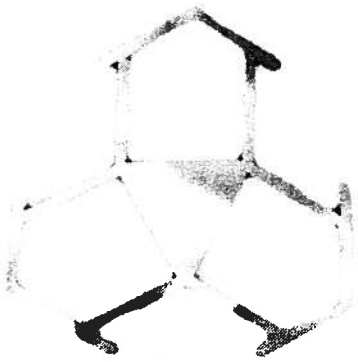

Suburbanization and Housing Development

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SPATIAL DECENTRALIZATION TRENDS IN THE UNITED STATES

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ABSTRACT

We examine a detailed Regional Economic Information System (REIS) data file; and conclude that metropolitan areas in the U. S. demonstrate steady decentralization, often extending beyond the suburbs into both exurban and rural areas. Previous episodes in which suburbanization eclipsed exurban and rural growth led some analysts to report an urban revival. Our interpretation is different. We are not surprised that new and mobile firms now choose locations according to their demand for (net) agglomeration benefits. These are often available throughout suburban America and much of exurban and rural America. We expect these trends to strengthen in the future.

"Recent advances in telecommunications are now accelerating the decentralization trends set in motion by the advent of the automobile. In 1890, the effective radius of U.S. cities was about two miles, constrained largely by pedestrian access. This grew to eight miles by 1920 because of the development of public transit, to 11 miles by 1950 due to the diffusion of automobile ownership, and to 20-24 miles by the 1970s due to construction of urban freeway systems. The centrifugal trends have now accelerated because of the impossibility of measuring intrametropolitan distances from a core center, and because telecommunications access cannot be measured in terms of distance. The locational choices open to both households and firms have expanded accordingly. In the extreme case, geography might be irrelevant" (Gordon and Richardson 1996b)

Introduction

There have always been human migrations prompted by economic motives. There continue to be large-scale movements of people and activities out of traditional urban centers towards the peripheries of metropolitan areas. We present evidence that elaborates these trends. Our findings are based on U.S. data. Yet, we expect our discussion is applicable to other countries.

The data on which this work is based is a county level employment file for the years 1969-1994 made available by the Bureau of Economic Analysis, U.S. Department of Commerce. There are more than 3,000 counties in the United States. The data includes population and employment at the one-digit Standard Industrial

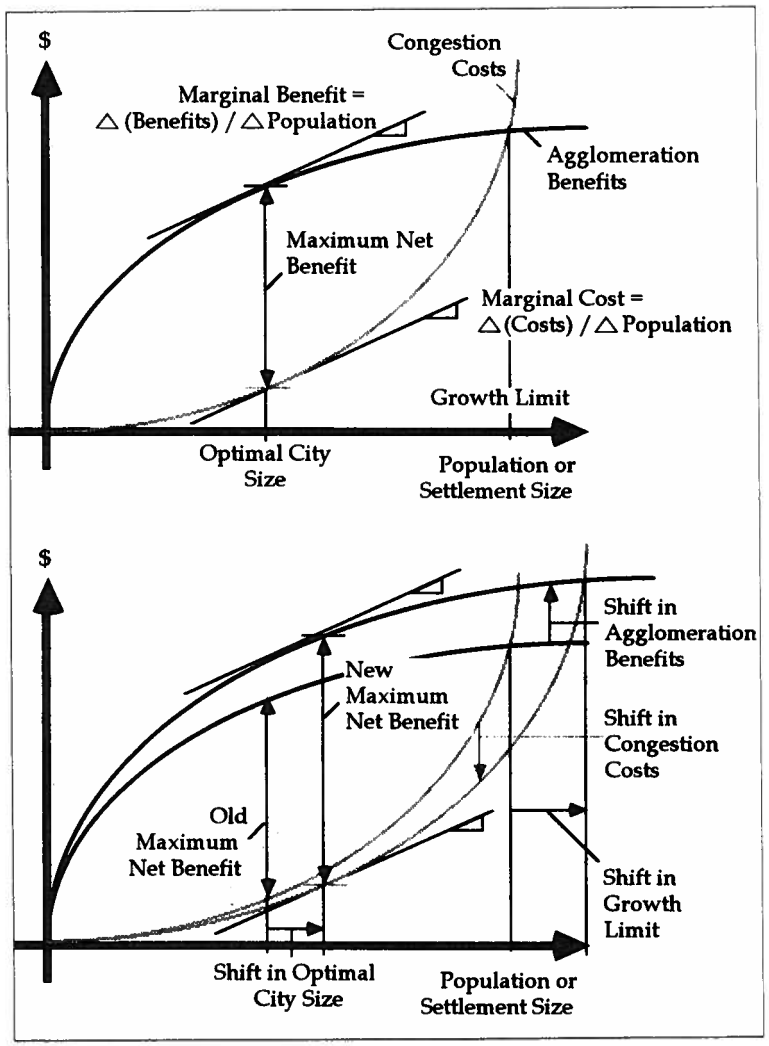
Classification (SIC) level.

Modern economics emphasizes the importance of increasing returns. New theories of economic growth recognize the importance of technological change (Romer 1996). The new perspective emphasizes ways in which ideas are exchanged and "knowledge spillovers." Such spillovers may be transmitted over space at ever lower costs. Compare, for example, the cost of achieving face-to-face contact with the cost of electronic transmission. Consequently, modern growth theory has an explicit spatial dimension. One economic historian (Sokoloff 1988) shows that inventive activity in the years 1790-1846 was concentrated around sites that had access to cheap transportation.

Urban economics develops the idea that activities cluster geographically as long as agglomeration benefits outweigh congestion costs (Vickrey 1977). It is usually assumed that agglomeration benefits increase with cluster size at a decreasing rate, while congestion costs increase at an increasing rate. See Figure 1. If so, there is in theory an optimal metropolitan scale where the marginal rates of increase are equal. New growth theorists would look for signs of extraordinary inventive activities in these settings. They also recognize that the curves in Figure 1 shift and change continuously as technology advances. For example, falling communications and transportation costs flatten the congestion cost function, making net agglomeration benefits available over larger areas. This implies more footloose location decisions by firms.

Processes like this can explain the continuing outward expansion of most of the world's metropolitan regions. Dekle and Eaton (1994) have even suggested national agglomeration economies.

Figure 1: Agglomeration Benefits vs. Congestion Costs, and Shifts Resulting from Technology Advances



Completely uniform and ubiquitous agglomeration economies, however, are an unlikely extreme even from a theoretical point of view. Mills (1992) makes the important point that not all information exchange can benefit from recent dramatic advances in data transmission. He suggests that unambiguous information is most likely to be exchanged over large distances and at low cost. The exchange of more ambiguous information, however, is likely to continue to require face-to-face contact. Mills uses the example of meetings like this one. Is videoconferencing a plausible substitute? Certainly the market will soon decide.

The evolution towards settlement patterns that offer opportunities for the exchange of ambiguous as well as unambiguous information is consistent with the continuing decentralization of U.S. urban areas. The former may require metropolitan settings, though not necessarily their traditional centers. The latter's requirements are met more widely, even in exurban and rural settings.

Many scholars have commented on the apparent reversal of long-term urbanization that occurred in the 1970s, referring variously to the "metropolitan turnaround," "counter-urbanization," "rural renaissance," "clean break," etc. (Wardwell 1977, Vining and Strauss 1977, and Gordon, 1979). However, most of this literature became moot in the 1980s when the turnaround reversed, in what Frey (1993) labelled "the new urban revival in the United States." How do we explain appears to be yet another turnaround, with faster rural growth in the 1990s?

Definitions, Data, and Findings

We examine some of the details of employment growth in the recent past. Strong suburban growth accounts for most of the recent expansion in metropolitan areas. This is accompanied by strong exurban and rural growth which occasionally eclipses metropolitan growth rates. Rather than signaling major swings between counter-urbanization and re-urbanization, suburban, exurban, and rural growth all take advantage of increasingly ubiquitous agglomeration opportunities. Traditional high-density cores are becoming increasingly obsolete as major activity centers. The old central city vs. suburbs choice has become almost irrelevant. The critical locational choices for firms are between suburban and rural / exurban sites.

We study intrametropolitan employment and change in seven major industrial sectors over the 26 year time span between 1969-1994 using the Bureau of Economic Analysis' (BEA) Regional Economic Information System (REIS) file. The REIS reports one-digit SIC employment and personal income data at the county level. Sub-county trends are an important part of the story, but these are best treated with cross-sectional data from the Economic Census and the Census of Population.

Our major findings include the following.

① Frostbelt-to-Sunbelt regional employment shifts continued throughout the period.

② Most urban growth is suburban. Even the 1980s "urban re vival" was a period of strong suburban growth, when most core counties suffered a relative decline.

③ The rural renaissance of the 1970s was primarily a shift to smaller and mid-sized MSAs.

④ Recent growth is strongest in the nonmetropolitan areas, including the nonmetropolitan fringes of the Sunbelt MSAs.

⑤ Relative sector performance does not vary much after con trolling for regional and subregional effects.

This research uses the MSA delineations in effect in 1990. However, the spatial subareas adopted here differ from the ones used in Gordon and Richardson's earlier papers (1995, 1996a, 1996b). Counties are classified as follows. Where metropolitan areas consist of more than one county, we identify the core county (CC). The remaining counties in each metropolitan area are the metropolitan suburbs (MS). Adjacent nonmetropolitan counties are the nonmetropolitan suburbs (NS). All remaining nonmetropolitan counties are other nonmetropolitan counties (ONC). All of these distinctions are fairly crude because they rely on political definitions of space. Pisarski (1996) points out that areas corresponding to MS may consist of as much as 75% rural population. His analyses are based on urbanized area definitions for which REIS data do not exist. See Figures 2a and 2b for a comparison of the Bureau of the Census de-finition of a MSA and the spatial subareas defined for this research. We also rely on U. S. Department of Agriculture's (USDA) detailed disaggregations of rural counties in terms of their proximity to metropolitan areas.

Figure 2a: Bureau of the Census Definitions of a Metropolitan Statistical Area (MSA) and an Urbanized Area

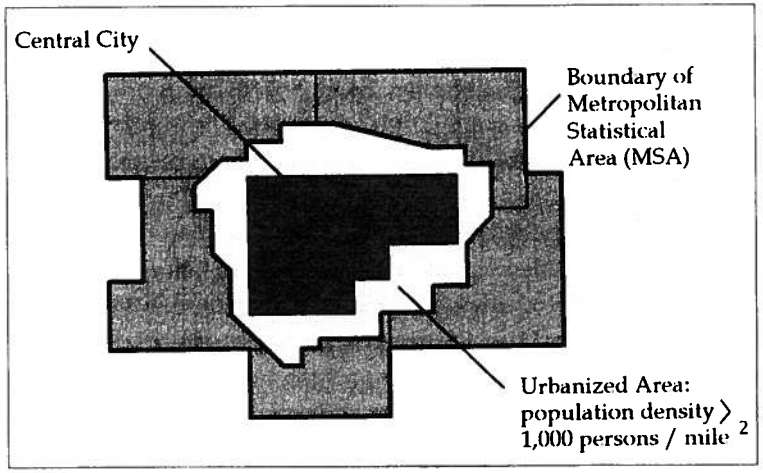
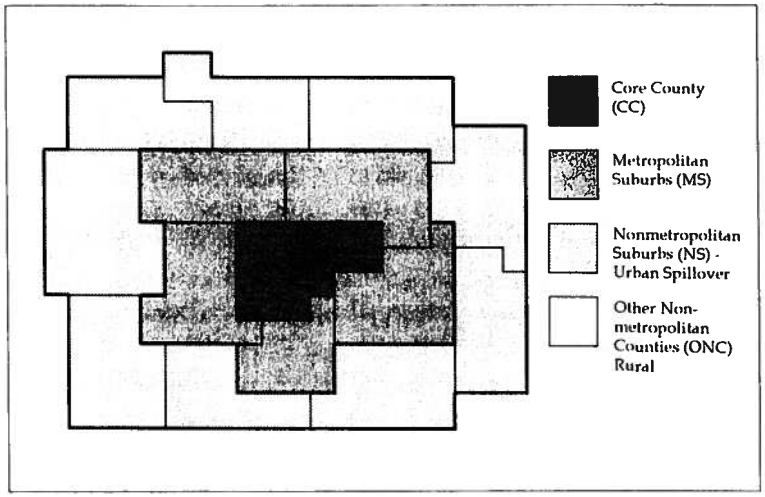


Figure 2b: Classifying Counties to Account for Spatial Decentralization



U.S. and Metropolitan Employment Growth

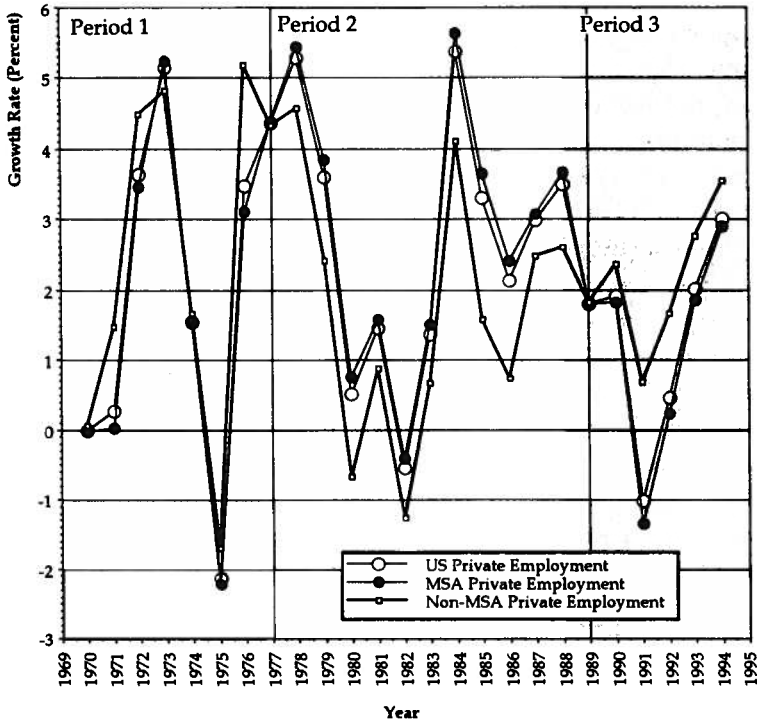
In the 26 years studied, U. S. population grew at an annual average rate of 1.03 percent. This is less than the metropolitan rate of 1.10 percent, indicating a modest degree of continuing urbanization. See Table 1. The difference between national and metropolitan private sector job growth was even smaller, 2.12 vs. 2.14 percent. These 26-year averages mask substantial fluctuations evident in Figure 3. When these detailed growth trajectories are plotted, it is more difficult to generalize.

Table 1: Average Annual Job Growth Rates by Sector and Place 1969-1994, 1969-1977, 1977-1988, 1988-1994

	1969-1994			1969-1977		
	US	MSAs	Non -Metro	US	MSAs	Non -Metro
Population	1.03	1.10	0.78	1.10	1.06	1.24
Employment	1.87	1.94	1.55	1.81	1.79	1.88
Private Employment	2.12	2.14	2.04	2.01	1.91	2.51
Farm Employment	-1.07	-0.68	-1.30	-0.36	0.25	-0.71
Non-Farm Employment	1.96	1.98	1.88	1.90	1.82	2.27
Construction	1.98	1.93	2.21	1.63	1.14	3.65
Manufacturing	-0.31	-0.59	0.82	-0.28	-0.64	1.29
Transportation & Public Utilities	1.49	1.44	1.71	0.92	0.75	1.80
Wholesale Trade	2.03	1.94	2.75	2.96	2.50	6.35
Retail Trade	2.40	2.43	2.26	2.54	2.61	2.24
Finance, Insurance & Real Estate	2.39	2.47	1.80	3.82	3.81	3.85
Services	3.85	3.98	3.16	3.44	3.61	2.58
	1977-1988			1988-1994		
	US	MSAs	Non -Metro	US	MSAs	Non -Metro
Population	0.98	1.11	0.48	1.05	1.14	0.71
Employment	2.26	2.50	1.20	1.24	1.13	1.76
Private Employment	2.62	2.82	1.63	1.36	1.20	2.14
Farm Employment	-1.51	-1.20	-1.69	-1.20	-0.95	-1.36
Non-Farm Employment	2.37	2.55	1.53	1.30	1.16	2.02
Construction	3.14	3.58	1.28	0.37	0.01	2.02
Manufacturing	-0.07	-0.19	0.37	-0.77	-1.26	1.00
Transportation & Public Utilities	1.76	1.81	1.50	1.74	1.70	1.98
Wholesale Trade	2.07	2.27	0.73	0.74	0.60	1.80
Retail Trade	2.78	2.93	2.08	1.51	1.28	2.59
Finance, Insurance & Real Estate	2.77	3.00	0.99	-0.16	-0.25	0.62
Services	4.60	4.80	3.48	3.02	2.97	3.34

Source: Calculated from REIS data files

Figure 3: Twenty-six Year Growth Trajectories for Private Employment in the US, MSAs, and Non-MSAs Non-MSA Growth Rates Tend to Exceed Others in the Shaded Areas



Source: Calculated from REIS data files

Accordingly, we analyze three periods that approximate distinct regional growth trends. The first period, 1969-1977, is the time of the original metropolitan turnaround. This period exhibits significantly greater private sector job growth in nonmetropolitan areas than in metropolitan areas. The second period, 1977-1988, is marked by faster national private job growth and a settlement pattern reversal, combining to produce much faster metropolitan job growth. The most recent period, 1988-1994, shows even greater nonmetropolitan job growth strength than does the first. 1988 growth rates have been included in this last set to standardize intervals, and in the interests of conservatism. Table 1 also reveals that nonmetropolitan farm employment fell in all three periods. Farming accounted for only seven percent of nonmetropolitan employment in 1994; hence, the changing fortunes of agriculture are not an explanation of these shifts.

Of the seven major sectors, all but retail and services grew faster in the nonmetropolitan areas in the years 1969-1977. The nonmetropolitan advantage over national performance shown in Table 2 is most visible in wholesale, construction, and manufacturing. In the second period, all sectors except manufacturing, which continued its long term spatial deconcentration, grew faster in the metropolitan areas, albeit modestly. The metropolitan advantage over national performance was most pronounced in construction and in finance, insurance, and real estate (FIRE), although again it was small. In the third period, all seven sectors grew more rapidly in the nonmetropolitan areas, with the largest nonmetropolitan advantage in manufacturing and construction.

Table 2: Relative (to the U.S.) Average Annual Job Growth Rates by Sector and Place 1969-1994, 1969-1977, 1977-1988, 1988-1994

	1969-94		1969-77	
	MSAs	Non -Metro	MSAs	Non -Metro
Population	0.07	-0.26	-0.04	0.14
Employment	0.07	-0.32	-0.02	0.07
Private Employment	0.02	-0.08	-0.10	0.50
Farm Employment	0.39	-0.23	0.61	-0.34
Non-Farm Employment	0.02	-0.08	-0.08	0.37
Construction	-0.05	0.23	-0.48	2.03
Manufacturing	-0.28	1.12	-0.36	1.57
Transportation & Public Utilities	-0.04	0.22	-0.17	0.87
Wholesale Trade	-0.09	0.72	-0.45	3.39
Retail Trade	0.03	-0.14	0.07	-0.30
Finance, Insurance & Real Estate	0.08	-0.59	0.00	0.03
Services	0.13	-0.69	0.17	-0.87
	1977-88		1988-94	
	MSAs	Non -Metro	MSAs	Non -Metro
Population	0.13	-0.50	0.09	-0.34
Employment	0.24	-1.05	-0.11	0.51
Private Employment	0.20	-0.99	-0.15	0.79
Farm Employment	0.30	-0.18	0.25	-0.16
Non-Farm Employment	0.18	-0.85	-0.14	0.72
Construction	0.44	-1.86	-0.36	1.65
Manufacturing	-0.11	0.45	-0.49	1.77
Transportation & Public Utilities	0.05	-0.26	-0.05	0.23
Wholesale Trade	0.20	-1.34	-0.15	1.06
Retail Trade	0.15	-0.70	-0.23	1.08
Finance, Insurance & Real Estate	0.23	-1.78	-0.09	0.78
Services	0.20	-1.12	-0.05	0.32

Source: Calculated from REIS data files

Employment Growth in Greater Spatial Detail

The 268 MSAs in the REIS file include 115 that consist of the top seventy metropolitan areas plus adjacent nonmetropolitan suburbs. For analytical purposes, we rank these 70 areas. See Table 3. The ten largest metropolitan areas (minus Boston) were the only group to suffer relative decline over the 26-year period. This was because of slow growth in their core counties. Relative core county decline also occurred in the other areas; but, unlike in the case of the top ten, this was more than offset by strong growth in the metropolitan suburbs.

It is useful to compare growth rates across the three time periods, MSA size-groups, and for the three MSA sub-areas. In the first period, 1969-1977, there was a relative decline in the top-twenty MSAs. In most cases, the metropolitan suburbs (MS) grew faster than did the core counties (CC). Growth in the nonmetropolitan suburbs (NS) exceeded MS growth in the top twenty. But all of the NS areas grew more slowly than the ONC areas, which in turn grew more slowly than the smallest MSAs (<500,000). "Rural renaissance" hardly seems an accurate description of the changes in settlement patterns in these years.

The years 1977-1988 have been characterized as the "urban revival." Unlike in the previous period, small MSA and nonmetropolitan private sector job growth both lagged U. S. growth. Private sector job growth in all the other MSAs exceeded the U. S. rate. MS growth dominated in the top ten MSAs. The next ten showed particularly strong CC growth. NS growth was slower than U. S. growth everywhere. The remaining small MSAs and noncontiguous

nonmetropolitan areas all grew much more slowly than the U. S. as a whole. The urban growth that took place was primarily in the MS areas.

The most recent period (1988-94), experienced the slowest average annual U. S. private sector job growth among the three periods. There was also a significant deceleration in the top ten MSAs, especially in their CCs. The CCs in the next ten MSAs also grew more slowly than the U. S. as a whole. Although there was some growth in MSAs outside the top ten, especially in the MS areas. Only a few experienced strong growth, particularly in the CC areas. This includes both booming areas such as Las Vegas, Austin-San Marcos, and Tucson; and slow-growing areas such as Allentown-Bethlehem-Easton and Scranton-Wilkes Barre-Hazleton. The other relatively successful areas were the smallest (< 500,000) MSAs and the noncontiguous nonmetropolitan counties. ONC growth was relatively strongest during this period compared with the earlier periods, an indicator of a possible rural revival.

Table 3 also differentiates private sector job growth for the top 70 MSAs and for Sunbelt and Frostbelt regions. Not surprisingly, the Sunbelt outperformed the Frostbelt in each period and in each subarea. Over the entire 1969-94 period, the Sunbelt-Frostbelt metropolitan growth differential was substantial, measuring in the 1.7-1.9 percent range. The CC areas in the top 20 Frostbelt MSAs experienced positive growth only in the 1977-1988 period. The CCs of lower rank performed somewhat better but much worse than the other subareas. In the Sunbelt, however, the CCs often grew faster than the NS areas over the 1969-94 period, both overall and during the sub-periods. This strong job performance of

Table 3: Average Annual Private Sector Job Growth by Region (Frostbelt vs. Sunbelt) and Place 1969-1994, 1969-1977, 1977-1988, 1988-1994

1990 Population Rank	FROSTBELT				SUNBELT			
1-20	1969 -1994	1969 -1977	1977 -1988	1988 -1994	1969 -1994	1969 -1977	1977 -1988	1988 -1994
MSAs/ CMSAs	1.11%	0.44%	2.08%	0.27%	3.07%	3.19%	4.15%	0.97%
CC	0.14%	-0.76%	1.08%	-0.38%	2.46%	2.55%	3.58%	0.33%
MS	1.77%	1.34%	2.70%	0.64%	4.13%	4.45%	5.11%	1.92%
NS	1.70%	1.91%	1.62%	1.56%	2.70%	3.06%	2.70%	2.24%
21-40	1969 -1994	1969 -1977	1977 -1988	1988 -1994	1969 -1994	1969 -1977	1977 -1988	1988 -1994
MSAs	1.60%	1.28%	2.07%	1.19%	3.45%	3.70%	3.81%	2.48%
CC	1.10%	0.71%	1.70%	0.52%	2.90%	2.78%	3.42%	2.11%
MS	2.94%	3.03%	3.01%	2.70%	4.31%	5.23%	4.37%	2.98%
NS	1.30%	1.10%	1.29%	1.58%	2.65%	3.10%	2.25%	2.81%
41-70	1969 -1994	1969 -1977	1977 -1988	1988 -1994	1969 -1994	1969 -1977	1977 -1988	1988 -1994
MSAs	1.43%	1.12%	1.94%	0.91%	3.18%	3.21%	3.49%	2.56%
CC	1.14%	0.70%	1.88%	0.37%	3.26%	3.42%	3.51%	2.57%
MS	1.82%	1.72%	2.06%	1.52%	2.97%	2.69%	3.42%	2.53%
NS	1.22%	1.04%	1.60%	0.77%	2.24%	2.56%	2.13%	2.04%

	1969-1994	1969-1977	1977-1988	1988-1994
REMAINING MSAs	2.35%	2.60%	2.47%	1.79%
REMAINING NON-MSA AREAS	2.09%	2.73%	1.52%	2.29%
ALL METROPOLITAN AREAS	2.14%	1.91%	2.82%	1.20%
U.S.	2.12%	2.01%	2.62%	1.36%

Source: Calculated from REIS data files

Sunbelt core counties is a finding that merits further analysis or interpretation.

Another interesting feature of the data in Table 3 is that the contiguous nonmetropolitan areas in the Sunbelt grew faster than the non-contiguous metropolitan areas over the 1969-94 period overall and during the subperiods. This was certainly not true of the contiguous nonmetropolitan areas in the Frostbelt. This result is no surprise. In rapidly growing metropolitan areas such as those found in the Sunbelt, the spillover effects beyond the metropolitan boundaries will tend to be much stronger than in locations where metropolitan growth is more modest.

The aggregate metropolitan differential between the Sunbelt and the Frostbelt over the 1969-1994 period remains striking in all sectors. Frostbelt CCs performed worst, while Sunbelt MS areas grew fastest. Overall, however, there are more inter-industry commonalties than differences.

Nonmetropolitan Employment Growth

Even given the Sunbelt / Frostbelt distinction, the nonmetropolitan data in Table 3 is highly aggregated, and may conceal considerable variation. The preceding analysis does not adequately treat important differences that exist among the various rural areas, nor does it adequately differentiate between Sunbelt and Frostbelt nonmetropolitan counties. We use a nine-category county taxonomy developed by the USDA to remedy both problems. The taxonomy categorizes nonmetropolitan counties by their degree of associa-

tion with metropolitan counties. We further classify the largest metropolitan counties as core and non-core, producing a classification scheme with ten categories. See Tables 4 and 5.

This analysis corroborates many of our previous findings. The Sunbelt-Frostbelt distinctions in Table 3 are also apparent in nonmetropolitan counties. The only exceptions are the Group 9 counties in the second and third periods, and the Group 10 counties in the last period. Employment growth rates in the latest period are almost identical for the counties in Group 5, as are the growth rates for Group 9 during the middle period. These cells are shaded in Table 4 and 5.

Frostbelt employment growth in the 1969-1977 interval was strongest in the nonadjacent metropolitan counties. This was less the case in the Sunbelt counties, where the picture was more mixed. The fastest Sunbelt growth was in the non-core counties of the largest metropolitan group (the suburbs), and the smaller metropolitan counties (also suburbs), followed by the nonadjacent counties. The middle period was the only one in which Frostbelt core counties did not decline. Frostbelt growth, however, was greatest in the large non-core counties, indicating strong suburbanization . The strongest 1977-88 growth in the Sunbelt counties was also in the large non-core counties, but the second fastest growing group consisted of the largest core counties, followed by the smaller metropolitan counties. This middle period can be categorized as a period of "urban revival" only in terms of the strong performance exhibited by metropolitan suburbs.

In the most recent period, the Frostbelt metropolitan areas grew even more slowly than during the 1969-1977 interval.

Table 4: Average Annual Private Sector Job Growth by Region (Frostbelt vs. Sunbelt) and USDA Area Groups 1969-1994, 1969-1977, 1977-1988, 1988-1994

USDA County Group Classification	FROSTBELT				SUNBELT			
	1969 -1994	1969 -1977	1977 -1988	1988 -1994	1969 -1994	1969 -1977	1977 -1988	1988 -1994
METROPOLITAN COUNTIES								
1. Core Counties in Large Metro Areas with population > 1,000,000	0.59%	-0.11%	1.59%	-0.32%	2.99%	3.24%	3.95%	0.93%
2. Non-Core Counties in Large Metro Areas with population > 1,000,000	1.99%	1.54%	2.79%	1.14%	4.15%	4.26%	4.94%	2.58%
3. Counties in Small Metro Areas with population < 1,000,000	1.64%	1.57%	1.89%	1.27%	3.09%	3.43%	3.18%	2.47%
NONMETROPLITAN COUNTIES ADJACENT TO LARGE METROPOLITAN AREAS								
4. Containing all or part of a city with population 10,000 or more	1.53%	1.55%	1.23%	2.07%	2.64%	2.83%	2.58%	2.50%
5. Containing no part of a city with population 10,000 or more	1.91%	1.85%	1.64%	2.46%	2.62%	3.02%	2.42%	2.47%
NONMETROPLITAN COUNTIES ADJACENT TO SMALL METROPOLITAN AREAS								
6. Containing all or part of a city with population 10,000 or more	1.51%	1.54%	1.51%	1.44%	2.17%	2.75%	1.87%	1.97%
7. Containing no part of a city with population 10,000 or more	1.99%	2.21%	1.78%	2.09%	2.08%	2.45%	1.80%	2.12%
NONMETROPLITAN COUNTIES NOT ADJACENT TO METROPOLITAN AREAS								
8. Containing all or part of a city with population 10,000 or more	2.12%	2.79%	1.51%	2.36%	2.41%	3.15%	1.83%	2.50%
9. Containing all or part of a town with population 2,500 - 10,000	1.98%	2.49%	1.43%	2.31%	2.11%	3.12%	1.49%	2.08%
10. Containing no part of a town with population as large as 2,500	1.83%	2.43%	1.07%	2.45%	2.06%	2.62%	1.62%	2.13%

Table 5: Average Annual Population Growth by Region (Frostbelt vs. Sunbelt) and USDA Area Groups 1969-1994, 1969-1977, 1977-1988, 1988-1994

USDA County Group Classification	FROSTBELT				SUNBELT			
	1969 -1994	1969 -1977	1977 -1988	1988 -1994	1969 -1994	1969 -1977	1977 -1988	1988 -1994
METROPOLITAN COUNTIES								
1. Core Counties in Large Metro Areas with population > 1,000,000	-0.18%	-0.34%	-0.18%	0.03%	1.87%	1.81%	2.09%	1.55%
2. Non-Core Counties in Large Metro Areas with population > 1,000,000	0.66%	0.54%	0.63%	0.88%	2.57%	2.59%	2.68%	2.35%
3. Counties in Small Metro Areas with population < 1,000,000	0.51%	0.69%	0.35%	0.57%	1.84%	2.14%	1.72%	1.68%
NONMETROPLITAN COUNTIES ADJACENT TO LARGE METROPOLITAN AREAS								
4. Containing all or part of a city with population 10,000 or more	0.46%	0.78%	0.15%	0.60%	1.61%	1.68%	1.61%	1.52%
5. Containing no part of a city with population 10,000 or more	0.70%	1.09%	0.35%	0.80%	1.58%	1.84%	1.45%	1.48%
NONMETROPLITAN COUNTIES ADJACENT TO SMALL METROPOLITAN AREAS								
6. Containing all or part of a city with population 10,000 or more	0.47%	0.85%	0.24%	0.41%	1.14%	1.71%	0.85%	0.94%
7. Containing no part of a city with population 10,000 or more	0.65%	1.10%	0.29%	0.73%	1.06%	1.47%	0.84%	0.94%
NONMETROPLITAN COUNTIES NOT ADJACENT TO METROPOLITAN AREAS								
8. Containing all or part of a city with population 10,000 or more	0.60%	1.07%	0.29%	0.54%	1.12%	1.65%	0.85%	0.93%
9. Containing all or part of a town with population 2,500 - 10,000	0.42%	0.89%	0.10%	0.37%	0.80%	1.52%	0.41%	0.57%
10. Containing no part of a town with population as large as 2,500	0.08%	0.49%	-0.20%	0.05%	0.42%	1.02%	0.09%	0.24%

Groups 5 and 10, the adjacent and nonadjacent counties, were the fastest growing in the Frostbelt region. Developments in the Sunbelt are similar. Metropolitan counties grew more slowly than in the first period. Adjacent and nonadjacent counties grew as fast as the suburban counties. Table 5 shows that corresponding differences in population growth tend to be even more pronounced than differences in employment growth.

Summary and Conclusions

We examine a detailed data file to try and make sense of a complex picture. We can generalize that, rather than cycles of urbanization and counter urbanization, we observe steady decentralization, often extending beyond the suburbs into both exurban and rural areas. Previous episodes in which suburbanization eclipsed exurban and rural growth led some analysts to report an urban revival. Our interpretation is different. We are not surprised that new and mobile firms now choose locations according to their demand for (net) agglomeration benefits. These are often available throughout suburban America and much of exurban and rural America. We expect these trends to strengthen in the future. Exurban and rural settings are increasingly attractive to a growing number of firms because of breakthroughs in goods handling and in the transmission of unambiguous information. Some analysts argue that these are peculiar U.S. trends best explained by U.S. institutions, but we are impressed by the fact that evidence for strong suburbanization is available for many countries.

Historically, the locational decisions of firms were explained by their demand for locations near mineral sites or transhipment points. More firms are now footloose locators. The location decisions of households are influenced less by workplace accessibility than the availability of amenities, recreational opportunities, and public safety. The Frostbelt-to-Sunbelt shift supports this view. We expect that in future years firms will continue to be more likely to follow the locational preferences of workers than the reverse.

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