ECONOMIC UPDATE

REGIONS

July 2018

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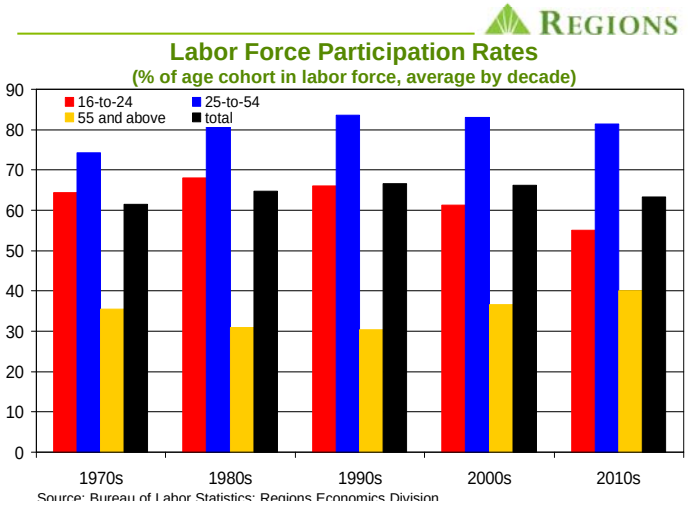
Prime Working Age Population: Regions Footprint

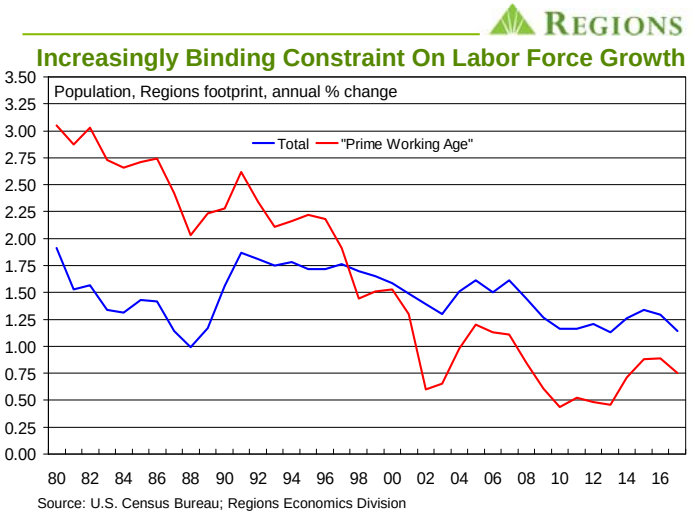
In May we published a piece on trends in metro area population growth within the Regions footprint utilizing updated data from the U.S. Census Bureau on the components of population change. Last month the U.S. Census Bureau followed up on their earlier data and released updated estimates of 2017 population by age groups on the metro area level. As we noted in our piece in May, demographic trends are a key driver of overall economic activity in any given market, and population is the most fundamental demographic metric there is. The estimates of population by age cohorts help illustrate another relevant point, which is that while the total population of a given geography matters, the composition of the population also matters, in this case the distribution of the population across age cohorts. One component of any given economy in which this point is best illustrated is the labor force.

We have often noted that the "headline" unemployment rate is not always an accurate gauge of the degree of slack in the labor market, which is true on all levels, i.e., metro area, state, and national. For instance, over the past several months many metro areas across the U.S. and across the Regions footprint have posted what are, at least in a literal sense, record low unemployment rates. But, unemployment rates can fall for the "right" reason, i.e., rapidly growing employment, or for the "wrong" reason, i.e., anemic growth, if not outright contraction, in the labor force. The reality is that in many metro areas, the unemployment rate has been falling for the wrong reason so, rather than reflecting a vibrant, growing economy, in many cases "record low" unemployment rates reflect just the opposite.

This is where the data on population by age cohorts add value. While it can be tempting to see them as being interchangeable, patterns in total population are not necessarily a reliable guide to patterns in the labor force for a given economy. For instance, a contracting labor force in a given metro area does not necessarily mean that the metro area's total population is also contracting. Far more so than the level of population in a given metro area, or state, patterns in the labor force are determined by the age distribution of a given population and labor force participation rates across the various age cohorts. As illustrated in the first chart to the side, participation rates vary significantly across age cohorts (data are for the U.S. as a whole), and labor force participation is far more intensive amongst the 25-to-54 year-old age cohort, often referred to as the "prime working age" population.



As such, changes in the 25-to-54 (year-old) population are typically a useful guide to changes in the labor force of a given state or metro area. With the updated Census Bureau data, we can examine patterns in the prime working age population for each of the 104 in-footprint metro areas we regularly track and compare them to patterns in the total population and the total labor force for each metro area. The chart to the side shows growth in both the total population and the prime working age population for the Regions footprint as a whole. As seen in the chart, over the past two decades growth in the prime working age population has lagged growth in the total population, with growth in both currently well below growth seen over the 1980-2000 period. The deceleration in growth of the prime working age population is concerning, as it implies a cap on



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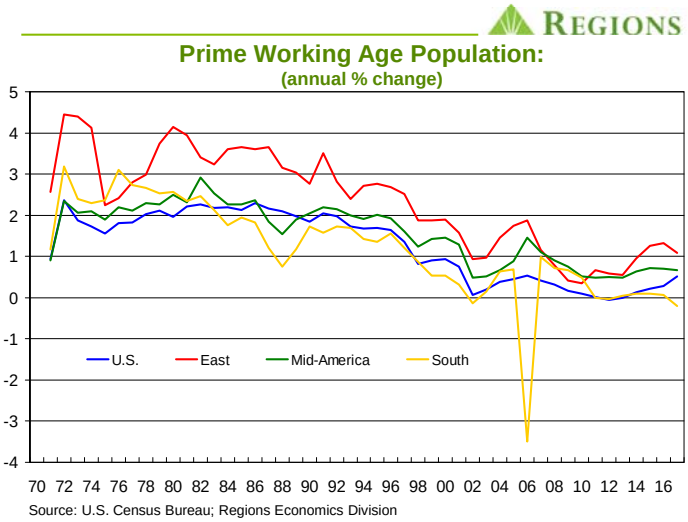
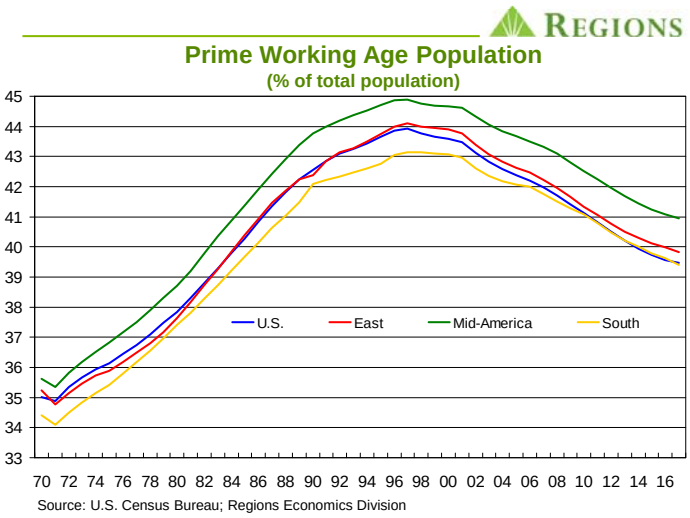
growth in the labor force, which in turn is a key determinant of how rapidly any economy can grow on a sustained basis. It is worth noting that the patterns seen in the Regions footprint match those seen for the U.S. as a whole. That said, as is generally the case, there are clear differences across the states and metro areas that comprise the Regions footprint, as can be seen in the two charts below.





The final four pages of this document present, in tabular form, data on growth rates by decade for the total population, the prime working age population, and the labor force for each of the 104 in-footprint metro areas that we track on a regular basis. We'll let that data tell most of the story, but will offer a few observations. Over the 2010-2017 period, the Austin, TX metro area saw its prime working age population grow by 23.58 percent, the fastest of any metro area in the United States, with the 22.37 percent growth in the Midland TX metro area the second fastest. While the Austin metro area has long been one of the fastest growing metro areas, the growth in Midland has been more recent and is largely tied to the rapid growth in the energy sector, which has drawn workers from all over the U.S., many of whom were displaced during the 2007-09 recession. It is reasonable to wonder how much of the inflow seen in Midland over recent years would reverse were the energy sector undergo a significant reversal of fortune – indeed, Midland's growth in its prime working age population slowed sharply during 2016 and 2017.

In addition to posting the most rapid growth, nationally and in-footprint, in prime working age population over the 2010-2017 period, the Austin, TX metro area posted the most rapid labor force growth of any in-footprint metro area. As noted earlier, however, the mapping between the two is not precise. Changes in population or participation rates amongst those not in the prime working age range can account for differences between growth in the labor force and growth in the prime working age population. Still, we see changes in the prime working age population as a key driver of overall labor force patterns. Over the 2010-2017 period, 47 of the 104 metro areas in our group saw their working age population decline, and the vast majority of these metro areas also saw their labor force decline over this same period. Many of these same metro areas, however, presently boast unemployment rates below 4.0 percent, but the declines in the labor force and prime working age population put these low unemployment rates in an entirely different context.

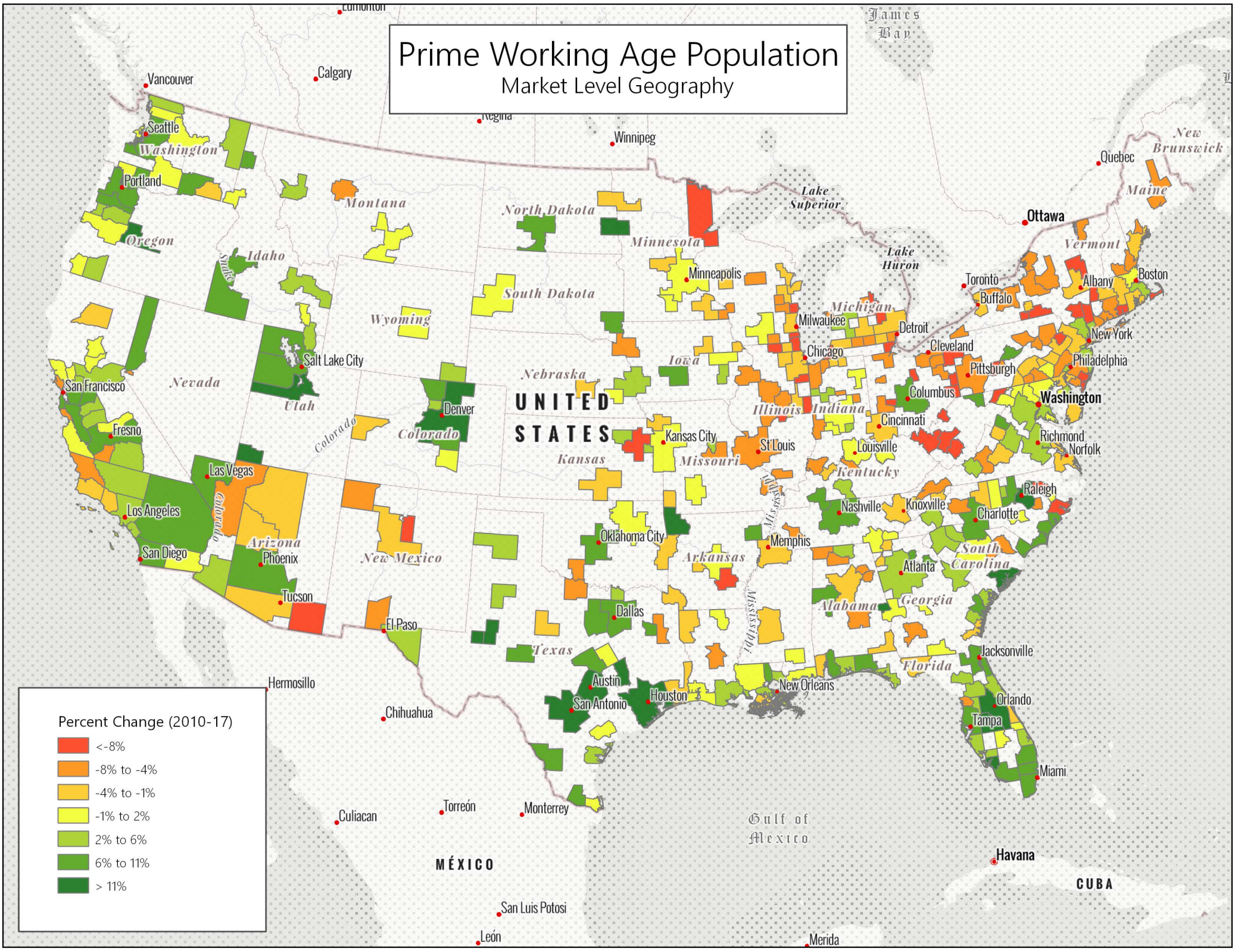
It is also worth noting that while our focus here is on the link between changes in the prime working age population and changes in the labor force, declines in or persistently weak growth in the prime working age population can have effects on the broader economy of a given state or metro area. Persistent weakness in growth amongst this key demographic cohort makes it difficult, if not impossible, to attract firms to a given area; firms looking to relocate existing operations or establish new operations are not only concerned with finding enough workers to get up and running but also with having the ability to expand over time. As such, persistently weak growth or outright declines in the prime working age population would be a red flag to prospective employers looking to set up shop. Additionally, to the extent patterns in the prime working age population drive patterns in labor force participation – including employment – it follows that persistently weak growth or an outright decline in the prime working age population will translate into a much narrower base of overall economic activity and, in turn, a weaker revenue base for the corresponding state and local governments.

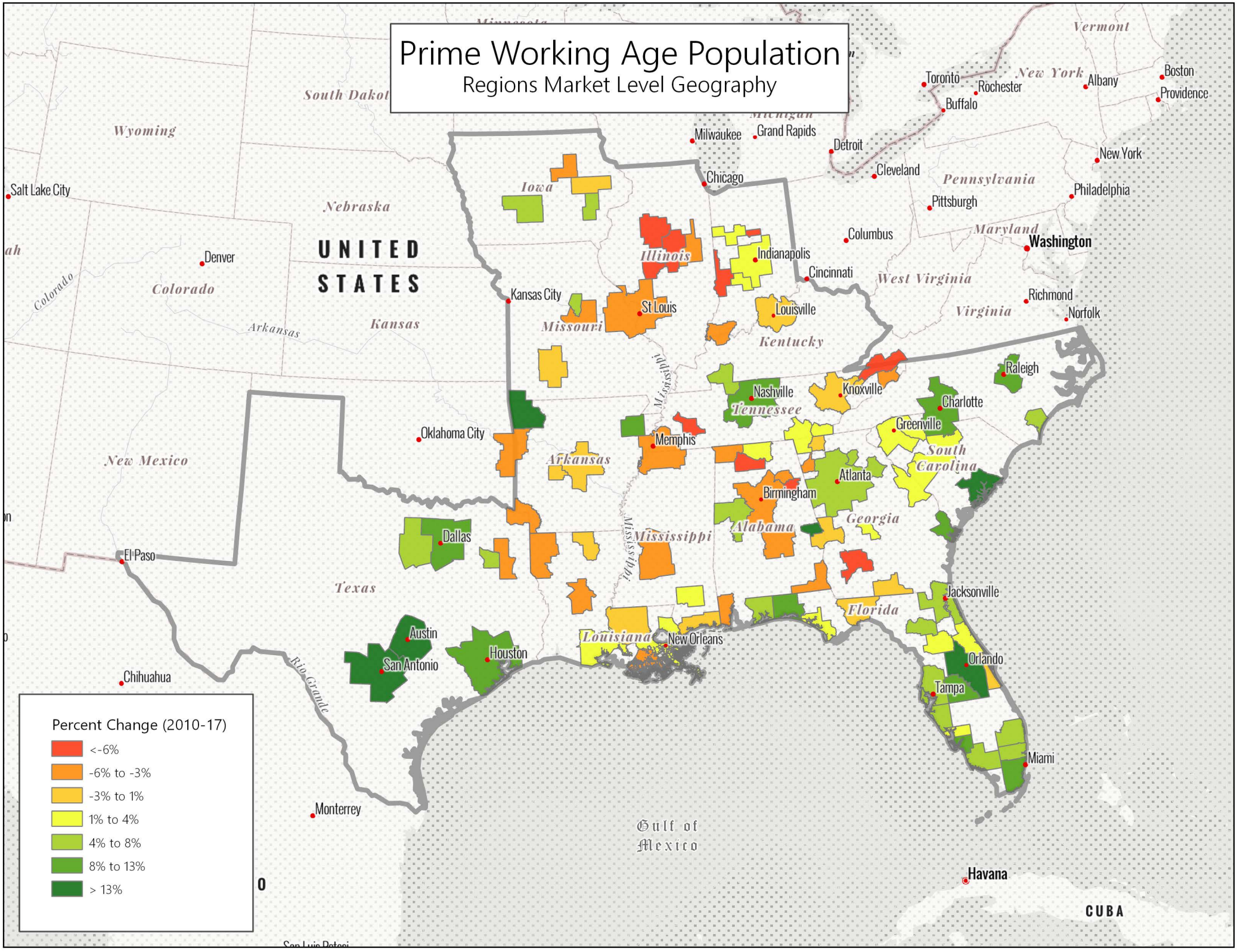
Finally, as is shown in the charts above, growth in the prime working age population has been decelerating for some time now, as has growth in the total population. This poses a longer-term challenge in that it implies slower sustainable growth in the labor force and, in turn, a slower sustainable rate of overall economic growth. Even those areas who attract significant inflows of those in the prime working age range, while still doing better on a relative basis, will suffer the effects. To be sure, aging of the current population will put larger numbers of people into the prime working age population over coming years, but growth in this cohort will still likely lag historical norms.

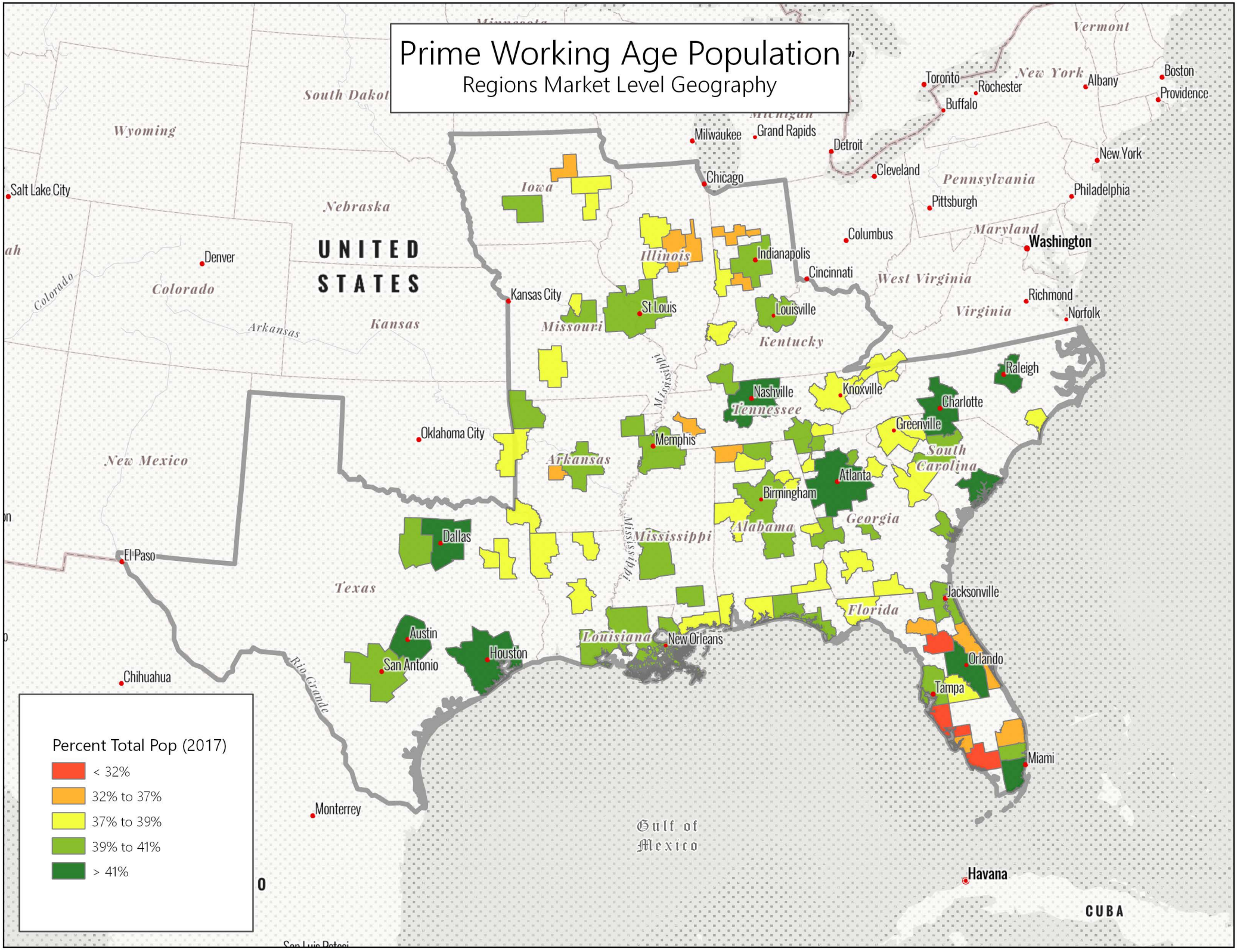
The following three pages present maps, courtesy of Regions' Spatial Intelligence Group, showing different aspects of the data on prime working age population, the first for the U.S. as a whole and the second two for the Regions footprint, and the final four pages present data on total population, prime working age population, and the labor force, for our group of 104 in-footprint metro areas.

Prime Working Age Population

Market Level Geography




Prime Working Age Population
Regions Market Level Geography
Percent Change (2010-17)
<-6%
-6% to -3%
-3% to 1%
1% to 4%
4% to 8%
8% to 13%
> 13%
UNITED STATES
Wyoming
Colorado
Nebraska
Kansas
Oklahoma
Texas
New Mexico
Arkansas
Missouri
Iowa
Illinois
Kentucky
Tennessee
Mississippi
Alabama
Georgia
Florida
South Carolina
Louisiana
Pennsylvania
West Virginia
Virginia
Maryland
New York
Vermont
Michigan
Gulf of Mexico
CUBA
Salt Lake City
Denver
Chihuahua
Monterrey
El Paso
Dallas
Austin
San Antonio
Houston
Oklahoma City
Kansas City
St Louis
Chicago
Milwaukee
Grand Rapids
Detroit
Cleveland
Pittsburgh
Buffalo
Toronto
Rochester
Albany
Boston
Providence
New York
Philadelphia
Washington
Columbus
Indianapolis
Cincinnati
Louisville
Nashville
Memphis
Knoxville
Raleigh
Charlotte
Greenville
Atlanta
Birmingham
New Orleans
Jacksonville
Orlando
Tampa
Miami
Havana
Richmond
Norfolk


Prime Working Age Population
Regions Market Level Geography
Percent Total Pop (2017)
< 32%
32% to 37%
37% to 39%
39% to 41%
> 41%
UNITED STATES
Wyoming
Colorado
Nebraska
Kansas
Oklahoma
Texas
New Mexico
Arkansas
Missouri
Iowa
Illinois
Kentucky
Tennessee
Mississippi
Alabama
Georgia
Florida
South Carolina
Virginia
West Virginia
Pennsylvania
Maryland
New York
Vermont
Louisiana
Michigan
Minnesota
South Dakota
Salt Lake City
Denver
Kansas City
St Louis
Oklahoma City
Dallas
El Paso
Chihuahua
Monterrey
Austin
San Antonio
Houston
Memphis
Nashville
Louisville
Indianapolis
Chicago
Milwaukee
Grand Rapids
Detroit
Cleveland
Pittsburgh
Columbus
Cincinnati
Toronto
Buffalo
Rochester
Albany
Boston
Providence
New York
Philadelphia
Washington
Richmond
Norfolk
Raleigh
Charlotte
Greenville
Knoxville
Atlanta
Birmingham
New Orleans
Jacksonville
Orlando
Tampa
Miami
Havana
CUBA
Gulf of Mexico
Rio Grande

REGIONS
Economics Division

	Total Population percentage change by decade			Working Age Population percentage change by decade			Labor Force percentage change by decade		
	1990s	2000s	2010s	1990s	2000s	2010s	1990s	2000s	2010s
Albany, GA	-0.03	7.48	-3.91	11.58	-6.51	-7.17	8.95	-0.85	-3.39
Alexandria, LA	-2.10	-2.55	-0.08	-0.91	4.41	-4.93	1.04	5.81	-4.29
Anniston-Oxford-Jacksonville, AL	-3.26	-4.34	-3.16	-1.54	-0.51	-6.11	2.68	-2.52	-11.58
Athens-Clarke County, GA	19.76	21.80	8.18	23.49	9.41	7.06	28.87	5.53	7.58
Atlanta-Sandy Springs-Roswell, GA	32.01	38.31	10.96	41.04	13.58	5.36	38.71	14.52	11.58
Auburn-Opelika, AL	14.51	31.57	14.77	39.29	19.79	14.58	33.53	15.09	10.12
Augusta-Richmond County, GA-SC	14.34	14.05	5.94	15.87	3.62	2.03	12.37	7.52	4.24
Austin-Round Rock, TX	44.48	48.49	22.48	55.22	29.87	23.58	54.58	25.95	23.85
Baton Rouge, LA	5.20	13.16	3.70	13.98	9.18	-1.16	12.81	14.74	7.20
Birmingham-Hoover, AL	3.04	9.87	1.86	13.62	1.47	-3.52	14.73	2.36	-0.93
Bloomington, IL	6.33	14.61	0.98	21.17	5.93	-6.75	15.10	9.80	-8.42
Bloomington, IN	10.11	12.57	4.83	14.67	3.22	1.84	18.53	4.73	-1.62
Cape Coral-Fort Myers, FL	62.89	31.06	19.14	33.35	34.72	12.36	33.72	36.39	18.45
Cedar Rapids, IA	-1.21	12.67	4.60	15.16	2.25	-0.89	14.70	7.87	-2.25
Champaign-Urbana, IL	1.11	3.70	2.92	1.79	3.85	-3.02	5.65	7.62	-4.74
Charleston-North Charleston, SC	17.44	8.27	16.24	8.97	16.34	14.37	13.48	21.61	15.42
Charlotte-Concord-Gastonia, NC-SC	18.17	28.06	13.59	34.95	20.31	9.61	25.29	21.32	15.32
Chattanooga, TN-GA	1.45	10.12	5.17	12.59	2.40	1.96	15.67	5.34	3.31
Chicago-Naperville-Elgin, IL-IN-WI	1.88	11.09	0.65	13.15	-0.16	-3.84	11.40	2.17	0.86
Clarksville, TN-KY	13.06	22.15	8.95	26.75	14.23	8.18	31.63	19.14	2.38
Cleveland, TN	7.70	18.99	5.52	18.95	3.10	1.91	16.54	2.05	7.08
Columbia, MO	11.90	20.49	9.26	22.95	10.65	5.69	16.30	17.54	5.40
Columbia, SC	10.45	17.75	7.19	19.25	8.61	1.51	15.77	10.05	8.15
Columbus, GA-AL	2.75	5.81	2.46	8.95	1.02	0.57	11.93	2.68	-2.36
Crestview-Fort Walton Beach-Destin, FL	30.39	23.02	15.01	24.53	5.29	9.16	26.12	15.26	9.13
Dallas-Plano-Irving, TX	30.01	31.46	15.64	32.05	15.64	11.42	26.04	14.39	16.85
Dalton, GA	15.33	22.23	1.49	22.35	9.03	-1.86	17.30	2.46	-5.72
Decatur, AL	9.66	10.58	-1.35	12.34	-1.87	-7.34	11.01	-0.14	-5.80
Decatur, IL	-10.65	-2.36	-4.49	-2.07	-10.25	-11.49	-6.43	-2.13	-10.81
Deltona-Daytona Beach-Ormond Beach, FL	48.02	22.75	9.94	28.17	13.14	3.20	27.43	21.22	6.56
Des Moines-West Des Moines, IA	6.44	15.59	12.93	19.42	13.03	8.34	15.46	17.40	7.39
Dothan, AL	5.52	8.44	1.40	11.73	4.84	-2.86	10.47	0.39	-5.04
Evansville, IN-KY	1.01	6.12	1.25	6.92	-1.68	-4.38	7.91	2.75	1.00

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	Total Population percentage change by decade			Working Age Population percentage change by decade			Labor Force percentage change by decade		
	1990s	2000s	2010s	1990s	2000s	2010s	1990s	2000s	2010s
Fayetteville-Springdale-Rogers, AR-MO	17.53	44.75	15.51	51.29	30.81	13.46	42.70	28.98	19.87
Florence-Muscle Shoals, AL	-2.60	8.49	-0.15	9.87	-5.49	-5.21	11.00	-2.29	-4.18
Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	23.10	29.07	10.44	39.29	3.47	6.09	27.91	9.55	9.57
Fort Smith, AR-OK	7.92	16.52	0.50	18.84	3.75	-3.53	10.31	6.41	-5.45
Fort Worth-Arlington, TX	36.75	25.74	12.87	26.21	16.88	7.87	22.48	15.83	11.20
Gadsden, AL	-3.22	3.48	-1.63	7.78	-4.41	-5.06	3.33	-8.67	-2.49
Gainesville, FL	21.72	21.08	7.59	20.45	5.63	5.38	24.85	10.33	5.62
Gainesville, GA	26.43	46.54	10.71	49.16	17.49	6.03	40.10	17.64	15.93
Greenville-Anderson-Mauldin, SC	11.72	17.32	8.50	20.11	4.82	4.00	16.58	1.90	8.71
Gulfport-Biloxi-Pascagoula, MS	3.77	16.94	6.16	20.78	-2.97	0.26	24.31	-1.05	-4.59
Hattiesburg, MS	9.29	13.45	3.90	17.30	14.63	1.48	19.33	9.52	3.39
Hot Springs, AR	4.25	20.05	2.69	26.37	1.73	-1.98	19.12	8.22	-2.73
Houma-Thibodaux, LA	2.53	6.39	1.09	8.55	4.70	-3.05	12.74	10.28	-7.41
Houston-The Woodlands-Sugar Land, TX	19.05	24.95	15.89	24.94	19.26	12.05	17.33	24.60	11.96
Huntsville, AL	20.83	16.86	8.63	14.87	15.62	2.48	16.78	14.68	3.92
Indianapolis-Carmel-Anderson, IN	6.11	16.26	7.19	19.26	7.29	1.89	16.70	8.06	9.55
Iowa City, IA	13.54	13.73	12.10	16.34	8.15	5.09	15.16	16.97	6.07
Jackson, MS	7.59	11.13	1.73	14.76	3.90	-2.81	11.66	2.14	1.94
Jackson, TN	2.18	16.79	-0.61	22.41	-1.31	-6.60	20.97	4.64	-0.16
Jacksonville, FL	25.75	20.82	11.57	25.19	11.80	7.16	22.14	18.31	9.32
Jefferson City, MO	6.82	15.84	0.99	21.96	-1.06	-4.80	19.57	2.26	-3.88
Johnson City, TN	3.16	13.05	1.53	17.31	-0.44	-4.01	17.26	4.62	-4.71
Jonesboro, AR	4.06	15.04	8.26	17.38	7.26	8.90	12.09	8.08	9.48
Kingsport-Bristol-Bristol, TN-VA	-0.98	8.08	-0.92	9.39	-5.87	-6.84	5.61	3.69	-4.73
Knoxville, TN	4.73	14.74	4.57	17.22	2.65	-1.44	16.67	11.02	0.88
Kokomo, IN	-6.72	4.90	-0.47	3.01	-10.86	-7.62	3.36	-13.76	6.12
Lafayette, LA	6.07	10.89	5.11	13.83	7.09	2.11	13.96	12.69	-3.64
Lafayette-West Lafayette, IN	4.65	12.48	8.48	14.65	6.53	3.88	16.79	8.72	7.26
Lakeland-Winter Haven, FL	25.81	19.07	13.82	23.30	19.62	12.43	14.50	20.44	5.42
Little Rock-North Little Rock-Conway, AR	8.22	14.14	5.14	16.51	7.87	-0.04	9.96	11.67	2.23
Longview, TX	5.58	7.72	1.28	11.97	6.85	-4.58	6.59	10.48	-5.14
Louisville/Jefferson County, KY-IN	0.11	9.62	4.56	13.21	3.01	-0.91	10.52	5.53	5.47
Macon-Bibb County, GA	4.28	7.34	-1.42	10.70	-3.75	-7.34	7.78	1.45	0.16

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	Total Population percentage change by decade			Working Age Population percentage change by decade			Labor Force percentage change by decade		
	1990s	2000s	2010s	1990s	2000s	2010s	1990s	2000s	2010s
Memphis, TN-MS-AR	7.34	12.76	1.66	16.76	2.83	-3.10	14.96	7.22	-0.85
Miami-Miami Beach-Kendall, FL	18.30	16.25	9.75	20.80	10.00	9.05	11.73	12.00	12.97
Mobile, AL	3.58	5.51	0.15	7.11	-1.31	-3.84	8.18	4.18	-3.35
Monroe, LA	1.34	4.35	0.93	7.50	1.10	-1.08	7.77	0.30	-0.42
Montgomery, AL	6.86	13.41	-0.33	17.21	3.75	-4.38	12.62	7.34	-1.75
Morristown, TN	3.53	22.68	3.38	23.16	1.37	-1.11	22.23	1.88	-2.88
Naples-Immokalee-Marco Island, FL	76.55	64.34	15.59	61.29	18.21	6.71	58.09	25.21	18.26
Nashville-Davidson--Murfreesboro--Franklin, TN	14.69	25.16	13.56	28.76	13.88	9.99	27.77	17.54	15.18
New Orleans-Metairie, LA	-1.73	4.22	6.72	6.34	-14.09	3.26	7.70	-10.32	4.54
North Port-Sarasota-Bradenton, FL	39.01	20.17	14.40	27.45	10.74	5.34	23.70	15.76	14.57
Ocala, FL	58.64	32.03	6.94	32.81	19.69	2.18	30.38	21.22	0.91
Orlando-Kissimmee-Sanford, FL	52.54	33.54	17.32	38.64	21.90	17.01	29.89	27.06	14.56
Palm Bay-Melbourne-Titusville, FL	46.22	18.50	8.31	16.09	7.45	-1.32	12.82	14.53	1.16
Panama City, FL	27.36	17.40	7.94	22.45	7.99	2.54	15.64	19.56	2.80
Pensacola-Ferry Pass-Brent, FL	18.47	19.49	8.17	21.68	2.18	4.43	16.49	12.71	5.62
Peoria, IL	-7.40	2.06	-1.73	4.71	-2.37	-6.51	2.57	4.47	-10.46
Punta Gorda, FL	89.60	26.10	13.86	30.33	5.87	2.38	32.15	20.24	5.96
Raleigh, NC	35.81	46.51	17.38	51.59	30.17	12.71	43.54	29.30	18.09
Richmond, VA	13.58	15.14	6.96	16.92	5.03	2.66	10.31	14.72	7.57
Rome, GA	2.00	11.48	1.23	14.38	0.20	-2.57	6.10	0.84	-1.78
San Antonio-New Braunfels, TX	21.39	21.91	14.91	26.02	20.12	13.80	22.53	24.05	14.56
Savannah, GA	11.92	13.34	11.14	16.94	13.76	10.38	18.99	17.78	10.65
Shreveport-Bossier City, LA	-0.60	4.14	-0.05	5.64	2.74	-4.00	5.48	5.23	-6.70
Spartanburg, SC	9.97	10.29	6.60	13.39	0.40	3.74	7.72	-0.87	9.59
Springfield, IL	1.04	6.22	-0.84	8.55	-4.39	-7.52	3.18	2.09	-4.85
Springfield, MO	15.66	23.16	5.74	26.85	11.80	-0.21	29.00	12.96	2.39
St. Louis, MO-IL	3.13	4.44	0.63	6.46	-0.43	-5.13	5.86	4.65	-1.30
Tallahassee, FL	22.58	23.03	3.60	26.12	5.22	-1.91	19.28	10.52	0.22
Tampa-St. Petersburg-Clearwater, FL	27.67	15.70	10.86	23.64	11.95	7.54	17.10	15.41	9.13
Terre Haute, IN	-5.61	2.55	-1.32	7.84	-3.01	-7.38	6.05	0.23	-5.82
Texarkana, TX-AR	5.64	6.47	0.69	12.56	-0.23	-3.68	4.23	6.02	-6.12
Tuscaloosa, AL	7.08	9.17	5.34	15.23	3.19	6.12	14.65	11.11	4.64
Tyler, TX	17.22	15.91	8.24	16.00	13.19	5.91	14.20	16.96	4.69

REGIONS
Economics Division

	Total Population percentage change by decade			Working Age Population percentage change by decade			Labor Force percentage change by decade		
	1990s	2000s	2010s	1990s	2000s	2010s	1990s	2000s	2010s
Valdosta, GA	9.13	20.09	3.84	26.31	8.24	-0.52	28.22	13.94	1.11
Warner Robins, GA	12.25	21.63	6.27	21.93	18.57	1.75	23.34	22.89	0.55
Waterloo-Cedar Falls, IA	-10.28	2.94	1.18	3.84	-3.28	-4.03	10.32	4.49	-3.46
West Palm Beach-Boca Raton-Delray Beach, FL	48.77	30.32	11.13	34.26	11.85	7.18	24.83	19.23	12.18
Wilmington, NC	19.04	34.53	12.69	39.72	16.76	6.01	35.61	22.80	10.49
REGIONS FOOTPRINT	14.30	18.76	8.84	21.93	9.24	4.80	18.60	12.20	7.77
United States	9.84	13.04	5.30	15.79	3.43	1.10	13.29	7.92	4.18

SOURCE: U.S. Census Bureau; Regions Economics Division