KC Rising Metrics Update for 2024

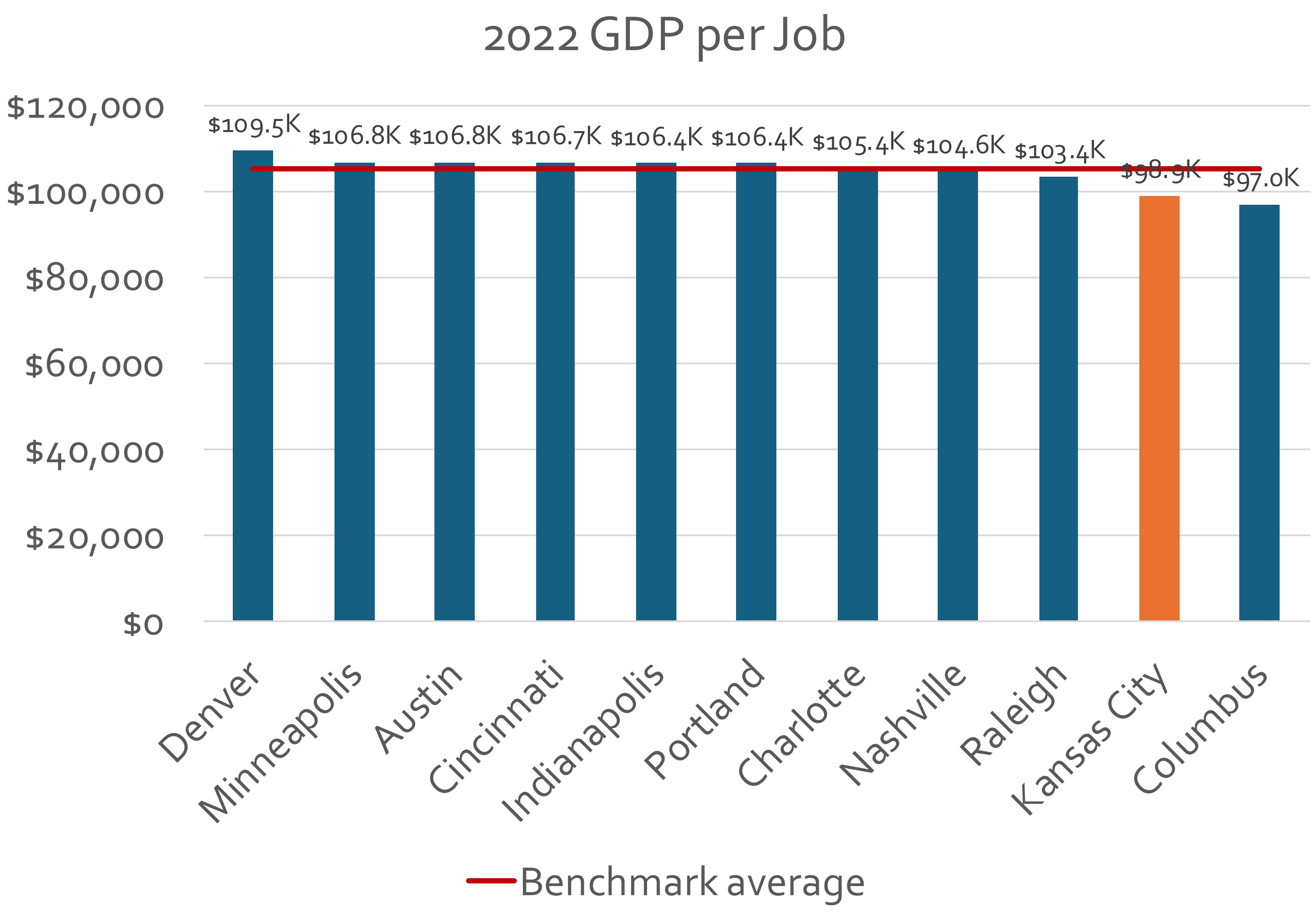
Horizon Goal Metrics

Grow the Economy

GDP/Job

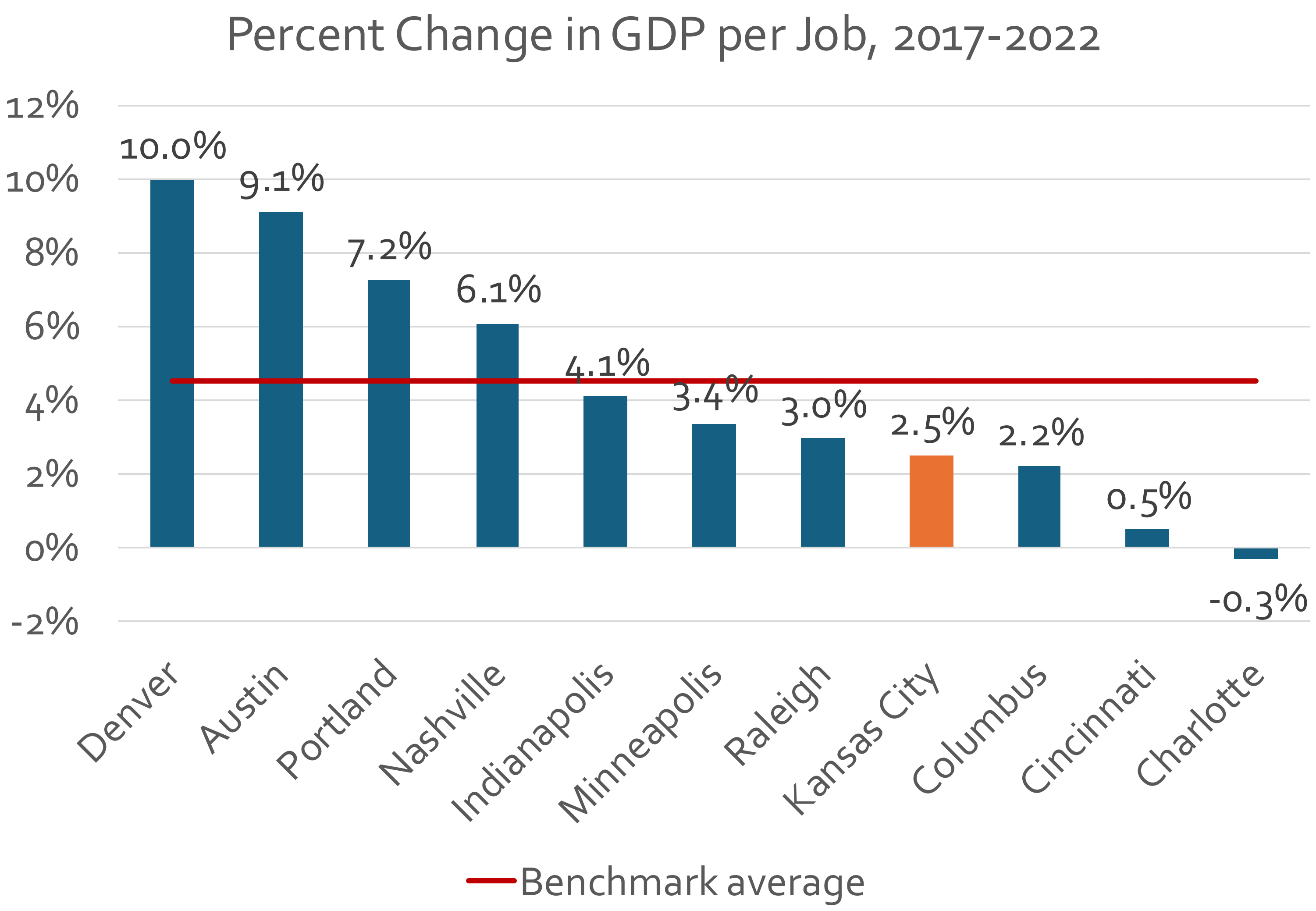
- Gross Domestic Product (GDP) measures the total value added by an economy's workers and businesses in the process of transforming inputs into finished goods and services for sale. It is considered the broadest measure of economic performance.
- The amount of value created depends on both quantity of goods and services sold and their price. Prices can fluctuate from many factors, but generally those products with higher quality and greater innovation command higher prices.
- GDP/Job measures how much each worker contributes to value creation, on average, and so measures overall labor productivity. The higher worker productivity, the higher the wage businesses can pay and still turn a profit. As a result, a highly productive workforce is one of the most important factors in determining where businesses locate and their capacity for future expansion.
- Moreover, the rate of growth in labor productivity is one of the two factors that determine an economy's overall growth rate, the other being the rate of labor force growth. The growth in how much each worker can produce times the number of new workers equals the increase in GDP.

GDP per job ranges from $97,000 to nearly $110,00 among the benchmark metros, but most are near the Benchmark metro average of $107,000. At $99,000, KC is ranked 10th, unchanged from the prior year.



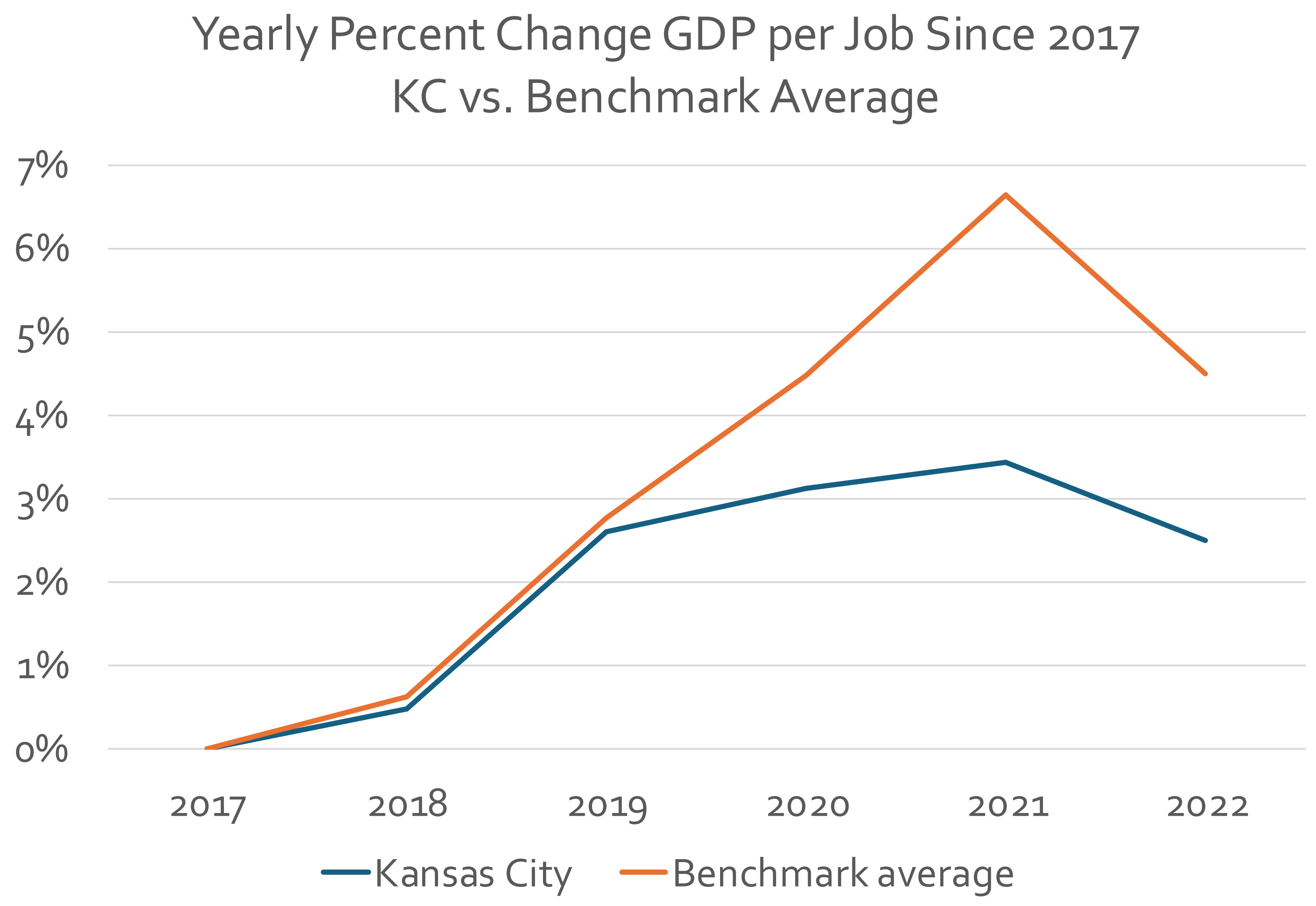
Source: Bureau of Economic Analysis

GDP per job increased a modest 2.5% in Kansas City between 2017 and 2022, a rate that was about half the Benchmark average. Still, it's 8th place ranking on growth is better than its ranking on 2022 levels, meaning there are few metros it is beginning to catch up with.



Source: Bureau of Economic Analysis

Between 2019 and 2021, Kansas City's progress on GDP per job slowed significantly compared to the Benchmark average, indicating the pandemic may have adversely affected the region's economic output more significantly than other metros.



Source: Bureau of Economic Analysis

What would be a reasonable target? According to Brookings, we should look at our best performing peer and ask what it would take to match it. In this case, the best performing Benchmark metro is Minneapolis.

$10,000 per job

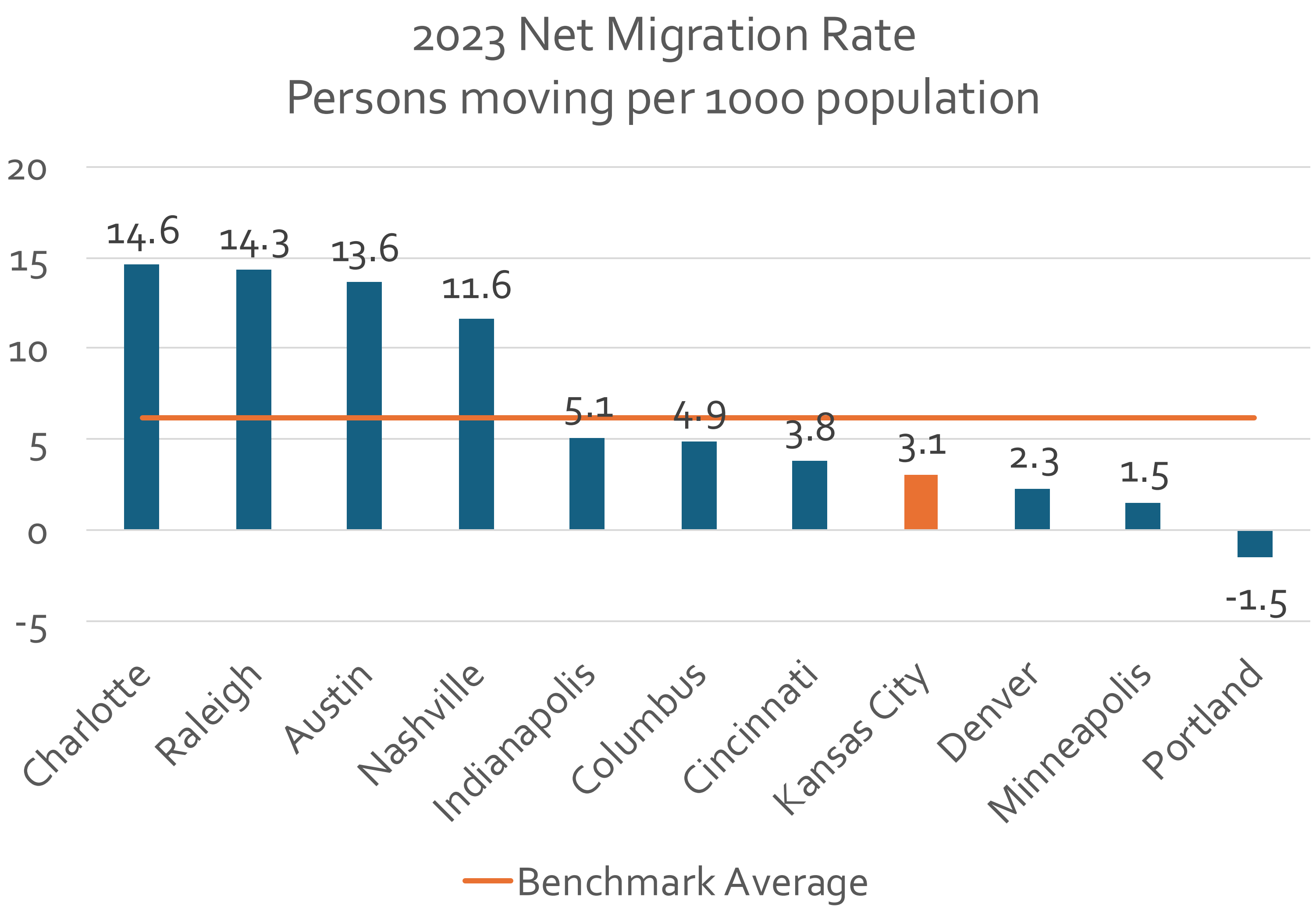
- This is how much more the average worker in Minneapolis produces than Kansas City.
- It is also how much Denver increased its worker productivity in the past 5 years. Austin increased their GDP/job by $9,000 over the same period.
- Such a transformation likely comes from each metro's embrace of innovation driven enterprises, which has enabled them to become key secondary markets for venture capital. It could also come from successfully embedding innovation, especially digital technologies, into mainline business operations.
- More research into the keys to their rapid increase in worker productivity is needed.

Grow the Economy

Net Migration per 1000 Population

- Labor force growth ultimately depends on population growth. In turn, population growth depends on three components of change: births, deaths, and net migration. Births and deaths tend to occur at similar rates across the country.
- What makes some metros grow faster than others is their ability to attract people from outside of it. This makes net migration a measure of talent attraction and retention, which is also key to business attraction and retention.
- But also, because those who move tend to be younger, areas with greater net migration also have greater numbers of people participating in the labor force, more women of child-bearing age, more children and, ultimately, still more workers. Thus, net migration is doubly important to labor force growth.

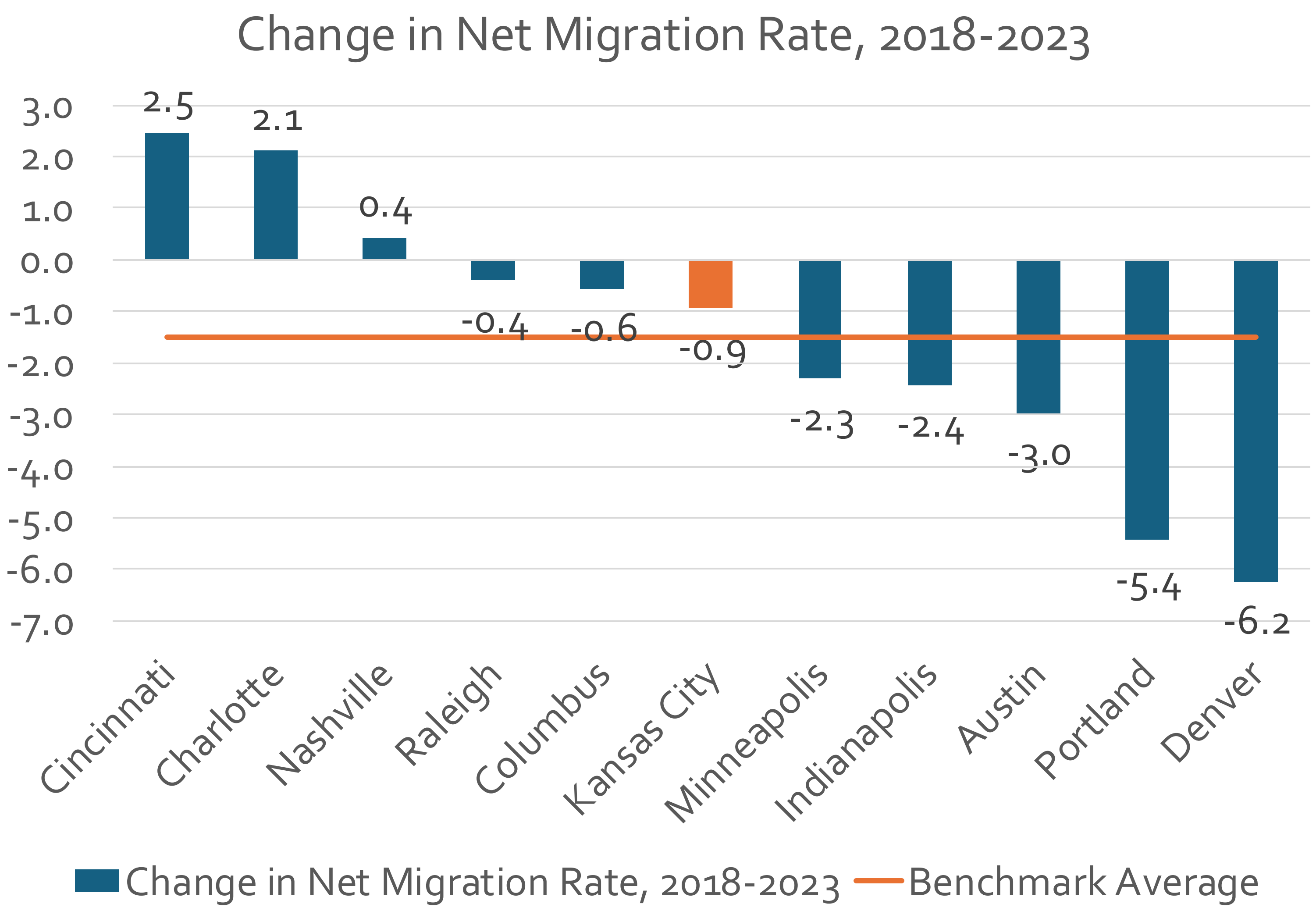
KC doubled its net migration rate between 2022 and 2023, from 1.5 to 3.1 people moving to the region per 1000 population. Despite this improvement, the region's net migration rate continued to rank 8th.



Source: U.S. Census Bureau population estimates

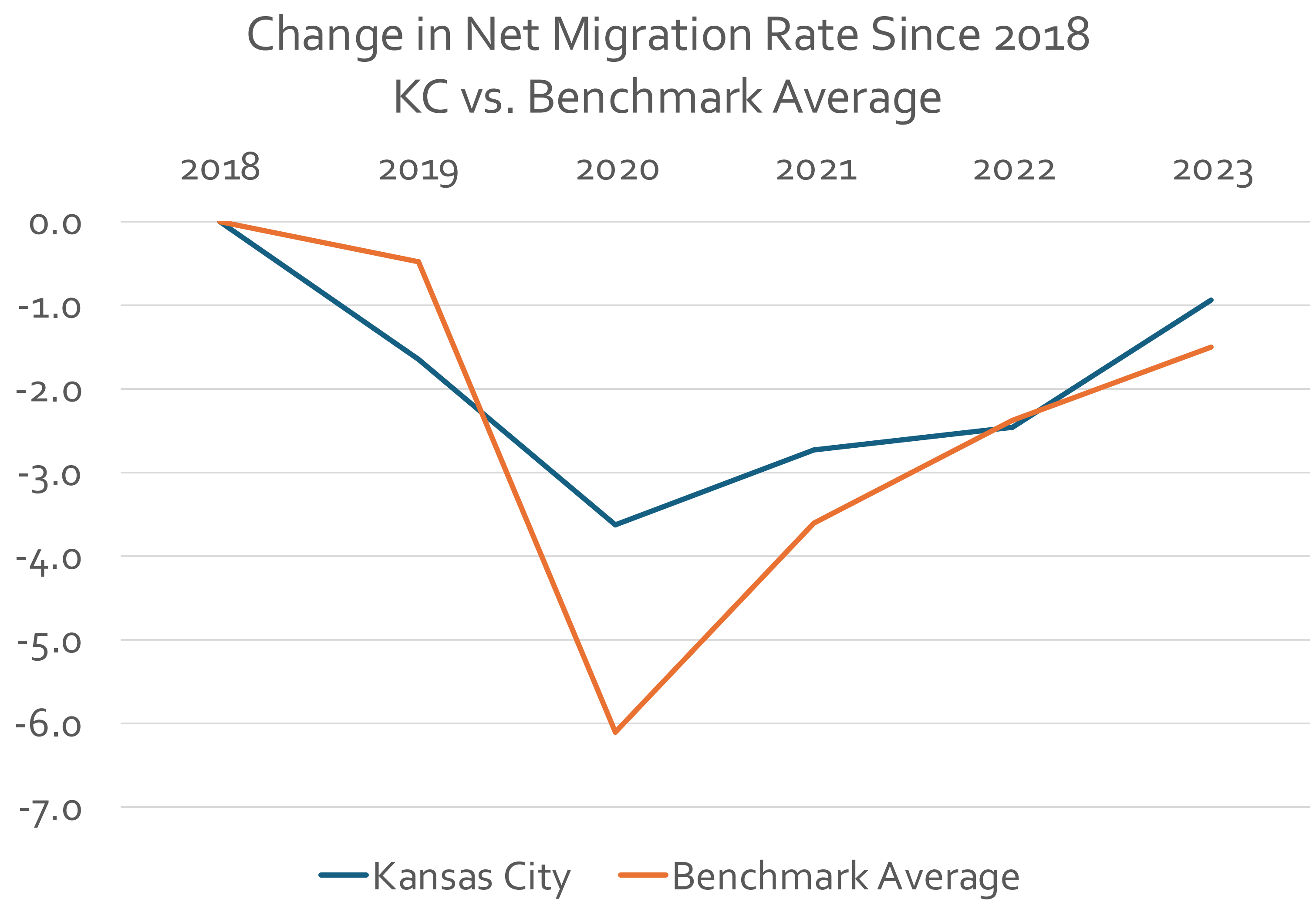
Net migration declined in most Benchmark metros over the last five years. However, it declined less than average in KC. As result, its rank on the change in net migration rate is 6th.

That KC's rank on change is better than its rank on current level indicates the region net migration rate is accelerating relative to the Benchmark metros.



Source: U.S. Census Bureau population estimates

Two factors contribute to KC's relative net migration rate acceleration. First, its net migration rate remained more resilient leading into and during the pandemic. Second, its rebound pace in the last year significantly exceeded the Benchmark average.



Source: U.S. Census Bureau population estimates

For net migration, the best performing Benchmark metro in 2023 was Charlotte. How many more people would KC need to attract or retain to match it?

26,000 more movers

- Charlotte's net migration rate was 14.6 movers per 1000 population in 2023, compared to KC's 3.1.
- To match Charlotte's rate KC would have to attract or retain a net of 26,000 more people, compared to the 6,800 net migrants in 2023.
- From other sources*, the region's annual churn of people moving to and from it is about 150,000. Combining this with the population estimates implies about 71,600 leave KC each year while 78,400 move to KC.
- Matching Charlotte could then be accomplished, for example, by reducing out-migration by 15% and increasing in-migration by 20%.

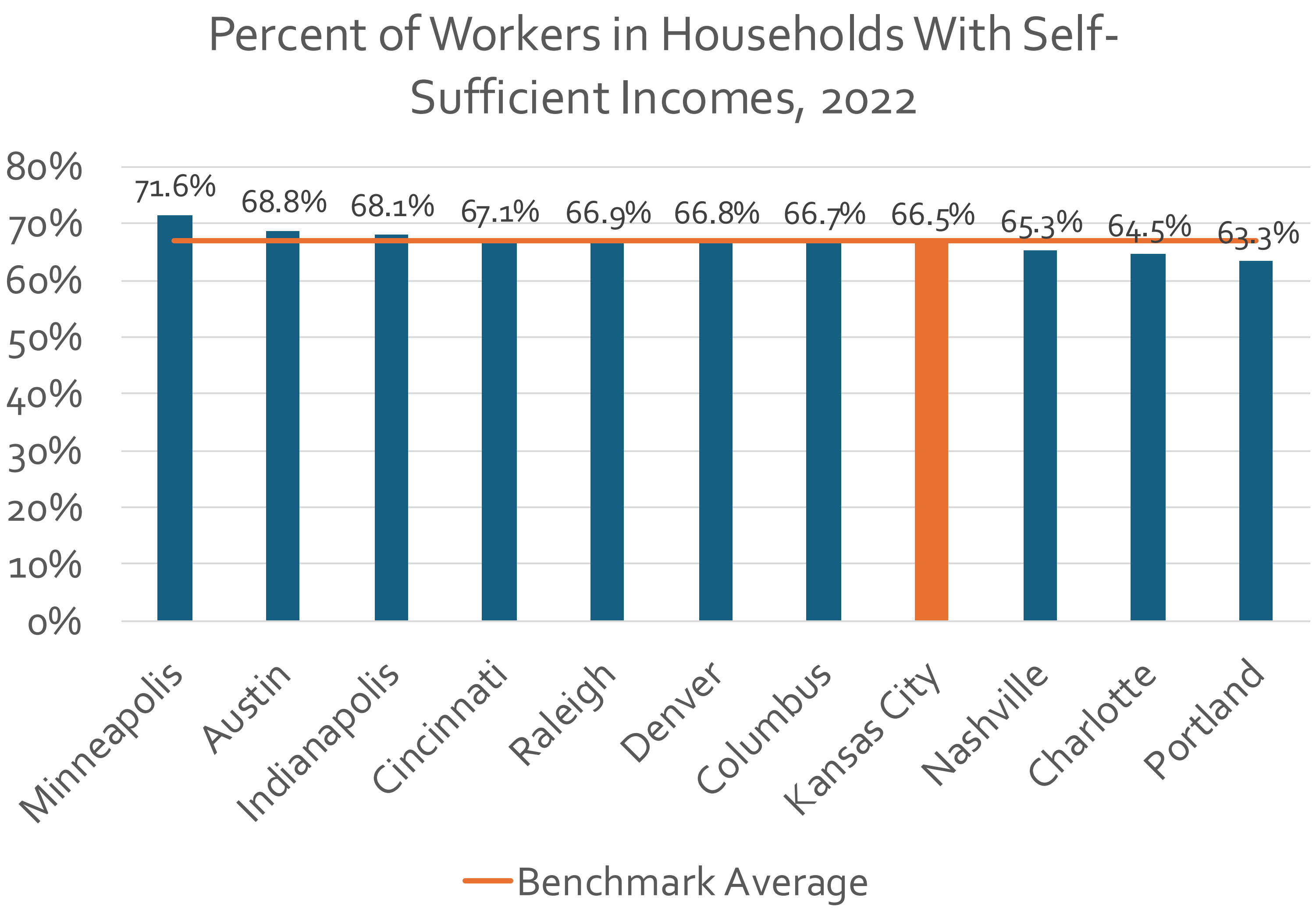
*American Community Survey, 2022 5-year data on geographical mobility

For Everyone

Percent of Workers Living in Self-Sufficient Households

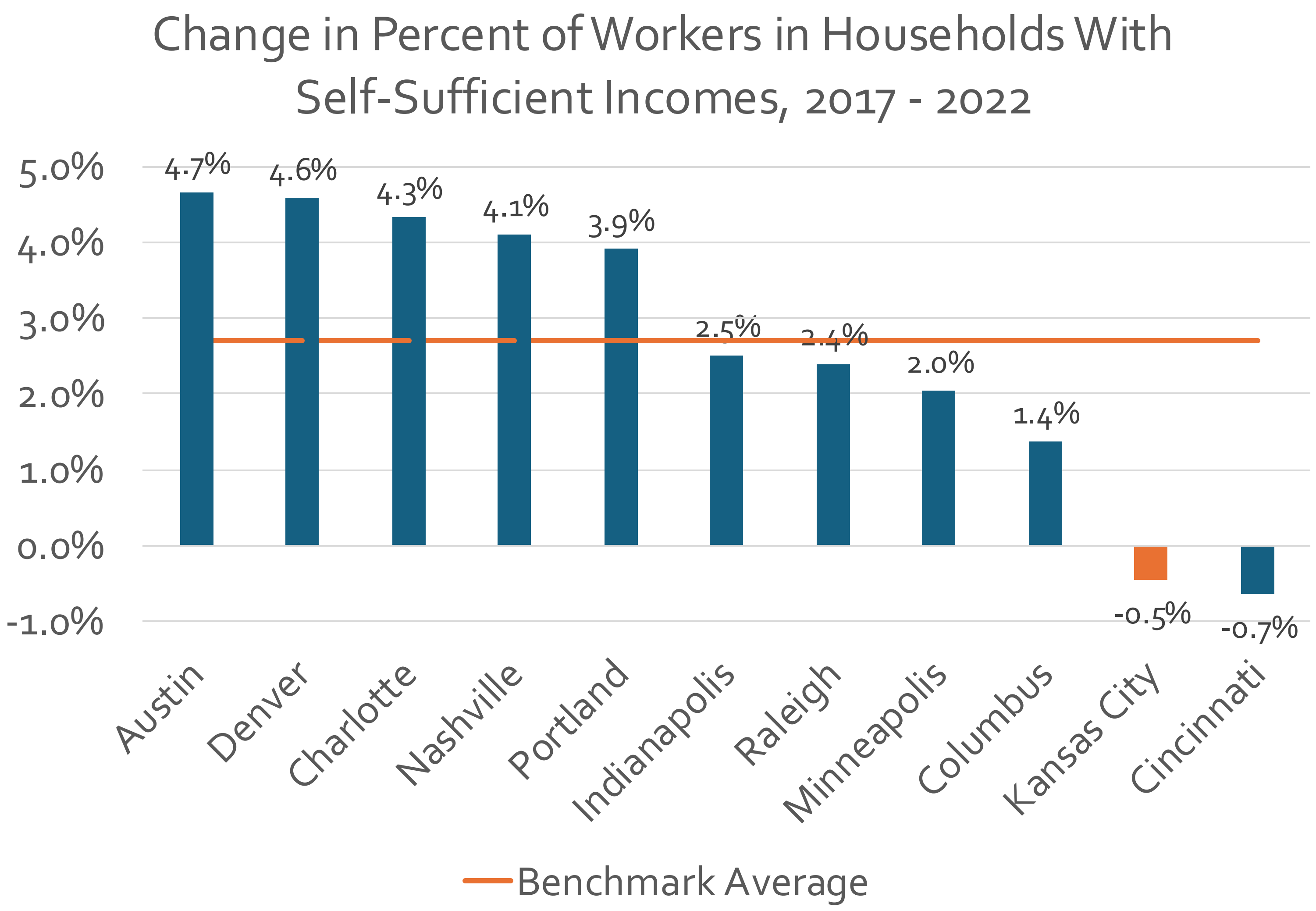
- Growth, all by itself, isn't enough. We want everyone to experience the benefits of that growth through a rise in their standard of living. One measure of whether everyone is benefiting is whether all households earn enough to pay their bills. If they do, then we can consider them to be self-sufficient.
- An increase in the percent of workers living in self-sufficient households means that, in general, incomes are rising faster than costs of living while a decrease means costs are rising faster than incomes.
- How much income self-sufficiency requires depends on how many live in the household, whether it includes children and at what ages, and whether all of the adults in the household are working. As costs vary by metropolitan area for housing, transportation, health care and childcare, so does the income required to pay the average costs of living.
- The level of household income required in each metro for each size and type of households is provided by MIT. In Kansas City, for example, the 2024 self-sufficient income level for a family of four with two adults, both working, and two children is $106,668 and is approximately equal to the median family income.

The 2022 proportion of workers living in self-sufficient households is remarkably consistent across benchmark metros, with most hovering around 2/3. The exception is Minneapolis, which is closer to ¾. KC ranks 8th, down from 6th the year prior.



Data estimated as a 3-year moving average.
Source: U.S. Census Bureau, ACS PUMS, 1-year data

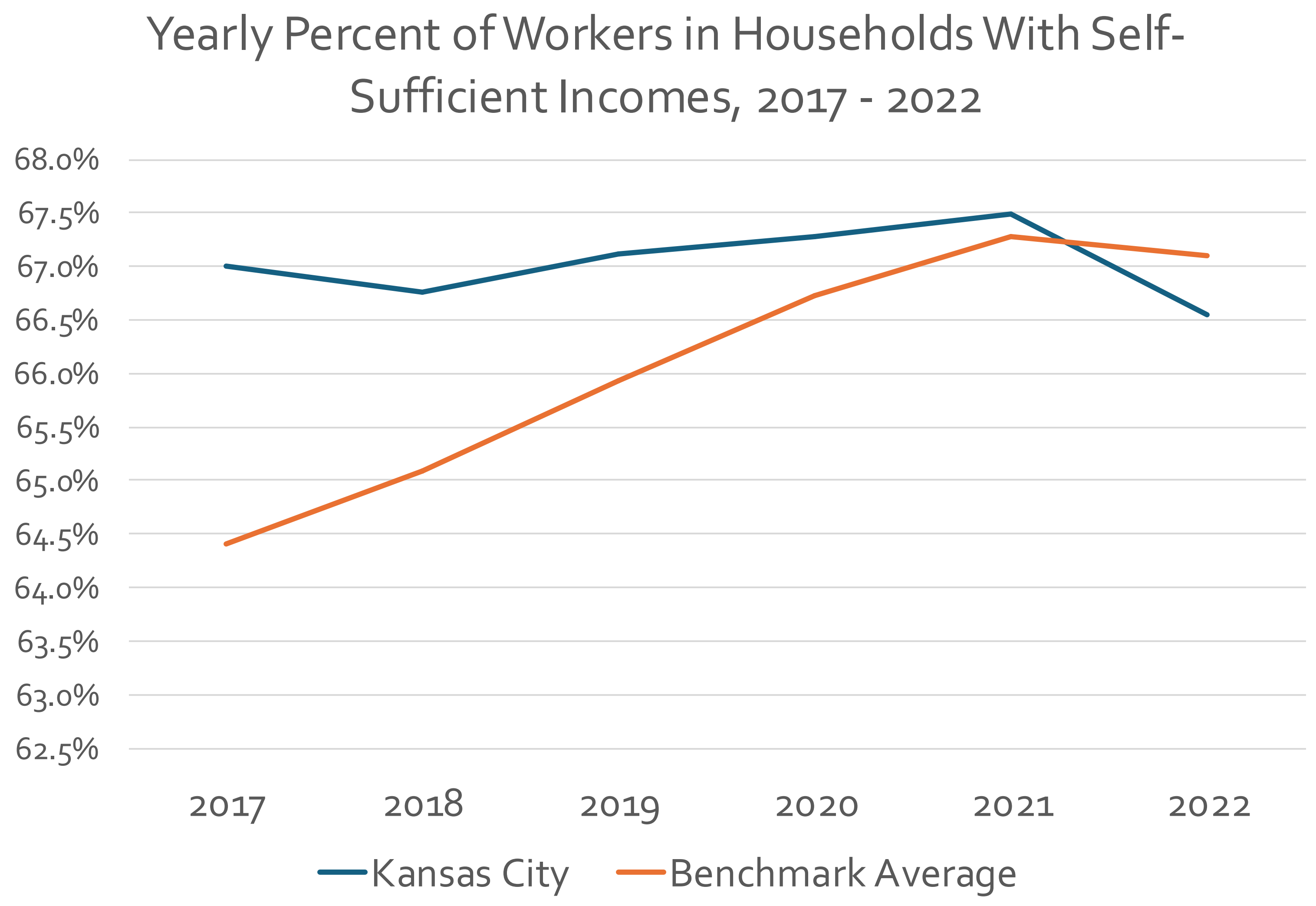
The current parity in self-sufficiency masks the different rates of progress over the past five years. Many benchmark metros saw their percentage of workers in self-sufficient households increase by four to five percentage points. KC, on the other hand, saw a slight decline in this percentage. As a result, it's rank on the change in percent self-sufficient is 10th.



Data estimated as a 3-year moving average.

Source: U.S. Census Bureau, ACS PUMS, 1-year data

This line graph shows you why. While the Benchmark metros on average saw significant improvements in their percent of workers in self-sufficient households, at least until 2022 when inflation ate some of the prior gains. KC, on the other hand showed only slight improvement and and much larger decline in 2022, a result of wages growing slower and some costs, like rents, rising faster than average.



Data estimated as a 3-year moving average.

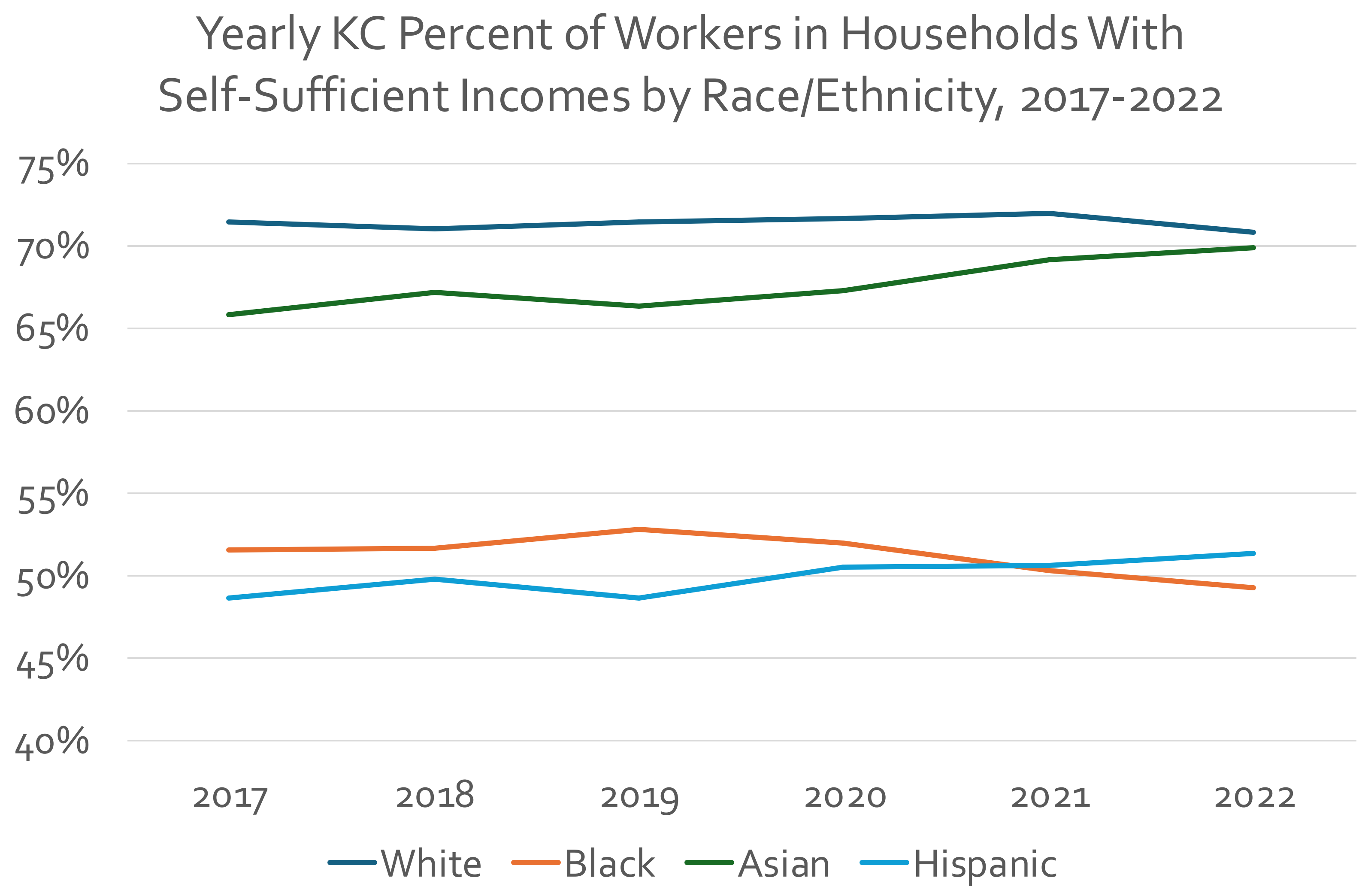
Source: U.S. Census Bureau, ACS PUMS, 1-year data

What would be a reasonable target? According to Brookings, we should look at our best performing peer and ask what it would take to match it. In this case, the best performing Benchmark metro is Minneapolis.

58,000

- This is how many more workers living in self-sufficient households are needed for KC to raise its current worker percentage from 67% to the 72% achieved by Minneapolis.
- While A 5% difference in rate doesn't seem like much, achieving this goal means boosting the household income of thousands of workers.

The percent of workers in self-sufficient households varies widely by race. While about 70% of white and Asian workers live in self-sufficient households, only about 50% of Black and Hispanic/Latine workers do. This 20% gap means Black and Latine workers are much more likely to be dependent on a single income, go hungry, avoid seeing doctor, have unreliable transportation, or become unhoused.

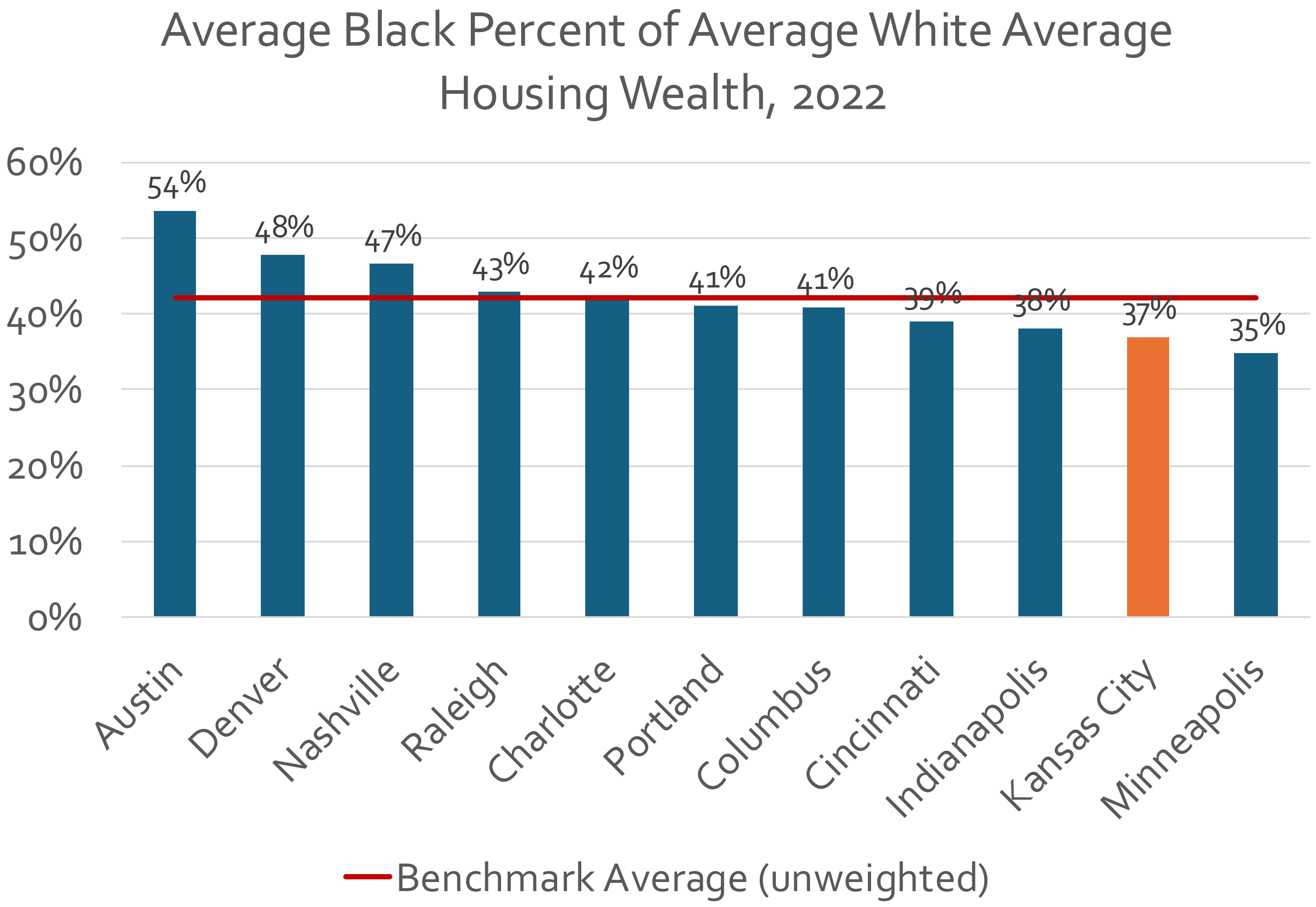


Data estimated as a 3-year moving average.
Source: U.S. Census Bureau, ACS PUMS, 1-year data

Black/White Housing Wealth Gap

- Self-sufficiency alone is not enough. While a self-sufficient income can pay the bills, it can also be fragile if there are unexpected expenses, such as a serious illness, or unexpected loss of income, such as the loss of a job by one of the household's earners.
- The resulting instability can cause all kinds of issues, from an inability to afford reliable transportation to work to interruption of plans for school to eviction for failure to pay rent.
- To be resilient in the face of such adversity requires wealth and, for most households, wealth-building begins with home ownership.
- Historically, however, many federal government housing programs were biased in favor of white homeowners and, even after the Fair Housing Act became law, more subtle forms of discrimination in housing markets continue to make obtaining financing and purchasing a home more difficult for people of color, especially those who are Black. As a result, wealth disparities are much larger than income disparities.
- Because wealth can be passed from generation to generation, addressing wealth disparities is key to permanently improving equitable access to opportunity.

KC average Black housing wealth as a percent of average white housing wealth, at 37%, ranks 10th among its benchmark metros in 2022, down from 9th the prior year. Only in Austin does the average household wealth of Black households equal at least half that of white households.

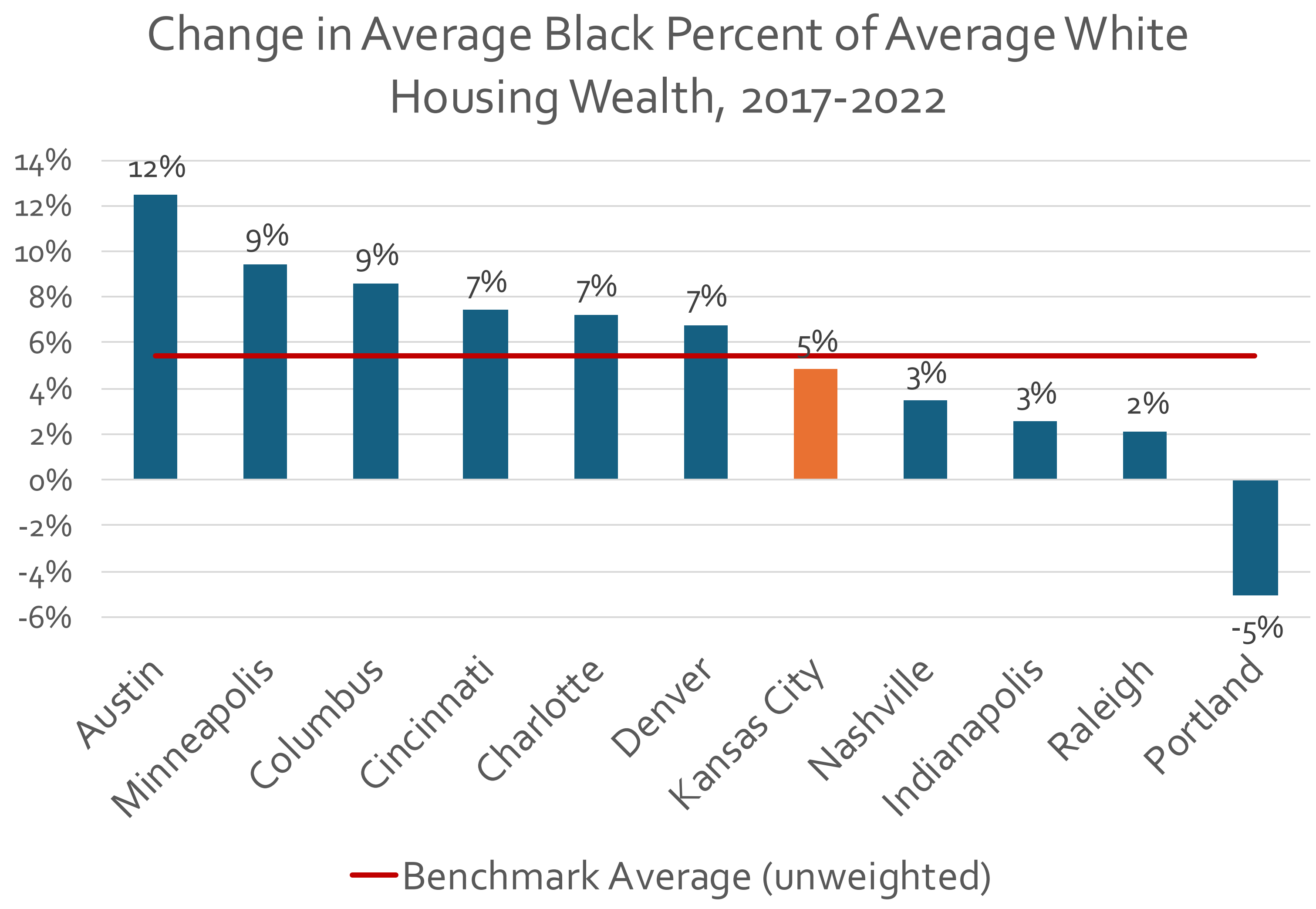


Data estimated as a 3-year moving average.

Source: U.S. Census Bureau, ACS PUMS, 1-year data

Benchmark average is unweighted due to the size and extreme value of Minneapolis

Despite its low ranking, KC saw a significant movement toward greater wealth parity over the past five years, with Black percent of White housing wealth increasing nearly 5 percentage points, just under the Benchmark average.

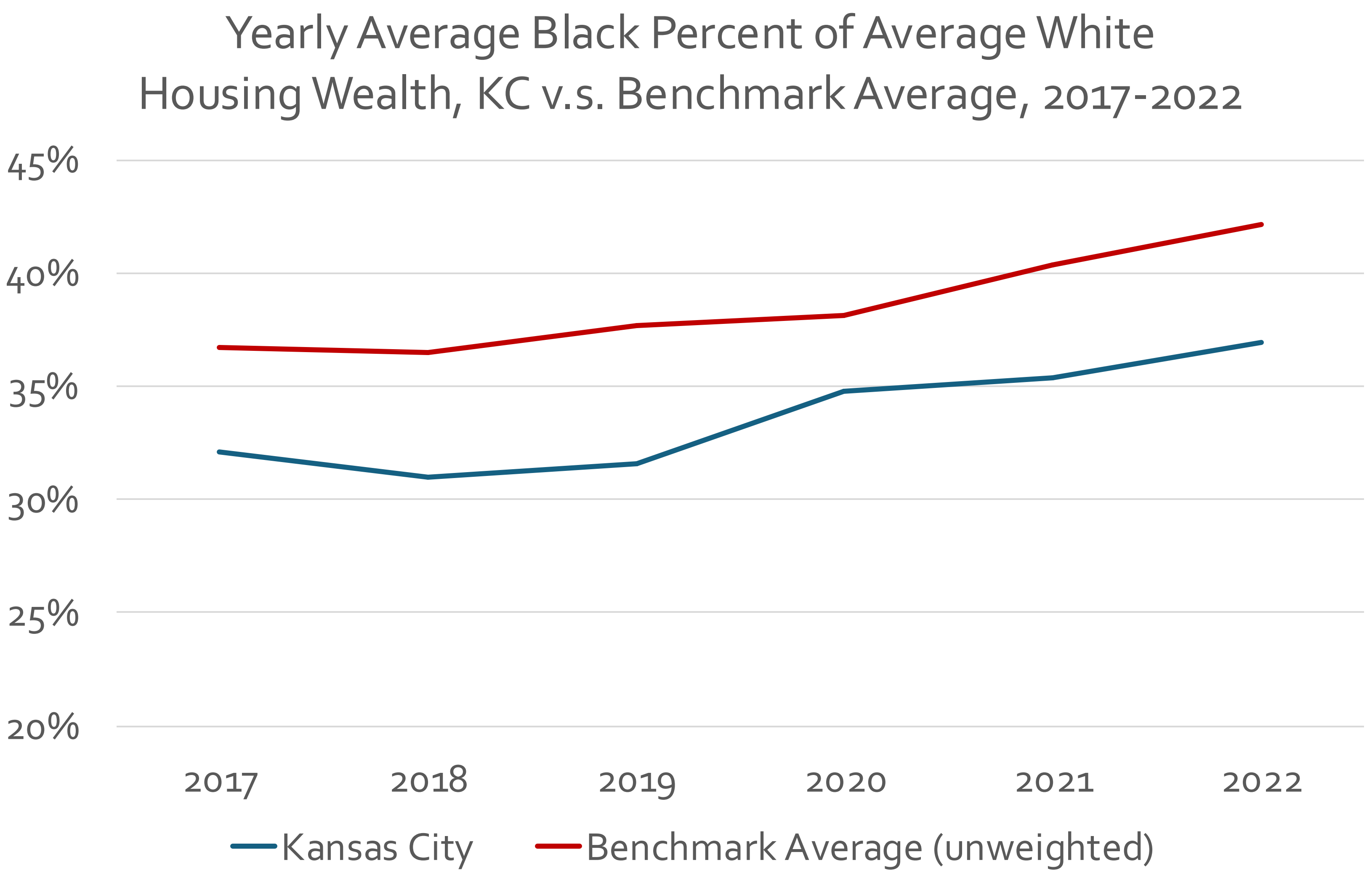


Data estimated as a 3-year moving average.

Source: U.S. Census Bureau, ACS PUMS, 1-year data

Benchmark average is unweighted due to the size and extreme value of Minneapolis

With ebbs and flows, KC's progress in diminishing Black/White housing wealth disparities has roughly paralleled that of the benchmark metros.



Data estimated as a 3-year moving average.

Source: U.S. Census Bureau, ACS PUMS, 1-year data

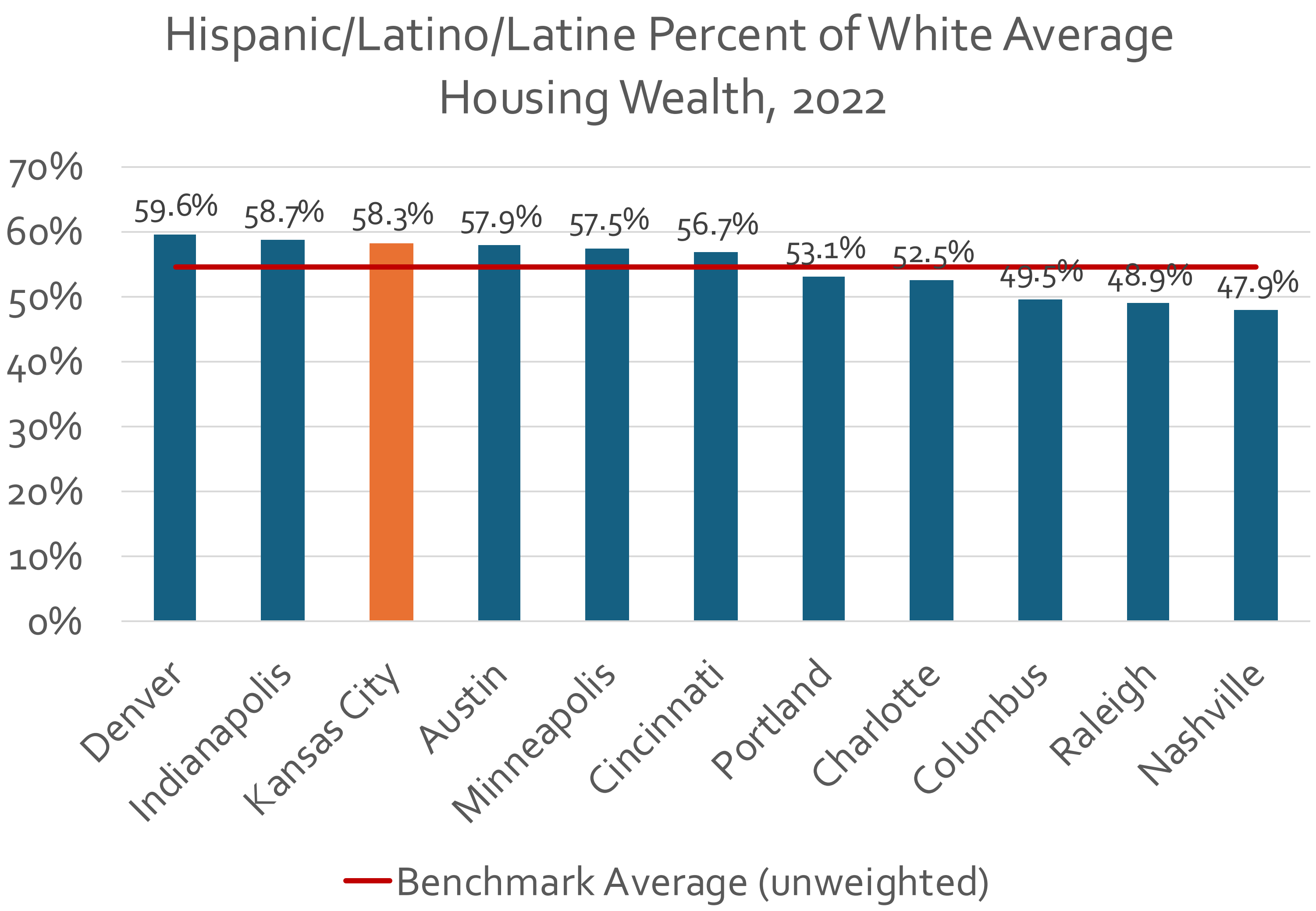
Benchmark average is unweighted due to the size and extreme value of Minneapolis

What would be a reasonable target? According to Brookings, we should look at our best performing peer and ask what it would take to match it. In this case, the best performing Benchmark metro is Austin.

19,000

- This is the number of additional black households that need to buy a home for average black housing wealth in Kansas City to be 54% of average white housing wealth, as it is in Austin.
- This assumes that the average value of the homes purchased by the new homeowners equals the current average value of black-owned homes, or about $192,000.
- There are about 42,000 black homeowners currently in the Kansas City region, so this would be about a 45% increase.

KC average Hispanic/ Latine housing wealth as a percent of average white housing wealth is 58%, which ranks 3rd among its benchmark metros in 2022 and is up from 5th the prior year. Only Denver and Indianapolis rank higher.

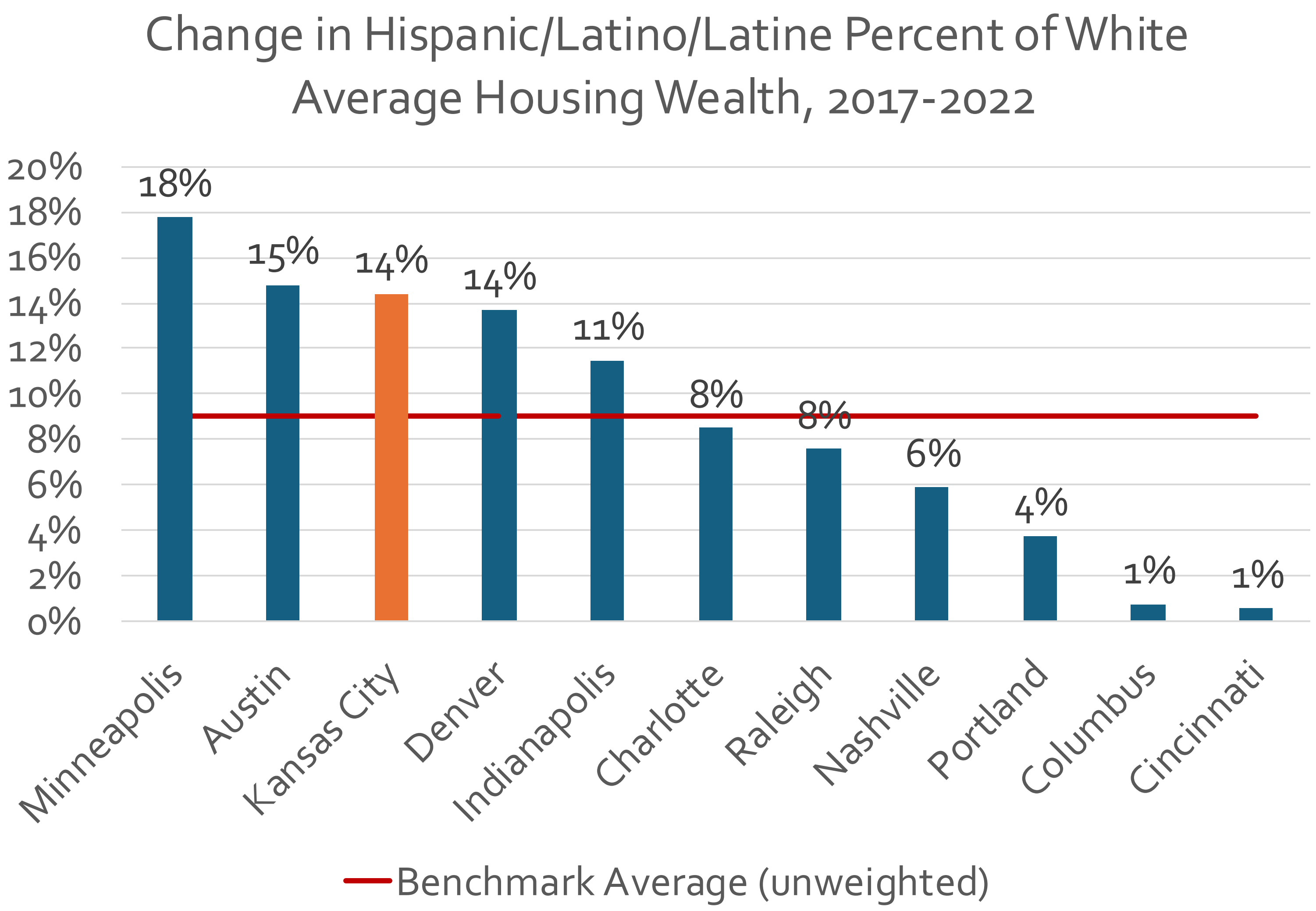


Data estimated as a 3-year moving average.

Source: U.S. Census Bureau, ACS PUMS, 1-year data

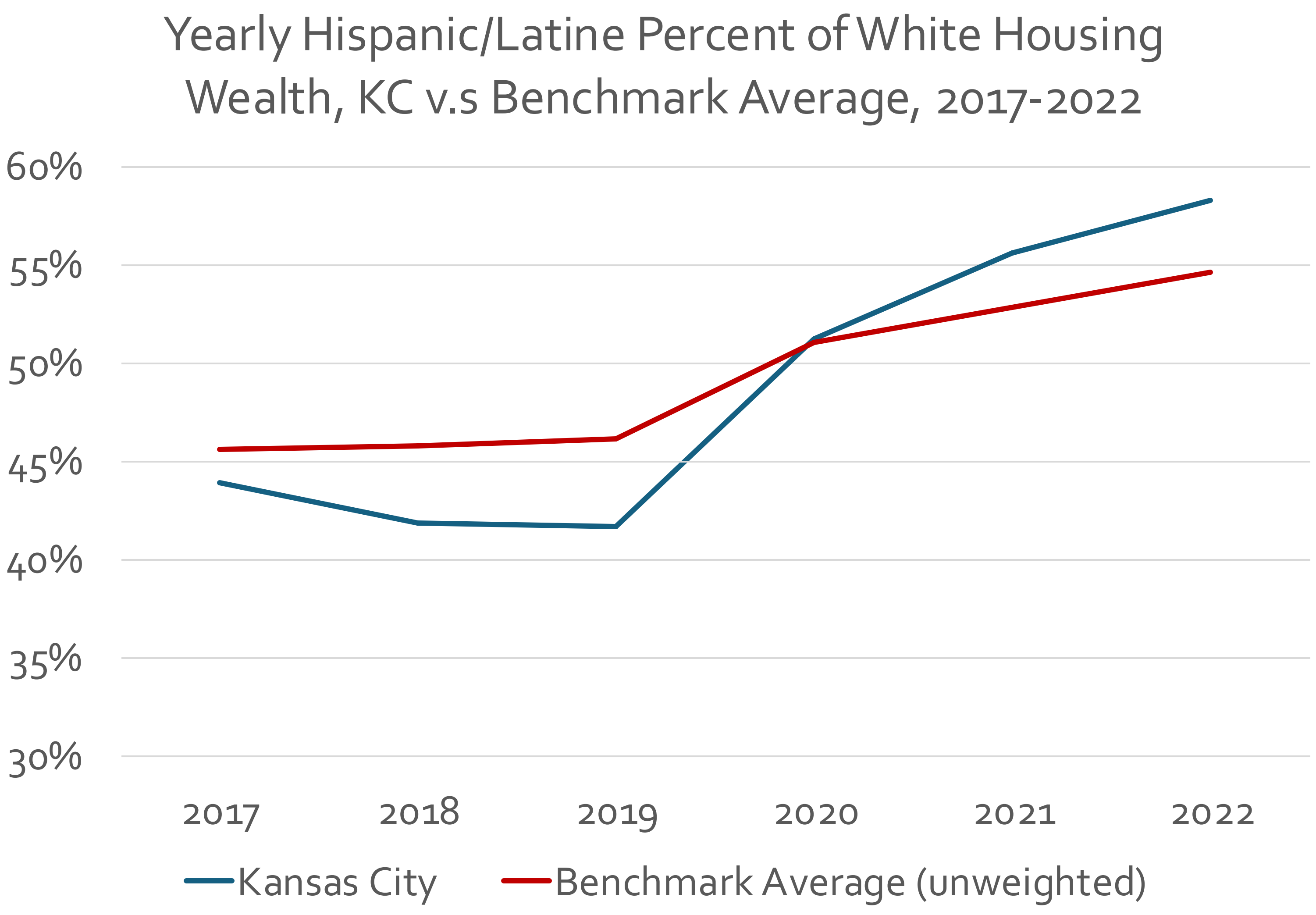
Benchmark average is unweighted due to the size and extreme value of Minneapolis

KC's improvement in Hispanic/Latine wealth parity over the past five years also ranked 3rd, with the percent of white housing wealth increasing 14 percentage points.



Data estimated as a 3-year moving average.
Source: U.S. Census Bureau, ACS PUMS, 1-year data

All of that improvement has come post-pandemic. Though starting off below the benchmark average, Hispanic/Latine housing wealth parity jumped to match it in 2020 and has continued upward ata faster than average pace since.



Data estimated as a 3-year moving average.

Source: U.S. Census Bureau, ACS PUMS, 1-year data

Benchmark average is unweighted due to the size and extreme value of Minneapolis

What would be a reasonable target? According to Brookings, we should look at our best performing peer and ask what it would take to match it. In this case, the best performing Benchmark metro is Austin.

729

- This is the number of additional Hispanic/Latine households that need to buy a home for average Hispanic/Latine housing wealth in Kansas City to be 60% of average white housing wealth, as it is in Denver.
- This assumes that the average value of the homes purchased by the new homeowners equals the current average value of Hispanic/Latine homes, or about $221,000.
- There are about 32,600 Hispanic/Latine homeowners currently in the Kansas City region, so this would be about a 2% increase.