

Austin leads nation in small-business vitality ranking

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Austin is the U.S. market that is most conducive to the creation and development of small businesses, according to the latest On Numbers rankings.

Oklahoma City is second in the current standings, followed by Charleston, S.C., Charlotte and Seattle.

We used a six-part formula to analyze the nation's 100 largest metropolitan areas, searching for the places that offer the best climates for small businesses. See the bottom of this page for a database with the top-to-bottom standings.

Austin emerged as the clear leader, thanks to its outstanding records in three statistical categories that have a direct impact on small-business activity:

- **Population:** The Austin area added 286,000 residents between 2004 and 2009, an increase of 20.2 percent. The only metro to grow faster was Raleigh at 22.8 percent.

- **Employment:** Austin's job base expanded by 9.3 percent between 2005 and 2010, the third-fastest upswing in the nation.

- **Small-business growth:** The number of small businesses grew by 1.5 percent in Austin between 2007 and 2008, the latest period covered by official statistics. No other market did better than 0.6 percent.

The highest scores in our study went to areas that have prosperous economies, are expanding rapidly, and are densely packed with small businesses. (We define a small business as any private-sector employer with 99 or fewer employees.)

At the very bottom of the rankings is Modesto, Calif., which lost 3.4 percent of its small businesses between 2007 and 2008 — and 11.3 percent of its jobs between 2005 and 2010.

This is the third straight year that we've used the same formula to rate the small-business vitality of America's major markets.

Austin also took first place a year ago, followed by Baton Rouge, La., and Raleigh. The latter was No. 1 in 2009, with Charlotte and Seattle as runners-up.

We'll take a closer look at 2011's small-business ratings the rest of the week, concentrating on one region of the country at a time. The East will be tomorrow's focus.

The search and view the full ranking, read The Business Journal's story and search database [here](#).

Courtesy of JB Goodwin