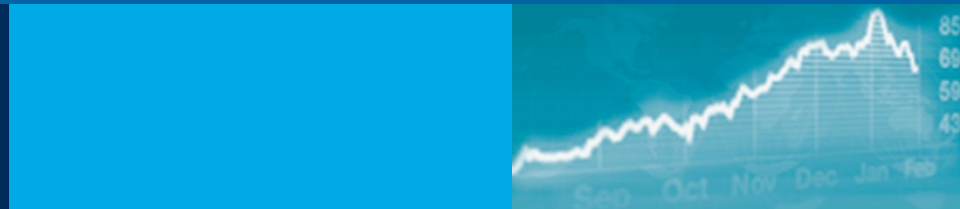




Demographics, Migration and the Rise of the Sunbelt

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Laura Dawson Ullrich, PhD
Senior Regional Economist
Research Department
Federal Reserve Bank of Richmond



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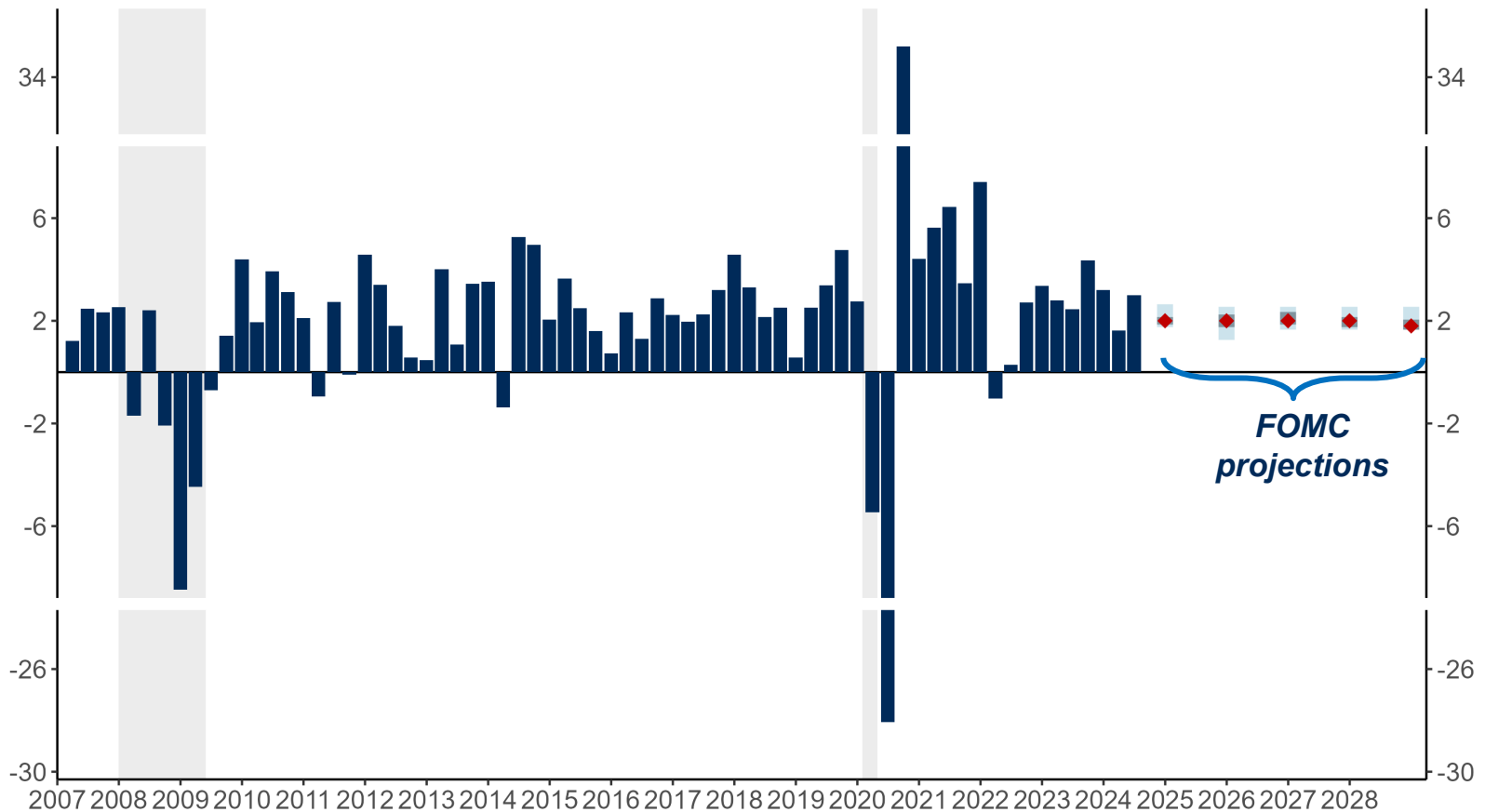
Where are we now?

- Growth in 2024 started slower than 2023, but consumption remains strong and employment is holding up well in the midst of higher rates
 - Some sectors continue to be hit harder than others
- Economic indicators show slowing in some cases but continued growth in others
 - Fears of recession seem low currently
- Metro areas in the Sunbelt are outperforming larger metros and more rural spaces
 - Much of this is industry and geography based
 - The Carolinas continue to be the recipient of incoming talent and jobs
- Inflation remains above the 2 percent average target, but recent reports have been positive
 - Rates were decreased 50 basis points at the last FOMC meeting
 - The exact path forward remains uncertain

Q2 GDP growth was estimated to be 2.8%

Real Gross Domestic Product

Percent change from previous quarter at annual rate

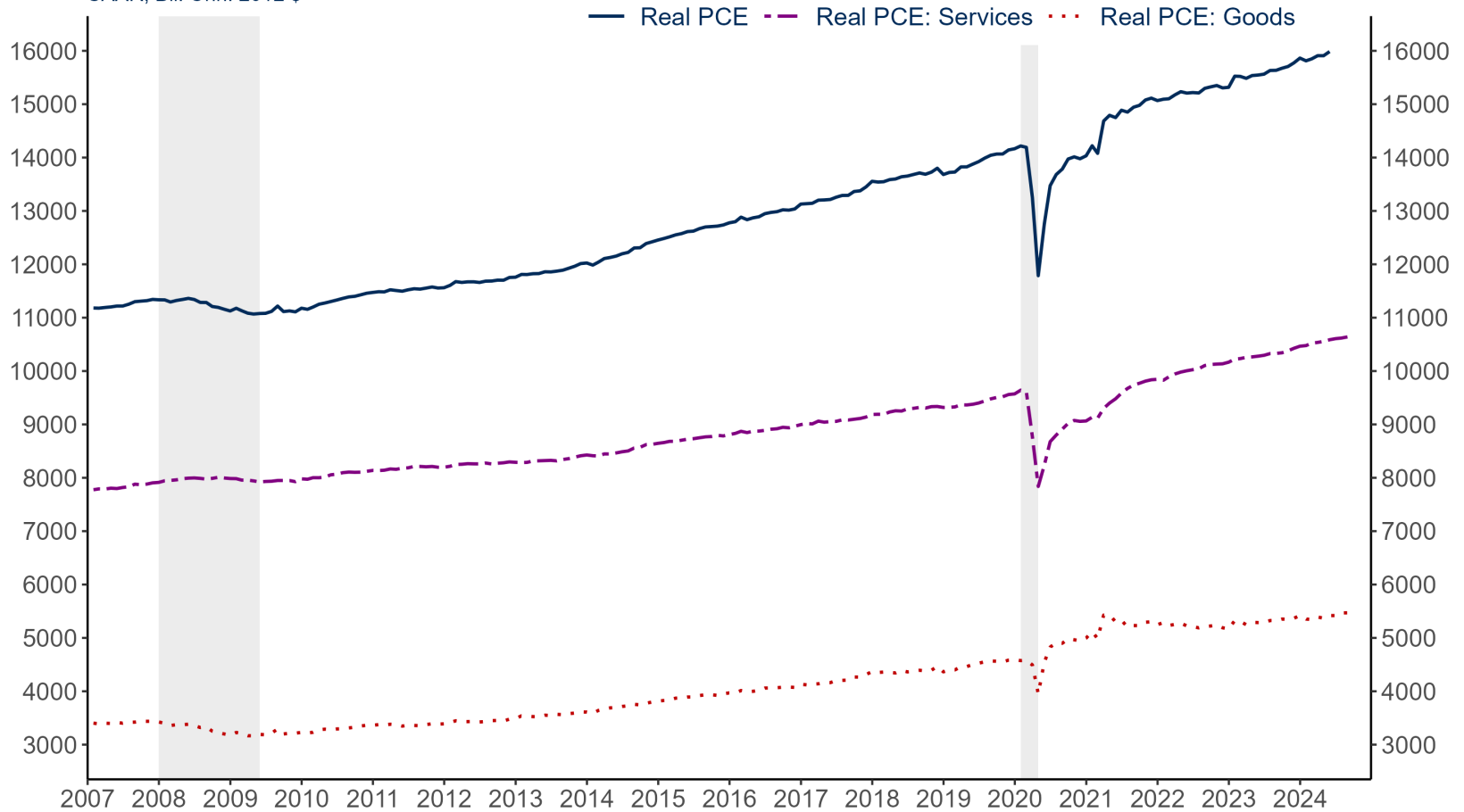


Source: Bureau of Economic Analysis/Haver Analytics, Federal Reserve Board

Real consumption spending has remained strong, even in the midst of considerable inflation

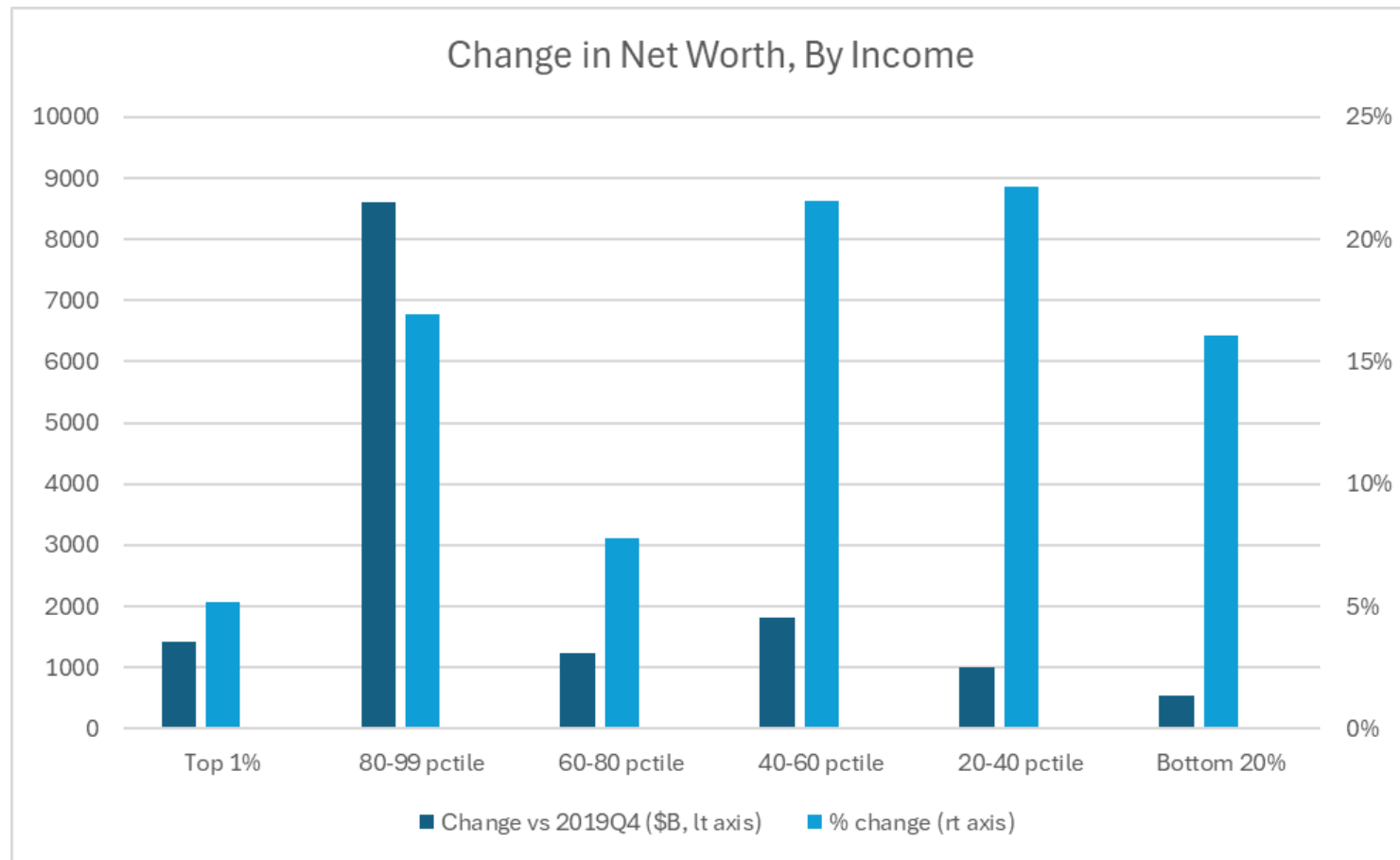
Real Personal Consumption Expenditures

SAAR, Bil. Chn. 2012 \$



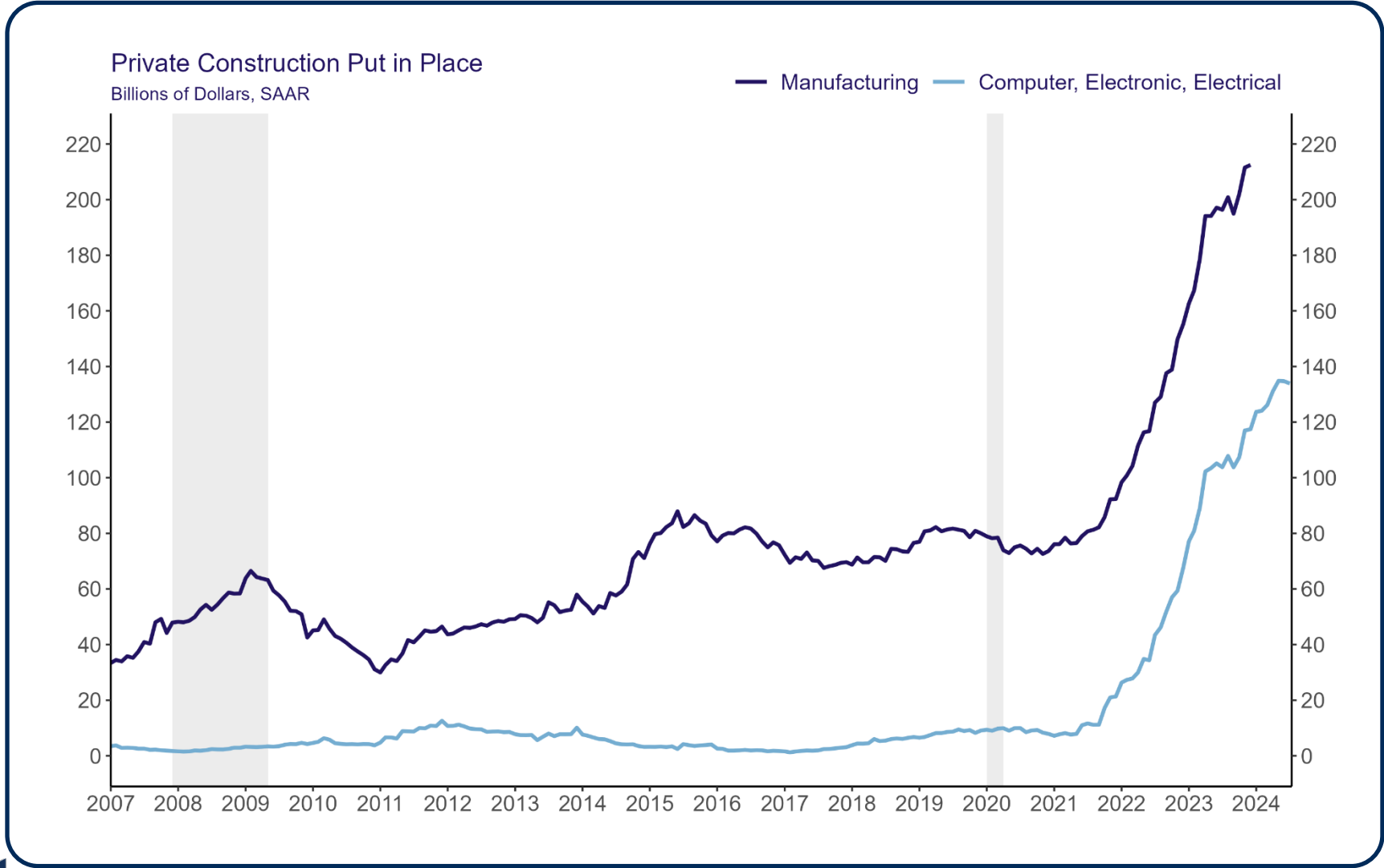
Source: Bureau of Economic Analysis

Net worths are up across all income groups, in real terms, compared to 2019



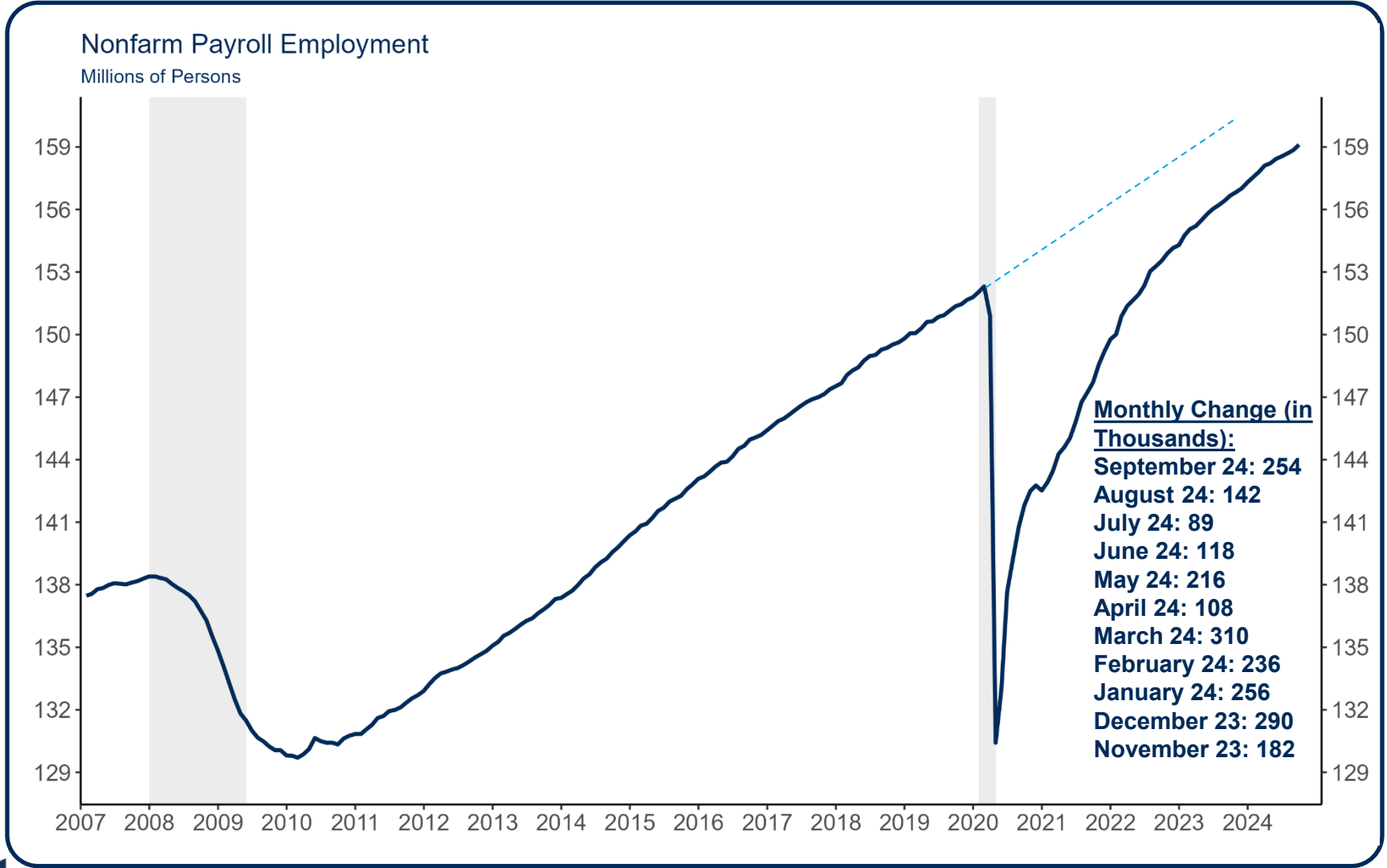
Source: Federal Reserve Board/Haver Analytics

Construction spending in manufacturing has seen sharp increases, driven by emerging industries



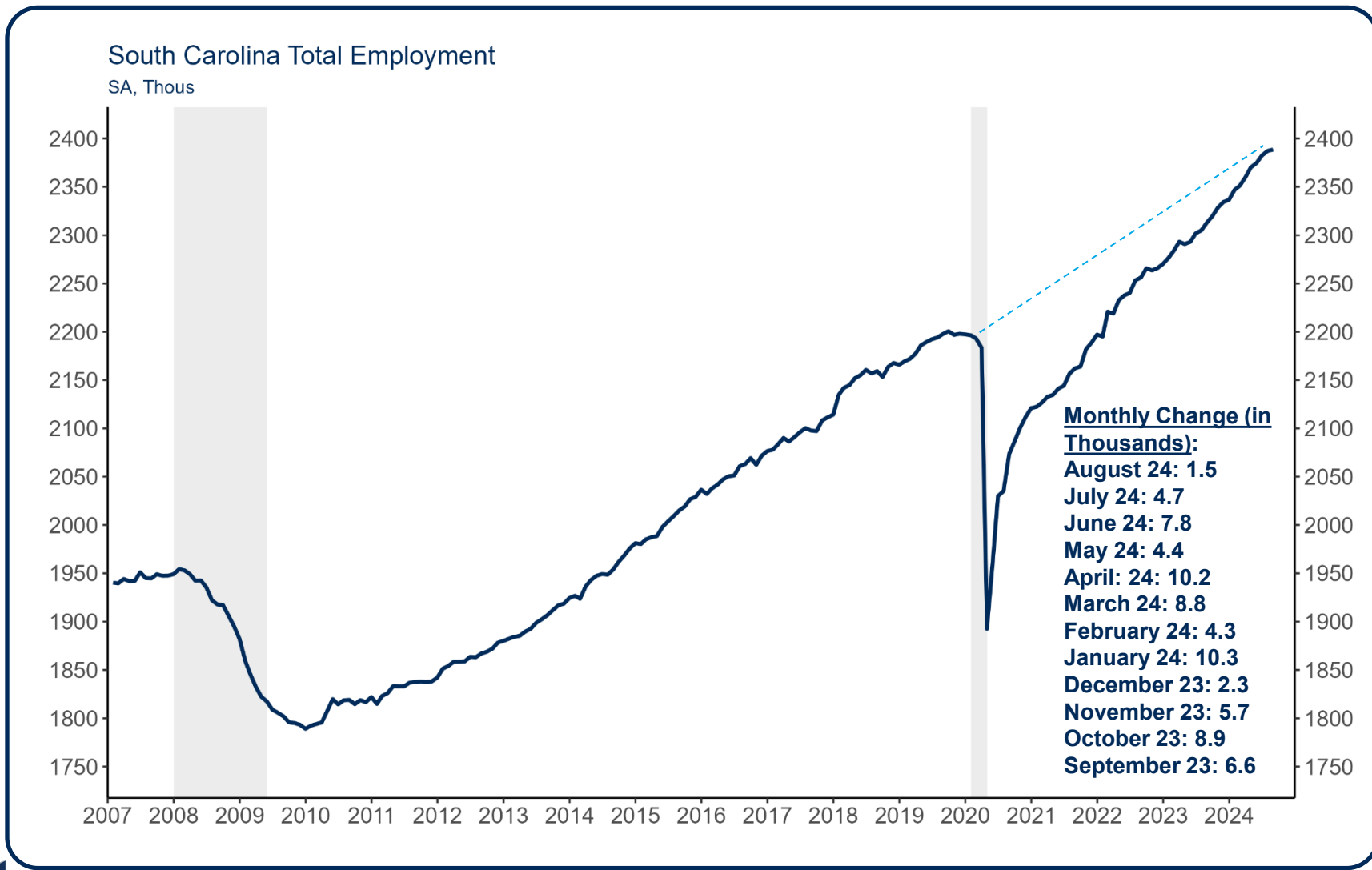
Source: Census Bureau/Haver Analytics

We are well above pre-COVID levels of employment nationally, but we haven't returned to the pre-COVID trajectory



Source: Bureau of Labor Statistics/Haver Analytics

South Carolina has recovered to pre-COVID expectations



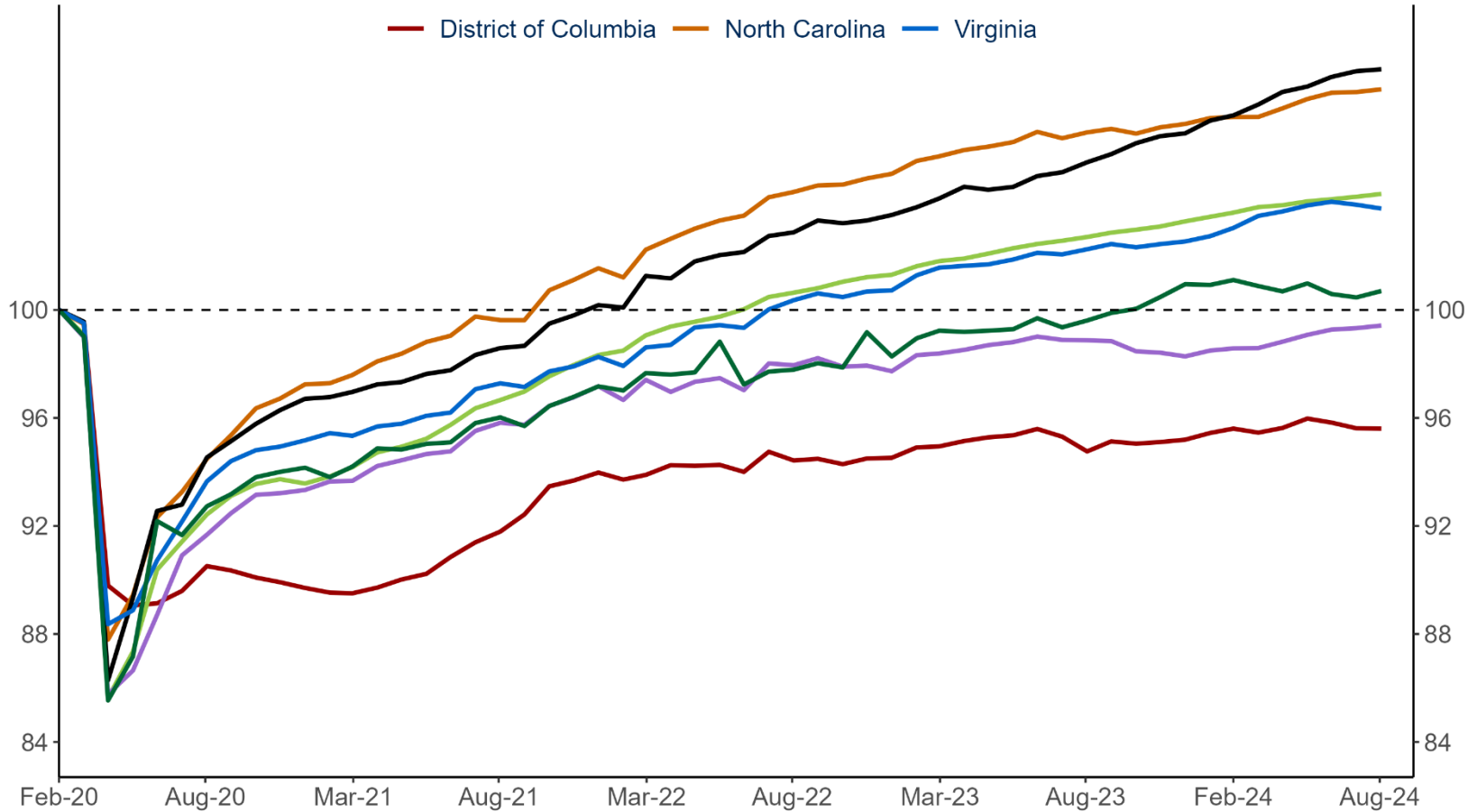
Source: Bureau of Labor Statistics via Haver Analytics

The Carolinas are clearly leading the employment recovery in the Fifth District

Total Payroll Employment Index

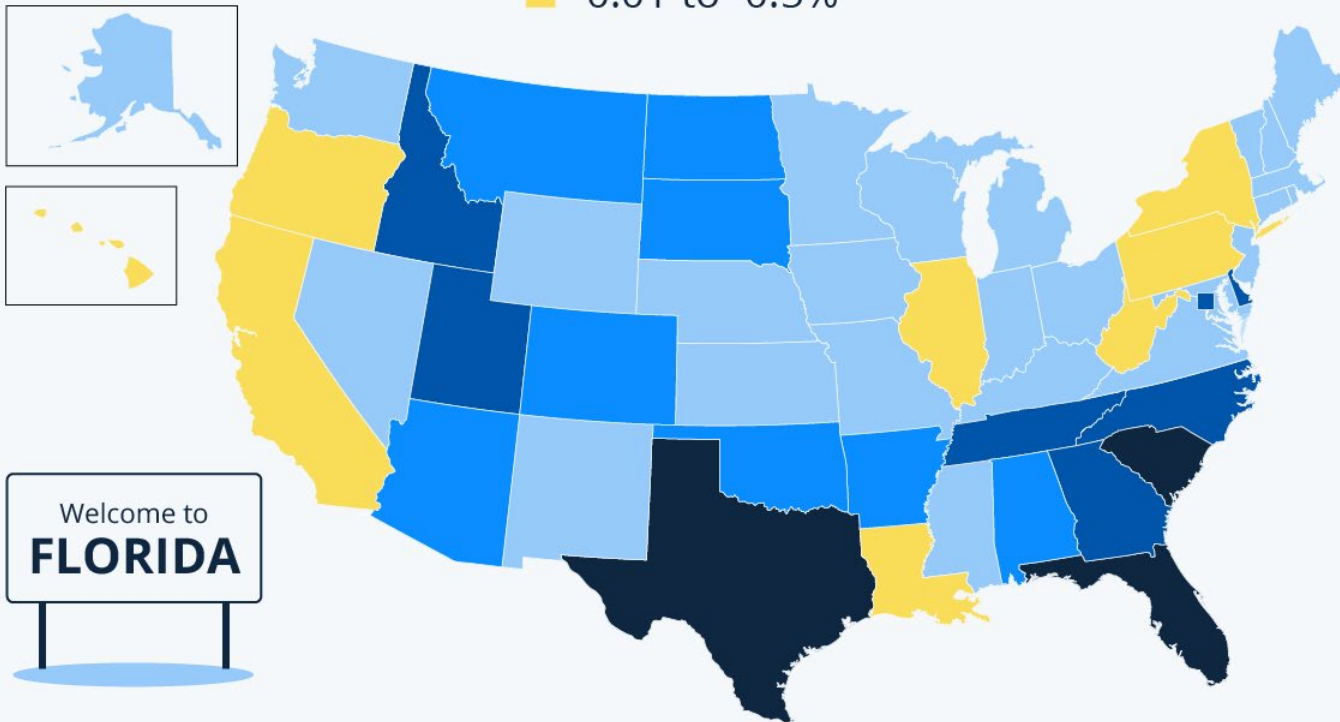
Index: February 2020 = 100

- United States
- Maryland
- South Carolina
- West Virginia
- District of Columbia
- North Carolina
- Virginia



The U.S. States Losing & Gaining Population

Population growth by U.S. state from 2022 to 2023*

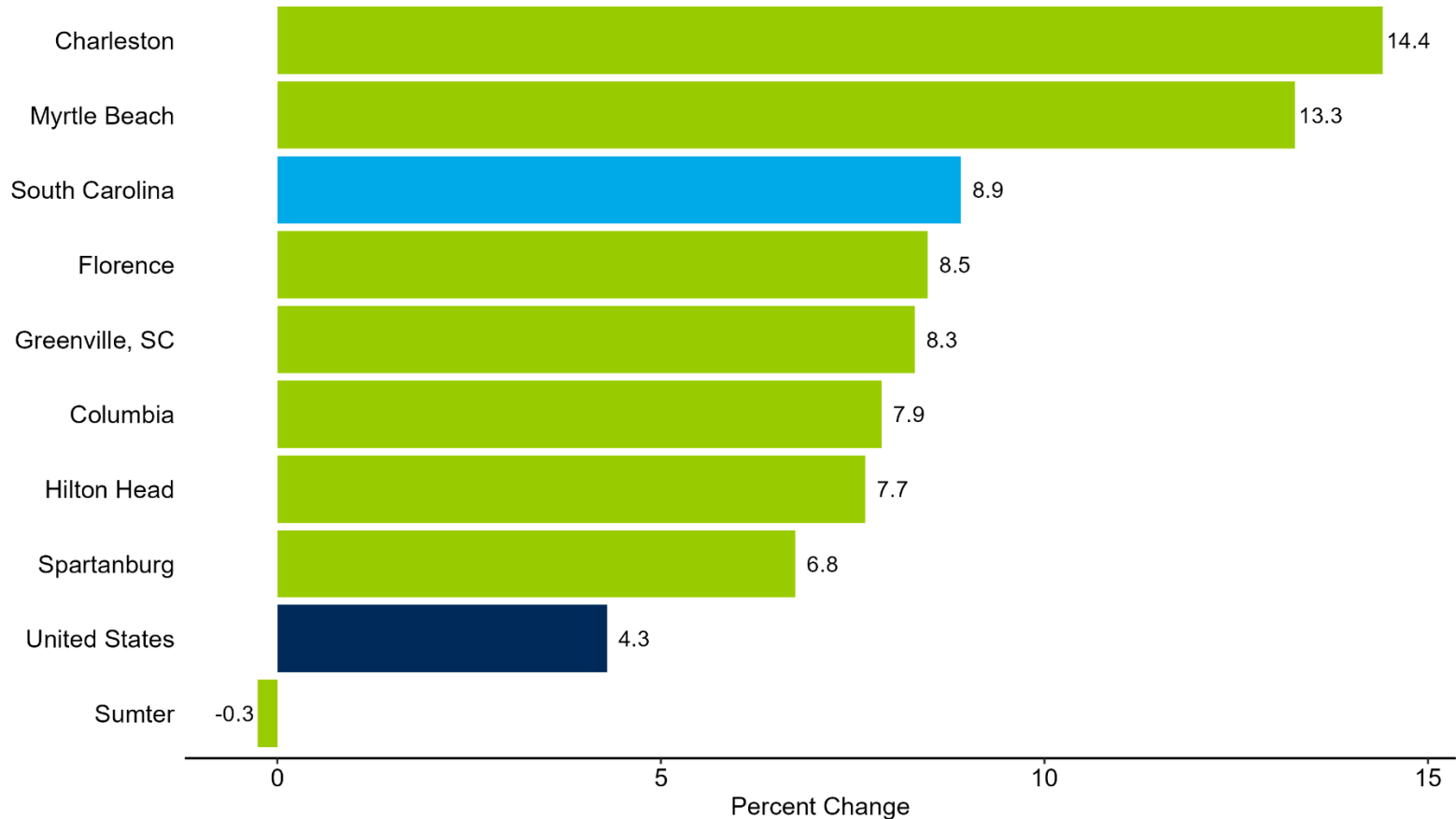


* As of mid-year

Source: U.S. Census Bureau

Charleston and Myrtle Beach are dominant leaders in employment growth

Employment Change from February 2020 to August 2024



Source: Bureau of Labor Statistics/Haver Analytics

Employment growth has been impressive across nearly all MSA in the Carolinas, but SC is clearly a recent leader

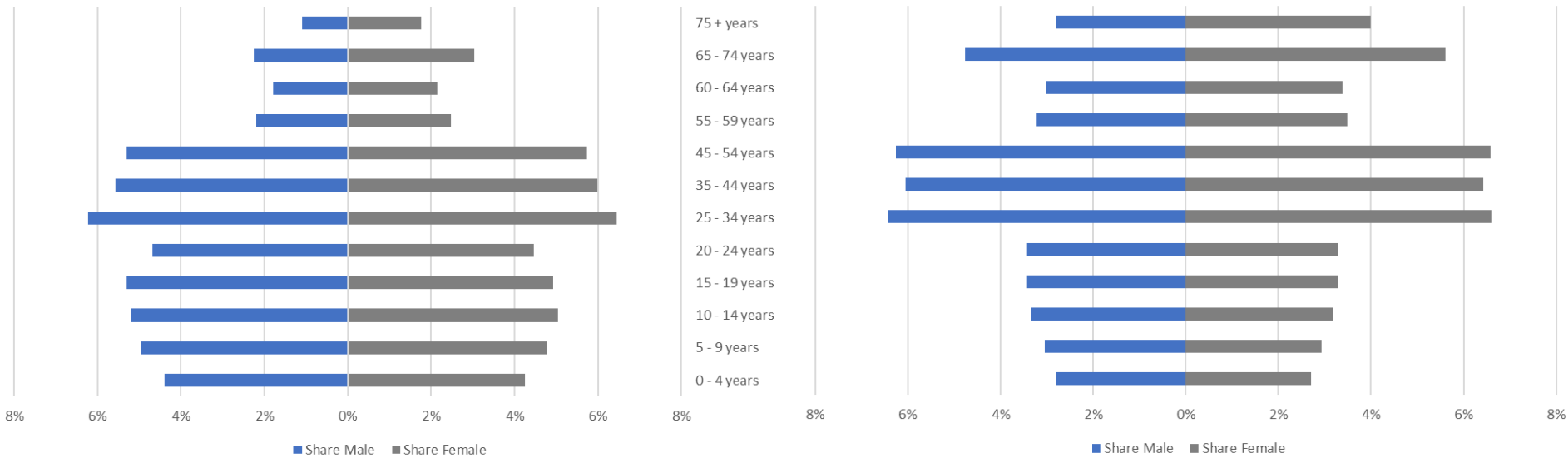


Source: Bureau of Labor Statistics/Haver Analytics

The 50 year 'baby bust' is catching up with us...

Median Age in 1970: 26.5

Median Age in 2020: 39.4

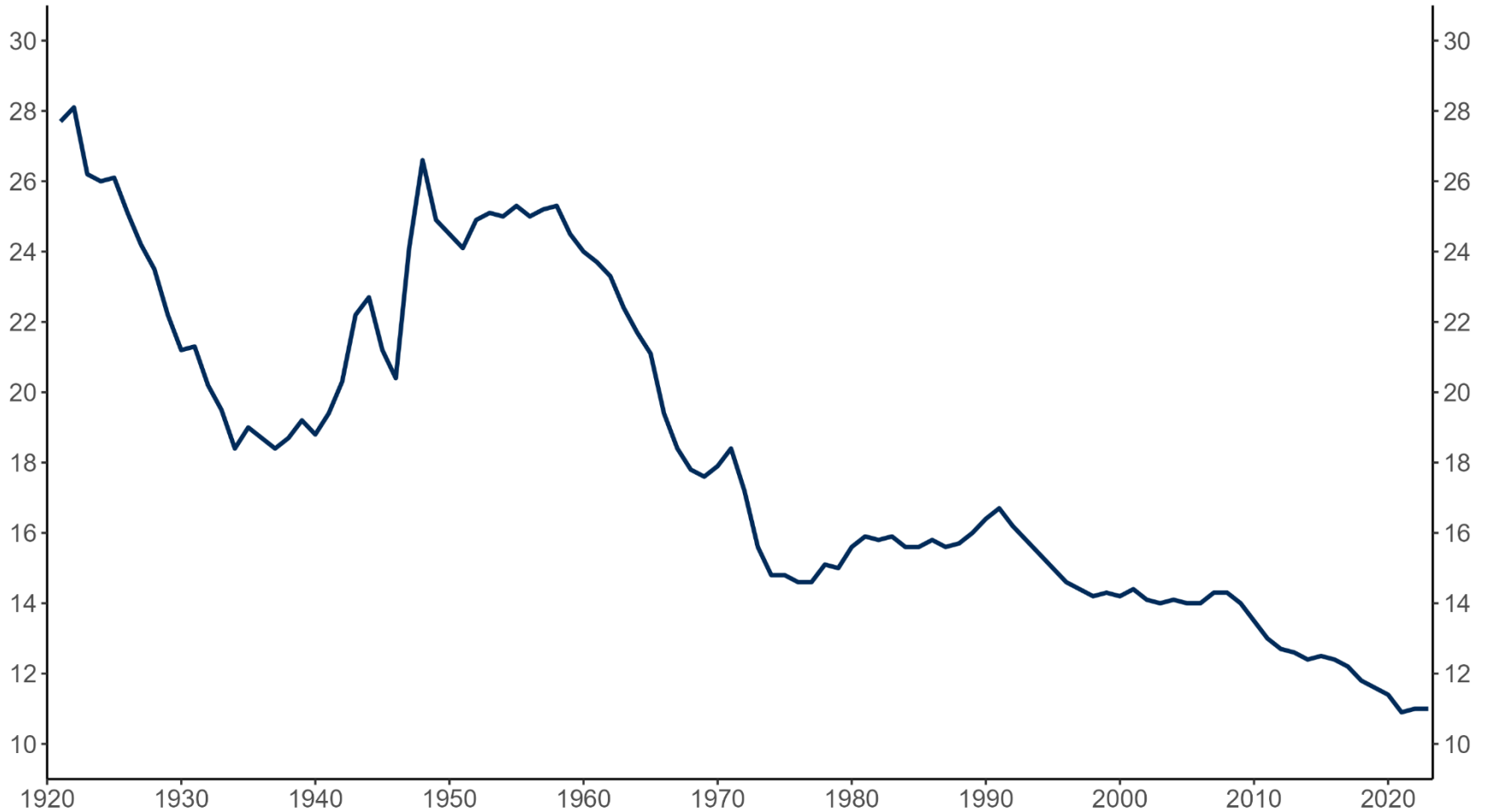


Source: 1970 & 2020 Decennial Census

...and fertility rates continue to decline

United States Birth Rate

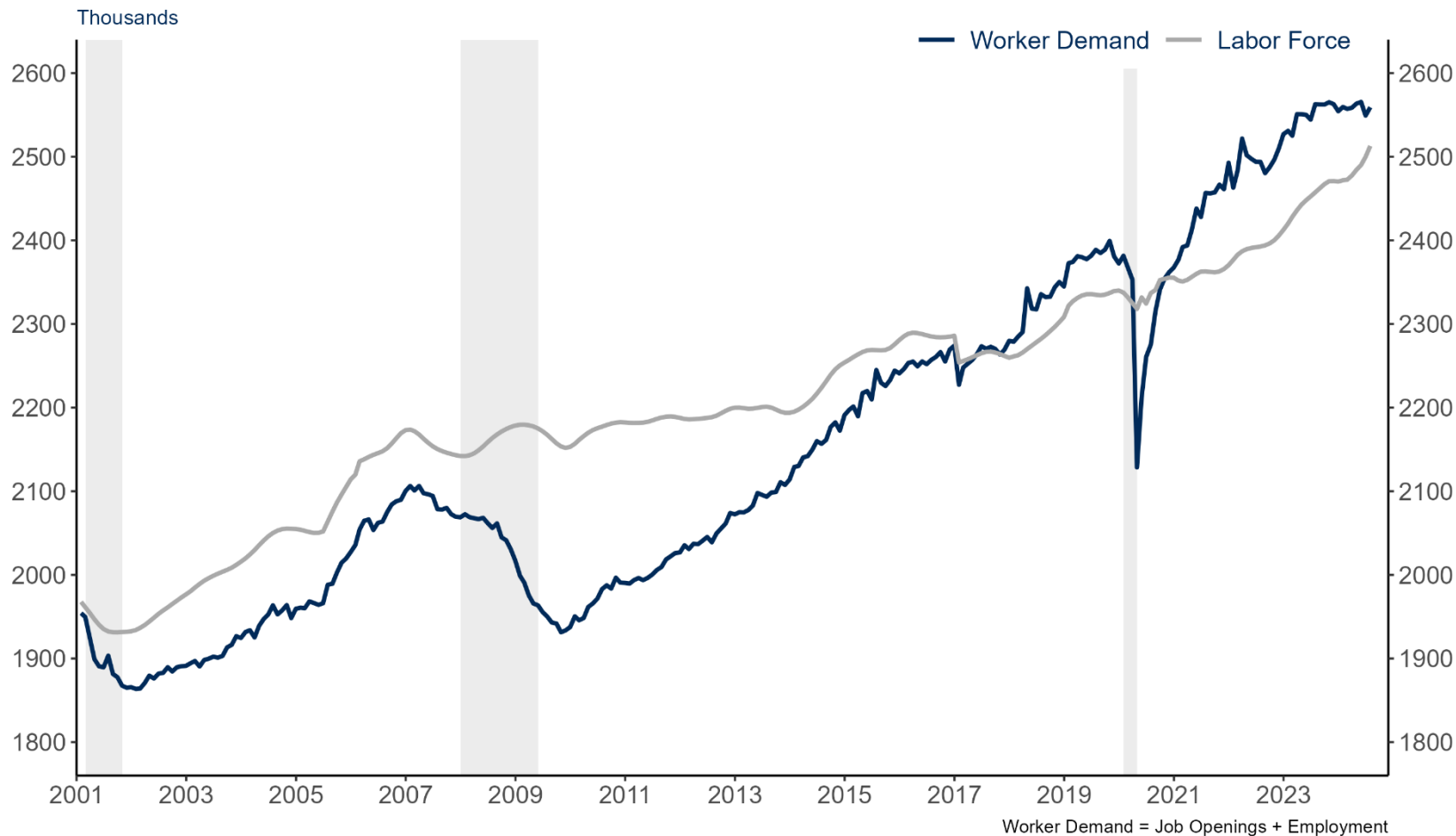
Births/1000 Population



Source: National Center for Health Statistics / Haver Analytics

The short story...labor is tight and is likely to remain that way

Worker Demand and Labor Force -- South Carolina



Source: Bureau of Labor Statistics, JOLTS, CES, LAUS / Haver Analytics

The Carolinas have experienced an outsized share of employment growth across the Fifth District

Employment Change from February 2020 to August 2024



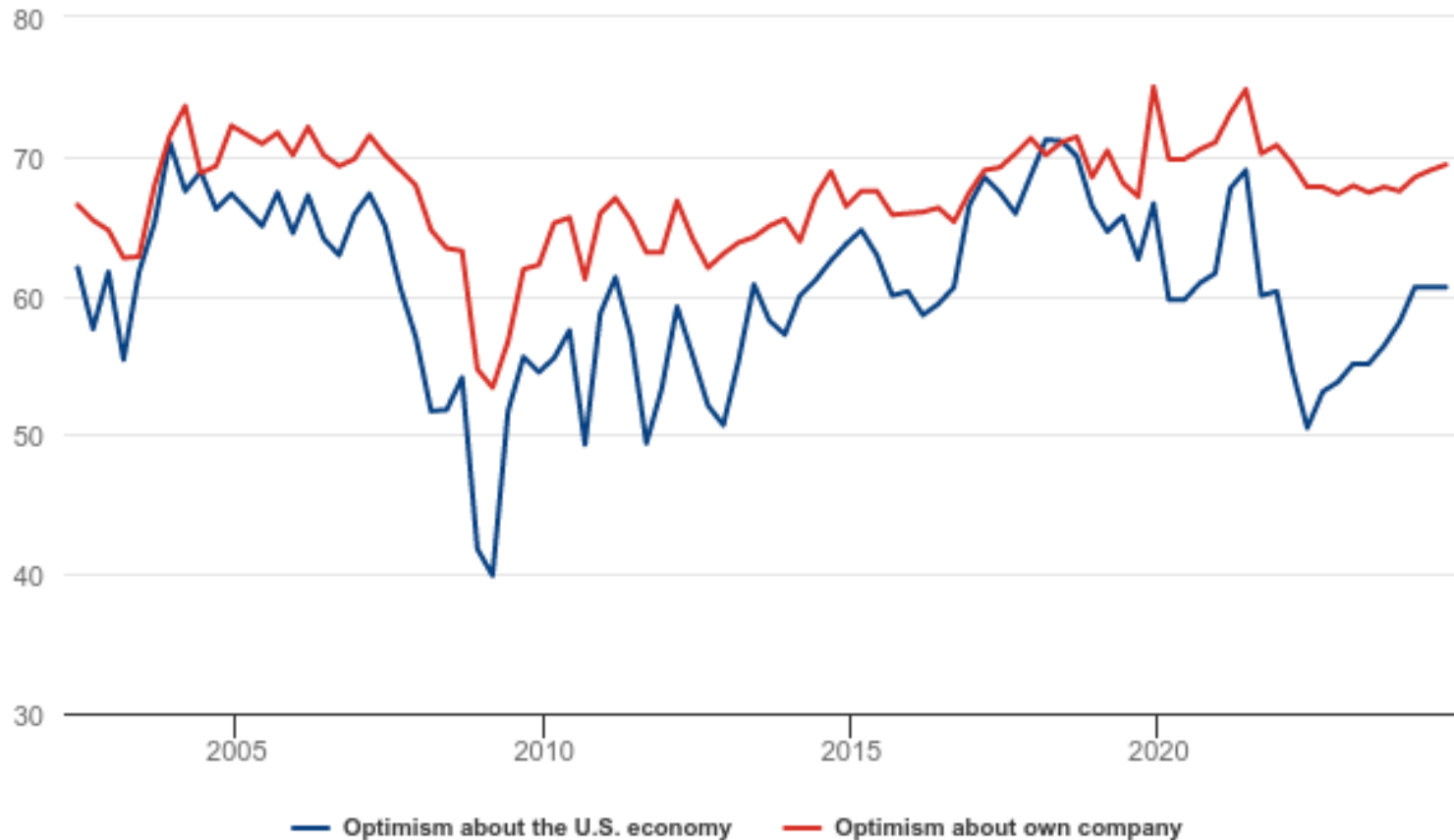
Source: Bureau of Labor Statistics

Where do we go from here?

- Growth in 2024 looks promising thus far. There are significant potential speedbumps ahead
 - The election
 - Geo-political issues
 - Inflation that significantly exceeds current policymakers' expectations
 - Government shutdown
- The FOMC has now decreased rates after a period of significant increases. Will we ever see broader economic impacts? Will consumption continue to grow?
 - Will we exit this inflationary period without seeing significant impacts to consumption and employment?
 - Have we indeed found the path to a smooth landing?
 - What will the path of interest rates be over the next 12-18 months?
- There will continue to be winners and losers as we move forward
 - Mid-size metros in the in the Sunbelt look to continue to be 'winners'. Some rural communities will continue to lose population and employment.

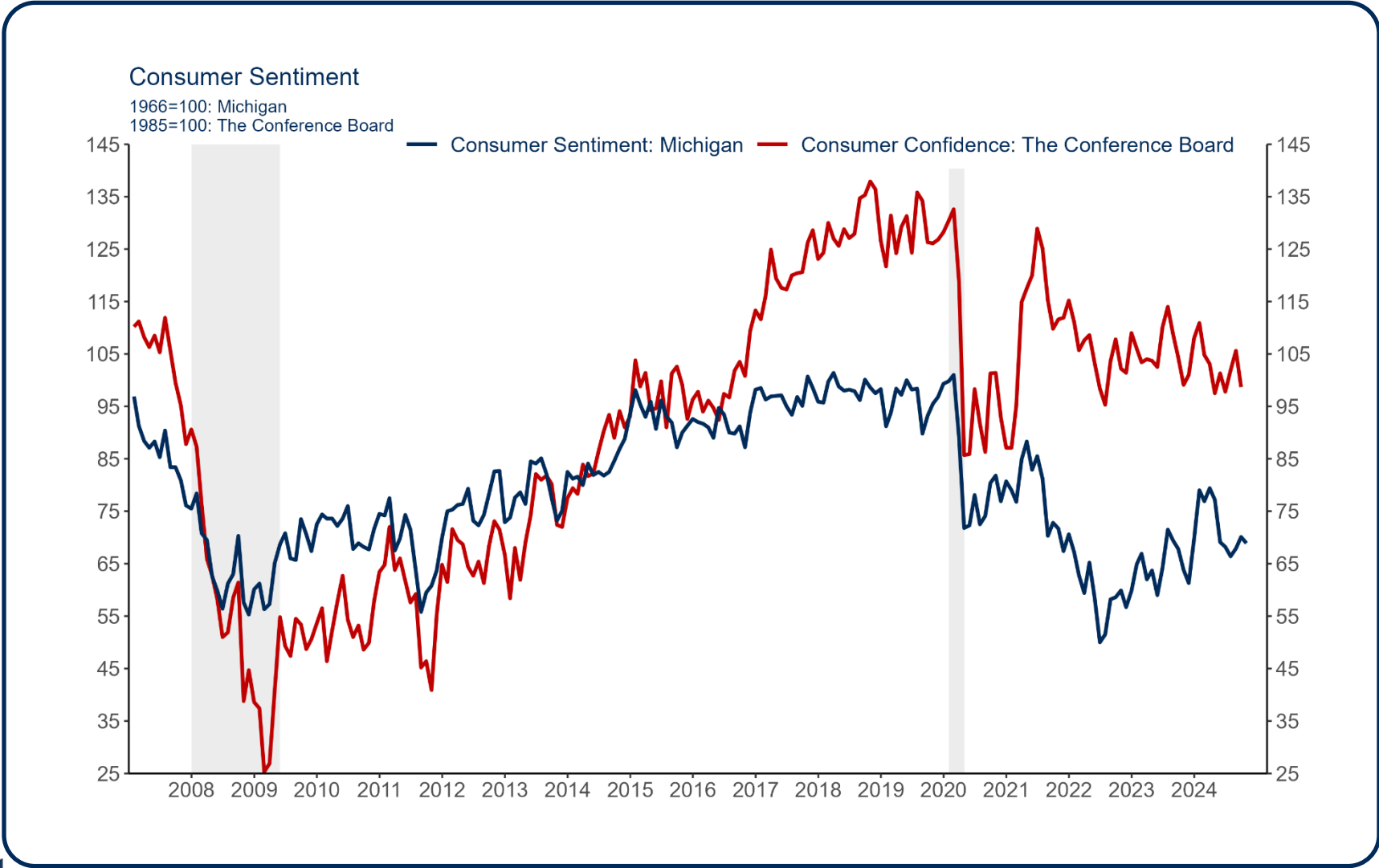
The CFO survey shows the gap between firm optimism and optimism about the economy. Is the gap finally closing a bit?

The CFO Survey: Optimism Indexes



Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2024 (August 19 - September 6, 2024)

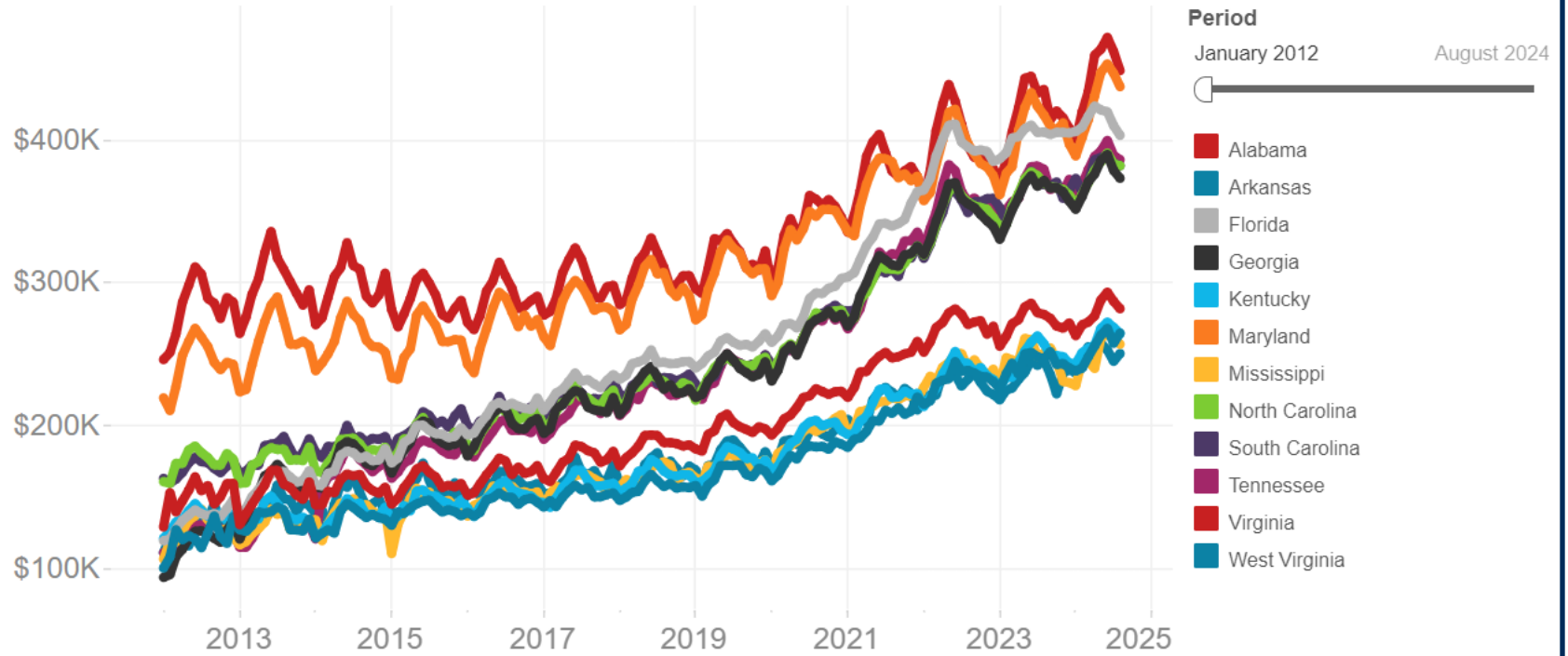
Consumer sentiment is improving



Source: Federal Reserve Board via Haver Analytics

Housing has become much more expensive in a subset of Sunbelt states

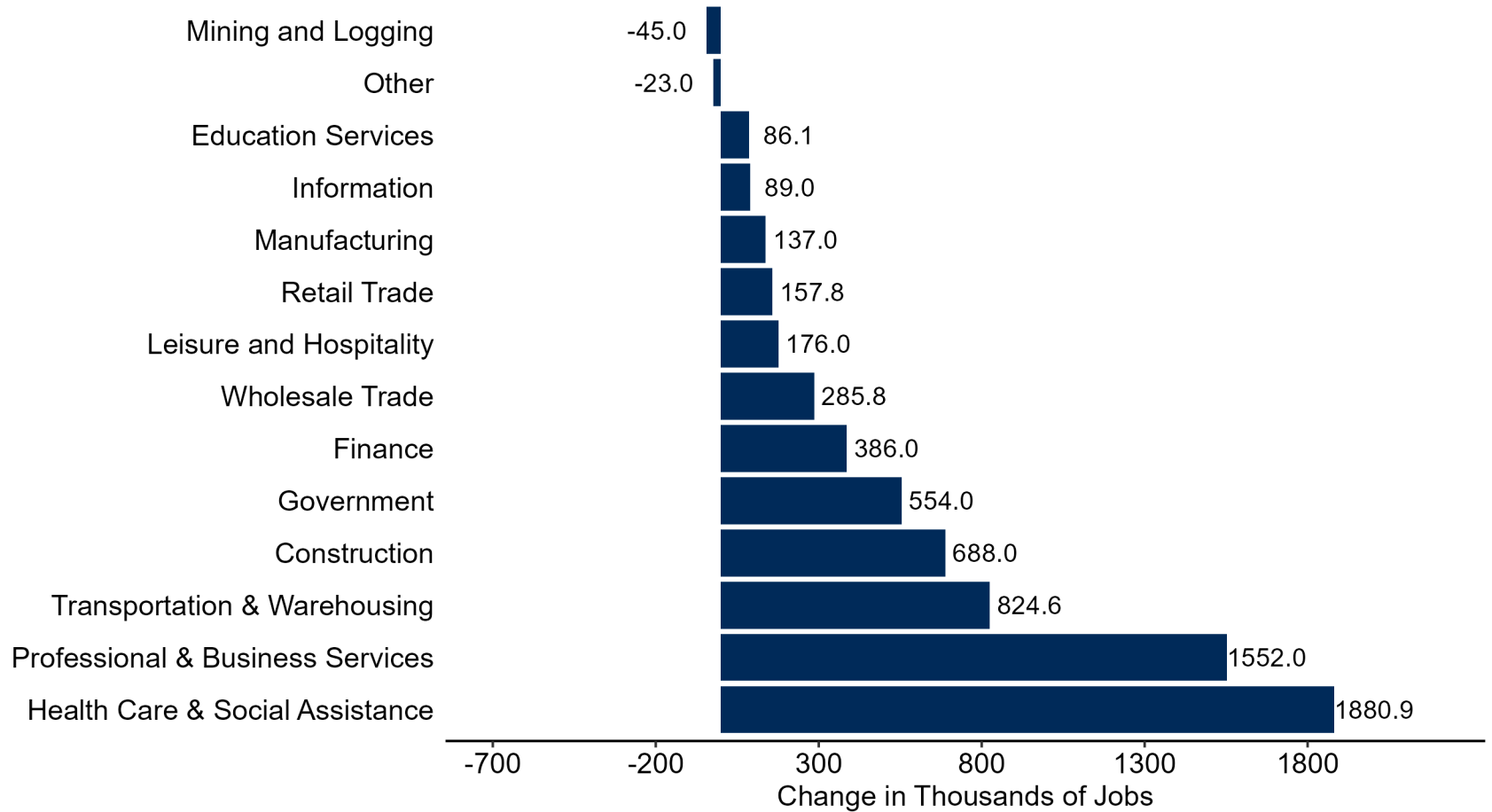
Median Sale Price



Source: Redfin

Nearly all industries are now above pre-COVID levels, and some have grown tremendously

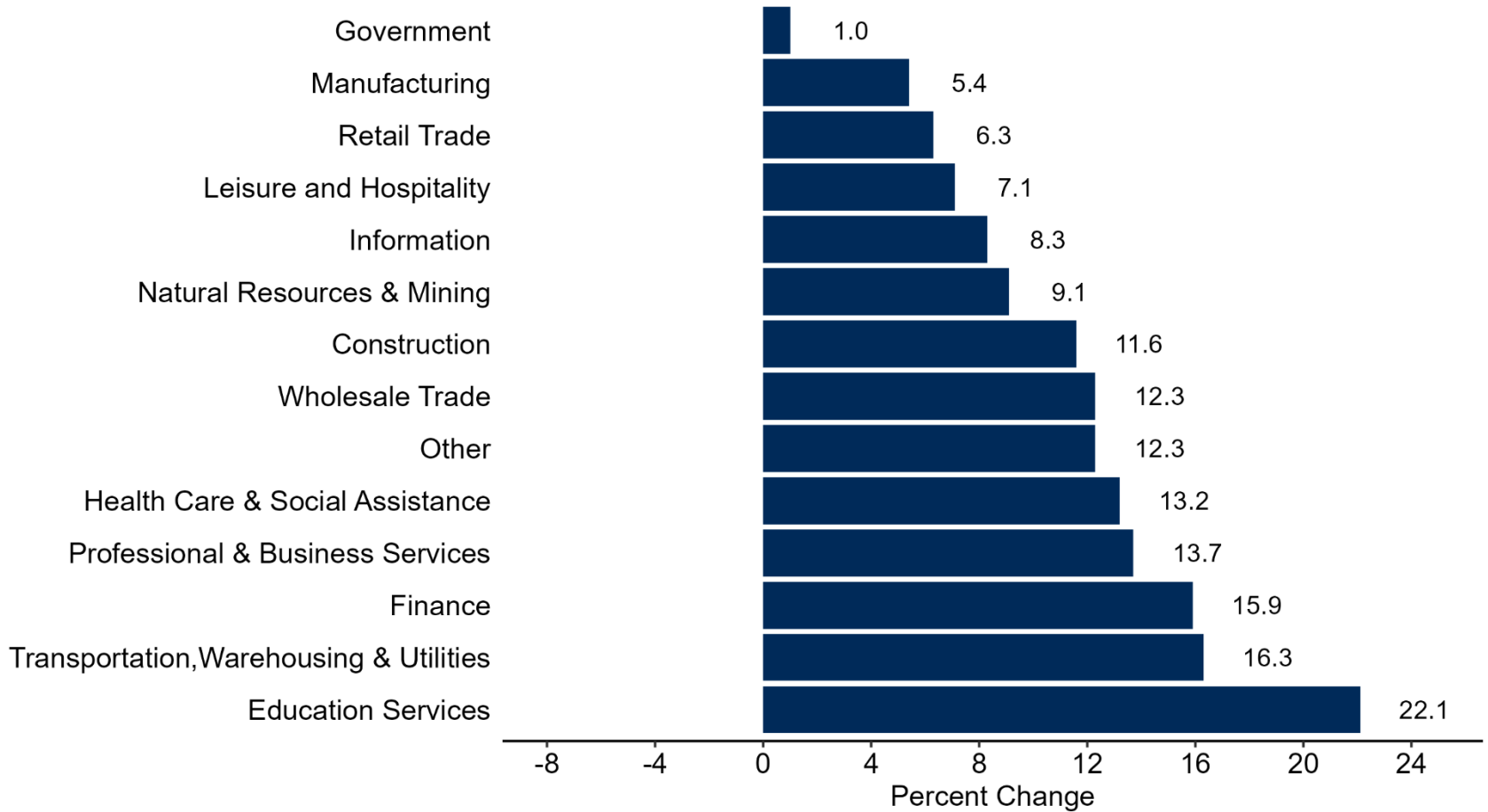
United States Employment Change from February 20 to September 24



Source: Bureau of Labor Statistics/Haver Analytics

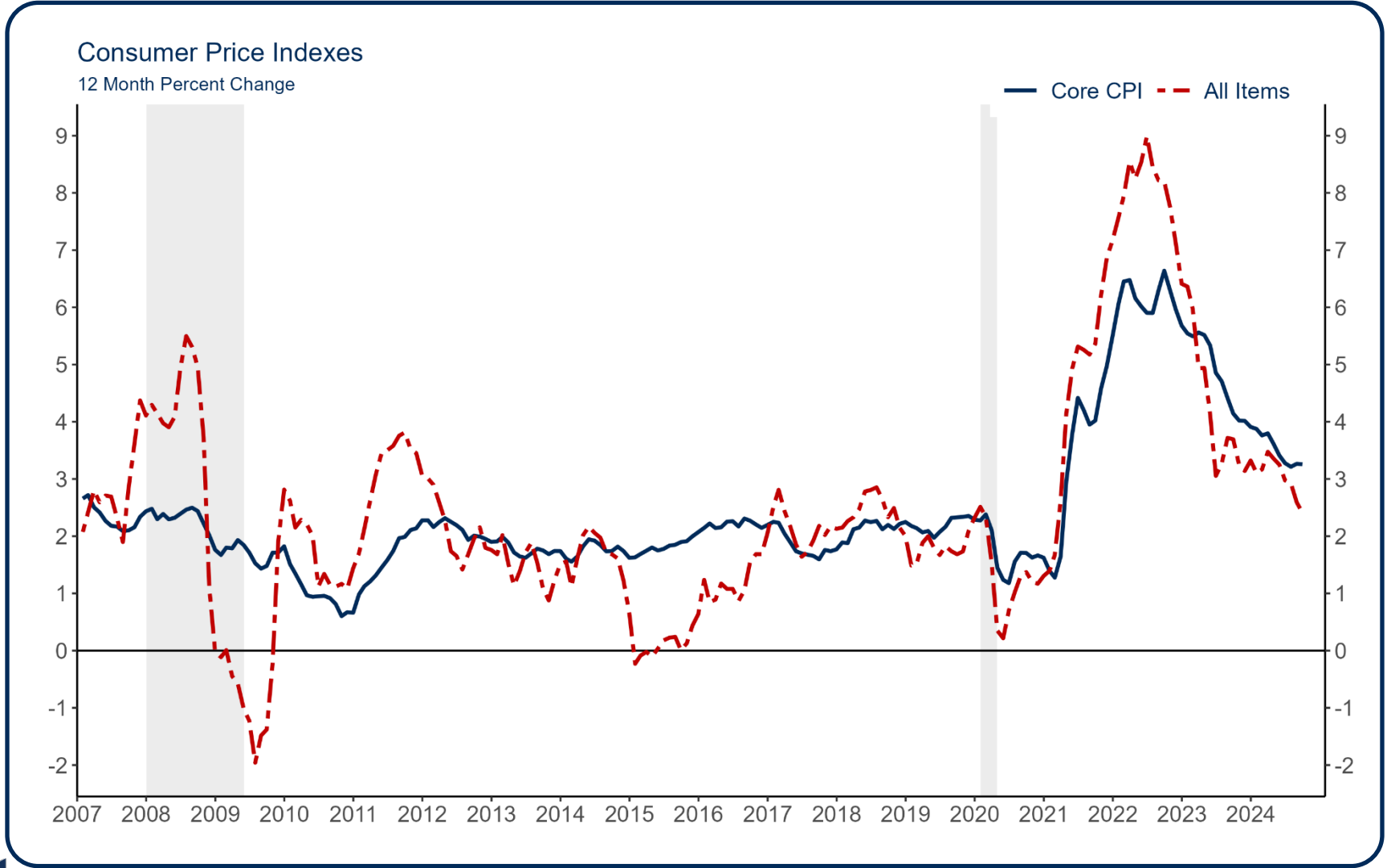
Employment growth has occurred across a very broad array of economic sectors in SC

South Carolina Employment Change from February 20 to August 24



Source: Bureau of Labor Statistics

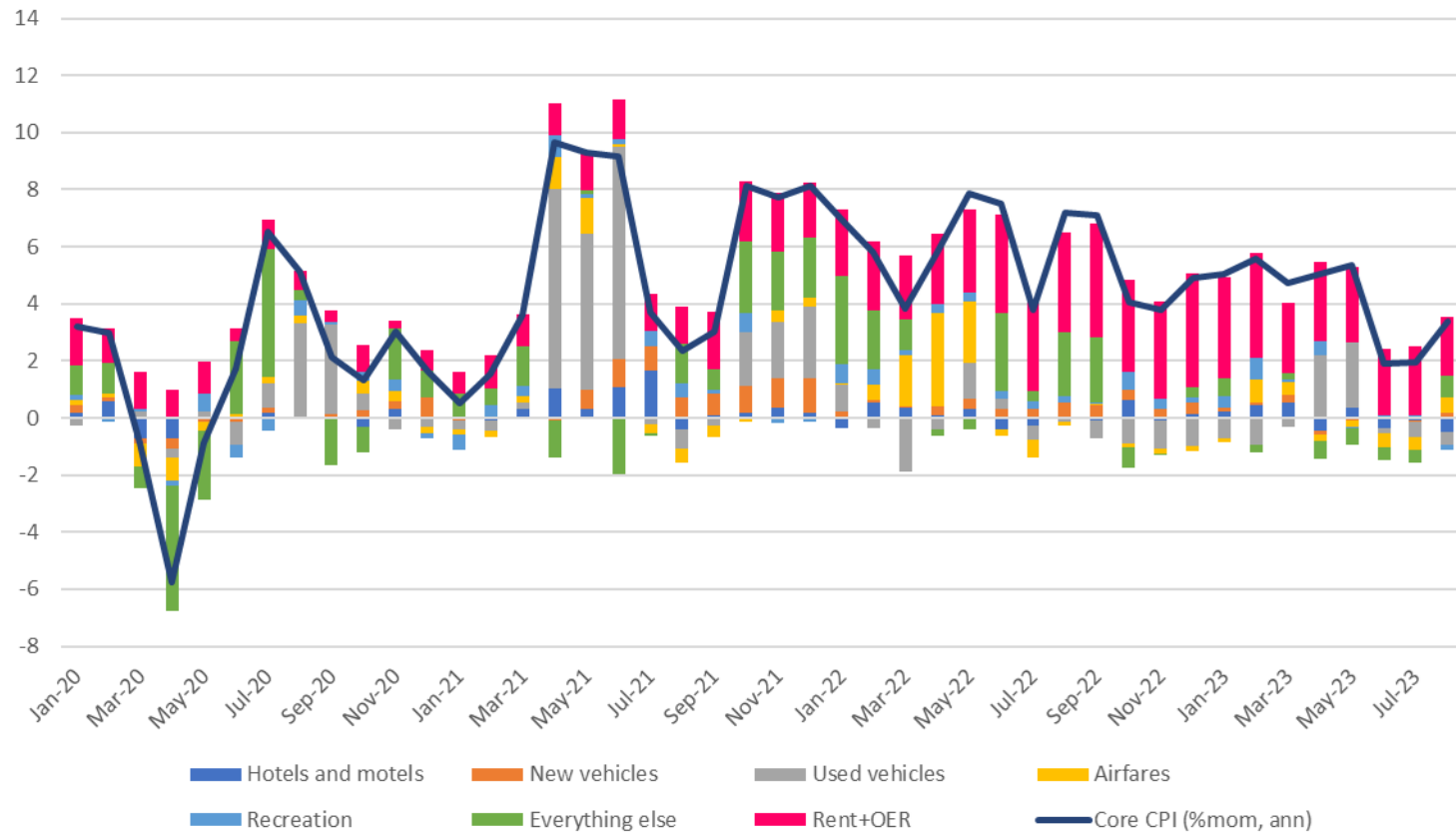
CPI declines have been significant and rapid, all things considered



Source: Bureau of Labor Statistics via Haver Analytics

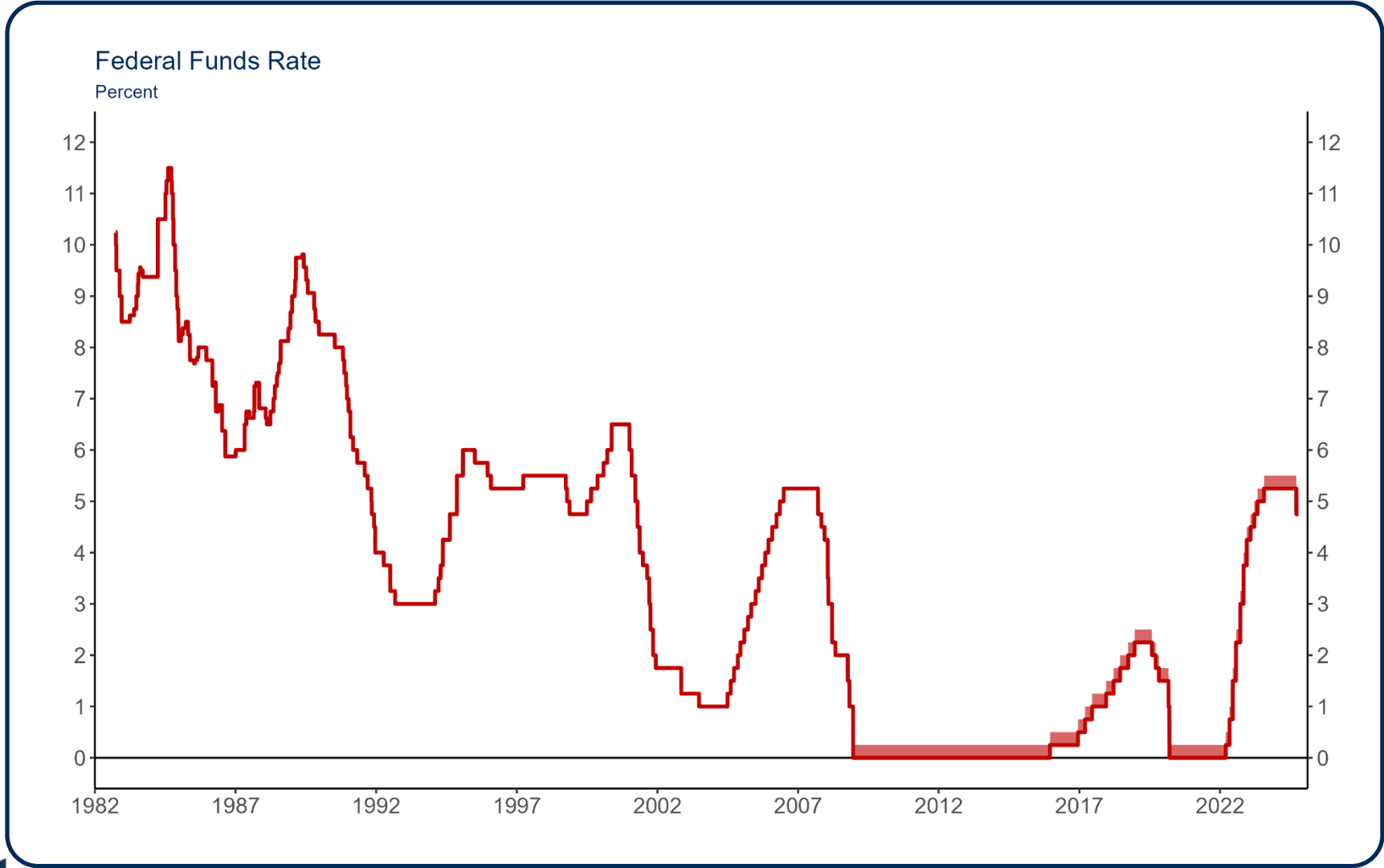
Even with CPI declines, shelter remains a larger component than prior to the inflationary period

Annualized Month-Over-Month Core CPI Growth



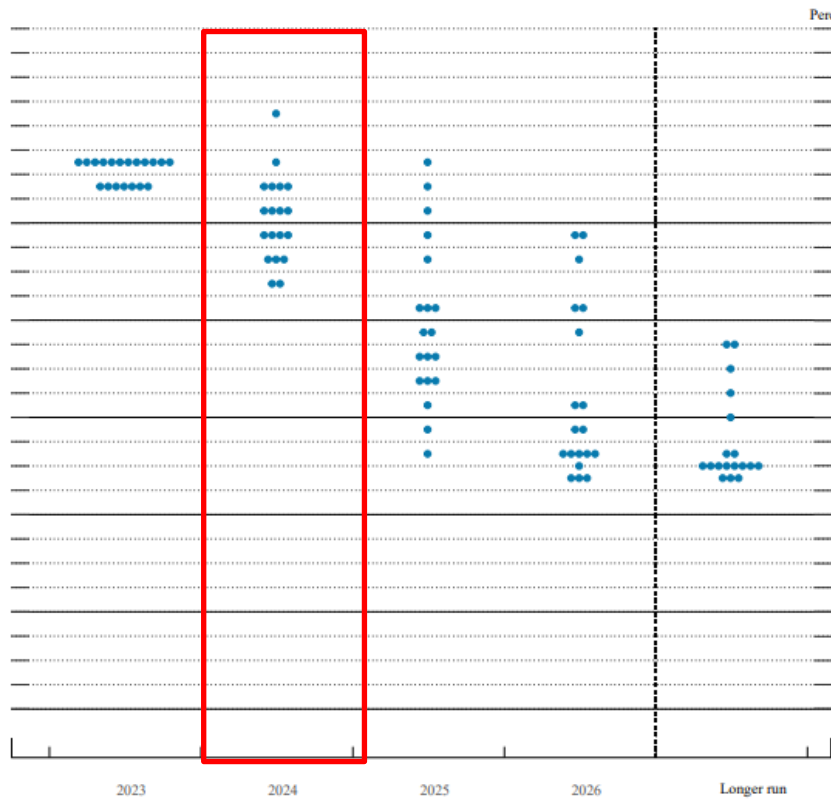
Source: Bureau of Labor Statistics via Haver Analytics

The first rate cut has finally arrived! What's next?

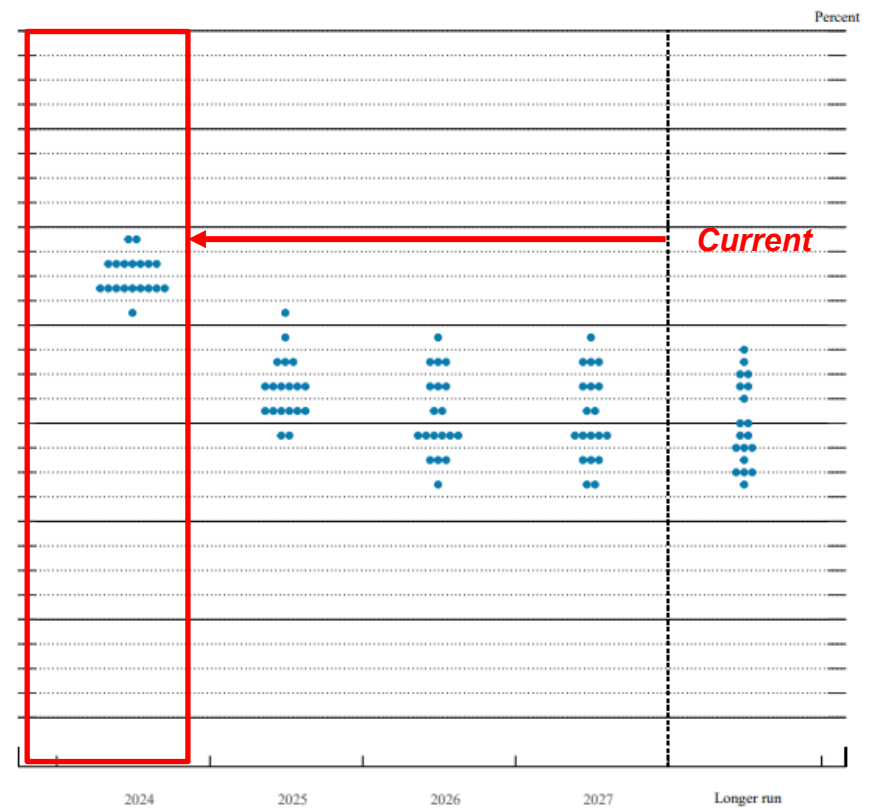


Source: Federal Reserve Board

Changes in FOMC near term interest rate projections: September 2023 vs September 2024



September 2023



September 2024