

Economic Outlook FORUM

Tuesday, November 14 | 9:00AM

www.towson.edu/OutlookForum



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Chief Economist, RESI

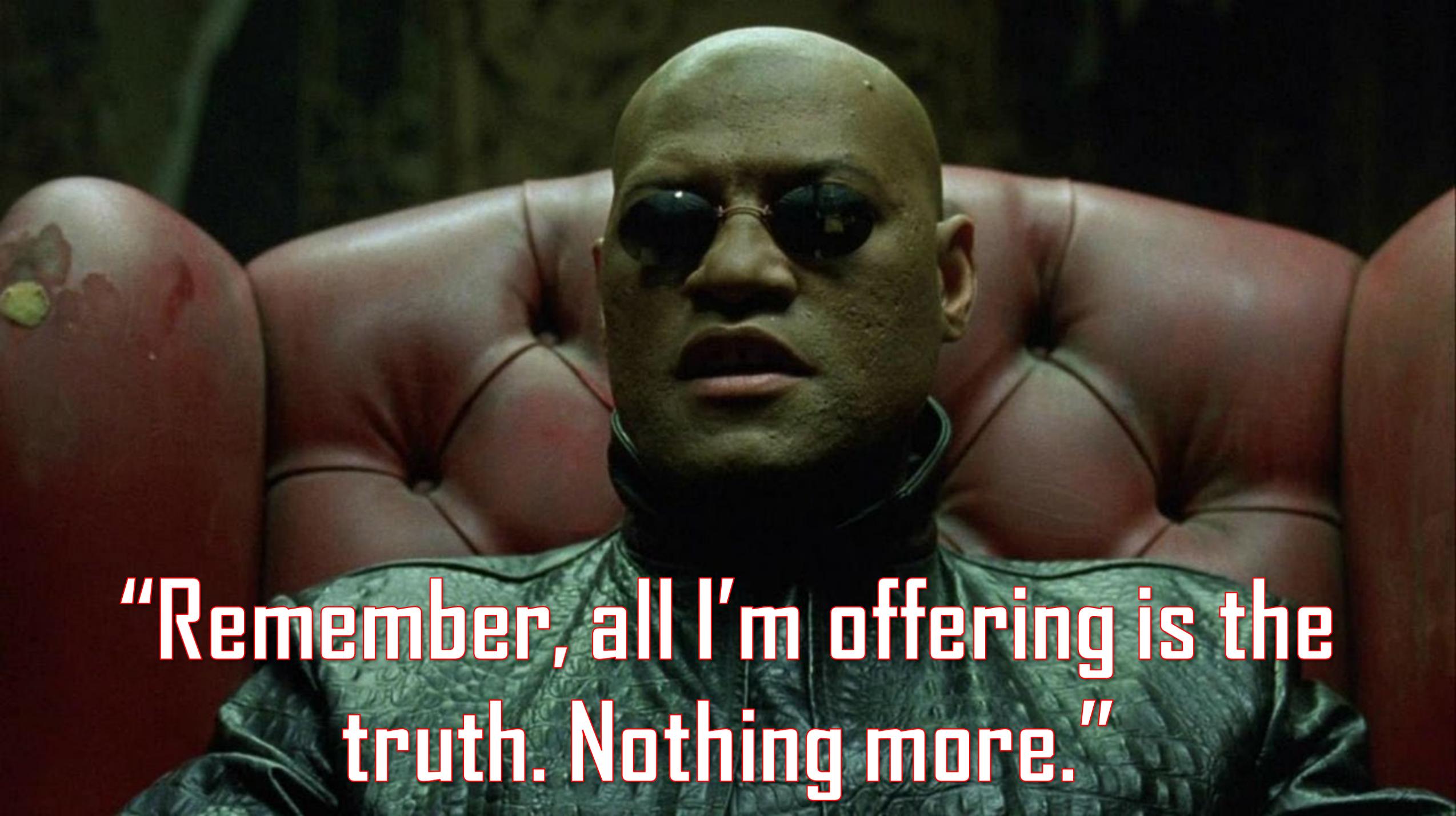
Vice President, Strategic
Partnerships & Applied Research

Towson University

THE A.I. ECONOMY

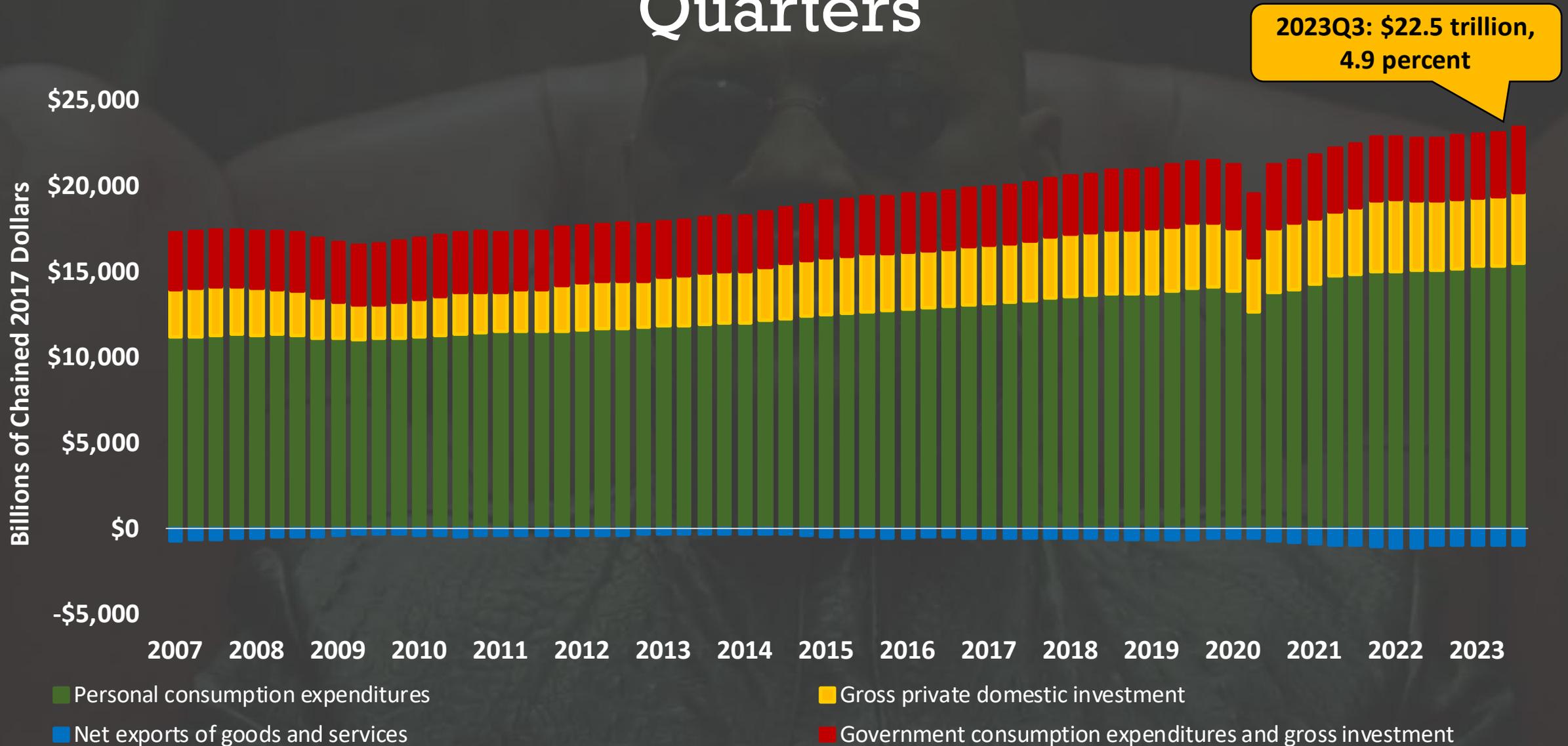


EMERGENGE

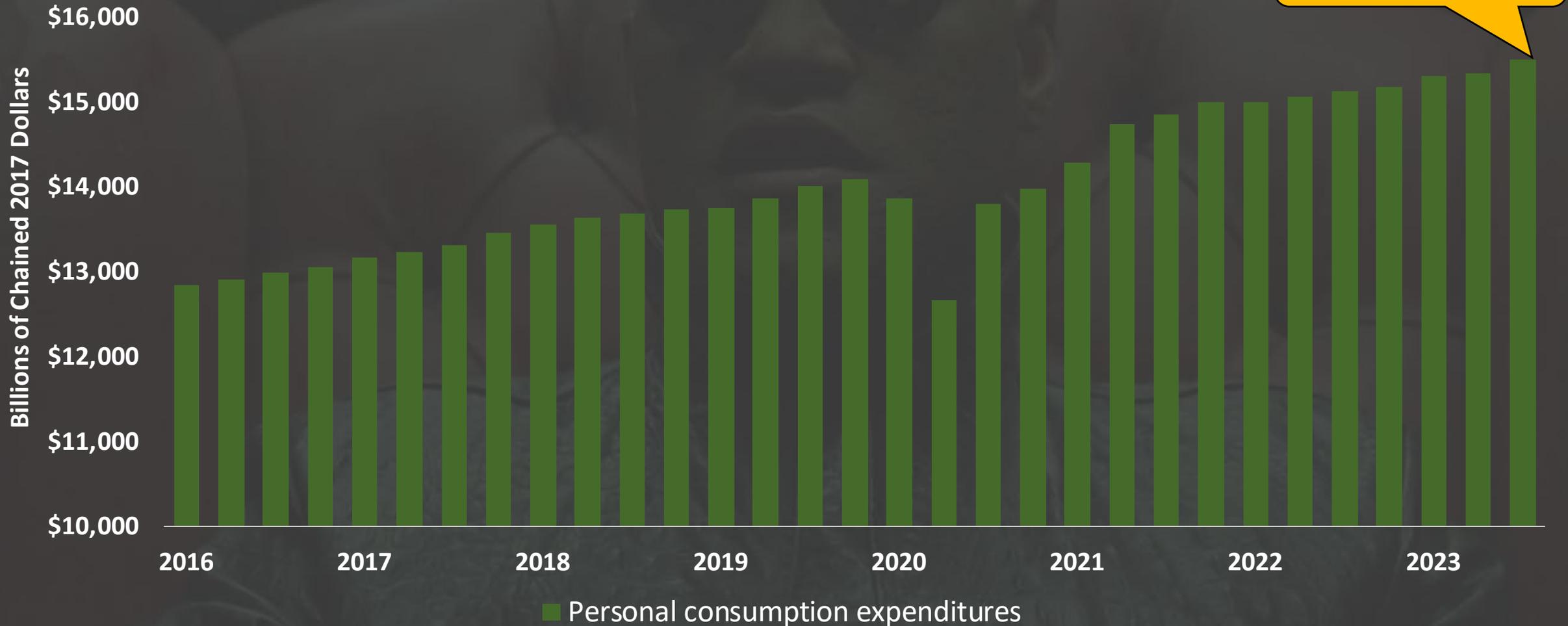
A close-up shot of Morpheus from the movie The Matrix. He is a bald Black man wearing dark sunglasses and a black high-collared jacket. He is sitting in a red leather tufted chair. The background is dark and out of focus. The lighting is dramatic, highlighting his face and the texture of the chair.

“Remember, all I’m offering is the truth. Nothing more.”

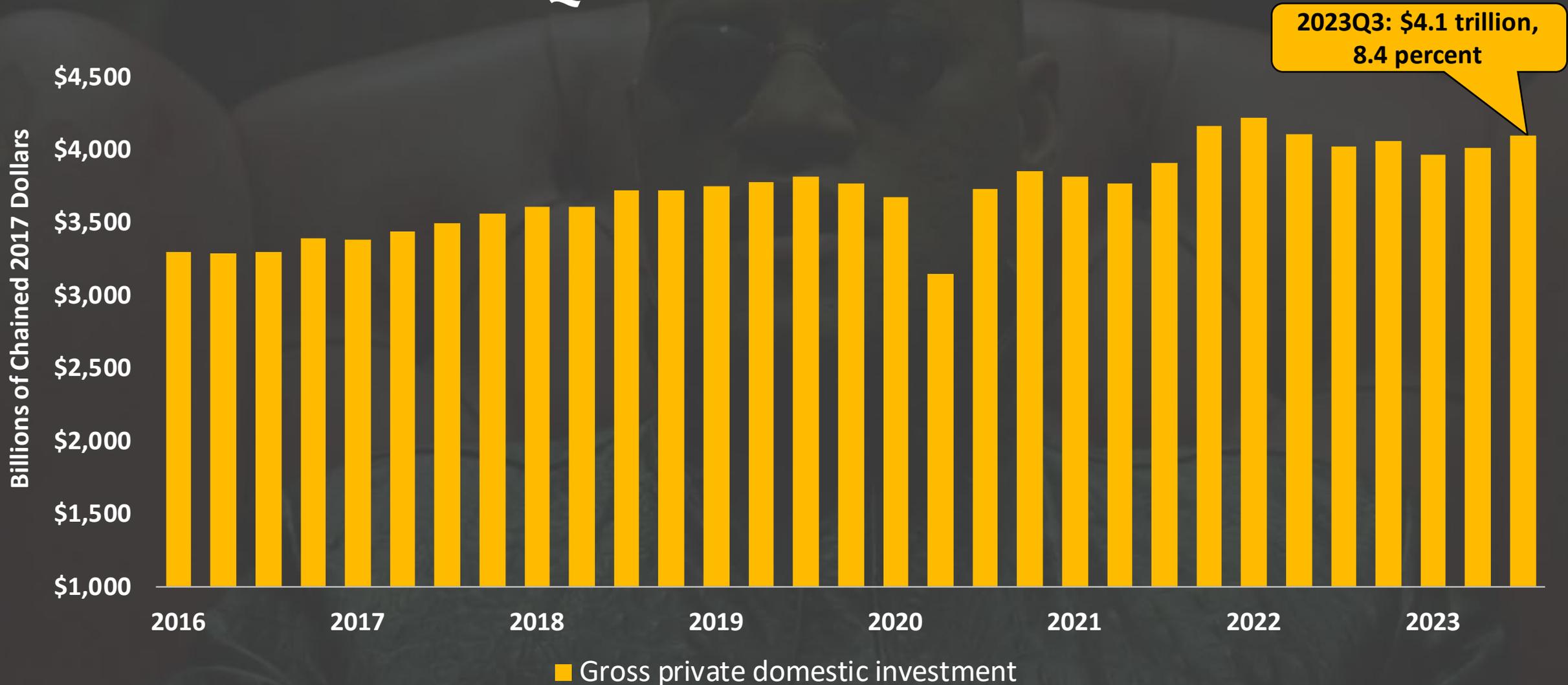
GDP Has Increased for Five Straight Quarters



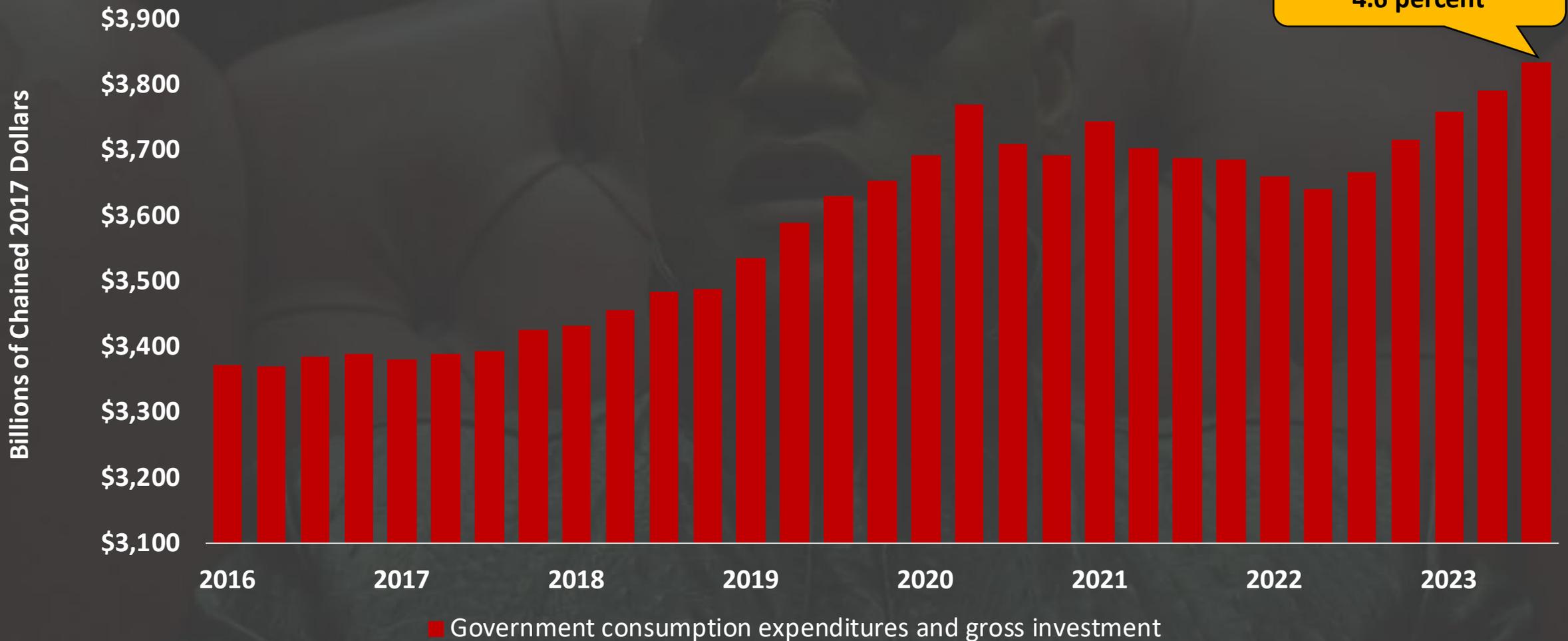
Consumption Continues to Climb at a Steady Pace



Investment Ticked Upwards in the Third Quarter of 2023



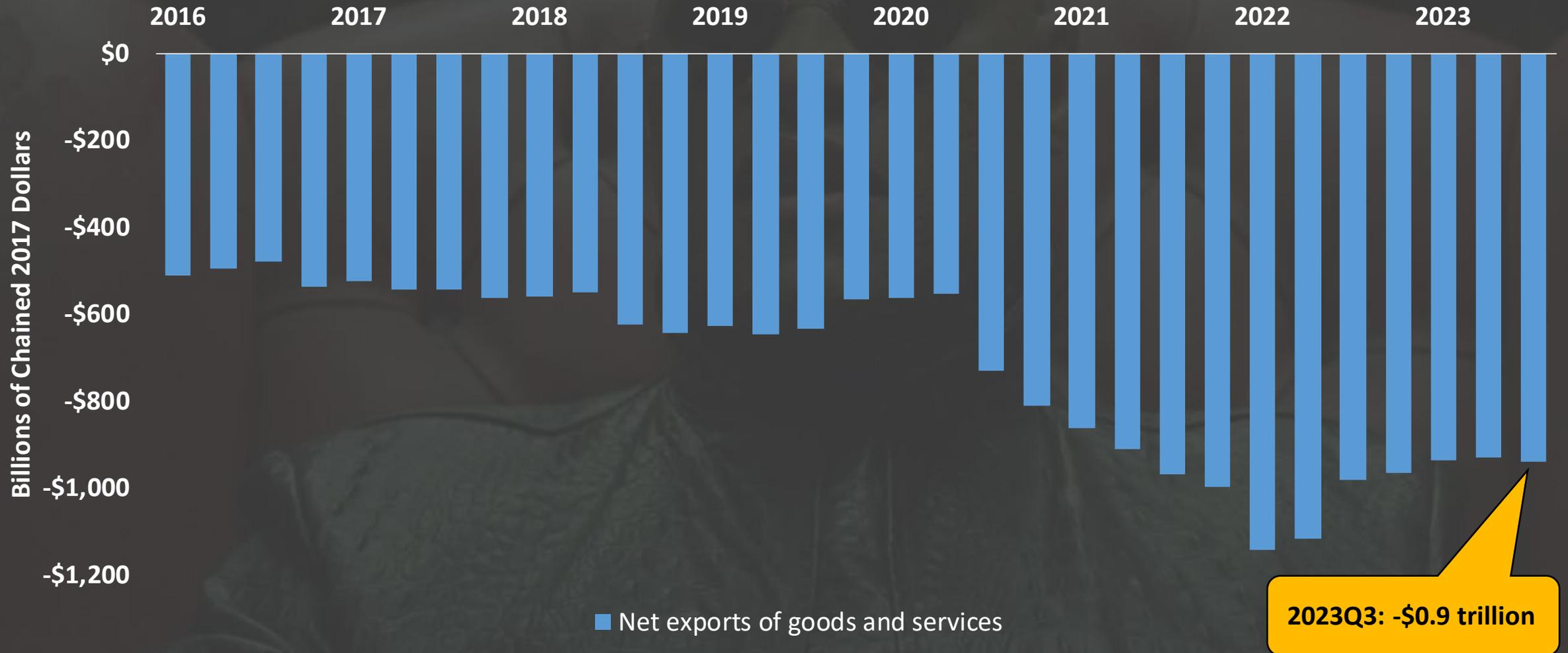
Government Spending Has Risen Sharply for Five Straight Quarters



COVID-19 Stimulus Was Nearly 3x the Size of the Great Recession Stimulus as a Percentage of Annual GDP



The Trade Deficit Increased Slightly in the Third Quarter of 2023

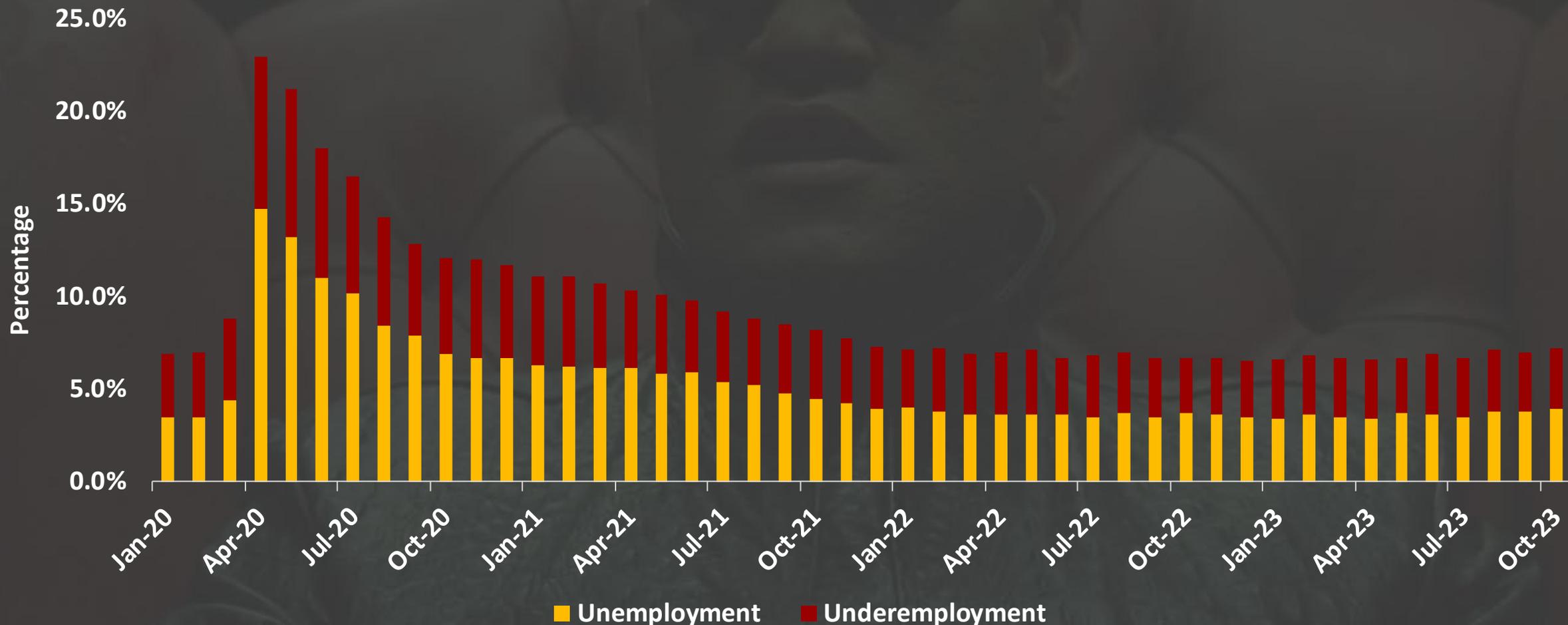


The War in Ukraine Continues to Affect the World Economy

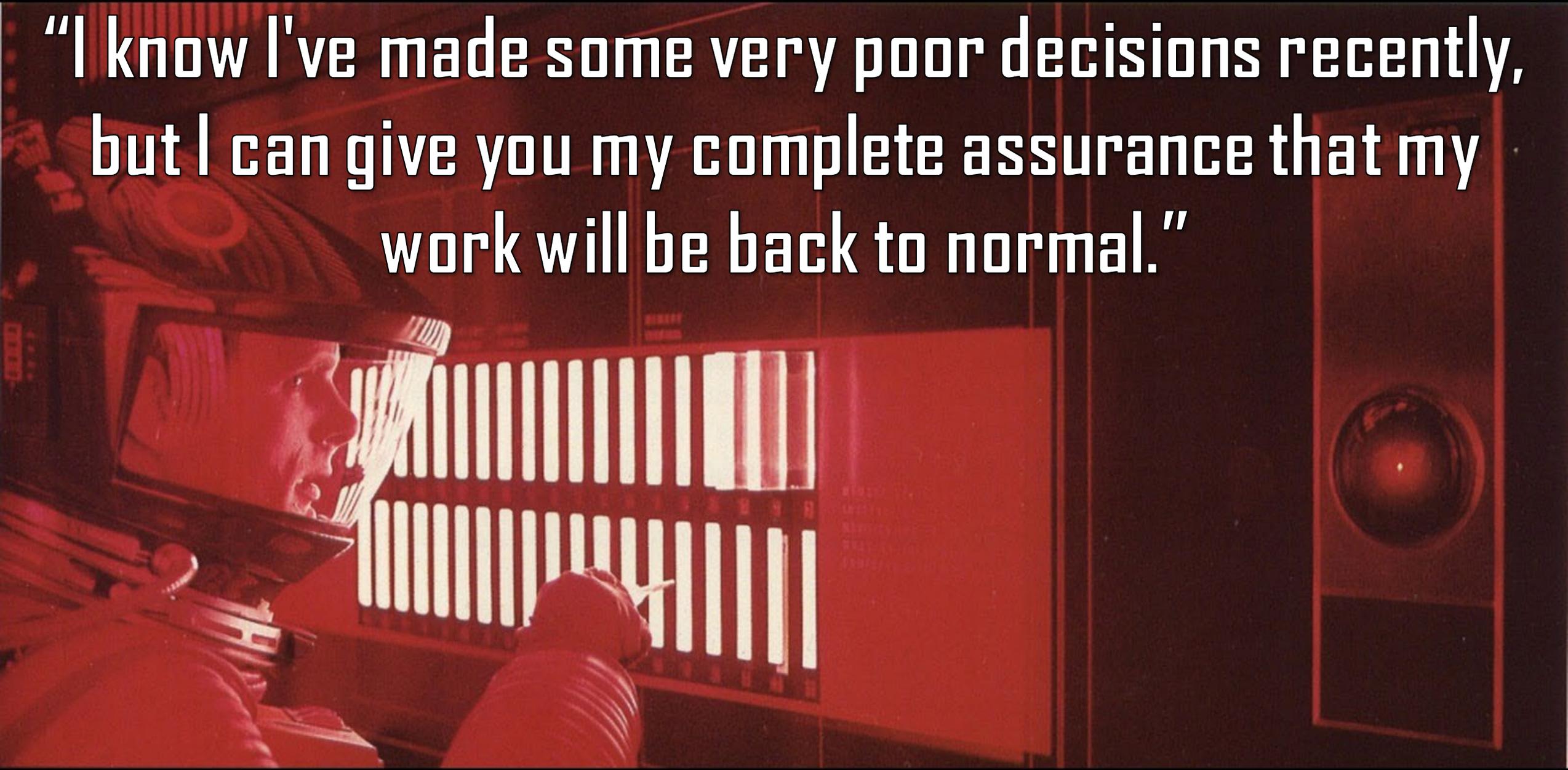
- Production and shipping of major Ukrainian exports are disrupted, and economic sanctions against Russian remain in place.
- World economic growth was projected at 5.0% in 2022 prior to the invasion, fell to 3.1% by the end of the year.
- Growth was 2.2% worldwide in 2023, but only 0.3% across Europe.



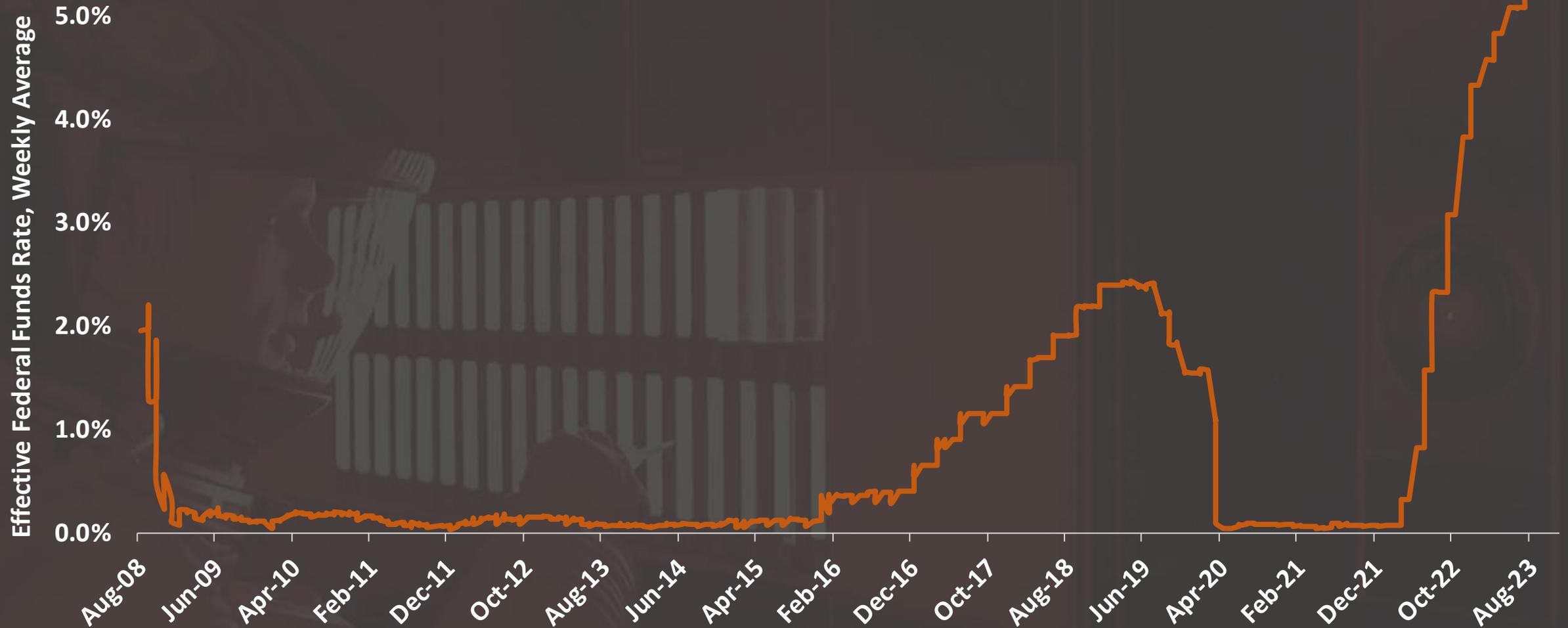
National Unemployment and Underemployment Are Stabilizing at Around Pre-Pandemic Levels



**“I know I've made some very poor decisions recently,
but I can give you my complete assurance that my
work will be back to normal.”**



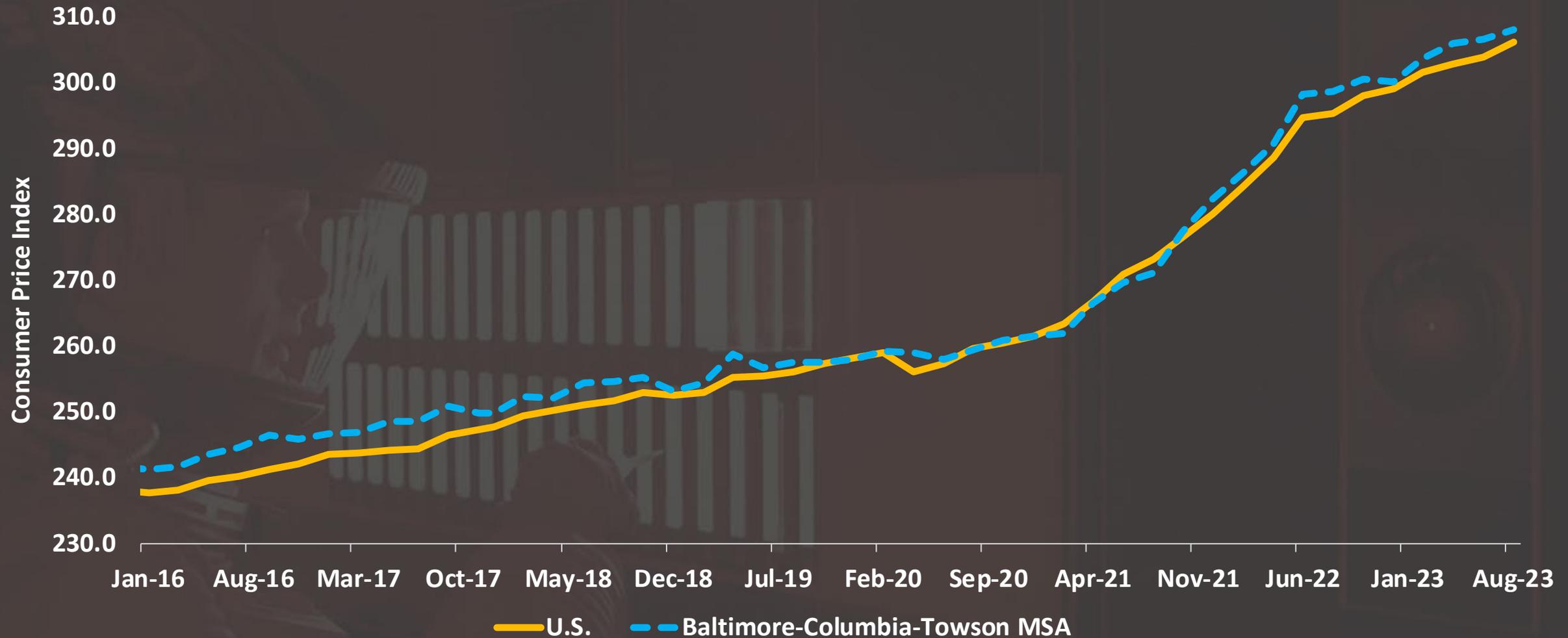
The Fed Continues to Raise Interest Rates to Fight Inflation



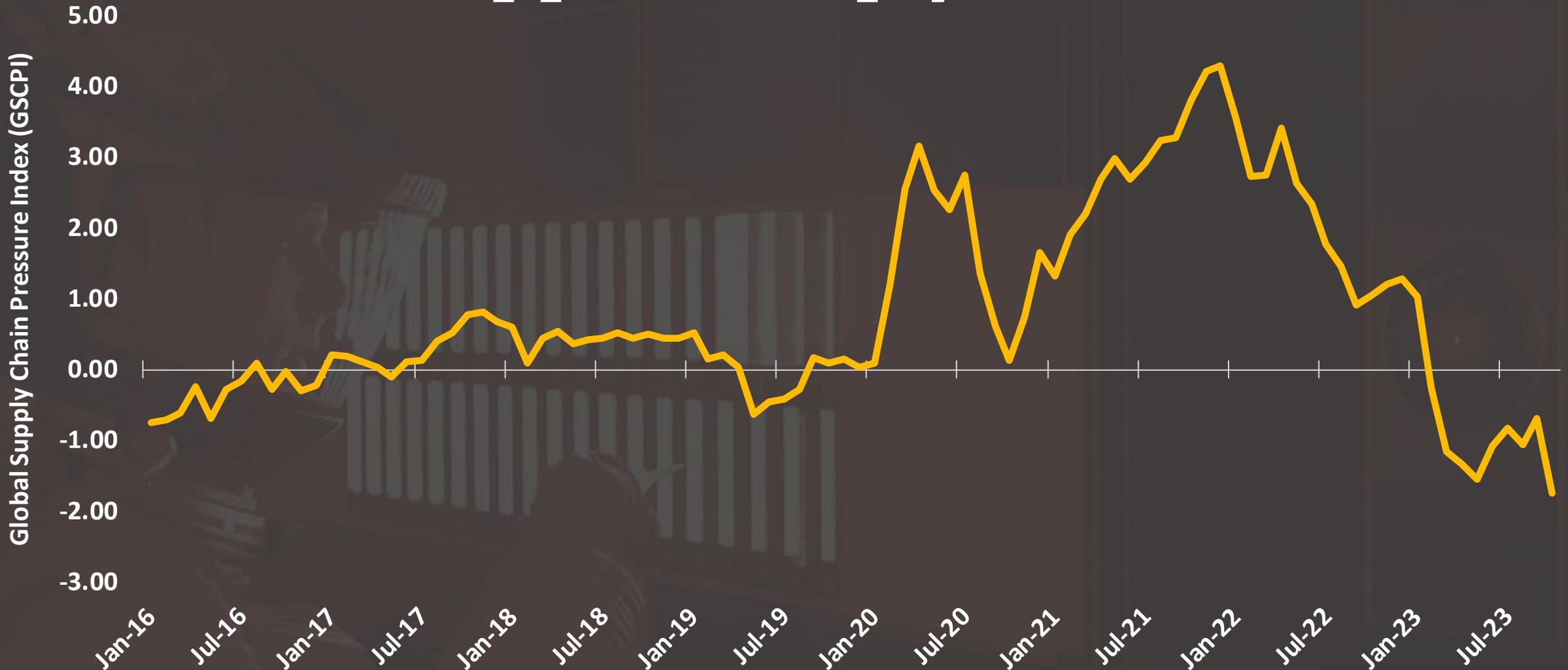
Year-Over-Year Inflation Has Come Down, but Not Enough



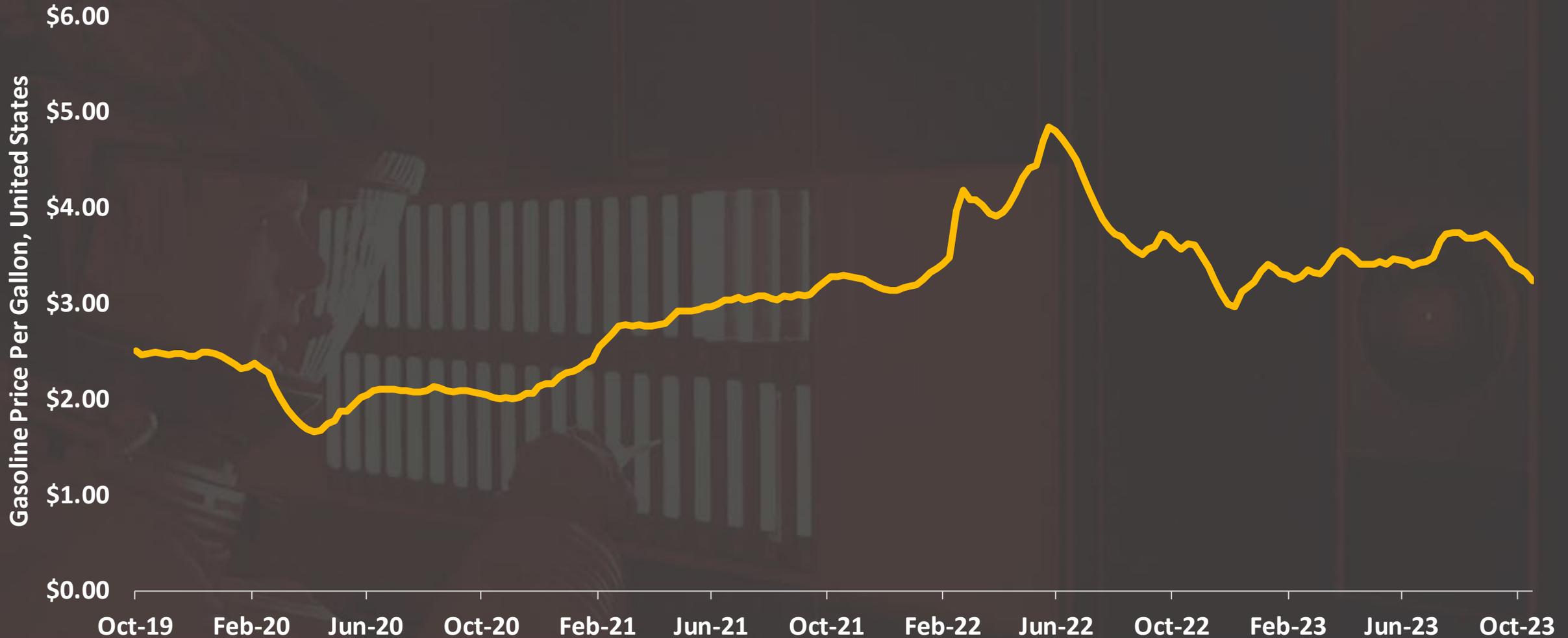
Consumer Prices Are Also Increasing at a Slower Pace Locally



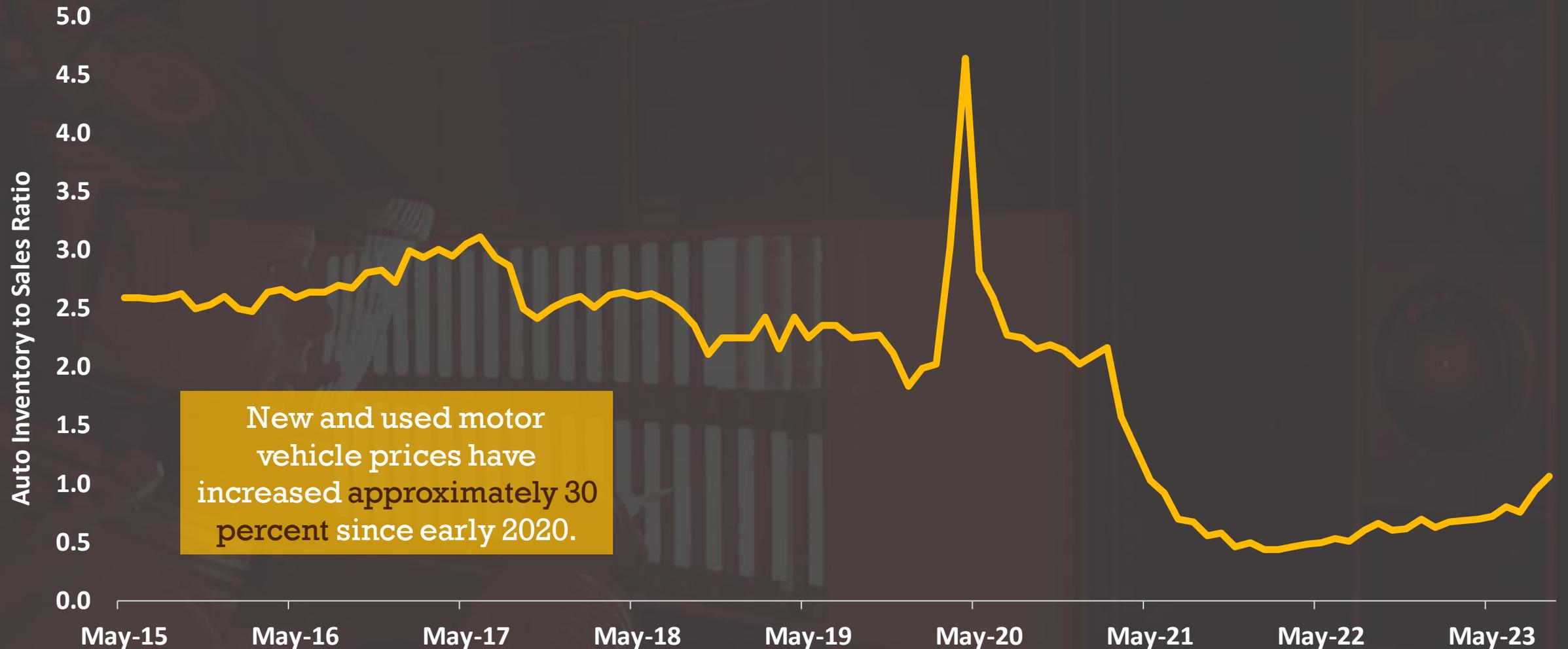
Global Supply Chain Pressures Have Dropped Sharply in 2023



Gasoline Prices Declined After Peaking in 2022



Inventory for Cars Is Low but Improving



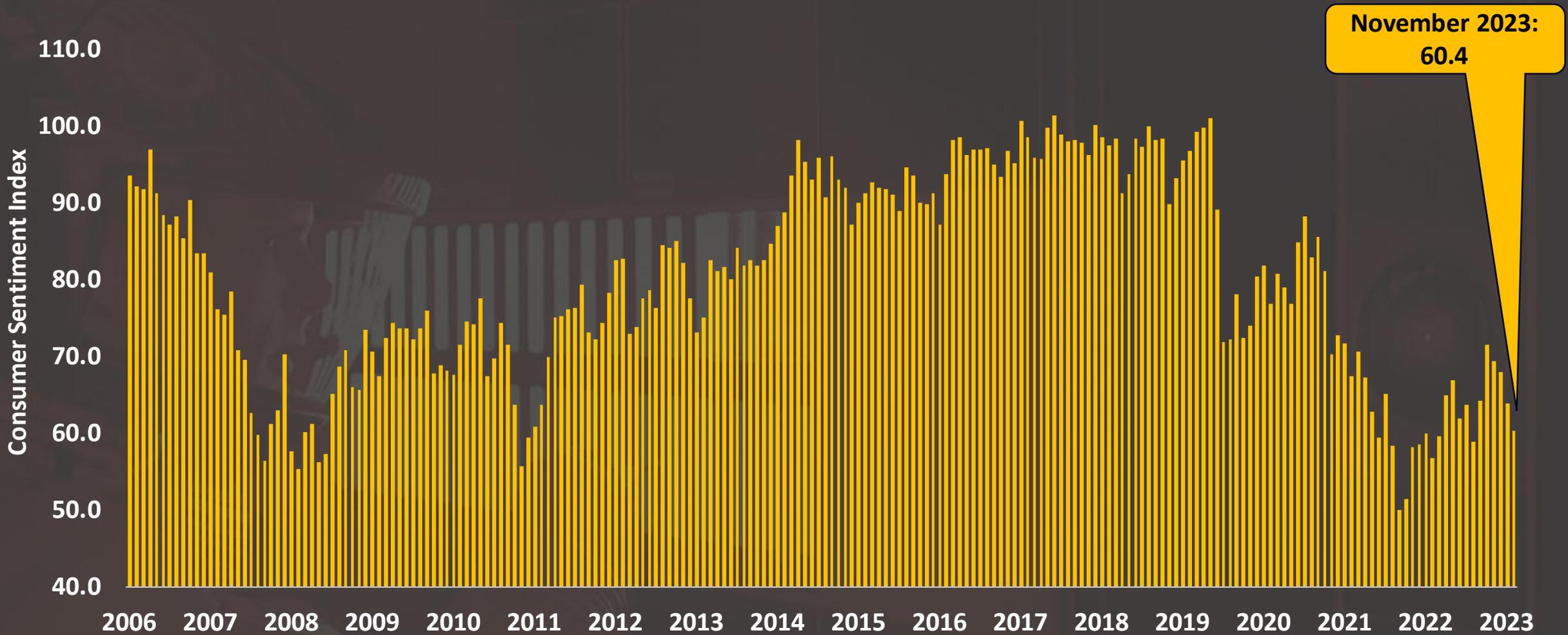
New and used motor vehicle prices have increased approximately 30 percent since early 2020.

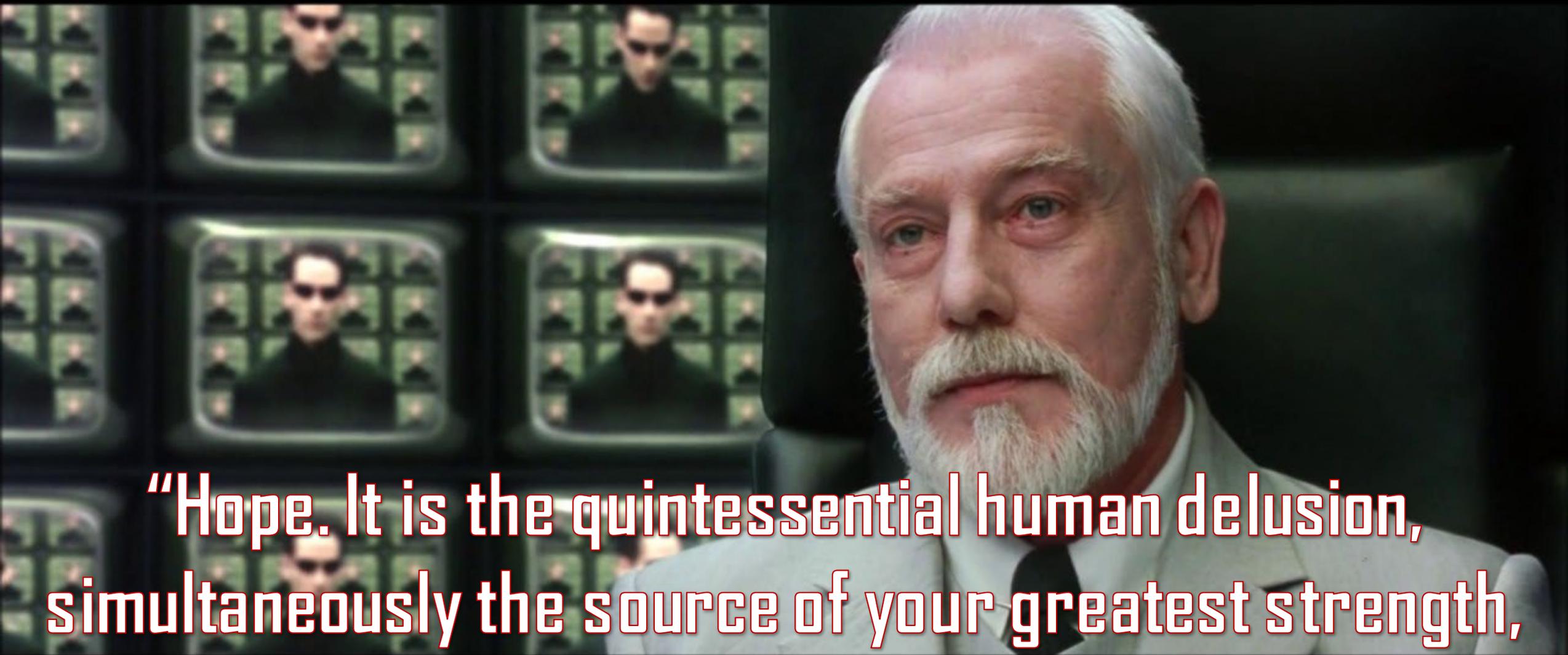
Consumer Debt Dropped in 2020 but Has Climbed Since



In Q3 2023, more than 17 percent of loans for new vehicles were for monthly payments of \$1,000 or more.

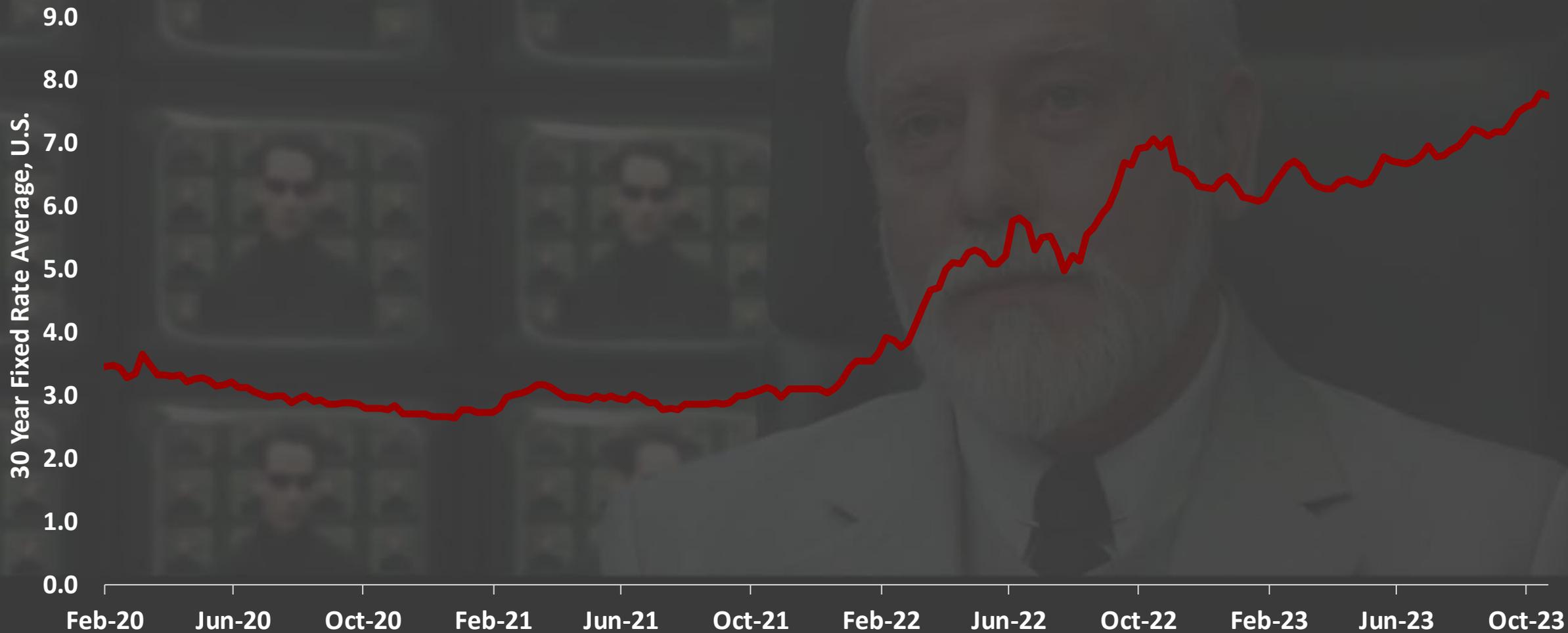
Consumer Sentiment Has Declined for Four Straight Months



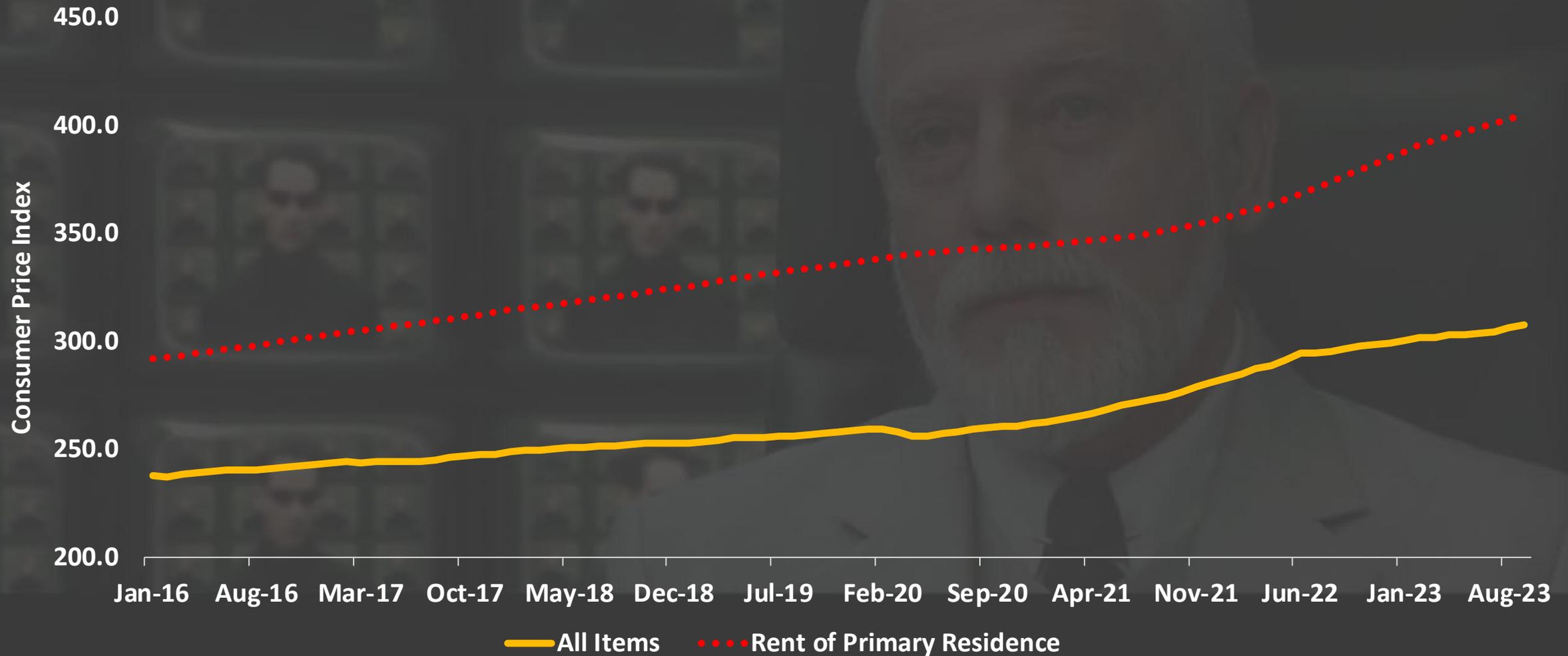


**“Hope. It is the quintessential human delusion,
simultaneously the source of your greatest strength,
and your greatest weakness.”**

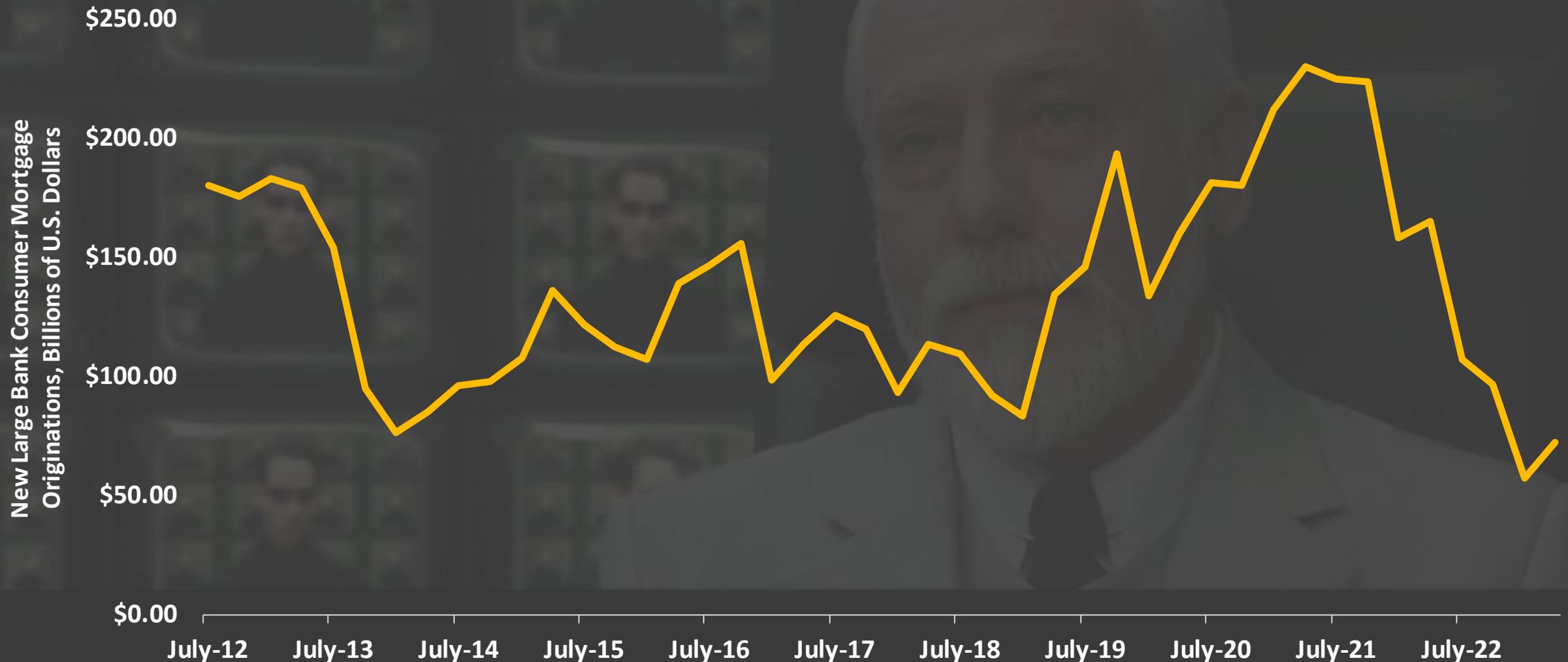
Mortgage Rates Dropped After an October High, but are Rising Again



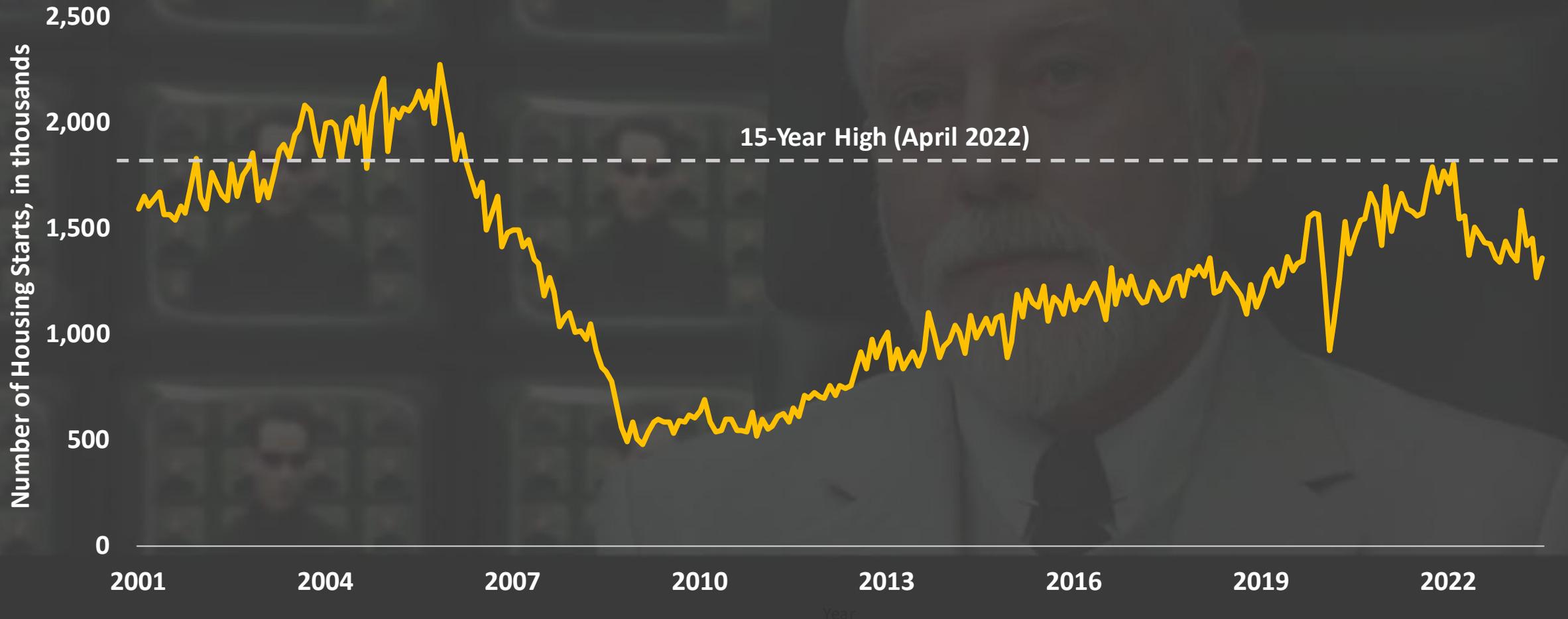
The Price of Rent Rises Faster Than Overall Inflation in U.S. Cities



Mortgage Originations Have Dropped After Peaking in 2021



Housing Starts Have Declined After Hitting a 15-Year High in April 2022

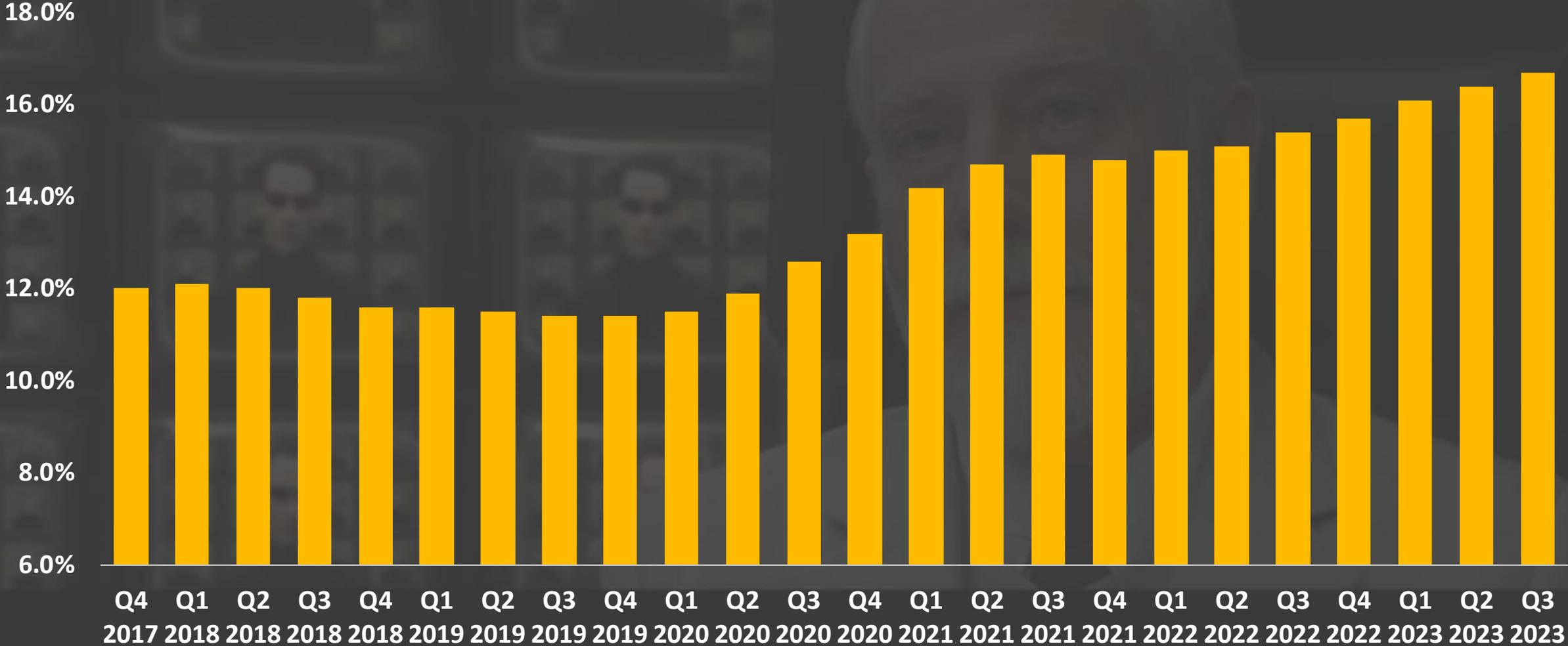


The U.S. is Currently Short up to 6 Million Homes

- According to various estimates, the United States is short anywhere between 2 and 6 million homes.
- This not only drives up home prices and rental rates – it can exacerbate inequality and contribute to climate change through increased use of cars.

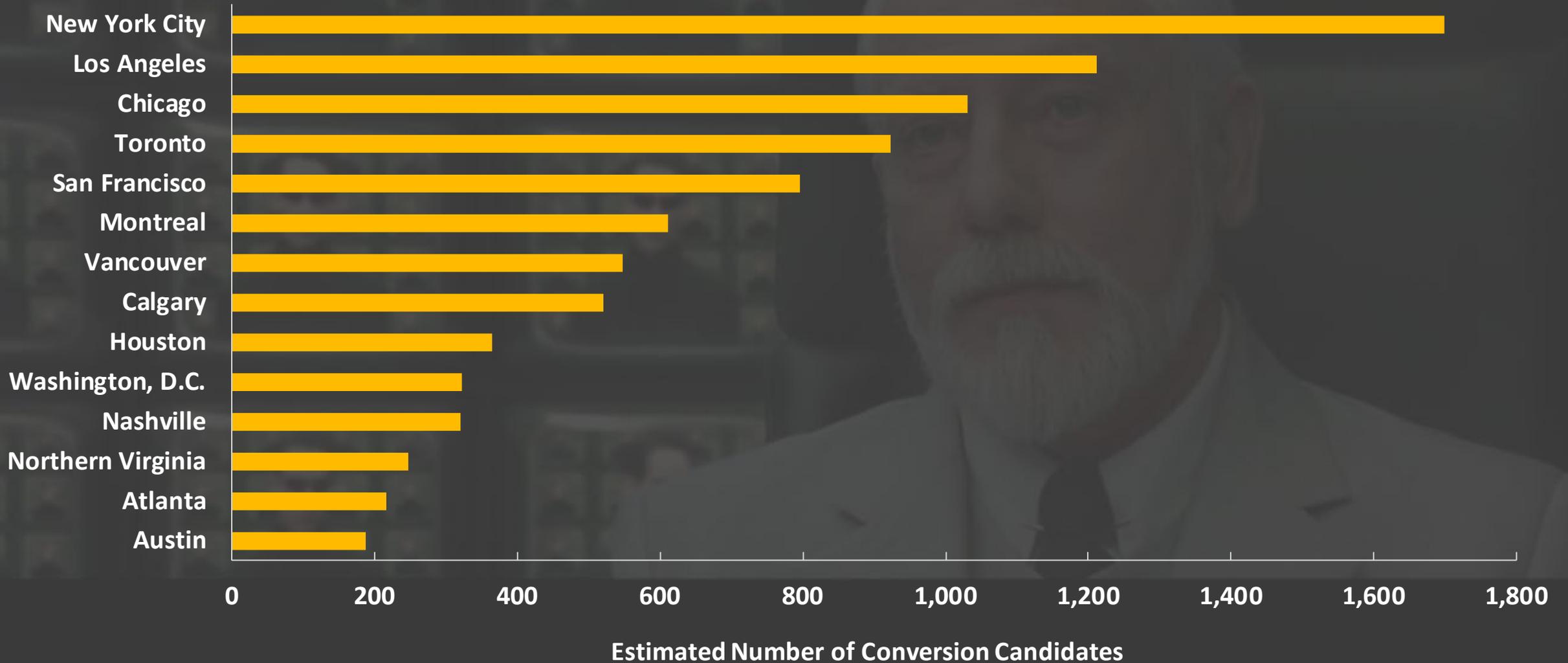


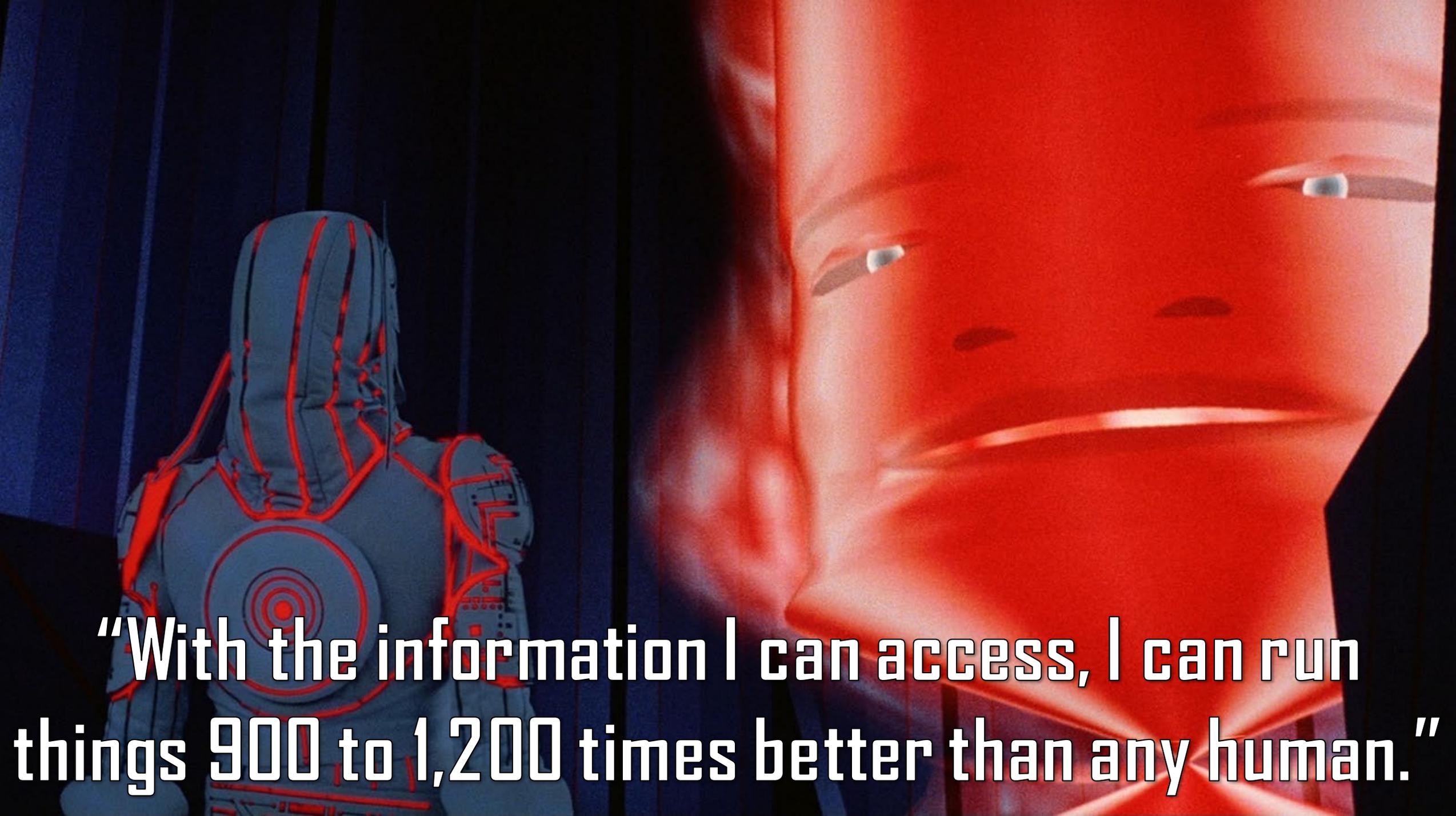
Office Vacancy Rates Continue to Increase



Source: Statista; Colliers International

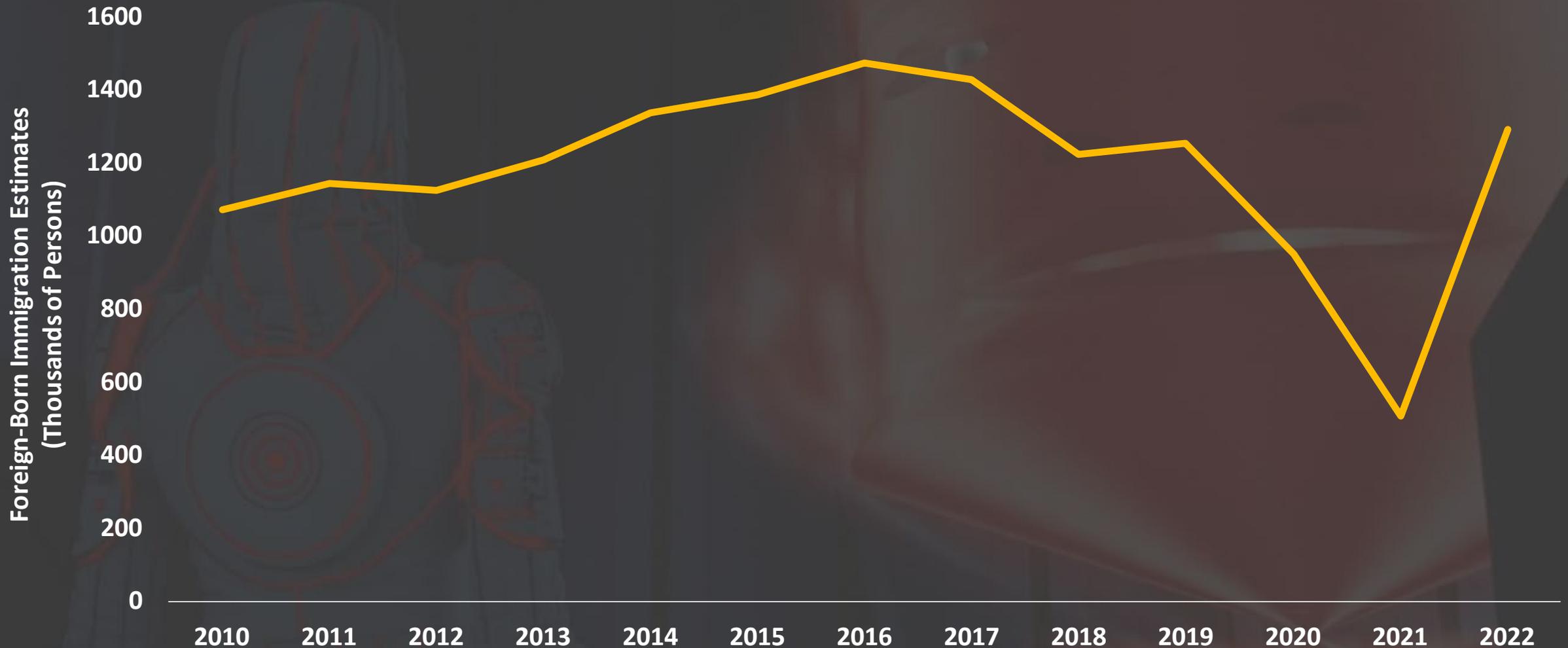
Offices Across North American Could be Repurposed into Residential Housing



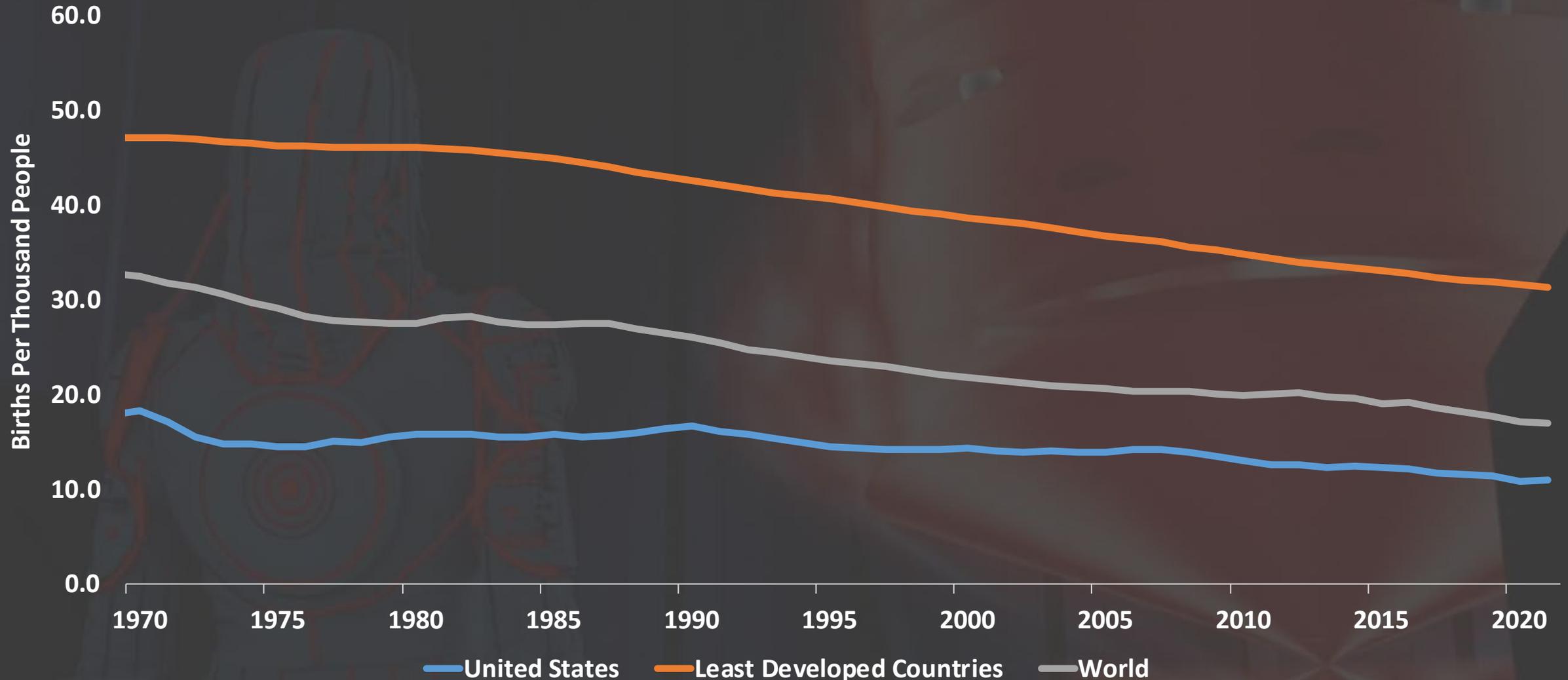
A scene from the movie 'The Matrix'. On the left, a blue-skinned Agent with red glowing lines on its body stands in a dark, industrial setting. On the right, a large, close-up shot of Neo's face is shown, with a red glow emanating from his eyes. The text is overlaid at the bottom of the image.

“With the information I can access, I can run things 900 to 1,200 times better than any human.”

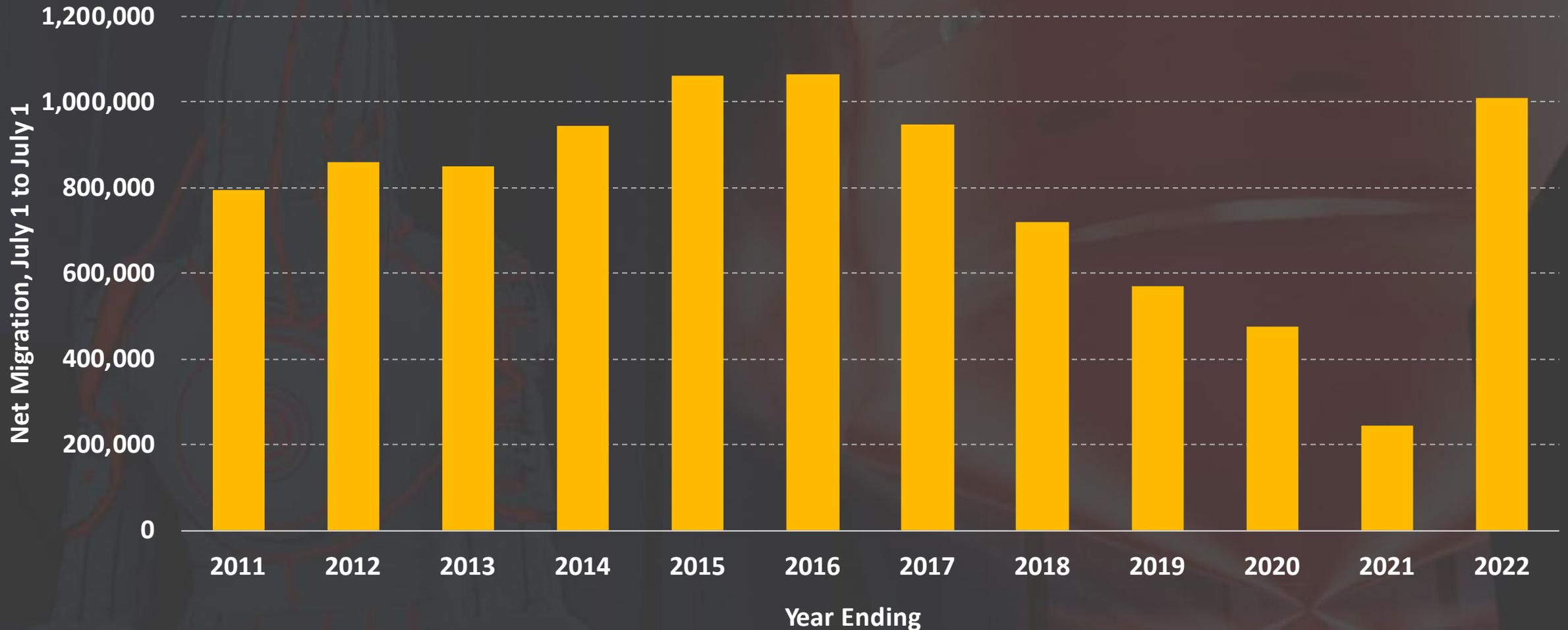
Immigration Plummeted During the Pandemic but is Bouncing Back



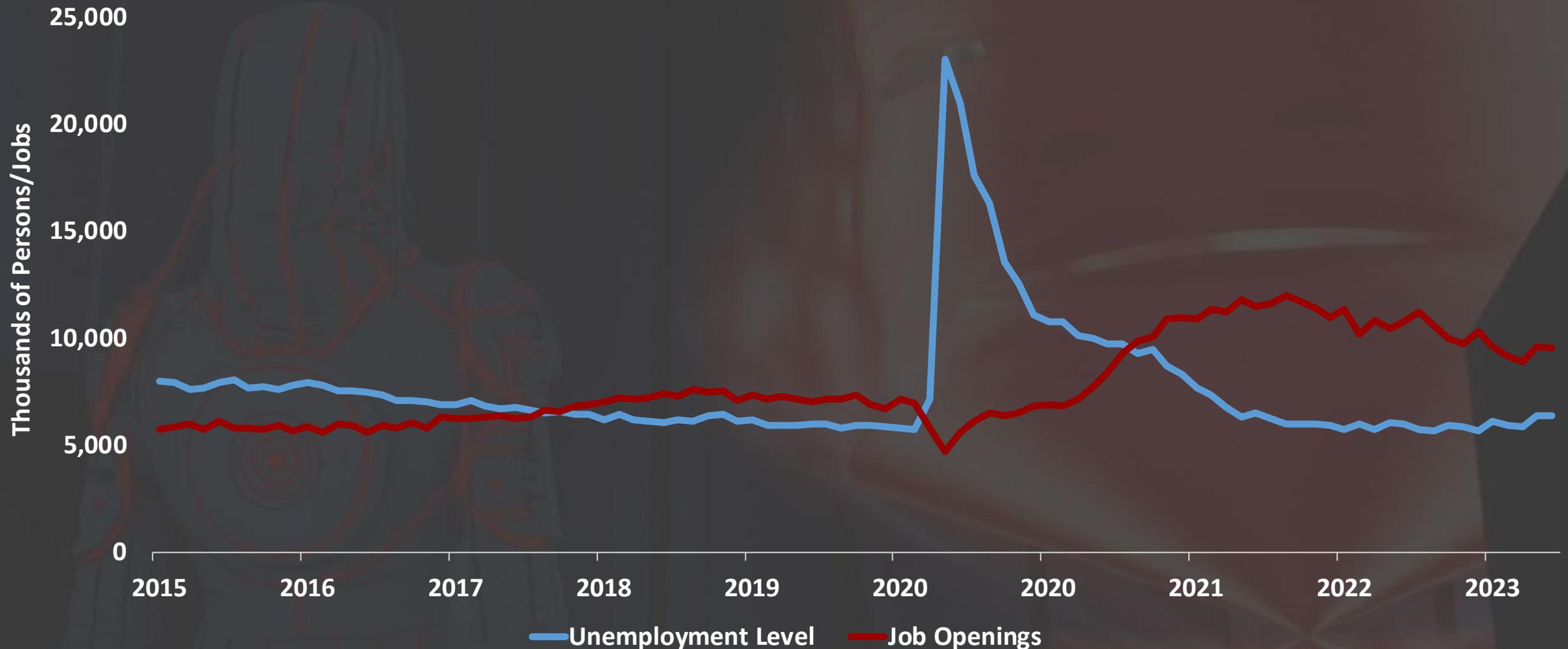
Birth Rates Are Dropping Across the World



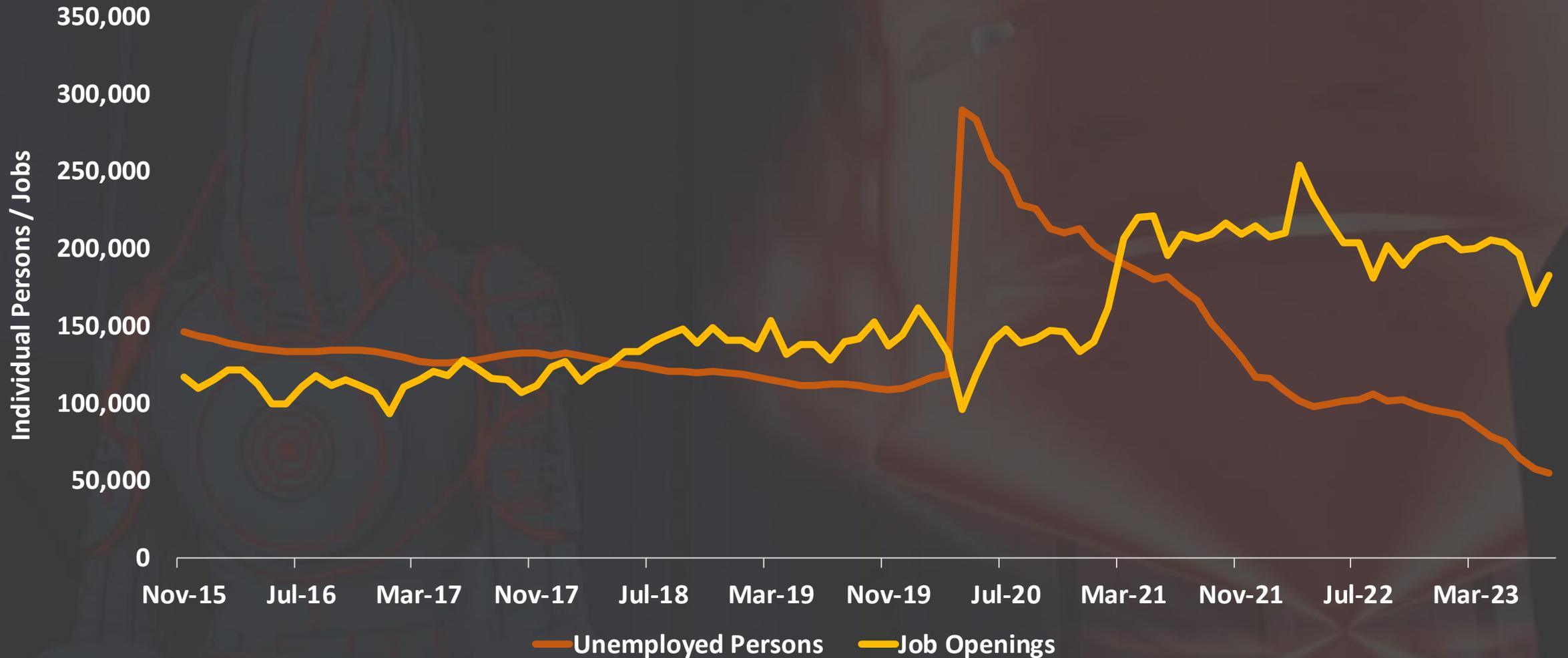
National Net Migration Dropped During the Pandemic but is Bouncing Back



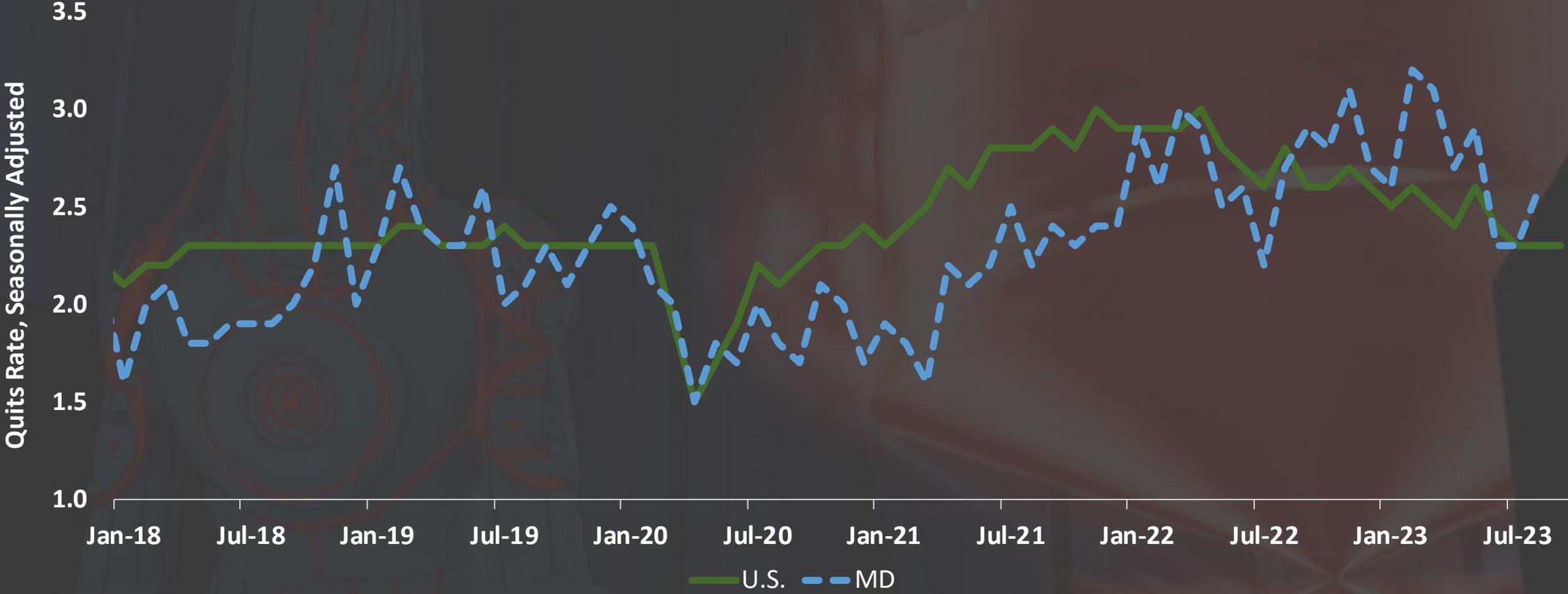
Job Openings Greatly Outnumber Persons Looking for Work in the U.S.



The Same is True for Jobs in Maryland

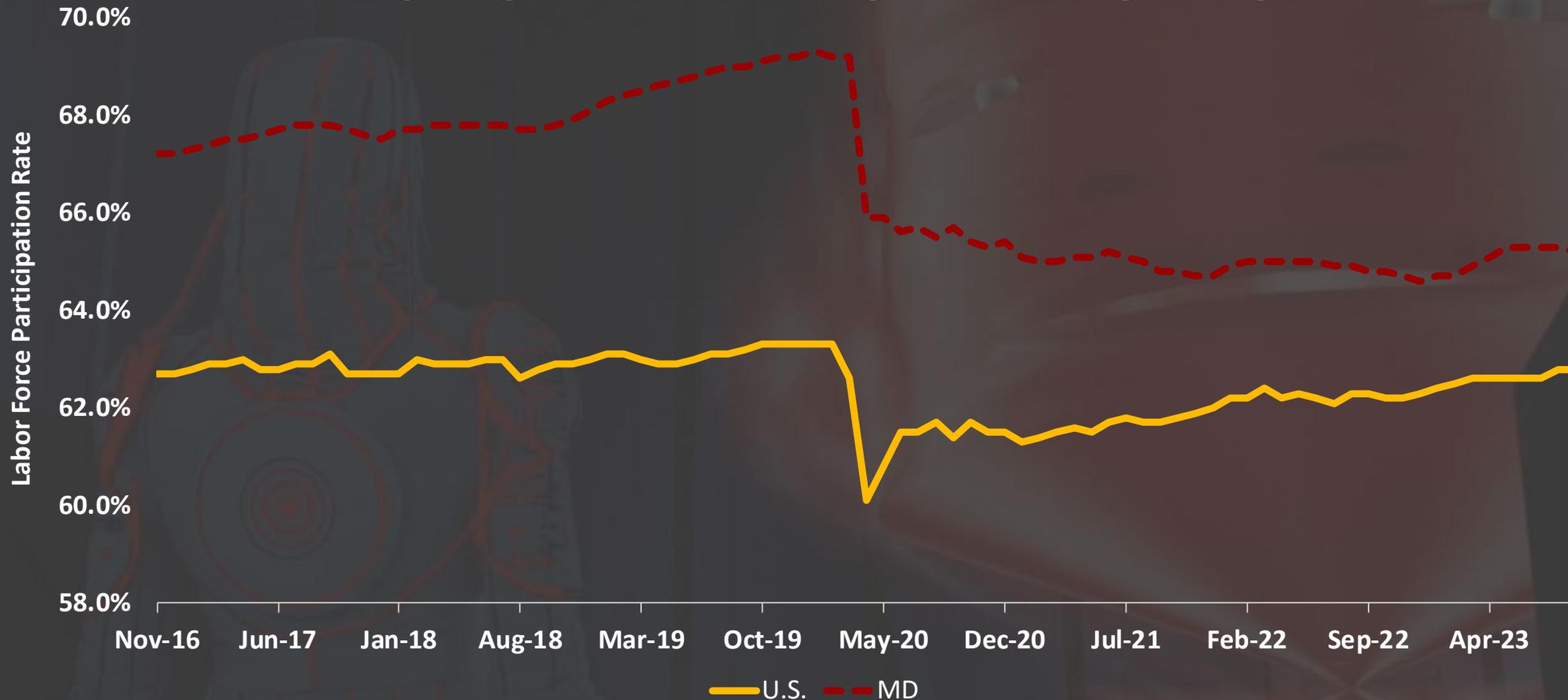


Quit Rates have slowed down

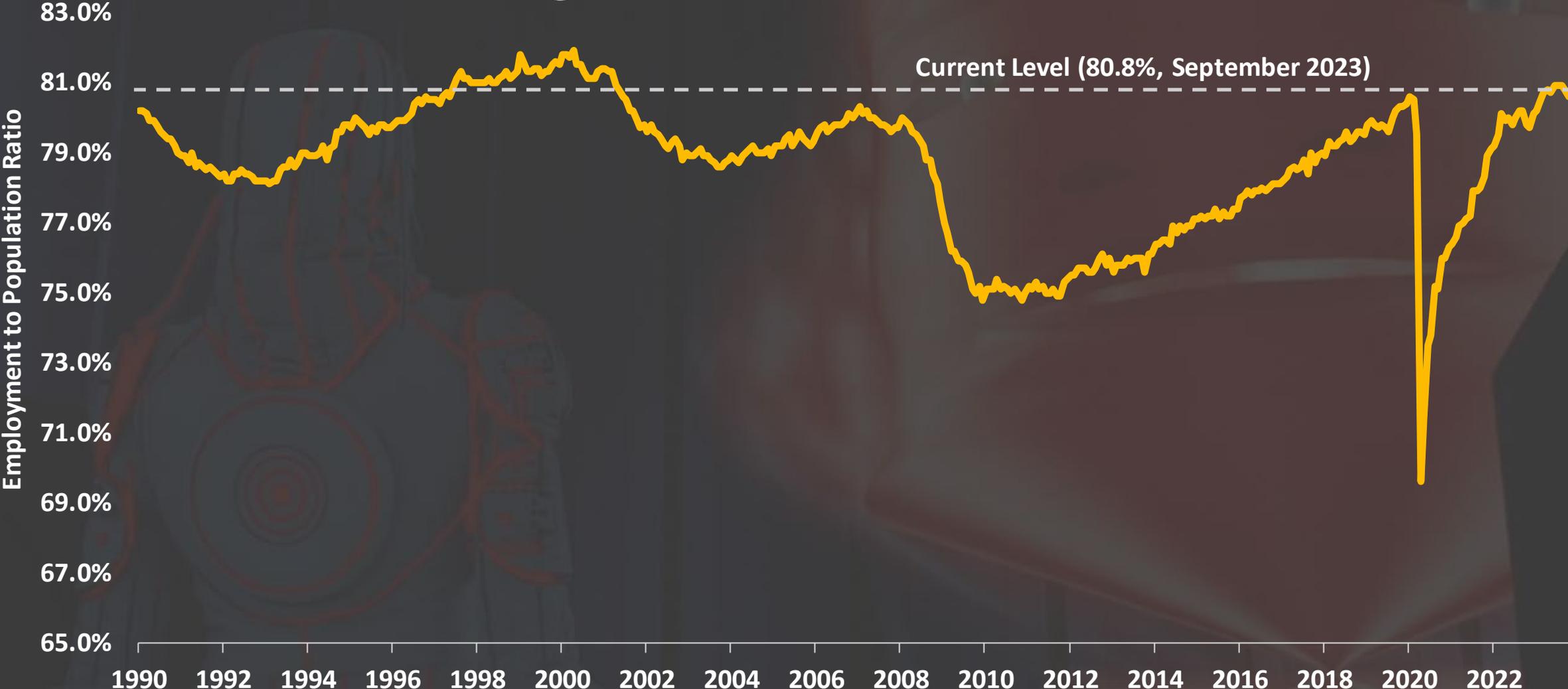


Source: U.S. Bureau of Labor Statistics

Labor Force Participation Overall is Lower Than Pre-Pandemic

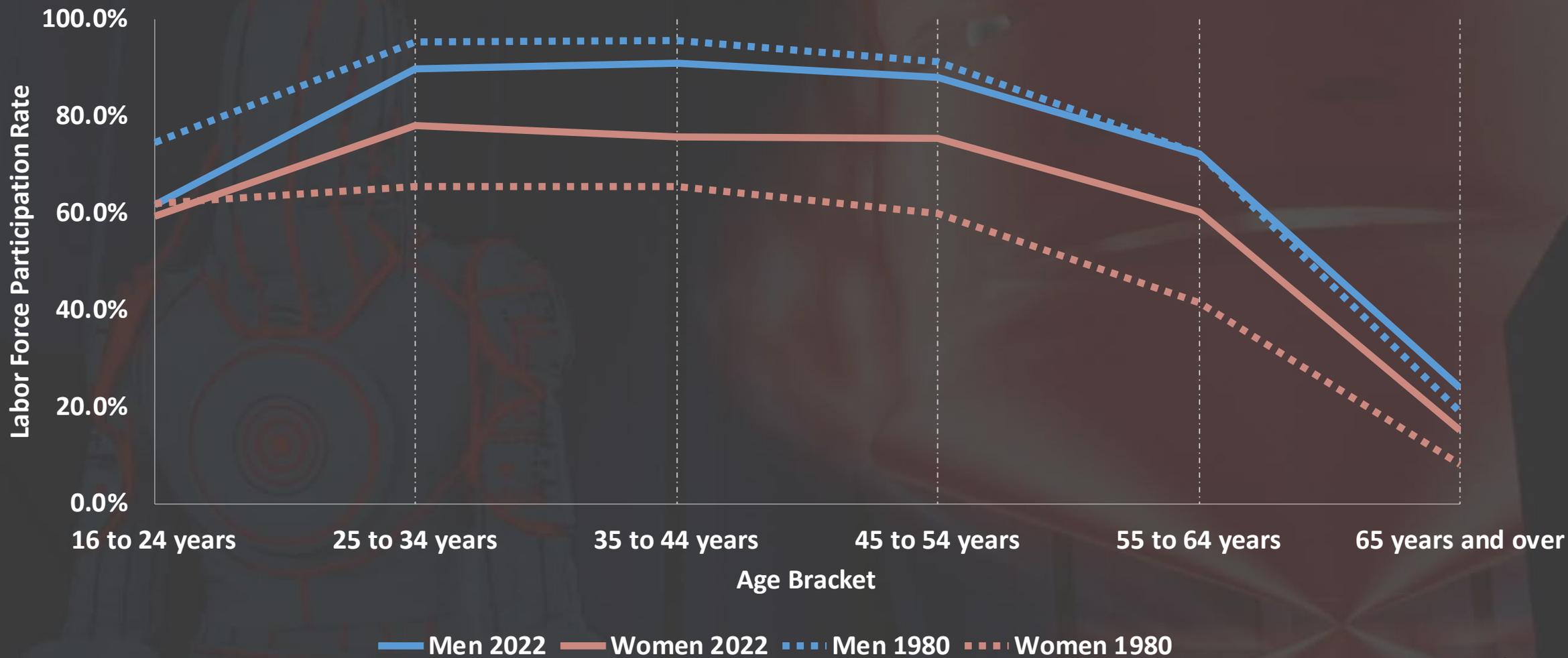


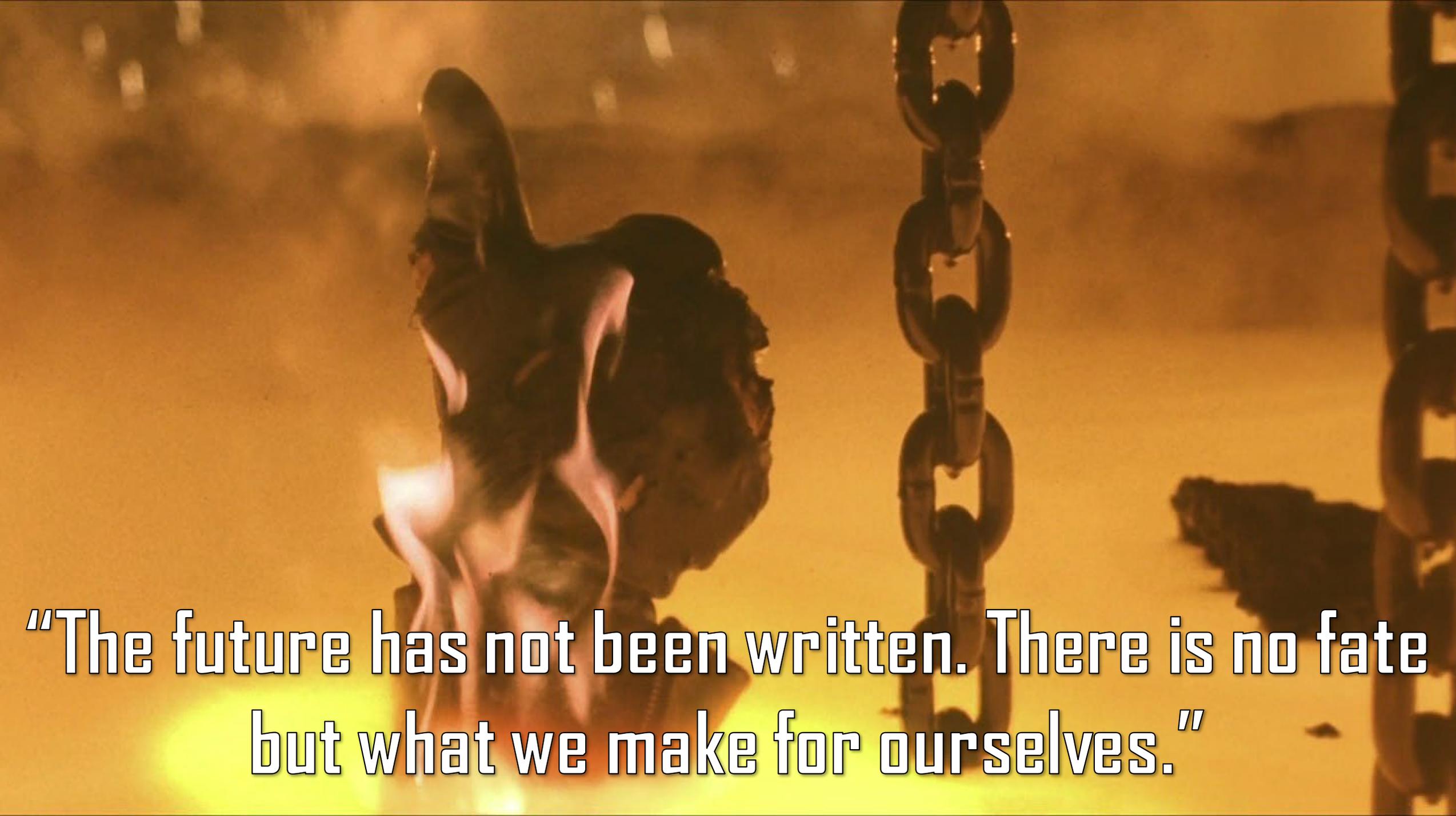
But “Prime-Age” Employment is the Highest Since 2001



Source: U.S. Bureau of Labor Statistics

Women Have Increased and Men Have Decreased Labor Force Participation Since 1980



A dramatic scene with a figure in flames and a chain. The background is a warm, golden-brown color. On the left, a dark, winged figure is engulfed in bright orange and yellow flames. On the right, a thick, dark metal chain hangs vertically. The overall atmosphere is intense and fiery.

**“The future has not been written. There is no fate
but what we make for ourselves.”**

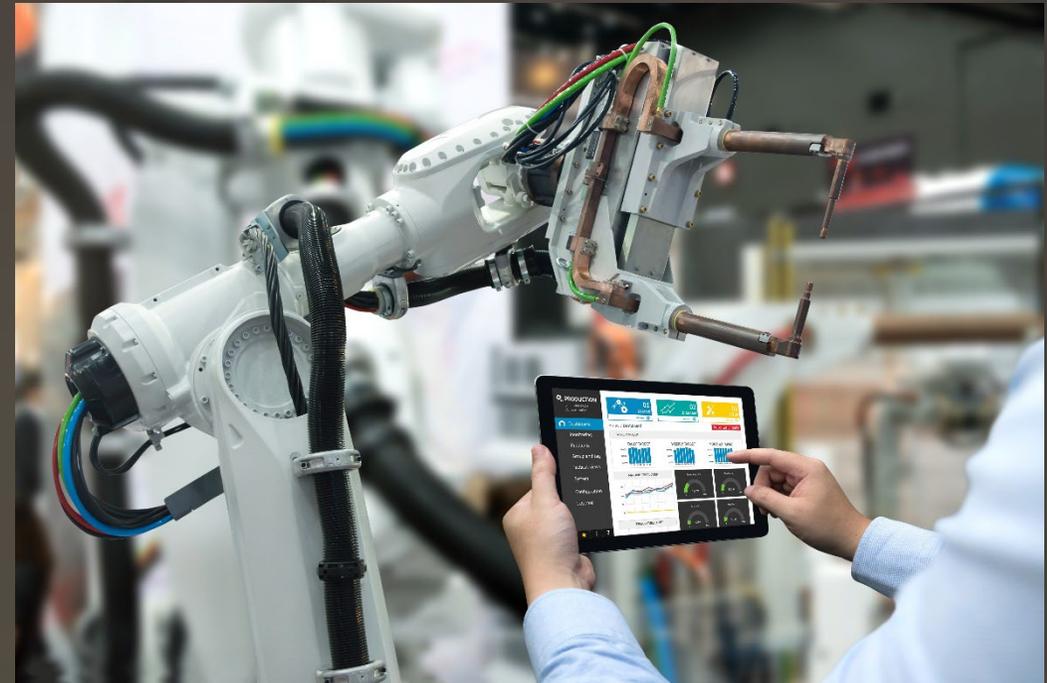
The Potential Effects of A.I. on GDP

- A report from McKinsey Global Institute estimates that generative A.I. could add \$4.4 trillion to the global economy annually.
- Up to 60 to 70 percent of workers' time could be saved through automation, improving productivity

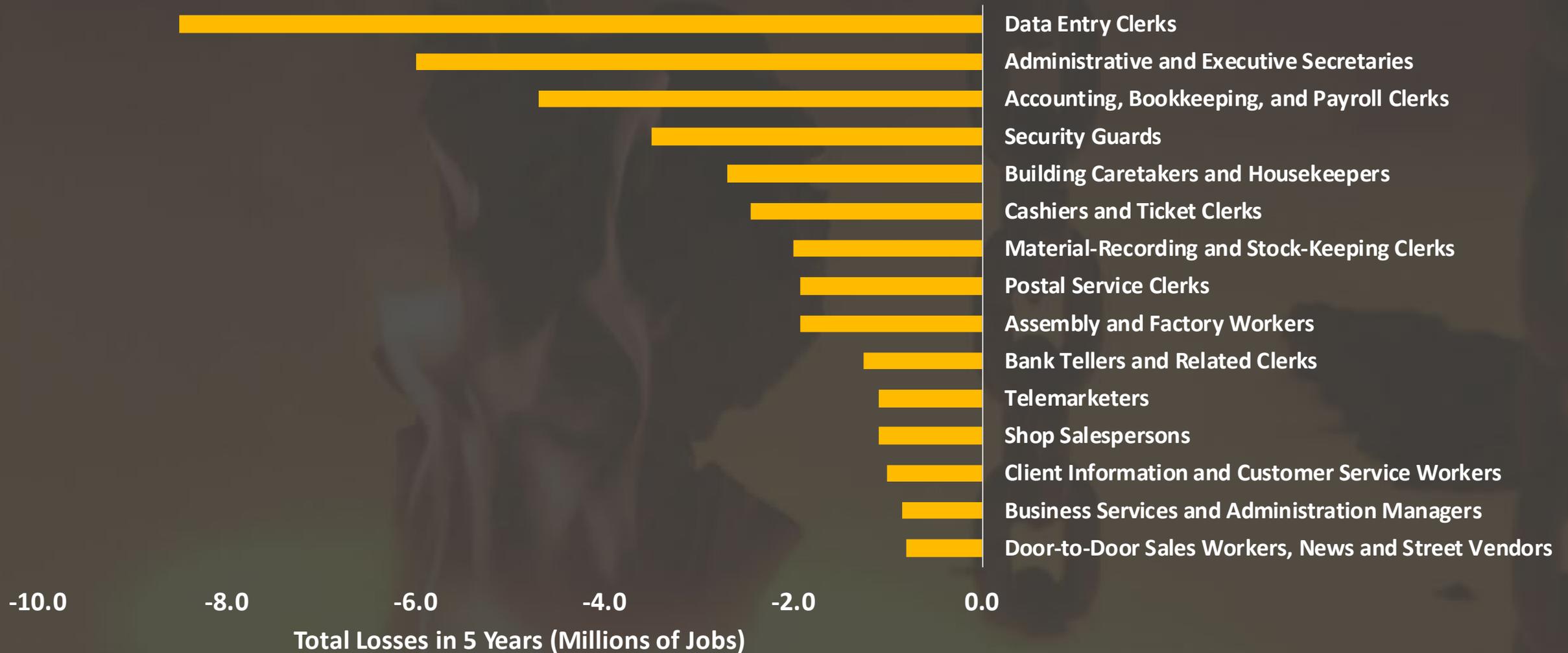


A.I. and Automation Will Displace Jobs but New Jobs Will Take Their Place

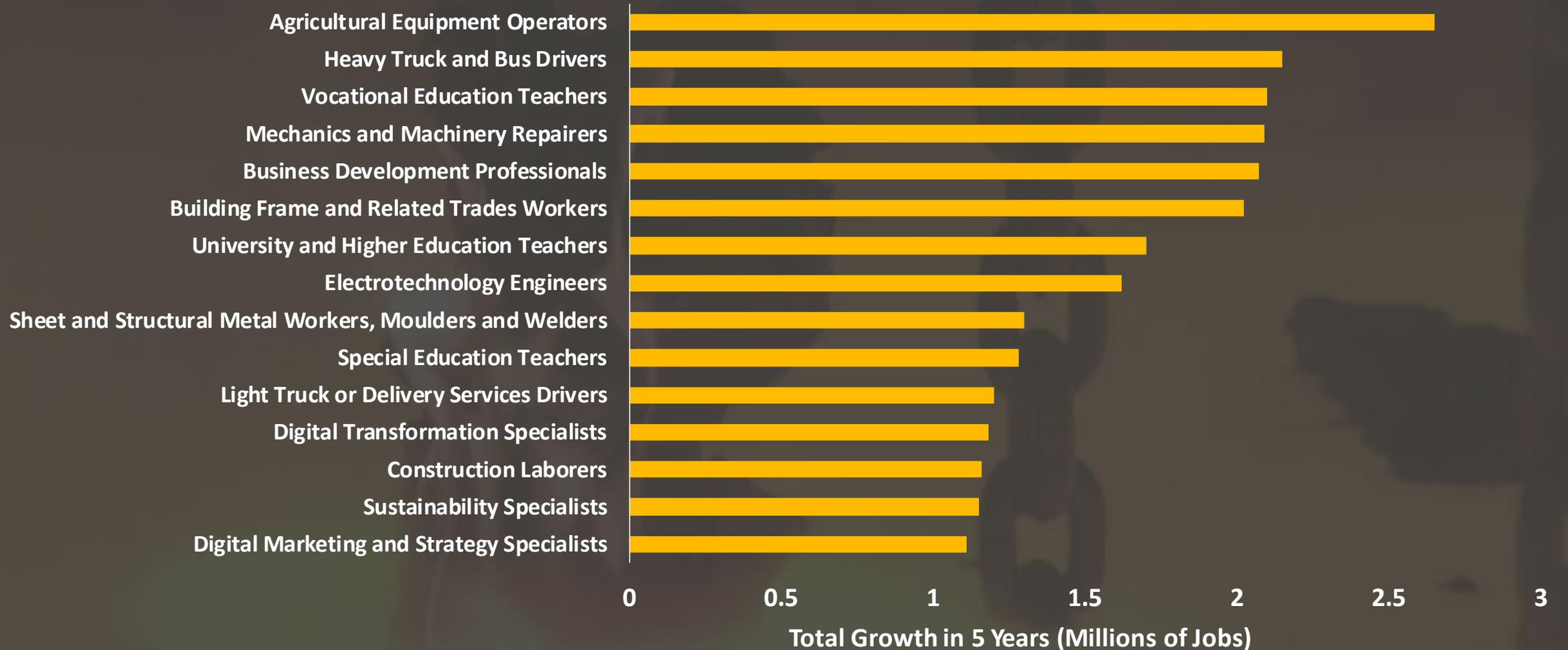
- The World Economic Forum's "Future of Jobs Report 2023" estimated that 83 million jobs are projected to be lost over the next 5 years.
- Over the same period, 69 million jobs are expected to be created.



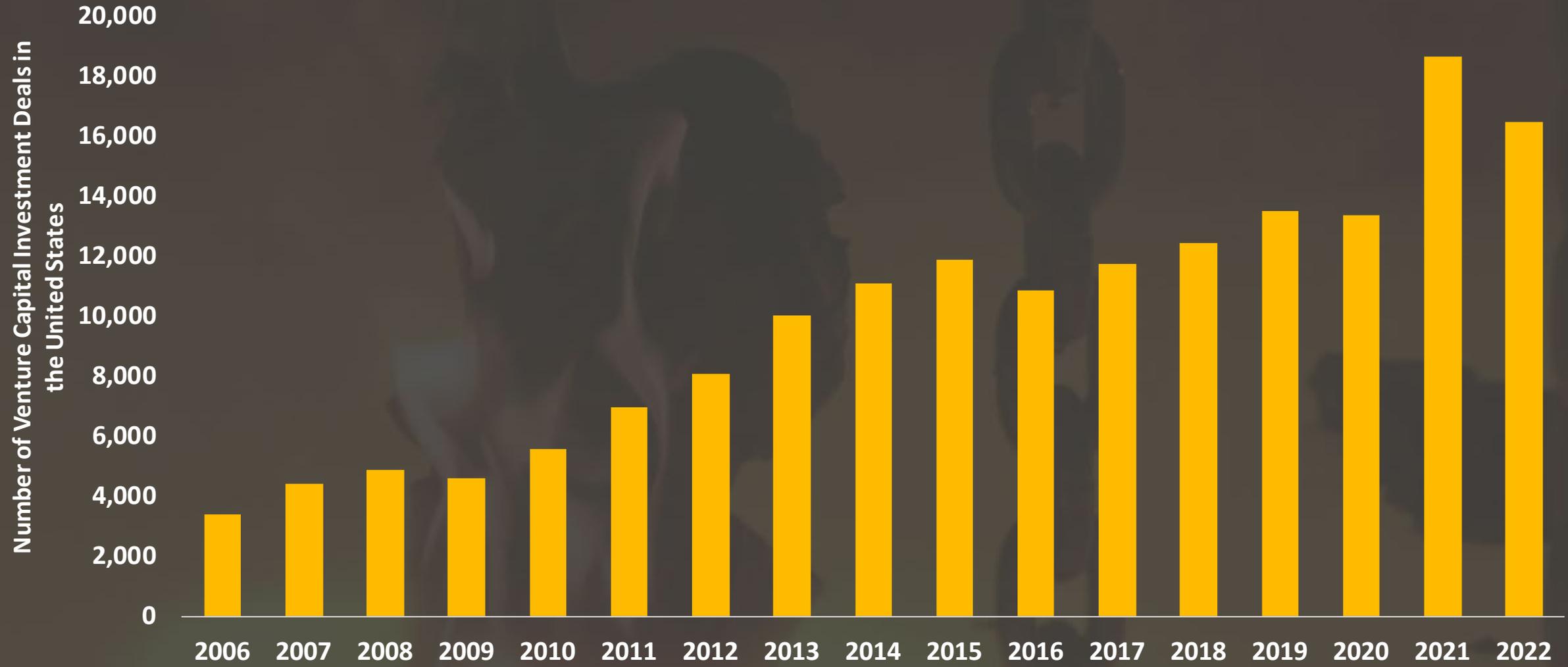
Job Roles with the Largest Expected Losses



Job Roles with the Largest Expected Gains

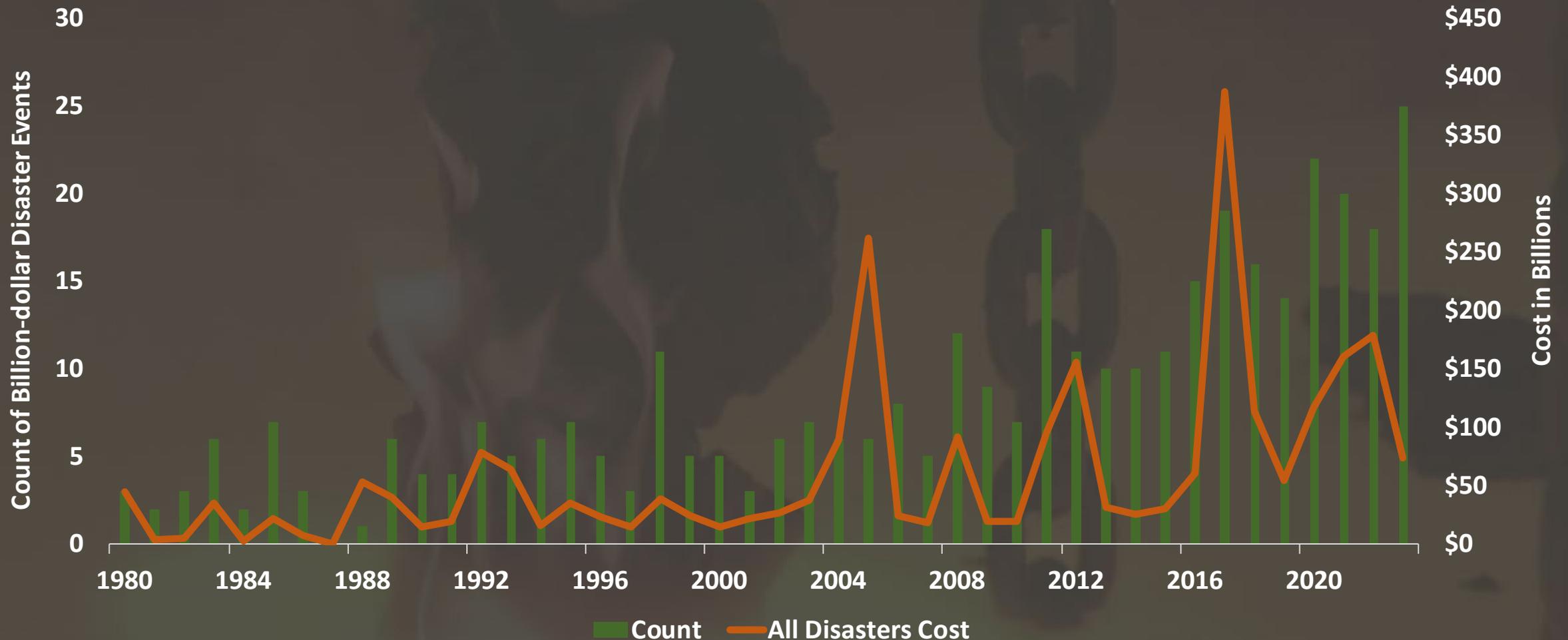


Venture Capital Deals Decreased in 2022

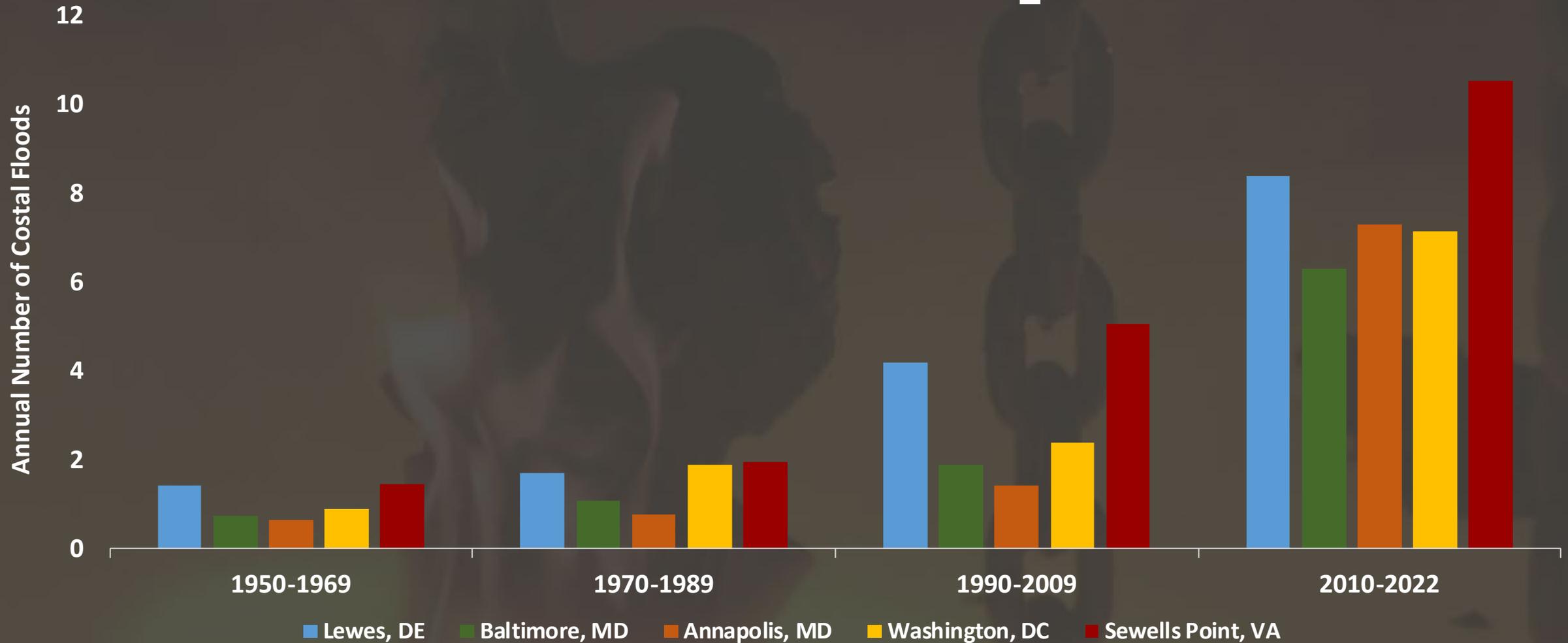


Source: Pitchbook and Statista

Billion-Dollar Disaster Events are Increasing in Frequency in the U.S.



Coastal Flooding in our Region Has Become More Frequent



What the Future Holds

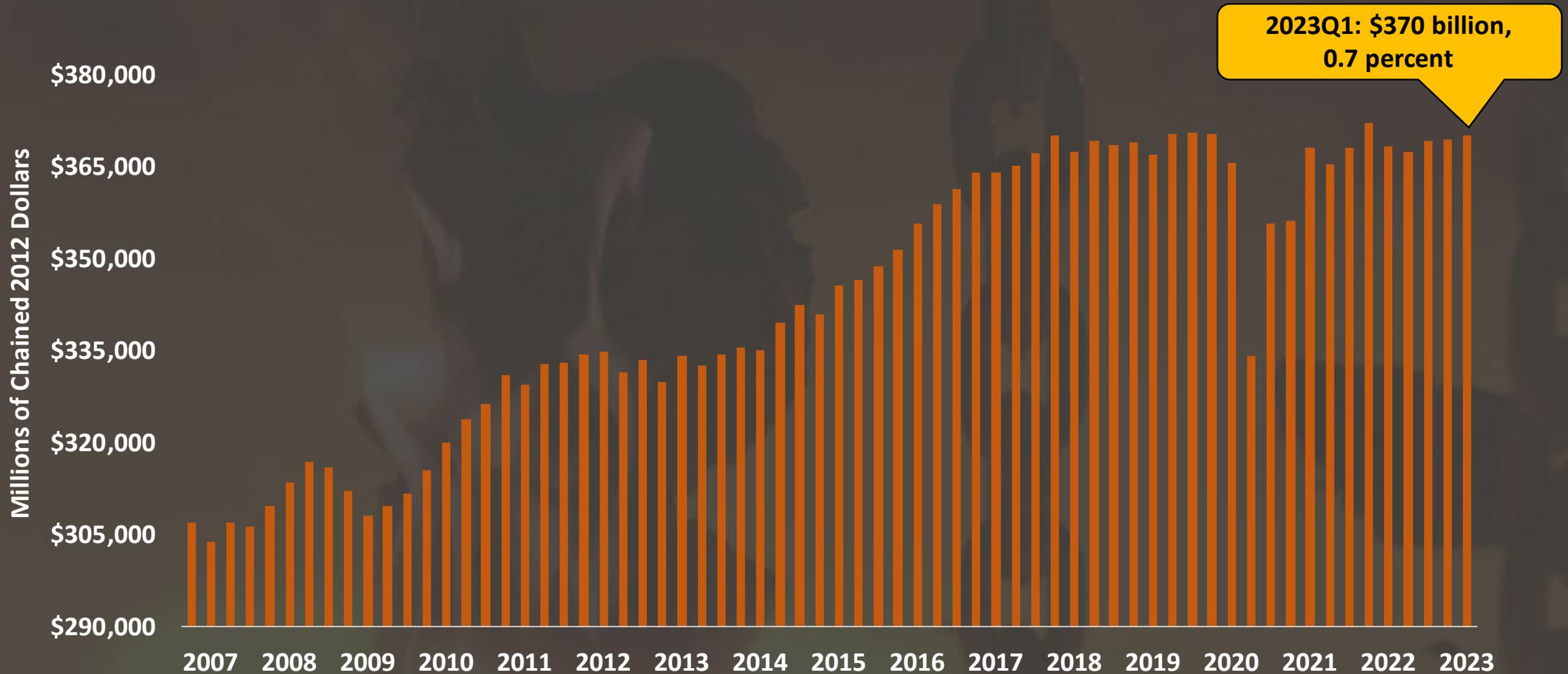
Headwinds

- Continuing War in Ukraine
- Terrorist Attack/Expanding regional conflict Mideast
- Slowing of World Economy
- Rising Interest Rates
- Inflation
- Volatility in Energy Markets
- Banking system
- Divided Congress
- Supply Chain Challenges
- Climate Change impacts-more frequent, more severe

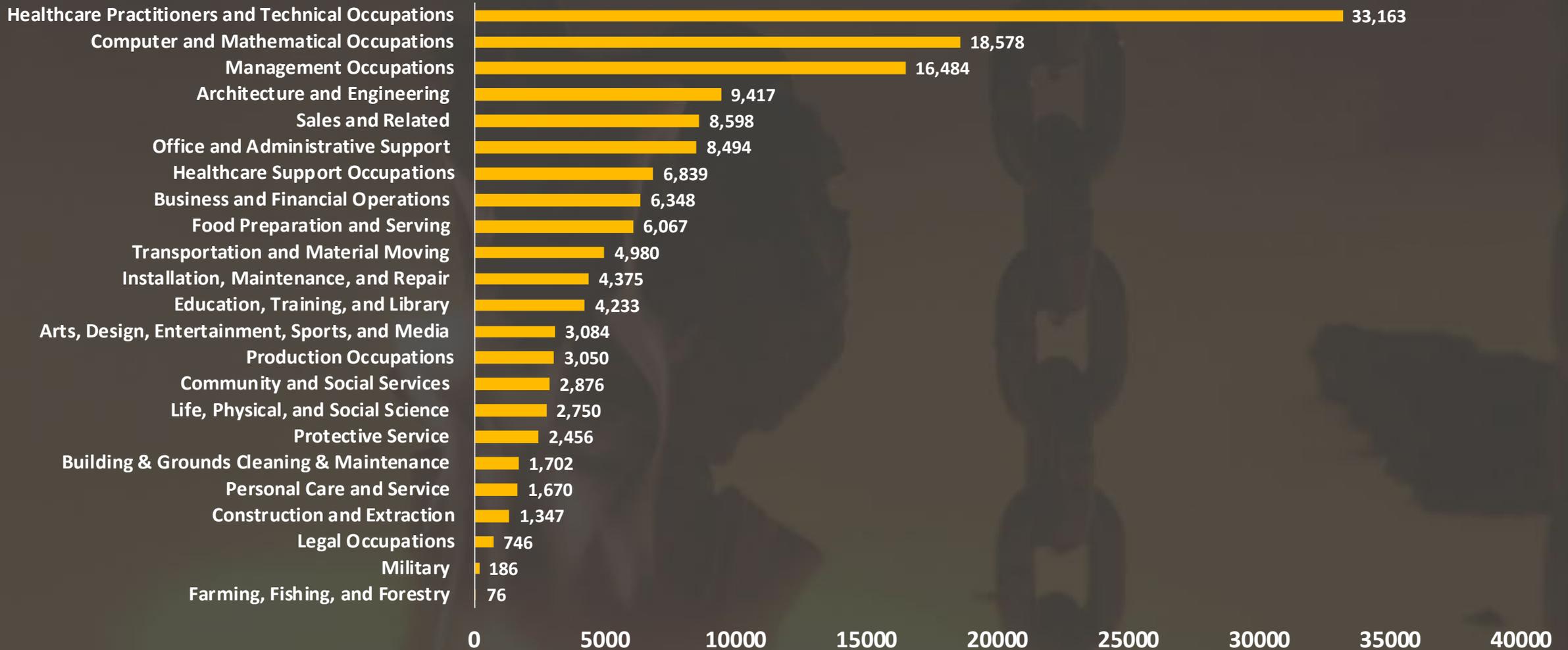
Tailwinds

- Strong Labor Markets
- Softening Home Prices

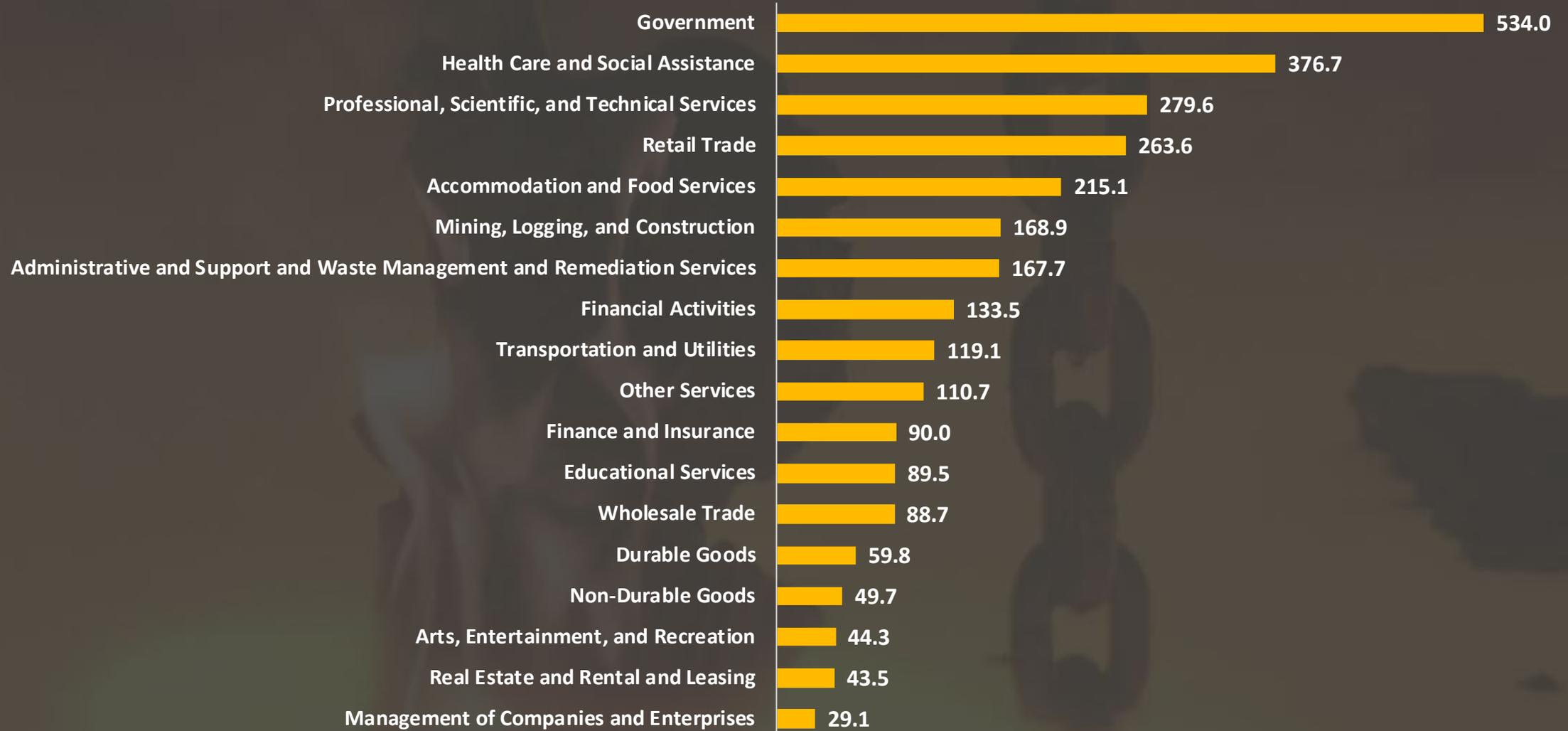
Maryland GDP Grew Slightly in 2023 Q1



Healthcare, Computer, and Management Occupations Dominate Openings in Maryland



Government and Healthcare Jobs Have the Largest Current Maryland Employment



Maryland's Economy

- Strong possibility of slowing down as world and national economies impact MD's economy
- Uncertainty around Federal budget
- MD Structural Deficit
- Population decline
- Affordability
- Banking
- Labor shortages continue to plague hospitality and eating establishments in addition to IT, health and transportation

Q&A

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