



# THE NEW MAP OF ECONOMIC GROWTH AND RECOVERY

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# INTRODUCTION

The U.S. economy is in a constant state of evolution, but recessions tend to bookend distinct eras of growth and development. The Great Recession was no different. The ongoing expansion continues to take shape, but it so far has been characterized by deep economic anxiety persisting alongside steady headline growth. Getting to the bottom of that paradox motivated this report.

**The findings capture an economy veering towards a less broadly dynamic, less entrepreneurial, and more geographically concentrated equilibrium.**

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This analysis surveys the economic landscape emerging from the Great Recession and compares it to previous recovery periods. It identifies differences in the strength and geography of county-level growth in employment and business establishments — two key markers of economic dynamism — and uncovers three significant transformations in the economy. The first and most unambiguously troubling is a collapse in the number of new firms in the economy. The second is the increasing geographic concentration of recovery-era businesses and jobs into a smaller number of more populous counties. The third is the shift in the counties driving the nation's economic recoveries from smaller to larger ones.

Together, the findings capture an economy veering towards a less broadly dynamic, less entrepreneurial, and more geographically concentrated equilibrium — more reliant than ever on a few high-performing geographies abundant in talent and capital to carry national rates of growth. Even in the relatively short period of time analyzed here, patterns have reversed. Large urban counties dominate where they once lagged, while small counties have nearly disappeared from the map of recovery altogether.

At the national level, a scarcity of new businesses implies a future of reduced economic dynamism. New businesses play a disproportionate role in commercializing innovations, stoking competition, and driving productivity growth. They also create the bulk of the nation's net new jobs and provide the extra demand that is critical to achieving wage-boosting full employment.

What is more, the geographically uneven nature of the collapse in startups implies that wide swathes of the country will soon be contending with the consequences of a missing generation of enterprise.

Many communities will see fewer employment opportunities as a result, and depressed entrepreneurship will leave their local economies more vulnerable to the downsides of inevitable economic shifts to come.

Taken in sum, these findings suggest an economic future that may look very different from the recent past — one in which growing geographic disparities and diminished business dynamism become increasingly urgent concerns. In response, the economic solutions and development strategies of the future must focus on removing barriers to entry for new firms and fostering local ecosystems of investment and entrepreneurship throughout the country. This report aims to raise awareness of these pressing policy concerns.

## METHODOLOGY

This study draws on the most recent publicly available data from the U.S. Census Bureau's County Business Patterns program. It compares the rate and geography of the country's economic growth on two metrics, the number of jobs and the number of business establishments, over the first five years of the most recent three recoveries (1992 to 1996, or "the 1990s;" 2002 to 2006, or "the 2000s;" and 2010 to 2014, or "the 2010s"). Additional data points cited here come from the Census Bureau's Business Dynamics Statistics and Population Estimates programs.

# FINDINGS

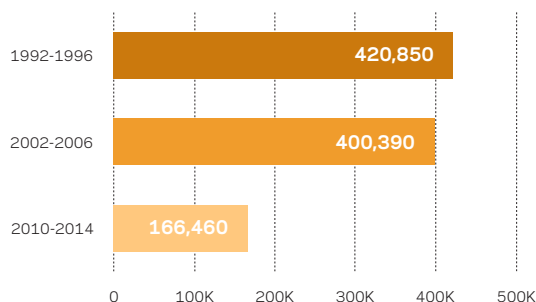
## The 2010s recovery was marked by a collapse in new business formation.

- I. Hundreds of thousands of new business establishments remain missing.
- II. The fall-off in new business establishments was directly due to a lack of startups rather than a spike in closures.
- III. Nearly three in five counties saw more business establishments close than open from 2010 to 2014.
- IV. Only one-quarter of all counties added business establishments at the same rate as the national economy.
- V. Twenty counties alone generated half of the country's new business establishments.

### I. Hundreds of thousands of new business establishments remain missing.

The 2010s recovery stands out for the scarcity of new business establishments opening in the wake of the recession. Establishments are defined as single physical locations — with employees and owned by firms — where business is conducted or services and operations are performed. They often serve as the physical

Figure 1. Net change in U.S. business establishments



manifestation of the country's economic development and are concrete signs of economic growth for the communities in which they open. The 1990s recovery was fueled by a net increase of nearly 421,000 business establishments, a 6.7 percent uptick. The 2000s recovery saw a similar increase of 400,500 business establishments, or a 5.6 percent uptick. By contrast, over the first five years of the 2010s recovery, the number of business establishments in the United States increased by only 166,500, representing a meager 2.3 percent

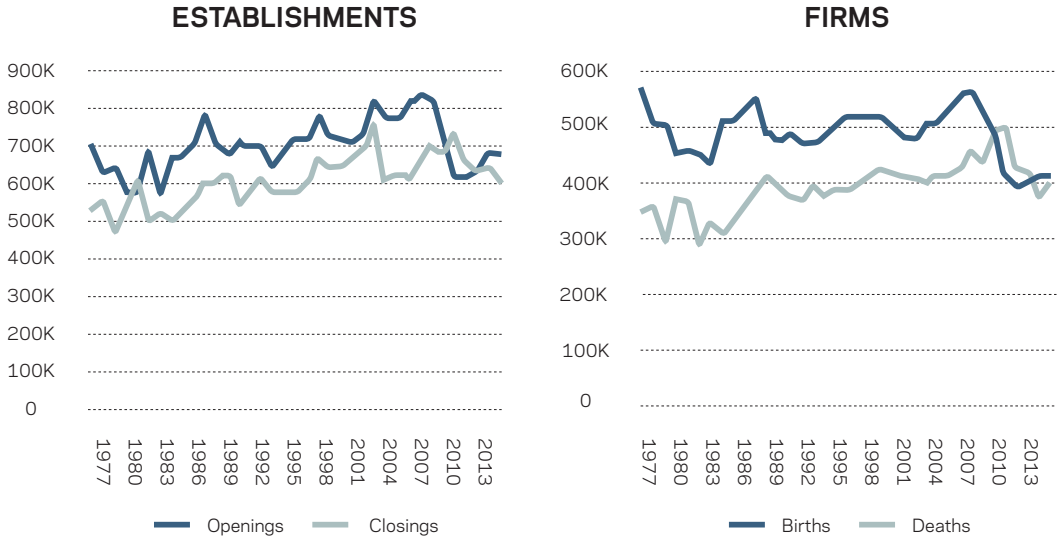
expansion. Had they increased at the 1990s rate, 496,000 new business establishments would have opened between 2010 and 2014 — 329,000 more than actually appeared.

The muted increase in new business establishments at the national level was not due to a universal decline in the rate of establishment openings (even though the rate is in long-term decline). One-fifth of all U.S. counties actually saw faster increases in business establishments from 2010 to 2014 than from 2002 to 2006. Rather, subdued national-level growth was the product of a geographically uneven collapse in new business formation that set in across wide swathes of the country but left other corners relatively untouched.

**II. The fall-off in new business establishments was directly due to a lack of startups rather than a spike in closures.**

The left panel of Figure 2 shows that the modest net increase in business establishments at the national level was due to a steep decline in the rate of establishment openings rather than a spike in establishment closings. The scarcity in establishment openings, meanwhile, was directly related to a collapse in new firm formation, or startups (right panel). The two concepts are distinct (firms are the corporate entities with paid employees that own physical establishments), but they move closely together.<sup>1</sup>

Figure 2. Establishment and firm openings and closings over time

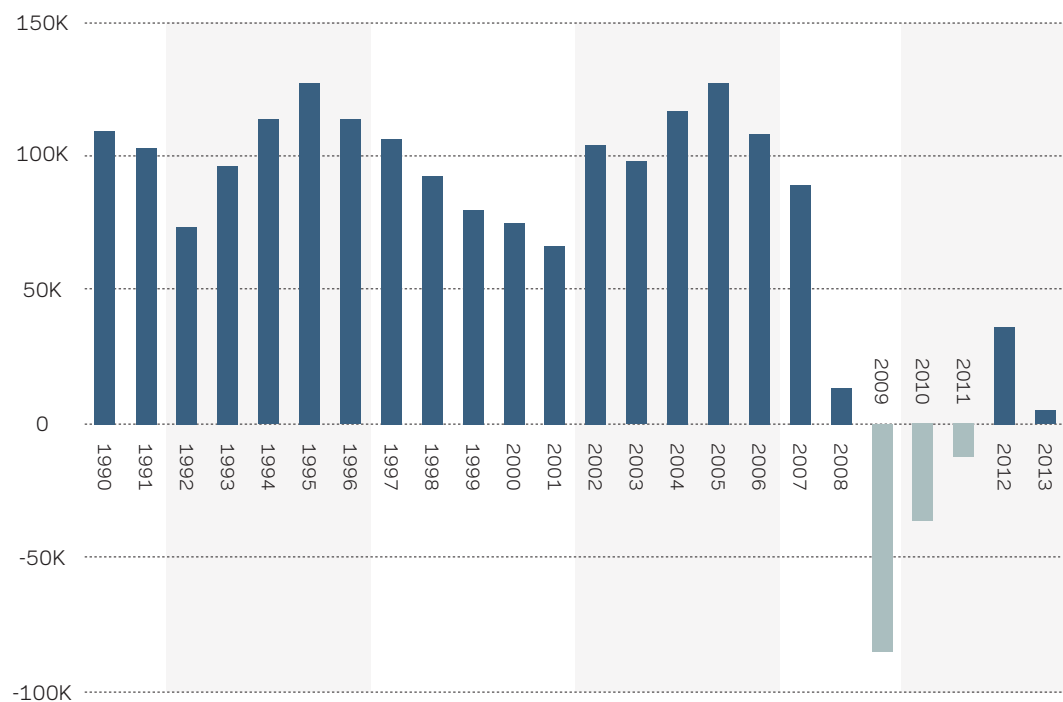


Over the 1990s and 2000s recoveries, on average 1.27 firms were born for every firm that closed each year. Over the first four years of the 2010s recovery, that average fell to exactly 1.00 — barely replacement rate.

1. Both remained well below historical norms through 2013, the most recent year for which data on firms is available from the U.S. Census Bureau’s Business Dynamics Statistics program.

Figure 3 depicts the net difference between firm births and firm deaths annually in the U.S. economy. Even in times of recession, the economy has traditionally produced more new firms than dying ones. That changed dramatically with the Great Recession, which saw firm deaths outpace firm births for the first time on record. In fact, as of 2013, the total number of firms in the U.S. economy still remained below 2004 levels.<sup>2</sup> This is no doubt related to the nature of the recession, which was precipitated by a financial crisis and thus had deeper ramifications on credit markets, household wealth, and other entrepreneurship-related factors than the prior two recessions.

Figure 3. Net annual change in the number of firms in the United States



### III. Nearly three in five counties saw more business establishments close than open from 2010 to 2014.

The proportion of counties seeing negative business establishment growth during periods of national expansion has increased steadily over the past three recoveries. Over the first five years of the 1990s recovery, 17 percent of counties continued to see net declines in business establishments. From 2002 to 2006, that figure rose to 37 percent — and had more than tripled to 59 percent by the 2010s.

2. Calculated using the U.S. Census Bureau’s Business Dynamics Statistics’ Firm Characteristics “Firm Age” data table.

As a result, the majority of U.S. counties had fewer business establishments in 2014 than they did in 2010, despite five years of national recovery. These counties were home to nearly one-third of the U.S. population. In contrast, the counties seeing negative establishment growth in the 1990s were home to only 14 percent of the U.S. population.

Figure 4. Percent of counties losing business establishments during national recoveries

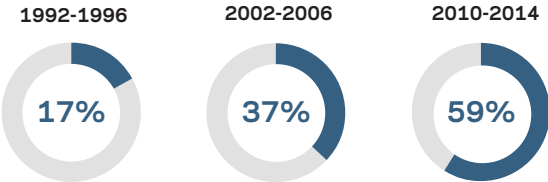
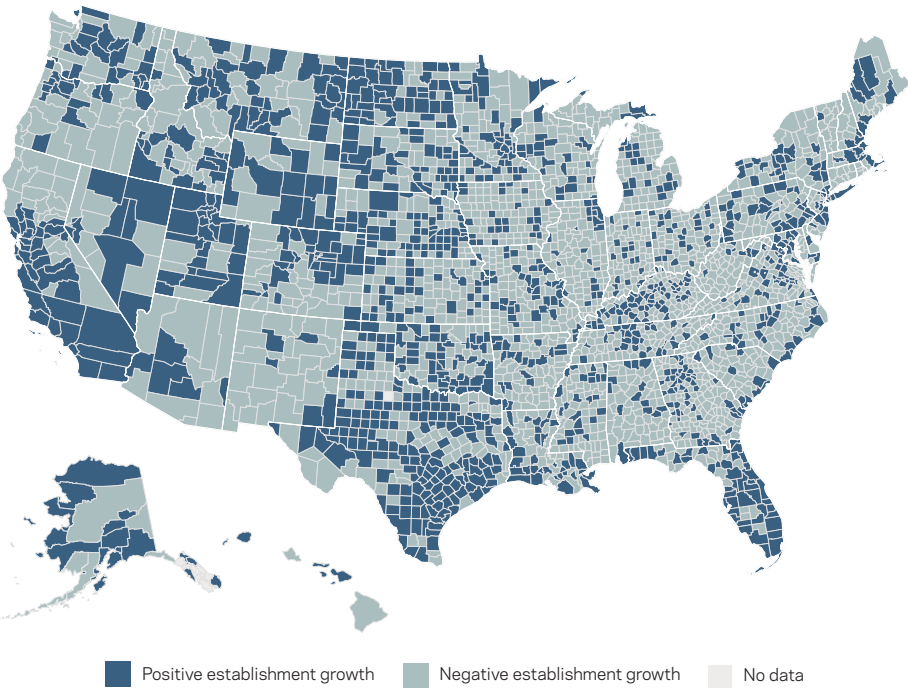


Figure 5. Net change in business establishments from 2010 to 2014



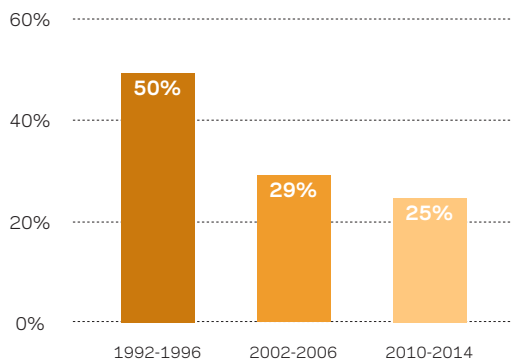
**IV. Only one-quarter of all counties added business establishments at the same rate as the national economy.**

The recessions of the early 1990s and 2000s were followed by robust and widespread increases in business establishments. For example, following the 1991 recession, fully half of all counties saw the number of business establishments rise at least as fast as nationally (6.7 percent growth). By the 2010s, not only had the national rate of business establishment growth fallen to 2.3 percent, but only one-quarter of all counties reached that much lower bar.



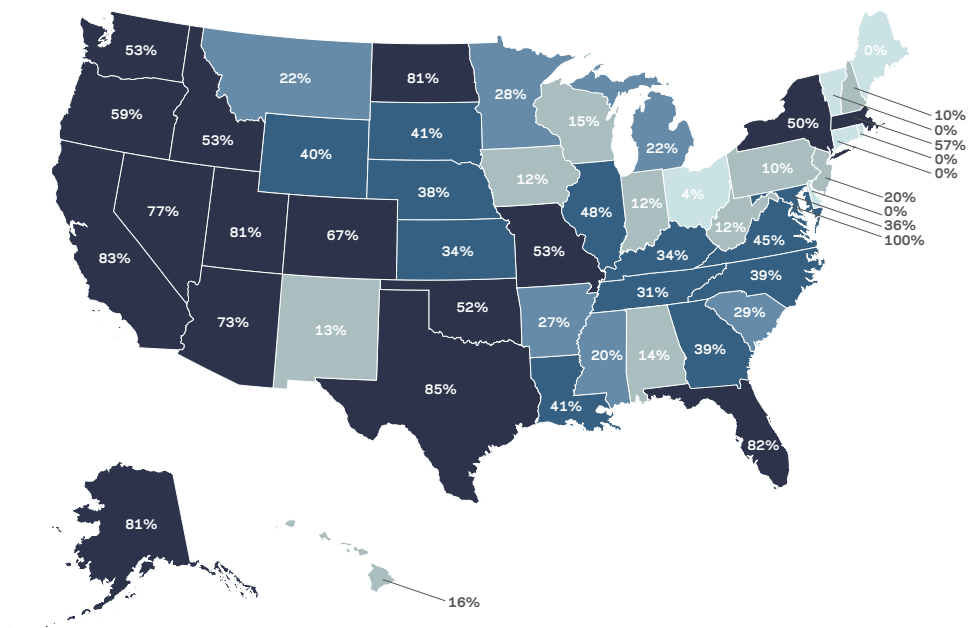
However, the share of the country's population living in such counties actually rose from 40 percent in the 1990s to 43 percent in the 2000s and 48 percent in the 2010s. This reflects a steady consolidation of new business establishments into more populous locales over the course of the past three recoveries.

Figure 6. Share of U.S. counties matching or exceeding national establishment growth rates



The counties growing new business establishments at least as fast as the country as a whole from 2010 to 2014 were relatively concentrated geographically. In only 17 (mostly Western) states did a majority of residents live in these high-growth counties. The list included Massachusetts, New York, and the District of Columbia in the East; Florida in the South; and Missouri in the Midwest. The majority of the population in 33 states plus the District of Columbia, meanwhile, were living in counties lagging behind the national growth rate.

Figure 7. Share of state population living in counties where establishment growth matched or exceeded the national rate (2010-2014)



## V. Twenty counties alone generated half of the country's new business establishments.

The U.S. economy is becoming far more reliant on a small number of super-performing counties to generate new businesses. A mere 20 counties accounting for only 17 percent of the U.S. population were responsible for half of the net national increase in business establishments from 2010 to 2014.

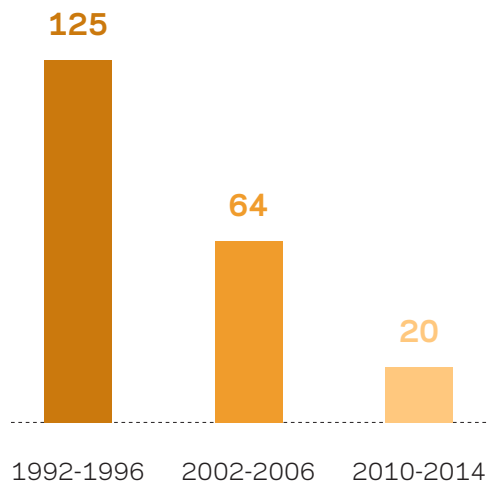
*Figure 8. The 20 counties that generated half of net new business establishments in the United States from 2010 to 2014*

20 COUNTIES GENERATED HALF OF NET NEW ESTABLISHMENTS				
Rank	County	Metro Area	Increase in Est.	Population Rank
1	Los Angeles County, CA	Los Angeles	14,540	1
2	Miami-Dade County, FL	Miami	6,790	8
3	Kings County, NY (Brooklyn)	New York	6,510	7
4	Harris County, TX	Houston	5,990	3
5	Orange County, CA	Los Angeles	4,430	6
6	Queens County, NY	New York	4,210	10
7	San Diego County, CA	San Diego	4,160	5
8	Travis County, TX	Austin	3,790	39
9	Palm Beach County, FL	Miami	3,610	28
10	Broward County, FL	Miami	3,010	18
11	Maricopa County, AZ	Phoenix	2,980	4
12	Cook County, IL	Chicago	2,960	2
13	Santa Clara County, CA	San Jose	2,900	17
14	Collin County, TX	Dallas	2,890	73
15	Orange County, FL	Orlando	2,700	35
16	Tarrant County, TX	Dallas	2,630	15
17	San Francisco County, CA	San Francisco	2,600	67
18	Clark County, NV	Las Vegas	2,430	13
19	New York County, NY	New York	2,330	20
20	Dallas County, TX	Dallas	2,190	9

These counties contained many of the nation's largest cities and were clustered around its largest metropolitan areas; the country's 10 most populous counties were all represented on the list. Other leaders in Texas and the Bay Area punched well above their weight thanks to rapidly growing economies. Major urban counties as well as those in South Florida tend to be home to large foreign-born and immigrant populations too — groups that are disproportionately likely to start new businesses. Nevertheless, the concentration of half of the recovery's net new business

establishments into only 20 counties represents a massive and historically unprecedented imbalance in the geography of business creation.

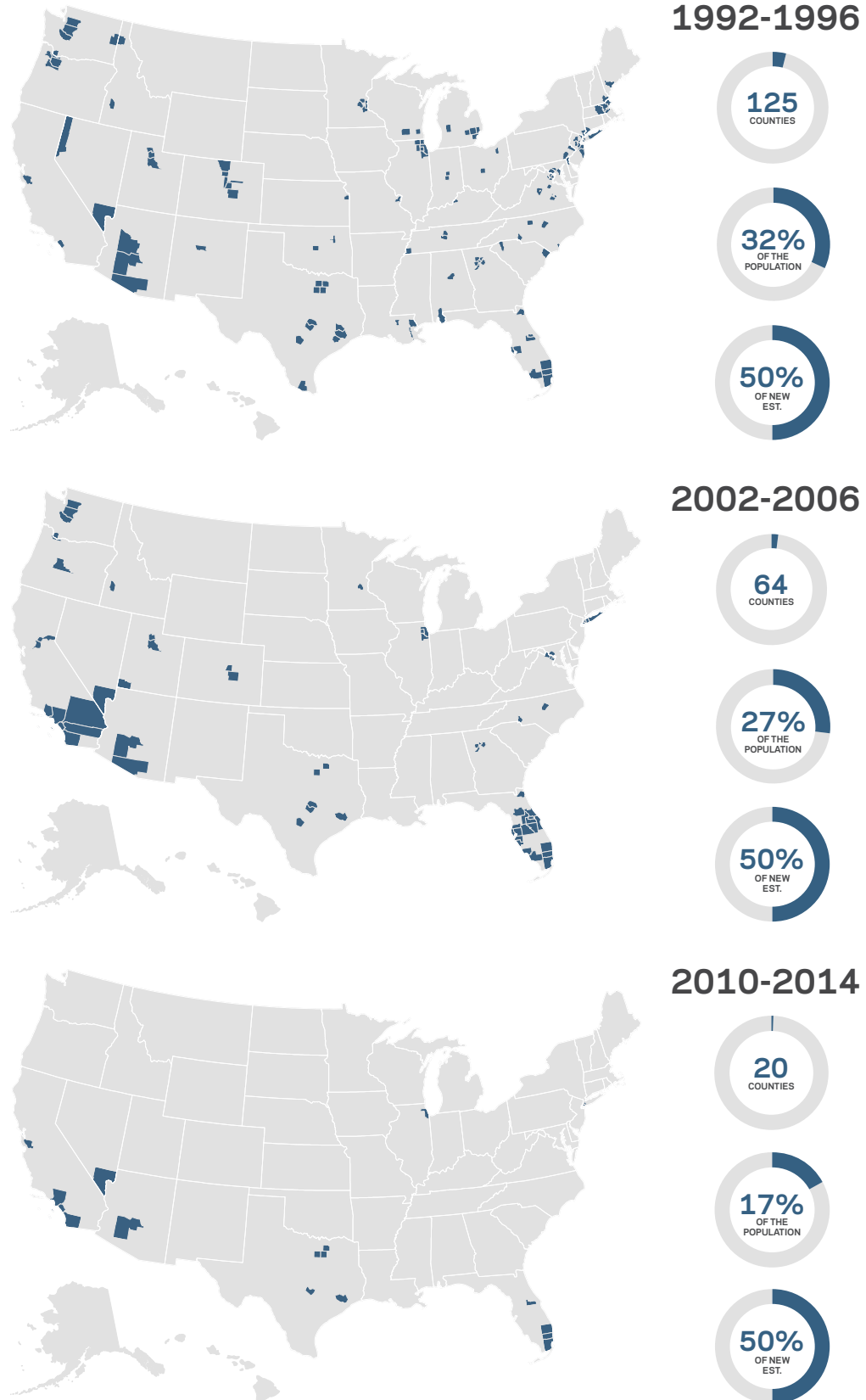
Figure 9. Number of counties accounting for half of recovery-era establishment growth



Previous recoveries saw many more counties drive national establishment growth. In the 2000s, 64 counties accounted for half of the net increase in business establishments nationwide. Florida and the Southwest accounted for much of the country's new business activity in this era, which was characterized by migration to new suburban developments in the Sun Belt.

The proliferation of new business establishments was even more dispersed in the 1990s, when it took 125 counties to generate half of the United States' new business establishments. As recently as two decades ago, the counties containing Akron, OH, Milwaukee, WI, and St. Louis, MO were among the highest-volume generators of new business establishments in the country. From Portland, ME, to Baton Rouge, LA, new business establishments were being generated at scale in every corner of the country in this era; only California appeared underrepresented on the map.

Figure 10. Map of counties accounting for half of recovery-era establishment growth



## Employment gains from 2010 to 2014 were far more geographically concentrated than in previous recoveries.

- I. An unprecedented number of counties continued to lose jobs during the 2010s recovery.
- II. A majority of the population lives in counties that lagged behind the national rate of job growth.
- III. Fifty percent of 2010s job growth accrued to only 2 percent of U.S. counties.
- IV. The geography of high-quality job growth was uneven.

### I. An unprecedented number of counties continued to lose jobs during the 2010s recovery.

The U.S. economy added 9.1 million new jobs from 2010 to 2014, compared to 7.5 million over the first five years of the 2000s recovery and 9.4 million over the first five years of the 1990s recovery. Those figures represented job growth rates of 10.1 percent in the 1990s, 6.7 percent in the 2000s, and 8.1 percent in the 2010s.

As with business establishments, the geography of job growth has narrowed from one recovery to the next. Following the 1991 recession, only 14 percent of counties continued to post job losses over the course of the next five years. That proportion rose to 28 percent in the 2000s and to 31 percent in the 2010s (three-quarters of which lost population at the same time). In other words, the share of U.S. counties participating in national jobs recoveries has fallen from 86 percent in the 1990s to 72 percent in the 2000s and only 69 percent in the 2010s. The share of the country's population living in bypassed counties varied but was relatively low in each period: During both the 1990s and 2010s recoveries, 11 percent of the population lived in counties that continued to lose jobs. Over the 2000s, when manufacturing employment losses pummeled more populous corners of the Great Lakes, more than one in five Americans lived in counties that were bypassed by the national jobs recovery.

Job growth has remained consistently more pervasive than business establishment growth across counties over time. This is likely due to the fact that firms respond to changing economic conditions by shrinking or expanding their workforces before closing or opening entire establishments, which represent costly sunk investments.

Changes in population alone do not explain the geographic shift in employment and establishment growth. In practice, the share of U.S. counties experiencing population decline increased from 22 percent in the 1990s to 35 percent in the 2000s and 54 percent in the 2010s. However, roughly one-third of the counties that lost business establishments and one-quarter of the counties that lost jobs in the 2010s actually saw an increase in population. Furthermore, more than one in five counties that lost both jobs and establishments nevertheless saw their populations rise over the same period.

Figure 11. Percent of counties losing jobs during national recoveries

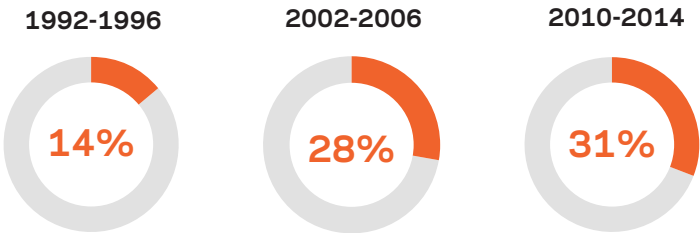
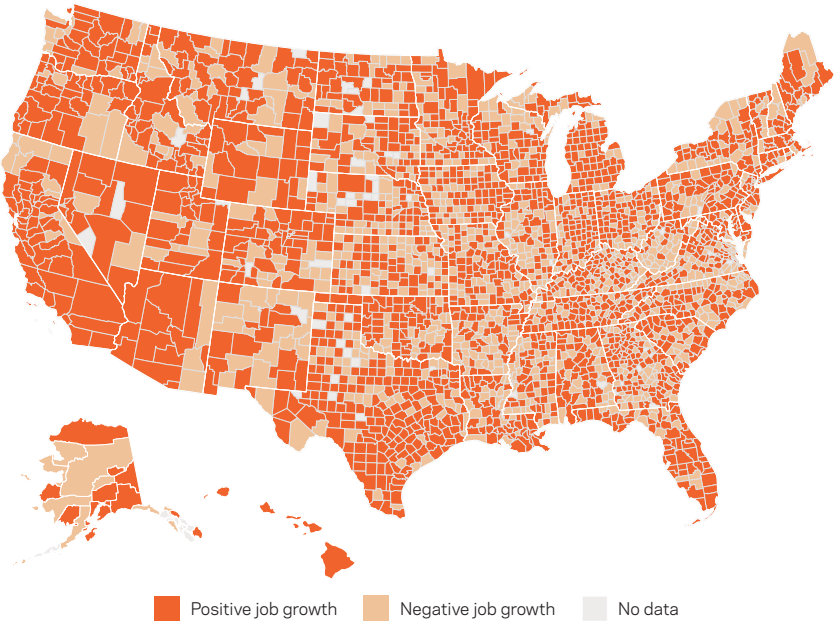


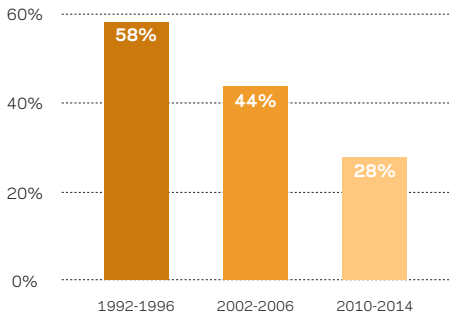
Figure 12. Net change in employment from 2010 to 2014



**II. A majority of the population lives in counties that lagged behind the national rate of job growth.**

The number of counties seeing job growth at or above the national rate has dwindled over the past the three recoveries. During the 1990s, 58 percent of counties enjoyed at least as rapid job growth as the country as a whole. By the 2010s, however, only 28 percent of counties saw faster job growth than the national economy.

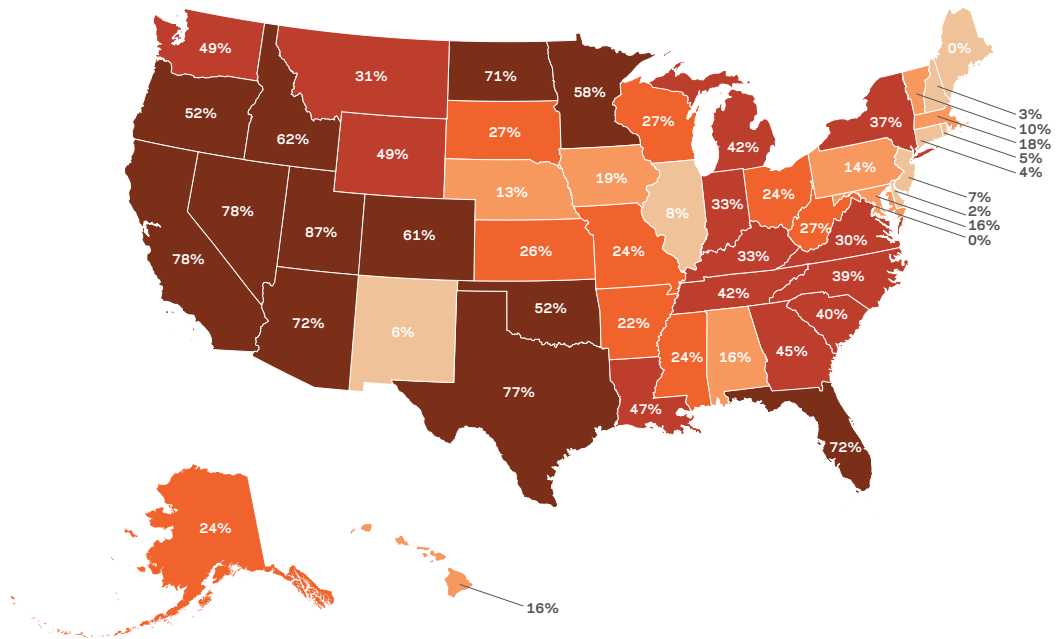
Figure 13. Share of U.S. counties matching or exceeding national job growth



Nevertheless, the number of people living in such counties has held relatively steady between 43 and 46 percent — implying again that the counties experiencing heady growth are increasingly the more populous ones. In every period, however, a majority of the country’s population lived in counties with lagging job growth.

In only 12 states did a majority of residents live in a county that saw employment increase at least as fast as it did nationally from 2010 to 2014. Three of those states — Arizona, Florida, and Nevada — were epicenters of the housing crash. Others — North Dakota, Oklahoma, and Texas — benefitted from the energy boom, which has already started to dissipate. California, Colorado, Minnesota, Oregon, and Utah round out the list — all places benefiting from technology and high-end service sector-led growth.

Figure 14. Share of state population living in counties where job growth matched or exceeded the national rate (2010-2014)



### III. Fifty percent of 2010s job growth accrued to only 2 percent of U.S. counties.

Half of the 2010s recovery’s 9.1 million new jobs accrued to only 73 counties, which together contained only 34 percent of the population and 39 percent of the nation’s employment base. Job creation was much more distributed during the 2000s, when 120 counties together produced half of all net new jobs, and during the 1990s, when 107 counties contributed to this benchmark.

Figure 15. The 20 counties with the largest absolute increase in employment from 2010 to 2014

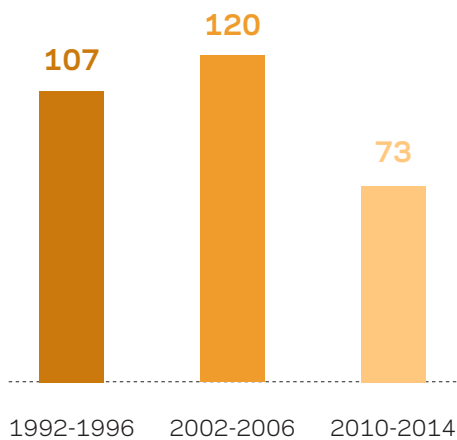
COUNTIES WITH LARGEST INCREASE IN EMPLOYMENT					
Rank	County	Metro Area	Increase in Employment	Employment Growth Rate	Population Growth Rate
1	Los Angeles County, CA	Los Angeles	352,840	9.9%	2.9%
2	Harris County, TX	Houston	257,940	14.7%	8.3%
3	New York County, NY	New York	220,200	11.2%	3.0%
4	Cook County, IL	Chicago	165,680	7.6%	1.0%
5	Orange County, CA	Los Angeles	148,840	11.7%	4.2%
6	Dallas County, TX	Dallas	130,240	10.6%	6.2%
7	Miami-Dade County, FL	Miami	117,750	14.7%	6.4%
8	Santa Clara County, CA	San Jose	116,050	13.7%	6.1%
9	Maricopa County, AZ	Phoenix	115,960	8.2%	6.9%
10	San Diego County, CA	San Diego	101,260	9.2%	5.2%
11	King County, WA	Seattle	97,660	9.8%	7.5%
12	Hennepin County, MN	Minneapolis	89,460	11.4%	5.0%
13	Tarrant County, TX	Dallas	84,310	12.5%	7.1%
14	San Francisco County, CA	San Francisco	82,600	16.8%	5.8%
15	Oakland County, MI	Detroit	77,030	13.2%	3.1%
16	Travis County, TX	Austin	73,610	15.6%	11.7%
17	Kings County, NY (Brooklyn)	New York	73,550	15.0%	4.4%
18	Orange County, FL	Orlando	68,850	11.7%	9.4%
19	Hillsborough County, FL	Tampa	68,040	13.9%	6.8%
20	Mecklenburg County, NC	Charlotte	66,610	13.2%	9.6%



In each period, the counties responsible for half of the country's job growth together contained roughly one-third of the country's population. The U.S. economy relied on fewer but generally more populous counties to generate the bulk of the 2010s jobs recovery than in the past. This could represent a deeper shift in the mix of industries driving the country's economic growth towards ones that thrive in larger urban agglomerations. It could also reflect that larger (and presumably more diversified) counties were better equipped to bounce back from this exceptionally deep recession.

Indeed, many of the counties with the highest volume job growth were also the country's largest. Others specialized in fast-growing technology or energy industries, and all together, of the 20 counties that generated the largest absolute increase in employment, 19 posted faster job growth than the country as a whole (8.1 percent). As Figure 15 on the previous page shows, job growth far outpaced population growth in all 20 of the counties with the largest absolute increase in employment.

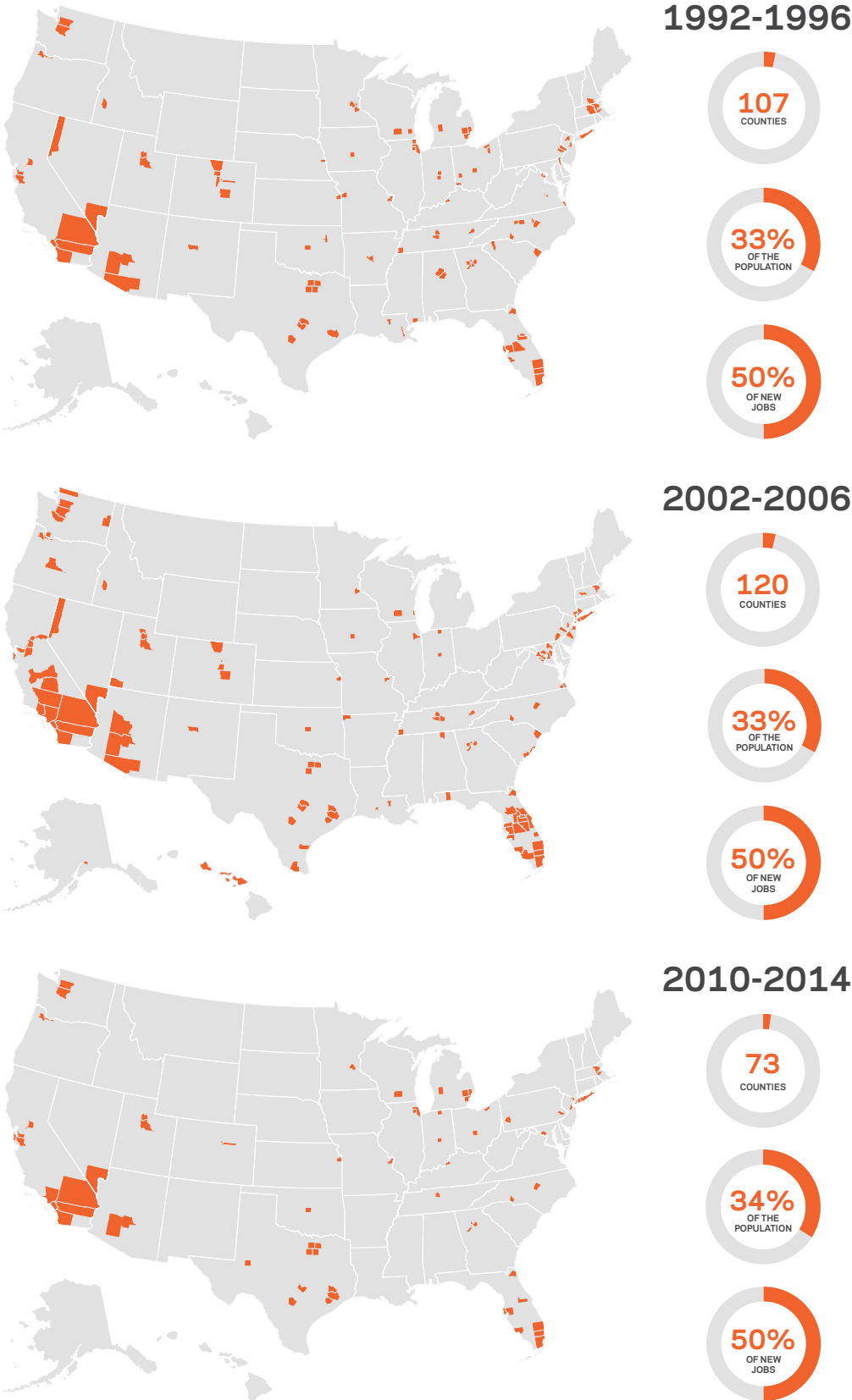
*Figure 16. Number of counties accounting for half of recovery-era job growth*



Each map of the counties leading the past three recoveries (Figure 17) captures a distinct era in a constantly evolving U.S. economy. The 2010s map is clearly urban in orientation and the sparsest of the three. The 2000s map, by contrast, is much fuller and heavily oriented towards Florida, the Southwest, and outlying counties on the Eastern Seaboard, while manufacturing losses served as a drag on job growth in the Midwest. The 1990s map is much more balanced geographically. In that era, the Bay Area and Boston reaped the rewards of the first information technology boom; the Mountain West was being settled; and from Little Rock, AR, to Greenville, SC, the Southeast was one of the country's strongest engines of job creation. To an even greater extent than with business establishment growth, the Rust Belt

fueled the nation's 1990s employment expansion: The counties containing Akron, Cleveland, Cincinnati, Columbus, and Dayton, Ohio, all joined a large national network of peers to deliver half of the economy's new jobs.

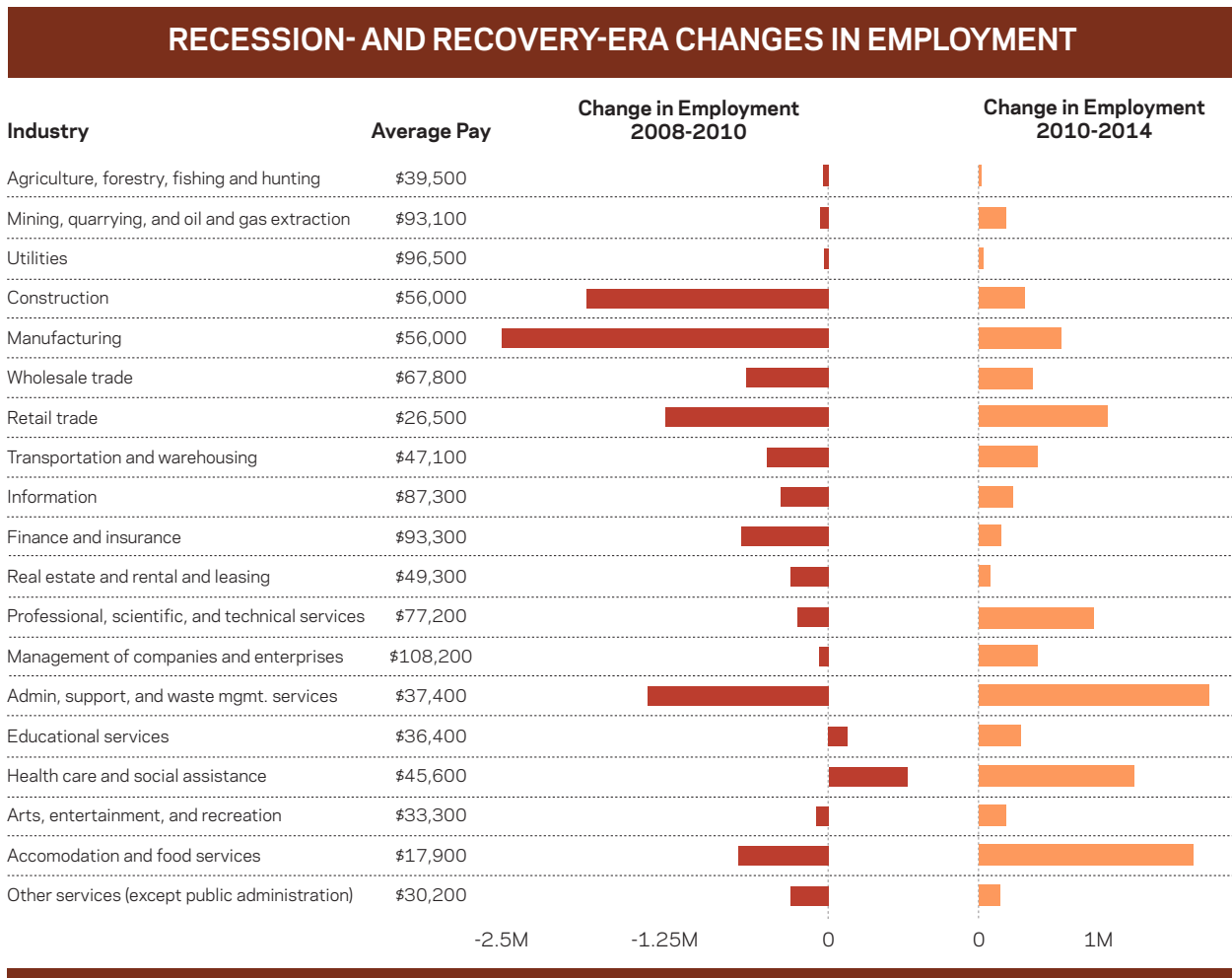
Figure 17. Map of counties accounting for half of recovery-era job growth



#### IV. The geography of high-quality job growth was uneven.

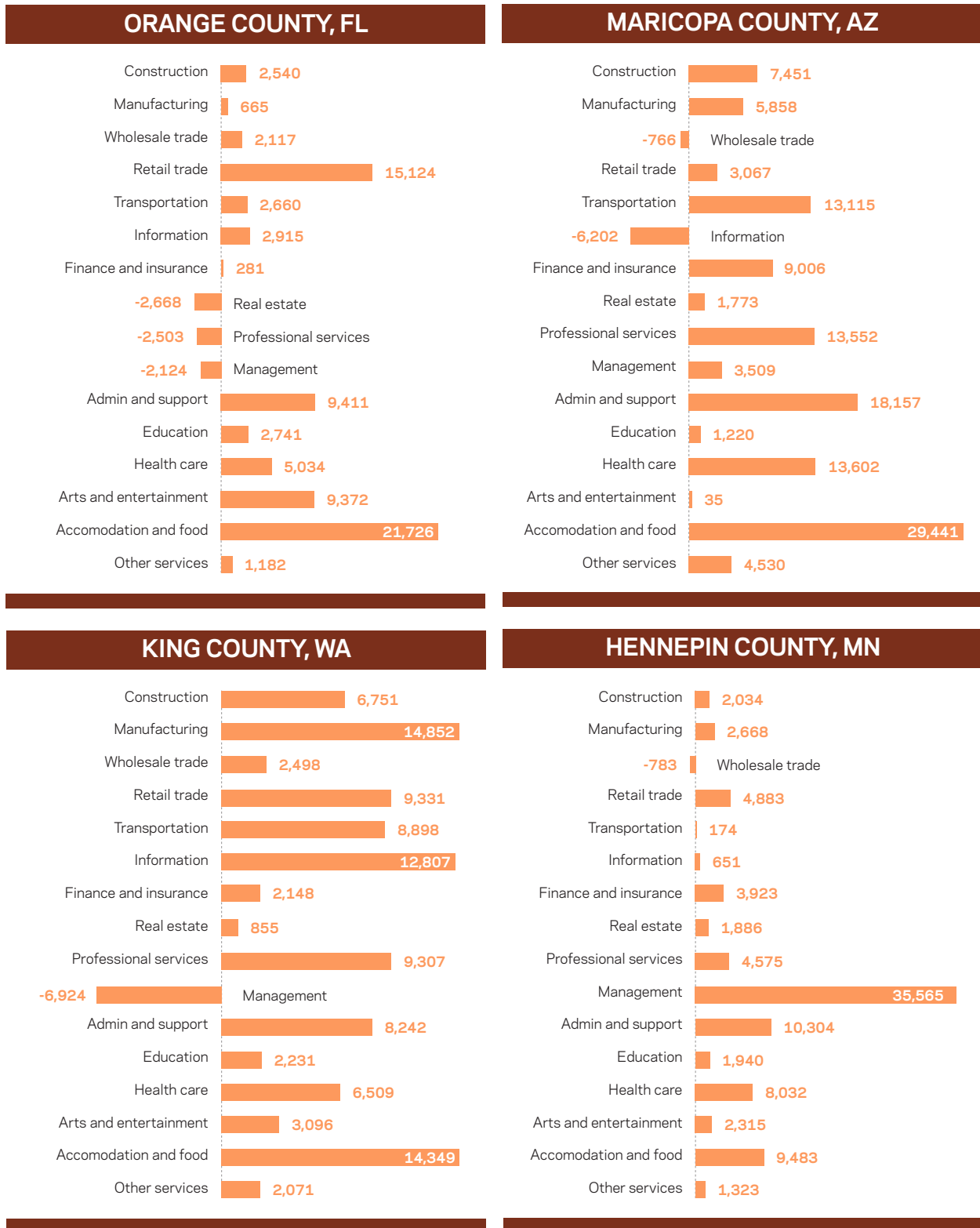
Middle-wage workers suffered the starkest change in circumstances due to the 2009 recession — a reality that plays out in local labor markets across the United States. Fully half of the 8.9 million jobs lost from 2008 to 2010 were in middle-wage sectors, 36 percent in low-wage sectors, and 14 percent in high-wage ones. Half of the recovery’s 9.1 million jobs, however, were in low-wage sectors, and only 31 percent were in middle-wage sectors and 19 percent in high-wage ones.<sup>4</sup> As a result, by the end of 2014, the economy had recovered only three out of every five middle-wage jobs lost to the recession. That left a gap of 1.8 million missing middle-wage jobs. An analysis of four leading job-growth counties reveals that the quality of jobs generated by the recovery varies geographically, too.

Figure 18. Sectoral composition of recession- and recovery-era changes in employment



4. The 19 major sectors of the U.S. economy were classified into high-wage (over \$70,000 average annual wage in 2014), middle-wage (between \$40,000 and \$70,000), and low-wage (below \$40,000) sectors for this analysis.

Figure 19. Employment change by sector in four illustrative high-growth counties (2010 to 2014)



In Orange County, FL (Orlando), for example, almost all new jobs appeared in the low-wage accommodation and food services, retail, arts and entertainment, and administrative services sectors. In Sun Belt cousin Maricopa County, AZ (Phoenix), job growth was more diversified, with high-wage professional services and finance and middle-wage construction, manufacturing, and transportation all growing too. Advanced industry-heavy King County, WA (Seattle), for its part, saw some of its strongest job growth in middle- and high-wage construction, manufacturing, information, and professional services sectors. Meanwhile, white-collar, headquarters-heavy Hennepin County, MN (Minneapolis), saw almost all growth take place in the very high-wage management sector with only modest expansions elsewhere. These four profiles suggest that baseline levels of low-wage job growth were a nationwide hallmark of the 2010s recovery, while the distribution of new high-paying jobs remained much more uneven.

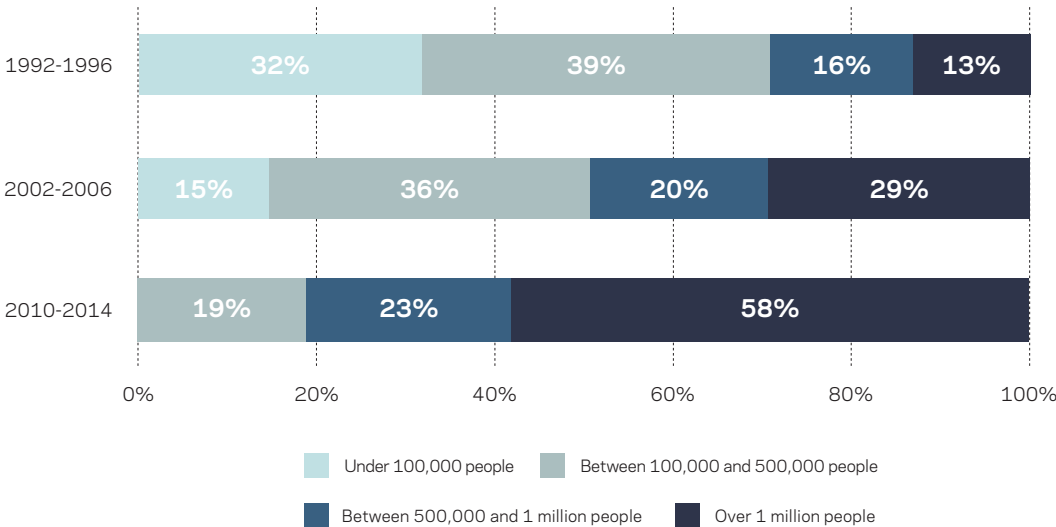
# The country's most populous counties powered the 2010s recovery.

- I. The largest counties produced 58 percent of the country's new business establishments.
- II. The largest counties produced more than twice as many jobs during the 2010s recovery as they did in past ones.
- III. The most populous counties have become the fastest growing.
- IV. Only 15 large counties enjoyed their strongest recovery in the 2010s.

## I. The largest counties produced 58 percent of the country's new business establishments.

New business establishments consolidated into the country's largest markets over the 2010s to an extent not seen during prior recoveries. In the 1990s, counties with under 500,000 people generated 71 percent of all new business establishments — a total of nearly 300,000. By the 2010s, counties with over 500,000 people had become dominant, generating 81 percent of all new business establishments — despite housing only 47 percent of the country's population. Were it not for these relatively few pockets of resiliency, the U.S. economy would have seen near-total stagnation in its business landscape.

Figure 20. Share of net U.S. establishment creation by county size class

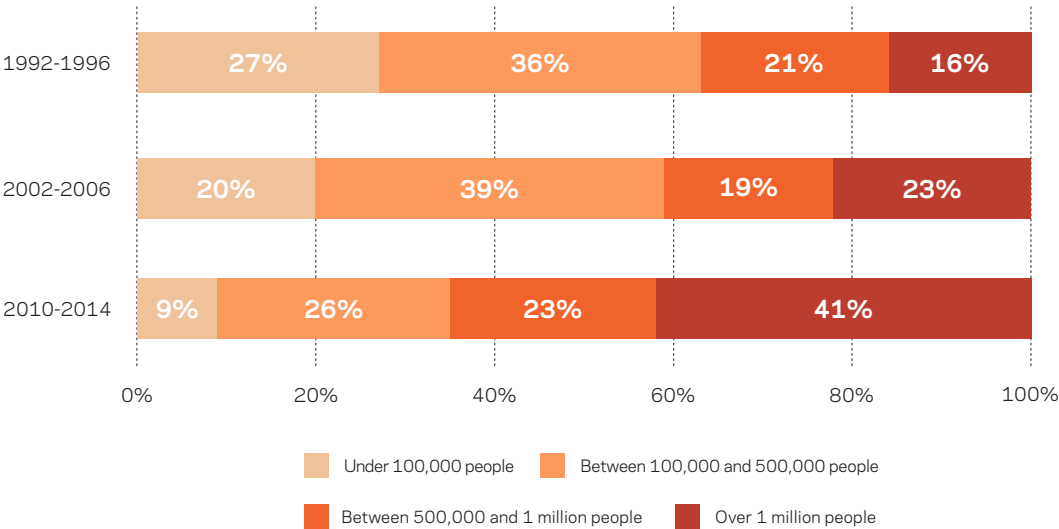


In total, counties with over one million people added 99,000 of the country’s 165,000 net new business establishments from 2010 to 2014. Meanwhile, counties with under 100,000 people saw a sharp reversal from the 1990s, swinging from a net increase of 135,000 business establishments from 1992 to 1996 to a net decrease of 17,500 establishments from 2010 to 2014. The steep drop-off in new establishment openings in small and mid-sized counties is responsible for much of the national-level collapse.

**II. The largest counties produced more than twice as many jobs during the 2010s as they did in past recoveries.**

Over prior recoveries, large counties did not play a central role in delivering the country’s employment growth. This is no longer the case. The most populous U.S. counties — those with over one million people — created 3.3 million jobs over the 2010s recovery, more than any other size class of counties and more than twice as many jobs as they created over each of the two prior recoveries. By contrast, counties with under 100,000 people collectively created fewer than one million new jobs in the 2010s — substantially fewer than 2.5 million they created from 1992 to 1996 and the 1.2 million new jobs they created from 2002 to 2006. As a result, the 2010s recovery has served to accelerate a shift in the country’s economic gravity towards populous counties after decades of decentralizing growth that spread economic activity to more locales.

Figure 21. Share of net U.S. job creation by county size class



### III. The most populous counties have become the fastest growing.

In a recovery that brought economic development disproportionately to those places lacking it, small counties would post higher growth rates than larger ones. On the other hand, in a recovery that reinforced or even accelerated the concentration of economic activity into existing economic centers, large counties would post higher growth rates than smaller ones. And indeed, the 2010s recovery was distinguished by the largest counties registering the fastest growth rates on average.

This development directly challenges the conventional wisdom that growth rates in larger and highly developed cities are by nature slower than growth rates in smaller and less developed ones (just as at the country level one does not expect the United States to post as high of growth rates as China). It also challenges the basic tenants of economic geography that suggest that economic activity will spread from high cost, congested locales to low cost ones as a matter of course. Ultimately, it implies that the knowledge- and technology-driven industries that power modern growth have very different — perhaps even more than already recognized — locational requirements from the industries that led past eras of growth.

Figure 22. Average establishment growth rates by county size class

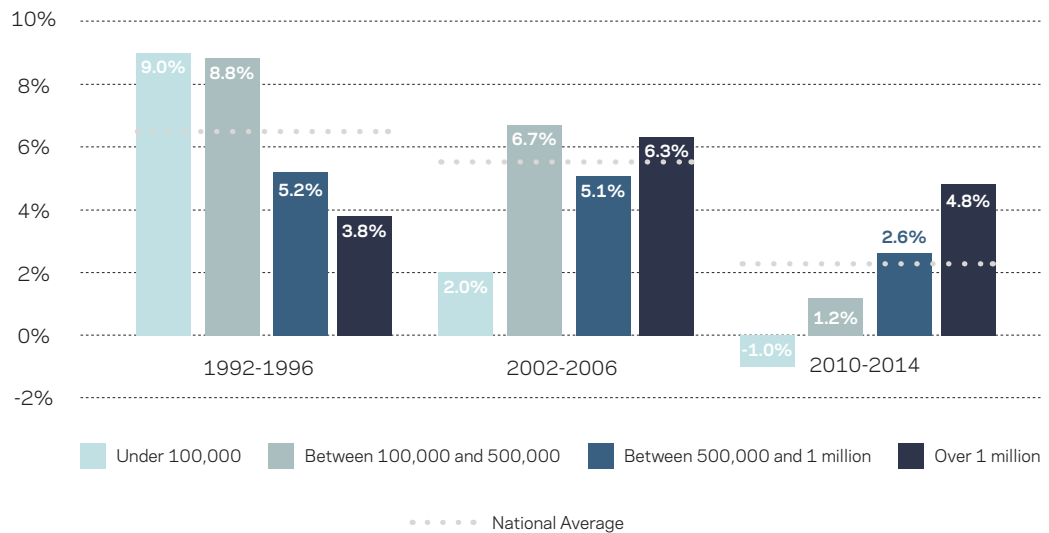


Figure 22 depicts the dramatic shift in the type of counties generating new enterprise. In the 1990s, the smallest counties added business establishments at the fastest rate, while the largest counties trailed the pack. Those same counties saw growth fall precipitously over the 2000s recovery, though. By the 2010s, all counties with fewer than one million people averaged far lower establishment growth rates than in the past. In contrast, the 39 counties with over one million people posted average establishment growth rates more than twice as high as the national 2.3 percent.

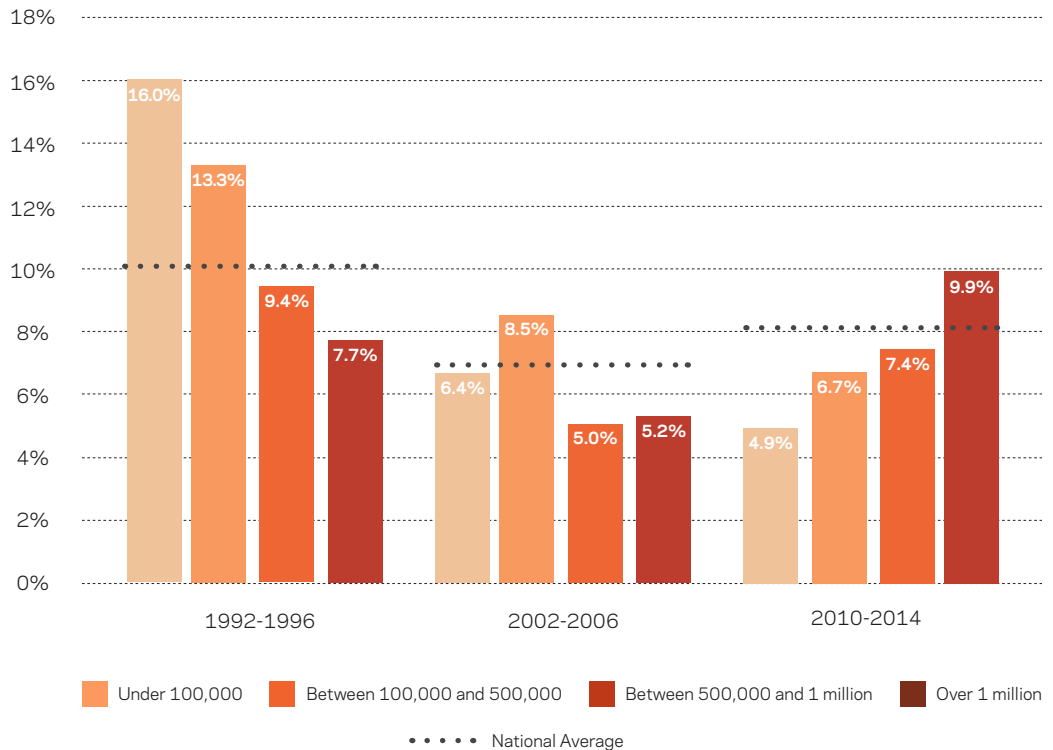


Meanwhile, the smallest counties saw more business establishments close than open, resulting in a -1.0 percent average growth rate — despite the energy boom that lifted many corners of rural America over the period.

The same pattern holds for job growth. The economic expansion of the 1990s was fueled by economic development spreading to more locales — a “rise of the rest” story — that disproportionately benefitted smaller counties. Counties under 100,000 people averaged 16 percent job growth during the 1990s recovery, while counties over one million averaged only 7.7 percent job growth over the same period. Nationally, employment increased by 10.1 percent.

The 2000s recovery was characterized by an overall convergence in growth rates across size classes even as mid-sized counties pulled ahead as the era’s job growth leaders. By the 2010s, the largest counties were growing faster than any other group, averaging 9.9 percent job growth — their fastest in recent history — and reinforcing the concentration of the nation’s economic activity within them. Average job growth rates in smaller counties, meanwhile, had fallen to their lowest levels in recent decades.

Figure 23. Average employment growth rates by county size class



#### IV. Only 15 large counties enjoyed their strongest recovery in the 2010s.

Despite the pervasiveness of large county growth, only 15 counties of the roughly 130 with over 500,000 people posted both their strongest job growth and their strongest establishment growth of the past three recoveries in the 2010s. Four Bay Area and five New York City area counties were in the group, counterintuitively placing the country’s highest cost and most congested locales as some of its fastest growers. Also in the mix are signs of hope in some Rust Belt communities: Erie County, NY (Buffalo), Monroe County, NY (Rochester), and Allegheny County, PA (Pittsburgh) also rose to the list of places thriving most relative to their own pasts, alongside Denver County, CO, and Harris County, TX (Houston). Nevertheless, the relative shortness of the list makes clear that, although the 2010s recovery was led by cities, many still underperformed relative to their own recent histories. The headwinds affecting the national economy — notably the collapse in new business formation — continued to batter most of the nation’s cities, hemming in national growth, as well.

Figure 24. List of 15 counties with more than 500,000 people that experienced their strongest recovery-period job and business establishment growth in the 2010s

LARGE COUNTIES EXPERIENCING THEIR STRONGEST RECOVERY IN THE 2010s							
County	State	2010s Job Growth	2000s Job Growth	1990s Job Growth	2010s Est. Growth	2000s Est. Growth	1990s Est. Growth
Alameda County	CA	10.7%	-3.6%	8.5%	5.2%	2.0%	0.9%
San Francisco County	CA	16.8%	-0.9%	5.7%	8.5%	1.7%	1.3%
San Mateo County	CA	11.8%	10.0%	6.1%	5.0%	1.5%	3.9%
Santa Clara County	CA	13.7%	-1.0%	9.9%	6.6%	2.1%	4.7%
Denver County	CO	12.6%	3.4%	5.5%	6.8%	3.5%	2.5%
Miami-Dade County	FL	14.7%	5.9%	8.2%	9.2%	9.0%	5.4%
Hudson County	NJ	2.5%	-6.2%	-5.1%	4.2%	-1.0%	-3.3%
Passaic County	NJ	4.9%	-3.6%	-1.0%	2.5%	1.2%	1.6%
Bronx County	NY	8.0%	5.2%	-4.6%	6.8%	3.0%	0.3%
Erie County	NY	4.3%	1.6%	2.8%	0.8%	0.2%	0.5%
Kings County (Brooklyn)	NY	15.0%	10.5%	2.5%	13.5%	7.4%	4.6%
Monroe County	NY	3.4%	0.1%	1.6%	2.4%	1.2%	0.4%
Queens County	NY	11.0%	2.4%	1.7%	9.7%	6.5%	3.9%
Allegheny County	PA	6.2%	-1.7%	1.3%	0.8%	0.2%	-0.4%
Harris County	TX	14.7%	4.3%	6.1%	6.5%	4.7%	5.1%

# CONCLUSION

The United States has undoubtedly enjoyed more robust GDP and job growth following the global financial crisis than most developed economies. Its relatively swift recovery is a sign of national resilience. However, in light of the findings presented here, that resilience seems due more to the dynamism of its major metropolitan centers than to grassroots economic vibrancy nation-wide.

**The new map of growth and recovery calls for a new toolkit for ensuring broad access to opportunity and helping both people and places realize their economic potential.**

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The geographically uneven nature of the decline in new business starts implies that large swathes of the country will soon contend with a missing generation of firms — ones that should be providing employment opportunities and new foundations for economic growth in the years ahead. The uneven geography of new business formation tracks very closely with that of access to capital — particularly venture and other forms of risk capital. Addressing the former challenge will surely involve tackling the latter. Without mitigating these disparities, the trend towards increasing concentration documented here may even accelerate, given that today's largest economic centers are the few remaining places producing tomorrow's new businesses.

The dynamics captured in this report result to some extent from a global trend towards the clustering of knowledge-based economic activity (the modern economy's growth sector) in large, connected cities. People are following economic opportunity to cities as well — the share of the country's population residing in counties left behind by economic recoveries has not significantly increased over time. Such macro trends are neither inherently negative nor in need of mitigation. They do suggest, however, that people and places on the wrong side of the trajectory of economic change may need assistance to adjust and cultivate new competitive advantages.

The new map of growth and recovery points to very different futures for American communities. These findings suggest that the gains from growth have and will continue to consolidate in the largest and most dynamic counties and leave other areas searching for their place in the emerging economic landscape. While many will benefit, the new map also calls for a new toolkit for ensuring broad access to opportunity and helping both people and places realize their economic potential.

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