Annual Revision of Gross Domestic Product by Metropolitan Area

Advance Statistics for 2014 and Revised Statistics for 2001–2013

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ECONOMIC GROWTH WAS widespread across metropolitan areas in 2014; real gross domestic product (GDP) increased in 282 of the nation's 381 metropolitan areas (chart 1), according to the advance statistics from the Bureau of Economic Analysis (BEA). For the United States as a whole, real GDP by metropolitan area—the sum of current-dollar GDP for all metropolitan areas deflated by a national price measure—increased 2.3 percent in 2014 after increasing 1.9 percent in 2013 (table 1).

GDP by metropolitan area—the metropolitan area counterpart to GDP in the national income and product accounts (NIPAs)—is the most comprehensive measure of overall economic activity in a metropolitan area. In September, BEA released advance current-dollar and chained-dollar (real) statistics on GDP by metropolitan area for 2014.

Highlights for 2014 include the following:
- Professional and business services was one of the leading industry group contributors to growth in many metropolitan areas in 2014.
- Finance, insurance, real estate, rental, and leasing contributed to growth in many metropolitan areas, with concentrated areas benefiting from this industry's growth.
- Wholesale and retail trade growth was widespread, contributing to growth in many metropolitan areas.
- Natural resources and mining was a major contributor to strong growth in several metropolitan areas located in the Cline shale formation and in the Permian Basin (both in Texas) and in the Marcellus shale formation (which spans several states).
- Government and construction each detracted from growth in many metropolitan areas.

Gross Domestic Product (GDP) by Metropolitan Area Statistics

Metropolitan (statistical) areas that are defined by the U.S. Office of Management and Budget are standardized county-based areas that have at least one urbanized area with a population of 50,000 or more and adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
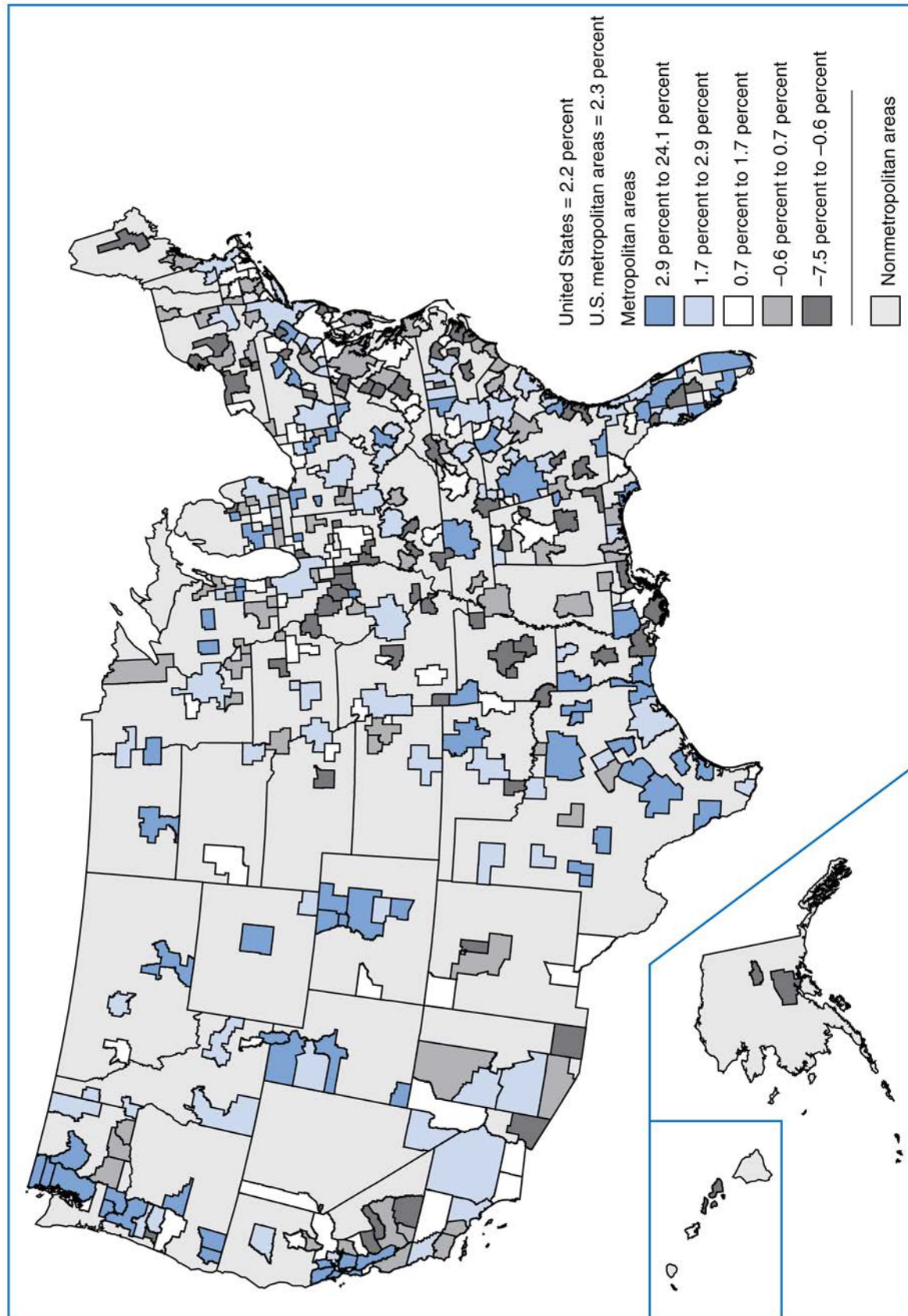
GDP by metropolitan area is the most comprehensive measure of overall economic activity in a metropolitan area—it is the metropolitan area counterpart to the nation's GDP. The methodology developed for these statistics is relatively simple and allows for the production of timely statistics.

GDP by metropolitan area is derived as the sum of the value added originating in all of the industries in the metropolitan area. Real GDP by metropolitan area is an inflation-adjusted measure based on national prices for the goods and services produced within that area. The statistics on real GDP by metropolitan area and on quantity indexes with a reference year of 2009 were derived by applying national chain-type price indexes to the statistics on current-dollar GDP by metropolitan area for 61

industry subsectors based on the 2007 North American Industry Classification System. Then, the chain-type price index formula that is used in the national accounts is used to calculate the statistics on total real GDP by metropolitan area and on real GDP by metropolitan area at more aggregated industry levels.

The statistics on GDP by metropolitan area are consistent with those on GDP by state released on June 10, 2015 which are based on the annual revision of the national income and product accounts (NIPAs) released in July 2014 and the national GDP by industry statistics released on November 13, 2014. The growth rate of real GDP in the nation's metropolitan areas usually differs from the NIPA real GDP growth rates released annually in July, partly because of the inclusion of nonmetropolitan areas in the national statistics. The growth rates also differ because of differences in the timing of production cycles and the availability of data in preparing national and regional statistics, which preclude the incorporation of the immediately preceding annual NIPA revisions into the advance statistics on GDP by metropolitan area.

Chart 1. Percent Change in Real Gross Domestic Product by Metropolitan Area, 2014

United States = 2.2 percent

U.S. metropolitan areas = 2.3 percent

Metropolitan areas

- 2.9 percent to 24.1 percent
- 1.7 percent to 2.9 percent
- 0.7 percent to 1.7 percent
- −0.6 percent to 0.7 percent
- −7.5 percent to −0.6 percent

Nonmetropolitan areas

U.S. Bureau of Economic Analysis

After providing an overview on the importance of metropolitan areas to the nation, this article will discuss the industries that drove national economic growth and the metropolitan areas where these industries were concentrated. It will then examine patterns in per capita real GDP by metropolitan area before concluding with a discussion of the revisions to the statistics on GDP by metropolitan area.

The importance of metropolitan areas

Metropolitan areas accounted for 90.5 percent of the nation's GDP in 2014, with the five largest metropolitan areas accounting for 23.5 percent of national GDP. In most states, metropolitan areas likewise accounted for most of GDP. Among the single-state metropolitan areas, Urban Honolulu, HI, accounted for the largest percentage of GDP by state in 2014 (76.6 percent).

Metropolitan area sizes vary significantly. Most metropolitan areas (275) have populations under 500,000. GDP for these small metropolitan areas ranges from $32.6 billion (Midland, TX) to $1.9 billion (Sebring, FL). GDP for large metropolitan areas, which include areas with populations greater than 500,000, ranges from $1.6 trillion (New York-Newark-Jersey City, NY-NJ-PA) to $14.6 billion (Deltona-Daytona Beach-Ormond Beach, FL).

Metropolitan areas also vary in terms of their economic output. Much of this can be explained by the industries that are typically concentrated in the areas. Often the trends shown in national GDP are driven by a few metropolitan areas in which specific industries, such as mining, are most heavily concentrated.

Metropolitan area growth

In 2014, increases in U.S. metropolitan areas were led by growth in the following industry groups: professional and business services; finance, insurance, real estate, rental, and leasing; and wholesale and retail trade (table 2). One or more of these three industry groups contributed to growth in 366 of the 381 metropolitan areas nationwide. In contrast, government and construction each detracted from growth in 2014.

Professional and business services. This industry group contributed 0.61 percentage point to real GDP growth for the nation's metropolitan areas in 2014. In addition, this group contributed to growth in 314 of the nation's 381 metropolitan areas in 2014, notably in the small metropolitan area of Midland, MI (4.56 percentage points) and in San Francisco-Oakland-Hayward, CA (2.05 percentage points).

Professional and business services was the leading contributor to growth in 38 of 106 large metropolitan areas and in 31 of the 275 small metropolitan areas.

Finance, insurance, real estate, rental, and leasing. This industry group contributed 0.34 percentage point to real GDP growth for the nation's metropolitan areas in 2014. In addition, this industry added to growth in 188 metropolitan areas. Growth in this industry accounted for more than half of real GDP growth in 39 metropolitan areas and contributed more than 1 percentage point to growth in 41 metropolitan areas, notably in the small metropolitan areas of Naples-Immokalee-Marco Island, FL (3.84 percentage points) and Panama City, FL (3.46 percentage points).

Growth in this industry group was widespread across both large and small metropolitan areas. This industry was the leading contributor to growth in 43 of the 275 small metropolitan areas and in 17 of 106 large metropolitan areas.

Wholesale and retail trade. This industry group contributed 0.34 percentage point to real GDP growth for the nation's metropolitan areas in 2014. In 2013, this industry group contributed 0.24 percentage point to real GDP growth. This industry contributed to real GDP growth in 323 metropolitan areas and was the leading contributor to growth in 64 metropolitan areas. It accounted for more than half of real GDP growth in 52 metropolitan areas and contributed more than 1 percentage point to growth in 16 metropolitan

areas, notably in the small metropolitan areas of Battle Creek, MI (2.85 percentage points) and Mobile, AL (1.96 percentage points).

This industry group was the leading contributor to growth in 49 of the 275 small metropolitan areas and in 15 of the 106 large metropolitan areas.

Natural resources and mining. Although this industry group was not a major contributor to growth for the nation, it was the leading contributor to growth in 32 metropolitan areas, including 7 of the 10 fastest growing metropolitan areas in 2014. Notably, this industry group contributed significantly to growth in the two fastest growing metropolitan areas in 2014—Midland, TX (24.1 percent) and San Angelo, TX (11.4 percent)—and to growth in the fifth fastest growing metropolitan area, Wheeling, WV-OH (9.5 percent). In Midland, TX, mining shale oil deposits in the Permian Basin contributed to strong growth; in San Angelo, TX, mining in the Cline shale formation contributed to strong growth. In Wheeling, WV-OH, strong growth in natural gas extraction from the Marcellus shale formation along with expansions in coal mining drove growth.[1] Each of these metropolitan areas has populations of less than 500,000.

Contributions to growth from natural resources and mining were concentrated in small metropolitan areas.

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1. The location of these formations can be found on a map released by the Energy Information Administration.

The industry group was the leading contributor to growth in 28 of the 275 small metropolitan areas and in only 4 of the 106 large metropolitan areas.

Construction. This industry group subtracted 0.02 percentage point from U.S. metropolitan area real GDP growth in 2014. In addition, it subtracted from growth in 247 metropolitan areas. The largest subtractions occurred in the small metropolitan areas of Brunswick, GA (2.09 percentage points), Goldsboro, NC (1.94 percentage points), Gulfport-Biloxi-Pascagoula, MS (1.67), and The Villages, FL (1.44 percentage points).

The decline in construction was widespread across both large and small metropolitan areas. This sector subtracted from growth in 185 of 275 small metropolitan areas and in 62 of the 106 large metropolitan areas.

Government. This industry group subtracted 0.01 percentage point from U.S. metropolitan area real GDP growth in 2014. In addition, it subtracted from growth in 236 metropolitan areas. The largest subtractions were from growth in the small metropolitan areas of Jacksonville, NC (1.64 percentage points) and Hinesville, GA (1.40 percentage points).

The slowdown in the government sector was widespread across both large and small metropolitan areas. This sector subtracted from growth in 173 of the 275 small metropolitan areas and in 63 of the 106 large metropolitan areas.
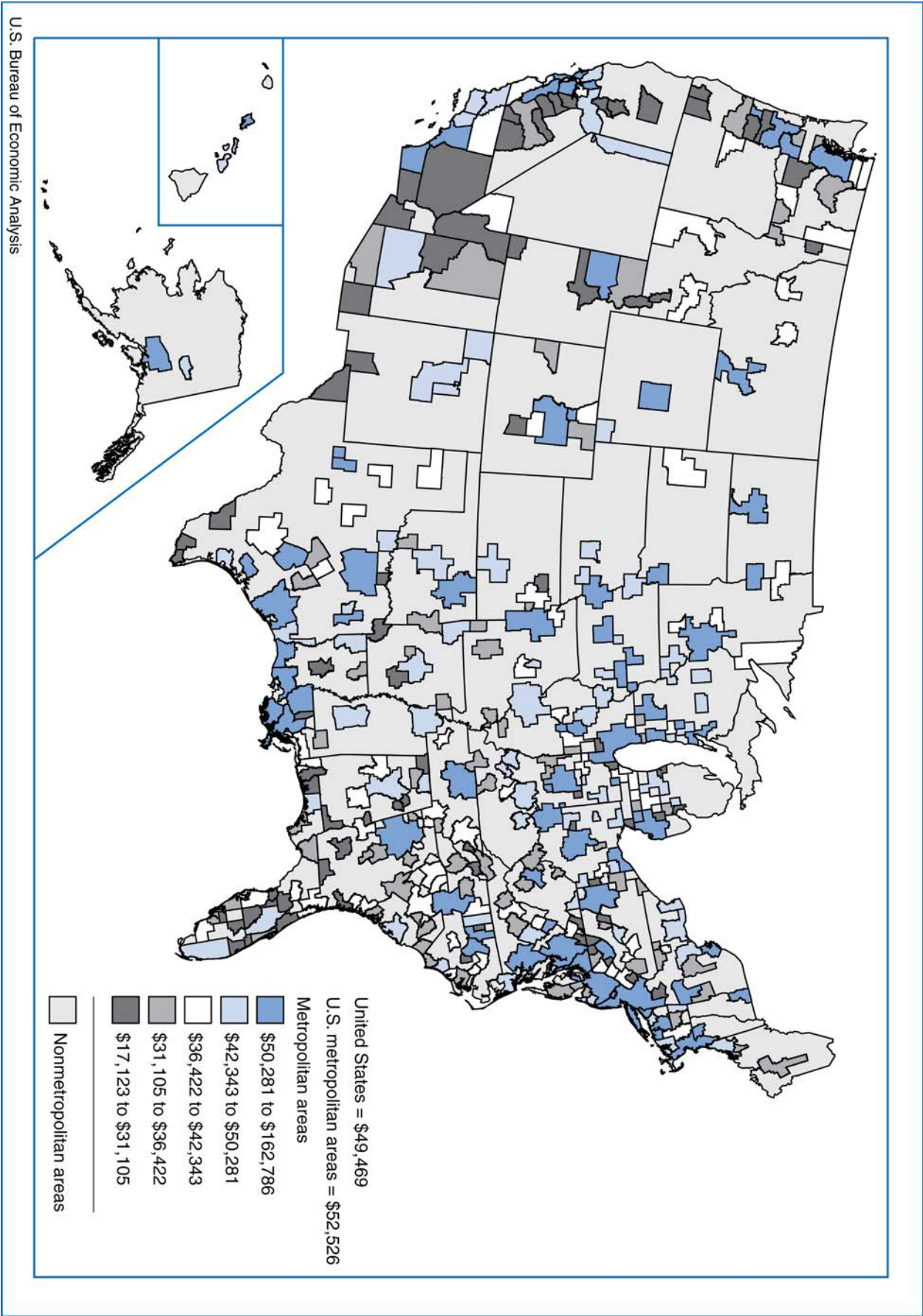
Per capita real GDP by metropolitan area

Per capita real GDP for the nation's metropolitan areas was $52,526 in 2014, 6.2 percent higher than the national average (table 3 and chart 2).[2] The five metropolitan areas with the highest per capita real GDP in 2014 were Midland, TX; San Jose-Sunnyvale-Santa Clara, CA; Bridgeport-Stamford-Norwalk, CT; San Francisco-Oakland-Hayward, CA; and Casper, WY. Midland, TX, had the highest per capita real GDP in the nation at $162,786, which was 229.0 percent higher than the national average. A strong concentration in the mining industry contributed greatly to per capita real GDP in this area.

The five metropolitan areas with the lowest per capita real GDP in 2014 were Sebring, FL; Lake Havasu City-Kingman, AZ; The Villages, FL; Punta Gorda, FL; and Homosassa Springs, FL. Sebring, FL, had the lowest per capita real GDP in the nation at $17,123, which was 65.4 percent lower than the national average.

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2. Per capita real GDP by metropolitan area was computed using Census Bureau midyear population estimates.

Chart 2. Per Capita Real Gross Domestic Product by Metropolitan Area, 2014

U.S. Bureau of Economic Analysis

United States = $49,469
U.S. metropolitan areas = $52,526

Metropolitan areas
- $50,281 to $162,786
- $42,343 to $50,281
- $36,422 to $42,343
- $31,105 to $36,422
- $17,123 to $31,105

Nonmetropolitan areas

Revisions

The statistics on GDP by metropolitan area for 2001–2013 that were released in September 2014 have been revised. The revised statistics incorporate the annual revisions from GDP by industry (November 2014), GDP by state (June 2015), and local area personal income (March 2015).

Current-dollar statistics. The revisions to the current-dollar GDP statistics, measured as a percentage of the previously published statistics, were modest for most metropolitan areas (table 4). The mean absolute revision (MAR) was 3.7 percent for 2009–2013. The MARs were less than 4.0 percent for all metropolitan areas except Little Rock-North Little Rock-Conway, AR (9.1 percent), Longview, TX (4.8 percent), Waterloo-Cedar Falls, IA (4.8 percent), and Jonesboro, AR (4.3 percent). The revisions to the statistics for Little Rock-North Little Rock-Conway, AR, were mainly due to revisions in information; revisions to the statistics for Longview, TX, were mainly due to revisions in nondurable-goods manufacturing; revisions to the statistics for Waterloo-Cedar Falls, IA, were mainly due to revisions in durable-goods manufacturing; and revisions to the statistics for Jonesboro, AR, were mainly due to revisions in information.

Real growth rates. The revisions to real GDP growth rates are measured as a percentage point difference from the previously published growth rate. The MAR of annual growth rates for metropolitan areas was 0.9 percentage point for 2009–2013. For 2009–2013, the MAR of annual growth rates was less than 4 percentage points for all metropolitan areas except Gulfport-Biloxi-Pascagoula, MS (4.8 percentage points) (table 5). Revisions to nondurable-goods manufacturing led to revisions in real GDP growth rates for Gulfport-Biloxi-Pascagoula, MS.

Tables 1–6 accompany this article.