

MetroMonitor

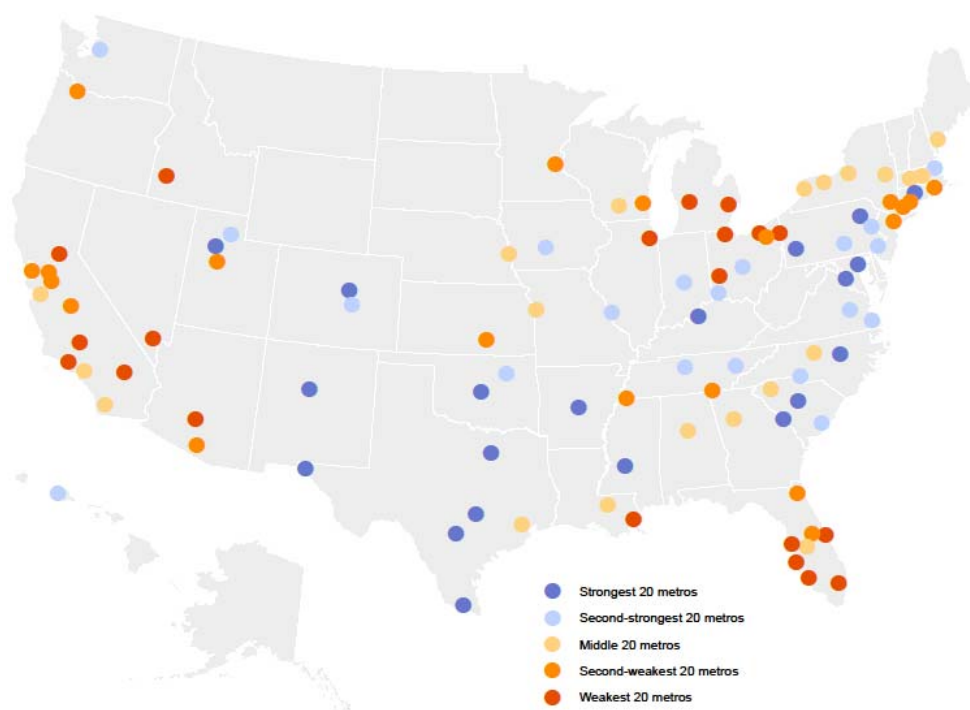
Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas

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As of the fourth quarter of 2010 (ending in December), the nation's 100 largest metropolitan areas were seeing widespread and steady growth in economic output but only slow and inconsistent improvement in the labor market. Job growth was sluggish and unemployment rates, although lower than at the end of 2009 in most large metropolitan areas, remained very high. Housing market performance was mixed; house prices fell in nearly all large metropolitan areas, but the pace of foreclosures slowed. As always, metropolitan economic performance varied greatly among the 100 largest metropolitan areas.

Overall Performance: Recession and Recovery



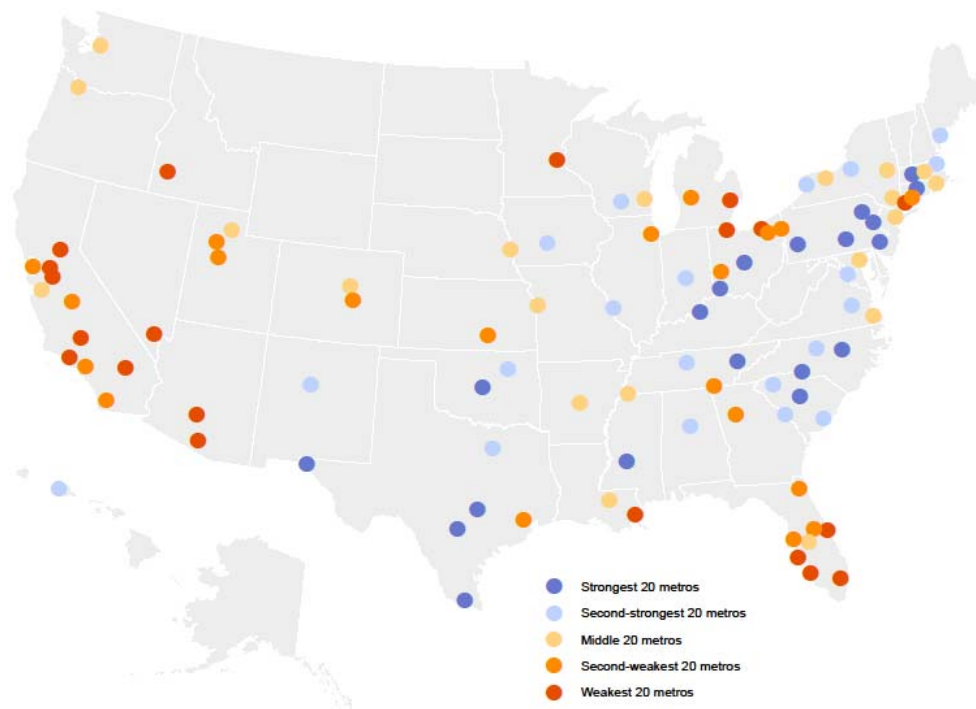
The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Albuquerque, NM	Little Rock, AR	Bakersfield, CA	New Orleans, LA
Augusta, GA-SC	Louisville, KY-IN	Boise City, ID	North Port, FL
Austin, TX	McAllen, TX	Cape Coral, FL	Oxnard, CA
Baltimore, MD	Oklahoma City, OK	Chicago, IL-IN-WI	Palm Bay, FL
Columbia, SC	Pittsburgh, PA	Cleveland, OH	Phoenix, AZ
Dallas, TX	Raleigh, NC	Dayton, OH	Riverside, CA
Denver, CO	Salt Lake City, UT	Detroit, MI	Sacramento, CA
El Paso, TX	San Antonio, TX	Grand Rapids, MI	Tampa, FL
Hartford, CT	Scranton, PA	Las Vegas, NV	Toledo, OH
Jackson, MS	Washington, DC-VA-MD	Miami, FL	Youngstown, OH-PA

METROMONITOR: 4TH QUARTER 2010

Nearly all the metropolitan areas whose economies have suffered the most since the start of the Great Recession are ones that experienced a large house price boom and bust or that depend heavily on auto or auto parts manufacturing. Nearly all those whose economies have suffered the least rely substantially on government (e.g., Washington and several state capitals), health care (e.g., Baltimore and Pittsburgh), education (e.g., Pittsburgh and Austin), or oil and gas (Denver). 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 fourth quarter of 2010, change in the unemployment rate from December 2007 to December 2010, percent change in economic output (gross metropolitan product) from the peak quarter to the fourth quarter of 2010, and percent change in an index of house prices from the peak quarter to the fourth quarter of 2010.

The overall rankings, however, combine two very different time periods, the period when each metropolitan economy was in recession and the period when each was in recovery. The rankings for the recession period, shown in the map and table below, resemble the overall rankings. However, the metropolitan areas that were hit hardest during the recession were slightly more likely to have suffered a housing bust and somewhat less likely to have suffered from the problems of the auto industry than those that had the weakest economies in the overall rankings. Those that the recession hit most lightly were slightly less likely to have had government as a mainstay of their regional economies.

Recession Performance

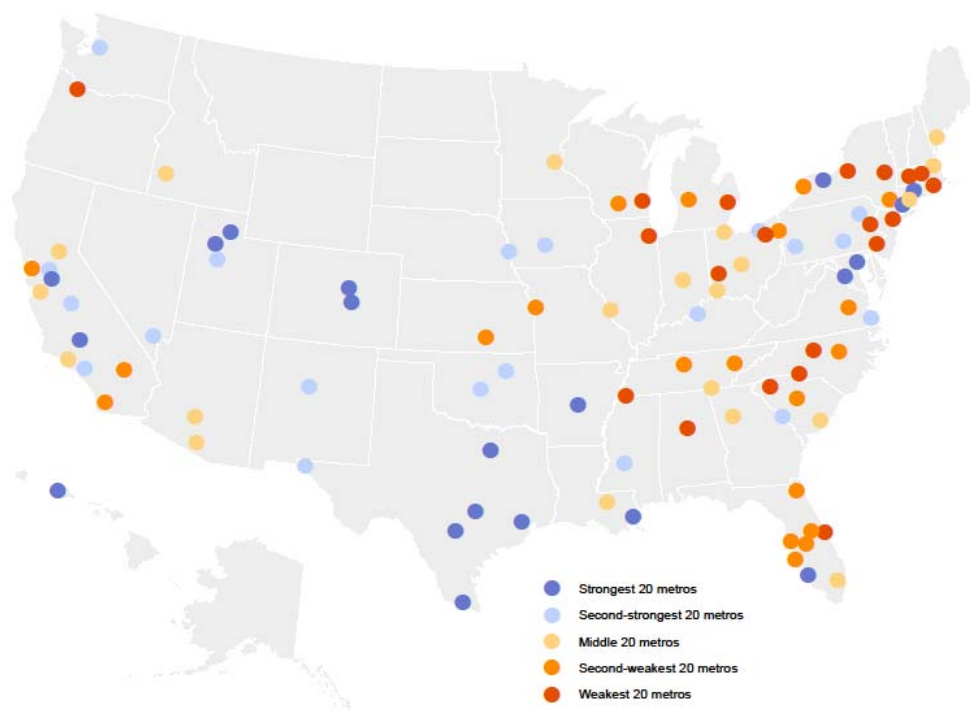


The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Allentown, PA-NJ	Knoxville, TN	Bakersfield, CA	New Orleans, LA
Austin, TX	Louisville, KY-IN	Boise City, ID	North Port, FL
Charlotte, NC-SC	McAllen, TX	Bridgeport, CT	Oxnard, CA
Cincinnati, OH-KY-IN	Oklahoma City, OK	Cape Coral, FL	Palm Bay, FL
Columbia, SC	Philadelphia, PA-NJ-DE-MD	Cleveland, OH	Phoenix, AZ
Columbus, OH	Pittsburgh, PA	Detroit, MI	Riverside, CA
El Paso, TX	Raleigh, NC	Las Vegas, NV	Sacramento, CA
Harrisburg, PA	San Antonio, TX	Miami, FL	Stockton, CA
Hartford, CT	Scranton, PA	Minneapolis, MN-WI	Toledo, OH
Jackson, MS	Springfield, MA	Modesto, CA	Tucson, AZ

METROMONITOR: 4TH QUARTER 2010

The strength of a metropolitan area's recovery has little to do with how hard it was hit during the recession. Only four metropolitan areas (Austin, Hartford, McAllen, and San Antonio) were among the top 20 metropolitan areas during both the recession and the recovery, while only two (Detroit and Palm Bay) were among the bottom 20 during both periods. Meanwhile, four metropolitan areas (Allentown, Charlotte, Philadelphia, and Springfield) that suffered least during the recession were among the 20 metropolitan areas with the most sluggish economic recoveries, and five (Bakersfield, Bridgeport, Cape Coral, Modesto, and New Orleans) that were hit hardest during the recession were among the 20 fastest-recovering areas. The metropolitan areas that recovered most rapidly from the recession include many that rely heavily on government or oil and gas and some that have rebounded from a housing bust. The stability of employment in health care and education helped cushion metropolitan areas that specialize in those activities against the worst impact of the recession but has done little to spur robust economic recovery. Conversely, metropolitan areas that experienced a housing boom and bust dominated the list of poor performers during the recession but three of those areas (Bakersfield, Cape Coral, and Modesto) are among the places that have recovered most rapidly.

Recovery Performance



The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Austin, TX	Houston, TX	Akron, OH	Memphis, TN-MS-AR
Bakersfield, CA	Little Rock, AR	Albany, NY	Milwaukee, WI
Baltimore, MD	McAllen, TX	Allentown, PA-NJ	New York, NY-NJ-PA
Bridgeport, CT	Modesto, CA	Birmingham, AL	Palm Bay, FL
Cape Coral, FL	New Orleans, LA	Charlotte, NC-SC	Philadelphia, PA-NJ-DE-MD
Colorado Springs, CO	Ogden, UT	Chicago, IL-IN-WI	Portland, OR-WA
Dallas, TX	Rochester, NY	Dayton, OH	Providence, RI-MA
Denver, CO	Salt Lake City, UT	Detroit, MI	Springfield, MA
Hartford, CT	San Antonio, TX	Greensboro, NC	Syracuse, NY
Honolulu, HI	Washington, DC-VA-MD	Greenville, SC	Worcester, MA

METROMONITOR: 4TH QUARTER 2010

[Local government employment](#) fell in 60 of the 100 largest metropolitan areas between the time of peak total employment and the last quarter of 2010, while [state government employment](#) fell in 48 of those metropolitan areas. However, declines in state and local government employment since the peak of total employment were less severe than those in total employment; state government employment fell at a faster rate than total employment in only 14 large metropolitan areas and local government fell more slowly than total employment in all of the 100 largest metropolitan areas except Augusta, El Paso, New Haven, and New Orleans. In the 100 largest metropolitan areas combined, local government employment fell by 1.4 percent since the peak of total employment, state government employment fell by 0.1 percent, and total employment fell by 6.3 percent. Among metropolitan areas containing state capitals, state government employment fell in 14 (Albany, Atlanta, Baltimore, Boise, Columbia, Des Moines, Harrisburg, Honolulu, Minneapolis, Nashville, Phoenix, Providence, Raleigh, and Richmond) and rose in 14 (Albuquerque, Austin, Baton Rouge, Boston, Columbus, Denver, Hartford, Indianapolis, Jackson, Little Rock, Madison, Oklahoma City, Sacramento, and Salt Lake City.)

Forty-nine of the 100 largest metropolitan areas had [job growth in the fourth quarter of 2010](#), up from 25 in the third quarter but down from 87 in the second quarter. The number of metropolitan areas experiencing quarterly job growth fluctuated during 2010, rising from 39 in the first quarter of 2010 to 87 in the second quarter before plummeting to 25 in the third quarter and then increasing again to 49 in the last quarter of the year. Similarly, in the 100 largest metropolitan areas combined, a 0.1 percent job loss in the first quarter of the year gave way to a 0.5 percent gain in the second quarter, which was followed by a 0.3 percent loss in the third quarter and a 0.04 percent loss in the final quarter.

Only 14 large metropolitan areas had at least three quarters of consecutive job growth during 2010. Austin, Boston, Charleston, and Minneapolis-St. Paul had job growth in every quarter of 2010. Allentown, Colorado Springs, Denver, Hartford, Orlando, and San Antonio had job growth in each of the last three quarters of 2010 following job losses in the first quarter. Augusta, Oklahoma City, Virginia Beach, and Washington gained jobs in each of the first three quarters of the year but lost jobs in the last quarter.

Eighty-one of the 100 largest metropolitan areas lost a greater share of jobs 12 quarters after the start of the Great Recession (the fourth quarter of 2007) than they did during the first 12 quarters after the start of any of the previous three national recessions. Three years after the start of the national recession, the 100 largest metropolitan areas combined had lost 6.2 percent of the jobs they had at the start of the Great Recession that began in 2007, compared to 1.6 percent for the 2001 recession, and 0.1 percent for the 1990–1991 recession. However, in the 1981–1982 recession, employment in the 100 largest metropolitan areas had grown by 5.3 percent in the first 12 quarters after the start of the national recession.

[Employment rebounded from its low point](#) in 72 of the 100 largest metropolitan areas by the fourth quarter of 2010, but only four gained back more than half the jobs they lost between their employment peak and their post-recession employment low point, and only one made a complete jobs recovery. Only 13 metropolitan areas (Augusta, Austin, Baltimore, Boston, Charleston, Dallas, Hartford, Honolulu, McAllen, New Orleans, Oklahoma City, San Antonio, and Washington) regained more than a quarter of the jobs they had lost between their pre-recession high and their post-recession low. Only Austin, McAllen, New Orleans, and Washington regained more than half the jobs they lost. Only McAllen had made a complete jobs recovery by the fourth quarter.

In December 2010, the [unemployment rate was lower than it was a year ago](#) in 65 of the 100 largest metropolitan areas. These 65 metropolitan areas include all the major metropolitan areas in the Great Lakes except Syracuse, as well as some of the areas that experienced a housing boom and bust. However, all of the 100 largest metropolitan areas had higher [unemployment rates in December 2010 than in December 2007](#). Among the 100 largest metropolitan areas, only Omaha, Madison, and Honolulu had [unemployment rates](#) under 5 percent and only Washington had an unemployment rate between 5 and 6

METROMONITOR: 4TH QUARTER 2010

percent in December 2010, while Stockton, Modesto, Fresno, and Bakersfield had unemployment rates in excess of 15 percent and 25 other metropolitan areas had unemployment rates between 10 percent and 15 percent.

For the first time since the first quarter of 2010, all of the 100 largest metropolitan areas had [growth in output in the fourth quarter of 2010](#). This is an improvement from the third and second quarters, when 98 and 83 large metropolitan areas, respectively, saw output growth. In all 100 areas combined, the rate of output growth fell from 1.4 percent in the first quarter to 0.4 percent in the second quarter before rising to 0.9 percent in the third quarter and then dipping to 0.8 percent in the last quarter.

More than half of the 100 largest metropolitan areas had made a complete [output recovery](#) by the fourth quarter of 2010. Fifty-five large metropolitan areas had recovered their pre-recession levels of output by the third quarter. All but six of these metropolitan areas had output growth in all four quarters of 2010.

[House prices fell](#) between the fourth quarter of 2009 and the fourth quarter of 2010 in 98 of the 100 largest metropolitan areas. Prices rose only in Honolulu and San Jose. In the 100 largest metropolitan areas combined, house prices fell by 3.4 percent between the fourth quarters of 2009 and 2010. Between the third and fourth quarters of 2010, only five large metropolitan areas (Bridgeport, Cape Coral, El Paso, Harrisburg, and Scranton) saw house price increases.

[Foreclosures fell](#) in 86 of the 100 largest metropolitan areas in the fourth quarter of 2010. 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. These were the metropolitan areas that generally had the highest foreclosure rates. Foreclosures increased in only 14 large metropolitan areas (Albuquerque, Atlanta, Augusta, Dallas, Honolulu, Madison, Minneapolis, Ogden, Oxnard, Provo, Salt Lake City, Scranton, Seattle, and Tampa).

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 twelfth 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 three 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 4th quarter 2010. Unemployment rate change is measured from December 2007 to December 2010.
- **Performance during the recession:** Employment, GMP, and House Price Index changes are measured from peak quarter to trough quarter, measuring the extent of losses during the recession. Unemployment rate change is measured from December 2007 to December 2009.
- **Performance during the recovery:** Employment, GMP, and House Price Index changes are measured from trough quarter to 4th quarter 2010. Unemployment rate change is measured from December 2009 to December 2010.

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.

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For More Information

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