

Portland Economic Value Atlas

Market Scan

BROOKINGS

Adie Tomer + Brad McDearman

 @adietomer

Portland, OR

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Economic Value Atlas: Objective

**Promoting equitable opportunity for people and businesses
while continuing to design and build “great places”**

Core Challenges

Formal disconnect between local economic ambitions and regional infrastructure planning

Lack of formal evaluation criteria for cross-sectoral infrastructure investments

1

Economic Development, Evolved

2

Market Scan

3

Moving Forward

Traditional Approaches Disrupted

Relocations Are Rare



3%

US state-level job creation
from external firm relocations
(1995-2013)

Source: Center on Budget and Policy Priorities

Major Projects In Decline

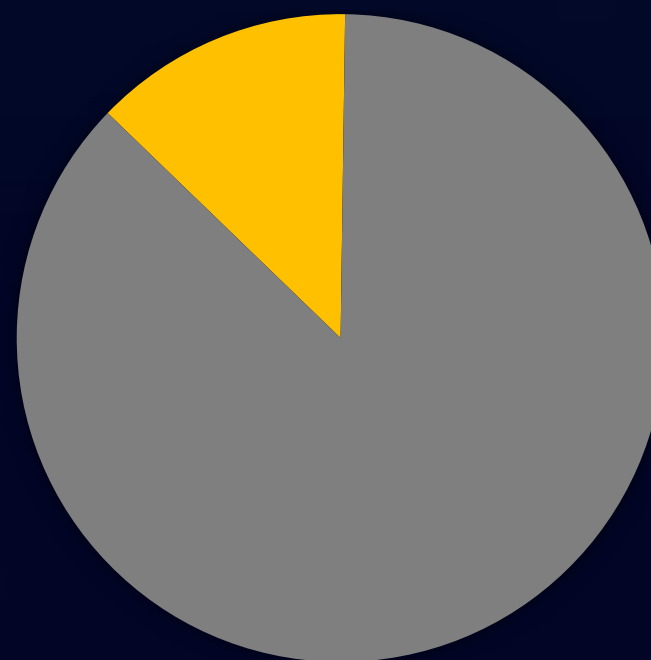


50%

Expansions and relocations of 50+ jobs or
\$1M+ investment
(2000-12)

Source: Conway Data

M&A Increasingly Common



87%

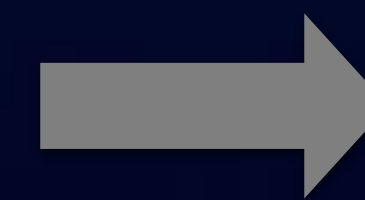
Mergers and acquisitions
FDI Capital Inflows
(1992-2008)

Source: BEA

Middle Market Opportunity

1%

of firms



created

72%

of net US jobs

Grew from 10 to 30 employees on average (2009-2014)

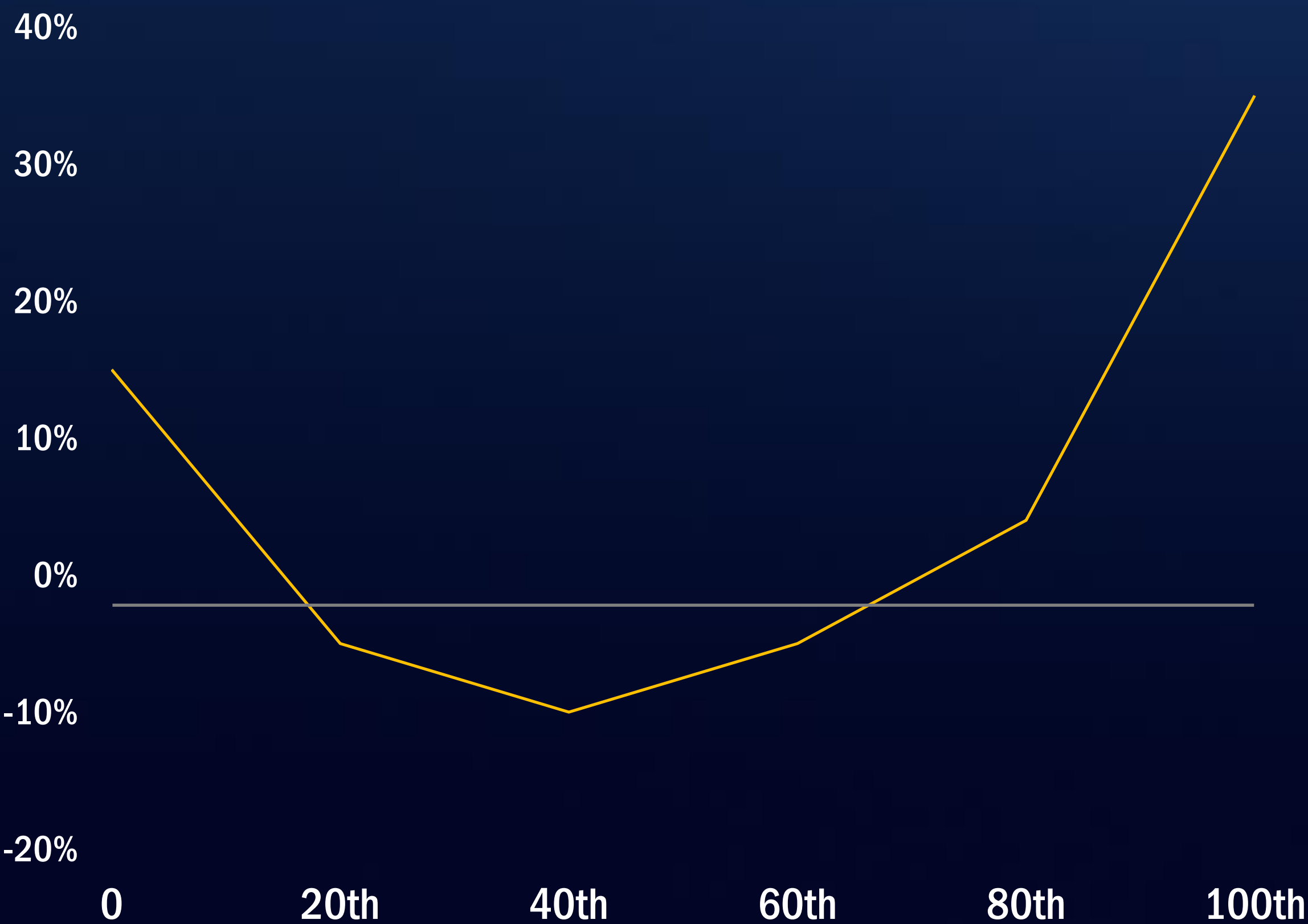
Source: Gary Kunkle analysis of NETS data

New Pressure: Inclusive Growth

The economy is experiencing increasing job polarization and a declining middle class

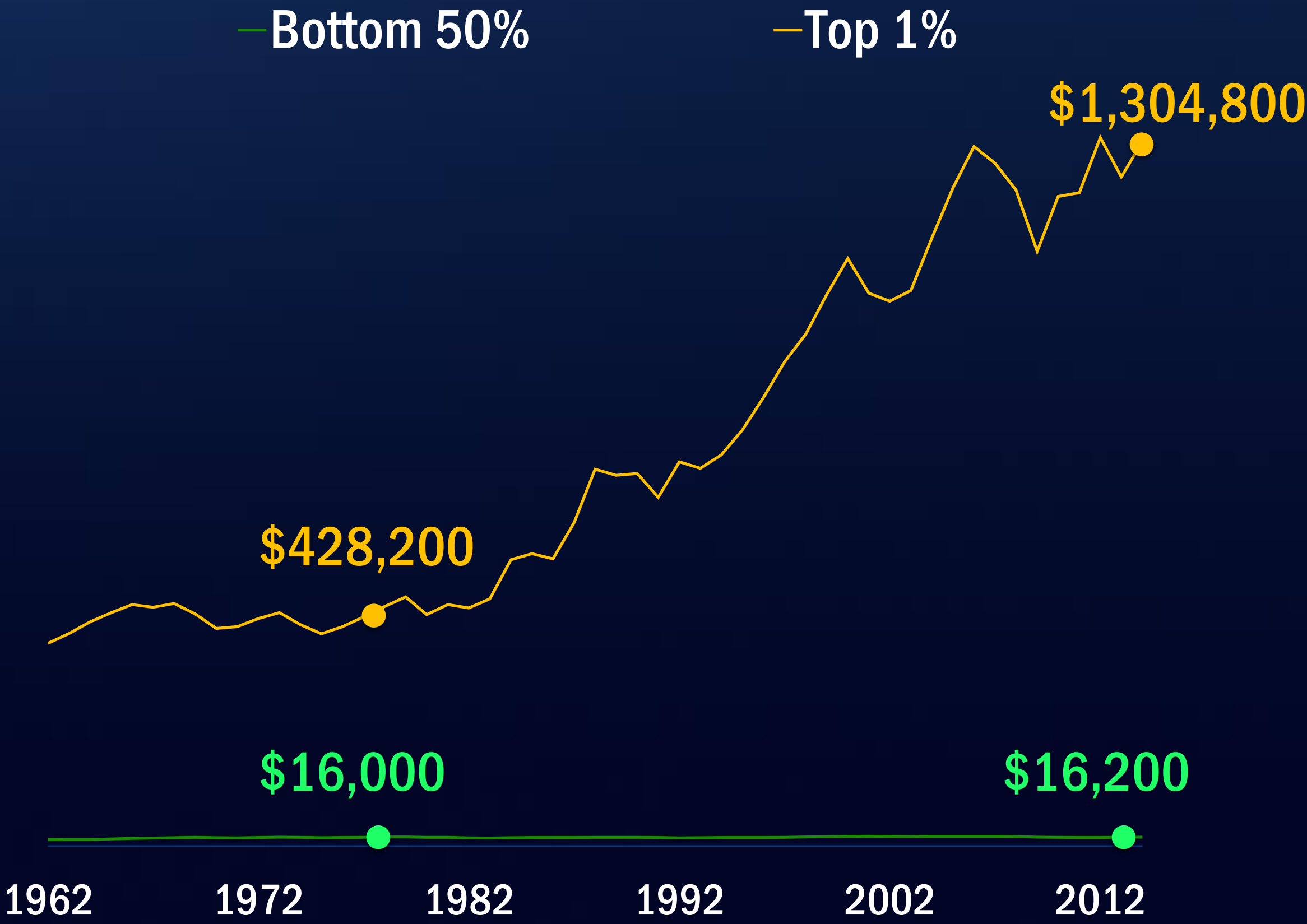
Change in employment by occupation, 1980-2010

Occupations ranked by mean wage



Source: Mandelman and Zlate

U.S. average pre-tax income, 2014 dollars

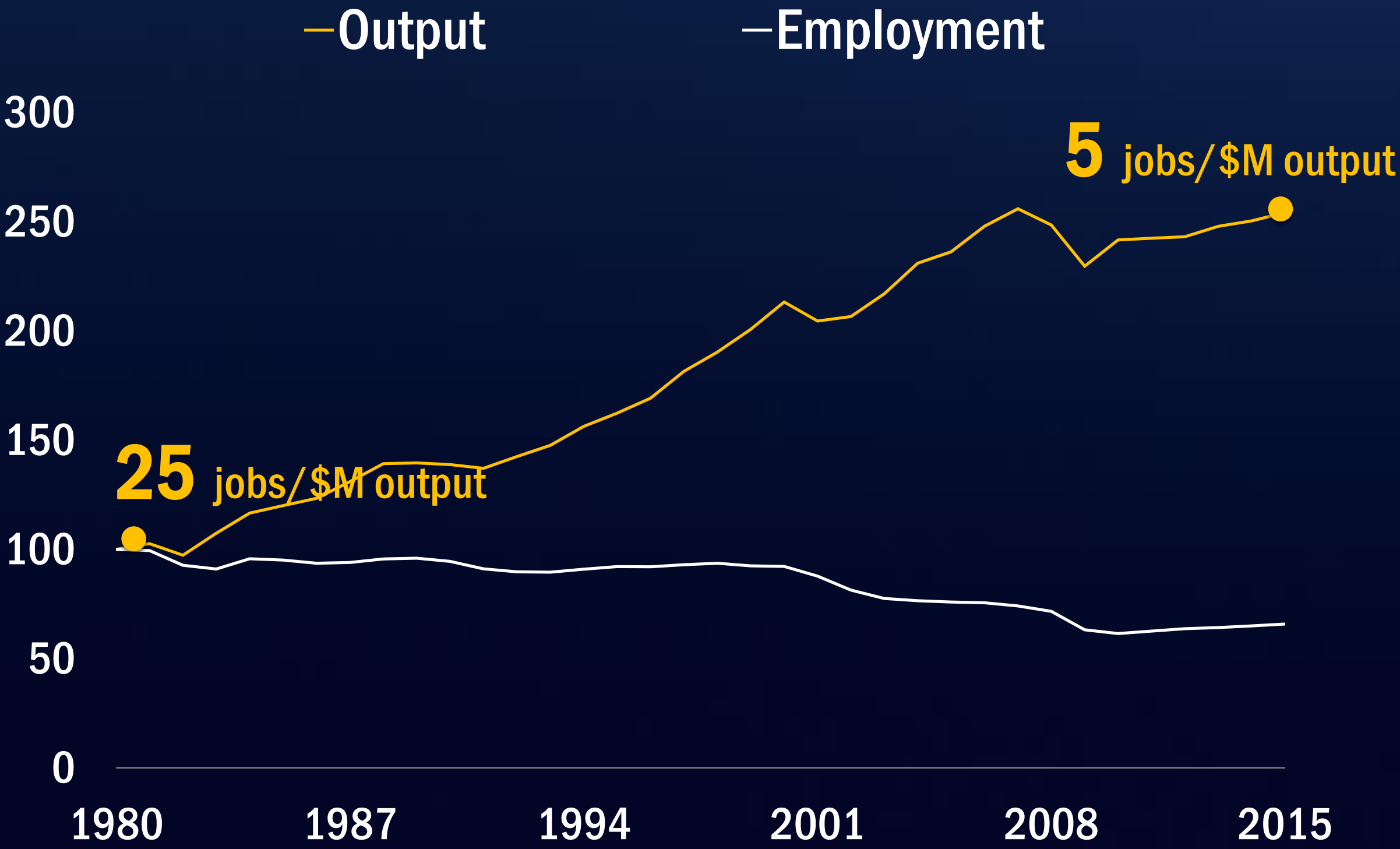


Source: Piketty, Saez and Gucman

Manufacturing and Productivity

Productivity gains from automation are driving job losses, but most firms are lagging in productivity

Manufacturing Output and Employment
1980-2015 (1980=100)



Source: Brookings

Firm Level Productivity
Manufacturing, 2000-2015



Source: OECD

Global activity: Exports

27%

Share of GDP Growth
(2009-2014)

Large Exporters (500+ employees)

2%

Share of US exporters

67%

Share of US export value

Global activity: Foreign Direct Investment

87%

FDI capital inflows from
M&A (1992-2008)

35 vs 53

Greenfield

M&A

Average Middle Market
employees in FDI firms
at time of entry

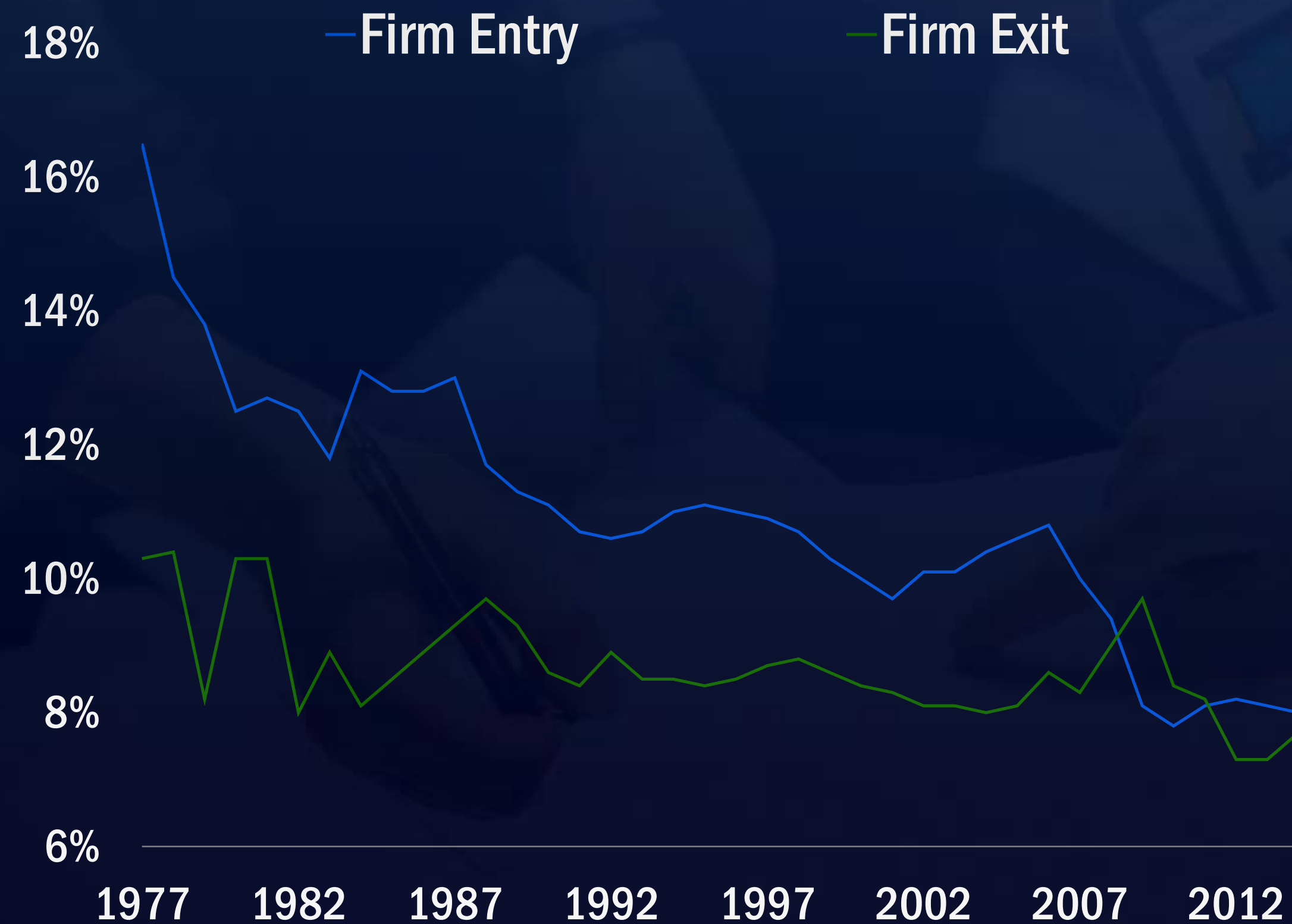
2x

Jobs created from expansions as
from new establishments

Startups and Scale-ups

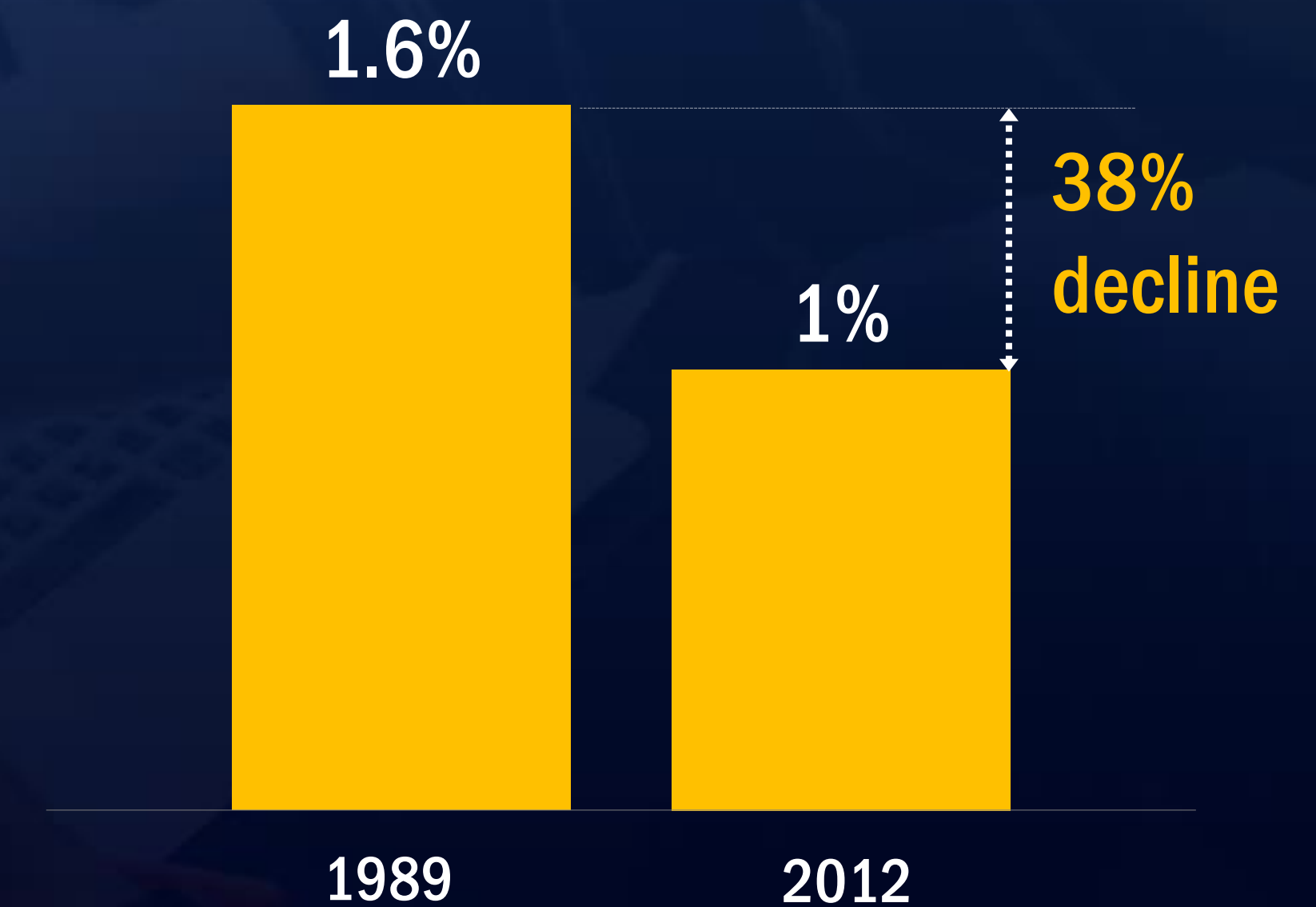
Startup rates are in a multi-decade decline and fewer startups are able to scale

U.S. Firm Entry and Exit Rates, 1978-2012



Source: Hathaway and Litan

Share of Startups Growing to 50 Jobs in 1 Year



“If American entrepreneurship is facing a crisis, it is not in the **rate of creation** of high-growth startups or the **initial funding** of those firms, but in the potential of those firms to **scale in a meaningful way** over time.”

Source: Guzman and Stern

The Response

Economic development is shifting and broadening its approach

Changes In Economic Development Practice



**Scale-up and middle
market emphasis**



**Know your
firms**



**Truly unique
specializations**

The Response

Economic development is shifting and broadening its approach

Extending Beyond Traditional Practice



**Inclusive
growth**



**Workforce
& talent**

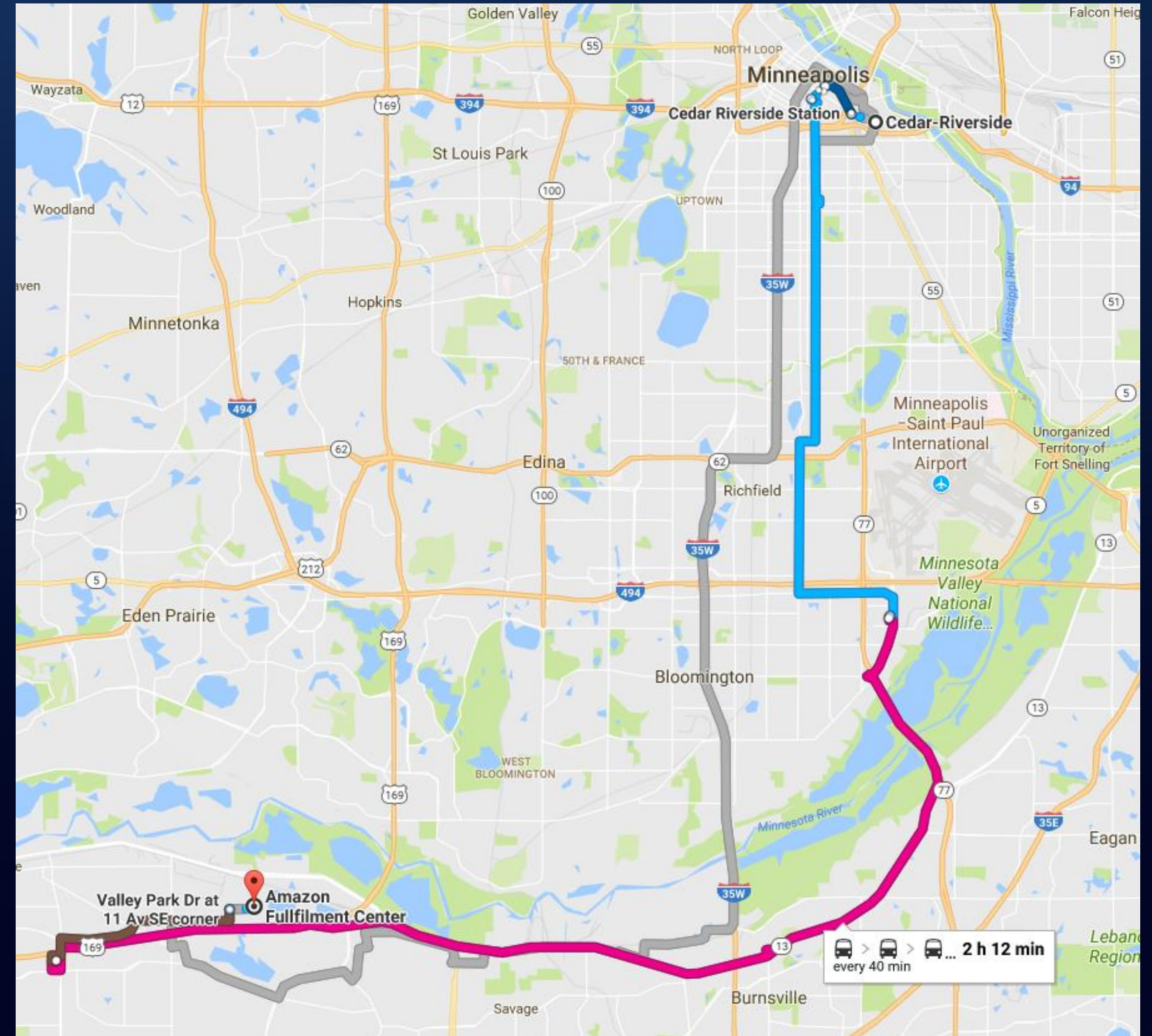


Infrastructure

Spatial Mismatch

The intersection of workforce, infrastructure, and inclusion

- Regional incentives for developments in low unemployment areas that are inaccessible to high unemployment areas
- Example: \$1 million in TIF funding for Amazon warehouse 25 miles from Minneapolis (2 hours one way via transit)



An effective Economic Value Atlas...



**Regional
Objectives**



**Quantifiable
Criteria**



Infrastructure

1

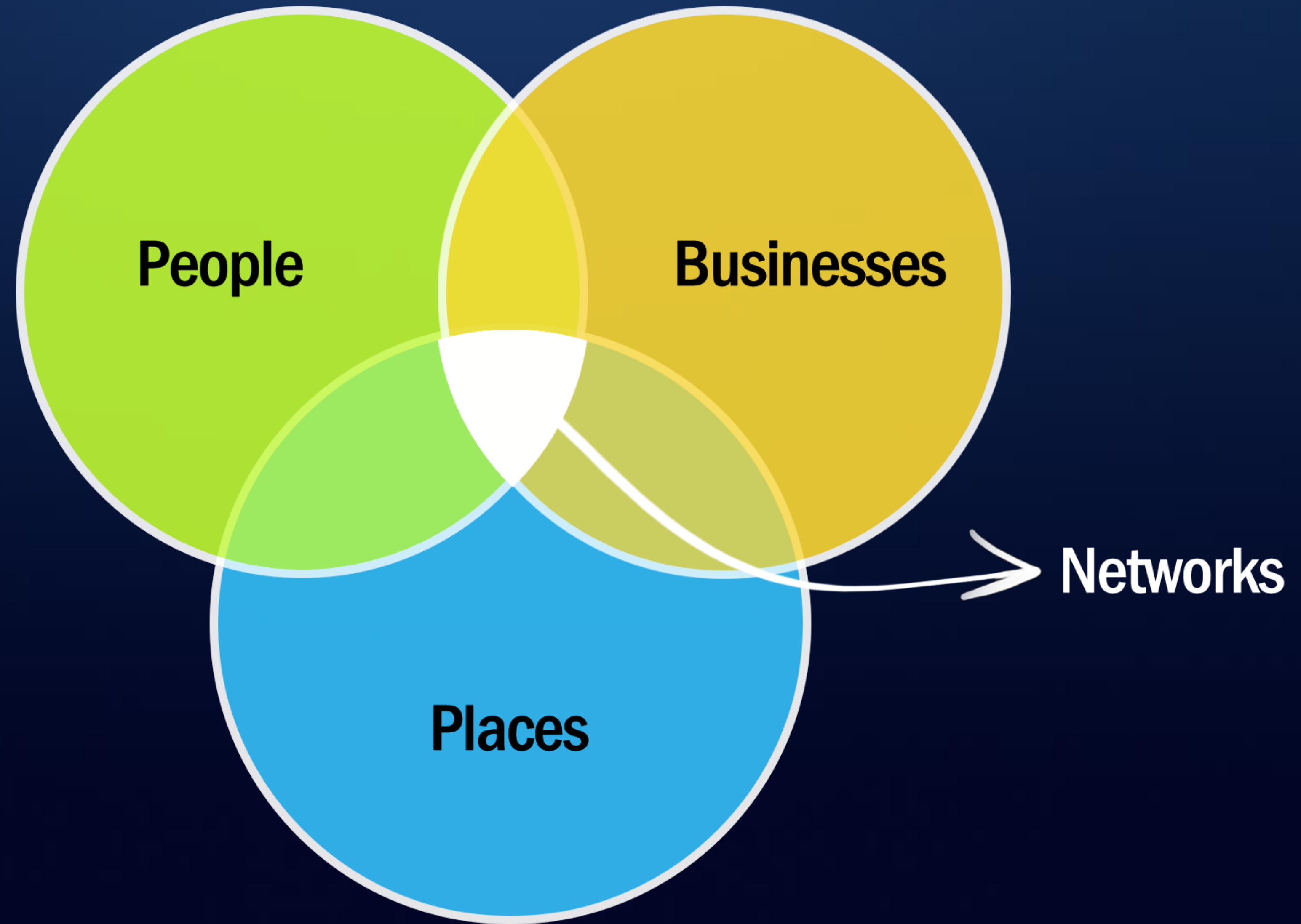
Economic Development, Evolved

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Market Scan


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Moving Forward





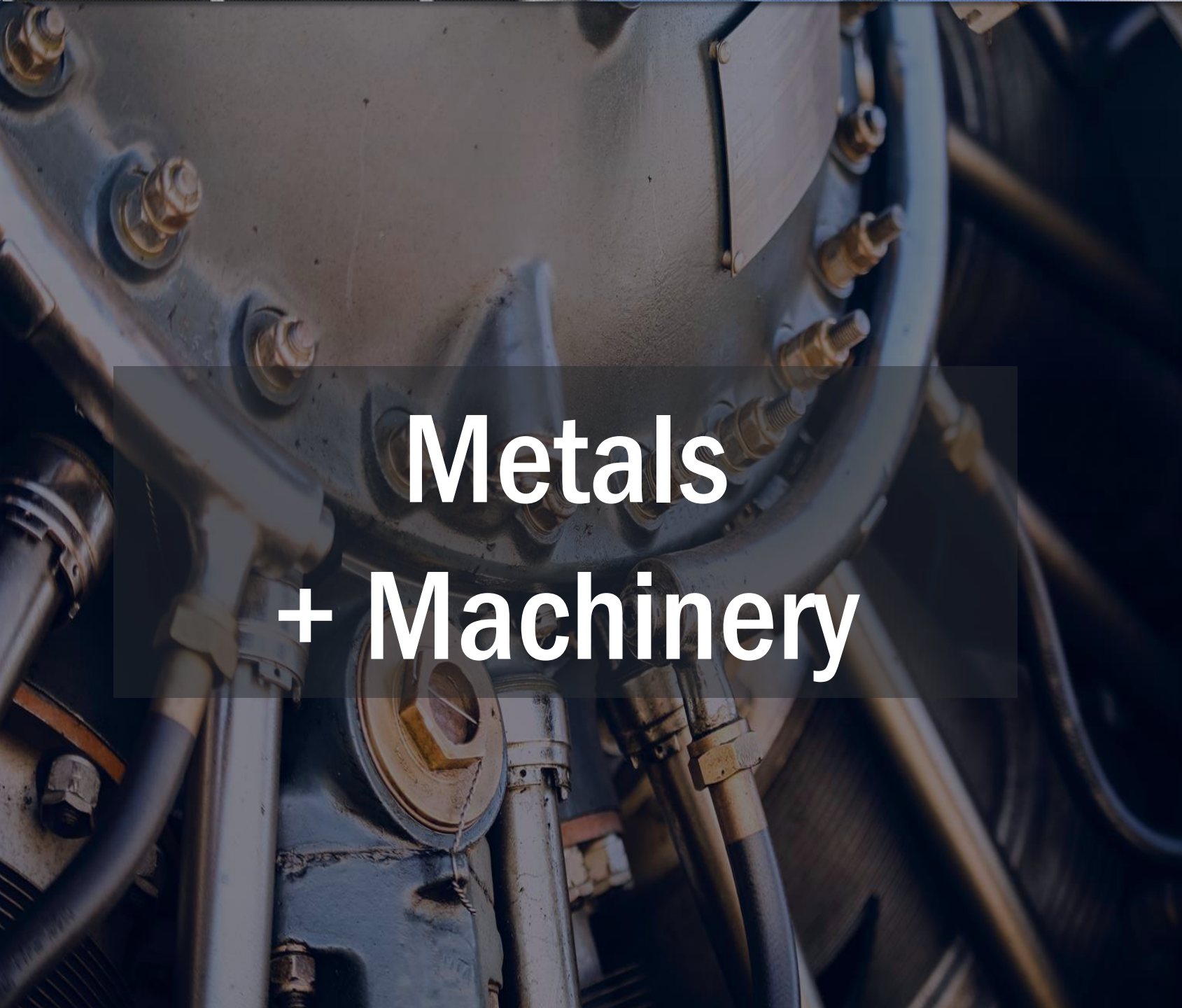
**Clean Tech
+ Green Cities**



**Computers
+ Electronics**




**Health Sciences
+ Tech**



**Metals
+ Machinery**



**Software
+ Media**



**Sporting Equipment
Apparel + Design**

Come In
WE'RE
OPEN

Businesses

COLORANTE



Pimentón
Ahumado
2'90 €
Singluten

Portland Is Achieving Competitive Economic Growth ...

Index

180

160

140

120

100

80

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

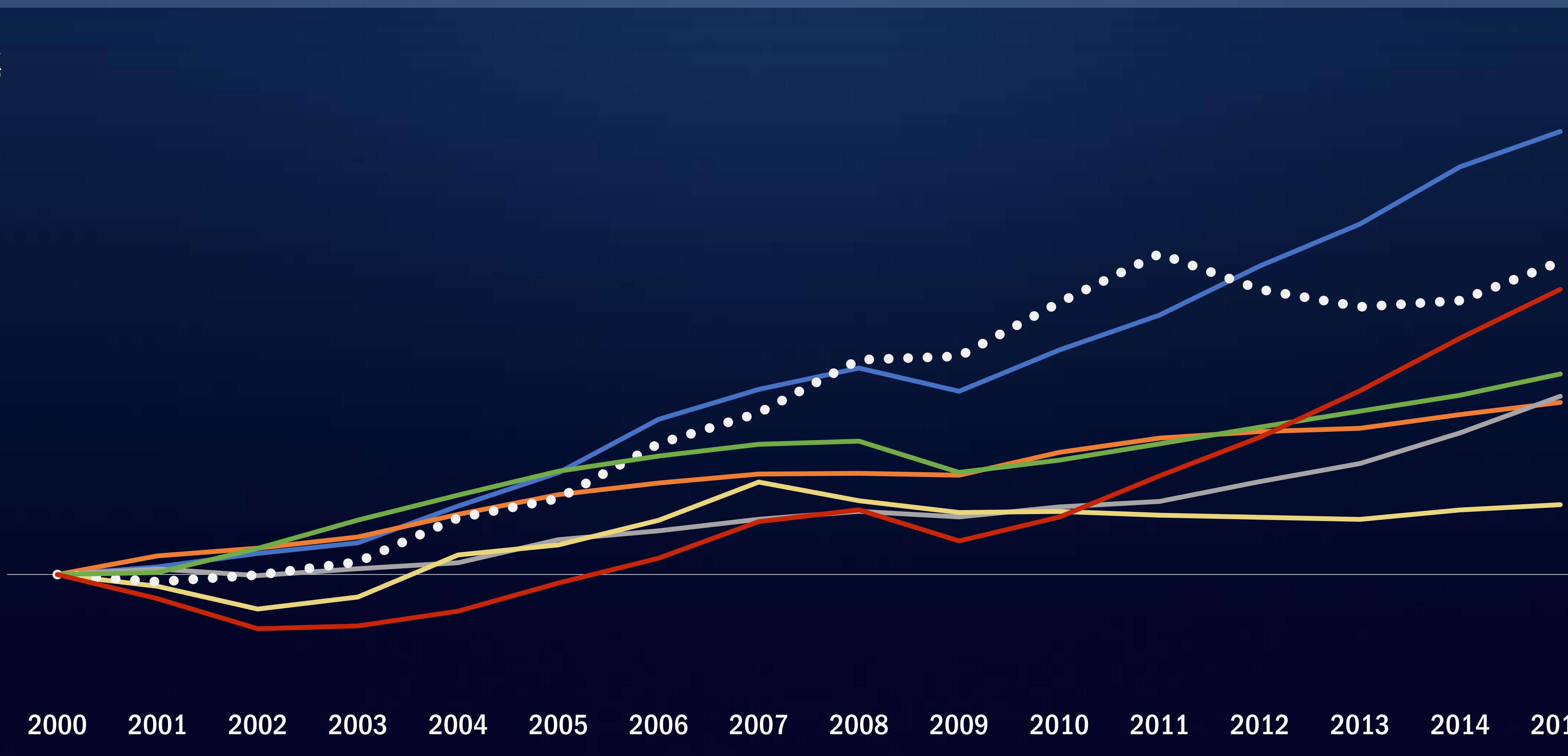
2012

2013

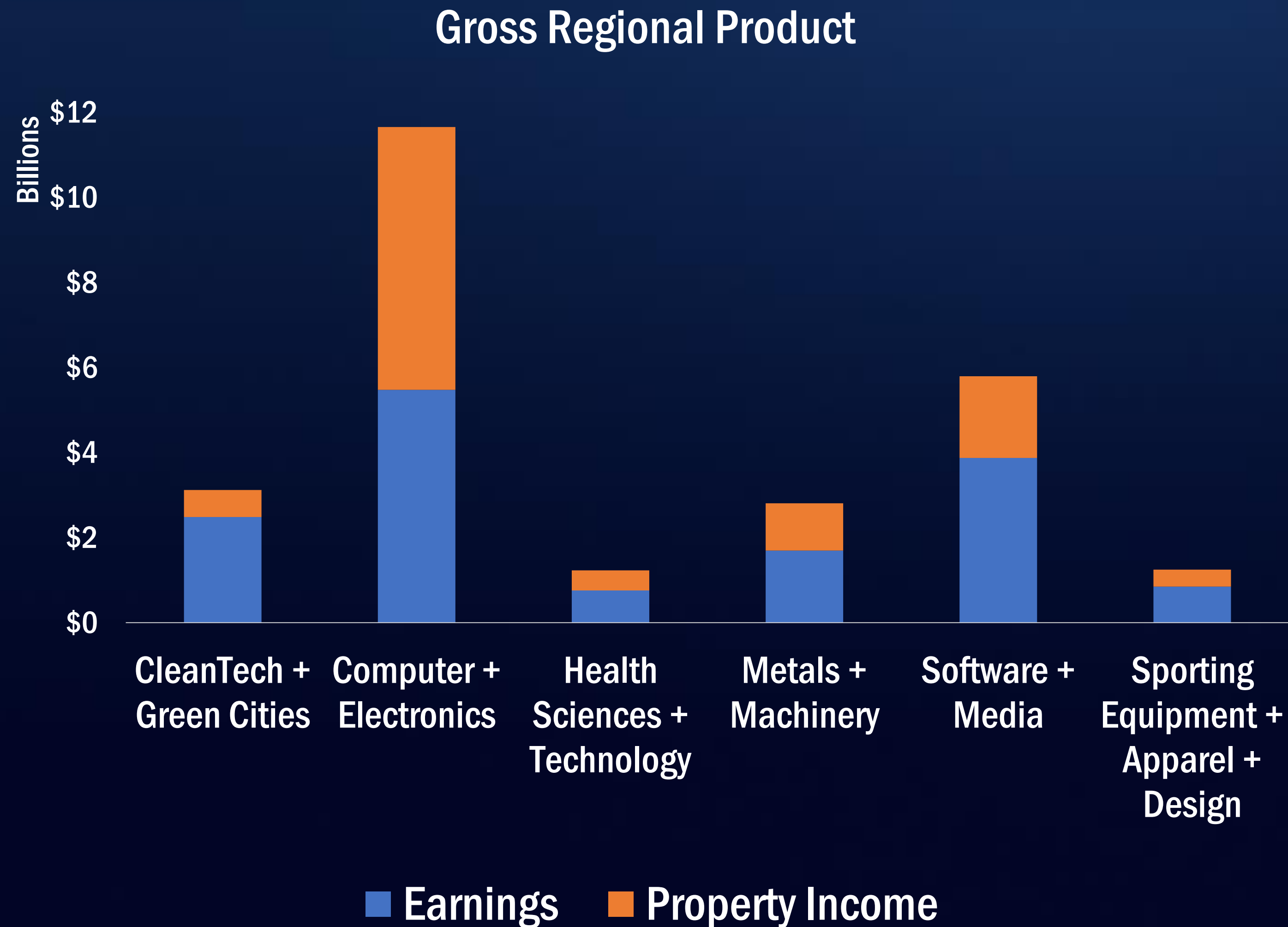
2014

2015

—Austin, TX —Baltimore, MD —Denver, CO —Hartford, CT •Portland, OR-WA —San Diego, CA —San Jose, CA



... and Led by Focus Clusters and Other Tradable Industries



45%

Share of All
Tradable Industry
GRP

Portland Businesses: Growing Older + Outward-Facing

-7.5%

Employment at Young Firms
2005 - 2015

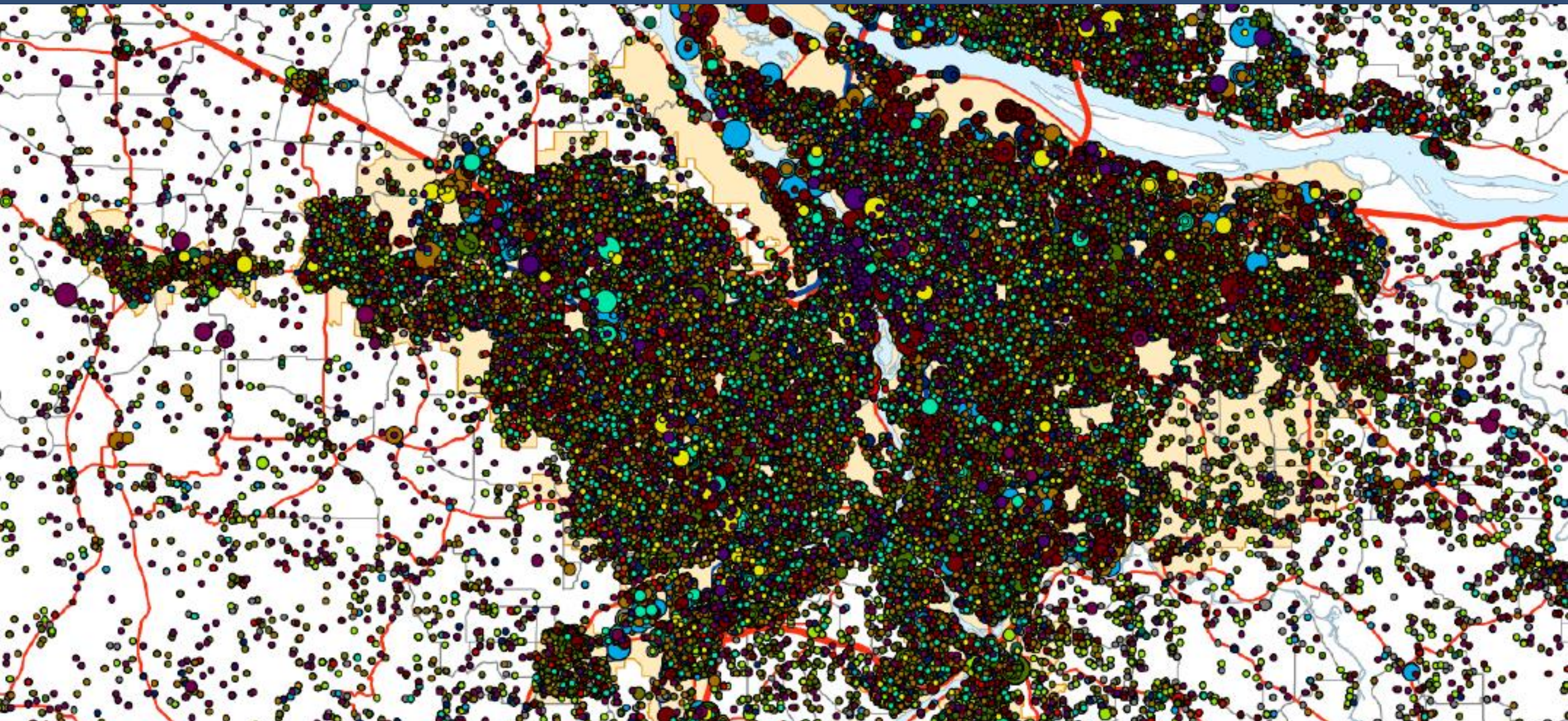
77,790

Direct Export-Supported Jobs
2015

4.8%

FDI Share of MSA Employment
2011

Jobs Cluster, But the Region is Expansive





People

Portland's Job Growth Is Closer to the Pack

Index

150

140

130

120

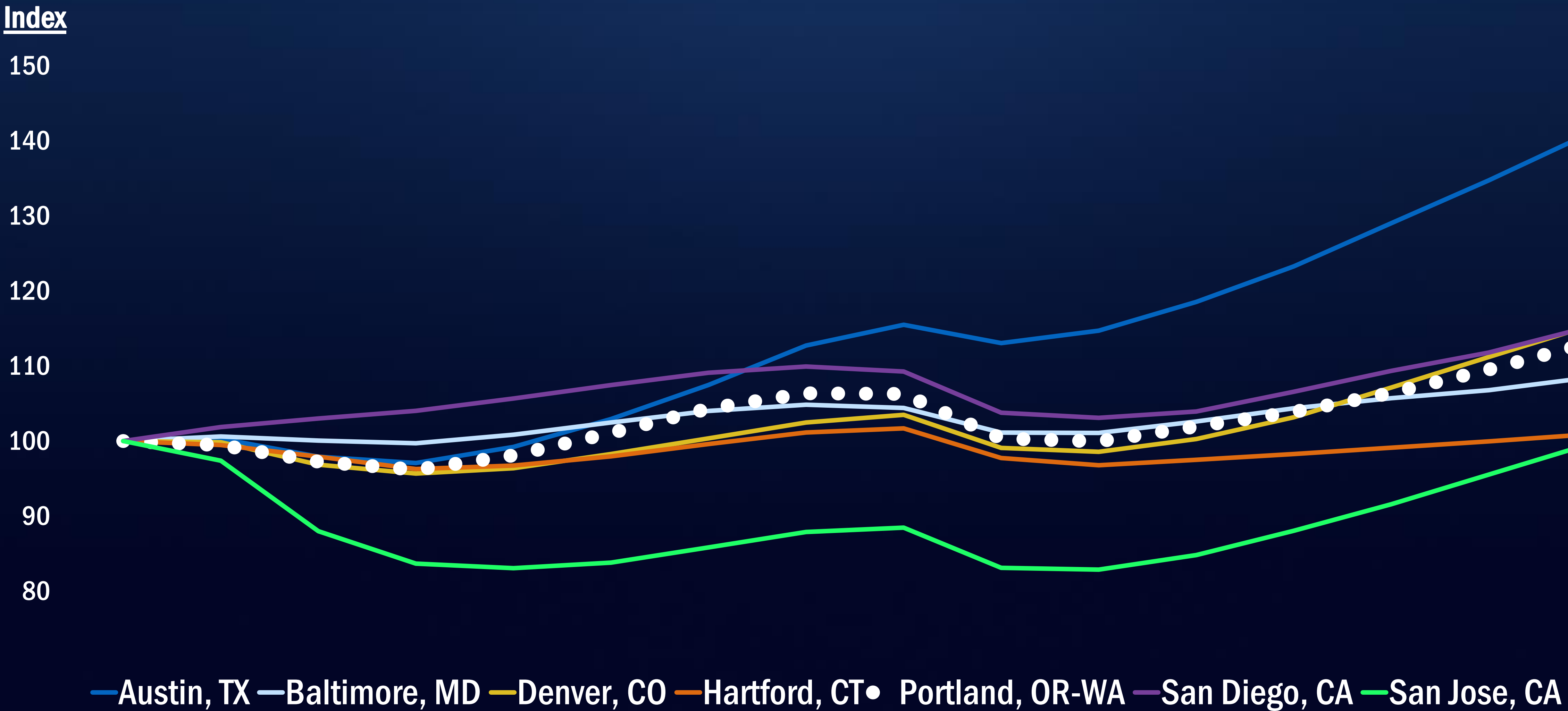
110

100

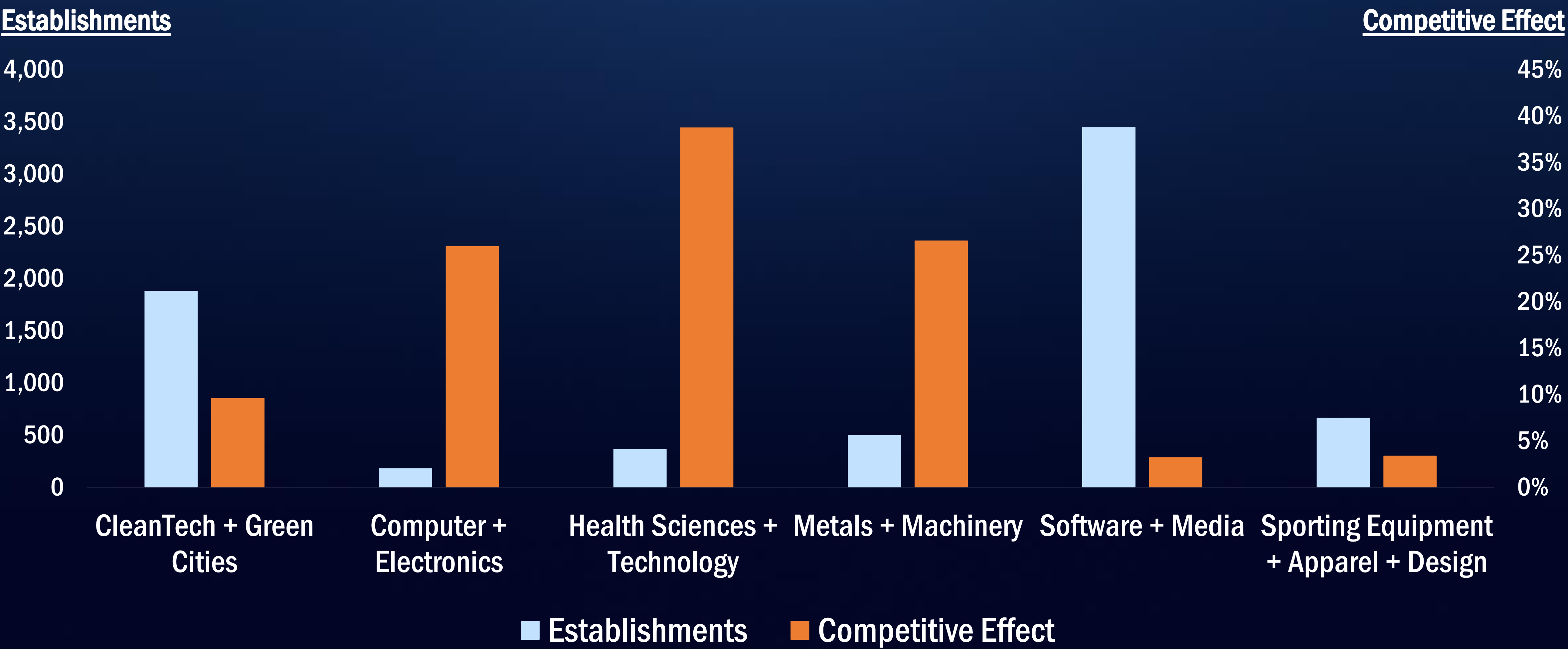
90

80

— Austin, TX — Baltimore, MD — Denver, CO — Hartford, CT • Portland, OR-WA — San Diego, CA — San Jose, CA



Focus Clusters' Employment Is Diverse + Healthy



Focus Clusters' Jobs Are Extremely Productive

Per Worker

\$400,000
\$350,000
\$300,000
\$250,000
\$200,000
\$150,000
\$100,000
\$50,000
\$0

CleanTech +
Green Cities

Computer +
Electronics

Health
Sciences +
Technology

Metal +
Machinery

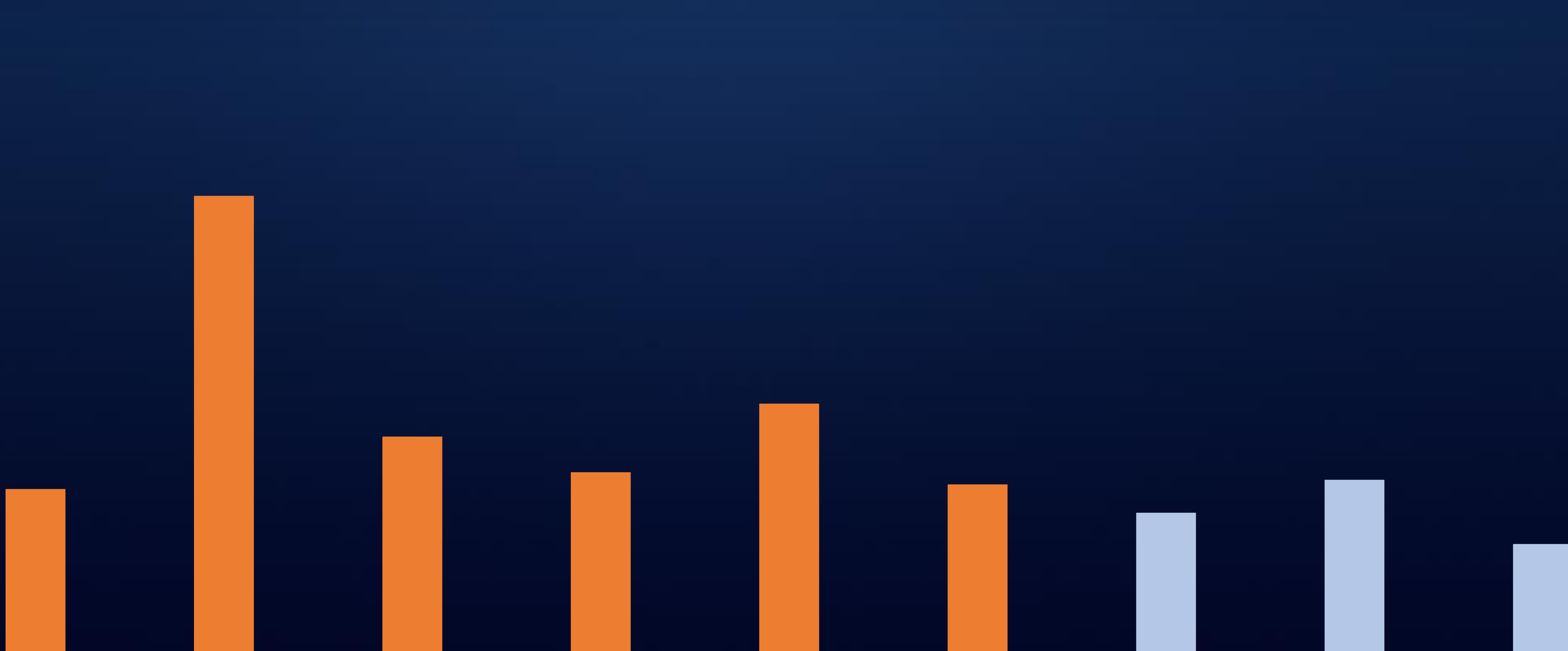
Software +
Media

Sporting
Equipment +
Apparel +
Design

Tradable
Goods

Tradable
Services

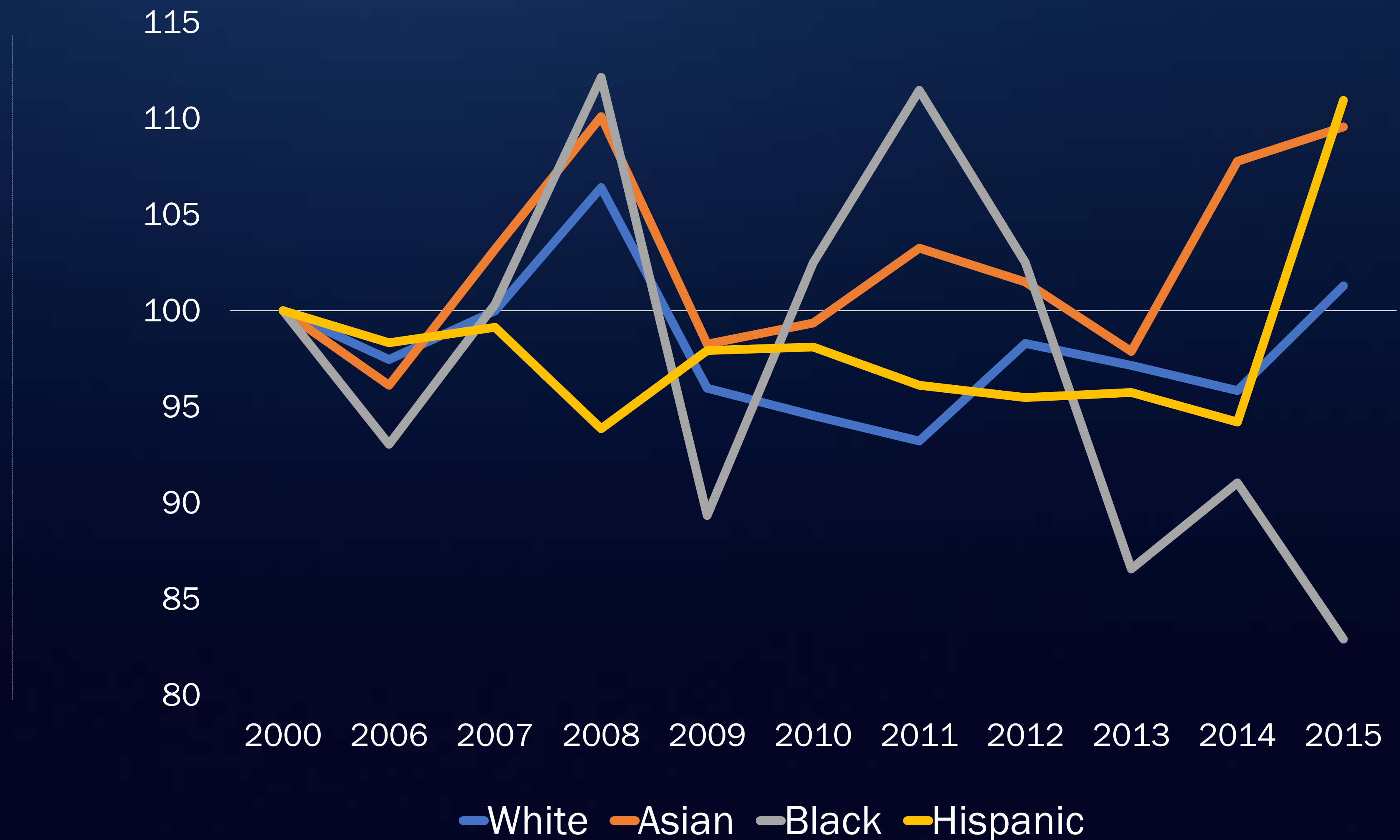
Local
Services



Median Earnings Are Relatively Flat and Mixed by Race

+0.3%

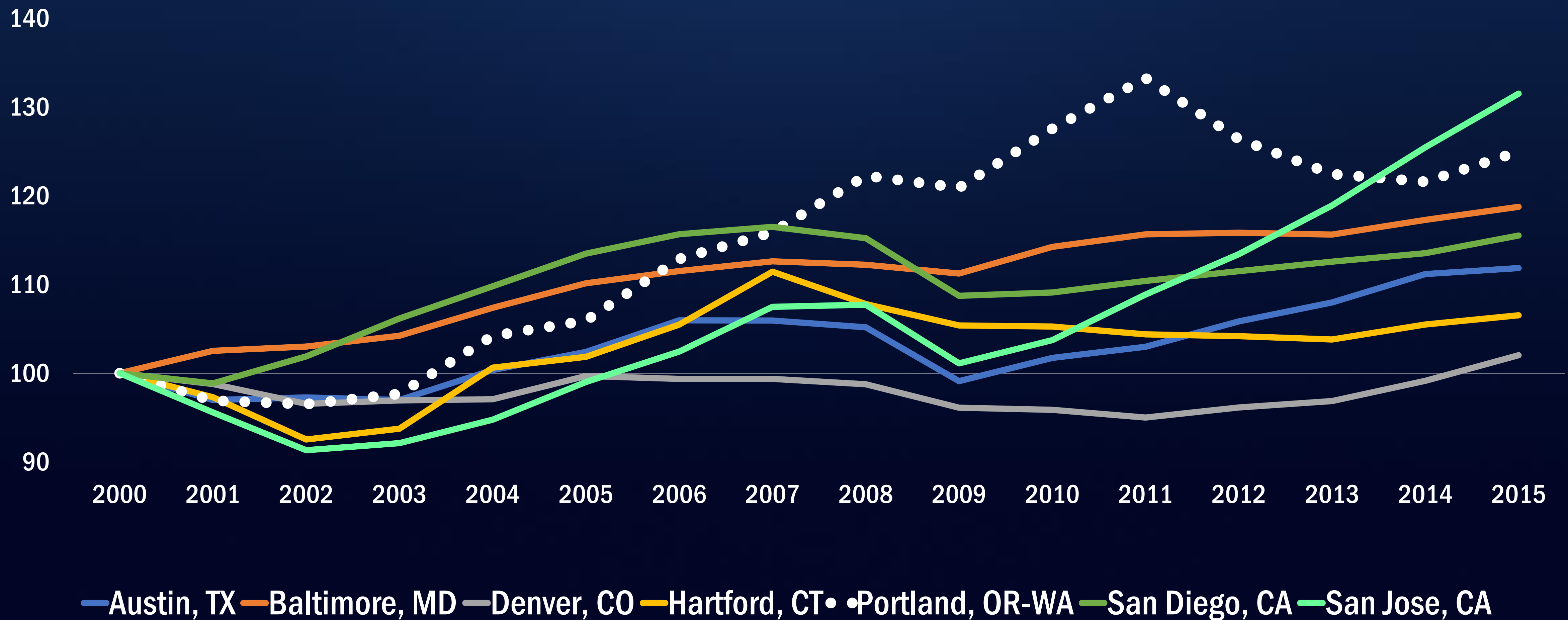
Median Wage Growth
2005 - 2015





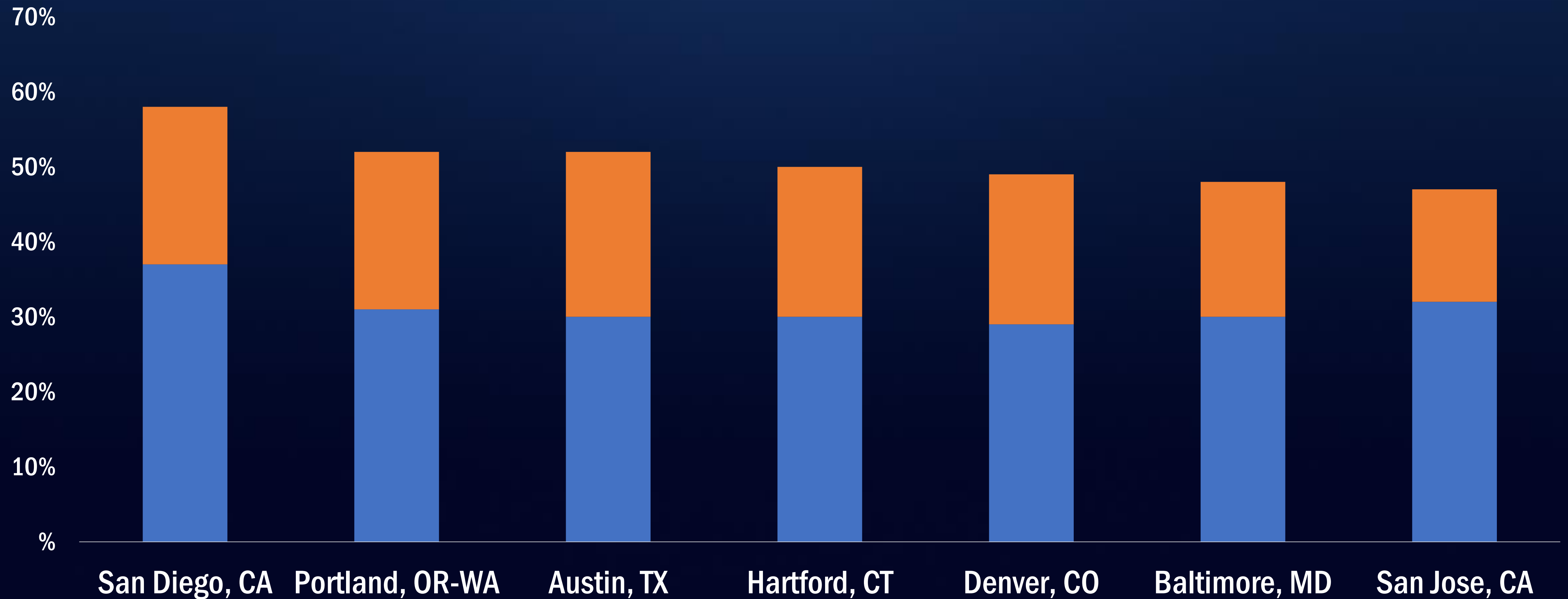
Places

Metro-Scale Living Standards Look Strong ...

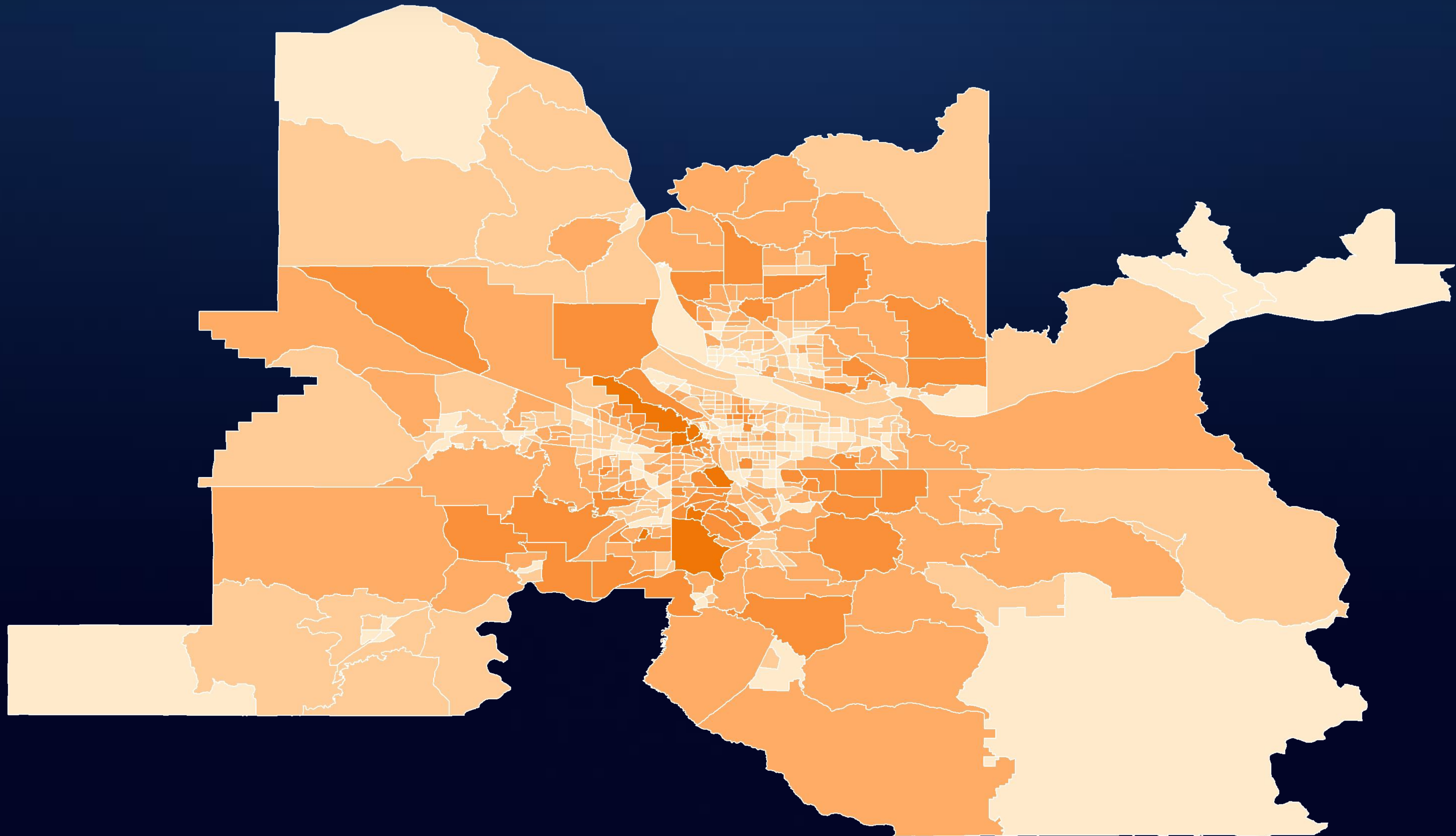


... but Place-Based Costs Are High

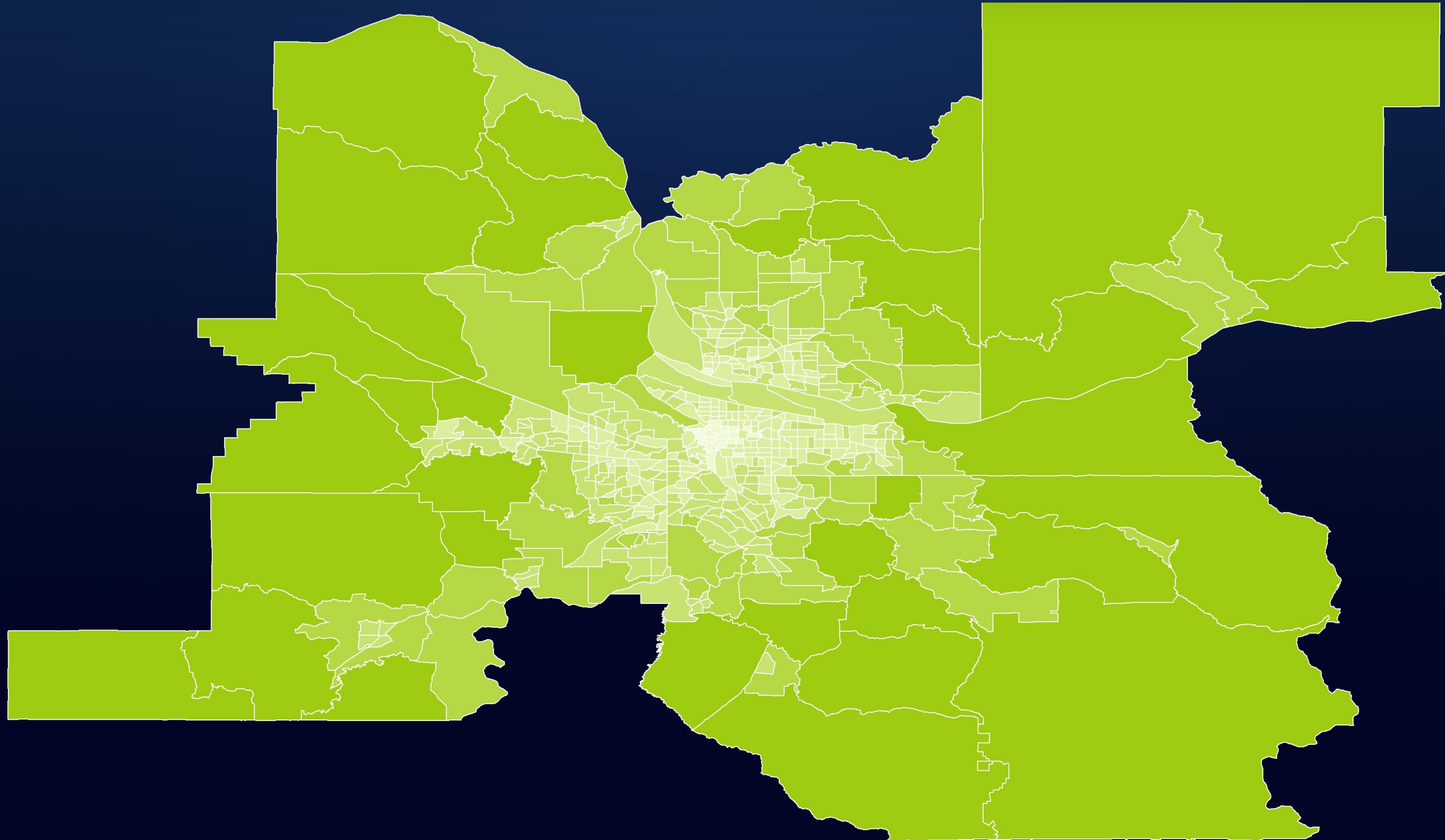
■ Housing Costs ■ Transportation Costs



Housing Costs

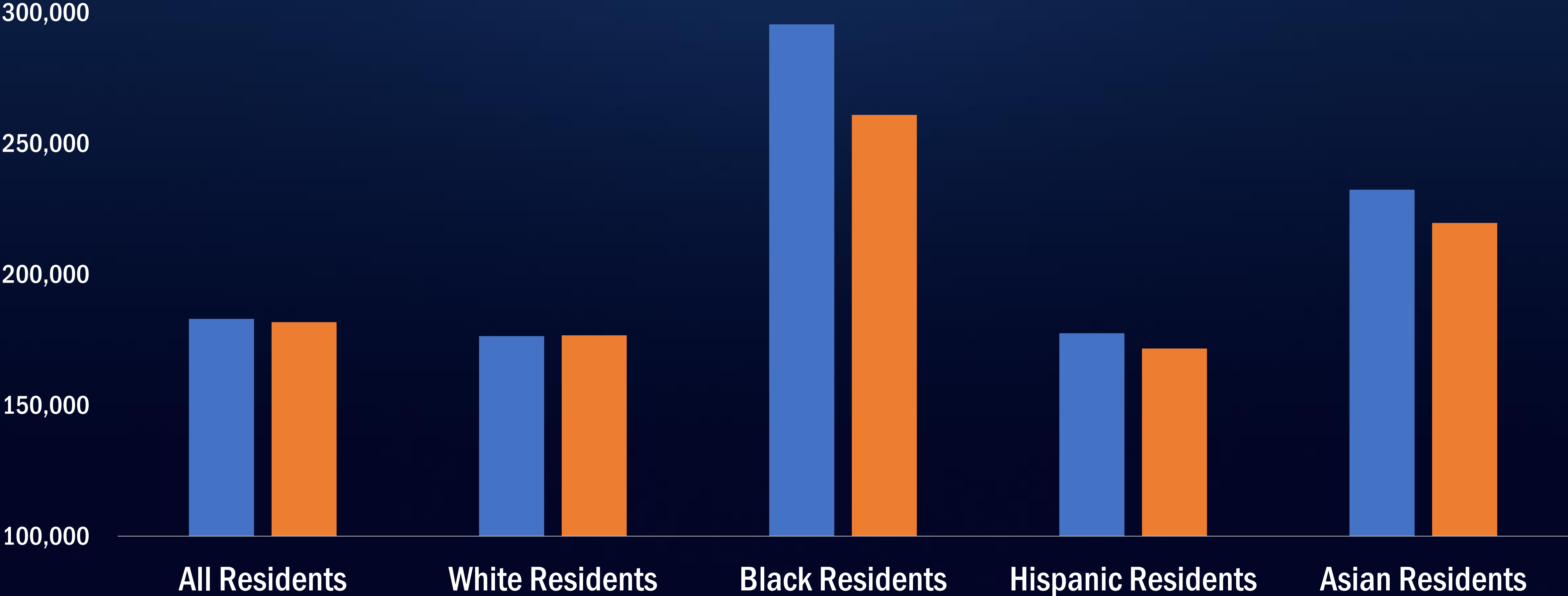


Transportation Costs



Spatial Mismatch Is Growing Unequally

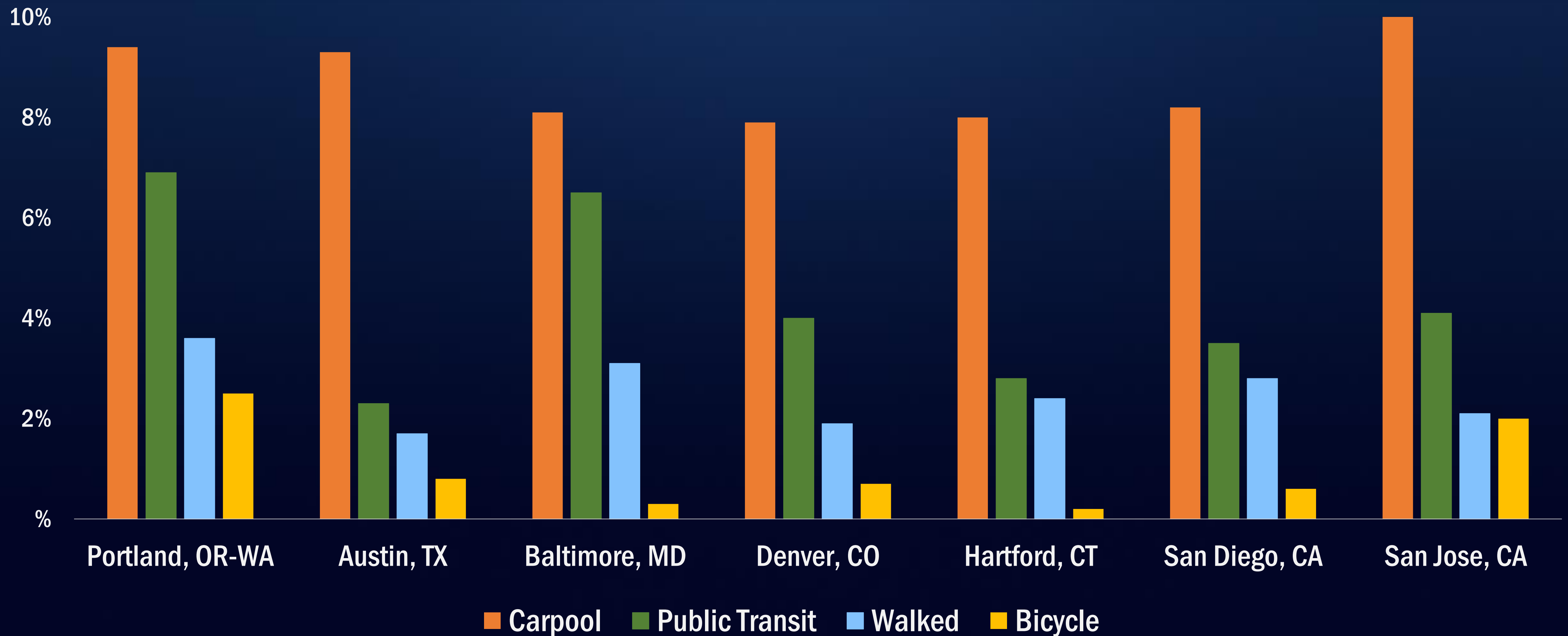
Jobs within Median Commute Distance



An aerial photograph of a large airport tarmac, showing numerous commercial airplanes parked at gates or on the apron. The image is overlaid with a semi-transparent blue filter. The word "Networks" is centered in a bold, yellow font.

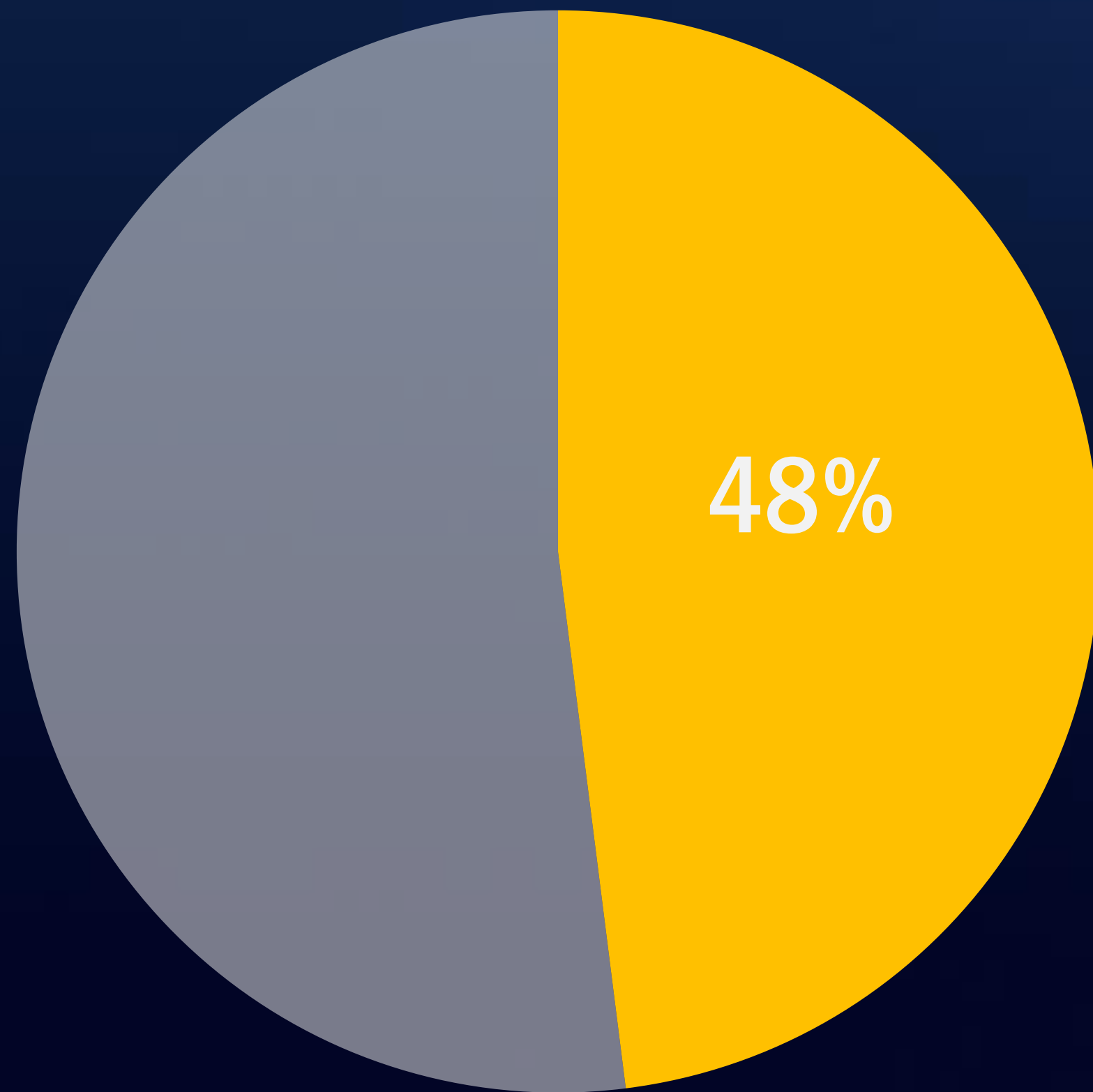
Networks

Portland's Modal Leadership

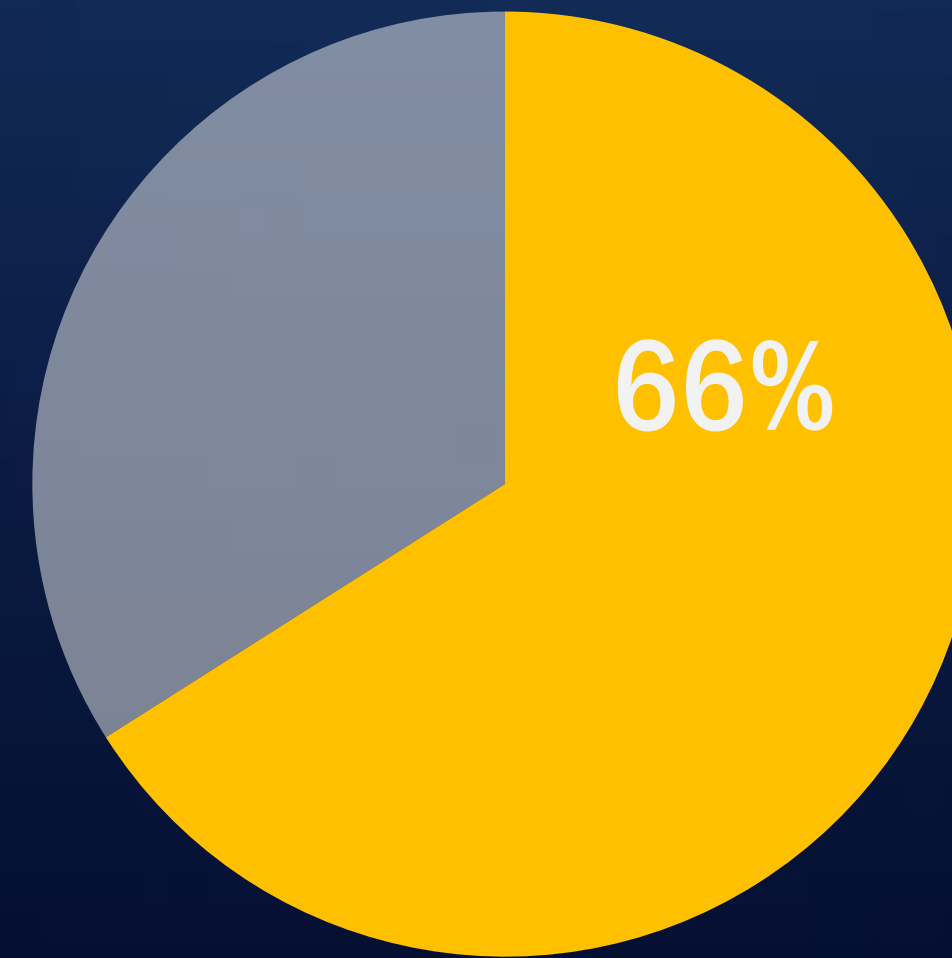


Portland's Counties Exchange Workers Throughout the Region

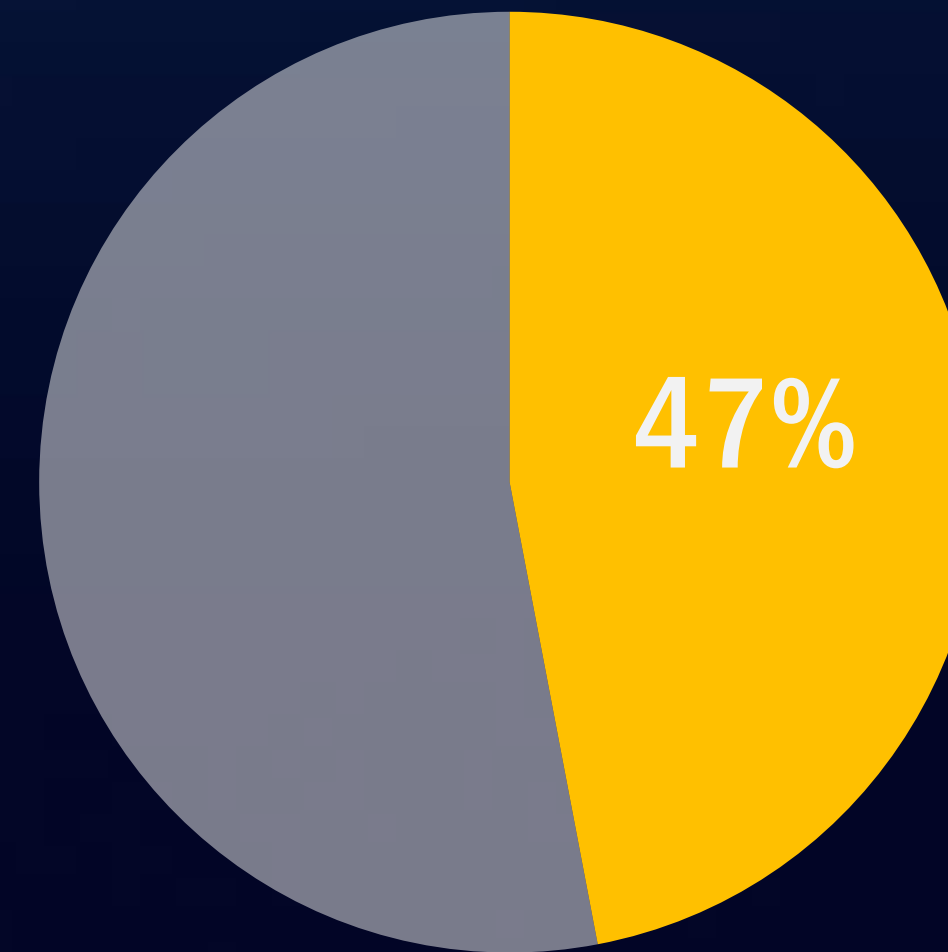
Inter-county Commuting Share



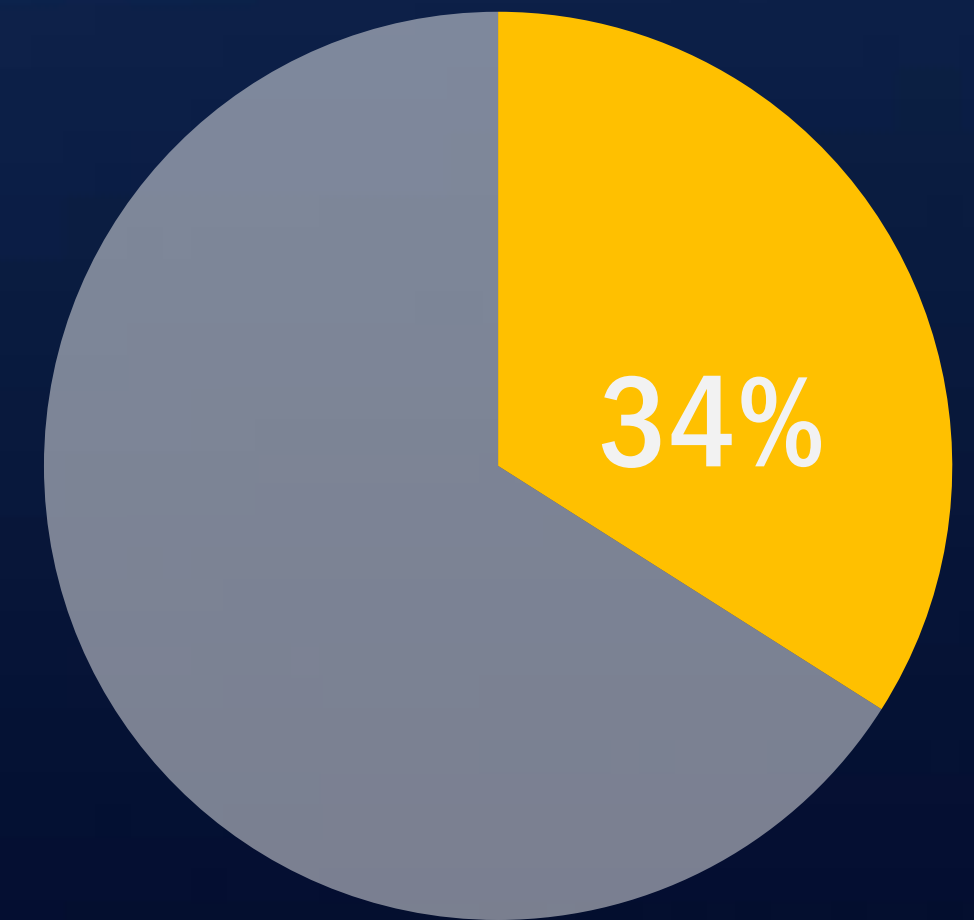
Portland MSA



Clackamas



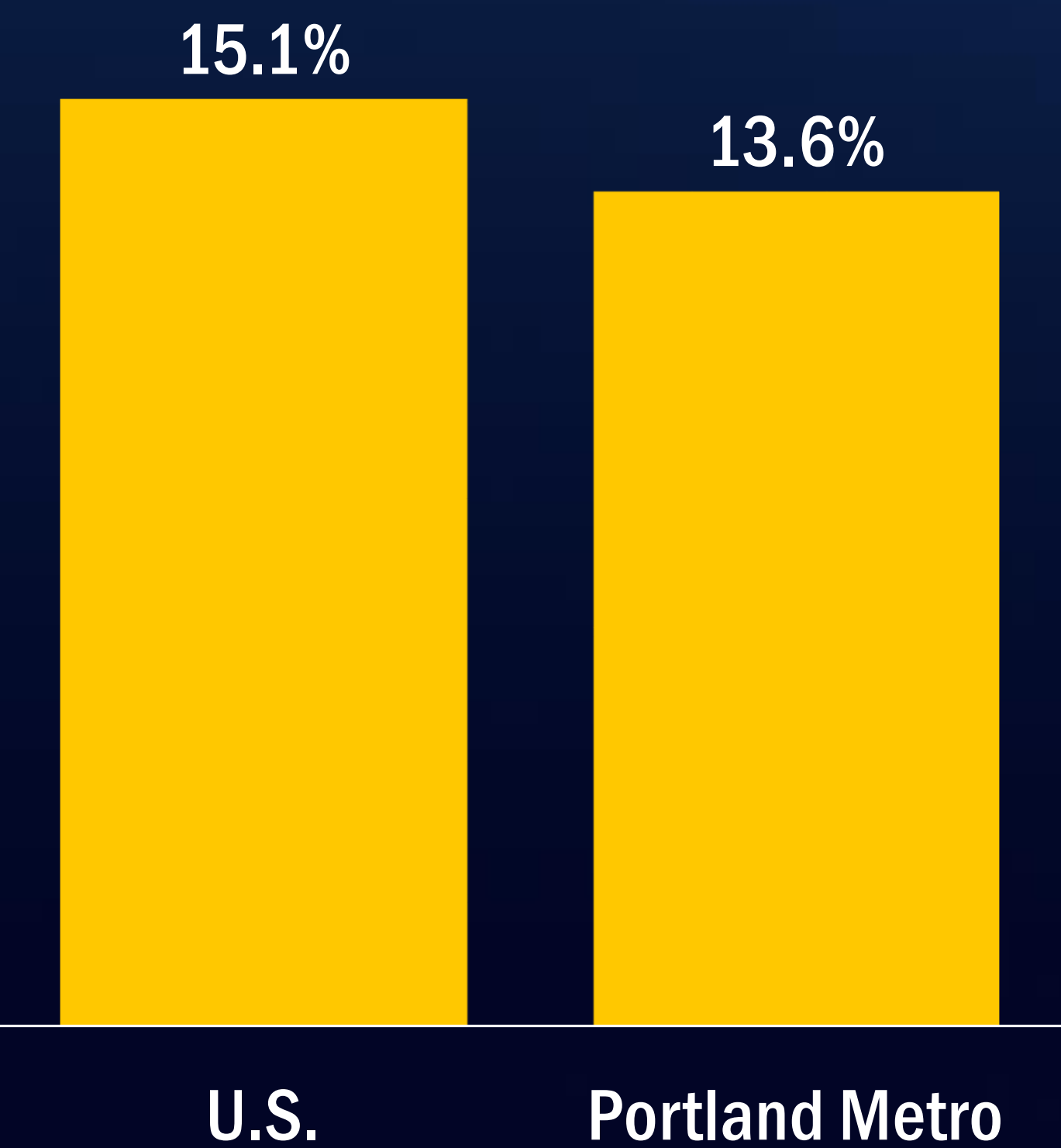
Washington



Multnomah

Portland Freight Dashboard

International Trade Share



Total Exported Goods

\$9.8 b

Total Goods Trade

\$140.0 b

28th of Top 100 Metros

Top Trading Partners

1	Seattle	12%
2	Salem	5.9%
3	Los Angeles	5.2%
4	China	4.2%
5	Non-Metro Oregon	3.3%
6	Non-Metro Washington	2.4%
7	Mexico	2.1%
8	San Jose	2%
9	Eugene-Springfield	2%
10	Canada	1.9%
Top 10 Totals		40.9%

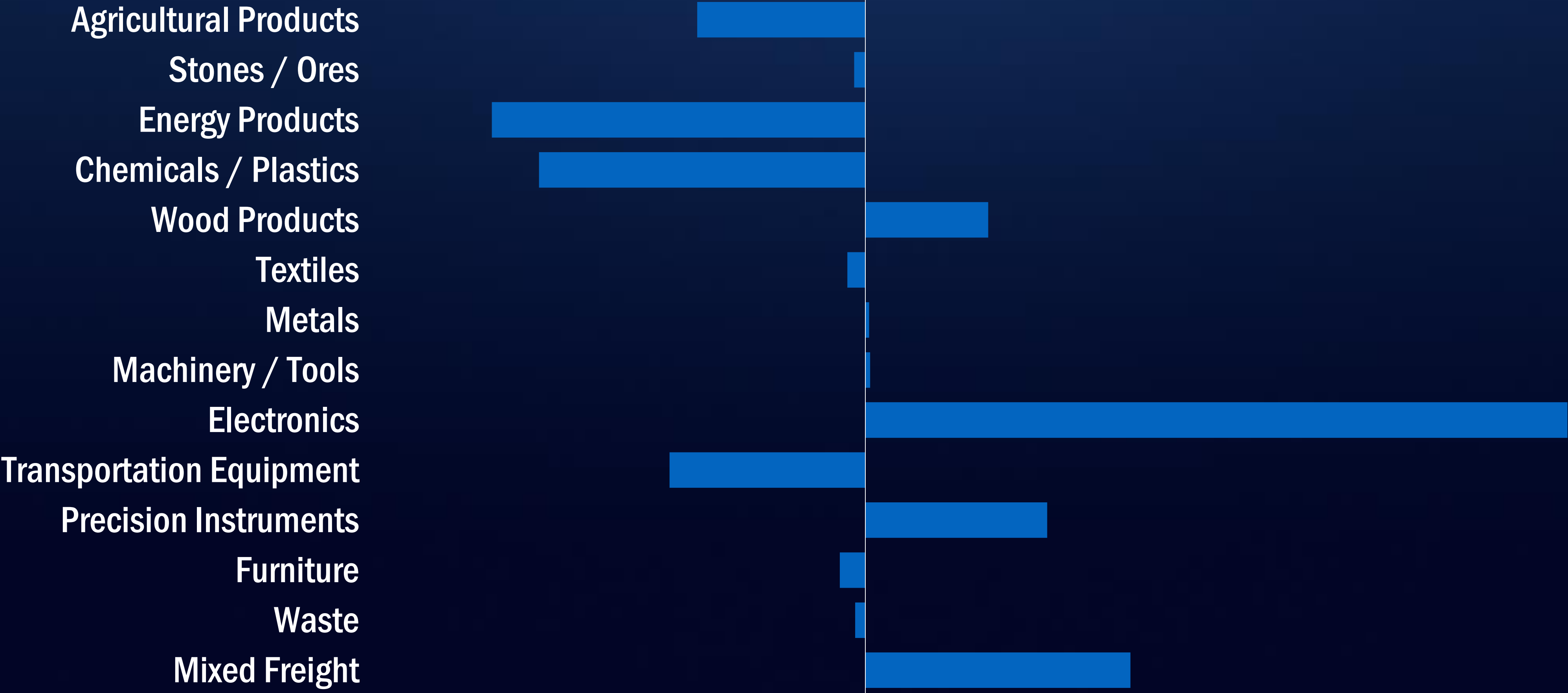
Source: Brookings MetroFreight Series and Export Nation 2013

Portland Freight Dashboard

Trade Balance

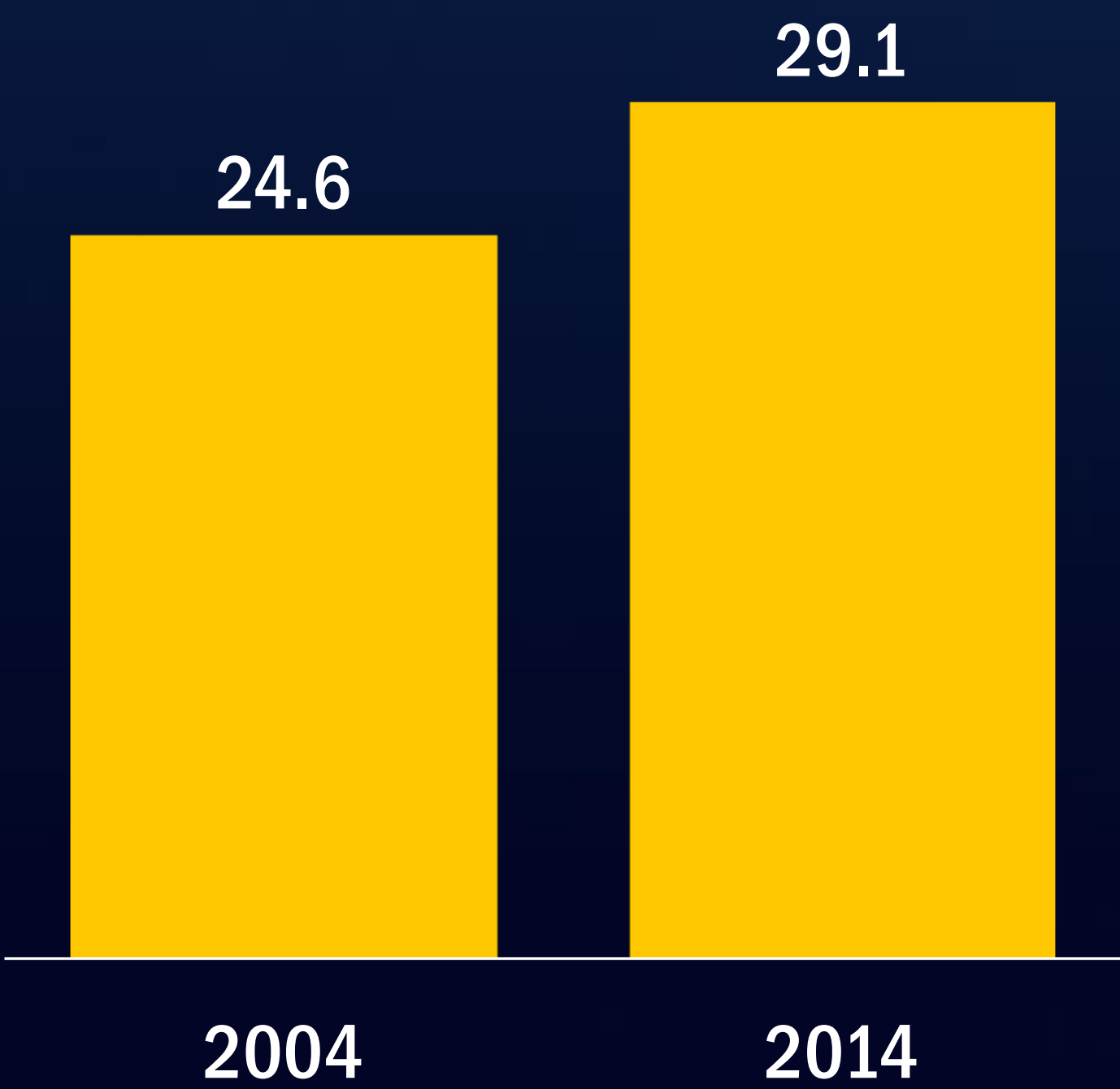
\$34bn

19th of Top 100 Metros



Portland Commercial Aviation Dashboard

Total Passengers (mil)



International Share

6.4%

27 among 35 GMM Metros

Local OD Passengers

94.8%

Top OD Partner Regions (k)

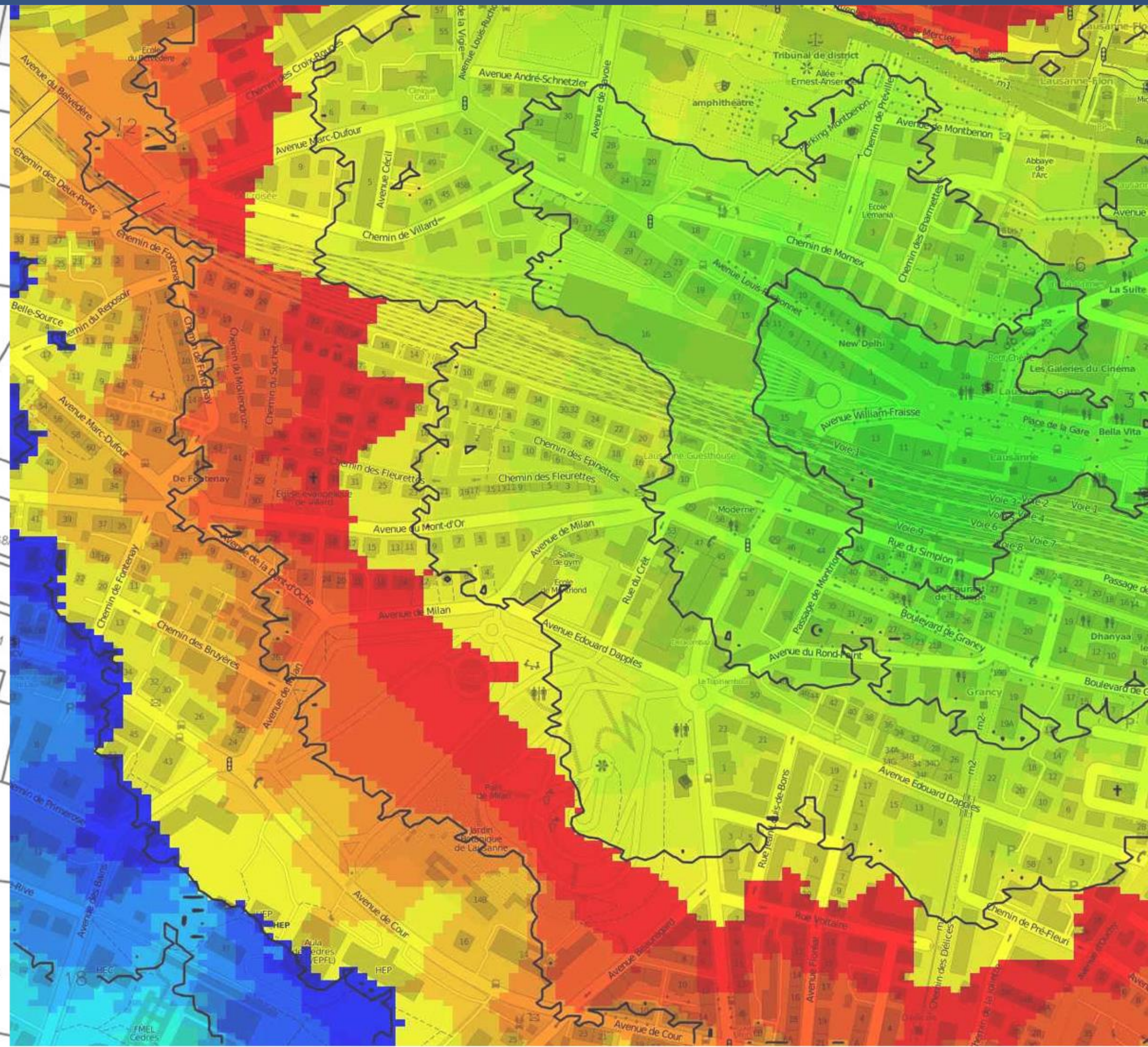
1	Los Angeles	2,373
2	San Francisco	2,103
3	Las Vegas	1,186
4	Chicago	1,093
5	Phoenix	1,091
6	Seattle	1,061
7	Denver	1,005
8	San Diego	1,004
9	San Jose	975
10	Sacramento	855

Top 10 Share of Airport 43.8%

Source: Brookings analysis of SABRE data

What's Next?

Mapping: Economic Activity and Networks



77%

Share of Goods-Producing
Workers Commuting into Hillsboro

INTEL



1

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Implications



Mixed Growth



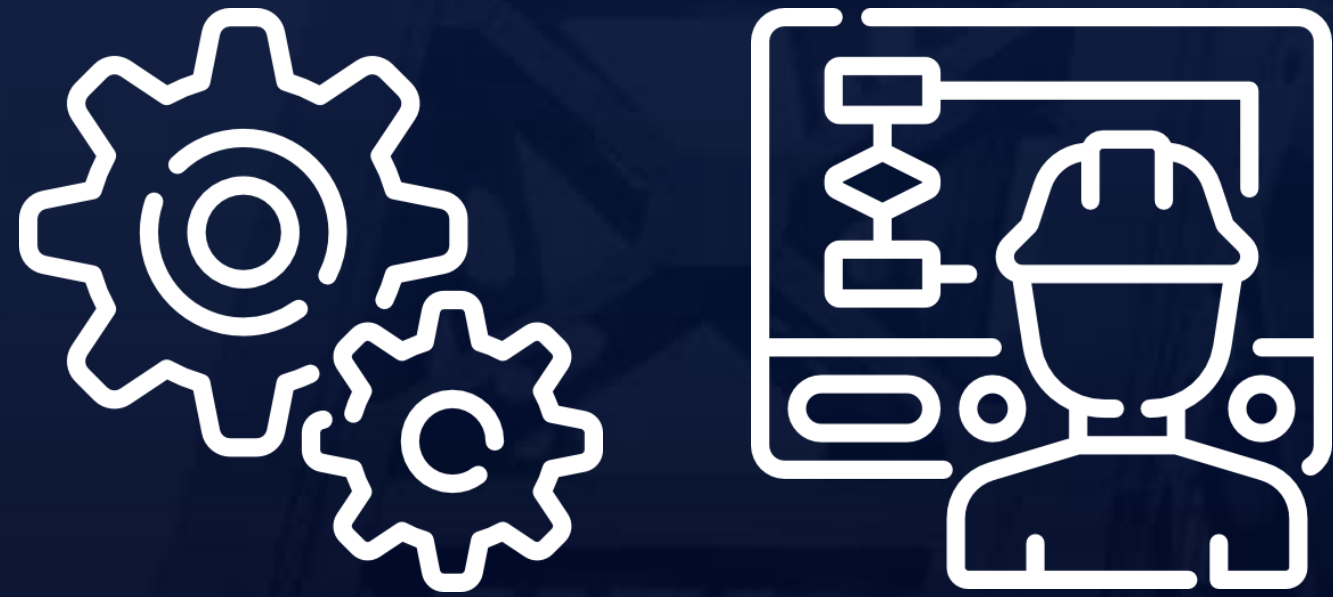
Place Matters



Core Question:

**How can infrastructure continue to support
Portland's economic competitiveness?**

Flexible measurement to connect outcomes



**Formalize Business and
People Goals**



**Create Place and Network
Benchmarks**



**Develop Criteria to
Judge Proposals**



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