

# America's Most And Least Vulnerable Towns



Rebecca Ruiz, FORBES STAFF ✓

[FULL BIO](#) ▾

Despite what he calls "the negatives," Mayor Howard "Butch" Zwelling is optimistic about the future of [Zanesville, Ohio](#).

In the past two years, a handful of local manufacturing plants have shuttered or relocated abroad, putting roughly 1,000 people out of work in this town of 25,500. But Zwelling is encouraged by the new businesses arriving shortly, including a glass manufacturing plant, an Avon distribution center and a Time Warner call center, all of which will create more than 800 jobs. Zwelling has also planned on more than \$250 million in school and downtown development construction in the next two years.

Jobs and construction will certainly be a boon for the local economy, but our survey gauging the vulnerability of towns across the country tells a more complicated story: Zanesville ranked as the seventh most vulnerable. Among its weakest spots were an unemployment rate of 8.9% and poverty rate of 16.2%. Only 18% of the workforce has an associate's degree or higher.

[In Depth: America's Most Vulnerable Towns](#)

[In Depth: America's Least Vulnerable Towns](#)

Things are worse in [Lancaster, S.C.](#), [Palatka, Fla.](#), and [Shelby, N.C.](#), three towns that top our list of most vulnerable. Those with more promising outlooks include [Lebanon, N.H.](#), [Key West, Fla.](#), and [Keene, N.H.](#)

## Methodology

To evaluate the strength of Main Streets across America, we used August unemployment figures from the Bureau of Labor Statistics and 2007 Census data on

median income, poverty, education and outstanding mortgage debt in 141 towns. Called micropolitan areas by the Census, these towns have an urban core of at least 10,000 people, but no more than 50,000.

Though there are more than 500 micropolitan areas in the United States, the Census does not track demographic data for populations less than 65,000. The populations of the towns in the survey range from 65,000 to 188,000 residents.

Figures on median income, poverty and unemployment gave us a better understanding of the local quality of life, as well as the state of the economy. Data on education levels addressed workforce competitiveness and readiness, while data on outstanding mortgage debt offered insight into home equity and the stability of the housing market.

While few have talked in such specific detail about Main Street, the future of America's towns has become a pressing question since Wall Street's collapse just a few weeks ago. The situation continues to look bleak across the country. Though unemployment in September held steady at 6.1%, the economy shed 159,000 jobs.

Significant declines in stock prices have also cost Americans roughly \$1 trillion in lost pension investments, according to the Congressional Budget Office, which examined data from the second quarter of 2007 to the second quarter of 2008. As troubles on Wall Street have spread, banks have restricted lending. The resulting credit crunch has choked business in the U.S. and abroad.

## **Weakest and Strongest**

Eventually, what's happened on Wall Street will find its way to Main Street, and some towns are more prepared to endure the challenges than others.

Lancaster, S.C., was the weakest performer on our list. The area, which is home to 73,000 people, is nearly 20 miles from Highway 77, the thoroughfare that connects Columbia, S.C., and Charlotte, N.C. In August, the unemployment rate was 12.2%, a stark contrast to the national rate, which is 6.1%. The list average was 6.4%.

Lancaster's other weaknesses were poverty and education. About 20% of residents live at or below the poverty line, compared to a

**See Also:**  
[Read what those living on "Main Street" have to say about their economies.](#)

**Related Links**  
[What It Will Cost to Heat Your Home](#)  
[America's Fastest-Dying Cities](#)

national rate of 13%. Only 18.6% of the workforce has an associate's degree or higher, while the list average was 25%.

The 10 most vulnerable towns, which include [Marion, Ind.](#), Shelby, N.C., and Palatka, Fla., shared low rankings in these categories.

Lebanon, N.H., a micropolitan area 70 miles northwest of Manchester on the Vermont border, was the strongest town. It ranked high in most of our categories, including median income (\$51,099), unemployment (2.6%) and the poverty rate (8.3%). Also among the least vulnerable towns are [Helena, Mont.](#), Key West, Fla., and [Seaford, Del.](#) In these towns, the unemployment rate is less than 5%, median incomes are as high as \$60,000 and more than 30% of the workforce has an associate's, bachelor's or advanced degree.

### **Neither Boom nor Bust**

Regardless of their vulnerability, most of these towns share a common trait: They experience few booms or busts. William Fruth, president of Policom, a Palm City, Fla.-based economic research firm that analyzes local and state economies, says this evenness will be an asset during a time when the housing bubble has devastated some urban and exurban communities.

Many of these mid-size towns and counties, says Fruth, lacked the growth required to enter the speculative real estate market. In fact, few of the towns we examined had dangerously high ratios of mortgage debt--the list average was 63%. In some cases, though, towns with both high and low percentages of the mortgaged housing stock experienced increased foreclosures.

In Truckee, Calif., where 74% of the housing stock is mortgaged, there have been 671 foreclosures since January 2008, a 144% increase over the same time period last year, according to the database RealtyTrac. In Clearlake, Calif., where just 60% of the housing stock is mortgaged, there were 1,080 foreclosures this year, a 346% increase over last year.

Fruth sees opportunity for those towns that were able to avoid the subprime crisis.

"They're big enough to control their own economic destiny," he says, noting that the areas most at risk are ones that rely on just a few industries. "If they can find a means to diversify," says Fruth, "they have a good chance of having a prosperous economy in the long term."

***How is the larger economy affecting your community? Weigh in. Post your thoughts in the Reader Comment section below.***

Many residents of these towns are still unsure about how the crisis on Wall Street might change life on their Main Street. [Tommy Haws](#), senior vice president of Pinnacle Bank in Gallup, N.M., says several customers have recently inquired about the bank's solvency and its policy on insuring deposits. Fortunately, the bank never ventured into subprime lending and has yet to dramatically restrict its lending.

[Joseph Velli](#), owner of River Realty in Bozeman, Mont., says the bailout has been a topic of discussion among residents. "People are uncertain as to what's happening," he says, adding that many of his friends have invested retirement funds in the stock market. "We're all concerned that it's going to disappear or vanish."

In [Zanesville](#), where three or four houses are for sale on many blocks, Mayor Zwelling is resolute.

"We're going to do alright," he says. "We're going to get through this mess."

[In Depth: America's Most Vulnerable Towns](#)

[In Depth: America's Least Vulnerable Towns](#)

