

MetroStats



The Twin Cities in 2012: An Uneven Recovery

September 2013

The American Community Survey (ACS) is a continuously collected survey administered by the U.S. Census Bureau. It provides estimates of demographic and housing characteristics each year. This issue of *MetroStats* highlights socioeconomic findings from the latest ACS release, which summarizes data collected in 2012, and compares key indicators to data from earlier years of the ACS.

Throughout this document, the term "Twin Cities" refers to the Minneapolis-St. Paul-Bloomington metropolitan statistical area (MSA) defined by the United States Office of Management and Budget. This MSA covers 13 counties – Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties in Minnesota and Pierce and St. Croix Counties in Wisconsin.

Unless otherwise noted, all comparisons described in the text are statistically significant at the 90 percent level (the standard used in U.S. Census Bureau publications).

For more information, contact:

Matt Schroeder
matt.schroeder@metc.state.mn.us
651-602-1513

Krysten Ryba-Tures
krysten.ryba-tures@metc.state.mn.us
651-602-1821

Or visit:
www.metrocouncil.org/data

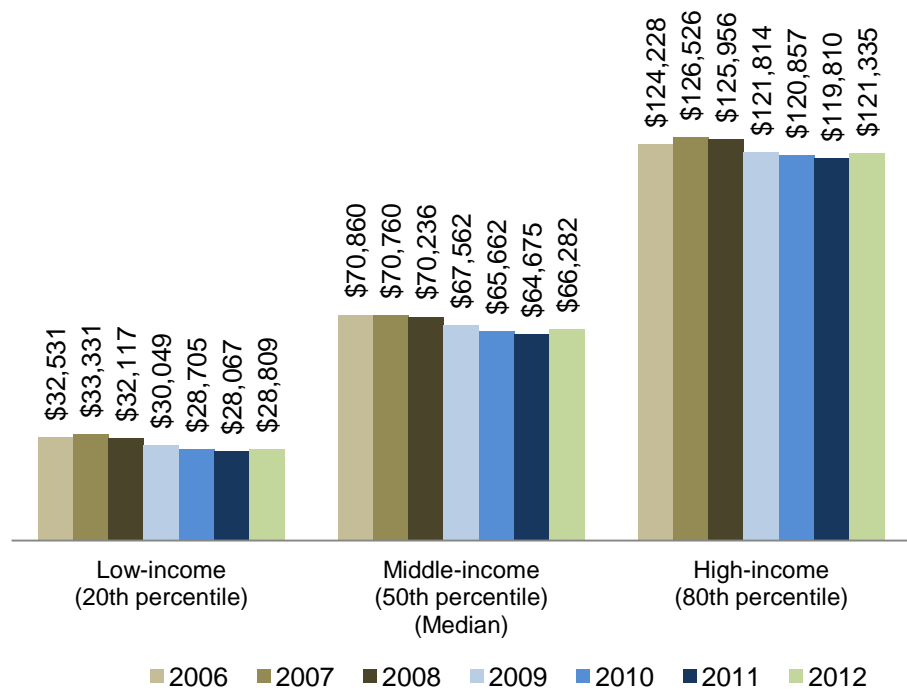
Publication No. 74-13-026

Highlights

New data from the Census Bureau's 2012 American Community Survey suggest that residents of the Twin Cities are recovering from the economic recession that ended in June 2009. Not all segments of the population have shared in this recovery, however.

Incomes are recovering for middle- and high-income households. The median household income in the twelve months before the survey was \$66,282 in 2012, up from \$64,675 in 2011. This was the first increase in median household income since the recession began in 2008. Among the 25 largest metropolitan areas, the Twin Cities was one of only two to show an increase in median household income (see Appendix). A typical high-income household (at the 80th percentile of household incomes¹) also saw an increase in its income, from \$119,810 to \$121,335. However, there was no statistically significant change in household income for a typical low-income household (at the 20th percentile of the household income distribution).

Household Income Trends in the Twin Cities
(in 2012 dollars)



¹ We discuss the 20th and 80th percentiles because they allow a look at incomes that are discernibly low- or high-income, but not so extreme that they present a misleading picture of the income distribution. They can also be compared easily to other data on income quintiles published by organizations like the Congressional Budget Office.

Across the income spectrum, household incomes were still lower in 2012 than they were in 2007, before the recession. This loss is more pronounced for low-income households, among whom household income was 14 percent lower in 2012 than it was in 2007. Incomes for middle-income and high-income households, by contrast, were just 6 percent and 4 percent lower in 2012 than they were in 2007, respectively.

	Net change in real income, 2007-2012	
	Dollars	Percent
Low-income households (20 th percentile)	– \$4,522	– 13.6 %
Middle-income households (50 th percentile)	– \$4,478	– 6.3 %
High-income households (80 th percentile)	– \$5,191	– 4.1 %

Poverty increased during the recession and has not declined substantially.

Consistent with the above finding that there has been no considerable increase in low-income household incomes, poverty has plateaued. In 2012, 10.7 percent of Twin Cities residents were in poverty according to the Census Bureau’s definition, up from 8.4 percent in 2007 and not significantly lower than the 11.0 percent poverty rate in 2011.

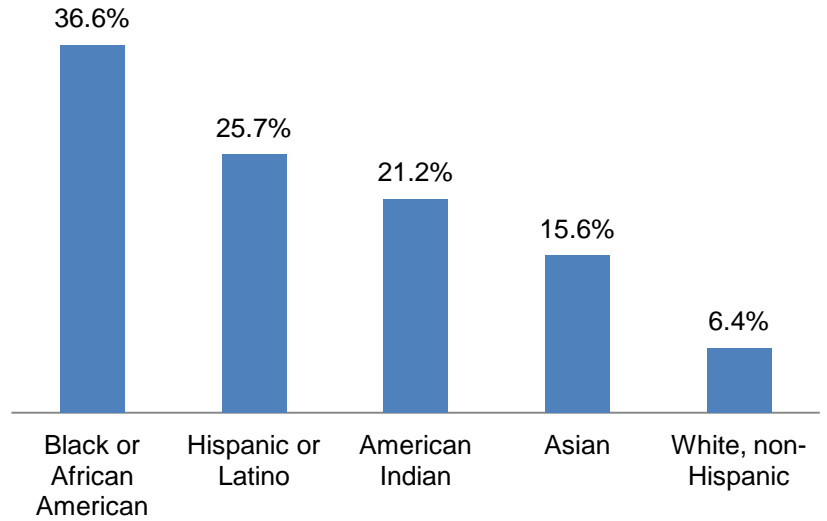
The federal government uses a different standard to determine eligibility for some government programs—whether one’s income falls below 185 percent of the poverty threshold. This indicator, which captures more of the working poor, shows the same pattern: 22.4 percent of Twin Cities residents had incomes below 185 percent of the poverty threshold in 2012, an increase from 17.8 percent in 2007 and not significantly lower than 22.6 percent in 2011. Nevertheless, by both measures the Twin Cities has one of the lowest poverty rates among the 25 largest metropolitan areas (see Appendix).



People of color experienced much higher poverty rates than white non-Hispanic people did.

The Twin Cities' low overall poverty rate reflects the low poverty rate of its white non-Hispanic majority, which has a poverty rate of just 6.4 percent (the lowest among the 25 largest metropolitan areas).² Other racial and ethnic groups have much higher poverty rates. Among Twin Cities residents, 36.6 percent of Blacks or African Americans were in poverty in 2012—the second-highest rate and the largest difference from whites among the 25 largest metropolitan areas. Also, 25.7 percent of Twin Cities Hispanics or Latinos were in poverty in 2012, the seventh-highest rate among the 25 largest metropolitan areas.

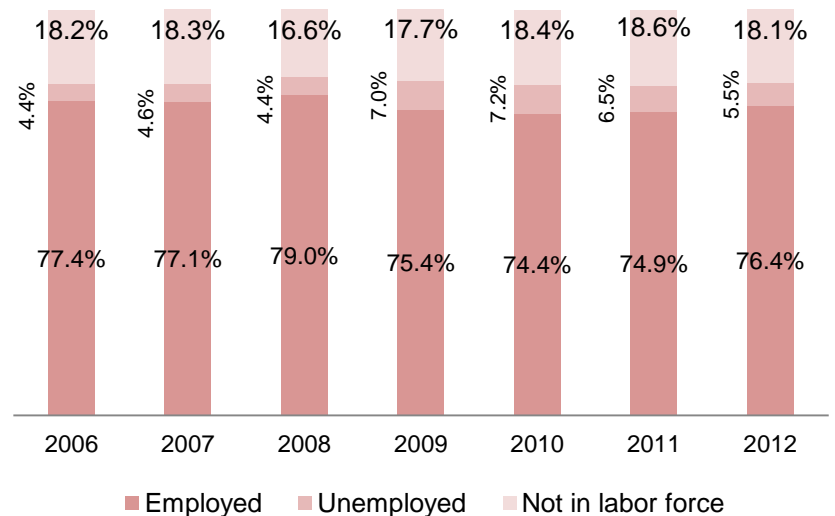
Twin Cities Poverty Rates by Race and Ethnicity, 2012



The employment rate increased, and the unemployment rate decreased.

Between 2011 and 2012, the employment rate among civilians between 16 and 64 years old increased from 74.9 percent to 76.4 percent, while the unemployment rate declined from 6.5 percent to 5.5 percent. There was no statistically significant change in the overall civilian labor force participation rate (the employment rate plus the unemployment rate). The Twin Cities had the highest employment rate and the second-lowest unemployment rate of the 25 largest metropolitan areas in 2012.

Employment Status of Twin Cities Civilians 16 to 64 Years Old, 2012

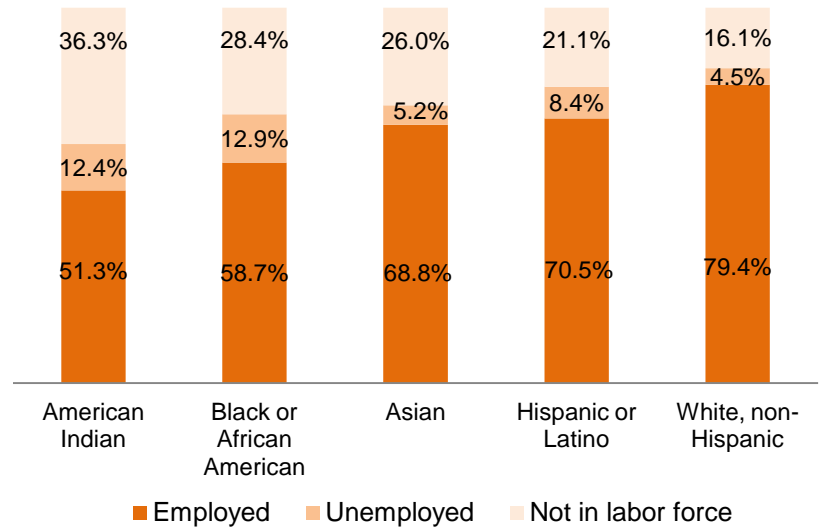


² The Census Bureau does not provide poverty data for people who are Black or African American, American Indian, or Asian and are non-Hispanic. These racial categories contain a small number of Hispanics.

People of color experienced much lower employment rates than white people.

While nearly 80 percent of Twin Cities white non-Hispanic adults were employed in 2012, only 58.7 percent of Black or African American adults and 51.3 percent of American Indian adults were employed.³ These disparities are among the highest in the 25 largest metropolitan areas. Black or African American people also experienced higher unemployment rates than white non-Hispanics, though the differences in unemployment rates between white non-Hispanics and the other racial/ethnic groups were not statistically significant.

Employment Status in the Twin Cities by Race and Ethnicity, 2012



An increasing percentage of Twin Cities residents are renters.

Renter households accounted for 31 percent of all occupied housing in the Twin Cities in 2012. The overall shift toward rental housing has been small but steady. In 2005, renters represented 26 percent of all occupied housing; in 2012, they constituted 31 percent. Despite a growing percentage of renters, the Twin Cities has the second highest rate of home owners among the 25 largest metropolitan areas.

This shift toward rental housing has occurred within various income levels. For example, there was a notable increase in the percentage of middle-income households⁴ who rent instead of own between 2005 and 2012 (23 percent versus 32 percent, respectively). In addition, the percentage of higher-income households in rental housing has doubled in the past seven years. Lower-income households remained the most consistent in terms of tenure, with the majority of households living in rental housing (from 2005 to 2012, an average of 57 percent of lower-income households were renters).

Tenure of Lower-income Households



Lower-income refers to households with an annual income of less than \$35,000.

Tenure of Middle-income Households



Middle-income refers to households with an annual income of between \$35,000 and \$74,999.

Tenure of Higher-income Households



Higher-income refers to households with an annual income of \$75,000 or higher.

■ Renter ■ Owner

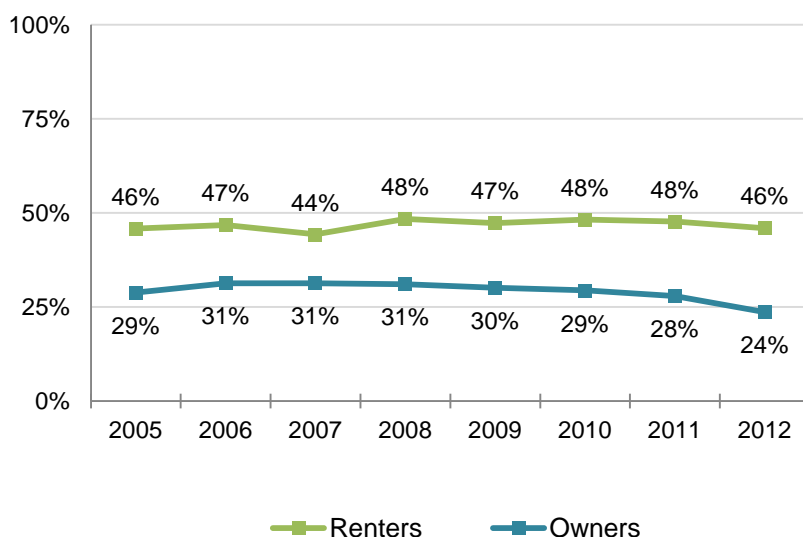
³ The American Community Survey asks about employment in the week before people responded to the survey. This analysis is limited to civilians between the ages of 16 and 64.

⁴ The ACS table (B25106) used in this analysis provided a limited income distribution, resulting in a more conservative definition of middle-income than the Metropolitan Council typically uses. For context, the "lower-income" category contains 24 percent of 2012 households, the "middle-income" category contains 33 percent, and the "higher-income" category contains 41 percent.

Housing cost burden subsided for owners, but remained consistent for renters.

The Twin Cities ranks fourth among the 25 largest metropolitan areas for cost-burdened households (those who pay 30 percent or more of their monthly income for housing costs). Taking a closer look at this issue by tenure, it is clear renters in the Twin Cities are more likely to be cost-burdened than owners: Almost half (46 percent) of renters in the Twin Cities experienced housing cost burden in 2012. The percentage of cost-burdened renters has remained fairly consistent since 2005. Conversely, the percentage of owners considered cost-burdened has declined in recent years after hitting a high of 31 percent. This suggests homeowners moved into more affordable housing as home values fell, and also the opportunities for homeowners to refinance at record-low interest rates.

Percentage of Twin Cities Residents with Housing Cost Burden by Tenure



Appendix: Comparison of the 25 Most Populous Metropolitan Areas on Selected Characteristics

	Median household income	Percentage of persons in poverty	Percentage of white non-Hispanic persons in poverty	Percentage of Black or African American persons in poverty	Percentage of persons employed	Percent of white non-Hispanic persons employed	Percentage of Black or African American persons employed	Percentage of occupied housing units that are owned	Percentage of households experiencing cost burden
Atlanta-Sandy Springs-Marietta, GA	\$54,628	16.6%	9.3%	23.6%	66.2%	69.7%	61.3%	63.8%	35.7%
Baltimore-Towson, MD	\$66,970	11.3%	6.2%	21.7%	70.1%	74.5%	60.9%	65.9%	34.2%
Boston-Cambridge-Quincy, MA-NH	\$71,738	10.7%	7.1%	21.9%	72.4%	75.0%	65.0%	61.3%	37.4%
Chicago-Joliet-Naperville, IL-IN-WI	\$59,261	14.5%	7.3%	30.5%	68.2%	73.6%	53.2%	64.8%	38.9%
Dallas-Fort Worth-Arlington, TX	\$56,954	15.0%	7.7%	22.9%	70.0%	72.6%	64.2%	59.5%	32.1%
Denver-Aurora-Broomfield, CO	\$61,453	12.7%	7.5%	31.2%	73.0%	75.8%	63.7%	62.4%	34.2%
Detroit-Warren-Livonia, MI	\$50,310	17.4%	11.0%	35.4%	63.7%	68.7%	49.3%	69.0%	33.7%
Houston-Sugar Land-Baytown, TX	\$55,910	16.4%	7.2%	22.8%	67.3%	69.8%	61.1%	61.4%	32.6%
Los Angeles-Long Beach-Santa Ana, CA	\$57,271	17.6%	9.6%	25.0%	65.1%	69.1%	56.2%	48.4%	49.1%
Miami-Fort Lauderdale-Pompano Beach, FL	\$46,648	17.5%	9.6%	27.7%	66.5%	69.1%	58.9%	62.0%	47.3%
Minneapolis-St. Paul-Bloomington, MN-WI	\$66,282	10.7%	6.4%	36.6%	76.4%	79.4%	58.7%	69.4%	30.6%
New York-Northern New Jersey-Long Island, NY-NJ-PA	\$63,982	14.8%	7.9%	21.4%	67.1%	71.4%	60.2%	51.4%	46.0%
Orlando-Kissimmee-Sanford, FL	\$46,020	16.9%	11.1%	26.1%	66.5%	69.0%	61.3%	61.4%	42.7%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	\$60,105	13.4%	7.4%	25.8%	66.6%	71.7%	55.0%	67.5%	37.0%
Phoenix-Mesa-Glendale, AZ	\$51,359	17.4%	10.1%	27.2%	66.2%	69.6%	60.6%	61.6%	34.9%
Pittsburgh, PA	\$50,489	12.1%	9.9%	28.8%	69.9%	71.9%	54.2%	69.4%	25.9%
Portland-Vancouver-Hillsboro, OR-WA	\$56,978	14.0%	11.4%	36.8%	68.6%	69.6%	55.9%	60.5%	37.9%
Riverside-San Bernardino-Ontario, CA	\$51,695	19.0%	12.1%	27.2%	58.1%	61.3%	49.6%	62.4%	46.0%
San Antonio-New Braunfels, TX	\$51,486	17.3%	8.5%	23.3%	69.4%	73.2%	55.0%	69.7%	30.4%
San Diego-Carlsbad-San Marcos, CA	\$60,330	15.0%	11.6%	22.2%	67.3%	70.3%	64.0%	62.4%	29.8%
San Francisco-Oakland-Fremont, CA	\$74,922	11.9%	7.3%	25.7%	65.2%	67.8%	55.8%	53.1%	46.2%
Seattle-Tacoma-Bellevue, WA	\$65,677	11.7%	8.3%	26.0%	69.4%	73.6%	55.1%	53.0%	42.5%
St. Louis, MO-IL	\$52,243	14.3%	9.1%	32.9%	70.7%	72.8%	60.9%	59.5%	38.3%
Tampa-St. Petersburg-Clearwater, FL	\$44,402	16.4%	11.7%	31.4%	64.8%	66.3%	57.6%	64.3%	38.2%
Washington-Arlington-Alexandria, DC-VA-MD-WV	\$88,233	8.4%	4.6%	13.5%	74.6%	77.7%	68.7%	62.9%	34.9%
Rank of the Twin Cities (by positive)	5	T-2	3	24	1	1	14	T-2	4
United States	\$51,371	15.9%	11.0%	28.1%	66.6%	69.6%	56.7%	63.9%	34.7%