

# MetroMonitor

## Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas

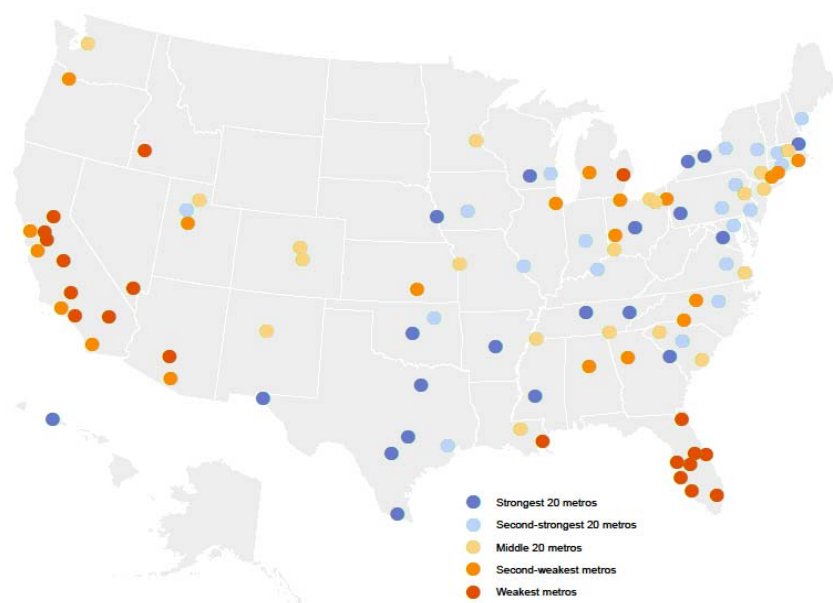
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With job growth slowing and housing markets showing continued weakness, the most recent national economic data suggest that the economic recovery is slowing down. Data for the nation's 100 largest metropolitan areas, which are available through the first quarter of 2011 (ending in March), show widespread but slowing growth in economic output coupled with much slower improvement in the labor market. Job growth, though occurring in more metropolitan areas than in the past, was sluggish. Unemployment rates, although lower than at the beginning of 2010 in most large metropolitan areas, remained very high. House prices hit new lows in all large metropolitan areas even as the pace of foreclosures slowed. As always, metropolitan economic performance varied greatly among the 100 largest metropolitan areas.

The metropolitan data show that government is associated with economic performance since the beginning of the recession. Although we do not have data on government spending at the metropolitan level, data on government employment make the point. The metropolitan areas that suffered least since the beginning of the recession typically had increases in the number of government jobs (federal, state, and local combined). Those that suffered the most typically lost government jobs. Yet government job cuts have become widespread even as total employment has grown during the recovery. These cuts have contributed to the slow pace of the recovery.

### Overall Performance: Recession and Recovery



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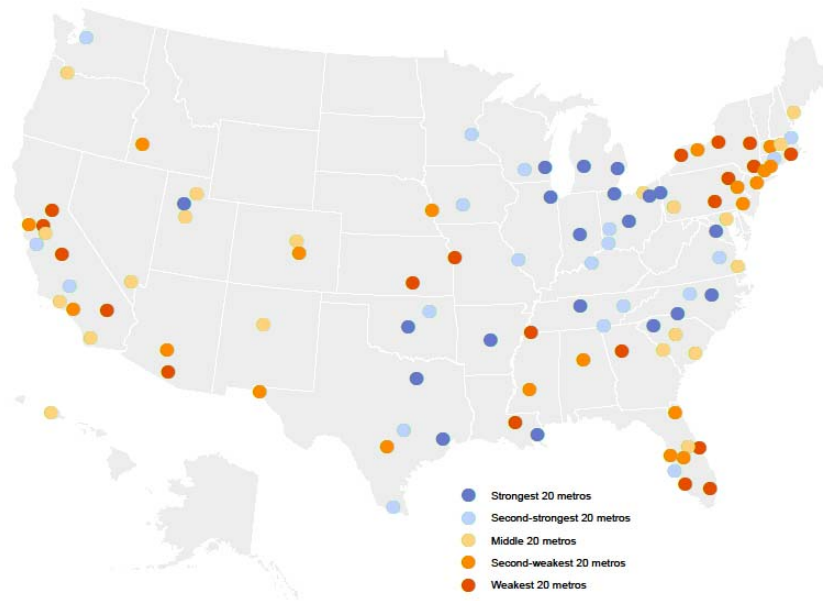
The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Augusta, GA-SC	Little Rock, AR	Bakersfield, CA	Modesto, CA
Austin, TX	Madison, WI	Boise, ID	New Orleans, LA
Boston, MA-NH	McAllen, TX	Cape Coral, FL	North Port, FL
Buffalo, NY	Nashville, TN	Detroit, MI	Orlando, FL
Columbus, OH	Oklahoma City, OK	Fresno, CA	Palm Bay, FL
Dallas, TX	Omaha, NE	Jacksonville, FL	Phoenix, AZ
El Paso, TX	Pittsburgh, PA	Lakeland, FL	Riverside, CA
Honolulu, HI	Rochester, NY	Las Vegas, NV	Sacramento, CA
Jackson, MS	San Antonio, TX	Los Angeles, CA	Stockton, CA
Knoxville, TN	Washington, DC-VA-MD	Miami, FL	Tampa, FL

**Nearly all the metropolitan areas whose economies suffered the least since the start of the Great Recession had increases in government employment, while most of those that suffered the most lost government jobs.** Seventeen of the 20 metropolitan areas that have had the strongest overall economic performance since the start of the recession (all except Augusta, Buffalo, and Columbus) gained government jobs since their periods of peak total employment. Fourteen of the 20 that had the weakest overall performance (all except Bakersfield, Boise, Cape Coral, Jacksonville, Lakeland, and Tampa) lost government jobs since hitting their total employment peaks.

In addition, nearly all the strongest-performing metropolitan areas rely substantially on government (e.g., Washington, several state capitals, and metropolitan areas with large military bases), education (e.g., Austin), or oil and gas (Dallas). Meanwhile, nearly all the metropolitan areas that suffered the most since the beginning of the recession either experienced a large house price boom and bust or depend heavily on auto and auto parts manufacturing.

The map above shows how the 100 largest metropolitan areas rank on a combination of four economic indicators: percent job change from the peak quarter to the first quarter of 2011, change in the unemployment rate from March 2008 to March 2011, percent change in economic output (gross metropolitan product) from the peak quarter to the first quarter of 2011, and percent change in an index of house prices from the peak quarter to the first quarter of 2010.

**Recovery Performance<sup>1</sup>**



The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Akron, OH	Little Rock, AR	Albany, NY	Palm Bay, FL
Charlotte, NC-SC	Milwaukee, WI	Atlanta, GA	Poughkeepsie, NY
Chicago, IL-IN-WI	Nashville, TN	Baton Rouge, LA	Providence, RI-MA
Columbus, OH	New Orleans, LA	Buffalo, NY	Riverside, CA
Dallas, TX	Oklahoma City, OK	Cape Coral, FL	Sacramento, CA
Detroit, MI	Raleigh, NC	Fresno, CA	Scranton, PA
Grand Rapids, MI	Salt Lake City, UT	Harrisburg, PA	Stockton, CA
Greenville, SC	Toledo, OH	Kansas City, MO	Syracuse, NY
Houston, TX	Washington, DC-VA-MD	Memphis, TN-MS-AR	Tucson, AZ
Indianapolis, IN	Youngstown, OH-PA	Miami, FL	Wichita, KS

**Auto-producing metropolitan areas in the Great Lakes and South are recovering strongly.** Great Lakes metropolitan areas that specialize in the production of autos, auto parts, and related durable goods are recovering strongly from the recession. Akron, Columbus, Detroit, Grand Rapids, Indianapolis, Milwaukee, Toledo, and Youngstown are among the 20 metropolitan areas that have had the strongest economic recoveries, and other auto-producing centers of the Great Lakes and upper South are also recovering relatively rapidly. The recession hit many of these metropolitan areas very hard. Many remain far below their pre-recession levels of economic performance, as evidenced by their relatively low rankings on our overall (recession and recovery) index. Yet their economies have begun to turn around. Detroit, one of the bottom 20 metropolitan areas for overall performance since the start of the recession but one of the top 20 for strength of recovery, is the clearest example.

The other major group of strongly recovering metropolitan areas is in Texas and nearby states. These areas, including Dallas, Houston, and Oklahoma City, suffered far less from the recession than did auto-producing areas. Their specializations in oil and gas are contributing to their strong recoveries.

1. House prices hit new lows in all 100 large metropolitan areas in the first quarter of 2011, which means no metro saw a measurable house price recovery during the quarter ending in March. Thus house prices do not factor into the first quarter 2011 recovery rankings in this *MetroMonitor*.

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**Metropolitan areas that experienced severe house price declines are still struggling to recover.** In contrast to auto-producing metropolitan areas, the other large group of metropolitan areas that the recession hit hardest is experiencing a weak recovery. The metropolitan areas in Florida, California, and the Southwest that experienced a housing price boom followed by a housing market collapse (e.g., Cape Coral, Fresno, Miami, Palm Bay, Riverside, Sacramento, Stockton, and Tucson) are prominent on our list of the weakest recovering areas.

### Employment

**Seventy-three of the 100 largest metropolitan areas had job growth in the first quarter of 2011, up from 67 in the fourth quarter of 2010 and 35 in the third quarter of 2010.** However, the number of large metropolitan areas with job growth fell short of its recent high of 94, achieved in the second quarter of 2010. Moreover, the rate of job growth in the first quarter, 0.3 percent for the 100 largest metropolitan areas combined, was very low, equivalent to only a 1.2 percent job annual job growth rate, which is too low to keep the unemployment rate from rising.

**Twenty large metropolitan areas gained jobs in all of the last four quarters.** Austin, Charleston, Cleveland, Columbus, Dallas, Grand Rapids, Greenville, Hartford, Houston, Milwaukee, New Haven, Oklahoma City, Orlando, Pittsburgh, Provo, Raleigh, Salt Lake City, Toledo, Washington, and Youngstown gained jobs in every quarter from the second quarter of 2010 through the first quarter of 2011. Thirty-two more metropolitan areas gained jobs in both the last quarter of 2010 and the first quarter of 2011.

**Seventy-seven of the 100 largest metropolitan areas lost a greater share of jobs 13 quarters after the start of the Great Recession (the fourth quarter of 2007) than they did during the first 13 quarters after the start of any of the previous three national recessions.** Thirteen quarters after the start of the national recession, the 100 largest metropolitan areas combined had lost 5.3 percent of the jobs they had at the start of the Great Recession that began in 2007, compared to 1.1 percent for the 2001 recession. However, in the 1981–1982 recession, employment in the 100 largest metropolitan areas had grown by 6.3 percent in the first 13 quarters after the start of the national recession and in the 1990–1991 recession it had grown by 0.5 percent.

**Employment rebounded from its low point in 88 of the 100 largest metropolitan areas by the first quarter of 2011, but only 12 gained back more than half the jobs they lost between their employment peak and their post-recession employment low point, and only two made a complete jobs recovery.** Only Austin, Dallas, El Paso, Hartford, Houston, Madison, McAllen, New Orleans, Pittsburgh, San Antonio, Springfield, and Washington regained more than half of the jobs they had lost between their pre-recession high and their post-recession low, while only 18 additional large metropolitan areas regained as much as a quarter of the jobs they lost in the recession. Only McAllen and El Paso made a complete jobs recovery by the first quarter.

**Local government employment fell in 60 of the 100 largest metropolitan areas since total employment hit its low point, while state government employment fell in 43 of those metropolitan areas, federal government employment fell in 50, and overall government employment fell in 50.** In the 100 largest metropolitan areas combined, even as total employment rebounded by 0.8 percent after hitting its low point, local government employment fell by 1.2 percent and state government employment fell by 0.2 percent, reflecting the impact of reduced local and state revenues. During the same time period, federal government employment also fell, by 0.4 percent and total government employment fell by 0.9 percent. State capitals were less likely than other large metropolitan areas to experience state government job cuts; among metropolitan areas containing state capitals, state government employment rose in 17 (Austin, Baltimore, Baton Rouge, Boston, Columbus, Denver, Des Moines, Hartford, Honolulu, Madison, Minneapolis, Oklahoma City, Phoenix, Providence, Raleigh, Richmond, and Salt

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Lake City), fell in six (Boise, Columbia, Harrisburg, Indianapolis, Little Rock, and Nashville), and remained unchanged in four (Albany, Albuquerque, Atlanta, and Sacramento).

**Between the first quarter of 2010 and the first quarter of 2011, manufacturing employment grew in 47 of the 100 largest metropolitan areas, including most of the manufacturing-based Great Lakes metropolitan areas.** Youngstown, Modesto, Fresno, and Detroit had manufacturing job growth of 5 percent or more during the year. The only Great Lakes metropolitan areas that lost manufacturing jobs since the beginning of 2010 were Cincinnati, Columbus, Indianapolis, Rochester, St. Louis, and Syracuse. The strong rebound of manufacturing, especially in autos, auto parts, and related durable goods, is responsible for the strong economic recoveries of many Great Lakes metropolitan areas. It propelled Detroit and Youngstown, among others, into the ranks of the 20 best-performing metropolitan economies during the recovery.

### Unemployment

**In March 2011, the unemployment rate was lower than it was a year ago in 92 of the 100 largest metropolitan areas but remained above 6 percent in all but five large metropolitan areas.**

Honolulu's unemployment rate in March 2010, 5.0 percent, was the lowest among the 100 largest metropolitan areas, while Madison, Oklahoma City, Omaha, and Washington had unemployment rates between 5 and 6 percent. Bakersfield, Fresno, Modesto, and Stockton had unemployment rates in excess of 15 percent and 27 other metropolitan areas had unemployment rates between 10 percent and 15 percent. All of the 100 largest metropolitan areas had higher unemployment rates in March 2011 than in March 2008.

### Output

**Fifty-seven of the 100 largest metropolitan areas had made a complete output recovery by the first quarter of 2011.** Output grew in all but seven large metropolitan areas (Cleveland, Los Angeles, New Orleans, Pittsburgh, Sacramento, San Francisco, and Scranton) in the first quarter. However, the rate of output growth slowed between the last quarter of 2010 and the first quarter of 2011 in the 100 largest metropolitan areas combined and in 85 of those metropolitan areas. Output growth slowed by 1 percentage point or more in four California metropolitan areas: Los Angeles, Sacramento, San Diego, and San Francisco. The 15 metropolitan areas in which the rate of output growth accelerated (Baltimore, Dallas, El Paso, Houston, Jacksonville, Louisville, McAllen, Miami, Orlando, Palm Bay, Portland (OR), San Antonio, Seattle, Tampa, and Wichita) were mainly in Texas or Florida. Output growth accelerated by one-half percentage point or more only in Houston.

### Housing

**In the first quarter of 2011, house prices hit new lows in all of the 100 largest metropolitan areas.**

In all 100 metropolitan areas, house prices in the first quarter of 2011 were lower than at any time since their previous peak. Prices were less than 10 percent below peak levels in Baton Rouge, Buffalo, Harrisburg, Houston, Little Rock, Oklahoma City, Pittsburgh, Rochester, San Antonio, Syracuse, Tulsa, and Wichita. However, they were more than 50 percent below peak levels in Bakersfield, Cape Coral, Fresno, Las Vegas, Modesto, North Port, Palm Bay, Phoenix, Riverside, Sacramento, and Stockton.

**Foreclosures fell in 79 of the 100 largest metropolitan areas in the first quarter of 2011.** The largest declines in foreclosures (measured by the change in the number of real estate-owned properties per 1000 mortgageable properties between the third and fourth quarters) occurred in many of the metropolitan areas that had experienced a house price boom and bust (Cape Coral, Jacksonville, Lakeland, Miami, Modesto, North Port, Orlando, Palm Bay, Stockton, and Tampa). Foreclosures increased in only 21 large metropolitan areas (Birmingham, Chattanooga, Denver, Des Moines, Detroit, Fresno, Grand Rapids,

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Honolulu, Houston, Jackson, Knoxville, Las Vegas, Memphis, Milwaukee, Nashville, Ogden, Omaha, Provo, Salt Lake City, Seattle, and Tucson).

## Methodology

The *MetroMonitor* tracks quarterly indicators of economic recession and recovery in the nation's 100 largest metropolitan areas—those with at least 500,000 residents in 2007—which collectively contain two-thirds of the nation's jobs and generate three-quarters of GDP. These indicators include:

- **Employment:** Total wage and salary jobs, seasonally adjusted. Percentage change in employment is shown from each metropolitan area's peak employment quarter to the most recent quarter, measuring the extent to which employment has returned to its pre-recession level and from each area's trough employment quarter to the most recent quarter, measuring the extent of employment recovery since the employment low point. Peaks are defined as the highest employment level attained since the first quarter of 2004; in some metro areas where this peak occurred in one of the three most recent quarters, the peak was defined as the highest level attained between 2004 and its most recent quarter of employment losses prior to the three most recent quarters. Troughs are defined as lowest employment level reached since the peak. Percentage change in employment is also shown from the previous quarter to the most recent quarter, measuring the extent to which employment is moving toward or away from recovery. Source: Moody's Analytics.
- **Unemployment rate:** Percentage of the labor force that was unemployed in the last month of the quarter. The data are not seasonally adjusted. Therefore, changes in the unemployment rate are shown from the same month three years ago to the most recent month, and from the same month one year ago to the most recent month. Source: Bureau of Labor Statistics.
- **Gross metropolitan product (GMP):** Total value of goods and services produced in a metropolitan area. Percentage change in GMP is shown from each metropolitan area's peak GMP quarter to the most recent quarter and from each area's trough GMP quarter to the most recent quarter. Peak and trough quarters are defined in the same way as peak and trough employment quarters, but using GMP rather than employment. Percentage change in GMP is also shown from the previous quarter to the most recent quarter. Source: Moody's Analytics.
- **Housing prices:** Prices of single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Percentage change in housing prices is shown from each metropolitan area's peak housing price quarter to the most recent quarter, and from each area's trough housing price quarter to the most recent quarter. Peaks are defined as the highest house price level attained between the first quarter of 2005 and the second quarter of 2009. Troughs are defined as the lowest house price level reached since the peak. Percentage change in housing prices is also shown from the previous quarter to the most recent quarter and year-over-year. Source: Federal Housing Finance Agency House Price Index.
- **Real estate-owned (REO) properties:** Foreclosed properties that fail to sell at auction and thus become owned by the lending institution. Shown as the share of all mortgageable properties in each metro area in the last month of the most recent quarter, and change in share from last month in previous quarter. Source: McDash Analytics.
- **Recession Comparisons:** The percent of employment recovery in each recession is measured by employment in the thirteenth quarter following the official first quarter of a national recession (as defined by the National Bureau of Economic Research) as a percentage of employment in that first quarter of the recession in question. Source: Moody's Analytics.

The *MetroMonitor*'s rankings of metropolitan economic performance combine four key indicators: (1) percent change in employment, (2) percentage point change in unemployment rate, (3) percent change in GMP, and (4) percent change in House Price Index. There are two sets of rankings:

- **Overall performance** from the beginning of the recession to the most recent quarter: Employment, GMP, and House Price Index changes are measured from peak quarter to the first quarter of 2011. If a metropolitan area had no peak quarter for a particular indicator, the national peak quarter for that indicator is used for the purpose of determining the area's overall performance ranking. Unemployment rate change is measured from March 2008 to March 2011.
- **Performance during the recovery:** Employment, GMP, and House Price Index changes are measured from trough quarter to the first quarter of 2011. Unemployment rate change is measured from March 2010 to March 2011.

For each set of rankings, metropolitan areas are classified into groups of 20 based on their rank, among the 100 largest metropolitan areas, on the average of the standardized scores for the four key indicators.

Interactive *MetroMonitor* maps, underlying indicator data, and one-page profiles of each of the 100 largest metropolitan areas are also available at [www.brookings.edu/metromonitor](http://www.brookings.edu/metromonitor).

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**For More Information**

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