ECONOMIC OUTLOOK FORUM

THURSDAY, NOVEMBER 5, 2026

Inspector Clouseau's Economy



Meet the Inspector on the case, willing to do whatever it takes...



TOWSON
BALTIMORE
EVERYWHERE

RESI Gazette

REGIONAL ECONOMIC STUDIES INSTITUTE

KEEPING AN EYE ON CRIME & CURIOUS BEHAVIOUR

Inspector Clouseau on the case, searching for the Pink Panther



CURRENT ECONOMIC CONDITIONS

The economy presents a mixed picture. Inflation remains a topic of concern for households and businesses alike.

Job markets continue to show signs of resilience, though growth is uneven across sectors and regions.

Household budgets feel the squeeze from higher everyday costs, while savings and spending patterns adjust.

Policymakers are watching closely, seeking balance and long-term stability.

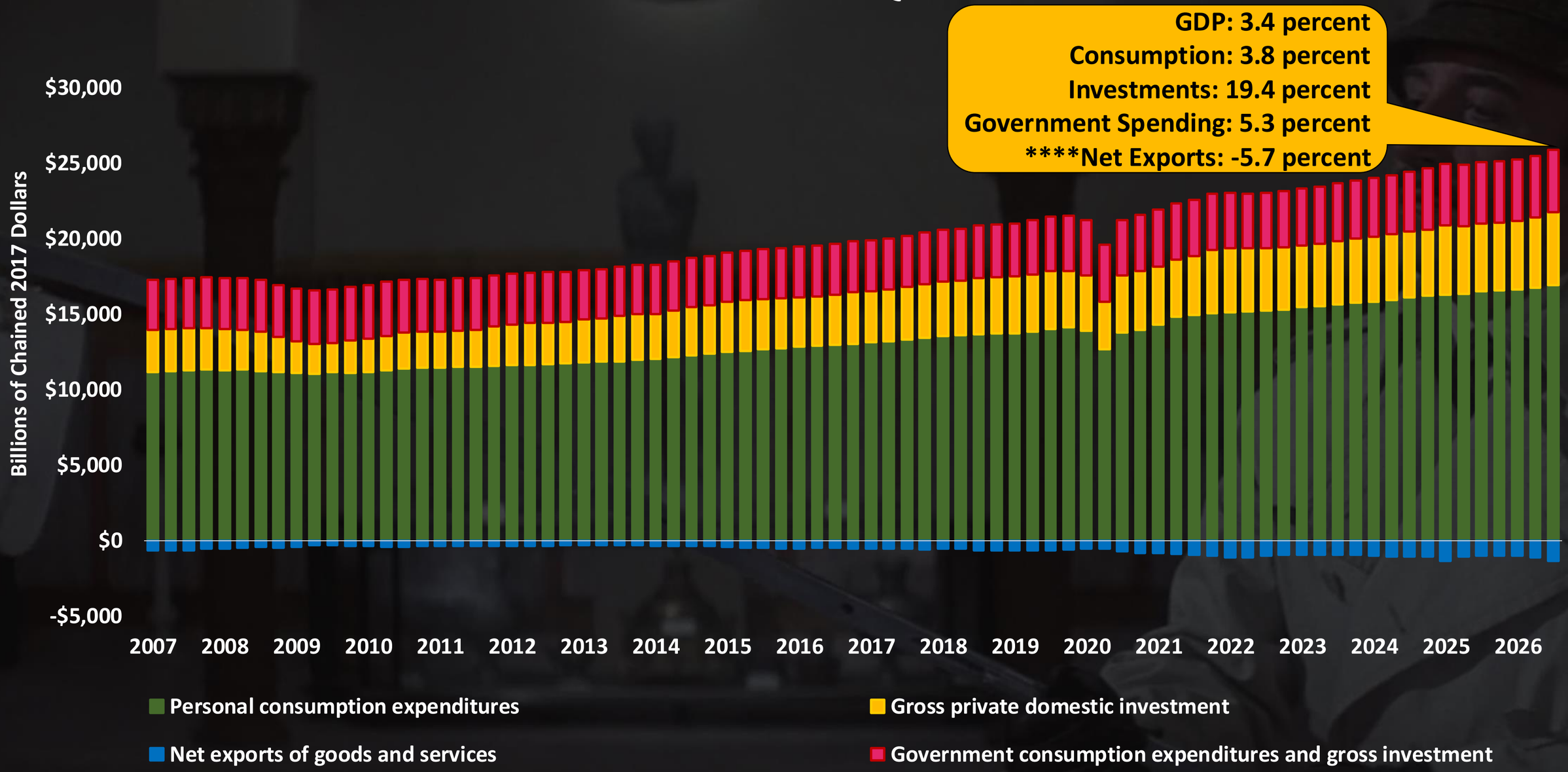
★ THE HUNT CONTINUES IN MARYLAND ★

I Suspect Everyone....




“Tell me nothing, I prefer to investigate
the scene of the crime spontaneously”

Real GDP Increased at an Annual Rate of 3.4% In the Third Quarter of 2026



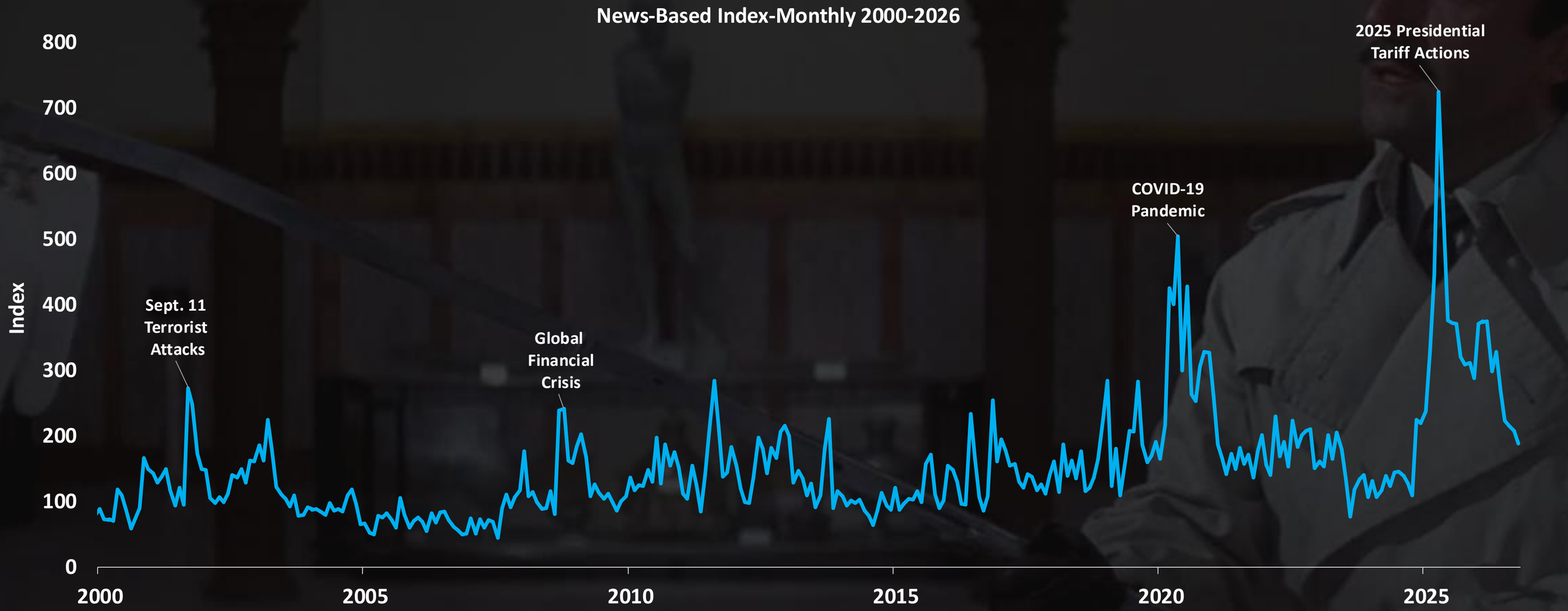
Source: U.S. Bureau of Economic Analysis

National Unemployment and Underemployment Have Risen Slightly, Remaining Near Pre-Pandemic Levels



Source: U.S. Bureau of Labor Statistics

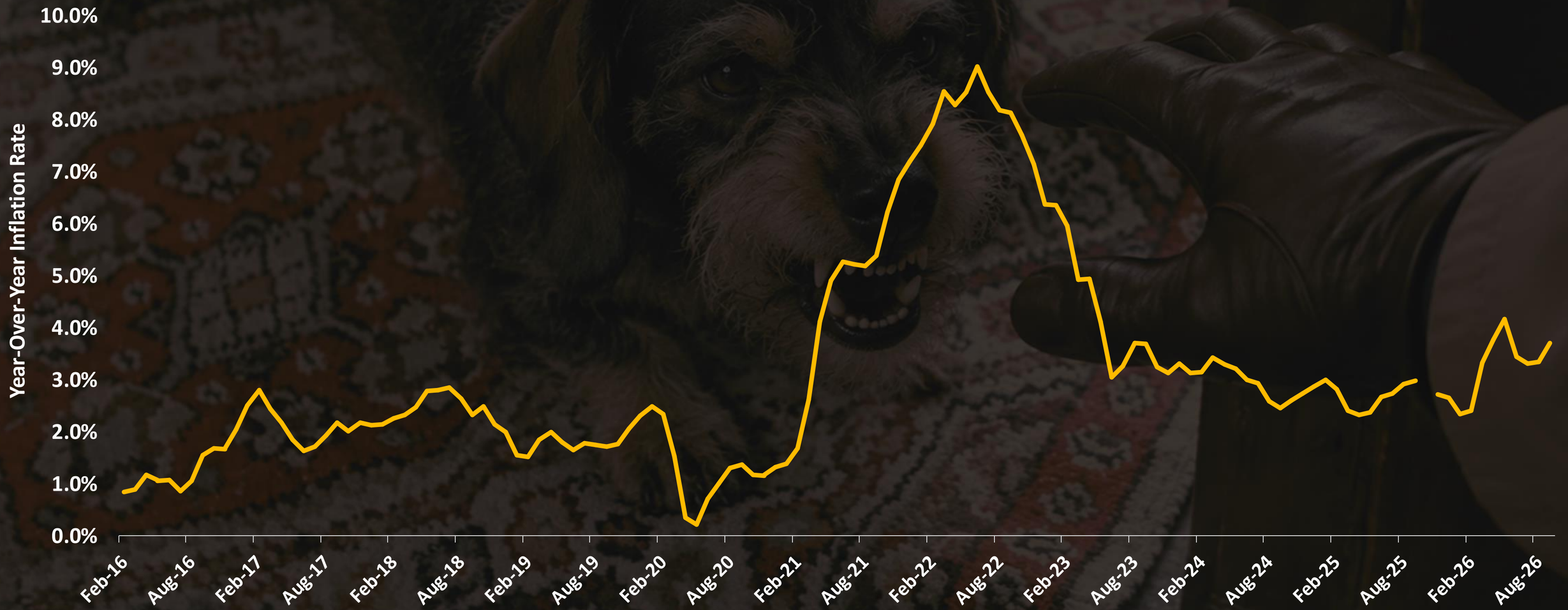
U.S. Economic Policy Uncertainty Down 74% From Record High; Geopolitical Tensions Trigger Brief Uptick



Source: WSJ & Federal Reserve Bank *of* St. Louis

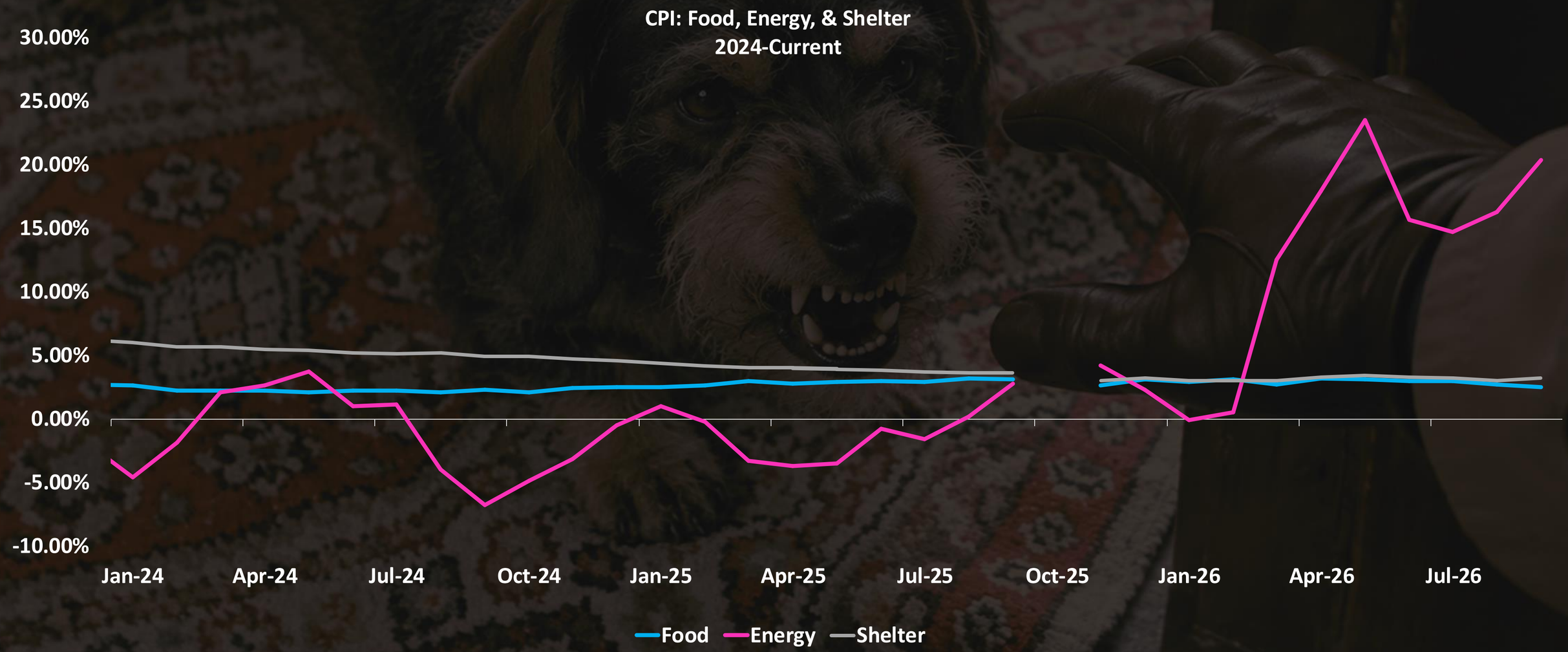

“Does your dog bite?”

CPI Increased 3.7% Year-over-Year in September, Reflecting Inflationary Pressures Largely Driven by Energy Costs



Source: Bureau of Labor Statistics

Energy Index Rose 20.4% Year-Over-Year, Primarily Due to Increases in the Gasoline Index



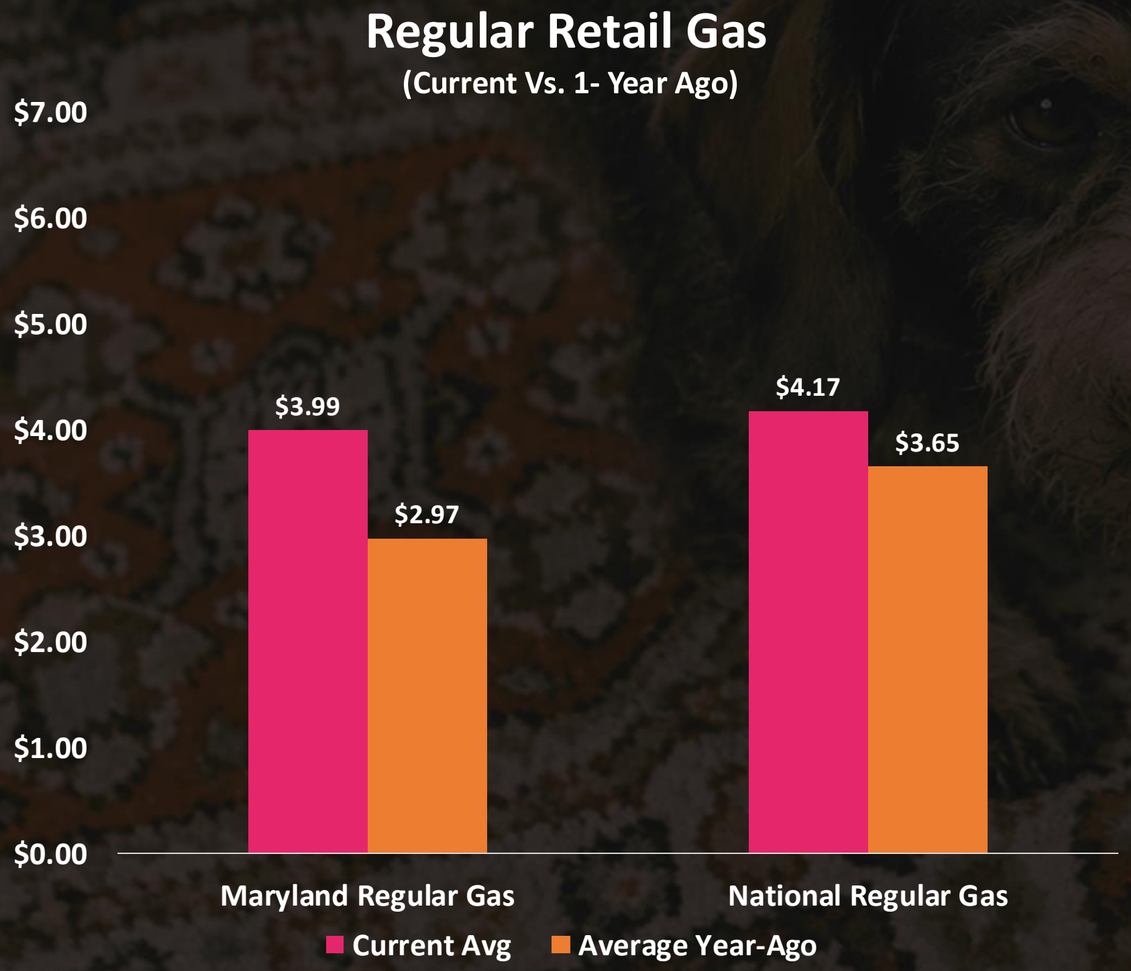
Source: Bureau of Labor Statistics

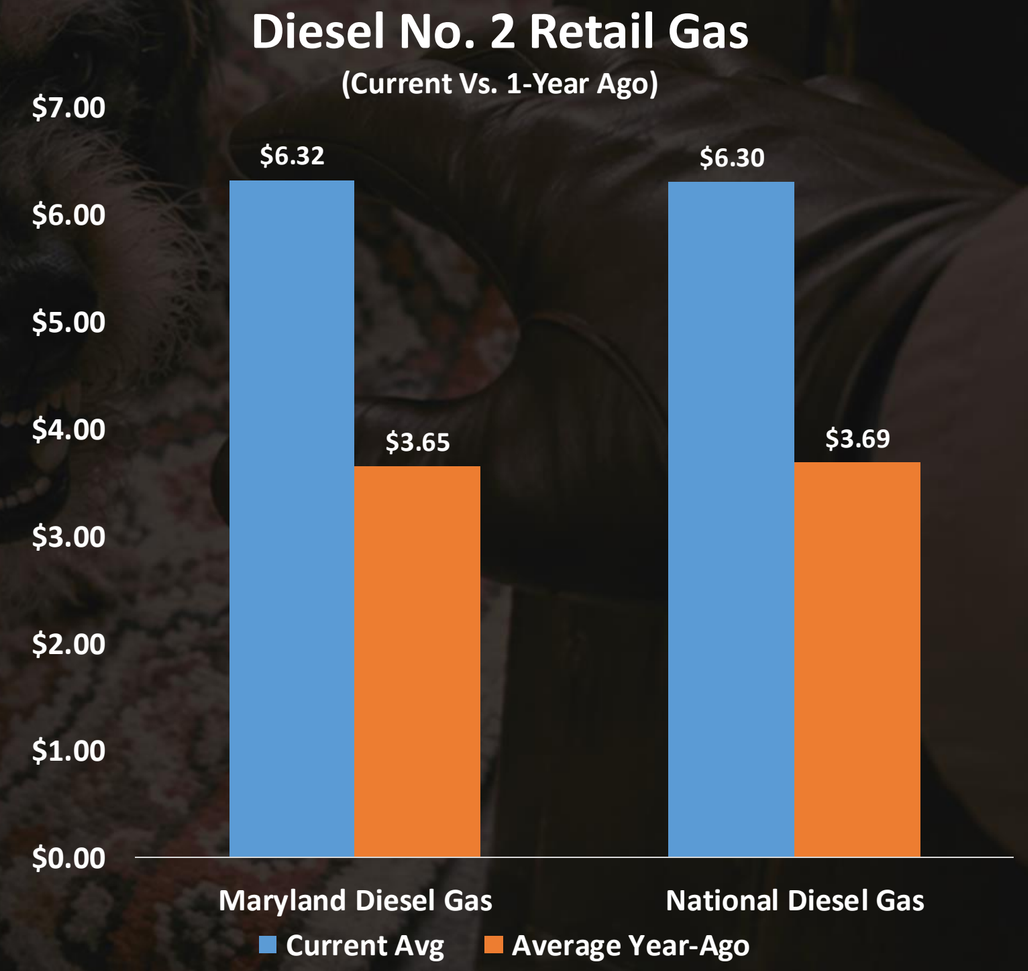
Weekly Average U.S. Gas and Diesel Prices Are Up More Than 40%-70% Year Over Year



Source: Federal Reserve Economic Data

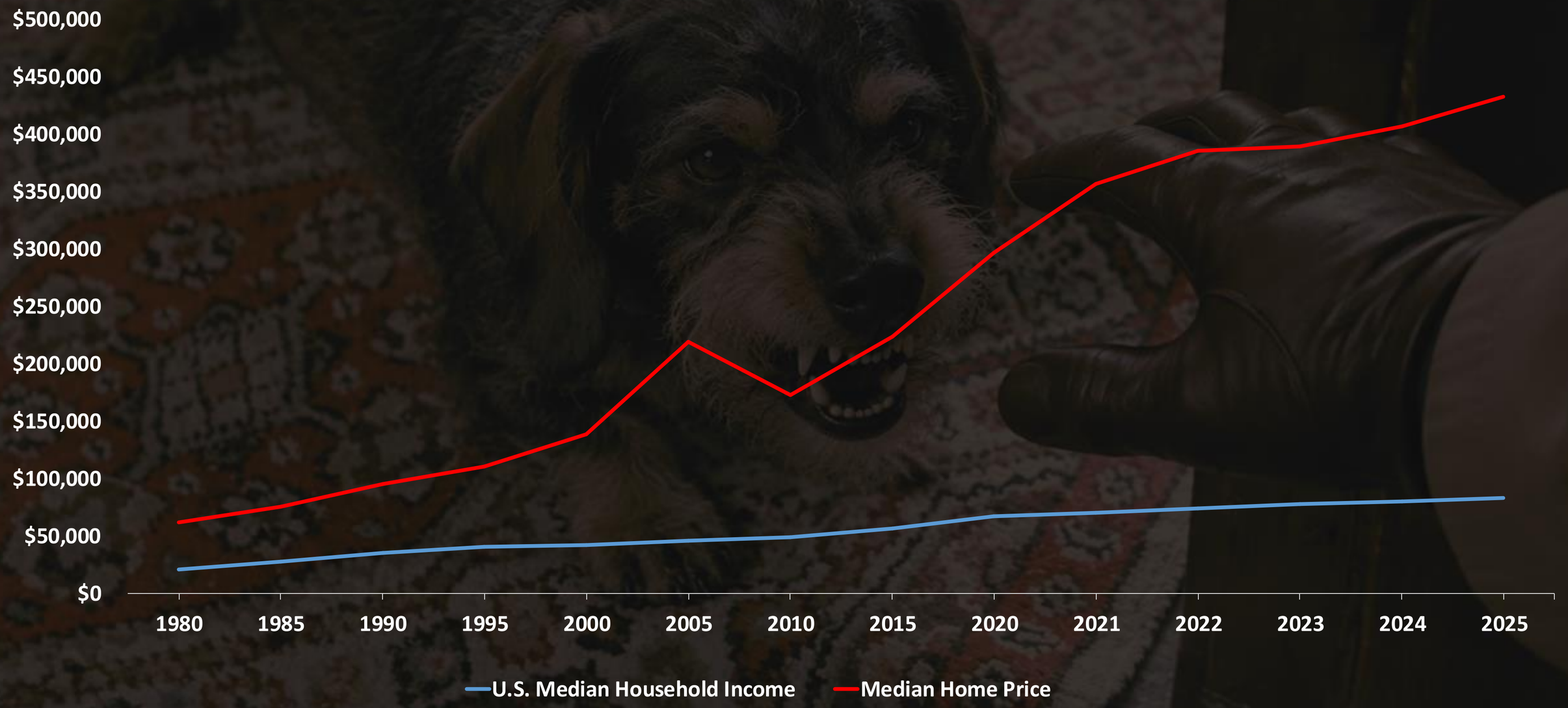
National and Regional Gas Prices Have Escalated Drastically Over the Past Year





Source: AAA

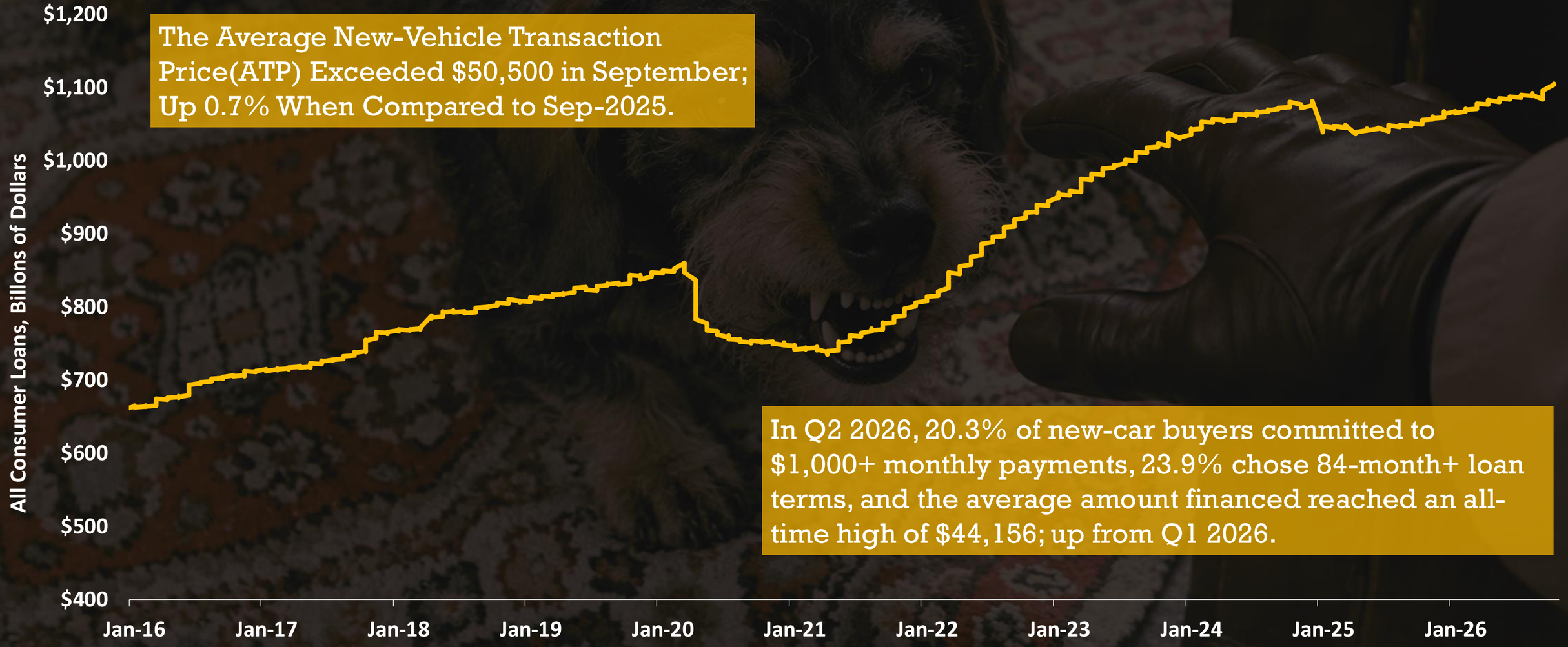
Median Home Prices Outpaced U.S. Median Household Income Growth



Source: Nar – US Census, No 62, The Housing Almanac, FRED.

Consumer Debt Dropped in 2020 but Has Climbed Since

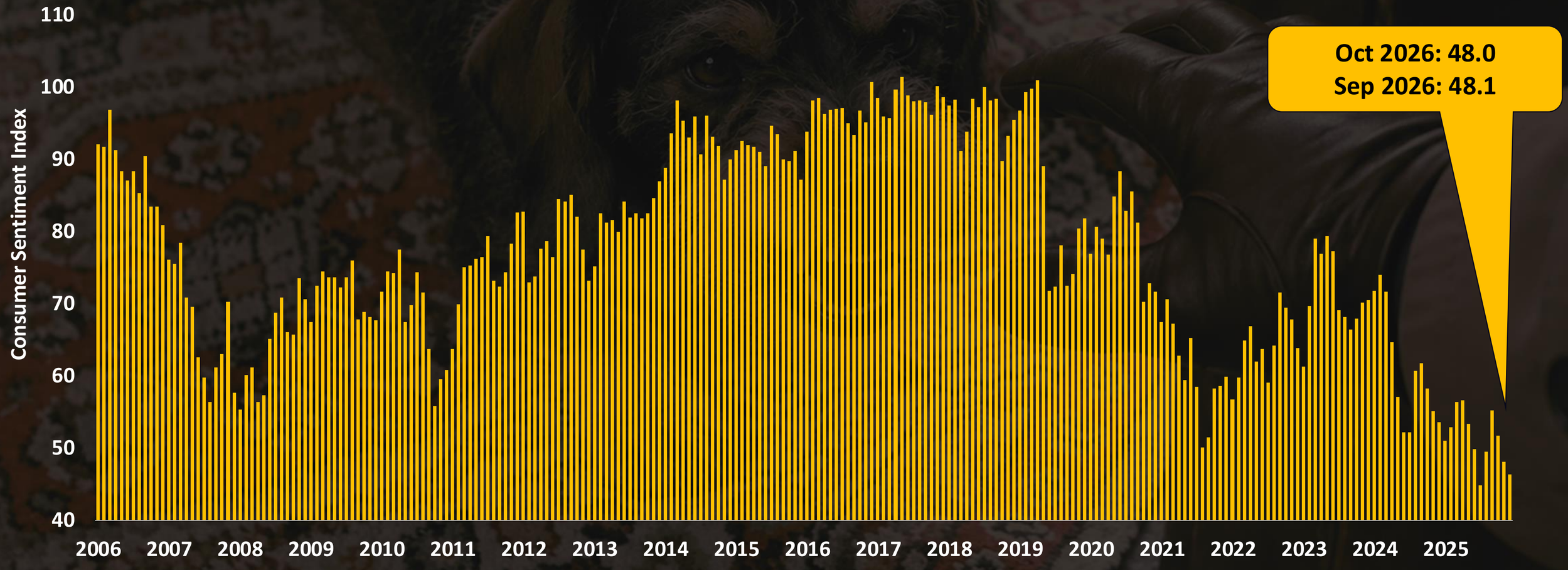
The Average New-Vehicle Transaction Price(ATP) Exceeded $50,500 in September; Up 0.7% When Compared to Sep-2025.



In Q2 2026, 20.3% of new-car buyers committed to $1,000+ monthly payments, 23.9% chose 84-month+ loan terms, and the average amount financed reached an all-time high of $44,156; up from Q1 2026.

Source: Federal Reserve Economic Data

Consumer Sentiment Held Steady in October as Higher Rates and Affordability Concerns Weighed on Durable Goods Buying Conditions



Source: University of Michigan


“Do you have a room? I am Inspector Clouseau, here on official police business”
POLICE

Fed Holds Rates Steady at 3.75%-4.00% Following September Hike, Citing a Strengthened Economy



Sources: FRED, CNBC

30-Year Fixed Mortgage Rates Rises to 7.24% Up from 6.17% a Year Ago



Sources: FRED, Board of Governors of the Federal Reserve System

The U.S. Housing Supply Gap Exceeded 4 Million Homes in 2025

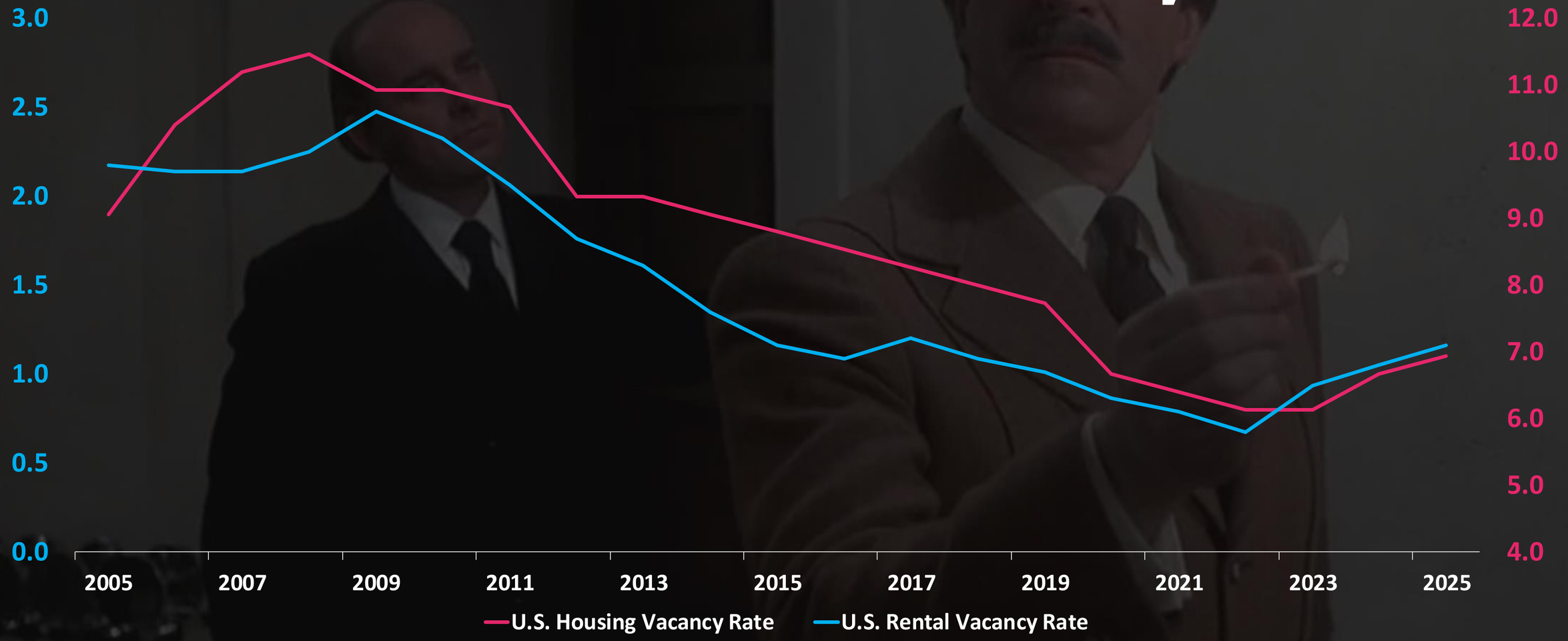
- Despite improvements in housing supply, household formation outpaced new housing in 2025, further widening the housing supply gap.
- Weak housing market activity and limited home completions contributed to record-low homeowner vacancy rates.
- Housing demand remains constrained by affordability challenges, limited low-cost housing, regional supply imbalances, economic uncertainty, zoning restrictions, and rising household costs, with Millennials and Gen Z facing the greatest barriers to homeownership.



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Source: RESI Research

Multifamily Construction Raises Rental Vacancy Rates from Pandemic Lows, but Vacancies Remain Historically Low



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Source: NAHB & FRED

Housing Starts Have Declined After Hitting a 15-Year High in April 2022



Source: FRED, U.S. Census Bureau

One in Three Young Adults In the U.S. Live With Their Parents



U.S. Overall
33%

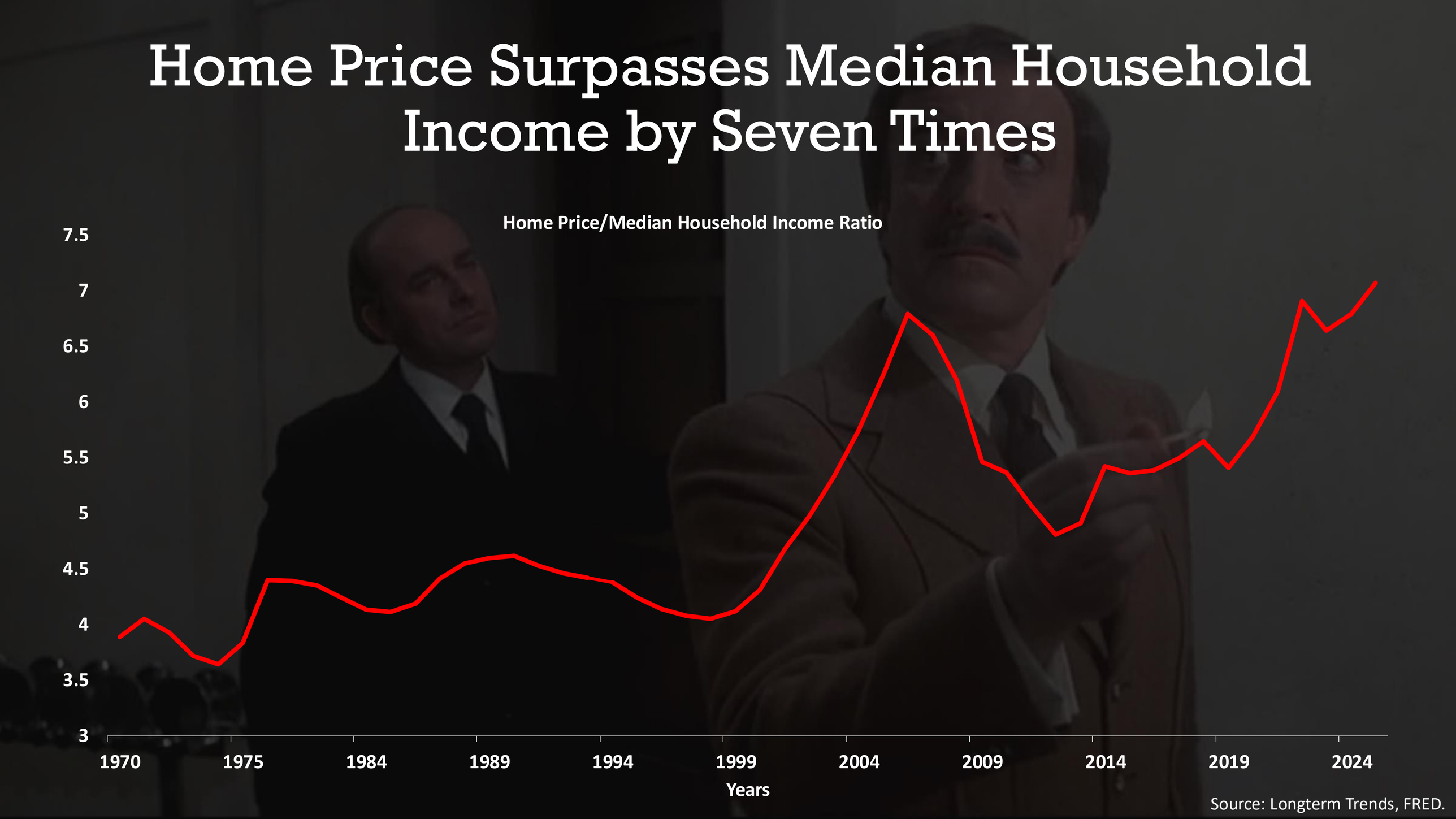
% of Adults (18-34 Years Old) Living With Their Parents

Low to High 12% 44%

WA 27%
OR 26%
CA 39%
ID 25%
NV 35%
MT 23%
WY 16%
UT 27%
AZ 31%
CO 23%
NM 33%
ND 12%
SD 18%
NE 20%
KS 23%
OK 26%
TX 33%
MN 27%
IA 22%
MO 27%
AR 25%
LA 30%
WI 25%
IL 35%
MS 33%
MI 33%
IN 28%
KY 27%
TN 28%
AL 32%
OH 29%
WV 28%
GA 34%
FL 37%
SC 30%
NC 28%
VA 32%
PA 35%
NY 36%
ME 26%
-VT 26%
-NH 37%
-MA 36%
-RI 34%
CT 41%
-NJ 41%
-DE 37%
-MD 39%
-DC 13%
AK 26%
HI 33%

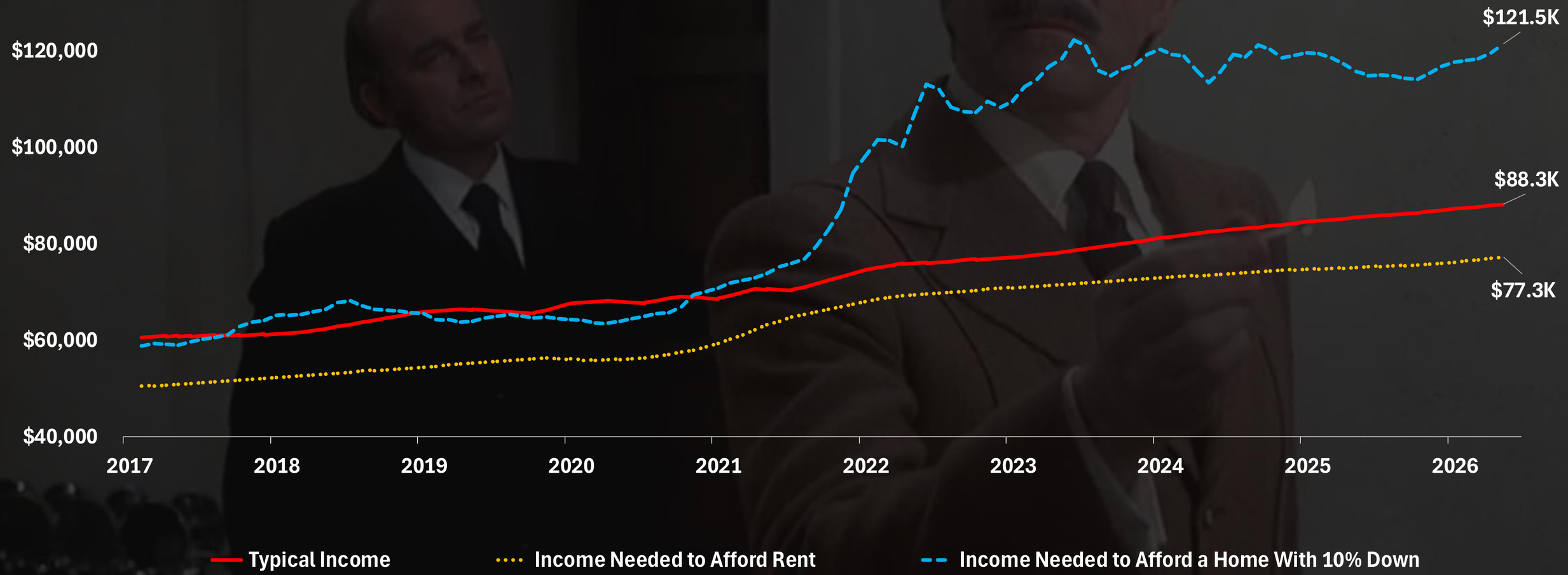
Source: Finance Buzz, U.S. Census Bureau 2025

Home Price Surpasses Median Household Income by Seven Times



Source: Longterm Trends, FRED.

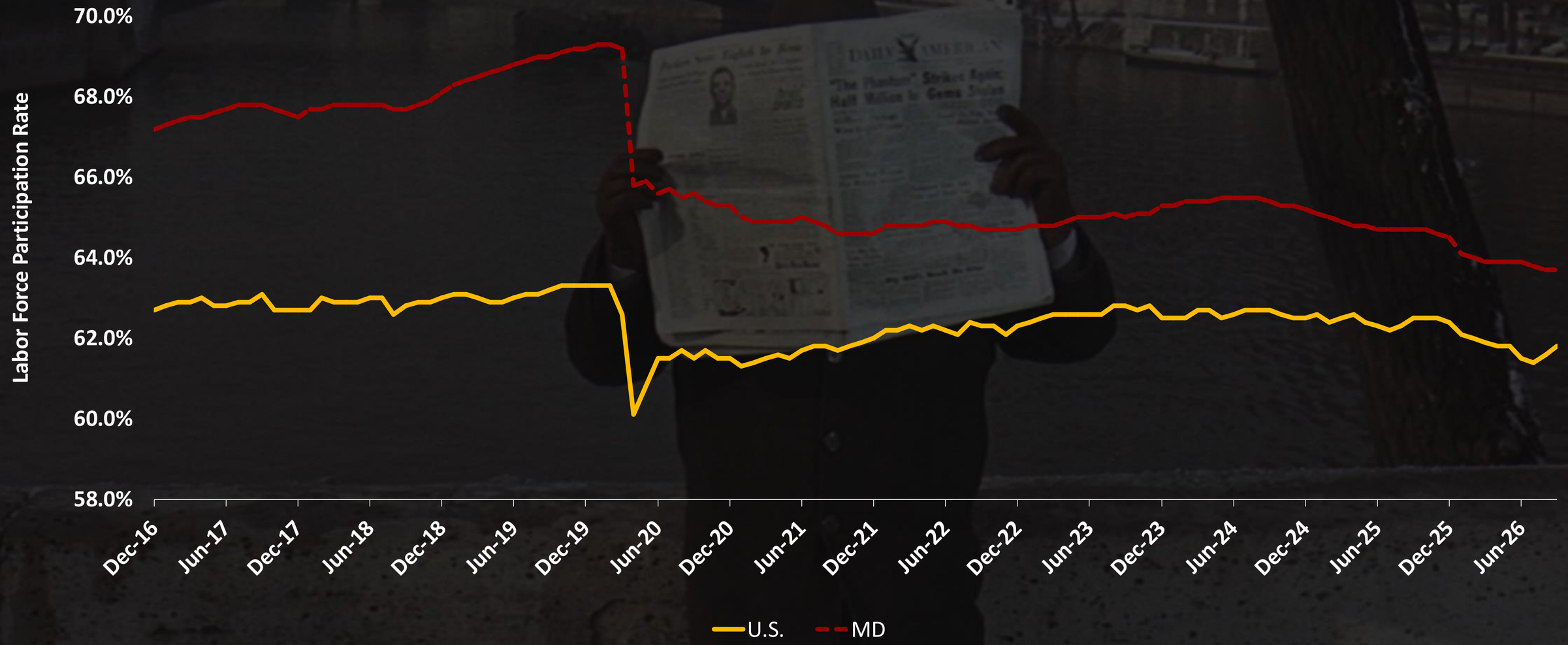
Households With a Typical Income Would Need Approximately 38% More Income to Afford a Typical Home in the U.S.



Source: Zillow

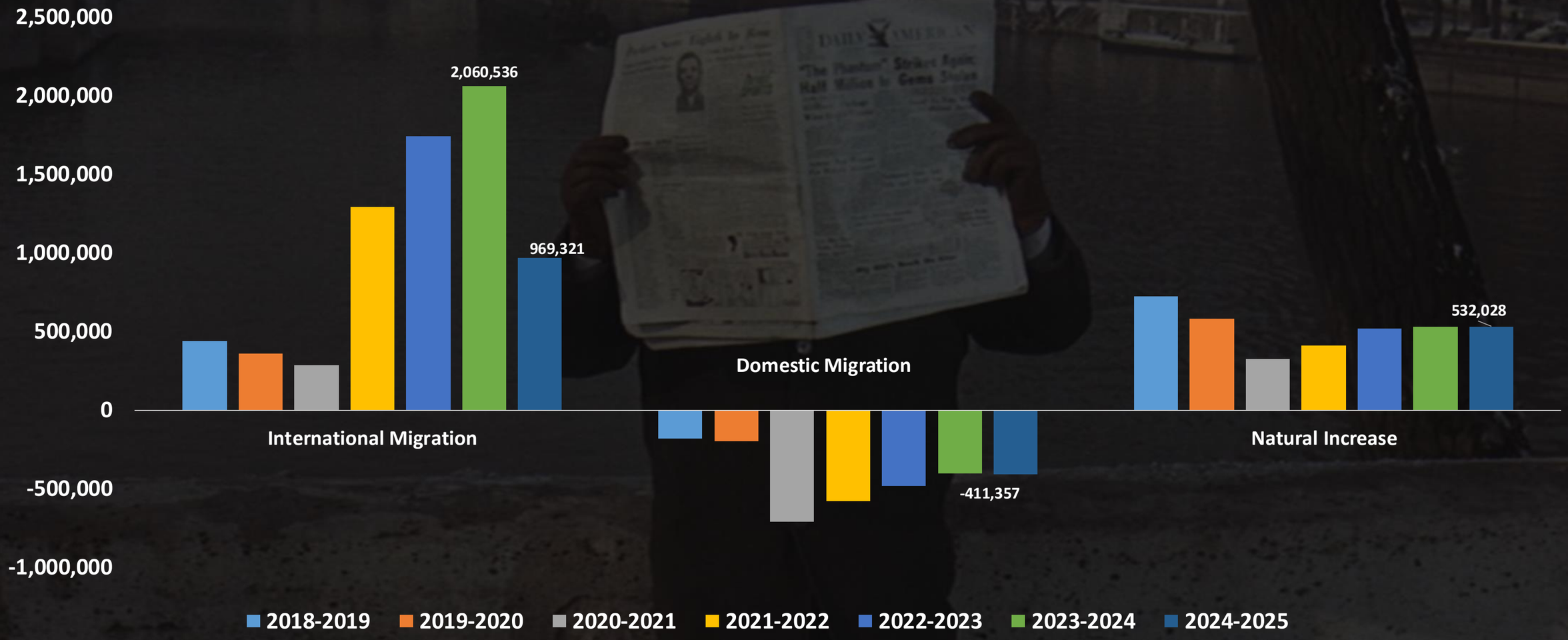

What is your name, what do you do, and
where were you the night of the crime?

Labor Force Participation Overall is Lower Than Pre-Pandemic Levels



Source: U.S. Bureau of Labor Statistics

Immigration Slowdowns in 2025 Drove Widespread Population Decline Across Major U.S. Metropolitan Areas



Source: Brookings Institute, U.S. Census Bureau

Unemployment Among Immigrants Held Steady in 2025, While Rising for Native-Born Workers

- According to Current Population Survey (CPS) data, immigrants accounted for 19.1 percent of U.S. civilian labor force in 2025, a slight decline from 19.2, the year prior.

- Unemployment rate for foreign-born workers held steady at 4.2% between 2024-2025, while jobless rates for the native born increased to 4.3%.

- Hispanic or Latino workers comprise nearly half (47.3%) of the foreign-born labor force, followed by Asian workers (25.9%); most are ages 25–54.

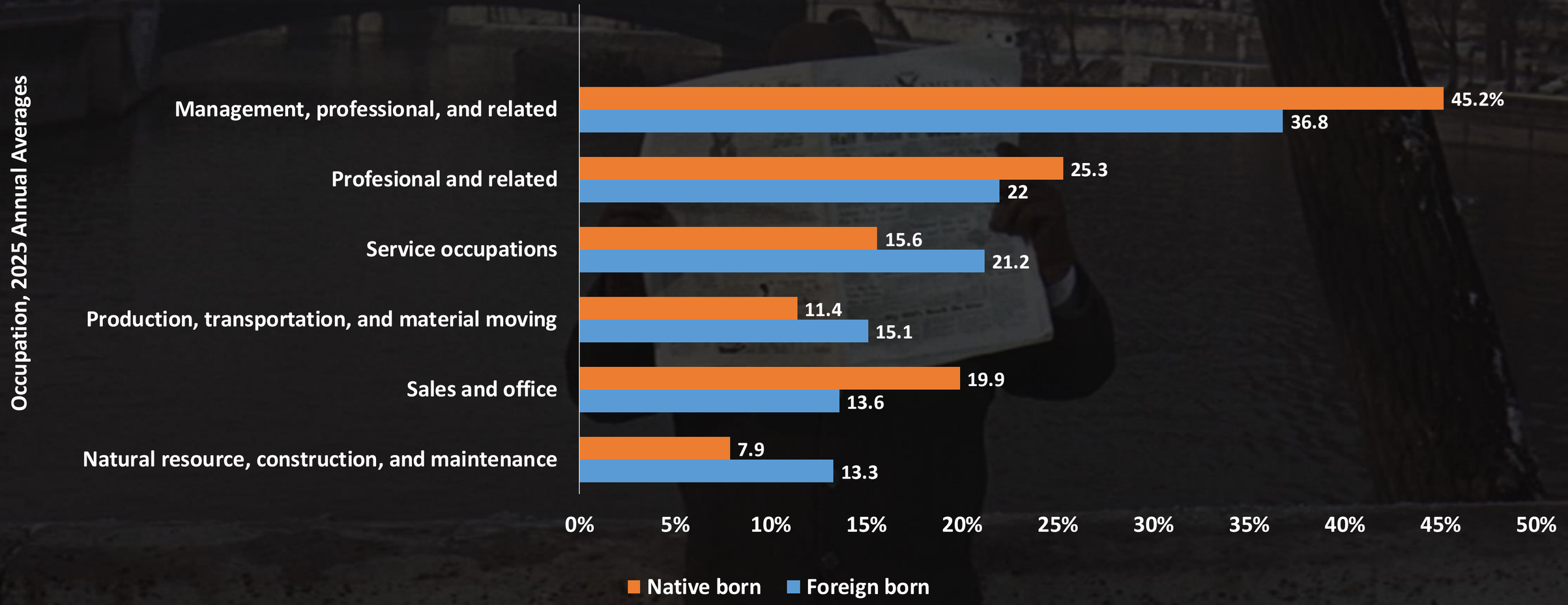


D.P. Morris/Bloomberg

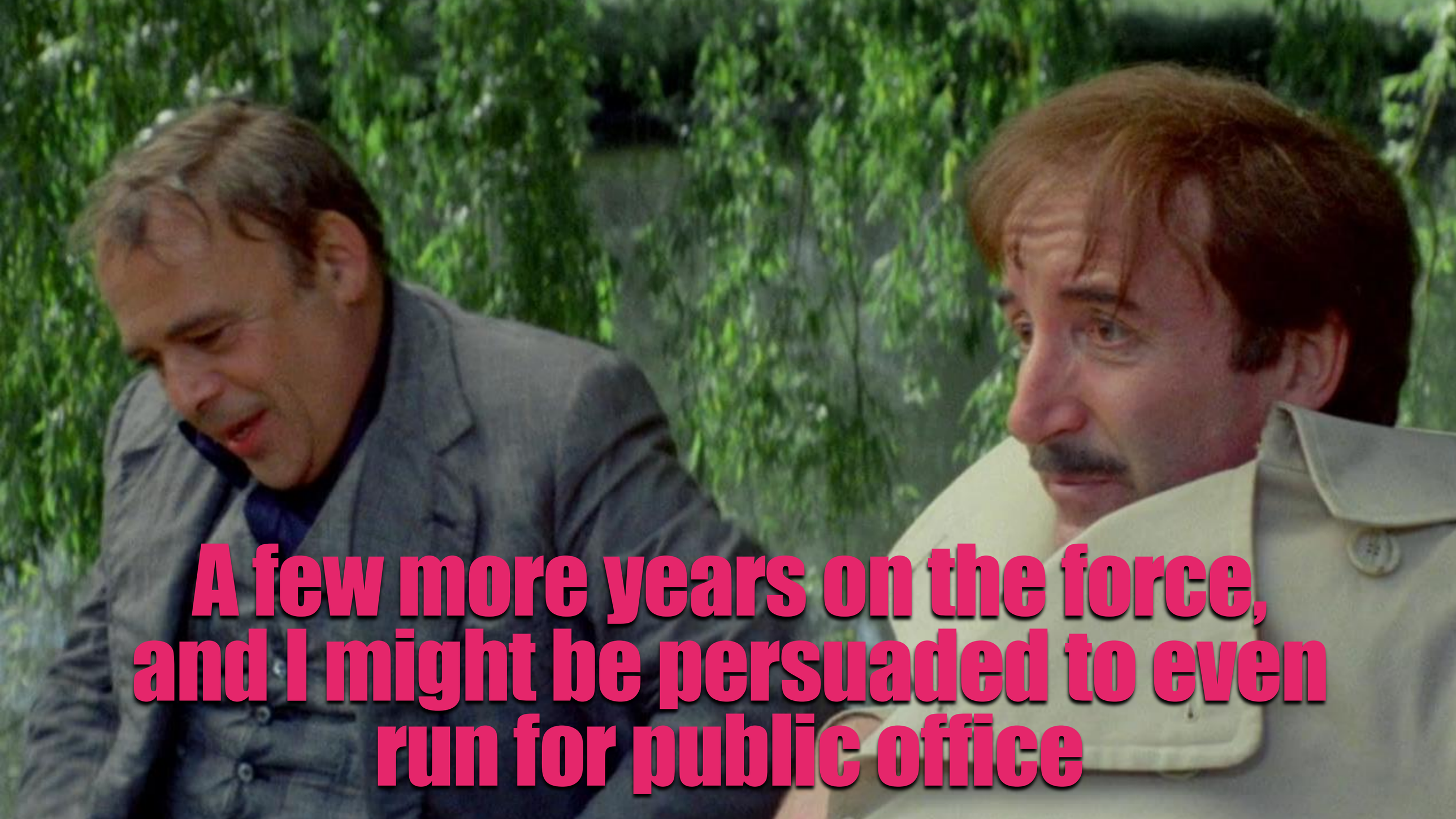
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Source: U.S. Bureau of Labor Statistics

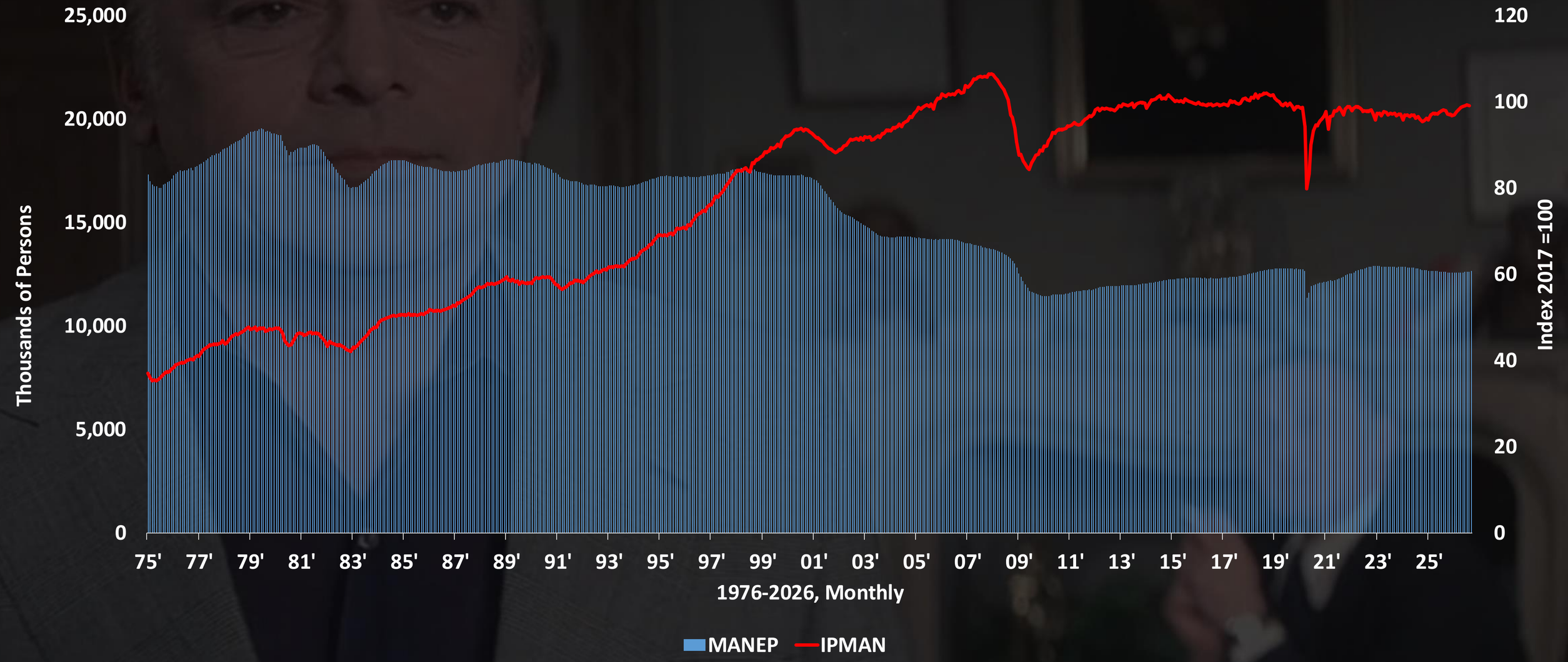
Distribution of Native and Foreign-Born Workers Across Occupations



Source: U.S. Census Bureau

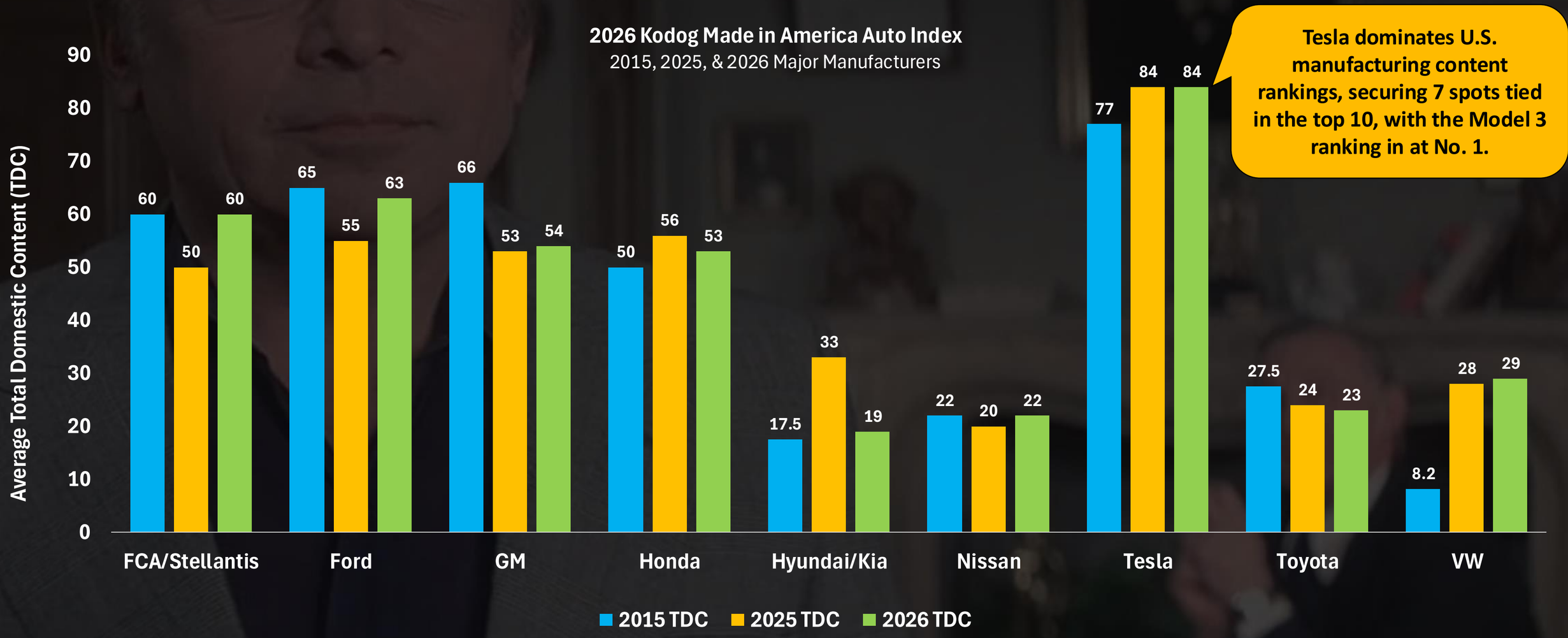

A few more years on the force,
and I might be persuaded to even
run for public office

U.S. Manufacturing Employment Has Declined 28% Since 1976



Source: Federal Reserve Bank *of* St. Louis

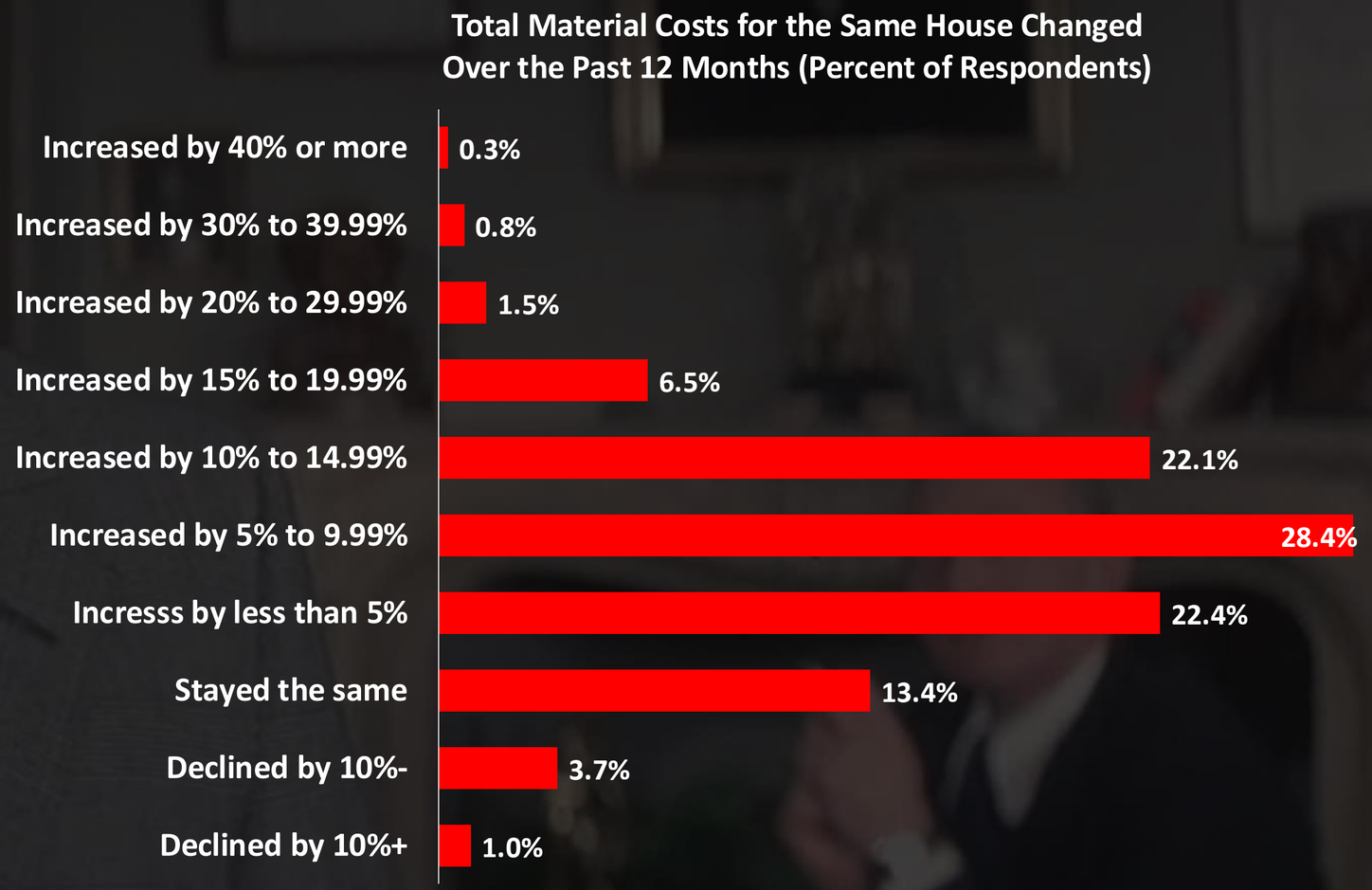
Tesla Leads in 'Made in America' U.S. Manufacturing Content; Geopolitical Developments May Drive Greater Localization



Source: Kodog School of Business

Building Material Cost Pressures Continue to Challenge Housing Affordability and Majority of Small Builders

- Rising building material costs have reduced housing affordability, with price growth accelerating since 2024.
- Inflation, supply chain constraints, and higher production and transportation costs have pushed building material price inflation to near four-year highs.
- Trade uncertainty, tariffs, and evolving regulations have further increased costs, creating affordability challenges for builders and placing particular strain on smaller building firms.



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Source: National Association of Home Builders

Policy Shifts Driving Immigration Enforcement and Labor Market Uncertainty

- FY 2026 reports indicate that over 350,000+ persons were removed according to ICE. Early 2026 reports estimated over 500,000+ persons were deported, and more than 2 million illegal aliens left the U.S., while daily border apprehensions dropped from an average of 5,000 to roughly 250; the lowest since 1970.

- ICE raids have intensified nationwide, targeting common gathering spots for day laborers (such as Home Depot), vendors near fashion districts, and Democratic regions believed to include “sanctuary cities.”

- Notably, in 2025, the decline in migrant workers entering the U.S. has contributed to sluggish hiring, as trade and immigration policies create uncertainty among firms, making them reluctant to spend or hire.



Immigration & Customs Enforcement, Worksite Raid

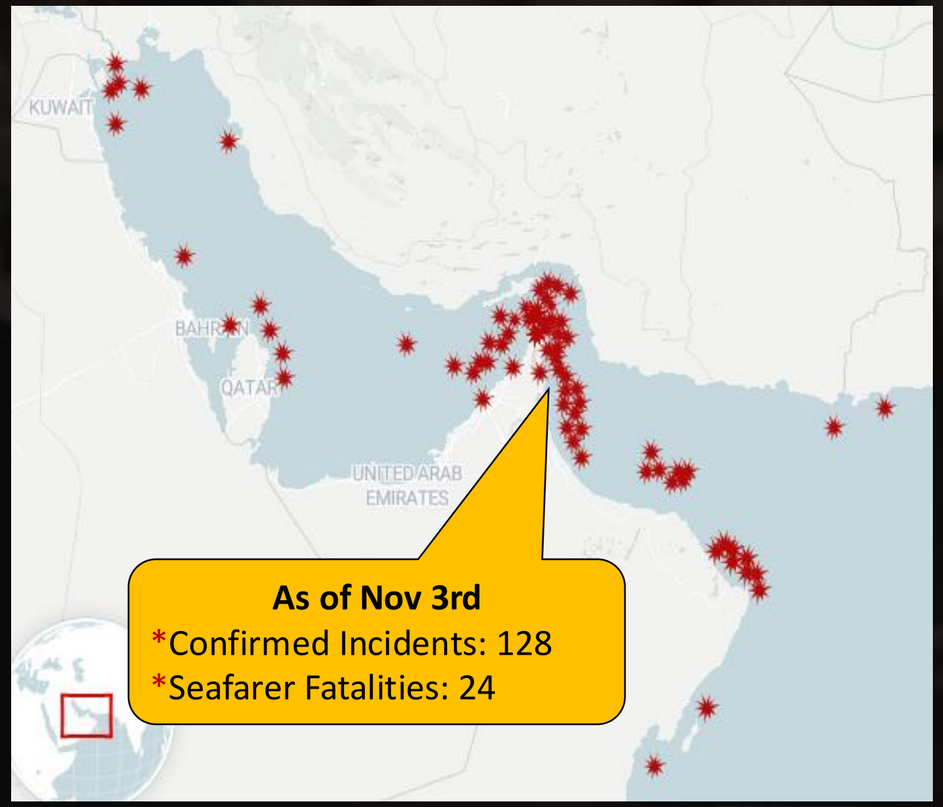
Source: RESI Research


“I want something the
world won’t forget”

Geopolitical Tensions in the Middle East Disrupting Global Energy Markets

- Since direct U.S. involvement in early 2026, the Middle East conflict has intensified, disrupting key maritime trade routes and increasing risks to global energy and commodity supply chains.
- Record attacks on commercial vessels transiting the Strait of Hormuz have constrained export flows, tightened crude inventories, and contributed to U.S. crude oil prices reaching approximately $100 per barrel.
- Reduced exports and ongoing trade disruptions have increased gasoline and diesel prices, elevated shipping and import costs, and prolonged federal defense expenditures. Limited diplomatic progress has been made.

No. of Confirmed Incidents/ Seafarer Fatalities in the Strait of Hormuz and the Middle East



CNBC & International Maritime Organization

© Regional Economic Studies Institute of Towson University

Source: CNBC, CBS News, IMO, and YFinance

Environmental Policy Changes since Trump's Second Term

- EPA Deregulation reduced compliance costs for business by scaling back emissions monitoring, reporting requirements, and environmental standards; with U.S. oil production reaching 13.6M barrels/day in 2025.

- The Endangerment Finding Repeal proposed removal of the legal basis for federal GHG regulation, estimated $1T+ reduction in regulatory costs, and reduced compliance requirements, industry reporting and certification obligations, along with the Electric Vehicle Federal Tax Credit taken away.

- Withdrawal from Paris Climate Agreement, with the potential Long-Term Effects being higher climate disaster costs, reduced global climate leadership, and slower growth in renewable energy jobs and investment.

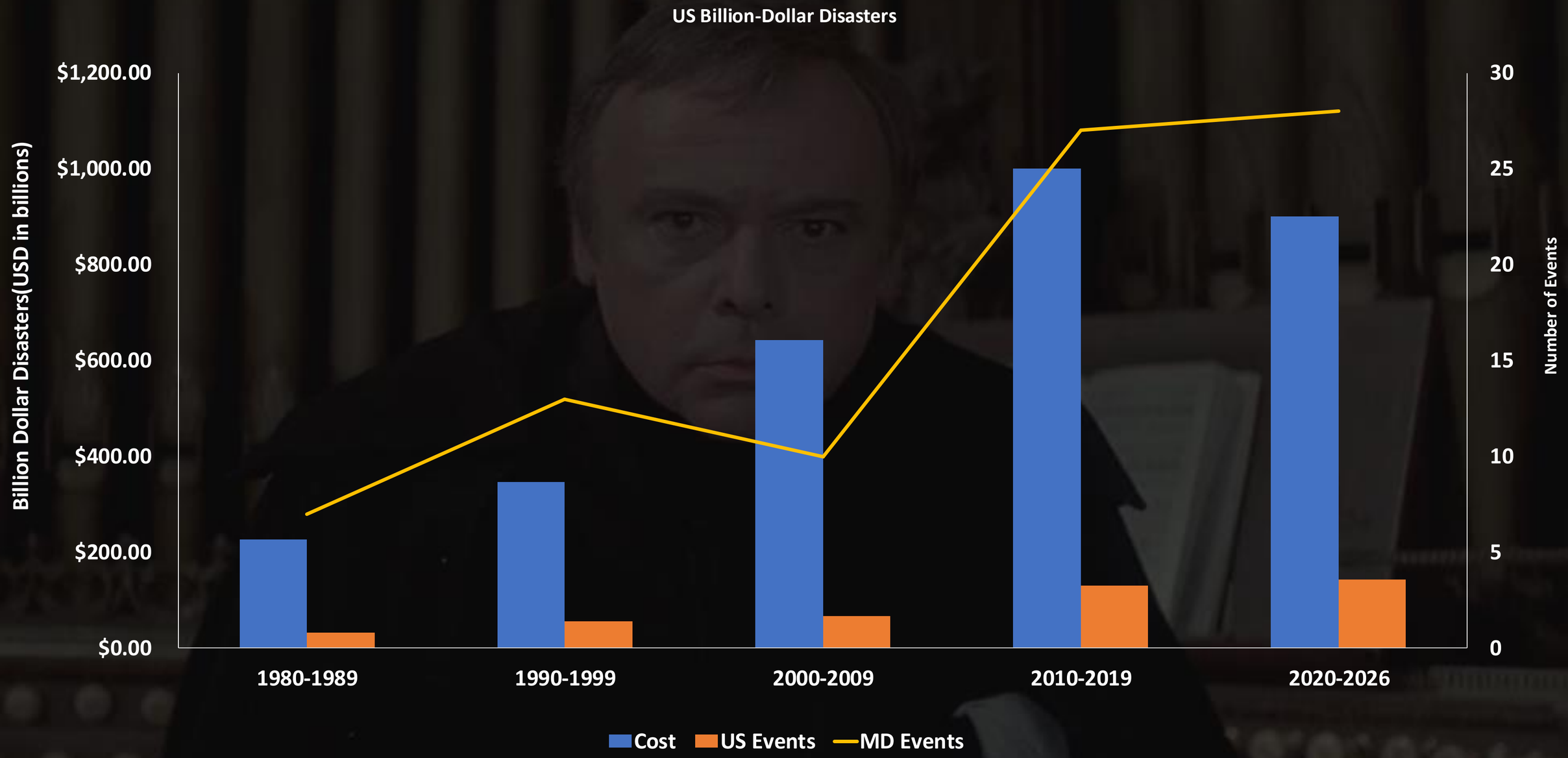


WSJ. Charlie Riedel, Associated Press.

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Sources: WSJ, Comptroller of MD, Office of Gov. Wes Moore, Climate Central, ABC.

US Billion-Dollar Disasters are Increasing



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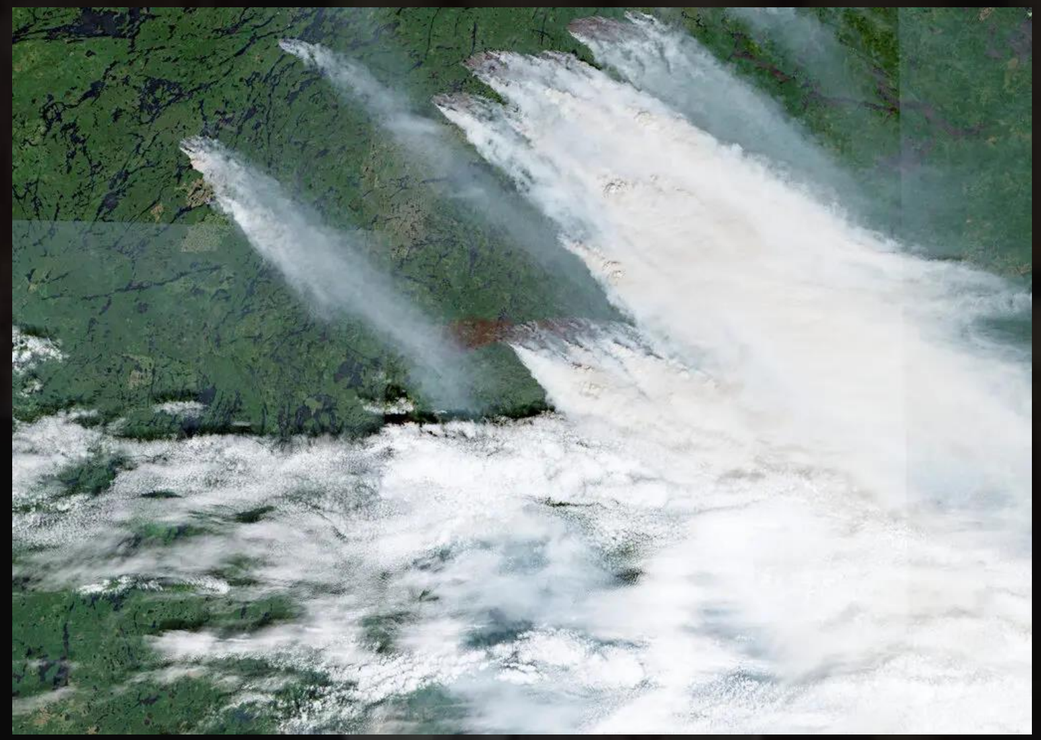
Source: Climate Central

US Potential Economic Impacts

- Regulatory rollbacks may reduce compliance costs and support lower energy prices in the short term, but an increase in climate disasters could generate substantial economic losses

- Wildfires contribute an estimated $450B in long-term health costs from smoke exposure; federal wildfire suppression costs reached $3.7B in 2022. Billion-dollar floods average $4.6B in damages per event and Billion-dollar severe storms average $2.4B in damages per event.

- The U.S. experienced $115B in disaster damages in 2025, third-highest annual disaster count since 1980. Other Economic risks include workforce disruptions, agricultural losses, tourism decline, supply chain disruptions, rising resource costs, and infrastructure damage.



The New York Times, Copernicus Sentinel-2 via Reuters

“Every $1 invested in resilience and disaster preparedness returns $13 in avoided damages and recovered costs”
– US Chamber of Commerce’s 2024 Climate Resiliency Report

Sources: MD Dept of Natural Resources, The Baltimore Sun, Comptroller of MD, Center for Climate Integrity.

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What the Future Holds

Headwinds

- Continuing War in Ukraine
- Conflict in the Mideast
- Climate Change impacts-more frequent, more severe
- Inflation
- Executive Actions
  - Knowledge economy at risk
  - Loss of institutional knowledge
  - Tariffs
  - Enhanced Deportations

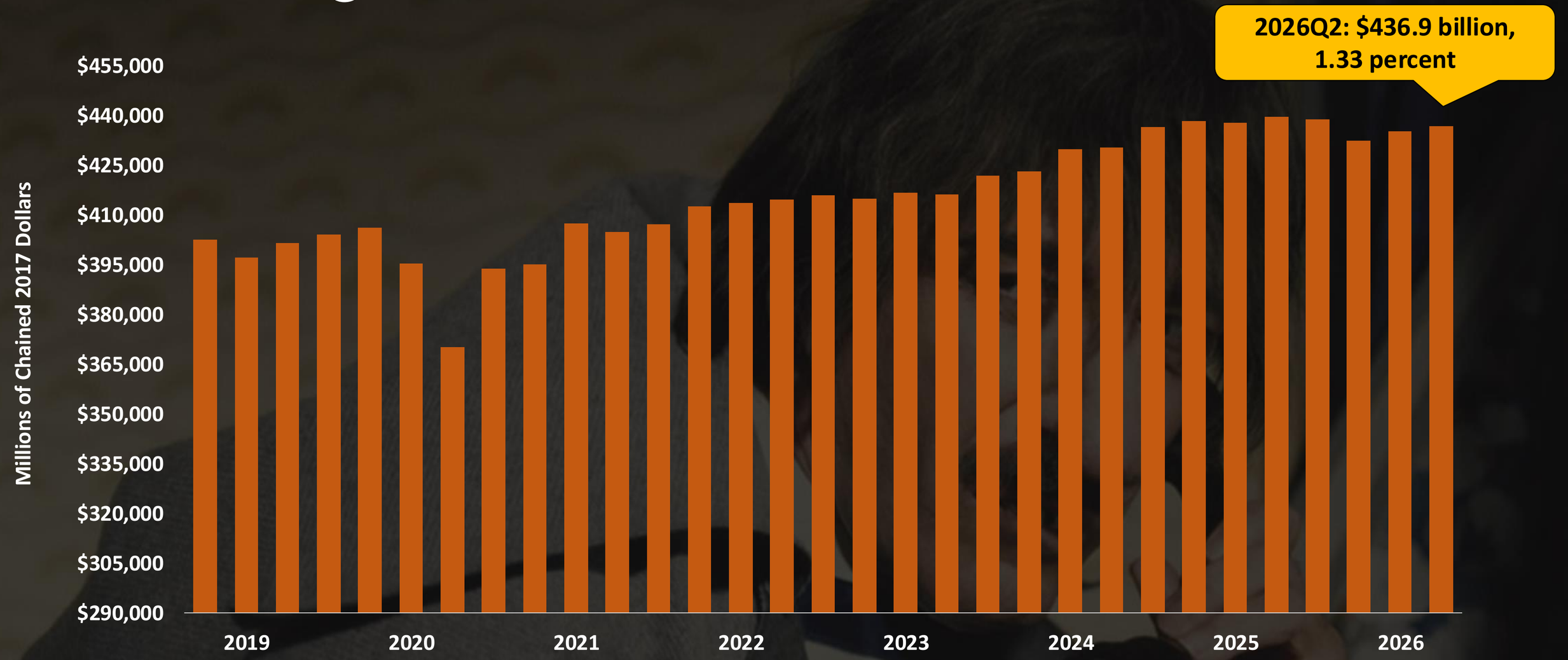
Tailwinds

- No hire/fire labor markets
- Strong GDP Growth
- Interest Rates (?)

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“Keep your eyes and ears peeled and
keep in constant contact”

Maryland's Real GDP Held Steady in Q2, Showing 1.3% in Growth Over the Quarter



Source: U.S. Bureau of Economic Analysis

Government and Trade, Transportation & Utilities Sectors Have the Largest Current Employment In Maryland



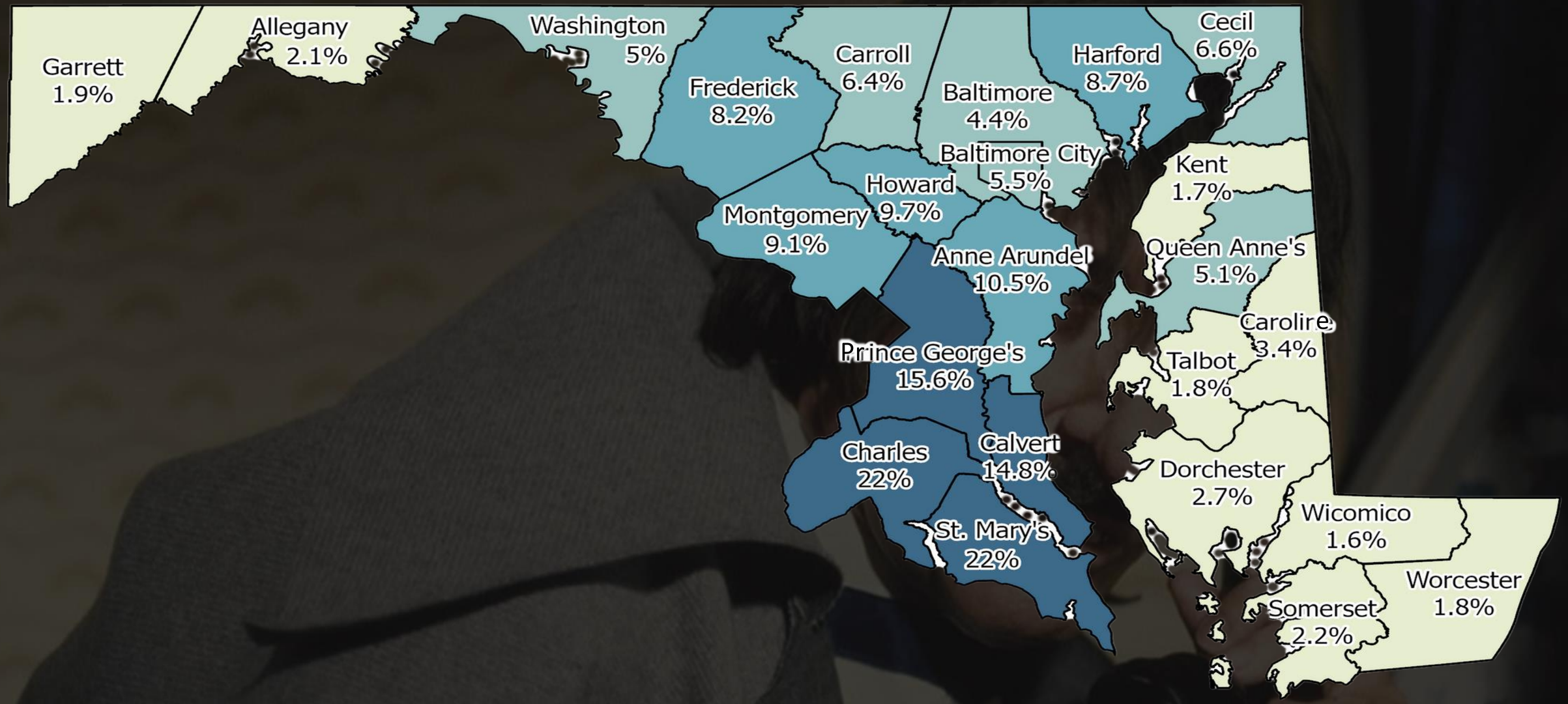
Source: Maryland Workforce Exchange

Health Care, and Computer & Mathematical Occupations Lead Job Openings in Maryland



Source: Maryland Workforce Exchange

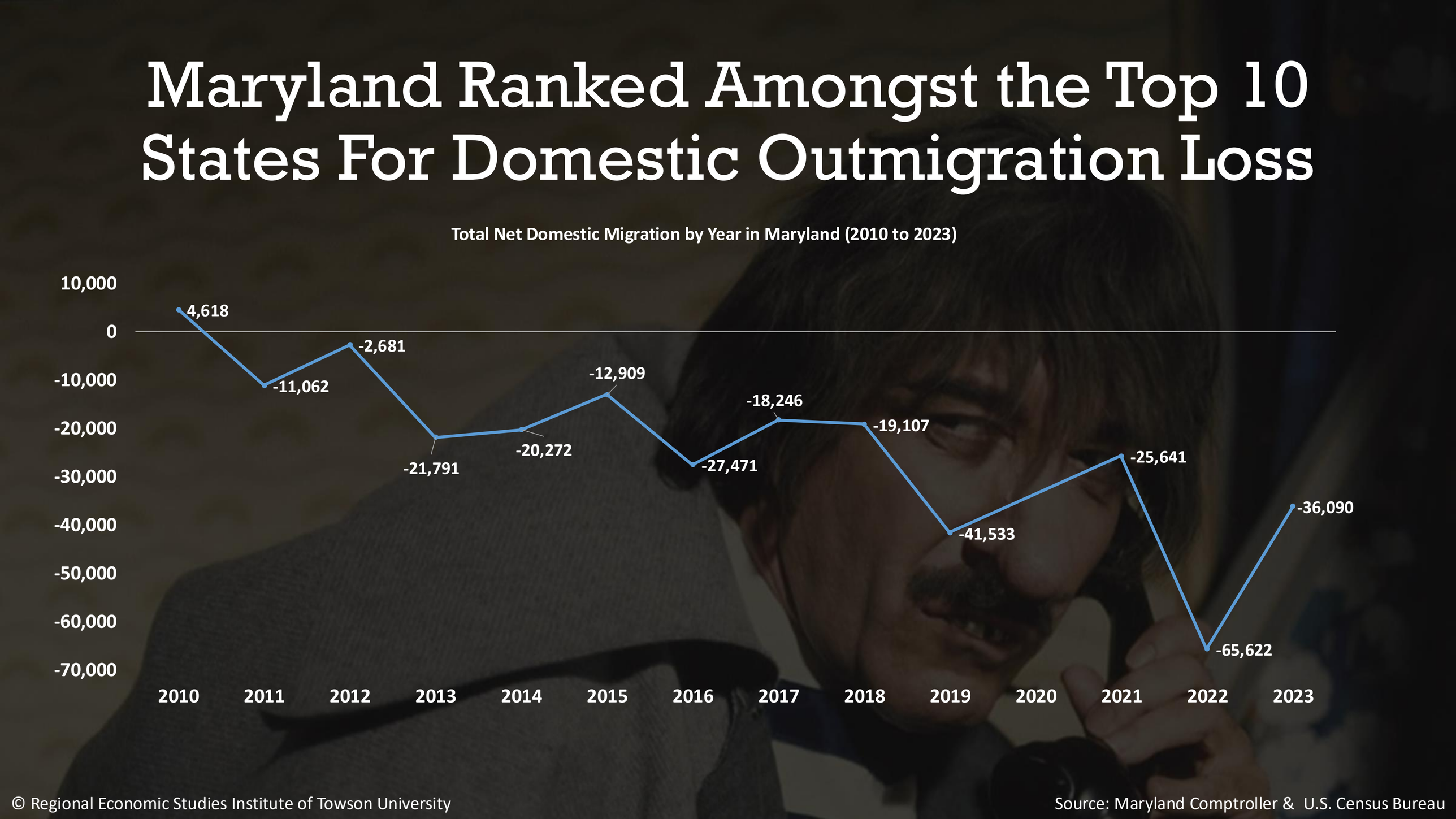
Federal Wage Percentage By County In Maryland



© Regional Economic Studies Institute of Towson University

Source: MD Board of Revenues

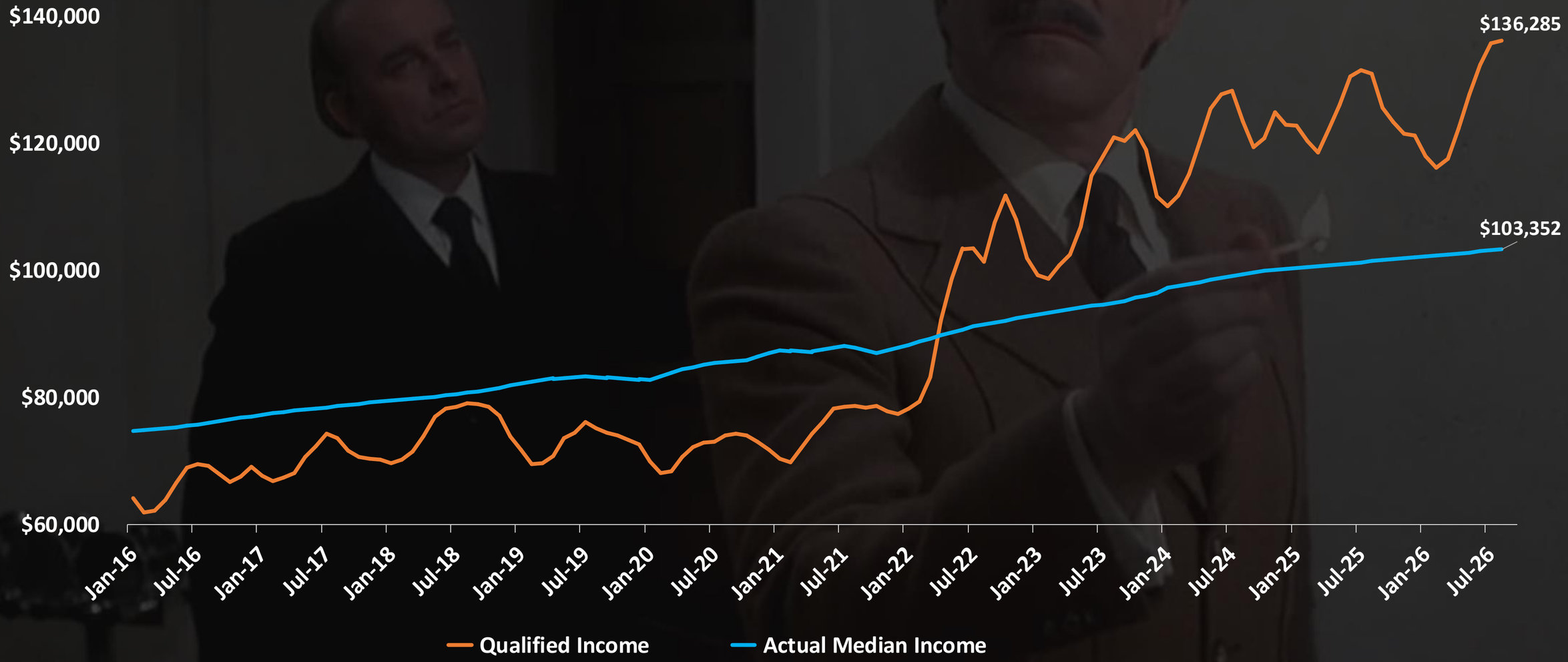
Maryland Ranked Amongst the Top 10 States For Domestic Outmigration Loss



© Regional Economic Studies Institute of Towson University

Source: Maryland Comptroller & U.S. Census Bureau

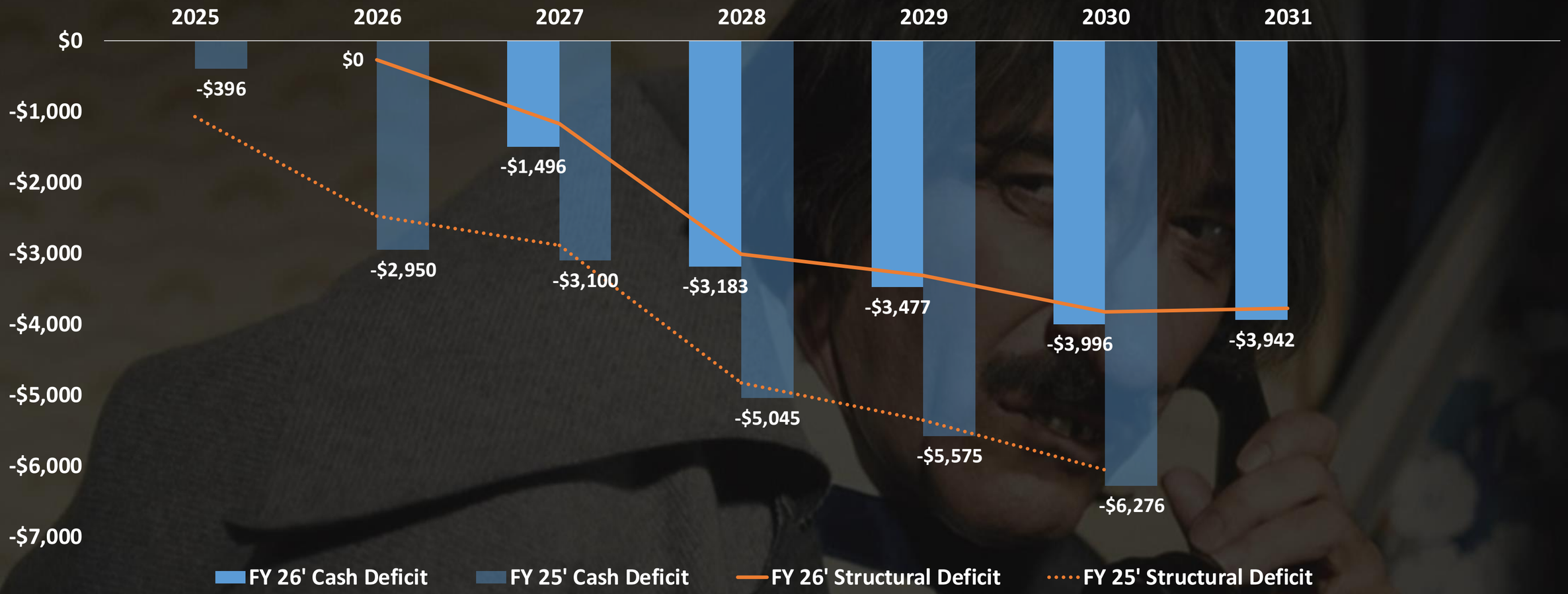
Income Needed to Qualify for a Median-Priced Home in the Baltimore-Metro Climbed to $136.3K in August; Affordability Gap Reached 31.9%



Source: Federal Reserve Bank *of* Atlanta

Maryland Faced a Projected $1.4 Billion Gap for Coming Year

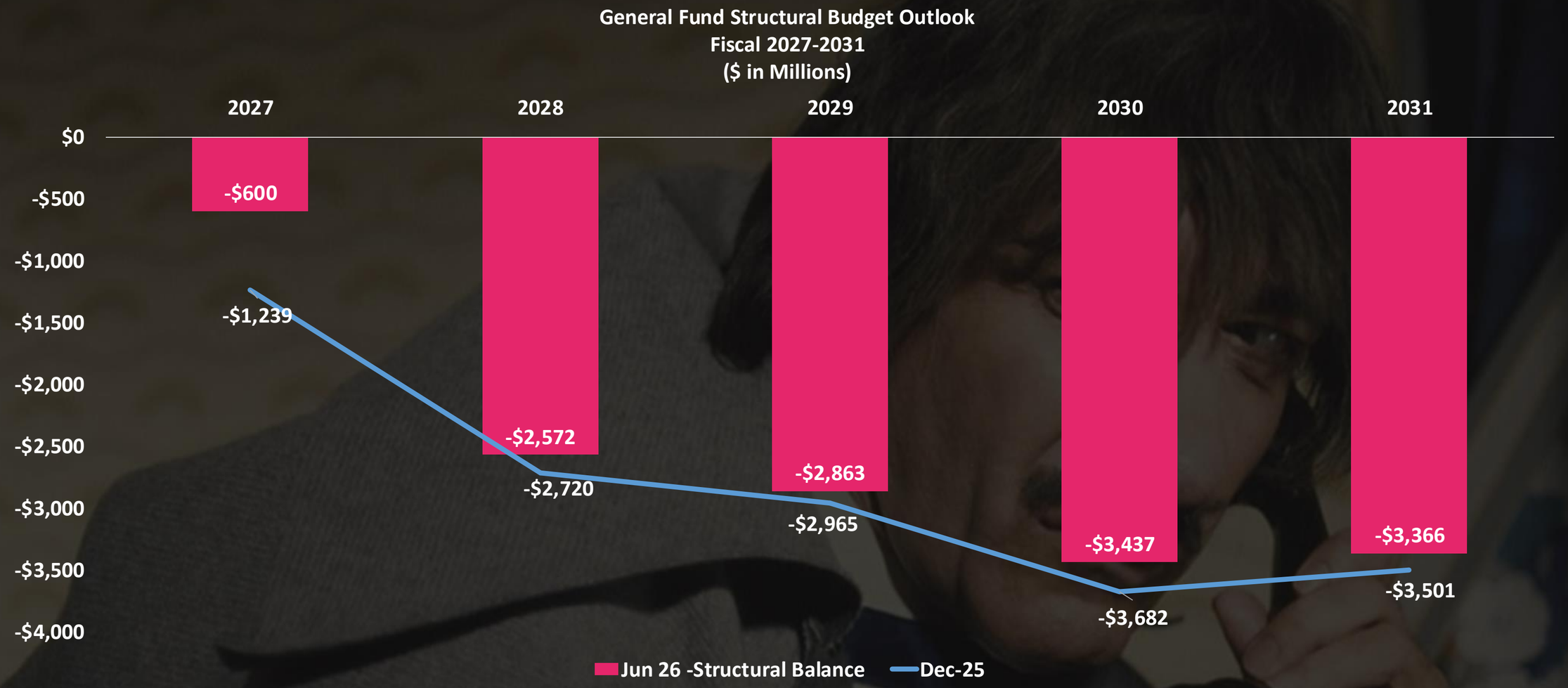
Cash and Structural Budget Shortfalls Forecast With Rainy Day Fund at About:
8% of Revenues for FY 2026-2031 Compared to 10% of Revenues for FY 2025-2030
($in Millions)



© Regional Economic Studies Institute of Towson University

Source: Maryland Dept of Budget & Management

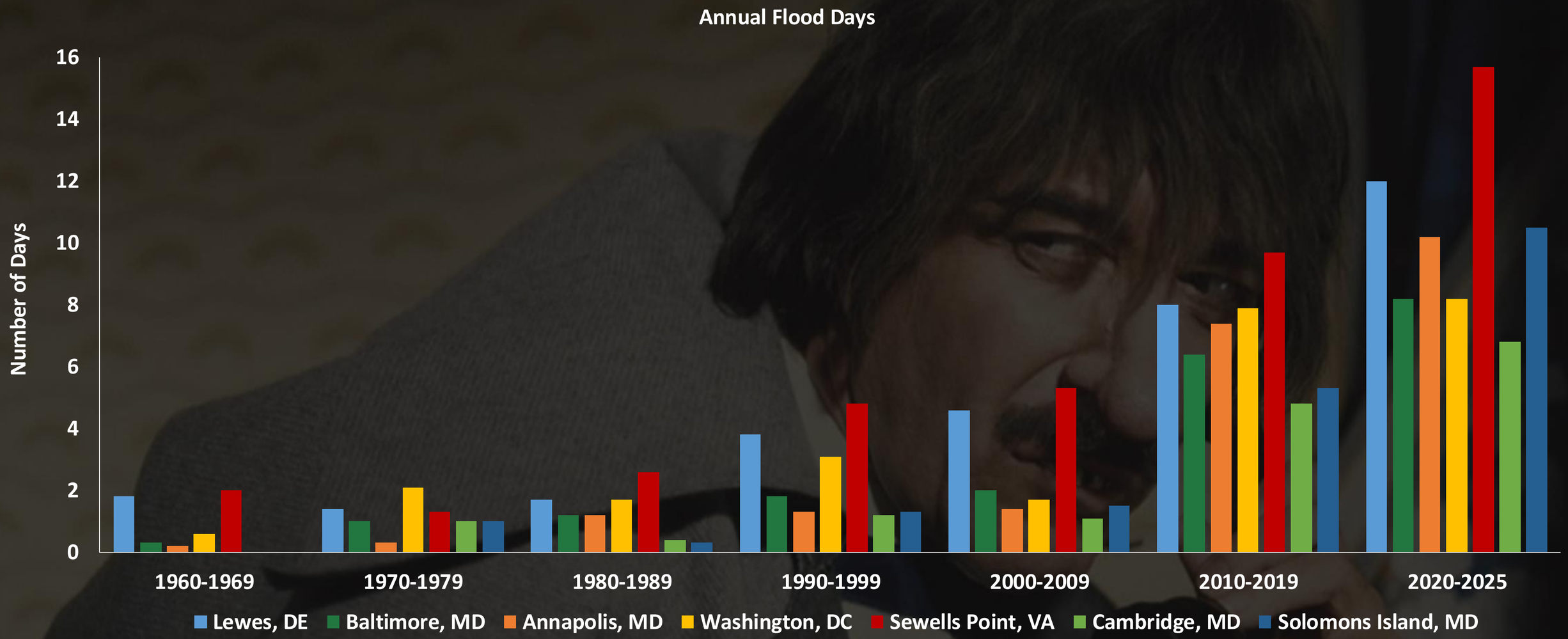
Maryland is Anticipated to End FY2027 With a Structural Shortfall of $600M



© Regional Economic Studies Institute of Towson University

Source: Maryland Dept of Legislative Services

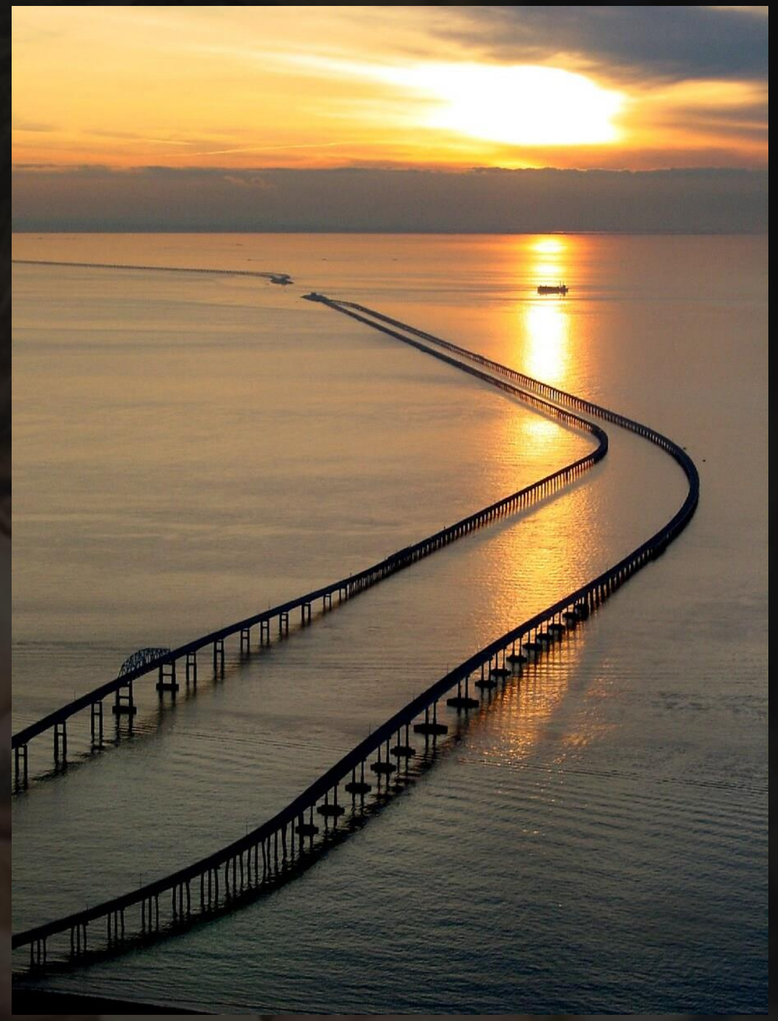
Coastal Flooding In Our Region Has Become More Frequent



Source: NOAA Office for Coastal Management, Sea Level Calculator.

Impact of Environmental Policy Changes in Maryland

- Maryland experienced 85 extreme weather events between 1980 and 2024, estimated recovery costs of $10–20 billion.
- Maryland's sea level is rising at roughly twice the global average rate, Chesapeake Bay water levels increasing more than one foot over the past century. Maryland will face $27.4 billion in costs to build seawalls by 2040.
- A conservative cost estimate to protect businesses, homes, roads in MD from chronic flooding alone by 2040 is $27.4 Billion. Increased climate related disasters will continue to put a strain on the state’s economy and funding to implement changes and prevention measures.



The Washington Post

Sources: The Baltimore Sun, Comptroller of MD, Center for Climate Integrity, Kaplow Law.

Looking Ahead in MD
Potential Economic Impacts

- FY 2027 budget proposal includes around $306 million for renewable energy programs. $12 million for Western MD Flood recovery and other investments, more than $74 million in Capital Improvement program(upgrading infrastructure) for Garrett, Allegany, Washington counties.
- Maryland's Climate Reduction Plan(2023) includes approximately $8 billion in climate investments by 2031, $135 billion in societal and economic benefits by 2050, creation of roughly 27,000 jobs while reducing greenhouse gas emissions.
- FY 2025, agencies reported spending $3.58 billion on measures intended to reduce GHG emissions.



The Baltimore Banner

Sources: The Baltimore Sun, Comptroller of MD, Center for Climate Integrity.

Maryland's Economy

- Uncertainty around Federal budget and policies
  - DOGE (feds)
  - Knowledge Economy (eds and meds)
  - Tourism (beds)
  - Tariffs (treads)
- MD Structural Deficit
- Population decline
- Affordability
- Labor shortages continue to plague hospitality and eating establishments in addition to IT, health and transportation

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ILY EXPRESS
Monday October 4 1976
Weather : Bright, showers
No. 23,773
Price 7p
'I'LL CONQUER THE WORLD'
Crazed Ex-Chief of Sûreté Builds Doomsday Device
By Martin Manners
Above, mug shot of Dreyfus
Above, Photograph of Dreyfus taken by an American news photographer during the broadcast.
'One Man Army' New Chief Of Sûreté, Jacques Clouseau, Vows To Stop Megalomaniac
Above, Chief Inspector Clouseau
PINK PANTHER
STEINWAY
THIS FRIDAY


FINISHED

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A Look at Maryland's Post-Election Economy



Chris England
Assistant Teaching Professor, Department of History, Towson University



Mileah Kromer
Director, UMBC Institute of Politics



Katie Maloney
Associate Vice President of Government Relations and Public Policy, Towson University

MODERATOR



Jeff Salkin
News Anchor, Maryland Public Television

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