Aprio Wealth Management Releases 2024 Wealth Management Economic Outlook

Outlook predicts diminished likelihood for a recession, continued global economic normalization and cautionary investment strategies

ATLANTA – February 27, 2024 – Aprio Wealth Management, a subsidiary of Aprio, LLP, the fastest-growing business advisory and accounting firm in the U.S., has released its 2024 Wealth Management Economic Outlook, highlighting investment trends, insights and takeaways for investors to watch in 2024, as well as long-range economic and investment tailwinds.

Notably, the Outlook focuses on the continued normalization of global economies and the Federal Reserve's ability to "thread the economic needle" through the avoidance of a recession, reduced inflation and lowered unemployment rates throughout the U.S. Aprio cautions, however, that while there are predicted bright spots, recovery remains uneven and requires investors to be vigilant as they place their bets this year.

"Our goal is to provide clients with the clarity and confidence they need to make informed investment and business decisions," said Simeon Wallis, Chief Investment Officer, Aprio Wealth Management. "This year's Wealth Management Economic Outlook underscores that the current traditional signals in the economic cycle have been less predictive than ever, making it even more critical that investors and executives take an integrated and coordinated approach to their wealth management and business strategies."

Normalization Will Continue but Caution Abounds

The discombobulated nature of how economic recoveries have differed across various segments post-pandemic have led some sectors to experience booms and busts, while others busted and boomed. While these mini-cycles are likely to normalize, Aprio predicts that the likelihood of the U.S. experiencing a recession in 2024 still hovers around 50% due to several factors:

- Slowing growth in the Services sector,
- A weakening lower-income consumer,
- The continuation of the Fed's Quantitative Tightening, and
- The emerging refinancing wall in commercial real estate with its impact on bank lending.

"Last year's Outlook detailed the belief that world economies are normalizing to reflect pre-global financial conditions," noted Wallis. "Looking forward, we believe 2024 will continue this normalization but it's important to recognize that the post-pandemic global economy differs from tradition in extremely impactful ways due to global shut-downs, massive levels of fiscal stimulus and disrupted supply chains and labor markets."

Additional highlights from the Outlook include:

- **Multi-year investment themes will translate into outsized returns:** Long-term economic trends were identified around manufacturing returning to the U.S., the evolving energy infrastructure and the residential home building renaissance – all of which will impact global economies and markets. For example, construction spending on new manufacturing facilities surged by 10% in 2023 while the Electric Power Research Institute estimates that electric vehicles will increase overall electricity demand by 8% to 13% and account for 7% to 11% of total demand by 2030.
- **Fixed income offers a haven in a public market characterized by uncertainty:** Public market investors will remain focused on the timing of reduced interest rates and GDP growth rates. In this landscape, fixed-income markets are expected to maintain their allure, while the expectation of modestly declining interest rates bolsters the total return appeal of fixed-income securities.
- **Commercial real estate will remain a focus:** Opportunistic private investors will continue to prioritize commercial real estate. In fact, according to Morgan Stanley, there is $1.5 trillion of U.S. commercial real estate loans maturing by the end of 2025, which will catalyze difficult conversations between lenders and borrowers. As such, valuations will reset to levels that reflect higher interest rates and lower loan to value on properties, reducing supply and leading to a healthier future commercial real estate environment.
- **Private capital markets have potential:** Private capital has emerged as one of the fastest-growing segments of investments over the last decade as the number of private companies relative to publicly traded has increased significantly. Driven by generally higher returns than publicly traded assets, the success of the Yale endowment model for institutional investors, and increasing accessibility for high-net-worth individuals and families, private capital's growth has accelerated while the Fed kept interest rates depressed during more than a decade of Quantitative Easing.

To explore these wealth management and economic predictions in depth and prepare your 2024 investment and business strategies, visit https://www.wealth.aprio.com/ and download your copy of the 2024 Wealth Management Economic Outlook.

About Aprio Wealth Management

Aprio Wealth Management empowers high net worth individuals, business owners, and families with seamless, personalized contextual advice by integrating tax planning, financial planning, and investment management. As Registered Investment Advisors (RIAs) we are held to a higher fiduciary standard to operate in our clients' best interests while providing transparency into portfolio holdings and fees. We invest in the best people, processes and technology to deliver a better wealth management client experience. In turn, clients honor us with their trust and invest with us across businesses and generations.

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Media Contact:
Leslie Bashuk, Senior Public Relations Specialist
leslie.bashuk@aprio.com