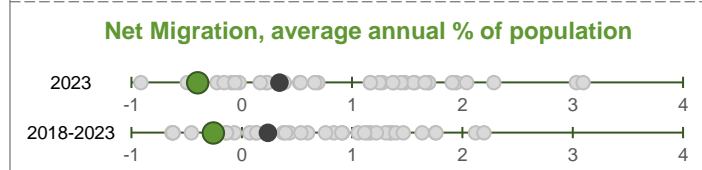
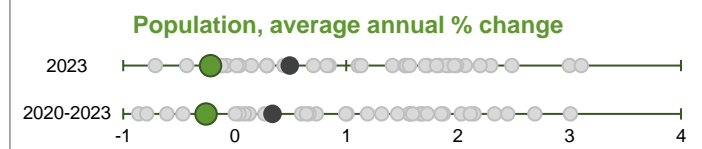
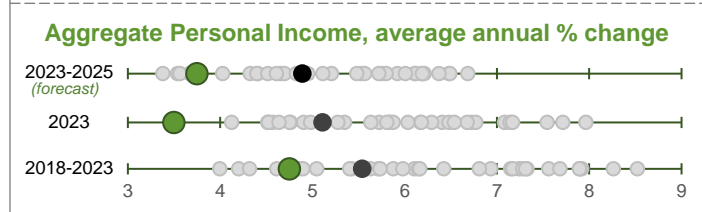
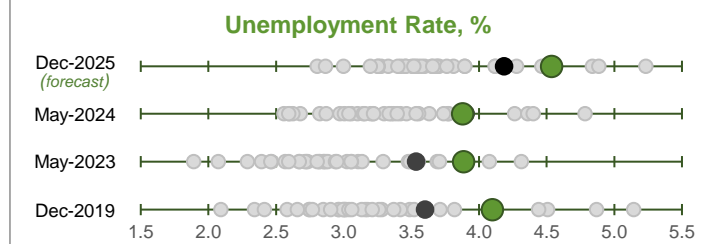
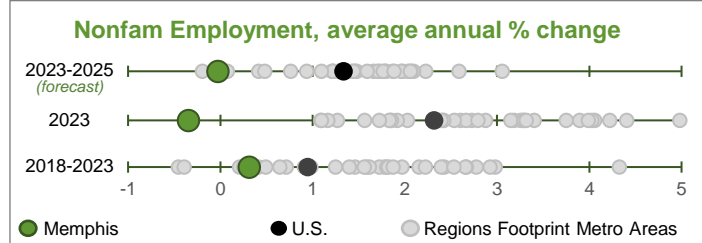


Overview: Memphis has faced significant challenges over the past two years, with layoffs among key employers contributing to net job losses in 2023. While these acute pressures could soon subside, continued out-migration to other Sunbelt metro areas is likely to keep job growth below the national average.

Labor Market: As a central logistics hub and home to FedEx corporate headquarters, Memphis relies heavily on job gains among transportation and warehousing services as a key driver of economic growth. These industries collectively account for roughly 13 percent of the local workforce – the largest such concentration among U.S. markets with populations of one million or more – which gave Memphis an edge at the start of the pandemic. Demand for package delivery services surged as consumers sheltered in place, which bolstered hiring in Memphis and helped the metro area return to the pre-pandemic level of employment in early-2022, months before the national average. Since then, Memphis’ primary support has come under considerable pressure as couriers grapple with declining package volumes amid slower growth in goods consumption and rising labor costs. FedEx, which directly sustains five percent of the metro area’s private-sector jobs, has announced multiple waves of layoffs in response to declining profit margins, with the latest round impacting corporate roles based in Memphis. Job losses across transportation services and administrative roles accelerated over the last half of 2023, dragging Memphis-based payrolls back below the pre-pandemic level.

Outside of transportation and warehousing, Memphis’ economy has been slow to recover. As of May, employment among the remaining industry groups sits 1.8 percent below the pre-pandemic peak, compared to gains of 3.7 percent for the U.S. and 5.2 percent across Tennessee. Nashville, by comparison, has experienced robust hiring within professional and technical services, boosted by businesses relocating from areas with higher corporate tax rates and labor costs, such as New York, California, and Illinois. Though Memphis features similar cost advantages, Nashville’s highly-skilled workforce has made the metro area a top target for business migration.

Demographics: Between 2020 and 2023, Tennessee’s population increased by 2.9 percent, with a 0.8 percent decline in Memphis mitigating healthy gains elsewhere in the state. Persistent out-migration has plagued Memphis for some time, acting as a drag of 0.4 percent on annual population growth over the last decade, with Dallas, Nashville, and Atlanta receiving the bulk of these outflows. But a major development nearby could swing the momentum back in Memphis’ favor. Ford, through a partnership with battery producers

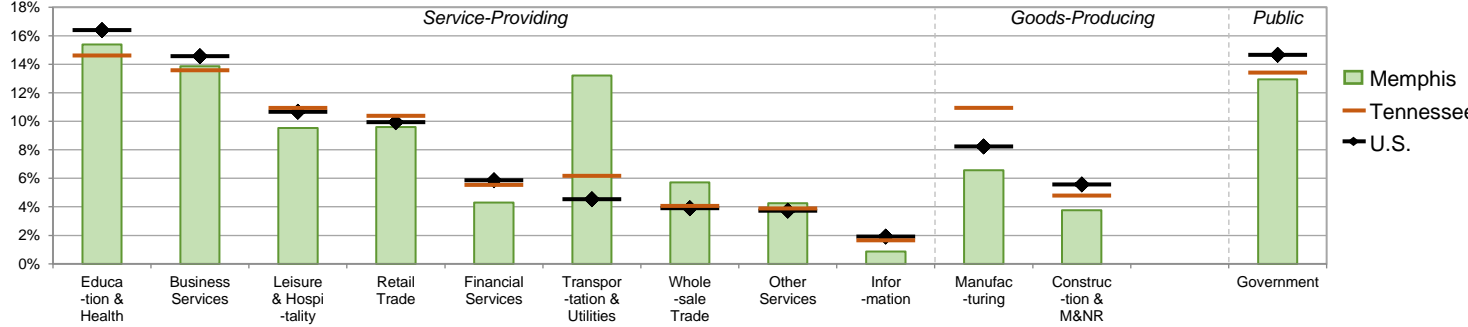


Average Household Income, 2022, Ths. \$

	First Quintile	Second Quintile	Middle Quintile	Fourth Quintile	Fifth Quintile
Memphis	13.2	38.1	64.5	103.2	228.1
Tennessee	14.7	40.0	65.8	101.9	226.7
U.S.	15.6	44.3	75.1	118.4	274.3

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

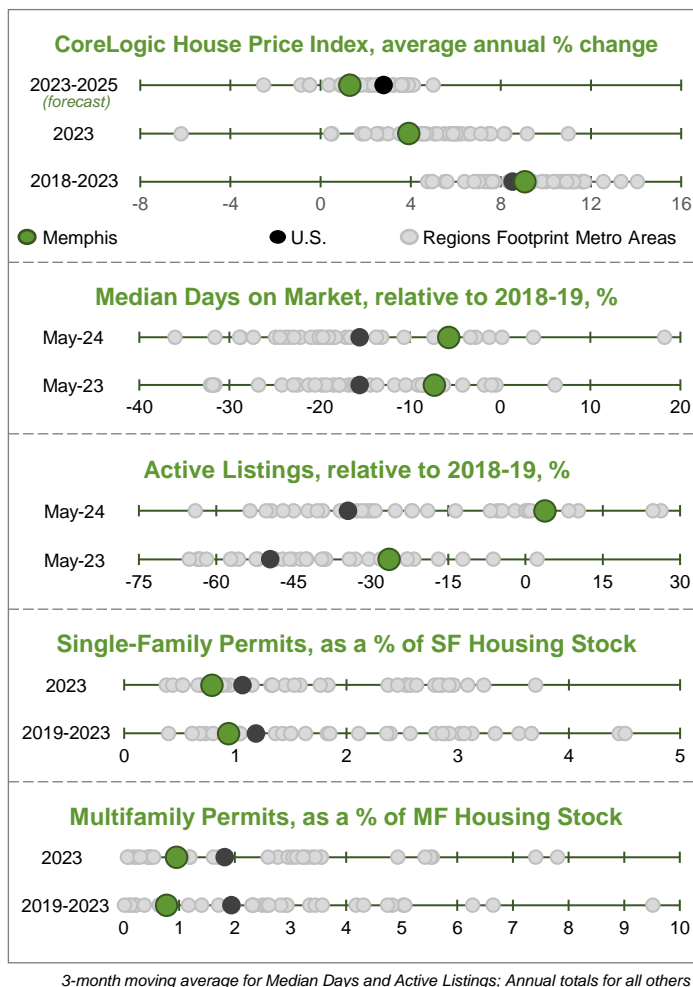
Employment by industry, share of total nonfarm employment, trailing 12-month average



Employment data for the Construction, Mining, and Natural Resources industries are published only as a combined total for the Memphis metro area. Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; U.S. Census Bureau; Regions Financial Economics Division. Forecast as of July, 2024.

SK On and Magna International, expects to hire 6,000 employees at its BlueOval City campus – the company’s largest investment in electric vehicle manufacturing to date – once the factory opens in 2025. Though these jobs will be credited to neighboring Haywood County, many of the plant’s staff will likely look to Memphis’ northeast suburbs for residence, which will in turn strengthen demand for local services such as education, health care, and retail trade. The facility will also leverage Memphis’ distribution network to manage the flow of raw materials and finished products, delivering crucial support to help stabilize the local labor market.

Housing: Memphis has received less attention from homebuilders compared to metro areas with stronger demographic trends. Over the last five years, residential building permits averaged 0.9 percent of the metro area’s existing housing stock, which lagged the national average of 1.4 percent. The pace of new construction has nonetheless outpaced Memphis’ population growth, which has kept housing costs in check. Median rents in Memphis currently lie 35.8 percent below the national median, ranking 53rd out of the largest 54 U.S. markets, according to data from CoStar. Median house prices also sit well below the national median which, as in many other affordable markets, helped sustain house price appreciation during the rapid rise in mortgage interest rates. Recent weakness in the labor market, however, has bled over into the housing market, with inventories of homes for sale rising as sales rates slow. After increasing 41.1 percent over the year, active listings through May stand 3.8 percent above the 2018-2019 average, compared to a deficit of 34.4 percent on the national level. Apartment vacancies have risen over the year to 13.7 percent in the first quarter of 2024, above the national average of 7.8 percent. While not unique to Memphis, vacancy rates in several other metro areas have been lifted by a flood of supply coming to market. For Memphis, the primary driver is sluggish demand, which we expect will continue to restrain house price appreciation and rent growth.



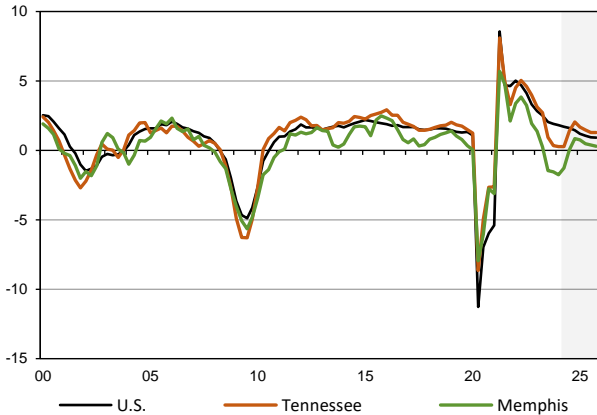
Residential Sales and Construction	2017	2018	2019	2020	2021	2022	2023	2023 ytd*	2024 ytd*
Existing Home Sales, ths. units	28.4	28.4	28.1	28.3	31.5	27.1	21.3	6.5	6.7
New Home Sales, ths. units	1.7	1.8	1.8	2.3	2.4	2.1	1.7	0.6	0.4
Single-Family Permits, ths. units	3.2	3.2	3.3	3.9	4.3	3.5	3.1	1.2	1.4
Multifamily Permits, ths. units	0.7	1.3	0.4	0.9	0.9	0.8	1.0	0.1	0.6

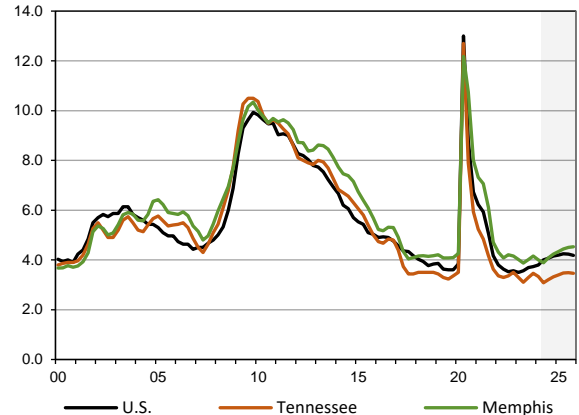
	Memphis			Tennessee			U.S.		
Housing Characteristics	2009	2016	2022	2009	2016	2022	2009	2016	2022
Occupied Housing Units, mil.	0.478	0.492	0.510	2.413	2.522	2.714	112.611	117.716	125.736
Homeownership rate, %	65.2	60.4	60.7	69.7	66.3	67.1	66.9	63.6	64.8
Occupied Single-Family Units, mil.	0.359	0.371	0.388	1.772	1.850	2.005	77.643	80.973	86.522
% renter-occupied	18.0	23.9	24.1	15.7	19.0	17.8	15.2	18.4	16.6
Occupied Multifamily Units, mil.	0.100	0.104	0.105	0.408	0.449	0.494	27.884	29.929	32.528
% of total occupied units	20.8	21.2	20.7	16.9	17.8	18.2	24.8	25.4	25.9
Demographics	2003	2013	2023	2003	2013	2023	2003	2013	2023
Population, mil.	1.239	1.333	1.328	5.848	6.497	7.126	290.108	316.060	334.915
10-year cumulative growth, %	13.0	7.5	-0.3	15.8	11.1	9.7	13.1	8.9	6.0
15-24 age cohort share, %	14.3	14.4	13.1	13.8	13.6	12.9	14.3	13.9	13.1
25-44 age cohort share, %	29.3	26.8	27.0	28.7	26.0	26.7	28.7	26.4	26.8
45-64 age cohort share, %	23.0	25.8	24.0	24.8	26.7	25.0	23.7	26.3	24.5
65+ age cohort share, %	9.9	11.7	15.6	12.4	14.6	17.4	12.4	14.1	17.7

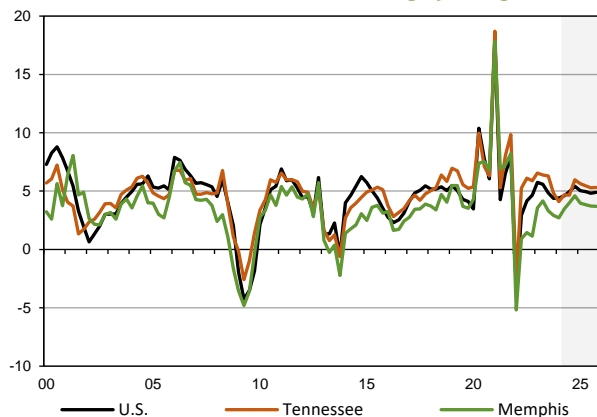
Shading relative to U.S.

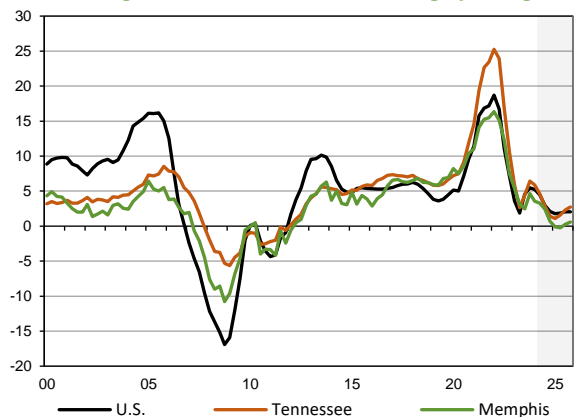
* Year-to-date through April for home sales; year-to-date through May for building permits.

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.	642.9	649.5	655.3	627.9	642.1	662.0	659.7	656.1	659.3
Annual % change	0.5	1.0	0.9	-4.2	2.3	3.1	-0.3	-0.5	0.5
Tennessee, annual % change	1.6	1.7	1.8	-3.8	3.3	4.5	1.8	1.0	1.4
U.S., annual % change	1.6	1.6	1.3	-5.8	2.9	4.3	2.3	1.6	1.0
Unemployment Rate, %	4.3	4.2	4.1	8.8	6.3	4.2	4.0	4.1	4.5
Tennessee, %	3.8	3.5	3.3	7.5	4.5	3.4	3.3	3.2	3.5
U.S., %	4.4	3.9	3.7	8.1	5.4	3.6	3.6	4.0	4.2
Personal Income, \$ bil.	59.6	62.0	64.8	69.0	75.9	75.5	78.1	81.0	84.1
Annual % change	3.4	4.0	4.5	6.5	10.0	-0.5	3.5	3.7	3.8
Tennessee, annual % change	4.5	5.6	6.1	7.2	10.4	3.5	6.0	4.9	5.4
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	6.5	6.5	6.4	8.7	14.0	12.7	3.9	2.5	0.1
Tennessee, annual % change	7.2	6.7	6.1	9.0	20.1	18.8	4.8	3.7	1.9
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.

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