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The Beginning of the End of Sprawl?

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Fundamental changes in the American economy occurred in the second half of the 1990s. The Internet emerged as a growth locomotive, productivity soared, and a new knowledge-based economy reshaped and dominated the economic fabric of both the nation and the Tri-State Region. What has not been fully documented, however, is the apparent shift in regional dynamics that became increasingly visible as the 1990s matured. From the end of the 1960s to the mid-1990s, the powerful economic and demographic forces that had been driving the region since the end of World War II continued to produce sustained suburbanization and deconcentration. But this 50-year postwar trend had already begun to change. Surprisingly, the core area of the Tri-State Region started to recapture some of its former economic competitiveness, while suburbanization slowed.[1]

It is far from certain that this is the start of a major regional transformation. It may be, rather, a short-term pause in an inexorable long-term pattern of deconcentration. While the definitive outcome lies in the future, a review of several major economic and demographic indicators suggests that there has been a change in the long-standing regional growth dynamic.

In a broader context, this may—and we must stress may—be a third major economic transformation of the region. During the second half of the nineteenth century, the nation was engaged in a widespread process of industrial agglomeration, demographic concentration, and city building. The Tri-State Region was in the forefront of the technology-driven, heavy-industrial, urban manufacturing society that rapidly developed after the Civil War. During the second half of the twentieth century, the nation was once again reshaping and redefining itself, this time through a widespread process of residential decentralization, economic deconcentration, and suburb building. Again, the Tri-State Region stood at the forefront of this second transformation, which culminated in the new technology-driven, postindustrial, knowledge-based, information-age society of the 1990s.

As the twenty-first century unfolds, does the Tri-State Region again stand at the leading edge of a third transformation—namely, the end of relentless suburbanization and dispersion? Is a post-suburban regional geography emerging? This report seeks to address these questions by examining changes in key spatial and economic barometers and discussing some of the causal factors behind this possible shift in fundamental growth patterns. Specifically, the report analyzes data on employment, population, income, and building permits over a 32-year period from 1969 to 2001 for the 31-county Tri-State Region.

Summary of Findings

- Between 1969 and 2001, employment in the Tri-State Region increased by 30.5 percent (+2.8 million jobs), from 9.3 million jobs to 12.1 million jobs. During this 32-year period, there were distinct variations in both employment growth rates and regional location.

- Between 1969 and 1996, the total number of jobs in the 23-county suburban ring increased by 56.2 percent (+2.2 million jobs). In contrast, employment in the regional core fell by 6.6 percent (-357,954 jobs).

- Employment growth in the suburban ring between 1969 and 1996 was dominated by the 11-county

[1] The 31 counties of the Tri-State (Connecticut, New Jersey, and New York) Region have been divided for analytical purposes into the regional core (eight counties) and suburban ring (23 counties), and further subdivided into state sectors (see map and table 1). We have restricted the analysis to this classic regional definition. However, we recognize there is some economic and demographic "spillover" into adjacent outside counties and beyond, particularly into Pennsylvania. This will be the subject of future analyses.

The Tri-State Region

New Jersey sector (+1.1 million jobs), which captured nearly half of the total suburban-ring increase. New York City accounted for 80 percent (-285,484 jobs) of the core employment losses.

- Consequently, the suburban ring gained economic critical mass. In 1969, total employment in the core still accounted for more than half (58.3 percent) of the regional total, dwarfing the 41.7 percent share of the suburban ring. But, by 1996, the suburban ring's share grew to 54.4 percent of the regional total, while the core's share fell to 45.6 percent. By 1996, New Jersey had emerged as the largest suburban employment sector.

- But this seemingly inexorable trend then changed. The regional core's employment share leveled off starting in 1996, a shift that paralleled the economic boom of the late 1990s. Employment in the core grew by 9.1 percent between 1996 and 2001, a rate that fully matched that of the overall region (+9.1 percent) and the suburban ring (+9.1 percent). As a result, the share of employment in the regional core stabilized at 45.6 percent in the post-1996 period.

- Demographically, the slowing of suburbanization began even earlier. The region's overall population grew very slowly in the 1969–1990 period; however, this slow growth was the result of a sustained suburban population surge and a substantial core population decline.

- In 1969, the Tri-State Region was the largest metropolitan agglomeration in America, totaling 19.6 million people, with the regional core's population (9.9 million people, or 50.7 percent) slightly exceeding that (9.7 million people, or 49.3 percent) of the suburban ring. There was little overall numerical change in the region's population over the next 21 years. Between 1969 and 1990, the region added only 305,679 people, a growth rate of 1.6 percent. This stagnation occurred at a time when the population of the United States grew by 23 percent!

- However, this small population increase masked significant differences in the changes that occurred within the region. The regional core lost 7.8 percent of its population (-771,116 people) between 1969 and 1990, while the suburban ring gained 11.2 percent (+1.1 million persons). As a result, the core's share of the region's total population declined to 46.1 percent, while the suburban ring's share increased to 53.9 percent.

- Within the suburban ring, the New Jersey sector was the dynamo: Its population increased by 16.6 percent (+608,654 persons) between 1969 and 1990. This growth rate was more than twice that of the suburban sectors of New York (+7.6 percent) and Connecticut (+8.3 percent).

- The trend shifted abruptly after 1990, when the region's overall population began to increase at a far more substantial rate. The regional core experienced resurgence, with its population growth rate matching that of the suburban ring. A near half-century-long pattern of suburban population growth and urban population decline came to end.

- In the 11 years between 1990 and 2001, the region's total population increased by 9.1 percent (+1.8 million people), nearly six times greater than the 1.6 percent increase achieved over the previous 21 years. Population in the regional core, following the pattern observed for employment in the 1990s, stabilized and then grew. By 2001, the core's population had increased by 9.1 percent (+836,497 people) above its 1990 level, matching the growth rate in population in the suburban ring (+9.1 percent) for the first time in the postwar era.

- Consequently, the population share of the regional core stabilized and remained at 46.1 percent. Thus, after the massive population deconcentration of the previous two decades, the core began to regain its attraction as a place of residence. During the 1990s, the seemingly irreversible momentum of suburban population growth receded in a remarkable collective change of residential location decisions.

- In this context, the New Jersey sector of the suburban ring again had the highest rate of growth (12.3 percent) in the 1990–2001 period. Both the New York and Connecticut suburban sectors not only grew more slowly (+7.5 percent and +5.3 percent, respectively) than New Jersey but also more slowly than the overall regional core (+9.1 percent) in general and the New York sector of the regional core (+9.9 percent) in particular!

- Income changes in the Tri-State Region confirm the same stabilization of economic activity in the region's core as revealed by employment, with the income turnaround actually occurring earlier.

- In 1969 total personal income was approximately the same for both the core and the suburban ring, with each accounting for 50 percent ($48 billion) of the regional total. Over the next 20 years, income followed employment and population, with the core's share of total personal income falling to 42.6 percent in 1989, while the suburban ring's share grew to 57.4 percent.

- But 1989 marked the low point of the core's relative erosion. For the next 12 years, the core's share of the region's total personal income stabilized and remained in the 43 percent range. Within the core, Manhattan's position as the dominant income node in the region was actually enhanced; its 13 percent share of total regional income in 1989 surged to 16.3 percent by 2001. The post-1989 years in the suburban ring were marked by the ascendancy of the New Jersey sector, which is now challenging the long-term dominance of the New York sector.

- Per capita income reflected the same basic pattern, although the break in trend occurred even earlier (1987). In 1969, per capita income in the regional core was 98.6 percent that of the Tri-State Region, while the suburban ring's share was 101.4 percent.

- The core's relative per capita income position (defined as a percentage of the overall regional per capita income) declined for the next 18 years, reaching its nadir in 1987 at 91.8 percent, the same year that the suburban ring's relative income peaked (107.1 percent). But from 1987 to 2001, the core's relative per capita income position improved steadily, increasing to 93.3 percent by 2001. In the suburban ring, relative per capita income dropped to 105.7 percent.

- It was Manhattan that again made the most impressive income advances. In 1987, its relative per capita income stood at 165.6 percent. By 2001, its relative position increased to 228 percent, ranking it number one of all counties in the United States in per capita income. But affluence also increased in select places in the suburban ring, with substantial per capita income gains registered (from highest to lowest) by Fairfield (CT), Morris (NJ), Westchester (NY), and Somerset and Hunterdon counties (NJ).

- Housing construction, measured by housing units authorized by building permits, also points to a shifting regional structure. In 1980 the suburban ring dominated building activity, accounting for 75.4 percent of the total housing units authorized by building permits in the Tri-State Region, compared with only 24.6 percent for the core.

- This relative suburban advantage actually increased for the next 14 years. By 1994, the suburban ring's share had expanded markedly to 84.3 percent, while that of the core fell to 15.7 percent. But then a sharply different pattern emerged. In every single year between 1994 and 2002, the regional core's share of housing unit authorizations increased, while that of the suburban ring decreased.

- A powerful new residential development trend appears to be emerging, defined by eight straight years of annual regional core share increases. By 2002, the core accounted for 39.1 percent of the region's total permits, up nearly two and one-half times from the 15.7 percent share that it held in 1994. In contrast, the suburban ring accounted for only 60.9 percent of the region's total permits in 2002, a significant drop from its lofty share (84.3 percent) of 1994.

Thus, there are four major data series—employment, population, total and per capita personal income, and housing units authorized by building permit—that point to a possible or potential new paradigm of regional development. The following sections examine some of the broader parameters of this possibility as well as some of the key underlying forces.

The End of Rampant Suburbanization?

Is it possible that the Tri-State Region is now in the endgame of more than one-half century of intense suburban development—the conclusion of a long-term trend of suburban growth whose basic patterns could be changing dramatically? A brief historical perspective is instructive.

The region's present shape and structure are the result of sustained automobile-driven suburbanization following the end of World War II—a virtual tidal wave of economic and demographic decentralization that dominated the 31-county Tri-State Region during the second half of the twentieth century. As a result, the critical mass of the region's economy, demography, and wealth has been repositioned, resettled, and deconcentrated. The major dynamics that led to these changes were five decades of large-scale residential suburbanization, four decades of large-scale retail decentralization, and two decades of large-scale office and service industry deconcentration. Each of these forces is discussed below.

One-Half Century of Sustained Residential Suburbanization and Sprawl

The immediate post-World War II years spawned the baby-boom generation born between 1946 and 1964, the largest generation in U.S. history. Tract-house suburbia exploded immediately in tandem with the baby boom. The 1950s and 1960s were decades of record home building, with family-raising housing production continually moving toward the regional periphery as inlying core counties became fully developed. Then, as the 1970s commenced, the baby boom itself began to enter the housing market in full force. The first generation born and raised in suburbia overwhelmingly chose to live where they came of age. Apartment, condominium, and town house development emerged as the baby boom formed households and the urbanization of the suburbs commenced in full force. A new, more complex suburban reality replaced the older suburban ideal.

In the 1980s, the baby boom started to reproduce itself, resulting in a very potent baby-boom echo (the cohort born between 1977 and 1995). The "stroller people" once again invaded the suburbs as the baby boom drove another era of single-family home production. Then, in the post-recession 1990s, the baby boom reached middle age, yielding a burst of "McMansion" building as the "starter castle" became a visible symbol of the baby boom's affluence and peak-earning-power years. Maturing baby-boom households, now in the child-rearing stage of the life cycle, dominated the housing market. Trade-up, family-raising shelter was in great demand, and a huge web of trade-up markets emerged. Sprawl arrived in full force and in full size.

The demographics of sprawl prevailed throughout the region from the late 1940s to the late 1990s. Each housing era of this period was driven by the life-cycle stages of the baby boom and its housing requirements: birth and adolescence (in the suburbs), young adulthood (household formation in the suburbs), and middle age (trading up in the suburbs). Looking forward, the baby boom will continue to dominate the housing market through 2020 and beyond, and the specific shape of its housing demand will once again change as it passes into its later life-cycle stages.

The baby boom will be numerically larger than any other mature generation in history. By the end of 2004, it will have matured into the 40- to 58-years of age bracket. Thus, "empty-nesterhood" is just now starting to arrive in full force. While all of the ramifications of this dynamic are not yet entirely understood, the aging of the baby boom is certain to yield a new pattern for housing. Many segments of the maturing baby boom, now no longer child- or time-constrained, desire residential locations with access to a wide range of activities. The resulting change in housing demand is opening up a variety of locational choices. Residences that simultaneously offer walking, social activities, cultural environments, and access to mass transportation are beginning to command attention. Many locations with such attributes are found in the older developed parts of the region.

Demography will again prove to be destiny, and the "new" demographics currently unfolding also suggest the emergence of a different housing geography. In addition to maturing baby boomers pursuing empty-nester lifestyles, two other demographic forces will dominate housing markets for the balance of the current decade. One consists of the young "20-somethings" and is leading to a resurgent entry-level rental housing market. This demographic group comprises "echo boomers"—the children of the baby boom—who represent the second great population bulge emerging from the twentieth century. As they now form households in the new century, they will be prime consumers of rental housing for the balance of the decade. The other demographic cohort consists of immigrants and the foreign born on a scale and diversity that rival the immigration waves of the early twentieth century. The region's foreign-born population is now exhibiting its preference for a wide variety of housing and location choices. During the past decade, immigrants significantly bolstered the region's urban housing markets and will continue to do so in the years ahead.

These are the three key demographic building blocks of regional residential land use in the twenty-first century. The demographics of today and tomorrow are, and will be, quite different from those of the suburban-dominated past. They are considerably less sprawl intensive, and they already have been instrumental factors in the fledgling rebound of the region's core.

Four Decades of Overstoring

After suburban populations reached critical economic mass in about 1960, the "malling" of the region began, and the enclosed superregional mall became the quintessential example of the new retailing genre. New malls abounded, and by the early 1990s the regional mall grid appeared to be built out. In the 31-county Tri-State Region, there were 49 enclosed superregional malls encompassing more that 50 million square feet of retail space! The region seemed to be overstored as the economic concentration of its suburbs reached maturity.

But the retail industry is nothing if not aggressive—its "build, sell, and don't look back" market approach continued apace! One of the surprising realities of the 1990s turned out to be the further explosion of retail space. An overbuilt retail mall sector became even more overbuilt! Much of the new building has taken place in retail "power centers" anchored by "big-box" stores and "category killers." In fact, the further malling of the region was supplanted by the de-malling of the region, as mall fatigue set in among maturing baby boomers. With a vengeance, there was intense retail competition as "big boxing" and "power centering" of the suburban ring redefined the retail landscape with new and ever larger venues, rendering older formats tired and worn in the eyes of consumers. Moreover, in a change in location strategy, big-box retailers increasingly moved into the older parts of the region as the suburban ring again approached a saturation of shopping opportunities.

Two Decades of Large-Scale Office and Service Industry Deconcentration

The growth of commercial office space in the region was the signature spatial force of the final two decades of the twentieth century. This was reflected in the office building boom of the 1980s, which dramatically transformed the regional economic landscape. While pervasive throughout the suburban ring, its epicenter was in New Jersey. In 1980, New Jersey was a non-player in the regional office market, but by 1990 the 11-county northern and central New Jersey office market emerged as the fifth largest metropolitan office market in the country! Eighty percent of all the rental office space ever built in the state's history went up during the 1980s, much of it sprawling along highway growth corridors. And New Jersey's lofty status as the fifth largest U.S. office market was maintained during the 1990s.

In 1980, northern and central New Jersey had 25 million square feet of commercial rental office space. By 2000, this had exploded to 170 million square feet—a near sevenfold increase in one generation—representing a massive ratcheting up of office-development intensity. A baby boom born, bred, and living in suburbia increasingly began to work there as well.

As a result, economic growth and office development have stretched the suburban-capacity envelope to the breaking point. Relentless economic sprawl has yielded suburban and exurban crawl and congestion on an enormous scale in the region. The office development preferences of the past may now be losing their economic viability, and the balance between the residential, retail, and office dynamics discussed here may have reached its limits.

Changing Dynamics

The slowing of long-term growth in the suburban ring and the renewed developmental competitiveness of the regional core are the result of a number of demographic factors discussed above. Overarching all of these, however, is the basic reality that the era of easy suburban development is passing into history. A deeply felt and broadly based public perception of overdevelopment has grown exponentially. Remaining open space is now ever more valued by an affluent suburbia increasingly constrained by its own land-use choices and economic success. This public perception of overdevelopment has become the prevailing social and political common denominator of the region, and the following factors are the driving forces behind its emergence.

Transportation Capacity Constraints

The successive waves of suburban economic growth in the post-World War II era were each predicated on major additions to the region's transportation infrastructure. For example, the growth of the 1940s and 1950s was based on an effective and efficient prewar state highway infrastructure. The economy of the 1960s and 1970s was buoyed by enhanced transportation capacity provided by the region's toll roads. The prosperity of the 1980s and 1990s rested upon the additional mobility spawned by the completion of the Interstate Highway System. However, by the mid-1990s the added transportation capacity was fully utilized.

Thus, there have been three massive increments of new transportation capacity, each of which acted as potent fertilizer for the further deconcentration of people and jobs. Transportation additions provided the foundation for each wave of demographic and economic dispersion of the postwar era. But any reasonable outlook for the region's transportation infrastructure inevitably concludes that there is no equivalent capacity increase on the horizon. This already is constraining further suburban growth, and it is making areas served by public transit more desirable as workplace locations. "Business as usual" suburban development patterns, therefore, are not a future option, at least not on their former scale and scope. The development prototypes of the past half-century will not be the prototypes of tomorrow. Rather, the region may once again become dependent for its growth on its core.

The daily, daunting, and wearing experience of congestion has proven to be an intractable problem. The new "edge city" transportation nightmare consists of overloaded networks of two-lane local and county roads crammed with baby-boom commuters in energy-extravagant, single-occupancy, sport utility vehicles. Moreover, these roads that traverse historic hamlets are destined never to be widened, a marked shift to what happened to equivalent roads in more inlying areas a generation ago. This will inevitably place additional constraints on further widespread development of the metropolitan periphery. The edge city transportation nightmare continues in the form of congestion-stricken peak commuting hours on the region's interstate highways—highways that were once intended, as their name implies, for interstate transportation. But these highways are now, during extended times of each day, multilaned congealed commuter arteries whose enormous but fragile traffic flows are at the mercy of a single (inevitable) accident or breakdown, given the staggering volume of daily vehicle trips.

The Rediscovery of Public Transportation

Growing congestion and now-chronic highway undercapacity have led to the rediscovery of the virtues of public transportation. Thus, a late nineteenth century transportation mode has renewed vigor in the early twenty-first century, with sites and communities served by public transportation demonstrating increased viability. While not all of these are locations in the regional core, they are all in the region's mature, developed areas.

The New Psychology of Development

The shifting patterns of development have been paralleled by a new psychology of development. Much of this change relates to fiscal and environmental costs. The new suburban definition of a "clean ratable" is one that doesn't have a smokestack, doesn't generate schoolchildren, and doesn't add to rush-hour traffic. The only development mode that fits this model is age-restricted, active-adult or senior housing. Examples abound of tracts of land rezoned from office development—because of rush-hour traffic concerns—to age-restricted housing, which typically generates a positive municipal fiscal impact. Any other development proposal to come before a suburban municipal planning or zoning board is often met by waves of citizen hostility. The once-dominant pattern of ever more greenfield suburban home and office development is becoming an endangered species.

Moreover, in the past, when the region transitioned inevitably and periodically from a boom economy to a recessionary economy, antidevelopment sentiments were usually suppressed by the economic imperative to create jobs. However, this was not the case during the most recent downturn, and it has yet to surface strongly during the current business cycle with its weak labor markets.

Taxation Paradox

Similarly, there is a new taxation paradox. It has long been conventional wisdom, for example, that any public official who advocates a general tax increase in whatever guise in New Jersey is immediately sent on an enforced holiday known as unemployment. While residents inconsistently demand Cadillac-level municipal services at Chevrolet-level prices, they consistently agree to increase their property taxes if the additional revenues are dedicated for open-space preservation. More than 90 percent of all referenda for dedicated county and municipal open-space and farmland-preservation property taxes have passed by huge margins. New Jerseyans, in particular, are highly likely to agree, by large majorities, to tax themselves for open space—but any other general tax increase proposal has been certain political suicide. The result has been that significant amounts of rural and exurban land have been removed from the development cycle.

Land Constraints

Open-space and farmland-preservation programs, as well as antisprawl measures such as larger-lot residential zoning, have had the effect of further exacerbating the homeownership affordability problem. By limiting the supply of land for development, the price of developable land increases, pushing up the cost of housing on the metropolitan periphery. This has made it much more difficult for households to trade up and out, the historic model for upgrading one's housing conditions for the last 50 years. As a result, spiraling new home prices have increased the demand for, and the prices of, older housing, making inlying areas more viable as a housing option. The rediscovery and resurgence of many older developed parts of the region that once appeared destined for a troubled future is the direct consequence of declining housing affordability and increasing antisprawl constraints on new housing production, as well as new demand stemming from substantial immigration. No longer is homeownership in urban areas a losing financial proposition.

Hostility versus Receptivity

While hostility to growth generally prevails in the suburban ring, there is much more receptivity to development and redevelopment in the regional core. Thus, new construction finds a more friendly environment in many older parts of the region. Suburban developers weary of zoning board battles, permitting delays, and the consequent construction-cost increases are often pleasantly surprised that there are places in the region that actually desire development.

Public Policy

Antisprawl and anticongestion policies have gained substantial political potency during the past ten years. In many parts of the region, such measures have become winning political strategies not only on the local level but statewide as well. This has been the case particularly in New Jersey but has also manifested itself in Connecticut and New York. The new prodevelopment policies—such as transit villages—tend to reinforce development in existing areas with ample and efficient infrastructure. In addition, public policy changes aimed at reducing or eliminating uncertainty concerning environmental liability for redevelopment of brownfields and other environmentally compromised sites have assisted revitalization of once "redlined" areas of the regional core.

Immigration

The region's historic late-nineteenth century role as a national immigration gateway was vigorously reasserted in the late-twentieth century. This new immigration, which rivaled in size the huge flows of the early 1900s, yielded increased regional population growth in the 1990s—considerably in excess of what had been projected. The resultant demographic increment has increased the demand for shelter in the regional core.

Taken together, this array of forces and changes may have proved sufficient to change the development and economic trajectory of the Tri-State Region.

The Analyses

The analyses that follow focus on employment, population, income, and dwelling units authorized by building permit. In each case, the long-term trend of regional deconcentration has switched to a new pattern. Much of the transformation in growth tendencies occurred during the 1990s but in some cases can be detected even earlier.

Employment

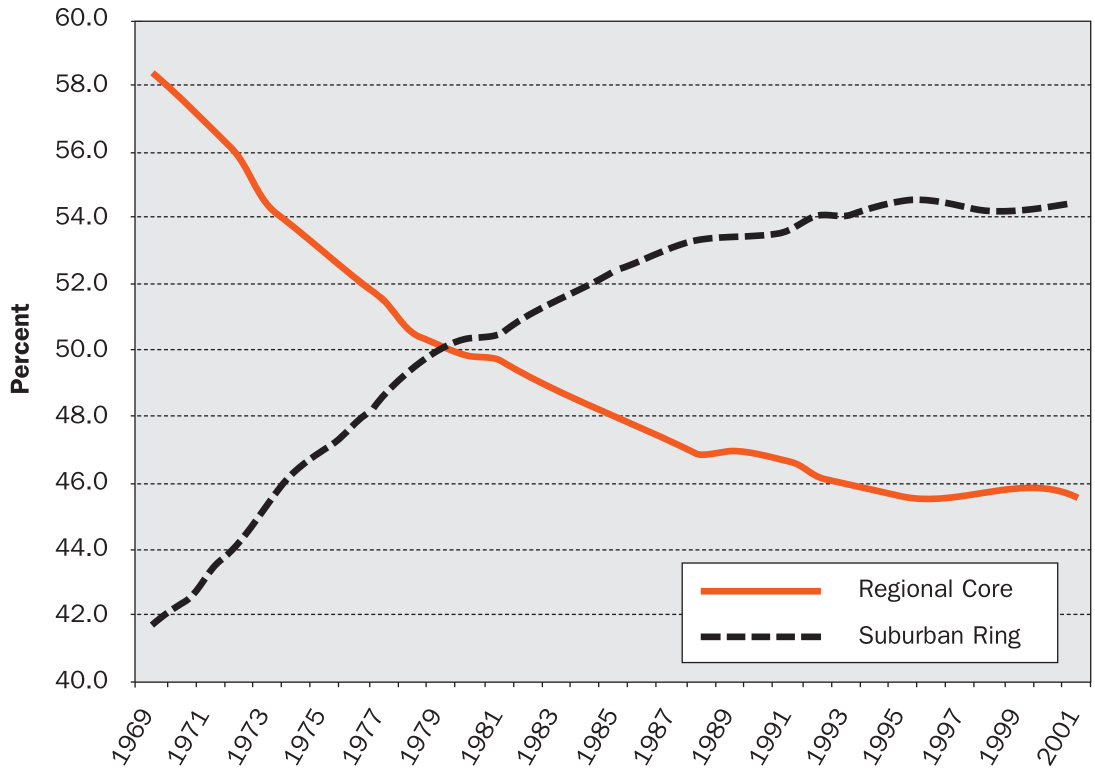
Employment—the number, type, location, and growth in jobs over time—commands public attention with a visibility and emotion unlike any other economic indicator. Thus, our analyses start with this variable. The Tri-State Region has long been a powerful epicenter of the nation's economy and jobs. From its colonial roots founded in agriculture and shipping to its 100-year primacy (spanning the latter half of the nineteenth century and the first half of the twentieth century) as the nation's major urban-industrial complex, to its vast service-dominated, information-driven economy of today, the Tri-State Region historically has defined the crest of the national economic wave.

TABLE 1
Total Employment

	Employment 1969	Employment 1996	Change: 1969–1996		Employment 2001	Change: 1996–2001	
			Number	Percent		Number	Percent
Tri-State Regional Total	**9,257,292**	**11,068,506**	**1,811,214**	**19.6 %**	**12,076,945**	**1,008,439**	**9.1 %**
Regional Core	**5,400,695**	**5,042,741**	**(357,954)**	**-6.6**	**5,501,665**	**458,924**	**9.1**
New Jersey Sector	**1,062,625**	**990,155**	**(72,470)**	**-6.8**	**1,039,169**	**49,014**	**5.0**
Essex	484,562	435,690	(48,872)	-10.1	452,375	16,685	3.8
Hudson	289,045	278,277	(10,768)	-3.7	295,084	16,807	6.0
Union	289,018	276,188	(12,830)	-4.4	291,710	15,522	5.6
New York Sector	**4,338,070**	**4,052,586**	**(285,484)**	**-6.6**	**4,462,496**	**409,910**	**10.1**
Bronx	271,417	266,002	(5,415)	-2.0	296,235	30,233	11.4
Kings	649,916	565,629	(84,287)	-13.0	633,328	67,699	12.0
New York	2,794,092	2,506,505	(287,587)	-10.3	2,744,960	238,455	9.5
Queens	568,176	607,351	39,175	6.9	665,771	58,420	9.6
Richmond	54,469	107,099	52,630	96.6	122,202	15,103	14.1
Suburban Ring	**3,856,597**	**6,025,765**	**2,169,168**	**56.2**	**6,575,280**	**549,515**	**9.1**
Connecticut Sector	**767,762**	**1,067,600**	**299,838**	**39.1**	**1,135,626**	**68,026**	**6.4**
Fairfield	366,652	532,053	165,401	45.1	571,933	39,880	7.5
Litchfield	57,383	89,053	31,670	55.2	93,673	4,620	5.2
New Haven	343,727	446,494	102,767	29.9	470,020	23,526	5.3
New Jersey Sector	**1,461,306**	**2,539,734**	**1,078,428**	**73.8**	**2,801,451**	**261,717**	**10.3**
Bergen	370,077	546,476	176,399	47.7	580,486	34,010	6.2
Hunterdon	23,772	58,805	35,033	147.4	70,417	11,612	19.7
Mercer	149,855	224,151	74,296	49.6	248,566	24,415	10.9
Middlesex	227,944	437,874	209,930	92.1	488,668	50,794	11.6
Monmouth	157,651	290,387	132,736	84.2	322,911	32,524	11.2
Morris	141,115	313,101	171,986	121.9	360,232	47,131	15.1
Ocean	56,005	169,193	113,188	202.1	187,140	17,947	10.6
Passaic	210,071	217,220	7,149	3.4	221,192	3,972	1.8
Somerset	73,524	190,096	116,572	158.5	220,745	30,649	16.1
Sussex	20,242	49,138	28,896	142.8	55,313	6,175	12.6
Warren	31,050	43,293	12,243	39.4	45,781	2,488	5.7
New York Sector	**1,627,529**	**2,418,431**	**790,902**	**48.6**	**2,638,203**	**219,772**	**9.1**
Dutchess	95,504	131,615	36,111	37.8	144,447	12,832	9.7
Nassau	574,046	728,931	154,885	27.0	765,227	36,296	5.0
Orange	92,013	145,816	53,803	58.5	161,747	15,931	10.9
Putnam	12,006	28,899	16,893	140.7	33,770	4,871	16.9
Rockland	74,770	125,805	51,035	68.3	139,052	13,247	10.5
Suffolk	312,402	656,649	344,247	110.2	744,432	87,783	13.4
Sullivan	24,892	31,855	6,963	28.0	33,540	1,685	5.3
Ulster	52,154	75,177	23,023	44.1	82,982	7,805	10.4
Westchester	389,742	493,684	103,942	26.7	533,006	39,322	8.0

Source: Regional Economic Information System (REIS) 1969–2001 CD-ROM (May 2003) published by the Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce

FIGURE 1
Share of Total Employment
Tri-State Region, 1969–2001



Source: U.S. Department of Commerce

A dominant trend of the last three decades was the deconcentration of jobs. An analysis of employment in the region during this period is provided in table 1. Total employment for the 31 counties comprising the region is partitioned into the regional core—consisting of the five boroughs (counties) of New York City and the three adjoining New Jersey counties, and the 23-county suburban ring—spread across the three states of Connecticut, New Jersey, and New York—for 1969, 1996, and 2001.[2]

The sheer scale of the Tri-State regional economy is unparalleled in the United States. There were 12.1 million jobs in the Tri-State Region in 2001, 30.5 percent higher (+2.8 million jobs) than the 9.3 million jobs of 1969.[3] During this 32-year period,

[2] The REIS (Regional Economic Information System) county employment data became available in 1969; 1996 is the year stabilization in the regional core's employment share is detected; 2001 is the latest year of available data. The Bureau of Economic Analysis of the U.S. Department of Commerce developed the data. Total employment includes not only wage and salary (payroll) employment but also individuals engaging in business as sole proprietors or partnerships, as well as self-employed persons.

[3] Despite this absolute growth, the region's share of national employment has been declining sharply. In 1969, the region's 9.3 million jobs accounted for 10.2 percent of all jobs in the nation (91.1 million). By 2001, the region's share had fallen to 7.2 percent (12.1 million out of 167.5 million jobs). Between 1969 and 2001, the nation's total employment grew by 84 percent compared to 30.5 percent in the Tri-State Region.

there were distinct variations in both employment growth rates and the location of the jobs within the region. Between 1969 and 1996, the total number of jobs in the 23-county suburban ring increased by 56.2 percent (+2.2 million jobs). In contrast, employment in the eight-county regional core fell by 6.6 percent (-357,954 jobs), with New York City accounting for 80 percent (-285,484 jobs) of this loss. Manhattan (New York County) was the epicenter of the core's employment decline (-287,587 jobs), while the three New Jersey core counties lost 72,470 jobs.

Employment growth in the suburban ring between 1969 and 1996 was dominated by the 11-county New Jersey sector (+1.1 million jobs), which captured nearly half of the total suburban-ring increase (2.2 million jobs). Six counties—Bergen, Middlesex, Monmouth, Morris, Ocean, and Somerset—accounted for 85 percent of the total New Jersey suburban ring job gain. The nine-county New York sector gained 790,902 jobs, or 36 percent of the total increase in the suburban ring. Three counties—Nassau, Suffolk, and Westchester—accounted for 76 percent of the total New York suburban ring growth. The Connecticut sector accounted for only 13.8 percent of total suburban ring growth. Of Connecticut's 299,838 gain in jobs, 55 percent was accounted for by Fairfield County.

The result of these disparate growth trends was metropolitan economic inversion. Total employment in the regional core in 1969 stood at 5.4 million jobs (58.3 percent of the regional total), dwarfing the 3.9 million jobs in the suburban ring (41.7 percent of the regional total). However, the centrifugal economic forces were so powerful that by 1979, only a decade later, the two areas had approximately the same number of jobs (see figure 1). This deconcentration continued further, and by 1996 the suburban ring's 6.0 million jobs grew to account for 54.4 percent of the regional total, while the core's 5.0 million jobs represented only a 45.6 percent share. By 1996, New Jersey emerged as the largest suburban employment sector.

But this seemingly inexorable long-term trend paused and then changed. The regional core's employment share stabilized in 1996 and then began to increase. This shift paralleled the economic boom of the late 1990s. During the 1996–2001 period, the Tri-State Region added just over 1 million jobs (+9.1 percent), with all of that gain achieved in the four years between 1996 and 2000. (Jobs were actually lost in 2001 due to the recession.) The remarkable scale of this four-year increase in employment becomes clear when it is compared to the 27 years (1969 to 1996) that it took to add 1.8 million jobs. The 1996–2000 performance stands as one of the greatest regional economic surges in postwar history.[4]

Even though regional core employment grew during earlier business-cycle expansion periods, the core's growth rates typically lagged significantly behind that of the region as a whole. But the 9.1 percent rate of growth achieved between 1996 and 2001 (+458,924 jobs) fully matched the overall rate of growth for the region (9.1 percent). Total employment in the regional core topped 5.5 million jobs by 2000, the highest total in history. New York City accounted for 89 percent of the core's 1996–2001 growth (409,910 jobs out of 458,924 jobs), and every New York City borough grew faster than the core's 9.1 percent growth rate. Employment in the three New Jersey core-area counties increased by 49,014 jobs, or by 5 percent.

From 1996 to 2001, employment in the suburban ring increased by 549,515 jobs to a total of 6.6 million jobs. This absolute growth still exceeded that of the core. However, the suburban ring's growth rate of 9.1 percent was the same as that of the regional core. Thus, the two areas within the region that had been diverging sharply in terms of growth rates grew at exactly the same rate over the five years starting in

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[4] The region nearly matched the national employment growth rate during this 1996–2000 four-year period (9.1 percent versus 9.6 percent). This is in marked contrast to the growth-rate differential of the overall 1969–2001 period (19.6 percent versus 84.0 percent).

TABLE 2
Employment Change by Business Cycle

Business Cycle Expansions

	Change: 1969–1973		Change: 1975–1979		Change: 1982–1989		Change: 1992–2001	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Tri-State Regional Total	**66,990**	**0.7 %**	**627,363**	**7.0 %**	**1,389,268**	**14.1 %**	**1,382,490**	**12.9 %**
Regional Core	**(321,981)**	**-6.0**	**43,926**	**0.9**	**424,757**	**8.8**	**570,682**	**11.6**
New Jersey Sector	(20,032)	-1.9	30,867	3.2	86,402	8.8	54,156	5.5
New York Sector	(301,949)	-7.0	13,059	0.3	338,355	8.7	516,526	13.1
Suburban Ring	**388,971**	**10.1**	**583,437**	**13.8**	**964,511**	**19.2**	**811,808**	**14.1**
Connecticut Sector	28,280	3.7	116,024	14.8	148,285	15.9	118,712	11.7
New Jersey Sector	199,510	13.7	257,137	15.6	478,282	24.0	408,743	17.1
New York Sector	161,181	9.9	210,276	11.8	337,944	16.1	284,353	12.1

Business Cycle Recessions

	Change: 1973–1975		Change: 1979–1982		Change: 1989–1992	
	Number	Percent	Number	Percent	Number	Percent
Tri-State Regional Total	**(345,855)**	**-3.7 %**	**265,195**	**2.8 %**	**(565,798)**	**-5.0 %**
Regional Core	**(313,413)**	**-6.2**	**38,914**	**0.8**	**(341,915)**	**-6.5**
New Jersey Sector	(67,615)	-6.5	(27,817)	-2.8	(79,417)	-7.5
New York Sector	(245,798)	-6.1	66,731	1.8	(262,498)	-6.2
Suburban Ring	**(32,442)**	**-0.8**	**226,281**	**4.7**	**(223,883)**	**-3.7**
Connecticut Sector	(13,810)	-1.7	32,003	3.6	(61,630)	-5.7
New Jersey Sector	(14,271)	-0.9	87,119	4.6	(76,375)	-3.1
New York Sector	(4,361)	-0.2	107,159	5.4	(85,878)	-3.5

Source: Regional Economic Information System (REIS) 1969–2001 CD-ROM published by the Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce

1996. Within the suburban ring, the New Jersey sector was again the suburban leader. Its gain of 261,717 jobs accounted for nearly half (47.6 percent) of the total suburban ring employment growth, while the New York suburban sector (+219,772 jobs) accounted for 40 percent. Connecticut accounted for only 12.4 percent (+68,026 jobs).

Figure 1 graphs the share of total employment over the entire period for the regional core and the suburban ring. The regional core's share fell steadily from 58.3 percent in 1969 to 45.6 percent in 1996. However, since employment in the two regions grew at approximately the same rate from 1996 to 2001, the share of employment in the core stabilized and remained at 45.6 percent by period's end.

The 27 years between 1969 and 1996 encompassed four national economic expansions and three recessions. Employment changes for these seven business-cycle phases appear in table 2 for the regional core, the suburban ring, and the three state sectors.[5] Three of the economic expansions occurred before 1996, while the fourth (1992–2001) spanned the 1996 "shift-in-trend" date of core-employment stabilization. In the three pre-1996 expansions, the suburban ring growth rates dominated those of the regional core. In fact, in the first expansion (1969–1973), employment actually declined in the core (-6.0 percent), whereas jobs in the suburban ring grew by a robust 10.1 percent. In the expansion of 1975–1979, core employment barely increased (+0.9 percent), while jobs in the suburban ring over this same period soared by 13.8 percent. In the long boom of 1982–1989, employment in the core grew by 8.8 percent, but that rate was less than half the 19.2 percent increase in the suburban ring. It was only in the 1992–2001 regional expansion, bolstered by the longest national growth up-cycle ever, that the regional core area was able to approach the employment growth rate of the suburban ring during an expansion (+11.6 percent versus +14.1 percent). And, as noted earlier, the final five years of this expansion yielded parity, with each area's employment growing by 9.1 percent. Thus, the 1990s—particularly the second half—represented a different economic trajectory.

During each of the three recessions, employment in the region's core was more adversely affected than employment in the suburban ring. In the severe recession of 1973–1975, employment in the core fell 6.2 percent (-313,413 jobs), while the suburban ring experienced only minimal losses (-0.8 percent, or -32,442 jobs). The 1979–1982 regional version of the national downturn was quite benign. Employment actually increased by 4.7 percent in the suburban ring (+226,281 jobs) and by 0.8 percent (+38,914 jobs) in the regional core.[6] However, the next recession struck the Tri-State Region earlier and lasted far longer than that of the nation as a whole. Between 1989 and 1992, the region lost 565,798 jobs, or fully 5 percent of its total employment base. For the first time, the suburban ring experienced major employment declines during a recession. The core's rate of loss, however, exceeded that of the suburban ring (-6.5 percent versus -3.7 percent), as did its absolute employment decline (-341,915 jobs versus -223,883 jobs). Perhaps this first significant employment loss in the suburban ring during an economic downturn was a harbinger of the emergence of a new regional economic order.

Population

Within an overall slow-growth demographic context, the region's suburban population surged through the start of the 1990s, whereas the older

[5] Dating of the expansions and recessions for the region corresponds to the nation's business cycles as determined by the National Bureau of Economic Research, except for the recession of 1989–1992. This recession was much more severe in the region relative to the national economic slowdown (1991–1992), and this severity is reflected in the longer 1989–1992 recession dates in table 2. Individual county data within the state sectors are not included in table 2 but are available from the authors.

[6] Within the regional core, the New Jersey Sector lost 27,817 jobs during this time, while the New York Sector added 66,731 jobs.

TABLE 3
Total Population and Change in Population

	1969	1990	Change: 1969–1990 Number	Change: 1969–1990 Percent	2001	Change: 1990–2001 Number	Change: 1990–2001 Percent
Tri-State Regional Total	**19,586,243**	**19,891,922**	**305,679**	**1.6 %**	**21,699,627**	**1,807,705**	**9.1 %**
Regional Core	**9,933,759**	**9,162,643**	**(771,116)**	**-7.8**	**9,999,140**	**836,497**	**9.1**
New Jersey Sector	**2,075,004**	**1,826,993**	**(248,011)**	**-12.0**	**1,937,113**	**110,120**	**6.0**
Essex	925,274	778,564	(146,710)	-15.9	795,573	17,009	2.2
Hudson	611,436	554,289	(57,147)	-9.3	614,061	59,772	10.8
Union	538,294	494,140	(44,154)	-8.2	527,479	33,339	6.7
New York Sector	**7,858,755**	**7,335,650**	**(523,105)**	**-6.7**	**8,062,027**	**726,377**	**9.9**
Bronx	1,462,899	1,207,053	(255,846)	-17.5	1,343,698	136,645	11.3
Kings	2,596,639	2,303,679	(292,960)	-11.3	2,479,923	176,244	7.7
New York	1,543,762	1,487,073	(56,689)	-3.7	1,549,009	61,936	4.2
Queens	1,966,669	1,957,281	(9,388)	-0.5	2,238,024	280,743	14.3
Richmond	288,786	380,564	91,778	31.8	451,373	70,809	18.6
Suburban Ring	**9,652,484**	**10,729,279**	**1,076,795**	**11.2**	**11,700,487**	**971,208**	**9.1**
Connecticut Sector	**1,669,920**	**1,808,688**	**138,768**	**8.3**	**1,904,747**	**96,059**	**5.3**
Fairfield	780,867	828,860	47,993	6.1	890,334	61,474	7.4
Litchfield	141,990	174,462	32,472	22.9	184,339	9,877	5.7
New Haven	747,063	805,366	58,303	7.8	830,074	24,708	3.1
New Jersey Sector	**3,671,930**	**4,280,584**	**608,654**	**16.6**	**4,807,667**	**527,083**	**12.3**
Bergen	893,713	826,129	(67,584)	-7.6	890,756	64,627	7.8
Hunterdon	68,600	108,128	39,528	57.6	123,989	15,861	14.7
Mercer	305,795	326,477	20,682	6.8	355,432	28,955	8.9
Middlesex	572,957	673,469	100,512	17.5	764,971	91,502	13.6
Monmouth	450,967	554,210	103,243	22.9	623,212	69,002	12.5
Morris	376,544	421,803	45,259	12.0	473,973	52,170	12.4
Ocean	199,210	434,623	235,413	118.2	524,337	89,714	20.6
Passaic	460,958	470,951	9,993	2.2	494,094	23,143	4.9
Somerset	195,059	241,464	46,405	23.8	304,737	63,273	26.2
Sussex	75,367	131,346	55,979	74.3	146,522	15,176	11.6
Warren	72,760	91,984	19,224	26.4	105,644	13,660	14.9
New York Sector	**4,310,634**	**4,640,007**	**329,373**	**7.6**	**4,988,073**	**348,066**	**7.5**
Dutchess	218,638	260,238	41,600	19.0	284,270	24,032	9.2
Nassau	1,424,424	1,286,905	(137,519)	-9.7	1,339,301	52,396	4.1
Orange	218,367	308,803	90,436	41.4	349,480	40,677	13.2
Putnam	54,375	84,222	29,847	54.9	97,125	12,903	15.3
Rockland	223,240	265,981	42,741	19.1	289,430	23,449	8.8
Suffolk	1,092,090	1,322,686	230,596	21.1	1,443,299	120,613	9.1
Sullivan	52,073	69,545	17,472	33.6	74,048	4,503	6.5
Ulster	139,775	166,049	26,274	18.8	178,372	12,323	7.4
Westchester	887,652	875,578	(12,074)	-1.4	932,748	57,170	6.5

Source: Bureau of Economic Analysis, U.S. Department of Commerce.
Notes: Census Bureau mid-year population estimates.
Estimates for 2000–2001 reflect county population estimates available as of April 2003.

TABLE 4
Population Share

	1969	Percent	1990	Percent	2001	Percent
Tri-State Regional Total	**19,586,243**	**100.0 %**	**19,891,922**	**100.0 %**	**21,699,627**	**100.0 %**
Regional Core	**9,933,759**	**50.7**	**9,162,643**	**46.1**	**9,999,140**	**46.1**
New Jersey Sector	**2,075,004**	**10.6**	**1,826,993**	**9.2**	**1,937,113**	**8.9**
Essex	925,274	4.7	778,564	3.9	795,573	3.7
Hudson	611,436	3.1	554,289	2.8	614,061	2.8
Union	538,294	2.7	494,140	2.5	527,479	2.4
New York Sector	**7,858,755**	**40.1**	**7,335,650**	**36.9**	**8,062,027**	**37.2**
Bronx	1,462,899	7.5	1,207,053	6.1	1,343,698	6.2
Kings	2,596,639	13.3	2,303,679	11.6	2,479,923	11.4
New York	1,543,762	7.9	1,487,073	7.5	1,549,009	7.1
Queens	1,966,669	10.0	1,957,281	9.8	2,238,024	10.3
Richmond	288,786	1.5	380,564	1.9	451,373	2.1
Suburban Ring	**9,652,484**	**49.3**	**10,729,279**	**53.9**	**11,700,487**	**53.9**
Connecticut Sector	**1,669,920**	**8.5**	**1,808,688**	**9.1**	**1,904,747**	**8.8**
Fairfield	780,867	4.0	828,860	4.2	890,334	4.1
Litchfield	141,990	0.7	174,462	0.9	184,339	0.8
New Haven	747,063	3.8	805,366	4.0	830,074	3.8
New Jersey Sector	**3,671,930**	**18.7**	**4,280,584**	**21.5**	**4,807,667**	**22.2**
Bergen	893,713	4.6	826,129	4.2	890,756	4.1
Hunterdon	68,600	0.4	108,128	0.5	123,989	0.6
Mercer	305,795	1.6	326,477	1.6	355,432	1.6
Middlesex	572,957	2.9	673,469	3.4	764,971	3.5
Monmouth	450,967	2.3	554,210	2.8	623,212	2.9
Morris	376,544	1.9	421,803	2.1	473,973	2.2
Ocean	199,210	1.0	434,623	2.2	524,337	2.4
Passaic	460,958	2.4	470,951	2.4	494,094	2.3
Somerset	195,059	1.0	241,464	1.2	304,737	1.4
Sussex	75,367	0.4	131,346	0.7	146,522	0.7
Warren	72,760	0.4	91,984	0.5	105,644	0.5
New York Sector	**4,310,634**	**22.0**	**4,640,007**	**23.3**	**4,988,073**	**23.0**
Dutchess	218,638	1.1	260,238	1.3	284,270	1.3
Nassau	1,424,424	7.3	1,286,905	6.5	1,339,301	6.2
Orange	218,367	1.1	308,803	1.6	349,480	1.6
Putnam	54,375	0.3	84,222	0.4	97,125	0.4
Rockland	223,240	1.1	265,981	1.3	289,430	1.3
Suffolk	1,092,090	5.6	1,322,686	6.6	1,443,299	6.7
Sullivan	52,073	0.3	69,545	0.3	74,048	0.3
Ulster	139,775	0.7	166,049	0.8	178,372	0.8
Westchester	887,652	4.5	875,578	4.4	932,748	4.3

Source: Bureau of Economic Analysis, U.S. Department of Commerce.
Notes: Census Bureau mid-year population estimates.
Estimates for 2000–2001 reflect county population estimates available as of April 2003.

core areas exhibited substantial declines. However, the trend abruptly shifted around 1990, when the region's overall population began to increase at a far more substantial rate. Within this new demographic context, the regional core experienced a growth resurgence, matching the population growth rate of the suburban ring (9.1 percent). A near half-century-long pattern of suburban population growth and urban population decline came to end.

Table 3 provides data on population for the region and its component areas for 1969, 1990, and 2001. In 1969, the Tri-State Region was the largest metropolitan agglomeration in America, totaling 19.6 million people, with the regional core's population (9.9 million) slightly exceeding that (9.7 million) of the suburban ring. There was little overall numerical change in the region's population over the next 21 years. Between 1969 and 1990, population grew by only 1.6 percent, or by 305,679 people. This stagnation occurred at a time when the U.S. population rose by nearly a quarter (23 percent)!

However, the small net increase in the region's overall population masked significant differences in the changes that occurred within the region. The regional core lost 7.8 percent of its population (-771,116 people) during this time (1969–1990), while the suburban ring gained 11.2 percent (+1.1 million persons). All the counties in the New York sector of the core, except Richmond (Staten Island), lost population. The Bronx had the highest rate of decline (-17.5 percent), whereas Manhattan (New York County), despite a booming economy and stock market for most of the second half of this period, lost population (-3.7 percent). In the New Jersey sector of the core, all counties experienced declines, with the highest rate of loss occurring in Essex County (-15.9 percent).

Within the suburban ring, the New Jersey sector was the dynamo, exhibiting a 16.6 percent increase in population (+608,654 persons) between 1969 and 1990. This growth rate was more than twice that of the suburban sectors of New York (+7.6 percent) and Connecticut (+8.3 percent). Within the New Jersey suburban sector, Ocean County far surpassed all others (including all the New York and Connecticut counties) with a region-leading growth rate of 118.2 percent.

However, the major dynamic of demographic deconcentration and slow overall population growth ended in the 1990s. The region's total population increased by 9.1 percent, or by 1.8 million people, in the 11 years between 1990 and 2001, nearly six times greater than the 1.6 percent increase achieved over the previous 22 years. Population in the regional core, following the pattern observed for employment in the 1990s, stabilized and then grew. By 2001, the core's population had increased by 9.1 percent (+836,497 people) above its 1990 level, matching the growth rate in population in the suburban ring (+9.1 percent) for the first time in the postwar period. It also represented a significant change from the 1969–1990 period when the core's population steadily fell (-7.8 percent) as the suburban ring gained critical mass (+11.2 percent). Every county in the core experienced population gains between 1990 and 2001, although Manhattan, the vibrant centerpiece of the core, grew by only 4.2 percent (+61,936 persons) and lagged the rates of increase of all the other New York core counties.

The 9.1 percent population increase in the suburban ring (+971,208 persons) represented a decline from the 11.2 percent gain of the earlier period. The New Jersey suburban sector again had the highest rate of growth, 12.3 percent, led by Somerset and Ocean counties. Both the New York and Connecticut suburban sectors not only grew more slowly (+7.5 percent and +5.3 percent, respectively) than New Jersey but also more slowly than the overall regional core (+9.1 percent) and the New York sector of the regional core (+9.9 percent).

Table 4 presents data on the percentage distribution of the region's population for 1969, 1990, and 2001. The changing population profile of the region is readily apparent. The core contained more than half (50.7 percent) of the region's population in 1969. By 1990, its population had fallen in absolute terms, and its share of the total in the region had declined to 46.1 percent. As the 1990s matured, however, the population share of the core region stabilized, remaining at 46.1 percent

TABLE 5
Total Personal Income

	1969	Percent	1989	Percent	2001	Percent
Tri-State Regional Total	**$96,195,636**	**100.0 %**	**$489,365,677**	**100.0 %**	**$884,829,705**	**100.0 %**
Regional Core	**48,114,337**	**50.0**	**208,432,286**	**42.6**	**380,337,622**	**43.0**
New Jersey Sector	**9,476,413**	**9.9**	**40,187,563**	**8.2**	**68,800,390**	**7.8**
Essex	4,280,720	4.5	17,526,474	3.6	29,542,813	3.3
Hudson	2,387,496	2.5	10,270,498	2.1	17,552,390	2.0
Union	2,808,197	2.9	12,390,591	2.5	21,705,187	2.5
New York Sector	**38,637,924**	**40.2**	**168,244,723**	**34.4**	**311,537,232**	**35.2**
Bronx	5,252,436	5.5	17,193,958	3.5	26,734,613	3.0
Kings	9,975,998	10.4	38,231,860	7.8	61,432,102	6.9
New York	12,148,914	12.6	63,750,520	13.0	144,033,247	16.3
Queens	9,980,551	10.4	40,895,818	8.4	64,789,252	7.3
Richmond	1,280,025	1.3	8,172,567	1.7	14,548,018	1.6
Suburban Ring	**48,081,299**	**50.0**	**280,933,391**	**57.4**	**504,492,083**	**57.0**
Connecticut Sector	**8,562,874**	**8.9**	**49,975,290**	**10.2**	**90,041,064**	**10.2**
Fairfield	4,581,367	4.8	27,437,421	5.6	54,167,164	6.1
Litchfield	659,860	0.7	4,213,329	0.9	6,682,726	0.8
New Haven	3,321,647	3.5	18,324,540	3.7	29,191,174	3.3
New Jersey Sector	**17,353,834**	**18.0**	**109,260,597**	**22.3**	**205,332,232**	**23.2**
Bergen	4,910,065	5.1	26,161,353	5.3	46,230,604	5.2
Hunterdon	317,417	0.3	2,886,912	0.6	6,672,474	0.8
Mercer	1,350,780	1.4	8,079,194	1.7	15,040,909	1.7
Middlesex	2,513,126	2.6	15,355,263	3.1	28,067,536	3.2
Monmouth	1,973,895	2.1	13,789,875	2.8	26,192,228	3.0
Morris	1,895,545	2.0	12,928,231	2.6	27,562,125	3.1
Ocean	759,918	0.8	8,696,074	1.8	15,742,246	1.8
Passaic	2,033,521	2.1	9,281,340	1.9	14,503,938	1.6
Somerset	1,009,446	1.0	7,440,954	1.5	16,937,309	1.9
Sussex	311,253	0.3	2,782,626	0.6	5,073,797	0.6
Warren	278,868	0.3	1,858,775	0.4	3,309,066	0.4
New York Sector	**22,164,591**	**23.0**	**121,697,504**	**24.9**	**209,118,787**	**23.6**
Dutchess	885,973	0.9	5,604,477	1.1	9,195,745	1.0
Nassau	8,223,888	8.5	39,637,968	8.1	63,524,334	7.2
Orange	844,810	0.9	5,772,365	1.2	9,813,908	1.1
Putnam	246,763	0.3	2,023,169	0.4	3,721,363	0.4
Rockland	1,035,659	1.1	6,695,590	1.4	11,335,493	1.3
Suffolk	4,541,792	4.7	29,836,607	6.1	52,116,441	5.9
Sullivan	197,191	0.2	1,199,591	0.2	1,891,458	0.2
Ulster	519,886	0.5	3,011,980	0.6	4,641,840	0.5
Westchester	5,668,629	5.9	27,915,757	5.7	52,878,205	6.0

Source: Regional Economic Information System (REIS) 1969–2001 CD-ROM (May 2003) published by the Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce

TABLE 6
Per Capita Income

	1969	Percent of Regional Total	1987	Percent of Regional Total	2001	Percent of Regional Total
Tri-State Regional Total	**$4,911**	**100.0 %**	**$21,085**	**100.0 %**	**$40,776**	**100.0 %**
Regional Core	**4,844**	**98.6**	**19,352**	**91.8**	**38,037**	**93.3**
New Jersey Sector	**4,567**	**93.0**	**18,714**	**88.8**	**35,517**	**87.1**
Essex	4,626	94.2	18,964	89.9	37,134	91.1
Hudson	3,905	79.5	15,737	74.6	28,584	70.1
Union	5,217	106.2	21,638	102.6	41,149	100.9
New York Sector	**4,917**	**100.1**	**19,514**	**92.5**	**38,643**	**94.8**
Bronx	3,590	73.1	12,607	59.8	19,896	48.8
Kings	3,842	78.2	14,427	68.4	24,772	60.8
New York	7,870	160.2	34,927	165.6	92,984	228.0
Queens	5,075	103.3	18,192	86.3	28,949	71.0
Richmond	4,432	90.2	19,334	91.7	32,231	79.0
Suburban Ring	**4,981**	**101.4**	**22,592**	**107.1**	**43,117**	**105.7**
Connecticut Sector	**5,128**	**104.4**	**23,233**	**110.2**	**47,272**	**115.9**
Fairfield	5,867	119.5	27,261	129.3	60,839	149.2
Litchfield	4,647	94.6	21,190	100.5	36,252	88.9
New Haven	4,446	90.5	19,475	92.4	35,167	86.2
New Jersey Sector	**4,726**	**96.2**	**21,927**	**104.0**	**42,709**	**104.7**
Bergen	5,494	111.9	26,329	124.9	51,900	127.3
Hunterdon	4,627	94.2	23,568	111.8	53,815	132.0
Mercer	4,417	89.9	20,724	98.3	42,317	103.8
Middlesex	4,386	89.3	19,939	94.6	36,691	90.0
Monmouth	4,377	89.1	21,188	100.5	42,028	103.1
Morris	5,034	102.5	25,779	122.3	58,151	142.6
Ocean	3,815	77.7	17,818	84.5	30,023	73.6
Passaic	4,412	89.8	17,631	83.6	29,355	72.0
Somerset	5,175	105.4	26,476	125.6	55,580	136.3
Sussex	4,130	84.1	18,888	89.6	34,628	84.9
Warren	3,833	78.0	18,039	85.6	31,323	76.8
New York Sector	**5,142**	**104.7**	**22,949**	**108.8**	**41,924**	**102.8**
Dutchess	4,052	82.5	19,113	90.6	32,349	79.3
Nassau	5,773	117.5	26,294	124.7	47,431	116.3
Orange	3,869	78.8	16,882	80.1	28,081	68.9
Putnam	4,538	92.4	21,418	101.6	38,315	94.0
Rockland	4,639	94.5	21,875	103.7	39,165	96.0
Suffolk	4,159	84.7	20,081	95.2	36,109	88.6
Sullivan	3,787	77.1	15,614	74.0	25,544	62.6
Ulster	3,719	75.7	16,261	77.1	26,023	63.8
Westchester	6,386	130.0	27,680	131.3	56,691	139.0

Source: Regional Economic Information System (REIS) 1969–2001 CD-ROM (May 2003) published by the Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce

through the end of the period. Thus, after the massive population deconcentration of the previous two decades, the core began to regain its attraction as a place of residence. At period's end, the long-standing momentum of the suburban ring in terms of population growth receded in a remarkable collective change of residential location decisions. Thus, demographic metrics have been changing markedly.

Total Personal Income

An analysis of income changes in the Tri-State Region confirms the stabilization of economic activity in the region's core as revealed by employment data. Although the timing of the stabilization in income occurs earlier, it follows the same basic pattern. Table 5 provides total personal income data for the 31 counties for 1969, 1989, and 2001.[7]

In 1969, total personal income was approximately the same for both the regional core and the suburban ring ($48 billion, or 50.0 percent, for each area). In the core, the five-county New York sector dominated, accounting for 40.2 percent of the region's total personal income, with New York County (Manhattan) alone capturing 12.6 percent. In contrast, the New Jersey sector of the core had only 9.9 percent of the region's total personal income. In the suburban ring, the New York sector also dominated, with 23 percent of the region's total income. The New Jersey sector followed with 18 percent and Connecticut with 8.9 percent.

Over the next 20 years, the same forces that dispersed employment from the region's core to the suburban ring had a symmetric effect on total personal income. The core's share of total personal income fell to 42.6 percent in 1989, while the suburban ring's share increased to 57.4 percent. In the core, the New York sector's share declined to 34.4 percent (although New York County's—Manhattan's—share increased to 13 percent). In the suburban ring, the share of total personal income in both the New Jersey and Connecticut sectors increased significantly—to 22.3 percent and 10.2 percent, respectively, while the New York sector showed a modest increase in share to 24.9 percent.

But 1989 marked the low point of the erosion of the core's share of total regional income. For the next 12 years, the core's share stabilized and remained in the 43 percent range. Within the core, the New York sector increased its share to 35.2 percent of the regional total by the end of the period, led by the remarkable performance of New York County, whose share jumped to 16.3 percent. The New Jersey sector of the core failed to fully participate in the resurgence, as its income share fell to 7.8 percent. In the suburban ring, a slight decline in share to 57.0 percent occurred by 2001. This was the result of gains registered by the New Jersey sector (to 23.2 percent), stabilization in Connecticut (at 10.2 percent), and actual declines in New York (to 23.6 percent).

The sheer scale of personal income and its growth in the region over the entire period is noteworthy. Total personal income in the Tri-State Region in 2001 was $884.8 billion, or more than nine times its 1969 level. The regional core's total income ($380.3 billion) increased nearly eight times between 1969 and 2001, while that of the suburban ring increased by 10.5 times. The total personal income in the suburban ring in 2001 ($504 billion) surpassed one-half trillion dollars for the first time.

Per Capita Income

While total personal income represents aggregate economic and market strength and stature, per capita income represents individual economic capacity. Thus, it is also instructive to examine the changes that have occurred in per capita income (table 6). In 1969, per capita income for the 31-county region stood at $4,911. The core's per capita income ($4,844) was 98.6 percent that of the region. The

[7] All the income data are in nominal dollars and are from the REIS data source.

per capita income of the New York sector of the core ($4,917) actually was somewhat higher (100.1 percent) than the region due to the unique position of Manhattan (New York County), whose income was fully 160 percent of the regional average. In contrast, the per capita income of the core's New Jersey sector ($4,567) was 93 percent that of the region.

In the suburban ring in 1969, the New York sector had the highest per capita income, $5,142, or 104.7 percent of the region's average. The New Jersey sector had the lowest income ($4,726, or 96.2 percent), and only three of the 13 New Jersey counties—Bergen, Morris, and Somerset—had per capita incomes above the Tri-State regional average. Per capita income in the Connecticut sector ($5,128) was 104.4 percent of the regional average due to the affluence of Fairfield County ($5,867).

Although per capita income grew steadily in the region, the core's relative per capita income declined for the next 18 years, bottoming out in 1987 at 91.8 percent of the region's average. Both of the New York and New Jersey relative positions, 92.5 percent and 88.8 percent, respectively, declined significantly by 1987. Despite the relative decline in the core within the overall region, New York County actually experienced a relative increase in per capita income, from 160.2 percent in 1969 to 165.6 percent in 1987. By 1987, per capita income in the suburban ring increased to 107.1 percent of the regional average. The New Jersey sector of the suburban ring now surpassed the region (104 percent) but still trailed both Connecticut (110.2 percent) and New York (108.8 percent).

However, from 1987 to the end of the period, the per capita income of the core slowly improved in relative terms, and by 2001 was 93.3 percent of the regional average. The New Jersey sector of the core continued to slip in relative terms (to 87.1 percent), while the New York sector experienced relative gains (to 94.8 percent), led by New York County (Manhattan). The latter continued and enhanced its dominance, so that by 2001 its per capita income ($92,984) was 228 percent that of the region ($40,776).

In the suburban ring, the relative per capita income dropped to 105.7 percent by 2001. The Connecticut sector's relative position increased strongly (to 115.9 percent), while that of the New York sector fell (to 102.8 percent). Within Connecticut, affluent Fairfield County gained significantly (to 149.2 percent). The New Jersey sector increased its relative income position only slightly (to 104.7 percent), but it finally surpassed New York. Moreover, six of the 13 counties in the New Jersey suburban-ring sector had incomes above the region in 2001, twice the number of 1969. Only two counties in the New York sector (Nassau and Westchester) had incomes surpassing the region's, the same two counties that did so in 1969.

Housing

Nowhere was the tidal wave of suburban metropolitan expansion more evident than in housing. Starting with the "Levittown" prototype, the Tri-State Region was a pioneer of postwar suburban residential development, a status it maintained into the 1990s. As shown in table 7, in 1980 the suburban ring dominated building activity, accounting for 75.4 percent of the total housing units authorized by building permits in the region, whereas the core had only 24.6 percent. This relative suburban advantage actually increased for the next 14 years. By 1994, the suburban ring's share had expanded markedly to 84.3 percent, while that of the core fell to 15.7 percent.

But then a sharply different pattern emerged. In every single year between 1994 and 2002, the regional core's share of housing-unit authorizations increased, while that of the suburban ring decreased. This is obviously more than a blip on the long-term trend line. It appears as if a powerful new residential development pattern is emerging, defined by eight straight years of annual regional core share increases. By 2002, the core accounted for 39.1 percent of the region's total permits, up nearly two and one-half times from the 15.7 percent share that it held in 1994. In contrast, the suburban ring accounted for only 60.9 percent of the region's total permits in 2002, a significant drop from its lofty share (84.3 percent) of 1994.

TABLE 7
Housing Units Authorized
1980–2002

	1980	1994	1995	1996
Tri-State Regional Total	**36,068**	**37,059**	**35,225**	**41,909**
	100.0 %	**100.0 %**	**100.0 %**	**100.0 %**
Regional Core	**24.6**	**15.7**	**18.3**	**23.4**
New Jersey Sector	8.0	4.9	3.8	2.8
New York Sector	16.6	10.8	14.6	20.6
Suburban Ring	**75.4**	**84.3**	**81.7**	**76.6**
Connecticut Sector	16.6	13.4	13.8	10.3
New Jersey Sector	35.5	45.2	42.6	38.9
New York Sector	23.2	25.7	25.3	27.4

	1997	1998	1999	2000	2001	2002
Tri-State Regional Total	**44,904**	**52,190**	**54,178**	**59,626**	**54,175**	**57,098**
	100.0 %	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Regional Core	**25.1**	**25.9**	**29.6**	**31.3**	**37.0**	**39.1**
New Jersey Sector	5.1	6.0	6.9	6.0	5.9	6.7
New York Sector	20.0	19.9	22.7	25.2	31.1	32.4
Suburban Ring	**74.9**	**74.1**	**70.4**	**68.7**	**63.0**	**60.9**
Connecticut Sector	10.5	11.5	10.0	8.2	8.3	7.6
New Jersey Sector	41.0	39.2	36.4	38.2	31.3	30.5
New York Sector	23.4	23.4	24.0	22.3	23.3	22.9

Source: U.S. Bureau of the Census

Conclusion

The turning of a long-term pattern as powerful and as deeply embedded as decentralization and suburbanization would be a significant event. The preliminary evidence presented here suggests only that locational, demographic, and economic changes were beginning to occur during the final decade of the twentieth century. Whether these changes simply comprise a short-term aberration on the continuation of the prevailing long-term dynamic is not yet known. But the new regional realities affecting development—infrastructure capacity constraints, strengthening environmental preferences, shifting societal attitudes toward development, chronic fiscal impediments, new economic paradigms, and changing demographics—are very potent. These new forces can be expected to have a transforming effect. Thus, the changing regional contours that are detected in this report will likely not result in a continuation of the development protocols of the past. What was business as usual may well be now in the process of becoming history as a third economic transformation takes hold in the Tri-State Region. ■

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