

# **Economic Trends, Outlook and Key Innovation and Entrepreneurship Indicators**

***Massachusetts and Northeast US***

***Presented to***

**Massachusetts Economic Development Council  
Northeastern Economic Developers Association**

**December 10, 2015**

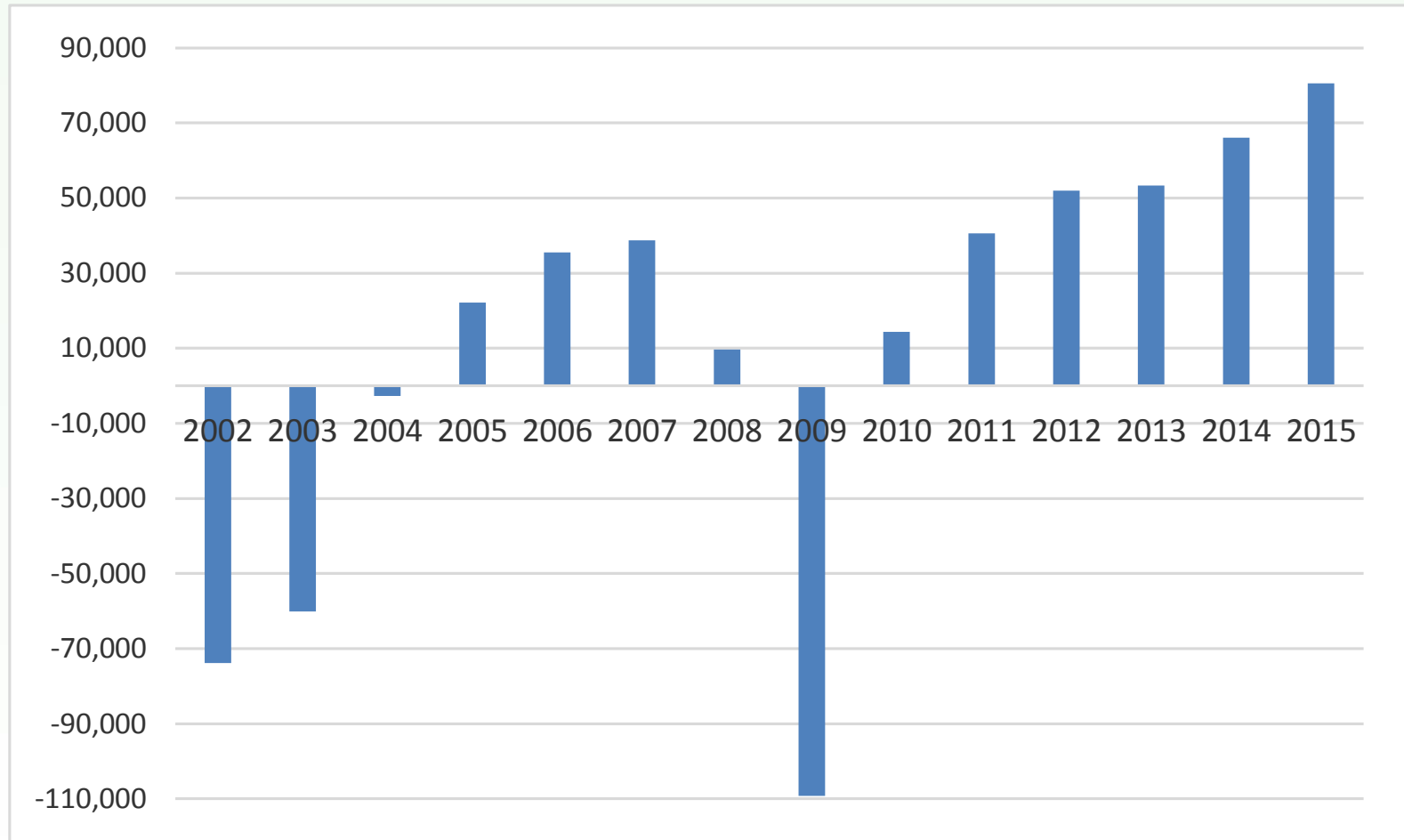


# Today's Agenda

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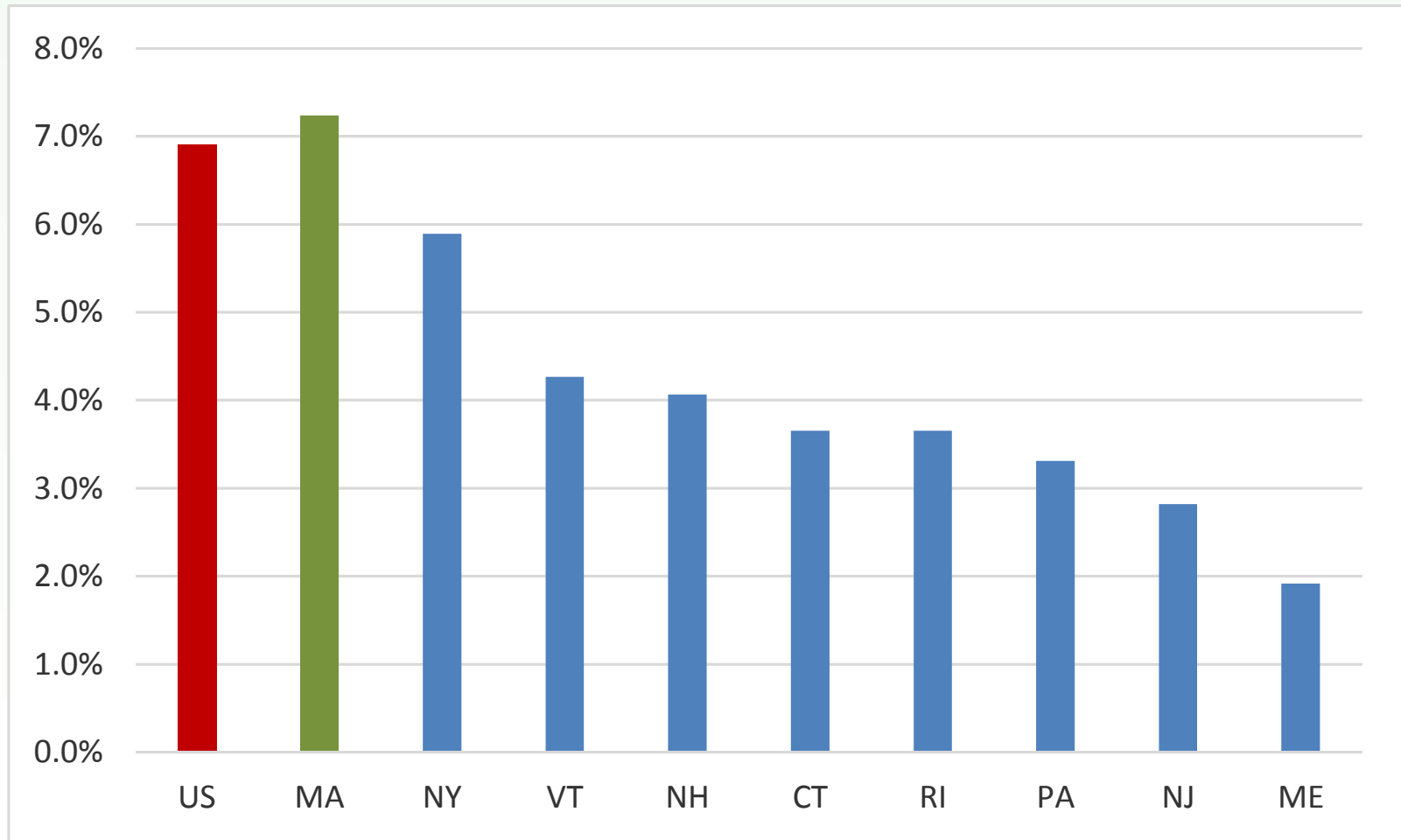
- **How's our economy doing?**
  - **Overview of economic / demographic trends since the 2009/2010 Great Recession**
- **Where is our economy headed?**
  - **Economic Outlook – US, New England and MA**
- **Innovation and Entrepreneurship**
  - **Data indicators for regional and state-level systems**

# Massachusetts Annual Job Growth 2002-2015



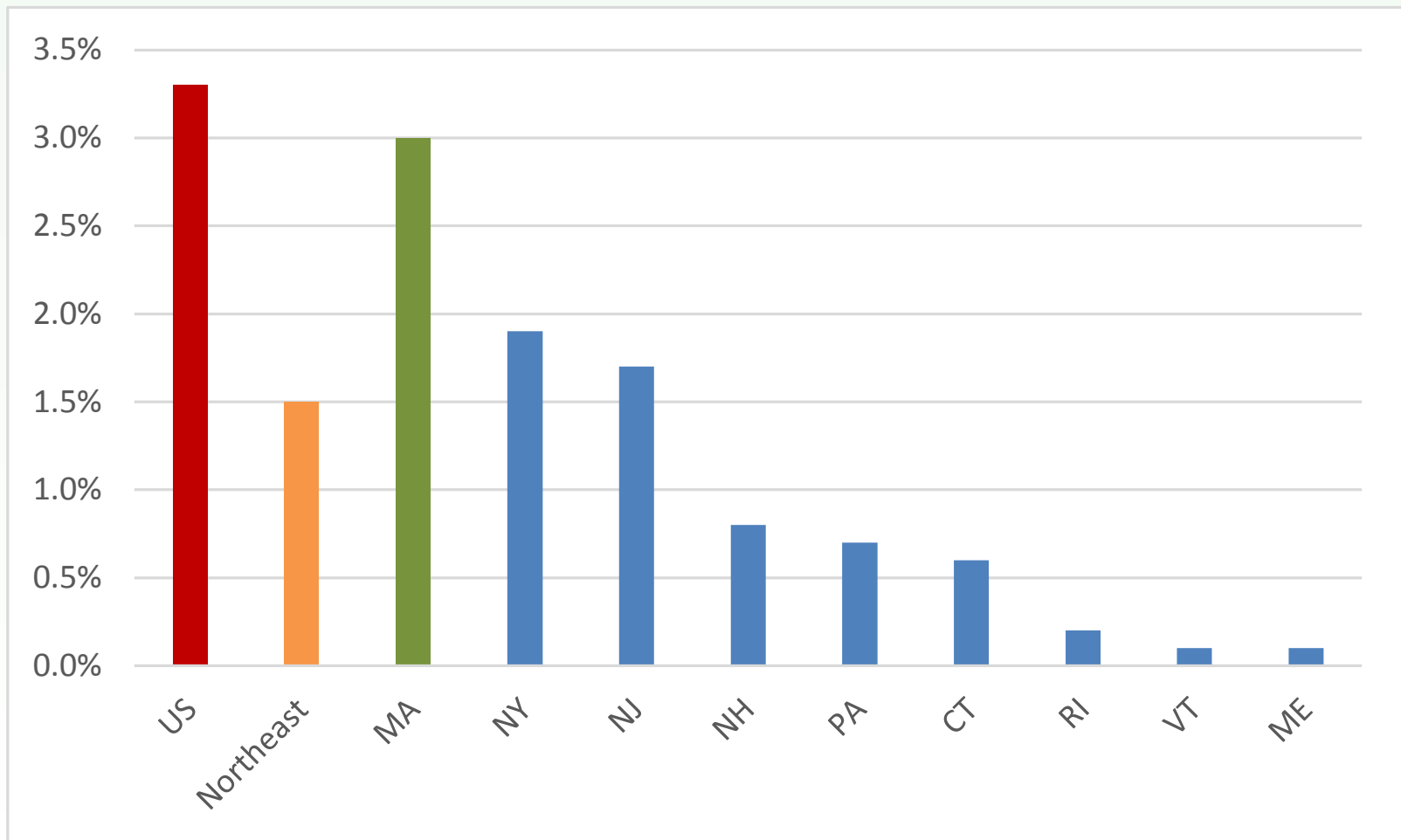
Source: MA EOLWD; 2015 is through October

# Employment Growth 2010-2014 by State and US



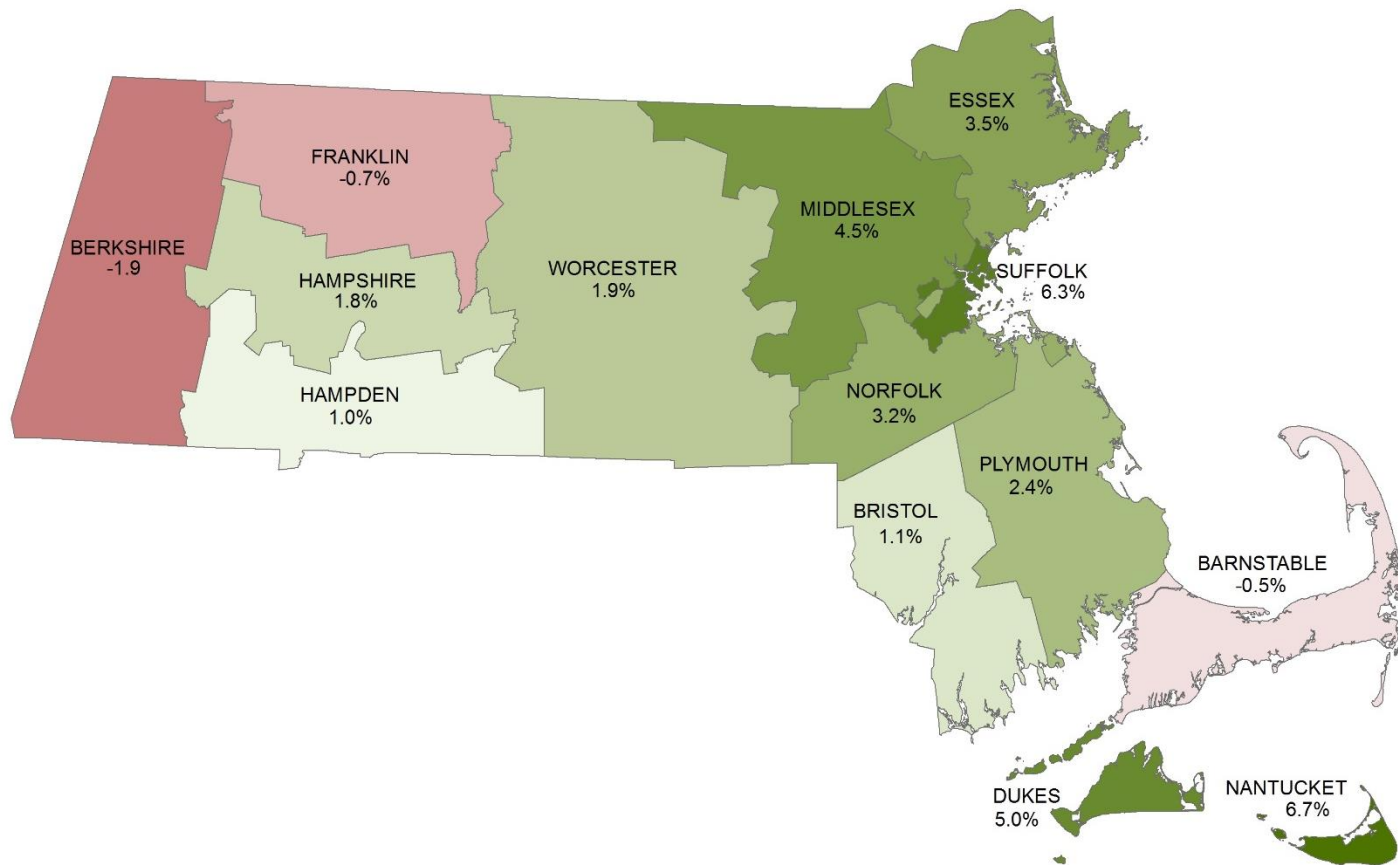
Source: US BEA, Wage & Salary Employment

# Population Growth 2010-2014 by State and US



# Population Growth 2010-2014 by County in MA

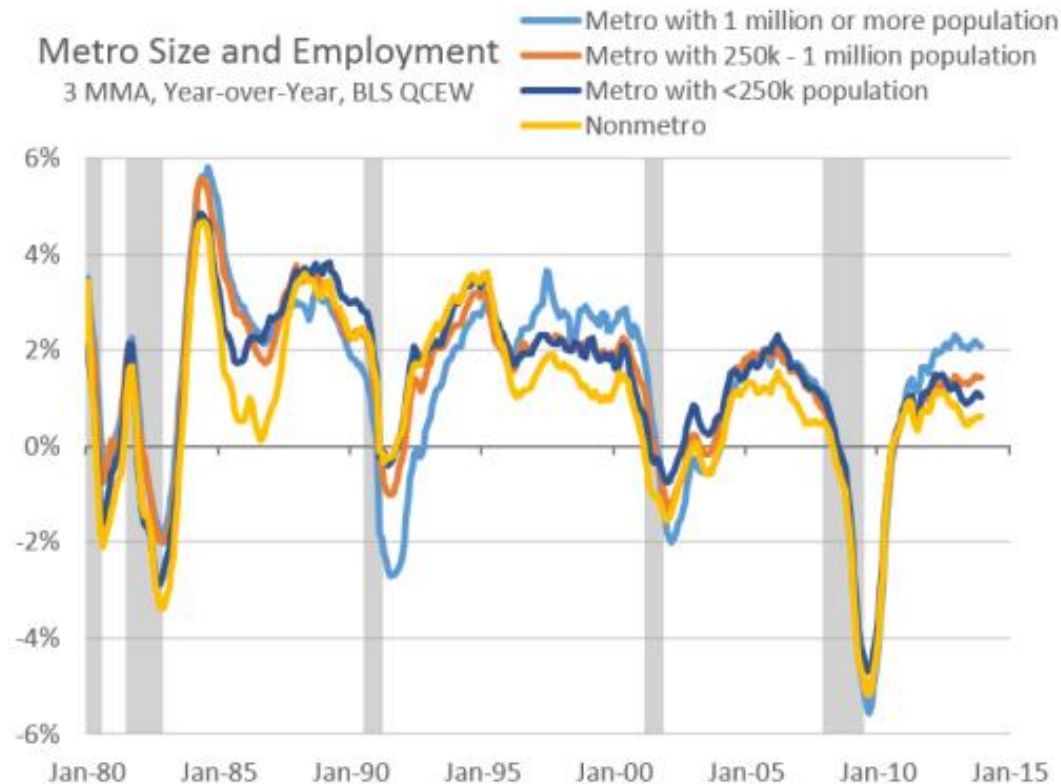
Estimated Cumulative Percent Change, Census 2010 to July 1, 2014  
by Massachusetts County



Source: US Census Bureau, UMass Donahue Institute,  
Population Estimates Program

# Job Growth Since Recession Concentrated in Larger Metro Areas Across the US (Brookings/Moodys)

- As of 2014, America's 100 largest metro areas were collectively 1.3 million jobs over their pre-recession peak. All other parts of the country, combined, were still 300,000 jobs below peak. *That's a 1.5 percent gain per year for the big metros and a 0.7 percent loss for everywhere else.* The gap would be much wider if not for an oil- and gas-drilling bonanza in North Dakota and other largely rural areas.



# Economic Recovery by Metro Areas in Northeast

Metro Area	Trough to Current Rank (Recovery)	Percent change in employment, trough to 2015Q1	Unemployment rate, March 2015	Percent change in house prices, trough to 2015Q1
<b>Boston-Cambridge-Newton, MA-NH</b>	<b>52</b>	<b>8.1%</b>	<b>4.5%</b>	<b>12.3%</b>
New York-Newark-Jersey City, NY-NJ-PA	61	8.3%	5.9%	7.6%
Worcester, MA-CT	66	8.2%	5.3%	6.5%
Allentown-Bethlehem-Easton, PA-NJ	68	6.5%	5.5%	4.8%
Providence-Warwick, RI-MA	70	5.6%	6.2%	6.7%
Buffalo-Cheektowaga-Niagara Falls, NY	81	4.4%	5.4%	8.2%
Albany-Schenectady-Troy, NY	82	5.7%	4.3%	4.9%
Springfield, MA	85	4.9%	5.8%	4.8%
New Haven-Milford, CT	91	6.9%	6.3%	4.5%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	92	4.6%	5.5%	6.0%
Bridgeport-Stamford-Norwalk, CT	95	6.6%	6.2%	5.4%
Rochester, NY	96	4.6%	5.1%	4.3%
Hartford-West Hartford-East Hartford, CT	97	6.3%	6.3%	4.5%
Syracuse, NY	98	2.4%	5.3%	3.1%





# U.S. Economic Outlook – Generally Positive but International Conditions a Concern

- **US economy is fast approaching “full-employment” with number of unemployed, out of labor force (but want a job), and part-time for economic reasons all at lowest point since Recession**
  - **Unemployment rate at 5.0%, with over 200,000 jobs gained in November 2015**
- **Wage growth may be set to accelerate and housing swinging from over-built to undersupplied**
  - **Peak age of Millennials is 26 now; median age for 1<sup>st</sup> time homeowners is 32**
- **US almost alone globally with a fairly strong economy**
  - **China, Europe and Middle East/Terrorism all have concerns**
  - **Interest rate hike may further strengthen dollar and hurt exports**



# MA and New England Economic Outlook – Modest to Flat Growth, Strongest in MA

- **New England economy continues to improve and grow**
  - Job growth higher and unemployment rates lower than any year after 2009 recession
  - 2016 expected to be a solid year but demographic factors (aging workforce) lead to slower growth than US
  - New Hampshire, Vermont and Massachusetts continue to have strongest economies in region
  - Maine has severe demographic challenges
- **MA economy strongest since the 1990s**
  - Led by innovation economy and Greater Boston growth
  - Growth expected to slow after 2016 due to aging workforce
  - Challenges include infrastructure, costs, slowing global economy and uneven growth in the state



# Innovation and Entrepreneurship – two interrelated concepts

## Innovation

- NIH/NSF Grants
- Patents
- Research Universities
- Industry R&D
- STEM education
- High-tech jobs
- Adoption of IT and clean energy

## Entrepreneurship

- Tech Transfer
- SBIR Grants
- Maker Spaces
- Venture Capital

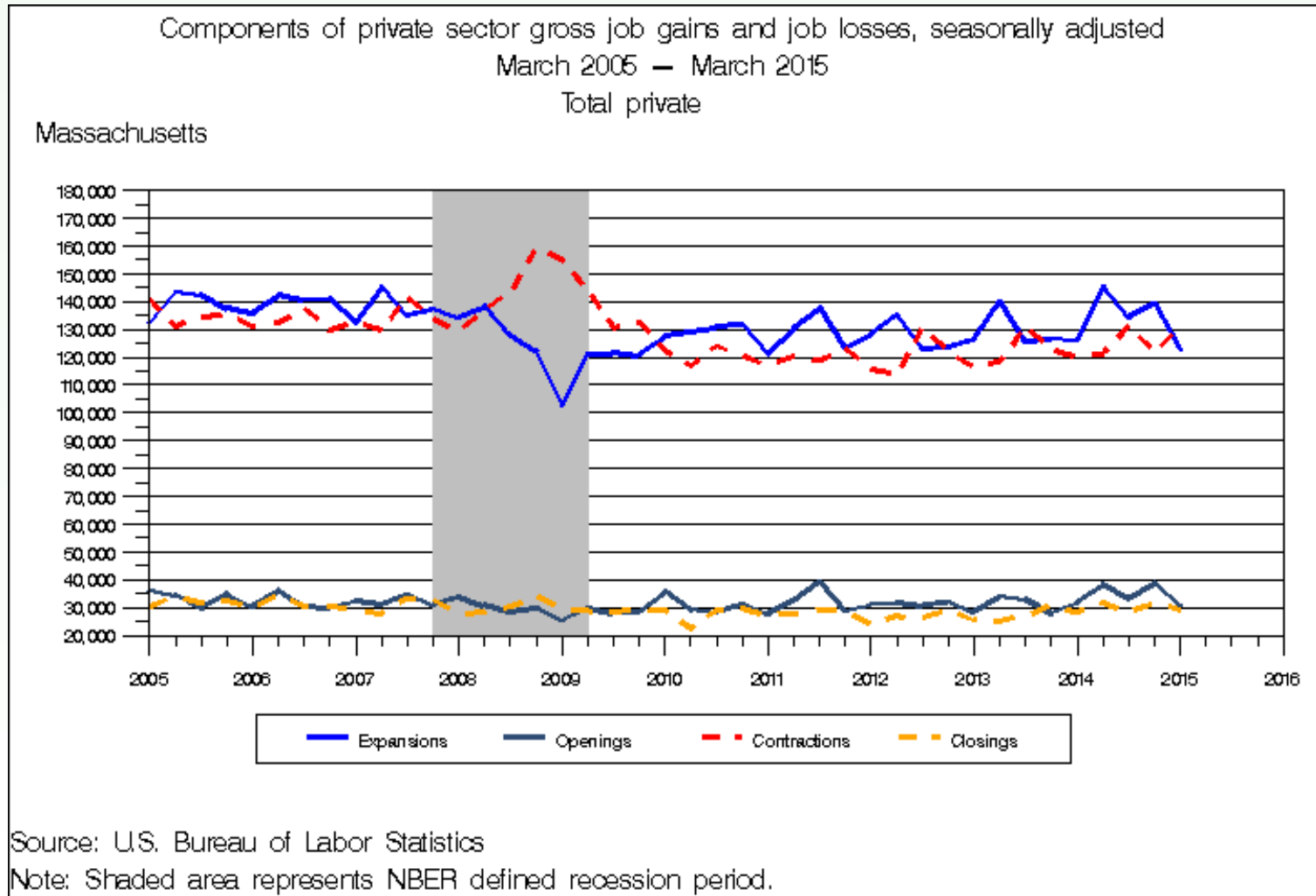
- Business Formation Rates
- Permitting/licensing
- Business planning
- Diverse real estate
- Access to training and workshops
- Culture and amenities

# Massachusetts Competitiveness Rankings

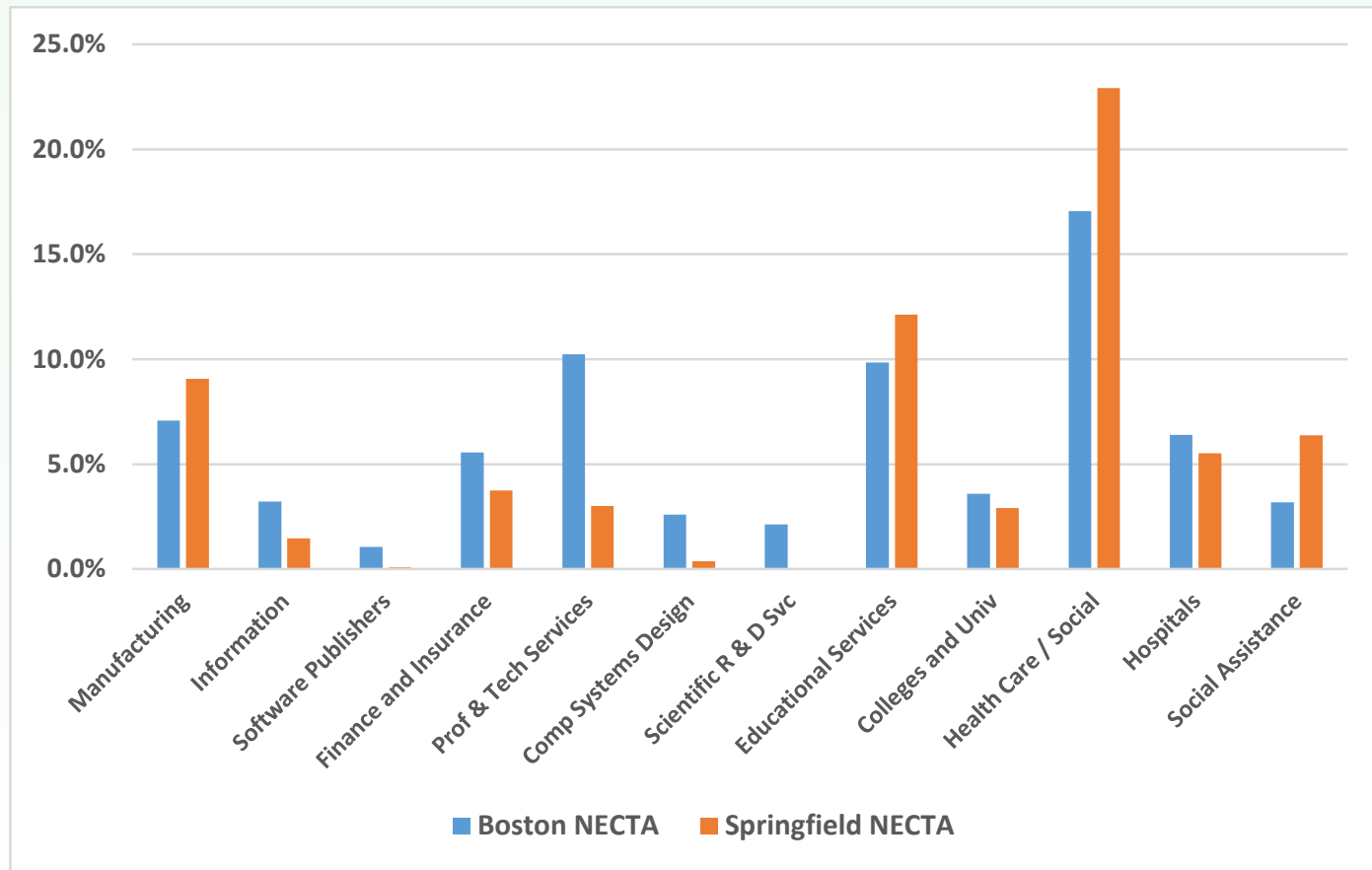
- **Beacon Hill Institute State Competitiveness Report**
  - Massachusetts is #1, led by human resources and technology
- **Milken Institute – State Tech and Science Index**
  - Massachusetts is #1, led by R&D activity, risk capital and entrepreneurship infrastructure, human capital, science and tech workforce, tech concentration
- **Information Technology and Innovation Foundation – State New Economy Index**
  - Massachusetts is #1, led by knowledge jobs, economic dynamism, digital economy, innovation capacity
- **Tax Foundation – State Business Tax Climate Index**
  - Massachusetts is #24, property taxes and unemployment insurance taxes are considered particularly high



# MA Job Trends for Expansions, Closings, Contractions and Openings



# “Innovation Economy” Industry Comparison – Boston and Springfield metro areas



**Average wages 30 to 100% higher in Boston metro area compared to Springfield metro – Professional/Technical and Information/Computer Services 85-100% higher**

Source: MA EOLWD, Labor Market Information

# Questions?

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