RETIREMENT INCOME AND TRANSFER PAYMENTS AS A MEASURE OF METRO ECONOMIC FRAGILITY

Stewart Rubin
Head of Strategy and Research
Senior Director
New York Life Real Estate Investors

Dakota Firenze
Associate
New York Life Real Estate Investors

Gross Domestic Product (GDP) is a common way to measure the size and strength of economies. GDP has four components; consumption, investment, government spending, and net exports. The consumption component constitutes nearly 70 percent of GDP in the U.S. and is driven by a wide range of income and wealth sources. Some of those sources are not as durable as others. For example, legacy industrial era private pensions may be fueling retail sales and creating retail and warehouse jobs in rustbelt metros, but may not be sustainable going forward. In addition, but to a lesser extent, the economic contribution of Senior Transfer Payments (STP), which include Social Security retirement and Medicare benefits, may be reduced as the large generation of baby boomer retirees ages out of the peak retiree spending years and is replaced by a smaller subsequent generation. Depressed areas may not be able to weather such pension and STP losses as well as more prosperous areas. Other forms of income, such as Assistance Transfer Payments (ATP)[1], reflect weakness rather than strength. ATP may be contributing to a metro's GDP consumption component; however, it is an indicator of underlying financial stress and the programs themselves may not be sustainable at their current funding levels.

Private pensions[2] are a component of the U.S. census category of **Retirement Income** which includes retirement, survivor, or disability income[3]. **Transfer Payments** include all transfer payments provided by government(s), nonprofit, and business sources, as defined by the U.S. Bureau of Economic Analysis (BEA). We have characterized transfer payments into two categories: Senior Transfer Payments and Assistance Transfer Payments[4]. These account for 96% of all transfer payments. **Senior Transfer Payments** include Social Security retirement and Medicare benefits, as defined by the U.S. BEA. **Assistance Transfer Payments** includes Social Security disability, public assistance medical care benefits, Supplemental Nutrition Assistance Program (SNAP), and other income maintenance benefits as defined by the U.S. Bureau of Economic Analysis (U.S. BEA). These steady sources of income benefit retail in general and entertainment retail (i.e. theater, restaurant) establishments in particular.

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[1] Includes Social Security Disability and other non-retirement benefits, public assistance medical care benefits, Supplemental Security Income (SSI) benefits, Earned Income Tax Credit (EITC), Supplemental Nutrition Assistance Program (SNAP), and other income maintenance benefits, unemployment insurance compensation, education and training assistance, and transfer payments from nonprofit and business entities, as defined by the: U.S. Bureau of Economic Analysis (U.S. BEA.) Military Transfer Payments includes military medical insurance benefits, and veterans' benefits, as defined by the U.S. BEA but not military wages.

[2] This is the most at- risk form of income. There are other components such as public pensions and retirement plans that are more sustainable.

[3] Retirement, survivor, or disability income includes (1) regular income from a company pension, union pension, Federal government pension, state government pension, local government pension, U.S. military pension, KEOGH retirement plan, SEP (Simplified Employee Pension) or any other type of pension, retirement account or annuity such as IRA, ROTH IRA, 401(k) or 403(b); (2) survivor income which is paid to spouses or children of a deceased person; (3) regular income from a disability pension paid to those who are unable to work due to a disability from companies or unions; federal, state, or local government; and the U.S. military. It does not include Social Security or income that is "rolled over" or reinvested in another retirement account.

[4] We did not include Military Transfer Payments (MTP) which includes military medical insurance benefits, and veterans' benefits, as defined by the U.S. BEA but does not include military wages. MTP accounts for only 4% of total transfer payment outlays and 0.67% of total personal income in the U.S.

A metro that has relatively high GDP may be weaker than it appears if a significant part of its income comes from Retirement Income, STP, or ATP. In some ways, many deindustrialized metros of the Midwest and the Northeast are living off the past. Detroit, the nation's 14th largest economy, draws 6.6 percent of total household income from Retirement Income, the 18th highest in the nation amongst metros with over 750,000 people. STP represented 12 percent of 2017 personal income in Detroit, tenth highest in the nation[5].

Cleveland had the 28th highest GDP in the U.S. in 2017, however, Retirement Income represented 7.0 percent of total household income, the 13th highest in the nation amongst metros with over 750,000 people. STP was 11.1 percent of 2017 personal income in Cleveland, 17th highest in the nation. ATP was 7.1 percent of 2017 personal income in Cleveland, 22nd highest in the nation.

Buffalo had the 54th highest GDP in the U.S. in 2017, however, even that level may not be sustainable considering its reliance on Retirement Income and Transfer Payments. Retirement Income was 7.5 percent of total household income, the ninth highest in the nation amongst metros with over 750,000 people. STP was 12.1 percent of 2017 personal income in Buffalo, ninth highest in the nation. Most concerning, ATP was 9.7 percent of 2017 personal income in Cleveland, the fifth highest in the nation.

Retirement Income

In order to gain insight into legacy private pensions which are phasing out as high paying manufacturing era disbursements become a thing of the past, we analyzed U.S. Census data for retirement income defined generally as pensions and retirement account fund disbursements.

In many deindustrializing metros of the Midwest and the Northeast, residents are still receiving high paying manufacturing pensions that are no longer available to current workers. As these relatively affluent retirees pass away, an irreplaceable source of local income will be lost to the regional economy.

The Midwest changed from a vibrant middle-class job mecca to the center of American deindustrialization, as the share of Americans working in manufacturing declined from 30% in 1950 to approximately 8.5% in 2017. The number of manufacturing jobs in the 14 largest Midwestern metros declined 41% between 1970 and 2017 while the share of Midwesterners employed in manufacturing declined from 26% to 10% during the same time period. More recently, the number of manufacturing jobs in the 14 largest Midwestern metros declined 29% between 2000 and 2017[6].

In the Midwest, the manufacturing economy is a shadow of what it once was – but the region continues to benefit from legacy private pensions, Social Security, and private and public healthcare. As manufacturing and private sector unionization declined, generous private pensions declined. Public pensions and employment have remained relatively strong especially in the Midwest and the Northeast, a legacy of a highly unionized workforce and historically generous packages. Although there is fiscal risk, there may not be the political/legal will or ability to meaningfully curtail benefits.

We have analyzed data from the U.S. Census for Retirement Income, which revealed that metro dependence on pensions and retirement accounts is divided into four basic categories 1) Legacy Industrial Metros, 2) Retirement Havens, 3) Military Retirement Metros, 4) State Capitals with many public sector workers remaining after retirement.

[5] In terms of ATP, Detroit outperformed the national average at 6.4 percent, ranked 30.

[6] During the recovery from the global financial crisis, the number of manufacturing jobs in the 14 largest Midwestern metros increased 10.85% between 2010 and 2017.

Legacy Industrial Metros such as Dayton (ranked 2nd highest in terms of share of metro income coming from retirement income at 9.5% of metro income), Buffalo (9th, 7.5%), Cleveland (13th, 7.0%), Rochester (15th, 6.8%), and Detroit (18th, 6.6%) are disproportionally reliant on pensions and retirement accounts and are at the most risk, as manufacturing era private pension recipients leave this world.

Retirement havens such as North Port-Sarasota-Bradenton, FL (1st, 11.7%), Tucson (3rd, 9.3%), Albuquerque (5th, 8.6%) and Las Vegas (16th, 6.8%) are exposed, but at significantly lower risk, since their 65 plus population is being replenished by senior net domestic migration and their retirement income is less reliant on private pensions.

There are also retirement havens with a heavy concentration of armed forces retirees due to the presence of military bases. These include Virginia Beach (4th, 9.2%), Honolulu (10th, 7.4%), Columbia, SC (11th, 7.3%), Jacksonville, FL (12th, 7.2%), San Antonio (14th, 6.9%), and Tampa (17th, 6.7%). The income base of these metros is more secure as they have the benefit of military retiree replenishment.

Many state capitals have residents collecting public pensions which have proved more resistant to reform and cutbacks than private pensions. These include Sacramento (6th, 8.4%), Albany (7th, 8.1%), and Columbia, SC (11th, 7.3%).

Retirement Income, As % of MSA Total Household Income - Top Markets					
1	North Port-Sarasota-Bradenton, FL	11.74%	21	Washington-Arlington-Alexandria, DC-VA-MD-WV	6.47%
2	Dayton, OH	9.48%	22	Riverside-San Bernardino-Ontario, CA	6.37%
3	Tucson, AZ	9.27%	23	Fresno, CA	6.30%
4	Virginia Beach-Norfolk-Newport News, VA-NC	9.20%	24	Baltimore-Columbia-Towson, MD	6.30%
5	Albuquerque, NM	8.63%	25	Louisville/Jefferson County, KY-IN	6.21%
6	Sacramento--Roseville--Arden-Arcade, CA	8.37%	26	St. Louis, MO-IL	6.18%
7	Albany-Schenectady-Troy, NY	8.13%	27	Bakersfield, CA	6.14%
8	Knoxville, TN	7.64%	28	Columbus, OH	6.10%
9	Buffalo-Cheektowaga-Niagara Falls, NY	7.48%	29	Oxnard-Thousand Oaks-Ventura, CA	6.04%
10	Urban Honolulu, HI	7.42%	30	Baton Rouge, LA	5.94%
11	Columbia, SC	7.25%	31	San Diego-Carlsbad, CA	5.91%
12	Jacksonville, FL	7.16%	32	Phoenix-Mesa-Scottsdale, AZ	5.90%
13	Cleveland-Elyria, OH	6.96%	33	Pittsburgh, PA	5.87%
14	San Antonio-New Braunfels, TX	6.92%	34	Hartford-West Hartford-East Hartford, CT	5.86%
15	Rochester, NY	6.79%	35	Allentown-Bethlehem-Easton, PA-NJ	5.85%
16	Las Vegas-Henderson-Paradise, NV	6.77%	36	Cincinnati, OH-KY-IN	5.85%
17	Tampa-St. Petersburg-Clearwater, FL	6.74%	37	United States	5.84%
18	Detroit-Warren-Dearborn, MI	6.62%	38	Oklahoma City, OK	5.73%
19	Richmond, VA	6.59%	39	New Haven-Milford, CT	5.71%
20	Birmingham-Hoover, AL	6.50%	40	Memphis, TN-MS-AR	5.57%

Source: U.S. Census Bureau; as of 2017

The metros with the lowest retirement income as a share of total income include wealthy conurbations such as San Jose-Silicon Valley (75th, 3%), Stamford-Fairfield County (3rd, 3.5%), Seattle (64th, 4.3%), Boston (71st, 4%), and San Francisco (67th, 4.2%). It also includes relatively youthful metros such as Houston (74th, 3.4%), Dallas (72rd, 3.7%), and Salt Lake City (69th, 4%). Metros with relatively low median income but high Gini ratios[7]/income concentration such as Los Angeles (66th, 4.3%) and Miami (65th, 4.3%) are included. The lower half of the Retirement Income exposure spectrum is not surprisingly also occupied by fast growing, young, educated, tech-oriented markets such as Nashville (60th, 4.5%), Raleigh (58th, 4.6%) Austin (57th, 4.6%) and Denver (55th, 4.6%).

[7] According to the U.S. Census definition, the Gini coefficient incorporates the detailed shares data into a single statistic, which summarizes the dispersion of income across the entire income distribution. The Gini coefficient ranges from 0, indicating perfect equality (where everyone receives an equal share), to 1, perfect inequality (where only one recipient or group of recipients receives all the income). The Gini is based on the difference between the Lorenz curve (the observed cumulative income distribution) and the notion of a perfectly equal income distribution.

Retirement Income, As % of MSA Total Household Income - Bottom Markets					
75	San Jose-Sunnyvale-Santa Clara, CA	2.98%	57	Austin-Round Rock, TX	4.59%
74	Houston-The Woodlands-Sugar Land, TX	3.36%	56	Indianapolis-Carmel-Anderson, IN	4.60%
73	Bridgeport-Stamford-Norwalk, CT	3.50%	55	Denver-Aurora-Lakewood, CO	4.64%
72	Dallas-Fort Worth-Arlington, TX	3.68%	54	Atlanta-Sandy Springs-Roswell, GA	4.76%
71	Boston-Cambridge-Newton, MA-NH	3.96%	53	Worcester, MA-CT	4.77%
70	Minneapolis-St. Paul-Bloomington, MN-WI	4.05%	52	Grand Rapids-Wyoming, MI	4.78%
69	Salt Lake City, UT	4.05%	51	Chicago-Naperville-Elgin, IL-IN-WI	4.92%
68	Tulsa, OK	4.22%	50	Milwaukee-Waukesha-West Allis, WI	4.95%
67	San Francisco-Oakland-Hayward, CA	4.22%	49	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	5.09%
66	Los Angeles-Long Beach-Anaheim, CA	4.25%	48	Kansas City, MO-KS	5.23%
65	Miami-Fort Lauderdale-West Palm Beach, FL	4.27%	47	Orlando-Kissimmee-Sanford, FL	5.30%
64	Seattle-Tacoma-Bellevue, WA	4.28%	46	Portland-Vancouver-Hillsboro, OR-WA	5.32%
63	Charlotte-Concord-Gastonia, NC-SC	4.28%	45	El Paso, TX	5.38%
62	McAllen-Edinburg-Mission, TX	4.40%	44	Greenville-Anderson-Mauldin, SC	5.38%
61	New York-Newark-Jersey City, NY-NJ-PA	4.47%	43	Providence-Warwick, RI-MA	5.51%
60	Nashville-Davidson--Murfreesboro--Franklin, TN	4.48%	42	New Orleans-Metairie, LA	5.53%
59	Omaha-Council Bluffs, NE-IA	4.55%	41	Greensboro-High Point, NC	5.57%
58	Raleigh, NC	4.56%			

Source: U.S. Census Bureau; as of 2017

Senior Transfer Payments (STP)

Senior Transfer Payments (STP) include Social Security retirement and Medicare benefits, as defined by the U.S. BEA. STP accounts for 9.6% of total personal income in the U.S., and accounts for 56.7% of total transfer payment outlays. The number of seniors as a share of the total population will grow and certain regions will become more reliant on Social Security and Medicare payments. These areas have fewer working citizens than other parts of the U.S. Although this type of income is generally considered relatively stable and not subject to loss when the unemployment rate goes up, it could dissipate if there are cuts to the program.

Amongst those over 65 years of age– spending on food, clothing, and entertainment is most significant amongst those aged 65-75. As the large baby boom generation phases out of the 65-75-year age category in favor of the smaller Generation X, spending on food, clothing and entertainment should decrease for this age category, impacting retail and warehouse distribution facilities.

Average Annual Expenditures by Age Cohort			
Expenditure Category	**Age 65-74**	**Age 75+**	**% Change**
Food at home	$4,049	$3,478	-14.1%
Food away from home	$2,769	$2,142	-22.6%
Alcoholic beverages	$542	$339	-37.5%
Household operations	$1,244	$1,221	-1.8%
Housekeeping supplies	$959	$721	-24.8%
Household furnishings and equipment	$1,999	$1,346	-32.7%
Apparel and services	$1,420	$866	-39.0%
Entertainment	$3,327	$1,657	-50.2%
Personal care products and services	$726	$592	-18.5%
Tobacco products and smoking supplies	$285	$126	-55.8%

Source: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; as of 2017

Projected Population by 5-Year Age Cohorts (in thousands)										
Age Cohort	**2016**	**2020**	**2025**	**2030**	**2035**	**2040**	**2045**	**2050**	**2055**	**2060**
60 to 64 years	19,483	21,011	21,105	19,565	19,046	19,478	21,154	22,664	23,948	23,525
65 to 69 years	16,820	18,030	19,978	20,144	18,753	18,312	18,792	20,460	21,977	23,269
70 to 74 years	11,810	14,759	16,662	18,542	18,779	17,567	17,217	17,744	19,379	20,884
75 to 79 years	8,368	10,053	13,001	14,768	16,526	16,827	15,837	15,592	16,163	17,725
80 to 84 years	5,866	6,508	8,136	10,609	12,147	13,690	14,035	13,317	13,183	13,779
85 to 89 years	3,885	3,943	4,496	5,695	7,518	8,707	9,911	10,252	9,836	9,808
90 to 94 years	1,883	2,017	2,105	2,455	3,173	4,269	5,033	5,817	6,102	5,957
95 to 99 years	530	649	729	784	945	1,257	1,740	2,106	2,490	2,666
100+ years	82	92	120	140	156	196	270	386	486	589

Source: U.S. Census Bureau; as of 2017

Change in Projected Population of 5-Year Age Cohorts (in thousands)									
Age Cohort	**2016-2020**	**2020-2025**	**2025-2030**	**2030-2035**	**2035-2040**	**2040-2045**	**2045-2050**	**2050-2055**	**2055-2060**
60 to 64 years	1,528	94	-1,540	-519	432	1,676	1,510	1,284	-423
65 to 69 years	1,210	1,948	166	-1,391	-441	480	1,668	1,517	1,292
70 to 74 years	2,949	1,903	1,880	237	-1,212	-350	527	1,635	1,505
75 to 79 years	1,685	2,948	1,767	1,758	301	-990	-245	571	1,562
80 to 84 years	642	1,628	2,473	1,538	1,543	345	-718	-134	596
85 to 89 years	58	553	1,199	1,823	1,189	1,204	341	-416	-28
90 to 94 years	134	88	350	718	1,096	764	784	285	-145
95 to 99 years	119	80	55	161	312	483	366	384	176
100+ years	10	28	20	16	40	74	116	100	103

Highlighted cells indicate a decline in population

Source: U.S. Census Bureau; New York Life Real Estate Investors; as of 2017

Retirement communities like Northport-Sarasota-Bradenton and Tampa-St. Petersburg-Clearwater have a high percentage of seniors and unsurprisingly lead the nation in Senior Transfer Payments. Unlike the Midwest, this type of place, attractive to migrating seniors, may be self-replenishing in this stable income source.

Top 20 Markets based on Senior Transfer Payments, As % of MSA Total Personal Income				
Rank	**Metro**	**2007**	**2017**	**% Change 2007-2017**
1	North Port-Sarasota-Bradenton, FL	12.3%	15.4%	3.2%
2	Tampa-St. Petersburg-Clearwater, FL	11.5%	13.9%	2.4%
3	Knoxville, TN	12.0%	13.6%	1.6%
4	Greenville-Anderson-Mauldin, SC	11.4%	13.5%	2.1%
5	Tucson, AZ	10.1%	13.1%	3.0%
6	Greensboro-High Point, NC	10.2%	12.6%	2.5%
7	Pittsburgh, PA	12.2%	12.3%	0.1%
8	Dayton, OH	10.3%	12.3%	1.9%
9	Buffalo-Cheektowaga-Niagara Falls, NY	11.4%	12.1%	0.7%
10	Detroit-Warren-Dearborn, MI	10.2%	12.0%	1.9%
11	Allentown-Bethlehem-Easton, PA-NJ	10.0%	11.9%	1.9%
12	Birmingham-Hoover, AL	9.8%	11.7%	2.0%
13	Rochester, NY	10.2%	11.7%	1.5%
14	McAllen-Edinburg-Mission, TX	11.9%	11.5%	-0.5%
15	Albuquerque, NM	8.2%	11.3%	3.1%
16	Louisville/Jefferson County, KY-IN	9.6%	11.2%	1.5%
17	Cleveland-Elyria, OH	9.8%	11.1%	1.3%
18	Orlando-Kissimmee-Sanford, FL	8.8%	11.1%	2.3%
19	Columbia, SC	8.7%	11.0%	2.3%
20	Providence-Warwick, RI-MA	9.4%	10.9%	1.5%
	United States	**8.4%**	**9.6%**	**1.3%**

Source: U.S. Bureau of Economic Analysis; New York Life Real Estate Investors; as of 2017

More affluent retirees rely less on STP. Tech has higher paying jobs and is demographically skewed towards the young. Fairfield County, Connecticut is a wealthy area which includes Greenwich, and has very high-income concentration, as evidenced by having the highest Gini score in the nation.

Bottom 20 Markets based on Senior Transfer Payments, As % of MSA Total Personal Income				
Rank	**Metro**	**2007**	**2017**	**% Change 2007-2017**
77	San Jose-Sunnyvale-Santa Clara, CA	4.0%	3.8%	-0.2%
76	Bridgeport-Stamford-Norwalk, CT	3.9%	4.5%	0.6%
75	San Francisco-Oakland-Hayward, CA	4.8%	4.7%	-0.1%
74	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.8%	4.8%	1.0%
73	Seattle-Tacoma-Bellevue, WA	5.1%	5.7%	0.6%
72	Austin-Round Rock, TX	5.1%	5.8%	0.7%
71	Denver-Aurora-Lakewood, CO	5.2%	6.2%	1.0%
70	Salt Lake City, UT	5.6%	6.5%	0.9%
69	Boston-Cambridge-Newton, MA-NH	6.3%	6.7%	0.4%
68	Houston-The Woodlands-Sugar Land, TX	5.4%	6.7%	1.3%
67	Los Angeles-Long Beach-Anaheim, CA	6.0%	6.9%	0.8%
66	Dallas-Fort Worth-Arlington, TX	5.8%	6.9%	1.1%
65	San Diego-Carlsbad, CA	6.0%	6.9%	0.9%
64	Raleigh, NC	5.5%	6.9%	1.4%
63	Minneapolis-St. Paul-Bloomington, MN-WI	5.9%	7.0%	1.1%
62	New York-Newark-Jersey City, NY-NJ-PA	6.7%	7.1%	0.4%
61	Omaha-Council Bluffs, NE-IA	6.7%	7.5%	0.8%
60	Atlanta-Sandy Springs-Roswell, GA	5.6%	7.6%	2.0%
59	Oxnard-Thousand Oaks-Ventura, CA	6.0%	7.8%	1.8%
58	Urban Honolulu, HI	6.8%	7.8%	1.0%
	United States	**8.4%**	**9.6%**	**1.3%**

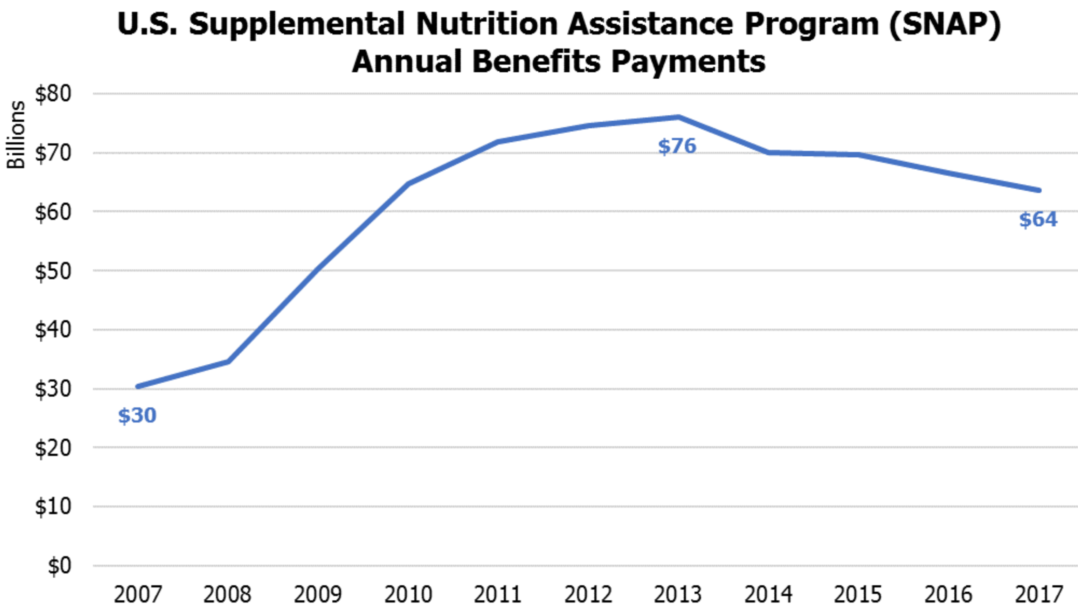
Source: U.S. Bureau of Economic Analysis; New York Life Real Estate Investors; as of 2017

Assistance Transfer Payments

Assistance Transfer Payments (ATP) account for 6.7% of total personal income in the U.S., and account for 39.3% of total transfer payment outlays.

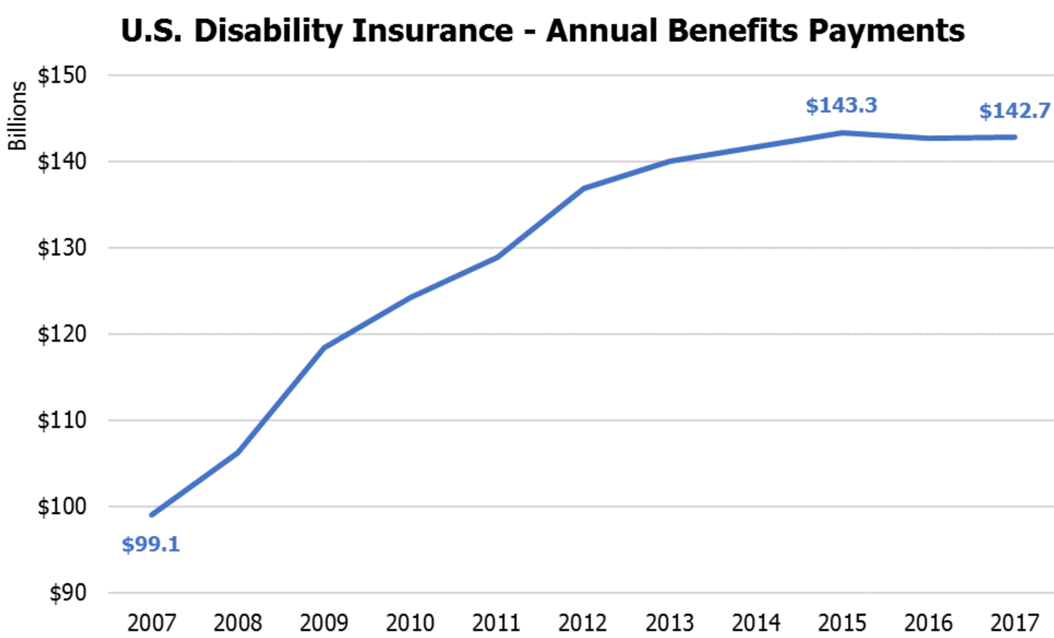
Metros with a high percentage of ATP often reflect a weak economy and a high incidence of poverty and low wages. Supplemental Nutrition Assistance Program (SNAP)[8] and Social Security **Disability** Benefits (SSDB) increased significantly during the Global Financial Crisis (GFC). Although SNAP and SSDB participation have since declined slightly, they still remain at elevated levels.

[8] SNAP offers nutrition assistance to millions of eligible, low-income individuals and families and provides economic benefits to communities. SNAP is the largest program in the domestic hunger safety net. The Food and Nutrition Service works with State agencies, nutrition educators, and neighborhood and faith-based organizations to ensure that those eligible for nutrition assistance can make informed decisions about applying for the program and can access benefits. FNS also works with State partners and the retail community to improve program administration and ensure program integrity.



Source: U.S. Department of Agriculture, Food and Nutrition Service; as of 2018

SSDB became a de facto second form of unemployment insurance after the last recession ended in 2009. In the aftermath of the GFC, many older workers who exhausted their unemployment benefits went on disability[9,10]. Disability pays roughly the equivalent of working full time at the federal minimum wage, $7.25 an hour[11].



Source: U.S. Social Security Administration; as of 2017

[9] As a result of new Social Security Administration training guidelines, the share of applying workers whose disability claims were allowed following a medical review in 2016 fell to 48.0%, the first time the rate was below 50% since 1992. Allowances peaked at 62% in 2001.
[10] Maestas, N., Mullen, K. J., & Strand, A. (2018). The Effect of Economic Conditions on the Disability Insurance Program: Evidence from the Great Recession (No. w25338). National Bureau of Economic Research.
[11] The recipient can typically qualify for Medicaid as well.

Disability payments increased during the GFC, as those who would otherwise have endured certain physical limitations to work went on disability.[12]

The share of Assistance Transfer Payments in a metro can be viewed as a reflection of a weak economy and an indicator of current and future concerns. Most of the top 20 ATP metros are relatively low-income metros experiencing economic stress.

The presence of New York and Los Angeles on this list is a commentary on the very high levels of income inequality in these metros. The Gini ratio for New York is 0.51 (second highest in the U.S.) and for Los Angeles is 0.50 (fifth highest). Although the economies are fairly healthy, there is a significant part of the population that suffers from high levels of poverty. Metro areas with a high concentration of ATP have tended to become more concentrated over the past 10 years. The following table also reflects the growth in the number of people receiving assistance in post "housing bust" metros of Las Vegas, Riverside-San Bernardino and the increased economic stress of central valley metros Bakersfield and Fresno. It also reflects the poverty level in the two Louisiana metros of New Orleans and Baton Rouge. McAllen has a very young demographic but includes a high poverty rate.

Top 20 Markets based on Assistance Transfer Payments, As % of MSA Total Personal Income

Rank	Metro	2007	2017	% Change 2007-2017
1	McAllen-Edinburg-Mission, TX	16.1%	17.3%	1.2%
2	Fresno, CA	11.5%	13.7%	2.2%
3	El Paso, TX	10.2%	11.0%	0.8%
4	Bakersfield, CA	8.5%	10.1%	1.6%
5	Buffalo-Cheektowaga-Niagara Falls, NY	8.1%	9.7%	1.6%
6	Rochester, NY	7.8%	9.6%	1.8%
7	Tucson, AZ	7.2%	9.4%	2.1%
8	Providence-Warwick, RI-MA	7.9%	9.2%	1.3%
9	Riverside-San Bernardino-Ontario, CA	6.9%	8.7%	1.8%
10	Albuquerque, NM	6.6%	8.7%	2.1%
11	Baton Rouge, LA	5.9%	8.1%	2.2%
12	Albany-Schenectady-Troy, NY	6.3%	8.0%	1.7%
13	New York-Newark-Jersey City, NY-NJ-PA	6.7%	7.9%	1.2%
14	Sacramento--Roseville--Arden-Arcade, CA	6.6%	7.9%	1.3%
15	New Haven-Milford, CT	5.9%	7.8%	1.9%
16	Memphis, TN-MS-AR	6.5%	7.7%	1.1%
17	New Orleans-Metairie, LA	4.6%	7.6%	3.0%
18	Los Angeles-Long Beach-Anaheim, CA	6.1%	7.4%	1.3%
19	Dayton, OH	6.4%	7.4%	1.0%
20	Greensboro-High Point, NC	5.6%	7.3%	1.6%
	United States	**5.6%**	**6.7%**	**1.1%**

Source: U.S. Bureau of Economic Analysis; New York Life Real Estate Investors; as of 2017

The 20 markets with the lowest share of those receiving assistance are prosperous metros which include regional economic capitals and ascendant metros[13] many with tech concentrations. These include tech powerhouses San Jose, San Francisco, Austin, Seattle, Raleigh, and San Diego. Many are regional economic capitals such as Dallas-Ft. Worth, Denver, Boston, Atlanta, and Chicago, as well as ascendant metros with growing young college-educated populations such as Nashville. Tech-focused metros and ascendant metros

[12] Maestas, N., Mullen, K. J., & Strand, A. (2018). The Effect of Economic Conditions on the Disability Insurance Program: Evidence from the Great Recession (No. w25338). National Bureau of Economic Research.
[13] See white paper https://www.newyorklife.com/content/dam/nyl/docs/pdfs/rei/Regional-economic-capitals-and-big-six-abridged.pdf

have a low share of those relying on STP and ATP payments. Silicon Valley leads the way with its high cost of living driving away retirees.

Bottom 20 Markets based on Assistance Transfer Payments, As % of MSA Total Personal Income				
Rank	**Metro**	**2007**	**2017**	**% Change 2007-2017**
77	Bridgeport-Stamford-Norwalk, CT	2.3%	3.0%	0.8%
76	San Jose-Sunnyvale-Santa Clara, CA	3.2%	3.1%	-0.1%
75	Austin-Round Rock, TX	3.1%	3.3%	0.3%
74	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.7%	3.7%	0.9%
73	San Francisco-Oakland-Hayward, CA	3.6%	3.7%	0.2%
72	North Port-Sarasota-Bradenton, FL	2.8%	4.0%	1.2%
71	Raleigh, NC	3.3%	4.0%	0.7%
70	Dallas-Fort Worth-Arlington, TX	3.4%	4.2%	0.8%
69	Nashville-Davidson--Murfreesboro--Franklin, TN	4.8%	4.2%	-0.6%
68	Seattle-Tacoma-Bellevue, WA	3.9%	4.3%	0.4%
67	Denver-Aurora-Lakewood, CO	3.1%	4.3%	1.3%
66	Oxnard-Thousand Oaks-Ventura, CA	3.6%	4.6%	1.0%
65	Atlanta-Sandy Springs-Roswell, GA	3.7%	4.6%	0.9%
64	Omaha-Council Bluffs, NE-IA	4.4%	4.8%	0.4%
63	Grand Rapids-Wyoming, MI	4.8%	4.9%	0.0%
62	Salt Lake City, UT	4.1%	4.9%	0.8%
61	Houston-The Woodlands-Sugar Land, TX	3.8%	5.0%	1.2%
60	Boston-Cambridge-Newton, MA-NH	4.6%	5.0%	0.5%
59	Richmond, VA	3.9%	5.0%	1.1%
58	Kansas City, MO-KS	4.4%	5.1%	0.7%
	United States	**5.6%**	**6.7%**	**1.1%**

Source: U.S. Bureau of Economic Analysis; New York Life Real Estate Investors; as of 2017

Conclusion

Retirement Income, STP, and ATP reveal a great deal about the economic vitality of metro areas. The private pension component of Retirement Income is the most precarious income source and the geographic areas most at risk are former industrial powerhouse metros such as Buffalo, Detroit, Cleveland, Dayton, and Rochester. As the generation of high paying private pension recipients move on, the metros will lose a vital consumption catalyst. Areas receiving a high level of ATP are at risk in two different ways. Firstly, the receipt of such a high percentage of metro income in the form of ATP is a reflection of underlying economic stress. In addition, the curtailment of programs such as SNAP and Social Security **Disability** programs may diminish the overall GDP of the already economically weak metros. Even disproportionate exposure to STP could signal future problems for metros especially during the period in which the smaller Generation X replaces later baby boomers in the 65-75 age category. Metros least exposed to private pensions, STP, and ATP are some of the more prosperous, tech-oriented and demographically vibrant metros in the U.S. such as San Jose, Fairfield County, CT, Seattle, Boston, San Francisco, Houston, Dallas, and Salt Lake City.

Disclosures

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