



Analytics

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RE: The New Castle County Doldrums

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The Delaware Population Consortium (DPC) is an informal, cooperative organization that annually releases population and household projections through the State Planning Office. The most recent projections (2018) paint a grim picture for New Castle County.

The three major components of population change are births, deaths and net migration. The major driver of net migration is jobs by place of work. From 2020-30 the DPC projects total jobs by place of work in New Castle County (NCC) will decline slightly (-0.2%). In other words, total employment in NCC will be flat for the next 10 years.

Lack of employment growth puts a damper on net migration and that results in a projected annual increase in NCC population of only 0.4% over the decade. The annual growth rate in the number of NCC resident households is just slightly higher at 0.7% per annum.

Household growth is a primary driver of housing demand.

Projections of the major components of housing demand can be estimated using the DPC projections by age. First-time home buyers are typically ages 31 to 32 years old. Growth in that age cohort in NCC peaks in 2023 and declines 21% through 2030.

Trade-up buyers tend to be ages 41 to 43 years old. From 2020 through 2030 the NCC population falling in the trade-up age groups rises slightly by 6%. With dropping numbers of first-time home buyers, trade-up buyers will have to modify their price demands for their current homes.

At the other end of the housing pipeline however, the number of persons age 75-79 (final sellers) climbs 31%. Thus, the trade-up demand for the houses of baby-boomers will steadily decline.

The DPC projections also have implications for the NCC economy.

The most notable is the “demographic cliff.” The demographic cliff is simply the number of bodies potentially entering the labor force (persons 20 to 22 years of age) minus the number of bodies potentially exiting the labor force (persons 63 to 65 years of age).

In NCC, due to the baby-boomers, the number of bodies potentially exiting the labor force exceeds the number of bodies entering by the year 2024...and stays flat thereafter. Slow growth in the NCC labor force, absent an increase in net in-commuting, is a constraint on the NCC economy.



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Certainly, no population projection is perfect. However, the DPC working group includes representatives from every state and local government in Delaware, the University of Delaware's Center for Applied Demography and Survey Research, the State departments of Planning, Education, Homeland Security, Health and Transportation, and the U.S. Census. The projection for NCC is thoughtfully considered.

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