

CURRENT TRENDS



CURRENT TRENDS

Economic, Industry & Social Trends

High-performing places attract high-performing talent. Innovate Indiana draws upon research and insights gained from the Regional Cities Report and its best practice learning as well as a growing body of knowledge within the emerging discipline of place-based economic development. This knowledge base is influenced by economic, industrial, and social trends that practitioners are observing in the marketplace.

Place-based development strategies work to align and improve the physical environment in which people live and work for greater economic development output. The place-based approach works to ensure a quality and diversity of high-demand amenities such as civic-spaces, workplace settings, greenways, active transportation networks, and housing options—all needed

to attract the talent and investment required to fuel modern business. These strategies must further require that high-value innovation resources such as higher education, industry, and economic development intermediaries are engaged and coordinated, all working toward a common goal.

Northern Indiana leaders fully embrace the importance of “quality of place” and have developed a strategy to achieve this. Innovate Indiana recognizes four trending place-based success factors critical in creating competitive places and employment centers. These trends include: **Density, Connectivity, Amenities** and **Productivity**. A fifth trend: the emergence of **innovation districts**, offers a solution to address and embody the four success factors.



Density

The rise of the knowledge economy in large part relies upon the ability for people and businesses to interact easily among each other. In recent years, considerable research has pointed to the value of density among people and businesses as an economic development objective. Foundational research such as *Consumer City*, recognized that, “The future of the city depends on the demand for density. If cities are going to survive and flourish,

then people must continue to want to live close to one another.”^[7] Increasingly, modern developments—both within urban and suburban communities—look more like older traditional neighborhoods. They increasingly include a mix of uses and higher density housing in close proximity to work and play venues.^[8] These environments offer more opportunity for people to meet, share information and form new relationships.

^[7] http://scholar.harvard.edu/files/glaeser/files/consumer_city.pdf

^[8] <http://www.wsj.com/articles/some-firms-learn-you-just-cant-beat-the-burbs-1431462944>

CURRENT TRENDS

Developing amenities should play a role in cities' labor attraction & retention policies

Beyond density within the built-environment, it is also important for communities within regions to build cross-border connections (density) and functionality. In the book *Regional Advantage*, author Annalee Saxenian's research found that, "Regions offer an important source of competitive

advantage even as production and markets become increasingly global. Geographic proximity promotes repeated interaction and mutual trust needed to sustain collaboration and to speed continual recommendations of technology and skill. When production is embedded in these regional social structures and institutions, firms compete by translating local knowledge and relationships into innovative products and services."^[9]



Connectivity

Physical, social, and communication connectivity is a must in today's fast-paced and knowledge-intensive economy. Businesses must quickly respond to customers and partners with products, services and information in order to remain competitive. Consumers and residents expect easy and reliable digital and physical access to social environments, workplaces and markets. In addition to local and outbound connectivity, communities are seeking ways to create connections and attractions that generate inbound traffic in terms of recreational visitors and business partners. A regular inflow of visitors

increases broader awareness of a region and what a region has to offer. This can lead to future investment and business opportunities.

Connectivity and alignment within regional and city economic development efforts is also required to compete in the global economy. In *The Coming Jobs War*, Jim Clifton states, "Every city needs a team to work on the alignment, focus and strategies that put all businesses and local institutions of absolutely every kind on the same page. Meanwhile, the whole city has to be participating, highly coordinated and working out of the same playbook to win."^[10]

^[10] Clifton, Jim. "The coming jobs war: what every leader must know about the future of job creation." New York, NY: Gallup Press, 2011: 66.

CURRENT TRENDS



Amenities

While a job is a key reason why talented individuals may move or stay in a certain community, it is not the only reason. How one feels about and enjoys the place in which he or she chooses to live and work is more of a driver now than ever before. As more people, especially the millennial generation (ages 21 to 33), are opting to become independent contractors or start their own business, the traditional pathway toward employment with larger legacy

companies may become much less traditional in future years. The online trade publication *EconomicDevelopment.org* reported:

"In the skilled labour market of the 21st Century, people do not necessarily follow jobs. Instead, jobs appear to be following people. Research has shown that people tend to move to cities with plentiful amenities."

Edward Glaeser, a professor at Harvard University, and one of the foremost academics on the subject, has found that cities with lots of urban amenities tend to grow faster. Terry Nichols Clark of the University of Chicago determined the existence of the same relationship along with some other interesting results. According to his research, college graduates preferred built urban amenities, the elderly favored natural amenities, and people engaged in technology patents liked both. In this way, developing amenities should play a role in cities' labor attraction and retention policies.^[11]

Innovate Indiana recognizes four trending place-based success factors critical in creating competitive places and employment centers. They include: **Density, Connectivity, Amenities and Productivity.** A fifth trend, the **emergence of innovation districts**, offers a solution to address and embody the four success factors

^[11] <http://economicdevelopment.org/2015/04/howtoattractpeopletoyourcityanditsnotjustaboutjobs/>

CURRENT TRENDS



Productivity

Clifton writes that gross domestic product (GDP) growth is fueled on, “the core energy of entrepreneurship and innovation.”^[12] Higher productivity based on entrepreneurship, innovation and technology can lead to lower average costs of goods/services sold, higher profits, higher wages and overall economic growth. Because of this, productivity is often viewed as a main measure or determinant of living standards for a particular market region.

“
Economic success
of a city has been
increasingly
defined by its
number of highly
educated workers.

- *The New Geography of Jobs*

“
Innovation districts
have the unique potential
to spur productive,
inclusive & sustainable
economic development.

- *The Brookings Institute*

Productivity and positive economic outcomes at both the community and individual level are dependent upon a highly educated workforce and talent base. Enrico Moretti, author of *The New Geography of Jobs*, states that, “Since 1980, data shows that the economic success of a city has been increasingly defined by its number of highly educated workers. Cities with many college-educated workers and innovative employers started attracting more of the same, and cities with a less educated workforce and less innovative employers—such as traditional manufacturing—started losing ground.”^[13] At the individual level, the household earnings gap between the college-educated and the high school-educated has almost doubled from \$30,298 in 1979 to \$58,249 in 2012.^[14]

[12] Clifton, Jim. “The coming jobs war: what every leader must know about the future of job creation.” New York, NY: Gallup Press, 2011: 54

[13] <http://www.wsj.com/articles/SB10001424127887324576304579072773954985630>

[14] <http://www.sciencemag.org/content/344/6186/843.full?ijkey=75Wfa..Upt6b6&keytype=ref&siteid=sci>



CURRENT TRENDS

Emergence of Innovation Districts

The Brookings Institute recently published a detailed analysis on the emergence of formal Innovation Districts^[15] throughout the country and across the world. These districts embody and enable the four trending success factors of density, connectivity, amenities, and productivity. Brookings describes these districts as “geographic areas where leading-edge anchor institutions and companies cluster and connect with startups, business incubators and accelerators. They are also physically compact, transit-accessible and technically-wired, and offer mixed-use housing, office and retail. Innovation Districts have the unique potential to spur productive, inclusive and sustainable economic development.”^[16] Additionally, one of the ways innovation districts are being created is by anchor institutions (re)locating facilities and programs to urban areas in order to access a cluster of advantageous activity.

Districts are emerging in international locations such as Barcelona, London, Montreal, Toronto, and Seoul. Domestically, these districts are taking a variety of forms based on local conditions in communities around the United States. “Districts are emerging near anchor institutions in the downtowns and mid-towns of cities like Atlanta, Baltimore, Buffalo, Cambridge,

Cleveland, Detroit, Houston, Philadelphia, Pittsburgh, St. Louis, and San Diego. They are developing in Boston, Brooklyn, Chicago, Portland, Providence, San Francisco and Seattle where underutilized areas (particularly older industrial areas) are being re-imagined and remade. Still others are taking shape in the transformation of traditional exurban science parks like Research Triangle Park in Raleigh-Durham, which are scrambling to meet demand for more urbanized, vibrant work and living environments.”^[17]

Brookings recognized that, when fully functional, Innovation Districts, “enable companies, entrepreneurs, workers, researchers and investors to work across disparate sectors and institutions to commercialize ideas and co-invent and co-produce new discoveries for the market. They foster innovation across industries by concentrating people with different knowledge and expertise in dense urbanized areas; experts in technology, for example, work closely with experts in bioscience, finance, education and energy. Innovation Districts are, in essence, the vanguard of a new “convergence economy” which is galvanizing the growth of more competitive firms and higher quality jobs and spurring expansion in supportive professional and commercial service sectors.”^[18]

[15] <http://www.brookings.edu/research/papers/2015/06/24oneyearinnovationdistrictskatzveywagner>

[16] <http://www.brookings.edu/about/programs/metro/innovation-districts>

[17] <http://www.brookings.edu/~media/Programs/metro/Images/Innovation/InnovationDistricts1.pdf>, page 1

[18] <http://www.brookings.edu/~media/Programs/metro/Images/Innovation/InnovationDistricts1.pdf>, page 4