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U.S.

The Breakout Cities on the Forefront of America's Economic Recovery

Rising stars such as Greenville, S.C., Des Moines, Iowa, and Provo, Utah, built out vibrant economies even before the pandemic; now, they are drawing new workers and businesses

By [Justin Baer](#) / Photographs by Clark Hodgkin for The Wall Street Journal

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GREENVILLE, S.C.—The pandemic is accelerating growth in midsize cities, positioning them to lead the charge in the nation's economic rebound.

Even before Covid-19, these rising stars—such as Greenville, Des Moines, Iowa, and Provo, Utah—had been quietly building out vibrant economies in the shadow of bigger metropolises. During the pandemic, they have drawn workers and businesses with large and affordable homes, ample access to outdoor space and less congestion.

They also have a mix of high-tech jobs and old-line industries, including manufacturing and finance, that turned out to be more resistant to the downturn. They came through the year with fewer job losses and service cuts, and made quicker recoveries.

“They offer a lot of things you can't really get in the big city,” said Mark Vitner, senior economist with Wells Fargo & Co. “They're more affordable, and it's so much easier to live there. And all of these industries are poised to do very well.”

The pandemic-fueled flow of jobs and residents out of New York, San Francisco and other large coastal cities will subside and likely eventually reverse, economists say. But the

economies in some of these smaller metro areas have staying power.

In Greenville, the seasonally adjusted unemployment rate was 4.3% in March, well below the national rate of 6.0% that month, according to the Labor Department. The national unemployment rate rose to 6.1% in April.

Jobs in the Greenville region grew 11.9% by March from a recent low point in April 2020, compared with the growth rate of 10.7% for the country as a whole. The country's job growth had reached 10.9% by April 2021 from the year earlier low.

In Des Moines, the seasonally adjusted unemployment rate was at 4.1% in March. Provo had one of the lowest unemployment rates in the U.S. that month, at 2.5%. The March payrolls set a record high.



Greenville, which has recovered from 2020 faster than the nation at large, has drawn new residents and businesses.

The cities' technology and financial jobs shifted easily into remote work, and manufacturers were able to restart production relatively quickly. Many of the best-performing cities are located in states that had shorter lockdowns and fewer restrictions. And while many were hurt by the loss of visitors to local restaurants and shops, few have centered their economies around tourism.

In many parts of the country, businesses are having a hard time finding workers to fill jobs as the economy starts to come out of the pandemic. The very low unemployment rates in these cities could bode shortages in the labor pool down the line. But their ability to draw

new residents, and the fact that they lost fewer workers during shorter shutdowns, could ease the crunch.

Greenville may be the best example of these rising stars, which also include places like Madison, Wis., Fort Myers, Fla., and Columbus, Ohio.

Greenville sits midway on the four-hour stretch of Interstate 85 between Charlotte, N.C., and Atlanta. It is near the Blue Ridge Mountains, in the northwestern region of South Carolina known as Upstate, and over the past several decades has drawn both residents and international companies in search of lower costs and business opportunities a short drive from larger cities. Those strengths were accentuated by the pandemic.

When venture-capitalist Cliff Holekamp sent his staff home from an office tower in downtown St. Louis in March 2020, he realized he could live anywhere. He chose Greenville.

“My Greenville story started with Covid,” he said. “We were looking for a different lifestyle.”

Mr. Holekamp yearned for a community with lighter traffic and the opportunity to live comfortably near the city's urban core in a picturesque setting. He and his wife considered a half-dozen states, including Arizona, Texas and Georgia, contacting schools and business leaders, and plotted out their relative strengths and weaknesses.

He also figured his firm, Cultivation Capital, like so many office-dwelling companies, might never fully return to its downtown building. And as a firm that specialized in finding promising investments in underdeveloped markets, it made sense for partners to spread out, he said. He also set out to find a new home with a healthy community of young businesses that might offer his firm investment opportunities.

Mr. Holekamp's analysis pointed to Greenville. In the end, he was sold by downtown Greenville's Falls Park, a patch of meandering trails, bike paths, waterfalls and greenery along the Reedy River. “It really is one of the prettiest city centers in the U.S.,” Mr. Holekamp said.



Cliff Holekamp in Greenville's Falls Park, which was one of the reasons he moved there.

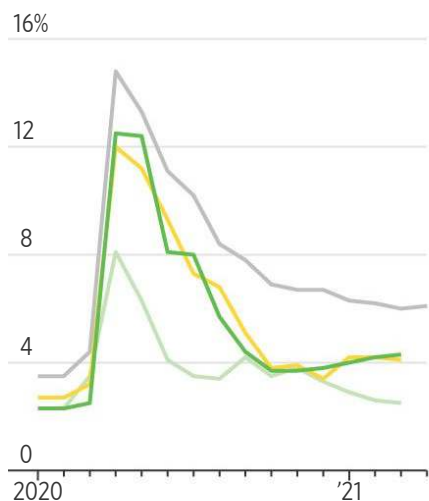
By January, the co-founder and general partner of Cultivation was settling into his new home there.

Twenty years ago, the former textile town was pockmarked by vacant storefronts and Falls Park was overgrown, with the river's cascades hidden under an overpass. The city set about recruiting international companies and rebuilding the downtown. In recent years, small businesses have returned to Main Street, larger companies joined Michelin SA and BMW AG in the area and the river has become a centerpiece.

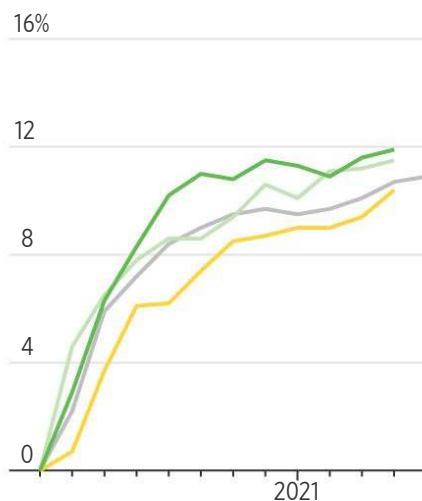
Greenville, Des Moines and Provo, like many midsize cities, had fewer job losses and have bounced back more quickly than the country as a whole.

■ Greenville, S.C. ■ Des Moines, Iowa ■ Provo, Utah ■ U.S.

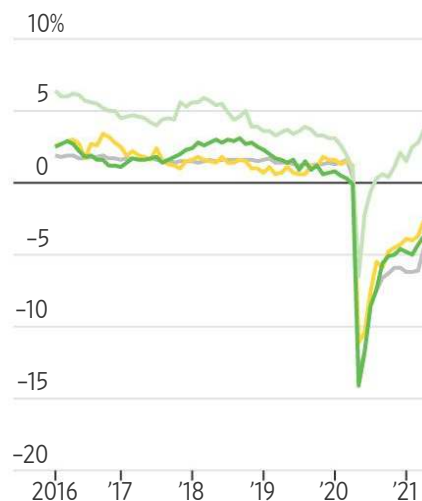
Unemployment rates by metro area



Change in employment from April 2020*



Change in employment from a year earlier



*the month where employment was lowest during the pandemic

Note: Seasonally adjusted

Source: Labor Department via St. Louis Fed

Michelin first came to Greenville in 1975, eventually establishing the French tire maker's North American headquarters there. In 1992, BMW built its first full manufacturing plant outside Germany nearby. Now more than 120 automotive companies operate in the area, providing a range of good-paying jobs while attracting technical and engineering talent and international investment.

BMW's plant in Greer, S.C., supports more than 100,000 U.S. jobs., contributing \$38.5 billion to the nation's economy, according to a January 2018 study by the University of South Carolina. The plant reopened in May 2020 and quickly ramped up production, building nearly 218,000 vehicles in the second half of 2020—a record for any six-month period in its history.

“Demand for vehicles should remain strong, especially if preferences shift away from cities, and South Carolina is the type of low-cost state [for producers] that is unlikely to be threatened by more-expensive areas,” said Adam Kamins, economist at Moody's Analytics. “A virtuous cycle seems to have taken hold in Greenville.”

The presence of nearby suppliers and other automotive manufacturers, a deep pool of skilled workers and a direct rail line to the port of Charleston are reasons Proterra Inc., an electric-vehicle company, moved to Greenville.

The company, which opened its first bus-making factory there in 2011, now employs more than 350 in Greenville. Demand for its technology is surging, and the company hopes to add a second shift of assembly workers to increase production, said Jack Allen, Proterra's chief executive.

In January, a blank-check company backed by ArcLight Capital Partners agreed to buy Proterra and take it public. President Biden took a virtual tour of the plant in April when touting his infrastructure and jobs plan.

"Greenville has played a critical role in our successes," Mr. Allen said.

DC BLOX, an Atlanta-based builder and operator of data centers, picked Greenville as the site of its fifth location last summer after a two-year search throughout the Southeast, said Bill Thomson, the company's vice president of marketing and product management. Upstate South Carolina offered a skilled workforce and a mix of companies eager to outsource some of their technology needs, Mr. Thomson said.

Kenzie Biggins, who moved to Greenville in 2017, figured her startup would get more attention in the smaller city than it would had she stayed in Atlanta. She joined the local Chamber of Commerce's minority business accelerator program, which gave her access to a team of advisers and a yearlong business coach.



Kenzie Biggins in her home office in Greenville. She moved her business there from Atlanta.

More than 110 participants have graduated from the program, which was started in 2013, in industries ranging from healthcare and food services to information technology.

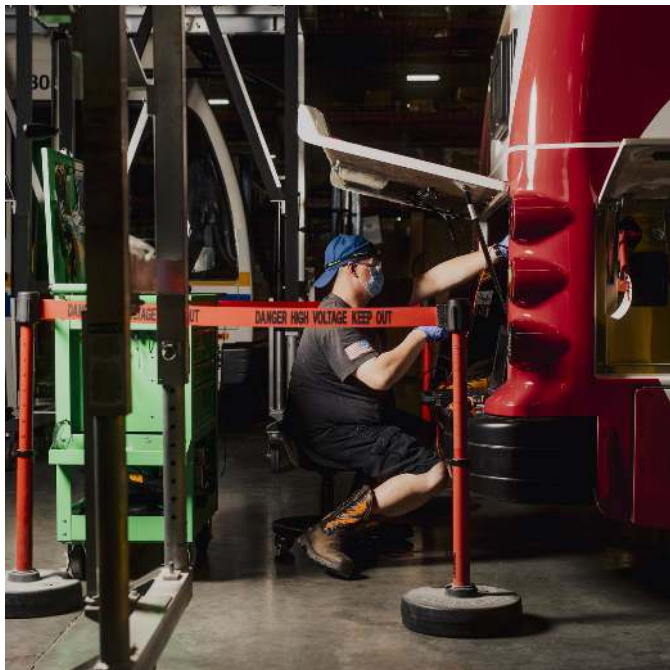
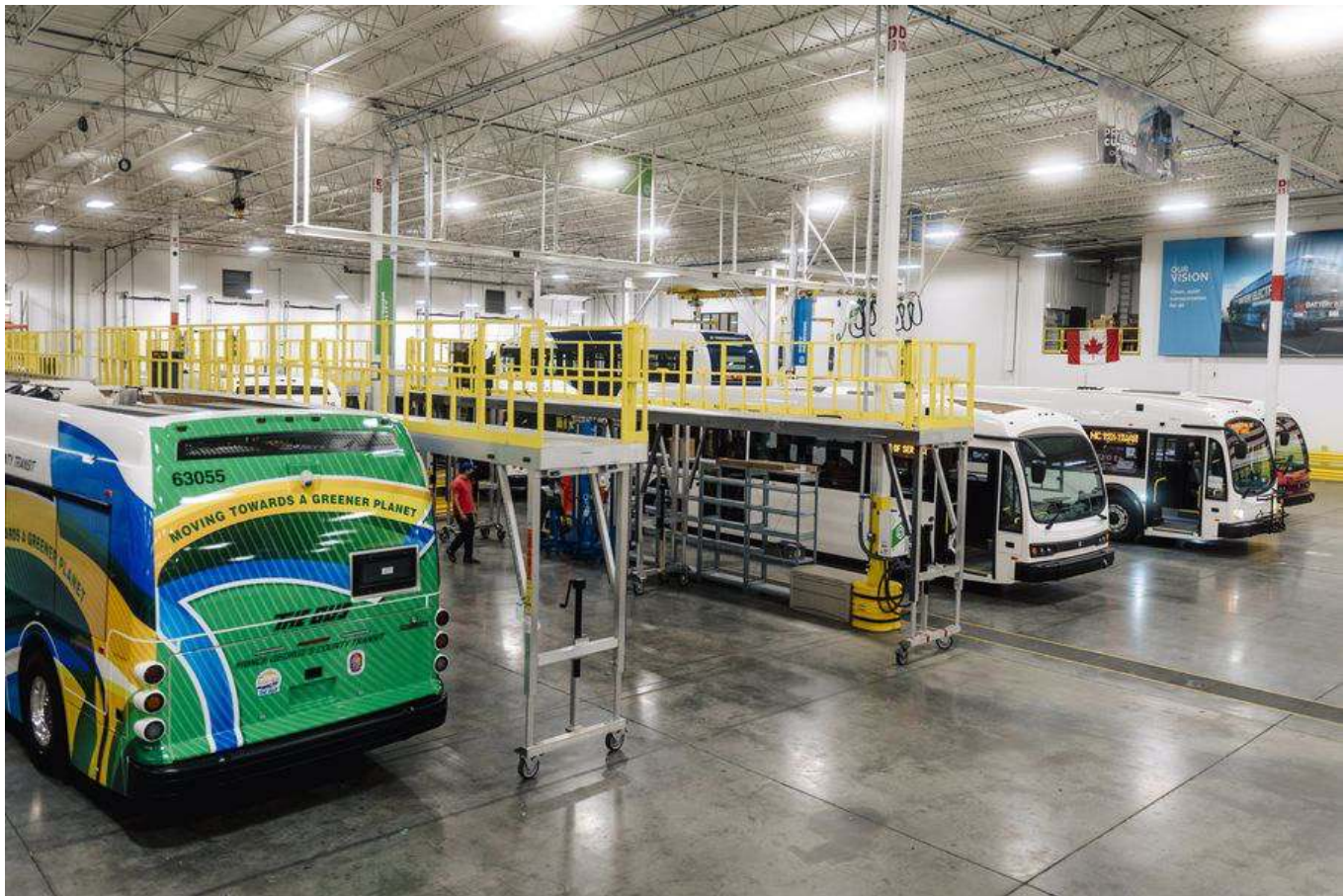
"I felt there was an opportunity in Greenville for Black business owners to take the main stage," she said.

Ms. Biggins's company, Worxbee, matches a team of executive assistants with small businesses, nonprofits and retired managers. Each of her 28 assistants works with two or three clients, all virtually.



Ms. Biggins said the move to remote work has helped her business, which provides virtual executive assistants.

The first few months of the pandemic were difficult, she said, as businesses muddled through the economic downturn and looked to slash costs. Then, she said, many began to embrace remote work and the likelihood it would become a bigger part of their employees' future. Worxbee has flourished, Ms. Biggins said. The company is on pace to hit \$1 million in annual revenue and expects its team of assistants to reach 100 in the next year.



Greenville's Proterra electric bus plant. More than 120 automotive companies operate in the area.

A burgeoning tech industry coupled with the desire to escape crowded cities helped add jobs and residents to Provo in the past year.

The city, on the western edge of the Rockies and a 45-minute drive south of Salt Lake City, has long been a destination for young professionals looking to leave the coasts for a less-expensive place to live. The mountains and nearby national and state parks became even

more appealing during the pandemic, and the ability to work remotely made it an easy location for high-tech workers and others.

Facebook and other companies have offices along central Utah's tech corridor, known as "Silicon Slopes." Software pioneers Novell Inc. and WordPerfect were founded there, and their success encouraged entrepreneurs to join them.

Omniure Inc., a web-analytics firm based in nearby Orem, was acquired by Adobe Systems in 2009. Provo's Qualtrics, another enterprise-software company co-founded by a student at Brigham Young University, one of the universities in town, was acquired by SAP SE a decade later. That BYU graduate, Ryan Smith, recently agreed to buy a majority stake in the Utah Jazz basketball team, based in Salt Lake City.

Provo-area software firm Fishbowl Solutions LLC has benefited from the talent emerging from the region's large universities and a tech-forward business community. Fishbowl added 15 employees last year, when it had the biggest revenue gain in its 20-year history. Its workforce now totals 195.

But the city has seen a shortage of workers. "There's a lot of output of tech professionals from the two universities nearby, but even with that, it's been a struggle to find enough development staff," said John David King, Fishbowl's chief executive. "We've done quite a bit of hiring, and some of those have been from out of state."

The move to remote work made it possible for them to bring in staff who live elsewhere, something the company wouldn't have considered before the pandemic, Mr. King said.

The city has been able to attract newcomers with its growing businesses and outdoor amenities. The area's labor force has grown 37% in the past decade, compared with a 5% gain for the U.S.

Provo's population overall has expanded by more than 20% in the past decade. There are only 120 residents per square mile in the broader Provo metro area—a third the density of Portland, and one-fourth of Austin's, according to Moody's Analytics—and there is surrounding land for the city to expand. But Provo's urban center is unmistakably busier.

Utah had seen the population boom coming. The state consistently ranks first in the nation in household size, and Provo itself has an average age of 25, one of the youngest of any large U.S. city, according to census data.

In the late 1990s, nonprofit group Envision Utah was formed to develop ideas to handle growth in areas including housing, schools, air quality and traffic.

Population in Utah County, where Provo is located, is expected to double by 2050, said Ari Bruening, Envision Utah's chief executive. The group surveyed thousands of residents about their needs and concerns and unveiled its findings last fall, he said, in what could be guidance for policy makers. The report pointed out the need for smaller residential properties, better roads and public transportation, and additional economic centers accessible by foot.

Central Iowa doesn't have the draw of the Rockies, but its economy shares many of the same advantages as Provo: lighter population densities, an abundance of young college graduates and a large number of companies eager to hire them. In Des Moines, a cluster of financial firms has helped the city endure the slowdown.

Some 32% of jobs in the Des Moines area, which has a population of about 700,000, require at least a college degree, a share similar to Chicago, according to data compiled by Moody's Analytics. Some 14% of the area's jobs are in finance—a higher percentage than New York City, said Karl Kuykendall, an economist for IHS Markit.

The area's first insurers arrived in Des Moines more than a century ago to meet demand from Midwesterners looking for regional carriers. Their presence, along with favorable state regulations and a lower cost of living than the insurance capitals of the Northeast, drew many more.

"There is an abundance of actuaries, finance and investment professionals and accounting majors within a 50-100 mile radius," said Dan Houston, chief executive of Principal Financial Group, which was founded in Des Moines in 1879.

As Principal and other regional companies shifted to remote work last spring, they noticed a number of native Iowans working elsewhere had returned home. Mr. Houston said he knew of at least a dozen friends and neighbors whose adult children had come back, at least temporarily.

"There's been a full-court press to try to recruit them" for local jobs, he said, noting the homecomings gave former Iowans the opportunity to see how Des Moines's urban core has developed in the years since they left home.

Kelly Mackay, an advertising-sales executive, is among the converted. The 30-year-old Des Moines native left her one-bedroom apartment in Chicago, about a five-hour drive

away, last spring to spend the early days of the lockdown with her boyfriend, who had relocated to Des Moines earlier that year for his job at Deere Co. , the farm-equipment giant.

During the stay she rediscovered Des Moines, this time as an adult. “A lot has changed,” she said. “There are new bars, and a new food scene. Something’s happening here.” Last fall, Ms. Mackay bought a 2,200-square-foot home for what she said would have been roughly the cost of a one-bedroom condominium in Chicago. She is still working for her Chicago-based firm, but plans to stay in Des Moines.

In Greenville, the housing market is booming. The median January home sale price was 16% higher than it was a year earlier—the national median home price rose 5.3% in that time—and the inventory of available homes for sale had fallen 17%. The growth was driven in part by the influx of newcomers, said Jacob Mann, a real-estate agent at Coldwell Banker Caine.

Michael Arcieri and his wife left the New York area last spring to ride out the pandemic in the Greenville region. The Arcieris were living in Jersey City, N.J., in a high-rise apartment with views of Manhattan.

The couple, with a baby on the way, intended to stay with family for a few weeks in Mauldin, S.C., a town a few miles outside Greenville. Their visit stretched to months, and their daughter was born in South Carolina in May 2020.

The couple bought a four-bedroom house five minutes from Greenville’s downtown last fall for \$850,000, much more space than what that amount would bring in Jersey City, and with much lower property taxes.

“We were paying an arm and a leg to live in New York or New Jersey, because that’s where the jobs are,” Mr. Arcieri said. “But that’s just not the case anymore.”

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