



OFFICE OF THE COMPTROLLER  
MARYLAND 2023 | **STATE OF THE ECONOMY**



# State of the Economy Report Briefing

## Baltimore Regional Transportation Board Meeting

**February 27, 2024**

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# Background & Purpose

- Maryland has a robust and resilient economy that leads the nation in key economic indicators.
- Recent fluctuations in Maryland's economic environment serve as flashing yellow lights for the state's fiscal health.
- This first-ever Comptroller of Maryland's State of the Economy report aims to better understand:
  - Economic trends in Maryland relative to the nation and neighboring states
  - Maryland's key challenges, strengths, and opportunities
- This report is intended to help policy makers, businesses, and the public to understand and respond to Maryland's economy.

# Process

- Months of work by the Comptroller's Bureau of Revenue Estimates (BRE) team and Policy Division.
- Qualitative and quantitative data analysis – government economic data and input from Maryland businesses, economic, and community leaders.
- Roundtables throughout the state
  - Western Maryland (Frostburg)
  - Eastern Shore (Salisbury)
  - National Capital Region (Wheaton)
  - Southern Maryland (California)
  - Baltimore Metro (Baltimore City)
- Meetings with additional stakeholders to ensure geographic and viewpoint diversity.

# Key Takeaways

1. Labor Force Participation
  - Structural challenges
2. Population/Migration
  - Population decline, aging population
  - High cost-of-living to low cost-of-living migration
3. Housing
  - Key drive of rising cost of living

# Economic Trends

## Maryland Comparative Economic Growth 2016-2023

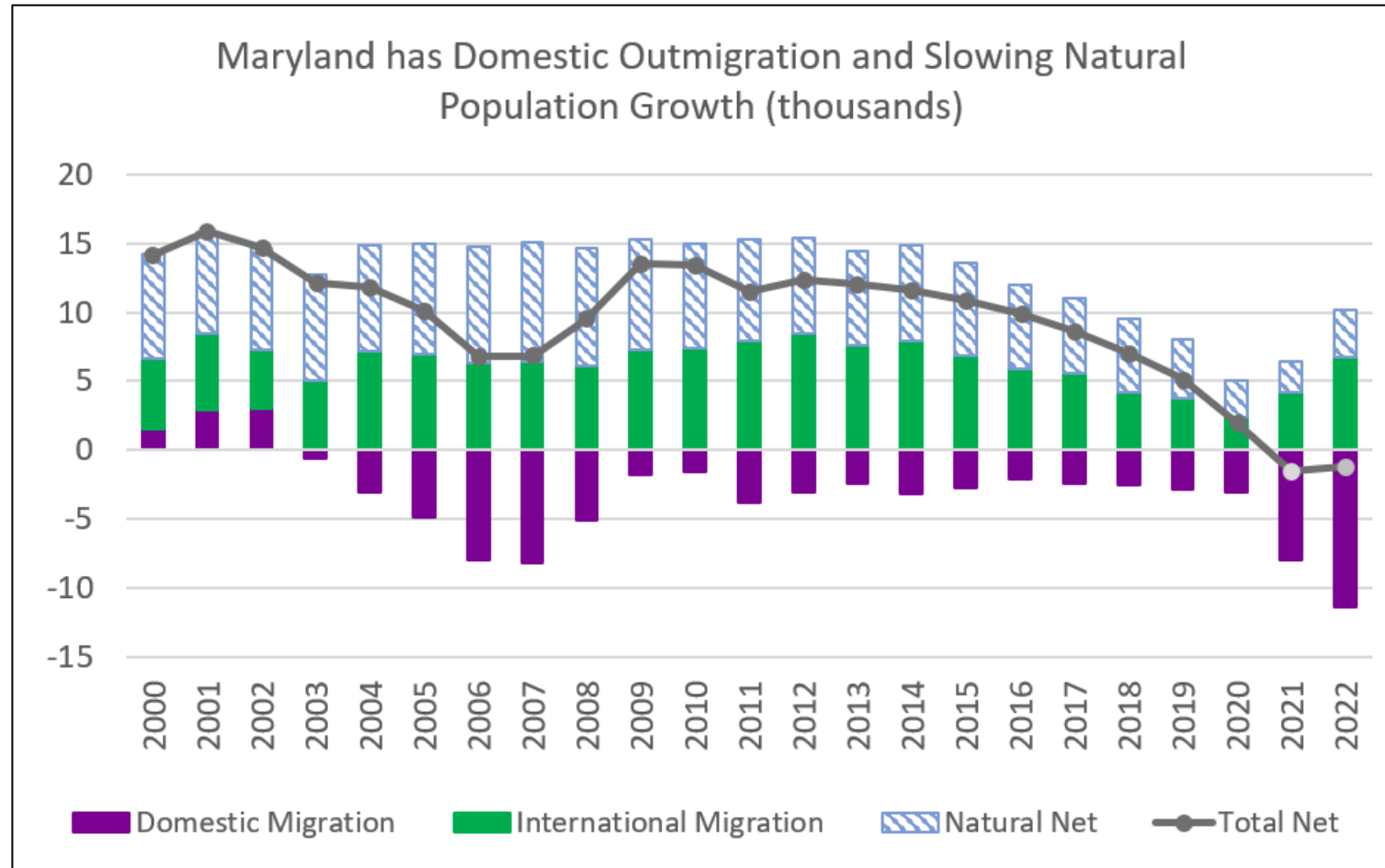
| Geography     | GDP<br>Total Growth | Employment<br>Total Growth | Personal Income<br>Per Capita Growth | Real Wages<br>Average Growth |
|---------------|---------------------|----------------------------|--------------------------------------|------------------------------|
| Pennsylvania  | 6.6%                | 1.0%                       | 5.6%                                 | 5.6%                         |
| Virginia      | 11.2%               | 5.3%                       | 6.4%                                 | 6.5%                         |
| United States | 13.9%               | 7.4%                       | 9.5%                                 | 7.4%                         |
| Maryland      | 1.6%                | 1.0%                       | 1.2%                                 | 4.3%                         |

Sources: U.S. Bureau of Economic Analysis. U.S. Bureau of Labor Statistics, MD Bureau of Revenue Estimates

*Note: Growth is since the fourth quarter of 2016 and where applicable amounts expressed in real dollars/ adjusted for inflation.*

Maryland has the lowest unemployment rate and highest median income in the U.S. but is lagging by several key growth metrics: GDP, Employment, Personal Income and Real Wages.

# Population & Migration Trends



In 2021 and 2022, Maryland's population declined for the first time since WWII (while the U.S. population grew, modestly).

- Increased domestic outmigration
- Long term decline in natural population growth

Source: Census Bureau and Moody's Analytics

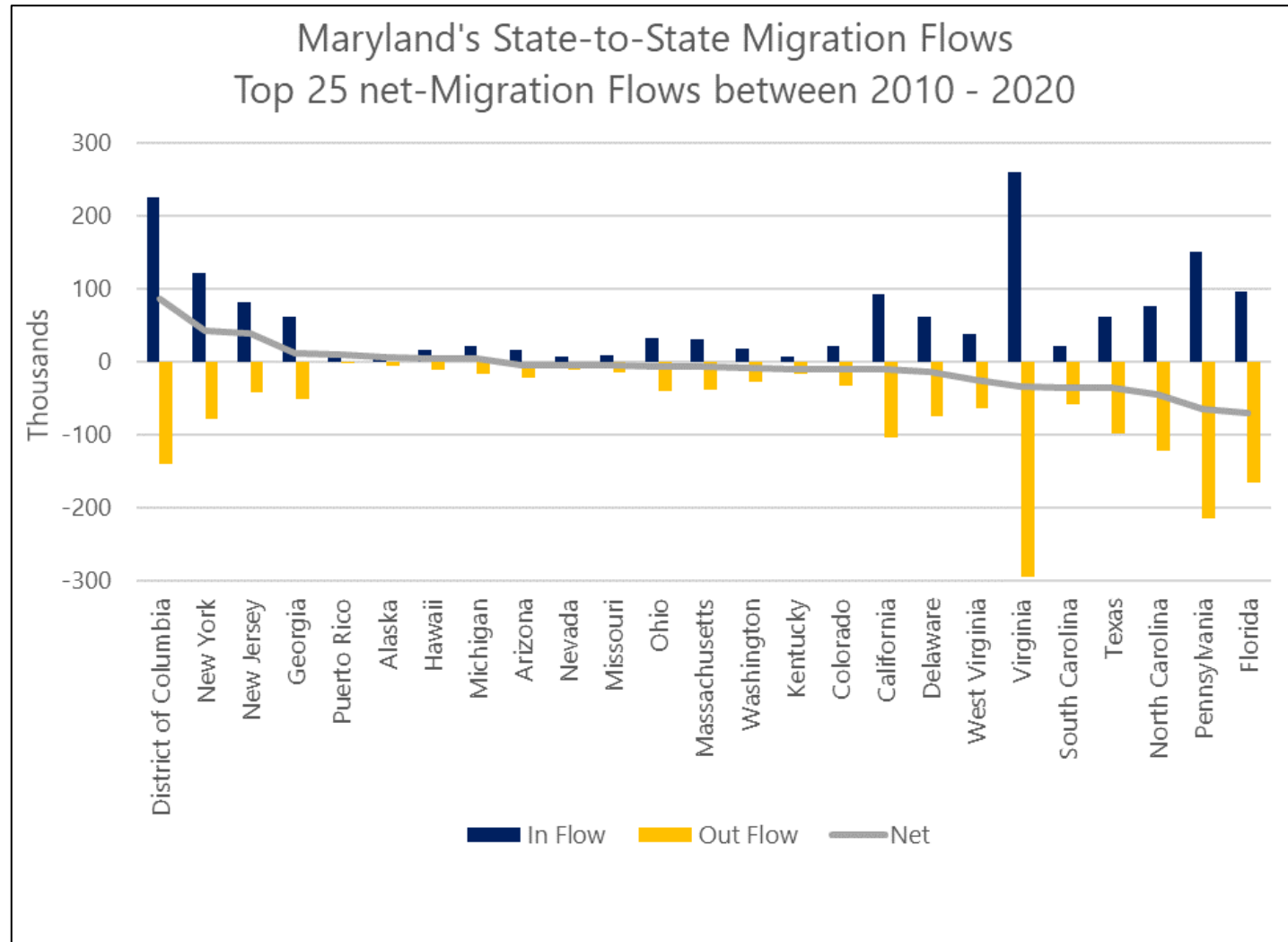
# Net Flow of Maryland Migration

*Annual Averages 2012 – 2020, by Age and Income*

| Income Group | All Ages | Under 26 | 26 - 34 | 35 - 44 | 45 - 54 | 55 - 64 | 65 and older |
|--------------|----------|----------|---------|---------|---------|---------|--------------|
| Total        | (8,006)  | (918)    | (995)   | (309)   | (1,021) | (2,957) | (1,806)      |
| 1 - 10K      | (9)      | 134      | (16)    | (58)    | (49)    | (74)    | 54           |
| 10K - 25K    | (466)    | (272)    | (35)    | (19)    | (44)    | (148)   | 53           |
| 25K - 50K    | (449)    | (254)    | 98      | 107     | (68)    | (262)   | (70)         |
| 50K - 75K    | (1,224)  | (348)    | (359)   | 74      | (72)    | (329)   | (191)        |
| 75K - 100K   | (1,287)  | (115)    | (343)   | (16)    | (97)    | (394)   | (322)        |
| 100K - 200K  | (3,075)  | (57)     | (371)   | (311)   | (396)   | (1,071) | (868)        |
| 200K+        | (1,496)  | (6)      | 31      | (85)    | (296)   | (679)   | (462)        |

Source: U.S. Internal Revenue Service; MD Bureau of Revenue Estimates

# Population & Migration Trends



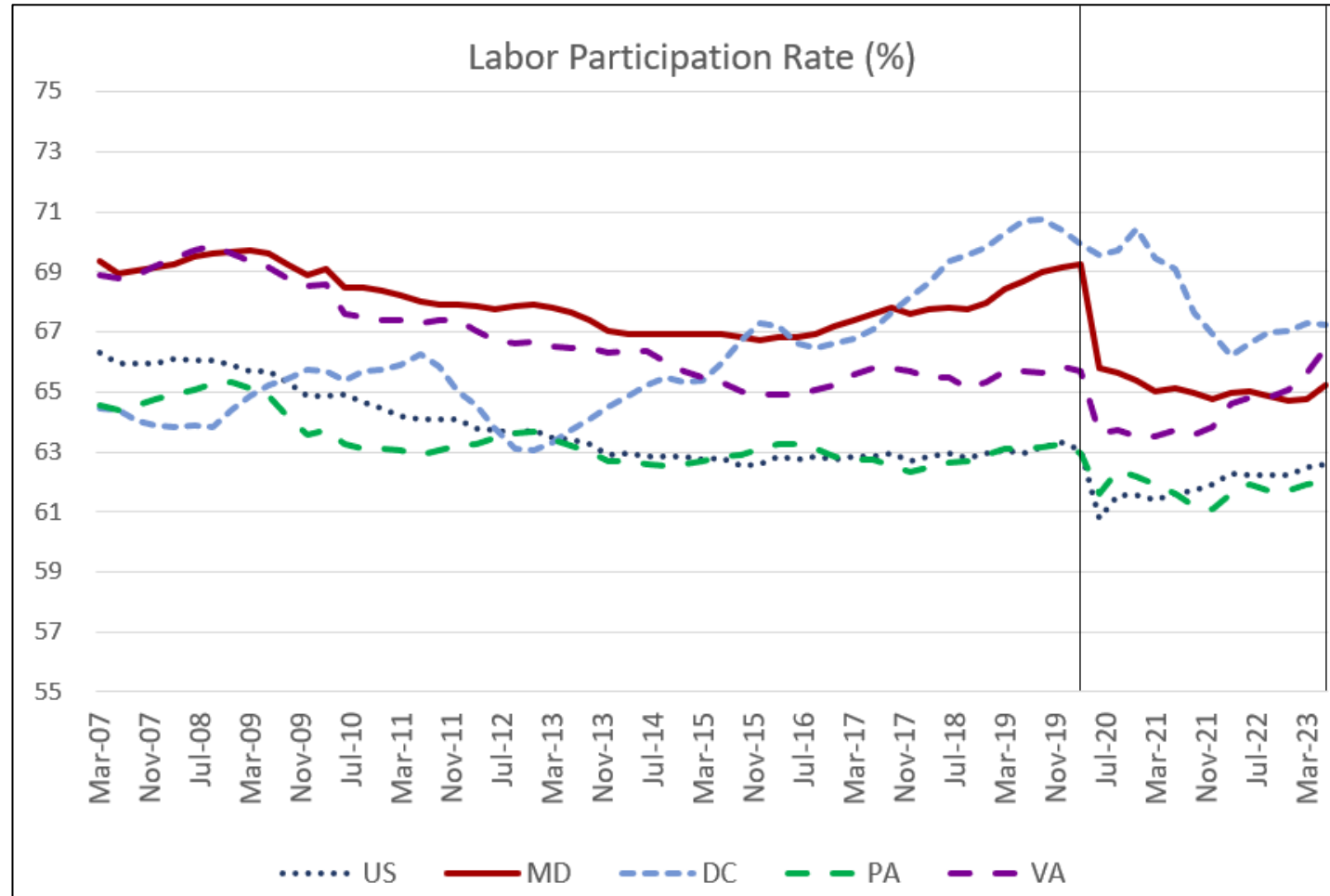
Cost of living is driving migration patterns.

Nationally, people are moving from higher cost-of-living areas to lower cost of living areas; a reversal of historical trends.

Source: U.S. Internal Revenue Service; MD Bureau of Revenue Estimates



# Labor Force Participation Trends



MD LPR historically higher than US and most other states. While still true, the gap has narrowed since the pandemic.

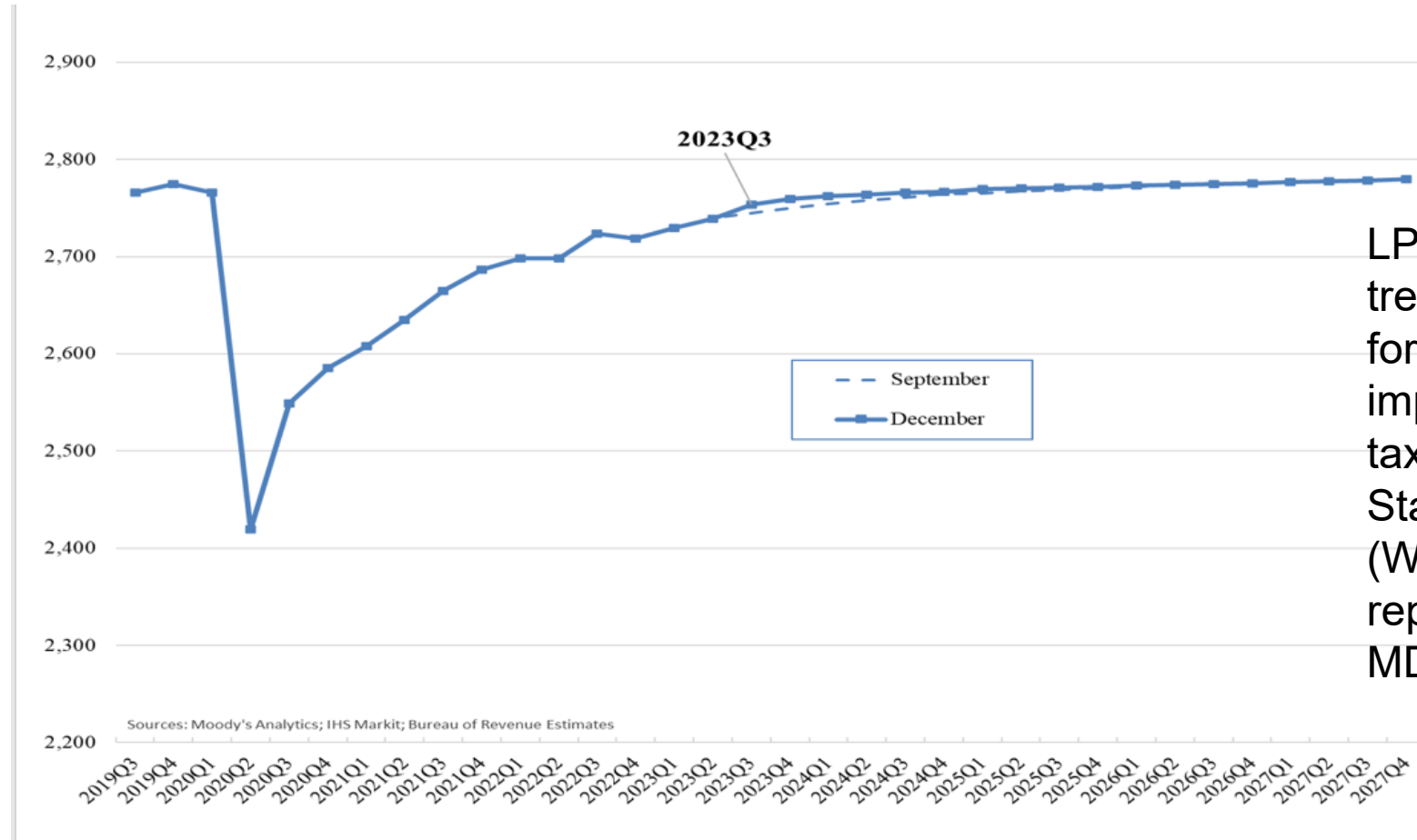
Maryland's LPR has dropped 4 percentage points since 2020 and has not recovered.

Since Great Recession greatest declines in LPR among workers age 25-44.

Women left labor force at higher rates in MD during pandemic.

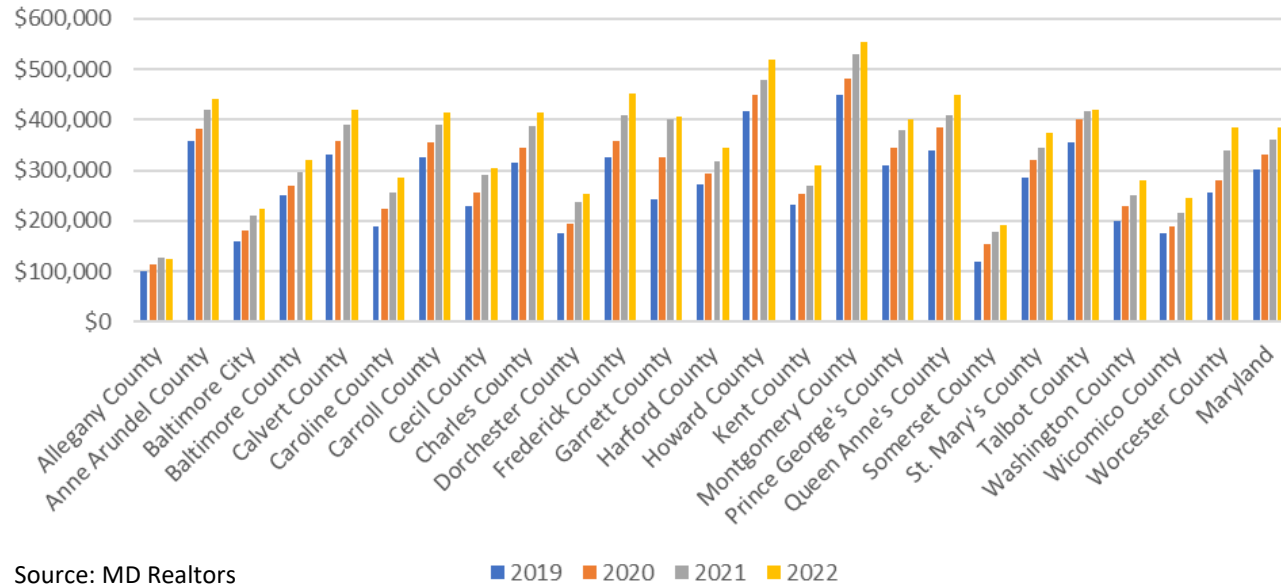
Source: Bureau of Labor Statistics

# Maryland Jobs Forecast (Thousands)

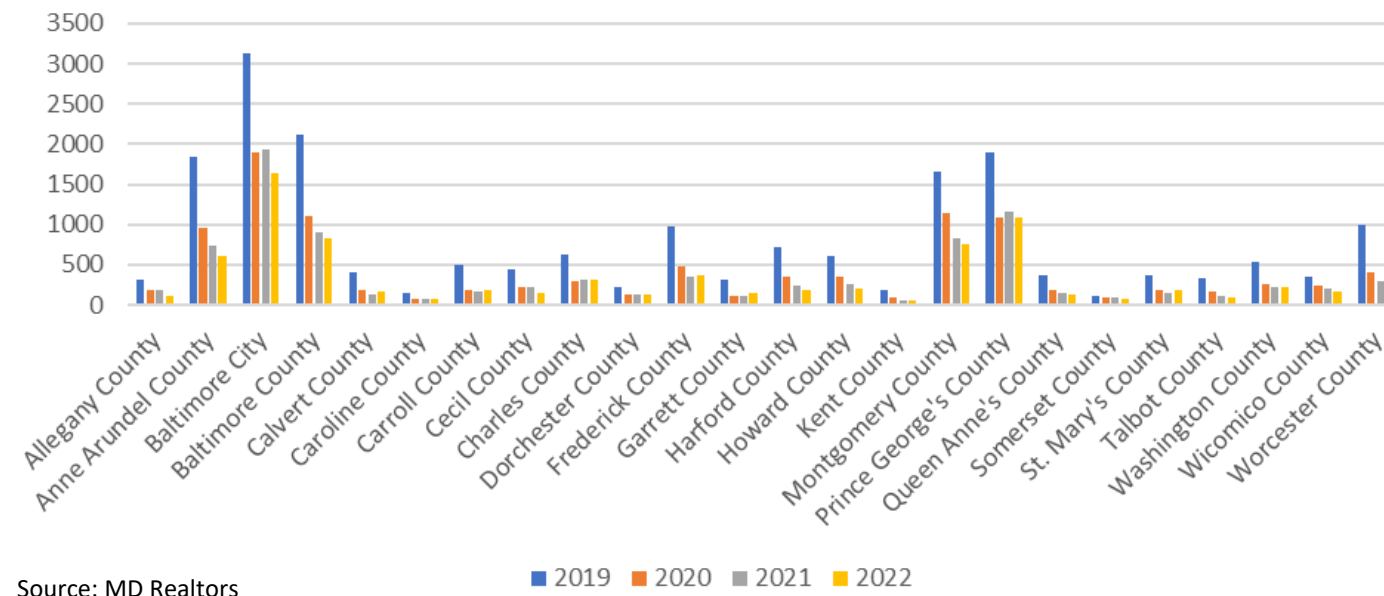


LPR and population trends impact jobs forecast, which impacts withholding tax revenues for the State of MD. (Withholding tax represents 70% of MD' PIT.)

# Housing Prices & Inventory



Median home price increased by 27% statewide between 2019-2022.



Housing inventory decreased by 57% statewide between 2019-2022.