

'Youth Magnet' Cities Hit Midlife Crisis

Few Jobs in Places Like Portland and Austin, but the Hipsters Just Keep on Coming

By CONOR DOUGHERTY

PORTLAND, Ore. -- In October, as the stock market tanked and the economy shed 400,000 jobs, Matt Singer moved from Oxnard, Calif. to Portland, Ore. He didn't have a job, but he was attracted to the city's offbeat culture and hungered for change. Mr. Singer's plan was to get an editing or writing gig at an alternative weekly newspaper, the job he was doing in California.

Seven months later, the 26-year-old is still without a steady job -- and still here. "I wasn't really aware of how bad the job situation was at the time," says Mr. Singer.

This drizzly city along the Willamette River has for years been among the most popular urban magnets for college graduates looking to start their careers in a small city of like-minded folks. Now the jobs are drying up, but the people are still coming. The influx of new residents is part of the reason the unemployment rate in the Portland metropolitan area has more than doubled to 11.8% over the past year, and is now above the national average of 8.9%.

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Bike messengers take a coffee break in Portland.

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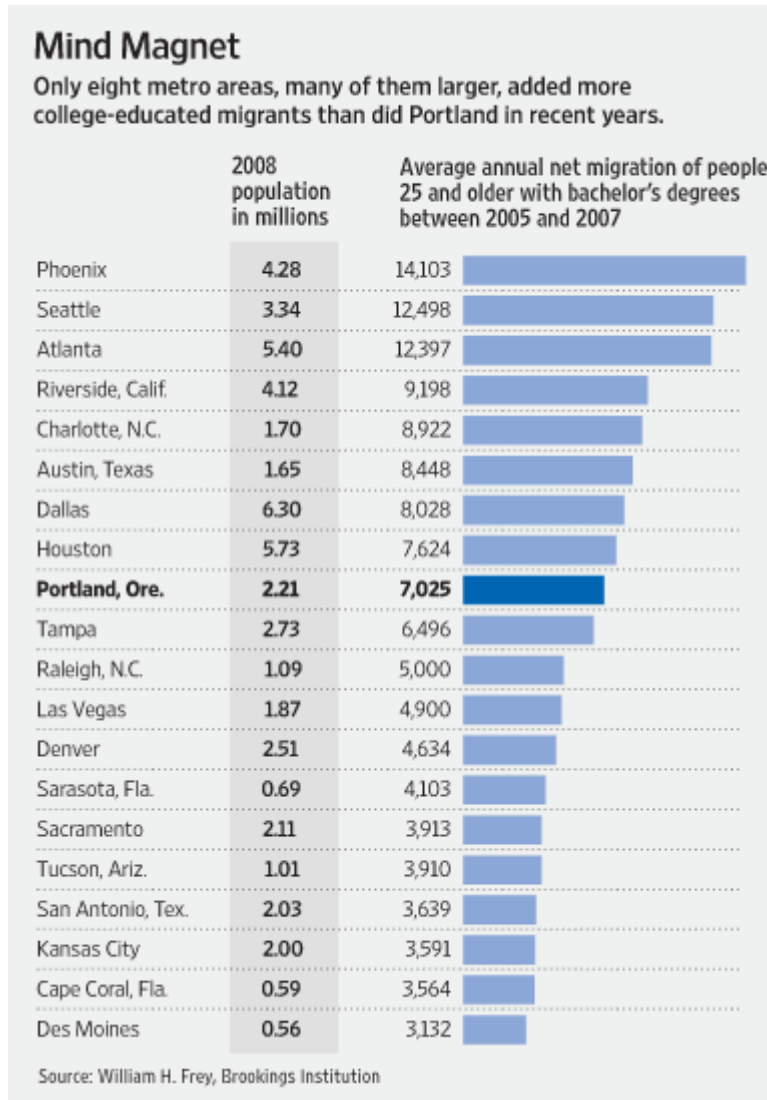


Some new arrivals are burning through their savings as they hunt for jobs that no longer exist. Some are returning home. Others are settling for low-paying jobs they are overqualified for.

With his search for a journalism job coming up short, Mr. Singer has spent thousands in savings, and is now earning \$12 an hour at a temporary job scanning loan documents, a task he says is so mind-numbing he listens to his iPod all day. "Careerwise, it's definitely not what I'd like to be doing," says Mr. Singer.

The worst recession in a generation is disrupting migration patterns and overturning lives across the country. Yet, cities like Portland, along with Austin, Texas, Seattle and others, continue to draw for the young, educated workers that communities and employers covet. What these cities share is a hard-to-quantify blend of climate, natural beauty, universities and -- more than anything else -- a reputation as a cool place to live. For now, an excess of young workers is adding to the ranks of the unemployed. But holding on to these people through the downturn will help cities turn around once the economy recovers.

Portland has attracted college-educated, single people between the ages of 25 and 39 at a higher rate than most other cities in the country. Between 1995 and 2000, the city added 268 people in that demographic group for every 1,000 of the same group living there in 1995, according to the Census Bureau. Only four other metropolitan areas had a higher ratio. The author of the Census report on these "youth magnet" cities, Rachel Franklin, now deputy director the Association of American Geographers, says the Portland area's critical mass of young professionals means it has a "sustained attractiveness" for other young people looking for a place to settle down.



Indeed, the trend has appeared to continue. Between 2005 and 2007, only eight metropolitan areas -- many of them bigger -- added more college-educated migrants of any age than did Portland, the nation's 23rd largest metro area, according to an analysis of Census data by William H. Frey, a demographer at the Brookings Institution. A more detailed breakdown by age isn't yet available, but Mr. Frey and other demographers say the bulk of the movers are likely between the ages of 25 and 39, the most mobile age group by far.

Portland's bleak job market might seem like a reason to stay away, but some of the newcomers say the pull of a different city is greater than the fear of unemployment. Some had already lost their jobs where they used to live, so there wasn't much keeping them there.

"A lot of people figure there aren't jobs anywhere, so they might as well be where they want to be," says Mark McMullen, a senior economist at Moody's

economy.com.

Portland isn't discouraging the young and educated from coming, though the glut of workers puts more stress on city services. One of the most important factors in a city's economic success is the education level of its work force, says Harvard University economist Edward Glaeser. Cities such as Detroit and Cleveland that have exported college graduates in recent years are trying to retain them with everything from internship programs to building artists' lofts.

"I'm hopeful people will stick around," says Portland mayor Sam Adams. "Even if they come to my city without a job, it is still an economic plus."

As migration within the U.S. slows as jobs disappear and home prices fall, Portland is one of the few cities to which people of all ages are moving. Of the top 25 destinations for domestic migrants between July 2006 and July 2007, before the recession started, Census data show only four drew more people in the subsequent 12 months, between July 2007 and July 2008, when the U.S. was in recession, according to an analysis by Mr. Frey.



Sean Flanigan for The Wall Street Journal

Unemployment has soared in Portland, Ore., but the young keep coming.

The four places: Portland, Seattle, Denver, and Houston, which in addition to attracting college graduates, enjoyed a boom fueled by high oil prices. In Seattle, the number of people in the labor force, both working and looking for work, has continued to grow faster than the national average, even though there are fewer jobs.

The inflow of young college grads helped change Portland's economy over the past two decades. Most notably, it contributed to an increase in the fraction of Oregon workers with college degrees to 28.3% in 2007 (above the national average of 27.5%) from 19.5% in 1990 (below the national average of 21.3%), according to Moody's Economy.com. Of course, some of that increase came from older educated migrants, as well as homegrown college graduates.

Portland's culture and businesses have come to reflect the city's youthful edge. Among U.S. metro areas with more than a million people, only Seattle -- another magnet for the young and educated -- has more coffee shops per capita than Portland, according to NPD Group. Roughly 8% of Portlanders commute regularly by bike, the highest proportion of any major U.S. city and

about 10 times the national average, according to Boulder, Colo., bike-advocacy group Bikes Belong.

Andrew McGough, executive director of Worksystems Inc., a Portland nonprofit that helps people find work, says he's seen young people continue to stream into the city even as the economy has worsened. "Assuming they are educated, we like it," says Mr. McGough, who moved to Portland himself without a job in the early 1990s.

Portland's vibrant music scene was part of what drew Ryan Suarez, a 28-year-old civil engineer, from San Diego two years ago. In February 2007, when Portland's unemployment rate was about half what it is today, Mr. Suarez took a one-week trip to scout for jobs, lined up five interviews -- and got five offers. But construction work has slowed with the rest of the economy. Mr. Suarez says his firm has had two rounds of layoffs; he survived, but took a 20% wage cut. "Things have changed a lot," he says.



Sean Flanigan for The Wall Street Journal

Matt Singer at the rental home he shares with three other people in Portland, Ore. He has been without steady work for seven months.

Tyler Carney, a 29-year-old computer programmer, moved here from Tulsa, Okla. in September when the Internet-security company he was working for relocated to downtown Portland. He was laid off two months later, and today is living off the \$417 in weekly unemployment checks. He has trimmed expenses, such as cutting out restaurant meals, ending cable and switching to slower Internet service. Mr. Carney is spending most of his days job-hunting, but has no plans to go back to Tulsa anytime soon. "Portland is a little more progressive than Tulsa was, as far as the culture goes," he says. "This town is awesome. Tulsa tended to roll up the streets at night."

Scott Thompson, president of Lexicon Staffing, Inc. in the Portland area, says the information technology staffing firm continues to get calls from new arrivals looking for work. Many, he says, are less interested in jobs and more interested in Portland's quality of life, such as the city's proximity to the Oregon coastline and the Cascade Mountains. "You have to wonder what would inspire someone to walk into a situation where you have higher than U.S. average unemployment rate," he says.

For Brian DeGrush, 28, it's a visit he paid to the city two years ago to see friends. He says he loved the social life and the green landscape, and when he went back about a month ago with his girlfriend, it was to scout out jobs and neighborhoods to live in. On Saturday, he graduates from the MBA program at the University of Illinois at Urbana-Champaign, but hasn't yet found a job.

If he doesn't find work soon, Mr. DeGrush says he and his girlfriend will probably just move to Portland over the summer and hope for the best. "We're debating just trying to find part-time stuff and scrounging by until something more permanent opens up," he says.

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“Lots of educated and motivated people with no place to put their skills to work. This is a sad state of affairs.”

— Carla Livak

As unemployment has risen, businesses have felt the pain. So many restaurants have closed in recent months that the Portland alternative newspaper Willamette Week recently started a column called "Restaurant Apocalypse" to keep track of closings. "Everybody is holding on to their money," says Ryan Birkland, a Portland artist who does abstract paintings of flowers and koi fish on glass, sheet metal and other recycled materials. Mr. Birkland sells art across a range of prices, but says sales of \$400 to \$500 pieces, which are mostly purchased by young professionals, are down about 25% compared with this time last year.

The scarcity of jobs has college grads competing for positions they might not have considered just a few years ago. HotLips Pizza, a local institution that touts ingredients from nearby farms and whose owner drives a stubby electric car emblazoned with the restaurant's rouge lips logo, recently posted a job for a sous-chef and got hundreds of résumés in the space of a few days. They were both over- and under-qualified, ranging from the executive chefs at fine dining restaurants that have closed to unemployed computer technicians with zero experience in a kitchen. "People are having a harder time landing," said Greene Lawson, HotLips' chef.



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Patrons at the Stumpown Coffee shop in Portland, Ore.

Boly:Welch Recruiting, a Portland firm, says it has had several lawyers willing to settle for work as paralegals. The firm says it generally won't place the lawyers because their over-qualification makes it unlikely they would continue to do paralegal work when the economy turns.

Stephen Anderson, 28, a lawyer who moved in June to Portland from Austin, says for now, he's happy being over-qualified. He went to Boly:Welch looking for legal or temp work of any kind, and the recruiting firm ended up hiring him to be an assistant to the firm's recruiters, a job that includes answering phones, getting lunches and occasionally walking the owner's two poodles. "I know I'm underemployed and if it bothered me more, I guess I'd do more to change it," he says.

Of course, less-educated migrants are being squeezed, too. Chris McGee, a 29-year-old concrete finisher moved to Oregon about four years ago from Philadelphia to follow his then-girlfriend. Mr. McGee was out of work for seven months and exhausted his unemployment benefits. But after applying for dozens of jobs at convenience stores, fast-food restaurants and other places, he finally got a job washing dishes. "It's just to stop the bleeding in my bank account," he says. "I'm thankful for it, but it's just temporary."

With jobs scarce, some Portland newcomers are going home. Adam Pollock, 36, moved from New York to Portland in December, lured largely by the natural beauty and vibrant cycling scene. "In New York, if you want to get anywhere decent you have to battle traffic for a half-hour on either end of the ride," he said. Mr. Pollock, a computer consultant, rented a small apartment with a month-to-month lease, figuring he'd trade up after he found a job.

He spent months sending out résumés and trying to drum up consulting work. He looked for work as a bicycle mechanic and as a barista at some coffee shops. As his savings ran out, he

finally punted. "It got to the point where, fiscally, the clock had run out," he said in a recent phone interview from Louisville, Ky. He was visiting relatives on his way back to New York.

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