

# WEST MICHIGAN VIEWPOINT

## Can't Do Anything about the Weather

When the conversation turns to the quality of life in West Michigan, an often-heard line is that it is great—except for the winter months, cloudy days, or other meteorological constraints. These responses do raise the important point that much of an area's quality of life remains outside the influence of its residents, businesses, and governmental policymakers. It can be argued that to truly measure an area's success in nurturing its quality of life, climate should be taken out of the picture. This is exactly what we attempt to do in this viewpoint and, indeed, as shown below, when efforts are made to statistically control for an area's weather, Michigan's metropolitan areas' quality of life standings improve sharply.

There are two commonly used methods to measure an area's quality of life. A checklist approach tallies the area's attributes from climate to employment conditions to recreational opportunities. Economists prefer, instead, to judge an area's quality of life by the willingness of its residents to pay for it. If residents are willing to put up with high housing costs relative to their income, it suggests that the area's quality of life may be holding them there. Of course, many may argue that low housing costs is in itself a quality of life asset. For households who are focused on family activities centered in their home, it is vital part of their quality of life. Nevertheless, low prices, in any market, usually reflect a low demand or excess supply of the good or service. Low housing prices suggest that either few households are interested in moving into the area and/or residential developers overshot the market. Neither are positive signs.

In this study we use the average of the median rent and median mortgage payment relative to the area's median household income as the measure of the willingness to pay for the area's quality of life. Then, we statistically controlled for climate, using the area's July average temperature and its annual precipitation as variables. Not surprisingly, these two attributes prove to be statistically significant in partially explaining the relative difference of housing costs per household income between the nation's metro areas. The question then became: If you control for both of these climate variables, how would the ranking of the nation's metropolitan areas' quality of life change?

In the table we list the top 20 metropolitan areas which gain the most in the ranking of all cities when weather is statistically taken out of the picture. Duluth, Minnesota takes the strongest leap up the chart when its weather conditions are controlled, moving up 83 positions. In other words, Duluth's efforts to improve its quality of life are being offset by conditions outside of its control.

The ranking of all of Michigan's metro areas improves after controlling for their weather conditions. Both Kalamazoo-Battle Creek (ranked 18<sup>th</sup> in terms of improvement) and Benton Harbor (21<sup>st</sup>) made the largest gains, leaping 60 and 58 positions respectively. The Grand Rapids-Muskegon-Holland MSA climbed up 27 positions.

This analysis shows that the efforts of Michigan's metro areas, as well as other areas in the "snow belt", to improve their quality of life are at least partially offset by their weather. It is only human to ask what metro areas are getting a free ride due to their climates. The answer, which is not shown in the table, is that Arizona's three metropolitan areas -- Phoenix, Tucson, and Yuma—suffered the greatest decline in the rankings, plunging more than 150 positions when controlling for their climate.

| Most Improved Metro Areas in Quality of Life Ranking<br>When Controlling for the Weather |  |                            |
|--|--|----------------------------|
| Ranking  | Metropolitan area                        | Advancement<br>in position |
| 1  | Duluth-Superior, MN-WI MSA               | 83                         |
| 2  | Erie, PA MSA                             | 76                         |
| 3  | Eau Claire, WI MSA                       | 76                         |
| 4  | Elmira, NY MSA                           | 74                         |
| 5  | Binghamton, NY MSA                       | 72                         |
| 6  | Bangor, ME MSA                           | 71                         |
| 7  | Portland, ME MSA                         | 71                         |
| 8  | Lewiston-Auburn, ME MSA                  | 71                         |
| 9  | Fargo-Moorhead, ND-MN MSA                | 70                         |
| 10   | Sharon, PA MSA                           | 68                         |
| 11   | Kenosha, WI PMSA                         | 66                         |
| 12   | Hartford, CT MSA                         | 66                         |
| 13   | New London-Norwich, CT-RI MSA            | 63                         |
| 14   | Jamestown, NY MSA                        | 63                         |
| 15   | Akron, OH PMSA                           | 63                         |
| 16   | Pittsfield, MA MSA                       | 61                         |
| 17   | Olympia, WA PMSA                         | 60                         |
| <b>18</b>  | <b>Kalamazoo-Battle Creek MSA</b>        | <b>60</b>                  |
| 19   | Anchorage, AK MSA                        | 59                         |
| 20   | Burlington, VT MSA                       | 59                         |
| <b>Remaining Michigan Metro Areas</b>  |  |                            |
| <b>21</b>  | <b>Benton Harbor MSA</b>                 | <b>58</b>                  |
| <b>63</b>  | <b>Lansing-East Lansing MSA</b>          | <b>40</b>                  |
| <b>86</b>  | <b>Ann Arbor PMSA</b>                    | <b>30</b>                  |
| <b>96</b>  | <b>Grand Rapids-Muskegon-Holland MSA</b> | <b>27</b>                  |
| <b>107</b>   | <b>Detroit PMSA</b>                      | <b>22</b>                  |
| <b>111</b>   | <b>Flint PMSA</b>                        | <b>20</b>                  |
| <b>116</b>   | <b>Saginaw-Bay City-Midland MSA</b>      | <b>19</b>                  |
| <b>133</b>   | <b>Jackson MSA</b>                       | <b>16</b>                  |