



Business

Greater Baltimore has come a long way in a short time

LAURA GAMBLE
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Welcome to the New Greater Baltimore!

Why are we saying 'new'? Because Greater Baltimore is a very different place than it was 20, or even 10, years ago.

The region is operating in a new global environment, yet our collective understanding and psyche has not caught up with this reality. How has the region changed?

To begin, Greater Baltimore's economy experienced a major surge from 2000 to 2007. Second, we have made the transition from an industrial to a knowledge-based economy. Third, Greater Baltimore has reached a new economic level and should be considered a competitive peer to other knowledge-based economies.

The facts speak for themselves:

If Greater Baltimore were a nation, its gross metro product would rank it the 43rd largest economy in the world, just ahead of Singapore, Chile and Hungary. Our GMP grew by \$26 billion from 2000 to 2005.

Among the 25 largest U.S. metro areas, Greater Baltimore was first in per-capita income growth from 2000 to 2005.

This growth pushed per-capita income to more than \$41,000, ranking the region eighth. This PCI puts us just below Denver, Minneapolis and Seattle, and ahead of Philadelphia and San Diego.

Among the 25 largest U.S. metro areas, from 2000 to 2006, Greater Baltimore ranked eighth for private employment growth, just ahead of Portland and Atlanta; and seventh for lowest unemployment rate. While Greater Baltimore was growing over the past seven years, San Francisco, Boston, Chicago and Denver each actually lost employment.

Since 2000, home prices have risen 83 percent in Greater Baltimore, but our foreclosure rate continues to be well below our peers' rates. Compiling foreclosure statistics is challenging, and the data can be inaccurate.

Even so, the rates in our peer metro areas are surging in comparison to ours. Our reported foreclosure rate for the first half of 2007 was 2.816. Given that this rate could be underreported, it still stands in drastic contrast to other economies — Riverside, California (41.351); Atlanta (36.502); Denver (23.842); Cleveland (18.844).

Residential real estate is only part of the equation. Twenty-five percent of total existing office space in Greater Baltimore has been added since 2000. At the same time, the vacancy rate declined from 18.1 percent in 2002 to 14.2 percent in 2006.

If we are to fully comprehend our current economic position, we must start by understanding what drives economic success today. Ultimate economic success continues to be measured by a handful of indicators, such as output, employment, income and tax revenue.

The current perception among many of Greater Baltimore's performance is often based on economic drivers that were valid 40 or 50 years ago, such as manufacturing growth, the number of Fortune 500 headquarters, the number of large firms attracted to the region and rapid population growth.

We've moved into the new millennium where evidence indicates successful regional economies are driven by a new and much broader set of factors, including research and innovation, leveraging core assets, creativity, entrepreneurship and quality of place.

Greater Baltimore is rich in these attributes and that has set the foundation for our recent economic growth. But there is more to the story in Greater Baltimore.

We have all of the basic ingredients of a successful knowledge-based economy. In addition, we are being propelled forward by a set of unique dynamics that have been coming together to form the 'perfect storm' for Greater Baltimore:

- Growth out of Greater Washington
- A very highly educated population
- Growth of economic anchors
- Resurgence of downtown Baltimore
- Lower costs in the Northeast U.S.
- BRAC

While this perfect storm has been driving Greater Baltimore's boom, many other U.S. metro areas have been standing relatively still. This has allowed Greater Baltimore to surge past its former peers and establish its new position as a peer to like-sized, high-performing, knowledge-based metros.

Over the next several months we will work to spread this message throughout our community, as well as nationally. We will continue to write about these various aspects of the region in more detail so we all understand our core assets.

But we are issuing you a challenge. Know the real story of our region! Challenge those who do not fully understand the progress we have made.

We shouldn't allow ourselves to be defined only by our problems. We should be defined by the incredible strengths of our region and should leverage these strengths fully as we work together to resolve our problems.

Greater Baltimore has made the transition from an industrial to a knowledge-based economy. It is characterized by highly educated people, innovative companies, top research, great connectivity, a vibrant, historic and revitalized city, well-planned suburbs and a great quality of life.

Your job is to know the story and get out there and tell it! Welcome to the New Greater Baltimore!

This article is shared on behalf of the Economic Alliance of Greater Baltimore. It has been adapted from Laura Gamble's speech at the Economic Alliance's annual meeting in November. Laura Gamble is the chair of the alliance. For more information, contact us at 410.468.0100 or visit us on our Web site at www.greaterbaltimore.org.