

LONG-TERM ECONOMIC FUNDAMENTALS FOR THE UNITED STATES & LOCAL COMMUNITIES

Considerations for Strategic and Community Planning

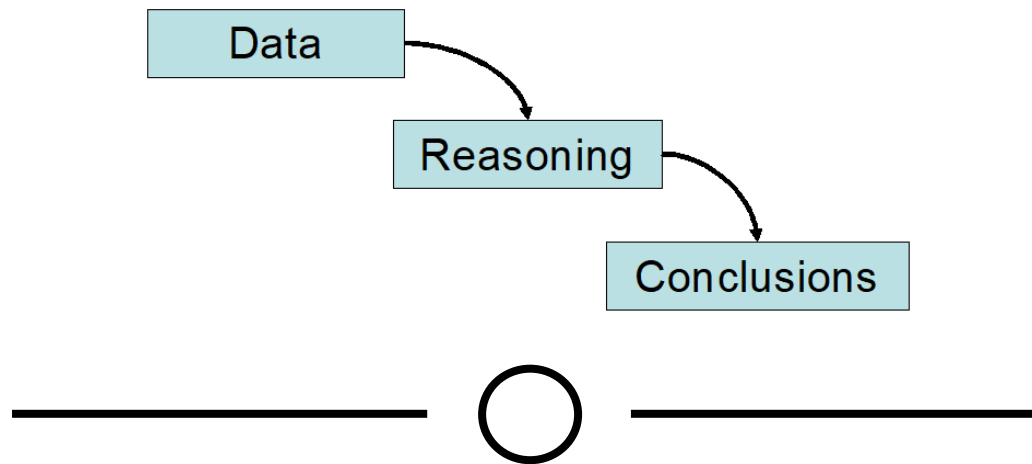
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*Peering into the future before
it becomes present*

Operating at the intersection of commerce and community, we provide applied research and rigorous analysis to facilitate objective support for sound decision making, planning and monitoring.



[Summit Economics](#), LLC provides research and consulting services in applied socio-economics, public policy, market research, economic and fiscal impact analysis, public-private incentives, sustainable development and adaptation, real estate research, urban economics, and strategy planning. Our most frequent engagements support decision-making, quantify visioning and planning, develop performance metrics, or assist with risk management.

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Above average inflation due to:

- **Supply drag**
 - Reshoring supply chains
 - Labor shortages
 - Services capacity
- **Fed has slowed demand**
 - High interest rates have stymied pressure on inflation and asset values
- **Government**
 - Laws and Regulations
 - Sanctions & Tariffs
 - Helicopter Money and continued high federal deficits

Employment

- Labor force participation
 - Boomers down 2 million
 - Immigration barriers
 - Criminal justice
- Great resignation
 - Asset prices
 - Age & lifecycle
 - Improved healthcare access
- Great reprioritization
 - Retraining & education
 - Family and health
 - Emergence of AI
- Drugs, alcohol & addiction

Higher interest rates are the norm

The Great Disequilibrium through 2035

- Generational shifts and aging populations in more developed world, younger in less developed world
 - Intergenerational wealth transfer
 - Post peak earning/productivity (Boomers) growing earnings/productivity (all others)
- Growing societal and workplace diversity
- Technology
 - Information (AI, autonomous, big data, Cybersecurity)
 - Biotech (gene editing, new materials, microbiomes, MRNA, health monitoring, alt-proteins)
- Wellbeing
 - Housing cost
 - Infrastructure reliability & safety
 - Health (obesity, mental, viruses, drug & alcohol abuse, aging)
 - Safety in public settings
- Climate Change
 - Rising seas, extreme weather, biodiversity & ecosystem crises, increased average temperatures
 - Greater financial risks as markets transition and insurance reprices
- Global overpopulation
 - Water and food shortages
 - Mass migration pressures
- Escalating political-economic volatility
 - More manifest conflict
 - Higher interest and inflation norms
 - Cyber and space warfare
- Global Trade
 - China sentiment
 - Strategic metals, manufacturing, and information systems
 - Cyber crime



Bottom Line

Long-Term (3-7 years)

- Good momentum due to technology, need for public investment, millennial generation, reassessment of defense strategies
- Potential stagnation due to high federal debt service, transfers reduction and higher taxes
- Continued inflation (2.5%-3.5%) due to persistent labor shortages, healthcare costs, decreased global trade, housing demand vs supply
- Possible asset price stagnation

Short-Term (0-2 years)

- Low likelihood of recession
- Greater volatility largely due to political risks at home and globally
- Inflation setting in at 3%
- Labor force participation increasing 0.5%,
- Housing and asset prices leveling
- Continued low unemployment

Heightened disequilibria increases turbulence and conflict due to challenges and potential collaboration due to opportunities for the astute with investment capacity



Challenges at the Community Level

- Workforce Availability
 - Right skills, work ethic
 - Certificate programs
 - Hybrid & remote working
 - Location Neutral jobs and businesses
 - New approaches to staffing – there's an app for that
 - Lack of key trades to replace retirees
 - Lack of public transport and affordable childcare
 - Addictions, stressors, reliability
- Inflation slowing
- Stress on healthcare systems & services
- Crime and public paranoia
- Broadband redefines time & space, expenditure patterns, delivery modes, connectivity
- Housing shortage
 - Demographic and institutional demand (2nd homes, young household formation, retirees staying put)
 - Lot shortage (land use regulations, water & utility availability, land supply and cost)
 - Building codes and construction defects litigation
 - Exclusionary zoning prohibiting higher densities
 - Organizations developing their own workforce housing
 - STRs removing residential supply
 - Van lifestyles & homelessness
- Sustainability
- Diversity, equity, inclusion



FOCUS ON VALUE CREATION & MIDDLE GROUNDS TO RIDE THE TURBULENCE

For additional articles on the current environment see:

- [Challenges Ahead: Economic Concerns and Inflation Spell Trouble for 2024 Elections - ColoradoBiz Magazine \(cobizmag.com\)](#)
- [The Economics of Housing Inflation in Colorado: Exploring the Supply and Demand Imbalance - ColoradoBiz Magazine \(cobizmag.com\)](#)

For western state forecasts see: [Western Blue Chip Current State Forecasts | Seidman Research Institute \(seidmaninstitute.com\)](#)

For the federal budget and economic outlook from the non-partisan Congressional Budget Office see: [Testimony on The Budget and Economic Outlook: 2024 to 2034 | Congressional Budget Office \(cbo.gov\)](#)



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