# Regional Forecast Update

## Population and employment growth to 2050

METROPOLITAN COUNCIL

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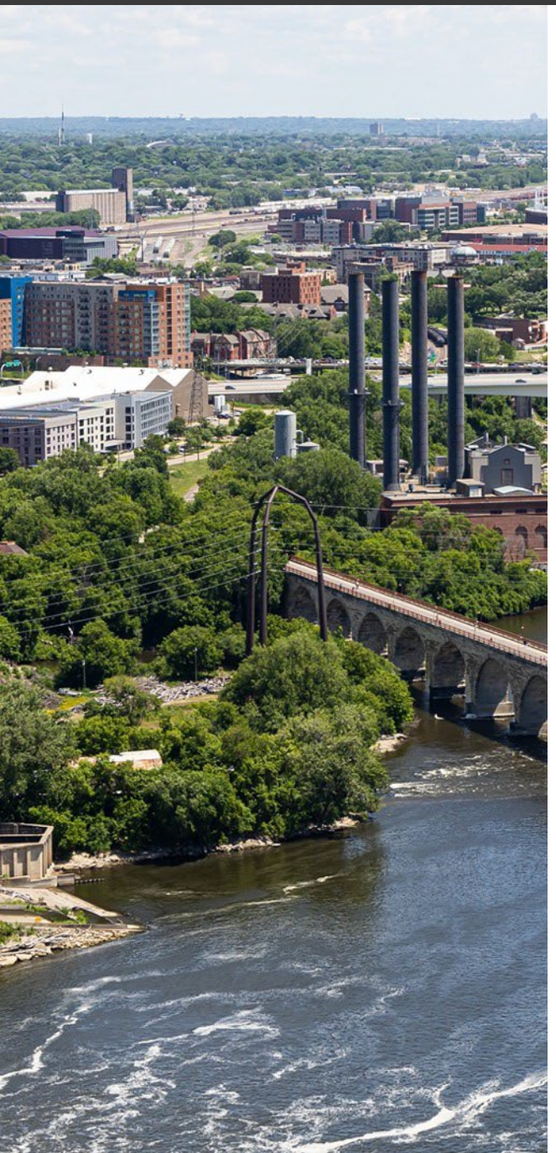
metrocouncil.org

# Today’s presentation



- Forecasts and the regional planning cycle
- Regional forecast update (2020 to 2050)
- Key demographic trends
- Why forecasts change
- Next steps: Local forecasts

# Forecasts and the planning cycle

## 30-year forecasts of population and employment

- Provide a shared foundation for coordinated regional and local planning, systems, and services
- Authorized by Minnesota Statutes 473.146 and 473.859
- Regional forecast, and a local forecast set
- Complete refresh of forecasts at start of regional planning cycle

# Regional and local forecasts

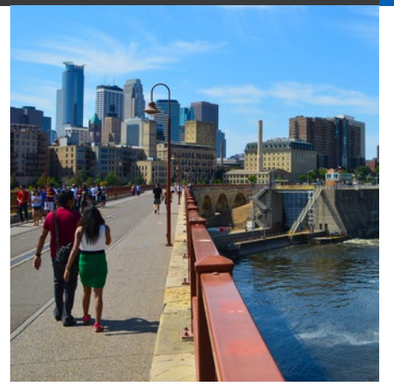
## Related but separate products

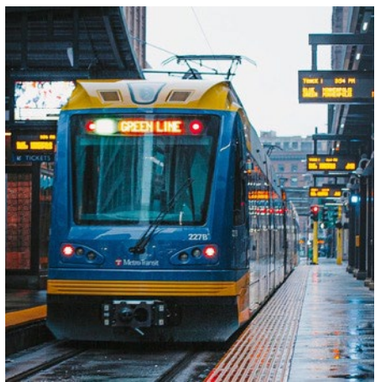
**Regional forecast**

- Updated every 2 years
- Tracks changes in the nation-level economy and regional situation
- 2023 update provides regional totals to be used in the local forecast set

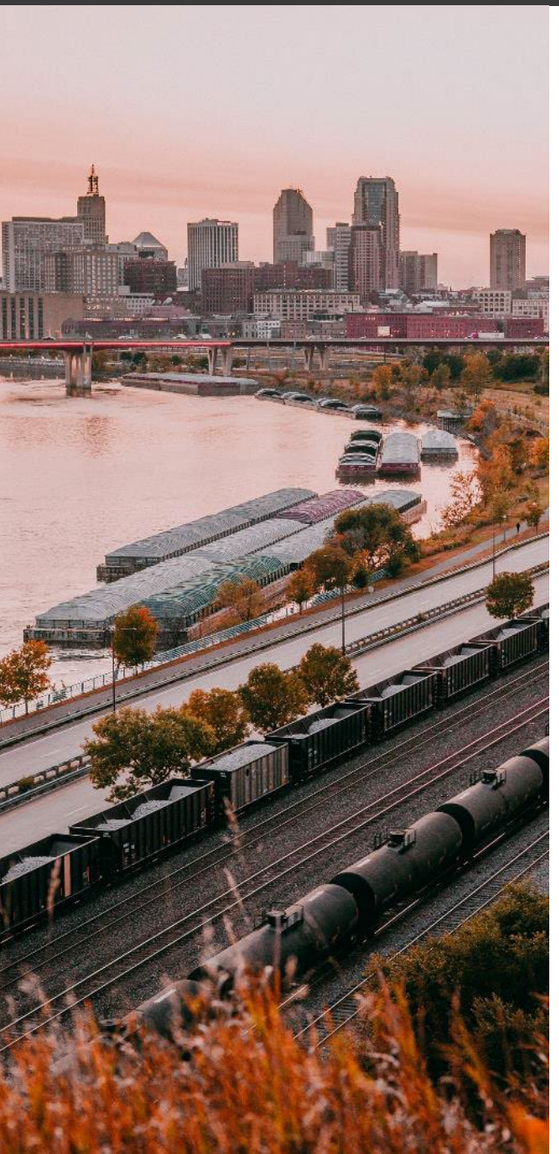
**Local forecast set**

- Major update every 10 years, with the regional development guide
- Regional totals are allocated to specific places
- Maintained over time: Local forecasts can be adjusted when needed
  - For example, reflecting local plan changes





# How we develop the regional forecast



## REMI-PI, an integrated regional economic and demographic model

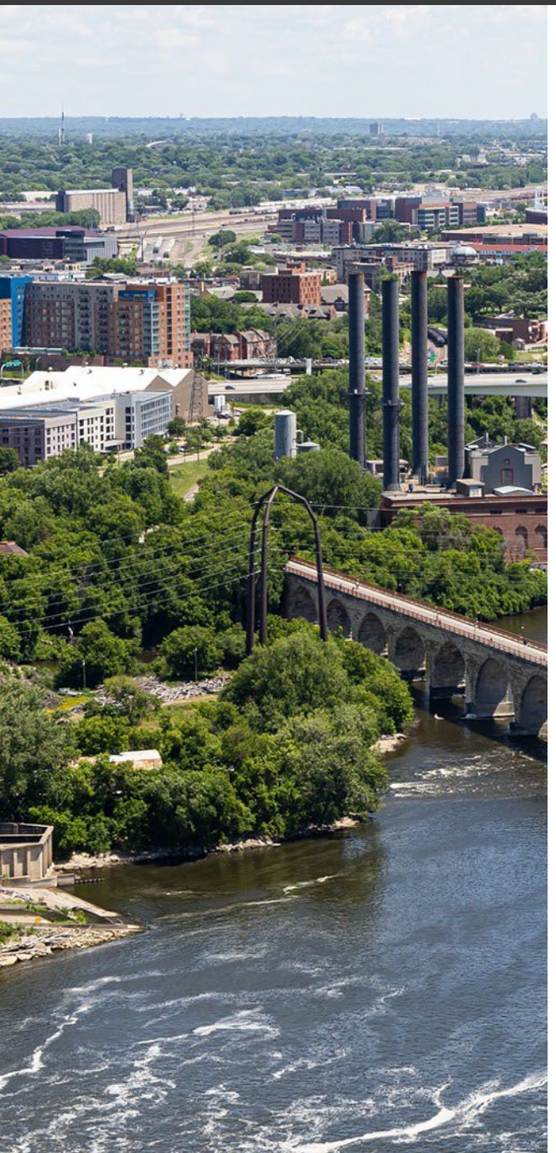
- Computable general equilibrium solutions that project forward economic activity, employment, population
- Key relationships
  - REMI-PI understands MSP metro as situated inside the national economy
  - Explicit relationships between jobs, workforce and population migration – and therefore consistent forecast results
- The results are regional totals, regional averages

# Updated regional forecast to 2050

| | 2010 | 2020 | 2022 | 2030 | 2040 | 2050 |
|---|---|---|---|---|---|---|
| Employment (BLS) | 1,541,000 | 1,581,000 | 1,732,000 | *1,802,000* | *1,895,000* | *2,074,000* |
| Share of US GDP | 1.17% | 1.14% | *1.15%* | *1.17%* | *1.20%* | *1.29%* |
| Population | 2,850,000 | 3,163,000 | *3,190,000* | *3,364,000* | *3,555,000* | *3,820,000* |
| Population Growth | 207,000 | 313,000 | — | *201,000* | *191,000* | *265,000* |

*Source: U.S. Census Bureau, Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA); italicized text are Metropolitan Council's regional forecast (2023).*

# Highlighting main demographic trends

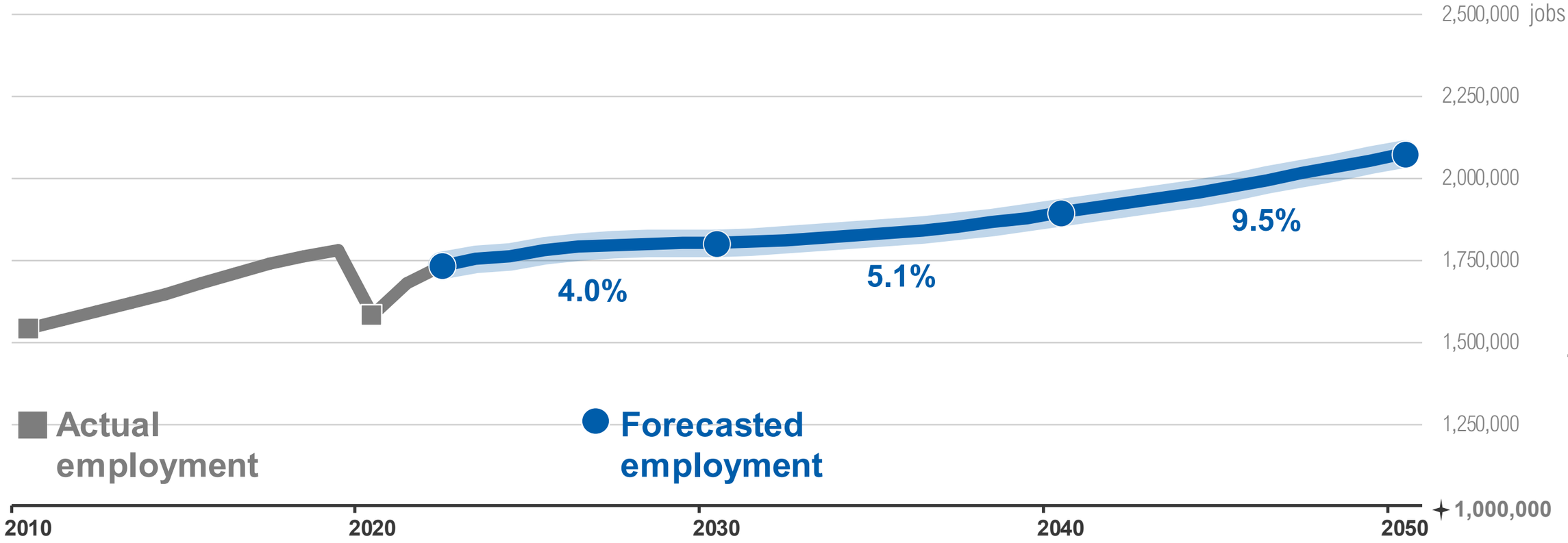


## Each will drive change in activity patterns, housing demand, and workforce development

- After the current recovery, an economic slowdown forced by workforce shortage
- Changing balance of natural growth and migration
- Growing racial and ethnic diversity
- Aging of the population

# Employment: Slower growth ahead

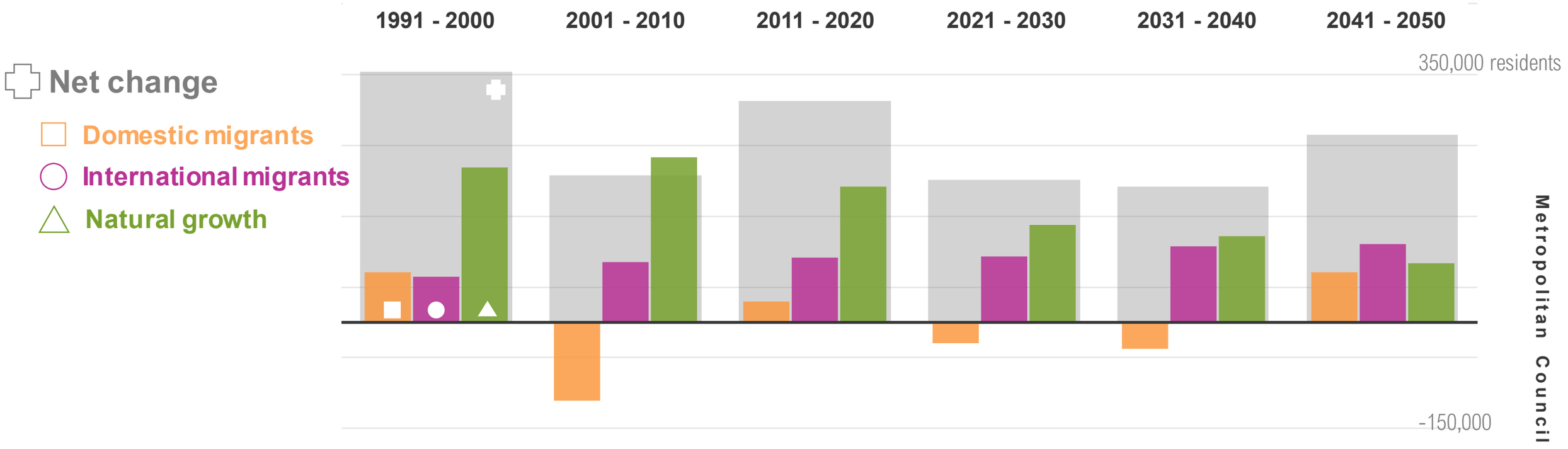
## +342,000 jobs by 2050, with largest gains forecasted in 2040s




*Source: 2010-2022 employment from Minnesota DEED; 2023-2050 from Metropolitan Council regional forecast (2023).*

# Components of population growth

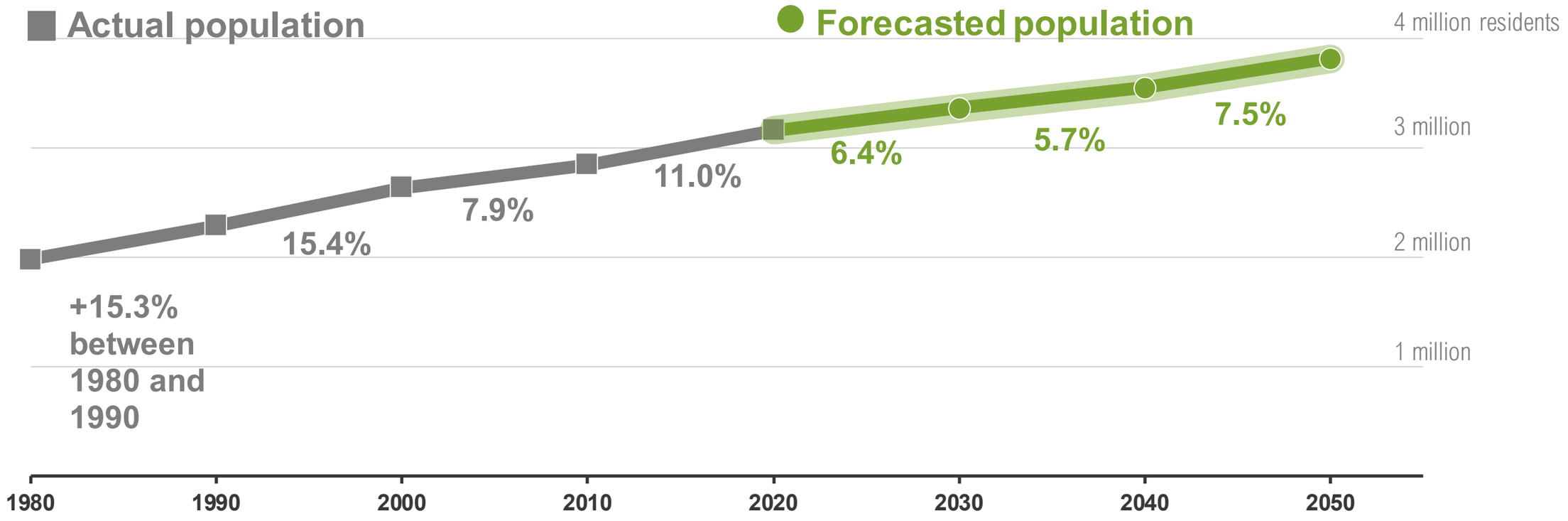
## Migration varies with employment growth, impacting net change




*Source: REMI.com and Metropolitan Council regional forecast (2023)*

# Steady population growth

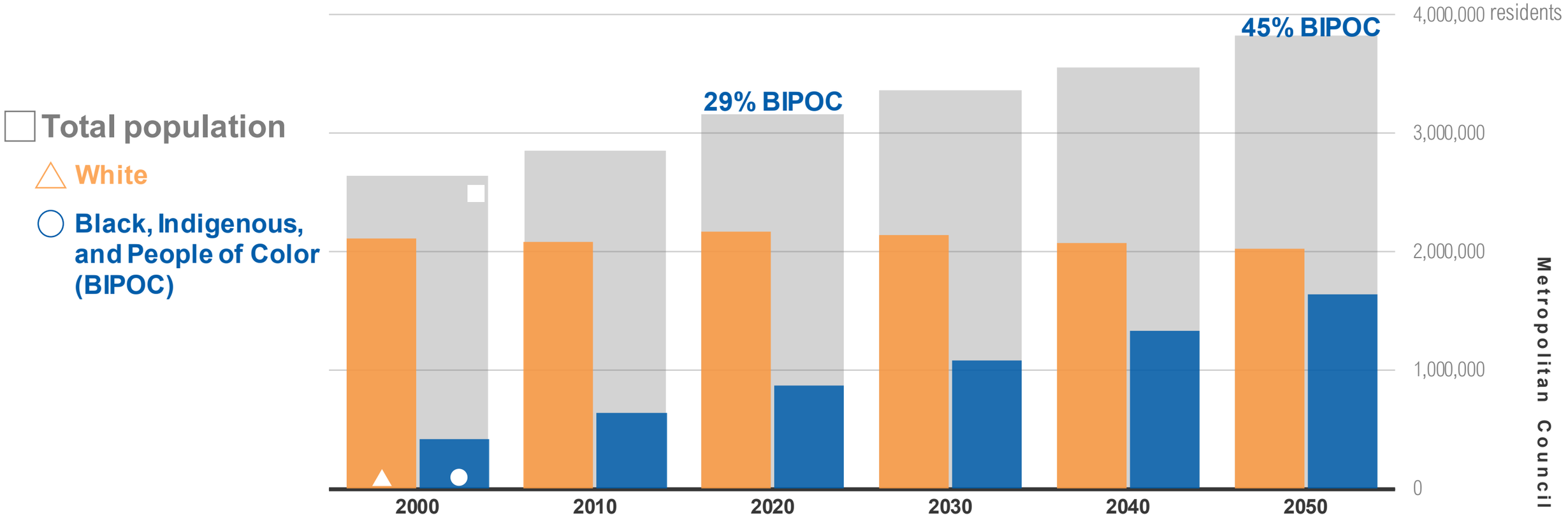
## Population growth: 3,820,000 in 2050




*Source: 1980-2020 population from Census Bureau; 2021-2050 from Metropolitan Council regional forecast (2023).*

# Growing racial and ethnic diversity

## Almost half (45%) of the region's total population is BIPOC in 2050

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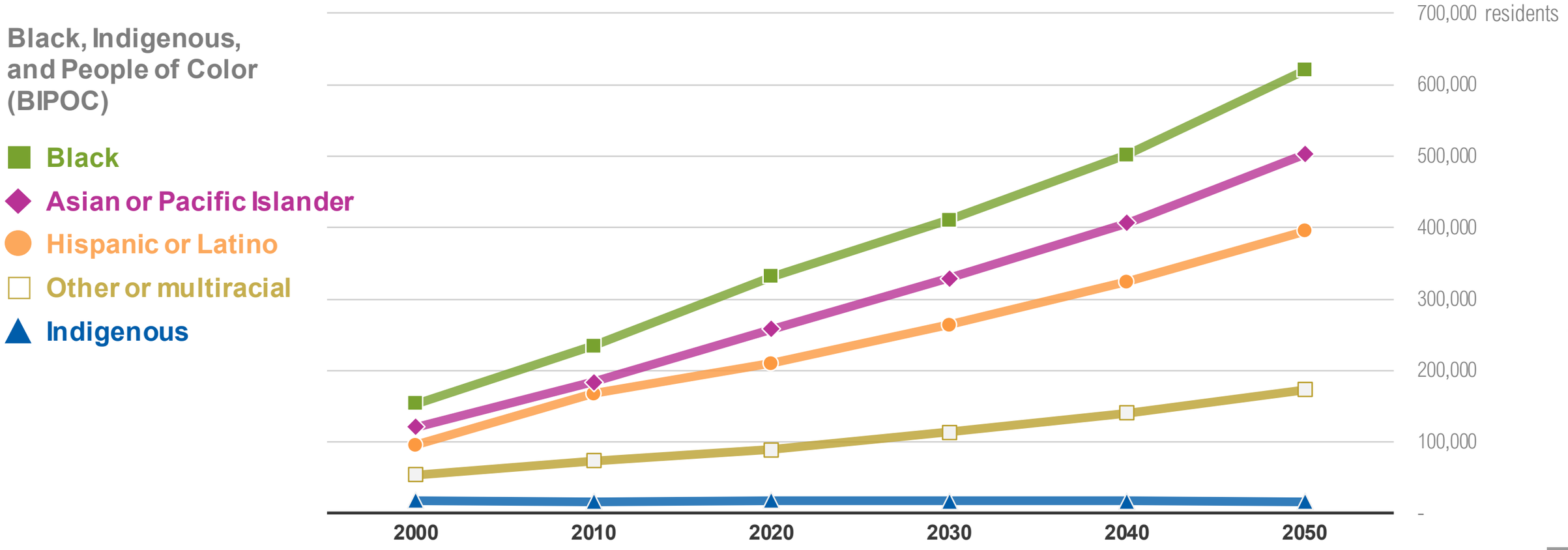


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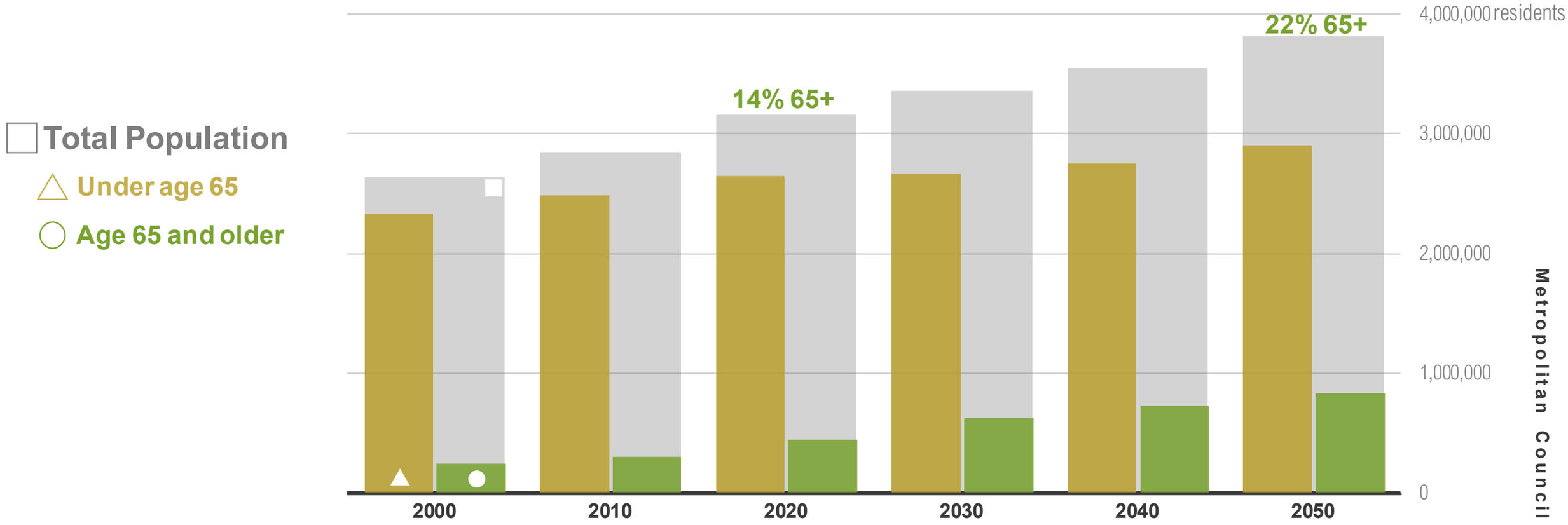
# Aging of the Population

## Share of population over age 65 nearly doubles in 2050

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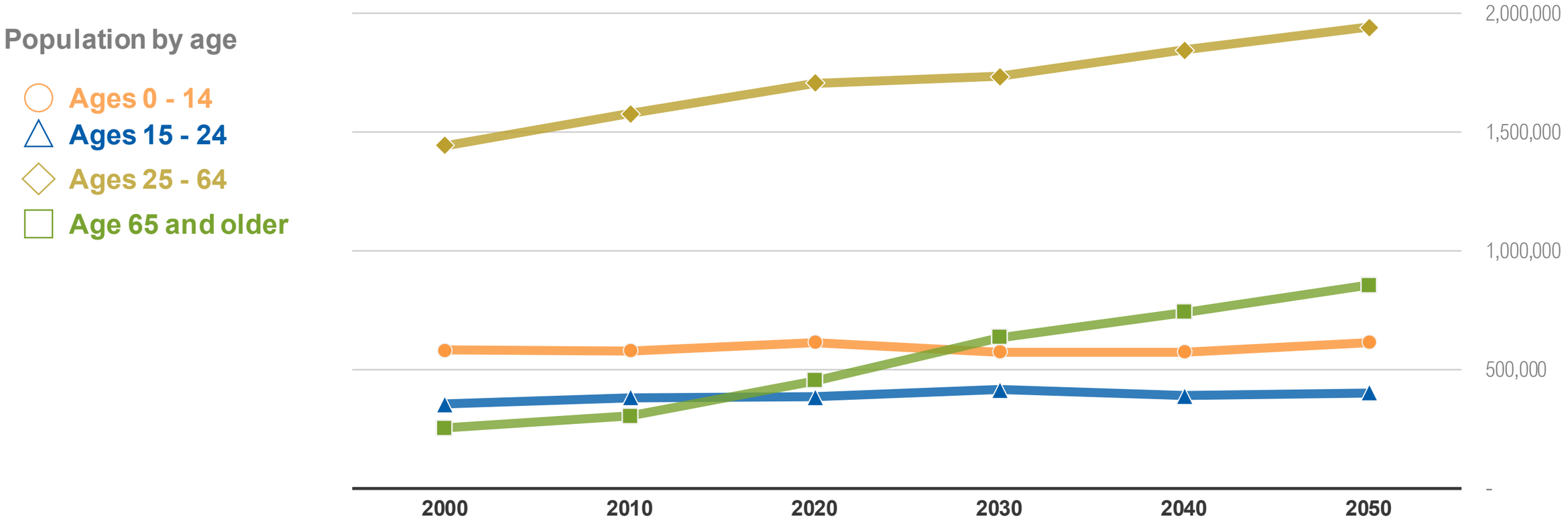


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# Why forecasts change

## Forecast results can “move” when we update every 2 years

- Some changes can be due to software programming, solution equations
- Or due to adjustment of assumptions
- Or… **it’s not the model, but the world we live in changes**

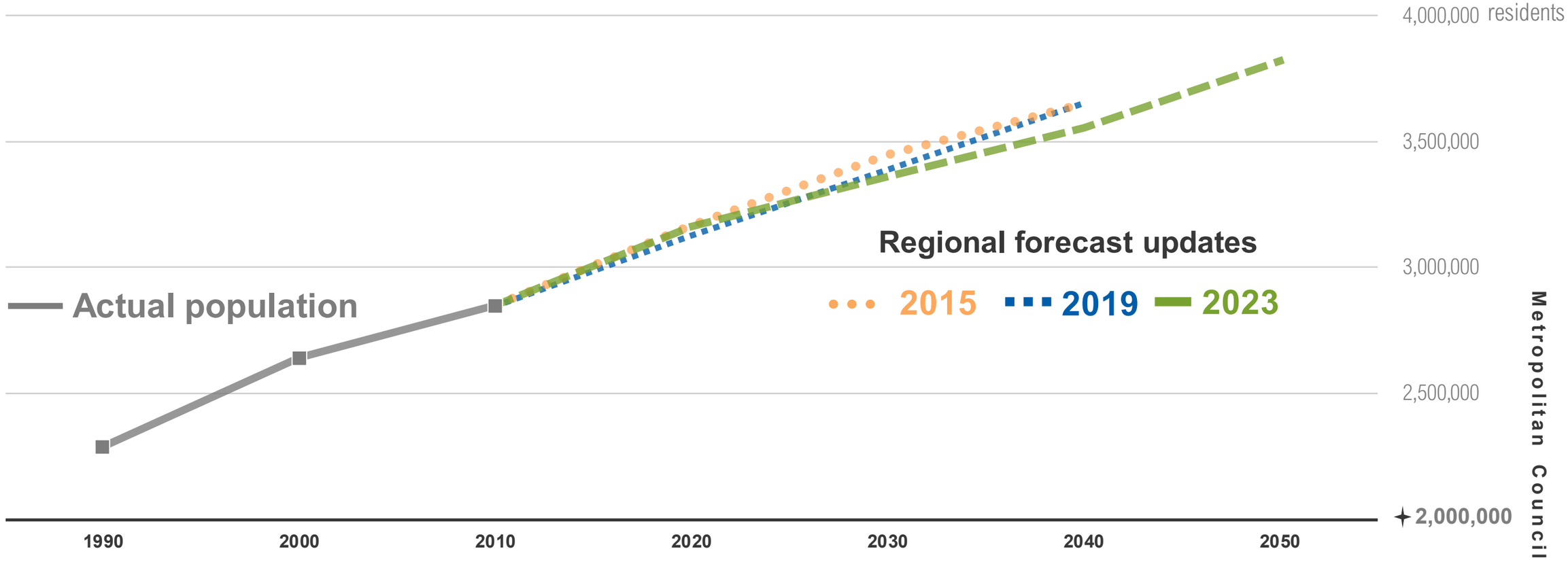
# Why forecasts change: 2023 update

## The world we live in changes

- Full effects of COVID-19 pandemic: elevated excess death rates
- Birth rates fell in 2020, and remain historically low
- Reshaped economic competitiveness – both MSP metro and competing metros
- Migration patterns

# Population grows, but slower

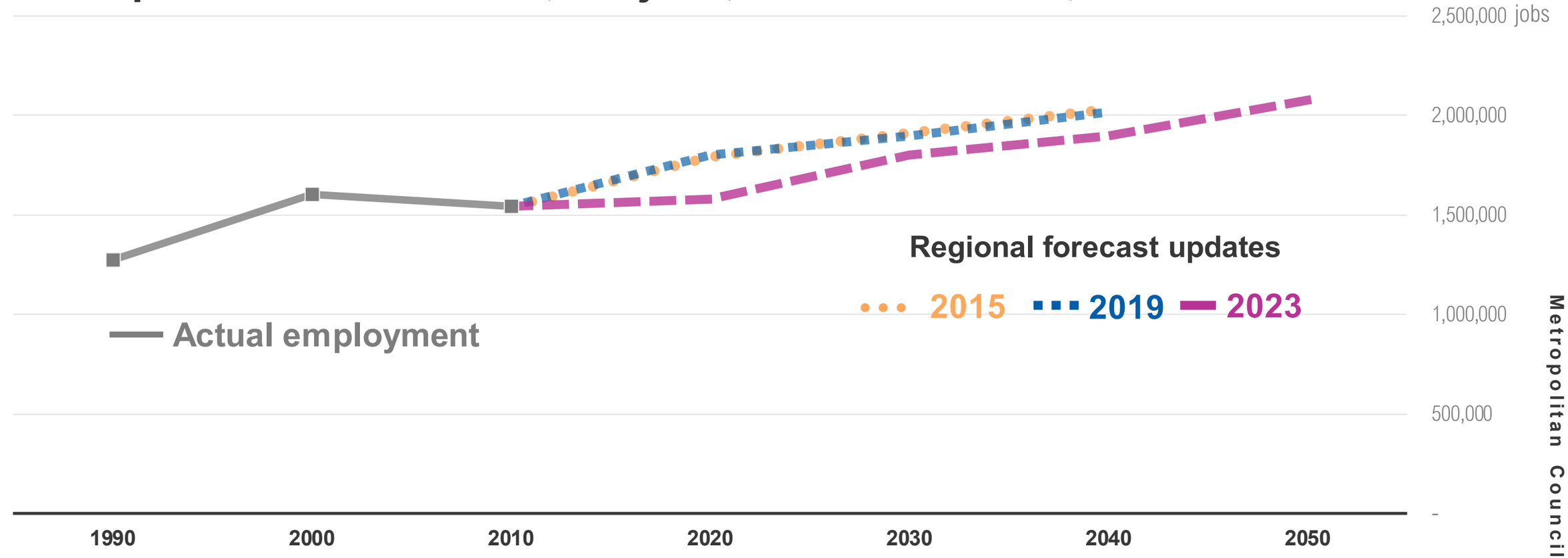
## 2023 update forecasts +705,000 people, down from +802,000 in 2015




*Source: 1990-2010 from U.S. Census Bureau; 2015, 2019, 2023 forecasts from Metropolitan Council.*

# Employment growth: trendline re-set

## 2023 update forecasts +354,000 jobs, down from +485,000 in 2015

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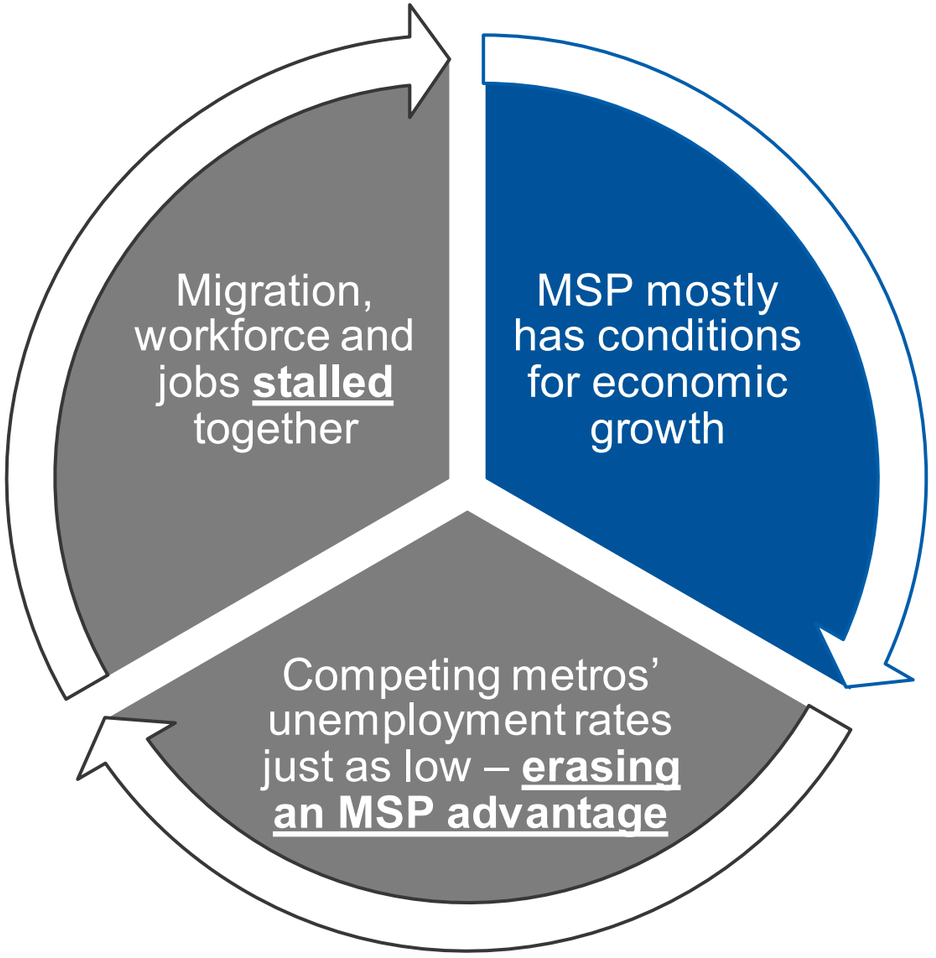
# Regional competitiveness and migration

## 2010 to 2019

## Since 2020



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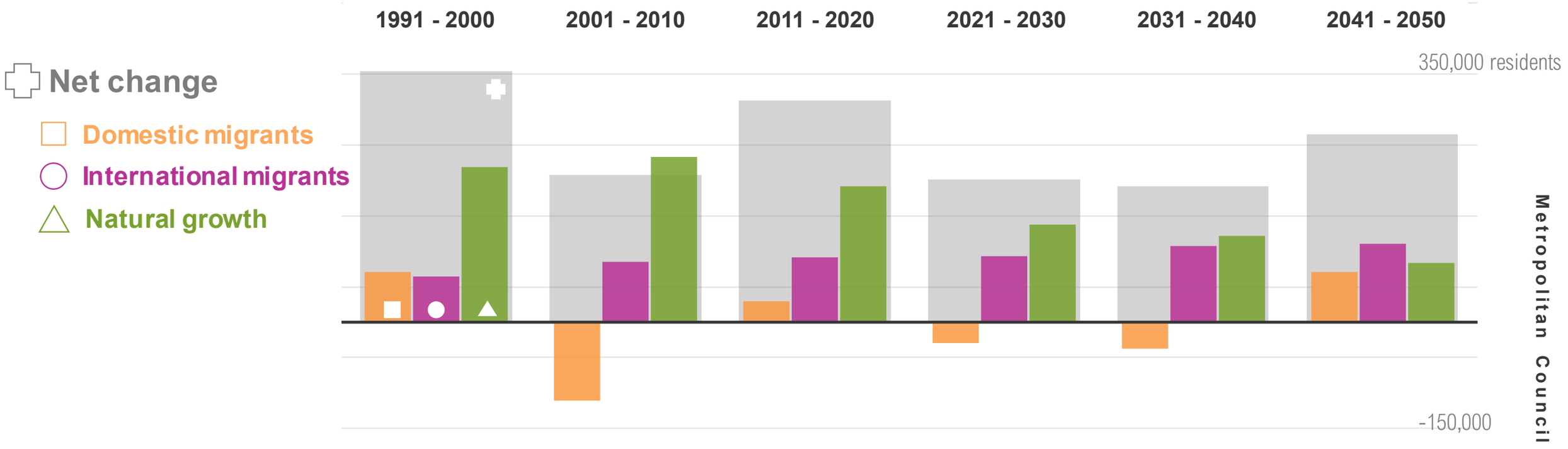
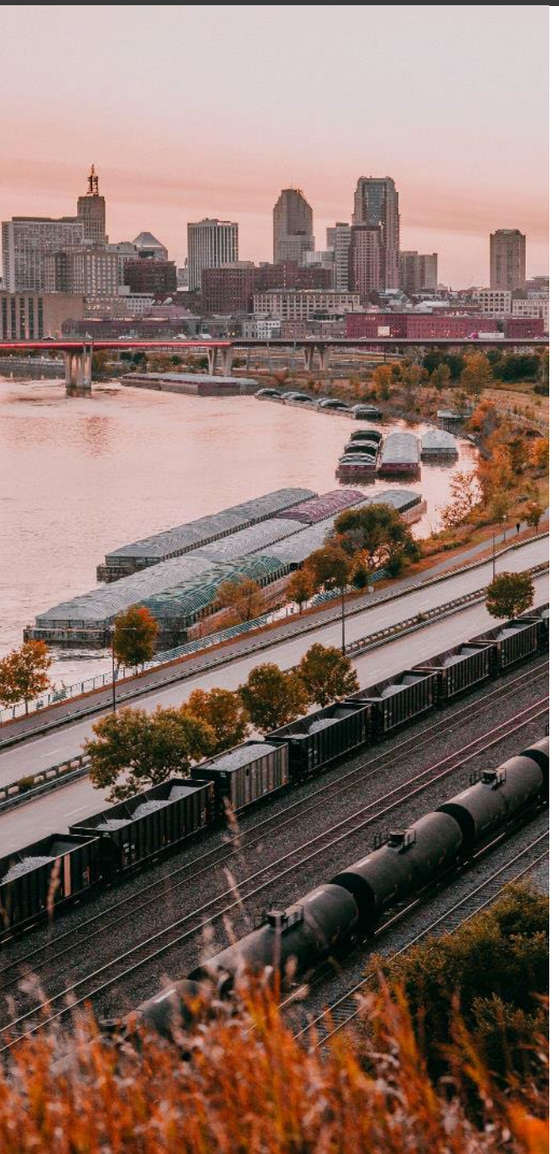



*Source: REMI.com and Metropolitan Council regional forecast (2023)*

# Local forecast set is work-in-progress

- Last complete update of local forecasts was in 2014
- Upcoming update of local forecasts, in 2023-24, part of the regional development guide
- The regional forecast provides totals for the forthcoming local forecasts
- The local forecast set answers: **Where will the metro's next 657,000 residents live?**

# Forecasts follow planning cycle



**2022-23**
Implement, test model, then refresh data inputs

Improvements:
- Better performing software
- Greater spatial detail in results

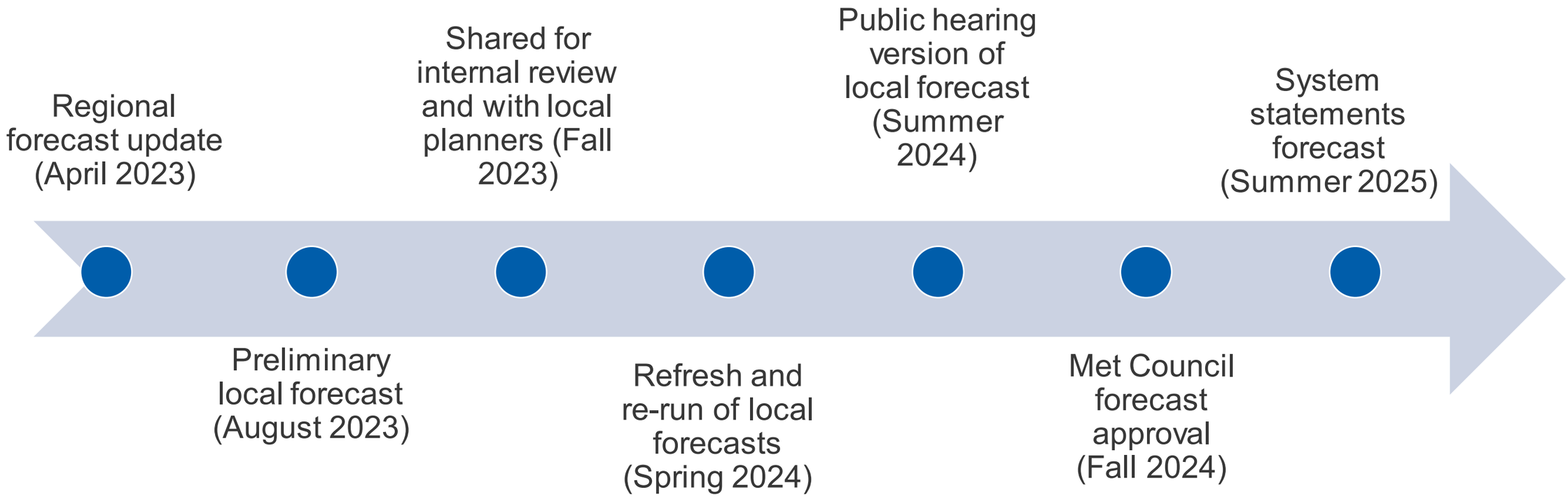
**2023-24**
Propose forecast set, discussion, more data review

**2025**
Final updates for System Statements

**Ongoing**
One-city-at-a-time adjustments with Plan Updates, Amendments

**2025-30**
We prepare zone-level forecast allocations, cities validate

# Forecast timeline



## For more information

- Visit metrocouncil.org/forecasts.
  - Forecasts Methodology report
  - Regional Forecast time-series data (excel)

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