Emsi

FIFTH ANNUAL

Talent Attraction Scorecard

Talent Migration & Changing Cities

THE 2020 SHIFT

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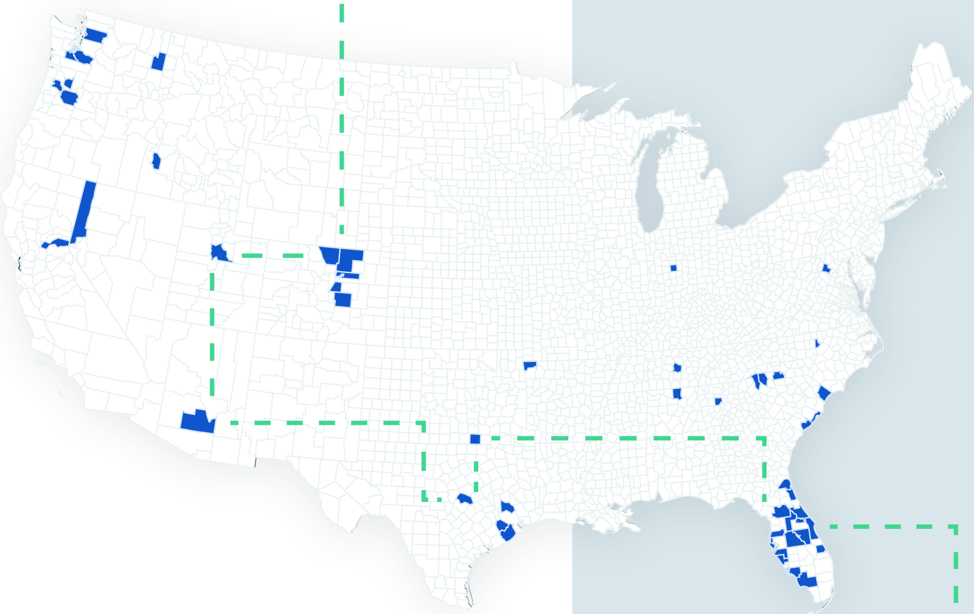

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Contents

The 2020 Shift

TECHNICALLY SPEAKING, all years make their way "into the history books." But 2020 is the kind of year that warrants the expression. Indeed, chapters will be devoted to 2020 and countless history books will be written solely about the economic, health, and social impacts of this year, many of which have yet to be seen. This year marks a clear delineation for us all, with everything falling into either a pre-COVID or post-COVID bucket. Toss in a presidential election for good measure, and 2020 has become the most pivotal year in decades. For some, in a lifetime.

With all the change and uncertainty, one of the best ways to move forward is by understanding where we stood when the pandemic disrupted our communities and local economies. Now in its fifth year, the Talent Attraction Scorecard assesses the number one priority for regions: the attraction and development of a skilled workforce.

Emsi's Talent Attraction Index uses the most currently available data on population and migration, growth of jobs and skilled workers, regional competitiveness, and education attainment to determine whether communities are moving in the right direction in growing their talent pool. This year's Scorecard captures the status of counties just before the pandemic hit.

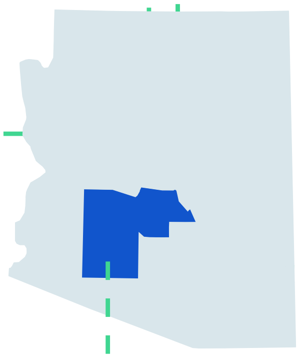
Knowing where your community was at, coupled with an assessment of the pandemic's impact, provides a solid vantage point for next steps. We've coupled this year's Scorecard with additional market data that hints (sometimes not so subtly) at how the pandemic is shifting the migration and talent attraction landscape.

Large metros are losing some of their glitz while midsize and small markets are becoming more attractive options. These were trends that existed prior, but which the pandemic has accelerated. Meanwhile, remote work, allowing workers to migrate with relative ease, has made it all possible.

Large Counties [POP. 100K+]

Familiar Faces

DRIVEN BY A STRONG SHOWING in migration and regional competitiveness, Maricopa County (Phoenix, AZ) returned to the top spot. Expansions such as Intel's Fab 42 plant, which created 3,000 new jobs, continues Maricopa's growth as a leader in advanced manufacturing and semiconductors. Such investments also fueled their 18% growth in skilled jobs. And this is just one industry. Perhaps what is most striking about Maricopa's economy is the breadth and depth of industries. In the regional competitiveness category, Maricopa ranked first. Regional competitiveness is the job change that occurs due to factors within a region, as opposed to being the result of broader national trends. It's reasonable to assume Maricopa is benefiting from a feedback loop: existing talent attracts firms and investment, which in turn attracts more talent.

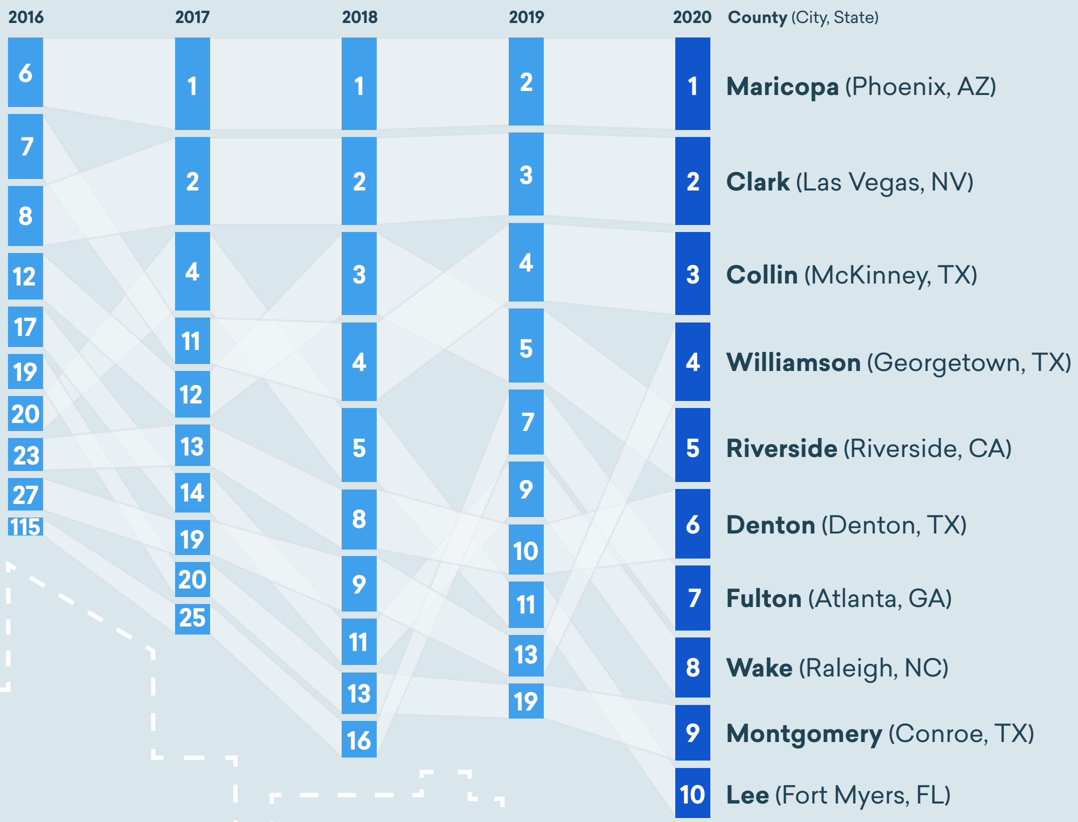


18% SKILLED JOB GROWTH

#1 REGIONAL COMPETIVENESS SCORE

TOP 10 LARGE COUNTIES

POP. of 100,000+

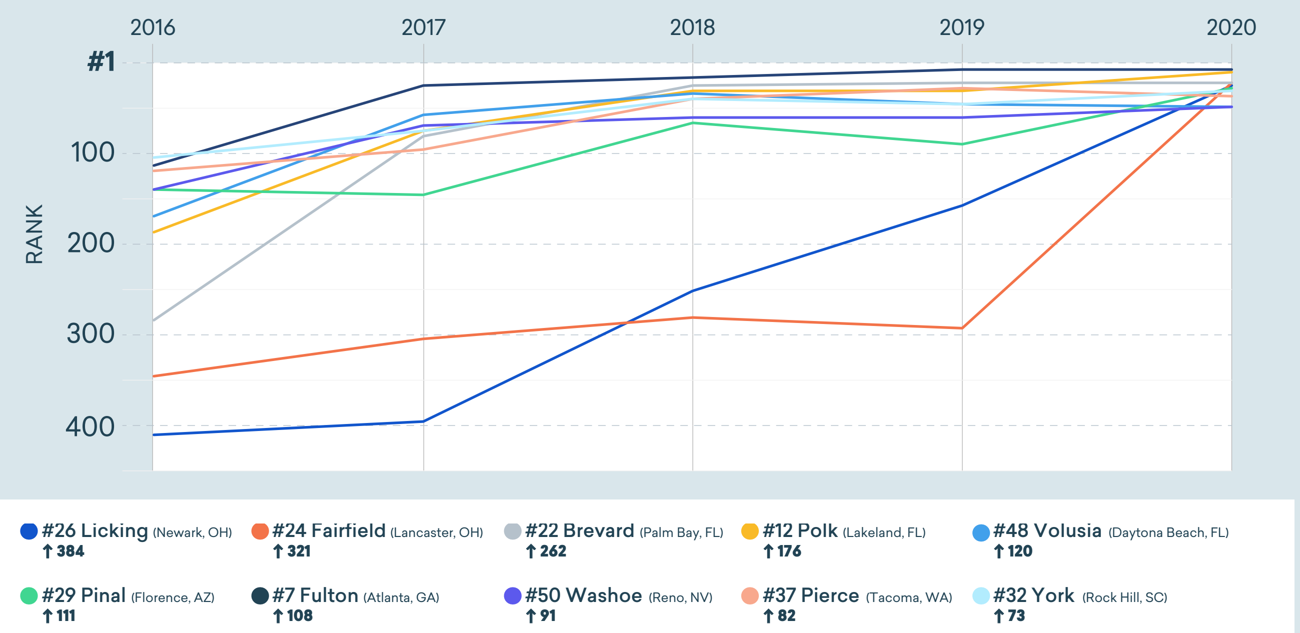


Emsi Labor Market Analytics, 2020

Noticeably, Duval County (Jacksonville, FL) dropped from the top spot last year to No. 54. No major drops in the various indicators, simply less growth across the board than last year. Their drop is thus more likely due to the performance of other counties than their own, and perhaps a regression toward their mean (they were ranked No. 47 in both 2018 and 2019).

Of the top 10, the biggest riser over the Scorecard's five years has been Fulton County (Atlanta, GA), climbing from No. 115 to No. 7 since the Scorecard's inception. Fulton produced a 19% jump in skilled jobs from last year and has one of the highest scores in regional competitiveness. Consistently ranking at or near the top of business friendly lists, Georgia's attractiveness for new and established companies is a boon for Atlanta. Additionally, the region is proactive in its workforce development efforts, as evidenced by a recent partnership with UNCF to leverage skills data to discover career pathways for the Black community into higher wage and growth roles.

Large Counties: Biggest Risers in Top 50 Since 2016



Source: Emsi Job Posting Analytics, 2020

Texas continues a strong showing

Collin County (McKinney, TX) leads four Texas counties in the top 10; Williamson, Denton, and Montgomery the others. While they rank well across the index, the common theme with all of them is they are suburbs of major metros, and are seeing a migration from those metros. Collin and Denton sit north of Dallas-Ft. Worth and Montgomery is north of Houston.

Spending the last two years near the bottom of the rankings, Travis County, anchored by Austin, TX, made a jump to the top 20. In addition to a high migration score, Travis also scored very high in regional competitiveness. Austin's rise as a home for tech companies large and small, as well as corporate and regional headquarters, continues to feed its competitive advantage. The location of these firms means more talent, which means more talent for the next company that comes to town.

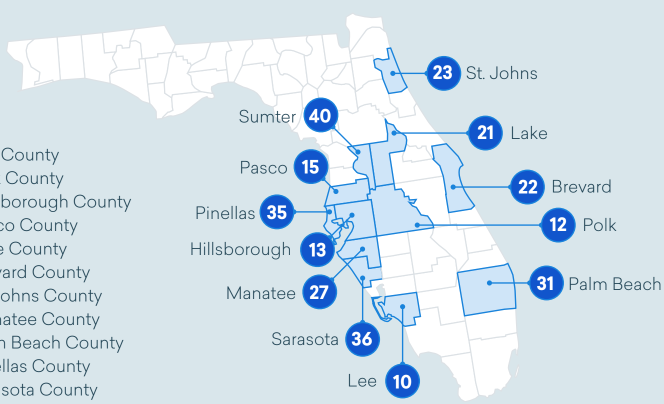
But there's always a give and take. One reason for Travis' low overall ranking the last few years is the out-migration to neighboring counties—the same phenomenon that is benefiting other Texas counties. With Austin's rise in popularity, its median home price has risen too, making Travis County less affordable, thus homebuyers and renters have been pushed to peripheral markets.

Florida is full of sunshine—and talent

At a state level, Florida is another standout, with counties in the Sunshine State holding 12 of the top 40 large county spots. Strong job growth, particularly in skilled occupations, are a theme among them. Additionally, No. 10 Lee County is home to Fort Myers, one of the fastest growing cities in the country. While many counties in Florida see positive migration numbers due to retirees, Lee's job growth of 11% and skilled occupation growth of 16% indicate its migration includes working age adults.

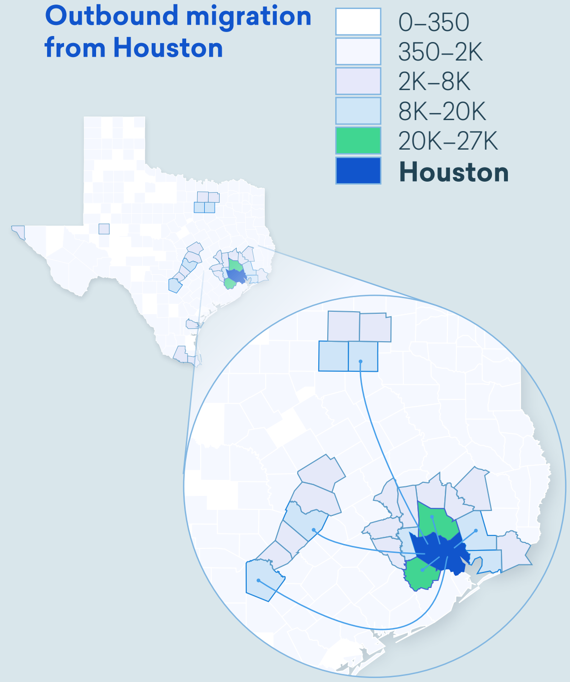
Of the top 40 large counties, 12 are in Florida.

10 Lee County
12 Polk County
13 Hillsborough County
15 Pasco County
21 Lake County
22 Brevard County
23 St. Johns County
27 Manatee County
31 Palm Beach County
35 Pinellas County
36 Sarasota County
40 Sumter County

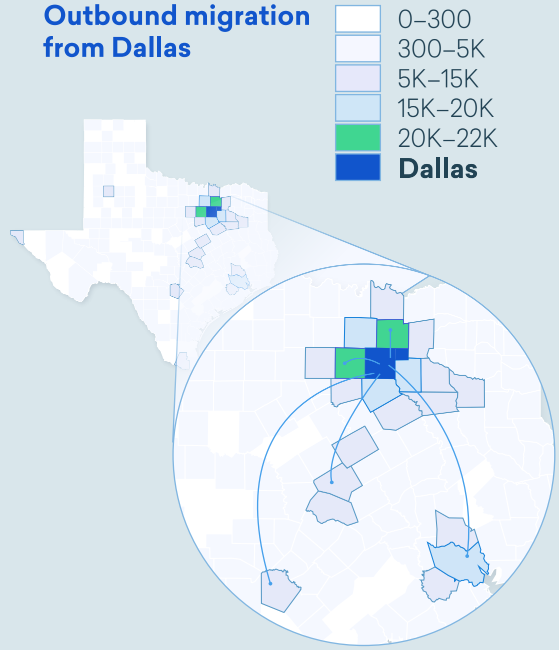


The leading Texas counties are suburbs of major metro areas.

Outbound migration from Houston



Outbound migration from Dallas

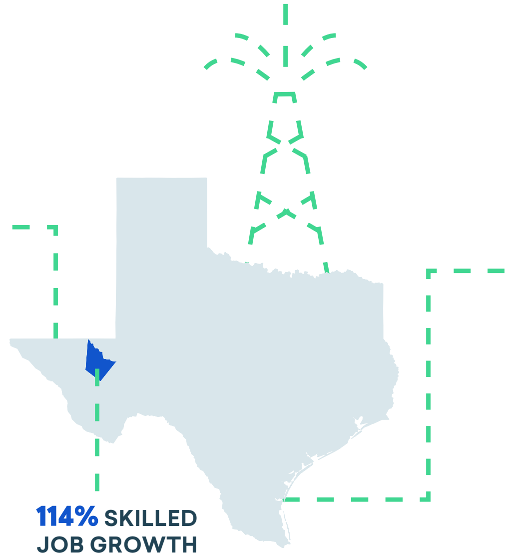


Emsi Labor Market Analytics, 2020

Small Counties [POP. 5K–99,999]

Energized growth

REEVES COUNTY (Pecos, TX) moved into the top spot this year, driven by a 105% increase in jobs and a 114% increase in skilled occupations. The mining, quarrying, and oil and gas extraction industry is the county's largest industry, employing roughly 2,000. And from 2015-2019 the industry saw a 542% increase in jobs. The 2016 discovery of an oil and gas shale is the likely driver of this. The extraction industry is no doubt fueling the county's second largest industry: construction. Skilled tradesmen and construction crews are needed not only for the energy projects themselves, but for additional housing, retail, and infrastructure construction that follows growth.



114% SKILLED JOB GROWTH

#2 OVERALL JOB GROWTH

TOP 10 SMALL COUNTIES

POP. of 5K–99,999

*Hudspeth County was previously in the Micro County category. Due to population growth it is now part of the Small County category, but it has no prior year rankings as a Small County.

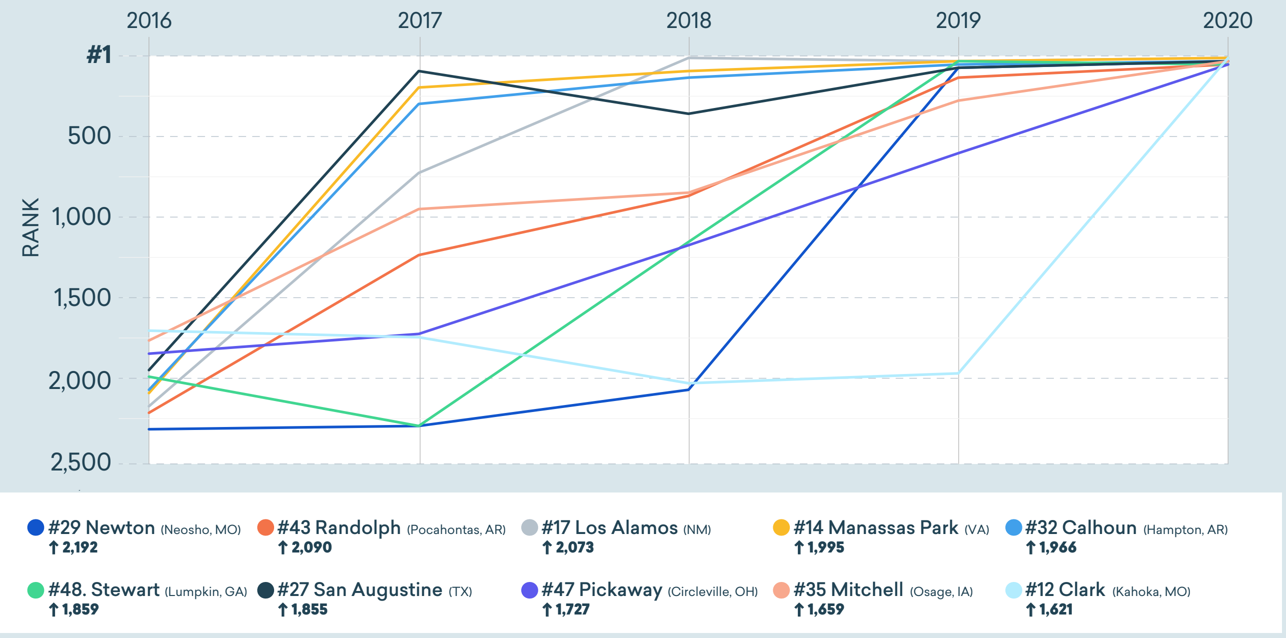
Emsi Labor Market Analytics, 2020

Reeves County's situation has some similar qualities to other small county Scorecard leaders, chiefly: natural resources or energy investments serving as a catalyst for their ascension in the rankings. Last year, Cameron Parish, LA, and Burke County, GA, were highlighted, both of which had seen recent capital investments by energy companies. While the pros and cons of various energy forms and natural resource extraction are rightly debated, the industries often drive job growth and economic activity in rural communities, resulting in talent attraction.

Examining small counties is always interesting because of the major shifts that can occur, bringing newcomers to the list. With smaller populations to begin with, a single new facility or policy change can have significant impacts on a community. And not only in population, but in job growth, skilled job growth, and education attainment.

This appears to be the case with Hudspeth County, TX, which lies on the U.S.-Mexico border. Its modest population growth between 2015-2019 has pushed it over 5,000, qualifying it for the small county category. But during that time education attainment jumped 62% along with a 32% increase in jobs. It appears this is the result of increased border patrol activity and immigration services. The increase in jobs boosted education attainment, with federal government and health and human service jobs often requiring a post-secondary degree.

Small Counties: Biggest Risers in Top 50 Since 2016



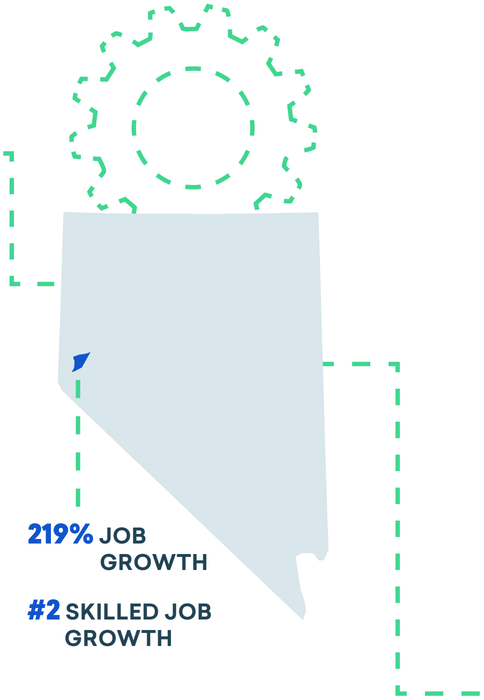
Source: Emsi Job Posting Analytics, 2020

Micro Counties [POP. < 5K]

Newcomers to the top 10

STOREY COUNTY, NV, maintained its stronghold on the top spot. Continuing to ride the wave of the Tesla Gigafactory, the county has seen a 219% rise in jobs from 2015-2019 and a skilled job growth of 221%. The rest of the top four are counties who ranked in the top 10 last year.

The counties ranked 5-10, on the other hand, all saw major jumps from last year. And while Storey displays the impact a single occurrence (Tesla factory) can have, Clay County, GA, reveals how [incremental steps]() can reverse downward economic trends. The construction of a 2,000 acre solar farm has spurred construction jobs. At the same time, a grant allowed for the creation of a state-of-the-art medical center. And a retirement community is in development, capitalizing on the area's popularity with tourists. As a result, jobs and skilled jobs are up 190% and 113%, respectively, and education attainment has seen a 9% increase.



TOP 10 MICRO COUNTIES

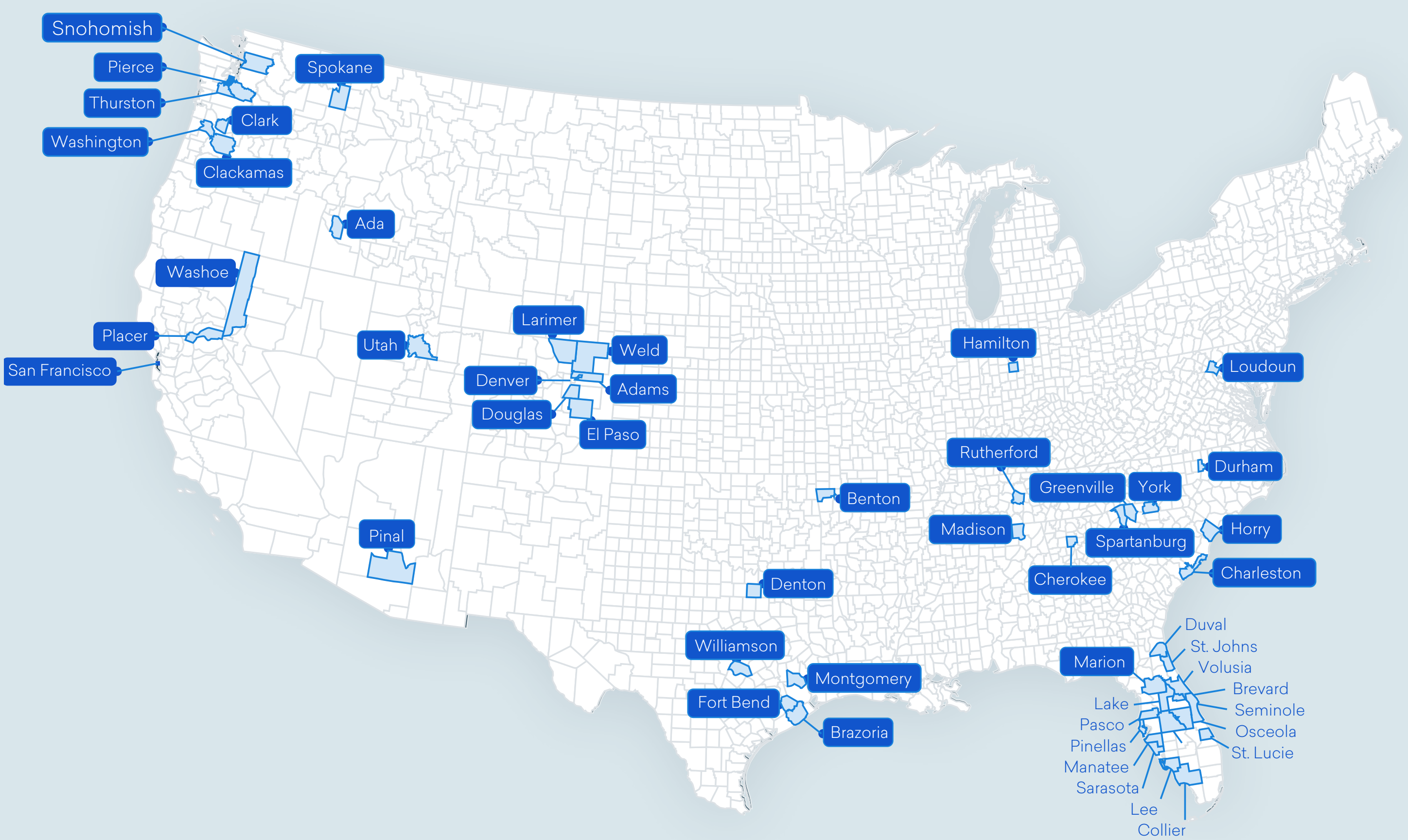
POP. of UNDER 5K

Emsi Labor Market Analytics, 2020

The Growing Attractiveness of Midsize Markets

The Scorecard captures existing trends and reveals the trajectory regions are on. Those counties who have seen a continued rise in the rankings—moving "up and to the right"—can confidently say their approaches are working. But as stated earlier, 2020 has been a year unlike any other. And while many of the tactics used will continue to work, the pandemic will require major strategy shifts to keep the momentum going, stop a downward slide, or capitalize on new trends in talent migration.

Midsize Markets Make Up More Than Half of the Top 100

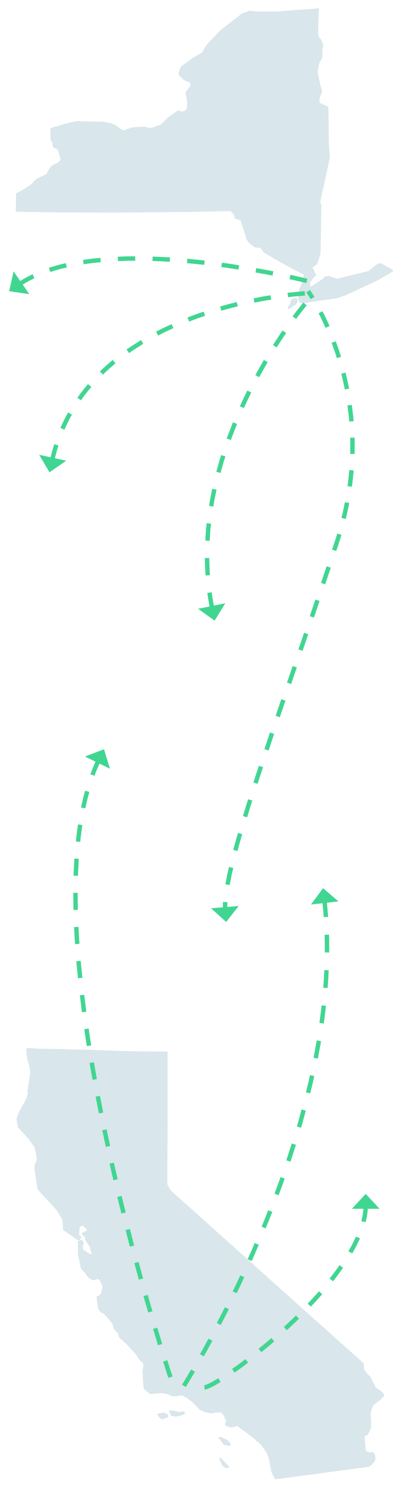


Emsi Labor Market Analytics, 2020

The pandemic has been described by some as less of a change agent and more of an accelerator; quickly advancing trends already in motion prior to 2020. One such trend has been the growing recognition that midsize cities are both an attractive place to live and work, and that for a more balanced economy, the success of markets other than "superstar cities" needs to be prioritized.

While it is tough to say that anyone "gains" from the pandemic, some regions do in the long run stand to benefit from the impacts of a post-COVID world. Midsize metros have already been gaining ground in talent attraction, and this year's Scorecard reveals counties between 250,000 - 999,999 make up more than half of the top 100 in the large county category. Counties in aforementioned Texas and Florida again are prominent, as are counties in the West and Southeast. Counties in the Northeast are notably absent among the high rankers.

Already winning in talent attraction, two pre-existing factors stand to give mid and small markets even more shine: population shifts of major cities and the rise of remote work. And communities that use the crisis as an opportunity to double down on building a resilient workforce can create an even greater advantage in talent development.



Nation's Largest Metros Are Changing

In the recovery that followed the last recession (2007 to 2009) people were drawn to the opportunities which cities provide. A continuous cycle often occurs in cities: the jobs present in cities attract talent, and that talent attracts firms looking for quality workers. And as certain markets such as Seattle, San Francisco, and New York established themselves as hubs for tech and knowledge-based workers, they were able to more easily attract talent and businesses, as well as create new ones.

But yet, even with the continuous feedback loop of cities, something has been changing over the last five years. As noted in a Brookings report, even prior to the pandemic the nation was beginning to see the growth of cities curtail and a shift away from major metros begin. "In terms of population gains, the 2010s present two different stories for major metro areas: high growth in the first half of the decade and declining growth (and in some cases, losses) in the second half," the report says. A strong economy provided workers (particularly millennials) with the wherewithal to choose a different location and escape the stresses of city life. And in many cases expensive housing markets forced it. The end result has been people fleeing big cities for mid and small markets.

And it isn't just coastal cities. Brookings found that heartland cities such as Pittsburgh, Cleveland, and Detroit are also losing people. Especially from 2018-2019.

People are leaving big cities for mid and small markets.

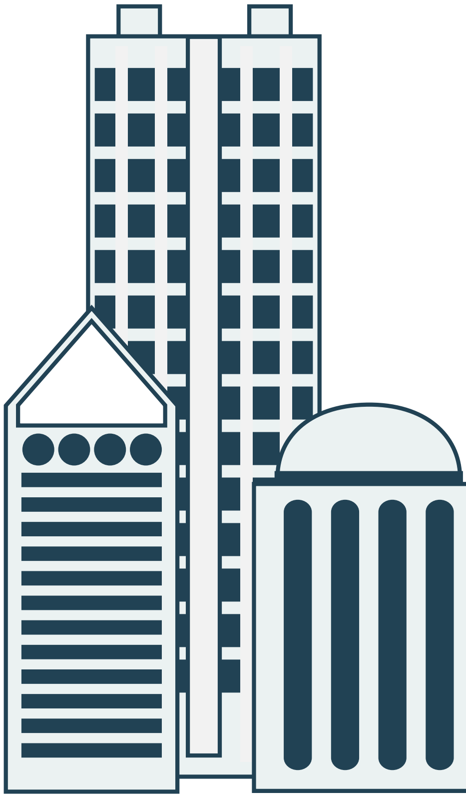
County	Metro	2020 County Population	TAS Ranking (out of 601)
Los Angeles	Los Angeles	10,056,597	601
Cook	Chicago	5,134,957	600
Harris	Houston	4,768,347	597
Maricopa	Phoenix	4,558,437	1
San Diego	San Diego	3,362,107	347
Orange	Anaheim	3,190,504	579
Miami-Dade	Miami	2,737,869	595
Dallas	Dallas	2,661,800	555
Kings	Brooklyn	2,557,936	596
Riverside	Riverside	2,503,977	5

Emsi Labor Market Analytics, 2020

And as this year's Scorecard reveals, these large metro population shifts naturally impact talent attraction. Out of 601 large counties (those over 1 million in population), Los Angeles ranked No. 601. They replaced 2019's last place finisher, Cook County (Chicago, IL), now No. 600. Harris County (Houston, TX) came in No. 597. These are the three most populated counties in the country. New York County (Manhattan) ranked No. 570 while Kings County (Brooklyn, NY) is No. 596.

And then 2020.

A global pandemic that required people to distance themselves from each other naturally made more densely populated areas less attractive. Those with the means left cities like New York. A sudden shift to remote work and large companies allowing employees to work from home indefinitely also freed workers from needing to live in the same place where they work (more on this later). One of the natural conclusions is that these factors, combined with the previously existing trends, will result in a continued out-migration from cities. And some early surveys are supporting this view. We won't know for sure until firm migration data is available via the U.S. Census Bureau and IRS tax returns, but there is some data that give us early indications of how COVID is impacting migration trends.



In an analysis of U.S. Postal Service change-of-address (COA) data, from February to July 2020 MYMOVE found a 27% spike in COA temporary requests (planning to be at new location six months or less) year over year, and a nearly 2% increase in permanent requests. Their analysis also found that large metros, many previously discussed as having stagnating populations and poor talent attraction rankings, lost the most movers during the heart of the pandemic.

Large cities gain and lose large numbers of people every year, and the number of temporary moves which become permanent will be telling. But at first blush, the pandemic appears to have given a major shove to pre-existing migration trends.

Data on housing searches can also provide an early indicator of COVID's impact on migration. Using the data of user searches, real estate brokerage firm Redfin has begun drawing conclusions on new migration trends. One of which is that people are indeed looking to move away from expensive places like New York, Los Angeles, and San Francisco toward relatively affordable areas.

And when conducting their searches, people are looking to midsize metros. Redfin found that metros with the biggest uptick in Q3 searches from last year include the likes of Santa Barbara, CA; Louisville, KY; Buffalo, NY; and El Paso, TX. Origins of searches for these markets is dominated by Los Angeles and New York. These numbers reinforce the anecdotal evidence that the pandemic has furthered the desire for an alternative to major cities.

Temporary and permanent change-of-address requests, February to July 2020

COA Requests	2019	2020	Change
Permanent	14,148,295	14,423,108	1.94%
Temporary	1,224,476	1,551,718	26.73%

Source: MYMOVE analysis of USPS data

Highest net losses in movers, February to July 2020

City	Population Loss
Manhattan, NY	-110,978
Brooklyn, NY	-43,006
Chicago, IL	-31,347
San Francisco, CA	-27,187
Los Angeles, CA	-26,438
Naples, FL	-22,100
Washington, DC	-15,520
Houston, TX	-14,883
Philadelphia, PA	-12,833
Fort Myers, FL	-11,889

Source: MYMOVE analysis of USPS data
Net losses equal to number of moves in minus number of temporary and permanent moves out

Metros with the largest uptick in home searches

Metro	Net Flow Q3 2019	Net Flow Q3 2020	% Change	Portion of Searches from Outside the Metro Q3 2020	Most Popular Origin
Santa Barbara, CA	-93	382	124%	70.8%	Los Angeles, CA
Louisville, KY	-33	249	113%	42.1%	New York, NY
Buffalo, NY	-37	555	107%	34.4%	New York, NY
Burlington, VT	-6	185	103%	59.2%	Boston, MA
El Paso, TX	-1	180	101%	49.9%	Los Angeles, CA
Little Rock, AR	23	131	82%	30.1%	Los Angeles, CA
Tulsa, OK	41	209	80%	35.3%	Los Angeles, CA
Greenville, SC	185	899	79%	45.8%	New York, NY
Knoxville, TN	147	590	75%	58.4%	Chicago, IL
Syracuse, NY	43	165	74%	46.0%	New York, NY

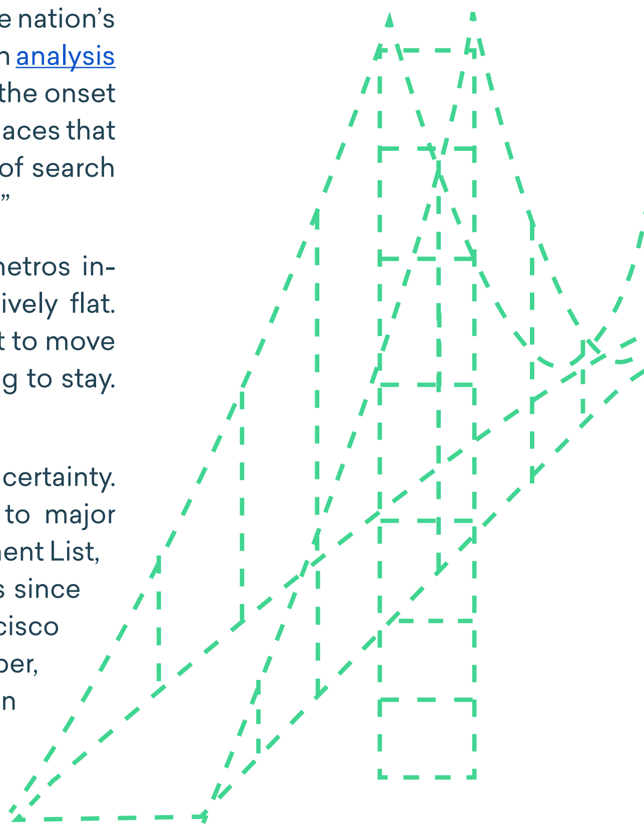
Source: RedFin

Net flow is people searching to move in versus people searching to leave.

Interestingly, the rental market may paint a little different picture. While a survey conducted by rental platform Apartment List found 25% of the nation's renters were more likely to move in 2020 because of the pandemic, an analysis of their user searches "indicated that in the three months following the onset of the pandemic, renters were, on average, searching for homes in places that are more dense than their current city. Furthermore, a larger share of search traffic was flowing from suburbs to cities, not the other way around."

Their analysis additionally found that in the nation's 50 largest metros in-bound searches dropped while out-bound searches stayed relatively flat. This may be indicating that for renters, there is a decreased interest to move into large metros, but renters already in those markets are choosing to stay. Essentially reshuffling within the metro.

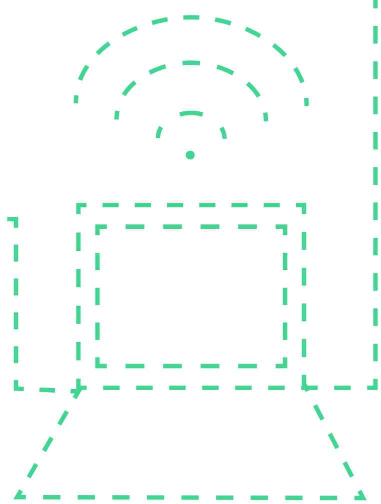
One reason for renters choosing to stay put could be financial uncertainty. Another could be opportunity. The relative drop of in-mgration to major markets is resulting in softening rental markets. According to Apartment List, San Francisco has seen the nation's sharpest decline in rental rates since the start of the pandemic. As of August, Zillow reported San Francisco rents were down 4% year over year. Meanwhile, by the end of October, rental listings platform Jumper had the median apartment rates in San Francisco down a whopping 20.7% for a one bedroom and 21% for a two bedroom. Consequently, renters may be taking advantage of the lowest rates they've ever seen and staying put.



So homeowners in expensive markets looking to move, renters staying put?

The shifts in cities may be just as unique as 2020 itself. But for economic and workforce developers it emphasizes the importance of local data and approaches. A region's unique make up of homeowners vs. renters and cost of living will likely impact some of the shifts occurring and this is different in each community. And since COVID is acting as an accelerator, an understanding of the changes in your community that were already occurring are important to be aware of.

Additionally, while an influx of new residents will help boost local economies, the impacts on real estate prices and ripple effects through the housing market can't be ignored. Speaking of coastal city buyers in new markets, Redfin's chief economist notes, "their big, coastal city salaries allow them to outbid local homebuyers in bidding wars, which is starting to drive up home prices in those areas. The trend is likely to continue as remote work becomes permanent for more companies."



Remote work blasts off

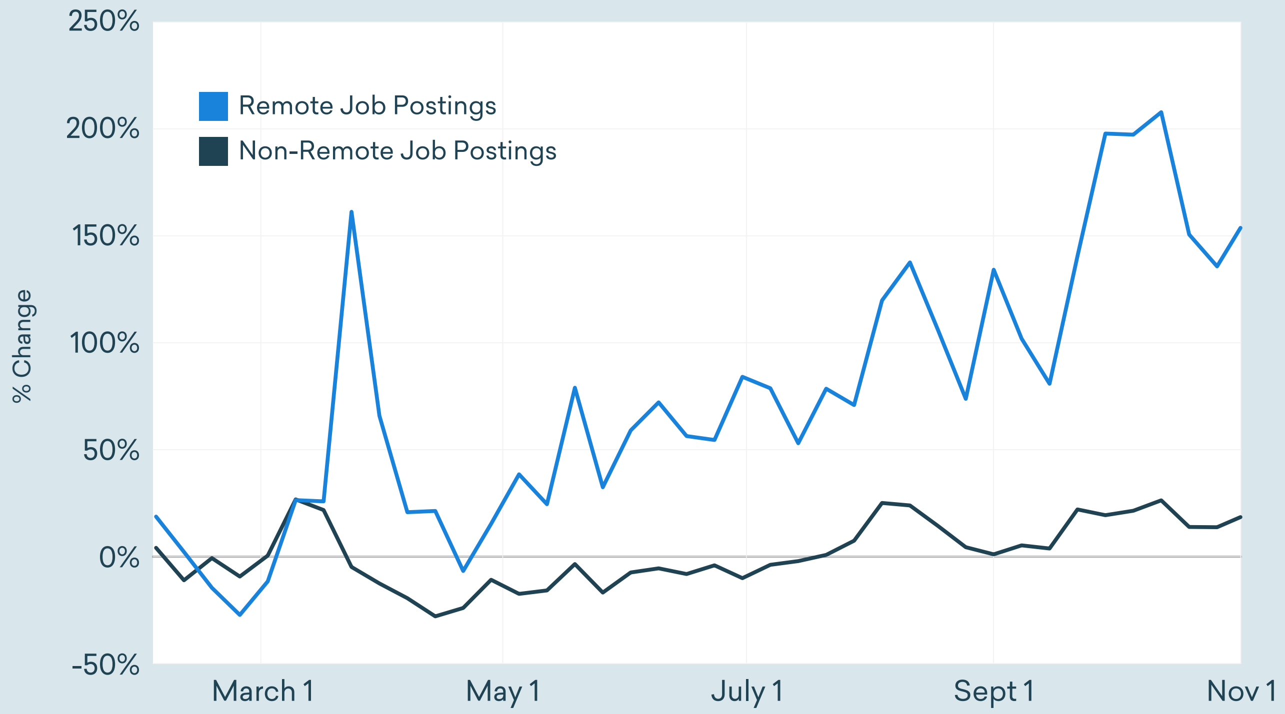
While the migration out of cities is being expedited by the pandemic, that migration wouldn't be possible without the ability for people to work remotely. On a slow but steady rise over the last decade (4.9% nationally in 2019), last year's Scorecard highlighted rural and Western metros for their growing share of remote workers. More and better communication tools, creative class and digital workers trying to escape the pressures of tech enclaves, expensive housing markets, and quality of life upgrades were all fueling the remote work trend.

And then 2020.

Jobs that employers once believed could only be performed in an office (or those which employers preferred to be conducted in an office) were forced to go remote. And both because of the lasting health concerns and employers altered views, it appears remote work may remain a large part of working life.

According to the U.S. Census Bureau's Pulse Survey, which aims to measure social and economic impacts during the pandemic, as of late October 36.9% of adults report living in households where at least one adult has substituted some or all of their typical in-person work for telework because of the pandemic. And job postings data indicates that employers are moving forward with more remote positions. By early November, remote job postings were up 154% over their pre-COVID average.

Remote job postings are up 154% over their pre-COVID average

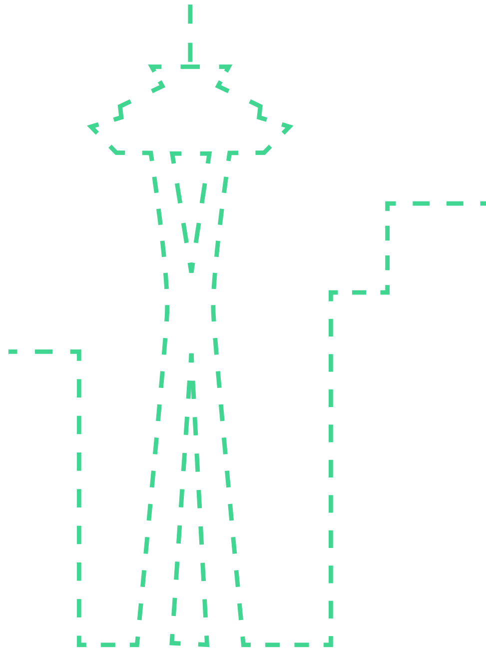


Emsi Job Posting Analytics, 2020

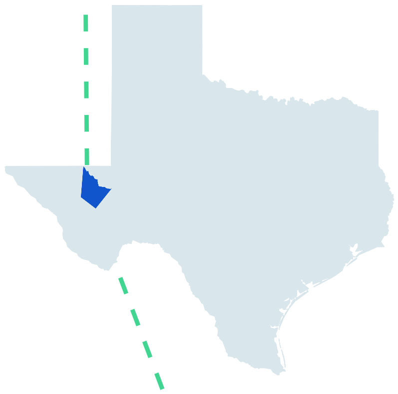
To what degree jobs shift back to being on-site and remote posting slow as we move further away from the crisis should be closely monitored by those in economic and workforce development.

Remote work has already been a driving force behind the change in city make up discussed above and will greatly impact talent attraction and community make up. But less obvious impacts include changing demands for office space needs, which in turn will likely impact the health of central business districts. If fewer people commute to offices, even transportation and infrastructure needs will shift.

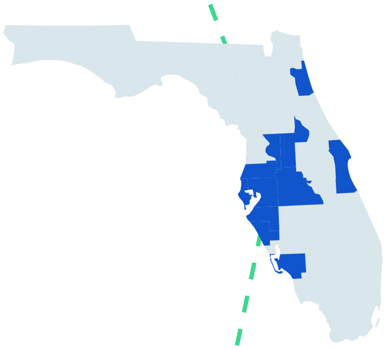
But perhaps the most important implication for economic and workforce development professionals currently is how the shift to remote work impacts classes of workers differently. In Seattle for example, of those teleworking since the pandemic, 69% hold a college degree, while only 26% have a high school diploma or less. If the number of people working remotely remains high, and even if it drops, EDOs and WIBs will need to find ways to assist workers locked out of a labor market that has shifted to more remote preferences.



With 2021 in sight, time to reinforce attraction strategies

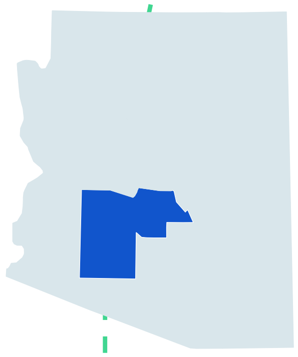


Data from 2019 revealed Texas counties surrounding large urban centers receiving new residents from those cores. Florida counties perennial appearance in the top tier of large counties signifies their talent attraction goes beyond retirees and snowbirds. Maricopa County is feeding off its own success and appears poised to extend their talent and economic growth. Meanwhile small counties are seeing growth from the energy sector and micro counties may have found a new formula in doing the little things right and being patient.



However, 2020 has thrown one heck of a knuckleball. Initial indicators are that the pandemic has boosted migration trends of big cities and hit the accelerator on the rise of remote work. With 2021 now clearly in sight, the steps taken over the last five years that led to counties trending in the right direction should be continued. But it's impossible to ignore the changes brought on by the pandemic and the resulting economic crisis. Early data indicates that remote work becoming ubiquitous could fuel the further rise of midsize cities as workers seek alternatives to expensive and dense metros. To reinforce their talent development efforts, communities will need to decide how they want to respond to population changes in America's largest metros, the cementing of remote work, and our economies appetite for a skilled workforce.

Finally, the manner and rate of the economic recovery will dictate community responses. The remote work disparity and the pandemic's impact on the service industry is resulting in growing concerns of a K-shaped recovery, where certain industries and occupations recover and others continue to fall.



Additionally, part of the shift to suburbs and less populated areas in the second half of the last decade was spurred by a strong economy. The pandemic may drive people to seek less populated areas and remote work will allow it, but the economic contraction may restrict people from having the ability to do so.

Methodology

The following six metrics were equally weighted to create a z-score index. Then, based on population, counties were broken into categories of large (100,000+), small (5,000–99,999), and micro (less than 4,999) and were then ranked based on their z-score.

Net migration uses IRS data collected between 2014 and 2018 to measure the net new residents that came to a county from inside or outside its state.

Overall job growth is the 2015–19 percent job change for all wage-and-salary employees.

Skilled job growth looks at 2015–19 percent growth for occupations that fall into one or more of the following three categories: those that typically require 1) a postsecondary certificate or above, 2) long-term on-the-job training, an apprenticeship, or residency/internship, or 3) five years or more of work experience in a related occupation. This allows us to see growth of jobs in occupations that require formal education (from a certificate to an advanced degree) and those in which experience or on-the- job training is preferred by employers. All education levels are reported at the national level by the BLS.

Educational attainment is the 2015–19 percent change for adults over 25 with at least an associate degree.

Regional competitiveness is the 2015–19 competitive effect for skilled occupations (see above) using shift share. Competitive effect explains how much of job change is due to a region's unique competitive advantages. This explains which counties are gaining (or losing) a greater share of skilled labor.

Annual openings per capita are the sum of 2015–19 new jobs and replacement jobs (i.e., openings due to attrition) per 1,000 residents. Some regions might not create a flood of new jobs, but because of the attrition of its workforce through retirements, etc., replacement job needs could be high.

All data (except net migration) is from Emsi's 2020.3 data set for wage-and-salary employees.

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