



High Performing Economic Development: Lessons From the Field

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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

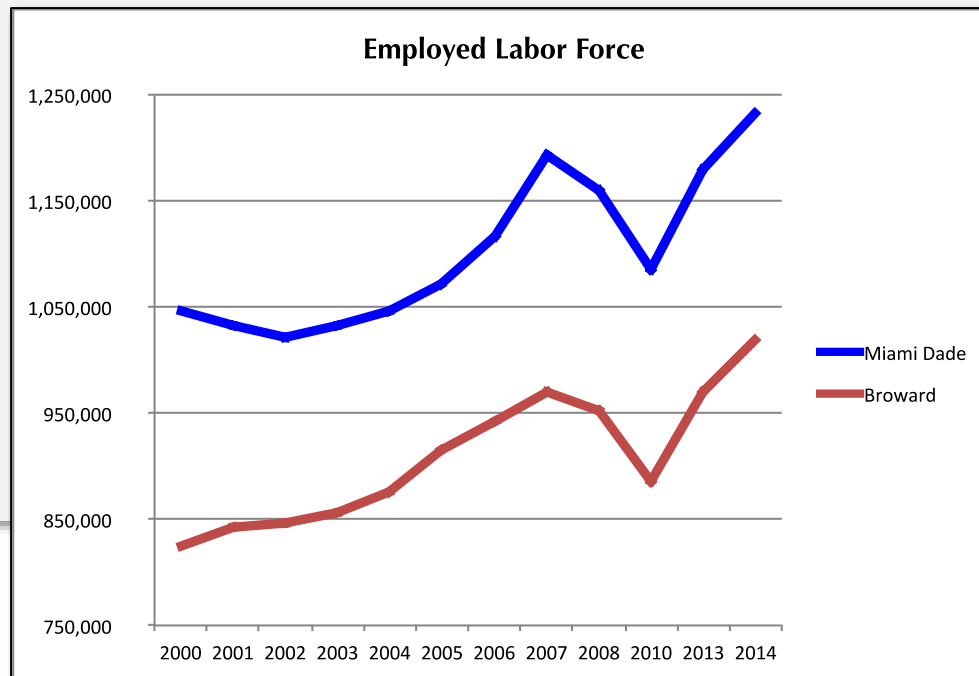
Falling Behind Other Regions

**Resilient – Yes
High Performing – No**

Trends

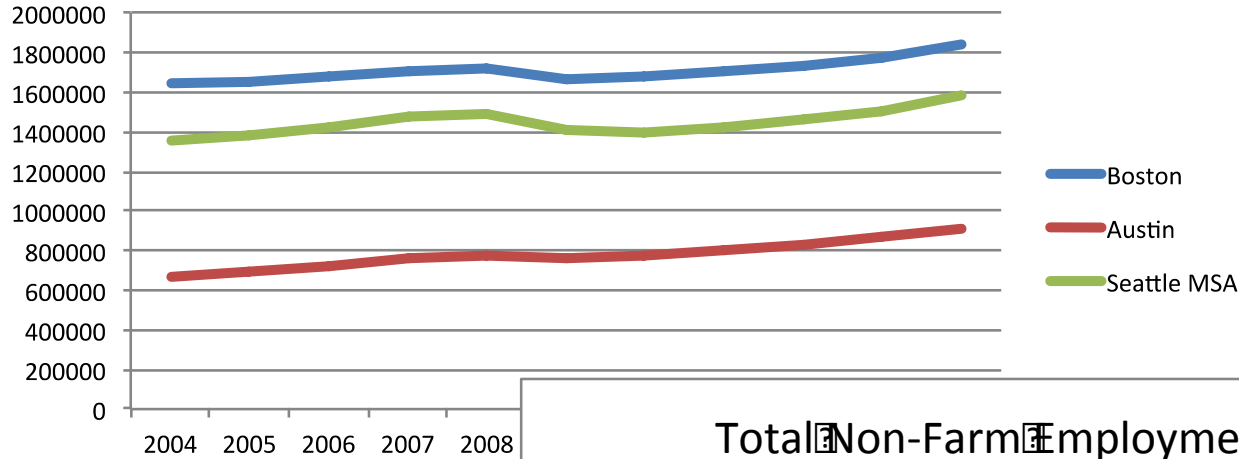
Employment

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

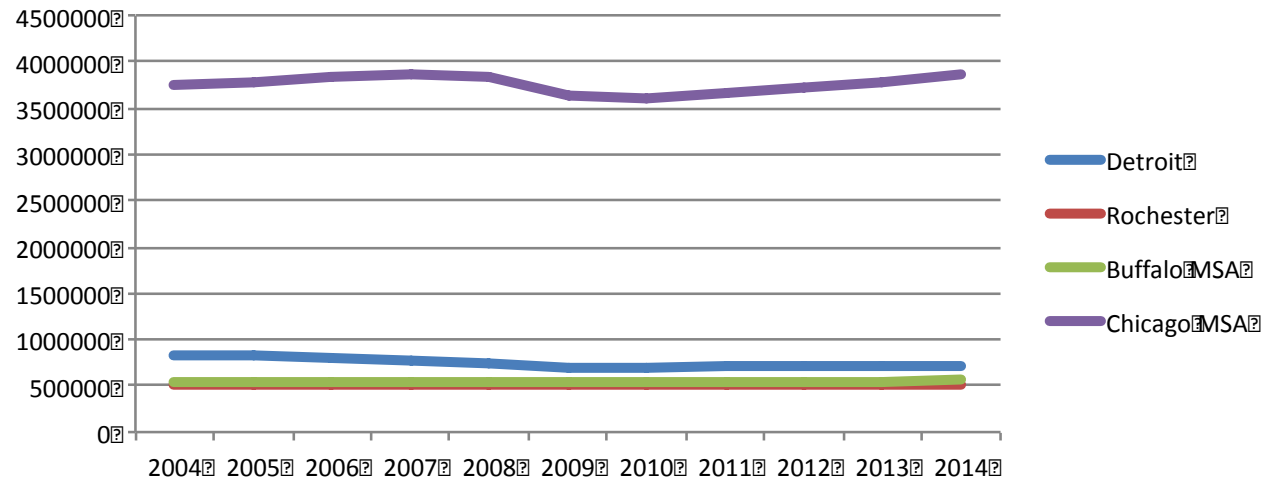


Trends

Total Non-Farm Employment, High Performing Regions



Total Non-Farm Employment, Low Performing Regions

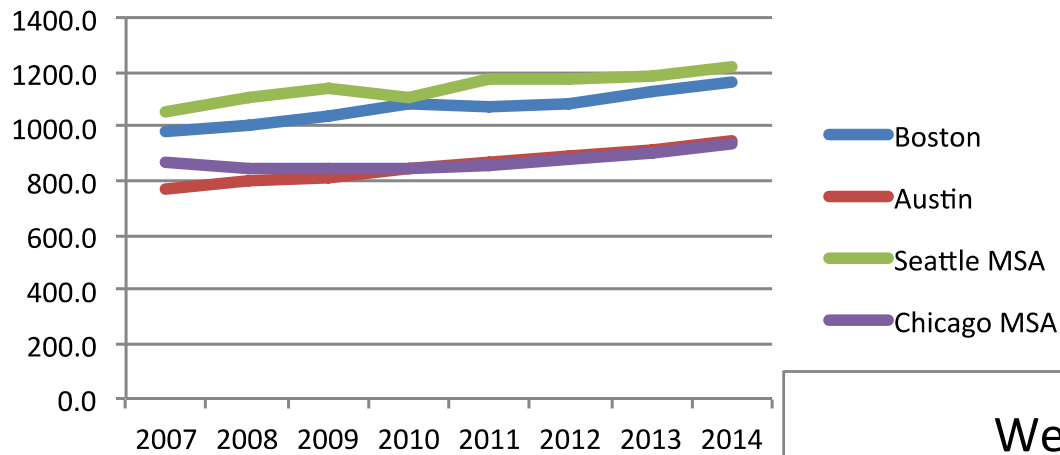


Wage Growth

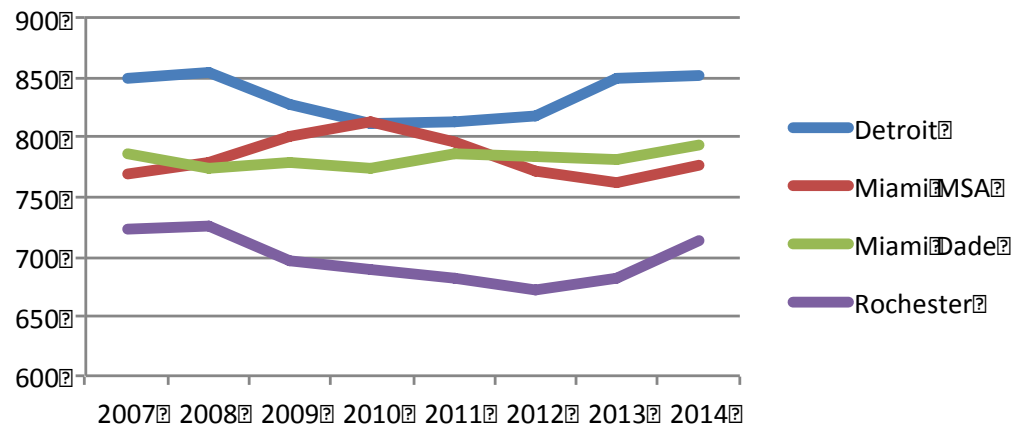
- Metro: Below US Average Wages And Incomes
- Broward Wage Growth: +3% 2000-2007; Under 2% Since 2009
 - At Or Less Than Current Annual Rate Of Inflation Since 2010
- Evidence Of High Wage Job Shedding During Recession
- Broward Median HH Income – 3% Below US Median
- Miami Dade Median HH Income – 16%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

Trends

Weekly Average Wages - High Performing MSA's

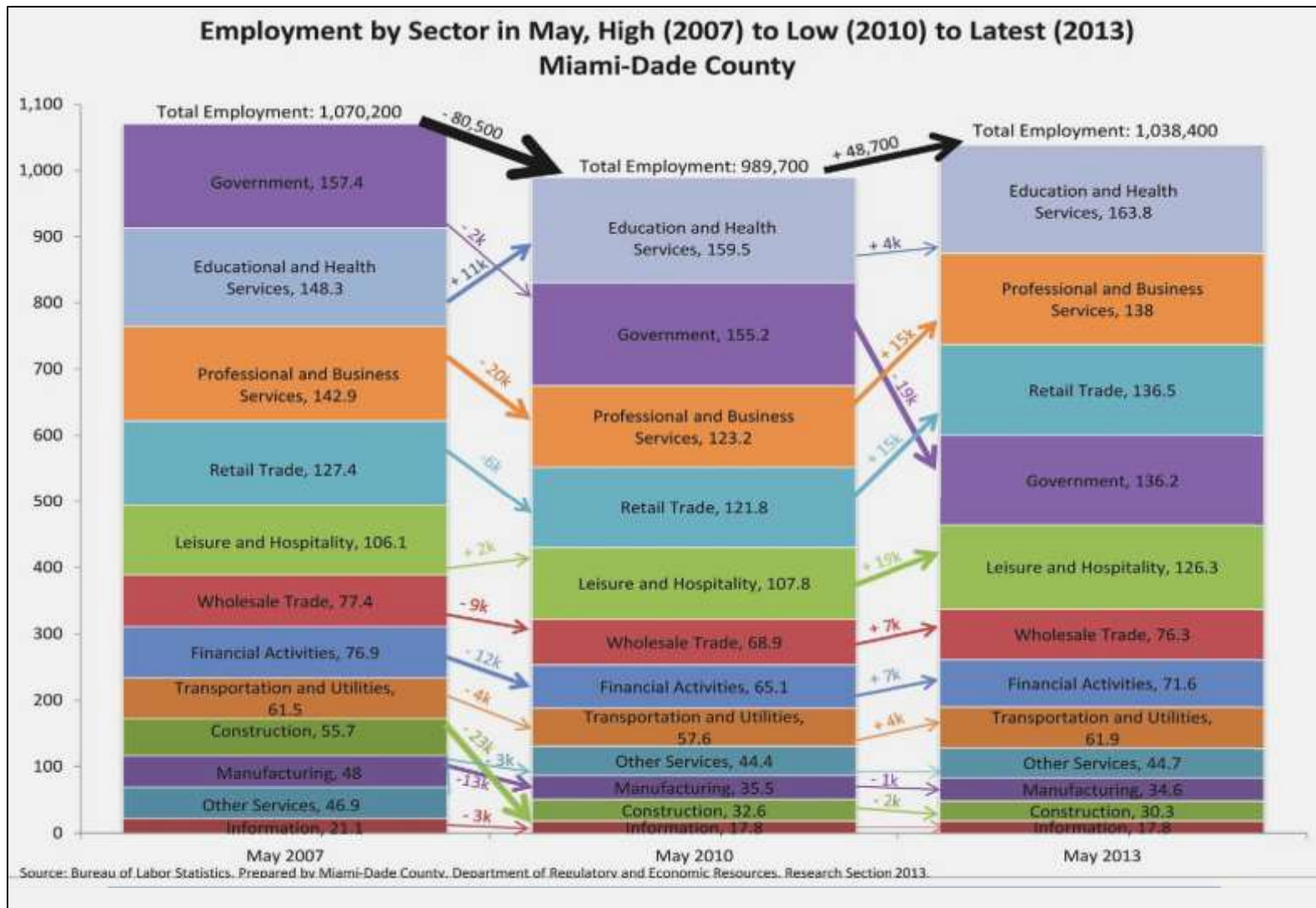


Weekly Average Wages - Low Performing MSA's



Trends

Industrial Concentration



Trends

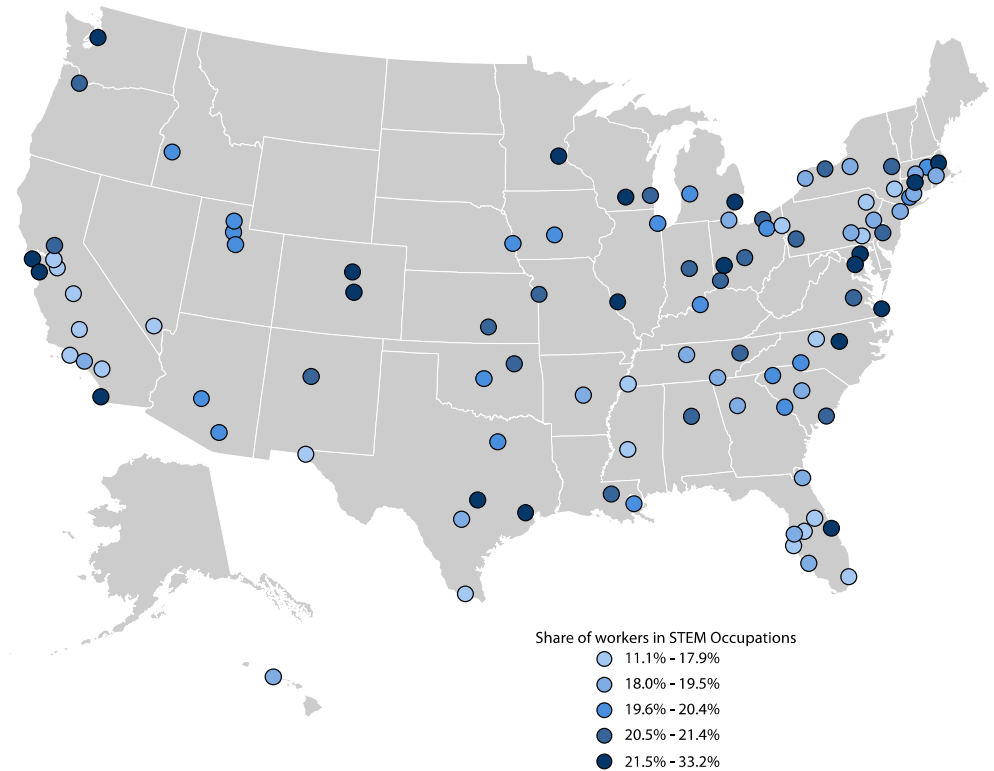
Educational Attainment

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

	Unemployment Rate, average 1990-2010	Patent Growth, annual average 1990-2010	Change in share of population with Bachelor's or higher, 1990-2010	Job growth, annual average 1990-2010
Metro Areas with the highest growth in patents from 1990 to 2010				
Boise City-Nampa, ID	4.6	11.90%	8.40%	2.90%
Provo-Orem, UT	4.1	8.90%	9.20%	2.90%
Seattle-Tacoma-Bellevue, WA	5.5	8.90%	10.00%	1.20%
Raleigh-Cary, NC	4	8.80%	11.40%	2.60%
San Jose-Sunnyvale-Santa Clara, CA	5.9	8.10%	12.40%	0.20%
Austin-Round Rock-San Marcos, TX	4.3	8.10%	8.70%	3.40%
Las Vegas-Paradise, NV	6	7.20%	7.90%	3.80%
San Francisco-Oakland-Fremont, CA	5.4	7.00%	11.50%	0.20%
Poughkeepsie-Newburgh-Middletown, NY	4.9	6.60%	7.70%	0.40%
Tucson, AZ	4.7	6.50%	6.30%	1.70%
Average for high growth metro areas	4.9	8.20%	9.30%	1.90%
Metro Areas with the lowest growth in patents from 1990 to 2010				
Lakeland-Winter Haven, FL	7.1	-1.10%	5.10%	1.10%
Pittsburgh, PA	5.6	-1.10%	10.10%	0.30%
Buffalo-Niagara Falls, NY	5.9	-1.20%	8.50%	-0.10%
Toledo, OH	6.8	-1.30%	6.10%	-0.20%
El Paso, TX	9.2	-1.40%	4.10%	1.40%
Dayton, OH	5.7	-1.60%	5.30%	-0.60%
Tulsa, OK	4.8	-1.70%	5.30%	1.10%
Chattanooga, TN-GA	5.1	-2.10%	6.90%	0.60%
New Orleans-Metairie-Kenner, LA	6.1	-2.50%	6.40%	-0.20%
Baton Rouge, LA	5.4	-5.30%	5.20%	1.60%
Average for low growth metro areas	6.2	-1.90%	6.30%	0.50%
Average for all large metro areas	5.7	2.30%	7.90%	1.00%

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.

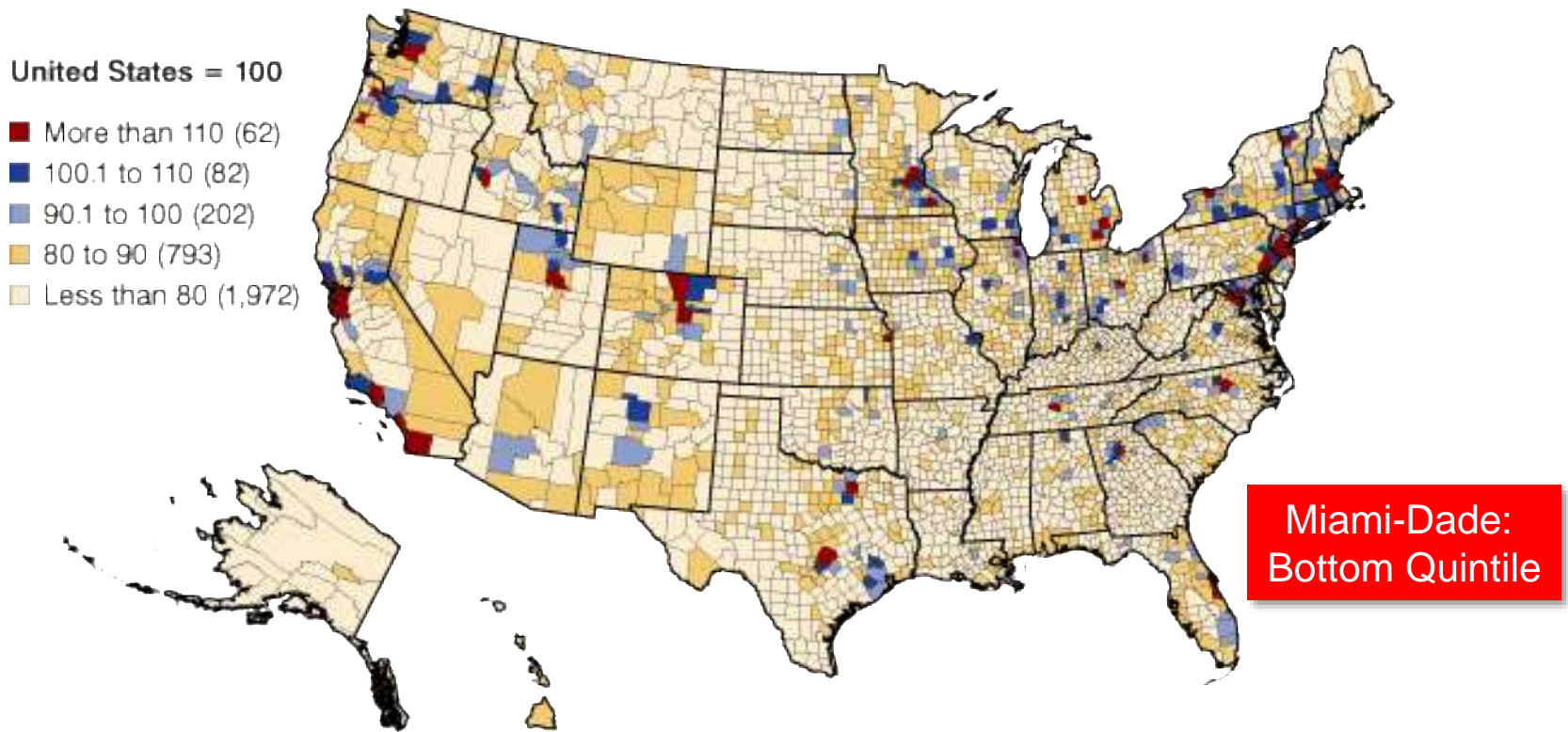
Patent Intensity: Increasing Economic Value

Inventor Patent Filer By County 2000-2013

State	County	Total
1 CALIFORNIA	Santa Clara County	298,725
2 CALIFORNIA	San Diego County	92,481
3 WASHINGTON	King County	91,450
4 CALIFORNIA	San Mateo County	83,111
5 MASSACHUSETTS	Middlesex County	80,009
6 CALIFORNIA	Los Angeles County	77,222
7 CALIFORNIA	Alameda County	71,636
8 CALIFORNIA	Orange County	56,655
9 NEW YORK	Monroe County	41,144
10 MICHIGAN	Oakland County	40,373
116 FLORIDA	Miami-Dade County	5,845

Innovation Capacity

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



Trends

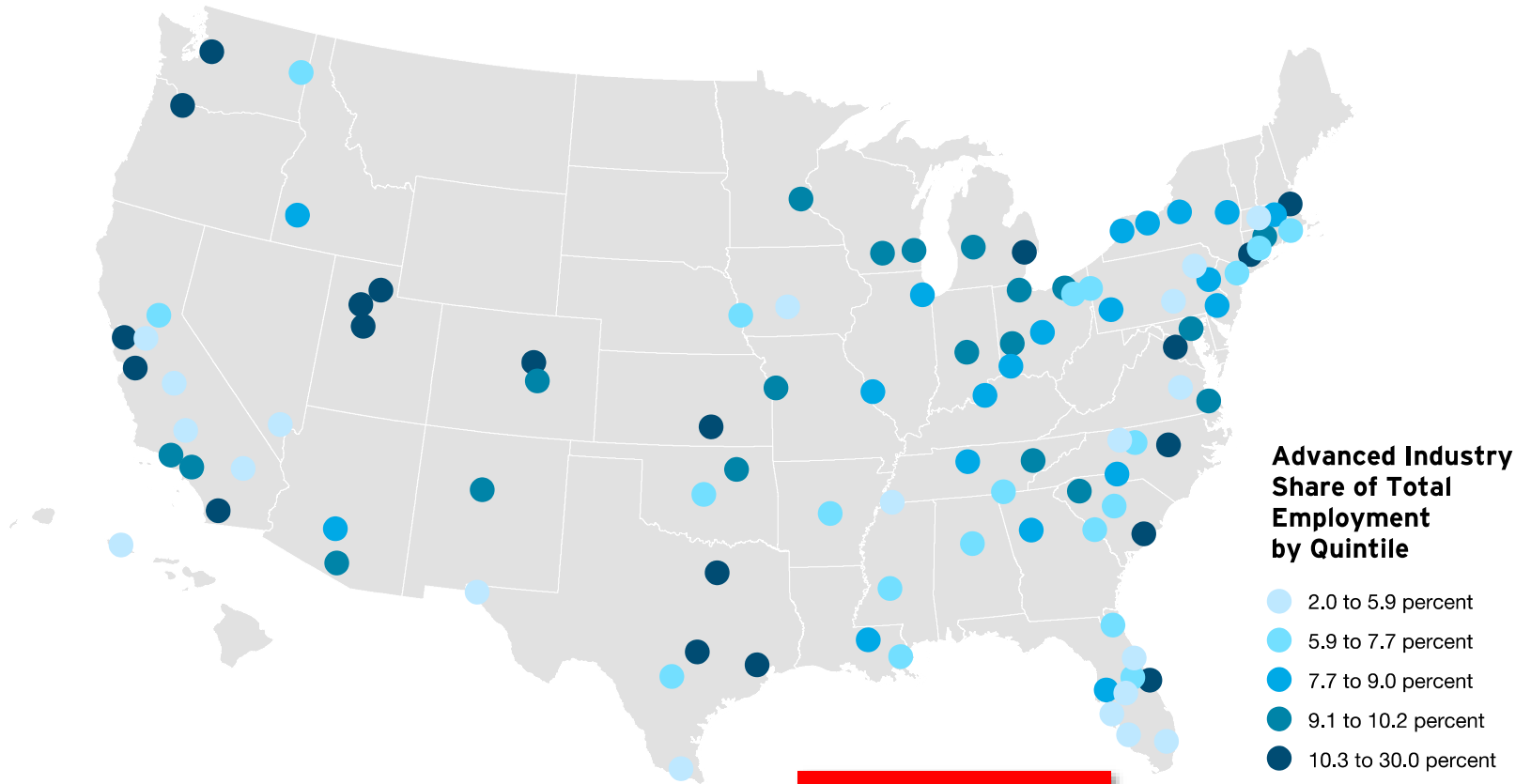
Advanced Industries:

- Knowledge Intensity, High Wages, Large Employment Multipliers
- Highest Value-Added Industries

The 50 Industries That Constitute the Advanced Industries Sector

MANUFACTURING		ENERGY
Aerospace Products and Parts	Motor Vehicles	Electric Power Generation, Trans., and Distribution
Agr., Construction, and Mining Machinery	Navigation, Measurement, and Control Instruments	Metal Ore Mining
Aluminum Production and Processing	Other Chemical Products	Oil and Gas Extraction
Audio and Video Equipment	Other Electrical Equipment and Components	SERVICES
Basic Chemicals	Other General Purpose Machinery	Architecture and Engineering
Clay Products	Other Miscellaneous Manufacturing	Cable and Other Subscription Programming
Commercial and Service Industry Machinery	Other Nonmetallic Mineral Products	Computer Systems Design
Communications Equipment	Other Transportation Equipment	Data Processing and Hosting
Computers and Peripheral Equipment	Pesticides, Fertilizers, and Other Agr. Chemicals	Medical and Diagnostic Laboratories
Electric Lighting Equipment	Petroleum and Coal Products	Mgmt., Scientific, and Technical Consulting
Electrical Equipment	Pharmaceuticals and Medicine	Other Information Services
Engines, Turbines, and Power Trans. Equipment	Railroad Rolling Stock	Other Telecommunications
Foundries	Resins and Synthetic Rubbers, Fibers, and Filaments	Satellite Telecommunications
Household Appliances	Semiconductors and Other Electronic Components	Scientific Research and Development
Industrial Machinery	Ship and Boat Building	Software Publishers
Iron, Steel, and Ferroalloys	Medical Equipment and Supplies	Wireless Telecommunications Carriers
Motor Vehicle Bodies and Trailers	Reproducing Magnetic and Optical Media	
Motor Vehicle Parts		

Advanced Industry Concentration



**Miami-Dade:
Bottom Quintile**

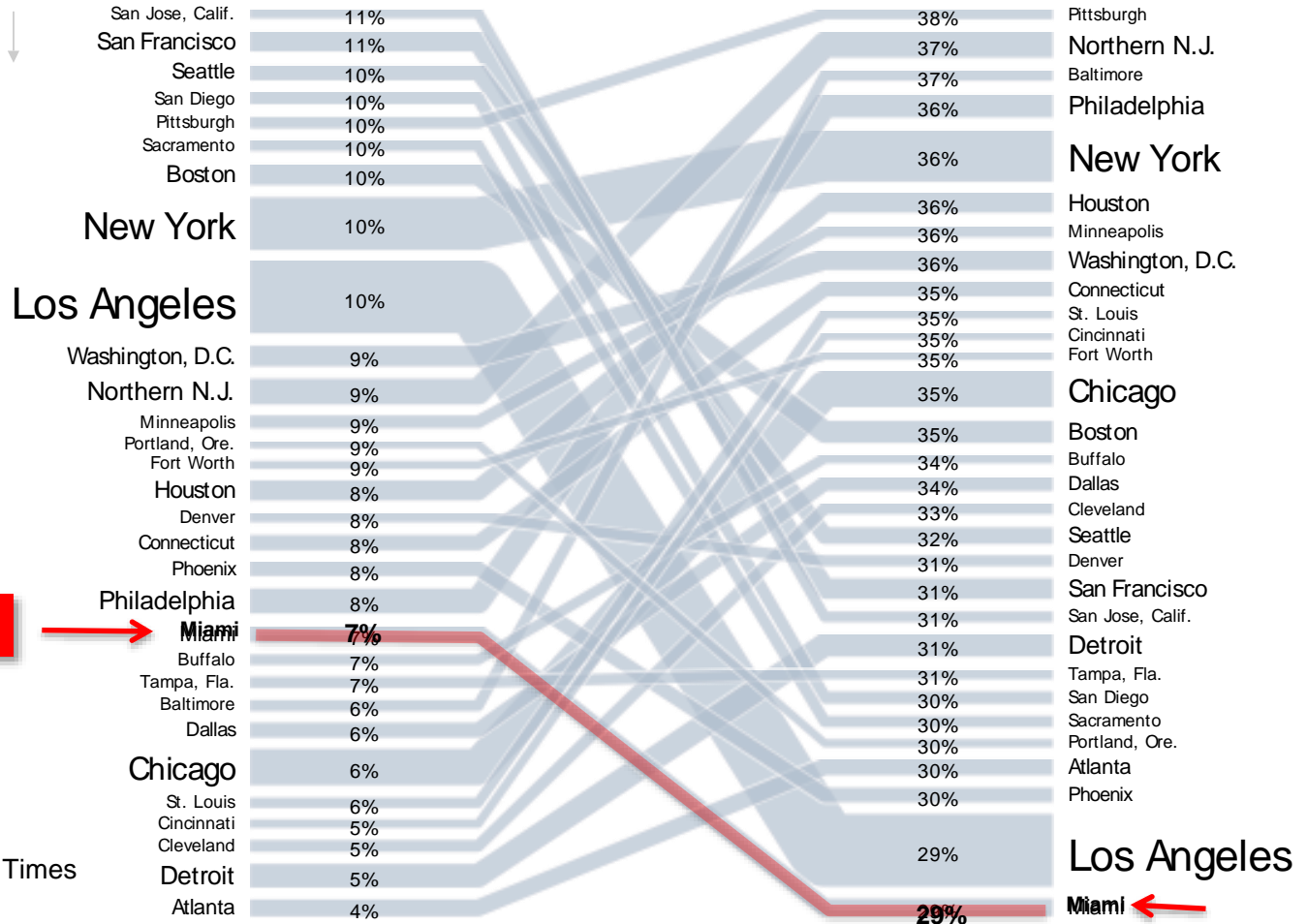
Trends

Vertical Mobility

Chances of Ending Up in the Top Fifth, For a Child ...

... Raised in the Bottom Fifth
(parents' income less than \$25k)

... Raised in the Top Fifth
(parents' income more than \$107k)



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

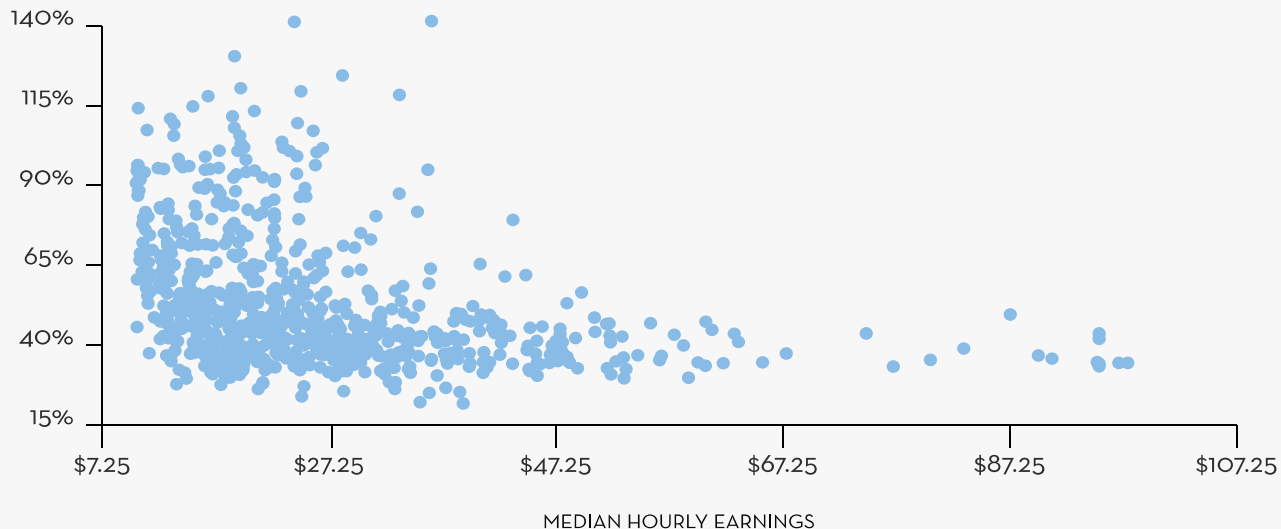
64.8%

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](#).



Job Churn / Job Mobility

METROS WITH LARGEST DROPS IN NON-FARM CHURN, 2003-2013

METRO	2003	2013	DIFFERENCE IN CHURN RATE
North Port-Sarasota-Bradenton, FL	125.9%	71.8%	-54.1
Virginia Beach-Norfolk-Newport News, VA-NC	118.7%	71.9%	-46.9
Tampa-St. Petersburg-Clearwater, FL	110.3%	70.5%	-39.8
Jacksonville, FL	107.8%	68.9%	-38.9
New Orleans-Metairie, LA	112.8%	78.8%	-33.9
Albuquerque, NM	106.6%	72.9%	-33.7
Phoenix-Mesa-Scottsdale, AZ	105.0%	72.8%	-32.2
Orlando-Kissimmee-Sanford, FL	101.6%	70.2%	-31.4
Tucson, AZ	99.1%	69.2%	-29.9
Miami-Fort Lauderdale-West Palm Beach, FL	96.3%	66.7%	-29.6

Trends

Regional Population Churn

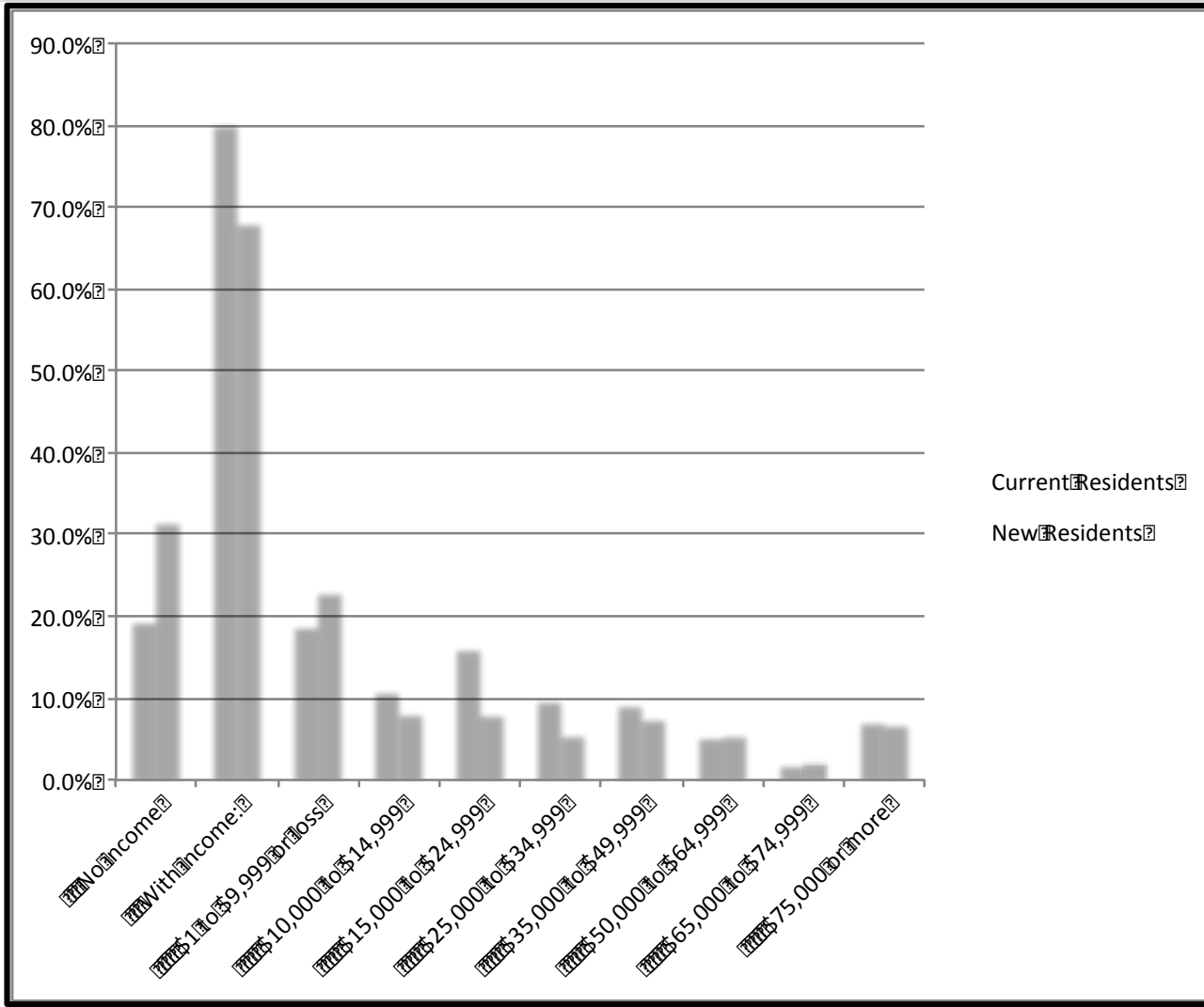
Annual Estimates of the Components of Population Change

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

	Total Population Change	Natural Increase			Migration			International Migration as % of Total Pop. Change
		Net	Births	Deaths	Net	International	Domestic	
July 1, 2001 to July 1, 2009								
MSA	539,059	211,429	649,535	438,106	234,874	522,009	(287,135)	97%
Miami-Dade County	246,839	133,201	303,660	170,459	23,116	328,740	(305,624)	133%
Broward County	143,460	66,174	209,107	142,933	75,947	128,311	(52,364)	89%
Palm Beach County	148,760	12,054	136,768	124,714	135,811	64,958	70,853	44%
April 1, 2010 to July 1, 2013								
MSA	263,534	63,683	216,183	152,500	196,312	163,622	32,690	62%
Miami-Dade County	120,719	40,263	101,550	61,287	78,178	99,848	(21,670)	83%
Broward County	90,778	21,691	69,339	47,648	68,608	42,215	26,393	47%
Palm Beach County	52,037	1,729	45,294	43,565	49,526	21,559	27,967	41%
July 1, 2012 to July 1, 2013								
MSA	64,909	18,411	66,902	48,491	42,484	52,706	(10,222)	81%
Miami-Dade County	24,466	11,406	31,209	19,803	11,040	32,104	(21,064)	131%
Broward County	24,031	6,666	21,558	14,892	16,582	13,633	2,949	57%
Palm Beach County	16,412	339	14,135	13,796	14,862	6,969	7,893	42%

Trends

Income of New Residents vs. Current



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)**
- Store Elimination — Chains: Abercrombie & Fitch, The Gap, Best Buy
- 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

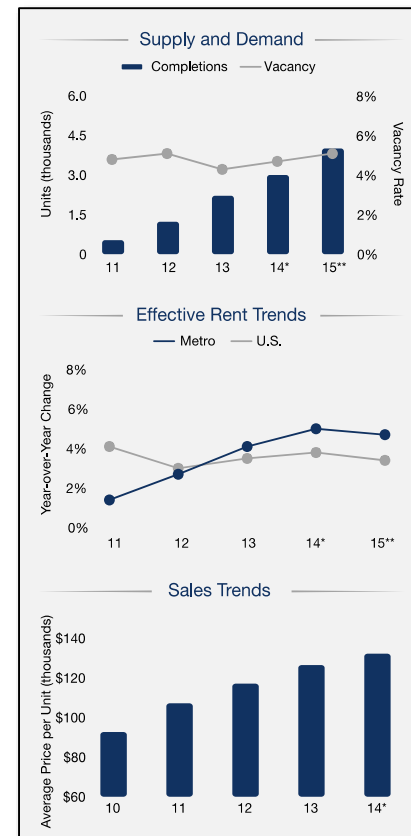
Office Market Shifts

- Outsourcing Non-core Functions - IT, Accounting, Human Resources
- **Aggressively Shrinking SF Per Employee:**
 - **225 SF/Employee (2010) - 176 SF (2012) - 151 SF (2017)**
- 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

Table 3.7: Owner Affordability Levels for Household Income Categories

Income Range % of Median HH Income	Annual Household Income	Monthly Household Income	Affordable Single Family/ Condo Home Price	Median Selling SF Price	SF Affordability Gap/Surplus	Median Selling Condo Price	Condo Affordability Gap/Surplus
Very Low Income: <50%	\$25,802	\$2,150	\$64,505		(\$216,995)		(\$62,495)
Low Income: <80%	\$41,282	\$3,440	\$103,205		(\$178,295)		(\$23,795)
Moderate Income: <100%	\$51,603	\$4,300	\$129,008	\$281,500	(\$152,493)	\$127,000	\$2,008
Workforce Income: <120%	\$61,924	\$5,160	\$154,810		(\$126,690)		\$27,810
Middle Income: <150%	\$77,405	\$6,450	\$193,513		(\$87,988)		\$66,513

Source: Greater Fort Lauderdale Realtors, Q3 2014; US Census, 2012 ACS.

**Wages Have Not Kept Pace With Price And Rent
Increases:**

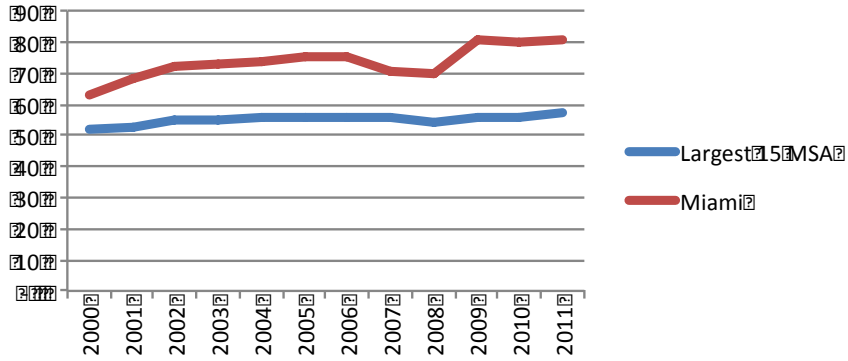
Housing Affordability Gap Approaching Record High

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

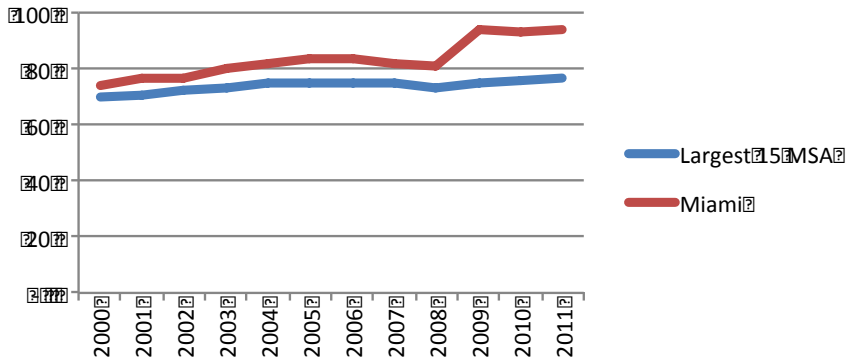
Trends

Congested System % of Lane-Miles

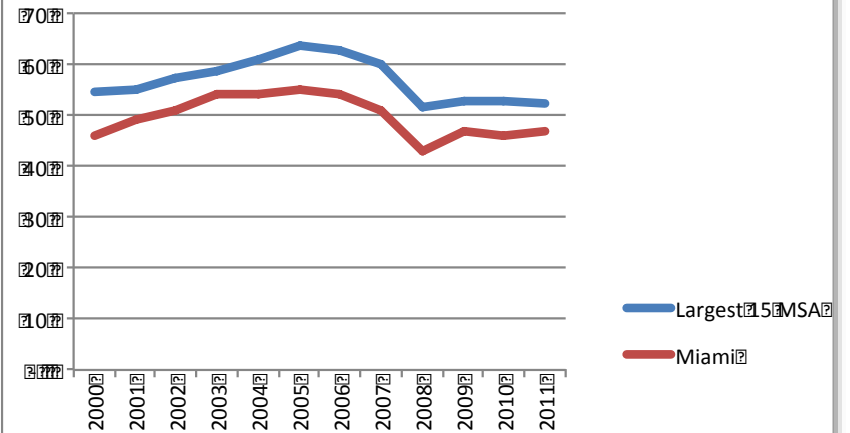


Moving in the Wrong Direction?

Congested Travel % Peak VMT

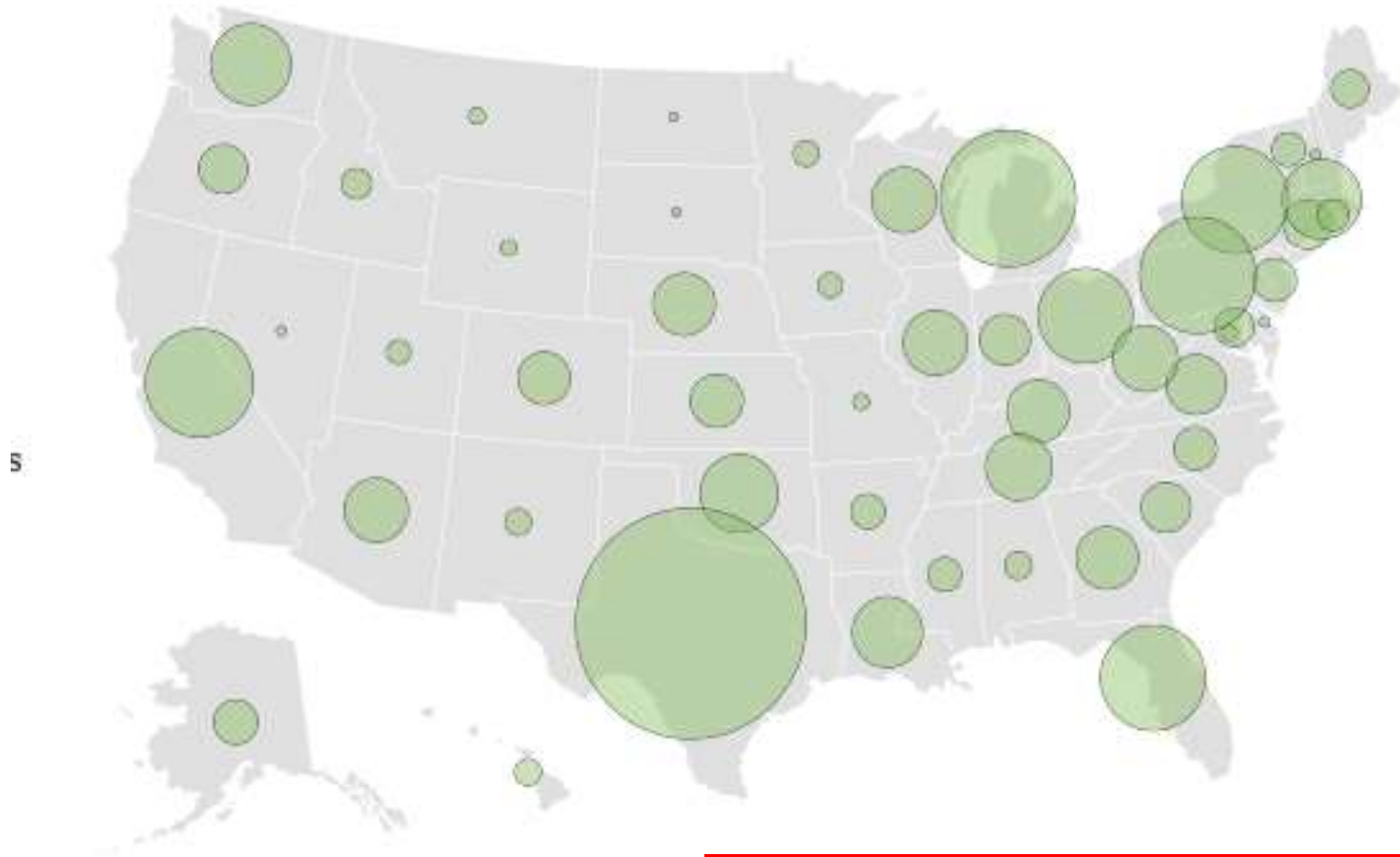


Annual Hours of Travel Delay Per Commuter



Trends

Critical Role of Public Investment



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

Trends

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

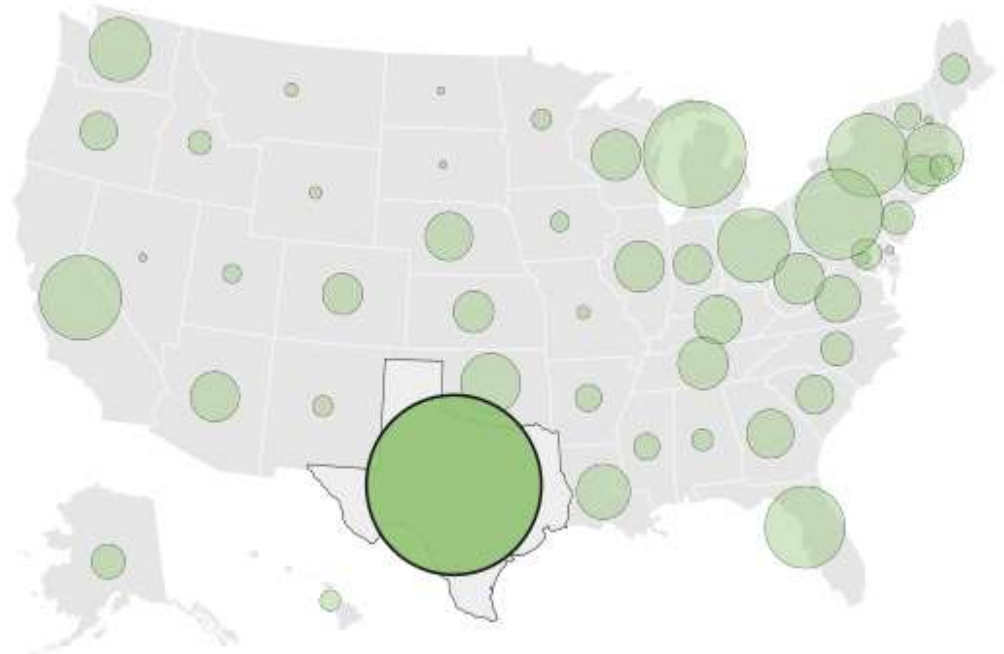
\$743 million in Corporate income tax credit, rebate or reduction

Top Incentives by industry

\$11.7 billion in Manufacturing

\$2.79 billion in Agriculture

\$77.3 million in Health care



Trends

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](#)

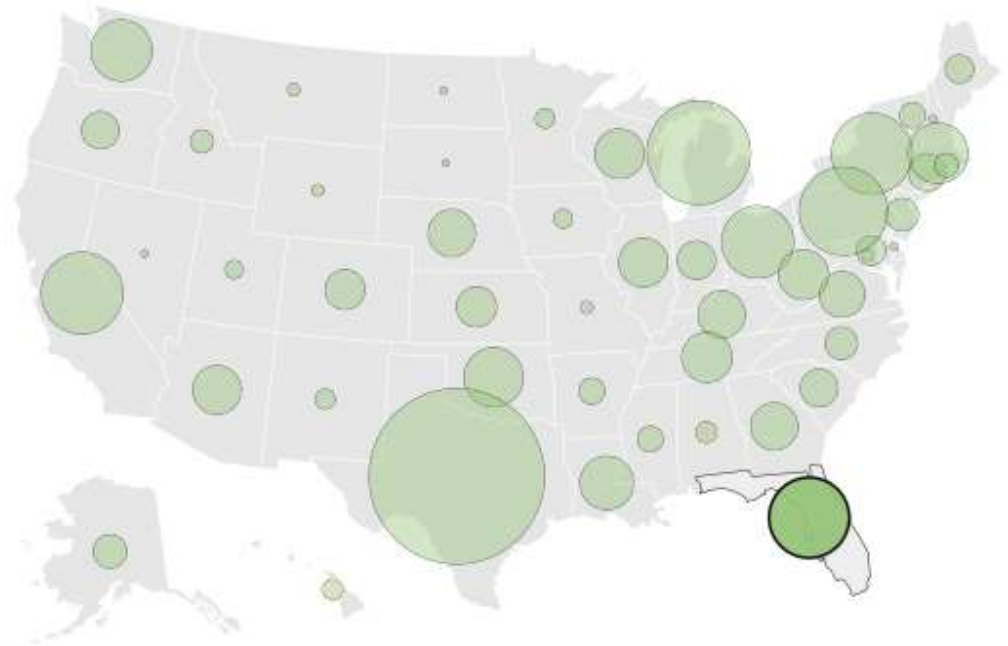
\$102 million in [Corporate income tax credit, rebate or reduction](#)

Top Incentives by industry

\$142 million in [Agriculture](#)

\$83.9 million in [Film](#)

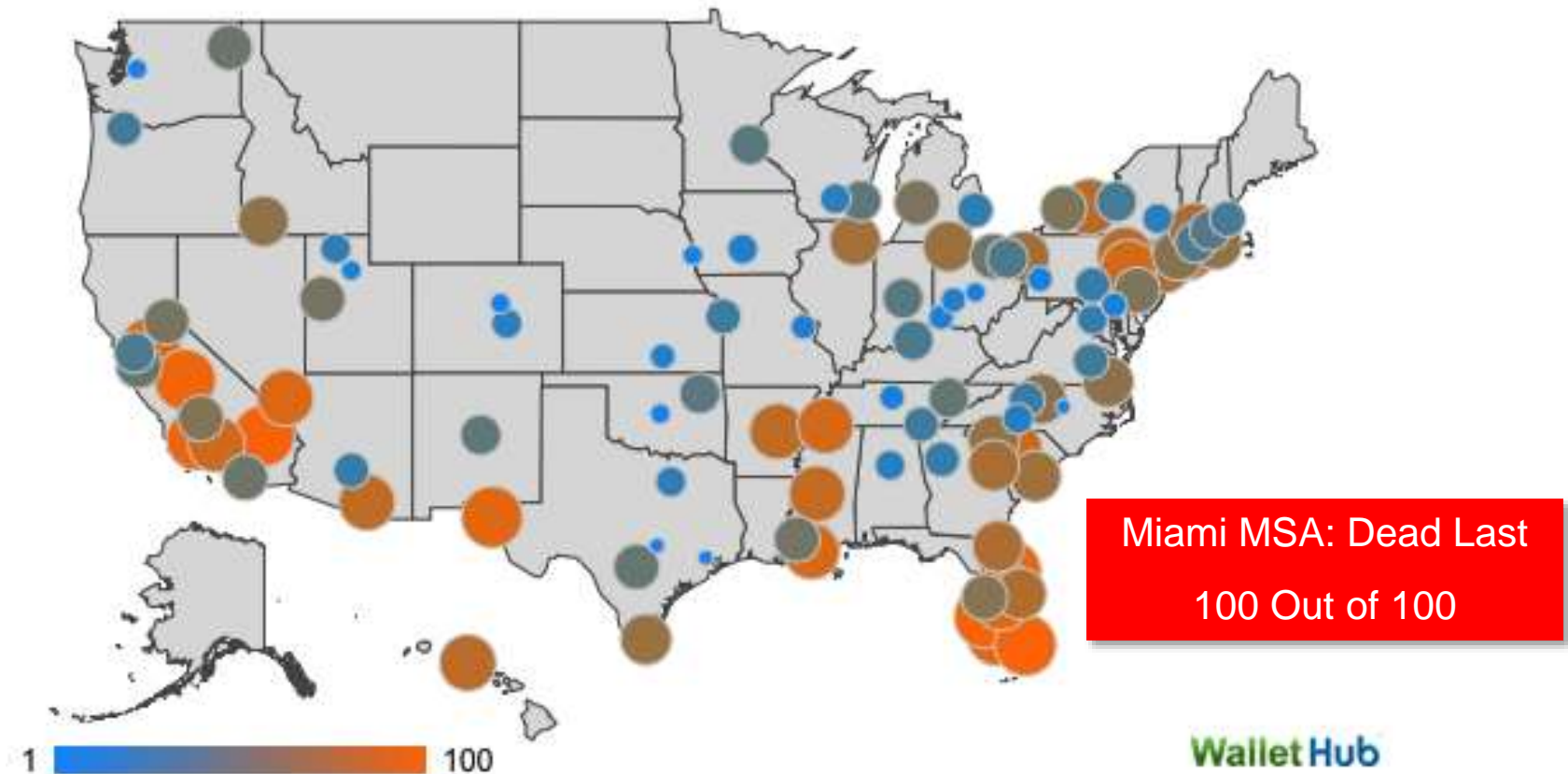
\$43 million in [Manufacturing](#)



Trends

Chickens Coming Home to Roost?

2015's Best and Worst Metro Areas for STEM Professional Employment



WalletHub



Metropolitan
Center

Trends

Since 2011:

- Industry Concentration Virtually Unchanged
- Loss of Wages / Wage Growth Slow-Down (2005 Levels)
- RE Trends: Can't Rely on New Construction?
- Cant 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

High Performance Best Practices

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

High Performance Best Practices

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***

High Performance Best Practices

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

High Performance Best Practices

Targeted, Strategic, And Comprehensive Investments

- Geographic Targeting – Avoid Shotgun Approach
- Stick To A Disciplined Minimum Investment Size
- Use Developers As A Guide

High Performance Best Practices

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

High Performance Best Practices

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

High Performance Best Practices

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

High Performance Best Practices

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:

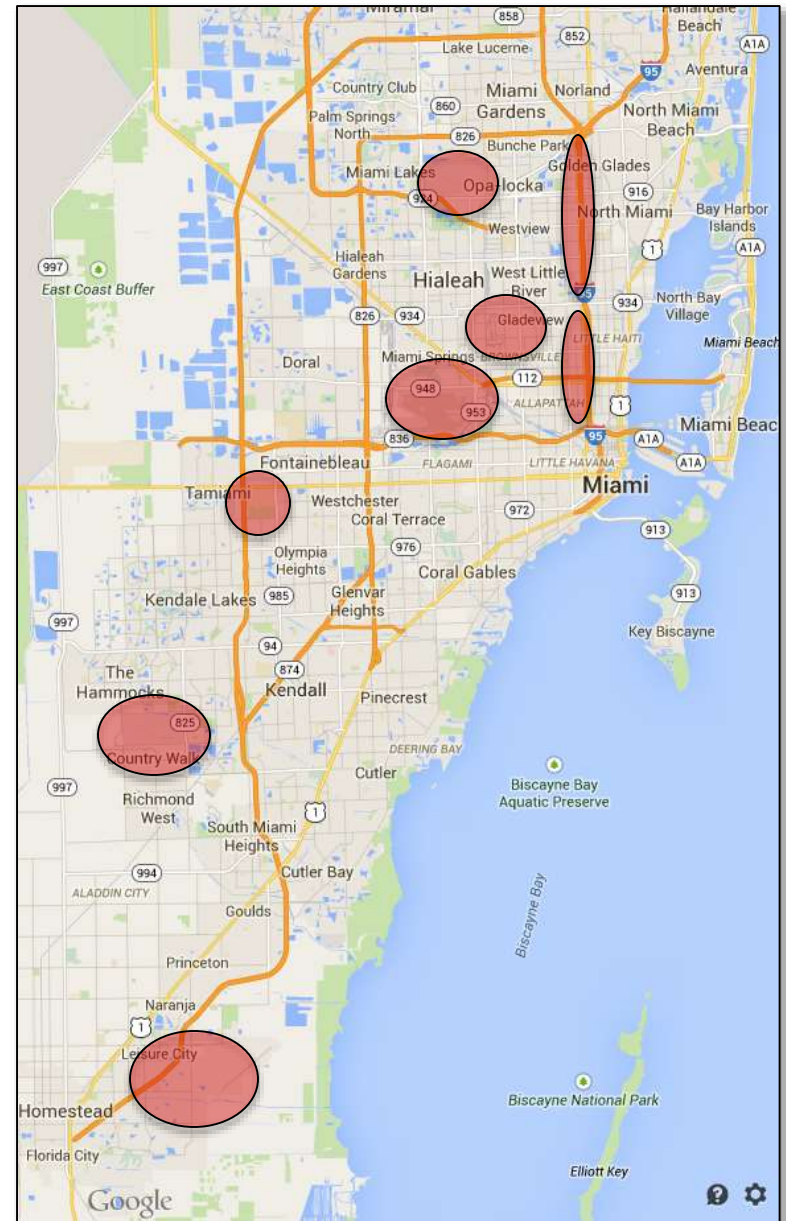
Bandwidth is as Important as Lane Width

- 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