



MILKEN
INSTITUTE

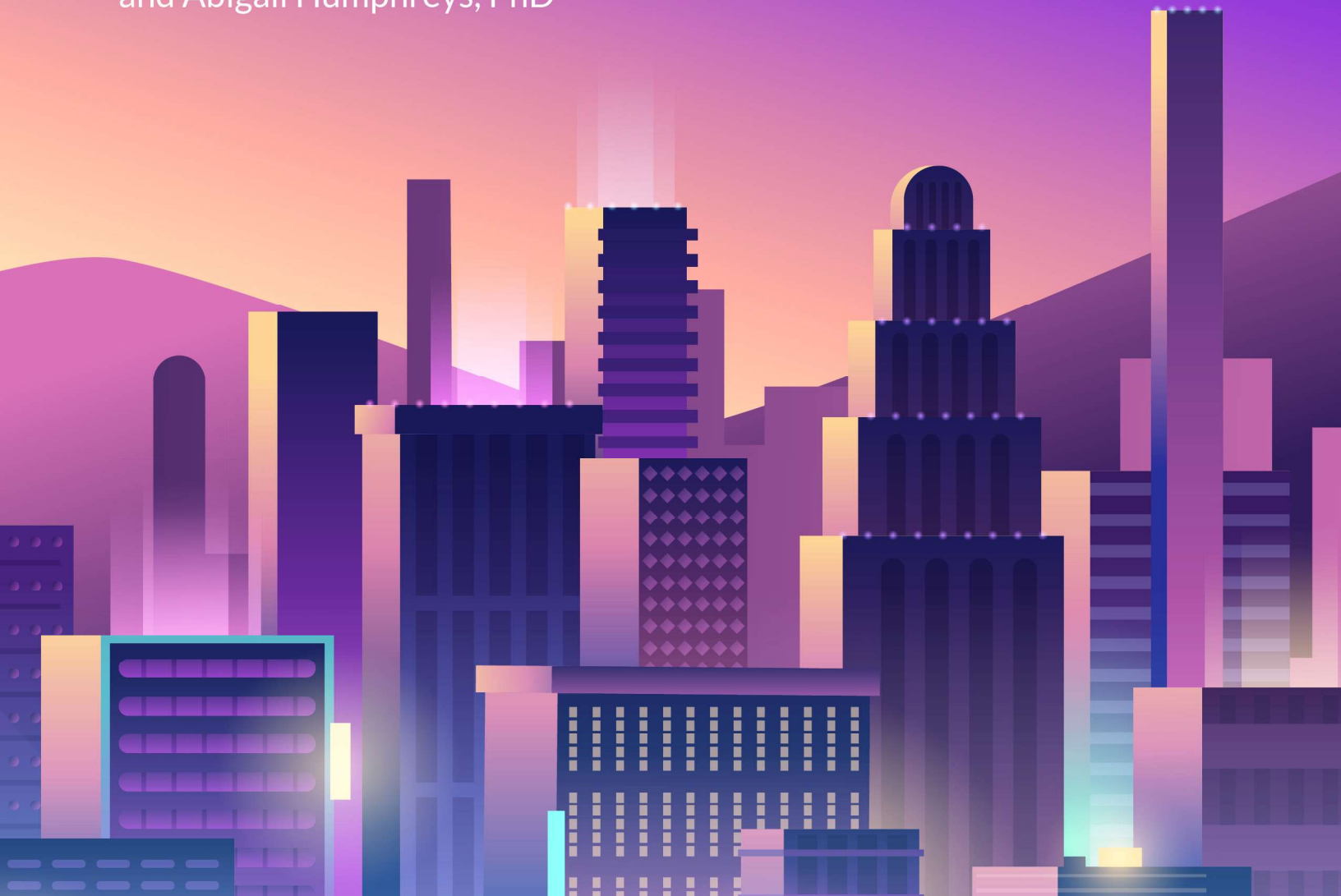
JANUARY 2025

2025

BEST-PERFORMING CITIES:

Mapping Economic Growth across the US

Maggie Switek, PhD, Brock Smith, PhD,
and Abigail Humphreys, PhD



EXECUTIVE SUMMARY

With inflation declining and the US economy continuing to grow, the initial turbulence caused by the COVID-19 pandemic has moved into the rear-view mirror. In this post-pandemic reality, metropolitan areas (“cities”) remain at the center of economic activity. In 2023, US metropolitan areas grew in aggregate by 2.6 percent in real GDP, accounting for 91.1 percent of the nation’s real growth. Considering the key role played by US metros, the Best-Performing Cities (BPC) index tracks the relative performance of 403 metropolitan areas. The resulting ranking allows policymakers, government officials, and businesses to identify the key strengths and vulnerabilities of the places at the heart of the nation’s economic success.

The BPC index is based on 13 metrics that combine labor market conditions, high-tech growth, and access to economic opportunities into a single measure used to benchmark metro areas’ performance. Because of its comprehensive nature, our ranking captures key trends and shifts in the US economy. Additionally, our report and online tool provide an analysis of the individual components of the BPC index, offering further insights into the factors underlying the short- and medium-term performance of US metropolitan areas. Government officials, policymakers, and businesses can use such insights to create an economic strategy to foster sustainable economic growth in the metros that drive the nation’s growth.

The highlights from the 2025 Best-Performing Cities rankings are:

- **Raleigh, NC**, becomes the best-performing large metropolitan area for the first time in over 10 years. Raleigh’s ascent to the first position is due to its excellent performance in a range of aspects. With a thriving high-tech sector, strong labor market, and robust access to economic opportunities, Raleigh performs in the top quarter of large metros on most (11 out of 13) of the metrics included in the BPC index.
- **Gainesville, GA**, is this year’s best-performing small metropolitan area. Gainesville has been a long-time contender for the top position, having featured among the BPC’s top 10 small metropolitan areas every year since 2016. The metro’s climb to the top this year comes on the heels of several years of strong labor market conditions. Gainesville placed second, fourth, and ninth in one-year job growth, five-year job growth, and five-year wage growth, respectively, in this year’s rankings.
- This year’s ranking illustrates a key trend among US large metros that reflects the rising performance of relatively less populous big metropolitan areas, such as **Olympia-Tumwater, WA, Huntsville, AL**, and **Fayetteville-Springdale-Rogers, AR-MO**. In our 2025 list of top 10 large areas, there are only three metros with more than 1 million inhabitants. This marks a clear change from earlier years when half or more of the top 10 large metropolitan areas had a population of more than 1 million.
- The rise of less populous areas comes as many large metros face severe housing affordability challenges. Metropolitan areas such as **San Francisco-Redwood City-South San Francisco, CA**, and **Orlando-Kissimmee-Sanford, FL**, featured prominently among BPC’s top performers from 2016 to 2020 but have dropped positions more recently due, in part, to their high housing costs. Other former top performers with low housing affordability, such as **Dallas-Plano-Irving, TX**, also find themselves among Tier 2 large metros in this year’s ranking, making this the tier with the least-affordable housing costs.
- Changing population patterns have benefited small metros, which tend to have lower housing prices and a more egalitarian distribution of income. Since 2018, small metropolitan areas have been attracting domestic movers, while large metros have seen a net outflow of domestic migration. This has resulted in high job and wage growth in Tier 1 small cities such as **St. George, UT**, and **Auburn-Opelika, AL**, both of which saw higher job and wage growth from 2022 to 2023 than the Tier 1 large cities on average.

Best-Performing Small City: Gainesville, GA

Gainesville, GA, ranks first among small cities, gaining two positions from last year's ranking. Like Raleigh, Gainesville has been a longstanding contender for the No. 1 spot, having placed in the top 10 among BPC's small cities every year since 2016. The metro boasts a remarkably robust labor market, placing second, fourth, and ninth in one-year job growth, five-year job growth, and five-year wage growth, respectively. Gainesville's employment outlook shows no signs of slowing, as the metro ranked 20th in short-term job growth from July 2023 to July 2024. Home to Fieldale Farms and Victory Processing, two leaders in the poultry manufacturing industry, Gainesville has a considerable share (22.6 percent) of its employment in the manufacturing sector. Unlike other small cities, however, the metro has not been affected by the national slowdown in this sector, exhibiting 17.7 percent job growth in manufacturing employment over the past five years.

In addition to its strong labor market conditions, Gainesville ranks relatively high in access to economic opportunities. The metro places particularly high in the number of households with a broadband subscription, ranking fifth among small cities on this metric. While the city has struggled to maintain affordable housing, its relative performance in housing costs has improved over the past year due largely to an overall decline in housing affordability across small cities. The one area in which Gainesville performs below its peer Tier 1 small cities is its high-tech sector. The metro has an overall low presence of technology industries and has lost employment in the information sector over the past year. Despite this, the relative strength of Gainesville's other sectors, such as education and health services, and professional and business services, has maintained the city's vigorous performance, placing it at the center of the growth experienced by the US small cities.

Table 2. Tier 1 Small Cities

	2025 Rank	2024 Rank	Change
Gainesville, GA	1	3	2
St. George, UT	2	4	2
Idaho Falls, ID	3	1	-2
Bend-Redmond, OR	4	6	2
Midland, TX	5	16	11
Jefferson City, MO	6	38	32
Coeur d'Alene, ID	7	2	-5
Jacksonville, NC	8	9	1
Missoula, MT	9	18	9
Auburn-Opelika, AL	10	14	4
The Villages, FL	11	10	-1
Winchester, VA-WV	12	40	28
Elizabethtown-Fort Knox, KY	13	107	94
Wenatchee, WA	14	8	-6
Lawrence, KS	15	30	15

Source: Milken Institute (2025)

1. Gainesville

GAINESVILLE, GA MSA



Gainesville, GA, tops the list of small cities for the first time, gaining two ranks from last year. The metro has ranked among the top 10 best-performing small cities since 2016, showcasing sustained high performance across many metrics. This year, Gainesville's performance was boosted by its exceptional increase in employment, ranking second in one-year and fourth in five-year job growth. Manufacturing in the poultry industry remains the top employer in Gainesville, with poultry business leaders Fieldale Farms and Victory Processing established there. While manufacturing had the greatest share of employment, the metro's trade and transportation sector experienced the fastest one-year job growth (8.7 percent) and the education and health services sector had the fastest five-year job growth (25.8 percent).

The greatest contributor to high-tech GDP was the management of companies and enterprises sector, which experienced 2.1 percent real growth last year. Another moderate contributor was scientific research and development services with an impressive five-year real growth of 497.4 percent. A potential driver of this significant growth may be the opening of the Georgia Center for Cardiovascular Biomechanics & Data Modeling (GCCBM) as part of the Georgia Heart Institute, both of which opened in 2021. GCCBM is a multidisciplinary research center focused on the treatment of cardiovascular disease.

Interestingly, the percentage of households spending less than 30 percent of their income on housing remained similar to the previous year, at 73.3 percent versus 71.4 percent. However, the metro's ranking improved from 121st to 78th, reflecting a general decline in housing affordability in small cities rather than a significant improvement in Gainesville. However, Gainesville's commitment to maintaining affordable housing is inspiring. Gainesville had overall strong rankings on access to economic opportunities indicators, ranking fifth in broadband access, 43rd in income inequality, and 62nd in community resilience. As with most small cities, a challenge for Gainesville will be preserving affordability with the large domestic migration from large cities to prospering small metro areas.

Gained 2 ranks

	Indicator	Rank
<i>Job growth (2018-23)</i>	16.2%	4th
<i>Job growth (2022-23)</i>	5.9%	2nd
<i>Wage growth (2018-23)</i>	48.0%	9th
<i>Wage growth (2022-23)</i>	8.8%	26th
<i>Short-term job growth (7/2023-7/2024)</i>	3.3%	20th
<i>High-tech GDP growth (2018-23)</i>	42.1%	40th
<i>High-tech GDP growth (2022-23)</i>	6.4%	87th
<i>High-tech GDP location quotient</i>	0.39	163rd
<i>Number of high-tech industries with LQ>1</i>	5	29th
<i>Households with broadband</i>	95.6%	5th
<i>Households with affordable housing costs</i>	73.3%	78th
<i>Community resilience</i>	80.8%	62nd
<i>Gini index (income inequality)</i>	43.4	43rd

Strengths

- Gainesville has a remarkably robust labor market, ranking second in one-year job growth and fourth in five-year job growth.
- The metro boasts widespread internet coverage, ranking fifth among small cities in the percentage of households with a broadband subscription.

Areas of Focus

- Like most Tier 1 cities in this year's ranking, Gainesville struggles to keep housing affordable.