

Portland Economic Value Atlas

Market Scan

BROOKINGS

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Portland, OR

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Economic Value Atlas: Objective

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

Core Challenges

Formal disconnect between local economic ambitions and regional infrastructure planning

Lack of formal evaluation criteria for cross-sectoral infrastructure investments

1

Economic Development, Evolved

2

Market Scan

3

Moving Forward

Traditional Approaches Disrupted

Relocations Are Rare



3%

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

Source: Center on Budget and Policy Priorities

Major Projects In Decline

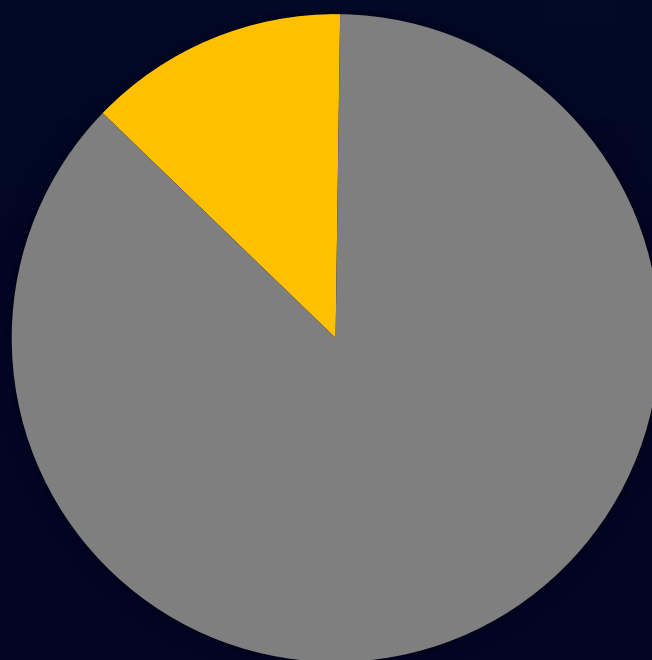


50%

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

Source: Conway Data

M&A Increasingly Common



87%

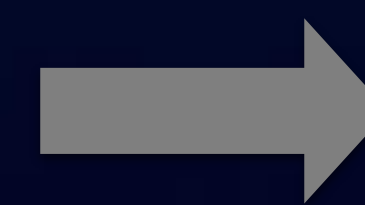
Mergers and acquisitions
FDI Capital Inflows
(1992-2008)

Source: BEA

Middle Market Opportunity

1%

of firms



created

72%

of net US jobs

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

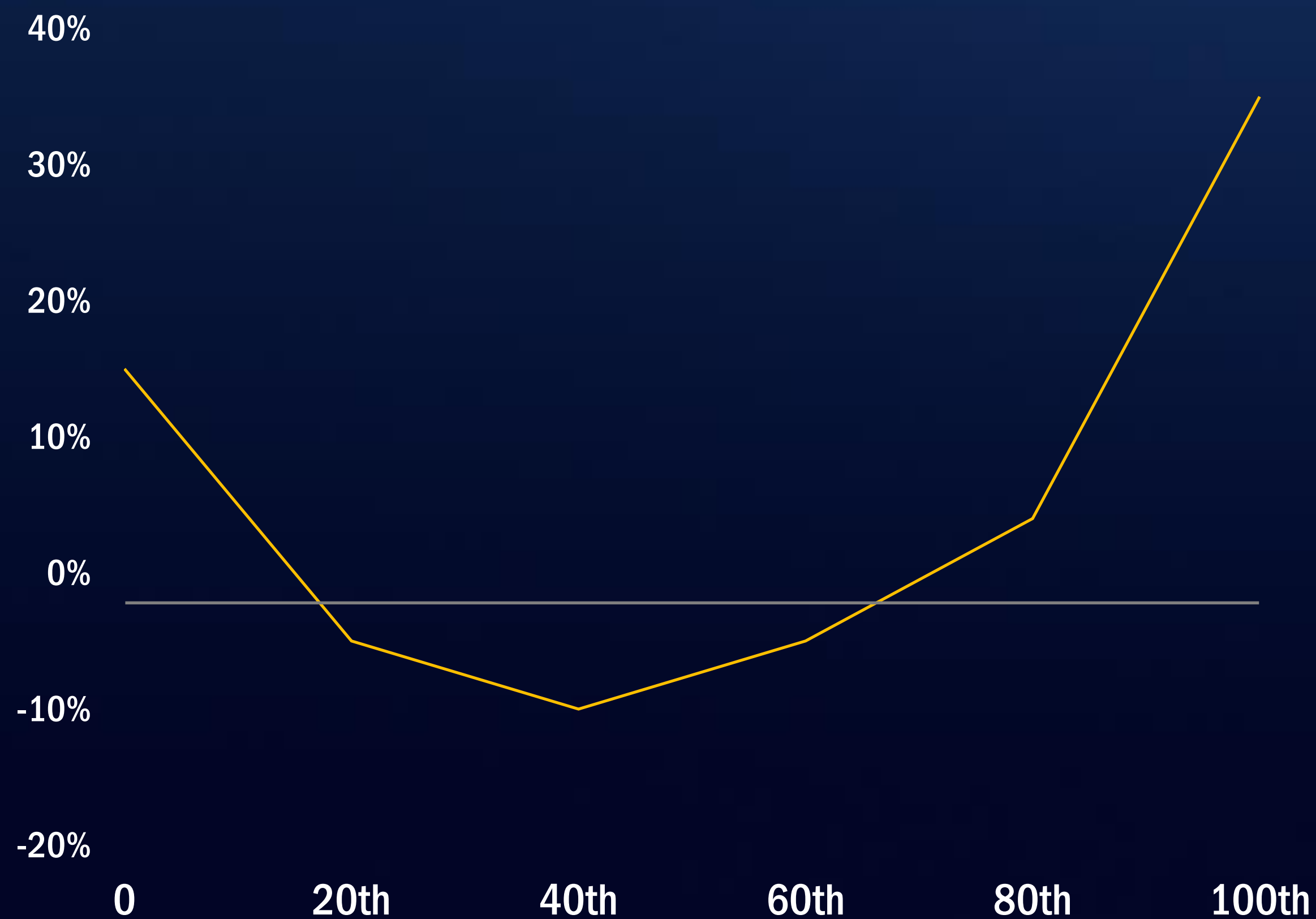
Source: Gary Kunkle analysis of NETS data

New Pressure: Inclusive Growth

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

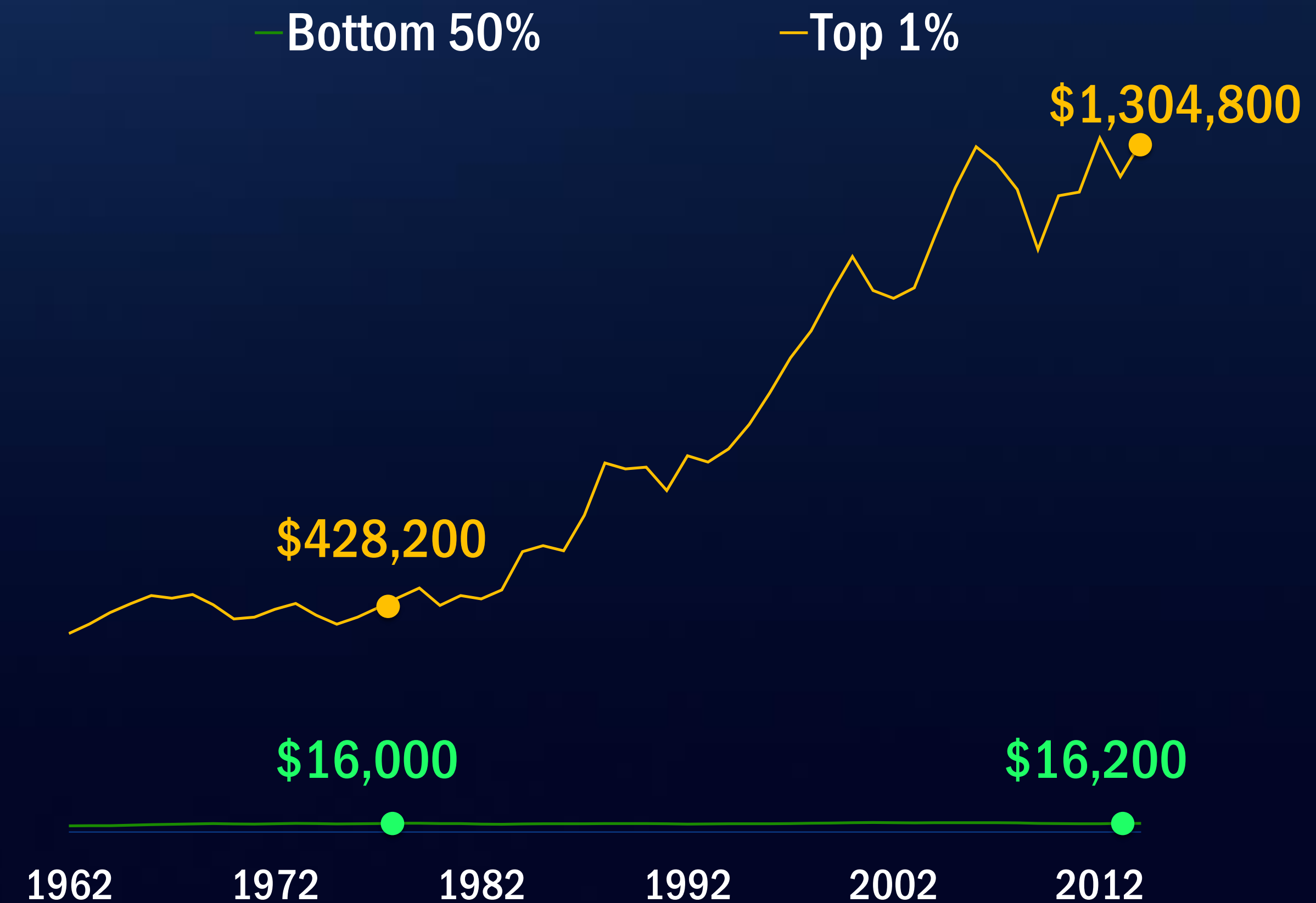
Change in employment by occupation, 1980-2010

Occupations ranked by mean wage



Source: Mandelman and Zlate

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

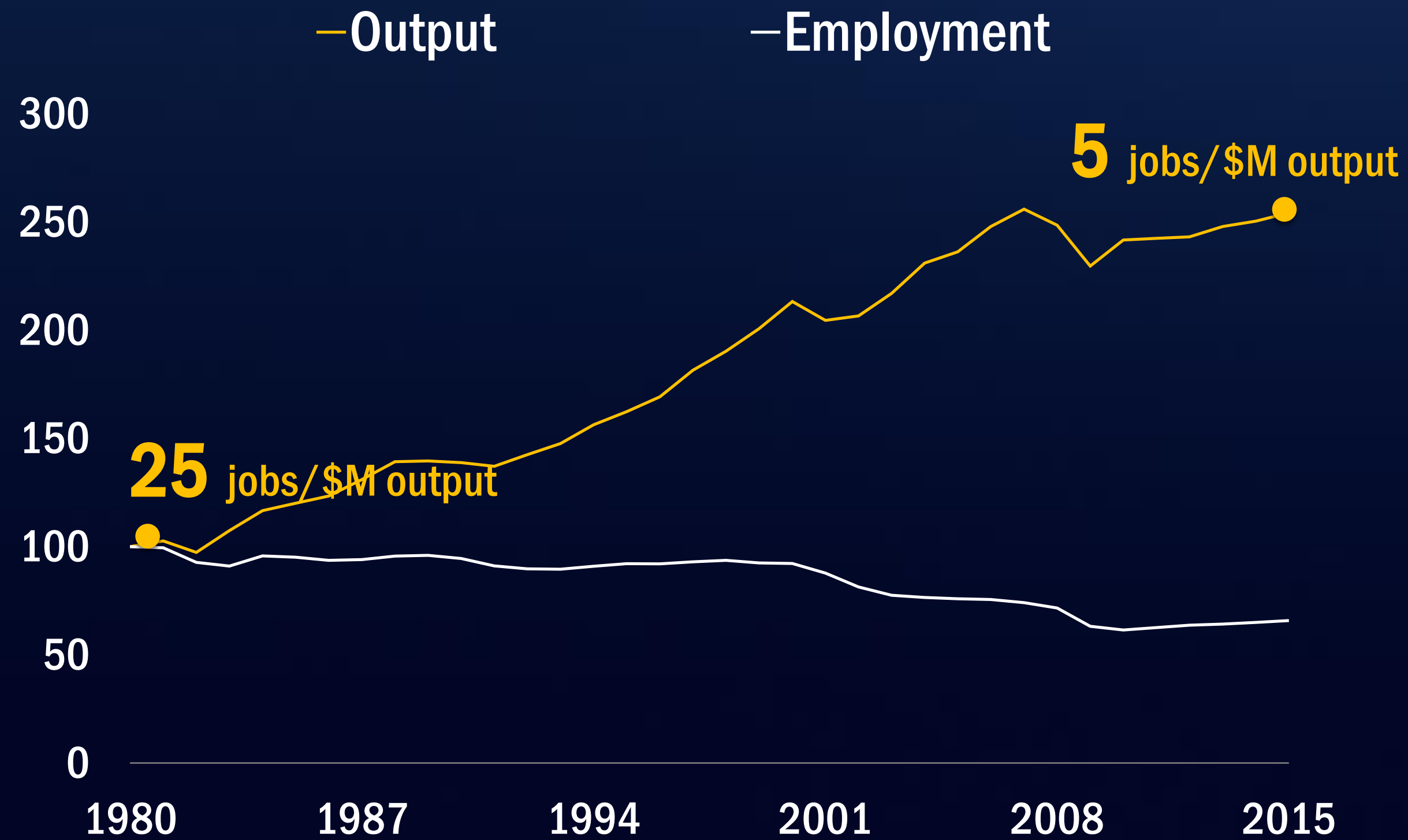


Source: Piketty, Saez and Gucman

Manufacturing and Productivity

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

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



Source: Brookings

Firm Level Productivity Manufacturing, 2000-2015



Source: OECD

Global activity: Exports

27%

Share of GDP Growth
(2009-2014)

Large Exporters (500+ employees)

2%

Share of US exporters

67%

Share of US export value

Global activity: Foreign Direct Investment

87%

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

35 vs 53

Greenfield

M&A

Average Middle Market
employees in FDI firms
at time of entry

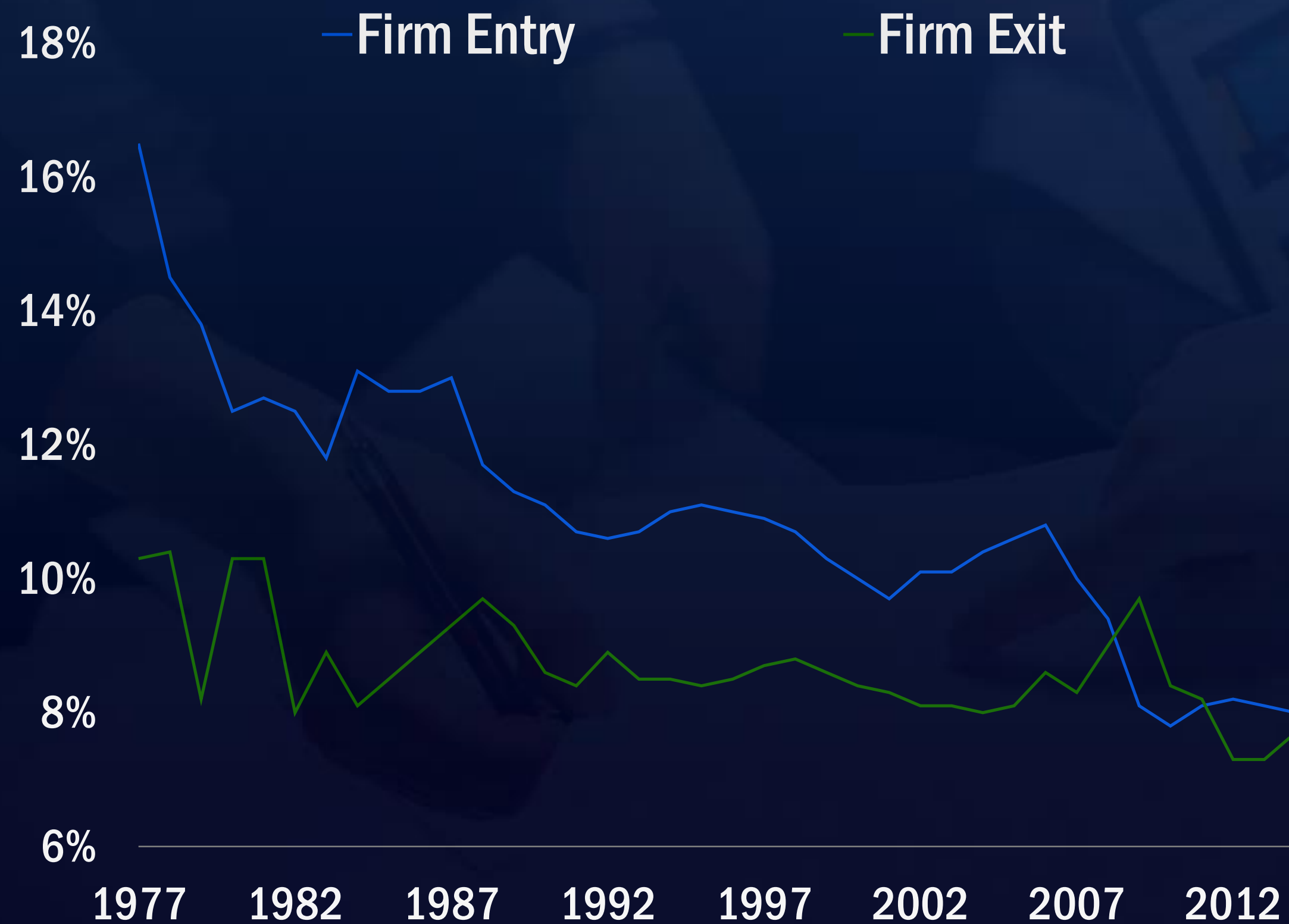
2x

Jobs created from expansions as
from new establishments

Startups and Scale-ups

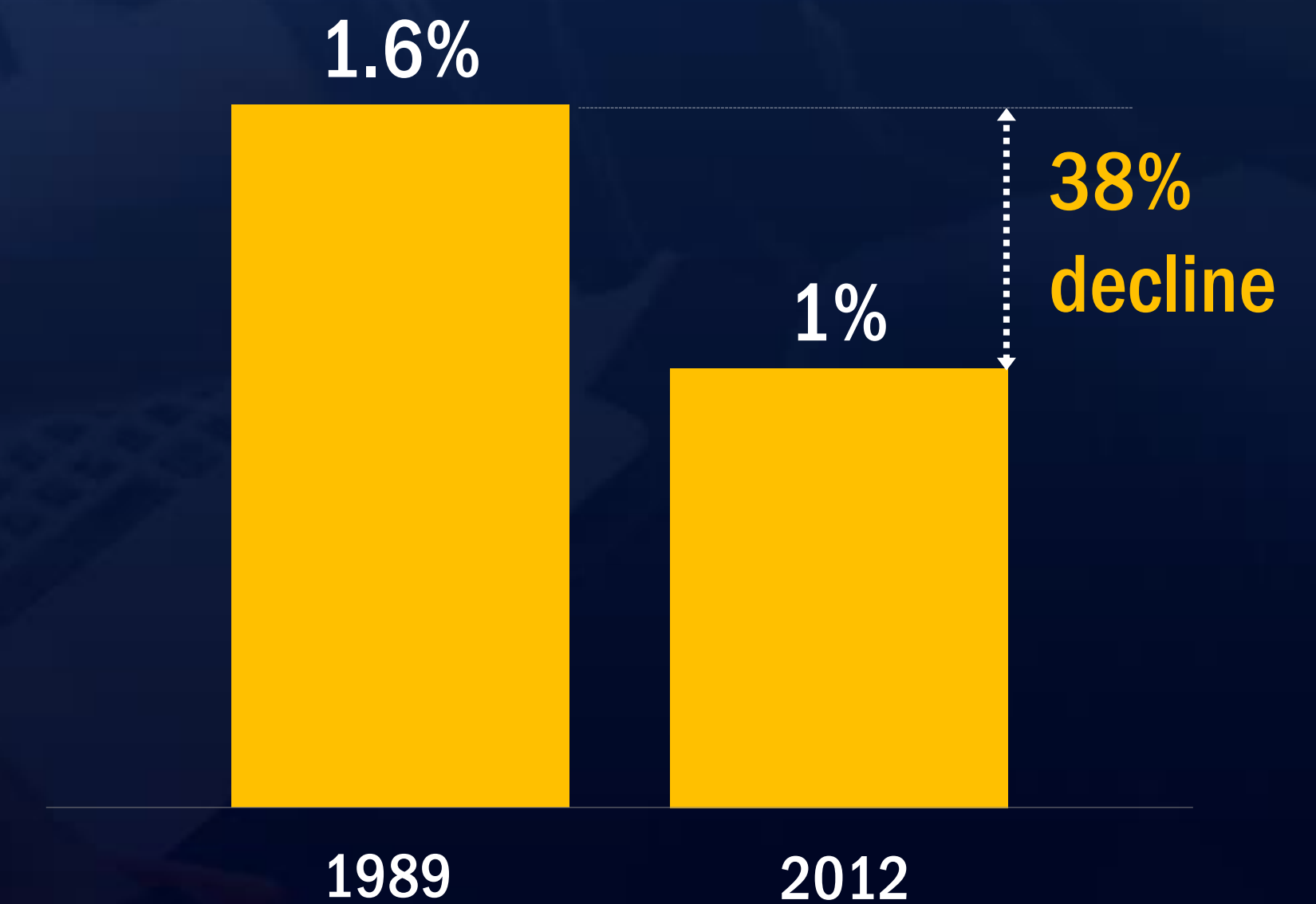
Startup rates are in a multi-decade decline and fewer startups are able to scale

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



Source: Hathaway and Litan

Share of Startups Growing to 50 Jobs in 1 Year



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

Source: Guzman and Stern

The Response

Economic development is shifting and broadening its approach

Changes In Economic Development Practice



**Scale-up and middle
market emphasis**



**Know your
firms**



**Truly unique
specializations**

The Response

Economic development is shifting and broadening its approach

Extending Beyond Traditional Practice



**Inclusive
growth**



**Workforce
& talent**

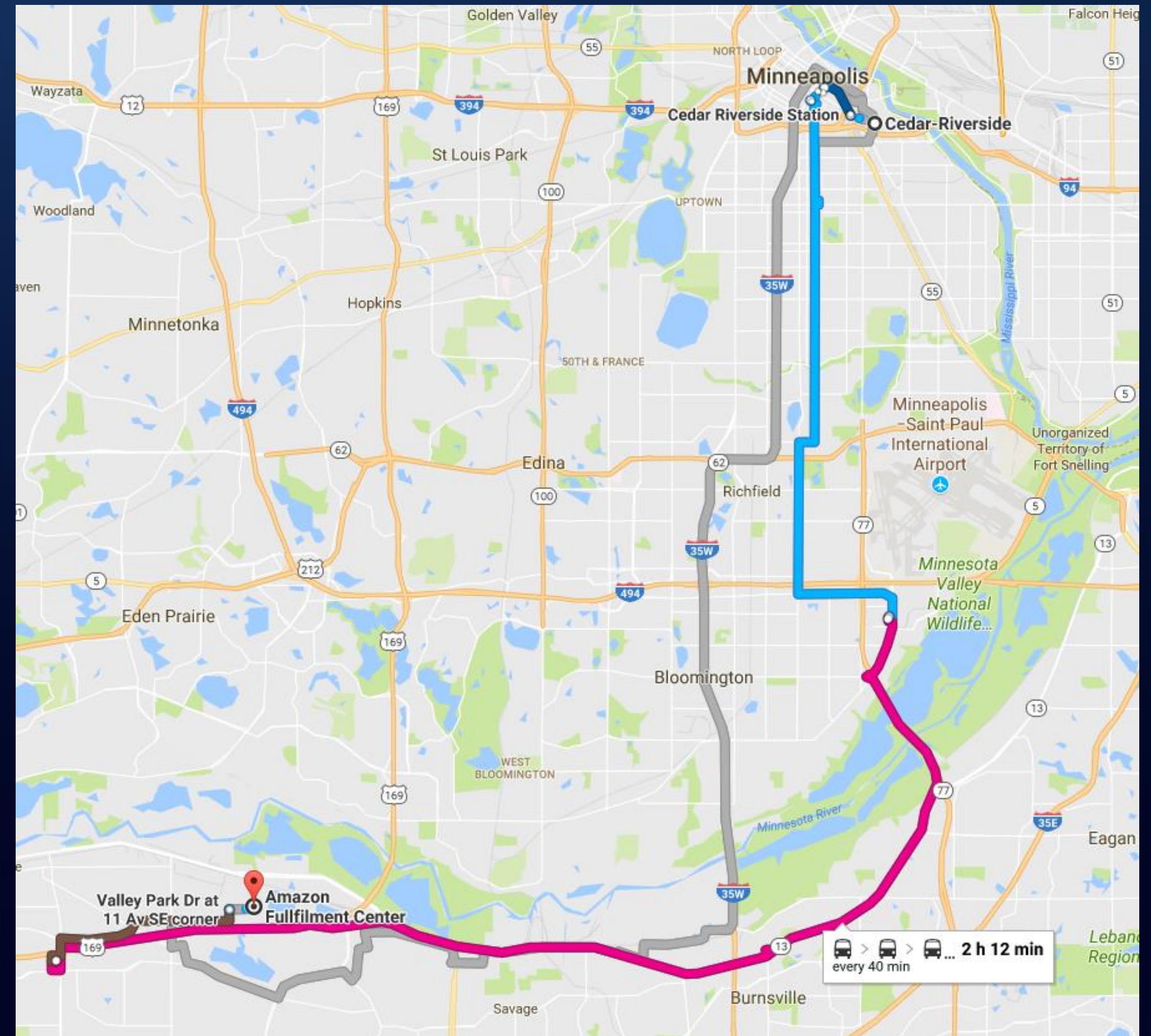


Infrastructure

Spatial Mismatch

The intersection of workforce, infrastructure, and inclusion

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



An effective Economic Value Atlas...



**Regional
Objectives**



**Quantifiable
Criteria**



Infrastructure

1

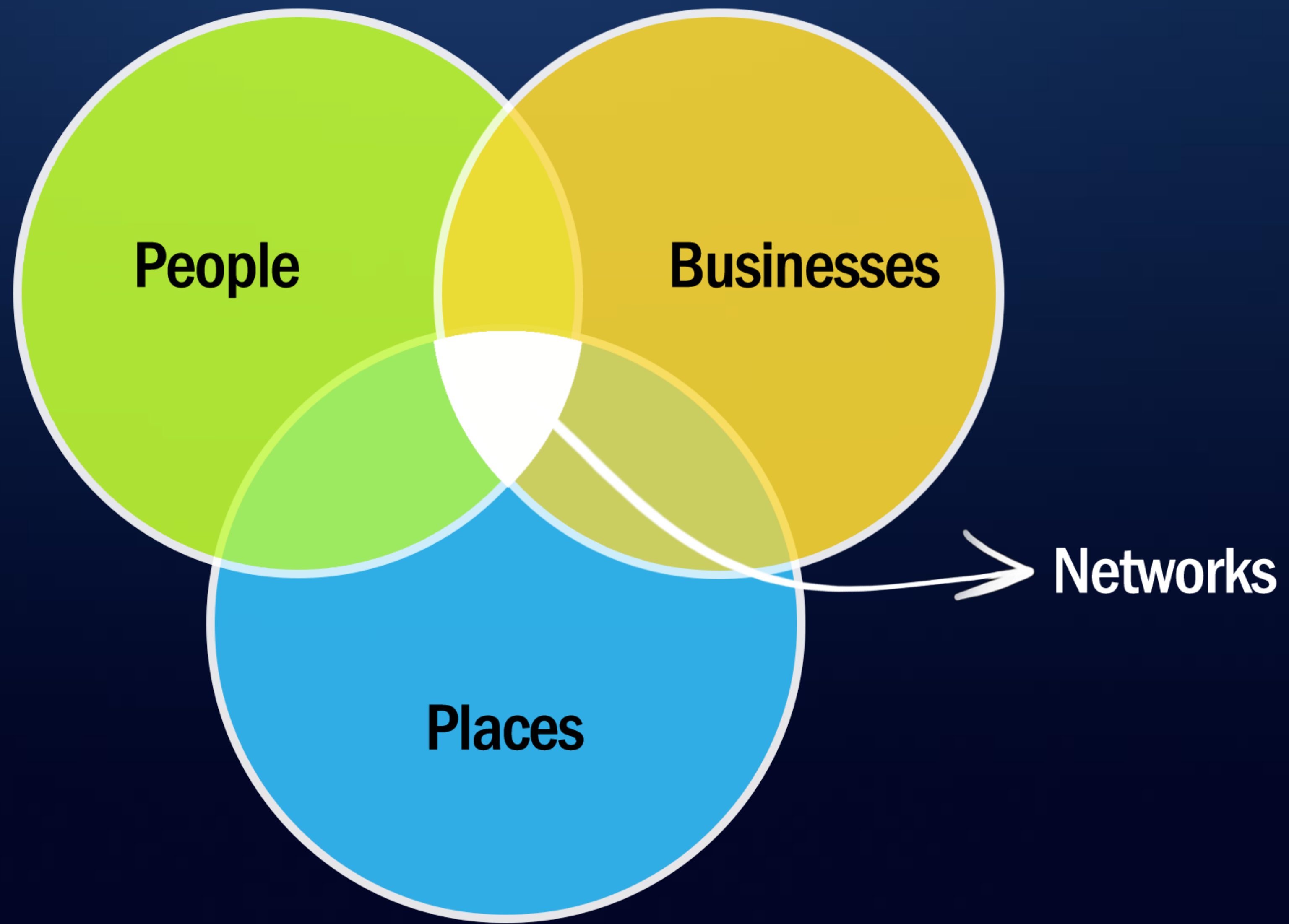
Economic Development, Evolved

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Moving Forward



A close-up photograph of solar panels, showing the grid-like structure of the photovoltaic cells against a clear blue sky.

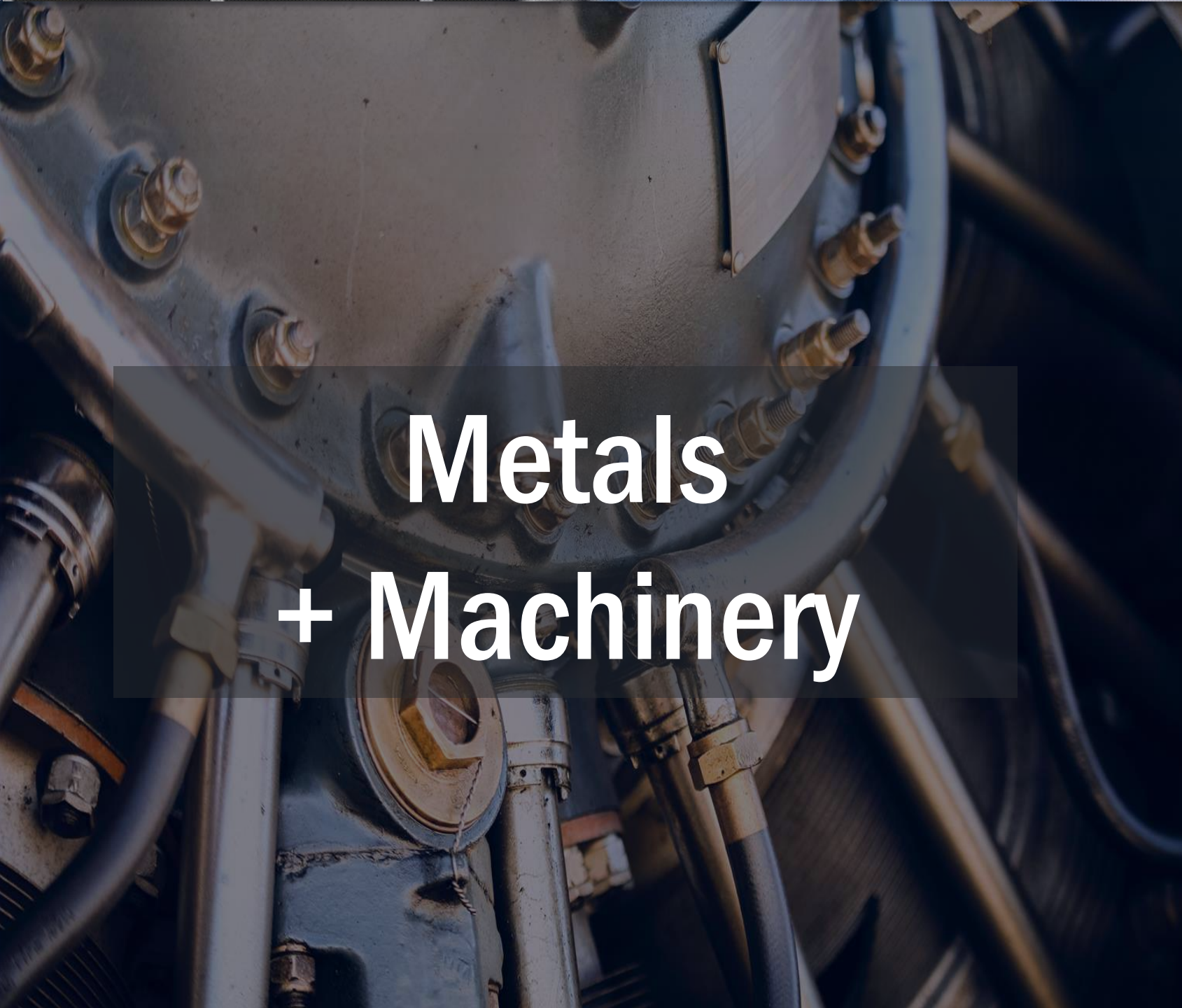
**Clean Tech
+ Green Cities**

A person's hands are shown typing on a laptop keyboard. The person is wearing a white long-sleeved shirt and a watch with a brown leather strap. A black mug is visible on the desk to the left.

**Computers
+ Electronics**

A person wearing a white lab coat and purple gloves is working in a laboratory. They are holding a small, clear container, possibly a petri dish or a vial, over a work surface.

**Health Sciences
+ Tech**

A close-up photograph of industrial machinery, featuring various metal components, bolts, and pipes, suggesting a manufacturing or engineering environment.

**Metals
+ Machinery**

A photograph of a computer screen displaying lines of colorful code, likely JavaScript or a similar programming language, in a dark-themed editor.

**Software
+ Media**

A person is running on a treadmill. The image focuses on their legs and feet, showing they are wearing dark athletic shoes and shorts. The treadmill's belt and rollers are visible.

**Sporting Equipment
Apparel + Design**

Come In
WE'RE
OPEN

Businesses

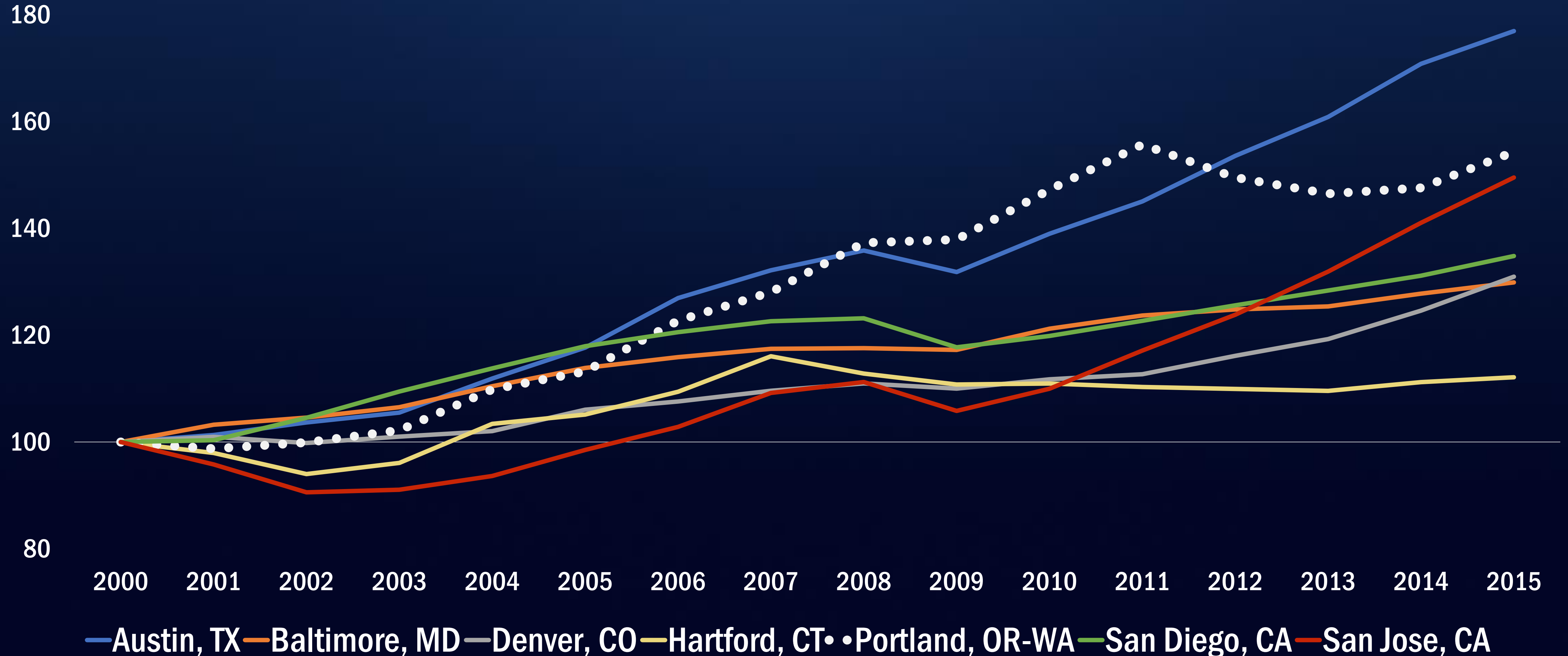
COLORANTE



Pimentón
Ahumado
2'90 €
Singluten

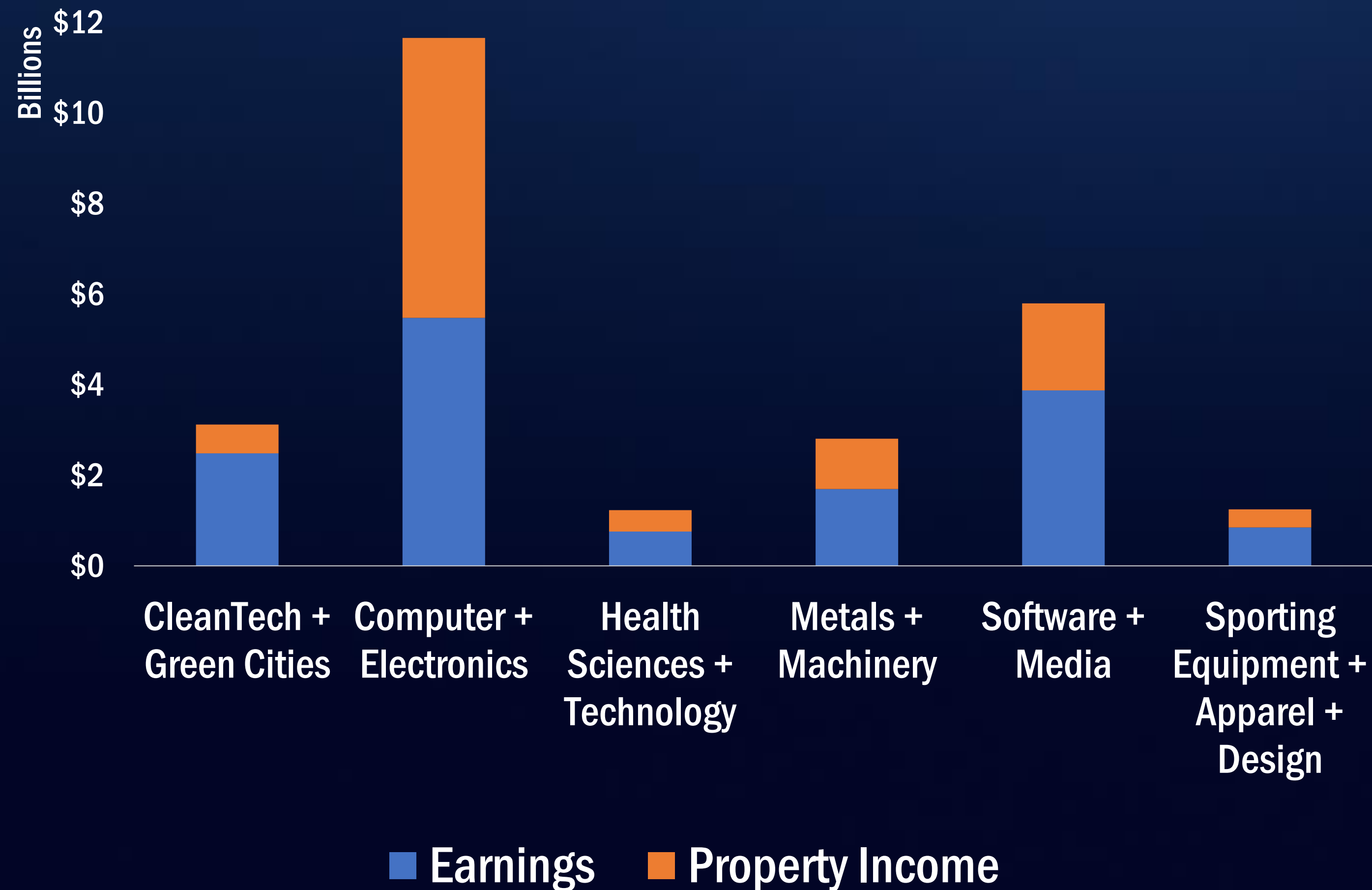
Portland Is Achieving Competitive Economic Growth ...

Index



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

Gross Regional Product



45%

Share of All
Tradable Industry
GRP

Portland Businesses: Growing Older + Outward-Facing

-7.5%

Employment at Young Firms
2005 - 2015

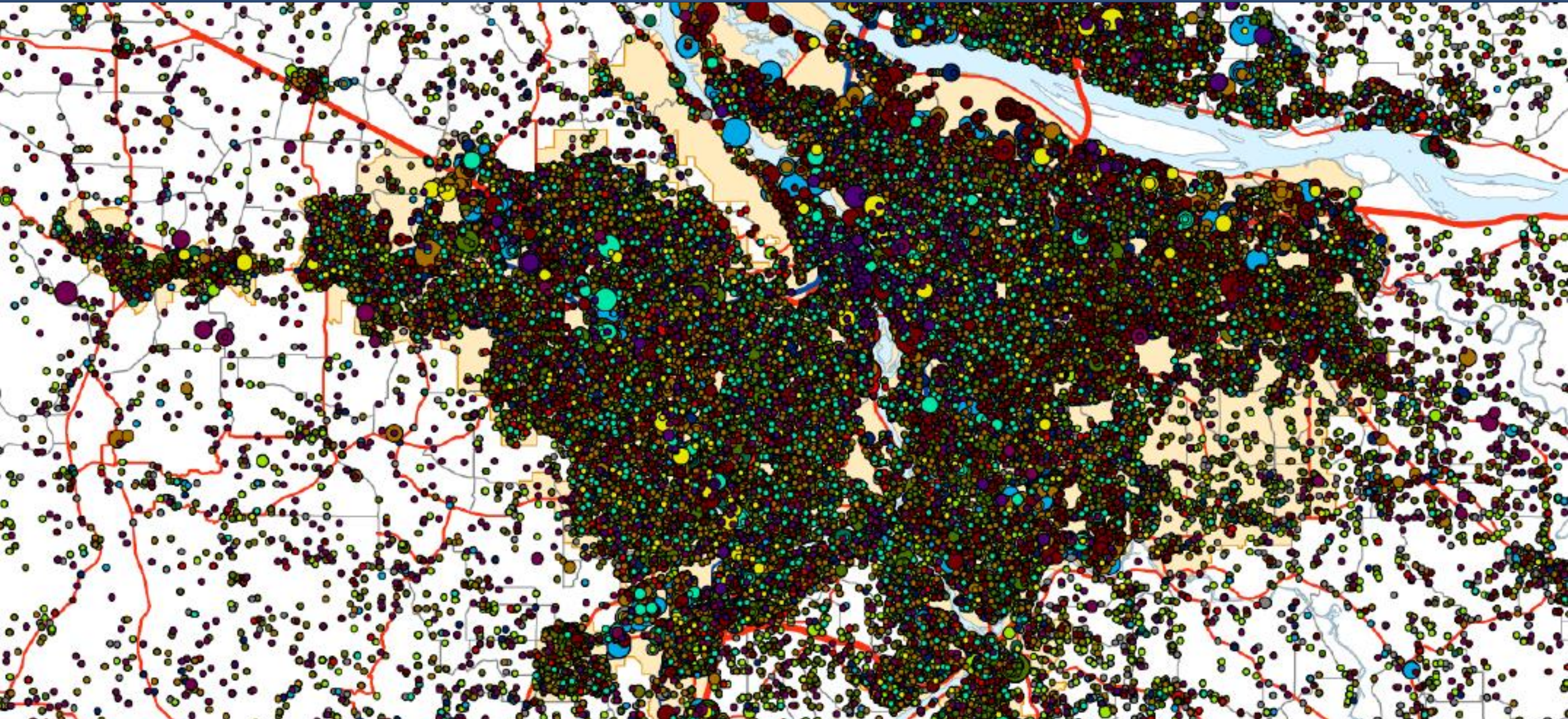
77,790

Direct Export-Supported Jobs
2015

4.8%

FDI Share of MSA Employment
2011

Jobs Cluster, But the Region is Expansive





People

Portland's Job Growth Is Closer to the Pack

Index

150

140

130

120

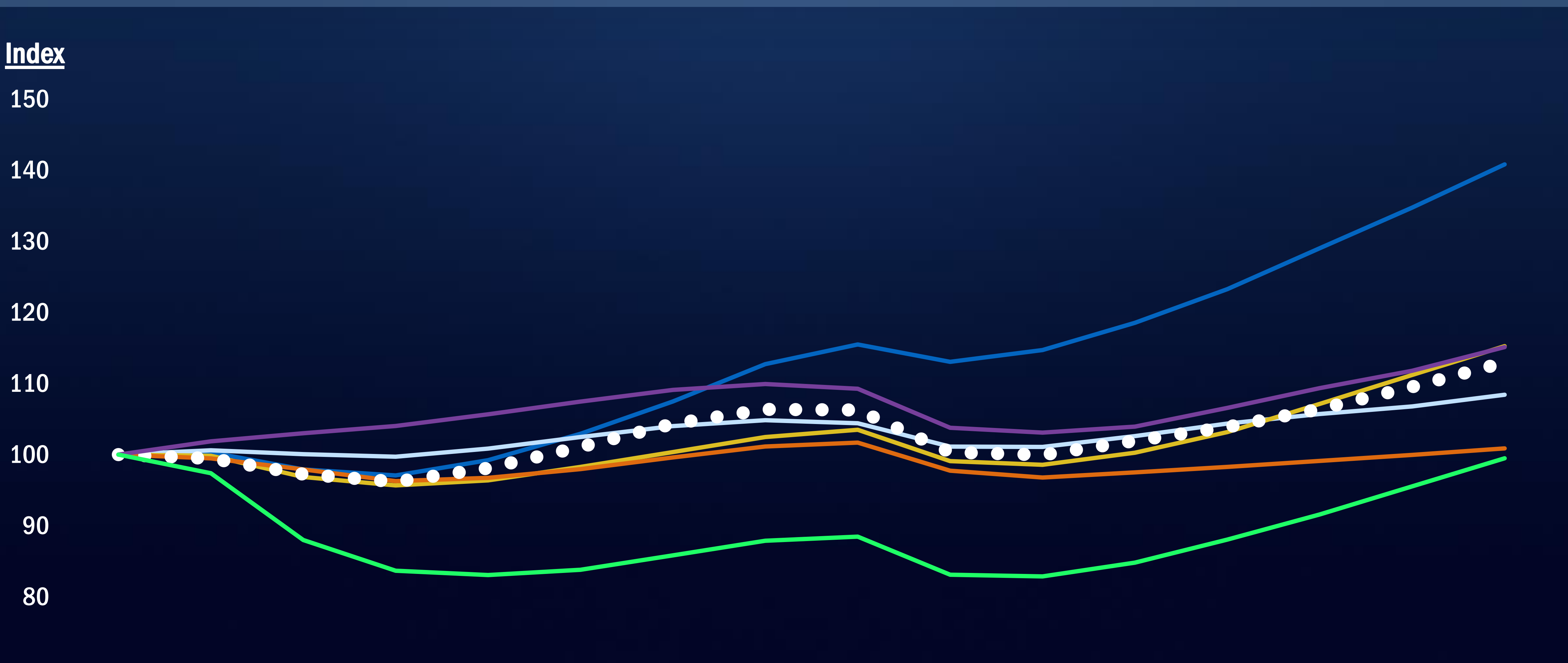
110

100

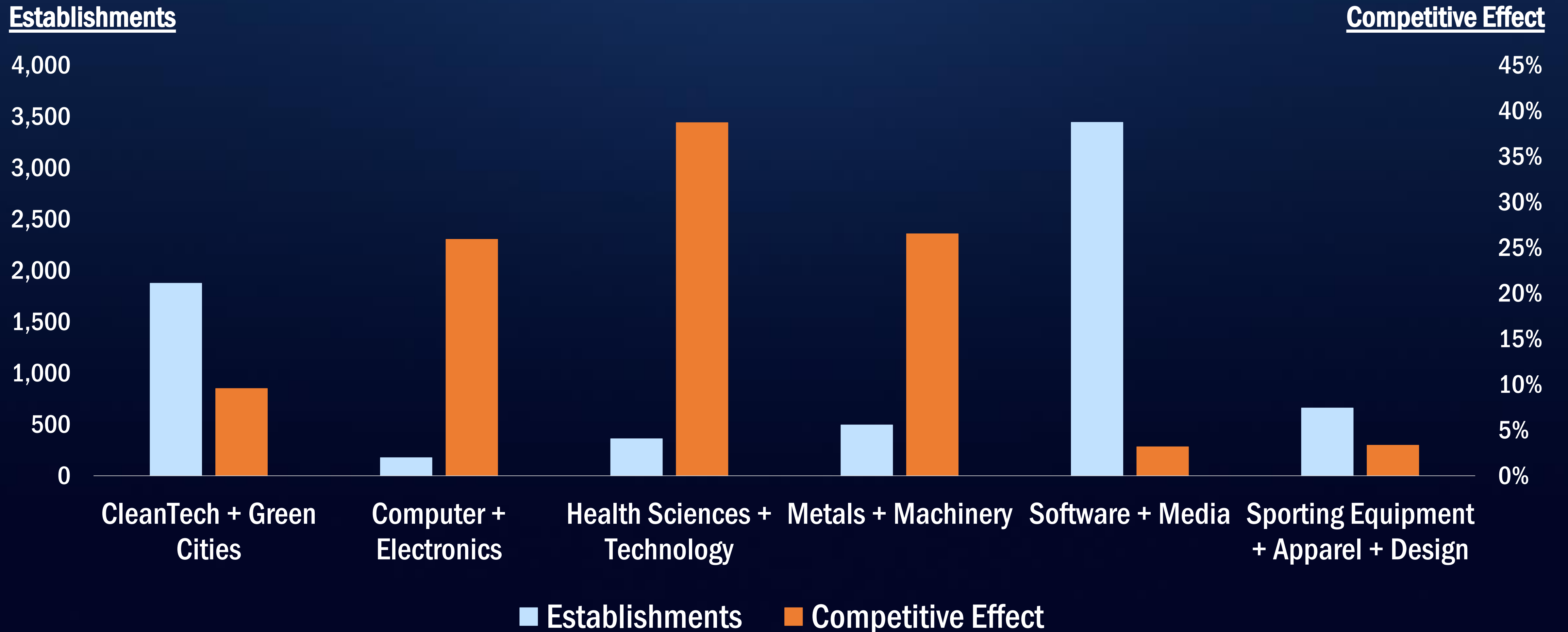
90

80

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



Focus Clusters' Employment Is Diverse + Healthy



Focus Clusters' Jobs Are Extremely Productive

Per Worker

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



Median Earnings Are Relatively Flat and Mixed by Race

+0.3%

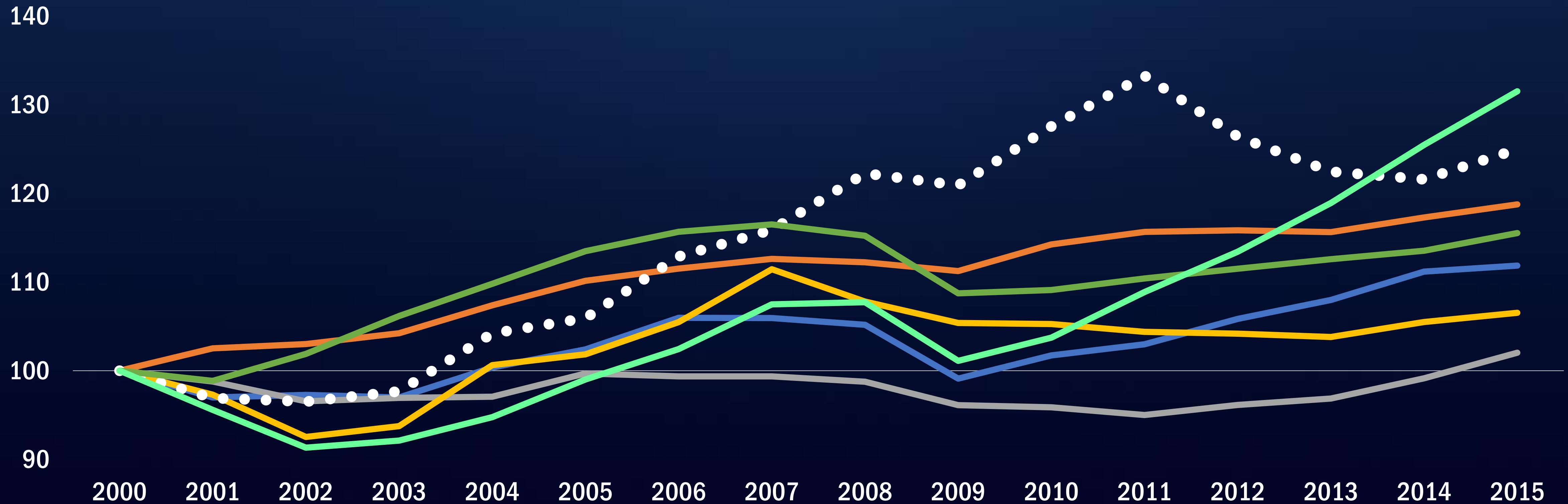
Median Wage Growth
2005 - 2015





Places

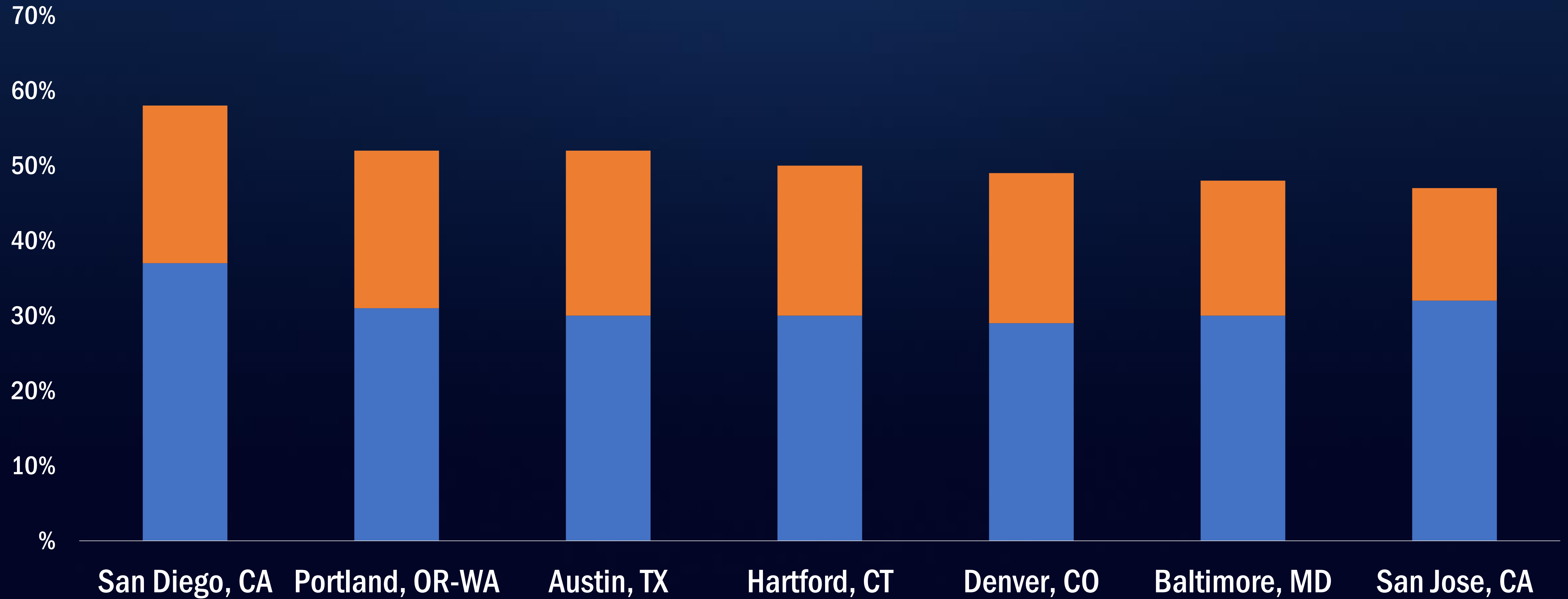
Metro-Scale Living Standards Look Strong ...



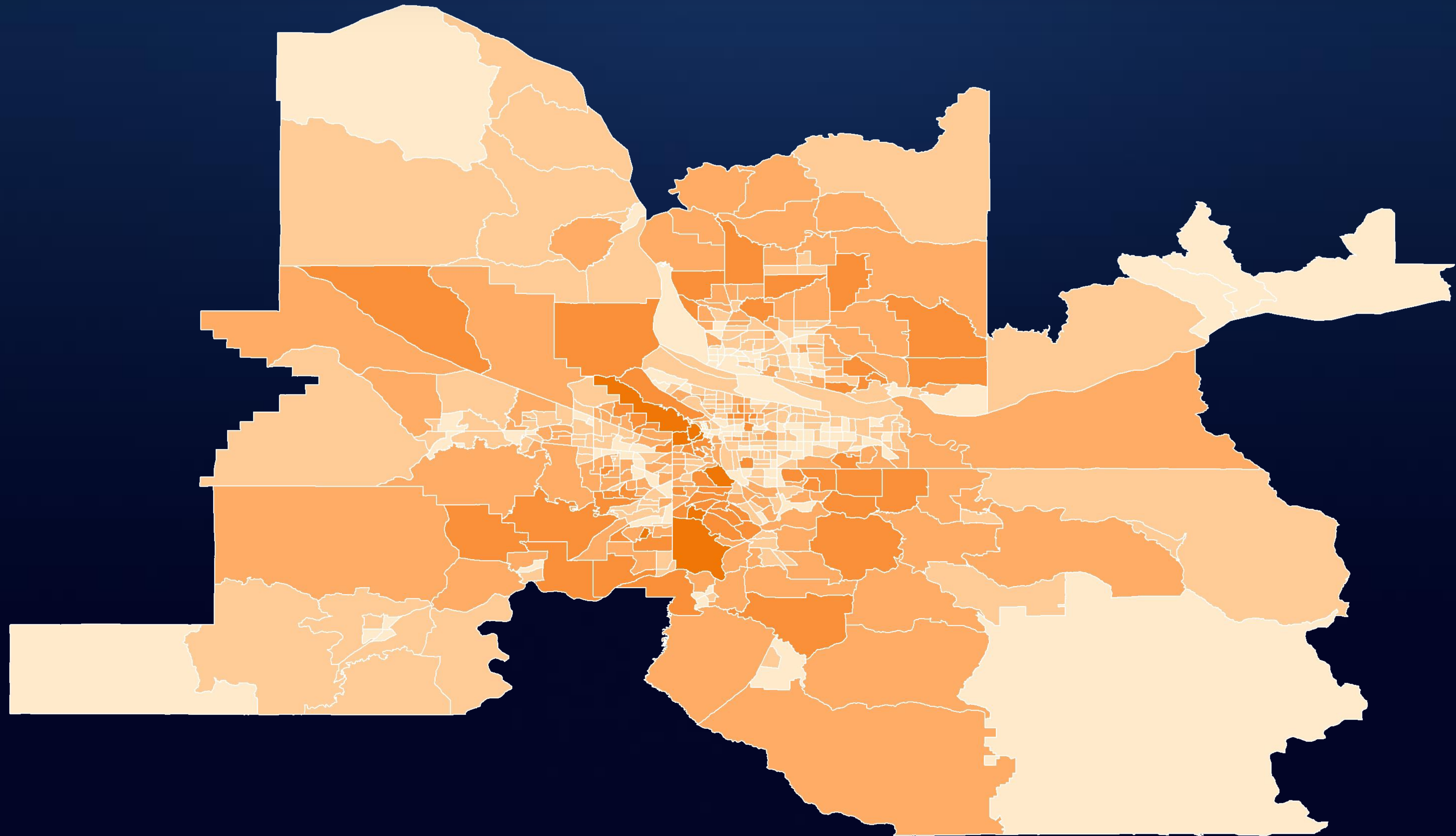
— Austin, TX — Baltimore, MD — Denver, CO — Hartford, CT • Portland, OR-WA — San Diego, CA — San Jose, CA

... but Place-Based Costs Are High

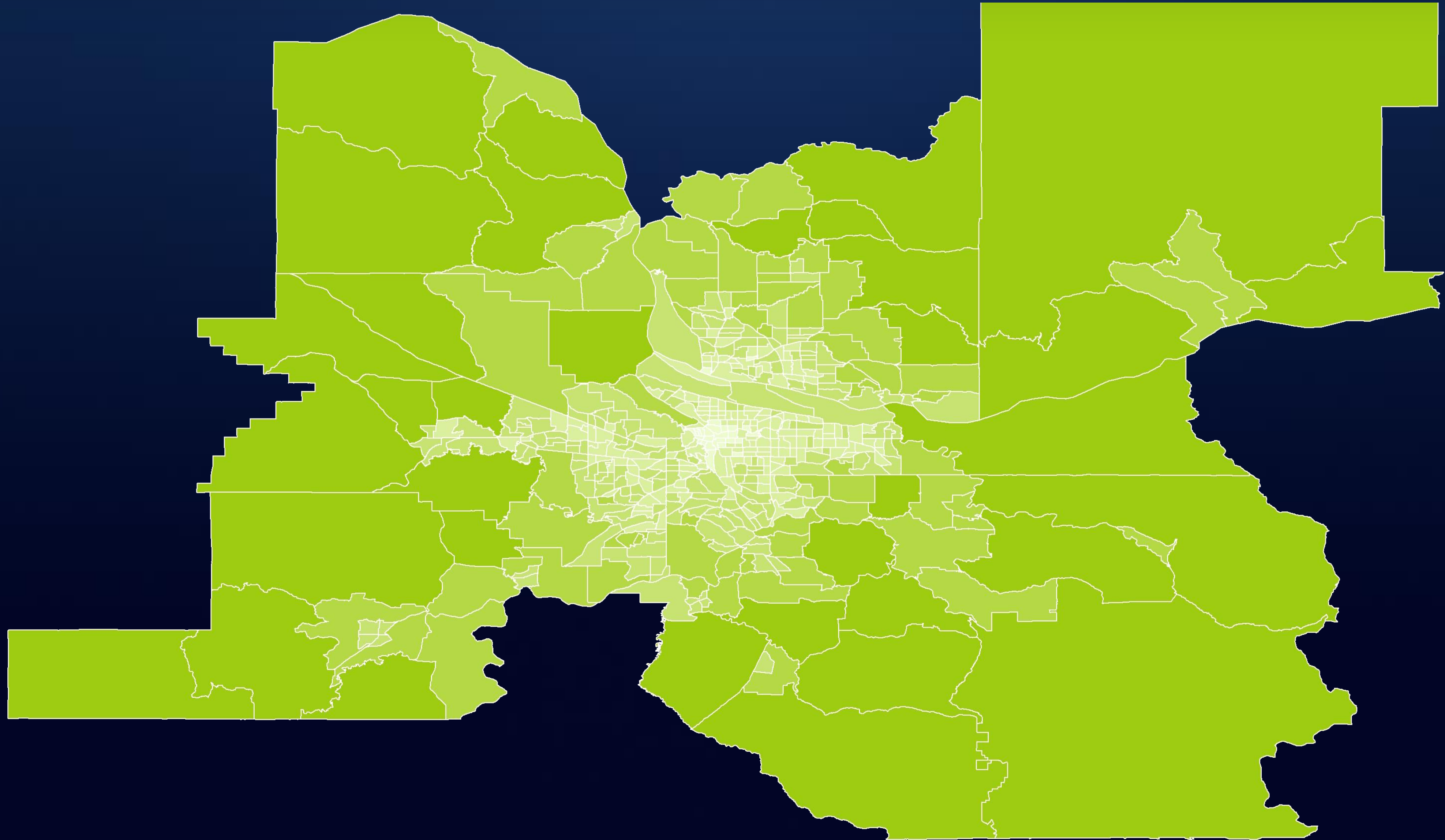
■ Housing Costs ■ Transportation Costs



Housing Costs

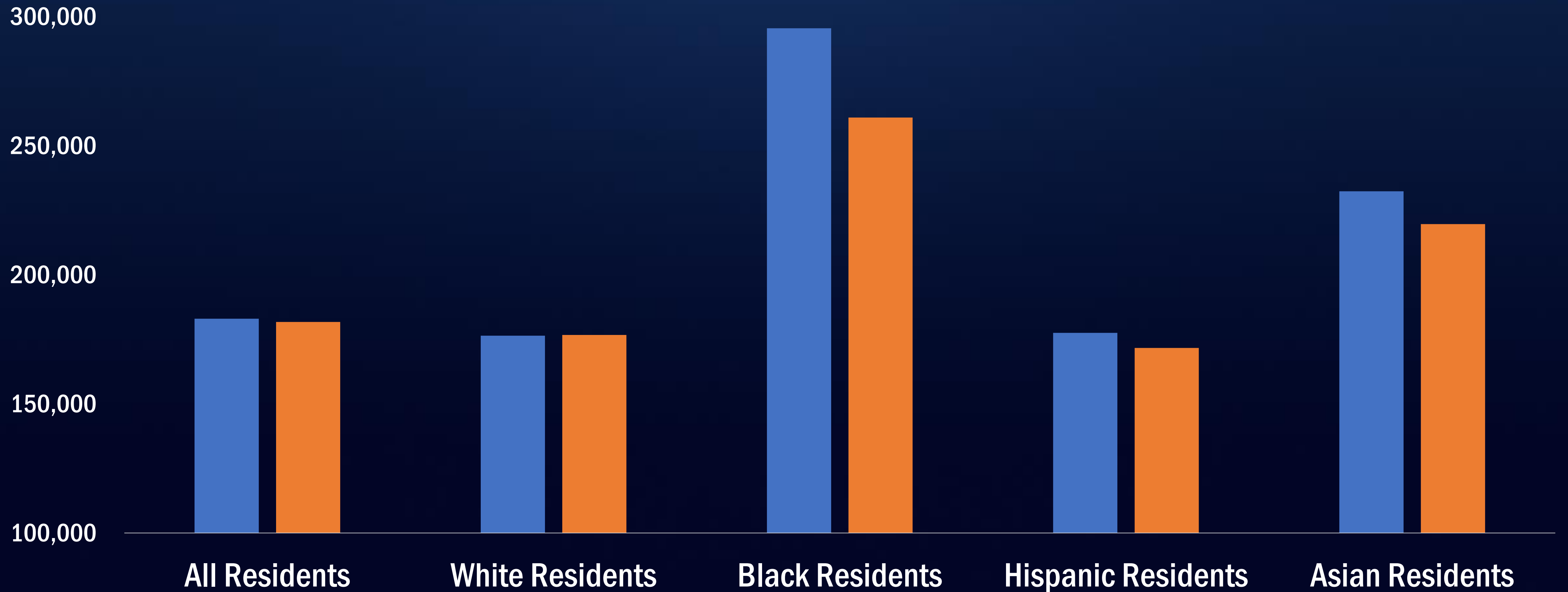


Transportation Costs



Spatial Mismatch Is Growing Unequally

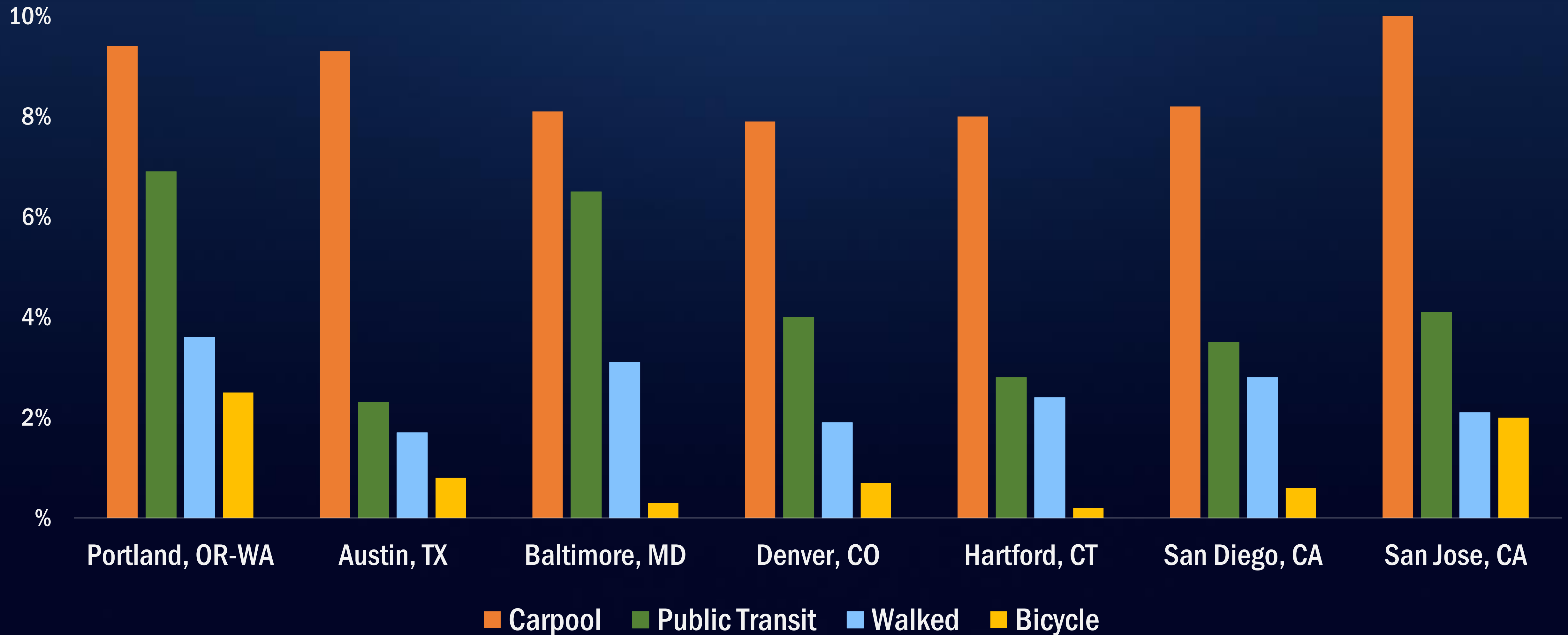
Jobs within Median Commute Distance



An aerial photograph of an airport tarmac, showing numerous commercial airplanes parked at gates. The image is dimmed and has a blue tint. The word "Networks" is overlaid in the center in a bright yellow font.

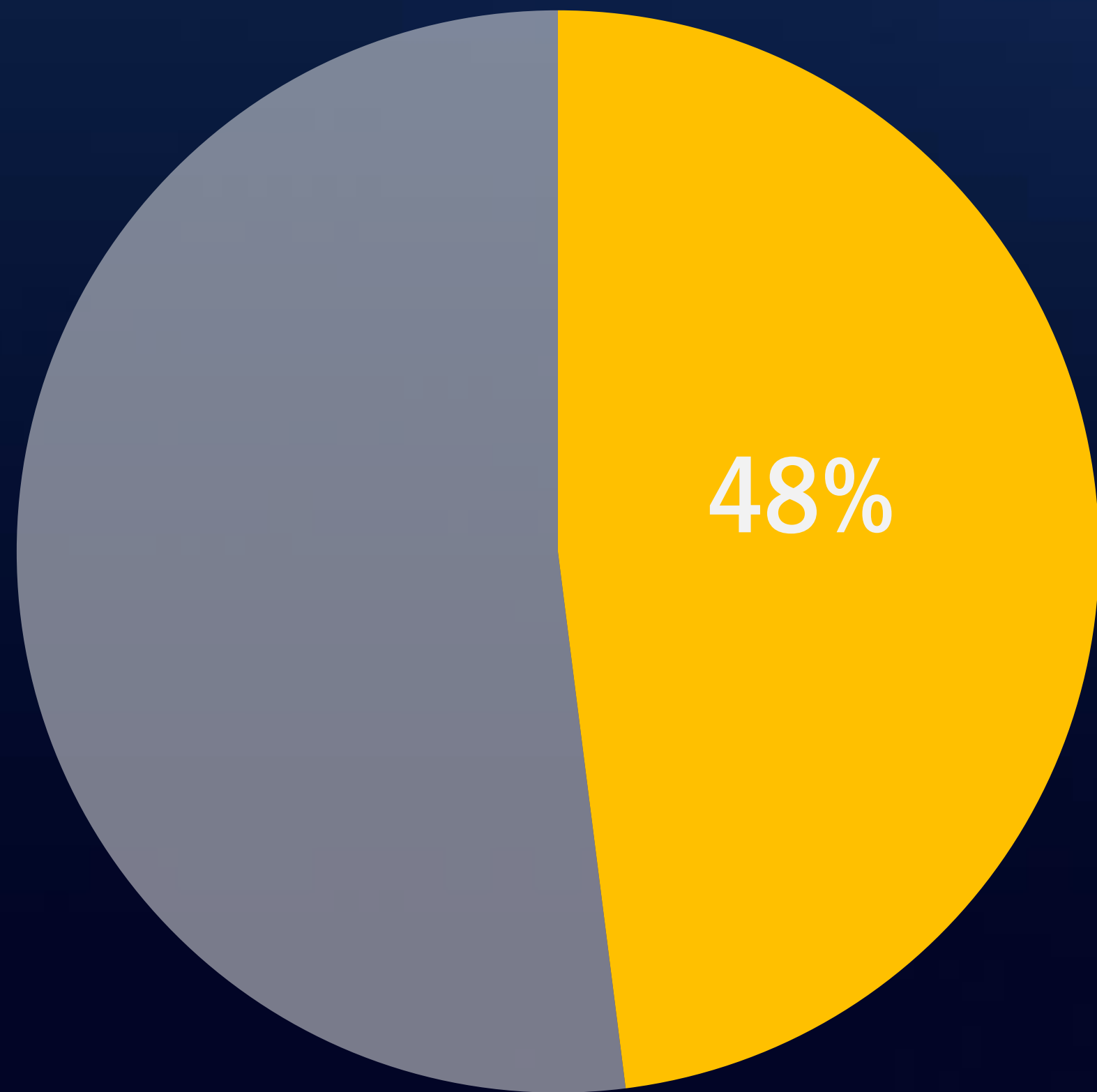
Networks

Portland's Modal Leadership

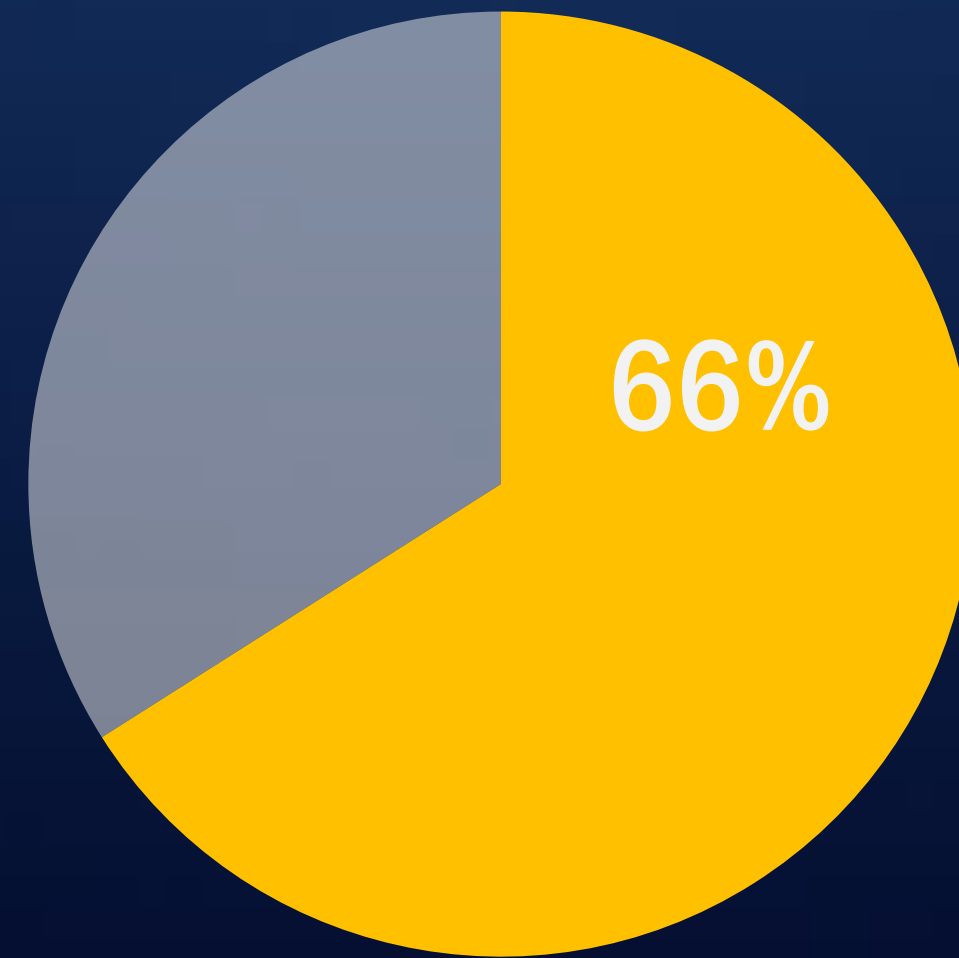


Portland's Counties Exchange Workers Throughout the Region

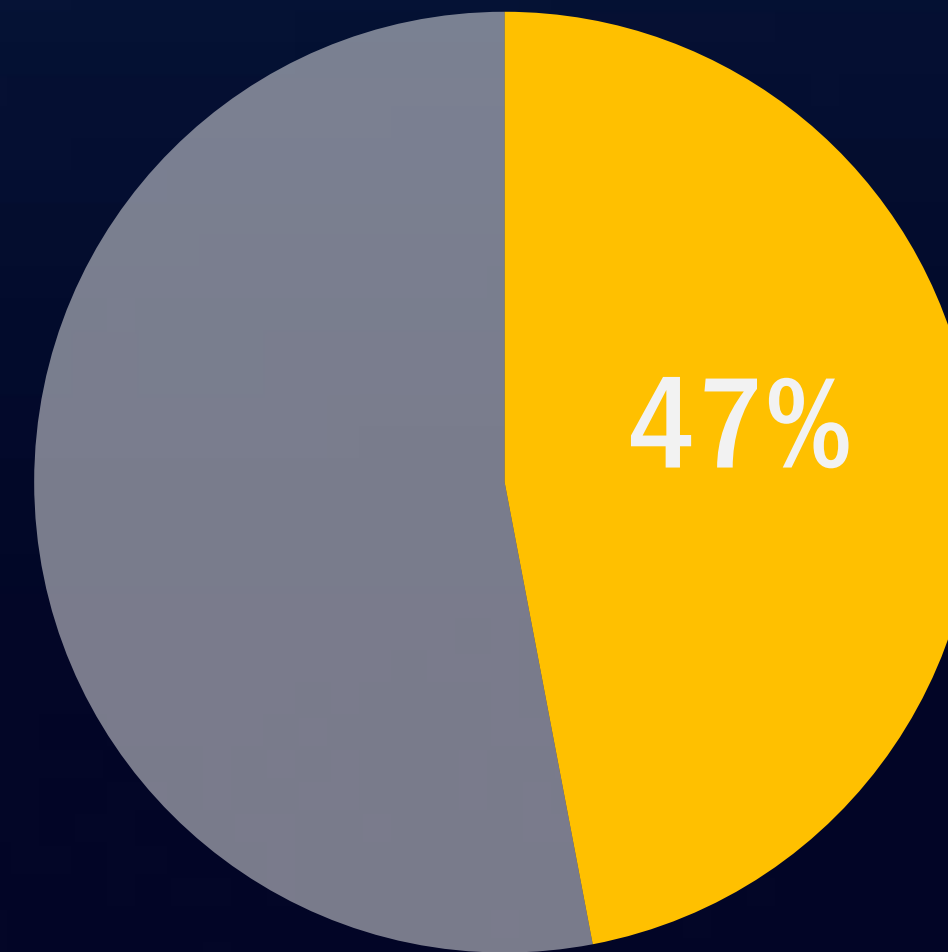
Inter-county Commuting Share



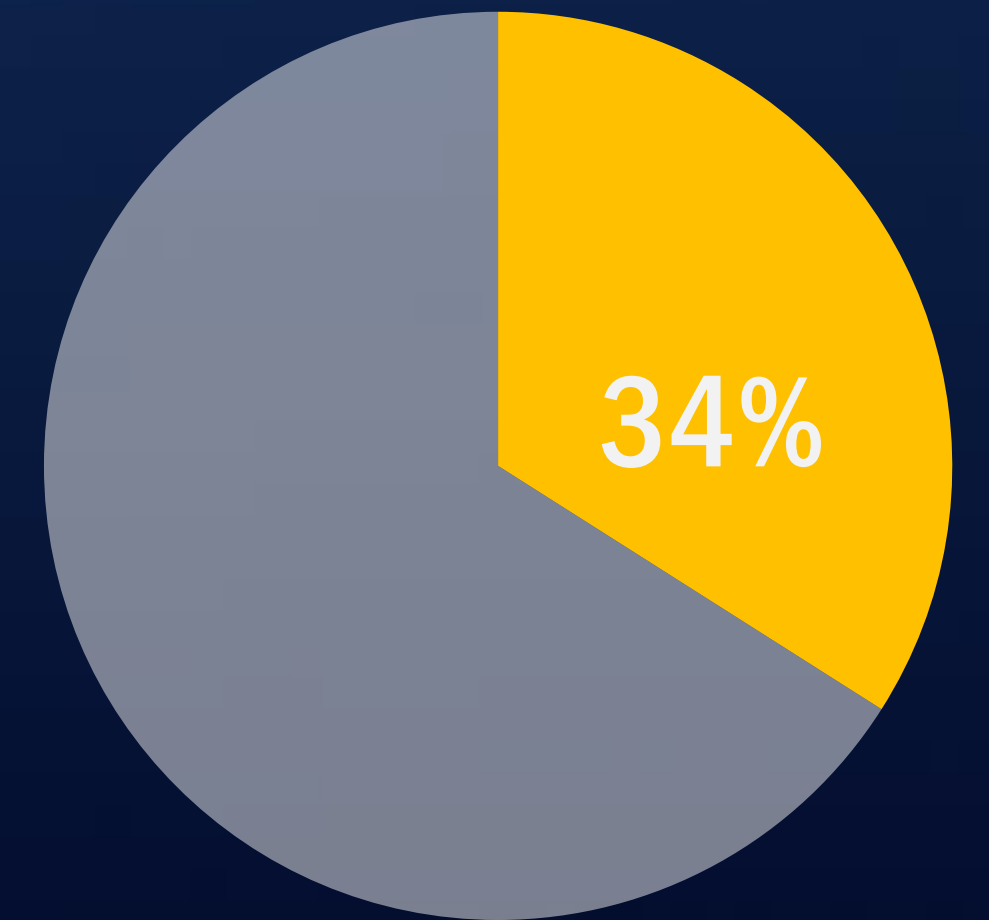
Portland MSA



Clackamas



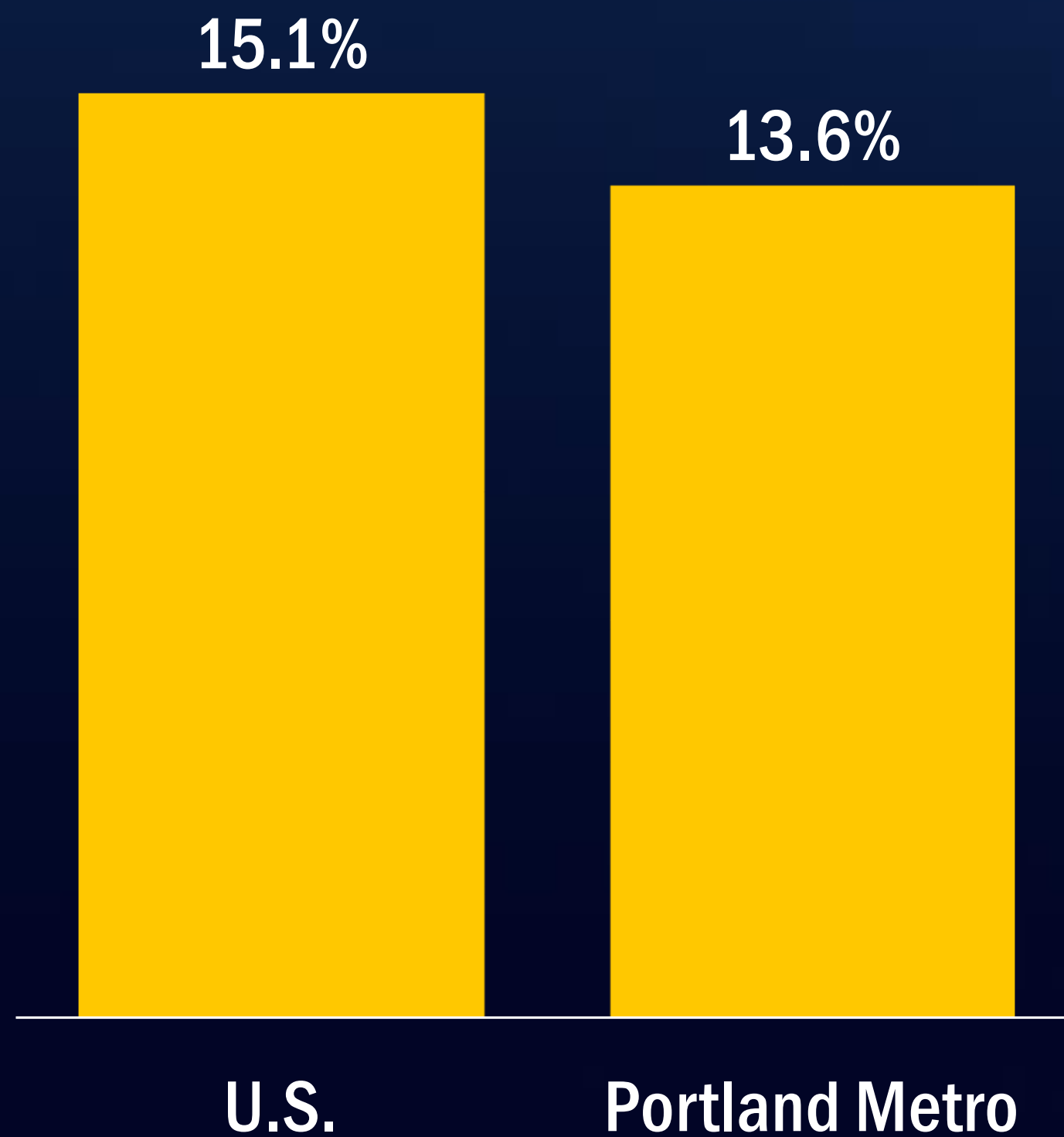
Washington



Multnomah

Portland Freight Dashboard

International Trade Share



Total Exported Goods

\$9.8 b

Total Goods Trade

\$140.0 b

28th of Top 100 Metros

Top Trading Partners

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

Portland Freight Dashboard

Trade Balance

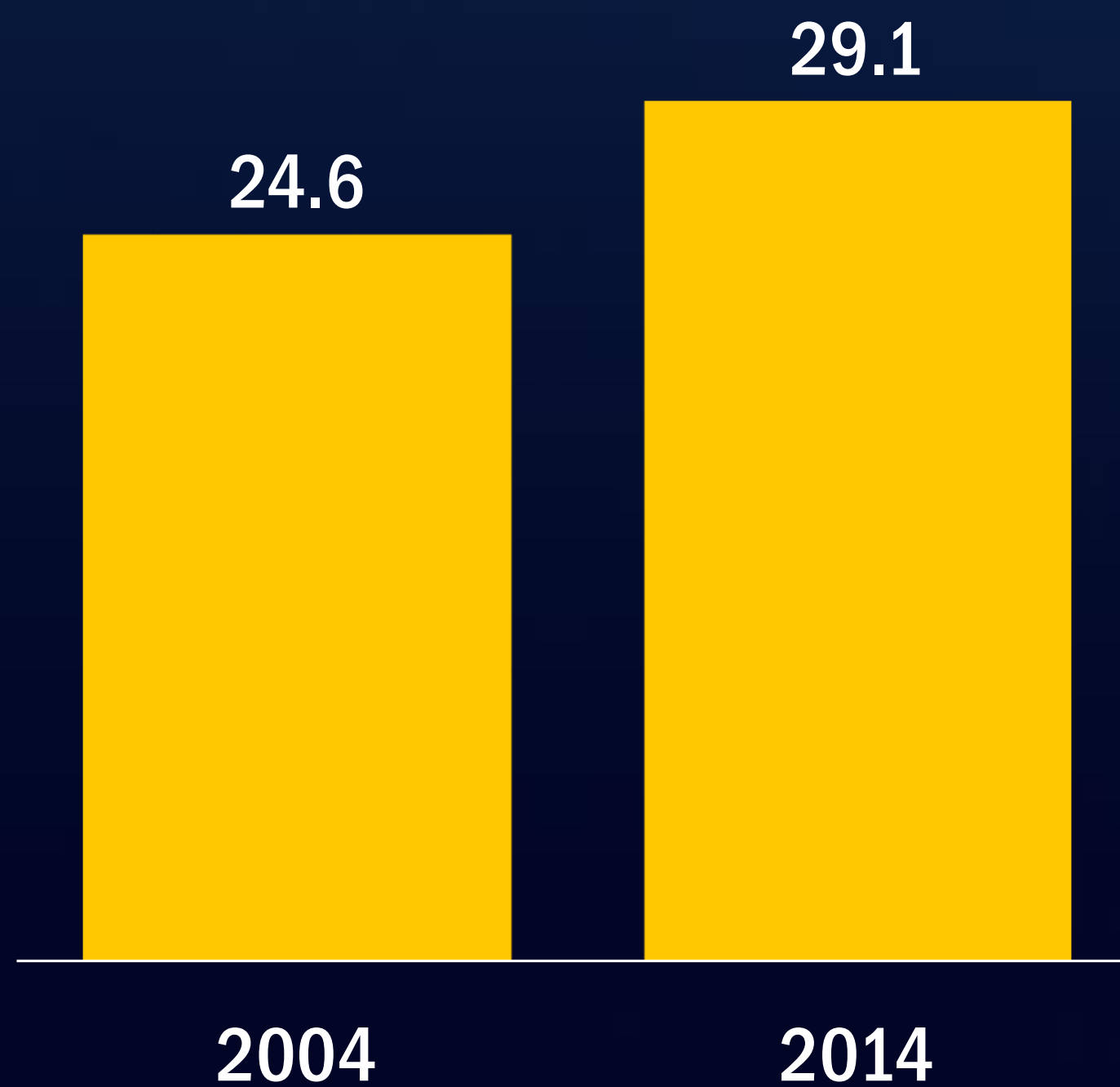
\$34bn

19th of Top 100 Metros



Portland Commercial Aviation Dashboard

Total Passengers (mil)



International Share

6.4%

27 among 35 GMM Metros

Local OD Passengers

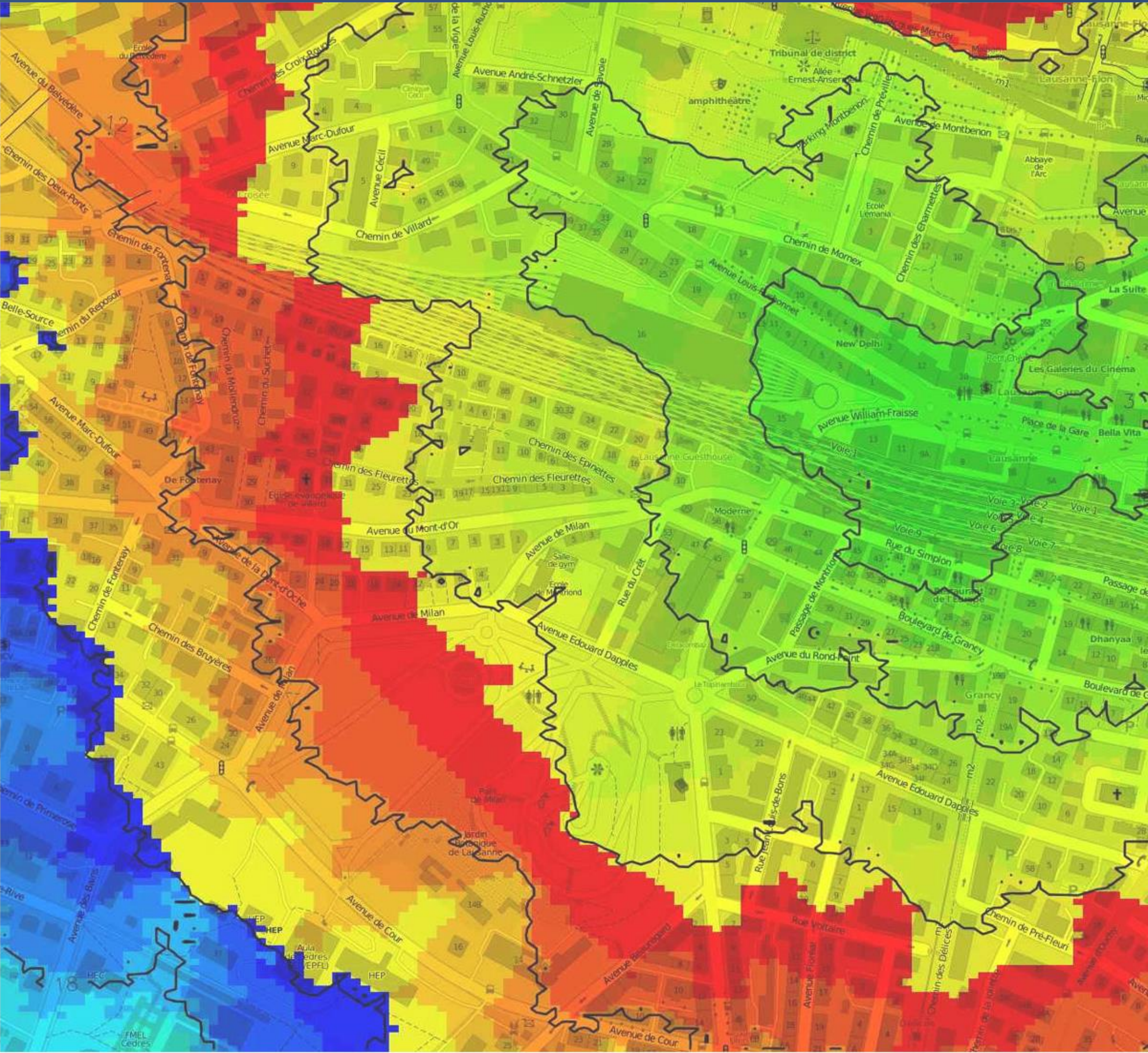
94.8%

Top OD Partner Regions (k)

1	Los Angeles	2,373
2	San Francisco	2,103
3	Las Vegas	1,186
4	Chicago	1,093
5	Phoenix	1,091
6	Seattle	1,061
7	Denver	1,005
8	San Diego	1,004
9	San Jose	975
10	Sacramento	855
Top 10 Share of Airport		43.8%

What's Next?

Mapping: Economic Activity and Networks



77%

Share of Goods-Producing
Workers Commuting into Hillsboro

INTEL

A map of Hillsboro, Oregon, illustrating the geographic distribution of goods-producing workers commuting into the city. The Intel facility is highlighted with a red pin and labeled 'INTEL'. The map uses a color scale where darker shades of blue indicate a higher percentage of workers commuting from that area, while lighter shades of pink and tan indicate lower percentages. The Intel facility is located in a light pink area, suggesting that while it is a major employer, a significant portion of the commuting workforce originates from other parts of the region, particularly the areas to the east and south of the city.

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Implications



Mixed Growth



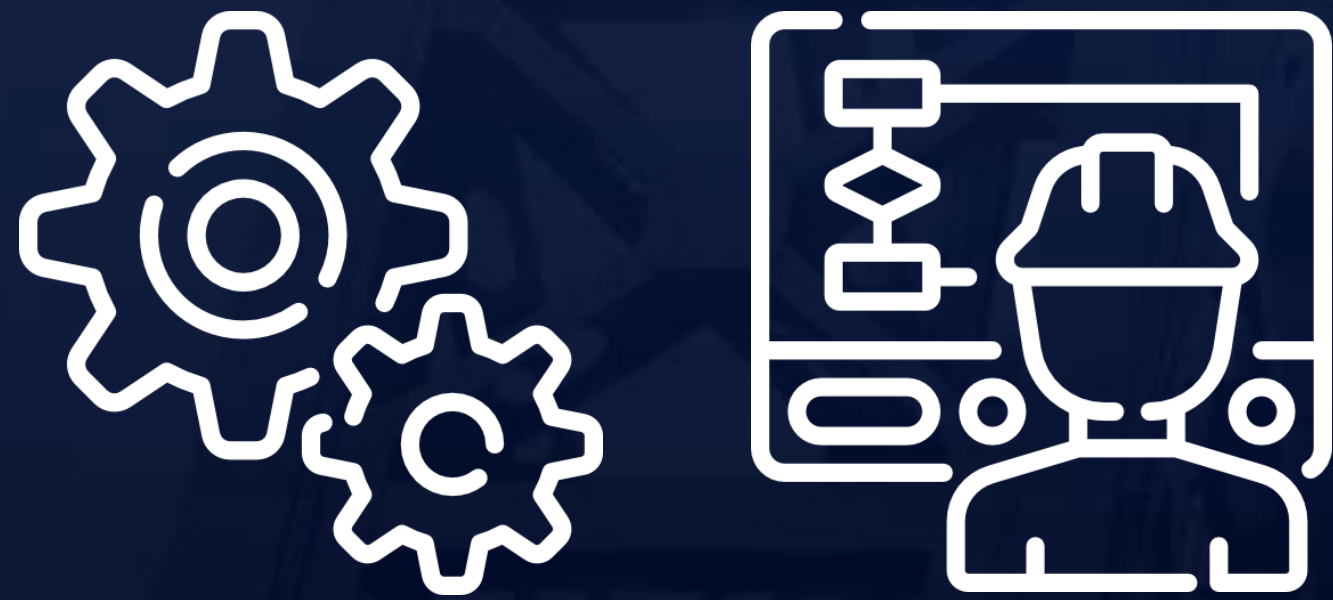
Place Matters



Core Question:

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

Flexible measurement to connect outcomes



**Formalize Business and
People Goals**



**Create Place and Network
Benchmarks**



**Develop Criteria to
Judge Proposals**



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