

# Housing and Economic Recovery

Regional Economic Models, Inc.

*Zachary Schofield, Associate I*

Introduction

The Current Housing Market

Why Economic Modeling?

Live Model Demo & Notable Results

Conclusion

Q&A

# About Us

---



We are the nation's leader in dynamic local, state and national policy modeling.

From the start, REMI has sought to improve public policy through economic modeling software that informs policies impacting our day-to-day lives.

We were founded in 1980 on a transformative idea: government decision-makers should test the economic effects of their policies before they're implemented.

At REMI, we're inspired by a single goal: *improving public policies.*



what does **REMI** say?<sup>sm</sup>

At REMI, we're inspired by a single goal: *improving public policies.*

Our models are built for any state, county, or combination of counties in the United States.

## Our Representative Clients

Our model users and consulting clients use REMI software solutions to perform rigorous economic analysis that critically influences policy.



what does **REMI** say? <sup>sm</sup>

# The REMI Model: Our Approach & Applications



## Our Approach

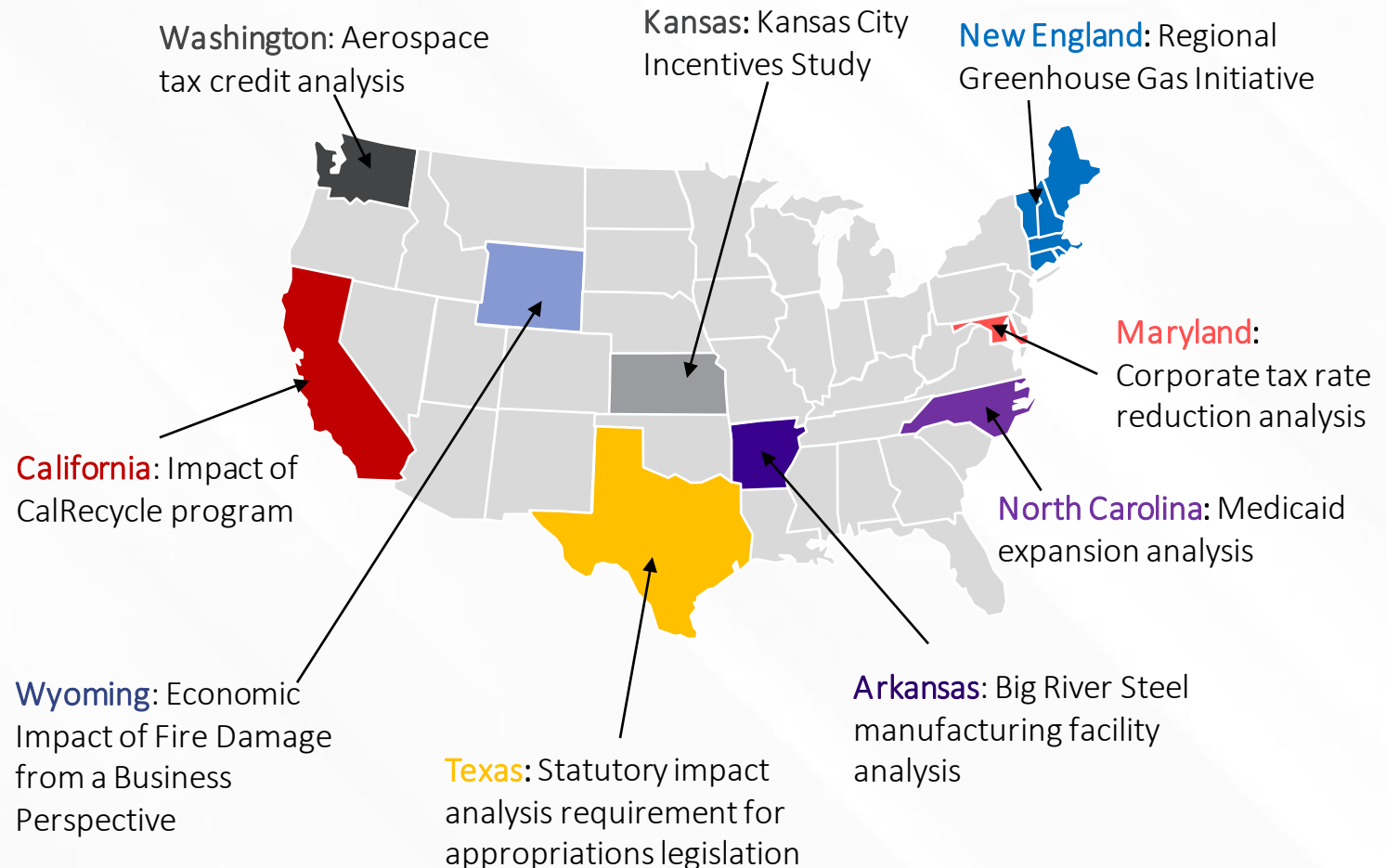
You need a *software solution* that can clarify, calculate and communicate a *quantitative narrative* to policy makers and the general public about policies for your economy.

## Rigorous Economic Analysis

- Since 1980
- Peer Reviewed
- Multiple Reputable Data Sources
- Public Equations

## Guide Policy-making Process

- Formalize your decision-making process
- Get policy right
- Pass/Block legislation
- Modernize and advance your agency



what does **REMI** say? <sup>sm</sup>

# Agenda

---



Introduction

The Current Housing Market

Why Economic Modeling?

Live Model Demo & Notable Results

Conclusion

Q&A

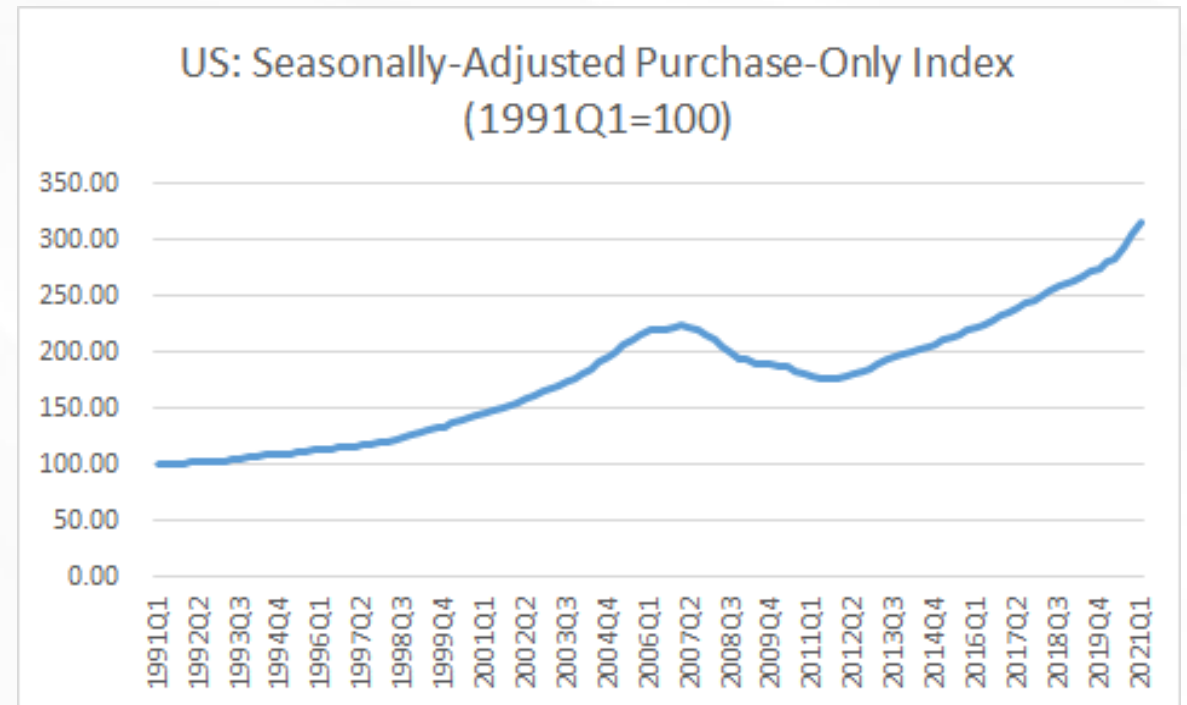
*what does **REMI** say?<sup>sm</sup>*

# USA: Short Term and Long Term

## Short Term

- March 2021: 13.3% Higher than year previous<sup>1</sup>
- April 2021: 14.6% Higher than year previous
- Average increase from Jan 2012 to Jan 2020: 6%

## Long Term



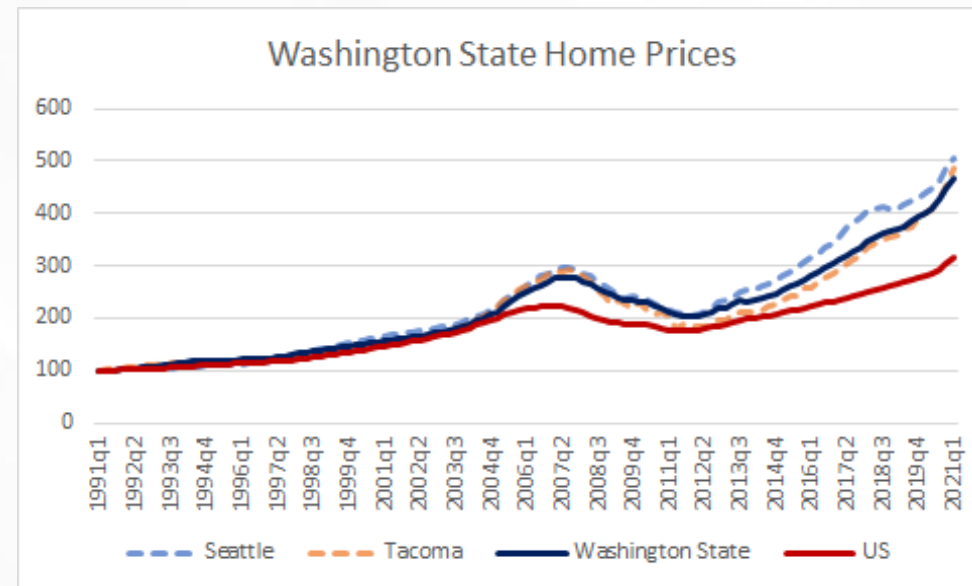
# Washington State: Short Term and Long Term



## Short Term

- Seattle/Tacoma Counties 2020-2021: 23% Growth<sup>2</sup>
- Moderate Growth Counties<sup>3</sup> 2020-2021: 15% Growth

## Long Term





# Agenda

---



Introduction

The Current Housing Market

Why Economic Modeling?

Live Model Demo & Notable Results

Conclusion

Q&A

# Why Economic Modeling?

Answer "*what if...?*" questions about your economy

## Economic Concerns

- Will rising housing prices drag the economy?
- Will some industries be harder hit than others?
- How will this interact with the COVID recovery?
- Could this have a recessionary effect?

## Labor Force Concerns

- Will rising housing prices drag the labor force?
- Will cities retain high demand for jobs?
- Will the flexibility of remote work reduce pressure on housing?
- How will minorities be impacted?
- How Will Rural Communities be impacted?

# Agenda

---



Introduction

The Current Housing Market

Why Economic Modeling?

Live Model Demo & Notable Results

Conclusion

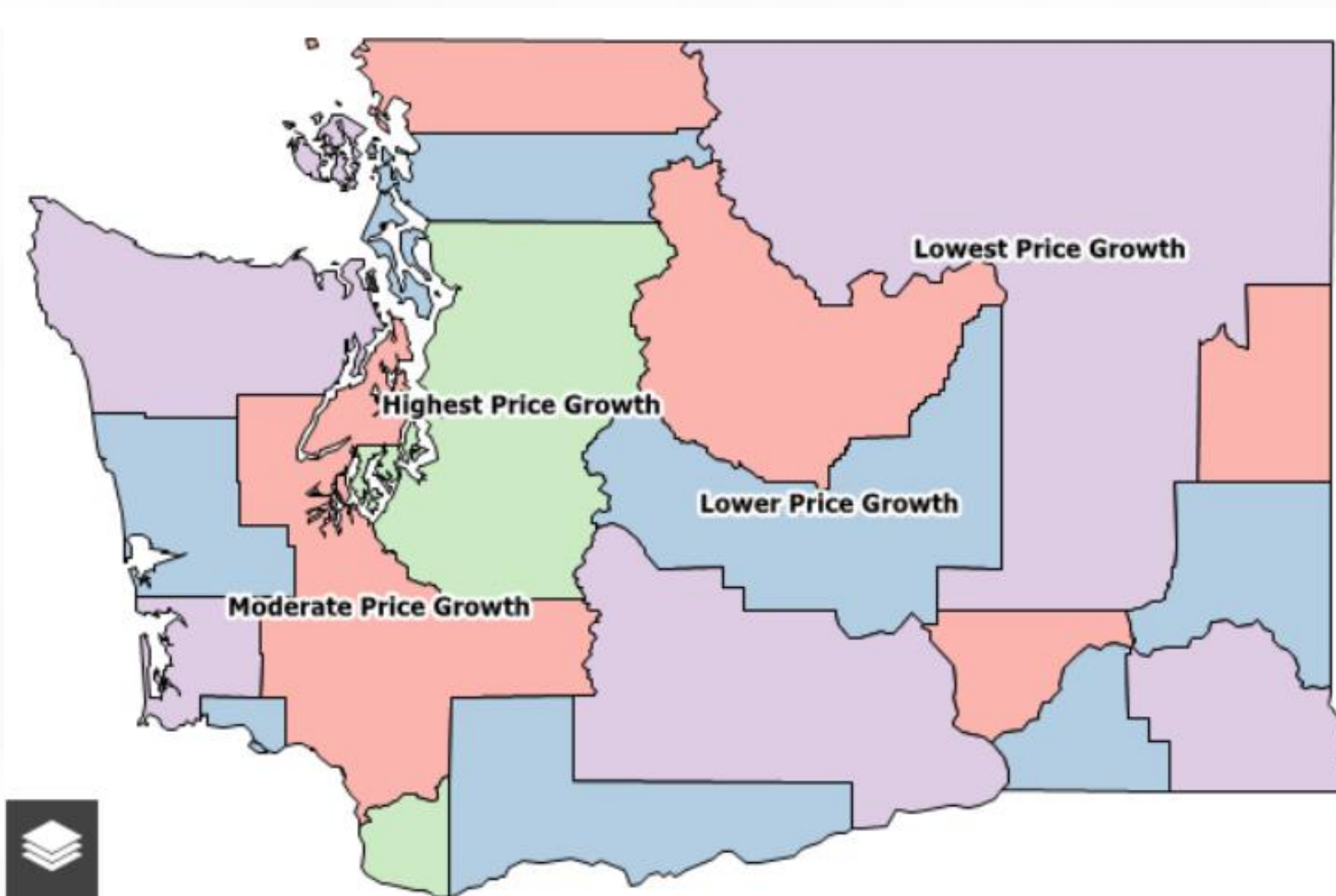
Q&A

# Washington Counties



Category	Criteria	Counties Included
Highest Growth	Ranked Top Four in both Percentage Growth and Level Growth from Jan 2012 to Jan 2021	Clark, King, Pierce, Snohomish
Moderate Growth	Ranked between 5 and 20 for both Percentage Growth and Level Growth	Franklin, Spokane, Cowlitz, Lewis, Chelan, Douglas, Mason, Kitsap, Thurston, Whatcom
Lower Growth	Ranked between 5 and 30 in at least one category – Percentage Growth or Level Growth	Grays Harbo, Whitman, Grant, Wahkiakum, Skagit, Klickitat, Shamina, Walla Walla, Kittitas, Island
Lowest Growth	Ranked between 30 and 39 in at least one category – Percentage Growth or Level Growth	Garfield, Adams, Lincoln, Pend Oreille, Asotin, Okanogan, Yakima, Stevens, Benton, Jefferson, Clallam, Pacific, San Juan, Ferry, Columbia

# Washington Counties



## Residential Real Estate Price

- Increased by 10% above baseline, tapers to 0% by 2040
- Increased in Clark, King, Pierce and Snohomish Counties

---

## Residential Real Estate Price

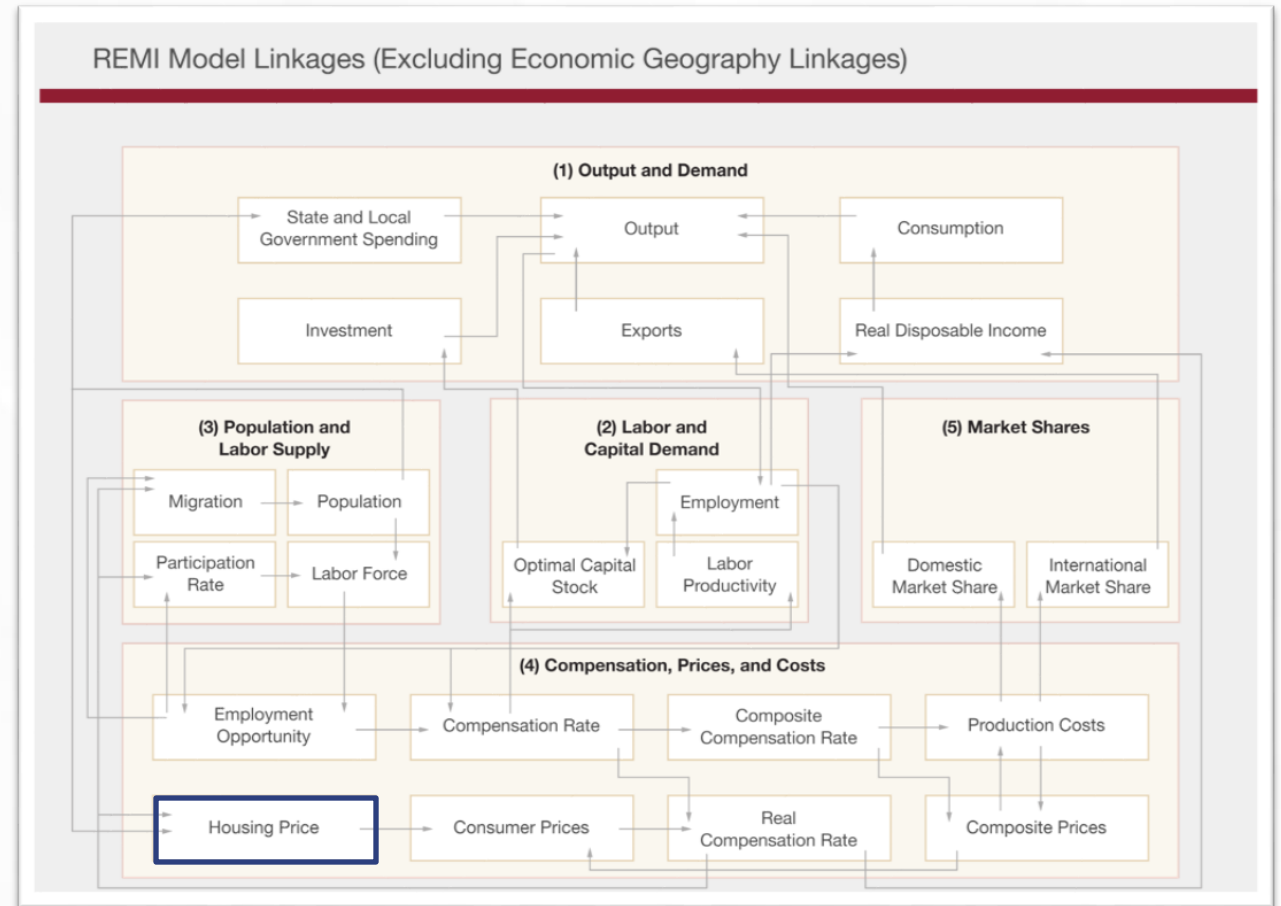
- Increased by 5% above baseline, tapers to 0% by 2040
  - Increased in Moderate Growth counties
-

# Model Simulation: REMI PI<sup>+</sup>



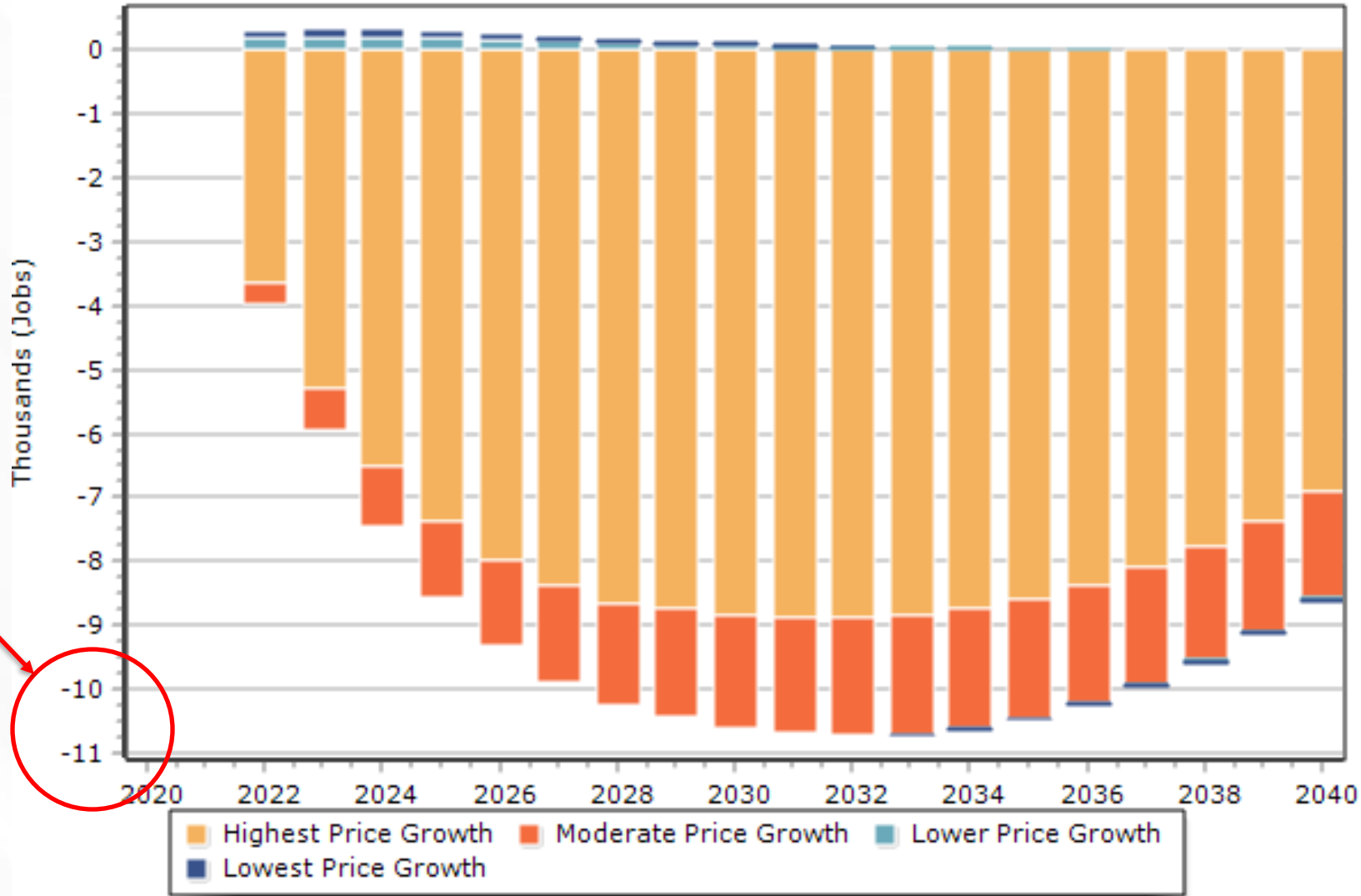
PI<sup>+</sup> is the premier software solution for conducting dynamic macroeconomic impact analysis of public policy.

As our flagship model, PI<sup>+</sup> specializes in generating realistic year-by-year estimates of the total local, state, and national effects of any specific policy initiative.



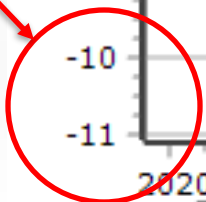
what does **REMI** say?<sup>sm</sup>

# Employment by Region



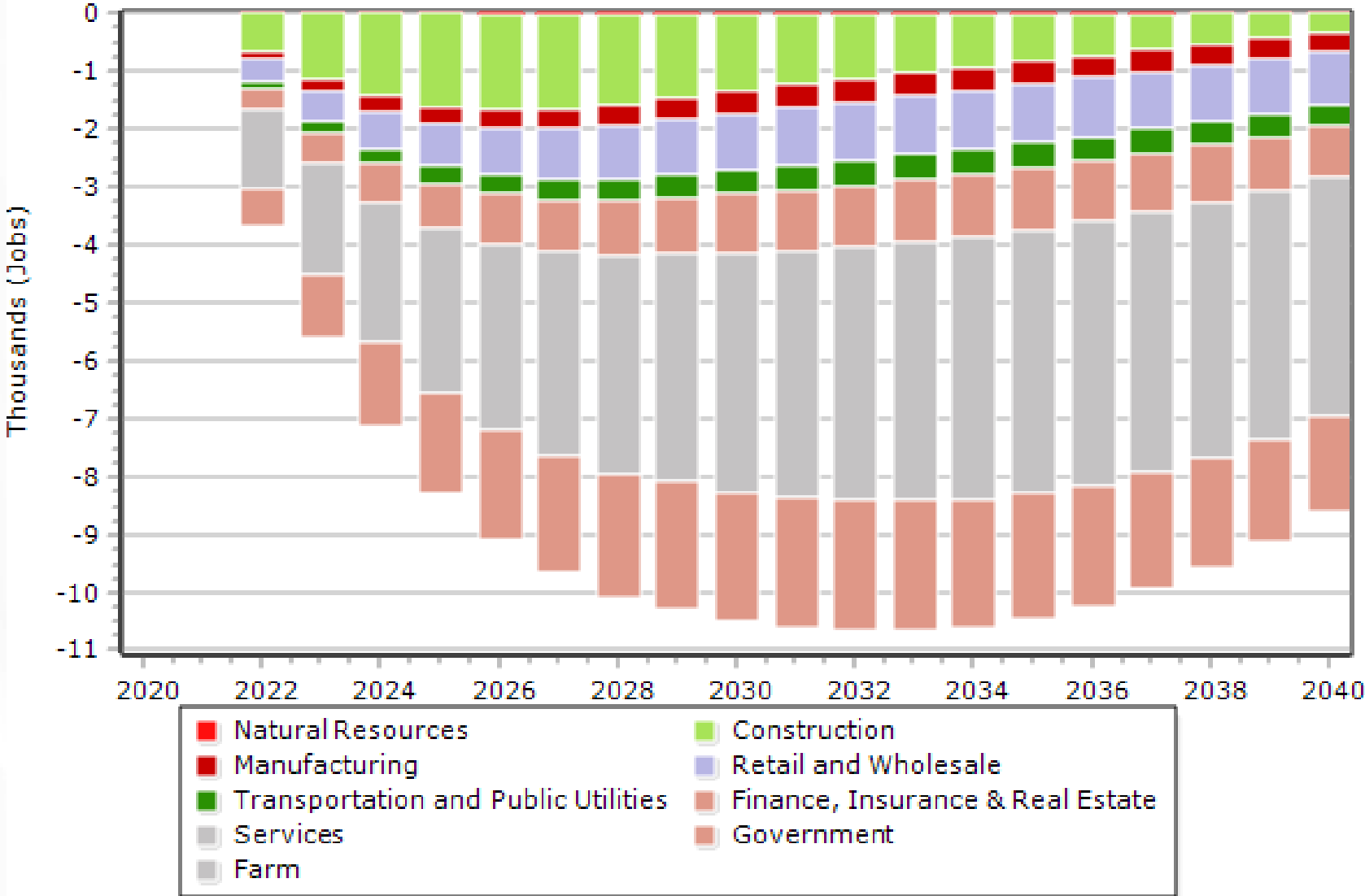
Compared to:

- 396k lost in April 2020<sup>4</sup>
- 19k average gain from May 2020 to May 2021



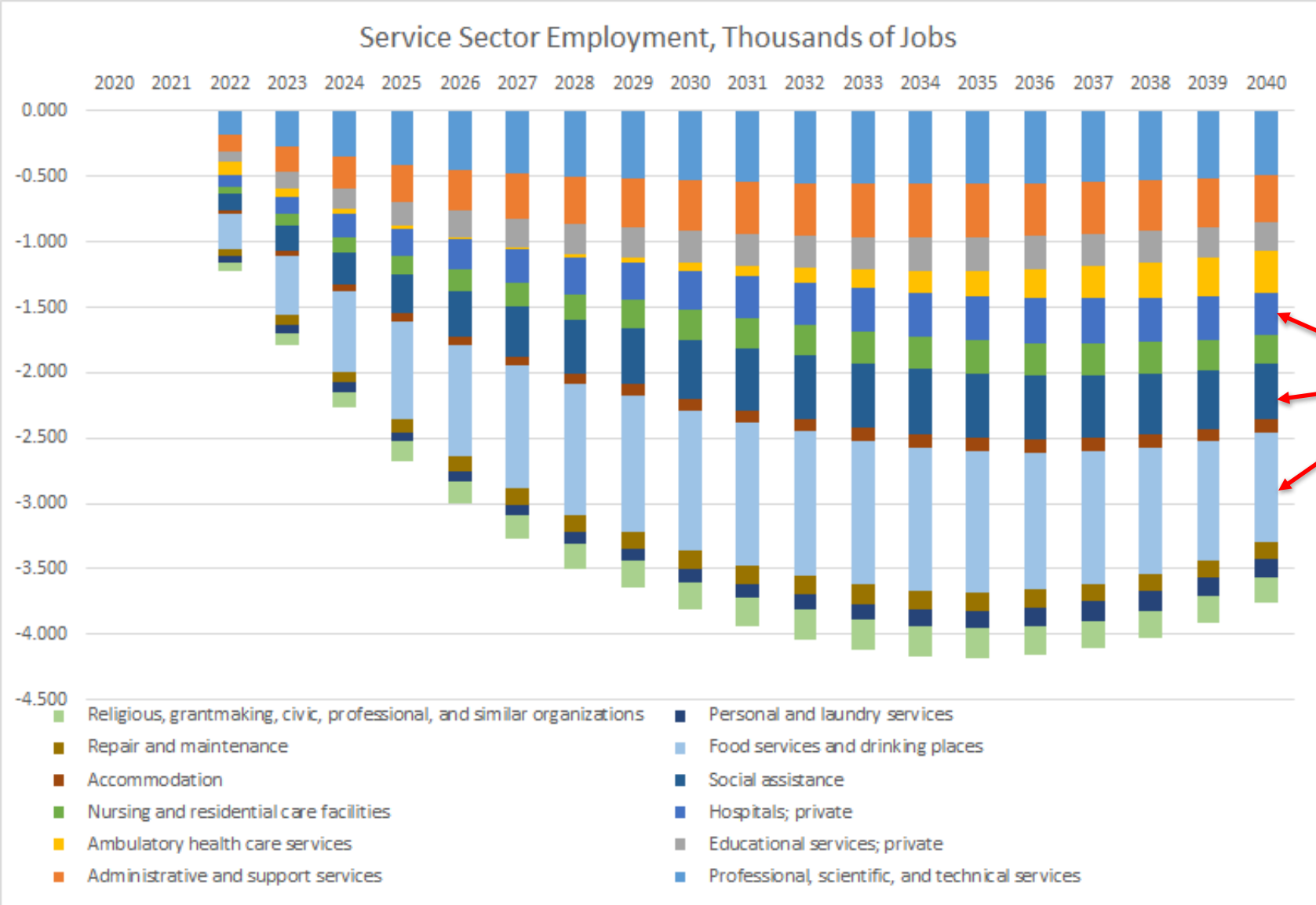


# Employment by Industry



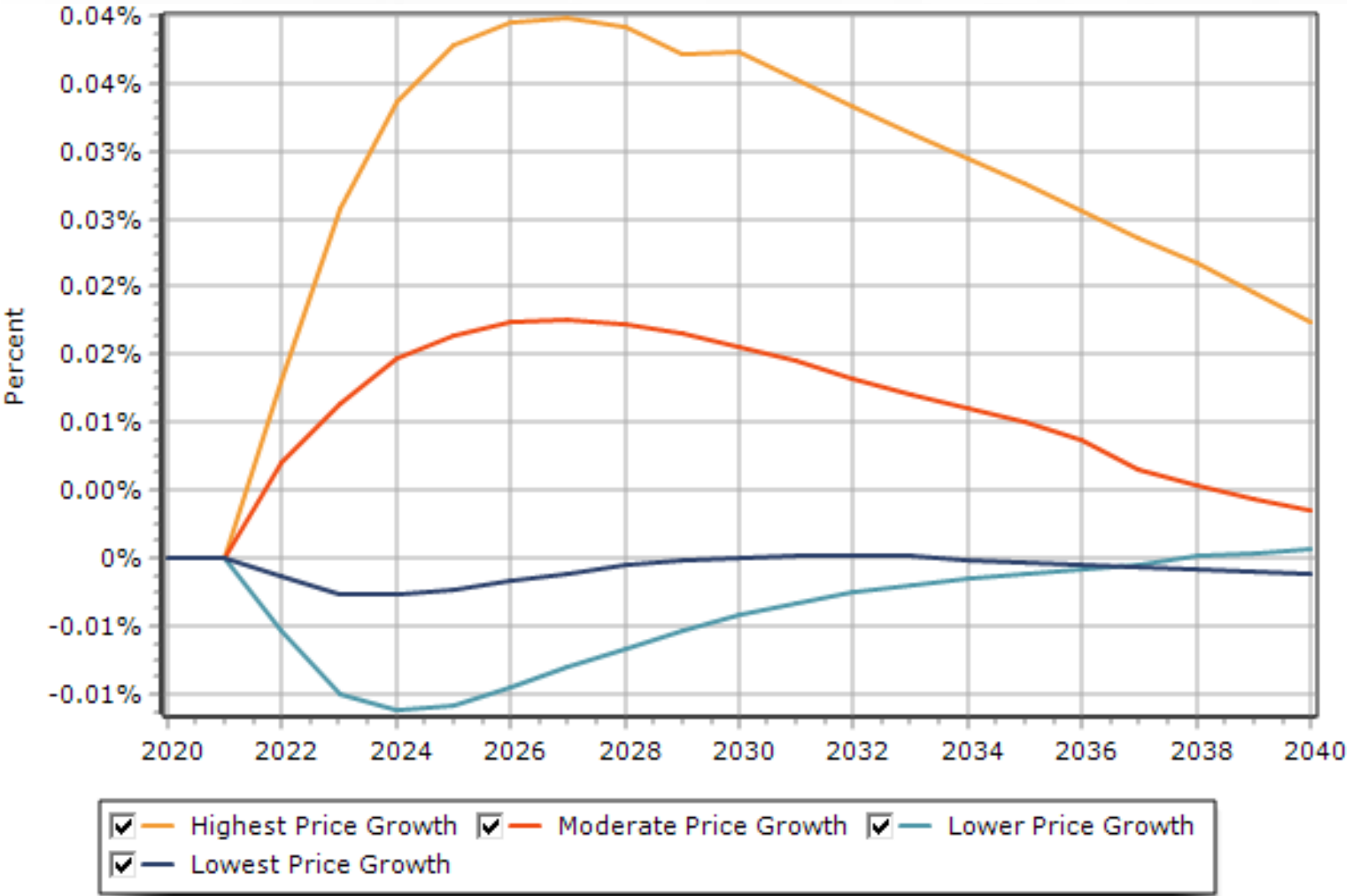
what does **REMI** say?<sup>sm</sup>

# Services Sector Further Broken Down



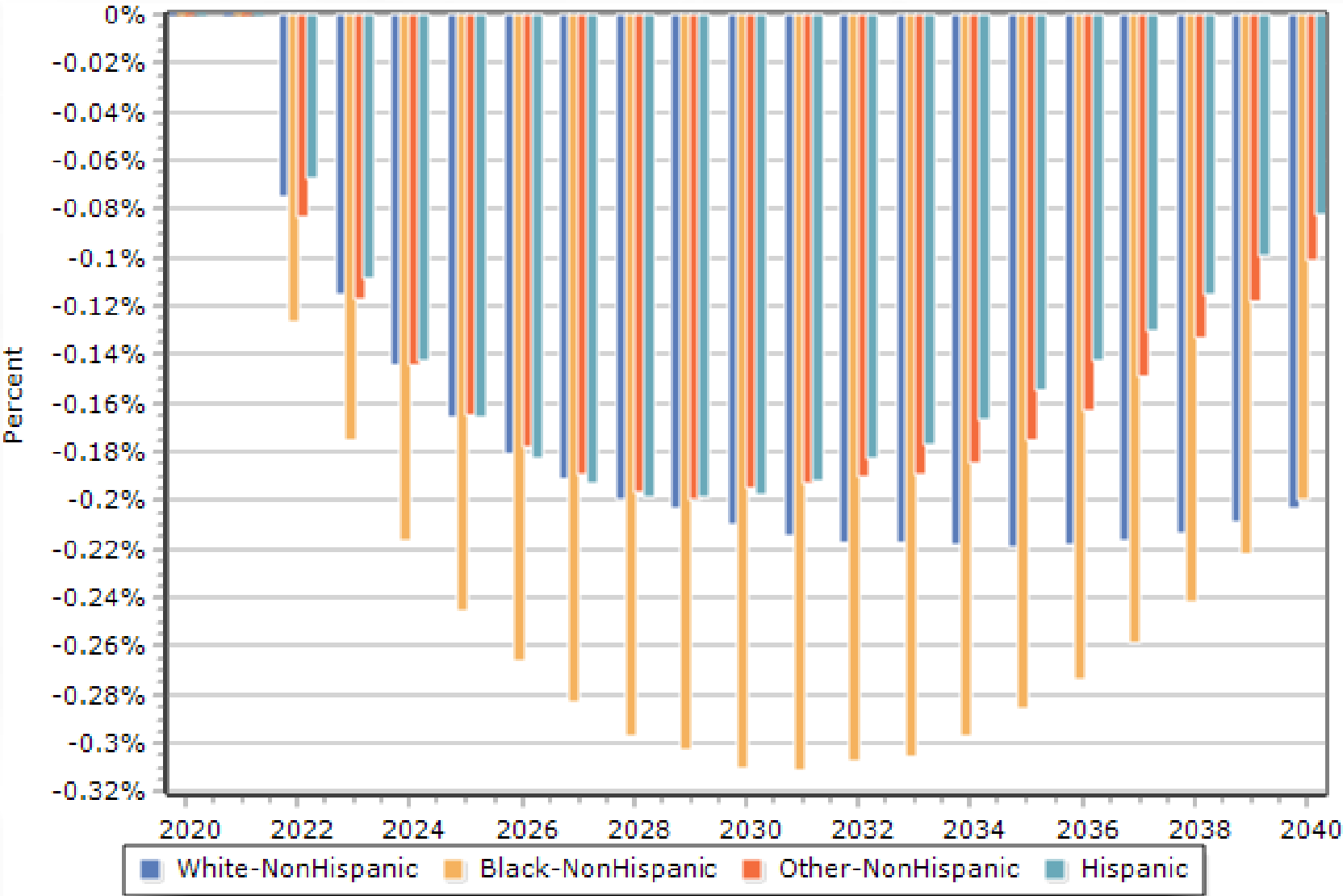
Notable Drops in Food Services, Medical Services, and Social Services

# Income Inequality



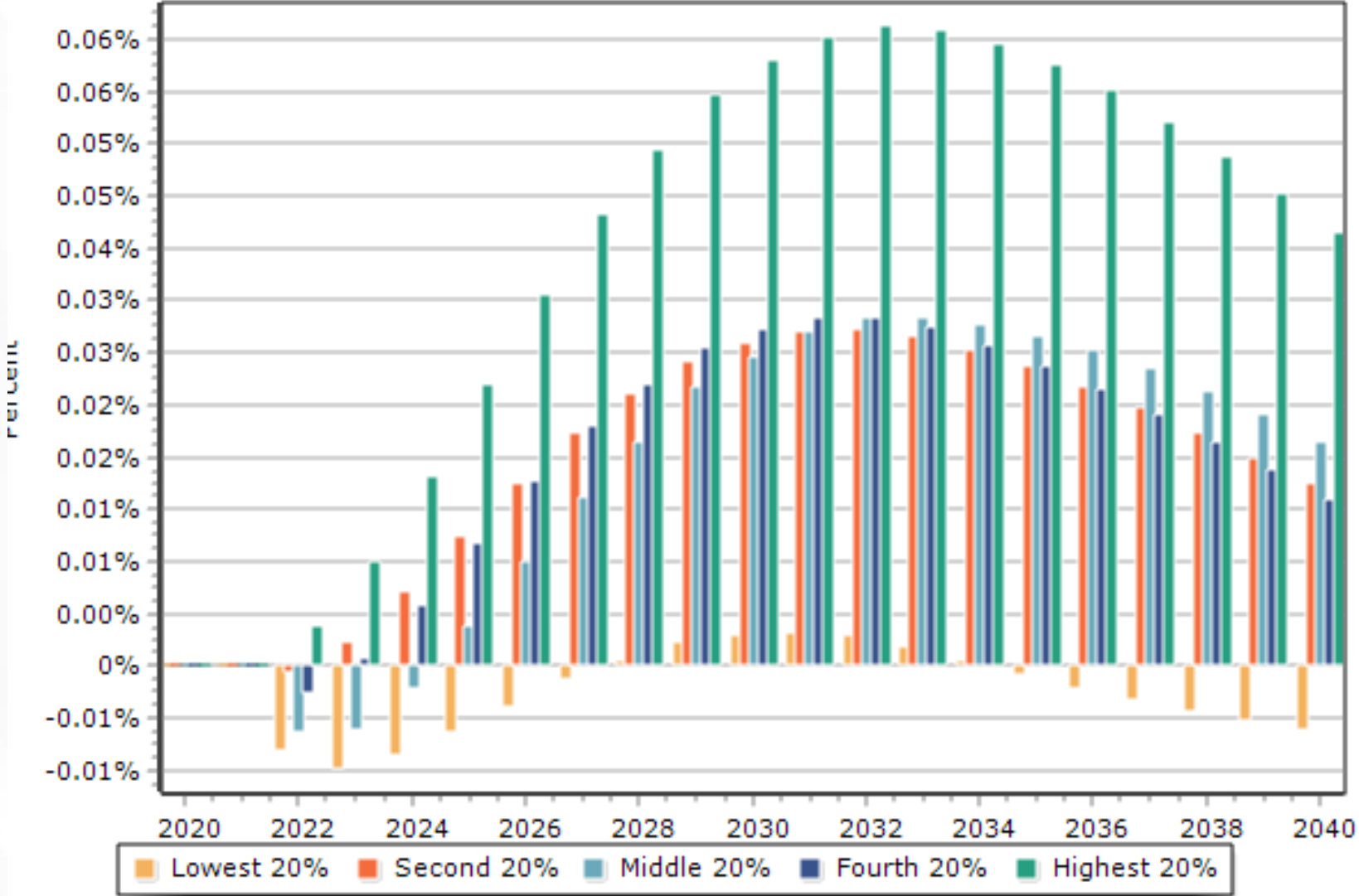
what does **REMI** say?<sup>sm</sup>

# Employment by Race



what does **REMI** say?<sup>sm</sup>

# Compensation Rate by Income Quintile



what does **REMI** say?<sup>sm</sup>

# Agenda

---



Introduction

The Current Housing Market

Why Economic Modeling?

Live Model Demo & Notable Results

Conclusion

Q&A

# Conclusions and Notable Results



## Muted Job Loss in Less Dense Counties

- Moderate Growth Counties saw disproportionately low reduction in employment

## Income Inequality is Amplified

- Most dramatic in more urbanized counties

## Low Income & Minorities are impacted most

- As a percentage of employed, African Americans lose the most
- Compensation Rates are reduced for low income jobs

## Cuts in important Household spending

- Notably expenditures on Health Care and Education Services

# How Could this Information be Applied?

## Metropolitan Planning

- Transportation Infrastructure Planning
- Job Center Planning
- Tax Increment Financing

## Economic Development Strategy

- Urban Revitalization
- Rural Economic Development

## Diversity, Equity and Inclusion Initiatives

- Low Income Home-ownership
- Balanced Economic Prosperity

## Job Creation Programs

- Geographic insights
- Industry insights



# Economic Modeling: Why does it matter?



## Clarify

- Understand economic, fiscal and demographic implications of policies before implementation
- Ensure that public policy serves the broad-based interests of the public



## Predict

- Make predictions about the effects of policies before implementation
- Avoid unwanted negative impacts
- Make effective use of resources



## Inform

- Inform policy with standard metrics rather than ideology or intention
- Address stakeholders with evidence that communicates how policy benefits or disadvantages their communities broadly

# Agenda

---



Introduction

The Current Housing Market

Why Economic Modeling?

Live Model Demo & Notable Results

Conclusion

Q&A

*what does **REMI** say?*<sup>sm</sup>

# Thank you for attending!

For more information, please contact  
Zach Schofield  
[zachary.schofield@remi.com](mailto:zachary.schofield@remi.com)

1. Percent Change in housing prices is calculated using the S&P/Case Shiller 20 city composite index data available on the FRED Economic Data website: <https://fred.stlouisfed.org/series/SPCS20RSA>
2. County level percent changes are calculating using Zillow housing data.
3. Counties in next "Moderate Growth" grouping: Chelan, Cowlitz, Douglas, Franklin, Kitsap, Lewis, Mason, Spokane, Thurston, Whatcom. Counties were analyzed both in terms of percentage growth and in levels growth in prices. This grouping was selected given high growth in both categories
4. Employment data for the state of Washington are drawn from the All Employees: Total Non-Farm in Washington series available on the FRED Economic Data website: <https://fred.stlouisfed.org/series/WANA>