BUILDING THE FUTURE:

DC's Economic Landscape

October 31, 2024

GEORGETOWN UNIVERSITY

WASHINGTON DC ECONOMIC PARTNERSHIP

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OFFICE OF THE DEPUTY MAYOR FOR PLANNING & ECONOMIC DEVELOPMENT

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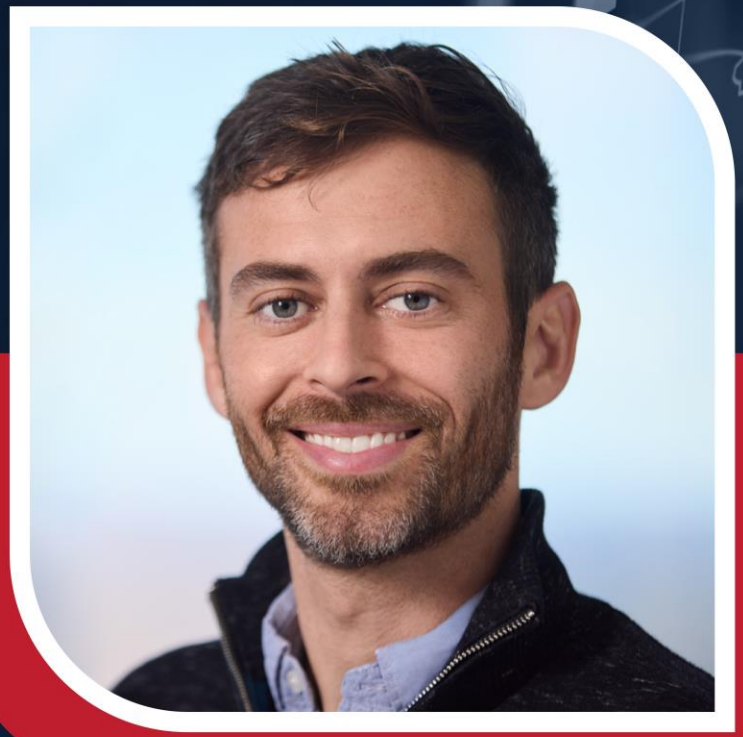
MURIEL BOWSER, MAYOR

Sectors of the Future: Industries that Will Drive the Next Wave of DC's Economic Outcomes



Ben Safran

Partner, McKinsey & Company

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Sectors of the future: industries that can drive the District's next wave of economic outcomes

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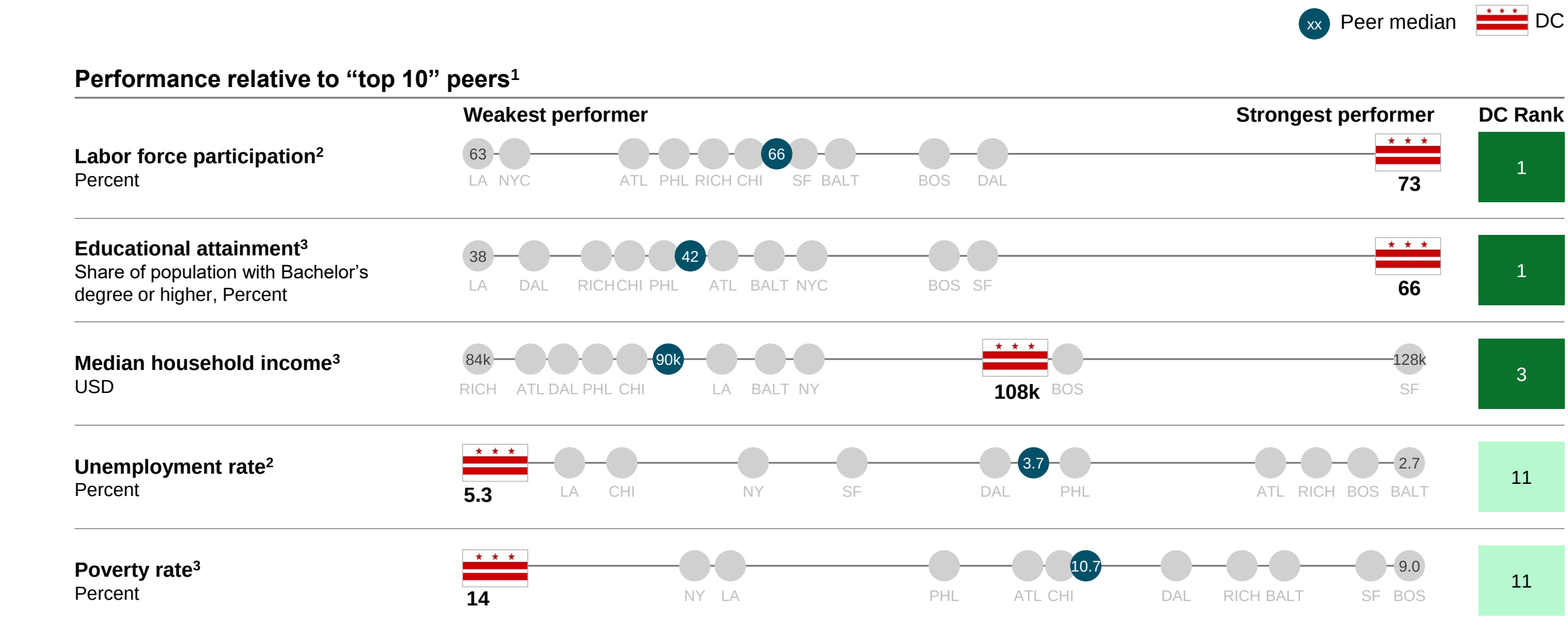
By most economic measures, DC has a healthy economy



1. Peer MSAs include Atlanta (GA), Baltimore (MD), Boston (MA), Chicago (IL), Dallas (TX), Los Angeles (CA), New York (NY), Philadelphia (PA), Richmond (VA), and San Francisco (CA)
2. Based on 2024 Q2 figures
3. Based on 2023 figures

Source: US Census; Moody's Analytics

DC’s economic strengths are connected to key risks

Strengths

Anchor industries: “feds, eds, and meds” – strong base of good jobs

Highly talented, knowledge-driven economy

Skills driven workforce with world-class education attainment

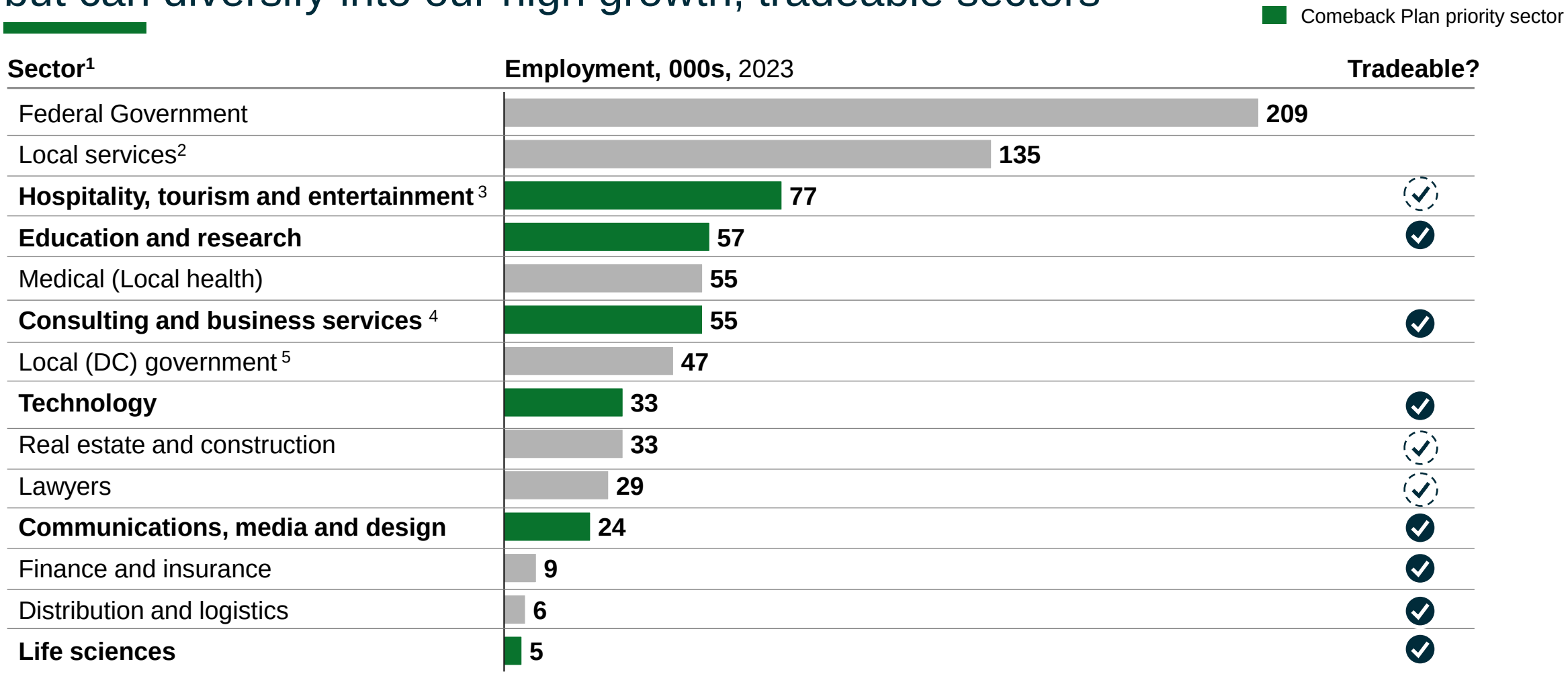
Risks

Lack of diversification, resilience and missing “growth waves

Highly mobile workers risk outmigration (and loss of vibrancy)

Growth is not shared by all

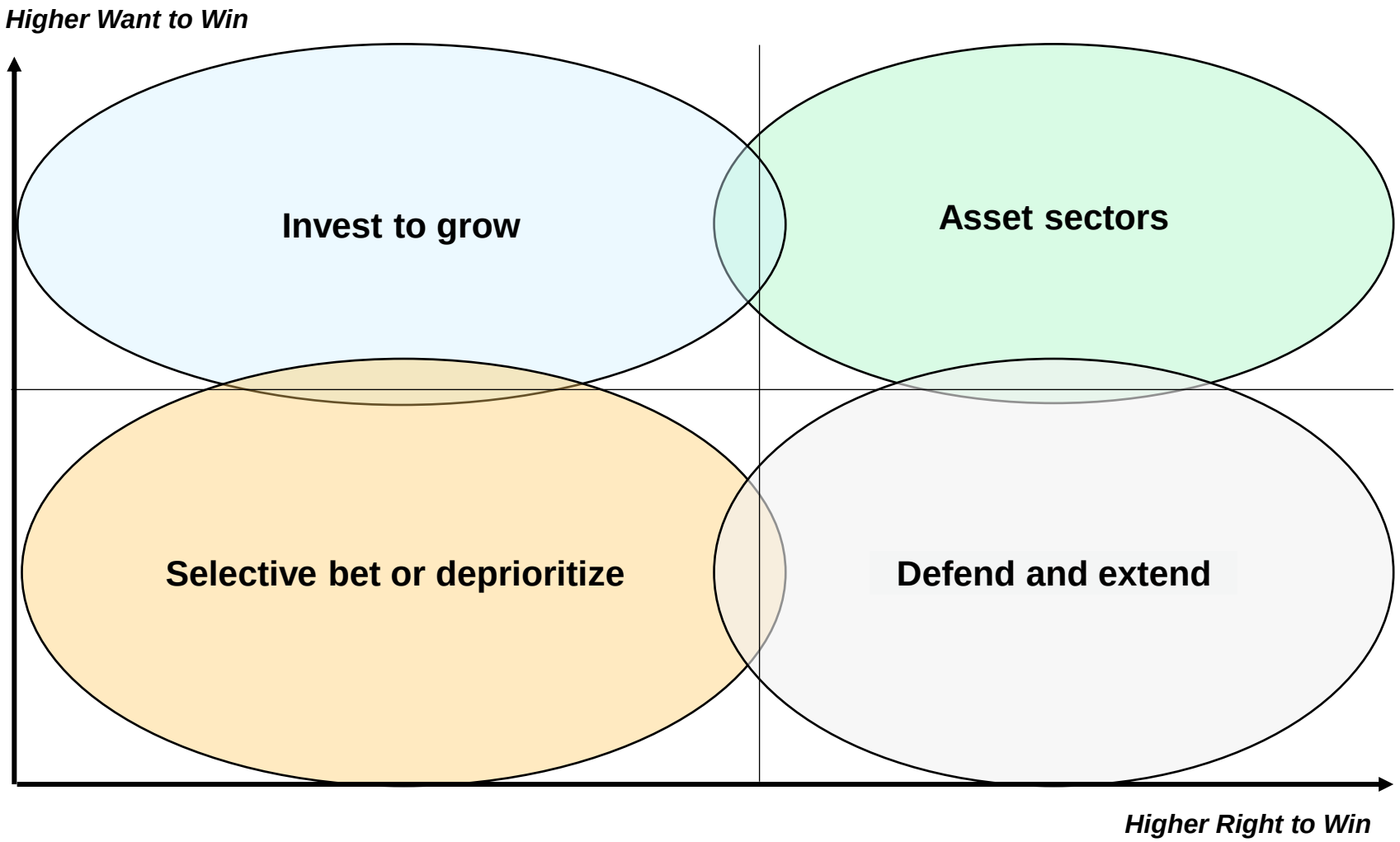
DC's economy remains anchored in "Feds, Meds and Eds," but can diversify into our high growth, tradeable sectors



1. Includes all tradeable sectors with >1K employment and all local sectors with >20K employment in DC
2. Includes commercial services, communityy and civic organizations
3.Includes hospitality, tourism, entertainment, local restaurants, hotels, museums, etc.
4.Includes professional and business services such as management consulting, administrative services
5.Includes government services and local education and training)

Source: Lightcast

We analyzed DC's "right to win" and "want to win" for priority subsectors



Metrics used to determine "right to win" and "want to win":

Right to Win

- **Current jobs:** 2023 employment or online profiles
- **Job growth:** 2019-2023 annual growth in employment or job postings
- **Specialization:** 2023 employment or job postings location quotient
- **DC share of MSA jobs:** 2023 DC employment or online profiles share of metro area employment or online profiles

Want to Win

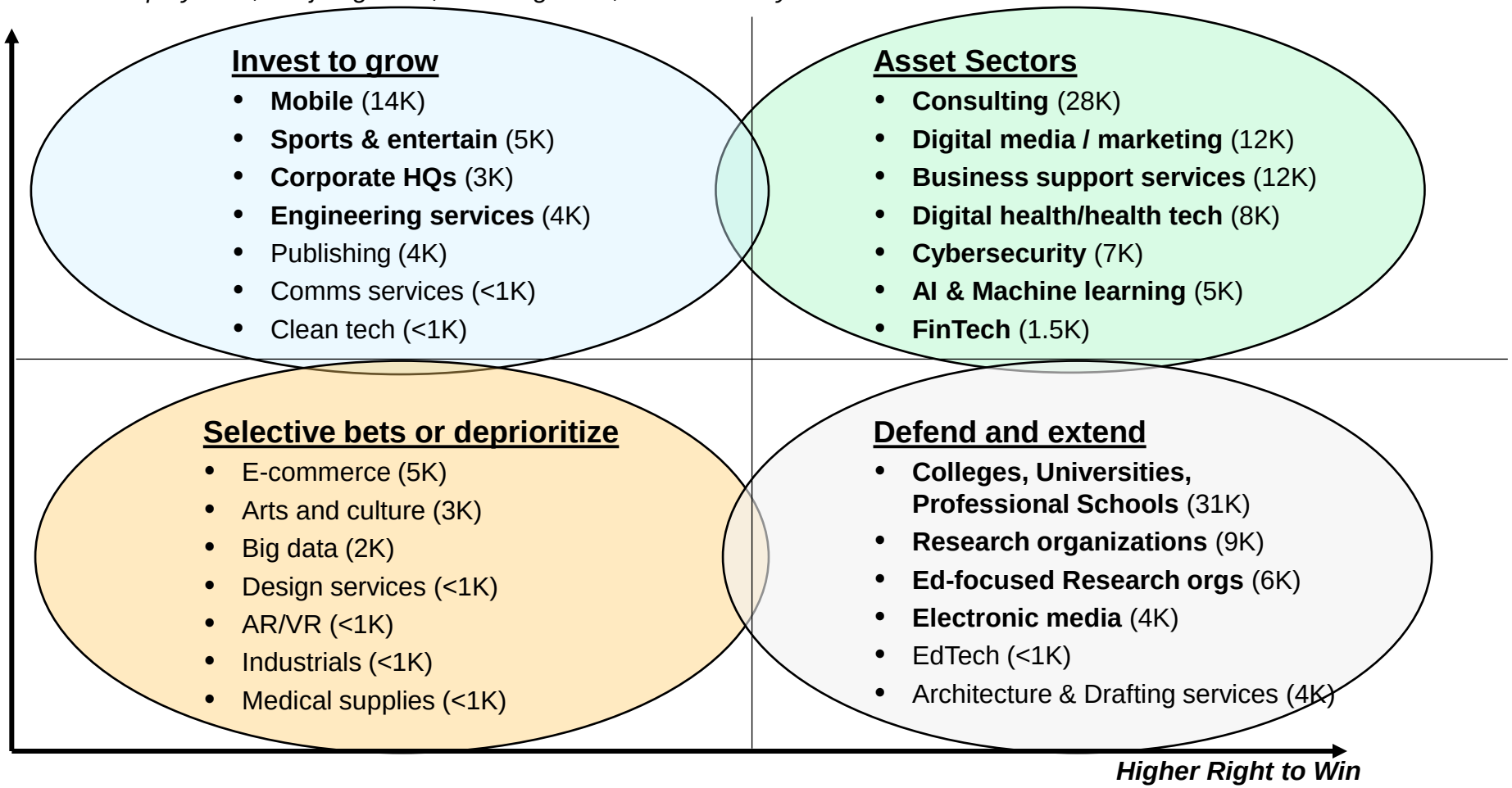
- **Current US jobs:** 2023 US employment or online profiles
- **US job growth:** 2019-2023 annual growth in US employment or job postings
- **US VC growth[2]:** 2019-2023 annual growth in US venture capital funding
- **Median annual DC salary:** 2023 median annual salary or median advertised annual salary

Emerging portfolio of priority subsectors

Higher Want to Win

(##) = current DC employment

Total US employment, US job growth, US VC growth, median salary

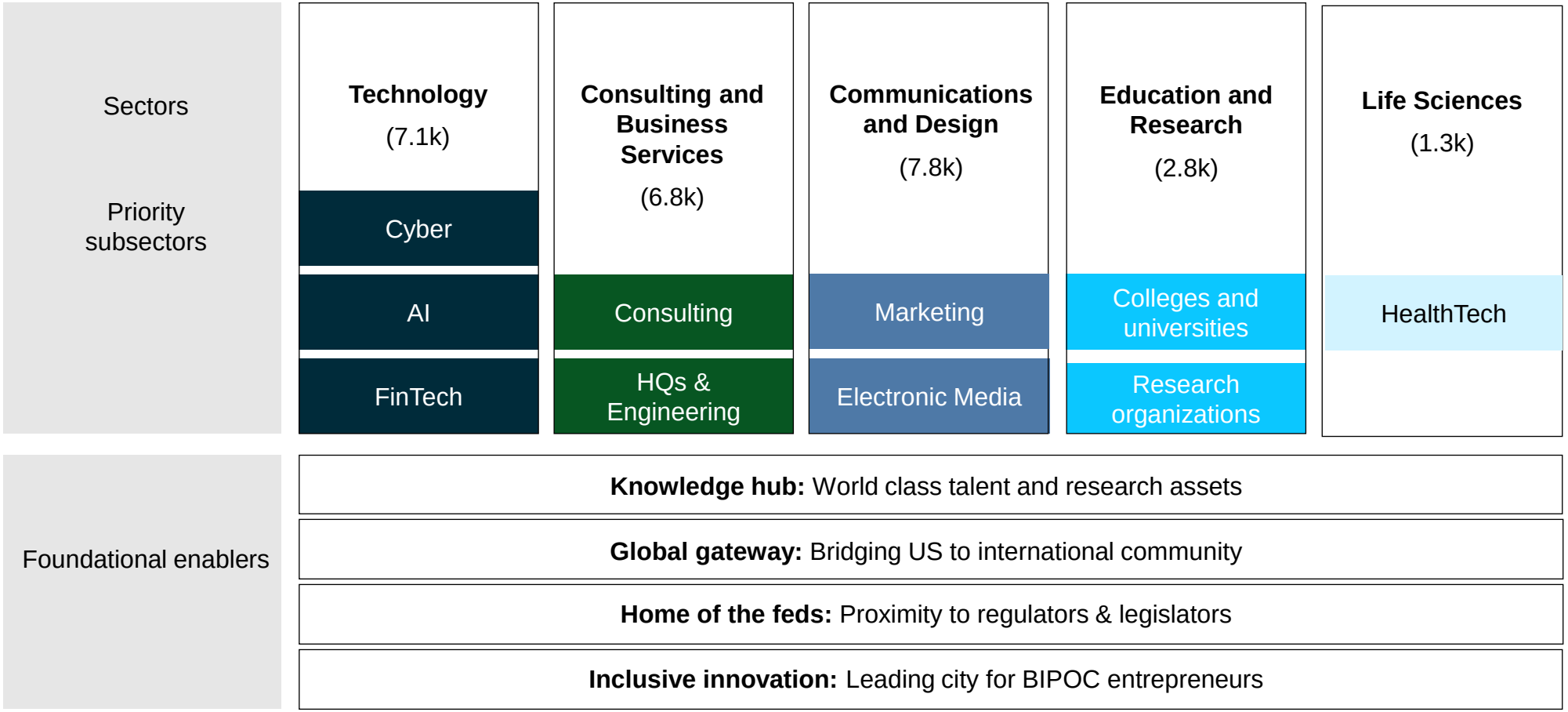


Current jobs, job growth, specialization relative to US and relative to region

10 subsectors have the greatest forecasted contribution to growth: a portfolio of existing strengths and bets on high potential areas

PRELIMINARY

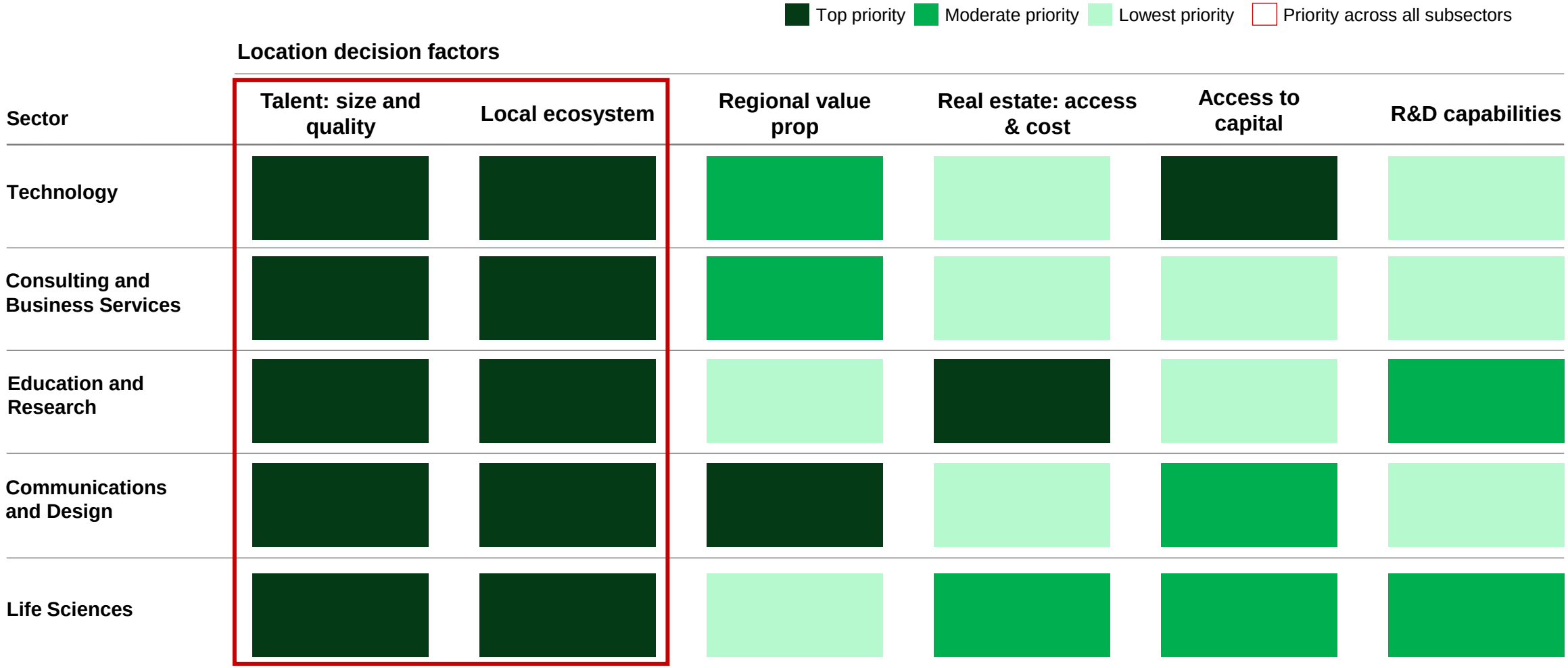
(##) = Potential “Upside” job growth impact



Note: Hospitality and tourism also prioritized as sector but efforts considered as separate initiative

While different factors matter to companies; talent and proximity to industry partners are important for all priority sectors

PRELIMINARY FOR DISCUSSION



Source: fDi Benchmarks, internal experts

Four major categories of initiatives emerged based on review of peers, successful ecosystems, and input from companies and experts

Attract Anchors:

Conduct targeted attraction and cultivation of anchors

Develop our Places:

Activate clear locations for clusters as “landing zones”

Grow our Talent:

Produce, attract, retain and connect talent to opportunities

Connect with Capital:

Build capital and entrepreneurial supports for innovation

Cross cutting: Capacity to execute (resources, expertise, and partnership)

National models to consider

CORNELL TECH

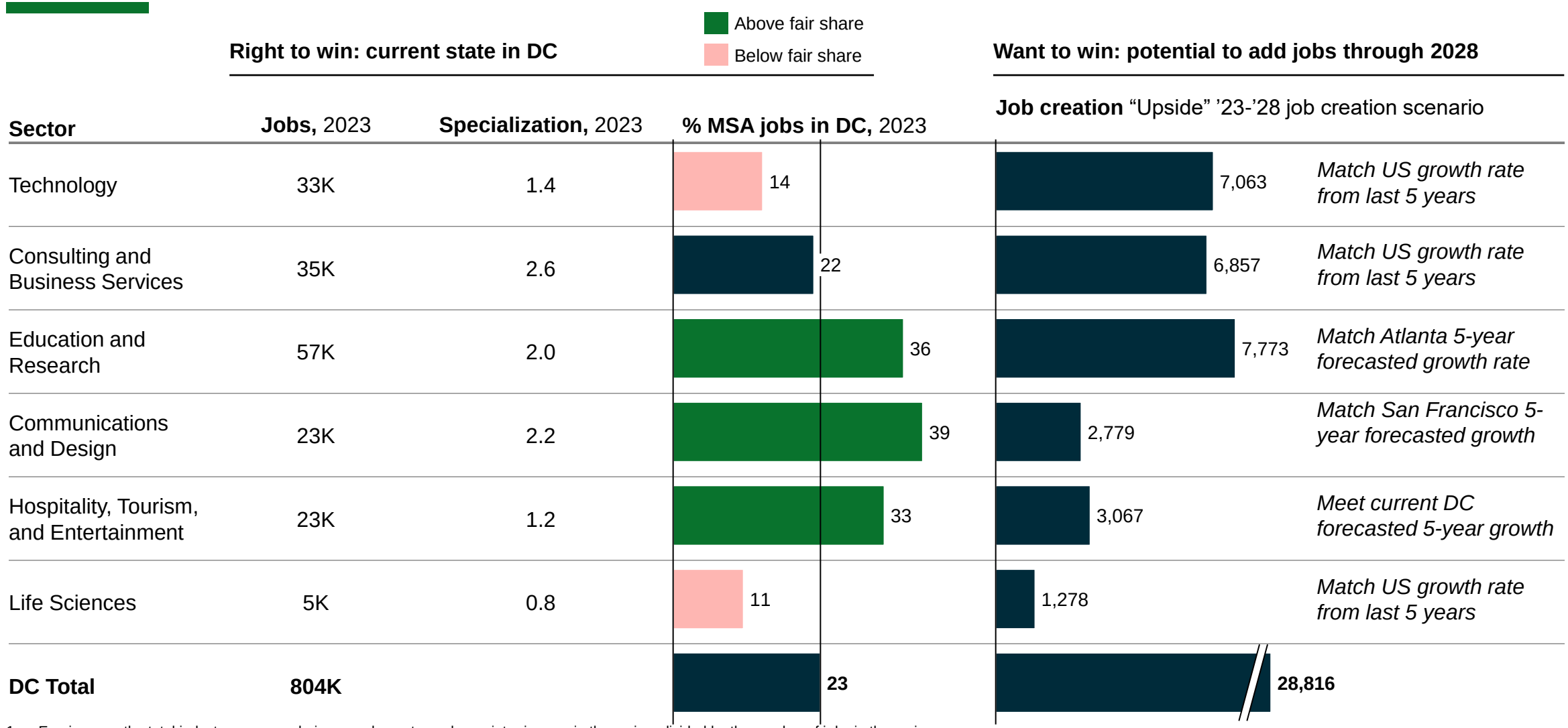
MICHIGAN CENTRAL

Ohio TO WORK

MASSCHALLENGE

Appendix

Technology, Consulting, and Education/Research are forecasted to have greatest contribution to growth, with six high priority sectors with potential to create nearly 30K jobs through 2028



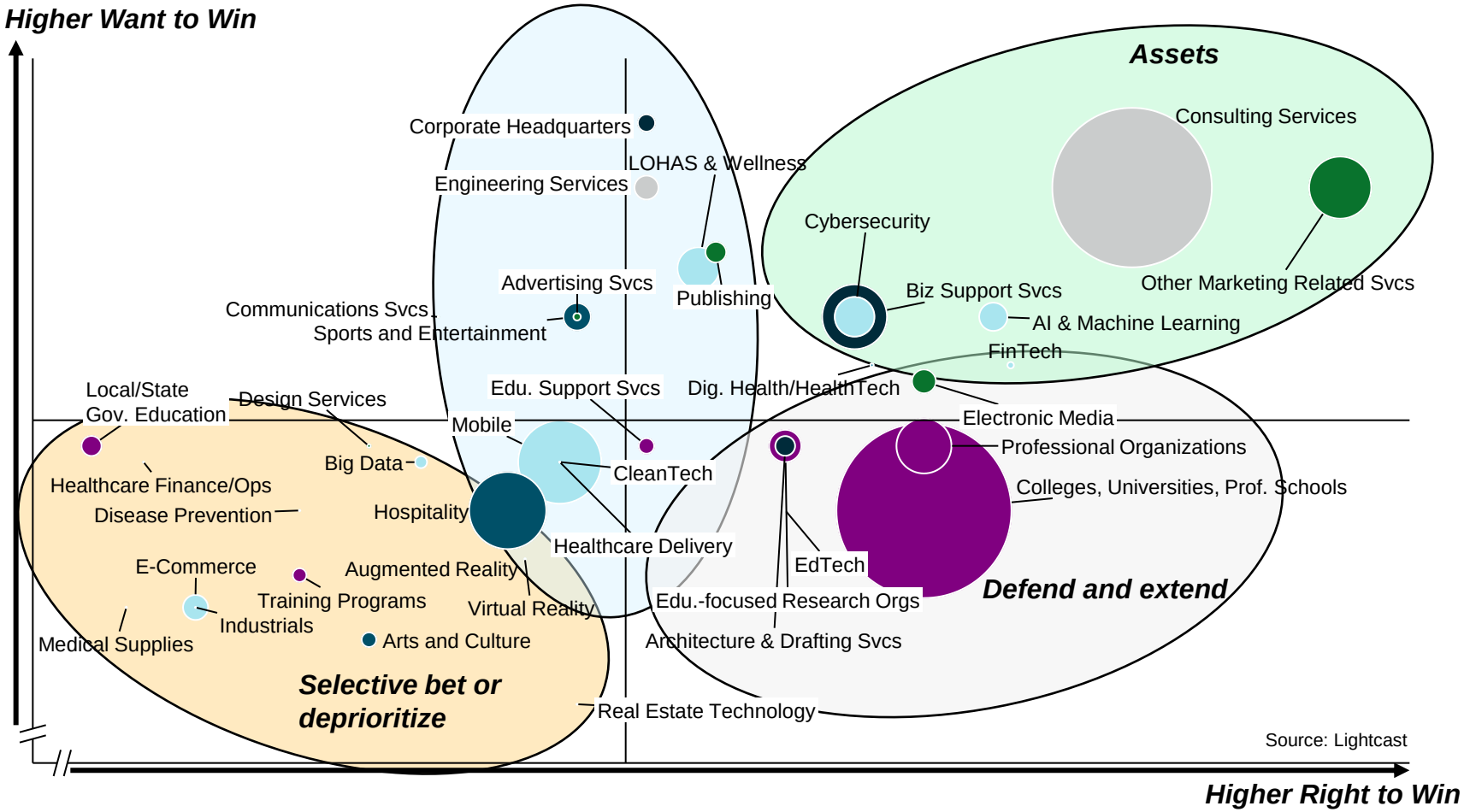
1. Earnings are the total industry wages, salaries, supplements, and proprietor income in the region, divided by the number of jobs in the region
2. Based on an analysis of the following scenarios: DC 5-yr projected growth, US 5-yr historical growth, US 5-yr projected growth, projected 5-yr growth for all peer MSAs (NYC MSA, San Francisco MSA, Dallas MSA, Boston MSA, LA MSA, Chicago MSA, Atlanta MSA, Philadelphia MSA, Baltimore MSA)

Source: Lightcast

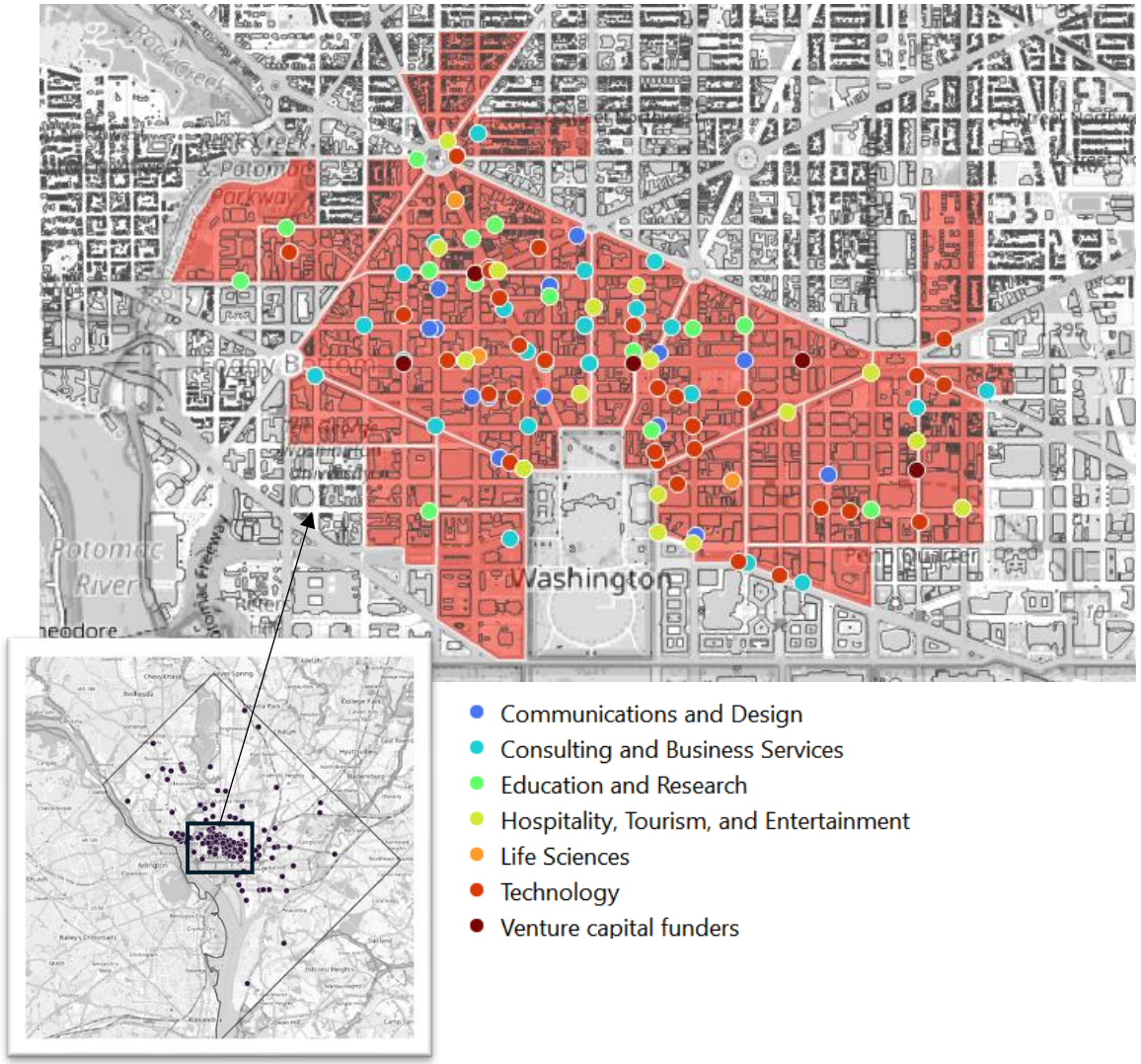
Emerging portfolio of priority subsectors

- Life Sciences
- Technology
- Education and Research
- Consulting Services
- Hospitality, Tourism, and Entertainment
- Communications and Design
- Business Services

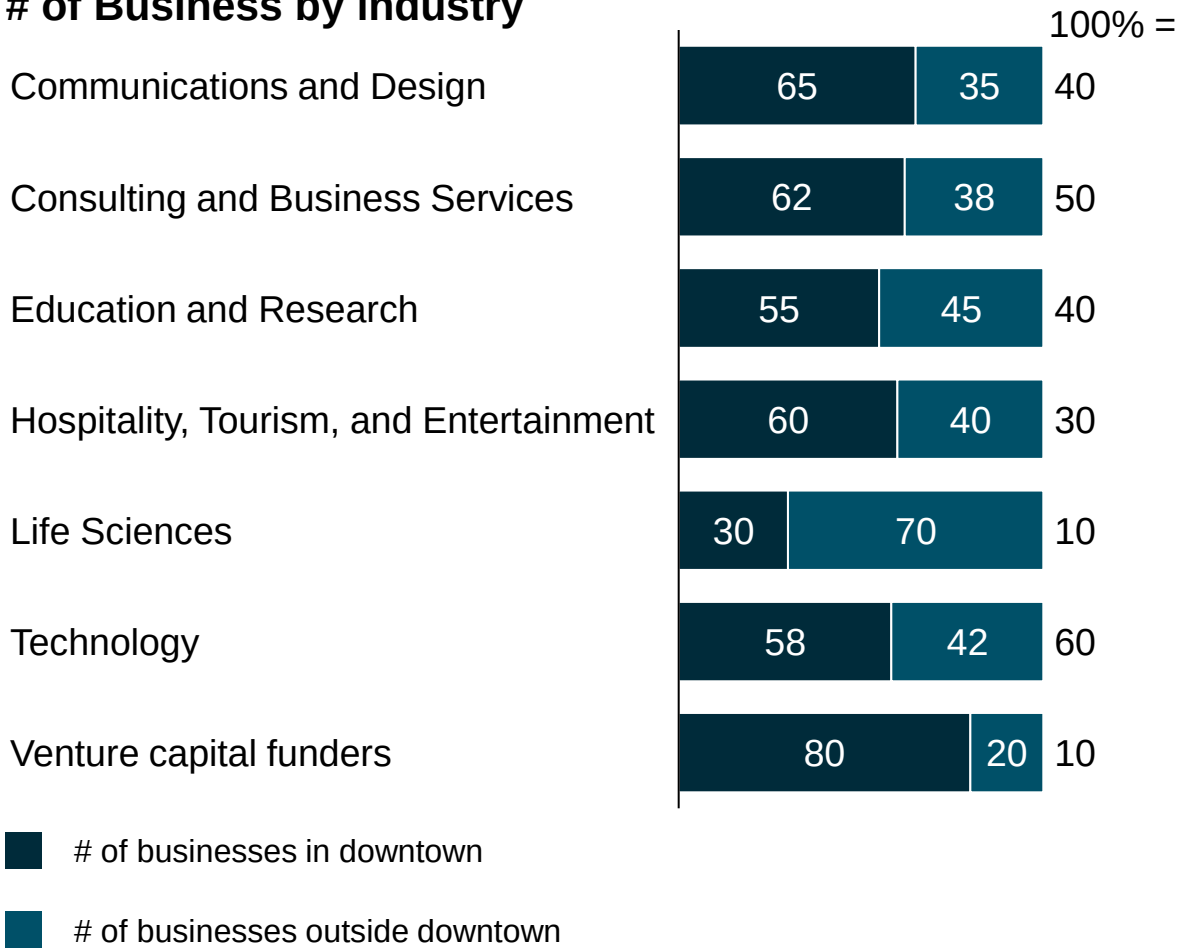
Size = current DC employment



Mapping of current company footprint highlights density of DC's target sectors Downtown, but mixed picture on clear "landing zones" for each of the priority sectors without clear vision



of Business by industry



Portfolio of initiatives

PRELIMINARY | FOR DISCUSSION

Tactical approaches	Potential actions to activate	Applicable priority subsectors
Anchor hunting campaign	**(A) Pursue a proactive, targeted business hunting campaign** by (1) developing and executing a strategy for lead gen of target firms, (2) over-investing in catalytic anchors	Cyber; Market-ing; HQs & Eng.; Hospit-ality
Global company and talent attraction	**(B) Create a landing zone for int'l firms, startups, and talent** by (1) creating geo-specific target lists, (2) executing int'l trade missions, (3) supporting target talent / founders	Cyber; Fin Tech; AI; Elec. Media
Build innovation districts	**(C) Identify tech "landing zone" for FinTech, AI, and Cyber clusters** by (1) identifying anchors, developments, and targets; (2) working with RE owners to connect with targets	Cyber; Fin Tech; AI
	(D) Foster "semester in DC" and thematic university clusters by (1) matching "first movers" with vacant RE, (2) requiring mix of uses, (3) investing in quality-of-life assets	College / unis; Rsrch orgs
	(E) Build and execute a life sciences innovation strategy by (1) engaging developers to build step-out space for startups at Walter Reed, (2) tenanting anchors at McMillan	Health Tech
Create live-work-play neighborhoods	**(F) Develop a live-work-play district in Downtown West** by (1) attracting anchors, (2) building affordable housing, and (3) incentivizing mix of use to enhance 24-7 activity	Consul-ting; Market-ing; HQs & Eng.
	(G) Create an entertainment district in Gallery Place / Chinatown by (1) inventorying development and zoning opportunities, (2) engaging developers and marketing to tourists	Hospit-ality; Arts / culture; Elec. Media
Grow talent pipeline	**(H) Develop an upskilling fund** by (1) identifying and publishing "priority occupation list," (2) partnering with training providers and employers, (3) developing a funding mechanism	Hospit-ality; Health Tech
	(I) Build tech talent programming by (1) filling gaps with new programming, (2) engaging local bootcamps, (3) marketing opportunities, (4) creating pathways to jobs	Cyber; Fin Tech; AI; Rsrch orgs; Health Tech
Retain graduates	**(J) Retain graduates in DC** by (1) engaging developers and universities on lower-cost 'recent alumni' housing, (2) creating retention pathways through jobs (e.g., internships)	Consul-ting; Market-ing; College / unis; Arts / culture
Connect startups to capital	**(K) Support DC startups with capital** by: (1) engaging VCs to understand their priorities, (2) engaging startups to co-locate with VCs, (3) hosting "demo days" to spur investments	Cyber; Fin Tech; AI; Elec. Media; Health Tech