

## BIRTH RATES AT 11-YEAR LOW MAY EXTEND 5-YEAR HOUSING SLUMP

THE CHILDREN'S  
PLACE

Five years ago, Frances Janisch had a daughter. Now she and her husband may not have another child because the income from their photography business in New York City is erratic. "I always imagined I would have two, so it bothers me that I don't," said Janisch, age 41, who grew up with a very big extended family in South Africa. "It has everything to do with economics." Similar decisions to postpone or forgo having kids may delay the recovery from the five-year U.S. housing slump and restrain future consumer spending on goods and services from child care to diapers, toothpaste and soap. The U.S. Department of Agriculture estimated in June that the expenditures associated with one child for a middle-income family are \$226,920 over 17 years, with housing the biggest expense. According to National Center for Health Statistics data, the number of births fell to an estimated 4 million last year, the fewest since 1999. Peter Francese, who is a demographic- trends analyst in Exeter, New Hampshire for the MetLife Mature Institute, says that American families -- whose finances have been hurt unemployment, falling home prices -- lack confidence to plan "explosions in spending" required by a new child. Francese predicts that U.S. births may not recover until the year 2013. Mark Zandi, who is the chief economist at Moody's Analyst Inc. in West Chester, Pennsylvania, says that families in the childbearing years "have been hit hard" by the recession. Zandi estimates population for his economic forecasts. "Slower population growth will exacerbate the slowing in economic growth." He predicts that the expansion of 2.6 percent in the fourth quarter and in 2012 is too weak to bring down unemployment from averaging close to 9 percent next year. The jobless rate has remained near or above that level since April of 2009. "The potential impact of a more-sluggish birthrate is huge," said Mark Vitner, who is a senior economist at Wells Fargo Securities LLC in Charlotte, North Carolina. "More households will likely choose to rent for longer periods of time, and there will be fewer trade-up buyers. I fear this is a trend that will likely persist." The impact may be muted if the recent signs of a pickup in the economy continue. Today's number of births is fairly similar to 2001, when the U.S. was in "the early phase of expansion" after an eight-month recession, said Charles Lieberman, who is the chief investment officer with Advisors Capital Management LLC in Hasbrouck Heights, New Jersey, and who is a former head of monetary analysis at the Federal Reserve Bank of New York. He said that "declines in births are births that are deferred, not births that are lost." According to the Bloomberg Consumer Comfort Index, consumers' views on the U.S. outlook improved in November, reaching a four-month high. Last month, retail sales rose 0.5 percent, beating the 0.3 percent estimate in a Bloomberg News survey. The Labor Department figures showed last week that first-time claims for unemployment insurance fell in the week ended Nov. 12 to the lowest since the month of April, which is a good sign that the labor market may be rebounding.

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