

# Regional Community and Economic Perspectives Snapshot

## OCTOBER 2024

Our Regional Community and Economic Perspectives network is comprised of community and business leaders from across the Twelfth District. Through regular discussions, they provide us with valuable real-time information about local economic conditions. This snapshot summarizes what we heard during the third quarter of 2024.

### COMMUNITY DEVELOPMENT PERSPECTIVES

We engage with representatives of community organizations to better understand the lived economic experience of low- and moderate-income (LMI) households.

#### WHAT WE HEARD IN LATE SUMMER AND FALL 2024:



##### **Jobs Outlook**

Contacts reported that the outlook for employment remained consistent from the prior months: the labor market is relatively healthy and jobs are available. However, they also noted that many of the available jobs do not pay living wages or do not provide the flexibility that workers are seeking. As in the previous months, there is a continued mismatch between low wages and high living costs with transportation and childcare costs being especially burdensome.



##### **Cost of Living**

The fragile state of finances in low-income households continues. Our contacts reported that more and more families are taking on increasing debt to get by. They also pointed to a growth in predatory loan products being marketed in these communities. A number of households report doubling or tripling up to survive, and family members are increasingly taking up new side hustles to make ends meet.



##### **Small Business Conditions**

Contacts saw a mixed outlook for small businesses. Sales and revenue for many small businesses are holding steady, but margins are declining because of higher input costs and the inability to pass costs through. Access to traditional debt remains a challenge as lending standards are tight and borrowing costs elevated. Those businesses with a less robust foundation are struggling to a greater extent.

## REGIONAL BUSINESS PERSPECTIVES

From the business leaders in our network, we learn about what economic challenges and opportunities their companies face.

### WHAT BUSINESS LEADERS TOLD US ABOUT LATE SUMMER AND FALL 2024:



#### Consumer Demand

Continuing the trend that emerged at the start of the year, contacts reported demand remained flat or was slightly down. Most businesses expected the uncertainty to remain high through 2024. Consequently, they were holding off on major plans or investments until 2025. Counter to this trend, there were some areas, especially for higher end goods and services, where demand was strong.



#### Labor Market and Productivity

Many of our contacts reported the labor market has returned to a more normal state. Across most type of positions, it is easier to find employees and turnover has decreased. Some positions, especially skilled ones, are still difficult to fill. Companies also continue to adapt to earlier wage increases. Looking ahead to the rest of the year, businesses are forecasting an increase in productivity driven, in part, by new technological advances such as generative AI.



#### Input Costs and Prices

Contacts reported input costs have stabilized and, in some cases (e.g. lumber) even declined. Consumers have become more price conscious, and this has made it more difficult for companies to pass costs through. Some of our contacts reported lowering prices to try and improve demand.



**“ We believe it’s important to hear the experiences of all communities, including those facing barriers to economic participation. These insights help us make better decisions and better policy to create an economy that works for all Americans. ”**

– Mary C. Daly, President and CEO