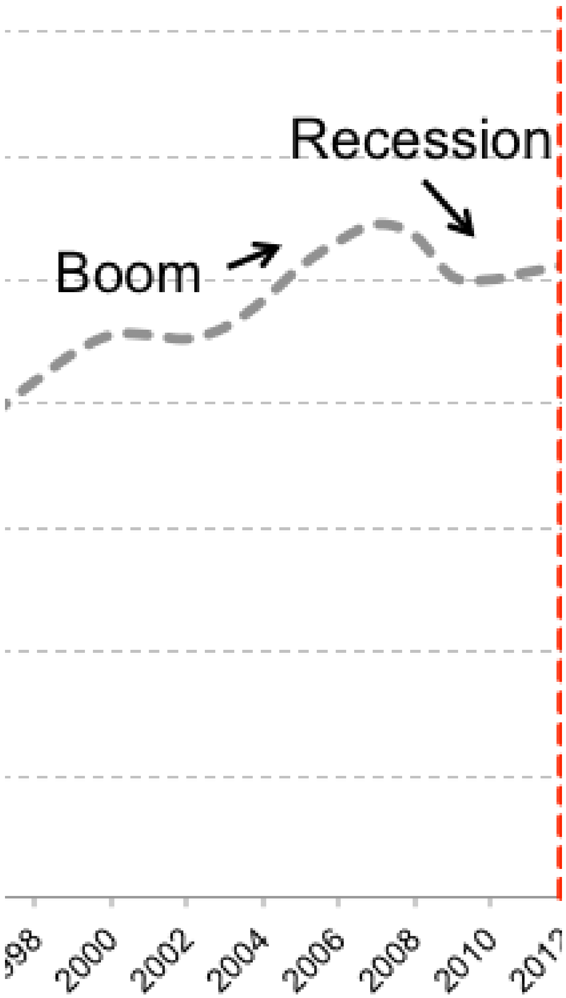
Economic Centers: Connecting for Competitiveness

Gregg Logan, RCLCO for MyRegion.org | March 1, 2012

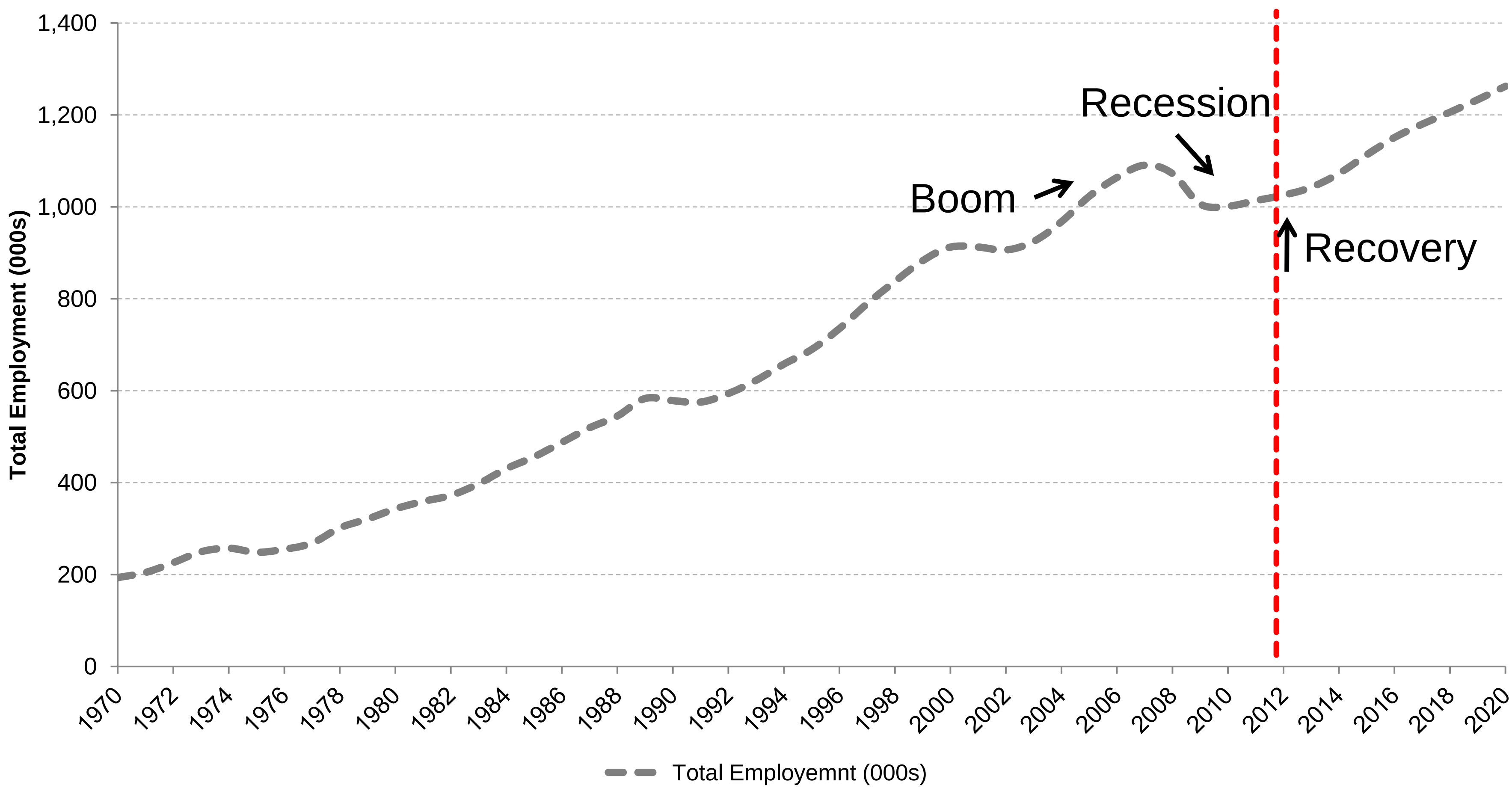
JOB GROWTH HISTORY AND PROJECTIONS ORLANDO MSA

The importance of looking at the whole picture…



JOB GROWTH HISTORY AND PROJECTIONS ORLANDO MSA

Economy.Com's Historical / Projected Annual Employment Change Orlando MSA (Thousands) 1970-2020



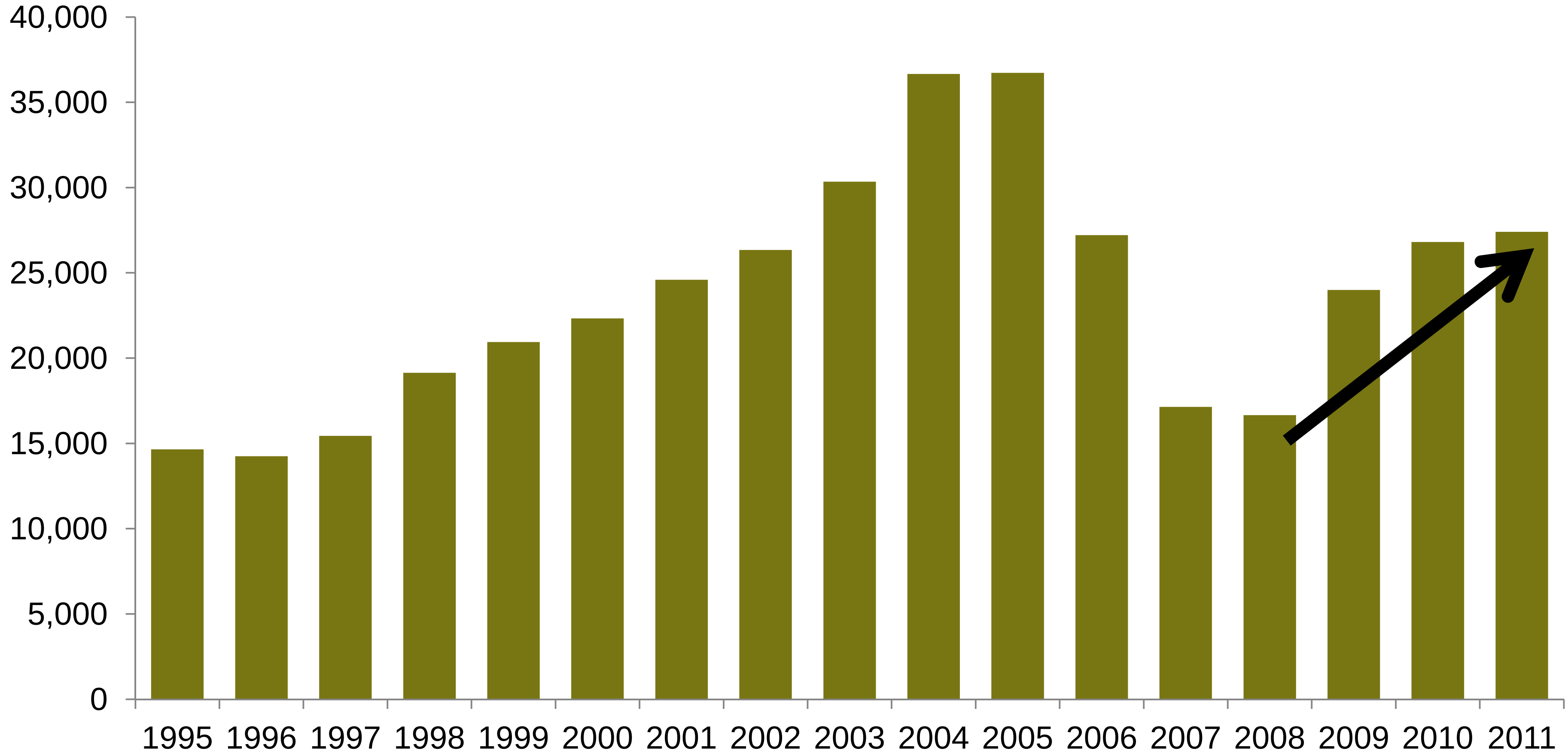
SOURCE: Moody's Economy.com, February 2011

JOB GROWTH HISTORY AND PROJECTIONS ORLANDO MSA

- What kinds of jobs?
  - Florida overall well positioned to capture jobs in
    - Accommodations and food service
    - Finance and insurance
    - Professional and technical services
- Professional and technical services include research, services, technology
  - Biotechnology and life sciences
  - 150 Companies employ 9,248 employees with $2.6 billion in earnings
  - Cluster potential to grow to 30,000 jobs and $7.6 billion over next 10 years
- Southeast Orlando:
  - Sanford-Burnham Medical Research Institute
  - UCF College of Medicine, Burnett School of Biomedical Sciences
  - MD Anderson Cancer Institute
  - UF Research and Academic Center

HOME SALES INCREASING AGAIN…

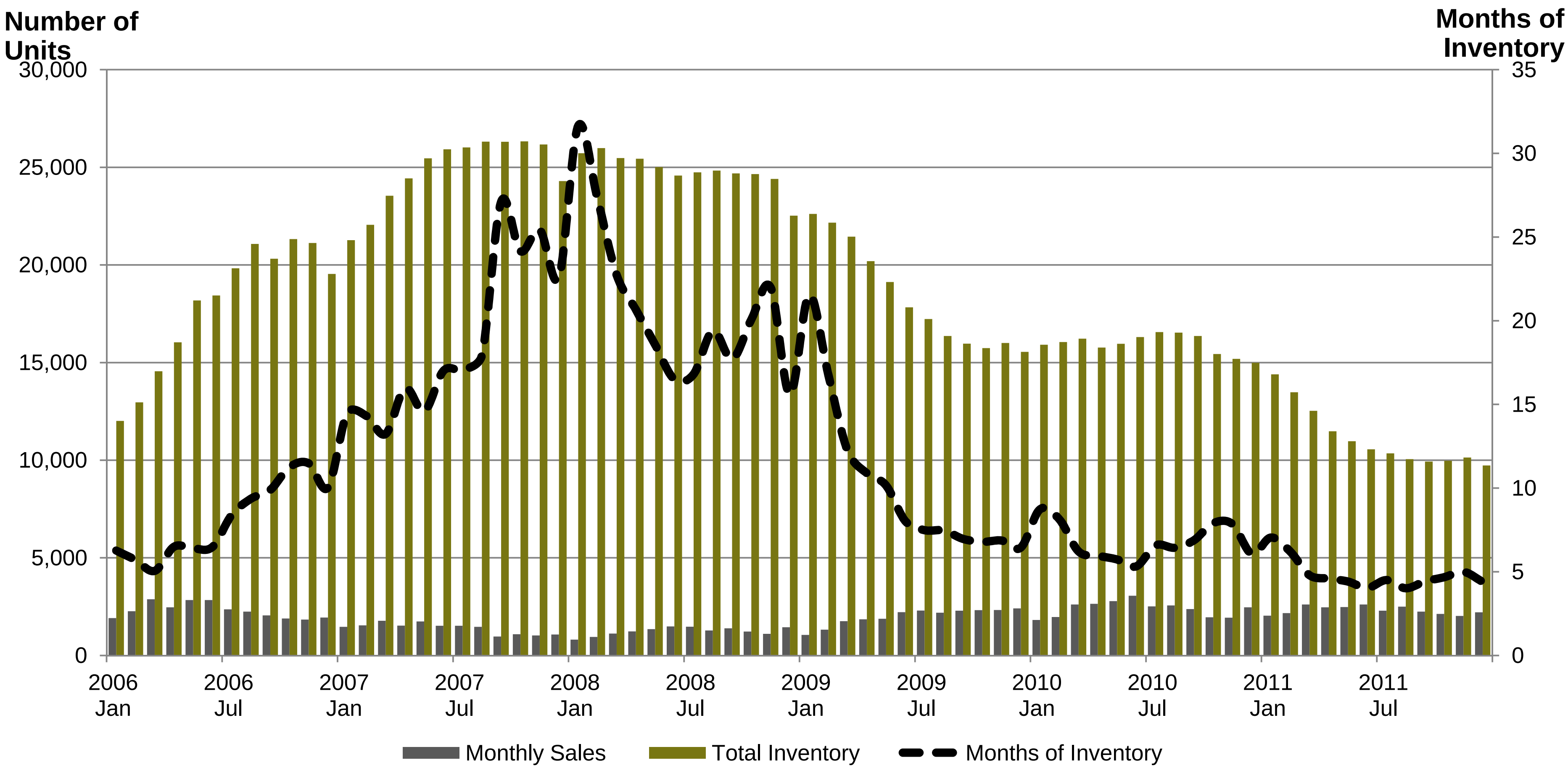
Existing SFD Home Sales
Orlando MSA, Florida, 1995–2011



SOURCE: Florida Association of Realtors

INVENTORY DOWN DRAMATICALLY – APPROXIMATELY 5 MONTHS OF RESALE INVENTORY IN ORLANDO

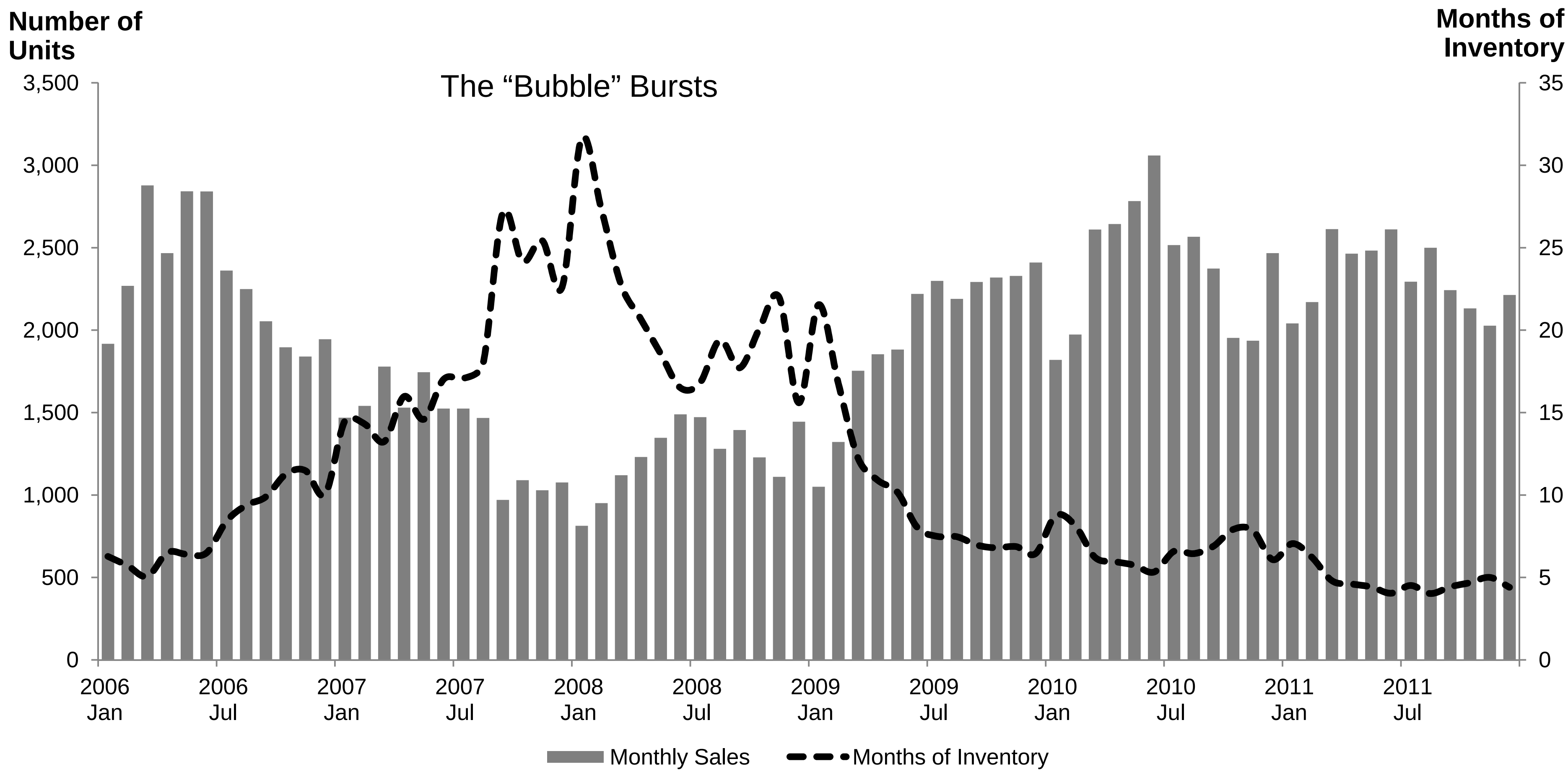
Historical Inventory vs. Sales, Orlando MSA
2004-2011



SOURCE: Orlando Regional Realtor Association

…AND INVENTORY IS SHRINKING

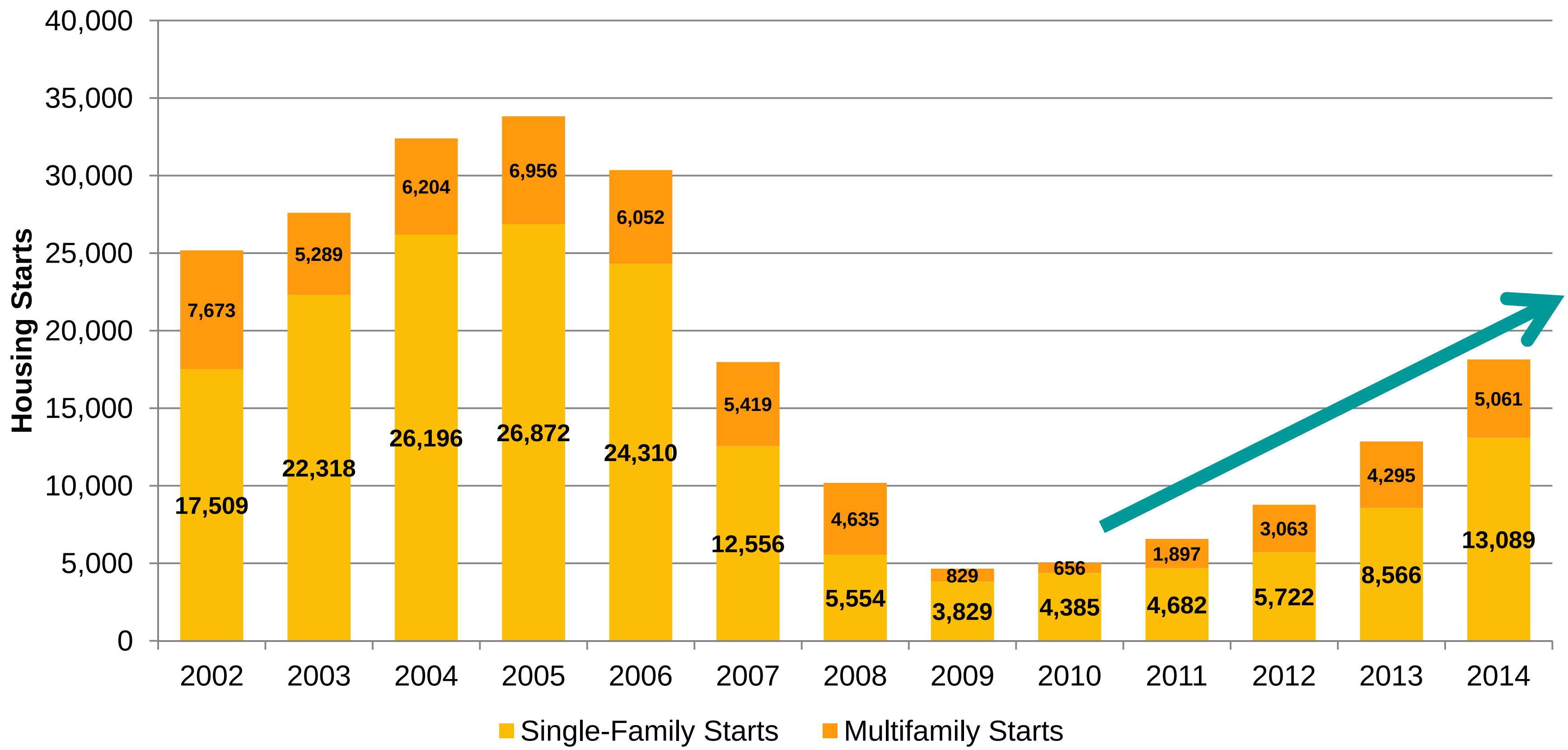
Inventory vs. Sales, Orlando MSA
2006-2011



SOURCE: Orlando Regional Realtor Association

UCF - HOUSING CONSTRUCTION INCREASING 2010 – 2014 AS DEMAND INCREASES

Historical and Projected Annual Housing Starts (Thousands)
Orlando MSA, FL
2002-2014

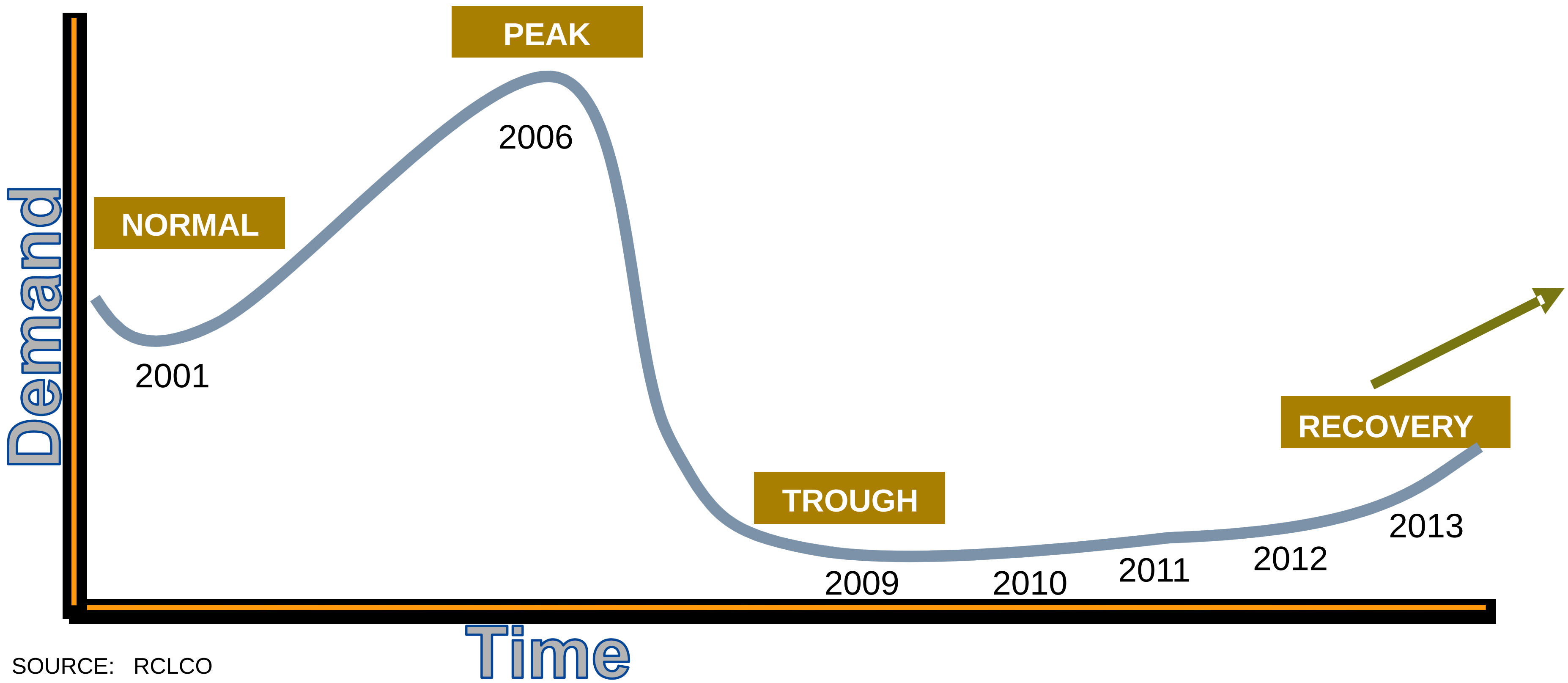


SOURCE: UCF Institute for Economic Competitiveness, October 2011

2014 – THE NEXT "NORMAL" YEAR

SLOW TO MODERATE GROWTH THROUGH RECOVERY

- Moderate job growth in 2011
- Housing starts increase in 2012
- Lending standards improve 2012
- Boomers slowly returning the market 2012 – 2014
- GenY impacts rental demand 2010 – 2015; for-sale 2015+



SOURCE: RCLCO

JOB CORE AREAS, OR "CENTERS"

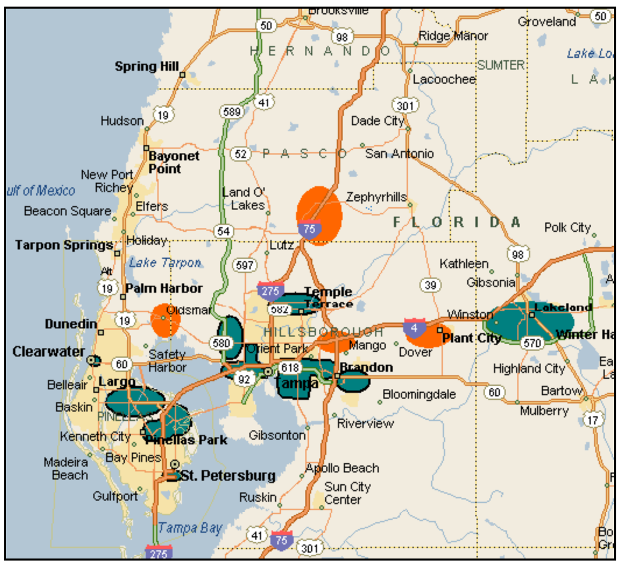
THE BUILDING BLOCKS OF REGIONS

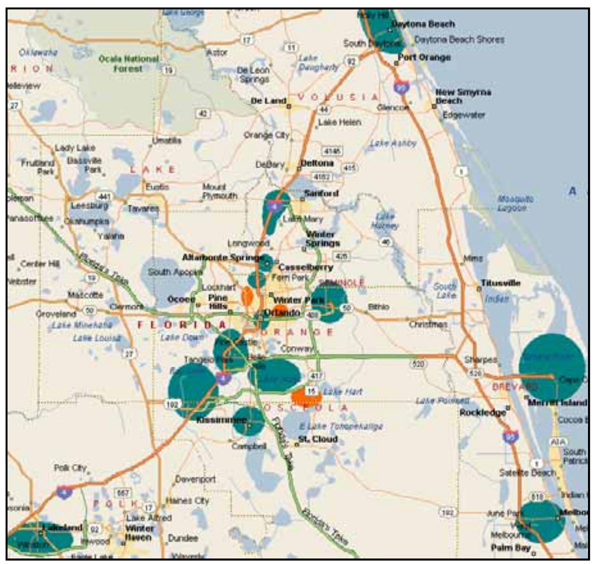
Employment Centers drive the development pattern

- Regions grow around multi-dimensional regional centers
- Places where employment, education, civic, and recreation combine to serve the region's population and economic activity
- These are the places that benefit most from *mobility connectivity*

New Centers are needed for job growth

- Correlation between the number and characteristics of economic centers and total jobs



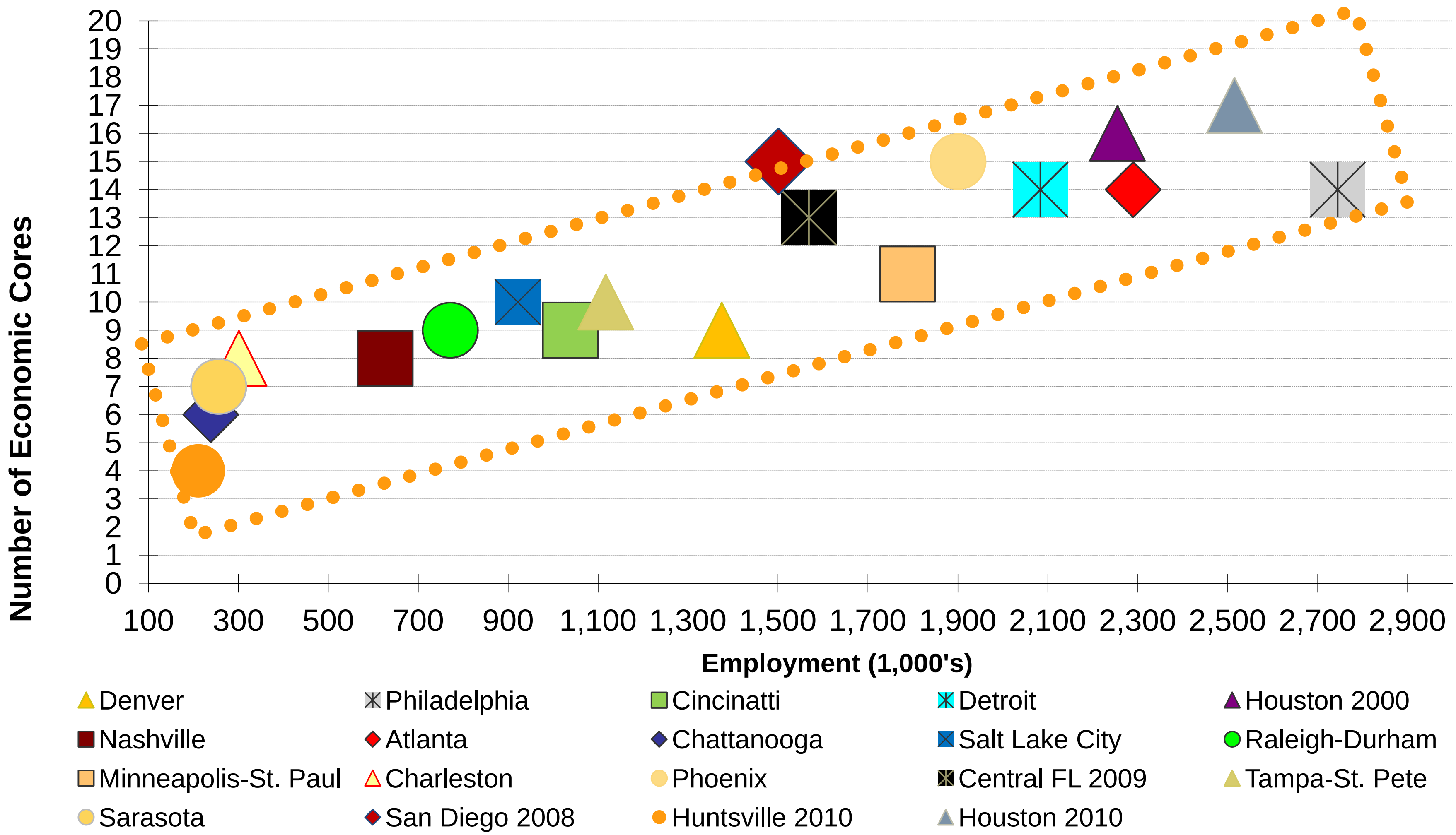


LOCATION OF KEY JOBS DRIVE REGIONAL GROWTH PATTERNS

- RCLCO research of 15 regions shows recurring patterns:
  - 35% to 40% of regional employment locates in defined employment core,
    - Majority of the higher-paying, “export-oriented” jobs locate in such Centers
      - Export jobs “export” goods and services, import income
  - Number of region’s cores correlated to total employment, and their locations are rational
    - New cores emerge around transportation infrastructure
    - Are more likely in Favored Quarter locations
  - *Where jobs locate drives growth pattern*

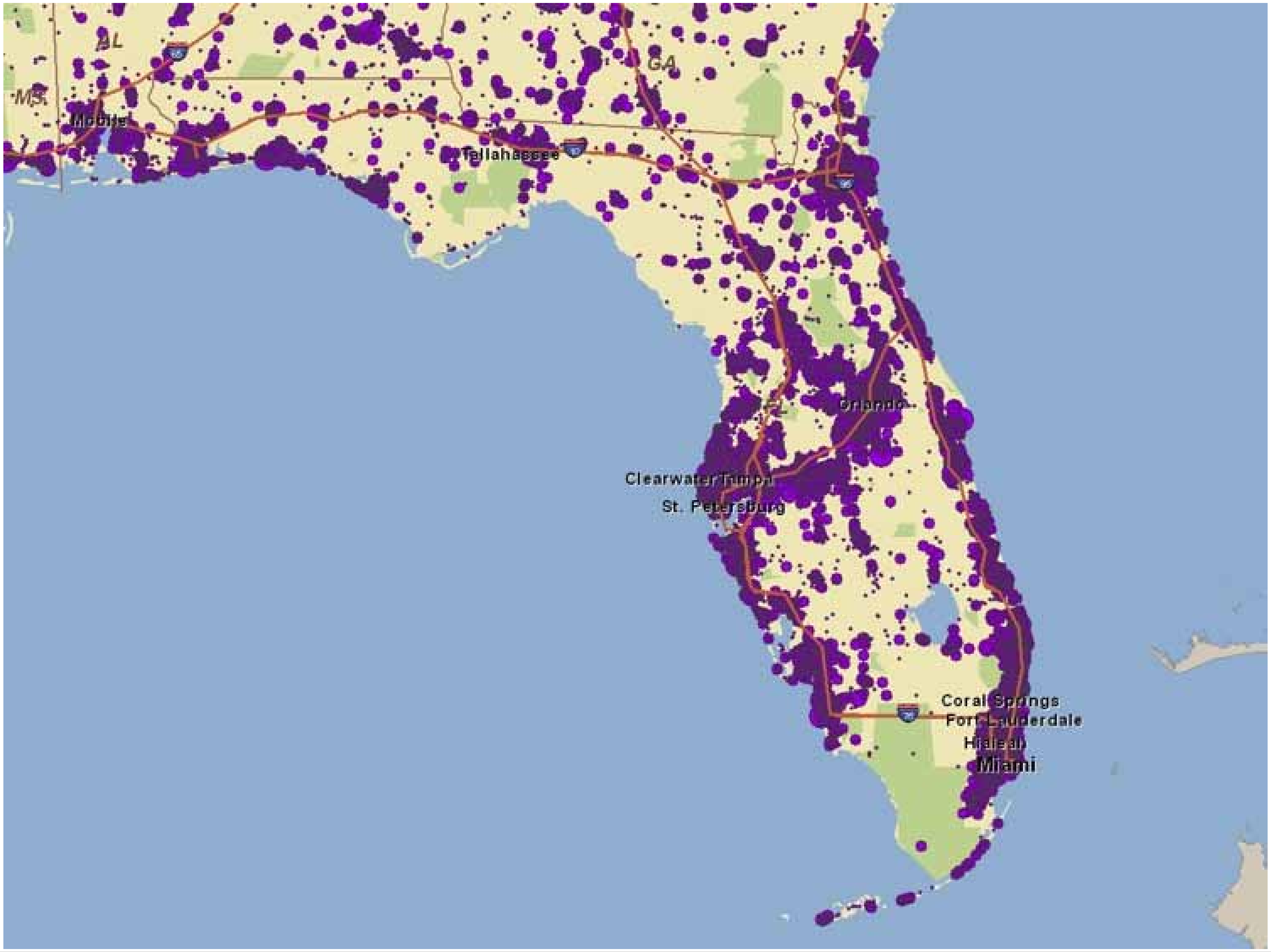
SOURCE: RCLCO

EXPORT AND REGIONAL SERVING EMPLOYMENT LOCATES IN CENTERS, DRIVES GROWTH PATTERN



RCLCO

EMPLOYEE CONCENTRATIONS IN FLORIDA ALIGN WITH MAJOR HIGHWAYS / EXPRESSWAYS



INFLUENCE OF TRANSPORTATION

- Majority of major employment cores located along highways and interchanges
  - High paying jobs concentrate along major highways, clustering at interchanges
  - Jobs locations grow faster when highway access is available
- System to system interchanges are even more beneficial
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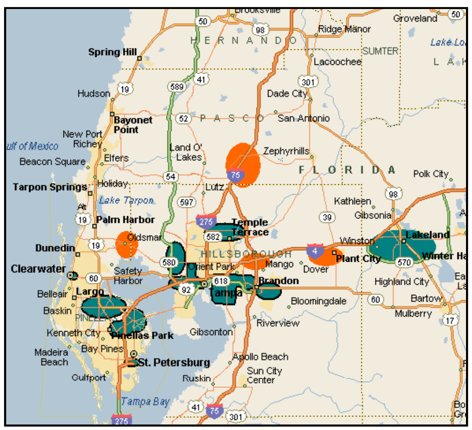
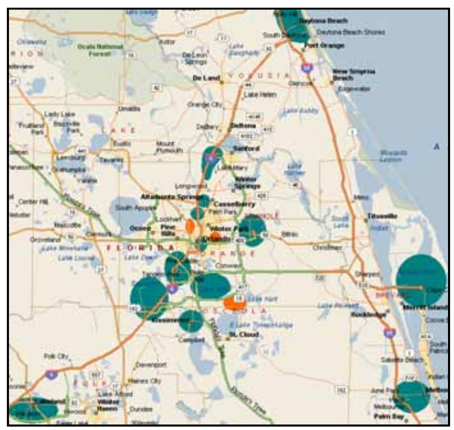
  - Get regional connectivity





INFLUENCE OF CENTERS ON REGIONAL GROWTH PATTERNS

- **Center characteristics similar across regions**
  - Tend to be certain size
  - Similar numbers of housing units (jobs/housing ratio)
  - Regions have a tendency to have similar typologies of centers
  - Regions need Centers to grow, and need to add new centers
    - Not all centers become job centers or drive economy – retail places for example
    - Higher-end office cores typically follow households

Planning for new cores

- Existing cores densify over time – there is still the need to add more
- A given site's potential determined by where it is in relation to a center
- Growth of centers follows similar trajectory (e.g. next office cores after 5000 jobs)
- Transportation network can support/drive where they go
- Not all transportation routes support or grow centers

Source: RCLCO

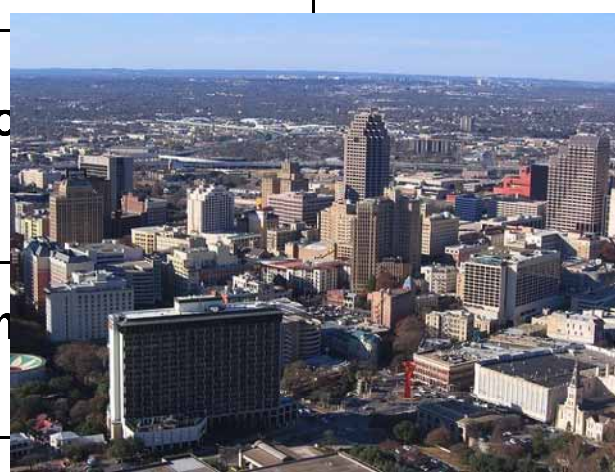
6 TYPES OF JOB CORES
SHARE SIMILAR CHARACTERISTICS ACROSS REGIONS

CORE TYPE	EXAMPLES
Urban Centers	Downtown Orlando, Downtown Tampa, Downtown St. Petersburg
Catalytic Core	Disney Resorts, FL, Universal Studios, FL, University of Central Florida
Industrial Core	I-4/Turnpike Crossing, Orlando Airport and Surroundings
Favored Quarter Office Core	Lake Mary, FL, Maitland, FL
Historic Satellite Cities/Towns	Daytona Beach, FL, Kissimmee, FL, Lakeland, FL,
Retail Cores	Florida Mall Area, Orlando FL

SOURCE: RCLCO

SMALL CITY CORE CHARACTERISTICS

Small Cities (Employment Below 1.5 Million)	
Average Number of Cores	8
Size Range (#Jobs) of Cores in Small Cities:	15,000-58,000
Average Size of Cores in Small Cities Excluding CBD:	29,000
Size Range of Co Cities Excluding	0-48,000
Average % of Em Within Cores	38%



Source: RCLCO

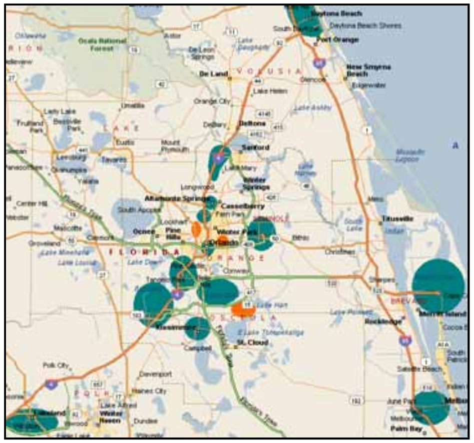
BIG CITY CORE CHARACTERISTICS

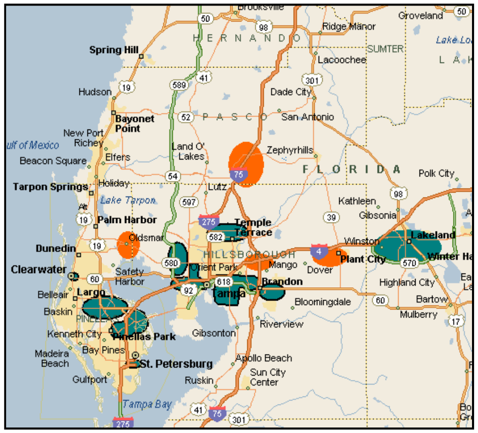
Large Cities (Employment Above 1.5 Million)	
Average Number of Cores	14
Size Range (# Jobs) of Cores in Large Cities:	47,000-74,000
Average Size of Cores in Large Cities Excluding CBD:	53,000
Size Range of Cores in Large Cities Excluding CBD:	43,000-64,000
% of Employment Within Cores	38%

Source: RCLCO

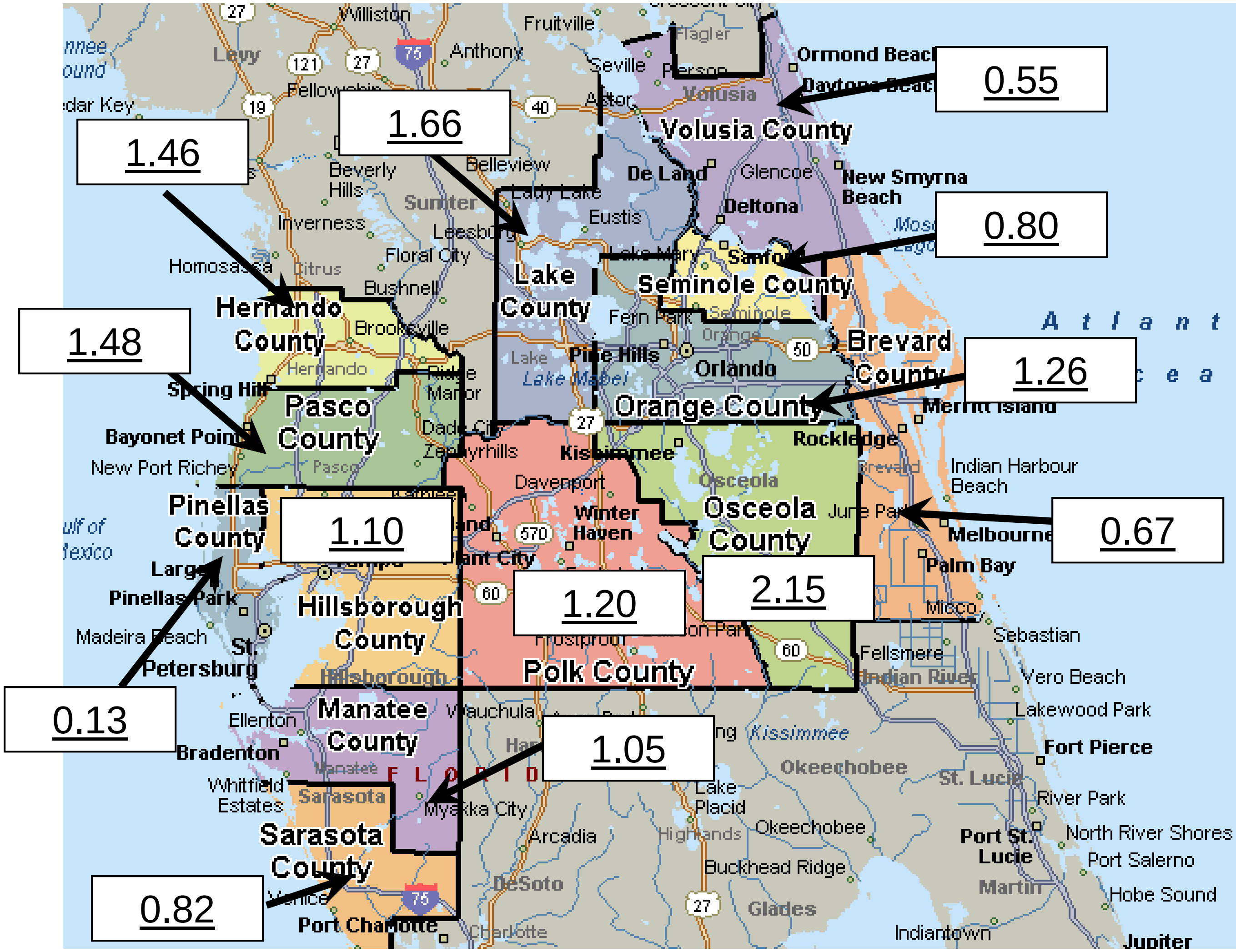
PREDICTING GROWTH:
THREE CORE TYPES DRIVE GROWTH

- **Existing Core**
  - Large employment cores already shaping regional growth patterns-tend to have more than 25,000 jobs
- **Emerging Cores**
  - Enough job growth over next 10 to 20 years to shape regional growth and development patterns - will have approximately 25,000 or more by 2030
- **Likely New Core**
  - Areas of regions likely attract significant employment growth in the next 20 years, but will have less than 25,000 jobs in 2030





GROWTH MOMENTUM INDEX



Score of less than 1 means area is LOSING market share

Score of greater than 1 means area is GAINING market share

Formula:

Numerator = share of region's growth

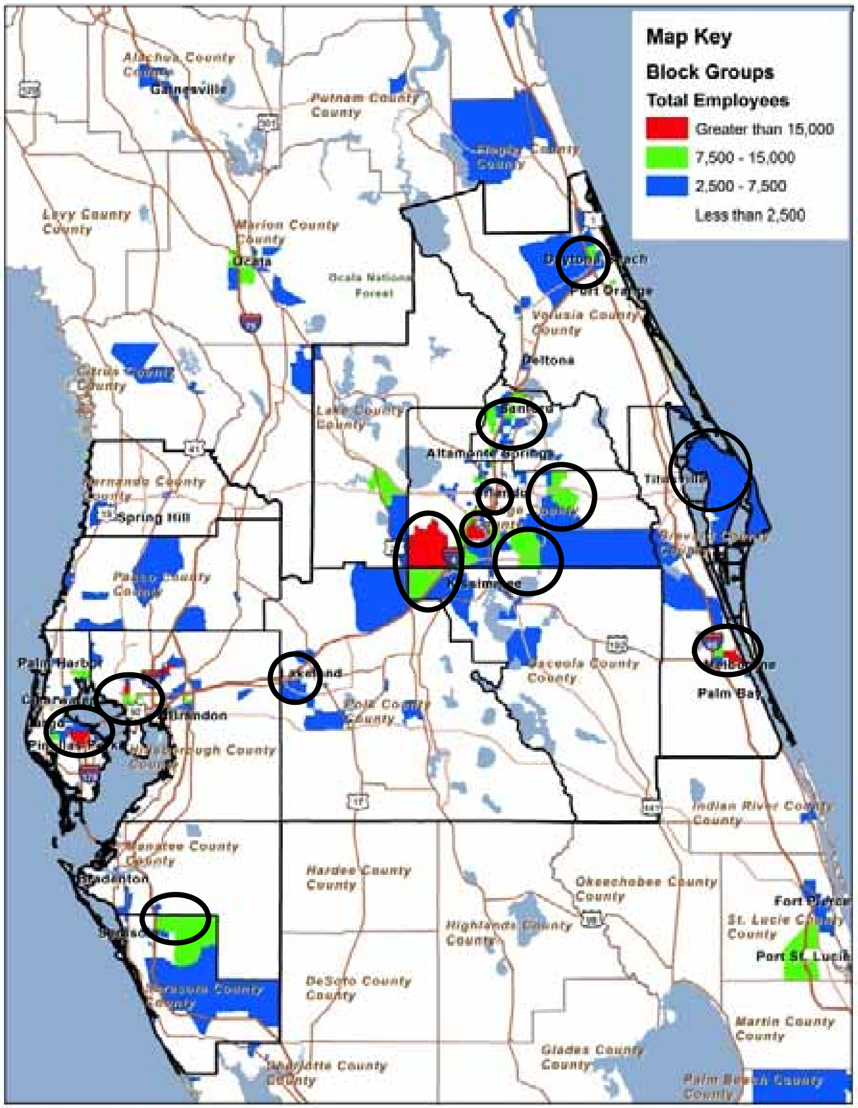
Denominator = share of population

Source: BEBR June 2011

EMPLOYMENT TENDS TO CONCENTRATE IN CENTERS

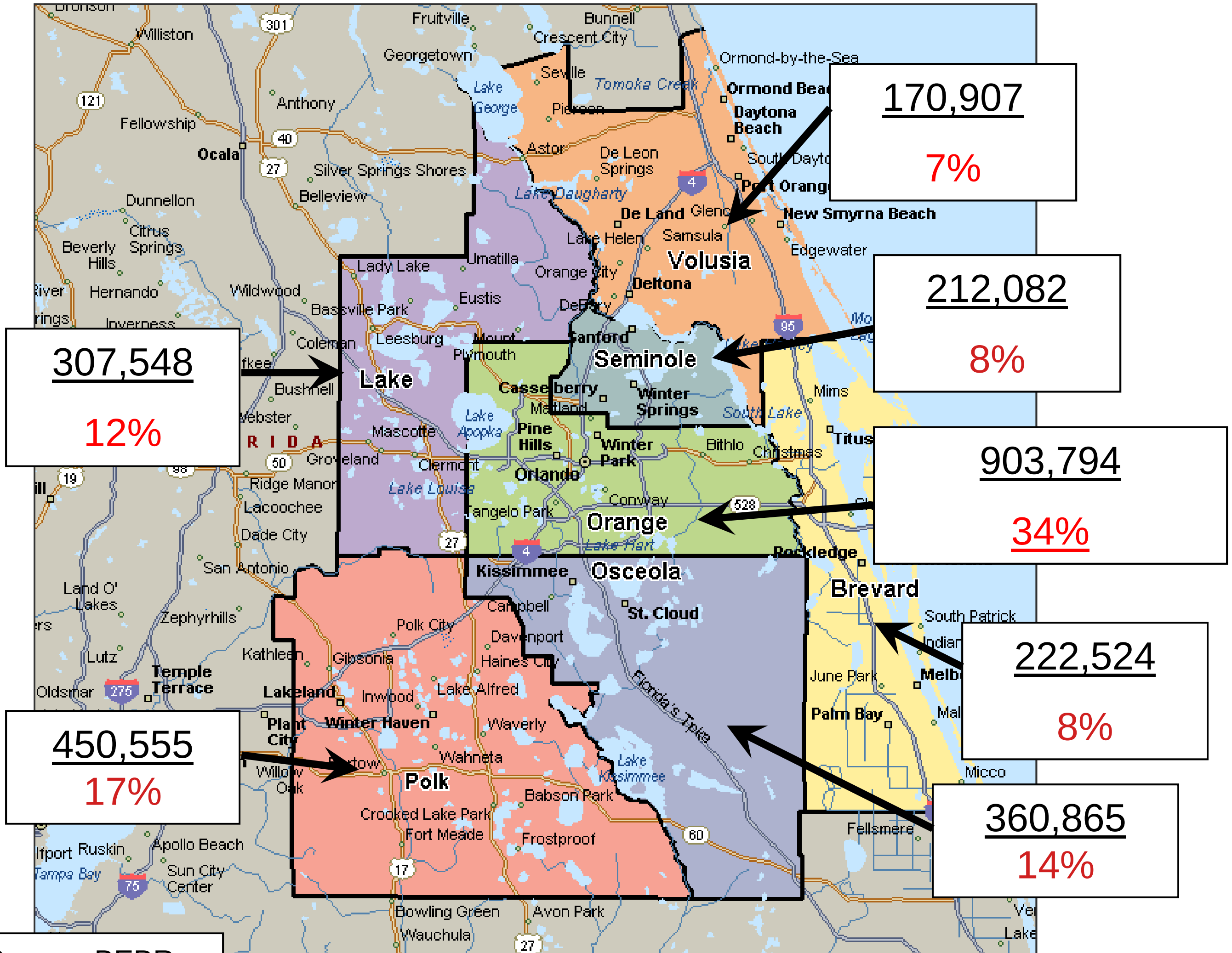
Total Employment by Block Group
Tampa-St. Petersburg MSA, Orlando MSA, Melbourne-Palm Bay MSA, Daytona Beach MSA, Lakeland MSA, Bradenton-Sarasota MSA, 2010

These are the places that need to be connected to make our region more globally competitive



SOURCE: ESRI

BEBR EAST CENTRAL FL POPULATION GROWTH TO 2040



Source: BEBR

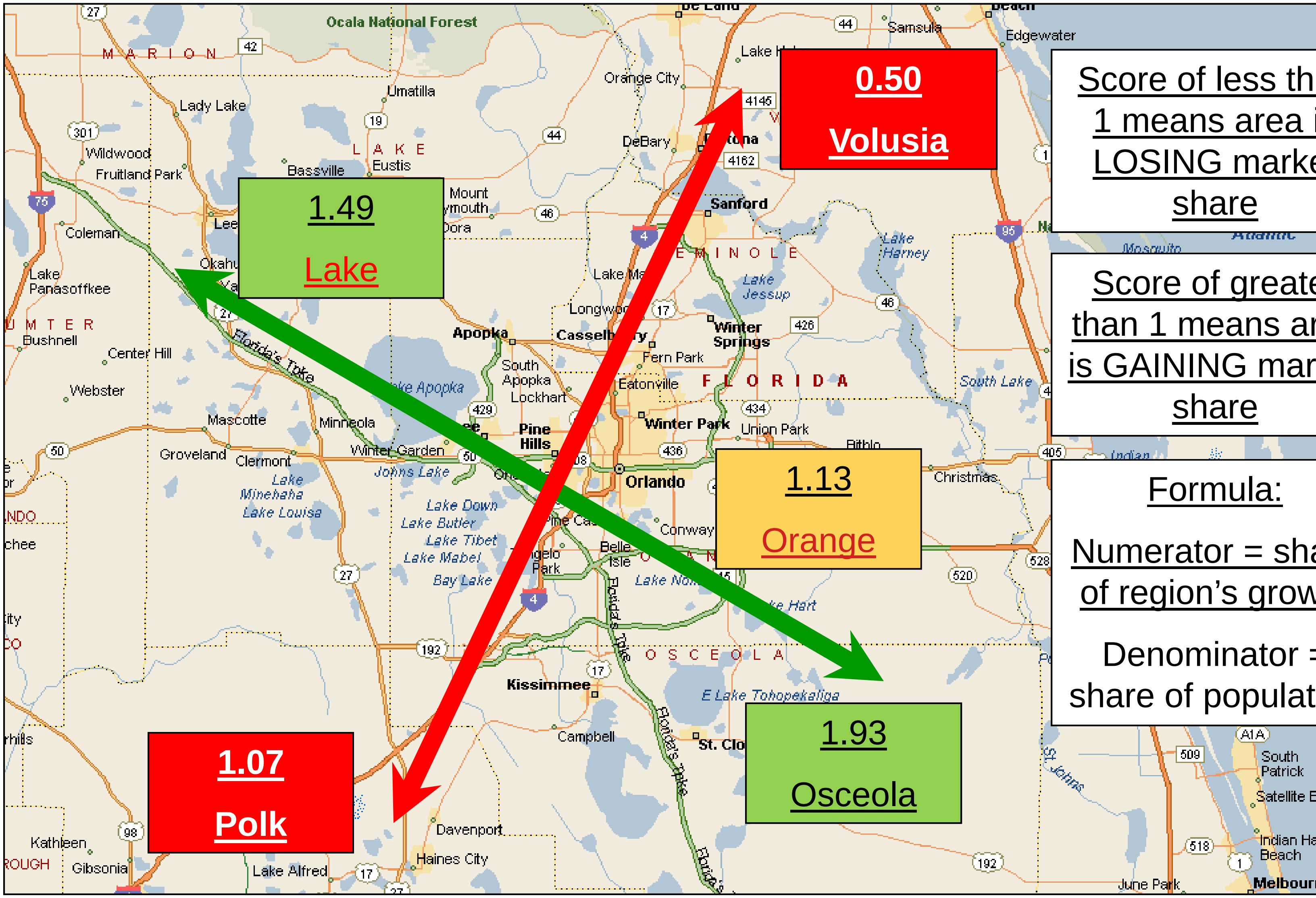
2010-2040 Total 7-County Pop Change =

2,628,275

Yearly Total Population Increase = 87,609

DIRECTION OF POPULATION GROWTH: SOUTHEAST

SE QUADRANT GAINING MARKET SHARE



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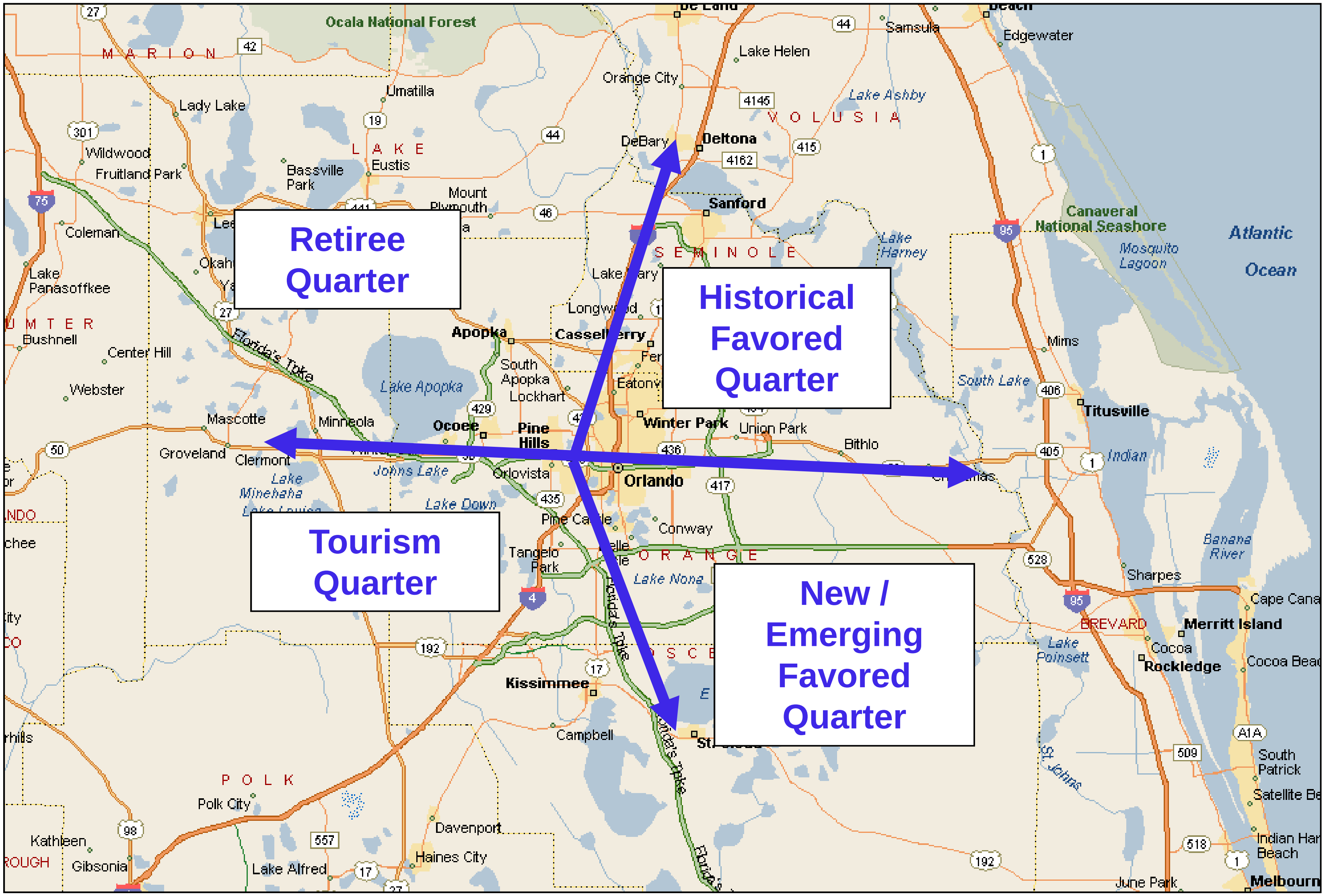
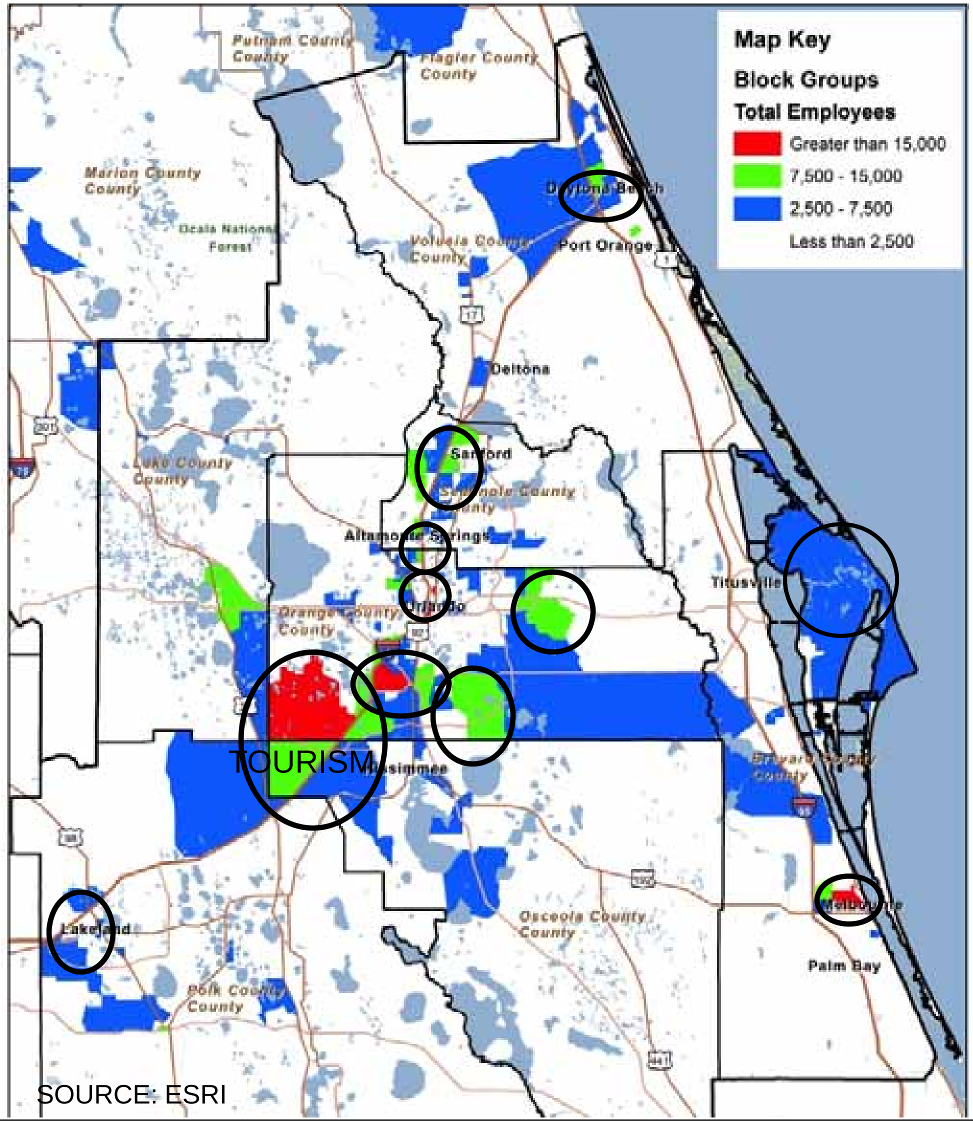
ORLANDO REGION
CHARACTERISTICS OF THE 4 EMPLOYMENT QUADRANTS



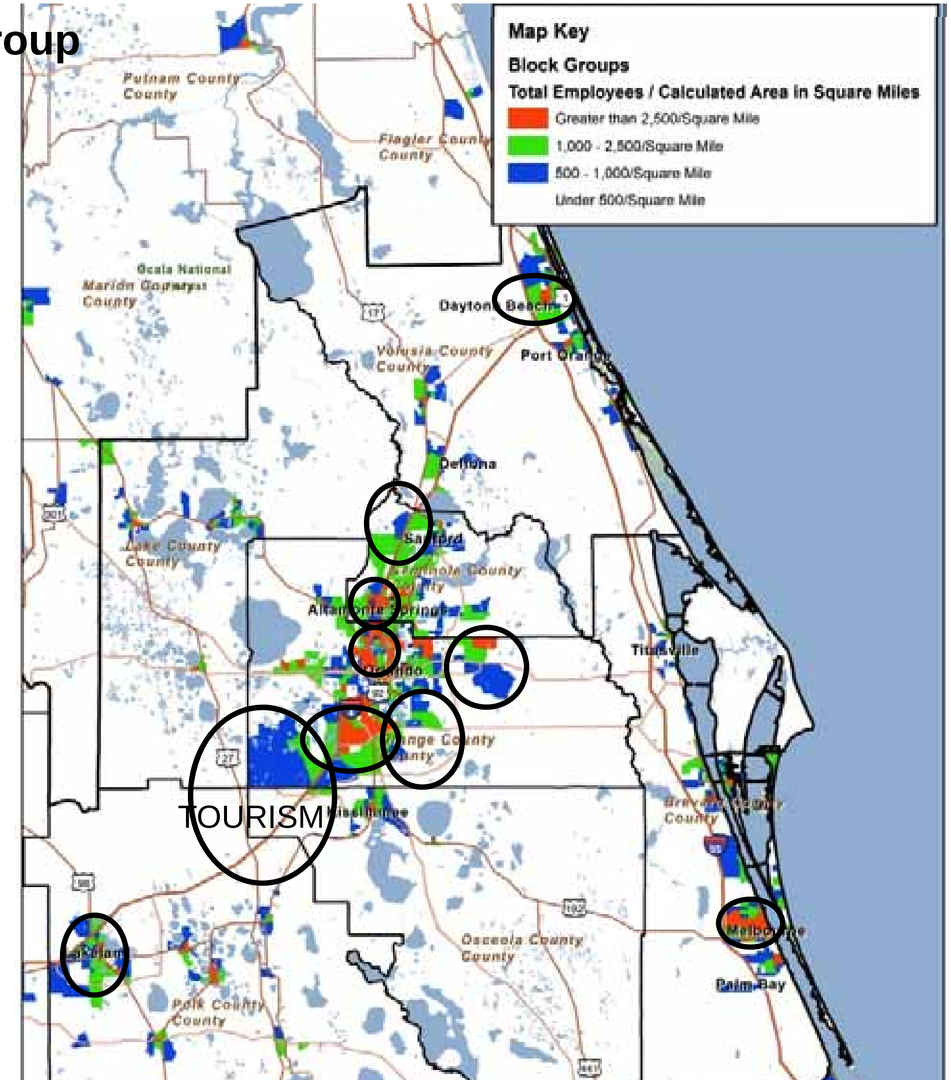
EMPLOYMENT IS CONCENTRATED ALONG I-4 CORRIDOR, GROWING EAST/SOUTHEAST

Total Employment by Block Group
Orlando MSA 2010



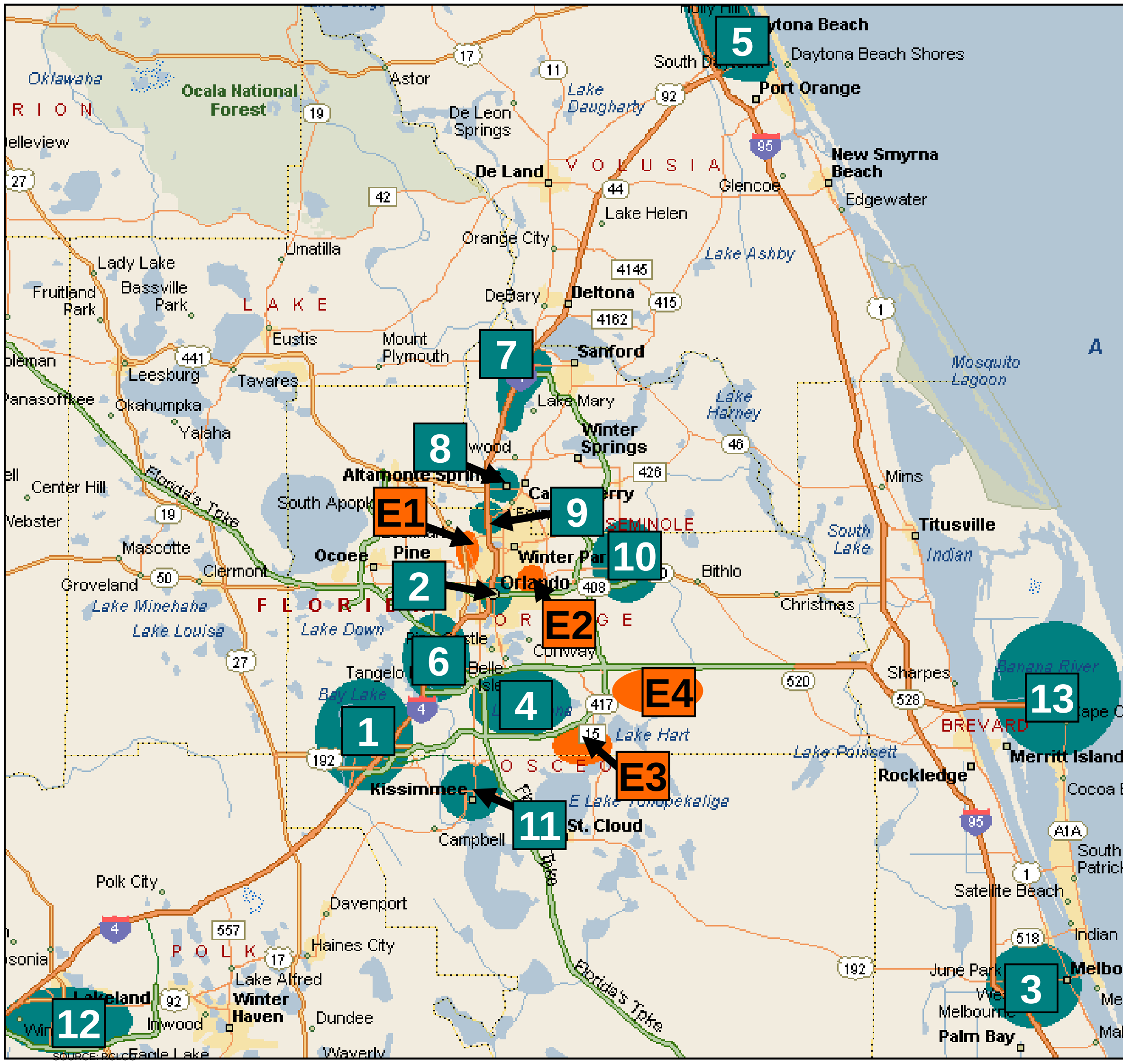
EMPLOYMENT IS CONCENTRATED ALONG I-4 CORRIDOR, GROWING EAST/SOUTHEAST

Total Employment Density by Block Group
Orlando MSA 2010



SOURCE: ESRI

ORLANDO REGION HAS MULTIPLE JOB CENTERS



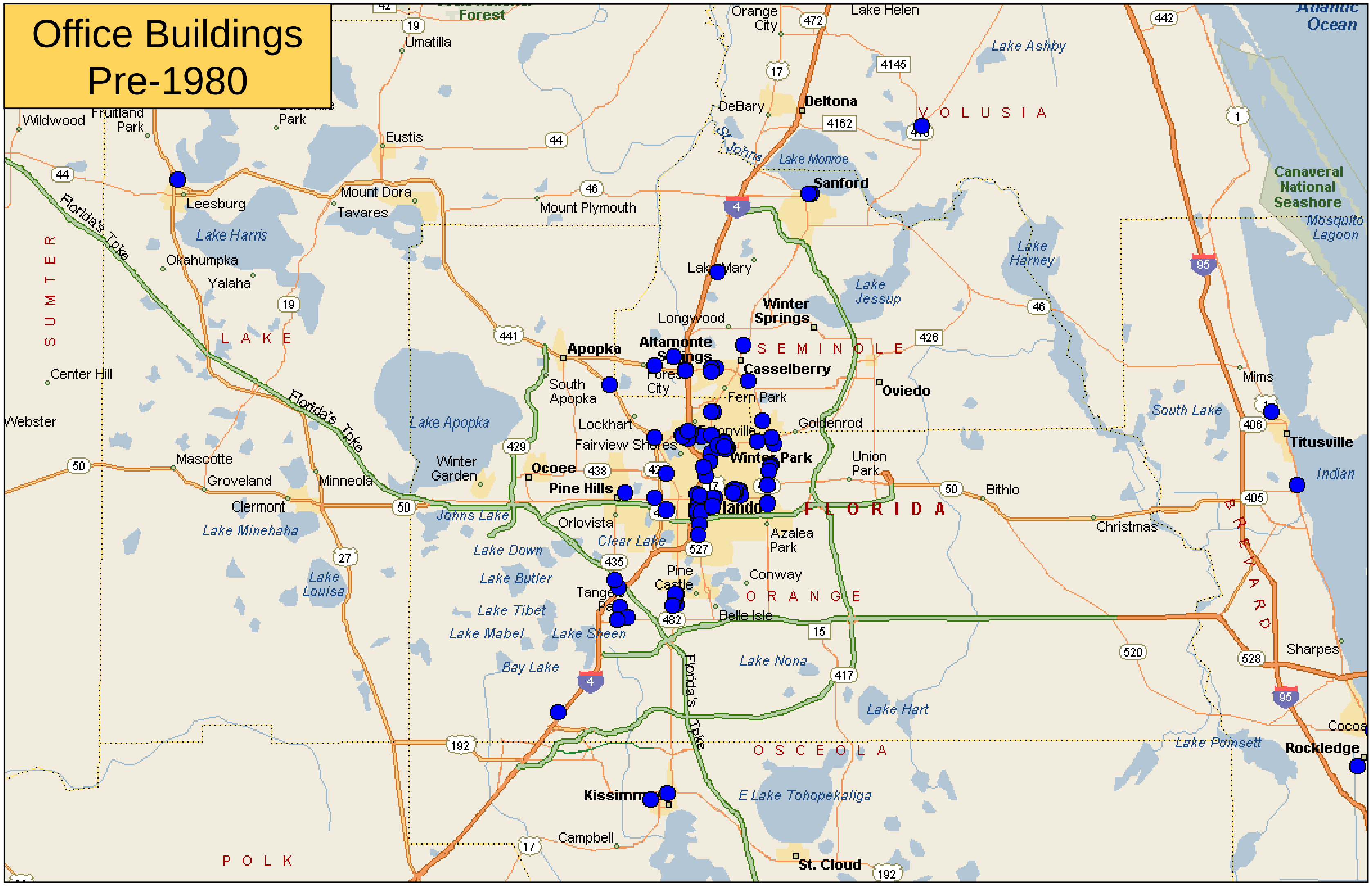
Map Key	Core	Core Type	Total Employees
1	Disney Resorts	Catalytic	83,715
2	Orlando CBD	Urban Center	76,152
3	Melbourne	Historic Satellite City	66,712
4	Airport	Trans. Related Indust.	66,678
5	Daytona Beach	Historic Satellite City	66,360
6	Universal Studios, Etc.	Catalytic	59,729
7	Sanford/Lake Mary	Favored Quarter Office	37,502
8	Altamonte/ Longwood	Favored Quarter Office	36,476
9	Maitland	Favored Quarter Office	28,036
10	UCF	Catalytic	27,748
11	Kissimmee	Historic Satellite City	24,463
12	Lakeland	Historic Satellite City	22,075
13	Space Coast	Catalytic	21,338

SOURCE: RCLCO

Existing (over 25K jobs)
Emerging /Redeveloping (over 25K jobs by 2030)

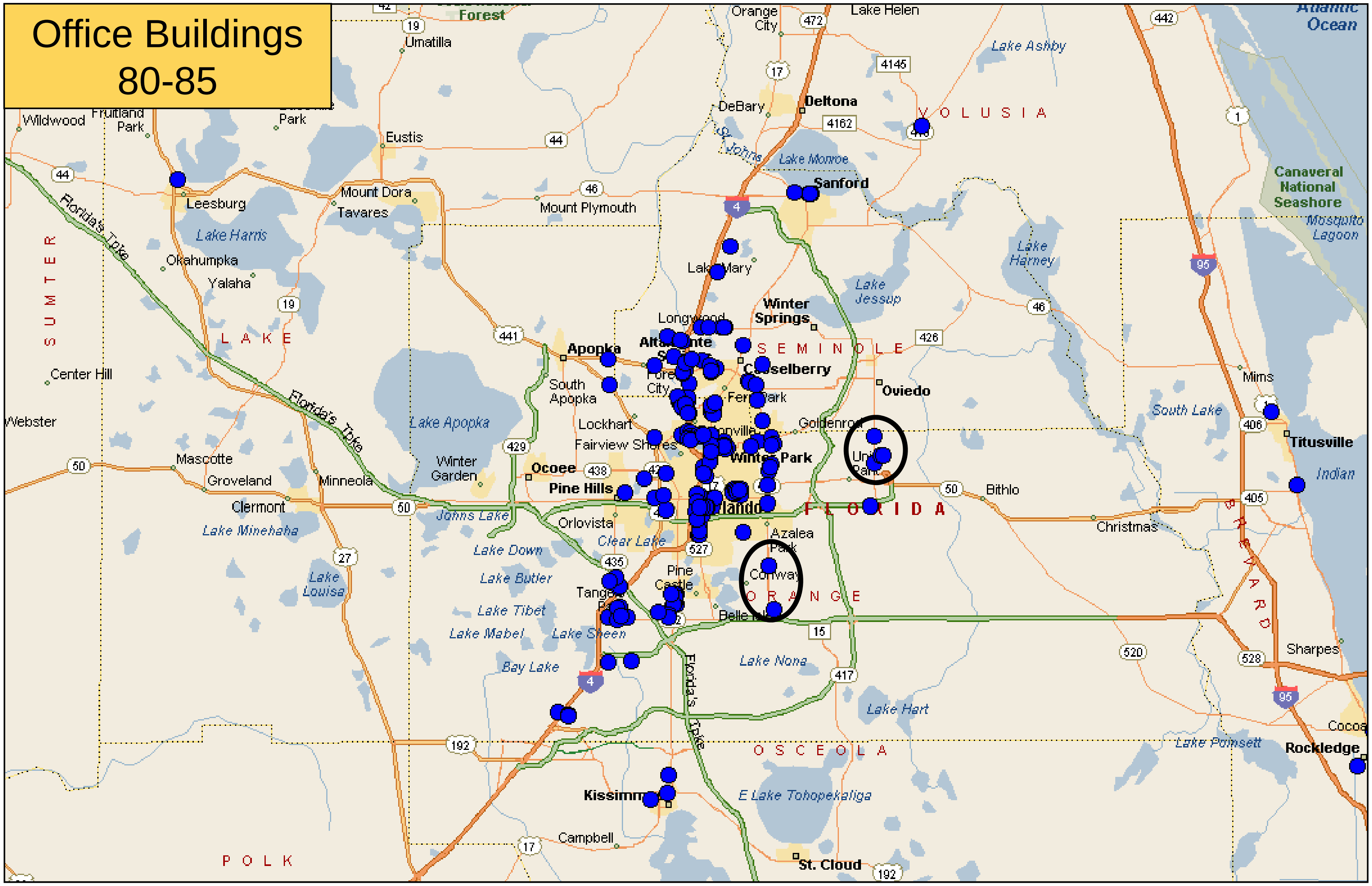
RCLCO

HISTORICALLY OFFICE BUILDINGS LOCATED IN ORLANDO'S CORE



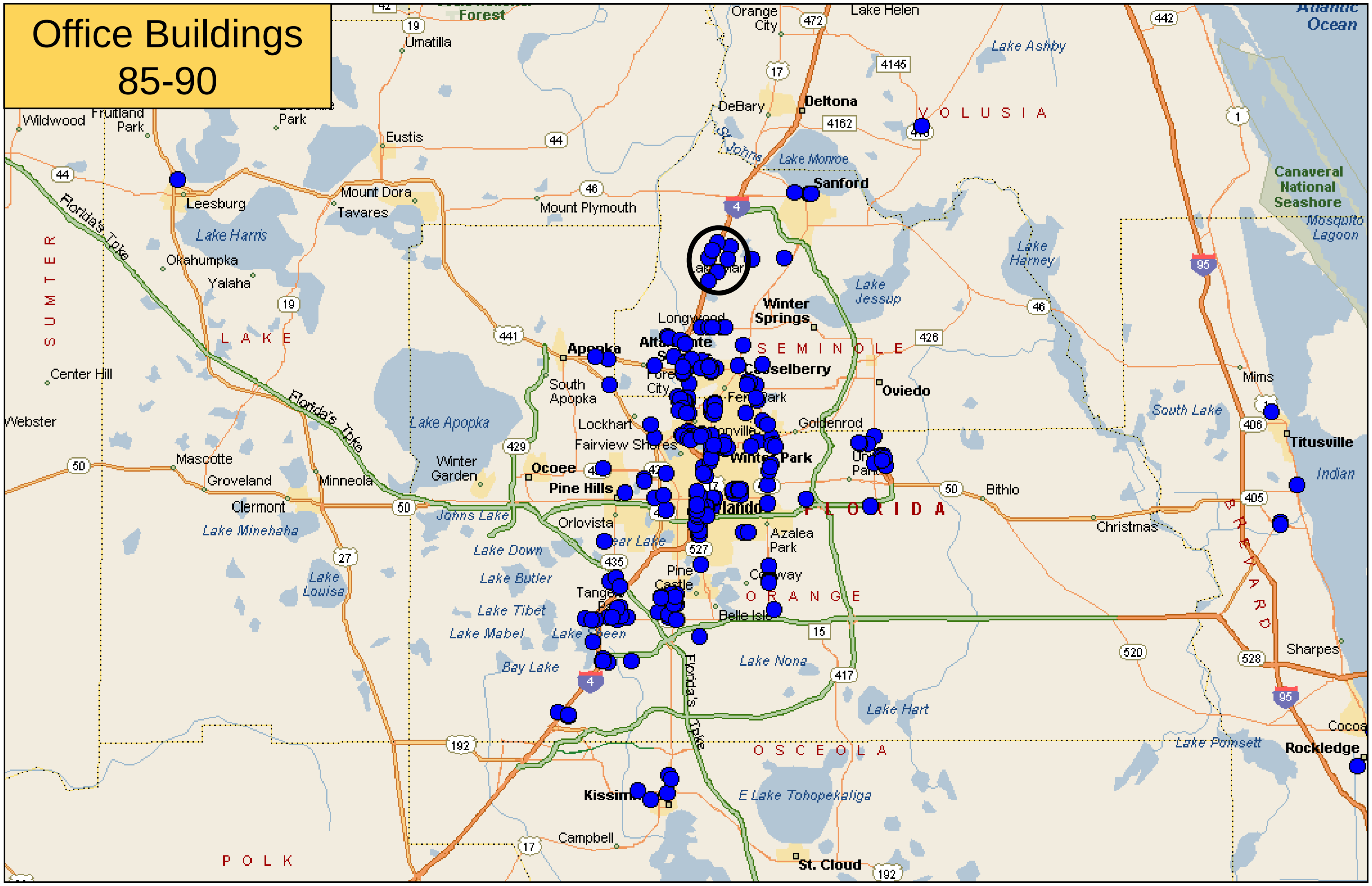
SOURCE: COSTAR; RCLCO

MOVEMENT UP I-4, BEGINNING OF UCF AND AIRPORT OFFICE GROWTH



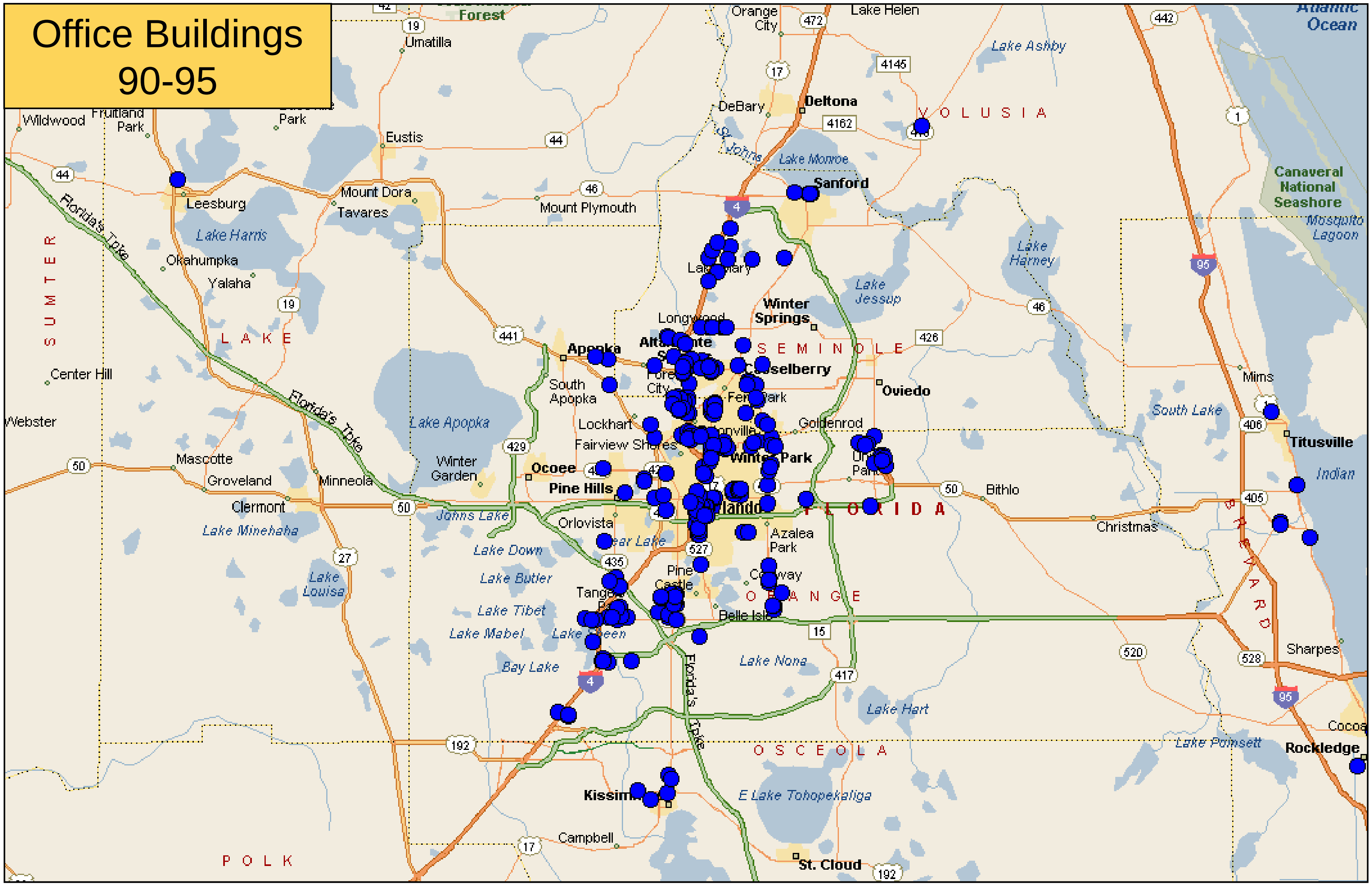
SOURCE: COSTAR; RCLCO

CONTINUED GROWTH UP AND INFILL ALONG I-4



SOURCE: COSTAR; RCLCO

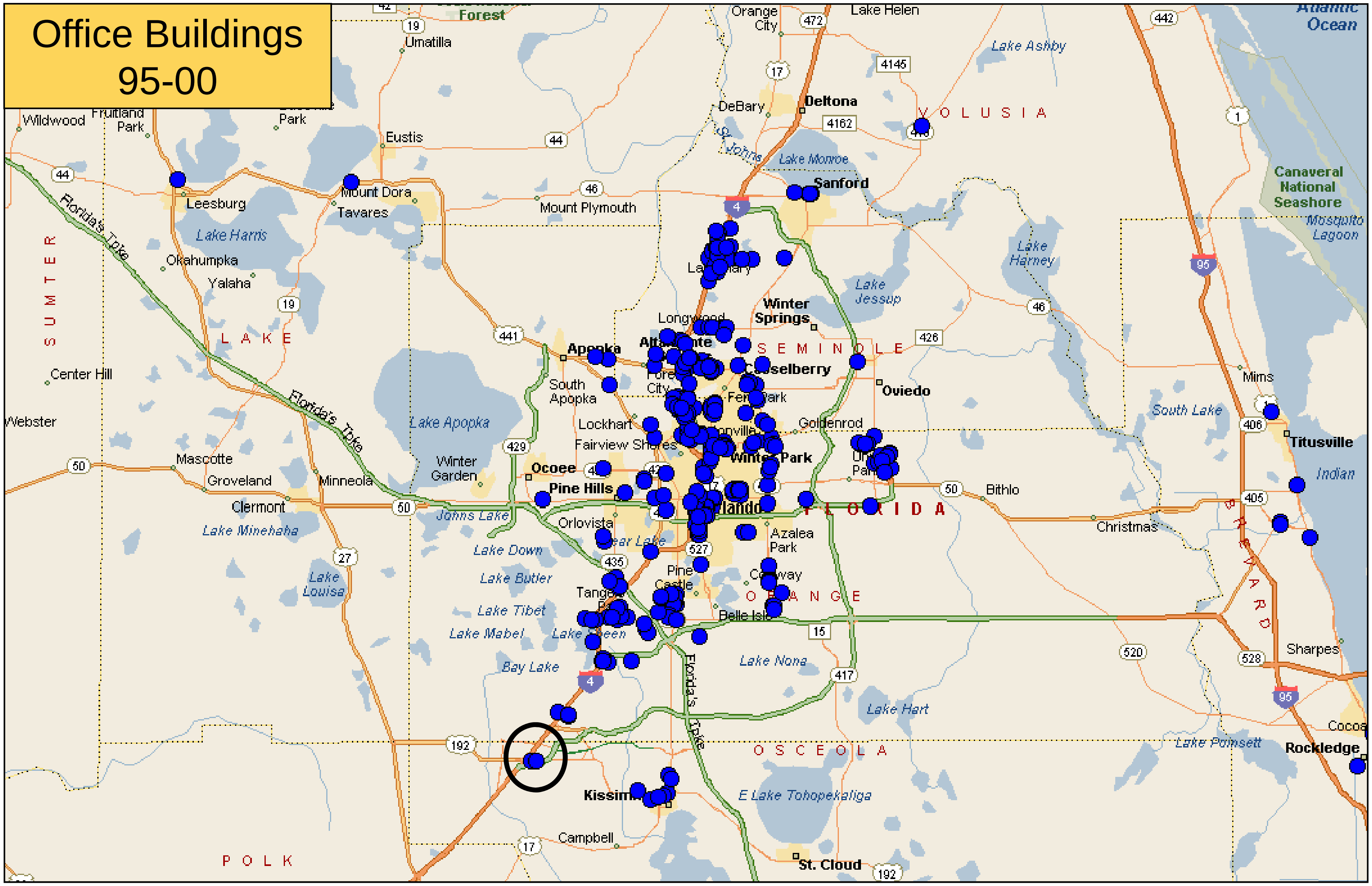
EARLY 90's OFFICE CONSTRUCTION



SOURCE: COSTAR; RCLCO

BEGINNING OF CELEBRATION OFFICE

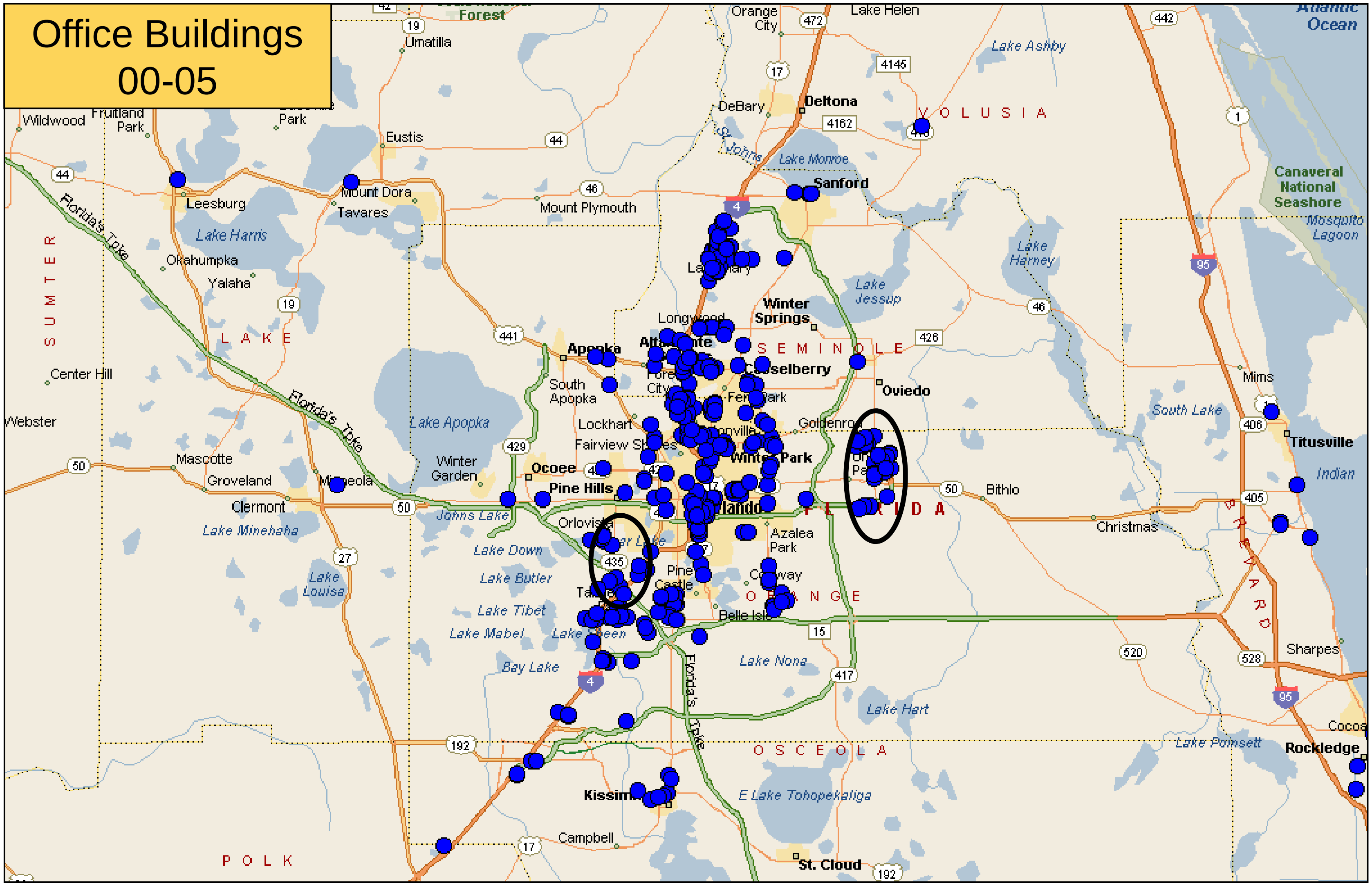
Office Buildings 95-00



SOURCE: COSTAR; RCLCO

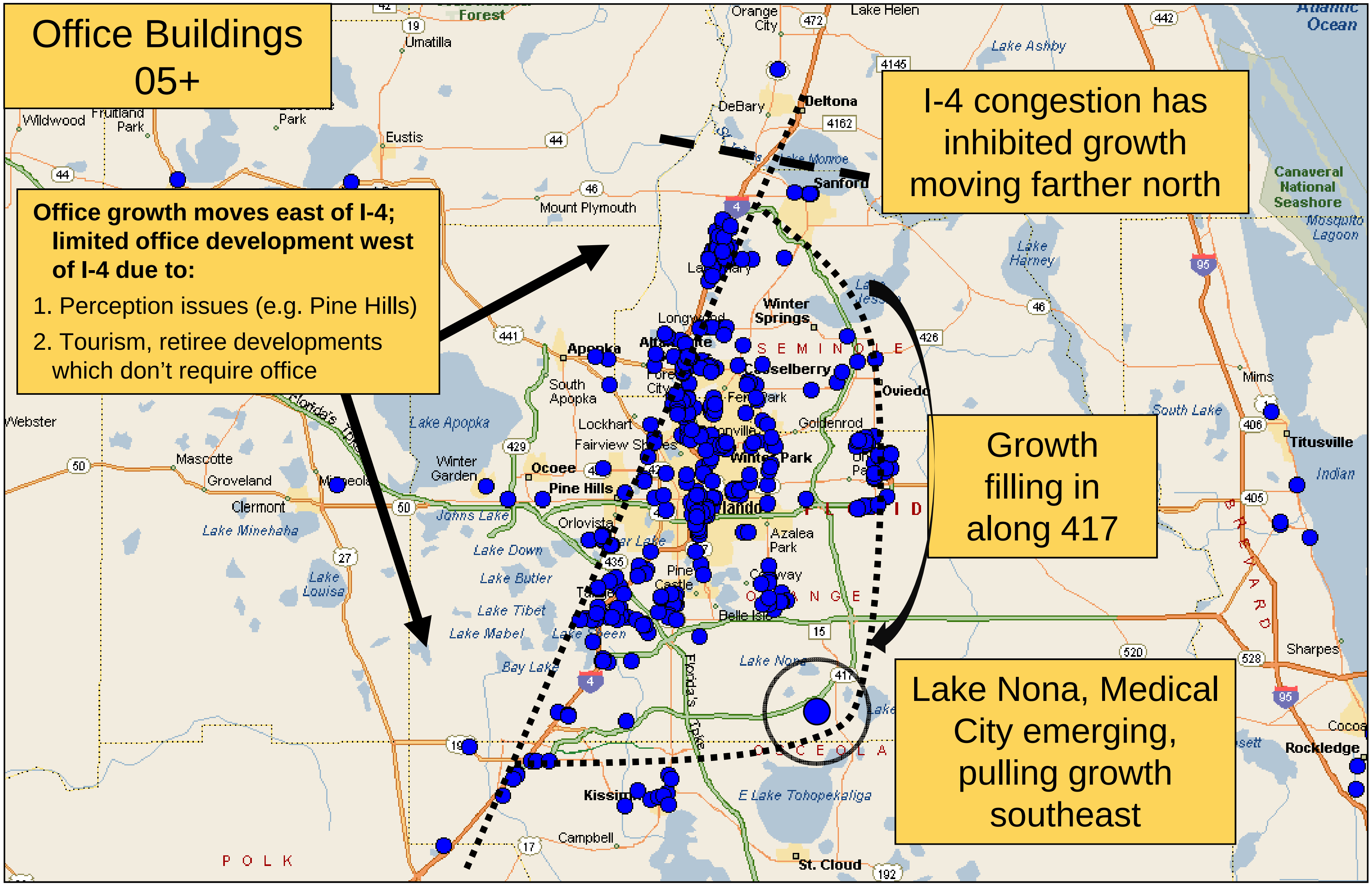
RCLCO

INFILL ALONG SOUTHERN PORTION OF I-4, OFFICE/TECH SPACE GROWS AT UCF



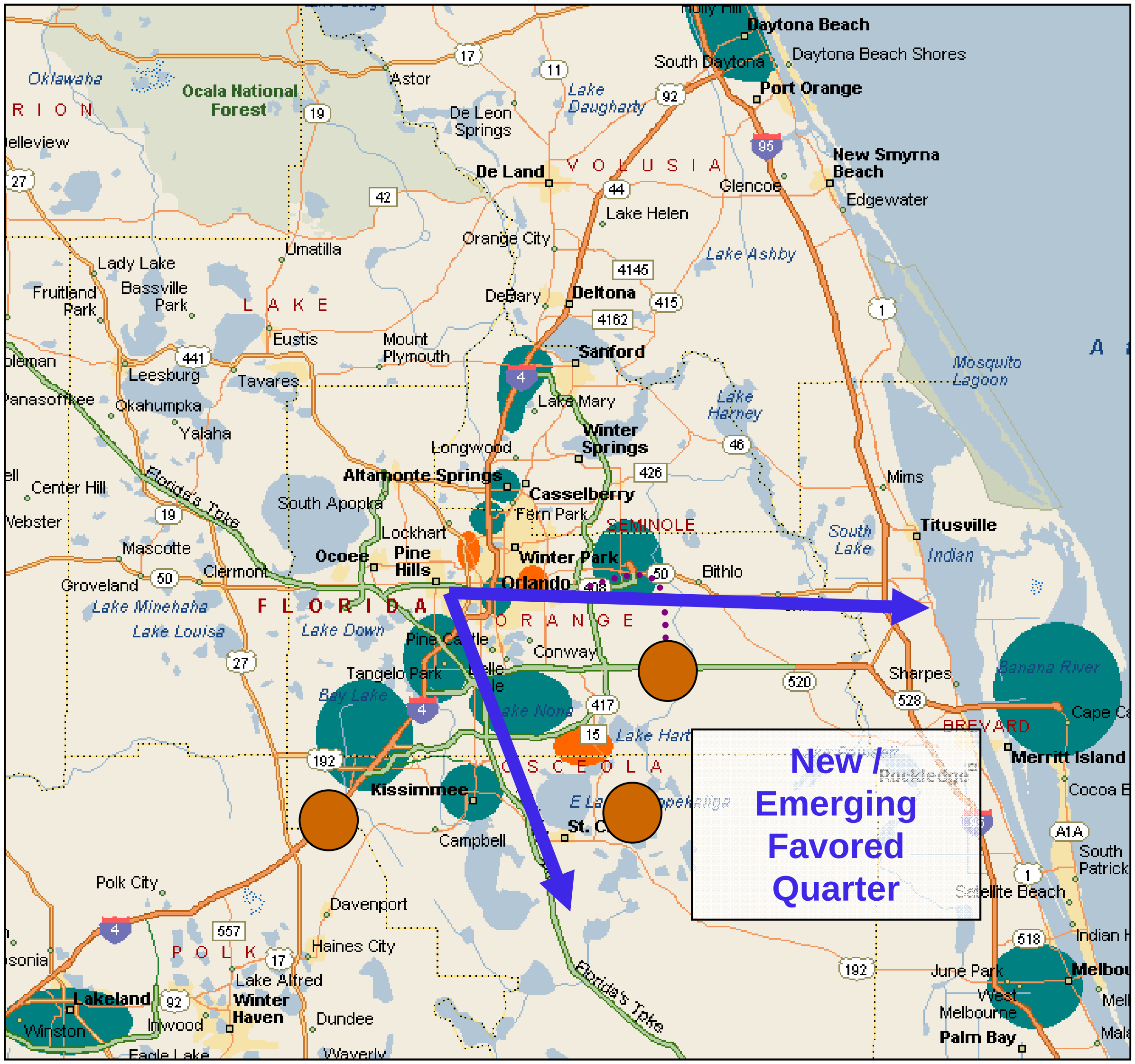
SOURCE: COSTAR; RCLCO

OFFICE GROWTH SLOWS ON I-4, INCREASES ON 417



SOURCE: COSTAR; RCLCO

TRANSPORTATION CONNECTS JOB CENTERS
WHERE NEW OFFICE JOB CENTERS ARE LIKELY



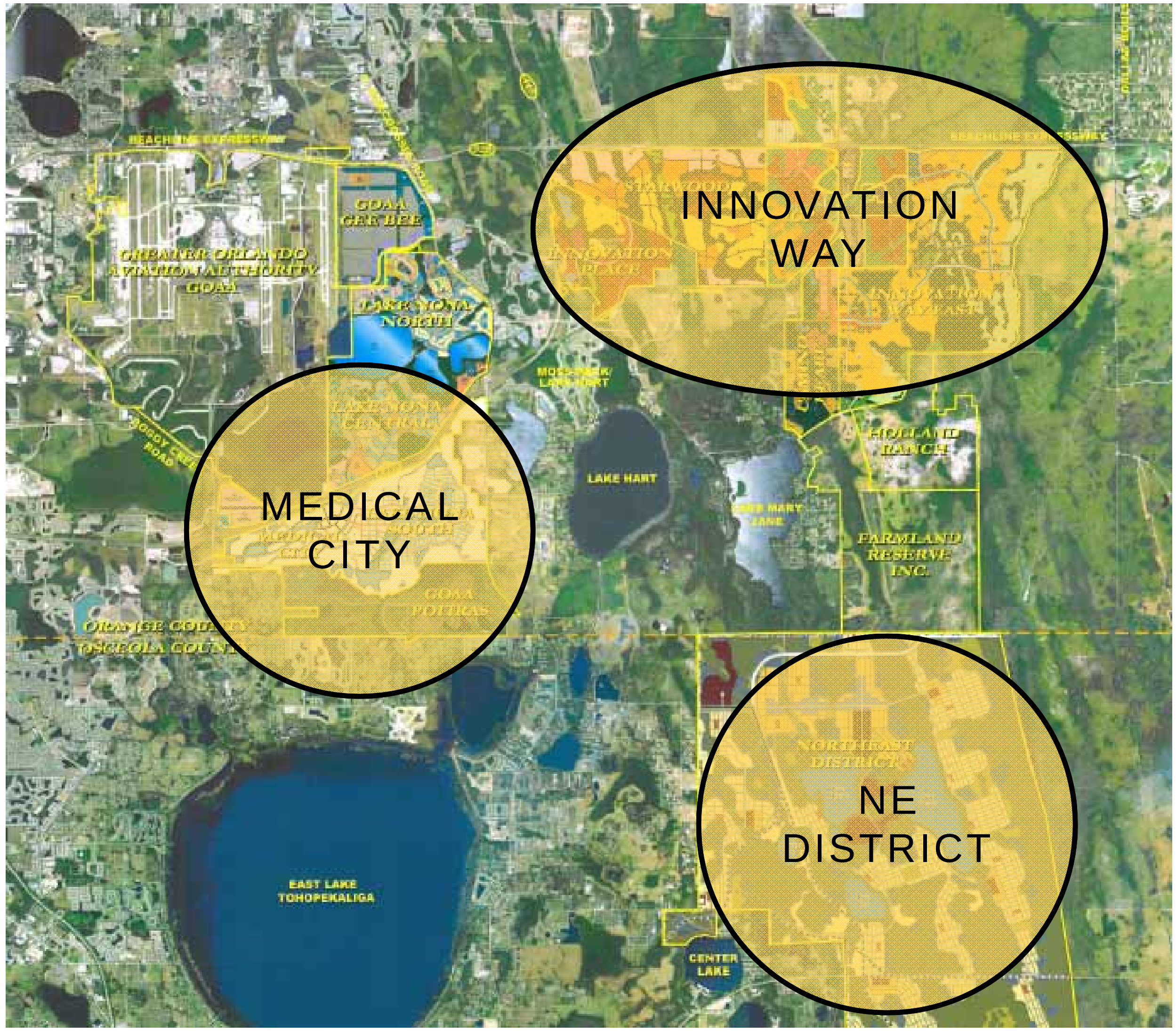
Next most likely job core areas, IF transportation connections are there (rail, expressway, etc.)

SOURCE: RCLCO

RCLCO

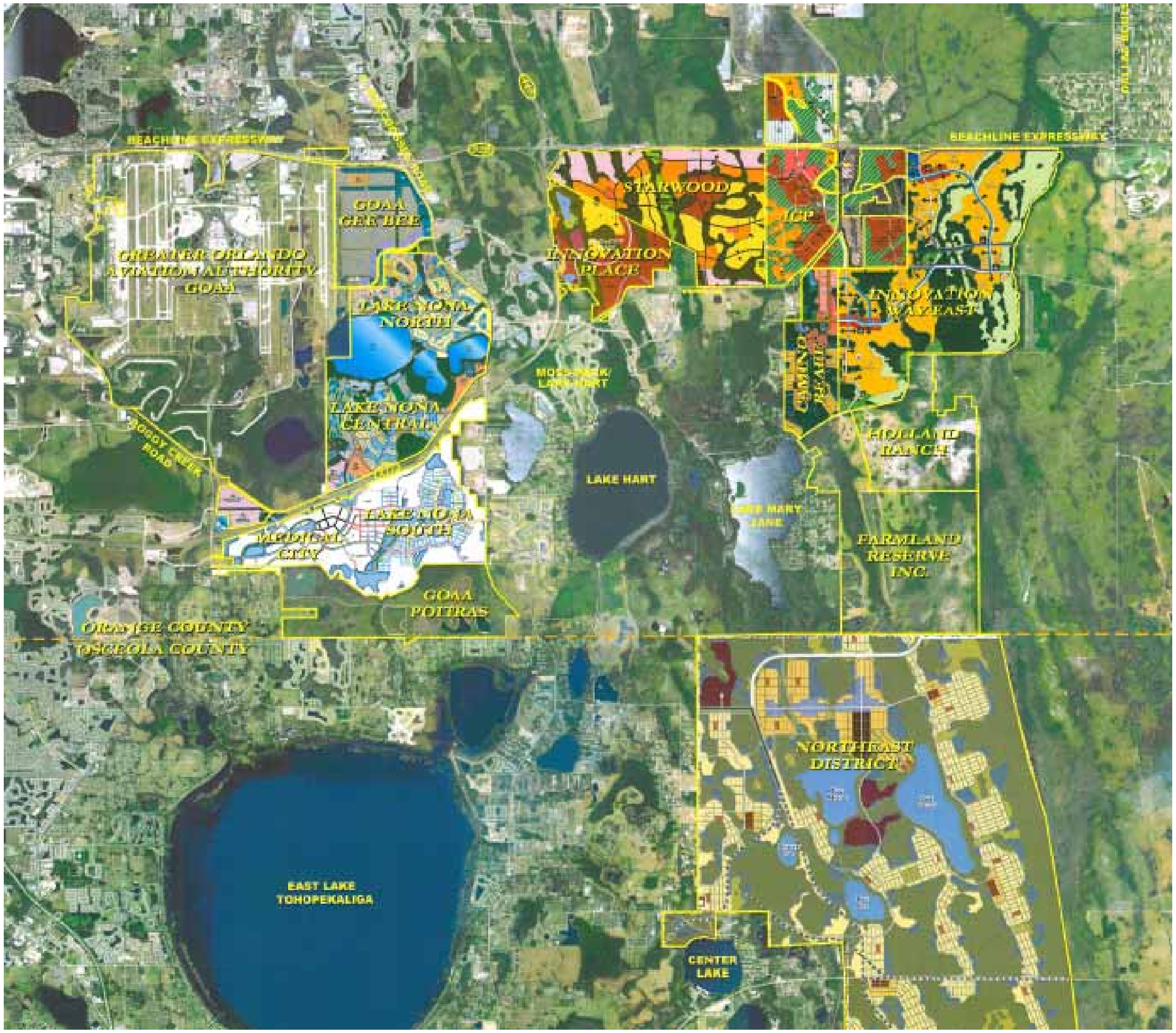
THIS IS NOT JUST A FORECAST...

JOB CENTERS BEING PLANNED WHERE MARKET AND SPATIAL PATTERN PREDICT



…APPROVALS ARE IN PROCESS…

JOB CENTERS BEING PLANNED WHERE MARKET AND SPATIAL PATTERN PREDICT



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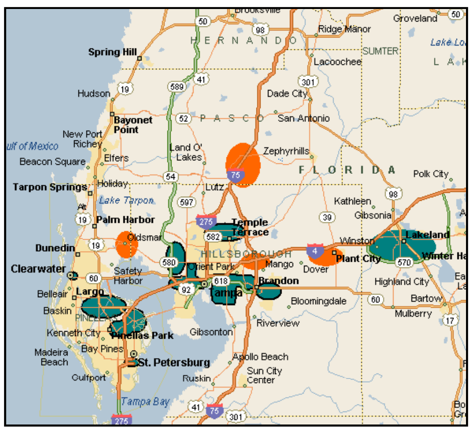
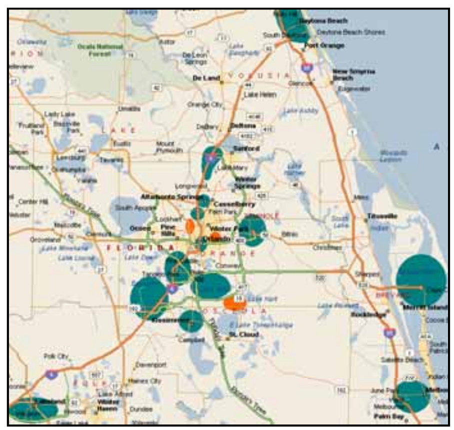
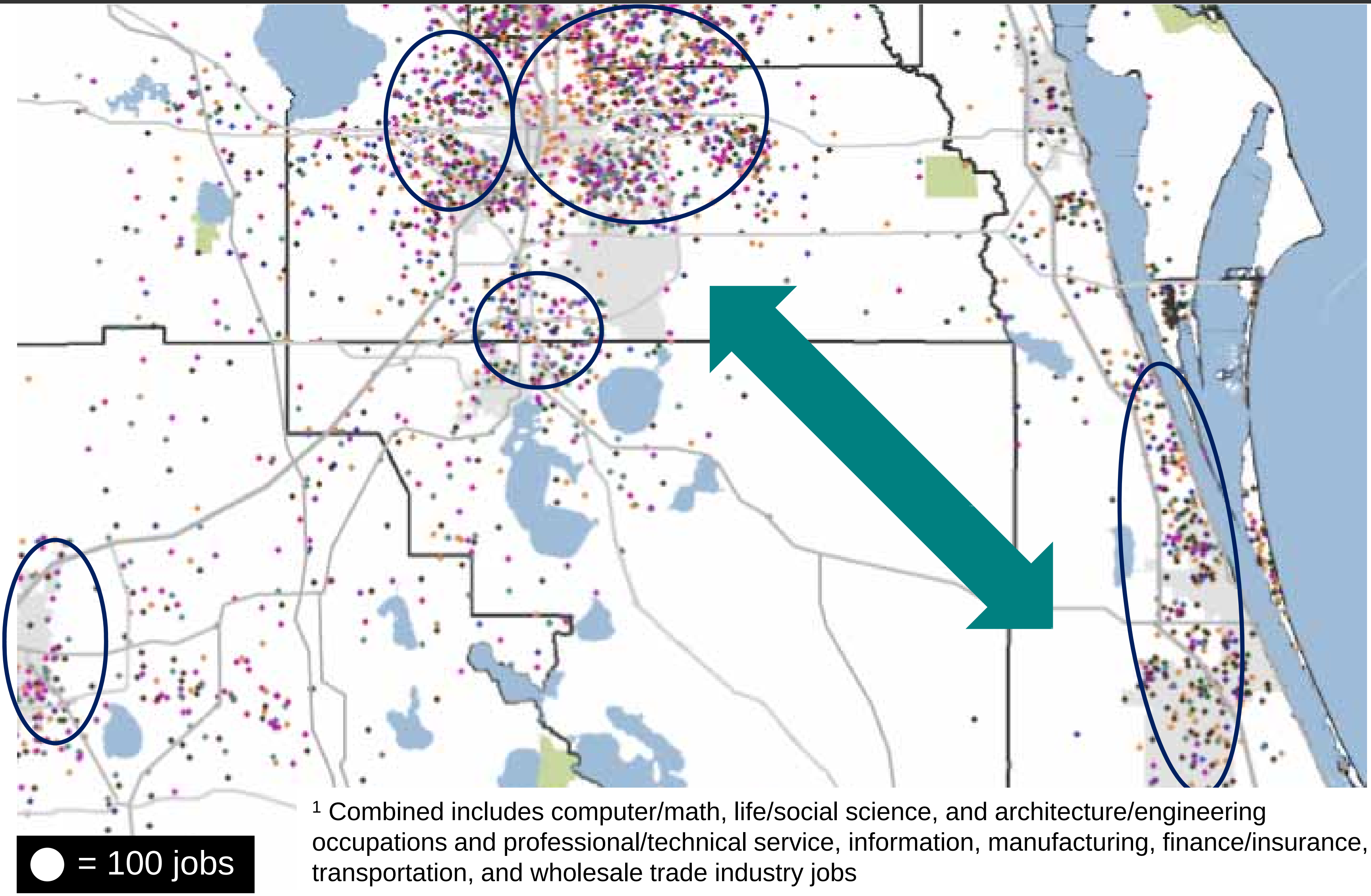




CONNECTING THE DOTS:
CONNECTING FOR COMPETITIVENESS - CREATING BIGGER JOB CLUSTERS [1]



[1] Combined includes computer/math, life/social science, and architecture/engineering occupations and professional/technical service, information, manufacturing, finance/insurance, transportation, and wholesale trade industry jobs