

## Greetings From Recoveryland

*Where can you go to escape the recession? Try any of these 10 places. Oh, and be prepared to wear red.*

by [Joel Kotkin](#) November 08, 2010

Like a massive tornado, the Great Recession up-ended the topography of America. But even as vast parts of the country were laid low, some cities withstood the storm and could emerge even stronger and shinier than before. So, where exactly are these Oz-like destinations along the road to recovery? If you said Kansas, you're not far off. Try Oklahoma. Or Texas. Or Iowa. Not only did the economic twister of the last two years largely spare Tornado Alley, it actually may have helped improve the landscape.

NEWSWEEK has compiled a list of the 10 American cities best situated for the recovery. These are places where the jobs are plentiful, and the pay, given the lower cost of living, buys more than in bigger cities. In other words, places unlike much of the rest of the country. The cities, most of which lie in the red-state territory of America's heartland, fall into three basic groups. **There's the Texaplex—Austin, Dallas, San Antonio, and Houston—which has become the No. 1 destination for job-seeking Americans, thanks to a hearty energy sector and a strong spirit of entrepreneurship.** There are the New Silicon Valleys—Raleigh-Durham, N.C.; Salt Lake City; and urban northern Virginia—which offer high-paying high-tech jobs and housing prices well below those in coastal California. And then there are the Heartland Honeys—Oklahoma City, Indianapolis, and Des Moines, Iowa—which are enjoying a revival thanks to rising agricultural prices and a shift toward high-end industrial jobs.

Unlike the Sun Belt states and cities along the East and West coasts, these locales not only grew during the boom of the mid-2000s, they suffered least in the Great Recession. The fact that they are mostly in red states should give the newly ascendant GOP comfort as it tries to deliver on its election-year promise to right the economy. That isn't to say all the blue states will remain weather-beaten. Wall Street, heady with cheap money, has sparked a return to opulence. And the strong demand for high-tech products and services will likely keep places like Boston, San Francisco, and San Diego from devolving into fancy versions of Detroit. Yet given the results of last week's election and the increasing odds against another bailout of state governments, the near-broke and highly regulated blue states will be hard-pressed to generate much new employment.

Of course, not everyone living in NEWSWEEK's Top 10 cities has avoided the heartache. And the continued slow pace of the economic recovery could hamper expansion even in the most-favored cities. If energy tanks as a result of a renewed global slowdown, it could hurt Texas and Oklahoma; dropping agricultural prices would hit some of the Heartland Honeys hard. But relatively—and that is the operative word in this tough economy—our 10 cities should fare better than most anywhere in America. And they could offer us a road map for what the nation's economy will look like once the dust settles.

## THE TEXAPLEX

For sheer economic promise, no place beats Texas. Though the Lone Star State's growth slowed during the recession, it didn't suffer nearly as dramatically as the rest of the country. Businesses have been flocking to Texas for a generation, and that trend is unlikely to slow soon. Texas now has more Fortune 500 companies—58—than any other state, including longtime corporate powerhouse New York.

**Austin** boasted the strongest job growth in NEWSWEEK's Top 10, both last year and over the decade. Home to the state capital and the ever-expanding University of Texas, the city is arguably the best-positioned of the nation's emerging tech centers. It enjoys good private-sector growth, both from an expanding roster of homegrown firms and outside companies, including an increasing array of multinationals such as Samsung, Nokia, Siemens, and Fujitsu.

Yet **Austin's** newfound prosperity isn't simply a product of its university culture or its synergetic collection of technology firms. Its success owes a great deal to simply being in Texas—a state itching to eclipse its historic archrival, the increasingly troubled California. Indeed, Texas is becoming to the Golden State what Arizona, Nevada, and Oregon were in the last decade: a refuge for workers and companies fed up with California's high unemployment, cost of living, and dysfunctional state government.

The Texas economy has benefited from widening diversification. Houston has a robust energy business and medical-services industry, and thriving international trade—all long-term growth areas. Dallas enjoys an expanding tech sector and well-developed business-service industries tied to a powerful corporate base. **San Antonio** has a strong military connection and an expanding manufacturing capacity, and it is a key locale for the growing Latino marketplace. **What's more, Texas offers pro-business policies and relatively low taxes, and the physical infrastructure in the cities is generally as good or better than in many East and West coast metropolitan areas.**

People are voting with their feet. All four Texas cities are enjoying strong immigration from the rest of the country and abroad. Houston and Dallas have higher rates of immigration than Chicago, and if the job picture stays the same, those cities could someday rival New York and Los Angeles in terms of ethnic diversity.

## THE NEW SILICON VALLEYS

Although Massachusetts and California are lauded as the places “where the brains are,” neither ranked high in the growth of tech jobs over the past decade. More important is where the brains are headed.

A lot of them are going to North Carolina, Virginia, and Utah. The population of Raleigh-Durham grew faster than any major U.S. metropolitan area during the recession, and the city ranked third on NEWSWEEK's list in terms of job growth over the last decade. To the north, in Virginia, lies another Silicon Valley wannabe, stretching across Alexandria, Arlington, and Fairfax counties. And then there's Salt Lake City and its environs, buoyed by the arrival of such big names as Adobe, Twitter, and Electronic Arts. The Greater Salt Lake region, which follows the Wasatch Mountains from Provo to Ogden, has much to attract tech companies: short commutes, decent public schools, spectacular nearby recreation, and, perhaps most important, affordable housing. Roughly 75 percent of households in Salt Lake can afford a median-priced house, as compared with 45 percent in Silicon Valley and roughly half that in New York City and San Francisco. The cost advantages of cities like Salt Lake and the other high-tech hubs are expected to prove especially attractive to millennials—the generation born after 1982—as they begin forming families and buying homes en masse.

None of these Silicon Valleys may ever reach the critical mass of the real thing in California, but they will become increasingly more effective competitors and take an expanding market share of the nation's technology business.

Greeting Card Emergency: Help! I Lost My Job David Ellis Dickerson offers suggestions for how to console friends or relatives suffering as a result of the tough economy.

## **THE HEARTLAND HONEYS**

The oft-ignored center of the country boasts a thriving economy that seems poised for further expansion. The region is well positioned to take advantage of growing markets for agricultural commodities and farm machinery in fast-growing countries such as India and China. The Great Plains and parts of the southern Midwest have also attracted new investments in manufacturing, both from domestic and foreign firms.

Having largely missed out on the housing bubble, the region also avoided the hangover. As a result, after watching generation after generation move away, several heartland cities are enjoying a noticeable uptick in domestic migration as well as immigration. During the Great Depression, it was Oklahomans who moved to California to escape the Dust Bowl. Now there are considerably more people moving from California to Oklahoma than the other way around.

Indianapolis, once written off as “Indiana no-place,” is one emerging hotspot. The area’s housing affordability now stands at a remarkable 90-plus percent. Although the recession has hit some of Indiana’s manufacturing-oriented northwest corner, over the past decade Indianapolis’s population grew at a rate 50 percent greater than the national average, notes urban analyst Aaron Renn. Much of this success is due to an aggressively pro-business attitude that promotes growing clusters such as life sciences, motor sports, and Internet marketing.

Oklahoma City and Des Moines have also enjoyed steady growth in both jobs and net migrants over the past decade. Des Moines was recently rated the No. 1 spot in the country for business and careers by Forbes magazine, thanks to a surging agricultural sector and strength in the business-services segment. And Oklahoma City—which enjoys low unemployment as a result of its steadily growing energy and aerospace sectors—has been ranked among the best job markets for young people, ahead of Dallas, Seattle, and even New York (having Kevin Durant lead the NBA’s Oklahoma City Thunder for the foreseeable future can only improve the buzz).

Of course, none of the cities in NEWSWEEK’s Top 10 list competes right now with New York, Chicago, or L.A. in terms of art, culture, and urban amenities, which tend to get noticed by journalists and casual travelers. But once upon a time, all those great cities were also seen as cultural backwaters. And in the coming decades, as more people move in and open restaurants, museums, and sports arenas, who’s to say Oklahoma City can’t be Oz?

**Courtesy of JB Goodwin**