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The Best Job Markets Aren't in the Biggest Cities

Austin, Nashville and Raleigh, N.C., top the Journal's annual rankings

By Harriett Torry and Danny Dougherty

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LARS LEETARU

The hottest job markets in America are in five different states, but they have a lot in common. They're in midsize cities, all with a population under 2.3 million. They're in states with fairly low income taxes, or none at all. And their climates allow for outdoor activities all year round.

They are: Austin, Texas; Nashville, Tenn.; Raleigh, N.C.; Salt Lake City; and Jacksonville, Fla.

To find the areas with the strongest job markets, The Wall Street Journal, working with Moody's Analytics, assessed 300 metro areas. The rankings measured five factors: the unemployment rate, labor-force participation rate, job growth, labor-force growth and wage growth in 2021. An average of those rankings was used to determine the hottest labor market in the U.S. Larger areas, with more than one million residents, were ranked separately from smaller ones.

All of the top five cities are home to large universities, state capitals or high-tech employers. Florida, Texas and Tennessee have no personal state income tax, while North Carolina and Utah have income and corporate tax rates of roughly 5% or less. Here are some of the other trends that emerged in the Journal's fourth annual survey of the job market.

Austin—a tech hub with a thriving restaurant and music scene—had the highest share of people working or looking for jobs and the highest growth in payroll employment. It also saw strong wage growth. A number of companies, including software giant Oracle Corp. and electric-car maker Tesla Inc., moved headquarters to Austin during the pandemic. The Internal Revenue Service is also hiring more workers there.

Medium Might

Most of the hottest large-city job markets in 2021 were metro areas closer to the 1 million population cutoff between the large and small city rankings.

Where mid-sized metro areas ranked



The strong labor demand is good for workers, but challenging employers to find staff in an array of sectors. Paige Ellis, an Austin city council member, warned that public pools might not be able to open this summer if the city can't recruit hundreds of lifeguards, and offered students free pizza to entice them to job fairs last month.

It's a similar situation in Nashville. Waste Pro USA Inc., a trash-hauling business operating in the Southeast, is currently offering a \$2,500 retention bonus for drivers in Nashville. "We're now competing with delivery drivers, concrete drivers, dump truck drivers and roofing" due to booming construction in Nashville, said Chief Operating Officer Keith Banasiak.

Jacksonville jumped ahead in the rankings in 2021, when it became the fifth-hottest job market after placing 15th in 2020 and 27th in 2019.

The region has profited during the pandemic from its position as a logistics hub with a seaport, two major interstate highways and rail and air connections, said Albert Loh, professor of economics at the University of North Florida. It has also attracted jobs in healthcare, technology and financial services—"relatively high paying jobs and those kind of jobs have a very strong multiplier effect," Dr. Loh said, which helps add employment across the local economy. Data company Dun & Bradstreet Inc. said last year it would move its headquarters to Jacksonville from New Jersey.

Larger cities remained at the bottom of the rankings this year. New York took 41st place, Chicago was 40th and Los Angeles was 26th. Many workers left larger cities during the pandemic,

seeking out jobs they could perform remotely in smaller, more affordable areas in the South and West. That could reverse, if more employers require in-person attendance and workers return to downtown offices and worksites.

Big City Struggle

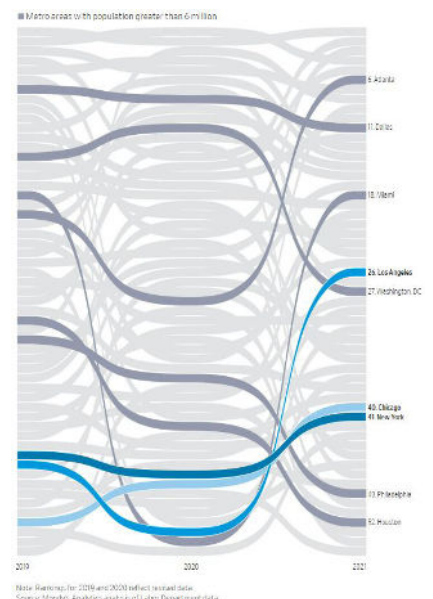
The largest cities saw job markets heat up this year, but were still low in the rankings.

Where the largest metro areas ranked

Booming demand for recreational vehicles during the pandemic made Elkhart, Ind., the No. 1 job market among metro areas with fewer than one million residents. The town bills itself as the RV capital of the world, with Keystone RV Co., Jayco Inc. and Newmar Corp. located in the region.

Burgeoning tech hot spot Provo, Utah, took the No. 2 spot in the rankings for smaller metro areas, followed by Fayetteville, Ark., which is in a region that has promoted itself as a remote-work hub with tax- and cash-incentive programs for incoming workers.

Tourism hot spots climbed notably in the rankings in 2021, as domestic travel rebounded after pandemic-related shutdowns decimated the leisure and hospitality industry in 2020. Miami ranked 18th, Las Vegas 30 and Orlando 37. In 2020, all ranked among the 5 worst labor markets, based on revised 2020 data.

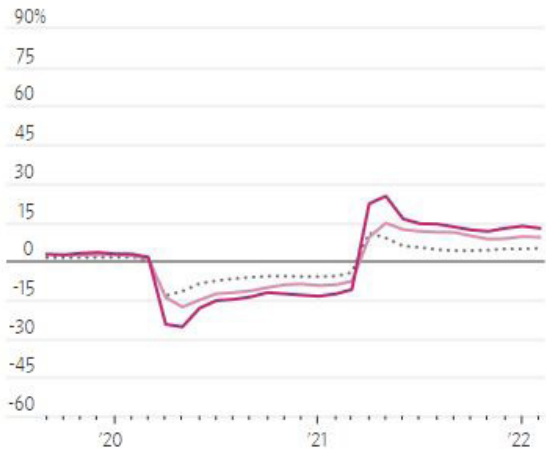


Metro areas with large tourism industries have seen wider jobs swings both in service jobs and broadly during the pandemic.

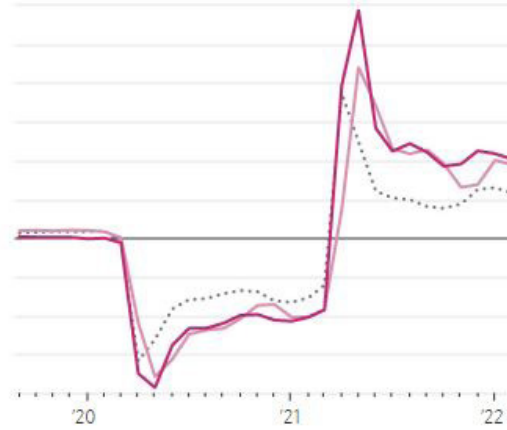
Change in payrolls from a year earlier

■ Las Vegas ■ Orlando ■ Nationally

Overall



For leisure and hospitality jobs



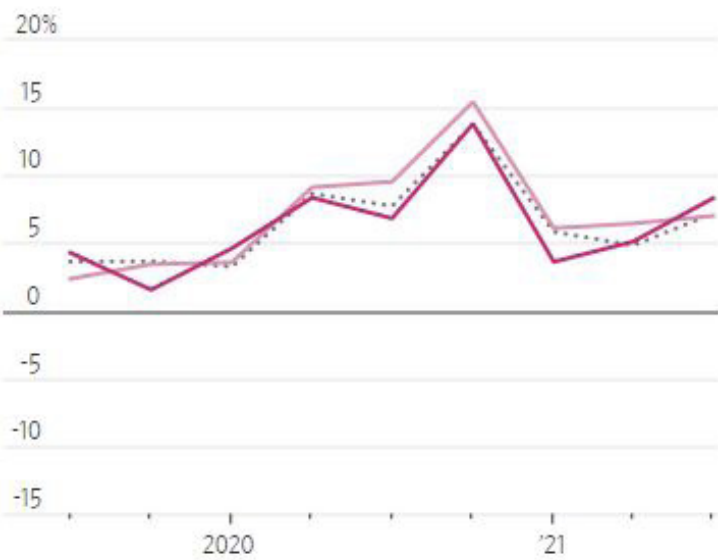
Rebounding wages in tourism jobs contributed to wage growth in those cities toward the end of 2021.

Change in average weekly earnings from the same quarter a year earlier

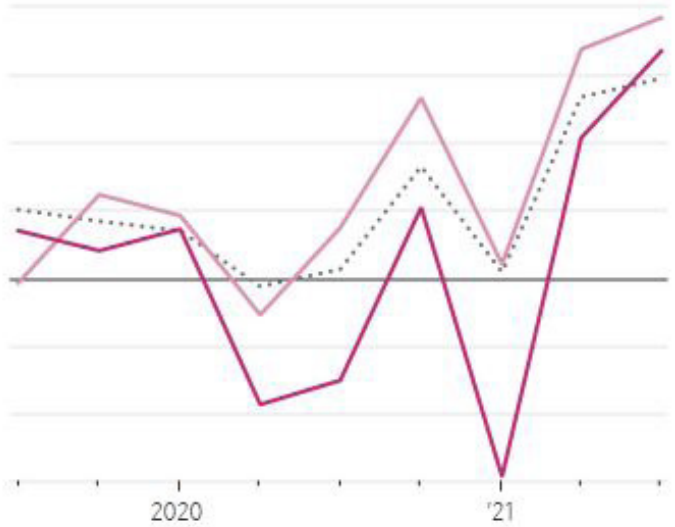
Source: Labor Department

■ Las Vegas ■ Orlando ■ Nationally

For all private jobs



For leisure and hospitality jobs



Note: Seasonally adjusted
Source: Labor Department

"Travel has come roaring back" since the spring 2020 recession, said Sean Snaith, an economist at the University of Central Florida. While millions of Americans lost their jobs early in the pandemic, the economy rebounded quickly, with government stimulus and a rapidly falling unemployment rate supporting consumer demand, including for travel spending.

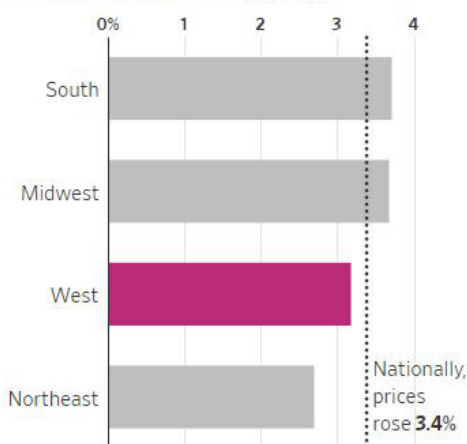
Many theme parks, concert venues and sports stadiums have lifted Covid-19 restrictions and capacity limits over the past year, which has encouraged Americans to travel. Earlier this month, Delta Air Lines Inc. Chief Executive Ed Bastian said the carrier was seeing historically high levels of sales activity and booking volumes.

West Coast wages

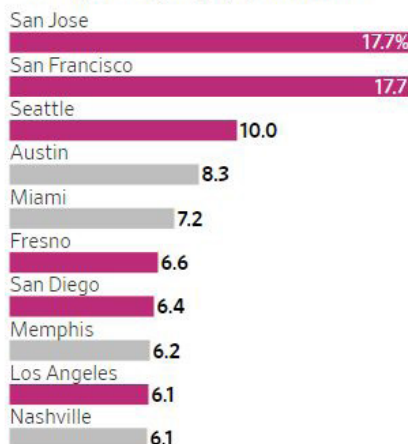
California's tech and entertainment hubs dominate the rankings in one area: the fastest-growing salaries. Of the 10 large cities with the fastest wage growth in 2021, six of them were on the West Coast: San Jose, Calif., San Francisco, Seattle, Fresno, Calif., San Diego and Los Angeles.

Change in first half of 2021 from a year earlier for...

...the consumer price index, by region



...average weekly wages, by metro area



While rising wages are generally good news for workers, the steep increases in some West Coast cities reflect that workers are migrating to less expensive areas, said Adam Kamins, director of regional economics at Moody's Analytics. In cities like San Francisco, a contraction in the labor supply has prompted firms to make more generous offers to hold on to remaining workers, he said. That contrasts with growing cities like Austin, where wages are rising fast because firms are moving there and creating new demand for jobs. "I don't think it's necessarily a good thing for those economies," he said. But strictly from a wage-growth perspective, relatively few available workers "is going to help drive large wage increases."

-Bryan Mena contributed to this article.

Source: Labor Department

About Waste Pro USA

Waste Pro USA, Inc. is one of the country's fastest growing privately-owned waste collection, recycling, processing and disposal companies, operating in 11 southeastern states. Waste Pro, with revenues projected to exceed \$900 million in 2022, serves more than two million residential and 100,000 commercial customers from over 80 operating locations. Waste Pro is headquartered in Longwood, Florida, and maintains approximately 300 exclusive municipal contracts and franchises.



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