

# Where the Brains Are

*America's educated elite is clustering in a few cities—and leaving the rest of the country behind*

BY RICHARD FLORIDA

America's social fabric has been regu-  
larly reshaped by great migrations—  
of pioneers westward, of immigrants  
and farmers to rising industrial cities, of  
African Americans from the rural South  
to the urban North, of families outward  
from cities to suburbs to exurbs.

Today, a demographic realignment  
that may prove just as significant is under  
way: the mass relocation of highly skilled,  
highly educated, and highly paid Amer-  
icans to a relatively small number of

metropolitan regions, and a correspond-  
ing exodus of the traditional lower and  
middle classes from these same places.  
Such geographic sorting of people by eco-  
nomic potential, on this scale, is unprece-  
dented. I call it the “means migration.”

The divergence of housing prices  
nationwide illustrates the means migra-  
tion powerfully. Home values go up  
and down, but according to an analy-  
sis by the economists Joseph Gyourko,  
Chris Mayer, and Todd Sinai, since 1950

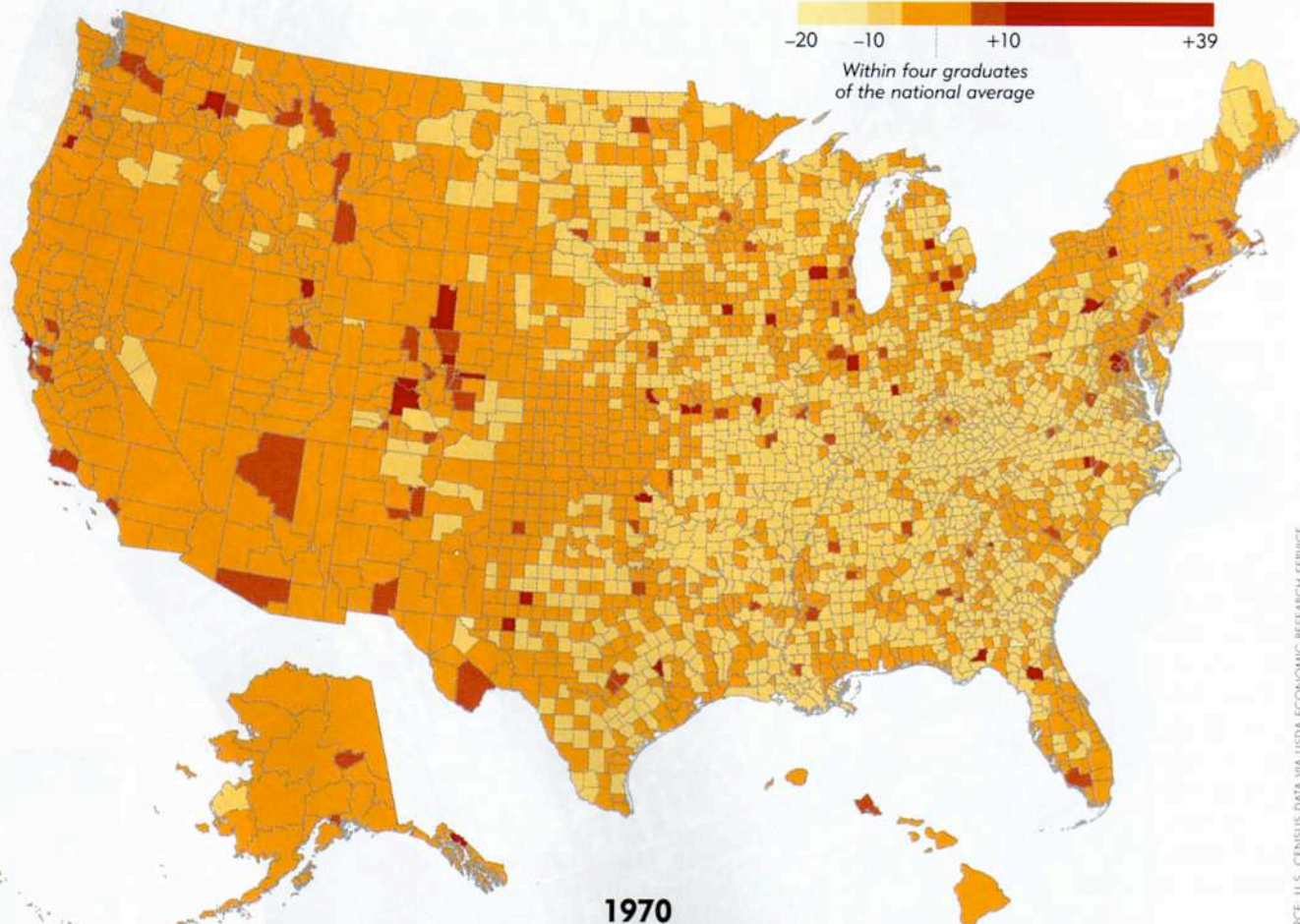
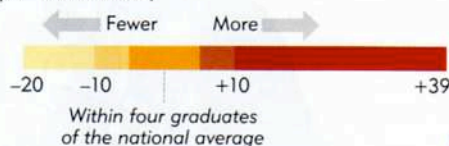
a handful of “superstar cities” (includ-  
ing central cities and their suburbs)  
has emerged nationwide—places where  
growth in housing prices has consis-  
tently and rapidly outpaced the average  
national increase, and where growth in  
housing supply is limited. You could  
probably guess most of them—cities such  
as San Francisco, Los Angeles, Seattle,  
Boston, and Denver; the affluent sub-  
urbs of Manhattan; innovation centers  
such as Silicon Valley, Austin, and the  
Research Triangle in North Carolina.

Many of these city-regions may well  
be in the midst of housing bubbles today,  
but that shouldn't distract us from a  
larger truth. In the long run, the price of  
real estate is the best available indicator  
of the “effective demand” for a particu-  
lar place, and these places have been pulling  
away from the pack for decades. Superstar

## THE MIGRATION OF COLLEGE GRADUATES

*Since 1970, college graduates have flocked to select American cities*

College graduates in each county,  
compared with the national average  
(per 100 residents)



1970

National average = 11 college graduates per 100 residents

SOURCE: U.S. CENSUS DATA VIA USDA ECONOMIC RESEARCH SERVICE

cities are, by their nature, exclusionary, and there is good reason to believe they will become more so in the future.

The means migration can be seen even more clearly in the increasing geographic concentration of college graduates. According to research by Christopher Berry of the University of Chicago and Edward Glaeser of Harvard, in 1970 human capital was distributed relatively evenly throughout the United States. Nationally, 11 percent of the population over twenty-five years old had a college degree, and that figure ranged between 9 percent and 13 percent in fully half of America's 318 metropolitan regions. In Washington, D.C., 18 percent of the residents had finished college; in Cleveland, only 4 percent had finished.

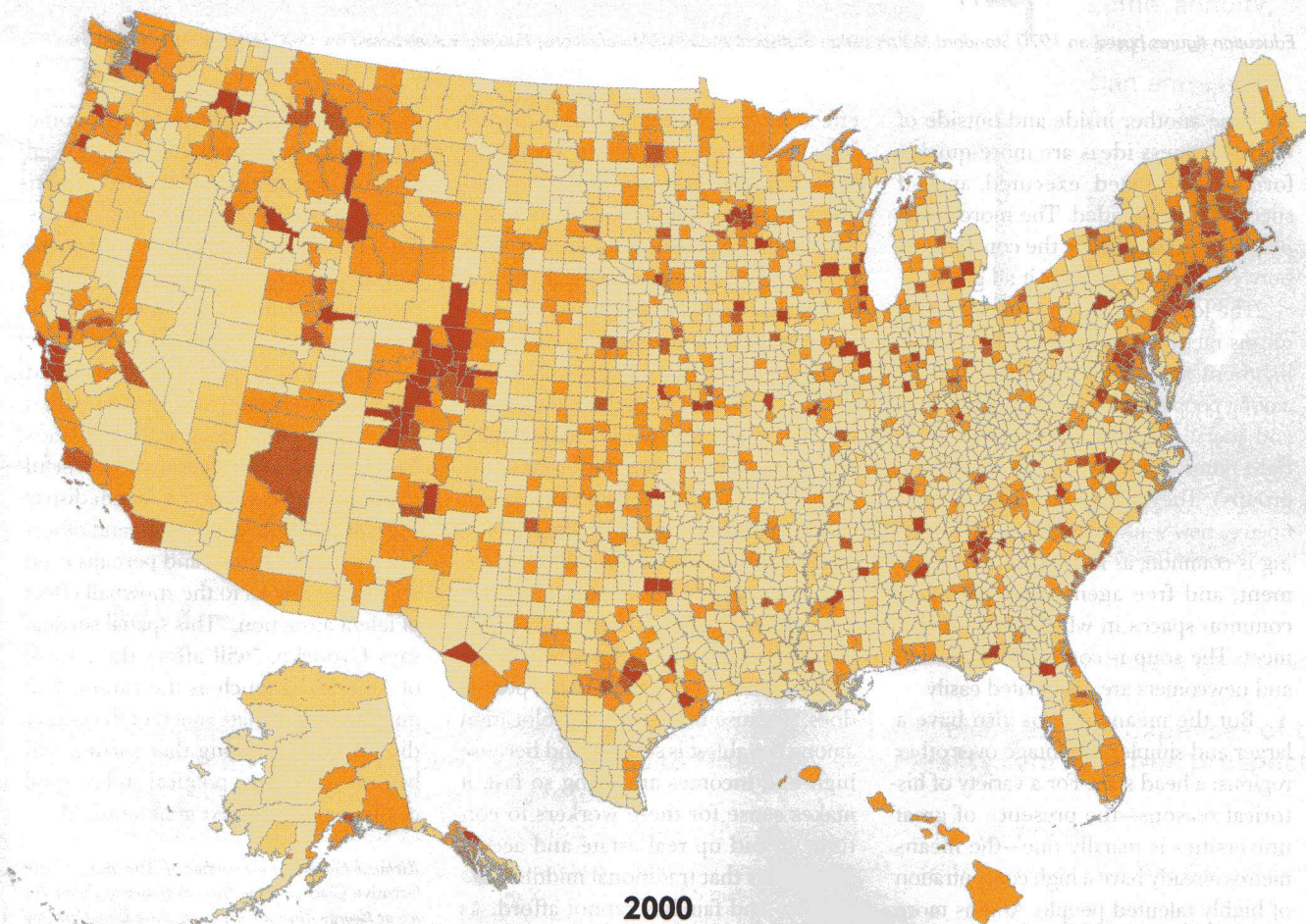
Over the past three decades, the percentage of Americans holding a college degree has more than doubled, reaching 27 percent by 2004, but as the maps below show, those gains have

not been evenly spread. For instance, about half of the residents of Washington, D.C., and San Francisco now have college degrees—versus 14 percent and 11 percent in Cleveland and Detroit respectively. The trends for graduate degrees show a similar pattern. In Washington, D.C., and Seattle, more than 20 percent of the adult population had an advanced degree in 2004, compared with 5 percent in Cleveland, 4 percent in Detroit, and 2 percent in Newark. In the downtown neighborhoods of high-powered cities, the concentration of well-educated people is even greater. In 2000, more than two-thirds of the residents of downtown Chicago and of Midtown Manhattan, for example, held college degrees. Most rural and many suburban areas, meanwhile, are being left behind. Significantly, young graduates are flocking in ever-greater numbers to the “means metros,” where they often live in penury until either making it or being forced out by the high cost of living.

What's behind this phenomenon? Some of the reasons for it are essentially aesthetic—many of the means metros are beautiful, energizing, and fun to live in. But there is another reason, rooted in economics: increasingly, the most talented and ambitious people need to live in a means metro in order to realize their full economic value.

The physical proximity of talented, highly educated people has a powerful effect on innovation and economic growth—in fact, the Nobel Prize-winning economist Robert Lucas declared the multiplier effects that stem from talent clustering to be the *primary* determinant of growth. That's all the more true in a postindustrial economy dependent on creativity, intellectual property, and high-tech innovation.

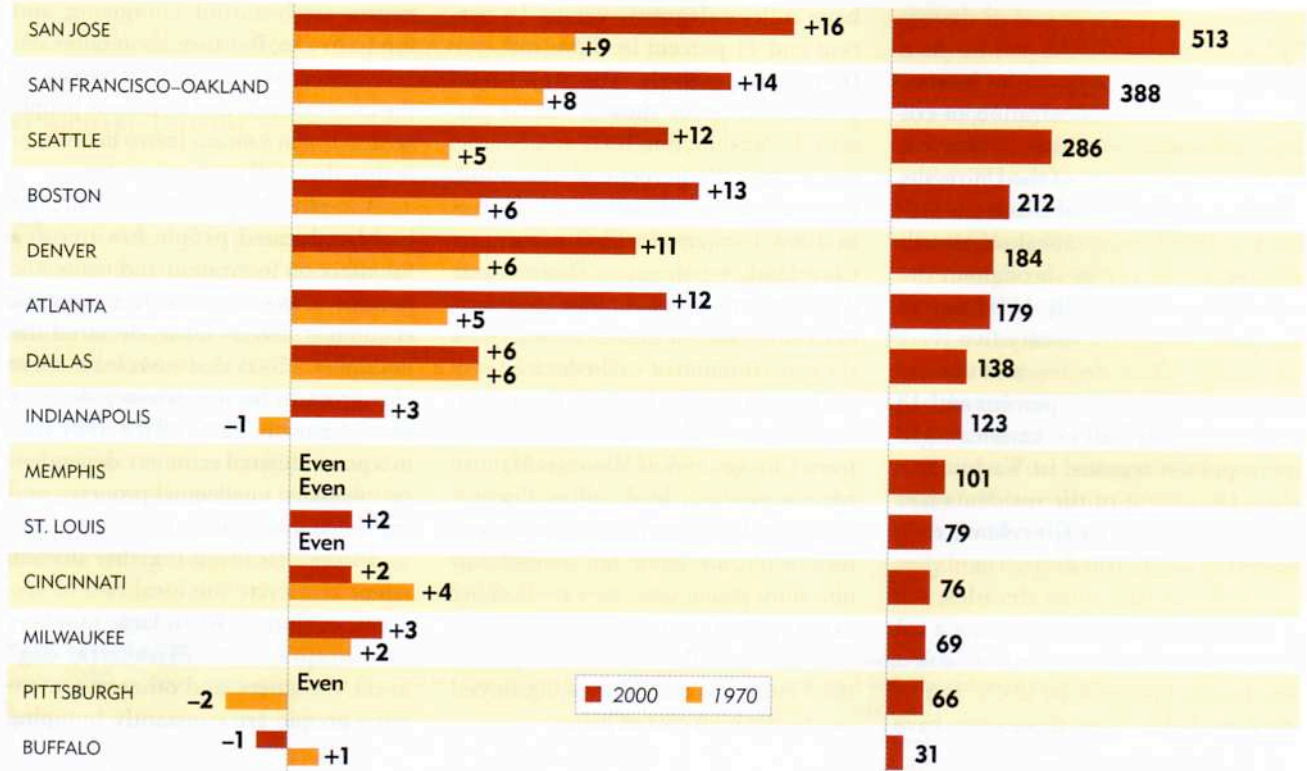
Places that bring together diverse talent accelerate the local rate of economic evolution. When large numbers of entrepreneurs, financiers, engineers, designers, and other smart, creative people are constantly bumping



## THE UNEVEN FORTUNES OF AMERICA'S CITIES

Number of college graduates per 100 people, relative to the national average

Percent change in mean housing values, 1950–2000



Education figures based on 1970 Standard Metropolitan Statistical Area (MSA) definitions; housing values based on 1990 Primary MSA definitions.

into one another inside and outside of work, business ideas are more quickly formed, sharpened, executed, and—if successful—expanded. The more smart people, and the denser the connections between them, the faster it all goes.

The local cultures of most, if not all, means metros have facilitated the establishment of many loose connections among people of diverse talents, lifestyles, and social circles (as opposed to a few tight connections within homogenous groups). They are socially tolerant and open to new ways of thinking. Job switching is common, as is periodic unemployment, and free agents find plenty of common spaces in which to work and meet. The soup is continuously stirred, and newcomers are assimilated easily.

But the means metros also have a larger and simpler advantage over other regions: a head start. For a variety of historical reasons—the presence of great universities is usually one—the means metros already have a high concentration of highly talented people. And as more such people are added, their multiplier

effect on growth seems to keep increasing. That's true not just for economic growth in the aggregate, but for individual incomes and opportunities as well.

Yet the opportunities do not exist for everyone. In both early agricultural and industrial economies, overall population growth was the key to economic growth, and economic growth meant opportunities across the board. But in a creative, postindustrial economy, that's no longer true. Changing technology, increased trade, and the ability to outsource routine functions have made highly skilled workers less reliant on the colocation of the unskilled and moderately skilled. What matters today isn't where most people settle, but where the *greatest number of the most-skilled* people does. Because the return on colocation among the ablest is so high, and because high-end incomes are rising so fast, it makes sense for these workers to continue to bid up real estate and accept other costs that traditional middle-class workers and families cannot afford. As traditional middle-class households are

displaced by smaller, higher-income households, population can decline even as economic growth continues. America's most successful cities may increasingly be inhabited by a core of wealthy workers leading highly privileged lives, catered to by an underclass of service workers living in far-off suburbs.

Some of today's means metros could fall back eventually as housing prices and living costs rise, and new ones could emerge. But there are powerful reasons to believe that the wealth disparity between some city-regions and others will continue to grow, and perhaps even accelerate, thanks to the snowball effect of talent attraction. "This spatial sorting," says Gyourko, "will affect the nature of America as much as the rural-urban migration of the late nineteenth century did." Accommodating that sorting will be one of the great political and cultural challenges of the next generation. ▀

Richard Florida is the author of *The Rise of the Creative Class and the Hirst Professor of Public Policy at George Mason University*. Jesse Elliott assisted with this article.

SOURCE: U.S. CENSUS BUREAU; HOUSING DATA COURTESY OF JOSEPH GYOURKO