



Key Industry Clusters in Metro Denver Executive Summary

A community's economic development efforts should focus on industries in which the community has clear competitive advantages.

A major step in crafting a region's economic development strategy focuses on what types of industries to target for growth and retention. Industry targets are chosen to meet varying community goals ranging from diversifying the economic base, to increasing the average wage, to utilizing natural and labor resources more fully. A community's economic development efforts should focus on industries in which the community has clear competitive advantages.

This study is based on the concept of industry clusters, which are geographic concentrations of interconnected companies and institutions in a particular field. Where an industry's employment concentration is greater than the national economy, it is presumed that the production of goods and services is more than sufficient to meet local demand, and is therefore exported, either physically or financially. Where industries are highly concentrated, it is presumed that a high degree of specialization among firms exists, which is a feature of competitive industry clusters, commonly called "primary jobs." These industries drive wealth creation within a region.

There are nine major industry clusters currently operating in Metro Denver. All nine industry clusters are important to the economic base, making them primary targets for economic development retention and expansion efforts. In addition, current trends in six of the industry clusters suggest that prime opportunities exist for national recruitment efforts to grow and expand Metro Denver's industry cluster base.

This report presents a summary of the key points about each of the industry clusters selected for recruitment efforts, including a brief description, employment concentration rank compared to the 50 largest U.S. metropolitan areas, and other key industry facts. In addition, key locational factors are identified along with a brief assessment of Metro Denver's competitive position and future viability in attracting additional employment in each industry cluster.

The six industry clusters targeted for recruitment efforts include:



- **AEROSPACE:** Colorado boasts the third largest space economy in the U.S. The state's aerospace industry has critical mass with 54,000 workers, including 24,700 private employees and 29,300 military personnel. The state is home to four military commands, six major space contractors, and 300 aerospace companies and suppliers.



- **AVIATION:** Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 14,200 workers directly employed by air transportation companies in Metro Denver.



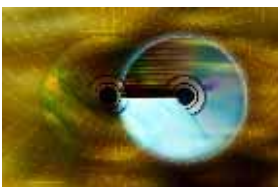
- **BIOSCIENCE:** Metro Denver has 4,700 biotechnology and pharmaceuticals workers plus 7,300 workers in medical device and instrument production. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets. The industry is also enhanced by the opportunities to bring together academic, research, and corporate biotechnology institutions at the \$4.7 billion Fitzsimons Bioscience Campus.



- **ENERGY:** The inter-relationship between fossil energy, renewable energy, and energy research provides unique growth opportunities for this industry that currently employs over 22,900 people. The National Renewable Energy Laboratory (NREL), located in Golden, is the primary national laboratory for renewable energy and energy efficiency research and development. The integration of energy technology and the state's rich energy resource base place Metro Denver at the forefront of energy development.



- **FINANCIAL SERVICES:** Metro Denver is one of the few areas outside of the northeast with a substantial financial services industry in three key market segments: banking and finance, investments, and insurance. A variety of trade associations and service firms supports the diverse financial services industry base of 9,000 companies and 90,000 employees in Metro Denver.



- **INFORMATION TECHNOLOGY - SOFTWARE:** Colorado has the most high-tech workers per capita in the nation for the seventh straight year according to the latest AeA Cyberstates report. A strong entrepreneurial spirit fuels this industry, employing nearly 44,000 workers in 3,400 companies.

The three retention and expansion clusters include:



- **BEVERAGE PRODUCTION:** With 5,500 employees involved in the production of beer and other beverages, Metro Denver has the fourth highest beverage industry employment concentration out of the 50 largest metro areas.
- **BROADCASTING AND TELECOMMUNICATIONS:** Although telecom still faces challenges in the short-term, the long-term opportunities for this industry that employs over 43,400 workers in Metro Denver is positive.
- **INFORMATION TECHNOLOGY - HARDWARE:** Metro Denver is a leader in the magnetic and tape storage industry with over 9,700 employees in numerous pioneering companies.

Factors driving company location decisions

Location decisions are driven by a number of factors as companies within each of these industries examine communities in which to grow and expand. Some factors are industry specific. For example, proximity to military customers and prime contractors is important in aerospace company location decisions whereas fossil energy companies focus on access to natural resources. Other key locational factors cut across numerous industries, focusing on broader community attributes. While the combination of factors that enhance company success varies by industry, there are several common themes:

- The ability to recruit and retain technical and scientific talent
- Affordable business operating costs
- Favorable tax policies and pro-business state and local governments
- Proximity to quality colleges and universities
- An overall better quality of life

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