

# Appendix 1

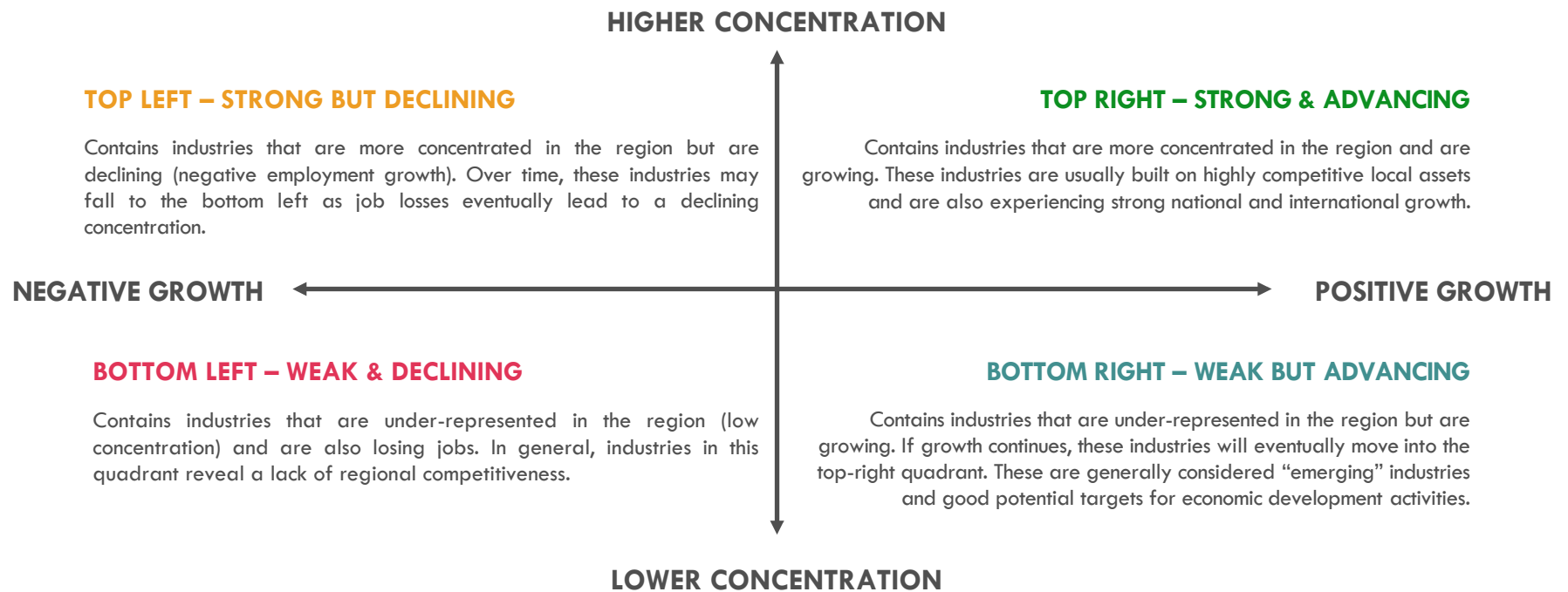
## Industry Analysis

# Industry Analysis

This section provides a detailed examination of industry trends and composition in Northeast Florida. The analysis highlights recent employment trends – including industry size, growth rates, and relative concentration to the US average.

The industry analysis utilizes Location Quotients (LQs), which represent the relative concentration or density of a specific industry in a region compared to the US average. For example, a 1.5 LQ indicates that the local industry has 50% more jobs as a share of the overall economy than the US. This implies local competitive strengths in that industry. Note that because LQs are a relative measure, a high concentration in one industry means that others will have lower concentrations.

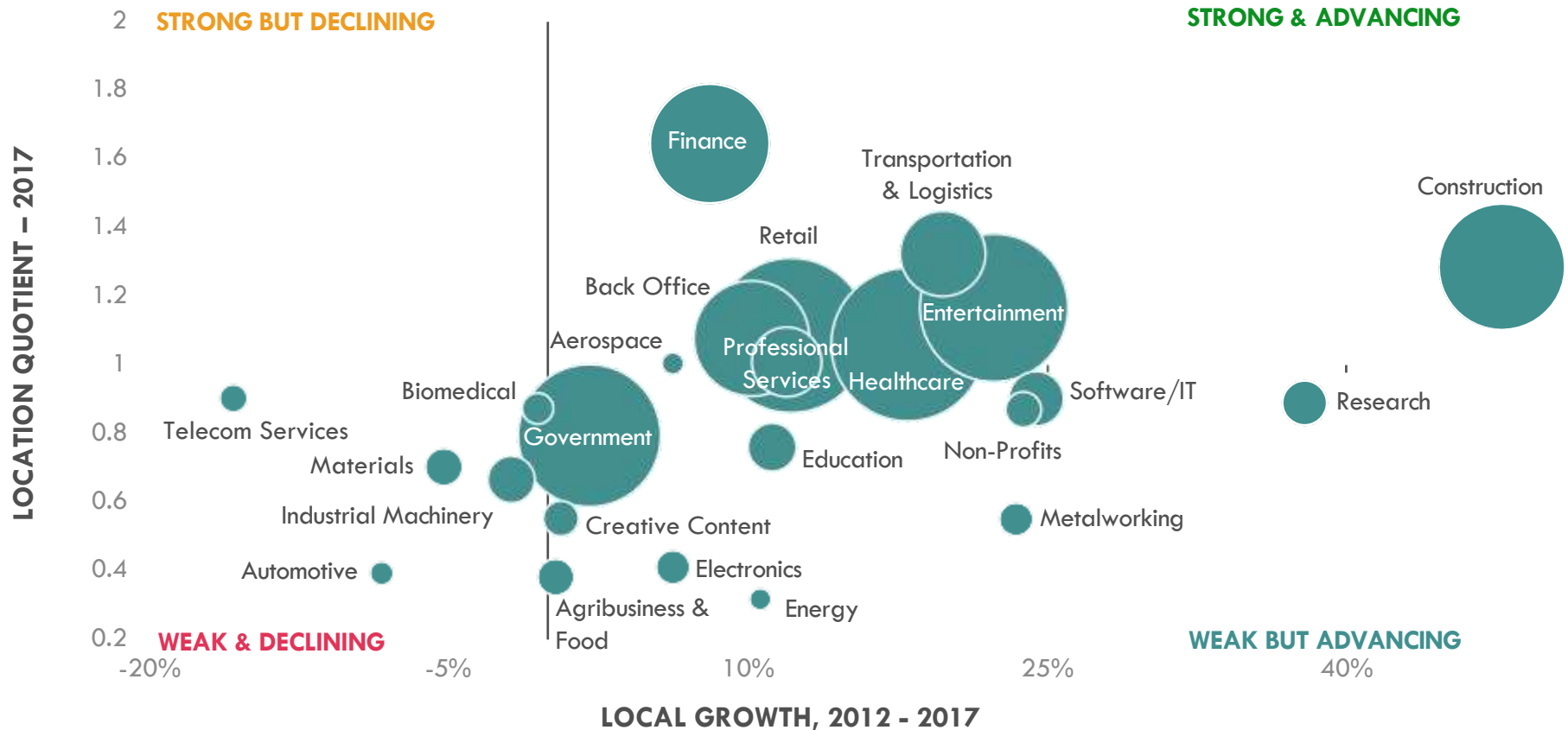
The chart on the following page combines LQs, growth rates, and relative size to illustrate Northeast Florida's industry performance since 2012. The horizontal axis displays employment growth of each industry. The vertical axis shows the LQ or relative concentration. The size of each bubble indicates the number of local jobs in the industry. Generally, industries can be grouped in four categories:



# Industry Performance

Between 2012 and 2017, most industries within Northeast Florida experienced employment gains. Most industries in the region also grew at a faster pace than the US average. The largest Northeast Florida industries by employment are **Retail** (98,650 jobs in 2017), **Healthcare** (96,750), and **Entertainment** (90,250), which also posted double-digit employment gains between 2012 and 2017. Some of the fastest growing industry industries during this period included **Construction** (47.7%), **Research** (37.9%), and **Software/IT** (24.4%). Relative to the national average, the most concentrated industries in Northeast Florida include **Finance** (1.6 LQ), **Transportation & Logistics** (1.3), and **Construction** (1.3).

**NORTHEAST FLORIDA MAJOR INDUSTRY EMPLOYMENT – 2017**



SOURCE: EMSI / AVALANCHE CONSULTING. ONLY INCLUDES INDUSTRIES WITH EMPLOYEMENT EXCEEDING 2,000 WORKERS



# Industry Performance

Relative to the national average, in 2017, **Shipbuilding** was the most concentrated industry in Northeast Florida, with a location quotient twice the US average. Other industries with above average concentration in Northeast Florida include **Transportation & Logistics** (1.3 LQ), **Construction** (1.3), **Entertainment** (1.2 LQ), **Retail** (1.1), **Back Office** (1.1), and **Healthcare** (1.1).

What is unique to Northeast Florida is that the largest industries in the region are also "Strong and Advancing," or highly concentrated and growing. This reflects both a strengthening of existing employers as well as a deepening of the local supply chains. In essence, Northeast Florida's largest industries are becoming well-developed industries, with stronger linkages between employers and a larger, higher-skilled workforce to serve them.

Northeast Florida has many smaller industries in the "Emerging" category. These are promising industries that are less concentrated today but are growing rapidly – indicating they will become more concentrated over time and are potentially good targets for economic development. Emerging Northeast Florida industries include **Research** (0.9 LQ, 38% growth), **Software / IT** (0.9, 24%), and **Metalworking** (0.6, 23%).

Industry Cluster	2017 Jobs	2017 LQ		'12 - '17	'12 - '17	US %
				Net New	% Growth	Growth
Aerospace	2,340	1.0	●	138	6.3%	-2.3%
Agribusiness & Food	5,796	0.4	●	21	0.4%	8.8%
Apparel & Textiles	928	0.4	●	195	26.6%	-4.6%
Automotive	2,532	0.4	●	-231	-8.4%	17.2%
Back Office	55,336	1.1	●	5,127	10.2%	13.1%
Biomedical	4,489	0.9	●	-22	-0.5%	6.6%
Construction	58,394	1.3	●	18,850	47.7%	19.6%
Consumer Goods Mftg	1,435	0.4	●	84	6.2%	2.5%
Creative Content	5,672	0.6	●	38	0.7%	0.5%
Education	10,285	0.8	●	1,039	11.2%	7.6%
Electronics	4,958	0.4	●	291	6.2%	-0.3%
Energy	2,095	0.3	●	201	10.6%	-11.5%
Entertainment	90,255	1.2	●	16,475	22.3%	15.0%
Finance	59,275	1.6	●	4,450	8.1%	7.2%
Furniture	1,234	0.5	●	257	26.3%	12.2%
Government	83,712	0.8	●	1,722	2.1%	2.1%
Healthcare	96,758	1.1	●	14,780	18.0%	14.4%
Industrial Machinery	9,725	0.7	●	-179	-1.8%	-0.5%
Materials	6,183	0.7	●	-342	-5.2%	4.1%
Metalworking	4,808	0.6	●	913	23.4%	-1.3%
Mining & Logging	707	0.7	●	164	30.2%	0.4%
Non-Profits	5,737	0.9	●	1,103	23.8%	3.1%
Professional Services	20,626	1.0	●	2,204	12.0%	7.0%
Research	8,784	0.9	●	2,415	37.9%	16.2%
Retail	98,651	1.1	●	10,715	12.2%	4.4%
Shipbuilding	1,666	2.6	●	-134	-7.4%	4.3%
Software / Info. Tech.	12,975	0.9	●	2,549	24.4%	27.8%
Telecom Services	3,414	0.9	●	-640	-15.8%	-8.4%
Transportation & Logistics	30,666	1.3	●	5,062	19.8%	17.7%
<b>Total</b>	<b>689,436</b>	<b>1.0</b>		<b>87,245</b>	<b>14.5%</b>	<b>8.8%</b>

SOURCE: EMSI / Avalanche Consulting



# Performance of 2012-2018 Target Industries

The selection of target industries for the next five years is an important component of Northeast Florida's overall strategy. Target industries should not only be adopted as the focus of business expansion and attraction efforts, but should also influence workforce development programming, infrastructure improvements, public policies, and other community investments. An understanding of what fuels target industry growth should inform decisions across a breadth of community investments.

The target industries that were the focus of Northeast Florida between 2012 and 2018 included Advanced Manufacturing, Aviation, Financial Services, Health Sciences, Information Technology, and Logistics. Updating the region's target industry for the next five years began with an examination of those industries' performance in the region. Data evaluated included:

- **Past & Projected Growth** – This evaluation includes two components: employment growth between 2012 and 2017 and projected employment growth between 2017 and 2022.
- **Location Quotient (LQ)** – As described previously, the location quotient measures the per capita concentration of an industry in Northeast Florida relative to the US. An LQ of more than 1 indicates a competitive advantage and higher concentration in the region.
- **Wages** – Annual industry wages are compared against the average wage within the region. Updated target industries should provide residents with pathways into higher wage jobs.

In addition to weighing in extensive stakeholder input, the complete findings of the economic evaluation (Report 1), and other research, the analysis of 2012-2018 target industry performance informed the 2019-2023 target industry list. Though the updated list does not vary greatly from the 2012-2018 target industries, some modifications were made to combine industry groupings, adjust nomenclature, and refresh niche sectors.

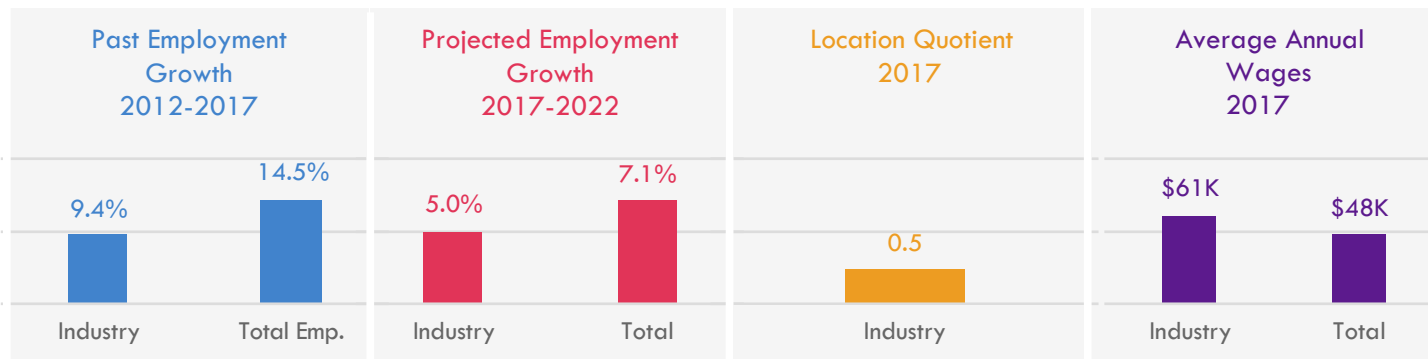
## INDUSTRY INDEX PERFORMANCE



# Advanced Manufacturing Performance

During the past five years, Northeast Florida manufacturers have added more than 1,500 workers to their payrolls, an increase of 9.5%. While the Advanced Manufacturing industry experienced slower growth than the regional average, this dynamic was largely due to flat employment in Food & Beverage manufacturing. Advanced Manufacturing employment within Northeast Florida is projected to increase 5% through 2022. (If the Food & Beverage sector is excluded, the figure rises to 8%). In 2017, average wages for Advanced Manufacturing workers in Northeast Florida topped \$61,000, approximately 28% higher than the average for all workers in the region. In the Elevate Northeast Florida survey of residents, Manufacturing was the eighth most preferred target industry. Clean Energy, which is a component of Advanced Manufacturing, was ranked first.

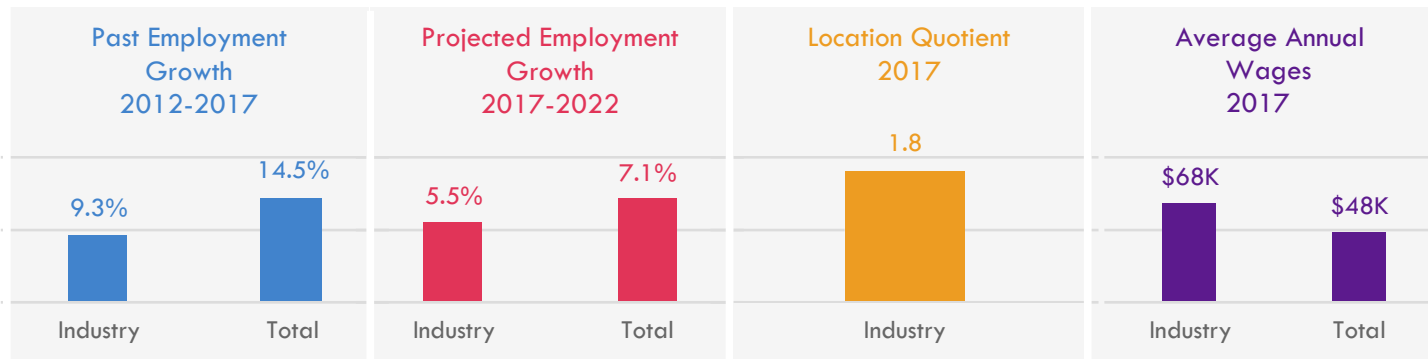
## ADVANCED MANUFACTURING PERFORMANCE METRICS



# Financial Services Performance

Northeast Florida's Financial Services industry added approximately 5,000 jobs between 2012 and 2017, an increase of more than 9%. The industry is projected to add approximately 3,300 additional jobs locally through 2022, an increase of 5.5%. Financial Services is among the most concentrated industries within Northeast Florida. On a per capita basis, the region is home to 80% more Financial Services jobs relative to the US average. At \$68,000, average wages in Northeast Florida for Financial Services workers are approximately \$20,000 higher than the regional average.

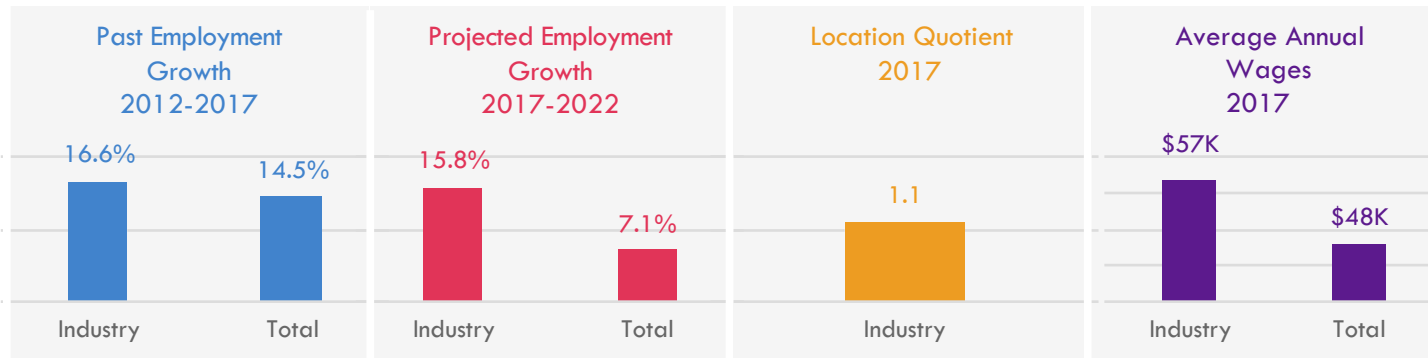
## FINANCIAL SERVICES PERFORMANCE METRICS



# Health Sciences Performance

Health Sciences is among the largest industries within Northeast Florida. The Health Sciences industry rose nearly 17% between 2012 and 2017, an increase of more than 12,500 workers. During this period, one of every seven new jobs created in the region was in the Health Sciences industry. Through 2022, Health Sciences employment in Northeast Florida is projected to increase an additional 15.8%, more than twice the regional average for all jobs. On a per capita basis, Northeast Florida is home to 10% more Health Sciences jobs relative to the US average. At nearly \$57,000, average annual salaries for Northeast Florida Health Sciences workers is \$9,000 greater than the regional average. When asked to identify target industries that can serve as drivers of economic growth through Northeast Florida, respondents to the Elevate Northeast Florida survey ranked Health Sciences #2.

## HEALTH SCIENCES PERFORMANCE METRICS

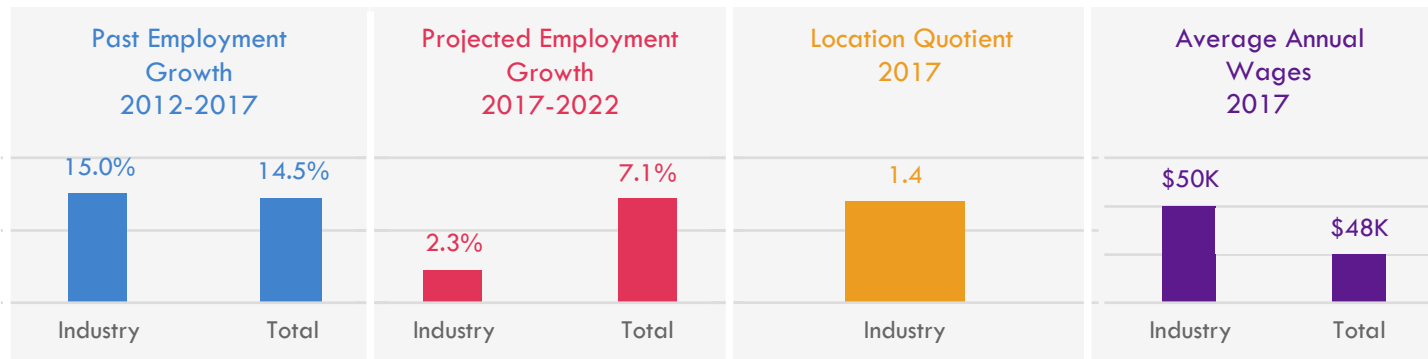




# Logistics Performance

Logistics is among the most established industries in Northeast Florida and continues to grow. Employment in Northeast Florida's Logistics industry rose 15% between 2012 and 2017, outpacing the regional average during this period. Currently, the industry is projected to post modest employment gains in the years ahead, though several specific niche sectors are expected to post double-digit growth rates. Per capita, Northeast Florida is home to 40% more Logistics jobs relative to the national average and area workers earn higher wages than the regional average. Logistics is also the third most supported industry among residents who participated in the Elevate Northeast Florida survey.

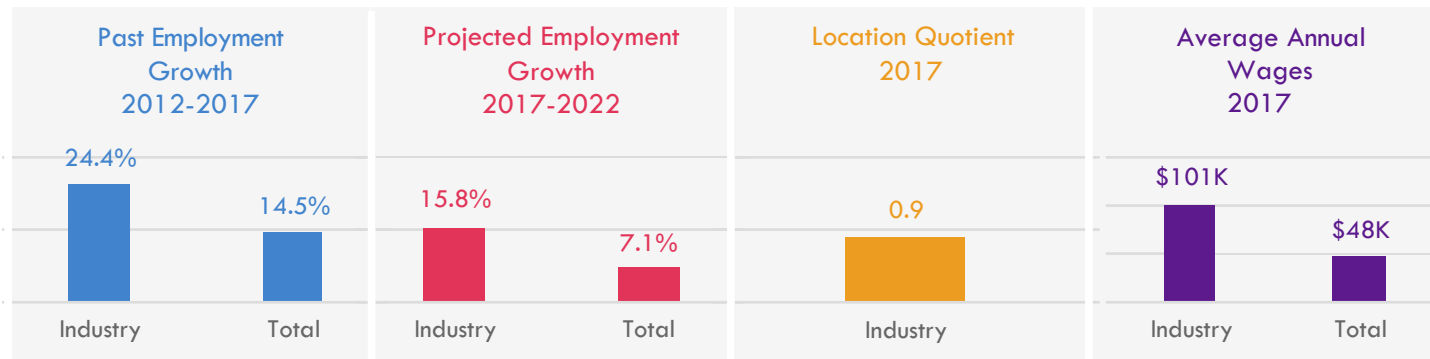
## LOGISTICS PERFORMANCE METRICS



# Information Technology Performance

While Northeast Florida's Information Technology industry is smaller than more established targets such as Health Sciences and Logistics, it is growing quickly and features high wages. Between 2012 and 2017, Information Technology employment in the region increased by nearly 25%. During the next five years, Information Technology employment in Northeast Florida is forecasted to grow an additional 16%, more than twice the projected rate of employment growth for the region as a whole. Despite strong gains in recent years, on a per capita basis, Information Technology employment in Northeast Florida is still 10% less concentrated within the region relative to the US average. In 2017, average annual wages for Information Technology workers in Northeast Florida approached \$101,000, more than twice the average for all workers in the region.

## INFORMATION TECHNOLOGY PERFORMANCE METRICS



# Industry Definitions

NAICS	Description	Industry
311	Food Manufacturing	Advanced Manufacturing
312	Beverage and Tobacco Product Manufacturing	Advanced Manufacturing
331	Primary Metal Manufacturing	Advanced Manufacturing
332	Fabricated Metal Product Manufacturing	Advanced Manufacturing
333	Machinery Manufacturing	Advanced Manufacturing
334	Computer and Electronic Product Manufacturing	Advanced Manufacturing
335	Electrical Equipment, Appliance, and Component Manufacturing	Advanced Manufacturing
336	Transportation Equipment Manufacturing	Advanced Manufacturing
4881	Support Activities for Air Transportation	Advanced Manufacturing*
5182	Data Processing, Hosting, and Related Services	Financial Services
5211	Monetary Authorities-Central Bank	Financial Services
5221	Depository Credit Intermediation	Financial Services
5222	Nondepository Credit Intermediation	Financial Services
5223	Activities Related to Credit Intermediation	Financial Services
5231	Securities & Commodity Intermed. & Brokerage	Financial Services
5239	Other Financial Investment Activities	Financial Services
5241	Insurance Carriers	Financial Services
5242	Agencies, Brokerages, and Other Insurance Related Activities	Financial Services
5614	Business Support Services	Financial Services

\*Aircraft MRO was not included in the data analysis in previous sections so that a more traditional definition of Advanced Manufacturing could be used for competitor benchmarking.

NAICS	Description	Industry
3254	Pharmaceutical and Medicine Mfg.	Health & Biomedical
3391	Medical Equipment and Supplies Manufacturing	Health & Biomedical
6211	Offices of Physicians	Health & Biomedical
6212	Offices of Dentists	Health & Biomedical
6213	Offices of Other Health Practitioners	Health & Biomedical
6214	Outpatient Care Centers	Health & Biomedical
6215	Medical and Diagnostic Laboratories	Health & Biomedical
6216	Home Health Care Services	Health & Biomedical
6219	Other Ambulatory Health Care Services	Health & Biomedical
6221	General Medical and Surgical Hospitals	Health & Biomedical
6222	Psychiatric and Substance Abuse Hospitals	Health & Biomedical
6223	Specialty Hospitals	Health & Biomedical
6231	Nursing Care Facilities	Health & Biomedical
6232	Residential Mental Health Facilities	Health & Biomedical
6233	Continuing Care Retirement Communities	Health & Biomedical
6239	Other Residential Care Facilities	Health & Biomedical
4821	Rail Transportation	Advanced Transportation & Logistics
4831	Deep Sea, Coastal, and Great Lakes Water Transportation	Advanced Transportation & Logistics
4832	Inland Water Transportation	Advanced Transportation & Logistics
4841	General Freight Trucking	Advanced Transportation & Logistics
4842	Specialized Freight Trucking	Advanced Transportation & Logistics
4882	Support Activities for Rail Transportation	Advanced Transportation & Logistics
4883	Support Activities for Water Transportation	Advanced Transportation & Logistics
4884	Support Activities for Road Transportation	Advanced Transportation & Logistics
4885	Freight Transportation Arrangement	Advanced Transportation & Logistics
4889	Other Support Activities for Transportation	Advanced Transportation & Logistics
4921	Couriers and Express Delivery Services	Advanced Transportation & Logistics
4922	Local Messengers and Local Delivery	Advanced Transportation & Logistics
4931	Warehousing and Storage	Advanced Transportation & Logistics
5112	Software Publishers	Information Technology
5182	Data Processing, Hosting, and Related Services	Information Technology
5191	Other Information Services	Information Technology
5415	Computer Systems Design and Related Services	Information Technology

