

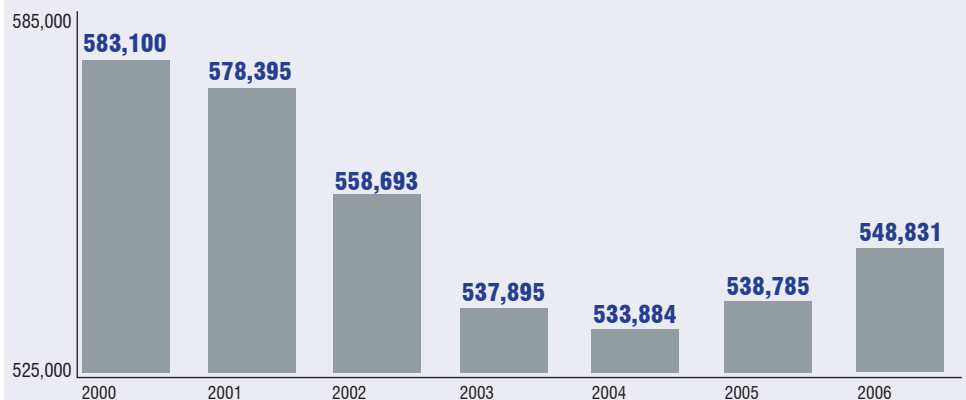
Boston's Job Growth— The Key to Massachusetts Economy

Boston continues to be the economic hub of the Commonwealth of Massachusetts and the center for commerce in New England — attracting workers from all over the world for jobs in finance, professional services, education and health care. Since the end of the national recession of the early 2000s, Boston's job growth rate was 75% greater than that of the rest of Massachusetts — highlighting the city's instrumental role in attracting workers at all skill-levels to the various industries that make up the Commonwealth's economy.

Between 2000 and 2004 Boston lost 49,216 payroll jobs, a decline of 8.4%. During the same time period Massachusetts as a whole lost roughly 4.1% of its payroll jobs. However, as shown below, since 2004 Boston's job growth has been much faster than that of the state's. As a comparison, the prior recession following 1988, saw Boston lose 11.8% of its payroll jobs between 1988 and 1992, while Massachusetts as a whole lost just under 11% during the same time period. Although there is a time lag for the latest employment statistics for cities, a new report from the U.S. Bureau of Labor Statistics shows that Boston continues to lead the state in job growth. Between September 2006 and September 2007 the Boston-Cambridge-Quincy metropolitan division (the core of the Boston Metropolitan Area containing half of the state's jobs) expanded employment by 26,700 jobs or 1.6 percent. The rest of the state grew only 4,100 jobs, or 0.3 percent.

- Between 2004 and 2006, the number of payroll jobs in Boston grew by 14,947 or 2.8 %.
- During that same time period, the number of payroll jobs in the rest of Massachusetts grew by just 1.6%.
- Twenty six percent of the state's payroll job growth between 2004 and 2006 was generated in Boston.
- The latest data for September 2007 shows that payroll job growth in the Boston Metro Area comprises 87% of the states total growth.

Boston's Payroll Employment 2000-2006*



* in thousands
Sources: The Massachusetts Department of Workforce Development

Between 2004 and 2006, Boston's total payroll employment grew from 533,884 jobs to 548,831 jobs – an increase of 14,947 jobs or 2.8 percent.

Sources

The Boston Redevelopment Authority monitors employment data compiled and released by the Massachusetts Department of Workforce Development (DWD) and the U.S. Bureau of Economic Analysis (BEA).

The following is a comparative analysis of 2004 to 2006 Payroll Employment Data for each major industry sector, compiled from the DWD. The employment figures in this analysis include only payroll employees and, thus, exclude many self-employed and commission based employees not on payrolls, and other non-payroll workers. Early data from the U.S. Bureau of Economic Analysis suggest that non-payroll job growth in Boston's leading industries has also been strong, raising the city's role in state employment gains even higher.

Analysis

Between 2004 and 2006, Boston's total payroll employment grew from 533,884 jobs to 548,831 jobs – an increase of 14,947 jobs or 2.8 percent. During that same period, payroll jobs in the rest of the Commonwealth grew by 42,749, or 1.6 percent. Although Boston is home to just 9 percent of the Commonwealth's population and 17 percent of its jobs, between 2004 and 2006 Boston generated 26 percent of the Commonwealth's job growth.

The following is a list of major industry sectors that have shown an increase or decrease in employment along with follow-up analysis indicating absolute job-number change and percent change from 2004 to 2006. Although state and city employment began to fall from year 2000, the following examines changes since 2001, when the

Boston's Payroll Employment Gains 2004-2006

NAICS Code	Industry Sector	Absolute Change	Percentage Change
62	Health Care and Social Assistance	4,439	4.6%
52	Finance and Insurance	3,852	5.6%
54	Professional, Scientific, and Technical Services	3,286	6.2%
72	Accommodation and Food Services	2,356	5.7%
56	Admin. & Support and Waste Mgt. & Remediation Ser.	1,597	4.5%
61	Education Services	1,246	4.4%
81	Other Services (except public administration)*	1,180	6.3%
	Government	1,128	1.6%
51	Information	481	3.2%
53	Real Estate and Rental and Leasing	373	3.4%

Sources: The Massachusetts Department of Workforce Development

new North American Industrial Classification System (NAICS) went into effect.

Employment Gains

Boston's Leading Industry sectors – Professional, Scientific and Technical Services; Health; Education; and Finance and Insurance – continue to be the backbone of the Massachusetts economy. Together, they added 12,824 payroll jobs in Boston, accounting for nearly 86 percent of the city's total payroll employment gain from 2004–2006.

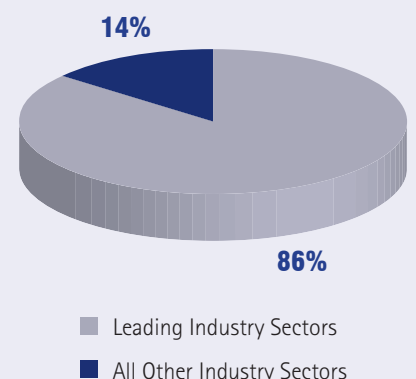
Boston's largest employment sector continues to be Health Care and Social Assistance. Between 2004 and 2006, this sector also had the largest job gains, adding 4,439 jobs, a 4.6 percent increase that raised the sector's overall payroll employment to 101,894 jobs. Hospitals contributed the majority of the employment increase in this sector, adding 3,708 payroll jobs. Massachusetts General Hospital (MGH), Saint Elizabeth's Hospital, Brigham and Women's Hospital, and the Dana Farber Cancer Institute are among those improving and expanding their facilities, which is another sign of vitality. The sector remains relatively recession-proof, consistently adding jobs in Boston since 1995.

During this same period, Finance and Insurance added 3,852 payroll jobs, a 5.6 percent rise, bringing the sector's total to over 72,000 payroll jobs at the end of 2006. The

Securities and Financial Investments component led the way, gaining 2,212 payroll jobs. Overall, Securities and Insurance Carriers have helped the industry regain four tenths of the job decline since the 2001 national recession. In 2006, Insurance Carriers reached its highest employment level since prior to 2000, totaling 17,813 payroll jobs.

Between 2004 and 2006, Professional, Scientific, and Technical Services grew by 3,286 jobs, a 6.2 percent increase, which boosted its overall employment to 55,995 payroll jobs. A significant portion of the increased employment is attributed to the rise in the Management, Scientific and Technical

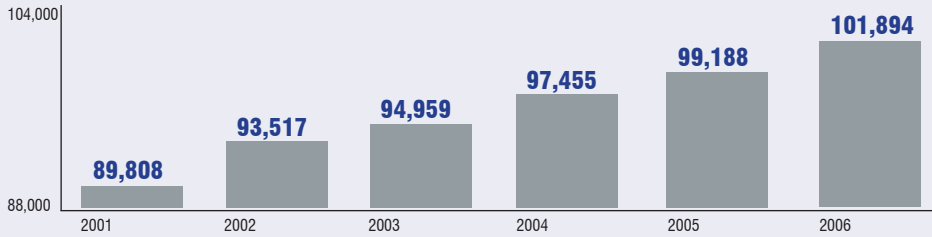
Boston's Leading Industries as a Percentage of Total Growth



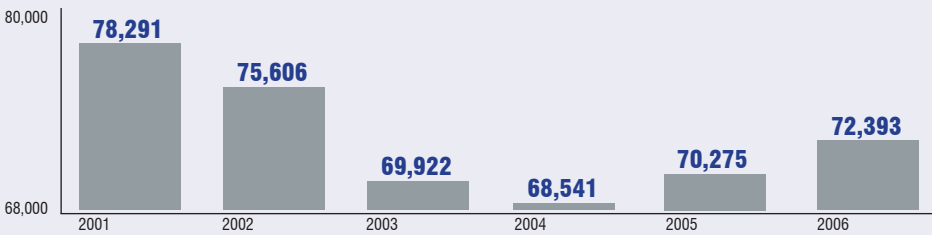
Sources: Executive Office of Labor and Workforce Development, BRA Research Division Analysis

Boston's Payroll Employment

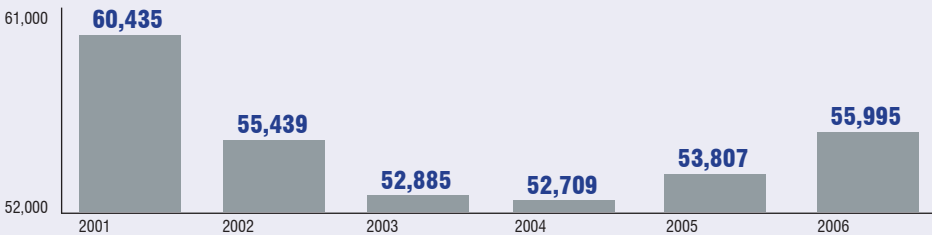
Health Care and Social Assistance



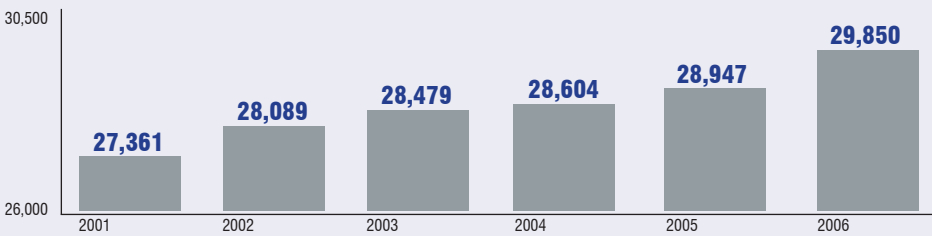
Finance and Insurance



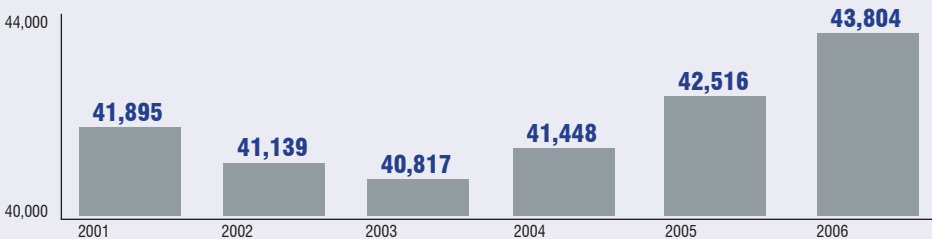
Professional, Scientific, and Technical Services



Education



Accommodation and Food Services



Source: Executive Office of Labor and Workforce Development

Boston's leading industry sectors – Professional, Scientific and Technical Services; Health; Education; and Finance and Insurance – continue to be the backbone of the Massachusetts economy.

Services companies, which gained 1,154 payroll jobs. Payroll employment in this sector has surpassed the level reached in 2002; it is still, however, 4,440 payroll jobs short of its all-time peak in 2000.

During the same time period, Educational Services grew by 1,246 payroll jobs or 4.4 percent, bringing total payroll employment to 29,850. Colleges and Universities were the major contributor, providing 921 payroll jobs in the sector. Education has also steadily gained jobs since 1997, ensuring Boston's status as a leader in higher education and a wide array of "knowledge-based industries."

The following additional sectors also provided significant job growth for the city: Accommodation and Food Services; Administrative and Support; Waste Management and Remediation Services; Other Services; Government; Information; and Real Estate and Rental Leasing.

Accommodation and Food Services gained 2,356 payroll jobs between 2004 and 2006, a 5.7 percent increase. Boston's tourism has bounced back, helping the sector reclaim jobs it had lost since 2001. The sector's 43,804 payroll jobs in 2006 is its highest level ever. The many new restaurant openings across the city contributed to Food Service and Drinking Places leading the way with 1,642 new payroll jobs, a 5.1 percent increase. The 2,089 new hotel rooms opened 2004 through 2006 and the growing success of the Boston Convention and Exhibition Center lifted retail and restaurant business as well as hotel employment.

Boston's Payroll Employment Losses 2004-2006

NAICS Code	Industry Sector	Absolute Change	Percentage Change
31-33	Manufacturing	-2,052	-15.8%
48-49	Transportation and Warehousing	-1,793	-11.3%
44-45	Retail Trade(excludes food services)	-473	-1.7%
71	Arts, Entertainment, and Recreation	-295	-3.9%
55	Management of Companies and Enterprises	-96	-1.3%
42	Wholesale Trade	-91	-1.1%
22	Utilities	-88	-4.1%
23	Construction	-70	-0.6%

Sources: The Massachusetts Department of Workforce Development

Administrative and Support and Waste Management and Remediation Services provided Boston with 1,597 additional payroll jobs, a 4.5 percent gain, bringing the total to 37,143. Employment Services (temporary help firms) within the Administration and Support Services component contributed a significant proportion of the sector's growth — adding approximately 645 payroll jobs. The job gains of the past two years have brought the industry's job count to its highest level ever.

Other Services includes repair and maintenance; personal and laundry services; and religious, civic and professional organizations increased by 1,180 payroll jobs, a 6.3 percent gain, the highest percentage increase of all major industry sectors. Total payroll employment in Other Services reached 19,948 in 2006. The major contributor to the sector is the Membership Organizations and Associations component, which added 596 payroll jobs.

The Government sector, consisting of federal, state, and local, added 1,128 payroll jobs between 2004 and 2006 in Boston, bringing its total payroll employment to 71,824. This is still far below the level during the pre-recession years prior to 2001.

Real Estate and Rental and Leasing added marginal employment gains, as did Information, below 500 payroll employees each. Of note here, however, is the Publishing industry (led by newspaper, book, and directory publishers) which added 1,030 payroll jobs, a 15 percent increase. This was offset,

however, by losses in the broadcasting and telecommunications sectors.

Employment Losses

Over the last two decades, Boston's largest employment losses have occurred in Manufacturing and Transportation and Warehousing. Transportation has experienced precipitous job declines since 2001 — most notably in Air Transportation. This trend remained persistent during the 2004 to 2006 time period, as Manufacturing and Transportation and Warehousing were the only two industries to experience significant employment losses in Boston.

Boston had 10,974 payroll jobs in Manufacturing at the end of 2006. Employment in this sector declined by 2,052 payroll jobs between 2002 and 2004, a 15.8 percent drop. Much of the decline stemmed from the Computer and Electronic Product Manufacturing Component, accounting for nearly 626 payroll jobs lost. Much of the decline may be attributed to Teradyne Inc. relocating from Boston to North Reading.

The second-largest decline was in the Transportation and Warehousing sector, which lost 1,793 payroll jobs, a 11.3 percent drop. Scheduled Air Transportation, within the Air Transportation component, declined by 1,252 jobs, bringing down payroll employment in the sector to 14,033 jobs.

The Retail Trade sector lost 473 payroll jobs in Boston between 2004 and 2006, bringing its total payroll employment down to

27,344. Much of the loss in retail trade can be attributed to a loss of 454 department store payroll jobs during the time period, possibly a result of the Filenes closure.

The Arts, Entertainment, and Recreation sector declined by 295 payroll jobs, a 3.9 percent decrease, which brought down the employment total to 7,274 payroll jobs. Spectator Sports, within the Performing Arts and Spectator Sports component, experienced an employment loss of 266 payroll jobs.

Boston's Management of Companies and Enterprises, Wholesale Trade, Utilities and Construction sectors lost a marginal number of payroll jobs between 2004 and 2006, ranging from 96 jobs lost in Management of Companies and Enterprises to 70 jobs lost in Construction.

Conclusion

Since the end of the national recession in the early 2000s, Boston has led the economic recovery of the Commonwealth of Massachusetts, generating 26 percent of the payroll jobs gained. Boston's 1.9 % job growth in 2006 was the strongest since 1999 — and returned Boston's payroll employment level to that of early 2003. The latest data highlights the city's steady, overall job growth in diverse sectors of the economy and its role as the leader in economic activity in Massachusetts and New England. If Boston's job growth continues at this rate between 2006 and 2009, total employment will approach the city's all-time employment high of 583,100 payroll jobs in 2000.



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