Joel Kotkin
NEW GEOGRAPHER

The Best Cities For Jobs

May. 2 2011 - 10:32 am | *45,610 views* | *1 recommendation* | *6 comments*

By Joel Kotkin and Michael Shires

These may be far from the best of times, but they are no longer the worst. Last year's annual "Best Cities for Jobs" list was by far the most dismal since we began compiling our rankings almost five years ago. Between 2009 and 2010, only 13 of 397 metropolitan areas experienced any growth at all. For this year's list, which measured job growth in the period between January 2010 and January 2011, most of the best-performing areas experienced actual employment increases — even if they were modest.

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For Forbes' list of the best cities for jobs, we ranked all 398 current metropolitan statistical areas, based on employment data from the Bureau of Labor Statistics reported from November 1999 to January 2011. Rankings are based on recent growth trends, mid-term growth and long-term growth and momentum. We also broke down rankings by size — small, medium and large — since regional economies differ markedly due to their scale.

Reflecting the importance of the war effort in stimulating local economies, command of this year's best place for jobs was handed to the Army from the Marines. Killeen-Temple-Fort Hood, Texas, shot up to No. 1 from No. 4, while Jacksonville, N.C., last year's first-place winner and home to Camp Lejeune, dropped to 19th place.

The Best Big Cities for Jobs

The Best Mid-Size Cities for Jobs

The Best Small Cities for Jobs

Once again the best places for jobs tended to be smaller communities where incremental improvements can have a relatively large impact. Eighteen of the top 20 cities on our list were either small (under 150,000 nonfarm jobs) or mid-sized areas (less than 450,000 jobs).

But no place displayed more vibrancy than Texas. The Lone Star State dominated the three size categories, with the No. 1 mid-sized city, El Paso (No. 3 overall, up 22 places from last year) and No.1 large metropolitan area Austin (No. 6 overall), joining Killeen-Temple-Fort Hood (the No. 1 small city) atop their respective lists.

Texas also produced three other of the top 10 smallest regions, including energy-dominated No. 4 Midland, which gained 41 places overall, and

No. 10 Odessa, whose economy jumped a remarkable 57 places. It also added two other mid-size cities to its belt: No. 2 Corpus Christi and No. 4 McAllen-Edinburgh-Mission.

Whatever they are drinking in Texas, other states may want to imbibe. California–which boasted *zero* regions in the top 150–is a prime example. Indeed, a group of California officials, led by Lt. Gov. Gavin Newsom, recently trekked to the Lone Star State to learn possible lessons about what drives job creation. Gov. Jerry Brown and others in California's hierarchy may not be ready to listen, despite the fact that the city Brown formerly ran, Oakland, ranked absolute *last*, No. 65, among the big metros in our survey, two places behind perennial also-ran No. 63 Detroit-Livonia-Dearborn, Mich.

One lesson that green-centric California may have trouble learning is that, however attractive the long-term promise of alternative energy, fossil fuels pay the bills and create strong economies, at least for now. Even outside of Texas, oil capitals did well across the board, not surprising given the surging price of gas. Our No. 2 small metro, Bismarck, N.D., which also No. 2 overall, is the emerging capital of the expanding Dakota energy belt. Also faring well are Alaska's two oil-fire cities, Fairbanks (No. 10 on our small list) and Anchorage (No. 3 on the medium-sized list).

There were some intriguing surprises as well. Most welcome are signs of revival from New Orleans-Metarie, La., which moved up a stunning 46 places to capture the No. 2 slot among our large metros. The region lost 11% of its population and nearly 16% of its jobs during the last decade. But now the Big Easy seems to be finding its place again among America's great cities. Jobs, up 3.5% since 2006, have been created by rebuilding, a resurgence of tourism and a growing immigrant population – the region's Hispanic population grew by 35,000 over the past decade.

There were other inspirational improvements this year. Sparked by a revival in manufacturing, a host of former sad sacks in parts of the Midwest are showing signs of definite improvement. Niles-Benton Harbor, Mich., a long-time denizen at the bottom of our list, shot up a remarkable 242 places this year to a respectable No. 121. Another old industrial city, Kokomo, Ind., ascended 177 places to No. 215, while Holland-Grand Haven, Mich. improved by 172 places to No. 221 and Grand Rapids, Mich., rose 167 places to No. 183. Milwaukee, a long-time loser among our largest metros, moved up by a healthy 163 places overall to a better-than-average No. 143.

The Northeast Corridor has also made strong progress. Here the likely explanation can be found in the fruits of Obamanomics. The stimulus has been particularly good for the vibrant economies surrounding the ever-expanding federal leviathan. Among the large metros, Washington-Arlington-Alexandria, Va., did best of all the cities outside the South, repeating its No. 6 ranking among large metro areas. Right behind, at No. 7 on the large city list, sits the primarily suburban Northern Virginia metro area, while Bethesda-Rockville-Frederick, Md., ranks 12th.

The other big East Coast winners are the financial and university-oriented economies, which have reaped huge benefits from the TARP bailout and the Obama Administration's college-centric stimulus plan. After the Texas cities and the imperial center, most of the best performing big metros are located in financial and university centers, including No. 9 New York City, No. 10 Philadelphia, No. 11 Pittsburgh, No. 13 Boston and No. 15 Raleigh-Cary, N.C.

So who's losing? Outside of Oakland and the big Southern California metros — including No. 60 Los Angeles, No. 59 Sacramento, No. 58 Riverside-San Bernardino and No. 50 Santa Ana-Anaheim- Irvine — the bottom tier consisted of a motley crew of mid-South cities like Memphis (#64 on the big city list) and still-struggling, former big Sunbelt boomtowns Las Vegas (No. 62), West Palm Beach-Boynton Beach-Boca Raton, Fla. (No. 56), Ft. Lauderdale-Pompano Beach-Boynton Beach, Fla. (No. 54), Phoenix-Mesa-Glendale, Ariz. (No. 53), Atlanta-Sandy Springs-Marietta Ga. (No. 52) and Tampa-St. Petersburg-Clearwater, Fla. (No. 51).

For the most part, these areas rose with the housing bubble and will not fully recover until the economy diversifies beyond real estate speculation. Already some of the bubble victims are showing signs of life, including No. 155 Merced, Calif., up 134 places, and No. 167 Orlando, Fla., which rode a revived interest in tourism to jump 89 places since last year.

While energy, America's three wars, the recovering financial markets and real estate problems have played the lead role in setting the stage for the best places to do business, the Intermountain West has shown resilience with Salt Lake City, at No. 20 among large cities; Provo-Orem, Utah, Ogden-Clearfield, Utah, and Boulder, Colo. at Nos. 10, 25 and 26, respectively, among mid-sized cities; and Logan, Utah, and Fort Collins, Colo. at Nos. 9 and 38 among small cities.

As America struggles with a weak economic recovery, opportunities abound across the geography of the states—even in places where it seems bleakest like California, Nevada and Florida. If old industrial areas can stage the glimmers of a comeback, along with over-taxed and over-regulated Gotham, and greater New Orleans can rise from the near dead, these areas, with generally newer infrastructure and attractive climates, might be next to experience a resurgence of their own.

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The Next Big Boom Towns In The U.S.

Jul. 6 2011 - 2:38 pm | *106,366 views* | *0 recommendations* | *12 comments*

What cities are best positioned to grow and prosper in the coming decade?

To determine the next boom towns in the U.S., Forbes, with the help of Mark Schill at the Praxis Strategy Group, took the 52 largest metro areas in the country (those with populations exceeding 1 million) and ranked them based on various data indicating past, present and future vitality.

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We started with job growth, not only looking at performance over the past decade but also focusing on growth in the past two years, to account for the possible long-term effects of the Great Recession. That accounted for roughly one-third of the score. The other two-thirds were made up of a a broad range of demographic factors, all weighted equally. These included rates of family formation (percentage growth in children 5-17), growth in educated migration, population growth and, finally, a broad measurement of attractiveness to immigrants — as places to settle, make money and start businesses.

We focused on these demographic factors because college-educated migrants (who also tend to be under 30), new families and immigrants will be critical in shaping the future. Areas that are rapidly losing young families and low rates of migration among educated migrants are the American equivalents of rapidly aging countries like Japan; those with more sprightly demographics are akin to up and coming countries such as Vietnam.

Many of our top performers are not surprising. No. 1 Austin, Texas, and No. 2 Raleigh, N.C., have it all demographically: high rates of immigration and migration of educated workers and healthy increases in population and number of children. They are also economic superstars, with job-creation records among the best in the nation.

Perhaps less expected is the No. 3 ranking for Nashville, Tenn. The country music capital, with its low housing prices and pro-business environment, has experienced rapid growth in educated migrants, where it ranks an impressive fourth in terms of percentage growth. New ethnic groups, such as Latinos and Asians, have doubled in size over the past decade.

Two advantages Nashville and other rising Southern cities like No. 8 Charlotte, N.C., possess are a mild climate and smaller scale. Even with population growth, they do not suffer the persistent transportation bottlenecks that strangle the older growth hubs. At the same time, these cities are building the infrastructure — roads, cultural institutions and airports — critical to future growth. Charlotte's bustling airport may never be as big as Atlanta's Hartsfield, but it serves both major national and international routes.

Of course, Texas metropolitan areas feature prominently on our list of future boom towns, including No. 4 San Antonio, No. 5 Houston and No. 7 Dallas, which over the past years boasted the biggest jump in new jobs, over 83,000. Aided by relatively low housing prices and buoyant economies, these Lone Star cities have become major hubs for jobs and families.

And there's more growth to come. With its strategically located airport, Dallas is emerging as the ideal place for corporate relocations. And Houston, with its burgeoning port and dominance of the world energy business, seems destined to become ever more influential in the coming decade. Both cities have emerged as major immigrant hubs, attracting on newcomers at a rate far higher than old immigrant hubs like Chicago, Boston and Seattle.

The three other regions in our top 10 represent radically different kinds of places. The Washington, D.C., area (No. 6) sprawls from the District of Columbia through parts of Virginia, Maryland and West Virginia. Its great competitive advantage lies in proximity to the federal government, which has helped it enjoy an almost shockingly "good recession," with continuing job growth, including in high-wage science- and technology-related fields, and an improving real estate market.

Our other two top ten, No. 9 Phoenix, Ariz., and No. 10 Orlando, Fla., have not done well in the recession, but both still have more jobs now than in 2000. Their demographics remain surprisingly robust. Despite some anti-immigrant agitation by local politicians, immigrants still seem to be flocking to both of these states. Known better s as retirement havens, their ranks of children and families have surged over the past decade. Warm weather, pro-business environments and, most critically, a large supply of affordable housing should allow these regions to grow, if not in the overheated fashion of the past, at rates both steadier and more sustainable.

Sadly, several of the nation's premier economic regions sit toward the bottom of the list, notably former boom town Los Angeles (No. 47). Los Angeles' once huge and vibrant industrial sector has shrunk rapidly, in large part the consequence of ever-tightening regulatory burdens. Its once magnetic appeal to educated migrants faded and families are fleeing from persistently high housing prices, poor educational choices and weak employment opportunities. Los Angeles lost over 180,000 children 5 to 17, the largest such drop in the nation.

Many of L.A.'s traditional rivals — such as Chicago (with which is tied at No. 47), New York City (No. 35) and San Francisco (No. 42) — also did poorly on our prospective list. To be sure, they will continue to reap the benefits of existing resources — financial institutions, universities and the presence of leading companies — but their future prospects will be limited by their generally sluggish job creation and aging demographics.

Of course, even the most exhaustive research cannot fully predict the future. A significant downsizing of the federal government, for example, would slow the D.C. region's growth. A big fall in energy prices, or tough restrictions of carbon emissions, could hit the Texas cities, particularly Houston, hard. If housing prices stabilize in the Northeast or West Coast, less people will flock to places like Phoenix, Orlando or even Indianapolis (No.11) , Salt Lake City (No. 12) and Columbus (No. 13). One or more of our now lower ranked locales, like Los Angeles, San Francisco and New York, might also decide to reform in order to become more attractive to small businesses and middle class families.

What is clear is that well-established patterns of job creation and vital demographics will drive future regional growth, not only in the next year, but over the coming decade. People create economies and they tend to vote with their feet when they choose to locate their families as well as their businesses. This will prove more decisive in shaping future growth than the hip imagery and big city-oriented PR flackery that dominate media coverage of America's changing regions.