

# Metropolitan Economies and Future of Place

BROOKINGS



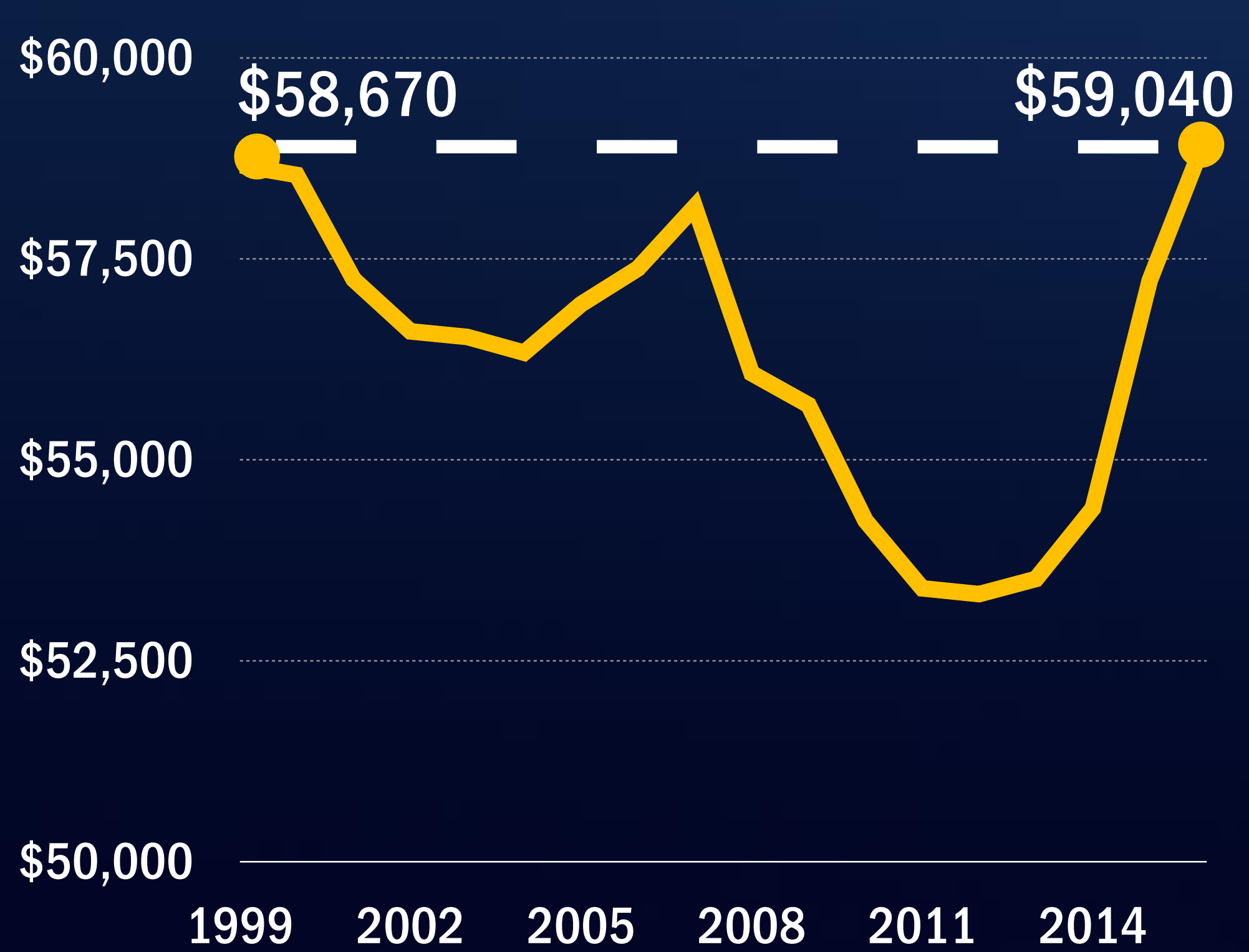
@AdieTomer

Miami, FL  
February 2018



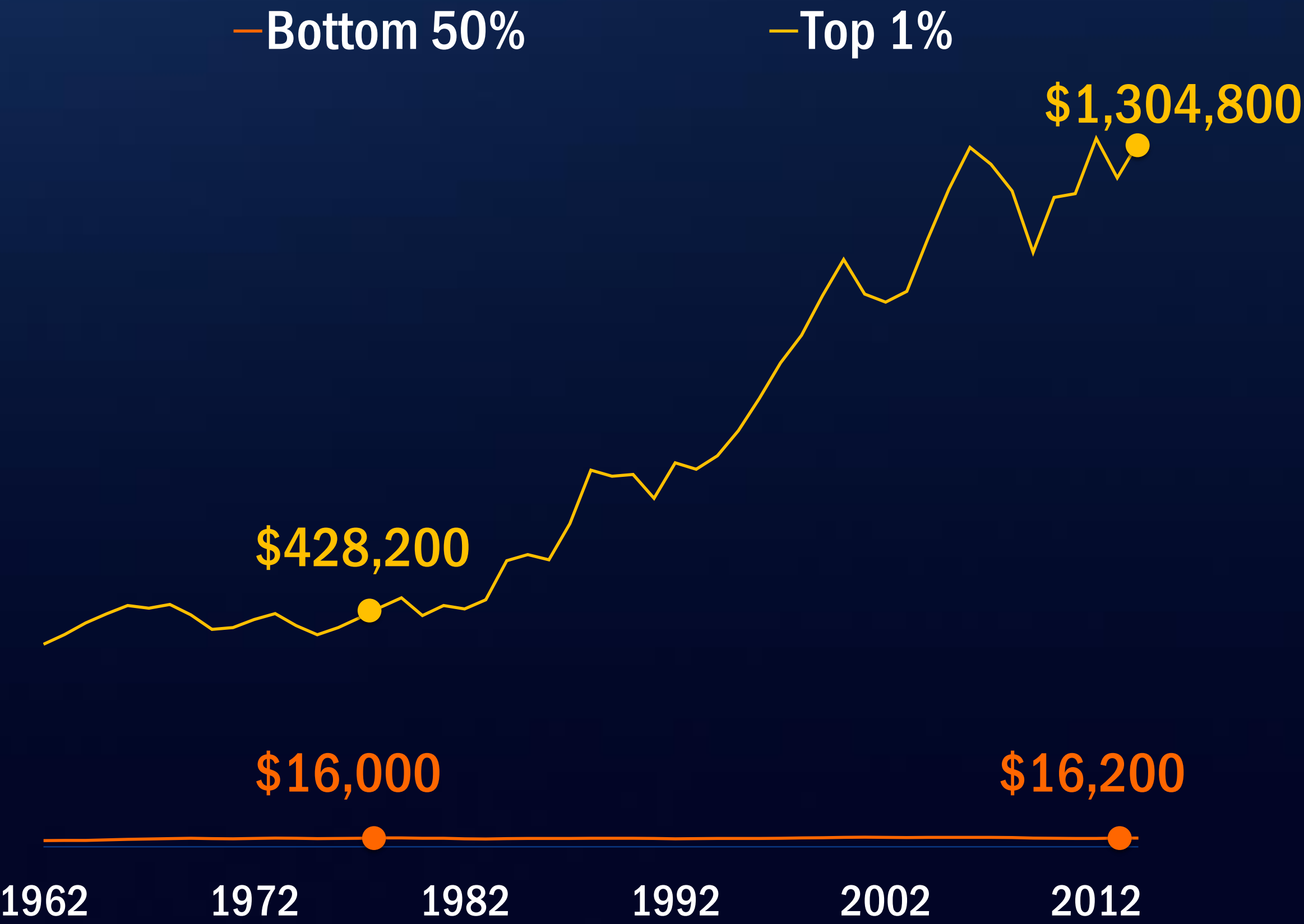
# Nationally, household incomes have recovered to pre-recession levels

Median household income in the United States



Source: Alan Berube, "Five maps show progress made, but mostly lost, on middle-class incomes in America" 2017

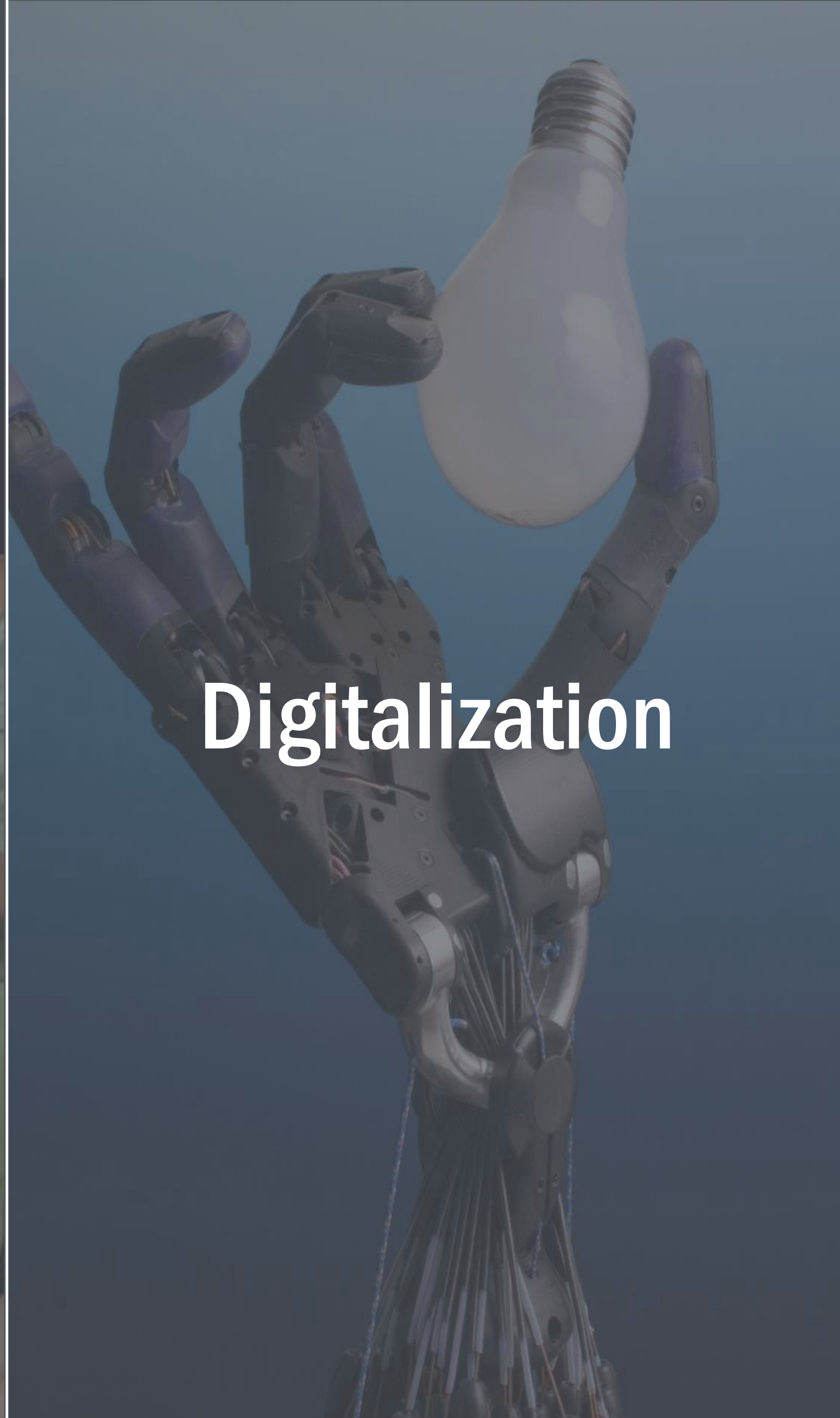
U.S. average pre-tax income, 2014 dollars



Source: Piketty, Saez and Gucman



**Demographic  
change**



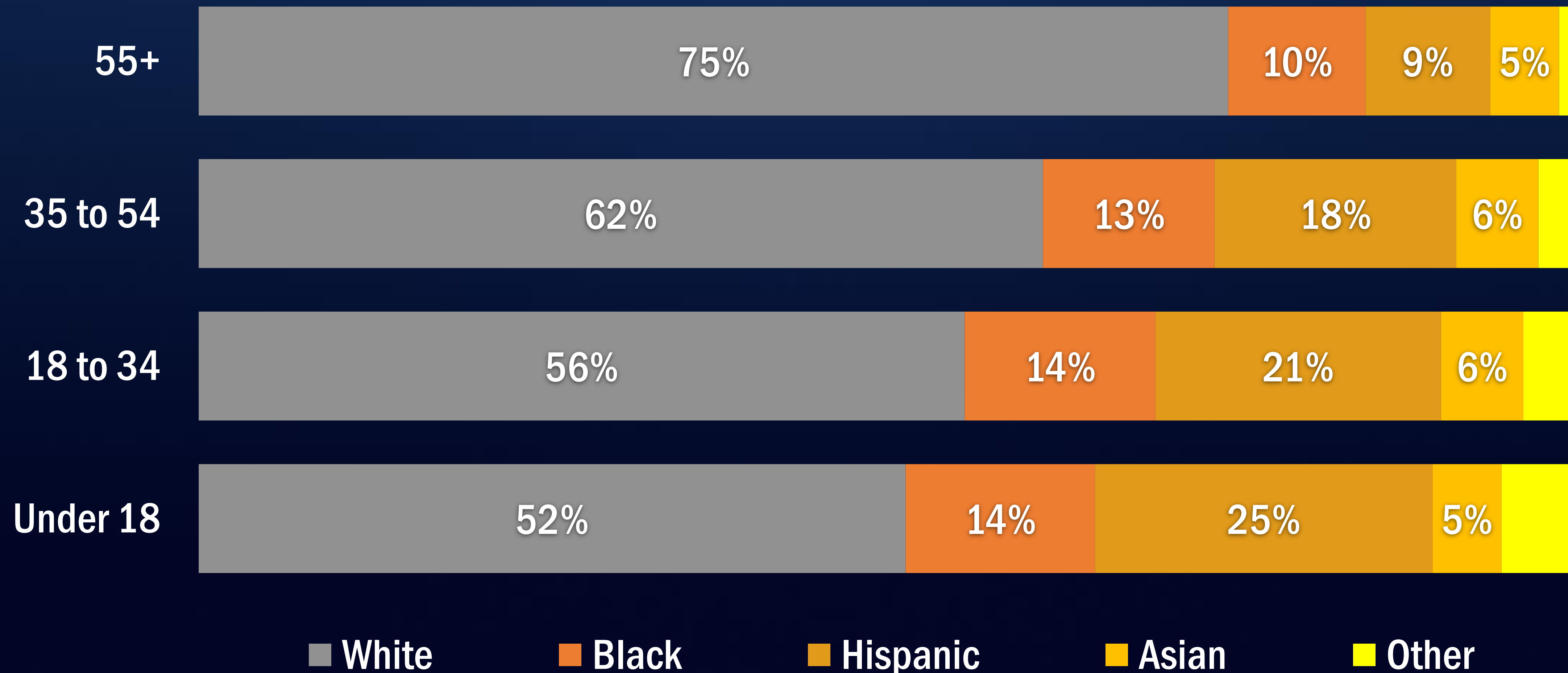
**Digitalization**



**Devolution**

# Our country is aging and becoming more diverse

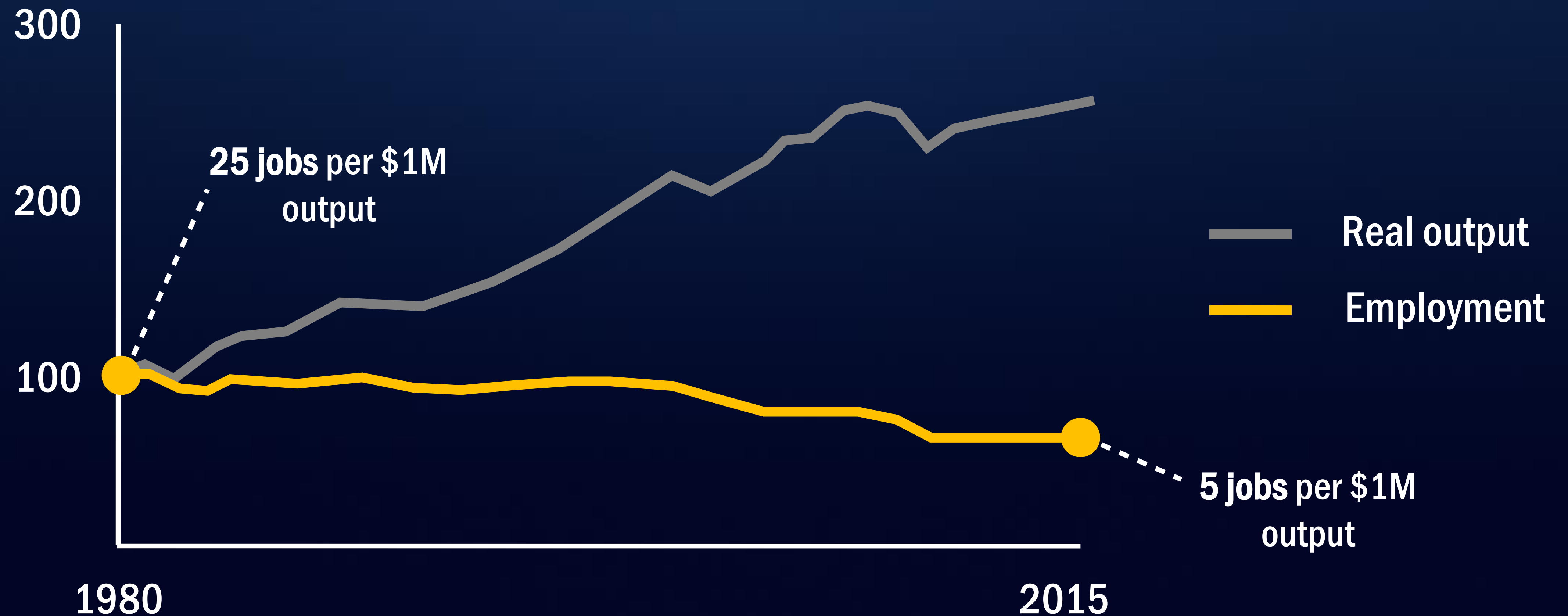
Ethnicity by generation, United States, 2015





# Manufacturing is no longer the jobs machine it once was

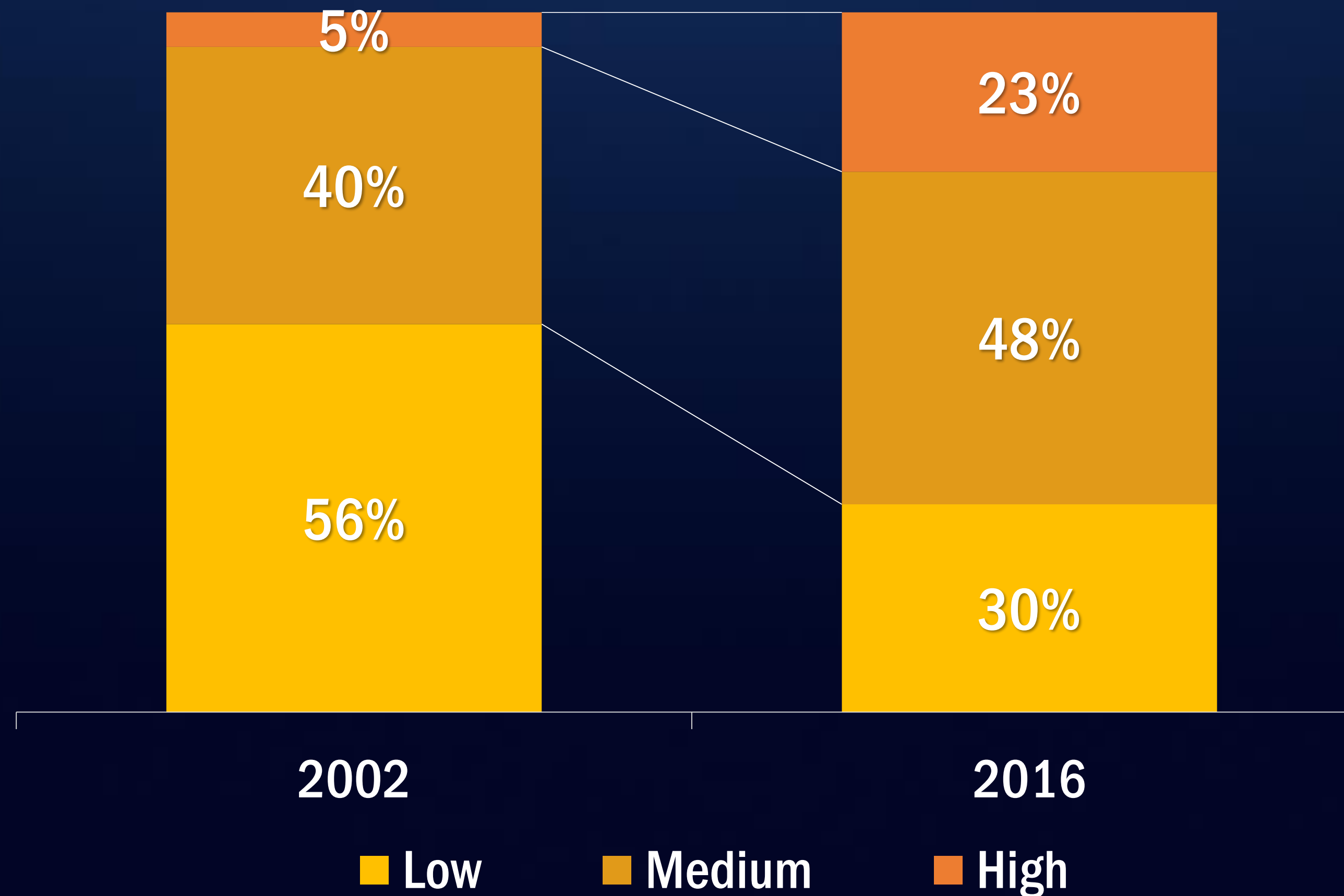
U.S. manufacturing productivity and employment, 1980 - 2015





# Technology is changing the nature of work

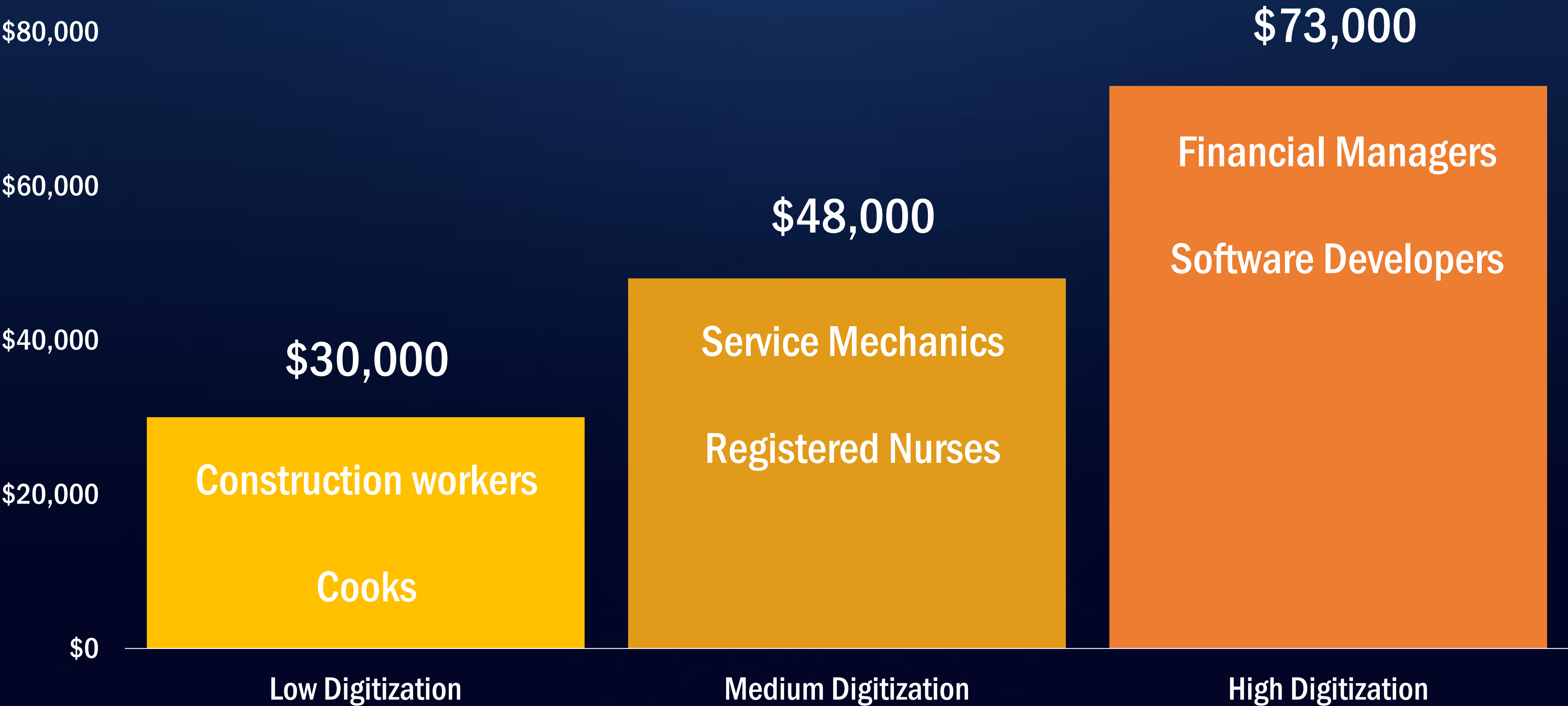
## Share of U.S. employment by digital skill level





# Strategies should prepare workers for better-paying digital jobs

Mean Annual Wage by Digitalization Level

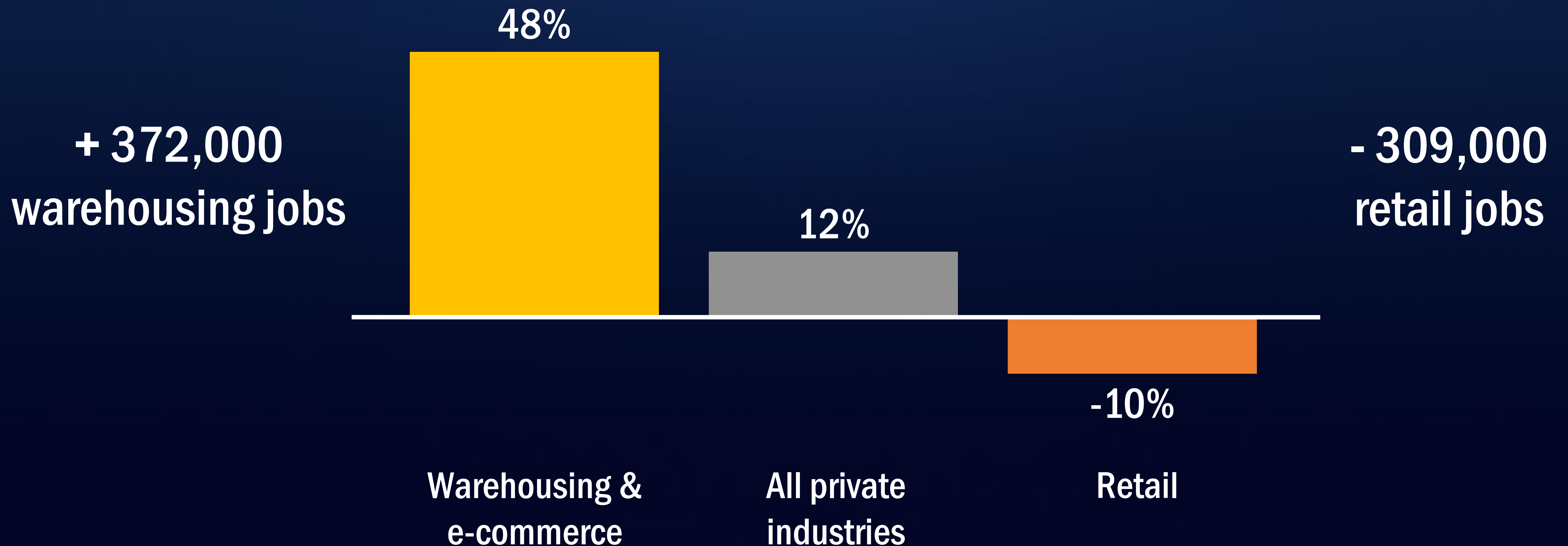


Source: BLS estimates; OECD



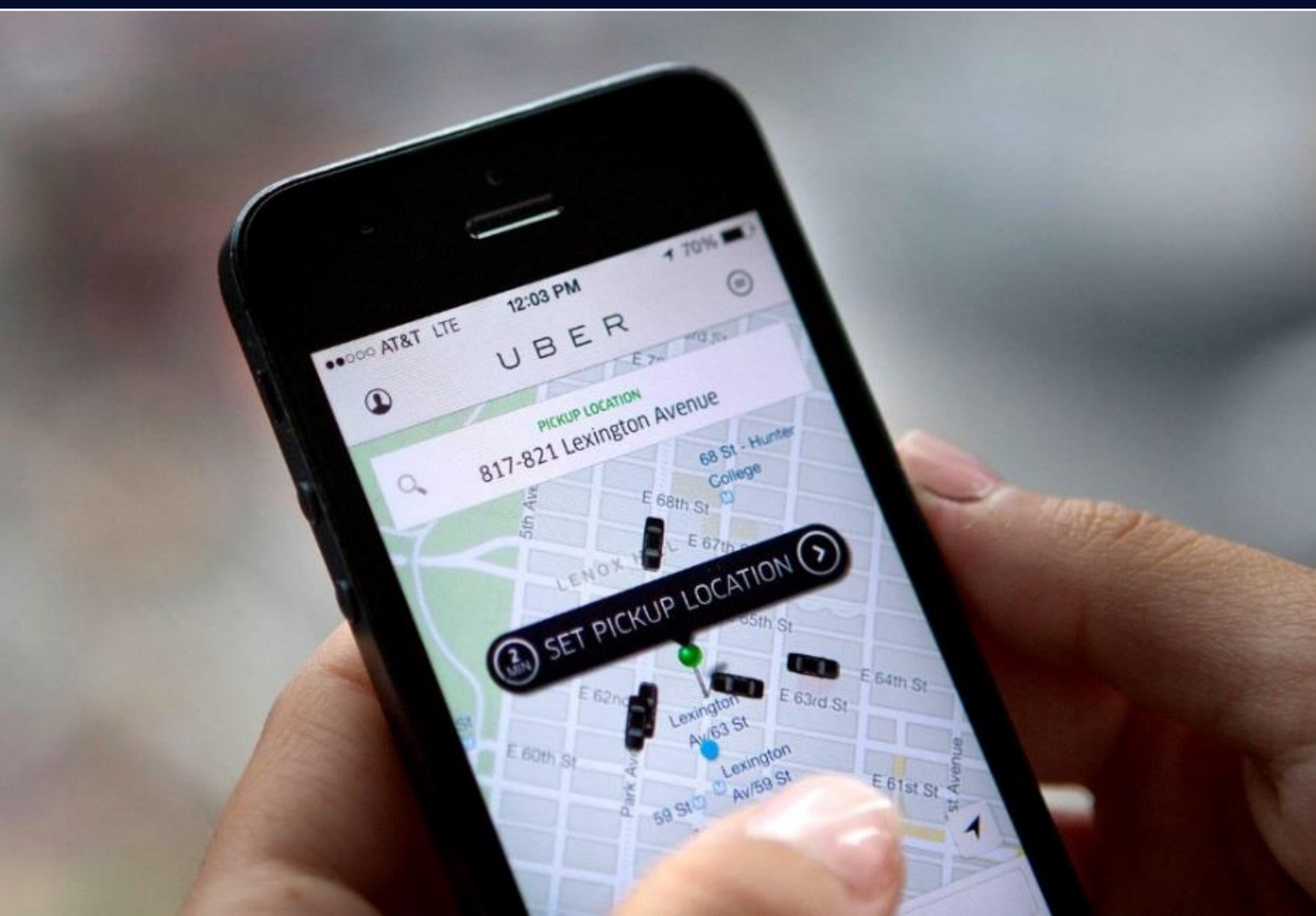
# E-commerce is upending the retail sector

Job growth between 2010 and 2016, United States





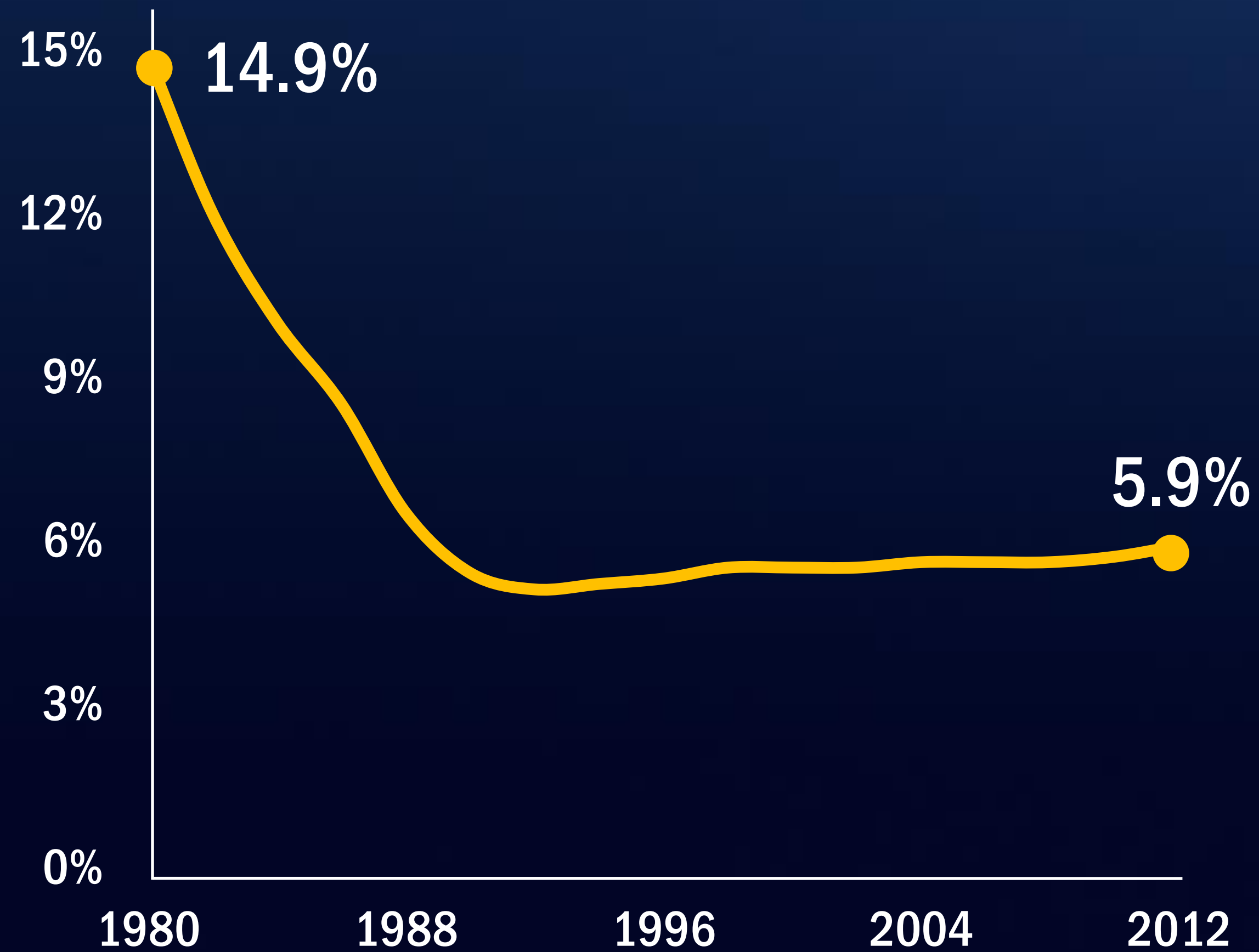
# An explosion of digital tools is transforming nearly every industry





# The federal role in local matters has declined since 1980...

Federal aid as a share of  
total municipal revenue

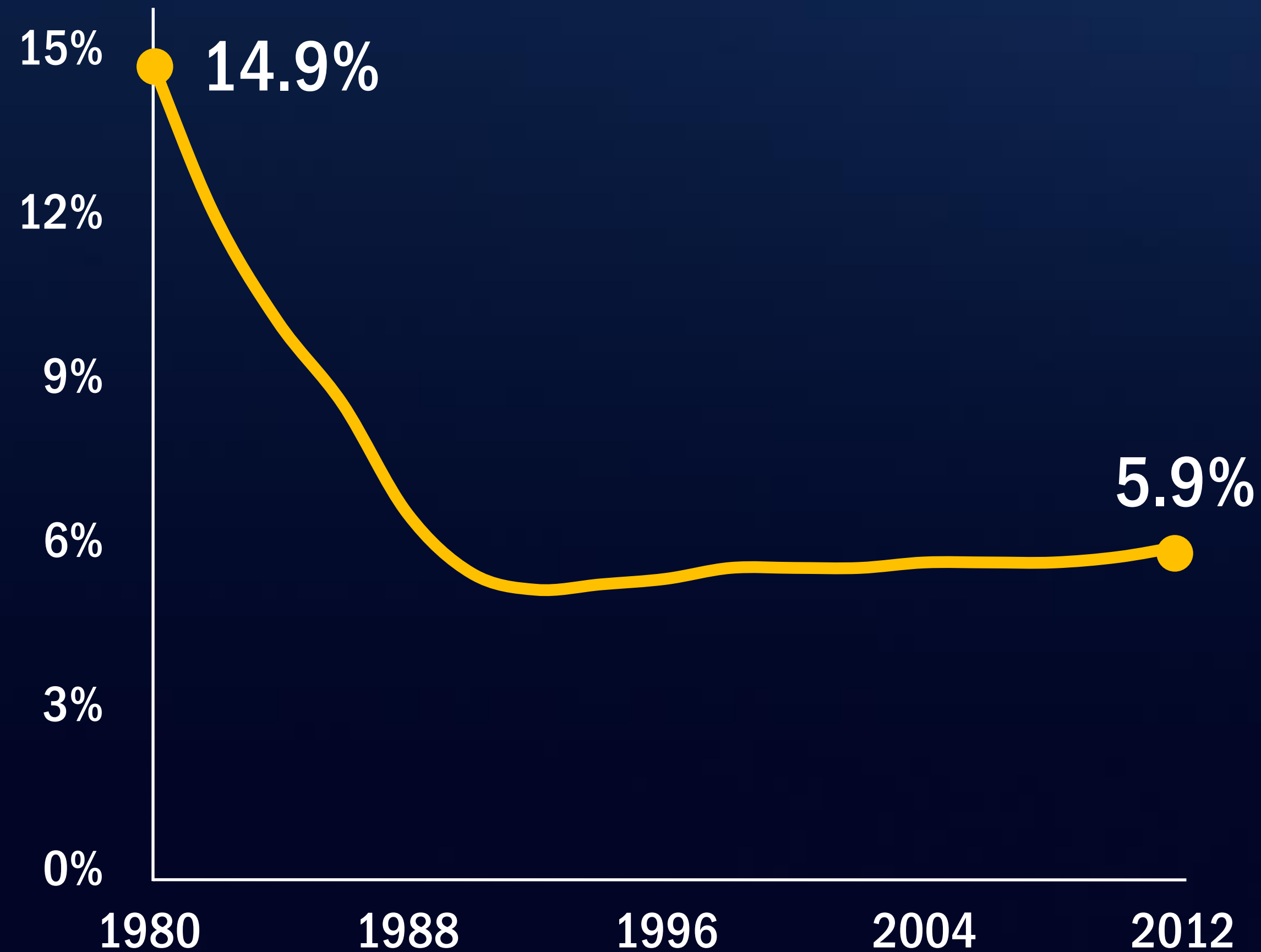


Source: Brookings, "Digitalization and the American workforce," 2017



# ...and the federal role is poised to diminish further

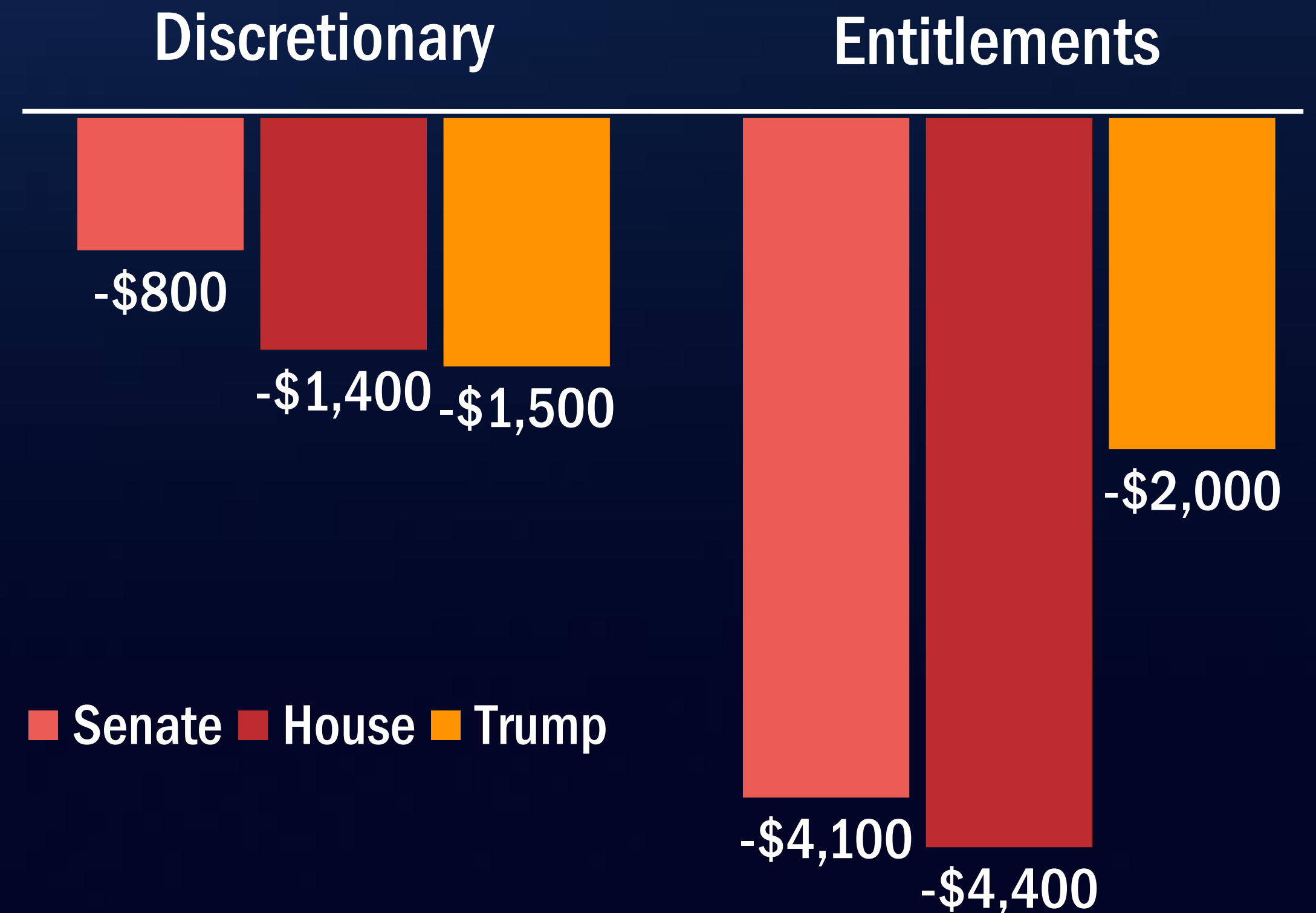
Federal aid as a share of total municipal revenue



Source: Brookings, "Digitalization and the American workforce," 2017

Federal budget cuts in House, Senate, and Trump plans

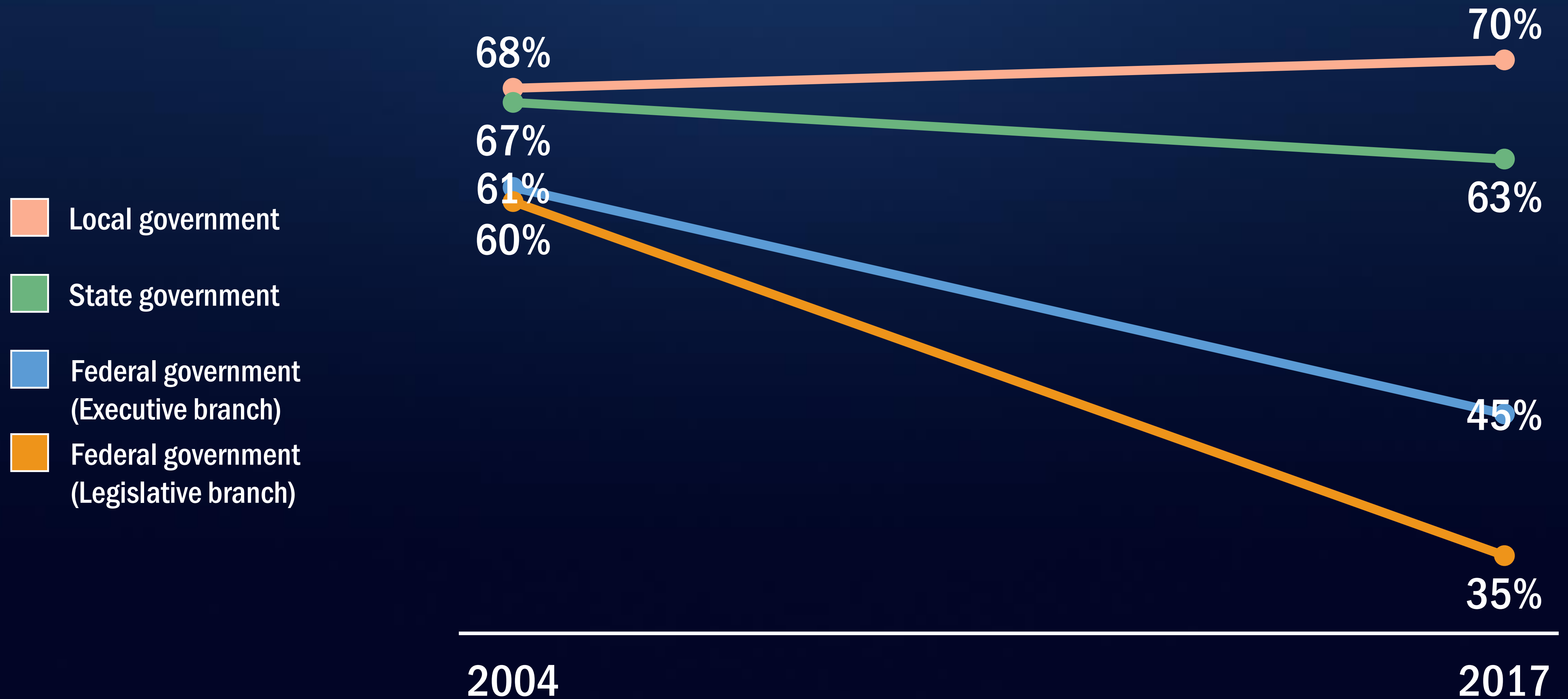
(estimated 10-year totals, in billions)



Source: Center on Budget and Policy Priorities, 2017



# Public trust in local action is high: it's time to deliver on this moment





**1**

**Metropolitan Divergence**

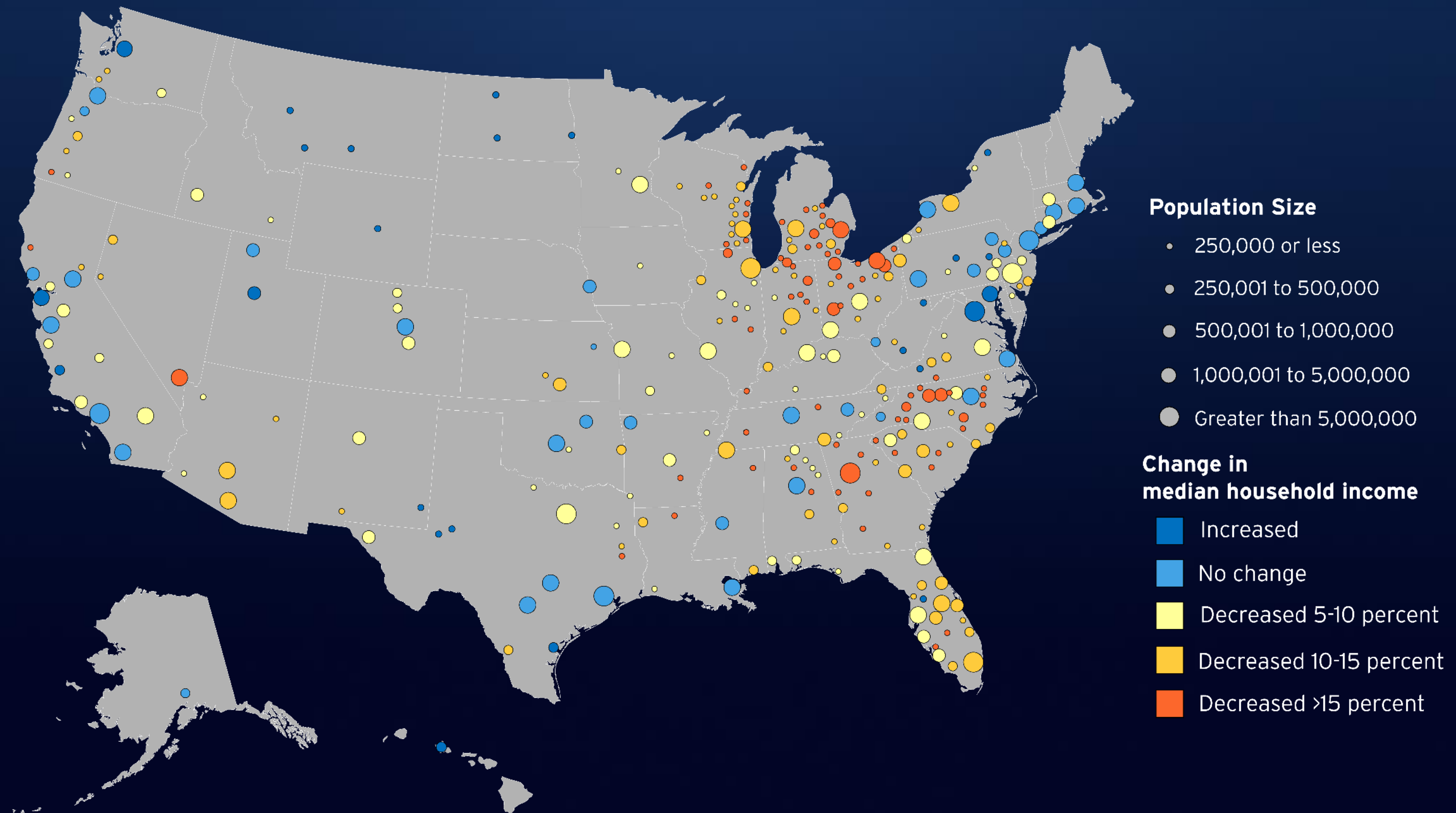
**2**

**Reconsidering Economic Growth**

**3**

**Anchoring Growth Through Place**

# Many places are well short of their previous peaks for middle-class income

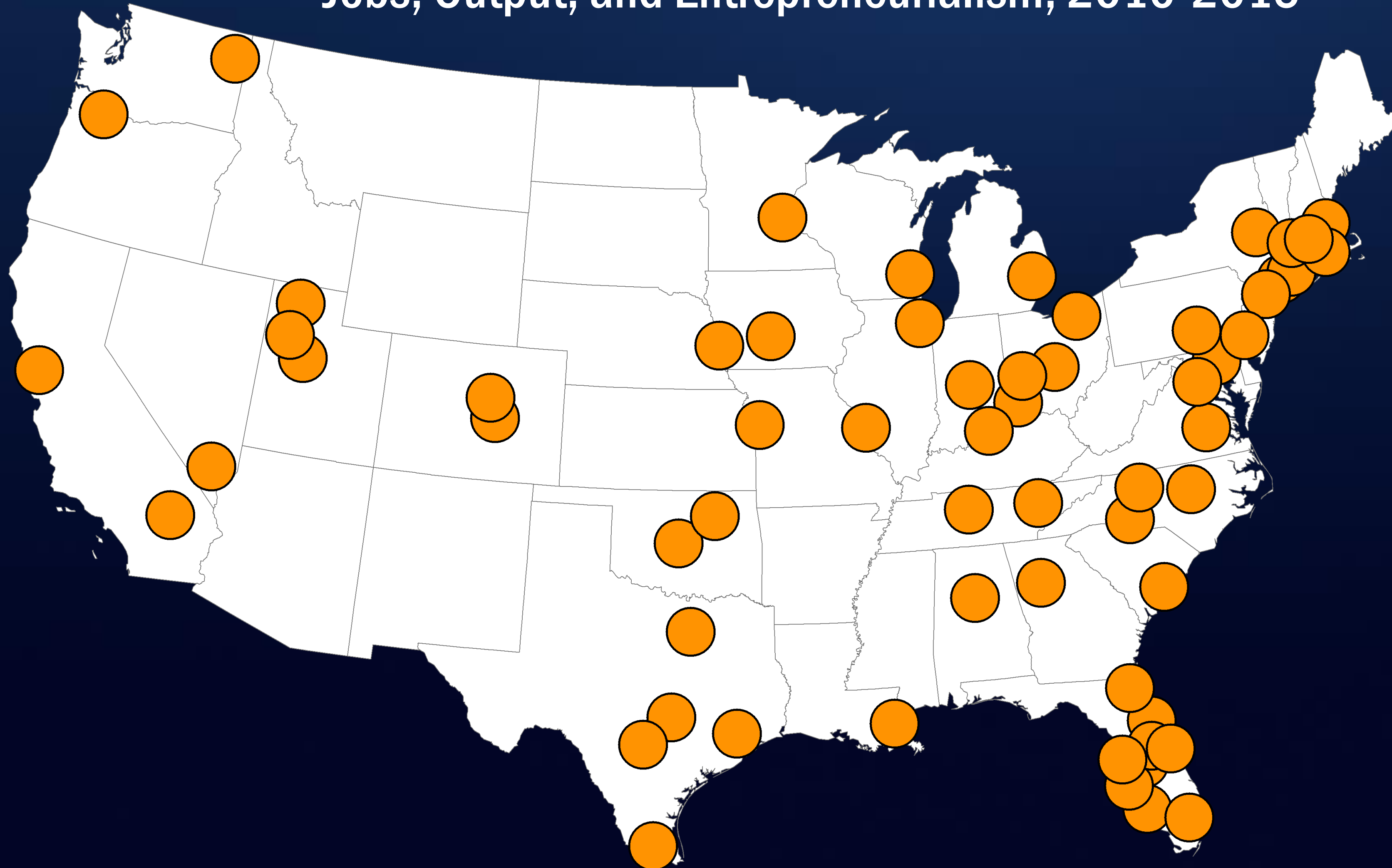


*Note: Income changes are significant at the 90% level, excepting "no change" category. Source: Brookings analysis of decennial Census and American Community Survey data*



# Large U.S. metros have experienced widespread economic growth

Jobs, Output, and Entrepreneurialism, 2010-2015



GROWTH

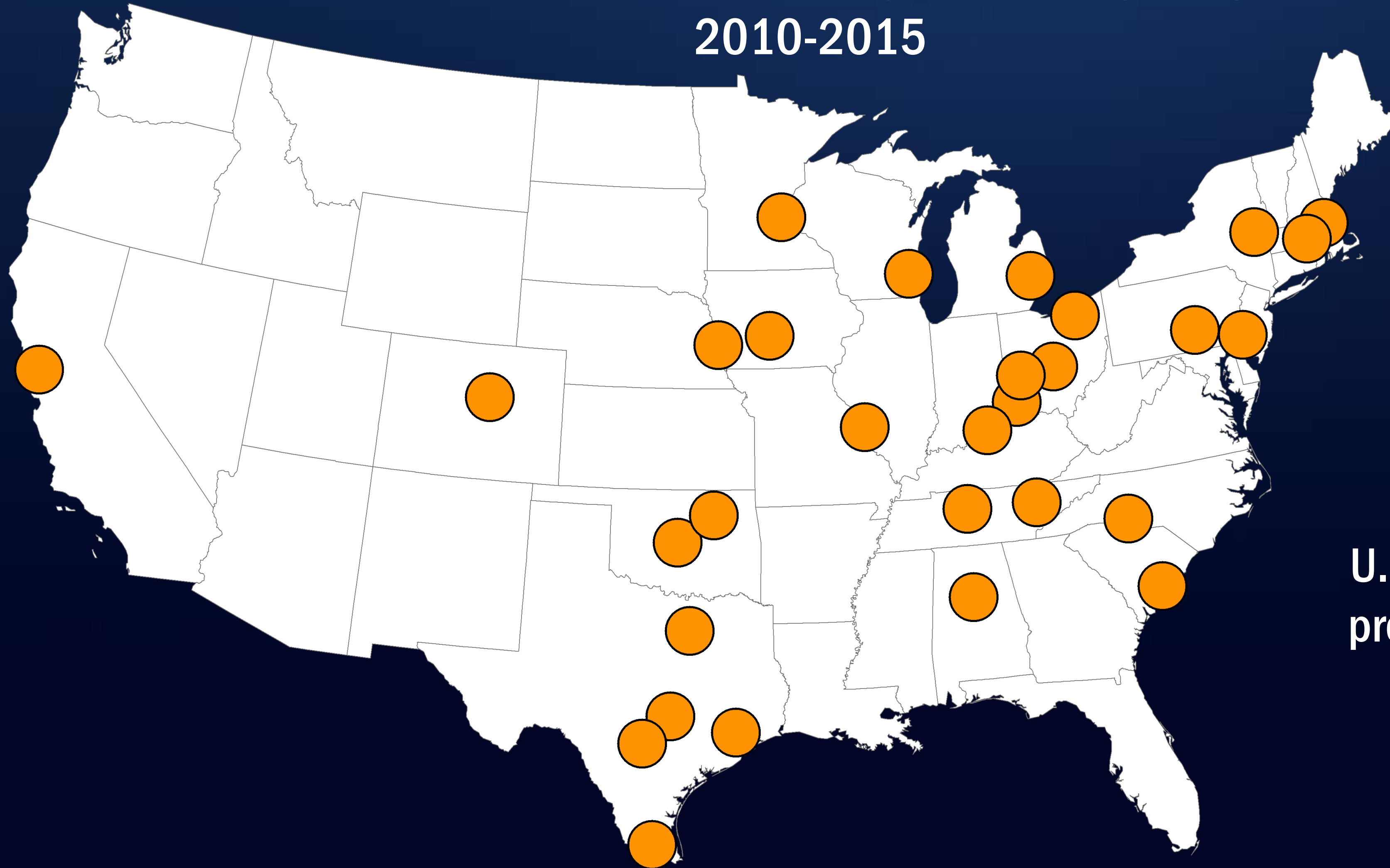


63/100

U.S. metros have added jobs,  
output, and jobs at young firms  
(age 0-5 years) since 2010

# But fewer have seen rising levels of productivity...

Productivity, standard of living, and average wages,  
2010-2015



PROSPERITY



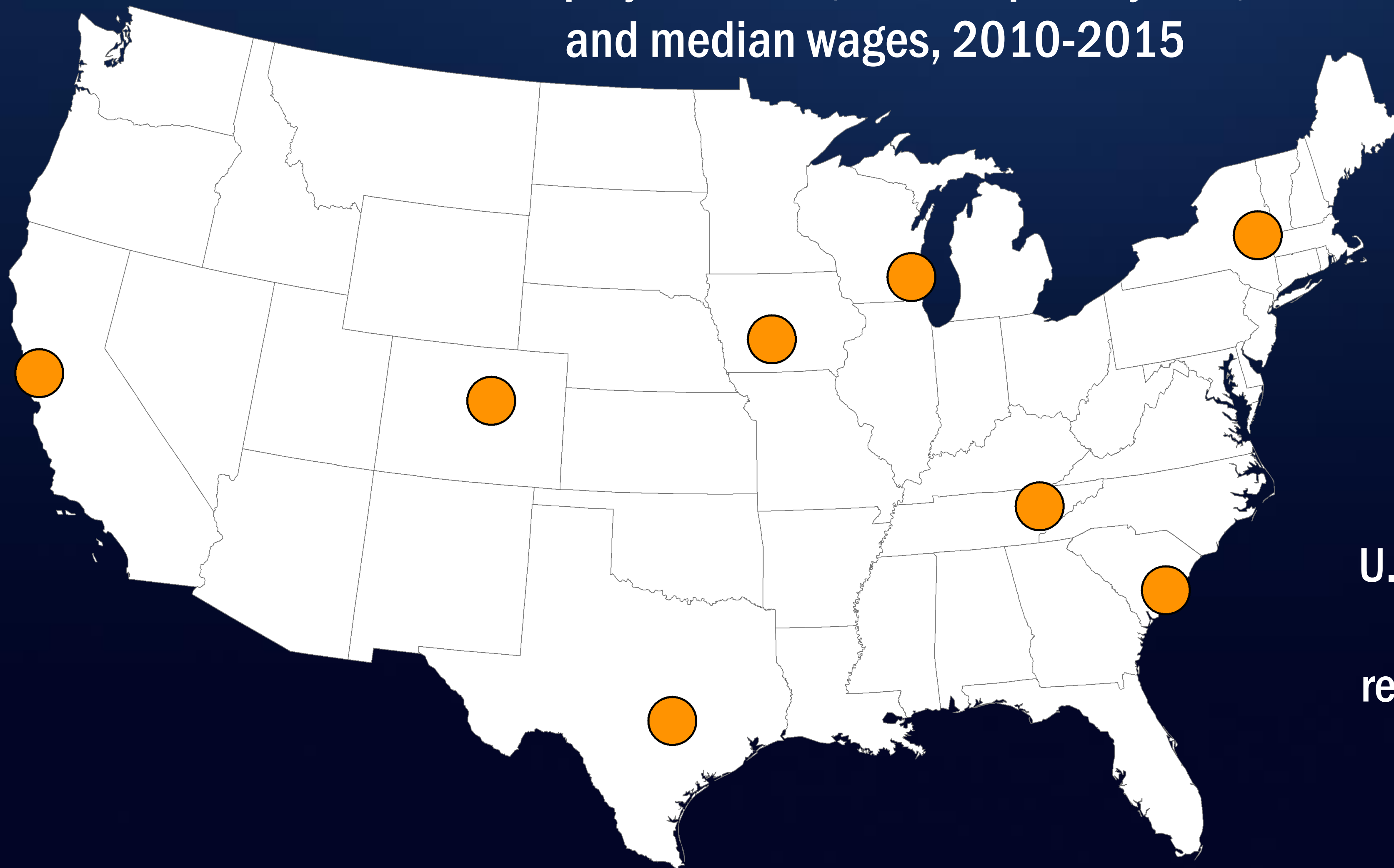
30/100

U.S. metros have experienced rising  
productivity, income per capita, and  
average wages since 2010



# ...and just a handful improved on inclusion across racial groups

Employment rate, relative poverty rate,  
and median wages, 2010-2015



INCLUSION

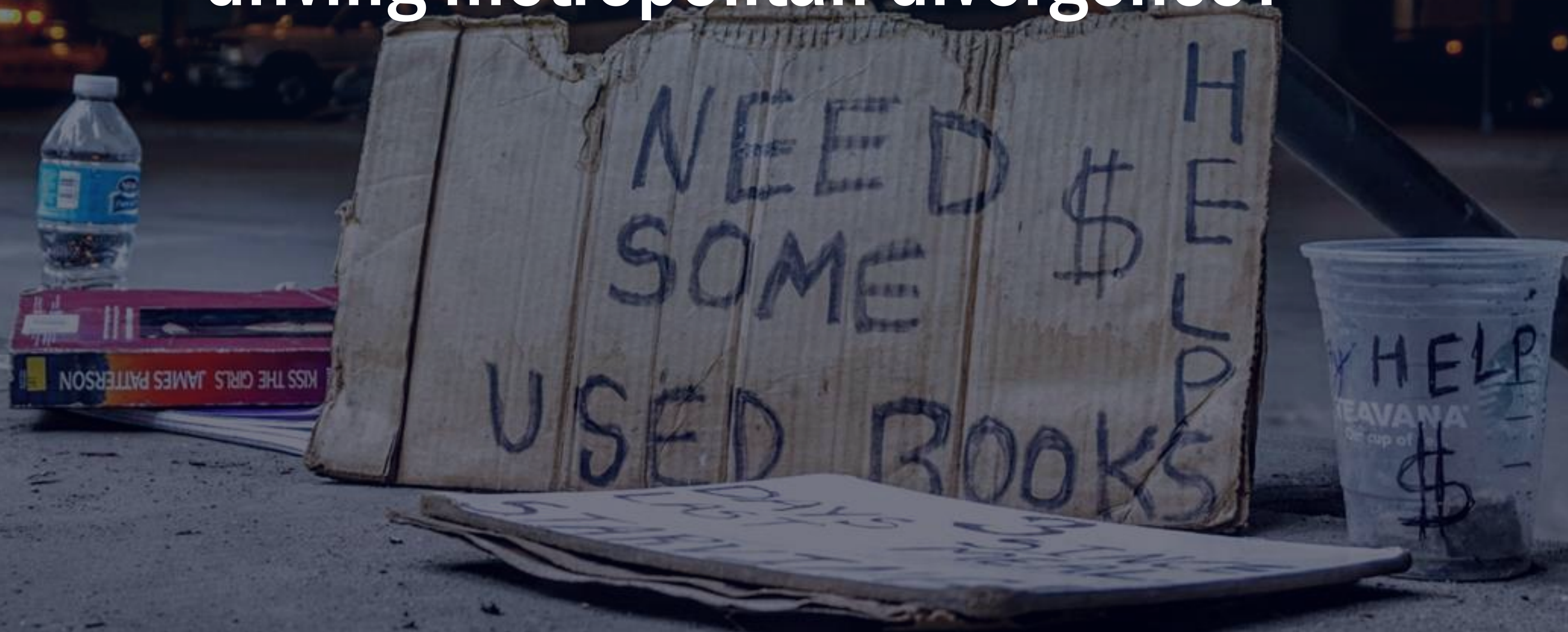


8/100

U.S. metros have seen employment  
and median wage gains, and  
relative poverty declines, for whites  
and people of color since 2010



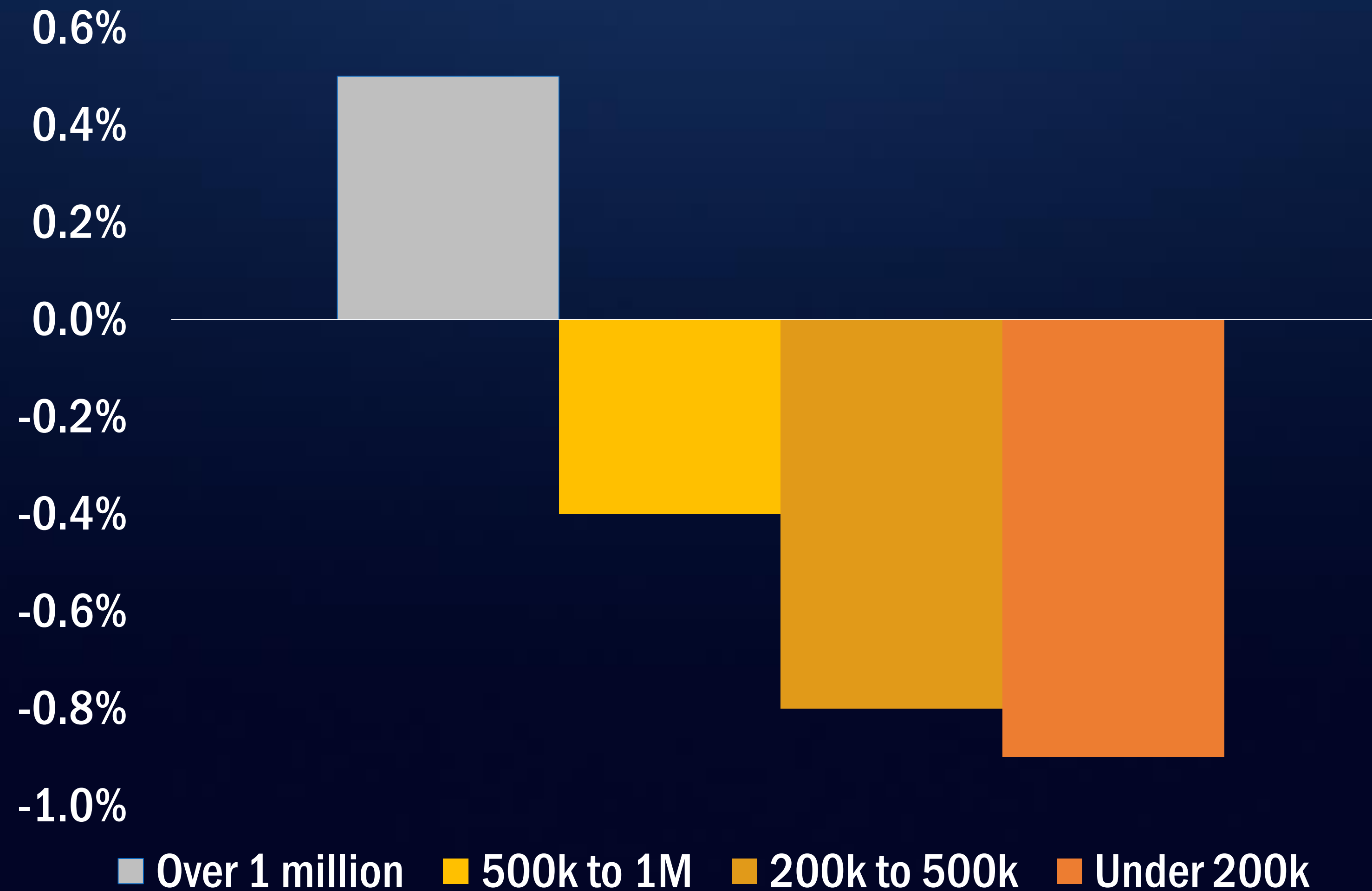
What's are some factors  
driving metropolitan divergence?





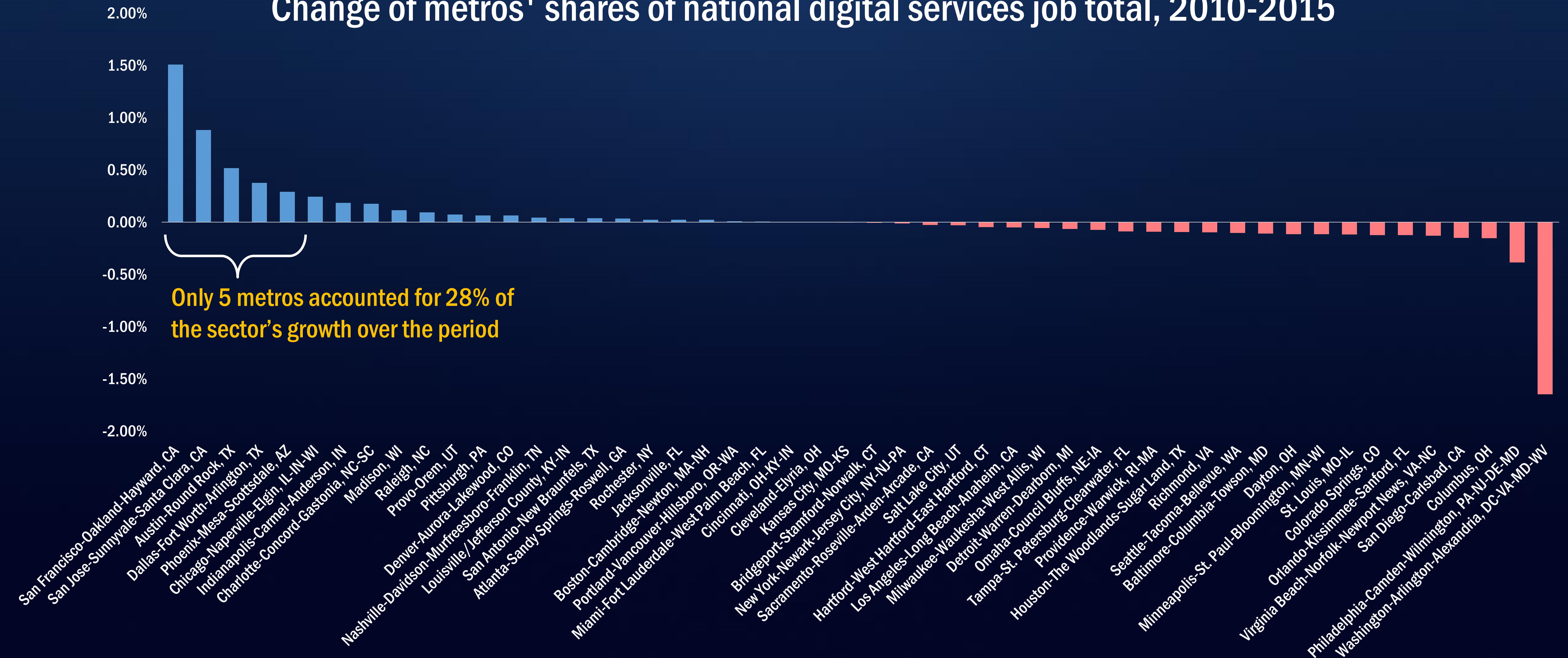
# Employment levels are up in big metros, and down in small ones

Change in employment/population ratio by metro size, 2007-2016



# Tech job growth is occurring in more places, but overall the sector is concentrating

Change of metros' shares of national digital services job total, 2010-2015

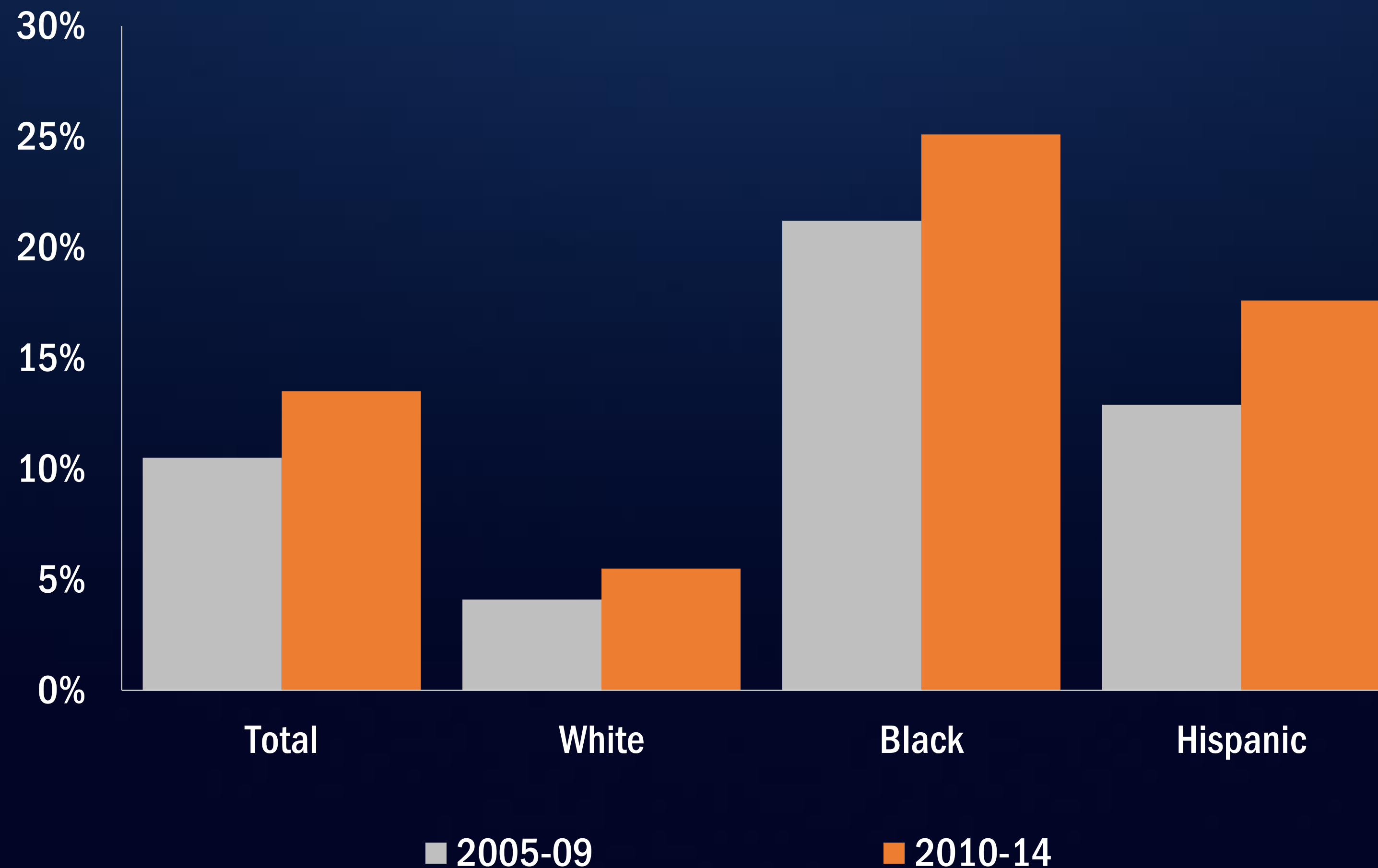


Only 5 metros accounted for 28% of the sector's growth over the period



# Concentrated poverty continues to grow

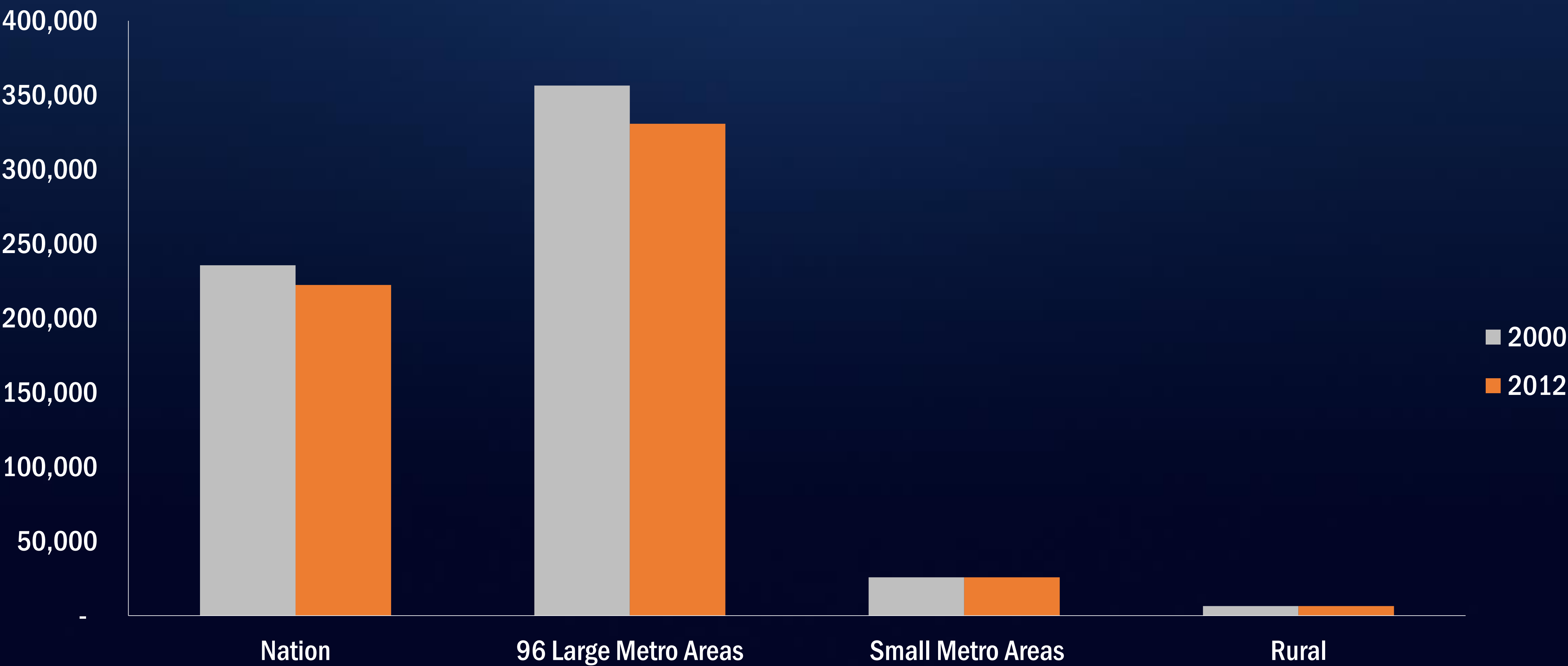
## Population share living in neighborhoods of concentrated poverty



Source: Brookings, "U.S. concentrated poverty in the wake of the Great Recession," 2015

# People and jobs continue to grow further apart

Number of jobs near the typical resident in 2000 and 2012, by community type



Source: Brookings Institution analysis of 2000 and 2012 ZIP Business Patterns data

Source: Brookings, "The growing distance between people and jobs in metropolitan America," 2015



**1**

**Metropolitan Divergence**

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# Economic development is limited by traditional approaches

A close-up photograph of a white calculator and a black pen resting on a document filled with various numbers, some positive and some negative, suggesting financial calculations or accounting. The text "Short-term" is overlaid in white.

Short-term

An aerial photograph of a city map, showing a grid of streets and various urban features. The text "Siloed" is overlaid in white.

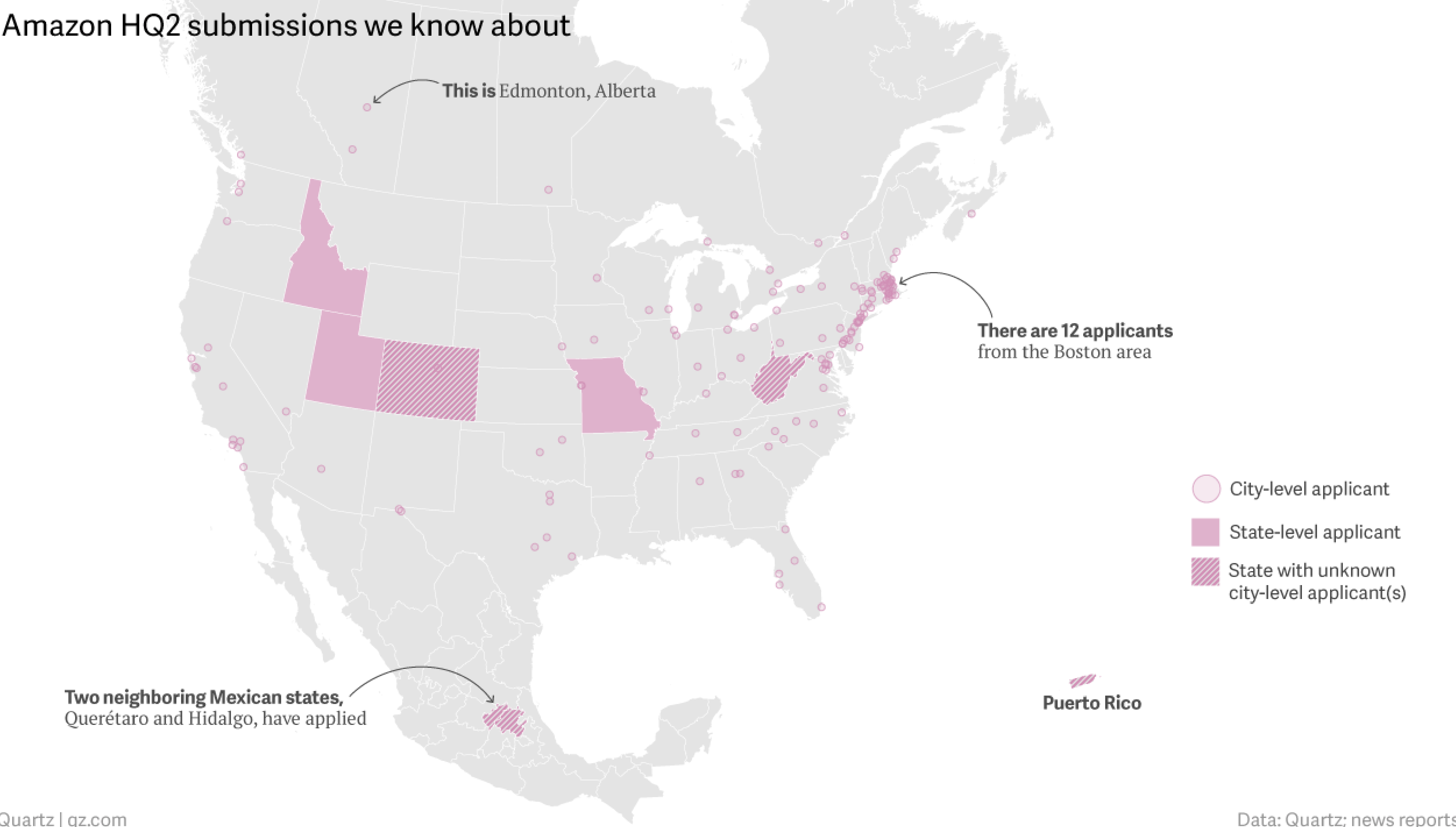
Siloed

An aerial photograph of a modern city development, featuring large, multi-story buildings, extensive parking lots, and a mix of commercial and residential structures. The text "Subsidy-driven" is overlaid in white.

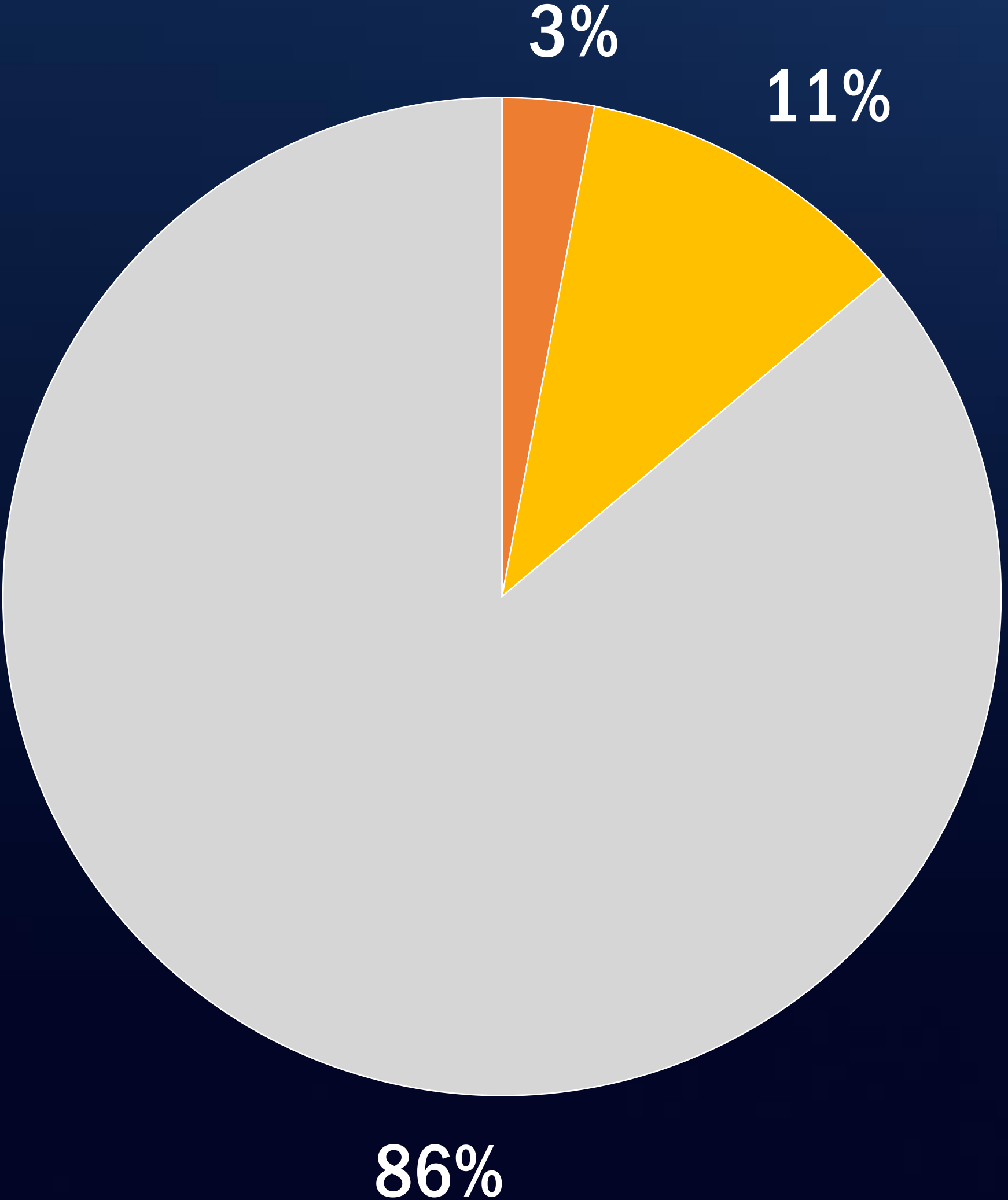
Subsidy-driven



# Amazon HQ2 submissions we know about



# A small fraction of jobs are attracted from out-of-state



3%

from out-of-state relocations

11%

from out-of-state expansions

86%

from in-state startups and expansions



**Many civic  
groups shape  
local economic  
opportunities**





# Our strategies must help communities adapt



Firms



People



Places





# Our strategies must help communities adapt

## FIRMS

- University-industry partnerships
- Startups & scale-ups
- Clusters strategies
- Export assistance



## People



## Places





# Our strategies must help communities adapt

## FIRMS

- University-industry partnerships
- Startups & scale-ups
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- Export assistance

## PEOPLE

- Apprenticeships
- Creative & digital skills training
- Criminal justice reform

## Places



# Our strategies must help communities adapt

## FIRMS

- University-industry partnerships
- Startups & scale-ups
- Clusters strategies
- Export assistance

## PEOPLE

- Apprenticeships
- Creative & digital skills training
- Criminal justice reform

## PLACES

- Accessible jobs through transit
- Innovation hubs & activity centers
- Housing choice
- Broadband investment



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# Economic Assets

University facilities

Corporate facilities

Accelerators  
Incubators

Spaces for start  
ups and scale ups



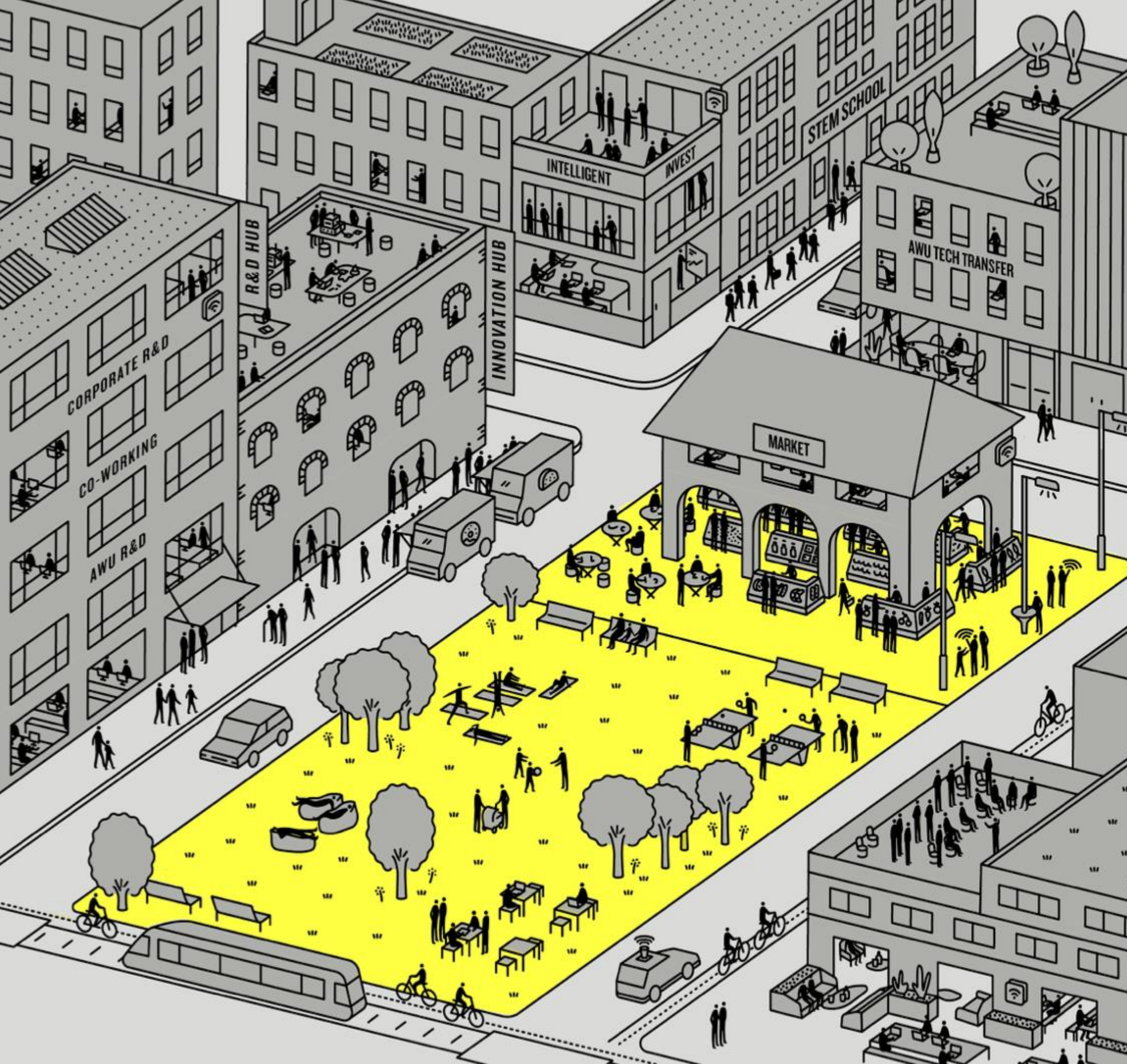


**Physical Assets**

**Public transport**

**Walkable street grid**

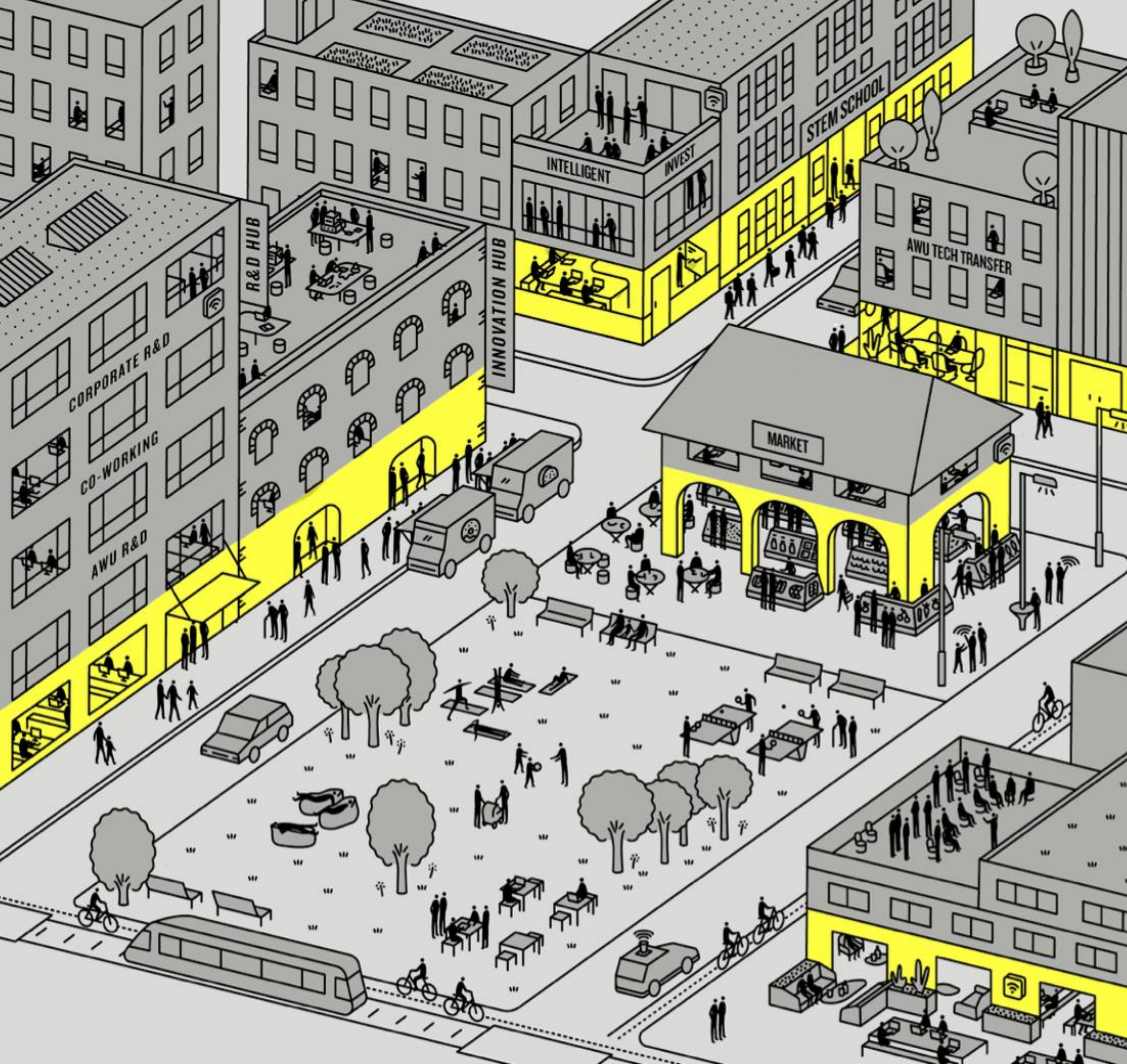




# Physical Assets

Parks & open spaces with programs

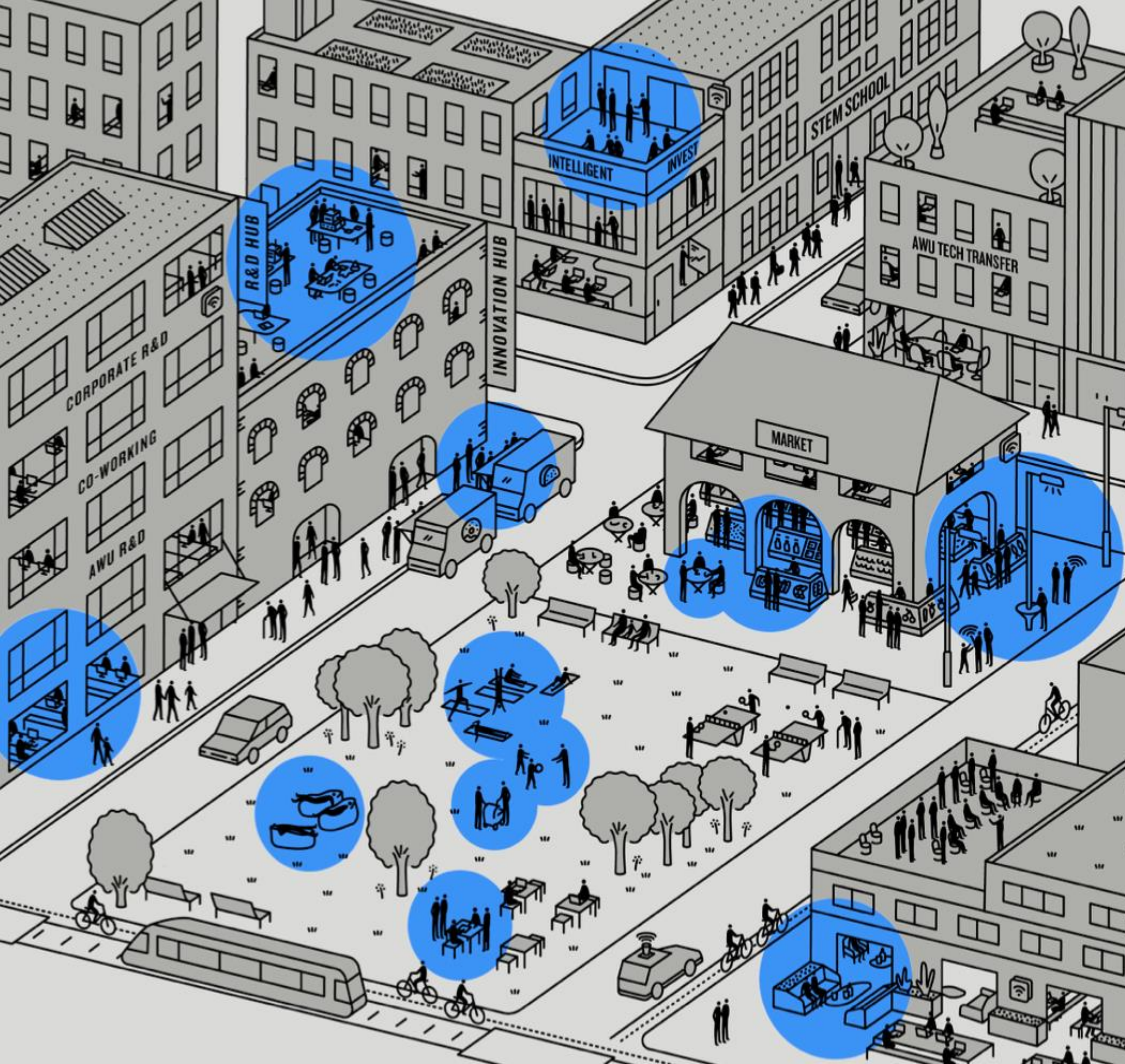




## Physical Assets

Ground floors  
repurposed as  
public spaces





# Networking Assets

Accelerator programs

Networking events

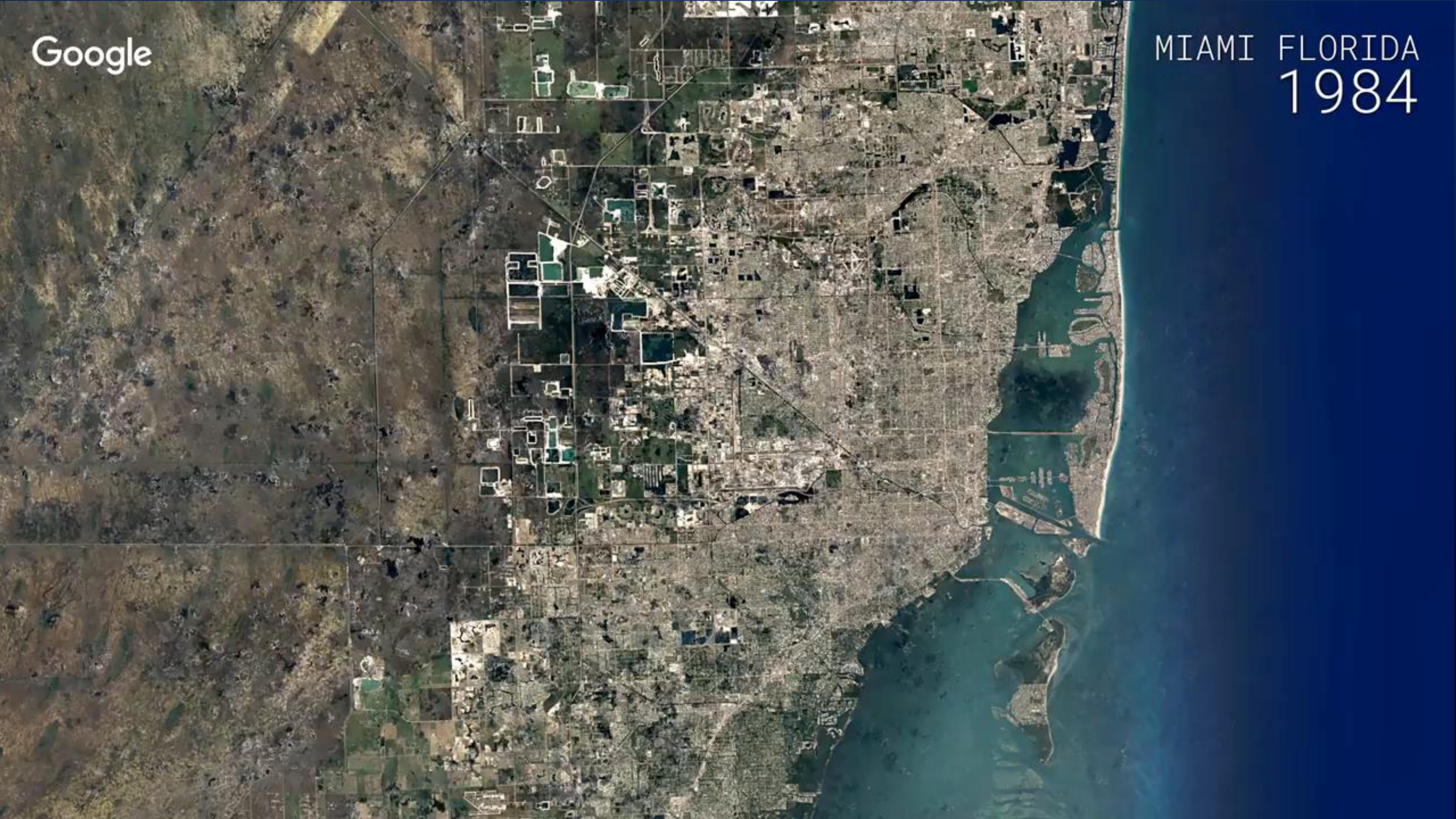
Support & mentoring  
for entrepreneurs

Range of activities in  
public & private spaces



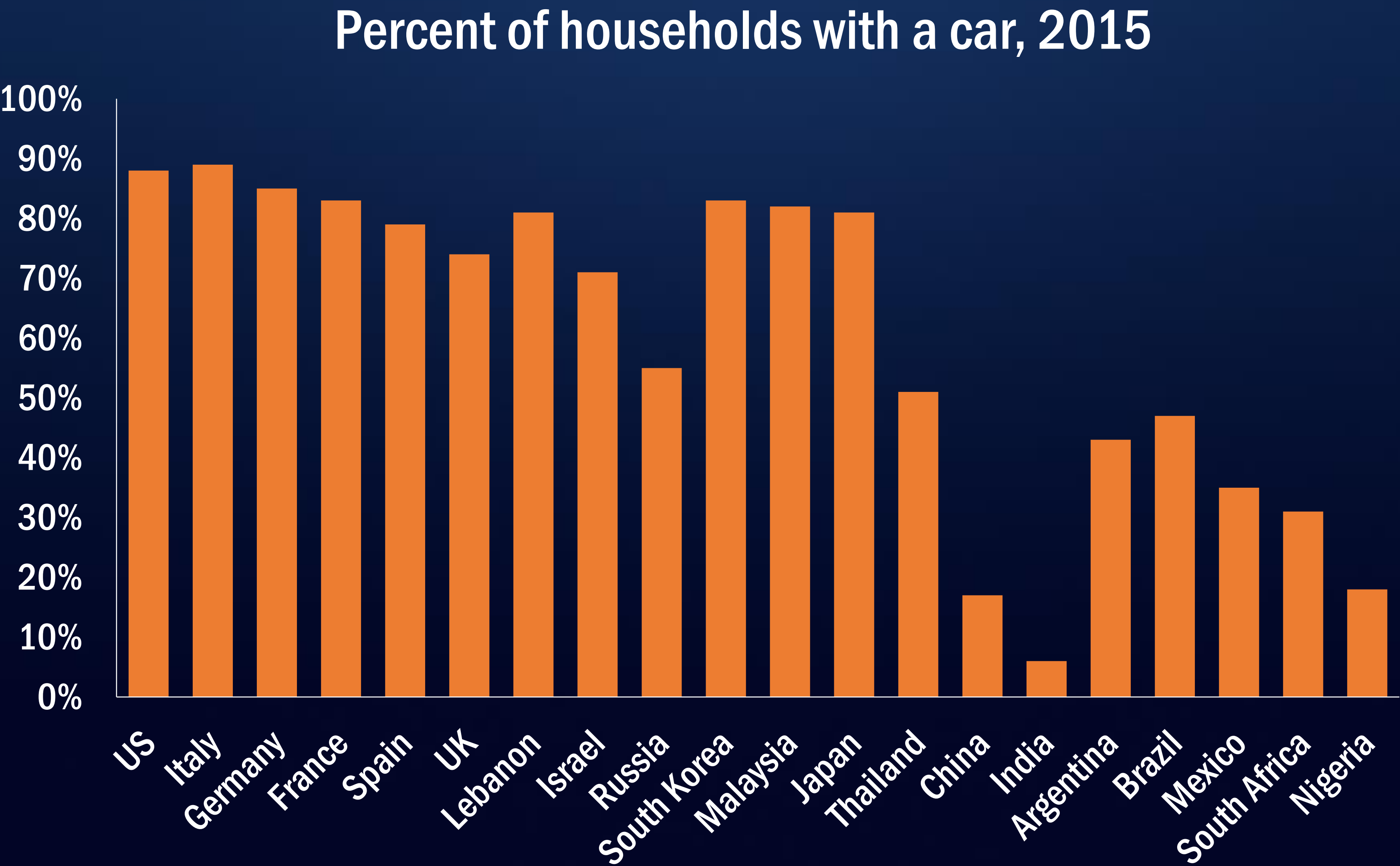
Google

MIAMI FLORIDA  
1984





# Americans continue to own vehicles at extremely high rates



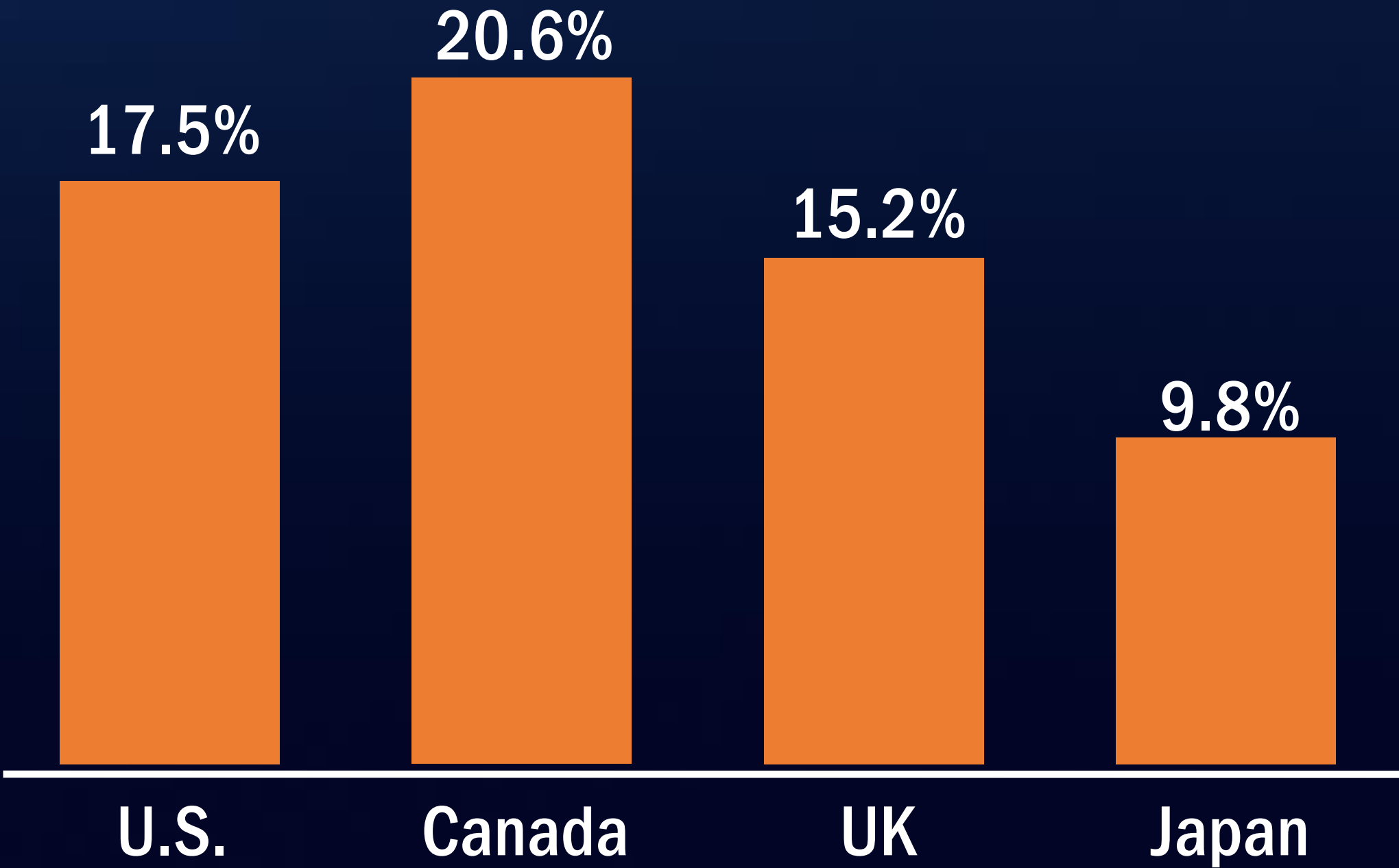
Source: Jacob Poushter, "Car, bike or motorcycle? Depends on where you live", Pew Research Center, 2015



# Transportation plays an outsized role in personal finances



Transportation's Share of Household Expenses

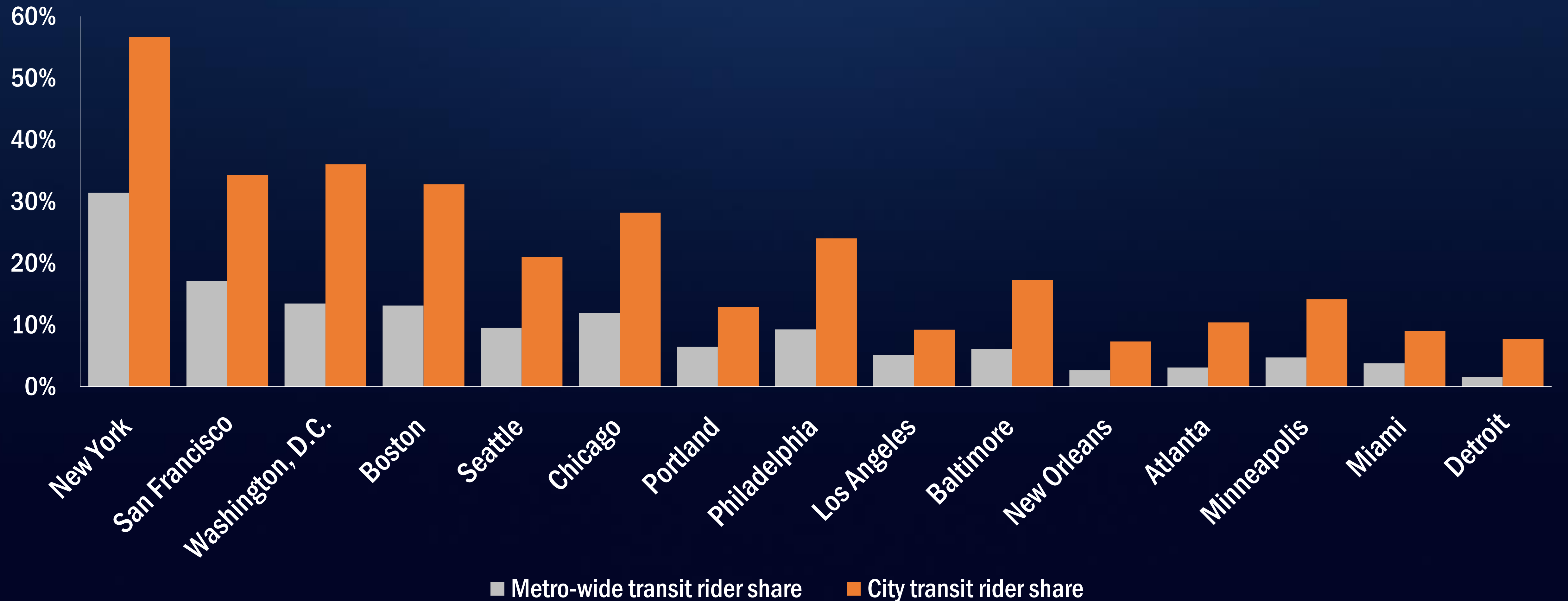


Source: Bureau of Labor Statistics, 2009



# Commuting choice demonstrates the consequences of our sprawl

## Transit commuting rates, city and metropolitan areas, 2016



Source: Brookings Institution analysis of American Community Survey data



# But commuting change is underway

76%

Share of all commuters driving alone

28%

Share of 18-49 year-olds who have used ride-hailing apps

55

Bikeshare systems in the U.S.

43%

Share of adults who work remotely at least part of the time



# States and localities are willing to invest more in themselves

25

States who have raised their gas tax  
in the past 4 years

\$70<sub>b</sub>

Muni bonds included within state and local  
ballot measures in 2016

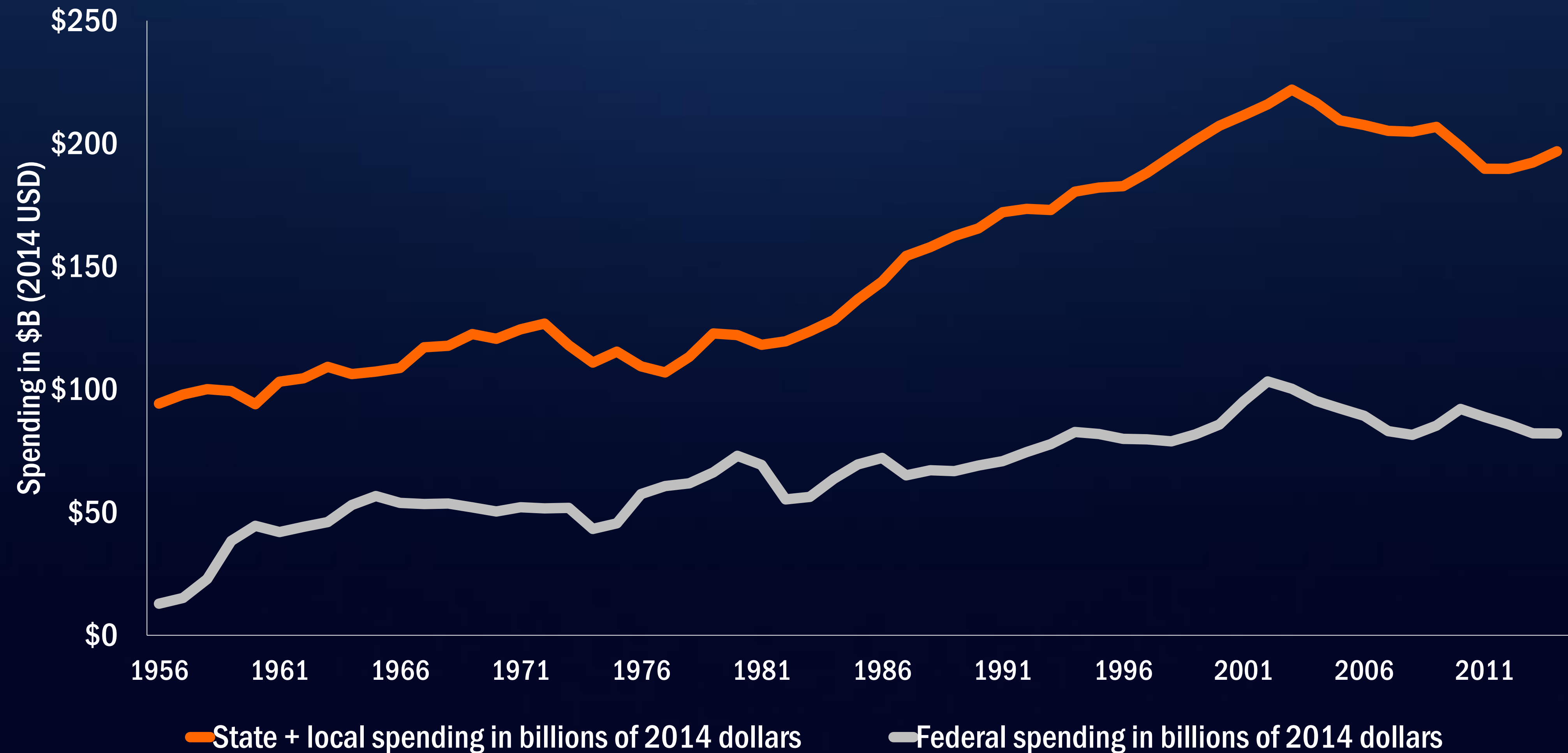
+70%

Passage rate for transportation-focused  
ballot measures



# State and local transportation spending dwarfs federal investment

Federal vs. state and local spending on transportation infrastructure, 1956-2014





A grayscale map of San Francisco, showing the city's street grid, major highways, and geographical features like the Golden Gate Bridge and San Francisco Bay. The map is oriented with North at the top. Overlaid on the map is the text "How will we collaborate?" in a large, white, sans-serif font, centered horizontally and vertically. The text is slightly transparent, allowing the map details to be seen through it. The map includes labels for various streets and landmarks, such as "Golden Gate Park", "Lincoln Way", "Sloat Boulevard", "Lake Merced Park", "John McLaren Park", "Angel Island State Park", "Presidio", "Sacramento Street", "Pine Street", "Oak Street", "Howard Street", "7th Street", "18th Street", "Valencia Street", "Guerrero Street", "Fulton Street", "Balboa Street", "Noriega Street", "Great Highway", "Marina Street", "Frontage Road", "Mandela Parkway", "14th Street", "Castro Street", "1st Street", "Middle Highway", "Ashby Avenue", "San Pablo Avenue", "Shattuck Avenue", "Broadway", "Grand Avenue", "Park Boulevard", "14th Avenue", "8th Street", "Embarkation", "East 12th Street", "Fruitvale Avenue", "35th Avenue", "High Street", "Foothill Boulevard", "International Boulevard", "San Leandro Street", "Oakport Street", "San Leandro Bay", "Doolittle Drive", "Edgewater Drive", "Harbor Bay Parkway", "Sibley Volcanic Regional Preserve", "Skyline Boulevard", "Joquim", "36th Avenue", "14th Avenue", "8th Street", "Embarkation", "East 12th Street", "Fruitvale Avenue", "35th Avenue", "High Street", "Foothill Boulevard", "International Boulevard", "San Leandro Street", "Oakport Street", "San Leandro Bay", "Doolittle Drive", "Edgewater Drive", "Harbor Bay Parkway".

How will we collaborate?





What will we build?



*Images: Alexander Pidgeon, Andrew Gook, Xochi, Victor Sanchez Berruero, and Denys Nevozhai on Unsplash, IDuke on Wikipedia Commons*



An aerial photograph of a city construction site. In the foreground, a large, modern glass-walled building is under construction. To its right, a large excavation pit is filled with rows of steel reinforcement beams. Several yellow and red cranes are positioned around the site. In the background, a dense urban landscape with various buildings and hills is visible under a cloudy sky.

Who will pay?



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