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**Beacon Hill Institute at Suffolk University in Boston releases
Metro Area and State Competitiveness Report 2002
With its human resource and technology base, Boston metropolitan
area ranks 3rd in nation.**

Why are some metropolitan areas better off than others? Why is the Boston metropolitan area better off than almost every such area in the country – despite high housing costs, traffic congestion and a generally high cost of living? A new study from the Beacon Hill Institute at Suffolk University in Boston suggests that the answer can be found by looking at the “competitiveness” of metro areas and the states in which they are located.

BHI authors Jonathan Haughton and Corina Murg combined more than three dozen variables measuring human resources, technology, openness to commerce, crime prevention, government and fiscal policy, infrastructure and environmental policy to develop a “competitiveness index” for each of the country’s 50 largest metro areas. They found that Boston ranks 3rd, behind only Seattle (1st) and San Francisco (2nd). See Table A, below.

BHI’s *Metro Area and State Competitiveness Report 2002* is an extensive and accessible examination of the principal factors that make one metro area more effective than another at attracting workers and business capital.

Among the study’s key findings are:

- There is no geographic pattern to success in achieving competitiveness: The top ten metro areas are evenly distributed around the country.
- There is a geographic pattern to failure: Eight of the bottom ten metro areas are located east of the Mississippi.
- Florida, Tennessee, California and New York are each home to two of the bottom 10 metro areas.
- A high (or low) ranking for a metro area does not imply a high (or low) ranking for the state in which that area is principally located: Raleigh ranks 7th as a metro area, while North Carolina ranks 35th as a state; Austin ranks 6th, while Texas ranks 28th. On the other hand, Boston ranks 3rd, while Massachusetts ranks 2nd.

“Our study shows that Boston’s advantages far outweigh its disadvantages among metro areas, when it comes to attracting and retaining workers and business,” said David G. Tuerck, Executive Director of the Beacon Hill Institute at Suffolk University. “While Boston suffers from traffic congestion, high housing costs and a generally high cost of living, it strongly outperforms other cities when it comes to the quality of its human and technical resources, its relatively low crime rate, the strength of its financial sector and its openness to commerce.”

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Said Tuerck: “Boston’s problems should be seen primarily as the trappings of success. As long as Boston can address its problems without substantially increasing taxes, it can sustain or even improve its national ranking.”

The institute also found that every metro area in the nation has room for improvement. The Boston area faces the problem of reducing taxes while improving housing. Atlanta needs to improve its infrastructure. New Orleans needs better law enforcement and Buffalo needs to make itself more open to commerce.

The size of a metro area does not necessarily enhance its competitiveness. Boston outperforms the nation’s three largest metro areas – New York, Los Angeles and Chicago – in every category except government and fiscal policy.

As part of its ongoing research, the Beacon Hill Institute updated the rankings of last year’s *State Competitiveness Report*. In this year’s report:

- California fell from 10th to 16th because of faltering fiscal policy, crime control and infrastructure.
- Alaska fell from 22nd to 34th because of a decline in its position in the technology sector and in infrastructure. Alaska failed to improve upon its last place rankings in finance and environmental policy.
- Kansas rose from 23rd to 14th by improving fiscal policy, infrastructure, and environmental policy.

In releasing the study, co-author Jonathan Haughton observed that “this year’s BHI ranking provides important information for any metro area seeking to improve its competitiveness.” Said Haughton: “Regional planners, chambers of commerce, civic and opinion leaders who wish to reap the benefits of competition should take a close look at our study.”

The study may be viewed online at <http://www.beaconhill.org> or obtained by calling 617-573-8750.

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The following table presents detailed results, by metro area, for overall competitiveness and for each of the subindexes.

Table A
BHI Metro Area Competitiveness Index and Subindexes

	Overall index and rank in 2002		Subindexes, rank in 2002								
	Overall Index	Overall Rank	Gov. & fiscal policy	Security	Infra-structure	Human resources	Tech-nology	Finance and cost	Open-ness	Domestic compe-tition	Environ-mental policy
Seattle	7.48	1	40	22	2	13	9	13	1	4	1
San Francisco	7.44	2	36	25	27	8	4	1	3	1	14
Boston	7.00	3	43	2	17	1	1	10	28	10	25
Denver	6.96	4	9	7	4	6	7	35	19	9	15
Minneapolis	6.79	5	25	12	7	2	11	32	6	14	4
Austin	6.39	6	4	10	14	11	6	5	16	8	48
Raleigh	6.25	7	6	35	43	21	2	4	20	7	31
Kansas City	5.93	8	15	17	6	7	28	30	33	15	10
Portland	5.89	9	29	18	3	10	29	46	14	29	2
Salt Lake City	5.89	10	17	33	1	3	15	45	12	13	50
Washington	5.54	11	23	13	35	5	3	39	38	17	29
Atlanta	5.39	12	1	40	50	31	31	2	4	3	42
St. Louis	5.37	13	22	19	13	26	18	14	18	38	24
Grand Rapids	5.33	14	21	9	10	12	35	16	37	41	16
Hartford	5.32	15	47	1	5	4	8	19	23	49	40
Richmond	5.27	16	5	39	47	15	17	3	21	40	20
Indianapolis	5.27	17	10	23	25	24	40	36	25	23	5
Cincinnati	5.13	18	30	6	24	42	32	25	8	35	17
Charlotte	5.09	19	7	47	49	29	24	7	11	11	30
Greensboro	5.03	20	13	29	33	43	16	6	27	27	28
Providence	4.99	21	46	8	9	9	13	29	43	39	27
Milwaukee	4.95	22	39	32	11	14	38	22	40	30	3
Pittsburgh	4.94	23	45	3	22	19	23	8	29	47	26
Louisville	4.87	24	27	16	20	34	49	9	39	33	13
San Diego	4.85	25	32	15	16	16	10	49	24	12	41
Dallas	4.82	26	8	37	32	27	26	28	13	19	44
Houston	4.80	27	11	31	30	45	30	15	10	20	45
Phoenix	4.80	28	19	30	28	22	34	41	15	6	43
Chicago	4.77	29	28	28	37	38	25	26	22	21	18
West Palm Beach	4.76	30	16	42	46	30	37	18	47	5	6
Columbus	4.67	31	33	26	21	17	27	31	44	26	21
Norfolk	4.65	32	2	38	8	25	33	44	49	42	9
Orlando	4.56	33	20	48	42	18	47	33	9	16	19
Miami	4.49	34	38	49	41	46	45	17	2	25	8
Las Vegas	4.46	35	41	21	31	48	50	47	5	2	36
Detroit	4.44	36	35	41	34	32	21	40	7	43	11
New York	4.29	37	48	20	18	36	14	11	35	37	46
San Antonio	4.29	38	3	34	26	47	39	34	46	45	22
Oklahoma City	4.28	39	26	27	29	33	43	27	50	28	7
Cleveland	4.22	40	42	14	19	35	36	37	31	46	33
Rochester	4.14	41	49	5	45	23	5	48	26	48	38
Sacramento	4.08	42	34	11	12	20	19	50	45	24	47
Philadelphia	4.04	43	44	36	38	41	20	23	32	36	32
Tampa	4.01	44	24	43	39	28	41	24	41	31	23
Nashville	3.99	45	14	45	48	40	42	12	34	34	34
Jacksonville	3.98	46	18	46	36	39	44	38	48	18	12
Los Angeles	3.92	47	31	24	23	37	22	42	36	22	49
Memphis	3.84	48	12	44	44	49	46	21	17	32	37
Buffalo	3.62	49	50	4	15	44	12	43	42	50	39
New Orleans	2.70	50	37	50	40	50	48	20	30	44	35