



The Middle Market Power Index: BEST U.S. CITIES FOR MIDDLE MARKET FIRMS

Since 2015, American Express and Dun & Bradstreet (D&B) have collaborated to increase public understanding of the vital role that middle market firms — defined as businesses with revenues between \$10 million and \$1 billion — play in the American economy. Middle Market firms contribute greatly to the economy, but in many cases, we know less about these companies than their smaller and larger counterparts.

This eighth report in the Middle Market Power Index series focuses on middle market firms' performance in major U.S. cities during the years of 2009, 2011, 2016, and 2017. These years were chosen because they represent key points in time since the U.S.'s rebirth from the financial recession.

Data for this report is drawn from Dun & Bradstreet's database of commercially-active businesses, which is updated on a monthly basis.

This report focuses on cities and analyzes data involving metropolitan areas as defined by D&B. For this reason, and because this report is centered on urban area development of middle market firms, the terms metropolitan area and city are interchangeable here.

MIDDLE MARKET FIRMS TODAY

WHEN IT COMES TO MIDDLE MARKET FIRMS, NEW YORK CITY IS A GIANT. For New York City, having the most middle market firms is key to maintaining its status as the economic center of the United States. A typical New York City middle market firm is larger than firms in other cities in terms of average number of employees and average revenues. In addition, New York City has a relatively high percentage of startups — defined as companies less than 10 years old — scaling to become middle market firms. For these reasons, New York City is well positioned to continue its economic prominence.

CITIES IN TEXAS ARE MIDDLE MARKET POWERHOUSES. Texas is home to three cities — the most of any state — that shine by middle market metrics. Dallas and Houston rank as two of the top five U.S. cities for the highest number of middle market firms, total number of employees, and total revenue generated. San Antonio and Dallas rank high for metrics that measure the importance of middle market firms to the local economy.

MID-SIZED CITIES ARE FERTILE GROUNDS FOR MIDDLE MARKET FIRMS. With their labor pool, infrastructure, and affordable lifestyle, mid-sized cities from San Antonio to Baltimore, and from Detroit to Denver show that flyover cities are great homes for mid-sized firms.

HOUSTON, DALLAS, AND NEW YORK HAVE THE HIGHEST CONCENTRATION OF STARTUPS SCALING TO BECOME MIDDLE MARKET FIRMS. Because of the jobs that startups create and the innovations they bring to market, startups that become middle market firms in less than 10 years play a vital role in the dynamism of a local economy. Houston, Dallas, and New York City have a much higher percentage of these firms than the national average.

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Why Focus on Middle Market Firms and Cities

Middle market firms are defined as those that generate revenues between \$10 million and \$1 billion. While small in number — accounting for only about 1% of all commercially-active companies — middle market firms make an immense impact on the economy. These firms employ more than one-in-four U.S. workers and generate more than one quarter of all U.S. market revenue. Notably, between 2011 and 2017, middle market firms' share of overall employment and revenue rose significantly — from less than 20% in 2011 to 27% in 2017. Middle market firms were also responsible for the lion's share of job creation (52%) during this time period.¹

Yet despite their importance to the health of the U.S. economy, middle market firms are often overshadowed by their smaller and bigger siblings. Underappreciated no more, The Middle Market Power Index series of reports highlight their contributions. Middle market firms have stood the test of time — 55% have been in business for 30 years or more versus 11% for all companies. They are substantial enough — averaging 293 employees and generating \$51.6 million in revenues annually — to have the human and capital resources needed to withstand adversity as well as take advantage of opportunities. These firms are also agile and nimble, growing more than small and large companies between 2011 and 2017.

Cities play a unique and critical role, providing infrastructure, talent and an attractive lifestyle—the breeding grounds for entrepreneurs who start and grow into middle market firms. The 20 cities with the most middle market firms account for 37% of the overall number of middle market firms and 40% of these firms' employment and revenue. The five cities with the highest number of middle market firms account for 16% of all firms, 18% of employment and 19% of revenues.

How Cities' Middle Market Firms Were Analyzed

Because of the important role that middle market firms play in the U.S. economy, American Express and Dun & Bradstreet undertook this study to better understand the strengths and weaknesses of cities/metropolitan areas across the country. The 25 most populous cities were ranked by metrics that measure the state of a city's middle market firm sector. Rankings per metric were then narrowed to the top 20. For a full list of metropolitan areas and city stats see page 4.

A metropolitan area can be a single large city such as Chicago or Atlanta, or contain more than one large city with no single municipality holding a substantially dominant position (e.g., Dallas–Fort Worth metroplex, Norfolk-Virginia Beach (Hampton Roads), Riverside–San Bernardino (Inland Empire) or Minneapolis–Saint Paul). As previously explained, the terms city and metropolitan area are applied interchangeably because ultimately, it is urban areas being expanded upon, and both terms capture the landscape and data that is examined.

The report used several types of rankings. One set of rankings was based on size: ranking cities by the number of middle market firms, the overall number of employees, and the overall revenue they generate. It also includes rankings for average number of employees per firm, average revenue per firm, and revenue per employee.

Another analysis controlled for city size by ranking cities on the importance of middle market firms to the local economy. The five categories analyzed were:

1. **Middle market dominance**, which measures overall importance of middle market firms to a city's economy. The category is a combined ranking of a city's individual rankings for share of middle market firms, total employment, and total revenue.
2. **Economic clout**, which ranks cities/metropolitan areas based on the combined growth rate from 2009 to 2017 in terms of the number of firms and growth in employment and revenues.
3. **Employment vitality**, which analyzes a city's employment growth rate from 2009 to 2017 and the average number of employees.
4. **Diversity difference** — minority-owned businesses, a key enabler of innovation, which ranks the share and growth of these businesses. A minority-owned business is one that is owned by someone of Asian, Black, Hispanic, or Native American heritage.
5. **Diversity difference** — women-owned businesses, a key enabler of innovation, which ranks the share and growth of women-owned businesses.

¹ The Middle Market Power Index: Economic Might of Middle Market Firms – August 2017.

Key Findings: Cities Analyzed by Size Metrics

NEW YORK CITY RANKS HIGHEST AMONG SIZE METRICS FOR MIDDLE MARKET SECTORS

New York City tops the charts for most measures of middle market size: number of firms, total number of employees, total revenue generated, and average revenue.

City Rankings by Size Metrics

When it comes to most measures of size, New York City is at the top. In 2017, New York City had the most middle market firms, highest total number of employees, and the greatest total revenue generated. And overall, NYC middle market firms averaged the highest revenues. However, in general, Orlando middle market firms employ more workers per firm and Houston firms generate more revenue per employee.

In New York City, population size correlates with its middle market statistics. However, population size does not always correlate with a city's middle market ranking. Chicago, the number three city in terms of population, climbs to the number two position in terms of middle market firm numbers, total employment, and total revenue.

Top 20 Metropolitan Area Rankings By:

Number of Firms	Employment	Revenue
1. New York-Newark-Jersey City, NY-NJ-PA (20,153,634 population ²)	1. New York-Newark-Jersey City, NY-NJ-PA	1. New York-Newark-Jersey City, NY-NJ-PA
2. Chicago-Naperville-Elgin, IL-IN-WI (9,512,999)	2. Chicago-Naperville-Elgin, IL-IN-WI	2. Chicago-Naperville-Elgin, IL-IN-WI
3. Los Angeles-Long Beach-Anaheim, CA (13,310,447)	3. Dallas-Fort Worth-Arlington, TX	3. Los Angeles-Long Beach-Anaheim, CA
4. Dallas-Fort Worth-Arlington, TX (7,233,323)	4. Los Angeles-Long Beach-Anaheim, CA	4. Dallas-Fort Worth-Arlington, TX
5. Houston-The Woodlands-Sugar Land, TX (6,772,470)	5. Washington-Arlington-Alexandria, DC-VA-MD-WV	5. Houston-The Woodlands-Sugar Land, TX
6. Washington-Arlington-Alexandria, DC-VA-MD-WV (6,131,977)	6. Detroit-Warren-Dearborn, MI	6. Washington-Arlington-Alexandria, DC-VA-MD-WV
7. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (6,070,500)	7. Houston-The Woodlands-Sugar Land, TX	7. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
8. San Francisco-Oakland-Hayward, CA (4,679,166)	8. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	8. San Francisco-Oakland-Hayward, CA
9. Detroit-Warren-Dearborn, MI (4,297,617)	9. Atlanta-Sandy Springs-Roswell, GA	9. Detroit-Warren-Dearborn, MI
10. Atlanta-Sandy Springs-Roswell, GA (5,789,700)	10. Minneapolis-St. Paul-Bloomington, MN-WI	10. Atlanta-Sandy Springs-Roswell, GA
11. Minneapolis-St. Paul-Bloomington, MN-WI (3,551,036)	11. San Francisco-Oakland-Hayward, CA	11. Boston-Cambridge-Newton, MA-NH
12. Boston-Cambridge-Newton, MA-NH (4,794,447)	12. Boston-Cambridge-Newton, MA-NH	12. Minneapolis-St. Paul-Bloomington, MN-WI
13. Phoenix-Mesa-Scottsdale, AZ (4,661,537)	13. Denver-Aurora-Lakewood, CO	13. Denver-Aurora-Lakewood, CO
14. Denver-Aurora-Lakewood, CO (2,853,077)	14. Seattle-Tacoma-Bellevue, WA	14. St. Louis, MO-IL
15. San Diego-Carlsbad, CA (3,317,749)	15. St. Louis, MO-IL	15. Phoenix-Mesa-Scottsdale, AZ

² The Metropolitan Statistical Areas rank by population as of July 1, 2016, as estimated by the United States Census Bureau.

Top 20 Metropolitan Area Rankings By (cont.):

Number of Firms	Employment	Revenue
16. St. Louis, MO-IL (2,807,002)	16. Phoenix-Mesa-Scottsdale, AZ	16. Seattle-Tacoma-Bellevue, WA
17. Seattle-Tacoma-Bellevue, WA (3,798,902)	17. San Diego-Carlsbad, CA	17. San Diego-Carlsbad, CA
18. Miami-Fort Lauderdale-West Palm Beach, FL (6,066,387)	18. Baltimore-Columbia-Towson, MD	18. Miami-Fort Lauderdale-West Palm Beach, FL
19. Baltimore-Columbia-Towson, MD (2,798,886)	19. Portland-Vancouver-Hillsboro, OR-WA	19. Baltimore-Columbia-Towson, MD
20. Riverside-San Bernardino-Ontario, CA (4,527,837)	20. Tampa-St. Petersburg-Clearwater, FL	20. Portland-Vancouver-Hillsboro, OR-WA

City Middle Market Firm Statistics Compared

Houston middle market firms generate the most revenue per employee \$215,107 nearly \$40,000 higher than the U.S average and nearly \$100,000 higher than Orlando, the lowest ranked city analyzed. This indicates a high degree of productivity for middle market firms in the Houston area. Productivity is measured by the amount of goods and services a worker produces and is a fundamental indicator of economic growth. Other cities with high productivity as evidenced by their high revenue per employee are Los Angeles, Miami, Riverside, and Philadelphia. On the flip side, Tampa, Baltimore, Detroit, San Antonio, and Orlando have the lowest revenues given their employee numbers. Interestingly, New York City, the "Mecca" of middle market firms, has an average revenue per employee below the national number.

2017 Middle Market Firm City Statistics for all the Metropolitan Areas Analyzed

	Number of MMF	Avg Number of Employees Per Firm	Avg Revenues Per Firm	Rev Per Employee
United States	179,782	293	\$ 51,648,671	\$ 176,159
Atlanta-Sandy Springs-Roswell, GA	2,951	333	\$ 57,099,258	\$ 171,215
Baltimore-Columbia-Towson, MD	1,587	333	\$ 50,164,836	\$ 150,787
Boston-Cambridge-Newton, MA-NH	2,428	334	\$ 61,462,621	\$ 184,256
Charlotte-Concord-Gastonia, NC-SC	927	295	\$ 54,946,580	\$ 186,415
Chicago-Naperville-Elgin, IL-IN-WI	6,613	315	\$ 57,717,419	\$ 183,217
Dallas-Fort Worth-Arlington, TX	4,303	381	\$ 62,144,684	\$ 163,245
Denver-Aurora-Lakewood, CO	1,944	367	\$ 61,957,484	\$ 168,693
Detroit-Warren-Dearborn, MI	3,012	417	\$ 57,255,061	\$ 137,454
Houston-The Woodlands-Sugar Land, TX	4,272	284	\$ 61,138,925	\$ 215,107
Los Angeles-Long Beach-Anaheim, CA	6,276	257	\$ 52,362,486	\$ 203,734
Miami-Fort Lauderdale-West Palm Beach, FL	1,718	238	\$ 47,363,907	\$ 198,902
Minneapolis-St. Paul-Bloomington, MN-WI	2,654	363	\$ 55,032,689	\$ 151,603
New York-Newark-Jersey City, NY-NJ-PA	7,925	395	\$ 65,740,986	\$ 166,419
Orlando-Kissimmee-Sanford, FL	960	448	\$ 53,579,760	\$ 119,701
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	3,597	306	\$ 57,375,496	\$ 187,616
Phoenix-Mesa-Scottsdale, AZ	1,987	267	\$ 49,752,353	\$ 186,001
Portland-Vancouver-Hillsboro, OR-WA	1,344	347	\$ 54,075,491	\$ 155,923
Riverside-San Bernardino-Ontario, CA	1,563	208	\$ 41,016,554	\$ 197,312
Saint Louis, MO-IL	1,850	302	\$ 55,889,117	\$ 184,931
San Antonio-New Braunfels, TX	857	423	\$ 51,933,820	\$ 122,912
San Diego-Carlsbad, CA	1,889	280	\$ 48,297,086	\$ 172,649
San Francisco-Oakland-Hayward, CA	3,369	279	\$ 51,270,622	\$ 183,595
Seattle-Tacoma-Bellevue, WA	1,811	318	\$ 54,467,638	\$ 171,509
Tampa-St. Petersburg-Clearwater, FL	1,367	330	\$ 49,590,863	\$ 150,190
Washington-Arlington-Alexandria, DC-VA-MD-WV	3,972	332	\$ 54,140,260	\$ 163,251

An In-depth Analysis of the Five Biggest Middle Market Cities

NO CITY WAS SPARED THE ROLLER COASTER RIDE CAUSED BY THE RECESSION.

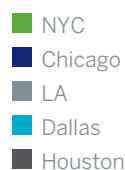
After a big dip in the number of firms, total employment and total revenues, middle market firms not only recovered but have surpassed 2009 levels.

Trends in Number of Firms, Employment, and Revenue

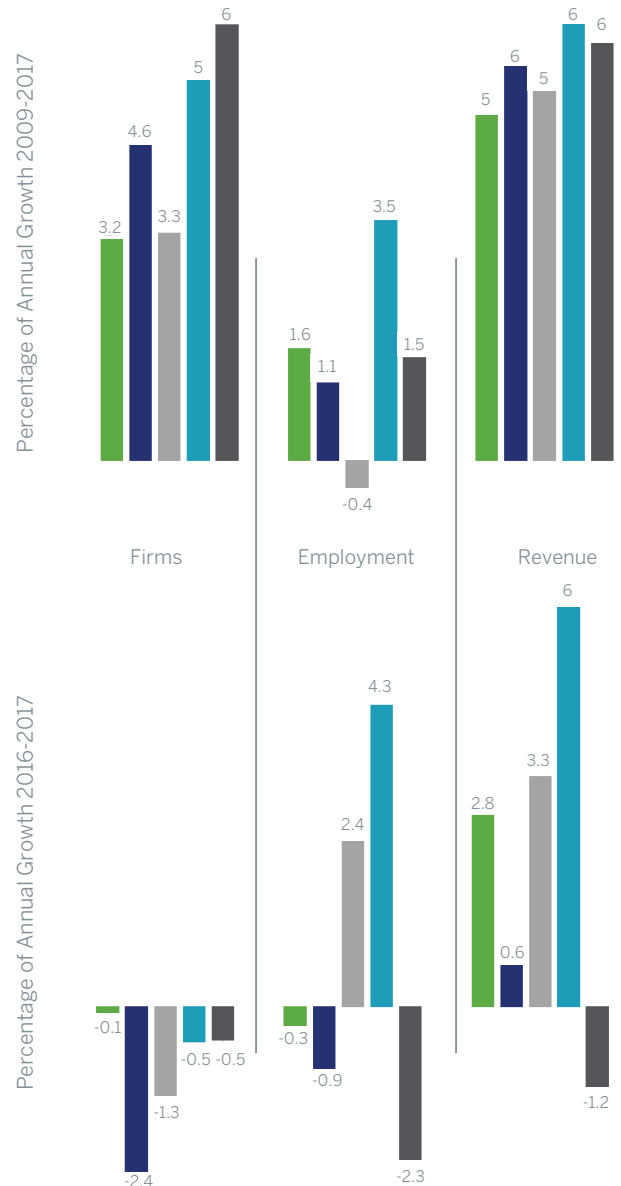
While the recession officially ended in June 2009, the middle market firm sector continued to contract as evidenced by the dramatic dip in the number of firms, employment, and revenue in the five largest cities between 2009 and 2011. When economic activity started showing greater signs of growth, middle market firms as a sector proved that they are the most buoyant, active, and growth-oriented of all businesses, according to The Middle Market Power Index: Economic Might of Middle Market Firms (August 2017). The same pattern is reflected among these cities. From 2012 to 2016, with the exception of total employment in Los Angeles, the top five largest cities experienced a period of sustained growth, which surpassed 2009 levels.

Between 2016 and 2017:

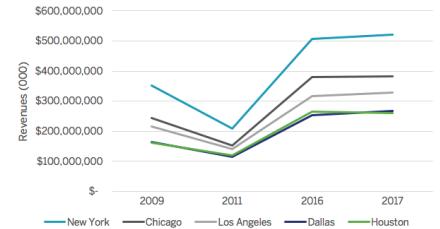
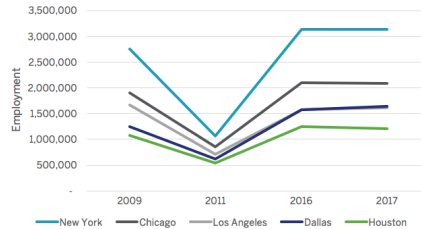
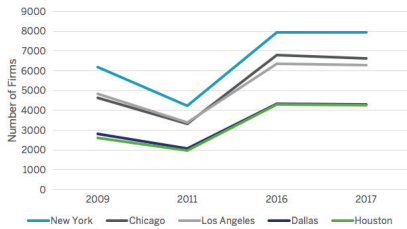
- The five biggest middle market firms saw a minor decline in their numbers.
- Los Angeles and Dallas were the only cities in which total employment increased.
- Revenues for middle market firms increased in New York City, Chicago, Los Angeles, and Dallas but decreased in Houston.



Growth Rate Trends in the Five Largest Middle Market Firms



Analysis of the Five Metropolitan Areas With the Highest Number of Middle Market Firms Between 2009 and 2017



Middle Market Industries

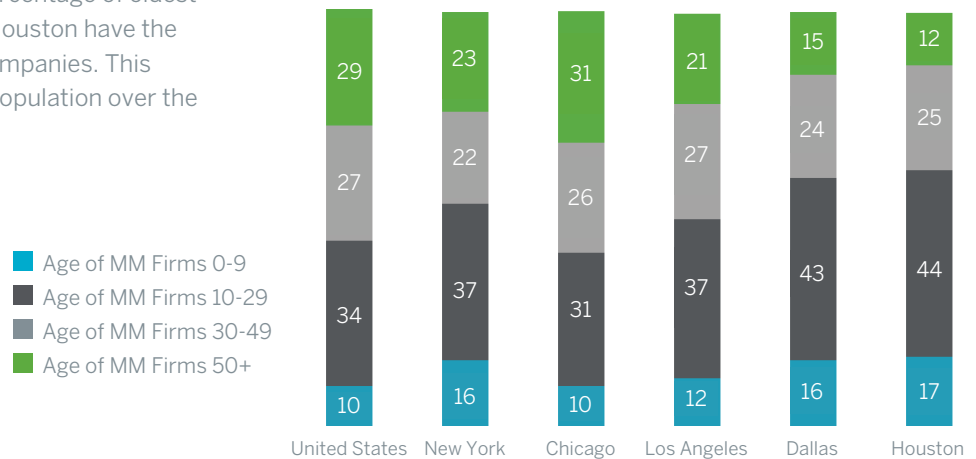
Combined, the manufacturing, wholesale trade, and business services sectors account for nearly half of all middle market firms nationwide. Among the five cities, the same three industries also dominate, though the rank order of the three industries varies by city. For example, manufacturing is the top middle market industry in Chicago (23%) and this industry ties for first place with wholesale trade in Dallas (16%). Wholesale trade is the top middle market firm industry for New York (19%), Los Angeles (25%) and Houston (19%). Los Angeles middle market firms are most likely to be in these three industries (56%) and Dallas firms are the least likely (46%).

Because of the jobs they create and innovations they bring to market, startups that scale to be middle market firms in less than 10 years are particularly vital to creating dynamic local economies. Some cities are better than others at creating a conducive environment for companies to start and grow. New York City, Dallas, and Houston have the highest percentage of young (0-9 years old) middle market firms. By far, Chicago has the highest percentage of oldest companies (30+ years old). Dallas and Houston have the lowest percentage of 30 year or older companies. This reflects both cities' dramatic growth in population over the past few decades.

Top Three Industries in the Metropolitan Areas With the Most Middle Market Firms

	Manu- facturing	Wholesale Trade	Business Services	Total
U.S.	18%	17%	11%	46%
New York-Newark- Jersey City, NY-NJ-PA	11%	19%	17%	47%
Chicago-Naperville- Elgin, IL-IN-WI	23%	18%	13%	54%
Los Angeles-Long Beach-Anaheim, CA	19%	25%	12%	56%
Dallas-Fort Worth- Arlington, TX	16%	16%	14%	46%
Houston-The Woodlands-Sugar Land, TX	18%	19%	13%	50%

Percentage of Age Distribution of Companies in the Five Largest Middle Market Metropolitan Areas vs. U.S.



Key Findings: The Importance of Middle Market Firms to a City's Economy

WHEN SIZE OF METROPOLITAN AREA IS CONTROLLED FOR, MIDDLE MARKET FIRMS SHINE BRIGHTEST IN MIDDLE AMERICA'S CITIES.

From San Antonio to Detroit and Houston to Denver, middle market firms in cities throughout the central U.S. play a big role in their respective local economies.

The five largest cities would seemingly have the upper hand with middle market firms. They have diverse talent pools, university hubs, and the capacity to attract people from other states and countries. However, city size does not tell a complete story about the state of middle market firms in a specific metropolitan area. Mid-sized cities have these attractive, positive characteristics too, albeit to a lesser degree. However, they have another crucial characteristic — an affordable, quality lifestyle.

The report examined other rankings that take into account market share, growth rates, and average number of employees, which all control for the size of metropolitan areas. An analysis of each of the five categories reveals how cities differ in terms of their strength and weaknesses, and points to ways they can improve. It also highlights how valuable middle market firms are to mid-sized cities. With the exception of Dallas, it is mid-sized cities which rank highest in the five categories analyzed.

Top Five Cities for Categories Measuring Middle Market Strength

Middle Market Dominance	Economic Clout	Employment Vitality	Diversity Difference: Minority-owned Businesses	Diversity Difference: Women-owned Businesses
1. Detroit-Warren-Dearborn, MI	1. San Antonio-New Braunfels, TX	1. Orlando-Kissimmee-Sanford, FL	1. Baltimore-Columbia-Towson, MD	1. San Antonio-New Braunfels, TX
2. Baltimore-Columbia-Towson, MD	2. Dallas-Fort Worth-Arlington, TX	2. San Antonio-New Braunfels, TX	2. San Antonio-New Braunfels, TX	2. Riverside-San Bernardino-Ontario, CA
3. Saint Louis, MO-IL	3. Detroit-Warren-Dearborn, MI	3. Detroit-Warren-Dearborn, MI	3. Dallas-Fort Worth-Arlington, TX	3. Dallas-Fort Worth-Arlington, TX
4. Portland-Vancouver-Hillsboro, OR-WA	4. Miami-Fort Lauderdale-West Palm Beach, FL	4. Dallas-Fort Worth-Arlington, TX	3. Houston-The Woodlands-Sugar Land, TX	4. Houston-The Woodlands-Sugar Land, TX
4. San Diego-Carlsbad, CA	5. Denver-Aurora-Lakewood, CO	5. Minneapolis-St. Paul-Bloomington, MN-WI	3. San Diego-Carlsbad, CA	5. Washington, DC-Arlington-Alexandria, VA

Note: Definitions of the five categories are on page 2.

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An analysis of which cities perform the best across the five categories confirms the strength of middle market firms in the Heartland. In contrast to the coasts, cities in Middle America are known for sense of community, work life balance, and pragmatic nature. They are hidden gems, with unique economic environments, which are reflected by their high rankings based on the five middle market firm categories. Baltimore is the only exception. Interestingly, it has a lot in common with Heartland cities. It is overlooked despite being a seaport city with a great harbor view and a lower cost of living.

No single U.S. city ranks high for all five middle market categories. Dallas excels for its big numbers (in terms of number of middle market firms, total number of employees, and total revenue generated) as well as for its importance to the local economy. Mid-sized cities such as San Antonio, Detroit, Baltimore, and Denver also show middle market strength. While these high performing cities are geographically spread across the United States, cities from the Pacific coast and South East are notably absent.

- San Antonio ranks high for four of the five categories: economic clout, employment vitality, diversity difference for both minority- and women-owned businesses. It ranks low for middle market dominance.
- Baltimore ranks high for middle market dominance and share of minority-owned firms. It ranks somewhat high for economic clout, employment vitality and share of women-owned firms.
- Dallas ranks high for four of the five categories: economic clout, employment vitality, and diversity difference—both minority- and women owned businesses. It ranks low for middle market dominance.
- Detroit ranks high for three of the categories: middle market dominance, economic clout, and employment vitality. It has a split ranking for diversity difference—having a somewhat high share of minority-owned businesses, and a low share of women-owned businesses.
- Denver ranks high for economic clout, somewhat high for employment vitality, share of minority- and women-owned businesses, and somewhat low for middle market dominance.

While no one city ranks poorly for all five metrics of middle market health, three cities—Seattle, Atlanta and Los Angeles—ranked particularly low. These cities are located on the Pacific coast and in the southeast.

- Seattle didn't break into the top 20 ranking for middle market dominance, nor for the share of minority- and women-owned firms. It ranked low for economic clout, but ranked somewhat high for employment vitality.
- Atlanta also didn't rank in the top 20 cities for three metrics: middle market dominance, economic clout and share of minority-owned firms. It ranked low for employment vitality, but somewhat high for the share of women-owned businesses.
- Los Angeles didn't break into the top 20 for economic clout or employment vitality. It ranked low for the share of minority- and women-owned businesses. It ranked somewhat high for middle market dominance.

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- 1-5
- 6-10
- 11-15
- 16-20
- Didn't rank in the top 20

A Comparison of the Top 20 Middle Market Firms by the Five Categories

Metropolitan Area	MM Dominance	Economic Clout	Employment Vitality	Minority-Owned Firms	Women-Owned Firms
Atlanta-Sandy Springs-Roswell, GA			17		11
Baltimore-Columbia-Towson, MD	2	6	8	1	7
Boston-Cambridge-Newton, MA-NH	12	9	14	11	19
Charlotte-Concord-Gastonia, NC-SC		8	20	8	8
Chicago-Naperville-Elgin, IL-IN-WI	7	13	17		
Dallas-Fort Worth-Arlington, TX	17	2	4	3	3
Denver-Aurora-Lakewood, CO	12	5	6	9	6
Detroit-Warren-Dearborn, MI	1	3	3	20	11
Houston-The Woodlands-Sugar Land, TX	11	6	16	3	4
Los Angeles-Long Beach-Anaheim, CA	6			19	17
Miami-Fort Lauderdale-West Palm Beach, FL		4	10	10	10
Minneapolis-St. Paul-Bloomington, MN-WI	15	9	5	11	20
New York-Newark-Jersey City, NY-NJ-PA	15	18	6		
Orlando-Kissimmee-Sanford, FL	10	11	1	16	16
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	7			16	13
Phoenix-Mesa-Scottsdale, AZ	19	12	15	16	15
Portland-Vancouver-Hillsboro, OR-WA	4		12		17
Riverside-San Bernardino-Ontario, CA	9			6	2
Saint Louis, MO-IL	3	16		11	14
San Antonio-New Braunfels, TX	17	1	1	2	1
San Diego-Carlsbad, CA	4	15		3	9
San Francisco-Oakland-Hayward, CA		14	17	11	
Seattle-Tacoma-Bellevue, WA		19	9		
Tampa-St. Petersburg-Clearwater, FL	20	19	10	11	
Washington-Arlington-Alexandria, DC-VA-MD-WV	12	17	13	7	5

Conclusions

- U.S. cities play a unique and critical role in the development and success of middle market firms by providing infrastructure, talent, and an attractive lifestyle. Attributes such as these are breeding grounds for entrepreneurs who start and grow firms that make it into the middle market. Building on this, mid-sized cities have one additional benefit over their larger counterparts — affordability. Mid-sized cities like San Antonio, Baltimore, Detroit and Denver (often perceived as flyover cities) prove that they are a great home for middle market firms.
- There is a unique and reciprocal relationship between middle market firms and the cities where they live. In many places, middle market firms are key to a resilient economy – whether it is Houston recovering from a natural disaster or Baltimore and Detroit reviving their traditional economies. One reason for this is the natural advantage that middle market firms have: they are substantial enough to have the human and capital resources needed to withstand hard times (averaging 293 employees and generating \$51.6 million in revenues), yet small, agile and nimble enough to take advantage of new opportunities.
- Because of the jobs startups create and the innovations they bring to market, startups that become middle market firms in less than 10 years play a vital role in the dynamism of a local economy. Mid-sized firms play a critical role in keeping all cities including larges ones like Houston, Dallas, and New York City vibrant.

Methodology Note

This report is based on an analysis of all of the US firms in Dun & Bradstreet's (D&B's) commercial databases between March 2011 and March 2017. The first database is a virtual census of all of the commercially active businesses in the United States (defined as firms that have obtained a D-U-N-S® Number and that sell and receive goods and services and use credit transactions in their business). The second is D&B's credit scoring archive database, which collects and models commercial activity and business financial strength. All subsidiary and business establishment data are combined; only enterprise-level data (top of the business family tree, or Ultimate D-U-N-S Number firms) are reported. Additionally, public sector entities are excluded.

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