Trends in Economic Development

June 20th, 2019
Introduction

We are strategists for the nation’s top performing economies.
Agenda

Dominant Economic Trends

How We Got Here

Case Studies
How do we deliver the talent companies need to thrive in prolonged period of low unemployment?

How do we prepare for technological, environmental, and demographic disruptions?

How do we unite diverse stakeholders to support a holistic economic development agenda?
Economic Development 1.0
Elephant Hunting

- Focus on large, capital intensive projects
- Land, financial incentives and regulatory climate are paramount.
- Labor plays a relatively minimal role in the site selection process
- CEDS process well aligned with ED reality
Economic Development 2.0

Talent is King

- Declining number of industrial projects.
- Growth among industries such as professional services and technology.
- New operational requirements emphasize availability of talent.
- Focus on attracting highly skilled, mobile workers.
- CEDS process begins to show its age.
Effective economic development planning must adopt a holistic, inclusive approach

- Economic Momentum
- Sites & Product Development
- Talent & Education
- Entrepreneurship & Innovation
- Environment & Public Spaces
- Economic Mobility
- Human Health & Safety
- Arts, Culture & Recreation
- Leadership & Public Policy
- Transportation & Housing
- Environmental Resiliency
- Entrepreneurship & Innovation
- Civic Engagement

ED 3.0
Slaying Silos
The CEDS process provides the flexibly to focus on what’s relevant to your community.
Communities throughout the US are facing labor shortages.

Source: Avalanche Consulting / Bureau of Labor Statistics
Talent availability is essential in the site selection process.

How have site selection factors’ importance changed for your prospects over the past year?

<table>
<thead>
<tr>
<th>Year</th>
<th>Skilled Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>88%</td>
</tr>
<tr>
<td>2017</td>
<td>90%</td>
</tr>
<tr>
<td>2018</td>
<td>96%</td>
</tr>
</tbody>
</table>

Source: Avalanche Consulting
Columbus, GA

Net Domestic In-Migration of College Educated Individuals into Greater Columbus

Source: Avalanche Consulting / Bureau of Labor Statistics
## Columbus, GA

### Local College Degree Production

<table>
<thead>
<tr>
<th>Field</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business &amp; Finance</td>
<td>4,685</td>
</tr>
<tr>
<td>Software &amp; IT</td>
<td>52</td>
</tr>
</tbody>
</table>

### Projected Annual Job Growth

<table>
<thead>
<tr>
<th>Field</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business &amp; Finance</td>
<td>2,185</td>
</tr>
<tr>
<td>Software &amp; IT</td>
<td>452</td>
</tr>
</tbody>
</table>

Source: Avalanche Consulting / National Science Foundation / EMSI
Miami, FL

TALENT DAY IS COMING &
SOUTH FLORIDA HAS A LOT TO CELEBRATE
Any Town, USA

Average Annual Wage, 2008 & 2018

- Houston: $66K (+19.2%)
- Dallas: $61K (+21.9%)
- Atlanta: $59K (+23.1%)
- Huntsville: $58K (+21.7%)
- US: $57K (+24.7%)
- Nashville: $55K (+24.9%)
- Birmingham: $54K (21.4%)
- Southeastern US: $52K (23.4%)
- Memphis: $52K (+23.8%)
- Any Town USA: $43K (+17.7%)

Source: Avalanche Consulting / Bureau of Labor Statistics
As memories of the Great Recession fade, there's a greater emphasis on shared prosperity.

If economic growth correlated perfectly with inclusive economic growth.

Source: Avalanche Consulting / Brookings Institution
Regional economic growth has often failed to deliver tangible benefits to individual residents.

Actual Rankings Among 100 Largest Metro Areas

Source: Avalanche Consulting / Brookings Institution
Inclusion becomes more than a buzzword
Wage gains in metro Atlanta trail many peer regions and income disparities are greater.

Change in Average Annual Wage, 2010 & 2018

Source: Avalanche Consulting / Bureau of Labor Statistics
Talent attraction in metro Atlanta, however, has been uneven in recent years and trails its peers.

Net Influx of College Educated Migrants into Metro Atlanta

Source: Avalanche Consulting / US Census Bureau
Strategy Outreach

- 150 interview & focus group participants
- Four Open Houses
- Online Survey
Collective Impact Framework

- Common Agenda
- Communication
- Backbone Organization
- Common Progress Measures
- Mutually Reinforcing Activities

A Region that Works for Everyone
CREATE AND MAINTAIN A GLOBALLY COMPETITIVE REGION

TACTIC 1
BOOST ENTREPRENEURIAL DEVELOPMENT
- Assess current educational programs and fill in identified gaps.
- Promote public and private venture capital through alliances among regional business organizations.
- Engage with the entrepreneurial population directly to create business events in order to retain them in the region.
- Determine what entrepreneurial resources are missing and work with stakeholders to rectify.

TACTIC 2
ATTRACT MORE INDUSTRIES TO THE REGION
- Convene annual meeting of regional EDCs to form up-core marketing initiatives.
- Execute complete supply chain analysis of key clusters to identify gaps and evaluate clusters quarterly.
- Improve global competitiveness by hosting workshops with federal, state, and local funding agencies that provide assistance to business.

TACTIC 3
DEVELOP THE REGION’S INTERNATIONAL COMPETENCY
- Convene annual meetings to encourage engagement with current international, ethnic, and minority populations, helping to enhance economic and social opportunities.
- Undertake assessment of existing cultural barriers and gaps that impact international investors and investors.
- Host planning meetings with local EDCs and Chambers to develop marketing strategies that engage networks of small businesses that could benefit from collaboration (tourism, agriculture, and food products, etc.)
### BENCHMARK PERFORMANCE
**Charlotte Metro**

Benchmarks include: Atlanta, Austin, Boston, Charlotte, Columbus, Dallas, Denver, Greenville; Kansas City, Nashville, Raleigh, Tampa and Washington-DCC Metro.

<table>
<thead>
<tr>
<th>Metric / Latest Year</th>
<th>Benchmark</th>
<th>Charlotte’s Rank out of 13 (1 is Best)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 2010</td>
<td>+1.8% Growth</td>
<td>4</td>
<td>US Census Bureau Population Estimates Program</td>
</tr>
<tr>
<td>25-44 Year-old Population 2017</td>
<td>+2.0% Growth</td>
<td>6</td>
<td>US Census Bureau Population Estimates Program</td>
</tr>
<tr>
<td>Median Home Value 2017</td>
<td>$197,100</td>
<td>5</td>
<td>US Census American Community Survey</td>
</tr>
<tr>
<td>Lower values rank better</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STEM Completions Per Capita</td>
<td>5,205 per 2M People</td>
<td>13</td>
<td>Avalanche Consulting / US Dept. of Education (PEDS)</td>
</tr>
<tr>
<td>Assoc. or Higher, 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP Per Capita 2017</td>
<td>$68,926</td>
<td>7</td>
<td>US Bureau of Economic Analysis</td>
</tr>
</tbody>
</table>
We’re all increasingly concerned about being “Disrupted”

Relative Popularity of the word “Disrupt” on Google

Source: Avalanche Consulting / Google
Climate Disruption is Increasingly Common

Billion Dollar Weather & Climate Disasters

Source: Avalanche Consulting / National Center for Environmental Information
Increasing Reliance on Imported Talent

2011 – 2016

Job Growth: 14%
Population Growth: 3%
Labor Force Growth: 1%

Source: Avalanche Consulting / US Census Bureau / EMSI
The Fire Worsened An Existing Housing Crisis

2011 – 2016

- **New Households**: 6,801
- **New Homes Permitted**: 4,441
- **Homes Lost to the Fire**: 5,300

*Source: Avalanche Consulting / US Census Bureau*
Strategic Themes

• Recover from the October 2017 fires.
• Build necessary housing.
• Educate and support our workforce.
• Diversify existing business clusters.
• Be a leader in environmentally-sustainable practices.
Columbus, OH

Original 2020 Performance Goals

- **JOBS**: 150,000
- **CAPITAL INVESTMENT**: $8 Billion
- **PERSONAL INCOME**: 30%
Global Competitive Forces

TECHNOLOGICAL
• Automation Advances
• Mobility Revolution
• Datafication of Everything

DEMOGRAPHIC
• Aging Population
• Growing Diversity
• New Urbanization

ECONOMIC
• Rise of E-Commerce
• Global Power Moves Eastward
• The Decline of Dynamism

Regional Impact
An Automated Future

Finance & Insurance Employment as % of Total Among Metros with Population 1 to 3 million

COLUMBUS 5.0%

Source: Avalanche Consulting / EMSI
The Decline of Dynamism

Employment by Firms with 1,000+ Employees as % of Total 2014

COLUMBUS
55%

Source: Avalanche Consulting / US Census Bureau
Columbus, OH Performance

CONNECTED

INCLUSIVE

INNOVATIVE

PRODUCTIVE

TALENTED

PROSPEROUS
## Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Data Release</th>
<th>Columbus</th>
<th>Best Performing</th>
<th>Rank Among 35 Peer Regions</th>
<th>Worst Performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net New Jobs (Year Over Year)</td>
<td>Sep '18</td>
<td>14,558</td>
<td>Orlando, FL 58,832</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</td>
<td>Richmond, VA 1,709</td>
</tr>
<tr>
<td>% of Companies Hiring</td>
<td>2019 Q1</td>
<td>18%</td>
<td>Jacksonville, FL 29%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
<td>Baltimore, MD 9%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>January 2019</td>
<td>4.5%</td>
<td>Nashville, TN 2.7%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
<td>Tucson, AZ 5.4%</td>
</tr>
<tr>
<td>Labor Force Growth (Year Over Year)</td>
<td>January 2019</td>
<td>2.7%</td>
<td>Nashville, TN 4.2%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
<td>Buffalo, NY 6.5%</td>
</tr>
<tr>
<td>Housing Permit Activity</td>
<td>January 2019</td>
<td>384</td>
<td>Denver, CO 1,656</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
<td>Buffalo, NY 6.5%</td>
</tr>
<tr>
<td>Housing Opportunity Index</td>
<td>2018 Q4</td>
<td>70.4%</td>
<td>Indianapolis, IN 86.1%</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td>San Jose, CA 12.7%</td>
</tr>
<tr>
<td>Aggregate Wage Growth (Year Over Year)</td>
<td>Q4 2018</td>
<td>4.9%</td>
<td>San Jose, CA 8.6%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
<td>Providence, RI 0.6%</td>
</tr>
<tr>
<td>Average Wage Growth (Year Over Year)</td>
<td>2018 Q3</td>
<td>3.3%</td>
<td>San Jose, CA 6.2%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
<td>Providence, RI 0.0%</td>
</tr>
<tr>
<td>% of Talent in STEM Categories</td>
<td>March 2019</td>
<td>13%</td>
<td>Raleigh, NC 19%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13</td>
<td>Las Vegas, NV 7%</td>
</tr>
<tr>
<td>Value of Construction Starts</td>
<td>DATE</td>
<td>3.3%</td>
<td>San Jose, CA 6.2%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13</td>
<td>Las Vegas, NV 7%</td>
</tr>
<tr>
<td>Venture Capital Raised</td>
<td>DATE</td>
<td>13%</td>
<td>Raleigh, NC 19%</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13</td>
<td>Las Vegas, NV 7%</td>
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Conclusion