



SOUTH FLORIDA ECONOMIC TRENDS

A C O M P A S S R E P O R T

Directional Tools For Economic Development
In Southeast Florida





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**A report by the
Economic Development
Research Institute**

About the South Florida Economic Trends Research Team

The Economic Development Research Institute gratefully acknowledges the contributions of the more than 50 business and civic leaders and economic development organizations who contributed their time and insight into the development of this report.

Cambridge Systematics, Inc. (CS) led the research and writing for the South Florida Economic Trends report. CS is a nationally recognized public policy consulting firm with expertise in economic development and transportation. Headquartered in Cambridge, Massachusetts, CS also has two offices in Florida – Fort Lauderdale and Tallahassee. The project manager of this study was Daniel Hodge, a senior economist with CS. Other major contributors were Branner Stewart, the lead researcher, and John Kaliski, the principal-in-charge. Peter Haliburton, Marwan Madi, Daniel Hackett, and Ginna Smith contributed significant research, data analysis, and writing. The Fairfield Index was also a contributor to the project.

The Economic Development Research Institute

The Economic Development Research Institute (EDRI) is a nonprofit, nonpartisan public policy research institute focused on economic development. EDRI contributes actionable, objective research and analysis for the purpose of enhancing public debate and understanding of key economic indicators, strategies, and recommendations. EDRI is operated by a volunteer Board of Directors and guided by an assembly of local business and civic leaders that provide suggestions and feedback on research priorities and strategies.

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Introduction

Adding jobs and people at a fast pace, the Southeast Florida economy is on a long-term growth trajectory that has strengthened in recent years. Southeast Florida is distinguished in a number of ways: it has one of the largest economies in the United States; it is a top tourist destination; it is a center for international trade; and it is the business, cultural, communications, and transportation nexus that binds the United States with Latin America. These and other attributes continue to draw people to the region to live, work, retire, and visit. The appeal of Southeast Florida is observable in such trends as rapid population growth, a large number of foreign-born residents, increasing tourism revenues, and rising employment.

The region boasts multiple, distinct metropolitan areas and cities that are increasingly interconnected. Traditional industry strengths such as tourism, agriculture, and trade are still vibrant but are increasingly facing determined competition from domestic and international regions. Emerging innovative and technology-oriented industries are growing and show signs of promise for quality job opportunities. Similarly, the region's foundations for success in a knowledge-based economy also are emerging. The importance of an educated and skilled workforce has become as important to recruiting and developing productive businesses as low costs of doing business and a warm climate. Finally, rapid growth has also resulted in pressing growth management issues in terms of housing costs, land use and transportation mobility.

The Southeast Florida Economic Trends report is intended to help guide economic development planning and policy initiatives in the region. Using the information provided in this report as a tool, the seven counties can work collaboratively as well as within their own jurisdictions to effectuate policies that will enhance regional advantages for all of Southeast Florida. Ultimately, a strong and focused decision-making process, based on a detailed understanding of the economic and demographic trends affecting the region combined with a knowledge of the region's performance in key economic foundation areas (e.g., land use, housing, workforce, and transportation) will bolster Southeast Florida's long-term competitiveness.

The following section describes the key elements of this report, including: a geographical description of the Southeast Florida region, a discussion of benchmark comparison areas, economic indicator concepts, the use of an economic forecast to assess future trends, and best practice examples to describe the experiences and initiatives of other successful economic regions.

The Southeast Florida Region

In this report, the Southeast Florida region represents the seven county area of Monroe, Miami-Dade, Broward, Palm Beach, Martin, St. Lucie, and Indian River counties. Today, this region has nearly six million people and accounts for over one-third of Florida's population. This regional definition is consistent with Enterprise Florida's economic regions and is the same group of counties examined

by the Center for Urban and Environmental Solutions (CUES) at Florida Atlantic University in its *Regional Shift* publication. The combined counties also are consistent with the areas represented by the Treasure Coast Regional Planning Council and the South Florida Regional Planning Council. As this report documents, the economic issues within this large economic region are increasingly similar. Examples include similar sets of target industries, an increasing number of intercounty commutes, and the shared issues of rising housing costs and increased traffic congestion. Accordingly, much of the data provided in this report and the comparisons to other regions are done from this regional perspective.

Still, the Economic Development Research Institute (EDRI) and this report recognize that industry trends, educational achievement, and other important economic factors can vary significantly from county to county. For example, some of the trends in the southern, more populated counties (e.g., emphasis on infill and redevelopment, large foreign-born population) are different from the northern counties (e.g., emphasis on developing sites for industrial recruitment, fast-growing retiree population). Accordingly, data on a number of different concepts are presented for each individual county within the region. This also is important due to the differences in population and employment within the counties, as regional economic indicators can sometimes be overwhelmed by just a couple of the counties.

Economic Indicator Concepts

There is no single, comprehensive source of economic data at a detailed level for this increasingly interconnected seven-county region. The objective of this report is to provide a detailed source of data on the economy, population, trade, and workforce of Southeast Florida – a baseline of economic competitiveness for the region. This report seeks to answer three questions about the Southeast Florida economy:

1. What have been the economic trends over the past 10 to 30 years?
2. What is the current economic competitiveness of Southeast Florida compared to the United States, Florida, and benchmark comparison areas?
3. What are the expected economic and demographic trends over the next 10 to 15 years for the region?

Areas of emphasis in Southeast Florida Economic Trends not provided by other existing studies and reports include:

- **Benchmark Comparisons to Similar and Successful Regions.** In addition to examining the trends of the region and individual counties, the analysis presents comparisons to nine major economic regions throughout the State and Nation such as the Atlanta metropolitan area and Southern California (see Figure 1.1 for comparison area locations). This examination considers how Southeast Florida compares in performance to other regions that share similar characteristics. Most prior work focuses on comparisons to the State of Florida and the United States, with analysis of the county-by-county differences within the region. While this study includes that type of analysis, the emphasis is on comparing the region's economic conditions with other large multi-county regions, both within and outside of Florida.

- The focus of the benchmarking is to compare and assess Southeast Florida’s position among large regional areas. Consequently, most of the comparison areas are not traditional, regional competitors in the Southeast United States (such as Austin, Charlotte, and Nashville – significantly smaller urban areas than Southeast Florida), but are much larger metropolitan regions with a similar set of defining characteristics, which include:
 - Fast-growing and diverse population, including retirees;
 - Multiple cities and counties within the region;
 - Large tourism and personal services industries;
 - International transportation gateways such as airports and seaports;
 - Emerging technology sector, especially in life sciences;
 - Significant international commerce activity(e.g., international banking, multinational companies, consulates, etc.) and large foreign-born population; and
 - Mix of multiple established urban centers and fast-growing urbanized areas.

Metropolitan areas within the United States that share similar attributes include:

- Atlanta;
- Houston;
- Phoenix;
- Seattle-Tacoma;
- Southern California (including Los Angeles and San Diego metropolitan areas); and
- Washington, D.C. – Baltimore.

Beyond the Southeast Florida region, Florida has three other large metropolitan areas. Although smaller than Southeast Florida, they are included in the analysis due to their proximity (which makes them constant and familiar competitors) and their varied performance within the Florida economy. The three intrastate metropolitan areas used as benchmarks with Southeast Florida are:

- Jacksonville;
- Orlando; and
- Tampa-St. Petersburg.

Some of the regions (e.g., Seattle-Tacoma, Washington-Baltimore) are further advanced than Southeast Florida in terms of knowledge workers and innovative high-technology industry concentrations, while Southeast Florida is more of a leader in international trade and tourism. In this sense, benchmarking performance across a wide set of criteria allows us to examine: 1) which economic indicators Southeast Florida is leading or lagging; and 2) what type of performance can and should the region pursue to compete for the globally competitive jobs and industries of the 21st century economy.

Figure 1.1 Southeast Florida and Comparison Regions



- **Detailed Regional Industry Analysis.** Many of the counties in Southeast Florida have completed target industries within the past 10 years that identify industries to support and recruit for growth opportunities. This study presents up-to-date detailed industry analyses across the entire region, using the most current data from the regional planning councils (RPC), and demonstrates the performance of the industries targeted for growth. Of note, many of the target industries are similar across the region's counties suggesting the potential for regional collaboration and partnership. The research team relied on a host of existing reports and studies to identify the target industries and profile the region's common strengths, challenges, and opportunities.¹
- **Ten-Year Economic and Demographic Forecast.** Working with the South Florida Economic Forecasting Partnership, EDRI obtained the latest official forecasts for the Southeast Florida region. The economic forecasts are based on the Regional Economic Models, Inc. (REMI) commercially provided forecasts for each county, adjusted to match the most current local demographic forecast in each county. In particular, the data allows for a detailed evaluation of the projected industry growth trends from 2005 to 2015. This includes industry growth trends across counties, specifically analyzing the relative wage levels of the fastest-growing industries to assess if growth, as presently forecast, will introduce more higher-paying jobs into the region.

Relevant Best Practice Examples Tied to Southeast Florida's Key Issues and Opportunities. In addition to the extensive data analysis, this report provides examples of best practices in regional economic development from other

¹ For more information on this review of existing studies, visit EDRI's web site at: <http://www.edri-research.org>.

successful regions in the United States and internationally. The description of best practices are intended to provide ideas about potential approaches and initiatives for Southeast Florida to support and enhance the areas of opportunity: diverse industries and an innovative economy; an international trade gateway; and regional collaboration. Potential actions that Southeast Florida could pursue are included for each opportunity area drawing on the experiences of other regions.

Organization of the Report

The emphasis of this report is on providing a comprehensive, detailed baseline of data on the recent, current and projected economy of Southeast Florida. Therefore, the body of the report is divided into sections to analyze the following topics:

- Section 2.0 – Economic and Demographic Trends;
- Section 3.0 – Industry Analysis;
- Section 4.0 – Workforce and Education; and
- Section 5.0 – Land Use, Housing, and Transportation.

Section 2.0 covers basic demographic and macroeconomic trends and Section 3.0 takes a more detailed look at industry trends, while Sections 4.0 and 5.0 discuss key aspects of the foundations that support economic growth. Based on this extensive examination of economic data and findings from the review of past studies of this regional economy, Section 6.0 identifies three opportunity areas for the region to concentrate on to achieve a prosperous and vital economic future: 1) a knowledge-intensive, innovative, diverse economy; 2) global gateway for commerce of goods, services, investment, visitors, and information; and 3) regional collaboration to accomplish projects of regional scope such as transportation, economic development, branding, workforce training, etc. In each opportunity area, best practice examples of initiatives, programs and collaborations from around the country and the globe are presented.

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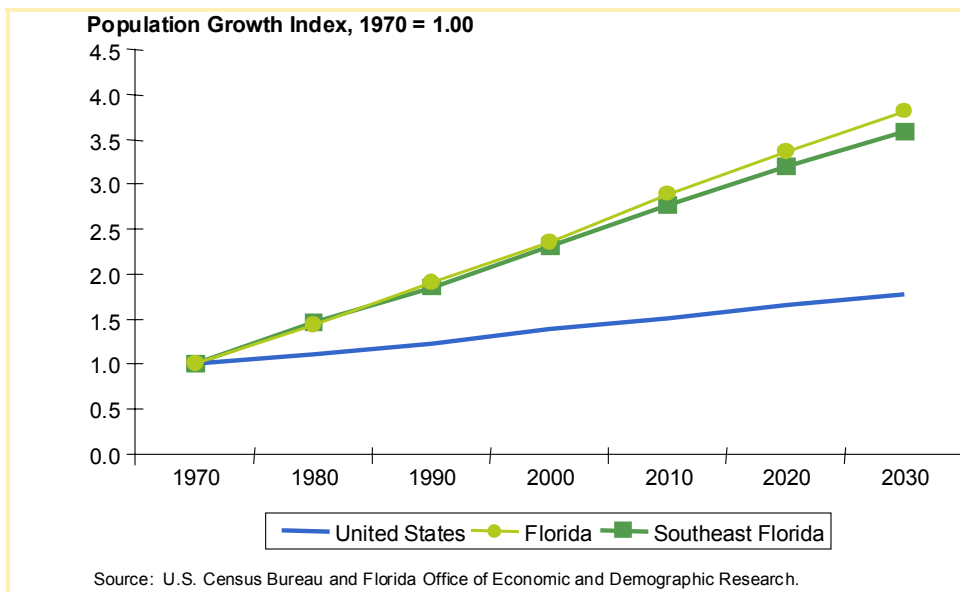
Economic and Demographic Trends

This first section of data analysis provides an overview of trends in the areas of demographics, employment growth, and income. Southeast Florida is the largest region within Florida with 5.9 million people and 2.5 million jobs. Rapid growth in population and employment highlight the broad regional economic trends and growth is projected to continue despite increases in housing costs, congestion, and a reduction in land available for new development. Similar to the statewide economic story profiled in the Florida Chamber Foundation’s *New Cornerstone* study, growth in population and jobs has not led to development in terms of average incomes and wages. Recent trends demonstrate that per capita income growth in the region has lagged the nation and average wages per job are significantly below the compensation levels found in most comparison areas.

Population and Demographics

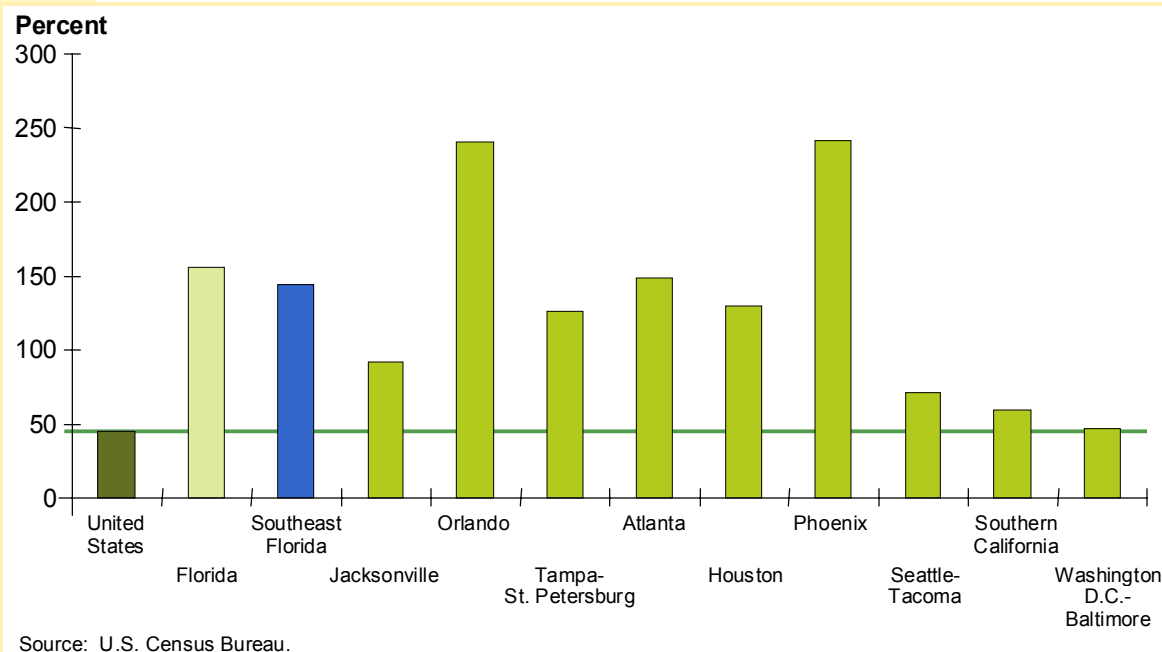
Similar to statewide trends, Southeast Florida’s population grew rapidly from 1970 to 2000, more than doubling in size. The region’s population grew by 3.1 million people over those 30 years and currently is 5.9 million. This rate of growth, shown in Figure 2.1, is and is projected to be considerably faster than that of the United States overall, though slightly less than Florida. The fastest growing counties in the region are located in the Research Coast (Martin, St. Lucie, and Indian River Counties), though Miami-Dade and Broward are expected to add 1.7 million people between 2000 and 2030, accounting for 60 percent of the region’s net population growth.

Figure 2.1 Historic and Forecast Population Growth
Southeast Florida Compared to the United States and Florida, 1970-2030



From 1970 to 2003, Southeast Florida’s population grew by almost 150 percent, a faster rate than most comparison areas except for Orlando, Phoenix, and Atlanta. Growth for comparison areas is shown in Figure 2.2. These trends highlight the shift in U.S. population growth to the Sunbelt states. Houston and Tampa-St. Petersburg also had population growth exceeding 100 percent, while the regions of Seattle-Tacoma, Southern California, and Washington D.C.-Baltimore (all regions that have been established U.S. economic centers for decades or longer) grew more slowly but still faster than the U.S. average for the period.

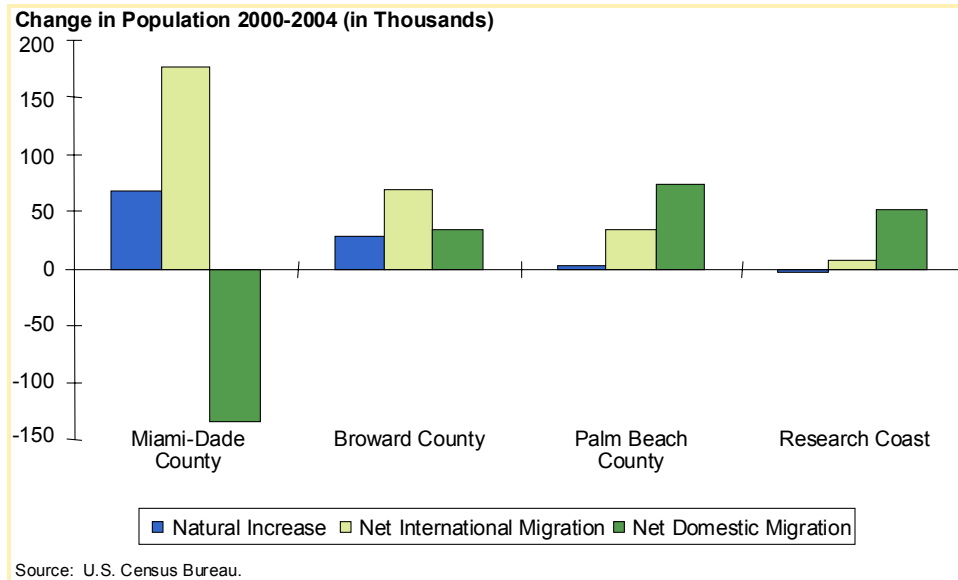
Figure 2.2 Population Growth Rates
Southeast Florida and Comparison Regions, 1970-2003



Southeast Florida receives a large share of international migrants and that trend is most striking in Miami-Dade County, which experienced population growth of over 150,000 in net international migration in just four years, as shown in Figure 2.3.

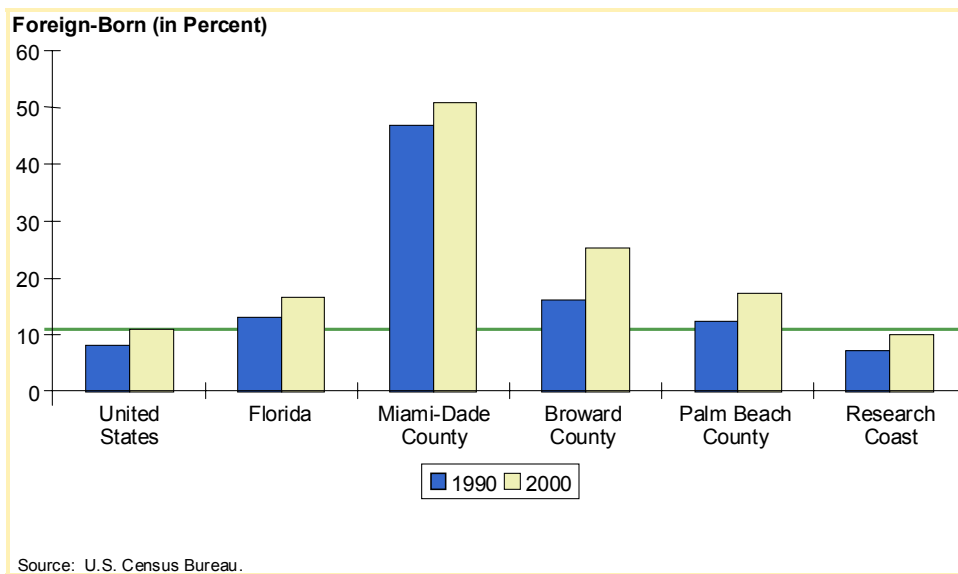
The other counties and areas within Southeast Florida also saw net gains in international migrants, though the largest contributor to population growth in the Research Coast counties was due to net domestic migration. Although Miami-Dade County saw a loss of population from domestic migration, it is likely that a significant share of those people moved to other areas within Southeast Florida. Natural increase in population (births minus deaths) was essentially flat in Palm Beach and the Research Coast, but positive in Broward and Miami-Dade, reflecting the younger age distribution and higher birth rates in these counties.

Figure 2.3 Composition of Population Growth



Similarly, the percentage of the population that is foreign born in Florida and the Southeast Florida region is well above the national rate and growing. This is indicated in Figure 2.4. In fact, Miami-Dade is the only county in the country to have more than half of its population born outside the United States (51 percent in 2000).

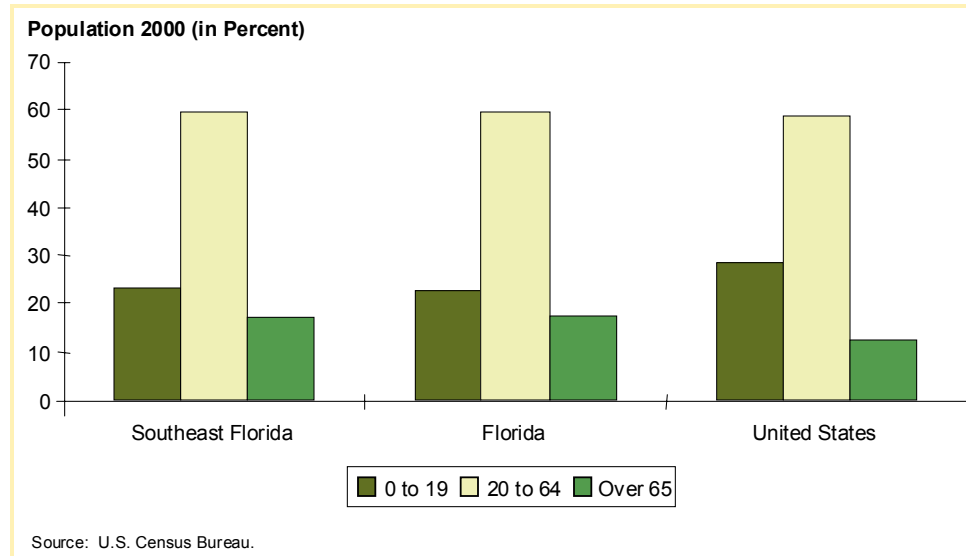
Figure 2.4 Foreign-Born as a Percent of Population



The percent of foreign born is growing throughout Southeast Florida, reflecting a dynamic and diverse population mix. As some observers have noted, the population trends in Florida are a preview of what the United States overall is likely to experience over the next 30 to 50 years.

Age distribution is an important factor in determining a few key economic factors such as the size of the working age population, the number of retirees, and the population producing school age children. In 2000, Southeast Florida had a relatively large share of its population in the 65 and over age cohort (17 percent), with a very similar age distribution as the Florida statewide average (see Figure 2.5). The share of working age population (20 to 64) is very similar to the United States, but Southeast Florida (like the State) has a relatively low share of population age 0 to 19.

Figure 2.5 Age Distribution
Southeast Florida, Florida, and the United States, 2000



Labor Force

Total labor force increased by 17.9 percent in Southeast Florida between 1994 and 2004 compared to a 20.5 percent growth rate across the State and a 12.4 percent growth rate nationally, as indicated in Table 2.1.²

Table 2.1 Growth in Labor Force, 1994-2004
(Figures in Thousands)

Geographic Region	1994	2004	Percent Change
United States	131,082.0	147,401.4	12.4%
Florida	6,970.1	8,396.4	20.5%
Southeast Florida	2,449.7	2,888.9	17.9%

Source: Bureau of Labor Statistics.

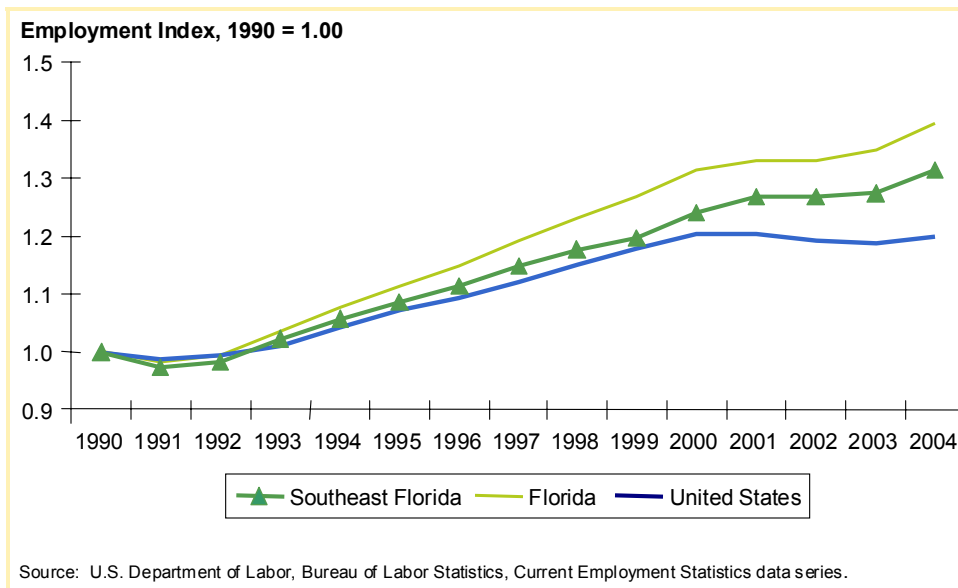
² Labor force is defined by the Bureau of Labor Statistics (U.S. Department of Labor) as people over the age of 16 that are either employed (people with a paid job or work in their own business) or unemployed (people available for work who have made specific efforts to find employment).

Similar to Southeast Florida’s upward population trend, the growth in labor force over the past 10 years was rapid and well above the U.S. average. However, this growth was less than Florida statewide and roughly average compared to the Florida and non-Florida benchmark regions. As the region ages and the share of population over age 65 grows (as projected), it will be important for Florida to monitor not just the size and growth of the labor force, but the percentage of the population that is working. The overall labor force participation rate captures this concept (labor force divided by population) and currently is 48.7 percent in Southeast Florida compared to 48.3 percent in Florida and 50.2 percent in the United States. This ratio is expected to drop in the future, and an imbalance in the number of people working versus not working can limit both economic growth and creativity.

Employment Trends

After recovering from the early 1990s national recession, Southeast Florida outpaced the United States in job growth, with an increase of 31 percent from 1990 to 2004 compared to 20 percent nationally. Florida’s employment, meanwhile, grew by almost 40 percent. This growth resulted in 591,000 net new jobs in Southeast Florida from 1990 to 2004, 28 percent of the State’s employment growth. The region currently comprises 33 percent of Florida’s total job activity. The region appears to be growing strongly since the 2001 to 2003 economic slowdown. Trends are shown in Figure 2.6.

Figure 2.6 Employment Growth
1990-2004



While employment in the region grew by 31 percent, there was a difference in the rates of growth between the seven counties that comprise the regional economy. Broward County led the region in total job growth with 208,000 new jobs added from 1990 to 2004 and Palm Beach County added the second highest number of jobs with 186,000. In terms of job growth rates, Palm Beach County experienced the swiftest increase in employment at 52 percent, followed by Port St. Lucie-Fort Pierce metropolitan area (Martin and St. Lucie counties). Interestingly, Miami-

Dade County which has the largest economy in terms of employees in Southeast Florida, had the second slowest rate of employment growth within the region reflecting its mature economy. This still led to an increase of over 16 percent and 142,000 net new jobs.³

Compared to the nine benchmark regions, Southeast Florida ranked sixth in job growth from 1990 to 2004, behind Phoenix, Orlando, Tampa-St. Petersburg, Atlanta, and Jacksonville. Regions on the Pacific Coast and Washington, D.C. – Baltimore experienced the slowest job growth (among the comparison regions) during this period. Comparison growth rates for the period are indicated in Figure 2.7.

Figure 2.7 Job Growth
1990-2004

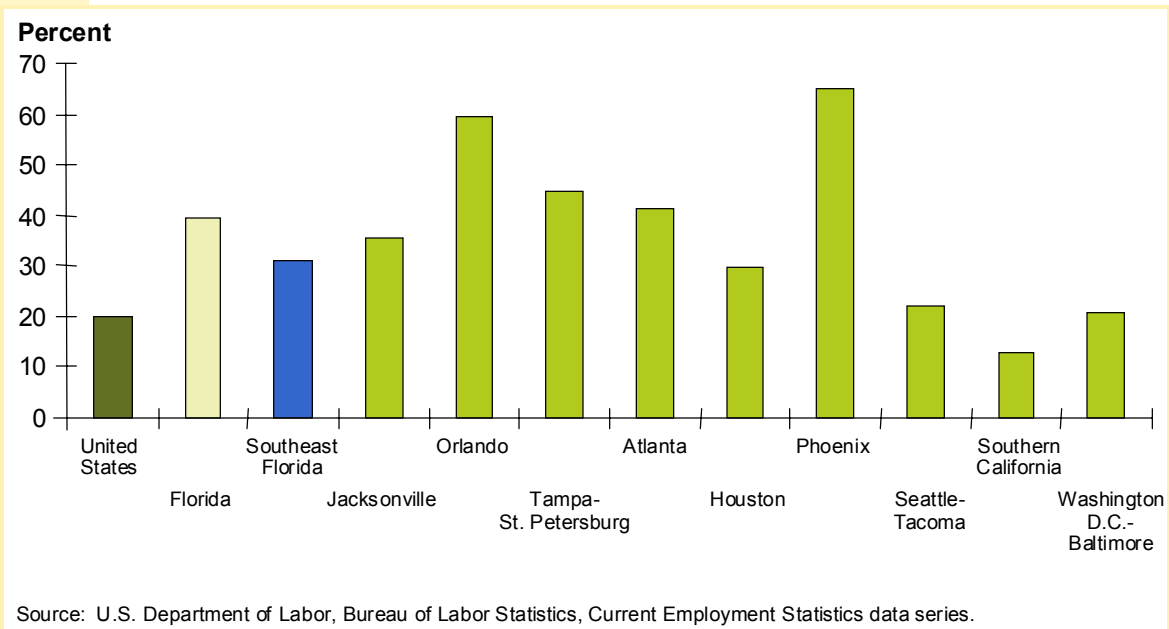
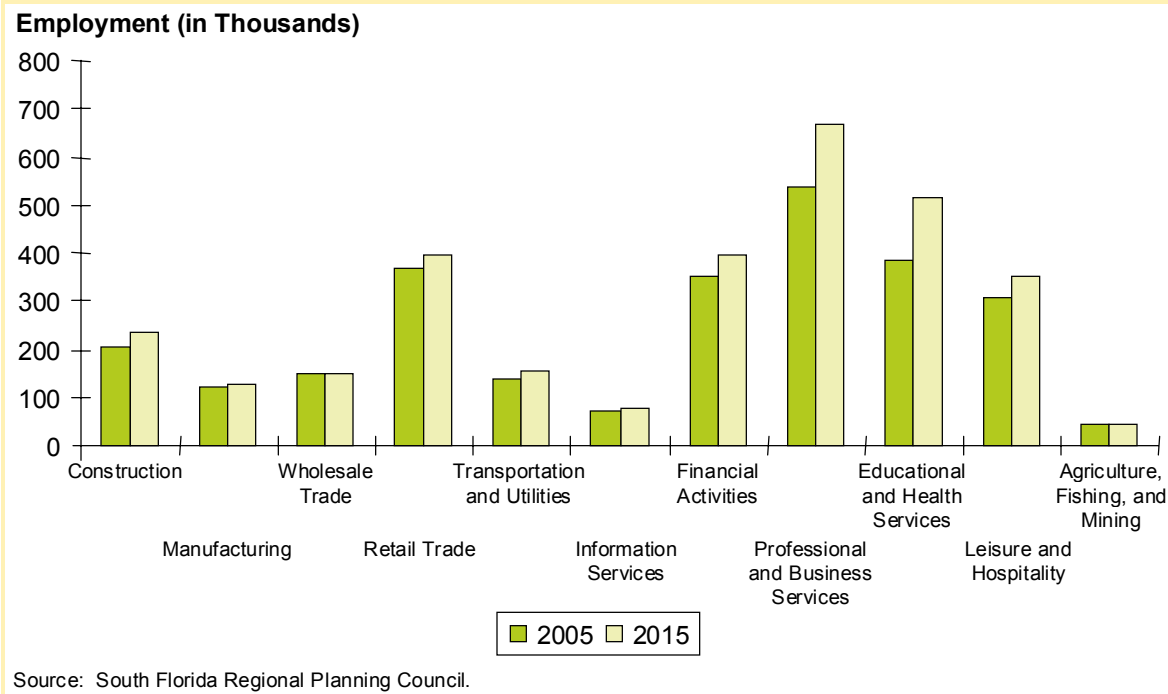


Figure 2.8 shows the projected job growth by major industry for South Florida for the period 2005 to 2015. Education and Health Services will see the largest growth at 34 percent, while Professional and Business Services, which currently employs the most people, will experience the second largest increase of 24 percent. As is the trend nationally and throughout the State, Agriculture, Fishing and Mining, already the smallest category, will further diminish by eight percent.

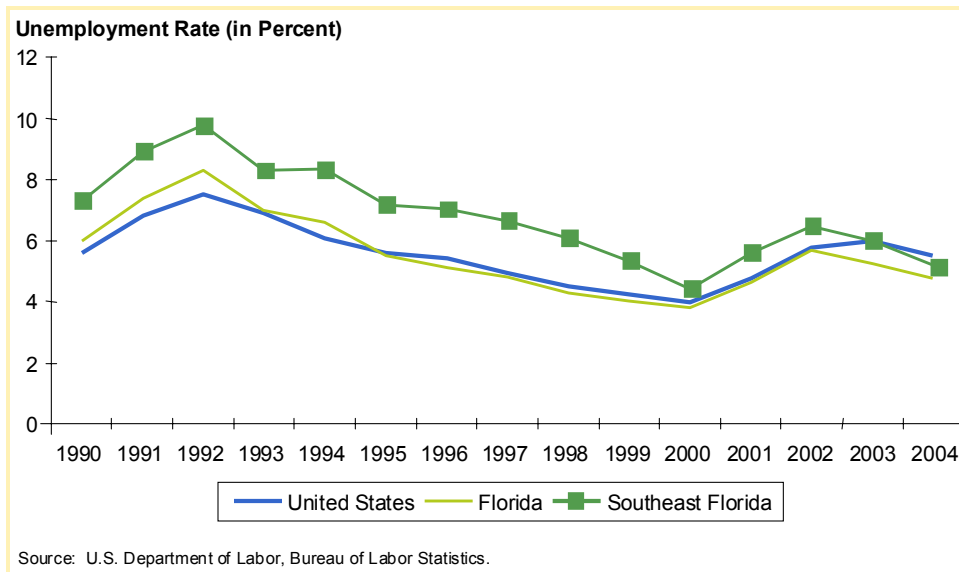
³ Employment trends for 1990 to 2004 include (job gain; percent increase): Monroe (+5,200; 14.6%); Miami-Dade (+142,100; 16.1%); Broward (+208,400; 40.5%); Palm Beach (+186,100; 51.7%); St. Lucie-Martin (+37,200; 46.1%); and Indian River (+12,100; 37.1%). The source of these data, the BLS “Current Employment Statistics” series are released at the metropolitan level. This is why St. Lucie-Martin are aggregated (corresponds to the Port St. Lucie-Fort Pierce metropolitan area).

Figure 2.8 Forecast of Job Growth by Major Industry
2005-2015



The unemployment rate in Southeast Florida has traditionally been higher than both the nation's and Florida's but has been dropping quickly of late and is now less than United States and just above the statewide average as shown in Figure 2.9.

Figure 2.9 Unemployment Rates



This dropping unemployment rate (5.2 percent in 2004 and down from a high of 9.8 percent in 1992) is generally a positive for the regional economy as job opportunities expand at a faster rate than labor force growth. On a cautionary

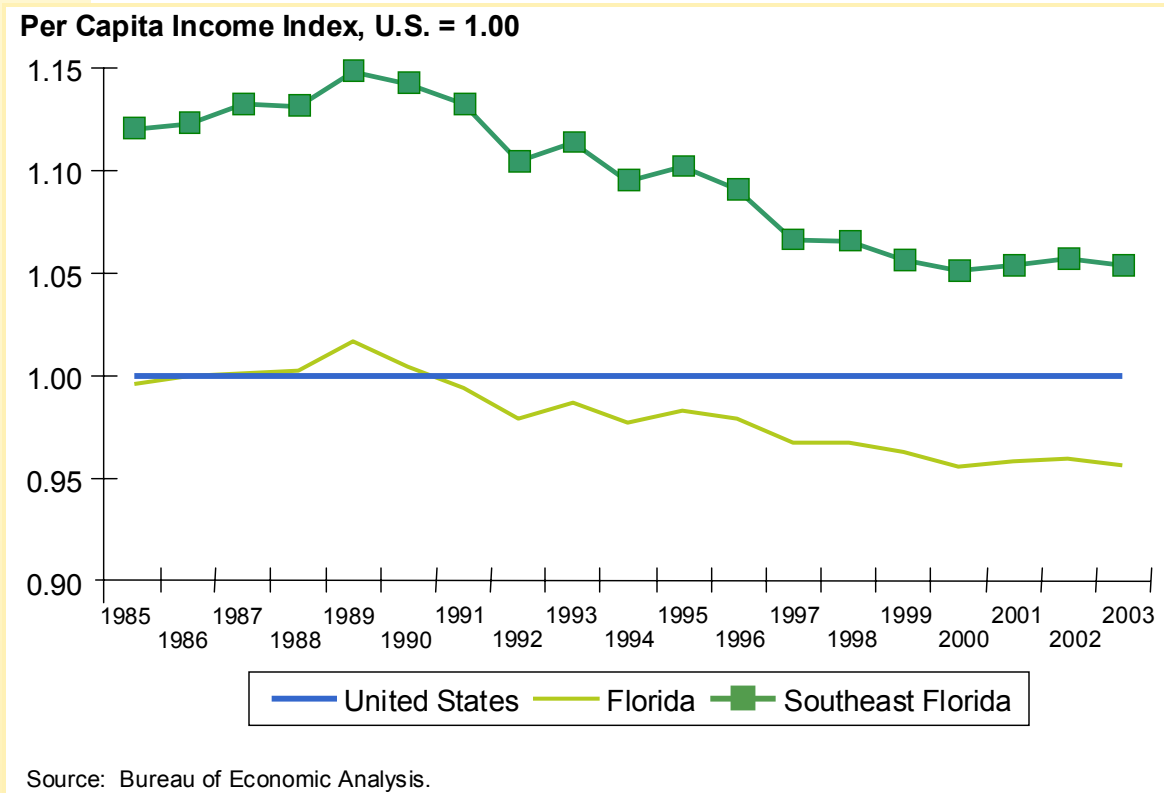
note, a tightening of the labor market also can lead to higher wages as firms increase pay to attract labor. Historically, low labor costs have been a competitive advantage for the region, but similar to rising housing costs (see Section 6.0), increased wages could signal an increase in the cost of living in Southeast Florida.

While the unemployment rate in Southeast Florida is relatively low compared to historical trends, it is still above the unemployment rate in many of the benchmark comparison regions. Clearly, many of the fast growing and high-technology regions within the United States tend to have lower than average unemployment rates.

Income and Wages

Per capita income is a fundamental measure of economic development and one of the most frequently used measures of prosperity for a region. As a region, Southeast Florida is fairly wealthy, with four of its seven counties ranking among the wealthiest in Florida.⁴ While per capita income in Southeast Florida has been above the U.S. level in every year since 1985, its relative performance has been eroding since the late 1980s, indicating that per capita income in the region has had a lower rate of growth than the United States, overall. This trend is shown in Figure 2.10.

Figure 2.10 Per Capita Income

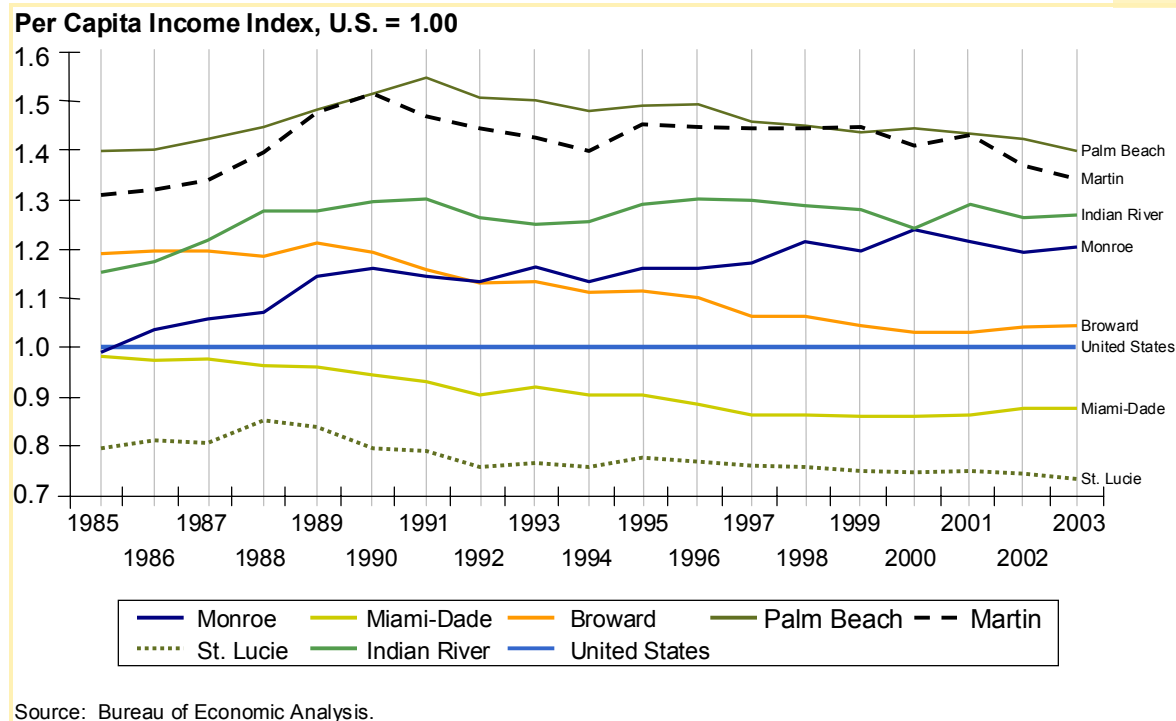


⁴ Palm Beach County has the highest per capita income in Florida. Martin County is ranked second, Indian River County fifth, Monroe County sixth, and Broward County tenth. Miami-Dade County (ranked 20th) and St. Lucie County (35th) each have per capita income levels below the Florida average.

The trend is similar at the Florida statewide level except that the level of income statewide is significantly lower than in Southeast Florida, and lies below the U.S. average. Per capita income in Southeast Florida was 15 percent higher than the U.S. average in 1989, but was down to 5.3 percent higher than the United States by 2003.

Figure 2.11 shows the relative performance of per capita income for the Southeast Florida counties and subregions from 1985 to 2003.

Figure 2.11 Per Capita Income by County



Source: Bureau of Economic Analysis.

There is a significant gap between the highest per capita counties (Palm Beach and Martin) and the lowest (Miami-Dade and St. Lucie), which are below both the United States and Florida per capita income levels. Per capita income has grown most quickly in Monroe County (159 percent from 1985 to 2003) and is now more than 20 percent above the U.S. average. Since the majority of population and income in the region resides in Miami-Dade, Broward, and Palm Beach counties, the relatively slower growth in income for those counties has driven the region’s overall erosion in relative per capita income levels (Figure 3.1). The strong per capita incomes in Palm Beach, Martin, Monroe, and Indian River counties helps maintain the region’s overall advantage compared to the U.S. However, it is also clear that besides Monroe County, the remaining six counties are either falling or holding steady on a relative basis to the United States on per capita income, leading to the region’s overall downward comparative trend.

Table 2.2 presents the per capita income levels and growth rates for 1993 and 2003 for Southeast Florida and the benchmark comparison regions. The table’s “per capita income performance trend” column indicates whether the region’s per capita income level relative to the nation’s is improving (“up”), deteriorating (“down”) or remaining about the same (“steady”).

Table 2.2 Per Capita Income Trends

Area	1993		2003		PCI Performance Trend	Percentage Growth 1993-2003
	PCI	Percentage of U.S.	PCI	Percentage of U.S.		
United States	21,346	100%	31,472	100%		47%
Florida	21,050	99%	30,098	96%	DOWN	43%
Southeast Florida	23,779	111%	33,144	105%	DOWN	39%
Jacksonville	20,744	97%	30,525	97%	STEADY	47%
Orlando	19,635	92%	28,114	89%	DOWN	43%
Tampa-St. Petersburg	20,459	96%	29,881	95%	STEADY	46%
Atlanta	22,887	107%	33,308	106%	STEADY	46%
Houston	22,625	106%	34,578	110%	UP	53%
Phoenix	19,724	92%	29,590	94%	STEADY	50%
Seattle	24,317	114%	37,691	120%	UP	55%
Southern California	22,165	104%	32,216	102%	STEADY	45%
Washington-Baltimore	27,110	127%	41,167	131%	UP	52%

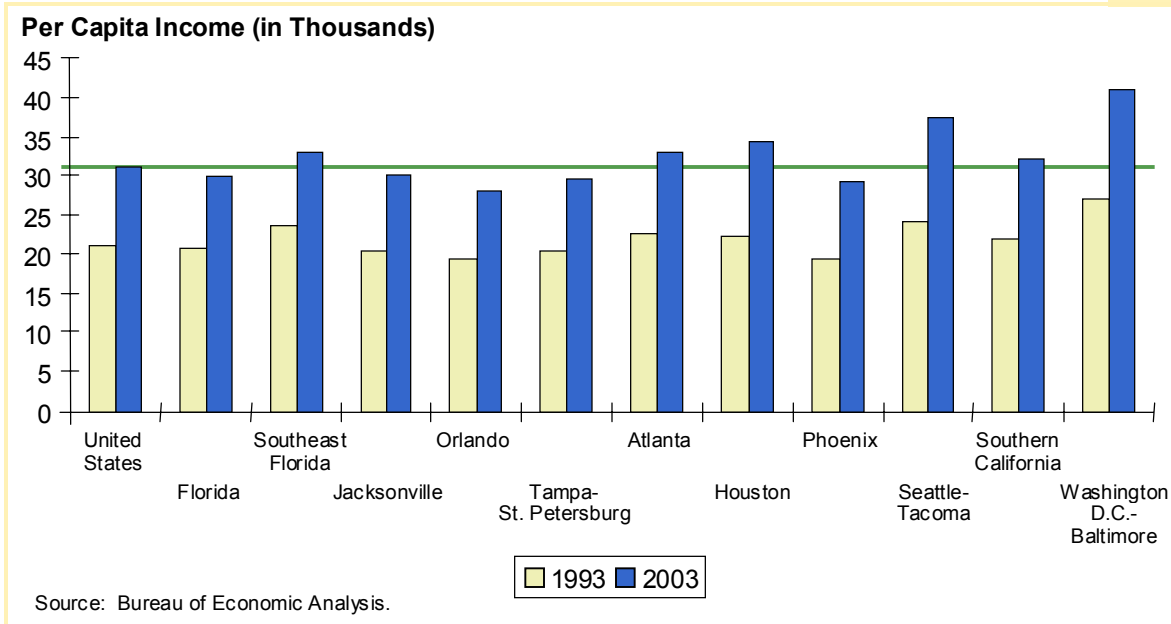
Source: Bureau of Economic Analysis

The per capita income growth outside of Florida has generally been faster than for those regions within the State. Areas that have seen particularly fast per capita income growth include Houston, Seattle, and Washington-Baltimore. These trends indicate that high-growth (employment and population) does not necessarily translate to commensurate increases in per capita income levels. The growth in per capita income is connected to the industry mix of growth effects by region, for example, Washington-Baltimore and Seattle have seen an increase in high-tech related jobs (which will be explored further in the industry section below).

As shown in Figure 2.12, per capita income in Southeast Florida is relatively high compared to other regions within Florida. Among the nine comparison regions, Southeast Florida ranked fifth in 2003, at just over \$33,000 per person. Per capita income is highest in the Washington-Baltimore region at over \$41,000.

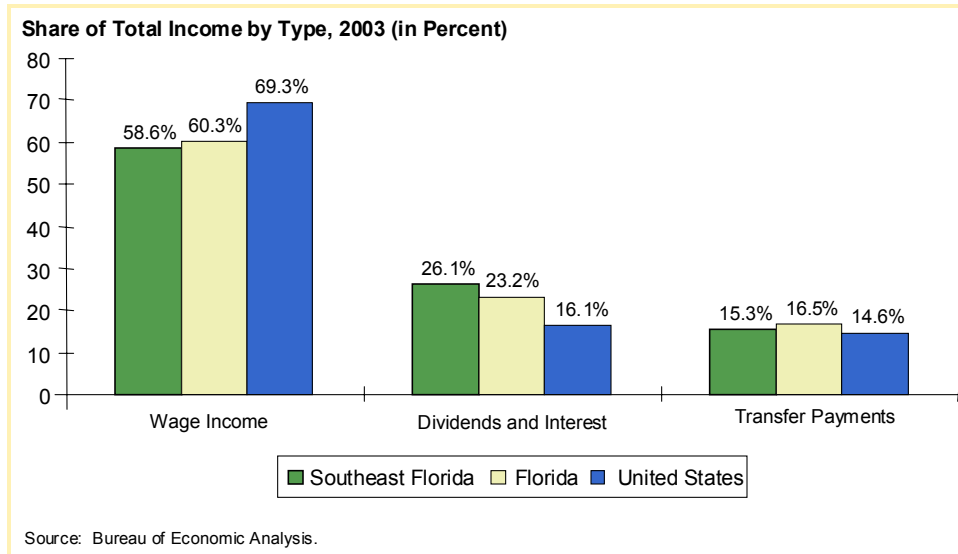
Examining the income distribution in Southeast Florida helps to understand the mix of household wealth within the region, and how this mix varies compared to Florida and the U.S. In general, Southeast Florida has a relatively high share of households in the lowest quartile of income (less than \$25,000) with 31.5 percent of households in this category, compared to 28 percent nationally. On the other hand, the region has a fairly strong share of households in the highest income category (over \$100,000), just under the U.S. share. What this means is that the region has a relatively small middle class, especially as defined by the incomes between \$50,000 and \$100,000.

Figure 2.12 Income Level Comparisons



One of the main reasons that per capita income in Southeast Florida is above the U.S. average is due to the strong share of income from dividends and interest, shown in Figure 2.13.

Figure 2.13 Components of Income

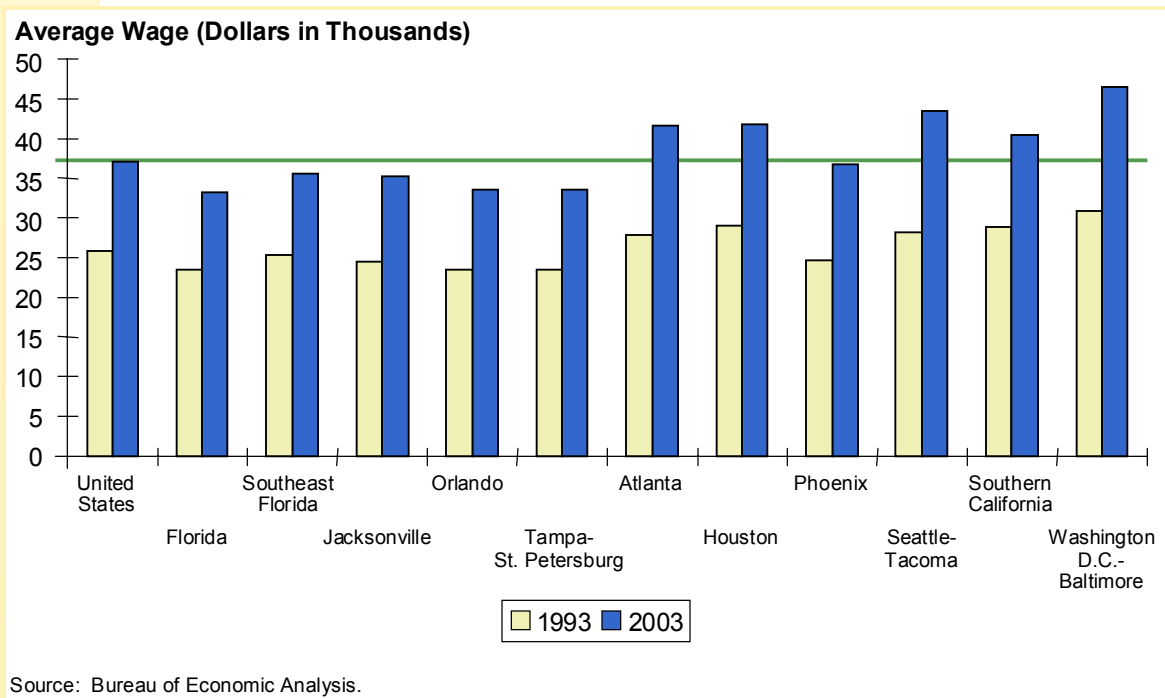


At 26.1 percent of total income in the region, Southeast Florida’s share from dividends and interest is 10 percentage points higher than for the United States, and higher than Florida’s statewide value. Wage income, in contrast, provides a relatively small share of income at 58.6 percent. While this trend is consistent throughout the region (partially due to the large presence of retirees), it is particularly evident in Palm Beach County. Examining this trend over time, however, wage income and transfer payments (namely social security and welfare payments) have been growing as a share of total income, while dividends and interest are dropping.

Consistent with the previous graphic, average wages in Southeast Florida are below the U.S. level (even while per capita income is higher). The prevalence of high income residents but below average wage levels is one concept that helps to explain why affordable housing for the region’s workers has become such an important issue – there is a lot of money in Southeast Florida that does not come from wages (but does help drive up the price of housing). In essence, workers depend on wages to pay for homes and must compete in the market with people who are receiving substantial income from other sources – dividends, interest, and social security.

Although the annual average wage in Southeast Florida (\$35,700) is higher than the Florida statewide average (\$33,300) and the three Florida comparison regions, it is below the U.S. average (\$37,100), and below all six of the out-of-state comparison regions. This can be seen in Figure 2.14.

Figure 2.14 Growth in Average Wage

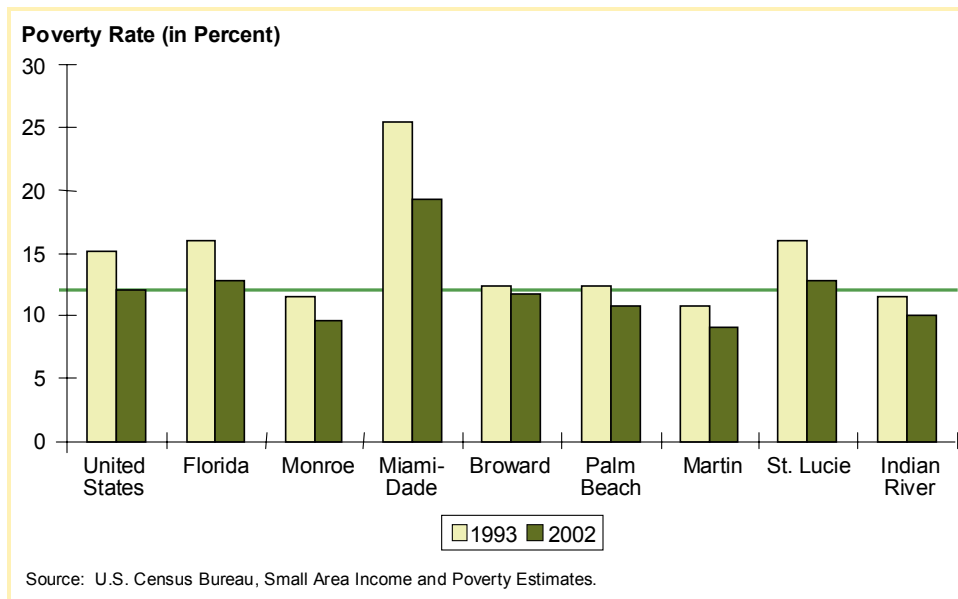


In addition, average wages in the region grew more slowly over this time period (40 percent) compared to all other areas – Seattle’s wages grew the fastest at 54 percent. Part of this wage gap can be explained based on the mix of industries within the region (concentration in lower paying service jobs in retail trade and hospitality industries combined with lower concentrations in higher paying industries such as manufacturing) and the fact that the attractiveness of southern

Florida (climate, proximity to water, etc.) as a place to live tends to contribute to lower relative wage levels. Part of this wage gap is due to lower average wages in typically high-paying industries such as professional services.

Though the percent of people living in poverty in Southeast Florida fell in all counties from 1993 to 2002, poverty levels within the region vary quite dramatically. In most cases, poverty is close to or below the Florida and U.S. averages, with Miami-Dade County being a notable exception as indicated in Figure 2.15. According to a recent study, contributors to Miami-Dade County’s higher poverty levels include such factors as a declining middle-class, isolation of the poor population from job centers, and a disparity in income levels between races/ethnicities.⁵

Figure 2.15 Poverty Levels



⁵ Brookings Institute, “Growing the Middle Class: Connecting All Miami-Dade County Residents to Economic Opportunity,” June 2004.

Industry Analysis

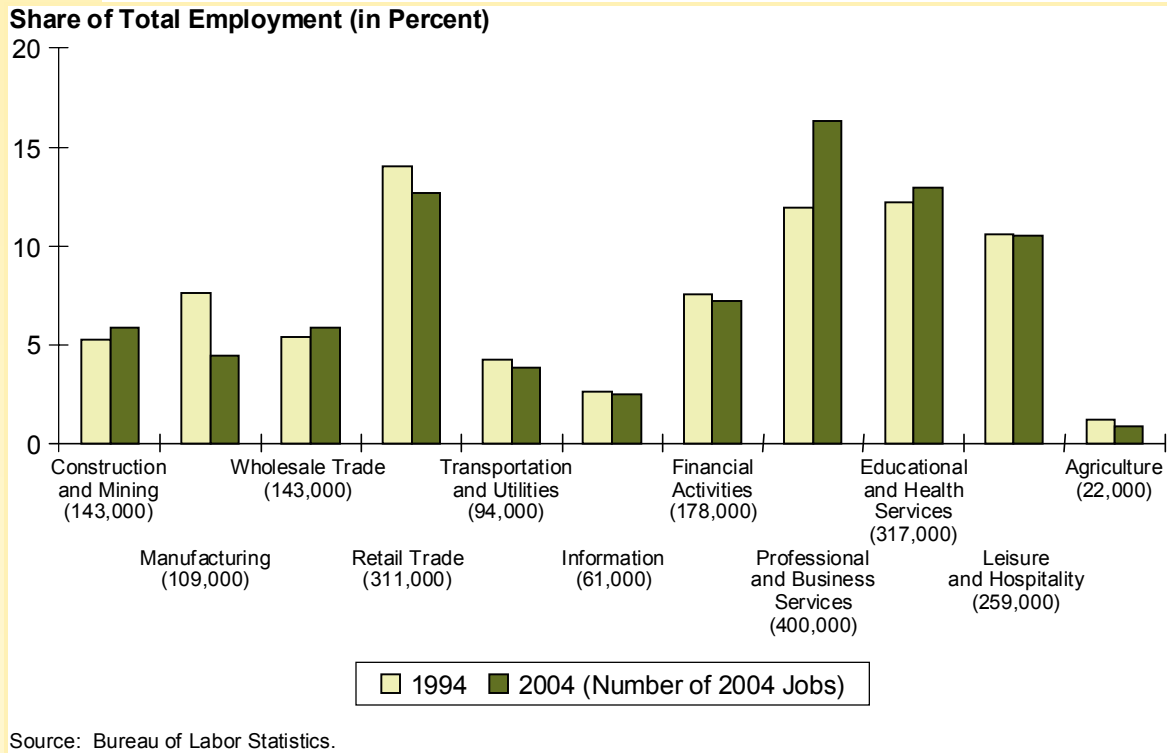
Many of the region's counties have conducted target industry studies over the past 10 years to identify industry concentrations, strengths, weaknesses, and opportunities. Some of the region's major EDOs continue to use findings from those analyses to guide industrial recruitment strategies. This analysis extends the more narrow county examinations to assess the region's industry composition, current and future trends, and commonalities. County and subregion analysis finds that while there are certainly differences (e.g., between the more mature Miami area market with strong international ties and the emerging, fast-growing Research Coast in the three northern counties), the region possesses similar industry strengths along the entire southeastern coast in terms of tourism, international trade, health care, and emerging high-tech and life sciences. The analysis is organized into the following subsections:

- **Industry Growth** – Broad overview of industry growth trends, highlighting how the distribution of industry activity and employment has changed over the past 10 years;
- **Southeast Florida Industry Mix** – An evaluation of Southeast Florida's industry mix and performance compared to Florida and U.S. regions;
- **Target Industries** – Concentrations and locations of establishments of six target industry groupings that are common to the Southeast Florida counties;
- **Trade and Tourism** – An in-depth evaluation of the region's traditional strengths in international trade and tourism, and the gateways that support the movement of goods and people; and
- **Industry Forecast** – Official projections of growth by industry sector over the next 10 years, with a careful examination of the industries projected to grow most rapidly within the region.

Industry Growth

Southeast Florida outpaced the nation in overall employment growth between 1994 and 2004, a trend that continued into 2005. Employment growth in Southeast Florida was broad-based, with most major employment sectors experiencing positive growth over the 10-year period. Employment has expanded particularly quickly in the region's construction, professional services, and educational and health services sectors.

Figure 3.1 Southeast Florida Industry Employment
Employment Shares by Major Industry, 1994-2004



Source: Bureau of Labor Statistics.

Although most sectors gained jobs, the structure of the Southeast Florida economy shifted increasingly towards services-related sectors between 1994 and 2004. Figure 3.1 (above) illustrates this shift. The industry with the largest increase in employment share, by far, was professional and business services, increasing from 12 percent of Southeast Florida jobs in 1994 to over 16 percent in 2004. With a net job gain of 160,000 jobs during the period, professional and business services accounted for about one-third of Southeast Florida’s employment growth. Other services-related sectors, including educational and health services, retail trade, financial activities, and leisure and hospitality maintained large employment shares, although growth in the retail trade industry did not keep pace with the faster growing sectors of the Southeast Florida economy. Nearly all sectors of the Southeast Florida economy experienced growth in net jobs, even as most saw a decline in employment share (largely due to the disproportionate job gains posted by the professional and business services industry). For example, the financial activities industry increased its employment by 28,700 jobs from 1994 to 2004 even as its share of total jobs in the region dropped from 7.5 percent to 7.2 percent. In a growing economy like Southeast Florida’s, a burgeoning industry like professional services can mask significant gains being made by other industries.

Southeast Florida’s robust population and jobs growth is stimulating demand for housing, infrastructure, hotels, and commercial space. This has fueled strong growth in the region’s construction industry which saw its share of regional employment increase from 5 percent in 1994 to about 6 percent in 2004 (a net increase of about 40,000 jobs). Construction continues to account for a larger share of the Southeast Florida economy than the nation, overall. While construction pays relatively high wages, its growth is dependent on the

underlying economic strength of the region and its ability to continue to draw new residents and visitors.

Jobs in the wholesale trade sector, particularly concentrated in Miami-Dade County, grew by 35 percent between 1994 and 2004. The industry now accounts for 5.8 percent of Southeast Florida employment. Wholesale trade is closely tied to transportation, distribution, and logistics. The strength of the industry in Southeast Florida is due, at least in part, to the increases in trade being handled by the region’s airports and ports.

The region did have a more pronounced decline in jobs within its relatively small manufacturing sector than the nation during the 10-year period. Florida’s decline in manufacturing employment was not as pronounced as Southeast Florida’s, and the State exceeded the region in jobs growth in most sectors. Nevertheless, Southeast Florida is a huge contributor to Florida’s growth, one of the fastest growing states in the country, even if the region did not add jobs at quite the blistering pace of some other large metropolitan areas within the State.

Southeast Florida Industry Mix Compared to Florida and United States Regions

Distinguishing characteristics of Southeast Florida’s economic structure, as compared to the United States and the comparison regions, relate to trade and the movement of goods (wholesale trade and transportation industries are much more concentrated in Southeast Florida than the state average), a pronounced concentration in finance and professional services, and tourism (industry concentrations in the retail trade and leisure and hospitality industries).

Table 3.1 Industry Concentrations in Southeast Florida and Comparison Regions, 2004

	Construction and Mining	Manufacturing	Wholesale Trade	Retail Trade	Transportation and Utilities	Information	Financial Activities	Professional and Business Services	Educational and Health Services	Leisure and Hospitality	Government
United States	5.7%	10.9%	4.3%	11.4%	3.7%	2.4%	6.1%	12.5%	12.9%	9.5%	16.4%
Florida	6.6%	5.2%	4.3%	12.6%	3.1%	2.2%	6.7%	17.2%	12.2%	11.4%	14.2%
SOUTHEAST FLORIDA	5.8%	4.4%	5.8%	12.7%	3.8%	2.5%	7.2%	16.3%	12.9%	10.5%	13.7%
Jacksonville	6.9%	5.7%	4.6%	12.1%	5.2%	1.9%	10.0%	15.2%	11.7%	9.6%	12.5%
Orlando	7.0%	4.4%	4.5%	11.6%	2.6%	2.6%	6.1%	16.8%	10.1%	18.4%	11.0%
Tampa-St. Petersburg	5.7%	5.6%	3.8%	11.1%	2.5%	2.6%	7.4%	25.6%	11.6%	8.7%	11.6%
Atlanta	5.6%	7.8%	6.7%	10.9%	5.3%	4.1%	6.7%	16.3%	9.8%	9.3%	13.4%
Houston	10.1%	9.1%	5.2%	10.6%	4.9%	1.6%	6.0%	13.7%	11.1%	8.9%	14.7%
Southern California	5.6%	11.3%	4.8%	10.9%	3.4%	3.6%	6.4%	14.6%	10.6%	10.2%	15.0%
Phoenix	8.5%	7.8%	4.7%	12.0%	3.6%	2.1%	8.2%	16.2%	10.3%	9.6%	13.2%
Seattle-Tacoma	6.1%	10.3%	4.9%	10.8%	3.7%	4.7%	6.5%	12.8%	11.1%	9.3%	15.8%
Washington-Baltimore	6.2%	3.5%	3.0%	9.9%	2.7%	3.1%	5.8%	19.3%	12.3%	8.5%	20.4%

Low Job Concentration
 Similar to U.S.
 High Job Concentration

Source: Bureau of Labor Statistics.

Differences and similarities in the economic structures of Southeast Florida and the nine comparison areas (Table 3.1) include the following:

- **Professional and Business Services.** Southeast Florida and all of the comparison areas have employment concentrations in the professional and business services sector above the U.S. average. In 2004, professional and business services accounted for 16.3 percent of total employment compared to only 12.5 percent for the United States. This sector includes architects, engineering, legal, industrial design, scientific research, advertising, management services, and contract labor services, among others, that congregate in major urbanized areas to be close to customers, air service, and a skilled labor pool. In Tampa-St. Petersburg, the sector accounts for 25.6 percent of total jobs. The nation's capital, one of the most educated parts of the country, also has a very high industry concentration in professional and business services (19.3 percent of total jobs).
- **Financial Activities.** As a center of international banking and with a vibrant real estate market, Southeast Florida has a strong jobs concentration in the financial activities sector (includes banking, insurance, and real estate). In 2004, financial activities accounted for 7.2 percent of regional employment compared to 6.1 percent for the nation. The region's banks cater to trade finance and private banking, reflecting the high volumes of world trade handled in the region as well as the large corps of retirees and foreign nationals that reside in the area full or part-time. The finance industry tends to be more concentrated in large Florida metropolitan areas, particularly in Jacksonville and Tampa-St. Petersburg which have benefited from banking consolidation and major back office operations of national banks and insurance companies. Financial activities accounted for 10.0 percent and 7.4 percent, respectively, of Jacksonville and Tampa-St. Petersburg employment in 2004.
- **Educational and Health Services.** This sector accounts for 12.9 percent of Southeast Florida jobs, the same share as the national average. The sector accounts for a lower share of employment, however, in all of the comparison regions. Southeast Florida's relative concentration in educational and health services is likely due to an older population needing more frequent healthcare and the region's popularity as a destination for people from overseas requiring specialized medical attention.
- **Wholesale Trade and Transportation.** The wholesale trade industry, an intermediate step in the distribution of merchandise, including goods associated with international trade is significantly more concentrated in Southeast Florida than the U.S. average (5.8 percent of employment in Southeast Florida compared to 4.3 percent for the United States). The transportation industry also is a significant industry in Southeast Florida (3.8 percent of employment, slightly higher than the U.S. average), and is especially strong in Miami-Dade County (6.0 percent of employment) with its large airport and port. Atlanta and Houston, both with nation-leading transportation gateways, also show strengths in these industries. Transportation accounted for 5.3 percent and 4.9 percent, respectively, of Atlanta and Houston regional employment in 2004.

- **Tourism-Related Industries.** Southeast Florida and Orlando both possess concentrations in the leisure and hospitality industries – a reflection of tourism’s importance to the State and its regions. In 2004, leisure and hospitality accounted for 10.5 percent of jobs in Southeast Florida and some 18.4 percent in Orlando, compared to a 9.5 percent average for the United States. Southern California and Phoenix, also popular destinations for tourists and retirees, have substantial leisure and hospitality industries (10.2 percent and 9.6 percent of employment, respectively), but with lower relative concentration levels than Southeast Florida. Retail trade, an industry supported by tourism and a growing population, is more concentrated in Southeast Florida (12.7 percent of regional employment versus 11.4 percent for the United States) than any other comparison region.
- **Construction and Mining.** Like Southeast Florida, the comparison areas are fast-growing (in terms of population and employment) and most have job concentrations above the U.S. average in the construction and mining sector to support that growth. In 2004, the construction and mining sector accounted for 5.8 percent of Southeast Florida employment, just higher than the national average. Construction generally serves local markets although a handful of very large contractors have national or international operations. While a robust construction market can help drive a regional economy forward and is generally indicative of a strong economy, overbuilding or speculation can put the brakes on growth as occurred in Houston and Phoenix in the 1980s. Due to the size of its oil and gas mining industry, Houston has the highest concentration in the construction and mining sector (10.1 percent of the region’s jobs) of any comparison area. While construction dwarfs the size of its mining industry, Southeast Florida has very large limestone quarries that supply the construction industry with crushed stone used for making concrete and cement.
- **Manufacturing.** Southern California, with a legacy in aircraft, electronics, oil refining, etc., is the only comparison area with a concentration in manufacturing that is above (though, only slightly) the U.S. average (11.3 percent for Southern California compared to 10.9 percent for the nation). Accounting for fewer than 1-in-20 jobs, Southeast Florida’s manufacturing sector is relatively small and concentrated in lower value-added industries as evidenced by lower production per employee data shown in Figure 3.2. Manufacturers within knowledge-intensive, high-technology industries and those that apply the most advanced production processes have higher than average wages. The expansion of these types of manufacturers in such industries as biosciences and aerospace would support the goal of increasing Southeast Florida’s wage and income levels.

Compared Southeast Florida’s economic structure with a selected group of nine comparison areas, drawing on jobs data for a short list of major industry sectors. A more detailed view of Southeast Florida’s strengths can be seen by comparing Southeast Florida’s employment shares for a larger set of industries with the United States average. This approach reveals the following.⁶

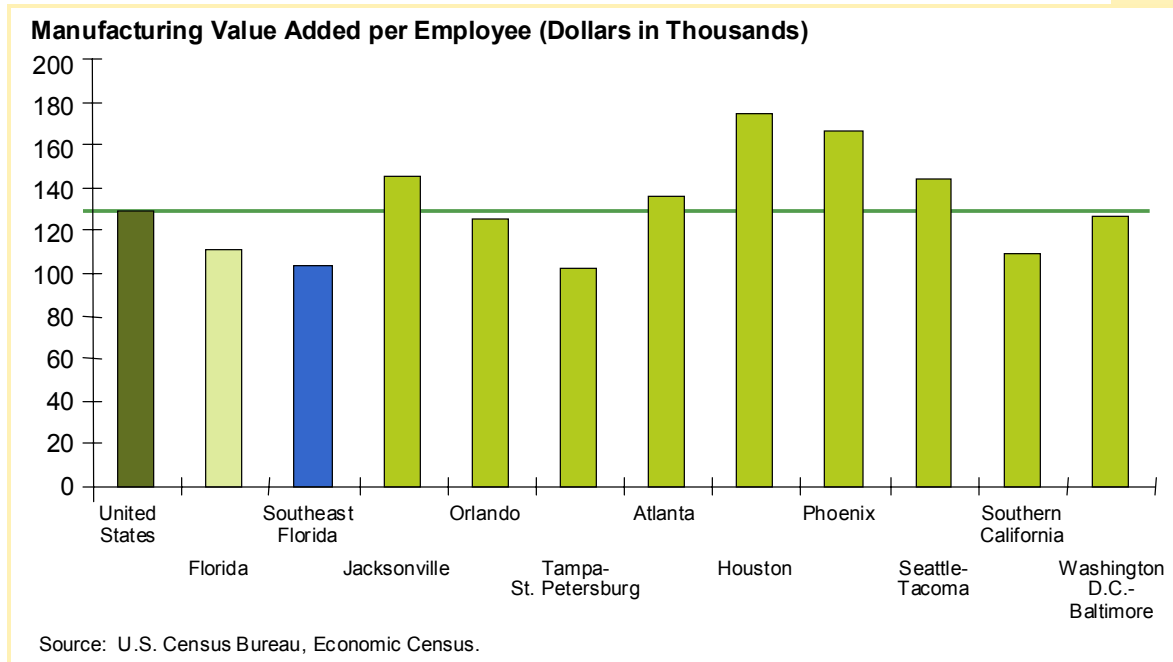
⁶ Industry concentrations were determined by calculating the relative size of industry employment in Southeast Florida compared to the United States average, using the “location quotient” method. Industries that were more “concentrated” (as indicated in the text) in Southeast Florida than the nation had location quotients greater than 1.0, while those that were not as concentrated had location quotients below 1.0.

- **Real Estate.** Real estate (part of the larger “financial activities” sector) is the most concentrated industry in Southeast Florida. The industry includes brokerages, leasers, agents, appraisers, property management as well as most forms of rental activity (vehicles, health equipment, machinery, etc.). Its large relative size is a reflection of the region’s dynamic market for both purchasing and leasing (short-term and long-term commercial and residential rentals). Like the construction industry, real estate benefits from Southeast Florida’s strong in-migration and business growth.
- **Strengths in Tourism-Related Industries.** Southeast Florida has distinct concentrations in industries related to tourism, including arts and recreation as well as in accommodation and food services (all parts of the larger “leisure and hospitality” sector).
- **Professional and Business Services Industries.** As discussed previously, the professional and business services sector is the fastest growing sector in Southeast Florida. Several industries within this sector have employment concentrations surpassing the national average. These industries include administrative services (temporary workers, security, travel arrangement, call centers, landscaping, etc.) and professional and technical services (engineering, architecture, accounting/bookkeeping, legal, advertising, marketing, interior design, etc.).

Manufacturing and Service Sector Productivity

In addition to an examination of employment performance by industry, it also is important to assess the productivity and earnings of a regional economy. In this subsection, we compare productivity and earnings per employee in the professional and technical services and manufacturing industries with other regions in the United States. Professional and technical services is one of the fastest growing industries in the region and it provides relatively high wages per job. Manufacturing is one of the slower growing industries yet also tends to provide higher-than-average income. Though underrepresented in Southeast Florida compared to the nation, traditional strengths (international trade) and emerging technologies (life sciences) suggest the potential for the region to capture valued-added processing and production activity to expand niche areas within the broader manufacturing sector.

Figure 3.2 Manufacturing Productivity Per Employee
2002



Manufacturing has never been a major economic force in Southeast Florida, at least in terms of the share of jobs in this industry sector (fewer than 1 in 20 jobs in 2004). However, manufacturing activity does provide higher than average wages (over one-third higher than the regional average) and significant exporting opportunities for a region with existing strengths in international trade, including leading transportation gateway facilities. As shown in Figure 3.2, manufacturing productivity in the region is particularly low, with Tampa-St. Petersburg being the only comparison areas with a lower manufacturing productivity metric.

The low productivity levels are at least partially due to the industry mix within manufacturing (e.g., Houston has a large share of manufacturing in machinery, chemicals, and oil refining which tend to be very capital intensive resulting in very high productivity levels while less capital intensive industries such as food products, apparel, and furniture account for a higher share of manufacturing in Southeast Florida). Still, continuous gains in productivity are crucial to maintaining the competitiveness of manufacturing in the United States and in Southeast

Florida. New developments in Southeast Florida, such as the Scripps Institute, have a chance to reverse this trend by bringing more capital intensive production (e.g., manufacture of advanced pharmaceuticals) into the region.

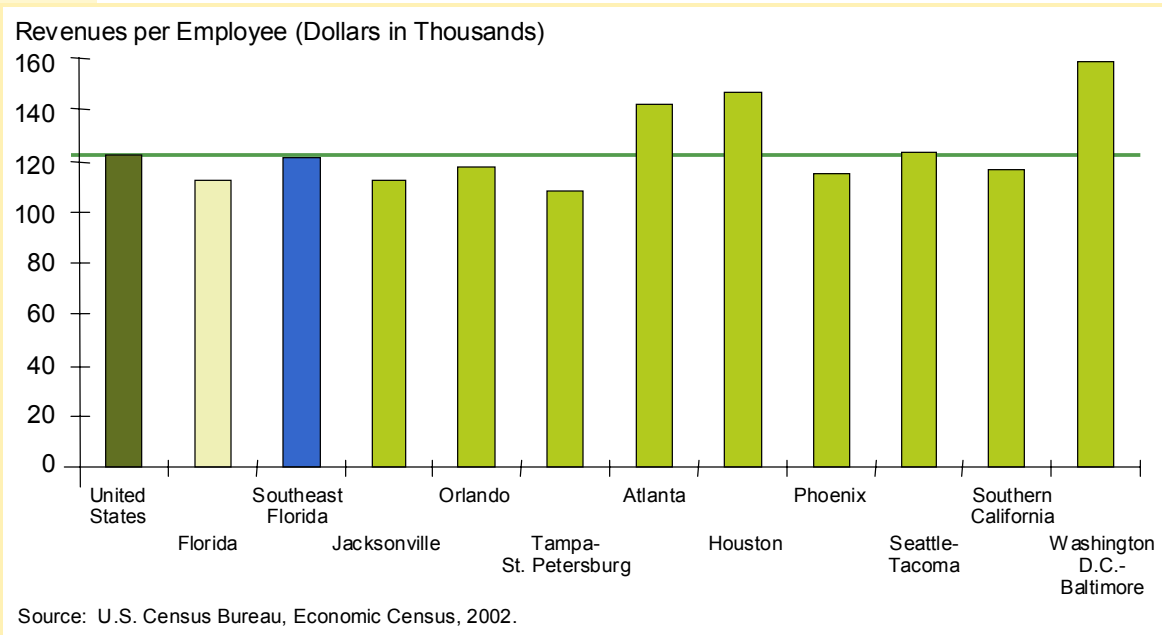
Investments in capital equipment (i.e., machinery and other equipment used in the production process) and facilities are required to keep manufacturers competitive. Southeast Florida is behind both the United States and Florida in this measure, indicating that the area's manufacturers may be falling behind in the investments needed to increase long-term competitiveness. Similar to the manufacturing productivity indicator, the areas with the highest manufacturing investments

(e.g., Houston, Southern California) also possess globally competitive advanced industries.⁷

Manufacturing, a crucial sector to the U.S. economy, is less than half as concentrated in Southeast Florida as the national average. Although Southeast Florida’s manufacturing sector is small relative to other sectors and is declining in employment levels, it should not be precluded that manufacturing does not offer future niche growth opportunities. In particular, manufacturing associated with the expanding biosciences industry (pharmaceuticals and medical devices) tends to be high-paying and demand high skill levels. In 2002, the value added by manufacturers in Southeast Florida reached \$11.2 billion. Industries that support construction such as cement and architectural metals are large employers in Southeast Florida, as are food, furniture, and plastics products.

A pillar of growth in Southeast Florida over the past 10 years has been the professional and technical services sector. As shown in Figure 3.3, revenues per employee (an approximate measure of productivity in services industries) for this sector are above other comparison regions within Florida, but well behind the leaders – Atlanta, Houston, and Washington-Baltimore. Further research could explore how the revenues and wages for the industries within this sector (accounting, legal, engineering, computer programming, consulting) vary, comparing Southeast Florida to other regions. This would examine which detailed sectors produce the highest wages and have the most promise for future growth. Due to its importance to the Southeast Florida economy, the strengthening of professional services and extending its reach beyond the local market to national and international customers can be part of a strategy to increase income levels in the region in the future.

Figure 3.3 Professional and Technical Services Sector
Revenue per Employee, 2002

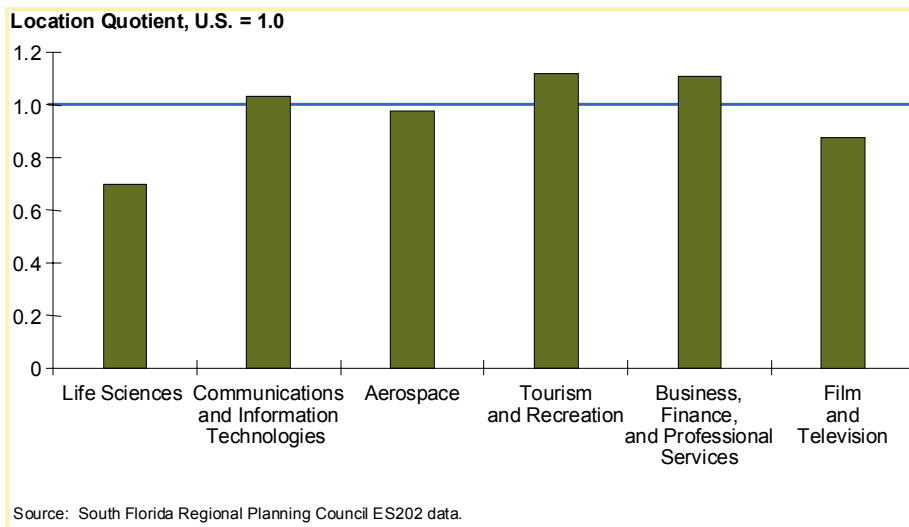


⁷ New capital expenditures per manufacturing employee were \$20,500 and \$9,500 in Houston (a leader in chemicals, oil and gas field machinery) and Southern California (a leader in electronics, aerospace), respectively, in 2002. The figure for Southeast Florida was \$5,000.

Target Industries

Southeast Florida's economic development organizations have targeted a number of industries that are likely to offer strong growth prospects for the region in coming years. Selected target industries represent existing strengths in Southeast Florida (tourism and recreation, business and professional services), technically advanced industries in which Southeast Florida has defined advantages (communications and information technology, television and film, and aerospace), and an emerging industry that is presenting Southeast Florida with unique opportunities (life sciences).⁸ In 2004, the region had high employment concentrations (i.e., industries comprise a higher share of local employment than the national average) in three of these industries – communications and information technologies, tourism and recreation, and business, finance, and professional services, while the region's aerospace concentration was similar to the national average (Figure 3.4). Today, the life sciences industry, targeted by regions throughout the world because of its recognized potential as a major driver of future economic growth, is relatively less concentrated in Southeast Florida than the national average. The emergence of new life sciences research and related spin-off activity in the region will result in a higher employment concentration in coming years.

Figure 3.4 Employment Concentrations for Selected Target Industries in Southeast Florida



By adding to the competitiveness of its target industries, Southeast Florida is likely to reap the benefits of higher wages. Strong industry concentrations (a result of regional competitiveness) generally correlate with higher relative wage levels. For example, wages in high-technology industries in California and Massachusetts both rank among the highest in the country. Both states are recognized leaders in this field, combining high skill levels, research, innovation, access to capital, and advanced production techniques. These factors add to productivity and, hence, higher wage levels. So, not only are the two states recognized for jobs in high-technology industries, but the people working in these industries generally earn more than their counterparts working in the same industries in other states.

⁸ The industries analyzed in this section are representative of the leading industries targeted by several of the economic development organizations in the region. Most EDOs have selected several other industries as well.

The same principle applies to Southeast Florida where wage levels relative to the national average are high in tourism and recreation, an industry for which the region is renowned. Southeast Florida, offering a recognized product, draws high volumes of visitor dollars that helps to support higher tourism-related wages in the region. By comparison, wages in life sciences, an industry that is in an earlier stage of development in Southeast Florida, are significantly lower than the national average. Wages in this industry will increase as it develops into a recognized cluster, offering a more complete range of specialized research, services, and production activities.

The locations of business establishments within several of Southeast Florida’s target industries are depicted on the maps included in Figures 3.5 through 3.10. The geographical concentrations of these industries tend to follow the familiar development pattern of Southeast Florida, with the greatest intensity of business activity located in a north-south strip defined by the Atlantic on the east and farmland and the Everglades to the west.

Figure 3.5 Business Locations – Aerospace

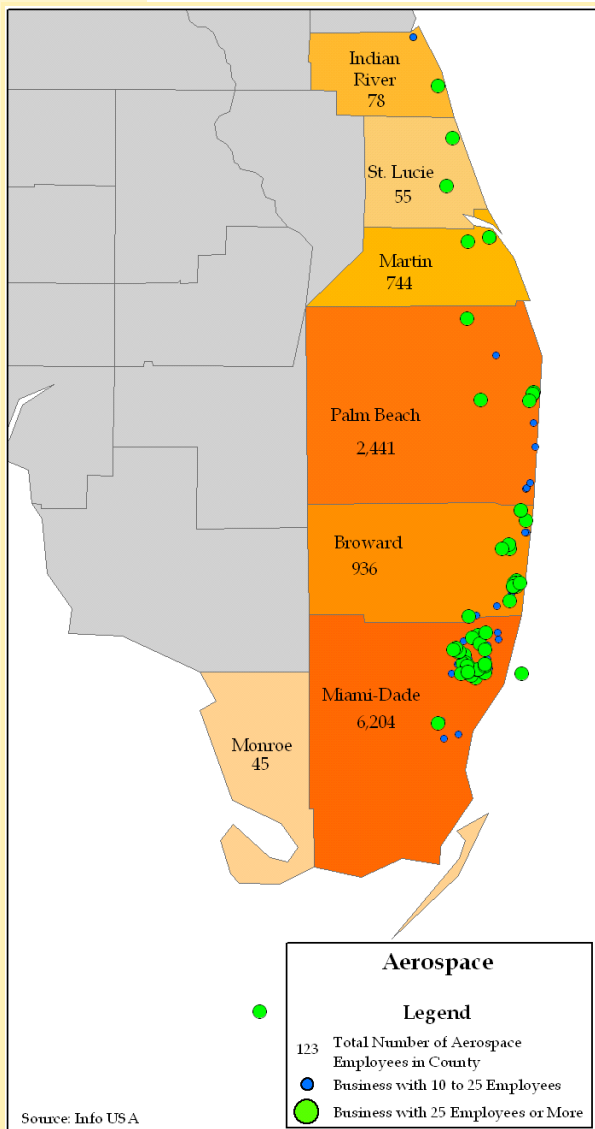
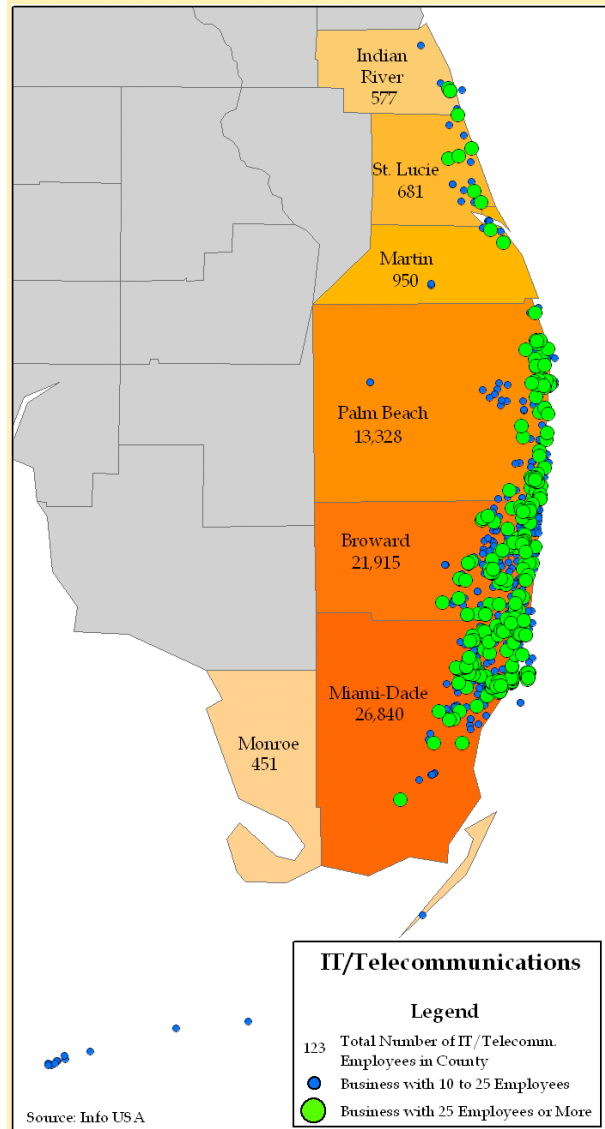


Figure 3.6 Business Locations – IT/Telecommunications



Aerospace. Aerospace manufacturing (includes aircraft, aircraft parts, engines, missiles, space vehicles, etc.) in Southeast Florida added over 1,000 jobs in Southeast Florida over the past 10 years while support activities for air transportation (includes aircraft routine maintenance and overhauls) also increased. Aerospace-related business establishments are located throughout the region with particular concentrations in Miami-Dade and Palm Beach Counties. Miami is one of the nation's largest international air hubs and has a number of businesses focusing on the maintenance, repair, and overhaul of long-range airliners as well as companies involved in designing and manufacturing aircraft parts. Palm Beach is a major site for the design, manufacture, and servicing of rocket engines. Average annual wages in the Southeast Florida aerospace industry are \$48,600, nearly one-third greater than the regional average.

Information technologies and telecommunications. Southeast Florida has a very advanced communications infrastructure, including digital switching stations and a Network Access Point (NAP), that have helped support the growth of Internet companies and makes the region a telecommunications gateway to Latin America. The information technologies/telecommunications industry experienced moderate growth in Southeast Florida between 1994 and 2004. The average wage in the industry, \$57,000 in 2004, is significantly higher than average for the region. IT/telecommunications firms, employing about 65,000 people throughout the region, are very concentrated in a section of the Internet Coast, stretching from Miami-Dade County to Palm Beach County.

Figure 3.7 Business Locations – Professional Services

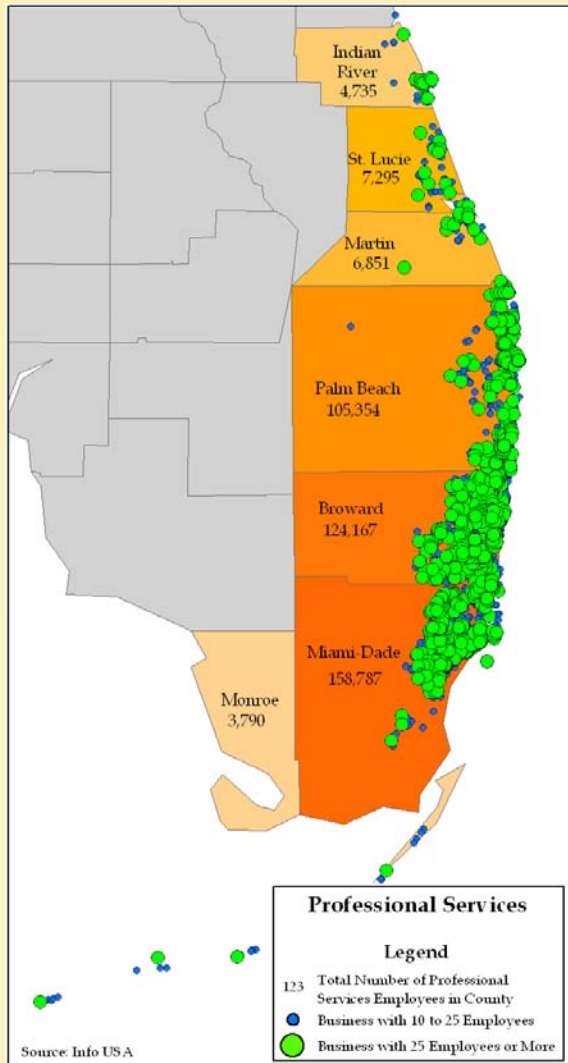
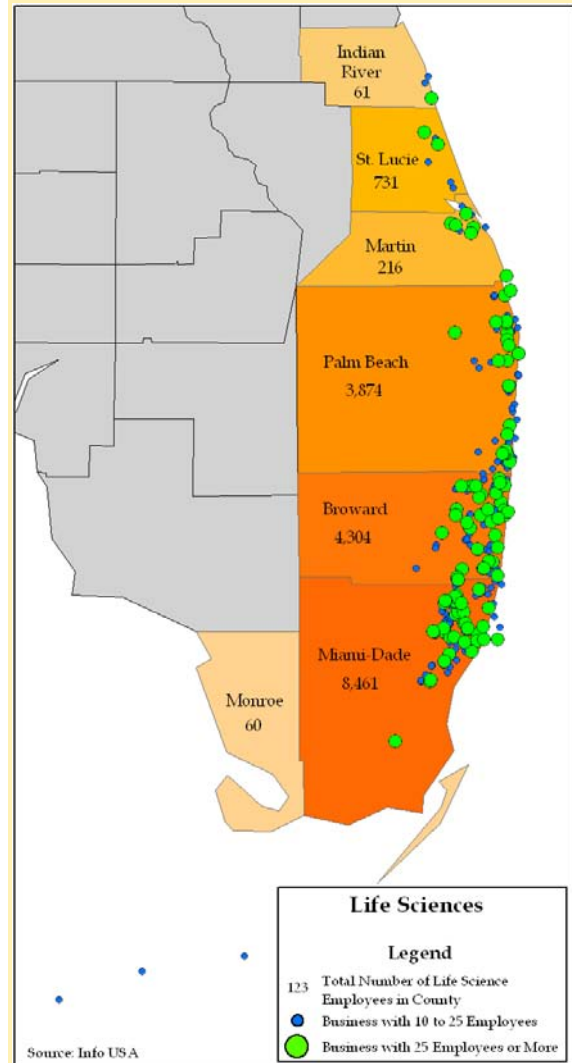


Figure 3.8 Business Locations – Life Sciences



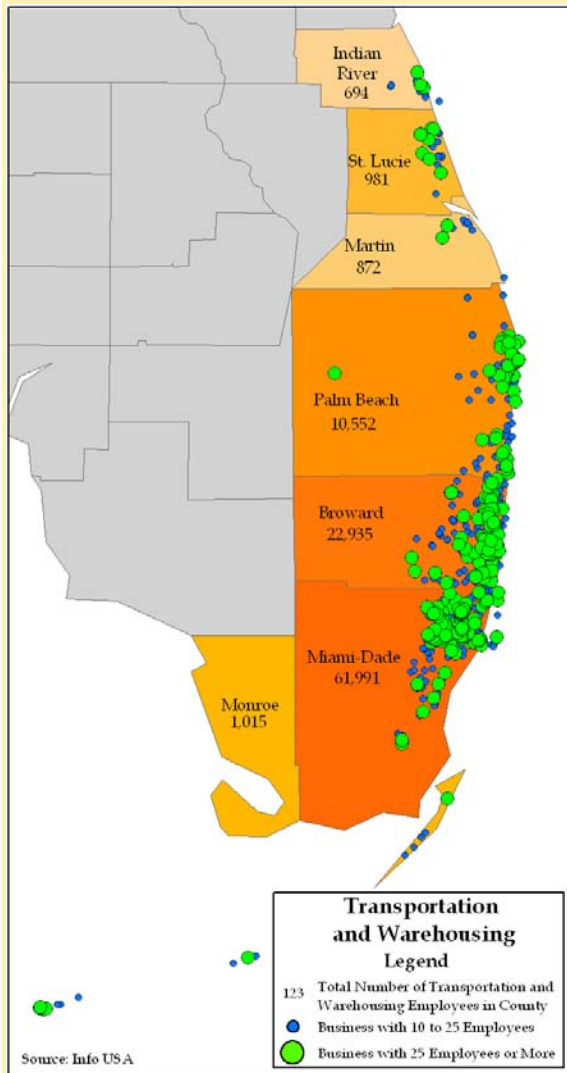
Professional Services. Professional, business, and technical services are responsible for a large part of Southeast Florida’s overall economic growth, adding over 160,000 jobs in 10 years. The average wage in 2004, \$44,000, was 15 percent higher than the average for the region. As the largest industry in the region, all Southeast Florida counties are well represented by professional services companies.

Life Sciences. Life sciences employment reached over 17,000 in 2004 and has added over 4,000 jobs since 1994.⁹ Average annual wages in the industry are about \$13,000 per year higher than the average for Southeast Florida. This industry is expected to become a larger contributor to the Southeast Florida economy as new investments in research stimulate new growth. The region already conducts advanced research in new drug development in a variety of areas (e.g., antibacterial, respiratory, and oncological) and is a large-scale producer of generic drugs, dermatological products, and medical devices

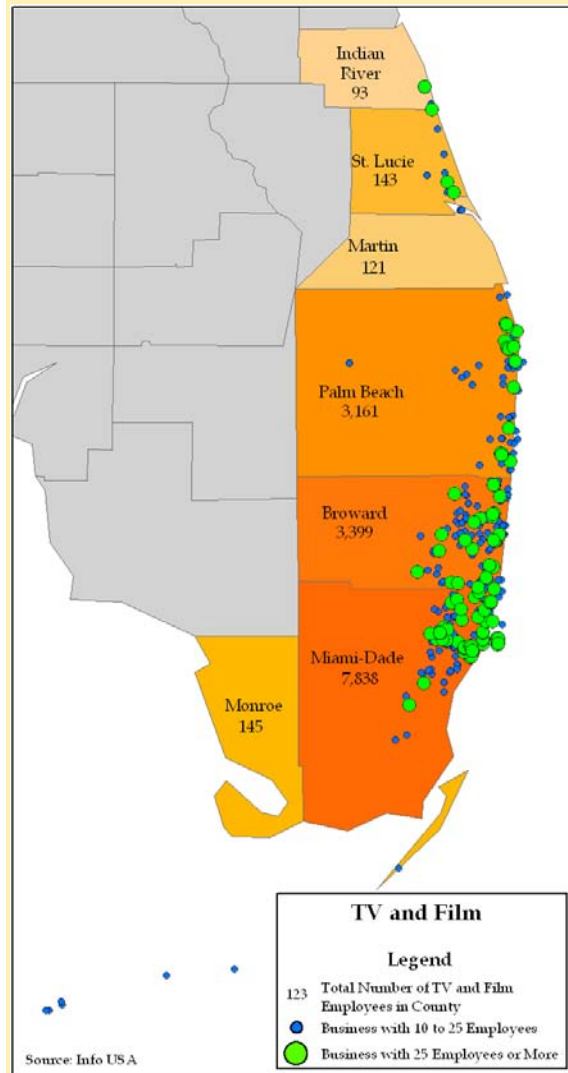
⁹ In this report, life sciences is defined to include pharmaceuticals and medicines, medical equipment and supplies, scientific research and development services, and medical and diagnostic laboratories.

such as implantable artery stents. All counties currently are represented, but the industry is most prevalent in the region's three most populous counties (Miami-Dade, Broward, and Palm Beach Counties).

**Figure 3.9 Business Locations –
Transportation and Warehousing**



**Figure 3.10 Business Locations –
Television and Film**



Transportation and Warehousing. Fed by the needs of an expanding population and increases in international trade, transportation and warehousing is a growth industry in Southeast Florida, adding 10,000 jobs between 1994 and 2004. The industry is concentrated in the region along I-95 throughout the region, and in proximity to the region's large port and airport facilities. With its busy international airport, Miami-Dade County accounts for nearly two-thirds of Southeast Florida's jobs in the transportation and warehousing industry. Based on tonnage (as opposed to dollar value where its ranking is lower), Miami International Airport is the 10th busiest air freight hub in the world and the fourth busiest in the United States.¹⁰ Miami International Airport is a key gateway to Latin America and accounted for over one-quarter of U.S. exports to Brazil in 2004.¹¹

Television and Film. Television and film production is another growing industry in Southeast Florida, employing about 14,500 people. Miami-Dade County accounts for over half this amount. While the operation of television stations and news broadcasts takes place in all metropolitan areas to serve the needs of local audiences, there is a nationwide competition for program, commercial, and movie production – all activities that bring additional spending and jobs into the region. Los Angeles and New York are the recognized leaders in this industry, but Southeast Florida has emerged as the center for film, TV, and news broadcasting, production, and distribution catering to the Latin American and U.S. Hispanic markets. Southeast Florida also continues to attract the domestic U.S. movie industry as a production location.

Trade and Tourism

Trade and tourism are two of Southeast Florida's largest industries. Though neither is neatly defined by a single industry sector, they each represent a large share of the region's economic activity. For example, the transportation and warehousing industry is home to 100,000 jobs within Southeast Florida, four percent of all employment. Plus, the combined Southeast Florida region ranks as the second busiest set of airports for international travel and second largest importer/exporter of waterborne trade along the Atlantic Coast. These trends are all rising as international trade as a percentage of the U.S. economy continues to grow.

Meanwhile, the tourism industry is a strength throughout Southeast Florida, and as a region ranks as the second most visited destination of international travelers (behind New York City). A rough approximation of tourism-supported industry employment for the region indicates an economic contribution of 485,000 jobs and over \$15 billion in business sales. Southeast Florida also handles more international and domestic cruise passengers at its seaports than any other region in the United States.

Trade and Passenger Travel at Southeast Florida's Seaports and Airports

Although the benefits of trade already are recognized by thousands of Southeast Florida companies, overseas markets will continue to provide ample

¹⁰ Airports Council International, "2004 Cargo Traffic Final".

¹¹ World Institute of Strategic and Economic Research (WISER) and U.S. Department of Commerce, based on dollar value.

business opportunities into the future. The United States accounts for just over one-fifth of global output and other parts of the world are growing more quickly. The world economy is forecast to expand by 3.9 percent annually between 2005 and 2015 while the United States is projected to grow at a slower 3.1 percent. Latin America, an existing trading strength for Southeast Florida, is expected to see an annual growth rate of 4.0 percent, significantly faster than the anticipated rate for the U.S. economy. Other regions, such as the emerging markets of East Asia (forecast annual growth of 5.7 percent) will lead worldwide economic growth, and can provide Southeast Florida with additional opportunities to expand trade and diversify markets.¹² Increasing trade has tangible benefits for businesses and workers, increasing revenues and leading to higher wages.¹³ Southeast Florida can strengthen and continue to capitalize on its strengths in this industry.

**Table 3.2 U.S. Ports Ranked by TEUs (Containers) Handled
2004**

Port	TEUS Handled		Percent Change
	1994	2004	
Los Angeles-Long Beach	5,092,445	13,101,292	157.3%
New York/New Jersey	2,033,879	4,478,480	120.2%
Seattle-Tacoma	2,441,928	3,573,418	46.3%
Oakland	1,491,002	2,043,122	37.0%
Southeast Florida	1,188,259	1,889,130	59.0%
Charleston	897,480	1,863,917	107.7%
Hampton Roads	894,066	1,808,933	102.3%
Savannah	562,266	1,662,021	195.6%
Houston	578,693	1,437,585	148.4%
Honolulu	435,658	1,041,455	139.1%
Jacksonville	480,616	727,660	51.4%
Baltimore	530,643	557,858	5.1%
United States	20,488,363	38,003,636	85.5%

Source: American Association of Port Authorities.

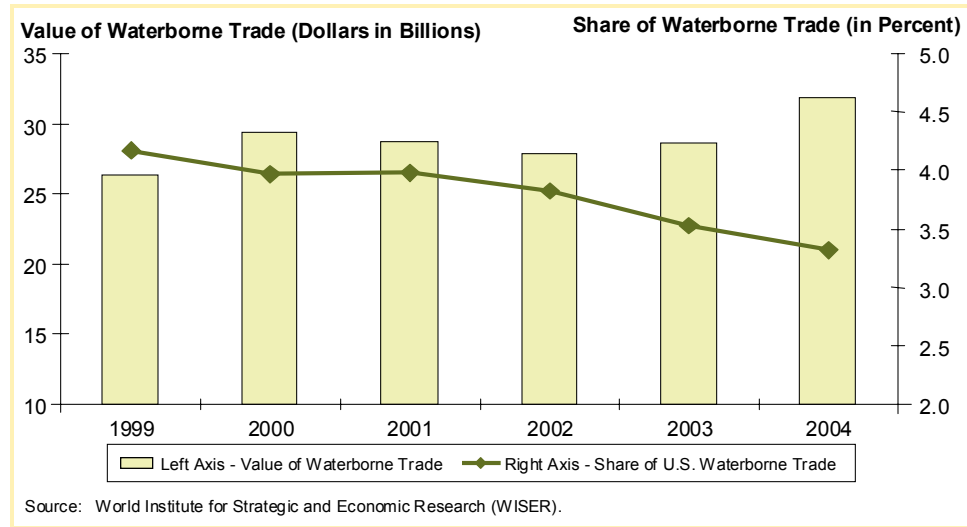
Notes: TEU – Twenty-foot equivalent unit (common term for “container”); “Southeast Florida” combines port data for the Port of Miami, the Port of Palm Beach, and Port Everglades.

Southeast Florida is an important player in freight and goods movement. Southeast Florida ranks as the fifth busiest container port complex in the United States and the second busiest on the Eastern Seaboard (Table 3.2). In 2004, it handled 1.9 million containers, accounting for 5 percent of U.S. traffic. While Southeast Florida experienced a large increase in container traffic between 1994 and 2004, the region’s rate of growth (59 percent) was below the U.S. average (85.5 percent). Competitor port facilities, including Charleston, Savannah, Hampton Roads, and Houston gained significantly higher shares of the U.S. container market during the 1994-2004 period.

¹² World economic forecasts are from the U.S. Department of Energy.

¹³ According to the Small Business Administration, firms that export pay 15 percent more than those that do not.

Figure 3.11 Southeast Florida Waterborne Trade, 1999-2004
(Value in Billions of Dollars and share of U.S. Percent)



Despite the fact the volume of trade in Southeast Florida’s ports increased from \$26 billion to \$32 billion between 1999 and 2004, collectively their share of U.S. waterborne trade fell from 4.2 to 3.3 percent (Figure 3.11). Competing ports, such as Savannah, have captured a greater share of the trade volume with Asia as a result of massive infrastructure improvements and available land for distribution facilities.

Table 3.3 Airborne International Trade, 1999-2004
(Values in \$ Billions)

Region Airport(s)	1999	2004	Change in Percent
New York-New Jersey	\$116.0	\$140.4	21.0%
Southern California	\$67.5	\$68.9	2.1%
Chicago	\$39.5	\$65.4	65.4%
San Francisco	\$71.8	\$54.6	-24.0%
Dallas-Fort Worth	\$13.9	\$31.2	123.5%
New Orleans	\$23.2	\$30.0	29.6%
Anchorage	\$21.7	\$26.3	21.4%
Southern Florida	\$23.1	\$25.4	10.0%
Atlanta	\$13.9	\$24.9	79.5%
Seattle-Tacoma*	\$8.6	\$7.9	-8.5%
Houston	\$5.6	\$7.7	37.4%
Washington-Baltimore	\$6.1	\$7.5	23.4%
Orlando	\$1.2	\$1.3	12.1%
Phoenix	\$0.8	\$1.1	40.5%
U.S.-All Airports	\$495.5	\$599.4	21.0%

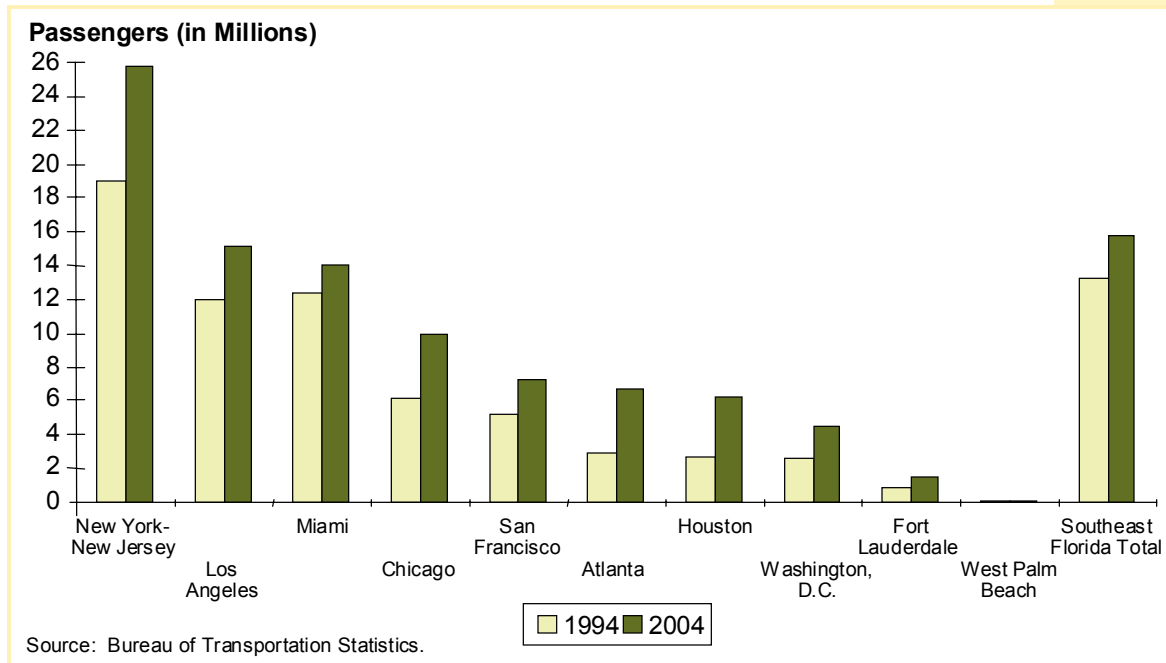
Source: World Institute for Strategic and Economic Research (WISER).

Notes: Southeast Florida combines data for Miami International Airport, Fort Lauderdale International Airport, Palm Beach International Airport, and Key West International Airport. Regions are in rank order from New York-New Jersey to Atlanta. Seattle-Tacoma to Phoenix are included in the table because they are comparison regions. Tampa and Jacksonville each had international air trade valued at less than \$200 million in 2004.

*Data are for Seattle-Tacoma International Airport and do not include exports from Boeing Field.

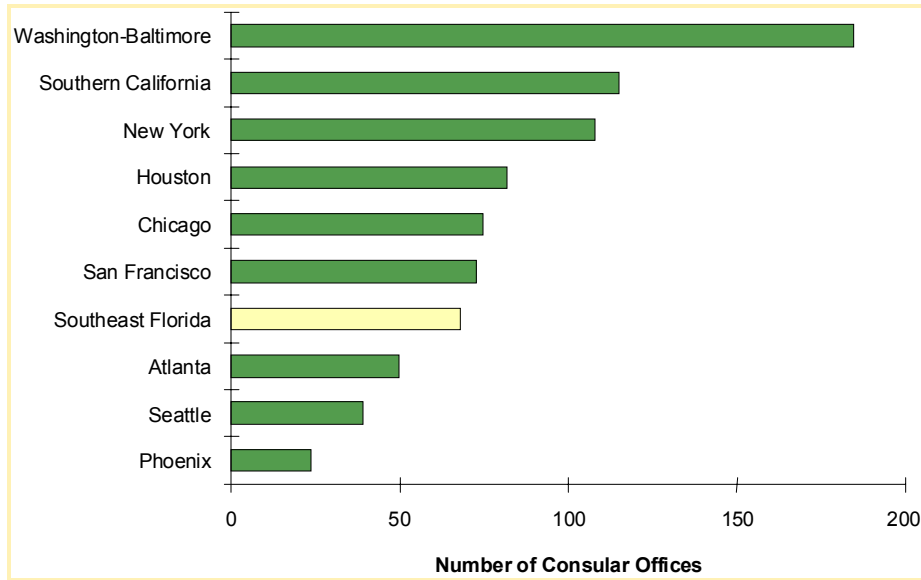
As shown in Table 3.3, Southeast Florida’s airports handled exports and imports valued at \$25.4 billion in 2004, representing a 10 percent increase over 1999. In terms of dollar value of international trade, Southeast Florida’s airports ranked as the 8th busiest in the country in 2004. However, several airports considered competitors to Southeast Florida, particularly for trade with Latin America, experienced even greater increases in airborne trade volumes between 1999 and 2004 – Atlanta, Dallas-Fort Worth, and Houston.

Figure 3.12 Top U.S. International Air Passenger Gateways
1994-2004



Over 70 international destinations can be reached nonstop from Southeast Florida’s airports, making the region one of the leading overseas gateways in the United States. In 2004, 15.7 million international air passengers passed through Southeast Florida’s three large airports, with the overwhelming majority of travelers going through Miami International (Figure 3.12). In 2004, one out of every six international passengers in the United States went through a Southeast Florida airport.

Figure 3.13 Consular Representation, 2004



Source: U.S. Department of State.

Note: The upper part of the figure, Washington through Southeast Florida, represents the rank order of the top locations in the United States for consular offices. Atlanta, Seattle, and Phoenix are included for comparison purposes, but they do not represent a continuation of the national rankings.

While not directly related to port and airport activity, Southeast Florida’s role as an international gateway is further underscored by the strong representation of consular offices in the region. As a center of international business, international tourism, and with a very large foreign-born population, Southeast Florida has the seventh largest consular corps in the United States (Figure 3.13). According to the U.S. Department of State, Southeast Florida had 68 consulates in 2004. Other than the nation’s capital, Southern California, New York, Houston, Chicago, and San Francisco have more consular offices.

Southeast Florida Tourism Industry

With more than 475,000 jobs accounting for over 18 percent of total employment, tourism is a crucial contributor to the Southeast Florida economy.¹⁴ Southeast Florida attracted 15 million visitors in 2003, an increase of nine percent over the previous year. Southeast Florida is the second most popular destination for foreign visitors to the United States, following New York City (see Table 3.4). The flow of tourists into the region keeps restaurants and hotels thriving while feeding cruise lines and keeping cultural attractions busy. Tourists choose where they travel and Southeast Florida will need to maintain (or improve) the quality of experience that sets it apart from competing destinations worldwide if it is to garner new business and more repeat customers.

Ship cruises are an increasingly popular vacation option. Southeast Florida has played a prominent role in the U.S. cruise ship industry for many years, serving a greater share of passengers than any other part of the country. However, as passenger numbers increase, former freight-only ports around the country, such as Houston-Galveston, are opening up cruise facilities. As these

¹⁴ Jobs in “leisure and accommodation” industry which includes recreational activities, hotels, and restaurants and in retail trade.

cruise gateways develop, Southeast Florida is losing its share of the overall U.S. market. Even as the number of passengers traveling through the Port of Miami, Port Everglades, and the Port of Palm Beach increased by 440,000 (more than 10 percent of the entire U.S. increase) between 2000 and 2004, the share of U.S. cruise passengers declined from 47 percent to 31 percent (Table 3.4).

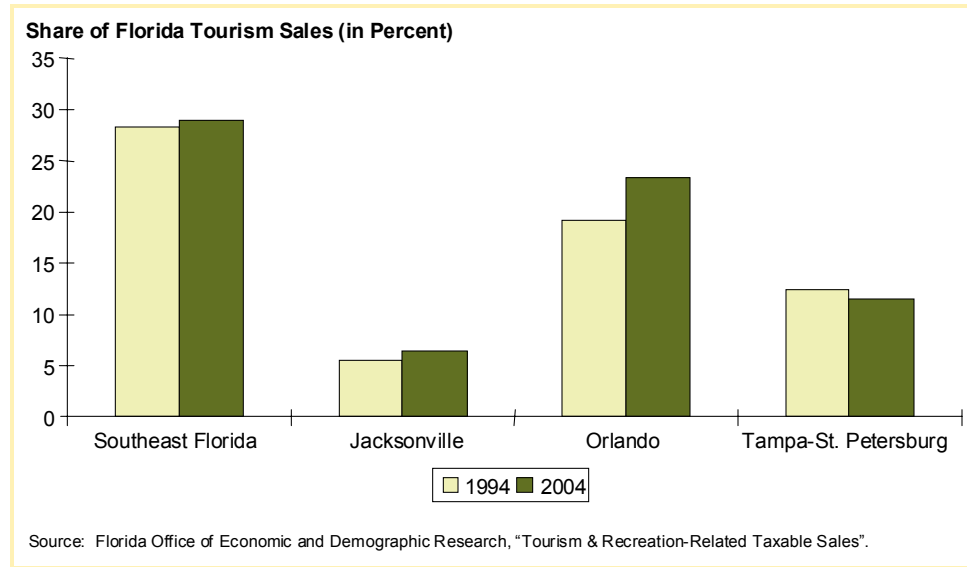
Table 3.4 Cruise Passengers
(Regions Ranked by Number of Passengers in Thousands)

Port	2000		2004	
	Passengers	Share	Passengers	Share
Southeast Florida	2,480	46.7%	2,920	31.0%
Port Canaveral	798	15.0%	1,230	13.1%
Southern California	535	10.1%	1,008	10.7%
Houston	34	0.6%	524	5.6%
Tampa	230	4.3%	399	4.2%
Seattle-Tacoma	55	1.0%	291	3.1%
Jacksonville	NA	NA	114	1.2%
Washington-Baltimore	NA	NA	105	1.1%
United States	5,315	100.0%	9,417	100.0%

Source: MARAD (2004 data), and International Council of Cruise Lines, "U.S. Economic Impact Study," 2003 (2000 data).

Visitors spend more money in Southeast Florida than any other tourist market in the State. In 2004, over \$15 billion was spent in the region on tourism and recreation-related sales, accounting for nearly a third of the state total. Tourism-related sales in the region increased by 59 percent between 1994 and 2004, helping Southeast Florida to increase its market share within the State (Figure 3.14) by a small margin. Among Florida's large metropolitan areas, Orlando grew the fastest during the 10-year period (an 89 percent rise in tourism-related sales) while Tampa-St. Petersburg lost a small amount of market share (a 44 percent gain was well below the 55 percent increase posted by the State). Among smaller markets competing with Southeast Florida, Fort Myers-Naples saw its tourism sales grow to \$3.4 billion in 2004, a 91 percent gain over 1994. Southeast Florida is a stand-out in the intensely competitive tourism industry, but future growth is not assured as competing regions seek to add on to their own gains.

Figure 3.14 Visitor Spending
Share of Tourism-Related Sales in Florida

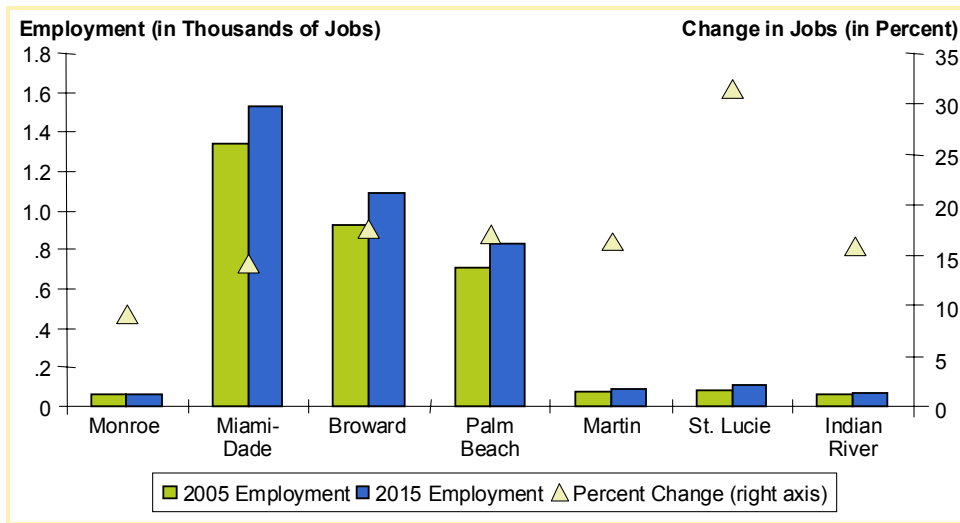


Industry Forecast

Similar to national trends, the last 10 years have been marked by the emergence of services industries as the leading force in the Southeast Florida economy. The regional economy added nearly 500,000 jobs during this period and fully one-third were in the professional and business services industry. Three other services-related sectors – financial activities, education and healthcare services, and leisure and hospitality – combined to account for another one-third of Southeast Florida’s job growth. The region’s growing population and economic output supported strong gains in the construction industry and a rise in international trade contributed to job increases in the wholesale trade and transportation industries.

Given the uncertainties of technological advances, energy prices, the geopolitical climate, trading practices, and global production relationships, it is difficult to project how the Southeast Florida economy will change over the next 10 years. Nevertheless, a forecast serves as a useful tool to gauge what the region what may look like in the future and to provide guidance concerning future needs in the region, ranging from workforce and education to transportation. The South Florida Economic Forecasting Partnership, covering all seven Southeast Florida counties and staffed at the South Florida Regional Planning Council (SFRPC) developed a forecast for Southeast Florida in late 2005. This forecast represents the official long-run economic and demographic projections for Southeast Florida. It is based on a seven county forecast from Regional Economic Models, Inc. (REMI), adjusted for local population projections. This section describes the findings of the forecast (2005-2015) and what it portends concerning the Southeast Florida economy over the next 10 years.

Figure 3.15 Forecast of Employment Growth by County
2005-2015



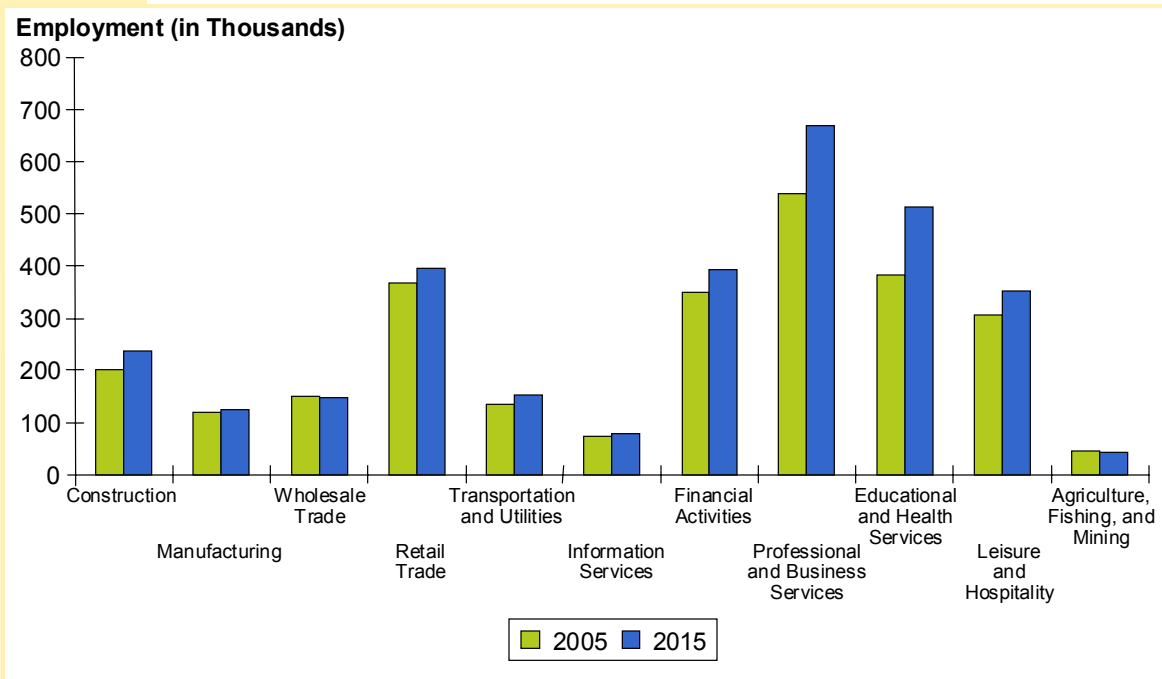
Source: South Florida Regional Planning Council and Regional Economic Models, Inc.

Southeast Florida is expected to add over 500,000 jobs by 2015, a 16 percent increase over 2005. This magnitude of growth, should it transpire, would help the region maintain its position as one of the leading job generators in the United States. While net growth is roughly equal to what the region recorded between 1994 and 2004, this would represent a decline in the rate of growth (24 percent for the 1994-2004 period).¹⁵ Regardless, the employment forecast further underscores that the issues facing Southeast Florida today, including transportation congestion, diminishing supply of developable land, and availability of workforce housing, are likely to manifest themselves (and possibly become more pronounced) into the future.

All counties in the region are expected to see strong job gains (see Figure 3.15). Space-constrained Monroe County (economically developable land is confined to the Florida Keys) is forecast to grow at the slowest pace (9 percent), while St. Lucie County is expected to increase jobs at the fastest rate (31 percent). Each of the three largest counties is projected to add significant numbers of new jobs. Unlike the trend during the 1994 to 2004 period, the forecast shows Miami-Dade County adding the highest number of jobs between 2005 and 2015 and not too far behind Broward and Palm Beach County in terms of rate of growth. Jobs growth in Miami-Dade County has quickened since 2003 and this would need to be sustained for it to meet the forecast estimates.

¹⁵ The decline in the *rate* of growth is not unique to Southeast Florida and is consistent with a national trend.

Figure 3.16 Forecast of Employment by Major Sector
2005-2015



Source: South Florida Regional Planning Council and Regional Economic Models, Inc.

Employment growth in Southeast Florida is expected to be broad-based between 2005 and 2015 (see Figure 3.16). All major economic sectors, with the exception of agriculture, fishing, and mining, are expected to add jobs. The wholesale trade industry is forecast to remain basically level. Even manufacturing, a sector that lost jobs between 1994 and 2004, is expected to see a small gain.

The main drivers for economic growth, however, will continue to be the services-related industries. Professional and business services, the foundation for much of Southeast Florida’s new jobs, is forecast to continue to lead job growth in the region. The expanding and aging population of Southeast Florida is expected to result in a sharp rise in education and health services jobs. Financial activities and leisure and hospitality will remain major contributors to the region’s jobs growth. The construction industry will continue to benefit from the expansion of Southeast Florida’s population and employment base.

While the Southeast Florida economy will face increased competition for jobs from other regions within the United States and abroad, several of its top growth sectors are relatively well insulated from some aspects of global competition. Jobs in educational and health services, construction, and leisure and hospitality cannot be outsourced easily as they generally require face-to-face interactions between businesses and their customers. Some operations in other sectors, such as the back office operations of the financial activities industry or elements of the professional services industries (e.g., technical drawing for architecture or engineering services), can be handled overseas. The highest skill level jobs in the financial activities and professional services sectors are the least likely to be outsourced, reemphasizing the importance of having a well-educated workforce in the region that can innovate and assimilate advanced production practices into their jobs.

**Table 3.5 Fastest Growing Industries (Net Increase)
2005-2015**

Industry	Job Increase, 2005-2015		Average Wage
	Net	Percent	
Administrative, support services	76,343	26.8%	\$24,092
Ambulatory health care services	61,342	40.8%	\$39,581
Prof. Tech services	51,593	22.6%	\$41,484
Construction	37,180	18.5%	\$31,717
Retail trade	26,828	7.3%	\$24,516
Food services, drinking places	25,843	14.3%	\$16,059
Hospitals	19,814	25.7%	\$40,805
Real estate	19,309	11.9%	\$35,271
Nursing, residential care facilities	18,554	42.2%	\$23,650
Educational services	15,594	27.0%	\$28,586
Total	524,840	16.1%	\$30,335

Source: South Florida Regional Planning Council and Regional Economic Models, Inc.

Table 3.6 Fastest Growing Industries (Percent Increase), 2005-2015

Industry	Job Increase, 2005-2015		Average Wage
	Percent	Net	
Nursing, residential care facilities	42.2%	18,554	\$23,650
Ambulatory health care services	40.8%	61,352	\$39,581
Transit, ground pass transp	30.9%	3,794	\$28,956
Social assistance	28.7%	15,321	\$16,329
Waste management, remed services	28.1%	1,269	\$45,636
Warehousing, storage	27.8%	1,002	\$32,991
Educational services	27.0%	15,594	\$28,586
Administrative, support services	26.8%	76,343	\$24,092
Hospitals	25.7%	19,814	\$40,805
Chemical mfg	23.8%	1,534	\$48,432
Total	16.1%	524,840	\$30,335

Source: South Florida Regional Planning Council and Regional Economic Models, Inc.

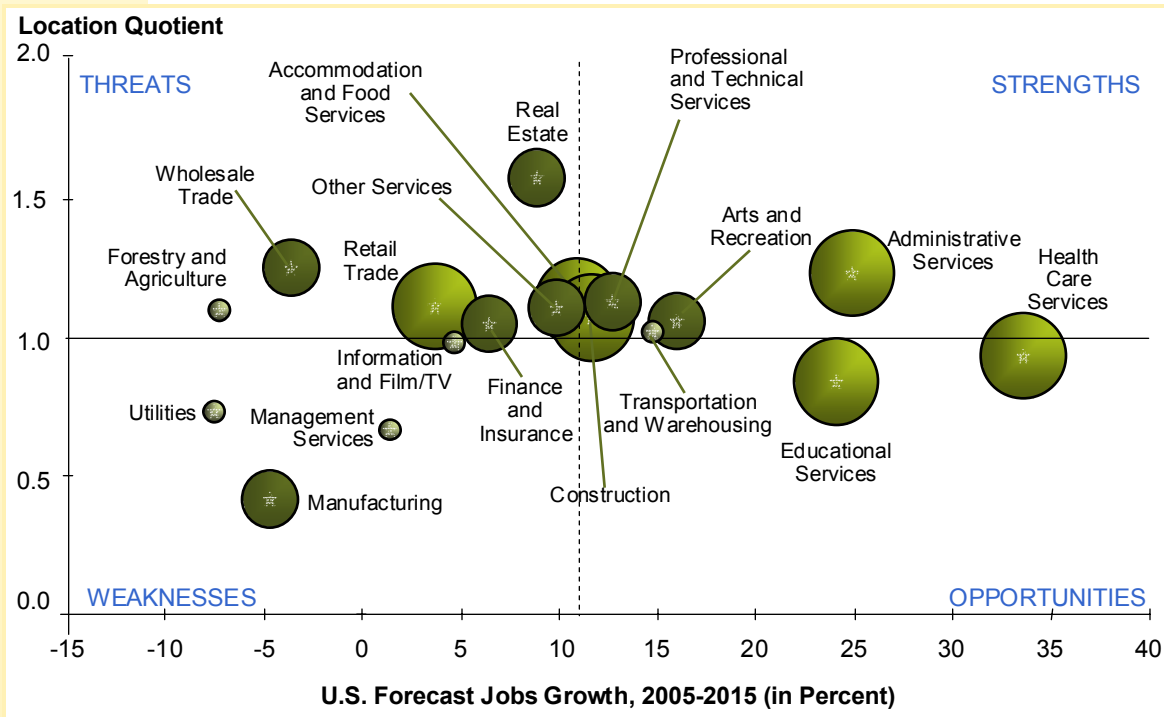
The fastest growing industries in Southeast Florida underscore the trend towards services and healthcare (Tables 3.6 and 3.7).¹⁶ Two services industries (administrative support services and professional and technical services) within the professional and business services sector are expected to account for over one-in-five new jobs in Southeast Florida between 2005 and 2015. Administrative support services include businesses involved in day-to-day office administration, temporary jobs, call centers, travel services, and building services. Professional technical services includes law, consulting, engineering, architecture, accounting, advertising, and scientific research services. Pay levels are much higher (one-third more than the regional average) in professional and technical services than in the administrative support services industry (20 percent lower than the regional average).

¹⁶ Top growth industries are based on a comparison of growth rates (net and percent) for a more detailed set of industries (e.g., the “professional and technical services” industry is a part of the professional and business services sector while “food services, drinking places” is a part of the leisure and hospitality sector) combined with some major sectors (e.g., construction and retail trade).

Healthcare-related industries also dominate the list of fastest growing industries in Southeast Florida, including ambulatory healthcare (i.e., dentist and physician offices, outpatient facilities, diagnostic laboratories, home healthcare, and ambulance services), hospitals, and nursing/residential facilities. The healthcare industries, with the exception of nursing and residential care, pay significantly higher wages than the regional average.

The industry forecasts for Southeast Florida’s individual counties are generally similar to the regional forecast, underlining professional and business services, educational and health services, construction, finance, and leisure and hospitality as the primary job generators for the region. At a more detailed industry level of analysis, however, some small differences between the counties emerge. Warehousing is expected to be a fast-growing industry (in percentage terms) in Miami-Dade, Broward, and Palm Beach Counties. Chemicals, perhaps due to the expansion of pharmaceuticals-related production associated with life sciences, is projected to grow quickly in Broward and Palm Beach Counties. Insurance is expected to be one of the faster growing industries in Monroe and Martin Counties, while broadcasting is predicted to grow in Monroe and St. Lucie Counties.

Figure 3.17 Southeast Florida Industry Strengths, Weaknesses, Opportunities, and Threats



Source: South Florida Regional Planning Council and Regional Economic Models, Inc. (REMI).

Figure 3.17 divides Southeast Florida’s major industry sectors into strengths, weaknesses, opportunities, and threats based on their size relative to the U.S. average (left, vertical axis), forecast U.S. job growth for 2005-2015 (bottom, horizontal axis; the average rate of growth for all industries, 11 percent is indicated by the dashed vertical line), and industry size in terms of total number of jobs in Southeast Florida (indicated by graduated circle sizes). The four quadrants represent strengths, weaknesses, opportunities, and threats, based on the following interpretation:

- **Strengths:** Industry is concentrated in Southeast Florida and faster than average growth in jobs is forecast through 2015. Industry strengths include administrative services, professional and technical services, and arts and recreation – all are more concentrated in Southeast Florida and are growing more quickly than the national average.
- **Weaknesses:** Industry is not concentrated in Southeast Florida and lower than average growth in jobs is forecast through 2015. Manufacturing is the principal weakness, an industry that is not concentrated in the region and is losing jobs nationally.
- **Opportunities:** Industry is not concentrated in Southeast Florida and higher than average growth in jobs is forecast through 2015. Healthcare and educational services are forecast to grow quickly over the next 10 years and will continue to be a major engine for growth in Southeast Florida.
- **Threats:** Industry is concentrated in Southeast Florida and lower than average growth in jobs is forecast through 2015. Wholesale trade and agriculture are concentrated in Southeast Florida but are not expected to add significant job numbers, nationally, over the next 10 years. Mechanization and process enhancements continue to raise productivity in both industries, reducing the need for labor. Even as little change is expected in wholesale trade jobs, nationally, it still represents an opportunity for Southeast Florida due to the region's strategic crossroads location in the Western Hemisphere.

Southeast Florida's industry mix generally coincides with the nation's faster growing economic sectors and will help to fuel future employment growth in the region. Several of the region's key industries, including transportation and trade, administrative services, professional, and technical services, construction, and arts and recreation are anticipating growth levels well above the U.S. average for all industries. Many other important industries for the region, including real estate and retail trade, also are expected to grow, but at a slower pace than the U.S. average for all industries. Employment declines are forecast for the agriculture industry and little or no jobs growth is expected in either manufacturing or wholesale trade. Opportunities in these industries, however, should not be overlooked as productivity improvements may yield higher output levels (and higher incomes) in the region even with little or no employment growth.

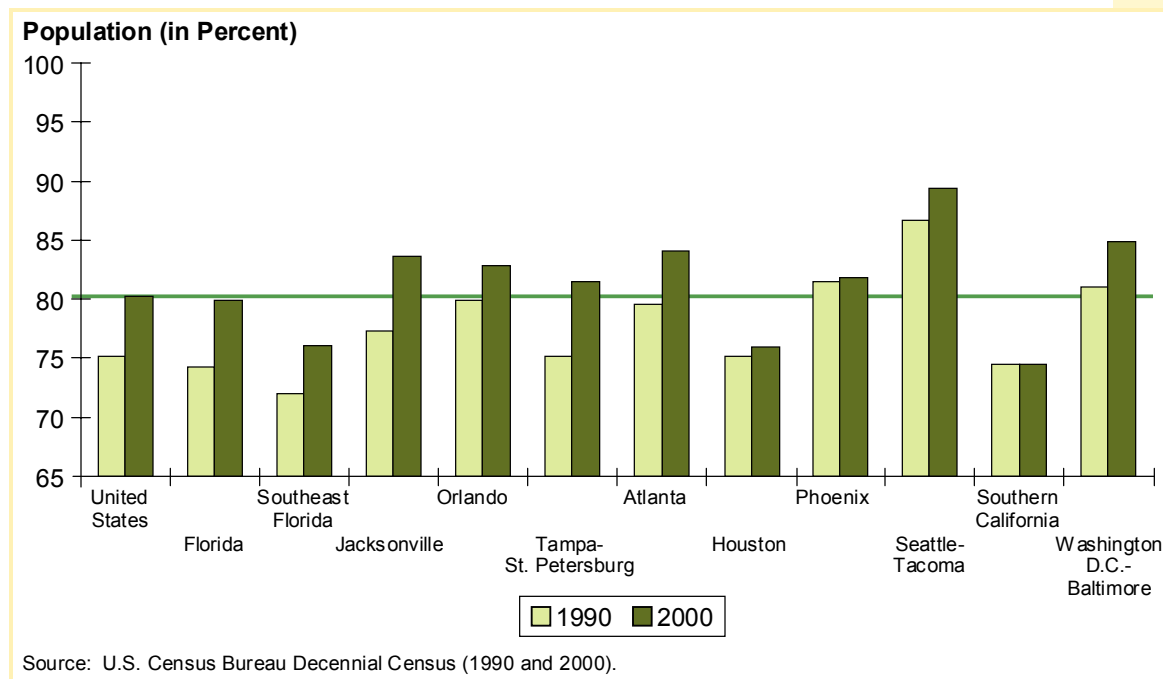
Education and Workforce

Economic competitiveness relies heavily on the relationship between the skills required by existing or future job opportunities and the level of education possessed by the workforce. If the economy shifts as predicted in Southeast Florida, the region will have to begin educating residents at a higher level and attracting skilled professionals and technicians from other regions, to meet the occupational demand. This section of the report highlights trends in educational performance and graduation rates, as well as occupational demand and the educational requirements of tomorrow's workforce.

Educational Achievement in Southeast Florida

Though there are many ways to assess educational performance, this report concentrates on the measures most closely followed by employers: high school, bachelor's, and advanced graduate degree attainment. Education and skill requirements for the jobs of an innovative economy also include community college associate's degrees and specialized workforce training, which are discussed in the next section.

Figure 4.1 Population Over 25 With At Least a High School Degree 1990-2000

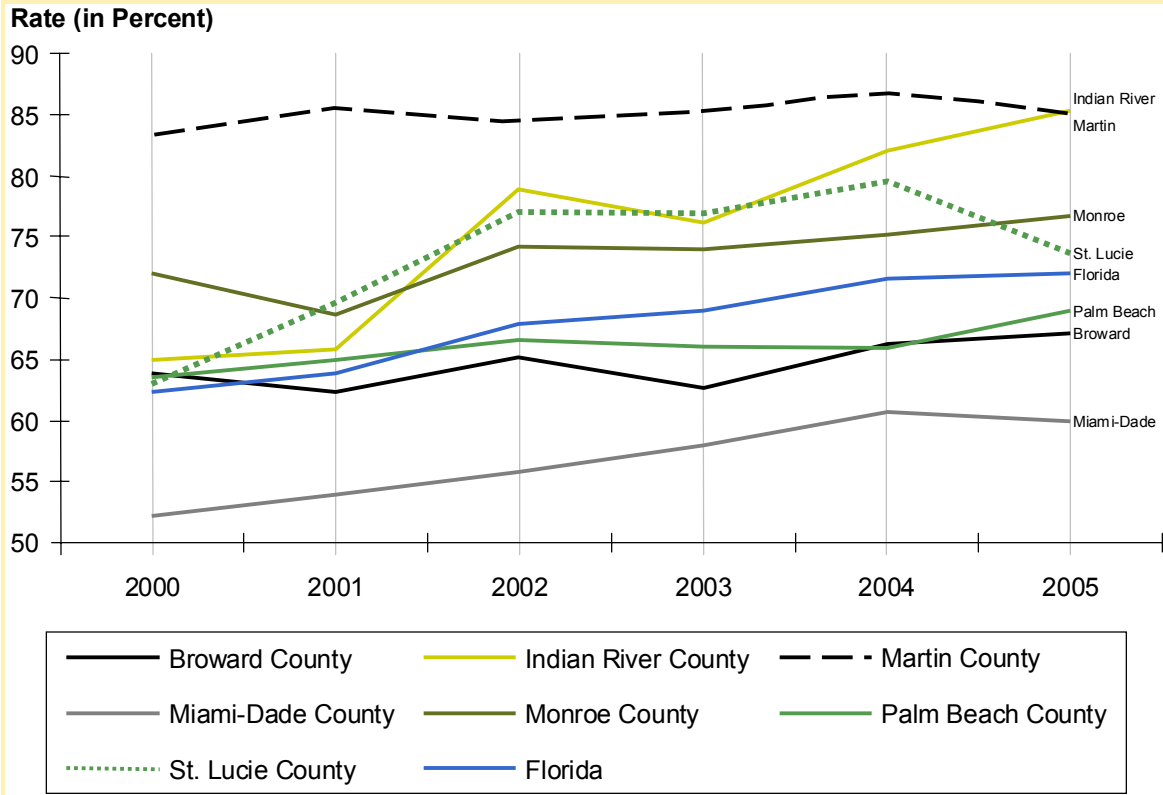


As shown in Figure 4.1, the percentage of Southeast Florida residents over the age of 25 with at least a high school degree increased from 72 percent to 76 percent between 1990 and 2000. A high school degree is a prerequisite for further education and also is adequate to satisfy the basic requirements for many of the jobs Southeast Florida is expected to generate in coming years (e.g., jobs in the leisure, hospitality and healthcare industries). Despite the improvement in high school degree attainment, Southeast Florida as a region, does not perform very well on this measure compared to the Nation, the State, and most of the benchmark regions. The regions noted for their high-technology economies – Seattle-Tacoma, Washington-Baltimore, and Atlanta – have significantly higher high school education achievement.¹⁷ However, Southeast Florida has made a marked improvement over the past decade in the percentage of high school graduates in comparison with both Houston and Southern California. In 1990, 75 percent of residents over the age of 25 in both Houston and Southern California had high school diplomas, compared with 72 percent in Southeast Florida. In 2000, Southern California's rate had remained at 75 percent, and Houston had increased to only 76 percent. Meanwhile, Southeast Florida's share increased to 76 percent. According to the American Community Survey (ACS), Southeast Florida has continued to improve over the past few years as the gap between the regions grew even wider by 2003. Southeast Florida increased to 82 percent high school degree attainment, and Houston and Southern California both reported 78 percent of residents over 25 with a high school diploma.¹⁸

¹⁷ While Atlanta is generally not known for its high technology economy, the area does have large numbers of high-end corporate, transportation, and information technology jobs.

¹⁸ ACS figures are estimates based on a sample and, thus, may change due to sampling characteristics.

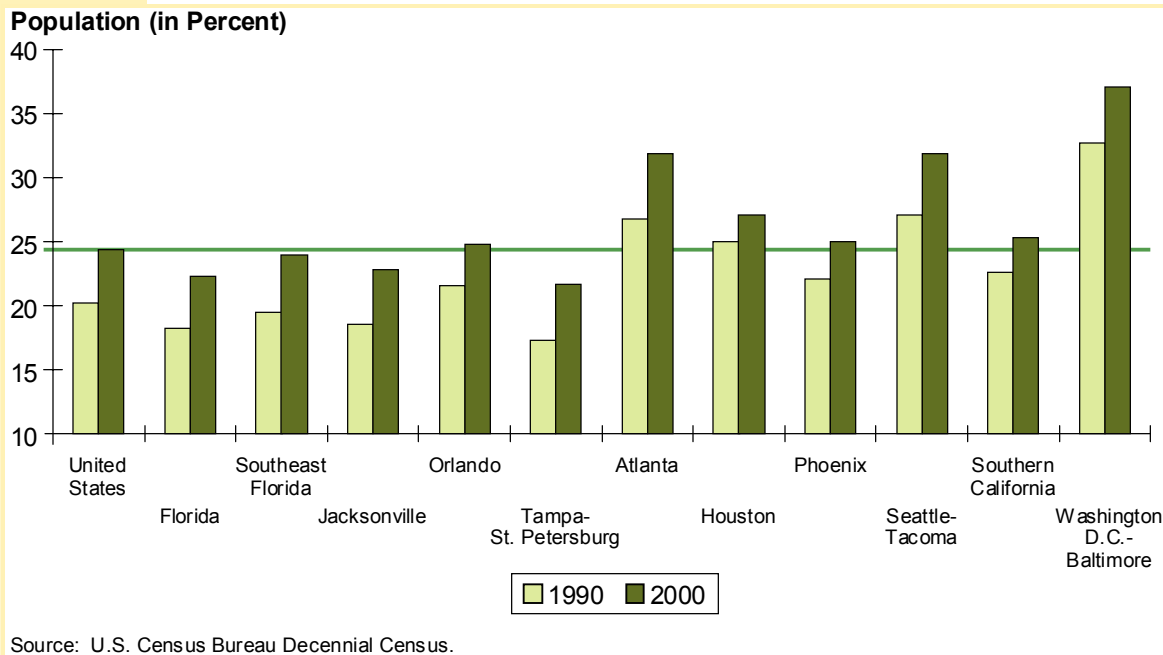
Figure 4.2 High School Graduation Rates
 2000-2005 for Southeast Florida Counties



Source: Florida Department of Education.

The actual 2005 high school graduation rates within Southeast Florida vary greatly, from a high of 85 percent in Martin County to a low of 60 percent in Miami-Dade County in 2005 (Figure 4.2). The general trend for the region over the past five years is positive, but it also is clear that Southeast Florida’s relatively low level of high school degree completion, overall, is largely due to the lower graduation rates in populous Palm Beach, Broward, and Miami-Dade counties; all three counties fall below the Florida statewide average of 72 percent. Indian River (+20 percentage points) and St. Lucie (+11 percentage points) Counties experienced the biggest improvement over this period in high school graduation rates – both above the 10 percentage point increase posted by the State of Florida.

**Figure 4.3 Population Over 25 With At Least a Bachelor's Degree
1990-2000**



Innovative industries, including information technologies and life sciences, require a highly skilled labor pool in order to flourish. Since 1990, Southeast Florida, like the rest of the country, has experienced a substantial increase in the share of its population with at least a bachelor's degree (Figure 4.3). In 2000, 24 percent of the region's population over 25 had a bachelor's degree, up from less than 20 percent in 1990. According to the ACS, this education measure had increased to almost 28 percent by 2003.¹⁹ Using this measure, the region's population is more educated than the State and the Nation. While Southeast Florida has made significant gains in higher education levels, it still trails seven of the nine comparison areas, only exceeding the bachelor degree educational achievement of the Jacksonville and Tampa Bay metropolitan areas. Several of the most educated comparison areas lead Southeast Florida by a large margin, including Atlanta, Seattle-Tacoma, and Washington-Baltimore. With its large labor pool of lawyers, medical practitioners, consultants, computer programmers, and government employees, the Washington, D.C. area has one of the country's most educated populations.

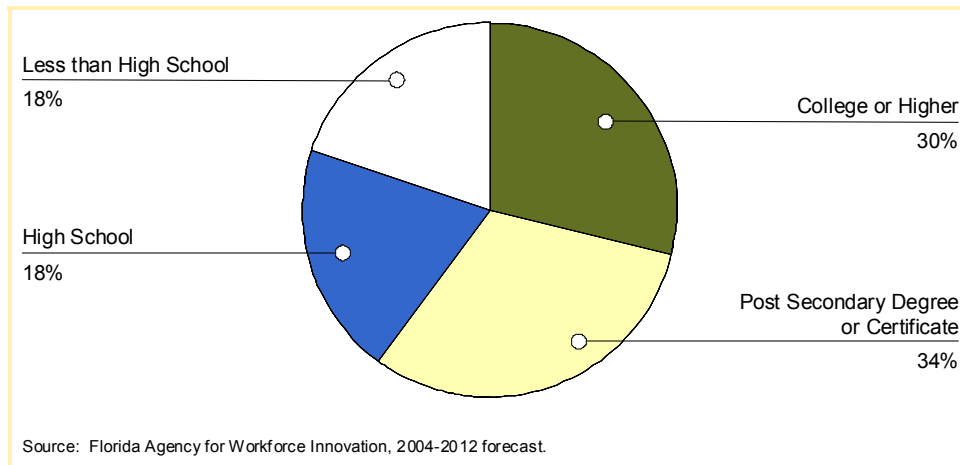
People with the most advanced degrees generally design and manage the commercial and academic research that leads to scientific breakthroughs and market-viable products. A higher share of Southeast Florida's adult population has a graduate degree (nine percent in 2000) than the Florida state average, the three in-state comparison areas, and metropolitan Phoenix. However, just as with bachelor degree attainment, the region is behind most of the out-of-state comparison areas on this measure. Very educated people tend to live in wealthy suburban counties, where opportunities are available in advanced industries (communications, life sciences, electronics), finance, business management, and academia.

¹⁹ ACS figures are estimates based on a sample and, thus, may change due to sampling characteristics.

Workforce Skills and Occupational Demand

As shown in Figure 4.4, the majority of new jobs in Southeast Florida over the next 5 to 10 years will require education beyond a high school degree, with only 18 percent not requiring at least a completed high school education.

**Figure 4.4 Educational Requirements for New Jobs in Southeast Florida
2004-2012**



Sixty-four percent of the new jobs expected to be created in Southeast Florida between 2004 and 2012 will require some level of post high-school education or training. While the region will always have job positions for a range of high school and less educated workers (e.g., within the fast-growing hospitality and construction industries, both key sectors of the Southeast Florida economy), the economic future of the region will be determined by its ability to cultivate a pipeline of educated individuals to work in professions that demand high skill levels. As was shown in Figure 4.3, the percentage of residents with a bachelor's degree is increasing. This percentage will have to continue to increase to meet the demand of new jobs requiring college degrees. It also is important to note that the largest educational grouping is for jobs that require post secondary degree or certificate (less than a bachelor's degree). This highlights the demand for people with post-high school workforce training, apprenticeships, and targeted technical skills.

Table 4.1 illustrates that the majority of the fastest growing occupations and professions in Southeast Florida for the 2004 to 2012 period are projected to require education beyond a high school degree. This includes occupations related to education, computers, healthcare, finance, natural sciences, and law, among many others. In some instances, even if a higher education degree is not indicated as a job requirement, optimal job candidates will often possess a post-secondary degree. These include such jobs as advertising, marketing, and financial managers as well as paralegals, geological technicians, and environmental specialists.

Table 4.1 Fast Growing Occupations
2004-2012

	2004-2012 Growth	Education
Education, Training, and Library Occupations	28.2%	College
Computer and Mathematical Occupations	27.9%	College
Healthcare Support Occupations	23.0%	College
Healthcare Practitioners and Technical Occupations	23.0%	College
Business and Financial Operations Occupations	22.0%	College
Life, Physical, and Social Science Occupations	18.4%	College
Legal Occupations	17.9%	College
Community and Social Services Occupations	17.6%	College
Construction and Extraction Occupations	17.3%	High School
Arts, Entertainment, Sports, and Media Occupations	17.2%	College
Building & Grounds Cleaning and Maintenance Occupations	17.2%	High School
Food Preparation and Serving Related Occupations	17.2%	High School

Source: Florida Agency for Workforce Innovation, 2004-2012 Forecast.

To help meet the workforce demands of the future, it is encouraging to note that the number of college graduates at Southeast Florida’s four major universities is increasing. In 2003/2004, the combination of Florida Atlantic University, Florida International University, the University of Miami, and Nova Southeastern University awarded 22,500 degrees, up by 22 percent since 1999/2000. Total enrollment at regional universities totaled 113,000 in 2004/2005 with another 127,000 students attending Southeast Florida’s community colleges. One measure that the public universities are looking to improve is the graduation rate, which fall below the Florida’s average rankings among the 10 state universities.²⁰

The forecasts of occupational job growth presented in this section do not reflect some of the more current developments and investments in the region within the biotechnology and life sciences industry. A 2005 report commissioned by the Workforce Alliance, Inc. of Palm Beach County estimates that in 2002 the biotech industry represented approximately 10,700 jobs with an additional 12,000 jobs in a broader life sciences industry definition. The number of jobs in these industries is expected to grow significantly over the next 10 years, with a medium growth assumption producing 5,500 more new jobs in biotech by 2012 and 9,000 total additional jobs within life sciences. If employment at Scripps Research Institute meets current projections, this could lead to as much as 45,750 total jobs for Southeast Florida within the life sciences industry, doubling today’s employment figures. The occupation projected to experience the highest growth is biotechnology science technicians, which typically require at least a two-year associate’s degree. Additional jobs also are estimated for biotechnology scientists (which usually require advanced degrees), and bio-manufacturing production workers.

Studies in the region conclude that the 15 most sought after skills by employers (in order): reading comprehension, service orientation, active listening, speaking, problem identification, coordination, monitoring, social perceptiveness, information gathering, solution appraisal, writing, judgment and

²⁰ “Region at the Crossroads – Towards a More Livable South Florida,” Center for Urban and Environmental Solutions at Florida Atlantic University, 2006.

decision-making, learning strategies, critical thinking, and identification of key causes.²¹ Recognizing the need to increase workforce skills and educational attainment, along with diversifying the economy to more high-wage jobs, they recommend a number of strategies, including: 1) a regional comprehensive literacy initiative; 2) increasing educational opportunities in technical industries; and 3) sell the region to employers in terms of skilled workforce and recruit professional, educated individuals.

²¹ Workforce Development Board of the Treasure Coast, "State of the Workforce," 2003.

Land Use, Housing, and Transportation

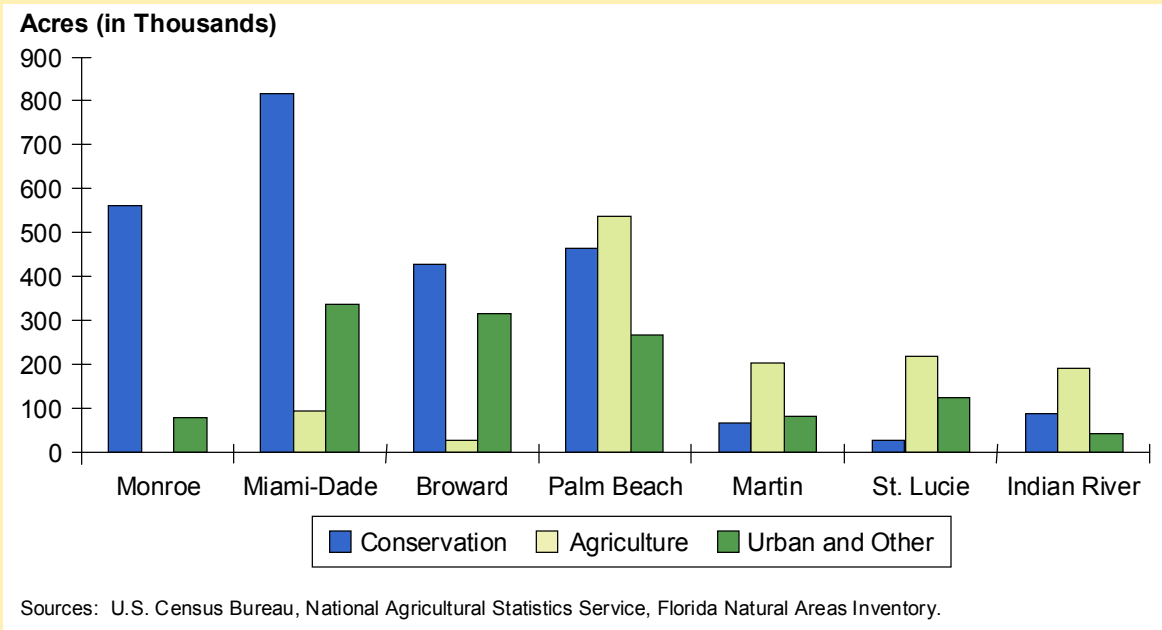
Land use is a perennial issue in Southeast Florida due to a dynamic created by the region's geography (hemmed in by the Atlantic to the east and valuable agricultural and environmentally sensitive land to the west) and its appeal as a place to live, visit, and conduct business. Simply put, geography limits the supply of land while the expanding population and economic base feeds demand. In recent years, demand pressures may have broken an equilibrium between supply and demand as land prices (and housing) have quickly become among the most expensive in the United States. Thus, today, the two most significant land use and real estate trends affecting Southeast Florida are: 1) diminishing land available for development; and 2) rapidly increasing housing costs. Although these two major trends are affecting the entire seven county region, issues and market maturity levels can differ somewhat by individual county. Consequently, the seven Southeast Florida counties are now focused on the development of affordable and "workforce" housing programs, and redevelopment.

Similarly, rapid growth also is fueling increased congestion and delays on the region's transportation system. In this section, the transportation analysis focus is on commuting patterns, congestion, transit ridership and the impacts to business of rising transportation costs in the movement of people and goods.

Land Use and Development

Southeast Florida's seven counties differ somewhat in their prevailing land uses today (see Figure 5.1). The most populated, southernmost counties (Miami-Dade, Broward, and Palm Beach) and Monroe County have by far the largest amount of acreage designated as conservation. Predictably, the three most populous counties also have the most significant urban acreage. In contrast, the four northernmost counties (Palm Beach, Martin, St. Lucie, and Indian River) have the largest number of acres in agriculture. The accommodation of future growth in the region requires a careful balance between preserving environmentally sensitive and economically active agricultural land with the needs of an expanding populace and business community.

Figure 5.1 Existing Land Use by Type and by County
2002



Florida’s unabated population growth, combined with (until recently) inexpensive land, has been the lead factor in the State’s urban sprawl. For decades, the expansion of suburban development has consumed rural and agricultural lands across Florida. From 1964 to 2002, the amount of Florida land used for agricultural purposes declined from more than 15 million acres to slightly more than 9 million acres while the amount of land developed for urban uses has grown from 1.1 million acres to over 5 million acres. The spreading of suburban areas, the expansion of small cities, and the coming together of once separate areas (such as the integration of the Southeast Florida region from a collection of cities and towns formerly separated by agricultural lands and open space) are projected to consume an additional 2.8 million acres of Florida’s farmland by the year 2020.²² Six of Florida’s most populous, but also most agriculturally productive, counties are projected to account for 38 percent of this farmland loss. These counties include Miami-Dade, Broward, and Palm Beach in Southeast Florida, as well as Duval, Hillsborough, and Orange located elsewhere in the State. Based on their share of projected population growth, it is estimated that some 690,000 acres of Miami-Dade, Broward, and Palm Beach counties could be converted to urban development by 2020.²³ Another factor contributing to the loss of farming areas in Southeast Florida is the conversion of agricultural lands to conservation, primarily for the restoration of the Everglades.²⁴

The expansion of urbanized areas in Southeast Florida, for 1990 and 2000 and projected to 2025, is illustrated in Figure 5.2. New areas of urban use tend to

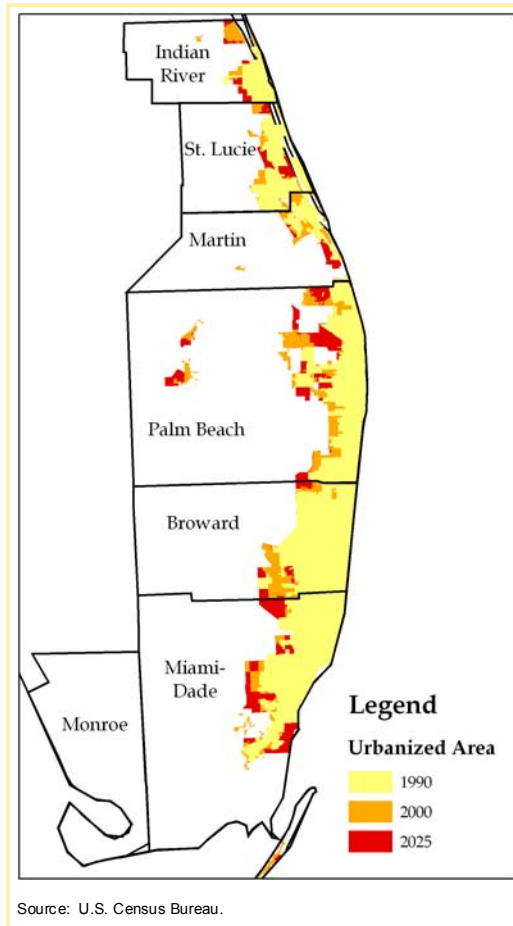
²² This methodology primarily is based on population growth, though many other factors (such as supply of existing land) will determine the actual conversion of agricultural land to urban use.

²³ Data from the U.S. Department of Agriculture, University of Florida’s Institute of Food and Agricultural Sciences, and the Florida Office of Economic and Demographic Research.

²⁴ Palm Beach County Office of Agricultural and Economic Development and University of Florida Institute of Food and Agricultural Sciences.

be pushing development patterns further to the west and filling in gaps within areas closer to the Atlantic coast. What is striking about this data is just how little land is actually available for new development within the seven county region – in other words, the majority of the land in each county is non-urbanized with mostly conservation and agricultural lands.

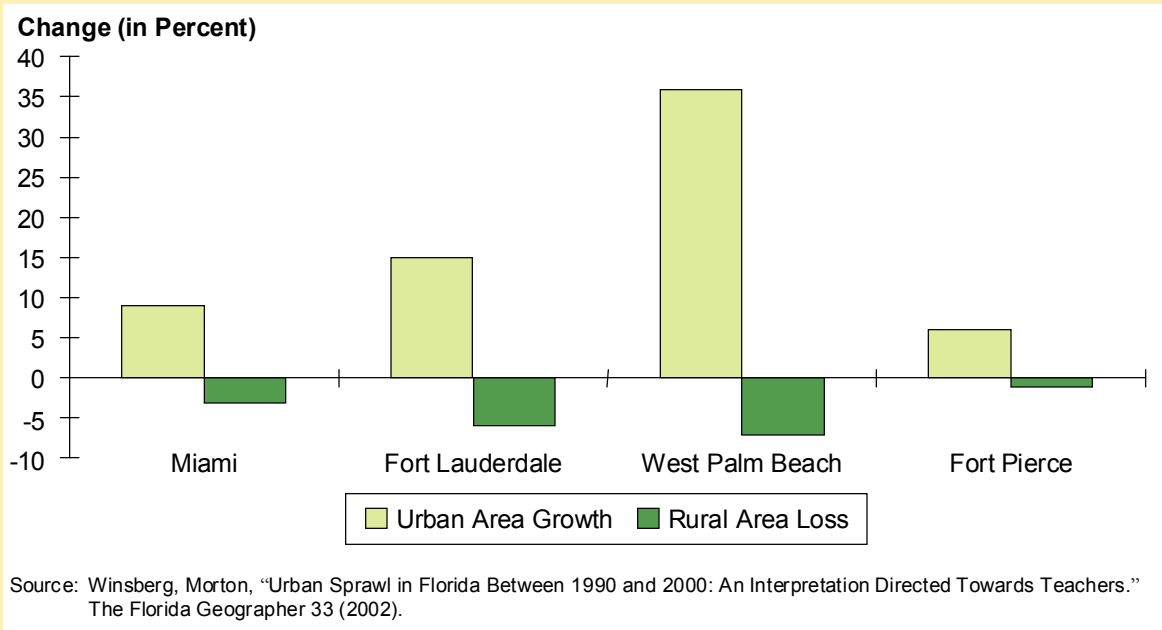
**Figure 5.2 Expansion of Urbanized Area of Southeast Florida
1990-2025**



Further emphasizing the trend towards increased urbanization, each designated metropolitan statistical area (MSA) and primary metropolitan statistical area (PMSA) in the seven county region lost rural areas and gained urban area (Figure 5.3) from 1990 to 2000.²⁵ Palm Beach County (West Palm Beach MSA) led with a 36 percent increase in acres of urban area, and a 7 percent decrease in rural areas. Broward County followed with a 15 percent rise in urban acreage and a similar decline as Palm Beach County in rural acreage. More developed and space constrained Miami-Dade County experienced a smaller increase in urban growth and a less pronounced decline in rural acreage. The lack of available land, particularly in Miami-Dade and Monroe Counties, accentuates a rising interest in Southeast Florida for the redevelopment of sites within the established urban areas.

²⁵ The data are for the two MSAs (West Palm Beach and Fort Pierce-St. Lucie) and two PMSAs (Miami and Fort Lauderdale) designated in the Southeast Florida region prior to the addition of the Vero Beach MSA in 2003.

**Figure 5.3 Change in Acres of Land in Urban and Rural Areas
1990-2000**



Redevelopment and Downtown Office Markets

As the amount of available undeveloped land (also known as “greenfield” sites) declines, many of the counties and economic development organizations (EDO) in Southeast Florida are seeing redevelopment and infill development as a growth opportunity while easing pressure on further westward development.

The limited availability and high cost of suitable sites for construction has encouraged developers to build projects on brownfield sites.²⁶ Brownfields are typically found in an existing urban area’s older industrial and commercial sections, and can include abandoned warehouses and factories. As urban expansion continues, local and state governments are offering significant financial incentives to encourage brownfield redevelopment.²⁷ This process serves an additional benefit of encouraging the infill of the urban environment. Three counties in Southeast Florida have state-designated brownfield areas: Palm Beach, Broward, and Miami-Dade. Table 5.1 shows the number of brownfield infill areas in each county and their acreage, dominated by brownfield acreage in Miami-Dade. In the future, the development of brownfields is likely to become an increasingly popular option for new business and residential construction to accommodate new growth in the region.

Table 5.1 Brownfield Redevelopment in Southeast Florida

	Palm Beach	Broward	Miami-Dade
Number of Brownfield Areas	7	10	22
Acreage of Brownfield Areas	1,252	3,788	45,499

Source: Florida Department of Environmental Protection.

²⁶ Land that has previously been used for industrial or certain commercial uses, and that may be contaminated by hazardous waste or pollution, is commonly referred to as “brownfield.”

²⁷ Florida incentives for brownfield redevelopment include: liability protection; tax credits; \$2,500 job creation bonus; low interest loans; and sales tax credits on building materials.

A significant portion of the office inventory in Southeast Florida is in or nearby the main downtown areas of the region – Miami, Fort Lauderdale, Boca Raton, and West Palm Beach (see Table 5.2). Older comparison areas, including Seattle and Washington D.C., have higher concentrations of office space within their downtowns, but Southeast Florida’s office space is less dispersed than in several other Sunbelt cities, including San Diego, Los Angeles, Houston, Phoenix, and Orlando. Higher density central business districts, such as those in Washington and Seattle (as well as in several other large North American cities) combine large inventories of office space with geographically concentrated downtowns, factors that support relatively high levels of transit ridership among daily commuters. The most dynamic downtowns in the nation offer a diverse mix of industries as well as employment and recreational opportunities. Furthermore, the types of businesses (e.g., research, professional services, finance, and management) that occupy downtown office space generally offer higher wage jobs, and the property taxes generated by commercial office space is a positive stimulus for local finances.

**Table 5.2 Office Inventory, Downtown versus Suburban
2005**

Miami	12.4	26.5	32%
Fort Lauderdale	6.8	17.0	28%
Palm Beach County*	15.1	5.5	73%
Jacksonville	7.0	16.7	30%
Orlando	6.4	24.9	20%
Tampa-St. Petersburg	8.5	27.7	23%
Atlanta	42.1	84.8	33%
Houston	42.2	135.7	24%
Los Angeles	30.9	154.8	17%
Phoenix	14.6	47.1	24%
San Diego	9.1	41.8	18%
Seattle	36.8	45.3	45%
Washington, D.C.	136.8	216.0	39%

Source: CB Richard Ellis.

Note: CB Richard Ellis does not release separate office inventory data for Monroe, Martin, St. Lucie, and Indian River Counties.

* CB Richard Ellis classifies all of Palm Beach County as “suburban.” For this table, “Downtown” Palm Beach County includes the West Palm Beach (5 million square feet) and Boca Raton (10 million square feet) submarkets – both mixtures of downtown and suburban-style development.

Business Real Estate Trends

The office and industrial real estate trends for Southeast Florida indicate that the expanding economy, driven by large employment increases in recent years, is driving down vacancy rates and increasing lease rates.²⁸ The combination of declining available space and higher rents is feeding and will continue to feed the construction of new office space in the region. However, the buoyant market for condominium towers may be taking away premium building sites in some parts of the region that would otherwise be used to expand office inventory. Southeast

²⁸ The majority of the existing, readily available real estate and market overview data is available for Miami-Dade, Broward, and Palm Beach counties. Coverage for the other four counties in the region is generally not available, though St. Lucie County recently completed a business real estate analysis, and highlights of that study are included here.

Florida’s fastest growing industries – professional and business services, healthcare, and finance – require office space to house their employees and to expand, and forecasts for these industries indicate that this demand will continue into the future. The space requirements for these expanding industries through 2015 is likely to be in the millions of square feet. The decisions about where to build this space (downtowns, redevelopment/infill sites, developed suburban areas, or on greenfield sites in the periphery) will influence future land use and commuting patterns in Southeast Florida.

Table 5.3 Vacancy and Leasing Rates for Office Space
2005

Market	Market Size		Vacancy Rate	Average Lease Rate (per Square Foot)
	Square Feet (in Millions)	National Rank		
Miami	39.0	27	13.9%	\$24.69
Fort Lauderdale	23.8	43	12.8%	\$15.22
Palm Beach County	20.6	45	9.4%	\$17.05
Jacksonville	24.0	41	16.6%	\$16.85
Orlando	31.0	36	13.0%	\$19.67
Tampa	36.2	31	14.2%	\$18.35
Atlanta	126.9	8	22.1%	\$20.05
Houston	177.9	7	17.1%	\$17.63
Los Angeles	185.7	5	12.0%	\$27.00
Phoenix	61.2	17	16.2%	\$19.89
San Diego	50.5	21	9.3%	\$25.56
Seattle	82.1	13	14.3%	\$23.20
Washington	351.0	2	9.7%	\$30.88

Source: CB Richard Ellis.

Office Markets. The 1990s saw a dramatic decrease in office vacancy rates in Southeast Florida from above 20 percent in Miami-Dade, Broward, and Palm Beach during the early 1990s recession to below 10 percent by 2000. This drop is consistent with the experience of the overall U.S. market, but was even more pronounced.²⁹ Some weakening occurred earlier this decade, but a recovery in recent years has given some Southeast Florida markets amongst the lowest vacancy rates in the country. Today, Southeast Florida has the #1 (Fort Lauderdale) and #10 (Palm Beach) office markets of the top 42 national markets in the United States based on a series of projected 12-month supply and demand indicators.³⁰ The key indicators include rising office-using industry employment (namely professional and business services, the fastest growing major sector in Southeast Florida), net absorption, rent growth, and low vacancy. It is important to note that these rankings are largely from the perspective of property owners who favor limited supply (such as in Fort Lauderdale where the pipeline of new or expanded office buildings is low) as opposed to businesses/tenants that favor the lower leasing rates that accompany a more abundant supply. Other findings related to Southeast Florida office markets include:

²⁹ Source: Marcus & Millichap Research Services, 2004 South Florida Investor Symposium.

³⁰ Marcus & Millichap Real Estate Investment Brokerage Company.

- Within Southeast Florida, Miami has the 27th largest office market nationally (See Table 5.3), followed by Fort Lauderdale (43rd), and Palm Beach (45th). Individually, these markets would be considered small (Fort Lauderdale and Palm Beach) or medium-sized (Miami-Dade) on a national scale. However, if combined, the Southeast Florida office market (as comprised by these three areas) would have 83.4 million square feet of leasable office space, making it larger than San Diego, Phoenix, or Seattle.
- The expanding Southeast Florida economy is stimulating the absorption of office space and is leading to lower vacancy rates. Palm Beach County had the fifth lowest office vacancy rate, 9.4 percent, in the country during the second quarter 2005.³¹ Vacancy rates are higher in Fort Lauderdale (12.8 percent) and Miami (13.9 percent) but remain below the national average. Among the regional comparison areas, Atlanta has a much higher vacancy rate due to the lingering effects of the 2001-2002 recession and because it is a “low barrier to entry” market, meaning that it is fairly easy to build and add new supply. Vacancy rates also are higher in Houston and Phoenix, both with more robust markets in their suburban areas. Vacancy rates are low in San Diego and Washington, D.C., which has one of the country’s lowest downtown vacancy rates. Both markets have strong economies with a limited supply of buildable sites (and higher barriers to entry).
- The rising values of residential real estate and demand for condominiums is another factor that may limit the building of new office space in or near Southeast Florida’s prime downtown locations in the future. High investment returns are favoring the building of new condominiums rather than office space, with remaining parcels of land being purchased by residential builders. This trend will diminish the construction of new office inventory and will lead to rising rents for tenants.
- According to Cushman and Wakefield, vacancy rates in all three major Southeast Florida markets have been dropping over the past year, while office rents have been steadily increasing since 1992.³² The highest asking rent in the region is \$24 per square foot in Miami, followed by Palm Beach County and Fort Lauderdale. Rents in Miami are relatively expensive among the comparison regions while Fort Lauderdale is low.

³¹ CB Richard Ellis.

³² Marcus & Millichap Research Services, 2004 South Florida Investor Symposium.

Table 5.4 Vacancy and Leasing Rates for Industrial Space
2005

Market	Market Size (National Rank)	Vacancy Rate	Average Lease Rate (per square foot)
Miami	31	15.7%	\$6.79
Fort Lauderdale	41	11.5%	\$6.90
Palm Beach County	46	11.4%	\$6.95
Jacksonville	37	19.9%	\$4.54
Orlando	36	11.9%	\$4.73
Tampa	34	11.5%	\$6.35
Atlanta	9	16.7%	\$4.58
Houston	11	8.6%	\$5.52
Los Angeles	1	7.6%	\$7.20
Phoenix	21	13.0%	\$7.68
San Diego	35	10.7%	\$12.24
Seattle	27	13.1%	\$6.00
Washington	30	11.1%	\$9.86

Source: CB Richard Ellis.

Industrial Markets. The industrial (also includes warehouse space) real estate markets in Southeast Florida have slightly higher than average vacancy rates compared to the U.S. overall. Leasing rates for industrial space have held generally steady in the recent year, but have grown over the past decade as land becomes scarcer. Leasing rates for industrial space are higher in Southeast Florida than in most other U.S. markets. Other findings related to Southeast Florida industrial markets include:

- Based on the CB Richard Ellis national industrial availability index, Miami has the region’s largest industrial market, ranked 31st nationally. Fort Lauderdale is ranked 41st and Palm Beach 46th (see Table 5.4). The largest industrial market in the nation is the Los Angeles metropolitan area. Among the comparison areas, Atlanta and Houston also have very large markets for industrial space. Atlanta is one of the leading distribution hubs in the country while Houston ranks as one of the nation’s largest manufacturing centers.
- According to CB Richard Ellis, industrial land and building prices have almost tripled over the past decade in Palm Beach County. Warehouse space also is considered tight and relatively expensive nearby Miami International Airport, a submarket with a significant and expanding demand base that does not have a lot of land for expansion. Land availability is contributing to the relatively high lease rates for industrial space in Southeast Florida.

**Table 5.5 Value of Commercial/Industrial Property
Compared to Residential Property**

	Total Property Value (in \$Billions)		Ratio Industrial/Commercial To Residential
	Industrial/Commercial	Residential	
Monroe	\$2.7	\$17.4	15.7%
Miami-Dade	\$35.6	\$140.2	25.4%
Broward	\$25.5	\$117.0	21.8%
Palm Beach	\$16.0	\$115.4	13.8%
Martin	\$2.0	\$15.6	12.9%
St. Lucie	\$1.8	\$12.8	13.8%
Indian River	\$1.5	\$12.2	12.3%
Southeast Florida	\$85.1	\$430.4	19.8%
Florida	\$208.4	\$1,056.9	19.7%

Source: Florida Department of Revenue, data are for 2004.

Today, the amount of industrial property in Southeast Florida (based on value) is dwarfed by residential property. However, while the vast majority of Florida's and Southeast Florida's property is residential, industrial and commercial space can provide a means to diversify the local tax base and is indicative of some level of economic activity less tied to population growth, construction, and real estate. In Florida, the value of taxable industrial/commercial space is \$208 billion, or one fifth as large as the total value of residential space (over \$1 trillion). Miami-Dade County, with its combination of a large office market, port-related facilities, airport, and retail activity, has industrial/commercial space valued at \$35.6 billion, or 25 percent as large as the value of residential properties. Monroe, Palm Beach, Martin, St. Lucie, and Indian River counties all have much smaller industrial/commercial property tax bases relative to the size of their residential tax base. More intensive industrial, warehouse, and office activities will raise the total value of industrial/commercial space and help diversify the tax base. For example, in Wake County, North Carolina (one point of the Research Triangle), industrial/commercial space is 29 percent as large, in value, as residential property.

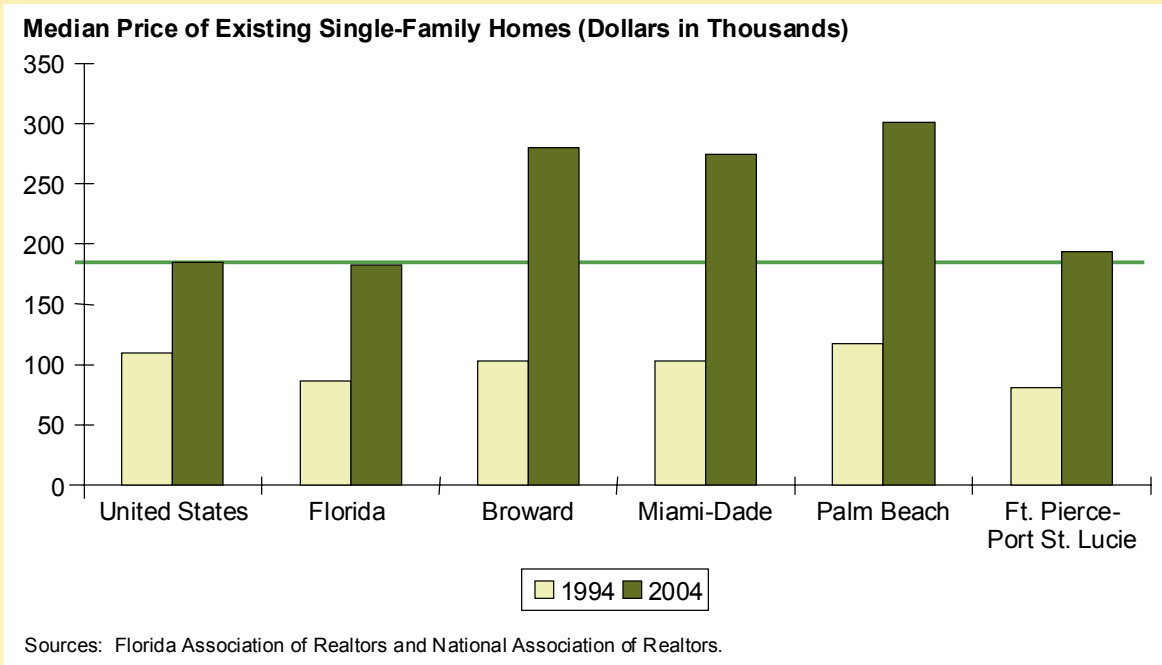
Housing Costs

One of the unique features of Florida's real estate market, especially in Southeast Florida with natural borders to the east (Atlantic Ocean) and west (Everglades and Lake Okeechobee), is the prevalence of retirees and vacation homes.

Consequently, a lot of the housing demand is from two categories of home buyers who neither work nor earn wages in Southeast Florida. This large flow of dollars coming into Southeast Florida from elsewhere affects the overall real estate market and impacts everyone living in the region. In recent years, the influx of money combined with low interest rates and a scarcity of buildable land has made Southeast Florida one of the least affordable housing markets in the United States. A main concern voiced by multiple officials is that rising costs make it increasingly difficult for teachers, firemen, and other providers of essential services to afford housing in proximity to their jobs in Southeast Florida. The same is true for the many workers, often low-wage, in the tourism and services industries that support retirees and visitors. Southeast Florida's high real estate prices also will put

pressure on middle to upper-middle income households – especially those (often young) wishing to purchase their first home. The escalation in Southeast Florida’s home prices and the corresponding decline in affordability are illustrated in the graphics that follow.

Figure 5.4 Home Prices in Southeast Florida are Skyrocketing



Southeast Florida has experienced a historic acceleration in home prices in recent years. Figure 5.4 shows that home prices throughout Florida, especially in Southeast Florida, have increased markedly over the past 11 years. They have nearly tripled statewide, with an even sharper rise in Southeast Florida (with all parts of the region increasing by 215 percent or more).

A significant portion of Southeast Florida’s home price increases has taken place very recently (see Figure 5.5) with most Florida markets outpacing the United States and the benchmark comparison regions (with the exception of Phoenix) by a wide margin. Between 2004 and the third quarter of 2005, home prices in each of the monitored Southeast Florida markets have gone up by more than 30 percent.³³ In dollar terms, this means that a Miami-Dade home that cost \$274,000 in 2004 would now be \$365,000 in the third quarter of 2005, a trajectory that is similar throughout Southeast Florida. Gains of this magnitude occurring in such a short period of time are generally not sustainable and monthly data from the end of 2005 indicate that home prices in Southeast Florida are now leveling.

³³ 2005 annual averages were not available for other U.S. home markets before publication of this report. For this reason, the national comparisons are through the third quarter of 2005.

Figure 5.5 Southeast Florida Home Prices Accelerating in 2005

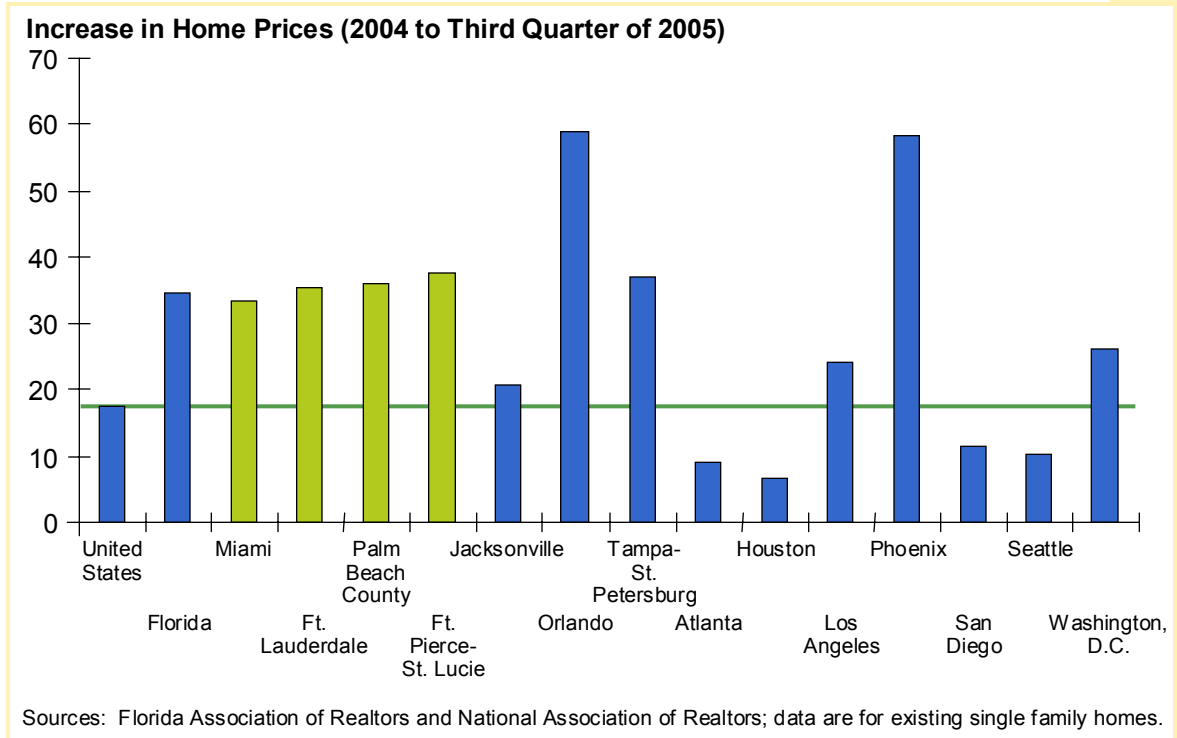


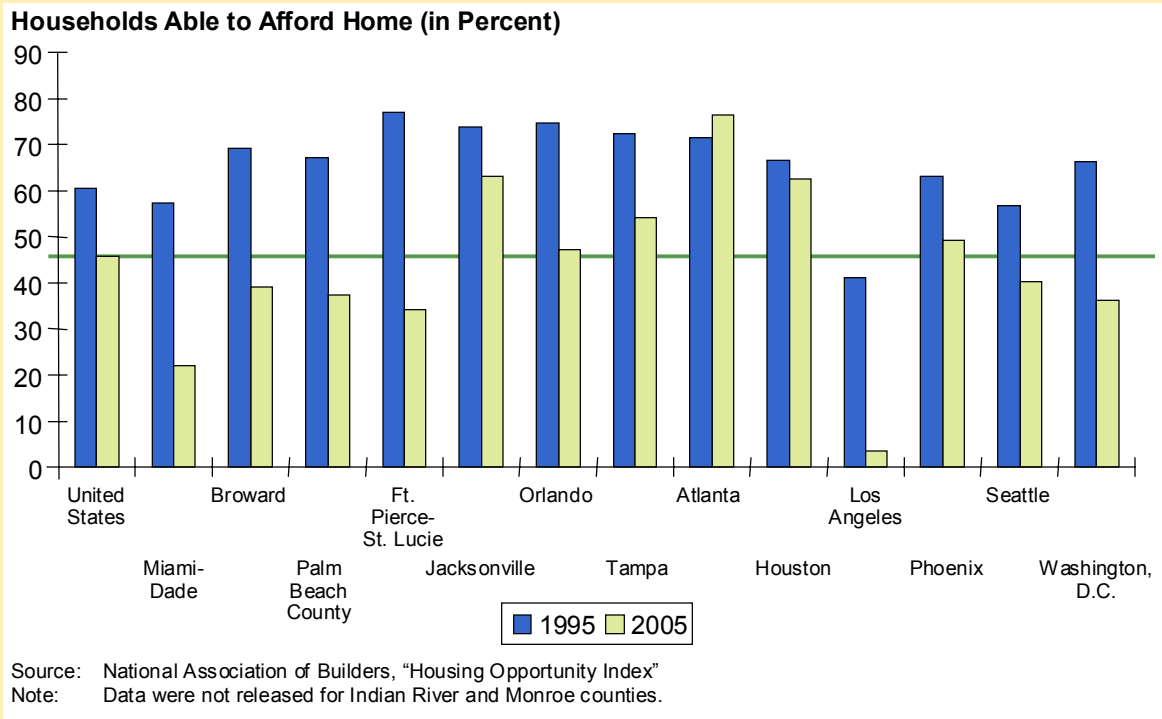
Table 5.6 Home Price Appreciation in Southeast Florida Among the Highest in the Country

Market	Median Sales Price		Percent Change
	1994	2004	
San Diego	\$176.0	\$551.6	213%
Fort Lauderdale	\$103.3	\$279.5	171%
Miami	\$102.6	\$273.9	167%
Palm Beach County	\$117.4	\$300.9	156%
Fort Pierce-Port St. Lucie	\$80.2	\$193.9	142%
Los Angeles	\$189.1	\$446.4	136%
Washington, D.C.	\$157.9	\$350.0	122%
Tampa-St. Petersburg	\$75.3	\$159.9	112%
Baltimore	\$115.4	\$239.6	108%
Jacksonville	\$83.5	\$159.0	90%
Seattle	\$155.9	\$294.9	89%
Orlando	\$87.7	\$164.5	88%
Phoenix	\$91.4	\$169.4	85%
Houston	\$80.5	\$136.0	69%
Atlanta	\$93.6	\$156.9	68%
Florida	\$86.2	\$182.4	112%
United States	\$109.9	\$184.1	68%

Sources: Florida Association of Realtors and National Association of Realtors; data are for existing single-family homes.

As shown in Table 5.6, the home price appreciation in Southeast Florida has been among the highest in the entire country. Of the benchmark comparison regions, only the San Diego area has experienced faster long-term growth in home prices. So, while the housing boom is a nationwide effect, it is particularly acute in Southeast Florida.

Figure 5.6 Housing is Becoming Less Affordable



Not surprisingly, wages and household income have not kept pace with the skyrocketing home prices. Housing affordability can be measured in multiple ways, but the most standard method is to compare median home prices to household income. Using this method, Figure 5.6 shows the percentage of households that can afford the median home price in Southeast Florida and the nine comparison areas. The data indicate a significant decrease in housing affordability over the past 10 years as all markets (except for Atlanta and Houston) experienced appreciation in home prices far in excess to increases in income. Housing is now less affordable in Southeast Florida markets than all of the comparison areas except for the Los Angeles area. The pace of the decrease in housing affordability is just as striking as the increases in housing costs. Not too long ago, most Southeast Florida housing markets would have been considered fairly affordable compared to many U.S. markets. This is no longer the case as the region has now joined the ranks of a handful of other large coastal U.S. markets such as San Francisco, Los Angeles, Boston, and New York that have been extremely expensive for decades. Unlike these other markets, however, Southeast Florida, fed by dollars from overseas and other parts of the country, does not have high wage levels, putting additional burdens on its workers that are trying to afford a home. In these circumstances, lower to middle-income earners and first-time home buyers are confronted with three options: 1) live farther away from their jobs and commute longer distances;

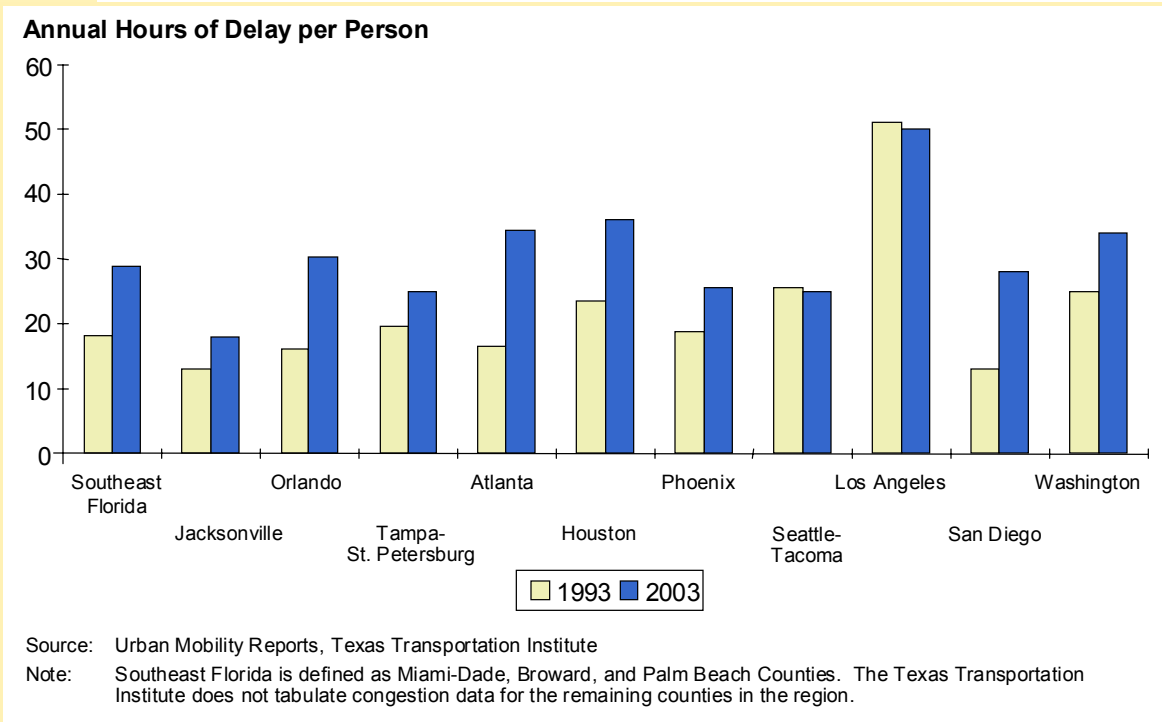
2) purchase a condominium within a multifamily building rather than a single family home (not to be confused with people who choose to buy a luxury condominium in a high-rise tower); or 3) renting.

Transportation, Congestion, and Commuting

Southeast Florida faces serious challenges as it deals with the economic impacts of growing auto and truck traffic volumes that are increasingly creating severely congested roadways. Across the nation, vehicle miles of travel (VMT) are increasing at a faster rate than population or new lane miles of highway. This trend is exacerbated in Southeast Florida as its population, today, is growing 70 percent faster than the U.S. average. The region is contending with rising congestion and the associated costs to individuals and businesses.

Major trends include increasing hours of delay and cost per resident, a modest congestion relief benefit from transit (especially compared to some other regions), and longer commutes highlighted by more intercounty trips and single auto commuters. All of these factors add up to increases in transportation costs for both individuals and businesses. Highway congestion is particularly relevant for a regional economy that relies on its ability to move goods and containers to and from its seaports. Research by the Florida Chamber Foundation in its *Transportation Cornerstone* report estimates that trucking delay can cost businesses up to \$60 per hour. These effects are magnified when delay is due to unexpected (nonrecurrent) congestion, which tends to increase as roadways hit their capacity in terms of traffic volume. Unexpected delay due to accidents, weather or other incidents can add significant logistics costs due to missing delivery windows and paying for overtime labor to handle goods.

Figure 5.7 Annual Hours of Delay per Resident



While traffic congestion is growing nationally, there has been a particularly rapid increase in congestion in Florida (especially Southeast Florida and the Orlando region), as shown in Figure 5.7. Annual hours of delay per person in Southeast Florida rose from 18 hours in 1993 to 29 hours in 2003 representing a 58 percent increase, compared to a 37 percent increase in congestion nationally. Orlando (up 87 percent) and Atlanta (up 108 percent) have experienced the most rapid increases in congestion over the past 10 years. The Los Angeles area is the most congested in terms of hours of delay (50 hours per person/per year), but actually saw a slight improvement over the 10-year period.

Table 5.7 Cost of Roadway Congestion per Peak Traveler
1993-2003

Region	Cost Per Resident \$		Change in Percent
	1993	2003	
U.S. Urban Area Average	238	422	77%
Southeast Florida	240	478	103%
Orlando	247	510	106%
Tampa-St. Petersburg	258	422	64%
Jacksonville	171	308	80%
Atlanta	217	584	169%
Houston	265	609	130%
Los Angeles-San Diego	592	728	23%
Phoenix	246	431	75%
Seattle-Tacoma	337	427	27%
Washington D.C.-Baltimore	278	535	92%

Source: Urban Mobility Reports, Texas Transportation Institute.

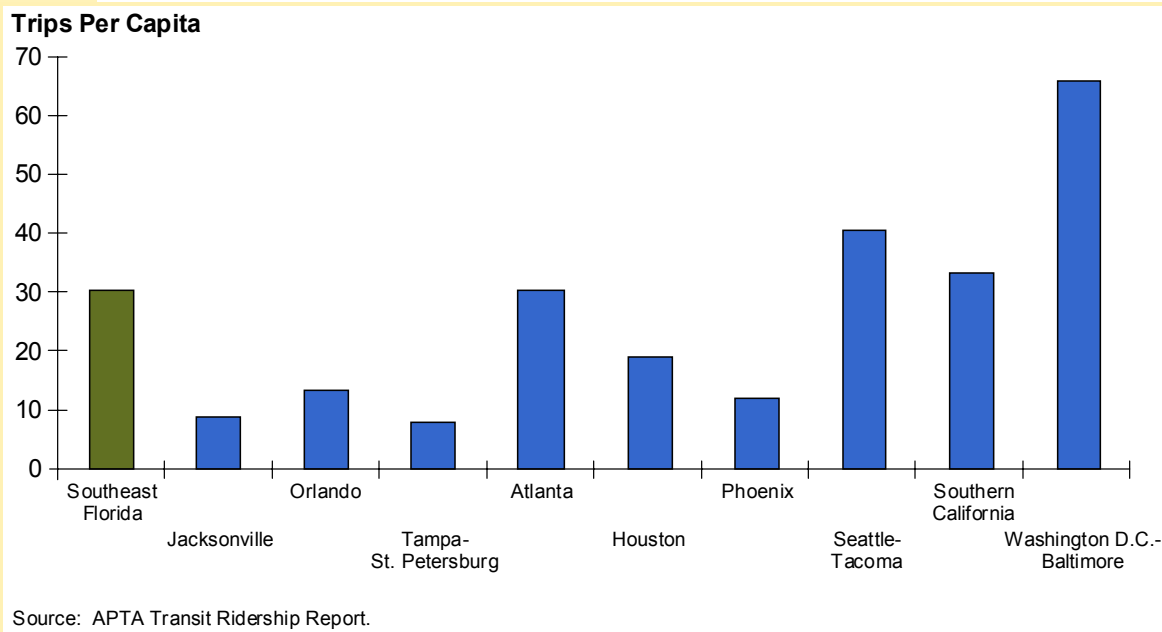
Roadway congestion delays in Southeast Florida cost \$487 per resident in 2003, representing a 103 percent increase over 1993 (Table 5.7).³⁴ Southeast Florida's congestion cost burden ranks among the more onerous in the nation, although not as extreme as in such comparison areas as Los Angeles-San Diego (the highest congestion costs in the nation), Houston, Atlanta, and Washington-Baltimore. Congestion costs per resident increased by 103 percent in Southeast Florida between 1993 and 2003, significantly higher than the U.S. urban area average, but trailing the growth rates of Atlanta and Houston, both areas that have gained notoriety for their gridlock.

Congestion is a real concern for businesses. Businesses are attracted to a region based on a number of factors, including the relative ease of moving people (access to labor) and goods (freight) in, out, and within the area. For example, the handling of airport and seaport cargo is a major industry in the Southeast Florida, but rising congestion levels can lead to reduced productivity in this industry. Maintaining Southeast Florida's advantages in transportation and distribution (and the region's preeminence as an international gateway) is important to the region's economy, but increasing congestion threatens the region's competitiveness.

Increased use of public transportation can help to relieve highway congestion. Based on the latest data available, Southeast Florida has significantly higher per capita transit ridership than other large metropolitan areas within Florida (due largely to relatively high ridership in Miami-Dade) at 30 trips per person annually (Figure 5.8). However, when compared to other large metropolitan regions, Southeast Florida ranks low. The rate of transit use depends on many factors that vary by county and region, but is strongly influenced by the level of transit service (the range and frequency of bus, light rail, commuter rail) and the land use patterns of a region. Atlanta and Southern California are comparable to Southeast Florida in these measures and therefore are good comparisons. Both regions have implemented programs to increase transit service to help reduce severe traffic congestion.

³⁴ Costs incurred due to congestion relate to time lost in traffic, increased fuel consumption, and vehicle repair/maintenance.

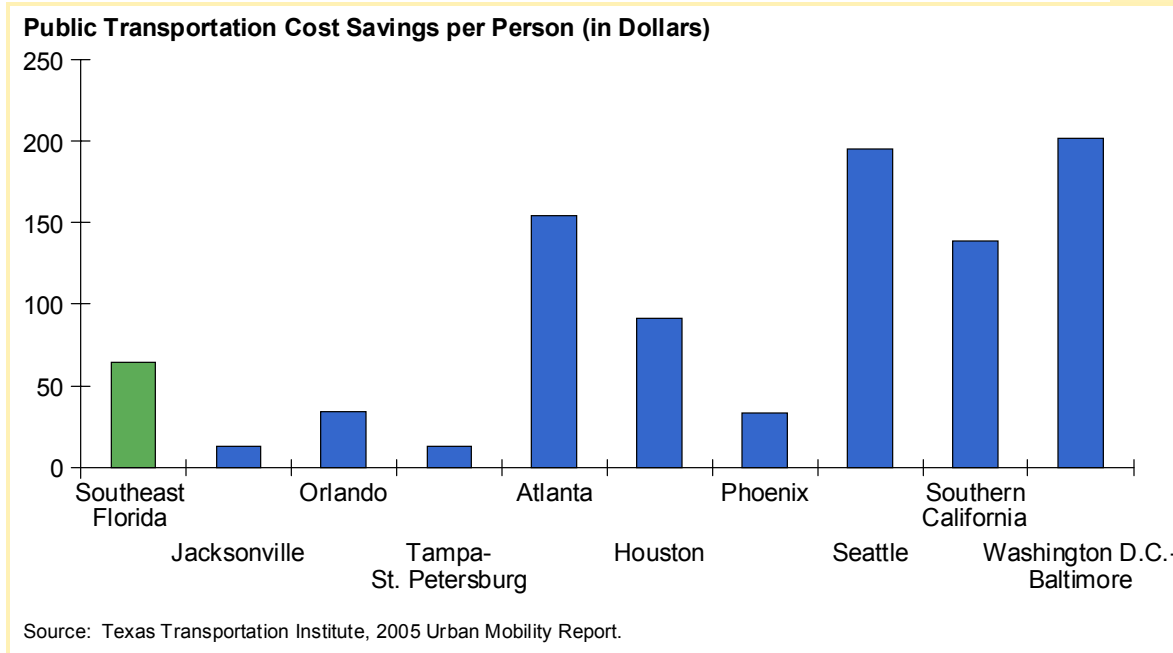
Figure 5.8 Annual Transit Trips Per Capita
2004



Perhaps a truer measure of the impact of transit on transportation costs is the public transportation cost savings per capita developed by the Texas Transportation Institute (Figure 5.9).³⁵ Again, Southeast Florida ranks ahead of other Florida regions on this transit measure. However, public transportation provides a larger benefit in all of the non-Florida comparison regions (except for Phoenix). In other words, public transportation provides a savings benefit of \$65 per person in Southeast Florida, but has a much larger per person effect in regions like Atlanta (\$154), Houston (\$91), Seattle (\$195), Southern California (\$139), and Washington-Baltimore (\$203).

³⁵ This measure simulates the effect of losing public transportation services by switching all transit riders to roadways. The dollar benefit (cost savings) of public transit is equal to the theoretical increase in costs that would be incurred on the region due to the higher roadway congestion levels that would result as all transit trips are shifted to vehicle trips.

Figure 5.9 Per Capita Congestion Cost Savings Due to Transit
2003



Tables 5.8 and 5.9 summarize the number of workers commuting between the various counties in Southeast Florida in terms of total daily trips in 2000 and the percent change from 1990 to 2000.

Table 5.8 County to County Commuter Flows in 2000

County	Destination						
	Monroe	Miami-Dade	Broward	Palm Beach	Martin	St. Lucie	Indian River
O Monroe	39,721	1,186	142	42	-	-	-
R Miami-Dade	2,821	823,642	60,096	3,843	65	64	76
I Broward	256	115,044	565,812	52,712	251	117	41
G Palm Beach	97	5,560	37,685	421,811	2,289	698	113
I Martin	-	316	422	9,926	34,150	3,703	239
N St. Lucie	16	297	353	4,248	15,166	49,979	4,577
Indian River	-	86	92	177	265	2,907	39,072

Source: U.S. Census Bureau, Journey to Work.

**Table 5.9 Percent Change in County to County Commuter Flows
1990-2000**

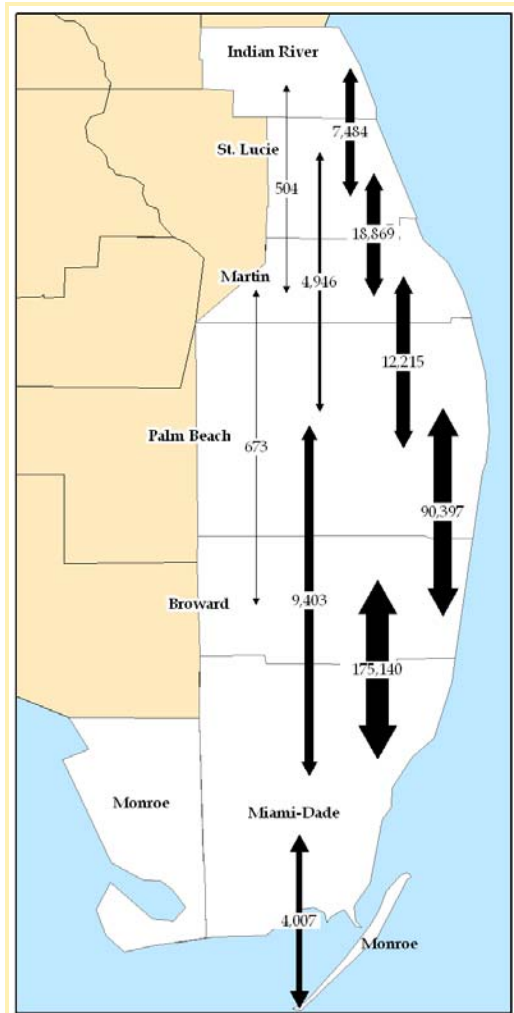
County	Destination						
	Monroe	Miami-Dade	Broward	Palm Beach	Martin	St. Lucie	Indian River
O Monroe	4%	-31%	-37%	35%	–	–	–
R Miami-Dade	57%	-2%	90%	32%	0%	100%	533%
I Broward	38%	49%	20%	66%	156%	-13%	41%
G Palm Beach	149%	60%	48%	23%	11%	30%	6%
I Martin	-100%	132%	110%	33%	16%	44%	343%
N St. Lucie	0%	73%	9%	82%	40%	18%	61%
Indian River	–	-11%	197%	-18%	10%	22%	30%

Source: U.S. Census Bureau, Journey to Work

While almost 86 percent of commuting trips begin and end within the same county, a growing share of trips are intercounty. The share of intercounty trips grew from 10.4 percent in 1990 to 14.1 percent in 2000. The largest intercounty trips are Broward to Miami-Dade, Miami-Dade to Broward, and Broward to Palm Beach. Figure 5.10 shows the top 10 largest flows of intercounty commute trips (bidirectional), highlighting the importance connectivity within the seven county region.

Of note, some of the commuting pairs that are growing the fastest are trips between counties that are not contiguous. For example, trips from Palm Beach to Miami-Dade County grew by 60 percent and trips from Martin to Broward County grew by 110 percent. This trend underlines the increase in intercounty commuting that is taking place in Southeast Florida and the longer distances people are traveling between their homes and workplaces.

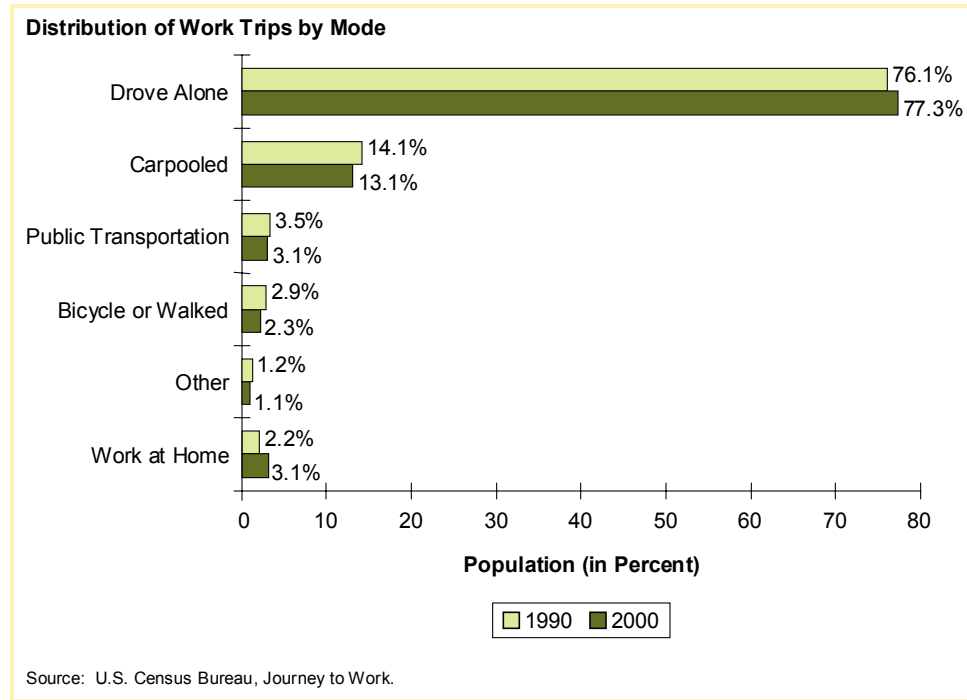
Figure 5.10 Top 10 Intercounty Southeast Commuter Flows
2000



Source: U.S. Census Bureau, Journey to Work.

Consistent with longer commutes, an even higher share of people commuted to work driving alone in 2000 compared to 1990 (Figure 5.11). The percentage of people working at home also increased over the decade, while the percentage of people commuting via carpool, public transportation, walking, or bicycling decreased. A decline in the number of commuters using public transportation in Miami-Dade County was the main reason public transportation’s share of commuter trips declined between 1990 and 2000. Other Southeast Florida counties (excluding Monroe) saw a rise in the share of commuters using public transit.

Figure 5.11 Composition of Commuting Trips by Mode
1980 and 2000



Summary Findings from the Data Analysis

Southeast Florida is a fast-growing region that continues to attract new residents and job seekers from around the globe. This growth, however, has not coincided with similar increases in income and wage levels in the region, and Southeast Florida is now having to confront higher congestion levels and a shortage of developable land. Sharp rises in home prices also are putting new burdens on workers who wish to purchase a home in the Southeast Florida market. The region and its workforce is becoming more educated, but still lags many other large metropolitan areas in the United States. A summary of these and other key data-supported findings from this analysis include:

- Economic and Demographic Trends.** The South Florida region continues to experience fast growth in terms of both population and employment that greatly exceed the U.S. average and mirrors statewide Florida growth. The region’s population has expanded by more than 3.1 million people since 1970, more than doubling. Population growth is largely due to a large influx of international migrants in the southern counties, with domestic migration to the northern counties. Northern counties (e.g., Martin and St. Lucie, in particular) are growing most rapidly though Miami-Dade, Broward, and Palm Beach Counties are adding the largest number of new people. Employment growth in South Florida, at 31 percent from 1990 to 2004, outpaced national growth of 20 percent.
- Income and Wages.** Southeast Florida’s progress in raising income and wage levels has been limited. Despite the rapid growth in jobs, per capita income and wages per employee in Southeast Florida have not performed as well and have lost ground to national competitors. While there is great

disparity among South Florida counties in per capita income (e.g., Palm Beach and Martin are about 40 percent higher than the U.S. average, Miami-Dade and St. Lucie are below the United States average), the general trend for the region is downward on a relative basis – from 15 percent above the United States in 1989 to just 5 percent above in 2003. Per capita income growth was slower than all of the comparison regions from 1993 to 2003 and average wages per employee are lower than both the United States and all non-Florida comparison regions.

- **Industry Growth.** Southeast Florida has experienced broad-based industry growth but still has a low share of jobs in high-paying, knowledge-intensive industries. Every major industry sector except for manufacturing and agriculture experienced job growth from 1994 to 2004. Professional and business services led the way and now accounts for over 16 percent of all employment in South Florida. Other large employment sectors include education and health services, retail trade, and leisure and hospitality services. Still, Southeast Florida lags many of the comparison areas in higher-wage industries such as information, manufacturing, and transportation. The combination of an industry mix still concentrated in lower-wage industries along with lower productivity within industries results in average wages below national competitors.
- **Industry Strengths.** Two areas of strength for the Southeast Florida economy are the international trade and professional services sectors, but trade, in particular, faces strong competition. Professional and technical services are more concentrated in Southeast Florida than the U.S., provide higher-than-average wages (over \$41,000), and are projected to grow rapidly over the next 10 years (additional 51,590 jobs). Southeast Florida ranks as the second busiest aviation hub for international travelers to/from the United States and is the second busiest container port on the Atlantic Coast. Still, earnings per professional services employee are lower than most out-of-state comparison areas, and seaport trade growth has been expanding more rapidly at competitors like Savannah, Houston, and Charleston.
- **Education and Workforce.** Workforce skills and education levels in Southeast Florida need to be increased to meet the future skill requirements of jobs in demand. Occupational forecasts for Southeast Florida estimate that 64 percent of new jobs by 2012 will require post-secondary education and training, and that number will increase if industries such as life sciences, aerospace and telecommunications grow as targeted by the region's economic development organizations. Southeast Florida has much room to improve the skills and education of its workforce as the region is ranked eighth out of 10 comparison areas for both high school and bachelor's degree attainment.
- **Land Use and Development.** Land use trends suggest a need to protect land for business use and the growing importance of redevelopment. Land has become a precious item within Southeast Florida due to rapid growth and natural barriers (Atlantic Ocean, Everglades), and the costs for residential and business purposes are rising quickly. Largely due to Miami-Dade and Broward counties, the region has a similar ratio of business to residential property value as the State. But, lower shares of business use in fast growing northern counties suggest the importance of retaining land for commercial and industrial development to support business and job growth. And, redevelopment

(including brownfield sites) of urbanized areas is increasingly important for the more mature southern counties.

- **Housing Costs.** Housing costs are increasing very rapidly throughout the Southeast Florida region – housing prices grew by over 140 percent from 1994 to 2004 and then by another 30 percent since 2004. This rate of growth exceeds most of the comparison areas (except for Orlando and Phoenix) and has far out-paced income growth. For example, housing affordability has dropped from 57 percent to 22 percent in Miami-Dade from 1995 to 2005, and from 77 percent to 34 percent in Ft. Pierce/St. Lucie. Southeast Florida can no longer compete on a combination of low costs and sunshine for both residents and businesses.
- **Transportation, Congestion, and Commuting.** The attractiveness of Southeast Florida as a place to live, work, visit, and retire is contributing to growing traffic congestion and longer commutes. Annual hours of delay per person in Southeast Florida rose from 18 hours in 1993 to 29 hours in 2003 – a 58 percent increase, compared to a 37 percent increase in congestion nationally. Meanwhile, the share of intercounty commuting trips grew from 10.4 percent in 1990 to 14.1 percent in 2000. These trends highlight growing levels of traffic congestion and longer commutes for Southeast Florida residents. Though public transit is helping to mitigate congestion, ridership levels (well below comparison areas such as Atlanta, Seattle, and San Diego) are still too modest to have a major effect, and congestion delays on Southeast Florida’s highways represent real costs to the region’s businesses and its large goods movement industry.

Southeast Florida – Opportunities for a Vital 21st Century Economy

Based on the data analysis presented in the previous sections, the review of existing studies, and stakeholder feedback from across the region, three areas of opportunity have emerged for the Southeast Florida regional economy:

- Developing and supporting an innovative, diverse economy with a higher concentration of jobs in high-wage, knowledge-intensive industries;
- Leveraging and maintaining the region’s competitive advantages as an international gateway for trade and tourism; and
- Enhancing regional collaboration across Southeast Florida.

A brief introduction along with examples of best practices from other domestic and international regions is provided for each opportunity area. The best practice examples are indicative of the experiences from other successful regions and include specific mention of the programs, investments, initiatives, and outcomes that have improved and leveraged regional economic opportunities, and they provide a blueprint of potential strategies or initiatives that may help to bolster the future economic competitiveness of Southeast Florida.

Innovative Economy and Knowledge Intensive Industries

There is a national (as well as global) trend toward knowledge-based, information/technology industries driving growth in the future. Regions with recognized leadership in innovation within a particular field (or fields) create wealth for their citizens and spin-out new economic opportunities. Knowledge-intensive industries may include recognized areas of high-technology (semiconductors, biosciences, aerospace, robotics) or they may represent the application of cutting edge technologies to a more traditional industry (customized software and machinery for oil and gas exploration and production). These industries have higher than average wages and would support the goal of increasing Southeast Florida’s wage and income levels. Southeast Florida has some emerging strengths in knowledge-intensive industries today and has many of the ingredients for success, but has room to grow and can do so by addressing some of its competitive weaknesses.

Examining the Southeast Florida industry mix, it is clear that a number of high-tech and life sciences industries are beginning to emerge. While the current concentration tends to be dominated in the southern, more populous counties, the issues surrounding the development and growth of a globally competitive economy are similar across the region. Now, in addition to competing based on costs and a sunny climate, Southeast Florida needs to compete based on a skilled workforce,

availability of financing, global telecommunications infrastructure, and an entrepreneurial business climate.

The rationale for this area of opportunity is clear – increasing the number and share of jobs in high-tech, innovative industries will increase the average wages of the region. As indicated earlier, wages across the seven counties tend to lag behind national competitors. A significant share of this gap in wages is due to the industry mix of the region, still concentrated in a number of lower-paying service and hospitality jobs. As discussed in the best practice examples that follow, many other regions have recognized that the challenge to economic development is not simply attracting jobs, but nurturing the development of “quality” jobs that raise average incomes. Some regions set targets for quality job growth and the share of jobs that are within high-tech sectors.

While this study recognizes that the counties of the region have long pursued a set of target industries designed to accomplish this goal, the unfortunate reality is that despite a number of individual successes, the region still has much to accomplish in terms of diversifying its economy. Initiatives such as the multi-county InternetCoast and Research Coast are steps in the right direction in terms of understanding that firms and labor markets do not focus on jurisdictional boundaries.³⁶ The examples that follow provide a few examples of regions that have been able to successfully diversify their economies toward a larger share of innovative, high-paying jobs.

Potential Action Steps – Innovative and Diverse Economy

Based on the experiences illustrated in the following case studies, potential actions to diversify the regional economy and strengthen Southeast Florida as a center for innovation and knowledge-intensive industries may include:

- Make sophisticated database services (e.g., market information, industry trends, and competitive intelligence) accessible to Southeast Florida businesses;
- Link Southeast Florida entrepreneurs with risk capital such as angel investors or venture capitalists;
- Retain talented students by establishing relationships with Southeast Florida businesses prior to graduation;
- Establish a nonprofit regional economic development organization with a focused mission that supports and coordinates existing local economic development efforts;
- Develop a regional economic development strategy that includes the strengthening of key economic foundations to support the competitiveness of higher-wage industries; and
- Implement targeted programs, focusing on high-paying, knowledge-intensive jobs to diversify economy.

³⁶ Florida's Research Coast, "A Regional Approach to Economic Diversity," January 2006 (www.FloridaRC.com) and South Florida's Internet Coast (www.internetcoast.com).

Phoenix – Targeting High-Wage Job Growth

Greater Phoenix has 3.8 million people (about 65 percent as large as Southeast Florida) and has grown by about 17 percent since 2000, making it the 8th fastest growing metropolitan area in the United States. As the state capital of Arizona, many residents in the area are employed by the government, while numerous high-tech and telecommunications companies also have recently relocated to the area. Arizona State University also has enhanced the area's economic competitiveness through education and its growing research capabilities. Like Southeast Florida, the Phoenix area's warm winter months have supported a burgeoning tourism and recreation industry, with the golf industry in particular experiencing rapid growth.

While Phoenix's early economy was dependent on nearby cotton and citrus fruit farming, the surge in population experienced over recent decades has coincided with the growth of an increasingly diversified economic base. The broadening of the Phoenix area's economy, however, has required an active strategy and regional collaboration. A call to arms for the area came in response to a 1988 article in a national business publication that depicted the city as being in a state of "arrested development" and dependent on the vagaries of its real estate and construction markets (i.e., the economy was considered dependent on industries tied to population growth). The article directly led to an emergency economic development summit, resulting in the establishment of a regional economic development organization, the Greater Phoenix Economic Council (GPEC), that served not only Phoenix but also Mesa, Glendale, Scottsdale, Tempe, and Chandler. Between 1990 and 1996, the GPEC provided assistance to area companies' expansion plans, focusing on high paying, high-technology jobs, that resulted in the creation of over 64,000 jobs.

Greater Phoenix's economy suffered heavily in the aftermath of September 11, 2001 and the bursting of the "dot com" bubble. More than 40,000 private sector jobs were lost in 2001 alone, many in the region's crucial high-technology and aerospace industries. In response, a number of strategies were developed to refocus growth in the region. In November 2001, approximately 185 business leaders met to develop an issues agenda around which critical priority areas could be built, including education improvement and economic development. In the following months some notable successes were achieved, including: state funding for downtown convention facilities; enabling legislation of a transportation sales tax to allow for increased investments in Greater Phoenix's infrastructure; and new funding for higher education research.

The GPEC launched a 10-year regional economic development strategy in 2002, the goal of which was one out of every six new jobs would be in a high-wage industry by the end of the 10-year period. Five key clusters were identified for growth: aerospace and aviation; high-technology; bio-industry; software; and advanced financial and business services. The strategy has focused on shifting development from quantity (number of jobs added) to quality growth (jobs with high wages) and is aligned with state-led economic development goals and strategies. Specific strategies that were developed include:

1. Set priorities and targets for business/industry cluster focus;
2. Increase R&D capacities and strengthen core capabilities across clusters;
3. Develop specific strategies and plans to improve economic foundations;

4. Define metrics to measure progress;
5. Develop an implementation plan that clarifies roles and accountabilities; and
6. Provide adequate funding.

Denver – Diversifying the Economy to Growing Industries

The Denver region has a history of organizing strategic development initiatives to diversify its economy, improve its economic competitiveness, and raise its stature as a major U.S. urban region and trading center. While the region's geographic location on the edge of agricultural lands to the east and as a gateway to the west have helped fuel the metro area's growth, Denver's development has benefited from decades of civic involvement, active planning, and foresight. Over a century ago, private efforts spearheaded the funding of a rail spur to the transcontinental railroad in Cheyenne. This initiative provided a crucial foundation on which the Denver economy could grow. The Denver Metro Chamber of Commerce (and its affiliate organizations) has been in existence for 130 years and also has led efforts to locate a U.S. Mint in the city, build an army hospital (a facility that is now being developed into a life sciences center), and construct a large airport that would become one of the nation's busiest.

The Denver Metro Chamber's efforts provided the region with a strong foundation to support diversified growth, including trade and transportation, energy, and relatively high-paying Federal jobs (making Denver the "western capital" of the country was an explicit initiative of the chamber). The Chamber launched a more aggressive diversification strategy in the mid-1960s, the "Forward Metro Denver" program to add jobs in sectors beyond the energy, beverage, and tourism industries which had become the focal points of the region's economy. The program emphasized recruitment and successfully attracted a 4,000 employee Bell Laboratories (AT&T) facility to the region. Bell Labs is considered a crucial seed in the development of a communications/information technology cluster that blossomed in the Denver region and remains a designated target industry, today. Forward Metro Denver is credited for creating 280,000 new jobs in the region over a 10-year period in communications as well as in such industries as aerospace and electronics.

Despite the success of Forward Metro Denver, the region's economy encountered difficulties and job losses in the 1980s as falling energy and mineral prices were compounded by increased global competition in semiconductors, a newer industry that had brought growth to the region in previous years. Continuing the region's legacy of economic development planning, the Chamber established the Greater Denver Corporation (GDC) in 1987 to lead an economic recovery. Capitalizing on a talented workforce and its attractiveness as a place to live and visit, the GDC led efforts to strengthen Denver's economic foundations and diversity by building a new convention center and a new world class international airport in the 1990s. Today, the GDC has become the Metro Denver Economic Development Corporation and is targeting five industries for growth and greater economic diversity – aerospace, biosciences, energy, financial services, and information technology.

Within the Denver region, the city of Littleton, has led an active effort to diversify its economy since a large, out-of-state employer laid off a huge amount of its workforce. Since that time in the late 1980s, the city has decided to abandon any recruiting of large companies, and instead to focus exclusively on helping the community's existing businesses and entrepreneurs prosper. Realizing that for businesses to thrive today they must have tactical and strategic information, Littleton has developed database services that provide its

small companies with the market information, competitive intelligence, and industry trends often only available to large corporations (with far greater resources). Also aware that networking and business connections increase innovation levels, Littleton has worked to foster interaction between its businesses and local universities and colleges, venture capital groups, associations, and research institutes. Another component of Littleton's strategy is to focus on quality of life and intellectual infrastructure. The community maintains high standards in new developments, and follows the principle that a region that is attractive to entrepreneurs and the talent they hire is as important today for an innovative economy as natural resources and rail were to the initial development of the Denver region more than a century ago. As evidence of the Denver area's economic resurgence, per capita income levels have recovered from 110 percent of the national average in 1988 to 125 percent in 2003.

Philadelphia – Knowledge Industry Initiatives

The City of Philadelphia is one of the oldest and most historically significant cities in the United States, and at one time was the nation's most populous city. The population of Greater Philadelphia reached 5.8 million in 2004 (similar in size to Southeast Florida), ranking it sixth in the nation. Philadelphia also is home to one of the largest student concentrations in the United States, with nearly 300,000 college and university students enrolled in the metropolitan area. Increasingly, Philadelphia is using this asset a cornerstone of its economic development strategy – to further develop as a world leader in high-technology industries, particularly in biosciences.

Philadelphia's historical role as a railroad hub led to the development of a large manufacturing base that, along with financial and legal services, continues to play a dominant role in the city's economy. During the last 30 years, however, Philadelphia has needed to confront a drastic decline in factory employment combined with little or no population growth and a shrinking working age population. The more recent expansion of the area's knowledge industry is widely regarded as crucial to the future of the Philadelphia area's economy, leveraging the large student population to propel innovation industries that can establish a stronger foundation for the regional economy.

Philadelphia has recognized an existing strength in biosciences and seeks to improve and reinforce its position as a world leader in that industry. A 2005 Milken Institute study estimated that the Greater Philadelphia area had more than 53,000 workers in the core life sciences industry in 2003, second only to Greater New York. The broader life sciences industry is responsible for 276,000 jobs in the Greater Philadelphia area and \$13.7 billion in annual wage earnings.

The expansion of the knowledge-based sector, including biosciences, has been supported by a number of organizations that seek to grow the wealth and the workforce of the city's innovation economy by attracting, retaining, and connecting technology-related businesses and labor in the region. These organizations provide traditional seed capital, as well as technical and financial assistance to encourage entrepreneurial expansion.

Several organizations within Greater Philadelphia view the region's 80 colleges and universities as the key to future economic growth, and together seek to attract more students to the area; retain graduates within the region; and leverage the resources of the universities to further scientific research. These organizations also provide assistance to students in obtaining internships that may lead to full-time employment upon graduation. One program that has met with success is the Knowledge Industry Partnership (KIP), which was formed in 2003 to attract, engage, and retain students to the Philadelphia area. Specifically, KIP helps students establish relationships with the area's businesses through internships and linking prospective graduates with full-time employment opportunities available through the region's high-technology employers.

Houston – Diversifying Beyond the Oil and Gas Industry

Houston is recognized as the world's energy capital, a center of oil and gas field services, chemicals, petroleum refining, and cutting-edge research related to all of these areas. Houston-based companies have operations located throughout the world, and are involved with all aspects of oil and gas exploration and production. While the energy industry is responsible for much of the Houston region's growth and prosperity and has been an instrumental factor in making Greater Houston one of the largest metropolitan areas in the United States, the region's economy has endured a history of ups and downs corresponding with the boom and bust cycles of the energy industry. The near collapse of the Houston economy in the early 1980s due to falling oil prices made the diversification of its economy, toward new industries and away from energy, a priority.

After explosive growth between 1974 and 1981 (much of it driven by real estate speculation dependent on the continued growth of the energy industry), Greater Houston saw one in seven of its jobs disappear (a loss of 220,000 jobs) between 1982 and 1987. The lost jobs, however, were recovered in less than five years as other sectors, relatively insensitive to energy prices, quickly gained strength. The fast recovery of the Houston economy was due to the quick efforts of its business community. Houston area businesses put up \$6 million of their own money to form the Houston Economic Development Council (HEDC) with a mission to diversify the economy and attract business to the region. Stemming from a legacy of its historic ties to oil and gas, Houston had a strong talent pool in engineering services and in other applications of science and mathematics to technology. Keeping this talent pool in the Houston area and applying their skills into fields beyond oil and gas was recognized by the HEDC as crucial to the success of diversifying the region's economy.

Many of Houston's engineering and scientific professionals were successfully reengaged by the Johnson Space Center, just south of Houston, and the Texas Medical Center, among the largest medical complexes in the world. To support the growth of spin-offs from the Texas Medical Center and other start-up

activity, a \$5 million venture capital fund was established by a business leader in 1984, in conjunction with the founding of the Houston Advanced Research Center (HARC) to house these start-ups. Today, the Texas Medical Center receives research grants valued at \$500 million annually, and Greater Houston is now the center of an expanding corps of biotechnology firms (55 percent of the Texas total). The region's talent pool also was cited as the primary reason JP Morgan Chase selected Houston to be home for its 400 person North American Technology Center which develops software for the banking industry.

Beyond its talent pool, Greater Houston also offers a business climate supportive of small business and entrepreneurial growth, both lynchpins of the area's economic diversification and recovery. This has included an abundance of affordable real estate, allowing people to live in the area and lease space for their businesses at lower costs than comparably sized metropolitan areas. The inexpensive real estate has drawn a new generation of small firms involved in everything from food to chemicals. Immigrants to Greater Houston find the environment conducive for growth (e.g., access to capital, low regulatory burden to start a business) and also have helped feed the area's economic recovery.

Greater Houston's success in diversifying its economy is apparent in the data. In 1986, 77 percent of the Houston area's economic base was in energy-related industries. By 2004, these industries accounted for 47 percent of the region's economic base. During the same period, the Houston region's per capita income levels rose from 99 percent of the U.S. average to 110 percent. Clearly, Houston continues to rely on energy for much of its economy, but it is today much less vulnerable to oil and gas price fluctuations than it had been in the past. The success of the Houston region today testifies to the strong economic development initiatives established by the metropolitan area's business community in the 1980s.

International Trade Gateway

Based on a combination of natural advantages (e.g., proximity to Caribbean and Latin American markets) and local/regional investments (e.g., multiple seaports and airports), Southeast Florida is one of the largest and most important international trade gateways in the United States. As a single region, Southeast Florida ranks second in the country for international air passengers and fourth among Atlantic ports in waterborne international trade. Southeast Florida also handles more international and domestic cruise passengers at its seaports than any other region. This competitive advantage is especially strong in Miami-Dade County, with its large foreign born population and large number of foreign consulates.

International trade and tourism has essentially become its own industry cluster in Southeast Florida, defined by a number of interconnected industries. Despite this strength, there are some signs that this competitive advantage is beginning to erode as other regions recognize the economic benefit of international trade activity. The general theme is that while Southeast Florida has experienced growth in most markets (international air passengers, air cargo, waterborne trade), other regions have grown even more rapidly. Globalization and the "flattening" of the world continue to grow the volumes of trade and other regions are grabbing a bigger share of growth. The result is that Southeast Florida has actually experienced a slight decline in its share of international trade and travel.

As described in the best practice examples below, regions such as Savannah, Georgia are very aggressively pursuing an international trade gateway strategy and pouring significant resources into the competition for global trade and the economic activity that is connected to it. As Southeast Florida considers its future economy, it is obvious to think that international trade will be a central component of the region. However, if the region wants to maintain competitiveness and grow this area of opportunity, it will need to proactively enhance the infrastructure, markets, and resources of this multilayered industry. Current initiatives to expand the trade and passenger capacity at the seaports and airports and the pursuit of the permanent secretariat of the Free Trade Area of the Americas are important actions in this competitive field.

Potential Action Steps – International Trade Gateway

Based on the experiences illustrated in the following case studies, potential actions to solidify and broaden Southeast Florida's role as a center for international trade include:

- Coordinate and leverage county, city, and MPO investments as part of a "mainport" strategy that also would include related initiatives in land use, regional branding, and business recruitment to foster the competitiveness of Southeast Florida's international gateway facilities;
- Implement targeted infrastructure improvement projects to expand capacity and improve travel times at seaports, airports, and rail/highway connections;
- Link Southeast Florida with overseas trade opportunities by strengthening export assistance programs for businesses, improving communications, and assisting with market research; and
- Strengthen and solidify long-term relationships that will continue to attract foreign investments and increase trade.

The Randstad, The Netherlands – International Trade and Ports Driving the Regional Economy

The Randstad region encompasses four Dutch provinces and the cities of Amsterdam, Rotterdam, The Hague, and Utrecht. Similar to Southeast Florida, the region is multipolar and is not dominated by a single large city. The Randstad is home to over seven million people (slightly larger than Southeast Florida), the world's largest seaport, and a leading world airport. From 1996 to 2000, the annual growth in the Dutch gross domestic product (GDP) of four percent exceeded the European Union average, and in the 10-year period ending in 2002, export growth averaged 5.2 percent per year in the Netherlands, with most of the exports originating in the Randstad region.³⁷ The Randstad has recognized that it must plan as a cohesive region if it is to compete successfully with very large metropolitan areas like Paris and London that can offer a full range of amenities and services.

Four hundred years ago, most of the Randstad region was literally underwater. But, by taming the sea and then crossing it to explore and trade with the rest of the world, the people of the Randstad developed an entrepreneurial spirit and

³⁷ Organization for Economic Cooperation and Development, 2003.

an international outlook that have kept the region's economy strong for most of the past four centuries. Even after being devastated by two world wars, the country was able to use innovative solutions to reinvent its economy and regain its position as one of the world's top economies.

The region's success can be attributed in large part to its approach to economic development, with emphasis on its role as an international trade gateway. International accessibility is recognized as crucial to the continued growth of the Randstad region and competitiveness of the Dutch economy. In this regard, the Netherlands has focused major infrastructure investments (roadway and rail) on ensuring goods and people can reach Schiphol International Airport and the Port of Rotterdam efficiently. This focus on the

airport and port is part of the Randstad's "mainport strategy" and also includes initiatives concerning land use patterns, regional branding, innovation, and business recruitment to foster the competitiveness of these crucial gateway facilities. The region has met with observable successes. As companies have become more footloose, the Randstad region is gaining share as a preferred location for European headquarters and distribution centers for multinational companies. In 2004, Schiphol International Airport was the ninth busiest in the world based on passengers handled and 16th busiest based on air cargo. In the same year, the Port of Rotterdam processed 369 million tons of cargo, 10 times more than the Port of Miami, Port Everglades, and Port of Palm Beach, combined.³⁸ Due to the Randstad region's role as an international gateway and as an outlet for the huge German economy, the value of international trade (\$690 billion in 2005) actually exceeds the gross domestic product (GDP) of the Netherlands (\$600 billion).

In addition, fostering research and innovation, developing a skilled workforce, and coordinating infrastructure investments with land use planning has sustained a high quality of life and made the region attractive to new firms. The Dutch have been leaders in innovation and technology for centuries. Government support for massive projects to build dikes and reclaim land from the sea provided the Dutch with technological capabilities and an innovative, entrepreneurial spirit that persists in the region today.

Integrated regional infrastructure investment and land use planning policies enable the Randstad provinces to steer development to resource-appropriate locations. A seamless intermodal passenger and freight transport system makes the region attractive to manufacturing firms even though the Netherlands depends on imports for most raw materials. The Randstad's diverse and highly skilled workforce is attracted to the region's high standard of living, tolerant political climate, and rich arts and culture. In turn, this workforce helps attract the world's leading service-oriented firms, which also can take advantage of Schiphol Airport's connectivity to every corner of the world. As a result of investments in telecommunications infrastructure, over 85 percent of businesses in the Randstad have Internet access and 62 percent of the Dutch population uses the Internet.³⁹

³⁸ Based on the tonnage handled by the three major Southeast Florida ports in 2003.

³⁹ Economist e-business Forum, 2003. <http://www.ebusinessforum.com>.

The Randstad region has built on its inherent strengths to reinvent itself several times in its history, adapting to ever-changing market conditions to take advantage of new technologies and reshape its economy. The cities and provinces in the Randstad region invest heavily in infrastructure to ensure that the region is able to continue to attract international trade and service-oriented firms while maintaining a high quality of life.

International Trade Initiatives in Atlanta and Savannah, Georgia

Southeast Florida, with its ports and airports combined with its geographic proximity to South America, is an historic center of international trade and commerce for the U.S. Southeast. Just to the north, however, Georgia is quickly gaining on these traditional strengths of Southeast Florida. With the emergence of Atlanta as a major business center with the world's busiest airport and the fast-growing Port of Savannah, the State of Georgia has strategically positioned itself as a key player in the international trade market. For example, Atlanta Hartsfield

Airport only handled 60 percent of Miami International's trade volume (based on dollar amount) in 1999, but had almost caught up to Miami by 2004. In 10 years, the number of international passengers handled in Atlanta more than doubled while Miami saw growth of 13 percent. Meanwhile, the Port of Brunswick has increased its share of auto imports substantially, with growth of 215 percent from 1993 to 2003. Atlanta also is using the clout of its home-grown corporations (Coca Cola, UPS, Home Depot, Bell South, Delta Airlines, and Turner Broadcasting) to compete against Miami to house the permanent secretariat for the Free Trade Area of the Americas. Miami is still considered the frontrunner, but this underscores how far and how fast Atlanta has risen in stature. The emergence of Georgia as a major regional competitor may shift some economic opportunities and growth that would have otherwise gone to Southeast Florida.

The Port of Savannah illustrates how Georgia has successfully captured an important component of international business. While ports in Southeast Florida have lost market share over the past few decades, the Port of Savannah has experienced tremendous growth. This has been accomplished through a combination of international marketing and strategic investment. As the ports of Los Angeles and Long Beach started to face congestion with the growth in cargo from Asian markets, the Port of Savannah was able to offer a very attractive East Coast alternative. Savannah focused on attracting major distributors, recognizing that the shippers would follow the distributor. In addition to spending \$500 million over 10 years to upgrade the port's infrastructure, Savannah also provided a number of other enticements to attract distributors. These included below-market-value land within 10 miles of the port for distribution centers and a new road connecting the port directly to Interstate 95. Proximity to East Coast markets and lower roadway congestion compared to other port regions also was a draw for distributors.

In addition, the Port of Savannah operates its own terminals, giving the Port Authority more control over how ships are unloaded, allowing goods to move more efficiently and ensure they are available when truck drivers arrive. Individual drivers in Savannah are able to move more truck loads in a single

day than in congested ports due to this increased efficiency. This set of policies successfully lured Wal-Mart and Home Depot, two major players in the import market. As a result of these efforts, the Port of Savannah now ranks second among East Coast ports in attracting cargo from Asia (following the Port Authority of New York and New Jersey), is the tenth busiest North American container port, accounting for 120,000 jobs (direct and indirect) and \$1.4 billion in state and local taxes annually.

Monterey Bay – Innovative Programs to Reach International Markets

The Monterey Bay International Trade Association (MBITA) was founded in 1987 to promote international business and trade in the Santa Cruz, Monterey, and Salinas area of California (about 40 miles south of Silicon Valley). The MBITA is a nonprofit international trade center dedicated to providing trade promotion services to the California, U.S., and foreign business communities (<http://www.mbita.org/>). While providing many traditional trade assistance services, MBITA also utilizes advanced global E-commerce technologies for its clients to maximize global trade opportunities.

The MBITA is involved in the following innovative programs:

- An on-line desktop-to-desktop seminar series that includes 11 courses covering topics, including global e-commerce basics, market research, contracts, shipping, and banking. While there are many opportunities to expand overseas sales through e-commerce, businesses must be well-versed in how to match their products with available opportunities and how to detect and avoid potentially fraudulent practices.
- The Global Trade Cyber Community (GTCC) is a private cyber-community comprised of: qualified sales, marketing, facilitating and sourcing agents; buyers; information brokers; investment principals; and agents with a proven track record in e-commerce. The MBITA reviews applications and assists companies in becoming certified to become members of the GTCC. Members gain access to the GTCC system which shares information on trade opportunities, alliances, subcontracting, joint ventures, and other business leads. By using this system, businesses can be confident about the integrity of their overseas' partners.
- MBITA eConsulting service that allows member clients anywhere in the world to talk to MBITA consultants via their desktop. MBITA provides a full range of services, including export trade readiness, market research, market entry strategies, international marketing plans, and a foreign country business meeting program.

Today, MBITA serves a wide range of members in the agriculture (9), consumer products (13), high-tech (17), and services (46) industries. From 1995 to 2000, MBITA directly supported over 150 different Monterey Bay Region companies in developing new global markets with initial export sales totaling over \$5 million. MBITA is now a self-sustaining nonprofit organization funded by memberships, corporate sponsorships and fee-based trade promotion services.

I-85 Corridor – Developing Ties to Europe and Spurring Economic Development

Spearheaded by South Carolina decades ago, the Southeastern states along the I-85 Corridor, stretching in the Piedmont region from Georgia to North Carolina, are reaping the benefits of long-term efforts to nourish international economic ties, particularly with Germany. These intensive efforts have resulted in several very large-scale, high-profile investments, including a BMW manufacturing facility in South Carolina. European investment in the region includes autos, electronics, tires, and automotive parts. Today, eyeing future opportunities, North Carolina is working on strengthening its ties to Europe in the biotechnology industry.

The region's successes are the result of a long-term, concerted effort, involving business and community leaders, to establish and nourish the ties that attract foreign investment. Former South Carolina Governor John West and others sought to diversify the State's economy and saw foreign investment as means for doing this more than 30 years ago. Using German textile companies that already had located in the area as a foundation, South Carolina's proactive recruitment of foreign companies started with efforts to attract German and Swiss machinery makers that supplied the local textiles firms. In the 1970s alone, over 60 international companies were attracted to South Carolina. The success in attracting these companies stimulated additional regional improvements, including

upgrading education and training, improving community amenities, the development of a new regional airport, and continued marketing of the region to European as well as other international companies. A symbiotic relationship with the Port of Charleston also has been established to serve the shipping needs of these companies. The culmination of South Carolina's international efforts was the 1994 dedication of a BMW plant located in Greer. Suppliers for BMW have since located in the region that now has one of the highest concentrations of foreign companies in the United States, and a number of other auto manufacturing and parts suppliers have located to the southeastern states since the BMW investment.

Regional Collaboration and Leadership

One of the clearest themes to emerge from the data analysis sections of this report is that the current industry strengths and the industries targeted for growth across the seven county region are remarkably similar. In addition, the analysis of commuter flows in Southeast Florida indicates that intercounty commute trips are increasing at a much faster rate than commute trips within each county. These trends highlight the fact that economic markets are not defined by jurisdictional boundaries but rather by broader multi-county metropolitan areas and the available labor market that firms can draw upon.

Meanwhile, the relevant geographic area for most of the traditionally identified industry clusters are similarly larger regions than individual cities or counties. The auto industry in Michigan, the high-tech industry clusters in Silicon Valley and Boston, finance in the metropolitan New York City region, and the pharmaceuticals concentration in New Jersey all represent multi-county, multi-city markets.

These examples of the interconnectedness of people, trade and industries within regional economies are indicative of a national trend that recognizes the benefits of regional collaboration and leadership. The best practice case studies provided below all represent situations in which a diverse mix of public, private, and academic sectors have joined forces to work towards a shared vision of economic development, growth, and innovation. Increasingly, regional collaboration is recognized as integral to strategies to organize, garner support, and implement large-scale economic development, transportation, workforce, land use, and environmental initiatives. Common initiatives for regional partnerships also include marketing, visioning, and industry targets. In some cases, regional collaborations explicitly recognize that the benefits of new firms in target industries in one county actually benefit the other counties within the region in terms of supply chains, spillover trade effects, and stature. In other cases, partnerships leverage regional resources and political influence to obtain important state and Federal funding for transportation, workforce, or other public sector initiatives.

In Florida, a number of regional organizations have been developed to form a cohesive economic development strategy and marketing plan. A more recent activity is the statewide indicator project that brings together regional organizations to discuss the most effective ways to develop regional data indicator reports to track performance and progress on the economy, workforce, transportation, housing, and other key factors. In Southeast Florida, the Center for Urban and Environmental Solutions at Florida Atlantic University expects to release a data indicator report in March 2006.

In addition, the Florida Chamber Foundation is working with a national organization – the Alliance for Regional Stewardship – to promote regionalism and the power of engaging leaders in the long-term well-being of Florida’s regions. This initiative works across four areas: innovative economy, livable communities, social inclusion, and governance (<http://www.regionalstewardship.org/>). This effort is underway to pilot a few regional stewardship alliances in Jacksonville, Tampa Bay, and Fort Myers/Naples, and is considering options for a program in Southeast Florida.

Potential Action Steps – Regional Collaboration

Based on the experiences illustrated in the following case studies, regional collaboration helps accomplish large-scale goals that strengthen economic competitiveness. Possible action steps to encourage regional collaboration in Southeast Florida include:

- Establish regional public-private partnership to develop and implement a quality growth strategy, including coordination of land use, transportation, housing, and economic development initiatives to realize long-term economic potential of Southeast Florida;
- Establish a regional vision and provide technical assistance to local and county planners that supports attaining a cohesive vision for the region;

- Provide more in-depth research concerning regional concerns, issues, opportunities, and strategies;
- Engage private-sector and form a business leadership group to support the development and implementation of a regional agenda;
- Coordinate transportation and land use strategies that directly impact multiple counties at a regional level;
- Develop a unified regional agenda and act with a single voice to push through favorable state programs and to secure funding for key projects; and
- Monitor progress towards meeting regional goals and educate regional stakeholders and public on issues.

Envision Utah – Regional Public-Private Partnership for a Quality Growth Strategy

In some regards the issues confronting the Greater Wasatch Area of Utah (i.e., Greater Salt Lake City) are actually quite similar to those in Southeast Florida. Geographically, the region is hemmed in by a mountain range to the east and the Great Salt Lake to the west. Like Southeast Florida, this forces development into a narrow, linear strip running north to south. The Greater Wasatch Area is encountering the growth pressures – decline in developable land, increasing congestion, access to fresh water – associated with a burgeoning population. Already home to 80 percent of Utah’s entire population, the Greater Wasatch Area is forecast to add an additional one million residents between 2005 and 2020. In response to these challenges, leaders in the region wish to improve the area’s economic competitiveness while preventing the erosion of Greater Salt Lake City’s vaunted quality of life (skiing, mountains, natural beauty, and world renown cultural attractions).

In response to these challenges, Envision Utah was formed in 1997 as a public-private partnership to guide the development of the 10-county Greater Wasatch Area predicated on a vision to protect the region’s environment, economic strength, and quality of life for generations to come. Today, the Partnership that governs Envision Utah is comprised of a diverse and bipartisan group of 130 key stakeholders, including representatives from state and local government, business leaders, developers, conservationists, landowners, and citizen and church groups from around the region.

- Based on extensive analysis, research, and public involvement, Envision Utah has developed a Quality Growth Strategy to help preserve critical lands, promote water conservation and clean air, improve regionwide transportation systems, and increase housing options for area residents. A critical role of the governing Partnership is to implement the Quality Growth Strategy for the Greater Wasatch Area. A technical committee, including department heads of state and local governments, metropolitan planning organizations, regional planning agencies, and the private sector, plays a key role in Envision Utah by analyzing trends, projections, and alternative growth scenarios. The technical analysis is combined with information about the public’s vision for quality growth (gathered from town meetings,

regional workshops, and surveys) to model and further refine the Quality Growth Strategy for the region.

- Envision Utah has had notable success in working towards the vision of the Quality Growth Strategy. It partnered with 16 communities to create growth scenarios for the development of a second north-south transportation corridor in the western part of the region. The planning for this project is considered critical because of growing congestion and rising land costs that will make it increasingly difficult to develop in the future and had helped lead to an expansion of the light-rail system and a commuter rail corridor. Envision Utah has partnered with the Utah Transit Authority and the Wasatch Front Regional Council (the MPO for the region) to better coordinate the region's land use and transportation strategies. Envision Utah has assisted in improving local and county planning within the region by providing an overarching regional vision as well as technical assistance. Such efforts have helped preserve environmentally sensitive land nearby Great Salt Lake, and has helped communities better plan for long-term growth (e.g., land use planning to accommodate growth).

myregion.org – Visioning for Central Florida's Future Economy

Southeast Florida is not the only region within the fast-growing State of Florida that is facing mounting pressures stemming from decades of fast population and business growth. The seven county Central Florida region, with Orlando at its hub, also is trying to reconcile years of blistering growth with a desire to improve the area's quality of life and poise the region to become more economically competitive in the future. Sensing inconsistencies in the region's ability to come together and collaborate to address issues and create a unified vision for Central Florida, "myregion" was formed in 2000 when six counties (quickly joined by a seventh) signed an interlocal agreement to support the regional project. myregion, and the regional collaboration it embodies, is viewed as a vehicle to bring the power and resources of the Central Florida community together to realize the region's potential. myregion.org has established a set of clear goals and objectives for the region with the expectation that they can be used by leaders to better prepare the region for a more competitive future.

myregion.org brings together business, civic, education, and government leaders from the seven county region. A four member Steering Committee and a 78 member Board of Directors include representatives throughout the region. In addition, there are two focused working groups, one covering administrative areas related to funding, communications, etc. for myregion.org, and the other responsible for implementing, overseeing, and directing the work in specified theme areas (see next paragraph for listing of theme areas). Funding for myregion.org combines private, nonprofit/civic, and public contributions. myregion received \$2.5 million in initial funding to cover its first three years, and recently received the first-ever Florida state grant for regional visioning.

During its first phase, myregion focused its efforts on examining 13 socioeconomic systems (e.g., economy, workforce, demographics, transportation, infrastructure, etc.) deemed essential for communities. From this initial research, central themes began to emerge (new research is being organized around the theme areas of economic leadership, education, environment, fragmentation and branding, quality of life, and smart quality growth) as well as potential opportunities and threats. The identification of consistent themes and opportunities from the research has, in turn,

been a catalyst for myregion.org to develop goals and encourage regional approaches regarding economic leadership, land use, education, quality of life, the environment, and transportation. The results of the research that has been created by the myregion effort can be seen in eight published reports.

myregion's approach to regional collaboration and consensus building has delivered several positive outcomes that are expected to aid Central Florida's economic vitality and quality of life. These include the establishment of regional work groups to integrate land use and transportation planning across the seven counties, developing a seven-county economic development strategy, a regional branding strategy, and creating regional performance measures to gauge progress. The performance measures are to reflect the region's progress toward meeting goals in identified priority areas. In partnership with the East Central Florida Regional Planning Council, the Central Florida Regional Planning Council, the Central Florida MPO Alliance, the Florida Departments of Transportation and Community Affairs, myregion is working on a comprehensive plan for Central Florida to guide future growth. Although still early in the process, the new collaborative efforts are helping Central Florida's leadership to work with a regional perspective as they guide the region to a higher quality and more competitive economic future.

Chicago Metropolis – Public-Private Leadership Supporting Regional Economic Development Initiatives

The Chicago area's history of economic achievement and prosperity is matched by only a handful of regions worldwide. While Chicago has benefited greatly from its central location, proximity to natural resources, and its transportation system, it also possesses a legacy of strong planning that has traditionally helped guide its growth. The plan for the Columbian Exposition held in Chicago in 1893 is regarded as the first comprehensive planning document in the United States, and the Plan of Chicago (1909), with its boulevards, parks, and anticipation for future growth embedded within the plan, became widely emulated.

Today, regional planning and collaboration continue to be hallmarks of the Chicago region's growth. In 1999, the Commercial Club of Chicago, a business leadership group, published a regional vision, "Chicago Metropolis 2020." The Chicago Metropolis 2020 vision outlined goals for the economic, social, and physical development of the six-county region in an integrated fashion, with the overarching goal of ensuring the continued preeminence of the Chicago Metropolitan Region in the 21st Century as one of the places in the world where people most want to work and live. The organization, Chicago Metropolis 2020, then developed as a nonprofit to build broad ownership for (and implement) the vision through civic engagement and a diverse board (the Executive Council includes representatives from the business, labor, public, civic, and religious communities). Chicago Metropolis 2020 also draws on several "Senior Executives" (senior members of the business, civic, and educational communities) that have agreed to volunteer a substantial portion of their time to support the regional agenda of the organization.

Chicago Metropolis has engaged the community in number of regional forums to spotlight critical issues and set priorities and goals for the region. Chicago Metropolis then organizes teams to address the issues (e.g., low density sprawl, concentration of minorities, access to jobs, and access to quality education). Progress towards meeting these goals (and addressing identified issues) is publicized in a regional report card. To date, a major focus of Chicago Metropolis has been on livable community issues, notably transportation. This has included efforts to secure Federal and state transportation funding, and a successful initiative to merge the agency responsible for transportation planning (Chicago Area Transportation Study) with the agency responsible for land use planning (Northeastern Illinois Planning Commission). The merger is seen as a key step for more integrated planning and development in the Chicago area and will contribute to the region's future economic competitiveness.

Prosperity Partnership (Puget Sound) – Unified Regional Economic Development Strategy

Metropolitan Seattle possesses numerous assets that have made it a prosperous, well-educated, and technologically advanced region. The region is home to several of the most recognized corporate names in the world, including Microsoft, Boeing, Starbucks, and Amazon.com and the center of major operations in the case of Boeing. The Seattle area's geographic attributes, though different from Southeast Florida, also constrain development into a fairly narrow north-south corridor delineated by the Puget Sound and Olympic Mountains on the west and the Cascades to the east. The region's business success and natural beauty have made it an attractive destination for both foreign and domestic migrants, helping its population grow well above the national average. Growth and prosperity have contributed to a shortage of developable land, higher home prices, and a long-term concern about maintaining the region's quality of life. The recent relocation of Boeing's world headquarters to Chicago also has caused anxiety (although aircraft production around Seattle remains secure), raising concerns about the region's business climate and overall economic competitiveness.

Recognizing that the Seattle region's future prosperity is not guaranteed, the Puget Sound Regional Council (PSRC) and local economic development organizations launched the Prosperity Partnership in 2004.⁴⁰ Today, the Prosperity Partnership includes over 150 organizations representing the government, business, labor, and nonprofit sectors. The formation of the Prosperity Partnership represents the first time that community leaders from King (Seattle), Kitsap (Bremerton), Pierce (Tacoma), and Snohomish (Everett) Counties have agreed to collaborate on a unified economic agenda for the benefit of the entire region.

The Prosperity Partnership envisions a region whose residents earn good incomes, where job-creating businesses thrive, where diversity is embraced, and where there is a high quality of life due to both the natural environment and strong cultural institutions. To achieve this vision and greater prosperity for the entire area, the Partnership recognizes the importance for the four counties that comprise the metropolitan region to work together as a single economic unit and adhere to a common strategy. In order to reach a goal of 100,000 additional jobs in Greater Seattle by 2010, the Partnership has developed a "Regional Economic Strategy for the Central Puget Sound Region." The strategy is based on a detailed analysis of

⁴⁰ The PSRC is an established regional organization focused on transportation and land use planning for the Greater Seattle area.

trends in the region and focuses, at least initially on strengthening six foundation areas (education, technology commercialization, small business support, tax structure, transportation, and quality of life) that are crucial to the further development of Greater Seattle's existing and emerging industry clusters (presently defined as aerospace, clean technology,⁴¹ information technology, life sciences, and trade/logistics).

While the Prosperity Partnership is too new to have developed a track record for long-term performance, it has recorded some early successes and, perhaps most importantly, it has introduced a new regional approach for economic development into the Greater Seattle area that is expected to better position the region for higher quality economic growth in the future. The Partnership's early successes include bringing the region together to secure the approval by the Washington legislature of priority transportation investments related to freight, safety, and capacity improvements. The Partnership also advocated for the establishment of a Life Sciences Discovery Fund to boost research spending in Washington. The approved fund is expected to yield approximately 6,300 jobs. Lastly, the Partnership has met with success in its efforts to support the aerospace industry by ensuring incentives are available to all tiers of the supply chain, not just the airframe manufacturers, if they locate in the region.

⁴¹ "Clean technology" are products and services related to areas such as green building and cleaner/alternative energies.



Directional Tools For Economic Development
In Southeast Florida

Economic Development Research Institute (EDRI)