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Commentary

Christian Johansson: Greater Baltimore poised to continue economic ascent

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BALTIMORE -

The economic foundation of the Greater Baltimore region has undergone a dramatic transformation over the past decade. What was once an economy dependent on manufacturing has now completed the transition to a knowledge-based system that serves as a model for cities like [Pittsburgh](#), [Cleveland](#) and others. But how did we get here?

There are several primary factors driving rapid change in Greater Baltimore's economy, including the expansion of information technology and defense industries out of Greater [Washington, D.C.](#), the growth of our existing economic anchors, our strategic location in the Northeast corridor, the resurgence of downtown and, looking ahead, the coming boost expected from the Base Realignment and Closure initiative.

Growth of the defense and IT industries has been a boost for Greater Baltimore. After 9/11 the [U.S.](#) government recognized the need to dramatically improve its security and technology capabilities. Simultaneously, in the wake of the dot-com bust, IT firms saw the importance of diversifying their business into serving the federal government. As a result, these firms realized they needed to establish a presence in markets convenient to the [Washington](#). The higher cost of living and operating in the D.C. area has driven many firms and workers to locate here. The melding of these two regions, including the ready access to federal government agencies, is one of the biggest contributions to Greater Baltimore's economic transformation since 2000.

Greater Baltimore's economy is anchored by a number of large institutions and facilities, including the [University of Maryland](#), the National Security Administration, [Fort Meade](#), [Aberdeen Proving Ground](#), the [Port of Baltimore](#), [Baltimore/Washington International Thurgood Marshall Airport](#), and [Johns Hopkins University](#) and Hospital. These long-standing institutions are investing billions of dollars in new and expanding operations and are hiring new employees. They also support a wide array of contractors and service firms that are growing in the region to support their needs. The growth of these anchors has been another boost to the economy of the region.

While Greater Baltimore is growing based on existing assets and its relationship to Washington, it is also realizing the economic benefits of its Northeast U.S. location. Firms in the region have daily access to the top government and business centers in the country, and to a large base of suppliers and customers. The region is well-connected to other cities in the Northeast through [Amtrak's](#) busiest rail corridor ([Boston](#) to [Washington](#)) and to national and international destinations through the region's three major airports (BWI, Dulles and [Reagan National](#)). This high access/low cost combination is making Greater Baltimore attractive to firms in a wide variety of industries, including financial services, biosciences, professional and technical services, and logistics.

Downtown Baltimore has evolved into one of the most vibrant downtowns in the U.S. Overall investment in the downtown/Inner Harbor area since 2000 is in the billions of dollars, with recent development in areas like Harbor East, City Center, the East Side/Science + Technology Park at Johns Hopkins, the West Side/[University of Maryland](#), [Baltimore BioPark](#) and others as examples. According to the Downtown Partnership, downtown [Baltimore](#) will see an additional 17,000 jobs and spin-off economic revenue of \$3 billion in the coming years. In addition to economic investment led by biotechnology and financial services, the downtown has become a leading residential destination, with the population more than doubling in the past six years.

Looking ahead for the region, BRAC stands to define Greater Baltimore's economic future. Total BRAC job impact on the region could be 34,700 to 41,600 new jobs. The majority of these jobs will be available beginning in 2010 in the engineering and science, logistics, support and maintenance, and business administration sectors. The average salary is estimated to be \$86,000, and many of the jobs will require a security clearance. The impact of BRAC is only just starting to be felt in Greater Baltimore, as evidenced by a number of proposed BRAC-related real estate projects and a handful of contractors that have recently established a presence in the region. The bulk of the impact will be realized over the next five to 10 years.

Greater Baltimore has transformed itself into a diverse, innovative, knowledge-based economy. The region is poised to continue its economic ascent given the dynamics outlined above and recent announcements for new and expanding firms and projects.

Christian Johansson is president and CEO of the Economic Alliance of Greater Baltimore, a public-private partnership that markets the Greater Baltimore region.

Examiner