

## Metropolitan GDP : A New Measure of Local Economic Activity

The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce recently unveiled an innovative and experimental measure of economic activity for each of the nation's 363 metropolitan areas. Metropolitan Gross Domestic Product (MGDP) is the name assigned to this new measure of local area economic output.

Conceptually, Metropolitan GDP is analogous to national GDP – the single most detailed, comprehensive, widely followed and analyzed of all the statistics related to national economic growth and well being. Metropolitan GDP is designed to measure the market value of all final goods and services produced within a metropolitan area in a given time period. Moreover, since production and income are essentially opposite sides of the same coin, MGDP also provides information on income generated in a metropolitan area. Furthermore, in a fashion similar to national GDP, data on MGDP are reported in inflation-adjusted or real terms as well as in nominal or current dollar terms.

MGDP data are presently available on an annual basis from 2001 through 2005. That may seem like the distant past, but MGDP data should nonetheless prove extremely useful in a number of applications, such as determining the size and growth of a local economy; assessing the economic impacts of a range of events; analyzing the driving industries in a local economy; and evaluating the competitiveness of metropolitan areas. In addition to aggregate MGDP data, contributions to a local area's MGDP from each of 20 industries/sectors are also presented.

MGDP data for all twenty of Florida's metropolitan areas were included in the BEAs release, though some of the data for the Palm Coast metropolitan economy are incomplete. The accompanying table highlights some of the more interesting and revealing aspects of economic size, growth, activity and industry composition for Florida's metropolitan economies.

### Some noteworthy points:

Florida's metropolitan areas produced a whopping 99 percent of the state's entire Real GDP in 2005, versus 90 percent for the nation as a whole. Clearly, Florida has become a more urban/suburban state.

- As can be seen in column 2 of the table, the Miami-Fort Lauderdale-West Palm Beach metropolitan economy, encompassing the three counties, had a real MGDP of \$210 billion in 2005, by far the largest MGDP in the state. Indeed, this metropolitan economy accounted for 36 percent of the state's entire GDP. While, as one might expect, the Tampa, Orlando and Jacksonville metropolitan economies also had large MGDPs, the combined MGDP for these three metropolitan economies is just four percent larger than that for the Miami-Fort Lauderdale-West Palm Beach metropolitan economy.
- Per capita MGDP, column 3 of the table, provides an alternative perspective on production and incomes in local economies. In this regard, the Orlando area had the state's highest MGDP per person. Orlando area residents produced and earned roughly \$41,365 per person in 2005, versus an average for all metropolitan economies of slightly over \$30,000. The Punta Gorda metropolitan economy was at the other end of the spectrum with per person MGDP of \$18,828.
- Smaller metropolitan economies, those with a population less than 400,000, have been leading the state in growth as depicted in column 4 of the table. Cumulative MGDP growth from 2001 – 2005 averaged 24.74 percent for all metropolitan economies. By comparison, cumulative MGDP growth averaged 20.26 percent for the four large metro economies; 24.46 percent for the seven mid-sized economies, and 26.88 percent for the seven smaller metropolitan economies. The Port St. Lucie economy recorded the fastest growth rate of 46.03 percent, while Tallahassee's economy had the slowest growth rate at 10.86 percent.
- Real estate was the single largest industry in 12 of the 20 metropolitan economies in 2005, varying from a high of 60 percent of the local economy in the Palm Coast to a low of 12 percent of the Tampa local economy. Recall that 2005 was the peak of the state's real estate boom.
- The private sector share of MGDP averaged 87 percent for Florida's metropolitan economies, ranging from a low of 70 percent of the Tallahassee economy to a high of 96 percent of the Naples economy.

The metropolitan GDP data are a new source of information on Florida's local economies. The data are rich in detail, and further research and analysis will undoubtedly yield important and valuable insights on a number of features of Florida's local economies.

Metropolitan GDP					
Metropolitan Area	2005 Real MGDP	2005 Real MGDP	Real MGDP Growth Rate	Largest Industry, 2005	2005 Private Sector Share of MGDP (%)
	(billions of \$)	per capita	2001 - 2005 (%)	(% Of MGDP)	Share MGDP (%)
Cape Coral - Ft. Myer	\$ 18.30	\$ 33,308	28.89	Real Estate/rental/ leasing 23%	91
Deltona - Daytona	\$ 10.00	\$ 20,283	21.12	Real Estate/rental/ leasing 16%	88
Ft. Walton	\$ 7.80	\$ 41,285	41.82	Real Estate/rental/ leasing 29%	77
Gainesville	\$ 7.30	\$ 30,320	15.87	State & local government 26%	68
Jacksonville	\$ 46.60	\$ 37,167	18.88	State & local government 12%	87
Lakeland	\$ 12.90	\$ 23,808	16.22	Manufacturing 13%	90
Miami-FTL-WPB	\$ 210.00	\$ 38,721	17.45	Real Estate/rental/ leasing 19%	90
Naples	\$ 12.20	\$ 37,761	25.77	Real Estate/rental/ leasing 28%	96
Ocala	\$ 6.00	\$ 19,676	30.43	Retail Trade; 13%	88
Orlando	\$ 80.80	\$ 41,365	26.45	Real Estate/rental/ leasing 21%	93
Palm Bay-Melbourne	\$ 14.80	\$ 27,821	26.65	Manufacturing; 16%	88
Palm Coast	\$ 2.00	NA	NA	Real Estate/rental/ leasing 60%	95
Panama City	\$ 5.00	\$ 28,444	31.58	Government 19%	80
Pensacola	\$ 10.40	\$ 23,633	10.64	Government; 21%	80
Port St. Lucie	\$ 9.20	\$ 24,141	46.03	Real Estate/rental/ leasing 14%	89
Punta Gorda	\$ 2.90	\$ 18,828	31.82	Real Estate/rental/ leasing 22%	90
Sarasota-Bradenton	\$ 20.80	\$ 30,942	21.64	Real Estate/rental/ leasing 15%	93
Sebastian-Vero Beach	\$ 3.50	\$ 26,914	29.62	Real Estate/rental/ leasing 23%	91
Tallahassee	\$ 10.20	\$ 31,993	10.86	Government 30%	70
Tampa	\$ 91.50	\$ 34,699	18.26	Real Estate/rental/ leasing 12%	91
Total	\$ 582.20				
Average		\$ 30,058	24.74		87
Source: U.S. Department of Commerce, Bureau of Economic Analysis					

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