



VCA Blog

January 21, 2017

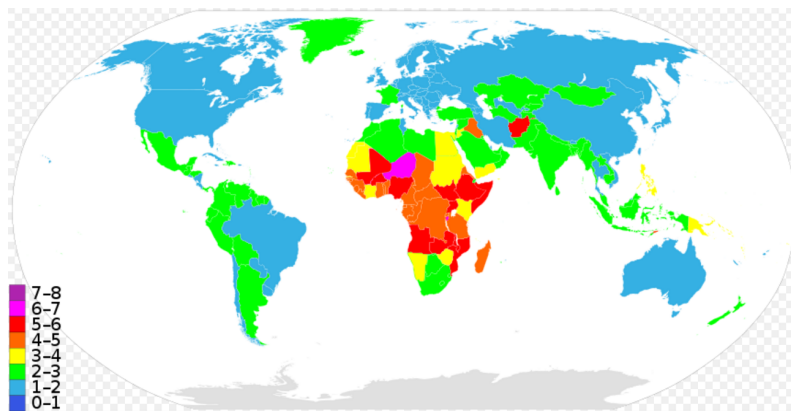
Jimmy Buffett sings “Ringling, Ringling, fading away”. Who’s next?

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ALPHARETTA, GA – As we watched an episode of House Hunters International about the town of Gangi on the Italian island of Sicily, the song *Ringling, Ringling* from Jimmy Buffett’s 1974 album *Living and Dying in ¾ Time* kept playing in my head:

Ringling, Ringling, fading away, only 40 people living there today, the streets are dusty and the bank has been torn down, it’s just a dying little town... I wonder how many people will be there a year from today

Since 1970 the population of Gangi has shrunk from 17,000 to 8,000. Gangi, too, is fading away. The 1,100 year old town is selling homes for €1. Gangi exists at the convergence of a falling birth rate and the human migration pattern from rural, agrarian economies to urban, centralized economies. In fact, only 105 countries out of the 224 tracked in the CIA World Factbookⁱ exceed the 2.1 “population replacement” birth rate required to maintain a population. The global birth rate map is fascinating – take a look:



If your country is blue, it is shrinking. In the short-run, the only thing that can change that fact is migration from one of the more brightly-colored countries on the map. What this means for the established, shrinking western economies is we had better be prepared for a large influx of people who don’t look or talk like the majority of the current population to become our neighbors and, for the baby boomers, caregivers as we age.

In the Atlanta area where Vertical Capital Advisors is based, we are again experiencing a building boom. At business gatherings the question is often asked where are all the people coming from to occupy all of these new homes and offices? While it is true that our national economy is not growing through natural births, we do continue to see urbanization of the population as younger, more mobile people opt for jobs and homes in



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the urban-centric service economy where one can readily buy Chik-fil-A or Krispy Kreme donuts on the way to work. And when people immigrate to the U.S., they too tend to live and work in the population centers.

Small, rural towns like Ringling and Gangi are likely to continue fading away throughout the developed world, even if countries adopt open immigration policies.

Gangi - one has to wonder how many people will be living there one year from today.

ABOUT VERTICAL

Vertical Capital Advisors is an Atlanta-area business advisory firm built on **creating tangible value** for our clients, serving clients in just about every industry. Our clients are both capital growers and capital allocators. How can Vertical help your firm maximize value?

Joe Briner
Managing Director
Vertical Capital Advisors LLC
briner@verticalcapitaladvisors.com
866-912-9543 ext 108

ⁱ Source: CIA World Factbook <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2127rank.html>