

Peer groups article [4]
“Greater New Orleans Lags behind Peer Regions”

The overriding reality of Greater New Orleans is weak economic growth. Measured against either its peer metropolitan areas or national urban averages, since mid-century the New Orleans region has lagged in job creation, improvement in average family incomes, and, most dramatically, growth in property wealth. In the 1990 census it had the lowest median family income and highest regional poverty rate among its peers and was well below national averages.

To identify its peers, I asked what regions were most like New Orleans fifty years ago. Nine metro areas matched up well with New Orleans back in 1950. They were Atlanta, Birmingham, Charlotte, Greensboro-Winston Salem, Houston, Memphis, Nashville, Norfolk-Virginia-Beach-Newport News, and Richmond. All were about metro New Orleans' population size (784,000), median family income (\$3,000 per year), racial composition (29% black), and economic mix (16% manufacturing jobs).

Table 1 shows that, from 1950 to 1997, the rate of job creation in metro New Orleans (142%) was lower than for all its peers except Birmingham (105%). In job creation New Orleans fell far behind the average of its nine peers (284%) and was probably well below the average for large metro areas as well.

Table 2 addresses the *quality* of economic growth rather than just the quantity of economic growth. It measures the degree to which the real income of the average family improved between 1950 and 1990. In effect, after adjusting for changes in the local cost-of-living, the standard of living of the average family in metro New Orleans more than doubled (110%) over four decades. However, once again, metro New Orleans's performance lagged behind both the major metro average (128%) and its peer group (150%). In raising the typical family's standard of living, the New Orleans area ranked lower than did any of its peers.

Not surprisingly, then, by comparison with its peers (Table 3), in the 1990 census metro New Orleans had the lowest median family income (\$32,576) and the highest regional poverty rate (19%).

In terms of the real growth of assessed property valuation, the gap between the New Orleans area and its peer regions is enormous (Table 4). Between 1956 and 1991 (the period for which census data are available for all regions), total assessed valuation in the New Orleans area grew almost five-fold from \$984 million to \$4.847 billion. On the face of it, that is substantial growth. However, inflation grew even faster. Adjusted for inflation, the six-parish region really experienced *no growth* in property wealth (actually, minus 2%).

By contrast, even an economically troubled region like Birmingham, hard hit by the decline of the steel industry, increased its property wealth modestly (33%) over the same period. The Memphis metro area, New Orleans' near twin, doubled its inflation-adjusted property wealth (112%). Overall, New Orleans' nine peer groups averaged almost a five-fold increase in property wealth (372%).

Table 4 must be approached with caution. An examination of each five-year segment showed instances of changes in state-mandated assessment methodology for some metro areas. For example, from 1976 to 1981, total property valuation in metro Houston quadrupled even after adjusting for inflation. That was clearly impossible and indicates a change in the assessment formula. I have made rough adjustments for Houston, Norfolk-Virginia Beach, Richmond, Charlotte, and Greensboro-Winston Salem to account for changes in assessment standards. (After estimated adjustments, their increases have been rounded off to the nearest 50 percentage points.)

However, the New Orleans region's property valuation reports form a steady pattern without sudden changes in assessment methodology. The region's stagnation in total property valuation is so striking that it will be explored in greater detail in the article on the facing page.

[607 words]