

BENCHMARKING MIAMI'S GROWTH AND COMPETITIVENESS

Richard Florida Steven Pedigo



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THE MIAMI URBAN FUTURE INITIATIVE

The Miami Urban Future Initiative is a joint initiative with FIU's College of Communication, Architecture + The Arts and the Creative Class Group sponsored in part by The John S. and James L. Knight Foundation, which will lead new research and mapping on economic, occupational, creative and technological assets in Miami, in partnership with renowned experts, to provide necessary data, evidence and strategy to grow a more inclusive, creative economy for a 21st century global Miami. Miami has reached a crossroads. Its economy - historically based on tourism, hospitality, transportation, and real-estate development - has deepened, diversified, and become more creative and idea-based, as banking, media, arts, education, and new technology-based industries have assumed a larger role. The region now finds itself at a critical inflection point.

Through this Initiative, we hope to provide the thought leadership and awareness required to guide Miami's evolution as a global city through data-driven research and assessments of the key trends shaping the region, disseminate this information and inform the broad strategic vision for the region's private and public stakeholders through ongoing local convenings and briefs and bring global thought-leaders and practitioners to bear on thinking about the region's future through high-level events and convenings on issues important to Miami and global cities.

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BENCHMARKING MIAMI'S GROWTH AND COMPETITIVENESS

The Miami metro—spanning Miami-Dade, Broward, and Palm Beach counties—has grown at a stunning rate over the last five years. Today, Miami's population gains outpace those of Los Angeles, San Francisco, Boston, and Washington, D.C. But does this influx of residents translate into sustained and shared economic growth?

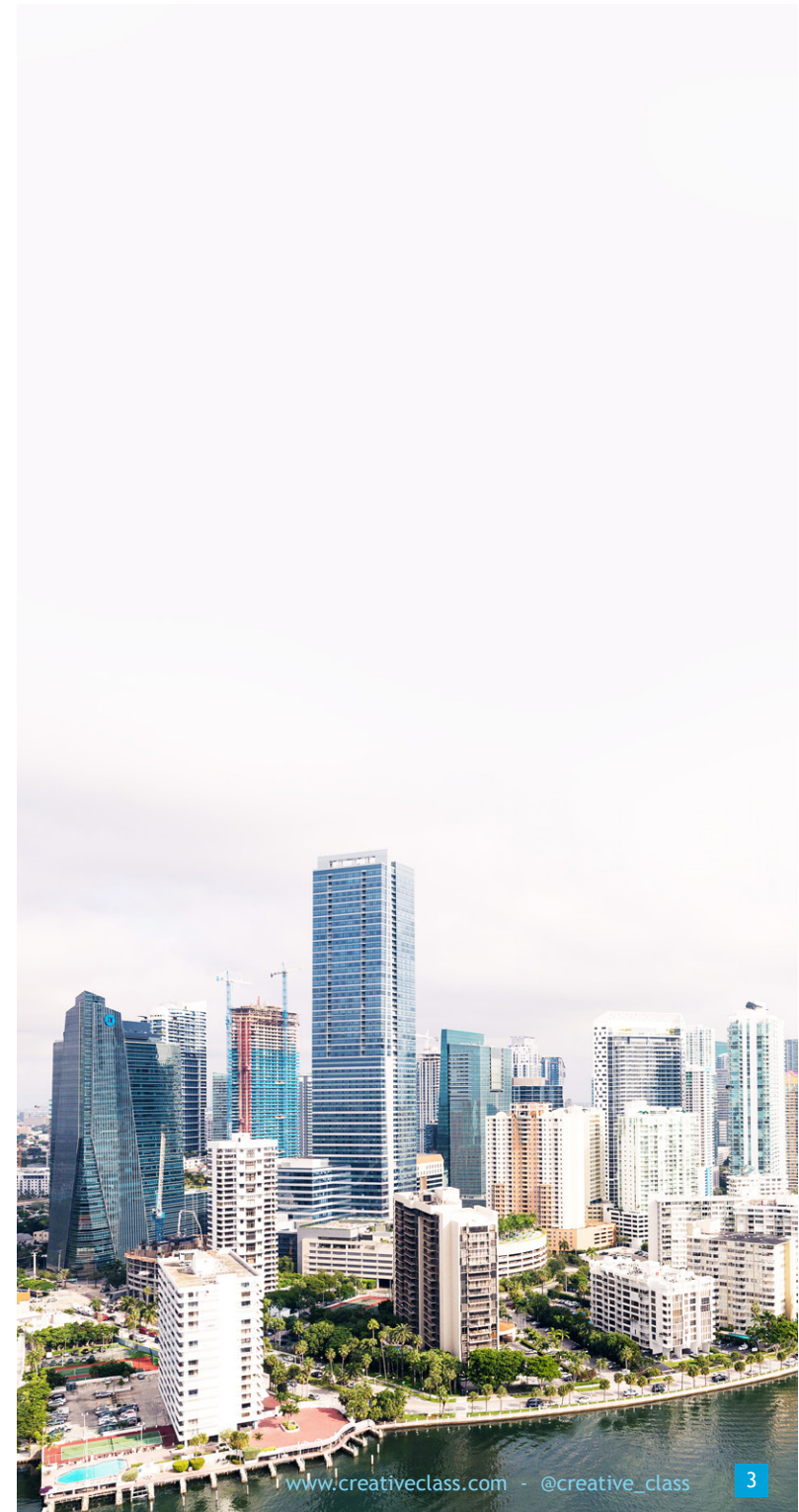
Not all growth is created equal. A metro's population may rise as its employment and income levels decline, and vice versa. In order to build a stronger, more inclusive economy, metros must increase their economic output, employment, wages, incomes, and key businesses and industries alongside their populations.

The following research brief from the Miami Urban Future Initiative provides a data-driven assessment of the economic growth and competitiveness of the Miami metro, comparing its performance in recent years to all 53 of America's large metros with populations of more than one million people.

Figure 1: Miami's Overall Competitiveness Rankings

Metric	Value	Rank among Large U.S. Metros
Population Size (2016)	6.1 million	8
Population Growth (2011-2016)	1.3%	19
Growth in Economic Output (2011-2016)	3.0%	13
Wage Growth (2010-2015)	3.3%	18
Income Growth (2010-2015)	1.3%	42
Employment Growth (2010-2015)	3.4%	6
Growth in Business Establishments (2010-2015)	2.0%	8
Average Size of Business Establishments (2015)	11.27	53
Growth in Business Establishment Size (2010-2015)	5.6%	25
Traded Sector Establishments (2015)	54,842	4
Traded Sector Business Establishment (LQ)* (2015)	1.17	9

**Note: Location quotient, or LQ, refers to how concentrated an industry is compared to the U.S. as a whole. Growth is on an annualized basis. Definitions and sources for all metrics are listed in the appendix.*





KEY FINDINGS

- **Miami's population is large, but its population growth is relatively slow.** With more than six million residents, Miami ranks eighth among large metros according to its population size, which is comparable to that of Philadelphia and Washington, D.C. But, Miami ranks 19th in terms of population growth, with a growth rate of 1.3 percent per year. This is better than the national average but worse than fast-growing metros like Austin, Houston, Nashville, and Denver.
- **Miami's employment has grown rapidly.** Miami had the sixth highest rate of employment growth (3.4 percent annually) among large metros between 2010 and 2015. This exceeds the national average but lags leading knowledge hubs like San Francisco, Austin, and San Jose.
- **Miami has experienced sharp business growth.** Miami has the eighth highest rate of business growth among large metros (roughly 2 percent annually). This is considerably better than the national average and rates for New York, Los Angeles, and Washington, D.C. but worse than the rates for Austin, Dallas, and Houston.
- **Miami has a substantial concentration of key export-oriented or "traded sector" businesses.** Miami takes fourth place—behind the much larger metros of New York, Los Angeles, and Chicago—on its level of traded sector businesses.
- **Miami's economy is highly dependent on small businesses.** On average, Miami's business establishments are smaller than those in any other large U.S. metro. This is not surprising for an economy driven by hospitality, tourism, and real estate industries. Nevertheless, it signals Miami's lack of larger companies, which provide higher-paying jobs and make for a more resilient economy.
- **Miami's economic output is large, but the growth of its economic output lags leading tech hubs.** Miami's economic output, or GDP, is roughly \$288 billion, placing it 12th in the U.S., just behind Seattle. From 2011 to 2016, the metro's GDP grew at a rate of 3 percent per year, exceeding the national average of 1.9 percent. Still, Miami's GDP grew at less than half the rate of San Jose's or Austin's.
- **Miami has seen reasonable wage growth, but suffers from a slower rate of income growth.** Miami ranks 18th in terms of its wage growth, which increased at an annual rate of 3.3 percent between 2011 and 2016. This is slightly higher than the average U.S. wage growth. Miami ranks much lower—42nd among large metros—in terms of its income growth, which increased at an annual rate of just 1.3 percent during the same time period. Miami's income growth rate is half that of New York or Los Angeles, a third of San Francisco's, a quarter of San Jose's, and slightly below the U.S. average of 2.1 percent.

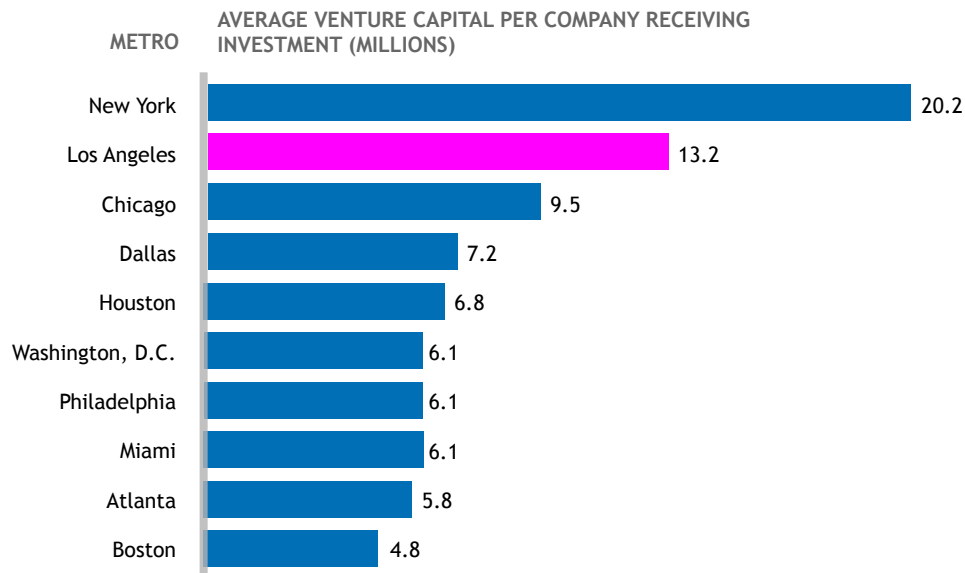
MIAMI'S GROWTH AND COMPETITIVENESS

The following section provides a more detailed, data-driven analysis of how Miami stacks up on key measures of economic growth and competitiveness.

POPULATION

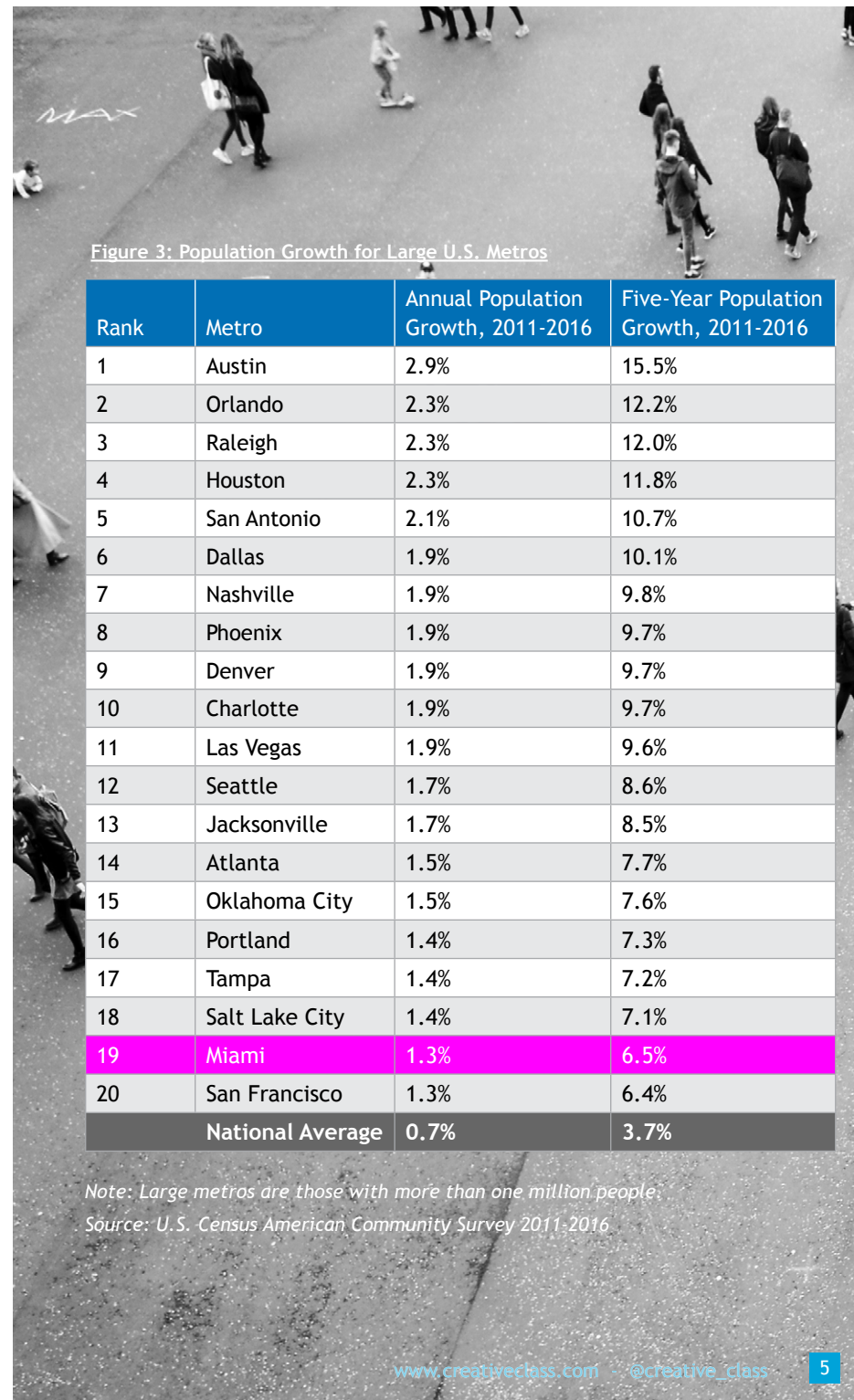
- **Population Size.** With just over 6 million residents, Miami ranks eighth among large U.S. metros according to its population size. This puts the metro ahead of Atlanta and Boston and roughly in line with Philadelphia and Washington, D.C. (ranked sixth and seventh).
- **Population Growth.** Miami ranks 19th among large U.S. metros according to its population growth. With an annual growth rate of roughly 1.3 percent, Miami ranks alongside San Francisco and Washington, D.C. but behind metros like Austin, Houston, San Antonio, Orlando, and Phoenix. The metro's annual population growth is nearly double the national average (0.73 percent). As Miami continues to grow rapidly, the metro is expected to surpass Philadelphia next year in terms of overall population size.

Figure 2: Population Size for Large U.S. Metros



Note: Large metros are those with more than one million people.

Source: U.S. Census American Community Survey 2016



ECONOMY

- **Economic Output.** Miami ranks 12th among large U.S. metros according to its economic output, measured as GDP, which amounted to \$288 million in 2016. This places the metro just behind Seattle, ahead of San Jose, and much further behind top-ranking metros like New York and Los Angeles.
- **Growth in Economic Output.** Miami ranks 13th among large U.S. metros according to the growth of its economic output, which grew at an annual rate of roughly 3 percent. This places Miami on par with Los Angeles and Las Vegas, substantially ahead of the national average (1.9 percent per year), but well behind San Jose, Austin, and San Antonio, whose annual growth rates exceed 5 percent.

Figure 4: Economic Output for Large U.S. Metros

Rank	Metro	Economic Output (millions)
1	New York	\$1,426
2	Los Angeles	\$885
3	Chicago	\$569
4	Dallas	\$471
5	Washington, D.C.	\$449
6	Houston	\$442
7	San Francisco	\$406
8	Philadelphia	\$381
9	Boston	\$372
10	Atlanta	\$320
11	Seattle	\$294
12	Miami	\$288
13	San Jose	\$237
14	Detroit	\$224
15	Minneapolis	\$218
16	Phoenix	\$203
17	San Diego	\$191
18	Denver	\$180
19	Baltimore	\$165
20	Portland	\$152

Note: Large metros are those with more than one million people.

Source: U.S. Bureau of Economic Analysis 2016

Figure 5: Economic Growth for Large U.S. Metros

Rank	Metro	Annual Real GDP Growth, 2011-2016	Five-Year Real GDP Growth, 2011-2016
1	San Jose	6.5%	37.3%
2	Austin	6.1%	34.7%
3	San Antonio	5.5%	30.5%
4	Nashville	4.9%	27.1%
5	Dallas	4.8%	26.6%
6	San Francisco	4.8%	26.5%
7	Grand Rapids	4.0%	21.8%
8	Raleigh	3.9%	21.0%
9	Seattle	3.7%	19.7%
10	Denver	3.4%	17.9%
11	Atlanta	3.1%	16.6%
12	Los Angeles	3.1%	16.4%
13	Miami	3.0%	16.1%
14	Las Vegas	3.0%	16.0%
15	Columbus	3.0%	15.6%
16	Louisville	2.9%	15.4%
17	Charlotte	2.8%	14.9%
18	Houston	2.8%	14.9%
19	Tampa	2.8%	14.8%
20	Oklahoma City	2.8%	14.7%
National Average		2.0%	10.5%

Note: Large metros are those with more than one million people.

Source: U.S. Bureau of Economic Analysis 2011-2016



MIAMI'S INNOVATION AND ENTREPRENEURSHIP (CONTINUED)

WAGES

- **Wage Growth.** Miami ranks 18th among large U.S. metros according to its wage growth, which grew 3.3 percent annually between 2010 and 2015. This is better than the national average (2.6 percent per year), on par with Atlanta, and higher than L.A. and New York. But, Miami's wages are growing at about half the rate of the two top-ranking metros: San Jose and San Francisco.

Figure 6: Wage Growth for Large U.S. Metros

Rank	Metro	Annual Real Wage Growth, 2010-2015	Five-Year Real Wage Growth, 2010-2015
1	San Jose	7.3%	44.8%
2	San Francisco	6.1%	36.6%
3	Austin	5.5%	32.7%
4	Nashville	4.7%	27.5%
5	Houston	4.7%	27.2%
6	Charlotte	4.6%	27.1%
7	Grand Rapids	4.5%	26.1%
8	Raleigh	4.5%	26.1%
9	Seattle	4.3%	25.2%
10	Dallas	4.1%	23.9%
11	Portland	4.1%	23.5%
12	Denver	4.0%	23.4%
13	Orlando	3.9%	22.3%
14	Salt Lake City	3.8%	21.8%
15	San Antonio	3.7%	21.3%
16	Riverside	3.7%	21.2%
17	Columbus	3.5%	19.8%
18	Miami	3.3%	19.0%
19	Atlanta	3.3%	18.9%
20	Boston	3.2%	18.1%
National Average		2.6%	14.6%

Note: Large metros are those with more than one million people.

Source: U.S. Bureau of Economic Analysis and CPI 2010-2015

MIAMI'S INNOVATION AND ENTREPRENEURSHIP (CONTINUED)

INCOME

- **Income Growth.** Miami ranks especially low—42nd among large U.S. metros—according to its personal income growth. With a growth rate of 1.3 percent annually between 2010 and 2015, Miami ranks alongside Rustbelt metros like St. Louis and Sunbelt metros like Orlando and Las Vegas. Miami's personal income growth is also worse than the annual U.S. average of 2.1 percent and falls behind Chicago and Los Angeles. Miami falls even further behind top-ranking San Jose, whose income growth rate is nearly four times higher.

EMPLOYMENT

- **Employment Growth.** Miami's employment growth exceeds its population growth. With an annual employment growth rate of 3.4 percent, Miami ranks sixth among large U.S. metros, slightly behind tech hubs like Austin, San Jose, and San Francisco, on par with Raleigh and Charlotte, and considerably ahead of New York and Boston. Miami's annual employment growth also ranks substantially ahead of the national average of 1.9 percent per year.

Figure 7: Employment Growth for Large U.S. Metros

Rank	Metro	Annual Employment Growth, 2010-2015	Five-Year Employment Growth, 2010-2015
1	Austin	4.0%	21.8%
2	San Jose	3.7%	20.1%
3	Orlando	3.5%	18.9%
4	San Francisco	3.5%	18.8%
5	Riverside	3.5%	18.6%
6	Miami	3.4%	18.2%
7	Raleigh	3.4%	18.2%
8	Charlotte	3.4%	18.1%
9	Nashville	3.4%	17.9%
10	Grand Rapids	3.3%	17.5%
National Average		1.9%	10%

Note: Large metros are those with more than one million people.

Source: U.S. Bureau of Economic Analysis 2010-2015





MIAMI'S INNOVATION AND ENTREPRENEURSHIP (CONTINUED)

BUSINESS ESTABLISHMENTS

- **Growth of Business Establishments.** Miami ranks eighth among large U.S. metros according to the growth of its business establishments, with an annual growth rate of 2 percent. This is more than double the national average of 0.7 percent annually. The metro's growth of business establishments falls behind Austin, Dallas, and Houston, on par with Nashville and Orlando, and ahead of New York, San Francisco, and Los Angeles.
- **Average Size of Business Establishments.** Miami ranks last among large U.S. metros according to the average size of its business establishments. The average business in Miami has roughly 11 employees compared to 14 in New York, 17 in Washington, D.C., and 20 in San Jose.
- **Growth of Business Establishment Size.** From 2010 to 2015, the size of Miami's businesses grew by 5.6 percent. While Miami ranks 25th among large U.S. metros—ahead of New York and Los Angeles—on this metric, it ranks significantly behind tech hubs like Seattle and San Francisco and just behind the U.S. average (7 percent).

Figure 8: Business Establishment Growth for Large U.S. Metros

Rank	Metro	Annual Business Establishment Growth, 2010- 2015	Five-Year Business Establishment Growth, 2010- 2015
1	Grand Rapids	5.9%	33.4%
2	Charlotte	5.3%	29.5%
3	Austin	3.5%	18.6%
4	Dallas	2.1%	11.1%
5	Houston	2.1%	10.9%
6	Nashville	2.0%	10.6%
7	Orlando	2.0%	10.5%
8	Miami	2.0%	10.4%
9	San Antonio	1.9%	9.8%
10	Las Vegas	1.9%	9.6%
12	National Average	0.7%	3.6%

Note: Large metros are those with more than one million people.

Source: U.S. Census County Business Patterns 2010-2015

VALUE-ADDED INDUSTRIES (TRADED SECTOR)

- **Number of Traded Sector Establishments.** Traded sector businesses are key to a metro's economic growth and competitiveness. By exporting goods and services outside their immediate geographic area, these businesses tend to offer higher wages and produce higher levels of innovation. With nearly 55,000 traded sector establishments (3.3 percent of the national share), Miami performs extremely well on this metric, ranking fourth among large U.S. metros. In addition to ranking just behind the nation's three largest metros—Chicago, Los Angeles, and New York—Miami ranks ahead of major metros like San Francisco, Philadelphia, and Washington, D.C.
- **Concentration of Traded Sector Establishments.** Miami ranks ninth among large U.S. metros according to its concentration of traded sector businesses. This figure is based on a "location quotient," or LQ, which shows how concentrated an industry is compared to the U.S. as a whole. With an LQ of 1.17, Miami has roughly 17 percent more traded sector businesses than the national average and about the same number as Houston. But the metro still ranks behind other superstar metros like Los Angeles, San Jose, San Francisco, and Washington, D.C.

Figure 9: Traded Sector Business Establishments for Large U.S. Metros

Rank	Metro	Traded Sector Business Establishments	Share of U.S. Total
1	New York	144,290	8.7%
2	Los Angeles	119,219	7.2%
3	Chicago	68,225	4.1%
4	Miami	54,842	3.3%
5	Washington, D.C.	44,468	2.7%
6	Dallas	44,228	2.7%
7	Atlanta	40,069	2.4%
8	Houston	39,421	2.4%
9	San Francisco	38,696	2.3%
10	Philadelphia	36,150	2.2%

Note: Large metros are those with more than one million people. U.S. Cluster Mapping Project traded sector definitions utilized.

Source: U.S. Census Bureau (County Business Patterns) 2015



APPENDIX

POPULATION

Population Size: The number of residents in a metro. Data is from the U.S. Census American Community Survey for 2016.

Population Growth: The rate at which a metro's population grew both annually and over a five-year period. Data is from U.S. Census American Community Survey for 2011-2016.

ECONOMY

Economic Output: Real gross domestic product (GDP). Data is from the U.S. Bureau of Economic Analysis for 2016.

Growth in Economic Output: The rate at which a metro's economic output, measured as GDP, grew both annually and over a five-year period. Data is from the U.S. Bureau of Economic Analysis for 2011-2016.

WAGES

Wage Growth: The rate at which a metro's real wages (adjusted for inflation) grew both annually and over a five-year period. Data is from the U.S. Bureau of Economic Analysis and Consumer Price Index for 2010-2015.

INCOME

Income Growth: The rate at which a metro's real per-capita personal income (adjusted for inflation) grew both annually and over a five-year period. Data is from the U.S. Bureau of Economic Analysis and Consumer Price Index for 2010-2015.

EMPLOYMENT

Employment Growth: The rate at which a metro's number of employed residents grew both annually and over a five-year period. Data is from the U.S. Bureau of Economic Analysis for 2010-2015.

BUSINESS ESTABLISHMENTS

Growth in Business Establishments: The rate at which a metro's number of business establishments grew both annually and over a five-year period. Data is from the U.S. Census County Business Patterns for 2010-2015.

Average Size of Business Establishments: The average size of a metro's business establishments, measured in terms of number of employees. Data is from the U.S. Census County Business Patterns for 2015.

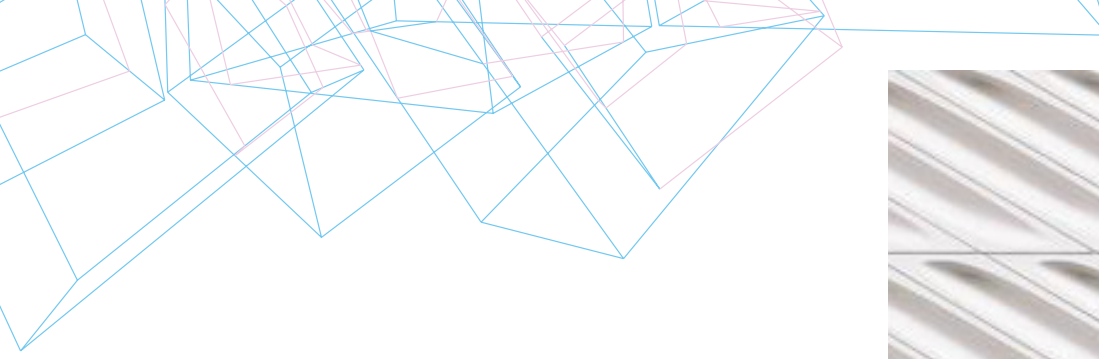
Growth in Business Establishment Size: The rate at which the average size of a metro's business establishments grew both annually and over a five-year period. Data is from the U.S. Census County Business Patterns for 2010-2015.

VALUE-ADDED INDUSTRIES (TRADED SECTOR)

Traded Sector Establishments: Business establishments that export goods and services outside of their immediate geographic area. Data is from the U.S. Census Bureau County Business Patterns for 2015.

Concentration of Traded Sector Businesses: The share of traded sector businesses relative to the national average. Data is from the U.S. Census Bureau (County Business Patterns) for 2015 and is analyzed using a "location quotient," or LQ, which shows how concentrated an industry is compared to the U.S. as a whole.





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