

Small Towns Get Boost From Oil, Gas as Wealth Shifts Away From Cities

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By [Josh Sanburn](#) [@joshsanburn](#) Nov. 28, 2012

The Great Recession hit small towns hard. Many saw factories close and jobs dry up. But according to a new analysis, small-town America is actually experiencing an economic revival thanks to an oil and gas boom.

According to government data analyzed by *USA Today*, inflation-adjusted income has increased 3.8% per person between 2007 and 2011 for the roughly 50 million Americans who live in small cities, towns, and rural areas. Compare that to almost the same percentage drop (3.5%) in metropolitan areas, and a shift in wealth begins to emerge, one flowing from cities to rural regions.

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The trend is especially strong in places that participated in the recent boom in oil and gas. North Dakota, for example, quickly became the country's No. 2 oil-producing state over the last several years thanks to a discovery of shale gas there. North Dakota's unemployment rate also currently sits at 3%, by far the lowest in the U.S., and that dynamic has played out across the country. The states with the lowest unemployment rates are in the middle of the U.S. Along with North Dakota, Nebraska, and South Dakota have unemployment rates below 5%, while Iowa, Utah, and Wyoming have rates just above that mark.

U.S. metropolitan areas, meanwhile, have had a much harder time coming back from the recession. Per capita income in Manhattan, for example, decreased by 5.3% since 2007 to \$121,301. In Marin County, Calif., it dipped by 13.3%. (Unemployment rates in New York and California are some of the highest in the U.S.)

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In Teton County, Wyo., one of the most affluent areas in the country for years because of its low taxes and numerous outdoor activities (it's home to Grand Teton National Park and Yellowstone National Park), incomes decreased by 28.8% to \$95,861. But next door, in South Dakota's tiny Sully County, incomes have risen an amazing 70.4% to \$116,067. While South Dakota hasn't seen the kind of oil boom from shale that its neighbor to the north has, farm prices have been strong over the past few years, giving the state a big boost since the recession hit.

Rural states have an advantage that most metro areas don't: the ability to discover new ways of generating economic growth through land and resources — and the oil and gas boom couldn't have come at a better time for those areas. But it may be only a temporary improvement. It's likely just a matter of time until U.S. cities begin finding ways to boost incomes and lower unemployment rates, triggering another shift of wealth back to larger metro areas once again.