

Metropolitan Washington Council of Governments  
Board of Directors Meeting

# *The Roadmap for the Washington Region's Future Economy*

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# What Will Drive Growth In the Washington Area Going Forward?

# Objectives of the Roadmap

- Re-position the economy away from Federal markets to national and global markets;
- Build on the region's competitive advantages;
- Focus on export-based, high-value added, high-growth potential businesses;
- Identify what these types of businesses need—their requirements—to grow in the Washington area;
- Formulate a call-for-action to address the region's "requirements" for future growth.

# Roadmap Research Sponsors

The 2030 Group

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Montgomery County Chamber of Commerce

Federal City Council

Metropolitan Washington Council of Governments

Urban Land Institute-Washington Chapter

MITRE

Tech Council of Maryland

Greater Washington Board of Trade

Washington Regional Association of Grantmakers

Washington Airports Task Force

# Roadmap Research Team

Center for Regional Analysis,  
George Mason University

Inforum,  
University of Maryland

Metropolitan Policy Center  
American University

# The Consequences of the Region's Economic Dependency on Federal Spending

# State and Metro Growth Rates and Rankings 2010-2014

(annual percent change)

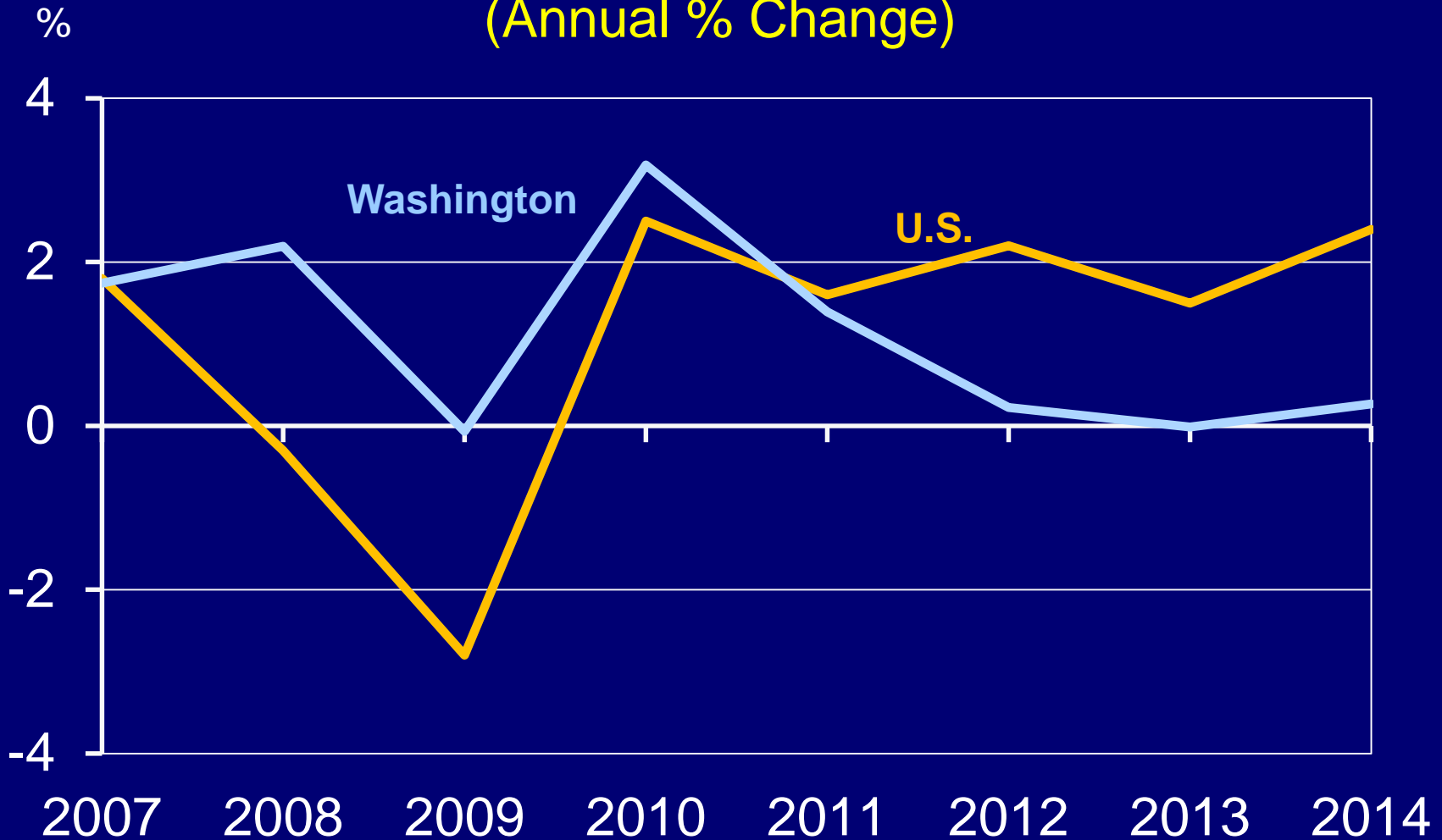
<u>Year</u>	<u>U.S.</u>	<u>Maryland</u>	<u>DC</u>	<u>Virginia</u>	<u>WMSA</u>
2010	2.5	2.5	2.8	2.4	3.2
2011	1.6	1.3	1.9	0.6	1.4
2012	2.2	0.4	0.0	0.7	0.2
2013	1.5	0.7	- 0.6	0.4	0.0
Ranking		40 <sup>th</sup>	47 <sup>th</sup>	43 <sup>rd</sup>	
2014	2.4	0.8	1.6	0.0	0.3
Ranking		37 <sup>th</sup>	25 <sup>th</sup>	49 <sup>th</sup>	

Source: U.S. Department of Commerce

# U.S. GDP and Washington Area GRP

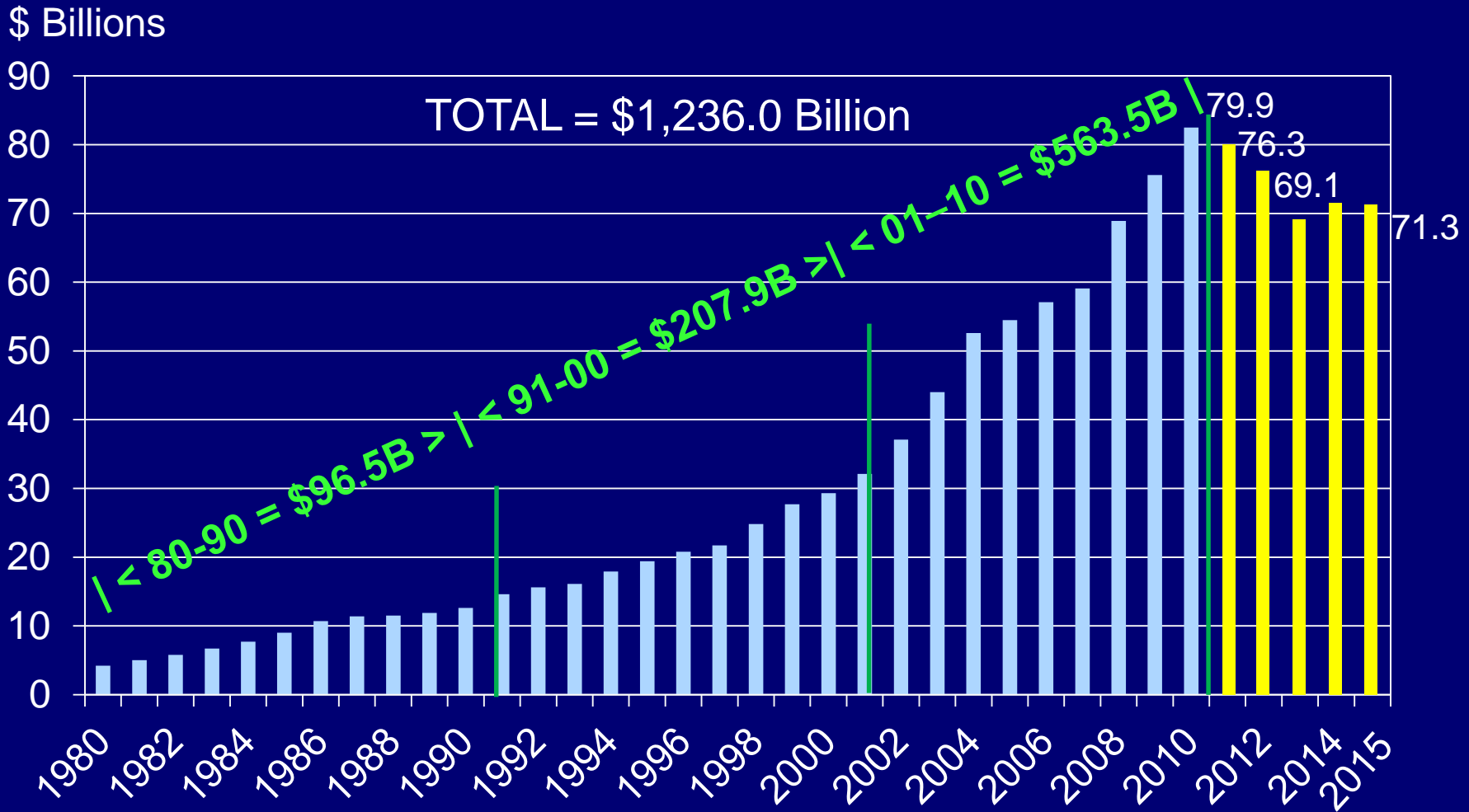
## 2007 – 2014

(Annual % Change)





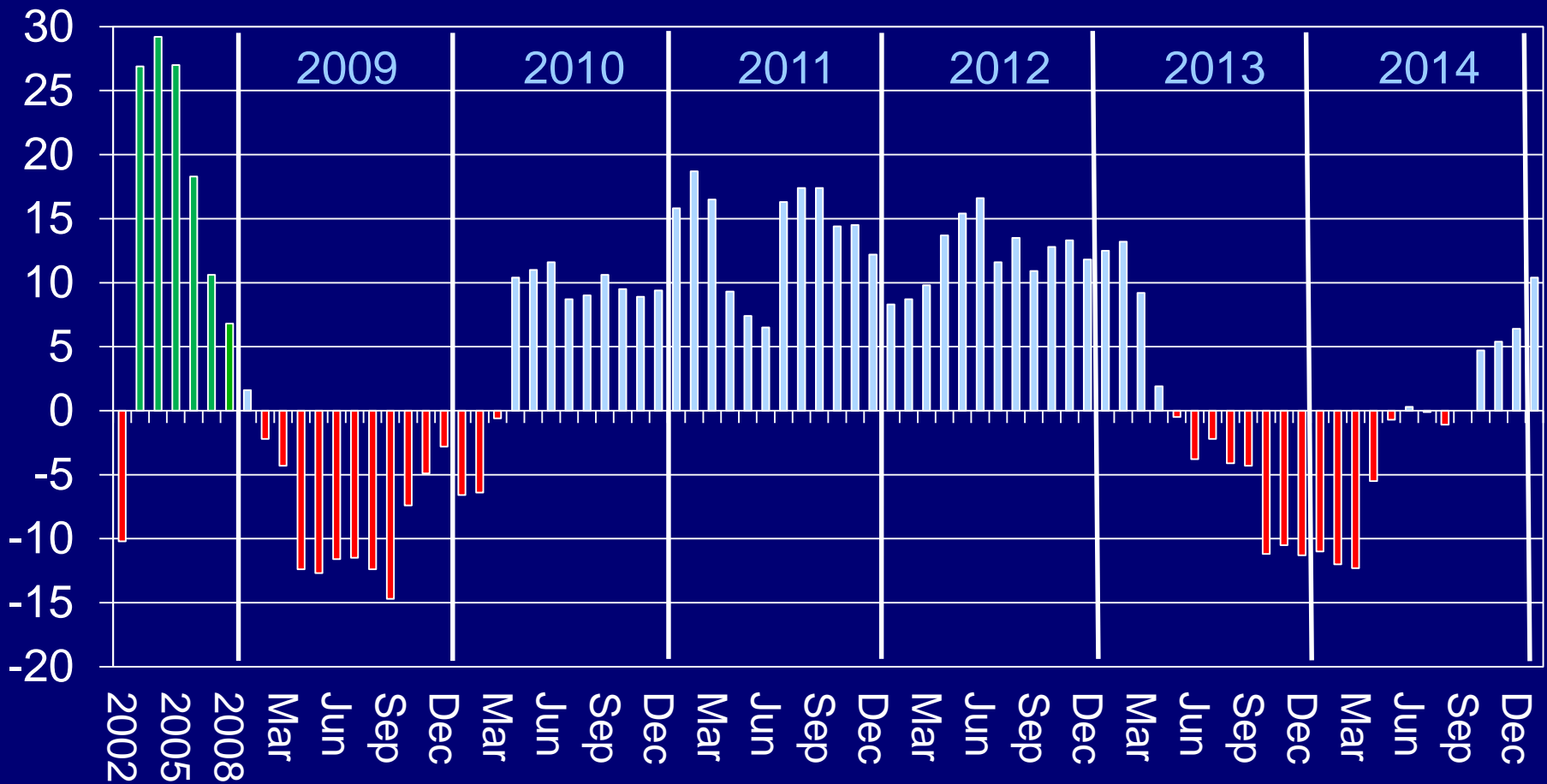
# Federal Procurement in the Washington Metro Area, 1980-2015



# Professional & Business Services Jobs in the Washington MSA

(000s) Annual Data

Annual Month over Year



# Professional & Business Services jobs in the Washington MSA

Annual Month Over the Year

(000s)

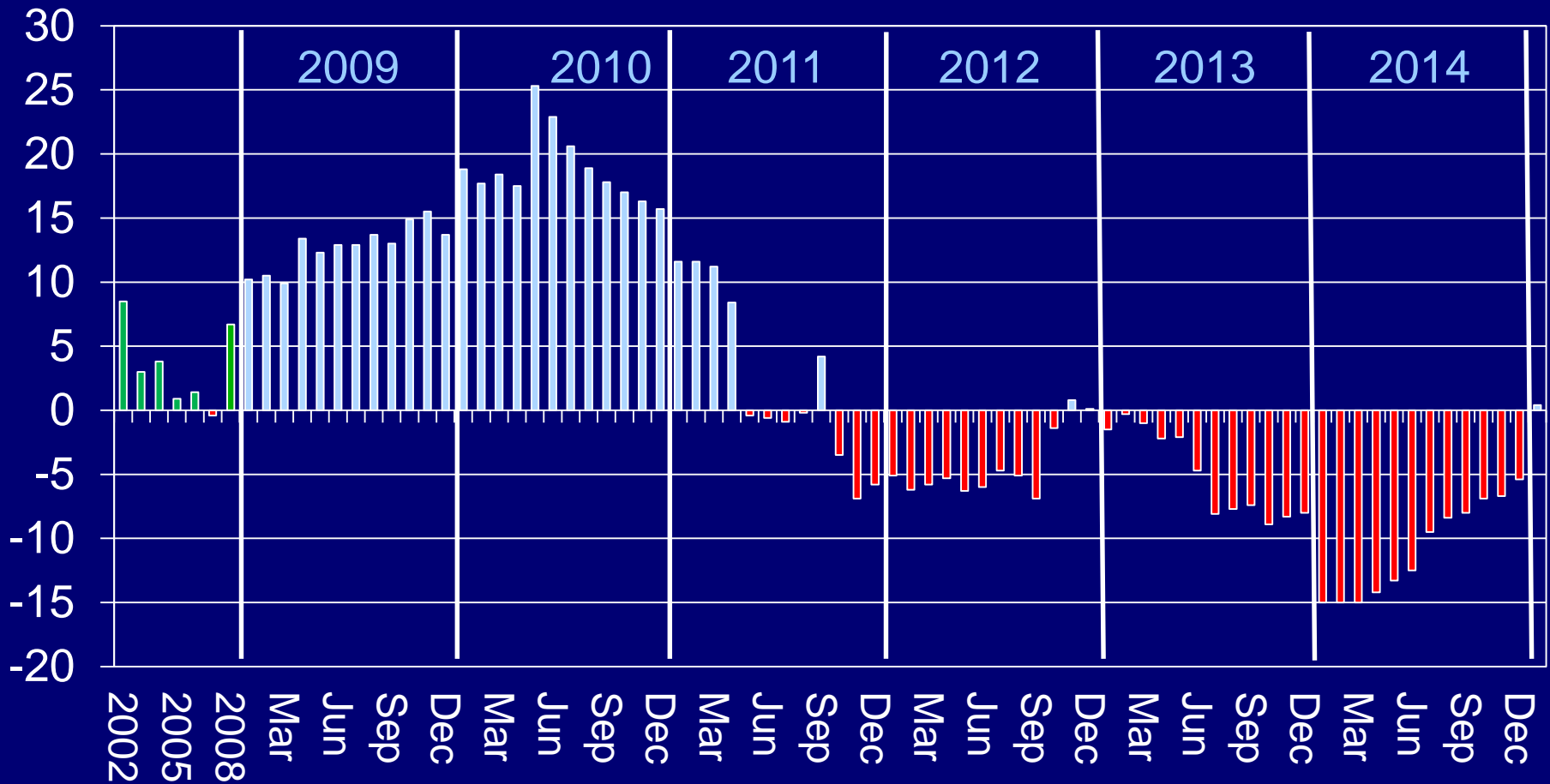
■ Prof., Sci. & Tech. Svcs & Mgt.    ■ Admin. & Waste Mgt.



# Federal Government Jobs in the Washington MSA

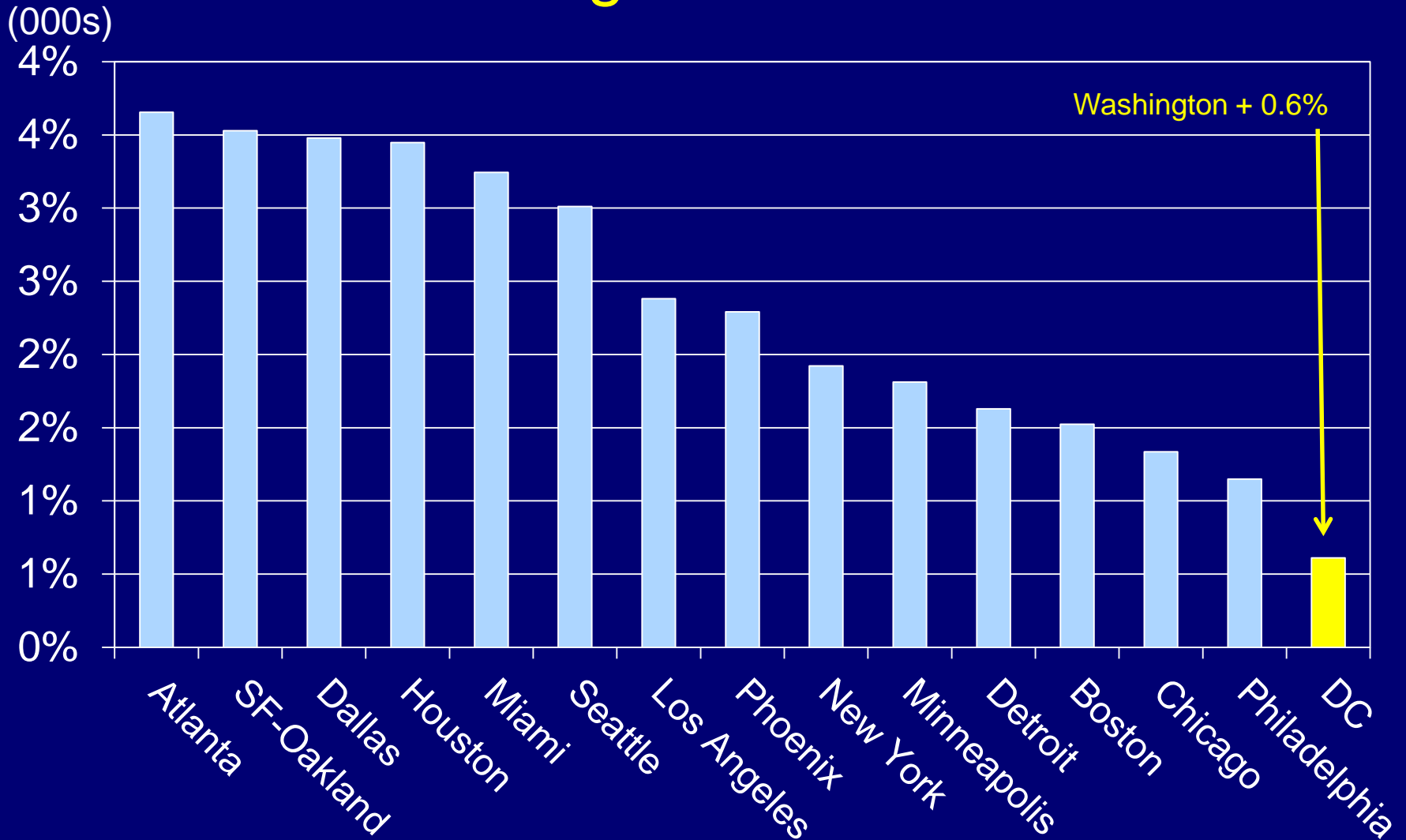
(000s) Annual Data

Annual Month over Year



# 15 Largest Job Markets

## Job Change: 2013 – 2014



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis

**Building on the Washington Region's  
Competitive Advantages and Its Proven  
Base of Non-Federally Dependent,  
Export-Based, High-Value Added  
Businesses**

# Washington Region's Competitive Advantages

Capital City/Federal Government Center  
International Governments and Institutions

Connectivity to the World

Concentration of Government and Business Leaders

High Quality-of-Life

Diverse Population

Breadth of Higher Educational Services

Educated Work Force

High Level of Labor Force Participation

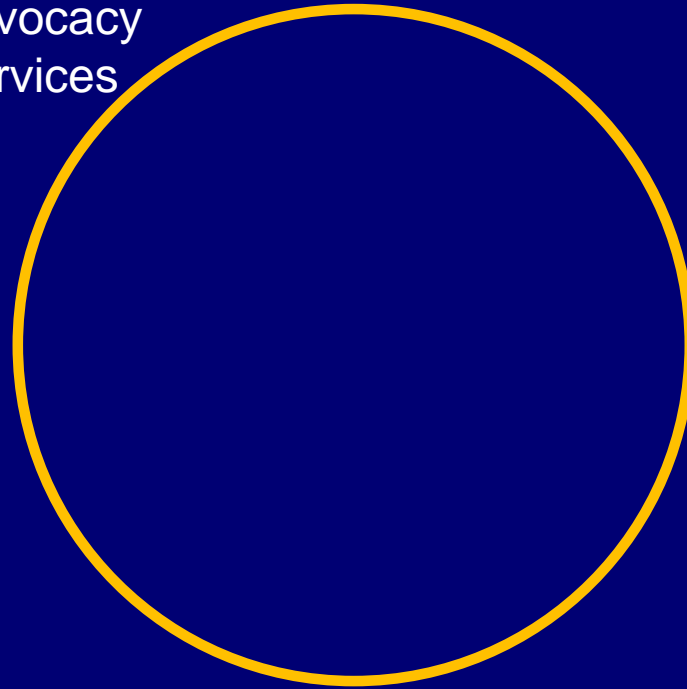
Advanced Occupational Specializations

# Defining the Washington Region's Advanced Industrial Clusters



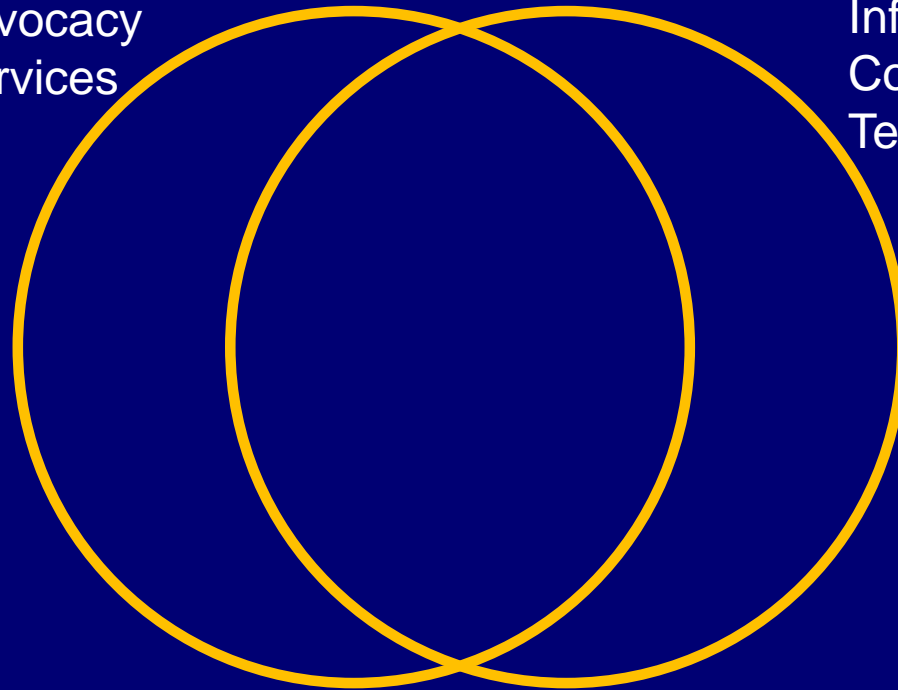
# The Washington Region's Advanced Industrial Clusters

Advocacy  
Services



# The Washington Region's Advanced Industrial Clusters

Advocacy  
Services



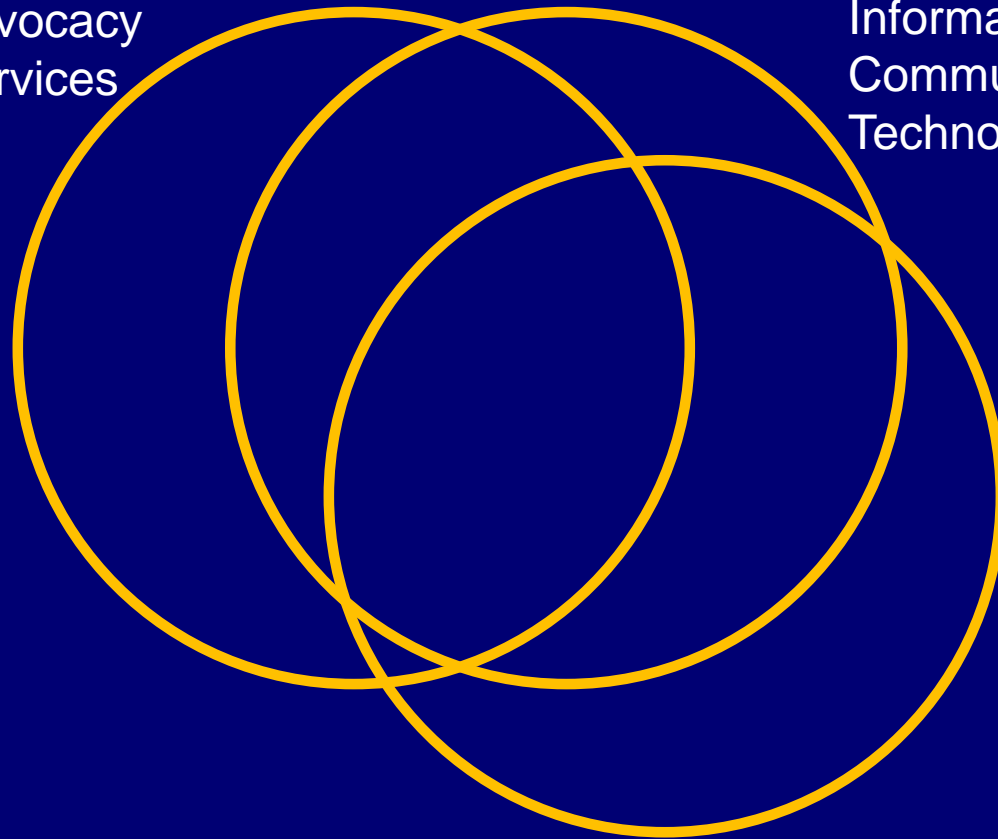
Information &  
Communications  
Technology Services

# The Washington Region's Advanced Industrial Clusters

Advocacy  
Services

Information &  
Communications  
Technology Services

Science &  
Security  
Technology  
Services



# The Washington Region's Advanced Industrial Clusters

Advocacy  
Services

Information &  
Communications  
Technology Services

Science &  
Security  
Technology  
Services

Bio & Health  
Technology  
Services



# The Washington Region's Advanced Industrial Clusters

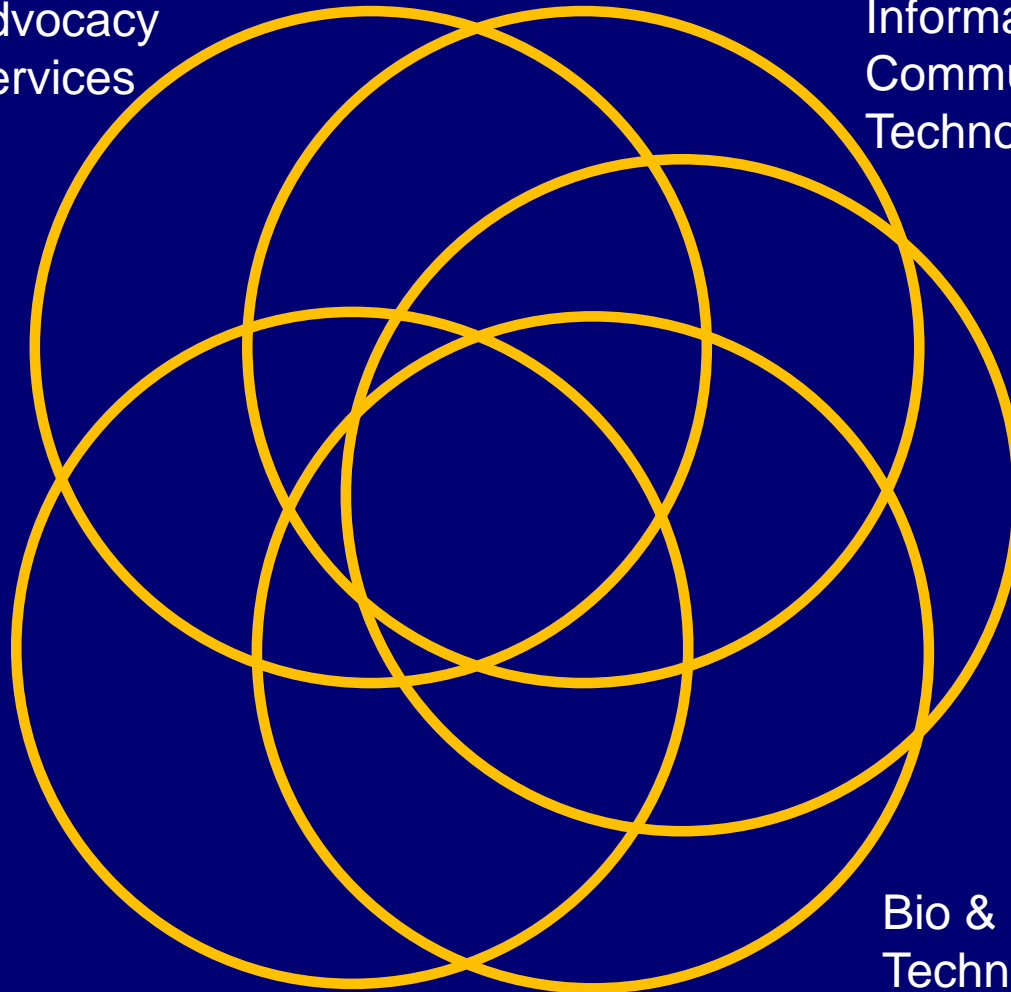
Advocacy  
Services

Information &  
Communications  
Technology Services

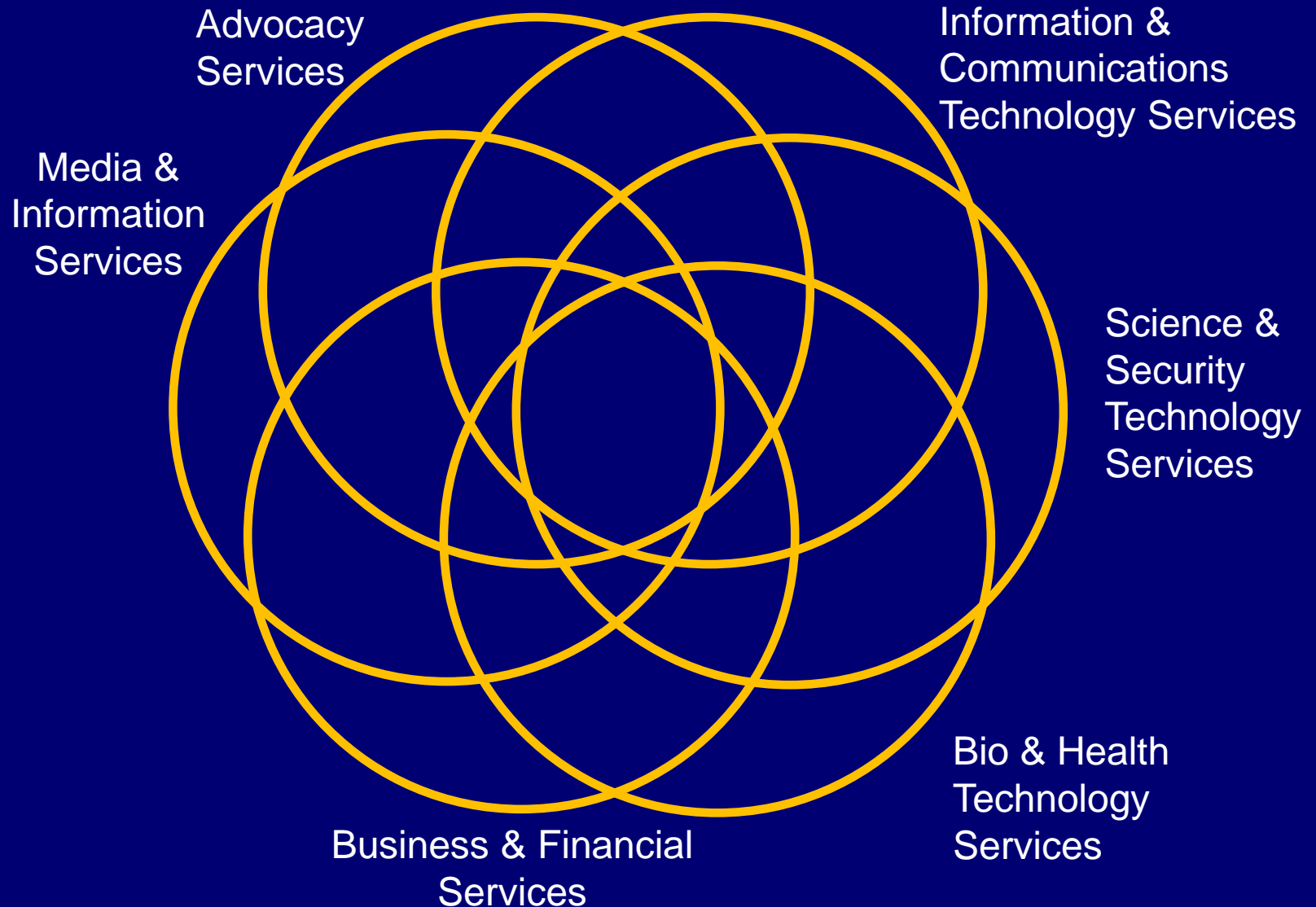
Science &  
Security  
Technology  
Services

Bio & Health  
Technology  
Services

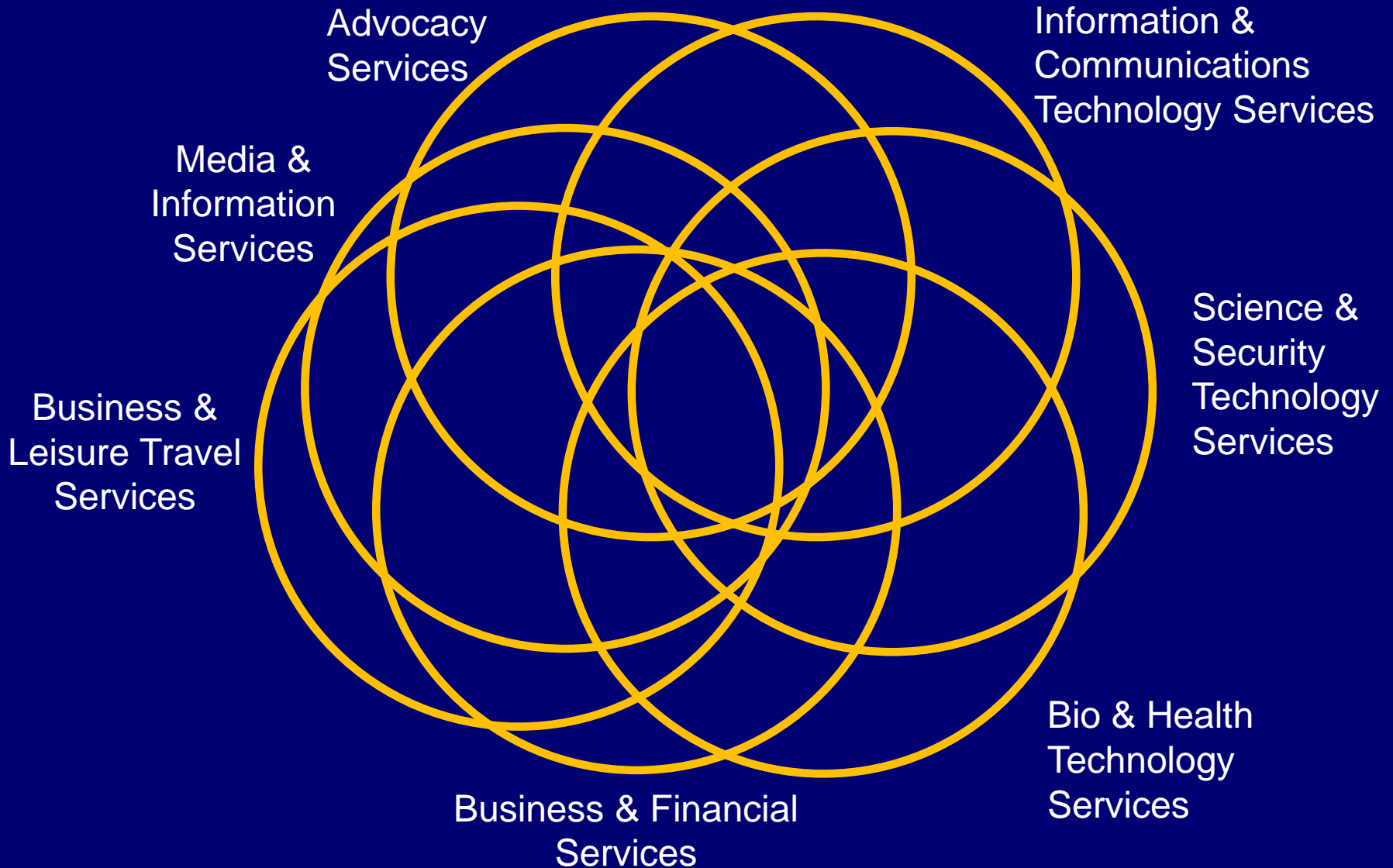
Business & Financial  
Services



# The Washington Region's Advanced Industrial Clusters



# The Washington Region's Advanced Industrial Clusters



# The Washington Region's Advanced Industrial Clusters: 2014 Employment

<u>Cluster</u>	<u>Jobs</u>	<u>%Change<sup>1</sup></u>	<u>LQ<sup>2</sup></u>	<u>Wage<sup>3</sup></u>
Advocacy Services	115,731	19.0	3.5	1.7
Info & Comm. Tech	204,489	5.5	2.7	1.4
Sci & Security Tech	123,785	18.6	1.8	1.6
Bio & Health Tech	55,396	25.1	2.0	1.6
Business & Fin. Serv.	190,128	38.9	1.8	1.6
Media & Info Services	35,745	- 20.1	1.5	1.7
Leisure & Business T.	85,919	- 1.3	1.1	1.3
All Clusters	811,193	14.5*	2.0	1.6

Sources: U.S. Bureau of Labor Statistics, JobsEQ, University of MD's Inforum

<sup>1</sup>2003-2014 Percent Change; <sup>2</sup>percentage of local employment in a cluster divided by its respective percentage nationally; <sup>3</sup>WMSA/US wage ratio; \*total job change for WMSA, 9.3%;



# The Washington Region's Advanced Industrial Clusters: Job Growth Forecast

<u>Cluster</u>	<u>2014-2025 Job Forecast</u>			
	<u>Low</u>	<u>%</u>	<u>High</u>	<u>%</u>
Advocacy Services	122,303	5.7	138,868	20.0
Info & Comm. Tech	213,621	4.5	224,872	10.0
Sci & Security Tech	135,707	9.6	147,104	18.8
Bio & Health Tech	58,388	5.4	67,929	22.6
Business & Fin. Serv.	218,851	15.1	269,053	41.5
Media & Info Services	36,292	1.5	41,667	16.6
Leisure & Business T.	87,807	2.2	91,512	6.5
All Clusters	872,969	7.6	981,005	20.9
All Jobs in WMA	3,092,270	4.0	3,402,570	14.4

# The Washington Region's Advanced Industrial Clusters: Job Growth Forecasts

(percent change over the period indicated)

	<u>2003-2014</u>	<u>2014-2025</u>	
		<u>Low</u> <sup>1</sup>	<u>High</u> <sup>2</sup>
Sum of Clusters	14.6%	7.6%	20.9%
Total Metro Job Growth	9.3%	4.0%	14.4%
US. Job Growth	5.1%	9.5%	9.5%

<sup>1</sup>continuation of 2011-2014 trends.

<sup>2</sup>reflecting historic growth patterns plus reversals based on national forecasts for declining clusters.

Source: Inforum, University of Maryland, December 2015

# Requirements for and Constraints to Future Economic Growth

# Requirements for Future Economic Growth: Major Themes

- Talent development, attraction and retention;
- The region's quality-of-life;
- Transportation flexibility and adaptability;
- Access to capital;
- Regional branding and national and global marketing;
- Entrepreneurial culture;
- Competition among local jurisdictions; and,
- Public costs and disincentives.

# Call-to-Action

- The development, attraction and retention of the talent required to support the workforce of the future, spanning entry level, continuing upskilling, advancement, and extending the work life of older workers, is a foundational requirement for growing a knowledge-based economy.
- The area's public school systems and local business organizations need to collaborate regionally to increase the quality of program curricula, invest in teacher development, and create internships and job-relevant educational experiences to ensure public school graduates have the necessary capabilities to pursue careers requiring advanced education and skills training.

# Call-to-Action

- The Consortium of Universities of the Washington Metropolitan Area needs to expand its mission and membership, and establish a region-wide university/business partnership to provide the talent required for the full career path of the region's future workforce.
- The quality of the region's living environment is critical to its ability to attract and retain the talent it needs to support growth of an advanced economy.
- There are two key requirements to achieve and maintain the region's QOL that necessitate regional solution: (1) housing affordability and (2) a transportation system that works.

# Call-to-Action

- Local governments need to initiate the region-wide analysis of the supply constraints and related costs that have resulted in the region's high housing costs and large number of non-resident commuters who have been forced to seek affordable housing beyond the region's boundaries. This analysis should consider (a) publicly imposed costs impacting new residential construction that contribute no real value to the finished product, (b) housing production goals should be considered at the jurisdictional level, and (c) policies affecting land-use mix, densities and redevelopment areas need to be considered. Non-profit organizations and private residential developers should collaborate to develop and adopt solutions to increase the supply of and protect the existing stock of affordable housing in all jurisdictions.

# Call-to-Action

- The region's transportation system is failing. The combination of disinvestment in the system's maintenance, failure to invest in system-wide capacity expansion in anticipation of future growth and failure to design and institute a regional management organization with financial authority have precipitated the system's current status, one that must be corrected if the Washington region is to remain competitive.
- In the short term, DC, Virginia and Maryland need to formulate and adopt a dedicated funding source for WMATA.
- In the longer term, the region should consider establishing a tri-state transportation authority to plan, finance, construct and operate the region's multi-modal transportation system designed to fulfill the region's mobility requirements of the 21<sup>st</sup> Century.



# Call-to-Action

- The reputation of the Washington region as a good place to do non-federal business is weak; the region's business image is overshadowed by its image as the seat of the Federal government. The development of a business brand for the region needs to be initiated by the private sector as the public sector is too fragmented and competitive to come to consensus on a singular regional brand.
- The region's chambers of commerce and business and professional organizations, coming together in a transparent and collaborative process, can succeed in designing and implementing an impactful brand for the region as a global business center. Marketing the region's business brand to national and international media and business organizations will require long-term financial commitment to this process.

# Call-to-Action

- Establishing a culture of collaboration among local jurisdictions should be given high priority as non-collaboration has high costs. MWCOCG provides the region's principal collaborative platform for local governments and should to provide the leadership to foster collaborative solutions to regional problems.
- An important initiative would be to institute region wide collaboration on economic development efforts to present the Washington region as an interdependent economy to non-local business investors as they undertake their initial location analyses.
- Elected officials could play a role in seeking cost savings and improved service quality by teaming in the delivery of public services across jurisdictional boundaries.

# Call-to-Action

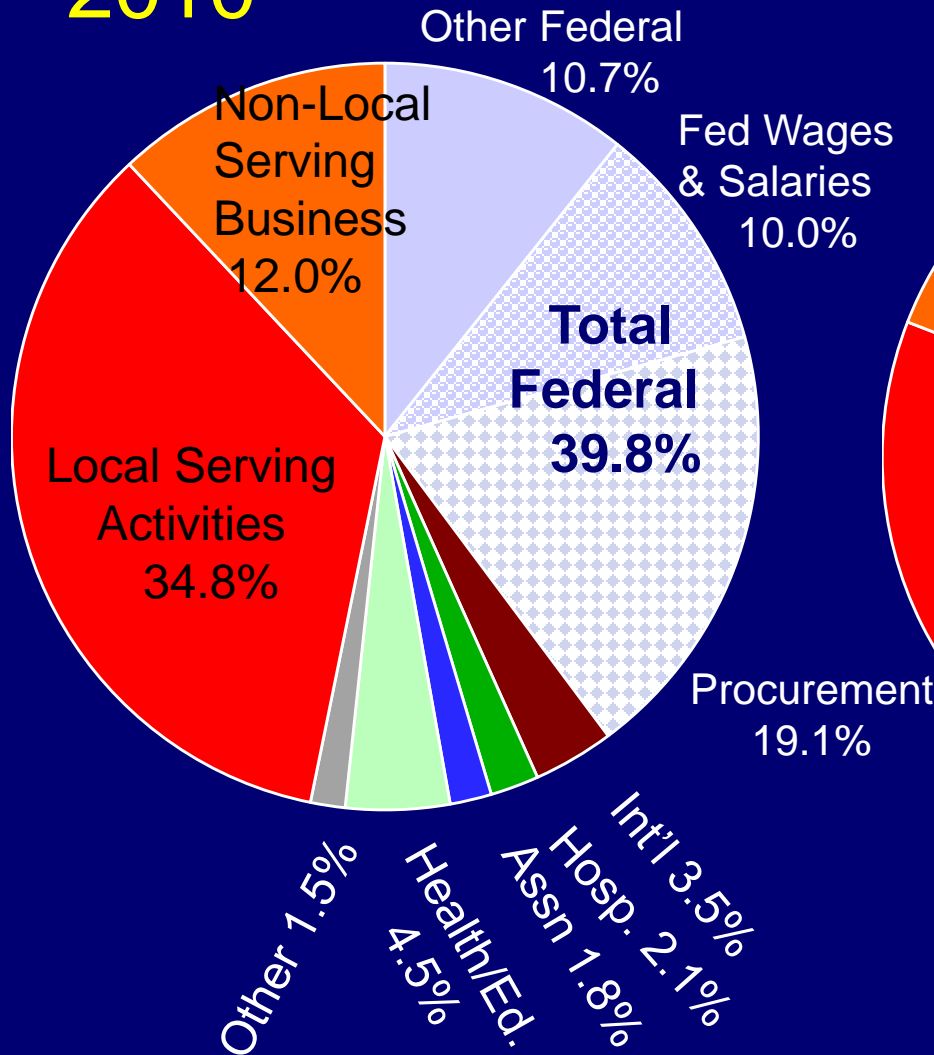
- The Washington region is an expensive place in which to live and to operate a business. Additionally, there are cost differentials within the region that disadvantage some jurisdictions and favor others. Unless these higher costs can be rationalized, it is in the interest of higher-cost jurisdictions to assess their regulatory and administrative fees and charges to determine whether these are business-location neutral within the region. The existence of these local cost differentials adds complexity and reinforces external investors' and business leaders' negative opinions about locating and/or doing business in the Washington market.
- Reducing counter productive fees and administrative costs imposed by the region's local governments will enhance its attractiveness for business investment. Each jurisdiction should assess its fees and charges to identify opportunities for lowering its costs of doing business.

# This Call-to-Action Must Be Regional

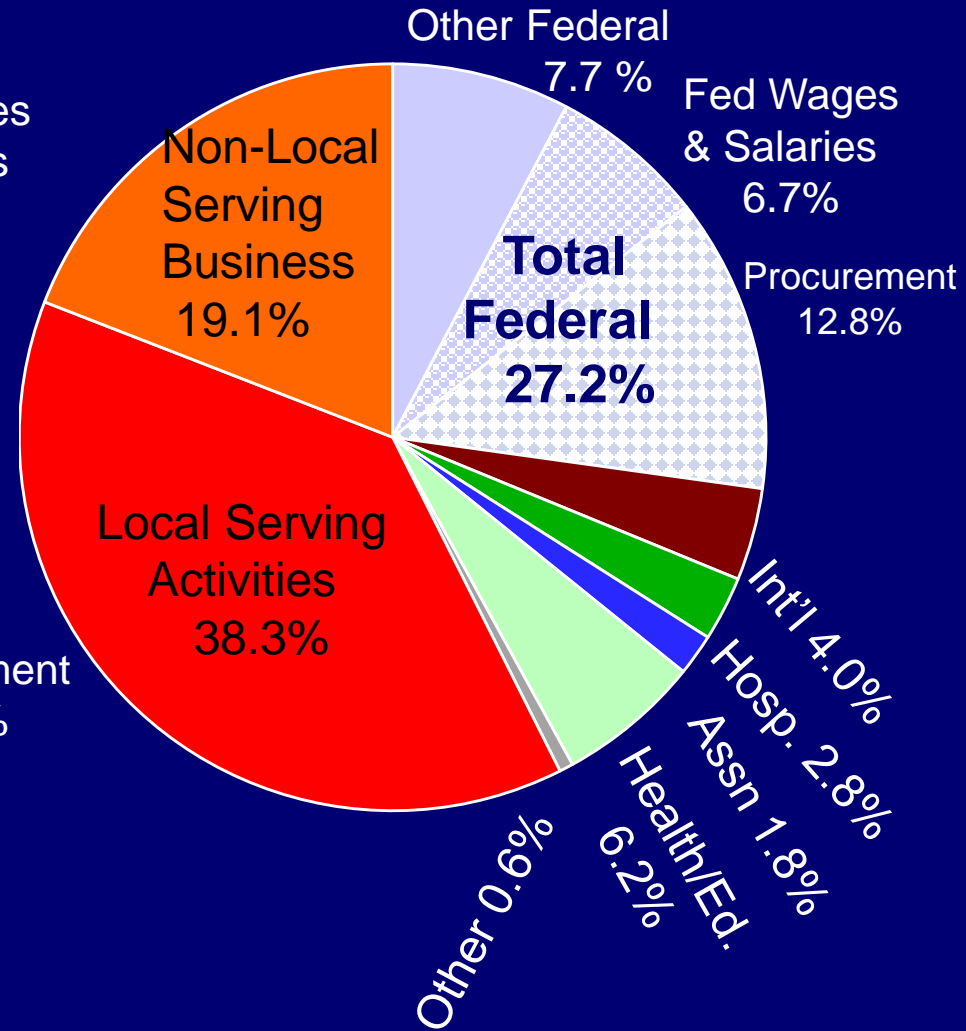
- None of these actions can be more effectively achieved at the individual organizational or jurisdictional level than at the regional scale.
- All of these actions have real as well as implied economies of scale.
- The region's interdependencies will require proactive collaboration among the public and private sectors and strong leadership across multiple local organizations and governments.

# Structure of the Greater Washington Economy

2010



2020



# Thank You & Questions

[2030roadmap.com](http://2030roadmap.com)

[cra.gmu.edu](http://cra.gmu.edu)