



KENAN INSTITUTE
of Private Enterprise

UNC KENAN-FLAGLER BUSINESS SCHOOL

The American Growth Project



October Report

2022'S FASTEST-GROWING U.S. CITIES, RANKED

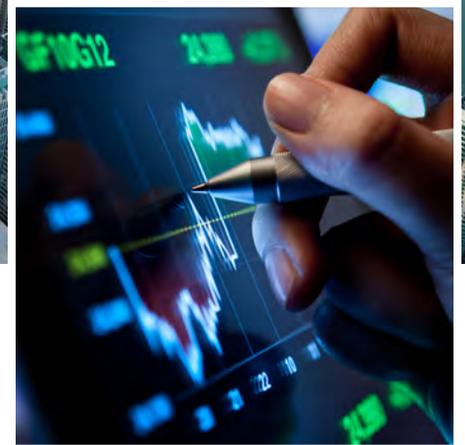
AMERICAN GROWTH PROJECT

Long depicted as a global melting pot, the United States is home to a collection of sharply divergent geographies, regions and cultures. An overlooked measure of our diversity, however, is economic.

While national statistics tell a story of averages, they fail to account for the true drivers of economic expansion and contraction. It is only upon examining America's microeconomies – our cities, towns, suburbs and rural communities – that we can begin to appreciate the myriad and complex determinants of broader U.S., and sometimes even global, economic trends. But the data needed to understand why one town booms even as its neighbor busts has long been lacking, and the effects of these localized economic wins and losses on the lives of workers, businesses and communities have been historically underappreciated.

To address these needs, the Kenan Institute has launched the American

Growth Project – a new initiative providing up-to-the-minute economic data, analysis and forecasting for towns, cities and counties across the country. This effort aims to support government officials, business leaders and other decision-makers seeking guidance to navigate our nation's ongoing economic transformation by providing (near) real-time indicators and short-, medium- and long-term forecasts. We will examine measures such as industry growth potential; labor flexibility and readiness; skills levels and gaps; and the urban/rural economic divide. The project will explore both longstanding business, economic and labor issues along with timelier topics, such as the effects of pandemic-related migration and work-from-home policies. We will ask key questions about what lies ahead for U.S. microeconomies: How will the areas experiencing the strongest post-pandemic growth receive and distribute their gains? Will new migrants and businesses strengthen and embed themselves in local economies, or will their arrival disturb and unseat



existing industries? And how might the private sector partner with public policy officials to address growing skills gaps in the workforce?

As with our **full body of work**, this exploration is underpinned by rigorous academic research conducted by the institute, our affiliates within UNC Kenan-Flagler Business School and our global network of research partners.

The inaugural economic indicator set on page 5 evaluates the 50 largest cities in the United States, as ranked by speed of economic growth. This initial report will be followed by additional rankings, insights and forecasts during the coming months. To submit ideas, or to request additional data or information, please reach out to Kenan Institute Director of Research Services **Ashley Brown**. Press inquiries may be directed to External Affairs Associate **Rob Knapp**.

[Learn more at AmericanGrowthProject.com](https://AmericanGrowthProject.com)



Top 10 Fastest-Growing Cities for 2022

1	San Francisco Bay Area CA
2	Austin TX
3	Seattle WA
4	Raleigh and Durham NC
5	Dallas TX
6	Denver CO
7	Salt Lake City UT
8	Charlotte NC
9	New Orleans LA
10	Orlando FL

Not All Local Economies Are Built Alike

In 2020 – the latest year official economic data was available on a localized level – the U.S. economy contracted by 3.4%. But cities across the country saw significant variance; for instance, Austin's economy grew by 1.2% while Las Vegas' dropped 10.2%. Such a growth differential was attributable, in part, to a divergence in city residents' ability to work from home during COVID-19 pandemic. That said, even in years when the national economy experiences relatively strong growth, some microeconomies will contract. And as our home state of North Carolina illustrates, significant differences can be seen even in neighboring cities. For instance, the U.S. economy grew 2.9% in 2018 – during that same period, Raleigh and Durham expanded 5.3% while, to the west, Greensboro contracted 0.7%, at the same time its neighbor to the south, Charlotte, grew 1.4%, and *its* neighbor to the south, Greenville, South Carolina, grew 3.1%.

This divergence – and the fact that its assessment relies upon data from at least two years ago – illustrate the need for the American Growth Project, which aims to help businesses and governments make decisions based on real-time economic conditions in their localities, to understand the drivers of growth differentials, and to measure

the sustainable and equitable economic growth that most benefits society.

Understanding local economic conditions to date has been a challenge for several reasons. First, as illustrated, broad measures of local economic activity are available only on an annual basis with very long lags (the latest data point for county-level GDP is for 2020, and was released on Dec. 28, 2021). Second, many of these statistics are not aggregated in economically meaningful ways. For example, our home region of Raleigh-Durham-Chapel Hill is currently considered two separate economic entities by the U.S. Census, though we know that in actuality, the cities operate as one economic entity. To ensure cities are tied meaningfully and in ways that reflect how their economies operate today, we have undertaken the creation of Extended Metropolitan Areas ([EMAs](#)). Finally, and most challenging, GDP, which is the standard measure of economic activity, only measures total economic output – not the sustainability or distribution of that output, which research has found to be an important measure of people's well-being.¹

Measuring Growth in 2022

This report seeks to solve the first two problems outlined above: measuring GDP growth in real time, and doing so for areas that are economically closely tied. We plan to address the third problem by developing measures of

skills levels and gaps; wage levels and gaps; labor flexibility and readiness; household opportunities; and industry growth potential. We will use these and other statistics to create forecasts of medium- and long-term sustainable economic growth. Our goal is for these measures and related content to support the decisions of business practitioners and policymakers by providing insights on localized drivers of growth, such as skill areas where high-return investments can be made in education and training. We believe such information will also assist in site planning, helping businesses take advantage of underused locales and burgeoning regions that already have, or are developing, the skills of the future.

As the map (right) illustrates, EMAs can encompass huge geographic areas and populations. The largest by population is the New York EMA, which extends over four states – New York, New Jersey, Connecticut and Pennsylvania. Almost 24 million people live in that EMA, generating more than \$2 trillion of economic activity each year. The commuter towns of suburban Connecticut might seem obvious, but why should Allentown, Pennsylvania – which is closer to Philadelphia than New York – be included? The answer lies in its significance as a logistics hub gateway to New York. Thus, economic activity in Allentown has become increasingly tied to the fate of the New

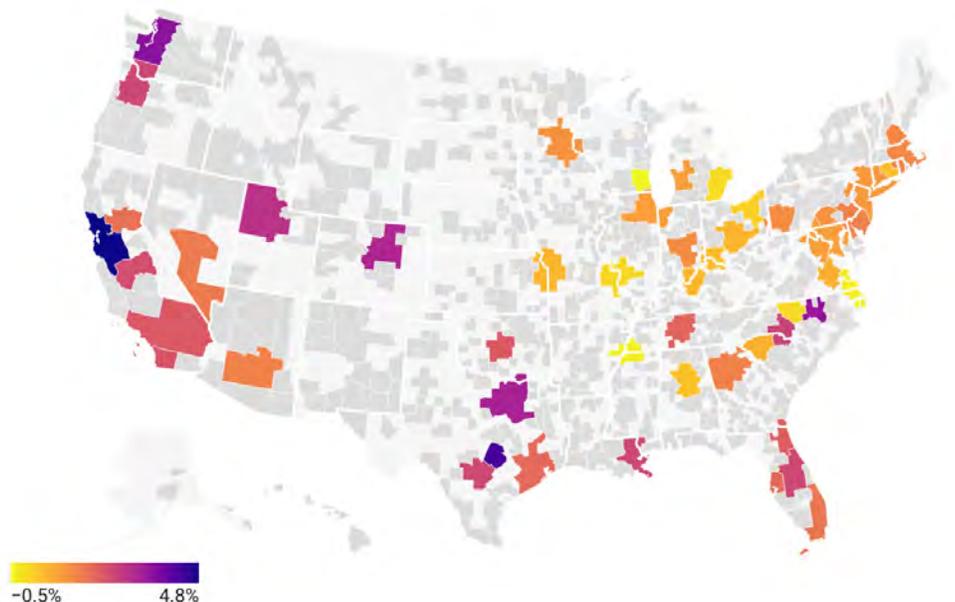
York EMA. As this example illustrates, the construction of our EMAs relies less on absolute geographical distance and more on ensuring that we capture distinct economic ecosystems.

The list on page 5 examines the largest **50 EMAs** in the United States by population – the smallest, Harrisburg, had a population just shy of 1.3 million in 2020 (14 cities outside the top 50 had populations over 1 million in 2020). In total, 216 million people live in the largest 50 EMAs, which is 65% of the U.S. population. These EMAs generate more than \$18 trillion in GDP, or more than 72% of total U.S. economic activity each year. (The drivers of this gap of 7 percentage points between population and GDP – as well as the somewhat faster (0.15 percentage point) growth of the largest 50 EMAs relative to



Our goal is for these measures and related content to **support the decisions of business practitioners and policymakers** by providing insights on localized drivers of growth, such as skill areas where high-return investments can be made in education and training.

2022 GDP Growth



Extended Metropolitan Areas

EMA Name	2022 GDP Growth	GDP (2022, billions USD)	GDP Share of U.S. Total (2022)	GDP Rank (2022)	Population (2020, millions)	Population Share of U.S. Total (2020)	Population Rank (2020)
San Francisco Bay Area, California	4.8%	1,383	5.50%	3	9.7	2.9%	5
Austin, Texas	4.3%	216	0.90%	22	2.3	0.7%	33
Seattle, Washington	3.5%	583	2.30%	10	5.0	1.5%	13
Raleigh and Durham, North Carolina	3.4%	189	0.80%	28	2.1	0.6%	35
Dallas, Texas	3.1%	682	2.70%	7	8.1	2.5%	7
Denver, Colorado	3.0%	330	1.30%	16	3.6	1.1%	18
Salt Lake City, Utah	2.8%	212	0.80%	23	2.7	0.8%	24
Charlotte, North Carolina	2.5%	233	0.90%	21	2.8	0.9%	23
New Orleans, Louisiana	2.4%	102	0.40%	40	1.5	0.5%	41
Orlando, Florida	2.4%	246	1.00%	19	4.2	1.3%	15
Portland, Oregon	2.4%	246	1.00%	18	3.3	1.0%	20
San Antonio, Texas	2.4%	163	0.70%	34	2.6	0.8%	27
Fresno, California	2.3%	71	0.30%	50	1.3	0.4%	48
San Diego, California	2.2%	290	1.20%	17	3.3	1.0%	19
Los Angeles, California	2.1%	1,510	6.00%	2	18.6	5.6%	2
Oklahoma City, Oklahoma	2.1%	93	0.40%	44	1.5	0.5%	42
Jacksonville, Florida	2.0%	115	0.50%	39	1.7	0.5%	38
Nashville, Tennessee	1.9%	171	0.70%	33	2.1	0.6%	34
Houston, Texas	1.8%	598	2.40%	8	7.3	2.2%	9
Tampa, Florida	1.8%	204	0.80%	25	3.2	1.0%	21
Sacramento, California	1.7%	189	0.80%	29	2.7	0.8%	25
Miami and Fort Lauderdale, Florida	1.6%	476	1.90%	12	6.9	2.1%	11
Las Vegas, Nevada	1.5%	146	0.60%	35	2.3	0.7%	31
Phoenix, Arizona	1.4%	341	1.40%	15	4.9	1.5%	14
Atlanta, Georgia	1.4%	559	2.20%	11	6.9	2.1%	10
Philadelphia, Pennsylvania	1.4%	588	2.40%	9	7.4	2.2%	8
Boston, Massachusetts	1.3%	808	3.20%	6	8.5	2.6%	6
Pittsburgh, Pennsylvania	1.2%	197	0.80%	27	2.7	0.8%	26
Indianapolis, Indiana	1.2%	198	0.80%	26	2.5	0.8%	30
Harrisburg, Pennsylvania	1.1%	85	0.30%	48	1.3	0.4%	50
Minneapolis and St. Paul, Minnesota	1.1%	342	1.40%	14	4.1	1.2%	16
New York, New York	1.0%	2,422	9.70%	1	23.6	7.1%	1
Chicago, Illinois	0.9%	837	3.30%	5	10.0	3.0%	3
Grand Rapids, Michigan	0.9%	86	0.30%	47	1.4	0.4%	45
Washington, D.C., and Baltimore, Maryland	0.9%	940	3.80%	4	10.0	3.0%	4
Richmond, Virginia	0.6%	98	0.40%	43	1.3	0.4%	49
Greenville, South Carolina	0.6%	87	0.30%	46	1.5	0.4%	43
Kansas City, Missouri, and Kansas City, Kansas	0.5%	186	0.70%	30	2.5	0.8%	29
Columbus, Ohio	0.5%	185	0.70%	31	2.5	0.8%	28
Louisville, Kentucky	0.5%	98	0.40%	42	1.5	0.5%	40
Hartford, Connecticut	0.4%	136	0.50%	37	1.5	0.4%	44
Cincinnati, Ohio	0.4%	185	0.70%	32	2.3	0.7%	32
Birmingham, Alabama	0.3%	83	0.30%	49	1.4	0.4%	47
Cleveland, Ohio	0.1%	245	1.00%	20	3.6	1.1%	17
Greensboro, North Carolina	0.0%	100	0.40%	41	1.7	0.5%	39
St. Louis, Missouri	0.0%	204	0.80%	24	2.9	0.9%	22
Detroit, Michigan	-0.1%	357	1.40%	13	5.4	1.6%	12
Memphis, Tennessee	-0.4%	90	0.40%	45	1.4	0.4%	46
Virginia Beach, Virginia	-0.4%	115	0.50%	38	1.9	0.6%	37
Milwaukee, Wisconsin	-0.5%	143	0.60%	36	2.1	0.6%	36

U.S. national GDP – will be a topic of discussion for a future report.)

These EMAs not only have strong growth differentials, but experience different labor market conditions. After jumping to 11.7% in 2020, for instance, the unemployment rate in Fresno has since fallen substantially. Still, the city's unemployment year-to-date remains at 6.5%, which is meaningfully higher than the national average of 3.7% and roughly double that of San Francisco. Some of this is driven by San Francisco's faster growth, but some of it is the result of differences in industry mix (i.e., San Francisco's higher share of technology) and demographics (i.e., Fresno's less educated population).

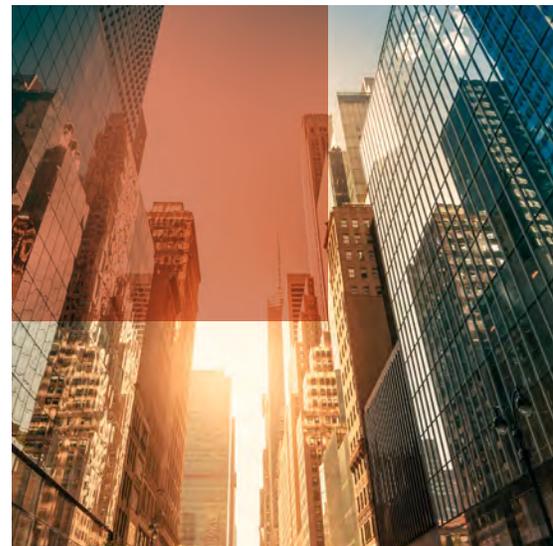
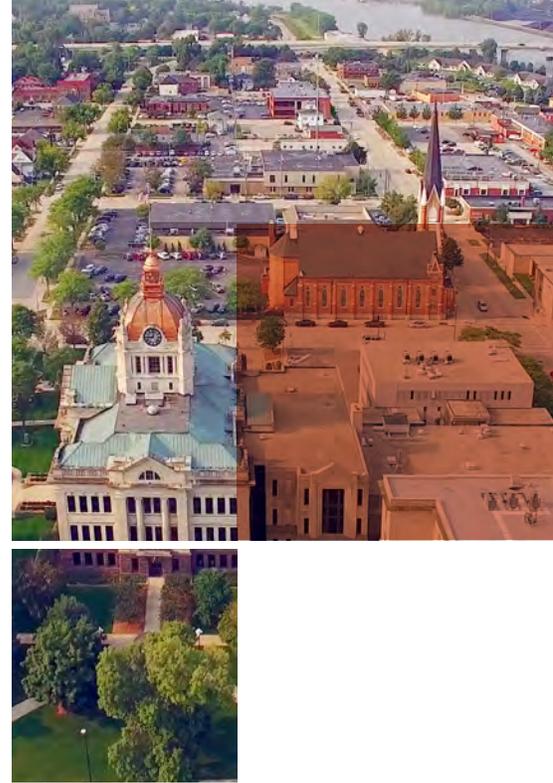
Our findings on the growth of the 50 largest cities in the U.S. reflect the combination of three factors: a continued shift away from low-tech to high-tech; the continued movement of the U.S. population toward the South and West; and a recovery in the leisure and hospitality sectors, which has buoyed cities like New Orleans and Orlando.

Looking Ahead: What a 2023 Slowdown Might Bring

How will these microeconomies be affected by a significant slowdown in the U.S. economy? (*Note that, given the strength in the labor market, we do not*

believe the decline in GDP during the first half of 2022 reflects a meaningful slowdown.) This depends on the nature of the slowdown. Which industry will be hit hardest, tech or manufacturing? Normally, manufacturing and construction falter the most during recessions, especially ones in which the Federal Reserve jacks up rates. Higher mortgage rates and auto loans continue to squeeze demand, but we still face a housing shortage and automakers remain unable to keep up with demand. Also, the long-term potential shift toward reshoring would benefit places like Detroit (autos and reshoring), Denver (housing) and Dallas (energy and reshoring).

Meanwhile, tech experienced one of the strongest recoveries from the COVID-induced 2020 recession. Will it continue to power through, or will declining markets and profitability pressure tech companies to pull back even further on hiring and investment (or even lead to significant layoffs), putting Austin and San Francisco at risk? How does the double whammy of already expensive housing and now high interest rates affect these areas? What about tourist destinations? Are the unfilled jobs in New Orleans and Orlando a potential source of growth, or a weakness? How much of the pent-up demand for travel has been met? Will a slowing economy weigh on the tourism sector? And then there are the factors that are harder to model – will Ukraine cause a significant



military rebuild, boosting the fortunes of Virginia Beach (a laggard with a large defense presence) or moving No. 11 San Antonio (home to the nation's largest joint base) into the top 10?

Methodology

Our principal building block in creating the underlying growth for EMAs is county-level data – which is the deepest drill-down for most economic data. This allows us the flexibility to incorporate both the large (i.e., New York City) and smaller (Allentown) but economically connected areas in the EMAs. At the same time, we have created a “crosswalk” allowing us to incorporate data from different levels of aggregation (as some data is available only on a metro or state level). We then apply advanced econometric techniques to the data to create real-time estimates of growth

and, in future, a more robust picture of the drivers of that growth. Most real-time measurement of economic activity relies on either demand side (adding up consumption, investment, government spending and external trade) or the income side (household plus business incomes) accounting. Given the data limitations alluded to above, our measure of growth relies on a combination of these different accounting methods. We apply our econometrics to high-frequency data from the income side (e.g., employment) and demand side (e.g., housing) within a nationwide framework to estimate the individual EMA growth rates while ensuring they remain consistent with our estimates of national growth. Our longer term estimates will include factors that are fundamental drivers of growth, such as education and capital spending.²

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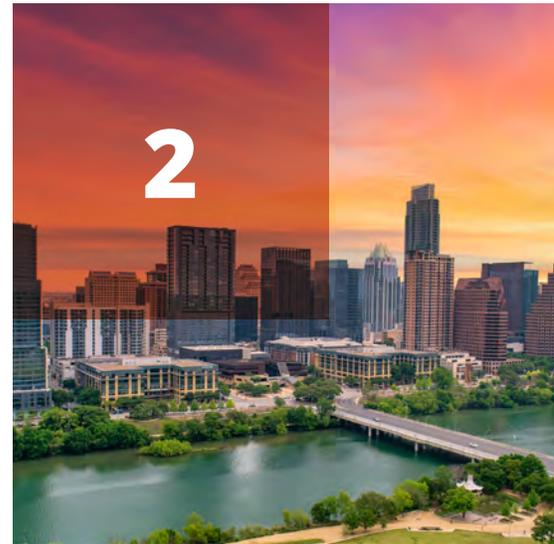


San Francisco Bay Area, CA

During the past decade, Silicon Valley has become synonymous with innovation, tech jobs and startup-fueled growth as software applications play increasingly essential roles in modern life. The COVID-19 pandemic caused a spike in remote work and virtual gatherings, drastically expanding the valuation and cultural status of companies like San Jose-based Zoom. Worrisome signs for the region include announcements of hiring freezes and layoffs, and sharp jumps in the number of active real estate listings – as well as measures of homebuyer demand and competition – indicate the region’s housing market is among the fastest declining nationwide.

Austin, TX

Austin’s status as a technology hub along with its high concentration of venture capital, warm climate and vibrant cultural offerings lead to frequent comparisons with the Bay Area – and in fact, high-profile Silicon Valley companies, including Amazon, Google, Oracle and Tesla, have recently expanded their operations in Austin. But those leaving the Bay Area may be bringing their former region’s housing issues with them - the median home value in Austin increased from \$349,156 in August 2020 to \$566,479 in August 2022,³ with average multifamily rents rising 10% year over year.⁴ And there are signs of hiring rates slowing down as 2022 has progressed, indicating that Austin’s labor boom may have already peaked.



Seattle, WA

While Seattle performs well in many of the top industries now driving growth – including software and biotech – it also stands out as a leader in clean energy. The city has recently experienced the construction of manufacturing labs for clean tech development, enacted new initiatives for cleaner buildings, and signed a Green New Deal in September 2022. In addition, Seattle-based giants Amazon and Microsoft have signaled their intent to expand integration of clean hydrogen to power their businesses. Given younger job-seekers show particular interest in environmental careers, these developments indicate positive growth prospects for the industry – and area – moving forward.

Raleigh and Durham, NC

The Research Triangle (so named for the area's triumvirate of Duke University, North Carolina State University, and the University of North Carolina at Chapel Hill) has long been a powerhouse for biotech – and even amid possible cuts in the industry nationwide, more than \$1 billion worth of biotech laboratory construction is underway in the greater Raleigh area.⁵ The Triangle hosts a bevy of tech companies among its top employers as well, including Cisco, Epic Games, IBM and Red Hat. They'll soon be joined by Apple, which announced in 2021 its intention to invest \$1 billion to establish its first East Coast campus in the Triangle – along with a \$100 million fund for area schools and \$110 million earmarked for infrastructure across the state.

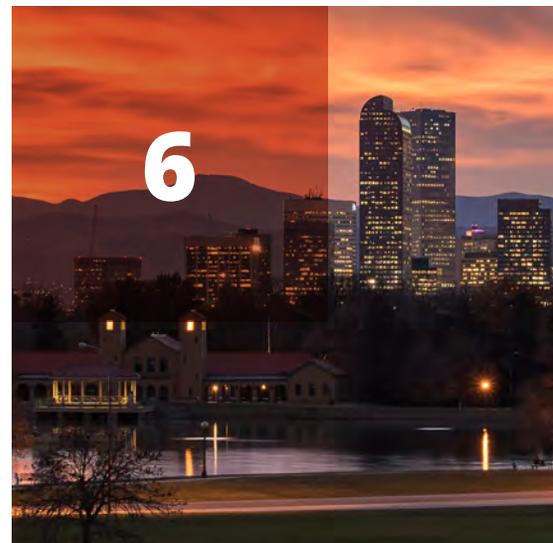


Dallas, TX

During the peak months of the COVID-19 pandemic, no metro area's population grew more than Dallas-Fort Worth. The area's addition of 97,290 people between June 2020 and July 2021 was not entirely surprising, however, as the area has reported robust and positive population growth each year since 1950.⁶ The region's persistent attractiveness to new migrants is likely due – at least in part – to its diversity and strength across industries, with healthcare being a major driver of economic growth. In total, 19 Fortune 500 companies are based in Dallas, including AT&T, CBRE Group, Exxon Mobil, Southwest Airlines and Texas Instruments.

Denver, CO

Denver's growth has certainly been fueled by rising migration away from urban areas, but a less-discussed aspect of the area's population boom has been the city's retention of its natives and young workers. An August 2022 study found that a whopping 71% of millennials who lived in Denver at age 16 either stayed or returned by the time they turned 26.⁷ Software and financial services are among the region's fastest-growing industries, with its aerospace, digital communications, and food and beverage sectors also expanding.





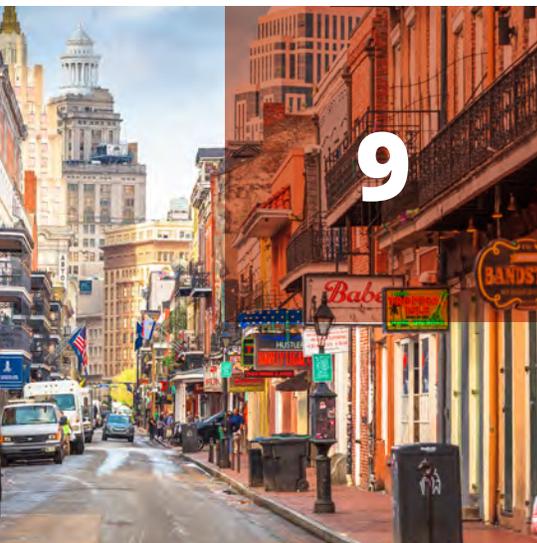
Salt Lake City, UT

Beginning in 2020, Salt Lake City has rolled out initiatives with the broad goal of building a culture of innovation. These have included efforts to simplify the city's financial system, expand the provision of digital and broadband, tackle climate change solutions and invest more heavily in entrepreneurship and startups. Meanwhile, the scientific and technical services sector reported 60% growth over the past ten years, with other sectors such as healthcare, retail trade, educational services and manufacturing also growing during the past decade.⁸ But the city is not immune to problems affecting similar high-growth areas, such as sharp rises in rent and expenses that have led to many businesses being priced out.

Charlotte, NC



The greater Charlotte area has boomed in recent years. After adding nearly 20,000 new jobs in Q2 2022, the region has added an additional 12,000 new jobs in the first two months of Q3, putting it on track to report its ninth consecutive quarter of job growth. This second-largest banking center in the United States (behind New York City) is home to headquarters for Bank of America, Truist Financial and the East Coast operations of Wells Fargo. But financial services are not the city's only standout sector, with education, health and professional and business services all outperforming national averages. Manufacturing, too, is on the rise, with Red Bull planning a \$740 million multipurpose campus to be constructed in neighboring Concord.⁹ This latest addition is set to drive major job growth in the region, further diversifying the area's economic prospects.



New Orleans, LA

Tourism's post-COVID rebound has greatly bolstered New Orleans' economic standing in recent months, as the city's leisure and hospitality services industry grew 6% between August 2021 and August 2022. Other established sources of revenue for the city include numerous offshore petrochemical plants and the Port of New Orleans, which is in the midst of a \$100 million expansion.¹⁰ One potential threat to the regrowth of the tourism sector, however, is the city's newly acquired status as home to the most homicides per capita. In addition, New Orleans had far less employment growth than the rest of the top 10 – a data point supported anecdotally by a variety of employers, many of whom report a shortage of workers – which could indicate the city has even more room to grow in coming years.

Orlando, FL

Orlando may be most strongly associated with its theme parks, and tourism does constitute roughly one-third of the economy for Florida's fastest-growing city. But its volume of visitors is also bolstered by the city's role as the second-largest trade show destination in the U.S., and is fed by three international airports. Taken together, tourism generates enough revenue for the city to offset significant tax incentives for sectors such as aerospace. In addition, Orlando is known as one of the modeling and simulation capitals of the world, boasting a \$6 billion sector in this growing field that features not only public sector and military employers, but also a growing number of private sector employers in healthcare, gaming and virtual reality.¹¹



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- ¹ Dynan, K. & Sheiner, L. (2018, August). *GDP as a Measure of Economic Well-being* (Hutchins Center Working Paper #43). Hutchins Center on Fiscal & Monetary Policy at Brookings. <https://www.brookings.edu/wp-content/uploads/2018/08/WP43-8.23.18.pdf> and Bureau of Economic Analysis. (2022). *Prototype Measures of Economic Well-Being and Growth*. <https://apps.bea.gov/well-being/>
- ² One important caveat: we are using annual data because quarterly data is not available on a localized basis for our EMAs. As a result, our estimates may not align with national fourth-quarter to fourth-quarter GDP growth, which is likely to be meaningfully slower than the yearly national figures.
- ³ Zillow. (2022). Home Value Index: Austin, TX Metro. Haver Analytics Dataset.
- ⁴ Kumar, Umesh. (2022, September 13). Will Austin's Cooling Housing Market Affect Its Commercial Real Estate. TechBullion. <https://techbullion.com/will-austins-cooling-housing-market-affect-its-commercial-real-estate/>
- ⁵ Allam, Chantal. (2022, January 7). New \$1B life science campus coming to Morrisville: The Spark. TechWire. <https://wraltechwire.com/2022/01/07/new-1b-life-science-campus-coming-to-morrisville-the-spark/>
- ⁶ U.S. Census Bureau. (2022, March 24). Over Two-Thirds of the Nation's Counties Had Natural Decrease in 2021. <https://www.census.gov/newsroom/press-releases/2022/population-estimates-counties-decrease.html>
- ⁷ Sprung-Keyser, B., Hendren, N., & Porter, S. (2022). The Radius of Economic Opportunity: Evidence from Migration and Local Labor Markets. U.S. Census Bureau. <https://www2.census.gov/ces/wp/2022/CES-WP-22-27.pdf>
- ⁸ Stebbins, S. (2022, March 30). Salt Lake City, UT Has One of the Fastest Growing Tech Sectors. The Center Square. https://www.thecentersquare.com/utah/salt-lake-city-ut-has-one-of-the-fastest-growing-tech-sectors/article_c4b7778b-b579-5ca5-a1c1-8b3a3334f78f.html
- ⁹ Office of N.C. Governor Roy Cooper. (2021, July 13). *Red Bull and Rauch to Build a Multimillion Dollar Beverage Manufacturing Hub in Cabarrus County* [Press Release]. <https://governor.nc.gov/news/press-releases/2021/07/13/red-bull-and-rauch-build-multimillion-dollar-beverage-manufacturing-hub-cabarrus-county>
- ¹⁰ The Waterways Journal. (2021, January 22). *Port NOLA In The Midst Of \$100 Million Expansion At Napoleon Container Terminal*. <https://www.waterwaysjournal.net/2021/01/22/port-nola-in-the-midst-of-100-million-expansion-at-napoleon-container-terminal>
- ¹¹ Roche, A. (2021, December 2). Orlando's Simulation Ecosystem Attracts Billions in Contracts. Orlando Economic Partnership. <https://news.orlando.org/blog/orlandos-simulation-ecosystem-attracts-billions-in-contracts/>

Frank Hawkins Kenan Institute of Private Enterprise

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