

MILKEN INSTITUTE BEST PERFORMING CITIES

(#2) RALEIGH, NORTH CAROLINA, MSA



Raleigh, NC, gains one spot from last year, ranking among the top 20 best-performing metro areas for the 12th year in a row. Raleigh's high position is bolstered by its performance on wage, job, and high-tech concentration measures, as well as its strong position on all other metrics in the BPC ranking. Indeed, Raleigh places in the top quartile of every indicator on the index. The area has managed to attract high-tech firms and high-quality talent, driven by its proximity to three major universities located in Raleigh and the neighboring Durham–Chapel Hill metro areas: North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill.

Between 2021 and 2022, two segments of Raleigh's economy stood out as drivers of its job and wage growth: business and professional services and leisure and hospitality. With several industry groups classified as high-tech, growth of the business and professional services sector has provided the Raleigh area with a reliable increase in high-wage jobs. In fact, business and professional services jobs have grown by 83 percent in Raleigh since 2017.²⁴ However, the segment of Raleigh's economy with the largest one-year wage and job growth is leisure and hospitality, with its employment bouncing back to nearly pre-pandemic levels by the end of 2022. During 2022, the 17.8 million visitors to Raleigh spent \$2.9 billion, exceeding expenditures in 2018 and 2019, and indicating a close to full rebound for its broader tourism industry.

Raleigh also stands out among Tier 1 cities for its performance on access to economic opportunities indicators, such as housing costs and broadband, because it is the only Tier 1 large city to rank in the top quartile on both metrics. Building on the post-pandemic construction boom, the Raleigh metro has prioritized housing projects, ranking 12th among all US cities for new apartment construction. Nonetheless, Raleigh still needs at least 17,000 more housing units to meet demand in 2023, according to a report by Zillow. Whether new construction can keep pace with the demand for housing will play a large role in determining Raleigh's status as a best-performing city moving forward. But with low economic inequality (38th in the Gini index), high resilience (23rd in resilient households), and rising access to broadband (36th), Raleigh is on track to maintain its top spot in the ranking.

Gained 1 rank

	Indicator	Rank
Job growth (2017–22)	14.5%	8th
Job growth (2021–22)	5.6%	24th
Wage growth (2017–22)	51.9%	6th
Wage growth (2021–22)	12.7%	21st
Short-term job growth (8/2022–8/2023)	3.3%	28th
High-tech GDP growth (2017–22)	43.1%	39th
High-tech GDP growth (2021–22)	9.6%	43rd
High-tech GDP location quotient	1.52	9th
Number of high-tech industries with LQ>1	14	4th
Households with broadband	93.7%	36th
Households with affordable housing costs	73.7%	38th
Community resilience	83.8%	23rd
Gini index (income inequality)	44.5	38th

Strengths

- » Rapid job and wage growth have been driven by a broad range of high-tech industries and a continued rebound of the travel and tourism economy.
- » Raleigh has exhibited strong performance on access to economic opportunities indicators, evidence of resilience to economic shocks and ability to maintain an affordable cost of living.

Areas of Focus

- » Slowing GDP and job growth in 2022–2023 amid high commercial vacancy rates and a potential surplus of workers might present challenges as Raleigh continues to build the housing and infrastructure to support its growth.

Review the full report [here](#) or scan the QR code.

