THE REGIONAL FORECAST

Population and employment in the Twin Cities region

2023 update

KEY FINDINGS

- The Twin Cities region will gain 657,000 residents between 2020 and 2050, bringing the region's total population to 3,820,000. Less domestic migration is expected during the forecast period, contributing to slower population growth.
- Two concurrent, demographic trends will take place by 2050: the aging of the region's baby boomers and rapid growth of Black, Asian, and Hispanic/Latino populations. Both older adults and BIPOC people nearly double their shares in the region's population between 2020 and 2050, transforming schools and workplaces.
- Historically, low unemployment and competitive wages have attracted economic migrants: If our regional economy was growing, people responded by moving here. Competing metro areas now have similar unemployment rates to ours—erasing one of the Twin Cities region's key competitive advantages.
- Workforce supply is now a constraint. Older adults delaying retirement, immigration, long-distance remote workers, and commuters will fill jobs and help offset losses as the baby boomers leave the workforce, but just barely. Workforce shortages through 2040 slows down employment growth, but an acceleration is expected thereafter.

The Twin Cities will continue to grow, but at a slower pace

The 2023 regional forecast update shows the Twin Cities region will gain 657,000 people between 2020 and 2050, bringing our total population to 3,820,000 (Figure 1). Population growth rates will decline slightly compared with our recent past: though the region's population grew 11% between 2010 and 2020, growth rates of 6% to 7.5% per decade are expected going forward.

The Twin Cities region added 238,000 jobs between 2010 and 2019, before temporarily losing these gains in 2020 due to the economic disruption of the COVID-19 pandemic. (Employment has since rebounded—mostly.) Participation rates (the share of the population working or seeking work) are expected to reach a ceiling around 2024, as employers struggle to replace aging workers. This results in an employment slowdown between 2025 and 2040, before employment accelerates again in the 2040s. The total number of jobs is forecasted to reach over two million by 2050.

FIGURE 1 - 2023 REGIONAL FORECAST UPDATE SUMMARY

	2010	2020	2030	2040	2050
Population	2,850,000	3,163,000	3,364,000	3,555,000	3,820,000
Employment	1,541,000	1,581,000	1,802,000	1,895,000	2,074,000

Source: Metropolitan Council's regional forecast (April 2023).

The demographic and economic dynamics underlying our latest regional forecast are the subject of this report.

The Metropolitan Council forecasts population, households, and jobs with a 30-year horizon for the seven-county Twin Cities region—we update this forecast every two years. Our regional forecast provides a shared foundation for coordinated, comprehensive planning by Met Council and local governments. We assess the region's economic competitiveness and project future growth using REMI PI, a regional economic and demographic model.

This regional forecast was prepared in April 2023. Forecast data, methodology, presentations, and this report are available on our website at https://metrocouncil.org/forecasts. Over the next 18 months, we will prepare preliminary local forecasts, locating forecasted growth to specific places through additional analysis using our local land use forecast model.

Natural growth, international migration drive region's future population growth

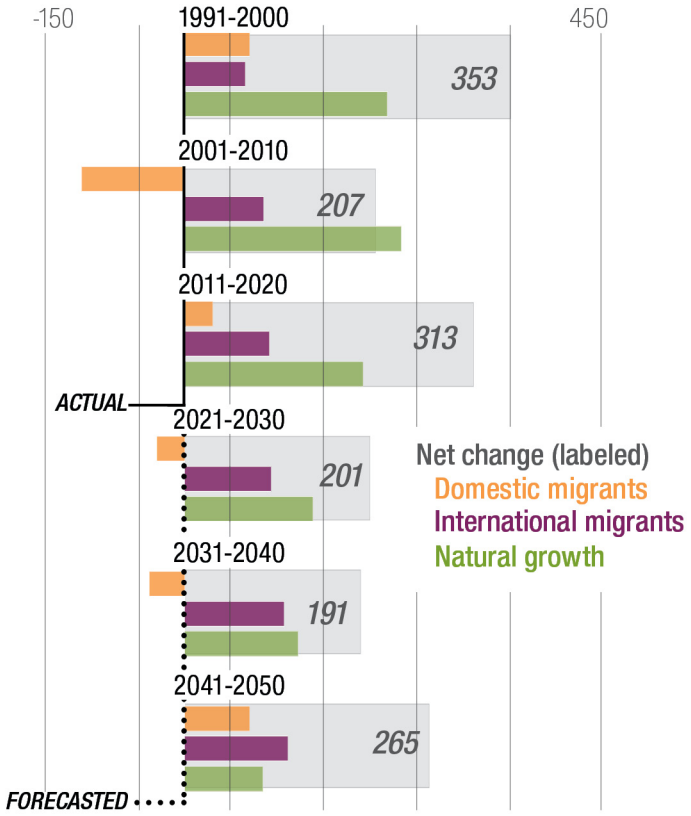
Regional population growth accrues from natural growth—that is, births minus deaths—as well as migration, as people move here from other parts of the country (domestic migration) or other parts of the world (international immigration). In brief:

- Natural growth will add 344,000 new people to the Twin Cities region, and account for 52% of overall population growth between 2021 and 2050 (Figure 2).
- The Twin Cities will continue to be an immigration gateway. The regional will gain 311,000 new residents through international migration between 2021 and 2050.
- Domestic migration amounts to a cumulative gain of 3,000 people between 2021 and 2050. Domestic migration is best understood as a continuous churning: In a typical year, 90,000 to 100,000 people move to the Twin Cities region from elsewhere in the U.S. while another 90,000 to 100,000 people leave. Over time, the small imbalances between arrivals and leavers can be positive or negative.

Net gains or losses from domestic migration vary over time, concurrent with economic conditions. Prior to 2020, the regional economy grew quickly, attracting new residents with good wages and and excellent employment opportunity.

FIGURE 2 - LESS DOMESTIC MIGRATION SLOWS GROWTH

Sources of population change by decade (000s)



Source: Metropolitan Council's regional forecast (April 2023).

Since 2020, a re-set of the economy has dissolved our comparative advantage: The Twin Cities region still has very low unemployment but this is no longer unique—many competing metro areas now also have unemployment rates at or below 3%. Thus, our latest forecast shows reduced domestic migration to our region.

This may all be a matter of time, though. Starting around 2040, our forecast model shows 1) an upturn in certain industries concentrated in the Twin Cities, and 2) low unemployment here while other metros' rates increase. So the Twin Cities will reestablish our comparative advantage, and domestic migration may again turn positive after a 20-year period of net loss.

With this understanding of the sources underlying future population growth, we turn to the defining demographic trends within the region's population that will reshape schools and workplaces by 2050.

Transformational demographic trends: Aging and increasing racial and ethnic diversity

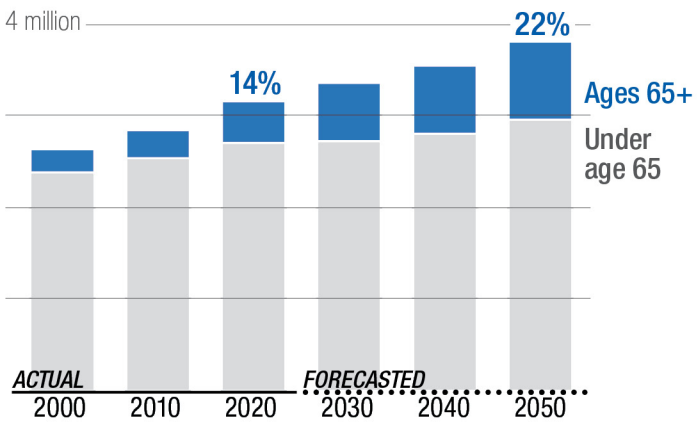
Like the U.S. overall, our region is aging. Between aging baby boomers and longer life expectancies, the share of the region's population age 65 and older will increase considerably between 2020 and 2050 (Figure 3). Older adults will become a much greater factor in housing and consumer markets. Retirements, which began about decade ago as the oldest baby boomers hit age 65, will continue.

At the same time, the prime working-age population (ages 25-64) will grow only by 14%. Millennials (people born between 1981 and 2000) are just numerous enough to replace baby boomers reaching retirement age, but not numerous enough to substantially grow the regional workforce (discussed further on pages 4-5).

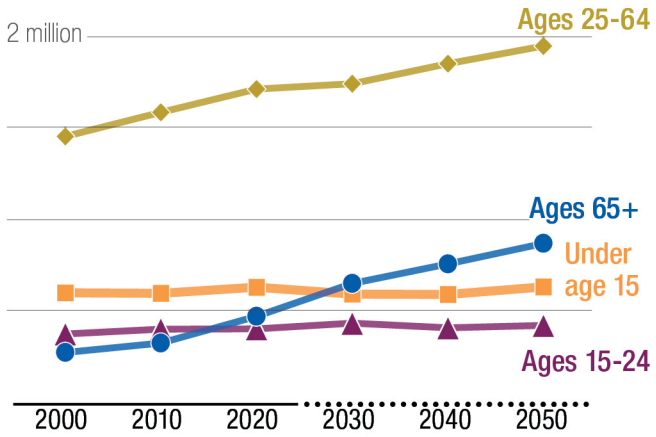
Lastly, the region's population under 25 will grow by only 5% due to historically low birth rates. In 2050, people under age 25 will be just over a quarter of our population (27%), down from about a third (32%) in 2020.

FIGURE 3 - THE REGION'S POPULATION AGE 65+ NEARLY DOUBLES BY 2050

A. Population growth by under or older than age 65+



B. Population growth by age groups



Source: Metropolitan Council's regional forecast (April 2023).

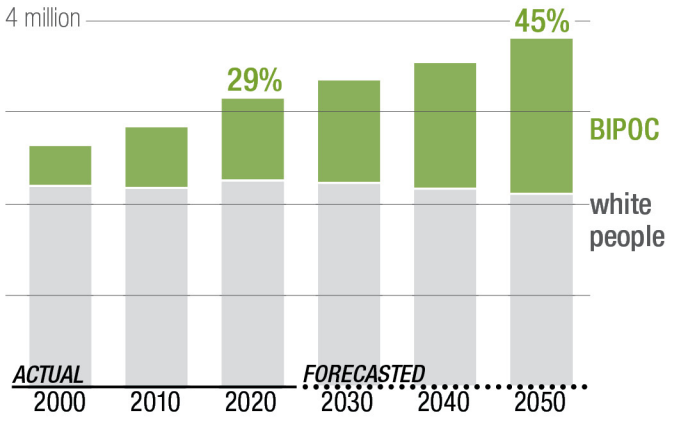
Over the next three decades, Twin Cities region's population will become more racially and ethnically diverse, a shift already evident in today's K-12 schools and workplaces—and our second transformational trend. The share of Black, Indigenous, and populations of color nearly doubles between 2020 to 2050, going from 29% to 45% (Figure 4). More specifically:

- The number of Black residents will increase by 87% going from 331,000 in 2020 to 620,000 in 2050. Black residents will comprise 16% of the region's population in 2050.
- Asian and Pacific Islander (AAPI) populations will increase from 258,000 in 2020 to 503,000 in 2050. They will account for 13% of the region's population in 2050.
- Hispanic or Latino residents will be 10% of the Twin Cities' population in 2050 after an increase of 88% between 2020 and 2050.
- Residents who identify as some other race group or as multiracial will double by 2050.

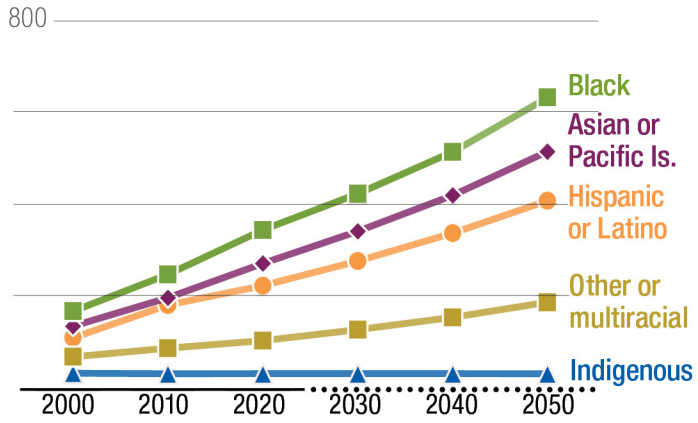
In contrast, the number of Indigenous residents in the region is expected to remain approximately 17,000 throughout the forecast. Lastly, the region's white population levels off around 2030, then declines slightly through

FIGURE 4 - THE REGION'S BLACK, INDIGENOUS, AND POPULATIONS OF COLOR NEARLY DOUBLES BY 2050

A. Population growth by race (white and BIPOC)



B. BIPOC population growth by race/ethnic group (000s)



Source: Metropolitan Council's regional forecast (April 2023).

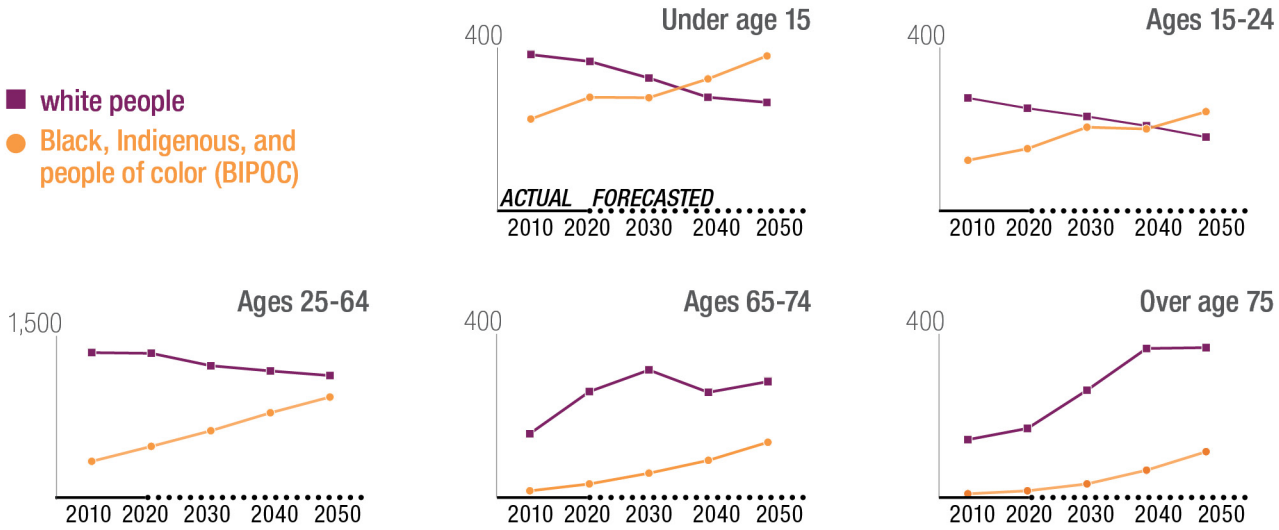
Together, both of these demographic trends will fuel a transformation of the region's schools and workplaces.

Most Black, Indigenous, and people of color (BIPOC) living in the Twin Cities region today were not living here before 2000—or were not born yet. Looking ahead, the number of BIPOC people ages 25-64 almost doubles between 2020 and 2050 as the number of white people in the same age group falls considerably (Figure 5). This will dramatically alter the racial make-up of workplaces.

BIPOC children (under age 15) and young adults (ages 15-24) will grow 44% between 2020 and 2050 (combined). In 2050, 59% of children under age 15 and 57% of young adults (ages 15-24) will be BIPOC. Concurrently, white populations under age 25 will shrink. This will have significant implications for both school enrollments and workplaces.

FIGURE 5 - KEY DEMOGRAPHIC TRENDS CONVERGE AND TRANSFORM SCHOOLS, WORKPLACES BY 2050

Population growth by race and age groups (000s)



Source: Metropolitan Council's regional forecast (April 2023).

The churn of migration (discussed on page 2) also plays a role in this story: While economic opportunities draw new workers and students into the Twin Cities region, we simultaneously lose people with non-economic priorities like retirees, who migrate to sunbelt states. Most people leaving the region are white. In contrast, international migrants—a source of regional population growth—are predominantly BIPOC and younger (people in their 20s and 30s). Thus, immigration also accelerates the region's racial and ethnic diversity.

Employment growth slows with workforce constraints but continues to 2050

The Twin Cities' economy has a high-value-added industry mix and most conditions needed for growth. The REMI PI model (that we use to complete the regional forecast) assesses our region as having cost and resource advantages, a high level of productivity, and breadth of workforce supply. In other words, our fundamentals are strong.

The Twin Cities economy has weaknesses as well, though. Historically, low unemployment and better wages have drawn economic migrants from other places in the U.S. If our regional economy was growing, people responded by moving here. As stated earlier, the COVID-19 pandemic in 2020 has upended this trend: migration into the Twin Cities region is down and employment has not bounced back as quickly here as it has in other metros with whom we compete for workers. According to the Current Population Survey (U.S. Census Bureau), economic opportunities are the leading reason people give for moving here from other states; a lesser share move here for other reasons. Despite our top-rated amenities, the Twin Cities region does not have the brand (or weather) of peer metros like Austin, Denver, or Seattle.

Considering all these factors, our regional forecast update shows a modest employment expansion for most of the forecast period. The number of jobs rose from 1,581,000 at the low-point of 2020 to 1,732,000 in 2022 (the rebound), and will grow to 2,074,000 in 2050 (Figure 6). The slowdown of employment reflects the constraint of a

long-term workforce shortage.

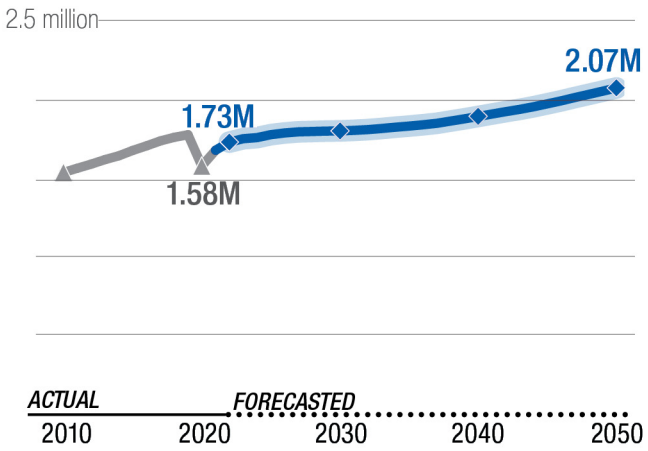
The forecasted employment growth from 2022 to 2050 amounts to 342,000 jobs. The realities of aging baby-boomers, a modest-sized replacement cohort (Millennials), and the meaningful inclusion of immigrants will be challenges for employers and workforce training providers. Our predominant workforce profile up to this point; U.S.-born, working-age, adults will grow by only 71,000, meeting less than a quarter of employers' demand during this period.

Still, Met Council's analysis identifies three non-traditional sources of workforce expansion:

- Older adults (people age 65 and over) are the region's fastest growing demographic group. The doubling of this population and the gradual advancement of retirement ages provides a net gain of 98,000 workers between 2022 and 2050.
- The region will also gain from international immigration. Immigration contributes a steady flow of people in their 20s and 30s, prime working-age. After factoring in workforce participation rates, the cumulative gain in workers from immigration amounts to 162,000 between 2022 and 2050.
- Workers living outside the Twin Cities region fill many jobs. The net import of long-distance commuters and out-of-region remote workers attached to Twin Cities businesses is growing. This phenomenon is difficult to track with government statistics; thus the projection is uncertain. In this regional forecast update, we are assuming long-distance commuters and remote workers together will grow by 26,000.

FIGURE 6 - SLOWER EMPLOYMENT GROWTH TO 2050

Number of actual and forecasted jobs

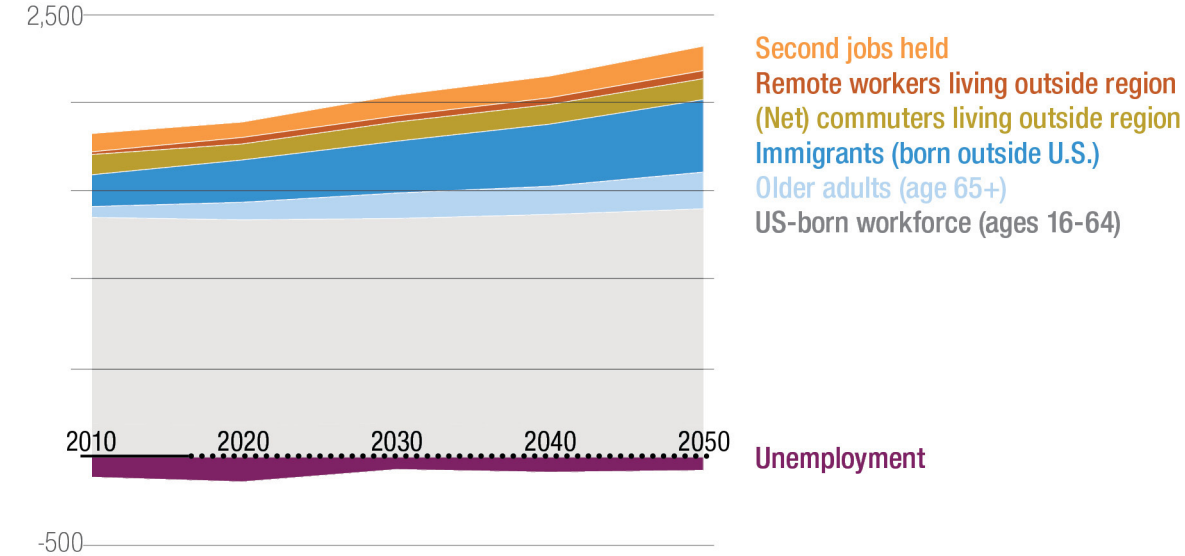


Source: Metropolitan Council's regional forecast (April 2023).

The region's workforce supply limits will constrain the growth of employer businesses. Still, our workforce will grow enough to accommodate a payroll expansion of 342,000 jobs between 2022 and 2050. The eventual outcome could vary from this depending on unemployment rates, participation rates, remote work trends, and migration to the Twin Cities region.

FIGURE 7 - THE REGION'S FUTURE WORKFORCE MAY CONSTRAIN EMPLOYMENT GROWTH BY 2050

Sources of workforce change (000s)



Source: Metropolitan Council's regional forecast (April 2023).