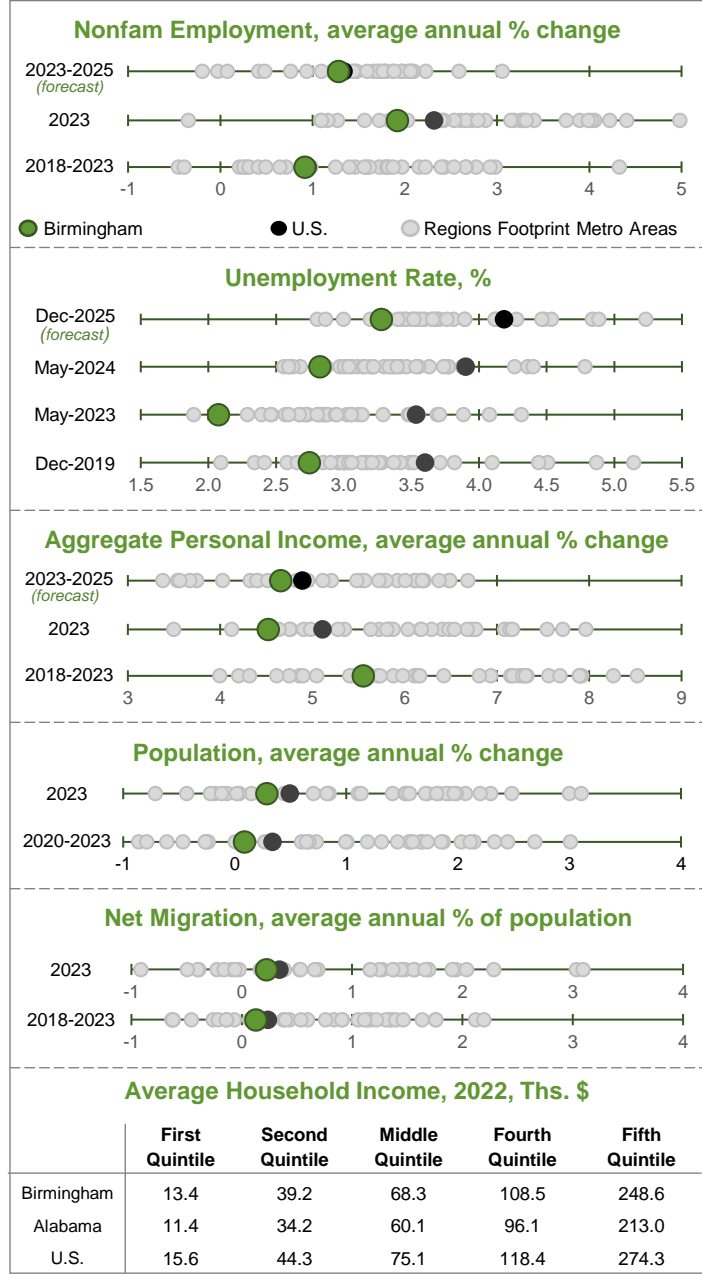


Overview: Birmingham's recovery out of the pandemic, initially outpacing the national average, has lost momentum over the last two years. While relative housing affordability remains a key selling point for the area, population growth and business formation have been stronger for Atlanta and Nashville, which each offer a highly-skilled labor force. We expect job growth in the Birmingham metro area to settle just below the U.S. average and lag behind its fast-growing neighbors.

Labor Market: At the beginning of the pandemic, Birmingham experienced the fourth-smallest peak-to-trough decline in total employment among the 54 U.S. metro areas with populations of at least one million, due in part to the composition of the local workforce. Birmingham carries an underweight exposure to leisure and hospitality, which offered the metro area some protection from stresses on the tourism industry as travel restrictions were put in place. Anchored by the corporate headquarters of Regions Financial, Blue Cross-Blue Shield of Alabama, and Protective Life, Birmingham maintains an outsized concentration of jobs within financial services, which retained the highest share of jobs during the pandemic among major industry groups. This favorable combination fostered a quick recovery for the metro area, with total payrolls returning to the pre-pandemic peak in March 2022, three months before the U.S.

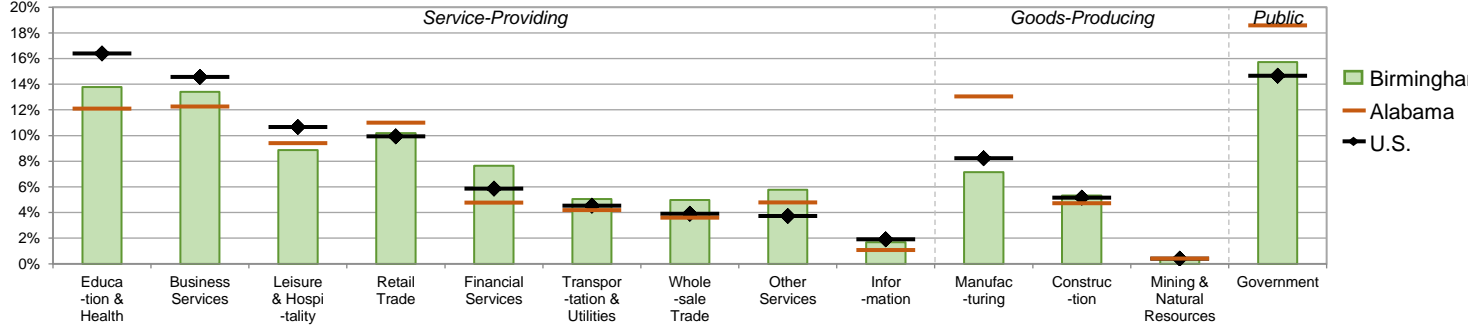
Birmingham's early lead, however, began to fade shortly after reaching this milestone. Cumulative payroll growth since the start of the pandemic now trails the U.S., extending a longer trend established before the pandemic. In the five years through 2019, for instance, Birmingham's annual job growth averaged 1.3 percent, behind the national average of 1.7 percent, with notable underperformance within business and information services. Attracting jobs in these industries, which include some of the highest-paid occupations, brings significant income and investment to a region, which in turn spurs further development in other areas of the local economy. A primary draw for employers within these industry groups remains the ability to source highly-skilled candidates from the local labor market. At 35.6 percent, Birmingham's share of prime working-age population with at least a bachelor's degree ranks 39th among the 54 largest U.S. metro areas, compared to shares above 41 percent for Atlanta and Nashville. These neighboring metro areas have seen healthier gains among the higher-earning industry groups, encouraging stronger growth in personal income that has boosted demand for local services such as construction, retail trade, and leisure and hospitality.

The University of Alabama at Birmingham gives crucial support to the metro area, directly sustaining five percent of the local workforce.



3-month moving average for Unemployment Rate; Annual totals for all others continued . . .

Employment by industry, share of total nonfarm employment, trailing 12-month average

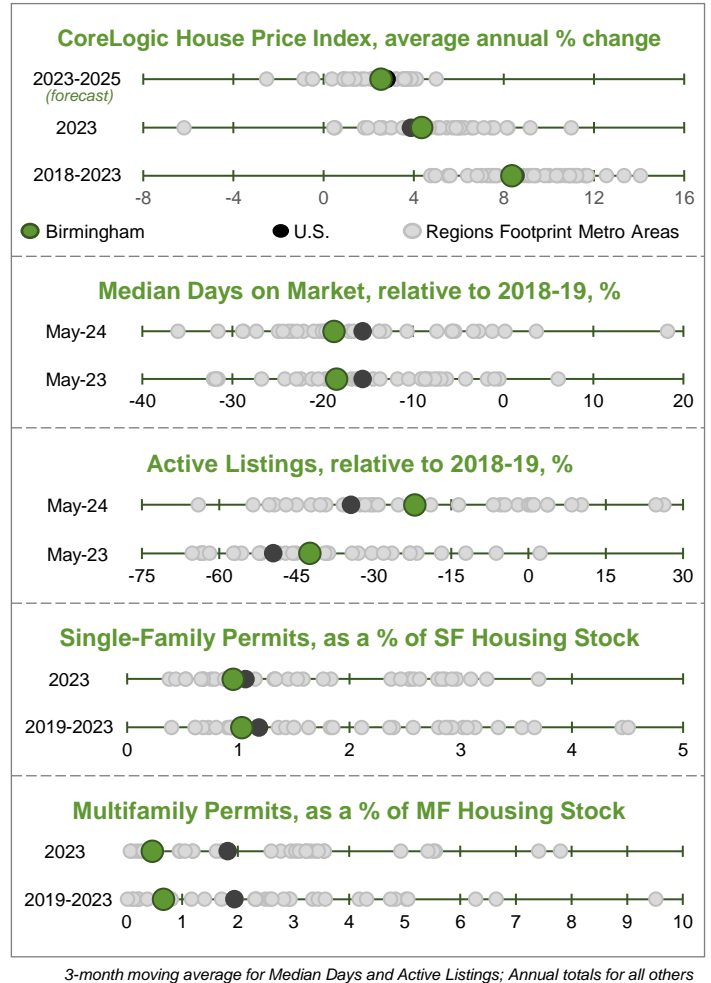


Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; U.S. Census Bureau; Regions Financial Economics Division. Forecast as of July, 2024.

UAB Hospital's latest expansion, the Altec/Styslinger Genomic Medicine and Data Sciences Building due in early 2025, will create an additional 400 jobs focused on integrating artificial intelligence into precision medicine research. Leading initiatives such as these landed Birmingham on the short list of federal Tech Hubs, which will soon compete for federal grants to fund future investments.

While Birmingham held the second-lowest unemployment rate across major U.S. markets in 2023, with an annual average of 2.2 percent, we caution against using metro-area unemployment rates as an indication of the strength of a local labor market. That Birmingham's unemployment rate consistently stays under the national average is more a reflection of below-average labor force growth rather than above-average gains in employment.

Housing: Population growth and household formation have long underperformed the national average, which has led to a more gradual pace of residential development. Over the past five years, multifamily permits have averaged 0.7 percent of the existing multifamily housing stock, less than half of the rate at the national level. Single-family construction has been stronger, but, at 1.0 percent of the existing single-family housing stock, still lags the U.S. average of 1.2 percent. House price appreciation has likewise sustained a more measured pace, allowing the Birmingham market to maintain relative affordability over other metro areas. This has been a prime factor behind its homeownership rate of 70.2 percent, which is several points higher than the national average. Through the recent rise in mortgage interest rates, fewer potential homebuyers have been pushed to the sideline, which has blunted the impacts of higher borrowing costs on the housing market. Since the middle of 2022, home sales and house prices in Birmingham have held up better than the U.S. as a whole. Without stronger population growth, however, we expect house price appreciation in the Birmingham market to fall short of the national average in coming years.



Residential Sales and Construction	2017	2018	2019	2020	2021	2022	2023	2023 ytd*	2024 ytd*
Existing Home Sales, ths. units	30.1	32.5	32.9	33.1	36.5	32.4	26.1	8.4	7.9
New Home Sales, ths. units	2.0	1.9	2.1	2.6	2.8	1.9	1.4	0.5	0.3
Single-Family Permits, ths. units	2.7	2.7	3.1	3.5	3.4	3.2	3.0	1.3	1.4
Multifamily Permits, ths. units	0.0	0.3	0.1	0.3	0.6	1.1	0.4	0.0	0.4

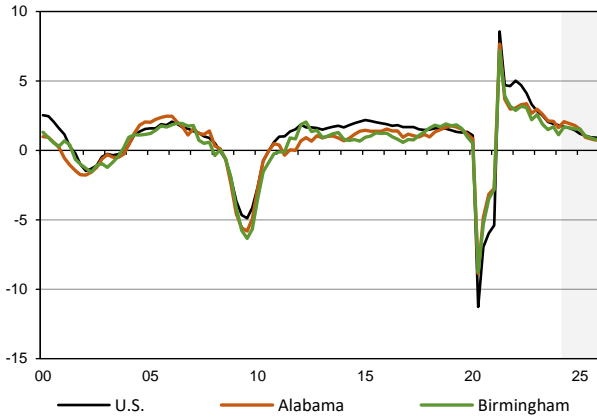
	Birmingham			Alabama			U.S.		
Housing Characteristics	2009	2016	2022	2009	2016	2022	2009	2016	2022
Occupied Housing Units, mil.	0.407	0.414	0.429	1.819	1.851	1.933	112.611	117.716	125.736
Homeownership rate, %	71.6	68.8	70.2	70.8	68.5	69.7	66.9	63.6	64.8
Occupied Single-Family Units, mil.	0.301	0.307	0.320	1.307	1.340	1.410	77.643	80.973	86.522
% renter-occupied	13.3	16.0	15.1	16.2	18.4	17.0	15.2	18.4	16.6
Occupied Multifamily Units, mil.	0.070	0.074	0.076	0.264	0.278	0.295	27.884	29.929	32.528
% of total occupied units	17.3	18.0	17.8	14.5	15.0	15.3	24.8	25.4	25.9
Demographics	2003	2013	2023	2003	2013	2023	2003	2013	2023
Population, mil.	1.002	1.073	1.120	4.503	4.832	5.108	290.108	316.060	334.915
10-year cumulative growth, %	9.9	7.1	4.3	8.4	7.3	5.7	13.1	8.9	6.0
15-24 age cohort share, %	13.5	12.9	12.9	14.4	14.0	13.4	14.3	13.9	13.1
25-44 age cohort share, %	29.1	27.0	26.4	27.5	25.4	25.3	28.7	26.4	26.8
45-64 age cohort share, %	24.5	26.7	24.7	24.5	26.6	24.9	23.7	26.3	24.5
65+ age cohort share, %	12.4	13.8	17.5	13.1	14.9	18.3	12.4	14.1	17.7

Shading relative to U.S.

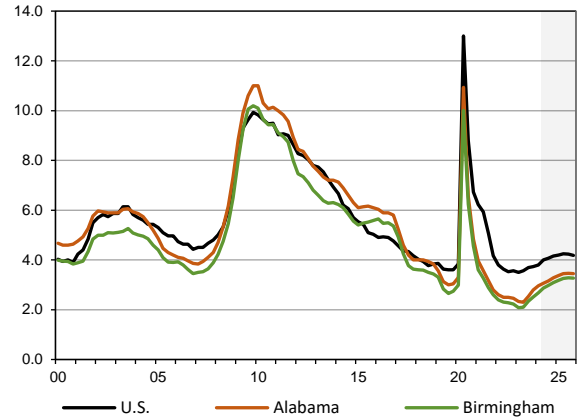
* Year-to-date through April for home sales; year-to-date through May for building permits.

Sources: CoreLogic; Realtor.com® Economic Research; U.S. Census Bureau; Regions Financial Economics Division.

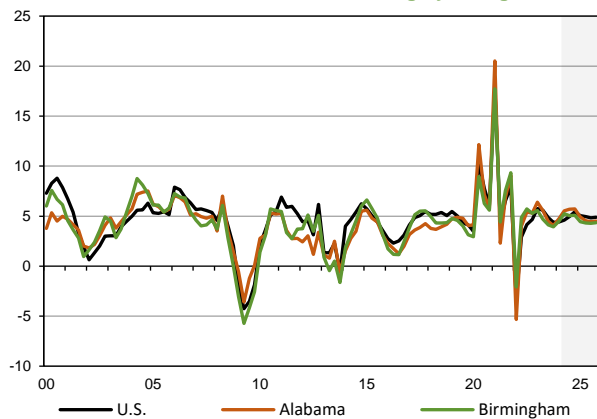
REGIONS
Total Nonfarm Employment, % change year ago



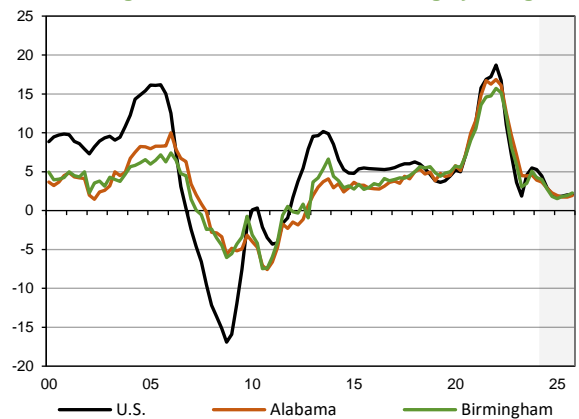
REGIONS
Unemployment Rate, %



REGIONS
Total Personal Income, % change year ago



REGIONS
CoreLogic House Price Index, % change year ago



Key Economic Indicators	2017	2018	2019	2020	2021	2022	2023	2024 (F)	2025 (F)
Total Employment, ths.	531.8	541.2	549.5	526.0	540.5	555.7	566.4	574.9	581.0
Annual % change	1.0	1.8	1.5	-4.3	2.7	2.8	1.9	1.5	1.1
Alabama, annual % change	1.1	1.4	1.5	-4.0	2.8	3.1	2.4	1.9	1.0
U.S., annual % change	1.6	1.6	1.3	-5.8	2.9	4.3	2.3	1.6	1.0
Unemployment Rate, %	4.1	3.5	2.9	5.9	3.1	2.3	2.3	2.9	3.2
Alabama, %	4.5	3.9	3.2	6.4	3.4	2.5	2.5	3.1	3.4
U.S., %	4.4	3.9	3.7	8.1	5.4	3.6	3.6	4.0	4.2
Personal Income, \$ bil.	55.5	58.0	60.4	64.0	70.2	72.5	75.9	79.6	83.1
Annual % change	5.0	4.5	4.1	5.9	9.6	3.4	4.6	5.0	4.3
Alabama, annual % change	3.7	3.9	4.6	7.3	9.5	2.2	5.1	5.4	4.6
U.S., annual % change	4.9	5.2	4.7	6.9	9.1	2.0	5.1	4.9	4.9
CoreLogic HPI, annual % change	4.2	5.4	4.8	6.9	13.4	12.7	4.4	3.2	1.9
Alabama, annual % change	3.9	5.0	4.4	7.1	14.9	13.7	5.1	3.2	1.8
U.S., annual % change	5.8	5.5	3.9	6.7	15.4	13.2	3.9	3.7	1.9

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; CoreLogic; Regions Financial Economics Division. Forecast as of July, 2024.

This Economic Update may include opinions, forecasts, projections, estimates, assumptions and speculations (the "Contents") based on currently available information which is believed to be reliable and on past, current and projected economic, political and other conditions. There is no guarantee as to the accuracy or completeness of the Contents of this Economic Update. The Contents of this Economic Update reflect judgments made at this time and are subject to change without notice, and the information and opinions herein are for general information use only. Regions specifically disclaims all warranties, express or implied, with respect to the use of or reliance on the Contents of this Economic Update or with respect to any results arising therefrom. The Contents of this Economic Update shall in no way be construed as a recommendation or advice with respect to the taking of any action or the making of any economic, financial or other plan or decision.