



Which cities will weather the downturn?

Study shows metros entering slow period with most positive momentum

By G. Scott Thomas

Bizjournals.com

updated 8:08 a.m. ET, Wed., Nov. 12, 2008

This sentence — or one like it — can be found in almost any prospectus: "Past performance is no guarantee of future results."

But that doesn't mean history is a worthless indicator. Consider, for example, the nation's metropolitan areas. The link between their past and future performances is often a strong one.

The 10 fastest-growing metros in the prosperous 1990s have continued expanding in the present decade, despite the erratic nature of the economy. All 10 of these hot markets registered population gains of at least 13 percent between 2000 and 2007, led by Las Vegas' seven-year increase of 33.5 percent.

The 10 biggest laggards of the '90s, on the other hand, have continued to struggle. Seven of these cold areas also lost population from 2000 to 2007, with Youngstown, Ohio, suffering the worst decline, 5.4 percent.

Recent growth trends offer an advance look at the markets best positioned to weather the current economic downturn — and the ones that have the most cause for concern.

Bizjournals analyzed recent performances to identify the nation's current growth centers — the metros entering this recessionary period with the most positive momentum. Las Vegas, Raleigh, and Cape Coral-Fort Myers, Fla., led in bizjournals' new rankings of America's growth centers:

- Las Vegas sits in first place because of its broad-based record of economic expansion. It was among the three fastest-growing markets in population, employment and income during the past five years, the only metro to do that well in all of those categories.
- Raleigh, which is second in the overall standings, picked up considerable steam between 2005 and 2007. Its population soared 9.6 percent over that span, outgaining all other metros. It also led the nation in private-sector employment growth during the same two years.
- No. 3 Cape Coral-Fort Myers, Fla., has been a powerful population magnet. It set the pace for all of America in the past half-decade, growing by 24.4 percent. No other market increased its population by more than 21.2 percent between 2002 and 2007.

Bizjournals analyzed five years of demographic and economic data for the nation's 100 largest metropolitan areas, looking for markets that have been experiencing strong, steady growth.

The study focused on changes in four key indicators — population, private sector employment, per capita income and gross metropolitan product.

Bizjournals calculated growth rates for five different time spans within each category, seeking to detect both long- and short-range trends. The spans ranged in length from five years to a single year, all ending in the most recent year for which official statistics were available.

These were the top performers in each category:

- Population: Cape Coral-Fort Myers was the long-range winner, enjoying the strongest population growth over the three lengthiest time spans. Raleigh was powerful over the short haul, posting the fastest growth rates for intervals of two years (2005-07) and one year (2006-07).
- Private sector employment: The unlikely leader for job growth over periods of five and four years was McAllen-Edinburg, Texas, an area of extensive poverty along the Mexican border. Raleigh was the best for three and two years, New Orleans for one year.

- Per capita income: New Orleans scored a clean sweep, registering the fastest rates of income growth for all five time spans. The devastation wrought by Hurricanes Katrina and Rita in 2005 actually increased the per capita income in New Orleans, as tens of thousands of poor people fled the area and never moved back.
- Gross metropolitan product: Baton Rouge, La., was the leader for three different intervals (five, three and two years) in this category, which measured growth in the output of goods and services. The other top markets were Las Vegas for a four-year period and Wichita, Kans., for one year.

Joining Las Vegas, Raleigh, and Cape Coral-Fort Myers in the top 10 of bizjournals' overall standings are Austin; Phoenix; McAllen-Edinburg, Texas; Houston; Salt Lake City; Wichita; and Charlotte. All would appear to be well situated to confront the recessionary challenges ahead.

Population growth between 2002 and 2007 in these 10 growth centers was 16.2 percent, coupled with an increase of 16.6 percent in private-sector employment. The averages for all 100 metros in the study group were 6.3 percent and 7.6 percent, respectively.

Two states dominate the bottom of the rankings. Five markets from Ohio and two from Michigan have the worst growth records in America, an unfortunate foreshadowing of the economic problems they may face in the coming year.

Both states are in the midst of protracted slumps triggered by the decline of their automaking and heavy manufacturing sectors.

Those problems are especially acute in last-place Detroit, which lost 119,500 private sector jobs from 2002 to 2007. Its gross metropolitan product grew by just 8.8 percent over the same five years, roughly one-quarter the national growth rate of 31.8 percent.

Grand Rapids, sixth-worst in the overall standings, is the other Michigan entry at the tail end of bizjournals' list. The five Ohio markets in the bottom seven are Toledo, Youngstown, Dayton, Cleveland and Akron.

URL: <http://www.msnbc.msn.com/id/27647122/>

[MSN Privacy](#) . [Legal](#)
© 2008 MSNBC.com