



Power *players:*

Attracting young, educated residents to metros in the region

Ed DeBarr heard Denver was a cool place.

So, along with his girlfriend Noelle, he packed up and moved from Ohio to the Mile High City three weeks after graduating from college—without friends in town, a place to live or any job offers.

“It was the city we wanted and then we’d find the jobs,” says DeBarr (pictured above).

They liked the climate, skiing, nightlife, professional sports and lower cost of living, among other amenities that Denver offers.

The couple found an apartment downtown across from Coors Field and quickly made friends with their neighbors, also young adults who were drawn to the city from Florida and Montana for the same reasons. Soon, temp jobs led to permanent ones and nearly four years later, Ed and Noelle, now married with a baby, still love living in Denver.

In retrospect, the move “was very risky,” he says with a laugh.

But it’s a gamble many young, educated childless adults take. And cities are noticing, says Kelly Edmiston, a senior economist at the Federal Reserve Bank of Kansas City.

“A big question metros are asking is whether people follow jobs or jobs follow people,” he says. “Because the latter has increasingly become the norm, state and local governments are focusing on luring young, college-educated residents by creating an attractive environment for them to live. Having a workforce already made up of this demographic is of course appealing to employers, whose presence boosts economic development in these cities.”

As a whole, metros (those with populations above 500,000) in the Tenth Federal Reserve District don’t draw as many young professionals as other cities even though economic factors are favorable, says Edmiston, who recently researched the region’s migration trends for this power group. The District includes western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and northern New

Mexico. There are some exceptions, including Denver and Kansas City, but other metros such as Wichita, Oklahoma City and Omaha seem to attract fewer young, educated residents than would be expected given their populations, wages and housing costs.

“The difference between these cities seems to be a quality-of-life issue,” Edmiston says. “A nice paycheck or low mortgage is only part of the package. This power group wants culture and recreation. After work they want to go to happy hour, concerts and hiking.”

Such is true for Ed DeBarr. His career in marketing at Janus, a large investment management company, is important, but so is how he spends his free time.

“I want to enjoy life,” he says.

Influencing factors

Location is nearly as important as job satisfaction in determining happiness according to the Gallup Organization. Edmiston’s analysis shows many metros in the District lack amenities attractive to the power group, though economic factors are positive.

Economic factors associated with migration:

- **Unemployment:** The District generally has lower unemployment rates than most other metro areas in the country.

- **Wages:** Average weekly wages in most large metros in the District are higher than the national average, sometimes substantially more, such as in Denver (by 38 percent) and Kansas City (by 27 percent).

- **Taxes:** District cities as a whole have significantly lower per capita property tax collections than U.S. metro areas as a whole.

Other factors associated with migration:

- **Arts and culture:** The District’s metros have fewer performing arts companies than other metros.

- **Sports, recreation and dining out:** The number of golf courses, ski facilities, recreation centers and the like, as well as restaurants and bars, is in line with national average.

- **Colleges and universities:** The District’s metros have similar ratios to others, with

exceptions such as Denver and Albuquerque, which are significantly lower, and Oklahoma City and Omaha, which are significantly higher.

- **Crime:** Data from 2008 show rates were lower than the national average in Denver, Colorado Springs and Omaha, but significantly higher in Kansas City, Albuquerque, Oklahoma City and Wichita.

Wanted: An educated workforce

“An increasing trend today is for firms to seek out locations where the workers they need are located rather than places that offer the lowest direct costs,” Edmiston says. “Companies can move to the kind of place where they know the employees they need will be attracted.”

Mega computer company Dell has business centers with a thousand or more employees in cities around the world, including in the District’s Oklahoma City. The sales and customer service center is near the Oklahoma River and just a few miles west of downtown.

“One of the primary considerations for Dell is the availability of a skilled workforce and the availability of institutions of higher



CITIES WANT TO ATTRACT YOUNG, college-educated workers by creating an attractive living environment, including recreation and entertainment. In Kansas City, Mo., during the monthly “First Friday” event, art galleries, shops, and restaurants offer specials to patrons while vendors and performers fill the downtown streets.

education with which we can collaborate to develop training programs to ensure a continuing supply of qualified employees,” says Jess Blackburn, a Dell spokesperson. “Certainly Oklahoma City met that requirement.”

The city’s metro area has a population of roughly 1.2 million and three large universities close by: Oklahoma City University; Oklahoma State University in Stillwater and University of Oklahoma in Norman.

“Since most of our employees were recruited from the immediate area ... the existing pool of potential employees was a big consideration in locating there,” Blackburn says. “Beyond the factors of the workforce, we look for places where the local government is supportive of business development. Again, Oklahoma City has that type of environment.”

In the past, Oklahoma City has had difficulty drawing young residents. Census data from 2000 show just 9.7 percent of the population was between ages 18 and 24. The 45- to 64-year-old group made up the largest segment of the population with 35.3 percent. Some of the city’s amenities, such as the Bricktown entertainment district and ballpark, are recent efforts to bolster its urban appeal. Overall, though, Edmiston’s data show Oklahoma City lures fewer residents than expected given its economic assets.

The business of attraction

From 2007 to 2008, more than half a million residents moved to one of the seven states in the District. The mobility rate of young adults with a college degree is almost twice that of those without a college degree, Edmiston says.

Young professionals not only are more likely to move, but also have become scarcer, making the competition stiff among cities to lure them, Edmiston says. Weaker ties to employers and willingness to job hop means workers are more likely to consider quality of life when deciding where to live, he adds. So it’s no wonder policymakers and businesses want to tout amenities that appeal to the power group.



Both jobs and amenities have to be there for a young professional to be attracted to a city, says Bob Marcusse, and Kansas City does pretty well.

Marcusse is the president and CEO of the Kansas City Area Development Council (KCADC), a nonprofit charged with stimulating economic growth by promoting the region as a business location. More recently, though, KCADC is focusing efforts on recruiting young professionals as well. One of its programs, KC2.0, promotes career and lifestyle, including competitive salaries and entertainment options.

The Kansas City metro area, which spans Kansas and Missouri and has a population of roughly 2 million, is home to Hallmark Cards, Sprint-Nextel and H&R Block, among other large companies’ headquarters. A recently revitalized downtown includes the Power & Light District, which is nine blocks of retail, entertainment, office and residential space, and the nearby Sprint Center, which is a multiuse indoor arena with roughly 19,000 seats that has hosted performers ranging from Elton John to Britney Spears. To the west, the under-construction Kauffman Center for the Performing Arts will house the symphony,



Noelle and Ed DeBarr play with their son, Owen, at an urban park in Denver, Colo. The young couple left Ohio for the city's natural and cultural amenities several years ago. Denver successfully draws young professionals based on these factors as well as economic ones, such as living costs and wages.

ballet and opera.

"We have a long list of organizations that exist to connect and engage young residents in the things they are most interested in," Marcusse says. "...Where K.C. stands out is that our salaries rank above the national average, but our cost of living is 30 percent below the national average. That makes for a pretty competitive package."

Kansas City lacks a strong transit system and diversity, and there are concerns about the quality of its public schools and high crime rate, according to a 2008 KCADC study.

"In recruiting companies, workforce is almost always the number one deciding factor for them as they evaluate locations to expand or relocate," says Marcusse, adding KCADC likes to point out the high percentage of college-educated professionals in the region—32 percent of the Kansas City workforce has a college degree compared to the national average

of 27 percent.

In addition to companies locating where young professionals live, there are other benefits for the city—young professionals tend to be more engaged in a community, Marcusse says, whether it's going to entertainment venues, shopping, dining or philanthropy.

Recruitment efforts can also diversify the local industries. Wichita, Kan., where the driving industry has long been aviation, is suffering from a declining manufacturing base. Efforts by the Wichita Downtown Development Corporation and community groups like ROK ICT! are dedicated to growing the local arts through events and resources, which also gives an economic boost to downtown while bolstering the industry through job creation, tourism and more.

Back in Denver, Ed and Noelle DeBarr are happy they followed their gut instinct "to just try something different" rather than move back to the East Coast, where they both grew up. They have a nice life, DeBarr says, which has become even more important with the addition of baby Owen. The couple likes the idea of raising their son in a city surrounded by mountains, with opportunities for outdoor recreation plus urban living.

"I think we'll stay here long term," DeBarr says.

T

BY BRYE STEEVES, EDITOR

FURTHER RESOURCES

"ATTRACTING THE POWER COHORT TO THE TENTH DISTRICT"

By Kelly D. Edmiston
KansasCityFed.org/TEN

COMMENTS/QUESTIONS are welcome and should be sent to teneditors@kc.frb.org.