

C. The Economy of the Metro Area and the Role of Downtown

St. Louis Metro Area Economic Trends

The St. Louis metropolitan area, consisting of 12 counties in Missouri and Illinois and including the City of St. Louis, has experienced modest population gains over the past several years. As employment growth rates exceed population growth rates, a larger proportion of the population has become gainfully employed. Based on local estimates, the regional population increased from 2,493,600 in 1990 to 2,576,500 in 1998, for an overall growth rate of 4.4%, while employment increased about 10.0% between 1990 and 1997 alone. A similar trend is evident in other Midwest areas, which do not experience the in-migration that occurs along the coasts.

During this period, natural increase has been the chief cause of population growth, while the region has experienced net out-migration of existing residents. This latter factor has diminished over the first three years of the decade, and there has actually been a very slight in-migration since 1994, although the net effect since 1990 is still negative.

During the same period, the St. Louis area has experienced substantial intra-regional shifts in population. Most of the gains are occurring to the west and south of the City of St. Louis, particularly in St. Charles County to the west, but also in Jefferson and St. Louis Counties. These three counties, in fact, accounted for 111% of the net growth in the region between 1990 and 1998.

Metropolitan St. Louis has significant strengths. Among the major metro areas of the nation, St. Louis has one of the highest job-to-population ratios, 50% in 1997, when its population was estimated at approximately 2.6 million and its employment at 1.3 million. (The typical metro area ratio is +/- 40%.) Besides being heavily employed and having very low (4%) unemployment, the region also has top national rankings in the wealth of its households and as the headquarters location of Fortune 500 companies.

St. Louis metro area growth has been driven by a diversified economy, and held its own through the national recession, with job losses in only one year (1991) and consecutive growth in the other years of the decade. A total gain of over 100,000 new jobs was recorded for the period 1991 through 1997, and a gain of nearly 170,000 over the ten-year period from 1987 to 1997. During the same time, St. Louis County itself has lost only a slight share of the regional employment, dropping from 47.8% to 47.4%. With typical outward spreading metropolitan growth patterns, such small decline in the county's share is unique among major metropolitan areas. Table IV-2 presents the employment trends in the St. Louis MSA and in St. Louis County.



Table IV-2

Average Employment St. Louis MSA and St. Louis County 1987 through 1997

Year	St. Louis MSA	% Growth	St. Louis County	% Growth	% of MSA Total
1997	1,290,000	1.7%	N/A	N/A	N/A
1996	1,268,500	1.8%	601,328	2.7%	47.4%
1995	1,246,000	1.8%	585,342	1.8%	47.0%
1994	1,223,900	2.9%	574,976	2.6%	47.0%
1993	1,188,900	1.6%	560,615	1.2%	47.2%
1992	1,170,100	0.1%	553,862	0.1%	47.3%
1991	1,168,400	-1.8%	553,241	-3.2%	47.4%
1990	1,189,800	0.6%	571,354	0.6%	48.0%
1989	1,183,200	2.2%	568,118	2.7%	48.0%
1988	1,157,500	3.1%	553,079	3.1%	47.8%

Source: Missouri Department of Labor and Industrial Relations

An exceptionally strong rate of growth (from 30% to 70%) has been achieved in various visitor serving, transportation related, health and professional services, and high-tech industry, adding a total of over 56,500 jobs in those sectors to the Missouri side of the St. Louis MSA.

Over 13,000 new jobs were also created in elementary, secondary and college level educational institutions of the region (mostly private). Together, the top 10 industries grew by a rate of nearly 30% during the 1990 through 1997 period. Table IV-3 presents the leading industries in order of their numerical job growth over those seven years.

Table IV-3

Top 10 Industries by Numerical Job Growth Missouri Side of St. Louis MSA 1990 through 1997

Industry	1990	1997	Job Growth	% Growth
Professional Services	54,320	74,276	19,956	36.7%
Health Care	37,684	52,582	14,898	39.5%
Education	43,921	56,987	13,066	29.7%
Amusement & Recreation	12,374	21,020	8,646	69.9%
High-Tech	14,675	23,115	8,440	57.5%
Construction/Building	25,003	31,453	6,450	25.8%
Food & Beverage	65,865	71,449	5,584	8.5%
Transportation	10,378	14,957	4,579	44.1%
Retail	24,764	27,647	2,883	11.6%
Child Care	3,676	5,906	2,230	60.7%
TOP 10 TOTAL	292,660	379,392	86,732	29.6%
TOTAL JOBS	986,456	1,046,565	60,109	6.1%

Source: Missouri Division of Employment Security and Development Strategies



Metro area employment projections for the period 1997 through 2005 indicate especially strong growth in the healthcare and visitor related industries of the region. The sectors presented in Table IV-4 are projected to produce the fastest numerical growth in employment on the Missouri side of the metro area.

Table IV-4
Top 10 Sectors by Projected Numerical Growth Missouri Side of St. Louis MSA 1997 through 2005

Industry	Number of Jobs		Job Growth	% Growth
	1997 Estimate	2005 Projection		
Eating & Drinking Places	71,449	80,028	8,579	12.0%
Personnel Supply Services	25,942	32,794	6,852	26.4%
Amusement & Recreation	21,020	26,966	5,946	28.3%
Motor Vehicles & Equipment	14,601	19,659	5,058	34.6%
Computer & Data Processing	14,050	17,762	3,712	26.4%
Business Services	13,332	16,854	3,522	26.4%
Home Health Care Services	6,607	9,671	3,064	46.4%
Office of Physicians	13,073	16,130	3,057	23.4%
Hospitals	49,372	52,250	2,878	5.8%

Source: DSI

City of St. Louis Economic Trends

The City of St. Louis lost 45,700 residents between 1990 and 1998 (down 11.5%), the only county-level jurisdiction to lose population, and was the source of much of the population growth in the outlying counties. Reasons for this population loss are attributable to national trends. The advent of the automobile eliminated the need for housing located in very close proximity to employment centers. Concurrently, traditional cities have suffered from decaying real estate stock and the perceived and real dangers of urban living. Some of the difficulty in projecting potential resident and employment growth for the City lies partly in the lack of recent local precedence of in-migration. Thus evolved the need for analyzing case studies of recovering and recovered urban areas elsewhere in the nation.

Thus far, however, the City is holding its own as one of the only two jurisdictions in the region, St. Louis County and the City of St. Louis, which are consistent “net job gainers”, meaning that they have more jobs than residents with jobs. In short, the other counties are “net bedroom communities” while St. Louis City and County are the major job centers.

The City of St. Louis has been able to retain a strong economic base even in the face of population and even some employment decline, as measured in absolute numbers. Its strength is based on healthy economy of the metro area, which will prove helpful to the downtown revitalization efforts.

While still a center of commerce for the region, the City’s share of regional employment has been declining steadily since 1986, having decreased from 26.6% to 20.6%, an unwelcome but not unusual phenomenon among urban areas of the nation. Of more significant concern is the job loss in absolute numbers. The City



lost approximately 30,000 jobs during the 1986 through 1996 period. (See Table IV-5.) Over the last three years, approximately 10,000 jobs were lost through consolidations in various industries and possibly as a result of companies leaving the City to move into new commercial space available in nearby counties, in both Missouri and Illinois, that offer competitive tax structures.

Table IV-5
Average Employment City of St. Louis 1986 through 1996

Year	City of St. Louis	% Growth	% of MSA Total
1996	261,855	-2.0%	20.6%
1995	267,300	-1.4%	21.5%
1994	270,978	1.1%	22.1%
1993	267,910	0.8%	22.5%
1992	265,793	-0.9%	22.7%
1991	268,256	-3.6%	23.0%
1990	278,347	-0.3%	23.4%
1989	279,189	0.5%	23.6%
1988	277,832	-1.9%	24.0%
1987	283,200	-3.6%	25.2%
1986	293,719	1.5%	26.6%

Source: Missouri Department of Labor and Industrial Relations

During the last seven years, St. Louis has experienced job losses in most sectors, as is shown in Table IV-6. However, strength lies in the Services and Government sectors where modest employment gains of +/-1% per year have been realized. The Services sector includes many high paying jobs, such as technology and consulting services, as well as restaurant and food services.

Table IV-6
Employment Trends by Standard Industrial Classification 1986 through 1996

Classification	Average Annual Change			
	1990	1996	Number	%
Non-Agricultural Employment				
Mining	148	187	5.6	0.0
Construction	7,769	6,710	(151.3)	(0.0)
Manufacturing	48,063	40,152	(1,130.1)	(2.5)
Trans., Public Utilities	23,324	20,975	(335.6)	(0.0)
Wholesale Trade	17,855	14,842	430.4)	(0.0)
Retail Trade	32,737	28,857	554.3)	(0.0)
Finance, Inc., Real Estate	22,819	21,167	236.0)	(0.0)
Services	78,777	83,464	669.9	0.0
Federal Government	22,807	19,969	(405.4)	(0.0)
State & Local Government	23,628	25,586	279.7	0.0
TOTAL NON-AGRICULTURAL	277,927	261,909	-2,288.3	(0.0)

Source: Missouri Department of Labor and Industrial Relations

Although the City of St. Louis lost 30,000 jobs in the last ten years, and 16,000 from 1990 through 1996, it captured more than its "fair share" of some of the fastest growing sectors of the economy. "Fair Share" means here that the City gained a higher percentage of metro growth in a certain sector than its current share of that sector's jobs.



Visitor services, financial, health care and other services as well as retail and real estate showed exceptional strength during the first seven years of the decade, as illustrated in Table IV-7. To maintain its current strength with these sectors and expand on it to regain its lost jobs, the City, in general, and downtown in particular, will need to create an environment particularly suited for these industries. Specifically, office stock must be upgraded and good housing offered. The environment must be cleaned and made attractive through incorporating parks and greening of the streetscapes. Real and perceived safety in the area must be created through effective policing and community watch groups as well as better street lighting. These activities will increase street activity thereby driving demand for retail and restaurant services, which will in turn make the area more attractive for employees.

**Table IV-7
Top 10 Categories by Numerical Job Growth City of St. Louis 1990 through 1995**

Category	1990 Jobs	1995 Jobs	TOTAL Growth	% Growth
Amusement & Recreation Services	2,362	4,056	1,694	71.7%
General Merchandise Stores	4,148	5,571	1,423	34.3%
Social Services	5,978	6,695	717	12.0%
Educational Services	12,524	13,964	1,440	11.5%
Business Services	15,669	17,408	1,739	11.1%
Health Services	31,904	34,361	2,457	7.7%
Banking	8,446	8,978	532	6.3%
Real Estate	3,616	3,833	217	6.0%
Trucking and Warehousing	5,689	5,928	239	4.2%

Source: Missouri Department of Labor and Industrial Relations

There are approximately 35 sectors in the industrial classification which show exceptional strength in the St. Louis metro economy, relative to the rest of the nation (in terms of how the percentage of jobs in these sectors here compare to the percentage of all jobs in those sectors for the United States as a whole). Many of the jobs in these sectors are highly concentrated within the City of St. Louis. The City captures more than its fair share of employment of sectors in which it is already the home to a large number of firms. Table IV-8 lists the fifteen sectors in the St. Louis metro area which have the highest proportion of jobs relative to the national economy. They show a significant percentage of those jobs located within the City of St. Louis.

Professional services and high-tech industries are notable in the table above by their absence. The City captures less than its fair share of employment in these sectors, which suggests that they have significant growth potential. These information driven sectors should be targeted for downtown re-use plans as they create relatively high paying jobs, can locate anywhere in a region, and are projected to be the sources of growth in the near future, worldwide. Firms in these sectors are also especially well suited for locating downtown as their typical employees heavily rely on sectors, along with that of the already succeeding visitor oriented, financial and education sectors, will help the City regain lost employment faster than through growth in other industries.



Table IV-8

**Top Sectors of the St. Louis Metro Area Economy Compared to the National Economy
1990 and 1997**

Sector	Metro Area Rankings*		St. Louis City Share of Jobs	
	1990	1997	1990	1997
Elementary & Secondary Schools	5.9	6.4	14.9%	16.3%
Beverages Manufacturing	5.0	5.2	80.9%	78.8%
Industrial Organic Chemicals Mfg.	5.5	4.6	28.9%	25.5%
Refrigeration & Service Mfg.	4.5	3.7	29.2%	18.3%
Printing Trade Services	3.4	3.6	22.8%	14.2%
Commercial Banks	2.1	2.6	49.4%	51.2%
Blankbooks & Bookbinding Mfg.	2.6	2.3	37.3%	19.1%
Colleges & Universities	2.1	2.3	27.5%	25.3%
Soaps, Cleaners & Toilet Mfg.	2.1	2.2	44.6%	47.7%
Furniture & Home Furnishing Distrib.	2.2	2.2	37.8%	28.8%
Grain Mill Products Mfg.	2.7	2.2	76.7%	82.2%
School Bus Transportation Services	1.4	2.1	40.0%	58.2%
Amusement & Recreation Services	1.9	2.1	8.9%	13.6%
Sanitary Services	2.6	2.1	27.4%	26.9%
Water Transportation	5.0	2.1	48.0%	61.1%

* A ranking of 1.0 would indicate an equal proportion of St. Louis metro and U.S. jobs in that sector.

Source: Missouri Division of Employment Security and Development Strategies

Strong local economy creates strong real estate markets, while a healthy real estate environment creates attractive setting for relocations and new business generation, thus reinforcing the growth of the economy. More information is presented regarding the local economy and the growth opportunities it creates in Appendix C, pages 15-16; Appendix D, pages 3-4, 6-7, 9, 11 and 12; and Appendix E, pages 1 and 3.

