

# Greater Washington's Innovation Economy at a Crossroads

*Lessons from today's challenges and Amazon HQ2*



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The state of  
Greater  
DMV's  
innovation  
economy

2

Why place  
matters to  
the regional  
economy

3

Implications  
of HQ2 and  
beyond

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# Every region should pursue three goals

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## GROWTH



Jobs  
Output  
Entrepreneurship

## PROSPERITY



Productivity  
Standard of Living  
Average wage

## INCLUSION



Employment rate  
Median wage  
Relative poverty rate

# Every region should pursue three goals

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GROWTH 

76th

2011-2016

Jobs  
Output  
Entrepreneurship

Source: Brookings, "Metro Monitor," 2018

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# Every region should pursue three goals

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GROWTH 

**76th**

2011-2016

Jobs  
Output  
Entrepreneurship

PROSPERITY 

**91st**

2011-2016

Productivity  
Standard of Living  
Average wage

Source: Brookings, "Metro Monitor," 2018

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# Every region should pursue three goals

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## GROWTH



**76th**

2011-2016

Jobs  
Output  
Entrepreneurship

## PROSPERITY



**91st**

2011-2016

Productivity  
Standard of Living  
Average wage

## INCLUSION



**94th**

2011-2016

Employment rate  
Median wage  
Relative poverty rate

# Greater DMV is trailing the nation on prosperity and inclusion

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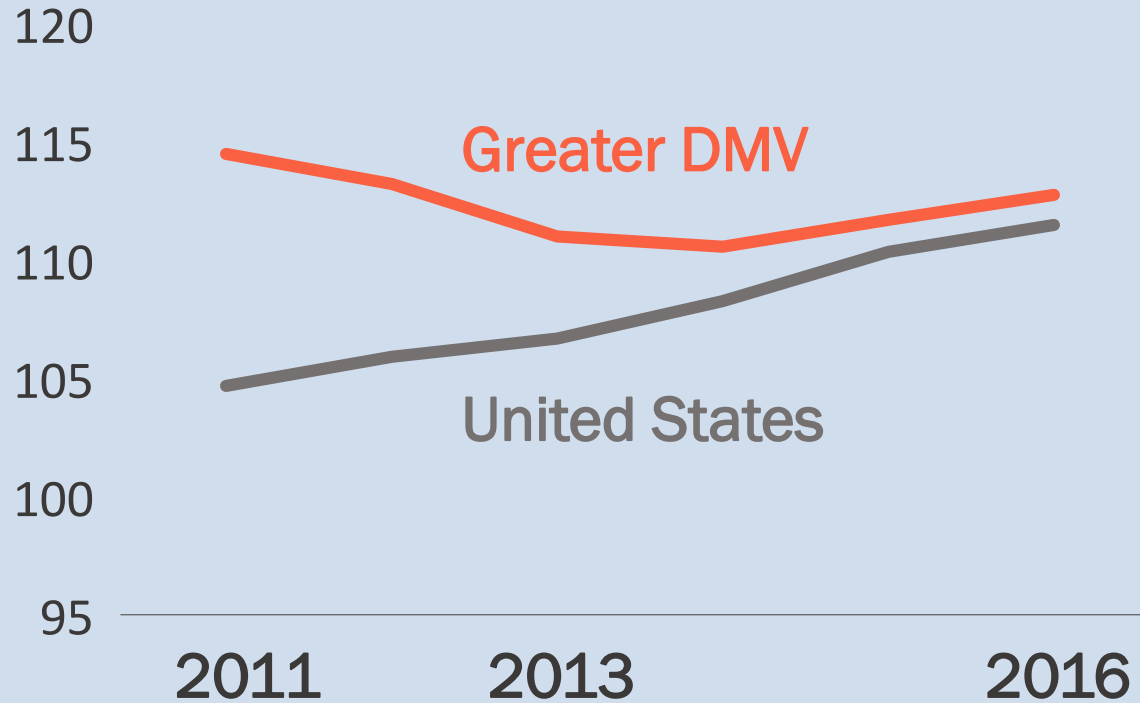
2

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## PROSPERITY



**96<sup>th</sup>** on productivity per capita growth,  
2011 - 2016



Source: Brookings, "Metro Monitor," 2018



# Greater DMV is trailing the nation on prosperity and inclusion

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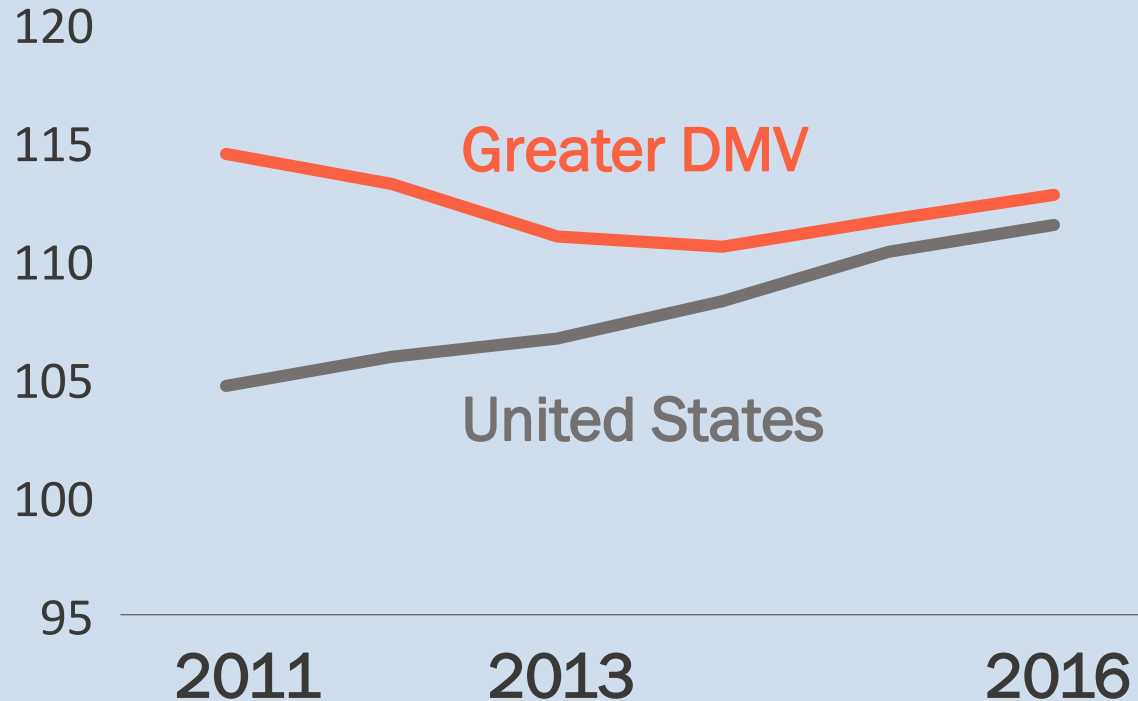
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## PROSPERITY



**96<sup>th</sup>** on productivity per capita growth, 2011 - 2016



## INCLUSION



**93<sup>rd</sup>** on median earnings growth, 2011 - 2016



# The region is adding tech jobs but losing market share

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## Change in share of national digital services jobs

Top 100 metros, 2015-2017



Source: Brookings, "Tech is (still) concentrating in the Bay Area," December 2018

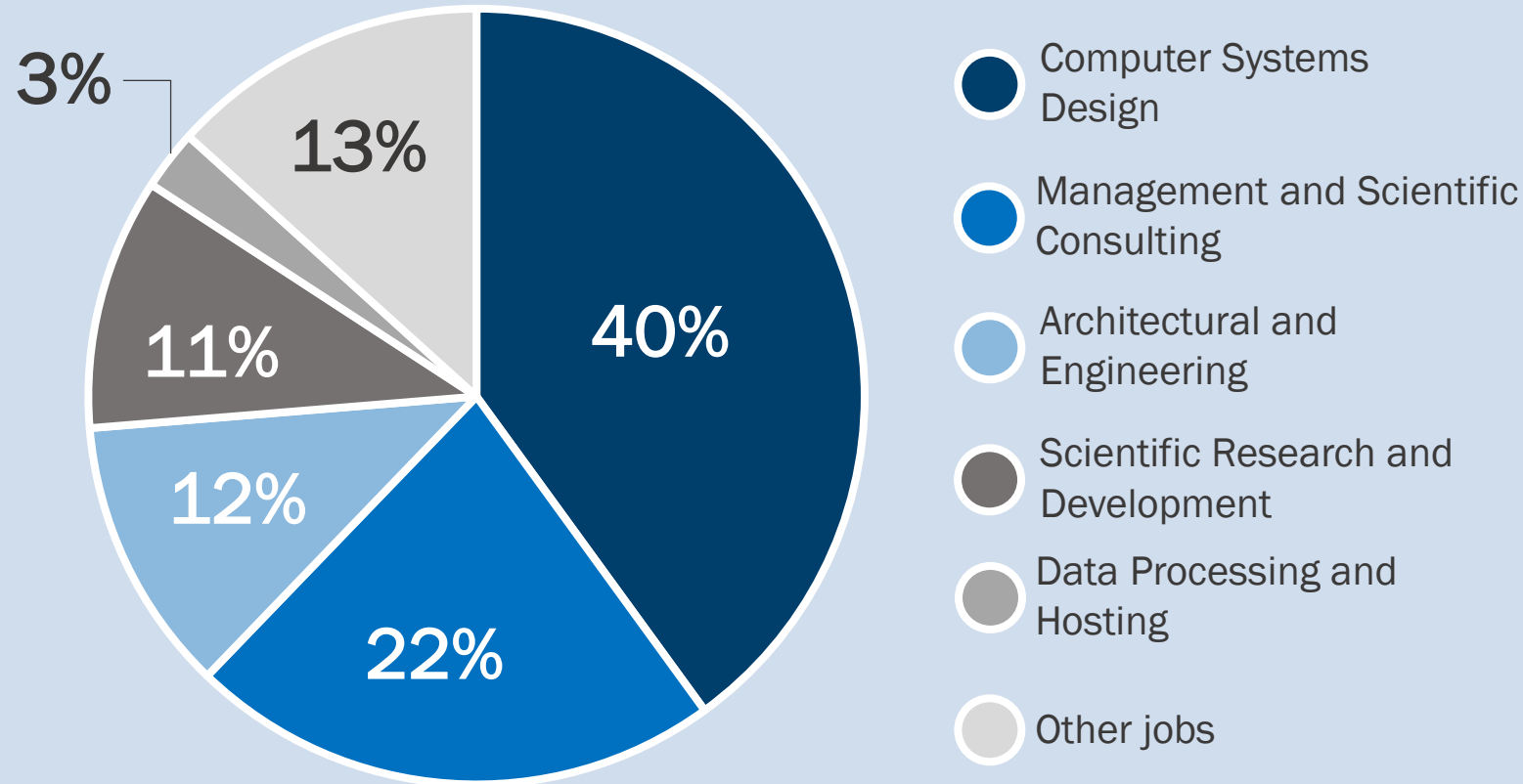
# The region's advanced industries have lackluster growth

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Share of all advanced industries jobs, 2015



**+0.9%**

Annual average change in advanced industry jobs (2013-2015)

**65th**

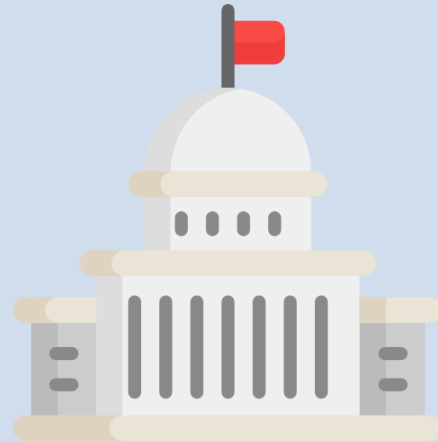
out of 100 largest metro areas

# The region's advanced industries have lackluster growth

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64%

of advanced industries revenue in Greater DMV  
comes from federal sources

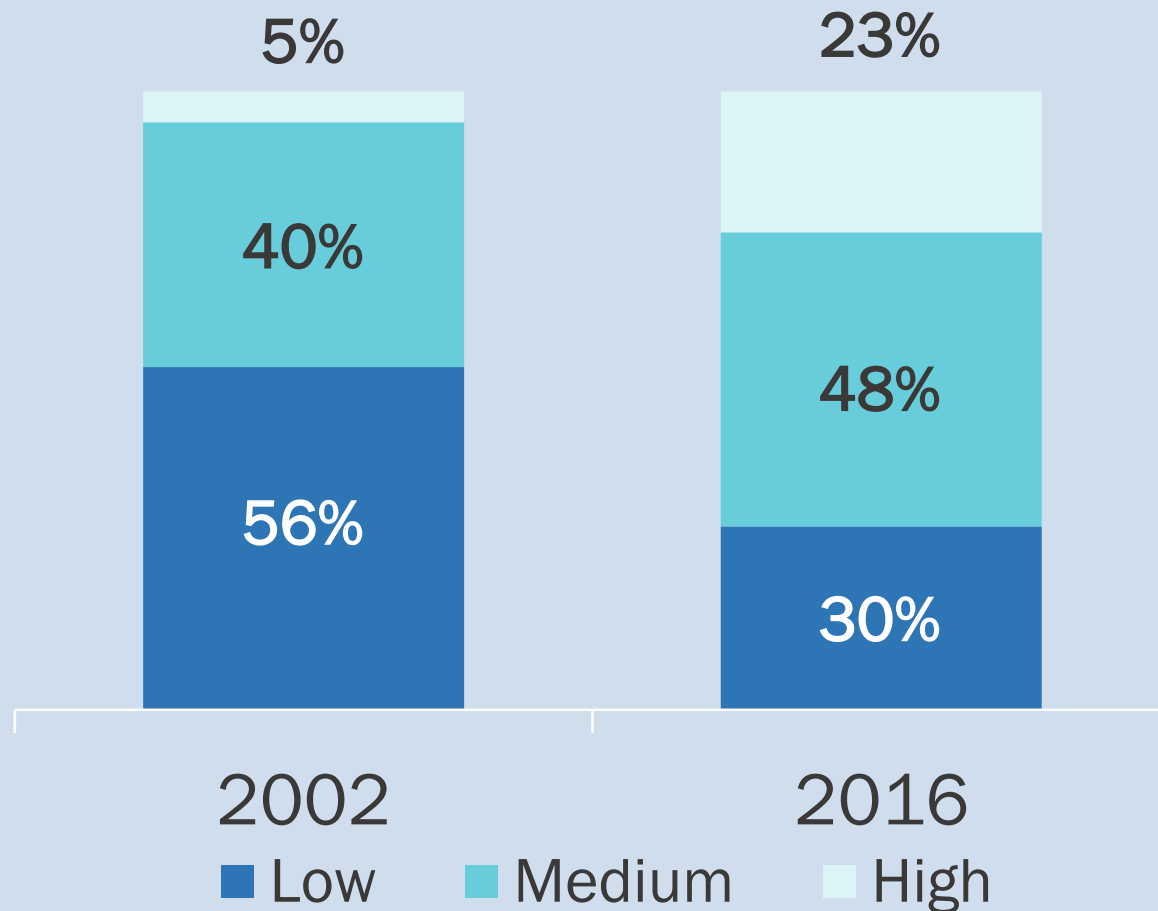
# Jobs across all sectors are rapidly digitalizing

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Share of U.S. employment by digital skill level



Low



Medium

Source: Brookings, "Digitalization and the American workforce," November 2017

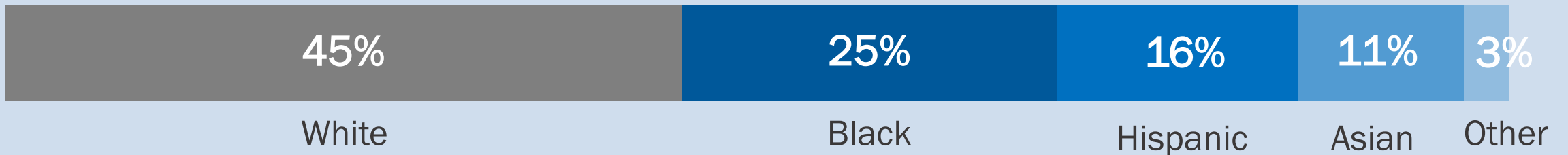
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# Meanwhile, the workforce is diversifying

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Greater DMV demographics by race, 2018

Source: Brookings analysis of EMSI data, January 2019

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# Meanwhile, the workforce is diversifying

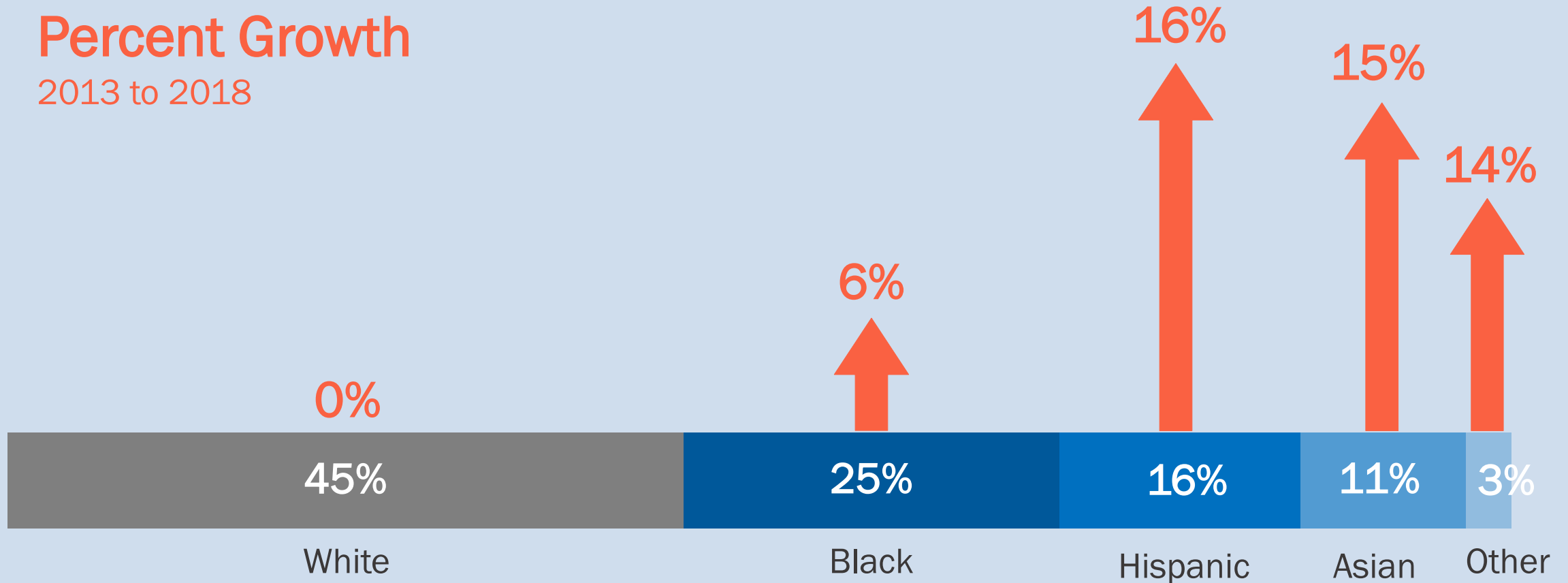
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## Percent Growth

2013 to 2018



Greater DMV demographics by race, 2018

Source: Brookings analysis of EMSI data, January 2019

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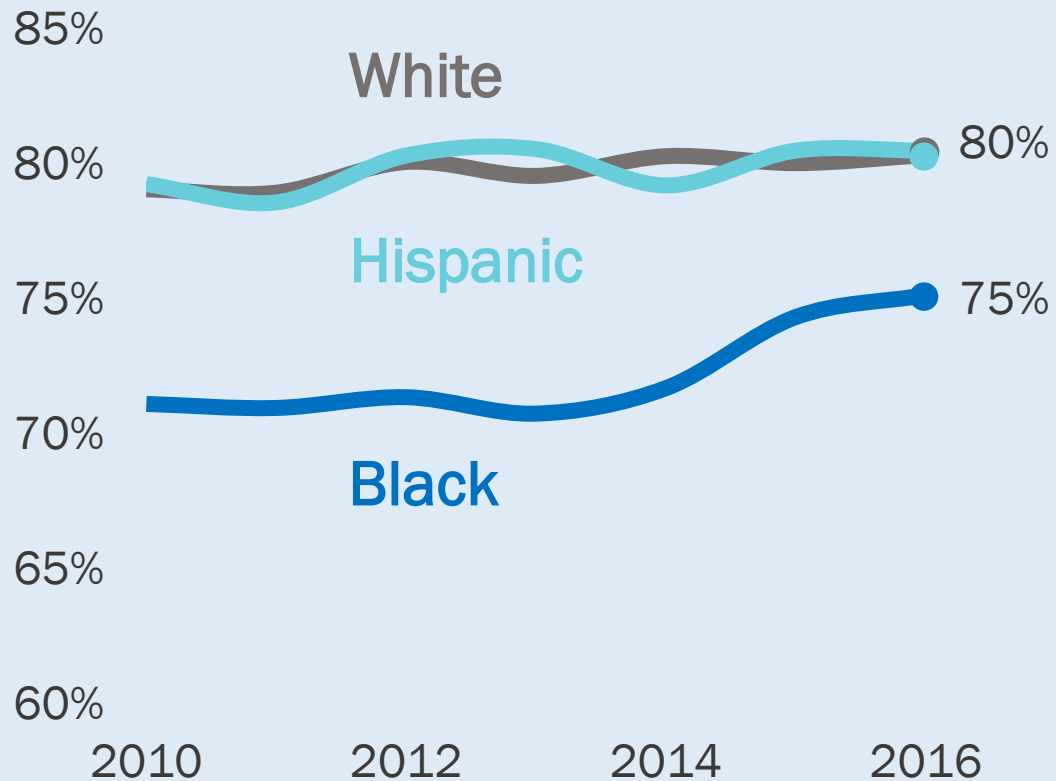
# Stark racial disparities in Greater DMV persist

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Employment rate  
2010-2016



Source: Brookings, "Metro Monitor," 2018



# Stark racial disparities in Greater DMV persist

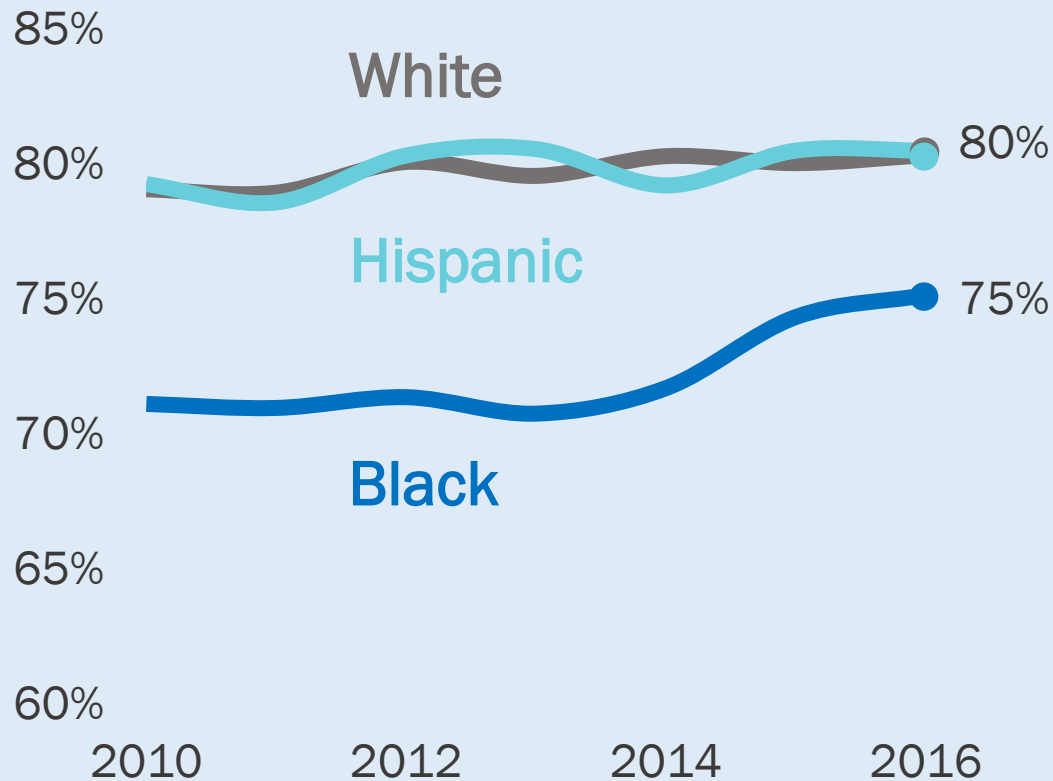
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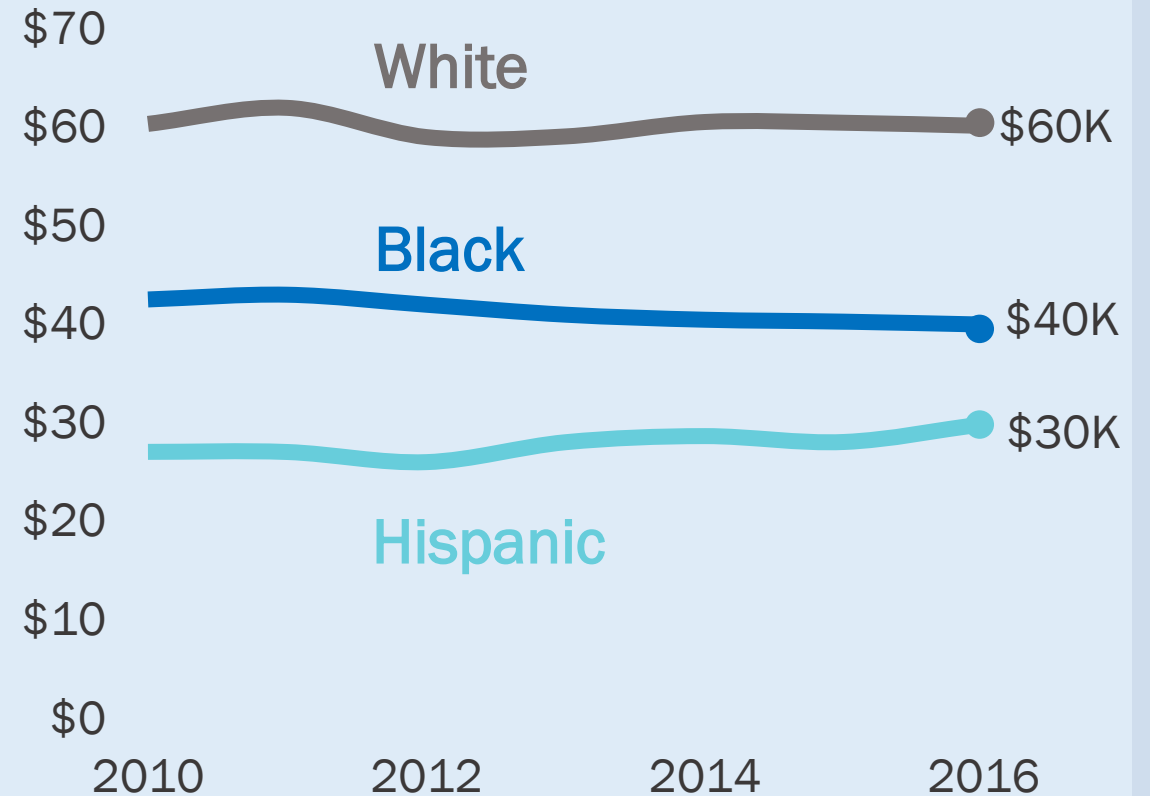
## Employment rate

2010-2016



## Median wages

2010-2016, thousands



Source: Brookings, "Metro Monitor," 2018

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# Blacks and Hispanics are underrepresented in tech jobs

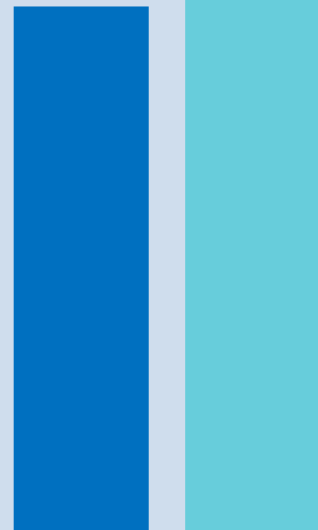
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## Black employment

23.9% 24.5%



2010 2016

All  
occupations

15.8% 19.4%



2010 2016

Tech  
occupations

+ 3.6

percentage pt.  
increase in **tech**  
employment share

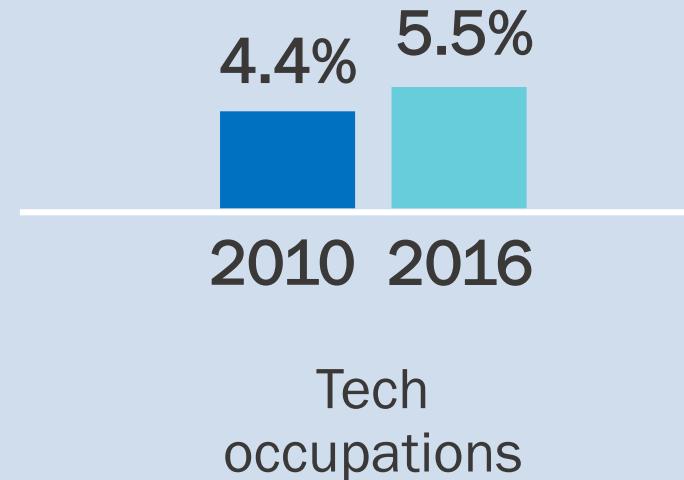
# Blacks and Hispanics are underrepresented in tech jobs

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## Hispanic employment



**+ 1.1**  
percentage pt.  
increase in **tech**  
employment share

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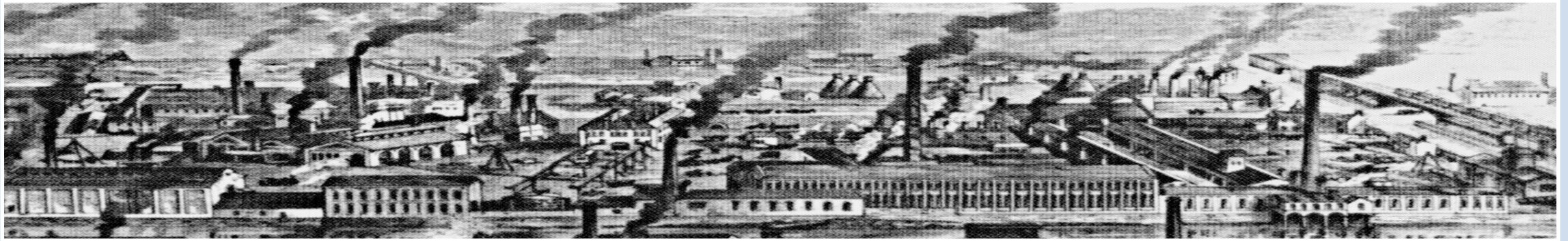
Implications  
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# Market demand for place has shifted over time

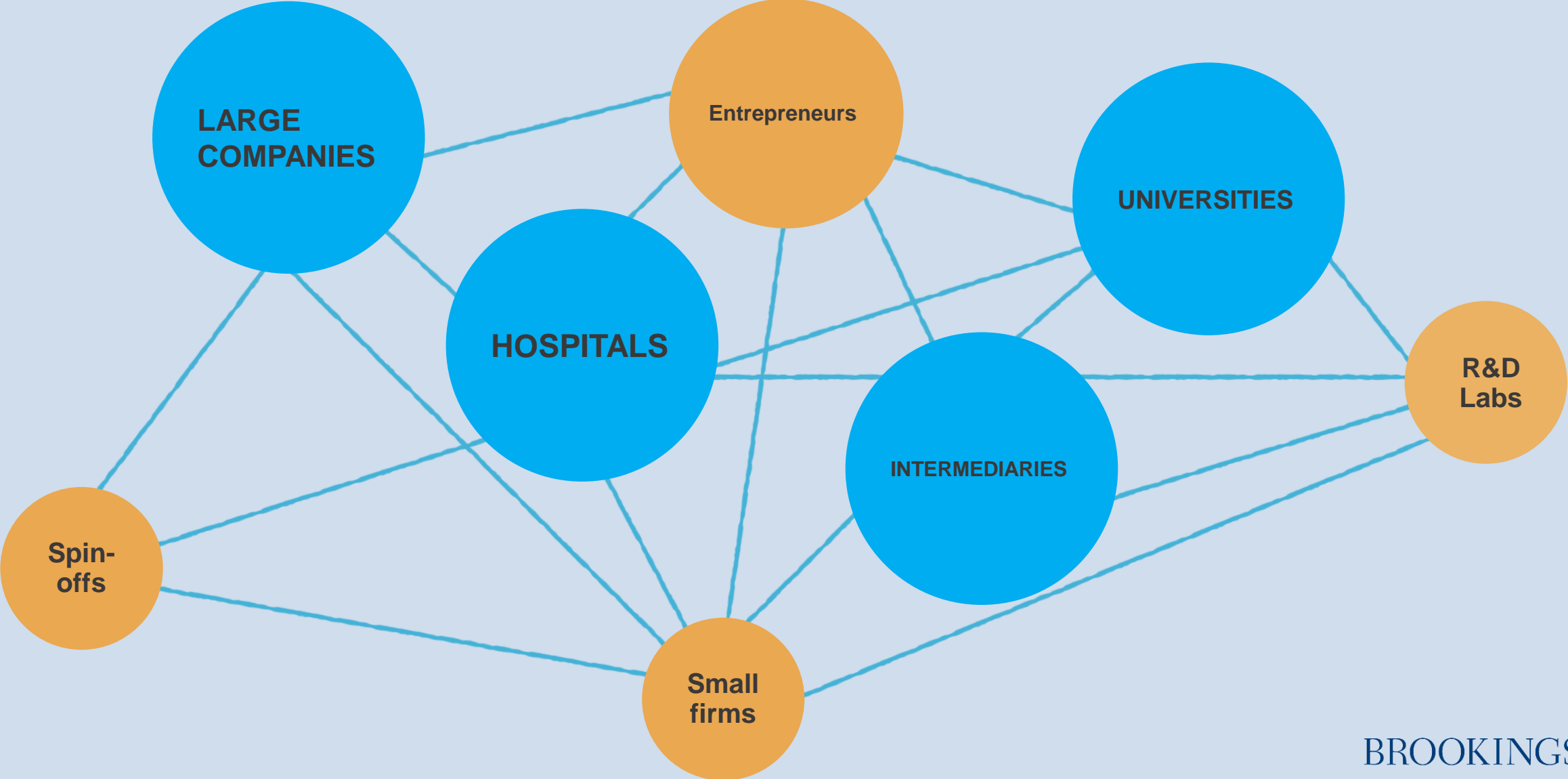
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# Today's innovation economy requires collaboration...



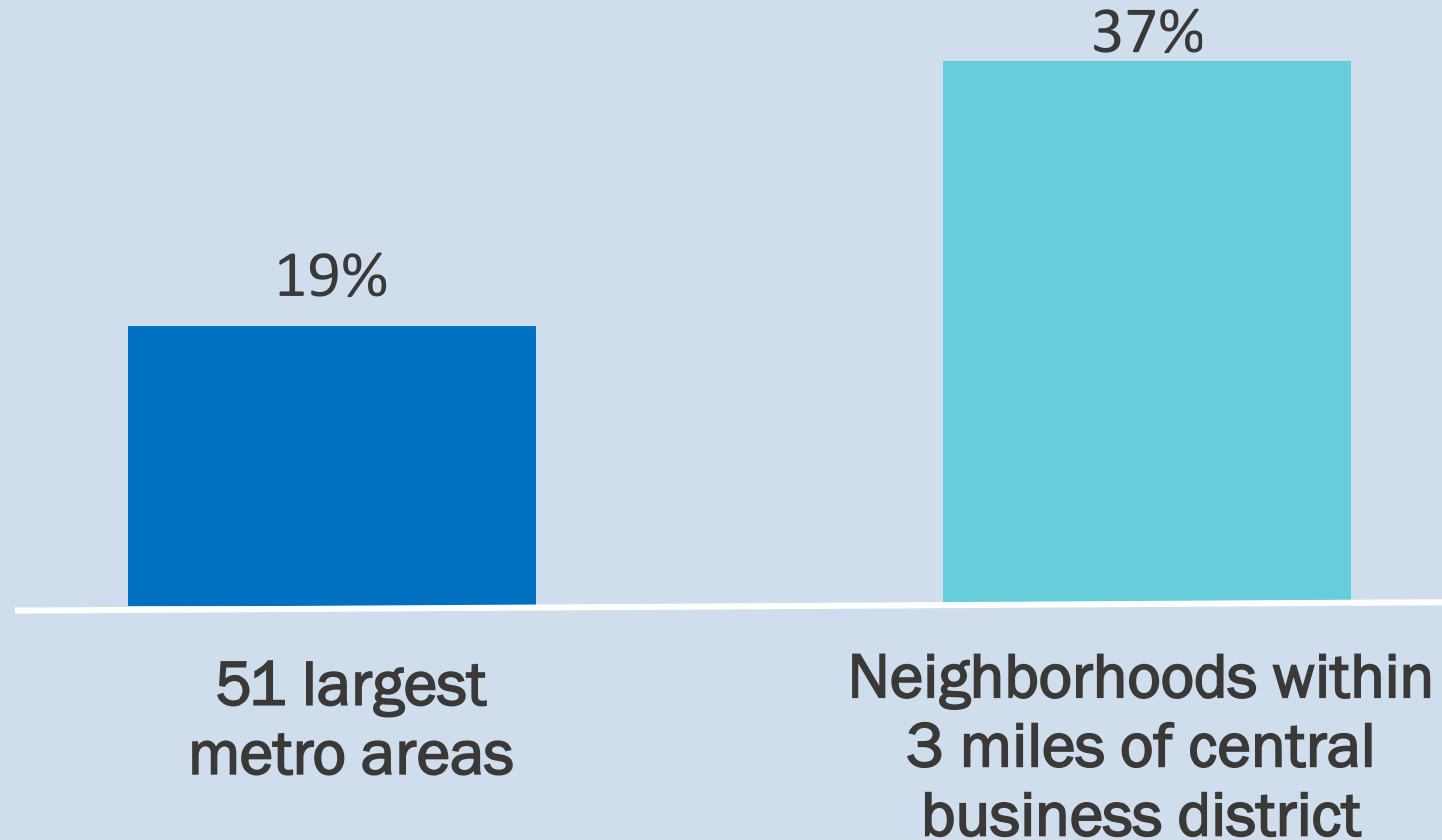
# ...and skilled workers, who are moving to urban areas

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Increase in well-educated young adult population (age 25-34), 2000 to 2010



Source: City Observatory, "Where are young and restless moving?", 2016

# Companies are moving to be near other firms & talented people





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# Amazon selected Greater DMV for its regional assets

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## TECHNICAL TALENT

“Include information on your K-12 education programs related to computer science.”

## SUSTAINABLE PLACEMAKING

“Sidewalks, bike lanes, trams, metro, bus, light rail, train...”

“...energy-efficient lighting... as well as public plazas and pockets of green space.”

## GLOBALLY CONNECTED INFRASTRUCTURE

“Proximity to an international airport and major highways ... optimal fiber connectivity is paramount.”

## DIVERSITY

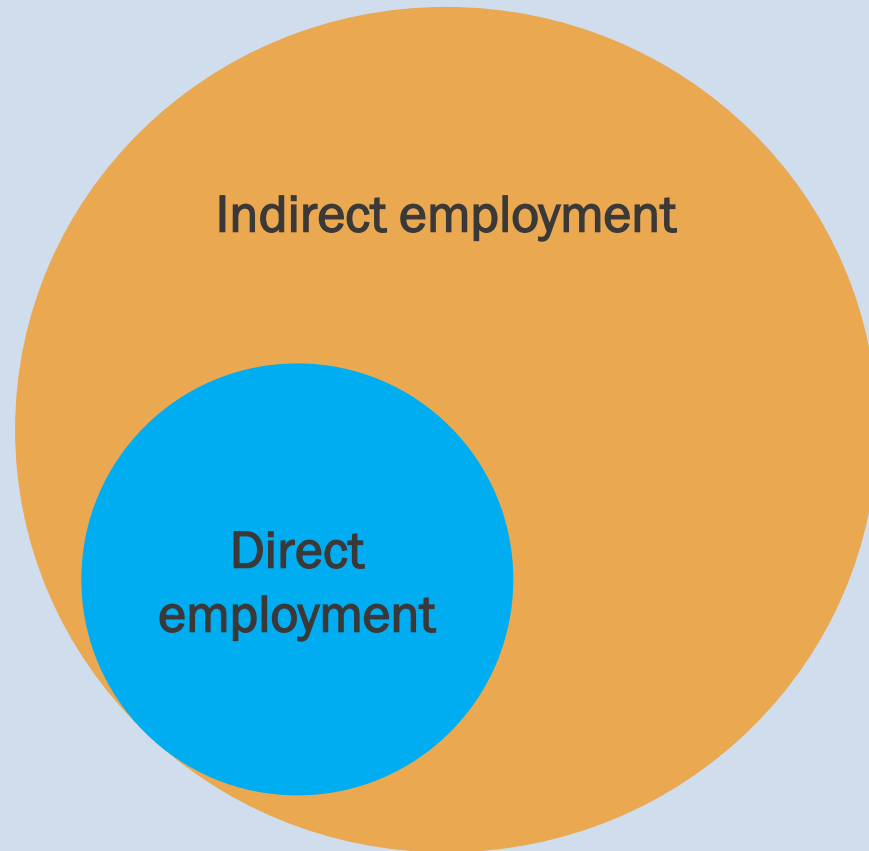
“This project requires ... the presence and support of a diverse population.”

# High-tech jobs create significant spillover benefits for a region

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1

high-tech job creates up to

5

additional jobs in a region,  
including lawyers, teachers, nurses,  
waiters, and carpenters

# Seattle and other fast-growing tech hubs are cautionary tales

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# Five actions the Greater DMV region could undertake

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# Set goals to help this region lead on inclusive innovation

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## Minneapolis - Saint Paul Regional dashboard



# Solidify strengths in key technologies and sectors

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# Build a local digital skills talent pipeline

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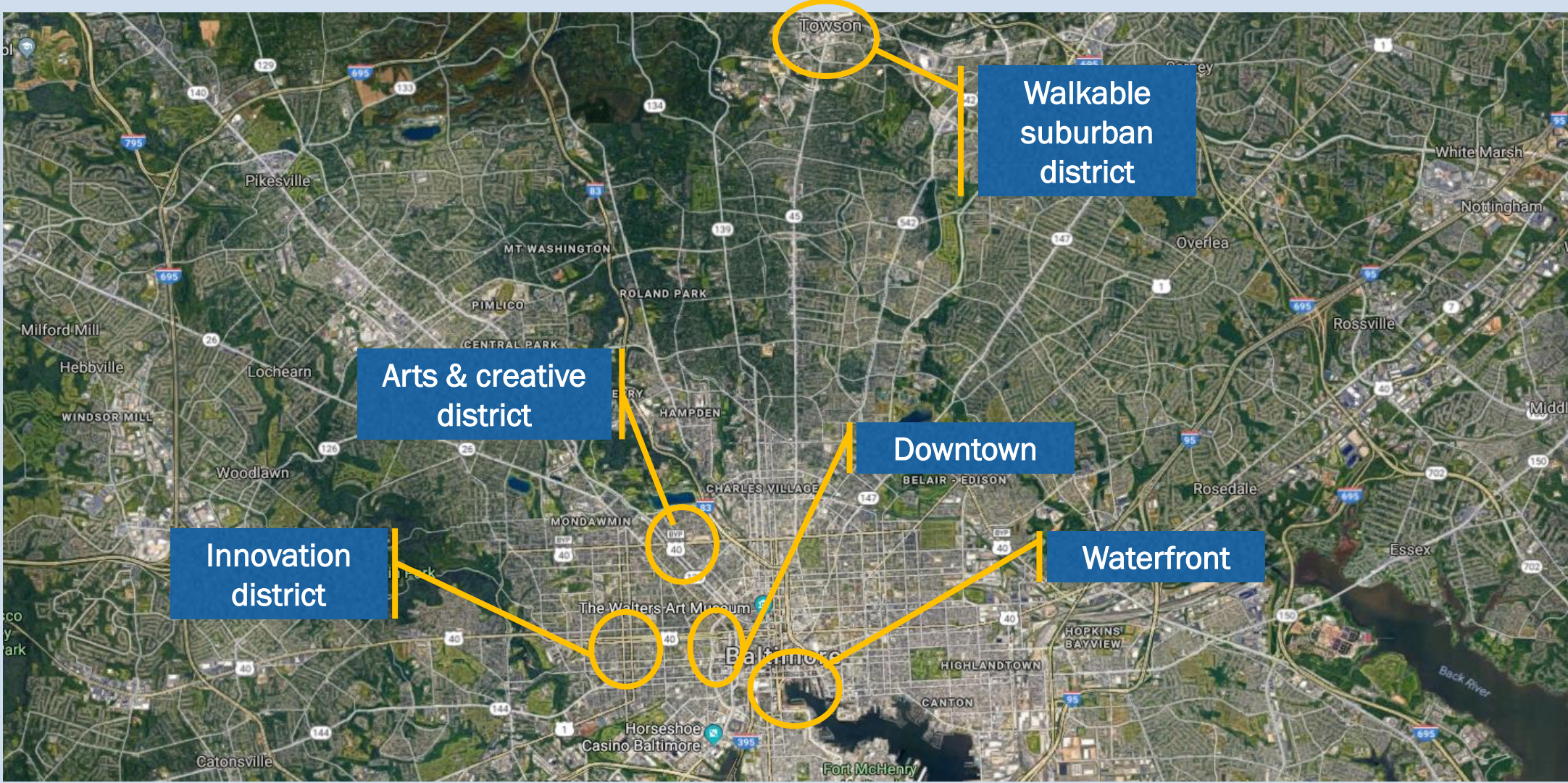




# Work regionally to expand housing and transportation choice



# Create a regional network of accessible, vibrant economic districts



# Five actions the Greater DMV region could undertake

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- Set goals to help this region lead on inclusive innovation
- Solidify strengths in key technologies and sectors
- Build a local digital skills talent pipeline
- Work regionally to expand housing and transportation choice
- Create a regional network of accessible, vibrant economic districts

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