

SEPTEMBER 30, 2009

The Next Youth-Magnet Cities

By SUE SHELLNBARGER



If you were a recent college graduate in a recovering economy launching a career, looking for a mate or both, where would you choose to live?

Predicting cities that will emerge as post-recession meccas for the young is easy to argue about, but impossible to forecast empirically. Whether you prefer hip, casual Austin, Texas, over the cosmopolitan allure of New York City is partly a matter of personal taste. Still, we asked six experts which 10 cities will emerge as the hottest, hippest destinations for highly mobile, educated workers in their 20s when the U.S. economy gets moving again. Our panelists—demographers, economists, geographers and authors on urban issues—picked their cities based on the criteria they deem most important, from economic diversity to lifestyle.

Big cities dominate our panelists' forecasts. Where trendy smaller cities might have captivated youth in the past, today's recession-scarred young people are more pragmatic, placing "greater emphasis on where high-quality, high-paying jobs are created," says Ross DeVol, director of regional economics for the nonprofit Milken Institute. Northeastern and West Coast cities are ascendant, eclipsing former Sunbelt favorites such as Atlanta.

Other cities once lauded as youth magnets fell off the radar. Naples, Fla., cited in an influential 2003 U.S. Census Bureau report on migration among young adults, was bypassed by panelists, a victim of the sagging Florida economy. The housing collapse sank another past favorite, former real-estate boom town Las Vegas. And Charlotte, N.C., a banking center, lost some of its luster to the financial crisis.

Quirky urban cultures haven't entirely lost their allure. Our panelists' No. 4 pick is a city with double-digit unemployment—Portland, Ore., a haven for artists, musicians and outdoor enthusiasts. The city has shown "staying power" among youth, says Rachel Franklin, a geographer at the University of Maryland and author of the Census Bureau report.

Where young adults settle is no small thing. People 18 to 29 are the most mobile age group, and their past migration patterns have defined the future of regions, from the

long rural exodus of the 1900s to the Silicon Valley boom of the 1990s. Youth-magnet cities gain an enviable cultural allure and a labor-market edge.

The young are likely to be more restless than usual when the recovery comes. The recession has brought migration to a grinding halt: Fewer people moved across state lines in 2008 than at any time since 1950, when the population was smaller by half, says William Frey, a senior fellow at the Brookings Institution, a nonprofit Washington research organization.

Here's a look at our survey's top five cities:

First Place (Tie): Washington, D.C.

The 2008 election touched off a youthful pilgrimage to the capital that most panelists say won't end soon. "In the eyes of some young people, Barack Obama is America's coolest boss," says Richard Florida, author of "Who's Your City?" and a professor of business and creativity at the University of Toronto's Rotman School of Management.

Government hiring is projected to grow fast, and jobs in lobbying, aerospace, defense contracting and professional services are also a draw. Mr. DeVol calls Washington the national leader in high-tech services, surpassing Silicon Valley. Washington's 4,000-plus nonprofits hold appeal for service-minded youth. And amid rising regulation of financial markets, says Barbara Lang, president of the DC Chamber of Commerce, "much of Wall Street is now moving to K Street."

David Gibson Jr., 25 years old, passed up finance jobs in Charlotte, New York and Atlanta to settle in Washington as a financial analyst for the Federal Reserve. Mr. Gibson, who has an M.B.A., figures the capital, with its many universities, can accommodate him for the long haul, enabling him to pursue a Ph.D. if he chooses. He loves the city's museums and live jazz and R&B venues, he says, and its power-center status is helping him "expand my network world-wide."

That combination of factors, says David Plane, a professor of geography and regional development at the University of Arizona, signals "sustained dynamism" for Washington.

The downside: Not all see the current federal hiring binge continuing. "Right now Washington is a magnet. It has become the new New York," says Steven Cochrane, managing director of Moody's Economy.com. But the ballooning federal deficit suggests that "by next year, the government is going to be looking seriously at making cuts."

First Place (Tie): Seattle

Former Ohio residents Lane Kuhlman, 26, and her husband, Matt Mansbach, 32, mulled several cities, including New York and Chicago, as potential destinations last summer, after Ms. Kuhlman received her master's degree specializing in interactive media.

In their eyes, none could match Seattle's combination of a diverse high-tech sector, cultural life, access to rugged natural terrain and a strong university presence. Ms. Kuhlman has since taken a post as a new-product researcher for [Microsoft](#), and Mr. Mansbach is weighing attending one of the city's grad schools in his field, computer animation. Meanwhile, Ms. Kuhlman says, "we're only 15 minutes from a beautiful waterfall, and there are amazing places to hike."

Anchor to a region of corporate innovators, from [Amazon.com](#) to [Starbucks](#), Seattle is "a high-tech and lifestyle mecca," Dr. Florida says. Mr. DeVol says the city's high-tech sector, with 226,300 workers, is just slightly smaller than Silicon Valley's. Joblessness, at 7.7%, remains relatively low. City officials see rapid growth in biotech; Seattle also has tens of thousands of jobs in music and interactive media. And it enjoys a reputation as home to a lot of brainy people.

The downside: It rains half the time.

Third Place: New York

Reeling from the financial crisis, the nation's largest city may seem an unlikely pick. But one reason New York's unemployment rate is stuck at a daunting 10.3% is that hopeful job seekers continue to move there, city officials say. Clearly, "the city's mythic status as a place to test one's mettle against the best and the brightest" remains intact, Dr. Florida says.

New York hasn't lost as many financial-services jobs as predicted, says Deputy Mayor Robert Lieber; so far, fewer than half of the 293,000 job losses that were projected by the city from 2009 through mid-2010 have materialized. Residential growth in boroughs outside Manhattan, such as Brooklyn, is making the city marginally more affordable, and some panelists see housing prices falling more.

At Vermont's Middlebury College, New York surpasses nearby Boston as the destination of choice for the class of 2010, says Jaye Roseborough, career-services director. Allison Bailey, a 2009 grad, loves the city's "European lifestyle," she says. After studying in France, "I wanted to be in a 'walking city' like Paris." Working lots of overtime as a litigation assistant for a law firm, she can manage the \$1,450 monthly rent for her Manhattan studio, she says. And she is happy to leave behind the long car commutes of her native Houston.

The downside: The city is still unaffordable for many, and the less-pricey suburbs can impose enervating commutes.

Fourth Place: Portland, Ore.

Los Angeles native Ryan O'Leary, 23, didn't expect when he graduated from college with a journalism degree last year to be working construction at this point, he says. But

he decided about a month ago to give top priority to moving to the place he most wanted to live, and Portland was it—despite its daunting 11.2% unemployment rate.

Mr. O'Leary, who found an apartment downtown, calls his move "the best decision I've made in a long time." He loves the city's nightlife and neighborhoods, and the city's streetcars—one of which stops by his building—are a refreshing change from Los Angeles's car culture. He continues to job-hunt in his field, public relations, on his days off.

A symbol of "West Coast hipness," Ms. Franklin says, Portland has continued to draw migrants through the recession. An urban-growth boundary fosters a strong downtown culture while containing suburban sprawl, easing travel to nearby mountains and forests. Portland has expanded mass transit and boasts sizeable electronics and activewear companies, several wind- and solar-energy firms, and many green-building projects.

Its quirky culture appeals to musicians and artists: The city has more than its share of oddball events, including an adult soap-box derby and an urban Iditarod (wherein costumed revelers pull shopping carts). "Keep Portland Weird" is a popular bumper sticker. Although Austin claimed that motto first in the 1980s, "we live it pretty well here," says a city staffer.

The downside: While regional officials have laid plans to add 10,000 jobs in the next five years, Portland has done better at promoting its quality of life than fostering job growth. "As nice as it may be to live in Portland," says Economy.com's Dr. Cochrane, "you can only sleep on someone's couch for so long. At some point you have to get a job."

Fifth Place: Austin, Texas

After a year spent traveling and working overseas in 2007, New Jersey resident Olga Garcia, 26, and her boyfriend, Kevin Kurkjian, 27, debated places to settle. Then Kevin announced, "Olga, I've got it figured out: We're going to Austin." She agreed. Both had heard from friends that Austin offered housing and career opportunities and a welcoming, youthful culture. "I had never heard anything bad about Austin," says Ms. Garcia, a marketing consultant.

A state capital and the site of a big University of Texas campus, Austin has become a gathering place for tech- and arts-conscious young adults. Its SXSW media and arts conference, and its Austin City Limits music festival, draw hundreds of thousands of visitors each year. Both unemployment and the cost of living are relatively low. And with significant high-tech, videogame and renewable-energy sectors, Mr. DeVol calls Austin "a model for a thriving 21st-century knowledge-based community."

The downside: Some panelists have doubts about how strongly Austin will rebound after the recession.

Sixth Place: San Jose, California

Topline: Silicon Valley's combination of lively entrepreneurs and smart money will enable it to continue to draw the best and brightest.

The region routinely attracts one-third of U.S. venture-capital spending, which should rejuvenate growth in hot fields, including alternative energy and life sciences, one panelist says. A free-fall in housing prices has made the area more affordable. And young adults will continue to flock to San Jose and San Francisco alike for their restaurants and cultural life, access to outdoor activities and "large stock of smart, driven young people who want to make a difference in the world," one panelist says.

Downside: High unemployment at 13%, and a high overall cost of living, make the region a hard sell for entry-level workers.

Seventh Place (Tie): Denver

Topline: After losing much of its luster in the last recession, Denver may be poised for a comeback.

A center of high-tech, computer-systems design and telecom employment, Denver also offers natural beauty and access to outdoor sports. Its housing prices never rose as much as those in many other metro areas, and remain relatively low now. Unemployment has stayed fairly low as well, at 8.6%. With top-notch skiing, cycling and other outdoor recreation, the region is luring more migrants, especially from Southern California.

Downside: Some panelists say the region's vitality springs partly from neighboring Boulder, and other Western locales, such as Salt Lake City, may eclipse Denver in the future.

Seventh Place (Tie): Raleigh

Topline: A relatively low cost of living and a highly educated population help make this Southern city appealing.

The smallest city on our panelists' list, with fewer than 400,000 people, Raleigh has job opportunities in tech and research and a strong university presence. It offers outdoor recreation and a lively music scene. Also, Fort Bragg is expanding, signaling more jobs and more spinoff employment. "Raleigh's future is so bright that it ought to wear shades," says one panelist.

Downside: Raleigh has few critics; the worst panelists could say is that it wouldn't be seen as the hippest locale on the list.

Ninth Place: Dallas

Topline: A diverse economy and cultural offerings put Dallas on the list.

One panelist says Dallas offers "the best combination of knowledge-based jobs and lifestyle amenities of any place in the country." Its economy includes big telecommunications, data processing, electronics manufacturing, professional services and distribution sectors. Anchor of a region with many corporate headquarters, including Exxon Mobil, Dallas last year also lured the head offices of AT&T, bringing thousands of high-paying jobs.

Downside: Dallas lacks a reputation as a youth mecca, and summers can be very hot.

Tenth Place (Tie): Chicago

Topline: An affordable big city with a rich cultural and night life, Chicago will continue to appeal to the young.

Chicago is the undisputed regional capital of the Midwest with a large, diverse economy. It lures many young job seekers from the heartland seeking a post-college toehold in the employment market. "Beyond drawing driven young people by the droves, Chicago has great amenities, great nightlife, a spectacular waterfront, great restaurants and it's affordable," says one panelist. And its housing prices are well below comparable metropolitan areas such as Los Angeles, Washington and New York.

Downside: High unemployment at 11.5% remains an obstacle.

Tenth Place (Tie): Boston

Topline: A brainy city with an unmatched concentration of colleges and universities, Boston has enduring appeal.

Boston is "a great stay-over town" for its legions of college grads, one panelist says. More than 60% of young adults ages 25 through 34 have at least a bachelor's degree, the Census Bureau says. Boston is a world center of management consulting, with strong financial-services and high-tech sectors, and unemployment is relatively low at 8.9%. Its cluster of universities and colleges will continue to attract young people.

Downside: Housing prices and living costs remain high, discouraging factors for young job seekers.

How We Selected Our Top-Rated Cities

Naming the next wave of top cities for hip, highly mobile young adults is far from an exact science. It's more like a parlor game.

The Wall Street Journal sought out six of the nation's leading experts to rank the 10 U.S. cities they see as most likely to emerge as "youth magnet" cities after the recession—popular target destinations among young, college-educated, often single people setting out to start a career, find a mate or both.

The panelists, who were also asked to provide two or three reasons for their selections, were chosen based on their achievements in research, forecasting or authorship in the fields of geography, regional economics or demography.

The methodology used to compile a final list is closer to a straw poll than a scientific study.

Using criteria of their own choosing, experts provided ranked lists of picks. Composite rankings were then assigned to cities based on a point system: Each expert's No. 1 pick was given 10 points, second choices were given nine points and so on, with 10th-place picks receiving one point. Final rankings were determined by adding the total points each city received.

The panelists:

Steven Cochrane , managing director, Moody's Economy.com, head of the Web site's U.S. regional forecasting service and editor of its monthly Regional Financial Review.

Ross DeVol , director of regional economics, the Milken Institute, a Santa Monica, Calif., nonprofit, and researcher on technology and its impact on regional and national economies.

Richard Florida , author of "Who's Your City" and "The Rise of the Creative Class," and director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management.

Rachel Franklin , senior lecturer, public policy, at the University of Maryland; former deputy director of the Association of American Geographers, and author of a 2003 Census Bureau report on migration patterns among young, educated workers.

William Frey , demographer and senior fellow at the Metropolitan Policy Program of the Brookings Institution, Washington, D.C., and a research professor in population studies at the University of Michigan.

David Plane , professor of geography and regional development, University of Arizona, Tucson; a senior editor of the Journal of Regional Science, and researcher on age-related factors in migration.