

2023 Metro Latino GDP Report



Phoenix - Mesa - Scottsdale

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2023 Metro Latino GDP Report: Phoenix – Mesa – Scottsdale MSA

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Center for Economic Research & Forecasting (CERF)

CERF is a nationally recognized economic forecasting center, which provides county, state and national economic forecasts and custom economic analysis for government, business and nonprofit organizations. CERF economists Matthew Fienup and Dan Hamilton are members of the Wall Street Journal Economic Forecasting Survey, the National Association of Business Economics (NABE) Economic Outlook Survey, and the Zillow Home Price Expectations Survey (formerly, the Case-Shiller Home Price Expectations Survey). CERF was awarded 2019, 2020 and 2021 Crystal Ball Awards for the Zillow Home Price Expectations Survey. CERF's U.S. home price forecast received multiple top-3 rankings among more than 100 forecasts included in the survey. CERF is housed at California Lutheran University, a federally designated Hispanic Serving Institution.

Center for the Study of Latino Health & Culture (CESLAC)

Since 1992, CESLAC has provided cutting-edge research, education and public information about Latinos, their health and their impact on California's economy and society. CESLAC is a resource for community members, business leaders and policy makers who want to gain insightful research and information about Latinos. It offers unparalleled insight into Latino issues through an approach that combines cultural research, demographic trends and historical perspective. In addition, it has helped the University of California meet its public service goal by increasing the effectiveness of their outreach to the Latino community.



Foreword

Continuing a Centuries-Old Tradition

For three centuries, spanning from 1521 to 1821, the Viceroyalty of New Spain brought increasingly large swaths of today's North American continent into the world's first global economy. For 300 years, New Spain brought together people from the Américas, Africa, Asia and Iberia. Living next to one another, they formed families together and created new mixtures of food, language, music and spirituality – the foundation of Latino society, identity and culture in today's United States of America.

The Phoenix area was brought into this global network when the establishment of the Tubac presidio in 1752 stimulated the creation of cattle ranches through the land grant system. Spanish soldiers, their families, and their descendants continued to establish ranches further and further to the north, with clusters of Spanish-speaking settlers forming the historic cores of the cities of Phoenix, Tempe and Mesa. Latinos created some of the first public works, such as the San Francisco canal to irrigate their farms in the 1870s and the Aztec Hook and Ladder Company No. 1 to help combat fires in the 1880s. Latino attorneys, physicians and pharmacists set up shop, as did saddle makers and store owners who offered an array of goods to the general public. Civic-minded Phoenix-area Latinos celebrated the Cinco de Mayo as early as 1887 and established a branch of the Alianza Hispano Americana in 1898 to offer health and life insurance to their community. The Latinas established a Sociedad de Beneficencia Mutua of, by and for “Señoritas residentes en Phoenix,” also in 1898.

Since those early days, the Latino population has grown, nearly continuously, to number over 1.5 million by 2018. The emerging Spanish-language media has chronicled the growth the Latino community using a Latino narrative to frame events: businesses, philanthropy, political representation, professional organization, and academic presence. Stimulated by the efforts of groups such as Chicanos por la Causa, the number of educated Latinos has grown, and Latinos are now to be found taking positions of leadership in all economic sectors.

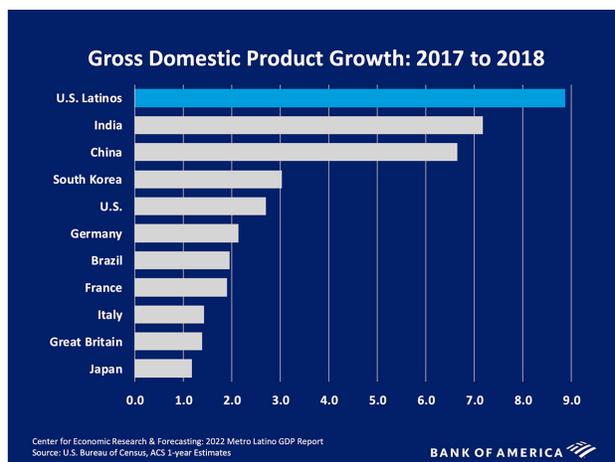
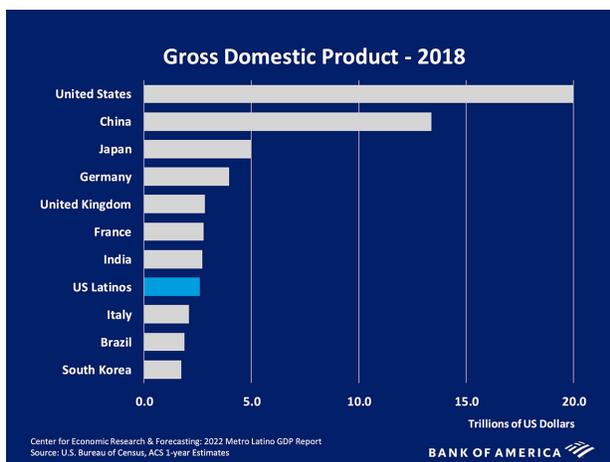
As we consider the large and rapidly growing economic contribution of Latinos living in the Phoenix Metro Area and across the entire state of Arizona, it is important to understand that this impact is not new. Instead, it is the continuation of a centuries-old tradition – a tradition of Latinos providing economic strength and resiliency for the benefit of all people.



U.S. Latino GDP

The *2020 LDC U.S. Latino GDP Report*¹ provides a factual view of the large and rapidly growing economic contribution of Latinos living in the United States. In that report, we estimate the U.S. Latino GDP based on a detailed, bottom-up construction which leverages publicly available data from major U.S. agencies. At the time of publication, the most recent year for which the core building block was available was 2018. Thus, the report provides a snapshot of the total economic contribution of U.S. Latinos in that year².

As a summary statistic for the economic performance of Latinos in the United States, the 2018 Latino GDP is extraordinary. The total economic output (or GDP) of Latinos in the United States was \$2.6 trillion in 2018, up from \$2.3 trillion in 2017, and \$1.7 trillion in 2010. If Latinos living in the United States were an independent country, the U.S. Latino GDP would be the eighth largest GDP in the world. The Latino GDP is larger even than the GDPs of Italy, Brazil or South Korea.



While impressive for its size, the U.S. Latino GDP is most noteworthy for its extraordinary growth rate. Among the world’s 10 largest GDPs in 2018, the Latino GDP was the single fastest growing. Latino real GDP grew 21 percent faster than India’s and 30 percent faster than China’s. Over the entire period from 2010 to 2018, the Latino GDP was the third fastest growing, while the broader U.S. economy ranked fifth. Latino GDP grew a remarkable 74 percent faster than non-Latino GDP from 2010 to 2018.

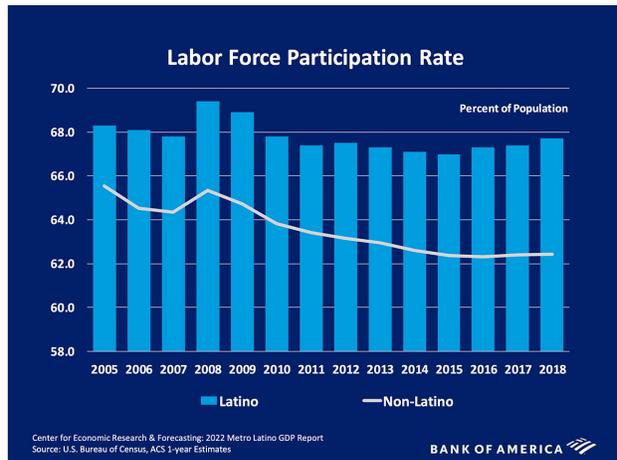
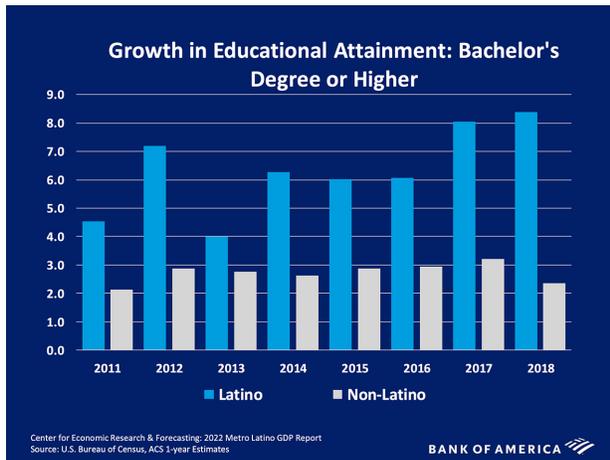
The single largest component of rapid Latino GDP growth since 2010 is personal consumption growth. From 2010 to 2018, Latino real consumption grew 135 percent faster than non-Latino consumption. This dramatic increase is driven by large gains in personal income, which naturally flow from Latinos’ rapid gains in educational attainment and strong labor force participation. Whereas the U.S. had average wage and salary growth of just 5.1 percent over the previous five years, wage and salary growth for Latinos averaged 8.6 percent. From 2010 to 2018, growth in the number of people with a

¹ 2020 LDC U.S. Latino GDP Report: <https://www.clucerf.org/2020/09/28/2020-ldc-u-s-latino-gdp-report/>

² Author’s note: the estimates provided in this report are based on source data that are revised on a regular basis. As source data are revised, these U.S. and State level Latino GDP estimates will also be revised and updated to reflect the latest information.

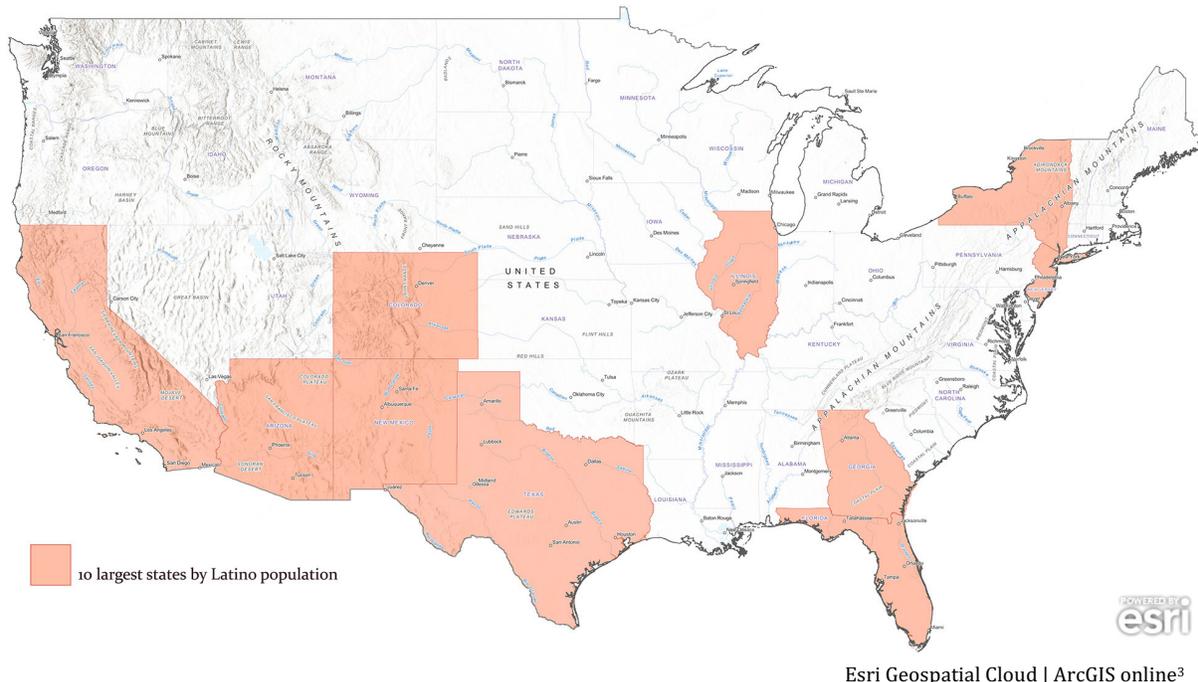


bachelor's degree or higher was 2.6 times more rapid for Latinos than Non-Latinos. And Latino labor force participation in 2018 was 67.8 percent, more than five percentage points higher than non-Latino.



State Latino GDP: 10 Largest States by Latino Population

The 2021 *Bank of America State Latino GDP Report* builds on the U.S. report by providing detailed state-level analysis of the total economic contribution of Latinos, benchmarked against the broader U.S. Latino GDP. Arizona, California, Colorado, Florida, Georgia, Illinois, New Jersey, New Mexico, New York, and Texas collectively contain more than three-quarters of the Nation's Latino population. The economic contribution of Latinos in these 10 states is even more impressive in a number of ways than that of the broader U.S. Latino cohort. The 10 had a combined 2018 Latino GDP of \$2.1 trillion dollars, representing nearly 80% of the U.S. Latino GDP.



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Ten Largest States by Latino Population

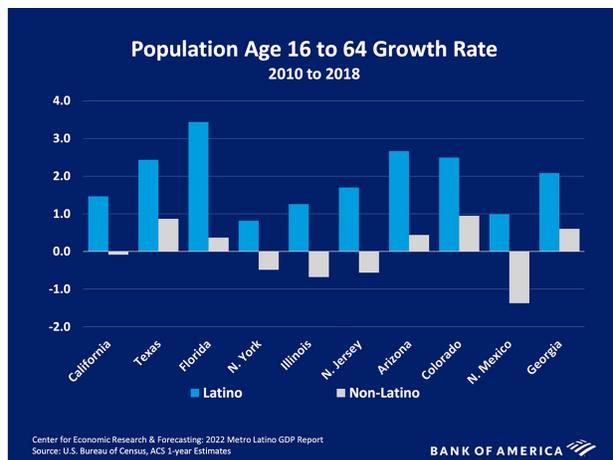
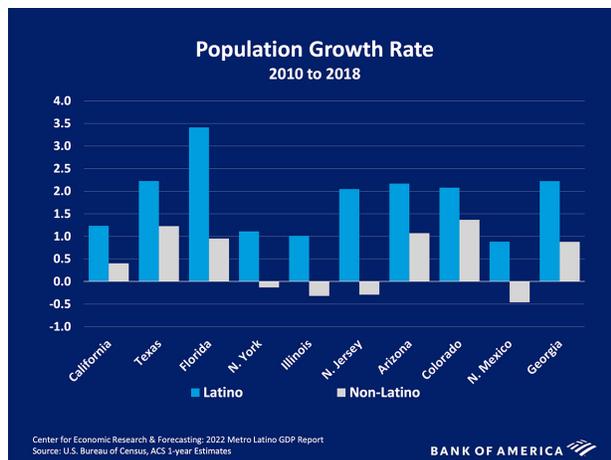
California
Texas
Florida
New York
Illinois
New Jersey
Arizona
Colorado
Georgia
New Mexico

Total of 10 states

Latino GDP	Share of U.S. Latino GDP
<i>billions of dollars</i>	<i>percent</i>
706.6	27.2
476.0	18.3
258.9	10.0
202.3	7.8
100.1	3.9
96.9	3.7
91.9	3.5
55.2	2.1
37.9	1.5
36.0	1.4
2,062.0	79.4

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF 2021 State Latino GDP Report

California's 2018 Latino GDP is \$707 billion. If it were its own state, the California Latino GDP would be the 7th largest state GDP, larger than the entire economic output of the state of Ohio. The Texas 2018 Latino GDP is \$476 billion, larger than the entire economy of Maryland, Colorado, or Minnesota. Even the smallest of the 10 target states is noteworthy. The Latino GDP of New Mexico is \$36 billion, larger than the entire economy of Vermont.



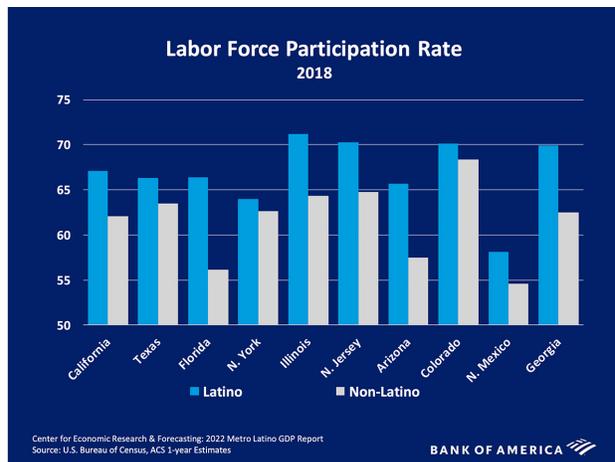
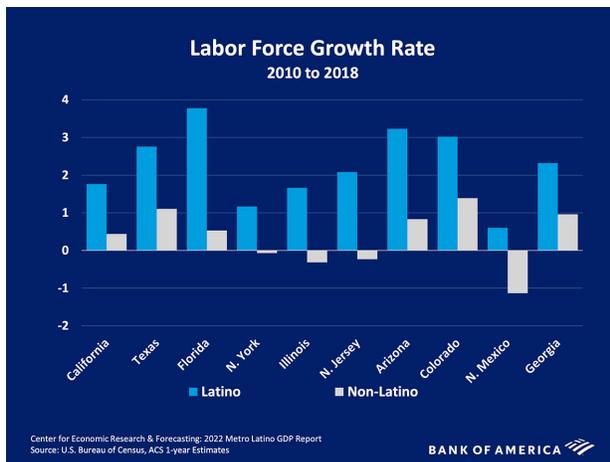
Latino population growth compares very favorably to that of Non-Latinos across all 10 states. Were it not for Latinos, the populations of Illinois, New Jersey, New Mexico, and New York would have contracted between 2010 and 2018. Non-Latino population growth was negative in each of these states, but Latino population growth was strong enough to turn each state's population growth positive overall. Even in those states with strong Non-Latino population growth, Latino population



growth enjoys a substantial growth premium between 2010 and 2018. Across all 10 states, population growth among Latinos was 3.8 times faster than population growth among Non-Latinos.

In addition to having a population that is growing more rapidly, Latinos have a younger median age than Non-Latinos. In 2018, the median age for U.S. Latinos was 29.5 years. For Non-Latinos, it was 40.6 years. Due to their age distribution, Latinos are adding substantial numbers of people in each of the 10 states to the critical category of working age adults, defined as ages 16-64. Meanwhile, Non-Latinos are experiencing a high concentration of population in the 55-64 year age range, the cohort of near-retirees. Were it not for Latinos, the working age populations of California, Illinois, New Jersey, New Mexico, and New York would have contracted from 2010 to 2018. Only five of the 10 states have growing Non-Latino working age populations: Arizona, Colorado, Florida, Georgia, and Texas.

In addition to contributing large numbers to the population of working age adults, Latinos are also significantly more likely to be actively working or seeking work than Non-Latinos. Across all 10 states featured here, the Latino labor force participation rate is substantially higher than that of Non-Latinos. Five of the 10 states enjoy a labor force participation premium that is even larger than the 5.3 percentage point premium enjoyed by Latinos nationally. Florida Latinos are a remarkable 10.3 percentage points more likely to be actively working than their Non-Latino counterparts. The participation premium is an impressive 8.2 percentage points in Arizona and 7.4 percent in Georgia, and 6.9 percent in Illinois.

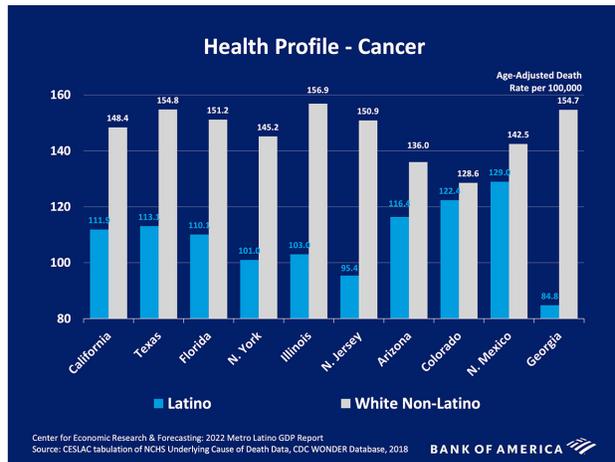
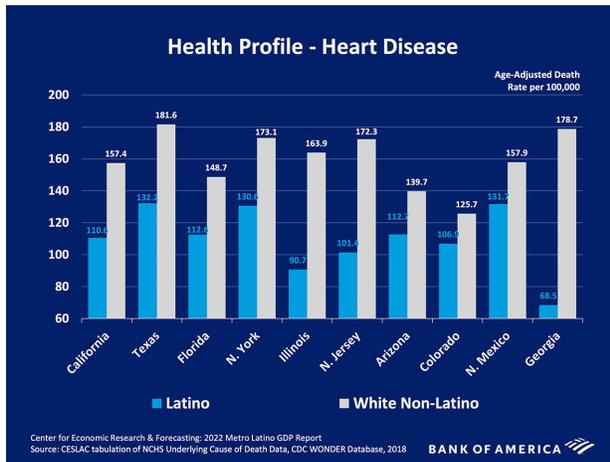


The younger age distribution, strong population growth, and higher labor force participation rate of Latinos in the 10 states have resulted in strong and consistent contributions to each state's labor force. Despite being only 29 percent of the population of the 10 states, Latinos are responsible for 65 percent of the growth of the labor force from 2010 to 2018.

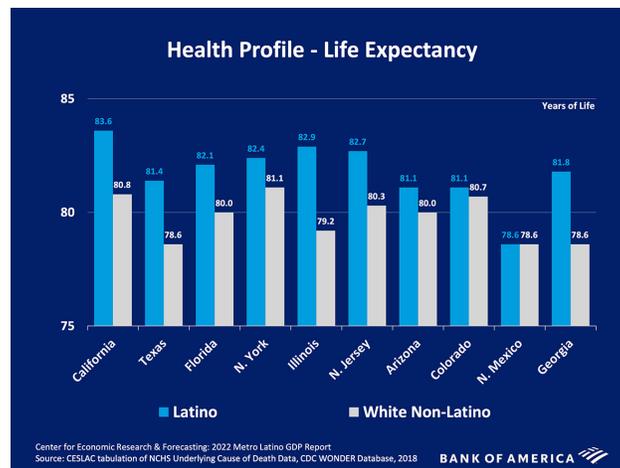
On top of more rapid population and labor force growth, more rapidly increasing educational attainment and incomes, Latinos in both the 10 states and the broader country enjoy stronger health outcomes than their non-Latino counterparts. In 2018, the top four causes of death in the U.S. were heart disease, cancer, unintentional injuries (accidents), and chronic lower respiratory



diseases. Compared to non-Hispanic Whites, Latinos in each of the 10 target states have an age-adjusted death rate that is significantly lower for each of these causes of death.



Life expectancy is one of the key summary statistics for the health of a population. In the 10 target states, the average life expectancy for Latinos ranges from being equal to that of non-Latino Whites to being more than three years longer. For the entire U.S., Latinos can expect to live an average of 81.8 years compared to 78.5 years for non-Latino Whites. Illinois boasts the largest Latino life expectancy premium. At birth, a Latino living in Illinois can expect to live a full 3.7 additional years than a non-Latino White counterpart.



From lower mortality for chronic and other noncommunicable causes of death to longer life expectancy, the strong Latino health profile provides a foundation for decades of continued Latino GDP growth.

State Latino GDP: ARIZONA

Arizona’s 2018 Latino GDP is \$91.9 billion, larger than the entire economic output of the state of New Hampshire. The state’s top five 2018 Latino GDP sectors are: Finance & Real Estate (18.8% share of the Arizona Latino GDP), Government (12.5%), Education & Healthcare (9.8%),



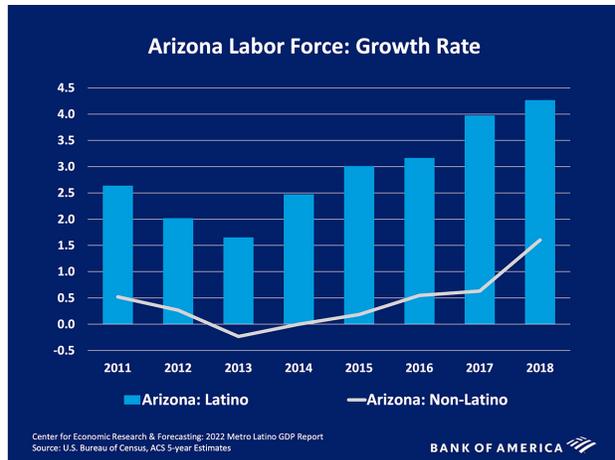
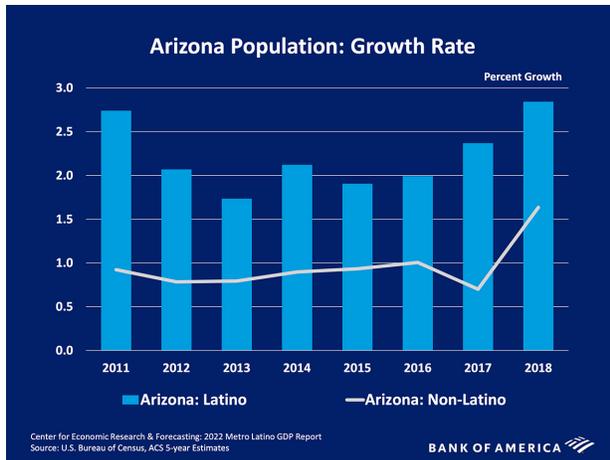
Professional & Business Services (9.7%), and Construction (8.2%). The largest component of Arizona’s Latino GDP is personal consumption. Latino consumption totaled more than \$60.7 billion in Arizona in 2018.

Arizona: Gross Domestic Product		
	Latino GDP Industry Share <i>percent</i>	Statewide GDP Industry Share <i>percent</i>
Agricultural/Natural Resources	1.7	0.7
Mining/Quarrying	1.6	1.5
Construction	8.2	4.8
Durables Manufacturing	6.3	6.9
Non-Durables Manufacturing	1.2	1.4
Wholesale Trade	4.8	5.6
Retail Trade	8.0	7.0
Transportation/Warehousing/Utilities	6.6	5.2
Information/Technology	2.7	3.5
Finance/Insurance/Real Estate	18.8	23.0
Professional/Business Services	9.7	11.3
Education/Healthcare/Social Assistance	9.8	9.7
Leisure/Hospitality	5.9	4.8
Personal/Repair/Maintenance Svcs	2.2	2.0
Government Services	12.5	12.6
Total All Industries	100	100

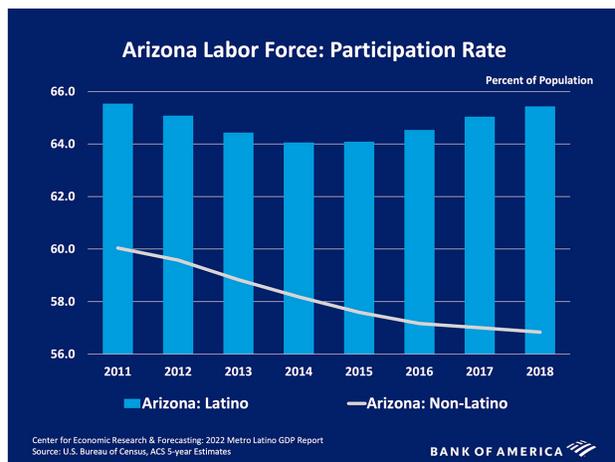
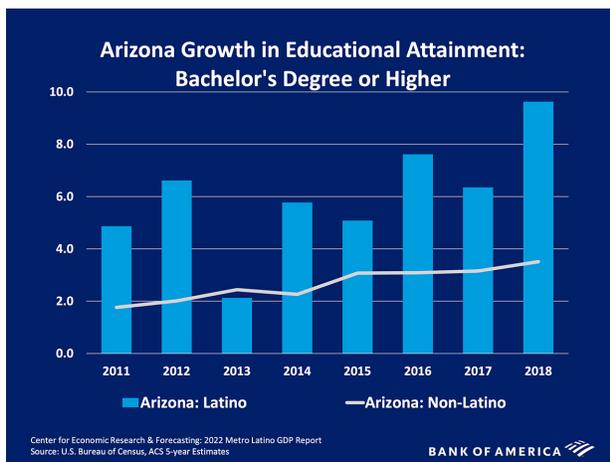
Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

Five different industry sectors account for out-sized shares of the state’s Latino GDP. For example, while Construction accounts for only 4.8 percent of Arizona GDP, it accounts for 8.2 percent of the Arizona Latino GDP. Four other industry sectors account for a significantly larger share of the Arizona Latino GDP than the corresponding share of the broader state GDP. These include Agriculture, Retail Trade, Transportation & Warehousing and Leisure & Hospitality. In general, Arizona’s Latino economy is broad and diversified. In this way, not only are Latinos an engine of economic growth, but they also provide a broad foundation of support for the state’s economy.

Latinos are making strong and consistent contributions to Arizona’s population and labor force. While the population of Arizona increased steadily from 2010 to 2018, Latino population growth was nearly two and a half times that of Non-Latinos. From 2010 to 2018, Arizona’s Non-Latino population grew by just less than 8 percent. Over that same period, the state’s Latino population grew by 19 percent. The Latino labor force growth premium is even more impressive. From 2010-18, Arizona’s Latino labor force grew nearly seven and a half times as quickly as the Non-Latino labor force (25.5 percent growth for Latinos compared to 3.4 percent for Non-Latinos).



The economic contribution of Latinos in Arizona, as with U.S. Latinos broadly, is driven by rapid gains in human capital, strong work ethic, and a positive health profile. From 2010 to 2018, Latino educational attainment grew at a rate 2.5 times faster than the educational attainment of Non-Latinos. Over those 9 years, Arizona Latinos' labor force participation rate was an average of 6.0 percentage points higher than Non-Latinos. In 2018, Latino labor force participation was a full 8.2 percentage points higher.

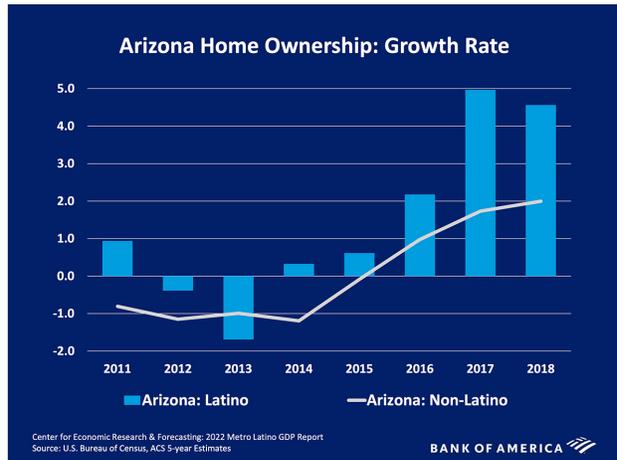
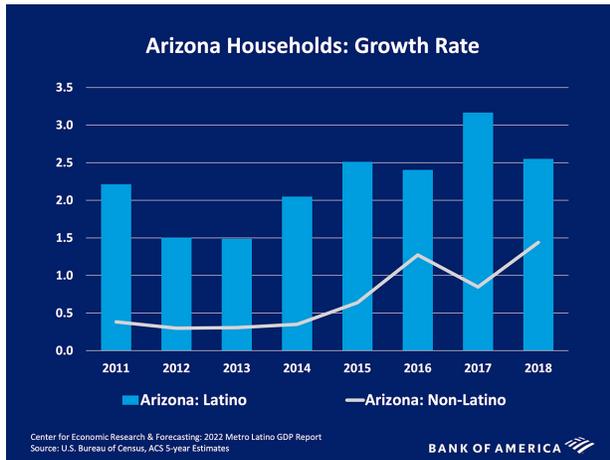


Latinos provide a very large and positive demographic punch in Arizona through both the addition of workers and the formation of households. The number of Latino households grew at a rate 3.4 times that of Non-Latinos. From 2010 to 2018, the number of Latino households in Arizona grew nearly 19.3 percent, while the number of Non-Latino households grew just 5.7 percent. A healthy rate of household formation is vital to economic growth, as new households increase current and future economic activity.

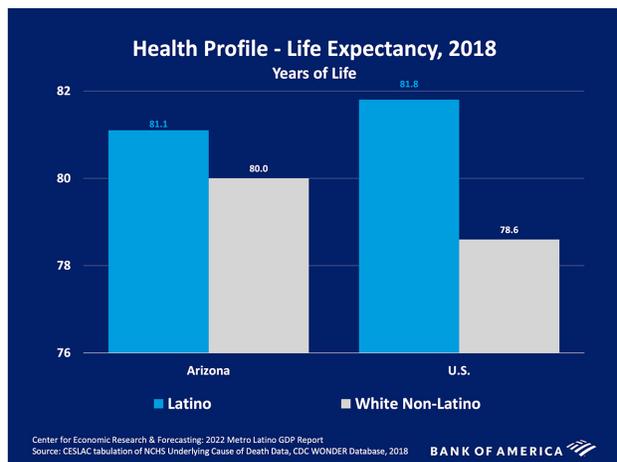
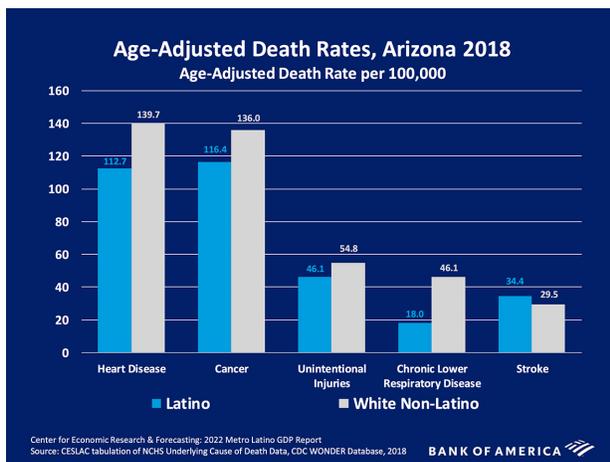
The growth of Latino households is accompanied by strong growth of Latino home ownership. While both Latino and non-Latino home ownership declined during the years following the Great Recession, since 2014, growth of Latino home ownership has been consistently positive and significantly higher than that of Non-Latinos. By comparison, the number of Non-Latino homeowners in Arizona was essentially flat between 2010 and 2018. From 2010 to 2018, the



number of Latino homeowners in Arizona grew by 11.9 percent. During those same years, homeownership among Non-Latinos grew by only 0.4 percent.



Latinos in Arizona also boast stronger health outcomes than their non-Latino counterparts. In the United States in 2018, the top causes of death were heart disease, cancer, unintentional injuries, chronic lower respiratory disease and stroke. In Arizona, the Latino age-adjusted mortality rates for four of the five top causes of death are lower than Non-Hispanic White rates. Latino rates range from approximately 14 to 61 percent lower. Arizona Latinos' age-adjusted mortality rate is 14.4 percent lower than the state's White Non-Latinos for cancer and 19.3 percent lower for heart disease. Latinos' rate of respiratory disease is a remarkable 61.0 percent lower. Arizona Latinos also enjoy greater longevity, with a life expectancy that is more than one year longer than Non-Hispanic Whites (81.1 years compared to 80.0).



The family values, hard work, and strong health profile of Latinos in Arizona and in the U.S. are a tremendous source of economic vitality.



Metro Latino GDP: Phoenix – Mesa – Scottsdale MSA⁴

The Phoenix – Mesa – Scottsdale Metropolitan Statistical Area (MSA), is comprised of Maricopa and Pinal counties and covers nearly 14,600 square miles in South-Central Arizona. In 2018, the Phoenix Metro Area was home to 4.9 million people of all ethnicities, making it the ninth largest MSA in the nation, slightly larger than the San Francisco-Oakland Metro Area. The Phoenix Metro Area is the eighth largest MSA by Latino population, with 1.5 million Latinos in 2018. Latinos comprise 31 percent of the total Phoenix Metro Area population.

The 2018 Phoenix Metro Area Latino GDP is \$65.1 billion, larger than the entire economy of states like Maine or North Dakota. The largest component of the Phoenix Metro Area’s Latino GDP is personal consumption. Latino consumption in the Phoenix Metro totaled \$44.5 billion in 2018, representing a consumption market larger than the entire economy of the state of Wyoming or Vermont.

The Phoenix Metro Area’s top five 2018 Latino GDP sectors are: Finance & Real Estate (\$12.9 billion), Professional & Business Services (\$7.4 billion), Construction (\$6.1 billion), Education & Healthcare (\$6.1 billion), and Government Services (\$5.8 billion).

Phoenix Metro: Gross Domestic Product	Metro Latino GDP by Industry <i>billions of dollars</i>	Metrowide GDP by Industry <i>billions of dollars</i>
Agricultural/Natural Resources	0.4	0.8
Mining/Quarrying	0.1	1.4
Construction	6.1	13.4
Durables Manufacturing	4.9	19.2
Non-Durables Manufacturing	0.9	3.7
Wholesale Trade	2.8	17.1
Retail Trade	5.4	18.2
Transportation/Warehousing/Utilities	4.6	13.2
Information/Technology	2.0	9.7
Finance/Insurance/Real Estate	12.9	61.3
Professional/Business Services	7.4	33.3
Education/Healthcare/Social Assistance	6.1	25.4
Leisure/Hospitality	4.0	12.6
Personal/Repair/Maintenance Svcs	1.6	5.1
Government Services	5.8	25.0
Total All Industries	65.1	259.3

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

The Phoenix Metro Area’s Latino economy is highly diversified. Four different industry sectors account for out-sized shares of the Phoenix Metro’s Latino GDP. For example, while Construction account for only 5.2 percent of the overall Phoenix Metro GDP, it accounts for 9.4 percent of the Metro area’s Latino GDP. While Transportation & Warehousing accounts for only 5.1 percent of the overall Phoenix Metro GDP, it accounts for 7.0 percent of the Metro Area’s Latino GDP.

⁴ In 2019, the U.S. Census Bureau changed the name of this Metropolitan Statistical Area (MSA) to the Phoenix-Mesa-Chandler MSA.

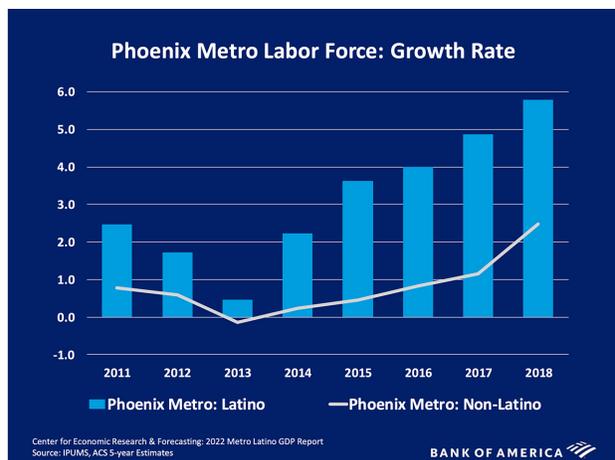
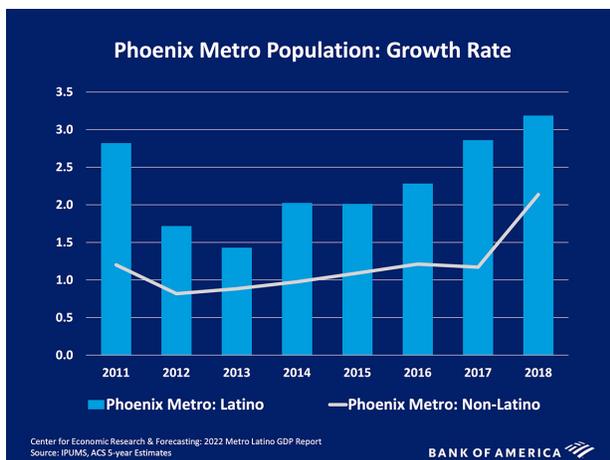


Two other industry sectors account for a substantially larger share of the Phoenix Metro Area Latino GDP than the industry's corresponding share of the broader Metro Area GDP. These include Retail Trade and Leisure & Hospitality. In general, the Phoenix Metro Area's Latino economy is broad and diversified. As they do for the broader state of Arizona, Latinos provide a broad foundation of support for the Phoenix Metro Area's economy.

Phoenix Metro: Gross Domestic Product		
	Metro Latino GDP Industry Share <i>percent</i>	Metrowide GDP Industry Share <i>percent</i>
Agricultural/Natural Resources	0.6	0.3
Mining/Quarrying	0.2	0.5
Construction	9.4	5.2
Durables Manufacturing	7.5	7.4
Non-Durables Manufacturing	1.3	1.4
Wholesale Trade	4.2	6.6
Retail Trade	8.3	7.0
Transportation/Warehousing/Utilities	7.0	5.1
Information/Technology	3.1	3.8
Finance/Insurance/Real Estate	19.9	23.6
Professional/Business Services	11.4	12.9
Education/Healthcare/Social Assistance	9.4	9.8
Leisure/Hospitality	6.2	4.8
Personal/Repair/Maintenance Svcs	2.4	2.0
Government Services	8.9	9.6
Total All Industries	100	100

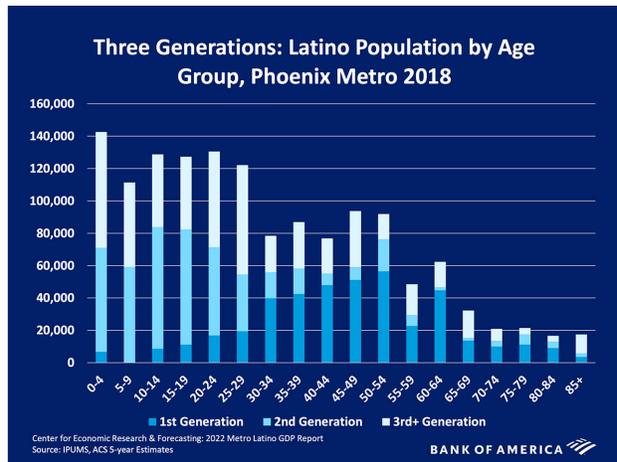
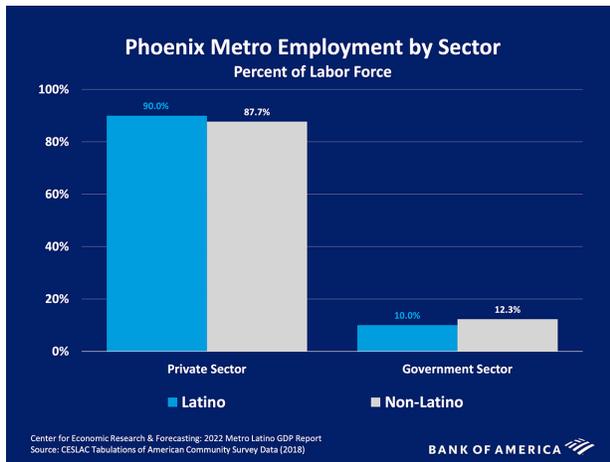
Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

As in the state of Arizona at large, Latinos are making strong and consistent contributions to the Phoenix Metro Area's population and labor force. The Phoenix Metro's Latino population is growing at a rate 2 times that of Non-Latinos. The Non-Latino population of the Phoenix Metro Area grew every year from 2010 to 2018, adding nearly 10 percent to the Non-Latino population over those years. During the same period, the Phoenix Metro Area's Latino population grew nearly 20 percent.

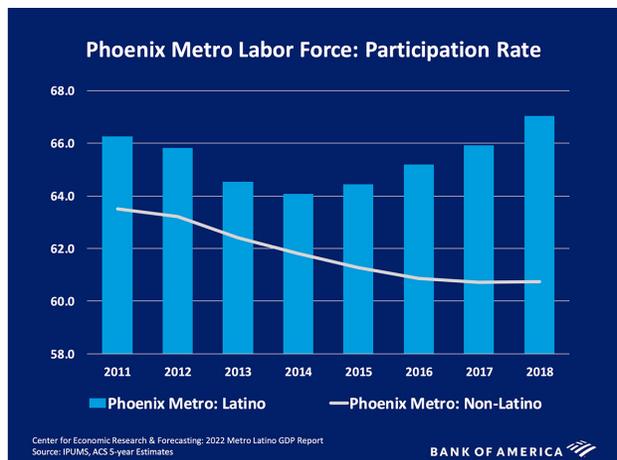
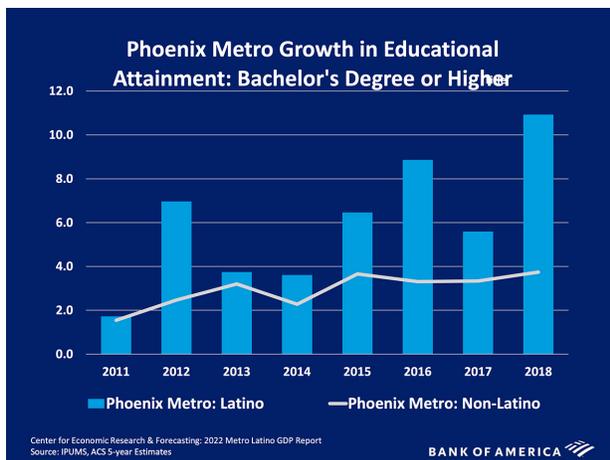




The Non-Latino component of the Phoenix Metro Area’s labor force grew only weakly from 2010 to 2018, while Latinos made strong contributions in every year. From 2010 to 2018, Latinos added an average of 18,176 workers per year to the Phoenix Metro’s labor force. Non-Latinos added average of only 12,383 workers per year. In percentage terms, the difference in growth rates is striking. From 2010 to 2018, the Phoenix Metro Latino labor force grew by 28.0 percent. During those same years, the Phoenix Metro Non-Latino labor force grew by only 6.5 percent. In other words, the Latino component of the labor force grew at a rate more than four times faster than Non-Latino. And despite being only 31 percent of the Metro Area’s population, Latinos are responsible for 60 percent of the growth of the labor force.



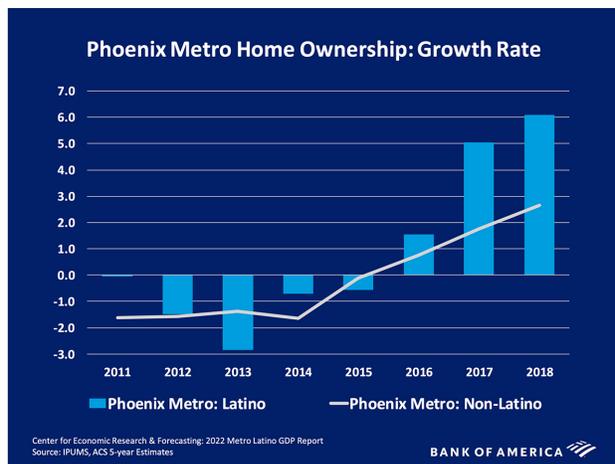
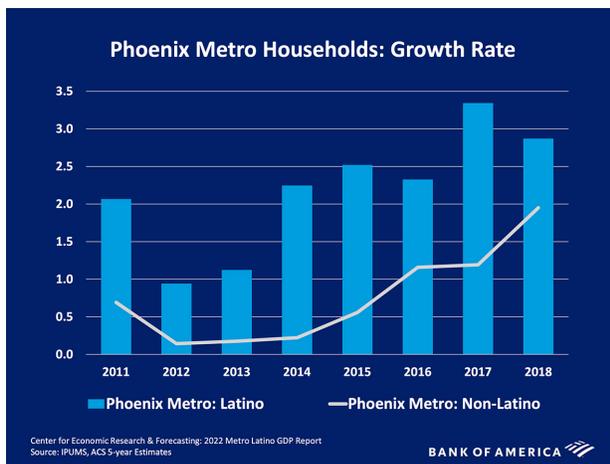
In addition to growing more rapidly, the composition of the Phoenix Metro Area Latino labor force is different in meaningful ways than the Non-Latino labor force. First, Phoenix Metro Latinos are more likely than Non-Latinos to choose work in the private sector compared to the government sector. Latino workers are also younger on average. In the Phoenix Metro Area, Latinos coming of age and entering the labor force are overwhelmingly second- and third-generation Americans. These children and grandchildren of immigrants are combining the extraordinary and selfless work ethic of their elders with rapid educational attainment to propel not just Latino GDP but overall GDP growth in the Phoenix Metro Area, the state and the nation.





As with larger geographies, the economic contribution of Latinos in the Phoenix Metro Area is driven by rapid gains in human capital and a strong work ethic. From 2010 to 2018, the number of Latinos with a bachelor’s degree grew at a rate 2.3 times faster than that of Non-Latinos. Over those same years, Phoenix Metro Latinos’ labor force participation rate was an average of 3.5 percentage points higher than Non-Latinos’. This labor force participation premium increased every year from 2013 to 2018. In 2018, Latino labor force participation was a remarkable 6.3 percentage points higher than Non-Latino.

As with the larger geographies, Latinos provide a very large and positive demographic punch in the Phoenix Metro Area through both the addition of workers and the formation of households. From 2010 to 2018, the number of Latino households in the Phoenix Metro Area increased by 18.8 percent. During those same years, the number of Non-Latino households grew by only 6.2 percent.



The growth of Latino households is accompanied by growth of Latino homeownership. Latino and Non-Latino homeownership alike took a big hit in the Phoenix Metro Area in the years following the Financial Crisis and Great Recession. Post-Great Recession homeownership did not begin to grow again until 2016 for Latinos and Non-Latinos alike. Over the three most recent years, from 2016 to 2018, the number of Latino homeowners in the Phoenix Metro Area increased by over 13 percent while the number Non-Latino homeowners increased by only 5 percent.

Phoenix Metro: Headline Characteristics			
Phoenix-Mesa-Scottsdale Metro Area			
	Latino	All Ethnicities	Latino Share of MSA (percent)
Gross Domestic Product (\$-billions)	65.1	259.3	25.1
Personal Consumption Expenditures (\$-billions)	44.5	n/a	n/a
Population (thousands)	1,515.7	4,858.0	31.2
Labor Force (thousands)	725.5	2,422.6	29.9
Employment (thousands)	686.3	2,307.5	29.7
Households (thousands)	387.7	1,730.4	22.4
Home-Owning Households (thousands)	201.1	1,105.7	18.2
Education of BA/BS or higher (thousands)	112.7	1,040.4	10.8

Sources: U.S. Bureau of Census (1-yr ACS), Cal Lutheran University-CERF

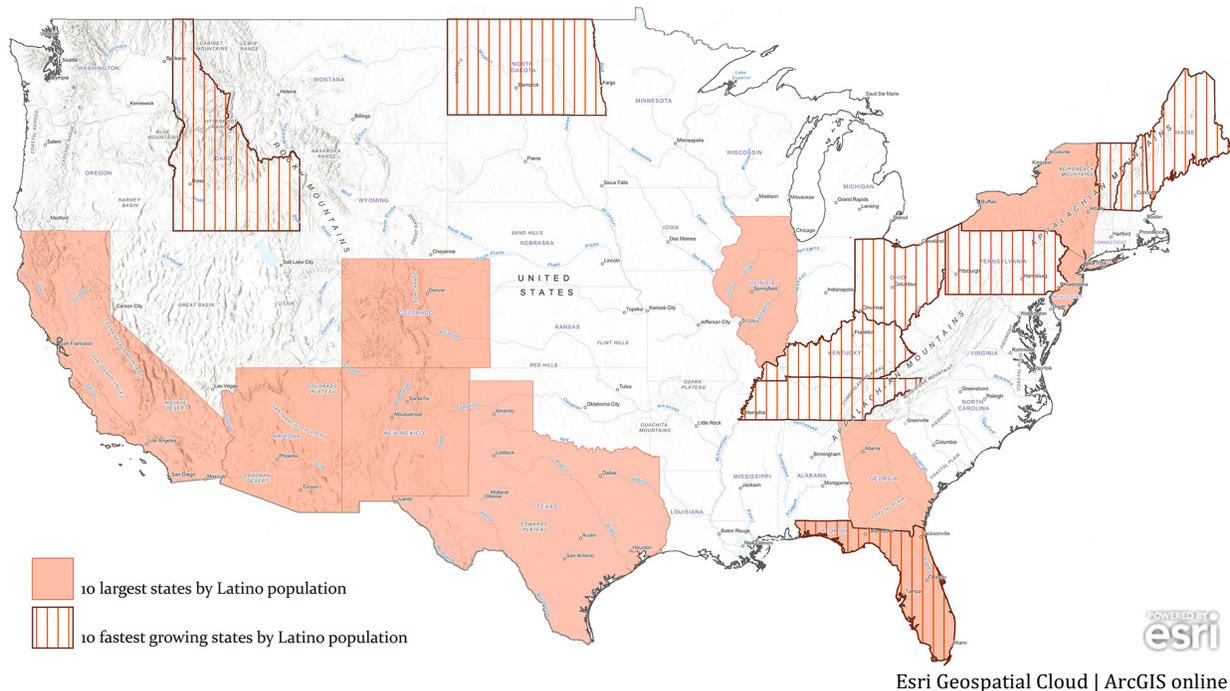


The Geography of the Latino GDP

Seeing the dramatic economic impact of Latinos living in the Phoenix Metro Area and the state of Arizona more broadly, one might be misled to think that this extraordinary impact must be concentrated within a narrow geographic region. In fact, the Phoenix Metro Area and the state of Arizona are merely examples of a nationwide phenomenon.

As we have noted for years, the story of the dramatic economic contribution of Latinos in the U.S. is foremost a story of extraordinary growth. The largest states by Latino population, in many instances, are adding the largest numbers of Latinos on an annual basis. In terms of people added, the fastest growing Latino populations are Texas, California and Florida. Texas added 852 thousand Latinos from 2015 to 2019. Florida added 700 thousand, and California added 390 thousand⁵. But ranked by percentage growth, we see that the fastest growing state Latino populations are spread far and wide across the United States. Comparing all 50 states, the three fastest growing states by Latino population are New Hampshire, Vermont and North Dakota. These three, along with Tennessee and Kentucky have Latino populations which grew 15 percent or more between 2015 and 2019. Of the ten fastest growing states by Latino population, only Florida (the ninth fastest growing) is among the 10 largest states by Latino population.

Largest & Fastest Growing States by Latino Population



With the exception of Florida, the major hotspots for the growth of Latino population and thus the growth of the Latino GDP are *outside* of the 10 states highlighted in this report. Thus, Latinos will continue to drive economic growth and be a source of economic resilience in places like California,

⁵ U.S. Bureau of Census, ACS 1-year Estimates



Arizona and Texas. But the biggest impact of Latinos in the years ahead is likely to be seen in places less obvious, places like Idaho, North Dakota, Ohio and Tennessee.

Methodology

The starting point for the MSA-specific Latino GDP estimates in this report is the U.S. Latino GDP calculations undertaken by Hamilton, Fienup, Hayes-Bautista, and Hsu in the *LDC U.S. Latino GDP Report* (Hamilton et al. 2019, 2020, 2021b) and the State Latino GDP calculations undertaken by the same authors in the *Bank of America State Latino GDP Report* (Hamilton et al. 2021a). The U.S. calculations are based on publicly available national income and product accounts (NIPA) data as well as a wide set of nation-wide measures of Latino-specific demographic, housing, labor market, and other economic activities. The state-specific Latino GDP calculations start with the U.S. Latino GDP estimates and add state-level income and product account data, along with a wide set of state-specific measures of Latino demographics, housing, and labor market activity. Likewise, the MSA-specific Latino calculations start with the corresponding State Latino GDP estimates and utilize MSA-level income and product account data along with Latino specific measures of demographics, and housing market and labor market activities.

For national, state and MSA Latino GDP, we compute Latino versions of seven major expenditure components across many commodity definitions of economic activity. The level of detail includes 71 categories of commodities for the U.S. analysis. Those categories are aggregated into 21 broader commodity categories for the state- and aggregated into 15 categories for the MSA-level analyses.⁶ Our analysis requires detailed data from the U.S. Bureau of Economic analysis on GDP, income, expenditure, employment, and prices across all of the states and the nation. We also utilize the U.S. Input-Output (I-O) table, the foundation for the national income accounting system that produces GDP breakouts by expenditure type, income type, and industry sector. This effort also requires data on economic and demographic activity broken out by ethnicity, so that we can compute Latino shares of expenditures at a detailed industrial sector level. The Latino-specific data are sourced from the American Community Survey (BOC-ACS), integrated public use microdata series (BOC-UMN-IPUMS), the American Housing Survey (BOC-AHS), the Current Population Survey (BOC-CPS), the Population Estimates program (BOC-POPEST), the Housing Vacancy Survey (BOC-HVS), and the Consumer Expenditure Survey (BLS-CEX). The Latino GDP is calculated as the sum of Latino-specific measures of the seven major expenditure categories.

To compute the industry breakdowns of Latino GDP, for the MSAs, states and nation, we utilize BEA measures of income by type for all ethnicities, along with IPUMS data on Latino income by type. These data provide a way to calculate Latino-specific versions of three major income categories across 21 industries. The sum of these major income categories provides the industry breakdown of Latino GDP.

As with standard GDP estimates by the BEA, our Latino GDP estimates are based on a detailed bottom-up calculation. The Metro Latino measures can be decomposed to seven major expenditure

⁶ Commodities and industries both follow the NAICS classification scheme, but are conceptually different in that industries are the outputs of the production processes by sector, and commodities are the inputs to the production process by sector.



components, and they can be split out into 15 separate industrial sectors. The seven expenditure categories are: Personal Consumption, Residential Investment, Nonresidential Investment, Change in Inventories, Exports, Imports, and Government Consumption and Investment. The 15 industrial sectors are provided in the following table:

Table 1: Latino GDP Industry Categories

- Agriculture/Natural Resources
- Mining/Quarrying
- Construction
- Durables Manufacturing
- Non-Durables Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation/Warehousing/Utilities
- Information/Technology
- Finance/Insurance/Real Estate
- Professional/Business Services
- Education/Healthcare/Social Assistance
- Leisure/Hospitality
- Personal/Repair/Maintenance Services
- Government Services



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