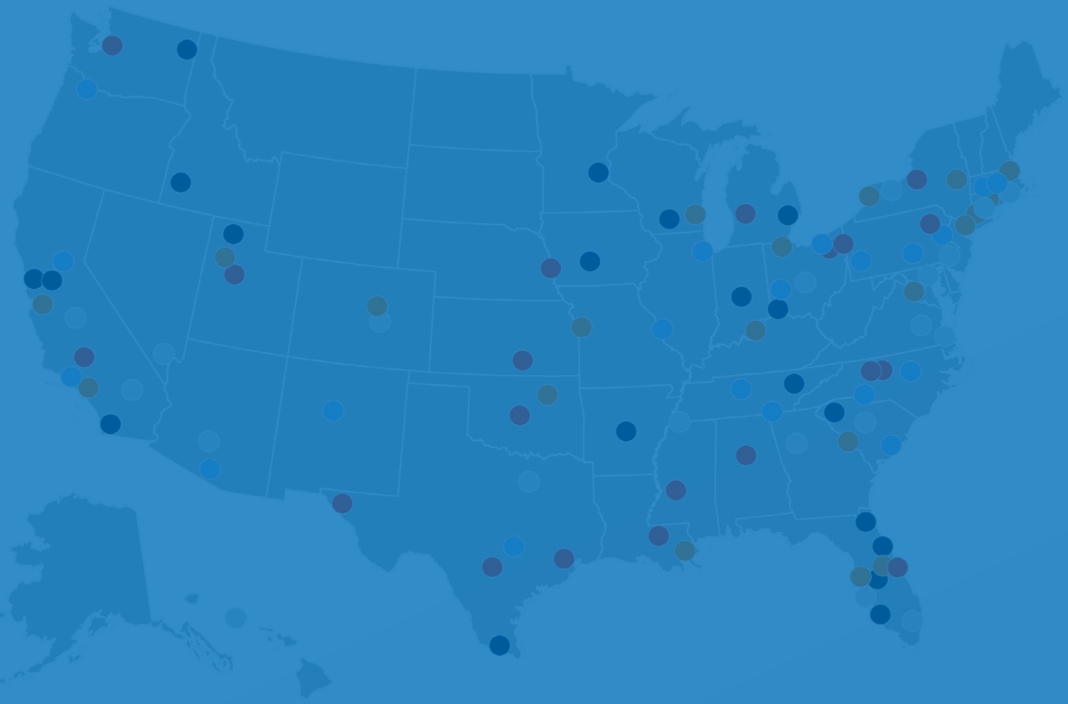

METRO MONITOR

An index of inclusive economic growth in the 100 largest U.S. metropolitan areas

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SUMMARY

Today's economy appears to be booming, as judged by continued job growth, household income gains, and historically high stock prices. Yet underneath the headline numbers America's progress remains uneven: economic divides are growing between the coasts and the heartland, technology and other sectors, and the rich and the poor. This uneven progress reflects the accelerating pace of economic change that people and places across the nation now confront. Leaders in our major cities and metropolitan areas, centers of economic disruption and opportunity, are looking for insights and strategies to adapt.

To help inform their efforts, the annual Metro Monitor measures communities' progress on *inclusive economic growth and prosperity*. The report's Inclusive Growth Index charts the performance of the nation's 100 largest metropolitan areas across economic indicators in three broad categories that define economic success: growth, prosperity, and inclusion. It finds considerable variation in how different metro areas fared in their progress toward inclusive economic growth and prosperity in 2016, the most recent year for which complete data are available:

1. **Growth was widespread among large metropolitan areas.** Ninety-six (96) of the 100 largest metro areas added jobs over the course of the year, 93 posted increases in regional economic output (gross metropolitan product, or GMP), and 85 saw an increase in the number of jobs at young firms. Overall, 97 large metro areas posted positive changes on at least one of the three growth measures and 83 posted positive changes on *all* three. Construction, hospitality, health care, and high-tech industries fueled the fastest-growing metropolitan economies while energy, manufacturing, and government contributed to slower growth in most metro areas.

2. **Few large metropolitan areas posted consistent gains in prosperity.** Eighty-seven (87) of the 100 largest metro areas increased their standard of living, 79 posted increases in their average wage, and 36 increased their productivity. Overall, 91 large metro areas posted positive changes on *at least one* of the three prosperity measures but only 31 posted positive changes on *all* three. The faster hiring in less productive and low-paying sectors like hospitality and health care made it more difficult for large metropolitan areas to achieve consistent increases across prosperity measures.

3. **Most large metropolitan areas posted at least modest improvements in economic inclusion.** Eighty-three (83) of the 100 largest metro areas increased the employment rate, 73 posted increases in the median wage, and 54 improved the rate of relative earnings poverty. Overall, 93 large metro areas posted positive changes on *at least* one of the three of the inclusion measures but only 37 posted positive changes on *all* three measures. Tightening labor markets contributed to a banner year for middle-class wage growth but more uneven progress for workers near the bottom of the earnings distribution. And although many metro areas improved inclusion outcomes for both whites and people of color, few also reduced disparities between them.

4. **Despite progress on several fronts, inclusive economic growth and prosperity proved elusive for most large metropolitan areas in 2016.** Only 11 metro areas—Cincinnati, Des Moines, Detroit, Greenville, Madison, Minneapolis-St. Paul, Portland, Providence, San Francisco, Spokane, and Washington, D.C.—achieved improvements on each of the core measures under growth, prosperity, and inclusion. Just two of these metro areas—Cincinnati and Greenville—also made consistent progress in narrowing racial economic disparities. Meanwhile, although consistent progress was rare, almost every large metro area made at least some gains. Only Bakersfield, a place hit hard by declining energy prices, saw across-the-board declines in growth, prosperity, and inclusion.