High Performing Economic Development: Lessons From the Field

Kevin Greiner
Research Fellow, FIU Metropolitan Center
High Performing Economic Development

Recognize Key Trends Impacting the Region

Strategically Respond to Key Trends & Opportunities

Adopt High-Performing Operating Procedures
High Performing Economic Development

Focusing on Economic Performance

High Performing Regional Economies:

• Stable, Long Term Job and Wage Growth
• Diverse, High Value-Added Industry Clusters in Nationally Growing Sectors
• Less Dependent on Population Increases and In-migration for Growth
• Resistant to Sharp Economic Cycles
• High Rates of Innovative Output: Advanced Products, Services, Technology Platforms and Business Processes
• Higher-income Employment, and High Per Capita Regional GMP
• High Horizontal mobility – knowledge and skills apply across different industries and occupations
• High Vertical Mobility – Broader Opportunity to Move up the Income Ladder
Miami-Dade Metro Economy:

2 Steps Forward – 1 Step Back?

Susceptibility to Economic Cycles
Wiping Out Jobs and Re-Booting
Lost Personal Wealth
Falling Behind Other Regions

Resilient – Yes
High Performing – No
Employment

- Multiple Cyclical Losses
- Miami-Dade: 7 Year Employment Recovery
- US 2000 - 2010: 0 Net Gain Jobs
- Miami-Dade County: 42,000 Net Jobs Lost
Trends

Total Non-Farm Employment, High Performing Regions

Total Non-Farm Employment, Low Performing Regions
Wage Growth

- Metro: Below US Average Wages And Incomes
- Broward Wage Growth: +3% 2000-2007; Under 2% Since 2009
  - At Or Less Than Current Annual Rate Of Inflation Since 2010
- Evidence Of High Wage Job Shedding During Recession
- Broward Median HH Income – 3% Below US Median
- Miami Dade Median HH Income – 16% Below US Median
Weekly Average Wages - High Performing MSA's

Weekly Average Wages - Low Performing MSA's
Trends

*Industrial Concentration*

![Chart showing employment by sector in May, High (2007) to Low (2010) to Latest (2013) Miami-Dade County.](chart)

- Total Employment: 1,070,200
- Government: 157.4
- Educational and Health Services: 148.3
- Professional and Business Services: 142.9
- Retail Trade: 127.4
- Leisure and Hospitality: 106.1
- Wholesale Trade: 77.4
- Financial Activities: 76.9
- Transportation and Utilities: 61.5
- Construction: 55.7
- Manufacturing: 48
- Other Services: 46.9
- Information: 21.1

- Total Employment: 989,700
- Education and Health Services: 159.5
- Professional and Business Services: 123.2
- Retail Trade: 121.8
- Leisure and Hospitality: 107.8
- Transportation and Utilities: 57.6
- Other Services: 44.4
- Manufacturing: 35.5
- Construction: 32.6
- Information: 17.8

- Total Employment: 1,038,400
- Education and Health Services: 163.8
- Professional and Business Services: 138
- Retail Trade: 136.5
- Government: 136.2
- Leisure and Hospitality: 126.3
- Wholesale Trade: 76.3
- Financial Activities: 71.6
- Transportation and Utilities: 61.9
- Other Services: 44.7
- Manufacturing: 34.6
- Construction: 30.3
- Information: 17.8

Trends

Educational Attainment
Below National Averages Across All Age Groups

Science, Technology, Engineering & Math (STEM) Employment

STEM Employment Important Indicator of Overall Performance: Faster Recovery, Stronger Wage Growth

Miami MSA: 81st out of 100 Largest Metros

Patent Intensity: Directly Correlated to Job Growth

### Table 7. Average Unemployment Rates from 1990 to 2010 and Patent Growth in the 100 Largest Metro Areas

<table>
<thead>
<tr>
<th>Metro Areas with the highest growth in patents from 1990 to 2010</th>
<th>Average Unemployment Rate, average 1990-2010</th>
<th>Patent Growth, annual average 1990-2010</th>
<th>Change in share of population with Bachelor’s or higher, 1990-2010</th>
<th>Job growth, annual average 1990-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boise City-Nampa, ID</td>
<td>4.6</td>
<td>11.90%</td>
<td>8.40%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Provo-Orem, UT</td>
<td>4.1</td>
<td>8.90%</td>
<td>9.20%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Seattle-Tacoma-Bellevue, WA</td>
<td>5.5</td>
<td>8.90%</td>
<td>10.00%</td>
<td>1.20%</td>
</tr>
<tr>
<td>Raleigh-Cary, NC</td>
<td>4</td>
<td>8.80%</td>
<td>11.40%</td>
<td>2.60%</td>
</tr>
<tr>
<td>San Jose-Sunnyvale-Santa Clara, CA</td>
<td>5.9</td>
<td>8.10%</td>
<td>12.40%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Austin-Round Rock-San Marcos, TX</td>
<td>4.3</td>
<td>8.10%</td>
<td>8.70%</td>
<td>3.40%</td>
</tr>
<tr>
<td>Las Vegas-Paradise, NV</td>
<td>6</td>
<td>7.20%</td>
<td>7.90%</td>
<td>3.80%</td>
</tr>
<tr>
<td>San Francisco-Oakland-Fremont, CA</td>
<td>5.4</td>
<td>7.00%</td>
<td>11.50%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Poughkeepsie-Newburgh-Middletown, NY</td>
<td>4.9</td>
<td>6.60%</td>
<td>7.70%</td>
<td>0.40%</td>
</tr>
<tr>
<td>Tucson, AZ</td>
<td>4.7</td>
<td>6.50%</td>
<td>6.30%</td>
<td>1.70%</td>
</tr>
<tr>
<td><strong>Average for high growth metro areas</strong></td>
<td><strong>4.9</strong></td>
<td><strong>8.20%</strong></td>
<td><strong>9.30%</strong></td>
<td><strong>1.90%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metro Areas with the lowest growth in patents from 1990 to 2010</th>
<th>Average Unemployment Rate, average 1990-2010</th>
<th>Patent Growth, annual average 1990-2010</th>
<th>Change in share of population with Bachelor’s or higher, 1990-2010</th>
<th>Job growth, annual average 1990-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeland-Winter Haven, FL</td>
<td>7.1</td>
<td>-1.10%</td>
<td>5.10%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>5.6</td>
<td>-1.10%</td>
<td>10.10%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Buffalo-Niagara Falls, NY</td>
<td>5.9</td>
<td>-1.20%</td>
<td>8.50%</td>
<td>-0.10%</td>
</tr>
<tr>
<td>Toledo, OH</td>
<td>6.8</td>
<td>-1.30%</td>
<td>6.10%</td>
<td>-2.20%</td>
</tr>
<tr>
<td>El Paso, TX</td>
<td>9.2</td>
<td>-1.40%</td>
<td>4.10%</td>
<td>1.40%</td>
</tr>
<tr>
<td>Dayton, OH</td>
<td>5.7</td>
<td>-1.60%</td>
<td>5.30%</td>
<td>-0.60%</td>
</tr>
<tr>
<td>Tulsa, OK</td>
<td>4.8</td>
<td>-1.70%</td>
<td>5.30%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Chattanooga, TN-GA</td>
<td>5.1</td>
<td>-2.10%</td>
<td>6.90%</td>
<td>0.60%</td>
</tr>
<tr>
<td>New Orleans-Metairie-Kenner, LA</td>
<td>6.1</td>
<td>-2.50%</td>
<td>6.40%</td>
<td>-0.20%</td>
</tr>
<tr>
<td>Baton Rouge, LA</td>
<td>5.4</td>
<td>-5.30%</td>
<td>5.20%</td>
<td>1.60%</td>
</tr>
<tr>
<td><strong>Average for low growth metro areas</strong></td>
<td><strong>6.2</strong></td>
<td><strong>-1.90%</strong></td>
<td><strong>6.30%</strong></td>
<td><strong>0.50%</strong></td>
</tr>
<tr>
<td><strong>Average for all large metro areas</strong></td>
<td><strong>5.7</strong></td>
<td><strong>2.30%</strong></td>
<td><strong>7.90%</strong></td>
<td><strong>1.00%</strong></td>
</tr>
</tbody>
</table>

Source: Brookings analysis of Moody’s Analytic, Bureau of Labor Statistics, Census Bureau Decennial Census, and Strumsky Patent Database. One patent is assigned to metro area if at least one inventor lives there.
## Patent Intensity: Increasing Economic Value

<table>
<thead>
<tr>
<th>State</th>
<th>County</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CALIFORNIA</td>
<td>Santa Clara County</td>
<td>298,725</td>
</tr>
<tr>
<td>2 CALIFORNIA</td>
<td>San Diego County</td>
<td>92,481</td>
</tr>
<tr>
<td>3 WASHINGTON</td>
<td>King County</td>
<td>91,450</td>
</tr>
<tr>
<td>4 CALIFORNIA</td>
<td>San Mateo County</td>
<td>83,111</td>
</tr>
<tr>
<td>5 MASSACHUSETTS</td>
<td>Middlesex County</td>
<td>80,009</td>
</tr>
<tr>
<td>6 CALIFORNIA</td>
<td>Los Angeles County</td>
<td>77,222</td>
</tr>
<tr>
<td>7 CALIFORNIA</td>
<td>Alameda County</td>
<td>71,636</td>
</tr>
<tr>
<td>8 CALIFORNIA</td>
<td>Orange County</td>
<td>56,655</td>
</tr>
<tr>
<td>9 NEW YORK</td>
<td>Monroe County</td>
<td>41,144</td>
</tr>
<tr>
<td>10 MICHIGAN</td>
<td>Oakland County</td>
<td>40,373</td>
</tr>
</tbody>
</table>

116 FLORIDA Miami-Dade County 5,845
Innovation Capacity

Figure 1: The County-Level Innovation Index for the United States

Source: Indiana Business Research Center
**Advanced Industries:**
- Knowledge Intensity, High Wages, Large Employment Multipliers
- Highest Value-Added Industries

### The 50 Industries That Constitute the Advanced Industries Sector

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>ENERGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Products and Parts</td>
<td>Electric Power Generation, Trans., and Distribution</td>
</tr>
<tr>
<td>Agr., Construction, and Mining Machinery</td>
<td>Metal Ore Mining</td>
</tr>
<tr>
<td>Aluminum Production and Processing</td>
<td>Oil and Gas Extraction</td>
</tr>
<tr>
<td>Audio and Video Equipment</td>
<td></td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td></td>
</tr>
<tr>
<td>Clay Products</td>
<td></td>
</tr>
<tr>
<td>Commercial and Service Industry Machinery</td>
<td></td>
</tr>
<tr>
<td>Communications Equipment</td>
<td></td>
</tr>
<tr>
<td>Computers and Peripheral Equipment</td>
<td></td>
</tr>
<tr>
<td>Electric Lighting Equipment</td>
<td></td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td></td>
</tr>
<tr>
<td>Engines, Turbines, and Power Trans. Equipment</td>
<td></td>
</tr>
<tr>
<td>Foundries</td>
<td></td>
</tr>
<tr>
<td>Household Appliances</td>
<td></td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td></td>
</tr>
<tr>
<td>Iron, Steel, and Ferroalloys</td>
<td></td>
</tr>
<tr>
<td>Motor Vehicle Bodies and Trailers</td>
<td></td>
</tr>
<tr>
<td>Motor Vehicle Parts</td>
<td></td>
</tr>
<tr>
<td>Other Chemical Products</td>
<td></td>
</tr>
<tr>
<td>Other Electrical Equipment and Components</td>
<td></td>
</tr>
<tr>
<td>Other General Purpose Machinery</td>
<td></td>
</tr>
<tr>
<td>Other Miscellaneous Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Other Nonmetallic Mineral Products</td>
<td></td>
</tr>
<tr>
<td>Other Transportation Equipment</td>
<td></td>
</tr>
<tr>
<td>Pesticides, Fertilizers, and Other Agr. Chemicals</td>
<td></td>
</tr>
<tr>
<td>Petroleum and Coal Products</td>
<td></td>
</tr>
<tr>
<td>Pharmaceuticals and Medicine</td>
<td></td>
</tr>
<tr>
<td>Railroad Rolling Stock</td>
<td></td>
</tr>
<tr>
<td>Resins and Synthetic Rubbers, Fibers, and Filaments</td>
<td></td>
</tr>
<tr>
<td>Semiconductors and Other Electronic Components</td>
<td></td>
</tr>
<tr>
<td>Ship and Boat Building</td>
<td></td>
</tr>
<tr>
<td>Medical Equipment and Supplies</td>
<td></td>
</tr>
<tr>
<td>Reproducing Magnetic and Optical Media</td>
<td></td>
</tr>
<tr>
<td>Software Publishers</td>
<td></td>
</tr>
<tr>
<td>Other Information Services</td>
<td></td>
</tr>
<tr>
<td>Other Telecommunications</td>
<td></td>
</tr>
<tr>
<td>Satellite Telecommunications</td>
<td></td>
</tr>
<tr>
<td>Scientific Research and Development</td>
<td></td>
</tr>
<tr>
<td>Scientific Research and Development</td>
<td></td>
</tr>
<tr>
<td>Software Publishers</td>
<td></td>
</tr>
<tr>
<td>Wireless Telecommunications Carriers</td>
<td></td>
</tr>
</tbody>
</table>
Advanced Industry Concentration

Miami-Dade: Bottom Quintile
**Vertical Mobility**

<table>
<thead>
<tr>
<th>Place</th>
<th>Raised in the Bottom Fifth (parents’ income less than $25k)</th>
<th>Raised in the Top Fifth (parents’ income more than $107k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose, Calif.</td>
<td>11%</td>
<td>38%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>11%</td>
<td>37%</td>
</tr>
<tr>
<td>Seattle</td>
<td>10%</td>
<td>37%</td>
</tr>
<tr>
<td>San Diego</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td>Sacramento</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td>Boston</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td>New York</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>10%</td>
<td>36%</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>9%</td>
<td>35%</td>
</tr>
<tr>
<td>Northern N.J.</td>
<td>9%</td>
<td>35%</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>9%</td>
<td>35%</td>
</tr>
<tr>
<td>Portland, Ore.</td>
<td>9%</td>
<td>35%</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>9%</td>
<td>35%</td>
</tr>
<tr>
<td>Houston</td>
<td>8%</td>
<td>34%</td>
</tr>
<tr>
<td>Denver</td>
<td>8%</td>
<td>34%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>8%</td>
<td>33%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>8%</td>
<td>32%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>8%</td>
<td>31%</td>
</tr>
<tr>
<td>Miami</td>
<td>7%</td>
<td>31%</td>
</tr>
<tr>
<td>Buffalo</td>
<td>7%</td>
<td>31%</td>
</tr>
<tr>
<td>Tampa, Fla.</td>
<td>7%</td>
<td>31%</td>
</tr>
<tr>
<td>Baltimore</td>
<td>6%</td>
<td>30%</td>
</tr>
<tr>
<td>Dallas</td>
<td>6%</td>
<td>30%</td>
</tr>
<tr>
<td>Chicago</td>
<td>6%</td>
<td>29%</td>
</tr>
<tr>
<td>St. Louis</td>
<td>6%</td>
<td>30%</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>5%</td>
<td>30%</td>
</tr>
<tr>
<td>Cleveland</td>
<td>5%</td>
<td>30%</td>
</tr>
<tr>
<td>Detroit</td>
<td>5%</td>
<td>30%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>4%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Miami Metro at the Bottom

New York Times

Lines are scaled by population; the 30 most populous areas are shown.
Horizontal Job Mobility: Job Churn

86.5% CHURN RATE 2003-2006
64.8% CHURN RATE 2009
68.1% CHURN RATE 2013

FIGURE 4: OCCUPATION CHURN RATES & HOURLY EARNINGS

To explore where every occupation sits, visit an interactive, embeddable version of this figure at EMSI's blog.
## Trends

### Job Churn / Job Mobility

<table>
<thead>
<tr>
<th>METRO</th>
<th>2003</th>
<th>2013</th>
<th>Difference in Churn Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Port-Sarasota-Bradenton, FL</td>
<td>125.9%</td>
<td>71.8%</td>
<td>-54.1</td>
</tr>
<tr>
<td>Virginia Beach-Norfolk-Newport News, VA-NC</td>
<td>118.7%</td>
<td>71.9%</td>
<td>-46.9</td>
</tr>
<tr>
<td>Tampa-St. Petersburg-Clearwater, FL</td>
<td>110.3%</td>
<td>70.5%</td>
<td>-39.8</td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>107.8%</td>
<td>68.9%</td>
<td>-38.9</td>
</tr>
<tr>
<td>New Orleans-Metairie, LA</td>
<td>112.8%</td>
<td>78.8%</td>
<td>-33.9</td>
</tr>
<tr>
<td>Albuquerque, NM</td>
<td>106.6%</td>
<td>72.9%</td>
<td>-33.7</td>
</tr>
<tr>
<td>Phoenix-Mesa-Scottsdale, AZ</td>
<td>105.0%</td>
<td>72.8%</td>
<td>-32.2</td>
</tr>
<tr>
<td>Orlando-Kissimmee-Sanford, FL</td>
<td>101.6%</td>
<td>70.2%</td>
<td>-31.4</td>
</tr>
<tr>
<td>Tucson, AZ</td>
<td>99.1%</td>
<td>69.2%</td>
<td>-29.9</td>
</tr>
<tr>
<td>Miami-Fort Lauderdale-West Palm Beach, FL</td>
<td>96.3%</td>
<td>66.7%</td>
<td>-29.6</td>
</tr>
</tbody>
</table>
# Regional Population Churn

## Annual Estimates of the Components of Population Change

### Miami-Fort Lauderdale-West Palm Beach, FL Metro Area

<table>
<thead>
<tr>
<th></th>
<th>Total Population Change</th>
<th>Natural Increase</th>
<th>Migration</th>
<th>International Migration as % of Total Pop. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net</td>
<td>Births</td>
<td>Deaths</td>
<td>Net</td>
</tr>
<tr>
<td><strong>July 1, 2001 to July 1, 2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSA</td>
<td>539,059</td>
<td>211,429</td>
<td>649,535</td>
<td>438,106</td>
</tr>
<tr>
<td>Miami-Dade County</td>
<td>246,839</td>
<td>133,201</td>
<td>303,660</td>
<td>170,459</td>
</tr>
<tr>
<td>Broward County</td>
<td>143,460</td>
<td>66,174</td>
<td>209,107</td>
<td>142,933</td>
</tr>
<tr>
<td>Palm Beach County</td>
<td>148,760</td>
<td>12,054</td>
<td>136,768</td>
<td>124,714</td>
</tr>
<tr>
<td><strong>April 1, 2010 to July 1, 2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSA</td>
<td>263,534</td>
<td>63,683</td>
<td>216,183</td>
<td>152,500</td>
</tr>
<tr>
<td>Miami-Dade County</td>
<td>120,719</td>
<td>40,263</td>
<td>101,550</td>
<td>61,287</td>
</tr>
<tr>
<td>Broward County</td>
<td>90,778</td>
<td>21,691</td>
<td>69,339</td>
<td>47,648</td>
</tr>
<tr>
<td>Palm Beach County</td>
<td>52,037</td>
<td>1,729</td>
<td>45,294</td>
<td>43,565</td>
</tr>
<tr>
<td><strong>July 1, 2012 to July 1, 2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSA</td>
<td>64,909</td>
<td>18,411</td>
<td>66,902</td>
<td>48,491</td>
</tr>
<tr>
<td>Miami-Dade County</td>
<td>24,466</td>
<td>11,406</td>
<td>31,209</td>
<td>19,803</td>
</tr>
<tr>
<td>Broward County</td>
<td>24,031</td>
<td>6,666</td>
<td>21,558</td>
<td>14,892</td>
</tr>
<tr>
<td>Palm Beach County</td>
<td>16,412</td>
<td>339</td>
<td>14,135</td>
<td>13,796</td>
</tr>
</tbody>
</table>
Income of New Residents vs. Current

- Current Residents
- New Residents
Trends

Small is Beautiful – Part 1

A Region Especially Reliant On Small Businesses

• Miami Metro: 91% Of All Establishments Less Than 20 Employees
  – (US = 86%)

• Miami Dade Recovery Led By Small Businesses
  – Establishments Employing Less Than 20 Accounted For 94% of All New Establishments Created Since The Bottom Of 2009
  – 4,010 New Est. Under 20 Employees Created Since 2009

Business Creation Dynamic:

• Miami Metro: Top 3 Metros Since 2004 For New Business Creation

• 2012 Highest Entrepreneurial Index

• 2013 Entrepreneurial Index 1.5 Times The National Average
**Land Availability**

- Miami Metro Approaching Build-out
- Miami Dade: Only 2,083 Acres Inside Urban Infill Area Privately Owned Vacant Land
- Broward: Virtually Out Of Land Suitable For Residential – Most Land Constricted US County (Metrostudy)
- Parcels Larger Than 4-5 Acres Are At A Premium
- Shifting To: Infill Development, Higher Densities, Smaller Building Footprints
Retail Market Trends

- Strongest Growth In High-end and Luxury Brand Retail
- **E-commerce Sales:** = 350 M - 500 M SF Of Leased Retail Space
  (1/3 All Vacant Retail In US Shopping Centers And Retail Districts)
- Dramatically Smaller Stores:
  - Best Buy (40,000 SF)
  - CityTarget (60,000 SF)
  - Office Depot (15,000 SF)
  - Staples (10,000 SF)
  - Walmart Express (15,000 SF)
- Multi-brand Stores: “Store-within-a-store”
Regional Office Market

- Hardest Hit
- Oversupply: 2M SF Per Year New Thru 2010; Less Than 200,000 SF 2013-2014
- Miami Dade: 14% County-wide – 20% Downtown - 37.7% Biscayne Corridor
- Annual Absorption Rates Still Below 2005

Source: Marcus & Milchap
Trends

Office Market Shifts

• Outsourcing Non-core Functions - IT, Accounting, Human Resources

• Aggressively Shrinking SF Per Employee:

• Corporations Placing Talent Closer To Customers – Satellite Offices in Neighborhoods

• Telecommuting Rapidly Rising:
  – 46% Of Corporate Leaders Rank Telecommuting As Second Only To Compensation As The Best Way To Attract Talent

• Informal / Shared / Co-working Office Space

• Price Waterhouse Coopers, CBRE: Unassigned Desks – Used By Reservation

• Dell Computer: 50% Of Employees Will Telecommute By 2020

An Officeless Regional Jobs Recovery?
Regional Housing Market

- Recovery: Rising Median Prices – Shorter Days On Market – High Sales Volume
- Cash Sales High of 60% Currently 53%
- Distressed Property Transactions Decline
- Absorption: 5.7 Month Single Family Homes - 8.4 Month Supply Of Condominiums
- Move To Rental: Percent Of Population Renting - 38% To 44% Of From 2000 To 2013

Sources: Marcus & Milchap, CoStar Group, Real Capital Analytics, Miami Association of Realtors
Housing Preference Shifts – Both Millennials And 55+ Age Groups:

• Moving From Ownership To Rental
• Downsizing
• Location: Less Drive Time To Work, Shopping, Conveniences, Recreation & Entertainment
• Millennials First Generation Ever To Drive Less Miles Than Their Parents
• Housing Less Than 1/2 Mile To Mass Transit, Mix Of Alternative Transportation Modes
• Outdoor Amenities: Garden Plots, Walking/Jogging Trails, Parks, Outdoor Pools
Regional Housing Market Challenge Impacting Younger Wage Earners

Wages Have Not Kept Pace With Price And Rent Increases:
Housing Affordability Gap Approaching Record High
Roadway Congestion

- 14th Most Traffic Congested Metro In North America; 11th In US
- Average Travel Times Above National Average
- 5th Highest Cost Of Congestion Delay — $3.7 Billion/YR
- Much Of Road Network Operating At LOS D And F
- Despite $58B in Improvements: MPO Forecasts Lower Level Of Service, 20% Slower Rush Hour Speeds, Increasing Congestion
- No Space For New Asphalt — Solutions Will Be Thru Land Use, Transit, Workplace And Workshift Strategies

Regional Competitiveness at Stake
Trends

Moving in the Wrong Direction?

Congested System
% of Lane-Miles

Congested Travel
% Peak VMT

Anual Hours of Travel Delay Per Commuter

FIU Metropolitan Center
Trends

**Critical Role of Public Investment**

The Public Spending Missile Race: $80.4B in 1,874 Incentive Programs
Texas

Texas spends at least $19.1 billion per year on incentive programs, according to the most recent data available. That is roughly:

$759
per capita

51¢
per dollar of state budget

Top Incentives by type

$14.9 billion in Sales tax refund, exemptions or other sales tax discounts

$3.27 billion in Property tax abatement

$743 million in Corporate income tax credit, rebate or reduction

Top Incentives by industry

$11.7 billion in Manufacturing

$2.79 billion in Agriculture

$77.3 million in Health care
Florida
Florida spends at least $3.98 billion per year on incentive programs, according to the most recent data available. That is roughly:

$212 per capita
16¢ per dollar of state budget

Top Incentives by type
$3.66 billion in Sales tax refund, exemptions or other sales tax discounts
$108 million in Cash grant, loan or loan guarantee
$102 million in Corporate income tax credit, rebate or reduction

Top Incentives by industry
$142 million in Agriculture
$83.9 million in Film
$43 million in Manufacturing
Chickens Coming Home to Roost?
2015’s Best and Worst Metro Areas for STEM Professional Employment

Miami MSA: Dead Last
100 Out of 100
Trends

Since 2011:

• Industry Concentration Virtually Unchanged
• Loss of Wages / Wage Growth Slow-Down (2005 Levels)
• RE Trends: Can’t Rely on New Construction?
• Can’t Rely on Trade?
• Condo Sales Slowing
• RE Price Run-up = Housing Affordability Gap Growing

Adding Employment Without Significant Change in Economic Performance?
CRA’s: Best Redevelopment Vehicle In The US

- Steady, Predictable Funding
- Funds Dedicated To Small Area
- Great Flexibility – To Adapt To Market And Local Conditions
- Can Be Extremely Effective
CRA’s Work Best When They Are:

• Tightly Focused on Economic & Community Development
• Have Focused And Narrow Band Of Programs & Projects
• Have Strong Accountability, Reporting And Oversight
• Have Flexibility to Manage And Implement The Action Plan
CRA’s Work Worst When They:

- Try To Provide Too Many Extraneous Services – Not Staffed
- Try To Replace City Government Functions
- Unfocused Action Agenda
- Have Little Managerial Room To Operate
**Leverage Funding**

- Fed, State Local
- Fha, Fhwa, Fdot
- Private Funds!!
- Tax Credits – Underutilized In Florida
- Public-Private Partnerships – Underutilized In Florida
High Performance Best Practices

**Infrastructure Investments: Build It And They Come?**

- Infrastructure Alone Rarely Jumpstarts Investment
- Works When Paired With Other RE Investment
- Requires Complete Investment Packages

**Targeted Infrastructure Investments Paired with Private Investment**
Small Is Beautiful: Part 2

- The Hunt For The Great White Buffalo – Even More Challenging
- Avoid Making Big Bets on Single Projects
- Large Projects Invite Large Risks
- Singles & Doubles Drive Private Investment

Smaller, Steady Streams of Projects will Separate High Performing Economic Development from Low Performing, Especially in Current Market Conditions
Targeted, Strategic, And Comprehensive Investments

- Geographic Targeting – Avoid Shotgun Approach
- Stick To A Disciplined Minimum Investment Size
- Use Developers As A Guide
Allow Flexibility Of Uses With Subsidy Funds

- Let Users/Awardees Determine The Best Use Of Funds
- Leverage Other Grants
- Leverage Debt
- Loan Guarantee
- Equity
- Interest-rate Write-down
Small Is Beautiful: Part 3
Focus on Small Business Development

• Most Often Missing Component Of CRA Action Agenda
• Mentorship - Physical & Virtual Accelerators And Incubators Increasing
• GROWTH FROM WITHIN
• Emphasis on Growing Local Business
  – Attraction & Relocation Only Works Over Short Distances

Creating New Employment & Business Formation Opportunities Most Important Element of Local High Performing Economies
Partner For Success

• Business Mentoring
• Accelerators & Incubators
• Local Banks: Preferred Loans – Community Reinvestment Act Points
• SBA
• Area Universities: Key Economic Development Building Block – Engine Of High Wage, High Skill Job Growth
Communication & Contact

- Constituent Contact — Knowledge Of Programs, Projects, Services
- Investor Information
- Why Invest Here? Clear Statement Of Strengths & Opportunities
High Performance Best Practices

Transportation – Regional Problem and Opportunity

- Increasing Premium on Convenience
- Travel Time an Increasing Cost and Competitive Issue
- Cross Border Locations Become Highly Valuable
- Drive Demand for Mixed Use And TOD Location
- Drive State & Federal Funding for Future Passenger Rail

High Performing Economic Development Agencies will Solve Transportation Issues Using Land Use, Transit, Workplace, Workshift and Trip Reduction Strategies

NOT Necessarily with More Asphalt
High Performance Best Practices

Infrastructure:

Bandwidth is as Important as Lane Width

- High Speed Internet New Competitive Infrastructure
- Google, Private Parties Rushing Into Market
High Performance Best Practices

Re-Think the Geography of Innovation & Employment

Move Away From the Old Concept of Downtown
High Performance Best Practices

Focus on Mixed Use Development
- as Critical Economic Development Strategy

A New Development Formula:
  Decreasing Land
  + Satellite Work Patterns, Telecommuting & Technology
  + Transportation Costs
  + Retailer Strategies
  + Worker Preferences
  + Rise in Self-Employment in Key Sectors
  + Housing Affordability Gap

= Compact Convenient Work Locations Where Workers Live

Are Ubane Neighborhoods the New Industrial Park?
High Performing Economic Development: Lessons From the Field

Kevin Greiner
Research Fellow, FIU Metropolitan Center