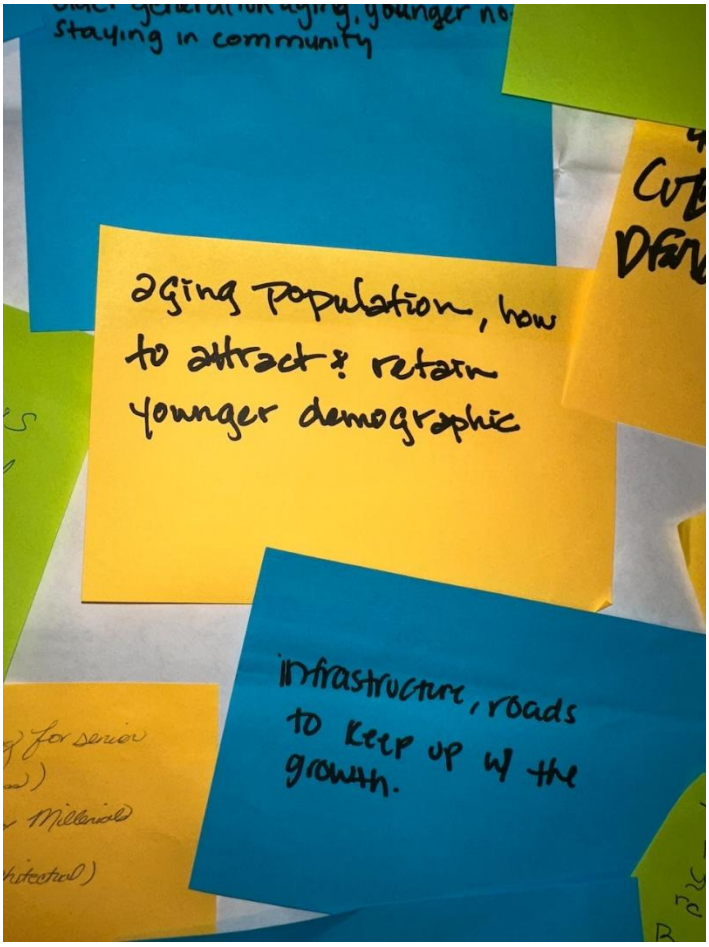
# Demographic Transitions: Who's Staying, Who's Leaving, and What Cities Can Do

NLC | Corianne Rice | June 18, 2026




In our last post, we recapped the two days city leaders spent at the Local Economic Futures Forum asking the question: are our local economies built to sustain what's ahead? Over the coming months, we're going deeper on each of the three mega-trends that surfaced. First up: demographic transitions.

Nearly every city at the Forum was navigating some version of this trend: populations aging faster than workforces can adjust, and younger residents being pulled away.

Together, these two forces are reshaping the fiscal foundation on which cities depend. They show up in labor shortages, strains on public finances (PDF) and shrinking tax bases. Looking ahead, the future of how American cities grow, work and consume will depend on how effectively they navigate these transitions.

One sticky note from Raleigh captured a concern that came up in nearly every conversation about demographic transitions.

## An Aging Population: Asset, Pressure, and Opportunity

City leaders at the Forum felt relatively confident about their capacity to serve older residents. Senior housing programs, tax relief policies and nonprofit partnerships came up as areas of strength. But serving an aging population and planning for its long-term economic consequences are two different things, and it is the latter where cities feel less prepared.

Today, 61 million Americans are aged 65 or older, a number projected to reach 78 million, or 22 percent of the U.S. population, by 2040 (PDF). Adults over 50 contribute an estimated $12.5 trillion in annual economic activity, making them a significant force in local consumption and wealth. The challenge for cities is preparing for what happens as that generation gradually

steps back from the workforce, business ownership and active economic participation, especially as birth rates decline (PDF) and labor-force participation among younger adults softens (PDF).

Then there is the business ownership dimension. Older adults own a substantial share of the small businesses that anchor local economies, and many are approaching the age when transition becomes inevitable. When succession plans are lacking, businesses that could survive under new ownership often simply close, taking jobs, tax revenue and years of community presence with them.

What worried city leaders most was not aging itself, but the cycle it sets in motion when rising costs, shrinking job opportunities and younger workers leaving all reinforce one another.

**What an "Age-Ready" City Looks Like**

Rather than simply managing the costs of an aging population, some cities are rethinking what it means to invest in older residents as an economic strategy. NLC partnered with the Student Policy Network at the University of Notre Dame to explore what it takes for a city to become truly "age-ready." Their research defined an age-ready city as one that proactively designs its infrastructure, transit systems, public spaces, commercial corridors and social programs to support older residents.

The findings make a compelling economic case. Aging interventions across transportation, public safety and community programming generate a median return of three times the original investment, with some individual investments returning as much as 24 times their original cost. Specific examples from their research include:

- Senior pedestrian safety improvements that increase retail sales in surrounding commercial corridors
- Accessible public spaces that drive foot traffic and business revenue
- Fare subsidy programs that expand seniors' access to healthcare, reducing downstream emergency costs

Age-ready cities, their research found, have stronger neighborhood economies, lower long-term healthcare expenditures and more engaged populations. The argument for this kind of investment is both a human one and, increasingly, a financial one.

**When the Next Generation Leaves**

Investing in older residents can help cities stabilize the economic contribution of an aging population, but it does not fully address the other side of the demographic equation: the departure of younger residents who would otherwise sustain that same economic base over time.

Youth outmigration and "brain drain" are well-documented workforce challenges, with notable patterns across geography, class and educational attainment (PDF). For a long time, this was primarily seen as a rural issue, where young people fled small towns for larger metros to pursue education or work (PDF). The COVID-19 pandemic complicated that narrative, pushing many

young families toward suburban and rural areas in search of space and affordability. No matter the direction, young people and young families are a shrinking share of the population in many American cities.

That matters economically in ways that compound the aging pressure. Young families help cities maintain or increase their population, which can counter urban decline. Moreover, young families are consistent contributors to local spending (PDF) on housing, childcare, groceries, healthcare and recreation. As a result, they generate a steady demand for jobs in industries such as education (PDF), entertainment and retail (PDF).

Meanwhile, those without the means to leave may face a different set of challenges. A generation already navigating persistent underemployment now faces the prospect of artificial intelligence displacing entry-level positions that have historically served as career stepping stones, compounding long-term threats to economic stability.

The cities finding traction are treating this as a systems problem. They are asking whether their housing stock matches what younger residents want, whether local employers offer careers rather than just jobs and whether they are investing in the third spaces and quality-of-life amenities that make daily life genuinely enjoyable. Many are further using workforce development as a retention tool by investing in the young people already there.

When location matters less for employment than it once did, smaller cities can compete on affordability, quality of life and the sense of belonging in a community that dense metros often cannot replicate. That competitive edge, however, must be built intentionally.

The thread connecting demographic transitions and the next mega-trend is short: many of the same cities struggling to retain young workers are also the ones trying to prepare their workforces for a job market being reshaped by technology and AI. That is where we are headed next.

**What Cities Are Asking For**

Across both threads, city leaders at the Local Economic Futures Forum named the same underlying need: more intentional coordination between the people shaping their communities and the systems meant to serve them. They asked NLC for peer examples of what's working, data to strengthen their internal case-making and frameworks for navigating the politics of demographic change when not everyone in a community welcomes it.

That is what this blog series, the Local Economic Futures Brief, and NLC's broader body of work are working to provide. The demographic shifts underway are not optional. How cities respond to them is.

A special thank you to the Student Policy Network at the University of Notre Dame, whose research on age-ready cities informed this post and strengthened NLC's understanding of what intentional demographic planning can produce. Their partnership is a model for how student research can generate real-world value for cities across the country.