A Third of America’s Economy is Concentrated in Just 31 Counties

While America’s economy has grown for over a decade, that growth is increasingly concentrated in 1% of the nation’s counties.

Just 31 counties, or the top 1% by share, made up 32.3% of U.S. gross domestic product in 2018, according to data released last week by the Bureau of Economic Analysis that included nearly 20 years of county-level GDP data. That’s despite these counties only having 26.1% of employed Americans and 21.9% of the population last year. Their combined GDP share is also up from a recession low of 30.1% in 2009.

The nation’s economy is becoming increasingly concentrated in large cities and by the coasts—and less so in rural counties—spurring the question of whether rural areas will be increasingly left behind. The growing concentration of the country’s economic activity could impact a variety of things from infrastructure spending to labor mobility, but it’s unclear how rural areas will fare as their share of economic output continues to dwindle.

Looking at the largest counties by output, Los Angeles County, which has a GDP equivalent to Saudi Arabia, added $395.2 billion to total U.S. GDP from 2001 to 2018. New York County, home to Manhattan, added $340 billion.

The top 1% of counties were spread across 16 states and the District of Columbia, and populous states like California, Florida and Texas each had multiple counties make the cut. But all 31 counties either included or were near major U.S. cities.

A large population and workforce is only part of the story. Last year, these counties represented $1.3 trillion more of nationwide GDP than the share of workers alone would account for. Looking at population, their combined share of GDP rose even as their share of overall population fell. The difference may stem from other aspects of a city, such as clusters of activity or networks, that improve productivity.

The data also highlight differences in industry concentration. The information sector, dominated by West Coast tech giants like Apple Inc., Alphabet Inc.’s Google and Amazon.com Inc., is particularly consolidated, with nearly three-fifths of its output squeezed into just a few dozen counties.

Finance and the arts are also highly concentrated. While the New York City region still dominates national finance, Manhattan’s grip on the industry has eased since 2014. Los Angeles has held the top spot in the arts and entertainment space from 2001 to 2018, but New York has increased its share from 4.6% to 7.2% over the period.

Still most industries didn’t see that level of consolidation. Some businesses that need to be close to consumers like logistics, hospitality and retail are less concentrated.

Yet, some industries are decentralizing. Transportation and warehousing has become less concentrated since its peak in 2017, while agriculture, forestry, fishing and hunting, a sector that was already relatively dispersed, continued in that direction.

Source: Bloomberg (12/16/19)
### Labor Force Unemployment Rate

**Note:** NOVA Region consists of seven cities in Northern Santa Clara County and the entirety of San Mateo County.

**Source:** California Employment Development Department, LMID

### Labor Force by NOVA Jurisdiction — Santa Clara County (partial) + San Mateo County (complete)

**Note:** NOVA Region consists of seven cities in Northern Santa Clara County and the entirety of San Mateo County.

**Source:** California Employment Development Department, LMID

### WARN Summary

**Note:** Layoff data are preliminary and should be considered an estimate of monthly regional activity.

**Source:** NOVA’s internal Rapid Response database

### Regional Layoff Activity

**Note:** Layoff data are preliminary and should be considered an estimate of monthly regional activity.

**Source:** NOVA’s internal Rapid Response database

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**November 2019 Events**

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<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th># Affected</th>
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<tbody>
<tr>
<td>Bay City Flower Company</td>
<td>Half Moon Bay</td>
<td>195</td>
</tr>
<tr>
<td>Chili’s Bar &amp; Grill</td>
<td>Milpitas</td>
<td>53</td>
</tr>
<tr>
<td>Illumina</td>
<td>Foster City</td>
<td>16</td>
</tr>
<tr>
<td>Impakt Holdings</td>
<td>Burlingame</td>
<td>39</td>
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<tr>
<td>Norton LifeLok</td>
<td>Mountain View</td>
<td>104</td>
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<tr>
<td>Peet’s Coffee</td>
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<td>14</td>
</tr>
<tr>
<td>Verity Health</td>
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<td>1,424</td>
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**Total**

1,845