BY KATRINA MULLEN

New from the Richmond Fed's Regional Matters blog

Jason Kosakow and Adam Scavette. "Are Fifth District Firms Revisiting Their Prices Less Often Amid Cooling Inflation?"
Since inflation started to accelerate in 2021 and 2022, the Richmond Fed's monthly business surveys of Fifth District firms have paid close attention to changes in firms' realized prices and their pricing expectations. Now that inflation has decelerated in the past year, slowdowns have occurred in both realized and expected price growth among those surveyed. For example, since the start of the year, expected growth rates have declined from 6 percent in early 2022 to 3.6 percent for services firms and 1.6 percent for manufacturing firms. Further, while services and manufacturing firms differ in their expectations of future price adjustments, the frequency is expected to stay above pre-COVID-19 levels, highlighting the reality of pricing uncertainty.

Adam Scavette and Sierra Latham. "Unlocking Housing Supply: What Can We Learn About Recent Construction and Permitting Patterns in Our Region?"
Land availability and regulations can help explain differences in local housing supply: Fifth District counties with relatively high housing supply growth also had relatively high permitting rates. Regulations also play a role, as areas that are more highly regulated (such as the Washington, D.C., region) tend to have lower rates of new construction, while areas that are less regulated (such as greater Charlotte, N.C.) tend to have higher rates. In Maryland, two counties have had different experiences based on development restrictions. Frederick County has a growing population and is considered large by land area; it experienced growth of permitting and new housing units above the national rate in 2021-2022. Talbot County, however, considered small by land area, experienced little to no change in population, with growth rates of permitting and new housing units well below the national rates.

Laura Dawson Ullrich and Jacob Walker. "Non-Credit Workforce Programs at Community Colleges."
Non-credit programs are shorter than for-credit programs and typically focus on skills and credentials related to specific occupational certifications, such as a short-term welding certification or a commercial driver's license. Traditional data sources do not capture information on the scale of these offerings or the outcomes of students enrolled. The Richmond Fed's 2023 Survey of Community College Outcomes extended pilot surveyed 63 colleges across the Fifth District and determined that 154,340 students were enrolled in non-credit programs. These students play an important role in the total number of community college students across the Fifth District — ranging from 76.2 percent of the student population at a small rural school in Maryland to 8.8 percent at a school in West Virginia. Overall, as more students shift to shorter-term credentials and employers become more comfortable with these credentials, better data collection will be key for employers, community colleges, and students.

Jason Kosakow and Zach Edwards. "Is Wage Growth Normalizing? What Fifth District Businesses Are Saying About Wages."
Wage growth is above pre-COVID-19 levels but has declined in recent months. Even so, looking ahead, most firms expect wage growth that is "about normal," and they anticipate a return to near pre-COVID-19 levels in the next 12 months. Moreover, mentions by survey respondents of "worker compensation," which spiked to a high above 16 percent in 2021 during the COVID-19 labor shortages, remained elevated through last year. Wage increases appear to be top of mind for many Fifth District businesses, including ones that have already increased wages to attract and retain workers. For example, one business shared in a recent survey, "Payroll inflation [put us in] the red in 2022, and we haven't gotten everything totally reconciled in 2023 ... if we raise our [prices] higher, people will just go online and buy."

Adam Scavette and Keith Waters. "Urban Marylanders Are Migrating to More Affordable and Smaller Metro Areas."
In December, Maryland's unemployment rate reached nearly 2 percent, indicating the state's tight labor market and ongoing hiring challenges amid a slow post-pandemic labor force recovery. An increasing number of Maryland residents are leaving the state entirely: In 2021 and 2022, Maryland experienced the highest net domestic out-migration in the Fifth District at -25,641, and -65,622 people, respectively. Much of the state's net domestic out-migration before the COVID-19 pandemic was from the Washington-Baltimore corridor to affordable, large metro areas. During the pandemic, however, destinations shifted toward midsized and small metros and rural areas; in 2023, migration to such areas continued to surpass 2019 levels. **EF**