Regional Growth Forecast to 2050: 2026 Interim Update

Presentation to Committee of the Whole

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Why and how we forecast



Why we forecast



Long-range forecasts of population, households, jobs

- Provide a shared foundation for coordinated planning, systems and services
  - Regional systems and services are scaled to meet forecasted demand
  - Local plans, infrastructure, services respond to the same forecasts
- Maintained and updated to inform planning
- Authorized by MN Statutes 473.146 and 473.859

How we forecast: Predictive models

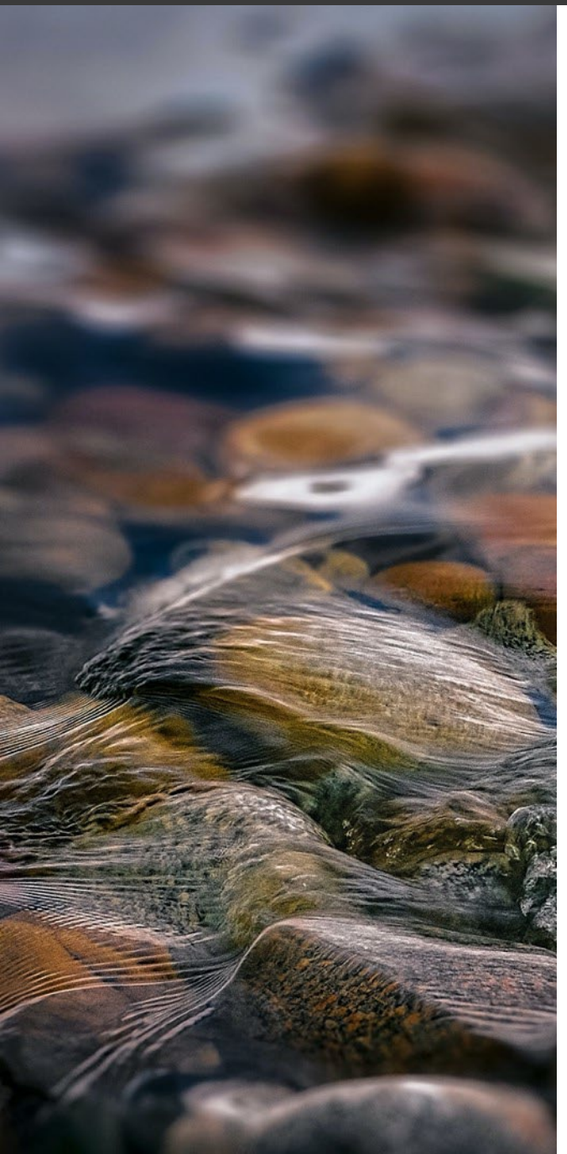


Regional macroeconomic and demographic model projects macro-level employment and population

Land use model for location of future land use, local households and employment

Travel demand model accounting for connection of places; projects travel patterns and loads

The regional model: How does it work?



REMI model is a macroeconomic and demographic simulation model

- Computable General Equilibrium equations
  - Projecting forward time-series of production, goods and services flows, employment, workforce
- Economic geography interaction
  - Recognize region as situated inside national forecast
  - Calculate region's share of every industry, activity, migration flow
- Demographic submodel
  - Cohort-component technique for births, deaths
  - Net migration tethered to regional workforce demand
- Integrated relationships between jobs, workforce and population – an integrated forecast

2026 Interim Update of the Regional Forecast



Twin Cities Regional Forecast to 2050

Forecast	2010	2020	2025	2030	2040	2050
Employment	1,545,000	1,585,000	1,782,000	1,799,000	1,888,000	2,012,000
Population	2,850,000	3,163,000	3,272,000	3,311,000	3,416,000	3,583,000
Decadal Population Growth	+207,000	+313,000	-	+148,000	+105,000	+167,000
Decadal Growth Rate	+7.9%	+11.0%	-	+4.7%	+3.2%	+4.9%

Source: U.S. Census Bureau, Bureau of Labor Statistics (BLS), Metropolitan Council regional forecast (October 2026).

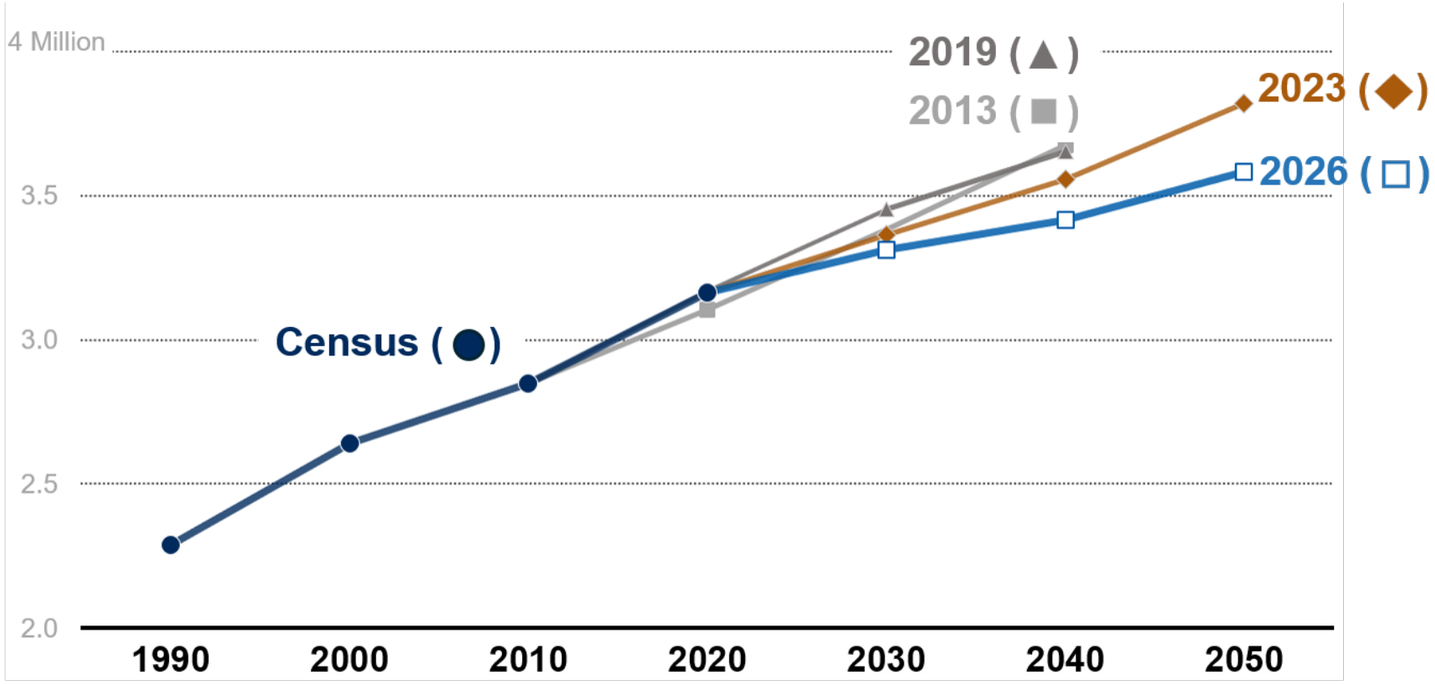
Population growth sources

Decadal Change	2000 to 2010	2010 to 2020	2020 to 2030	2030 to 2040	2040 to 2050
Total Population	+207,000	+313,000	+148,000	+105,000	+167,000
Natural growth: births *less* deaths	233,000	192,000	102,000	42,000	7,000
Net domestic migrants	**-111,000**	30,000	**-53,000**	**-30,000**	59,000
International immigration	85,000	91,000	100,000	92,000	101,000

Source: Metropolitan Council regional forecast (October 2026).

This update: Reduced expectations

Actual and forecasted population, Twin Cities region



Source: U.S. Census Bureau, Decennial Census, 1990-2020; Metropolitan Council, regional forecasts, 2013, 2019, 2023 and 2026.

- **2013 regional forecast:** 3,674,000 population in 2040
- **2023:** 3,555,000 in 2040
- **2026:** 3,416,000 in 2040
  3,583,000 in 2050

General reasons a forecast can change

Interim updates every 2 years

Model programming, revised formulas

- Not an issue

New data, recent timepoints

Changes in assumptions, external forecasts

- Yes, national economic and demographic forecasts are more pessimistic
- Yes, introduced revised assumptions about future birth rates



Specific shifts in this 2026 Update



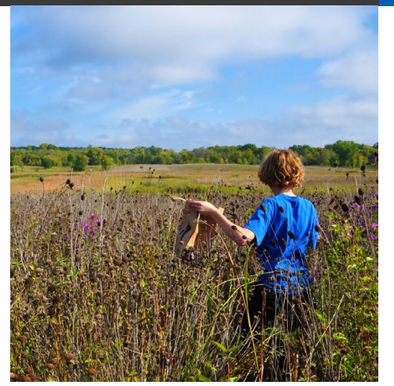
Components of demographic growth

1. Birth rates falling since 2008, now historically low
   - Outlook: Worse
2. Life expectancy flattening
   - Outlook: Worse
3. Immigration to the US
   - Congressional Budget Office has not yet changed its long-term outlook – but Twin Cities region's share of immigration to US has trended downward
   - A minor factor in the present forecast scaleback

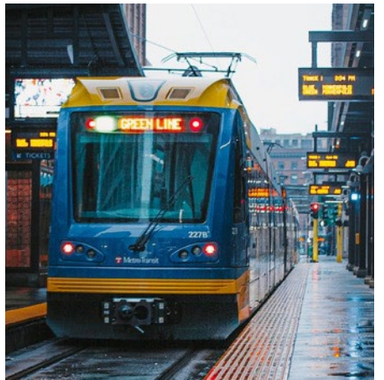
Policies have leverage to shape the future greatly

Projections begin with assumptions about policies and other dynamics

- Forecast describes and measures the most likely future
- Assumptions vested in Met Council's regional forecast are: most-central trends, and status quo policy assumptions
- Purpose: Met Council's forecast provides a shared foundation for coordinated planning, systems and services
- Same model can also be used to analyze alternative future scenarios – different trends, policies, assumptions
- We used the REMI model this way in a Regional Growth Scenarios Exploration in 2022
- Resulting alternative scenarios can be compared alongside main forecast



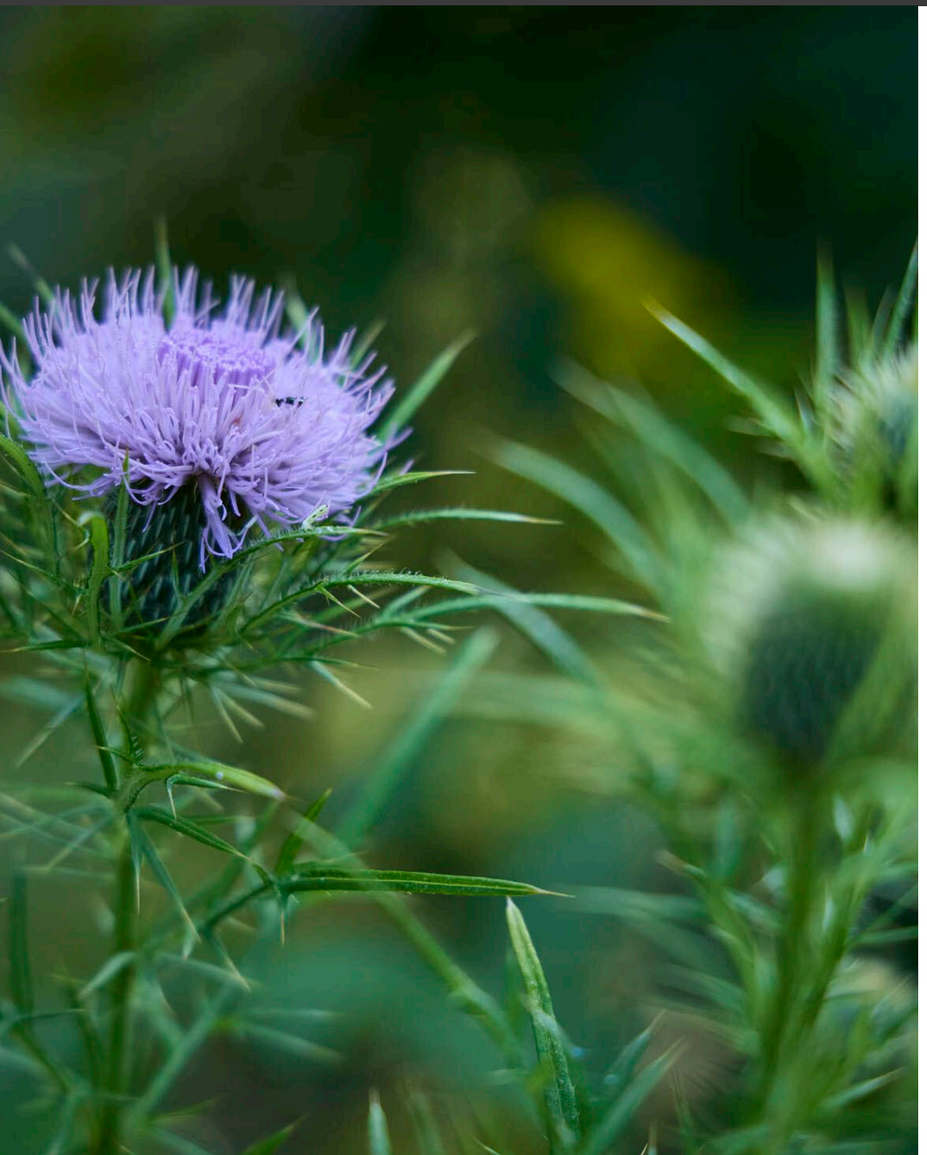




Alternative scenario: What if?



Where does immigration go from here?



A major source of uncertainty for economic and population projections

- Congressional Budget Office (CBO) still assumes return to “normal” after 2030
  - *But what if that’s not the future?*
- An alternative scenario:
  1. Replaces the CBO assumption with Census Bureau’s national “Low-Immigration Scenario”: *www.census.gov/data/tables/2023/demo/popproj/2023-alternative-summary-tables.html*
  2. Each industry’s workforce reduced proportionate to observed foreign-born worker concentrations
  3. Economic production for nation and region simulated with these constraints

Alternative scenario: national

Scenario measures	Main forecast	Alt. scenario	Difference
Immigration assumption: Low-Immigration Scenario substituted	36,500,000 over 30 years	19,400,000 over 30 years	-17,100,000
• Immigration in year 2050	1,240,000 /year	530,000 /year	-710,000
National population, 2050	364,900,000	344,000,000	-20,900,000 or -5.7%
National employment, 2050 (BEA concept employment)	237,300,000	225,000,000	-12,300,000 or -5.2%
Gross Domestic Product, 2050 (inflation-adjusted, fixed 2025 $)	$51.4 trillion	$49.2 trillion	-$2.2 trillion or -4.4%

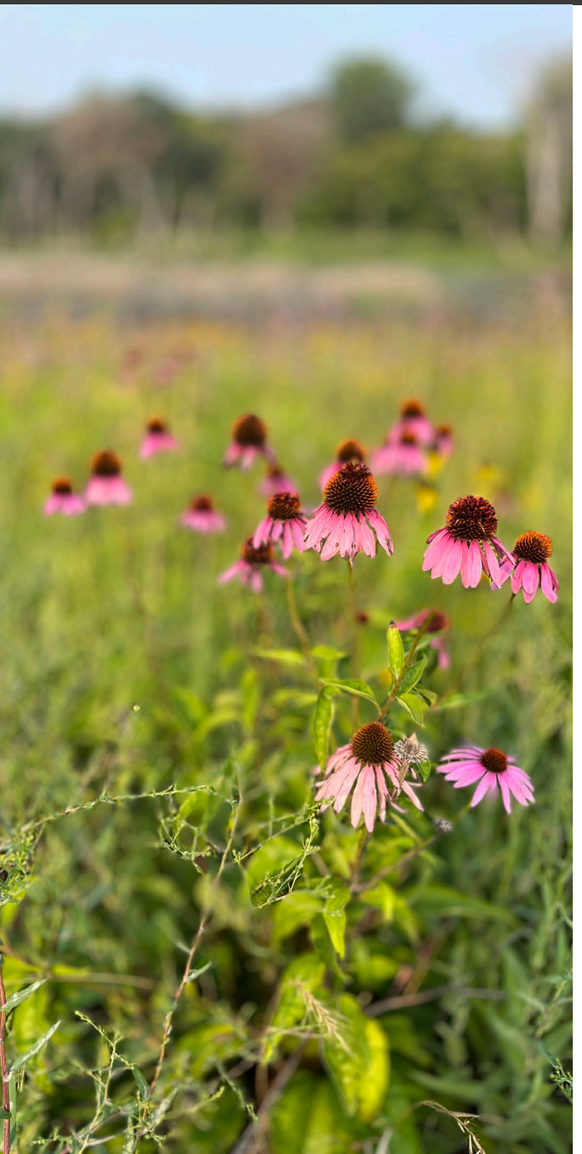
Source: Metropolitan Council regional forecast to 2050 (October 2026 update) and alternative scenario.

Alternative scenario: Twin Cities region

Scenario measures	Main forecast	Alt. scenario	Difference
Immigration (over 30 years)	293,000	158,000	-135,000
Domestic migration (over 30 years)	-24,000	-74,000	-50,000
Natural growth (births less deaths, over 30 years)	151,000	114,000	-36,000
Region population, 2050	3,583,000	3,362,000	-221,000 or -6.2%
Region employment, 2050 (BLS concept employment)	2,012,000	1,897,000	-115,000 or -5.7%
Gross Metro Product, 2050 (inflation-adjusted, fixed 2025 $)	$624 billion	$587 billion	-$38 billion or -6.0%

Source: Metropolitan Council regional forecast to 2050 (October 2026 update) and alternative scenario.

Takeaways from alternative scenario



Assumptions matter, policies matter

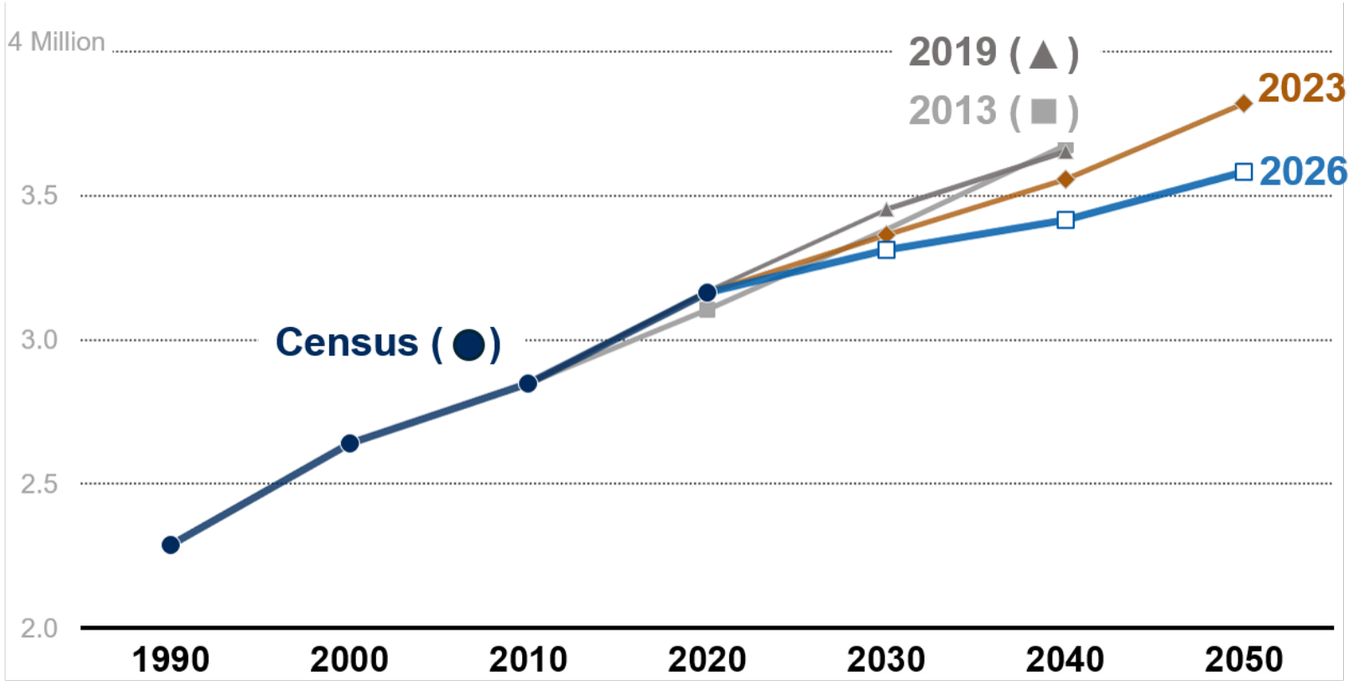
- Relatively narrow range of uncertainty about birth and death rates
- Wide range of uncertainty about international immigration
  - Determined by future federal policy
- The story of the main forecast: Employment and population growth are limited by demographic trends
- The story of the alternative scenario: If international immigration is cut by half, challenges are more extreme

Preparing for the slower growth future: Implications



Slower population growth

Actual and forecasted population, Twin Cities region



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Slower growth and an aging population add stress to a region's functioning

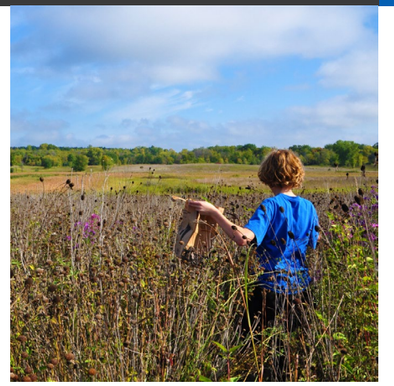
Risks in multiple domains

Social

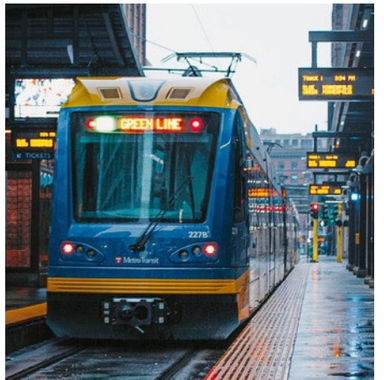
- "Graying dependency ratio": 22% are older adults (65+) in 2050
- Needs of aging population: healthcare, other services
- Housing supply imbalances
- School districts face enrollment declines, likely facility closings and consolidations

Economic

- Greater healthcare spending; less major consumer goods spending
- Local retail economy limited in market growth
- Loss of local economic opportunities
- Major expansions and relocations limited by workforce supply constraint





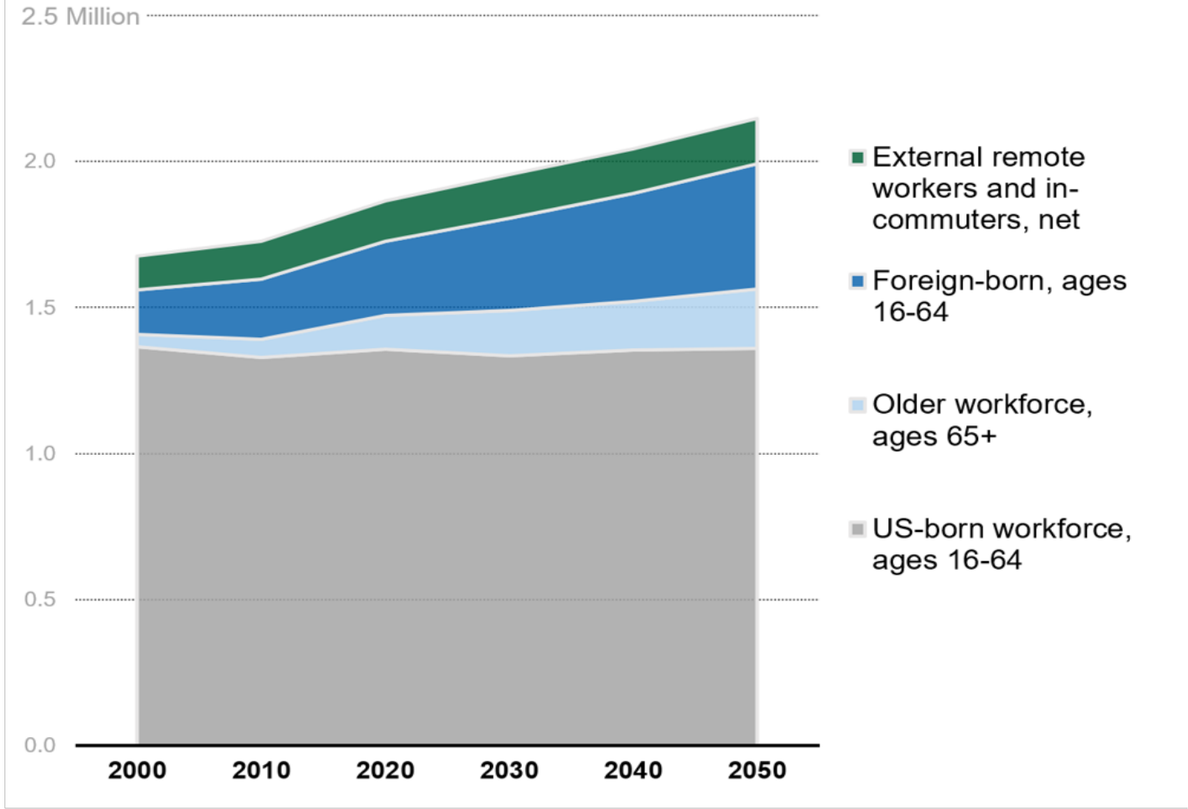


Employment expansion limited by workforce supply constraint

Employment growth during 2025–2050: +230,000 jobs

- US-born workforce, ages 16-64, will grow by only 10,000
- Employers will rely on growing the 65+ workforce (delayed retirements) and immigration
- Demographic cliff will constrain government revenues from income/ payroll taxes

Actual and Forecasted Sources of Workforce Supply, Regional Total



Source: Metropolitan Council, Population and Employment Forecasts (October 2026).

Many public services and business plans will need to be adjusted

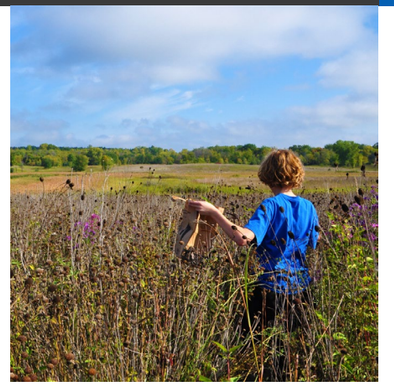
Risks in multiple domains

Built region, cities

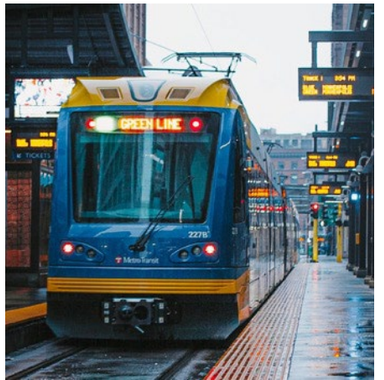
- Vacant buildings
- Disinvestment in mature neighborhoods and districts
- “Flight” of incumbent businesses and households
- Slowdown of new development, construction
- Flattening of housing price appreciation
- Excess infrastructure

Public fiscal

- Legacy maintenance need and depreciation are largely fixed and insensitive
- Reduced tax revenue (even with higher tax rates)
- Budgets are squeezed when tax base stops growing
- Reduced capacity to maintain infrastructure and public services







Source: Alan Mallach, Smaller Cities in a Shrinking World (Princeton Univ. Press, 2023)

Real estate and capital stock value is projected to stagnate

Gross additions + value change	2015 to 2025	2025 to 2035	2035 to 2045
Residential real estate stock	$179 billion	$96 billion	$107 billion
Commercial/Industrial real estate and other capital stock	$142 billion	$69 billion	$88 billion

Net capital stock change after depreciation	2015 to 2025	2025 to 2035	2035 to 2045
Residential real estate stock	+$88 billion	-$12 billion	+$1 billion
Commercial/Industrial real estate and other capital stock	+$68 billion	-$23 billion	+$2 billion

Source: Metropolitan Council regional forecast to 2050 (October 2026 update). All amounts are inflation-adjusted and expressed in fixed 2025 dollars.

Implications for Met Council

Be adaptive to changing conditions

Met Council balances capital budget outcomes across:

- System expansion
- Process improvements
- Preservation and stewardship

We have system plans prepared for regional growth

- Still, we can work with local partners on strategically staged timelines to meet their needs





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Regional and local forecasts are available at:

- https://metrocouncil.org/forecasts

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