

Business

Baltimore, Maryland economic growth compare favorably

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A healthy, growing mix of business retention, expansion, attraction and startup activity has contributed to Greater Baltimore's strong economic performance over the past several years. The Washington-Baltimore CSA is the only large metro area in the Northeast among the national top 20 for business recruitment and attraction, based on a ranking of actual activity tracked in the National Policy Research Council's database.

The attraction of large business headquarters and satellite offices is no longer the only way to grow regional economies, although it certainly still provides a strong boost when it can be done. However, growing companies already in the region has proven extremely successful for Greater Baltimore.

T. Rowe Price is adding 1,400 jobs to its Baltimore County campus. Morgan Stanley just broke ground last month on its expansion in Harbor Point, which is expected to bring over 900 jobs to the region. In a recent announcement, Under Armour is adding 350 jobs at its new location in Locust Point.

At least 27 businesses and organizations added over 100 jobs in Greater Baltimore in 2006, representing a wide variety of industry sectors. Over the past six years, job growth has been strongest in health care, professional and technical services, construction, leisure/hospitality and education. This growth has pushed Greater Baltimore to eighth out of the top 25 largest U.S. metro areas for employment growth from 2000 to 2006, and seventh for lowest unemployment rate in 2006.

The Washington-Baltimore region consistently ranks as one of the strongest for entrepreneurship, placing sixth among the top 10 metro areas in 2006, according to Entrepreneur.com. This ranking is based on actual startup and growth of firms over the past five years.

Thirteen Greater Baltimore companies placed among the 100 fastest-growing small businesses in Fast 500 rankings from 2000 to 2006. A number of these entrepreneurial ventures — Under Armour, Advertising.com, 180s and Barcoding.com — have grown to become recognizable brand names in the global market.

Statewide, Maryland ranked third in the annual State New Economy Index, a measure of how well states are positioned to succeed in the evolving global economy. On the same list, the state placed second for economic dynamism, which is how well a state creates new companies. These kinds of rankings are changing the way local business leaders think of the business climate of their state and region. Maryland firms surveyed as part of the Jacob France Institute's state business climate report believe the state is a good place for business — 74 percent believed that Maryland is business friendly.

Outsiders' perceptions of Maryland's business climate have also been changing. Maryland ranked 12th in Forbes most recent 'Best States for Business' ranking, one of only two states in the Northeast in the top 15. The Greater Baltimore region was ranked second for 'most business friendly' among 108 North American metro areas evaluated in Foreign Direct Investment magazine's 2007 ranking. The magazine, a subsidiary of the Financial Times of London, is Europe's largest site selection magazine.

The region's strong performance in business startups can be traced to the area's proven network of business incubators where many of today's emerging regional firms had their start. The NeoTech incubator in Howard County has won the National Incubator Innovation Award for three of the past five years. The Emerging Technology Center in Baltimore City is home to the last two recipients of the National Outstanding Incubator Client Award.

This kind of business growth has pushed the Greater Baltimore region into new economic development company. One region that compares well against Greater Baltimore in business growth is Greater Atlanta, which is known as an aggressive market for business attraction. In 2006, the performance in the two regions was similar, with both realizing over 25 projects that added 100 or more jobs.

Atlanta is just one of many new peer cities for the region, in addition to areas like Minneapolis, Portland and Denver. These are cities that have perfected the model of smart growth, creating sustainable organic development without unproductive sprawl. Greater Baltimore has outpaced its former 'Rust Belt' sister cities, like Pittsburgh, Cleveland and St. Louis.

According to the Greater Baltimore Committee's 2007 State of the Region Report, the region's employment growth rate of

1.54 percent outpaced growth rates for the same period in St. Louis (1.08 percent), Cleveland (0.19 percent) and Pittsburgh (0.17 percent).

Long gone are the days when economies are measured and understood solely based on manufacturing employment, the number of corporate headquarters, and rapid population growth. Regional economies, such as Greater Baltimore, sustained by highly educated residents, entrepreneurship, company innovation, creativity, and quality of place, are positioned to realize the greatest economic success.

The region's ability to nurture and grow existing economic anchors, attract established companies to open locations in our business center, and foster innovation and entrepreneurship at home have combined to propel Greater Baltimore into a new class of economic development peers.

(This column is written by Brad McDearman, executive vice president of the Economic Alliance of Greater Baltimore. The opinions expressed are his own.)