

# Massachusetts Economic Growth and Challenges

January 30, 2020

Mark Melnik Ph.D.,  
Director, Economic & Public Policy Research Group  
UMass Donahue Institute



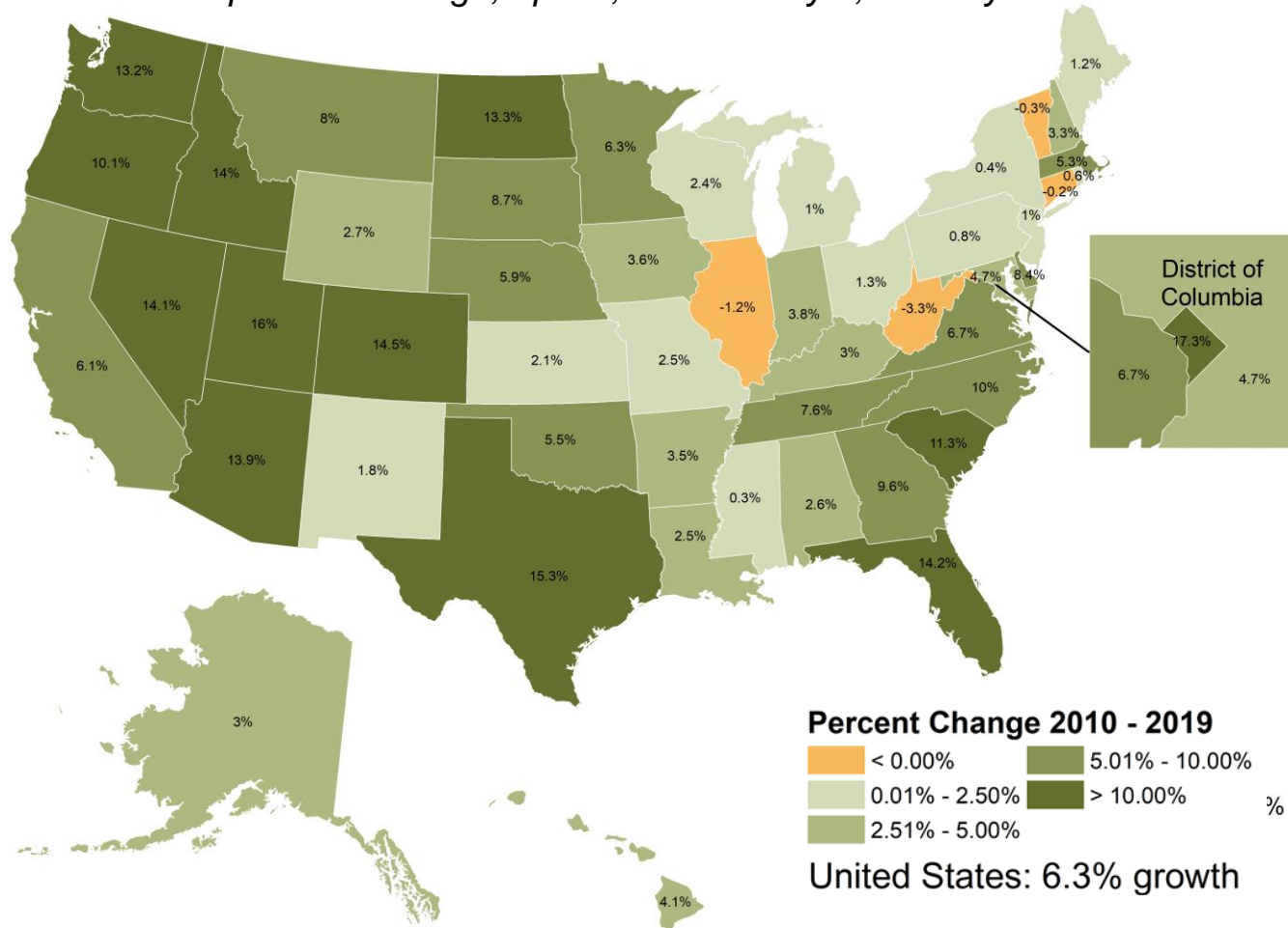
UMASS DONAHUE INSTITUTE  
ECONOMIC & PUBLIC POLICY RESEARCH

# Massachusetts' Economic Growth since the Recession

- MA has experienced prolonged economic growth since the end of the recession.
- What is driving economic growth in the state?
  - Cutting-edge, Knowledge-based Industries (e.g., tech, life sciences, etc.)
  - Research & Development
  - Educated Workforce
  - Foreign-born Labor
- MA economic success is not felt the same by everyone
- Spotlight on the South Shore region
- Current issues facing Massachusetts

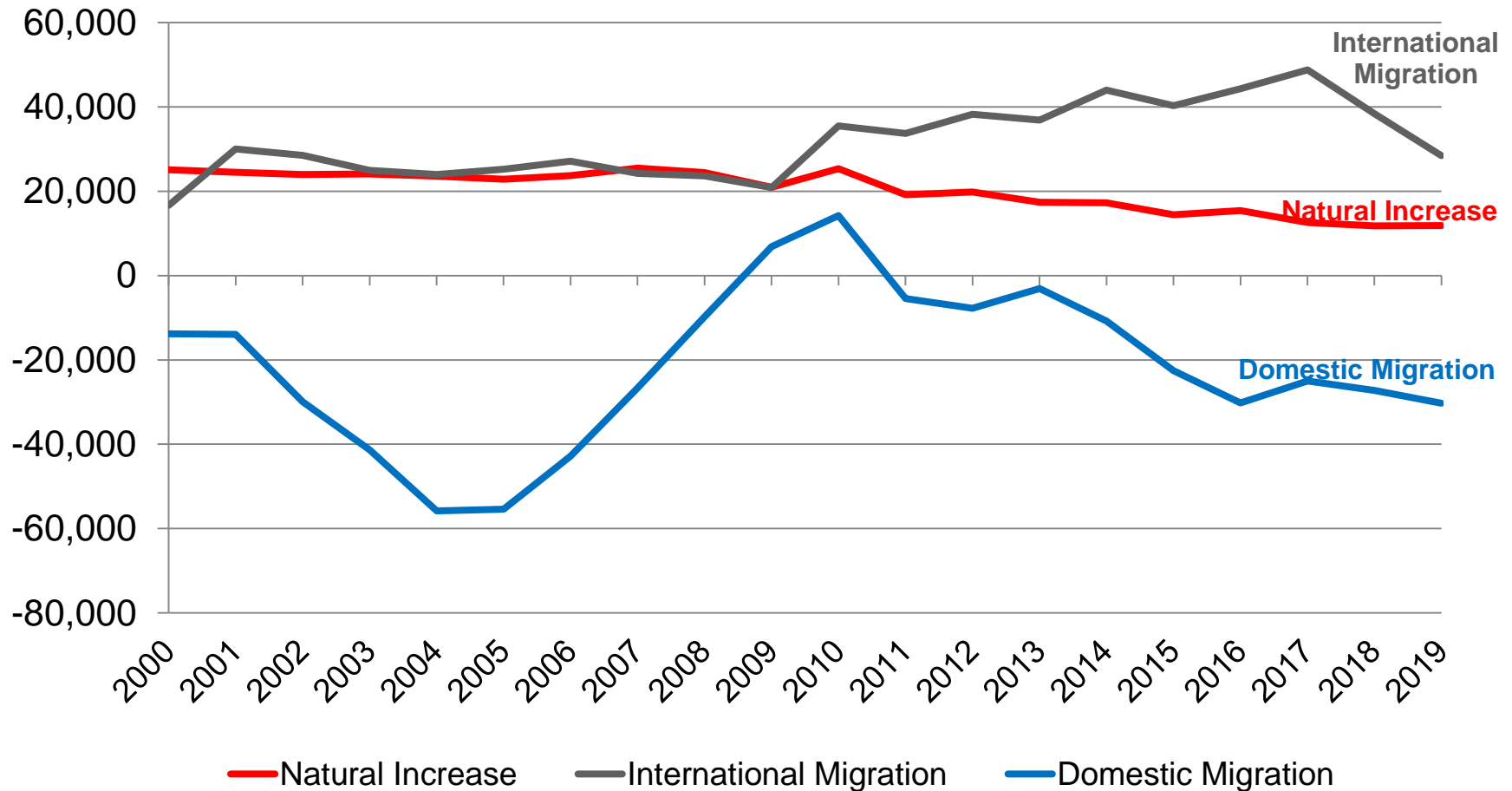
# Population Growth across the United States

Cumulative Percent Population Change, April 1, 2010 to July 1, 2019 by U.S. State



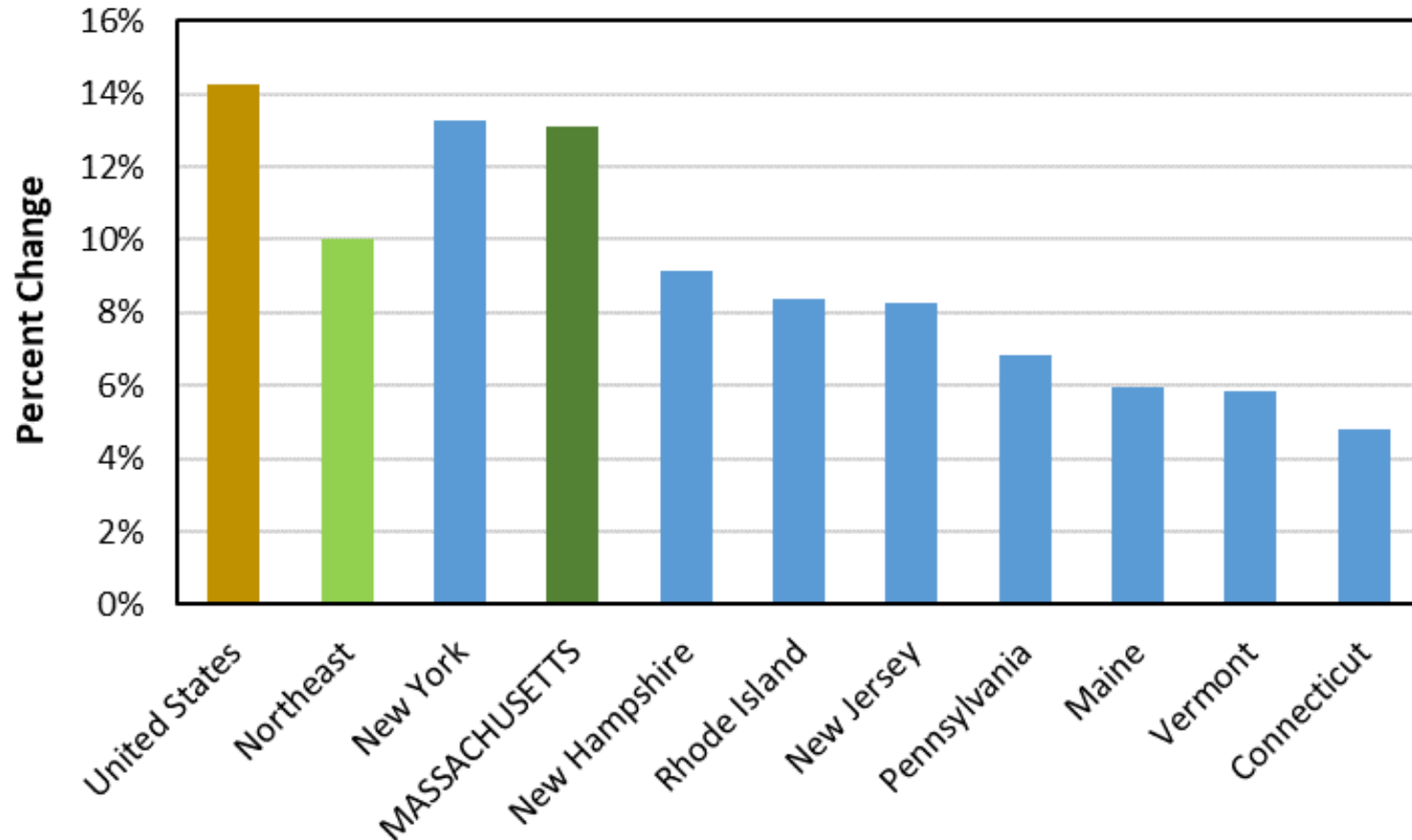
UMass Donahue Institute. Source: Cumulative Estimates of the Resident Population Change for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2019 (NST-EST2019-02). U.S. Census Bureau, Population Division. Release Date: December 30, 2019.

# Estimated Components of Population Change



# Massachusetts is a leader in job growth in the Northeast.

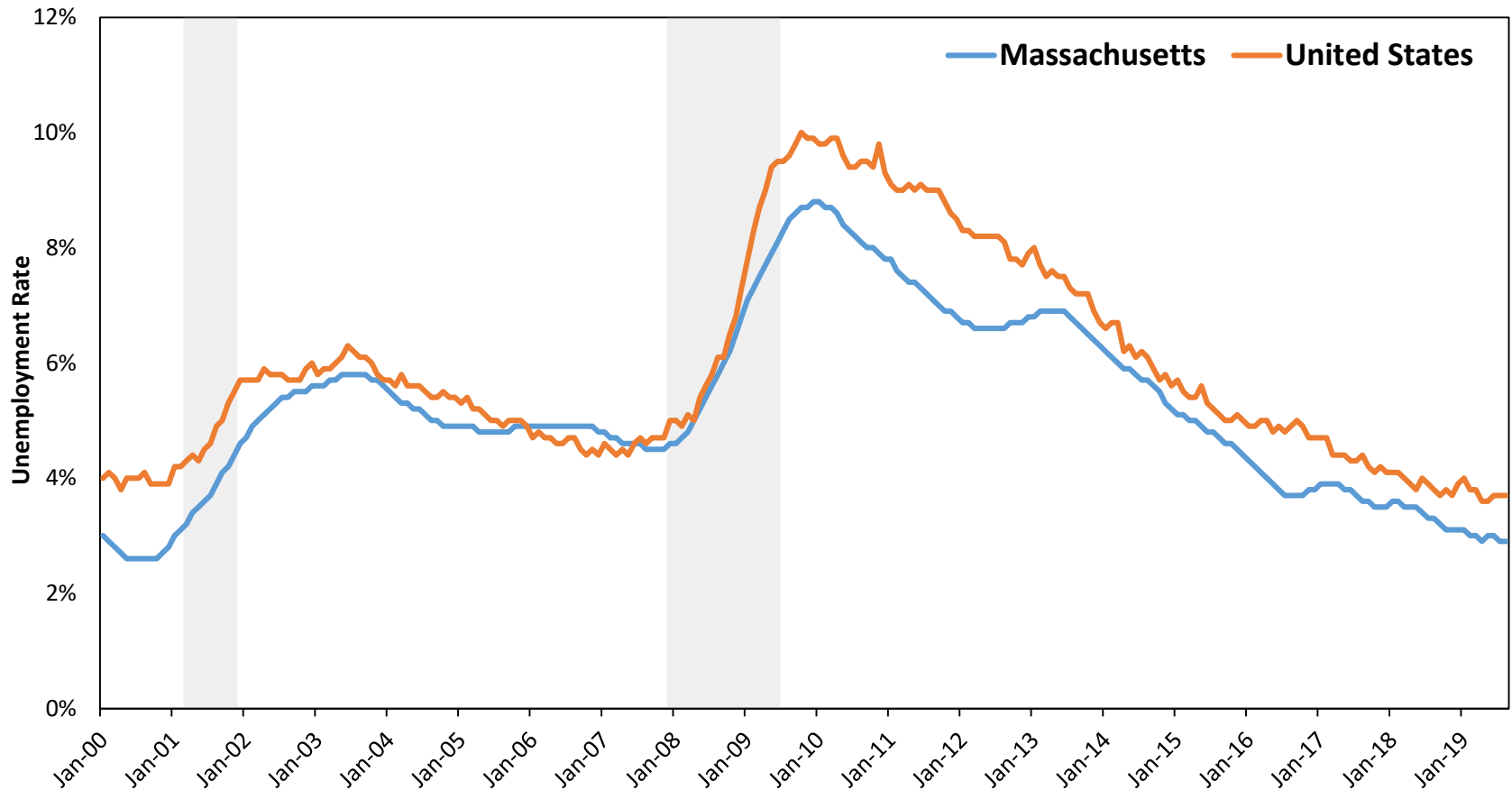
*Change in Employment by State, 2010-2018*



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics; UMDI analysis.

# Unemployment rate is heading to historic low

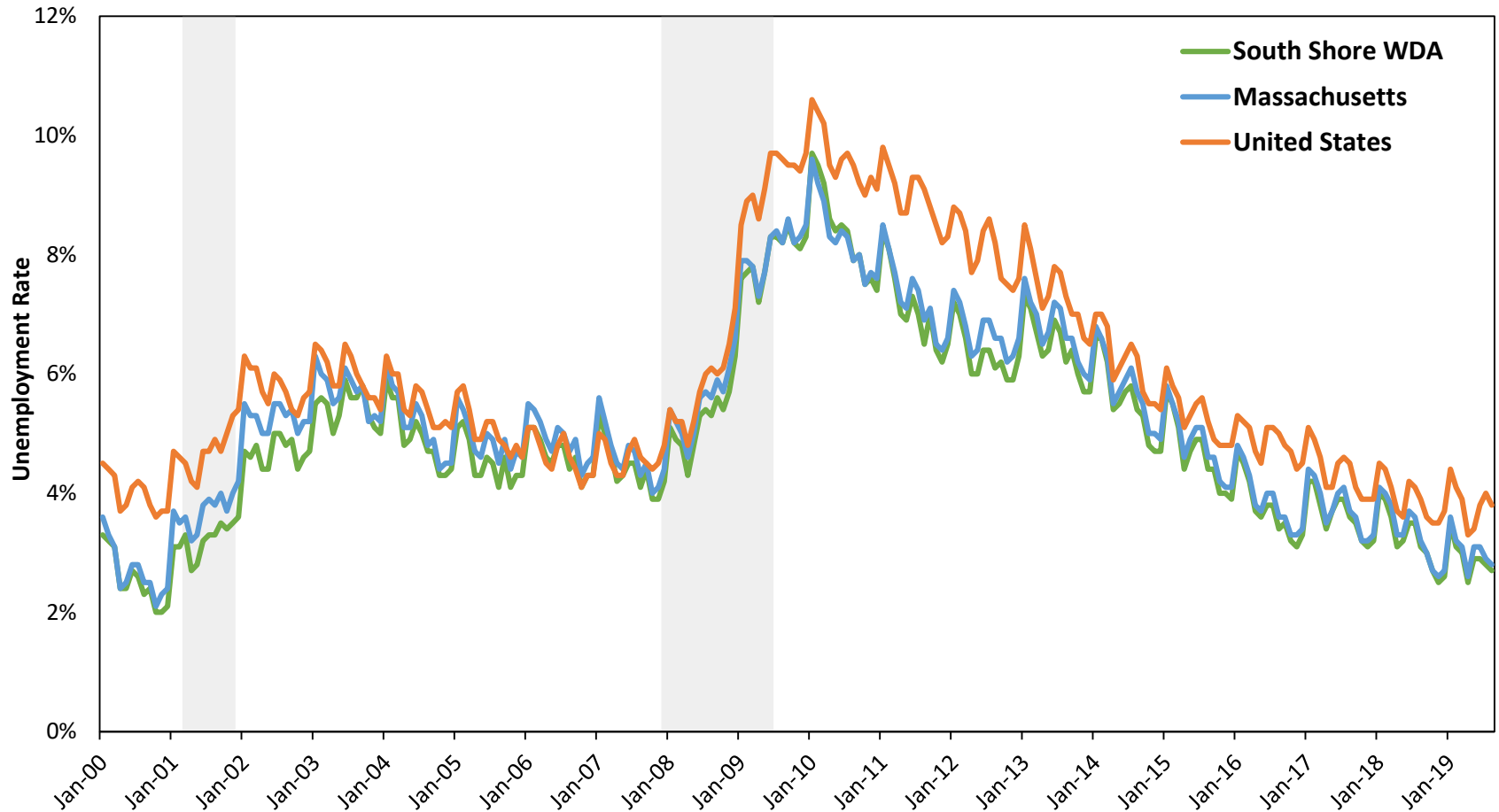
Monthly Unemployment Rates in Massachusetts and the United States, January 2000-August 2019, Seasonally adjusted



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment Statistics

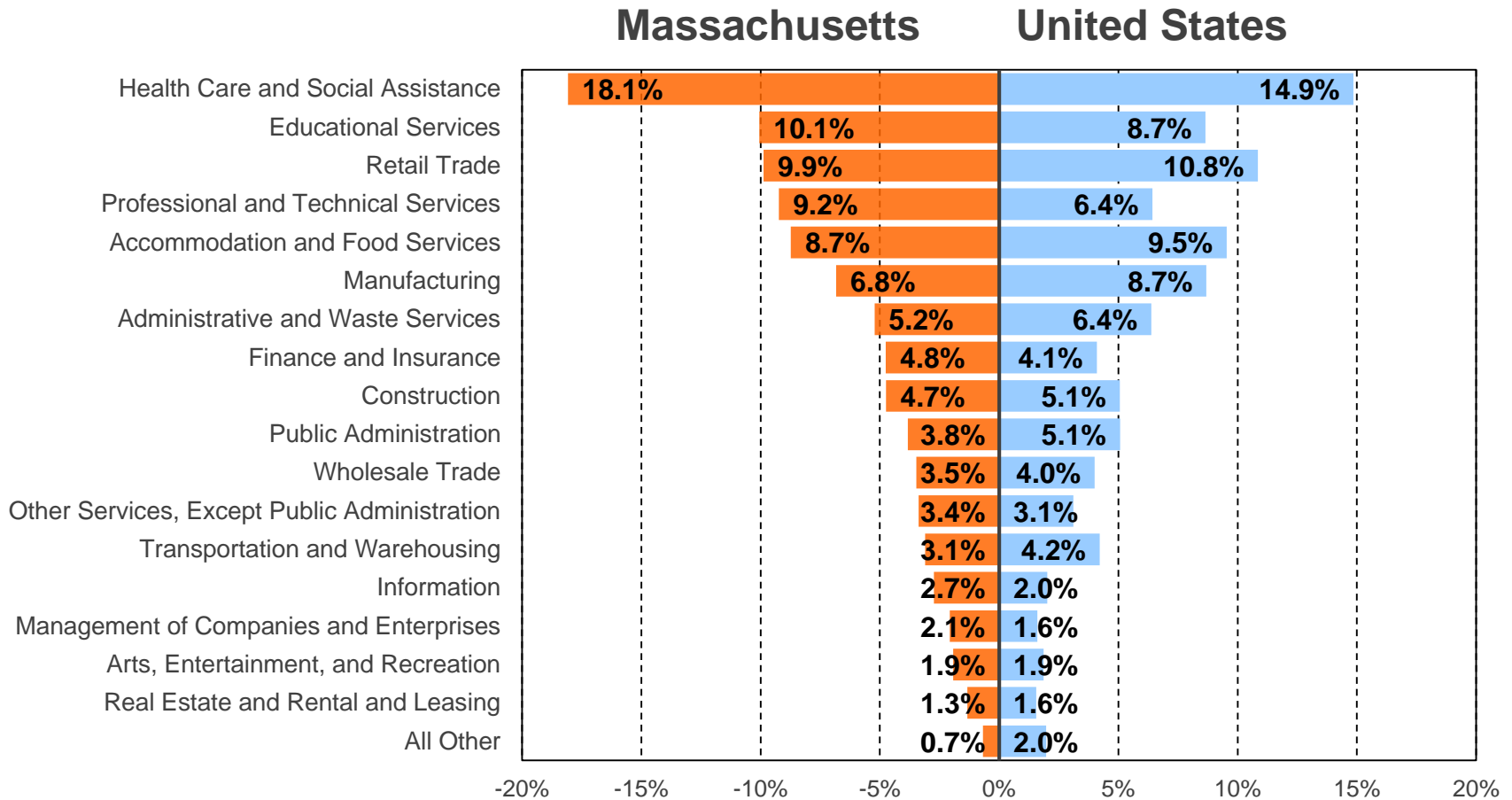
# Unemployment rate is heading to historic low

Monthly Unemployment Rates in Massachusetts and the United States, January 2000-October 2019, Not seasonally adjusted



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment Statistics

# Massachusetts and U.S. Industry Mix, 2018

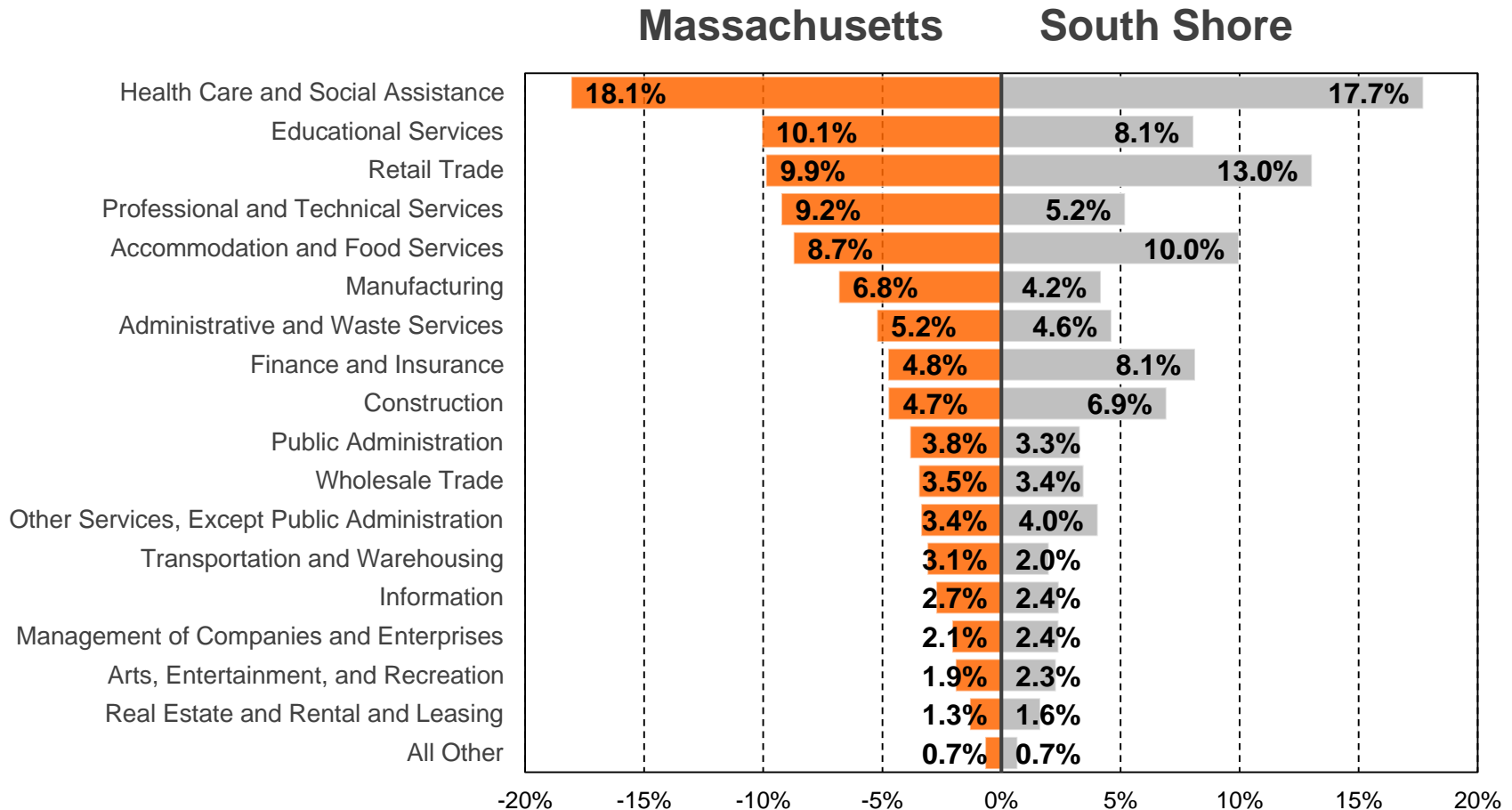


Sources: Massachusetts Executive Office of Labor and Workforce Development, ES-202; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. UMDI analysis.

Note: All Other includes: Utilities; Agriculture, Forestry, Fishing, & Hunting; Mining, Quarrying, and Oil & Gas Extraction; and Unclassified industries.



# Massachusetts and South Shore Industry Mix, 2018

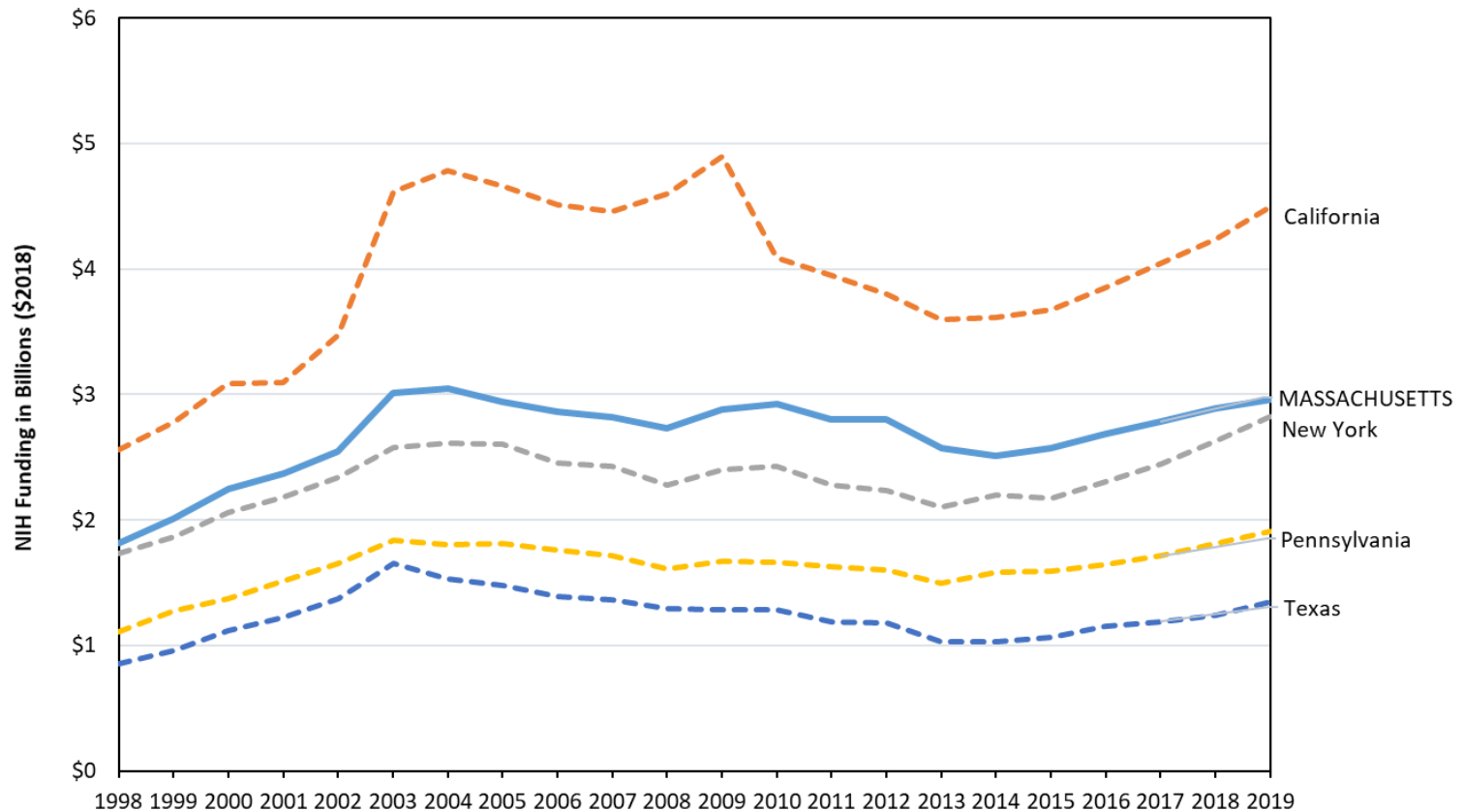


Sources: Massachusetts Executive Office of Labor and Workforce Development, ES-202. UMDI analysis.

Note: All Other includes: Utilities; Agriculture, Forestry, Fishing, & Hunting; Mining, Quarrying, and Oil & Gas Extraction; and Unclassified industries. South Shore is the South Shore Workforce Development Area (WDA).

# NIH Research and Development

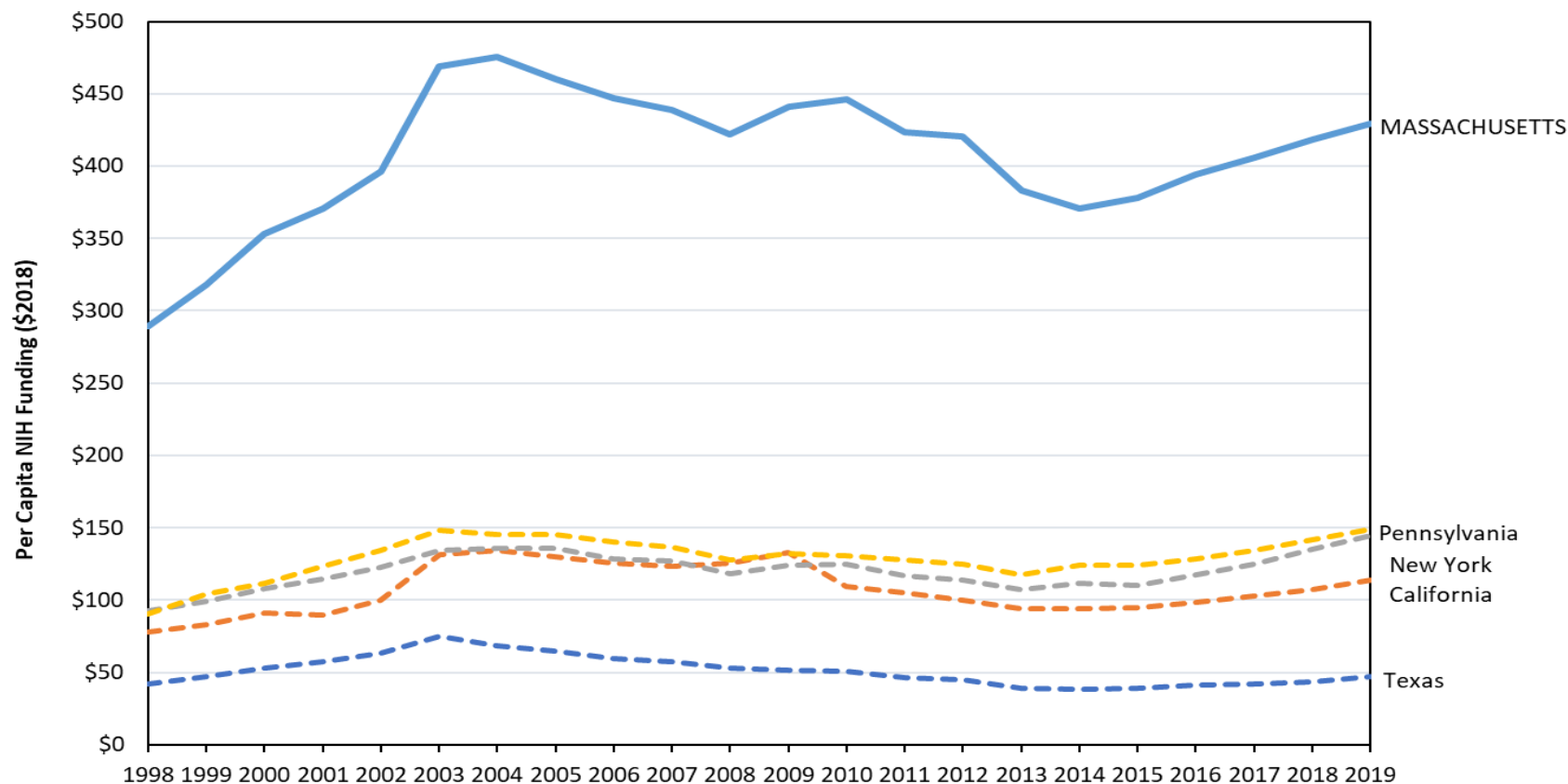
Top 5 State Leaders in NIH Funding (in \$2018), 1998-2019



Sources: U.S. Department of Health and Human Services, National Institutes of Health (NIH) Research Portfolio Online Reporting Tools (RePORT), NIH Awards by Location & Organization, accessed 10/15/2019; UMDI analysis.

# NIH Research and Development Per Capita

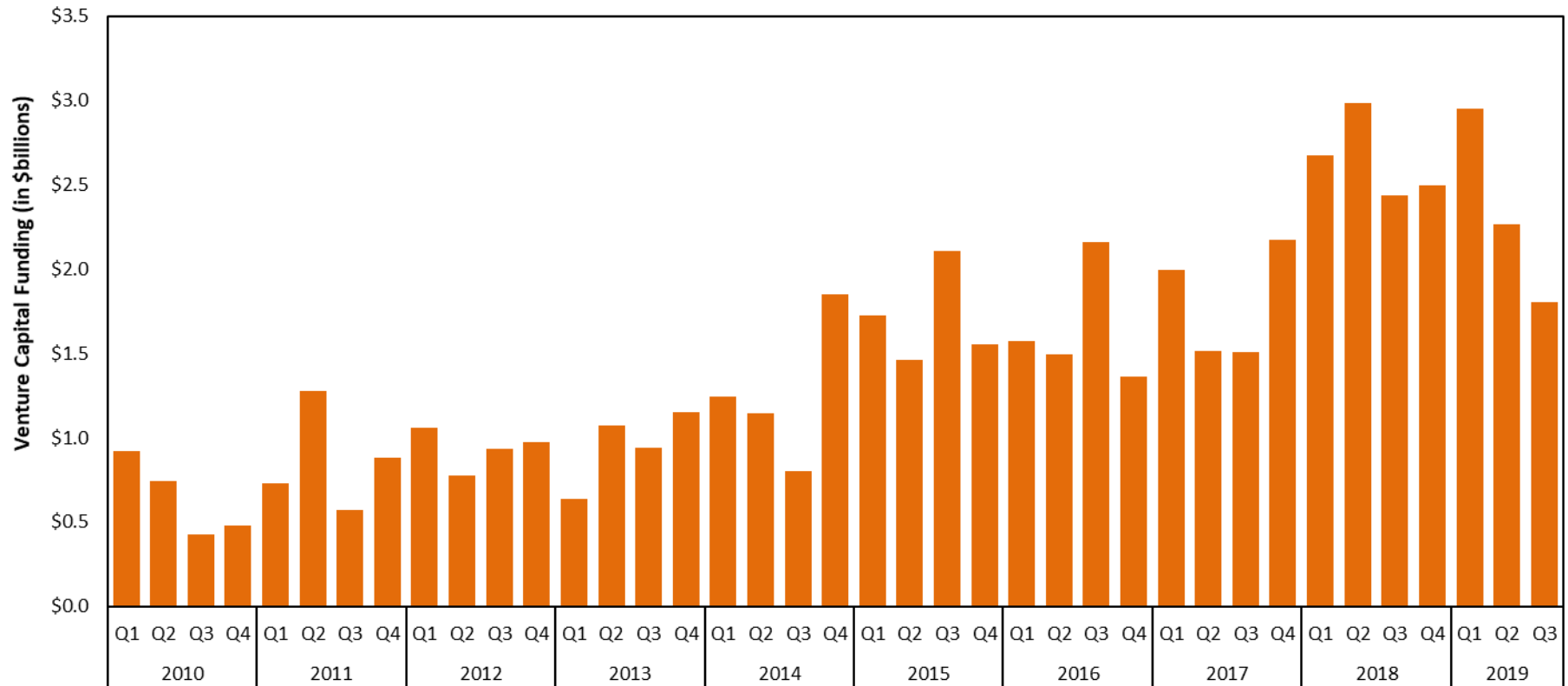
Top 5 State Leaders in per capita NIH Funding (in \$2018), 1998-2019



Sources: U.S. Department of Health and Human Services, National Institutes of Health (NIH) Research Portfolio Online Reporting Tools (RePORT), NIH Awards by Location & Organization, accessed 10/15/2019; U.S. Bureau of Economic Activity (BEA), Regional Data GDP & Personal Income, SA1 Personal Income Summary, UMDI analysis.

# Entrepreneurship: Growth in Venture Capital

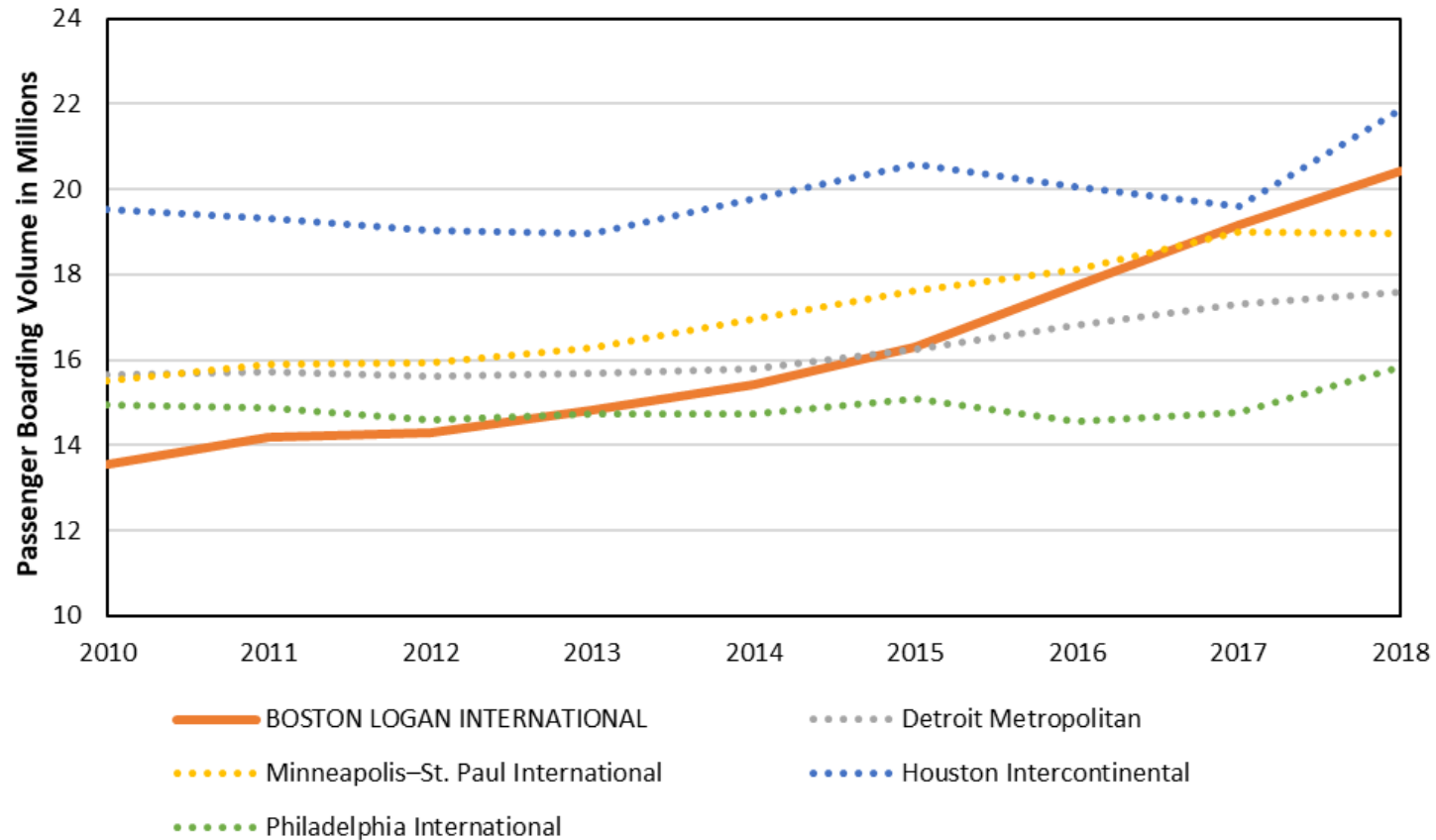
Massachusetts Venture Capital Funding, 2010-2019 by Quarter



Source: PricewaterhouseCoopers, <https://www.pwc.com/us/en/industries/technology/moneytree.html>

# Logan Airport Passenger Volumes Surging

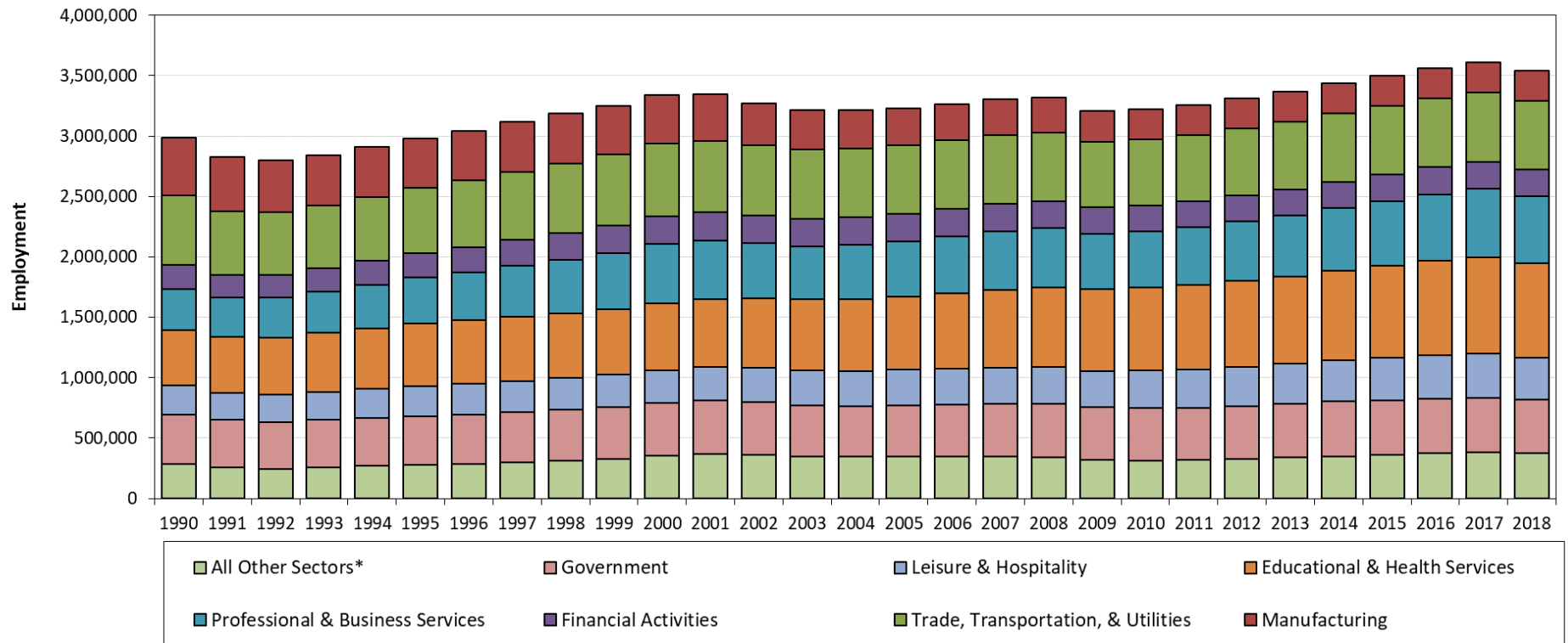
Overall Passenger Volume in Logan International Compared to Airports of Similar Size, 2010-2018



Source: U.S. Department of Transportation, Federal Aviation Administration Air Carrier Activity Information System (ACAIS), Passenger Boarding (Enplanements) and All-Cargo Data for U.S. Airports; Retrieved from Wikipedia; [https://www.faa.gov/airports/planning\\_capacity/passenger\\_allcargo\\_stats/passenger/](https://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/). Years represent full calendar years (CYs).

# Job growth has slowed statewide.

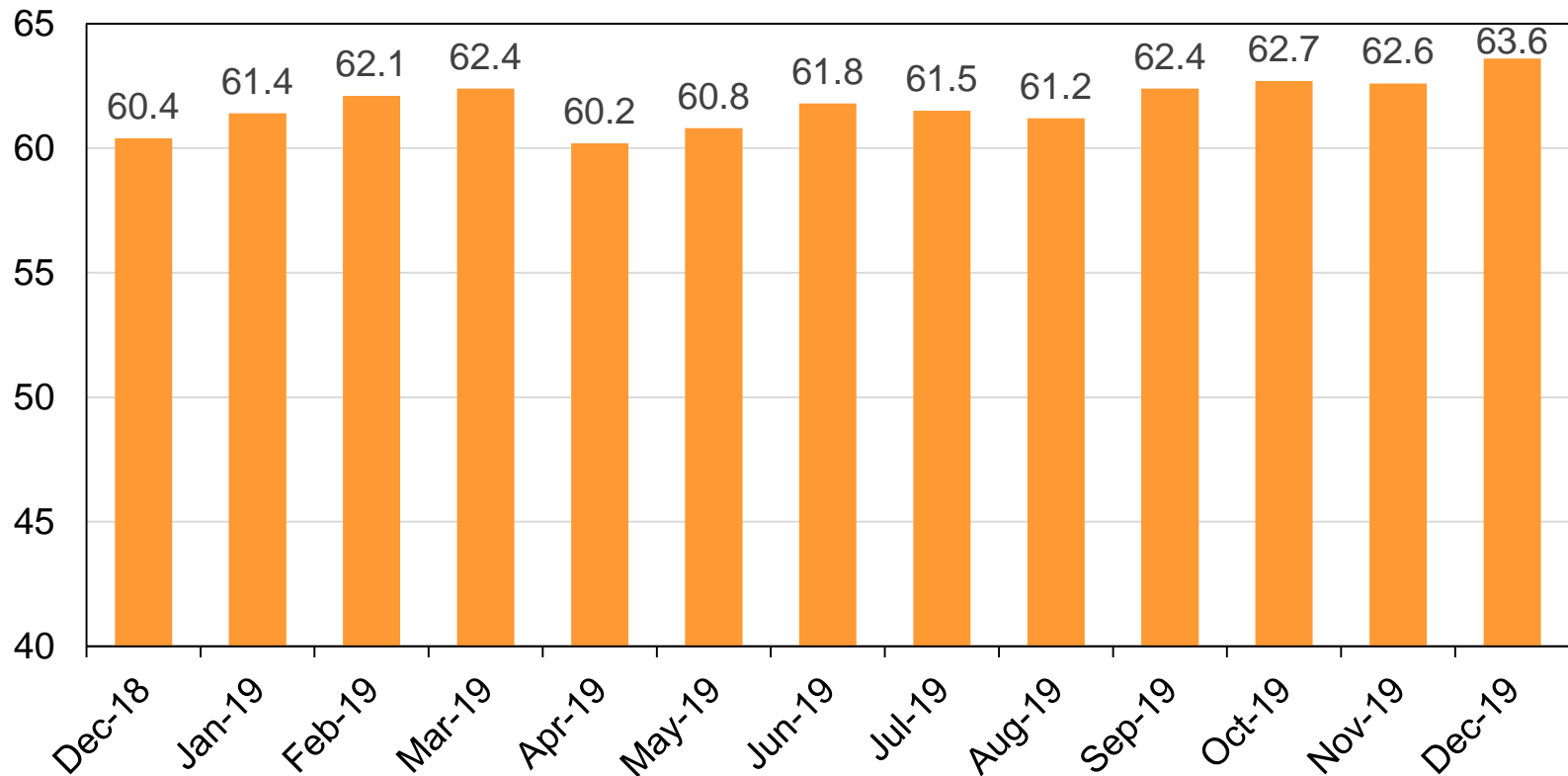
*Annual Average Employment in Massachusetts by NAICS Supersector, 1990-2018*



Source: U.S. Bureau of Labor Statistics (BLS), \*Includes Mining & Natural Resources, Construction, Information, and Other Services

# The economy slowed in the fall but things have since seemed to stabilize.

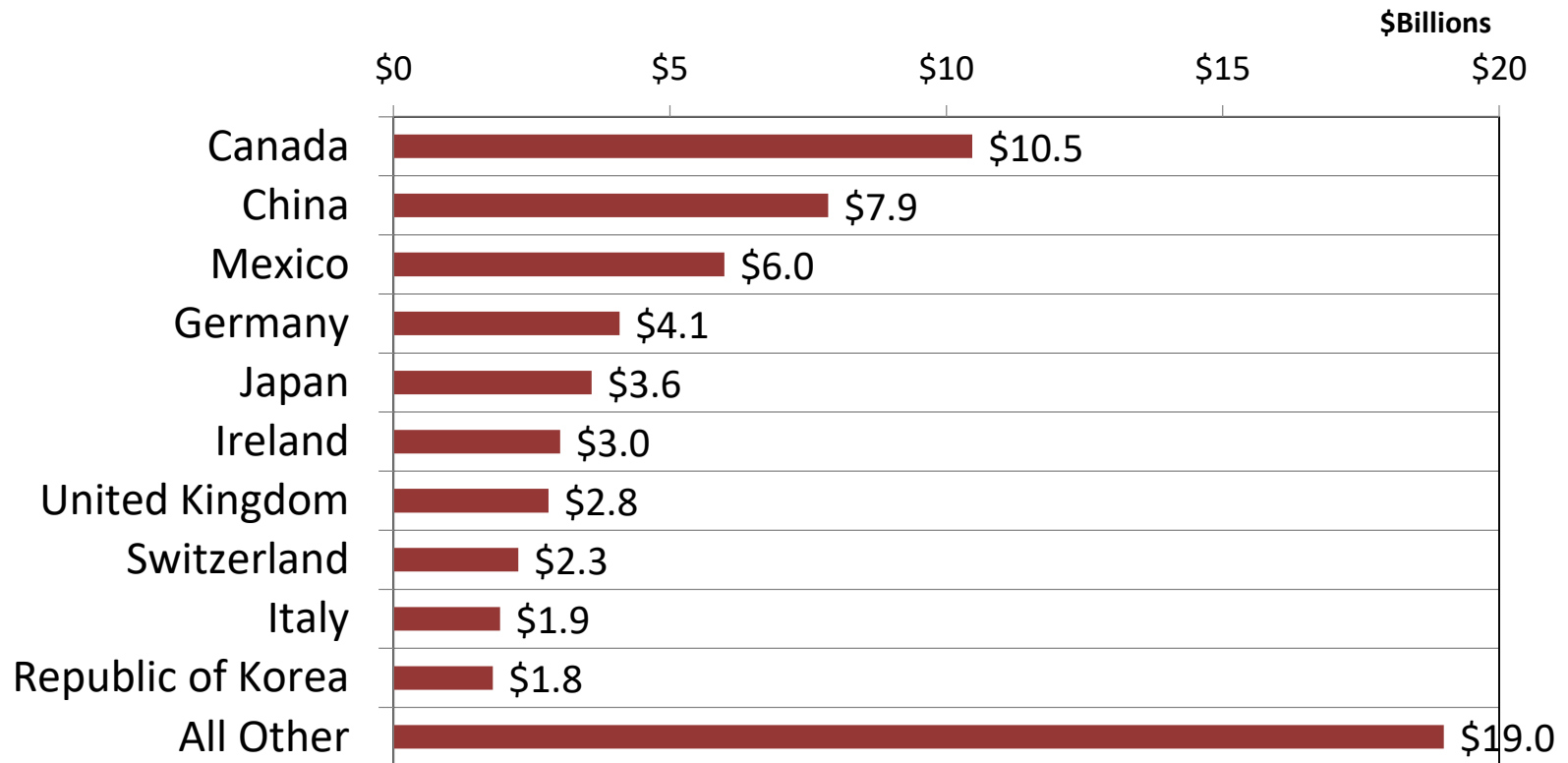
*AIM Business Confidence Index, December 2018-December 2019*



Source: U.S. Bureau of Labor Statistics (BLS), \*Includes Mining & Natural Resources, Construction, Information, and Other Services

# Canada, China, and Mexico are our top trading partners for exports and imports.

Massachusetts' 2018 Top Trading Partners (in \$2018)



Source: WISERTrade; UMDI analysis

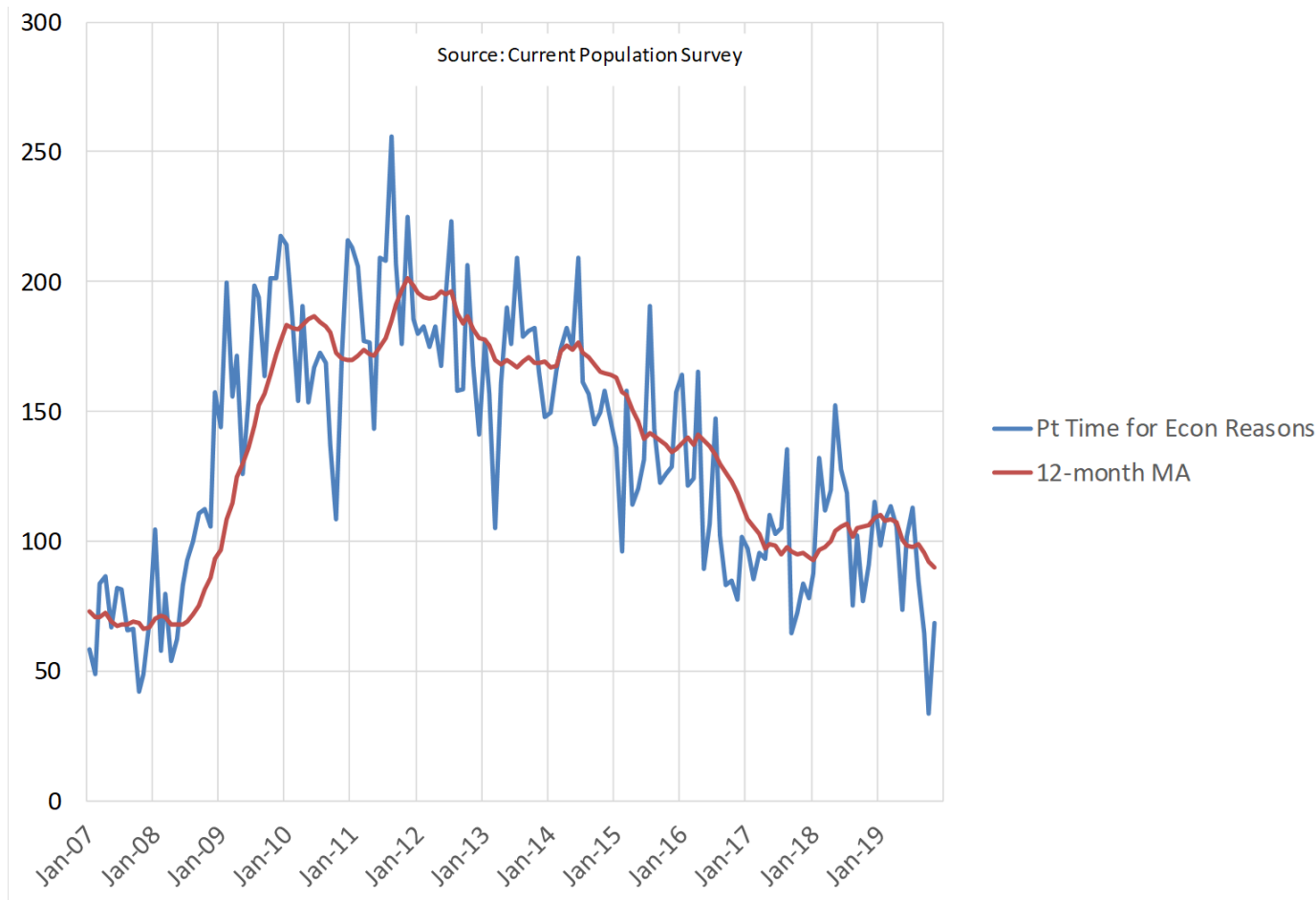


**The state is performing well overall...**

**but these impacts are not felt evenly.**

# Part Time for Economic Reasons

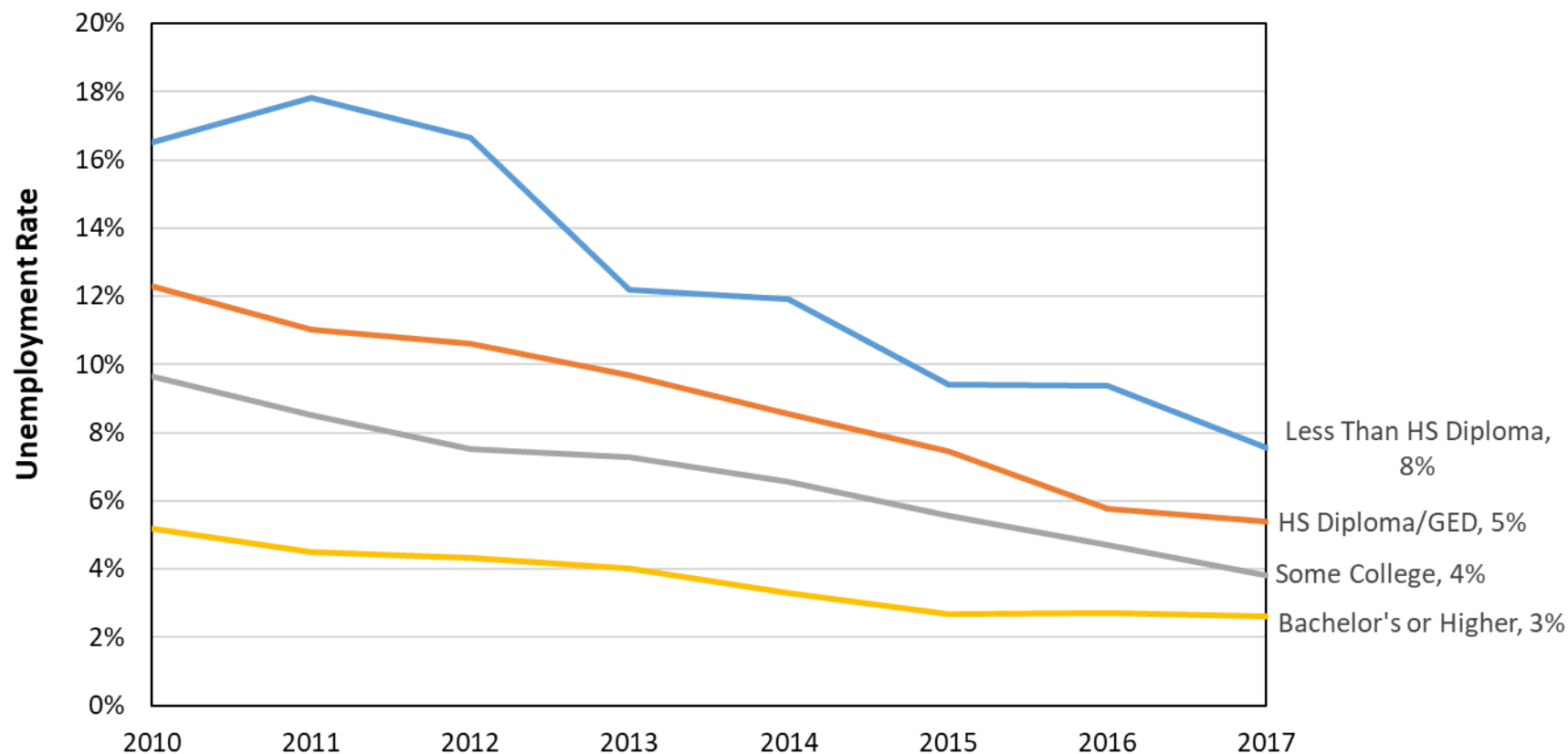
Number of Part Time for Economic Reasons, Massachusetts (Thousands of Persons)



Source: U.S. Bureau of Labor Statistics, Current Population Survey; Dr. Alan Clayton-Matthews' analysis

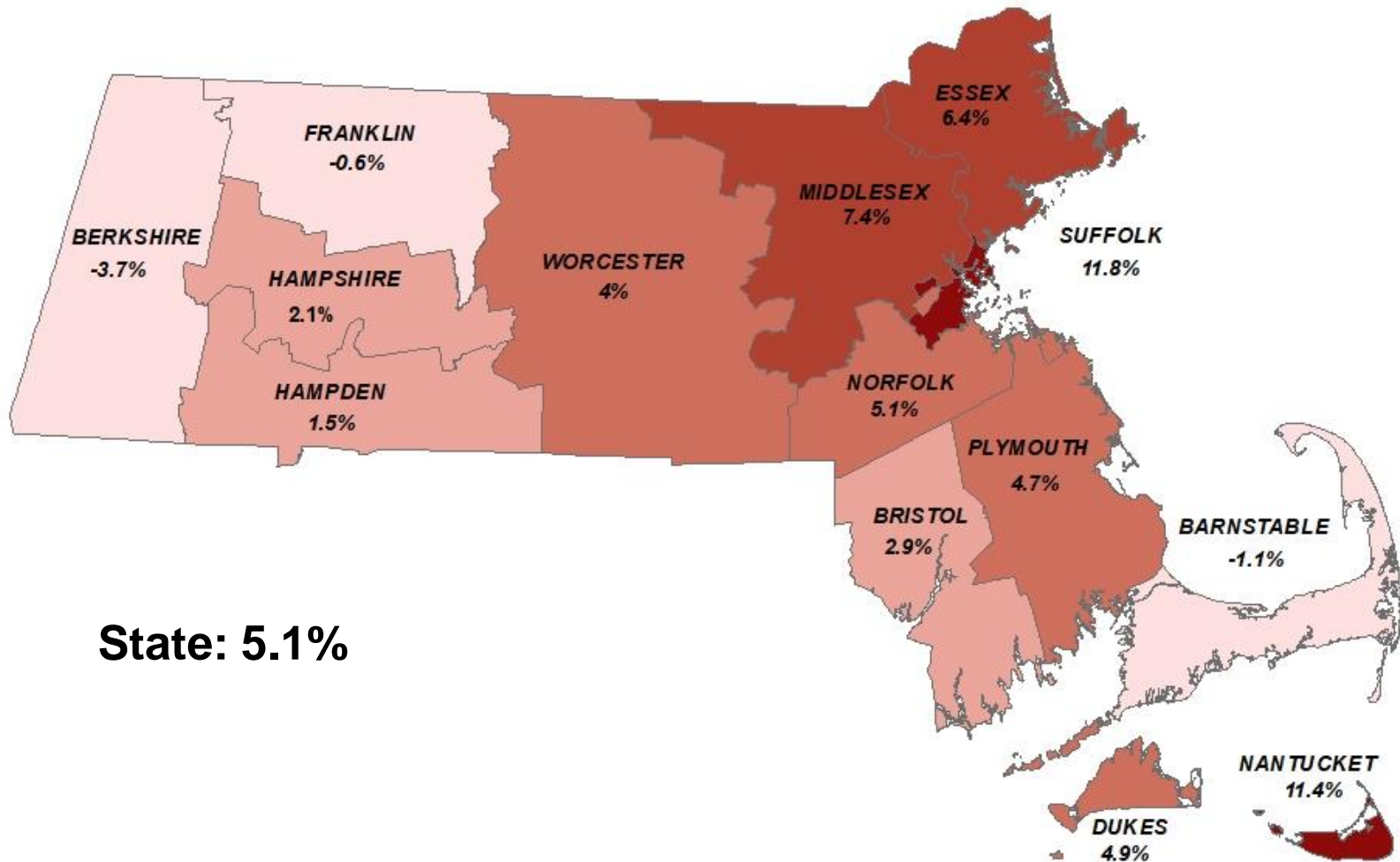
# Unemployment by Educational Attainment

Population in Massachusetts 25 Years and over, 2010-2017



Source: U.S. Census Bureau, American Community Survey, 2017 1-Year Estimates; UMDI analysis

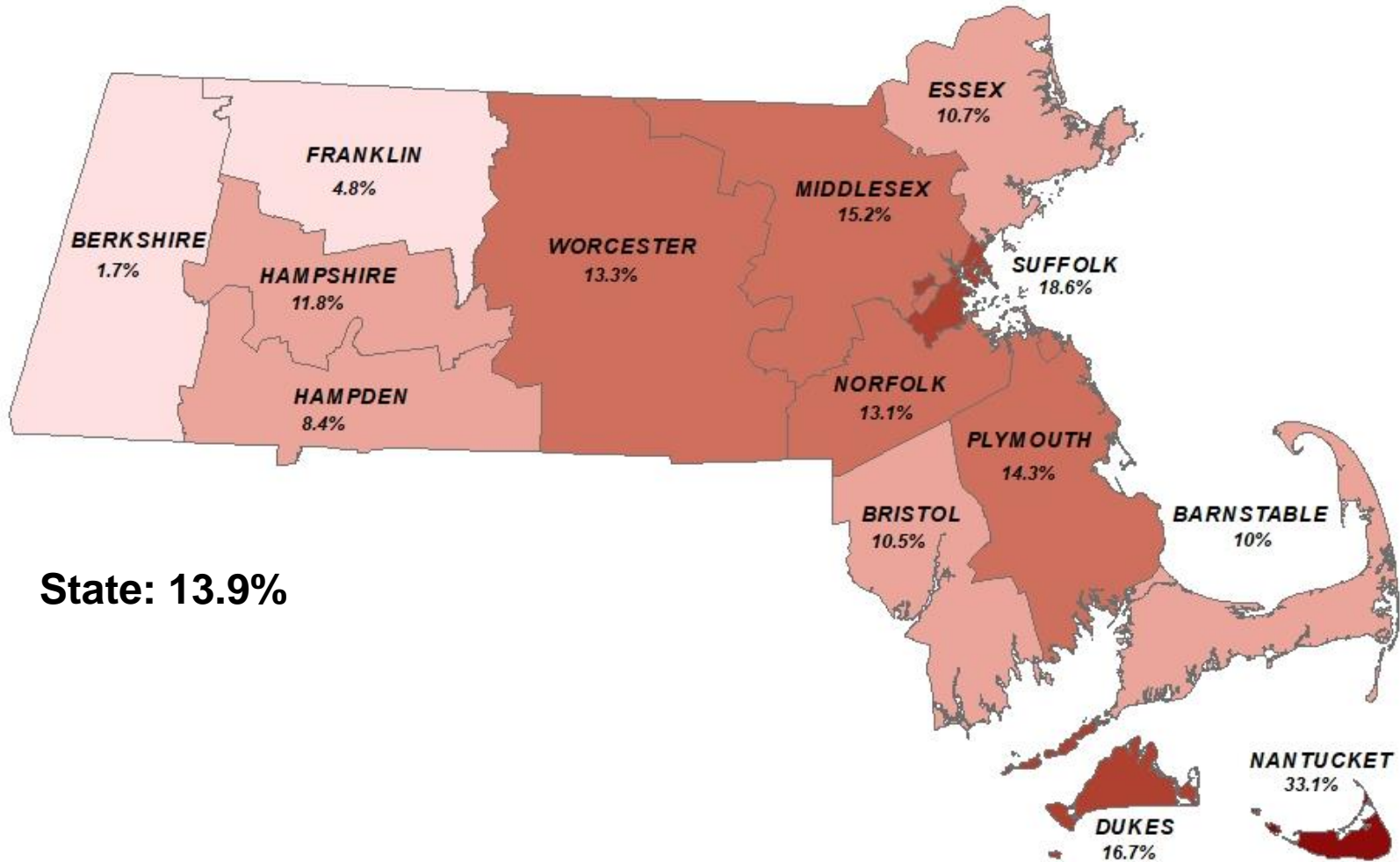
# Massachusetts Population Growth, 2010-2018



**State: 5.1%**

Source: UMDI mapping analysis, U.S. Census Bureau, Population Division, April 1, 2010 to July 1, 2018, Annual Estimates of the Resident Population

# Massachusetts Employment Growth, 2010-2018

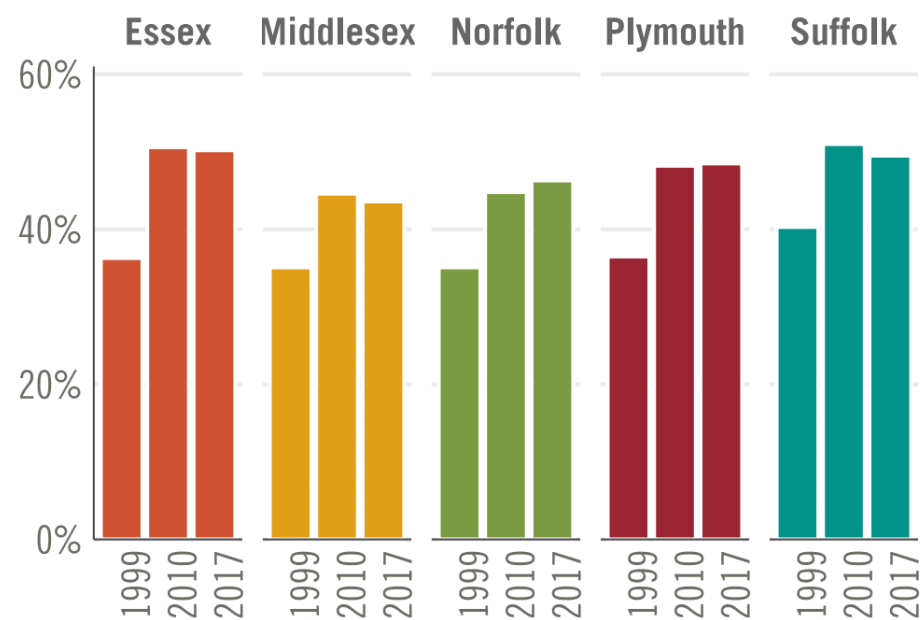
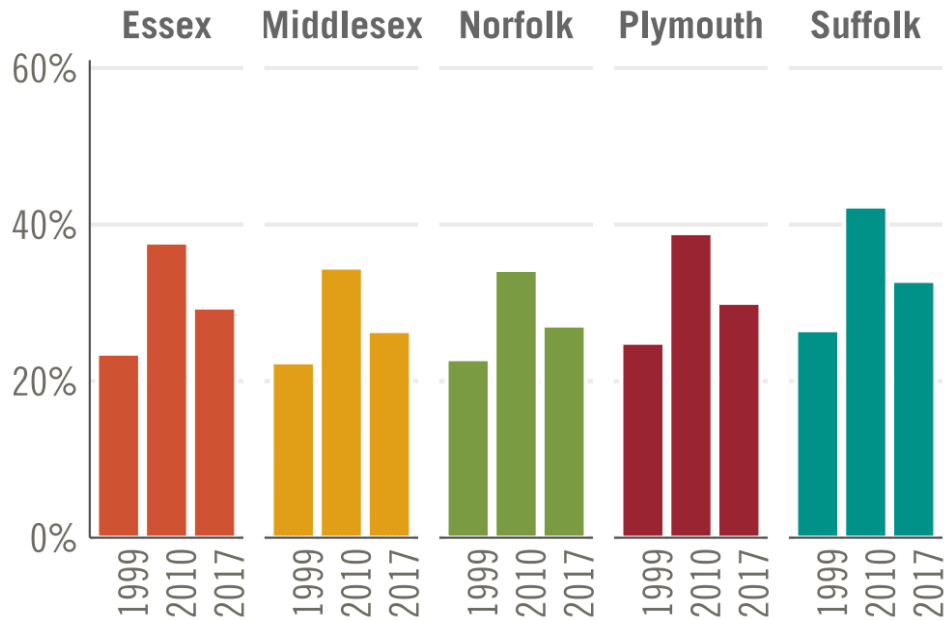


Source: UMDI mapping analysis, Bureau of Labor Statistics (BLS), 2010 to 2018 Quarterly Census of Employment and Wages (QCEW)

# The share of households that were cost burdened increased between 1999 and 2010, and remained elevated among renter households through 2017.

Percent of **Owner** Households Spending 30 Percent or More of Income on Housing Costs by county, 1999, 2010, 2017

Percent of **Renter** Households Spending 30 Percent or More of Income on Housing Costs by county, 1999, 2010, 2017

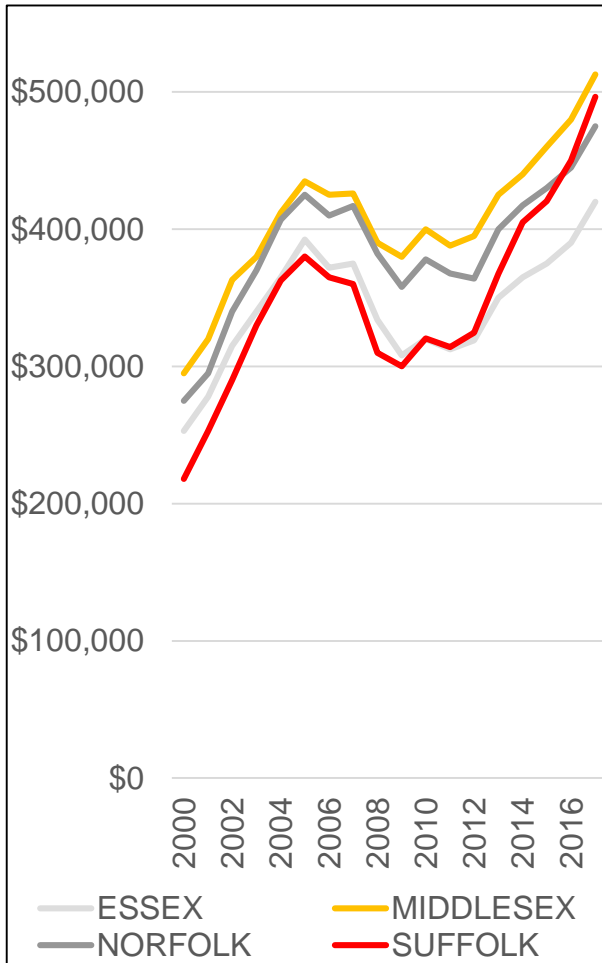


Source: U.S. Census Bureau, Decennial Census (1999) and American Community Survey, 5-year estimates (2013–2017)

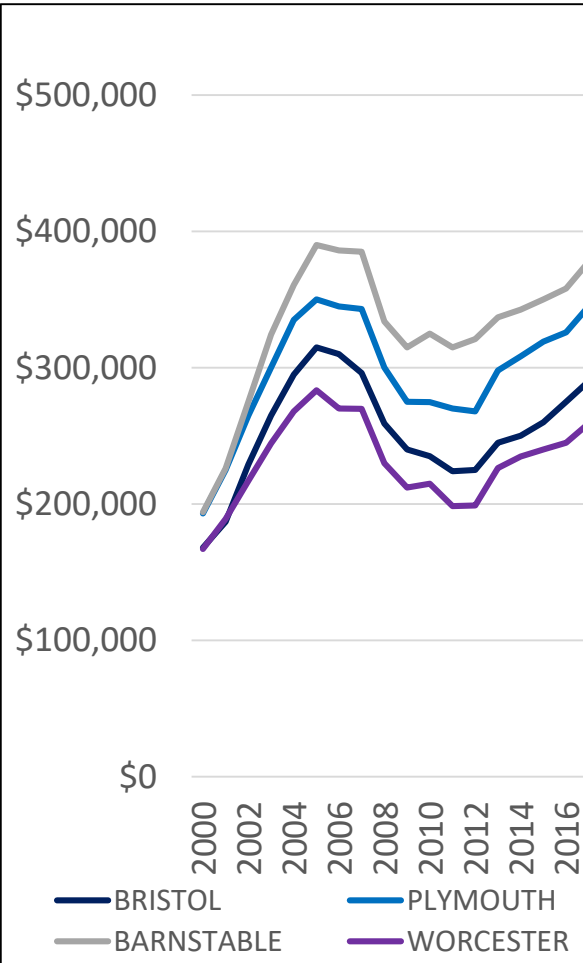


# Home Sale Prices by Region

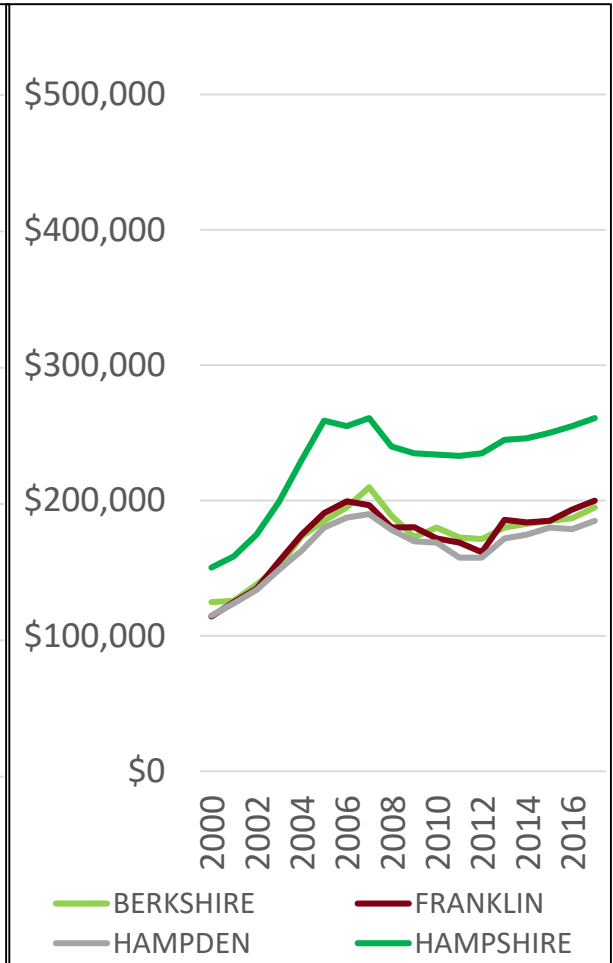
Eastern Mass



Southeast and Central Mass



Western Mass

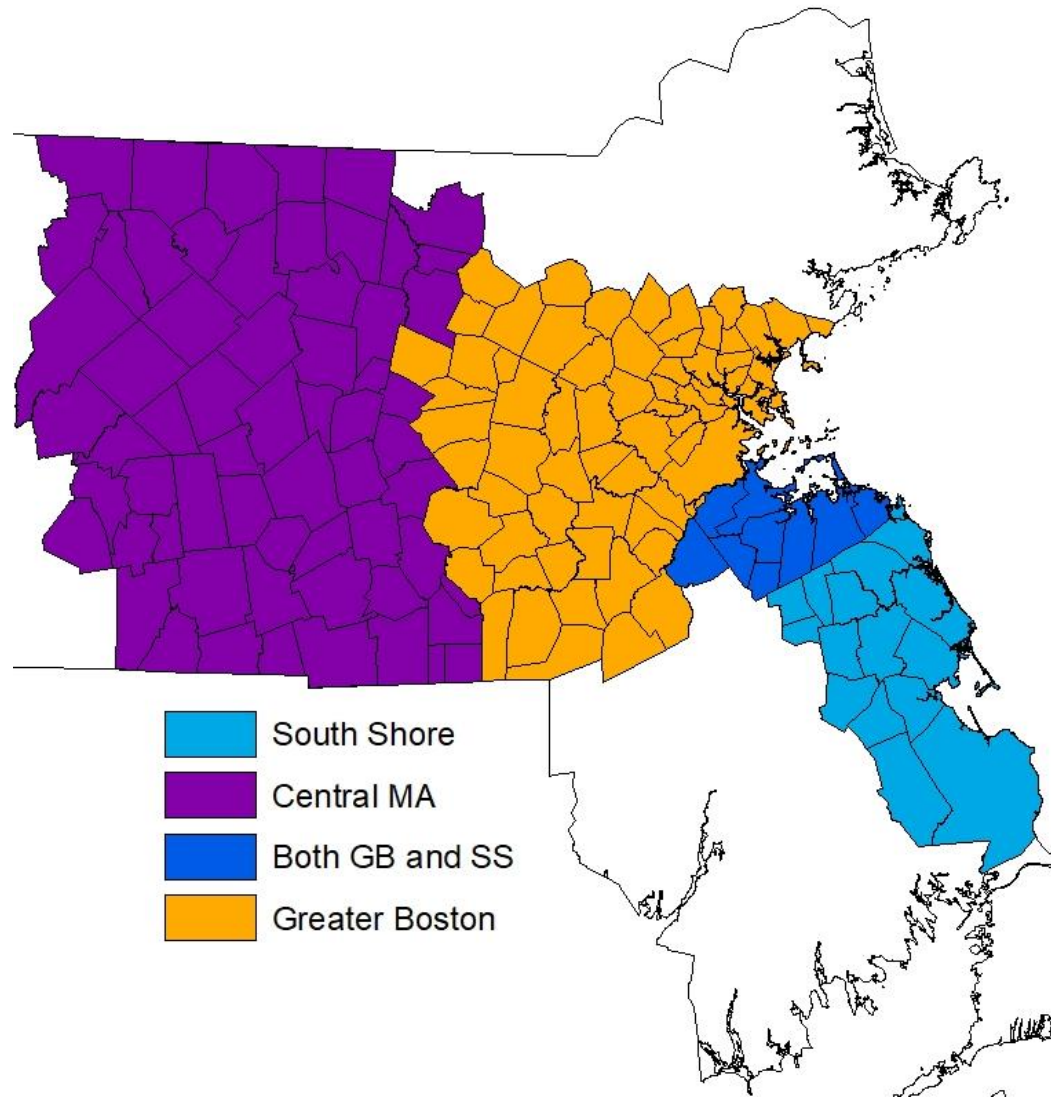


Source: 2000-2017 Massachusetts Association of Realtors (MAR)

# Spotlight on the South Shore Region



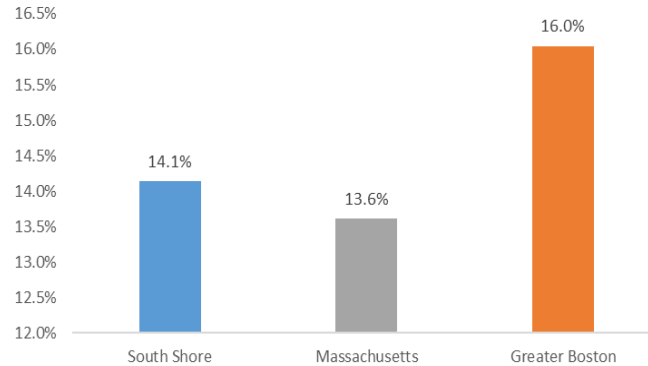
# South Shore and Other Major Regions



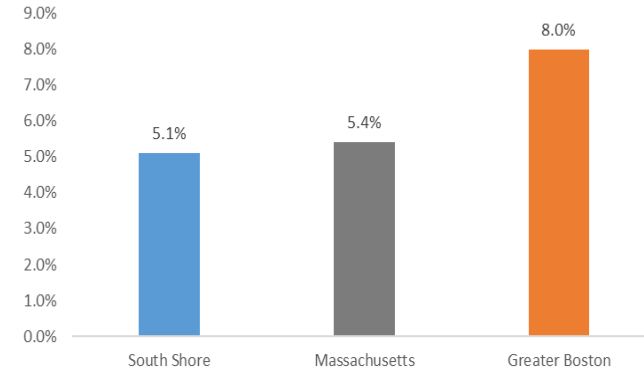
# South Shore at a Glance

- **8.6%** of MA Population
- **6.5%** of Jobs in MA
- **11%** of Finance Jobs in MA
- **9.4%** of Construction Jobs in MA
- **3.5%** UER in January 2019

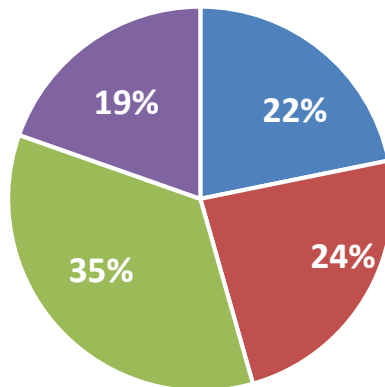
Employment Growth, 2010 to 2018



Population Growth, 2010 to 2018

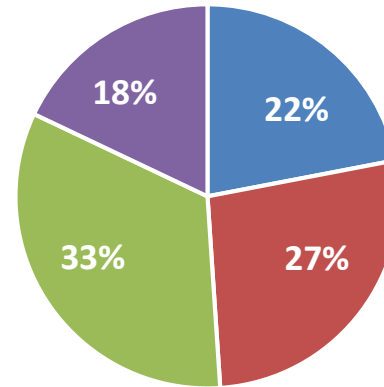


South Shore (2020)

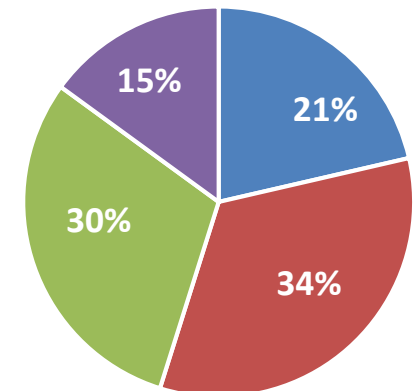


Massachusetts (2020)

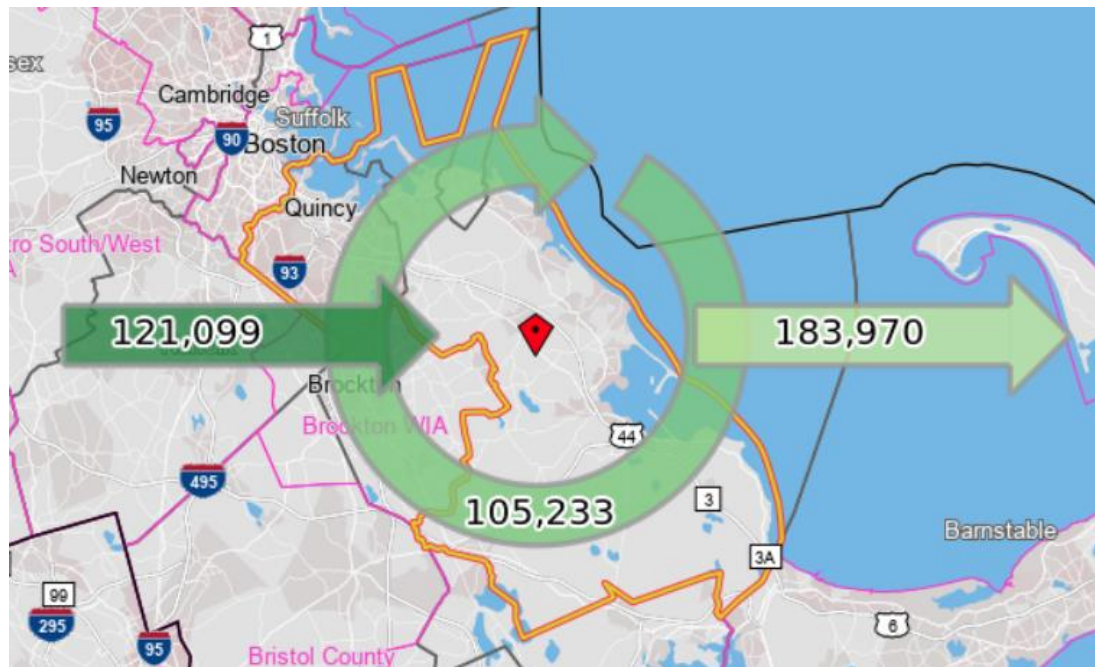
■ 0-19 ■ 20-39 ■ 40-64 ■ 65+



Greater Boston (2020)



# South Shore Inflow-Outflow Analysis, 2017



<b>INFLOW</b>	<b>121,099</b> Employed in South Shore, Live Outside
	<b>105,233</b> Employed and Live in South Shore
<b>OUTFLOW</b>	<b>183,970</b> Live in South Shore, Employed Outside

## Top 10 Work Destinations for North Central Residents

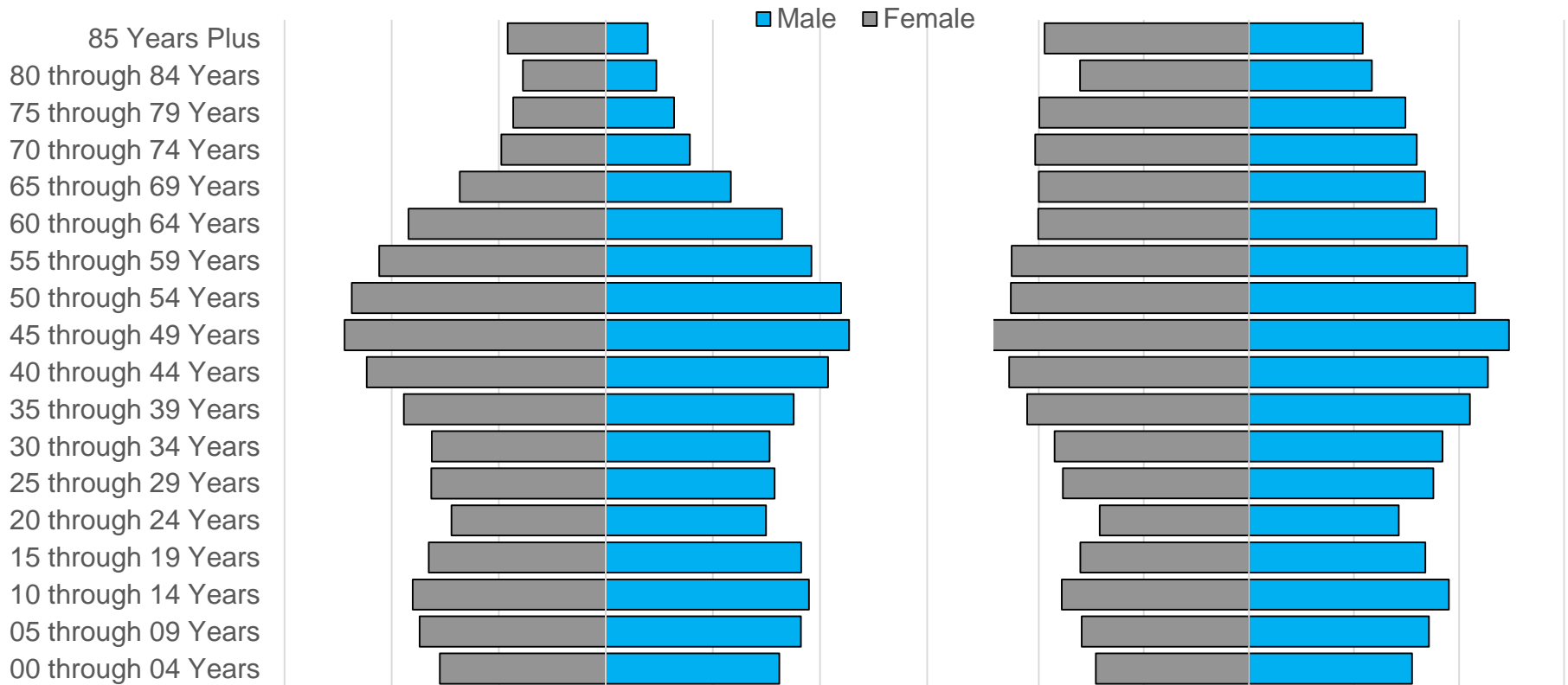
Municipality	Share of Workers
Boston	25.0%
Quincy	6.7%
Braintree	3.7%
Weymouth	3.3%
Cambridge	2.5%
Brockton	2.1%
Plymouth	1.3%
Newton	1.2%
Waltham	1.1%
Milton	1.0%

Source: U.S. Census Bureau, On the Map. Note: South Shore is the South Shore Workforce Investment Area (WIA)

# South Shore Population in 2010 Compared to Projected Population in 2040

South Shore Population 2010

South Shore Population 2040



Source: UMass Donahue Institute Population Projections

# Current Issues Facing Massachusetts

- Housing affordability
- Aging population & attracting and retaining young workers
- Investment in public education and infrastructure
- Transportation reliability and rising congestion
- Business confidence in the state—tariffs, trade, uncertainty of federal policy
- Geographic and social equity of economic opportunity

# Thank you!

**Mark Melnik, Ph.D.**

Director of Economic & Public Policy Research  
UMass Donahue Institute  
One Beacon Street, Floor 31  
Boston, MA 02108  
(617) 287-3988

MMelnik@donahue.umassp.edu

[www.donahue.umassp.edu](http://www.donahue.umassp.edu)

**Follow us:**



UMass Donahue



UMass Donahue Institute