

Economic Insights:

Pulse of the Economy – Navigating Shifting Trends

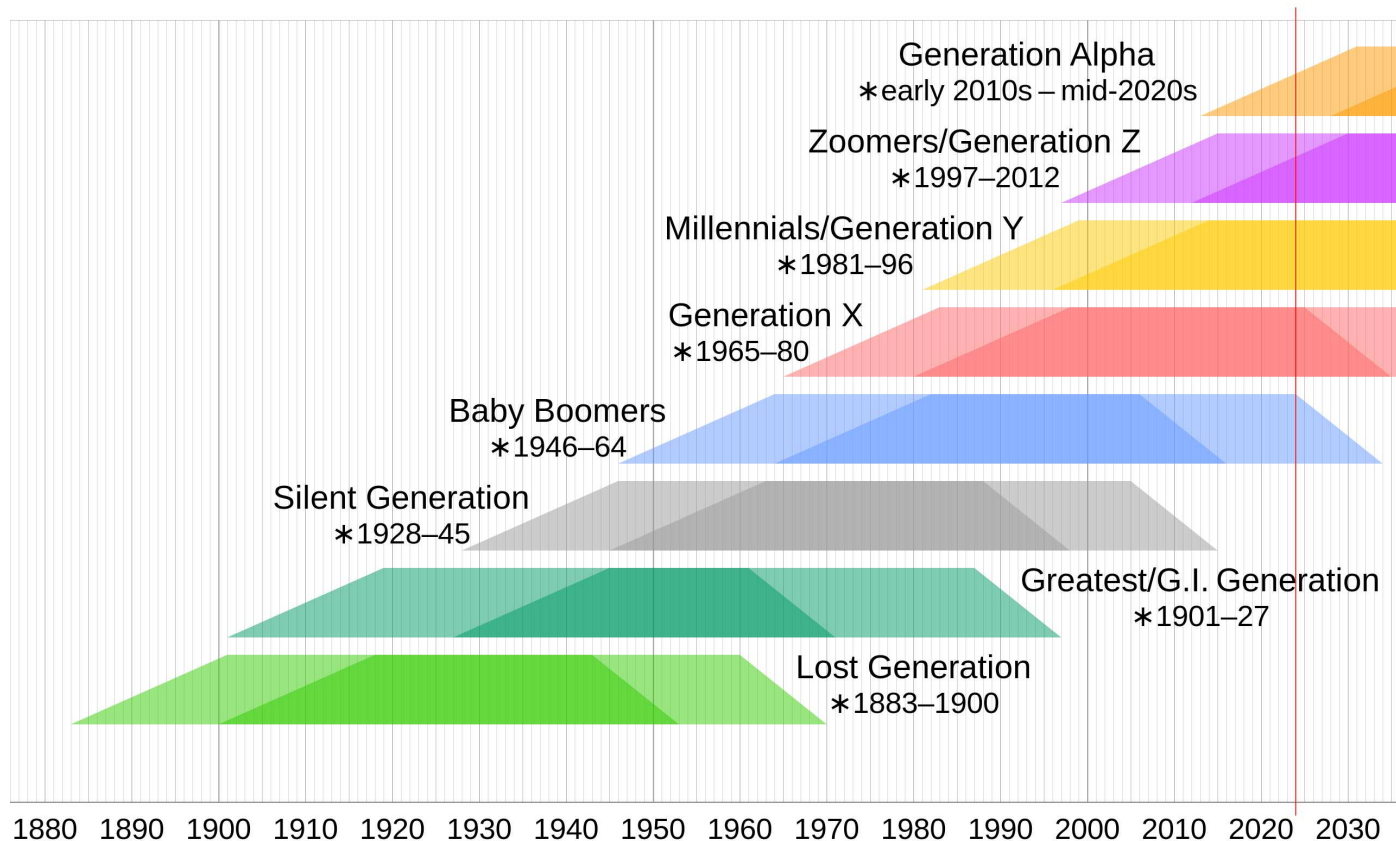
September 26, 2024



Demographics

If you don't understand your demography,
you don't understand your economy

Age Structure Matters in Data



Source: Wikipedia

Megatrend – Declining Fertility Rates

**The economy is moving us
back into the 19th century
as fertility rates plunge**

BY SYDNEY LAKE

April 26, 2024 at 2:31 PM MDT

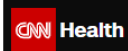
FORTUNE

U.S. Fertility Rate Falls to Record Low

Fewer babies were born in the U.S. in 2023 than any year since 1979

THE WALL STREET JOURNAL.

**US fertility rate dropped to lowest in a century as
births dipped in 2023**



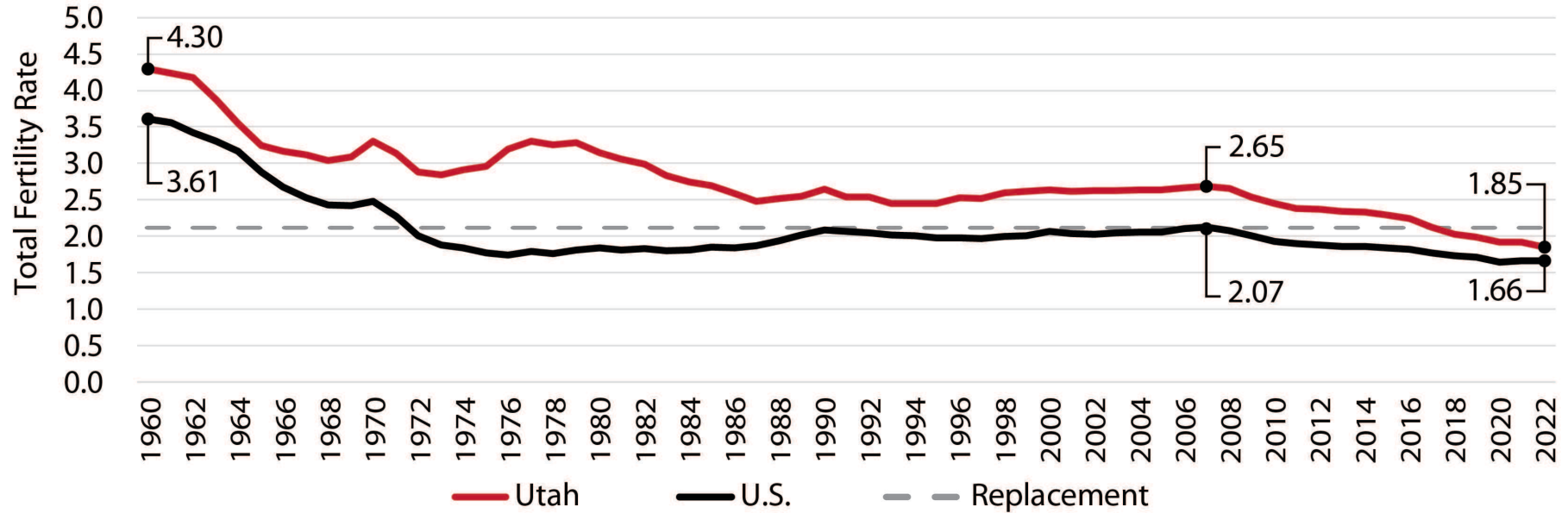
**The Lancet: Dramatic declines in global fertility rates set
to transform global population patterns by 2100**

Published March 20, 2024

**Declining fertility rates will transform global
economy, report says**

FINANCIAL TIMES

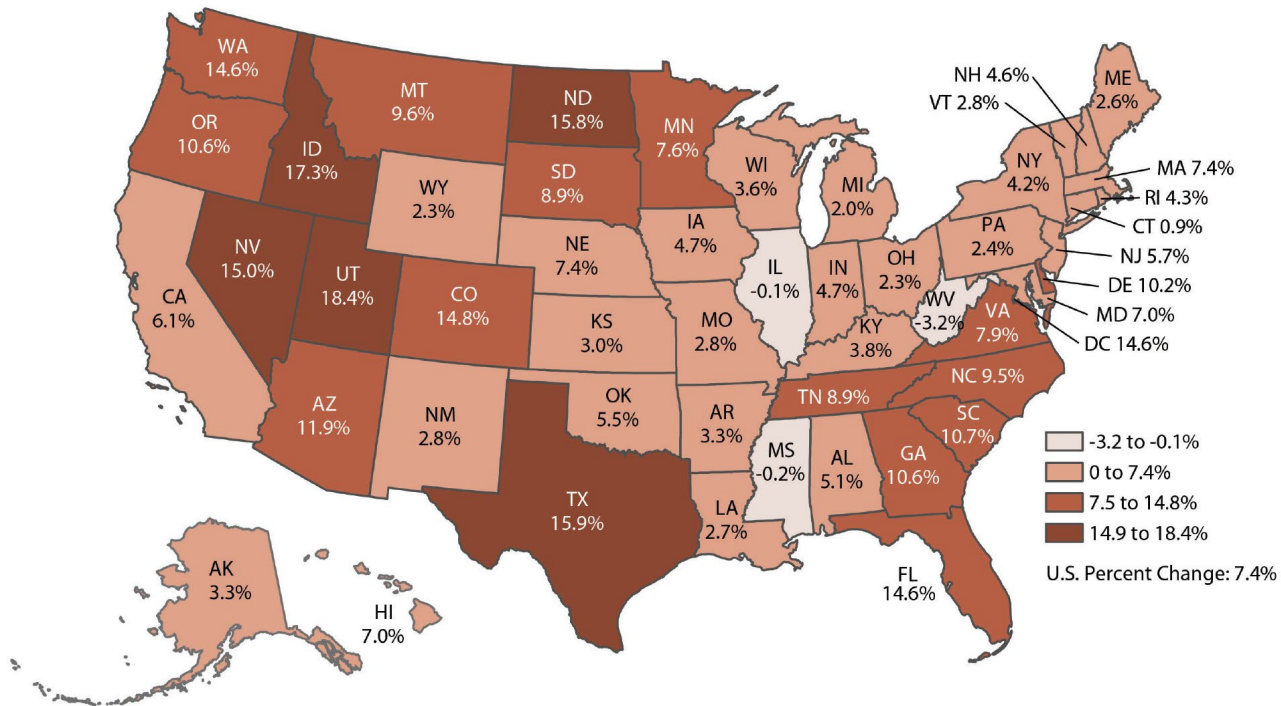
Total Fertility Rate – Utah and U.S.



Source: National Center for Health Statistics

Nation-Leading Population Growth in Mountain West and South

Percent Change, 2010 to 2020 Census

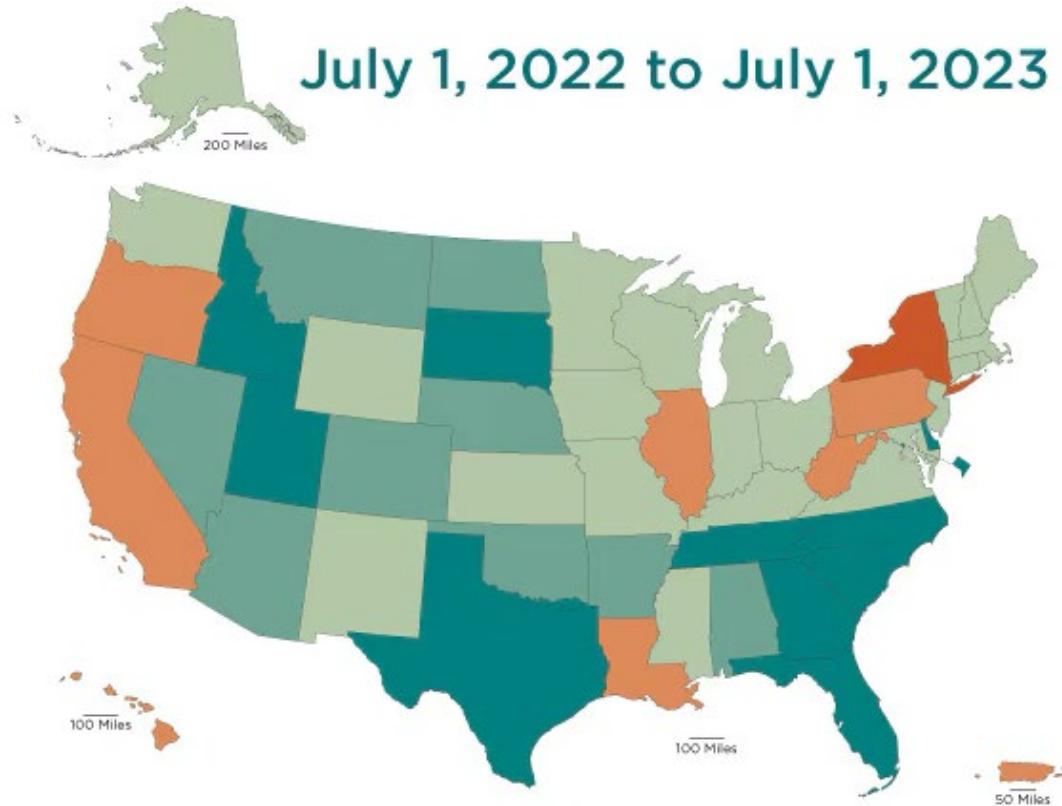
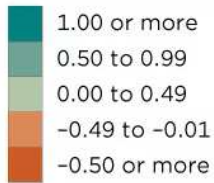


Source: 2020 Apportionment Data, U.S. Census Bureau

State Population Change Rate

Percent Change in State Population

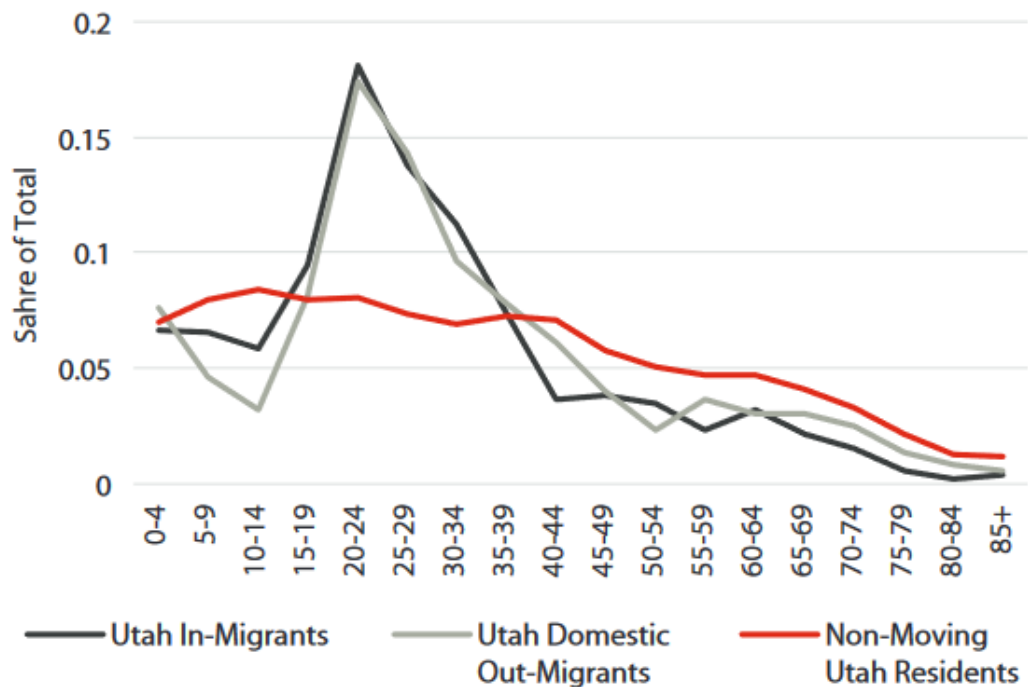
Percent change



Source: U.S. Census Bureau

Young adults make up a large share of movers

Age Distribution by Mobility Status, 2021

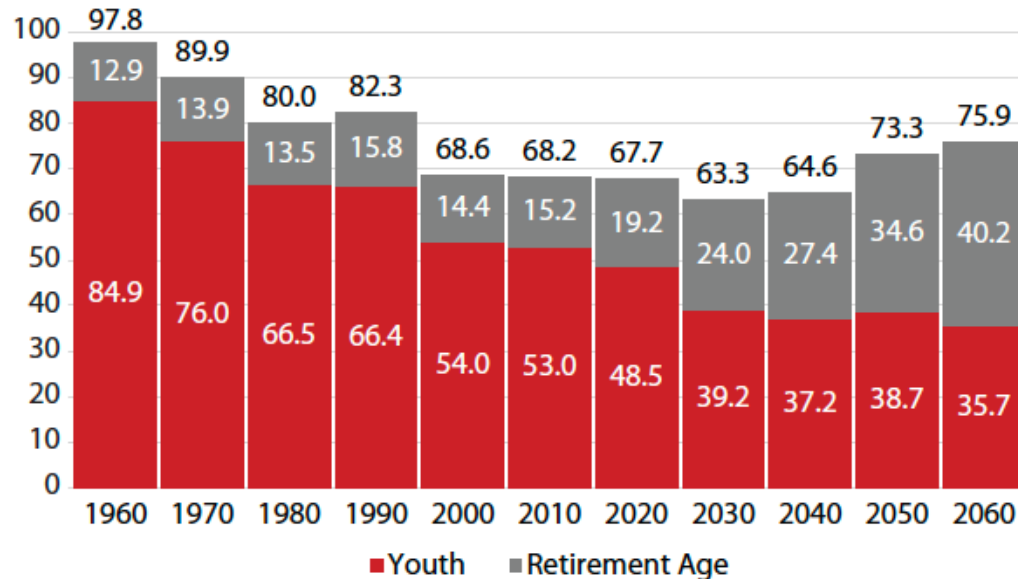


International out-migrants are not included in the data or analysis

Source: U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates, Integrated Public Use Microdata Series

Dependency Ratio Composition Shifting

Figure 6: Utah Dependency Ratios, 1960-2060

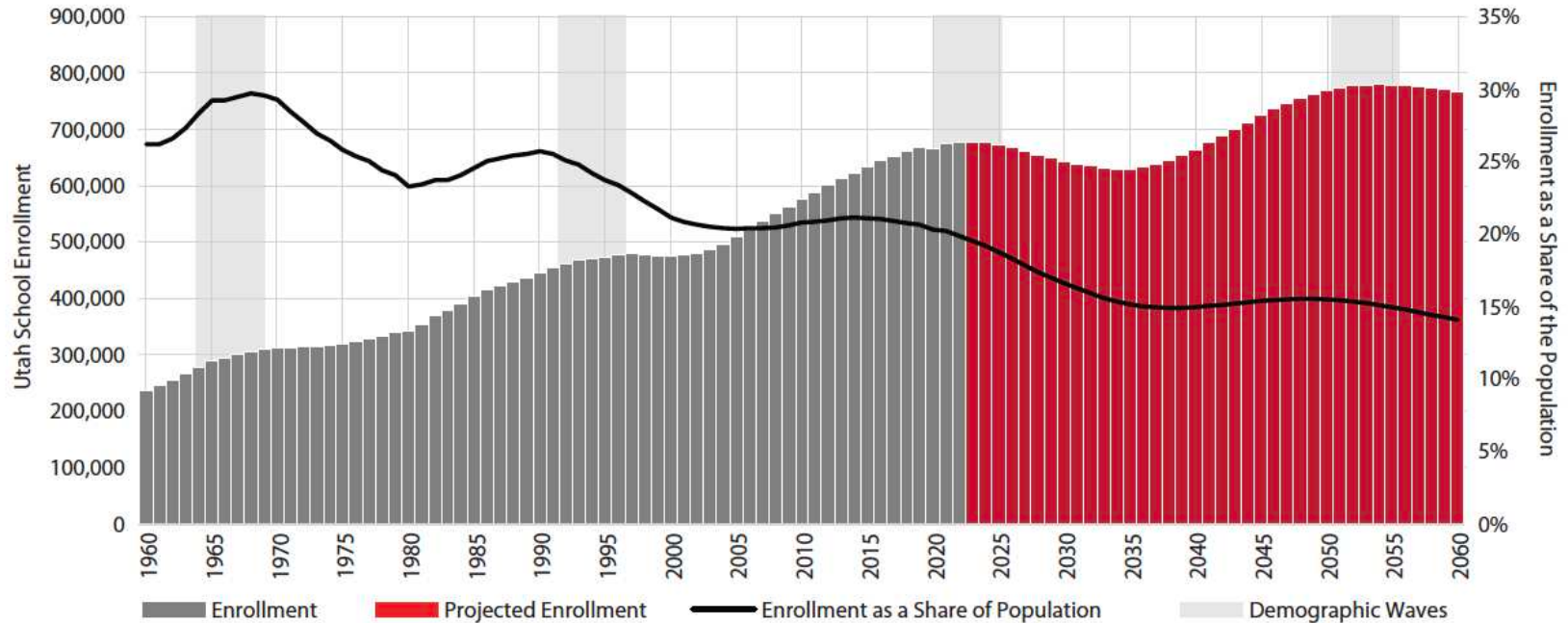


Note: Dependency ratios computed as the number of nonworking age persons per 100 working age (18-64 year old) persons in the population. Youth are less than 18 years old and retirement age is 65 years and older.

Source: Kem C. Gardner Policy Institute analysis of U.S. Census Bureau Decennial Census data and Kem C. Gardner Policy Institute 2020-2060 State and County Projections

Why Does This Matter? K-12 Impacts

Utah School Enrollment and Enrollment as a Share of the Total Utah Population, 1960-2060

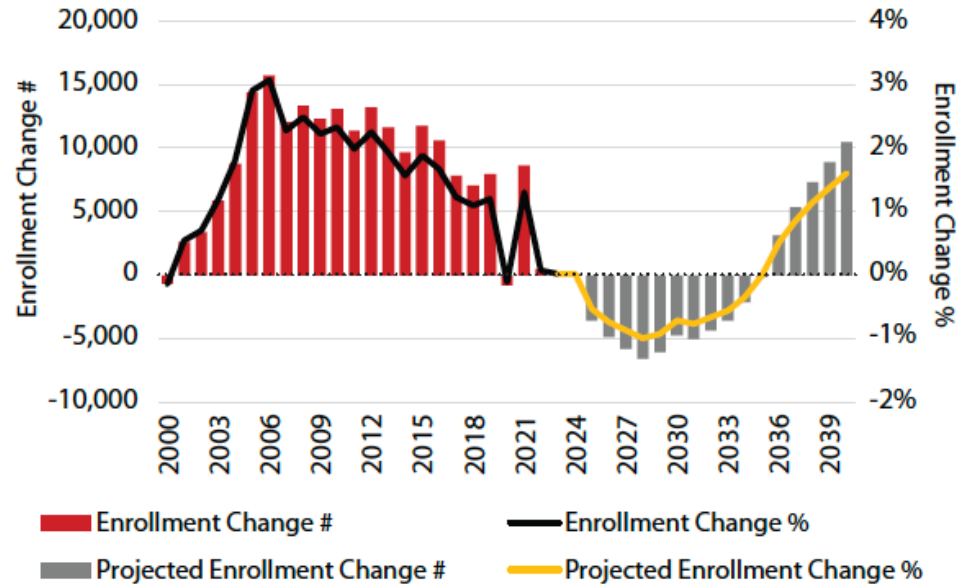


Note: Enrollment projections calculated using the average enrollment share of the school-age population from 2020-2022 (94.5%). Demographic waves are impacted by the number of women in childbearing years and migration. In the population projections, larger populations in childbearing years result in larger school-age populations 5-17 years later.

Source: Utah Superintendent's Annual Reports and Kem C. Gardner Policy Institute Population Estimates and Long-term Population Projections

Why Does This Matter? K-12 Impacts

Figure 9: Utah Change in School Enrollment, 2000-2040

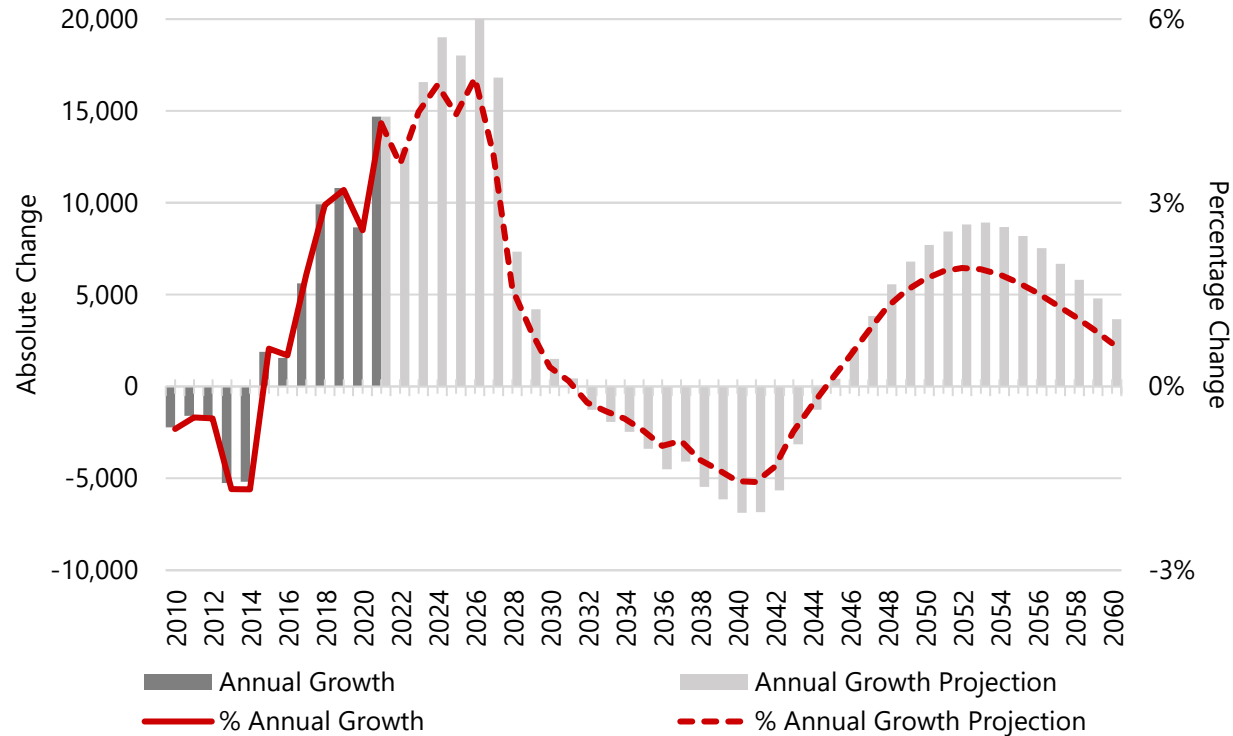


Note: Enrollment projections calculated using the average enrollment share of the school-age population from 2020-2022 (94.5%).

Source: Kem C. Gardner Policy Institute analysis of data from Utah State Board of Education, Utah Superintendent Annual Reports, Bureau of Economic and Business Research, and Kem C. Gardner Policy Institute Population Estimates and Long-term Population Projections

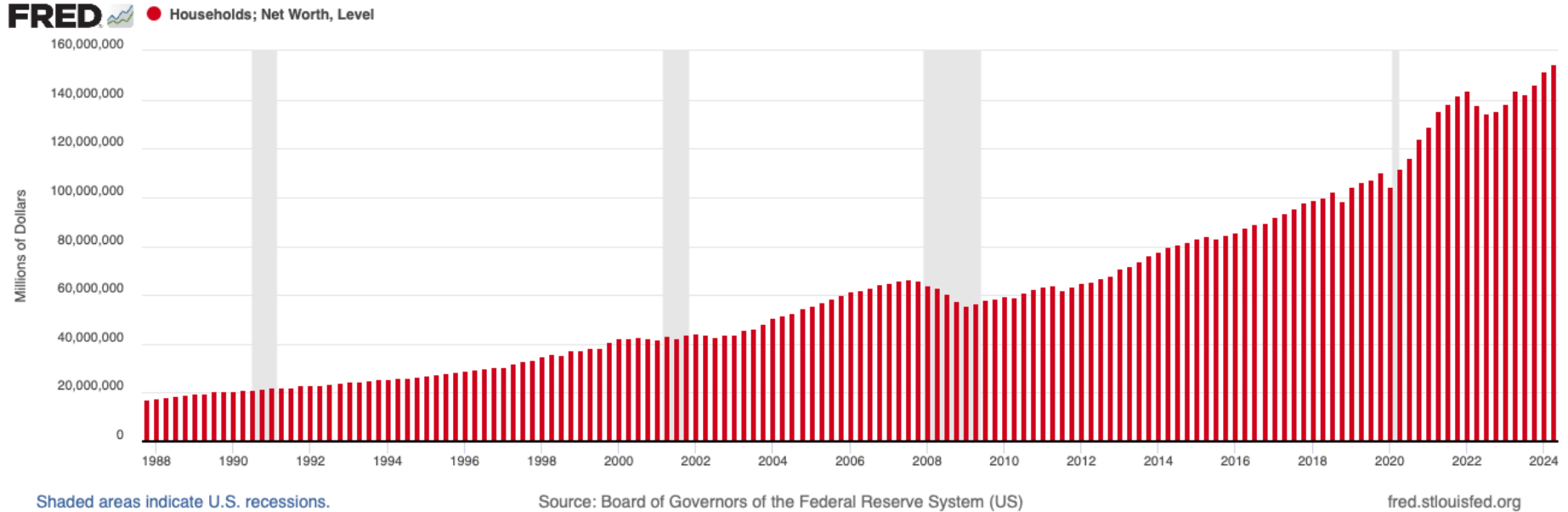
Why Does This Matter? Higher Education

Figure 1: Annual Absolute and Percent Change in Utah's College-Age Population 2010-2060



Economic Indicators – A Mixed Bag

Total Household Wealth Grew Dramatically Since 2020



Baby Boomers Hold Half of U.S. Wealth

\$156 Trillion in U.S. Assets

BY GENERATION

The Great Wealth Transfer
Millennials and Gen X are expected to inherit \$84T by 2045. \$16T of this could be transferred within the next decade.



Rising Property Values
Real estate forms a significant chunk of every generation's assets. In fact, the average price of a U.S. house has climbed 500% since 1983.

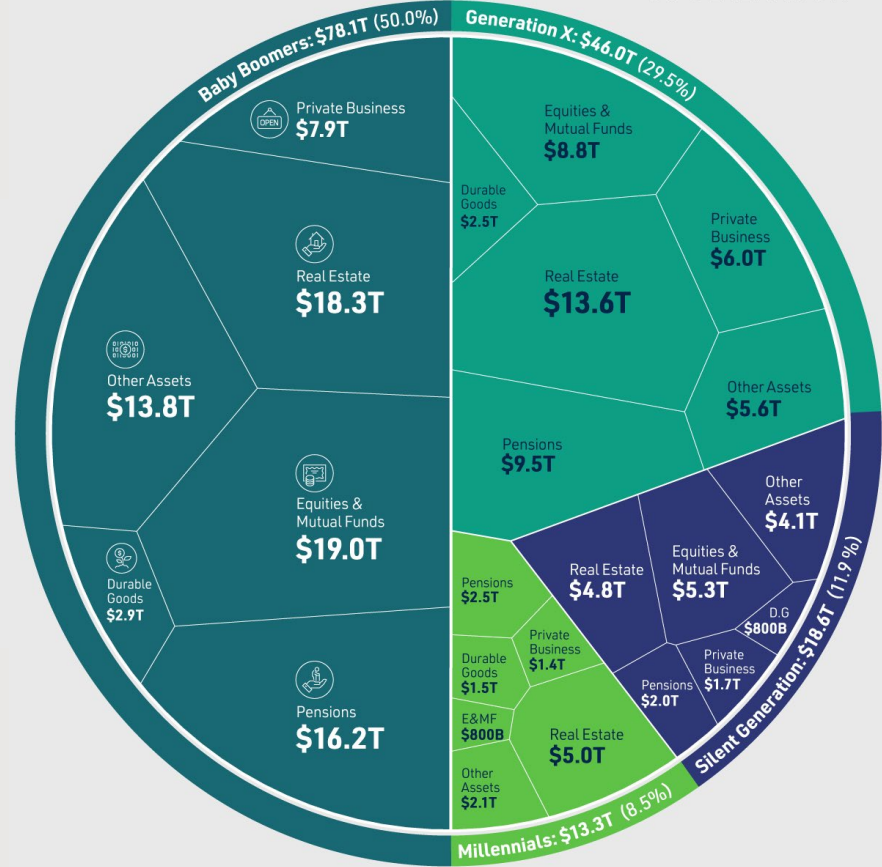
Where's Gen Z?
The Federal Reserve classifies all adults born after 1981 as Millennials.

Source: Federal Reserve (2023), Cerulli Associates (2022)

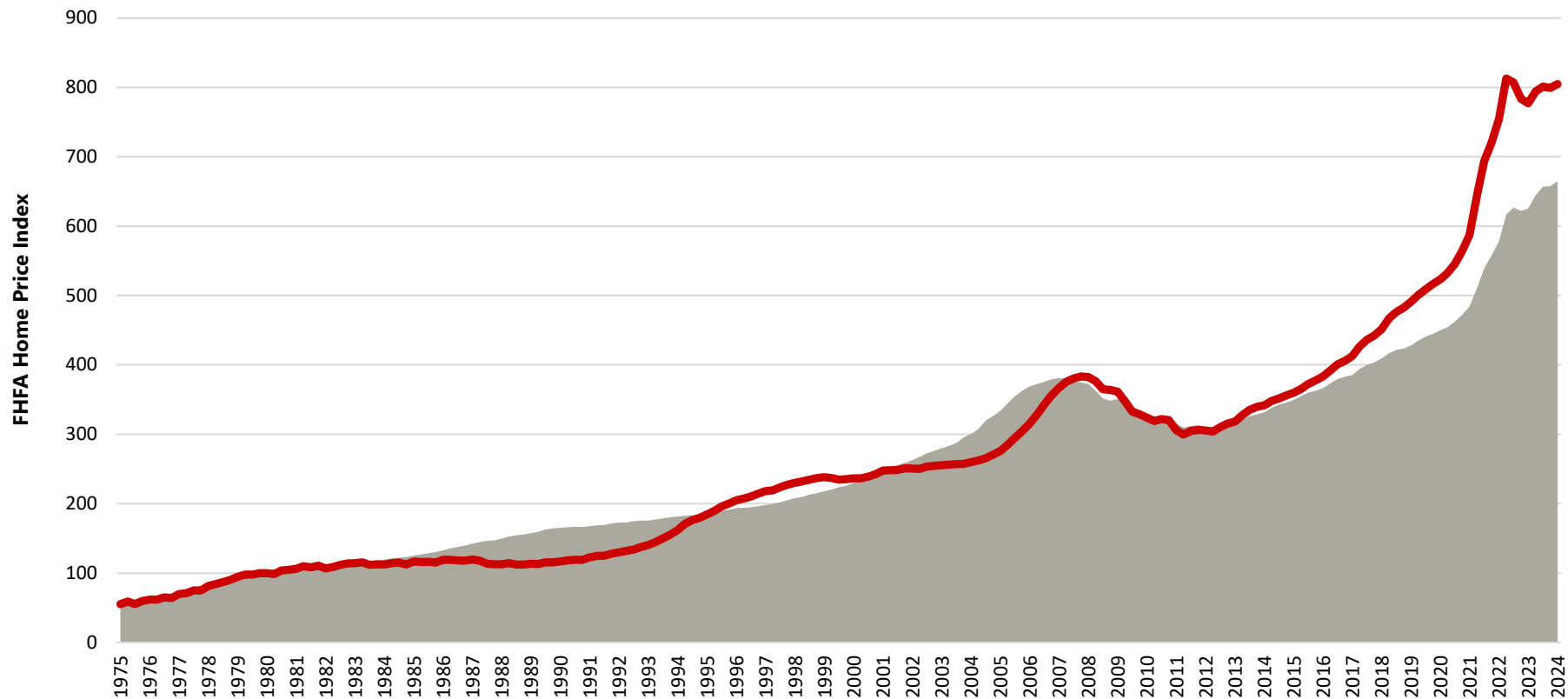


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COLLABORATORS RESEARCH • WRITING Marcus Liu | ART DIRECTION • DESIGN Joyce Ma



Home Prices Increased Dramatically in Recent Years



Utah U.S.

Source: U.S. Federal Housing Finance Agency

Median Sales Price by State

June 2024

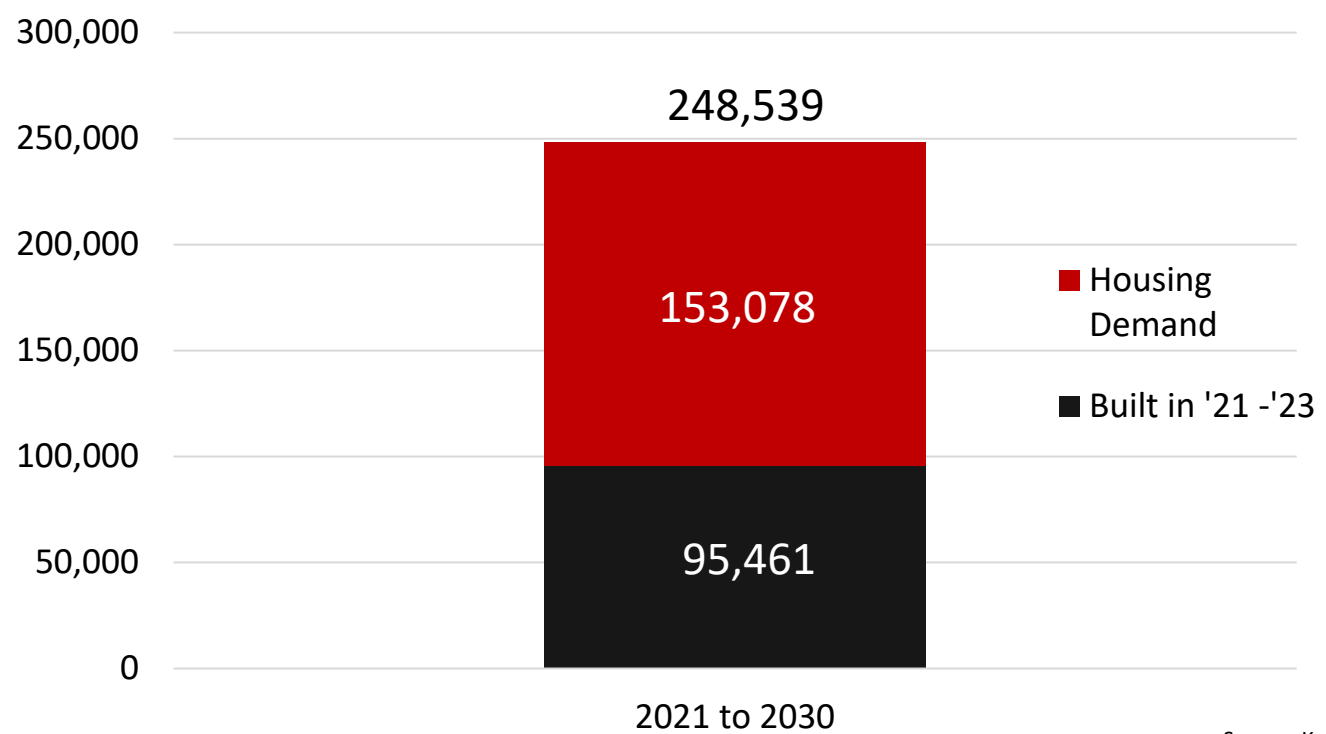
- | | |
|---------------------------|----------------------------|
| 1. California (\$859K) | 8. New Jersey (\$552K) |
| 2. Hawaii (\$822K) | 9. Oregon (\$528K) |
| 3. Massachusetts (\$679K) | 10. Montana (\$520K) |
| 4. Washington (\$652K) | 11. New Hampshire (\$516K) |
| 5. Colorado (\$607K) | 12. Idaho (\$483K) |
| 6. New York (\$574K) | |
| 7. Utah (\$552K) | |

Note: Washington, D.C. price \$700K

Source: Redfin

Current and Future Housing Demand - Think Demographics

Utah needs additional ~153K units to meet projected demand



Source: Kem C. Gardner Policy Institute

Mortgage Rates Shed Light on Housing Unaffordability Problem

Exhibit 1: Spot mortgage rate versus effective mortgage rate (%)

The mortgage rate has surged due to Fed hikes, but the average rate that households are paying (the effective rate) has increased by less than 50bp



Source: Bureau of Economic Analysis (BEA), Mortgage Bankers Association of America (MBA)

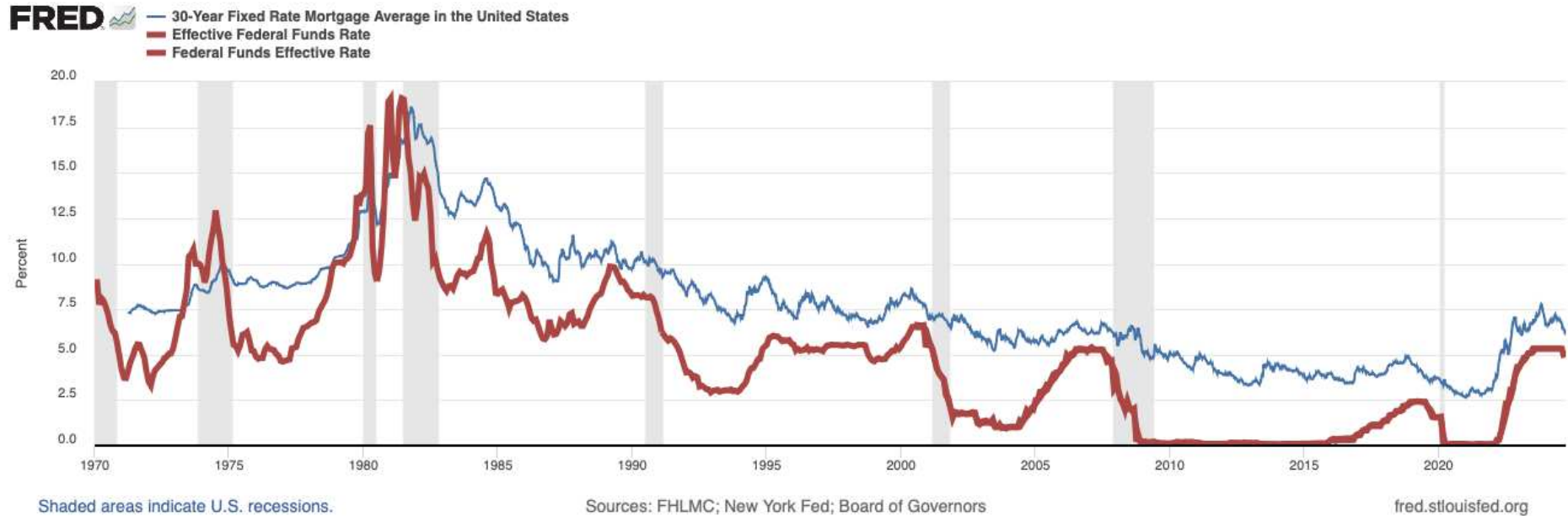
BofA GLOBAL RESEARCH

Source: Bank of America

Inflation Moderating



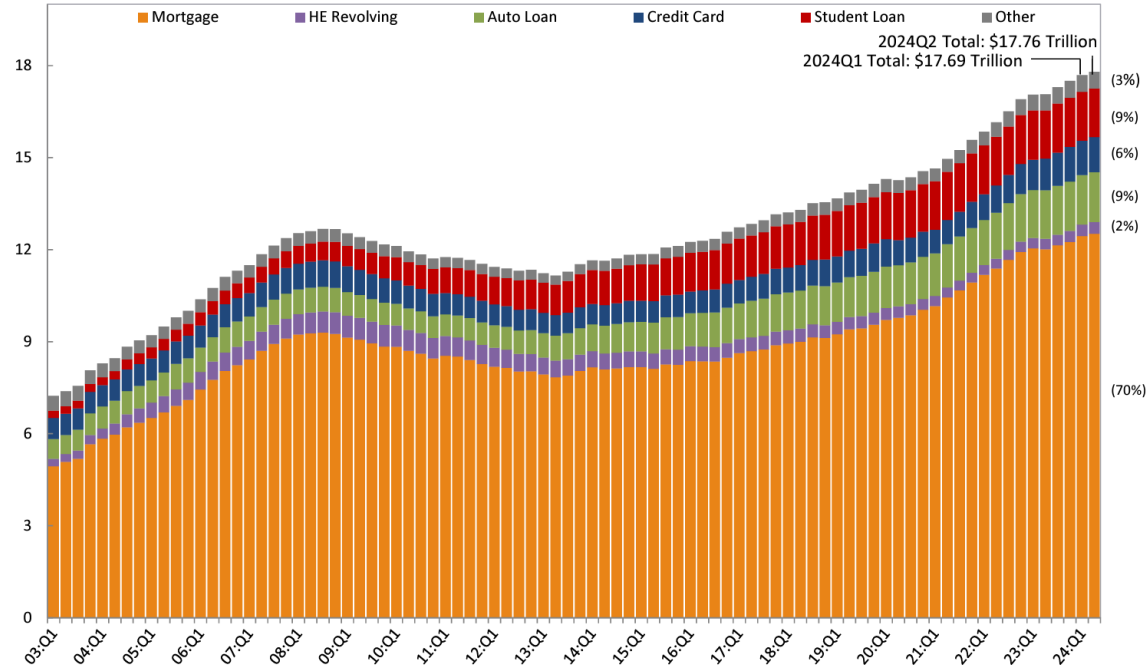
Interest Rates Dropping



Composition of U.S. Household Debt

Total Debt Balance and its Composition

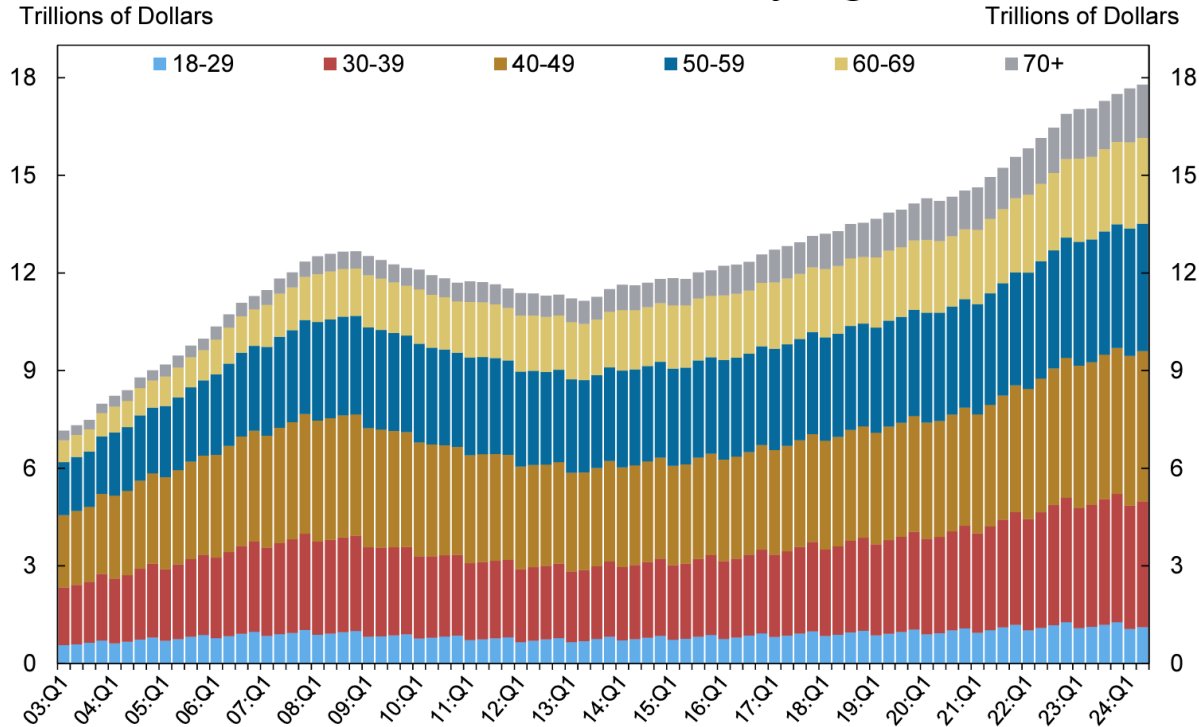
Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

U.S. Household Debt by Age

Total Debt Balance by Age

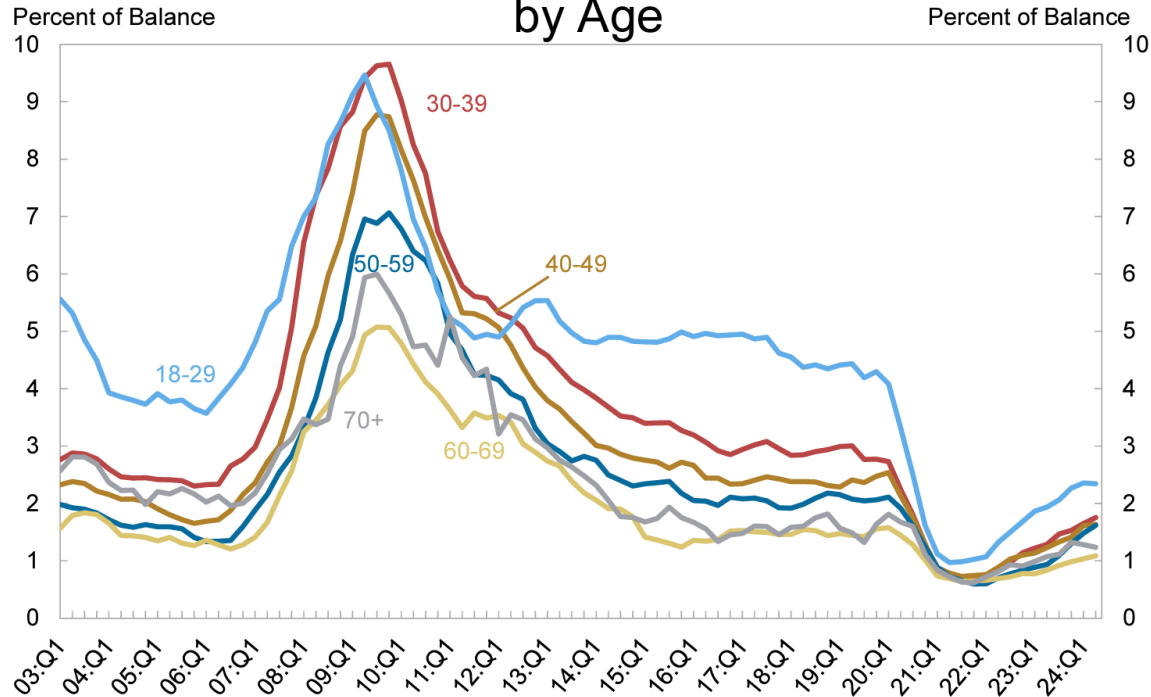


Source: New York Fed Consumer Credit Panel/Equifax

Note: Age is defined as the current year minus the birthyear of the borrower. Age groups are re-defined each year. Balances may not add up to totals due to a small number of individuals with unknown birthyears.

Rising Delinquencies

Transition into Serious Delinquency (90+) by Age



Note: 4 Quarter Moving Sum.

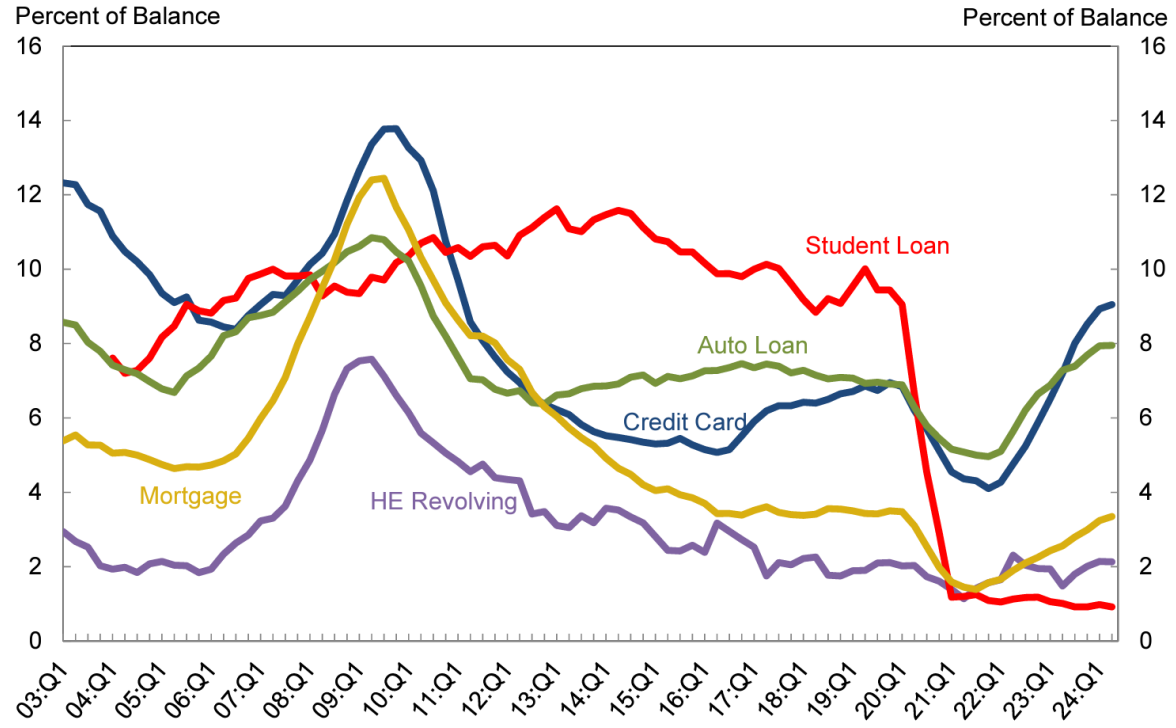
Age is defined as the current year minus the birthyear of the borrower.

Age groups are re-defined each year.

Source: New York Fed Consumer Credit Panel/Equifax

Rising Delinquencies

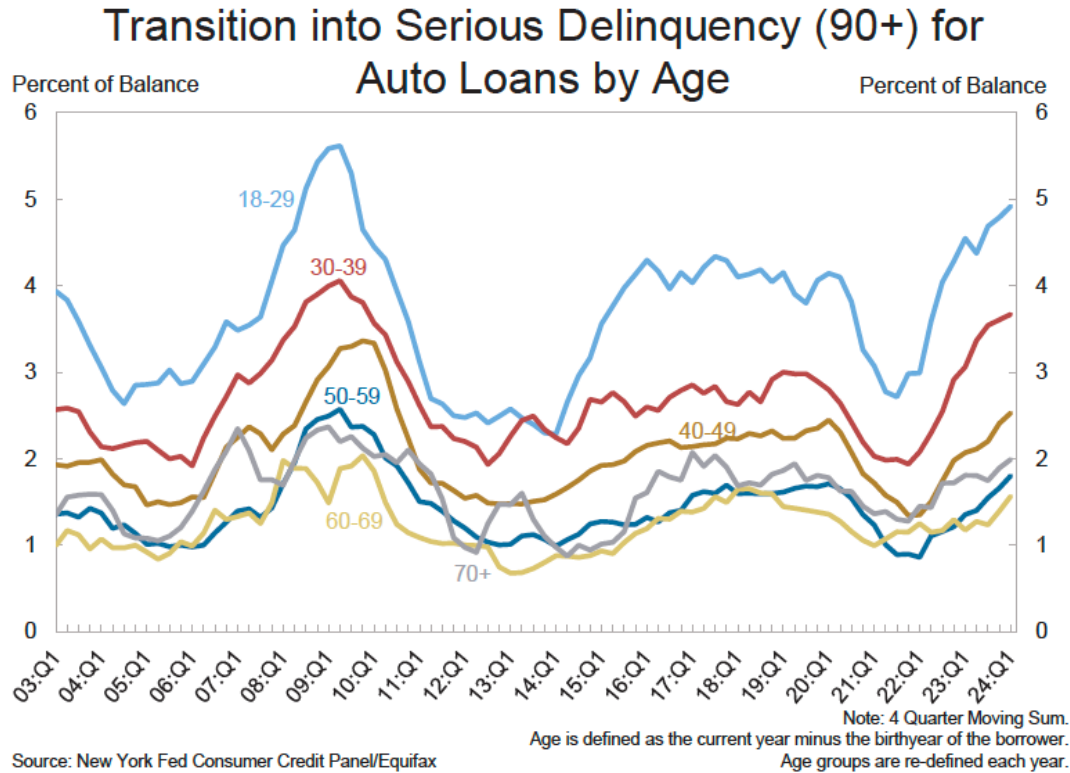
Transition into Delinquency (30+) by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

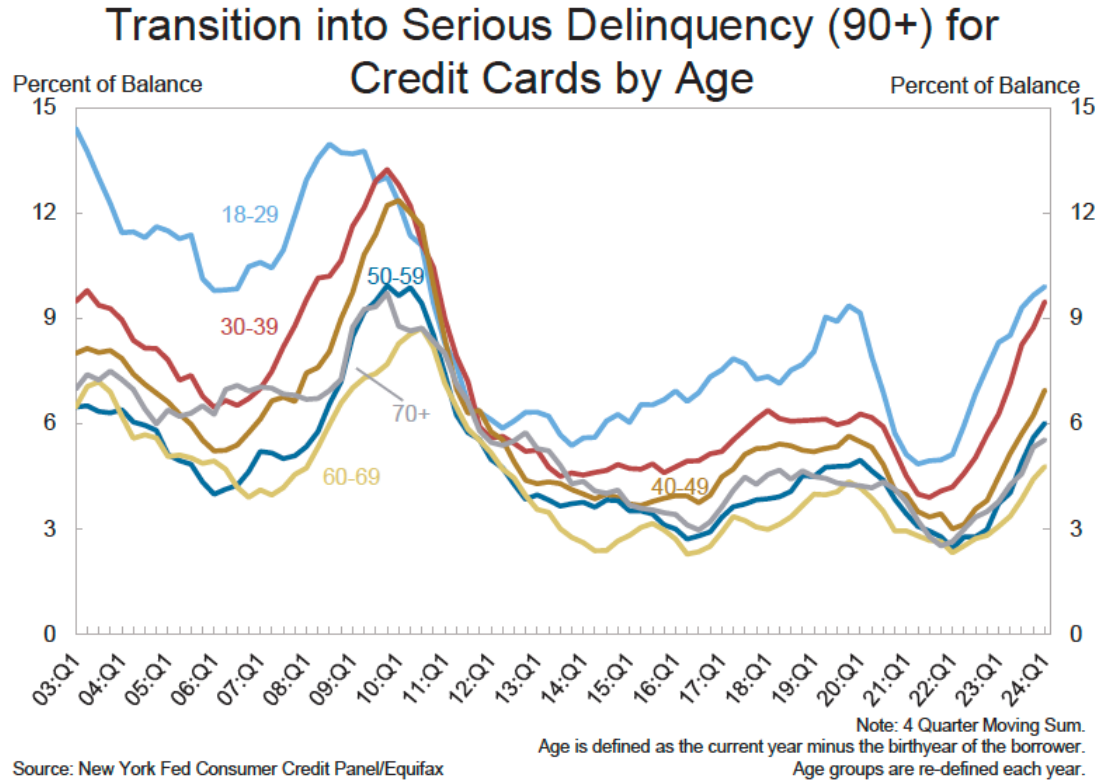
Note: 4 Quarter Moving Sum
Student loan data are not reported prior to 2004 due to uneven reporting

Increased Debt & Delinquencies Clearly Up – Greatest Impact Among Younger Generations



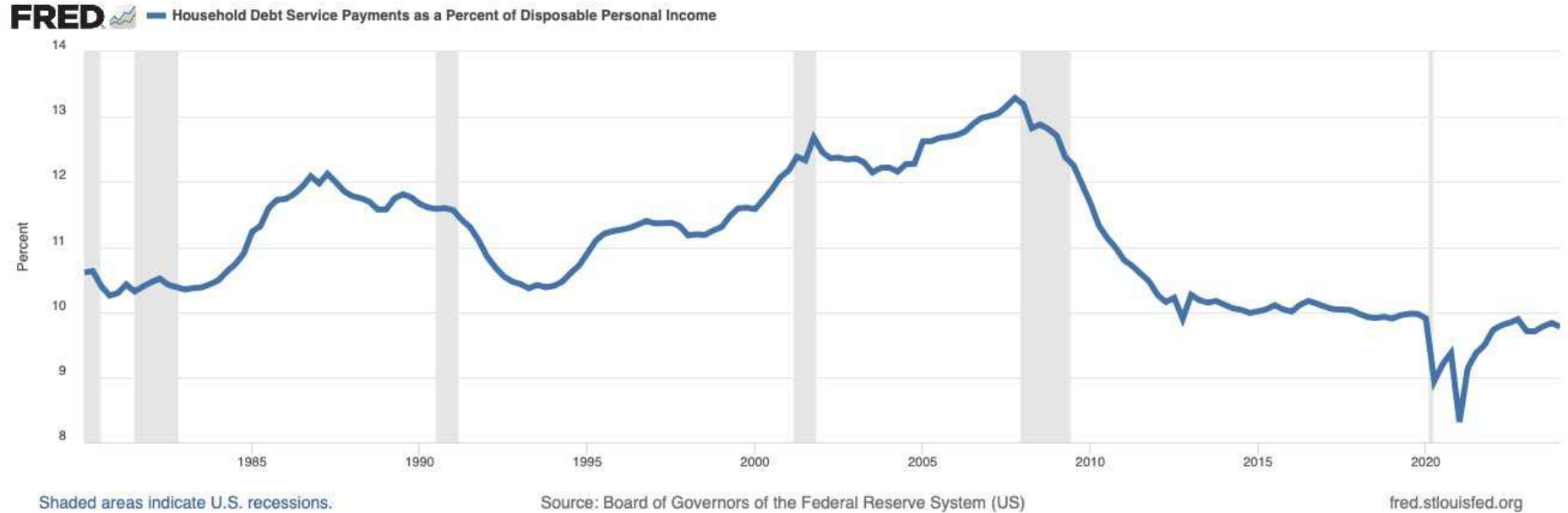
Source: Federal Reserve Bank of New York

Increased Debt & Delinquencies Clearly Up – Greatest Impact Among Younger Generations



Source: Federal Reserve Bank of New York

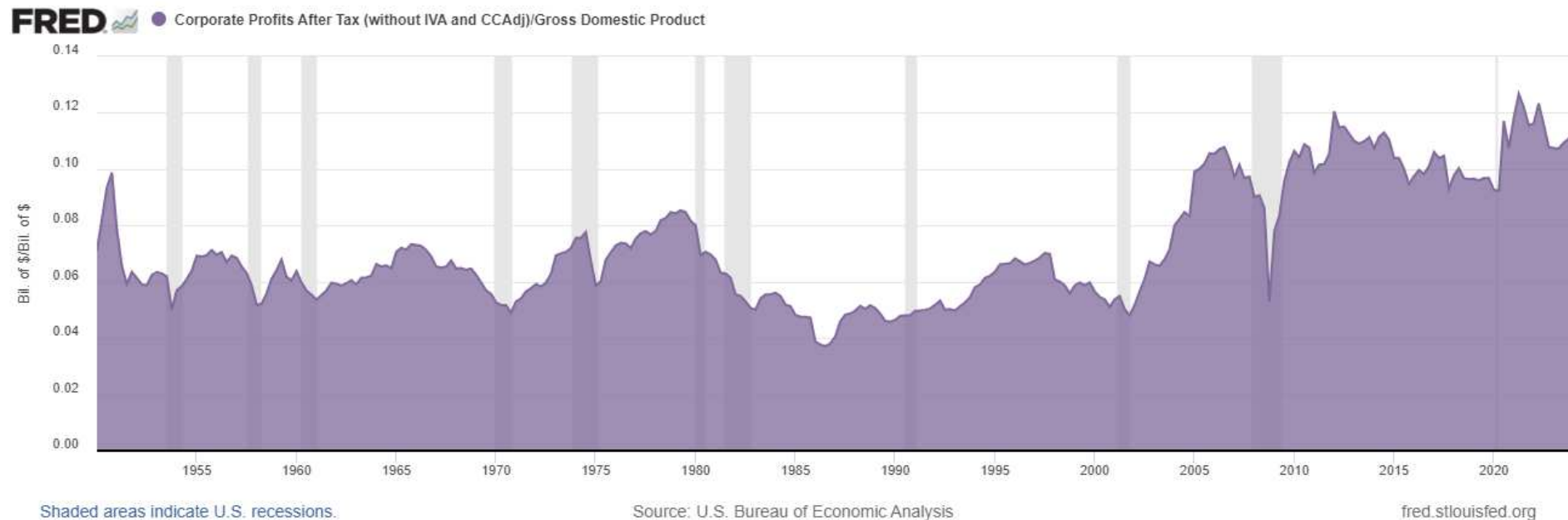
Household Debt Payment Ratios Remain Low



With Balances in Reserve & Prices Higher, Household Saving Flows Low

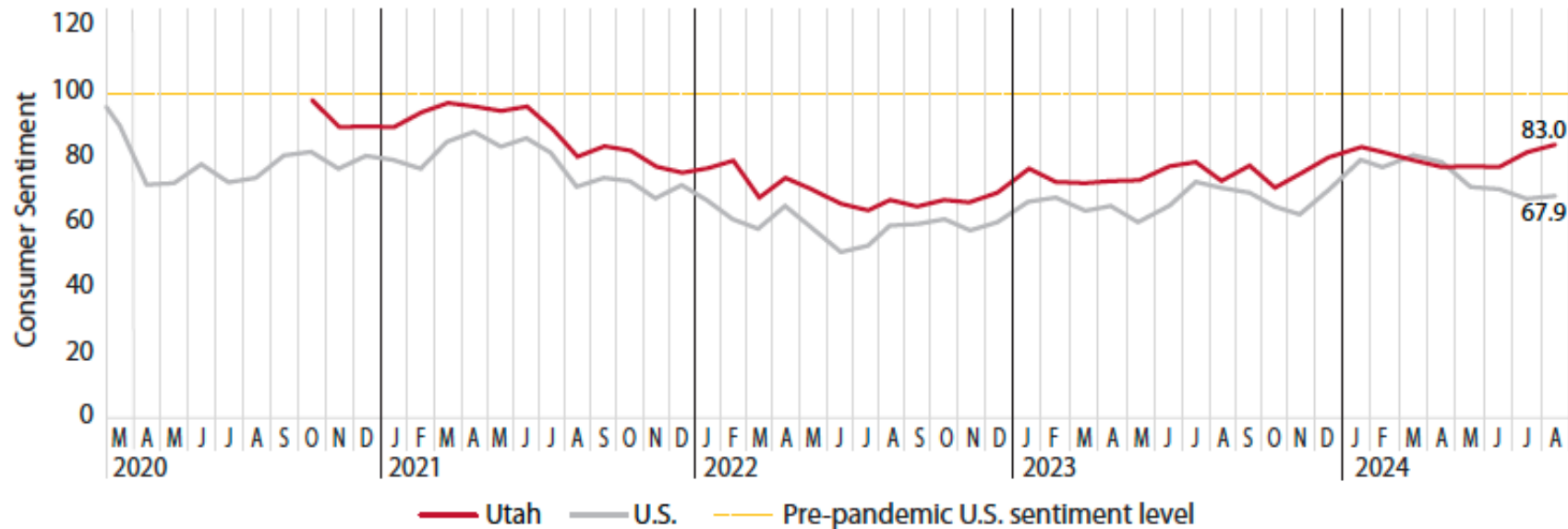


U.S. Corporate Profits Remain High



Recent Consumer Sentiment Dropping in U.S.

Consumer Sentiment Index: Utah and U.S.

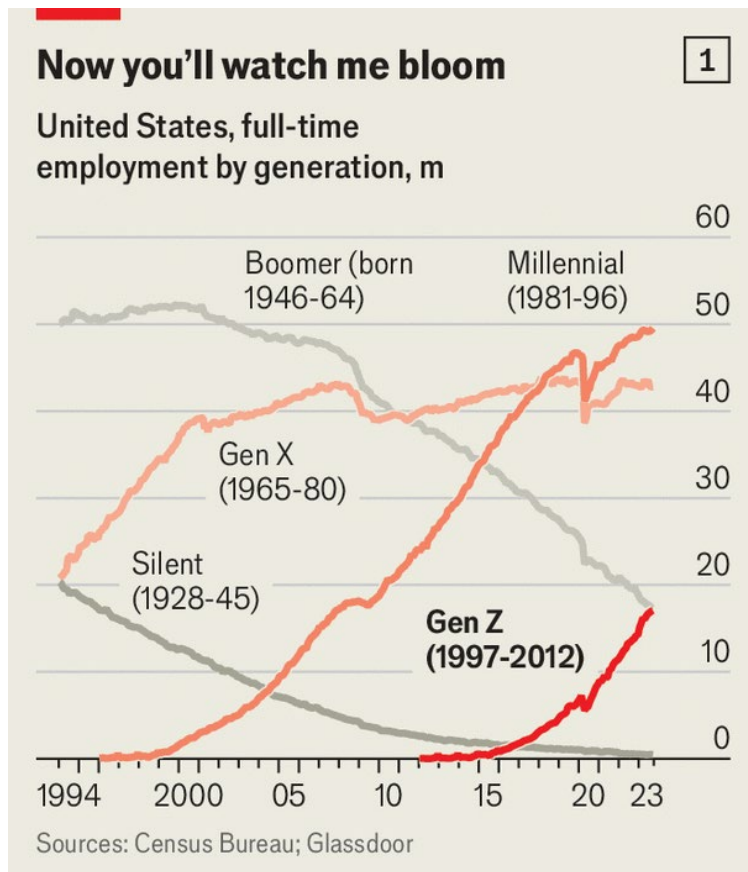


Source: Kem C. Gardner Policy Institute and University of Michigan

*The University of Michigan survey's May consumer sentiment estimate falls inside the Gardner Institute's May consumer sentiment estimate's 95% confidence interval.

Labor Markets

Generations in the Workforce



Source: The Economist

U.S. Labor Markets Resilient, but Softer

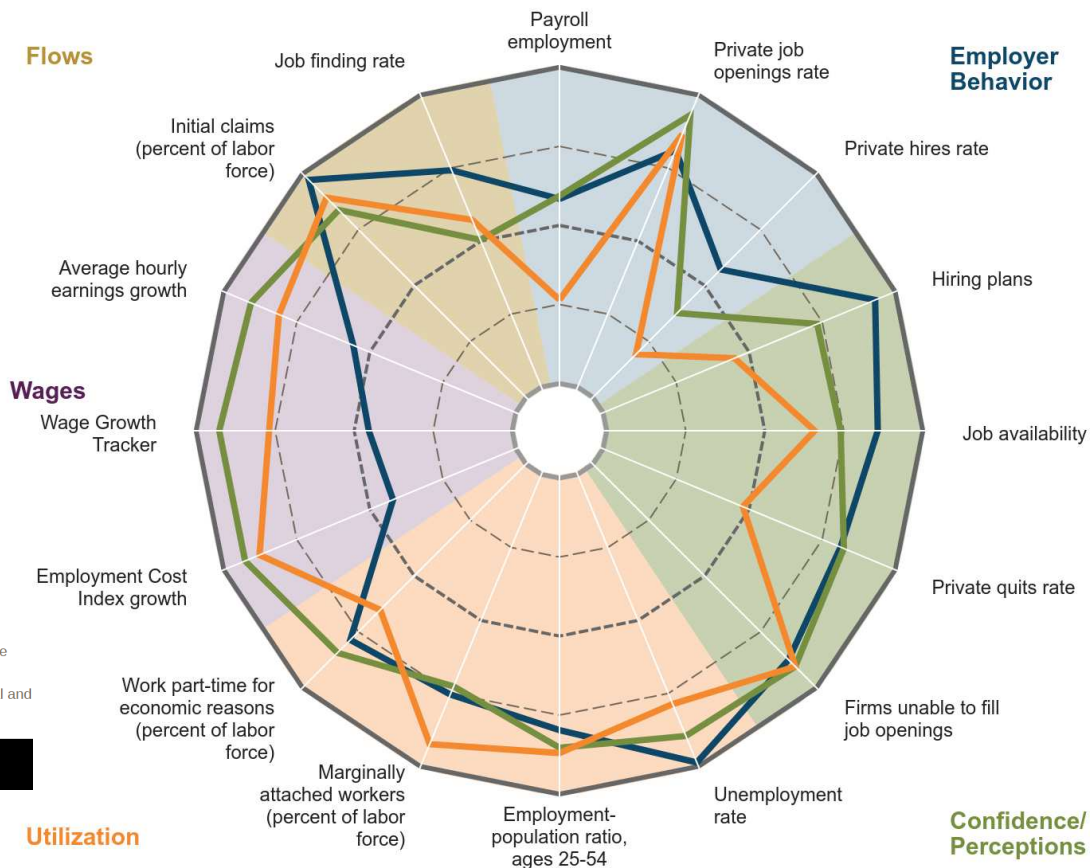
August 2024
median (middle ring)

August 2023
minimum (inner ring)

February 2020
maximum (outer ring)

Sources: U.S. Bureau of Labor Statistics, U.S. Department of Labor, National Federation of Independent Business, The Conference Board, and Haver Analytics
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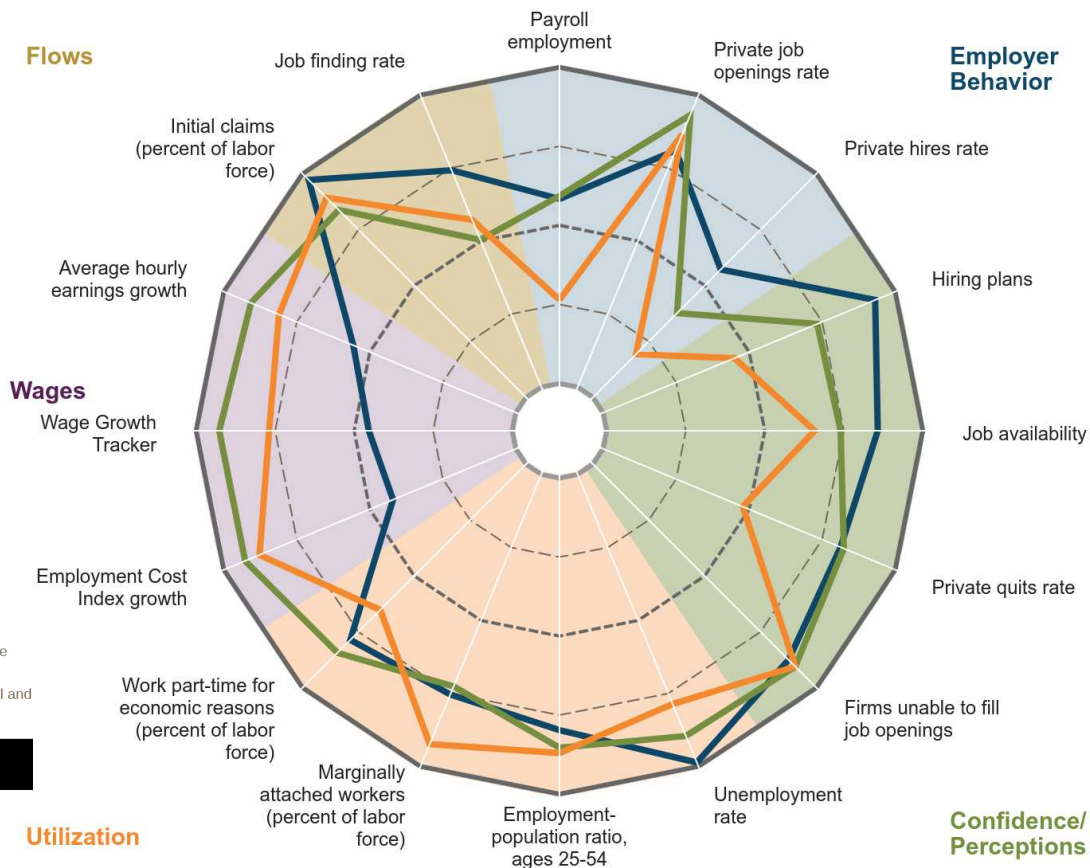


U.S. Labor Markets Resilient, but Softer

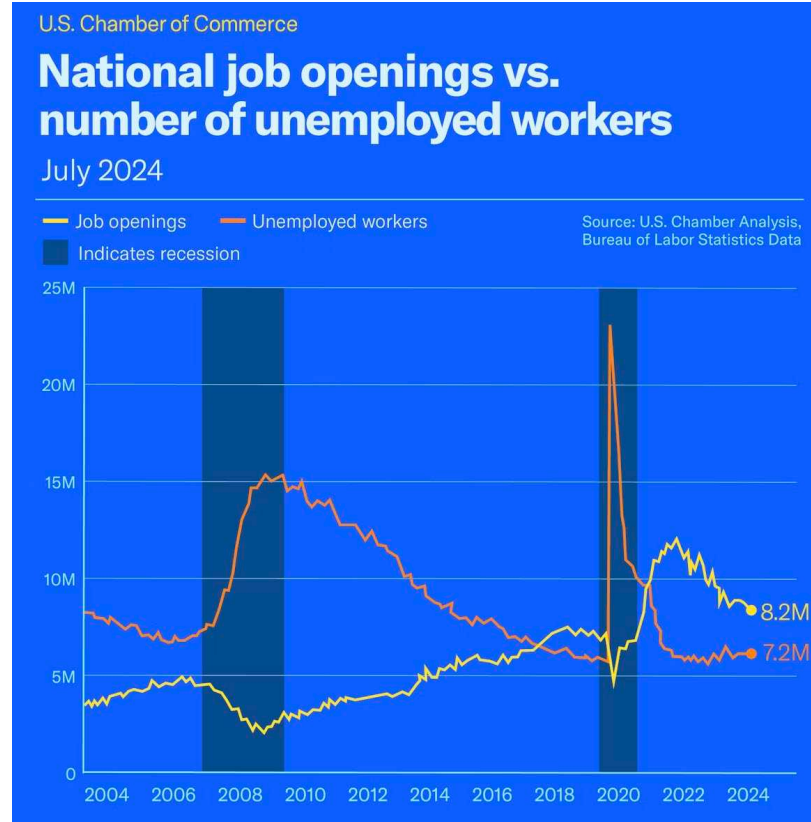


Sources: U.S. Bureau of Labor Statistics, U.S. Department of Labor, National Federation of Independent Business, The Conference Board, and Haver Analytics
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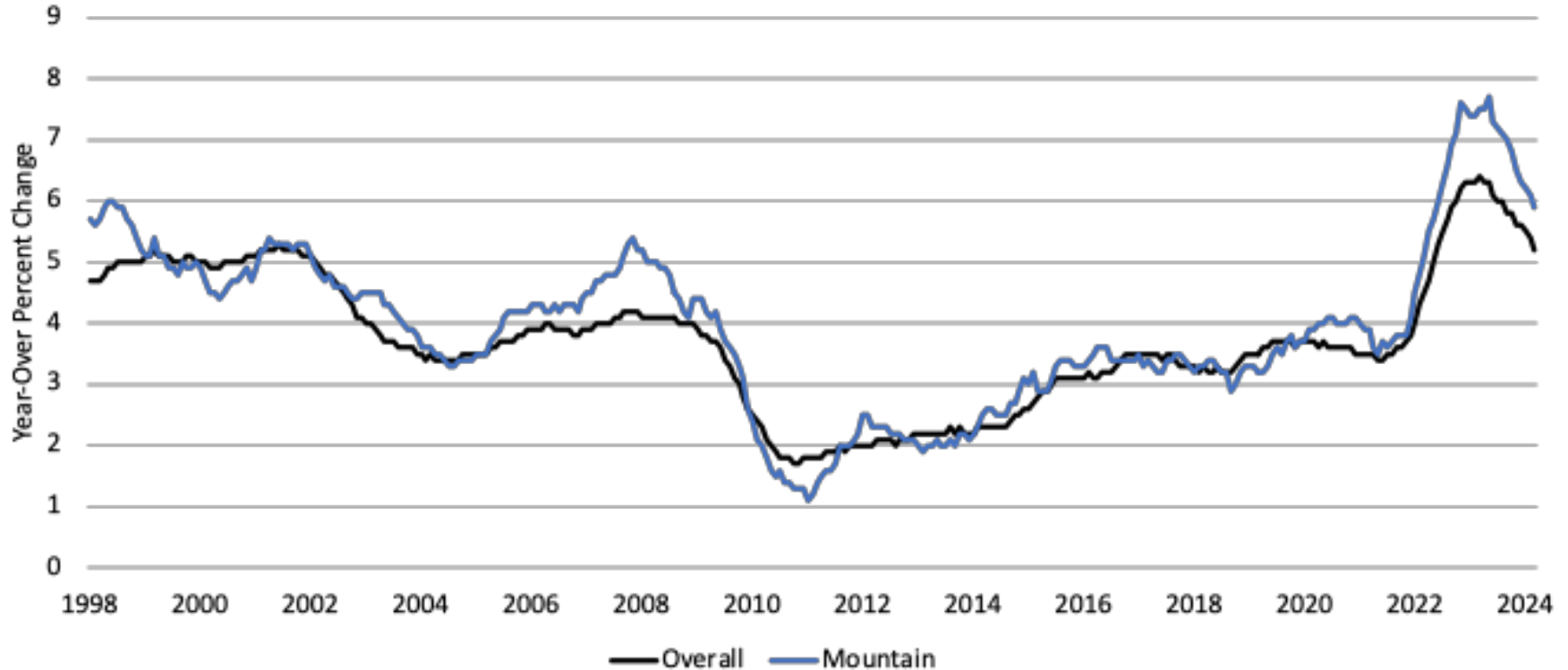


Job Openings v. Unemployed Workers



Source: U.S. Chamber of Commerce

Mountain Region Wage Growth Surpasses U.S. Since Pandemic



Source: Federal Reserve Bank of Atlanta

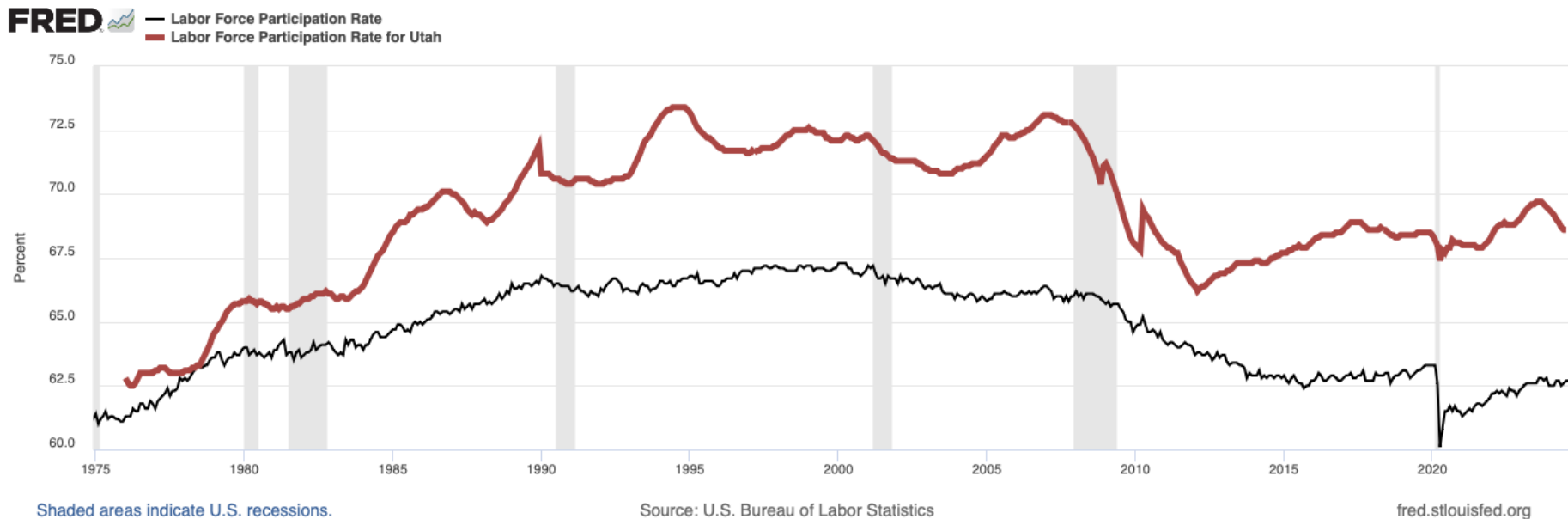
Job Growth Rate Moderating



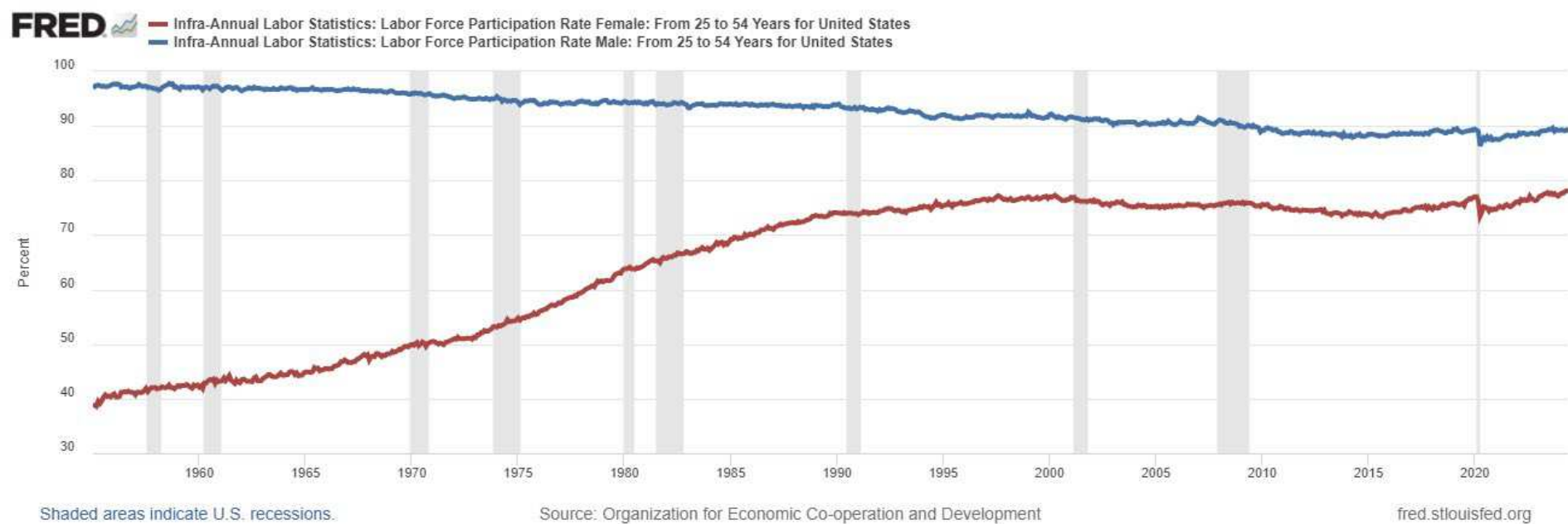
Unemployment Still Low, but Increasing



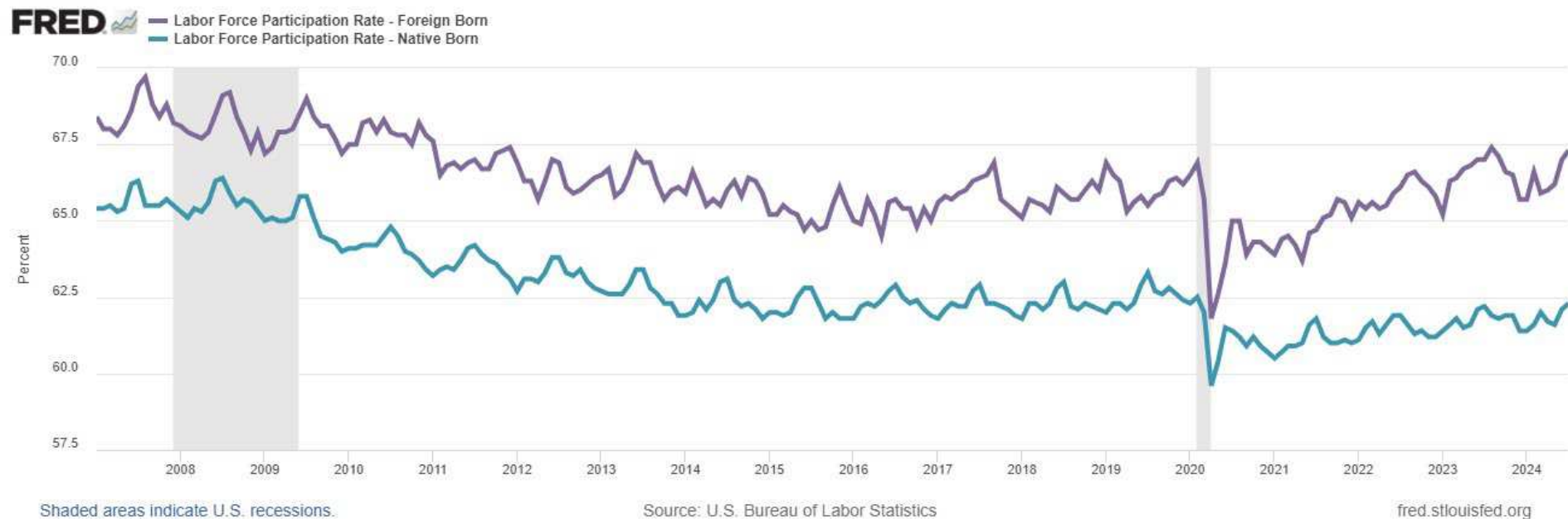
Long-Term Labor Force Participation Rates



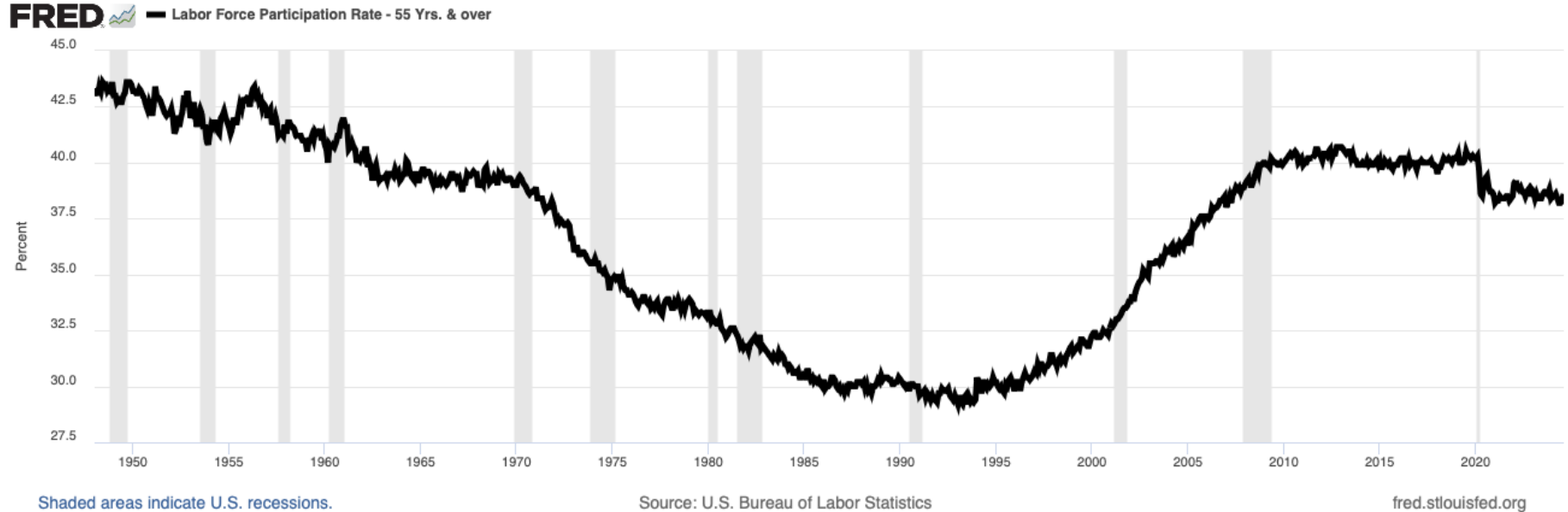
Male vs Female Prime-Age Labor Force Participation



Native- vs. Foreign-Born Labor Force Participation



Age 55+ Labor Force Participation Down



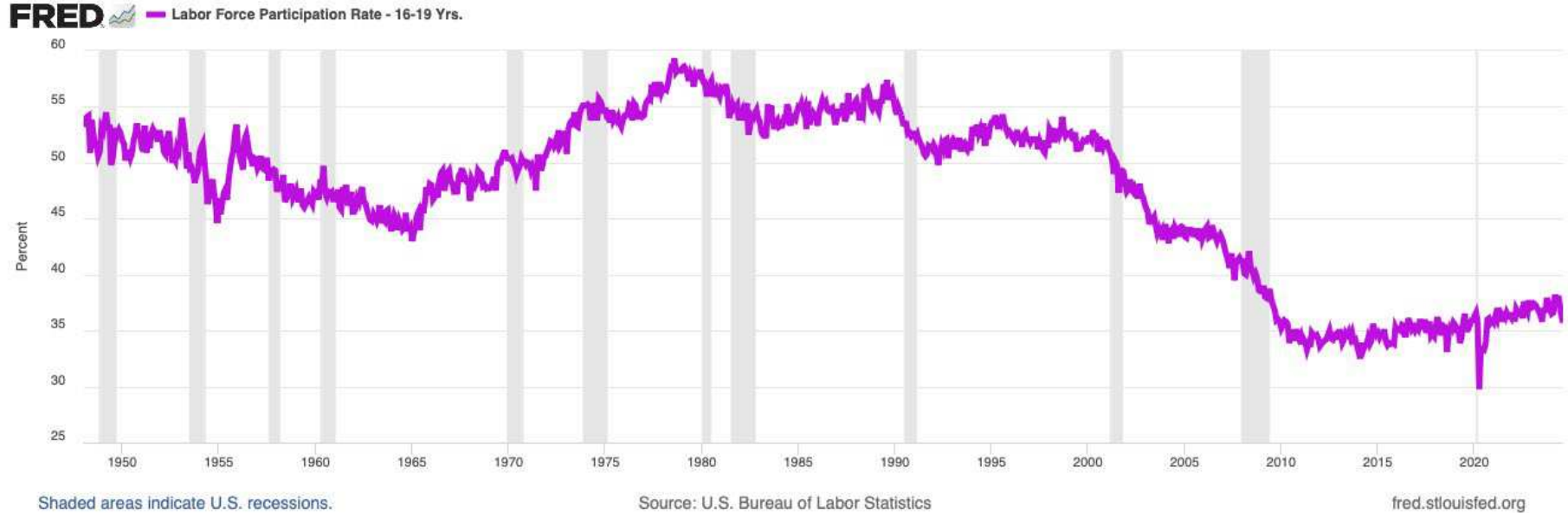
Prime-Working-Age Labor Force Participation at Multi-Decade (and Near All-Time) Highs



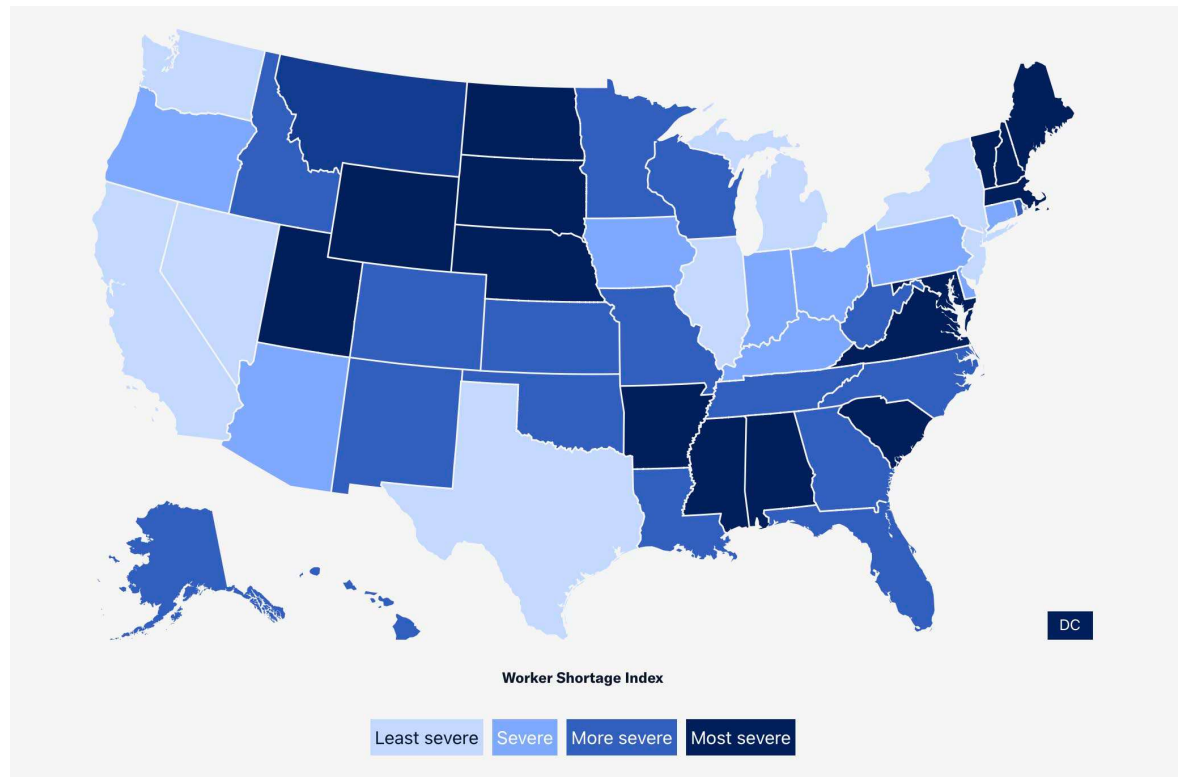
College-Age Labor Force Participation Below Pre-Pandemic Levels



Teenage Labor Force Participation Trending Up

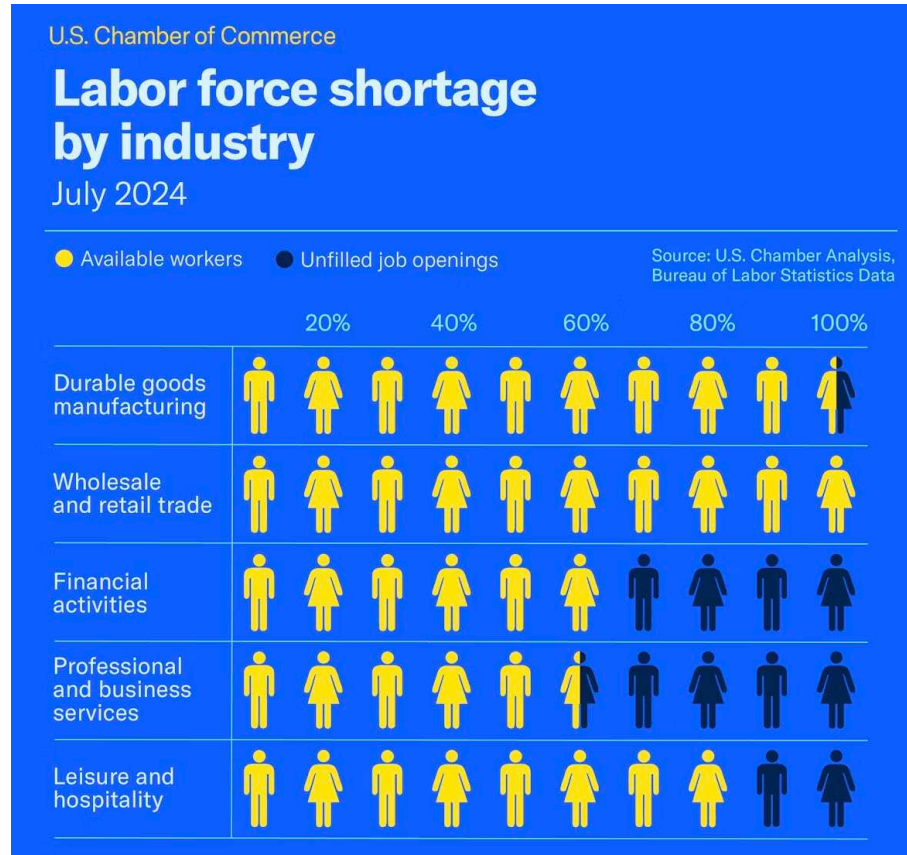


Labor Constraints Vary by State

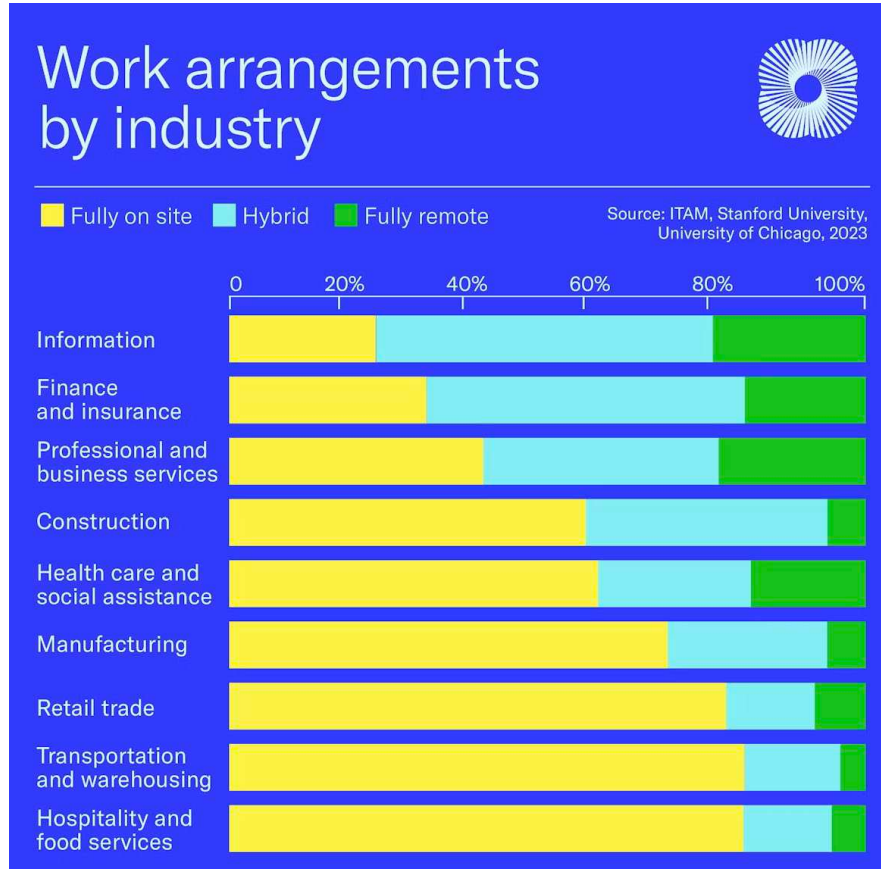


Source: U.S. Chamber of Commerce

Labor Force Constraints Vary by Industry



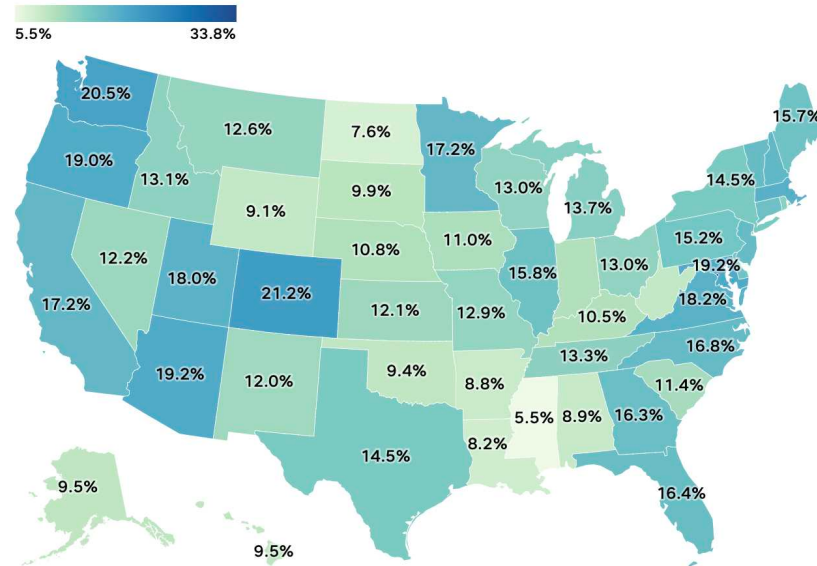
Remote Work Varies by Industry



Remote Work Share by State

Which states have the most remote workers?

% Working from home in each state



Source: [USA TODAY Blueprint](#) via US Census Bureau • [Get the data](#) • [Embed](#)

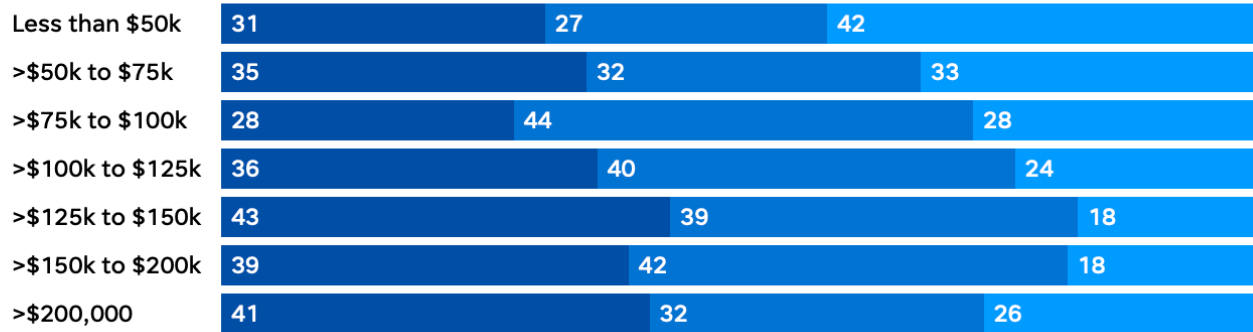


Remote Work Share by Earnings Level

How many people work from home by earnings

Work location by earnings

■ Fully in-office ■ Remote / in-office hybrid ■ Fully remote



Source: [USA TODAY Blueprint](#) via survey of 1000 white collar workers • [Get the data](#) • [Embed](#)



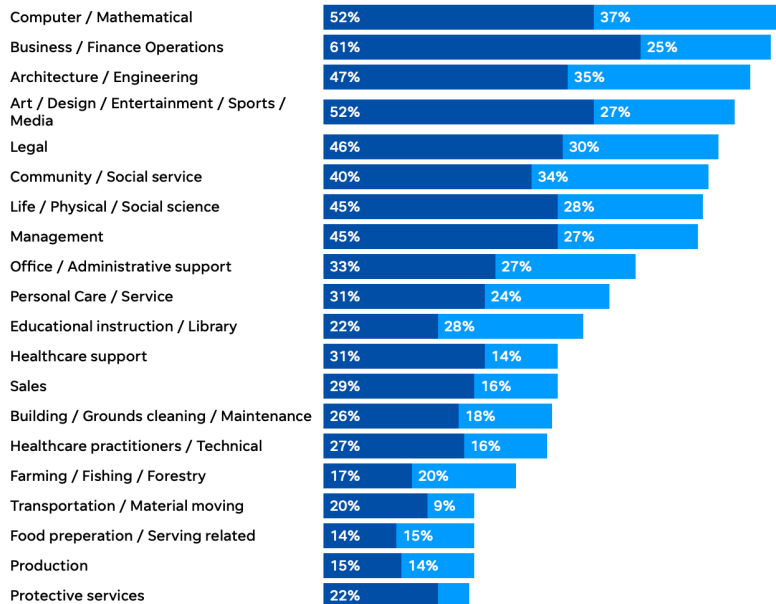
Blueprint

Remote Work Share by Occupation/Role

How many people can work from home by occupation

% with remote working options by occupation and role

■ Full time ■ Part time

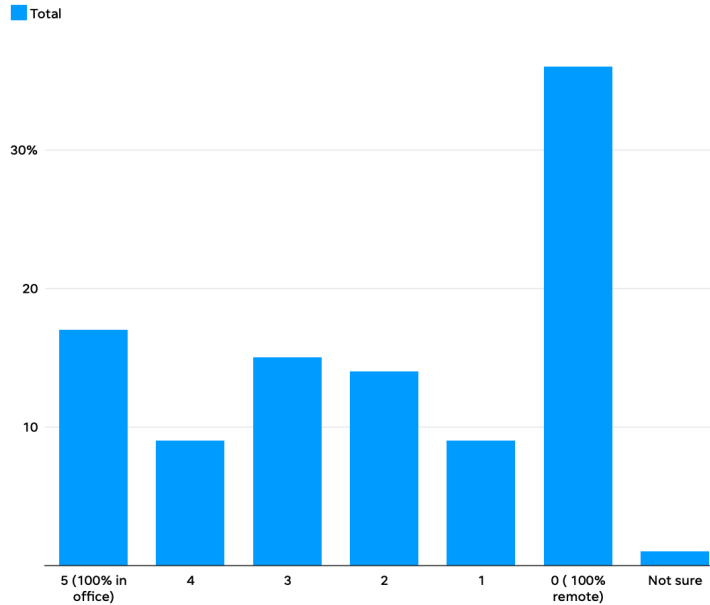


Source: USA Today from U.S. Census Bureau data

Remote Work - Ideal Days in Office

Remote work survey

The ideal number of days spent in the office per week (%)



Source: USA TODAY Blueprint via a survey of 1000 white collar workers • [Get the data](#) • [Embed](#)



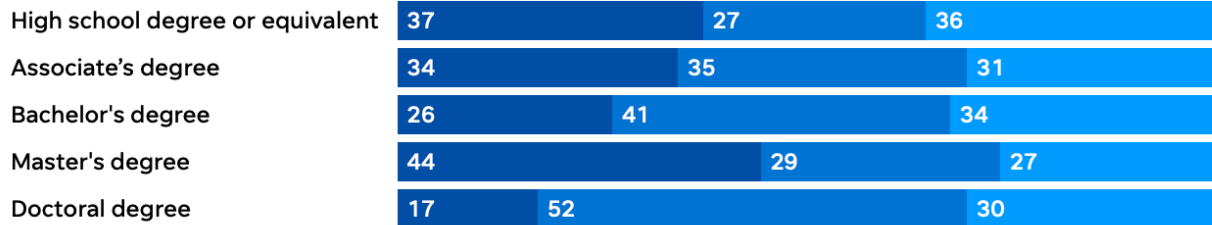
Source: USA Today

Remote Work Share by Education Level

How many people work from home by education level

Work location by education level

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Source: [USA TODAY Blueprint](#) via survey of 1000 white collar workers • [Get the data](#) • [Embed](#)

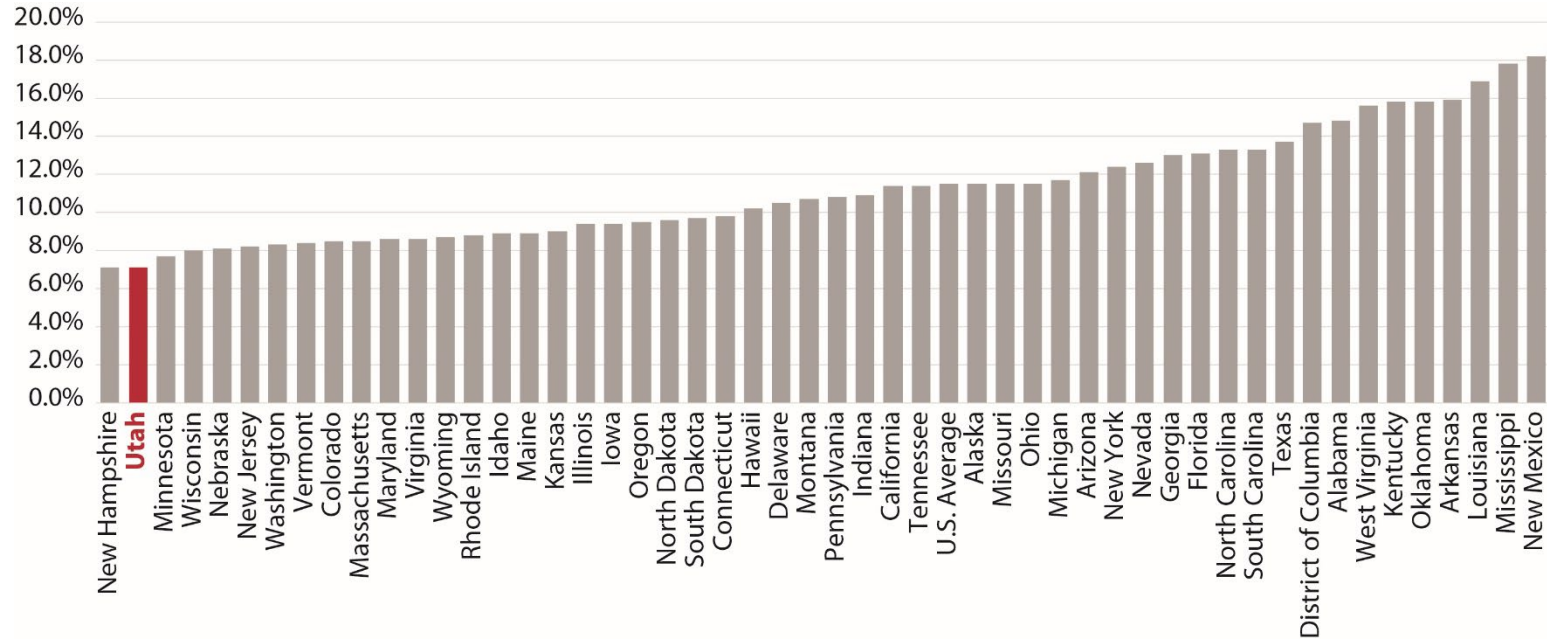


Blueprint

Source: USA Today

Utah's Poverty Rate Tied for Lowest in Nation

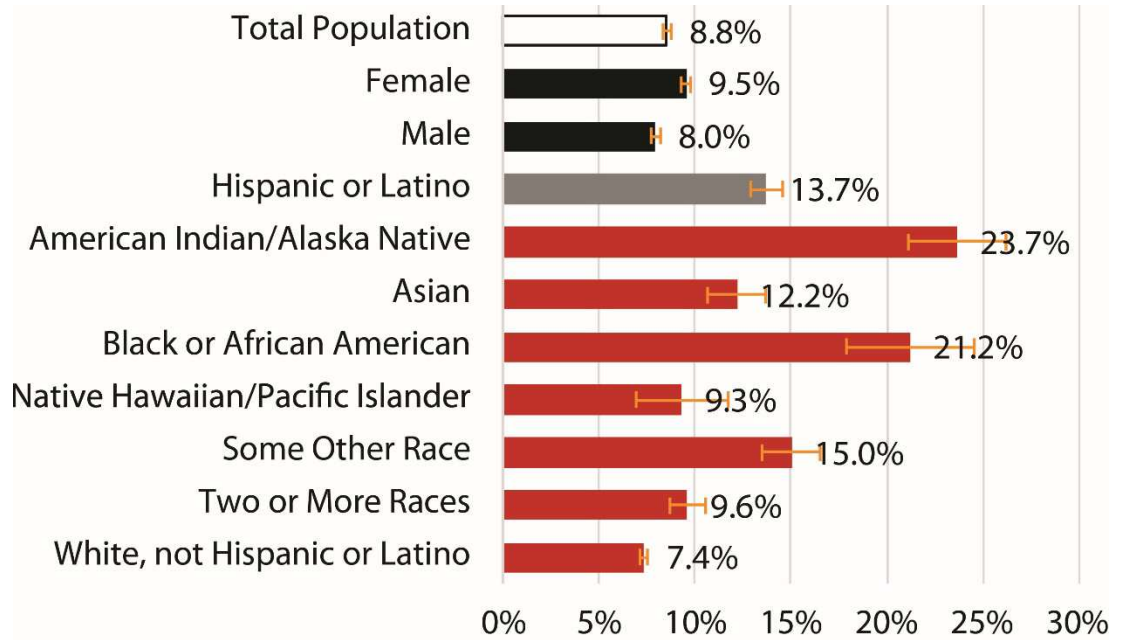
Share of State Population in Poverty (Official Poverty Measure), 2020-2022 Average



Source: U.S. Census Bureau

Bounty Not Spread to All

*Utah Population in Poverty by Race, Ethnicity, and Sex, 2017–2021**



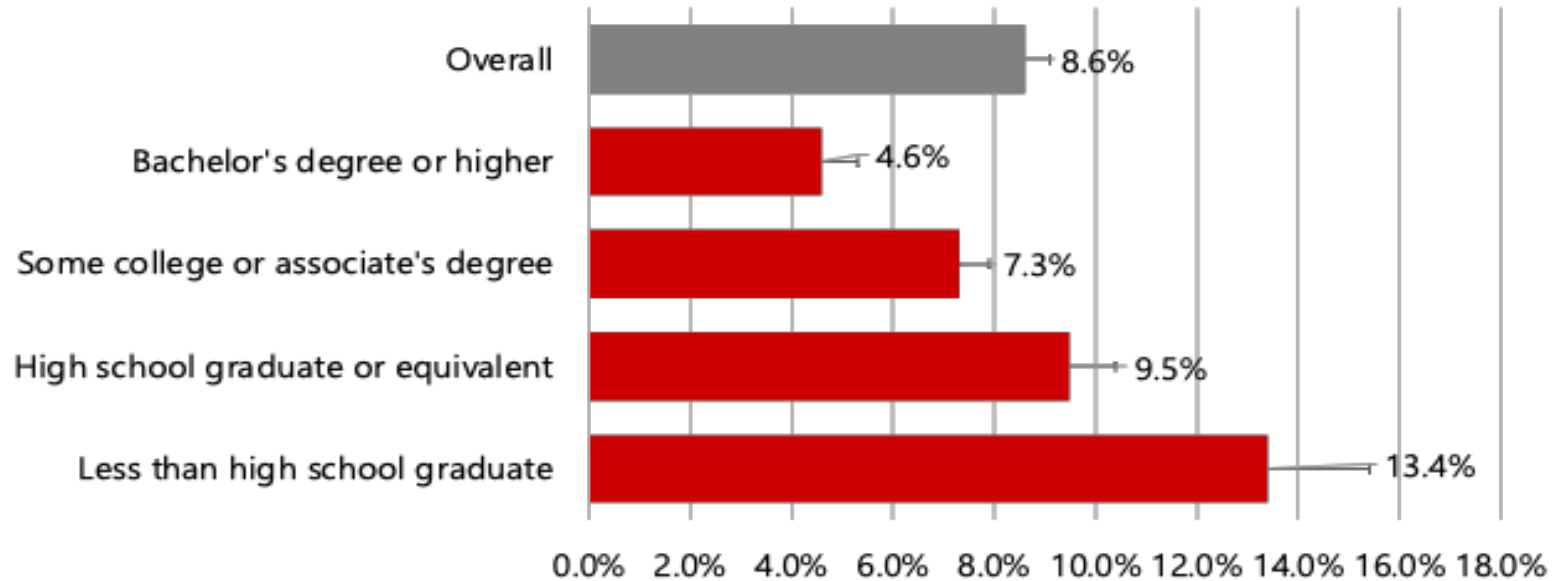
(|—|) 90% confidence interval

Note: With the exception of “White alone, not Hispanic or Latino”, estimates included anyone who selected each race category, both Hispanic or Latino and not. The Hispanic or Latino bare represents anyone who selected Hispanic or Latino ethnicity, regardless of their race.

Source: U.S. Census Bureau, 2021 5-year American Community Survey Estimate

Poverty Rates Closely Tied to Education Levels

Poverty Rate by Educational Attainment, 2021



Note: Data for individuals age 25 and older. Survey-based estimates subject to sample variation, each estimate shows its 90% confidence interval.

Source: U.S. Census Bureau American Community Survey, 2021 1-Year Estimates