

## U.S. METRO ECONOMIES | JANUARY 2012

### 2012 EMPLOYMENT FORECAST AND THE IMPACT OF EXPORTS

# Key Findings

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#### **GDP and the U.S. Economy**

- In 2011, the nation's 363 metros led US economic growth, gaining 2.2% to boost national growth to 1.8%.
- The report projects that U.S. metro economies in 2011 contributed 90.4% of the nation's Gross Domestic Product, up from 90.0 in 2010.
- Gross Domestic Product (GDP) is expected to increase a soft 2.0% in 2012.

#### **National and Metro Employment Forecast for 2012**

- In 2011 the US added over 1.6million jobs to its payrolls, growing 1.3% over 2010.
- In 2011, US metros saw a wide range of employment growth. Thirty-five metros registered job growth over 3.0%; 122 metros (33%) posted growth above the national average of 1.3%; 116 metros (32%) saw job growth below the 1.3% growth mark; and 125 metros (34%) did not see positive growth at all.
- In stark contrast to 2011, in 2012 all but three of the nation's 363 metros (360) will experience positive employment growth during 2012. 181 (50%) of the metro areas will at least match the US average of 1.3% growth in 2012. The remaining 179 metros will show growth of 0.1% to 1.3%.
- By the end of 2012, US total nonfarm payrolls are projected to grow by 1.3%, (1.7 million new jobs) and the nation will have regained 48% of the jobs lost in the recession, compared to 30% at the end of 2011--- putting itself on solid footing to maintain strong positive growth in 2013 and beyond.
- Job growth in 2012 will come predominantly through several important sectors: trade, transportation and utilities (563,000 new jobs); education and health services (478,000 new jobs); professional and business services (404,000 new jobs); and leisure and hospitality (300,000 new jobs).
- The government sector will lose 196,000 jobs in 2012 due to continued belt-tightening; the construction, natural resources, and mining sector will shed 135,000 jobs due to a continued housing slump. These two sectors will be the only sectors to lose jobs in 2012.

#### **Income Inequality**

- Median real income for US households in 2010 was \$49,455, or 7.1% lower than median real household income in 1999 of \$53,252. This represents a sharp deterioration in median income over the past decade.
- Over the same decade the share of income earned by the top 20% of households continued to increase. Since 1970 the share of the top quintile has increased from 43.3% to over half, 50.2% in 2010.
- Meanwhile for the decade ( 1999 to 2010), income values for the bottom 10% of American earners declined by 12.1%.

- The trend of the past decade of declining median income and increasing income inequality has continued during the recovery from the Great Recession. Median income declined 2.3% from 2009 to 2010.
- In 2010 the bottom 20% of households received 3.3 % of income, down from 3.4% in 2009; 3.6% in 2000 and 4.1% in 1970.
- The trend in median income decline has not been experienced evenly. From 2009 to 2010, metro area households experienced a 2.2% decline in median household income while households in rural areas did not experience a statistically significant decline. Those living in cities saw a 3.4% decline in income while those outside cities saw income decline by 2.4%.
- In 2010 median household income ranged from \$31,700 in Brownsville, TX, to \$84,500 in Washington, D.C. In that year median income declined in 216 metros.

### **Metro Exports**

- Over the past two decades, the merchandise value of manufactured exports in the US has tripled, reaching \$1.28 trillion in 2010, or 8.8% of GDP—up from 6.9% in 1990.
- U.S. metro areas account for 88% of the nation’s exports.
- The largest metros are also our top exporters, with the 20 biggest metro economies comprising 50% of the total US share.
- From 2005-2008, export merchandise value increased in 300 metro areas, expanded by over 50% in 168 metros, and doubled in 70 metros.
- For many small metros, the impact of exports on their local economies is enormous. In the Kingsport-Bristol metro, exports are nearly 60% as large as GMP, followed by Peoria with 51.6%.
- Export values increased 13.5% in 2011 while imports grew by 12.9%. The report expects trade to soften in 2012, with export values increasing only 4.2% while import values rise 3.2% as softening growth abroad (including economic turbulence in the Eurozone) curbs trade activity.

### **Housing**

- The report projects a modest improvement in housing starts during 2012 of 730,000 units, compared with 610,000 in 2011, concentrated in the multifamily segment.
- Housing prices fell by 4% over the course of 2011, further reducing household wealth by \$500 billion, and further stressing local government’s property tax base.