



## **U.S METRO ECONOMIES – EMPLOYMENT OUTLOOK 2003 KEY FINDINGS**

January 22, 2003

- In 2002, U.S. metro areas lost 646,000 jobs. 213 of the nation's 319 metro areas, two-thirds, lost jobs in 2002. Six metro areas – New York, Chicago, Atlanta, San Jose, Boston, and Seattle – lost more than 40,000 jobs each. Four additional metro areas – San Francisco, Detroit, Denver, and Los Angeles – lost more than 20,000 jobs each.
- On a percentage basis, cities that had the steepest job losses over the past 12 months were Decatur (-4.0%), Flint (-3.6%), and Boulder (-3.2%), followed by Albany GA, Athens, Binghamton, Elmira, Gary, Saginaw, San Jose, Seattle, and Wichita, each losing more than 2.5% of employment last year.
- Job losses in 2002 followed the recession year of 2001, which saw employment declines in Midwest manufacturing centers as well as high tech metro clusters. In 2001, Detroit lost 55,000 jobs; Cleveland 19,000; Chicago 16,000; St. Louis 12,000; and Greensboro 13,000. In the high tech metro areas, Seattle lost 15,000 jobs; San Jose 13,000; and San Francisco 11,000.
- 181 of the 319 metro areas, 57 percent, are expected to record job gains of less than 1% in 2003, a rate of job growth so weak that there will be little, if any, improvement in overall unemployment. Following two years of declines, it will take over a year of growth for most metro areas to reach 2000 employment levels.
- Overall, job growth in metro areas will average just 0.7% annually over 2001-04, down sharply from 1.7% over 1998-2001. This slower pace will generate 3.3 million fewer jobs over 2001-04 than were recorded during 1998-2001.
- The jobless nature of the recovery mirrors the last recession-recovery business cycle of 1990-91. However, the regional pattern is strikingly different. The 1990-91 recession was most severe in the Northeast and West. The current downturn is remarkably broad based. Declines in heavy manufacturing and information technology spending in 2000 were followed in 2001 by financial market distress.

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- Acute weaknesses occurred in manufacturing-dependent metro areas such as Detroit and Cleveland, in high-tech-dependent metro areas such as San Jose and Austin, in telecommunications-dependent metro areas such as Atlanta and Dallas, in finance-dependent metro areas such as New York and Charlotte, and in tourism-dependent metro areas such as Las Vegas and Miami.
- The unemployment rate in the nation's top 20 U.S. metro areas will remain flat for most of the year, with job growth averaging only 0.9%, roughly equivalent to labor force growth.
- Among the 20 largest U.S. metro areas, which in 2003 are projected to contribute \$4 trillion or 36% of national GDP, 14 will have job growth of 0.9% or less. Los Angeles, Boston, and Detroit will see only a 0.5% gain; Newark 0.3%; and San Francisco no growth in jobs.
- 18 of the top 20 metro areas will see declines in manufacturing jobs in 2003; 9 out of 20 will see declines in construction; and 8 out of 20 will see job declines in government. Among the top 20 U.S. metro areas, only the services sector (1.7%) and the transportation/communications/utilities sector (1.1 %) will see growth above 1%.
- A short, successful invasion of Iraq will "result in lower spending, output, and income in the first half of 2003, though the economy responds in the second half. The impact of these changes will be to reduce real gross metro product by 0.2 percentage points on average in the first half of the year." This negative economic impact was not factored into the report's projections.

*The full report can be accessed online at [www.usmayors.org](http://www.usmayors.org).*

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