

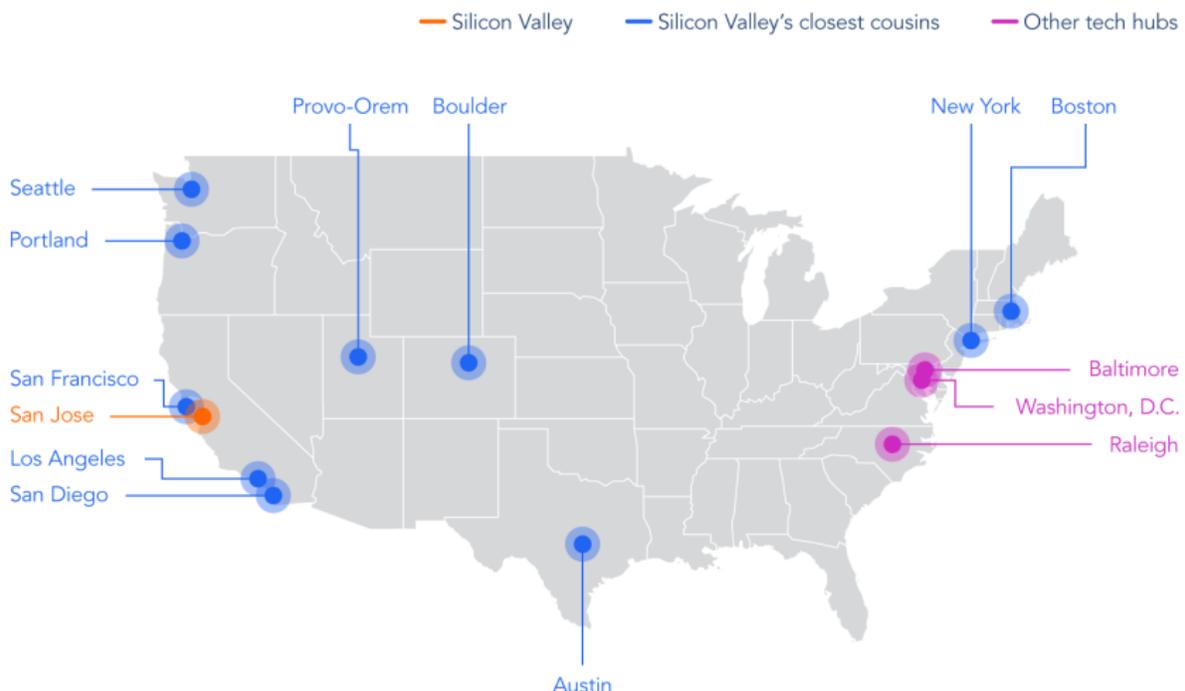
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BUILDER

Opportunity in Tech's Big 8

Technology's heatmap focuses job opportunity in a finite number of hubs, mostly where new housing lags demand.

By [John McManus](#)

Silicon Valley's closest cousins and other tech hubs



Source: Indeed

Place names refer to metro areas. Silicon Valley is metro San Jose.



More than one out of every four tech job postings in the United States (27%) are for opportunities in eight technology hubs.

Shift the focus over to higher-paying tech jobs, and the concentration in the "Big 8" is even more pronounced, according to Wall Street Journal staffer Josh Zumbrun's [analysis here](#) of research by Indeed.com chief economist Jed Kolko. Zumbrun writes:

Among jobs that typically pay over \$100,000, nearly 40% of openings are in those eight cities.

Here's how that concentration looks graphically.

\$100,000+ Tech Jobs

Share of tech jobs located in the eight leading U.S. tech hubs



Eight tech hub metros: San Jose, Washington, Baltimore, Seattle, Raleigh, San Francisco, Austin and Boston
Source: Indeed.com

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What it means for residential development and home building is that, on its surface, geographical dispersion and the ever more important tech sector don't go together.

[Indeed.com's Kolko](#) has this take-away from the data:

Although the overall share of tech jobs in hub metros has been essentially flat from 2013 to 2017, higher-salary tech jobs have become more concentrated in top-tier tech centers over the past year, while lower-salary tech jobs have dispersed a bit. In other words, tech hubs are keeping their grip where it really counts—on higher-salary tech jobs. Only lower-salary jobs are dispersing. In this way, the tech-jobs landscape is similar to the patterns in incomes, politics and housing—becoming more polarized as places become increasingly different from each other.

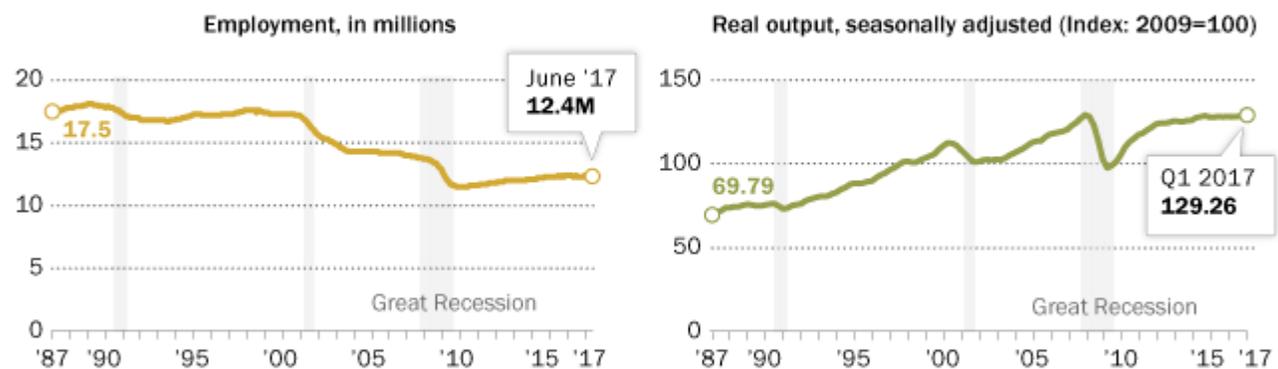
Why it matters for builders? Even those lower paying tech jobs, ones that have dispersed to more markets like [Nashville](#), and [Tampa](#), and [Reno](#), and [Detroit](#), and other leverage points in the infrastructure support for technology, are job and household formations where the right product at the right price will be a real opportunity.

It also matters for builders because it beats the alternative.

Look here at what's happening else where on the payroll head-count front--in manufacturing. [Pew Research explores](#) American perception vs. reality when it comes to the inverse relationship of manufacturing job declines and increases in manufacturing output. Here's how Pew senior writer Drew DeSilver draws a conclusion from the disconnect between pervasive awareness that manufacturing headcounts are declining and an equally widespread lack of knowledge as to America's growth in factory output.

Manufacturing output has grown over the past three decades, even as payrolls have shrunk

Manufacturing monthly employment and quarterly real output, 1987–2017



Source: Bureau of Labor Statistics

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The simultaneous increase in manufacturing output and decline in manufacturing jobs over the long term shows that American manufacturers have become far more productive than they were three decades ago – that is, they can produce more goods, or higher-value goods, with less labor.

The BLS' index of labor productivity for manufacturing is two and a half times higher than it was at the beginning of 1987. This reflects several factors, among them businesses investing more in machinery and replacing old machines with more advanced ones; workers becoming more skilled and educated; and firms streamlining and improving their industrial processes.

Lots of attention recently to how home building seems to occupy a world of its own and operates in an era of its own, where advances in being able to "produce more goods, or higher-value goods, with less labor" are held at bay.

The long and short of it is, for many parts of home building's ecosystem, the fact that the highest-paying tech jobs are hyper concentrated in tech's Big 8 is not a showstopper. Fact is that the real go-get for home builders and developers and their partners is coming up with compelling designs

at compelling price points that motivate buyers to aspire to homeownership among households that make closer to median income levels.

We think there's inordinate focus on regulatory impediments to that goal, and not enough progress on the engineering, design, and operational challenges. Both forces are important. One, however, lies outside most builders' and developers' control. The other doesn't.

About the Author



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John McManus is an award-winning editorial and digital content director for the Residential Group at Hanley Wood in Washington, DC. In addition to the *Builder* digital, print, and in-person editorial and programming portfolio, his accountability for the group includes strategic content direction for *Affordable Housing Finance*, *Aquatics International*, *Big Builder*, *Custom Home*, the *Journal of Light Construction*, *Multifamily Executive*, *Pool & Spa News*, *Professional Deck Builder*, *ProSales*, *Remodeling*, *Replacement Contractor*, and *Tools of the Trade*.