

Why North Dakota Is Booming

They're drilling for oil, attracting high tech, and keeping the tax burden moderate. Result: 3.8% unemployment.

By JOEL KOTKIN

Living on the harsh, wind-swept northern Great Plains, North Dakotans lean towards the practical in economic development.

Finding themselves sitting on prodigious pools of oil—estimated by the state's Department of Mineral Resources at least 4.3 billion barrels—they are out drilling like mad. And the state is booming.

Unemployment is 3.8%, and according to a Gallup survey last month, North Dakota has the best job market in the country. Its economy "sticks out like a diamond in a bowl of cherry pits," says Ron Wirtz, editor of the Minneapolis Fed's newspaper, *fedgazette*. The state's population, slightly more than 672,000, is up nearly 5% since 2000.

North Dakota, however, is no one-note Prairie sheikdom. The state enjoys prodigious coal supplies and has—yes—even moved heavily into wind-generated electricity, now ranking ninth in the country. Thanks to global demand, North Dakota's crop sales are strong, but they are no longer the dominant economic driver—agriculture employs only 7.2% of the state's work force.



Perhaps more surprising, North Dakota is also attracting high-tech. For years many of the state's talented graduates left home, but that brain drain is beginning to reverse. This has been critical to the success of many companies, such as Great Plains Software, which was founded in the 1980s and sold to Microsoft in 2001 for \$1.1 billion. The firm has well over 1,000 employees. The corridor between Grand Forks and Fargo along the Red River (the border between North Dakota and Minnesota) has grown rapidly in the past decade. It now boasts the headquarters of Microsoft Business Systems and firms such as PacketDigital,

which makes microelectronics for portable electronic devices and systems. Between 2002 and 2009, state employment in science, technology, engineering and math-related professions grew over 30%, according to EMSI, an economic modeling firm. This is five times the national average.

While the overall numbers are still small compared to those of bigger states, North Dakota now outperforms the nation in everything from the percentage of college graduates under the age of 45 to per-capita numbers of engineering and science graduates. Median household income in 2009 was \$49,450, up from \$42,235 in 2000. Some cities, notably Fargo (population 95,000), have emerged as magnets. Broadway Drive in Fargo's downtown boasts art galleries, good restaurants and young urban professionals hanging out in an array of bars. This urban revival is a source of great pride in Fargo.