

Top 5 Cities for Building a Career in Wealth Management

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FULL TEXT

Launching a career in wealth management can be intimidating for young advisors—but starting out in the right city can help.

One in 10 advisors are based in the New York City metropolitan area, but a new study by SmartAsset , an online resource connecting consumers with financial advisors, found that cities in Virginia, Louisiana, Oregon, and Minnesota may be better suited for advisors early in their careers who are looking to build a practice.

"As young financial advisors set up shop and help clients reach financial goals, it's important that they position themselves to reach personal financial goals as well (such as saving for retirement or buying a home)," says SmartAsset spokesperson Mark LoCastro. "As a result, income growth potential, job demand and housing affordability should be key considerations when deciding where to establish and grow an advisor's book of business."

SmartAsset analyzed data from the Bureau of Labor Statistics, the Census Bureau, and its own advisor matching tool to compare 100 of the largest U.S. cities. The study incorporated five metrics: average financial advisor earnings; rent as a percentage of earnings; financial advisor search volume in proportion to the city's population; percentage of households earning \$200,000 or more; and percentage of the population nearing retirement. Researchers ranked each city on every metric, then calculated the city's average ranking to determine a final score on a scale of 0 to 100, with 100 being the highest grade.

The top five cities for young advisors were:

1. Chesapeake, Va.

This coastal city of a little under 250,000 people ranked in the top 20% of cities for three out of five of the metrics included in the study. The average advisor earnings of \$158,860 and the percentage of population nearing retirement were the eighth highest among the cities surveyed. Neighboring city Virginia Beach also ranked among the top 10 cities for young advisors.

2. Richmond, Va.

Virginia's vibrant capital, located a two-hour drive from Washington, D.C., ranked in the top 10% of cities in two metrics: average advisor earnings and rent as a percentage of average financial advisor earnings.

3. New Orleans, La.

Young advisors attracted to New Orleans' cultural richness can also benefit from a myriad of career opportunities. The city ranked in the top 25% of cities for average earnings, rent as a percentage of earnings, and the percentage of population nearing retirement.

4. Portland, Ore.

Widely known as a city immersed in nature, Portland is also home to the Silicon Forest, a cluster of high-tech companies with offices in the city's metropolitan area. As a result, Portland is packed with high-earners, as 11% of households earn more than \$200,000 annually. Portland residents are also 1.4 times more likely to search for financial advisors than average across the U.S., the study found.

5. Minneapolis, Minn.

Average household income in Minneapolis ranked fourth-highest in the study at \$161,020. Coupled with the city's

relatively low rents, the most populous city in Minnesota is another attractive choice for aspiring advisors. Neighboring "twin city" St. Paul, Minn., also ranked among the top 10 cities for young advisors. This is the second year SmartAsset conducts the study. Last year, New York, N.Y.; San Francisco, Calif.; Chicago, Ill.; Charlotte, N.C.; and Oakland, Calif., were the study's top five cities for young advisors. Researchers attribute the difference to a change in the way they measured search volume. Last year, they counted overall search volume on their advisor matching tool in a particular geographic area. This year, they calculated the search volume relative to the area's population so big cities would not have an unfair advantage over smaller cities, the report said.

The results were also impacted by changes in financial advisor pay, LoCastro says. Average pay in the Minneapolis-St. Paul area increased by nearly 42% in the 2021 study, compared to last year. In contrast, the New York City metropolitan area only saw a 2.42% year-over-year increase, he adds.

Researchers obtained average financial advisor earnings from metro-level data reported by the Bureau of Labor statistics for May 2020. They calculated rent as a percentage of financial advisor earnings by dividing the area's median annual rent, according to the Census Bureau, by average financial advisor earnings. The Census Bureau also supplied the data to calculate the percentage of high-earning households and the percentage of the population nearing retirement, or the population between the ages of 45 and 64. "We crunched the data to help young financial advisors find U.S. cities where they may be well-positioned for personal and professional success," LoCastro says.

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 Credit: By Sabrina Escobar

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