Regional Plan Association

a research and planning agency supported by voluntary membership to promote the co-ordinated development of the New York New Jersey Connecticut Metropolitan Region

1040 AVENUE OF THE AMERICAS (39th Street) • NEW YORK, NEW YORK 10018 • (212) 398-1140

NEWS RELEASE

No. 1538

For Further Information:

William B. Shore
(212) 398-1140 (office)
(914) 631-0053 (home)

FOR RELEASE: a.m.s Monday, August 12, 1985
available to radio-TV, 6 p.m.
Sunday, August 11, 1985

PRESS BRIEFING: 11 a.m. Thursday, August 8
Conference Room
Regional Plan Association
16th Floor
1040 Avenue of the Americas
New York, NY 10018

PROSPERITY PROJECTED FOR NEW JERSEY-NEW YORK-CONNECTICUT URBAN REGION, KEEPING UP WITH U.S. GROWTH BY 1990--IF HOUSING IS BUILT FOR EMPLOYEES

The New Jersey-New York-Connecticut Urban Region from Trenton to New Haven can look forward to continued prosperity and, by the 1990s, regaining equilibrium with the rest of the country--even net in-migration again, according to an economic analysis by Regional Plan Association, released today.

One apparent impediment, however, is housing--current construction rates nowhere near keep up with projected demand from people already living in the Region who will want to form their own households, plus the added labor force the Region will need if the projected jobs are to be filled, the Association said.

"There is intense competition within the Region for the jobs locating here," William S. Woodside, Chairman of Regional Plan and of American Can, observed. "Instead of fighting over where jobs locate, build housing to attract them," Mr. Woodside suggested. "The area that builds the housing will get the jobs in the future, when suburban traffic becomes worse and the difficulty in recruiting employees of all skill levels intensifies."

The economic analysis was carried out by Regina B. Armstrong, Economic Consultant to Regional Plan Association, based on Wharton Econometric models for the nation, New York State and part of the tri-state Region, applied through Regional Plan's pioneering compilation of the Region's "accounts," the public and private money flows into and out of the Region by industry. The Region studied consists of New York City, the two counties of suburban Long Island, the three western counties of Connecticut, seven counties in New York State north of the City, and 14 New Jersey counties.

The analysis of where present economic trends and policies would lead the Region over the next 15 years did not take into consideration the current federal tax reform proposals. The federal deficit was assumed to stabilize at $200 billion over the 1980s, a declining share of the Gross National Product.

Highlights of the projections follow. (Note that projections are neither predictions nor recommendations. They are simply the likely result of present policies and trends, which can be changed by deliberate policies or may be changed inadvertently by new policies or unforeseen events--for example, a change in federal tax policy weakening the competitive position of the Region or of international trade policy or a dramatic weakening of the value of the dollar.)

Prosperity Predicted

The Region produced $335 billion in goods and services in 1982; by 1990, a Gross Regional Product of $418 billion (in 1982 dollars) is projected, a 25 percent increase. With only a three percent increase in population projected for 1982-1990, per capita income is expected to rise from $14,704 to over $16,300, more than a 10 percent increase in dollars of constant value. The somewhat less certain projection for 2000 anticipates more than a 60 percent rise in Gross Regional Product to $546 billion in 1982 dollars ($1.3 trillion if one assumes a five percent inflation), with a population of 21,325,000 and a per capita income over $16,750, about 14 percent higher than 1982.

The sharp rise in Gross Regional Product would come primarily from a combination of increased business investment and an increase in the number of residents holding jobs. In 1982 there were 47 jobs for every 100 residents of the Region. By 2000, the ratio is expected to be 52 per 100, as the number of jobs increases by almost the same number as population-- just under two million more jobs, just over two million more people.

In percentages, between 1982 and 2000, jobs are expected to rise by 30 percent, resident labor force by 20 percent and population by 10 percent, roughly.

The increased investment not only is expected to raise worker productivity but also would result in a larger share of the increasing wealth going to investors than to employees. At the same time, the jobs projected for the rest of the century fall heavily into low-paid and high-paid rather than middle-income jobs, the Association said. The combination of large investment payments and more wages and salaries at the high and low end would lead to increasing disparity in income of the Region's population.

Factory work, which often provides middle-income jobs, is expected to stop decreasing but will only stabilize in the 1980s, not increase much.

Job Growth Accelerating

Between 1982 and 1990, the Region will add a million jobs, from 9.1 million to 10.1 million; another 900,000 are expected in the 1990s. This compares to a net job gain from 1972 to 1982 of only 467,000. The two big growth sectors are Services, expected to grow at a rate of 2.8 percent annually, and Finance, Insurance and Real Estate, 1.3 percent yearly.

In manufacturing, durable goods employment is expected to overtake nondurable, rising by more than 50,000 jobs, while nondurable declines by 20,000. The largest 1982-2000 manufacturing employment gains would be in electrical machinery and electronics, 54,000. In nondurables, apparel employment is expected to rise by 10,000 jobs. Losses of at least 10,000 manufacturing employees, 1982-2000, are expected in industries producing paper and allied products, leather and leather products and in miscellaneous manufacturing. (Manufacturing jobs include office work in headquarters of manufacturing firms, not just production jobs.)

Governments jobs are not expected to grow as fast as private sector, but a large segment of the private sector increase will be not-for-profit organizations, in which this Region specializes. An 18 percent rise in employment in nonprofit membership organization staff is projected from 1982 to 1990, a 40 percent rise by 2000.

In the fast-rising services area, medical and hospital employment is expected to increase by 125,000 jobs, 1982-1990, nearly 25 percent in eight years, and by 300,000--nearly 60 percent--by 2000. Miscellaneous business services jobs are expected to increase by 171,000, 1982-1990, over 35 percent, and 255,000--about 50 percent--by 2000. Social service employment is expected to rise, 1982-1990, by 53,000--over 35 percent--and about 95,000--60 percent--by 2000.

Production Will Rise Faster

The value of what is produced in the Region will far outstrip the employment increase, according to Regional Plan Association projections. For example, with only a 25 percent rise in employment in Electric Machinery and Electronics, a 200 percent rise in the product value is expected between 1982 and 2000. With only a 50 percent rise in employment, the office industry categories of Finance, Insurance and Real Estate and Miscellaneous Business Services are expected to double the value of their output.

The total value of manufactured goods produced would remain slightly higher in nondurables than durables in 2000, though employment drops, suggesting a greater rise in worker productivity in nondurables. The value of all manufactured goods produced in the Region is projected to rise more than 50 percent in 1982 dollars.

International business is expected to grow rapidly, from $21 billion in 1982 to $34 billion in 2000, 60 percent.

Population Will Depend on Housing

After losing nearly 700,000 population, 1972-1982, the Region is projected to grow by over two million, 1982-2000, with some net in-migration probable in the 1990s in addition to more births than deaths--compared to the strong out-migration of the 1970s. However, white non-Hispanics are projected to continue to move out, in the net, with the number more than made up by Black, Hispanic and Oriental in-migration. This projection depends somewhat on types of jobs and housing supply. Many of the 1.1 million additional service jobs projected for 1982-2000 will be low in relative pay, attracting unskilled newcomers to the Region; on the other hand, the housing supply may be so tight that not all the lesser-skilled persons who would like to come into the Region will be able to find housing they can afford, the Association said.

Continued housing construction at the pace of the last 15 years, 63,000 a year, would easily house the projected population increase, 1980-

2000, if the household size would remain the same as in 1980--2.67 persons. But the household size has been dropping rapidly. The increasing older population often remain in the same home after children leave or a mate dies; fewer young people marry, and those who do have fewer children. Traditional households made up of a married couple with or without children are projected to increase by 320,000, less than 10 percent, while single-headed households with children are expected to increase by 760,000, 75 percent, and people living alone or non-family groups are expected to increase 1,650,000, nearly 100 percent, 1980-2000. So household size is projected to decline by nearly 20 percent, to 2.15, and the number of separate housing units people will want is expected to reach about 2.7 million by 2000--twice as many added units as the recent housing construction pace would provide.

All of these projected households--groups that would like to live by themselves--will not be able to find or afford separate housing units; some young people likely will stay longer with their parents or live in a group of young people; older people will try congregate living, perhaps. But the demand for housing will put continued pressure on the housing market, keeping prices high and probably resulting in middle-income households pushing out moderate-income, Regional Plan says. Perhaps jobs will not locate in the Region or in one or another part of the Region because housing is expensive or not available.

School Population Declines

High school and college-age population will go down over the whole 1990-2000 period, but elementary school children are projected to increase 1990-2000--by 2000 they would total some 200,000 more than in 1980; but elementary school-age children would still be over half a million fewer than in 1970. The high school age population is projected to be 150,000 fewer in 2000 than in 1980, after a more substantial drop from 1980 to 1990; college-age (18-24), 340,000 fewer in 1990 and over a half million fewer in 2000 than in 1980.

The 25-29-year-old group also will decrease somewhat to 2000, as will the 55-70 age group. Those over 75 will increase substantially, and those over 85--especially women--will increase even more. Those 65 and over are expected to increase by 145,000, six percent, between 1980 and 1990, and between 1990 and 2000 by another 250,000, about 10 percent, somewhat faster than the total population.

Mid-Hudson to Gain Jobs Rapidly

The analysis divides the Region into five parts:

The Mid-Hudson--Westchester, Rockland, Putnam, Orange, Dutchess, Sullivan and Ulster Counties--is expected to continue to gain jobs at the fastest rate of the five segments of the Region: 40 percent between 1982 and 2000. By 2000, jobs in the Mid-Hudson are expected to exceed the three-county Connecticut portion of the Region--Fairfield, New Haven and Litchfield--which is expected to grow by only a third.

Between 1977 and 1982, New York City regained 140,000 of the 675,000 jobs the City lost between 1969 and 1977, and Regional Plan projects continued gains in the City to 2000--but still ending nearly 200,000 short of the 1969 job total of 4.2 million.

New Jersey is expected to gain by far the most jobs, 1982-2000--690,000--but the rise would be only one-fourth.

Long Island's jobs are expected to grow by about a fourth, also, to 1.3 million.

By 2000, New York City and New Jersey will have about a third of the Region's jobs each; Long Island, Connecticut and the Mid-Hudson about 10 percent each.

While the rate of increase in jobs, 1982-2000, varies sharply among the suburban sectors, their production gains are remarkably similar--all about 70 percent in 1982 dollars. New York City's gain is projected at less than 50 percent. Nevertheless, the City would end the century with 45 percent of the Gross Regional Product, produced by 36 percent of the Region's employees.

Population Distribution Within the Region

Population will go where affordable housing is built, the Association stated. Where affordable housing is built will depend in part on local government development controls or incentives. Trends to 1990 seem clear enough to suggest where in the Region the 625,000 population increase projected for the 1980s will locate: about 100,000 in New York City, 260,000 in New Jersey, 170,000 in the Mid-Hudson, 70,000 in Connecticut and 25,000 on Long Island. The Mid-Hudson would have the largest rate of increase--nine percent; New Jersey and Connecticut about four percent; New York City and Long Island about one percent.

In the 1990s, the Mid-Hudson is expected to grow by more than 10 percent. New Jersey may grow by 10 percent; Long Island and Connecticut are not expected to grow that much.

Ms. Armstrong, who prepared the report, formulated the Regional Accounts for the Association, published by Indiana University Press in 1980, and, with Battelle Laboratories in Columbus, developed an Input/Output matrix for the tri-state Region.

Regional Plan Association sponsored pioneering analyses of the tri-state Region's economy in the 1920s and 1950s in addition to Ms. Armstrong's Regional Accounts publication in 1980. The Association is a nonprofit civic organization dedicated to identifying oncoming problems for the Region and proposing ways to avoid or overcome them.

# # # # # # # # # #

Further analysis, tables and charts by Ms. Armstrong are available.

/dp
August 5, 1985