

*This memorandum is preliminary in nature and subject to revision and review. Any views expressed are not necessarily those of the Federal Reserve Bank of Boston or of the Federal Reserve System.*

To: Tom Hubbard  
From: Alicia Sasser and Brad Hershbein  
Date: May 19, 2006  
Re: Trends in median income in Massachusetts, Greater Boston, and the city of Boston

---

This memo describes the recent trend in real median household income in Massachusetts, Greater Boston, and the city of Boston from 1999 through 2004. Over this period, real median household income in the city of Boston grew 2.2 percent versus declines of 1.9 percent in Greater Boston and 2.8 percent in the Commonwealth.

However, there was considerable variation in median incomes over this time period: The 2001 recession appears to have hit some areas harder than others, and certain New England states, including Massachusetts, are still recovering. Prior to the recession, household income grew more rapidly in the city of Boston relative to the surrounding area and the rest of the state. Yet the city also suffered a larger drop in median income during the recession compared to other areas in the Commonwealth. As you suspected though, over the past two or so years (2002-2004), median income has grown more rapidly in Boston proper, though the city has not yet reached its pre-recession peak. In contrast, median incomes in Greater Boston and Massachusetts fell between 2002 and 2003 and grew only a barely perceptible (and not statistically significant) amount from 2003 to 2004.

## Real Median Household Income, 1999 - 2004

Year	Massachusetts	Boston MA-NH PMSA	Boston city
1999	57244 *	62550	44919
2000	54585	60784	47645
2001	56062	63546 *	48537
2002	58170 *	63496	41826 *
2003	55063	60466	43711
2004	55658	61333	45892
Change 1999-2004	-2.8%	-1.9%	2.2%
1999-2001	-2.1%	1.6%	8.1%
2001-2002	3.8%	-0.1%	-13.8%
2002-2004	-4.3%	-3.4%	9.7%

Source:

U.S. Census Bureau, 2000 Census (1999 data) and 2000-2004 American Community Survey.

Notes:

The Boston MA-NH primary metropolitan statistical area includes all of Suffolk County, the majority of Essex, Middlesex, and Norfolk Counties, and part of Bristol, Plymouth, and Worcester Counties.

Notably, it excludes the Brockton, Fitchburg-Leominster, Lawrence, and Lowell areas. For a complete town list, see <http://www.census.gov/population/estimates/metro-city/99mfips.txt>

All values are inflation adjusted to \$2004 using the CPI-U-RS.

\* indicates value is statistically significant at the 10 percent level from the 2004 value