



City of Dublin

Office of the City Manager

5200 Emerald Parkway • Dublin, OH 43017-1090

Phone: 614-410-4400 • Fax: 614-410-4490

Memo

To: Members of Dublin City Council
From: Dana L. McDaniel, City Manager *[Signature] Jul 30, 19*
Date: July 30, 2019
Initiated By: Donna Goss, PhD, Director of Development
Colleen Gilger, Director of Economic Development
Re: Economic Development Strategic Plan Session #5

Background

Dublin's early economic success reinforces the conclusion that Dublin must act strategically by investing in new initiatives that leverage historical advantages into a new generation of economic development activity aligned with changing demographics and industry dynamics.

The current City Council has committed to a review of the City's Economic Development Strategy to verify what is working and should continue, and to identify how the City should adjust its strategies and tactics to ensure it maintains the appropriate trajectory into the future.

Attached is a narrative outlining the headwinds driving our imperative to be forward-looking in our next economic development strategy plan. Also included are the discussion slides reviewing specific strategies, actions and tactics.

After five months of research, data collection and discussing (1) where we are, (2) what we are facing and (3) what tactics we need to focus on to achieve economic prosperity, the team from TEconomy will be presenting the final recommended proactive strategies on August 5th.

These strategies focus on three facets of the economic development ecosystem to help ensure future vitality: (1) create diverse development nodes, (2) streamline development processes and (3) nurture growth of targeted industry clusters.

Recommendation

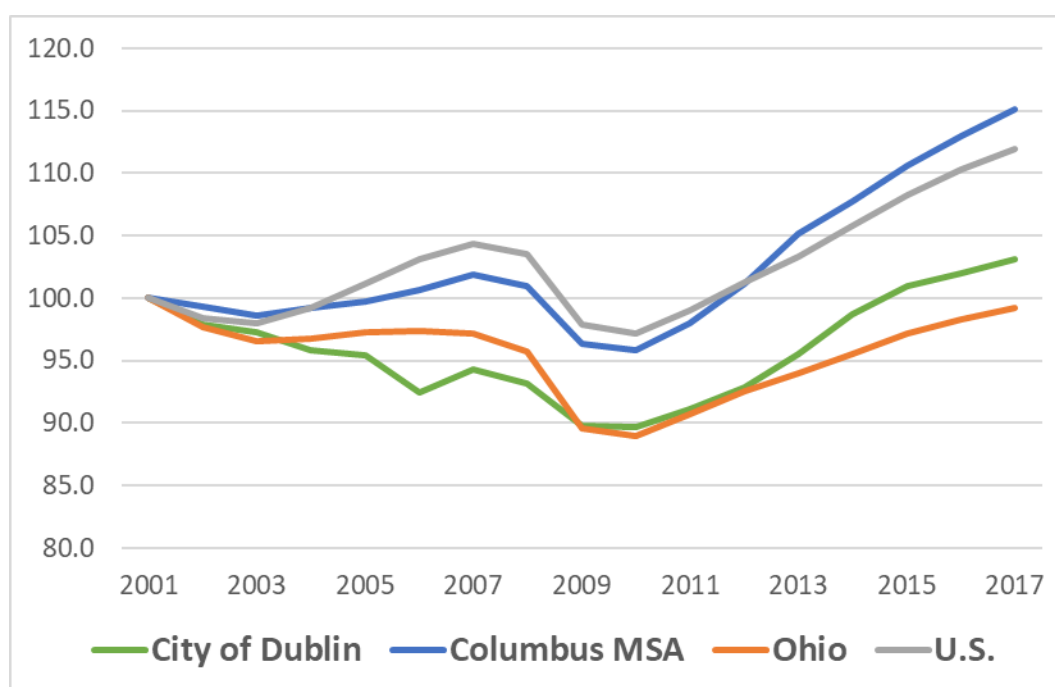
Please review the attached documents for discussion Monday evening. Thank you.

Headwinds Driving the Need for Dublin's Economic Development Strategy

Regional Economic Context: Columbus' Identity as a Dynamic, Growing Metro Region

The broader Columbus region has experienced transformative growth over the past decade, positioning it as one of the leading metropolitan ecosystems of the Midwest. The Columbus 2020 initiative notes that the region ranks first among the Midwest's top 10 largest metro areas in population growth, job growth, and GDP growth as well as having one of the highest concentrations of diversity and one of the largest populations of millennials.¹ The region as a whole has continued to expand on its key strengths in specialized industry clusters supporting corporate headquarters activities, electronic commerce, and finance and insurance, which continue to attract both established and emerging companies and their associated site locations.

Figure 1. Private Sector Employment Trend 2001-2017



Source: TEconomy's analysis of EMSI data 2019.1 for zip codes 43016-17; U.S. Bureau of Labor Statistics (BLS), QCEW data; enhanced file from IMPLAN

In addition to its economy and population, the area also boasts strong institutions and platforms generating increasing levels of innovation and entrepreneurial activity. Strong academic, healthcare, and corporate institutions support clusters of activity in research and innovation including Ohio State University, Nationwide Children's Hospital, and numerous corporate innovation centers aligned with

¹ Columbus 2020 Initiative Regional Economic Activity Data

major industry clusters. Columbus has also become one of top metropolitan areas in the US for scaling young companies, demonstrating the growth of its entrepreneurial culture and resources.²

Columbus' position as a leading metro region has significant implications for Dublin's economic development trajectory given the spillover effects the larger region's vibrancy is likely to have on local socioeconomic conditions. While Dublin should maintain an independent perspective in considering how it will undertake the next phases of its local evolution as a community, it is critical to recognize that the rapidly growing and changing nature of the Columbus region will continue to play a role in Dublin's ability to drive its own economic strategies and policies.

Dublin's Economic Imperative

While recognizing the realities of the larger Columbus region's dynamic nature and influence on the city, Dublin's historical success in establishing a strong base of industry and quality of place fundamentally has been driven by a vision of the city as a self-sustaining economic engine. This perspective will continue to help the city maintain an independent identity as it navigates emerging changes in socioeconomic conditions while still functioning as an integrated part of a larger region. The increasingly important role of the city as a primary problem solver proactively fostering its own economic development through forward-looking strategies is a major theme in *The New Localism*, a framework developed by urban experts Bruce Katz and Jeremy Nowak of the Brookings Institution and Drexel University's Lindy Institute for Urban Innovation.³ The lessons learned from the development activities in other worldwide leading communities stress the need for embracing modern policies and governance to grow local economies and institutions, which are resilient to ongoing demographic and economic changes that cities must adapt to.

Dublin's current position as a leading community is anchored by four primary attributes that drive its economy:

- The city's economic vitality has been primarily driven by the presence of large anchor companies that provide a strong industrial employment base. The top 100 largest employers in the city's traded sectors made up 25.7% of the city's total employment in 2017, with the largest five employers accounting for almost 10,000 jobs.
- Dublin has experienced 15 percent employment growth during the latest economic expansion, which has allowed it to keep pace with the broader Columbus region and has aligned it with the region's specialized strengths in specific industry clusters related to corporate headquarters, information technology, finance and insurance, and business support services.
- The city's highly educated population functioned as one of its key assets helping build the city's reputation as a residential destination for the region's skilled workforce. Dublin's share of the population with a bachelor's degree or higher is an impressive 74 percent, positioning the city as a regional leader in education levels. Many of the anchor companies that drive the city's economic strength also function as commuter destinations for other skilled workers throughout the region, further reinforcing this strength.

² Kauffman Index for Growth Entrepreneurship, Metro Area and City Trends 2017

³ *The New Localism: How Cities Can Thrive in the Age of Populism*, Katz, B. and Nowak, J., Brookings Institution Press 2018.

- Finally, the city has maintained its position over time as a preferred residential destination with a high quality of place due to high quality schools, significant investments in public infrastructure, quality public services, and a high-value housing stock.

However, each of the attributes that have driven Dublin's past success also expose the city to risks that can jeopardize the future trajectory of growth in the face of new disruptive socioeconomic headwinds. For example:

- The reliance on leading anchor companies to ground the employment footprint of the industrial base presents the risk of outsized negative economic impacts from any business dynamics that affect those companies or their site locations in the absence of efforts to diversify the industry and company mix.
- The highly educated population that the city has historically attracted is on the cusp of a series of major demographic and socioeconomic changes, with no guarantee that the needs of the next generation of highly skilled workers will be aligned with Dublin's current housing, workplace, and connectivity options.
- Shifts in the Columbus region's development have begun to put pressure on established commuting patterns and employment destinations, which may eventually decrease natural labor catchment through the region.
- Other communities are making significant investments within the larger trend of the Columbus region's rapid growth in an effort to grow their own industry attraction and amenities, and as a result are quickly gaining on Dublin's legacy as a destination community.

The macro-scale economic trends highlighted in the next section that are at play across the nation's economy and will exert increasing pressure on Dublin's local economic conditions and prospects highlight the importance of the City of Dublin developing and implementing an adaptive, flexible set of strategies and actions that will enable its economy to navigate the changing economic landscape.

Disruptive Economic Trends Facing Dublin

Multiple disruptive trends affecting economic development, demographics, and the changing nature of work are driving the economic risks that Dublin faces as a city. Understanding these trends and their potential impacts is critical to developing a responsive economic development strategy that embraces the ongoing shifts and leverages them to catalyze the city's next phase of growth. The disruptive trends are discussed below.

1. The Rise of Mixed-Use Urban Development in Nurturing Knowledge Industries

An ongoing paradigm shift in the demand for new place-based development is having significant implications for the ways in which local communities need to strategically develop place-based advantages in order to remain competitive. Earlier 20th century urban planning trends that emphasized development of planned business and industrial districts around basic agglomeration economies and access to transportation amenities have now become less popular as attention has shifted to the development of more holistic innovation districts and urban centers that include mixed use elements such as residential, entertainment, recreation, walkable spaces, and shopping along with traditional business sites. The Brookings Institution notes in their signature work on innovation districts that these

“live-work-play” environments represent a value proposition for cities’ economic positions by aligning them with ongoing disruptive forces and emerging industry needs across several dimensions:

- Knowledge and innovation driven economies are now key to economic success and require both density and proximity to combined industry/amenity environments that enable networking and connectivity;
- Open innovation and digitization trends are changing where firms choose to locate and how mixed-use developments are designed; and,
- Changing demographic and household dynamics are driving demand for more walkable neighborhoods with intermingled amenities, work environments, and social spaces.

The wider emphasis on innovation districts and knowledge economies is having spillover effects for communities of all types, even those that are much more suburban in nature. The Urban Land Institute and PWC reported in the *2015 Emerging Trends in Real Estate* that the development of vibrant urban centers is almost a universal trend across the 75 markets they examined.⁴ Similarly, the International Downtown Association explains that during the last three decades, city centers have been adding arts, culture, dining, education, medical, and research institutions, along with hospitality, leisure, and sports venues.⁵ Simultaneously, there has been a dramatic and sustained increase in residents living both within business districts and adjacent neighborhoods.

Perhaps more importantly, modern technology-based industry clusters have shifted their site location preferences towards environments that deliver a more complete ecosystem that is attractive to their workforces as well as their business image. A 2014 report by the NAIOP Research Foundation, a leading commercial real estate development association, found that “live-work-play” locations are preferred by prospective tenants in office developments over single-use office parks by a margin of 83 to 17 percent. The report notes that:

“Live-work-play” locations are preferred by prospective tenants in office developments over single-use office parks by a margin of 83 to 17 percent.

NAIOP Research Foundation

“Another trend gaining momentum seeks to meet the demand for live-work-play environments in suburbia, where the large majority of the nation’s office inventory is located. Single-use areas formerly devoted to retail centers and office parks are being redeveloped as live-work-play districts...In addition, smaller cities, towns and villages that once were independent but now are part of a metro area commuter shed may have the density, design features and mix of land uses that meet the demand for live-work-play places... any company wanting to attract and retain young educated workers who prefer live-work-play locations needs to locate in a compact, mixed-use, walkable place, either downtown or in the suburbs.”⁶

Other research reinforces the case for mixed use, amenity-dense development as a key attribute that attracts modern industry to communities. A 2015 study by Smart Growth America examines the

⁴ “Emerging Trends in Real Estate: US and Canada 2015.” Urban Land Institute & PWC.

⁵ <https://www.infrastructureusa.org/downtown-rebirth-the-live-work-dynamic-in-21st-century-u-s-cities/>

⁶ “Preferred Office Locations Comparing Location Preferences and Performance of Office Space in CBDs, Suburban Vibrant Centers and Suburban Areas.” E. Malizia, NAIOP Research Foundation 2014.

motivations for companies that are increasingly choosing to relocate to denser urban areas and found that the primary factors driving their location investments were:

- Attraction and retention of talented workers who prefer vibrant neighborhood locations;
- Building a brand identity and company culture that projects innovation through a central location;
- Accessing collaborative ecosystems where their workers could engage with other industries;
- Increasing proximity to customers and business partners;
- Centralizing operations; and,
- Supporting triple bottom line business outcomes.

The report notes that a consequence of industry's demand for mixed use urban locations is that:

“Businesses are also moving to walkable transit-oriented suburban locations—or are spurring suburban areas to become denser and more walkable. Studies have shown the popularity of these locations by demonstrating significant price premiums over drivable suburban locations. This valuation premium has been increasing over the past decade and is showing no signs of leveling off”⁷

This shift in business location preferences as well as the changing dynamics of knowledge-based industries requires cities and localities to begin to develop new ways of creating appealing business environments to attract industry.

2. The Shifting Preferences Among the Modern High-Skilled Workforce

In addition to place-based considerations, a number of demographic and socioeconomic shifts are also occurring that will have powerful implications for both the nature of work as well as the types of workers businesses will need to retain and attract in order to remain competitive. Many of these trends overlap with the same factors that drive business relocation decisions noted previously as companies try to locate closer to pools of skilled labor and the ecosystems that attract them.

The Brookings Institution describes a convergence of changes in demographics, household dynamics, and living preferences that are driving the rise of new types of neighborhoods, particularly those that are in high demand by college educated workers. They note that the acceleration of demographic shifts towards an aging population as well as delays in family formation by younger workers means that “the prototypical family of the suburban era—a married couple with school age children—now represents just under 20 percent of American households, down from 24.1 percent in 2000 and 40.3 percent in 1970.”⁸ The population of millennial workers has also become, for the first time, the largest component of the US workforce, and businesses have shifted towards a strategy of “following” this segment of skilled talent into neighborhoods they prefer rather than expecting workers to move or commute to

⁷“Core Values: Why American Companies are Moving Downtown.” Smart Growth America 2015

⁸“The Rise of Innovation Districts: A New Geography of Innovation in America.” B. Katz & J. Wagner, Brookings Institution 2014; Jonathan Vespa, Jamie M. Lewis, and Rose M. Kreider, “America’s Families and Living Arrangements: 2012: Population Characteristics” (Department of Commerce, United States Census Bureau, 2013). Available at www.census.gov/prod/2013pubs/p20-570.pdf (April 2014).

work.⁹ As a result, the changing face of the skilled worker is driving the need for new types of localities that can accommodate their preferences as an indirect means of attracting industry. For example, the Urban Land Institute found that 62 percent of the millennial segment of the workforce prefers to live close to shops, restaurants, offices, and other mixed use amenities in highly walkable environments across both buyers and renters.¹⁰ At the same time, there is a growing cohort of middle and older-aged couples (empty-nesters) that are looking to downsize their traditional single-family homes and relocate towards more urban areas¹¹. As a result of these shifting population demographics, there is a rising volume of demand for different types of neighborhoods that is putting additional pressures on cities to adapt to new models of placemaking as a means of retaining their educated populations.

The prototypical family of the suburban era—a married couple with school age children—now represents just under 20 percent of American households, down from 24.1 percent in 2000 and 40.3 percent in 1970. The population of millennial workers has also become, for the first time, the largest component of the US workforce.

The Brookings Institution

The demand for new types of development is also being accelerated by the fact that vast majority of population and economic growth since the peak of the recession in 2008 has occurred in dense, urban areas as opposed to suburbs and rural regions. Brookings notes that from 2012 to 2013 large metropolitan areas grew twice as fast as smaller metropolitan areas, while other non-metro regions saw a collective decline.¹² Similarly, the International Downtown Association observes that the country's 10 largest "live-work" downtowns grew 77 percent faster than overall US trends. This growth also extends beyond just population density – an analysis of ongoing trends over the 2008 to 2017 business cycle period since the Great Recession by CityLab shows that metropolitan areas captured almost 99 percent of all job growth.¹³ As a result, the development of dense environments that are responsive to this type of growth as well as the millennial and empty nester populations who are relocating to these areas will be a key pillar of a forward-looking economic growth strategy.

At the same time that the profile of the modern worker is changing, the nature of work is also undergoing a revolution. The World Economic Forum (WEF) reports in their 2018 The Future of Jobs Report notes that "companies surveyed for this report overwhelmingly cite availability of skilled local talent as their foremost consideration, with 74 percent of respondents providing this factor as their key consideration."¹⁴ This emphasis on skilled local talent, as opposed to more traditional site location concerns, is being driven by a variety of fast-moving technology trends that include the easy accessibility of high speed mobile internet, a push for integration of data analytics and artificial intelligence

⁹ "Why Companies are Moving Back Downtown." J.B. Wogan, Governing, 2016.

<https://www.governing.com/topics/urban/gov-urban-downtown-economic-development.html>

¹⁰ "America in 2013: A ULI Survey of Views on Housing, Transportation, and Community." Urban Land Institute, 2014.

¹¹ *Reshaping Metropolitan America: Development Trends and Opportunities to 2030*. J. Nelson, Island Press, 2013.

¹² "The Rise of Innovation Districts: A New Geography of Innovation in America." B. Katz & J. Wagner, Brookings Institute 2014; US Census Bureau

¹³ "Most of America's Rural Areas Are Doomed to Decline." D. Swenson, CityLab 2019.

<https://www.citylab.com/perspective/2019/05/most-of-americas-rural-areas-are-doomed-to-decline/588883/>

¹⁴ The Future of Jobs Report 2018. World Economic Forum, Centre for the New Economy and Society.

approaches across industries, and use of cloud technologies to “virtualize” or automate many aspects of traditional jobs. The spread of advanced technologies into all facets of business operations and job types is expected to cause a series of significant workforce shifts that businesses will need to manage and consequently a new set of priorities in expanding or redeveloping physical workspaces for company operations for which localities need to be prepared. WEF notes in their survey analysis of businesses with regards to future workforce trends that

“by 2022, 38 percent of businesses surveyed expect to extend their workforce to new productivity-enhancing roles, and more than a quarter expect automation to lead to the creation of new roles in their enterprise. In addition, businesses are set to expand their use of contractors doing task-specialized work, with many respondents highlighting their intention to engage workers in a more flexible manner, utilizing remote staffing beyond physical offices and decentralization of operations... there will be a significant shift in the quality, location, format and permanency of new roles.”¹⁵

New types of flexible workspace developments that are integrated within mixed use environments will be key to remaining resilient to potential shifts in the nature of work, as well as active redevelopment efforts for aging business parks or office spaces that are not aligned with the types of work environments where businesses are expected to expand capacity. Cities will thus need to have a set of proactive strategies in place to provide the infrastructure, living environments, and business incentives that can help them capture the economic growth that will be created from these demographic shifts instead of being impacted by disruptive losses. Aligning economic development strategies to capture labor market shifts will help local economies remain resilient to these ongoing trends and allow ongoing sustainable growth grounded by a base of advanced industries. In addition, proactively preparing for a future of work that is more decentralized, virtual, and less dependent on large bases of single employer labor can help mitigate significant risk of negative economic consequences if key companies experience disruptive effects to their business models or consider new site location models in the face of technological changes.

Adapting to these potentially disruptive changes in the nature of work will require a set of agile strategies on the part of local economic development organizations as well as a need to invest in new types of environments and development that are receptive to the changing demands of modern workforces.

3. The Changing Nature of Industry Clustering and Supply Chains

Even for industries who are not dependent on the rapidly expanding knowledge workforce, disruptive trends are still impacting the ways in which businesses are choosing to operate. WEF notes in their Future of Jobs report that there are significant changes expected to the geography of production, distribution, and value chains for business, and that “by 2022, 59 percent of employers surveyed for this report expect that they will have significantly modified how they produce and distribute by changing the composition of their value chain and nearly half expect to have modified their geographical base of operations.”¹⁶ Employers are placing increasing importance on access to new types of digital

¹⁵ Ibid.

¹⁶ Ibid.

infrastructure and amenities, as well as more flexible and modern spaces that are adaptable to rapidly changing business needs.

Industry clustering in business parks has shifted from a model emphasizing specialization and competition to one that instead prioritizes collaboration and synergistic relationships with emerging companies, suppliers, and as the primary driver of long-term value. Brookings notes that the rise of the popularity of innovation districts and urban centers is being driven by businesses embracing this new type of ecosystem, where “external sources can generate the ideas that are then commercialized internally by a firm, while internal ideas can be commercialized by external start-up companies and entrepreneurs.”¹⁷ Similarly, a McKinsey and Company report on US advanced industries and their competitiveness anticipates an ongoing shift from “homegrown” initiatives inside large corporations in favor of a “multichannel” approach to innovation and commercialization where “companies would share and refine R&D with academic centers, partners, competitors, customers, venture-capital funds, and start-ups.”¹⁸ This new paradigm of collaborative industry clustering models will require corresponding shifts in the types of incentives and spaces offered by traditional business districts in order to enable the formation of business networks and foster higher levels of interactivity across more porous and connected business parks.

This new paradigm of collaborative industry clustering models will require corresponding shifts in the types of incentives and spaces offered by traditional business districts in order to enable the formation of business networks and foster higher levels of interactivity across more porous and connected business parks.

A vibrant entrepreneurial ecosystem is also critical to the success of traded industry clusters that drive local economies. Brookings reports that:

“The rise of smaller companies engaged in research and development has also contributed to the growing movement toward open innovation. A field once dominated exclusively by large corporations, research labs and universities has become increasingly stratified, prompting greater collaborations between firms of disparate sizes to develop and advance innovations. A number of factors contributed to the proliferation of smaller R&D companies, namely the downsizing of larger companies, the passage of the Bayh-Dole Act (which enables university and individual researchers to own their federally-funded research, sparking a new entrepreneurial mind set), and the growth of venture capital funding, from very little funding in 1970 to nearly \$100 billion in 2000. The result is that in today’s economic landscape, no one company can master all the knowledge it needs, so companies rely on a network of industry collaborators. This, in turn, has led to a shift in where companies and support organizations locate.”

Given this shift and the trends affecting the knowledge economy described above, a healthy level of entrepreneurial activity is critical to enabling future industrial growth for two reasons. First, a community of entrepreneurs helps diversify the base of business activity away from reliance on large, single-site employers to mitigate the risk of shifts in employment, but second and more importantly, a

¹⁷ “The Rise of Innovation Districts: A New Geography of Innovation in America.” B. Katz & J. Wagner, Brookings Institute 2014

¹⁸ “How can the US advanced-industries sector maintain its competitiveness?” D. Pachod, M. Park. McKinsey & Company, 2012.x

base of entrepreneurial activity serves as a way to root existing companies in place as they look to develop collaborative relationships with scaling companies while also helping capture growing firms that emerge from the ecosystem locally. Enabling this type of environment requires consideration of holistic economic development and programming strategies that tailor incentives, modern, flexible-use spaces, mixed-use urban development, and proactive marketing and branding. Implementing the type of tenant mix optimization that maintains a cohort of emerging entrepreneurial businesses requires a consistently applied vision with regards to mission and innovative platform development while also enabling stakeholders to create an optimal amount of “cognitive distance” diversity amongst tenants through branding, zoning, and other incentives.¹⁹

4. The Need for Ongoing Investment in Maintaining Strong Local Economies

In their 2013 report “How To Make A City Great,” McKinsey and Company highlight the importance of targeted public-sector investment as a means of attracting business to a city. They note the critical importance of ongoing investment in the current business environment:

“Today’s mobility of people and capital has created fierce competition among cities. We’re competing for the best ideas and the most capable workforce. To thrive economically, we must create a setting where talented entrepreneurs—and the businesses they grow—want to be.”²⁰

For the City of Dublin, this reality is particularly relevant given the dynamic nature of growth that is currently occurring across the broader Columbus metro area. Other suburbs within the Columbus region are currently making significant investments to advance their place-based profiles within an expanding economy, and without a corresponding focus on investment, Dublin risks being surpassed by others who have accelerated their attraction potential. Leveraging strategic investment towards development aligned with ongoing trends to drive long term growth is best achieved during economic expansions when resources are more readily available. Smart growth development that incorporates mixed use spaces that appeal to knowledge industries can yield significant economic impacts if deployed effectively – one study notes that smart growth development generates 10 times more tax revenue per acre than conventional suburban development, making it a sound investment for localities.²¹

Smart growth development generates 10 times more tax revenue per acre than conventional suburban development, making it a sound investment for localities.
 Smart Growth America

However, the return on these investments is likely to be most significant during future downturns in the economy, where local resources are more constrained and businesses will be less likely to make significant expansion or relocation decisions. One study of the Philadelphia region noted that suburbs that developed higher density and mixed-use areas were better able to weather the last recession, with

¹⁹ “Creating Environments for Working in a Knowledge Economy: Promoting Knowledge Diffusion through Area Based Development.” Van de Klundert, M., and W. Van Winden, Corporation and Cities Working Paper No. 9, 2008

²⁰ “How to Make City Great.” McKinsey & Company, 2013

²¹ “Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development.” Smart Growth America 2013

property values declining 20 percent less than the regional average.²² The study also notes that this level of resiliency was present even despite the fact that the denser areas saw the greatest increase in supply of new housing that should have further depressed prices, and that areas that were characterized by sprawl experienced the highest losses. Making strategic investments in place-based development now can help Dublin remain competitive in the current growth cycle, but also prepare it to weather the next economic downturn.

Implications for Dublin's Economic Development Trajectory

The trends described above present a new reality that Dublin must confront in shaping a forward-looking economic development strategy. The demand for development and amenities that support the knowledge economy, attract the talent base that is the key factor in modern business locating decisions, and support the growth of new types of industrial networks presents a significant risk of disruption in the coming years given the city's current profile of assets. Despite its legacy of success in attracting large employment, single site company operations, Dublin's current office, industrial, and housing stock is not aligned with the convergence of these headwinds that are driving demand for dense, live-work-play environments, presenting a need for diversification through new development.

As Central Ohio's first office park community, Dublin has an older building inventory. The core of Dublin's commercial building stock dates back to the 1980's and 90's, and other more recently developed communities in the region are able to offer more modern building stock at competitive pricing. Given the declining popularity of traditional office park space for knowledge industries, a key strategic consideration must be how to incent the redevelopment of this older inventory to fit 21st century demands. Other competitor suburbs are building out the types of mixed-use developments that are aligned with recent trends that are only being accelerated by Columbus' trajectory as a national leader in growth of knowledge economy industries. Early evidence also suggests that these investments are gaining some traction in establishing industry clusters that are in turn attracting additional business locations due to a desire for proximity to talent, amenities, and potential collaborators.

Dublin's industrial vacancy rate, including flex/R&D space, is only 2.3 percent clearly indicating that demand for space far outpaces supply. The construction pipeline is low indicating there is a need to identify incentive programs to induce new spec development particularly for flex space attractive to both tech-focused and high-growth firms

Finally, the city's housing stock also has a very low vacancy rate relative to the broader Columbus region with fewer renters, home values almost 3 times higher than the broader Columbus region, and limited housing type options. This combination of factors presents a potential supply constraint to growing a modern resident workforce that demands more versatile housing options in order to locate closer to businesses.

Retention and attraction of highly skilled knowledge workers is particularly important for Dublin given the strong presence of skilled workers. A key element of knowledge-based urban development policies

²² "Philadelphia story — Compact, mixed-income areas weather housing crash." R. Steuteville, Congress for New Urbanism Public Square Journal, 2012. <https://www.cnu.org/publicsquare/philadelphia-story-%E2%80%94-compact-mixed-income-areas-weather-housing-crash>

revolves around the continued attraction of knowledge workers through purposeful integration of modern design and amenities. The NAIOP Research Foundation notes in its review of innovation district planning and development that:

“Common strategies involve public support for private sector real estate developments offering walkable environments, high-end amenities and a mix of land uses that blur the lines of demarcation between work and recreation. Proximity to a dense urban core may make little difference, so long as highly skilled workers are provided with the technological infrastructure required to do their jobs, access to diverse housing options and recreational amenities catering to their unique tastes, income level and stage of life”²³

Integrating policies that encourage this type of development into overall strategies can help maintain a strong level of desirability for skilled workers which in turn helps further ground existing anchor companies and attract additional industry presence.

Dublin has already taken some steps in response to these economic headwinds with its significant investment in a mixed use, live work play environment designed to appeal to knowledge economy workers and businesses. Dublin’s Bridge Park is a 30-acre development along the Scioto River that features a high density, mixed-use urban setting that incorporates over 373,000 square feet of modern office space, over 800 housing units and apartments, retail and entertainment, a hotel and conference center, and walkable spaces. The development project represents a direct response to the headwinds affecting modern industry growth drivers and seeks to revitalize the area’s brand as a high demand location for knowledge workers and advanced industries. Early response to the ongoing build out of Bridge Park has been met with highly positive reactions from industry stakeholders and strong demand for tenant space. David Dixon, a leading expert in urban planning and design, in his presentation at the Congress for the New Urbanism in 2018, *Who is Reinventing the Suburbs*, noted that:

“In response to trends like these, the top-ranked suburban city of Dublin, Ohio began in the early 2000s to see its class A office parks, shopping centers and high-end subdivisions lose their appeal. Less than four decades after beginning to grow, Dublin was feeling its age. The solution lay in a history of “staying ahead of the economic development curve” and anticipating change. Dublin had two distinct incentives going in: rapid growth of high-wage knowledge industries there had funded a high level of public services—like the Dublin Recreation Center—and a strong housing market. The city manager made the case to the city council that Dublin needed to adapt if it wanted to hold onto to these jobs and protect its housing market.”²⁴

This early success reinforces the conclusion that Dublin must act strategically by investing in new initiatives that leverage historical advantages into a new generation of economic development activity that is aligned with changing demographics and industry dynamics. The current City Council has committed to a review of the City’s Economic Development Strategy to verify what is working and

²³ “Case Studies in Innovation District Planning and Development.” D. Read et al, Virginia Tech Program in Real Estate & NAIOP Research Foundation, 2016.

²⁴ “Demographics are Destiny: Dublin, Ohio Responds.” D. Dixon, *Build a Better Burb* & Congress for New Urbanism, 2018. <http://buildabetterburb.org/demographics-are-destiny-dublin-ohio-responds/>

should continue, and to identify how the City should adjust its strategies and tactics to ensure it maintains the appropriate trajectory into the future.

Dublin's Economic Development Strategy

Revised Draft Based on Council Feedback

Setting the Regional Economic Context

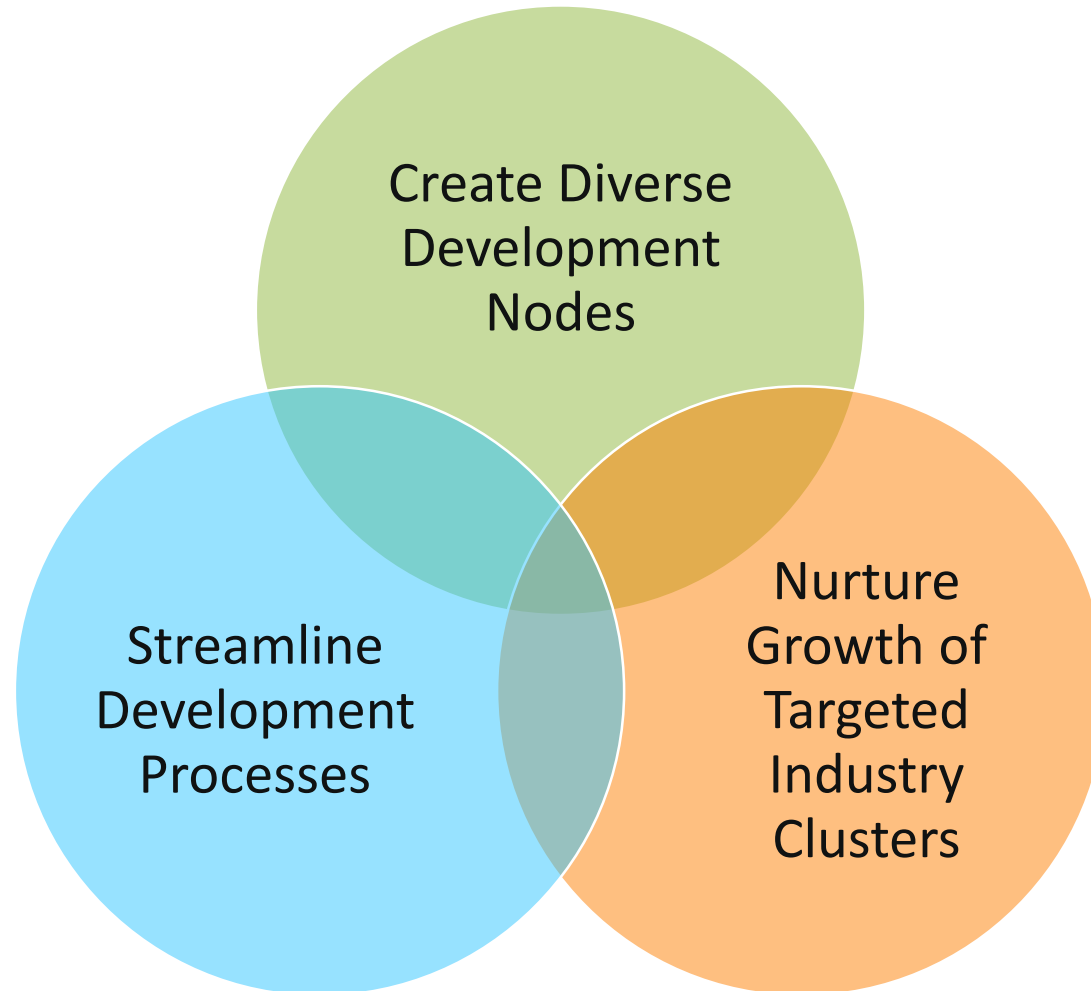
- **Strong Columbus MSA Growth Presents Significant Opportunities**
 - Columbus MSA ranks first among the Midwest's top 10 largest metro areas in population growth, job growth, and GDP growth as well as having one of the highest concentrations of diversity and one of the largest populations of millennials.
 - The region as a whole has continued to expand on its key strengths in industry clusters supporting corporate HQ activities, electronic commerce, and finance and insurance
 - Columbus MSA boasts strong talent, institutions and platforms generating increasing levels of innovation and entrepreneurial activity
 - Strong academic, healthcare, and corporate institutions support clusters of activity in research and innovation including Ohio State University, Nationwide Children's Hospital, and numerous corporate innovation centers
 - Columbus has become one of top metros in the US for scaling young companies, demonstrating the growth of its entrepreneurial culture and resources (Kauffman Index for Growth Entrepreneurship, Metro Area and City Trends 2017)
- **....as well as Challenges for Dublin's Future Strategic Economic Position**
 - Other suburbs are building out their own industrial bases and identities as a part of this broader growth increasing the competition for economic development activity.

Dublin's Economic Imperative

- To date, Dublin has been able to maintain its legacy high quality of place with a skilled population and a strong base of industry cluster drivers led by key anchor companies – however, it is starting to fall behind the broader region and other suburbs are “catching-up” in key economic indicators
- The city is facing a number of industrial and demographic transitions that present potential economic disruptions to its current competitive position, including:
 - **The Rise of Mixed-Use Urban Development in Nurturing Knowledge Industries**
 - **The Shifting Preferences Among the Modern High-Skill Workforce**
 - **The Changing Nature of Industry Clustering and Supply Chains**
 - **The Need for Ongoing Investment in Maintaining Strong Local Economies**
- These trends present a new reality that Dublin must confront in shaping a forward-looking economic development strategy.

Dublin's Economic Development Strategy:

Dublin will implement proactive strategies focused on three facets of the economic development ecosystem to help ensure future economic vitality



Components of Dublin's Economic Development Strategy:

3 Strategies Comprising 11 Actions

- **Strategy 1: Create diverse development nodes to meet 21st Century industrial demand for vibrant physical space**
 - Build on the momentum of **Bridge Park/BSD**
 - Move the **West Innovation District** forward by setting the conditions for development attractive to the targeted industry clusters
 - Focus efforts to redevelop the **Dublin Corporate Area/legacy office parks** and provide additional points of connection to alternative living/retail space
 - **Connect development nodes** through deployment of mobility technologies and serve as “suburban” pilot
- **Strategy 2: Streamline and make more predictable development processes thereby reducing uncertainty**
 - **Foster understanding and predictability** regarding the type of development being sought and adhere to the stated vision/plan for development
 - **Reduce uncertainty** of the decision-making process
 - **Connect** industrial leadership with City leadership on a regular basis
- **Strategy 3: Nurture growth of targeted industry clusters through proactive attraction and BR&E activities**
 - **Enhance existing economic development efforts**
 - **Focus** Economic Development Team's efforts **on key industry clusters**
 - **Capture** larger portion of Columbus Region's scaling/**high-growth companies**
 - **Establish more effective industry networks** to better connect local companies to each other and to the broader community

Strategy 1: Create diverse development nodes to meet 21st Century industrial demand for vibrant physical space

- **Actions on which to focus:**

- Build on the momentum of **Bridge Park/BSD**
- Move the **West Innovation District** forward by setting the conditions for development attractive to the targeted industry clusters
- Focus efforts to redevelop the **Dublin Corporate Area/legacy office parks** and provide additional points of connection to alternative living/retail space
- **Connect development nodes** through deployment of mobility technologies and serve as “suburban” pilot

Strategy 1 - Action 1: Build on the momentum of Bridge Park/BSD

- **Tactics to pursue:**

- Pursue two additional Class A office buildings (commitments 2020-2021)
- Pursue the fieldhouse/arena opportunity (?, commitment in 2019)
- Immediately adjacent to the BSD, market the city-owned land along Emerald Parkway (near Riverside Drive) and develop a new office project
- Plan and program the Snouffer Rd. intersection improvement (Future funding)
- Redevelop 5/3 Bank office site at Sawmill Road & Bridge Street
- Focus attraction efforts on high-growth companies being incubated elsewhere in the region that are seeking urban-like environments with ability to scale (related to Strategy 3, Action 3)
- Other Ideas??

Strategy 1 - Action 2: Move the West Innovation District forward by setting the conditions for development attractive to the targeted industry clusters

- **Tactics to pursue:**

- Execute the build-out of the balance of city-owned property associated with OSU-MC investment:
 - Successfully get the OSU-MC project rezoned (2019) and surrounding infrastructure built (2022)
 - Partner with OSU-MC, where appropriate, to market and develop surrounding city-owned property. Seek commitments on a neighborhood retail project by end of 2020.
- Leverage city-owned and OU-owned land to build out OU Dublin Campus
 - Jointly develop flex space buildings with Ohio University on its Dublin campus; the City and OU should take an anchor tenant position in a building(s) (Issue a revised RFP for Subarea 3 NLT end of 2019; funding in CIP re: Eiterman Rd relocation; recommend \$300k/yr for ten years as an anchor tenant position)
 - Development must take into account best practices around mixed-use development that combine housing, retail, dining and walk-to-work office space
 - Development should attract and leverage additional academic presence that is organic to the University and also unique to the desired clusters (Ongoing discussions with OU President Nellis & Columbus State, tOSU)
- Construct the US 33/Post Rd. Interchange (Additional City and Union Co. funding proposed in CIP)
- Purchase strategic tracts of land for future economic development deals (upcoming land acquisition discussion)
- Other ideas??

Strategy 1 - Action 3: Focus efforts to redevelop the Dublin Corporate Plan Area/legacy office parks and provide additional points of connection to alternative living/retail space

- **Tactics to pursue:**

- Implement the DCAP
 - Implement best practices around mixed-use, higher-density development that combine structured parking, housing, retail, dining and walk-to-work office space.
 - Obtain two residential, two retail, and one office redevelopment project by 2021.
- Continue attraction efforts focused on IT Cluster with emphasis on talent pipeline and access to Dublin
- Consider the use of CRA/abatement to redevelop legacy office parks
- Work with the property owner on the potential repositioning (i.e., rezone, mixed-use, utility issues) of the land on the far south end of the former Ashland campus.
- Other ideas??

Strategy 1 - Action 4: Connect development nodes through deployment of mobility technologies and serve as “suburban” beta/testing pilot site

• Tactics to pursue:

- Leverage proximity to 33 Smart Corridor and Smart Columbus to build out autonomous/connected “Smart” infrastructure as a beta/testing platform for R&D
 - Attract firms/technologies to beta test on the City’s and 33 Corridor’s “smart infrastructure”
- Explore the creation of a regular circulator shuttle during normal business hours which travels from WID to DCAP to Bridge Street District. (Similar to CBUS/Mobility Plan in progress)
- Consider the West Innovation District a place for a future Hyperloop stop
- Create a Smart Corridor R&D facility in West Innovation District on city and/or university-owned land (Could be part of RFI, above)
- Study and integrate with the MORPC and COTA corridor studies/initiatives
- Consider multi-jurisdictional opportunities regarding East/West regional transit
- Other ideas??

Strategy 2: Streamline and make more predictable development processes thereby reducing uncertainty

- **Actions on which to focus:**
 - **Foster understanding and predictability** regarding the type of development being sought and adhere to the stated vision/plan for development
 - **Reduce uncertainty** of the decision-making process
 - **Connect** industry leadership with City leadership on a regular basis

Strategy 2 - Action 1: Foster understanding and predictability regarding the type of development being sought and adhere to the stated visions/plans for development

• Tactics to pursue:

- Validate Council's commitment to the following area plans:
 - DCAP
 - WID
 - OU Framework Plan
 - BSD
 - Provide clear guidance regarding West Bridge Street Transition Plan
 - Pursue a community vision for the Dublin Historic District
- Update components of the Community Plan
 - Overarching Vision section
 - Community Character and Environment and Fiscal Analysis sections
- Articulate Council's vision to Council/Board/Members/Staff
 - Conduct joint training for B&C members & staff clearly articulating vision/responsibilities/purview
 - Ensure that development plans are adhered to and policies are followed routinely
- Other ideas??

Strategy 2 - Action 2: Reduce uncertainty of the decision-making process

- **Tactics to pursue:**

- Conduct a joint Kaizen Process (led by Master Black Belt) between Council, staff and PZC/ARB to evaluate, understand, and improve processes
- Conduct regular debriefs/surveys of customers/cases to understand industry perspectives and identify areas to enhance to ensure continuous improvement
- Track and report on key-performance indicators as agreed to between Council and staff (TBD as part of Council's Visionary Goal #3 – Data)
 - Use Accela, once fully operational, to track and understand the timeframes and defined performance standards of different development processes
- Other ideas??

Strategy 2 - Action 3: Connect industry leadership with City leadership on a regular basis

- **Tactics to pursue:**

- Conduct semi-annual Industry Roundtable events hosted by Council to create dialogues to ensure continuous process improvements. Meetings to begin by the end of CY 2019
- Conduct semi-annual Developer and Commercial Real Estate Brokerage Roundtable events hosted by Council to create dialogues to ensure continuous process improvements regarding services offered, development processes, permit processes, etc. Meetings to begin by the end of CY 2019
- Other ideas??

Strategy 3. Nurture growth of targeted industry clusters through proactive attraction and BR&E activities

- **Actions on which to focus:**
 - Enhance existing economic development efforts
 - **Focus** Economic Development Team's efforts **on key industry clusters**
 - **Capture** larger portion of Columbus Region's scaling/**high-growth companies**
 - **Establish more effective industry networks** to better connect local companies to each other and to the broader community

Strategy 3 - Action 1: Enhance existing economic development efforts

- **Tactics to pursue:**

- Advance collaboration/partnerships among industry, academia, and government to advance economic development
- Work with the Dublin City Schools on the growth of its academy programs by finding industry and university partners for additional physical spaces and training opportunities
- Train Council and City Leadership Team to conduct BR&E visits
- Have the Mayor, City Manager, and Economic Development Director visit with the Top 10 largest companies and key industry cluster firms annually
- Understand/be creative in the types of incentives that can be leveraged, for example:
 - Performance
 - Infrastructure
 - TIFs
 - Land
 - Fiber optics
 - Grants – relocation, renovation, LEED, technology, etc.
 - PACE
 - Community Reinvestment Area
 - Federal grants for mobility/smart technology/beta test sites
 - Other?
- Other ideas??

Strategy 3 - Action 2: Focus Economic Development Team's efforts on key industry clusters

- **Tactics to pursue:**

- Have each Economic Development Administrator focus on a key target industry (detailed actions for each industry on the following 3 slides):
 - **IT & Computer Services**
 - **Mobility Technologies**
 - **Biomedical**
- Other ideas??

Strategy 3 - Action 2: Focus Economic Development Team's efforts on key industry clusters

- **Tactics to pursue:**

- **IT & Computer Services –**

- City has established talent attraction and cluster/innovation-building (i.e., dublinrealitycheck.com and quarterly IT speaker series). Build on these efforts by:
 - Partnering with the City's CIO on joint programs, i.e., being a "sandbox" for IT companies
 - Branding and further promoting Dublin's strength as the Region's leading hub of IT talent, valuable infrastructure
- Use intelligence gleaned from this study to hone City's IT brand and sales pitch
- Further engage IT industry with Dublin's Emerald Campus for talent connections and ensuring a local talent pipeline
- Other ideas??

Strategy 3 - Action 2: Focus Economic Development Team's efforts on key industry clusters

- **Tactics to pursue:**

- **Mobility Technologies –**

- Position the city as a unique suburban testing environment for mobility technologies that can integrate with and complement broader 33 Smart Mobility Corridor and Smart Columbus efforts
 - Undertake proactive marketing efforts to position city as “open for business” in mobility pilot projects to capitalize on connectivity assets already in place
 - Continue engagement with broader efforts with potential support for mobility technology demonstration projects from capital improvement funds (initial Beta testing in progress)
 - Leverage the availability of federal funds to actively pursue demonstration projects and partnerships with innovative companies
 - Recruit additional mobility industry companies to build out cluster
 - Focus on mid-sized software and hardware solutions providers and integrators to help build out cluster – potential focus for WID
 - Other ideas??

Strategy 3 - Action 2: Focus Economic Development Team's efforts on key industry clusters

- **Tactics to pursue:**

- **Biomedical –**

- Pursue innovation strategy and partnership opportunities, including:
 - Gerontology, Aging and tie-in's with Dublin's Aging in Place Plan; also potential to connect with Cardinal Health regarding Aging-related product development
 - Explore public-private partnership opportunities with Ohio Department of Veterans Services on unique housing, continuing care partnerships
 - Develop regional industrial partnerships around nutrition and other preventative care products. Prospective partnerships could include Nestle and Wendy's.
 - Consider Digital Health as a targeted sub-cluster – presence of emerging venture-backed companies + intersecting City-based strengths of IT and Biomedical means ripe environment for Digital Health opportunities
 - Pending opening of OSUMC – an avenue for potential future OSU R&D partnerships in clinical, other spaces
 - Methodist Hospital's new status as "Teaching Hospital" could lead to increase in clinical trials activity and opportunities to further root biomedical innovation
 - Other ideas??

Strategy 3 - Action 3: Capture larger portion of Columbus Region's scaling/high-growth companies

• Tactics to pursue:

- As firms outgrow existing incubation space elsewhere in the region, leverage Dublin's live/work/play developments to attract scaling firms thereby further diversifying Dublin's economy
- Work with the regional entrepreneurial ecosystem (Rev1, Columbus2020, JobsOhio, and area venture capital firms) to identify/access these scaling firms
- Monitor and work to attract international R&D locations in key industry clusters
- Develop additional building inventory suitable for scaling firms that require space to grow into (See Strategy 1)
 - Develop the next generation maker space focus on IT/Cybersecurity/Connected-Autonomous technologies
- Continue to promote the start up community in Dublin by leveraging the DEC, Fuse, Wendy's 90 Degree Lab, and the various co-working spaces in Dublin
- Leverage Dublin's IT infrastructure capabilities
 - Promote Dublink as a competitive/cost saving advantage by developing a new targeted education campaign on the benefits of Dublink
 - Increase Dublink capacity and availability to commercial buildings
 - Support other City offices with the beta testing of fiber to the home (Council Visionary Goal #2)
- Other ideas??

Strategy 3 - Action 4: Establish more effective industry networks to better connect local companies to each other and to the broader community

• Tactics to pursue:

- Establish formal industry networking groups with dedicated events and goal of enhancing regular local business community interaction
- Actively pursue opportunities to host regional innovation-related events at leading Dublin industries or establishments to increase awareness of city and highlight local industry
- Support and attend Chamber (business after hours, Leadership Dublin, corporate Challenge, Chamber Board, golf outing, etc.) and other business organizations' events (JASCO, AIABG, Chinese Chamber, Korean Chamber, Hispanic Chamber, Union County Chamber, HDBA, NAIOP, Women in Tech, Black Tech, etc.)
- Better connect businesses to the community through:
 - Volunteer efforts
 - Philanthropy
 - Sponsorship
 - Internships
 - Adopt a park, natural space, or rec program
 - Workforce: development, attraction, and retention
 - Corporate wellness program
- Other ideas??

Strategic Priorities/Implementation Timeline

Strategy/Action	Priority*	Timing
Strategy 1: Create diverse development nodes to meet 21st Century industrial demand for vibrant physical space		
Build on the momentum of Bridge Park/BSD	Critical	Immediate
Move the West Innovation District forward	Critical	Short-term
Focus efforts to redevelop the Dublin Corporate Area/legacy office parks	Critical	Mid-term
Connect development nodes through deployment of mobility technologies	Important	Long-term
Strategy 2: Streamline and make more predictable development processes thereby reducing uncertainty		
Foster understanding and predictability regarding development being sought	Critical	Immediate
Reduce uncertainty of the decision-making process	Significant	Short-term
Connect industrial leadership with City leadership	Important	Immediate
Strategy 3: Nurture growth of targeted industry clusters through proactive attraction and BR&E activities		
Enhance existing economic development efforts	Important	Short-term
Focus Economic Development Team's efforts on key industry clusters	Significant	Short-term
Capture larger portion of Columbus Region's scaling/high-growth companies	Significant	Mid-term
Establish more effective industry networks	Important	Short-term

* The classification of **priority**: *critical* for those actions that are essential for the success of the strategy, *significant* for those actions that can make a major impact in advancing the strategy, and *important* for those actions that can contribute to the success of the strategy.

Strategic Measures of Success

Create Diverse Development Nodes

- Amount of new commercial space built/redeveloped
- Real estate absorption rates; vacancy rates
- Conduct economic impact analysis of new/redeveloped nodes. Impact measures would include the direct, indirect and induced impact of economic activity. This will capture broader impacts of live/work/play environments.

Streamline Development Processes

- Leadership connections – number of round table events held and number of participants
- Track results of surveys/debriefs with customers
- Use Accela to track KPI's

Nurture Growth of Targeted Industry Clusters

- Number of companies expanding operations in Dublin
- Number of new companies siting locations in Dublin; net migration of businesses
 - ⑩ Number of younger (< 5 years old) intra-regional companies moving to Dublin
 - ⑩ Number of traded sector companies moving to Dublin
- Growth of targeted industry clusters relative to the nation
- Number of new jobs created in Dublin
- Growth of City tax revenue
- Return on investment of incentives provided



Innovating Tomorrow's Economic Landscape

TEconomy Partners is a global leader in research, analysis and strategy for innovation-based economic development. Today we're helping nations, states, regions, universities, and industries blueprint their future and translate knowledge into prosperity.