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The Bottom Line

Cities where manufacturing is booming

Tannen Maury / EPA
President Barack Obama watches employee Joan Backus operate machinery at Master Lock's manufacturing facility in Milwaukee last month. Exports from the Milwaukee area rose 13.5 percent from 2009 to 2010 -- among the highest rates in the country.

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President Barack Obama has been pointing to the improving labor market as a sign the economy is recovering. According to the latest monthly jobs report, companies hired more than 200,000 workers for the third consecutive month in February. Obama, speaking recently to workers at a Rolls-Royce aircraft parts plant in Virginia, touted 31,000 new manufacturing jobs added last month and suggested that manufacturing was fueling the recovery.

Indeed, manufacturing and exports appear to have been driving growth for some time, albeit slowly. According to a new Brookings report, U.S. exports, which represent 10.7 percent of gross domestic product, grew 11 percent in 2010, the fastest growth since 1997. The bulk of this growth, 75 percent, came from manufacturing.

In order to illustrate how export and manufacturing are fueling the economy, Brookings looked at exports in the 100 largest metropolitan areas in 2009 and 2010. Based on the Brookings report, 24/7 Wall St. identified the 10 cities where manufacturing fueled export growth the most.

Most of the cities where manufacturing is booming were once major industrial centers. Cities like Cleveland and Milwaukee were manufacturing hubs as early as the mid-1800s. In the late 1970s, however, manufacturing began declining and today represents only a fraction of GDP in these areas. Other industries have since taken larger shares of GDP and employment. For example, in Toledo, which was once a leader in auto manufacturing, the health care industry is now the city’s biggest employer. Today, manufacturing only accounts for 13 percent of the labor force in the metropolitan region.

For this reason, the impact manufacturing has had on these cities can be hard to detect. According to the Bureau of Economic Analysis, while exports have grown substantially in these regions, total GDP has not. Between 2009 and 2010, GDP grew at or below the national rate of 2.5 percent in six of the 10 cities.

Even though GDP growth was unimpressive in several of these cities, manufacturing and export growth may have been the difference between growing at a modest rate and not growing at all. Export growth was responsible for at least 61 percent of GDP growth in these cities. In Milwaukee, exports offset losses in other sectors, growing by $1.1 billion between 2009 and 2010, while GDP only grew by $944 million. Among the cities where manufacturing was fueling export growth most, manufacturing accounted for at least 88 percent of this growth.

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It is clear these cities have some ways go before manufacturing's impact is readily seen. Median income in these areas remains among the lowest in the country. Six of the 10 metropolitan areas are in the bottom third among major cities for income. Toledo, for example, has a median household income of just $43,260, the 11th lowest in the country. In many of these cities, median income fell even as manufacturing jobs increased. In fact, only one city of the 10 showed an increase in income. Meanwhile, the declines in income in the other cities were among the worst in the country.

24/7 Wall St. reviewed data on the 100 largest metropolitan areas from Brookings' report "Export Nation: 2012, How Metropolitan Areas Are Driving National Growth." Median household income data are from the U.S. Census Bureau. Also included from the Brookings report are GDP and GDP growth by region, exports and export growth by region, and export production jobs and export production growth by region.

These are the cities where manufacturing is booming.

1. Milwaukee-Waukesha-West Allis, Wis.

- **Manufacturing contribution to export growth:** 93.3 percent
- **GDP (2010):** $75.8 billion (38th highest)
- **Exports share of GDP:** 12.3 percent (22nd highest)
- **Exports growth rate (2009 - 2010):** 13.5 percent (16th highest)
- **Change in GDP (2009 - 2010):** 1.3 percent rise

Exports from the Milwaukee metropolitan statistical area increased 13.5 percent from 2009 to 2010 -- among the highest rates in the country. Manufacturing accounted for 93.5 percent of this growth -- the greatest amount. From June 2010 to June 2011, the region was one of the nation's leaders in job growth, with a growth rate of 2.89 percent, according to the Milken Institute, thanks primarily to its manufacturing sector. According to the Metropolitan Milwaukee Association of Commerce, 14 percent of occupations in the region are manufacturing jobs -- the second-highest rate in the country. The rate for the nation is just 8.9 percent. However, from 2009 to 2010, Milwaukee's GDP only increased 1.3 percent, compared to the national growth rate of 2.5 percent.

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2. Youngstown-Warren-Boardman, Ohio-Pa.

- **Manufacturing contribution to export growth:** 92.5 percent
- **GDP (2010):** $19.5 billion (seventh lowest)
- **Exports share of GDP:** 15.0 percent (ninth highest)
- **Exports growth rate (2009 - 2010):** 30.4 percent (the highest)
- **Change in GDP (2009 - 2010):** 3.8 percent rise

The exports growth rate for the Youngstown metropolitan from 2009 to 2010 is the largest in the country, at 30.4 percent. This is nearly twice the rate of the metro area with the second-largest growth rate. In addition to this, exports make up a particularly large share of Youngstown's GDP. According to the Youngstown/Warren Regional Chamber, 13 percent of all jobs in the metropolitan area are in the manufacturing industry. In the decade following 2001, however, the sector lost 19,500 jobs -- the most in the region. From 2009 to 2010, the Youngstown area's GDP grew 3.8 percent, which is significantly more than the national increase.

3. Toledo, Ohio

- **Manufacturing contribution to export growth:** 91.6 percent
- **GDP (2010):** $27.7 billion (23rd lowest)
- **Exports share of GDP:** 15.0 percent (10th highest)
- **Exports growth rate (2009 - 2010):** 17.0 percent (third highest)
- **Change in GDP (2009 - 2010):** 2.8 percent rise

Like its neighbor, Cleveland, Toledo is one of America's aging industrial centers that has fallen on hard times. Auto manufacturing was once the driving force behind the city's economy, but manufacturing has long been on the decline. Today, health care has taken the spot of manufacturing as the region's chief industry. Exports production added 810 jobs to the region between 2009 and 2010, demonstrating that manufacturing still contributes to the local economy. Exports also accounted for 81 percent of the area's 2.8 percent increase in GDP over that period.

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4. Greenville-Mauldin-Easley, S.C.

- **Manufacturing contribution to export growth:** 91.5 percent
- **GDP (2010):** $26.0 billion (19th lowest)
- **Exports share of GDP:** 14.9 percent (11th highest)
- **Exports growth rate (2009 - 2010):** 15.0 percent (11th highest)
- **Change in GDP (2009 - 2010):** 2.6 percent rise

The economic growth of the Greenville metropolitan area is largely being driven by manufacturing, accounting for 91.5 percent of export growth from 2009 to 2010. Export growth in the region is among the greatest in the country, as is the percentage of exports attributed to GDP. The largest manufacturing employers in the region are Michelin North America, BMW Manufacturing Corp, and textile and R&D company Milliken & Company. From 2009 to 2010, the metropolitan area added 560 jobs in export production.

5. Grand Rapids-Wyoming, Mich.

- **Manufacturing contribution to export growth:** 90.2 percent
- **GDP (2010):** $35.4 billion (35th lowest)
- **Exports share of GDP:** 15.3 percent (eighth highest)
- **Exports growth rate (2009 - 2010):** 16.1 percent (fourth highest)
- **Change in GDP (2009 - 2010):** 3.6 percent rise

Exports growth in the Grand Rapids-Wyoming metropolitan area from 2009 to 2010 was 16.1 percent, one of the highest rates in the country. Exports make up a significant portion of the region's GDP, which exceeded $35 billion in 2010. Among the area's largest employers are a number of manufacturers that deal at least partially in transportation equipment, including Gentex, Magna International, and Lacks Enterprises. Though the area's GDP is not especially large, growth from 2009 to 2010 was above average.

Click here to read the rest of the cities where manufacturing is booming.

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