



Several midsized, technology-dependent metropolitan areas moved back into the top twenty-five performers. **Provo-Orem, Utah; Raleigh-Cary, North Carolina; Tucson, Arizona; Huntsville, Alabama; Salt Lake City, Utah; Boise-Nampa, Idaho;** and **Austin-Round Rock, Texas**, are among the technology centers in 2007's top twenty-five performers. Most of these metros have high concentrations of computers, chip and communications equipment, or software manufacturers. Strong business and consumer demand has fueled a recovery in production and hiring in these sectors. Most tech centers, in fact, witnessed increases in their rankings for 2007.

No metro in the Northeast and Midwest showed up in the top twenty-five listings. This reflects several enduring trends. The long-term decline of manufacturing, due to increasing competition from such emerging centers as China, has caused a loss of middle-class jobs that aren't easily replaced. Weakness in the automotive market in 2006 and continued loss of market share by traditional domestic manufacturers have led to even further retrenchment. Suppliers to those manufacturers have been hit hard, as well. Entrepreneurial activities are lagging in the Midwest especially, but also in the Northeast, and the bulk of new jobs are being created in small and medium-sized firms. The result is twofold: an inability to replace the jobs lost to foreign competition and an out-migration to other parts of the country, reinforcing the downward spiral.

Best-Performing Cities: Top 25

Rank According to 2007 Index

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank
Ocala, FL	1	13
Wilmington, NC	2	59
Riverside-San Bernardino-Ontario, CA	3	10
Phoenix-Mesa-Scottsdale, AZ	4	15
Orlando-Kissimmee, FL	5	6
Naples-Marco Island, FL	6	3
McAllen-Edinburg-Mission, TX	7	4
Provo-Orem, UT	8	23
Las Vegas-Paradise, NV	9	11
Raleigh-Cary, NC	10	45
Myrtle Beach-Conway-North Myrtle Beach, SC	11	35
Charleston-North Charleston, SC	12	22
Cape Coral-Fort Myers, FL	13	2
Sarasota-Bradenton-Venice, FL	14	24
Tucson, AZ	15	14
Huntsville, AL	16	28
Bakersfield, CA	17	30
Salt Lake City, UT	18	87
Boise City-Nampa, ID	19	32
Austin-Round Rock, TX	20	58
Fayetteville-Springdale-Rogers, AR-MO	21	8
Vallejo-Fairfield, CA	22	41
Charlotte-Gastonia-Concord, NC-SC	23	69
Lafayette, LA	24	143
Sacramento-Arden-Arcade-Roseville, CA	25	34

Source: Milken Institute



It's no coincidence that regions home to top-ranking metros show entrepreneurial strength, lower business costs, and favorable business climates. Several of the technology centers are supported by strong university programs, providing the human capital and intellectual property necessary to thrive in today's rapidly changing, knowledge-intensive economy.

The South has fifteen metros among the top twenty-five slots, including those six in Florida. **Wilmington, North Carolina**, rose to 2nd place in the index overall, aided by port activity and increases in communication services. Another North Carolina metro, **Charlotte-Gastonia-Concord**, ranks among the top twenty-five, at 23rd. Ten metros in the West place among the top twenty-five, led by four in California (**Riverside-San Bernardino-Ontario; Bakersfield; Vallejo-Fairfield; and Sacramento**). **Phoenix** scores 4th in the overall index; and **Las Vegas** remains among the best performers, at 9th place.

We have adjusted the timing of the report's release in order to incorporate all available 2006 data. The previous index, released in February 2006, was titled *Best-Performing Cities 2005*.

Best-Performing City: Ocala, Florida

Ocala leaps into the top spot in the *2007 Best-Performing Cities Index*, up from 13th in the previous index. It owes its position to consistent, top-ten growth rankings across specific categories, such as wages and technology output. Perhaps most impressive is Ocala's job growth, which averaged 5.8 percent from 2004 through 2006. Ocala shared in the Florida housing boom witnessed from 2002 through 2006. Its proximity to Disney World links its economic fate with the travel-and-tourism sector. But unlike many other Florida metros, Ocala has greater dependence on the manufacturing industry, where Lockheed Martin's circuit-board facility is a technology anchor. Coupled with Cingular Wireless operations, this technological presence boosts Ocala's ranking to 2nd in the country for high-tech output growth over the past five years.

The Ten Largest Cities

Because America's largest metropolitan areas experience high density and minimal space for expansion, we break out their performances separately. It isn't reasonable to expect cities like Los Angeles, New York, or Chicago to grow at the same rate as Boise, Austin, or Provo. However, the big metro areas could learn something from the favorable business climates promoted by these fast-growing areas.

Riverside-San Bernardino-Ontario, California, supplants the Washington, D.C., metropolitan area as the best-performing large metro area of 2007. It also scores an impressive 3rd overall among the 200 largest metro economies. Despite a recent slowdown in residential construction, the area's employment, along with wage and salary growth, has been one of the highest in the nation over the past five years. Its growing presence as a transportation and cargo hub links it to global markets, particularly in Asia. (The transportation sector includes an international airport in Ontario, which



Biggest Gainers

The biggest gainers on the *2007 Best-Performing Cities Index* are metros that share a number of strengths, including recovery in the tech sector, particularly among areas that suffered tremendous losses in the aftermath of the dot-com era. Several metros have also benefited from rising energy prices and, as a result, have expanded refinery capacity and oil and gas exploration. Relocation of residents from Gulf Coast cities ravaged by Hurricane Katrina has boosted population and demand for consumer-driven industries in nearby metros. Finally, a weaker dollar has helped to facilitate increased economic activity in port cities.

The most notable increase in the rankings is claimed by **Lafayette, Louisiana**, which rose 119 spots, from, 143rd to 24th, due to a post-Hurricane Katrina population influx. Other New Orleans-area residents relocated to **Baton Rouge, Louisiana**, triggering its climb from 132nd place to 67th in the rankings. Lafayette's diverse industry mix has provided new residents and displaced companies a host of opportunities. In addition, as domestic oil supply tightens, expansion of the metro's energy sector will be aided by increased oil exploration along the Gulf Coast.

Biggest Gainers

Change in Rankings

Metropolitan Statistical Area (MSA)	2007 Rank	2005 Rank	Spots Climbed
Lafayette, LA	24	143	+119
Peoria, IL	68	168	+100
Mobile, AL	88	186	+98
Houston-Sugar Land-Baytown, TX	32	129	+97
Corpus Christi, TX	65	158	+93
Beaumont-Port Arthur, TX	85	167	+82
Tulsa, OK	98	180	+82
San Jose-Sunnyvale-Santa Clara, CA	107	185	+78
San Francisco-San Mateo-Redwood City, CA*	97	173	+76
Wichita, KS	114	189	+75
Salt Lake City, UT	18	87	+69
Dallas-Plano-Irving, TX*	59	125	+66
Baton Rouge, LA	67	132	+65
Columbia, SC	69	134	+65
Rockford, IL	132	190	+58
Wilmington, NC	2	59	+57
Portland-Vancouver-Beaverton, OR-WA	38	95	+57
Greenville-Mauldin-Easley, SC	121	178	+57
Asheville, NC	117	171	+54
Birmingham-Hoover, AL	101	153	+52

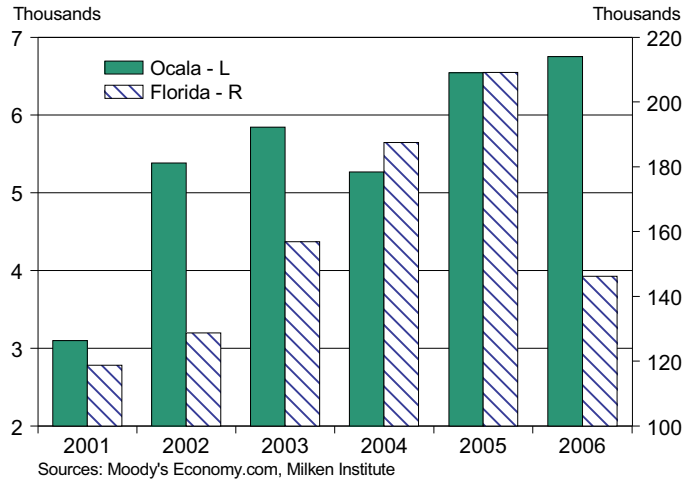
Source: Milken Institute

*Indicates Metropolitan Division

Other metros benefiting from the energy boom are primarily in Texas: namely **Houston-Sugar Land-Baytown** (from 129th to 32nd), **Corpus Christi** (from 158th to 65th), and **Beaumont-Port Arthur** (from 167th to 85th). Houston-Sugar Land-Baytown has experienced tremendous post-Katrina population growth. Industries that support the energy sector, such as fabricated metal



Residential Permits Ocala vs. Florida



Professional services and business services have expanded at a rapid pace. Data processing has been the main reason for the stellar performance in the latter category. Warehousing and storage is another source of growth. The Ocala metro area is increasingly tied to the fortunes of the Orlando tourism sector, with many residents commuting to its popular destinations. The housing correction will restrain growth over the next couple of years, but Ocala should remain in the upper tier of performers.

Wilmington, North Carolina, is a new entrant into the upper echelon of performers, jumping from 59th in the previous index to 2nd for 2007. Unlike most areas of the country this year, Wilmington's economy hasn't lost much momentum. Port-related activity is booming after capacity was added with a new, deeper channel. Renewed interest in nuclear energy has provided a commercial opportunity for GE Energy as it consolidates design operations in Wilmington. The area ranks 15th in job growth over the past five years.

Leisure and Hospitality Employment Wilmington vs. United States, 2006



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Source: Milken Institute



2007 Best-Performing Cities Largest Cities, Top 200

2005 Rank	2007 Rank	Metropolitan Area	5-Yr. Job Growth 2001-2006	1-Yr. Job Growth 2005-2006	5-Yr. Wages/Salaries Growth 2000 - 2005	1-Yr. Wages/Salaries Growth 2004-2005	Job Growth (3/06-3/07)	5-Yr. Relative HT GDP Growth 2001-2006	1-Yr. Relative HT GDP Growth 2005-2006	High-Tech GDP LQ	# of HT GDP LQs Over 1 2006 Value Rank	Population 2006 (Thousands)	Overall Index
13	1	Ocala, FL MSA	11914	8	122.15	104.99	1.88%	169.84	106.77	0.81	85	316	100
59	2	Wilmington, NC MSA	11237	7	111.44	104.48	4.48%	141.59	104.72	0.87	73	326	105.24
10	3	Riverside-San Bernardino-Ontario, CA MSA	11951	17	128.41	103.06	2.5	122.59	104.24	1.30	62	96	113.71
15	4	Phoenix-Mesa-Scottsdale, AZ MSA	11481	11	110.97	105.05	4.21%	93.33	105.00	1.16	46	7	4,026
6	5	Orlando-Kissimmee, FL MSA	11384	12	116.36	104.81	2.93%	113.38	101.80	1.45	30	62	4,039
3	6	Naples-Marco Island, FL MSA	122.90	2	103.43	105.86	2.07%	138.63	105.88	0.88	72	6	1,985
4	7	McAllen-Edinburg-Mission, TX MSA	12073	5	102.11	103.07	2.7	183.24	107.30	0.44	182	4	1,515
23	8	Provo-Orem, UT MSA	111.36	19	104.44	103.03	2.63%	117.75	98.92	1.41	30	6	148.98
41	9	Las Vegas-Paradise, NV MSA	110.73	15	105.20	103.48	3.46%	101.33	98.92	1.41	30	6	150.10
45	10	Las Vegas-Paradise, NV MSA	107.33	31	105.20	103.48	3.46%	101.33	103.98	1.50	20	2	147.89
36 ¹	11	Myrtle Beach-Conway-Georgetown, SC MSA	117.74	9	111.51	103.11	2.2	103.54	110.64	0.41	183	16	158.36
22	12	Charleston-North Charleston, SC MSA	107.13	32	113.72	102.55	3.0	118.67	105.66	0.65	123	5	603
2	13	Cape Coral-Fort Myers, FL MSA	127.17	1	142.30	107.10	2	93.80	99.70	0.46	175	4	182.05
24	14	Sarasota-Bradenton-Venice, FL MSA	119.81	6	115.45	105.91	5	135.94	103.98	1.91	91	15	571
14	15	Tucson, AZ MSA	106.77	35	110.45	102.40	3.3	121.25	101.76	1.21	41	11	643
28	16	Huntsville, AL MSA	105.72	44	109.68	101.37	5.7	118.62	97.20	2.10	6	9	866
30	17	Bakersfield, CA MSA	111.37	18	115.51	103.49	1.9	98.38	101.40	0.52	158	4	1,068
87	18	Salt Lake City, UT MSA	103.76	61	102.23	102.53	3.1	118.96	100.05	1.04	56	11	760
52	19	Boise City-Nampa, ID MSA	111.72	17	101.86	103.04	2.6	118.96	100.05	1.04	56	11	1,068
58	20	Austin-Round Rock, TX MSA	103.38	63	102.12	103.20	2.1	105.01	98.92	1.75	12	11	958
34	21	Fort Worth-Arlington, TX MSA	111.36	18	104.44	103.20	2.1	105.01	100.36	1.75	12	11	1,514
41	22	Chattanooga, TN MSA	107.82	27	114.01	100.26	2.75%	138.71	101.88	0.80	89	7	2,227.1
61	23	Chester-Gastonia-Concord, NC-SC MSA	103.06	70	104.48	102.43	3.2	108.91	101.98	0.76	97	4	2,230.8
143	24	Lafayette, LA MSA	102.92	74	108.67	103.65	1.6	129.85	98.29	0.71	109	4	1,583
34	25	Sacramento-Arden-Arcade-Roseville, CA MSA	106.44	39	111.72	101.22	3.0	104.52	101.21	1.00	60	7	2,067
21	26	Reno-Sparks, NV MSA	108.54	25	110.87	101.34	5.8	107.18	98.06	1.66	14	13	2,434
38	27	Orland-Thousand Oaks-Ventura, CA MSA	103.04	71	112.76	101.56	4.8	100.76	103.13	1.66	14	13	800
33	28	Lakeland, FL MSA	113.16	13	110.89	104.83	1.0	192.25	103.21	0.38	194	2	246.97
31 ¹	29	Greeley, CO MSA	109.07	23	102.09	101.51	5.2	101.51	102.16	0.52	155	4	237
5	30	Denton-Daytona Beach-Ormond Beach, FL MSA	112.99	14	106.99	116.81	4.2	101.71	102.91	0.65	119	5	497
43	31	Albuquerque, NM MSA	104.69	52	107.77	100.27	8.5	113.79	96.34	2.18	4	12	817
129	32	Houston-Sugar Land-Baytown, TX MSA	103.23	66	104.24	100.20	2.0	96.62	100.27	0.80	3	151	253.25
78	33	San Antonio, TX MSA	107.51	29	106.34	100.20	2.0	96.62	100.27	0.80	3	151	253.25
78	34	Salt Lake City, UT MSA	110.97	20	107.47	102.18	3.5	111.55	98.36	0.67	115	5	2,424.34
9	35	San Jose-Sunnyvale-Santa Clara, CA MSA	110.97	20	107.47	102.18	3.5	111.55	98.36	0.67	115	5	2,424.34
36	36	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL MD	100.62	96	115.10	104.00	1.5	103.93	97.39	0.83	78	7	1,788
27	37	West Palm Beach-Boca Raton-Boynton Beach, FL MD	110.14	21	112.19	104.07	1.3	103.93	97.39	0.83	78	7	1,788
66	38	Washington-Arlington-Alexandria, DC-VA-MD-WV MD	106.66	36	110.32	101.57	4.7	106.22	117.64	1.62	15	10	273.73
34	39	Portland-Vancouver-Beaverton, OR-WA MSA	101.73	86	96.09	101.10	6.2	109.53	100.93	1.81	10	28	4,135
95	40	Portland-Vancouver-Beaverton, OR-WA MSA	101.73	86	96.09	101.10	6.2	109.53	100.93	1.81	10	28	4,135
51	41	Jacksonville, FL MSA	106.60	37	101.31	101.46	5.4	102.72	98.89	1.19	3	5	2,138
56	42	Honolulu, HI MSA	106.34	41	100.95	100.95	6.8	103.04	102.81	0.52	154	4	283.90
12	43	Port St. Lucie, FL MSA	122.81	3	130.65	106.67	3	106.67	104.01	0.52	154	4	283.90
39	44	Ogden-Clearfield, UT MSA	106.95	34	101.79	98.30	1.21	3.02%	98.66	0.88	114	4	488
57	45	San Antonio, TX MSA	104.27	54	107.70	100.88	7.0	97.66	98.66	0.88	114	4	488
29	46	San Antonio, TX MSA	104.27	54	107.70	100.88	7.0	97.66	98.66	0.88	114	4	488
67	47	Visalia-Porterville, CA MSA	108.78	24	111.65	102.92	3.7	102.92	96.71	0.25	189	3	286.26
20	48	Clarksville, TN-KY MSA	105.63	46	102.16	102.16	1	2.22%	96.71	0.25	189	3	286.26
77	49	Springfield, MO MSA	105.63	46	102.16	102.16	1	2.22%	96.71	0.25	189	3	286.26
17	50	Palm Bay-Melbourne-Titusville, FL MSA	108.48	26	110.10	100.88	6.8	130.77	96.09	0.65	121	5	298.03
37	51	Santa Ana-Anaheim-Irvine, CA MSA	104.12	59	101.10	102.19	3.4	102.77	96.09	0.65	121	5	298.03
96	52	Tacoma, WA MSA	107.81	28	114.32	100.66	7.7	97.23	96.09	0.65	121	5	298.03
26	53	Gainesville, FL MSA	104.24	55	103.26	101.74	4.0	99.87	102.12	0.55	149	3	3,002
85	54	Lubbock, TX MSA	99.98	112	112.15	103.51	1.8	99.87	102.12	0.55	149	3	3,002
55	55	Peoria-Perry-Press-Brent, FL MSA	107.61	29	102.32	100.73	7.3	127.72	97.16	1.31	36	6	313.69
63	56	Richmond, VA MSA	102.96	73	105.91	101.07	6.4	135.61	97.16	1.31	36	6	313.69
63	57	Richmond, VA MSA	102.96	73	105.91	101.07	6.4	135.61	97.16	1.31	36	6	313.69
100	58	Salem, OR MSA	104.16	56	103.99	101.17	6.1	101.96	100.81	0.79	90	6	324.58
62	59	Des Moines-West Des Moines, IA MSA	103.16	69	103.99	101.49	5.3	108.92	100.81	0.79	90	6	324.58
125	60	Dallas-Plano-Irving, TX MD	99.11	123	107.55	100.35	8.4	109.01	101.22	0.51	173	365	326.19
80	61	Fort Worth-Arlington, TX MD	101.49	89	95.08	100.41	5.2	102.54	98.50	1.12	47	7	4,019
52	62	Nashville-Davidson-Murfreesboro-Franklin, TN MSA	104.90	50	102.87	100.62	4.5	103.27	96.75	1.12	47	7	1,984
19	63	Camden, NJ MD	104.30	53	108.17	98.91	9.7	100.83	98.50	1.12	47	7	1,984
90	64	Merced, CA MSA	107.34	30	113.56	100.68	7.5	97.76	111.08	0.84	78	11	1,250
49	65	Anchorage, AK MSA	106.54	38	99.79	100.24	8.8	100.83	111.08	0.84	78	11	1,250
136	66	Corpus Christi, TX MSA	101.24	93	112.92	100.24	8.8	100.83	111.08	0.84	78	11	1,250
132	67	Baton Rouge, LA MSA	104.94	46	102.21	101.98	6.1	104.70	100.83	0.76	96	6	341.67
168	68	Peoria, IL MSA	99.65	115	100.59	101.49	5.3	108.92	100.83	0.76	96	6	341.67
134	69	Columbia, SC MSA	102.97	72	100.75	100.18	9.1	108.07	100.83	0.76	96	6	341.67
16	70	Santa Barbara-Santa Maria-Goleta, CA MSA	100.81	98	102.41	100.18	9.1	108.07	100.83	0.76	96	6	341.67
79	71	Hagerstown-Martinsburg, MD-WV MSA	103.24	65	107.43	101.43	5.5	111.48	98.47	0.76	96	6	341.67
29	72	San Diego-Carlsbad-San Marcos, CA MSA	103.33	64	99.59	101.54	5.1	108.63	98.47	0.76	96	6	341.67
94	73	Little Rock-North Little Rock-Conway, AR MSA	101.82	83	102.60	99.70	1.26	102.86	98.47	0.76	96	6	341.67
106	74	Durham, NC MSA	101.00	95	100.47	98.60	1.48	102.86	98.47	0.76	96	6	341.67
46	75	Fort Collins-Loveland, CO MSA	102.25	80	99.86	100.20	9.0	102.86	98.47	0.76	96	6	341.67
127	76	Montgomery, AL MSA	101.07	92	101.72	100.20	9.0	102.86	98.47	0.76	96	6	341.67
137	77	Montgomery, AL MSA	101.07	92	101.72	100.20	9.0	102.86	98.47	0.76	96	6	341.67
18	78	Bremerton-Silverdale, WA MSA	112.09	16	116.82	99.84	9.9	96.08	73.09	0.73	104	5	2,467

¹ Indicates this city's position on previous year's largest metros list
² Indicates this city's position on previous year's smallest metros list