The views expressed here are those of the speakers and do not necessarily represent the views of the Federal Reserve Bank of St. Louis or of the Federal Reserve System.
A Perspective on Metro Growth and Prosperity: How to Measure It and Where Does St. Louis Stack Up?

Charles S. Gascon
Metro Areas, national economic boundaries
St. Louis MSA: 60 percent of jobs in two counties

MSA = 1.3 million jobs

Source: U.S. Census Bureau
St. Louis was the 18th largest metro area in 2000.

Source: U.S. Census Bureau
Almost 90 percent of economic activity concentrated in metro areas

2015 US Real GDP (Billions)

- Top 50 MSAs, $10,514, 64%
- All other MSAs, $4,049, 25%
- Non Metro, $1,834, 11%

2015 Missouri Real GDP (Billions)

- St. Louis, $103.9, 40%
- Kansas City, $62.1, 24%
- Non Metro, $48.0, 18%
- All Other MSA, $47.6, 18%

Note: St. Louis and Kansas City MSA GDP allocated to Missouri based on employment shares

Source: Bureau of Economic Analysis
Agglomeration Economics helps us understand why our economy is primarily composed of metropolitan areas.
Positive relationship between population density and worker productivity

Source: U.S. Census Bureau/Bureau of Economic Analysis
Population density peaks 3 miles from downtown

Source: U.S. Census Bureau
St. Louis looks much more like our smaller peers.

Source: U.S. Census Bureau
“If a place is doing well, then employers should be willing to pay more for workers in that area, people should be willing to pay more for access to that place, and more people should move to that area.”

-Edward L. Glaeser

Agglomeration Economics (2010), University of Chicago Press
With a few exceptions, wages are clustered around $25/hour.

Source: Bureau of Economic Analysis
Differences in productivity explain much of the variation in wages across metros.

Source: Bureau of Economic Analysis/Bureau of Labor Statistics
“If a place is doing well, then employers should be willing to pay more for workers in that area, people should be willing to pay more for access to that place, and more people should move to that area.”

-Edward L. Glaeser

Agglomeration Economics (2010), University of Chicago Press
A Classification of American Cities
1980-2010

Change in real home values (percent)

Expensive

Legacy

Expensive

Expansion of developed residential area (percent)

Notes: Observations include the 40 most populated U.S. conurbations. This chart considers residential areas as developed when they exceed a density of 200 existing homes per square mile. Developed areas correspond to CSAs, or to CBSAs that are not part of a CSA. Housing prices are always at the CBSA level. The change in housing prices is the percent change in average inflation-adjusted quarterly housing prices during the decades spanning 2005-2014 and 1975-1984.

Source: Issi Romem/buildzoom
St. Louis house prices growing slower than cities of similar size

Source: Federal Housing Finance Association
Cost of living in St. Louis is 10% below U.S. Average

Source: Bureau of Economic Analysis
“If a place is doing well, then employers should be willing to pay more for workers in that area, people should be willing to pay more for access to that place, and more people should move to that area.”

-Edward L. Glaeser

Agglomeration Economics (2010), University of Chicago Press
Austin Texas has been the fastest growing metro

Source: U.S. Census Bureau
Population shifts are slow and have momentum

Source: U.S. Census Bureau
Growth is not without costs

- Pollution
- Congestion
- Inequality
- Affordability
We spend an average of 25 minutes commuting to work.

Source: Federal Highway Administration
Inequality is generally higher in larger metro areas.

Source: Sommeiller, Price, Wazter (2016); Based on 2013 American Community Survey
The median family in St. Louis could afford 85 percent of homes sold in 2015

Source: National Association of Home Builders
What is the US median income ($55,800) equivalent after adjusting for cost of living?

Source: U.S. Census Bureau/Bureau of Economic Analysis
What does the actual median household earn in these cities?

Source: U.S. Census Bureau/Bureau of Economic Analysis
So where is the median household “ahead”?

Source: U.S. Census Bureau/Bureau of Economic Analysis
St. Louis workers *really* among the top earners

Source: U.S. Census Bureau/Bureau of Economic Analysis
Final Thoughts

• With a few exceptions, major metros are more similar than different.
• Metro areas can’t have it all; there are tradeoffs to growth.
• Despite slow growth, “legacy cities” provide relatively high standards of living.
• There continues to be divergence between metro and non-metro regions.
Q & A
Thank you for attending.
Section Title