



Best Places

America's Fastest-Growing Metros

Brian Wingfield and William Pentland 01.30.08, 2:20 PM ET

It's no secret that the Southeast and Western United States are booming. The costs of living and doing business there are often cheaper there than in big coastal cities. But where and how much those cities are thriving might surprise you.

Take Alabama. The state has some of the fastest growing metro areas in the country, including Mobile, which is projected to have the greatest change in "gross metropolitan product (GMP)," 34% between 2007-2012, according to research forecasts done for us by Moody's Economy.com.

In Pictures: America's Fastest-Growing Large And Small Metros

One boon to Alabama is ThyssenKrupp's announcement last year to build a \$3.7 billion steel plant in Mobile. And Huntsville--expected GMP growth 15% by 2012--has long been a hub for defense and space research. Since the mid-1990s, Alabama has also become a manufacturing center for automakers like DaimlerChrysler, Toyota and Hyundai.

"The automotive industry has been Alabama's real growth industry in the last 15 years," says Brian Hilson, president and CEO of Huntsville's chamber of commerce.

Other metro areas, like Port St. Lucie and Palm Bay, are part of a growing biotech cluster in central Florida. Straddling Texas and Arkansas, Texarkana is seeing war-related development: Its Red River Army Depot is a major maintenance and storage facility for military equipment. And St. George, Utah, located about 120 miles from Las Vegas, has boomed in recent years as a destination for retirees.

All of them sit at or near the top of Forbes' list of America's fastest-growing metropolitan areas, places large and small that offer at least the promise of booming economies for years to come.

To compile our list, we looked at all of the country's 363 metropolitan areas, defined by the U.S. Census Bureau has a geographic region with a "core urban area" of at least 50,000 people. Because many small metro areas are high growth--and because we wanted to show growth in large cities as well--we split the group into two classes: the largest 100 metro areas (with at least 528,000 people) and everyone else. We use projections run for us by Moody's Economy.com to show growth in GMP between 2007-2012.

Of course, if one looks at economic growth in the country's largest 100 metros, the usual suspects jump to the top of the list. With an estimated 32% GMP growth from 2007-2012, Austin, Texas, is the winner for big metros. Atlanta, Seattle, Orlando, Houston and San Jose, Calif., also appear high on the list. What do they all have in common? They're tech hubs with proximity to universities and a healthy increase in population. Austin's population, for example, is expected to increase by nearly 15% by 2012, according to Moody's Economy.com forecasts.

Bruce Katz, director of the Metropolitan Policy Program at the Brookings Institution, says there are several factors to take into consideration when measuring the pulse of a metro area: innovation, human capital, infrastructure and the actual quality of a place.

"These assets drive everything," says Katz. Some ways to measure them: the number of patents a metro area produces (innovation), the number of college graduates that live there (human capital), the amount of passenger miles its residents travel (infrastructure) and the vibrancy of its downtown area (quality of place).

A glance at the country's most economically healthy large metro areas underscores his point. Computer manufacturer Dell and the University of Texas anchor Austin's tech community. San Jose receives an influx of grads from places like Stanford and UC-Berkeley who want to work in Silicon Valley. Atlanta, home to Emory University and the Georgia Institute of Technology, is also the headquarters of UPS, CNN and AT&T Mobility, the largest cellular carrier in the United States.

To be sure, GMP is not the only method of measuring a metro area's economic vibrancy. Population growth, job growth, housing starts and personal income growth are all other factors to consider. However, we felt that an examination of the output of goods and services in a metro area was perhaps the purest method of determining how vibrant an economy will be several years down the road.

Statistics on the other factors, compiled for us by research firm Global Insight, supported the forecasts for GMP growth. Mobile, Austin, Port St. Lucie, Cape Coral, St. George and other regions with high GMP growth projections all appeared near the top of their lists.

In the current economic climate, predictions for housing starts are open to the most uncertainty. Moody's forecasts take the current slowdown into consideration but do not account for a potential recession. A study compiled by Global Insight and released by the U.S. Conference of Mayors in November found that the most significant losses in real GMP were concentrated in California, though every state has taken a hit.

Several burgeoning metro areas barely missed our list, including Raleigh, N.C., San Antonio, and Atlantic City, N.J. But what about those near the bottom? Most are smaller metro areas in historical manufacturing centers in the Northeast and Midwest. Of the bigger metros Rochester, N.Y., Youngstown, Ohio, and Springfield, Mass., top the list.

They're also low for expected population growth. Why stay there when so many other urban centers are thriving?

In Pictures: America's Fastest-Growing Large And Small Metros



The image shows a screenshot of a Forbes.com widget. At the top left, the word "Business" is displayed in white on a blue background. To the right is the "Forbes.com" logo. Below the logo are two tabs: "Stories" (selected) and "Video". The main content area features two article teasers. The first is titled "McCain On The Upswing" with a sub-headline: "Republican Sen. John McCain's Florida win gives him the upper hand going into Super Tuesday." The second is titled "America's Fastest-Growing Metros" with a sub-headline: "These cities, large and small, promise the best economic growth over the next five years." At the bottom of the widget is a search bar with the text "Get Stock Quote" and a play button icon. In the bottom right corner, it says "Presented by VISA". A "Get Widget" button is located at the very bottom left.

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Small Metro Areas

Mobile, Ala.

Rank: 1

Projected total GMP growth, 2007-2012: 34.31%

Australian shipbuilder Austal set up its U.S. operations in Mobile in 1999, and ever since, the metro area has bloomed as a manufacturing center. Last year, ThyssenKrupp announced plans to build a \$3.7 billion steel plant in Mobile, expected to bring 2,700 new jobs by 2010. Northrop-Grumman and EADS North America have selected the city as a tanker production facility. One of Mobile's biggest advantages: It's a deep water port with access to two major U.S. highways.

Source: Moody's Economy.com, Mobile Chamber of Commerce