

What's behind success?

You have the idea. But how do you get it off the ground? Just "Ask **BUSINESS 2.0.**" about how to turn an idea into a money-maker.

SUCCESS

Click here to submit your questions


CNNMoney.com

Presented by RSM McGladrey

CNNMoney.com

 PRINT THIS

Powered by  Clickability

 Click to Print

[SAVE THIS](#) | [EMAIL THIS](#) |

[Close](#)

Where we'll live tomorrow

Sure, big cities have their charms, but for families the suburbs are here to stay.

By [Joel Kotkin](#), Money Magazine

July 19 2007: 4:52 PM EDT

Money

(Money Magazine) -- An increasingly trendy theory holds that the ticket to attracting and retaining the educated and upwardly mobile is a big dose of urban cool: Think open-air cafés where well-heeled retired boomers and twentysomething professionals gather after the theater to sip Pinot Grigio while looking out at a skyline defined by the latest creation of a world-renowned starchitect.

The facts, though, don't bear out the theory. Most of those twentysomethings don't stick around. As they get older, according to research by my colleagues at the Praxis Strategy Group, they tend to leave the hip urban areas of New York City, Los Angeles, Boston and San Francisco for the suburbs or for less glamorous but more affordable markets such as Phoenix, Charlotte, Atlanta, Dallas and Houston and their suburbs. And that, for the most part, is where they'll stay.

Opportunity first

This migration pattern, which began at least as early as the mid-1990s, has accelerated since the late '90s. Why? People follow jobs. Despite all you've heard about legions of Wall Street traders and Internet 2.0 entrepreneurs in New York City or San Francisco, job growth - including jobs in technology and financial services - has been weaker in these urban cores than in the sunbelt.

Meanwhile, places like Houston, not usually thought of as the embodiment of cool (of humidity, yes, but not cool), have seen a surge in educated migrants due to the boom in energy and health-related industries. "Our business has been growing 30 to 40 percent for the past three years," says Chris Schoettelkotte, CEO of Manhattan Resources, a Houston search firm that recruits energy executives. "We're pulling people from Wharton, Harvard, MIT and UCLA like never before."

Besides a good job, Houston and other growing areas can provide far more attractive housing options, a bigger and bigger issue of late. Between 2001 and 2005, housing prices more than doubled in Los Angeles and Washington, D.C. vs. a rise of 25 percent or less in Dallas, Houston or Charlotte.

Equally important, prices have risen far more quickly than income in cities such as New York, Miami and San Francisco. It's no wonder that in a recent survey by the Coastal Industrial Cities Project, which studies urban attitudes around the world, 81



**What we generate:
energy innovations.**

**What we value:
clean energy at home.**

AREVA
AMERICA'S ENERGY EXPERTS

percent of Houstonians agreed that "if you work hard in this city, eventually you will succeed." Just 76 percent of Angelenos and 67 percent of New Yorkers said the same.

Over time these differences will affect talent flow. In Portland, Ore., 33 percent of families can afford a median-priced home; that city will lure people from the Bay Area, New York and L.A., where fewer than 10 percent can. More affordable Dallas, Houston and Charlotte will continue to flourish.

Indeed, housing costs have a big impact on corporate decision makers. Most companies require a broad spectrum of skilled employees, not just the rarefied products of Harvard Business School or Caltech. This allows a place like Charlotte to compete more effectively, says local developer John Harris. "It's hard to be a mass employer in San Francisco," he notes.

Kids are better than cool

That's particularly true, Harris adds, if you're trying to lure workers with families. And at some point in their prime working years, the educated staffers companies want will have young ones at home. High-priced cities like San Francisco have among the lowest percentages of children; Dallas, Phoenix and Charlotte are, comparatively speaking, crawling with the little tykes.

This is not to say amenities don't matter. To be sure, you don't suddenly stop liking art museums, good food and street-level diversity when you hit 30. But priorities change. The desire for cohesive neighborhoods, home ownership, good schools, recreation and proximity to jobs usually trumps the need to be at the center of the action. It's worth noting that the cultural amenities in Dallas, Atlanta, Houston or Charlotte have improved notably. Espresso and art follow good jobs, not the other way around.

Sterile? Says who?

Have you ever lived in the suburbs? It's sterile. It's numb. It's wasting your life," then-New York City mayor Ed Koch once said. He was wrong. People keep moving from the city to the suburbs, and apparently they like it.

The trend is fairly universal. Greater Portland, considered an earthly paradise by many new urbanists, may be a magnet for educated workers, but that doesn't mean most live in the hip urban core. Since 2000, more than 95 percent of greater Portland's population growth, notes demographer Wendell Cox, took place outside city limits.

The reasons for the push outward vary, but numerous studies reveal that, contrary to some assumptions, residents feel suburbia provides a richer community life. Granted, most people don't think they live in the land of Leave It to Beaver, but it's a far cry from the dystopia of American Beauty.

One would imagine that residents of Philadelphia, a city of well-established neighborhoods, would identify strongly with their communities. Yet a recent Temple University study found that nearby suburbanites were considerably more likely than city dwellers to see their neighborhood as "home."

Finally, it's worth noting that home is where they'll stay, even as children move on. According to a recent Brookings Institution study, most boomers will age in place, and the migration of retirees out of cities will be more common than into them.

I'm no hater of cities. My last book was a history of cities. My family and I live in Los Angeles, albeit in a '30s vintage "suburb" in the San Fernando Valley, and we plan to stay. But the data spell out that most people over 30 probably want something even less urban: a bit less edgy and a lot less crowded, more family-friendly and usually more affordable as well.

Joel Kotkin, a presidential fellow in urban futures at the Hobbs Institute at Chapman University, is author of "The City: A Global History." He is writing a book on the American future. ■

From the August 1, 2007 issue

Find this article at:

http://money.cnn.com/magazines/moneymag/moneymag_archive/2007/08/01/100137868/index.htm



[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

© 2007 Cable News Network LP, LLP.