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The Role of Northeast Ohio Central Cities in the Regional Economy, 2000-2007

Ziona Austrian
Cleveland State University, z.austrian@csuohio.edu

Candice Clouse
Cleveland State University, c.clouse@csuohio.edu

Eric J. Mundy

Frank Akpadock

Thomas Jr. Finnerty

See next page for additional authors

Authors
Ziona Austrian, Candice Clouse, Eric J. Mundy, Frank Akpadock, Thomas Jr. Finnerty, and John R. Bralich

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Ziona Austrian, Ph.D.
Candice Clouse, M.S.
Cleveland State University

Eric J. Mundy, Ph.D.
The University of Akron

Frank Akpadock, Ph.D.
Thomas Finnerty, Jr.
John Bralich
Youngstown State University

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Cleveland State University
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PREPARED BY:
ZIONA AUSTRIAN, PH.D.

CENTER FOR ECONOMIC DEVELOPMENT
MAXINE GOODMAN LEVIN COLLEGE OF URBAN AFFAIRS
CLEVELAND STATE UNIVERSITY

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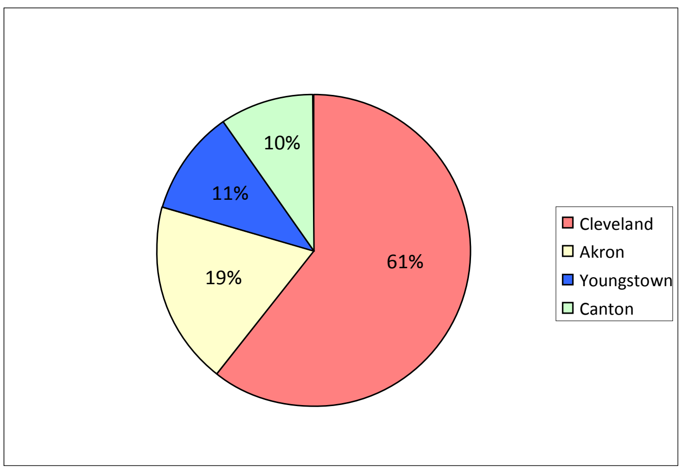
INTRODUCTION

This report examines the four central cities in Northeast Ohio – Akron, Canton, Cleveland, and Youngstown — in the context of their metropolitan areas.[1] A central city is the largest or most important city of a metropolitan area. A metropolitan area combines a large city with adjacent urbanized areas and peripheral areas that are closely bound to the center with strong ties to commuting, commerce, and a common labor market.

The combined four metropolitan areas constitute the majority of the Northeast Ohio region and are linked through a shared history and similar industry structure. However, they differ by size and economic performance. This chapter highlights the similarities and differences among the four central cities, focusing on their downtown areas and their metropolitan areas. These metropolitan areas should be viewed as sub-regions of Northeast Ohio. Conducting the analysis at different levels of geography is consistent with the view that some economic development initiatives need to be applied at the regional level while others should be directed to individual metropolitan areas and their central cities.

The Cleveland-Elyria-Mentor metropolitan statistical area (Cleveland MSA) is by far the largest and most dominant area in Northeast Ohio.[2] With over one million jobs, it accounts for 61 percent of the employment in the four metro areas combined and 64 percent of total payroll (Figures 1.1 and 1.2).

Figure 1.1. Share of Employment by MSA

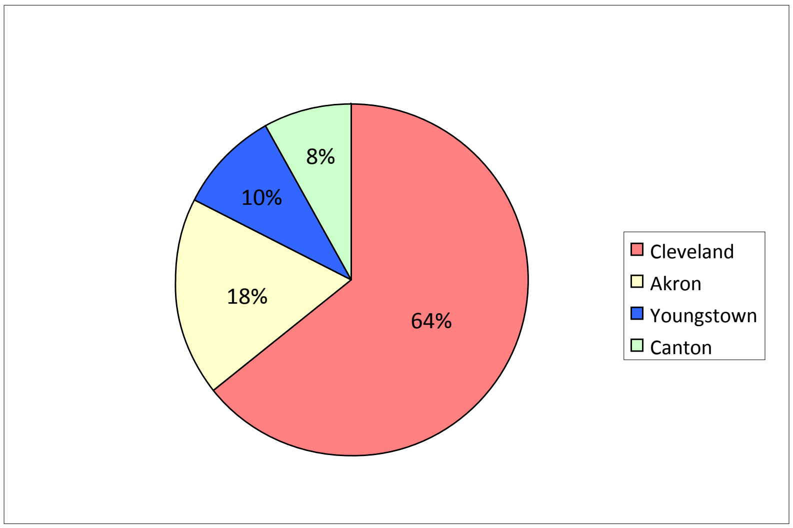


[1] The city of Canton is included only in this summary chapter. The three other cities are analyzed in more detail in subsequent chapters.
[2] The Cleveland MSA includes five counties; Cuyahoga, Geauga, Lake, Lorain, and Medina.

The Akron metropolitan area (Akron MSA) is the second largest area, yet it is much smaller than the Cleveland MSA.[3] It accounts for 19 percent of all employment in the four areas combined and 18 percent of total payroll.

The Youngstown and Canton areas are similar in size. The Youngstown-Warren metropolitan area (Youngstown MSA) is the third largest metropolitan area, accounting for 11 percent of all jobs and 10 percent of payroll.[4] The Canton-Massillon (Canton MSA) is the smallest area, accounting for 10 percent of employment and only 8 percent of payroll.[5] The figures indicate that the Cleveland MSA accounts for a higher portion of regional payroll than employment, implying that on average, jobs in the Cleveland area are paying higher wages than in the other three metropolitan areas.

Figure 1.2. Share of Payroll by MSA



REPORT METHODOLOGY

The next three chapters include detailed analyses for the cities of Cleveland, Akron, and Youngstown. The following geographies are analyzed in each chapter: downtown, the city, the city less downtown (the remainder of the city), the metropolitan area (MSA), and the MSA less the city (the remainder of the MSA). The time period of the analyses is between 2000 and 2007, divided into the recessionary period of 2000 to 2004 and the expansionary period of 2004 through 2007.

[3] The Akron MSA includes two counties: Portage and Summit.
[4] The Youngstown MSA includes Mahoning and Trumbull Counties in Ohio and Mercer County in Pennsylvania. Only the Ohio counties are included in this study because of data limitations.
[5] The Canton MSA includes two counties in Ohio: Carroll and Stark.

Three measures of economic activity are being used: employment, payroll, and average wage. Analysis of employment trends provides information on local jobs without differentiation between part-time and full-time employment and among low-skill, low-pay jobs and high-skill, high-pay jobs. Analysis of payroll (wage) trends describes the scale of the different economies. Although payroll does not measure gross regional product, it can be viewed as a proxy for value-added output. Average wage is calculated as payroll per employee and estimates the annual average wage in each industry.

The primary data source utilized in this report is the Quarterly Census of Employment and Wages (ES202). The Center for Economic Development at Cleveland State University receives quarterly updates of this data from the Ohio Department of Jobs and Family Services on behalf of the Ohio Urban University Program. The data includes company level information but, due to confidentiality restrictions, only industry level data can be reported. Furthermore, information for some industries (primarily small industries in small geographic areas) had to be suppressed due to confidentiality issues.

This summary chapter compares the performance of the four metropolitan areas and their sub-areas in terms of employment and payroll. It then identifies the dominant major industries in each of the four metropolitan areas and the downtowns.

EMPLOYMENT AND PAYROLL TRENDS IN NORTHEAST OHIO'S FOUR METROPOLITAN AREAS

How did the four metropolitan areas and their sub-areas perform? Tables 1.1 and 1.2 describe employment and employment changes in the four metropolitan areas, their central cities and downtowns. Three of the metropolitan areas lost employment between 2000 and 2007 from the largest decline in the Youngstown MSA (-11.6%) to the smaller loss in the Cleveland MSA (-5.9%). Akron, the only metropolitan area that added jobs, experienced a slight gain of 0.6 percent. All four central cities and their downtowns lost employment during the 2000 to 2007 years.

Are there any differences among the four metropolitan areas during the recessionary period (2000-2004) and the expansionary years (2004-2007)? Table 1.2 shows that all Northeast Ohio (NEO) MSAs lost employment between 2000 and 2004, with Akron MSA exhibiting the smallest decline (-2.4%) and Youngstown MSA the largest loss (-8.8%). In all four MSAs, employment losses during the recessionary years occurred in the central cities as well as in the areas outside the central city (MSA less the city). Similarly, within each of the central cities, job losses occurred in the downtowns as well as in the areas of the central cities that are outside the downtowns (city less the downtown). Youngstown registered the largest rates of decline between 2000 and 2004 in the following areas: MSA, MSA less the city, and the downtown. The Canton area had the largest rates of decline among the four cities and in the four areas designated as "city less the downtown." The Akron area had the lowest rates of decline at the MSA level and at each of the four sub-areas.

The Akron MSA was also the best performer among NEO's MSAs during the expansionary years. While employment increased by 3.1 percent in the Akron MSA between 2004 and 2007, it remained stable in the Cleveland MSA (0.04%), and declined in both Youngstown MSA (-3.0%) and Canton MSA (-0.5%). The higher employment growth rate in the Akron MSA was a result of having the lowest rate of decline among the central cities and the highest rate of increase among the areas defined as "MSA less the city."

The picture is slightly different, however, when analyzing the downtowns during the 2004 to 2007 years. While all downtowns lost jobs, downtown Cleveland experienced the lowest rate of decline; downtown Cleveland lost 1.1 percent of its jobs, compared to 7.2 percent in downtown Akron and 10.7 percent in downtown Youngstown. Downtown Canton suffered the highest rate of employment decline, losing 14.9 percent of its jobs. But in contrast, Canton and Akron added employment in their respective central cities outside the downtown areas (4.8% and 1.3%).

The findings are somewhat different when regional performance is analyzed in terms of total payroll.[6] Between 2000 and 2007, payroll increased only in the Akron MSA (6.2%), while it fell in the other three MSAs. The Youngstown MSA suffered the largest payroll decline, falling 4.3 percent. The city of Akron was also the only city among the four central cities to experience payroll gains between 2000 and 2007 (4.0%). Payroll in the MSA outside the central city increased in both the Akron and Cleveland areas.

During the recessionary years between 2000 and 2004, all MSAs and all central cities lost payroll. The Akron MSA experienced the smallest decline in payroll (-0.2%), while the city of Youngstown experienced the smallest decline (-1.0%) among the central cities.

Payroll trends paint a better picture during the expansionary years. Between 2004 and 2007 payroll grew in all four MSAs and all of the four MSAs less their central cities. Payroll increased in three of the three central cities—Cleveland, Akron, and Canton; and it grew in two of the downtowns—Cleveland and Akron.

[6] Payroll is adjusted to 2007 dollars for inflation throughout this report.

Table 1.1. Total Employment

Location	2000				2004				2007			
	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton
MSA	1,091,212	318,188	204,201	178,435	1,026,584	310,390	186,197	166,420	1,026,949	319,965	180,535	165,526
MSA less the City	787,848	206,988	161,907	124,473	754,382	205,872	149,026	119,820	757,451	215,827	146,684	119,533
City	303,364	111,201	42,294	53,963	272,202	104,518	37,172	46,600	269,498	104,138	33,851	45,993
City less the Downtown	192,930	91,001	27,171	37,103	175,090	84,362	24,806	32,185	173,402	85,435	22,811	33,729
Downtown	110,434	20,200	15,122	16,860	97,112	20,156	12,366	14,415	96,097	18,703	11,040	12,264

Table 1.2. Change in Employment

Location	2000-2004				2004-2007				2000-2007			
	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton
MSA	-5.92%	-2.45%	-8.82%	-6.73%	0.04%	3.08%	-3.04%	-0.54%	-5.89%	0.56%	-11.59%	-7.23%
MSA less the City	-4.25%	-0.54%	-7.96%	-3.74%	0.41%	4.84%	-1.57%	-0.24%	-3.86%	4.27%	-9.40%	-3.97%
City	-10.27%	-6.01%	-12.11%	-13.64%	-0.99%	-0.36%	-8.93%	-1.30%	-11.16%	-6.35%	-19.96%	-14.77%
City less the Downtown	-9.25%	-7.30%	-8.71%	-13.25%	-0.96%	1.27%	-8.04%	4.80%	-10.12%	-6.12%	-16.05%	-9.09%
Downtown	-12.06%	-0.22%	-18.23%	-14.50%	-1.05%	-7.21%	-10.72%	-14.92%	-12.98%	-7.41%	-26.99%	-27.26%

Table 1.3. Total Payroll (Bil. $)

Location	2000				2004				2007			
	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton
MSA	45.77	12.15	7.08	5.84	42.85	12.12	6.31	5.48	45.66	12.90	6.78	5.72
MSA less the City	31.13	7.60	5.65	3.76	29.33	7.68	4.89	3.61	31.52	8.18	5.48	3.66
City	14.64	4.54	1.43	2.08	13.52	4.44	1.42	1.86	14.14	4.72	1.30	2.06
City less the Downtown	7.88	3.60	0.90	1.45	7.23	3.44	0.93	1.32	7.33	3.66	0.88	1.56
Downtown	6.76	0.94	0.53	0.63	6.29	1.00	0.48	0.54	6.81	1.07	0.42	0.50

Table 1.4. Change in Payroll

Location	2000-2004				2004-2007				2000-2007			
	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton	Cleveland	Akron	Youngstown	Canton
MSA	-6.37%	-0.19%	-10.91%	-6.25%	6.55%	6.40%	7.48%	4.49%	-0.24%	6.20%	-4.25%	-2.05%
MSA less the City	-5.77%	1.11%	-13.41%	-3.93%	7.45%	6.34%	12.05%	1.37%	1.25%	7.52%	-2.98%	-2.61%
City	-7.66%	-2.37%	-1.03%	-10.45%	4.59%	6.51%	-8.35%	10.53%	-3.42%	3.99%	-9.30%	-1.02%
City less the Downtown	-8.24%	-5.10%	3.37%	-9.05%	1.38%	6.89%	-5.64%	18.31%	-6.97%	1.44%	-2.45%	7.61%
Downtown	-6.98%	8.15%	-8.53%	-13.69%	8.28%	5.21%	-13.57%	-8.35%	0.73%	13.78%	-20.94%	-20.89%

THE INDUSTRY STRUCTURE OF NORTHEAST OHIO'S METROPOLITAN AREAS

What major industry sectors dominate the four metropolitan areas? The three largest industries in terms of employment in all four areas (and thus in Northeast Ohio) are *Health Care and Social Assistance*, *Manufacturing*, and *Retail Trade* (Table 1.5).

Table 1.5. Percent Share of Industry Sectors by Employment for Metropolitan Statistical Areas, 2007

NAICS	Industry	Cleveland	Akron	Youngstown	Canton
11	Agriculture, Forestry, Fishing and Hunting	0.20%	0.09%	0.09%	0.09%
21	Mining, Quarrying, and Oil and Gas Extraction	0.06%	0.14%	0.15%	0.22%
22	Utilities	0.58%	0.57%	0.49%	0.54%
23	Construction	3.58%	3.93%	4.21%	4.36%
31-33	Manufacturing	14.08%	14.67%	15.11%	18.53%
42	Wholesale Trade	5.13%	5.43%	3.81%	3.83%
44-45	Retail Trade	10.44%	11.69%	14.21%	12.72%
48-49	Transportation and Warehousing	3.71%	3.61%	4.23%	2.72%
51	Information	2.14%	1.65%	1.65%	1.59%
52	Finance and Insurance	5.32%	3.18%	2.75%	3.73%
53	Real Estate and Rental and Leasing	1.54%	1.05%	1.29%	0.93%
54	Professional, Scientific, and Technical Services	5.42%	4.60%	2.88%	3.26%
55	Management of Companies and Enterprises	2.19%	4.20%	0.85%	0.62%
56	Administrative and Support Services	6.00%	6.44%	6.01%	4.99%
61	Educational Services	7.96%	8.63%	8.33%	8.57%
62	Health Care and Social Assistance	15.42%	14.28%	16.98%	17.05%
71	Arts, Entertainment, and Recreation	1.34%	1.50%	0.77%	1.03%
72	Accommodation and Food Services	7.44%	8.01%	8.88%	8.73%
81	Other Services (except Public Administration)	3.07%	3.17%	3.28%	3.76%
92	Public Administration	4.30%	3.11%	3.99%	2.70%
99	Other	0.04%	0.04%	0.03%	0.02%
	TOTAL	100.00%	100.00%	100.00%	100.00%

Health Care is the largest industry in the Cleveland and Youngstown MSAs, while *Manufacturing* is the largest employer in the Akron and Canton MSAs. *Retail Trade* is the third largest sector in all four MSAs.

Measured in terms of payroll, the *Manufacturing* sector was the largest sector and *Health Care* was the second largest sector in all four MSAs (Table 1.6). However, there is a difference in the role the two largest sectors play in the four economies. In the Youngstown and Canton MSAs, payroll in the *Manufacturing* sector is contributing a large portion to their respective economies and a much larger share than the *Health Care* sector. In the Youngstown area, the *Manufacturing* sector accounts for 32 percent of the MSA's payroll, more than twice the portion of the *Health Care* sector (14.6%). In the Canton MSA, *Manufacturing* and *Health Care* payroll account for 27.7 percent and 16.7 percent respectively. The third largest sector in terms of payroll differs among the MSAs: *Finance and Insurance* in the Cleveland MSA, *Management of Companies and Enterprises* in the Akron MSA, *Retail Trade* in the Youngstown MSA, and *Educational Services* in the Canton MSA. *Retail Trade* and *Educational Services* are both population-serving industry sectors - demand for their products and services is derived from local population - in contrast to export-base sectors that build wealth by bringing dollars from outside the region. An MSA with a large *Retail Trade* sector that is dependent on the local population can be interpreted as showing a weakness since declining population or declining purchasing power by the existing population could reduce demand for the goods and services, leading to lower employment and payroll.

Table 1.6. Percent Share of Industry Sectors by Payroll for Metropolitan Statistical Areas, 2007

NAICS	Industry	Cleveland	Akron	Youngstown	Canton
11	Agriculture, Forestry, Fishing and Hunting	0.11%	0.05%	0.05%	0.07%
21	Mining, Quarrying, and Oil and Gas Extraction	0.08%	0.18%	0.19%	0.42%
22	Utilities	0.93%	1.20%	0.73%	1.28%
23	Construction	3.62%	4.04%	4.49%	4.99%
31-33	Manufacturing	17.42%	18.46%	32.04%	27.65%
42	Wholesale Trade	7.25%	7.82%	4.43%	5.03%
44-45	Retail Trade	6.32%	7.08%	7.87%	7.82%
48-49	Transportation and Warehousing	3.72%	4.11%	4.64%	3.00%
51	Information	2.48%	1.93%	1.75%	1.65%
52	Finance and Insurance	9.87%	4.53%	3.30%	5.28%
53	Real Estate and Rental and Leasing	1.41%	0.75%	0.94%	0.73%
54	Professional, Scientific, and Technical Services	7.10%	5.77%	2.89%	3.33%
55	Management of Companies and Enterprises	4.74%	11.33%	1.22%	1.49%
56	Administrative and Support Services	4.40%	3.68%	3.88%	3.38%
61	Educational Services	6.98%	8.64%	7.80%	8.39%
62	Health Care and Social Assistance	13.32%	12.34%	14.58%	16.67%
71	Arts, Entertainment, and Recreation	1.25%	0.62%	0.27%	0.46%
72	Accommodation and Food Services	2.25%	2.35%	2.54%	2.91%
81	Other Services (except Public Administration)	1.77%	1.74%	1.64%	2.18%
92	Public Administration	4.96%	3.34%	4.74%	3.27%
99	Other	0.02%	0.03%	0.01%	0.02%
	TOTAL	100.00%	100.00%	100.00%	100.00%

THE INDUSTRY STRUCTURE OF NORTHEAST OHIO'S DOWNTOWNS

The downtown economies differ from the economies of their metropolitan areas, as well as differing from each other. In terms of employment, the *Public Administration* sector is the largest sector in the Cleveland and Youngstown downtown areas, while it is the second largest sector in downtown Akron (Table 1.7). The *Health Care* sector is the largest employer in Akron's and Canton's downtown areas and third largest in downtown Youngstown. *Professional, Scientific, and Technical Services* is the second largest employer in the downtowns of Cleveland and Youngstown and the third largest employer in Akron's downtown. *Finance and Insurance* is the third largest sector in both Cleveland's and Canton's downtowns. *Manufacturing* is among the largest sectors only in downtown Canton. To summarize, three sectors are among the largest employers in at least three of the downtowns: *Public Administration*; *Professional, Scientific, and Technical Services*; and *Health Care and Social Assistance*. The first two sectors are leading sectors in many downtowns throughout the country.

Table 1.7. Percent Share of Industry Sectors by Employment for Downtowns, 2007[7]

NAICS	Industry	Cleveland	Akron	Youngstown	Canton
23	Construction	1.40%	NA	2.09%	9.44%
31-33	Manufacturing	1.01%	0.37%	4.23%	12.97%
42	Wholesale Trade	3.66%	0.82%	2.31%	3.58%
44-45	Retail Trade	1.02%	0.66%	4.63%	3.41%
51	Information	4.65%	NA	4.31%	5.98%
52	Finance and Insurance	13.55%	4.75%	4.02%	10.90%
53	Real Estate and Rental and Leasing	1.17%	0.68%	1.85%	0.41%
54	Professional, Scientific, and Technical Services	17.07%	10.12%	7.48%	5.41%
55	Management of Companies and Enterprises	4.94%	10.01%	1.97%	2.09%
56	Administrative and Support Services	9.26%	8.83%	3.60%	2.12%
61	Educational Services	3.15%	2.47%	NA	NA
62	Health Care and Social Assistance	3.93%	24.49%	5.81%	15.23%
71	Arts, Entertainment, and Recreation	3.00%	1.58%	1.95%	1.45%
72	Accommodation and Food Services	6.53%	4.12%	5.23%	4.83%
81	Other Services (except Public Administration)	2.36%	1.56%	5.69%	5.59%
92	Public Administration	18.26%	22.39%	16.29%	9.78%
99	Other	0.01%	0.00%	0.00%	0.00%
	TOTAL	100.00%	100.00%	100.00%	100.00%

Measuring the most critical industries to the four downtowns in terms of payroll presents a somewhat different picture. *Public Administration* is still among the leading three industries in three of the downtowns: Youngstown (largest), Cleveland (3rd largest), and Akron (3rd largest) (Table 1.8). *Finance and Insurance*, however, is the largest sector in terms of payroll in downtown Cleveland and Canton, while it is the third largest in downtown Youngstown. *Professional, Scientific, and Technical Services* is the second largest sector in downtown Cleveland and Youngstown. *Health Care* accounts for a large share of payroll only in downtown Akron (2nd largest).

To summarize, *Public Administration* and *Finance and Insurance* are the largest sectors in terms of payroll in at least three of the downtown areas; both are key sectors to downtowns throughout the country. Judging by both employment and payroll, three sectors dominate the downtown areas of Northeast Ohio's central cities: *Public Administration*; *Professional, Scientific, and Technical Services*; and *Finance and Insurance*.

[7] In Table 1.7, four sectors are excluded due to confidentiality restrictions: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; and Transportation and Warehousing.

Table 1.8. Percent Share of Industry Sectors by Payroll for Downtowns, 2007[8]

NAICS	Industry	Cleveland	Akron	Youngstown	Canton
23	Construction	1.10%	NA	2.36%	12.88%
31-33	Manufacturing	0.87%	0.20%	4.30%	13.02%
42	Wholesale Trade	5.23%	0.63%	2.70%	3.38%
44-45	Retail Trade	0.37%	0.20%	3.97%	2.30%
51	Information	4.20%	NA	4.14%	5.94%
52	Finance and Insurance	28.02%	6.77%	6.31%	16.42%
53	Real Estate and Rental and Leasing	1.24%	0.53%	0.64%	0.24%
54	Professional, Scientific, and Technical Services	17.24%	10.15%	9.85%	6.12%
55	Management of Companies and Enterprises	7.48%	30.93%	3.15%	4.40%
56	Administrative and Support Services	8.29%	3.52%	1.98%	1.45%
61	Educational Services	2.20%	1.66%	NA	NA
62	Health Care and Social Assistance	2.08%	18.60%	5.17%	9.78%
71	Arts, Entertainment, and Recreation	2.49%	0.75%	0.70%	0.50%
72	Accommodation and Food Services	1.65%	0.94%	1.58%	1.53%
81	Other Services (except Public Administration)	1.23%	0.65%	2.81%	3.03%
92	Public Administration	12.79%	16.30%	20.63%	12.29%
99	Other	0.01%	0.00%	0.00%	0.00%
	TOTAL	100.00%	100.00%	100.00%	100.00%

THE RELATIVE SIZE OF THE CENTRAL CITY AND ITS DOWNTOWN

How big is the central city in comparison to its metropolitan area? What proportion of the central city is accounted for by its downtown area? What is the relative size of the downtown area in the MSA? Table 1.9 shows the relative size of these sub-regions in each of the four metropolitan areas in terms of the portion of area employment.

The city of Youngstown accounts for the smallest share of its MSA (18.8%), even when excluding Mercer County in Pennsylvania from the MSA definition. The city of Akron accounts for 32.5 percent of its MSA, a larger portion than in Cleveland and Canton.

Table 1.9. Employment Shares by Area, 2007

Location	Cleveland	Akron	Youngstown	Canton
City / MSA	26.2%	32.5%	18.8%	27.8%
Downtown / MSA	9.4%	5.8%	6.1%	7.4%
Downtown / City	35.7%	18.0%	32.6%	26.7%

Accounting for a larger share of the MSA allows a city's political leadership to have more influence on the region and their public policies to have a greater impact on its metropolitan

[8] In Table 1.8, four sectors are excluded due to confidentiality restrictions: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; and Transportation and Warehousing.

area. The mayor of the city of Akron and other civic leaders may be more influential in their region, as compared to other cities that play a smaller role in their respective regions.

Although the city of Akron is relatively large in comparison to its MSA, the downtown area is the smallest as a share of the city.   Only 18 percent of employment in the city of Akron is located in its downtown area. This is in great contrast to the cities of Cleveland and Youngstown, where the downtown areas accounted for 36 percent and 33 percent of their respective city employment. Downtown Canton is also relatively large, accounting for 27 percent of all employment in the city. These differences should affect city policies toward the downtown area. Because their downtown areas have a significant concentration of economic activity, we would expect the cities of Cleveland and Youngstown to focus more attention on those areas and continue to build on their strengths.

The downtown areas can be viewed as employment centers in their metropolitan areas. Cleveland's downtown is the largest employment center, accounting for 9.4 percent of employment in the MSA. The other downtowns account for smaller shares of their MSAs, ranging from 5.8 in Akron, and 6.1 percent in Youngstown, to 7.4 percent in Canton.

CONCLUDING COMMENTS

The four metropolitan areas in Northeast Ohio share a common history and industry structure. Although connected, these economies are distinct from each other and their economic performances differ. The Cleveland MSA is the most dominant, accounting for 61 percent of the employment in the four MSAs combined and 64 percent of the regional payroll. By 2007, total employment in downtown Cleveland (96,100) was only slightly smaller than employment in the whole city of Akron (104,100), and more than twice as large as total employment in the cities of Youngstown (33,850) and Canton (46,000).

The recovery years of 2004-2007 were different among the four MSAs. Employment rose in the Akron MSA (3.1%) and remained stable in the Cleveland MSA (0.04%), but it fell in both the Canton and Youngstown MSAs. All four central cities and their downtowns lost jobs during this period. The city of Akron had the smallest rate of decline (-0.4%) among the cities, and downtown Cleveland had the smallest rate of decline (-1.1%) among the downtowns.

The findings are different when regional performance is analyzed in terms of payroll. Between 2004 and 2007, payroll grew in all four MSAs. Payroll increased in three central cities—Cleveland, Akron, and Canton; and it grew in two of the downtowns—Cleveland and Akron.

The three largest common sectors in NEO's metropolitan areas in terms of employment are: *Health Care and Social Assistance*, *Manufacturing*, and *Retail Trade*. The two largest sectors in terms of payroll are *Manufacturing* and *Health Care*. The downtowns differ with downtown Cleveland being most similar to larger cities' downtowns, where the dominant sectors are

Public Administration; *Professional, Scientific, and Technical Services*; and *Finance and Insurance*.

This report suggests that NEO's central cities account for a significant part (about one third) of their metropolitan economies and in most of NEO's cities, the downtowns are important employment centers. The report shows that the region has some similarities that cross the boundaries of the MSAs, but also that the four sub-regions differ from each other. These findings support the need for a geographic mix of economic development initiatives such as those that are being implemented across Northeast Ohio. The combination of regional initiatives coupled with more local programs is critical to the transformation of Northeast Ohio. Large-scale regional initiatives are important for marketing the region as well as changing the environment and attitudes towards innovation and entrepreneurship. An increase in local programs is important to address specific needs based on local strengths and challenges. The regional and local initiatives need to continue to operate in a collaborative manner so that the region is not seen as a collection of smaller areas, but as one connected area—Northeast Ohio.

THE CITY OF CLEVELAND AND ITS DOWNTOWN IN THE CONTEXT OF THE REGIONAL ECONOMY

PREPARED BY
ZIONA AUSTRIAN, PH.D.
CANDICE CLOUSE, M.S.

CENTER FOR ECONOMIC DEVELOPMENT
MAXINE GOODMAN LEVIN COLLEGE OF URBAN AFFAIRS
CLEVELAND STATE UNIVERSITY

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INTRODUCTION

This chapter describes employment and payroll trends as well as average wages in the city of Cleveland and its downtown area in relation to the larger region, defined as the Cleveland-Elyria-Mentor metropolitan statistical area (Cleveland MSA).
[1] The period studied, between 2000 and 2007, includes the recession of the early 2000s and the expansionary period that followed it. Analysis of employment trends provides information on jobs that exist locally without differentiation between low-skill, low-pay jobs and high-skill, high-pay jobs, or between part-time and full-time employment. Analysis of payroll (wage) trends describes the scale of the different economies. Although payroll does not measure gross regional product, it can be viewed as a proxy for value added output. Average wages are calculated as payroll per employee.

OVERALL TRENDS

The economy of the Cleveland MSA has declined since the peak of the business cycle in 2000. More specifically, the area suffered employment and payroll losses between 2000 and 2007. The Cleveland MSA lost 5.9 percent of its employment between 2000 and 2004 and then remained flat between 2004 and 2007 (Table 2.1). Total payroll in the area fell by 6.4 percent between 2000 and 2004 and then grew by 6.5 percent between 2004 and 2007 for a very slight loss of 0.2 percent over the whole period. In terms of employment, the Cleveland MSA losses during the recession of the early 2000s overshadowed smaller gains in the expansionary years, but payroll growth in the later years offset the declines of the earlier years.

Table 2.1. Percent Change in Employment and Payroll: Cleveland Area

	Employment			Payroll		
	2000-2004	2004-2007	2000-2007	2000-2004	2004-2007	2000-2007
Downtown	-12.1%	-1.0%	-13.0%	-7.0%	8.3%	0.7%
City of Cleveland	-10.3%	-1.0%	-11.2%	-7.7%	4.6%	-3.4%
Cleveland-Elyria-Mentor MSA	-5.9%	0.0%	-5.9%	-6.4%	6.5%	-0.2%

Did the city of Cleveland and its downtown follow the same trends as the larger metropolitan area? Similar to the Cleveland MSA, the city of Cleveland also lost employment and payroll between 2000 and 2007, with employment declining at a much faster rate than payroll (-11.2% and -3.4%, respectively). The majority of the job losses in the city occurred in the first period (2000-2004) when the city lost 10.3 percent of its employment base. It continued to lose jobs during the expansionary years (2004-2007), albeit at a much slower rate; the city lost an

[1] Downtown Cleveland is defined as the City's Statistical Planning Area #8 which includes census tracts 1071, 1072, 1073, 1074, 1076, 1077, 1078 and 1092. It is bounded on the north by Lake Erie and the west by the Cuyahoga River. The southern boundary goes to Orange Avenue near the river and at East 18th Street jogs up to Euclid Avenue. Then at East 26th Street it again jogs north up to Lakeside Avenue where it ends at East 49th Street.

additional 1 percent of its jobs between 2004 and 2007. In terms of payroll, the city also experienced similar trends to the metropolitan area; payroll declined by 7.7 percent between 2000 and 2004 and then rose by 4.6 percent. Overall, the city lost a higher percentage of its payroll than the metropolitan area because it experienced a faster rate of decline during the recessionary years and a smaller rate of growth during the expansion.

The gains in payroll in the city of Cleveland between 2004 and 2007 were concentrated in the downtown area. Following a loss of 7.0 percent between 2000 and 2004, downtown payroll rebounded, growing by 8.3 percent from the low point. Overall, the downtown area **gained** 0.7 percent of its payroll between 2000 and 2007, in comparison to a minimal loss in the metro area. However, jobs in downtown Cleveland fell by 13 percent between 2000 and 2007 (declining 12.1% between 2000 and 2004 and an additional 1% in the following 3 years). The large difference between the rates of decline in downtown employment (-13.0%) and the payroll gain (0.7%) suggests that downtown Cleveland lost more of its low-skill, low-wage jobs while retaining or attracting higher-skilled, highly paid employees from 2000-2007.

CLEVELAND'S ROLE IN THE REGIONAL ECONOMY

The economic future of the central city, its suburbs, and the adjacent counties are intertwined. In this report, we investigate whether the shares of city employment and payroll have remained the same or declined, as well as whether downtown has become a more or less significant employment center for the city and the metro area.

By 2007, there were nearly 270,000 jobs in the city of Cleveland, of which 96,000 were located in the downtown area and more than 173,000 in the remainder of the city (Table 2.2). The city of Cleveland is part of the metropolitan area economy that employed over 1 million people.

Table 2.2. Total Employment and Payroll: Cleveland Area

	Employment			Payroll (Bil. $)		
	2000	**2004**	**2007**	**2000**	**2004**	**2007**
Downtown	110,434	97,112	96,097	6.76	6.29	6.81
City of Cleveland	303,364	272,202	269,498	14.64	13.52	14.14
Cleveland-Elyria-Mentor MSA	1,091,212	1,026,584	1,026,949	45.77	42.85	45.66

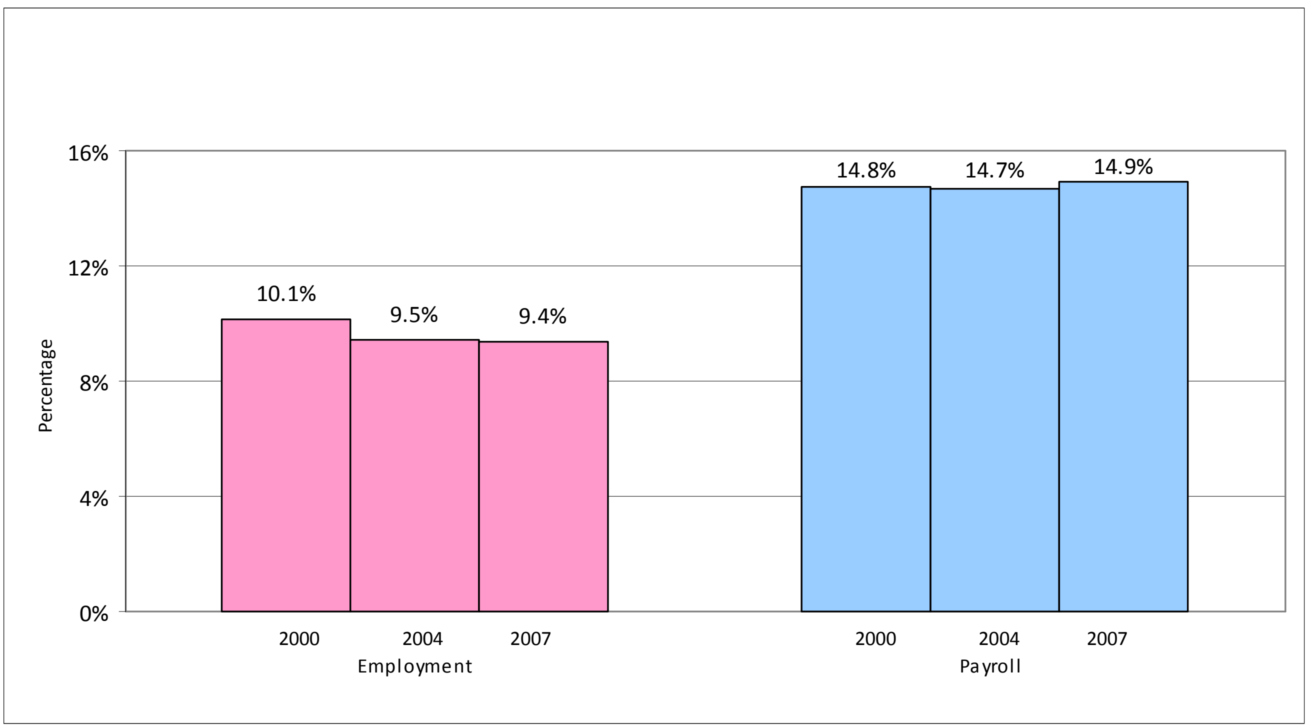
However, the city of Cleveland's share of the metropolitan area economy declined; in 2000, total employment in the city of Cleveland accounted for 27.8 percent of all jobs in the Cleveland metropolitan area, but declined to 26.2 percent by 2007 (Table 2.3). The city's portion of the MSA's payroll also fell, but at a smaller rate; it declined from 32 percent of the metropolitan area payroll in 2000 to 31 percent in 2007.

Table 2.3. Percent of Total Employment and Payroll: Cleveland Area

	Employment			Payroll		
	2000	2004	2007	2000	2004	2007
City / MSA	27.8%	26.5%	26.2%	32.0%	31.5%	31.0%
Downtown / MSA	10.1%	9.5%	9.4%	14.8%	14.7%	14.9%
Downtown / City	36.4%	35.7%	35.7%	46.2%	46.5%	48.1%

In contrast to the city as a whole, downtown Cleveland maintained its position in the regional economy. Although the downtown had a lower share of the MSA's employment by 2007, its share of payroll remained nearly constant (Figure 2.1). The share of downtown employment in relationship to the metro area fell slightly (from 10.1% to 9.4%), but the share of downtown payroll remained fairly stable (increasing slightly from 14.8% to 14.9%).

Figure 2.1. Total Employment & Payroll: Downtown Cleveland Share of Cleveland MSA



As a result of the employment dynamics of these three geographies, downtown is becoming more important to the city's economy. The downtown area has become a larger payroll center within the city of Cleveland because it is home to highly skilled, highly paid service industries. **Downtown employers account for close to 36 percent of all employment and 48 percent of total payroll in the city. Employees working downtown contribute almost one half of all payroll tax revenues raised by the city of Cleveland. Consequently, ensuring the success of downtown is critical to the city's economic health.**

The average wage for all industries in the Cleveland MSA was $44,500 in 2007. Since downtown jobs are more highly skilled and pay higher wages, it is not surprising that the average wage in downtown Cleveland was 59 percent higher, or nearly $71,000.

ECONOMIC STRUCTURE IN THE CLEVELAND METROPOLITAN AREA[2]

MAJOR SECTORS IN THE CITY AND DOWNTOWN IN RELATION TO THE CLEVELAND MSA

Despite the city's declining overall shares, a few industrial sectors have increased their role in the metropolitan economy. The city of Cleveland experienced increased employment shares in two sectors: *Utilities* and *Public Administration*. The share of employment in the *Utilities* sector grew from 41.5 percent of the metro area in 2000 to 43.8 percent in 2007 because employment in the city declined at a slower rate than the loss in the MSA. In contrast, the share of jobs in the *Public Administration* sector increased from 46.3 percent to 48.2 percent because employment in the city grew at a faster rate than employment gains in the metropolitan area. Payroll in the city as a share of payroll in the MSA rose only in *Administrative and Support Services* (from 31.6% in 2000 to 37.6% in 2007), where the rate of growth in the city was faster than that in the MSA.

Similarly, downtown increased its share of employment in the metro area only in a few industries. Downtown's share of metro employment in *Administrative and Support Services* increased from 12.2 percent in 2000 to 14.4 percent in 2007, whereas its share declined in all other major sectors. Three industries in downtown Cleveland captured a greater share of payroll from the metropolitan area: *Administrative and Support Services* (from 18.7% in 2000 to 28.1% in 2007), *Real Estate and Rental and Leasing* (from 12.5% to 13.1%), and *Accommodation and Food Services* (from 10.1% to 11.0%). In all three sectors, payroll grew in both downtown Cleveland and the MSA, but the rate of growth in the downtown area was faster than in the MSA.

Between 2000 and 2007, downtown employment as a share of city employment rose in three major sectors—*Professional, Scientific, and Technical Services (79.9% to 80.9%)*; *Administrative and Support Services (42.9% to 54.3%)*; and *Accommodation and Food Services (38.9% to 41.0%)*—while downtown payroll shares rose in the latter two industries and in *Wholesale Trade*, and *Real Estate and Rental and Leasing*.

MAJOR SECTORS IN THE CLEVELAND MSA

In 2007 the largest industry sectors by employment in the Cleveland metropolitan area were *Health Care and Social Assistance*, *Manufacturing*, and *Retail Trade* (Appendix, Table 2.A.1). Following declines in *Manufacturing* employment and gains in *Health Care and Social*

[2] This analysis is conducted at the NAICS two-digit classification.

Assistance between 2000 and 2007, the two sectors exchanged places. *Manufacturing* fell from being the largest employer in 2000 to the second largest in 2007, while job gains in *Health Care* elevated it to the largest employing sector in 2007. The *Retail* sector was the third largest sector throughout this period. In addition to *Health Care*, three other sectors gained jobs: *Educational Services*, *Accommodation and Food Services*, and *Public Administration*.

However, when measured in total payroll, the *Manufacturing* sector remained by far the largest sector in the metropolitan area, followed by *Health Care*, and *Finance and Insurance* (Appendix, Table 2.A.2). Total payroll emanating from manufacturers ($7.95 billion) is more than 30 percent larger than healthcare-related payroll ($6.1 billion). While the *Manufacturing* sector lost payroll between 2000 and 2007, the *Health Care and Finance and Insurance* sectors increased their payroll.

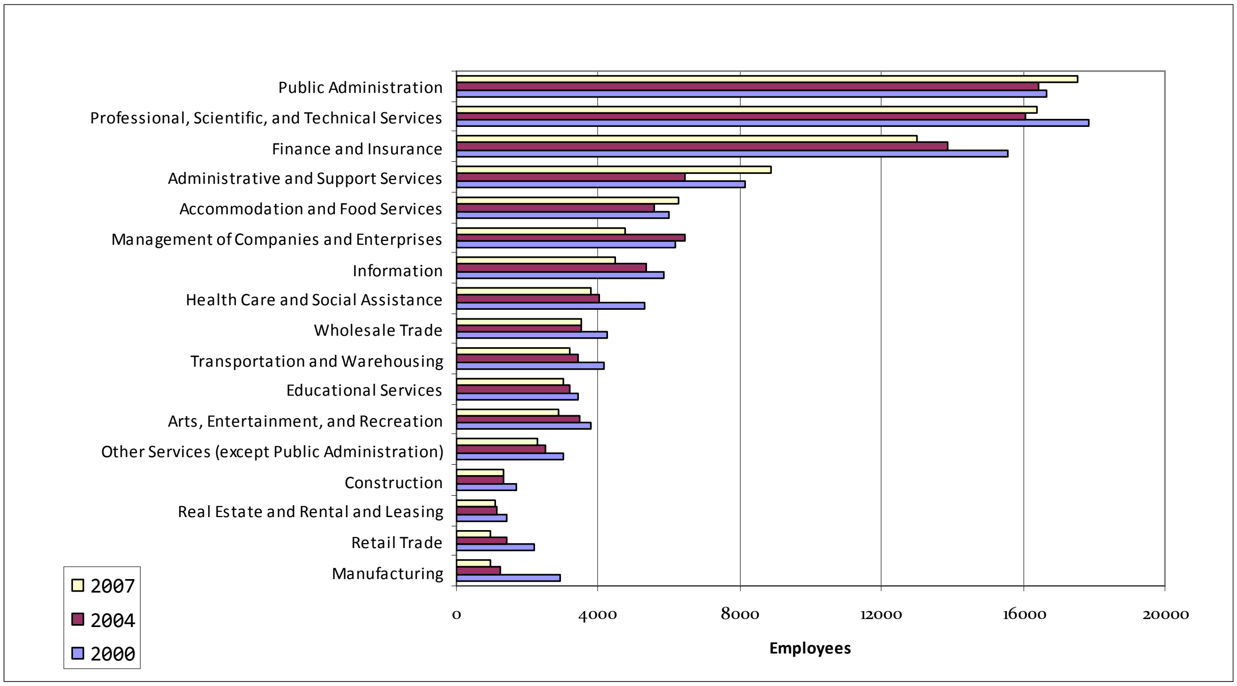
MAJOR SECTORS IN DOWNTOWN CLEVELAND

As expected, the industrial structures of the Cleveland MSA and downtown Cleveland are different. The downtown economy is dominated by three sectors: *Public Administration*; *Professional, Scientific, and Technical Services*; and *Finance and Insurance* (Figure 2.2).[3] This is true for many other downtown areas that serve as both governmental centers as well as centers of financial and professional services.

Of the three largest sectors, the number of downtown jobs between 2000 and 2007 increased only in *Public Administration*. But the fourth and fifth largest sectors in the downtown area also added jobs—*Administrative and Support Services* and *Accommodation and Food Services*.

[3] In Figure 2.2, four industries are excluded due to confidentiality restrictions: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; and Other.

Figure 2.2. Downtown Cleveland Employment by Major Sector



The three largest sectors in downtown Cleveland in terms of payroll are the same as the largest in terms of employment, although their respective ranks change. The largest payroll is in *Finance and Insurance*, followed by *Professional, Scientific, and Technical Services* and *Public Administration*. Total payroll in downtown Cleveland increased in six major sectors including two of the three largest ones. Downtown industries that gained total payroll despite employment losses include *Finance and Insurance*, *Management of Companies and Enterprises*, and *Real Estate and Rental and Leasing*.

MAJOR SECTORS IN THE CITY OF CLEVELAND

As with the metropolitan economy, *Health Care* and *Manufacturing* are the largest employers in the city of Cleveland. Many of the large health care and manufacturing employers are located in the city but outside the downtown area. The sectors that have the highest payroll and contribute the most to the city of Cleveland through payroll tax are *Health Care*; *Finance and Insurance*; *Professional, Scientific, and Technical Services*; and *Manufacturing* (Figure 2.3).[4] These four sectors account for 51 percent of total payroll in the city. Company payrolls have important implications for the tax revenue of the city of Cleveland. Payroll taxes have become an increasingly important source of revenue for the city since, by 2008, income taxes accounted for over 56 percent of the city of Cleveland revenue.

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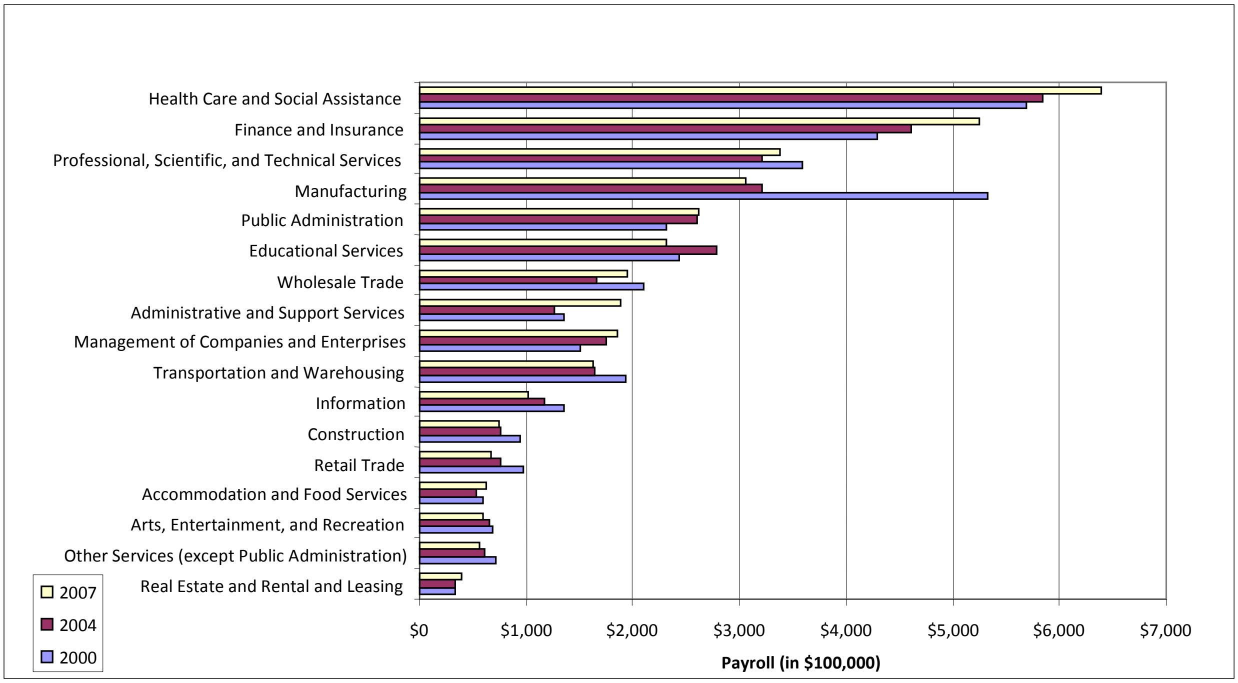
[4] In Figure 2.3, four industries are excluded due to confidentiality restrictions: *Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities;* and *Other*.

Figure 2.3. City of Cleveland Payroll by Major Sector



AVERAGE WAGES BY MAJOR SECTORS

In 2007 the average wage in the city of Cleveland was $52,464, which was 18 percent higher than the average wage of $44,458 in the Cleveland MSA (Table 4).[5] The city's average wage is higher because of the high average wages in its downtown ($70,843).

[5] In Table 2.4, two industries are excluded due to confidentiality restrictions: *Mining, Quarrying, and Oil and Gas Extraction*, and *Utilities*.

Table 2.4. Average Wages in the Cleveland Area, 2007

NAICS	Definition	Downtown	City	MSA
11	Agriculture, Forestry, Fishing and Hunting	NA	15,605	23,867
23	Construction	55,709	48,020	45,050
31-33	Manufacturing	60,928	47,212	55,028
42	Wholesale Trade	101,304	65,124	62,824
44-45	Retail Trade	25,892	24,687	26,915
48-49	Transportation and Warehousing	NA	47,210	44,547
51	Information	64,029	62,855	51,490
52	Finance and Insurance	146,511	124,526	82,452
53	Real Estate and Rental and Leasing	75,589	43,086	40,718
54	Professional, Scientific, and Technical Services	71,545	66,460	58,231
55	Management of Companies and Enterprises	107,314	105,020	95,959
56	Administrative and Support Services	63,444	46,051	32,573
61	Educational Services	49,414	43,748	39,008
62	Health Care and Social Assistance	37,515	44,872	38,394
71	Arts, Entertainment, and Recreation	58,660	49,105	41,302
72	Accommodation and Food Services	17,935	16,375	13,413
81	Other Services (except Public Administration)	36,952	28,805	25,528
92	Public Administration	49,597	49,275	51,215
99	Other	65,819	29,949	24,685
	Average Wage, All Industries	**70,843**	**52,464**	**44,458**

The sectors with the highest average wages in the downtown, city, and metro area are in *Finance and Insurance*, *Management of Companies and Enterprises*, and *Wholesale Trade*. While *Finance and Insurance* had the highest average wages in the downtown area, it was the second highest in the metro area following *Management of Companies and Enterprises*

Average wages in downtown were higher than those in the MSA in 13 major sectors. The greatest difference was in *Finance and Insurance,* where the average wage in the downtown area was over $64,000 higher than the average wage for the same industry in the metropolitan area. This is because the downtown is home to many of the headquarters of the finance and insurance companies. Other sectors with an average wage differential of more than $30,000 include *Other*, *Wholesale Trade*, *Real Estate and Rental and Leasing*, and *Administrative and Support Services*.

INDUSTRY TRENDS IN THE CLEVELAND METROPOLITAN ECONOMY[6]

Designing economic development policies and incentives requires an understanding of the economic trends in the city of Cleveland and its relation to the metropolitan economy at a more detailed level than the major industrial sector. This section analyzes industries at the NAICS

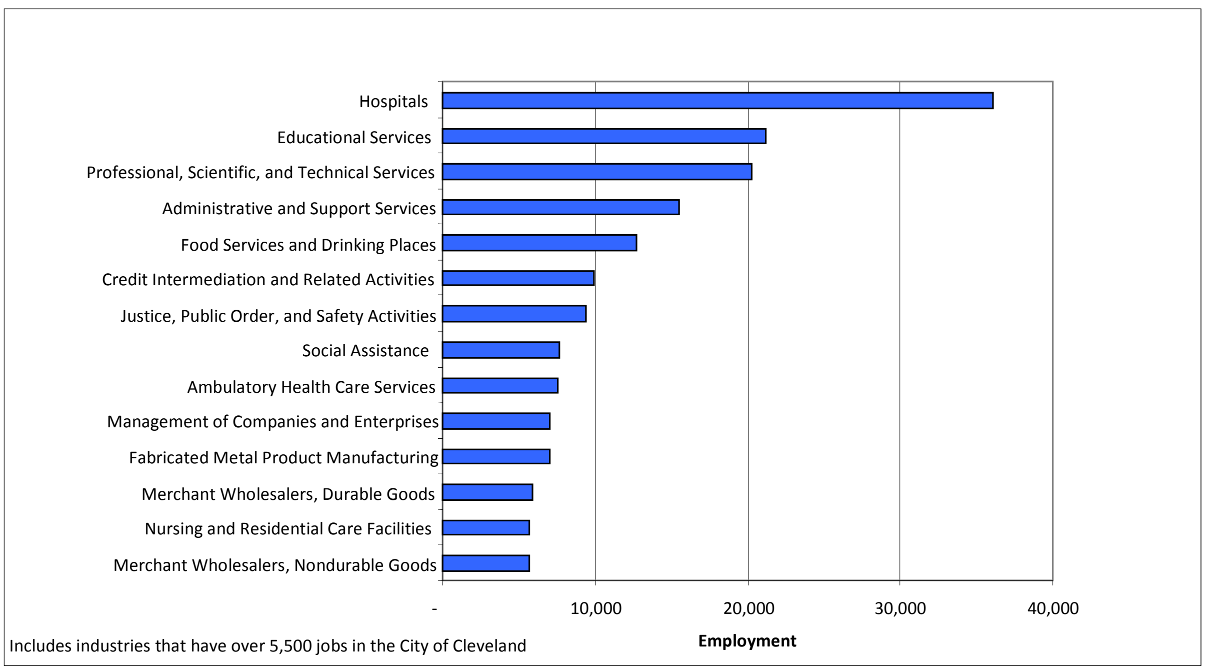
[6]This analysis is conducted at the NAICS three-digit classification.

three-digit level. After identifying the largest industries in the city of Cleveland, we investigate whether these are also large industries in the region and whether they are growing in the city and the region. We also describe where the large industries are concentrated; are they primarily in the downtown area or are they in the remainder of the city? In addition, this section identifies the fastest growing industries in the city and investigates whether they also grow in the remainder of the MSA. Finally, we identify and discuss the declining industries in the city and the region.

THE CITY'S LARGEST INDUSTRIES

The largest industry in the city of Cleveland, *Hospitals*, employed more than 36,000 in 2007 (Figure 2.4). It was 70 percent larger than the second largest industry, *Educational Services*, with over 21,000 jobs. The third largest industry was *Professional, Scientific, and Technical Services* with more than 20,000 employees. The two largest industries, *Hospitals* and *Educational Services*, added jobs between 2000 and 2007 (14.7% and 1.7%, respectively), while the third largest industry lost jobs (-9.2%) because its modest growth between 2004 and 2007 was not large enough to offset the steep decline during the preceding 4 years.

Figure 2.4. Largest Industries by Employment in the City of Cleveland, 2007



The 14 largest industries in the city of Cleveland employing at least 5,500 are ranked by employment in Figure 2.4. As a group, they accounted for 64 percent of total employment in the city. The largest industries in the city of Cleveland are similar to the largest in the metropolitan area; the ten largest industries of the metropolitan area are among the city's 14 largest industries.

Five of the city's largest industries added employment across the period from 2000 to 2007, while eight industries gained jobs only during the expansionary years from 2004 to 2007. The fastest growing large industries in the later 3 years include *Hospitals* (4,000 additional jobs, 12.6%); *Justice, Public Order, and Safety Activities* (1,050 jobs, 12.6%); *Administrative and Support Services* (1,500 jobs, 11.0%); *Food Services* (over 1,000 jobs, 9.0%); and *Merchant Wholesalers, Non Durable Goods* (430 jobs, 8.2%).

Of the 14 largest industries in the city, two industries increased their share of metropolitan area employment during the whole period: *Hospitals* and *Justice, Public Order, and Safety Activities*. Although employment in *Hospitals* increased in both the city and the metropolitan area, it rose faster in the city; the city's share of hospital employment in the metropolitan area rose from 54 percent in 2000 to 56 percent in 2007. Similarly, employment in *Justice, Public Order, and Safety Activities* grew faster in the city of Cleveland; its share of the industry in the metropolitan area rose from 43 percent in 2000 to 46 percent in 2007. Most of the other large industries in the city saw their shares of metro area employment decline over the period.

There is a parallel between the city's largest industries in terms of number of jobs and total payroll. Of the largest 10 industries in the city with at least $79 million in total payroll, nine are among the largest 14 previously described. The only exception is *Securities, Commodity Contracts, and Other Financial Investments and Related Activities*, which ranked 7th with a payroll of $121 million but ranked 31st with 2,300 employees. The *Hospitals* industry, the city's largest industry with a payroll of $475 million, is followed by *Professional, Scientific, and Technical Services* with a payroll of $337 million (ranked 1st and 3rd, respectively, in number of jobs).

THE CITY OF CLEVELAND'S TOP GROWING INDUSTRIES

Which industries added the most jobs in the city of Cleveland? This section describes the industries in the city of Cleveland that added the most jobs during the expansionary period between 2004 and 2007. We analyze whether the growth occurred in the downtown area or in the remainder of the city and then track what happened to the city's growing industries in the remainder of the metropolitan area.

During the expansionary period between 2004 and 2007, 14 industries added at least 40 jobs each in the city of Cleveland (Table 2.5).[7] Of this group, four industries added more than 1,000 jobs: *Hospitals* (+4,041), *Administrative and Support Services* (+1,526); *Food Services* (+1,058); and *Justice, Public Order, and Safety Activities* (+1,053). Four of the group also grew during the recessionary period between 2000 and 2004: *Other Information Services* (+920), *Hospitals*

[7] In Table 2.5, five growing industries are excluded due to confidentiality restrictions: *National Security and International Affairs*, *Monetary Authorities-Central Bank*, *Utilities*, *Administration of Environmental Quality Programs* and *Warehousing and Storage*. Two growing industries were excluded due to small employment in the city: *Motion Picture and Sound Recording Industries* and *Executive, Legislative, and Other General Government Support*.

(+567), *Nursing and Residential Care Facilities* (+343), and *Justice, Public Order, and Safety Activities* (+318).

Table 2.5. Growing Industries in the City of Cleveland, 2004-2007

NAICS	Definition	2004	2007	Change 2004-2007
622	Hospitals	31,994	36,035	4,041
561	Administrative and Support Services	13,944	15,471	1,526
722	Food Services and Drinking Places	11,691	12,749	1,058
922	Justice, Public Order, and Safety Activities	8,332	9,385	1,053
541	Professional, Scientific, and Technical Services	19,523	20,287	764
621	Ambulatory Health Care Services	7,024	7,508	484
424	Merchant Wholesalers, Nondurable Goods	5,248	5,679	431
237	Heavy and Civil Engineering Construction	573	796	223
519	Other Information Services	979	1,142	163
623	Nursing and Residential Care Facilities	5,577	5,734	157
711	Performing Arts, Spectator Sports, and Related Industries	2,879	3,018	139
923	Administration of Human Resource Programs	3,540	3,670	130
524	Insurance Carriers and Related Activities	3,587	3,645	58
515	Broadcasting (except Internet)	1,057	1,102	44

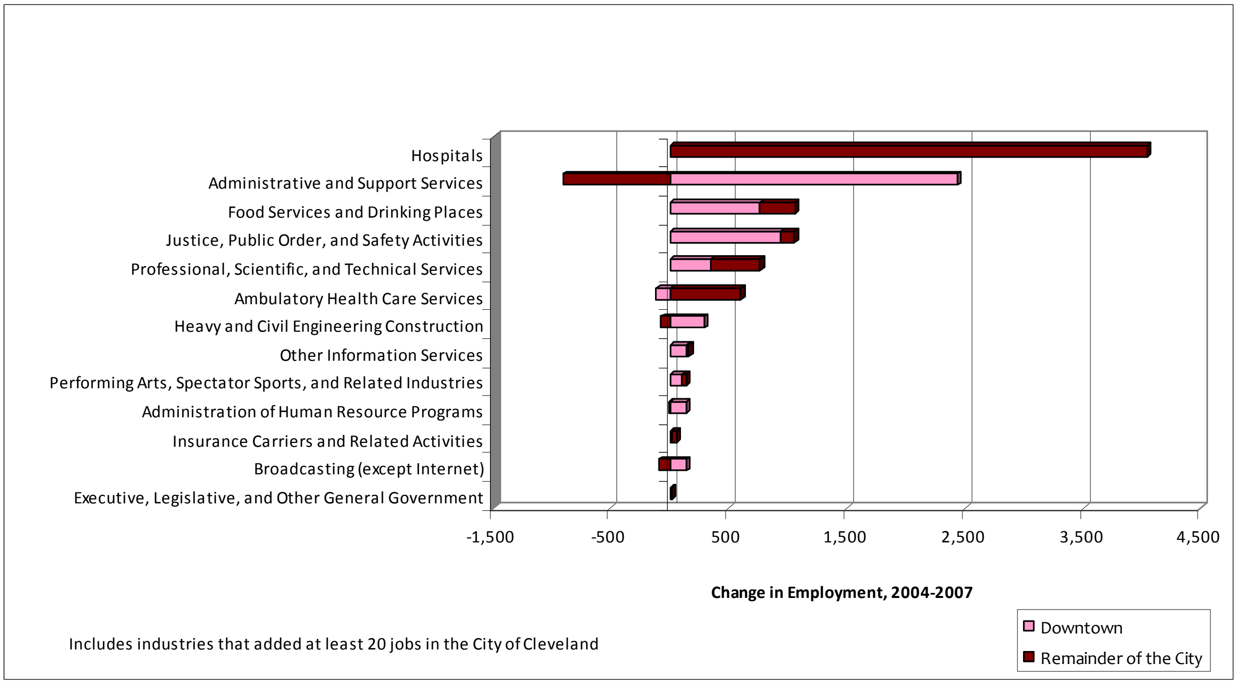
*Includes industries that added at least 40 jobs in the city of Cleveland

DOWNTOWN VERSUS THE REMAINDER OF THE CITY

Did employment gains take place in the downtown area or in the remainder of the city? For three of the four industries that added over 1,000 jobs, all or most of the employment gains occurred in the downtown area; only *Hospitals*' employment rose in the remainder of the city (see Figure 2.5) since most of the *Hospitals*' employment is located outside the downtown area.[8] Three additional industries added more than 400 jobs each, but most of the gains occurred in areas in the city that are outside downtown: *Professional, Scientific, and Technical Services* (+764), *Ambulatory Health Care Services* (+484), and *Merchant Wholesalers, Non Durable Goods* (+431).

[8] In Figure 2.5, four leading growing industries are excluded due to confidentiality restrictions: *National Security and International Affairs*, *Monetary Authorities-Central Bank*, *Utilities* and *Merchant Wholesalers, Nondurable Goods*.

Figure 2.5. Leading Growing Industries in the City of Cleveland: Growth in Downtown versus the Remainder of the City



THE CITY OF CLEVELAND VERSUS THE REMAINDER OF THE METROPOLITAN AREA

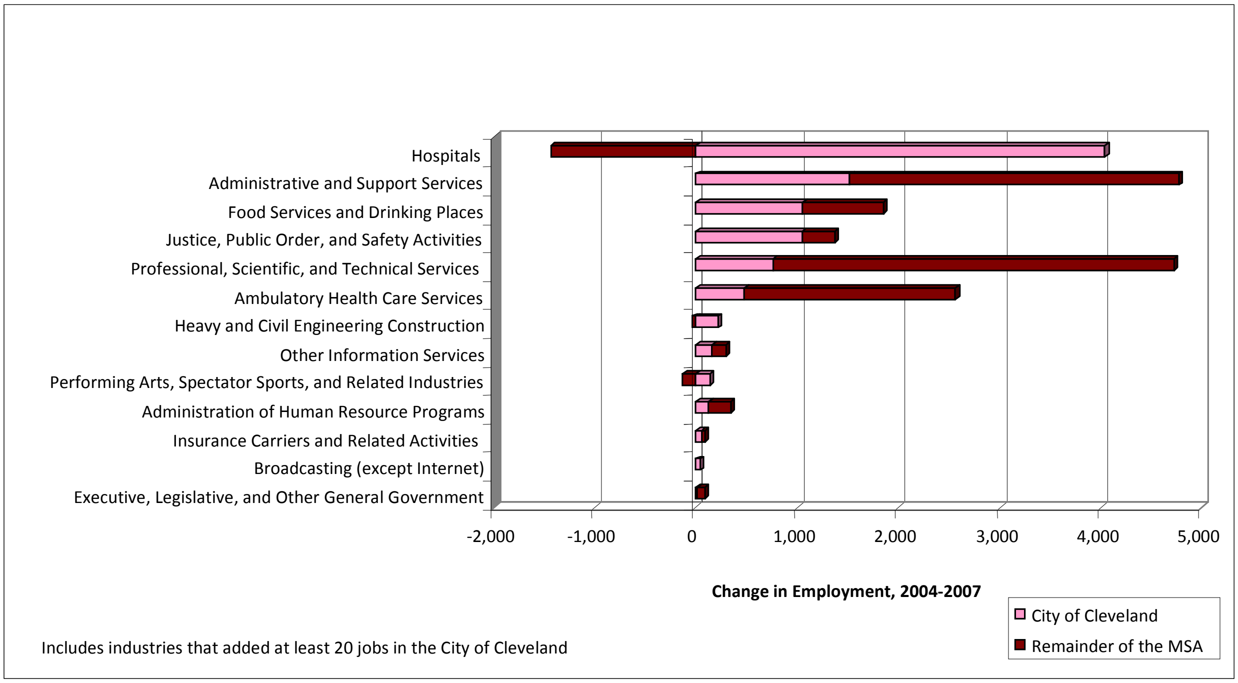
Are the city's growing industries also growing in the remainder of the metropolitan area? Since the economic region is the metropolitan area, this analysis will indicate whether the city is participating in the growth of the metropolitan area.

All of the top growing industries in the city also gained jobs in the metropolitan area. Of the four industries that added the most jobs in the city (>1,000), three added more jobs in the city than in the remainder of the MSA: *Hospitals*; *Food Services and Drinking Places*; and *Justice, Police Order, and Safety Activities* (Figure 2.6).[9]

Moreover, all of the employment gains in the *Hospitals* industry were in the city; over 4,000 hospitals jobs were added in the city while more than 1,400 were lost in other parts of the metro area, resulting in net growth in hospital jobs of more than 2,600 in the metropolitan area. *Food Services and Drinking Places* created 1,060 additional jobs in the city and 800 in the areas outside the city for a total gain of 1,860 jobs for the metropolitan area. Employment in *Justice, Public Order, and Safety Activities* grew by almost 1,400 jobs in the metro area, of which 1,050 were created in the city.

[9] In Figure 2.6, four leading growing industries are excluded due to confidentiality restrictions: *Merchant Wholesalers*, *Nondurable Goods*, *Utilities*, *Monetary Authorities-Central Bank* and *National Security and International Affairs*.

Figure 2.6. Leading Growing Industries in the City of Cleveland: Growth in the City of Cleveland versus the Remainder of the MSA



Employment in two industries increased significantly more in the remainder of the MSA than in the city. *Professional, Scientific, and Technical Services* added almost 4,000 jobs outside the city, compared to a gain of more than 760 in the city of Cleveland. *Ambulatory Health Care Services* added 480 jobs in the city and almost 2,100 jobs in the remainder of the MSA. **Although *Professional, Scientific, and Technical Services* is among the city's largest industries, city officials and economic development leaders should design additional initiatives to capture a bigger portion of the growth in this industry**.

THE CITY OF CLEVELAND'S FASTEST GROWING INDUSTRIES

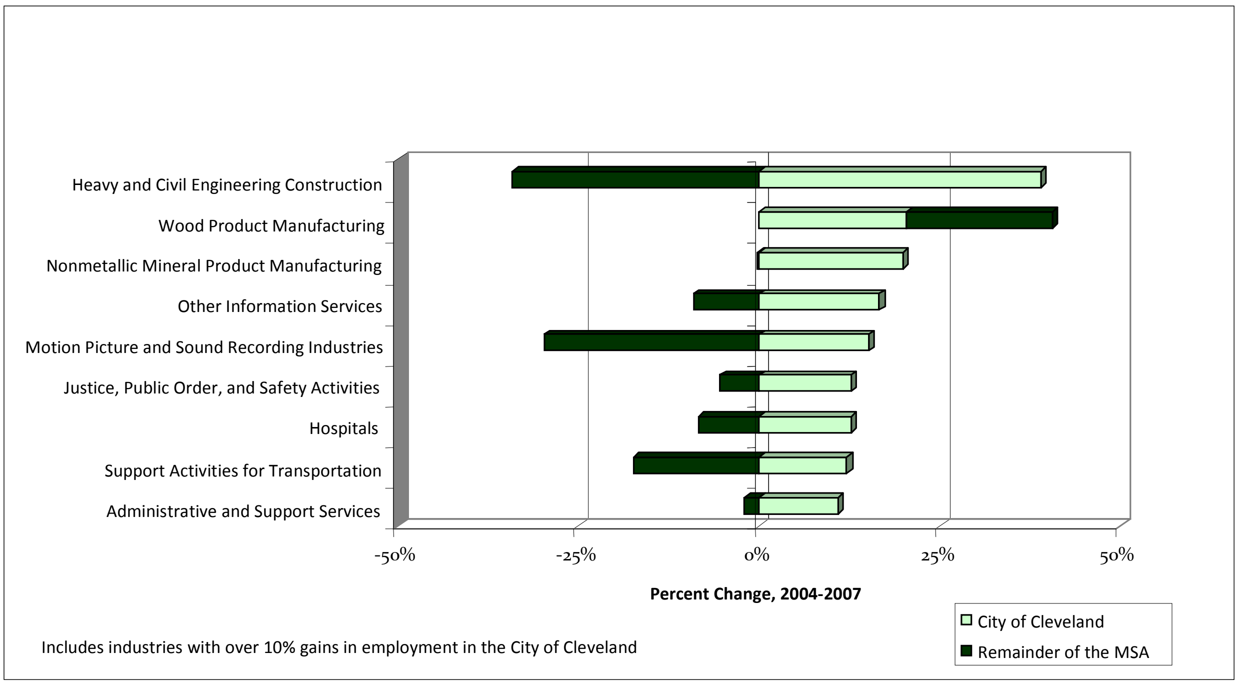
Nine industries in the city of Cleveland with more than 100 employees experienced growth rates of at least 10 percent between 2004 and 2007 (Figure 2.7).[10] This group was led by: *Heavy and Civil Engineering Construction*, *Wood Product Manufacturing*, and *Nonmetallic Mineral Product Manufacturing*. All three were relatively small industries (with approximately 800, 160, and 520 employees, respectively). *Wood Product Manufacturing*, the smallest industry, was the only industry among the nine fastest growing industries that also experienced

[10] In Figure 2.7, seven fastest growing industries are excluded due to confidentiality restrictions: *Pipeline Transportation*, *Other*, *General Merchandise Stores*, *Warehousing and Storage*, *Monetary Authorities-Central Bank*, *Truck Transportation* and *Primary Metal Manufacturing*. Two fastest growing industries were excluded due to small employment in the city: *Crop Production*, and *Textile Mills*.

growth in the remainder of the MSA. All of the other fast growing industries in the city lost employment in the remainder of the MSA.

Not all of the fastest growing industries were small; three were large employers in the city. *Hospitals*, with 36,000 employees, and *Justice, Public Order and Safety Activities,* with 9,400 employees, each grew by approximately 13%. *Support Activities for Transportation* with 1,900 employees grew by 12 percent and *Administrative and Support Services,* with 15,500 employees, increased by 11 percent.

Figure 2.7. Fastest Growing Industries in the City of Cleveland Compared to Identical Industries in the Remainder of the MSA

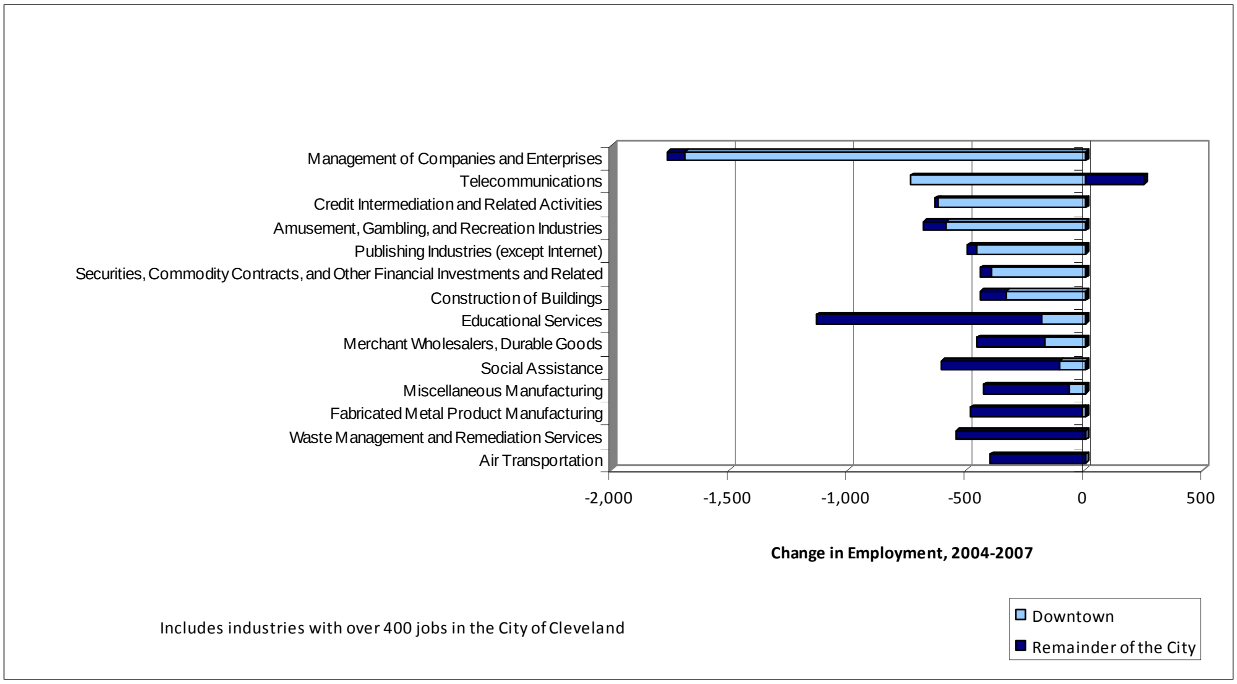


THE CITY OF CLEVELAND'S DECLINING INDUSTRIES

Many industries lost employment in the city of Cleveland between 2004 and 2007. Fourteen industries lost more than 400 employees (Figure 2.8).[11] *Management of Companies and Enterprises* experienced the largest job losses (-1,760) with 86 percent of the decline occurring in companies located downtown. This decline is expected since many of the headquarters that are in the city are located in the downtown area and some closed or left the area. In contrast, the industry with the second greatest loss of employment, *Educational Services*, lost 1,135 jobs in the city; over four fifths of the losses occurred outside the downtown area in the remainder of the city.

[11] In Figure 2.8, one leading declining industry is excluded due to confidentiality restrictions: *Postal Service*.

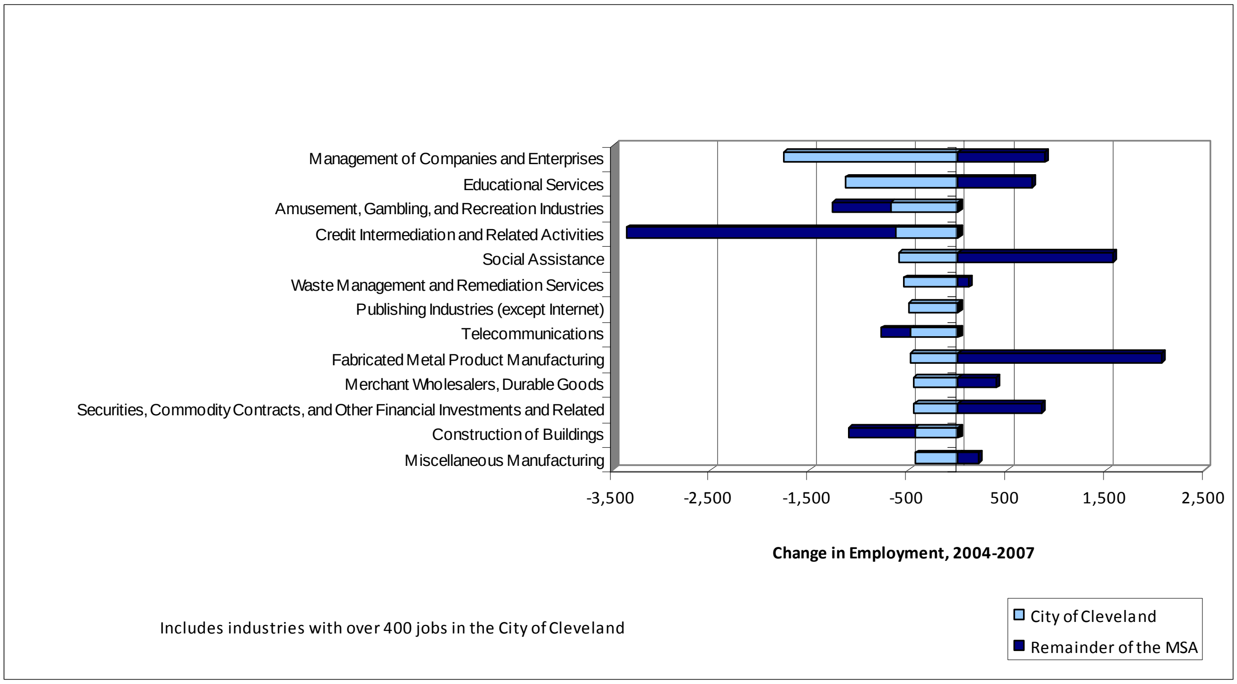
Figure 2.8. Leading Declining Industries in the City of Cleveland: Decline in Downtown versus the Remainder of the City



Comparing the industries with the highest number of job losses in the city to the same set of industries in the remainder of the MSA shows that five of the industries also lost jobs in the remainder of the MSA, but eight others gained employment (Figure 2.9).[12] The two industries that lost the most jobs in the city–*Management of Companies* (-1,760) and *Educational Services* (-1,135) – added jobs in the remainder of the MSA. The subsequent two industries with a high number of job losses in the city – *Amusement, Gambling, and Recreation* and *Credit Intermediation and Related Activities* – also lost employment outside the city. The industry that lost the most jobs in the remainder of the MSA, in addition to losing jobs in the city, is *Credit Intermediation and Related Activities*; over 80% percent of the losses occurred outside the city of Cleveland. Two industries, *Fabricated Metal Product Manufacturing* and *Social Assistance*, added more than 1,500 jobs outside the city while suffering job losses in the city.

[12] In Figure 2.9, two leading declining industries are excluded due to confidentiality restrictions: *Postal Service* and *Air Transportation*.

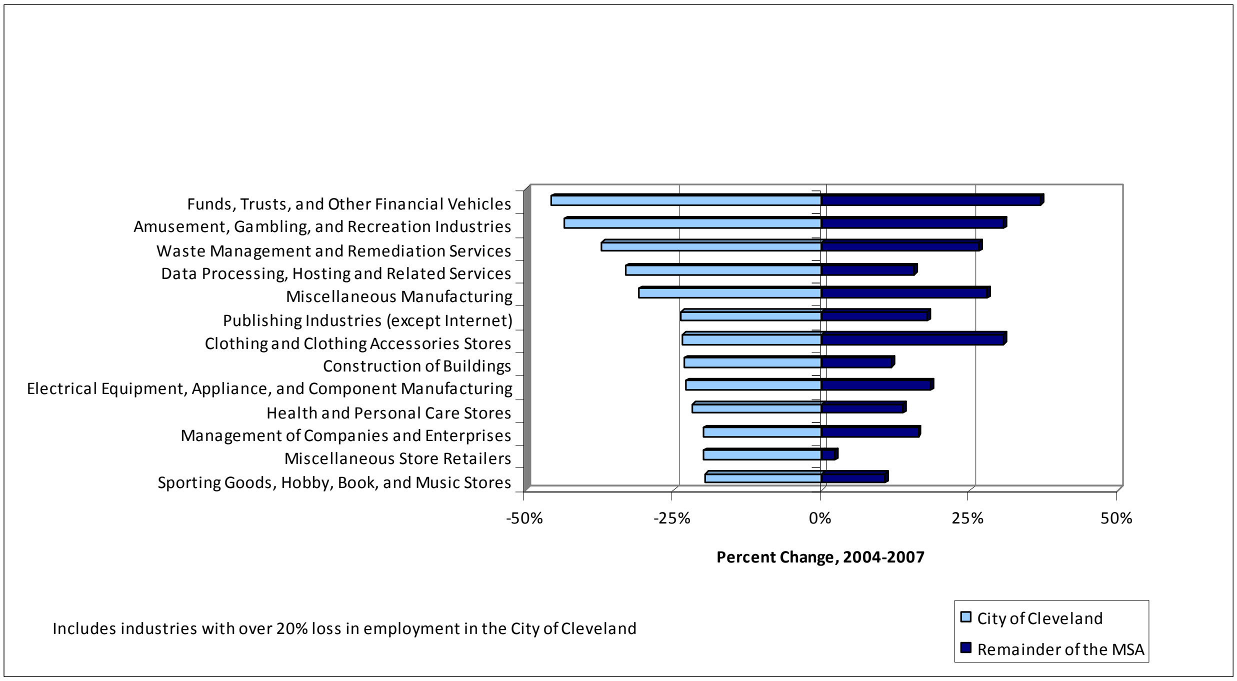
Figure 2.9. Leading Declining Industries in the City of Cleveland: Decline in the City of Cleveland versus the Remainder of the MSA



What industries suffered the highest rates of decline in the city of Cleveland? What happened to these industries in the remainder of the MSA? Between 2004 and 2007, 13 industries lost more than 20 percent of their employment base in the city. All of the fastest declining industries in the city between 2004 and 2007 gained employment in the remainder of the MSA (Figure 2.10).[13] Moreover, of the five industries that lost more than 25 percent of their jobs in the city (top five industries in Figure 2.10), four increased their employment by more than 25 percent in the remainder of the MSA.

[13] In Figure 2.10, six declining industries are excluded due to confidentiality restrictions: *Water Transportation*, *Nonstore Retailers*, *Electronics and Appliance Stores*, *Leather and Allied Product Manufacturing*, *Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)*, and *Paper Manufacturing*.

Figure 2.10. Fastest Declining Industries in the City of Cleveland Compared to Identical Industries in the Remainder of the MSA



HIGHEST PAYING INDUSTRIES IN THE CITY OF CLEVELAND

Eighteen industries paid average wages greater than $61,000 in 2007 (Table 2.6). Combined, these industries provide one fourth of all jobs in the city. The industry with the highest average wage ($209,500)—*Securities, Commodity Contracts & Other Financial Investments*—was far ahead of all other industries. The following three industries all paid very high average wages: *Credit Intermediation* ($127,700), *Management of Companies and Enterprises* ($105,000), and *Pipeline Transportation* ($97,300). Of the 14 industries with data for both the city and the remainder of the MSA, 10 industries offer higher average wages in the city, primarily due to higher average wages in the downtown area. Downtown is dominated by industries such as professional services, financial institutions, and headquarters that employ highly skilled, high-paid workers.

Table 2.6. Industries with Highest Annual Average Wages, 2007

NAICS	Definition	Cleveland	Downtown	Remainder of Cleveland	Remainder of MSA
523	Securities, Commodity Contracts, Other Fin. Investments	209,437	213,897	84,503	128,022
522	Credit Intermediation and Related Activities	127,654	168,022	50,217	47,967
551	Management of Companies and Enterprises	105,020	107,314	100,284	91,840
486	Pipeline Transportation	97,264	0	97,264	74,479
927	Space Research and Technology	NA	0	NA	NA
524	Insurance Carriers and Related Activities	79,990	83,649	45,256	66,713
424	Merchant Wholesalers, Nondurable Goods	76,826	NA	NA	61,028
515	Broadcasting (except Internet)	70,311	69,015	71,700	46,549
511	Publishing Industries (except Internet)	68,856	71,407	57,946	51,206
517	Telecommunications	68,524	79,471	56,357	63,274
926	Administration of Economic Programs	67,545	65,514	69,513	90,408
541	Professional, Scientific, and Technical Services	66,460	71,545	44,986	53,513
331	Primary Metal Manufacturing	NA	NA	NA	66,192
325	Chemical Manufacturing	62,757	0	62,757	87,382
221	Utilities	NA	NA	NA	78,367
711	Performing Arts, Spectator Sports, and Related Industries	61,410	68,680	40,837	214,925
425	Wholesale Electronic Markets and Agents and Brokers	61,391	79,538	54,140	77,189
491	Postal Service	61,146	NA	NA	NA

Includes industries with average annual wages greater than $60,000 in the city of Cleveland.

SUMMARY AND IMPLICATIONS FOR ECONOMIC DEVELOPMENT

The economy of the Cleveland metropolitan area has declined since the peak of the business cycle in 2000 because losses during the recession of the early 2000s overshadowed smaller gains in the expansionary years. The same is true for the city of Cleveland and its downtown, although downtown lost payroll at a lower rate of decline than the metropolitan economy.

The sub-areas of the metropolitan area all lost employment and payroll during the recessionary period from 2000 to 2004. In the following 3 years, employment declined slightly or remained flat while payroll rose. The payroll gains in the city of Cleveland between 2004 and 2007 were all concentrated in the downtown area.

While the city of Cleveland's share of the metropolitan area economy declined, its downtown was able to maintain its position in the regional economy. Moreover, downtown is becoming more important to the city's economy; as a location for companies employing highly skilled and high-paid employees, it accounts for almost one half of the entire payroll in the city. Therefore, ensuring the success of downtown is critical to the city's economic health because it contributes one half of all payroll tax revenues collected by the city. It is recommended that some economic development initiatives continue to focus on retaining and attracting companies in the downtown area.

The analysis also shows that the downtown economy, similar to other downtowns, is dominated by three sectors: *Public Administration*; *Professional, Scientific, and Technical Services*; and *Finance and Insurance*. Economic development initiatives should build on the existing strengths of the downtown area. Targeting companies in P*rofessional, Scientific, and Technical Services* is critical because their activities require a high degree of expertise and training and they employ highly skilled, high-paid employees. This industry is growing regionally and is adding more jobs in areas outside the city, which suggests that city officials and economic development leaders should design additional incentives to capture a bigger portion of the regional growth in this industry. Companies in P*rofessional, Scientific, and Technical Services* provide services to clients in a variety of industries, including legal, accounting, advertising, architectural and engineering, computer services, and research services. This sector consists of many small and medium-size companies that are amenable to economic development policies and incentives. In contrast, the financial sector in downtown Cleveland consists primarily of large company headquarters that are not highly responsive to local incentives but are primarily influenced by global and national market forces in the financial industry.[14]

The economy of the Cleveland MSA is different from the business services and public administration focus of the downtown area. Measured by the number of jobs, the largest industry sectors in the Cleveland metropolitan area are *Health Care and Social Assistance*, *Manufacturing*, and *Retail Trade*. However, when measured by total payroll, the *Manufacturing* sector remained by far the largest sector in the metropolitan area, followed by *Health Care and Social Assistance*, and *Finance and Insurance*. Therefore, regional economic development initiatives should continue to address manufacturing competitiveness.

The economies of the city of Cleveland and the Cleveland MSA are very similar. As with the metropolitan economy, *Health Care and Social Assistance* and *Manufacturing* are the largest employers in the city of Cleveland. The sectors that have the highest payroll and contribute the most to the city of Cleveland through payroll tax are *Health Care and Social Assistance*; *Finance and Insurance*; *Professional, Scientific, and Technical Services*; and *Manufacturing*.

Analysis at a more detailed industry level also reveals that the economy of the city is linked to the metropolitan area. The largest industries in the city of Cleveland are similar to the largest in the metropolitan area; the ten largest industries of the metropolitan area are among the city's 14 largest industries. The city of Cleveland is also participating in the metropolitan area growth. Between 2004 and 2007, seven industries in the Cleveland metropolitan area gained employment of at least 1,000; four of these industries also added more than 1,000 jobs each in the city of Cleveland—*Hospitals; Administrative and Support Services*; *Food Services and*

[14] At the publication of this report, the purchase of National City bank by PNC from Pittsburgh was announced. National City has headquarters in downtown Cleveland.

Drinking Places; and *Justice, Public Order, and Safety Activities*. Three additional industries added more than 400 jobs each in the city—*Professional, Scientific, and Technical Services*; *Ambulatory Health Care Services*; and *Merchant Wholesalers, Non Durable Goods*.

Accordingly, not only is the downtown area important to the city of Cleveland, but the city is linked to the larger regional economy. The city needs to continue to play a role in the regional economy as well as strengthen its retention and attraction programs, especially in industries that are growing regionally. It is easier to attract companies in large and growing industries because the labor pool needed to grow these industries is available regionally. Regional leaders and policy makers need to pay attention to the city and its downtown in the design of new initiatives that will transform our regional economy into a knowledge- and technology-based economy.

APPENDIX

Table 2.A.1. Employment in the Cleveland-Elyria-Mentor MSA[15]

Industry		Employment			Change in Employment			Percent Change in Employment		
NAICS	**Definition**	**2000**	**2004**	**2007**	**2000-2004**	**2004-2007**	**2000-2007**	**2000-2004**	**2004-2007**	**2000-2007**
62	Health Care and Social Assistance	141,291	151,446	158,367	10,155	6,921	17,076	7.19%	4.57%	12.09%
31-33	Manufacturing	193,612	148,023	144,544	-45,590	-3,478	-49,068	-23.55%	-2.35%	-25.34%
44-45	Retail Trade	119,187	110,792	107,251	-8,395	-3,541	-11,936	-7.04%	-3.20%	-10.01%
61	Educational Services	73,866	82,136	81,749	8,270	-387	7,883	11.20%	-0.47%	10.67%
72	Accommodation and Food Services	71,284	74,679	76,425	3,395	1,746	5,141	4.76%	2.34%	7.21%
56	Administrative and Support Services	66,849	57,293	61,627	-9,556	4,335	-5,222	-14.30%	7.57%	-7.81%
54	Professional, Scientific, and Technical Services	56,822	50,953	55,675	-5,868	4,722	-1,147	-10.33%	9.27%	-2.02%
52	Finance and Insurance	54,601	57,376	54,663	2,775	-2,713	62	5.08%	-4.73%	0.11%
42	Wholesale Trade	58,183	52,319	52,705	-5,865	387	-5,478	-10.08%	0.74%	-9.42%
92	Public Administration	42,057	42,299	44,177	242	1,878	2,120	0.58%	4.44%	5.04%
48-49	Transportation and Warehousing	42,444	40,251	38,115	-2,193	-2,136	-4,329	-5.17%	-5.31%	-10.20%
23	Construction	42,828	39,551	36,736	-3,277	-2,815	-6,092	-7.65%	-7.12%	-14.22%
81	Other Services (except Public Administration)	35,639	32,665	31,570	-2,974	-1,095	-4,070	-8.35%	-3.35%	-11.42%
55	Management of Companies and Enterprises	23,777	23,420	22,540	-357	-880	-1,237	-1.50%	-3.76%	-5.20%
51	Information	26,832	23,426	22,013	-3,406	-1,413	-4,820	-12.69%	-6.03%	-17.96%
53	Real Estate and Rental and Leasing	16,583	15,813	15,849	-770	36	-734	-4.65%	0.23%	-4.43%
71	Arts, Entertainment, and Recreation	14,892	15,171	13,771	279	-1,400	-1,121	1.88%	-9.23%	-7.53%
11	Agriculture, Forestry, Fishing and Hunting	2,397	2,213	2,078	-183	-136	-319	-7.65%	-6.13%	-13.31%
99	Other	268	186	438	-82	251	170	-30.47%	134.88%	63.31%
	TOTAL	**1,091,212**	**1,026,584**	**1,026,949**	**-64,628**	**365**	**-64,263**	**-5.92%**	**0.04%**	**-5.89%**

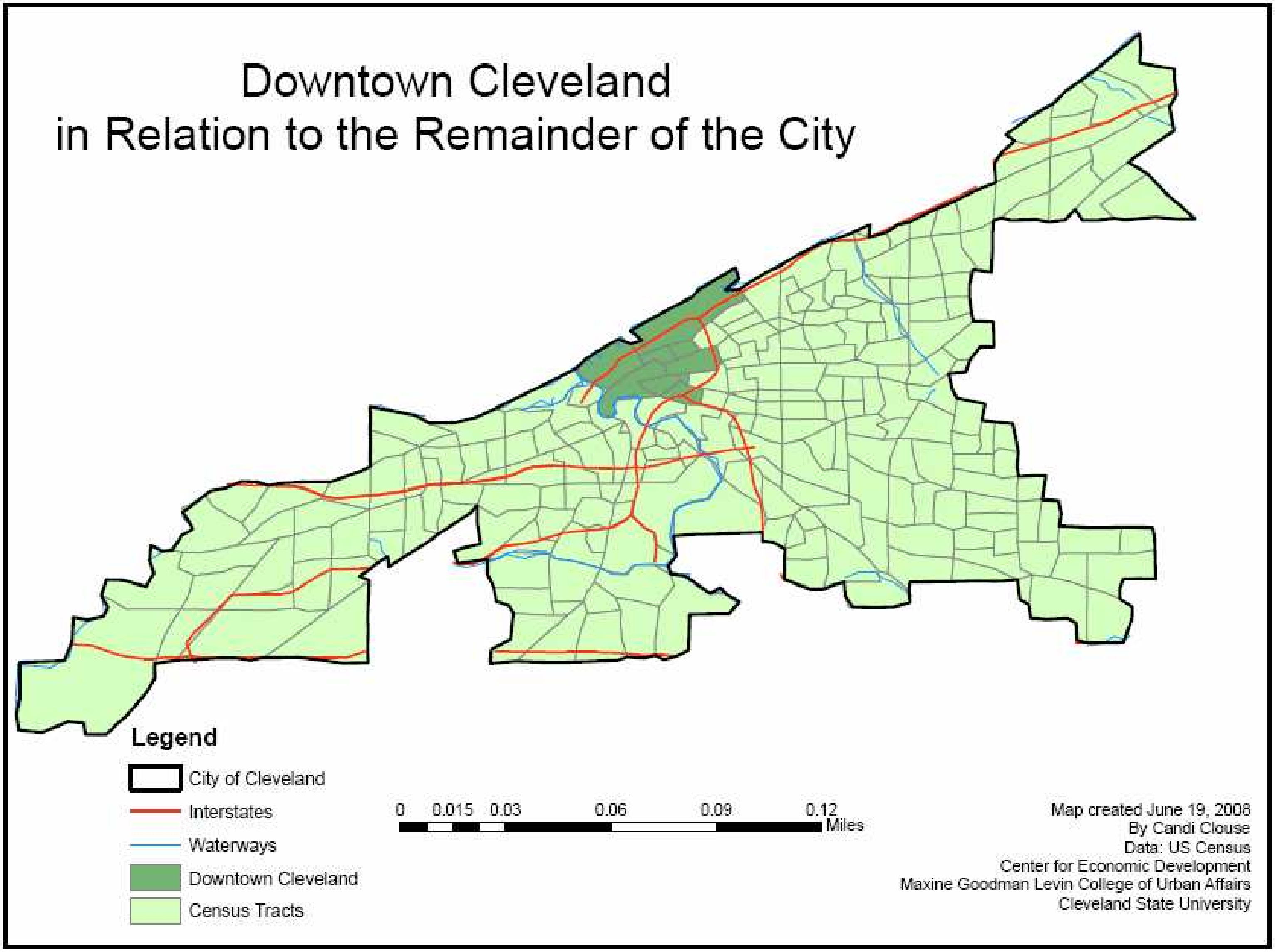
[15] In Table 2.A.1, two industries are excluded due to confidentiality restrictions: *Mining, Quarrying, and Oil and Gas Extraction*, and *Utilities*.

Table 2.A.2 Payroll in the Cleveland-Elyria-Mentor MSA (Bil. $)[16]

Industry		Payroll			Change in Payroll			Percent Change in Payroll		
NAICS	Definition	2000	2004	2007	2000-2004	2004-2007	2000-2007	2000-2004	2004-2007	2000-2007
62	Health Care and Social Assistance	5.25	5.71	6.08	0.46	0.37	0.83	8.71%	6.54%	15.81%
31-33	Manufacturing	10.69	7.58	7.95	-3.11	0.37	-2.74	-29.06%	4.87%	-25.61%
44-45	Retail Trade	2.92	2.68	2.89	-0.23	0.20	-0.03	-8.04%	7.57%	-1.07%
61	Educational Services	2.98	3.36	3.19	0.38	-0.17	0.21	12.80%	-5.07%	7.08%
72	Accommodation and Food Services	0.93	0.95	1.03	0.02	0.08	0.10	1.78%	8.31%	10.24%
56	Administrative and Support Services	1.72	1.62	2.01	-0.10	0.39	0.29	-5.71%	23.78%	16.71%
54	Professional, Scientific, and Technical Services	3.16	2.83	3.24	-0.33	0.41	0.08	-10.49%	14.65%	2.63%
52	Finance and Insurance	3.48	4.10	4.51	0.62	0.41	1.03	17.76%	9.97%	29.50%
42	Wholesale Trade	3.32	3.01	3.31	-0.30	0.30	0.00	-9.11%	9.88%	-0.13%
92	Public Administration	1.94	2.07	2.26	0.13	0.19	0.32	6.66%	9.34%	16.62%
48-49	Transportation and Warehousing	1.87	1.80	1.70	-0.08	-0.10	-0.17	-4.04%	-5.50%	-9.32%
23	Construction	1.85	1.70	1.65	-0.16	-0.04	-0.20	-8.52%	-2.42%	-10.74%
81	Other Services (except Public Administration)	0.90	0.83	0.81	-0.07	-0.03	-0.09	-7.36%	-3.01%	-10.15%
55	Management of Companies and Enterprises	1.75	1.81	2.16	0.06	0.36	0.41	3.26%	19.76%	23.66%
51	Information	1.41	1.21	1.13	-0.20	-0.08	-0.27	-14.14%	-6.27%	-19.52%
53	Real Estate and Rental and Leasing	0.54	0.57	0.65	0.03	0.07	0.10	5.68%	12.60%	19.00%
71	Arts, Entertainment, and Recreation	0.58	0.56	0.57	-0.03	0.01	-0.02	-4.85%	2.30%	-2.66%
11	Agriculture, Forestry, Fishing and Hunting	0.06	0.05	0.05	0.00	-0.01	-0.01	-1.75%	-9.62%	-11.20%
99	Other	0.01	0.00	0.01	0.00	0.01	0.00	-38.25%	197.63%	83.80%
	TOTAL	**45.77**	**42.85**	**45.66**	**-2.92**	**2.80**	**-0.11**	**-6.37%**	**6.55%**	**-0.24%**

[16] In Table 2.A.2, two industries are excluded due to confidentiality restrictions: *Mining, Quarrying, and Oil and Gas Extraction*, and *Utilities*.

Map 2.A.1.


Downtown Cleveland
in Relation to the Remainder of the City
Legend
City of Cleveland
Interstates
Waterways
Downtown Cleveland
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Miles
Map created June 19, 2008
By Candi Clouse
Data: US Census
Center for Economic Development
Maxine Goodman Levin College of Urban Affairs
Cleveland State University

THE CITY OF AKRON AND ITS DOWNTOWN IN THE CONTEXT OF THE REGIONAL ECONOMY

PREPARED BY
ERIC J. MUNDY, PH.D.

INSTITUTE FOR HEALTH AND SOCIAL POLICY
THE UNIVERSITY OF AKRON

NOVEMBER 2008

INTRODUCTION

This chapter describes employment and payroll trends in the city of Akron and its downtown in relation to the metropolitan region (the Akron MSA) which encompasses Summit and Portage Counties. Downtown Akron is defined as the central business district or the area bounded by census tract 5013.01. The period studied, 2000 to 2007, includes the recession of the early 2000s and the expansionary period that followed it. Although the analysis does not measure gross regional product, the payroll figures provided can be viewed as a proxy for value-added output.

OVERALL TRENDS

Total employment for the Akron metropolitan area increased 0.6 percent from 318,188 employees in 2000 to 319,965 employees in 2007 (Tables 3.1 and 3.2). This amounted to an average annual increase of less than 0.1 percent per year. Although generally flat, this rate of growth mirrored the growth rate of total population for the Akron MSA over the 2000 to 2007 period. There were 699,400 individuals residing in the Akron MSA in 2007 and, of these, only 45.7 percent were employed.

Growth in employment for the Akron metropolitan area reflected the business cycle occurring over the 2000 to 2007 period; the recession of the early 2000s adversely affected levels of employment while the subsequent expansionary period led to increased employment. Accordingly, total employment for the Akron MSA decreased 2.5 percent over the 2000 to 2004 period, followed by an increase in total employment of 3.1 percent from 2004 to 2007.

In terms of employment, the Akron metropolitan area fared better in recent years than other MSAs in the Northeast Ohio region. For instance, whereas the Akron MSA saw gains in total employment over the 2000 to 2007 period, the Cleveland-Elyria-Mentor, Canton-Massillon, and Youngstown-Warren-Boardman metropolitan areas actually saw declines in total employment.

Table 3.1. Total Employment and Payroll: Akron Metropolitan Area

	Employment			Payroll (million 2007$)		
	2000	2004	2007	2000	2004	2007
Downtown Akron	20,200	20,156	18,703	$936	$1,012	$1,065
City of Akron	111,201	104,518	104,138	$4,541	$4,432	$4,722
Akron MSA	318,188	310,390	319,965	$12,146	$12,118	$12,898

Note: Figures based on first quarter data.

The number of establishments in the Akron MSA increased 2.4 percent over the 2000 to 2007 period to over 16,500 employers in 2007. As growth in the number of establishments outpaced growth in employment, a trend toward smaller establishments or possibly downsizing appeared. For instance, the employee-to-establishment ratio for the entire Akron MSA dropped from 19.7 employees per establishment in 2000 to 19.3 employees per establishment in 2007. Places of employment in downtown Akron tended to be larger in terms of employment than establishments in the remainder of the city and the Akron MSA.

Payroll for the Akron metropolitan area increased at an inflation-adjusted rate of 6.2 percent over the 2000 to 2007 period. This amounted to an average increase of 0.8 percent per year. Payroll for the Akron MSA amounted to almost $3.2 billion for the first quarter of 2007, reaching nearly $12.9 billion for the entire year. As with employment, growth in payroll varied according to the recession-expansion business cycle. Payroll declined 0.2 percent over the 2000 to 2004 period, but showed gains of 6.4 percent over the 2004 to 2007 period. The average wage for the Akron MSA amounted to $40,311 in 2007, increasing 5.6 percent over the 2000 to 2007 period.

Table 3.2. Percent Change in Employment and Payroll: Akron Metropolitan Area

	Employment			Payroll		
	2000-2004	2004-2007	2000-2007	2000-2004	2004-2007	2000-2007
Downtown Akron	-0.2%	-7.2%	-7.4%	8.1%	5.2%	13.8%
City of Akron	-6.0%	-0.4%	-6.4%	-2.4%	6.5%	4.0%
Akron MSA	-2.5%	3.1%	0.6%	-0.2%	6.4%	6.2%

AKRON'S ROLE IN THE METROPOLITAN AREA

As with the other cities in the Northeast Ohio region, the recessionary period of 2000 to 2004 adversely affected employment for the city of Akron, with the city losing jobs at several times the rate of the remainder of the MSA. Employment in the city declined 6.0 percent from 2000 to 2004. This compares to a decline of only 0.5 percent for the remainder of the MSA or a decline of 2.5 percent for the MSA as a whole. During the expansionary period of 2004 to 2007, employment continued to decline for the city of Akron, albeit at a much slower rate of 0.4 percent.

The city of Akron is a driving force in the economy of the Akron MSA. The city of Akron employed 104,138 persons in 2007, or nearly one third (32.5%) of total employment within the MSA (Table 3.3). Although the city of Akron continues to account for a large share of MSA employment, its share has been declining over recent years due in part to the suburbanization of jobs, dropping from 34.9 percent of total MSA employment in 2000.

Whereas the city of Akron accounted for 32.5 percent of employment in the MSA, it accounted for the disproportionately higher share of payroll at 36.6 percent of the total Akron MSA payroll in 2007. Although this proportion declined during the 2000 to 2004 recessionary period, it held steady during the 2004 to 2007 period. Overall, total payroll for the city of Akron amounted to $4.7 billion in 2007. The average wage for the city of Akron amounted to $45,344 in 2007, compared to $37,882 for the remainder of the MSA, indicating that employment in the city is characterized by high-skill, high-wage jobs as compared to the remainder of the MSA.

Table 3.3. Percent of Total Employment and Payroll: Akron Metropolitan Area

	Employment			Payroll		
	2000	2004	2007	2000	2004	2007
City/MSA	34.9%	33.7%	32.5%	37.4%	36.6%	36.6%
Downtown/MSA	6.3%	6.5%	5.8%	7.7%	8.4%	8.3%
Downtown/City	18.2%	19.3%	18.0%	20.6%	22.8%	22.6%

DOWNTOWN AKRON'S ROLE IN THE METROPOLITAN AREA

Downtown Akron – the urban core of the city of Akron – also accounted for a decreasing share of total employment within the MSA during the 2000 to 2007 period (Table 3.3). The proportion of downtown employment decreased from 6.3 percent of total MSA employment in 2000 to 5.8 percent of employment in 2007. With respect to the city proper, downtown Akron accounted for 18.0 percent of the city's employment in 2007; this was also lower than in 2000.

Overall, total employment for downtown Akron declined 7.4 percent from 20,200 employees in 2000 to 18,703 employees in 2007 (Table 3.1). Similarly, the number of establishments or employers declined 6.3 percent over the same period. Despite seeing declines in employment over the 2000 to 2007 period, downtown Akron fared better than other core cities in the Northeast Ohio region. For instance, employment in downtown Cleveland decreased 13.0 percent from 2000 to 2007 while employment in downtown Youngstown declined 27.0 percent over the same period (Table 1.2 in the first chapter).

During the recession of 2000 to 2004, downtown Akron's employment was relatively stable, seeing a net loss of only 0.2 percent in employment, compared to a decrease of 6.0 percent for the city of Akron and a decline of 2.5 percent for the Akron MSA as a whole (Table 3.2). Although downtown Akron fared better during the recession, it did not experience employment gains during the expansionary period. From 2004 to 2007, downtown Akron lost 7.2 percent of its employment, compared to a decline of 0.4 percent for the city as a whole and an increase of 3.1 percent for the MSA.

Whereas downtown Akron accounted for a decreasing share of employment over the 2000 to 2007 period, the central business district accounted for an increasing share of wages over the same period. Downtown Akron saw gains in wages of 8.1 percent from 2000 to 2004, while the city of Akron and the MSA saw overall declines in payroll. On the other hand, during the 2004 to 2007 expansionary period, wage gains in downtown Akron were moderate while wage growth in the city of Akron and the MSA outpaced downtown Akron. Nevertheless, looking at the 2000 to 2007 period, total payroll for downtown Akron increased 13.8 percent to nearly $1.1 billion, while payroll for the city of Akron only increased 4.0 percent and payroll for the Akron MSA increased 6.2 percent. Downtown Akron continued to show payroll growth despite losing establishments and employees over the 2000 to 2007 period, again most likely attributable to the centralization of a higher skilled and higher paid workforce.

Average wages were also significantly higher for downtown Akron employees compared to those employed in the Akron city fringe and the MSA suburban fringe. For instance, average wages amounted to $56,969 for downtown Akron employees in 2007, compared to $42,801 for the Akron city fringe and $37,333 for the MSA suburban fringe. Downtown Akron also saw the largest gains in average wages over the 2000 to 2007 period (Table 3.4).

Table 3.4. Downtown Akron Compared to the Remainder of the City and the MSA

					Percent Change		
		2000	2004	2007	2000-2004	2004-2007	2000-2007
Establishments	Downtown Akron[1]	506	524	474	3.6%	-9.5%	-6.3%
	Remainder of Akron [2]	4,023	3,766	3,657	-6.4%	-2.9%	-9.1%
	Remainder of MSA[3]	11,618	12,026	12,406	3.5%	3.2%	6.8%
	Total Establishments	16,147	16,316	16,537	1.0%	1.4%	2.4%
Employment	Downtown Akron	20,200	20,156	18,703	-0.2%	-7.2%	-7.4%
	Remainder of Akron	91,001	84,362	85,435	-7.3%	1.3%	-6.1%
	Remainder of MSA	206,988	205,872	215,827	-0.5%	4.8%	4.3%
	Total Employment	318,188	310,390	319,965	-2.5%	3.1%	0.6%
Payroll (Millions)	Downtown Akron	$936	$1,012	$1,065	8.1%	5.3%	13.8%
	Remainder of Akron	$3,605	$3,420	$3,657	-5.1%	6.9%	1.4%
	Remainder of MSA	$7,605	$7,686	$8,176	1.1%	6.4%	7.5%
	Total Payroll	$12,146	$12,118	$12,898	-0.2%	6.4%	6.2%
Average Wages	Downtown Akron	$46,358	$50,223	$56,969	8.3%	13.4%	22.9%
	Remainder of Akron	$39,612	$40,536	$42,801	2.3%	5.6%	8.1%
	Remainder of MSA	$36,740	$37,333	$37,882	1.6%	1.5%	3.1%
	Regional Average	$38,172	$39,040	$40,311	2.3%	3.3%	5.6%

Note: Figures based on first quarter data.
Payroll and average wages for 2000 and 2004 are inflated to 2007 dollars.
[1]The central business district of the city of Akron.
[2]Consists of the city of Akron, excluding the central business district.
[3]Consists of Summit and Portage counties excluding the entire city of Akron.

ECONOMIC STRUCTURE OF THE AKRON METROPOLITAN AREA

The following section discusses the composition of the Akron metropolitan economy in terms of its major sectors.[1] The Akron MSA had significant levels of employment – over 1,000 jobs – in 18 of 20 major sectors.

LARGEST SECTORS IN THE AKRON MSA

Manufacturing was the largest sector within the Akron metropolitan area in terms of both employment and payroll in 2007. *Manufacturing* employed 46,943 individuals in 2007 with a payroll of $2.4 billion (Tables 3.5 and 3.6). Leading manufacturing industries within the MSA included, in diminishing order of importance: *Fabricated Metal Products; Plastics and Rubber Products*; *Machinery Manufacturing; Transportation Equipment; Chemical Manufacturing; Printing and Related Products*; *Primary Metals Manufacturing; Food Manufacturing*; *Computer and Electronic Products;* and *Electrical Equipment, Appliance and Component Manufacturing*.

The second largest major sector in the Akron metropolitan area in 2007 was *Health Care and Social Assistance*. This sector employed 45,705 individuals in 2007 with a payroll of $1.6 billion. The bulk of employment in this sector was in health services such as *Hospitals* and *Ambulatory Health Care Services*. Besides *Manufacturing* and *Health Care and Social Assistance*, other leading sectors within the Akron metropolitan area for 2007 included, in order of employment size: *Retail Trade* (37,395 employees), *Education Services* (27,613), *Accommodation and Food Services* (25,625), *Administrative and Support Services* (20,608), *Wholesale Trade* (17,375), *Professional, Scientific and Technical Services* (14,734), *Management of Companies and Enterprises* (13,453), *Construction* (12,590), *Transportation and Warehousing* (11,544), *Finance and Insurance* (10,162), and *Public Administration* (9,946).

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[1] This analysis is conducted at the NAICS two-digit classification.

Table 3.5. Employment by Major Sector: Akron MSA

	Employment			Percent Change		
	2000	2004	2007	2000-2004	2004-2007	2000-2007
Manufacturing	58,215	47,862	46,943	-17.8%	-1.9%	-19.4%
Health Care & Social Services	38,932	42,072	45,705	8.1%	8.6%	17.4%
Retail Trade	37,800	36,646	37,395	-3.1%	2.0%	-1.1%
Educational Services	24,994	28,102	27,613	12.4%	-1.7%	10.5%
Accommodation & Food Service	25,367	25,044	25,625	-1.3%	2.3%	1.0%
Administrative & Support	19,305	16,507	20,608	-14.5%	24.9%	6.8%
Wholesale Trade	17,629	16,062	17,375	-8.9%	8.2%	-1.4%
Professional, Scientific, Tech	12,680	13,227	14,734	4.3%	11.4%	16.2%
Management of Companies	10,560	13,945	13,453	32.1%	-3.5%	27.4%
Construction	13,017	12,352	12,590	-5.1%	1.9%	-3.3%
Transportation/Warehousing	12,149	11,267	11,544	-7.3%	2.5%	-5.0%
Finance & Insurance	10,277	10,766	10,162	4.8%	-5.6%	-1.1%
Public Administration	9,627	9,914	9,946	3.0%	0.3%	3.3%
Information Services	6,061	5,235	5,280	-13.6%	0.9%	-12.9%
Arts, Entertainment, Recreation	4,925	4,981	4,793	1.1%	-3.8%	-2.7%
Real Estate, Rental, Leasing	3,712	3,443	3,366	-7.3%	-2.3%	-9.3%
Utilities	1,380	2,059	1,835	49.2%	-10.9%	32.9%
Mining, Oil & Gas	455	466	440	2.3%	-5.4%	-3.3%
Agriculture	291	259	278	-11.0%	7.2%	-4.6%
Other	10,812	10,182	10,278	-5.8%	0.9%	-4.9%
Totals	318,188	310,390	319,965	-2.5%	3.1%	0.6%

Note: Sectors are sorted in order of largest employers in 2007.

Table 3.6. Payroll by Major Sector: Akron MSA

	Payroll (million $)			Percent Change		
	2000	2004	2007	2000-2004	2004-2007	2000-2007
Manufacturing	$2,959	$2,392	$2,381	-19.2%	-0.5%	-19.5%
Health Care & Social Services	$1,379	$1,548	$1,592	12.2%	2.9%	15.5%
Management of Companies	$818	$1,145	$1,462	39.9%	27.7%	78.7%
Educational Services	$1,001	$1,118	$1,114	11.7%	-0.3%	11.4%
Wholesale Trade	$873	$821	$1,008	-5.9%	22.8%	15.5%
Retail Trade	$905	$881	$913	-2.6%	3.6%	0.9%
Professional, Scientific, Tech	$589	$652	$745	10.8%	14.2%	26.5%
Finance & Insurance	$529	$541	$584	2.3%	7.9%	10.4%
Transportation/Warehousing	$564	$519	$530	-7.9%	2.2%	-5.9%
Construction	$496	$501	$521	0.9%	4.0%	5.0%
Administrative & Support	$490	$388	$475	-20.9%	22.5%	-3.1%
Public Administration	$410	$437	$431	5.8%	-0.6%	5.2%
Accommodation & Food Service	$296	$287	$302	-2.7%	5.2%	2.4%
Information Services	$289	$245	$249	-15.0%	1.7%	-13.6%
Utilities	$77	$146	$155	89.4%	6.0%	100.7%
Real Estate, Rental, Leasing	$110	$97	$97	-11.8%	-0.0%	-11.8%
Arts, Entertainment, Recreation	$96	$92	$80	-4.4%	-13.5%	-17.3%
Mining, Oil & Gas	$18	$75	$24	305.4%	-68.1%	29.5%
Agriculture	$8	$7	$7	-19.8%	4.4%	-16.2%
Other	$240	$229	$228	-4.2%	-0.9%	-5.0%
Totals	$12,146	$12,118	$12,898	-0.2%	6.4%	6.2%

Note: Sectors are sorted in order of largest payroll in 2007. Payroll for 2000 and 2004 is inflated to 2007 dollars.

LARGEST SECTORS IN THE CITY OF AKRON

The leading major sector for the city of Akron was *Health Care and Social Assistance*. Establishments in this sector employed 24,109 persons in the city in 2007. Other leading sectors within the city of Akron included, in order of importance: *Manufacturing* (9,523 employees); *Educational Services* (8,981); *Management of Companies and Enterprises* (8,751); *Retail Trade* (8,294); *Administrative and Support Services* (6,248); *Professional, Scientific and Technical Services* (5,795); *Accommodation and Food Services* (5,585); *Public Administration* (4,759); *Wholesale Trade* (3,758); *Transportation and*

Warehousing (3,213); *Construction* (3,058); *Finance and Insurance* (2,427); *Information Services* (2,415); *Arts, Entertainment and Recreation* (2,427); *Utilities* (1,399); and *Real Estate, Rental and Leasing* (1,215).

LARGEST SECTORS IN DOWNTOWN AKRON

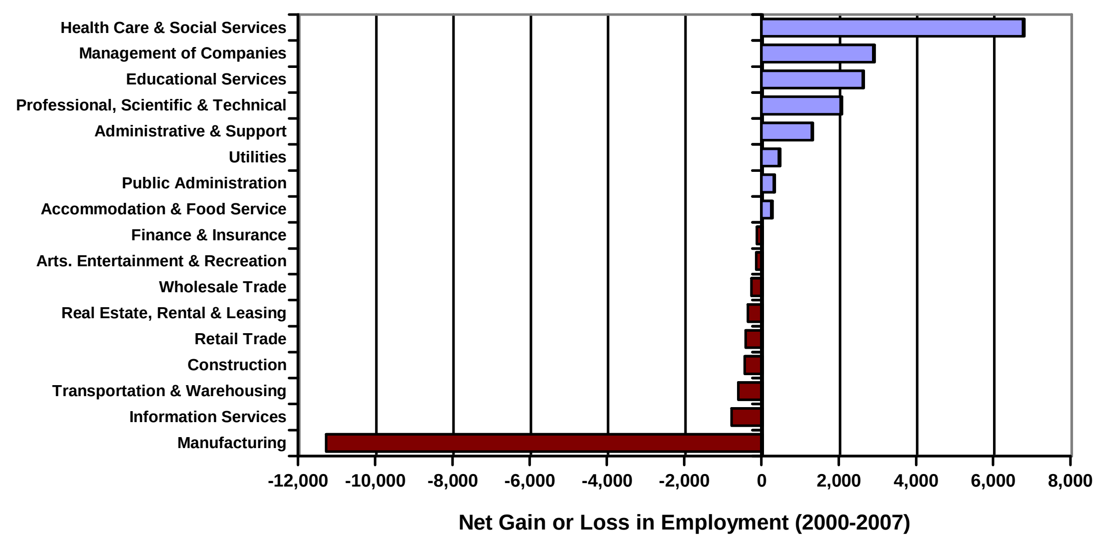
As with the city proper, the leading sector in downtown Akron was *Health Care and Social Assistance*. Downtown Akron establishments in this sector employed 4,581 individuals in 2007. The second largest sector was *Public Administration*, employing 4,187 individuals in 2007. *Public Administration* employment was particularly concentrated in downtown Akron, which accounted for 42.1 percent of public administration employment in the MSA. Other leading sectors located in downtown Akron in terms of employment included *Professional, Scientific and Technical Services* (1,893 employees), *Management of Companies and Enterprises* (1,871), *Administrative and Support Services* (1,651), *Finance and Insurance* (888), and *Accommodation and Food Services* (771). Other significant sectors included, in order of importance: *Information Services*; *Educational Services*; *Utilities*; and *Arts, Entertainment and Recreation*.

GROWTH SECTORS IN THE AKRON MSA

Health Care and Social Assistance was the largest growth sector for the Akron metropolitan area over the 2000 to 2007 period (Figure 3.1). Employment in this sector increased 17.4 percent from 2000 to 2007, totaling 45,705 employees and an annual payroll of $1.6 billion at the end of the period. Growth was focused in health care while employment actually declined in social services. As of the first quarter of 2007, *Health Care and Social Assistance* was the second largest sector both in terms of employment and payroll in the Akron metropolitan area. However, based on continued growth in this sector and the likely continued decline in *Manufacturing*, *Health Care and Social Assistance* will likely become the largest sector in terms of total employment within the Akron MSA in 2008.

Other employment growth sectors for the Akron metropolitan area during the 2000 to 2007 period included *Management of Companies and Enterprises* (+2,893 jobs created); *Educational Services* (+2,619); *Professional, Scientific and Technical Services* (+2,054); *Administrative and Support Services* (+1,303); *Utilities* (+455); *Public Administration* (+319 new jobs); and *Accommodation and Food Services* (+258).

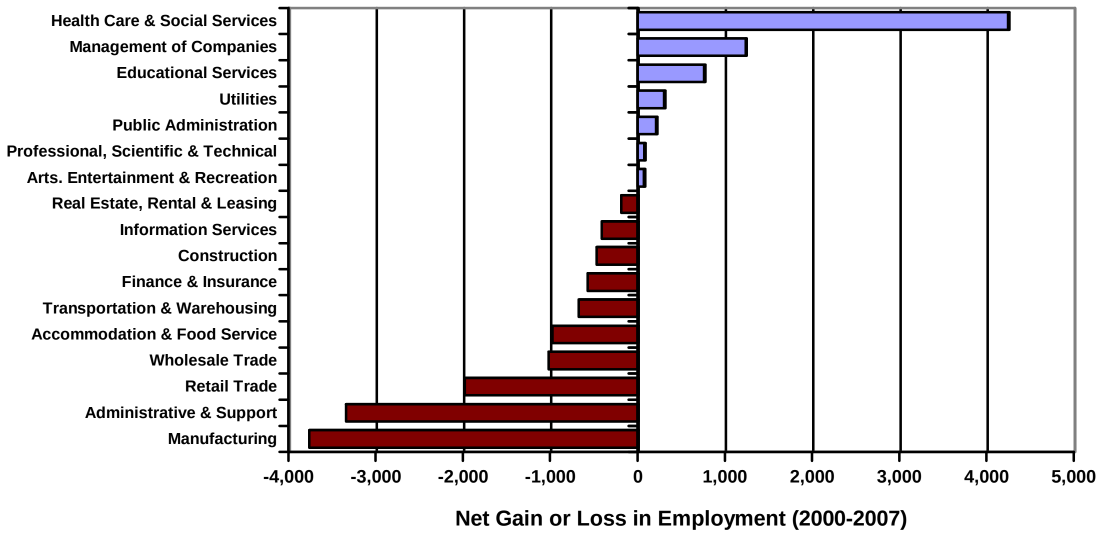
Figure 3.1. Net Gain or Loss in Employment by Major Sector
Akron Metropolitan Area, 2000-2007



GROWTH SECTORS IN THE CITY OF AKRON

The majority of the sectors in the city of Akron saw declines in employment over the 2000 to 2007 period, seven sectors withstanding (Figure 3.2). As with the MSA as a whole, *Health Care and Social Assistance* represented the largest growth sector for the city of Akron, with 4,248 new jobs created over the 2000 to 2007 period. Other growth sectors for the city of Akron during the 2000 to 2007 period included *Management of Companies and Enterprises* (+1,242 jobs created); *Educational Services* (+763); *Utilities* (+306); *Public Administration* (+214); *Professional, Scientific and Technical Services* (+78); and *Arts, Entertainment and Recreation* (+75).

Figure 3.2. Net Gain or Loss in Employment by Major Sector City of Akron, 2000-2007



GROWTH SECTORS IN DOWNTOWN AKRON

Most major sectors in the downtown Akron area saw declines in total employment over the 2000 to 2007 period. However, four sectors saw gains in total employment, including *Management of Companies and Enterprises* (+829 jobs created); *Health Care and Social Assistance* (+145); *Finance and Insurance* (+125); and *Public Administration* (+105). Leading growth sectors with respect to payroll included *Management of Companies and Enterprises*; *Utilities*; *Real Estate, Rental and Leasing*; *Health Care and Social Assistance*; *Finance and Insurance*; *Professional, Scientific and Technical Services*; and *Public Administration*. Many of these growth sectors, especially *Management of Companies and Enterprises* and *Utilities*, had relatively high average wages.

DECLINING SECTORS IN THE AKRON MSA

Reflecting a trend that was established decades ago, *Manufacturing* continued to decline as a percentage of overall employment for the Akron MSA (Figure 3.1). *Manufacturing* saw the largest decline in employment and payroll over the 2000 to 2007 period compared to other sectors within the Akron MSA. This sector's employment dropped 19.4 percent during the study period, from 58,215 employees in 2000 to 46,943 employees in 2007. As a proportion of overall employment, *Manufacturing* dropped from 18.2 percent of all MSA employment in 2000 to 14.7

percent of MSA employment in 2007. Likewise, payroll dropped 19.8 percent from $3.0 billion in 2000 to $2.4 billion in 2007.

Other sectors suffering employment declines over the 2000 to 2007 period for the Akron MSA included *Information Services* (-781 jobs); *Transportation and Warehousing* (-605); *Construction* (-427); *Retail Trade* (-405); *Real Estate, Rental and Leasing* (-346); *Wholesale Trade* (-254); *Arts, Entertainment and Recreation* (-132); and *Finance and Insurance* (-115). *Agriculture, Forestry, Fishing and Hunting* and *Mining, Quarrying and Oil and Gas Extraction* also saw net declines in employment over the 2000 to 2007 period.

In addition to employment losses, many sectors saw declines in total payroll over the same period. As noted previously, *Manufacturing* saw the largest decline in payroll during this period. Other sectors that saw declines in payroll included, in order of the largest rates of decline: *Arts, Entertainment and Recreation*; *Agriculture, Forestry, Fishing and Hunting*; *Information Services*; *Real Estate, Rental and Leasing*; *Transportation and Warehousing*; and *Administrative and Support Services*. Some sectors also suffered declines in average wages, such as *Administrative and Support Services*.

DECLINING SECTORS IN THE CITY OF AKRON

As in the MSA, the *Manufacturing* sector had the largest decline in employment in the city of Akron over the 2000 to 2007 period, losing 3,761 jobs (Figure 3.2). Other sectors losing employment over the 2000 to 2007 period included *Administration and Support Services* (-3,341 jobs); *Retail Trade* (-1,979); *Wholesale Trade* (-1,017); *Accommodation and Food Service* (-972); *Transportation and Warehousing* (-671); *Finance and Insurance* (-570); *Construction* (-467); *Information Services* (-410; and *Real Estate, Rental and Leasing* (-186).

DECLINING SECTORS IN DOWNTOWN AKRON

Administrative and Support Services had the most substantial decline in employment from 2000 to 2007 for downtown Akron, losing 1,470 jobs over the 2000 to 2007 period. Other major sectors seeing a net loss in employment included *Information Services* (-394); *Wholesale Trade* (-176); *Professional, Scientific and Technical Services* (-135); and *Retail Trade* (-90). Sectors that experienced small declines included *Manufacturing*; *Construction*; *Accommodation and Food Service*; *Arts, Entertainment and Recreation*; *Educational Services*; *Utilities*; and *Real Estate, Rental and Leasing Services*. Those downtown Akron sectors seeing the largest declines in payroll included, in order of importance, *Wholesale Trade*, *Administrative and Support Services*, *Manufacturing*, *Construction*, *Retail Trade*, and *Information Services*.

Average Wages in the Akron MSA

The average annual wage for the Akron metropolitan area was $40,311 in 2007. It increased at an inflation-adjusted rate of 5.6 percent from 2000 to 2007 (Table 3.7), which translates to an increase of less than 1 percent per year on average over that period.

The average wage varied greatly by sector. The sector with the highest average wages was *Management of Companies and Enterprises*; employees in this sector had an average income of $108,676 in 2007. This sector also saw one of the highest growth rates in average wages, with inflation-adjusted wages in *Management of Companies and Enterprises* increasing 40.3 percent over the 2000 to 2007 period, amounting to an average increase of 4.9 percent per year. This sector also had one of the highest employment growth rates in the MSA.

The *Utilities* sector had the second highest average wage; employees in this sector earned an average of $84,306 in 2007. This sector also saw the largest increase in the average wage, increasing 51.0 percent from 2000 to 2007. Besides seeing large gains in average wages, this sector also had one of the largest growth rates in terms of employment.

Other sectors with relatively high average wages included, in order of highest average wage: *Wholesale Trade*; *Finance and Insurance*; *Mining, Quarrying and Oil and Gas Extraction*; *Manufacturing*; *Professional, Scientific and Technical Services*; *Information Services*; *Transportation and Warehousing*; *Public Administration*; *Construction*; *Educational Services*; and *Health Care and Social Assistance*. Sectors with relatively low average wages included *Real Estate, Rental and Leasing*; *Agriculture, Forestry, Fishing and Hunting*; *Retail Trade*; *Administrative and Support Services*; *Arts, Entertainment and Recreation*; and *Accommodation and Food Services*. Not surprisingly, those sectors consisting of skilled trades or requiring higher levels of education were higher wage-earning sectors, while sectors generally requiring less formal education were low wage-earning sectors.

Average wages were significantly higher for employees in downtown Akron compared to wage earners in the urban and suburban fringes. The average wage for those employed by downtown Akron establishments amounted to $56,969 in 2007, compared to $42,801 for employees in the remainder of the city of Akron, and $37,882 for employees in the remainder of the Akron MSA (Table 3.4). Besides having a relatively larger average wage, the city of Akron also saw the largest gains in wages over the 2000 to 2007 period. Real wages for employees of downtown Akron increased 22.9 percent from 2000 to 2007, compared to 8.1 percent for employees in the remainder of Akron and 3.1 percent for employees in the remainder of the Akron MSA.

Table 3.7. Average Wage by Major Sector: Akron MSA

	Average Annual Wage			Percent Change		
	2000	2004	2007	2000-2004	2004-2007	2000-2007
Management of Companies	$77,467	$82,083	$108,676	6.0%	32.4%	40.3%
Utilities	$55,834	$70,891	$84,306	27.0%	18.9%	51.0%
Wholesale Trade	$49,498	$51,114	$58,014	3.3%	13.5%	17.2%
Finance & Insurance	$51,483	$50,298	$57,501	-2.3%	14.3%	11.7%
Mining, Oil & Gas	$40,362	$160,002	$54,044	296.4%	-66.2%	33.9%
Manufacturing	$50,829	$49,970	$50,714	-1.7%	1.5%	-0.2%
Professional, Scientific, Tech	$46,428	$49,321	$50,551	6.2%	2.5%	8.9%
Information Services	$47,609	$46,840	$47,230	-1.6%	0.8%	-0.8%
Transportation/Warehousing	$46,401	$46,095	$45,956	-0.7%	-0.3%	-1.0%
Public Administration	$42,558	$43,737	$43,341	2.8%	-0.9%	1.8%
Construction	$38,137	$40,557	$41,387	6.3%	2.0%	8.5%
Educational Services	$40,029	$39,775	$40,347	-0.6%	1.4%	0.8%
Health Care & Social Services	$35,421	$36,786	$34,834	3.9%	-5.3%	-1.7%
Real Estate, Rental, Leasing	$29,647	$28,201	$28,841	-4.9%	2.3%	-2.7%
Agriculture	$28,929	$26,084	$25,397	-9.8%	-2.6%	-12.2%
Retail Trade	$23,933	$24,050	$24,416	0.5%	1.5%	2.0%
Administrative & Support	$25,386	$23,482	$23,042	-7.5%	-1.9%	-9.2%
Arts, Entertainment, Recreation	$19,544	$18,479	$16,605	-5.5%	-10.1%	-15.0%
Accommodation & Food Service	$11,650	$11,479	$11,805	-1.5%	2.8%	1.3%
Other	$22,198	$22,491	$22,137	1.3%	-1.6%	-0.3%
Average wage for all industries	$38,172	$39,040	$40,311	2.3%	3.3%	5.6%

Note: Sectors are sorted in order of largest average wage in 2007.
Average wages for 2000 and 2004 are inflated to 2007 dollars.

INDUSTRY TRENDS IN THE AKRON METROPOLITAN ECONOMY

Whereas the previous section examined the economic structure of the Akron metropolitan economy in terms of its major sectors, this section provides a more detailed examination of industries within those sectors.[2] Industry trends are examined in the city of Akron and its relation to the metropolitan economy.

AKRON METROPOLITAN STATISTICAL AREA'S LARGEST INDUSTRIES

The largest industries in the Akron metropolitan statistical area were varied. *Educational Services* reflects the presence of several universities in the area and was the largest industry in terms of employment with 27,613 employees in 2007. Other leading industries with employment in excess of 5,000 jobs for the Akron MSA included *Food Service and Drinking Places* (24,010); *Administrative and Support Services* (20,071); *Hospitals* (16,529); *Professional, Scientific and Technical Services* (14,734); *Ambulatory Health Care Services* (14,155); *Management of Companies and Enterprises* (13,453); *Wholesale Durable Goods* (11,672); *Fabricated Metal Products* (9,116); *Nursing and Residential Care* (8,778); *Specialty Trade Contractors* (8,731); *Food and Beverage Stores* (7,781); *Social Assistance* (6,243); *Plastics and Rubber Products Manufacturing* (6,630); *General Merchandise Stores* (5,760); *Motor Vehicle and Parts Dealers* (5,662); *Machinery Manufacturing* (5,619); and *Transportation Equipment Manufacturing* (5,240).

LARGEST INDUSTRIES IN THE CITY OF AKRON

Figure 3.3 shows the largest industries within the city of Akron. *Hospitals* were the largest industry and employed 13,377 individuals within the city in 2007. Key hospitals in the city included Summa Health System, Akron General Medical Center, and the Children's Hospital Medical Center of Akron. Hospital employment was heavily concentrated in the city of Akron; over 80 percent of hospital employment within the MSA is located in the city.

Besides *Hospitals*, some of the other major industries in the city of Akron were also associated with the health care and social services sector. For instance, 5,833 persons were employed in *Ambulatory Health Care Services* in 2007. In addition, 2,892 individuals were employed in *Social Assistance* and 2,008 persons were employed in *Nursing and Residential Care Facilities*.

The second largest industry within the city of Akron was *Educational Services*, employing 8,981 persons in 2007. A significant portion of this employment is attributed to the University of Akron. Other leading industries within the city of Akron included *Management of Companies and Enterprises* (8,751); *Administration and Support*

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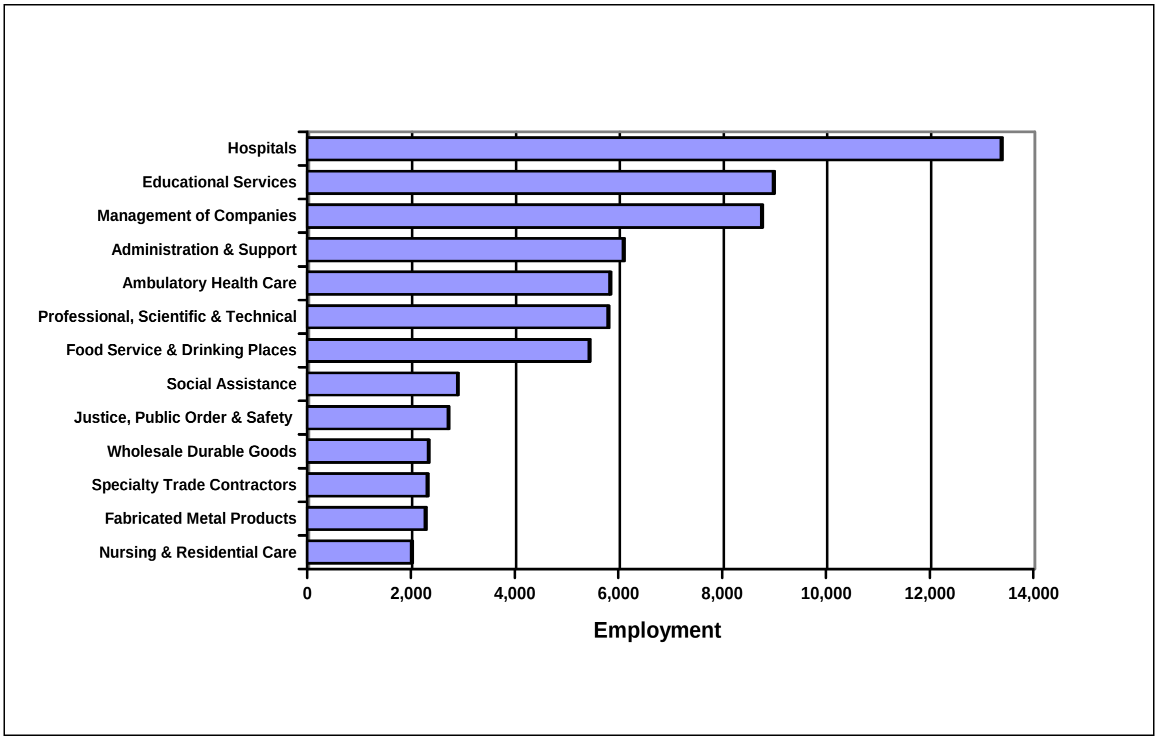
[2] This analysis is conducted at the NAICS three-digit classification.

Services (6,092); *Professional, Scientific and Technical Services* (5,795); *Food Service and Drinking Places* (5,432); *Justice, Public Order and Safety Activities* (2,715); *Wholesale Durable Goods* (2,333); *Specialty Trade Contractors* (2,310); and *Fabricated Metal Products Manufacturing* (2,274).

Figure 3.3. Largest Industries by Employment City of Akron, 2007

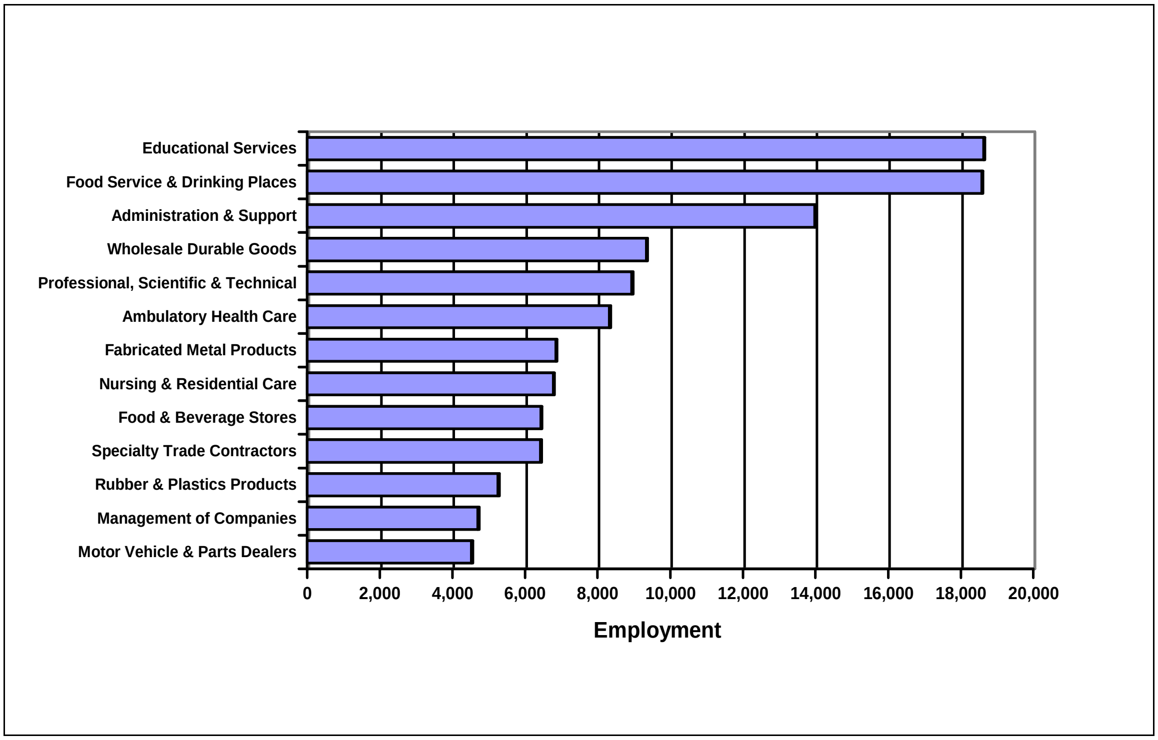


LARGEST INDUSTRIES IN REMAINDER OF THE AKRON MSA

Figure 3.4 shows the largest industries for the remainder of the Akron MSA (all locales within Summit and Portage counties except the city of Akron). Although many of the largest industries within Akron were also some of the largest industries in the remainder of the MSA, the distribution was notably different. The largest industry in the remainder of the Akron MSA was *Educational Services* with 18,632 employees in 2007.

The second largest industry within the remainder of the MSA was *Food Service and Drinking Places* with 18,578 employees in 2007. Other leading industries in the remainder of the MSA included *Administration and Support Services* (13,978); *Wholesale Durable Goods* (9,340); *Professional, Scientific and Technical Services* (8,939); *Ambulatory Health Care* (8,322); *Fabricated Metal Products Manufacturing* (6,842); *Nursing and Residential Care Facilities* (6,770); *Food and Beverage Stores* (6,427); *Specialty Trade Contractors* (6,421); *Rubber and Plastic Products Manufacturing* (5,256); *Management of Companies and Enterprises* (4,702); and *Motor Vehicle and Parts Dealers* (4,523).

Figure 3.4. Largest Industries by Employment Remainder of the Akron MSA, 2007



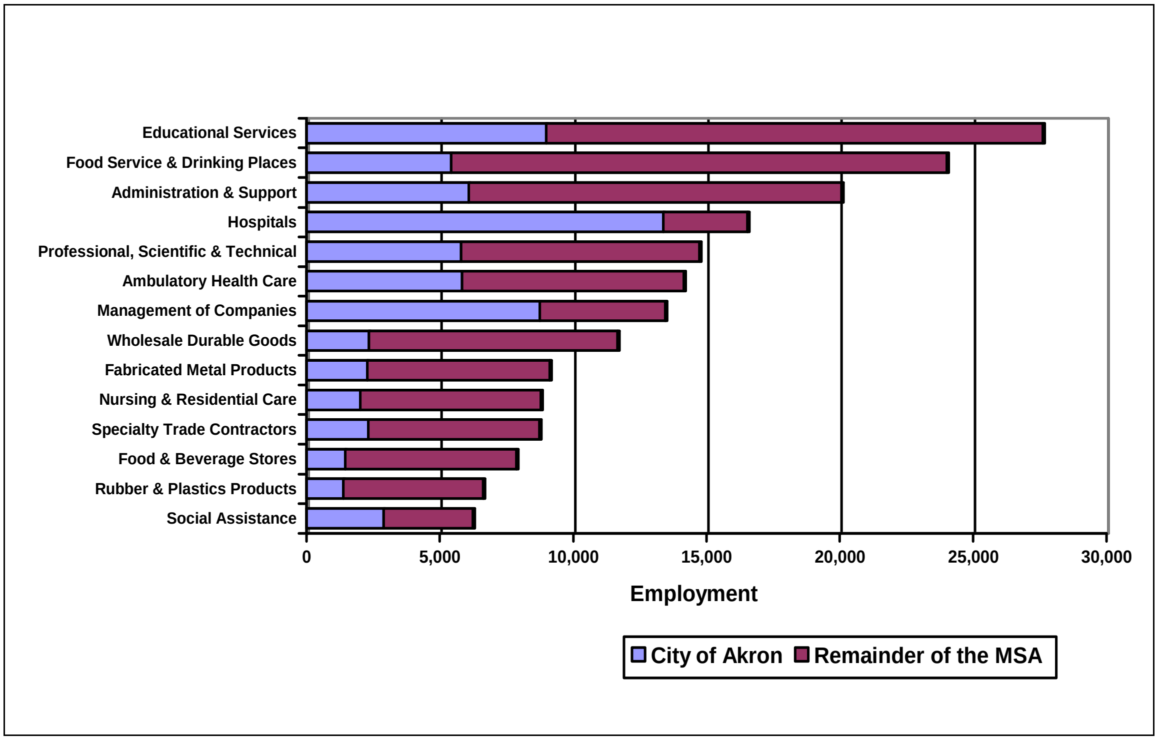
AKRON VERSUS THE REMAINDER OF THE MSA (LARGEST INDUSTRIES)

Figure 3.5 shows the difference in employment for the major industries between the city of Akron and the remainder of the MSA. Many health care and white-collar jobs were concentrated in the city of Akron. As mentioned above, 80.9 percent of *Hospitals* jobs in the Akron MSA were located in the city of Akron. In addition, 41.2 percent of *Ambulatory Health Care Services* positions in the MSA were located in the city of Akron. *Nursing and Residential Care* employment was more widely distributed across the MSA, with only 22.9 percent of MSA employment located in the city of Akron. Nearly half (46.3%) of *Social Assistance* jobs were located in the city of Akron.

With respect to key white-collar jobs, 65.0 percent of employment in the *Management of Companies and Enterprises* industry was located in the city of Akron. However, only 30.4 percent of *Administrative and Support Services*, 32.5 percent of *Educational Services*, and 39.3 percent of *Professional, Scientific and Technical Services* were located in the city of Akron.

Blue-collar jobs tended to be more widely dispersed throughout the MSA than white-collar jobs. For instance, only 20.7 percent of *Plastics and Rubber Products Manufacturing* employment was located in the city of Akron, while employment in *Fabricated Metal Products Manufacturing* was just under one-quarter (24.9%).

Figure 3.5. Largest Industries by Employment City of Akron versus the Remainder of the MSA, 2007



Akron Metropolitan Area's Leading Growth Industries

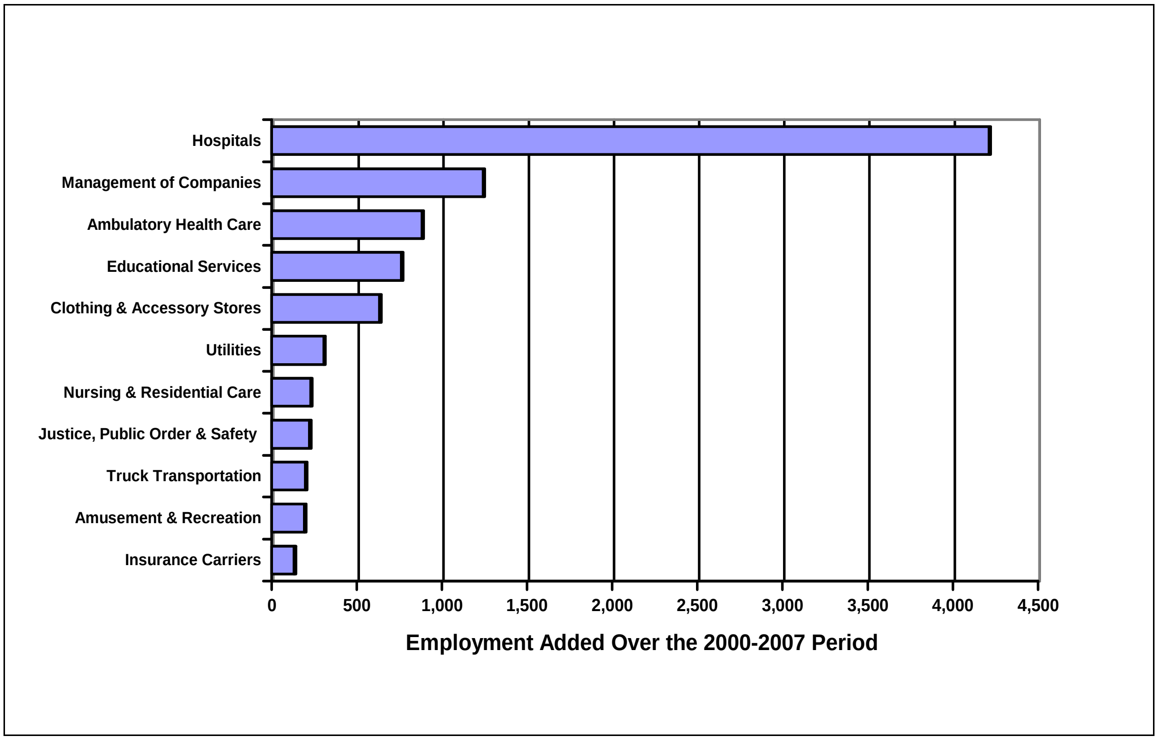
Growth industries for the Akron metropolitan area for the 2000 to 2007 period tended to be focused in health care or white-collar jobs, led by employment for *Hospitals* with a net gain of 3,252 jobs during the 2000 to 2007 period. Other leading growth industries for the MSA included *Management of Companies and Enterprises* (+2,893 jobs created); *Educational Services* (+2,619); *Ambulatory Health Care* Services (+2,304); *Professional, Scientific and Technical Services* (+2,055); *Nursing and Residential Care Facilities* (+1,287); and *Administrative and Support Services* (+1,231).

City of Akron's Leading Growth Industries

Figure 3.6 shows the leading growth industries within the city of Akron for the 2000 to 2007 period, qualified as those industries seeing net growth of more than 100 new jobs. *Hospitals* represented the leading growth industry for the city of Akron, with 4,213 new jobs created over the 2000 to 2007 period. Other leading growth industries for the city of Akron included *Management of Companies and Enterprises* (+1,242); *Ambulatory Health Care Services* (+884); *Educational Services* (+763); *Clothing and Accessory Stores* (+633); *Utilities* (+306); *Nursing and Residential Care Facilities* (+229); *Justice, Public*

Order and Safety Activities (+222); *Truck Transportation* (+198); *Amusement and Recreational Activities* (+193); and *Insurance Carriers* (+133).

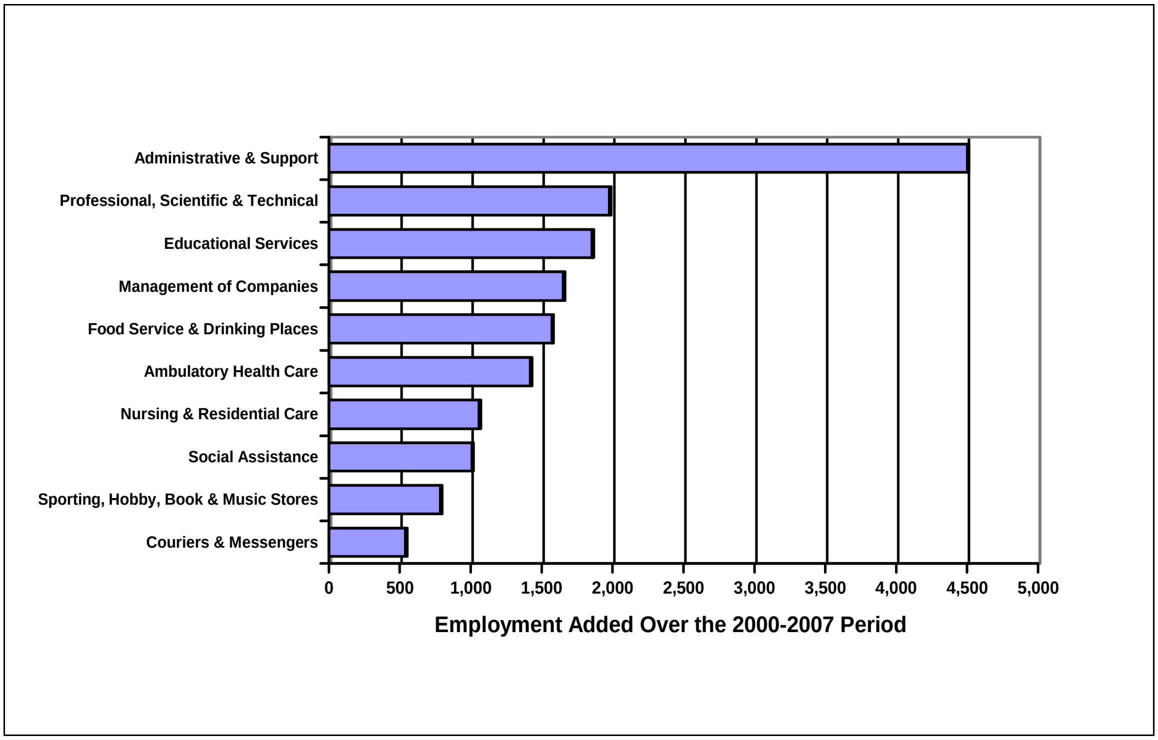
Figure 3.6. Leading Growth Industries by Employment, City of Akron, 2000-2007



REMAINDER OF AKRON MSA'S LEADING GROWTH INDUSTRIES

Figure 3.7 shows the leading growth industries in the remainder of the Akron MSA for the 2000 to 2007 period, noting those industries seeing net growth of more than 500 new jobs. The leading growth industry for the remainder of the MSA was *Administrative and Support Services*, with an increase of 4,501 jobs over the 2000 to 2007 period. Other leading growth industries for the remainder of the Akron MSA included *Professional, Scientific and Technical Services* (+1,977); *Educational Services* (+1,856); *Management of Companies and Enterprises* (+1,651); *Food Service and Drinking Places* (+1,571); *Ambulatory Health Care Services* (1,419); *Nursing and Residential Care* (+1,059); *Social Assistance* (+1,008); *Sporting Goods, Hobby, Book and Music Stores* (+787); and *Couriers and Messengers* (+541).

Figure 3.7. Leading Growth Industries by Employment
Remainder of the Akron MSA, 2000-2007

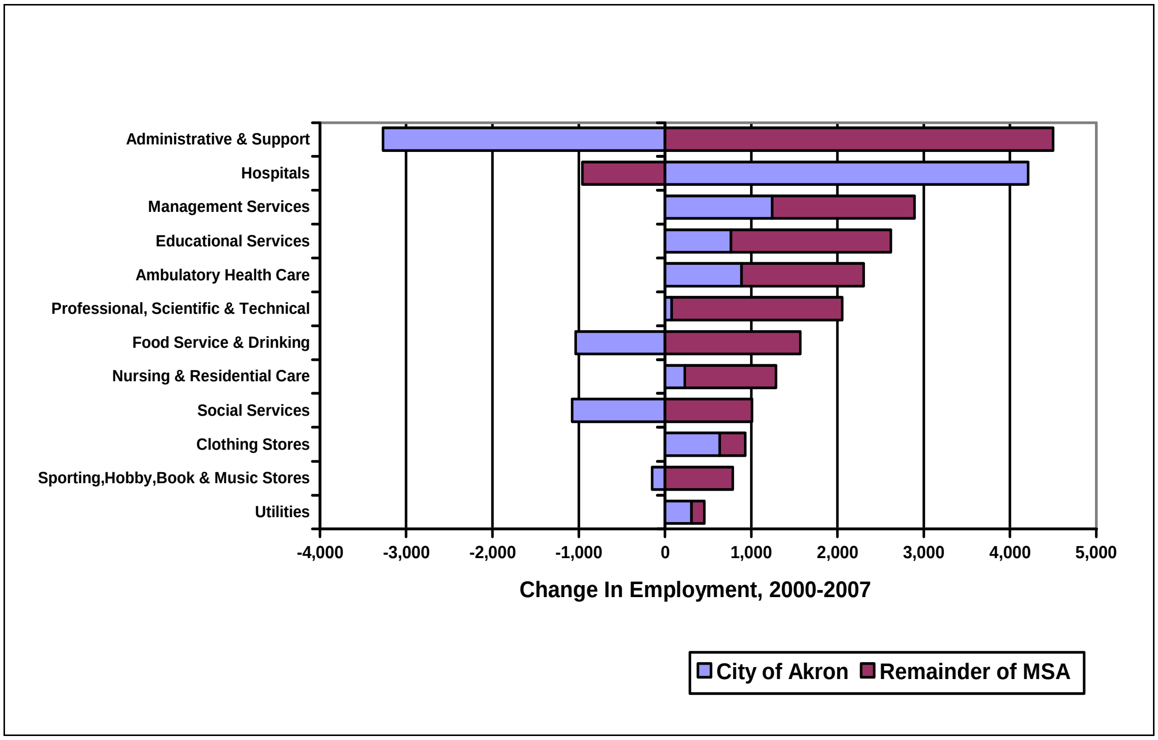


AKRON VERSUS THE REMAINDER OF THE MSA (GROWTH INDUSTRIES)

Figure 3.8 shows the location of jobs created in leading growth industries during the 2000 to 2007 period for the Akron MSA. Whereas some industries grew in certain locales, they declined in other locations. For instance, 4,501 jobs were created in *Administrative and Support Services* in the remainder of the Akron MSA during the 2000 to 2007 period; however, 3,270 jobs in this industry were lost in the city of Akron over the same period. These trends could be a result of companies moving from the city of Akron to the suburbs. Likewise, all of the jobs created in *Social Assistance* and *Food Service and Drinking Places* were created outside the city of Akron. The reverse was true for *Hospitals*; some 4,213 hospital jobs were created in the city of Akron during the 2000 to 2007 period, while 961 hospital jobs were lost in the remainder of the Akron MSA.

Among many of the other leading growth industries for the Akron MSA, a significant proportion of job creation was located in the city of Akron. For instance, 42.9 percent of all *Management of Companies and Enterprises* jobs, 29.1 percent of *Educational Services* jobs, and 38.4 percent of *Ambulatory Health Care Services* employment growth were created in the city of Akron over the 2000 to 2007 period. Only a small proportion of *Professional, Scientific and Technical Services* jobs were created in Akron; most were created in the remainder of the MSA.

Figure 3.8. Leading Growing Industries in the Akron MSA City of Akron versus the Remainder of the MSA



AKRON METROPOLITAN AREA'S LEADING DECLINING INDUSTRIES

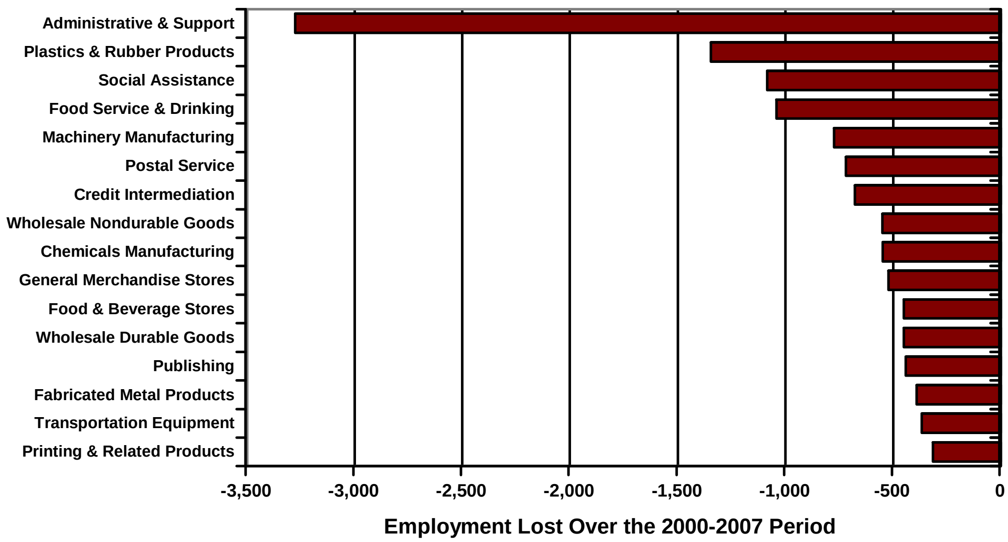
Leading declining industries for the Akron MSA were focused in blue-collar jobs. *Plastics and Rubber Products Manufacturing* suffered the worst employment decline, with 2,596 lost jobs over the 2000 to 2007 period. Other leading declining industries for the MSA as a whole included *Machinery Manufacturing* (-1,854); *Transportation Equipment Manufacturing* (-1,619); *Fabricated Metal Products Manufacturing* (-1,090); *Chemicals Manufacturing* (-1,022); *Electrical Equipment and Appliance Manufacturing* (-733); *Miscellaneous Manufacturing* (-705); *Postal Service* (-659); *Telecommunications* (-557); *Truck Transportation* (-525); *Credit Intermediation* (-517); *Food and Beverage Stores* (-509); *Furniture and Related Products Manufacturing* (-479); *Wholesale Durable Goods* (-472); and *Repair and Maintenance Services* (-453).

LEADING DECLINING INDUSTRIES IN THE CITY OF AKRON

The leading declining industry for the city of Akron was *Administrative and Support Services*, with 3,270 jobs lost over the 2000 to 2007 period (Figure 3.9). Other leading declining industries for the city of Akron included *Plastics and Rubber Products Manufacturing* (-1,340); *Social Assistance* (-1,078); *Food Service and Drinking Places* (-1,036); *Machinery Manufacturing* (-768); *Postal Service* (-714); *Credit Intermediation*

(-672); *Wholesale Nondurable Goods* (-545); *Chemicals Manufacturing* (-543); *General Merchandise Stores* (-516); *Wholesale Durable Goods* (-445); *Publishing* (-436); *Fabricated Metal Products Manufacturing* (-386); *Transportation Equipment Manufacturing* (-363); and *Printing and Related Products Manufacturing* (-310).

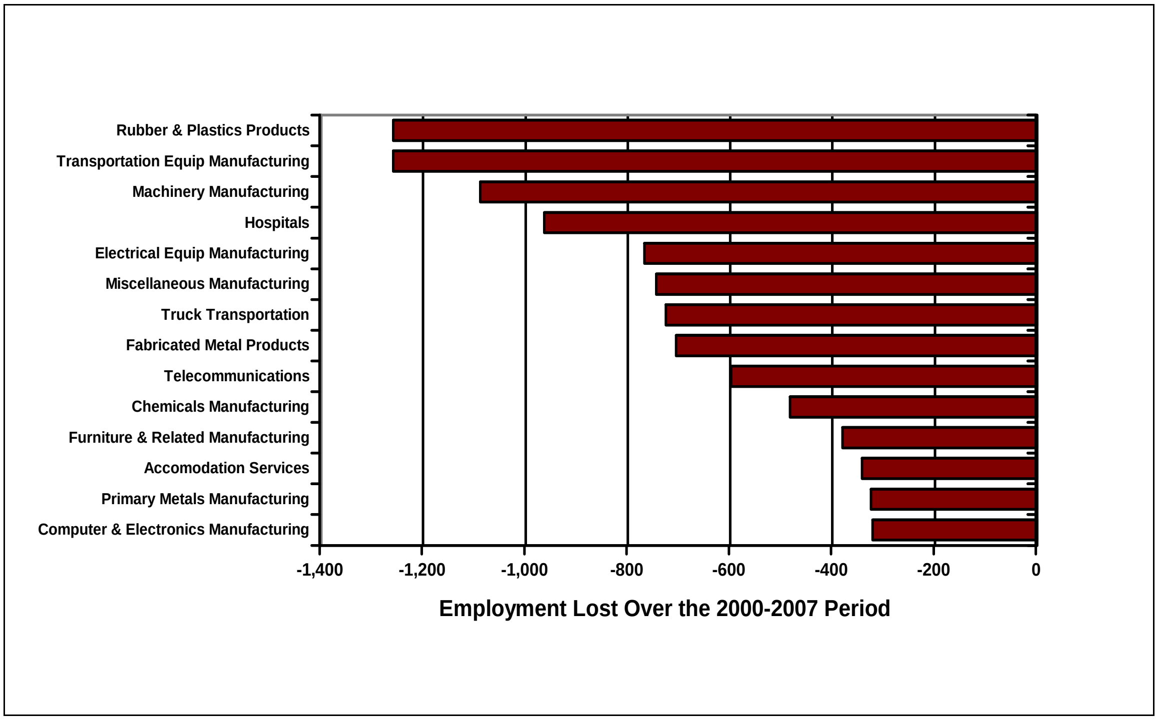
Figure 3.9. Declining Industries by Employment City of Akron, 2000-2007



LEADING DECLINING INDUSTRIES IN THE REMAINDER OF THE AKRON MSA

The leading declining industry for the remainder of the MSA was a tie between *Plastics and Rubber Products Manufacturing* and *Transportation Equipment Manufacturing*, with both industries losing 1,256 jobs over the 2000 to 2007 period (Figure 3.10). Other leading declining industries for the remainder of the Akron MSA included *Machinery Manufacturing* (-1,086); *Hospitals* (-961); *Electrical Equipment and Appliances Manufacturing* (-765); *Miscellaneous Manufacturing* (-742); *Truck Transportation* (-723); *Fabricated Metal Products Manufacturing* (-703); *Telecommunications* (-596); *Chemicals Manufacturing* (-480); *Furniture and Related Products Manufacturing* (-378); *Accommodation Services* (-340); *Primary Metals Manufacturing* (-322); and *Computer and Electronics Products Manufacturing* (-319).

Figure 3.10. Declining Industries by Employment Remainder of the Akron MSA, 2000-2007

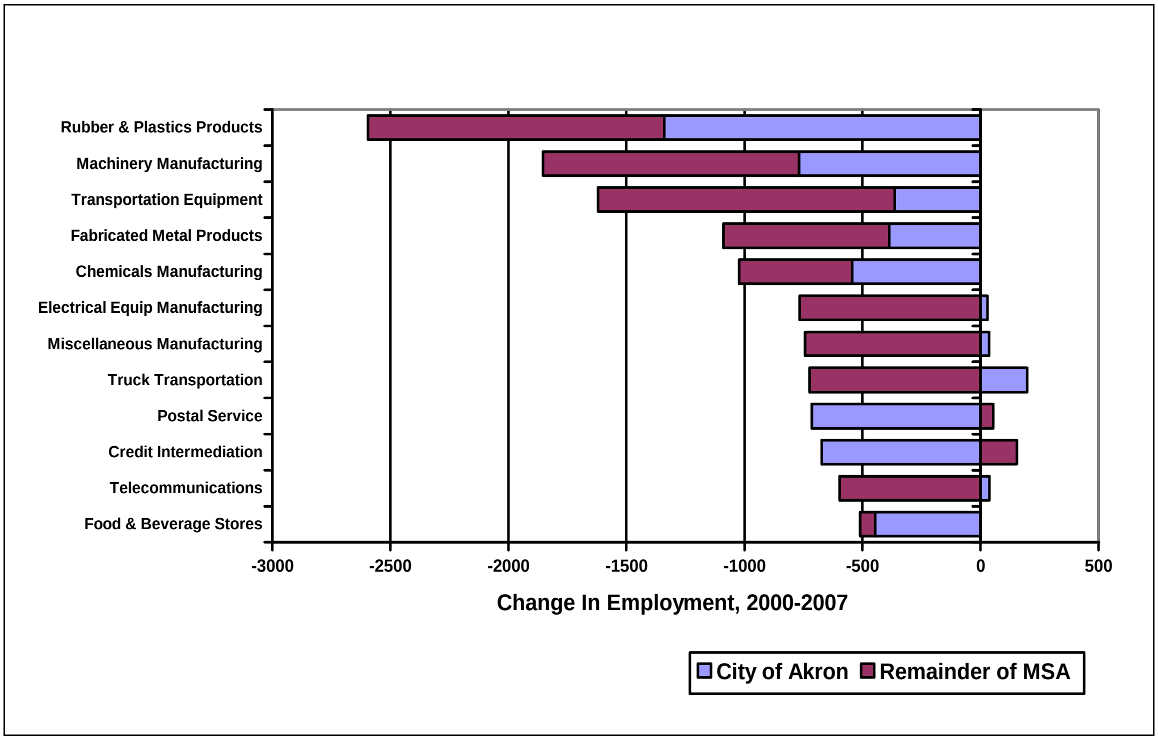


AKRON VERSUS THE REMAINDER OF THE MSA (DECLINING INDUSTRIES)

The city of Akron was particularly hard hit in terms of losing manufacturing jobs (Figure 3.11). For instance, over half (53.0%) of *Chemicals Manufacturing* jobs lost in the MSA were lost from Akron. Similarly, 51.6 percent of jobs lost in the MSA related to *Plastics and Rubber Products Manufacturing* were lost in Akron. Significant proportions of other manufacturing job losses occurred in Akron as opposed to the rest of the MSA, such as *Machinery Manufacturing* (-41.4%) and *Fabricated Metal Products Manufacturing* (-35.4%).

In some industries, although there was a net loss of jobs overall for the MSA, there was some job growth in the city of Akron. Examples include *Electrical Equipment and Appliances Manufacturing, Miscellaneous Manufacturing, Truck Transportation,* and *Telecommunications*. Conversely, there were some industries, such as the *Postal Service*, where employment declined in the city of Akron, but grew slightly in the remainder of the MSA.

Figure 3.11. Leading Declining Industries in the Akron MSA City of Akron versus the Remainder of the MSA



SUMMARY AND IMPLICATIONS FOR ECONOMIC DEVELOPMENT

The economy of the Akron metropolitan area reflected the nationwide business cycle occurring over the 2000 to 2007 period. Despite seeing declines in employment during the 2000 to 2004 recessionary period, the Akron MSA saw slight gains in employment over the 2004 to 2007 expansionary period. Although the Akron metropolitan area as a whole saw gains in employment during the expansionary period, the city of Akron and its downtown's share of aggregate employment of the MSA declined.

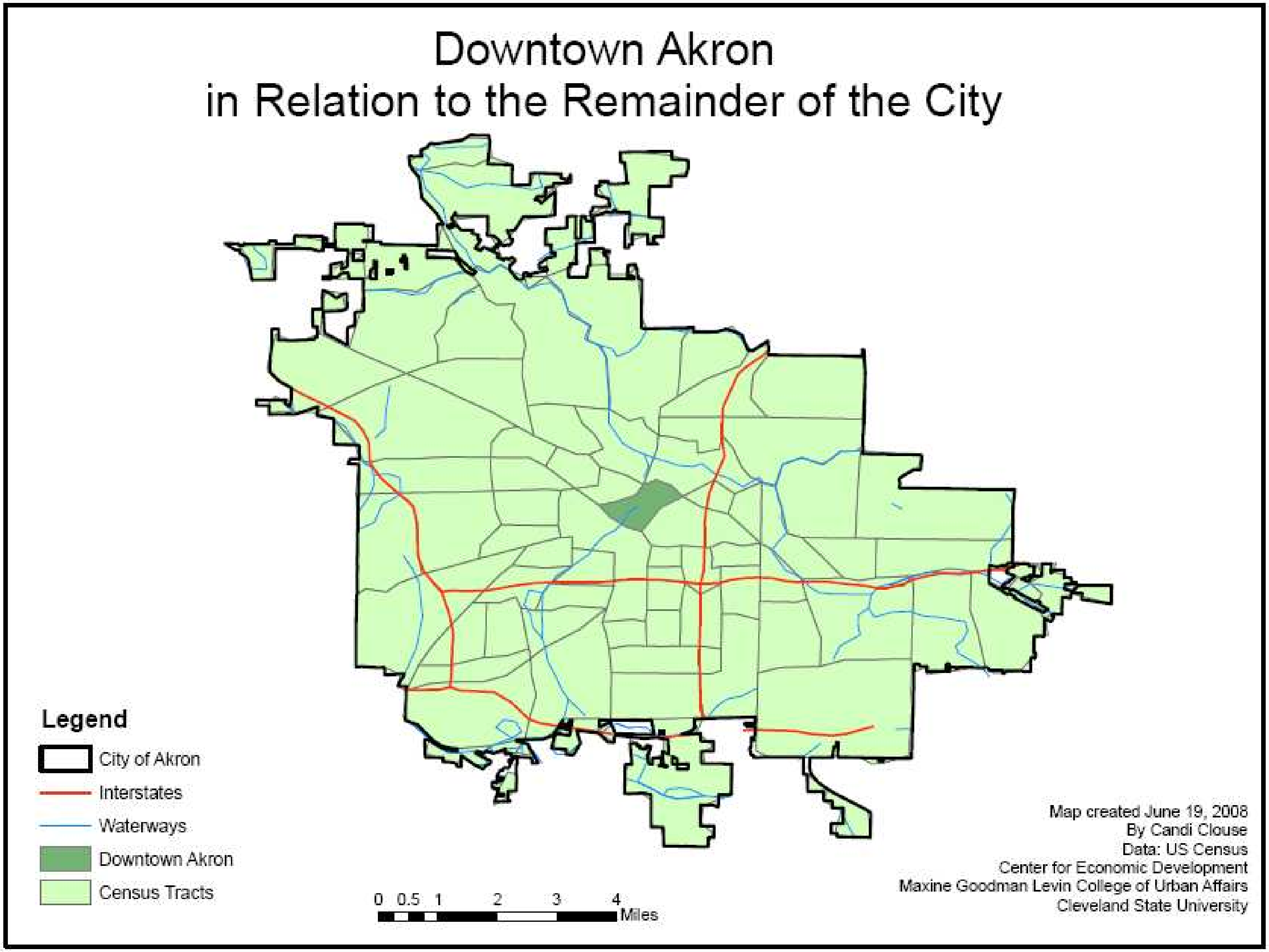
While the city of Akron's share of the metropolitan economy declined in terms of employment, it was able to maintain its position in the regional economy in terms of payroll. This was especially true for downtown Akron, which is becoming more important to the regional economy as the central location for establishments employing highly skilled and highly paid employees, as compared to the remainder of the MSA.

Although total employment for the Akron MSA increased over the 2000 to 2007 period, the majority of sectors saw declines in employment, particularly those sectors oriented toward blue-collar jobs. *Manufacturing* suffered the largest declines in employment, with all major manufacturing industries losing jobs. On the other hand, leading growth sectors for the Akron MSA over the 2000 to 2007 period tended to be focused in health care and white-collar positions, many of which were relatively high paying positions. Leading growth sectors for the Akron MSA included *Health Care and Social Assistance*; *Management of Companies and Enterprises*; *Educational Services*; *Professional, Scientific and Technical Services*; *Administrative and Support Services*; *Utilities*; and *Public Administration*.

Economic development initiatives should build upon the strengths of the Akron MSA. For instance, efforts in downtown Akron should focus on its dominant sectors: *Health Care and Social Assistance*; *Professional, Scientific and Technical Services*; *Management of Companies and Enterprises*; and *Finance and Insurance*. All of these sectors saw gains in employment for the downtown area during the 2000 to 2007 period, and many of these sectors consist of relatively higher wage and higher skilled jobs. Likewise, economic development initiatives for the remainder of the MSA should focus on dominant and existing growth sectors and industries. Although some sectors, such as *Manufacturing*, have significantly declined in terms of employment, they still represent potential avenues for economic development. Overall, economic development initiatives should reflect the diversity or composition of the existing industrial base of Akron MSA with efforts focused on multiple sectors and industries.

APPENDIX

Map 3.A.1.


Downtown Akron
in Relation to the Remainder of the City
Legend
City of Akron
Interstates
Waterways
Downtown Akron
Census Tracts
0 0.5 1 2 3 4
Miles
Map created June 19, 2008
By Candi Clouse
Data: US Census
Center for Economic Development
Maxine Goodman Levin College of Urban Affairs
Cleveland State University

THE ROLE OF CENTRAL CITIES IN THE REGIONAL ECONOMY: THE CASE OF YOUNGSTOWN, OHIO, 2000-2007

PREPARED BY:
FRANK AKPADOCK, PH.D
THOMAS FINNERTY, JR.
JOHN BRALICH

CENTER FOR URBAN AND REGIONAL STUDIES
YOUNGSTOWN STATE UNIVERSITY

NOVEMBER 2008

INTRODUCTION

This study analyzes employment and payroll trends in the downtown/Central Business District (CBD) of Youngstown, Ohio, in relation to the larger region, hereafter defined as the Youngstown-Warren Metropolitan Area (Youngstown-Warren MA[1]). The study period from 2000 to 2007 includes the recessionary period of the early 2000s and the expansionary period that followed. Employment trends analysis focuses on all levels of jobs created during the period, while payroll statistics show income earned from those jobs as a proxy for assessing value-added output. The overall analysis will facilitate the analytical validation of the existence (or lack thereof) of a pattern of inter-industrial linkages and/or similarly shared economic activities among three geographical units: the Youngstown-Warren MA, the city of Youngstown, and downtown Youngstown in ways that articulate how economic activities in geographic space play out among these entities over time in wealth creation for residents in terms of employment and wage growth differentials.

OVERALL TRENDS

The economy of the Youngstown-Warren MA economy showed an employment decline of approximately 9 percent between 2000 and 2004 (recessionary period), 3 percent between 2004 and 2007 (expansionary period), and about 12 percent overall decline between 2000 and 2007. The inflation-adjusted employee payroll in the MA fell by about 11 percent during the recessionary period between 2000 and 2004, rose by about 8 percent between 2004 and 2007 of the expansionary period, only to fall by about 4 percent over the entire period (2000-2007).

Excluding the city of Youngstown, the remainder of the MA (suburban fringe) had an employment decline of 8 percent between 2000 and 2004, and about 2 percent between 2004 and 2007, for an overall loss of about 9 percent, compared to 20 percent decline in the city of Youngstown for the same period. The MA's payroll without the city fell by about 13 percent between 2000 and 2004, but rebounded to 12 percent between 2004 and 2007, for a net loss of 3 percent for the period (Table 4.1).

The city of Youngstown's economy experienced employment losses of about 12 percent between 2000 and 2004 and about 9 percent between 2004 and 2007, for a total loss of 20 percent over the entire period. While employment in the city fell by double digits between 2000 and 2004, its payroll fell by about 1 percent for the same period, but between 2004 and 2007, the economy of Youngstown suffered a loss of about 8 percent in payroll for a net loss of about 9 percent between 2000 and 2007.

[1] The Youngstown-Warren Metropolitan Area (MA) is defined in this study as consisting of Mahoning and Trumbull counties in Ohio. The new definition of the Youngstown-Warren-Boardman MSA, which includes Mercer County in Pennsylvania, was not used in this study because data were limited to Ohio Counties.

Downtown employment also fell by about 18 percent between 2000 and 2004, while payroll fell half as much (about 9 %) for the same period. Between 2004 and 2007, employment fell by about 11 percent, while payroll fell by about 14 percent during the same period. Overall, between 2000 and 2007 employment and payroll respectively fell by about 27 percent and 21 percent in downtown Youngstown.

Employment in the remainder of the city of Youngstown (city fringe) fell by about 9 percent between 2000 and 2004, while payroll was up by about 3 percent for the same period. Between 2004 and 2007, employment fell by 8 percent, while payroll also fell by about 6 percent. Altogether, employment fell by 16 percent between 2000 and 2007, while payroll only fell by about 3 percent.

Table 4.1. Percent Change in Employment and Payroll: Youngstown-Warren MA

Geographic Area	Employment			Payroll[2]		
	2000-2004	2004-2007	2000-2007	2000-2004	2004-2007	2000-2007
Downtown[3]	-18.2%	-10.7%	-27.0%	-8.5%	-13.6%	-20.9%
Youngstown[4]	-12.1%	-8.9%	-20.0%	-1.0%	-8.4%	-9.3%
City Fringe[5]	-8.7%	-8.0%	-16.0%	3.4%	-5.6%	-2.5%
Youngstown-Warren MA	-8.8%	-3.0%	-11.6%	-10.9%	7.5%	-4.3%
Suburban Fringe[6]	-8.0%	-1.6%	-9.4%	-13.4%	12.1%	-3.0%

For the downtown in particular, the analysis appears to indicate that while some low-paying service jobs may have gone to the suburbs, the highly paid skilled jobs were no substitutes, and that might have contributed to the overall highest payroll percentage net loss of nearly 21 percent when compared to either the city, city fringe, the Metropolitan Area or the suburban fringe.

[2] Payroll calculations for first quarter only
[3] The Central Business District of Youngstown
[4] The city of Youngstown including the downtown
[5] The city of Youngstown excluding the downtown
[6] The Youngstown-Warren MA excluding the city

ECONOMIC STRUCTURE OF THE YOUNGSTOWN METROPOLITAN AREA

YOUNGSTOWN'S ROLE IN THE METROPOLITAN ECONOMY

The city of Youngstown, Ohio, plays a vital role in the economy of the Youngstown-Warren Metropolitan Area in terms of both employment and payroll. In 2000, there were 42,294 people working in the city on a payroll of about $1.43 billion. The city's employment share in the MA stood at about 21 percent, while its payroll was about 20 percent for the same period. Even though its employment share between 2000 and 2004 declined by 1 percentage point, its payroll share in the MA actually increased by 2 percentage points to about 22 percent. Even with a further decline in employment in 2007, the city's share of employment and payroll, each of about 19 percent respectively, continued to be significant contributions to the MA's workforce (Table 4.2).

In 2000, the city's share of employment in the MA was found to be about 21 percent, while the payroll was about 20 percent. In 2004, the city's share of employment and payroll in the MA were respectively about 20 percent and 22 percent, and in 2007, employment and payroll shares were each about 19 percent. The Youngstown's fringe (the city of Youngstown without the downtown) painted a different picture. For instance, in 2000, Youngstown's employment without the downtown (city fringe) was 27,171, which accounted for about 64 percent of the workforce in the city, while its payroll of $0.90 billion also accounted for about 63 percent of payroll in the city. In 2004, employment plummeted to 24,806, while payroll increased to $0.93 billion for a share of about 67 percent in employment, and 66 percent in payroll in the city. In 2007, employment and payroll shares in the city fringe were about 67 percent and 68 percent, respectively. In the suburban fringe (MA-Youngstown), employment shares in the MA for 2000, 2004 and 2007 were about 79 percent, 80 percent and 81 percent, respectively. For payroll in 2000, its share was about 80 percent; in 2004 it declined by about 2 percentage points to nearly 78 percent, and in 2007 increased to about 81 percent (Table 4.2).

Table 4.2. Youngstown's Percentage Share of Employment and Payroll in the MA

Geographic Area	Employment			Payroll		
	2000	2004	2007	2000	2004	2007
Youngstown	42,294	37,172	33,851	$1.43 billion	$1.42 billion	$1.30 billion
City Fringe	27,171	24,806	22,811	$0.90 billion	$0.93 billion	$0.88 billion
City Fringe/City	64.2%	66.7%	67.4%	63.0%	65.8%	67.7%
MA	204,201	186,197	180,535	$7.08billion	$6.31billion	$6.78billion
Youngstown/MA	20.7%	20.0%	18.8%	20.2%	22.4%	19.1%
City Fringe/MA	13.3%	13.3%	12.6%	12.7%	14.8%	13.0%
Suburban Fringe[7]	161,907	149,026	146,684	$5.65 billion	$4.89 billion	$5.48 billion
Suburban Fringe/MA	79.3%	80.0%	81.2%	79.8%	77.6%	80.9%

[7] Suburban fringe is MA without city

Downtown Youngstown's Role in the Metropolitan Area

During the first quarter of 2000, the public and private sectors in the Central Business District (CBD) of Youngstown employed a total of 15,122 workers, which accounted for about 7 percent each of total employment and payroll in the Youngstown-Warren MA. For the same period, the downtown's shares of employment and payroll in the city were about 36 percent and 37 percent, respectively. In 2004, employment in the CBD plummeted to 12,366 during the recessionary period for a share of about 7 percent of the total workforce in the MA, while payroll increased by a percentage point from about 7 percent in 2000 to about 8 percent for the period. For the city in 2004, about 33 percent of its workforce and about 34 percent of its payroll came from the downtown. In 2007, employment in the downtown fell to its lowest point of 11,040 during the study period for a share of about 6 percent each of employment and payroll of the MA's workforce, and a share of about 33 percent of employment and 32 percent of payroll of the Youngstown's workforce (Table 4.3).

From a regional perspective, even though downtown Youngstown may be viewed as playing a decreasing role in the MA in both employment and payroll shares between 2000 and 2007, it is nevertheless a force to be reckoned with overall, especially in terms of the city's employment and payroll. The downtown economy appears to be *directly* intertwined with the city, while *indirectly* intertwined with the metropolitan area. ***Seen from this point of view, downtown Youngstown needs all the assistance it can get from decision makers to boost not only the city's economy, but the MA's as well.***

Table 4.3. Downtown Youngstown's Percentage Share of Employment and Payroll in the MA

Geographic Area	Employment			Payroll		
	2000	2004	2007	2000	2004	2007
Downtown	15,122	12,366	11,040	$0.53 billion	$0.48 billion	$0.42 billion
Youngstown	42,294	37,172	33,851	$1.43 billion	$1.42 billion	$1.30 billion
MA	204,201	186,197	180,535	$7.08 billion	$6.31 billion	$6.78 billion
Downtown/City	35.8%	33.3%	32.6%	37.0%	34.2%	32.3%
Downtown/MA	7.4%	6.6%	6.1%	7.4%	7.7%	6.2%

Major Growth Sectors in the MA[8]

Of all the major sectors in the MA, *Manufacturing* had the highest number of employees of any sector in 2000 with 44,461 workers; seconded by *Retail Services* with 29,905; while *Health Care and Social Assistance* came third with 28,576 employees. However, during the recessionary period of the early 2000s, employment in *Manufacturing* declined by 28 percent between 2000 and 2004, but improved somewhat during the expansionary period to decrease just 15 percent between 2004 and 2007. This improvement notwithstanding, the sector lost about 39 percent between 2000 and 2007. The *Health Care and Social Assistance* sector gained 9 percent

[8] Employment analysis in the MA was at the 2-digit NAICS level. Map 4.A.1 in the Appendix shows the Youngstown-Warren Metropolitan Area.

between 2000 and 2004, only to lose just 1 percent between 2004 and 2007, but gained 7 percent between 2000 and 2007 overall. The *Retail Services* sector in the MA fared badly during both the recessionary and expansionary periods, and lost a total of 14 percent between 2000 and 2007. By 2007 *Health Care and Social Assistance* was the largest sector.

It was interesting to observe that five sectors defied the recessionary period (2000-2004) to grow in the MA. These were *Information*, *Health Care and Social Assistance*, *Management of Companies and Enterprises*, *Transportation and Warehousing,* and *Accommodation and Food Services*. During the expansionary period (2004-07), *Management of Companies and Enterprises* and *Accommodation and Food Services* had stagnant growth, while *Information* declined by 16 percent. Overall, except for the *Information* sector, the other four sectors had employment gains for the entire period. The highest average wage paid by any major sector in 2007 in the MA was $79,627 by *Manufacturing,* while the lowest average wage was $10,749 by *Accommodation and Food Services.* The *Manufacturing* sector continues to be the cornerstone of the area in terms of employment and living wages.

CITY OF YOUNGSTOWN'S MAJOR SECTORS[9]

The city of Youngstown, as an integral part of the regional economy, thrives with its share of major industrial sectors that mirror both the downtown and the MA, even in the face of a decreasing overall role in employment and payroll in the latter. However, unlike the MA, in which the *Manufacturing* sector claimed the major share of employment between 2000 and 2007, *Health Care and Social Assistance* dominated employment in the city in 2000 with 10,684 workers on a payroll of $96.9 million in the first quarter. Again, in the first quarter of 2004, employment in this sector rose to 11,480 (7.4%); payroll rose to $116.9 million.

Employment increases did not last long in the cycle, as employment fell in *Health Care and Social Assistance* to 9,959 in 2007, resulting in a net loss of 6.8 percent (2000-2007). An employment decline in 2007 also brought about a payroll decrease for the same period, and the net percentage loss in payroll between 2000 and 2007 of 8.9 percent was about 2 percent higher than that of employment for the same period.

Following the *Health Care and Social Assistance* sector, the *Educational Services* sector had 5,420 employees on a payroll of $38.8 million in the first quarter of 2000. In 2004, employment in the *Educational Services* sector declined by 994 workers, or 18.3 percent (2000-2004). Interestingly, the employment decline did not affect payroll, which actually increased by 5.4 percent during the same period. By 2007, employment in the sector declined further, by 320 employees, or 7.2 percent (2004-2007), which reduced payroll to $37.3 million for a loss of 9.0 percent. This resulted in overall employment and payroll losses of 24.2 percent and 4.1 percent, respectively between 2000 and 2007.

[9] Employment analysis in the city of Youngstown was at the 2-digit NAICS level. (See Map 2 of Youngstown, Ohio, in the Appendix)

The *Manufacturing* sector in the city was the third largest employer in the first quarter of 2000 with 4,483 workers, on a payroll of $44.1 million in the first quarter. In 2004, employment in the *Manufacturing* sector fell to 3,455 employees for a 22.9 percent loss from 2000-2004, which reduced payroll to $37.5 million, or 15.0 percent. Between 2004 and 2007, employment in the *Manufacturing* sector declined slightly by 4.5 percent, while payroll actually increased by 20.2 percent. Overall, between 2000 and 2007, employment in the *Manufacturing* sector in the city was reduced by 26.4 percent, while payroll increased by 2.2 percent (Table 4.4, and Figures 4.1 and 4.2).

Table 4.4. Percent Employment and Payroll by Major Sectors: City of Youngstown[10]

Sector	Employment			Payroll		
	2000-2004	2004-2007	2000-2007	2000-2004	2004-2007	2000-2007
Manufacturing	-22.9%	-4.5%	-26.4%	-15.0%	20.2%	2.2%
Health Care and Social Assistance	7.4%	-13.2%	-6.8%	20.7%	-24.5%	-8.9%
Retail Trade	-34.0%	-17.3%	-45.4%	-35.5%	-13.5%	-44.2%
Educational Services	-18.3%	-7.2%	-24.2%	5.4%	-9.0%	-4.1%
Accommodation and Food Services	-15.6%	-9.0%	-23.2%	-16.8%	-6.4%	-22.1%
Administrative and Support Services	-37.8%	-4.2%	-40.4%	-24.6%	19.2%	-10.1%
Wholesale Trade	-10.1%	-7.5%	-16.8%	-5.6%	-3.7%	-9.0%
Professional, Scientific, and Technical Services	-6.1%	1.5%	-4.6%	10.9%	4.2%	15.5%
Utilities	NA	-19.3%	NA	NA	-25.2%	NA
Construction	-24.4%	7.2%	-19.0%	-22.9%	27.0%	-2.1%
Finance and Insurance	-22.3%	-8.0%	-28.6%	-2.5%	-22.7%	-24.6%
Transportation and Warehousing	-14.9%	-7.7%	-21.4%	-11.4%	-17.4%	-26.8%
Real Estate and Rental and Leasing	-25.2%	49.7%	12.0%	-21.8%	12.2%	-12.2%
Other Services (except Public Administration)	-14.3%	-21.2%	-32.4%	-23.0%	-20.3%	-38.7%
Management of Companies and Enterprises	-11.9%	10.8%	-2.4%	-0.4%	34.6%	34.1%
Information	3.0%	-33.7%	-31.8%	11.4%	-35.3%	-27.9%
Arts, Entertainment, and Recreation	-18.1%	-11.1%	-27.1%	-9.7%	-7.4%	-16.3%
Public Administration	8.0%	2.1%	10.2%	15.9%	15.0%	33.3%

[10] In Table 4.4, three industries are excluded due to confidentiality restrictions: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; and Other.

Figure 4.1. Employment by Major Sectors, City of Youngstown, 2000, 2004, 2007

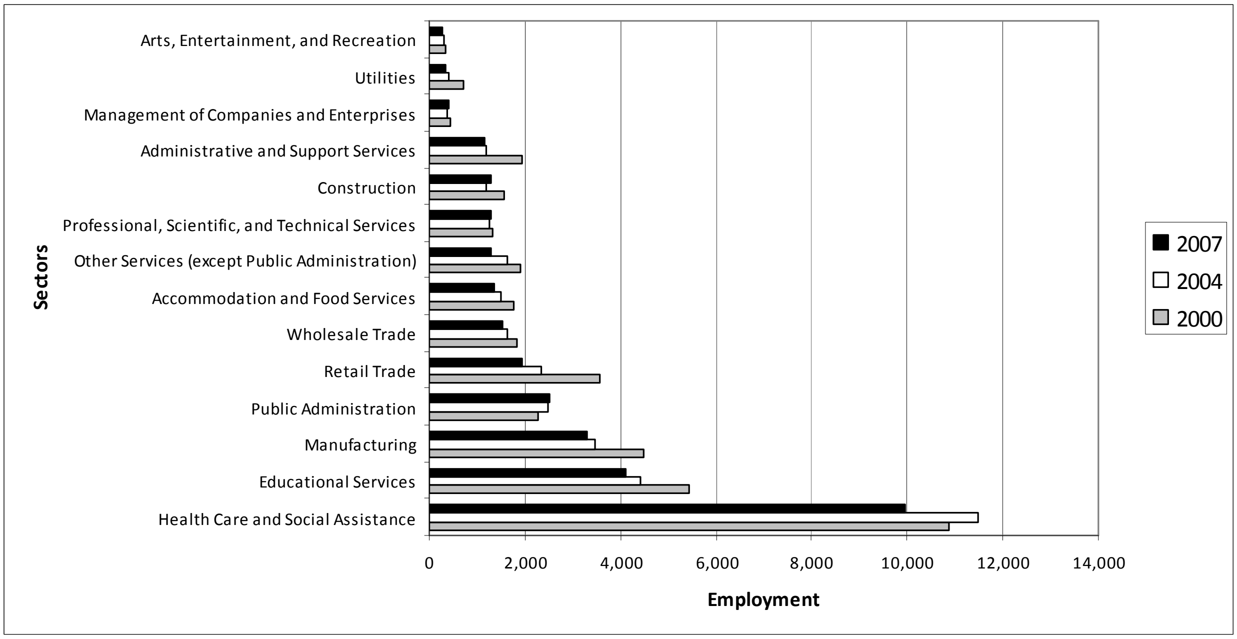
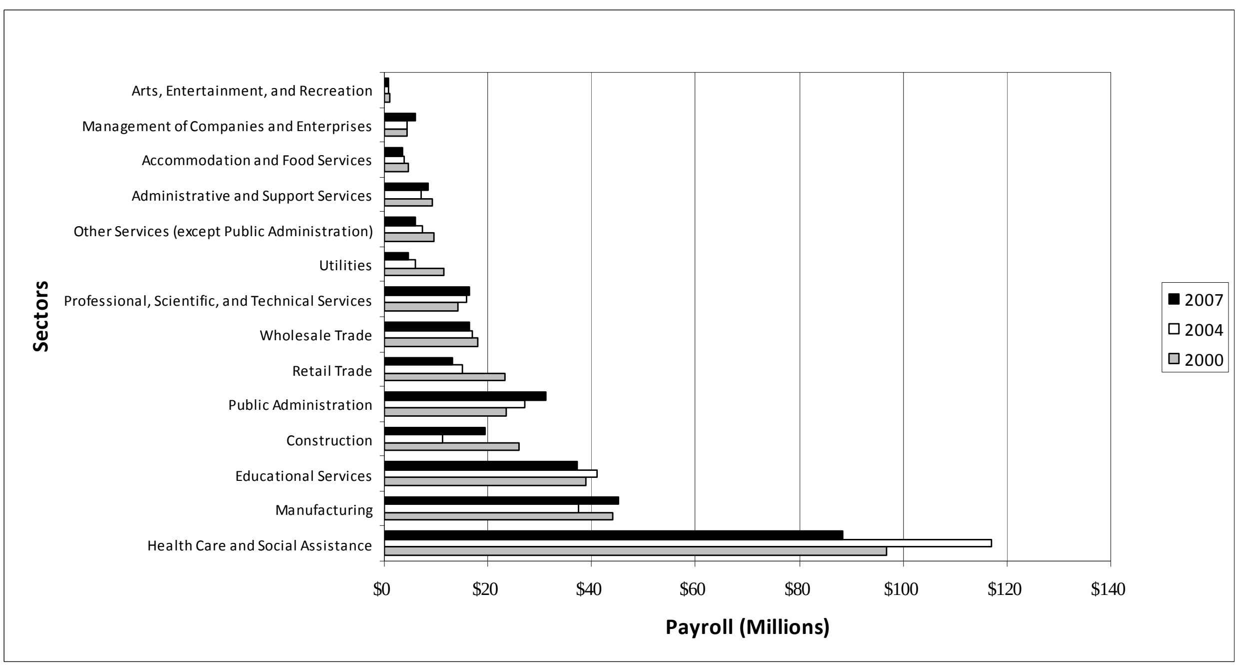


Figure 4.2. Payroll by Major Sectors: City of Youngstown



YOUNGSTOWN CITY FRINGE

The economies of downtown Youngstown and the remainder of the city are very much intertwined. In the year 2000, the city of Youngstown had 42,294 employees on a payroll of $1.43 billion. Without the downtown, however, its workforce and payroll were just 27,171 employees on a payroll of $0.9 billion. In 2004, Youngstown had a workforce of 37,172 people, but excluding the downtown, its workforce was just 24,806 people on a payroll of $0.93 billion. The same pattern held true for 2007 when its workforce was 33,851 on a payroll of $1.30 billion, but without the downtown, its workforce was 22,811 on a payroll of $0.88 (Table 4.5).

Table 4.5. Employment and Payroll in Youngstown and the City Fringe

Geographic Area	Employment			Payroll		
	2000	2004	2007	2000	2004	2007
Downtown	15,122	12,366	11,040	$0.53 billion	$0.48 billion	$0.42 billion
Youngstown	42,294	37,172	33,851	$1.43 billion	$1.42 billion	$1.30 billion
City Fringe	27,171	24,806	22,811	$0.90 billion	$0.93 billion	$0.88 billion
MA	204,201	186,197	180,535	$7.08 billion	$6.31 billion	$6.78 billion
Suburban Fringe	161,907	149,026	146,684	$5.65 billion	$4.89 billion	$5.48billion

Some of the major sectors like *Health Care and Social Assistance, Retail Trade,* and *Public Administration*, which dominated the downtown, also dominated the city of Youngstown. In 2007, the sector with the highest average wage in the city was *Management of Companies and Enterprises* at $57,234 followed in second place by *Utilities* at $55,684, while the lowest average wage of $10,622 came from *Accommodation and Food Services*.

MAJOR SECTORS IN DOWNTOWN YOUNGSTOWN

Downtown Youngstown has already been shown to be *directly* intertwined with the city. As part of the regional economy, the downtown has its share of major sectors that contribute not only to the city but also to the overall economy of the MA in employment and payroll. In the first quarter of 2000, the *Public Administration* sector led in the number of employees with 1,831, and accounted for 12 percent of downtown employment, and about 4 percent of the city's workforce. Its payroll of about $18 million accounted for about 16 percent of downtown's payroll, and about 5 percent of the city's payroll for the same period. The *Health Care and Social Assistance* sector virtually tied for the first position with *Public Administration* in terms of employment shares of 12 percent in the downtown with a payroll of $13.5 million. Other major sectors included *Retail Trade* with 1,042 employees and a payroll of $10.3 million; and *Transportation and Warehousing* with 1,024 employees and a payroll of $12.4 million.

During the downturn of the business cycle in the early 2000s, most industries in the downtown took a serious hit, resulting in employment declines. For example, between 2000 and 2004, employment in *Retail Trade* declined by nearly 51 percent. The payroll followed suit, declining by about 62 percent. Employment in *Transportation and Warehousing* declined by nearly 17 percent, *Public Administration* surged by 3.6 percent during the same period, only to lose 5.2 percent between 2004 and 2007, and 1.8 percent overall. Five major sectors that emerged unruffled during the cyclical swings in the economy between 2000 and 2007 were ***Professional, Scientific and Technical Services*, *Accommodation and Food Services, Real Estate and Rental and Leasing, Management of Companies and Enterprises, and Administrative Support and Waste Management***. The ***Real Estate and Rental and Leasing*** sector had an employment growth of nearly 100 percent between 2000 and 2007 and a payroll of nearly 35 percent during the same period. *Professional, Scientific and Technical Services* had an employment growth of nearly 8 percent (2000-2004), and 15 percent (2004-2007), for an overall growth of nearly 24 percent (2000-2007). Its payroll also grew for those periods. The *Accommodation and Food Services* sector, on the other hand, grew nearly 11 percent (2000-2004) in employment, and by about 10 percent in 2004-2007, for an overall growth of about 21 percent. Its payroll also had incremental growth during the entire period (Table 4.6).

Table 4.6. Employment and Payroll of Major Sectors in Downtown Youngstown[11]

Sector	Employment			Payroll		
	00-04	04-07	00-07	00-04	04-07	00-07
Utilities	-60.8%	NA	NA	-67.6%	NA	NA
Construction	3.5%	-27.4%	-24.9%	18.6%	-28.5%	-15.2%
Manufacturing	-36.6%	19.8%	-24.1%	-39.0%	40.3%	-14.4%
Wholesale Trade	-22.6%	-3.3%	-25.1%	-10.8%	-10.6%	-20.3%
Retail Trade	-51.5%	1.2%	-50.9%	-62.1%	6.4%	-59.7%
Transportation and Warehousing	-17.3%	-18.1%	-32.3%	-10.1%	-30.2%	-37.3%
Information	-11.8%	-29.3%	-37.7%	-11.0%	-24.5%	-32.8%
Finance and Insurance	-21.4%	-8.4%	-28.1%	5.4%	-32.1%	-28.4%
Real Estate and Rental and Leasing	-26.7%	172.4%	99.7%	-9.0%	48.3%	35.0%
Professional, Scientific, and Technical Services	7.7%	14.7%	23.5%	27.5%	11.7%	42.4%
Management of Companies and Enterprises	24.3%	-2.0%	21.8%	7.0%	18.0%	26.2%
Administrative and Support Services	-28.0%	52.7%	9.9%	-38.7%	63.9%	0.5%
Health Care and Social Assistance	-12.1%	-59.5%	-64.4%	8.5%	-63.1%	-60.0%
Arts, Entertainment, and Recreation	-11.2%	-9.6%	-19.7%	5.8%	-2.1%	3.5%
Accommodation and Food Services	10.7%	9.6%	21.3%	5.4%	11.6%	17.7%
Other Services (except Public Administration)	-26.9%	1.8%	-25.6%	-33.3%	-9.6%	-39.7%
Public Administration	3.6%	-5.2%	-1.8%	15.1%	2.9%	18.4%

For the downtown in 2007, the highest average wage payment was $60,636 in the *Management of Companies and Enterprises* sector, while the lowest was in *Accommodation and Food Services* at $11,495 (Table 4.7). Average wage payments among different industrial sectors generally appear to vary slightly with different geographical units. The *Wholesale Trade* sector, on the other hand, had an insignificant difference in the average wages across geographies.

[11] In Table 4.6, four industries are excluded due to confidentiality restrictions: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Educational Services; and Other.

However, significant wage differences exist with such sectors as *Manufacturing,* and *Health Care and Social Assistance*. ***These sectors were found to be very competitive across geographic space for the downtown, city of Youngstown, and the MA, and decision makers should facilitate their growth and expansion***.

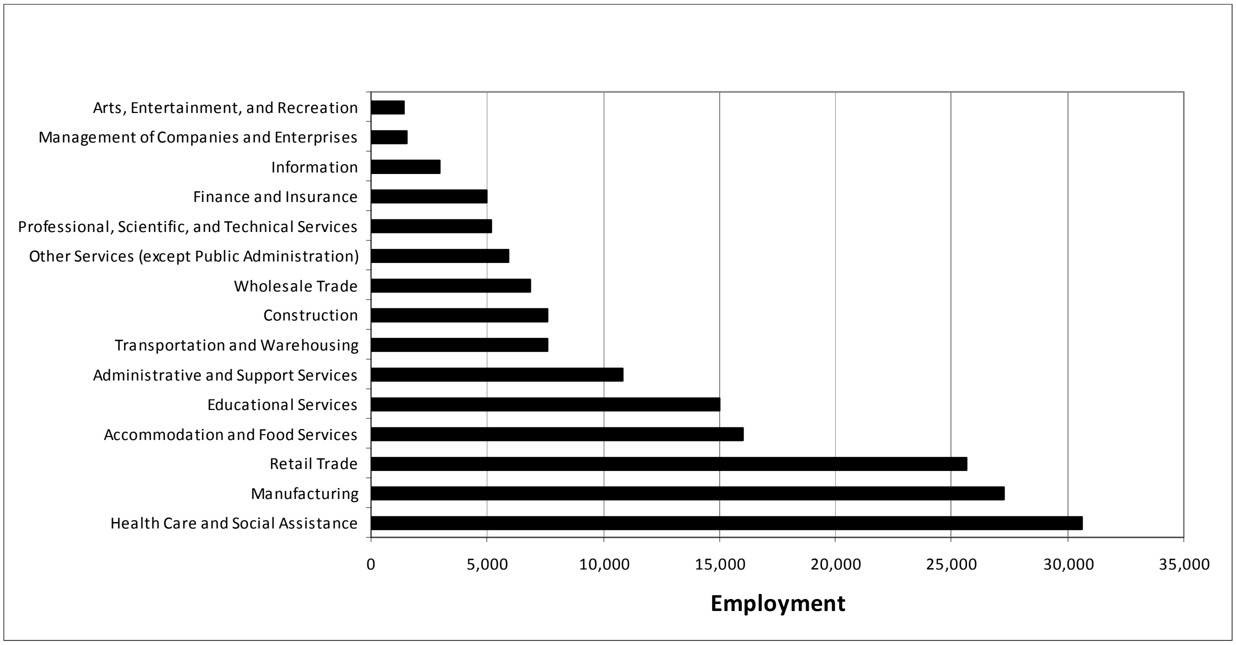
Table 4.7. Average Wages among Major Sectors, 2007

NAICS	Sector	Downtown	City	MA
11	Agriculture, Forestry, Fishing & Hunting	NA	NA	$20,381
21	Mining, Quarrying and Oil and Gas Extraction	NA	$39,317	$47,518
31-33	Manufacturing	$38,554	$54,592	$79,627
62	Health Care and Social Assistance	$33,704	$35,447	$32,246
44-45	Retail Trade	$32,449	$26,721	$20,795
61	Educational Services	NA	$36,296	$35,168
72	Accommodation and Food Services	$11,495	$10,622	$10,749
56	Administrative and Support Services	$20,893	$29,446	$24,250
42	Wholesale Trade	$44,191	$43,042	$43,693
53	Finance and Insurance	$59,273	$50,654	$45,091
54	Professional, Scientific and Technical Services	$49,987	$51,665	$37,617
23	Construction	$42,779	$44,880	$40,068
48-49	Transportation and Warehousing	$44,990	$43,986	$41,166
81	Other Services (except Public Administration)	$18,712	$18,371	$18,726
55	Management of Companies and Enterprises	$60,636	$57,234	$53,858
51	Information	$36,426	$44,161	$39,721
71	Arts, Entertainment, and Recreation	$13,683	$12,924	$13,333
53	Real Estate and Rental and Leasing	$13,197	$17,682	$27,354
22	Utilities	NA	$55,684	$55,855
92	Public Administration	$48,031	$49,428	$44,654
99	Other	NA	NA	$17,010

LARGEST INDUSTRIES IN THE MA

Figure 4.3 illustrates the 15 largest industrial sectors (having more than 1,000 employees) in the Youngstown-Warren MA by employment in 2007. These industries were assessed using the 2-digit NAICS code, and they ranged from *Health Care and Social Assistance* with the highest number of jobs (30,655), followed by *Manufacturing* in second place with 27,284 jobs, and *Retail Trade* in third place with 25,651 jobs. The lowest of the top 15 industries was the *Arts, Entertainment and Recreation* sector with 1,384 jobs. These industries were considered the *largest tiers* in the MA with the number of jobs being above the 1,000-employee benchmark. Other industries with jobs totaling below 1,000 were excluded.

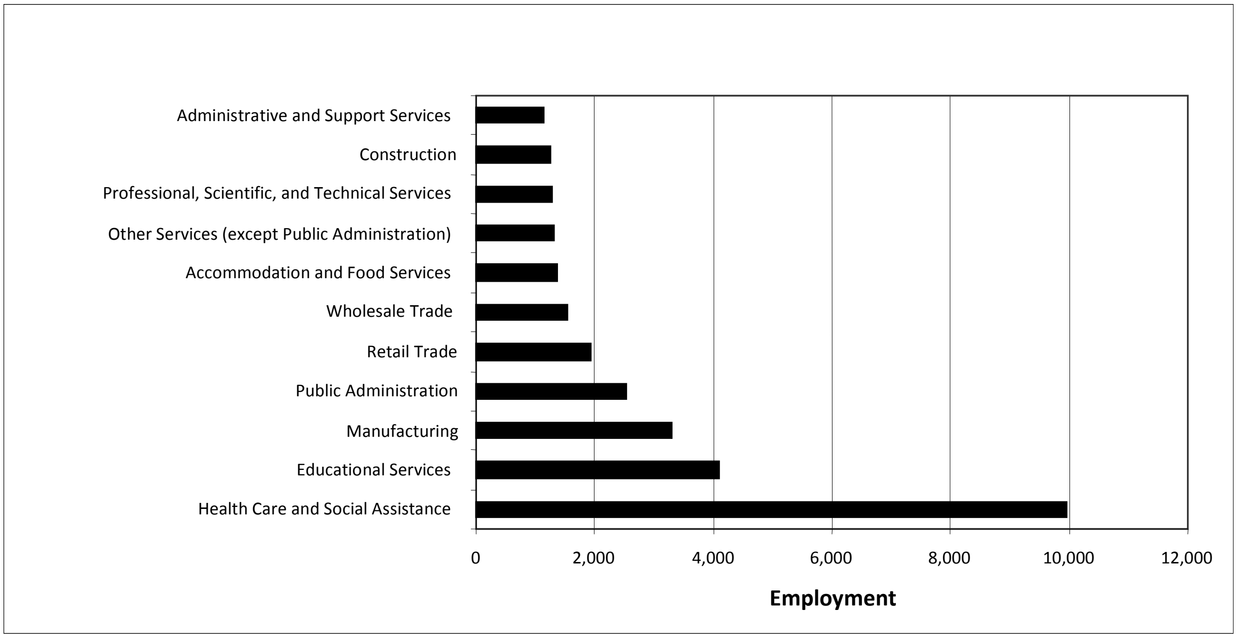
Figure 4.3. Largest Industrial Sectors in the Youngstown-Warren MA, 2007



CITY OF YOUNGSTOWN'S LARGEST INDUSTRIES

As in the MA described previously, 12 top-tier sectors with at least ***1,000 employees*** in 2007 were selected as the largest sectors in the city of Youngstown based on the 2-digit NAICS code (Figure 4.4). Accordingly, the *Health Care and Social Assistance* sector with 9,959 employees, ranked number one, followed by *Educational Services* with 4,107 employees, and *Manufacturing* traded second position in the MA for third position in the city with 3,301 jobs. The *Health Care and Social Assistance* sector, which ranked as the number one largest industry in the MA, also ranked first in the city. *Public Administration* came in fourth with 2,523 jobs. ***Generally, the study found that 10 of the 15 top-tier, largest sectors in the MA were replicated in the city, indicating that not only were the city's growth sectors a mirror image of the MA's, but that the city of Youngstown had significant presence in these sectors.***

Figure 4.4. City of Youngstown's Largest Sectors, 2007

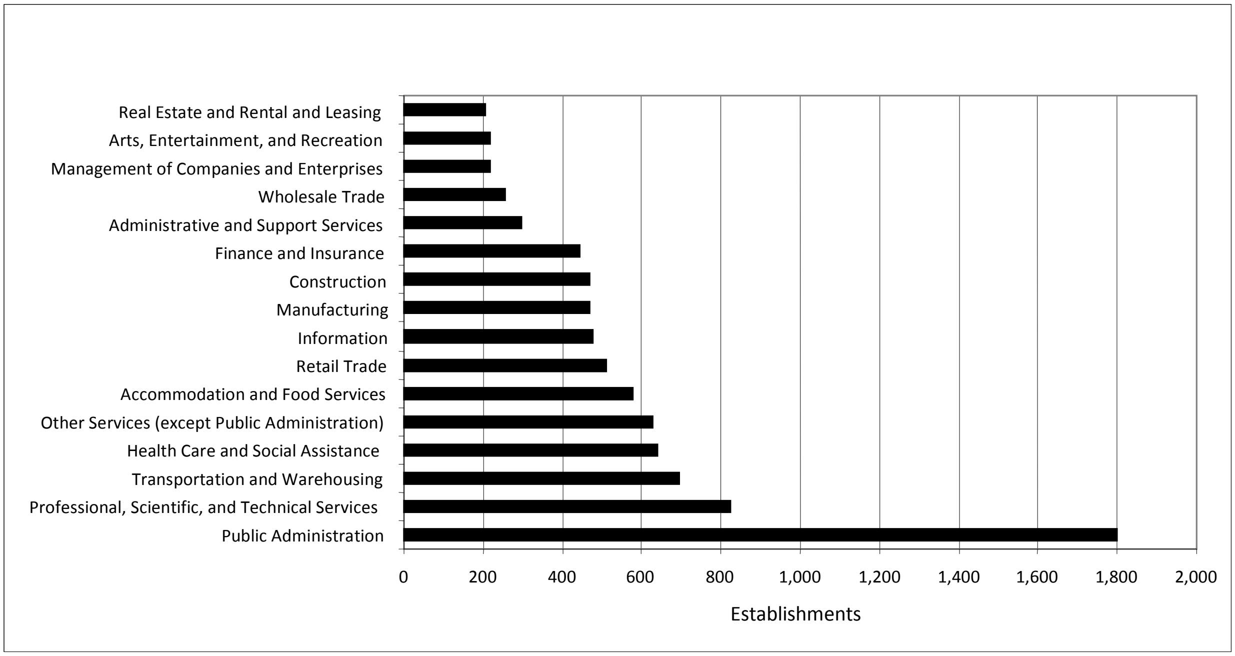


LARGEST INDUSTRIES IN DOWNTOWN YOUNGSTOWN

Due to the suppression of data for confidentiality purposes, *Public Administration* was the only sector identified in the study that had over 1,000 (1,799) employees in the first quarter of 2007. The next closest, but below the 1,000 employment benchmark, was the *Professional, Scientific and Technical Services* sector with 825 jobs, followed by *Transportation and Warehousing* with 693 employees.

Sector employment in the downtown is very lean, as the downtown went from 15,122 employees in 2000, to only 11,040 in 2007, for a total loss of 4,082, or about 27 percent loss of employees for the period. Even though the downtown's economy continues to go through the ups and downs of regional and national economies, it continues to play a significant social and economic role in the overall area economy. Figure 4.5 represents employment in the major sectors in downtown Youngstown, except for the *Utilities* sector, which is suppressed for confidentiality reasons.

Figure 4.5. Major Sectors in Downtown Youngstown, 2007

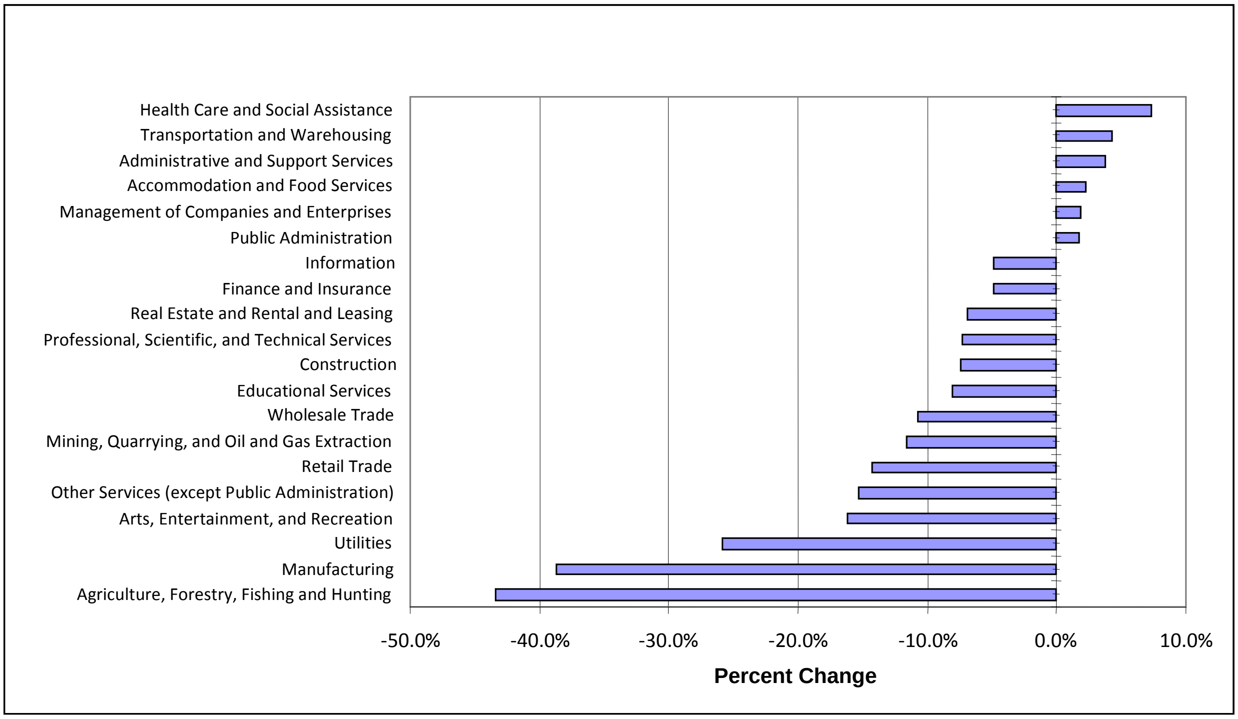


FASTEST GROWING AND DECLINING MAJOR SECTORS IN THE MA

Analyzed at the 2-digit NAICS level, ***seven major industries in the MA*** were identified as the fastest growing industries in employment growth between 2000 and 2007. They consisted of *Health Care and Social Assistance*, which grew by 7 percent over the period, and added 2,079 jobs to its workforce; *Accommodation and Food Services*, which grew by 2 percent and added 361 jobs. Other sectors were *Administrative Support and Waste Management Services*, which grew by 4 percent and added 388 jobs; *Transportation and Warehousing*, which grew by 4 percent and added 313 jobs; *Public Administration* which grew by about 2 percent and added 124 jobs; *Management of Companies and Enterprises*, which grew by 2 percent and added 28 jobs, and *Other* which grew by about 103 percent and added a total of 26 jobs. Altogether, these sectors added **3,319** new jobs during the period (Figure 4.6).

The *Manufacturing* sector lost 17,177 employees, or 39 percent; *Utilities* lost 308 of its workforce or 26 percent; while *Arts, Entertainment and Recreation* also lost 268 of its employees or 16 percent. Other sectors showing losses were *Construction*, which lost about 7 percent of its employees*; Educational Services*, which lost 8 percent; *Retail Trade*, 14 percent; *Wholesale Trade*,11 percent; *Professional, Scientific and Technical Services*, 7 percent; and *Other Services (except Public Administration)*, 15 percent; while *Information* lost about 5 percent of its employees.

Figure 4.6. Percent Change in Employment in the MSA, 2000-2007



INDUSTRY TRENDS IN THE YOUNGSTOWN METROPOLITAN ECONOMY

Fastest Growing and Declining Major Sectors in the Suburban Fringe

Eight sectors were identified as the fastest growing sectors in the remainder of the Youngstown MA (the metro area excluding the city). At 2-digit NAICS classification levels, the fastest growing sectors included *Utilities* (13%); *Accommodation and Food Services* (6%); *Health Care and Social Assistance* (16%); *Administrative and Support Services* (14%); *Management of Companies and Enterprises* (4%); *Information* (10%); *Transportation and Warehousing* (10%); and *Finance and Insurance* (3%). In 2007, these growth sectors employed a total of **59,766** with a payroll of about **$1.6 billion**.

Fastest Growing Industries in the MA, 2000-2007

The Youngstown MA had 31 growing industrial sectors between 2000 and 2007 at the 3-digit NAICS code classification. Their growth rates during the period ranged from the lowest of 1 percent in *Transit and Ground Passenger Transportation*; to the highest of 264 percent in *Support Activities for Mining*. Table 4.8 provides employment and payroll information for these growing industries in the Youngstown MA. For example, in 2007, *Ambulatory Health Care* had 10,718 employees with a payroll of $98.4 million.

Table 4.8. Employment and Payroll in Growing Industries in the Youngstown MA, 2007

NAICS	SECTOR	2007 EMPLOYMENT	2007 PAYROLL ($ Millions)
112	Animal Production	71	$1.6
213	Support Activities for Mining	131	$4.9
237	Heavy and Civil Engineering Construction	1,068	$42.6
313	Textile Mills	13	$0.1
325	Chemical Manufacturing	114	$4.6
425	Wholesale Electronic Markets, Agents and Brokers	527	$26.2
443	Electronics and Appliance Stores	677	$17.3
447	Gasoline Station	1,890	$27.5
448	Clothing and Clothing Accessories Stores	2,166	$29.5
484	Truck Transportation	3,845	$162.5
485	Transit and Ground Passenger Transportation	479	$10.6
492	Couriers and Messengers	653	$21.4
493	Warehousing and Storage	905	$32.2
517	Telecommunications	1,388	$70.2
519	Other Information Services	409	$10.2
523	Securities, Commodity Contracts and Other Finan. Invest.	287	$31.6
525	Funds, Trusts, & Other Financial Vehicles	58	$5.3
531	Real Estate	1,601	$42.7
551	Management of Companies and Enterprises	1,532	$82.5
561	Administrative and Support Services	10,198	$234.6
562	Waste Management and Remedial Services	657	$28.7
621	Ambulatory Health Care Services	10,718	$393.5
623	Nursing and Residential Care Facilities	7,867	$175.4
624	Social Assistance	4,329	$106.9
722	Food Services and Drinking Places	15,217	$162.7
921	Executive, Legislative & Other Gen. Govt. Support Service	1,802	$62.0
922	Justice, Public Order and Safety Activities	3,377	$161.6
923	Administration of Human Resource Program	589	$30.6
924	Administration of Environmental Quality Program	450	$17.9
925	Administration of Economic Programs	228	$9.5
999	Others	51	$0.9

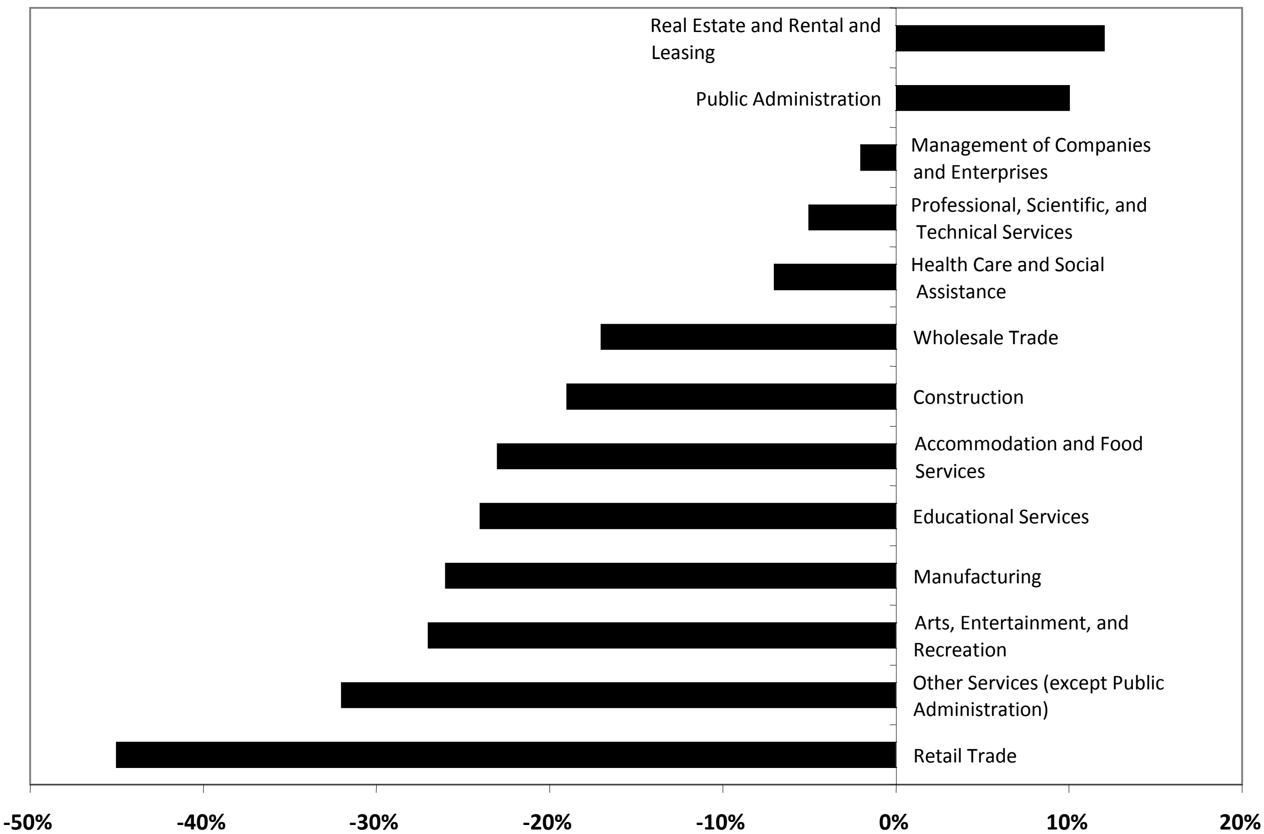
Fastest Major Growing and Declining Sectors in the City of Youngstown

Two major industries at the 2-digit NAICS classification level were identified as the fastest growing sectors in the city of Youngstown between 2000 and 2007. These sectors were *Public Administration and Real Estate and Rental and Leasing* that had employment growth of 10 percent and 12 percent respectively, during the period (Figure 4.7). In 2000, *Public Administration* had 2,289 employees on a total payroll of about $93.6 million, and in 2004, employment rose to 2,472 for an increase of 8 percent. Between 2004 and 2007, the sector brought in 51 more employees, for a 2 percent increase, while its payroll rose to $124.4 million, an increase of about 15 percent. Overall, between 2000 and 2007, *Public Administration* added 234 jobs to the city with an increased payroll of nearly 33 percent.

The *Real Estate and Rental and Leasing* sector on the other hand, lost about 25 percent between 2000 and 2004 of the recessionary period, but rebounded by nearly 50 percent during the expansionary period of 2004 to 2007, in which it added 146 jobs to the city. In 2007, the sector employed 439 workers on a payroll of $7.8 million. Altogether, between 2000 and 2007, this sector added 47 new employees to its workforce. Another sector, *Construction,* grew only during the expansionary period (2004-2007) when it added 85 more employees to its workforce with a total payroll of about $57 million in 2007.

The remaining other major sectors experienced varying employment declines between 2000 and 2004 (recessionary period), and between 2004 and 2007 (expansionary period). Among all the major declining sectors, *Utilities* had the second highest employment decline of 42 percent between 2000 and 2004, and between 2000 and 2007 lost 53 percent. *Retail Trade* declined by 17 percent (2004-2007); and by 45 percent from 2000 to 2007. The *Other Services (except Public Administration)* sector declined by 21 percent between 2004 and 2007 and by 32 percent between 2000 and 2007.

Figure 4.7. Growing and Declining Sectors in the City of Youngstown, 2000-2007



City of Youngstown's Fastest-Growing Sectors

Fourteen industries, at the 3-digit NAICS classification level, in the city of Youngstown were identified as the ***fastest growing industries*** between 2000 and 2007. Their employment growth rates ranged from the highest of 170 percent in *Support Activities for Mining* to the lowest of 1 percent in *Religious, Grantmaking, Civic, Professional and Similar Organizations*; while the payroll growth rate ranged from the highest of 351 percent in *Support Activities for Mining* to a decline of -30 percent in *Fabricated Metal Product Manufacturing* (Table 4.9).

In 2007, employment among these growth sectors varied from the highest of 1,556 in *Justice, Public Order and Safety Activities* on a payroll of about $76 million to the lowest of 21 employees in *Funds, Trusts, and Other Financial Vehicles* on a payroll of $0.5 million. These growth sectors had a total of 5,357 employees on a budget of about $206.7 million (Table 4.10).

Table 4.9. Growing Industries in the City of Youngstown, 2000-2007

NAICS	Sector	% Change in Employment 2000-2007	% Change in Payroll 2000-2007
213	Support Activities for Mining	170	351
525	Funds, Trusts, and Other Financial Vehicles	137	116
531	Real Estate	100	53
923	Administration of Human Resources Programs	75	107
425	Wholesale Electronic Markets and Agents and Brokers	58	170
485	Transit and Ground Passenger Transportation	21	16
332	Fabricated Metal Product	15	30
712	Museums, Historical Sites and Similar Institutions	13	4
926	Administration of Economic Programs	14	33
924	Administration of Environmental Quality Programs	8	41
922	Justice, Pub. Order and Safety Activities	4	24
721	Accommodation	4	10
921	Executive, Legislative and Other General Govt. Support	2	26
813	Religious, Grantmaking, Civic, Professional and Similar Orgs	1	-9

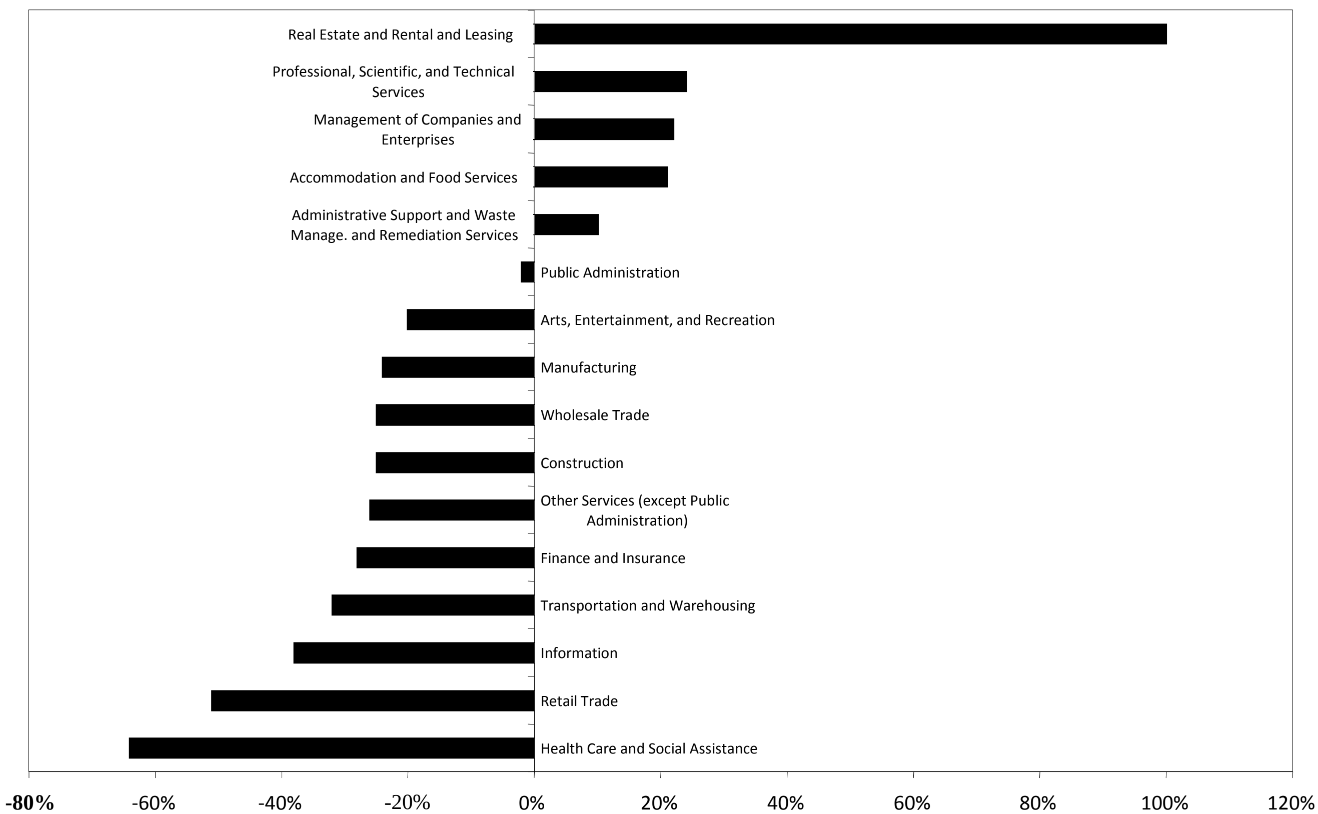
Table 4.10. Employment and Payroll in the City of Youngstown's Growing Industries, 2007

NAICS	Sector	Employment 2007	Payroll ($Millions) 2007
922	Justice, Pub. Order and Safety Activities	1,556	$76.0
332	Fabricated Metal Product	1,078	$47.2
813	Religious, Grantmaking, Civic, Professional and Similar Orgs	879	$14.4
923	Administration of Human Resources Programs	377	$19.9
485	Transit and Ground Passenger Transportation	368	$9.4
531	Real Estate	329	$4.5
921	Executive, Legislative and Other General Govt. Support	300	$15.1
924	Administration of Environmental Quality Programs	130	$6.5
425	Wholesale Electronic Markets and Agents and Brokers	116	$7.1
712	Museums, Historical Sites and Similar Institutions	63	$1.2
213	Support Activities for Mining	51	$2.1
721	Accommodation	45	$0.6
926	Administration of Economic Programs	44	$2.2
525	Funds, Trusts, and Other Financial Vehicles	21	$0.5
	Total	**5,357**	**$206.7**

DOWNTOWN'S FASTEST GROWING AND DECLINING SECTORS[12]

At the 2-digit NAICS level, the ***five fastest-growing*** sectors in downtown Youngstown between 2000 and 2007 were *Real Estate and Rental and Leasing Service*, which created 102 jobs at growth rates of 100 percent; *Professional, Scientific, and Technical Services*, created 157 new jobs (24%); *Management of Companies and Enterprises* created 39 jobs (22%); *Administrative Support and Waste Management* created 36 jobs (10%); while *Accommodation and Food Services* sector created 101 new jobs (22%) (Figure 4.8). Altogether these five sectors created a total of **435 new jobs** for the period. In 2007, these industries employed a total of **2,221 workers** on a payroll of about **$146 million.** ***Investment and expansion of these sectors in downtown Youngstown should be encouraged and facilitated by decision makers***.

Figure 4.8. Growing and Declining Industries in Downtown Youngstown, 2000-2007



[12] Analysis of industry growth in the city of Youngstown's downtown area could not be conducted at the 3-digit NAICS level because of confidentiality restrictions. Thus the analysis is conducted at the 2-digit NAICS level (by sector).

ANALYSIS OF INDUSTRIES WITH THE HIGHEST ANNUAL AVERAGE WAGES IN THE CITY OF YOUNGSTOWN, THE MA, AND THE REMAINDER OF THE MA

In looking at the city of Youngstown, Ohio, for sectors with the highest average wages of $20,000 and above in 2007, a total of *17 industries* were identified. These industries included *Primary Metal Manufacturing*, in first place with $112,617; followed at a distant second by *Utilities*, with $55,683. *Credit Intermediation and Related Activities* came in third with $53,229; and in fourth place was *Administration of Human Resources Programs*, with $52,684; while *Justice, Public Order and Safety Activities*, ranked fifth with $48,863. The lowest was Nursing and Residential Care Facilities with average wage of $20,382 (Table 4.11).

In the MA, *16 sectors* were identified with average wages above the $20,000 benchmark. These sectors, which were a mirror image of those found in the city, ranged from *Primary Metal Manufacturing*, with the highest average wage of $143,998, to *Transit and Ground Passenger Transportation*, with a $22,145 average wage.

In the same vein, an analysis of average wages for the MA ***without*** the city of Youngstown (suburban fringe) was conducted and *15 sectors* were also identified. Again, the highest average wage was *Primary Metal Manufacturing*, with $146,661, while the lowest average wage paid by a sector was *Administrative and Support Services*, with a $22,233 average wage.

Table 4.11. Industrial Sectors with Highest Average Wage Payments, 2007

NAICS	Sector	Youngstown	MA	Remainder of MA
221	Utilities	$55,683	$55,835	$55,923
238	Special Trade Contract	$45,678	$41,592	$40,801
321	Wood Production Manufacturing	$28,611	$30,023	$30,144
331	Primary Metal Manufacturing	$112,617	$143,998	$146,661
332	Fabricated Metal Product Manufacturing	$43,785	$41,506	$40,764
423	Merchant Wholesale, Nondurable Goods	$43,499	$44,190	$125,785
445	Food and Beverage Stores	$21,821	$17,118	$56,609
451	Sporting Goods. Hobby, Books and Music Stores	$30,791	$18,576	$12,939
485	Transit and Ground Passenger Transportation	$25,507	$22,145	$10,998
522	Credit Intermediation & Related Activities	$53,229	$42,048	$34,849
561	Administration and Support Services	$29,352	$23,000	$22,233
621	Ambulatory Health Care Services	$43,959	$36,718	$35,523
622	Hospitals	$40,431	$40,384	$40,302
623	Nursing and Residential Care Facilities	$20,382	$22,299	$22,752
624	Social Assistance	$25,561	$24,697	$24,236
922	Justice, Public Order and Safety Activities	$48,863	$47,845	$46,975
923	Administration of Human Resources Programs	$52,684	$52,835	$50,553

For downtown Youngstown, *13 sectors* at the 2-digit NAICS level had average annual wages of above $20,000 (Table 4.12). *Management of Companies and Enterprises* had the highest average wage of $60,821 in 2007. This sector was suppressed in the remainder of the city (city fringe). Among the other sector in the remainder of the city, utilities had the highest average wage of $64, 279.

Table 4.12. Annual Wage Comparison between Downtown and Youngstown City Fringe, 2007

NAICS	Sector	City Fringe	Downtown
22	Utilities	$64,279	NA
23	Construction	$45,336	$42,778
31-33	Manufacturing	$57,244	$38,581
42	Wholesale Trade	$42,811	$44,249
44-45	Retail Trade	$24,679	$32,427
48-49	Transportation and Warehousing	$41,645	$44,249
51	Information	$57,797	$36,425
52	Finance and Insurance	$41,984	$59,517
53	Real Estate and Rental and Leasing	$21,625	$13,218
54	Professional, Scientific, and Technical Services	$54,736	$50,006
55	Management of Companies and Enterprises	NA	$60,821
56	Administrative and Support Services	$33,973	$27,927
61	Educational Services	$34,619	NA
62	Health Care and Social Assistance	$35,566	$33,687

SUMMARY AND IMPLICATIONS FOR ECONOMIC DEVELOPMENT

We started this study by asking such thematic questions as: What is the economy of downtown Youngstown, Ohio? Does it exist in isolation or is it interrelated in *time and space* to the city of Youngstown and the Metropolitan Statistical Area? How are the economic activities of the city related to the MA in terms of growing and declining industries? If the city sneezes, will the MA have a cold? If the downtown sneezes, will the city have a cold? In other words, does the state of the downtown economy affect the city of Youngstown? What we have found confirms the old adage that *no economy is an island*, and that everything is interrelated and interconnected in both space and time.

The city of Youngstown and the Youngstown MA both lost employment and payroll between 2000 and 2007. The city of Youngstown experienced a *free fall* with a decline in employment in the recessionary period of the early 2000s (2000-2004), when it lost a total of 5,122 jobs, or 12.1 percent of its workforce, and a payroll of $.01 billion (1.0%). Even during the recovery/expansionary period (2004-2007), the declining trend continued on a slower rate when it lost 3,321 more jobs (9%). The city lost 20 percent, or 8,443 of its employees, and

$.04billion between 2000 and 2007. The MA lost 18,004 workers, or 9 percent (2000-2004), and $0.2 billion or about 11 percent of its payroll. During the recovery period (2004-2007), the MA again lost 5,662 or 3 percent of its workers. In sum, between 2000 and 2007, the MA lost 23,666 or 12 percent of its workforce and a payroll of about $0.1 billion.

Even when the analysis shows the city as having a decreasing percentage of the employment share in the overall MA, the impact that the city has on the MA is still significant.

The analysis also shows that the economies of the three geographic entities are *inextricably intertwined*. For example between 2000 and 2007, 14 fastest growth sectors were identified in the city (Table 4.10), some of which were replicated in MA such as *Real Estate, Administration of Human Resource Program, Wholesale Electronic Markets, and Agents and Brokers,* just to name three. Some sectors with the highest average wages in the MA were found to be a mirror image of those in the city (Table 4.11). The analysis also showed that the largest industrial sectors in the city were replicated in the MA, even when there were variations in employment sizes and payroll (Figures 4.4 and 4.5).

Overall, the study shows that each geographic unit (downtown Youngstown, city of Youngstown, and the MA) has what could be termed *market or industry niches, even when the sectors appear duplicative throughout the entire economy*. For instance, in the MA in 2007, the largest growth sectors in employment were *Health Care and Public Assistance* (30,651); *Manufacturing* (27,284); *Retail Trade* (25,651); and *Accommodation and Food Services* (16,033), among others. In the city of Youngstown, the largest sectors were *Health Care and Social Assistance* (9,959); *Educational Services* (4,107); *Manufacturing* (3,301); and *Retail Trade* (1,947). In downtown, *Public Administration* was followed by *Professional, Scientific and Technical Services*; *Other Services (except Public Administration)*; and *Transportation and Warehousing*.

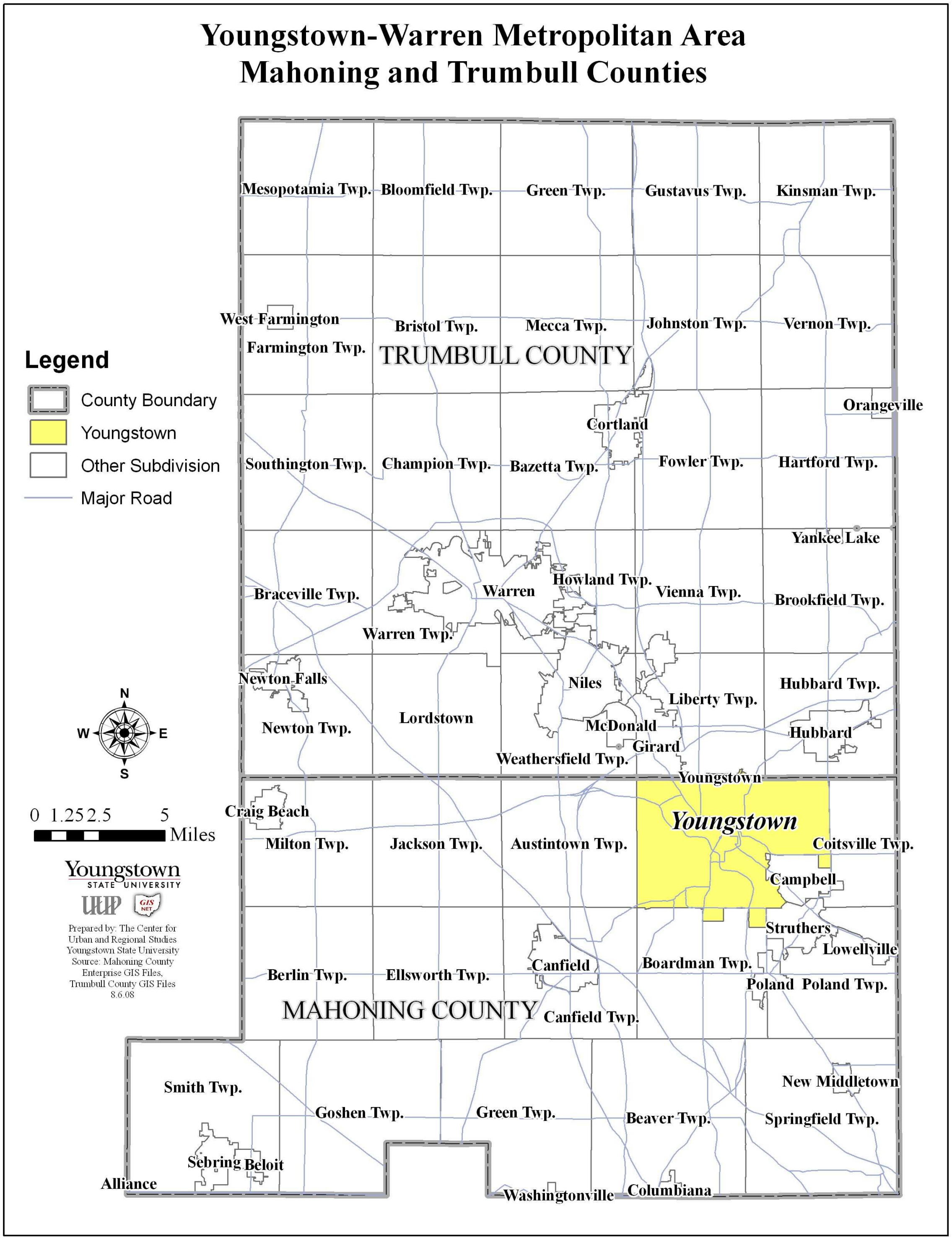
The major *fastest growth sectors* in the MA between 2000 and 2007 were *Retail Trade, Transportation and Warehousing*; *Administration and Support Services*; *Management of Companies*; and *Accommodation and Food Services.*

In Youngstown, *Public Administration* was the dominant sector; and in the downtown, *Real Estate and Rental and Leasing Services*; *Professional, Scientific, and Technical Services*; *Management of Companies and Enterprises*; and *Accommodation and Food Service*s dominated.

It is erroneous to think that what happens in the city of Youngstown, or by extension its downtown, does not economically impact those in the fringes or suburbs of Youngstown. The economy of the downtown has been shown to be intertwined with the city and the city with the whole MA. **Decision makers should always take into consideration that no economy, whether at the micro or macro scale, is an island and any plans to develop the economy of the region should not be undertaken *piecemeal*, but as a comprehensive and coordinated whole, because the *whole is greater than the sum of its parts.***

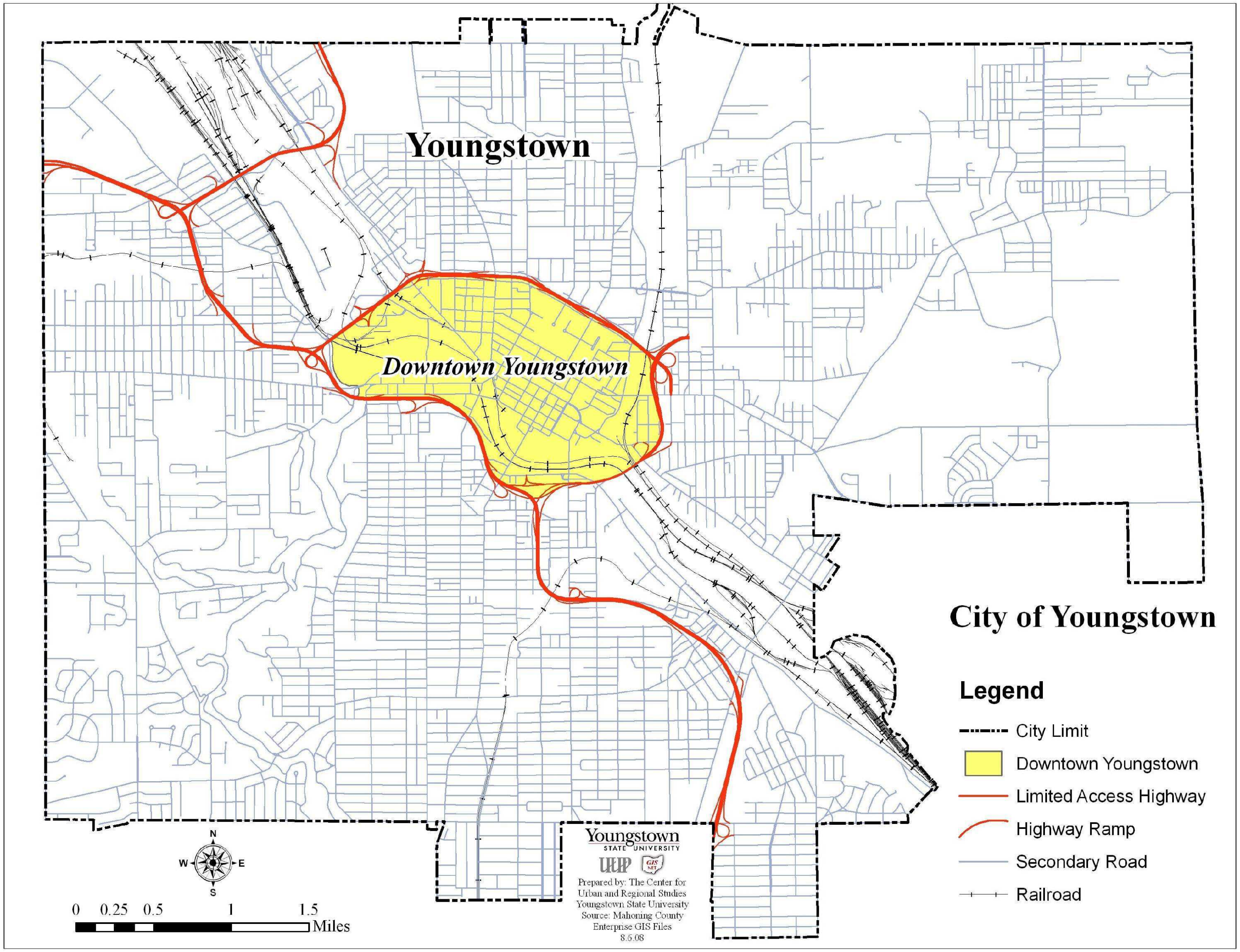
APPENDIX

Map 4.A.1



Youngstown-Warren Metropolitan Area
Mahoning and Trumbull Counties
Legend
County Boundary
Youngstown
Other Subdivision
Major Road
TRUMBULL COUNTY
MAHONING COUNTY
Mesopotamia Twp.
Bloomfield Twp.
Green Twp.
Gustavus Twp.
Kinsman Twp.
West Farmington
Farmington Twp.
Bristol Twp.
Mecca Twp.
Johnston Twp.
Vernon Twp.
Orangeville
Cortland
Southington Twp.
Champion Twp.
Bazetta Twp.
Fowler Twp.
Hartford Twp.
Yankee Lake
Braceville Twp.
Warren
Howland Twp.
Vienna Twp.
Brookfield Twp.
Warren Twp.
Newton Falls
Niles
Liberty Twp.
Hubbard Twp.
Newton Twp.
Lordstown
McDonald
Girard
Hubbard
Weathersfield Twp.
Youngstown
Craig Beach
Youngstown
Milton Twp.
Jackson Twp.
Austintown Twp.
Coitsville Twp.
Campbell
Struthers
Lowellville
Berlin Twp.
Ellsworth Twp.
Canfield
Boardman Twp.
Poland
Poland Twp.
Canfield Twp.
Smith Twp.
Goshen Twp.
Green Twp.
Beaver Twp.
New Middletown
Springfield Twp.
Sebring
Beloit
Alliance
Washingtonville
Columbiana
N
W
E
S
0 1.25 2.5 5
Miles
Youngstown State University
Prepared by: The Center for Urban and Regional Studies Youngstown State University
Source: Mahoning County Enterprise GIS Files, Trumbull County GIS Files
8.6.08

Map 4.A.2


Youngstown
Downtown Youngstown
City of Youngstown
Legend
City Limit
Downtown Youngstown
Limited Access Highway
Highway Ramp
Secondary Road
Railroad
N
W
E
S
0 0.25 0.5 1 1.5
Miles
Youngstown STATE UNIVERSITY
GIS NET
Prepared by: The Center for Urban and Regional Studies Youngstown State University
Source: Mahoning County Enterprise GIS Files
8.6.08