THE NEW GEOGRAPHY OF OPPORTUNITY:

Case Studies from a Changing Economic Landscape

Blueprint for Opportunity Series
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J.H. Cullum Clark
Director, George W. Bush Institute-SMU Economic Growth Initiative

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The *Blueprint for Opportunity* series advances a policy agenda for improving economic mobility to help Americans flourish. It focuses on strengthening America's cities in their vital role as engines of upward mobility. Cities and neighborhoods make a powerful difference to people's opportunities, and the local level is where most of the policy energy is in the United States today. America has numerous metro areas that score relatively high as cities of opportunity, but the Nation needs more.

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Executive Summary

A diverse range of cities and metropolitan areas have emerged as high-opportunity regional economies in 21st century America, sometimes in surprising places. This report explores six geographic patterns into which most of the high-opportunity cities, towns, and neighborhoods of the United States fit naturally. Fifty-six of the 64 "cities of opportunity" we've identified from among America's 250 largest metro areas fit into one of four regional groups:

- Star metro areas of the Northeast and Pacific coasts (4 metros).
- Thriving metros of what we call the "Northwest 13" states (32 metros).
- Booming metros of the Sun Belt (16 metros).
- Emerging turnaround metros of the Midwest (4 metros).

In addition, two pervasive trends account for most high-opportunity places *within* America's larger metropolitan areas:

- The rise of urbanizing suburban cities as top-performing places of opportunity.
- Growing bifurcation of large core cities into high-opportunity wealthy areas and low-opportunity struggling areas.

The case studies in this report offer the same takeaways as our companion report, "The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future": High-opportunity cities are places that emphasize education and innovation, offer a relatively good quality of life to residents, sustain a strong sense of community, welcome immigrants and other newcomers, and pursue commerce friendly economic policies.

The regional patterns we explore in this report offer different mixes of strengths and shortcomings in these respects. The star coastal metros perform best on education and innovation, the Northwestern metros on quality of life and social capital, and the Sun Belt metros on economic freedom and affordability. Emerging turnarounds in the Midwest are showing a path to growing prosperity and economic mobility based on strong knowledge-generating institutions, social capital, and quality-of-life investments.

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I. INTRODUCTION

Today's leading cities of opportunity offer powerful lessons for the rest of America on how to create places where as many people as possible achieve their potential and thrive. Supreme Court Justice Louis Brandeis famously called America's states and localities "laboratories of democracy." The tremendous diversity across the Nation's economic landscape means there is a great deal of experimentation underway in these laboratories, and relatively high-opportunity places are producing striking results.

The George W. Bush Institute-SMU Economic Growth Initiative's *Blueprint for Opportunity* series aims to present a policy agenda for expanding opportunity and economic mobility in America's cities and towns. The second installment in the series consists of two parts. The first part, "The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future," focused on how the geography of opportunity in cities has evolved through history and how new forces are likely to reshape it in coming decades.

This report, part two of our second installment, profiles four specific regional patterns that account for most of America's high-opportunity metro areas today – and 56 relatively high-opportunity metropolitan areas that exemplify these patterns. The metro areas within each group share broad similarities, while the four groups differ from each other in significant respects. Each regional pattern has its own strengths and challenges and offers distinct takeaways for other places. We include in-depth data on all the places we profile in our online data appendix.

This report also explores specific examples of two pervasive trends *within* America's larger metro areas: the rise of what we call "urbanizing suburban cities" and the increasingly stark bifurcation of core cities into have and have-not areas.

Our report on the evolving geography of opportunity shows that great high-opportunity cities of history have always been places that provide an emphasis on learning and innovation, a good quality of life, a strong sense of shared community, a culture of openness to newcomers and unorthodox ideas, and a favorable environment for commerce. This report explores how today's high-opportunity metro areas and cities embody these strengths in different ways.

The first part of this report also lays out a series of tectonic shifts presenting new challenges and opportunities for America's cities:

- Rapid technological change is strengthening the position of cities with relatively high education levels as well as the earnings power of highly skilled people who live in them.
- Globalization is reinforcing the advantages of well-positioned cities but weakening many other places.
- Americans are putting a higher priority on quality-of-life considerations, gravitating to culturally open and diverse cities and demanding more residential space.
- Public policy differences across localities in areas like business regulation, land use rules, and taxation are creating new opportunities for some cities to pull ahead of others.
- Geographic mobility has declined in recent decades, reflecting sky-high housing costs and other barriers to opportunity in certain cities as well as growing desires for "rootedness."
- New technologies, coupled with the COVID-19 crisis, have increasingly caused the geographic dispersion of people and businesses away from some of America's largest cities and toward others that score highly in terms of education levels, quality of life, openness, and affordability.

The metro areas and cities we profile in this report are finding distinctive ways to capitalize on these shifts.

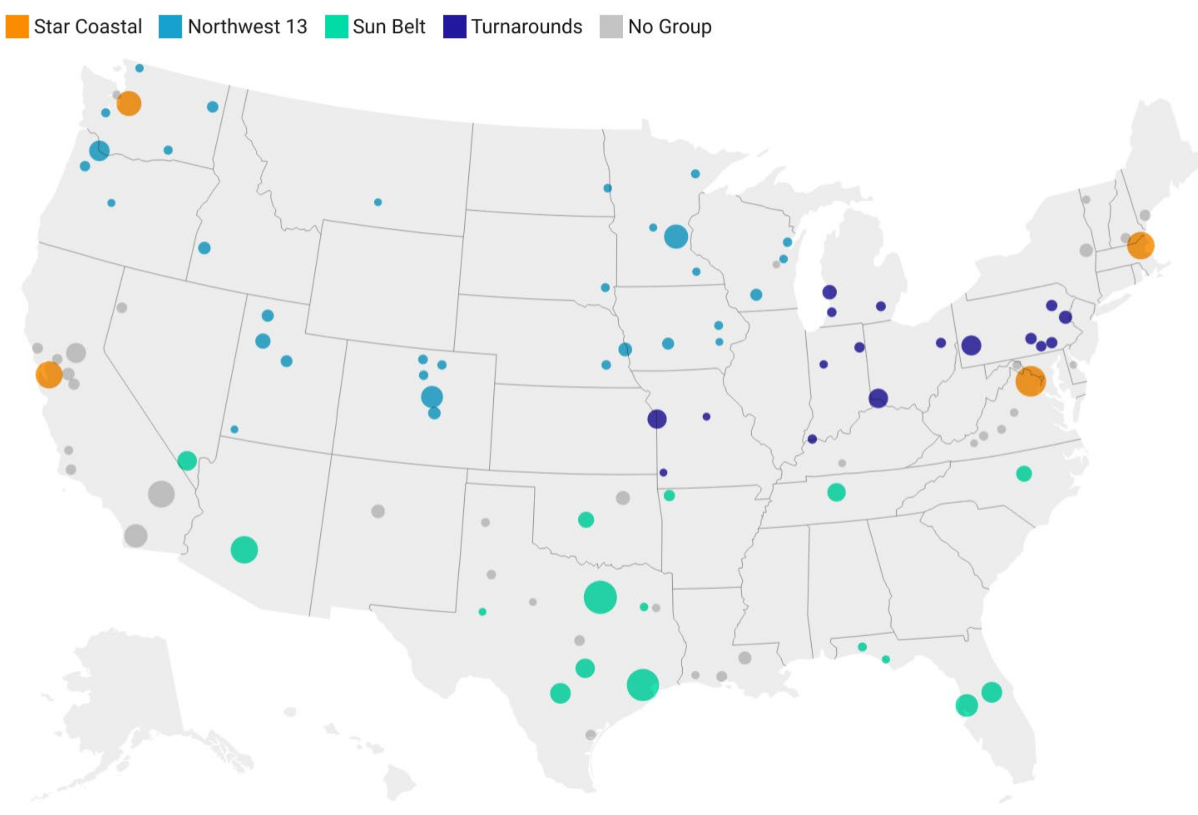
Four regional patterns

We've identified 64 metropolitan areas among America's 250 largest that stand out as cities of opportunity today, based on three quantitative proxies for economic mobility: relatively high standards of living (real income levels adjusted for local living costs), strong upward mobility for people who've grown up there, and net inbound domestic migration.*

Of these 64 metros, fully 52 fit naturally into three distinct geographic groups: (1) the densely populated urban regions of the Northeast and Pacific coasts; (2) the Northern Great Plains, Mountain, and Pacific Northwest states; and (3) the Sun Belt stretching from North Carolina to Arizona. We've identified an additional list of 39 intermediate performers – metros that don't qualify for our cities of opportunity list but cross a lower bar on economic mobility indicators. Notably, four of the metros that qualify as cities of opportunity and 13 of the 39 intermediate performers are in the Midwest states of Pennsylvania, Ohio, Indiana, Michigan, and Missouri. As these metro areas show a path to revival for struggling cities elsewhere, we've combined these 17 metros into a fourth geographic group for purposes of this report.

Figure 1 shows our complete set of cities of opportunity and intermediate performers. Appendix I lists both groups by name.**

Figure 1: Cities of Opportunity and Intermediate Performers



* The U.S. Census Bureau lists 382 metropolitan areas in the United States. We restrict our attention to the Nation's 250 largest in the interest of space. The largest 250 metros comprise approximately 98% of the population living in metropolitan areas and 80% of America's total population.

** Our online data appendix provides an Excel table displaying a variety of data on the metro areas in these four geographic groups, plus all other U.S. metros on our cities of opportunity list, our intermediate performers list, and the list of America's 50 largest metros – 128 metros in all. Appendix II of this report provides an introduction to the online data appendix.

Consider the four regional patterns we explore in the report:

- **Star metros of the coasts:** Four large, high-opportunity metros – Washington, Boston, San Francisco, and Seattle – demonstrate the benefits of very high education levels, good quality of life, a pronounced culture of openness and inclusiveness, and a welcoming approach to enterprising immigrants. They have also benefited enormously from dominant positions in the fast-growing technology sector and from being at a sweet-spot size for maximizing productivity, two assets that are hard for most other cities to imitate.
- **Thriving metros of the Northwest 13 states:** Thirty-two of the high-opportunity metros we profile in this report are in what we call the Northwest 13 states.* These cities show how relatively high education levels, strong social capital, and excellent quality of life can create very high opportunity cities, sometimes in surprising places.
- **Booming metros of the Sun Belt:** Sixteen Sun Belt metros, mostly large metro areas, demonstrate the positive effects of maintaining a high degree of economic freedom and good, affordable quality of life.**
- **Emerging turnaround metros of the Midwest:** Seventeen metros in the Rust Belt states of Pennsylvania, Ohio, Indiana, Michigan, and Missouri offer emerging models for how older cities in struggling regions can reinvent themselves, often on the foundation of strong knowledge-generating institutions and thoughtful quality-of-life investments.

Two geographic patterns within metropolitan areas

This report draws additional lessons from two groups of places within metropolitan areas:

- **Urbanizing suburban cities:** We identify 19 counties and 41 cities as suburban places that increasingly perform all the functions of cities. Examples of a broader trend underway in metro areas throughout America, these places offer takeaways on how to create smaller cities of high opportunity in relatively new locations. They demonstrate the high degree of economic mobility that's achievable in places that are intentional in prioritizing education, quality of life, strong social capital, openness and inclusiveness, affordability, and commerce friendly policies.
- **Wealthy neighborhoods in core cities:** Every large city in the United States has high-income neighborhoods that are extremely effective engines of economic mobility for people who grow up there. However, these areas are often prohibitively expensive for most residents. Virtually all large U.S. cities also contain vast areas of underinvestment and concentrated poverty. These neighborhoods almost universally perform poorly in promoting economic mobility. History, as well as recent policy experiments in some cities, shows that enabling greater movement across these geographic lines and more mixed-income neighborhoods are vital to reviving economic mobility in America's large core cities.

The rest of America

The 69 metro areas we profile in this report – 56 high-opportunity metros in the four regions we focus on plus 13 intermediate performers in the Midwest – are home to 93 million people, just under one third of all people living in America's metropolitan areas. But our analysis implies that more than 166 million Americans live in places that perform less well as engines of opportunity and economic mobility. Only a minority of Americans living in metropolitan areas live in high-opportunity cities, towns, or neighborhoods as this report defines them.

We suggest that every struggling place in the United States can draw useful lessons from the various patterns we describe in this report, depending on the location's circumstances:

* The Northwest 13 states are Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Montana, Idaho, Wyoming, Colorado, Utah, Washington, and Oregon.

** For purposes of this report, the Sun Belt states are North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, Texas, New Mexico, Arizona, and Nevada.

- **Large metro areas:** Of America's 50 largest metros, 25 don't qualify as cities of opportunity or even intermediate performers, based on our quantitative approach. Some of these metros, including several of the Nation's largest, have high education levels and enjoy the productivity benefits of large size, but they undermine economic mobility through poor housing affordability, weak job market access for many residents, and unfavorable business policies. Others, mostly in the Southern and mid-Atlantic states, have relatively low education and productivity levels. A few large metros combine poor scores for economic freedom and weak provision of public goods like education and quality-of-life investments – a sure recipe for low economic mobility. This report offers clear paths for improvement for each of these groups.
- **Small metro areas:** Smaller cities face the additional challenge that they are generally not large enough to achieve the productivity levels associated with major cities. But high-performing smaller cities we identify in this report – particularly those in the Northwest 13 states – show that small to midsized cities can become strong engines of opportunity through intentional efforts to promote education, quality of life, local institutions of civil society, and social capital.
- **Rural America:** How to address the distinctive economic challenges of rural and small-town America is beyond the scope of this report. However, our *Blueprint for Opportunity* series does point to two trends on which even the smallest communities can capitalize. One is the growing significance of local social capital, which is becoming a more powerful predictor of economic mobility as geographic mobility has declined. Many rural areas score very high on measures of social capital and have opportunities to build on this strength to improve education outcomes and upward mobility for people growing up there. The other trend is the rise of digitally connected remote work, which increasingly makes it possible for high-skilled or medium-skilled people to participate in connected workplaces and achieve relatively high real incomes working in locations remote from large cities.

Different local circumstances call for different policy priorities. We summarize key takeaways from this report for cities of various kinds in the concluding section of this report.

II. STAR METROS OF THE COASTS

Four technology-based stars

The first regional pattern involves just four large metro areas: Washington, San Francisco, Boston, and Seattle.* Commentators invariably include these metros on lists of "star" cities, typically along with New York, Los Angeles, Chicago, Miami, and sometimes a handful of other very large metros.[1]

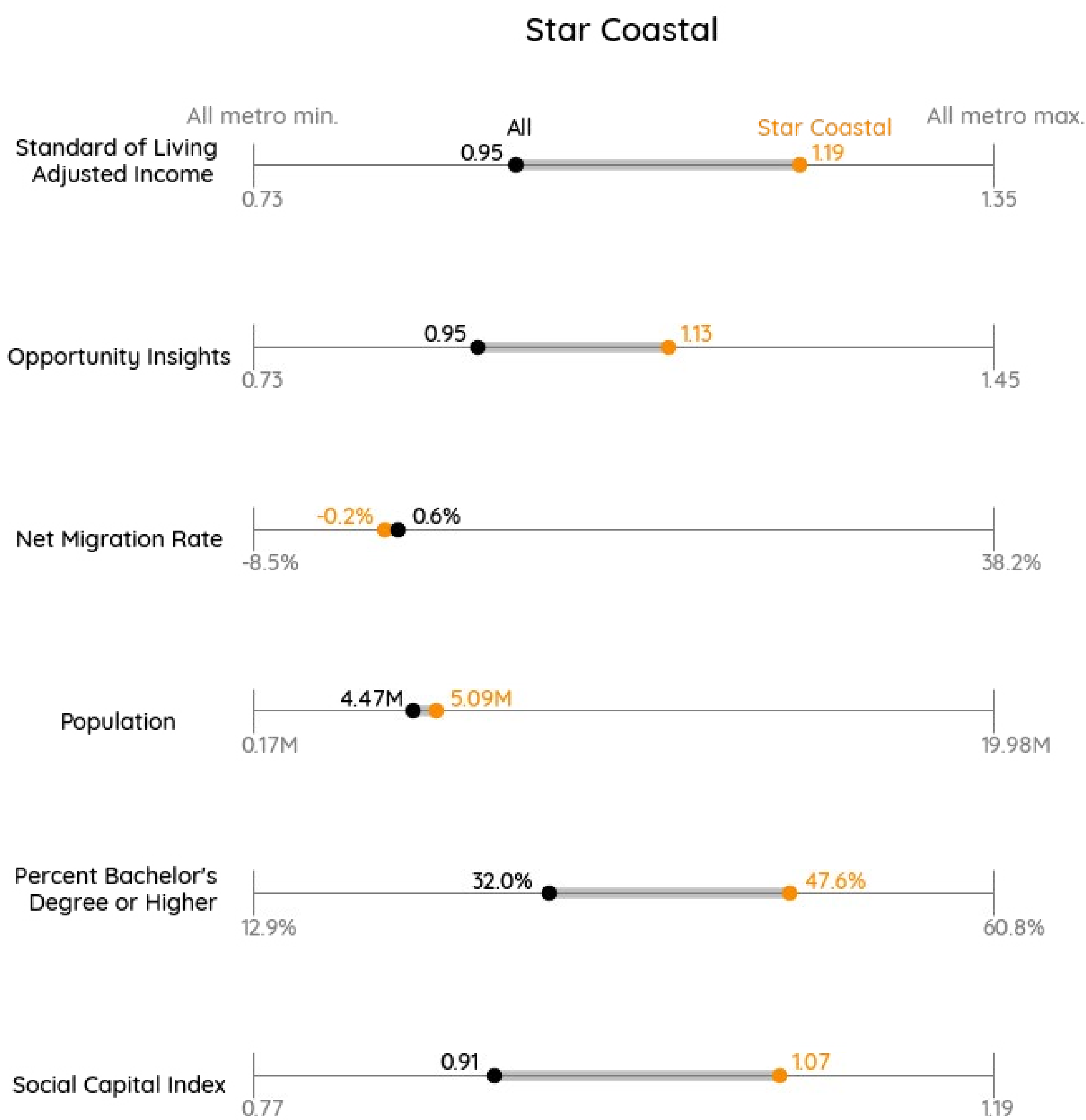
STAR METROS OF THE COASTS

Washington, D.C.	Boston, MA
San Francisco, CA	Seattle, WA

Figure 2 compares the four star metros' averages on various measures to weighted averages for metropolitan America as a whole, based on 2018 population. We use population-weighted averages because some widely cited measures vary significantly with metro-area size, and we want to compare these four large metros to an appropriate benchmark.** The figure shows that the four star metros perform well above average for living standards after adjusting for local costs of living and for upward mobility for people growing up there, as measured by the research group Opportunity Insights. It also shows that they outperform the metro-area averages for educational attainment levels and for social capital as measured by a U.S. Congress Joint Economic Committee metric – two factors that predict prosperity and economic mobility in cities. On the other hand, the four star metros rank slightly below average for net domestic migration between 2010 and 2018.

* In this and subsequent sections, we list metropolitan statistical areas (MSAs) as the U.S. Census Bureau defines them. We shorten some MSA place names in these boxes to save space, but we include full Census Bureau MSA names in Appendix II.
** See detailed data for each metro area in our online data appendix.

Figure 2: Key Indicators: Star Metros of the Coasts



Sources: Opportunity Insights; U.S. Census Bureau, American Community Survey, Estimates of the Components of Resident Population Change; United States Congress Joint Economic Committee Social Capital Project

Consider the performance of Washington, San Francisco, Boston, and Seattle on our three measures of economic mobility:

- **Standards of living:** The four star metros enjoy median household incomes roughly 30% to 60% above the population-weighted average for all U.S. metros. They also rank well above average for median living standards after adjusting for high local housing costs.[*] Based on our adjusted standard of living data, Washington, Boston, San Francisco, and Seattle offer median living standards 20% above the unweighted mean for all U.S. metros, on average.
- **Upward mobility:** Each of the four star metros scores well ahead of most other metro areas on the measure of homegrown upward mobility developed by Harvard economist Raj Chetty and his Opportunity Insights research group.[2]
- **Net domestic migration rates:** Washington, San Francisco, and Boston have experienced modest net outbound domestic migration between 2010 and 2018, while Seattle ranks in the top quartile of all metros for attracting inbound migration, with net domestic migration between 2010 and 2018 amounting to 3.8% of the metro's 2010 population. (The San Jose metro area, another San Francisco Bay area "star," fails to make the list because of its large net outflow of people over the last decade.)[3]

The Washington, San Francisco, Boston, and Seattle metros perform well as engines of economic mobility primarily because they are highly productive cities, as measured by income levels – the most successful examples of large-scale agglomeration benefits in 21st century America.

Each owes its best-in-class productivity levels in large part to its leading position in the technology sector. The San Francisco Bay area and Seattle got started as technology capitals mostly due to serendipity, though the Bay area also benefited from farsighted decisions by Stanford University administrators. Boston emerged as a technology and life science center because of its leading universities, while Washington became a large player because of the federal government's unique role as a technology sector customer and funder of life science research.

Additional factors have also contributed to the large productivity advantages of the four top star metros. They are highly educated places. Each has a population share with a bachelor's degree or higher of between 42% and 51% – compared with a population-weighted average of 33.5% for all U.S. metros.[4] High education levels and leadership in technology-intensive sectors reinforce each other: Rich pools of highly educated workers attract technology firms, while dense technology ecosystems attract highly educated workers from elsewhere, even as less educated people have tended to move away from these cities.

Even after controlling for educational attainment, median income levels for people with some college or an associate degree and for people with a bachelor's degree are far higher than U.S. metro-area averages. Taking the average across the four metro areas, workers with an associate degree or some college but no four-year degree earn 24% above the unweighted average for all metros. This suggests that these are exceptionally productive places for medium-skilled workers as well as more highly skilled workers.[5]

The Washington, San Francisco, Boston, and Seattle metros also have strong reputations for openness, diversity, and inclusiveness, ranking among the top 10 of America's 50 largest metros on "bohemian" and "diversity" indices developed by urban scholar Richard Florida of the University of Toronto. They generally receive high marks on quality-of-life measures. These factors have also acted as strong magnets for highly educated young professionals.[6]

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* Our method for calculating metro-area standards of living uses median household income data from the U.S. Census Bureau's 2018 American Community Survey (ACS) and 2018 regional price parity data from the U.S. Bureau of Economic Analysis and further adjusts living costs based on home-price values from the 2018 ACS. We base our method on the approach developed by Wendell Cox, which he lays out in his Urban Reform Institute report "2020 Standard of Living Index" (available at: https://urbanreforminstitute.org/2020/05/2020-standard-of-living-index/); we use only ACS data for housing values, while Cox's method includes other sources, and we extend the method to cover all 382 U.S. metros.

Each metro area has benefited from a large influx of highly skilled immigrants. Each saw immigration contribute between 5% and 6% to its cumulative population growth between 2010 and 2018, measured as a percentage of 2010 population – far higher than almost all other metros. (Only Houston, Miami, Orlando, San Jose, and nine smaller metros – mostly college towns – also experienced contributions above 5%.) Despite net outbound domestic migration in three of the four metros, all four saw overall population growth above the unweighted average from 2010 to 2018 due to very large contributions from inbound immigration.[7]

Washington, Boston, and Seattle score well above the population-weighted average on the measure of social capital developed by the U.S. Congress Joint Economic Committee (JEC), while San Francisco is just above the average.[8] The JEC social capital measure strongly predicts homegrown upward mobility, based on the Opportunity Insights index.[9]

The Washington, San Francisco, Boston, and Seattle metro areas rank well ahead of several other large metros commonly cited as stars – New York, Los Angeles, Chicago, and Miami – on most of our measures of opportunity. Washington, San Francisco, Boston, and Seattle generally score much higher than the other four for social capital, immigration rates, and economic freedom (as measured by a composite index developed by the SMU Bridwell Institute for Economic Freedom).[10]

Washington, San Francisco, Boston, and Seattle may be in a sweet spot population size range for achieving strong agglomeration economies. Each of the four metros ranks between sixth and 15th among U.S. metro areas for size, with populations between 3.9 million and 6.3 million.

We present quantitative evidence in our online data appendix and in our companion report on the evolving geography of opportunity that there may be an optimal size range for maximizing productivity in contemporary U.S. metropolitan areas, approximately between 3 million and 8 million.* It may be that there are inefficiencies associated with larger size and density that outweigh the benefits in metros as large as New York, Los Angeles, and Chicago. For instance, America's largest metros generally score relatively low for job market access because of high congestion rates, based on data from the University of Minnesota's Access Across America dataset.[11]

Notably, the unweighted average and the population-weighted average are very similar on each of our three measures of economic mobility for America's 382 metro areas as a whole – refuting the premise that large metros are outperforming smaller ones as engines of opportunity in today's U.S. economy.

An outstanding capital city of opportunity: the Washington area

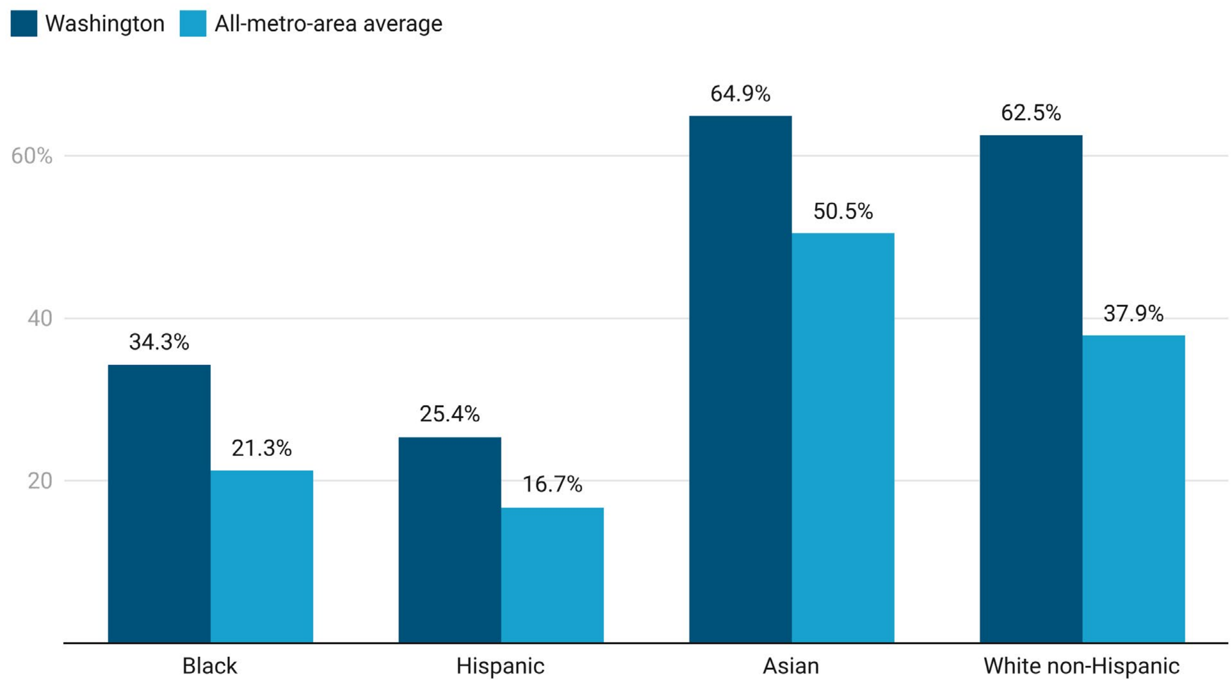
Washington constitutes a special case. The capital area has the highest living standards of America's 250 largest metro areas, almost 40% above the unweighted average. It performs well ahead of metro-area averages on most economic mobility indicators we include in our analysis. Washington also generally ranks as a standout city of opportunity for Black and Hispanic people, based on multiple economic mobility indicators: median incomes, living standards, homegrown upward mobility as measured by the Opportunity Insights index, and homeownership rates.[12**]

There are several factors that help explain the outstanding performance of Washington as a metropolitan area of opportunity. First, Washington is one of the most highly educated metro areas in the United States. It ranks ahead of Boston, San Francisco, and Seattle when it comes to the share of its total population with a bachelor's degree or higher, and it's generally far ahead of the other star metros for college shares within each of its Black, Hispanic, Asian American, and White populations.[13]

* See our analysis of metro-area population size in the companion report to this report, "The Evolving Geography of Opportunity," and detailed results from our quantitative analysis in Table 3 of the online data appendix.

** We include extensive data on economic mobility at the level of individual racial groups in the online data appendix.

Figure 3: The percentage of Washington metro area residents with a bachelor's degree or higher exceeds national averages.



Source: U.S. Census Bureau, American Community Survey 5-year Estimates, 2018

Second, it helps to be a capital city. As we note in our historical discussion in "[The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future]," capital cities have often enjoyed high income levels because of the power of national governments to extract resources from the rest of society.[14] The functions of modern government have also become increasingly knowledge intensive, attracting a highly educated workforce that in turn attracts knowledge-intensive private-sector employers. Federal government employment also seems to have been a significant engine of upward mobility for Black residents of the Washington metro for at least the last five decades.[15]

Third, the Washington metro as a whole scores well relative to other star cities of the coasts for new housing development, affordability, and homeownership rates (though behind Seattle for new building permits).[16] This performance partly reflects a long history of growth-oriented business and land-use policies in the suburban counties of Northern Virginia.[17] The relative affordability of housing in the metro area's high-growth suburbs has acted as a pressure valve holding down housing prices in the core city of Washington as well, at least relative to the extreme prices of similarly wealthy cities on the West Coast. Exceptionally high income levels coupled with relatively moderate home prices put the Washington metro in a league of its own for cost-adjusted living standards.

Fourth, Washington scores above average – and mostly above the star metros of San Francisco, Boston, Seattle, New York, Los Angeles, and Chicago – on the SMU Bridwell Institute economic freedom index.[18] This advantage also owes much to the region's suburban areas. The city of Arlington, Virginia, for instance, was one of the best-performing cities in the United States on a 2019 Arizona State University index on the ease of starting a business, while the city of Washington ranked as one of the hardest places to start a business.[19]

Fifth, Washington has a distinctive position as a center for Black history and culture, including leading historically Black colleges and universities. It seems likely that this heritage has given the Washington metro a strong comparative advantage in creating, attracting, and retaining a large, upwardly mobile Black middle class. Notably, the suburban cities of Prince George's County, Maryland, dominate the list of high-income places in the United States with a Black majority.[20]

The example of Washington offers distinct takeaways. It suggests that large cities with a broad mix of public- and private-sector employers, a robust set of colleges and universities and other opportunity-focused organizations, and reasonable affordability can give rise to a relatively diverse middle class. Washington's example has special relevance for state capitals – 18 of which qualify as cities of opportunity or emerging turnarounds in our analysis – as it shows how public-sector institutions can create a nucleus of skilled workers which attracts other employers, under the right circumstances.

Worsening obstacles to opportunity

Despite their formidable strengths, Washington, San Francisco, Boston, and Seattle share patterns of weakness on other measures associated with economic mobility. Each has relatively long commuting times and poor job market access, based on a University of Minnesota dataset – unsurprising in view of their large size. All score below average on Arizona State's index for ease of starting a business.[21] San Francisco and Seattle show signs of prioritizing the demands of public-sector unions and other vested interests and adopting economic policies unfavorable to private commerce on issues ranging from pensions to business taxes.

Above all, these metros, to varying degrees, have allowed themselves to become deeply unaffordable for moderate- to lower-income people. They have among the most restrictive land-use rules of all U.S. metro areas, in some cases in their suburban towns as well as in their urban cores.[22] Boston and San Francisco – like New York and Los Angeles – rank among the bottom quintile among all U.S. metro areas for new building permits between 2010 and 2018. San Francisco, Seattle, and Boston share some of the highest housing price-to-income ratios and lowest homeownership rates in the United States, along with New York, Los Angeles, San Diego, and San Jose.[23]

A variety of evidence suggests that high housing costs are contributing to growing challenges in America's star coastal metros:

- An outflow of businesses and workers of all education and skill levels.
- Rising financial pressures on the remaining middle class.
- Higher-than average income inequality.
- Severe housing segregation.[24]

Artists, chefs, and others increasingly can't afford to live in these cities – threatening to undermine the vibrant cultural scenes that help make these places tick.[25] Likewise, teachers, police officers, and other essential workers more and more find themselves priced out of these metro areas. Accumulating evidence suggests that sky-high living costs and relatively high tax rates are pushing a wide variety of people away from coastal California in particular. These include wealthy businesspeople, lower- and medium-income workers, and even retirees. The California Public Employees' Retirement System (CalPERS), reports that fully 18% of its retired beneficiaries now live outside the state, while schools and realtors in Texas cities report an accelerating influx of people moving in from California.[26]

Even at leading technology companies like Apple and Amazon, a significant share of job growth is now occurring in less expensive places away from the coasts. Tesla, Oracle, and Hewlett Packard Enterprises recently moved their headquarters to Texas, while other technology companies have left California for cities like Miami and Nashville.[27]

San Francisco, Seattle, and Boston – like New York City – have seen significant drops in apartment lease signings and rents since the start of the COVID-19 crisis, suggesting that even many high-skilled workers are losing confidence in these cities as engines of human flourishing.[28] As working remotely has suddenly become more feasible for many knowledge workers, many are voting with their feet. These metros have also seen some of America's deepest declines in job postings during the crisis, both because they rely so heavily on jobs that can be done remotely and because businesses are moving out.

Large long-term changes in the labor market are playing out with greatest force in America's star metro areas and taking a toll on upward mobility there, according to studies by economist David Autor of the Massachusetts Institute of Technology. The wage premium that lower- to medium-skilled workers earn in the star metros over what they could earn elsewhere has been declining. Real wages have actually been *falling* for working class people in these cities over the last two decades after adjusting for rising local living costs, based on data compiled separately by Autor and the University of Toronto's Florida.[29]

Because of high housing costs, San Francisco, Boston, and Seattle present a mixed picture as cities of opportunity. On the one hand, they continue to offer unparalleled opportunities for highly educated people, particularly those with specialized skills in technology or finance. On the other hand, they are at best middling performers for economic mobility for less educated people and disadvantaged groups. The star metros score in line with or below average on most measures of economic mobility we include in our analysis for Black and Hispanic people, with the exceptions of Washington and, to a lesser degree, Seattle.[30]

Why America's wealthiest cities tend to have the Nation's most restrictive policies on housing development is a pressing but unresolved question. It may be that existing homeowners and landlords are better able to organize politically against new development in cities where they are especially wealthy. Or very wealthy people may see relatively low marginal benefit to themselves from the incremental amenities that might become possible if new development brings higher property tax revenues to their city government.

Policy priorities and takeaways

The most pressing needs in Boston, San Francisco, and Seattle are more housing supply of all kinds and greater emphasis on housing attainability. Harvard University economist Edward Glaeser argues that cities should promote much more density in high-opportunity areas, particularly through greater vertical development.[31] This solution is especially applicable in the wealthiest coastal metros, since these places have the incomes and sky-high land values that can support greater high-rise development at large scale.

They also need to improve job market access by modernizing infrastructure for all transportation modes and allowing more development of housing and job centers near one another. All the large coastal metros should expand opportunity by relaxing overly restrictive rules on new businesses, reforming public-sector pensions to become more financially sustainable, and improving career paths for less highly educated workers.

The star coastal metros demonstrate the tremendous innovation and productivity cities can realize by achieving high education

Takeaways from the star cities of the coasts:

- High educational attainment levels lead to relatively high average incomes in cities, including for Black and Hispanic communities.
- Other vital ingredients for creating outstanding cities of opportunity in large metro areas include the following:
  - Large immigrant communities.
  - High social capital.
  - Good quality of life.
  - A culture of openness and inclusiveness.
- Creating cities of opportunity for lower- to medium-skilled people also requires reasonable housing supply growth and affordability, even in extremely productive cities.

levels and assembling talented people from throughout the world in a large, concentrated place. However, most other cities cannot hope to replicate their model fully, as no other city is likely to become a dominant center in the United States for technology, finance, or government.

III. THRIVING METROS OF THE NORTHWEST 13 STATES

America's leading models of cities of opportunity

A second pattern of high-opportunity cities has emerged in what we call the Northwest 13 states. Thirty-two metro areas in these states qualify as cities of opportunity based on our quantitative approach – almost half our list.

METROS OF THE NORTHWEST 13 STATES

Minneapolis-St. Paul, MN	Spokane, WA	Sioux Falls, SD
Denver, CO	Salem, OR	Fargo, ND
Portland, OR	Fort Collins, CO	Appleton, WI
Salt Lake City, UT	Lincoln, NE	Bellingham, WA
Omaha, NE	Boulder, CO	Rochester, MN
Colorado Springs, CO	Green Bay, WI	St. Cloud, MN
Boise, ID	Greeley, CO	Bend, OR
Ogden, UT	Kennewick-Richland, WA	Iowa City, IA
Madison, WI	Olympia, WA	Billings, MT
Des Moines, IA	Duluth, MN	St. George, UT
Provo, UT	Cedar Rapids, IA	

The 32 metros of the Northwest 13 score well across the board on our three measures of economic mobility:

- **Standards of living:** Median household incomes in the 32 metro areas that make our list are approximately 8% above average, comparing the population-weighted mean for this group to the population-weighted mean for all U.S. metros. Standards of living are 11% above average, adjusting for living costs in these metros. Income levels for people with only an associate degree or some college are higher than U.S. averages, making these metros good places for middle-skilled people to get ahead.
- **Upward mobility:** All but one of these 32 metros score above average on the Opportunity Insights index of upward mobility, while 15 of them rank among the top 10% of America's metro areas on this measure.[*32] All the Northwest 13 states rank in the top half of U.S. states for holding down income inequality, with Utah having the Nation's lowest inequality and Idaho ranked second.[33]
- **Net domestic migration rates:** These metro areas are also attracting strong inbound migration from elsewhere in the United States. Taking the unweighted average, net domestic migration contributed 5.3% to population growth from 2010 to 2018, as a percentage of 2010 population. Twenty-eight of the Northwestern metros experienced net domestic inflows over the period, with only four smaller Minnesota and Wisconsin metro areas seeing small net outflows. Seventeen metros on the list have seen growth contributions at or above 5%, including several fast-growing cities near scenic mountain areas – Denver, Colorado Springs, Fort Collins, Greeley, Boise, and Bend – but also midsized Great Plains cities less known for their natural amenities like Sioux Falls, Fargo, and Des Moines.[34]

Almost all metros in the Northwest 13 states that rank among America's 250 largest metros qualify as cities of opportunity. If the Northwest 13 states were a nation, it would rank first in the world for economic mobility, based on our approach.[**]

* The Salem, Oregon, metro scores 2% below the all-metro average on the Opportunity Insight measure of upward mobility.

** Four metros that rank among America's 250 largest don't qualify for our cities of opportunity list: Bremerton, Washington, makes our list of intermediate performers; and Eugene, Oregon; Yakima, Washington; and Medford, Oregon, all score well for homegrown upward mobility and inbound domestic migration but miss the threshold for standards of living. See the discussion of why the Northwest 13 states would be the world's leading nation for economic mobility in our first report, "Cities and Opportunity in 21st Century America."

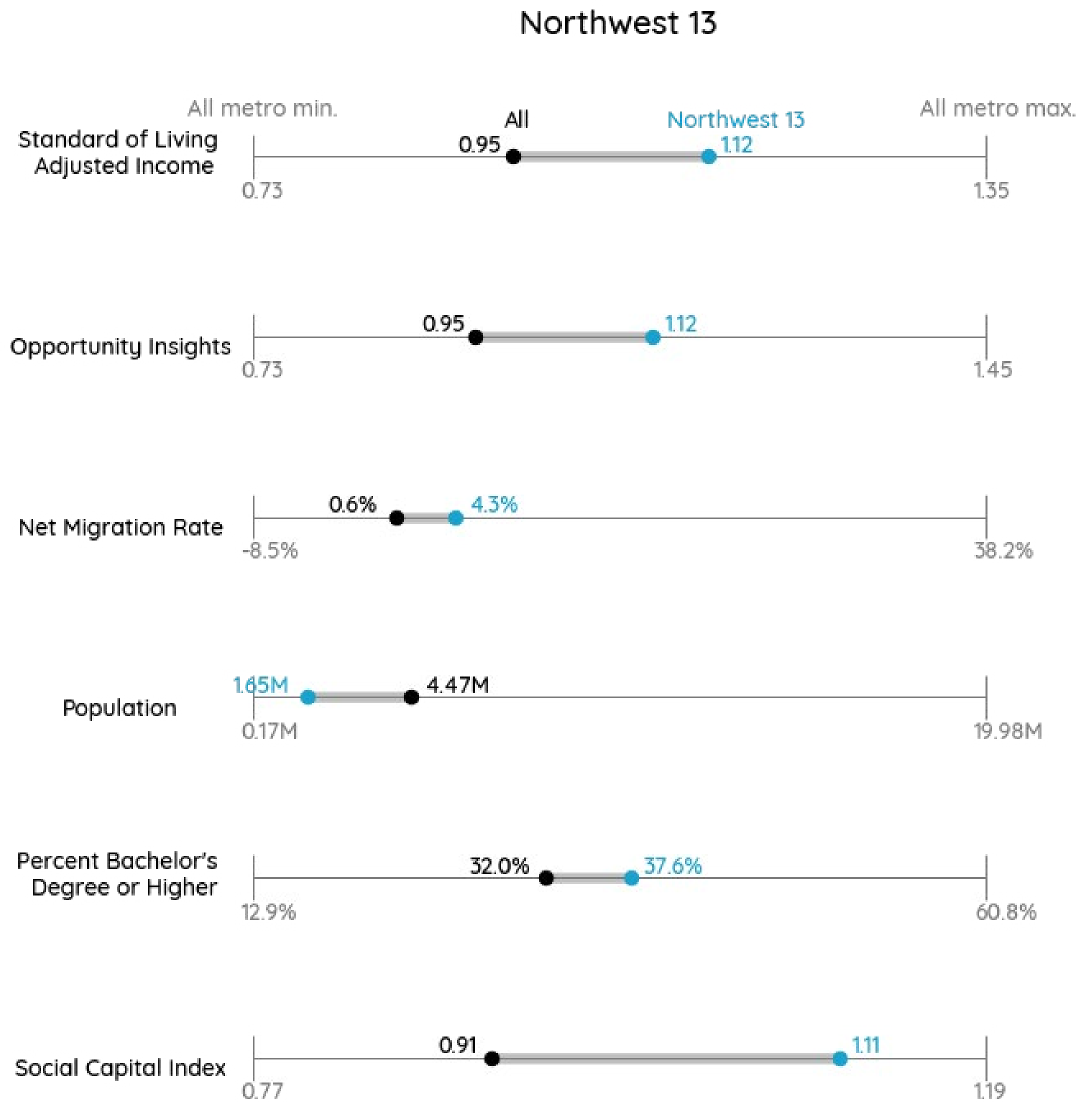
The outsized success of these metro areas is a relatively new phenomenon, for the most part. The 13 states collectively had income levels more than 5% below the national average as recently as 1989.[35] The largest metro in these states, Minneapolis-St. Paul, is a successful turnaround story, having lost 30% of its population between 1950 and 1980.[36]

What accounts for the admirable performance of these metros as engines of economic mobility? None of them enjoys a dominant position in any glamorous, high-growth industry, and most are not large enough to achieve best-in-class agglomeration economies. Rather, they've mostly gotten things right on basic issues that have always been significant drivers of prosperity in cities (though they haven't gotten everything right, as we discuss shortly).

Figure 4 shows summary data for the 32 metros, again comparing averages to population-weighted means for all of America's 382 metro areas.[*] As Figure 4 indicates, these 32 metros score well above average for living standards, upward mobility, and net domestic migration, as well as for educational attainment levels and social capital.

* See detailed data for each metro area in our online data appendix.

Figure 4: Key Indicators: Thriving Metros of The Northwest 13 States



Sources: Opportunity Insights; U.S. Census Bureau, American Community Survey, Estimates of the Components of Resident Population Change; United States Congress Joint Economic Committee Social Capital Project.

The Northwest 13 states generally rank above average for educational attainment by young people growing up there, including on a measure compiled by the George W. Bush Institute of the share of young adults engaged in college, career, or the military.[37] The size-weighted average population share with a bachelor's degree or higher in the 32 metros on our list was 37.6% – below the four coastal star metros, but more than 4 percentage points above the population-weighted average for all metro areas.[38]

People with an associate degree or some college have incomes 5.7% above the unweighted U.S. mean, while those with a bachelor's degree have incomes 3.4% above average, indicating that these places are more productive than most others even after controlling for their higher-than-average educational attainment levels.

These metros also rank well above average for their portfolios of innovation-oriented "eds and meds" institutions, based on a George W. Bush Institute-SMU Economic Growth Initiative study of the intensity of eds and meds activities per capita in U.S. metros. Rochester, Minnesota, and Iowa City were at or near the top of the rankings on these measures.[39] Thirteen of the 32 host major research universities based on the list of institutions published annually by *U.S. News and World Report*, such as the flagship campuses of the University of Minnesota, the University of Utah, and the University of Colorado. Some midsized metros in the region like Sioux Falls and Bend have been successful in building up their community college systems as key drivers of economic mobility, as authors James and Deborah Fallows describe in their book, *Our Towns: A 100,000-Mile Journey into the Heart of America*.[40]

The high-opportunity metro areas of the Northwest 13 states generally score well above average on quality-of-life measures. Some – like Denver, Boise, and Bend – have natural amenities that have made them popular places to live and work for decades.[41] Most have prioritized quality-of-life investments in their built environment in recent years. Des Moines, for instance, has carried out one of America's most widely cited initiatives to regenerate its old downtown area, renovating architecturally significant structures and building new river walks, pedestrian bridges, and museums.[42] Minneapolis and St. Paul have carefully preserved shoreline land for the public alongside the cities' numerous urban lakes and are now engaged in massive redevelopment of the Mississippi River waterfront. Most of the Northwestern metros also score high for environmental quality – which matters more and more to highly skilled people choosing where to live, according to studies by the University of Toronto's Florida.[43]

Just as Washington and Boston may be at a sweet-spot size for agglomeration economies, metros like Sioux Falls and Fort Collins may be at an ideal size for achieving what many Americans view as high quality of life. James and Deborah Fallows write that cities like Sioux Falls are "big enough to offer most of what is attractive about very large cities (shopping, medical care, entertainment, and an increasingly rich food-and-drink life) but small enough to be manageable, inexpensive, and … 'safe.'"[44]

Without exception, the Northwestern metros benefit from much higher-than-average levels of social capital, based on the JEC index.[45] Twenty-five of the 32 metros in the group rank among the top 20% of U.S. metro areas on this measure. The Northwest 13 states rank better than average among U.S. states on additional measures that we use as proxies for social capital. Surveys show the Northwest 13 states almost all score better than average for avoiding discriminatory social attitudes toward older people. And, as of May 2021, the Northwest 13 metros had higher-than-average COVID-19 vaccination rates, perhaps reflecting relatively high trust in public health authorities.[46]

Exceptionally strong social capital seems to be the "secret sauce" of cities in the Northwest 13 states. As we discuss in "Cities and Opportunity in 21st Century America," cities and neighborhoods with robust social capital do an unusually good job of inculcating pro-opportunity norms and habits in young people growing up there and of connecting young people to good education and workplace opportunities. Consequently, high social capital (as measured by the JEC's index) is strongly associated with high scores on the Opportunity Insights measure of homegrown upward mobility.[47]

The relative success of the Northwest 13 states offers insights into a tension we point to in our companion report, "The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future." It is likely easier to build strong social capital in relatively homogeneous communities. Our quantitative analysis shows that higher-than-average racial diversity predicts below-average social capital scores, all else equal, reflecting America's challenge in building trust and civic engagement across racial lines.* The metros of the Northwest 13 states on the whole have relatively homogeneous populations, which probably contributes to their standout performance as socially cohesive communities.

However, the Northwestern metros show that it's possible to overcome this apparent tradeoff, at least to some

* See regression results in Table 3 of our online data appendix and discussion in "The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future."

degree. Some of them – including Denver, Madison, Boulder, and Fort Collins – also rank high on the indices of inclusiveness and diversity developed by the University of Toronto's Florida. Sioux Falls broke national ground in matter of factly accepting the idea of same-sex dates at a local senior prom in 1979, as author Joel Garreau recounts in his book *The Nine Nations of North America*.[48] The Fallowses, meanwhile, describe in *Our Towns* the city's extraordinarily welcoming approach to Nepali and East African refugees.[49]

Despite large inbound migration to these metros over the last decade, most of them remain relatively affordable. The 32 high-opportunity metros of the Northwest 13 states score above average for building permits relative to population, below average for median home price-to-income ratios and housing cost-burdened households, and better than average for homeownership rates, based on size-weighted averages.

The 32 Northwestern metros score well above U.S. averages on the SMU Bridwell Institute measure of economic freedom and moderately better than average for mean commuting times and job market access.[50]

Advantages of late development

The outperformance of the Northwest 13 metros as platforms of economic mobility owes much to attributes rooted in the history of the Northern Great Plains, Rocky Mountains, and Pacific Northwest.

Topography and climate profoundly shaped the vast region stretching from Minneapolis-St. Paul to the Cascades, according to historian Walter Prescott Webb in his classic history *The Great Plains*. As Webb details, the aridity of the Plains coupled with the near impassability of the Rockies led most Americans to view the region as unfit for agriculture or organized settlement – a "Great American Desert," as many maps referred to it. The Willamette Valley and Puget Sound areas, meanwhile, were fertile but extremely remote. As a result, significant cities only emerged in this region late in America's history, thanks to irrigation, World War II, and other factors.[51]

Natural topography and late development had three lasting consequences for the cities of the Northwest 13 states. First, none of them developed the dense, manufacturing-heavy economies of the Northeast and Midwest. They therefore didn't suffer from the industrial decline and associated social ills experienced in the Rust Belt after the 1950s.

Second, the cities of the Northwest 13 states were early to appreciate the significance of quality-of-life issues and the particularly rich natural environment around them. During a long period in the late 20th century when many U.S. cities neglected these issues, the Northwest 13 metros became leaders in conservation and outdoor quality-of-life investments.

Third, the history of these cities gave rise to a distinctive cultural and political style. Webb argues that the institutions of the East – on both sides of the Mason-Dixon Line – were ill-suited to the radically different conditions of the West, so Western settlers had to invent new ones.[52] The new cities of the West were unconstrained by either the top-down machine politics of Northeast and Midwestern cities or the hierarchical, race-obsessed traditionalism of the South. Consequently, most communities in the West developed a more pragmatic, decentralized, civic-minded, consensus-oriented, and noncorrupt political tradition. They also tended to be early adopters of reforms that widened human freedom and civic participation. For instance, when the 19th Amendment became law in 1920, 15 states had already adopted women's suffrage – eight of the Northwest 13 states plus five other Western states, but only two states east of the Mississippi.[53]

In the late 20th and early 21st centuries, this tradition has tended to produce a unique policy orientation, shared by left-leaning states like Minnesota and right-leaning ones like Utah:

- Business and growth friendly, but also insistent on conservation and sustainability.
- Lighter-touch and more "live and let live" on regulation than the Northeast or California.
- More focused on investment in public goods – particularly education – than the South.

Since the 1990s, the economic stars have aligned for the Northwest 13 cities. The growing roles of education, knowledge-generating institutions, quality-of-life amenities, and cultural openness in local economies have contributed to their growing appeal and prosperity. Notably, the technology sector is increasingly moving inland from the West Coast, while homegrown firms rarely relocate away from Minneapolis, Denver, or Omaha.

Inclusiveness challenges

At the same time, the cities of the Northwest 13 states face challenges in creating more inclusive economies. Black and Hispanic communities represent smaller-than-average shares of the population – 4% and 12%, respectively, based on population-weighted averages. By comparison, the population-weighted averages for metropolitan America as a whole are 13% and 19%.

By many accounts, Black and Hispanic citizens tend to express feelings of marginalization in these historically homogeneous cities. While Black educational attainment levels are higher than national averages in the Northwestern metros, Black income levels and homeownership rates are modestly below average, based on population-weighted averages. Economic outcomes are somewhat better among Hispanics in the Northwestern metros: Incomes and homeownership rates are slightly above average, and there has been large Hispanic migration into a number of these cities.

The Northwestern metros tend to have lower-than-average immigrant population shares. Just 7.6% of the average population was foreign born in 2018, slightly below the overall mean of 8.1%. Net immigration averaged 1.8% of the 2010 population between 2010 and 2018 in the 32 metros, matching the rate of the average U.S. metro.

The history of the Northwest 13 states is notable for some of the U.S. government's worst atrocities against Native American people, including the massacres at Sand Creek in 1864 and Wounded Knee in 1890. Today, the Northwest 13 states are home to numerous Native American reservations, among the poorest communities in the United States. Within the 32 generally high-opportunity metros of the Northwest 13 states, Native American people have living standards 3% below the Native American average for metropolitan America as a whole and upward mobility in line with national average levels for Native Americans in metropolitan areas.

The 32 metros of the Northwest 13 states for the most part are performing better than most other U.S. metro areas as engines of economic mobility, but they tend to be only average or slightly below average performers for their Black and Native American populations.

Case studies from the North Star State: Minnesota

The metro areas of Minnesota rank particularly high on our economic mobility measures and offer clear examples of all that's gone right in the Northwest 13 states. Consider how Minnesota ranks among U.S. states on a number for relevant measures:[54]

1st	Share of children who participate in extracurricular activities outside school.
1st	Share of high school graduates who enroll in college.
1st	Environmental quality, based on a WalletHub survey.
1st	Corporate philanthropic engagement.
3rd	Share of adults who do volunteer work (after Utah and South Dakota).
3rd	Corporate headquarters per capita (after the District of Columbia and Connecticut).
4th	Best states for young entrepreneurs based on a NerdWallet survey (with Colorado and Nebraska in the top three).

And consider these accolades for the Minneapolis-St. Paul metro:

- Best bike city, according to *Bicycling Magazine.*
- Fourth-best live music city, according to Livability.com.
- Minneapolis and St. Paul rank first and third for greenspace, based on the Trust for Public Land's 2020 "ParkScore" index (with Washington, D.C., at #2).
- Minneapolis and St. Paul rank as second and third on a list of best cities for women in the workforce (and the No. 1 city is Rochester, Minnesota, home of the Mayo Clinic).

Minnesota's metros also score high for openness toward immigrants. Although the state has just 2% of the Nation's population, it's home to 13% of its refugees – with large Somali, Ethiopian, Hmong, and Burmese communities – as well as the Nation's largest Buddhist and Hindu temples. Authors Bruce Katz and Jeremy Nowak single out the Twin Cities for having some of the best programs to ensure that newly arrived immigrants can "earn, learn, and belong."[55]

On the other hand, the Minneapolis-St. Paul metro area stands out for distinctive challenges around racial exclusion and inequality, particularly with respect to its Black population. The Black community in the Twin Cities has moderately below-average education levels, incomes, and living standards, in contrast with the White and Asian American populations in the Minneapolis-St. Paul metro, which perform far ahead of U.S. metro area averages on virtually all our economic mobility indicators. This reflects, in part, the legacy of particularly aggressive housing segregation policies and redlining in the 20th century.[56] North Minneapolis, where George Floyd was killed in 2020 – sparking nationwide protests against racial injustice – remains a neglected, struggling Black-majority area within an otherwise prosperous, high-opportunity metropolitan area.

The Minneapolis-St. Paul area demonstrates the lasting effect historic segregation and disinvestment patterns have had on today's economic geography in U.S. cities as well as the damaging consequences of racial and economic housing segregation on economic mobility among disadvantaged communities.

Minneapolis has also experienced an especially intense debate over public safety and policing over the past year, with uncertain long-term implications for its economic prospects.

Policy priorities and takeaways

The principal challenge for the socially cohesive but relatively homogeneous metros of the Northwest 13 states is to make their model of metropolitan prosperity more inclusive. The Northwest 13 metros would benefit from initiatives to increase Black, Hispanic, Native American, and immigrant representation in local businesses and institutions, promote minority entrepreneurship, and broaden paths from education to the workforce in disadvantaged communities.

Despite their challenges, the high-opportunity metros of the Northwest 13 states currently constitute the leading models for how 21st century American cities can achieve greater economic mobility. Cities throughout the United States should learn from their distinctive policy mix: Invest heavily in education; strengthen institutions of civil society; prioritize quality-of-life amenities; emphasize environmental conservation and sustainability; promote new development to sustain affordability; welcome immigrants; provide a stable, friendly setting for commerce; and maintain a light-touch regulatory approach.

Takeaways from the metros of the Northwest 13 states:

- The Northwest 13 metro areas are thriving in large part because 21st century trends are strengthening the position of cities with the following criteria:
    - Relatively high education levels.
    - Strong knowledge-generating institutions.
    - Very good quality of life, especially outdoor amenities.
    - Robust social capital.
    - A welcoming approach to immigrants.
    - Reasonable affordability.
    - Light-touch business regulation.
- The Northwestern metros, as relatively homogeneous places in racial terms, are wrestling with the need to become more racially inclusive and extend their tradition of strong social capital to become more multiethnic – a key challenge facing cities throughout America.

IV. BOOMING METROS OF THE SUN BELT

America's fastest growing cities of opportunity

Sixteen Sun Belt metros qualify for our list of cities of opportunity, including 11 that are among America's 100 largest.

METROS OF THE SUN BELT

Dallas-Fort Worth, TX	Nashville, TN
Houston, TX	Oklahoma City, OK
Phoenix, AZ	Raleigh, NC
Tampa, FL	Fayetteville-Springdale-Rogers, AR
Orlando, FL	Crestview-Fort Walton Beach, FL
San Antonio, TX	Tyler, TX
Las Vegas, NV	Panama City, FL
Austin, TX	Midland, TX

These 16 metros constitute a very different geographic pattern than the first two groups of high-opportunity metros, with lower living standards and homegrown upward mobility but higher inbound domestic migration rates than any other region of the United States:

- **Standards of living:** Average living standards for the high-opportunity Sun Belt metros are modestly ahead of the average for all metros, though well below living standards in the star coastal metros and the Northwestern metros. The unweighted mean standard of living for this group is 4% above the all-metro average. Holding education levels constant, people with some college or an associate degree and people with a bachelor's degree enjoy living standards roughly in line with or slightly above average, depending on whether one looks at unweighted or population-weighted means.
- **Upward mobility:** On average, the Opportunity Insights scores for these metros are just below the mean for all U.S. metros.
- **Net domestic migration rates:** Taking the unweighted average of the 16 metros, net inbound migration contributed 8.8% to population growth from 2010 to 2018, stated as a percentage of 2010 population. This contribution is more than 3 percentage points ahead of even the fast-growing Northwestern metro areas. All 16 metros experienced strong net inbound migration, with 13 seeing migration rates above 5%.

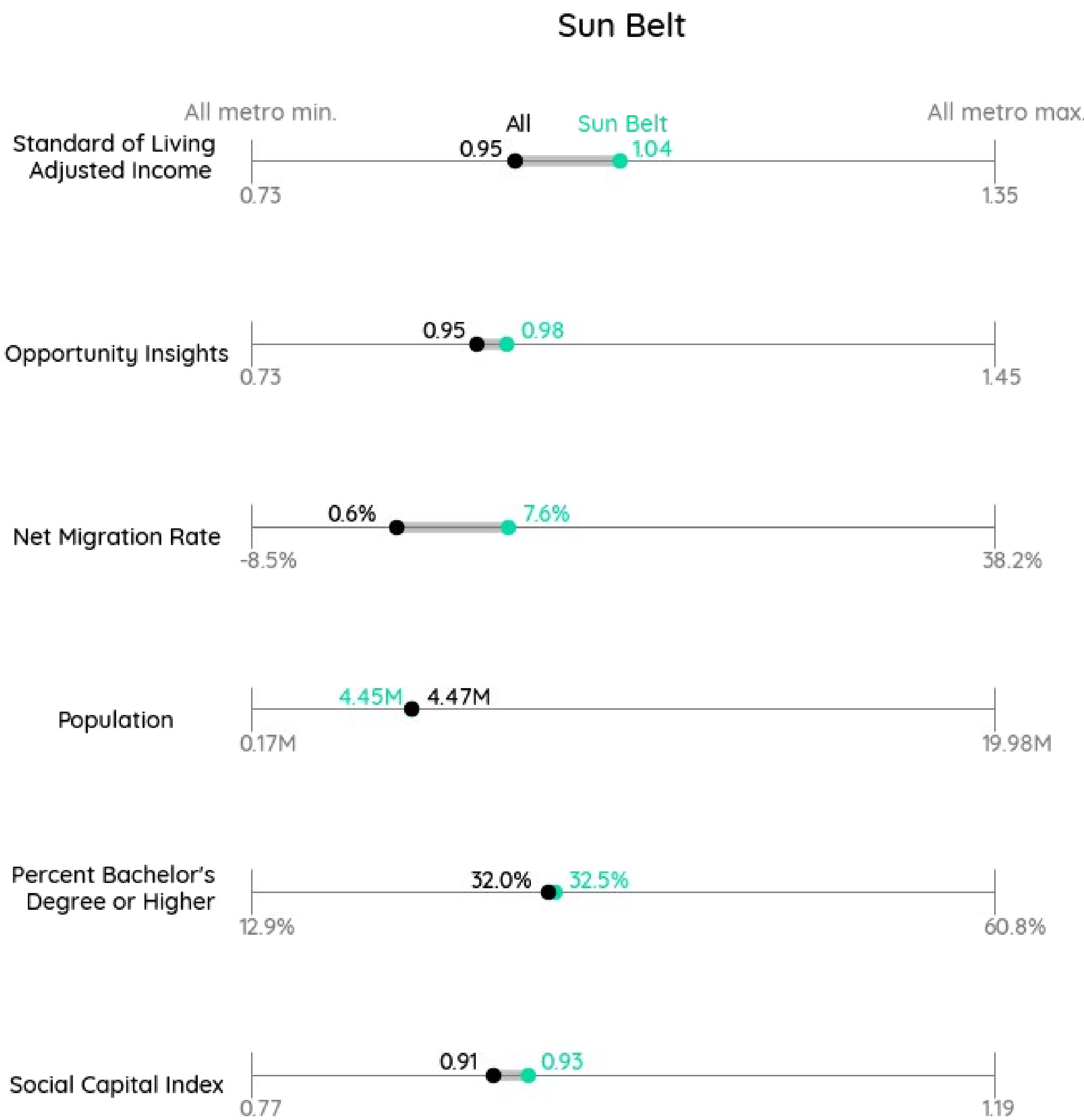
Only a small minority of the metro areas in the 14 states we define as the Sun Belt make the list, in contrast to the Northwest 13 states. Eighty-three of the 99 Sun Belt metros that rank among America's 250 largest don't qualify, including 30 of the 100 largest metros.* Two of these – Atlanta and Durham-Chapel Hill, North Carolina – easily make the grade on living standards and net domestic migration rates but narrowly miss on the Opportunity Insights measure. Most of the rest are well below average on both living standards and homegrown upward mobility.

Figure 5 shows summary data for the 16 high-opportunity Sun Belt metros.** As the figure illustrates, these metros have scored well ahead of the population-weighted average for net inbound domestic migration and moderately above average for cost-adjusted living standards, upward mobility, education levels, and social capital.

* For purposes of this report, the 14 Sun Belt states are North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas, New Mexico, Arizona, and Nevada. We've made an editorial decision to include Las Vegas in the Sun Belt group, but not Reno, Nevada, which qualifies as a city of opportunity but has very different patterns from the 16 metros we include, reflecting its proximity to Northern California. We nonetheless show data for Reno in the other cities of opportunity section in our online data appendix.

** See detailed data for each metro area in our online data appendix.

Figure 5: Key Indicators: Booming metros of the Sun Belt



Sources: Opportunity Insights; U.S. Census Bureau, American Community Survey, Estimates of the Components of Resident Population Change; United States Congress Joint Economic Committee Social Capital Project.

The Sun Belt metros are, in aggregate, moderately more productive economies than the average U.S. metro area, measured by income levels. Their modest edge reflects distinctive strengths and weaknesses.

Their greatest strength is that they offer exceptionally high degrees of economic freedom, in the form of low to moderate tax rates, light-touch business regulation, labor market flexibility, favorable conditions for starting a business, and flexible land-use rules. Fifteen of the 16 metros score in the top 25% of metros on the SMU Bridwell Institute composite index for economic freedom, while Las Vegas is roughly in line with the national average. Most also rank relatively high on the Arizona State University index for ease of starting a business.[57]

The Sun Belt metros further benefit from relatively good job market access, based on the University of Minnesota Access Across America dataset, and from comparatively good transportation infrastructure, reflected in slightly lower average commuting times than other similarly large metros.[58] On average, they also benefit from relatively large immigrant population shares.

On the other hand, the 16 Sun Belt metros have slightly lower than average education levels and smaller than average portfolios of knowledge-generating eds and meds institutions, comparing population-weighted means. All but three – Austin, Raleigh, and Fayetteville – score below average on the JEC social capital measure.

The Sun Belt experience points to an inescapable tradeoff between maintaining relatively low tax rates, on the one hand, and investing in vital public goods, on the other. The urbanizing suburbs we discuss in Section VI overcome this tradeoff to some degree, though arguably by taking a free ride on investments by neighboring core cities in affordable housing and public safety. As a whole, however, Sun Belt cities underinvest in education because they don't have the revenue to invest more.

Identifying this tradeoff doesn't resolve how cities should strike a balance between economic freedom and public goods investment. High degrees of economic freedom have clearly contributed to the success of the leading Sun Belt cities. Also, higher taxes would not guarantee better education outcomes or quality-of-life levels, as numerous metros demonstrate that it's possible to score below average on economic freedom, education levels, quality of life, and every measure of economic mobility.

While the 16 Sun Belt metros slightly outperform all-metro averages on measures of productivity, this performance masks large variation within the group. Dallas-Fort Worth, Houston, Austin, Nashville, Raleigh, and Midland are considerably more productive places than average, while most of the other metros in the group are less. Dallas-Fort Worth and Houston rank well ahead of most other metros in the group on economic freedom scores and foreign-born population shares. Austin, Nashville, and Raleigh are outperformers in education levels and knowledge-generating institutions. Midland derives great benefits from its unique position in the West Texas Permian Basin oil field.

Another distinctive advantage of the 16 Sun Belt metros as engines of opportunity is that they are considerably more affordable than average. Taking population-weighted averages, the high-opportunity Sun Belt metros had a median home price-to-income ratio of 3.7 in 2018. This compares to 5.7 for the four star coastal metros, 4.2 for the metros of the Northwest 13 states, and 4.3 for all U.S. metros.

This large affordability gap is due in significant part to flexible, growth friendly land-use policies. New building permits per resident between 2010 and 2018 were approximately twice as high in the 16 Sun Belt metros as in the average U.S. metro. The Sun Belt metros have a much younger housing stock than those of any other region in our dataset, reflecting building booms over the past two decades. While we don't have comparable data across all metros on actual land-use rules, a widely cited University of Pennsylvania study found that Dallas-Fort Worth, Houston, and San Antonio – along with a handful of Midwestern metros – had the most permissive housing and land-use policies of all large U.S. metro areas as of 2006.[59]

The 16 Sun Belt metros mostly rank above average on measures of economic mobility for Black residents, reflecting higher-than-average education levels in their Black populations and an influx of highly educated Black people moving to these metros from elsewhere.[*] They also rank above average on all measures of economic mobility for Hispanic populations, with the exception of the share of Hispanic residents with a bachelor's degree

* As we show in "Cities and Opportunity in 21st Century America," the top-performing metros in America for attracting net inbound domestic migration of Black people include Atlanta, San Antonio, and Phoenix. See also data on Black and Hispanic people at the metro-area level in our online data appendix.

or higher. (Again, the online data appendix contains extensive data on economic mobility measures for specific racial groups within metropolitan areas.)

The movement of people from dense coastal cities to large Sun Belt metro areas has accelerated since the start of the COVID-19 crisis. New evidence, including U-Haul records, indicates that the major metro areas of Texas, Florida, Arizona, and Tennessee have been among the largest destinations for COVID-era relocations.[60]

A distinctive geographic pattern within metro areas

The large, booming Sun Belt metros represent especially pronounced examples of a pattern prevalent throughout the United States: rapid growth in suburban areas coupled with slow growth in the core city. In several of the 16 high-opportunity metros, growth in suburban areas accounts for a large majority of total metro-area population growth since 2010.* This pattern contrasts with that of most large coastal and Northwest 13 metros, which have experienced a growth pattern more balanced between core and outlying areas.

In some of the larger Sun Belt metros, topography and growth-oriented policy in the suburbs make it exceptionally easy to grow outward, while more restrictive policies in core cities have increasingly created obstacles to housing development and business creation. The result has been the emergence of several metro areas of remarkable territorial extent, with some of them – Dallas-Fort Worth, Houston, and Phoenix – now physically larger than several small states.

Most of the high-opportunity neighborhoods in the vast metropolitan areas of the Sun Belt are in a distinct set of fast-growing, urbanizing suburban cities, as we discuss in Section VI of this report. In the Sun Belt metros, these suburbs tend to raise metro-area averages for education levels, quality of life, social capital, and housing affordability, as well as for living standards and upward mobility. Relocating companies are disproportionately choosing suburban locations for new head offices and other facilities. The core cities in these metros generally don't perform very well as engines of opportunity, while the high-growth suburbs are among the best performing cities of opportunity in the United States.

The distinctive geographic pattern of the large Sun Belt metros also includes pronounced versions of a more general pattern we discuss in Section VII: growing bifurcation of core cities into have and have-not areas. The core cities of the 16 Sun Belt metros generally suffer from greater levels of housing segregation on income lines than most other cities, impeding economic mobility for people who live in struggling neighborhoods. High degrees of housing segregation reflect Jim Crow-era racial segregation and redlining policies, but we suggest in Section VII that more recent geographic trends are reinforcing these patterns as well.[61]

* Population growth in core cities accounts for less than one third of metro-area growth between 2010 and 2018 in Dallas-Fort-Worth, Fayetteville, Houston, Nashville, and Raleigh, including both Dallas and Fort Worth in the case of the DFW area (U.S. Census Bureau data, Population Estimates Program).

Booming giants of the New South: Dallas-Fort Worth and Houston

Dallas-Fort Worth and Houston are the largest of the 16 high-opportunity Sun Belt metro areas. Along with Phoenix, Atlanta, and Charlotte, they embody the trends we describe in our discussion of the rise of New South cities between 1930 and 2000 in our companion report, "The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future."

The core cities of Dallas, Fort Worth, and Houston have long histories of growth-friendly policies, spearheaded by business elites who worked hard to put the worst aspects of their cities' racial legacies behind them and focus on what was good for business. They have long prized low taxes, light regulation, flexible labor markets, and permissive land-use rules.[62] The City of Houston famously has no formal zoning rules. Houston loosened land-use rules further in 1999 – even as most cities and metro areas on the coasts were tightening restrictions.[63]

The Dallas-Fort Worth and Houston metros score even better than the 16-metro average on the SMU Bridwell Institute economic freedom index as well as for housing affordability. They are clear beneficiaries of globalization, ranking second and tenth in the Nation as hosts of Fortune 500 company head offices (as measured by total revenue of the firms based in each metro). They rank very high as big business centers, reflecting Houston's position as the world's oil and gas capital and Dallas-Fort Worth's role as the leading finance and business services center in the central section of the United States.[64]

Each has seen an influx of relocations of large corporate headquarters, particularly from California. Companies moving head offices to the Dallas-Fort Worth area from the West Coast over the last decade include Toyota Motor North America, McKesson, Tenet Healthcare, Fluor, Jacobs Engineering, and CBRE. The iconic Silicon Valley company HP Enterprise moved its headquarters to Houston in 2020. Both metros have seen substantial growth in the operations of major financial institutions like JPMorgan Chase over the last 20 years as well. Corporate executives invariably cite business friendly policies, housing affordability, good transportation infrastructure, and central location as primary reasons for choosing Dallas-Fort Worth or Houston.[65]

Both metros have further benefited from the rapid growth of several significant knowledge-generating institutions, particularly research-oriented medical centers. The University of Texas Southwestern Medical Center in Dallas has emerged as one of America's leading medical research institutions. Houston's Texas Medical Center, including the world-renowned University of Texas MD Anderson Cancer Center, is now the largest concentration of life science and healthcare activities in the world.[66]

In another source of dynamism, Dallas-Fort Worth and Houston have also been by far the two largest destinations for immigrants coming to Texas in the 21st century.

Dallas-Fort Worth and Houston also embody the Sun Belt's pattern of expansive geography with growth overwhelmingly in outlying areas. Four counties in these metros – Collin and Denton counties in the Dallas-Fort Worth metro area and Montgomery and Fort Bend counties in the Houston metro – were among the fastest growing counties in the United States from 2010 to 2018. Collin and Denton counties together are now home to nearly 2 million people, more than all but four U.S. cities. By contrast, the two principal core counties of these metros – Dallas County and Harris County (which contains the city of Houston) – actually experienced modest net domestic outflows over the same period.[67]

Dallas-Fort Worth and Houston are also among the most segregated metro areas along income lines, based on data developed by the University of Toronto's Florida.[68] The core counties of the two metro areas lower their respective metro-area averages for education levels, social capital, living standards, and upward mobility.[69]

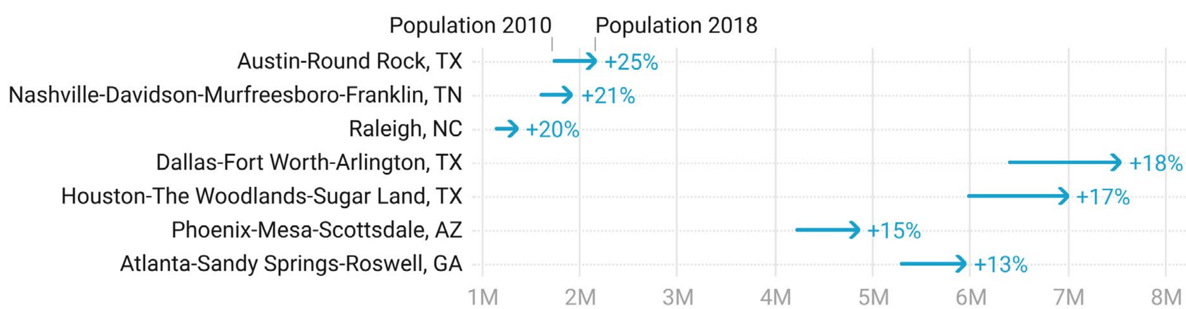
Rising stars of the *New* New South: Austin, Nashville, and Raleigh

Austin, Nashville, and Raleigh represent a twist on the New South metropolitan model of the Sun Belt – a variation we might think of as the rise of the *New* New South.

Austin, Raleigh, and Nashville grew even faster than Dallas-Fort Worth, Houston, Phoenix, or Atlanta between 2010 and 2018. They rank first, third, and fourth among America's largest 50 metro areas for net inbound domestic migration rates over the period. All three rank above the 16-metro average for living standards.

Figure 6: Sun Belt metros experienced substantial population growth between 2010 and 2018

Austin, Nashville, and Raleigh saw their population increase by 20% or more



Source: U.S. Census Bureau, American Community Survey

The three metros benefit from higher education levels than the rest of the group and outstanding reputations for quality of life. Austin and Raleigh rank among the top Sun Belt metros on the JEC's social capital measure. All three occupy a rare sweet spot among America's cities, combining four powerful assets:

- State capitals.
- Leading research universities in and near the metro area.
- Burgeoning technology sectors.
- Unique quality-of-life assets, underpinned by leading live music scenes in Austin and Nashville.

As a result, Austin, Nashville, and Raleigh represent a kind of hybrid pattern, blending aspects of the larger New South cities of the Sun Belt with aspects of the star coastal metros and Northwest 13 metros:

- They mostly rival Dallas-Fort Worth and Houston for economic freedom.
- They have education levels and technology-centric economies closer to those of the coastal metros.
- They enjoy quality-of-life and social capital scores well above most other Sun Belt metros, though still below those of the Northwest 13 metros.

On the other hand, these three rising stars also face increasing affordability challenges, worse than most of the other high-opportunity Sun Belt metros.

Sustainability challenges in the Sun Belt

The Sun Belt metros we profile in this report face four challenges to their sustainability as booming, high-opportunity economies.

First, their edge in housing affordability is shrinking. Taking population-weighted averages, the median home price-to-income ratio in the 16 metros rose to 3.7 from 3.1 between 2010 and 2018, while the average U.S. metro experienced nearly no change in this ratio. Affordability deteriorated over this period in all these metros except Raleigh and three smaller ones: Fayetteville-Springdale-Rogers, Midland, and Panama City, Florida. The decline in the group's advantage stems from weak supply growth and an increasingly difficult housing policy environment in some of the core cities – notably Dallas and Austin – together with growing internal resistance to the development-friendly model of many suburban cities in the region.

Second, most of the leading Sun Belt metros have done an inadequate job of preparing a well-educated homegrown labor force, so their relatively high productivity and rapid growth has depended to an extraordinary degree on importing highly skilled people from elsewhere. It seems likely that this model will prove difficult to sustain. Shrinking advantages in housing affordability may start to slow inbound migration and business relocations as other metros step up their competitive game.[70] Increasing poverty in left-behind areas might start to threaten the region's growth model, perhaps through increasing pressure on state and local budgets.

Third, the geographic pattern in these metro areas – high growth in outlying suburban areas, coupled with growing bifurcation into rich and poor areas in core cities – might prove unsustainable over time. Evidence from older cities in the Northeast and Midwest suggests that suburban cities tend to lose much of their dynamism when the core city goes into long-term decline. So even the fastest-growing suburbs will only continue to thrive if neighboring core cities address their challenges.[71]

Finally, Sun Belt metros also face distinct environmental challenges as they need to adapt to increasingly destructive storms, water shortages, and other climate-related threats.[72]

We point to one additional takeaway from the Sun Belt experience: The Sun Belt model only seems to work well in large metropolitan areas. Smaller Sun Belt metros that score high for economic freedom but relatively low for education and quality-of-life levels mostly perform below average on indicators of economic mobility. (Midland, Panama City, and Crestview-Fort Walton Beach, Florida, are special cases, not easily replicable elsewhere.) It may be that only large metro areas can achieve the agglomeration benefits and large high-skilled migration from elsewhere that make the model work.

Policy priorities and takeaways

The high-opportunity Sun Belt metros represent the fastest growing regional pattern we explore in this report. For now, the enormous influx of people and businesses into these cities is accelerating, not slowing.

Even more than the metros of the Northwest 13 states, the Sun Belt metros we profile in this report show that it's easier to build cities of relatively high opportunity in new locations than through transformation of older cities and neighborhoods. The Sun Belt metros demonstrate this primarily through the remarkable growth of their suburban areas in recent decades.

At the same time, the Sun Belt's core cities need to become more business and development friendly, improve schools and public safety, build out knowledge-generating institutions and quality-of-life amenities in disadvantaged areas, and invest in preparing their homegrown labor forces for 21st century work. Each of them needs to tackle its severe housing segregation challenges. This means policies to promote more housing supply of all kinds as well as intentional redevelopment to create more ethnically diverse, mixed-income, mixed-use neighborhoods. High-growth suburbs, meanwhile, need to shoulder more of the burden of providing affordable housing and social services for the vast workforces from which they benefit and prioritize long-term financial sustainability in plans for future growth.

Takeaways from the Sun Belt metros:

- Large metro areas can derive great benefits – particularly in attracting high-skilled and medium-skilled people from elsewhere – by emphasizing the following:
    - Low to moderate tax rates, light-touch regulation, labor market flexibility, and permissive land-use rules.
    - Housing affordability.
    - A welcoming approach to newcomers, including immigrants.
- The Sun Belt metros, more than metros elsewhere, show the benefits and pitfalls of geographic models featuring rapid growth in urbanizing suburban cities but slow growth and increasing rich-poor bifurcation in core cities.
- They also point to a tradeoff between economic freedom, on the one hand, and investment in vital public goods like education on the other. Our report doesn't resolve this tradeoff – though it does point out that many metros score below average on both measures, a recipe for failure that the leading Sun Belt metros have avoided.
- Austin, Nashville, and Raleigh – the fastest growing large metros in the Sun Belt – illustrate a new, hybrid model that steps up the emphasis on education and quality of life and consequently has proved extremely competitive in attracting workers and firms in technology and other high-growth economic sectors.

V. EMERGING TURNAROUND METROS OF THE MIDWEST

Rebound in the Rust Belt

The evolving geography of opportunity in 21st century America has left large regions of the Nation behind, including many metros in the Midwestern states of Pennsylvania, Ohio, Indiana, Michigan, Illinois, and Missouri. Very few cities in these states or the Northeast qualify as cities of opportunity in our analysis. The good news is that a growing group of metro areas in America's manufacturing heartland are emerging as turnaround stories.

In this section, we profile 17 Midwestern metro areas – four metros in these six states that qualify for our list of cities of opportunity and 13 that qualify as intermediate performers. In the box below, asterisks denote the four high-performing cities of opportunity in the group.

EMERGING TURNAROUND METROS OF THE MIDWEST

Pittsburgh, PA	Scranton, PA*	Kalamazoo, MI
Cincinnati, OH*	Lancaster, PA	Evansville, IN
Kansas City, MO*	York-Hanover, PA	Lafayette, IN
Grand Rapids, MI	Fort Wayne, IN	Columbia, MO
Allentown-Bethlehem, PA	Canton, OH	Joplin, MO
Harrisburg, PA	Ann Arbor, MI*	

*The four metro areas marked with asterisks qualify as "cities of opportunity" based on our quantitative approach, while the remaining metros qualify as "intermediate performers.

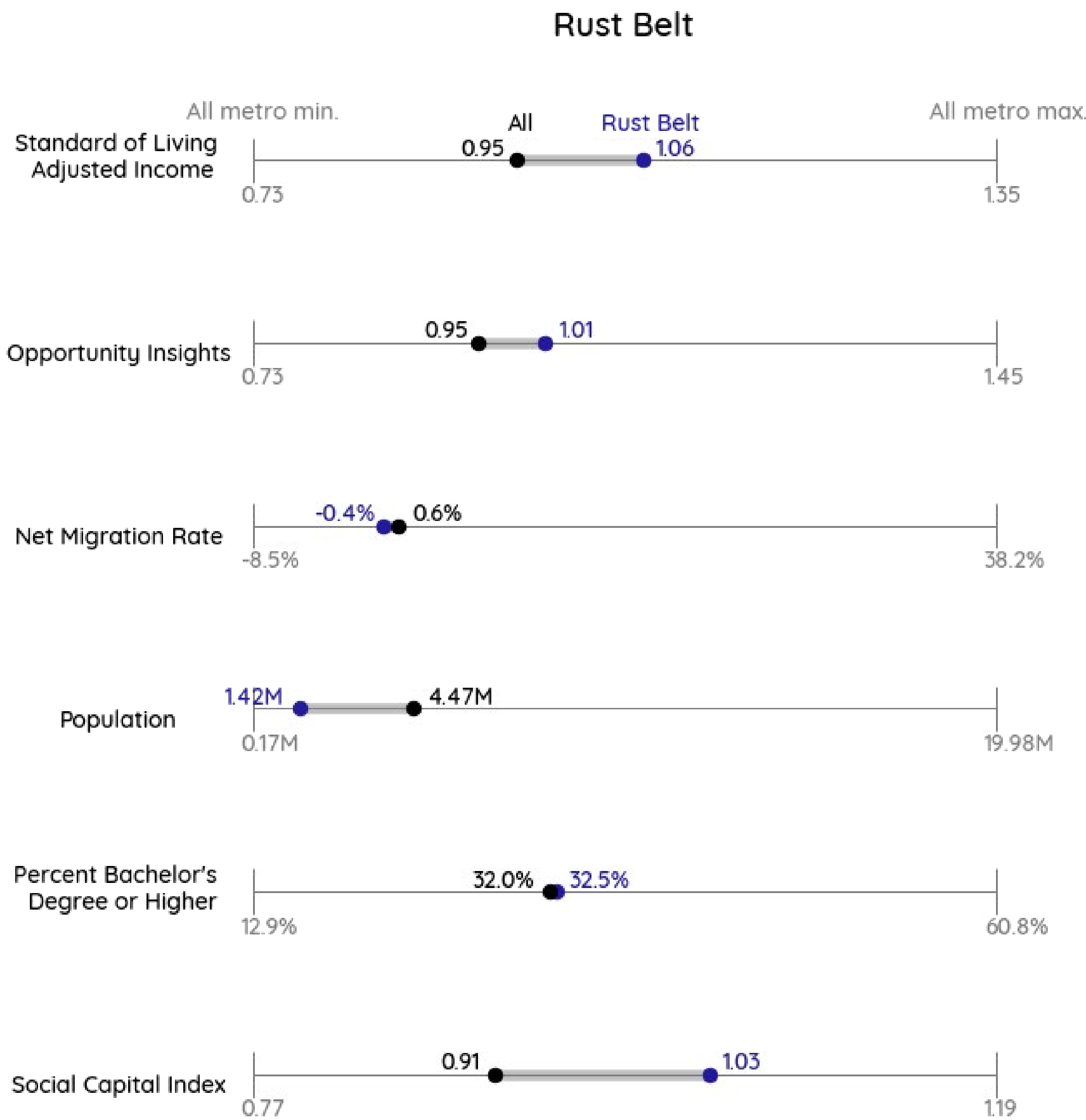
Consider how these metros perform on our three measures of economic mobility:

- **Standards of living:** The Midwestern metros perform modestly above average on living standards. Taking unweighted means, the group has living standards 3% above the national metro-area average. While these metros perform slightly better than average for their White and Asian American populations, they come in at only average for their Hispanic populations and below average for their Black populations.
- **Upward mobility:** The Midwestern turnaround metros are generally middle-quintile performers on the Opportunity Insights measure of homegrown upward mobility. On this indicator, the Midwestern metros are roughly in line with national averages within their White and Asian American populations, but below average within their Black and Hispanic populations.
- **Net domestic migration rates:** The Midwestern metros experienced modest net outmigration between 2010 and 2018, with just five of the 17 – Kansas City, Grand Rapids, Harrisburg, York-Hanover, and Columbia – seeing modest net inbound domestic migration.

As in the Sun Belt, only a minority of metros in these states make our cities of opportunity or intermediate performers lists. Of the 48 metros in these states that rank among America's 250 largest, 31 don't qualify, including such large metros as Chicago and Detroit. We note that two large metros in the region – Columbus and Indianapolis – would easily qualify as intermediate performers based on living standards and inbound domestic migration rates. Like Atlanta and Durham-Chapel Hill, they narrowly miss on the Opportunity Insights measure of homegrown upward mobility, even though both are widely regarded as having made significant strides as urban turnaround stories over the last two decades.

Figure 7 presents summary data for the 17 Midwestern metros in this group.

Figure 7: Key Indicators: Emerging Turnaround metros of the Midwest



Sources: Opportunity Insights; U.S. Census Bureau, American Community Survey, Estimates of the Components of Resident Population Change; United States Congress Joint Economic Committee Social Capital Project.

The Midwestern metros generally score above average on two indicators of improving economic mobility, based on unweighted averages from 2010 to 2018: growth in population shares with a bachelor's degree or higher and increases in median household incomes.[73] As all these metros face difficult legacies of past manufacturing decline and population shrinkage, we believe their middle-of-the-pack performance on our economic mobility indicators and their clear signs of improvement warrant calling them emerging turnaround stories.

The 17 Midwestern metros share clear commonalities. Most of them are significant centers for either eds or meds institutions. Four are recognized college towns:

- Ann Arbor hosts the University of Michigan.
- Lafayette hosts Purdue University.
- Evansville hosts the University of Southern Indiana and the University of Evansville.
- Columbia hosts the University of Missouri.

Pittsburgh is home to two leading research universities, Carnegie-Mellon University and the University of Pittsburgh. Most of these metros rank above average on the Bush Institute-SMU Economic Growth Initiative's index of innovative health care activities per capita, with Ann Arbor and Columbia ranking as national standouts on this measure.[74]

All these metros rank better than the population-weighted average for median home price-to-income ratios. Almost all are better than average for housing cost-burdened households, and most have relatively high homeownership rates. Each enjoys mean commuting times at or below average – compared with the population-weighted mean for U.S. metros, since large size predicts longer commuting times.[75] All but one (Scranton) rank above average on the JEC's index of social capital, in most cases by a long way. Four are among the top-performing 25% of U.S. metros on this measure: Grand Rapids, Lancaster, Ann Arbor, and Columbia.[76]

These metros share common challenges, too. They are not particularly productive economies relative to U.S. averages, based on overall income levels as well as incomes for people with a bachelor's degree or with an associate degree or some college. Most of these metros – all but the college towns of Ann Arbor and Lafayette plus the Allentown-Bethlehem-Easton metro – rank well below average for their foreign-born population shares. Almost all have middling scores on the SMU Bridwell Institute economic freedom index – far below the booming Sun Belt metros.[77]

Most of these metros perform above U.S. metro-area averages for education levels for their Hispanic communities. The Hispanic population share is only 6% in these metros in aggregate, but it's growing fast – part of the underreported story of Hispanic migration to cities in the Rust Belt as well as the Northwest 13 states. However, these metros mostly rank below average for education, income levels, and living standards in their Black communities, which constitute 9% of the group's total population.

In *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*, Edward Glaeser lays out a playbook for turning around cities in places like the Rust Belt: Get the basics right, like public safety, schools, and greenspace; strengthen local institutions of civil society; and build on existing assets, particularly eds and meds institutions. Above all, he argues, forget about reviving the past. No city has gone from underperformer to outperformer by resuscitating old manufacturing or mining industries. Turnarounds, Glaeser concludes, require "shedding the old industrial model completely, like a snake sloughing off its old skin."[78]

To varying degrees, that's what these Midwestern metros have all done. Kansas City, for instance, has pushed hard to become a national player in the technology sector. The city won a contest in 2010 to become the first test city for the rollout of Google Fiber and has adopted looser zoning rules to ease the path for technology startups.[79]

For the most part, this pattern is distinctive to five Midwestern states. Notably, there's little evidence that it has spread to other struggling areas, like the Southeast (outside the largest Sun Belt metros), Appalachia, the Rio Grande Valley, or inland California. Within our intermediate performers list, most metros that aren't in the five Midwestern states are smaller cities, predominantly in or around Texas or in Maryland or Virginia, relatively close to Washington. Based on our data, the key differences between the Midwestern turnaround metros and most metros in more struggling areas are the strong knowledge-generating institutions of the Midwestern cities and the relatively robust social capital in these places.

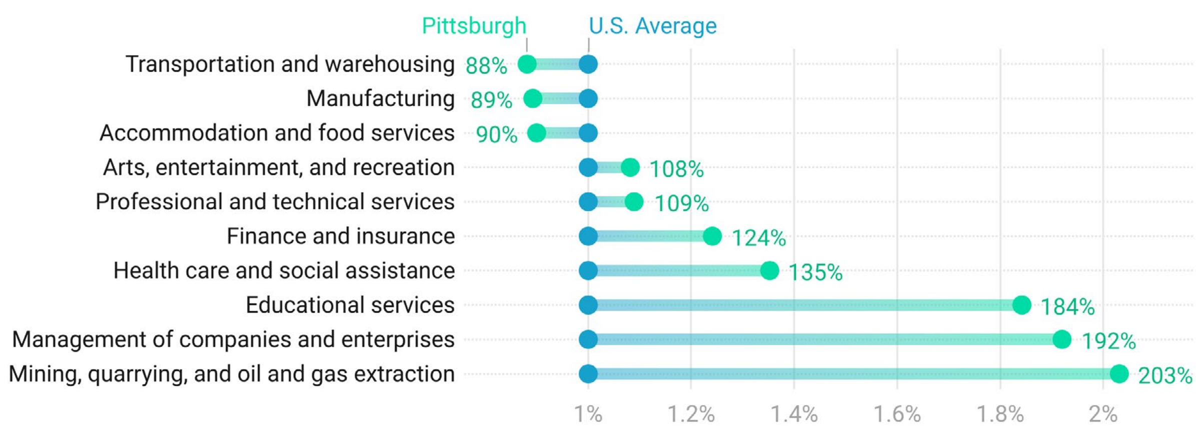
Two paths to revival: Pittsburgh and Grand Rapids

Pittsburgh and Grand Rapids illustrate different ways to become cities of opportunity.

Pittsburgh is perhaps America's best example of an emerging turnaround centered on knowledge-generating institutions. From 1970 to 1990, the city of Pittsburgh lost nearly a third of its population, due largely to declines in the steel and industrial manufacturing sectors. Today, however, the Pittsburgh metro's dependence on basic materials and manufacturing is lower than U.S. averages.[80]

Figure 8: Pittsburgh's manufacturing employment share is 11% lower than the national average, despite its Rust Belt legacy

Industry location quotients are calculated by dividing local industry concentration by the national industry concentration.



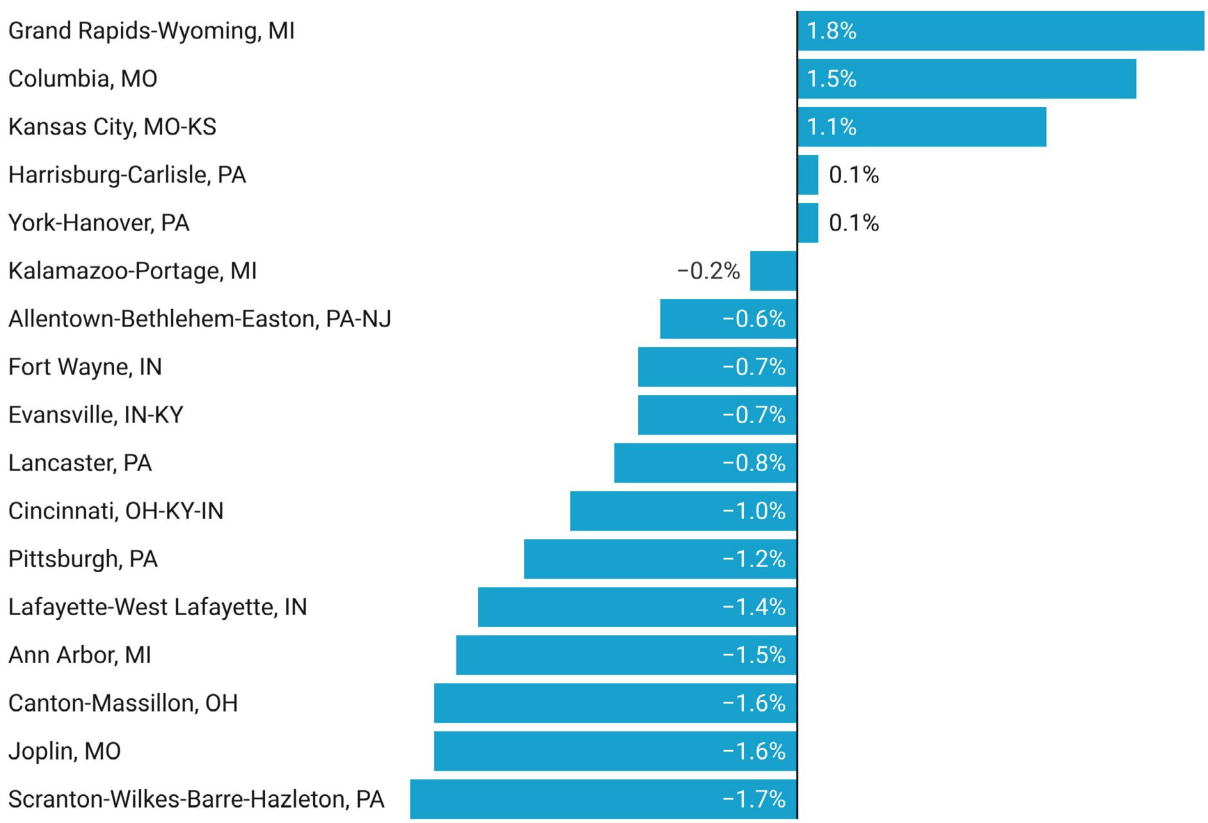
Source: Bureau of Labor Statistics, 2018 data.

Carnegie-Mellon has become one of the Nation's leading centers for innovative work on robotics and autonomous vehicles, while the University of Pittsburgh has become the fifth largest recipient of National Institutes for Health research funding. Together with Pittsburgh's community college system, they've played leading roles in convening public-private partnerships focused on turning the metro-area economy around. University-led initiatives have created nationally respected seed-stage investment programs; convinced Apple, Google, Amazon, Intel, and Uber to build research facilities; and sparked a substantial building boom in the city's university district.[81] Among America's 35 largest metros, the Pittsburgh metro ranks third on the Bush Institute-SMU Economic Growth Initiative's eds index and second on its meds index.[82]

But Pittsburgh still faces considerable challenges around business creation, quality of life, diversity, and racial equity. It ranks relatively low on Arizona State University's index for ease of starting a business.[83] The metro area's housing stock is exceptionally old, with only 9.4% built since 2000. (On average, 21% of the housing stock in U.S. metros was built in this century.) Pittsburgh has lower Hispanic, Asian American, and foreign-born population shares than most of the Midwestern turnaround metros – surprising as Pittsburgh is the largest metro in the group. Pittsburgh also ranks lower than most of the others for Black incomes and living standards.[84] The city is currently wrestling with the challenge of low Black employment at the technology companies that have established facilities there over the past decade.[85]

Grand Rapids, meanwhile, has achieved better success than most of the other turnaround metros in attracting people. Named one of "America's dying cities" by *Newsweek* in 2011, it has since become a relatively popular destination for millennial home buyers, based on data from the National Association of Realtors.[86] Grand Rapids ranks ahead of all the other turnaround metros for net domestic migration rates since 2010, third for its Hispanic population share, and ahead of all but three metros in the group (Ann Arbor, Lafayette, and Allentown-Bethlehem, Pennsylvania) for its foreign-born population share.

Figure 9: Grand Rapids experienced the greatest population gain due to domestic migration of all turnaround metros between 2010 and 2018



Source: U.S. Census Bureau, Cumulative Estimates of Resident Population Change and Rankings: April 1, 2010, to July 1, 2019.

More than most Rust Belt metros, Grand Rapids has invested in quality-of-life improvements. Public-private initiatives have generated significant redevelopment throughout the metro area. Grand Rapids has become known as a national center for craft beer, and it receives more than 400,000 visitors a year for ArtPrize, its annual public arts event. While Grand Rapids is less of an eds and meds center than Pittsburgh, it has built a successful health care district around its Michigan State University medical school campus, which relocated from East Lansing in 2010. Its manufacturing base has held up better than those in most Rust Belt cities, as local furniture makers led by Herman Miller and Steelcase have shifted to increasingly upscale product lines. Grand Rapids has additionally benefited from its extremely strong nonprofit community, rooted in the area's history as a socially cohesive center for members of the Dutch Reformed Church.[87]

As for challenges, Grand Rapids still has lower-than-average educational attainment levels within each major ethnic group. Its small Black community has relatively low income levels, living standards, and homeownership rates.

Policy priorities and takeaways

This analysis points to a clear policy agenda for the turnaround metros – and other cities with similar challenges. They should focus on the following:

- Raising education levels.
- Retraining parts of the manufacturing workforce.
- Doubling down on eds- and meds-centered economic development.
- Loosening rules to make it easier to start businesses.
- Moving toward more competitive tax systems.
- Improving quality-of-life amenities.
- Retaining as much as they can of their homegrown high-skilled talent.
- Attracting enterprising immigrants.
- Incorporating community benefits and racial equity more fully into local policymaking.

The 17 turnaround metros are works in progress as cities of opportunity. They don't have the size, cultural assets, and technology leadership of the coastal star metros; the educational attainment and quality-of-life amenities of the Northwest 13 metros; or the economic freedom and dynamism of the Sun Belt metros. Still, they demonstrate that even cities facing challenging legacy issues can achieve better-than-average economic mobility through paths available to many cities: public-private partnerships to get the basics right, good home affordability, and economic development policies centered on knowledge-generating institutions.

Takeaways from the turnaround metros of the Midwest:

- Smaller as well as large cities can achieve reasonably successful turnarounds based on the following:
    - Good education levels.
    - Strong knowledge-generating institutions.
    - Effective institutions of civil society and strong social capital.
    - Quality-of-life investments.
    - Good housing affordability.
    - Embrace of new industries, not futile efforts to restore faded manufacturing industries.
- Most of these cities lack key assets that have brought dynamism to metros in the first three groups:
    - They mostly have very small immigrant populations.
    - They are generally at best average performers on indicators of economic freedom.
    - They mostly have weak records for promoting diversity and racial inclusiveness.
- Still, recent success in raising education levels, increasing productivity, investing in quality-of-life amenities, and attracting higher-skilled people from elsewhere suggest that the turnaround model can succeed and spread across other struggling regions of the United States.

VI. THE RISE OF URBANIZING SUBURBAN CITIES

America's newest model for creating high-opportunity places

A powerful trend is underway *within* virtually all Top 100 U.S. metropolitan areas as well as many midsized metros: the rise of urbanizing suburban cities. An urbanizing suburban city is a place that lies within a larger metro area but outside the metro area's core city and increasingly performs all the functions of a city – from housing to jobs of all kinds, arts and culture, recreational activities, higher education, and more.

In this section, we describe a select group of urbanizing suburbs in 18 metro areas, recognizing that this pattern is playing out in metros throughout the Nation. Our approach here is to identify several dozen places that clearly fit the pattern, then determine how they are performing as engines of economic mobility.

Not all suburban places fit the pattern. Suburban America contains enormous variety, including bedroom commuter areas, retirement communities, pure college towns, and industrial suburbs. Our focus is on places that incorporate a wide range of housing options, a diverse job market with a daytime population roughly in line with or larger than the nighttime residential population, and a reasonably full set of urban amenities.

We identify 19 counties and 41 cities that, in our view, qualify as urbanizing suburban places. We identify both counties and individual cities for two reasons. First, there is tremendous variety in how suburban geographies are organized and no universally accepted definition of what a suburb is. It can make sense to think of either a county or an individual jurisdiction as a suburban city.* Second, we can arrive at a fuller understanding of this trend by including both. While individual cities generally more closely embody the urbanizing suburban pattern, more data is available at the county level than at the level of individual cities within suburban counties.

For every county we include in the group, we also include at least one representative city within the county. In some metro areas, the suburban cities that best represent the pattern of urbanizing suburbs lie within the same county as the core city of the metro area: for instance, Fulton County, Georgia, in the Atlanta metro; Maricopa County, Arizona, in the Phoenix metro; King County, Washington, in the Seattle metro; and Wake County, North Carolina, in the Raleigh metro. We omit data for these counties to avoid including data for core cities.**

Our list is far from comprehensive, as every large metropolitan area in the United States contains suburban cities that arguably fit the pattern we're describing. Rather than attempt to list all such cities, we've highlighted a few representative examples.

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* To get some sense of the variety: Collin County, Texas, contains more than 25 distinct cities and towns. Most people in suburban parts of the Houston metro live in unincorporated areas, such as the area that constitutes the Cypress-Fairbanks Independent School District, which has more than 100,000 students but no government below the level of Harris County. The entirety of Broomfield County, Colorado, consists of the city of Broomfield.

** In the case of the Minneapolis-St. Paul metro, we include one suburban city that lies within the same county as Minneapolis (Bloomington), plus two clearly suburban counties (Dakota and Anoka counties).

SELECTED HIGH-OPPORTUNITY URBANIZING SUBURBS

Dallas-Fort Worth, TX MSA:
Collin County, TX
- Plano, TX
- Frisco, TX
- McKinney, TX
- Allen, TX

Denton County, TX
- Denton, TX

Houston, TX MSA:
Fort Bend County, TX
- Sugar Land, TX

Montgomery County, TX
- The Woodlands, TX

Washington, DC MSA:
Montgomery County, MD
- Silver Spring, MD
- Rockville, MD
- Gaithersburg, MD
- Bethesda, MD

Fairfax County, VA
- Reston, VA
- McLean, VA

Loudoun County, VA
- Leesburg, VA

Atlanta, GA MSA:
- Sandy Springs, GA
- Roswell, GA
- Alpharetta, GA

Boston, MA MSA:
Middlesex County, MA
- Newton, MA
- Framingham, MA

Phoenix, AZ MSA:
- Mesa, AZ
- Scottsdale, AZ

Seattle, WA MSA:
- Bellevue, WA
- Kirkland, WA
- Redmond, WA

Minneapolis-St. Paul, MN MSA:
- Bloomington, MN

Dakota County, MN
- Burnsville, MN

Anoka County, MN
- Blaine, MN

Denver, CO MSA:
Arapahoe County, CO
- Centennial, CO
- Littleton, CO

Broomfield County CO*

San Antonio, TX MSA:
Comal County, TX
- New Braunfels, TX

Austin, TX MSA:
Williamson County, TX
- Georgetown, TX
- Round Rock, TX

Kansas City, MO-KS MSA:
Johnson County, KS
- Overland Park, KS

Columbus, OH MSA:
Delaware County, OH
- Dublin, OH

Indianapolis, IN MSA:
Hamilton County, IN
- Carmel, IN

Nashville, TN MSA:
Williamson County, TN
- Franklin, TN

Raleigh, NC MSA:
- Apex, NC
- Cary, NC

Durham-Chapel Hill, NC MSA:
- Chapel Hill, NC

Fayetteville-Springdale-Rogers, AR-MO MSA:
Benton County, AR
- Bentonville, AR

* Broomfield, CO is a consolidated city and county. Broomfield is included in calculations of both city-level averages, and county-level averages.

Consider how these suburban cities perform on our indicators of economic mobility:

- **Standards of living:** On average, the 41 cities enjoy living standards 39% above the population-weighted average for all U.S. metros, while the 19 counties have living standards 35% above average. (We use the population-weighted average for all metros because our selected suburban cities are all in relatively large metro areas, and we want to compare them to as relevant a benchmark as possible.) Of the 41 individual cities, 29 have standards of living in line with or better than their respective metro area, as do 17 of the 19 individual counties.
- **Upward mobility:** Our 19 suburban counties perform 9% better, on average, than metropolitan America as a whole on the Opportunity Insights measure of homegrown upward mobility. (Data is not available at the individual city level.) The county average is also modestly ahead of both the four star coastal metros and the 31 Northwestern metros on this measure, taking population-weighted means for each group.
- **Net domestic migration rates:** Net domestic migration contributed an average 12.6% to population growth in the 19 suburban counties between 2010 and 2018, stated as a percentage of 2010 population. This inbound migration rate exceeded that of every Top 100 metro except Austin during the period. (For this indicator, too, the U.S. Census Bureau does not publish city-level data.) In 15 of 19 counties, the net inbound domestic migration rate was higher than for the surrounding metro area as a whole.

To sum up: Our selected urbanizing suburban places have dramatically outperformed their respective metro areas as well as metropolitan America in general as engines of economic mobility.*

The outperformance of the urbanizing suburbs reflects superior performance on virtually every measure we focus on in this report. On average, 57.4% of residents over 25 have a bachelor's degree or higher in the 41 cities, while 48.7% have a bachelor's degree or higher in the 19 counties. These figures compare with an all-metro population-weighted average of 33.5%. Our analysis suggests that most of these suburban places achieve high education levels through both attainment by people growing up there and large inbound migration by college-educated people.

Moreover, workers with an associate degree or some college and workers with a bachelor's degree have far higher median incomes in these cities and counties than their peers nationwide. Taking the unweighted average of median incomes in the 19 counties, workers with an associate degree earn 19% more than the U.S. metropolitan average, while those with a bachelor's degree or higher earn 24% above the metropolitan average. This suggests that these are highly productive places – and good places for middle- and high-skilled people to get ahead. By contrast, most of the core cities in these metros offer only middling real income levels for medium-skilled people.[88]

The daytime population of working adults in our selected 41 cities is 20% higher, on average, than the nighttime population of working residents who live there. This implies that the high education and income levels of these places do not simply reflect housing choices by people who mostly commute into the core city. Rather, it suggests people are generally more productive and earn more working in these cities than elsewhere, controlling for education.[89]

Our selected cities and counties have modestly larger foreign-born population shares than metropolitan America as a whole, comparing them with the population-weighted average for all metros. This edge reflects the growing tendency of immigrants to settle in high-growth suburban cities.[90] Average commuting times in the 41 cities are 7% lower than the all-metro population-weighted average, since many residents work in suburban job centers and local road networks are generally good.[91]

* Table 2 in our online data appendix presents detailed data at the individual county and city level.

The suburban cities we profile here also benefit from rich endowments of social capital. All are in counties that score considerably higher than most within metropolitan areas on the JEC's social capital index (except for the Phoenix and Atlanta suburbs, which are within the core counties of their respective metros). Author Joel Garreau reports that residents in "edge cities" like Scottsdale, Arizona, and Alpharetta, Georgia, show a marked tendency to form associations of all kinds with their fellow citizens.[92] Howard Husock of the Manhattan Institute adds that ordinary people have more opportunities as well as incentives to engage in local decision-making than they would in large core cities, contributing to social capital.[93]

The urbanizing suburbs also benefit from better housing affordability than metropolitan America as a whole. Our selected cities have median home price-to-income ratios slightly below the all-metro population-weighted mean, while our 19 counties have median price-to-income ratios more than 20% lower.[94]

Virtually all these urbanizing suburbs are becoming more racially diverse. Black and Hispanic communities are growing faster than the overall population in most of these localities, as our online data appendix makes clear. Suburban cities in the Atlanta, Houston, San Antonio, and Phoenix areas have been leading destinations for Black migration from the Northeast, Midwest, and West Coast.[95] In most of these places, Black and Hispanic residents have much higher education levels, incomes, living standards, homegrown upward mobility, and homeownership rates than their peers nationwide, albeit lower than their White and Asian American counterparts in the same cities.[96]

There is considerable variation across these localities. Some urbanizing suburban places are growing fast but have relatively pedestrian median income levels, like Denton and Georgetown. Others have high income levels but are growing slowly or not at all, like Bethesda and Newton. Still others – including Frisco, Sugar Land, Redmond, and Apex – combine very high incomes and growth rates.

Why the urbanizing suburbs are booming

We suggest that the urbanizing suburban places in our group are booming – and strongly outperforming most of America as engines of economic mobility – for five reasons.

First, they are successfully providing what many people want. Almost all these cities and counties are known for top-notch public school systems, good public safety, and ample greenspace. Most are investing aggressively in quality-of-life amenities in areas like sports and the arts. Eight of the 41 cities rank among the top 50 of all U.S. cities over 50,000 people for parks, recreation, and exercise opportunities, based on rankings compiled by City-Data.com: Rockville, Bellevue, Kirkland, Bloomington, Burnsville, Littleton, Overland Park, and Dublin.[97] Plano ranks as the best city in the United States for "options for entertainment and relaxation at the right price point," according to a WalletHub survey. In another ranking of America's 150 largest cities for quality of life, Frisco was first and McKinney was third.[98]

Other surveys show that quality-of-life considerations, particularly involving easily accessible outdoor amenities, figure prominently in location choices among millennials. In a 2010 survey, 43% of millennials expressed a preference for suburbs, compared with 17% each for big cities and small towns – a larger margin than Baby Boomers and Gen Xers.[99]

The rise of remote working is likely to further improve job-market access for residents of these cities, who can enjoy high quality of life while working for employers in core cities or elsewhere in the country.

Second, most of the urbanizing suburbs have done a reasonably good job of maintaining housing affordability. Most of these places pursue growth-oriented land-use policies – at least for single-family homes – and have seen building booms over the last two decades. As a result, housing supply has generally kept up with population growth, and home prices have remained more affordable in most of these places than in neighboring core cities.[100] Based on City-Data.com rankings, six of the 41 cities are among the top 50 of all cities over 50,000 people for new building permits per resident: the Texas cities of Frisco, McKinney, Allen, Georgetown, and New Braunfels, along with Cary, North Carolina.[101]

The ability of cities to sustain pro-growth land-use policies rests on an implicit bargain, according to urban planning scholar Nelson Phelps: Homeowners endorse continued growth to provide for improvements to quality-of-life amenities and hold property tax burdens down.[102] Relatively small suburban cities may be able to achieve this bargain better than large core cities can, the Manhattan Institute's Husock suggests, because citizens of smaller cities may have more reason to believe that they will enjoy the benefits from new development and not just suffer the congestion and other costs.[103]

A handful of the 41 suburban cities on our list – notably Newton and Bethesda – constitute exceptions to the overall pattern, becoming notoriously difficult places to build new housing in recent decades. This may be because cities like Newton and Bethesda are wealthy inner-ring suburbs that are fully built out, so residents may not see much upside for themselves from new construction that increases density. Because of low housing supply growth, the Massachusetts and Maryland suburbs have much higher home prices relative to incomes than most other cities in the group.

Third, the urbanizing suburbs give businesses what they need. Above all, they are attracting deep pools of highly educated knowledge workers that many companies want to recruit. These cities and counties are also among America's most commerce friendly places. Cities like Allen and Cary are known for their welcoming policies toward new businesses and their successful programs to offer plug-and-play sites for corporate relocations.[104]

Like people, companies are voting with their feet. Approximately half of all large corporate head offices in the United States are now based in suburban places, typically in urbanizing suburbs, up from just 11% in 1969.[105]

Fourth, the urbanizing suburbs generally offer a welcoming approach to newcomers, including immigrants. McLean and The Woodlands rank in the top 20 of all U.S. localities over 50,000 for their concentration of Southeast Asian immigrants, while Framingham has the fourth-highest concentration of immigrants from Brazil.[106] Leaders from suburban cities in Texas have frequently told us that a great deal of cross-cultural welcoming and social capital building takes place around schools, since these cities' otherwise very diverse communities tend to agree strongly on prioritizing academic excellence in local public schools.

Fifth, each urbanizing suburb has permitted the evolution of a built environment conducive to growth and opportunity. While each is in the process of replicating the functions of a thriving city, they are generally doing so in a less dense, more polycentric setting than 19th and early 20th century cities. The physical landscape tends to consist of many small to midsized mixed-use business and commercial centers, keeping job market access high and commuting times down. These suburban areas are evolving into what scholar Paula Vigano calls a "horizontal metropolis," in which the fastest growing category of trip is not to the core city's central business district but from one suburban node to another.[107]

Each of these cities is intentional about the challenge of striking a sustainable balance on how dense their built environment should become. On the one hand, growing numbers of people want to live in culturally interesting, walkable neighborhoods, and that calls for a degree of density in central locations. Places that are successful at fostering wealth creation also tend to become denser through natural market forces as land becomes more valuable, encouraging more intensive uses. On the other hand, many residents resist seeing their cities become overly dense. As one immigrant from India living in a Houston suburb told author Joel Garreau, "Density is something [Indian immigrants] would like to get away from.… Here, you get your first taste of privacy."[108]

Urbanizing suburbs tend to experience contentious debates over density at city council meetings, but it seems that the resulting degree of density is acceptable to most residents. Ironically, the urbanizing suburbs are gradually growing denser, while their neighboring core cities are becoming less so.*

It may be that there is a natural life cycle in successful suburbs, in which growing density generates rising opposition to pro-development policies, ultimately leading local governments to tighten land use policies and undermining the affordability advantage that made their growth possible in the first place. Today's fast-growing, high-opportunity suburban cities may become tomorrow's unaffordable enclaves, which implies that growing metro areas need to create new high-opportunity suburbs over time to take the place of increasingly unaffordable mature ones.

Interdependence of core cities and urbanizing suburbs

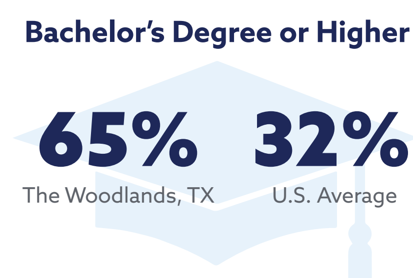
Core cities and fast-growing urbanizing suburbs remain tethered together in interdependent relationships. On the one hand, each of our urbanizing suburbs derives much of its vitality from its position in a large, growing metropolitan ecosystem. All benefit from international transportation hubs, world-class knowledge-generating institutions, vibrant labor markets, and diverse business communities throughout their metro areas. Apex, North Carolina – named the "best place to live in America" by *Money Magazine* – thrives in large part because it's in the booming Raleigh-Durham-Chapel Hill Research Triangle.[109]

On the other hand, core cities benefit from the existence of nearby affordable, amenity-rich suburban cities that retain and attract high- and medium-skilled people in the metropolitan area, increasing the dynamism of the whole region. Moreover, suburban cities that pursue growth friendly land-use policies foster housing development that acts as a pressure valve, holding down housing prices in the core city.

Each side of these relationships needs the other to thrive.

Case studies from a giant suburban metropolis: the Houston area

The Houston-area suburban cities of The Woodlands and Sugar Land nicely embody the trends we discuss in this section.



Consider these facts on The Woodlands:

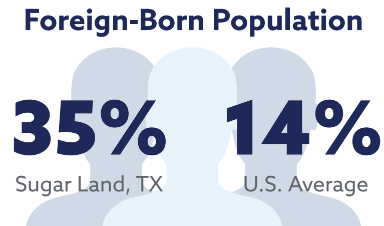
- More than half of adult residents have a college degree or higher.
- Residents are largely united in their tremendous emphasis on academic excellence in the community's schools.
- At least seven colleges and universities maintain facilities in the community.
- More than one-third of the working population is employed within the township itself, and the daytime working population of the community is 36% higher than the population of working residents.

* This convergence reflects several trends. First, urbanizing suburbs are generally experiencing declines in average new lot sizes and growing development of multifamily housing. Second, wealthy neighborhoods in core cities are seeing increasing lot sizes as these neighborhoods become more dominated by ultra-high-end homes. Third, low to moderate-income neighborhoods are becoming less dense as residents who can increasingly move out, others decline to move in, and new immigrants increasingly settle in suburban places. See, for instance, Robert Bruegmann, "The Antisuburban Crusade," in Alan M. Berger and Joel Kotkin with Celina Balderas Huzman, eds., *Infinite Suburbia* (New York: Princeton Architectural Press, 2017), pp. 34–5.

- The community contains the head office of Anadarko and major facilities operated by Exxon Mobil, Chevron, Schlumberger, and the MD Anderson Cancer Center.
- Average commuting times are slightly lower than for the Houston metro area as a whole.
- The community has set aside more than 28% of its land for greenspace and parks and is intentional about fostering social interconnectedness among residents.
- The median home price-to-income ratio in 2018 was 3.0, slightly lower than that of the Houston metro area as a whole (3.1).

Sugar Land, meanwhile, stands out as an engine of opportunity for Hispanic, Black, and immigrant populations as well as for workers without a bachelor's degree:

- Foreign-born people constituted 34.5% of the city's total population in 2018, higher than all but five other cities and counties in our group of urbanizing suburbs.
- The city's Black population grew 77% between 2010 and 2018, while its Hispanic population grew 95%. Black and Hispanic people collectively constitute 17.8% of the city's population.
- The city contains the head offices of Applied OptoElectronics and Imperial Sugar and major facilities operated by CVR Energy, PrimeFlight Aviation Services, and Schlumberger.



- People with some college or an associate degree earn 17% more than the average for the Houston metro as a whole.
- Standards of living for Black residents are 126% higher than the average for Black people in the Houston metro, while Hispanic living standards are 86% higher than the metro-area average.
- The city's home price-to-income ratio, at 2.5, is the lowest among all cities and counties in our group.
- The city ranks first among all U.S. cities with population over 100,000 for Black homeownership rates. By contrast, the core city of Houston ranks 31st out of America's 50 largest cities.

The two surrounding counties – Montgomery and Fort Bend – enjoy JEC social capital scores well above the all-metro average, despite the challenges posed by great ethnic diversity. Their Opportunity Insights scores for homegrown upward mobility are far above national averages for their overall populations and for the Black and Hispanic communities.[110]

Sustainability challenges in the suburbs

One challenge for America's urbanizing suburban cities is to expand their built environments to prepare for expected growth and sustain their competitiveness as great places to live, work, and do business. All these cities are works in progress. They "reflect our perpetually unfinished American business of reinventing ourselves," Garreau writes.[111] But the urbanizing suburbs need to create more walkable, mixed-use urban neighborhoods. They need more greenspace and better integration with the natural world. And they need improved transportation links, creating better connections among suburban centers to make the "horizontal metropolis" function well as it grows.[112]

The urbanizing suburbs also face substantial challenges in building out infrastructure that the suburban tax base will sustainably support so that they can maintain competitive tax environments and amenities. Fast growing suburban areas risk creating a "disposable" infrastructure destined to wear out within two or three decades without creating sufficient property value per acre to maintain and modernize it, Charles Marohn writes in his 2019 book, *Strong Towns: A Bottom-Up Revolution to Rebuild American Prosperity*. This raises the possibility that today's booming suburbs could evolve into tomorrow's deteriorating, poorly maintained towns, as has occurred in numerous inner-ring suburbs over the last several decades.[113]

For metro areas as a whole, economic models overly dependent on the growth of urbanizing suburbs raise sustainability challenges as well. As suburbs build outward, distances grow ever larger between underinvested, left-behind neighborhoods in the core city and booming suburban job centers, diminishing opportunities for people living in the former. Core cities experiencing economic and demographic decline tend to take their suburbs down with them, to a certain degree at least, as we note in our discussion of the high-opportunity Sun Belt metros in Section IV.[114]

Discussions of auto-centric suburbs invariably raise the question of whether the growth of suburban areas will increase the economy's carbon intensity and contribute to climate change. If growing suburban populations imply more and longer commutes to the core city's central business district, then they likely will, so long as gasoline-fired vehicles continue to dominate transportation. However, if jobs in urbanizing suburbs grow as fast or faster than populations – as they have done over the last several decades in the cities we profile in this report – then further growth may have beneficial effects on carbon intensity, through reduced long-distance commuting. Shifts toward remote working and electric vehicles will also mitigate possible negative ecological effects from suburban growth.

Policy priorities and takeaways

Creating more high-opportunity, inclusive cities in suburban areas is essential to expanding economic mobility in the United States, since so many people live in them. Suburban areas – including suburb-like neighborhoods on the outskirts of core cities – accounted for 71% of America's population in 2010, compared with 11% in core urban areas.[115]

Even more than the relatively young cities of the Northwest 13 states, the urbanizing suburban cities we profile here demonstrate that it's easier to build engines of opportunity in new greenfield places than in long-established, built-up areas. They show how to create top-notch schools, vibrant job centers, high quality of life, good affordability, and strong communities at a remarkably fast clip on the fringes of prosperous metro areas. They are performing better than most other places in the United States in creating economic mobility for Black and Hispanic people – as are certain minority-majority suburban areas like Prince George's County, Maryland, home to a substantial Black middle-class community.

To create more high-opportunity suburban cities, state and federal authorities should invest in infrastructure and public spaces that will help these cities grow in ways that are as sustainable and inclusive as possible. Suburban cities should focus relentlessly on schools, quality of life, community building, and sustainable growth. And leaders throughout metro areas should work together to advance shared priorities on transportation, housing, and workforce development, recognizing that core cities and suburbs will ultimately rise or fall together.

The urbanizing suburban cities in these areas represent the newest, fastest-growing pattern of high-opportunity urbanism in 21st century America. Just as America needs more thriving metros like Sioux Falls and Fort Collins, it needs more high-opportunity suburban cities like Apex, Alpharetta, and Allen.

Takeaways from our selective group of urbanizing suburban cities:

- Relatively new suburban communities can become powerful engines of economic mobility by getting the basics right:
    - Great public schools.
    - Quality-of-life amenities.
    - Emphasis on community building.
    - Welcoming approach to diverse communities, including immigrants.
    - Growth-oriented housing and land-use policies to maintain affordability.
    - Plug-and-play approach to business expansion and relocation.
    - A pro-opportunity built environment, with walkable hubs and job centers distributed around the city.
- The federal government, state governments, and local-area leaders can and should promote the creation of more suburban cities of opportunity in the following ways:
    - Funding for sustainable infrastructure and public spaces that will help successful suburban places grow and create new places on the fringes of thriving metro areas.
    - Flexible land-use policies that allow a wide variety of housing types to arise in response to demand.
- High-opportunity suburban cities should focus on making their communities more sustainable:
    - Plan for financially and ecologically sustainable infrastructure expansion.
    - Contribute to the health of their neighboring core city and the metro area as a whole by shouldering a fair share of responsibility for attainable housing and transportation investment.

VII. GEOGRAPHIC BIFURCATION WITHIN CORE CITIES: HAVE AND HAVE-NOT AREAS

Rising segregation in leading cities

As we describe in our companion report "[The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future](#)," powerful forces have tended to perpetuate patterns of segregation on racial and income lines for much of America's history.[116] Since the 1970s, housing segregation along racial lines in U.S. cities has moderately declined, but segregation along income lines has increased. One important result has been a fall in the share of lower- to moderate-income families living in mixed-income neighborhoods and a rise in the share living in areas of concentrated poverty.[117]

Segregation along income lines has risen in America's cities for at least three reasons. First, housing prices have increased dramatically relative to income levels, particularly in large core cities. High housing costs tend to fuel relatively high degrees of segregation along income lines, since they make it more difficult for moderate- to lower-income families to live in or near high-opportunity areas within cities.[118]

Second, we suggest there is a natural tendency in large, growing metropolitan areas for middle-income people to sort themselves into fast-growing, relatively affordable suburbs. High-income people disproportionately choose wealthy neighborhoods in core cities because these areas still tend to have the highest concentrations of high-end job centers and urban amenities in the metro area. Lower-income people tend to concentrate in poor neighborhoods in the core city because these places generally have the greatest concentrations of subsidized housing, public transit access, and social services. The outward growth of large metro areas, particularly in the Sun Belt, seems to have accentuated these tendencies.

Third, a variety of evidence suggests that high-income people in America's largest cities have increasingly preferred to live and work in areas of concentrated affluence. They have also demanded larger homes, with the result that new development has crowded more low- to moderate-income people out of core urban neighborhoods than in the past. Rising incomes at the top of the income distribution have increased the ability of high earners to outcompete everyone else for desirable locations in core cities.[119]

Segregation on income lines has become most pronounced in the Nation's largest core cities. This is partly because large size simply allows greater geographic sorting along income lines. It's also because several leading cities – including the core cities of the star metros – have particularly restrictive land-use rules and high home prices relative to incomes. The most segregated large cities in the United States include all the star cities of the Northeast and West Coast, plus the largest cities in Texas.[120]

Consequences for economic mobility

Growing segregation means that large core cities are divided into affluent areas of great opportunity and low- to moderate-income areas that constitute some of the lowest-opportunity locations in America.

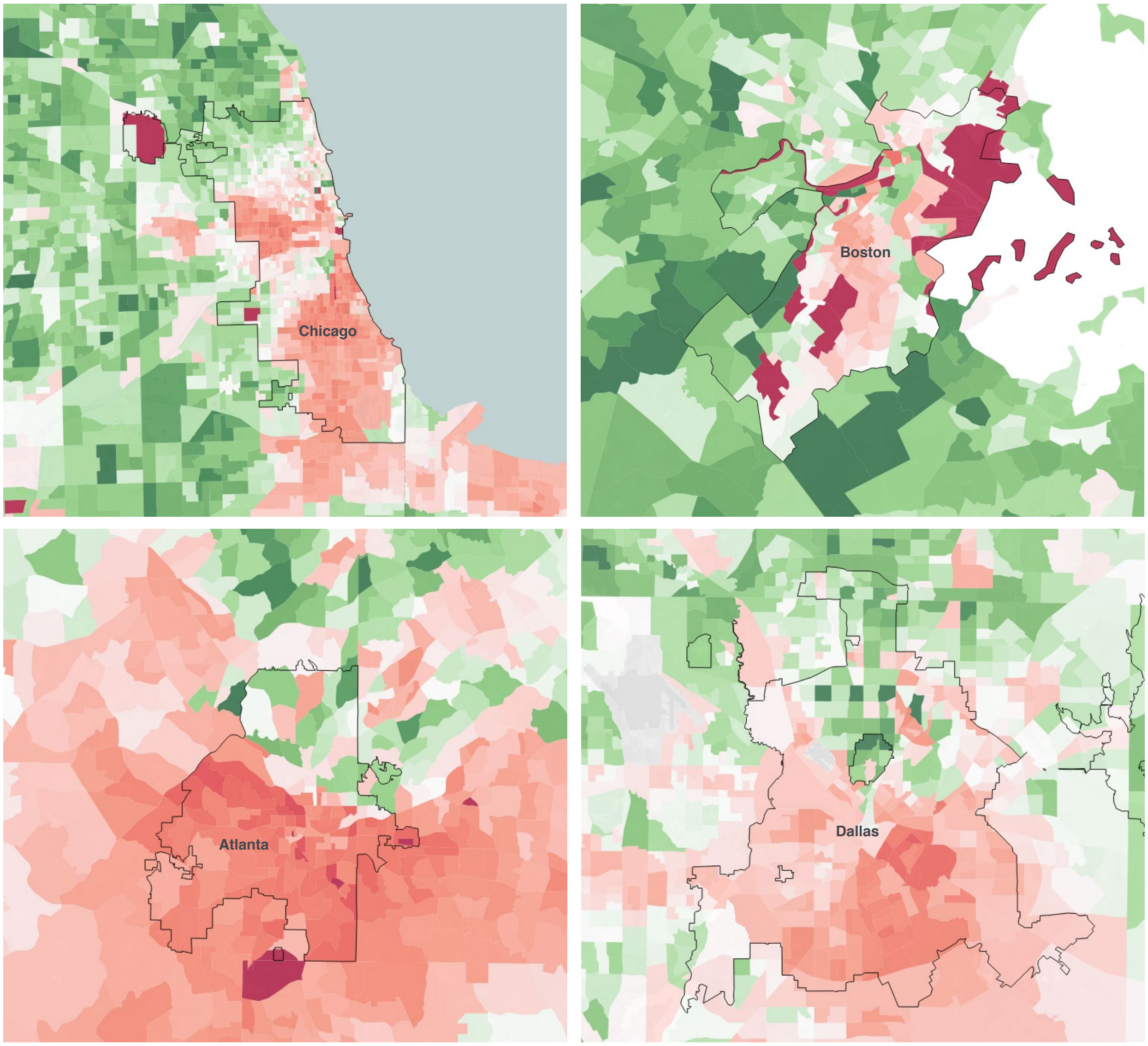
Consider how this stark bifurcation plays out in terms of our three indicators of economic mobility:

- **Standards of living:** Although we haven't collected data at the level of individual neighborhoods, it's clear that living standards are very high in the wealthy sections of America's largest cities for anyone who can afford to live and work there, despite high housing costs. In the vast underinvested low-income sections of these cities, by contrast, wage levels are often startlingly low.* (Government transfer payments, which are larger than at any prior time in the Nation's history as a share of the economy, help cover basic living costs for many people in these neighborhoods.)

- **Upward mobility:** Maps from the Opportunity Atlas, an online tool developed by Opportunity Insights, demonstrate sharp divides in every large city between very high opportunity and low opportunity neighborhoods, with few locations in between.[121] These geographic divides closely match current divisions between high- and low-income neighborhoods. Figure 10 shows maps from the Opportunity Atlas for Chicago, Atlanta, Boston, and Dallas. In each map, dark green sections representing areas of high upward mobility make up less than a third of the city, while red sections representing areas of low upward mobility constitute more than half the city's land mass. The high-opportunity neighborhoods in these cities – like similar neighborhoods in all the Nation's largest cities – rank among the best places in the United States for homegrown upward mobility.
- **Net domestic migration rates:** The high-income sections of core cities have generally experienced little population change from domestic migration over the last decade. In general, growing house and lot sizes in many high-income neighborhoods roughly offset increasing density in a handful of high-end walkable neighborhoods. Low-income sections of these cities are typically experiencing net outflows, since people who can manage to move away often do and few wish to move in. If population is growing, it's generally due to newly arriving immigrants – though immigrants, too, are increasingly choosing to settle in high-growth suburbs. In many low-income neighborhoods, decades of outflows mean population densities are surprisingly low today.

* For instance, in one Census tract in West Dallas, median household earned income from salaries and wages in 2017 was $16,012, roughly 30% of median earned income for the city of Dallas and 22% of median earned income for the Dallas-Fort Worth metro area.

Figure 10: Opportunity Insights maps of Chicago, Atlanta, Boston, and Dallas illustrate stark bifurcation into have and have-not areas



Source: Opportunity Insights

To summarize: High-income neighborhoods in large cities resemble the pattern of the four star metros of the coasts, with very high living standards and upward mobility for highly educated people, but limited opportunity for most low- to moderate-income people because they generally can't afford to live there. Low-income neighborhoods in America's large cities are generally places of poor opportunity and economic mobility.

High-income people in affluent urban areas benefit from more than just high education and skill levels, Timothy Carney of the American Enterprise Institute notes. They can also afford to build extremely strong social capital with their peers, which in some cases takes money to accomplish. Strong social connectedness further contributes to opportunity and economic mobility for young people growing up in these places.[122]

Low-income sections of large cities, on the other hand, tend to have weak endowments of certain key ingredients we describe in this report for building cities and neighborhoods of opportunity. They have relatively low education levels, poor quality-of-life amenities, and, in some cases, unfriendly policies toward new small businesses, typically imposed by state or local authorities.* In some cases, low-income neighborhoods have deep reservoirs of social interconnectedness – a vital asset that might play a role in improving economic opportunity in the future.

Policy priorities and takeaways

America needs a fresh policy agenda to broaden opportunity and increase economic mobility in its leading core cities. Like the star coastal metros as a whole, core cities need more housing supply at all price points in relatively high-opportunity areas. Local authorities should support "moves to opportunity" – that is, moves by low- to moderate-income families to relatively high-opportunity neighborhoods, typically with public assistance – to the extent possible.** Anchor institutions in higher education and health care should play a leading role in expanding on-ramps to workplace opportunities in booming job centers. Local government, nonprofit, and business leaders should also focus on expanding access to the valuable social networks of high-income neighborhoods, particularly for people from disadvantaged neighborhoods and people of color.

Large core cities also need to focus on the pressing challenge of increasing economic vitality in struggling low- to moderate-income areas. This generally means acting on the clear lessons of history on how to create cities and neighborhoods of opportunity. Cities should focus relentlessly on the following:

- Improving education outcomes.
- Making neighborhoods more attractive places to live through quality-of-life amenities.
- Strengthening local institutions of civil society focused on expanding opportunity
- Easing restrictions that hold back new business creation.
- Expanding the housing supply, both market-rate and subsidized.
- Increasing homeownership and other wealth-building opportunities.
- Creating a welcoming approach to immigrants and other newcomers, including in lower-income neighborhoods.

Core cities should also aim to reverse current trends toward rising segregation. Above all, this means increasing housing supply and promoting greater affordability in all parts of the city. It also means retaining more of the city's homegrown population and attracting more people from elsewhere to the core city through quality-of-life improvements. It means, finally, building cross-cultural, multiethnic social capital so that fewer people will wish to self-segregate in racially and economically homogeneous neighborhoods in the future.

No large city currently stands out over others as a success story in reversing segregation or injecting greater vitality into struggling areas. The good news is that all of America's large core cities are now focusing to varying degrees on these pressing challenges.

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* Examples of unfriendly policies toward new business include overly restrictive occupational licensing laws and onerous business permitting rules. These can erect formidable barriers to new business creation for low- to moderate-income potential entrepreneurs, as we will explore in later reports.

** This phrase refers to the "Moving to Opportunity" policy experiment conducted over the two decades in King County, Washington. See Raj Chetty, Nathaniel Hendren, and Lawrence Katz, "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project," American Economic Review 106, no. 4 (2016).

Takeaways from America's bifurcated large core cities:

- Cities can and should expand access to existing high-opportunity areas in the following ways:
    - Expanding housing supply and affordability and promoting "moves to opportunity."
    - Strengthening the role of anchor institutions as engines of economic mobility.
    - Promoting access to valuable social networks in thriving areas of the city.
- Cities can and should aim to increase vitality in lower-income neighborhoods in the following ways:
    - Improving education outcomes.
    - Investing in quality-of-life amenities and improvements.
    - Strengthening local opportunity-oriented nonprofit and education institutions.
    - Easing restrictions holding back new business creation.
    - Expanding housing supply, both market-rate and subsidized, and promoting homeownership.
    - Creating a welcoming approach to immigrants and other newcomers.

VIII. CONCLUSIONS: DIFFERENT PATTERNS, DIFFERENT PRIORITIES

Every city or town in the United States has available avenues to become a better engine of opportunity and economic mobility. All cities should focus on improving education levels, investing in quality-of-life amenities, strengthening community, becoming more inclusive, welcoming immigrants and other newcomers, and lowering barriers to new business creation.

Moreover, all cities should build on their existing strengths. The coastal star metros should do all they can to sustain their edge in education levels and their leading positions in the technology sector. The Northwestern metros should continue to nurture their social capital and quality-of-life advantages. The Sun Belt metros should focus on maintaining their edge in land-use flexibility, housing affordability, and economic freedom, while the emerging turnaround metros in the Midwest should double down on investments in their knowledge-generating institutions.

But no city or town can neglect its most profound challenges and continue to thrive for long. In view of the remarkably diverse economic geography of America's cities and towns, different kinds of places face different challenges. We conclude by summarizing key takeaways from the case studies in this report for seven distinct geographic patterns.

- **Takeaways for large star metro areas:** Star metros like Washington and San Francisco as well as other high-income large metros like New York and Los Angeles are highly productive places, but they have generally erected steep barriers to economic mobility by allowing themselves to become extremely unaffordable for low- to moderate-income people. The top priorities for these metros should include promoting more housing supply of all kinds, addressing severe affordability challenges, widening job-market access, and (in most of these metros) adopting more small business friendly policies.
- **Takeaways for the metros of the Northwest 13 states and other metros with exceptionally strong social capital and quality of life:** This group, including dozens of metro areas in the Northwest 13 states and a handful of small- to midsized metros elsewhere in the United States, are generally performing very well as engines of economic mobility, but in many cases their strong social capital has emerged in relatively homogeneous demographic settings. Their highest priorities should include increasing inclusiveness and becoming more welcoming to immigrants and other newcomers.
- **Takeaways for the large Sun Belt metros:** For these metros, the highest priorities should include improving education levels, addressing worrisome housing affordability trends, reducing segregation on income lines, and building out infrastructure to make current growth trends more sustainable. To an even greater extent than in most metros elsewhere, core cities and fast-growing suburbs in these metros face diverging challenges. Core cities need to invest in schools, anchor institutions, affordable housing, and economic development in vast left-behind areas, while suburban cities need to put their expansion on a more financially sustainable footing.
- **Takeaways for emerging turnaround metros in the Midwest and elsewhere:** For these metros, the highest priorities should include raising education levels, working on retraining of manufacturing workforces, increasing economic freedom, investing in quality of life, and becoming more intentional about welcoming immigrants and other newcomers.
- **Takeaways for large, but struggling, lower-opportunity metros:** Of America's 50 largest metro areas, 25 qualify for neither our cities of opportunity nor intermediate performers lists. Likewise, 32 of the next 50 largest fail to qualify. These places are clearly large enough to achieve better-than-average benefits from agglomeration economies, and they generally have good endowments of knowledge-generating institutions. Most are relatively affordable. On the other hand, most score below average on measures of education, productivity, social capital, foreign-born population shares, and economic freedom. Some have higher-than-average tax rates and as well as lagging education levels and weak reputations for quality of

life – showing that there's not always a direct tradeoff between these measures. In general, the highest priorities for these metros should be to follow the example of the emerging Midwestern turnarounds, both in what the Midwestern metros get right and also in areas they need to work on, recognizing that there is no one-size-fits-all solution:

    - Improve education levels.
    - Invest in knowledge-generating anchor institutions.
    - Invest in building effective institutions of civil society and strong social capital.
    - Invest in quality-of-life improvements.
    - Embrace new industries, rather than engaging in futile efforts to restore faded manufacturing industries.
    - Increase economic freedom: Become competitive in tax rates, business regulations, and labor-market flexibility.
    - Become more intentional about promoting diversity and inclusion and welcoming immigrants and other newcomers.

- **Takeaways for small-to-midsized lower-opportunity metros:** Smaller cities face the challenge that they are generally too small to achieve the productivity levels associated with large cities. Within this list, comprising most metro areas that don't rank among America's 100 largest, there are many specific patterns. One pattern – smaller cities with relatively high economic freedom scores but low education levels, often in the Sun Belt states – shows that the model pursued successfully by the large Sun Belt metros mostly doesn't work well at smaller scale. Another pattern, metro areas specializing in tourism and retirement communities, generally scores high for inbound migration but not economic mobility, since the people moving in are generally older and the tourism sector generally offers relatively low wages and living standards to employees. Small cities specialized in manufacturing or mining generally face more pronounced versions of the challenges facing large struggling metro areas. A number of smaller, lower-opportunity metros are in America's poorest regions: Appalachia, the Deep South, the Rio Grande Valley, the desert Southwest, and inland California. It's beyond the scope of this report to outline priorities for cities that fit each of these patterns. However, the high-performing smaller cities we identify in this report – particularly those in the Northwest 13 states – show that smaller cities can become strong engines of opportunity through intentional efforts to promote education, quality of life, local institutions of civil society, and social capital.
- **Takeaways for rural and small-town America:** It's also beyond the scope of this report to address the distinctive challenges facing rural and small-town areas. However, our *Blueprint for Opportunity* series points to two trends on which even the smallest communities can capitalize. One is the growing significance of local social capital, which is becoming a more powerful predictor of economic mobility as geographic mobility has declined. Many rural areas score very high on measures of social capital and have opportunities to build on this strength to improve education outcomes and upward mobility for people growing up there. The other trend is the rise of digitally connected remote work, which increasingly makes it possible for high-skilled or medium-skilled people to participate in connected workplaces and achieve relatively high real incomes working in locations remote from large cities. We suggest that the highest priorities for these communities should generally include improving education levels, building on local institutions of civil society, and achieving state-of-the-art digital connectivity for all residents.[123]

The good news is that America has a wide variety of relatively high-opportunity metropolitan areas, cities, and towns, offering a remarkable diversity of economic patterns and takeaways for other places.

History shows that most great cities of opportunity have, to varying degrees, shared key commonalities: a focus on education and innovation, relatively good quality of life for ordinary people, strong community, welcoming attitudes toward immigrants and other newcomers, and commerce friendly policies. This report shows that no American city fully embodies these ideas. Cities, after all, are works in progress, continually remaking themselves in response to pressures arising from technological change, demographics, politics, and other forces.

But this report shows that there are many paths by which America's cities can improve as engines of opportunity, with profound future consequences for the people who will live there.

APPENDIX I:
CITIES OF OPPORTUNITY AND INTERMEDIATE PERFORMERS

Metropolitan Statistical Areas Qualifying as Cities of Opportunity
(sorted by 2018 population size)

Dallas-Fort Worth-Arlington, TX
Houston-The Woodlands-Sugar Land, TX
Washington-Arlington-Alexandria, DC-VA-MD-WV
Boston-Cambridge-Newton, MA-NH
Phoenix-Mesa-Scottsdale, AZ
San Francisco-Oakland-Hayward, CA
Seattle-Tacoma-Bellevue, WA
Minneapolis-St. Paul-Bloomington, MN-WI
Tampa-St. Petersburg-Clearwater, FL
Denver-Aurora-Lakewood, CO
Orlando-Kissimmee-Sanford, FL
San Antonio-New Braunfels, TX
Portland-Vancouver-Hillsboro, OR-WA
Las Vegas-Henderson-Paradise, NV
Cincinnati-Middletown, OH-KY-IN
Austin-Round Rock, TX
Kansas City, MO-KS
Nashville-Davidson-Murfreesboro-Franklin, TN
Oklahoma City, OK
Raleigh, NC
Salt Lake City, UT
Omaha-Council Bluffs, NE-IA
Albany-Schenectady-Troy, NY
Colorado Springs, CO
Boise City, ID
Ogden-Clearfield, UT
Madison, WI
Des Moines-West Des Moines, IA
Provo-Orem, UT
Spokane-Spokane Valley, WA
Scranton-Wilkes-Barre-Hazleton, PA
Fayetteville-Springdale-Rogers, AR-MO
Santa Rosa, CA
Reno, NV
Salem, OR
Manchester-Nashua, NH
Ann Arbor, MI
Fort Collins, CO
Lincoln, NE
Boulder, CO
Green Bay, WI
Greeley, CO
Kennewick-Richland, WA
Olympia-Tumwater, WA
San Luis Obispo-Paso Robles-Arroyo Grande, CA
Duluth, MN-WI
Crestview-Fort Walton Beach-Destin, FL
Cedar Rapids, IA
Sioux Falls, SD
Fargo, ND-MN
Appleton, WI
Charlottesville, VA
Tyler, TX
Bellingham, WA
Rochester, MN
Panama City, FL
St. Cloud, MN
Bend-Redmond, OR
Dover, DE
Midland, TX
Bowling Green, KY
Iowa City, IA
Billings, MT
St. George, UT

Metropolitan Statistical Areas Qualifying as Intermediate Performers
(sorted by 2018 population size)

Riverside-San Bernardino-Ontario, CA
San Diego-Carlsbad, CA
Sacramento-Roseville-Arden-Arcade, CA
Pittsburgh, PA
Grand Rapids-Wyoming, MI
Tulsa, OK
Albuquerque, NM
Allentown-Bethlehem-Easton, PA-NJ
Baton Rouge, LA
Stockton-Lodi, CA
Harrisburg-Carlisle, PA
Modesto, CA
Lancaster, PA
Portland-South Portland, ME
Lafayette, LA
Corpus Christi, TX
Killeen-Temple, TX
York-Hanover, PA
Vallejo-Fairfield, CA
Santa Maria-Santa Barbara, CA
Fort Wayne, IN
Canton-Massillon, OH
Kalamazoo-Portage, MI
Lubbock, TX
Evansville, IN-KY
Roanoke, VA
Bremerton-Silverdale, WA
Amarillo, TX
Hagerstown-Martinsburg, MD-WV
Lynchburg, VA
Lafayette-West Lafayette, IN
Burlington-South Burlington, VT
Longview, TX
Lake Charles, LA
Blacksburg-Christiansburg-Radford, VA
Columbia, MO
Joplin, MO
Abilene, TX
Oshkosh-Neenah, WI

APPENDIX II:
INTRODUCTION TO THE ONLINE DATA APPENDIX

This appendix summarizes the data we display in our online data appendix.

Table 1 shows data for 128 metros, presented in seven groups following the logic of this report:

- Star metros of the coasts (4 metros).
- Thriving metros of the Northwest 13 states (32 metros).
- Booming metros of the Sun Belt (16 metros).
- Emerging turnaround metros of the Midwest (17 metros).
- Other cities of opportunity (8 metros).
- Other intermediate performers (26 metros).
- Other Top 50 metros (25 metros).

Table 2 shows data for the 19 suburban counties and 41 suburban localities we've identified as examples of the rise of urbanizing suburban cities, discussed in Section VI. We present them by metro area, with examples from 18 metros in all.

In both tables, we present metro areas by order of population size. In Table 2, we present counties and cities by order of population size, within the sections for their respective metros.

Data

Our choice of indicators reflects ideas we developed in "Cities and Opportunity in 21st Century America" and in the companion to this report, "The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future." In each case, substantial quantitative evidence supports these choices:

- **Drivers of productivity and incomes in cities:** Our first two reports point to several characteristics of cities that shape labor productivity for their residents:
    - Population size, which shapes the extent of possible agglomeration economies in a place.
    - Overall education levels, since individuals are more productive if they're surrounded by highly skilled people and because highly skilled people attract high value-added firms.
    - Knowledge-generating anchor institutions, which raise local education levels and create technology spillovers to the surrounding community.
    - Openness to talent and ideas from throughout the world.
    - Economic freedom, including labor market flexibility, ease of starting a business, and tax burdens.
    - Job market access, including the ability to get from affordable homes to thriving job centers.
    - People's labor productivity is in turn the main driver of their income level.
- **Drivers of local standards of living:** The main drivers of overall living standards in a city are its income levels and its local costs of living. The principal factor accounting for variation in living costs across U.S. cities is the price of housing, which reflects local supply and demand balances.
- **Drivers of homegrown upward mobility:** Studies cited in our first two reports suggest several factors that influence upward mobility for people who grow up in a city, as measured by the Opportunity Insights upward mobility measure. These include local school quality, income levels, wealth levels (which are shaped in significant part by homeownership rates and housing market dynamics), knowledge-generating institutions, and levels of social capital.

- **Drivers of net domestic migration:** Our reports show that Americans in the 21st century are moving to metro areas with relatively high local living standards, attractive quality of life, strong social capital, welcoming attitudes toward newcomers of all kinds, and high economic freedom.

Measures of economic mobility

- **Measures of opportunity:** We use three quantitative measures to identify relatively high-opportunity metro areas in "Cities and Opportunity in 21st Century America."
    - **Local living standards:** Median household income adjusted for local living costs as of 2018. We built an index of local living costs using federal regional price parity data and modifying it to incorporate estimates of local homeownership costs, following a method developed by the Urban Reform Institute.[124] We standardize the median standard of living for the United States as a whole to 1.
    - **Opportunity Insights measure of upward mobility:** Opportunity Insights estimated average adult income levels for people who grew up in specific places during a period in the 1980s, independent of where they live in adulthood.[125] We standardize the mean score for all U.S. metros to 1.
    - **Net domestic migration rates:** Cumulative net migration of people into each metro area from elsewhere in the United States between 2010 and 2018, divided by 2010 total metro-area population, based on U.S. Census data.[126]
- **Measures of improving economic mobility:** We use two additional measures to evaluate improvement in economic mobility over time.
    - **Increase in population shares with a bachelor's degree of higher from 2010 to 2018, in percentage points:** We use this measure as a proxy for rising education levels, especially relevant in our discussion of emerging turnaround metro areas.[127]
    - **Percentage growth in median household income from 2010 to 2018:** We use this measure as a proxy for rising productivity and income levels, also especially relevant in our discussion of emerging turnaround metros.[128]

Productivity drivers and incomes:

- **Population:** 2018 U.S. Census data.
- **Population growth from 2010 to 2018:** 2018 U.S. Census data.
- **Population share age 25 and over with a bachelor's degree or higher:** 2018 U.S. Census data.
- **Net immigration rates:** Cumulative net migration into each metro area from outside the United States between 2010 and 2018, divided by 2010 total metro-area population, based on U.S. Census data.[129]
- **Foreign-born population share:** 2018 U.S. Census data.
- **SMU Economic Freedom Index:** Composite score compiled by the SMU Bridwell Institute for Economic Freedom based on 2012 data; incorporates multiple measures of state and local labor market flexibility, size of government, and tax burdens.[130] We standardize the mean score for all U.S. metros to 1.
- **Mean one-way commuting time in minutes:** A proxy for job market access, based on U.S. Census data for 2018. In our first report we also use the University of Minnesota's Access Across America dataset, but it doesn't cover smaller metro areas.[131]
- **Anchor institutions:** We report Bush Institute-SMU Economic Growth Initiative measures of the intensity per capita of research-oriented activities in the higher education (eds) and hospital (meds) sectors for each metro. We scale scores so that the top metro in each category earns a score of 100, while 0 means the metro has no qualifying eds or meds institutions.[132] Data available upon request.

- **Median income levels:** We report median levels specifically for people with an associate degree or some college and for people with a bachelor's degree, which allows for comparison across metro areas controlling for education levels.[133] The column for overall income is at the household level, while the columns for "associate/some college" and "bachelor's degree" are at the level of individuals.
- **Daytime working population divided by resident working population:** We include this ratio for each of the 41 suburban cities contained in Table 2 to show the relationships between jobs within each city and working adults living there.[134]

Housing:

- **Median home value as a multiple of median household income:** The ratio for each metro area is based on 2018 U.S. Census data. We also show how much this ratio changed from 2010 to 2018.[135]
- **Share of households spending more than 35% of income on housing costs:** We show shares separately for homeowners and renters, based on U.S. Census data.[136]
- **Annual permits to build new housing units:** Average permits for the years from 2010 to 2019, divided by 2019 population.[137]
- **Share of homes built since 2000 and since 2010:** We also include the share of the 2018 housing stock built since 2000 and since 2010 as a proxy for new building activity.[138] Data comes from the 2018 American Community Survey, U.S. Census.
- **Share of households owning their own home:** 2018 U.S. Census data.

Social capital: Composite measure based on a wide variety of social indicators, compiled by the U.S. Congress Joint Economic Committee. The JEC team calculates scores at the county level and then aggregates up to metro areas, so scores are available for the counties we include in Table 2.[139] We standardize the mean score for all U.S. metros to 1.

Racial equity: We report data specifically for four racial populations – Black, Hispanic, Asian American, and White – within each metro area, county, and city in the dataset, in all cases based on U.S. Census data. For "standard of living index," we recalibrate median household incomes within racial groups in each metro for the metro's overall living costs.[140]

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