

Key Findings

Economic Output: Gross Metro Product (GMP)

- Once again, the nation's 363 metro economies proved to be the driving force of the nation's economic performance, accounting for 90.1% of the gross domestic product (GDP), 90.3% of wage and salary income, and 86.2% of all jobs in 2009.
- Top-performing metros were largely unchanged: the New York metro ranked first with a 2009 GMP of \$1.26 trillion, followed by Los Angeles (\$709 billion), Chicago (\$514 billion), Houston (\$408 billion), and Washington, D.C. (\$396 billion). (A full listing of GMP for all 363 metros can be found in Appendix Table 1 of the report.)
- In 2010 U.S. metros will contribute 93% of the nation's economic growth.
- Total real GMP declined 2.2% in 2009.
- Overall, 316 metro areas (87%) recorded real GMP contractions on the year, including 153 in excess of 2%, and 38 with a decline of more than 4%.
- Weakest performers out of the 100 largest metro areas are concentrated in the upper Midwestern states and the housing-bubble states of Florida, California, and Nevada.

Unemployment Forecasts

- The U.S. unemployment rate will peak in the first quarter of this year, averaging 10.2% for the quarter.
- In November, the latest month of available metro data, the jobless rate was up in all 363 metropolitan areas year-over-year, and by over 50% in 116 metros.
- Unemployment topped 10% in 135 metros, 12% in 74 metros, and 15% in 20 metros. Metro areas in the West, Southeast, and Upper Midwest are the ones grappling with the highest unemployment rates in the country, led by Modesto, CA (18%); Stockton, CA (17.2%); Fresno, CA (16.7%); Detroit (16.4%) and Bakersfield, CA (15.6%).
- Despite expected employment growth in many metro areas' labor markets during the first half of 2010, there will be little change to the unemployment rate in the near term. The initial growth in payrolls will not be fast enough to make a significant dent in the unemployment rate because of new job seekers.
- The unemployment rate will remain painfully high in many metro areas over the next four years.
- By 2011, 105 metros (28% of all metros) will have an unemployment rate higher than 10%; 214 metros (59%) will have an unemployment rate over 8%; and 325 metros (90%) will have an unemployment rate over 6%.
- By 2013, 37 metros will have an unemployment rate over 10%; 117 metros will have an unemployment rate over 8%; and 269 metros will have rates over 6%.
- By the end of 2013, Modesto, Stockton, Bakersfield, Fresno, Detroit, Toledo, and Youngstown are expected to have metro unemployment rates that still exceed 10%. Among the largest metros, Washington, D.C. is expected to have the lowest unemployment rate (4.3%).

- Even as recovery in the labor markets pick up steam in 2011–2013, unemployment rates will not return to pre-recession levels during that period for any metro area.

Return to Peak Pre-Recession Employment Levels (number of actual jobs)

- Metro area and national employment will recover at a similar pace and are projected to return to peak levels during the second half of 2012.
- Half of all metros (183) will not achieve pre-recession peak employment levels until 2013 and beyond: 76 metros in 2013; 25 metros in 2014; and 82 metros in 2015 and beyond.
- Many Indiana and Michigan metros will see payrolls contract more than 10% before bottoming out and are facing recovery periods stretching beyond the decade. (Appendix Table 11)

ARRA State-Allocated Surface Transportation

- The nation's top 85 metro areas are not receiving their appropriate share of federal stimulus spending in the form of surface transportation funds allocated by the states.
- Our June 2009 study of state-allocated surface transportation spending across the nation's largest metro areas found that only 48.3% of approved funding was allocated by states to metro areas, despite their population share of 63% and GDP share of 73%.
- As of January 8, 2010, \$22.3 billion has been approved for surface transportation projects nationwide. Of that amount, \$10.3 billion is apportioned to metro areas in our study. This represents 46% of the state-approved funding for surface transportation projects supported by funds provided by the Federal Highway Administration (FHWA)—a low level of funding compared to the metro share of gross state product (GSP) or population.
- While some metros have closed their respective funding gaps, enormous disparities remain, not just for these metros, but for many others.
- Forty-five of the 85 metros examined have double-digit unemployment. Notably, 35 of these high-unemployment metros received a funding share that is less than their contribution to their respective state economies, including Los Angeles, Atlanta, and Detroit. (Appendix Table 12)
- Las Vegas comprises 75.1% of Nevada's GSP yet is currently receiving only 30.9% of the state's approved funding. New York is also receiving a disproportionately low share of approved funds: it is responsible for 75.9% of the state's GSP, yet it is currently receiving only 23.8% of approved surface transportation funding.

Conclusion

Closer attention must be paid to the relationship between the economic health of our nation's metro areas and the health of the nation as a whole. Right now both are on the mend, and we believe the national economy can recover more quickly by more directly delegating federal funds to cities and their metro economies.