Urbanization and the Regional Economy

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The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.
Overview

- Employment & housing trends in the regional & local economies
- How to gauge urbanization—how do we define “urban”?
- Has the long-running migration from cities to suburbs reversed?
- How has the Hudson Valley fared?
Total Employment
Seasonally Adjusted Index

Index (Dec2007=100)

Shading indicates NBER recession

Source: Bureau of Labor Statistics and Moody’s Economy.com; data are early benchmarked by FRBNY staff.
Private-Sector Employment: Mid-Hudson Counties

Index of 12-Month Moving Average

Index (Mar 2006 = 100)

Trends in Home Prices: Mid-Hudson Counties

CoreLogic Home Price Index, Seasonally Adjusted

Index (Mar 2006 = 100)

Shading indicates NBER recession

Source: CoreLogic Home Price Index (including distressed sales).
What Constitutes “Urban”?  

- Traditional definition is very broad  
  - Differentiates *urban* from *rural* areas—treats *suburban* as *urban*.  
  - Census defines all of NJ (and most of the Hudson Valley) as urban.  

- Alternative ways to define urban  
  - Population density (i.e. within zip codes or Census tracts)  
  - Density of economic activity—i.e. employment.  
  - Walkscore – how walkable & accessible to public transit is a location?  
  - Nighttime lights – satellite imagery of late-night light levels across the U.S.
What Constitutes “Urban”?  

Graphic Depiction of Urban/Rural Classification

Defining urban starts with geographies: Tracts/blocks

Main elements for deciding if a tract/block is urban:  
- Density
- Land cover
- Airports

Additional items to determine if a tract/block is urban:  
- Distance
- Hops
- Jumps

Urban  
More dense, large population, built up, close together

Everything not urban

Rural  
Less dense, sparse population, not built up, at a distance

Source: U.S. Census Bureau.  
https://www2.census.gov/geo/pdfs/reference/ua/Defining_Rural.pdf
Gauging the Performance of Urban Areas

- Growth in population
  - This is the most traditional basic measure of how well an area is faring.
  - The terms “urban”, “suburban” and “rural” are defined by population.

- Growth in employment
  - In the 20th century suburbanization trend, jobs followed people out of cities.
  - What industries were most affected in both areas?

- Growth in affluence
  - How do we think of a city that is becoming more affluent?
  - Is income growth keeping pace with rising home prices & rents?
Population Growth in Hudson Valley Counties & Cities

1970-1980

- Dutchess
- Poughkeepsie
- Beacon
- Columbia
- Hudson
- Orange
- Newburgh
- Middletown
- Port Jervis
- Ulster
- Kingston

1980-1990

- Dutchess
- Poughkeepsie
- Beacon
- Columbia
- Hudson
- Orange
- Newburgh
- Middletown
- Port Jervis
- Ulster
- Kingston

1990-2000

- Dutchess
- Poughkeepsie
- Beacon
- Columbia
- Hudson
- Orange
- Newburgh
- Middletown
- Port Jervis
- Ulster
- Kingston

2000-2010

- Dutchess
- Poughkeepsie
- Beacon
- Columbia
- Hudson
- Orange
- Newburgh
- Middletown
- Port Jervis
- Ulster
- Kingston

Source: U.S. Decennial Census, U.S. Census Bureau
Has the De-Urbanization Trend Reversed?

- Research is mixed
  - The Brookings Institute, which monitors trends in urban/suburban population notes that cities grew faster from 2010-2014, but the suburbs outpaced cities over the past couple years.
  - Jed Kolko, finds that suburban counties have grown faster than urban counties and that the fastest household growth has been in Census tracts with <1,500 households/square mile (generally considered suburban).
  - Todd Gardner & Matthew Marlay (Census Bureau) found that less dense portions of metro areas grew faster than denser parts from 2000-2010.
  - But has this trend continued after 2010? And are there some parts of the country where the trend has reversed?
  - Does this jibe with the general sense that many cities (i.e. in our region) have revived—New York City, Buffalo, Albany, Troy, Poughkeepsie, etc?
Has the De-Urbanization Trend Reversed?

- One plausible scenario
  - Even if the cities-to-suburbs trend has not stopped, it has surely slowed.
  - While the average urban center may have grown more slowly than its suburbs, there is substantial variation across individual cities.
  - If the de-urbanization tide has slowed or stopped, then many cities should be doing better than average—with some out-performing their suburbs.

- Is population growth the best metric?
  - It is the most basic measure of how well an area is faring, and the designations “urban”, “suburban” and “rural” are defined by population.
  - Even if cities are not growing in terms of population, is there growth in employment, income, economic activity (tax base)?
  - Have quality of life measures improved? (crime, schools, amenities, etc)
  - Local “export” industries: tourism, universities, major medical centers, etc.
Night-time Lights as a Gauge of Local Vitality

- Real-time information at a very detailed, localized level.
- Research suggests strong correlation with economic activity.
2012 Brightness vs Growth in Light (2012-18)

Each dot represents a zip code in the NY-NJ-CT Region

Source: Earth Observation Group; NOAA National Geophysical Data Center.
2012 Brightness vs Growth in Light (2012-18)

Each dot represents a zip code in the NY-NJ-CT Region with a >10 light level in 2012.

Source: Earth Observation Group; NOAA National Geophysical Data Center.
Recap

The Hudson Valley economy

- Employment data point to robust growth in Orange County; Ulster & Dutchess counties lag.
- Home price trends have been sub-par, esp. in counties closer to NYC.

Trends in Urbanization

- The nationwide migration away from cities that prevailed over the 2nd half of the 20th century has slowed markedly, if not stopped or reversed.
- In terms of population growth, Hudson Valley cities have mostly been keeping pace with their counties.
- While large cities like New York have clearly turned the corner, many smaller cities have not; but most appear to have stabilized.
- Anchor institutions and tourist attractions can be beneficial to urban renewal: e.g. Vassar & Marist (Poughkeepsie).