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Commentary

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ASSOCIATION OF UNIVERSITY RELATED RESEARCH PARKS

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HOW USEFUL ARE CITY RATINGS?

By Don Holbrook

Each year we as economic developers quickly scan the business and related periodicals to see if our communities are ranked or rated and if so, how well did they fair in the ratings game. For the record many of the most competitive communities, especially in small town America, aren't even listed or reviewed. These edge, fringe, third ring, or even rural communities are completely overlooked. But this is just one of the major points of this article. The main focus is just how important and secondly how realistic are the rating systems that journalists are employing increasingly to review our nation's communities? Is this process really analytical from the client's perspective? Do businesses and site selectors give this rating system any credibility? What is driving the trends in society for location decisions?

Exactly what is being studied when ranking a city's "livability"? *Money Magazine*, *Places Rated Almanac*, *Rating Guide to Life in America's Small Cities*, and many other publishers of livability surveys, use a mixture of raw numbers on health care, transportation, climate, culture, housing and a variety of economic data. Depending on the variables and how much weight is given to each, you can make any place rank high or low. As the proverbial old slogan has touted for years, it's a numbers game and numbers can be analyzed to create any perspective the analyst desires to some degree.

Occasionally, the raw numbers are simply inaccurate. Usually, however, the problem is not bad data, it is misleading data. *Money Magazine* says clean water is one of the top three factors in its ratings. However, it uses overall state water quality measurements in its rankings, not the quality of water in each city, which may vary significantly from one to the next.

The Places Rated Almanac and the *Rating Guide to Life in America's Small Cities* take all their categories and weigh them equally, creating some anomalies in the final scores. "Recreation" and "Crime" are considered equally important. But placing access to a tennis court on a par with freedom from assault would appear to be making a judgment that the majority of Americans would not accept as highly comparable equal values. *Money*, to its credit, avoids this particular trap. It weights some categories higher than others, according to information it gleans about reader priorities. However, making one of these magazine's ranking lists still seems to be more of a crap shoot than a measurable scientific process that is linked to community assets which are stable, credible measurement points.

But even when the judgments seem to make sense, the scores can be far out of proportion to real differences among cities. A recent issue of *American Demographics* illustrates this by using the example recently of *Places Rated Almanac*'s approach to weather. In measuring mildness of climate, the *Almanac* overlooked key elements such as tropical storms, hurricanes, earthquakes, tornadoes, etc. These factors influence work force timeliness, tardiness, and especially property loss and damage, and even power outages. After all with no electricity most businesses can't make many products and every hour of down time is lost revenue, that potentially cannot be recaptured.

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The Competitive City of the Future

Many publishers of livability surveys use a mixture of raw numbers on health care, transportation, climate, culture, housing and a variety of economic data. Depending on the variables and how much weight is given to each, you can make any place rank high or low. As the proverbial old slogan has touted for years, it's a numbers game and numbers can be analyzed to create any perspective the analyst desires to some degree. Is this process really analytical from the client's perspective? How does a community utilize current journalistic and investigative ranking reports to its advantage in the competitive marketing arena of today? Can a community economic development agency affect its ranking from year to year, and what resources are available to increase a community's visibility?

Figure 1
***Money's* Top 10 Picks**

95-96	96-97	97-98
1. Madison, WI	1. Madison, WI	1. Nashua, NH
2. Punta Gorda, FL	2. Punta Gorda, FL	2. Rochester, MN
3. Rochester, MN	3. Rochester, MN	3. Monmouth, NJ
4. Fort Lauderdale, FL	4. Fort Lauderdale, FL	4. Punta Gorda, FL
5. Reno, NV	5. Ann Arbor, MI	5. Portsmouth, NH
6. Houston/Galveston, TX	6. Fort Meyers, FL	6. Manchester, NH
7. Seattle/Tacoma, WA	7. Gainesville, FL	7. Madison, WI
8. Fort Meyers/Naples, FL	8. Austin, TX	8. San Jose, CA
9. Redding, CA	9. Seattle, WA	9. Jacksonville, FL
10. Charleston, SC	10. Lakeland, FL	10. Fort Walton, FL

Figure 2
***Fortune Magazine* World's Best Cities for Business Over-all**

Hong Kong	Singapore
New York	Toronto
London	San Francisco
Atlanta	Frankfurt
Chicago	Miami

Figure 3
***Fortune Magazine* Best Cities List 96-97**

Top US Cities	Top International Cities
1. Seattle	1. Toronto
2. Denver	2. London
3. Philadelphia	3. Singapore
4. Minneapolis	4. Paris
5. Raleigh-Durham, NC	5. Hong Kong
6. St.Louis	
7. Cincinnati	
8. Washington, DC	
9. Pittsburgh	
10. Dallas-Fort Worth	

Source: Fortune Magazine, November 11, 1996

Mood Swings

Frequently, what *Money* deems as an outstanding place to live, other publications such as the *Almanac* might rate very differently, and vice versa. The magazine ranking lists seem to create a revolving door of community candidates from year to year. If our economy was as volatile as these rankings would lead you to believe, we would seem more like a third world country than the super power we are today.

Not only do cities vary between one ranking and another, they hop up and down like jackrabbits, even on the same survey from one year to another. *Money* editors attribute this phenomenon to changing reader preferences and new factors added to the formula. But that still doesn't explain the fierce ups and downs. It would be quite difficult to set out to create a set of objectives to be reached or attained by a given community that would influence a consistent high score on any of the rating systems reviewed. Worse yet, it would be even more difficult to even get a given community noticed for consideration for review to even obtain a potential ranking. Surveys often depend on transitory economic indicators even more than they depend on the quality of air, water, education or public safety. In *Money's* formula, areas experiencing such difficulties as low numbers of housing starts or increasing unemployment in a given year, get clobbered in the ratings.

And one thing *Money* does not like is a tax increase. Under the magazine's ranking system formula, jurisdictions are penalized if they have increased taxes or might increase them in the current year. Dedicated tax slashers, meanwhile, get a bonus. The magazine assumes this is its readers' preference. But, what if the money was being invested in better quality of life amenities, electronic & physical infrastructure, business climate enhancements, schools, etc.? There is no way of valuing this use of public capital or its value to a business or individual. These types of amenities might make a business more cost-efficient in the global economy and be worth the public investment.

What to Make of the Numbers

What should one ultimately make of all these numbers? To those who have studied these numbers, they are quite influential, but often quite inaccurate. There is little doubt that a rating can have a powerful effect on a city's personal or internal impression of itself; good or bad. Those that come out at the top enjoy basking in the glow and hyped media glory. Those that rate poorly get to nurse a painful kick in the civic choppers. Sometimes it is better to go unranked and remain under your own external influence. The National League of Cities each year recognizes 10 cities for civic activity through its "All America City" award program. This program, in many economic developers opinion, is by far the most manageable and measurable set of rankings criteria for promoting a good solid community image and measuring a community's strengths and weaknesses in a positive and safe media environment. Losers are not broadcast to the world, so the risk of negative publicity is lower.

What is less clear than the effect of the numbers on civic morale is the effect on economic vitality. Financial ratings services such as *Moody's Investor Services* (whose financial evaluation unquestionably does mean something) don't even look at the charts in *Money*, *Places Rated Almanac* or any other magazine for that matter. The amount of control cities can have over their rankings is a arguable question. Will adding some new or enhanced recreational, social, economic or physical attribute influence the ratings? Perhaps it might move the *Places Rated Almanac* or *Small Cities Guide* needle a millimeter or two. But raising a score in one narrow area is not likely to have much impact on overall standings. What really drives the numbers are forces beyond a city's control, whether they are the climate, large-scale demographic trends, regional and global economics, or simply the reporter's values or bias.

Clearly the ratings matrix of publications depends on who's crunching the numbers and for what purposes they have been hired to do so. That reinforces the popular notion that statistics can be used to prove just about anything. In addition, only metropolitan areas were scrutinized in some cases. Methodologies may or may not have included location factors. Rural America isn't even a consideration in most of these survey ranking processes, even though in 1995 rural communities grew at the same percentage growth rate as their suburban and urban counterparts for the first time in 40 years.

Surveys are another matter. By their very nature, they are subjective because they are based on opinions, not facts. Polling executives may elicit a general feeling about a certain topic, but their responses are by no means definitive. Besides, who knows what hidden agendas are lurking behind their answers? Polls, just as statistics, can be skewed by the way the questions are asked and in what context they are requested. Open or closed, and the background lead ins or the use of cold non-descriptive questions all can affect the mood or perspective of the surveyed audience.

What's interesting, though, is how publications came up with their set of criteria to devise their rankings. Both *Money* and *Entrepreneur* magazines enlisted third parties to help them rate cities' rankings. *Money*, for instance, turned to the Corporation for Enterprise Development (CFED) a Washington-based non-profit economic research and public policy firm. CFED is perhaps best known for its annual publication that grades the economic business climate of the 50 states in three categories: economic performance, business vitality and development capacity.

CFED's primary goal was just to attempt to gauge how the overall economy was doing in the nation's cities. Because the better the local economy is doing, the bigger the increase in your local marketplace. Second, it looked at an area's resources for potential future growth, such as the quality of the work force, the amount of capital and technology resources available, and infrastructure. Then, it looked at the vitality and strength of the small-business sector in an area. Of importance was significant growth in the number of proprietors in an area and whether their earnings were growing faster than elsewhere in the country. Often times economic developers forget to analyze the births and deaths of business ratio to determine how effective their own area is compared to the nation. This can be a valuable benchmarking tool and great public relations for constituents and potential clients alike.

In the author's opinion, CFED didn't utilize enough relevant cost factors. It didn't consider land costs, which would be significant for a new company that had to relocate or expand into a new market, nor did it consider taxes. This is highly unusual for business relocation and expansion decisions since these have very significant ramifications on a business' capability to produce profits and remain competitive. (See Figure 1) Start-ups and struggling new companies have plenty of site options to follow, but what about the big players (the ones all economic developers dream of attracting to their city)? Where are the best places to stay on the cutting edge? That's what *Fortune* magazine wanted recently to know. It combined a reader survey with other data to come up with "The World's Best Cities for Business." New York-based Moran Stahl & Boyer, a management consulting firm, was called in to survey 500 corporate executives in 32 countries. *Fortune* wanted to do something different by broadening the scope of its annual "Best Cities" survey beyond domestic borders.

Because this survey encompassed and focused specifically on white-collar executives of service organizations, it was not meant to be a source for manufacturers. This fact alone makes this survey unique for economic developers to consider, since many economic developers just focus on manufacturing for business attraction leads. It also shows the bias of this survey. Executives were asked to rank cities in terms of best places overall to operate their businesses. MS&B also analyzed data on ease of entry and overall cultural acceptance for newcomers. International businesses rank very high the ability for their executives and others to be accepted into the culture and society of a city. Small cities can be at a disadvantage in this area, welcoming newcomers with some reserve often times. Finally, *Fortune* asked the opinion of journalists and correspondents from around the world before the magazine decided its top 15 picks. (See Figures 2 and 3)

Unlike the *Fortune* survey, the analysis MS&B conducted for *World Trade* magazine's "10 Best Cities for Global Companies" didn't involve a reader survey. It was geared to manufacturers trying to conduct business globally from a US location. Again the perspective of the reader audience was focused on exporters for obvious reasons.

MS&B started by analyzing the 60 largest US metropolitan areas in which a diverse cross-section of manufacturers were involved in world trade. Employment figures in all 20 two-digit manufacturing Standard Industrial Classifications were measured against an index equal to the national average. SIC codes were ranked by export dollar volume and the absolute size of the employment base. Cities with more than 200,000 workers in three top 10 export-oriented manufacturing SIC codes were automatically included, while those with fewer than 30,000 workers were eliminated. Again, MS&B was focusing on sheer raw export capacity for *World*

Figure 4
***World Trade Magazine* Survey 10 Best Cities for Global Companies**

- Atlanta
- Miami
- Chicago
- Minneapolis
- Salt Lake City
- Denver
- Los Angeles
- San Francisco
- Phoenix
- Baltimore

"Getting your city noticed is a daunting task in itself."

Figure 5
30 Best US Cities *Entrepreneur* Magazine

1995 LARGE CITIES

1. Portland, OR/WA
2. Detroit, MI
3. Dallas, TX
4. Indianapolis, IN
5. Denver, CO
6. St. Louis, MO/IL
7/8. Kansas City, MO/KS
9. Orlando, FL
10. Ft. Worth/Arlington, TX
11. Chicago, IL
12. Milwaukee, WI
13. Seattle/Everett, WA
14. Columbus, OH
15. Cincinnati, OH/KY/IN

1995 MIDSIZED CITIES

1. Tacoma, WA
2. San Antonio, TX
3. Ann Arbor, MI
4. Greensboro/Winston-Salem/High Point, NC
5. Grand Rapids, MI
6. Raleigh/Durham, NC
7. Las Vegas, NV
8. Greenville, SC
9. Albuquerque, NM
10. Sarasota, FL

1995 SMALL CITIES

1. Reno, NV
2. Boulder/Longmont, CO
3. Saginaw, MI
4. Jackson, MS
5. Madison, WI

Source: Entrepreneur Magazine, October 1995

Figure 6
Entrepreneurial Hot Spots
As Prepared by Cognetics, Inc. 1997 - 1998

States in the West & South Continue Surge

Entrepreneurial Hot Spots: The Best Places in America to Start and Grow a Company ranks places in the US that are most favored by entrepreneurs who are starting and growing companies. It provides rankings for:

1. Regions
2. States
3. Large Metro Areas
4. Small Metro Areas, and
5. Rural Areas

Major Findings 1997

The dominant theme in this year's edition of Hot Spots is the continued strong activity occurring in the Mountain and South Atlantic states. The top areas are:

States	Lg. Metro Areas	Sm. Metro Areas
1. Utah	Salt Lake City, UT	Las Vegas, NV
2. Nevada	Atlanta, GA	Huntsville, AL
3. Arizona	Nashville, TN	Austin, TX
4. Virginia	Raleigh-Durham, NC	Boise, ID
5. Georgia	Charlotte, NC-SC	Albuquerque, NM

The major determinants of this activity appear to be:

1. Universities
2. Skilled Labor Pool
3. Airports
4. Nice Place to Live, and
5. Positive Entrepreneurial Climate

Trade and its readership. MS&B then rated the cities on 17 factors to determine the scores for six categories: population and work force, trade-related infrastructure & transportation, trade initiatives, operating costs and quality of life. (See Figure 4)

MS&B culled its information from government data, the Society of Industrial and Office Realtors (SIOR), *Places Rated Almanac*, the American Chamber of Commerce Researchers Association (ACCRA) and *Thompson Bank Directory*. Each of these should be familiar to economic developers and should be utilized to review pertinent criteria about your own communities' ratings and those of your known competitors.

Both *Money's* and *Entrepreneur Magazine's* ratings were based on the most recent data available gathered by Dun & Bradstreet Information Services, which was largely responsible for dividing and measuring the criteria for *Entrepreneur's* ratings. In addition, *Entrepreneur* wanted Dun & Bradstreet to evaluate every metropolitan statistical area in the country to make sure this research was exhaustive and factual. Together, D&B and *Entrepreneur* picked six factors to analyze: business failures, new incorporations, payment performance of companies, personal income, availability of state small-business programs and cost of living. Statistics were culled from the D&B database, with the exception of personal income data which came from the US Department of Commerce Researchers Association. The goal was to create a set of criteria to describe the health of small businesses in each of the regions. (See Figure 5)

To keep things in perspective, D&B insisted on rating cities by size—small, medium and large. D&B felt it was really unfair to compare a large city with a small city, because they have different capabilities and social situations many times. Greater emphasis was placed on business failures, mainly because it presented companies with key considerations; such as whether they would want to deal with companies in an area where there's a greater chance of failure.

D&B's analysis was pretty straightforward. Take each of the six criteria, rank them from one to whatever in each of the size categories, and essentially then do an overall ranking. D&B identified the 10 best large cities, headed by Atlanta; the 10 best mid-sized cities, topped by Amarillo, Texas; and the five best small cities, capped by Medford, Ore. Not one of these candidates even appeared on the 1995 ranking list, much less came close to being the top picks. This leads one to believe that the numbers are fairly open to interpretation each year.

In considering these ratings, it is especially important to remember that some factors just can't be measured. The example of local leadership is very important. How creative is local leadership? How willing is it to work with people? How effectively does it work with people? How effective is local leadership at mobilizing the community? How effective is it at creating tools to assist businesses?—These are all key concerns that are almost impossible to measure. Yet, local leadership is a leading element in successful economic development deals.

What Is Missing?

For many ratings of this nature, survey techniques often exclude some factors. For instance, real business entrepreneurs should take into account the nature of their business in choosing a location. The more companies of similar type in a region, the better (clusters). Plus in D&B's analysis, cost factors are missing, with nothing about rental rates, wage rates, access to capital and so on.

Cognetics Inc. a Cambridge, Mass. firm specializing in corporate demographics, purposely excludes factors such as labor, energy and transportation costs, and taxes in its annual publication, *Entrepreneurial Hot Spots*. That's because Cognetics' analyses are tailored for "knowledge-value entrepreneurs"—people who make extensive use of new technology in such fields as computer software, communications, health, law, finance, electronics and specialty products in old industries such as steel, textiles, boots and fish. According to Cognetics, knowledge-value entrepreneurs are not principally concerned about land, transportation, energy costs or large pools of unskilled labor—they are not searching for low cost but high quality.

Keeping track of start-ups and their rate of growth is Cognetics' specialty. The company compiles data from Dun & Bradstreet, the US Department of Labor and the US Department of Commerce to maintain a database on 10 million companies. Cognetics also breaks down its rankings into three categories: large metropolitan areas, small metropolitan areas and rural areas. Areas that pop up on Cognetics' top 25 lists reflect nothing more than where companies have started and are continuing to grow. (See Figure 6)

Because numbers can't tell the whole story, a section in the back of Cognetics' report addresses some of the reasons companies are drawn to certain communities, among them airports, universities, skilled labor, quality of life and entrepreneurial culture. Nine of the top 10 large cities are hub airports, and that's not an accident. Air transportation is very critical to this phenomenon. Cognetics' report is designed for companies thinking about expansion or people entertaining the idea of starting a new company. The rating they perform can give entrepreneurs and companies an idea of where to locate before doing it. Communities can contact Cognetics for evaluation and the process can give you a starting point for referencing your current local competitiveness. (It is important to know from whence you came so you know when you have gotten closer to your destination. Most communities have no real idea of their local competitiveness or viability much less how to effectively market this asset if they do have it.)

Wealth Watchers

A list of America's 300 wealthiest towns serves as a registry that is the result of painstaking statistical research as well as hundreds of phone calls to chambers of commerce, post offices, real-estate brokers, and other local experts. This was researched recently for the July/August issue of *Worth Magazine*, providing marketers and even economic developers with keen ideas for attracting wealthy investors to their locales. Economic developers might become the public version of civic gold diggers in the future as access to capital for business finance becomes harder and harder to leverage in traditional methods.

Although 26 states are represented, including Kentucky, Maine, Minnesota, North Carolina, and Oklahoma, the state with the most rich towns is New York: it has 81 of the 300. Long Island alone has four towns in the top ten. While the high-income communities that were identified contain a respectable percentage of households that bring in more than $150,000 (21.5 percent), they also have a significant percentage earning less than $25,000 (14.5 percent). Three of the most resonant town names in America—Beverly Hills,

Figure 7
***Worth* Magazine's Directory of Wealth**
Top 10 Communities

Rank Community	Pop.	Average income *(rank)	Avg Home Value (rank)
1. Rolling Hills, CA	1,748	$305,700 (6)	$587,900 (2)
2. Hewlett Bay Park, NY	487	348,500 (3)	570,600 (14)
3. Hewlett Harbor, NY	1,270	306,000 (5)	572,700 (12)
4. Saddle River, NJ	3,136	301,700 (7)	573,400 (11)
5. Kings Point, NY	4,411	273,100 (9)	575,800 (9)
6. Atherton, CA	7,040	241,600 (15)	583,800 (6)
7. Jupiter Island, FL	601	439,400 (1)	562,400 (22)
8. Hillborough, CA	10,589	226,300 (22)	589,300 (1)
9. Oyster Bay Cove, NY	2,333	274,200 (8)	568,300 (17)
10. Los Altos Hills, CA	7,425	230,400 (20)	583,900 (5)
*19. Chevy Chase, MD	2,049	226,003 (23)	558,700 (27)

**1st outside of (NY,CA, TX, FL)*

Figure 8
***Worth* Magazine Top 10 Big-City Neighborhoods**

Only 13 states are represented. California is 1st with 11. Texas is second with 8.

Rank	Neighborhood-City/State	Pop.	Average HI(rank)	Average HV(rank)
1	Bel Air - Los Angeles, CA	2,530	$339,833 (1)	$582,291 (2)
2	Wesley Heights Washington DC	1,448	208,380 (6)	534,992 (5)
3	Brentwood - Los Angeles, CA	20,872	200,078 (9)	578,584 (3)
4	Highland Park - Dallas, TX	3,338	234,373 (4)	500,737 (9)
5	Piney Point Village-Houston, TX	3,689	246,105 (2)	462,275 (13)
6	Foxhall - Washington, DC	1,413	194,123 (11)	577,698 (4)
7	Seacliff - San Francisco, CA	1,159	198,551 (10)	534,402 (6)
8	Hancock Park - Los Angeles, CA	9,052	198,551 (10)	534,402 (6)
9	River Oaks - Houston, TX	7,552	221,382 (5)	464,882 (12)
10	Forest Hills - Washington, DC	2,241	205,196 (8)	482,528 (11)
*16	Madrona - Seattle, WA	2,928	144,074 (25)	460,707 (14)

**1st one outside (CA, TX, DC)*
Source: Worth Magazine, *July/August 1996*
HI — Household Income
HV — Home Value

"Crime is often overlooked or undervalued when considering quality of life rankings."

Greenwich, and Lake Forest—ranked only in the 80's. Their five-digit populations are among the largest on the list; many of the wealthiest towns have little more than 3,000 to 4,000 people. (See Figure 7)

Resorts—Aspen, the Hamptons, Nantucket—do not make the list because their wealthy temporary residents derive and report their incomes elsewhere, as is frequently the problem with wealth demographics.

The triple-gated community of Rolling Hills—with a population of 1,748—leads the 300 with an average income of $305,700 and an average home value of $587,900. Built in the 1930's the community permits only one-story white houses, house trims in earth tones, and white wooden fences. Its street names—Buggy Whip Drive and Horseshoe Lane—are testimony to the town developer's fondness for horses: Residents must also give up a ten-foot strip of property for horse trails.

The Upper East Side of Manhattan—on a separate list of city neighborhoods—has the single largest concentration of wealth in the nation. Counting only annual income and home value, it is the site of $21 billion in riches.

Grand old estates—the kind that once signaled wealth—are increasingly being broken up into smaller and smaller parcels, and even smaller lots are being chopped up. On Jupiter Island, FL, the newly wealthy are building million-dollar homes—monumental in size—on some lots no bigger than 90 by 100 feet. In South Barrington, IL, mock Norman castles stand side by side where pumpkins once grew.

Some preferences never change. Look for the rich by the water, close to horses, or near a great golf course (one Illinois town on the list is actually called Golf, and, of course, there's Pebble Beach, California). The old adage of location, location, location has never been more true for those that can afford to be picky with their choice of lifestyle locales.

When *Worth Magazine* worked on this project it utilized *Scan/USA*, a Los Angeles-based firm specializing in geo-market-analysis software that offers highly detailed income and population data. Scan/USA has a very active web site that promotes its demographic analysis software and tools for hire. The United States is divided into six million "census blocks," demographic constructions that are each roughly the size of one city block. Scan/USA has assembled these blocks into 1.3 million "micro grids," measuring between one-sixteenth and one mile square and covering every populated inch of ground in the US. This can be useful data to both economic developers and businesses alike, providing them with demographic data many times more useful and timely than the available census materials normally utilized.

Scan/USA utilized tools such as Stat-USA from the US Census Bureau, which Scan/USA used to update to 1995 based on economic and demographic trends analysis. SCAN/USA then electronically pours this information into these measurement grids. It used this system to scour the nation for communities with average annual incomes of $100,000 or more. It also conducted searches both by place (including incorporated and unincorporated towns that are recognized by the Census Bureau) and zip code, because, oddly, neither picks up all pockets of wealth.

Of the 500 $100,000-plus communities, Scan/USA chose the top 300 for the final list. To rank these well-to-do hamlets, it used this key indicator of wealth—average household income and average home value (with the latter considered essentially the price of admission to a town).

To pinpoint neighborhoods, it started with the 23 cities that have populations of 500,000 or more. Scan/USA then located all micro grids where household income averaged at least $100,000 and built approximate micro grids into neighborhood clusters. Unfortunately, the boundaries of most neighborhoods are either nonexistent or nebulously drawn in the minds of local residents. Even where city planning boards have roughly drawn official neighborhood lines, population, and economic growth trends have little respect for such boundaries. So they defined ritzy neighborhoods by counting only $100,000-plus microgrids. This is the prime big-city acreage, where people like Ross Perot hang their hats (in this case, in the Preston Hollow arc of Dallas). (See Figure 8)

Some cities contain wealthy independent municipalities that the locals consider neighborhoods. Neither the town nor neighborhood lists reflect differences in cost of living. The cost of living in the New York metropolitan area is more than twice that of living in the Louisville, Kentucky, metro area, which can effectively shrink the income differential among communities.

The towns and neighborhoods in this top-350 ranking reflect a combined community of achievers and the fortunate. Overall, the average income of the million households

Figure 9
1996 Kenneth Leventhal Real Estate Group Housing Cost Study

1. Oklahoma City, OK	6. Central New Jersey Region
2. Kansas City, MO	7. Grand Rapids, MI
3. Houston, TX	8. Salt Lake City, UT
4. Tulsa, OK	9. Dallas-Fort Worth, TX
5. St. Louis, MO	10. Louisville,KY

Source: Inside E.D. Newsletter, Volume 2, Number 8, June 1996

Figure 10
The Booming Top Ten MSA Areas
"The fastest growing metropolitan statistical areas through 2005"

MSA	Percent projected growth
1. Orlando, FL	36.8%
2. Las Vegas, NV	29.0%
3. Fort Worth-Arlington, TX	26.6%
4. Raleigh-Durham, NC	29.6%
5. West Palm Beach, FL	28.1%
6. Tampa-St. Petersburg, FL	21.4%
7. Phoenix-Mesa, AZ	21.1%
8. San Diego, CA	20.0%
9. Salt Lake-Ogden, UT	21.6%
10. Atlanta, GA	19.1%

Source: May–June 1996 Forecast Magazine, Woods & Poole Economics, Inc.

in the top 350 is $146,000 — more than three times the national average of $44,000. The elegant homes and estates represented here have an average value of $413,000 — four times the national average. But all in all, these numbers are averages that give only a symbolic representation of the actual moneymaking power and property values in these communities.

Most Affordable Housing Markets

From a far different perspective is the desire to provide affordable high quality housing to the average working class American. This is clearly evident as more and more areas of rural America in particular are declaring housing shortages and finding it hard to attract workers for their expanding economies. It is from this perspective that economic developers might want to know how their community ranks for average housing costs and what effect this is having on their business climate such as the ability to attract workers to existing businesses. (See Figure 9)

The Work Force Dilemma

Do jobs follow the population? Or do large pools of potential workers generate employment? Population growth and economic growth are forever intertwined. You need human capital to produce economic capital. You can't sustain one without the other for very long. Yet, all population booms are not created equal, nor are all expanding cities of comparable interest to companies. Wage standards and spending behavior vary a great deal. The caliber of the labor pool is a major point of variation among regions. And so is that most misunderstood and transient of all measuring sticks, "the quality of life."

A recent Woods & Poole study identified 25 American cities whose growth will far out pace the nation's during the next decade. All of them have been growing rapidly in the past few years, setting the stage for further expansion in the future. These fast-growing metropolitan areas are succeeding because their leaders have developed astute approaches to attracting and accommodating business. Their economies should remain strong for some time, because they are concentrated in industries positioned for near-term growth. (See Figure 10)

Civic and business leaders enjoy an unusual degree of freedom to reinvent their towns and economies, conjuring up new companies and industries to replace those that have either left or have shrunk, or will leave due to industry maturity or obsolescence in the new global economy.

In this age of technology, many companies can operate pretty much from where they like. The global economy has maximized the ability of small businesses to reach out from locations anywhere around the globe and find new markets and customers at the blink of an eye with advanced telecommunications and digital technologies. Of course, a few industries, like mining and agriculture, always will be location-oriented. But technology companies and service businesses, which are both growing sectors, are not tied down as much by geography, and even manufacturing companies can move around much more today. Companies are using outsourcing and niche firms to broaden their marketing reach and new product development techniques. Many communities are finding it hard to find, relocate and/or retain their desired level of skilled workers. This is making it difficult in many states (especially in the great plains and Midwest) to fill the

World Wide Web Resources:

General Statistical References

1. American Demographics Magazine: (www.marketingtools.com)
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3. Runzheimer International (National Relocation Journal): (www.runzheimer.com)
4. ACCRA Cost of Living Index: (www.accra.org/res.cos.sample.html)
5. National Tax Foundation: (www.taxfoundation.org/index.html)
6. American Gas Association: (www.aga.com)
7. Energy Information Administration: (www.eia.doe.gov/)
8. Cleveland Consulting Associates: (www.webcube.com/publish/o&f/oh.html)
9. Workers Compensation Research Institute: (www.state.wi.us/agencies/dilhr/wc/wcother.html)
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13. Standard Industrial Classifications Codes: (www.mktplace.com/home1081/)
14. Business Facts database from Equitax: (www.ends.com/index.html)
15. Real Estate Information Network (REI-Net): (www.rei-net.com)
16. Central Intelligence Agency's World Fact Book: (www.odci.gov/is/)
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18. International Monetary Fund: (www.imf.org/)
19. American Planning Association: (www.planning.org/index.html)
20. Deloitte & Touche Fantus Consulting: (www.dtcg.com/)
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22. U.S. Department of Commerce: (www.doc.gov/)
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24. Dun & Bradstreet Information Services: (www.dbisna.com/)
25. Places Rated Almanac: (www.amazon.com/covers/0/02/861/233/0028612337.1.gif)
26. Thompson Directory: (www.thompson-directories.co.uk/)
27. Corporation for Enterprise Development: (www.//cfed.CFED.org/)
28. National League of Cities: (www.cais.com/NLC/NLC-abt.html)
29. Moody's: (www.moodys.com)
30. Money Magazine: (www.money magazine.com)
31. Entrepreneur Magazine: (www.entrepreneurmag.com/bizstarts.html)
32. Fortune Magazine: (www.pathfinder.com/fortune/)
33. Inc. Magazine: (www.inc.com)

Key Economic Development Associations

34. AAPA - American Association of Port Authorities: (www.aapa-ports.org/)
35. BREI - Business Retention International: (www.brei.org/)
36. CUED - Council for Urban Economic Development: (www.cued.org)
37. OECD - Organization of Economic and County Development: (www.oecd.org/)
38. EURADA - European Association of Development Agencies (www.ispu.cec.be/eurada/celcome.html)
39. NADO - National Association of Development Organizations: (www.NADO.org/)
40. IDA - International Downtown Association: (//ida-downtown.org/)

On-line Site Selection Resources

41. ACN - American Community Network: (www.acn.net)
42. IEDN - Interactive Economic Development Network: (www.iedn.com)
43. Selectown: (www.selectown.com)

Marketing Information

44. Sales Leads USA: (www.lookupusa.com)
45. Registry of Manufacturers: (www.thomasregister.com)
46. County Business Patterns: (www.lib.virginia.edu)

Electronic Community Information Networks

47. City Net: (www.citynet.com)
48. City Search: (www.citysearch.com)
49. City Web: (www.cityweb.com)
50. Digital Cities: (www.digitalcities.com)
51. City Insights: (www.cityinsights.com)
52. City Surf: (www.citysurf.com)
53. Geo Cities: (www.geocities.com)
54. Intellipages: (www.intellipages.com)
55. Now Century Network: (www.nowcentury.com)

Figure 11
The 10 Highest Concentrations of Electronic Cottages

Area % of residents who work at home:
Downtown San Diego 9.4%
Midtown Manhattan 7.1%
Downtown Manhattan 7.0%
Century City/Beverly Hills, CA 6.4%
Bethesda/Chevy Chase, MD 6.1%
Austin, TX 6.0%
Berkeley, CA 5.5%
Greenwich, CT 5.5%
Calabasas/101 Freeway, CA 5.2%
Santa Monica, CA 5.2%

Figure 12
According to *Yahoo! Internet Life* magazine, these are the 20 most wired cities:

San Francisco	Atlanta
Washington, DC	Austin
Seattle	Minneapolis
Boston	New York
Chicago	Miami
Denver	San Diego
Dallas	Pittsburgh
St. Louis	Los Angeles
Houston	San Jose
Philadelphia	Portland, OR

demands for employees being created by the red-hot global economy and resurgence of the heartland. Economic developers are being forced to learn tricks and find tools to sustain high levels of economic growth in these areas. The movement of people to the South in the early 70's and late 80's is now creating huge shortages. These factors definitely affect how competitive a city will be in the future.

Telecommunities: The Next Civilization

One of the ways that futurists can measure the success of community rankings is by taking advantage of the growing use of telecommunications. "Telecommunities" are a new phenomenon made possible by the distinctive capacities of modern telecommunications. Telecommunities are powerful, incorporeal communities built on shared interest: They are not wedded to geography or contained by national borders. The growth of these communities will have a major impact on society economically, politically, and culturally, and they will challenge the traditional way of life as we all know it today.

Telecommunities can bring together every imaginable group of persons who have common interests—chess players, veterans, traders, suppliers, sports fans, poets, collectors, students, inventors, and also economic developers. These communities will also revolutionize business and politics, causing many traditional territorial processes to weaken, including site selection criteria. Technology will level the playing field for communities to compete for business projects globally, and they had better get competent at doing so. An enormous variety of telecommunities will have great buying and marketing power, which will change the face of today's economy. These communities will become centers of the new wealth created by the information age and its bastion of knowledge workers and techno-preneuers. (See Figure 11)

Wired Cities

Which cities in the U.S. are tops in cyberspace on the basis of Internet users per capita, number of networked computers, registered addresses, Internet backbone traffic, and the number of times a city appears in the big Internet directories? Some aren't surprising—like San Francisco. But others are—including Austin, TX; Seattle; Minneapolis; and San Diego. (See Figure 12)

According to *Internet Life* magazine, Atlanta ranks as high as it does because of all the wiring related to the Olympic games. That, plus the fact that IBM, MCI, Apple, Lucent Technologies, BellSouth, and Peachtree Software all have operations here. In terms of outright numbers, New York would top the list with 3.5 million Internet users, but most of that is in Manhattan. The other four boroughs are lightly wired, so on a per capita basis New York drops out of the top five.

Conclusion: The Drive to Survive

In today's emerging economic order, those municipalities that don't find ways to recast their economies can become marginal very quickly. This is not a time in which any area can take prosperity for granted. These days everything depends on the personalities and visions of cities and their leaders. If communities want to win in this highly competitive environment, then they must invest heavily in up to date and cost-effective social, economic, physical, technologic and environmental infrastructures that will give them added capabilities over their competitors wherever they might be located. At a minimum, if communities want to show up on someone's radar screen to influence their next location decision, the odds are better if they play the numbers. Communities should get their information and hot links out in cyberspace in as many places as possible. The odds are much better that you'll be noticed. There are more than 10 web resources that specialize in the promotion of communities, and these services are inexpensive versus the other promotion routes, such as traditional advertising in trade publications.

Included in this competitive posturing will be the need for community economic developers to adapt to technological change. Computers and telecommunications will allow any business, corporate real estate developer and/or site selection consultant to create their own custom ranking system. Most importantly they must also be able to effectively use the World Wide Web via their desktop to do their own competitive and comparable analysis of how their community stacks up versus the rest of the world.