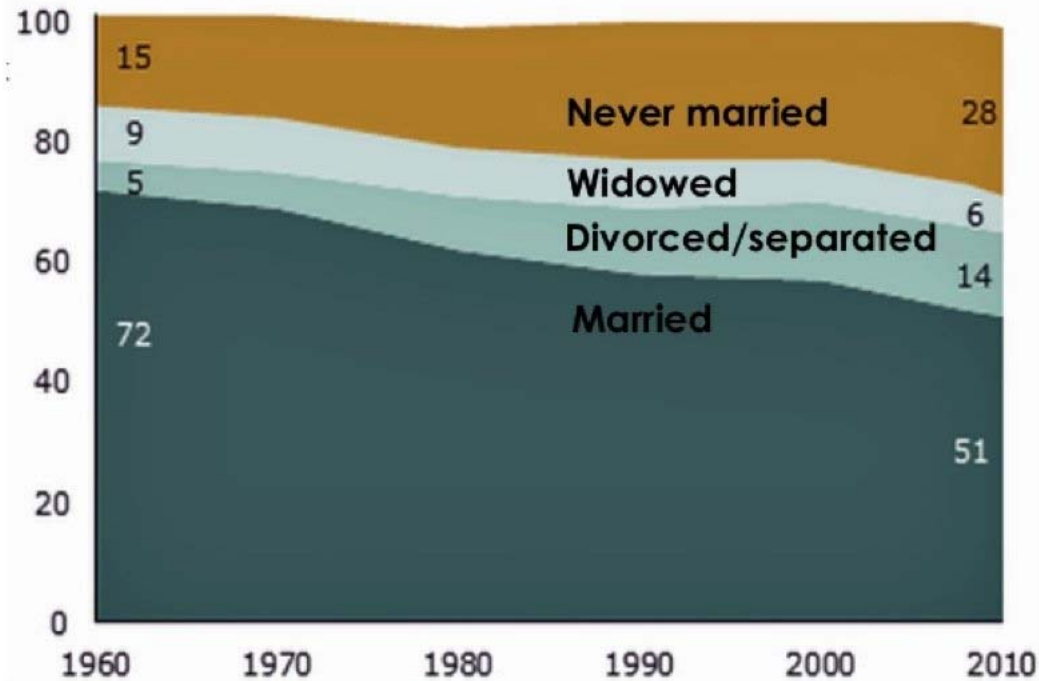
Source: U.S. Census Bureau, American Community Survey, 2011

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### 9. Everyone Lives Alone

## Meanwhile, marriage is also declining fast.

- The proportion of Americans never married has doubled since 1960.
- The average marrying age has also increased, to 28 for men and 27 for women compared with 24 and 22 in 1970.



Source: Census

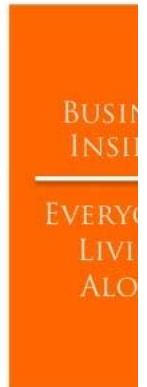
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### 9. Everyone Lives Alone

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ALONE

## The economic consequences of more “solos” remain ambiguous.

- Over the past 25 years, after-tax income in real dollars for people living alone has increased 18% to \$41,268; for married people, it's increased 25% to \$87,507 (BLS). Marriage has thus somehow become more valuable but less prevalent.
- The New Yorker's Nathan Heller has written this is a sign of progress: “The ease with which we can lead a single life is, as sociologists show, a social achievement in itself. And the people who suffer most from aloneness are those who require the most care to begin with.” — April 16, 2012
- Nobel Prize winner Gary Becker advocates not so much incentivizing marriage as disincentivizing divorce — which, in the form of the rise of solo households, may already be happening.



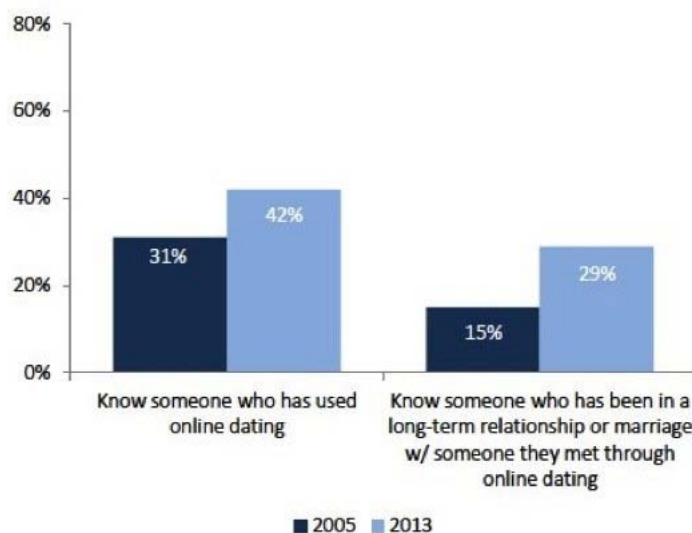
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### 10. Everyone Dates Online

## 10. EVERYONE DATES ONLINE

- Eleven percent of American adults — and 38% of those who are currently “single and looking” — have used online dating sites or mobile dating apps, according to Pew.
- About 22% of 25 to 34-year-olds and 17% of 35 to 44-year-olds are online daters.
- Awareness has surged:

**Familiarity with online dating through others, 2005-2013**  
% of American adults who...



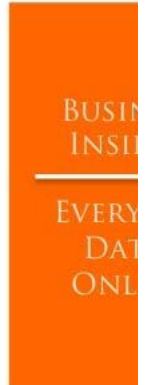
Source: Pew

Business Insider

### 10. Everyone Dates Online

## Lots of people are founding dating startups.

- HowAboutWe, launched in 2010, already has 1.5 million users, with more than 100,000 dates posted monthly on its site. — Business Insider, Sept. 9, 2013
- “The Dating Ring” founded this spring, was recently the subject of a New York Times profile (Nov. 8, 2013).



Business Insider

### 10. Everyone Dates Online

## Over the last three years, dating site stocks have crushed the S&P 500.

- IAC (InterActiveCorp), which owns sites including Match.com and OKCupid, is up nearly 100%.
- Spark Networks, which owns sites including JDate, is up nearly 150%.
- They've slowed down a bit recently, but IAC's Q3 sales were +6% year-over-year; Spark Networks' Q2 sales were +17.6% year-over-year.

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EVERY  
DATA  
ONLINE



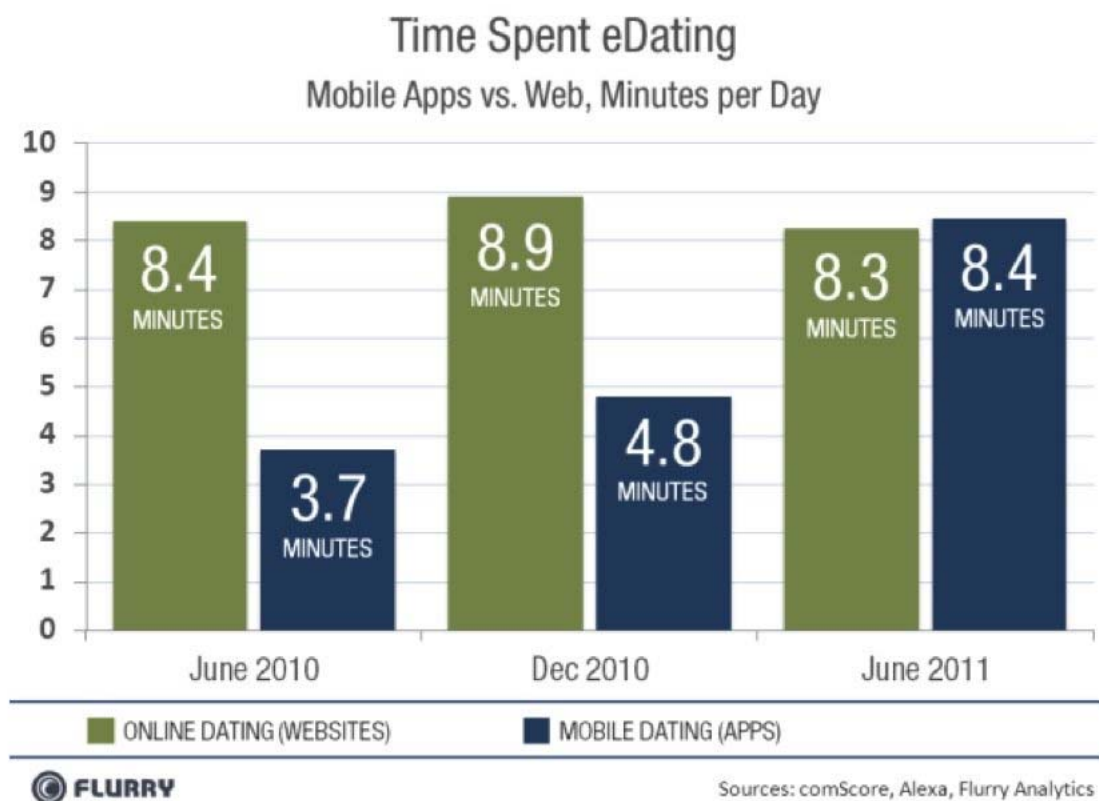
Source: Yahoo

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### 10. Everyone Dates Online

Obviously mobile is huge, though it's a somewhat recent phenomenon.

- Pando Daily's Carmel Deamicis says (Nov. 8, 2013) the dating app space is already looking like a bubble.



Business Insider

## 11. Stagflation

## 11. STAGFLATION

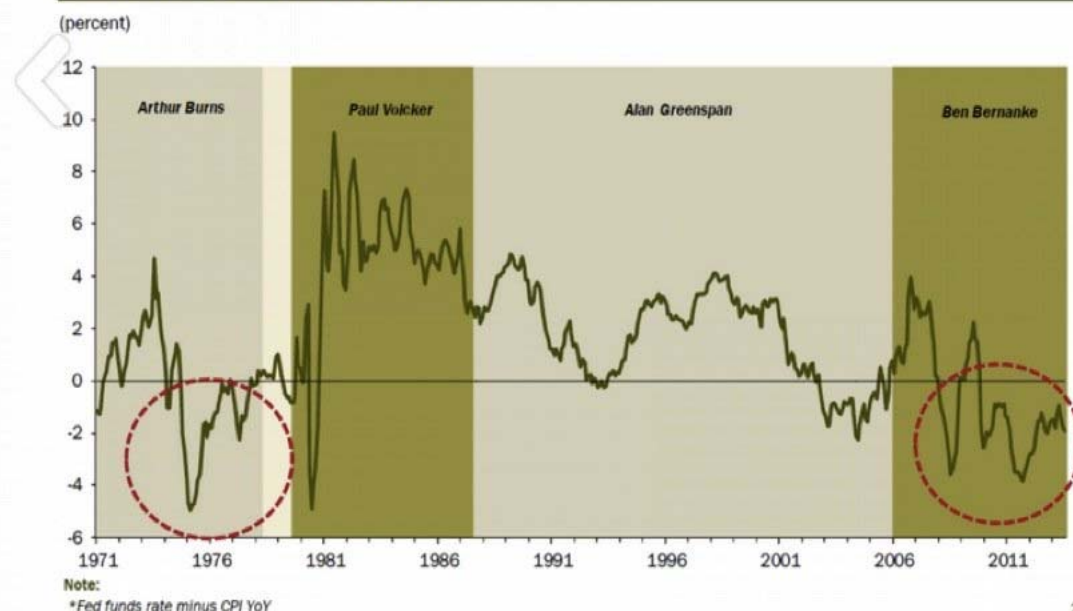
- Economist David Rosenberg recently told us:

"As the debate rages over who the next Fed Chairman will be, I am increasingly of the view that Ben Bernanke's legacy will not just be that he saved the world from financial calamity five years ago, but that five years from now we will look back at the current policy setting as having unleashed the next major macro theme, which I believe is stagflation, or at the very least, a mild form of it. You simply cannot keep real short-term interest rates negative for this long in the face of even modestly positive real economic growth without generating financial imbalances and inflationary excesses down the road."

—David Rosenberg, Chief Economist & Strategist at Gluskin Sheff + Associates and author of "Breakfast with Dave"

### BURNS RETURNS!

#### United States: Real Fed Funds Rate\*



22

Source: BI Most Important Charts, Oct. 9, 2013

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## 11. Stagflation

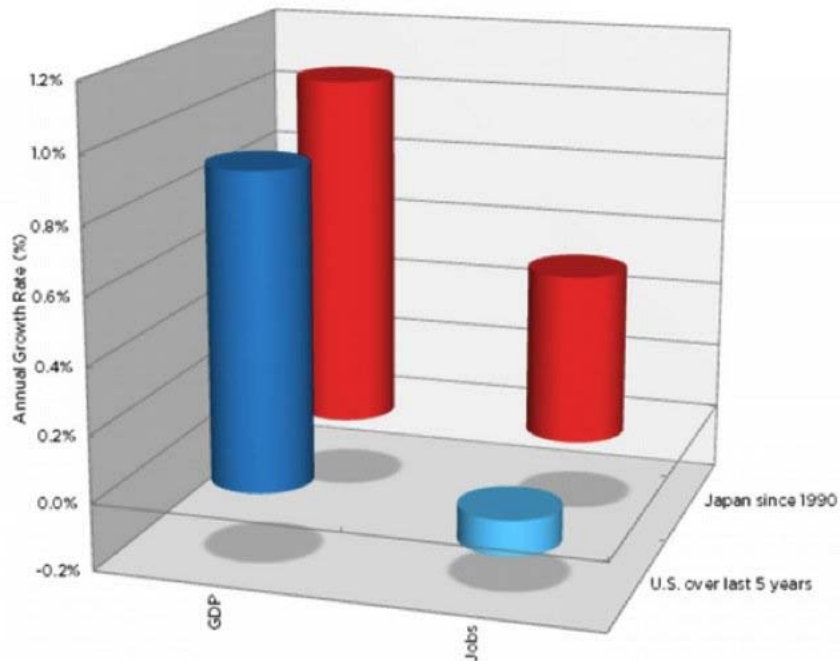
## Lost decade?

- Lakshman Achuthan says the U.S. now compares unfavorably to Japan.

### The US Is Worse Than Japan

**"For Japan since 1990, average annual growth has been +1.1% for GDP and +0.5% for jobs. For the U.S. over the last five years, average annual growth has been +0.9% for GDP and -0.1% for jobs."**

—Lakshman Achuthan, co-founder and COO of the Economic Cycle Research Institute



Source: BI Most Important Charts, Oct. 9, 2013

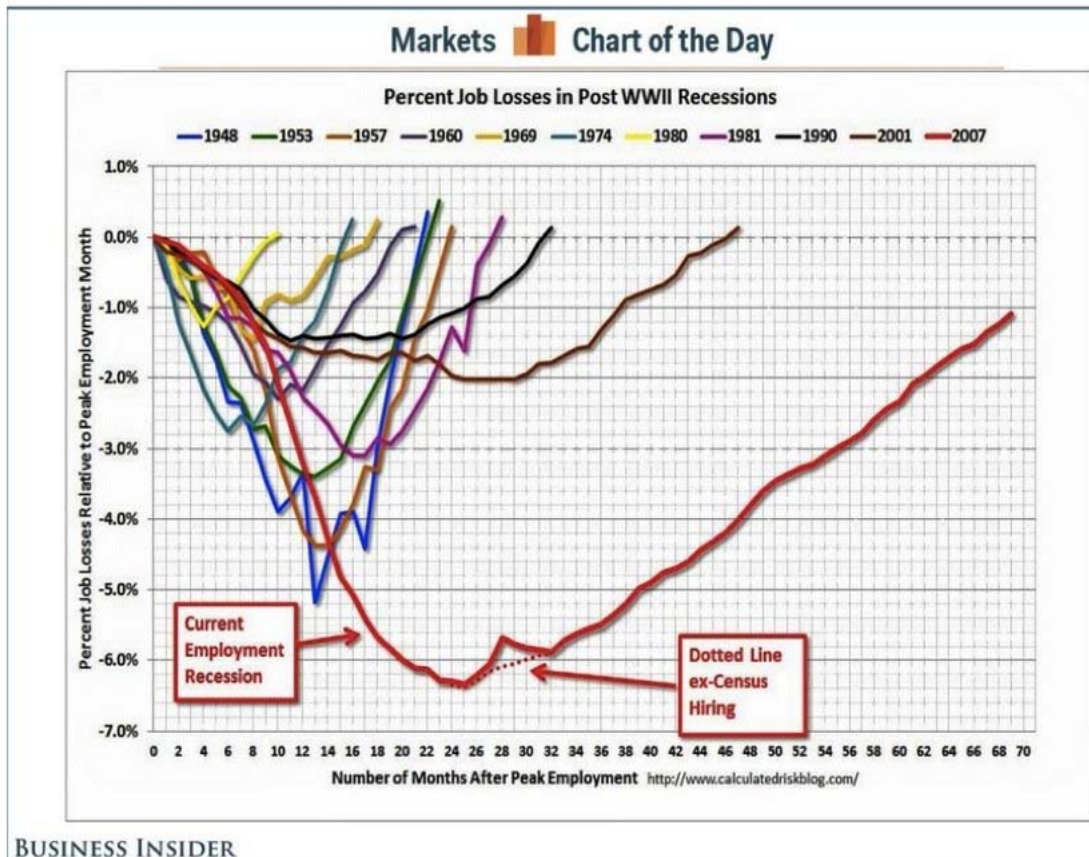
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## 11. Stagflation

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STAGFLATION

## The scariest jobs chart ever.

- The depth of the recent employment recession is worse than any other post-war recession: We have not yet even recovered to 1% below our pre-recession peak.



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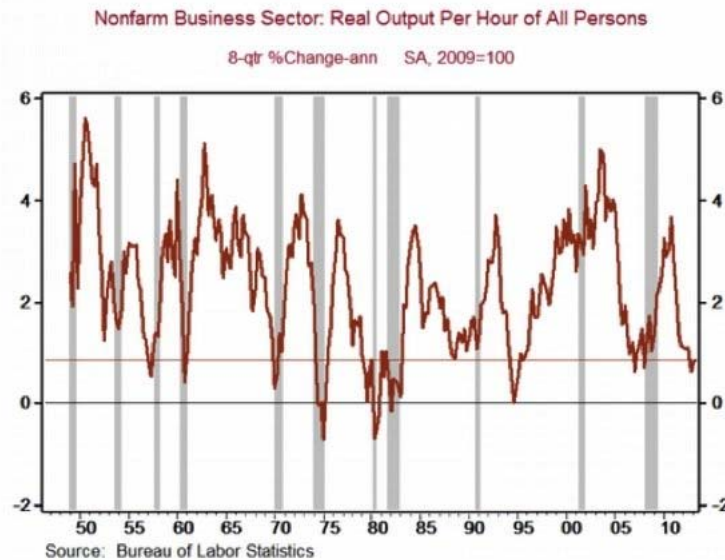
## 11. Stagflation

## Productivity gains have ground to a halt.

- Michael Feroli says this is a mixed blessing.

"Below is a chart of productivity in the nonfarm business sector. Over the past two years, productivity has expanded at a 0.86% annual rate — outside of recessions, this is the slowest pace of productivity growth seen in the post-war period. (Interestingly, one of those rare exceptions was just before the latest downturn.) Less capital deepening in high-tech capital equipment and a slower pace of business spending on R&D suggests this slowdown could persist into the future. Moreover, the slowing in productivity is a major reason the unemployment rate has fallen so much in recent years, even with subpar growth — lower productivity growth means more hiring is needed to eke out gains in GDP. If productivity growth stays subdued then the unemployment rate could continue falling relatively swiftly, which would prompt the Fed to normalize policy sooner than they are currently signaling."

—Michael Feroli, Chief U.S. Economist at JPMorgan



Source: BI Most Important Charts, Oct. 9, 2013

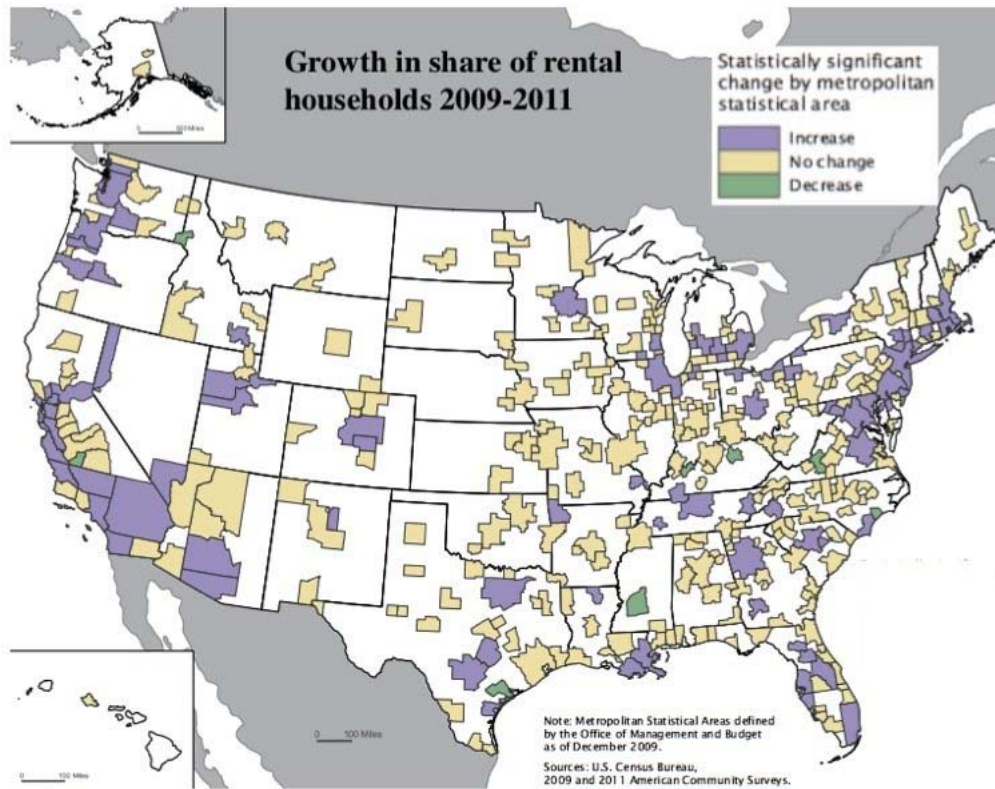
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## 12. The Future Of Housing Is Renting

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## 12. THE FUTURE OF HOUSING IS RENTING

- Renting households increased to 35.4% in 2011 from 34.1% in 2009. — U.S. Census April 2013.
- Among U.S. metro areas, 24% saw increases in renting households between 2009 and 2011.



Source: Census

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### 12. The Future Of Housing Is Renting

## For a while, rent prices were actually falling in many areas, and no one was sure why.

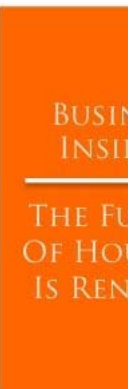
- Nearly four-times as many metro areas experienced declines in rental vacancies as those that experienced increases between 2009 and 2011. — U.S. Census April 2013
- But, of the 50 most populous areas, only Washington, D.C. and New York saw increases in rent between 2009 and 2011, and only 23 of the 366 total metro areas saw increases, compared with decreases in 57. — U.S. Census April 2013.
- The Census was at a loss to explain why prices fell despite declining supply — i.e. vacancies — and increasing demand — i.e. higher share of rental households.



Source: Census

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## 12. The Future Of Housing Is Renting

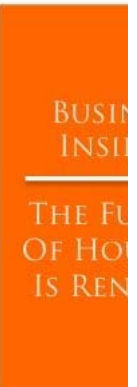


## Rental bonds could “revolutionize” the housing market.

- In November, Blackstone successfully sold \$479 million of REO-to-rental bonds, which are securities backed by cash flows from renters living in previously foreclosed homes purchased by Blackstone.
- Moody's gave the senior tranche of the deal a AAA rating and the opening interest rate on the bonds was below the expected level, suggesting strong demand.
- Robert Shiller said the product could spark a “revolution” in the housing market by reducing noise in housing prices.



Source: REUTERS/  
Michelle McLoughlin

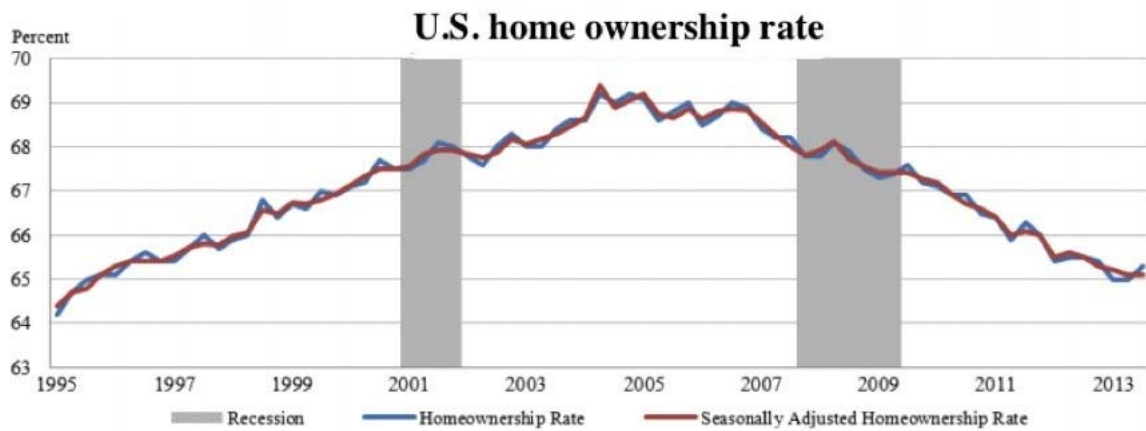


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### 12. The Future Of Housing Is Renting

## Homeownership growth is over.

- The percentage of Americans who own homes is now at 17-year lows.



Source: Census

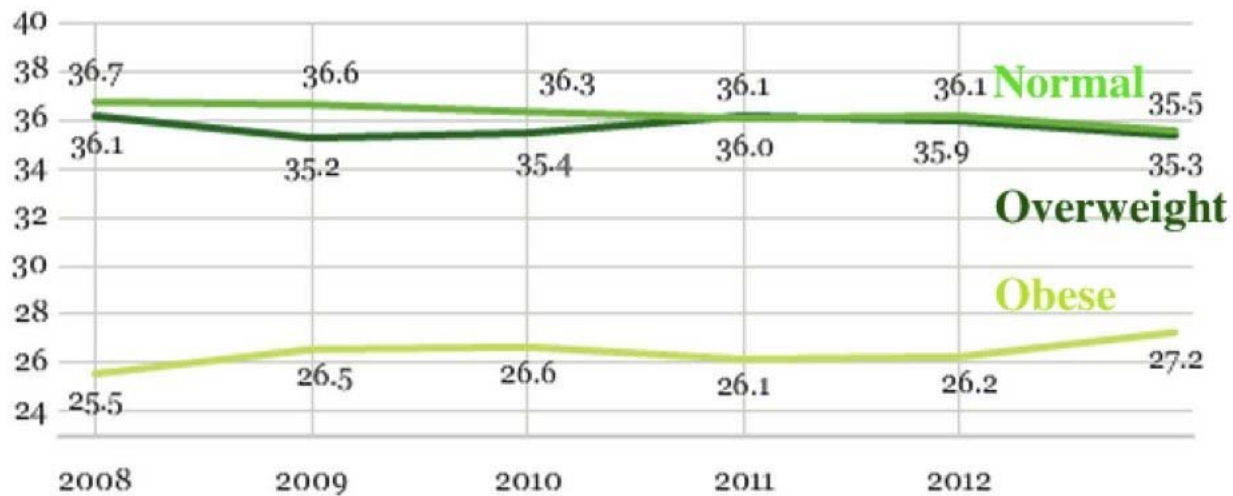
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OF HOMEOWNERSHIP  
IS RENTING

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### 13. Obesity Is At A Crossroads

## 13. AMERICA'S OBESITY SITUATION IS AT A CROSSROADS

- Obesity climbed for the second straight year, according to a recent Gallup poll (Nov. 1, 2013).



Source: Gallup

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### 13. Obesity Is At A Crossroads

## Obesity is rising fastest among older Americans but has stabilized among millennials.

- The obesity rate among 45 to 64-year-olds climbed 1.8%, the most of any age cohort.
- There was a 1.4% uptick among Americans 64 and older.
- Among 18 to 29-year-olds, however, the rate held flat.



Source: colros/flickr

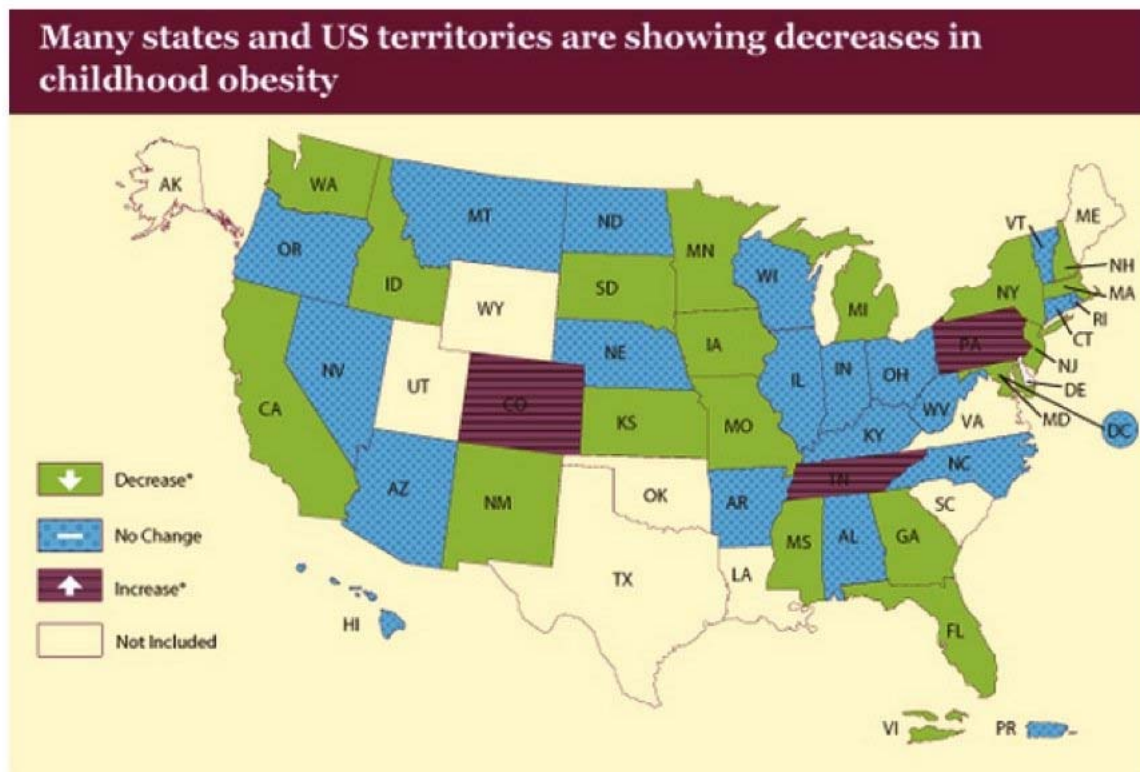
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### 13. Obesity Is At A Crossroads

## Childhood obesity seems to be improving.

- Nineteen states saw declines among obese, low-income 2-4 year-olds between 2008 and 2011 according to the CDC (August 2013).



Source: CDC

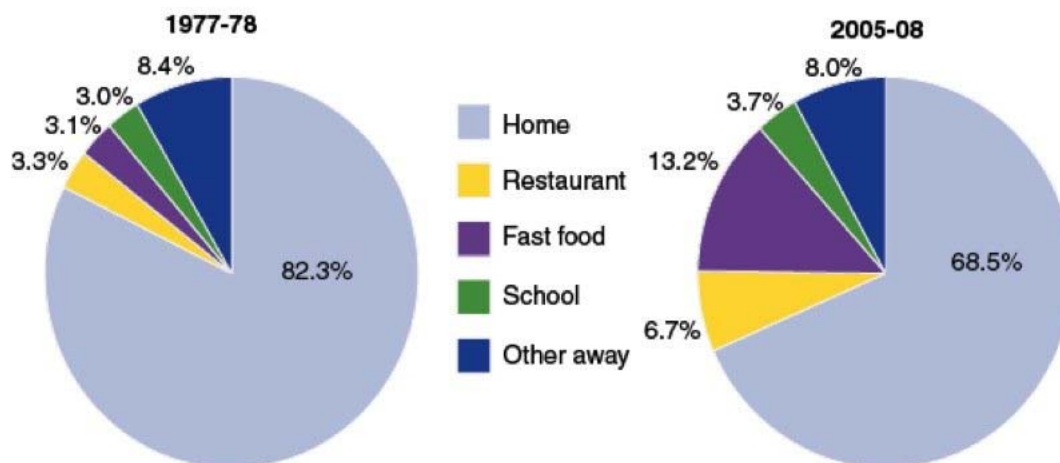
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### 13. Obesity Is At A Crossroads

## But eating out has been climbing, which is one of the main culprits driving obesity.

- Americans are getting more calories from restaurants and fast food than ever before.
- Saturated fat as a share of calories is 11.9% in restaurants, 13.5% in fast food, and 10.7% at home.

**Between 1977-78 and 2005-08, food away from home, particularly fast food, provided an increasing share of calories in the U.S. diet**



Note: Totals do not sum to 100 due to rounding.

Source: USDA, Economic Research Service analysis using data from the 1977-78 Nationwide Food Consumption Survey and the 2005-08 National Health and Nutrition Examination Survey.

Source: USDA

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## 14. The Gun Control Debate Is Over And Guns Won

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## 14. THE GUN CONTROL DEBATE IS OVER AND GUNS WON

- Dana Milbank wrote after the Navy Yard shooting: "Obama continues to favor gun control, which he reiterated Tuesday when asked by Telemundo in an interview. But the issue, for the foreseeable future, is settled: Gun control is dead."
- Gun control votes in 2013 have failed even in "blue" states like California and Illinois.
- Bill Bratton is not hopeful either (Nov. 7, 2013):



**adam nagourney**  
@adamnagourney



Following

Bill Bratton (next NYC police commish?)  
says gun control "is not going to happen.  
That ship has sailed." Also: Mass shooting is  
"new normal"

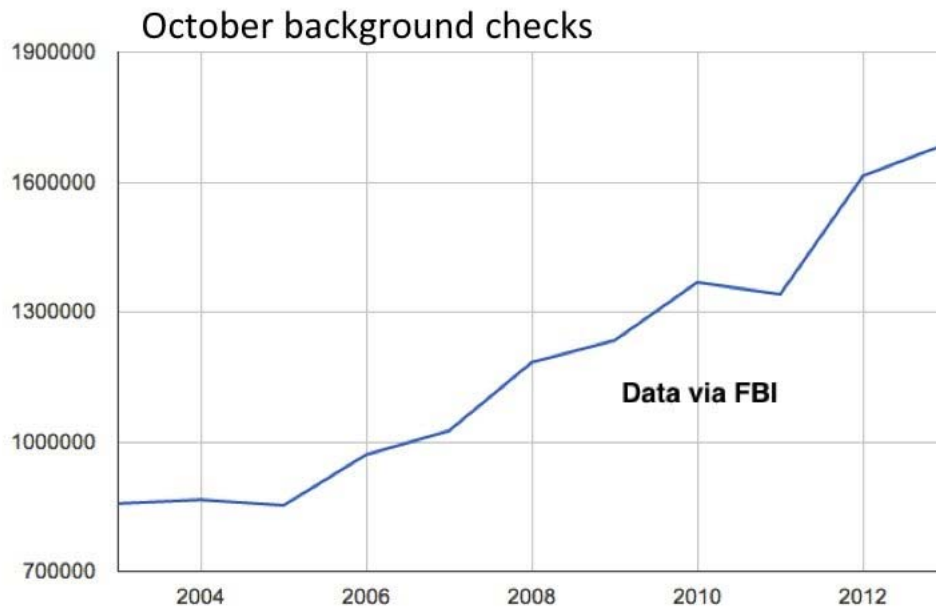
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### 14. The Gun Control Debate Is Over And Guns Won

## Gun sales remain steady.

- Background checks climbed 4.5% in October year over year, have already surpassed 2011's overall figure, and are on pace to top 2012's figure of 19,592,303.
- Sturm, Ruger's CEO, says sales may now plateau in coming years, but there are now 88.8 guns per 100 people in the U.S. — Bloomberg, Nov. 7, 2013



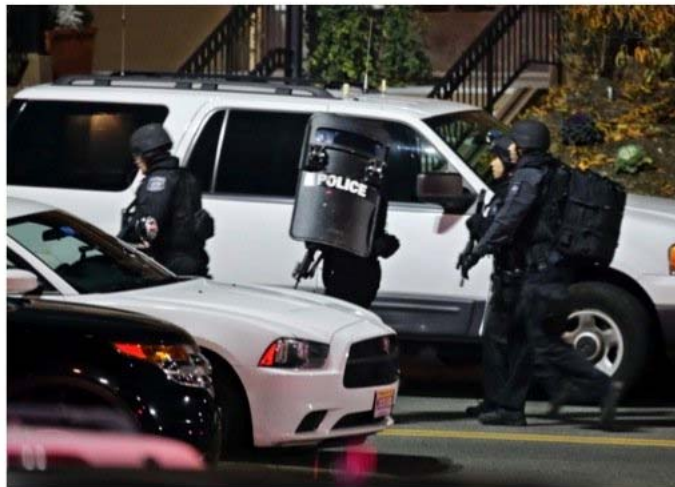
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### 14. The Gun Control Debate Is Over And Guns Won

## Shootings have soared.

- According to Attorney General Eric Holder, the annual average for mass shootings has tripled since 2000-2008, when the number averaged around five. So far in 2013, there have been at least 12. — Politico, Oct. 21, 2013
- The murder-by-firearm rate increased 4% in 2012, according to the FBI.
- Half of gun-owning households do not lock up their guns, including 40% of households with kids under age 18. — USA Today, April 11, 2013

*Heavily armed police wear flack jackets and helmets as they prepare to search the Garden State Plaza mall in response to reports that a gunman had fired shots in the mall, in Paramus, New Jersey November 5, 2013. A person with a gun opened fire on Monday evening in the massive New Jersey shopping mall shortly before closing time, leading police to evacuate the mall and search for the shooter, but no injuries were reported, officials said. REUTERS/Ray Stubblebine*



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### 14. The Gun Control Debate Is Over And Guns Won

## No one quite knows what to do about it.

- The head of Interpol recently told ABC news (Oct. 21, 2013) that he saw two solutions: arm everyone or put security everywhere.
- There are already metal detectors at most major stadiums.
- According to The Atlantic (Feb. 4, 2013), there are a few strategies that seem to be somewhat effective:
  - "More intensive probation strategies: increased contact with police, probation officers and social workers.
  - "Changes in policing strategies, such increased patrols in hot spots.
  - "Programs featuring cooperation between law enforcement, community leaders, and researchers, such as Project Safe Neighborhoods."

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DEBATE

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### 15. The War On Drugs Is Over And Drugs Won

## 15. THE WAR ON DRUGS IS OVER AND DRUGS WON

- In one of the largest studies of its kind published this September in the British Medical Journal, Canadian and American researchers concluded the global supply of illicit drugs has likely not been reduced in the past two decades.
- Demand has more or less remained constant. "No drug dealer ever worries about demand. Ever." — Stephen Marche, Esquire

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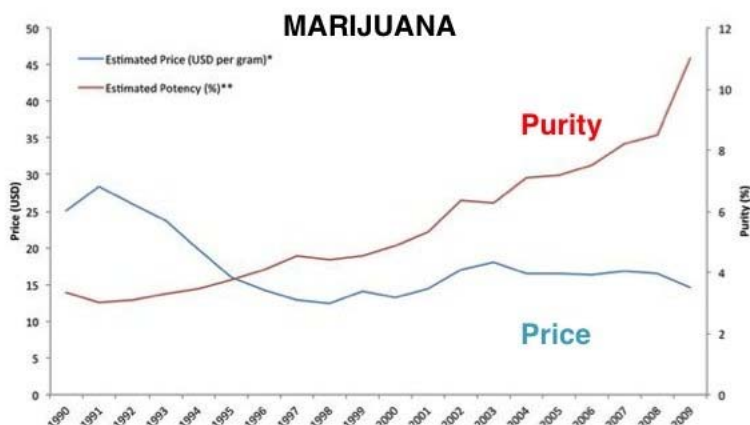
Miss High Times Yvette Marie Ramirez hands awards at the High Times U.S. Cannabis Cup in Seattle, Wash. Sept. 8, 2013. The Cup features exhibitions as well as a marijuana growing competition. REUTERS/Jason Redmond

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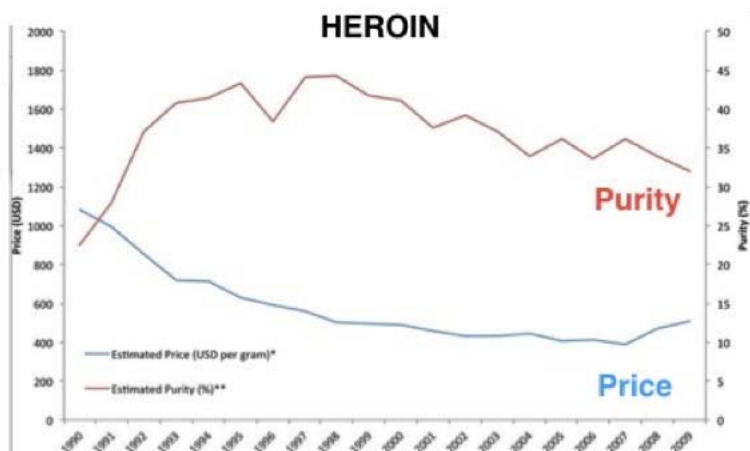
### 15. The War On Drugs Is Over And Drugs Won

Prices have generally decreased, while purity has generally increased.

- Marijuana purity has soared while prices have come down and stayed down.

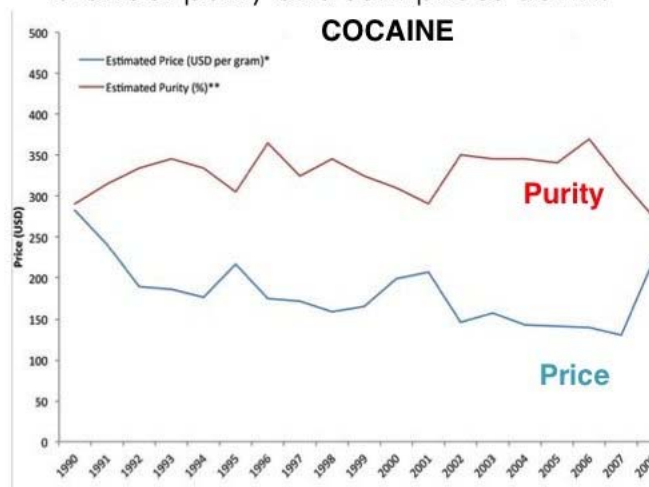


- Heroin prices have only gone down; purity remains above 1990 levels.



Source: British Medical Journal

- Until recently, the “war” on cocaine did to affect purity and sent prices down.

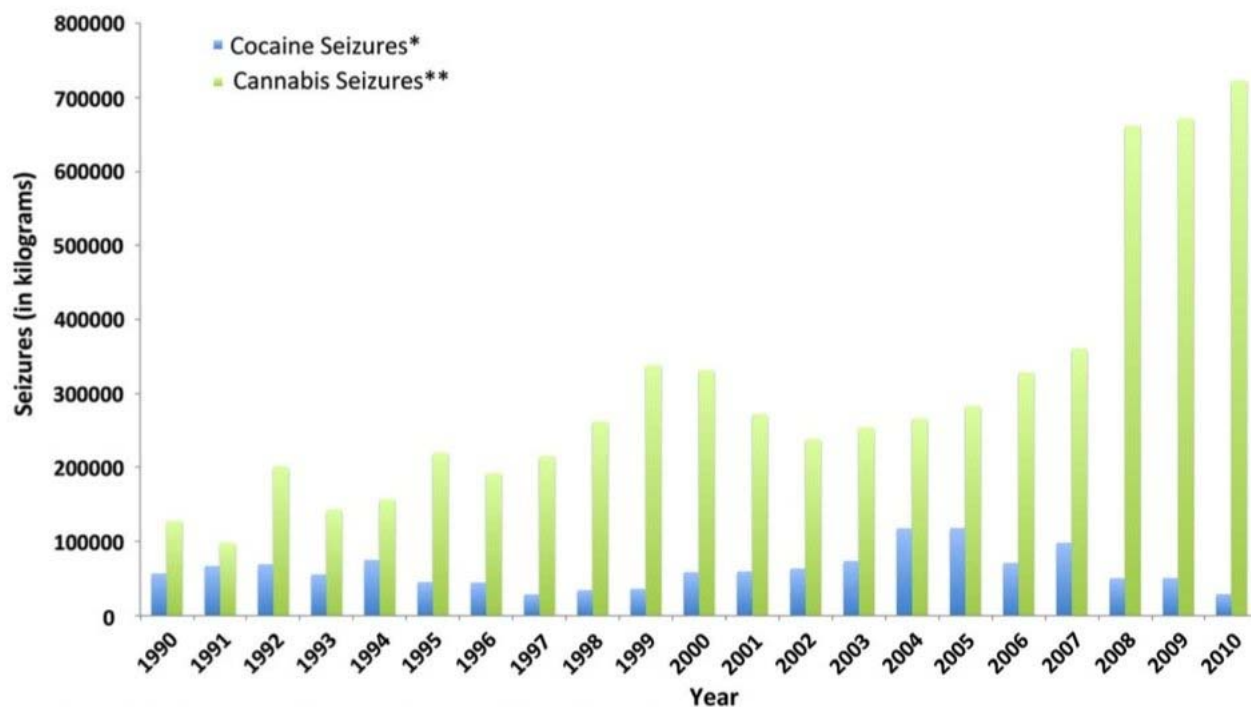


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## 15. The War On Drugs Is Over And Drugs Won

## Seizures generally increased.

- The amount of marijuana seized by the DEA increased 465% between 1990 and 2010.
- Heroin seizures (not shown in chart) increased 29%.
- Cocaine seizures decreased 49%.



Source: United States Drug Enforcement Agency STRIDE Surveillance System

\* Test for trend:  $p = 0.403$

\*\* Test for trend:  $p < 0.001$

Source: British Medical Journal

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### 15. The War On Drugs Is Over And Drugs Won

## The law has started acknowledging the war's outcome.

- In September, Attorney General Eric Holder ordered federal prosecutors to ease charges on low-level drug offenders.
- Maine and three Michigan cities just passed legalization measures.



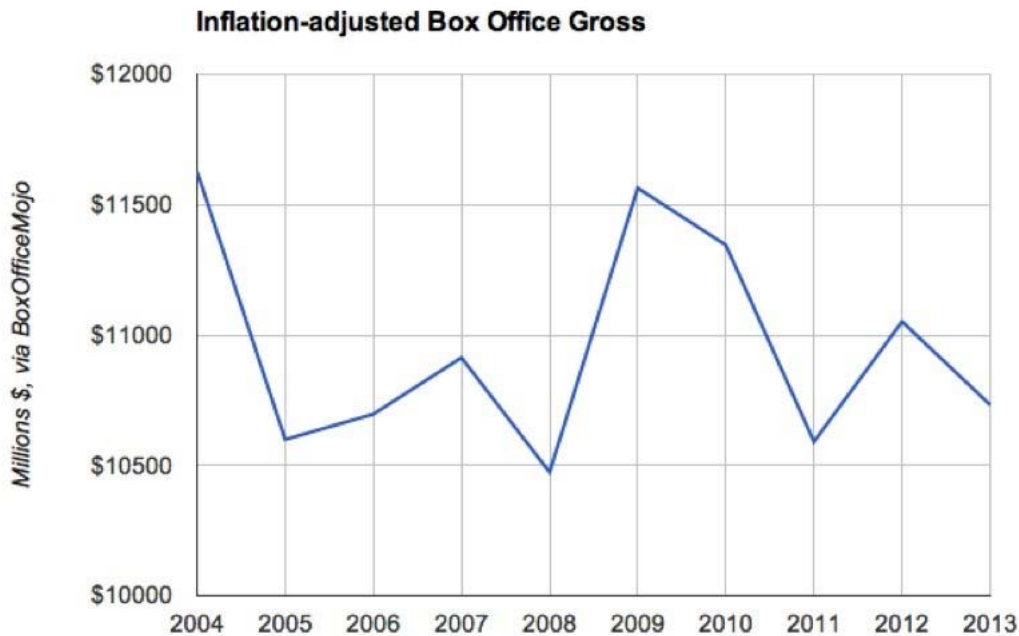
Source: United Patients Group

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### 16. Old Hollywood Is Dead And Old TV Is Dying

## 16. OLD HOLLYWOOD IS DEAD AND OLD TV IS DYING

- In 2011, 10% of Americans said they attend a cinema at least once a month. In 2000, it was 30%. — The Economist, Feb. 23, 2013.
- American adults now spend more time with the Internet (five hours) than in front of TVs (4.5) — emarketer, Aug. 2013
- Inflation-adjusted box office receipts are down about 8% from all-time highs of 2004.



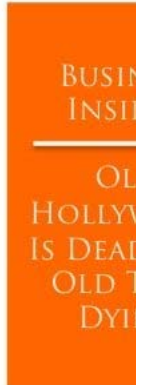
Source: BoxOfficeMojo

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### 16. Old Hollywood Is Dead And Old TV Is Dying

## Streaming has obliterated movie profit margins.

- Netflix (along with rental services like Redbox) have helped tank DVD and VHS sales 36% since 2004, according to HIS, which at one point were 50% of profits. — Lynda Obst, "Sleepless In Hollywood"
- In the past five years, mega-studios cut the number of films they made by 14-54%, according to Nomura. — The Economist, Feb. 23, 2013
- Top actors are getting paid half of what they would have made during the boom years.
- "People are still watching the same amount of movies that they did a few years ago. They're just spending \$6 billion less a year to do it." Todd Juenger, Sanford C. Bernstein/The Economist, Feb. 23, 2013

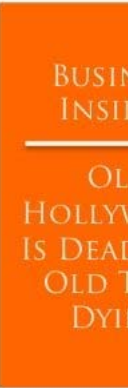


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### 16. Old Hollywood Is Dead And Old TV Is Dying

## Content is sprouting everywhere.

- Netflix just passed HBO in total subscribers.
- Amazon Studios is now accepting pitches for shows.
- Hulu, Apple, and Google are all developing their own shows.
- “If the model breaks down, it will start from the outside. It could be that we start to see some hit content generated outside of the model and that starts to make the content owners get antsy and break ranks.” — SNL Kagan's Ian Olgeirson/Bloomberg Sept. 18, 2013

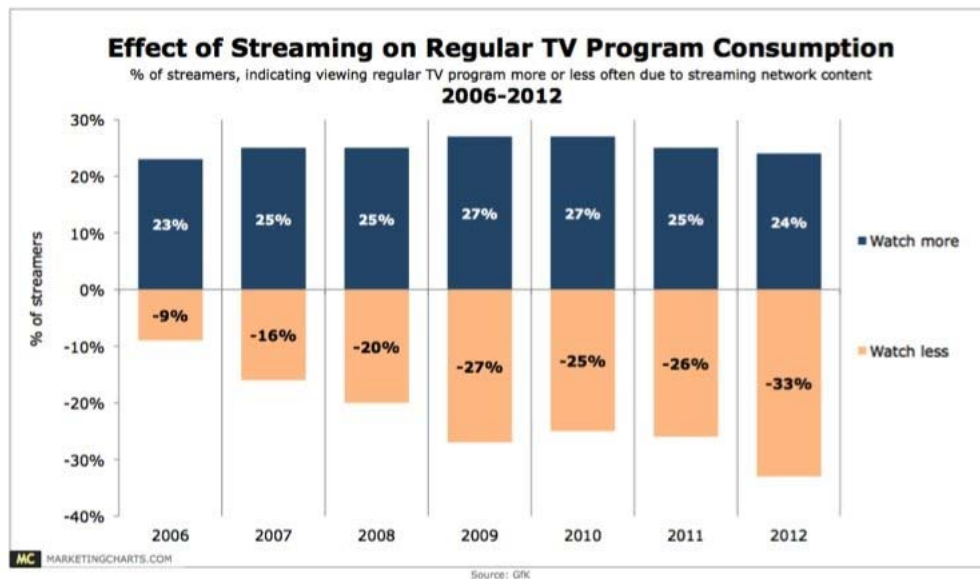
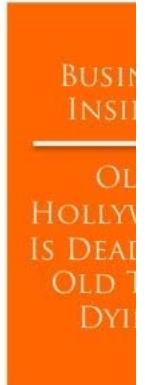


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### 16. Old Hollywood Is Dead And Old TV Is Dying

## Cable providers are under attack.

- Smart TVs represent a “threat” to the industry, says BI contributor Dan Frommer. “A successful TV app platform could significantly shift the balance of power in entertainment, and allow for much greater probabilities of success among newcomers versus incumbents.” — Business Insider, Oct. 24, 2013
- Earlier this year, Sen. John McCain introduced a bill that would provide for a-la-carte cable.
- Streaming may be greatest threat:



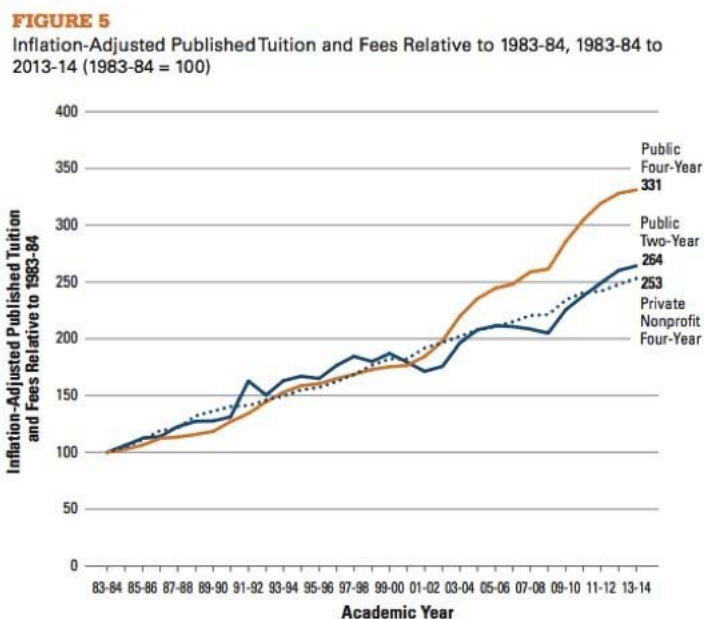
Source: GfK/e-strategyblog

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### 17. The Education Bubble Has Burst

## 17. THE EDUCATION BUBBLE HAS BURST

- In-state tuition and fees climbed 2.9% for the 2013-2014 school year, the smallest increase in 30 years according to the College Board. Compare with 4.5% in 2012-2013 and 8.5% in 2011-2012.
- "The 2013-14 increase in published tuition and fees at public four-year colleges and universities is the smallest we have seen in many years. This does not mean that college is suddenly more affordable, but it does mean that the rapid growth of recent years did not represent a 'new normal' for annual price increases." — College Board, 2013



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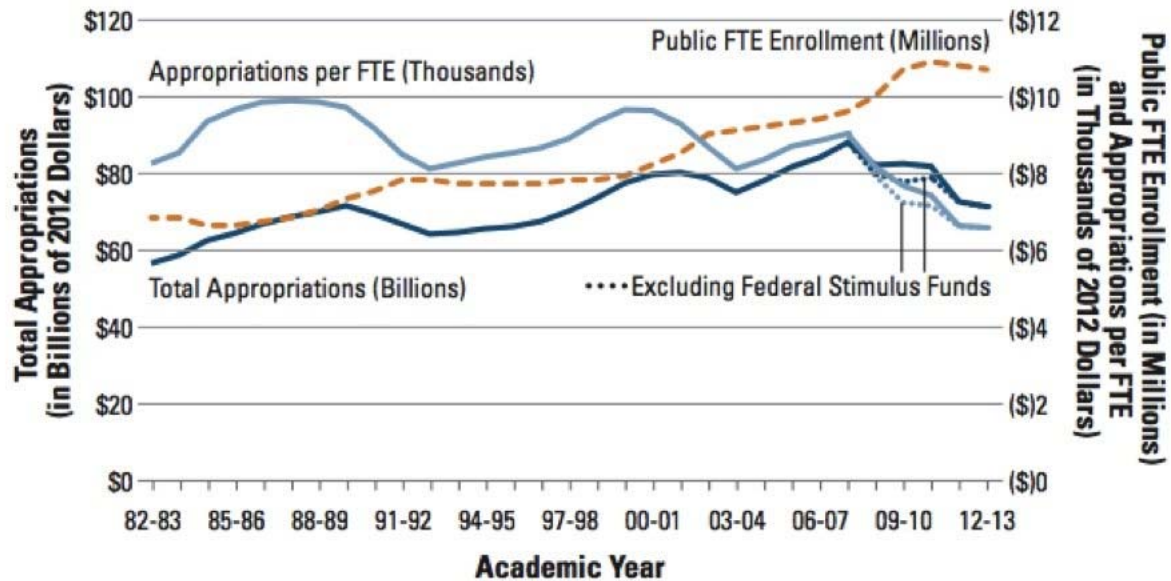
### 17. The Education Bubble Has Burst

## There's one big reason why.

- Student aid has declined 19% since 2007 and now appears to be in secular decline.
- As a result, enrollment has stalled.

**FIGURE 14B**

State Appropriations for Higher Education: Total Appropriations in 2012 Dollars (in Billions), Appropriations per Public FTE Student in 2012 Dollars (in Thousands), and Public FTE Enrollment (in Millions), 1982-83 to 2012-13



Source: College Board

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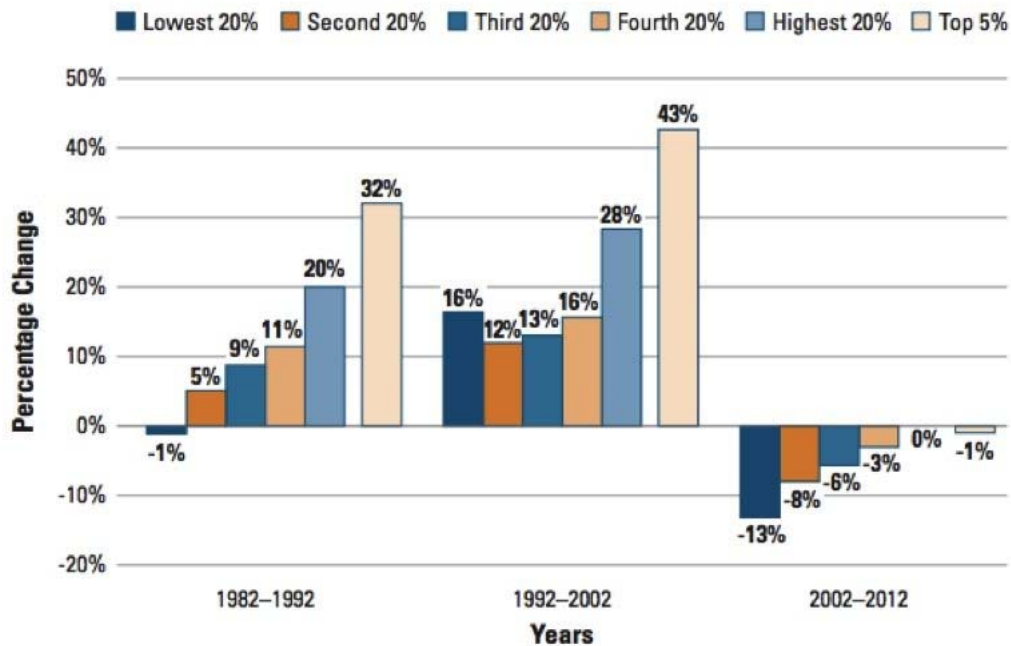
### 17. The Education Bubble Has Burst

## Everyone's income stopped growing too.

- After two straight decades of gains, incomes were flat or declined in all income quintiles.

**FIGURE 20A**

Percentage Change in Inflation-Adjusted Mean Family Income by Quintile, 1982–1992, 1992–2002, and 2002–2012



Source: College Board

Business Insider

### 17. The Education Bubble Has Burst

## MOOCs probably aren't having an impact on enrollment numbers yet, but they likely could.

- "MOOCs" are massive open online courses.
- In the past year, Mountain View-based Coursera has introduced 328 different courses from 62 universities in 17 countries.



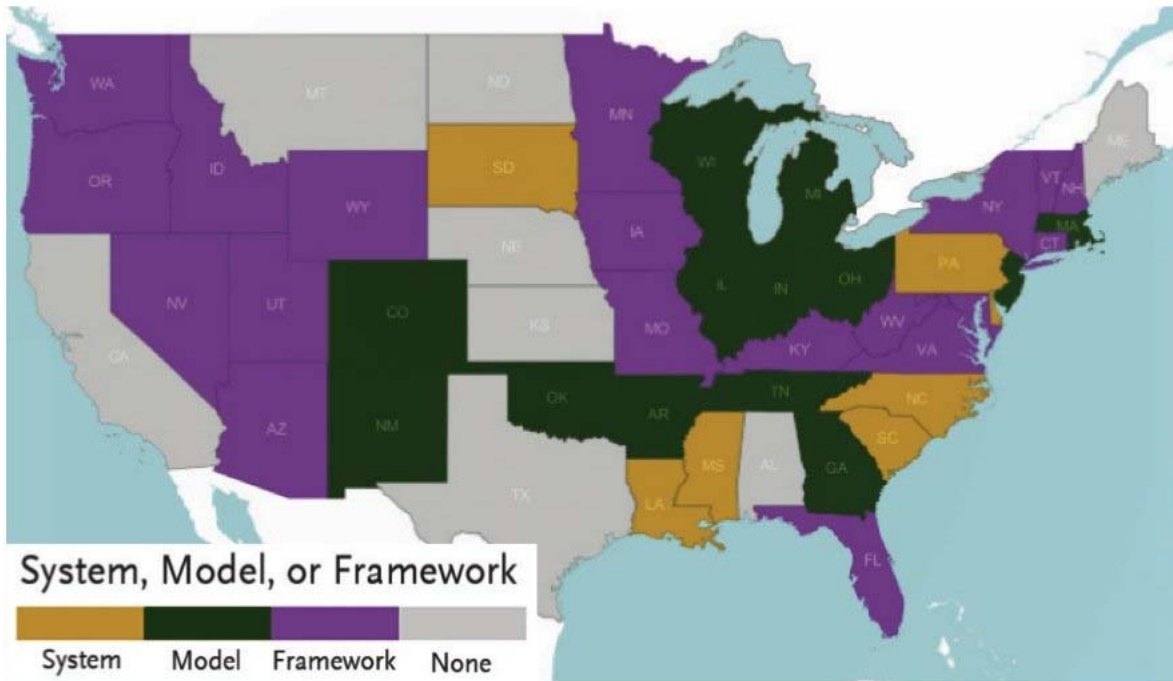
Source: College Board

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### 18. Teacher Evaluations

## 18. TEACHER EVALUATIONS

- The following states now have some form of data-driven teacher evaluations.



**"System: The state designs the evaluation system, which districts must implement.**

**"Model: The state designs an evaluation system model, which districts can choose to use or create their own.**

**"Framework: The state sets certain evaluation parameters, which districts must adhere to in designing their evaluation systems."**

Source: New American Foundation, 2013

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### 18. Teacher Evaluations

## Some might argue this was overdue.

- Most teachers are currently rated effective.
- But less than one-third of children score proficiently on reading tests by the end of third grade.
- Only 75% of U.S. students graduate from high school on time. — New America Foundation, May 2013
- U.S. math scores are worst among all developed nations.

**Table A2.7 Mean proficiency in numeracy among 16-24 year-olds (adjusted)**  
*Assuming a score of 85 points for literacy-related non-response*

OECD	Adjusted mean		
	Score	S.E.	S.D.
<b>National entities</b>			
Australia	269.0	(2.7)	(47.9)
Austria	277.4	(1.8)	(46.6)
Canada	267.1	(1.6)	(47.8)
Czech Republic	277.8	(1.6)	(40.0)
Denmark	272.5	(1.5)	(43.1)
Estonia	277.7	(1.3)	(42.4)
Finland	284.8	(1.8)	(43.2)
France	262.9	(1.6)	(43.5)
Germany	273.9	(1.8)	(46.9)
Ireland	257.6	(2.3)	(41.7)
Italy	250.8	(2.6)	(44.5)
Japan	280.5	(2.3)	(42.9)
Korea	280.9	(1.9)	(33.3)
Netherlands	283.0	(2.0)	(46.9)
Norway	269.2	(1.8)	(46.8)
Poland	268.6	(1.1)	(41.6)
Slovak Republic	277.4	(1.8)	(40.8)
Spain	254.3	(1.8)	(43.9)
Sweden	278.2	(1.7)	(45.7)
<b>United States</b>	<b>240.0</b>	<b>(2.5)</b>	<b>(60.0)</b>

Source: OECD

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## 18. Teacher Evaluations

## Early results show they are effective.

- A study of Cincinnati teachers showed merely introducing evaluations of any sort improved student achievement by 10% of a standard deviation more than non-evaluated teachers. (Taylor, Tyler 2012)
- The first study of Washington D.C.'s controversial evaluation program, begun in 2009, showed an increase in "effective" and "highly effective" teachers, though there is some probability this may have been incidental. (Doe, Wyckoff 2013)

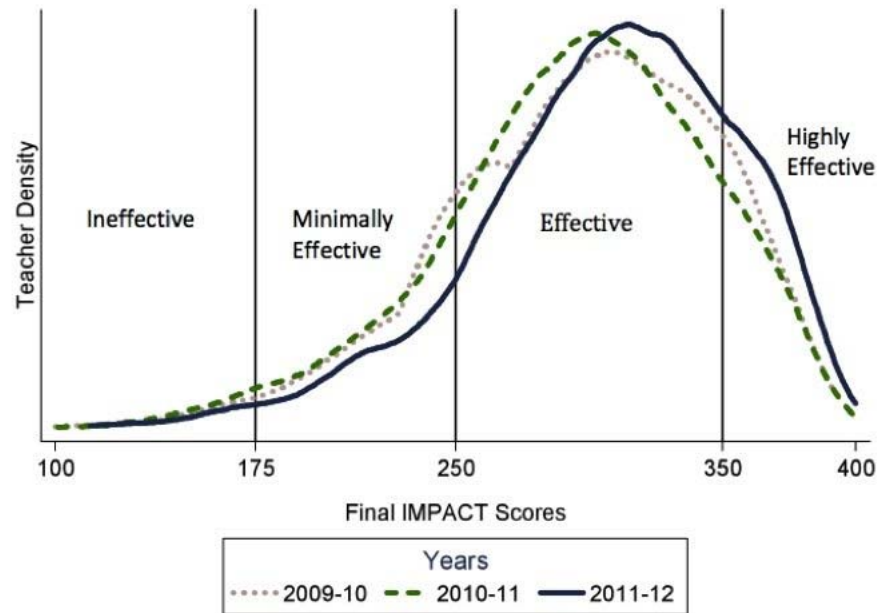


Figure 1. Distribution of IMPACT Scores, 2009-10 through 2011-12

Source: Doe, Wyckoff

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## 18. Teacher Evaluations

## Resistance remains, and not wholly without merit.

- Math scores on standardized tests have improved 25 points since 1990. — ed.Gov, 2013
- The worst reading-score performances are concentrated in states with large Hispanic populations. — ed.gov, 2013
- Teachers say pressure to focus on tests has cut out valuable time for sciences, social studies, and hands-on learning. (New America Foundation)



*A teacher's strike in Chicago closed schools for a week. One objection was that new evaluations were not properly weighted.*

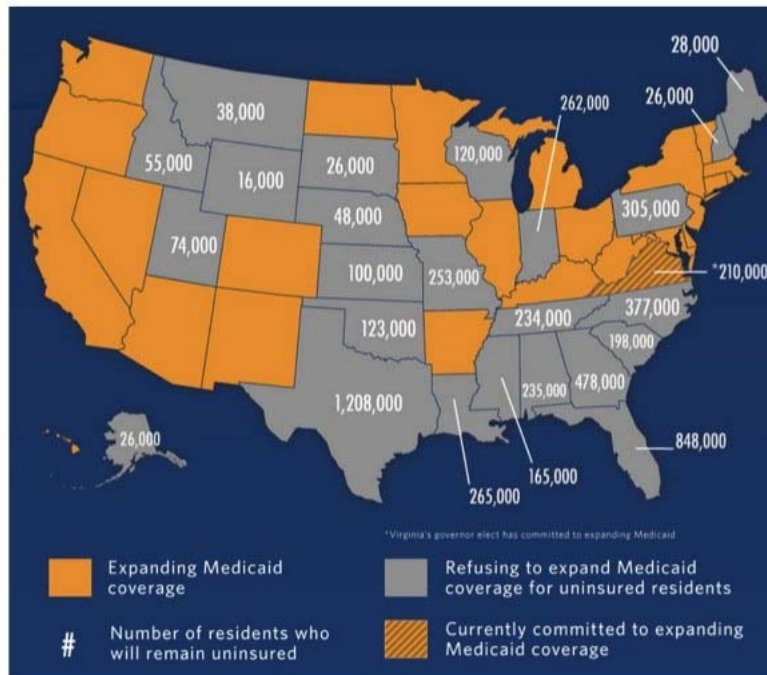
*REUTERS/John Gress*

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### 19. The Unintended Consequences Of Obamacare

## 19. THE INTENDED AND UNINTENDED CONSEQUENCES OF OBAMACARE

- Although the main web portal for the Affordable Care Act health exchanges remains plagued by glitches, "Obamacare" is here to stay.
- That's largely thanks to the Supreme Court decision upholding it. But that decision also enabled states to opt out of expanded Medicaid.



States opting out of Medicaid expansion (gray) with potential number of uninsured

Source: White House

Business Insider

### 19. The Unintended Consequences Of Obamacare

## Rates will go up for some, but down for others.

- Blue Cross Blue Shield of Michigan, for instance, says:
  - Twenty-five percent of individuals and small businesses will receive rate reductions in 2014.
  - Twenty-five percent will receive rate increases of more than 10%.
  - On average, BCBSM rates will increase between 8% and 10%. — Crain's Detroit Oct. 21, 2013
- Young and healthy people may see premiums rise, since they will no longer benefit from 'medical underwriting' that let insurers sell them inexpensive plans because they were less expensive to insure.
- Some policies may be more expensive but more comprehensive. Others will be less expensive and equally as comprehensive.



Business Insider

### 19. The Unintended Consequences Of Obamacare

## Tens of millions could have to take on new policies, for better or worse.

- McClatchey found up to 52 million Americans could lose or have lost their current plans. — Nov. 7, 2013
- You are only allowed to keep your plan if it did not change prior to the Affordable Care Act's passage in 2010.
- But in 2013, only 36% of employer health insurance plans were pre-Affordable Care Act plans, compared with 56%, according to the Kaiser Family Foundation and McClatchey.
- The Act did not necessarily cause the changes, but they did lose their grandfathered status.



REUTERS/Jim Bourg

Business Insider

### 19. The Unintended Consequences Of Obamacare

## 30 million Americans will still be uninsured in 2016.

- According to BI's Josh Barro, here's the pool who will still be without access:
  - "Unauthorized immigrants who aren't eligible for any part of Obamacare.
  - "Low-income authorized immigrants present in the United States less than five years who aren't eligible for Medicaid.
  - "People who decide they (for whatever reason) don't want to buy insurance coverage, who will still be uninsured and will have to pay a new penalty.
  - "People with incomes under 100% of the poverty line who live in states that didn't expand Medicaid." — Business Insider, Oct. 31, 2013

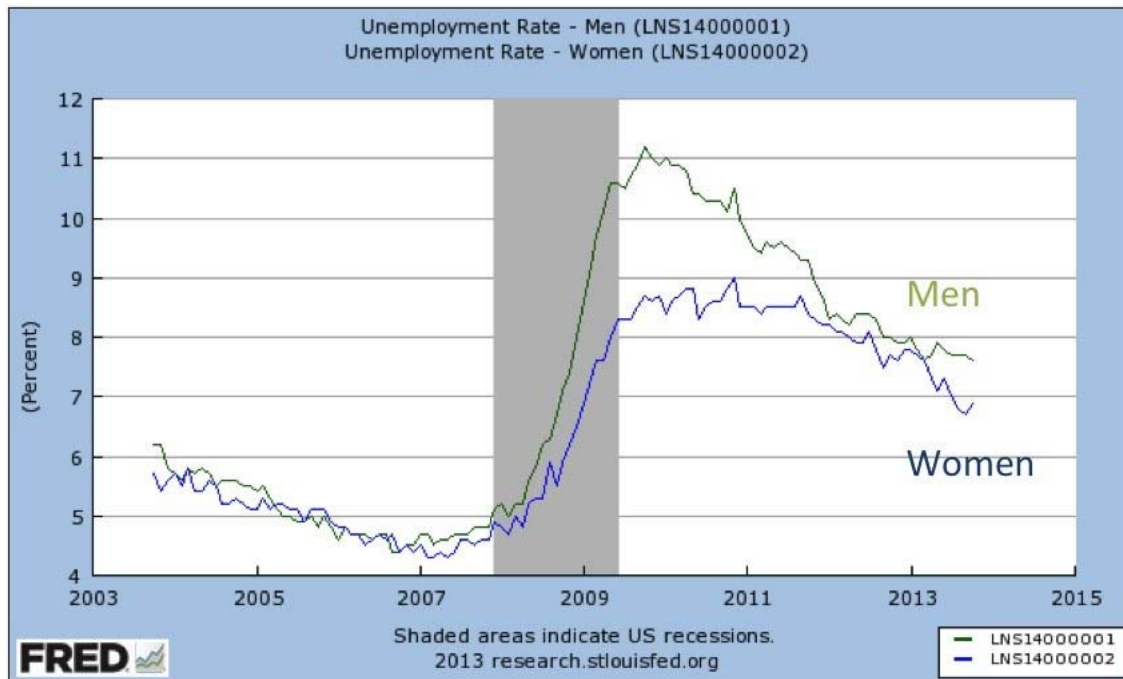


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### 20. The End Of Men

## 20. THE END OF MEN

- The unemployment rate among men is now higher than for women.
- The male/female share of the labor force is within no more than two years of equalizing.



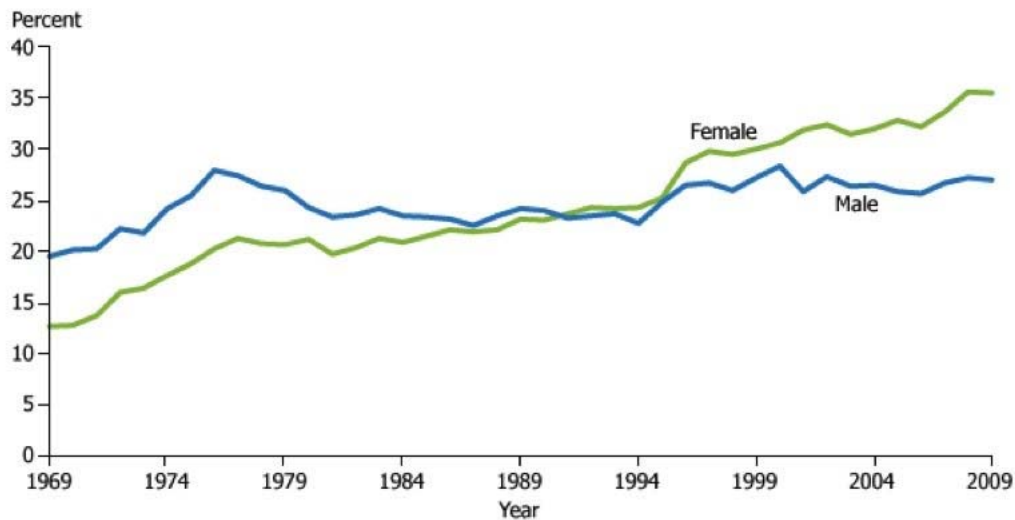
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### 20. The End Of Men

## Women surpassed men in education at least a decade ago.

- The growth rate in bachelor's degrees or higher has basically flatlined for men.

Percent of U.S. Adults Ages 25-29 With a Bachelor's Degree or Higher, 1969-2009



**Source:** PRB analysis of data from U.S. Census Bureau.

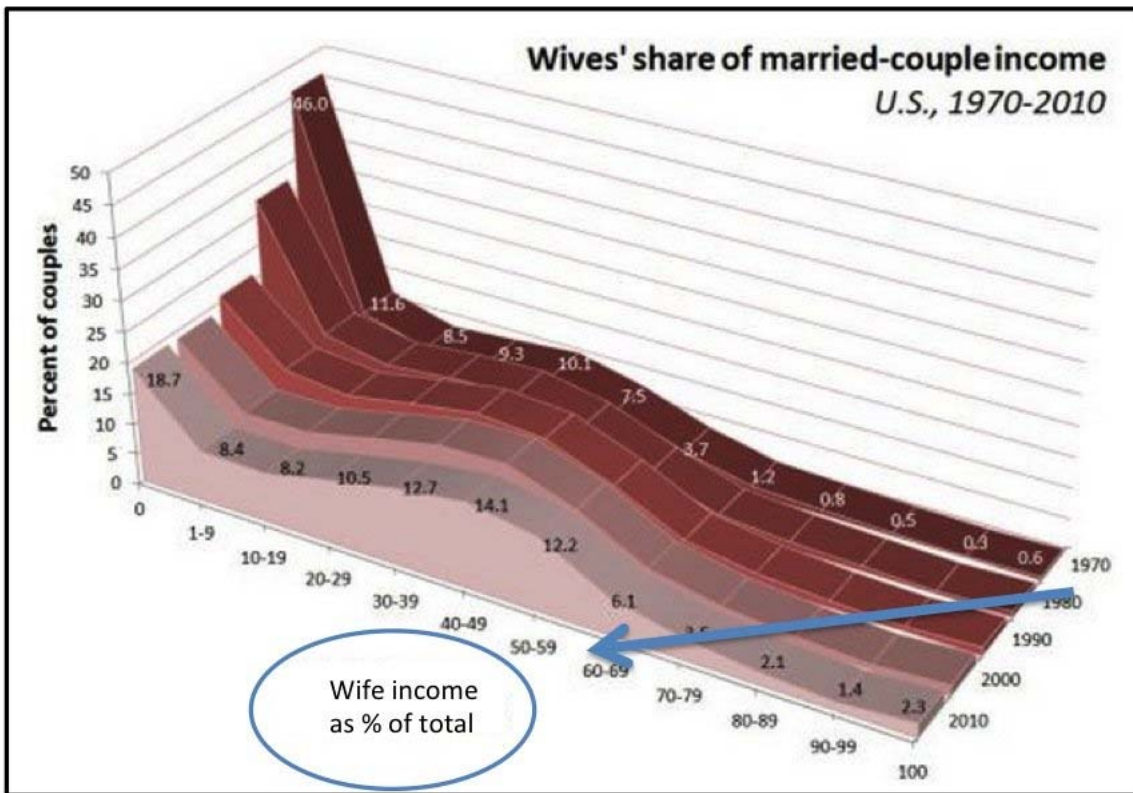
Source: College Board

Business Insider

### 20. The End Of Men

## Women have achieved close to parity in income

- The percentage of married couples where women have an equal amount of income has soared.



Source: Philip N. Cohen,  
Sept. 2012

Among married couples, 14.1% feature wives earning between 40-49% of couple's income. For 12.2% of couples, women earn more than

Business Insider

## 20. The End Of Men

## The “matriarchy” is upon us.

- “Of the 15 job categories projected to grow the most in the United States over the next decade, twelve are occupied primarily by women. Indeed, the US economy is becoming a kind of traveling sisterhood: Professional women leave home and enter the workforce, creating domestic jobs for other women to fill. Our vast and struggling middle class, where the disparities between men and women are the greatest, is slowly turning into a matriarchy, with men increasingly absent from the workforce and from home, and women making all the decisions.” — Hanna Rosin, “The End Of Men,” 2012



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