



Real Estate

America's Fastest-Growing Cities

Matt Woolsey, 10.31.07, 5:00 PM ET

For some city dwellers, more people means more headaches. Roads become congested, trash accumulates and getting a reservation at a top restaurant becomes a Herculean feat.

But economically, it's generally a good thing. Increases in population, immigration and migration mean more money for the city and local businesses. It also helps to create a healthy housing market by introducing new buyers into the mix.

Benefiting most in this regard? [Las Vegas](#). It's seen a nearly 30% population increase since 2000. Job growth and a healthy local economy are driving people to Sin City. In the last few years, it experienced a housing boom that's only now slumping. But even that downturn couldn't knock it from its perch at the top of our list of fastest-growing cities.

[In Pictures: America's 10 Fastest-Growing Cities](#)

1. Las Vegas, Nev.

Population: 1.77 million

Growth since 2000: 29.2%

Median home price: \$307,900

2. Phoenix, Ariz.

Population: 3.25 million

Growth since 2000: 24.2%

Median home price: \$264,800

3. Austin, Texas

Population: 1.51 million

Growth since 2000: 21.1%

Median home price: \$186,600

4. Atlanta, Ga.

Population: 5.1 million

Growth since 2000: 21%

Median home price: \$175,500

5. Orlando, Fla.

Population: 1.98 million

Growth since 2000: 20.7%

Median home price: \$265,100

To determine these areas, we consulted Demographia, a St. Louis-based research company that compiles U.S. Census growth data from 2000 to 2006. Each metro was measured based on population increases as a percentage of overall population. This means that while New York had a large population upswing (495,000 people), that growth represented only 2.7% of the overall population. A city like [Atlanta](#), by contrast, experienced a 21% uptick, bringing its population to 5.1 million.

Population figures were broken down into births, migration and immigration--migration being new domestic residents and immigration being new foreign ones. Other cities that grew at accelerated rates: [Phoenix](#); [Austin, Texas](#); and [Orlando, Fla.](#)

Meaningful Metrics

Population increases have far-reaching economic implications.

Growing cities are more able to attract, retain and develop businesses by offering a robust workforce. And more people means more tax revenue.

In the housing market, the implications are obvious. Nationwide, the inventory glut has contributed to plummeting prices in cities around the country.

But in areas experiencing growth, housing markets are relatively healthy. These include Austin; [Charlotte, N.C.](#); [Houston](#); and [Dallas](#). In other areas on our list, such as Las Vegas, Phoenix and [Sacramento, Calif.](#), rapid growth led to more overbuilding during the boom. The good news, however, is that the sustained population and economic growth makes these areas more apt to recover instead of losing residents, as in Buffalo, N.Y., or Detroit.

But fast growth is not without its faults.

"During the housing boom, a lot of the job growth in places like Phoenix and Las Vegas came from housing-related jobs," says Mark Zandi, chief economist at Moody's Economy.com. "That's going to hurt those cities' job growth moving forward."

For cities losing housing-related workforce, there are all sorts of negative effects in both the short and long term.

Included within the New York metro area is most of northern New Jersey. In an October study titled "Where Have All the Dollars Gone? An Analysis of New Jersey Migration Patterns," James Hughes and Joseph Seneca, researchers at Rutgers University, in New Brunswick, N.J., say that the area's out-migration patterns resulted in the loss of \$7.9 billion in net-adjusted income since 2000. The ripple effect on state tax revenues and the reduction in consumer spending hurts the macro economy, And, they estimate, the area lost out on 39,000 jobs as a result.

Behind The Numbers

It's difficult to show a perfect cause-and-effect relationship when it comes to migration patterns, as individuals and families move for a wide range of reasons.

But when you examine the metros people are moving to--Dallas, Raleigh, N.C., or Phoenix--and the metros they're leaving--such as New York/New Jersey, Los Angeles and San Francisco--there's a strong correlation when it comes to factors like [housing affordability](#), [property taxes](#) and job growth.

"There is no definitive evidence as to the causes," says Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers, speaking of northern New Jersey's population drop-off. "However, improved relative economic opportunity elsewhere, New Jersey's high housing costs and its high overall cost of living are possible explanations."

Larger, more expensive cities like New York and Los Angeles have been hemorrhaging people since 2000, losing 1.4 million and 937,000 citizens, respectively. However, those statistics are not always perfect indicators of the economic effects migration has on a city. If residents of Dallas move to an outer suburb, they're still counted as being in the Dallas metro. Leave Los Angeles, and you're in the San Bernardino metro area.

"Large, fast-growing cities like Los Angeles suddenly decant population out to smaller cities inland," says Robert Bruegmann, a professor of architecture and urban planning at the University of Illinois. While L.A. has experienced out-migration, the bordering Riverside-San Bernardino metro absorbed the nation's largest amount of domestic migrants. "[In larger cities] the effect of domestic out-migration has been masked to a certain extent by immigration," Bruegmann says.

New York, for example, has added just over 1 million immigrants since 2000 to cover for what would otherwise have been a population decline. In the annual State Department green-card lottery that awards permanent-resident status to prospective immigrants via random drawing, New York's government is very proactive in seeking out new immigrants and becomes home for 12% of lottery winners.

Economic stability in any market depends on growth, something cities are acutely aware of when it comes to augmenting their population.

"The challenge is certainly more demanding in places like Buffalo or Pittsburgh, which on a metro level are shrinking but are spreading out," says Robert Puentes, a fellow at the Brookings Institution. He adds that cities depend on growth. "When the metro is thinning out, that's very detrimental to the city."

Courtesy of JB Goodwin