

2012

Talent, place, and prosperity: Metro Portland's changing labor market and economic outlook

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Citation Details

Cortright, Joseph. (2005) Talent, place, and prosperity: Metro Portland's changing labor market and economic outlook. Metropolitan Briefing Book 2005, Portland State University, Institute of Portland Metropolitan Studies.

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After three years of a sluggish national economy, it looks as if we may be poised to grow again. Although the Portland economy benefited mightily from the boom of the 1990s, it was harder hit than the nation as a whole during the 2001 recession and the “job-loss” recovery that followed. What is the outlook for growth in the region in the years ahead? In particular, how will our labor market influence growth opportunities? This article examines changes in national and local labor markets and the role of migration in shaping Portland's economic opportunities. It identifies some key challenges and discusses the relationship between labor markets, local industrial structure, and the region's quality of life.

THE NEW REALITY OF TALENT

The critical ingredient in metropolitan Portland's future economic success is its ability to develop, attract, and retain talented people.

We have focused too little attention on people as the critical ingredient in economic success. In a knowledge-based economy such as ours—one that will increasingly dominate our lives—the talent and creativity of the workforce will determine which regions flourish and which flounder. In this globalized, knowledge-based economy, prosperity depends less and less on access to physical resources such as coal, iron ore, oil, timber, and deep draft ports and more and more on the ability to create economically useful ideas. And ideas, unlike natural resources, are not simply discovered or inherited. They are created by people. In a global economy, physical inputs and outputs and financial capital can easily be moved to where they may be most productively used.

Talented people obey a different calculus. Talented people are workers and entrepreneurs, but they are also consumers and citizens, parents and partners. These people will base the choice of where to live not solely on productive considerations, but on amenities and consumption opportunities, community, and social and family considerations.

Almost overlooked, metropolitan Portland's chief advantage in the competition among metropolitan regions has been its ability to attract and retain a group we call “the young and the restless”—well-educated 25-to-34 year old adults. The region's principal assets for attracting this key group center on quality of life, and embrace

everything from our natural resource inheritance to the urban amenities of a walkable, bikeable city, great transit, and a culture open to newcomers and new ideas.

Americans are a mobile people, but there is a distinctive life cycle to individual mobility. We are most mobile in our late adolescence and early adulthood, as we leave the family nest, pursue higher education, explore the world of work and find ourselves as adults. But as we age, we move less frequently because we begin building attachments to place—friends, routines, a network of associates, a résumé, a mortgage and, typically, a family. All this place-specific capital progressively anchors U.S. in particular locations as we age. The likelihood of moving across state or metropolitan lines falls roughly by half between one's 25th and 35th birthdays and continues to decline right through retirement age.

Consequently, the best opportunity to attract talent and to root it in place occurs when people are “the young and the restless” in their twenties and early thirties. Our study of the young and the restless tells a tale that reflects many of the key economic trends of the past decade, and, we think, foreshadows the likely path of economic trends of the next two decades.

None of this focus on one segment of the labor force is meant to imply that they are the only creative workers in the American economy or that they are the only ones we should care about. They are, however, an important asset and a critical indicator.

A region's ability to attract and retain these talented young workers is a key indicator of its future economic prospects, in particular its ability to grow dynamic new knowledge-based industries that are the drivers of metropolitan economic success. Well-educated people in this age group are the key employees for fast growing businesses—and they are also the entrepreneurs who create the next generation of new businesses. Indirectly, workers throughout the region depend on the economic vitality imparted by these laborers.

Paradoxically, the region's attractiveness to young talent has actually magnified the local unemployment rate, at least in the short term. Even though Oregon has led the nation in unemployment levels over much of the past three years, net-immigration continues at levels only slightly lower than during the economic boom of the 1990s. In contrast, places with much lower unemployment rates such as Utah, Kansas, and North Dakota continue to experience a net out-migration of young

adults. (Between 2002 and 2003, all of these states lost population even though their unemployment rates were 4.5 percent or below, ranking in the 10 lowest in the nation.)

This paper describes the role of the young and the restless in shaping economic prosperity in the Portland metropolitan area. This analysis unfolds in five parts. First, we discuss the importance of talented young workers to metropolitan economic success and how this success is likely to be accentuated in the next two decades. Second, we review the broad demographic trends that are playing out in this age group. Third, we examine the changing racial and ethnic composition of young adults. Fourth, we focus on the critical role of the most talented young adults, those who have completed a four-year college degree. We conclude by recommending how economic development professionals can incorporate this information into their work.

THE ECONOMIC IMPORTANCE OF THE YOUNG AND THE RESTLESS

The young adult population, which we define for purposes of this analysis as persons between 25 and 34 years of age, plays a particularly important role in shaping regional economic growth and prosperity. The mid-twenties and early-thirties represent an age when most people have completed their formal education, have started pursuing careers (or developing a formative work history), and are finding partners and starting families. While people in their early twenties, particularly those with a four-year degree or higher level of education, are the most mobile age group in our society, the likelihood of moving to another state or metropolitan area declines sharply as people move into their early thirties. Consequently, the best opportunity to attract the population that will provide the human capital for a region's economic future occurs when they are young adults.

The importance of the young adult population to metropolitan economic health has been thrown into sharp relief by the major demographic change sweeping the nation: the aging of the baby boomers. Slightly more than a decade ago, when the 1990 census was conducted, the tail end of the baby boom generation (people born between 1956 and 1965) was between 25 and 34 years of age. In 2000, these boomers had moved into the 35-to-44 age group.

Those who followed people born between 1966 and 1975 were part of a much smaller birth cohort, the so-called baby bust. Even augmented by substantial inter-

national immigration, the number of people aged 25-to-34 in 2000 was far less nationally—nearly 4 million less than the number of 25-to-34 year olds a decade earlier. This means that the nation's metropolitan areas were competing for a smaller pool of young adults in 2000 than they were in 1990.

Over the past few years, people have become increasingly aware of the economic importance of talented workers, the people Richard Florida calls the creative class. These talented writers, designers, engineers, architects, researchers, and others play a key role in creating new ideas that drive business success and regional economic progress. The point of greatest opportunity to attract and retain these creative workers is when they are young and mobile. Our research shows a strong correlation between places with a significant fraction of the young and the restless and with various indices of the creative class.

For the nation's metropolitan areas, then, this shrinking group of young adults daily makes decisions that will have profound effects on economic growth for decades to come. The importance of this trend has been masked by three years of languishing economic growth (and in many places actual job declines). With job losses still fresh in mind, it is not obvious that availability of talent is a critical factor for economic success. But as the nation puts the lingering recession behind it, and as job growth accelerates (as now, finally, appears to be the case), an abundant supply of knowledge-based workers will be key.

This will happen just as the United States is moving from a thirty-year era of rapid labor force growth to a period of much slower growth and likely shortages. The three decisive trends that drove the growth of the U.S. labor force in the past three decades—the maturing of the baby boom generation, women's greatly increased economic role and the increase in college attainment—all reverse or flatten out in the next two decades. The baby boom generation, now in its peak earning years, will soon begin retiring, depriving the economy of some of its most seasoned workers. Women's labor force participation, which has doubled since the 1950s and has been a key part of growing the U.S. economy, cannot go much higher. Finally, the expansion of college education in the last two generations, which has raised college attainment rates from less than 10 percent of the population to more than 30 percent of young adults, has stopped growing. The combination of baby boom retirements, no net additions of women to the labor force, and a constant college attainment rate mean that labor is likely to be in short supply over the next two decades.

In this environment of labor shortage, metropolitan areas of the United States are in effect in competition for a limited supply of young workers. And those in

the 25-to-34 year old age group the most mobile in the population. Over the five-year period 1995 to 2000, more than 3 million persons in this group moved among metropolitan areas. At the same time, U.S. metropolitan areas attracted nearly 2 million people from abroad. Most metropolitan areas lost population in the 25-to-34 age group during the 1990s, largely because of the national demographic trends. But some metropolitan areas were big gainers because they attracted a larger share of this mobile group.

This analysis shows how the distribution of the young adult population changed between 1990 and 2000, and how different metropolitan areas fared in attracting this mobile and economically important group. As we shall see, the geographic distribution of this age group was influenced by an array of factors, including the changing race and ethnicity of young adults, variations in underlying regional and metropolitan growth trends, and the differential attractiveness of metropolitan areas to young adults.

OVERALL DEMOGRAPHIC TRENDS

The focus of our analysis is the metropolitan population of the United States, and in particular the changes in population in the nation's 50 largest metropolitan areas, including all metro areas with populations of one million or more in 2000.

Collectively the nation's metropolitan areas accounted for 80.3 percent of the U.S. population, and the 50 largest metro areas accounted for 57.7 percent. Young adults are disproportionately concentrated in metropolitan areas, particularly larger metropolitan areas. Some 83.0 percent of those aged 25-to-34 lived in metropolitan areas; 61.6 percent of all 25-to-34 year olds lived in the 50 most populous metropolitan areas. In 2000, 32.8 million 25-to-34 year olds lived in metro areas, and 24.4 million lived in the 50 largest metropolitan areas.

Overall the metropolitan population of the United States increased by nearly 14 percent from 1990 to 2000, growing from about 198 million to nearly 226 million in 2000. At the national level, the number of persons aged 25-to-34 in the U.S. actually declined during the decade of the 1990s primarily due to the movement of the baby boom generation into an older age group over the course of the decade. The number of 25-to-34 year olds in the nation's metropolitan areas declined by almost 3 million between 1990 and 2000: from 35.9 million in 1990 to 32.9 million in 2000. As a result, most metropolitan areas lost population in this age group. However, considerable variation occurred among metropolitan areas.

About a third of the 50 largest metropolitan areas saw increases in their 25-to-34 year old population between 1990. Several metropolitan areas saw declines in their 25-to-34 year old population of more than 20 percent.

Fast growing cities in the South and West consistently racked up the best performances. As shown in Table 1, Las Vegas (which roughly doubled its population in the decade) recorded the biggest percentage increase in 25-to-34 year olds. Other gainers included Phoenix, Atlanta, Charlotte, Austin, and Raleigh-Durham. The cities with the largest declines in this age group were located primarily in the Northeast—Buffalo, Hartford, Pittsburgh and Rochester all recorded declines of more than 20 percent in their young adult population. Of the nation's ten largest metropolitan areas, only one—Dallas—recorded an increase in its 25-to-34 year old population between 1990 and 2000. All of the largest cities in the Northeast and Midwest—New York, Chicago, Philadelphia, Boston and Detroit—experienced double-digit declines in their young adult population.

But the changing distribution of young adults was not driven exclusively by regional factors. In the South, Norfolk, Virginia recorded the fifth largest percentage decline in young adults. The number of 25-to-34 year olds also declined in Washington-Baltimore, Houston, Tampa, and New Orleans. In the West, Los Angeles, San Francisco, Seattle and San Diego all recorded declines in their young adult population.

Table 1. Change in Young Adult Population
Change in 25 to 34 Year Old Population, 1990-2000,
Portland and Selected Cities

Rank	Metropolitan Area	Percent
1	Las Vegas, NV-AZ MSA	55.70%
2	Austin-San Marcos, TX MSA	27.80%
3	Phoenix-Mesa, AZ MSA	23.70%
4	Atlanta, GA MSA	20.90%
5	Raleigh-Durham-Chapel Hill, NC MSA	20.00%
8	Portland-Salem, OR-WA CMSA	12.10%
9	Denver-Boulder-Greeley, CO CMSA	9.70%
17	Seattle-Tacoma-Bremerton, WA CMSA	-3.50%
38	San Diego, CA MSA	-13.50%

Source: Impresa, Inc., and Coletta & Company, 2004. "The Young and the Restless: How Portland Competes for Talent." Report for the Portland Development Commission, Westside Economic Alliance, City of Beaverton, City of Hillsboro, City of Tualatin, and Nike.

CHANGES IN RACE AND ETHNICITY

The racial and ethnic composition of U.S. metropolitan areas has shifted over the past decade. Some sub-groups of the 25-to-34 year old population (notably Hispanics and Asian-Americans) have increased significantly and are also considerably more dispersed among metropolitan areas. Other sub-groups (the white and African-American population) have decreased substantially in number. The growing diversity of this young adult population is more advanced than in the overall U.S. population and foreshadows racial and ethnic patterns that will increasingly characterize the United States in the decades ahead.

Over the past decade, important shifts have occurred in the racial and ethnic composition of the U.S. population, and they have been especially pronounced in the 25-to-34 year old age group. To fully understand the dynamics of the changing age structure of the young adult population, it is important to consider each of these racial and ethnic groups separately.

This task is complicated by fundamental changes made by the Census Bureau in the manner in which it asked citizens to identify their race between the 1990 and 2000 Censuses. In 1990, the Census required respondents to choose a single racial category. In 2000, the Census gave respondents the opportunity to identify themselves as belonging to two or more racial groups. Consequently, data for 1990 and 2000 are not directly comparable.

Our analysis focuses on the three largest broad racial groupings in the Census: whites, African-Americans and Asians. Our analysis excludes Native Americans and, for 2000, mixed race individuals. We also separately report data for persons of Hispanic origin, who can be of any race. For simplicity, we use a much abbreviated description of each racial and ethnic category: African-American includes persons describing themselves as Black and African-American; Asian includes Asians and Pacific Islanders; Hispanic includes Mexican, Puerto Rican, Cuban, or other Spanish. Significant differences are apparent across racial and ethnic lines in the change in the 25-to-34 year old population between 1990 and 2000.

The white young adult population declined between 1990 and 2000. Among the 50 most populous metropolitan areas, the fraction of the 25-to-34 year old population that was white, single-race in 2000 varied from about 50 percent in Los Angeles to 88 percent in Pittsburgh. Less than a fifth of the largest 50 metropolitan areas had a white single-race 25-to-34 year old population in 2000 than was more numerous than the white 25-to-34 year old population in 1990.

Over the decade of the 1990s, the Hispanic population increased rapidly, particularly in this age group. Between 1990 and 2000 the number of young adult Hispanics in metropolitan areas increased dramatically from 4 million to nearly 6.4 million. Hispanics accounted for about 11 percent of the metropolitan 25-to-34 year old population in 1990 and for nearly 20 percent of the metropolitan 25-to-34 year old population in 2000.

Despite the rapid increase in the Hispanic population, there is considerable variation in the share of the population that is Hispanic among U.S. metropolitan areas. A majority of the 25-to-34 year old population is Hispanic in San Antonio, and Hispanics are approaching a majority of this age group in Los Angeles and Miami. In most of the 50 largest U.S. metropolitan areas, less than 10 percent of the 25-to-34 year old population is Hispanic, with the smallest concentrations of Hispanic population found in Pittsburgh, St. Louis, Louisville, Columbus, and Cincinnati.

The Hispanic population aged 25-to-34 increased in 49 of the 50 largest metropolitan areas between 1990 and 2000. The sole exception was New Orleans, which registered a slight decline. Many metropolitan areas with previously small numbers of Hispanic residents registered the largest percentage increase. Five Southern metros ranked among the top five in the percentage increase in Hispanic population aged 25-to-34, with increases of several hundred percent (although from a very small base).

The number of young African-American adults declined slightly during the 1990s. In 2000, there were about 4.4 million African-American, single-race 25-to-34 year



olds in the metropolitan areas of the United States. This represented a number about 6 percent smaller than the number of African-American 25-to-34 year olds in 1990 in metropolitan areas (although the racial definitions were different in that year). African-Americans represented about 13.1 percent of the 25-to-34 year old metropolitan population in 1990; African-American, single-race 25-to-34 year olds represented about 13.5 percent of the U.S. metropolitan population in 2000.

The proportion of the population classifying themselves as black or African-American varies substantially among U.S. metropolitan areas. The proportion of the 25-to-34 year old population identified as black or African-American ranges from 30 percent or more in a number of Southern metropolitan areas, to less than four percent in several Western metropolitan areas.

Overall, the African-American population became more dispersed among U.S. metropolitan areas. The biggest indicative increases in the African-American population occurred in a diverse set of metropolitan areas: Minneapolis, Las Vegas, Atlanta, Phoenix, and Orlando. Most metropolitan areas experienced indicative declines, with the largest decreases in San Diego, Los Angeles, and San Francisco. (The apparent declines in California may reflect a greater fraction of persons who identified themselves as African-American in 1990 and as having two or more races in 2000 than was the case in other regions of the country.)

The number of young adult Asian Americans increased during the 1990s. There are about 1.9 million Asian, single-race 25-to-34 year olds in the nation's metropolitan areas in 2000. The number of 25-to-34 year olds identifying themselves as Asian in the metropolitan U.S. increased by more than half a million during the decade of the 1990s. Asians now account for almost 6 percent of the metropolitan 25-to-34 population, up from about 4 percent in 1990.

The Asian population in the United States has historically been most concentrated on the West Coast. Four of the five metropolitan areas with the largest proportions of Asian-Americans aged 25-to-34 are located in California, and the fifth is Seattle. The distribution of Asian Americans is still heavily skewed to a relatively few metropolitan areas. In five metropolitan areas, Asian Americans make up more than 10 percent of the 25-to-34 year old population; in forty metropolitan areas Asian Americans make up between 2 and 6 percent of the population. Metropolitan areas in the South generally have the lowest fraction of Asian American population.

The Asian population in the metropolitan United States became more dispersed over the decade of the 1990s. Percentage increases in the Asian young adult popu-

lation were greatest in those areas with traditionally small concentrations of Asians and lowest in the areas with traditionally large concentrations of Asians.

YOUNG TALENT: Educational Attainment of the 25-to-34 Year old Population, 1990 and 2000

From an economic perspective, the skills and talent of the workforce are an increasingly important factor in shaping metropolitan growth. For purposes of our analysis, we use educational attainment measured by the fraction of the population with a 4-year college degree or higher level of education as our benchmark indicator of skill.

In 2000, nearly 32 percent of the 25-to-34 year olds in the 50 most populous metropolitan areas in the United States had a four-year college degree. Between 1990 and 2000, even though the total population of 25-to-34 year olds in the top 50 metropolitan areas declined, the total number of persons with a four-year degree or higher level of education increased by 11 percent, from about 7 million to almost 7.8 million. Young adults, as a group, recorded a substantial increase in educational attainment over 1990: college attainment in the top 50 metropolitan areas rose from 26.6 percent in 1990 to 31.9 percent in 2000.

There is very substantial variation in the fraction of the young adult population with a college degree among the 50 largest U.S. metropolitan areas. As shown in Table 2, four of the five highest-ranking metropolitan areas have college attainment rates of more than 40 percent; all of the lowest metropolitan areas have college attainment rates of less than 25 percent. The college attainment rate of the highest rated metropolitan area (Raleigh-Durham) is nearly three times that of the lowest rated (Las Vegas).

Most metropolitan areas recorded an increase in the number of college-educated 25-to-34 year olds between 1990 and 2000. The number of college educated 25-to-34 year olds doubled in Las Vegas and increased by about half in four other metropolitan areas: Charlotte, Austin, Portland, and Atlanta. Several metropolitan areas mostly in the Northeast saw actual declines in their college educated 25-to-34 year old population.

Historically, there has been a marked division of educational attainment by gender, with men receiving more education than did women. In 1960, women were only about half as likely to have college degrees than were men. But while male college attainment rates basically peaked in the 1970s, women's college attainment

rates continued to increase. By the mid 1990s, no significant difference existed in the college attainment rates of 25-to-34 year old men and women. Since 1997, college attainment rates of women in this age group have clearly surpassed those of their male counterparts. For those aged 25-to-34 in 2002, the college attainment rate of women was 32.7 percent compared to 28.5 percent for men. Those now aged 25-to-34 represent the first generation where women are measurably better educated than men.

Table 2. Change in College Educated Population, 1990-2000
Increase in 25 to 34 Year Old Population with a 4-Year Degree
or Higher, Portland and Selected Metropolitan Areas

Rank	Metropolitan Area	Percent
1	Las Vegas, NV-AZ MSA	104.60%
2	Charlotte-Gastonia-Rock Hill, NC-SC MSA	56.60%
3	Austin-San Marcos, TX MSA	56.20%
4	Portland-Salem, OR-WA CMSA	50.00%
5	Atlanta, GA MSA	46.20%
6	Denver-Boulder-Greeley, CO CMSA	40.10%
7	Phoenix-Mesa, AZ MSA	39.20%
9	Raleigh-Durham-Chapel Hill, NC MSA	37.10%

Source: Impresa, Inc., and Coleita & Company. 2004. "The Young and the Restless: How Portland Competes for Talent." Report for the Portland Development Commission, Westside Economic Alliance, City of Beaverton, City of Hillsboro, City of Tualatin, and Nike.

RECOMMENDATIONS: Competing for Talent

Economic development professionals need to adapt to a sea change in how economic development works. We are in the midst of a transition from a period of abundant labor markets and sustained labor force growth to a period of much slower growth. We will still experience economic cycles, but year-in and year-out, access to talented workers will increasingly be at a premium. Consequently, in the years ahead, Portland's economic strategy should focus on competing for talent.

Make People the Focus of Economic Development

Rather than a world in which places compete for business (and people follow), we will increasingly live in a world where places compete for people (and businesses follow). The scale of the migration is substantial. Over the five-year period from 1995 to 2000, more than 3 million persons in this group moved among metropolitan areas, and these areas also attracted nearly 2 million more persons from abroad. Most metropolitan areas lost population in the 25-to-34 age group during the 1990s, largely because of the national demographic trends. But some metropolitan areas were big gainers because they attracted more than their share of this mobile group.

Most economic development policies have essentially ignored this issue, focusing on business climate, tax incentives and regulatory reform. These issues will not disappear, but they will consistently decline in importance relative to the number one issue most businesses face: can I hire talented people here? Places that are attractive destinations for relocation and that already boast a substantial pool of talented young workers will do well. Other places will not.

Our research shows that Portland has been very competitive for the young and the restless over the past decade. Assuming that there is something inevitable about this migration would be wrong. The region's attractiveness to young adults is very much a competitive situation. Indeed, young people are constantly moving to and from Portland. It would actually take a small change in the relative magnitudes in- and out-migration to produce a large increase or decrease in net migration. Between 1995 and 2000, for example, 89,000 25-to-34 year olds moved into metropolitan Portland and 54,000 moved away. A 33 percent decrease in in-migration or a 50 percent increase in out-migration over that period would have all but erased the region's stellar performance migration over that five-year period.

Don't Assume Investing in Higher Education Will Solve This Problem

One cannot assume that a state or region can count on educating its way out of this bind. Twenty-something college-graduates are the most mobile segment of our society. Many places that produce graduates in abundance rank well below average in the number of 25-to-34 year olds with a college degree (e.g., Providence, Rhode

Island). Nearly all of the places with an over-abundance of college-educated 25-to-34 year olds have larger numbers than are graduated from local institutions of higher learning. Having a good higher education system is an asset for any community, but places that invest in higher education without protecting or improving those assets that attract and retain talented graduates may see the benefits of their investment simply leave town. While some of the benefits of higher education will be localized, there is no guarantee that many college graduates—including especially the best and the brightest—will not move away to another community if they perceive that livability or opportunity is less than in alternative locations.

Quality of Life and Openness Matter

The challenge to communities is to figure out how to attract people and root them into place. Many young adults will not stray far from home and family. Others, including many of the most ambitious and talented, will consider different possibilities. They are mobile and up for grabs. Though we are far from having all the answers, the focus groups my colleague Carol Coletta conducted with college-educated recent movers in the 25-to-34 year old age group identified a coherent set of themes regarding the kinds of things talented young workers are looking for. Quality of life tops this list while vibrant, diverse, and interesting urban communities represent a consistent draw for talented young adults. Walkable streets, workable transit, and distinctive neighborhoods all seem to matter. Our groups discounted claims that young adults are disaffected, uninvolved or attracted simply to “gritty” urban areas. They want places that they can be proud of, part of, and that are clean and green. Part of the equation seems to be social and cultural—is this is place that I can be a part of, that I can contribute to? Places with a sense of possibility and opportunity, where the circle is open, where new ideas are encouraged, are more likely to attract (and retain) young adults.

Pay Particular Attention to Women

Historically, the educational attainment of men has been higher than that of women; in 1960, men were twice as likely on average to have completed a four-year degree. Within the past decade, women have not only reached parity with men in educational attainment, but have exceeded them by a significant margin—today a

25-to-34 year old woman is about 10 percent more likely than her male counterpart to have completed a four-year college degree. Higher educational attainment, despite the fact that the 25-to-34 year old population has about 1 percent more men than women, means that there are absolutely more college-educated 25-to-34 year women than men, by about 650,000 nationally.

This phenomenon is accentuated by demographic trends, particularly the rising relative educational attainment of women and the rising average age of women at first marriage. In years past, when the median woman married in her early twenties, it was unlikely that she would have embarked (or at least traveled very far) on any particular career path. Anecdotally, we know that a large proportion of women would have found their mate before they graduated college. Today, the median age of marriage for all women 25, and for college-educated women, is even higher. Thus, most well educated women will have spent several years in the workforce before marrying, typically having established a home and a career apart from their college life.

In the past, the initial location decisions of well-educated adults may have reflected the preferences of married couples, and predominantly those of college-educated husbands. Today, numerically, the location preferences of well-educated adults reflect a growing proportion of single women. Places seeking to attract talent will increasingly want to look at how their city appeals to these mobile young women.



The Economic Importance of Being Different

Although we identified some common elements that were attractive to many well-educated young adults, no single ideal community exists. An important element of authenticity is distinctiveness. We live in a nation (and a world, thanks to globalization) where culture has become increasingly homogenized, where one suburban community, strip mall, or freeway exit looks almost exactly like every other. But a reaction is brewing, emerging from the ground up; many people want choices and a sense of place that moves past the bland of the national brand. The slogan “Keep Austin Weird” captures this emotion.

The essence of this notion is that every community will have to find its own unique identity. Just as quality of life means different things to different people, so, too, does sense of place. We know tastes differ regarding climate: many people will find the quality of life eroded by “bad” weather. Some will think Minnesota too cold, Portland too wet, or Phoenix too hot. Just as there are many dimensions of climate, there are many dimensions of community. No city can offer the best quality of life to everyone. The challenge is to find one’s niche. Portland, for example, can’t be cheaper than Mississippi, or sunnier than Phoenix, or more aggressively entrepreneurial than Silicon Valley, but it can offer a distinctive combination of attributes that a significant set of knowledge-based workers will find attractive. The challenge for every community is to decide what kind of place it wants to be.

Some of the factors that appear to be the most pivotal in attracting new residents to Portland seem to be the built environment, particularly of the central city and close-in neighborhoods. Additionally, the region’s cultural and institutional openness to newcomers and new ideas and the positive feedback from net migration are pluses. The diversity of neighborhoods, the number and variety of locally owned businesses, the commonplace of civic engagement are all relative strengths of metropolitan Portland.

As Michael Porter reminds U.S., strategy is about being different: What do you choose to be or to offer that is different than others? This notion stands in stark contrast to our traditional view of economic development, which asks simply whether one place is cheaper than another. In our work in the months ahead, my colleague Carol Coletta and I plan to assess in detail the important differences that define the unique niches that American metropolitan areas occupy, how these differences influence their economies. Our project will use an eclectic mix of public and private data on patterns of locally owned business, as well as variations in consumption and behavioral and attitudinal data, to identify community distinctiveness.

