

Missouri's Metro Economies

Gross Metropolitan Product and
Job Forecast September 2004

The Engines of the State's Growth

Prepared for:

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 **GLOBAL INSIGHT**

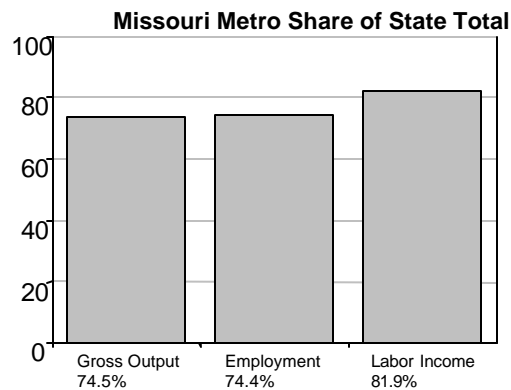


THE UNITED STATES CONFERENCE OF MAYORS

INTRODUCTION

The engines of economic growth and development in Missouri are its metropolitan areas. Underscoring this relationship, close to 75% of the state's economic output is derived from its six metro areas (Columbia, Joplin, Kansas City, St. Joseph, St. Louis, and Springfield). Approximately 74.4% of Missouri's workers are employed by firms within the metro areas earning 81.9% of the state's wages. With a high concentration of businesses and consumers, the state's metro areas are not only key markets for the transfer of goods and services, but also act as incubators of innovation. The close proximity of corporations and workers creates prime economic conditions that allow for the diffusion of knowledge and ideas. This in turn sets the stage for the development of technological advances, which can spur increased productivity and ultimately promote economic growth. This dynamic economic environment allows firms and businesses situated in metro areas to thrive and compete not only in U.S. markets but also across the globe.

FIGURE 1: METROS PLAY AN IMPORTANT ROLE IN MISSOURI'S ECONOMIC ACTIVITY



ECONOMIC OUTPUT AND EMPLOYMENT

Most of Missouri's economic activity is clustered in its metro areas. For the past decade, metro areas accounted for roughly 75% of the state's output. Missouri's largest metro, St. Louis, produced goods and services valued at \$79 billion in 2003, over 40% of the state's total output, and Kansas City, at \$40 billion was responsible for more than 20%. The four smaller metros manage to produce less than 15% of the states output. (see Appendix Table 1). In 2004, Missouri's six metros combined are expected to exhibit 4.0% gains in real gross metro product (see Appendix Table 2).

**FIGURE 2: MOST OF MISSOURI 'S ECONOMIC ACTIVITY OCCURS IN ITS METRO AREAS
(THOUSANDS, 2003)**

	Metro Areas	Rest of Missouri	Missouri
Population	3,878.11	1828.82	5,706.93
Share of Missouri	68%	32%	
Employment	1992.99	684.24	2677.23
Share of Missouri	74%	26%	
Professional & Bus.	263.24	40.58	303.82
Share of Missouri	87%	13%	
Financial Activities	133.78	28.8	162.58
Share of Missouri	82%	18%	

During the boom years of the mid-to-late 90s, Missouri's economic growth was driven by its metro areas. Between 1993 and 2000, nominal gross metropolitan output of the state's six metros increased by 5.7% annually, resulting in Missouri's growth of 5.8% during the same period. By 2000, however, the metro areas were already feeling the effects of the national slowdown. Slow growth in the metro areas during the past couple of years has been the primary reason why the state has struggled to shake off the lingering effects of the 2001 recession. Indeed, the ratio of metro output to total state output declined from 75.7% in 2000 to 74.5% in 2003. Kansas City's information and technology industries and St. Louis' transportation industries, for example, were dealt a heavy blow by the recent recession. The expectation for 2004 and beyond, however, is for the metro areas to again regain speed and lead the state in output growth.

Figure 3: Missouri Metro Gross Output International Rank and Comparison Countries¹

	International Rank	USA Rank	Greater Than	International Rank
St. Louis, MO-IL	61	23	Singapore	63
Kansas City, MO-KS	83	34	Egypt	84
Springfield, MO	242	153	Uruguay	249
Joplin, MO	346	229	Paraguay	349
Columbia, MO	358	239	Bahamas	361

To further illustrate the importance of the metro area economies, consider how they compare on the national and international stage. In 2003, the output of St. Louis ranked 23rd among all US metros, and exceeded that of Singapore to rank 61st amongst all

¹ Metros - when compared to International Countries - are based on their entire OMB economic area definition, that is the larger multi-county area which includes the principle city but can also include counties from neighboring states as in the case of Cincinnati.

- When comparing Metro economies to entire country output we have to include the entire Metro economy to make a meaningful comparison. Both are economic units but the domestic city often has workers, capital, and plants often straddling arbitrary boundaries, whereas a country is an integrated currency zone, population zone, and rule of law zone minimizing cross overs.
- Day to day currency volatility make the comparison an at the moment snapshot. The inherent volatility in the world's currencies make these differences as important as including or not including the entire MSA economic zone.

nations. Kansas City ranked 34th among US metros, and 84th among nations, with output exceeding that of Egypt.

The importance of metro areas to the Missouri economy is also evident in job creation. Between 1993 and 2000, while the state gained 354,000 jobs, close to 73% of this growth came in the metro areas. The two largest metro areas together were responsible for more than 54% of payroll gains across the state. Conversely, as the economy moved into a lower gear in the early part of this decade, the metro areas bore the brunt of the job losses. Indeed, 99% of the state's job losses between 2001 and 2003 occurred in the metro areas, with the two largest metros, St. Louis and Kansas City, together losing over 50,000 jobs.

Finally, some of the key sectors that will drive economic growth in future years are highly concentrated in the state's metro areas. In particular, professional and business services, financial services, and information services have a significant presence in the state's metro areas. As the U.S. and Missouri continue to move more towards a service-based economy, away from manufacturing, the influence of the metro areas in defining and driving growth will only grow, and will be keys to Missouri's future economic success.

Figure 4: Manufacturing's Share of Missouri's Employment has been Steadily Declining in Recent Years



THE RECENT PERFORMANCE OF METROPOLITAN AREA ECONOMIES

The start of 2004 saw the U.S. economy finally begin to shed the last lingering remnants of the 2001 recession. Economic growth in the later half of 2003 and into early 2004 paved the path for a return to solid employment growth nationally. Indeed, by the second quarter of 2004, U.S. employment growth registered 1% on a year over year (y/y) basis. The start of 2004 saw Missouri in a negative growth pattern, but the state has since been able to right the ship with help from some of the metros. Missouri moved out of negative year-over-year employment growth territory in March, and since then has been trying to find a foothold on steady gains. St. Louis has displayed healthy employment growth through the first seven months of 2004 in adding 29,500 jobs, but payroll gains have been

much slower for Kansas City, the state's second largest metro, which added only 3,300 jobs. Columbia, Joplin, and St. Joseph failed to register positive employment growth in the July 2003-July 2004 period. (See Appendix Table 8)

The lackluster performance of the total metro area economy in terms of employment growth has no doubt played a part in hindering the state's path to recovery. Given their significance to the state's economy, all of the metro area economies will need to be growing and adding jobs before a solid and self-sustaining recovery can take root in Missouri.

As seen in Appendix Table 10, Missouri employment has suffered worse than the rest of the nation or even the other metro areas. From 2000-2004 Missouri metro employment fell 1.8% compared to 0.3% drop in the US and a slightly larger 0.5% drop in the nation's Metros. Of the six metropolitan areas in Missouri, only Columbia's employment growth over the past 4 years just makes it into the top 1/3 fastest growing metros in the US. Four metros rank in the bottom half of all metros. Future prospects are brighter than recent history. Just two metros will rank in the bottom half of all metros in growth over the next four years. St. Louis, the largest in Missouri, will rank 183rd of 318 US metros. As a group, Missouri's metros will grow slower than the rest of the nation's metros, averaging 6.1% employment gains over 4 years compared to 6.3% for the rest of America's cities .

THE WAGE GAP IN THE US

In June 2004, Global Insight and the U.S. Conference of Mayors examined the quality of jobs lost and gained over the recent business cycle in the nation as a whole. The report highlighted a wage gap between the jobs lost from the beginning of the recession through the end of 2003, and those that were forecasted to return over the next three years. The average annual wage of \$43,950 in the sectors that lost jobs during the 2000-03 period, would not be matched by the average wage of \$38,839 in those sectors adding jobs through 2006. Job gains would come in those sectors where wages average only 88% of those in the sectors hit hardest by the recession. This 12% gap reflected, in part, the higher-than-average wages paid in the declining manufacturing sectors. Many of those manufacturing jobs and others lost in the information sector, had been sent overseas due to outsourcing, or were lost due to firm and plant closings because of oversupply as demand waned. Annual wages lost in the declining sectors over 2000-2003 were \$27 billion higher than the annual wages we projected would be earned in the advancing sectors.

Figure 5 below examines the composition of wages in the ten sectors that lost the most jobs during the downturn and the ten sectors that will lead the employment recovery. The number of jobs gained from 2004 to 2006 will exceed the number of jobs lost from 2000-03. The average wage of the jobs in the ten sectors with the greatest job gains, however, will be more than 15% lower than those of the jobs that were lost in the top ten losing sectors.

FIGURE 5: US JOBS

Analysis of Top Ten Sectors	
Jobs Lost (2000 to 2003)	5,197,442
Average Wage of Jobs Lost	\$45,020
Jobs Gained (2004 to 2006)	5,610,100
Average Wage of Jobs Gained	\$38,100

THE WAGE GAP IN MISSOURI

A similar, but far more dramatic wage gap will occur in Missouri, where \$4.8 billion in wages was lost as a result of job cutbacks in 2000-2003. The average annual wage of jobs in the sectors which lost jobs during this period, \$41,697, will not be matched by the average wage of jobs in the growing sectors between 2003 and 2006, \$33,011. This wage gap of 20.8% implies that the long-awaited payroll expansion, while surely welcome, will bring income gains which average less than 80% of incomes lost due to the employment contraction. The wages lost in Missouri due to this gap will total \$1.8 billion annually over the 2003-2006 period.

Figure 6 below examines the composition of wages in the sectors that lost jobs during the downturn and the sectors that will make gains in the recovery. At 23.3%, the wage gap of the top ten losing and gaining sectors in Missouri is greater than the gap in wages from all sectors.

FIGURE 6: MISSOURI JOBS

Analysis of Top Ten Sectors	
Jobs Lost (2000Q3 to 2003Q3)	111,510
Average Wage of Jobs Lost	\$41,836
Jobs Gained (2003Q3 to 2006Q3)	88,437
Average Wage of Jobs Gained	\$32,087

Compared to the wages of the jobs lost from 2000-2003, wages of those employment sectors forecasted to add jobs is significantly lower. The top 10 sectors expected to add over 88,000 jobs through 2006 will have an average annual wage of \$32,087, while the average wage of those jobs lost in the top 10 sectors to lose jobs between 2000 and 2003 is \$41,836.

The Manufacturing sector, 12% of the state of Missouri's employment, was the hardest hit in terms of lost jobs and wages. Indeed, many of these jobs are not expected to return during the next three years. The Non-Durables sector is expected to continue to lose jobs throughout the forecast period while expected job gains in Durables Manufacturing will be muted. Just 15% of the durables manufacturing jobs lost in the 2000-2003 period are expected to return through 2006.

Durables Manufacturing lost nearly 28,000 jobs from the third quarter of 2000 to the third quarter of 2003. (Figure 7) These jobs, which pay an average of \$42,258 annually, will see average annual gains of 0.5% in 2004-06. Following 2006, employment growth

will slow and fall into negative territory by 2009. Transportation equipment manufacturing and related industries have a major hold on the state's economy. The sector has finally stabilized this year, thanks in part to defense dollars. In late August, a defense appropriations bill was passed that will substantially benefit Missouri. More than \$8.4 billion in expenditures that will involve Boeing, including those for aircraft, modernization, and research and development, are among those Missouri-based programs affected by the bill.

In the case of Non-Durables Manufacturing, firms are moving production plants to Latin America and Asia to take advantage of inexpensive labor. In Missouri, Non-Durables jobs pay an average of \$40,118 annually. The sector lost nearly 20,000 jobs from 2000 to 2003. Food and beverage manufacturing are the largest non-durables sectors affected in the state.

**FIGURE 7: TOP TEN MISSOURI JOBS LOST
(2000Q3 TO 2003Q3)**

Employment Sector	Total Job Losses	Average Annual Wages
Durables Manufacturing	-27,953	\$42,258
Non-durables Manufacturing	-19,966	\$40,118
Transportation & Warehousing	-19,003	\$40,170
Information	-9,920	\$47,681
Administration & Support Services	-9,055	\$23,371
Educational Services	-8,401	\$37,520
Construction	-5,705	\$43,510
Management of Companies	-5,183	\$66,072
Wholesale Trade	-3,219	\$47,296
Professional, Scientific & Tech.	-3,106	\$56,920

**FIGURE 8: TOP TEN US JOBS LOST
(2000Q4 TO 2003Q4)**

Employment Sector	Total Job Losses	Average Annual Wages
Durables Manufacturing	2,015,024	\$46,856
Non-durables Manufacturing	887,264	\$40,763
Information	585,526	\$57,329
Retail Trade	411,555	\$23,999
Administration & Support Services	352,092	\$25,289
Professional, Scientific & Tech.	322,526	\$62,839
Transportation & Warehousing	291,940	\$38,504
Wholesale Trade	183,930	\$50,407
Management of Companies	118,353	\$69,937
Utilities	29,231	\$68,373

Job losses in some of the state's higher-paying service producing sectors were also devastating to the Missouri economy. Reduced spending by households and businesses led to sharp cutbacks by the firms that supply both business and personal services. Transportation and Warehousing, a large sector in the St. Louis economy which pays \$40,170 annually, lost nearly 20,000 jobs, second only to the manufacturing sectors. Kansas City's bread-and-butter service sector, Information, paying nearly \$48,000 per year on average, lost more than 9,900 jobs throughout the state. The loss of these jobs in addition to the decline in manufacturing positions, is difficult for any economy to absorb.

Professional, Scientific & Technical services and Management of Enterprises and Companies, with the highest average wages in the top ten sectors that lost jobs, lost a combined 8,300 positions. Wholesale Trade, Educational services, Administration and Support services, and Construction rounded out the top ten losing sectors.

**FIGURE 9: TOP TEN MISSOURI JOBS GAINED
(2003Q4 TO 2006Q4)**

Employment Sector	Total Jobs Gained	Average Annual Wages
Health Care & Social Assistance.	20,300	\$32,561
Construction	16,072	\$43,510
Retail Trade	11,195	\$22,128
Accommodation & Food	9,583	\$12,810
Educational Services	8,341	\$37,520
Other Services	6,873	\$27,971
Administration & Support Services	5,601	\$23,371
Durables Manufacturing	4,292	\$42,258
Professional, Scientific & Tech.	3,707	\$56,920
Arts, Entertainment & Recreation	2,473	\$31,704

**FIGURE 10: TOP TEN US JOBS GAINED
(2003Q4 TO 2006Q4)**

Employment Sector	Total Jobs Gained	Average Annual Wages
Health Care & Social Assistance	1,012,057	\$34,701
Professional, Scientific, & Tech.	973,797	\$62,839
Administration & Support Services	942,211	\$25,289
Construction	549,791	\$40,537
Accommodation & Food	512,715	\$15,006
State Gov't.	476,926	\$34,268
Transportation & Warehousing	349,352	\$38,504
Retail Trade	320,447	\$23,999
Durables Manufacturing	246,222	\$46,856
Finance & Insurance	226,580	\$64,466

Professional, Scientific, and Technical Services, paying nearly \$57,000 annually, is the highest paying sector in the top ten sectors that are gaining jobs. The sector lost more than 3,000 jobs from 2000 to 2003. This sector is expected to gain more jobs through 2006 than it previously lost. The Professional, Scientific, and Technical sector is part of the professional and business services NAICS super-sector, encompassing accounting, architectural, computer systems design, management consulting, scientific research and development and advertising.

Health Care and Social Assistance are expected to gain more than 20,000 jobs through 2006 at an average annual wage of \$32,600 per job. Another big job gainer with relatively low wages is the Accommodation and Food Services sector. Indeed, wages in this sector are the lowest of the top 10 employment gainers, with an average wage of slightly over \$12,800 annually per job. Retail trade, at \$22,100 per job, also accounts for a significant number of gains.

A bright spot in the job outlook is the number of construction jobs being added in Missouri. As evidenced in Figures 9 and 10 above, construction jobs, which pay \$43,500 in Missouri, will rank 2nd in Missouri in the number of jobs gained, but 4th in the US. Missouri's share of the number of people employed in the construction sector in the United States is 2.0%, but the state will account for 2.9% of all the new construction jobs in the U.S.

THE HEALTH BENEFITS GAP

In our June 2004 study, "Types of Jobs Lost and Gained 2000-2006", we also considered another aspect of job quality, the employer provision of health benefits. We found that employee access to health benefits has been declining over the past decade. In addition, the employee share of premium costs has been increasing.

Moreover, there is a substantial disparity in employee-sponsored health care enrollment by industry. Employers from state and local government and the manufacturing sector have rates of coverage just above 80%. Meanwhile, the retail (45%) and services sectors (64%) are well below average. Figure 11 illustrates the quality benefit issues employees face.

FIGURE 11: HEALTH BENEFITS IN THE US, 2000–2006

Employment Sector	Percent Covered 2003	2000–03 Employment Change	2003–06 Employment Change
Construction	68	-10,200	+513,200
Manufacturing	81	-2,946,100	-60,000
Transportation, Comm, Utilities	77	-492,900	+323,400
Finance, Insurance, Real Estate	73	+223,800	+285,100
Retail and Wholesale Trade	45	-136,600	+719,100
Services	64	+995,100	+3,112,600
Government	82	+712,200	+423,800
Average Benefit Coverage		79.0%	64.5%

For the sectors that lost jobs in 2000–03, employer health benefits covered, on average, 79% of employees. Most notable was the loss of almost 3 million manufacturing jobs, in which 81% of employees had health coverage. However, we estimate that the service sector will generate the greatest number of new jobs, more than 3 million, over the 2003–06 period. With an average health care coverage of 64% in that sector, the overall benefit coverage of the new jobs in the national economy will be 64.5%. This is a 14.5% quality “gap” in terms of health benefits. Therefore, due to the changing structure of the economy, while the lost jobs will be replaced by new ones, those new jobs will provide employer-provided health benefits to 14.5% fewer workers than were covered by the lost jobs.

The Missouri economy will face a similar gap in the coming years. In Missouri, manufacturing accounted for the preponderance of job losses over 2000 to 2003, when 48,000 workers were laid off. And over the 2004 to 2006 recovery the preponderance of job gains will come in service sectors, in which health benefits are not so readily available.

CONCLUSION

This report has stressed the importance of the metro area economies to the economic health of Missouri. It has also highlighted the looming wage gap of 20% between jobs lost and jobs gained in the current business cycle recovery. In addition a health benefits gap will also affect the quality of jobs gained. While the economy will recover and grow, it will continue to transition away from the older manufacturing economy to one of a new, new economy. As this structural change in the economy brings more Americans lower wages and reduced benefits, new policies are needed to fill these gaps to ensure that working Americans have available to them better paying jobs, access to job training, affordable health care, child care, education, and retirement resources.

* APPENDIX TABLES

**TABLE 1: GROSS METROPOLITAN PRODUCT AS A SHARE OF GROSS STATE PRODUCT
(US\$, BILLIONS)**

	2003 GMP	% of GSP
Missouri		
Columbia, MO	\$5.34	2.8
Joplin, MO	\$5.66	2.9
Kansas City, MO	\$39.94	20.6
St. Joseph, MO	\$3.35	1.7
St. Louis, MO	\$78.57	40.4
Springfield, MO	\$11.82	6.1
<i>Sum of Metro Areas</i>	\$144.69	74.5

**TABLE 2: MISSOURI METRO AREA NOMINAL OUTPUT
(BILLIONS \$)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2004 % change	Real 2004 % change
Columbia, MO	3.7	4.0	4.2	4.4	4.7	5.0	5.2	5.3	5.6	5.9	6.2	4.6	2.9
Joplin, MO	4.3	4.7	4.9	5.1	5.3	5.4	5.5	5.7	5.9	6.2	6.5	4.8	3.1
Kansas City, MO	31.0	33.1	34.9	36.0	37.6	37.9	38.8	39.9	42.3	44.4	46.6	5.9	4.2
Springfield, MO	8.6	9.2	9.7	10.2	10.9	10.9	11.3	11.8	12.5	13.2	14.0	5.8	4.1
St. Joseph, MO	2.4	2.6	2.7	2.8	3.0	3.2	3.3	3.4	3.5	3.6	3.8	3.5	1.9
St. Louis, MO	60.6	64.1	67.3	69.5	72.5	74.3	76.2	78.6	83.2	87.2	91.4	5.8	4.2
Metro Total	110.6	117.6	123.7	128.1	134.1	136.7	140.2	144.7	153.0	160.5	168.4	5.7	4.0

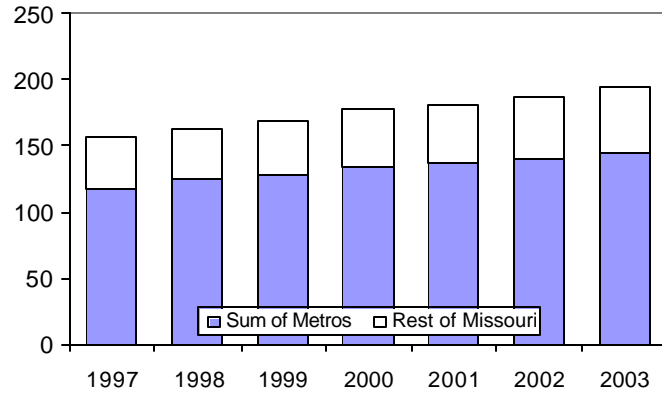
TABLE 3: NOMINAL GROSS METRO PRODUCT GROWTH IN MISSOURI 'S METRO AREAS

	Avg. Annual Growth	
	1993-2000	2001-2003
Columbia, MO	7.0	3.7
Joplin, MO	6.3	1.9
Kansas City, MO	5.6	2.7
Springfield, MO	7.6	3.9
St. Joseph, MO	5.2	2.9
St. Louis, MO	5.4	2.9
Top three average	5.7	2.9
Metro average	5.7	2.9
Missouri average	5.8	3.5

TABLE 4: FOUR YEAR NOMINAL GMP GROWTH, HISTORY AND FORECAST, RELATIVE TO U.S. AND OTHER METROS

Gross Product Growth	Historical 2000-2004		Forecast 2004-2008	
	4 yr Growth	Rank	4 yr Growth	Rank
Columbia MO	18%	166	26%	35
St. Joseph MO	15%	240	19%	242
Springfield MO	15%	249	27%	25
Joplin MO	12%	296	21%	158
St. Louis MO-IL	16%	206	21%	172
Kansas City MO-KS	15%	234	23%	112
Missouri Metros Only	15.6%		21.9%	
Missouri (with State Ranks)	15.5%	37	21.1%	27
Sum of 318 Metros	18.5%		22.9%	
United States	18.6%		22.8%	

**TABLE 5: MISSOURI METROS OUTPUT
(\$BILLIONS)**



**TABLE 6: THE GROSS METROPOLITAN PRODUCT OF THE SIX MISSOURI METRO AREAS IN 2003
EXCEEDED THE COMBINED OUTPUT OF THE FOLLOWING 5 STATES**

Total Gross Metro Product: \$145 billion		Total Gross State Product: \$115 billion
<ul style="list-style-type: none">• Columbia, MO• Joplin, MO• Kansas City, MO• Springfield, MO• St. Joseph, MO• St. Louis, MO	Is greater than >	<ul style="list-style-type: none">• North Dakota• Vermont• Wyoming• Montana• South Dakota

TABLE 7: MISSOURI METRO GROSS OUTPUT INTERNATIONAL RANK AND COMPARISON COUNTRIES

	International Rank	USA Rank	Greater Than	International Rank
St. Louis, MO-IL	61	23	Singapore	63
Kansas City, MO-KS	83	34	Egypt	84
Springfield, MO	242	153	Uruguay	249
Joplin, MO	346	229	Paraguay	349
Columbia, MO	358	239	Bahamas	361
St. Joseph, MO	428	294	Bermuda	429

**TABLE 8: CHANGE IN THE NUMBER OF JOBS
(THOUSANDS)**

Metro Area	July 02 - July 03	July 03 - July 04	%chg July 02 - July 03	%chg July 03 - July 04
Columbia, MO	-1.1	-2.6	-1.3%	-3.2%
Joplin, MO	-0.3	-1.0	-0.4%	-1.3%
Kansas City, MO	-7.3	4.8	-1.4%	0.9%
Springfield, MO	3.1	1.5	1.9%	0.9%
St. Joseph, MO	-0.5	-0.3	-1.0%	-0.6%
St. Louis, MO	-7.3	27.9	-0.7%	2.6%
All Metros	-13.3	30.3	-0.7%	1.5%
Total State of Missouri	-13.4	51.8	-0.5%	1.9%

**TABLE 9: METRO AREA SHARES OF MISSOURI EMPLOYMENT
(THOUSANDS OF JOBS, 2003)**

	Metro Areas	Rest of Missouri	Missouri
Total	1992.99	684.24	2677.23
Percentage	74.4%	25.6%	
Construction and Mining	105.79	31.72	137.51
Percentage	76.9%	23.1%	
Manufacturing	212.97	99.31	312.28
Percentage	68.2%	31.8%	
Trade, Transp. And Utilities	397.13	136.65	533.78
Percentage	74.4%	25.6%	
Information	57.41	9.34	66.75
Percentage	86.0%	14.0%	
Financial Services	133.78	28.8	162.58
Percentage	82.3%	17.7%	
Prof. and Business Serv.	263.24	40.58	303.82
Percentage	86.6%	13.4%	
Education & Health Serv.	270.72	81.18	351.9
Percentage	76.9%	23.1%	
Leisure & Hospitality	194.53	67.96	262.49
Percentage	74.1%	25.9%	
Other Services	91.04	26.92	117.96
Percentage	77.2%	22.8%	
Government	266.38	161.78	428.16
Percentage	62.2%	37.8%	

TABLE 10: FOUR YEAR EMPLOYMENT GROWTH, HISTORY AND FORECAST, RELATIVE TO U.S. AND OTHER METROS

Employment Growth	Historical 2000-2004		Forecast 2004-2008	
	4 yr Growth	Rank	4 yr Growth	Rank
Columbia MO	2%	99	8%	50
Springfield MO	1%	133	10%	28
St. Joseph MO	1%	160	3%	293
Joplin MO	-1%	186	6%	146
St. Louis MO-IL	-2%	214	5%	183
Kansas City MO-KS	-3%	247	7%	108
Missouri Metros Only	-1.8%		6.1%	
Missouri (with State Ranks)	-1.7%	37	5.4%	29
Sum of 318 Metros	-0.5%		6.3%	
United States	-0.3%		5.9%	

Table 11: Employment Gains and Losses and Metro Ranks

Employment Loss in Thousands		2001	2002	2003	2004 Thru July	2001- 2004	Rank
Columbia	MO	2.4	0.1	(0.1)	0.0	2.3	109
Springfield	MO	(0.9)	2.2	1.0	1.7	3.9	83
St. Joseph	MO	0.2	1.1	(0.1)	(0.2)	1.0	143
Joplin	MO	(1.8)	0.6	(0.4)	(0.4)	(2.0)	209
St. Louis	MO-IL	(11.5)	(10.7)	(10.9)	29.5	(3.5)	229
Kansas City	MO-KS	(23.3)	(12.2)	(9.1)	3.2	(41.3)	306
Missouri Metros Only		(35)	(19)	(20)	34	(40)	
Missouri (with State Rank)		(35)	(11)	(11)	30	(28)	32
Sum of 318 Metros		(1,767)	(145)	(207)	827	(1,293)	
United States		(2,306)	(195)	(116)	997	(1,620)	

TABLE 12: MISSOURI METROS' PRE- RECESSION PEAK EMPLOYMENT AND EXPECTED RETURN TO PRE- RECESSION JOB LEVELS

	Peak Employment	Quarter	Return to Pre - Recession Level
Columbia	82,970	2002Q3	2005Q1
Joplin	82,770	2001Q2	2006Q1
Kansas City, Missouri portion	571,660	2000Q3	2008Q2
St. Joseph	49,900	2001Q2	2009Q3
St. Louis, Missouri portion	1,121,600	2000Q2	2007Q1
Springfield	171,770	2000Q3	2004Q2

METRO AREA DEFINITIONS

The United States Office of Management and Budget (OMB) defines metropolitan areas (metro areas) according to published standards that are applied to Census Bureau data. The general concept of a metro area is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Metro areas are based on application of 1990 standards (which appeared in the Federal Register on March 30, 1990) to 1990 decennial census data and to subsequent Census Bureau population estimates and special census data. These definitions were announced by OMB effective June 30, 1999.

The standards provide that each newly qualifying metro area must include at least:

- One city with 50,000 or more inhabitants, or
- A Census-bureau defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 100,000 (75,000 in New England).

Under these standards, the county (or counties) that contains the largest city becomes the “central county” (counties), along with any adjacent counties that have at least 50% of their population in the urbanized area surrounding the largest city. Additional “outlying counties” are included in the metro area if they meet specified requirements of commuting to the central counties and other selected requirements of metropolitan character (such as population density and percent urban).

The OMB defines NECMAs as a county-based alternative to the city- and town-based New England MSAs.

The NECMA defined for an MSA includes:

- All of the counties in the MSA for which at least half of the county is part of the MSA

As of June 1999, according to OMB definitions, there were 306 MSAs in the United States outside of New England, and 12 NECMAs within New England.

A full list of the metropolitan areas and their county-based definitions is available on the Internet at: <http://www.census.gov/population/www/estimates/pastmetro.html>

CONCENTRATION RATIO

Concentration ratio measures the relative importance of a given economic sector to a metro area. It is derived by taking the ratio of the share of the industry for the particular metro versus the average share of the industry over all US metro areas. Thus if a percentage share for a particular industry were 5%, and the metro had 15% of its

employment in that particular industry, its concentration ratio would be 3. A high ratio signifies that particular industry is far more important to the metro, as it contains a significant portion of the metro's employment and its density is such that we can with confidence say the metro has developed a "cluster" within that sector. Clusters are of singular importance to industries as they contain and deliver networked effects on the industry and produce the positive externality observed in clustered industries.

MEASURES OF TOTAL ECONOMIC ACTIVITY -- GDP, GSP, AND GMP

Entire United States – GDP

Individual state – GSP

Metropolitan area – GMP

Gross State Product (GSP) is the value added in production by the labor and property located in a state. GSP for a State is derived as the sum of the gross state product originating in all industries in a State. Users can not add up the 50 State's GSP to reach National GDP for various reasons.

Gross Metro Product (GMP) is the metro-area equivalent of GSP. GMP is derived from the state GSP data using a formula developed by Global Insight. Users can add up the GMP of all metros of a state plus the remainder of the state to find the state's GSP. GMP, both historically and in all Global Insight forecasts, always sum to equal the GSP for the state.

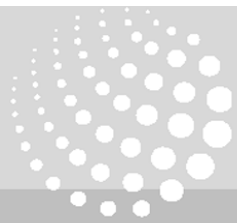
For more information go to the BEA's web site at
<http://www.bea.gov/bea/regional/data.htm>

RELATIVE EMPLOYMENT MIX CHARTS

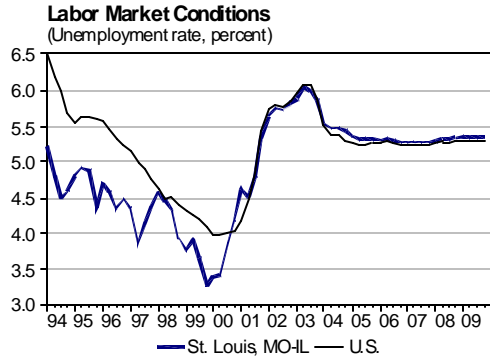
Con.	Construction & Mining
EHS	Educational & Health Services
Fin.	Financial Activities
Gov.	Government
Info.	Information
Leis.	Leisure and Hospitality
Mfg.	Manufacturing
OTS	Other Services
Bus.	Professional and Business Services
TTU	Trade, Transportation, and Utilities

DATA SOURCES

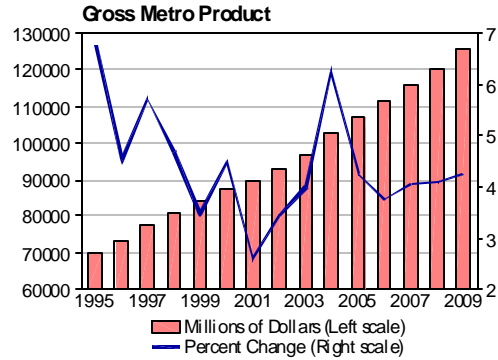
Population	U.S. Census Bureau and Global Insight
Land Area	U.S. Census Bureau
Labor Income	Bureau of Economic Analysis, U.S. Department of Commerce, and Global Insight
Transportation Infrastructure	Bureau of Transportation Statistics, U.S. Department of Transportation, and Global Insight
Household Income	Current Population Survey, U.S. Census Bureau
Employment	Bureau of Labor Statistics, U.S. Department of Labor, and Global Insight
Labor Force Characteristics	Current Population Survey, U.S. Census Bureau
Gross Metro Product	Global Insight
Gross State Product	Bureau of Economic Analysis, U.S. Department of Commerce, and Global Insight
Gross Domestic Product (U.S.)	Bureau of Economic Analysis, U.S. Department of Commerce
Gross Domestic Product (International)	Global Insight



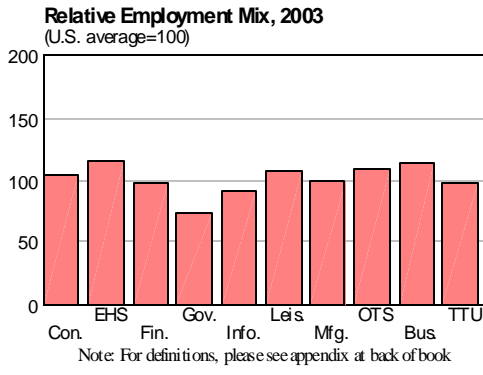
St. Louis



July unemployment rate is 5.9% and trends track Missouri rate of 5.5% and national rate of 5.3%.



Nominal GMP of \$84 billion (Missouri portion), highest among Missouri's MSAs, and 40% of state GDP.



Professional and Business Services 14.6% of total; Information only 2.2%, less than state and United States.



4.4% job loss from 2000q2 to 2003q3, Return to peak employment in 2007q1.

Recent Performance

St. Louis' economy rebounded in 2004. As recently as the third quarter of 2003, total employment was declining. Since that time, employers have added more than 33,000 jobs through July, as job gains in the service sectors outpaced losses elsewhere. Employment in transportation, warehousing, and utilities declined by 4,500 jobs year-over-year in July 2004. The manufacturing sector, which accounts for 11.0% of total employment in the MSA, posted a decline of 1.6% in the year ending July 2004. The best-performing sectors in July were professional and business services, adding 14,400 jobs, 2004, and education and health services, which added 9,900. Total personal income in the metro has grown annually at an estimated 4% over the past five years. This is the same growth as the state of Missouri.

Performance Outlook

The St. Louis economy will generate strong job growth in 2004 of 2.3%," though total employment will still be 20,000 positions lower than its height in mid-2000. The largest contribution will come from the professional and business services sector that will add over 7,000 jobs before year-end. Although the transportation sector was hurt by American Airlines' decision to reduce Lambert International's status as a major hub, positive growth will be seen as other firms in that industry expand their operations. While smaller manufacturers in metals and home products will be expanding, Ford will cut a production shift and 800 jobs at its Hazelwood plant next year.

From 2005 to 2009, St. Louis will continue to increase employment, but at a slower rate than 2004, 1.0% annually over the five-year period. St. Louis' central location and access to major highways will continue to make it a good location for transportation and warehousing. That sector will grow 1.5% annually through early 2009. Per capita disposable income will grow 4.5% in 2004 in nominal terms or 2.1% after adjusting for inflation. The five-year annual growth rates will be 3.7% and 1.6%, respectively.

Economic Structure

Access to major waterways has made St. Louis a regional trade and distribution hub for both agricultural and nonfarm products, as well as an attractive location for many corporate headquarters; the area is home to 20 Fortune 1,000 companies, including Emerson, May Department Stores, Anheuser-Busch, Monsanto, and Ralston Purina.

The St. Louis economy went through a transformation during the 1990s due to rapid growth in information technology and other high-tech industries. The business-services sector, which includes computer software and services, has grown rapidly in recent years, and it is changing the face of traditional St. Louis industry. An improving high-tech infrastructure will create jobs in sub-sectors such as biotechnology and telecommunications. Manufacturing industries still have a prominent position within the local economy, however, providing many high-paying engineering jobs. The area's largest manufacturers include Boeing, which employs close to 21,000, and DaimlerChrysler, which employs approximately 7,000.

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