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The New Job Hot-Spots: Phoenix, Orlando and Albuquerque

Job growth in the Sunbelt vaults ahead while San Francisco and other powerhouses slow

By [Te-Ping Chen](#) [Follow](#)

March 8, 2024 5:30 am ET

Opportunity in the U.S. has a new address.

Four years ago, the West led other regions in terms of jobs growth, and salaries in major cities commanded a hefty premium over their smaller counterparts.

That has changed. Cities across the Sunbelt are now adding jobs at a chart-topping rate, while the traditional superstar cities such as San Francisco have had many companies pick up and move, with workers and their employers seeking better living and affordability elsewhere. At the same time, the pay bump that once accompanied a big-city posting has in many cases come down to earth, while salaries in other regions have risen.

“The influence of geography is diminishing,” says Lauren Mason, a senior principal at consulting firm Mercer. Three years ago, for example, jobs in New York City commanded a 19% pay premium over the national median, an advantage that shrank to 14% last year, according to Mercer’s data. Similarly, while in 2021, workers in Lincoln, Neb., were paid salaries 6% lower than the U.S. norm, by last year, that gap had shrunk to just 3%.

Part of the phenomenon can be traced to the rise of remote work, with more highly paid workers picking up and moving their salaries elsewhere. At the same time, hiring has also risen more swiftly in many traditionally low-cost markets,

driving up competition—and pay—for workers around the country, Mason and others say.



Traditional superstar cities such as San Francisco have lost many companies to other locales. PHOTO: STEPHEN LAM/ASSOCIATED PRESS

Priced out of the Bay Area

When mobile-gaming company Skillz [SKLZ 2.79% ▲](#) moved its headquarters from the Bay Area to Las Vegas, Nev., in January, it didn't reduce salaries for staffers who moved to lower-cost Las Vegas. The company values its employees and had already saved money on the move, says CEO Andrew Paradise.

The company, which previously had a small customer-support presence in Las Vegas, liked the city's affordability, both for the company and for its workers, Paradise says. Many of the workers had found themselves priced out of the Bay Area's housing market, and had to find roommates to share costs, even while making six figures.

Quality of life was also a consideration: At one point, a worker in the company's San Francisco headquarters was struck in the face while walking outside during lunch break; another was groped outside the office entrance. "How are you going to get [workers] to focus when they are literally getting assaulted?" says Paradise, who praises Las Vegas's safety and proximity to hiking and entertainment options. The company now has 100 workers in Las Vegas, up from 20.

A recent CBRE study of 500 U.S. companies that relocated headquarters in the past six years found one-third of them involved leaving the San Francisco, Los Angeles or New York City area, mostly for lower taxes and out of the desire to seek a different business climate. Technology companies led the way, followed by manufacturing and financial services.



Job postings are rising fast in Phoenix. PHOTO: GETTY IMAGES

At the same time, data show opportunities shifting to the south. Before the pandemic, employment in the West was growing by 2.3% a year, the highest rate among the nation's regions, according to an analysis by the Washington, D.C.-based Economic Innovation Group. Last spring, though, following a spate of tech layoffs, the West was at the bottom of the pack, growing by just 1.4% between May of 2022 and May of 2023. By contrast, the Sunbelt topped the list, growing by 2.4% over that period, adding more than four times the number of jobs added in the West.

'Living in the future'

Recent college graduate Maximus Powers originally expected to move to San Francisco after graduating, but picked Phoenix in January after hearing a friend describe how full of energy the city felt. Since then, Powers, who's developing his own AI software, says he has been struck by how easy it has been to network there and how many like-minded entrepreneurs and potential backers he has met.

“It feels like living in the future,” he says, noting that he has ridden self-driving taxis there and can see food-delivery robots going about their business in the area.

Since 2020, job postings for Phoenix have jumped by more than 60%; conversely, the Bay Area’s postings fell by 25% during that time, data from jobs site Indeed show. Tech layoffs and a pullback in white-collar hiring has dented employment in many traditional metro hubs, says Nick Bunker, Indeed’s economic-research director for North America, while employment in other regions—notably Sunbelt metro areas such as Huntsville, Ala., Albuquerque, N.M., and Jackson, Miss.—had increases in job postings.

Geopolitics are among the forces helping push more jobs south, says Mark Muro, a Brookings Institution senior fellow. Amid instability in Asia and Europe, more private capital that would have once gone to such regions is being directed into the U.S., often into Sunbelt areas, he says, while the Biden administration’s push to develop more domestic manufacturing, including semiconductor and battery production, has also added momentum in areas of the U.S. that have fewer building restrictions, more space and cheaper labor.

Where the Jobs Are

Top 5 and bottom 5 metro areas for jobs growth from 2018-23

	CHANGE	REGION
TOP 5		
Dallas/Fort Worth/Arlington, Texas	436,290	Sunbelt
Houston/The Woodlands/Sugar Land, Texas	239,960	Sunbelt
Phoenix/Mesa/Scottsdale, Ariz.	237,428	Sunbelt
Austin/Round Rock, Texas	226,689	Sunbelt
Atlanta/Sandy Springs/Roswell, Ga.	213,112	Sunbelt
BOTTOM 5		
Pittsburgh, Pa.	-50,649	Legacy*
Baltimore/Columbia/Towson, Md.	-29,320	N.E. corridor

	CHANGE	REGION
Cleveland/Elyria, Ohio	-21,955	Legacy
Chicago/Naperville/Elgin, Ill., Ind., Wis. area	-20,041	Legacy
Milwaukee/Waukesha/West Allis, Wis.	-19,894	Legacy

*Legacy metro areas include all Midwest, mid-South, Great Lakes and northern New England

Source: Economic Innovation Group, using Bureau of Labor Statistics data

For years, U.S. growth has been overly concentrated in just a few metro areas, Muro says, particularly when it comes to the high-tech sector. Between 2005 and 2017, he notes, 90% of all jobs added in innovation sectors were clustered in five cities: San Francisco, San Jose, Boston, Seattle and San Diego.

By contrast, tech workers can find opportunities in many more locations, and salaries for such workers across the Sunbelt are booming. The salary for the average data scientist and AI worker in North Carolina is \$136,000, neck-and-neck with the \$137,000 average salary in California, according to data from Burtch Works, a staffing company specializing in AI and analytics. Such salaries in North Carolina have grown by double digits in each of the past three years, Burtch Works data shows, while salaries in California have fallen for the past two.

Fair-weather employees

A geographic shift can have benefits from a talent perspective, says Alejandro Perez, chief administrative officer at Bank of New York Mellon BK **0.15%** ▲ . Though the bank remains based in New York City, it recently doubled its footprint in Orlando, Fla., to 300,000 square feet, where it plans to consolidate more of its workforce in the coming years. Perez cites both the region's high concentration of schools, as well as its lower taxes and cost of living, as draws.

“We’re finding we have more employees attracted by weather and work-life balance,” he says. “That’s allowing us to attract a broader talent pool than otherwise we’d be limited to in the Northeast alone.”

The Orlando metro area added 139,000 jobs in the past five years, growing by more than 11%. By contrast, jobs in the New York metro area grew by 1.7% during

that time, and jobs in the San Francisco metro area grew 0.1%, according to Economic Innovation Group data.



The Orlando metro area is adding jobs as cities like New York stagnate. PHOTO: PAUL HENNESSY/ZUMA PRESS

Before the pandemic, some in the Orlando business community felt anxious about the spread-out nature of the city's development and the lack of dense office space downtown, says Tim Giuliani, president of the Orlando Economic Partnership. "We were concerned there should be more towers going up," he says.

Now, though, the more-suburban nature of the city's economic development seems better-suited to the current economic moment, he says. More companies are opening new locations in Orlando in areas ranging from aerospace to clean tech, with 35% of their inquiries coming from overseas and California, he says, an increase from years past.

The region has 500,000 college students in a 100-mile radius, says Giuliani, making it an attractive draw for employers looking to expand. The area, too, lacks some of the physical restrictions of blue-chip cities on the coasts.

"There's no ocean or mountain range to stop the growth," he says.

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