driven, technology-led industries. Real per-capita income has soared. And yet, the economy—long anchored by Greater Boston—has grown even more concentrated there, in keeping with the tendency of today’s “knowledge” economy to cluster within relatively narrow geographic areas. The Gateway Cities have continued to slip in importance in relation to Boston on key measures of economic performance such as job creation, knowledge-industry employment, educational attainment, and incomes. In sum, the Gateway Cities continue to struggle with deindustrialization, and have not yet found a niche in the specialized knowledge-oriented economy that has revitalized the Boston area in recent decades.

2. The consequences of these trends are serious, and threaten the state’s economic competitiveness. Most notably, the sharpening unevenness of the state’s economic map is vexing the state’s housing markets, distorting land-use patterns, and likely complicating the state’s labor-force challenges. In the Boston area, the intense agglomeration of high-paying knowledge jobs in a relatively small patch of close-in towns has helped bid up home prices and harmed the state’s ability to retain and attract quality workers. More broadly, stark house-price differentials between Greater Boston and the rest of the state are helping to widen the vast ring of suburban sprawl that is sweeping across much of eastern Massachusetts, eroding the state’s quality of life. Finally, the disproportionate concentration of the state’s economic activity in the Hub may well be complicating firms’ efforts to hire sufficient workers, even as the isolation and demographic tilt of many Gateway Cities cuts employers off from the human capital they need to support business growth and economic development. The bottom line: The stark geographical uneven-
ness of Massachusetts’ changing economy is a statewide problem, and may be placing a drag on the state’s economy as a whole.

3. And yet, the Gateway Cities offer important potential assets to the state, even if daunting obstacles to their renewal persist. On the upside, these cities hold out to Massachusetts realistic hopes of responding to some of the Commonwealth’s most pressing growth and development challenges. To a state struggling with high housing prices, the Gateway Cities offer more reasonably priced middle-class housing. To a state concerned about sprawl and traffic congestion, Gateway Cities look like a natural place for pursuing “smart growth,” as they actually want to grow and are already served by roads, schools, and often rail links. And to a state facing anemic population growth and future worker shortages, the Gateway Cities hold out the possibilities of growing, energetic, and diverse immigrant and minority communities already contributing to the workforce, and already seeking the American Dream. However, these are still just potential opportunities. On the downside, serious problems hold the cities back. For all their potential, the cities’ shaky fiscal condition and spotty basic service delivery; their stressed education systems; and their sometimes weak links to state and global economic currents impede their reconnection to the state’s and nation’s economic mainstream.

4. As for how to reconnect the Gateway Cities, this report concludes that Massachusetts needs to catalyze a major new state and local partnership to take advantage of the opportunities that these cities provide, and overcome the obstacles that hold them back. Such a partnership will require a focused state commitment and new concentration on the part of the cities them-

- Between 1980 and 2000, the gap in per-capita income between Greater Boston and the rest of the state increased from 18 percent to 28 percent.
- Just 16.5 percent of Gateway City residents and 24.6 percent of Gateway region residents now possess a four-year college degree, compared with the 42 percent Greater Boston mark.
- The 11 Gateway Cities are home to 30 percent of all state residents living below the poverty line, even though they account for only 15 percent of the state’s population.
- There is a high level of concentrated poverty in the Gateway Cities. Springfield and Holyoke have among the most entrenched poverty problems in the country, with 34 and 51 percent of their poor living in high-poverty neighborhoods. By comparison, New Orleans had a concentrated poverty rate of 38 percent on the eve of Hurricane Katrina.
- Between 1994 and 2005, real median home prices in Greater Boston increased by 112 percent to reach almost $429,000. Gateway City homes had a median value of just $225,000, a little more than half of Boston’s mark. However, homes in Gateway Cities have actually out-appreciated Greater Boston in percentage terms since 2000, rising 78 percent versus 37 percent.
- Average annual housing unit production over the last three years in the 11 Gateway Cities rose 57 percent, an increase twice as large as the state’s. Lawrence, Lowell, and Springfield all doubled their production while Brockton and New Bedford saw gains of 82 and 90 percent, respectively.