

Are You in the Best City for Your Job?

A high salary goes only so far if the cost of living is even higher. If you want your dollar to go further, maybe it's time to relocate

by [Prashant Gopal](#)

Elizabeth A. Campbell was happy with the job offer from a top Houston law firm, but she wasn't itching to leave the comfortable life she had built for herself and her two teenage boys in suburban New Jersey. Other than a detour to Michigan for law school, she was a lifelong Northeasterner.

Campbell drew up a table of the pluses and minuses of relocating. On the plus side: more affordable real estate, no state taxes, cheaper food and services, an international airport, and strong schools and sports programs. Only one minus: saying goodbye to friends and family.

It has been almost a year since Campbell joined Houston's [Andrews Kurth](#) law firm as a partner and chief diversity officer, and the angst is long gone. She sold her 2,800-sq.-ft. house in Bordentown, N.J., for \$350,000 and upgraded to a 4,200-sq.-ft. place on a golf course with five bedrooms and a game room six miles outside Houston. The price: less than \$325,000.

Houston Is Rolling in Oil

"The bottom line was: 'How come I didn't live here already?'" Campbell said. "I came here because of a job. But it's a wonderful city, and I can see myself retiring here."

Only a few years ago, Houston was reeling. The implosion of Enron in 2001 had sandbagged the local economy, and the mood was grim. But that seems like a long time ago now. The explosion in energy costs has boosted the city's oil- and natural gas-fed economy, which is home to ExxonMobil ([XOM](#)) and Royal Dutch Shell ([RDSA](#)), as well as Waste Management ([WMI](#)), KBR ([KBR](#)), and many more. Job seekers in all sorts of careers have started streaming into Houston, where the unemployment rate was 3.8% in April, the lowest level in eight years, and where the job growth rate was 2.8%.

Businessweek.com worked with Seattle's Payscale.com to determine where the best and worst cities are for 20 common careers and found that—when it comes to earning a comfortable living—Houston it at or near the top for most jobs, from human resources manager to graphic designer. We adjusted the median compensation for jobs in each of the top 25 big-city metros for cost of living. Houston, Dallas, and Charlotte, N.C., rose to the top for many of the jobs because they're affordable cities with competitive salaries. New York, San Francisco, Washington, Los Angeles, and Boston, which have some of the highest salaries, sank to the bottom because residents there pay through the nose for real estate, parking, groceries, and almost everything else.

Accepting a lower salary might make financial sense if you were willing to leave an expensive city such as Seattle and settle in, say, Oklahoma City. But it's also important to know when a salary looks higher than it actually is.

When Is a Raise Not a Raise?

"What looks like a 20% raise might turn out to be a pay cut if you're moving from a less expensive place like Pittsburgh to San Francisco," said Al Lee, director of quantitative analysis at Payscale.com, which provides real-time salary information to individuals and employers.

For example, the median income for the executive director of a nonprofit in New York is \$87,800, more money than you could expect in any other of the nation's 25 largest cities. But on our list, New York is actually the worst place for the job because—adjusted for cost of living—the salary would be equivalent to just \$41,400 in a city such as Detroit where lifestyle costs equal the national average.

Of course, there's more to a job than compensation (the number of available jobs, opportunities for advancement, etc.), but our list focuses on relative compensation. Also, there's more to a city than how affordable it is

Many people would rather squeeze into a studio in Manhattan or San Francisco than live a more luxurious life in Dallas or Cincinnati. One could also save money by commuting to work and living in a less-expensive suburb. Our cost-of-living analysis assumes that the employee lives in the core city of the metro area where he works, which in the case of New York is Manhattan.

Barton Smith, a professor of economics at the University of Houston who summers in Colorado, towed his favorite 1987 Dodge Colt Vista station wagon back to Houston one year because it would have cost him more than twice as much to replace the engine in Colorado, he said.

Housing Is a Crucial Cost

"The real wages in Houston adjusted for cost-of-living differences are relatively high because cost of living is low," Smith said. "It's not just housing, but housing gets a lot of attention."

Many employees have become reluctant to relocate&with the economy pointing toward recession and the housing market slumping. The need to stay put is especially strong in California, Florida, Michigan, and Nevada, where many homeowners can't unload their homes without taking a massive loss.

Some employers have beefed up relocation packages to make the move more feasible, in some cases covering the loss on a sale and helping spouses find jobs in the new location, said Margery Marshall, president of Vandover, a career management and relocation transition consultant in St. Louis.

"There's a general reluctance to move, not just because of the economy," Marshall said. "Today, there's also a reduced loyalty to the company. People say: 'Why move with the company when they don't care about us?'"

Staying Near Mom and Dad

But there are many other reasons for the reluctance. Baby boomers don't want to leave aging parents or pull teenagers out of school, and relocating is especially complicated for dual-income households, said Jane S. Howze, managing director of [The Alexander Group](#), a national executive search firm based in Houston with offices in New York, San Diego, and San Francisco.

Some employees who can move are finding that they can get a good deal on a house in markets that are crashing, especially in California or Nevada, she said. "But it gets kind of tricky if you can't get rid of one house in order to cash in on a downturn elsewhere," she said.

Companies have long offered temporary cost-of-living adjustments for employees who are transferred to more expensive cities. Employers do not, however, cut salaries for workers who are transferred to low-cost cities, so it's possible to improve your lifestyle hugely by simply getting a transfer (This phenomenon is magnified in developing countries where many expatriates, who lived modestly back home, can afford mansions, chauffeurs, and teams of servants).

Salaries Aren't City-Indexed

Kay Burd of Runzheimer International, a Rochester (Wis.) management consulting firm specializing in calculating cost-of-living and travel costs, said large companies like to pay what a job is worth rather than what it's worth in one specific city.

"What companies don't want to do—if they're relocating people quite often—is to inflate a salary because of cost of living," Burd said.

Al Blumenberg, manager of global relocation for St. Louis-based Anheuser-Busch ([BUD](#)), said many employers do provide cost-of-living adjustments but aren't responsible for an employee's lifestyle choices, which can change the cost equation.

"What you as a young person view as a lifestyle might be totally different in New York than it would be in St. Louis," Blumenberg said. "Companies don't try to address lifestyle. I can't tell you whether to live in a brownstone in Greenwich Village or out in Connecticut. That's a personal choice."

Lifestyle Adjustment

Colleen Ide was moved by her company from St. Louis to Orlando this month, and she's getting used to her new lifestyle. It's too early to tell whether the cost-of-living adjustment she received will cover her much higher utilities and real estate taxes.

A salesperson for 14 years, she was able to pick up a two-year-old house in Orlando for 30% less than it had sold for two years earlier, all because of Florida's weak real estate market.

"My new house is about the same size," said Ide, who used to live in four-bedroom custom house on five acres outside St. Louis. "But the neighbors are right on top of me, and there's a whole list of development rules and regulations I'm not used to."