

Boston's People and Economy

INTRODUCTION

Boston, first incorporated as a town in 1630, and as a city in 1822, is one of America's oldest cities, with a rich economic and social history. What began as a homesteading community eventually evolved into a center for innovation and entrepreneurship, as well as for social and political change. Boston has become the economic engine and cultural hub of New England.

As the seat of Suffolk County, capital city of Massachusetts and the region's hub, Boston is home to over 600,000 residents, many world renowned institutions of higher education, some of the world's finest inpatient hospitals, many successful corporations, and numerous professional sports and cultural organizations. Millions of people visit Boston each year to take in its historic sites, diverse neighborhoods, cultural or sporting events, and attend functions in one of Boston's convention centers.

Under the direction of Mayor Thomas M. Menino, the City is vigorously pursuing economic opportunities, to ensure Boston will become a global leader in the twenty-first century.

Boston's Growing and Changing Population

As of the 2010 Census, the City of Boston ranks as the 20th largest city by population in the United States. The City is the center of the 5th largest Combined Statistical Area (CSA) in the nation. The Boston CSA has a total population of 7.6 million in 2009, the most recent data available.

Over the thirty years between 1950 and 1980 Boston's population declined 30% from 801,444 to 562,994. This decline can largely be attributed to a national trend of suburbanization. Since 1980,

Boston, Massachusetts Quick Facts

Government

Founded	Sept. 17, 1630
State (capital)	Massachusetts
County (seat)	Suffolk
Government Type	Strong Mayor-Council
Mayoral Term (years)	4
Councillor Term (years)	2
District Councillors	9
At-Large Councillors	4
U.S. House Reps. (MA)	10
Electoral Votes (MA)	12

People

Population (2010)	617,594
% of State	9.4%
% Growth (from 2000)	4.8%
% Non-white/Hispanic	53.0%
% White/non-Hispanic	47.0%

Geography

Neighborhoods	23
Land Area (sq. miles)	48.4
Water Area (sq. miles)	41.2
Density (pop./sq. mile)	12,752
Public Road Mileage	917.1
Ft. Above sea-level	141.0

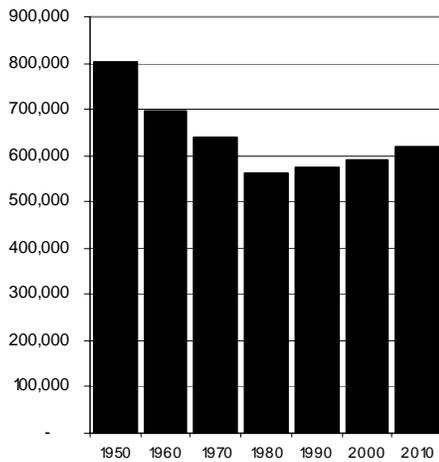
Climate

Climate Type	Humid Continental
Avg. Ann. Hi Temp. (F)	59.3
Avg. An. Lo Temp. (F)	43.9
Avg. Rainfall/Year (in)	42.5
Avg. Precip. Days/Year	126.0
Avg. Snowfall/Year (in)	41.8
Avg. Snowy Days/Year	22.5
Ann. Sunshine Hours	2,638.2

Boston 1st's

Public Park (Common)	1634
Public School (Latin)	1635
Public Library	1653
Telephone	1875
Subway	1897
World Series	1903
Mutual Fund	1924

Table 1



Boston's Population
1950 to 2010 Census

Figure 1

however, the city's population has stabilized and grown. The 2010 U.S. Census records the city's population at 617,594, representing a 4.8% increase over its 2000 population and a 9.7% increase over 1980.

With this growth in population has come a change in demographics. A wide range of ethnic backgrounds and countries of origin can now be found in Boston's population. The 2010 census results showed that non-white/hispanic peoples continue to make up the majority of Boston's population, as they have for the past 10 years (Table 2).

The 2000 Census, which is the last year detailed data is available, showed that Boston was also a relatively young City. Children ages 19 and under made up 22% of the City's population. Almost one out of every three persons in Boston was between the ages of 20 and 34 years old. People ages 35 to 54 years old comprised 20% of the population. People ages 54 to 65 years old comprise 15%. Senior citizens ages 65 and above made up only 10% of the City's population.

Boston's Labor Force, Jobs, and Income

Boston ranks among the highest in concentrations of employment in the U.S. In 2010, Boston supplied an estimated 652,180 jobs, approximately one out of every five jobs in Massachusetts and one out of every thirteen jobs in New England. The 2010 jobs figure represents a loss of 6,566 jobs from 2009. However, the employment picture has begun to improve recently with the unemployment rate in Boston falling to 7.7% in June 2011, a decrease from 8.4% in the same month of 2010.

With the number of Boston based jobs exceeding the resident labor force by more than double, the City is the recipient of many daily commuters. Between 1970 and 2000, the number of non-Suffolk County residents commuting to jobs in Suffolk County increased over 40% to nearly 328,000 (Figure 2). And, as Boston has continually become a better place to live, more residents are choosing to remain in the City and commute out

Boston's People & Economy

		1970	1980	1990	2000	Recent
Population	Total Population	641,071	562,994	574,283	589,141	617,594 ('10)
	% Minority Population	18%	30%	37%	51%	53% ('10)
	White Alone			59%	49%	47% ('10)
	Black or African-American			24%	25%	22% ('10)
	Asian			5%	8%	9% ('10)
	Hispanic or Latino			11%	15%	18% ('10)
	Other			1%	3%	4% ('10)
Income	Median Household Income	\$7,935	\$12,530	\$29,180	\$39,629	\$55,979 ('09)
	Avg. Annual Wage (Suffolk County)		\$15,472	\$31,272	\$55,522	\$73,114 ('09)
Education	% High School Graduate	34%	35%	27%	24%	23% ('09)
	% Some College Completed	9%	13%	19%	19%	18% ('09)
	% College Graduate	10%	20%	30%	36%	45% ('09)
Employment	Labor Force	266,505	N/A	304,507	304,224	331,331 (6/'11)
	Unemployment Rate (resident)	12.8%('75)	7.8%('83)	8.6%('91)	2.7% ('00)	7.7%(6/'11)
	Number of Jobs	576,125	572,078	622,433	688,077	652,180 ('10)
	% Blue Collar Jobs	45%	40%	33%	31%	31% ('09)
	% White Collar Jobs	55%	60%	67%	69%	69% ('09)
	% Manufacturing Jobs	11%	9%	5%	4%	
	% Trade Jobs	22%	16%	13%	12%	
	% Finance Jobs	13%	13%	15%	15%	
% Service Jobs	25%	36%	42%	46%		

Sources:

Boston Redevelopment Authority, U.S. Census Bureau, Massachusetts Division of Employment and Training, Massachusetts Department of Labor and Workforce Development

Table 2

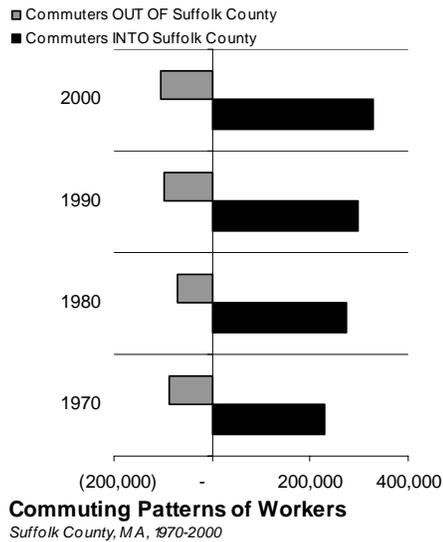


Figure 2

for their jobs. Between the City's population low point in 1980 and 2000, the number of Suffolk County residents commuting to jobs outside the county grew nearly 50% and now represents 30% of the resident county labor force.

The City's resident labor force has undergone a transformation as well. Of the 266,505 Boston residents working in 1970, 45% held blue-collar jobs and 55% held white-collar jobs. In 2000, of the 304,224 Boston residents working, those holding blue-collar jobs fell to 31%, and those employed in white-collar occupations rose to 69% (Table 2). This same ratio has remained through 2009. Many white-collar jobs are concentrated within the finance, health care, and education sectors. The City's labor force has grown to 331,331 through June 2011.

The changing needs of a service and information-based economy have resulted in a better educated and more highly skilled workforce. In 2000, 79% of the adults in Boston had completed high school, compared to 53% in 1970. A full 36% of adults in Boston had completed college in 2000, compared to only 10% in 1970. According to the most recent estimates from 2009, 86% of adults had completed high school, and more than 45% of adults had completed college.

With Boston's well-educated workforce comes comparatively high household incomes and wages. In 2009, median household income in the City of Boston ranked 13th among U.S. cities with populations greater than 500,000. Median household income in Boston is consistently more

than 30% greater than the median household income in the United States. This 2009 figure was \$55,979, up 7.9% from 2008, on an inflation-adjusted basis (Table 2).

Per capita Personal Income in Suffolk County was \$52,276 in 2008. The average annual wage and salary disbursement per job in Suffolk County was \$73,114 in 2009, a decrease of \$2,156 or 2.9% from the previous year. Beginning around 1990, wages in Suffolk County began to grow faster than the state and the nation. In 2009, the average annual wage per job in Suffolk County was 32% higher than the average Massachusetts wage and 60% higher than the national average wage (Figure 3).

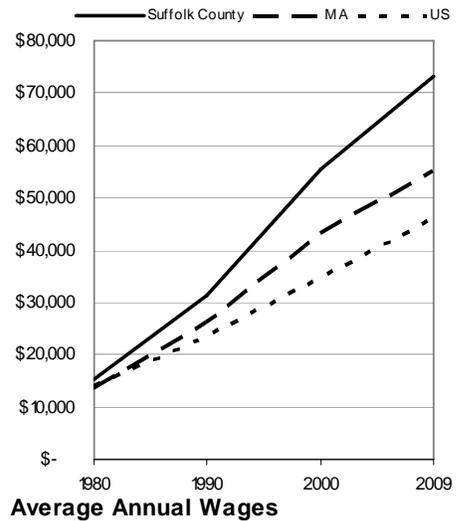


Figure 3

Key Sectors in the Boston Economy

Transportation

A key to any city's economic health is its ability to transport residents, workers, and visitors efficiently and safely to their intended destinations, whether in the city or throughout the region.

Local Travel

In the fall of 2009, Mayor Menino declared that "the car is no longer king in Boston". As such, the City has made investments into "greener" transportation for its residents, visitors and employees. A contract for a bike sharing program is nearing completion that is expected to put bike stations in various

points around the City for users to rent for trips around town. As of December 2010, the City has installed a total of 38 miles of bike lanes on City roads with more to follow. The City also now has 39 discounted scooter/motorcycle parking spaces downtown to encourage the use of these fuel efficient vehicles. Further, the City itself has moved to limit emissions and increase the fuel economy of its fleet by purchasing hybrid vehicles and requiring new taxi cabs to be hybrids as well.

Boston's public transportation system reaches into every neighborhood in the City via trolley, subway or bus, and is linked to the commuter rail and Amtrak systems. Several major rail initiatives are increasing access and reducing travel time. The Massachusetts Bay Transportation Authority (MBTA) is nearing completion of the new "Silver Line" in three phases to operate as part of its core downtown transit system. The completed Phases 1 & 2 provide rapid transit bus services connecting Downtown with the Seaport district and with Chinatown and Roxbury. Phase 3, now in planning and design, will include connections between the first two phases. The MBTA provides commuter rail, subway, local bus and express bus services to 175 cities and towns in eastern Massachusetts, offering public transit to a population of almost 4.7 million people in an area of 3,200 square miles. The MBTA currently serves about 1.2 million passengers per day.

The "Big Dig", or Central Artery Tunnel, connects the Massachusetts Turnpike to Logan Airport and relocated the previously elevated Interstate 93 under the city, reopening views of Boston Harbor not seen for half a century. The Mayor's "Crossroads" project is reconnecting long disconnected city neighborhoods by rebuilding the roads that once ran between them. In addition, the Rose Kennedy Greenway is completed. This large downtown series of parks and gardens will be an enormous benefit to residents, workers and visitors to the city of Boston for years to come.

Regional Travel

Boston's South Station, one of three major high speed rail terminals on Amtrak's Northeast Corridor currently hosts high speed intercity passenger rail, including Amtrak Acela Express and Northeast Regional Services. It is also the terminus for Amtrak's Lake Shore Limited service between Boston and Chicago. The Boston-New York-Washington portion of the Northeast Corridor carried over ten million passengers in FY 2010 on Acela Express, Regional Service or other trains, more than any other service in the country.

The metropolitan Boston roadway system provides commuters access to the city through surface arteries and three limited access interstate highways that connect Boston to the national highway system. Interstate 90, (Massachusetts Turnpike), just extended as part of the Central Artery Project, leads westward from Logan Airport through downtown Boston to the New York State border. Interstate 95, the East Coast's principal north-south highway, connects Boston to New Hampshire and Maine to the north and New York City and Washington D.C. to the south. Interstate 93, another north-south highway, extends from just south of the city to New Hampshire. Major industrial parks and high-technology companies line these transportation arteries.

National and International Travel

In 2010, Boston's Logan International Airport was the most active airport in New England, the 19th most active airport in the United States, and the 43rd most active airport in the world. It served over 27.4 million international and domestic passengers, a 7.2% increase from 2009. Logan Airport is also very important to the economy as a center for processing air cargo. In 2010, Logan Airport's total air cargo and mail volume totaled 563.2 million pounds. This was a 1.4% decrease from 2009 air cargo and mail volume.

The Port of Boston provides New England businesses with excellent deep-water port facilities and access to world ports, as well as feeder service to Halifax, Nova Scotia, and New York. The Port of Boston ranked as the

10th largest Atlantic coast seaport by container volume shipped. The Port of Boston has also become a major cruise ship port, hosting more than 300,000 cruise ship passengers in 2010, an increase of 12.7% from the year before.

Higher Education, Healthcare, and Financial Services

Higher education, health care, and financial services play a major role in Boston's economy. An examination of Boston's 50 largest private employers in 2010 shows that 80% are involved in these key sectors.

Boston hosts 34 universities, colleges, and community colleges, with a combined enrollment of over 150,000 students annually. Included among the City's colleges and universities are some of the finest educational institutions in the country, including Boston College, Boston University, and Northeastern University.

These institutions of higher education have a major effect on the City's economy. Because many of these students remain in Boston after graduation, the City's educational institutions are a major source of highly-skilled professionals for the City's workforce. Boston's colleges and universities contribute to the economy in ways beyond providing a work force to City businesses and maintaining a stable work force of more than 44,000 themselves. Since 2007, eleven new higher education building projects were completed. Since 2000, twenty-nine dormitories have been built. In addition, as of June 2011, two more dormitory halls are approved and two more are under construction.

Many of the nation's finest research and teaching hospitals are located in Boston, including Massachusetts General Hospital, Brigham and Women's Hospital, Beth Israel/Deaconess Hospital, Boston Medical Center, New England Medical Center and Children's Hospital, as well as numerous community-based health centers. In total there are 20 inpatient hospitals in the City. Furthermore, the City is home to the medical and dental schools of Harvard University, Tufts University, and Boston University. In 2010, there were an estimated 120,000 people, or one in five of all Boston jobs, employed in health services in the City.

Largest Private Employers in Boston

Over 10,000 Employees
Brigham & Women's Hospital
Massachusetts General Hospital

5,000 to 9,999 Employees
Boston University
Children's Hospital Boston
Fidelity Investments
John Hancock/Manulife
Liberty Mutual Group, Inc.
State Street Corporation
MFS Investment Management

Table 3

Many of the country's leading financial services firms are located in Boston, including Fidelity Investments, John Hancock/Manulife Financial, and State Street Corporation. The City also has the distinction of being the birthplace of the mutual fund industry. In 2010, there were over 100,000 people employed in the finance, insurance and real estate industries in Boston.

Travel, Tourism, and Culture

The City entertains many types of visitors each year. From those seeking historical sites, museums, sporting events, restaurants, theatre, or business conventions; Boston is a great place to visit. According to the Greater Boston Convention and Visitors Bureau, an estimated 19.3 million people visited Boston in 2009, up 5.5% from the previous year. Of those, an estimated 1.1 million were international visitors to Boston.

Boston is an attractive destination for conventions, meetings, and gate shows. The Boston Convention and Exhibition Center (BCEC) is located on a 60-acre site in South Boston and contains 516,000 square feet of contiguous exhibition space and is designed to accommodate larger conventions. This facility, along with new hotel projects in the city, has given a significant boost to the local economy. In 2010, the Boston Convention and Exhibition Center, along with the John B. Hynes Memorial Convention Center, hosted 236 events, a 13% increase from 2009. There were a total of 756,087 attendees in 2010, up 5.9% from 2009. Boston also has several other sites for small and medium size conventions and conferences

including the World Trade Center and Bayside Exposition Center.

The City of Boston is home to five major professional sports teams: the Boston Red Sox baseball team which plays at historic Fenway Park, the Boston Bruins hockey team, and the Boston Celtics basketball team which play at the new TD Garden. The New England Patriots football and Revolution soccer teams play at Gillette Stadium in nearby Foxborough, MA. The New England Aquarium, Museum of Fine Arts, Isabella Stewart Gardner Museum, Institute of Contemporary Art, and many other attractions bring in thousands of tourists a year. The City also provides venues for concerts, ice shows, circuses, and other entertainment performances as well as street festivals and parades in its neighborhoods and parks.

Economic Outlook

Currently, the city is recovering from the “Great Recession” that affected the state, nation, and most of the world’s economic powers. As with any economic entity, the City of Boston has experienced good times and bad. During the 1960’s, the economy thrived and unemployment was consistently below 6%. In the 1970’s, Boston experienced the same pain felt across the country as the term “stagflation” was coined. The 1980’s produced the “Massachusetts Miracle” and launched a Massachusetts Governor’s bid for the presidency. The 1990’s gave way to recession again with unemployment over 8% and a collapsing real estate market which transitioned into expansion with lower unemployment, more commercial development, and increased home values throughout the City and region. In the early 2000’s, Boston experienced a mild recession along with the rest of the nation but continued to grow afterward.

Housing

The housing market is a source of growth for many industries and is a barometer of economic health. Since the end of the most recent recession, the housing market has come back unevenly across the country. Boston is faring better than many other metropolitan areas that were harder hit to begin with.

According to the Federal Reserve Bank of Boston,



Cum. Change in Freddie Mac Home Price Index
March 2001 to March 2011

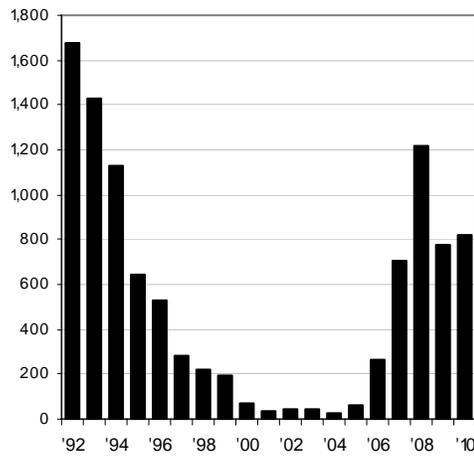
Figure 4

in the third quarter of 2010, the median sale price of an existing single family home in the City was \$368,805, an increase of 5.0% over the same quarter in 2009. In 2010, there were 994 single family homes sold, compared to 995 in 2009. In the third quarter of 2010, the median sale price of a condominium was \$375,000, up 8.7% from the same quarter in 2009. There were 4,216 condominium sales in 2010, down from 4,228 in 2009.

However, the Boston housing market has begun to show signs of weakness again. Data from the Freddie Mac Home Price Index shows a decrease of 7.1% in the first quarter of 2011 over the same quarter 2010.

Economic conditions, combined with the correction in the real estate market, has put the number of residential foreclosures closer to the levels experienced in the mid-1990’s real estate market crash. In 2009, 776 foreclosure deeds were finalized in Boston. The number rose to 821 in 2010. Although it was an increase, it is still well below the recent peak of 1,215 deeds that occurred in 2008 (Figure 5). While deeds to foreclosure (the first step in the foreclosure process) went up by 6% in 2010, petitions to foreclose (the final step in the foreclosure process) went down by 30% from 2,200 in 2009 to 1,541 in 2010.

Hotels



Boston's Foreclosure Deeds
 Department of Neighborhood Development
 1992-2010

Figure 5

Hotel bookings are an indication of the health of Boston's business and tourist economy. Boston's hotel market has rebounded since faltering in 2007 and 2008, both in terms of occupancy rates and average room rates. In 2010 the average daily room rate was \$192 and occupancy was at 79.3% in Downtown Boston. These figures are an increase over 2009 with an average daily room rate of \$184 and occupancy of 73.3%. In the Back Bay area of the City where there is a concentration of hotels, the 2010 the average daily room rate was \$194, up 3.6% from 2009; the occupancy rate was 74.8% in 2010, an increase of 6.9% from 2009. In terms of rates and occupancy, 2010 was similar to the peak years of the mid 2000s.

Development

There are many long-term economic development projects proceeding in Boston. These include plans to develop the East Boston and South Boston waterfronts; further enhancements to Boston's neighborhoods through the Empowerment Zone and Main Streets initiatives; and continuing development of retail and business districts citywide.

Dudley Square in the Roxbury neighborhood is currently undergoing revitalization. Subsequent to reviewing its building inventory, the City of Boston is moving forward on plans for construction of a new municipal office building in Dudley Square. The current cost estimate for design and construction is \$115 million. The plan is for approximately 400 city employees to work in the

new Dudley Square building, primarily administrators in the School department. Construction will start within one year. This project will help stimulate the economy around Dudley Square, allowing it to grow to its potential as a major neighborhood commercial center.

Vertex Pharmaceuticals has signed a lease as the anchor tenet in new development on Fan Pier in South Boston for two new buildings totaling 1.1 million square feet will be home to a new company headquarters and major research facilities for Vertex. Construction began in June 2011. Vertex has added 450 new positions since May 2008, and is expected to add 500 permanent jobs in conjunction with this project over the next few years. This expansion is driven by the recent approval of Vertex's new drug by the FDA. The Commonwealth of Massachusetts is in the process of reviewing for final approval the application filed by the developer and the City of Boston to support this development project with up to \$50 million in state supported bond financing for public infrastructure through the Infrastructure Improvement Incentive ("I-Cubed") program and a property tax incremental financing (TIF) credit for approximately \$12 million.

Partnerships have and will continue to play an important role in revitalizing Boston's neighborhoods. Boston Connects, Inc. had made available \$350,000 in microloan funds to strengthen existing businesses and to start new businesses in the Empowerment Zone. There are currently nineteen Boston business districts participating in the Main Streets Program, a partnership between the City and the National Trust for Historic Preservation to improve the local business climate in neighborhoods. As of the end of June 2010, this program has created 900 net new and expanded businesses and more than 5,500 net new jobs. It has improved the marketability and business strategy of business districts, and preserved the character of surrounding residential areas. The Main Streets Program has leveraged more than \$11.2 million in private investment over the same period.

Although Boston was hard hit by the "Great Recession", the City's economy is improving and it is expected to continue to do so in the proceeding few years.

