

FLORIDA TAXWATCH

Economic Commentary

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Jacksonville Poised for Sustained Growth

Ask most people which city in the U.S. is the largest, and you will likely hear New York, or Los Angeles, or one of the other “major” cities around the country. The truth, however, is that the largest city in the country is Jacksonville, Florida, at 874.6 square miles. While the size of Jacksonville may not be well known, even fewer may realize that the city is a rising star of startup activity and job creation.

Forbes magazine recently ranked Jacksonville fifth in the nation in its “Top Cities to Find a Job in 2015” list, behind only Austin, TX; Grand Rapids, MI; Nashville, TN; and Charlotte, NC. No other Florida city made the top ten. The industries leading the way on job creation in Jacksonville are IT, education, and health care,¹ and the city is also said to be “emerging as a low-cost hub for startups where entrepreneurs are finding money, mentors, and city grants to get started,” according to a 2014 CNN Money article.²

Gary Chartrand, a Jacksonville resident and former Chairman of the State Board of Education, points out that “Jacksonville is on the cusp of creating a destination for innovative startup companies and is committed to accelerate the growth of STEM [science, technology, engineering & math] jobs in our community. The newly created STEM2hub (www.stem2hub.org) will be the catalyst to increasing STEM initiatives, STEM education and STEM careers by attracting STEM companies to our region.”³



1 Forbes. “The Top Cities for Finding Employment Right Now.” May 2015. <http://www.forbes.com/sites/kathryndill/2015/05/08/the-top-cities-for-finding-employment-right-now-2/3/>

2 CNN Money. “Jacksonville is hot for startups.” February 2014. <http://money.cnn.com/2014/02/21/smallbusiness/jacksonville-startups/>

3 Personal correspondence with Mr. Chartrand

Jacksonville has achieved a 72.4 percent growth in tech employment and 17.4 percent job growth in 10 years.⁴ This was initially a surprise, as Jacksonville has historically had a very minor tech presence, but developments in this area have shown significant growth is possible. Part of the job creation can be attributed to several big players that have their headquarters in Jacksonville, including Florida Blue, Fidelity National Financial, FIS, and CSX Corporation. In addition, several companies, including Deutsche Bank⁵ and GE Oil & Gas,⁶ have recently announced the creation of hundreds of new jobs in the city, and there are several initiatives in place supporting the city's job- and entrepreneur-friendly environment.

Jacksonville is well positioned to achieve stellar economic growth over the next several years. Our city is blessed with existing elements that are attractive to the companies that are here and organizations that are considering relocation. The business support environment is very positive with Organizations such as the Jacksonville Chamber and Civic Council leading the way. A skilled and growing workforce is critical to Jacksonville's growth. I can't think of a better place to work and live in the coming decade.

— SunTrust Florida President David Mann

Jax Bridges

In mid-2014, Jax Chamber started a public-private partnership, Jax Bridges, aimed to connect small businesses with “funding, training, and mentoring opportunities.”⁷ In order to be selected for the program, companies must meet certain requirements and make a six-month commitment. One hundred companies comprised the first Jax Bridges cohort, and 65 more are about to complete the second round.⁸ Companies in a variety of industries, including manufacturing, consumer goods, and health care are participating in the program.

Some of the initiatives that Jax Bridges runs include the trade show, “Bridge2Business,” where participating companies can build relationships with larger companies such as Winn-Dixie, Coca-Cola, and the Jacksonville International Airport.⁹

One Spark

Jacksonville's One Spark, the city's biggest festival and the world's largest crowdfunding (funding a project or venture by raising monetary contributions from a large number of people) event,¹⁰ attracted 320,500 attendees to Jacksonville over the course of the six-day event. The goal of the festival is to “connect inventors, artists, and entrepreneurs with investors.” This year, the festival attracted about \$93,000 in crowdfunding,¹¹ and 537 entrepreneurs from the technology, arts, education, music, science, and health fields showcased their projects.

4 Forbes. “The Best Cities for Tech Jobs.” May 2012. <http://www.forbes.com/pictures/edgl45edji/no-6-jacksonville-fl/>

5 Jacksonville Business Journal. “Deutsche Bank opens international office in Jacksonville.” September 2014. <http://www.bizjournals.com/jacksonville/news/2014/09/15/deutsche-bank-opens-international-office-in.html>

6 Jacksonville.com “GE announces move to Jacksonville; plant will bring at least 500 employees to Cecil Commerce Center.” <http://jacksonville.com/news/metro/2014-09-26/story/ge-announces-move-jacksonville-plant-will-bring-least-500-employees>

7 Jacksonville Business Journal. “It may not be \$100 million in contracts, but Jax Bridges is making things happen for local businesses.” May 2015. <http://www.bizjournals.com/jacksonville/news/2015/05/12/it-may-not-be-100-million-in-contracts-but.html>

8 Ibid.

9 Ibid.

10 Forbes. “The Crowdfunding Festival That's Creating a Startup City.” May 6, 2015. <http://www.forbes.com/sites/eilenezimmerman/2015/05/06/the-crowdfunding-festival-thats-creating-a-startup-city/>

11 Florida Trend. “Entrepreneurial Fire: One Spark ignites a crowdsourcing phenomenon.” June 2015. http://www.pageturnpro.com/Florida-Trend/65977-Florida-Trends-Jacksonville-Portrait-June_15/index.html#24

The Jacksonville NAP

The Jacksonville Network Access Point (NAP)¹² is a fiber optic network access hub that will increase the speed and volume of data traveling between points as far north as New York and as far south as Latin America. New hubs are being added in strategic points around the globe to increase network capabilities, and given the new Jacksonville NAP's vast reach, multiple international internet service providers have signed on to provide the \$1.5 billion needed to make the NAP a reality.¹³ The development of the NAP has created interest in moving to Jacksonville for IT companies looking for direct access to a high-speed network and reliable connectivity.¹⁴

The Global Cities Initiative: The Exchange

Just like Tampa in 2012, Jacksonville was selected in late 2013 for The Global Cities Initiative, a joint project of the Brookings Institute and JPMorgan Chase. As covered in our March 2013 Economic Commentary,¹⁵ the project will consist of developing a metropolitan export plan (MEP) for the Jacksonville Metropolitan Statistical Area in order to grow its global economic opportunities and competitiveness.

In order for regions to deliver successful MEPs, specific steps must be followed. As these are completed, Jacksonville will prepare an export market assessment, export strategy, implementation plan, and policy recommendations. The initiative will help current and emerging companies in the region that are looking to export, but lack resources, expertise, and strategies, helping create a more export-oriented MSA and state.¹⁶

Only eight other cities in the nation were selected for the same period: Seattle, Sacramento, Phoenix, Wichita, Milwaukee, Indianapolis, Atlanta, and Greenville/Spartanburg. Tampa Bay and Jacksonville remain the two only Florida metro areas that have been selected for the initiative.

Putting it all together

Jacksonville has several great tools to continue growing its economy, including programs mentoring entrepreneurs, a festival connecting them with funders, access to reliable connectivity, and an export-boosting program. However, a key part of any systemic growth is a skilled workforce able to occupy new job openings. In order to address this need, the Jacksonville Chapter of the Society for Human Resource Management has created a program called Jacksonville's Workforce Readiness Committee, which brings together educational institutions, government agencies, and employers in order to prepare new workforce entrants.

Conclusion

It is a very exciting time to be in Jacksonville. Both Fortune 500 companies and small entrepreneurs have seen the potential for robust economic growth in the city. Like other growing cities, its success will depend largely on education and training to provide a prepared, knowledgeable workforce. With the installation of the NAP hub, programs helping entrepreneurs and small businesses grow their companies, and an increased focus on STEM education and jobs, Jacksonville is poised to be a significant source of growth for Florida for years to come.

12 A NAP is a major Internet interconnection point that ties all Internet access providers together.

13 Jacksonville Business Journal. "Jax NAP creating partnerships that take tech biz outside the region." June 2015. <http://www.bizjournals.com/jacksonville/news/2015/06/04/jax-nap-creating-partnerships-that-take-tech-biz.html>

14 JAX USA Partnership. "Jacksonville Emerging on Technological Landscape Map." <http://jaxusa.org/about/news/jacksonville-emerging-on-technological-landscape-map>

15 Florida TaxWatch. "Tampa Bay: Becoming an Export-Oriented Economy." March 2013.

16 Ibid.

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