

# 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 to 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 as of 2010.

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, 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%

## Boston, Massachusetts Quick Facts

### Government

Founded	Sept. 17, 1630
State (capital)	Massachusetts
County (seat)	Suffolk
Government Type	Strong Mayor-Council
Mayoral Term (years)	4
Councilor Term (years)	2
District Councilors	9
At-Large Councilors	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%
Median age (years)	30.8

### 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

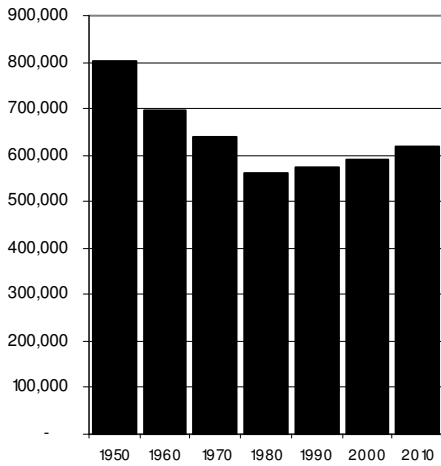
### Climate

Climate type	Humid Continental
Avg. Ann. High Temp. (°F)	59.3
Avg. Ann. Low Temp. (°F)	43.9
Avg. rainfall/year (inches)	42.5
Avg. precipitation days/year	126.0
Avg. snowfall/year (inches)	41.8
Avg. snowy days/year	22.5
Ann. Sunshine hours	2,638.2

### Boston Firsts

Public park (Bos. Common)	1634
Public school (Boston 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

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 show 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 2010 Census also shows that Boston is a relatively young city. Children ages 19 and under

make up 22% of the City's population. More than one out of every three persons in Boston is between the ages of 20 and 34 years old. People ages 35 to 54 years old comprise 24% of the population. People ages 55 to 64 years old comprise 9%. Senior citizens ages 65 and above make 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 657,669 jobs, approximately one out of every six jobs in Massachusetts and one out of every fourteen jobs in New England. The 2010 jobs figure represents a loss of 1,616 jobs from 2009. However, the employment picture has begun to improve recently with the unemployment rate in Boston falling to 6.5% in June 2012, a decrease from 7.8% in the same month of 2011.

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 for their jobs. Between the City's population low point in 1980 and 2000, the number of Suffolk

**Boston's People**

		1970	1980	1990	2000	2010
<b>Population</b>	Total Population	641,071	562,994	574,283	589,141	617,594
	% White Alone	NA	NA	59%	49%	47%
	% Non-White/Hispanic	18%	30%	37%	51%	53%
	Black or African-American	NA	NA	24%	25%	22%
	Asian	NA	NA	5%	8%	9%
	Hispanic or Latino	NA	NA	11%	15%	18%
	Other	NA	NA	1%	3%	4%
<b>Income</b>	Median Household Income	\$7,935	\$12,530	\$29,180	\$39,329	\$49,893
	Average Annual Wage (Suffolk County)	NA	\$15,472	\$31,272	\$55,522	\$74,881
<b>Education</b>	% High School Graduate	34%	35%	27%	24%	24%
	% Some College Completed	9%	13%	19%	19%	18%
	% College Graduate	10%	20%	30%	36%	44%
<b>Employment</b>	Labor Force	266,505	NA	304,507	304,224	327,561
	Unemployment Rate (resident)	12.8%(75)	7.8%(83)	8.6%(91)	2.70%	7.9%
	Number of Jobs	576,125	572,078	622,433	688,077	657,669
	% Blue Collar Jobs	45%	40%	33%	31%	32%
	% White Collar Jobs	55%	60%	67%	69%	68%
	% Manufacturing Jobs	11%	9%	5%	4%	1%
	% Trade Jobs	22%	16%	13%	12%	11%
	% Finance Jobs	13%	13%	15%	15%	15%
	% Service Jobs	25%	36%	42%	46%	58%

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

Table 2

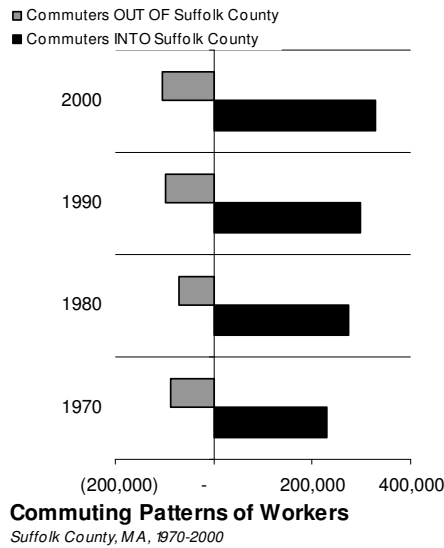


Figure 2

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 2010, of the 327,561 Boston residents working, those holding blue-collar jobs fell to 32%, and those employed in white-collar occupations rose to 68% (Table 2). Many white-collar jobs are concentrated within the finance, health care, and education sectors. The City's labor force has grown to 322,863 through June 2012.

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 2010, 86% of adults had completed high school, and 44% of adults had completed college.

With Boston's well-educated workforce comes comparatively high household incomes and wages. In 2010, median household income in the City was \$50,710, up 27% from 2000 (Table 2). Median household income in Boston is consistently more than 30% greater than the median household income in the United States. Per capita Personal Income in Suffolk County was \$52,856 in 2010. The average annual wage and salary disbursement

per job in Suffolk County was \$74,881 in 2010, an increase of \$1,767 or 2.4% from the previous year. Beginning around 1990, wages in Suffolk County began to grow faster than the state and the nation. In 2010, the average annual wage per job in Suffolk County was 32% higher than the average Massachusetts wage and 59% higher than the national average wage (Figure 3).

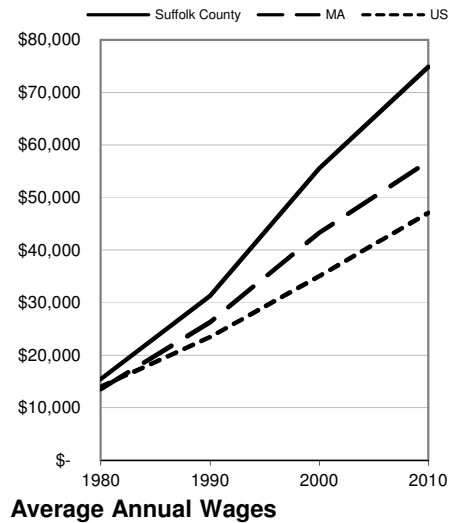


Figure 3

## 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 was completed that put bike stations in various points around the City for users to rent for trips around town. As of December 2011, the City has installed a total of 50 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

## Largest Private Employers in Boston

### Over 10,000 Employees

Brigham & Women's Hospital  
Massachusetts General Hospital

### 5,000 to 9,999 Employees

Beth Israel Deaconess Medical Center  
Boston University  
Children's Hospital Boston  
Fidelity Investments (FMR Corp.)  
Harvard University (Graduate Schools)  
State Street Corporation

Table 3

these fuel efficient vehicles. 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. The City is also currently running a pilot fleet-sharing program. "FleetHub" is an online reservation system allowing City employees to reserve pooled vehicles for departmental use.

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 1.3 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 was 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 19<sup>th</sup> most active airport in the United States, and the 48<sup>th</sup> most active airport in the world. In 2011, Logan served over 28.9

million international and domestic passengers, a 5.5% increase from 2010. Logan Airport is also very important to the economy as a center for processing air cargo. In 2011, Logan Airport's air cargo and mail volume totaled 568.8 million pounds. This was a small increase from 2010 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 12<sup>th</sup> largest Atlantic coast seaport by container volume shipped. The Port of Boston has also become a major cruise ship port, hosting 307,224 cruise ship passengers in fiscal 2011, a decrease of 1.0% 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 55 largest private employers in 2010 shows that 75% are involved in these key sectors.

Boston hosts 35 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 workforce of nearly 44,000 themselves. Since 2007, seventeen 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 have been approved and four 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 25 community-based health centers. In total there are 22 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.

Many of the country's leading financial services firms are located in Boston, including Fidelity Investments, John Hancock/Manulife Financial, State Street Corporation, and Wellington Management. The City also has the distinction of being the birthplace of the mutual fund industry. In 2010, there were nearly 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 27.4 million people visited Boston in 2011, up 4.1% from the previous year. Of those, an estimated 1.3 million were international visitors to Boston and Cambridge.

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 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 2011, the Boston Convention and Exhibition Center, along with the John B. Hynes Memorial Convention Center, hosted 237 events, about even with 2010. There were a total of 622,854 attendees in 2011, down 17.6% from 2010. 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 each 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 History & Outlook

Currently, the city is recovering from the “Great Recession” that affected the state, nation, and most of the world’s economic powers. 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. In 2008, the City was swept up with the nation in the “great recession”. While Boston and Massachusetts did not fare as badly as some others, especially in the real estate market, the job loss and foreclosures were tough on the City indeed.

### 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

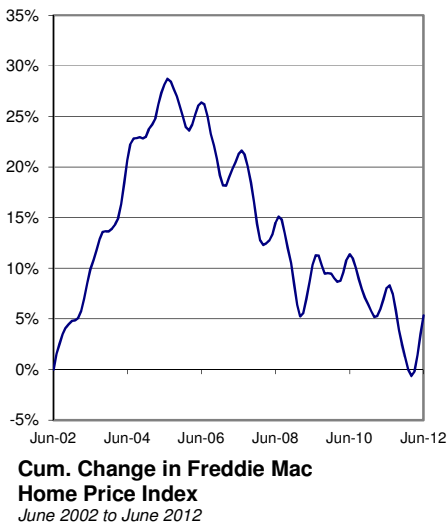


Figure 4

other metropolitan areas that were harder hit to begin with.

Prices of existing homes are slowly increasing or still declining in Boston depending on the source of information. According to the National Association of Realtors, in the second quarter of 2012, the median sale price of an existing home Boston was \$362,100, an increase of 1.8% over the same quarter in 2011. This recent value is a 25% increase from the recent nadir in the first quarter of 2009, but still 14% below the peak in the second quarter of 2006. A look at the cumulative change in the Freddie-Mac Home Price Index (Figure 4) denotes a very recent uptick in home prices in the Boston area since June 2002.

Sales continue to slow in the City according to data from the publication Banker and Tradesman. In 2011, there were 934 single family homes sold, compared to 994 in 2010. There were 3,873 condominium sales in 2011, down from 4,282 in 2010. Only multi-family sales have increased, growing from 1,455 in 2010 to 1,484 in 2011.

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 2010, 821 foreclosure deeds were finalized in Boston. The number declined to 409 in 2011. This decline is a welcome change from the

recent peak of 1,154 deeds that occurred in 2008 (Figure 5).

### Hotels

The number of hotel rooms available in the City has grown dramatically over the last 10 years increasing from about 14,000 rooms to over 18,000 rooms. Much of this was in response to demand resulting from the construction of the Boston Convention and Exhibition Center (BCEC). The BCEC and the smaller Hynes Convention Center produce considerable demand for hotel nights.

Boston's hotel market has rebounded since faltering in 2008 and 2009, both in terms of occupancy rates and average daily room rates. In 2011, the average daily room rate was \$198 and occupancy was at 77.4% citywide. These figures are an increase over 2010 with an average daily room rate of \$190 and occupancy of 76.3%. In terms of rates and occupancy, 2011 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 heart of the Roxbury neighborhood, is currently undergoing revitalization. The City is moving forward on plans for construction of a new municipal office building in Dudley Square. The plan calls for approximately 500 city employees to work in the new Dudley Square building, primarily administrators in the School department. The current cost estimate for design and construction is \$115 million. 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 tenant in a new development on Fan Pier in South Boston. The project consists of two new buildings totaling 1.1 million square feet. The buildings will be home to a new company headquarters and major research facilities for

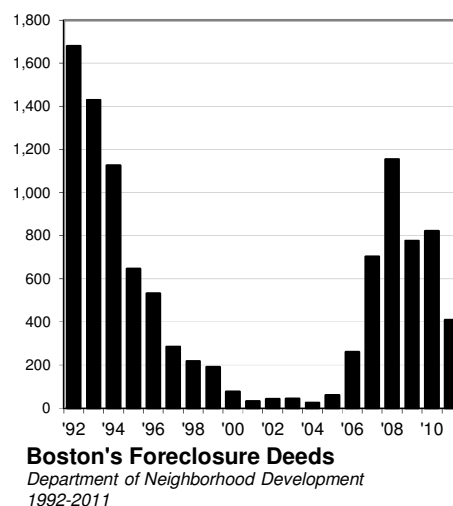


Figure 5

Vertex. The company has added 450 new positions since May 2008, and is expected to add 500 permanent jobs over the next few years in conjunction with this project. 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 project with up to \$50 million in state supported bond financing for public infrastructure through the Infrastructure Improvement Incentive ("I-Cubed") program. The City will also approve a tax increment financing (TIF) credit for approximately \$12 million. Construction began in June 2011.

Some other recent large downtown projects and their associated square footage are as follows: Russia Wharf, 660,000 sq. ft.; One Marina Park Drive, 500,000 sq. ft.; Two Financial Center, 214,000 sq. ft.; Atlantic Wharf, 517,000 sq. ft.; and Lincoln Plaza, 119,000 sq. ft.

Revitalization of Boston's neighborhoods occurs through organizations such as Boston Main Streets Program. Main Streets is a partnership between the City and the National Trust for Historic Preservation to improve the local business climate in neighborhoods. The program provides businesses with resources for storefront improvements, programs and training, and local events and promotions to support local businesses. There are currently twenty Boston business districts participating in the Main Streets program. Between 1995 and the close of fiscal

2011, this program has created 984 net new and expanded businesses and more than 6,000 net new jobs. The Main Streets Program has improved the marketability and business strategy of business districts, and preserved the character of surrounding residential areas. The program provided funds or leveraged private investment of more than \$12.6 million since 1995.

Boston Back Streets, run by the Boston Redevelopment Authority (BRA) is a program similar to Main Streets but focused on industrial businesses in the City. In 2011, Back Streets aided 16 businesses, created or retained 445 jobs and helped companies to expand into over 100,000 square feet of new space.

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