

Real Estate

## Best U.S. Cities To Earn A Living

Francesca Levy, 09.03.09, 6:00 PM ET

**For the exasperated job-seeker to whom employment opportunities seem bleaker than ever, salvation may lie in the Lone Star State. Texas, home to dozens of energy heavyweights and nearly as many innovative small companies, has three of the best cities to earn a living: [Dallas](#), [Houston](#) and [Austin](#).**

When taking into account the cost of living, strength of industry, economists' predictions for the future state of employment and, of course, salary, these are some of the best U.S. cities in which to take home a paycheck.

### [In Depth: Best U.S. Cities To Earn A Living](#)

It's no secret that, in general, jobs are tight: The U.S. Bureau of Labor Statistics reported on Aug. 7 that non-farm payroll employment sank further in July, and unemployment is entrenched at 9.4%. But some job markets manage to remain healthier due to one or more factors, like a concentration of top companies a resulting prospective annual jump in job growth. Such is the case for the Texas towns on our list.

And then there's [Minneapolis-St. Paul](#). Cold weather, yes. Dismal employment landscape, no. The reason is that the area is home to 10 of Forbes' top-ranked companies--and comes out third on this list.

While employees everywhere are anxious about their jobs, they have less to worry about in cities with clusters of businesses in high-paying or growth industries, and there just so happens to be a relatively low cost of living as well. It all adds up to people earning a better living.

### **Behind the Numbers**

To create our list of the best cities to earn a living, Forbes ranked the 40 largest Metropolitan Statistical Areas (MSAs)--geographic entities defined by the [U.S. Office of Management and Budget](#) for use in collecting statistics--in four areas: median income, cost of living, job growth and the quality of the business environment.

We looked at the past year's median income, collected by the U.S. Census Bureau in each metro area. Because income goes hand in hand with the cost of living (a paycheck is only worth as much as the amount of groceries, health care and housing costs, and other essentials it can cover), we used numbers from the Council for Community and Economic Research, whose ACCRA Cost of Living Index provides a weighted figure for consumer expenditures in each city.

Next we factored in the job growth forecast from 2008-13 from Moody's Economy.com, which uses data like gross product growth, the number of business that have opened or shuttered, and its venture capital dollars to determine future employment prospects for an area.

As a measure of the vibrancy of local business, we counted how many of [Forbes' 400 best big companies](#) and [200 best small companies](#) were located in each metro area. Cities with the highest proportion of industry giants and solid entrepreneurial endeavors have some of the best prospects for qualified job-hunters. Finally, we created a weighted composite ranking based on individual rankings within each of these categories.

### **More Good Companies, More Jobs**

Our data suggest that among the best reasons to move to Houston or Dallas is the number of top-ranked companies headquartered there (38 and 15, respectively). [Atlanta](#) also attracts big businesses across diverse industries, as it's home to Coca-Cola, which brought in \$8.3 billion in revenue last year.

But you'd also have a few first-class employers to choose from in [St. Louis](#), home to chemicals giant Monsanto Company and maker of batteries and other electronic equipment Energizer Holdings Inc., along with seven others that Forbes ranked the strongest in the country.

What St. Louis truly has to its advantage is its low cost of living--it is the cheapest of our top 10 cities in which to live. While cities like St. Louis might not have a reputation for top schools, a low crime rate or good weather, they compensate with lower expenses.

"Midwestern cities in general tend to have a relatively low cost of living, as compared to high-amenity cities like Boston, New York, San Francisco and coastal cities in general," says Robert Helsley, a professor at the University of California, Berkeley's Haas School of Business. The location of a city raises its appeal and drives up its cost of living, he believes. "The last time I checked, St. Louis wasn't on the coast."

While it's true that a box of cereal is easier on the wallet in some cities than in others (\$2.76 in Houston, but nearly twice as much in New York), the city on our list where you'll have the most take-home to spend on groceries is [Washington D.C.](#), home to the federal government and a web of other industries that support it. Laborers in the capital brought home a median \$40,377 last year.

The next-best earning city is [Seattle](#), whose \$32,836 median income makes it the only West Coast city on a list dominated by Eastern and Southwestern metros. Health care, one of the city's beefiest industries, accounts for 96,000 local jobs and \$10 billion a year. Biotechnology and education also drive the economy and spur jobs that help mitigate the city's high cost of living.

If you're worried about the economic situation there--or in other places on our list--changing for the worse in the next few years, don't be. As health care, technology and energy take more employees into their ranks, cities that specialize in these core industries will continue to draw skilled workers and dole out attractive compensation.

**Expect this list to look similar next year--but you might not need it if by then you've moved to Texas for a job.**

[In Depth: Best U.S. Cities To Earn A Living](#)

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Methodology: A weighted composite ranking was calculated based on individual rankings in the following categories: salary, cost of living, strength of industry and economists' predictions for the future state of employment in the 40 largest Metropolitan Statistical Areas (MSAs)--geographic entities defined by the

[U.S. Office of Management and Budget](#) for use in collecting statistics. Data was provided by the U.S. Census Bureau; Council for Community and Economic Research; and Moody's Economy.com. Also factored in were the number of Forbes' 400 best big companies and 200 best small companies located in each area.

## 4. Austin, Texas

Number of Forbes' 400 Best Big Companies: 1

Number of Forbes' 200 Best Small Companies: 1

Median Income: 28,826

ACCRA Cost of Living Index # (100 Median): 95.9

Five-Year forecasted Annual Job Growth: 2.4%

[Read on for more lists and rankings](#), including America's most stressful cities, and a look at America's most expensive ZIP codes.

**Courtesy of JB Goodwin**