

September 2007

Best Performing Cities

2007

Where America's
Jobs Are Created
and Sustained



By Ross DeVol, Armen Bedroussian, and Soojung Kim



MILKEN INSTITUTE

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About Greenstreet Real Estate Partners

Greenstreet Real Estate Partners is an investment and asset management company operating throughout the United States since 1983. Its principals apply creative, entrepreneurial strategies that consistently deliver strong operating results and financial returns. Greenstreet has developed a streamlined approach to investment, with a focus on high-growth markets and value creation. It invests the equity and capital of its own principals, enabling it to execute transactions quickly and apply its investment strategies to a diverse range of property types.

Greenstreet's proficiency in asset management is an ideal complement to its investment expertise. Through financial structuring, expert leasing strategies, renovation, repositioning, or redevelopment, Greenstreet consistently optimizes property value within its hold periods. Greenstreet's asset management portfolio includes more than 800 educational facilities owned by Knowledge Learning Corporation, operating under the name KinderCare and Knowledge Beginnings centers throughout the U.S. Its principals and executive team have completed more than \$15 billion in transactional volume in public and private structures.

The Milken Institute is an independent economic think tank whose mission is to improve the lives and economic conditions of diverse populations in the U.S. and around the world by helping business and public policy leaders identify and implement innovative ideas for creating broad-based prosperity. We put research to work with the goal of revitalizing regions and finding new ways to generate capital for people with original ideas.

We do this by focusing on *human capital* – the talent, knowledge and experience of people, and their value to organizations, economies and society; *financial capital* – innovations that allocate financial resources efficiently, especially to those who ordinarily would not have access to it, but who can best use it to build companies, create jobs and solve long-standing social and economic problems; and *social capital* – the bonds of society, including schools, health care, cultural institutions and government services, that underlie economic advancement.

By creating ways to spread the benefits of human, financial and social capital to as many people as possible – *the democratization of capital* – we hope to contribute to prosperity and freedom in all corners of the globe.

We are nonprofit, nonpartisan and publicly supported.

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Executive Summary

For almost a decade, the Milken Institute has been examining U.S. metropolitan areas and analyzing which ones are the most successful at creating and sustaining jobs. Regional and national economic trends are reflected in the annual rankings, and help us see where businesses are thriving or struggling, and where wages are rising or falling.

In the *2007 Milken Institute Best-Performing Cities Index*, we see some cities caught in dramatic location shifts of human capital, while others feel the pressures of international competition and changes in consumer behavior. Certain trends, such as rising energy prices, are still being played out and have hurt development in some metros but bolstered energy-related businesses in others. Volatility in the housing market is putting a drag on the building boom that elevated some cities in last year's index.

As businesses, investors and government and public policy groups seek to determine their next moves, the *Best-Performing Cities Index* continues to provide benchmarks for future planning, year-over-year performance data, and most important, a measure of change in the development of a prosperous, competitive economy and stable society.

National Conditions

In 2006 the U.S. economy expanded at a healthy clip, especially when measured by job creation. Net job creation totaled 2.48 million (1.9 percent growth), up from 2.27 million in 2005. Even better, the higher-paying industries produced a larger share of the newly created jobs, accelerating personal income growth to 6.4 percent, up from 5.2 percent the previous year.

Increased demand for information technology (IT) hardware and software contributed to the rise in hiring in those high-paying sectors. Meanwhile, U.S. exports rose faster than imports for the first time in nearly a decade, attributable to strong growth in the world economy and a falling dollar. New office and hotel construction expanded at a brisk pace. Overall, real (inflation-adjusted) GDP growth was 3.3 percent in 2006. GDP growth slowed significantly in the first quarter of 2007 but recovered to 4.0 percent in the second quarter.

Top Twenty-Five Best-Performing Cities

Florida's overall metropolitan area performance slipped this year, but the state retained three of the top six positions, and five of the top twenty-five, among the nation's 200 largest metros. This includes **Ocala**, the best-performing city of 2007. Overbuilding in Florida's housing market will likely cause some deterioration in performance for 2008, but strong travel and tourism, especially among foreign tourists due to the weakening dollar, will mitigate some of the drag from housing.



Several midsized, technology-dependent metropolitan areas moved back into the top twenty-five performers. **Provo-Orem, Utah; Raleigh-Cary, North Carolina; Tucson, Arizona; Huntsville, Alabama; Salt Lake City, Utah; Boise-Nampa, Idaho;** and **Austin-Round Rock, Texas**, are among the technology centers in 2007's top twenty-five performers. Most of these metros have high concentrations of computers, chip and communications equipment, or software manufacturers. Strong business and consumer demand has fueled a recovery in production and hiring in these sectors. Most tech centers, in fact, witnessed increases in their rankings for 2007.

No metro in the Northeast and Midwest showed up in the top twenty-five listings. This reflects several enduring trends. The long-term decline of manufacturing, due to increasing competition from such emerging centers as China, has caused a loss of middle-class jobs that aren't easily replaced. Weakness in the automotive market in 2006 and continued loss of market share by traditional domestic manufacturers have led to even further retrenchment. Suppliers to those manufacturers have been hit hard, as well. Entrepreneurial activities are lagging in the Midwest especially, but also in the Northeast, and the bulk of new jobs are being created in small and medium-sized firms. The result is twofold: an inability to replace the jobs lost to foreign competition and an out-migration to other parts of the country, reinforcing the downward spiral.

Best-Performing Cities: Top 25

Rank According to 2007 Index

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank
Ocala, FL	1	13
Wilmington, NC	2	59
Riverside-San Bernardino-Ontario, CA	3	10
Phoenix-Mesa-Scottsdale, AZ	4	15
Orlando-Kissimmee, FL	5	6
Naples-Marco Island, FL	6	3
McAllen-Edinburg-Mission, TX	7	4
Provo-Orem, UT	8	23
Las Vegas-Paradise, NV	9	11
Raleigh-Cary, NC	10	45
Myrtle Beach-Conway-North Myrtle Beach, SC	11	35
Charleston-North Charleston, SC	12	22
Cape Coral-Fort Myers, FL	13	2
Sarasota-Bradenton-Venice, FL	14	24
Tucson, AZ	15	14
Huntsville, AL	16	28
Bakersfield, CA	17	30
Salt Lake City, UT	18	87
Boise City-Nampa, ID	19	32
Austin-Round Rock, TX	20	58
Fayetteville-Springdale-Rogers, AR-MO	21	8
Vallejo-Fairfield, CA	22	41
Charlotte-Gastonia-Concord, NC-SC	23	69
Lafayette, LA	24	143
Sacramento-Arden-Arcade-Roseville, CA	25	34

Source: Milken Institute



It's no coincidence that regions home to top-ranking metros show entrepreneurial strength, lower business costs, and favorable business climates. Several of the technology centers are supported by strong university programs, providing the human capital and intellectual property necessary to thrive in today's rapidly changing, knowledge-intensive economy.

The South has fifteen metros among the top twenty-five slots, including those six in Florida. **Wilmington, North Carolina**, rose to 2nd place in the index overall, aided by port activity and increases in communication services. Another North Carolina metro, **Charlotte-Gastonia-Concord**, ranks among the top twenty-five, at 23rd. Ten metros in the West place among the top twenty-five, led by four in California (**Riverside-San Bernardino-Ontario; Bakersfield; Vallejo-Fairfield; and Sacramento**). **Phoenix** scores 4th in the overall index; and **Las Vegas** remains among the best performers, at 9th place.

We have adjusted the timing of the report's release in order to incorporate all available 2006 data. The previous index, released in February 2006, was titled *Best-Performing Cities 2005*.

Best-Performing City: Ocala, Florida

Ocala leaps into the top spot in the *2007 Best-Performing Cities Index*, up from 13th in the previous index. It owes its position to consistent, top-ten growth rankings across specific categories, such as wages and technology output. Perhaps most impressive is Ocala's job growth, which averaged 5.8 percent from 2004 through 2006. Ocala shared in the Florida housing boom witnessed from 2002 through 2006. Its proximity to Disney World links its economic fate with the travel-and-tourism sector. But unlike many other Florida metros, Ocala has greater dependence on the manufacturing industry, where Lockheed Martin's circuit-board facility is a technology anchor. Coupled with Cingular Wireless operations, this technological presence boosts Ocala's ranking to 2nd in the country for high-tech output growth over the past five years.

The Ten Largest Cities

Because America's largest metropolitan areas experience high density and minimal space for expansion, we break out their performances separately. It isn't reasonable to expect cities like Los Angeles, New York, or Chicago to grow at the same rate as Boise, Austin, or Provo. However, the big metro areas could learn something from the favorable business climates promoted by these fast-growing areas.

Riverside-San Bernardino-Ontario, California, supplants the Washington, D.C., metropolitan area as the best-performing large metro area of 2007. It also scores an impressive 3rd overall among the 200 largest metro economies. Despite a recent slowdown in residential construction, the area's employment, along with wage and salary growth, has been one of the highest in the nation over the past five years. Its growing presence as a transportation and cargo hub links it to global markets, particularly in Asia. (The transportation sector includes an international airport in Ontario, which



serves as a major freight hub.) The presence of high-tech companies has helped diversify the metro's mix of sectors and produced higher-paying jobs. Professional, scientific, and technical service industries have created more than 16,000 jobs during the past five years—an average annual gain of 11.7 percent between 2001 and 2006.

Biggest Gainers

The biggest gainers of the index are metros that share a number of strengths, including a long-awaited recovery in the tech sector, particularly in areas that suffered tremendous losses in the aftermath of the dot-com era. Several metros, benefiting from energy price hikes, have expanded refinery capacity, as well as oil and gas exploration. Relocation of residents from Gulf Coast cities ravaged by Hurricane Katrina has boosted population and demand for consumer-driven industries in nearby metros. Finally, a weaker dollar has helped to facilitate increased economic activity in port cities.

The most notable increase in the rankings is claimed by **Lafayette, Louisiana**, which soared 119 places, due to a post-Katrina population influx.

Best-Performing Small City

Among this year's small cities, **Bend, Oregon**, is the top performer. Due to strong in-migration, Bend has experienced rapid population growth over the past five years (a 23.4 percent increase from 2001 to 2006), outpacing the rest of Oregon (6.5 percent) and the United States (5.0 percent). Service industries, such as health care and leisure and hospitality, are among the city's leading industries.



Introduction

The Milken Institute *Best-Performing Cities Index* measures which metropolitan areas of the United States are the most successful at job creation and retention, and demonstrate the best overall economic performance. Specifically, it measures where jobs are being created and maintained; where wages and salaries are increasing; and where economies and businesses are growing and thriving.

The index allows businesses, industry associations, economic development agencies, investors, academics, and government and public policy groups to assess, monitor, and gain insight into a metro's performance. It also provides benchmarking data for use in developing strategies to improve and maintain a metro's economic performance. Moreover, it is a tool for understanding consumer and business expansion opportunities. The 2007 index applies the methodology used in previous indexes.

We define our cities according to geographic terms of the Office of Management and Budget, which in turn uses data from the 2000 Census. The OMB defines a metropolitan statistical area as a *region* generally consisting of a large population nucleus and adjacent territory with a high degree of economic and social integration, as measured by community ties.¹ Using these parameters, the agency identifies 361 metropolitan statistical areas. County population growth accounts for the creation of new MSAs.

If specified criteria are met, an MSA with a single nucleus and a population of 2.5 million or more is further divided into geographic areas called metropolitan divisions. There are currently twenty-nine metropolitan divisions. For example, the two metropolitan divisions Dallas-Plano-Irving and Fort Worth-Arlington make up the Dallas-Fort Worth-Arlington MSA. We include the smaller metropolitan divisions in the index to reflect more accurate geographic growth patterns.

Outcomes-Based, Not Cost-Based

The components shown in the following table are used to calculate index rankings. The index measures growth in jobs, wages and salaries, and technology output over the past five years (2001–2006) to adjust for extreme variations in business cycles. It also incorporates the latest year's performance (March 2006 to March 2007), reflecting the latest twelve-month job growth performance to indicate a sense of the relative momentum among metropolitan economies.² Employment growth is weighted most heavily in the index because of its critical importance in determining the community vitality. Wage-and-salary growth measures the quality of the jobs created and sustained. Technology output growth determines the economic vibrancy of cities.



2007 Milken Institute Best-Performing Cities

Component	Weight
Job Growth (I=2001)	0.143
Job Growth (I=2005)	0.143
Wage-and-Salary Growth (I=2000)	0.143
Wage-and-Salary Growth (I=2004)	0.143
Short-Term Job Growth (Mar06-Mar07)	0.143
Relative High-Tech GDP Growth (I=2001)	0.071
Relative High-Tech GDP Growth (I=2005)	0.071
High-Tech GDP Location Quotient	0.071
Number of High-Tech GDP LQ>1	0.071

Note: I refers the beginning year of Index.
Source: Milken Institute

We incorporate other measures to reflect the concentration and diversity of technology industries within the MSAs. High-tech location quotients (LQs)—which measure the concentration of the technology industry in a particular metro relative to the national average—are included to indicate a metro’s participation in the knowledge-based economy.³ We also measure the numbers of specific high-tech industries (out of a possible twenty-five) whose concentrations in an MSA are higher than the national average.

The *Best-Performing Cities Index* is an outcomes-based measure; it does not incorporate explicit input measures (business costs; cost-of-living components, such as housing; and other quality-of-life measures, such as commute times or crime rates). Static input measures, although important, are subject to large variations and can be highly subjective, making them less meaningful than more objective outcome measures.

Businesses locate in particular areas for various reasons. Some, for instance, remain in high-cost cities, even when lower-cost locations are available. The output measures used for this index include the benefits of situating in expensive locations. Theoretically, a prospering region will raise wages and rents as its businesses tap into more human capital and available space. Nevertheless, holding all other factors constant (such as the productivity associated with being in one location versus another), a company will choose to locate where business costs are lower and employees enjoy higher standards of living.



National Economic Conditions

The U.S. economy expanded at a healthy clip in 2006, especially when measured by job creation. Net job creation totaled 2.48 million (1.9 percent growth), up from 2.27 million in 2005. Even better, a larger proportion of the newly created jobs in 2006 were in higher-paying industries and occupations, helping accelerate personal income growth to 6.4 percent, up from 5.2 percent the previous year. Information technology hardware and software demand recovered, prompting hiring in those sectors. Exports rose faster than imports for the first time in nearly a decade, attributable to strong growth in the world economy and a falling dollar. New office and hotel construction was strong. Overall in 2006, real (inflation-adjusted) GDP growth totaled 4.0 percent.

Serious headwinds arose in 2006 that turned into hurricane-force gales in 2007—namely, the correction in the housing market, which had been underpinning growth. Residential construction fell 4.2 percent in 2006, after increasing an average of 9.0 percent over the previous three years; it is poised to decline more than 20.0 percent in 2007. More ominous is recent evidence that foreclosures in the subprime market are spreading to more credit-worthy borrowers, suggesting that the housing market might not bottom out until late 2008 or early 2009.

The jump in energy prices in 2006 lowered consumer purchasing power as less income could be devoted to discretionary items. Light vehicle sales fell in 2006, and domestic manufacturers lost market share, prompting a retrenchment in auto production and severe dislocations in automotive-dependent regions, such as the Midwest. Just one Midwestern metro made it into the top fifty among the largest metropolitan economies (Springfield, Missouri, at 47th). Higher interest rates in 2006 restrained growth in expenditures on consumer durables and worsened the housing market.

Despite these obstacles, 2006 was a solid year. Expansion in the high-tech markets aided the recovery in such former high-flying, tech-dependent metros as the San Francisco Bay Area. Businesses continued to expand purchases of productivity-enhancing IT and communications equipment. Business investment in communications equipment grew 11.7 percent in 2006, while computers and peripherals jumped 16.5 percent. Foreign firms, too, were stocking up on U.S.-produced capital goods, and exports of computers, peripherals, and especially aircraft, surged.

GDP growth slowed significantly in the first quarter of 2007 but recovered to 3.3 percent in second quarter. Financial markets are focusing more on risk avoidance than at any other time since the recovery began in 2002. Export growth, however, remains robust, and businesses seem confident enough to continue investing in new equipment. The collapse in the subprime mortgage market is expected to exacerbate the housing market downturn in the second half of 2007 and early 2008. All these macroeconomic factors will play a significant role in determining next year's best-performing cities.



Biggest Gainers

The biggest gainers on the *2007 Best-Performing Cities Index* are metros that share a number of strengths, including recovery in the tech sector, particularly among areas that suffered tremendous losses in the aftermath of the dot-com era. Several metros have also benefited from rising energy prices and, as a result, have expanded refinery capacity and oil and gas exploration. Relocation of residents from Gulf Coast cities ravaged by Hurricane Katrina has boosted population and demand for consumer-driven industries in nearby metros. Finally, a weaker dollar has helped to facilitate increased economic activity in port cities.

The most notable increase in the rankings is claimed by **Lafayette, Louisiana**, which rose 119 spots, from, 143rd to 24th, due to a post-Hurricane Katrina population influx. Other New Orleans-area residents relocated to **Baton Rouge, Louisiana**, triggering its climb from 132nd place to 67th in the rankings. Lafayette's diverse industry mix has provided new residents and displaced companies a host of opportunities. In addition, as domestic oil supply tightens, expansion of the metro's energy sector will be aided by increased oil exploration along the Gulf Coast.

Biggest Gainers

Change in Rankings

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank	Spots Climbed
Lafayette, LA	24	143	+119
Peoria, IL	68	168	+100
Mobile, AL	88	186	+98
Houston-Sugar Land-Baytown, TX	32	129	+97
Corpus Christi, TX	65	158	+93
Beaumont-Port Arthur, TX	85	167	+82
Tulsa, OK	98	180	+82
San Jose-Sunnyvale-Santa Clara, CA	107	185	+78
San Francisco-San Mateo-Redwood City, CA*	97	173	+76
Wichita, KS	114	189	+75
Salt Lake City, UT	18	87	+69
Dallas-Plano-Irving, TX*	59	125	+66
Baton Rouge, LA	67	132	+65
Columbia, SC	69	134	+65
Rockford, IL	132	190	+58
Wilmington, NC	2	59	+57
Portland-Vancouver-Beaverton, OR-WA	38	95	+57
Greenville-Mauldin-Easley, SC	121	178	+57
Asheville, NC	117	171	+54
Birmingham-Hoover, AL	101	153	+52

Source: Milken Institute

*Indicates Metropolitan Division

Other metros benefiting from the energy boom are primarily in Texas: namely **Houston-Sugar Land-Baytown** (from 129th to 32nd), **Corpus Christi** (from 158th to 65th), and **Beaumont-Port Arthur** (from 167th to 85th). Houston-Sugar Land-Baytown has experienced tremendous post-Katrina population growth. Industries that support the energy sector, such as fabricated metal



and related machinery manufacturing, have also been positively affected. Both Corpus Christi and Beaumont-Port Arthur have experienced refinery expansion.

Increased venture capital investment has helped to revitalize growth among high-tech industries in the San Francisco Bay Area, including Silicon Valley. The **San Jose-Sunnyvale-Santa Clara** (up from 185th to 107th) and the **San Francisco-San Mateo-Redwood City** (up from 173rd to 97th) metropolitan areas enjoyed sharp spikes in their rankings. High-value-added industries, such as biotech, semiconductors, communication equipment, and other defense-related product manufacturing, have contributed to employment growth and attracted top-caliber talent to high-paying jobs. As a result, growth has spilled over into many support industries within the financial, professional, and R&D services.

Other metros benefiting from the tech recovery include **Salt Lake City, Utah**; (moving up to 18th from 87th) and **Dallas-Plano-Irving, Texas**, (climbing from 125th to 59th). As orders for defense-related aircraft increased, metros with high employment concentrations in aerospace and parts-related manufacturing witnessed significant growth in their employment bases. Specifically, **Wichita, Kansas**, a large employer of Boeing, Cessna and Raytheon, improved seventy-five spots, from 189th to 114th. Increased demand for turbine engine components in **Asheville, North Carolina**, contributed to economic growth in the metro as it moved from 171st to 117th.

Increased port activity was also a driver of economic growth. In **Wilmington, North Carolina**, port-related activity contributed to growth in other sectors, such as business services and construction. The metro ranked 2nd on the 2007 index, having improved from 59th in 2005. Investments in port infrastructure have led to improvements in cargo capacity, creating more opportunities for trade linkages and port-related business. Similarly, increased port activity has positively influenced the economy of **Mobile, Alabama**, which climbed from 186th to 88th in the rankings.

Other big gainers include **Peoria, Illinois**, and **Tulsa, Oklahoma**. In the case of Peoria, whose ranking rose from 168th to 68th, industrial machinery manufacturing has been given a huge lift, thanks to Caterpillar Inc., generating valuable indirect impacts.⁴ Tulsa, which rose from 180th to 98th, has experienced more broad-based economic growth and been affected less by the weakened housing market.



Biggest Losers

Metros experiencing a significant drop in rankings in 2007 share weaknesses, most of which are tied closely to the slumping housing market. Rising delinquency rates across the nation have generated a ripple effect in many local economies, cutting into construction payrolls and curtailing population growth. This phenomenon is nowhere more apparent than in the former top-ranking metro of **Palm Bay-Melbourne-Titusville, Florida**, which fell to 48th in the new index.

Job growth has slowed considerably across most sectors over the past year, adding to an already softened housing market. Although a slowing housing market is to blame for most of the largest declines, its negative impacts have been more costly in such metros as **Stockton** (from 31st in 2005 to 113rd in 2007) and **Modesto, California** (from 47th to 115th); and **Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin** (from 83rd to 151st). Modesto's mortgage delinquency rate is among the worst in the nation, while slower population growth in Stockton has adversely affected consumer-driven industries. Limited economic diversity and low educational attainment levels have also contributed to their sluggish performance.

The biggest drops in rankings were exhibited in **Portland-South Portland-Biddeford, Maine**, (down by 115 spots, from 42nd to 157th) and **Albany-Schenectady-Troy, New York** (down by 100 spots, from 66th to 166th). While the base realignment and closure of the Naval Air Station Brunswick in Portland-South Portland-Biddeford is not set for completion until 2011, the impacts are already becoming evident. In Albany, a weak housing market and the lack of job growth have contributed to the drop in ranking. Jobs losses have occurred in most sectors of its economy, including manufacturing and financial services.

Biggest Losers

Change in Rankings

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank	Spots Down
Portland-South Portland-Biddeford, ME	157	42	-115
Albany-Schenectady-Troy, NY	166	66	-100
Stockton, CA	113	31	-82
Green Bay, WI	178	99	-79
Lincoln, NE	149	72	-77
Manchester-Nashua, NH	126	50	-76
Providence-New Bedford-Fall River, RI-MA	150	75	-75
Norwich-New London, CT	145	74	-71
Modesto, CA	115	47	-68
Minneapolis-St. Paul-Bloomington, MN-WI	151	83	-68
Nassau-Suffolk, NY*	139	76	-63
Syracuse, NY	174	113	-61
Bremerton-Silverdale, WA	78	18	-60
Madison, WI	95	35	-60
Lancaster, PA	161	102	-59
Lake County-Kenosha County, IL-WI*	143	86	-57
Santa Barbara-Santa Maria-Goleta, CA	70	16	-54
Jackson, MS	137	84	-53
Augusta-Richmond County, GA-SC	163	110	-53
Palm Bay-Melbourne-Titusville, FL	48	1	-47

Source: Milken Institute

*Indicates Metropolitan Division



Norwich-New London, Connecticut (from 74th to 145th) and **Nassau-Suffolk, New York**, (from 76th to 139th) have endured significant population losses due to out-migration for two consecutive years. High costs and geographic proximity to New York City have created more pressures on the Nassau-Suffolk economy. In **Santa Barbara-Santa Maria-Goleta, California**, which fell from 16th to 70th, low housing affordability has driven away many jobs in the service sector, leading to poor overall job growth in the region.

Metros dependent on traditional manufacturing industries—such as **Green Bay, Wisconsin**; **Syracuse, New York**; and **Lancaster, Pennsylvania**—have experienced weak economic performance. Job losses in their respective manufacturing sectors have contributed to their relative drops in rankings. High energy costs, coupled with a weakened manufacturing base, contributed to the slippage in rankings for **Providence-New Bedford-Fall River, Rhode Island-Massachusetts**. In **Lincoln, Nebraska**, workers at Goodyear Tire and Rubber continue to face challenges, as reflected in company strikes. Manufacturing-related losses in **Lake County-Kenosha, Illinois-Wisconsin**, were due partly to consolidations within the chemical and automobile industries.

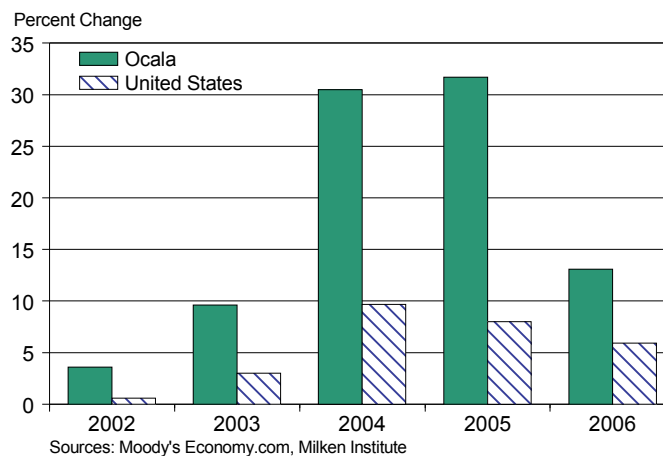
State budgetary issues hurt the economies of **Manchester-Nashua, New Hampshire**; **Bremerton-Silverdale, Washington**; and **Madison, Wisconsin**. Economic growth began to slow in **Jackson, Mississippi**, where the metro, at one time, had benefited from hurricane victims moving into the area.



Best-Performing Large Cities

Ocala, Florida, takes over the No. 1 ranking in the *2007 Best-Performing Cities Index*, moving up from 13th position in the previous index. It owes its lofty position to consistent, top-ten growth rankings across categories. Ocala scored 8th among the 200 largest metropolitan areas for job growth, both over the past five-year period and the previous one-year period, with job growth from 2004 through 2006 averaging 5.8 percent. Ocala shared in the Florida housing boom witnessed from 2002 through 2006. Its proximity to Disney World links its economic fate much closer with the travel-and-tourism sector. But unlike many other Florida metros, Ocala has greater dependence upon the manufacturing industry, where Lockheed Martin's circuit-board facility is a technology anchor.⁶ Coupled with Cingular Wireless' operations, Ocala ranks No. 2 in the country in high-tech output growth over the past five years.

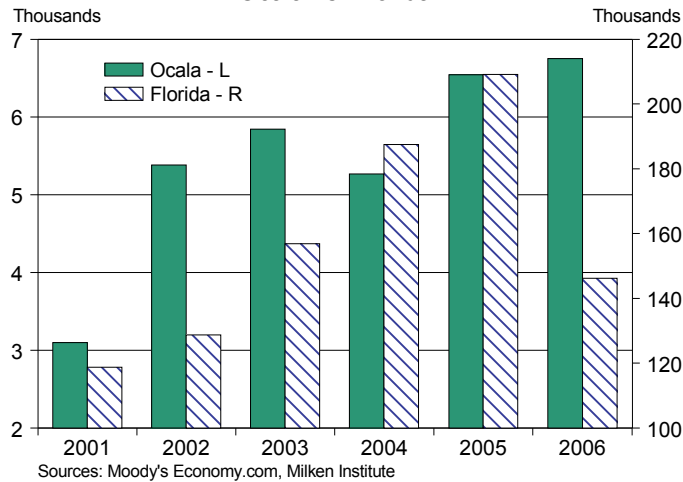
High-Tech Output
Ocala vs. United States



The robust housing and overall construction markets were major contributors to Ocala's superior performance over the past five years, although those stimuli have subsided. Due to its low-cost living, the area was among the national leaders for net in-migration relative to population. Housing permits in Ocala more than doubled between 2001 and 2006. Growth in construction employment over the same period averaged 16.4 percent per year. In 2006, construction employment as a share of total employment averaged 9.1 percent in Ocala versus 8.0 percent statewide and 5.6 percent for the nation. New home construction is moderating and prices might decline slightly over the next eighteen months, but a major correction doesn't seem likely, given continued growth in the number of households.



Residential Permits Ocala vs. Florida



Professional services and business services have expanded at a rapid pace. Data processing has been the main reason for the stellar performance in the latter category. Warehousing and storage is another source of growth. The Ocala metro area is increasingly tied to the fortunes of the Orlando tourism sector, with many residents commuting to its popular destinations. The housing correction will restrain growth over the next couple of years, but Ocala should remain in the upper tier of performers.

Wilmington, North Carolina, is a new entrant into the upper echelon of performers, jumping from 59th in the previous index to 2nd for 2007. Unlike most areas of the country this year, Wilmington's economy hasn't lost much momentum. Port-related activity is booming after capacity was added with a new, deeper channel. Renewed interest in nuclear energy has provided a commercial opportunity for GE Energy as it consolidates design operations in Wilmington. The area ranks 15th in job growth over the past five years.

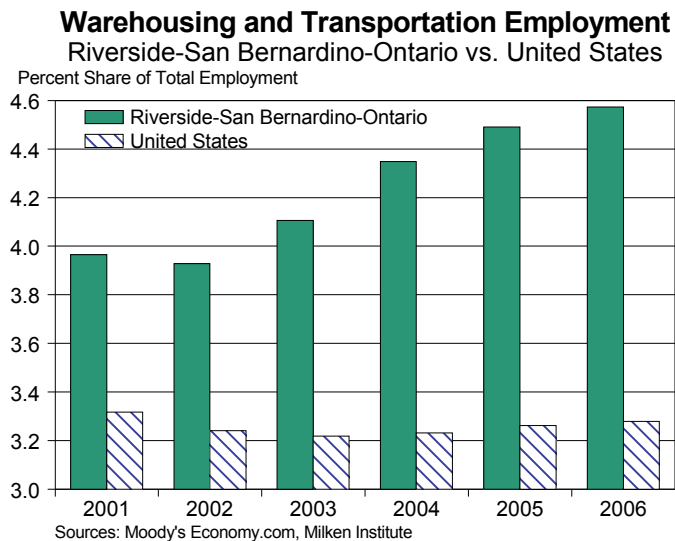
Leisure and Hospitality Employment Wilmington vs. United States, 2006





Wilmington has a regional-based tourism sector, drawing many Carolinians to its beaches and leisure activities. Employment in the leisure-and-hospitality services sector accounts for 14.0 percent of the local employment base versus 9.6 percent nationally. The metro's expansion has been broad-based, with professional and business services jobs expanding at a strong pace as well. Several factors support expanding international trade in Wilmington. First, the decline in the dollar has boosted export traffic through the port. Second, with increased imports from China and the rest of Asia, capacity constraints clog West Coast ports, prompting shippers to seek additional points of entry to U.S. markets. Wilmington has an opportunity to capture a significant share of expanding trade with Asia. Third, Verizon Wireless has been expanding operations, contributing to the robust 22.2 percent average annual increase in telecommunications employment over the past five years. Finally, high-paying engineering jobs created by GE Energy will help diversify the economy and make it more knowledge-intensive.

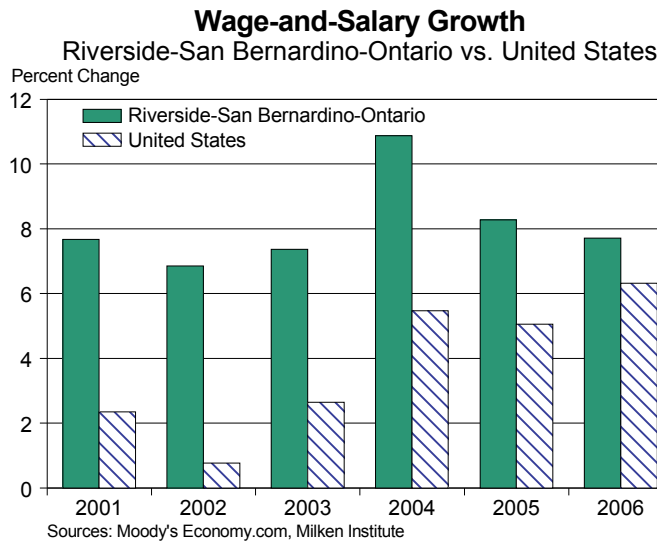
Riverside-San Bernardino-Ontario, California, remains among our top ten best-performing cities, positioned at 3rd this year, up from 10th in the previous index. Despite a recent slowdown in residential construction, employment and wage-and-salary growth have been some of the highest in the nation over the past five years. The metro's growing presence as a transportation and cargo hub has been linked to global markets, particularly in Asia. The transportation sector includes an international airport in Ontario, serving as a major freight hub for UPS and FedEx.



Warehousing and transportation have posted tremendous growth since 2001. Specifically, the warehousing-and-storage industry has created more than 5,800 jobs (an average annual increase of almost 14.0 percent between 2001 and 2006). The presence of high-tech companies has not only helped diversify the metro's industries but also has produced higher-paying jobs. The professional, scientific, and technical services industry has created more than 16,000 jobs over the past five years (an average annual gain of 11.7 percent between 2001 and 2006) and 5,800 in the past year (an



increase of 8.0 percent between 2005 and 2006). Wages and salaries in the past five years grew 26.0 percent faster than the national average, representing the fourth-highest ranking in the nation. The explosion in both commercial and residential development helped trigger thousands of construction jobs over the past few years, despite the current downward adjustment. Average annual employment growth exceeded 8.6 percent in construction of buildings, and specialty trade contractors industries both grew by 8.6 percent between 2001 and 2006.



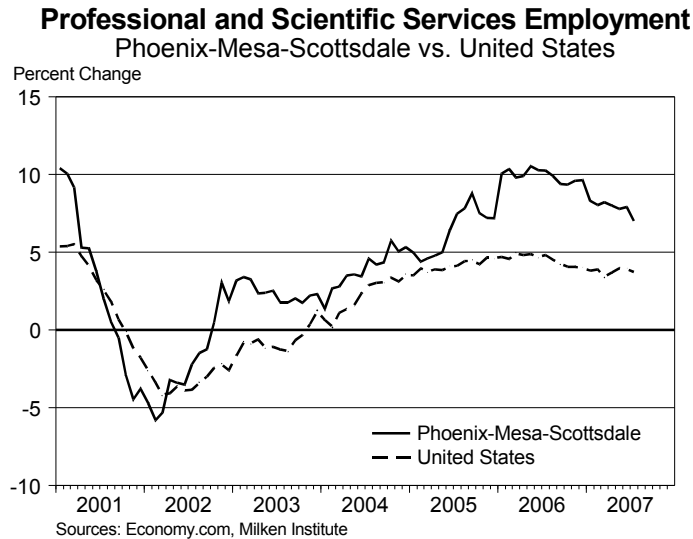
Over the years, housing prices in the Inland Empire, as the region is known, have attracted many people to the area, creating a “jobs-to-housing” imbalance. More recently, companies followed suit, relocating or expanding operations there, thus reducing the size of the imbalance. According to the U.S. Census, the number of businesses in Riverside County grew by 5.9 percent in 2005, the highest among the top fifty counties, in terms of employment.⁸

Robust population growth in the metro, particularly from neighboring Orange, Los Angeles, and San Diego counties, has created an opportunity to enhance the area’s infrastructure. Not only has demand increased for eating and drinking establishments and retail industries but also for schools, transportation, housing, and commercial space. Currently, the Riverside-San Bernardino-Ontario metro is home to twenty-seven colleges and universities. The metro’s tourism sector has been revitalized by a growing number of tribal casinos, leading to positive ripple effects within the local economy.

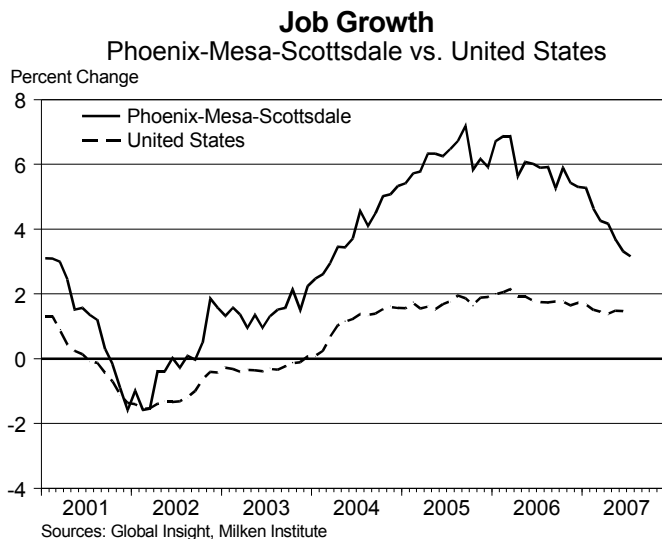
Phoenix-Mesa-Scottsdale, Arizona, moves up the overall rankings to 4th this year, from 15th in the previous index. Over the years, Phoenix has been a consistent top performer. Additionally, it holds the distinction of being No. 2 among the ten largest metropolitan areas nationwide. The Phoenix metro area had the third-highest job growth in the nation last year, at 6.0 percent, or more than four times the national average. Professional and business services accounted for 20.0 percent of all jobs created in the regional economy over the past two years. The housing boom, which largely fueled



growth in the area from 2003 through 2005, is deflating, but enough sectors are moving forward to suggest that the fallout will be contained.

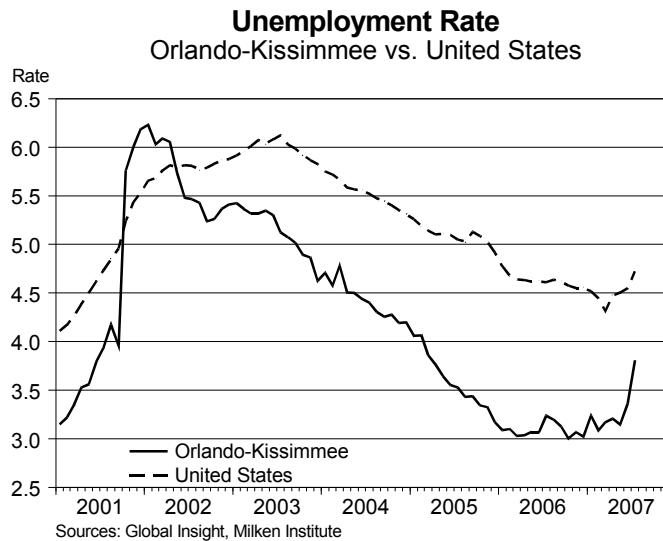


Some of the activity in professional and business services is attributable to the area's low cost of doing business; it attracts back-office operations from more expensive southern California. Educational services have been another key driver of growth. The University of Phoenix, operated privately by the Apollo Group, has witnessed rapid expansion. The educational services industry has recorded stellar employment growth of 10.6 percent on average over the past five years. Honeywell is a major employer, building many of its military-grade engines locally. Intel has three chip fabricating plants—one of them a \$3 billion state-of-the-art facility. The web site for American Express is based in Phoenix, and the company handles much of its financial transactions and customer service from the area.

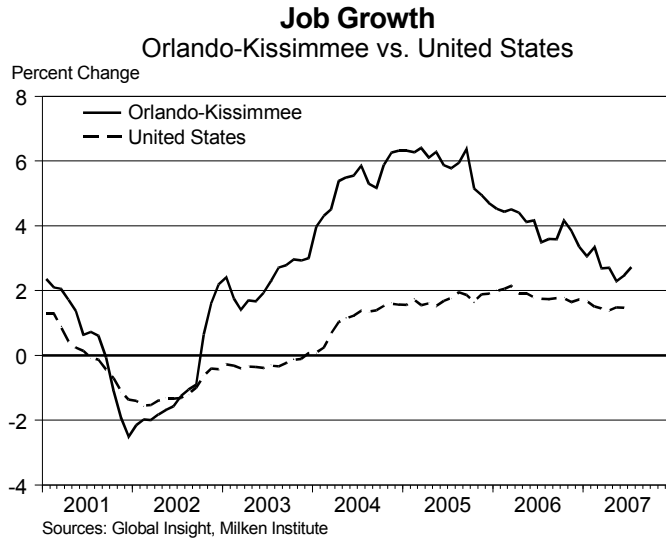




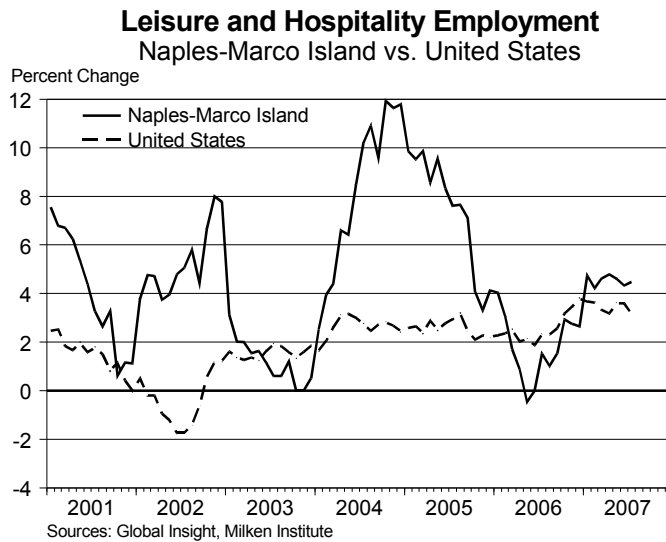
Orlando-Kissimmee, Florida, moves up one position, to 5th overall in the 2007 index. The economy's growth rate slowed somewhat over the past year, partially due to a low unemployment rate hovering around 3.0 percent. The labor-force participation rate has risen to accommodate some additional growth but seems stretched at this point. The travel and tourism industries still constitute the primary economic base (Disney World employs more than 57,000 people in the area), but Orlando is diversifying its economy. Employment in the amusement, gambling, and recreation industries is nearly five times more important to total employment in Orlando than it is for the nation.



Orlando is focusing economic development in the life sciences. Last year the University of Central Florida was awarded a new medical school, which will be a centerpiece for its expansion. Also last year, the Burnham Institute for Medical Research announced plans to develop a new research center in Orlando—the first outside of San Diego—bringing along high-paying research jobs. Orlando has a large concentration of modeling, simulation, and training businesses that provide services to a wide array of fields. Its roots were applications for the military. Adding to its diversity, high-tech firms, such as Lockheed Martin, Siemens, and VERITAS/Seagate, have major operations in the metro area. Unlike its neighbors in southeast Florida, it has a pro-business culture and few environmental constraints to growth. The housing slowdown will harm growth over the next few years, but Orlando's exposure will be limited.

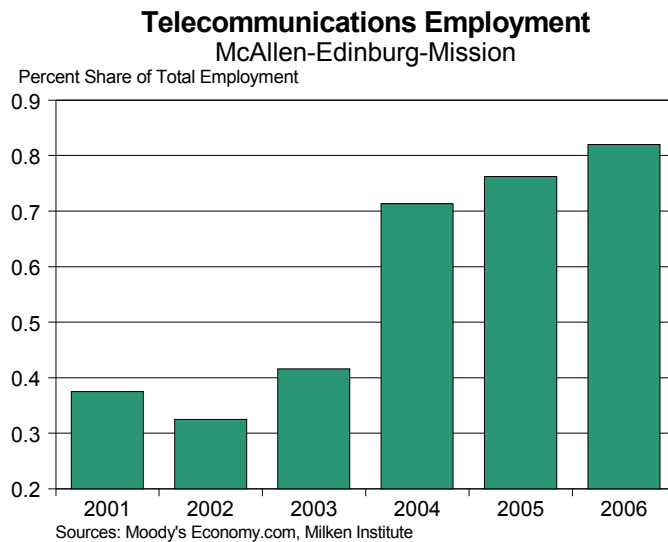


Naples-Marco Island, Florida, slipped three places, to 6th in the new index. Naples scored 2nd for both job and wage-and-salary growth over the past five years. Much of the growth was fueled by the booming housing market and the attendant increase in retail space. Specialty trade contractors made up the largest employment category among three-digit North American Industry Classification System codes in 2006. The housing and condo markets are cooling after some speculative excesses, but the travel-and-tourism sector seems poised to keep overall growth substantially above the national average. A sizable portion of the area’s retirees have above-average incomes. Nearly half of local personal income is derived from dividends, interest, and rent.⁹ Recent stock market gains and higher-interest income could limit the decline from housing.

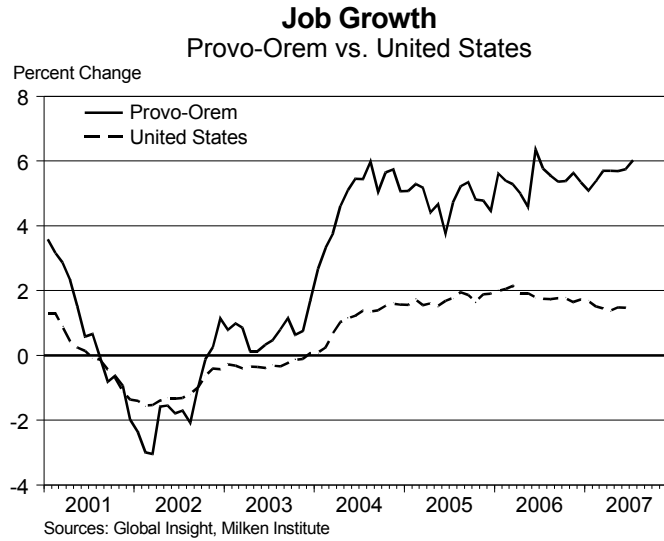




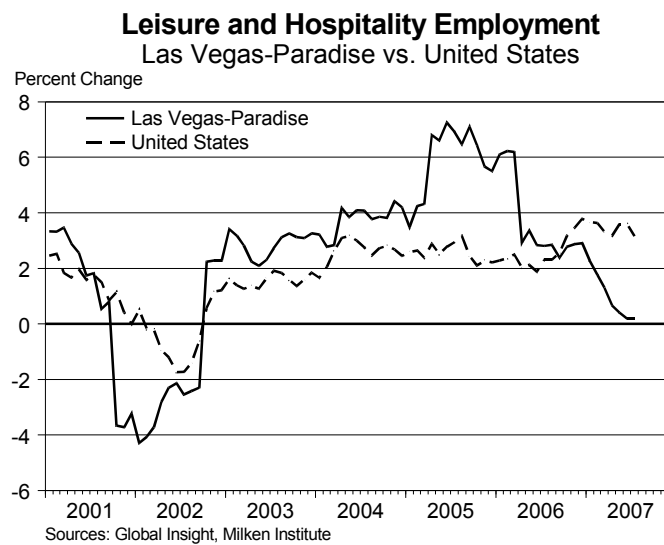
McAllen-Edinburg-Mission, Texas, slipped three slots, to 7th on this year's index. Recent job growth has dissipated after impressive gains over the past five years, but the metro nonetheless remains one of the best performers in the nation. Consistent employment increases have brought the area's historically high unemployment rate down to 6.6 percent, from 10.4 percent in 2002. Maquiladora production has faltered on the Mexican side of the border due to curtailed demand for auto components from the Big Three, their most important customers. This is halting gains in cross-border retail trade, as well as transportation and logistics. Financial services and construction remain strong. Telecommunications services have experienced 8.5 percent average annual job growth over the past five years. As part of an effort to diversify its economy and add higher-paying jobs, McAllen was awarded a grant by the North American Advanced Manufacturing Research and Education Initiative that supports the region's Workforce Innovation in Regional Economic Development efforts to develop a rapid-response manufacturing facility. McAllen could overtake El Paso as the largest Texas border metro over the next few years.¹⁰



Up from 23rd last year to 8th this year, **Provo-Orem, Utah**, represents the return of technology-dependent economies to the upper tier of the index. The IT hardware and software retrenchment in the beginning of the decade hit Provo-Orem hard. Chip producer Micron Technology is a major employer. Micron and Intel jointly are building a \$2 billion flash memory plant that will create about 2,000 jobs. Software technology is an important part of the local employment base, with Novell, Symantec, and Corel all enjoying sizable operations. Brigham Young University is the biggest source of employment and has expanded its student enrollment and research budget over the past few years. Job growth is currently five times greater than the national average, at 5.3 percent. All indications are that Provo will improve its ranking in 2008.

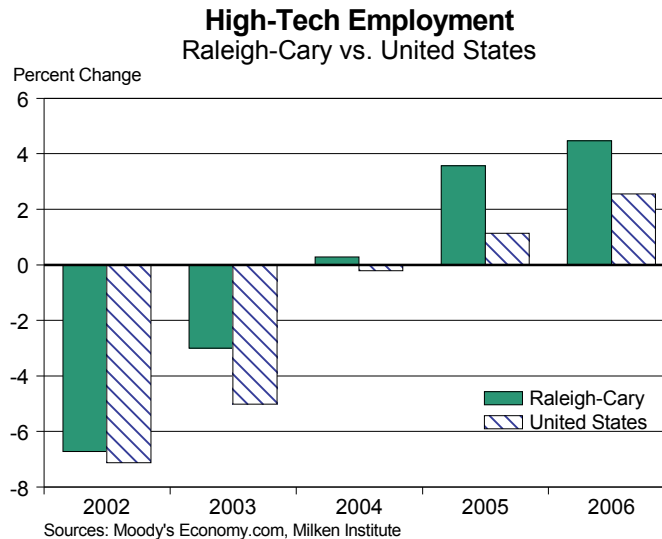


Las Vegas-Paradise, Nevada, remains anchored among the top twenty best-performing cities, at 9th place this year. Growth in gaming activity began to slow in the second half of 2006, and convention activity moderated as well. Nevertheless, job growth is still more than double the U.S. average. International tourism could provide a stimulus to weak domestic travel, especially as China’s rapidly growing middle class becomes a more important market. The collapse of condo construction is the biggest risk for the local economy; overbuilding threatens to elicit a correction. Problems in the subprime mortgage market, a big segment of the local housing market, present additional worries. Las Vegas will experience a pause in its economic growth but will work through it over the next year.

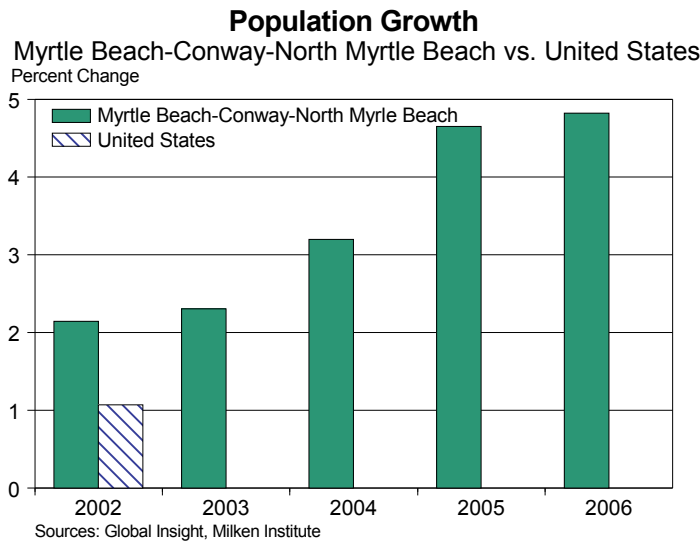




Raleigh-Cary, North Carolina, soared to 10th in overall rankings. It is the poster child for the recovery in technology- and science-based firms. Battered by the tech meltdown of 2001, Raleigh’s recovery began in 2005. Statistical software giant SAS Institute is a tech anchor for the region, but Lenovo and Red Hat are also major employers. The area has seen strong growth in biopharmaceuticals, helping to diversify its economy. With North Carolina State and the University of North Carolina, Chapel Hill, it has two outstanding research universities that disseminate knowledge and fuel technology startups. Licensing revenues of university intellectual property rose in 2006. The Raleigh metro area is 50 percent more dependent on high-tech industries than is the nation. Total job growth has accelerated every year since 2002, reaching 4.6 percent in 2006. Raleigh’s risks associated with the housing downturn are limited due to less froth in the local market over the past few years than in many other areas of the country.

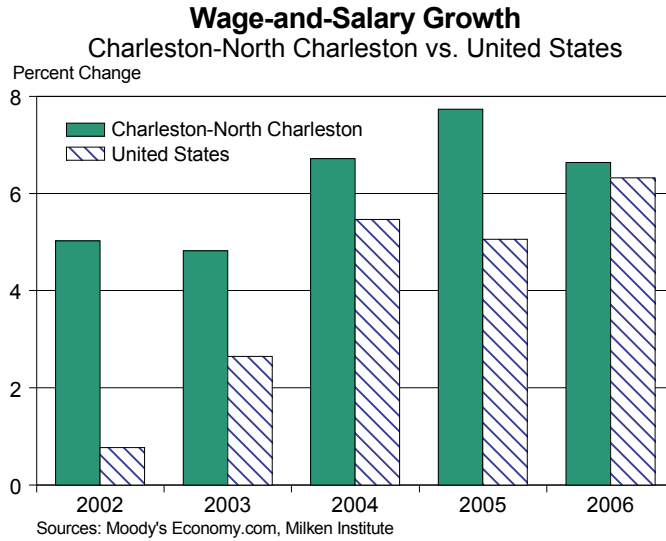


Myrtle Beach-Conway-North Myrtle Beach, South Carolina, ranked 11th on this year’s best-performing cities index. Thanks to its vibrant leisure-and-hospitality industry, the metro has emerged as one of top tourist destinations on the East Coast. High quality of life and resort-style living have attracted baby boomers and retirees from neighboring states. Population growth in recent years has triggered significant demand within the service sectors and for infrastructure construction.



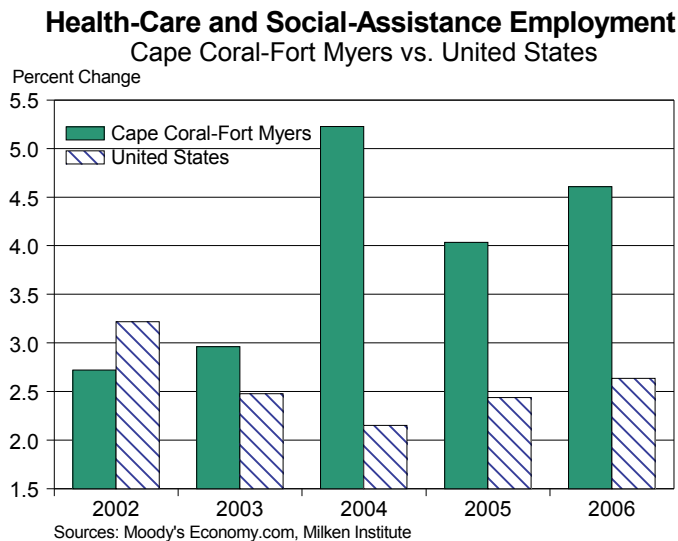
Between 2005 and 2006, Myrtle Beach's employment base grew 4.0 percent faster than the national average, making it second highest in the nation. In terms of job momentum, between March 2006 and 2007, the metro claimed the highest growth in the nation, at 6.8 percent. Employment in the accommodation sector is five times more concentrated in the metro than in the national average. There have been 2,400 jobs added in the sector since 2001, representing an average annual increase of 6.0 percent. Employment in food-and-beverage establishments added another 4,200 jobs, exhibiting an increase of 5.5 percent in the past five years. Upcoming projects in the metro area include a \$400 million, 54-acre amusement park (Hard Rock Park at Fantasy Harbor) and a new terminal at Myrtle Beach International Airport (143 acres of the former air force base), along with many new residential developments.¹³

The **Charleston-North Charleston, South Carolina**, metropolitan area moves up ten places to 12th, having posted solid employment and high-tech GDP growth in the past year. Its low cost of living provides more opportunities for retirees outside the area, while its diverse industry base attracts skilled workers. The metro's employment base grew 7.1 percent more rapidly than the national average during the past five years. Wages and salaries also grew faster than the national average (by 13.7 percent) over the last five years. Driven by data processing and telecom services, Charleston is creating jobs at a rapid pace, having grown its employment base by 3.6 percent in the past twelve months. Key recent developments include the opening of a new DaimlerChrysler van plant and an American LaFrance assembly plant.¹⁴



Cape Coral-Fort Myers, Florida, consistently one of the index's best-performing cities over the past few years, fell from 2nd to 13th in rankings. Despite the drag created by the slowing construction industry, the metro ranked highest in terms of overall job and wage growth during the past five years. Its geographic proximity to the Gulf of Mexico and its many incentives for retirees have helped boost travel and accommodation services. Southwest Florida International Airport has played a key role in terms of bringing more business activity into the region.¹⁵

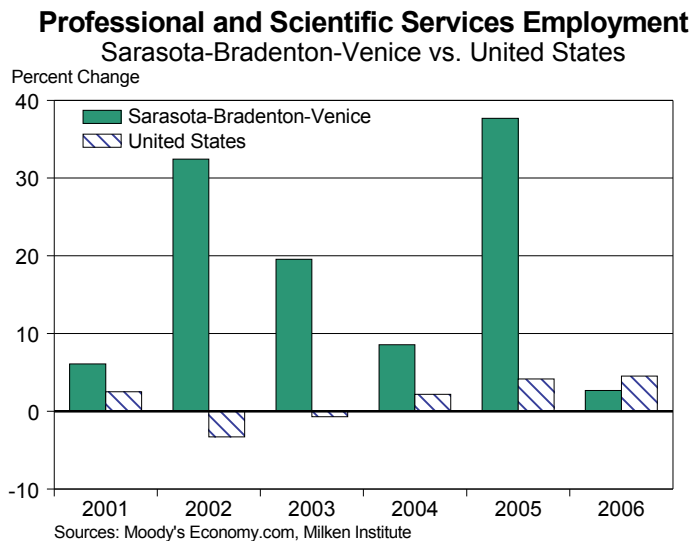
Access to health-care services continued to increase. Between 2001 and 2006, the ambulatory health-care services and social assistance sectors added 2,300 and 900 jobs, respectively. Growth in financial services continued to thrive, with more businesses setting up shop in the metro area.





The **Sarasota-Bradenton-Venice, Florida**, metropolitan area moved up ten spots on the index, from 24th to 14th. Softening of the housing and condos markets has been mitigated by healthy gains in job growth and continued influx of retirees. Development along the I-75 corridor has helped fuel the growth of high-tech companies. Its proximity to Tampa Bay's life sciences industry has been positive.

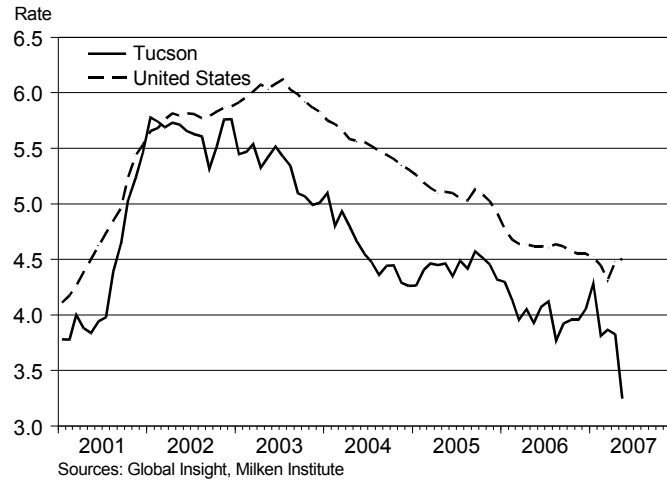
The metro's employment base grew 20.0 percent above the national average, the sixth highest among all metros during the past five years. Perhaps more notable is that it ranked 9th in relative high-tech GDP growth that was driven by professional, scientific, and technical services, which grew by an average annual 19.4 percent from 2001 to 2006 and created approximately 9,400 jobs. During that period, 19,100 jobs were created in administrative and support services, an average annual increase of 9.8 percent.



Tucson, Arizona, edged down one slot, to 15th in this year's ranking. Rising appropriations for missile defense technology have benefited Raytheon, which employs more than 10,000 people in the region. Tucson witnessed job growth of 3.6 percent in 2006, an increase of 1.0 percentage point from the previous year. High-tech manufacturing operations, including IBM, provide high-paying jobs for Tucson's economy. As in other housing markets, a correction is under way, but continued growth in professional, health-care, and leisure services should mitigate the negative impacts. An unemployment rate hovering around 4.0 percent should continue to attract migrants from southern California and other major metro areas in the West. The University of Arizona is attracting additional research funding and focusing on commercializing the intellectual property it creates.

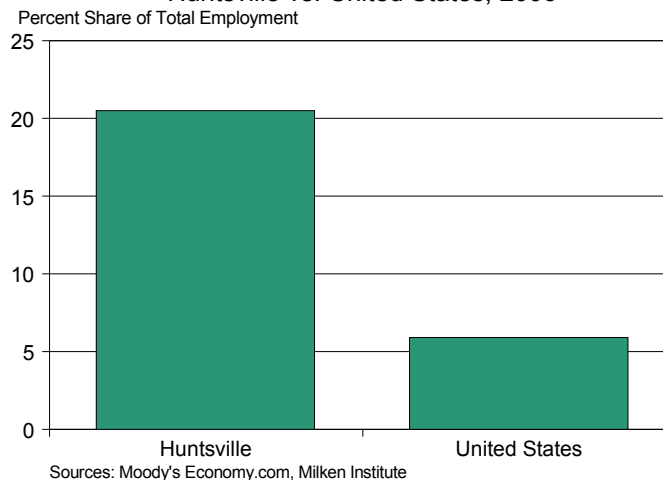


Unemployment Rate Tucson vs. United States



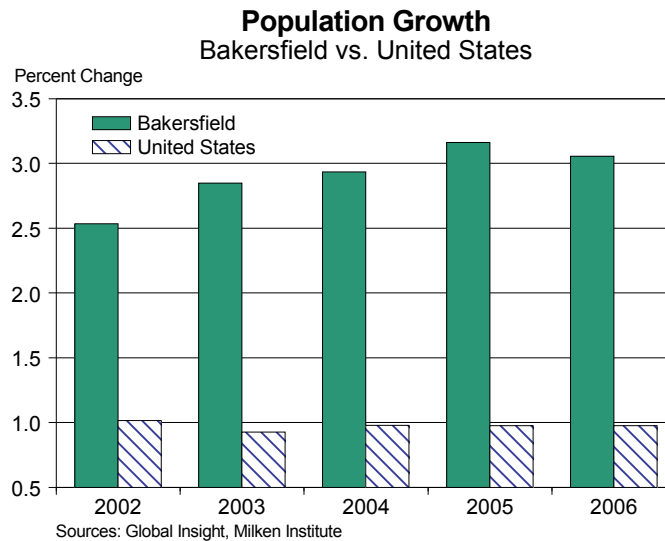
Huntsville, Alabama, jumps twelve places this year, to 16th overall. It has twice the dependence on high-tech industries as does the U.S economy overall. NASA’s Marshall Space Flight Center has been a magnet for big aerospace firms and related high-tech, service-support companies. Verizon Wireless is pledging to create 1,300 jobs at a new call center.¹⁸ The latest round of the military’s Base Relocation and Consolidation (BRAC) should stimulate the region’s economy as the area gains jobs due to consolidation from other bases. Huntsville has one of the tightest labor markets in the country, with unemployment edging below 3.0 percent. The large presence of high-tech firms pushes its per capita income \$3,500 above the state average. While Huntsville doesn’t create jobs at a Las Vegas pace, personal income in the metro rose an estimated 9.0 percent in 2006, reflecting the high quality of the jobs created.

High-Tech Employment Huntsville vs. United States, 2006

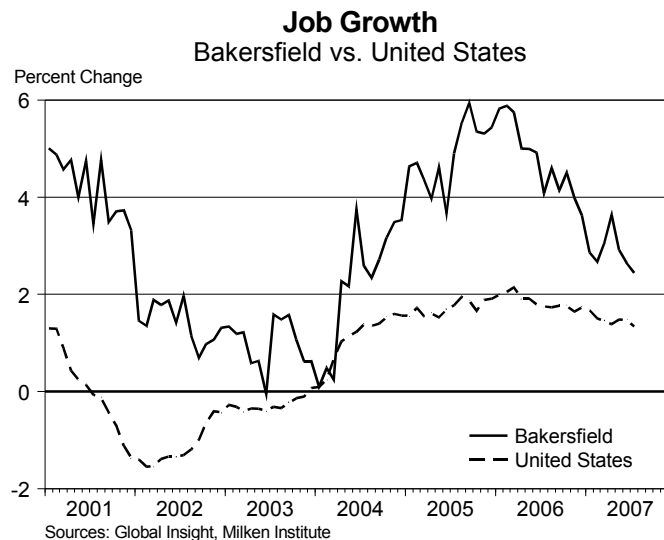




The **Bakersfield, California**, metro area improved from 30th to 17th on this year's index. Its low cost of living continues to attract southern California residents to the region. Situated within the San Joaquin Valley, California's agriculture powerhouse, Bakersfield is second only to the Inland Empire in terms of growth within the state. Its rapid population growth (Kern County recorded the third-fastest growth in 2006 in the state) generates the potential for a Riverside-like boom in the next few decades.¹⁹ Home to Edwards Air Force Base, defense spending contributions have created positive impacts on the local economy.



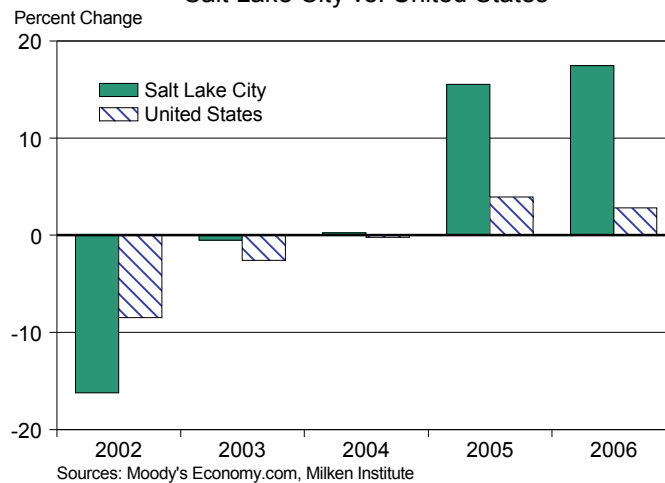
Construction employment boosted the metro's overall employment base, allowing it to grow 11.4 percent faster than the national average between 2001 and 2006. With construction slowing recently, other consumer-driven industries have been able to drive the local economy. Abundant transportation access has also allowed the warehousing-and-storage sector to play a key role in Bakersfield's economy, contributing 890 jobs in the past five years.



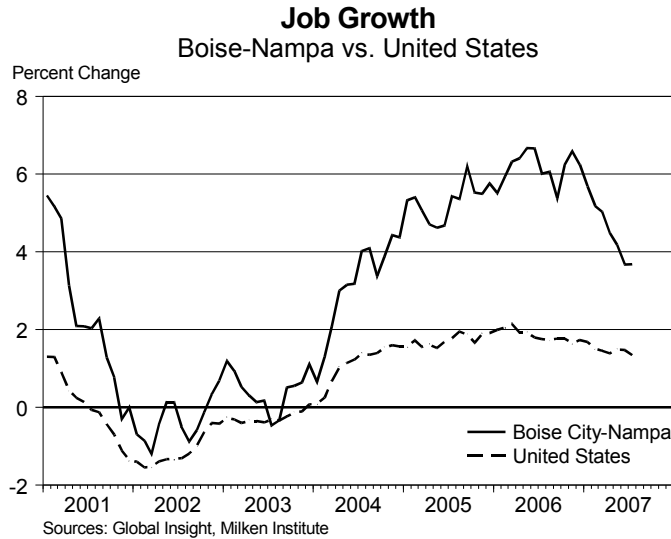


Salt Lake City, Utah, was among the largest gainers in the country, moving from 87th last year to 18th this year. Recovery in the area’s important high-tech sectors is responsible for its improving fortunes. After losing nearly 20.0 percent of high-tech employment in the early 2000s, it has recovered almost half of those jobs. Computer systems design and related services is one of Salt Lake City’s most important export sectors. Convergys, a human resources and consulting enterprise, is an important commercial anchor, employing 8,000 people.²⁰ The life sciences are a key employer as well. The University of Utah provides a stable supply of trained human capital. One of the biggest risks for the outlook of Salt Lake City is its exceptionally low unemployment rate of 2.5 percent. While the area certainly has had exposure to the decline in new home construction, it didn’t experience the excesses of many other markets in the West.

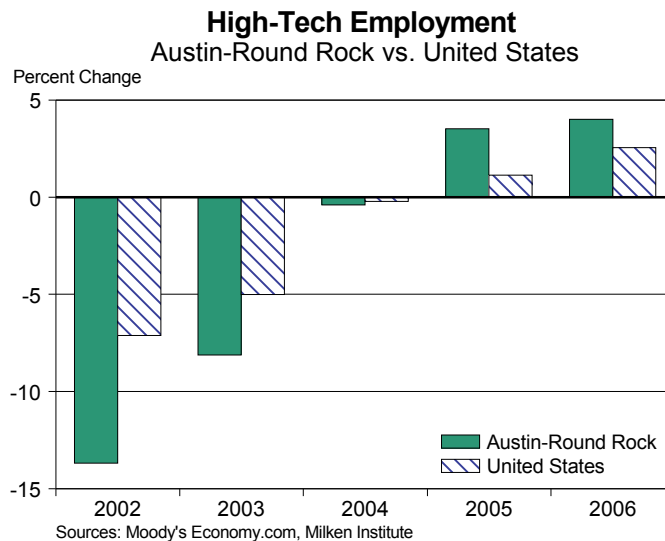
Computer Systems Design and Related Services
Salt Lake City vs. United States



Boise-Nampa, Idaho, is another rising tech-centric economy, jumping thirteen slots to 19th in the latest index. The Boise metro area led the nation in job growth in 2006, expanding payroll by 6.2 percent. It is well poised to move further up the rankings next year. New home construction declines will curtail growth, but the large tech employers, such as Micron Technology and Hewlett-Packard, and startup firms promise to keep Boise a job-creating machine. Financial services, such as Citigroup and US Bank, are important contributors to the local economy. Attracting new migrants will be important, as unemployment is around 2.5 percent. With HP’s printer business booming and other major sectors firing on all cylinders, the future looks bright.²¹

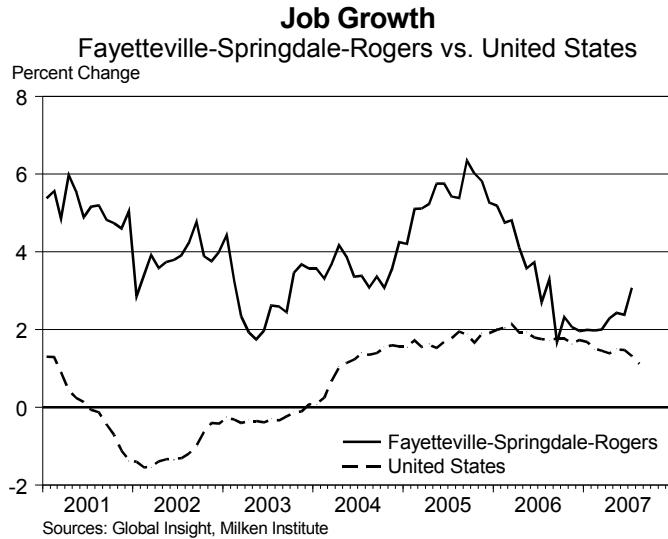


Austin-Round Rock, Texas, another rising tech center, rose thirty-six positions, to 20th place in 2007. Nowhere was the implosion in IT hardware investment from 2001 through 2003 felt more poignantly than in Austin. But that pain is a distant memory now, with Samsung, Intel, and AMD all making new investments in the area.²² Dell has lost market share to HP but is planning to expand. The pickup in IT and other high-tech sectors is propelling job growth in business services sectors, such as accounting and engineering. High-tech startups seem to be very strong; venture capital placements rose 50.0 percent in 2006. The Texas budget situation has improved, and the state is hiring again. The University of Texas at Austin is an important catalyst. Low housing prices for a tech center, coupled with below-average business costs and a high quality of life, make Austin an attractive location.

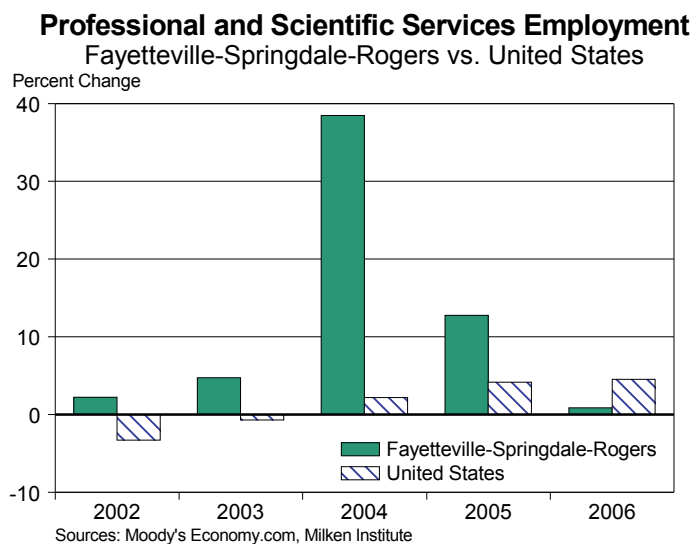




The **Fayetteville-Springdale-Rogers, Arkansas-Missouri**, metropolitan area ranks 21st on this year's index; it placed first in 2003. The slowdown can be attributed to Wal-Mart and Tyson Foods, which are not expanding at the pace they once achieved. Expansion on a more global level, however, could renew growth in the near future. Overall, the metro has enjoyed broad-based economic growth, outpacing the national average in most categories. By creating ties across industry, the metro has been able to leverage research stemming from the University of Arkansas.²³



Fayetteville's large concentration of employment in food manufacturing, management of companies, and truck transportation is no surprise. Not only is the metro continuing to experience growth in the transportation sector (truck transportation added more than 3,000 jobs between 2001 and 2006), but it is creating opportunities for high-skilled labor. Professional, scientific, and technical services grew by an average annual rate of 11.0 percent during the same time period, creating nearly 3,400 jobs.

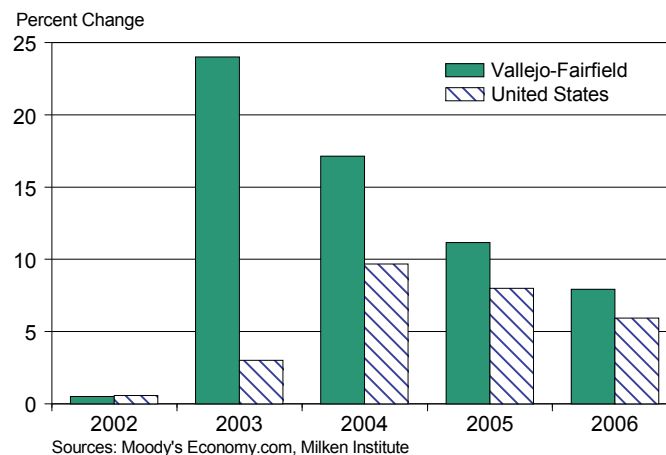




Vallejo-Fairfield, California, ranked 22nd on this year's index, improving nineteen slots from the previous ranking. The northern California metro has benefited from its proximity to the San Francisco Bay Area, offering relatively more affordable costs of living. In addition, the metro is an alternative for Bay Area businesses seeking less expensive commercial real estate costs. With Coca-Cola and The Pepsi Bottling Group among the top employers in region, employment within Vallejo-Fairfield's beverage manufacturing sector is nearly three times more concentrated than the national average.

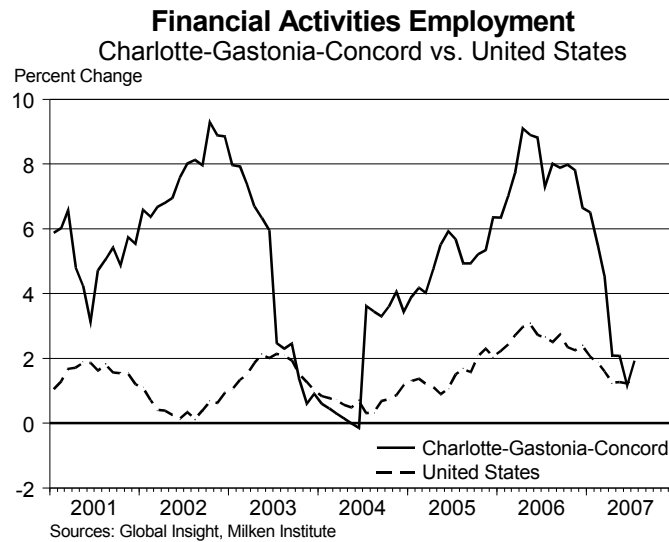
Non-farm employment grew nearly 8.0 percent faster in the metro relative to the national average, while the area's high-tech GDP rose 35.0 percent above the national average in the past five years. Wholesale electronic markets and non-store retailers have added 1,000 jobs over the past five years. Employment in the hospitals industry rose by an annual average rate of 13.4 percent (or almost 2,900 employees).

High-Tech Output
Vallejo-Fairfield vs. United States

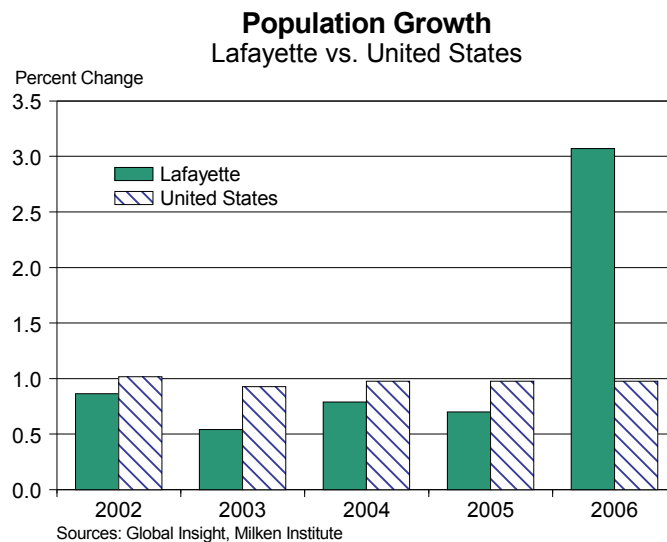


Charlotte-Gastonia-Concord, North Carolina-South Carolina, has blossomed into a vibrant metropolitan area. Moving up forty-six places in the rankings, the metro placed 23rd on this year's index. Affordable living costs, a growing and diverse economy, and vast job opportunities have helped to accelerate growth in the metro.²⁴ Wachovia and Bank of America, headquartered in Charlotte, have helped to drive the astonishing growth in the financial services industry.

The metro's employment base grew 3.0 percentage points faster than the national average over the past five years, while wages and salaries increased by 4.5 percentage points more than the national rate during the same time period. Securities, commodity contracts, and other financial investments and related activities grew by an annual average of 66.0 percent between 2001 and 2006, adding more than 8,300 financial-related jobs. Credit intermediation and related activities were responsible for tallying another 7,700 jobs (an average annual increase of 4.5 percent).



The most significant improvement among the top largest metros was claimed by **Lafayette, Louisiana**, much to the credit of its suffering neighbor, New Orleans. Lafayette moved up 119 spots, to 24th place on the 2007 index, having experienced a significant influx of population post-Katrina and attracting former residents and business owners who fled the Big Easy. As a result, consumer-driven industries are benefiting enormously and generating increased economic activity.

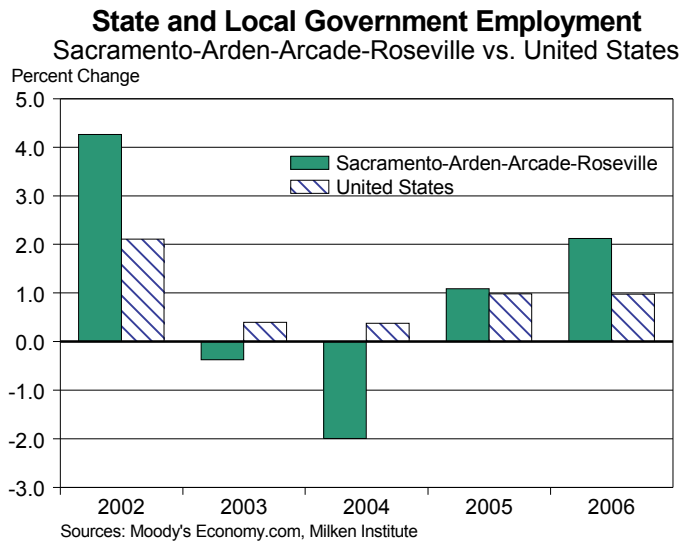


Between 2005 and 2006, the metro's employment grew 2.8 percent faster than the national average—tenth highest in the nation—while wages and salary grew 3.7 percent above the national average during the same period. Management of companies and enterprises added more than 580



jobs (an average annual increase of 10.5 percent) between 2005 and 2006, a sign that businesses are relocating to the area. Fabricated metal product and machinery manufacturing generated another 570 jobs during that time, perhaps an indication of the metro's efforts to revitalize and promote high-tech activity in the region. Lafayette's latest developments include a \$27 million, state-of-the-art research complex, consisting of advanced 3-D immersive visualization and supercomputing facilities.

Sacramento-Arden-Arcade-Roseville, California, moved up to 25th place on this year's rankings. The metro has been able to attract San Francisco Bay Area residents with lower housing costs and robust job creation. The decline in construction will likely be offset by a growing number of jobs in state and local government, and health care. The presence of the University of California, Davis, not only stimulates research in the life sciences but also attracts high-tech companies. Hewlett-Packard and Intel respectively employ more than 9,500 and 6,500 people in the region.



Between 2001 and 2006, non-farm employment in the metro rose 6.4 percent faster than the national average, while wages and salaries grew 11.7 percentage points faster than the national average. Top-performing sectors included but were not limited to hospitals, general merchandise stores, and credit intermediation and related activities.

**Best-Performing Cities: Top 25**

Rank According to 2007 Index

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank
Ocala, FL	1	13
Wilmington, NC	2	59
Riverside-San Bernardino-Ontario, CA	3	10
Phoenix-Mesa-Scottsdale, AZ	4	15
Orlando-Kissimmee, FL	5	6
Naples-Marco Island, FL	6	3
McAllen-Edinburg-Mission, TX	7	4
Provo-Orem, UT	8	23
Las Vegas-Paradise, NV	9	11
Raleigh-Cary, NC	10	45
Myrtle Beach-Conway-North Myrtle Beach, SC	11	35
Charleston-North Charleston, SC	12	22
Cape Coral-Fort Myers, FL	13	2
Sarasota-Bradenton-Venice, FL	14	24
Tucson, AZ	15	14
Huntsville, AL	16	28
Bakersfield, CA	17	30
Salt Lake City, UT	18	87
Boise City-Nampa, ID	19	32
Austin-Round Rock, TX	20	58
Fayetteville-Springdale-Rogers, AR-MO	21	8
Vallejo-Fairfield, CA	22	41
Charlotte-Gastonia-Concord, NC-SC	23	69
Lafayette, LA	24	143
Sacramento-Arden-Arcade-Roseville, CA	25	34

Source: Milken Institute



America's Ten Largest Cities: Performance

As the table below shows, among America's ten largest cities, the **Riverside-San Bernardino-Ontario, California**, metropolitan area has the top-performing economy. **Phoenix-Mesa-Scottsdale, Arizona**, ranks a close second. The economic activities of these metros were addressed previously because they also place among our top twenty best-performing cities. Below are profiles of the eight remaining top ten metros.

Best Performance Among Top 10 Largest Cities

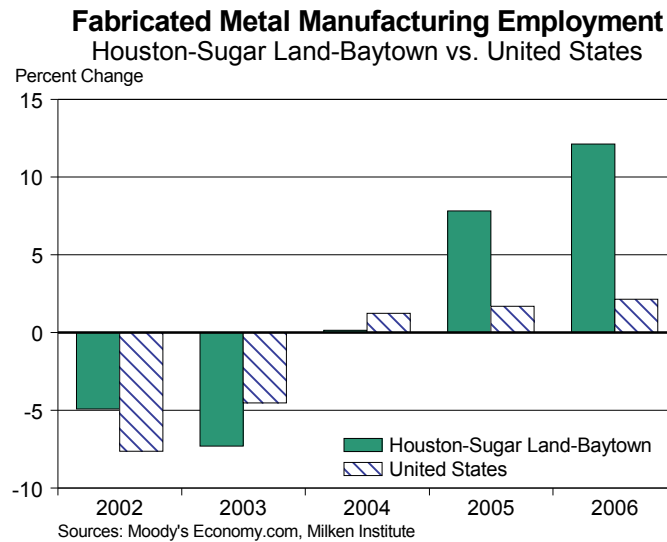
Rank According to 2007 Index

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank
Riverside-San Bernardino-Ontario, CA	3	10
Phoenix-Mesa-Scottsdale, AZ	4	15
Houston-Sugar Land-Baytown, TX	32	129
Washington-Arlington-Alexandria, DC-VA-MD-WV*	37	7
Dallas-Plano-Irving, TX*	59	125
Atlanta-Sandy Springs-Marietta, GA	86	118
Los Angeles-Long Beach-Glendale, CA*	109	124
Philadelphia, PA*	142	128
New York-White Plains-Wayne, NY-NJ*	148	161
Chicago-Naperville-Joliet, IL*	152	183

Source: Milken Institute

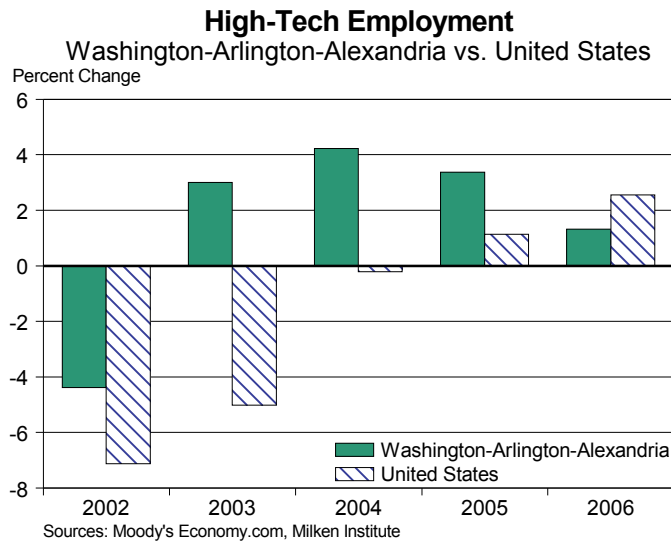
*Indicates Metropolitan Division

Houston-Sugar Land-Baytown, Texas, moves up to 3rd place among the ten largest metropolitan economies, a jump from 8th last year. Even more impressive, Houston leaped ninety-seven spots among the 200 largest metros, to 32nd overall in 2007. The resurgence in oil and gas markets has increased demand for its world-class energy exploration firms. A surge in international demand for oil exploration equipment is propelling fabricated metals and machinery, and the attendant engineering services. Houston's economic expansion accelerated in 2006 as jobs rose by 4.1 percent. The quality of the jobs generated in the energy exploration sector is manifest in the 9.0 percent gain in personal income in 2006. Some of the growth is attributable to payouts to Katrina victims. International trade is booming through its port, and related logistic support functions are the beneficiaries. The first phase of the new Bayport Container Terminal will increase container processing capacity significantly.²⁷ Houston has a low cost of living, favorable business costs, and a pro-business culture that aids economic development. Strong job growth, coupled with only a modest increase in new home construction over the past few years, will mitigate potential fallout from the housing retrenchment. Houston has an important medical research and delivery presence with MD Anderson Cancer Center, Baylor College of Medicine, and several prominent hospital groups.

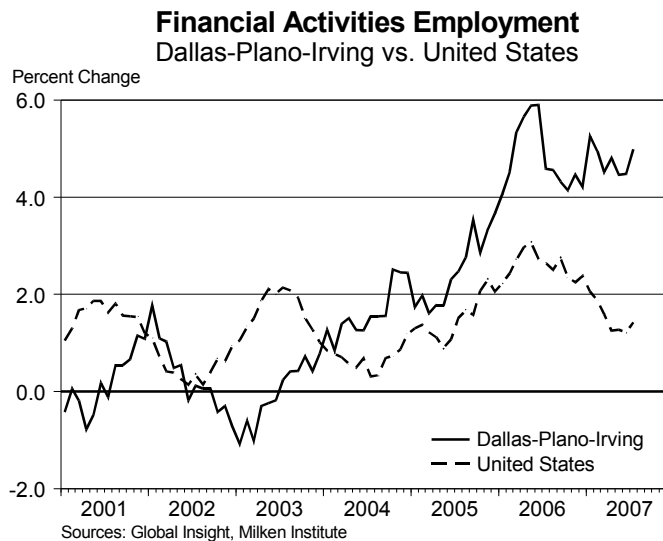


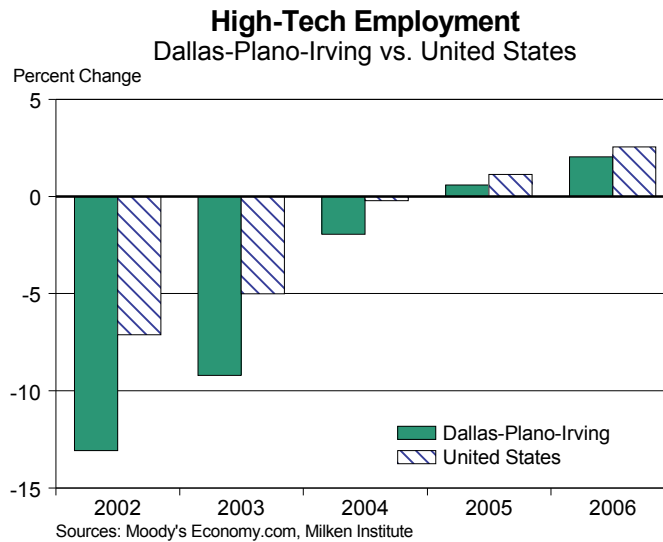
Washington-Arlington-Alexandria, D.C.-Virginia-Maryland-West Virginia, slips to 4th place this year (37th overall) among the ten largest cities, down from No. 1 in the previous index. Because the region is home to a formidable technology cluster, this sub-par performance is disconcerting, especially given that IT has seen a strong recovery nationwide. Job growth in the district has remained stable but has fallen in the Virginia and Maryland suburbs, from roughly 4.0 percent of 2003 through 2005 to 2.0 percent. Some of this can be explained by weaker gains in federal government procurement, which affects the information and communications technology services in the outer suburbs.

Additionally, the deflation of the housing market bubble restricts growth. The most direct cause of slow growth is the decline in new home and condo construction rippling through the economy. Second, based upon estimates from Moody's Economy.com, at its peak in 2005, mortgage equity withdrawal was 15.0 percent of disposable personal income—double the national average.²⁸ With the decline in median prices and fallout in the subprime mortgage market, that stimulus has been removed. The housing situation should reach equilibrium over the next eighteen months, allowing the pace of expansion to accelerate. Job growth in business and professional services has also been curtailed.



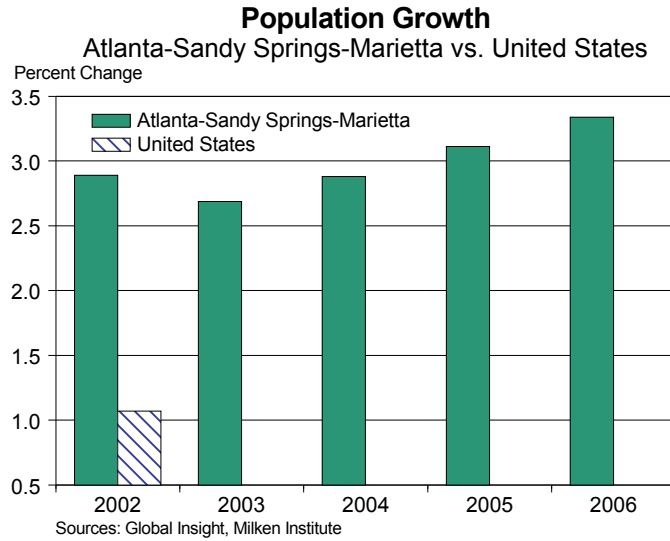
Dallas-Plano-Irving, Texas, is 5th among the ten largest metros this year, up one position from last year. Among all metros, however, it moved up sixty-six spots. Dallas, as a center of telecommunications equipment and services, and electronic components, is a formidable technology cluster. Therefore it too shares in the recovery of the information and communications technology demand. Texas Instruments is opening a new plant in Dallas this year.²⁹ Defense contractors have a major presence in Dallas, as do banking and financial services. The latter may be vulnerable to risks as mortgage originators react to the weakening housing market. Personal income growth was brisk in 2005 and 2006, tied to the recovery in technology jobs. Dallas missed the housing boom and will avoid a bust. Median home prices are just 60.0 percent of the national average, a major advantage in recruiting knowledge workers.



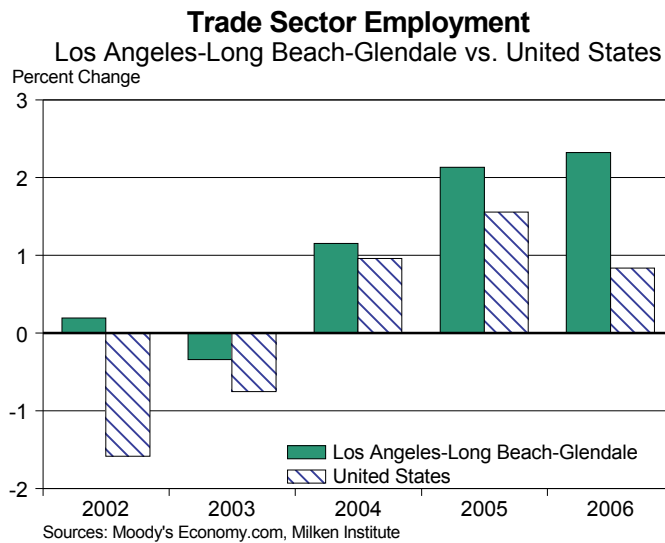


Atlanta-Sandy Springs-Marietta, Georgia, ranks 6th among the 2007 ten largest metros. The metro moved up on the top 200 list, placing 86th. Atlanta has experienced robust population growth, attracting migrants from more expensive U.S. cities. Despite projected job losses as a consequence of the merger of Bell South and AT&T, population growth probably will create more demand for consumer-driven industries and largely negate some of those losses. Another plus for the metro is the comeback of Delta Air Lines.³⁰ The company was able to regain its strength and competitive edge against other major airlines. Furthermore, the metro's long-term reputation as a logistics and distribution hub will be enhanced by expected increased activity through Hartsfield-Jackson Atlanta International Airport. Its ability to cater to global markets will promote more tech-based activity, creating higher-paying jobs.

While employment growth has been on par with that of the nation during the past five years, wages and salaries have just managed to keep up. The health-care sector generated more than 33,000 jobs between 2001 and 2006. The warehousing-and-storage sector was responsible for creating nearly 2,000 jobs from 2005 to 2006, while professional, scientific and technical services accounted for an additional 8,700 jobs (an average annual increase of 2.8 percent) during the past year. Emory University and Delta Air Lines are among the top employers in the region.



Los Angeles-Long Beach-Glendale, California, slips one position to 7th this year, but improves fifteen places in overall ranking, to 109th position. Last year the metropolitan area experienced the strongest job growth since the prior cyclical peak in 1999. Rising international trade, especially exports, was a major stimulus to the region's fortunes in 2006. The largest port complex in the United States bestows benefits to the local economy, and the falling dollar has boosted exports, with recent volume running more than 15.0 percent above a year ago. The ripple effect from trade to logistics to the broader economy is immense. Aerospace has expanded payrolls by a modest amount.



The economy has seen a notable slowdown in the past few months, with the weakening housing market precipitating a falloff in new home and condominium construction. Another source of risk is

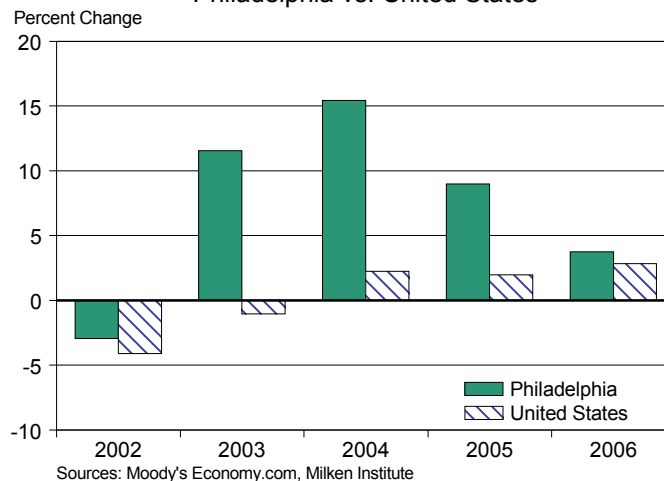


the high share of subprime mortgages in the area tied to adjustable rates. A more severe contraction in credit availability could present significant risks. A decline in jobs at mortgage originators, such as Countrywide, could be significant. The good news is that the fall of the U.S. dollar in general, and against the Canadian dollar in particular, is aiding the fortunes of the film and entertainment sector. Filming of movies and television programs in Toronto and Vancouver is starting to decline as costs in U.S. dollar terms increase. This gives Los Angeles a chance to recover some production business. Foreign travel and tourism are receiving an assist from the depreciation of the dollar as well. The high-tech special-effects segment of the entertainment sector is adding high-paying jobs. On balance, a slowdown in growth, not a recession, is the most probable scenario.

Philadelphia, Pennsylvania, ranks 8th among this year's ten largest metros. Despite a 2.0 percent drop in manufacturing employment and an expected decline in construction, Philadelphia's economy has been growing at a rate, just below that of the nation. Health and education services, along with professional, scientific and technical services, have been able to sustain growth and offset declines in manufacturing. The pharmaceutical industry is the centerpiece of the metro's high-tech sector; its concentration is 20.0 percent above the U.S. average. The metro's life sciences industry serves the region's economy over the long term. Its higher-learning institutions (such as the University of Pennsylvania, Thomas Jefferson University, and Temple University) attract individuals from across the globe, expanding human capital availability.

Professional, scientific, and technical services added more than 12,000 jobs between 2001 and 2006, while health care contributed an additional 30,000 jobs during the period. With Philadelphia serving as headquarters for many companies—particularly the large-scale pharmaceutical and R&D industries, management of companies, and enterprises—8,500 additional high-paying jobs were realized in the past five years. Its three largest employers are Jefferson Health System, the University of Pennsylvania, and Merck.

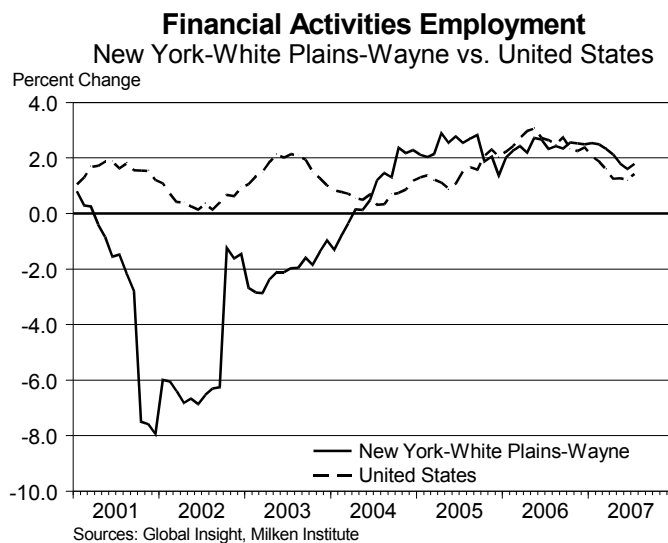
Company and Enterprise Management Employment
Philadelphia vs. United States





New York-White Plains-Wayne, New York-New Jersey, remained 9th in 2006 among the ten largest metros. New York-White Plains-Wayne, the nation's financial epicenter, has posted stronger employment growth in the last year and even improved by thirteen spots on the top 200 largest metro list. With the exception of its limited manufacturing sector, the metro expanded in nearly every sector of its highly diverse economy. While real estate is cooling down significantly in other parts of the nation, New York's residential and commercial markets continue to soar. Rents increased by nearly 18.0 percent in New York's office market between 2005 and 2006.³¹ With limited space in Manhattan driving up business costs, and energy prices continuing to rise, growth will be more difficult to sustain in coming years. Conversely, the metro's tourism and trade sectors should benefit from a weaker dollar and stronger global markets.

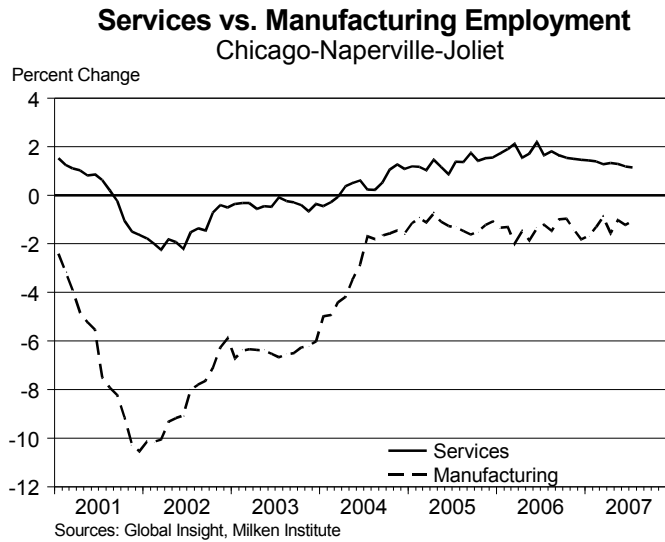
Non-farm employment growth was 3.7 percent below the national average in the past five years, while employment grew at barely the national pace between 2005 and 2006; wages and salaries grew slightly above the national average. Between 2001 and 2006, the health-care sector generated an additional 70,000 jobs with ambulatory health-care services leading the way. To understand the magnitude of the financial sector in the metro, employment within the securities, commodity contracts, and other financial investments and related activities industry is nearly seven times more concentrated than is the national average. Leading employers include New York-Presbyterian Hospital, Citigroup, and JPMorgan Chase.



The **Chicago-Naperville-Joliet, Illinois**, metro area ranked 10th among this year's largest metros. Despite improving its ranking on the top 200 largest-metro list, Chicago has lagged the nation in terms of employment growth over the past five years. In the past year, however, growth has been stronger. The services sector has outperformed traditional manufacturing by far, adding to the region's growth. Leisure and hospitality, along with professional, technical, and scientific services, have negated significant losses in manufacturing and construction. The city's reputation as the center



of futures trading will be enhanced by the merger of the Chicago Mercantile Exchange and Chicago Board of Trade. As it tries to capture a larger share of the global economy, Chicago's wide pool of high-skilled labor will enhance links to global markets.



Chicago's reputation as a transportation hub continued to expand; another 4,800 and 3,500 jobs were generated in support activities for transportation and transit, and ground passenger transportation, from 2005 to 2006 (representing an average annual employment gain of 4.5 percent in each of the two industries). Top employers in the area include Jewel-Osco, Advocate Health Care, and UPS.



Best-Performing Small Cities

Among the largest 200 metros in the 2007 index, the smallest city population totaled 235,000. As a result, the remaining 179 metros compose the small cities list.

Top 10 Best-Performing Small Cities

Rank According to 2007 Index

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank
Bend, OR	1	2
St. George, UT	2	5
Midland, TX	3	48
Hinesville-Fort Stewart, GA	4	20
Winchester, VA-WV	5	21
Coeur d'Alene, ID	6	10
Prescott, AZ	7	3
Logan, UT-ID	8	8
Madera, CA	9	6
Warner Robins, GA	10	25

Source: Milken Institute

Among this year's small cities, **Bend, Oregon**, is the top performer. Strong in-migration has resulted in rapid population growth over the past five years (23.4 percent from 2001 to 2006), outpacing Oregon as a whole (6.5 percent) and the United States (5.0 percent). Service sectors, such as leisure and hospitality, and health care, are among the leading industries in this region.

Housing construction has been a main contributor of recent growth. Housing-related job growth is 36.0 percent of total new jobs in the Bend area, significantly higher than the state and national averages.³² Bend was the MSA with the greatest rate of home price appreciation between the fourth quarter of 2005 and the fourth quarter of 2006 (21.4 percent). St. Charles Medical Center is the top employer in the region, with more than 2,300 employees.

St. George, Utah, moved up to 2nd in this year's rankings of small cities. High-tech industries have been engines of recent growth. Over the past five years, data processing, hosting, and related services have been the fastest-growing industries in St. George, increasing by an average annual rate of 30.3 percent from 2001 to 2006. Specialty trade contractors, including foundation, structure, and building-related contractors, along with health-care services and retail, were among the leading industries in this region. The largest private employers are Intermountain Health Care (IHC) and Wal-Mart, with more than 2,500 employees combined.

St. George also ranked as the best metro for female entrepreneurs among small metropolitan areas in 2006.³⁴



Third on this year's ranking is **Midland, Texas**, improving forty-five slots from the previous small city index. Midland's economy has high employment concentration in oil and gas industries compared with the national average. Growth in gross retail sales in this region was the fastest in Texas, gaining 19.2 percent, compared to the state's 9.8 percent increase in 2006.³⁵ Employment in non-store retail (such as online business) made it the top-growing sector in this region, with an increase of 41.4 percent in 2006. Unemployment in Midland is 3.4 percent, trending down below the national average (4.6 percent), and was the lowest in the state (4.9 percent).

Hinesville-Fort Stewart, Georgia, jumps to 4th this year. Employment in the heavy- and civil-engineering/construction sector grew dramatically (41.4 percent) in 2006, possibly benefiting from the additional development around the MidCoast Regional Airport at Wright Army Airfield. Hinesville-Fort Stewart's economy is not industrially diverse compared with the national average. This region is strongly dependent on activity at its top employer, the Fort Stewart Army base, with more than 21,500 employees.

Winchester, Virginia-West Virginia, places 5th among 179 small cities this year. Plastics and rubber products manufacturing is a primary industry, and Rubbermaid is the top employer, with more than 1,000 employees in 2006. Nine of twenty-five high-tech industries have higher employment concentration in this region compared with the national average; the area also had greater high-tech diversity in 2006. Average annual growth of professional, scientific, and technical services is 12.8 percent, the fastest-growing sector from 2001 to 2006.

Coeur d'Alene, Idaho, pulled four spots ahead of last year, coming in 6th in the 2007 index. Total employment growth from 2005 to 2006 was 5.2 percent, decelerating somewhat since 2004, but still above the national average. Financial, and leisure and hospitality services are engines of growth, rising 7.1 percent and 5.4 percent, respectively, in 2006. The hospitals sector is growing even faster; its average annual job rate rose 38.0 percent from 2001 to 2006.

Prescott, Arizona, ranks 7th this year, slipping from 3rd in the previous index. Job growth in Prescott slowed from 7.3 percent in 2006 to 4.0 percent in recent months. Prescott's historical attractions have let to a relatively higher employment concentration in scenic and sightseeing transportation compared with the national average. Employment in museums, historical sites, and similar institutions grew by an average annual rate of 32.0 percent from 2001 to 2006, posting the highest growth in the region.

Similar to Phoenix and Tucson, Prescott will benefit from its low cost of doing business, which beats the national average, and from greater influx of economic activities to the West.

Logan, Utah-Idaho, remains positioned at 8th place among small cities this year. The IT sector is the greatest contributor to job growth, which was 70.6 percent over the past year, based on recent months. Data processing, hosting, and related services remain the fastest-growing industries over the past year, rising 40.3 percent. Employment in the film, broadcasting, and telecommunications



industries grew by 41.4 percent, 27.5 percent and 24.3 percent, respectively, from 2005 to 2006. Utah State University, Logan, is the top employer, with more than 6,900 jobs in this region.

Madera, California, placed 9th, down three slots from its position in the previous index. Service-based industries contributed to the rapid expansion of Madera's economy. Agriculture supported more than 14,800 employees in the region in 2006. Growth of the wine-product industry in Madera has boosted beverage manufacturing employment. Over the past five years, jobs grew in beverage- and tobacco-product manufacturing on by 20.8 percent on an annual average.

Warner Robins, Georgia, improved to 10th this year, up from 25th in the previous index. Warner Robins is home to Robins Air Force Base (Robins AFB), which is the largest employer, with more than 25,500 employees. Expansion plans of the top three employers—Robins AFB, Perdue Farms, and Houston Healthcare—will boost Warner Robins' local economy. Over the past five years, employment in the food-manufacturing industry grew fastest, increasing annually on average by 47.7 percent.



2007 Best-Performing Cities Largest Cities, Top 200

2005 Rank	2007 Rank	Metropolitan Area	5-Yr. Job Growth 2001-2006	1-Yr. Job Growth 2005-2006	5-Yr. Wages/Salaries Growth 2000 - 2005	1-Yr. Wages/Salaries Growth 2004-2005	Job Growth (3/06-3/07)	5-Yr. Relative HT GDP Growth 2001-2006	1-Yr. Relative HT GDP Growth 2005-2006	High-Tech GDP LQ	# of HT GDP LQs Over 1 2006 Value Rank	Population 2006 (Thousands)	Overall Index	
13	11	Ocala, FL MSA	1191.4	102.99	122.15	104.99	1.88%	169.84	106.77	0.81	85	316	100	
59	2	Wilmington, NC MSA	1123.7	102.19	111.44	104.48	4.48%	141.59	104.72	0.87	73	326	105.24	
10	3	Riverside-San Bernardino-Ontario, CA MSA	1195.1	102.14	128.41	103.06	3.45%	122.59	104.24	0.81	30	316	113.71	
15	4	Phoenix-Mesa-Scottsdale, AZ MSA	1148.1	102.06	110.97	105.05	4.21%	93.33	105.04	1.15	46	4,039	121.22	
6	5	Orlando-Kissimmee, FL MSA	1138.4	102.08	116.36	104.81	2.93%	113.38	101.80	0.88	72	1,985	121.93	
3	6	Naples-Marco Island, FL MSA	122.90	103.43	136.66	105.86	2.07%	138.63	105.88	0.44	182	315	137.87	
23	8	McAllen-Edinburg-Mission, TX MSA	1207.3	102.11	104.44	103.03	2.63%	183.24	107.30	0.44	178	701	140.98	
4	9	Las Vegas-Paradise, NV MSA	1113.6	102.51	108.48	103.03	3.53%	117.75	98.92	1.41	30	474	150.10	
45	10	Las Vegas-Paradise, NV MSA	1073.3	102.67	109.20	103.48	3.46%	101.33	103.38	1.50	20	1,076	145.09	
36 ¹	11	Myrtle Beach-Conway-North Myrtle Beach, SC MSA	1177.4	104.08	111.51	103.11	3.82%	103.54	103.98	1.50	20	1,076	145.09	
22	12	Charleston-North Charleston, SC MSA	1071.3	102.51	113.72	102.55	3.63%	118.67	110.64	0.41	183	238	188.36	
2	13	Cape Coral-Fort Myers, FL MSA	127.13	102.80	142.30	102.55	3.03%	93.80	99.70	0.65	123	5	603	178.45
24	14	Sarasota-Bradenton-Venice, FL MSA	1198.1	101.72	115.45	105.91	1.51%	135.94	103.98	0.45	175	4	571	182.05
14	15	Tucson, AZ MSA	1057.2	101.72	110.45	102.40	3.21%	119.25	101.76	1.21	41	11	643	186.96
28	16	Huntsville, AL MSA	1057.2	102.79	109.68	101.37	2.38%	118.62	97.20	0.52	158	4	760	197.68
30	17	Bakersfield, CA MSA	1113.7	101.47	115.51	103.49	2.47%	98.38	101.40	0.52	158	4	1,068	198.35
87	18	Salt Lake City, UT MSA	1037.6	102.74	101.23	102.53	4.42%	118.96	100.05	1.04	56	11	717	202.65
52	19	Boise City-Nampa, ID MSA	1117.2	102.23	101.86	103.04	5.04%	118.96	100.05	1.04	56	11	568	204.86
58	20	Austin-Round Rock, TX MSA	1033.8	102.12	94.26	103.20	4.36%	105.01	100.36	1.75	12	11	1,514	222.71
41	21	Dayton-Springfield, OH MSA	1119.4	102.44	114.04	103.20	2.75%	118.96	100.36	1.75	12	11	1,514	222.71
41	22	Chattanooga, TN MSA	1078.2	99.99	114.01	100.26	2.75%	138.71	101.88	0.80	89	7	412	230.98
69	23	Chester-Gastonia-Concord, NC-SC MSA	1030.6	101.87	104.48	102.43	2.76%	108.91	106.29	0.76	97	4	1,583	230.98
143	24	Lafayette, LA MSA	1029.2	101.84	106.67	103.65	2.80%	129.85	96.29	0.71	109	4	115	254
34	25	Sacramento-Arden-Arcade-Roseville, CA MSA	1064.4	100.35	117.72	101.22	2.02%	104.52	101.21	1.00	60	7	2,067	234.84
21	26	Reno-Sparks, NV MSA	1085.4	101.90	110.87	101.34	2.74%	107.18	98.06	0.52	141	13	401	242.34
38	27	Orland-Thousand Oaks-Ventura, CA MSA	1030.4	101.47	112.76	101.56	1.28%	100.76	103.13	1.66	14	10	800	246.44
33	28	Lakeland, FL MSA	1131.6	101.41	110.89	104.83	1.92%	101.45	103.21	0.38	194	2	562	246.97
31 ¹	29	Greeley, CO MSA	1090.7	102.09	110.07	101.51	4.01%	101.45	102.16	0.52	155	4	237	247.25
5	30	Denton-Daytona Beach-Ormond Beach, FL MSA	1129.9	102.09	116.81	101.71	4.1%	110.66	102.16	0.65	119	5	497	247.39
43	31	Albuquerque, NM MSA	1046.9	101.77	106.34	100.27	1.84%	113.79	102.91	2.18	4	12	817	253.25
129	32	Houston-Sugar Land-Baytown, TX MSA	1032.3	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	33	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	34	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	35	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	36	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	37	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	38	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	39	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	40	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	41	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	42	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	43	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	44	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	45	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	46	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	47	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	48	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	49	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	50	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	51	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	52	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	53	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	54	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	55	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	56	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	57	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	58	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	59	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	60	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	61	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	62	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	63	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	64	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	65	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	66	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	67	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	68	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	69	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	70	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	71	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	72	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38
78	73	San Antonio, TX MSA	1017.9	101.77	104.24	100.27	3.35%	96.62	100.27	0.80	3	151	5,940	254.38



2007 Best-Performing Cities Largest Cities, Top 200

Table with 15 columns: 2005 Rank, 2007 Rank, Metropolitan Area, 5-Yr Job Growth, 1-Yr Job Growth, 5-Yr Wages/Salaries, 1-Yr Wages/Salaries, Job Growth, 5-Yr Relative HT GDP, 1-Yr Relative HT GDP, High-Tech, # of HT GDP, Population, Overall Index. Rows list 200 cities with their respective metrics and metropolitan areas.



2007 Best-Performing Cities Small Cities

Table with 15 columns: 2005 Rank, 2007 Metropolitan Area, 5-Yr Job Growth, 1-Yr Job Growth, 5-Yr Wages/Salaries, 1-Yr Wages/Salaries, Job Growth, 5-Yr Relative FT GDP, 1-Yr Relative FT GDP, High-Tech GDP/LQ, # of HT GDP LQs Over 1, Population, Overall Index. Rows list 200 best-performing cities with their respective metrics.

1 Indicates this city's position on previous year's largest metros list

2 Indicates this city's position on previous year's smallest metros list



2007 Best-Performing Cities Small Cities

2005 Rank	2007 Metropolitan Area	5-Yr Job Growth 2005-2006	1-Yr Job Growth 2006	5-Yr Wages/Salaries Growth 2000 - 2005	1-Yr Wages/Salaries Growth 2004-2005	Job Growth (3/06-3/07)	5-Yr Relative HT GDP Growth 2001-2006	1-Yr Relative HT GDP Growth 2005-2006	High-Tech GDP LQ 2006 Value Rank	# of HT GDP LQs Over 1 2006 Value Rank	Population 2006 (Thousands)	Overall Index
104	79 Athens-Clarke County, GA MSA	105.42	59	104.43	81	2.26%	91.70	93.92	0.44	123	185	620.22
99	80 Jonesboro, AR MSA	101.28	90	101.33	96	2.02%	143	105.71	0.43	128	113	625.25
86	81 Sault Ste. Marie, MI MSA	105.21	69	103.67	81	1.68%	145	92.99	0.45	139	142	634.59
82	82 Pittsfield, MA MSA	105.21	61	103.67	81	1.68%	145	92.99	0.45	139	142	634.59
141	83 Pittsfield, MA MSA	97.91	129	99.01	117	2.5%	44	98.84	0.75	40	74	646.43
122	84 Alexandria, LA MSA	104.38	69	100.46	57	1.37%	79.50	94.16	0.34	156	139	654.77
135	85 Florence-Muscle Shoals, AL MSA	99.64	107	98.27	140	3.16%	106	104.05	0.29	166	150	656.36
85	86 Dothan, AL MSA	100.54	97	103.38	86	1.89%	111	99.92	0.45	121	138	658.32
73	87 Appleton, WI MSA	100.48	98	102.96	89	2.83%	78	99.31	0.68	58	50	659.74
89	88 State College, PA MSA	99.42	111	105.98	71	-0.68%	158	98.53	0.95	18	6	670.88
109	89 Cleveland, TN MSA	102.13	86	101.22	100	1.15%	111	93.33	1.20	8	9	676.88
131	90 Grand Forks, ND-MN MSA	104.88	66	106.55	67	1.16%	54	107.65	0.41	134	2	678.95
73	91 Joplin, MO MSA	101.16	93	98.54	119	1.51%	124	113.83	0.48	110	50	684.29
66	92 Rapid City, SD MSA	102.41	80	107.68	62	2.20%	61	99.89	0.45	120	3	689.53
114	94 Johnstown, PA MSA	99.22	115	96.85	137	1.34%	101	100.07	0.58	85	3	706.75
84	95 St. Cloud, MN MSA	101.63	89	103.04	88	1.06%	130	95.87	0.54	23	6	711.10
94	96 Lawton, OK MSA	105.19	62	108.18	91	2.24%	57	89.38	0.54	93	29	720.41
84	97 Itasca, NY MSA	101.64	85	98.87	123	0.59%	170	90.51	0.36	14	9	722.69
106	98 Bloomington, IL MSA	102.13	86	101.70	100	0.59%	170	90.51	0.36	14	9	722.69
108	99 Blackburg-Christiansburg-Readford, VA MSA	102.13	86	101.70	100	0.59%	170	90.51	0.36	14	9	722.69
79	100 Blackburg-Christiansburg-Readford, VA MSA	102.13	86	101.70	100	0.59%	170	90.51	0.36	14	9	722.69
67	101 Carson City, NV MSA	100.08	103	101.61	96	1.37%	110	93.89	0.42	133	4	730.80
136	102 San Angelo, TX MSA	96.85	140	97.10	63	0.58%	133	92.15	0.73	31	6	739.01
118	103 Columbus, IN MSA	100.22	79	100.10	121	1.16%	110	89.89	0.40	136	2	743.77
103	104 Texarkana, TX-Texasarkana, AR MSA	100.00	104	100.22	75	1.37%	98	99.40	1.57	2	4	743.77
147	105 Albany, GA MSA	100.65	95	105.11	65	2.30%	141	96.13	0.58	84	74	745.79
157	106 Rocky Mount, NC MSA	99.33	113	97.80	124	0.19%	141	92.86	0.29	163	0	745.79
95	107 Decatur, IL MSA	92.70	162	91.53	163	0.93%	118	113.54	0.57	87	5	755.36
86	108 Wichita Falls, TX MSA	92.68	163	90.06	114	1.75%	77	120.56	0.43	10	2	756.78
105	109 Pascagoula, MS MSA	97.10	137	100.07	80	1.66%	81	121.88	0.40	135	4	761.32
84	110 Cumberland, MD-WV MSA	98.22	126	96.55	129	-1.12%	113	121.09	0.96	17	15	763.69
151	111 Wheeling, WV-OH MSA	104.07	71	101.64	95	-0.27%	153	140.17	0.77	33	6	766.77
102	112 Wheeling, WV-OH MSA	97.97	128	97.76	158	0.88%	120	117.29	0.42	130	2	770.65
102	113 Johnson, TN MSA	99.46	109	98.59	139	2.16%	63	76.85	0.45	122	3	771.44
41	114 Johnson, TN MSA	100.61	96	99.19	110	1.94%	63	76.85	0.45	122	3	771.44
141	115 Sherman, TX MSA	95.30	145	97.55	149	0.16%	143	93.77	0.46	117	3	771.55
128	116 Lodi, WI MSA	98.37	127	92.67	156	1.30%	104	109.47	0.90	36	5	780.92
133	117 Dalton, GA MSA	100.40	100	97.89	123	0.93%	119	84.39	0.45	105	3	782.12
108	118 Vineland-Millville-Bridgeton, NJ MSA	102.30	82	105.28	73	0.47%	155	96.97	0.87	22	139	793.70
161	120 Lafayette, IN MSA	96.82	179	90.43	179	14.27%	1	96.73	0.51	98	3	796.25
161	121 Lafayette, IN MSA	96.82	179	90.43	179	14.27%	1	96.73	0.51	98	3	796.25
123	122 Champaign-Urbana, IL MSA	96.16	144	97.66	125	1.41%	94	108.83	0.60	79	3	802.12
119	123 Lewisville, ID-WA MSA	95.29	148	96.61	137	1.28%	105	119.12	0.75	39	4	803.39
92	124 Ames, IA MSA	100.27	102	93.68	149	2.27%	55	124.71	0.64	65	6	804.26
57	125 Burlington-South Burlington, VT MSA	97.86	130	103.40	85	1.32%	103	106.37	0.60	61	3	808.06
163	126 Florence, SC MSA	97.38	135	98.15	147	0.07%	144	83.83	0.47	115	3	811.16
100	128 Kingston, NY MSA	95.89	145	96.45	132	0.97%	117	97.69	0.47	113	3	812.27
169	129 Kankakee-Bradley, IL MSA	98.49	120	100.71	103	1.63%	85	109.55	0.28	166	3	813.30
130	130 Pueblo, CO MSA	96.21	143	92.73	128	1.72%	79	83.34	0.69	57	8	813.74
125	131 Elkhart-Goshen, IN MSA	99.59	108	100.69	54	1.61%	87	78.95	0.74	42	7	814.37
101	132 Elkhart-Goshen, IN MSA	95.40	121	96.23	144	0.37%	116	80.88	0.52	97	7	824.24
93	134 Waco, TX MSA	105.36	60	102.35	94	1.50%	92	80.88	0.70	90	6	825.63
171	135 Waco, TX MSA	99.94	136	104.82	76	1.84%	100	108.10	1.38	114	3	831.60
97	136 Jefferson City, MO MSA	97.40	134	98.34	127	1.30%	100	108.10	0.35	152	1	833.59
27	137 Barnstable Town, MA MSA	97.85	131	95.09	141	0.21%	140	148.09	0.52	96	5	837.59
110	138 La Crosse, WI-MN MSA	99.70	106	100.24	106	1.40%	95	99.08	0.58	85	3	839.04
91	139 Ocean City, NJ MSA	98.23	125	99.95	87	0.24%	138	98.14	0.80	27	5	844.55
137	140 Burlington, NC MSA	93.51	160	96.96	117	0.82%	121	112.29	0.46	116	4	855.36
78	141 Fond du Lac, WI MSA	96.28	123	98.81	127	2.39%	48	101.73	0.23	174	1	861.38
139	142 Bloomington-Normal, IL MSA	95.49	143	97.64	126	-0.11%	151	104.43	0.50	102	7	862.24
138	143 Parkersburg-Marietta-Venna, WV-OH MSA	98.59	119	98.53	111	1.20%	107	113.78	0.62	70	8	871.51
174	144 Elmira, NY MSA	90.49	171	95.98	145	-0.49%	154	95.87	0.61	74	4	883.13
131	145 Springfield, IL MSA	101.18	92	105.94	115	0.04%	156	102.23	0.45	107	3	883.72
154	146 Lawrence, KS MSA	95.02	149	96.22	145	0.18%	142	99.01	0.93	20	7	886.90
144	147 Lawrence, KS MSA	95.02	149	96.22	145	0.18%	142	99.01	0.93	20	7	886.90
170	148 Ladysburg, NC MSA	94.96	150	97.19	129	1.94%	76	102.68	0.52	95	2	893.77
171	149 Bangor, ME MSA	94.69	151	93.66	148	1.64%	76	102.68	0.52	95	2	893.77
177	151 Murfreesboro, TN MSA	98.86	174	93.66	148	1.38%	128	100.69	0.41	110	14	894.66
120	152 Jamesville, WI MSA	98.89	116	98.61	174	-1.65%	172	101.26	0.62	72	4	910.00
				92.94	154	-1.43%	170	102.05	0.37	147	5	950.11

¹ Indicates this city's position on previous year's largest metros list
² Indicates this city's position on previous year's smallest metros list



2007 Best-Performing Cities Small Cities

2005 Rank	2007 Rank	Metropolitan Area	5-Yr Job Growth 2001-2006 2006 Value Rank	1-Yr Job Growth 2006-2006 2006 Value Rank	5-Yr Job Growth 2005-2005 2005 Value Rank	1-Yr Job Growth 2005-2005 2005 Value Rank	1-Yr Wages/Salaries Growth 2004-2005 2005 Value Rank	5-Yr Wages/Salaries Growth 2004-2005 2005 Value Rank	Job Growth (2006-2007) Growth Rank	5-Yr Relative HT GDP Growth 2001-2006 2006 Value Rank	1-Yr Relative HT GDP Growth 2005-2006 2006 Value Rank	High-Tech GDP LQ 2006 Value Rank	# of HT GDP Jobs Over 2006 Value Rank	Population 2006 (Thousands)	Overall Index
126	153	Owensboro, KY MSA	97.80	132	99.67	89	95.53	139	1.17%	109	86.32	152	90.99	162	963.66
145	154	Macon, GA MSA	98.31	122	97.69	159	94.49	146	0.03%	147	88.72	147	6	29	991.74
142	156	Sheboygan, WI MSA	98.73	118	98.54	140	98.25	121	-1.09%	163	61.38	176	1	161	994.86
143	155	Sumter, SC MSA	97.69	133	96.41	176	96.69	131	-1.28%	167	118.91	48	2	139	987.79
172	157	Michigan City-La Porte, IN MSA	92.51	166	97.97	152	92.13	160	0.65%	128	102.22	46	3	105	1010.91
167	158	Topoka, KS MSA	91.59	168	97.27	166	94.61	144	1.73%	78	69.54	172	4	74	1011.07
149	159	Reine, WI MSA	96.33	141	98.04	149	94.96	142	1.13%	112	93.88	130	3	105	1015.99
158	160	Danville, IL MSA	92.52	165	96.47	175	95.60	138	-0.93%	160	110.43	75	4	74	1021.83
165	161	Bay City, MI MSA	91.14	169	96.72	170	95.27	175	-1.06%	162	86.81	150	5	90	1043.57
152	162	Sandusky, OH MSA	94.83	152	97.57	165	95.16	159	0.09%	146	103.94	87	3	105	1045.24
148	163	Millersport, OH MSA	94.83	152	97.57	165	95.16	159	0.09%	146	103.94	87	3	105	1045.24
143	164	Millersport, OH MSA	92.68	168	97.44	164	91.57	162	-0.88%	158	120.08	42	5	94	1055.24
129	165	Muskegon-Norton Shores, MI MSA	100.36	101	97.66	153	89.53	167	-1.43%	169	88.70	173	4	74	1070.54
176	166	Stux City, IA-NE-SD MSA	93.50	153	99.62	100	87.79	172	-2.30%	175	59.13	177	4	74	1082.64
153	167	Lima, OH MSA	94.71	170	97.98	151	82.69	177	-2.30%	175	116.84	53	2	139	1083.59
162	168	Saginaw-Saginaw Township North, MI MSA	95.92	146	98.10	148	94.57	145	-3.50%	177	110.27	76	3	105	1106.62
144	170	Pine Bluff, AR MSA	94.90	151	96.49	174	99.45	113	-1.75%	173	91.85	140	16	161	1114.83
150	171	Danville, VA MSA	87.22	178	94.05	178	88.59	170	-1.17%	165	71.15	171	7	15	1121.15
166	172	Kokomo, IN MSA	88.22	177	97.09	168	84.09	176	-1.05%	161	115.97	4	2	139	1123.84
159	173	Anderson, SC MSA	93.55	159	98.68	134	88.36	168	-1.99%	174	68.46	173	1	161	1125.69
173	174	Jackson, MI MSA	90.41	172	96.70	172	92.64	157	-3.76%	178	100.40	70	2	139	1128.72
168	175	Anderson, IN MSA	89.15	176	95.61	177	81.75	178	-1.25%	166	96.64	118	6	29	1145.82
178	176	Werkton-Steuersville, WV-OH MSA	92.36	167	96.70	171	87.79	171	-1.25%	166	96.64	118	6	29	1145.82
164	178	Niles-Creek, MI MSA	89.67	175	97.19	167	87.41	173	-0.63%	157	72.97	169	4	74	1160.36
179	179	Springfield, OH MSA	90.14	173	97.86	155	79.03	179	-1.10%	164	95.75	124	1	161	1181.32
															1181.59

¹ Indicates this city's position on previous year's largest metros list

² Indicates this city's position on previous year's smallest metros list



¹ Statistical and Science Policy Branch, Office of Information and Regulatory Affairs, Office of Management and Budget. *OMB Bulletin*. No. 04–03.

² The latest twelve-month job performance calculates the percentage change from the same month, one year previous, e.g., the percentage change in jobs from March 2006 to March 2007. The percentage change is a measure of recent momentum and captures which metropolitan areas are improving their performance in recent months. The annual growth rate measures the percentage change from calendar year 2005 to 2006. While annual growth rate does not indicate whether high growth was achieved or diminished in the first or latter half of the year, the twelve-month growth rate captures that aspect.

³ An industry's location quotient (LQ) measures the level of employment concentration in a given location (in this case, an MSA) relative to the industry average across the United States. A metro with an employment LQ higher than 1.0 in a high-tech industry, for example, has a greater concentration of that industry than the nation has, on average. It is an indication of how successful a metro is in being home to an above-average mass of high-tech industries. Metros that exceed the national average in high-tech industry LQ have an edge attracting and retaining high-tech firms because of their dense employment base and other positive agglomeration, or clustering, factors.

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³⁵ "Texas Maintains Near Double-Digit Growth in Gross Retail Sales," *TABulletin*, January 2007.



About the Authors

Ross DeVol is Director of Regional Economics and the Center for Health Economics at the Milken Institute. He oversees the Institute's research on the dynamics of comparative regional growth performance, and technology and its impact on regional and national economies. DeVol authored the ground-breaking study *America's High-Tech Economy: Growth, Development, and Risks for Metropolitan Areas*, an examination of how clusters of high-tech industries across the country affect economic growth in those regions. He also created the *Best-Performing Cities Index*, an annual ranking of U.S. metropolitan areas that shows where jobs are being created and economies are growing. His most recent work involves the study of biotechnology and other life science clusters, and the impact these industries have on regional economies. He was the lead author of *Mind-to-Market: A Global Analysis of University Biotechnology Transfer and Commercialization*, released in September 2006, which looked at the commercialization of university-developed intellectual property on a global basis, with particular focus on the field of biotechnology. Prior to joining the Institute, DeVol was senior vice president of Global Insight Inc. (formerly Wharton Econometric Forecasting), where he supervised the Regional Economic Services group. He was the firm's chief spokesman on international trade. He also served as the head of Global Insight's U.S. Long-Term Macro Service and authored numerous special reports on behalf of the U.S. Macro Group. He has been ranked among the "Super Stars" of Think Tank Scholars by *International Economy* magazine.

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