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**Inc.com**

Boomtowns '07

Riverside, Provo, McAllen, Sarasota... You may be surprised by the places that top our list of the hottest cities for entrepreneurs.

From: [Inc. Magazine, May 2007](#) | **By:** Joel Kotkin, Rankings by Michael A. Shires

Boomtowns and Texas have often gone hand in hand. Now, buoyed by high energy prices, a rebounding tech sector, and an influx of educated newcomers from the U.S. and abroad, the Lone Star State's economy is booming once again.

Just look at the big movers on *Inc.*'s annual survey of the nation's boomtowns. Among large cities, Dallas soared 18 spots, to No. 25 among the 65 large cities measured; Houston climbed 14 places, to No. 17; and Austin shot up 10 spots, to No. 16. Among small and midsize cities, McAllen, Midland, and Laredo posted similarly strong gains. "Everything is hitting on all cylinders," says Bill Gilmer, an economist with the Federal Reserve Bank of Dallas.

You could say the same about all of the municipalities on the upper reaches of this year's list. As always, our rankings (compiled by Michael Shires, a professor of public policy at Pepperdine University) put the focus on job growth, which we believe is the best measure of economic vitality. Strong job growth suggests that an economy is expanding--which means plenty of opportunity. What's more, the Small Business Administration estimates that as many as three-quarters of new jobs are created by small companies; as a result, regions showing strong job creation are likely to be hotbeds of entrepreneurial activity. To compile the rankings, *Inc.* examined job-growth data, supplied by the Bureau of Labor Statistics, on 393 metropolitan statistical areas. We analyzed current-year employment growth, as well as average annual job growth over the past three years, and compared job growth in the first and second halves of the period comprising the past 10 years. We also analyzed job growth by industry sector. (For more on our methodology, [click here.](#))

The top performers should be familiar to any observer of recent economic trends--or, for that matter, any reader of *Inc.*'s previous lists. This year's top large, medium, and small cities--Las Vegas; Fort Myers, Florida; and overall leader St. George, Utah, respectively--all were No. 1 or 2 in their categories last year. Other top spots--Phoenix; Sarasota; Reno; Salt Lake City; Bend, Oregon; Coeur d'Alene, Idaho--have been sizzling for some time now.

It's when you start looking at the places that are moving most rapidly up the list that unexpected trends begin to emerge. Seattle, for example, jumped 10 places on the large cities list, to No. 18. "Things are really turning around," says Paul Sommers, an economist at Seattle University. He credits robust hiring at Boeing (NYSE:BA) and the impact of Microsoft (NASDAQ:MSFT) and its spinoffs. Other regions are slipping. San Diego; Santa Ana-Anaheim, California; and Nassau County, New York, all took tumbles from last year.

There's no such softening in Texas. Gilmer ascribes the state's strong showing to several factors, including relatively low business costs, a recovery in technology--and most important, the thriving energy sector, which is attracting a new cadre of highly paid professionals to an increasingly sophisticated high-tech business. Job growth in Austin, hit hard by the dot-com bust, is now more than triple that of rival high-tech centers like Boston (No. 56) and San Jose (No. 60).

In the pages that follow, you'll find lists of the top 20 small, medium, and large cities, including the hot industries in

each. And there's more at Inc.com--including the entire roster of 393 cities, lists of the biggest movers up and down, and an interactive map.

The 10 Top Cities

1. St. George, Utah
 2. Yuma, Arizona
 3. Prescott, Arizona
 4. Fort Myers, Florida
 5. McAllen, Texas
 6. Naples, Florida
 7. Las Vegas, Nevada
 8. Sarasota, Florida
 9. Morgantown, W. Virginia
 10. Bend, Oregon
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