Full Recovery Eludes Most U.S. Metros in 2012

Brookings Report Shows Metro Economies in Developing Asia, Latin America, and Middle East Far Outpacing Those in North America, Western Europe

WASHINGTON, D.C.—Among the world’s 300 largest metropolitan economies, only three of 76 U.S. metro areas had fully recovered from the Great Recession in 2012, while 20 of the nation’s largest metro areas lost ground, according to a new report from the Brookings Institution Metropolitan Policy Program. Those that have recovered are Dallas, Knoxville, and Pittsburgh.

By comparison, most metro areas in the developing Asia-Pacific and Latin America regions suffered no recession over the last five years or have fully recovered. Large metro economies in China performed exceptionally well, holding 13 of the top 20 spots on this year’s economic performance index.

This year’s Global MetroMonitor, the third edition of the annual report, analyzes 2011-2012 data on GDP per capita and employment change, among other factors, for the world’s 300 largest metropolitan economies. These 300 metropolitan areas account for nearly one-half of global output but contain only 19 percent of the world population, underscoring the emerging reality that the global economy is truly a metro economy.

The analysis found that the fastest-growing metropolitan economies were in developing Asia, Latin America, and the Middle East and Africa, while the slowest-growing metropolitan economies were in Western Europe and North America.

While almost three-quarters of the 300 metro areas had higher levels of employment and/or GDP per capita than in 2007, metro economies in North America represented almost two-thirds of those still below 2007 levels of both those two indicators. The first U.S. metro areas to appear on the economic performance index are Houston ranked at #40 and San Jose at #46.
Six U.S. metro areas—Boston, Detroit, Salt Lake City, San Jose, Seattle, and Worcester—rank among 56 metropolitan economies worldwide that are “pockets of growth,” outperforming their countries on both GDP per capita and employment growth. Half of the 56 metro areas are in developed economies, such as Hannover, Perth, Stockholm, and Taipei; the other half includes metro areas in countries such as Brazil, China, India, and Turkey.

As the economic debate unfolds over the coming weeks, this report provides an in-depth look at U.S. metropolitan recovery and how threats, such as the looming fiscal cliff, may undermine economic growth.

“The global metropolitan economy is fragile and many problems like the falling Eurozone and the slowdown of emerging economies are here to stay, at least for the immediate future” said Emilia Istrate, an associate fellow and lead author of the *Global MetroMonitor*. “Despite their challenges, U.S. metro economies are helping to power the global recovery. If upcoming debates over the fiscal cliff and long-term solvency derail their progress, it could severely threaten not only the U.S., but also the broader global recovery.”

The *Global MetroMonitor* notes that both national and local factors influence metropolitan economic growth. Over the short term, the previous year’s growth of national per capita GDP, the previous year’s level of the metro GDP per capita, and industry performance impact growth. Over the long run, however, a metro area’s change in standard of living depends on how fast the country’s standard of living rises, where a metro area starts on GDP per capita, and metro-specific factors such as industry specialization and educational attainment.

While the global economic recovery slowed in 2012, the world’s largest metropolitan economies continued to have very different growth experiences. Disparities loom both across major world regions and within them, reflecting differences in metro industrial structure, national growth rates, and metro starting points. These differences did not obscure the underlying long-term shift of economic growth from developed to developing metro areas.

“2012 also highlighted the interdependence among developed and developing metro areas, with macroeconomic shocks traveling quickly through financial and trade channels and through extended global supply chains,” said Istrate. “Metro areas cannot build their way to prosperity on their own; they must work with national and state governments and other metro areas near home and abroad, to establish their ‘collaborative advantage’ and secure future growth.”

This edition of the *Global MetroMonitor* is the third in a series started in 2010. The *Global MetroMonitor* also builds on the model of the U.S. *MetroMonitor*, which tracks key economic trends in the 100 largest U.S. metropolitan areas. The *Global MetroMonitor* was released today at a forum in Sao Paulo, Brazil, part of the *Global Cities Initiative*, a five-year joint project of the Brookings Institution and JPMorgan Chase & Co.
The Metropolitan Policy Program at Brookings provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas, including their component cities, suburbs, and rural areas. To learn more, please visit: www.brookings.edu/metro. Follow us on Twitter at www.twitter.com/brookingsmetro.