



GOAL 4

**EXPAND JOB  
OPPORTUNITIES & ENSURE  
CONTINUED VITALITY OF  
THE LOCAL ECONOMY**

## EXPAND JOB OPPORTUNITIES & ENSURE CONTINUED VITALITY OF THE LOCAL ECONOMY

The City of Grand Rapids, like West Michigan more broadly, is full of positive energy and momentum. Downtown Grand Rapids, in particular, is enjoying a locally unprecedented period of investment and growth, largely as a result of forward-thinking planning, good government and strong business leadership. What's more, there's a palpable sense that even better days lie ahead.

How will Grand Rapids capitalize on this optimism and manage change in a way that enables the economy and business climate to continue thriving? How will the community respond to changing demography and move toward a model of growth that closes persistent racial gaps in employment, income and other opportunities? In short, what strategies will continue to vault Downtown and the region forward?

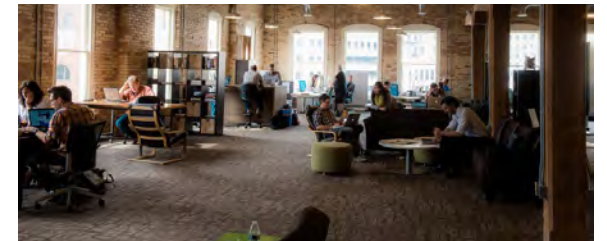
These and other big questions today are top of mind for numerous community assets, organizations and initiatives dedicated to building the next economy. GR Forward, then, is not meant to serve as a comprehensive economic development agenda. Maintaining Grand Rapids's momentum requires continued support of effective existing initiatives, and working together with ever broader coalitions to advance new strategies that complement what's working and fill gaps.

In Downtown specifically, future efforts to expand job opportunities and grow the local economy depend on four interrelated factors: pursuing a more equitable growth model, providing space for business growth at all scales; recruiting and retaining a diverse pool of talent, and additional marketing to reposition Grand Rapids in a new class of cities. Focused effort toward these priorities will help to ensure Downtown Grand Rapids continues to evolve as an excellent place to live, work and enjoy.

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“ Setting GR apart as a community that embraces the importance of design in our public, work and learning space is no small challenge but it begins with educating/enlightening ourselves.”  
- GR Forward Steering Committee member

## WHY THIS MATTERS

Grand Rapids anchors one of the fastest growing economies in the United States. Our challenge and responsibility is to continually adapt and maintain the momentum amidst a fast-changing world.

Changing demography is one pressing issue. Grand Rapids, like the State of Michigan and the nation as a whole, is growing more racially and ethnically diverse. Ninety percent of the metro population was white in 1980. Since then, people of color grew from less than 9 to more than 20 percent of the population. The Latino population is growing the fastest locally and is projected to approach 25 percent of the City's total population by 2040. The trends suggest that Grand Rapids - including, importantly for this section, its workforce and consumer base - will grow much more multicultural than it is today.

This diverse and growing multicultural population contributes significantly to the local community, and has great potential to contribute even more. But unintentional and intentional racial bias and persistent racial gaps in employment, income and other opportunities too often limit the ability of people of color to contribute equally to our City and region. Across the board, people of color earn less and have less access to advanced levels of learning than their white neighbors and friends in greater Grand Rapids. Without intentional action, these disparities will widen.

These inequities hurt everyone - not just people on the lower rungs of the social and economic ladder. Expanding opportunities for everyone to participate and prosper is essential for sustained and robust economic growth. Section 4.1 recommends several sound strategies to advance the work of simultaneously promoting growth and equity of opportunity in Downtown.

Limited space to meet growing business demand is another pressing issue. 38 percent of respondents to the GR Forward business survey stated they would consider opening a business Downtown, illustrating the City's strong spirit of innovation and entrepreneurialism. This characteristic also is visible in the prevalence of co-working, collaboration, and start up spaces Downtown. A key consideration for Grand Rapids as it moves forward is: where do these businesses go when they need to grow?

Overcoming spatial challenges in order to cultivate the local economy and retain growing businesses is one of the challenges facing Grand Rapids. Expanding job opportunities and ensuring the continued vitality of the local economy requires that Downtown provide spaces for businesses at all stages, from incubation to maturity. At each stage, businesses will encounter a new set of needs for both space and talent.

There are additional hard to forecast events that could change the trajectory of Downtown and reinforce the need for a variety of spaces:

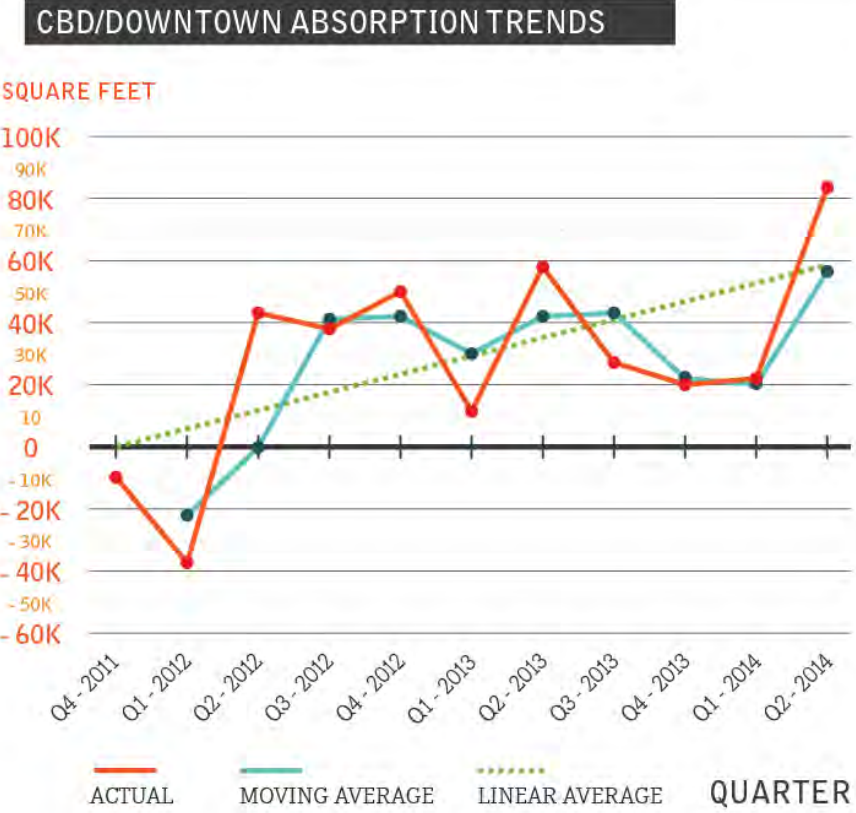
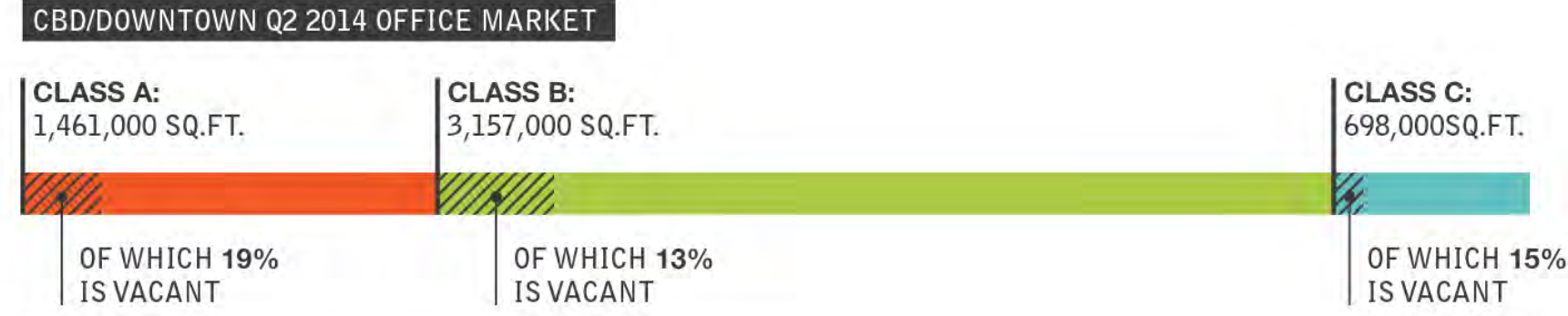
- > The growth of MSU Medical School and a changing business model for the Van Andel Research Institute [VARI]

Depending on the emphasis of the MSU Medical School and VARI [and to a lesser degree Spectrum Health regarding physician-scientist recruitment] as it relates to basic and translational sciences, a need could emerge to provide wet lab/clean room incubation space close to existing facilities. Additionally, depending on the specialization and strength of research programs, research teams from private companies may want to locate close by to participate in an emerging knowledge cluster.

- > Relocation of segments of the region's design, marketing and product development functions into Downtown

An increasing trend across the country is companies taking "talent intensive" parts of their businesses and locating those aspects near major creative or innovation hubs. For instance, the design, marketing and other aspects of large companies are increasingly locating within downtowns in part to attract high quality talent [who are seeking downtown environments] and to be close to other companies that provide related and complimentary services. GRID 70 is a step in this direction.

FIG 4.1: Existing Downtown office space vacancy & absorption



- >> Occupancy rates for Class B & C space are reaching full utilization.
- >> Over the last 3 years on average nearly 28K sq. ft. per quarter has been absorbed.

**BASED ON AVERAGE QUARTERLY ABSORPTION RATES, THE CURRENT VACANCY WILL TAKE 28 QUARTERS TO REACH 100% - WITH NO CAPACITY CHANGES**

➤ Success of one or more of the Downtown startups

32 companies are involved in some part of the formal incubation / acceleration process through Start Garden or GR Current. One or more may be successful. There are also a number of other places such as the Grand Rapids Collaborative where the next great Grand Rapid's company may be created. When businesses succeed, they need inexpensive space to grow into, often preferably close to the amenities that their employees want. With prices increasing Downtown, larger spaces for growing companies can be very difficult to secure.

Therefore understanding the present state of Downtown's real estate market is an important first step. Commercial and office real estate are typically divided into three categories based on a combination of factors including age, quality and tenant mix. Class A space is typically the newest buildings in premium locations commanding the highest rents from high value tenants. Class B space tends to be older but well maintained buildings that are not functionally obsolete. High quality Class B buildings can rival certain Class A space with renovations and infrastructure upgrades. Class C buildings typically require renovations and upgrades of their basic infrastructure. Class C buildings typically command the lowest rent.

At the time of the analysis [September 2014], the Downtown Grand Rapids office space market consisted of approximately 5.3m square feet

of space, made up of 1.5 million square feet of Class A space, 3.2 million square feet of Class B space, and 700,000 square feet Class C space. Vacancy totaled approximately 806ksft or 15%.

An important consideration is the relative footprints of the remaining space in each space class. Experience suggests that as markets go below 15% in vacancy levels, particularly in Central Business Districts, they are effectively at capacity. The primary reason is most of the remaining spaces are smaller footprints usually under 10,000 sq.ft., scattered across a number of buildings. This makes it difficult for a large space user to be accommodated. Absorbing the remaining space typically takes place in increments of a few thousand square feet at a time.

As businesses are incubated Downtown, the key question is whether these companies can remain in Downtown, or near Downtown, as they evolve and need more space. Two potential pinch points exist based on the analysis of available real estate. The first is the limited availability of inexpensive space that can companies as they move out of incubation and begin to approach the scale of a viable business. The second is a lack of flexible facilities for companies that develop products, whether its electronics, biotech, med devices or consumer products. The lack of space is, in part, a byproduct of new investment Downtown that has created real value since 1980 [see figure 4.2]. Will they be able to find space to prototype, produce and distribute?

Grand Rapids needs a modern economic infrastructure of inexpensive, flexible spaces for new and growing businesses in and proximate to Downtown. In order to create this infrastructure, it will be important to view Downtown as an investment proposition for developers and other real estate asset owners and to understand what will drive private investment to Downtown Grand Rapids in the coming years.

Coupled with the need to focus on real estate, Grand Rapids must also focus on cultivating, retaining and attracting talent to support job growth. Grand Rapids workforce has a real concentration of strength in fields related to product development. Given the region's furniture and consumer product based industries, skills in design and prototyping are not surprising. For example, the Grand Rapids metro has a concentration of commercial and industrial designers at a rate nearly 2.6 times greater than the US. Moreover, Grand Rapids design community is slightly younger than the national comparable.

On a broader scale, one of the challenges Grand Rapids faces as its technology-focused innovation economy expands is its continued ability to attract and retain talent. The tech-based innovation economy is driven largely by talent. The current areas of focus within that niche are software and medical device oriented products. An important consideration for the growth prospects is the present talent pool available in the area.

For the near term, Grand Rapids will need to recruit from the outside to fill key occupational categories.

Talent is attracted to the combination of professional opportunities and lifestyle options including downtown / urban experiences. Recruitment signifies an opportunity. The decision to move is more complex. Viewing Downtown as a “product,” it’s important to understand how it competes in a number of markets for consumer spending, residents, tourists, traveling productions, business location or other types of activities.

Within the region, Grand Rapids may be known as “West Michigan’s Downtown”—an identity to leverage at this scale—but how do people perceive Grand Rapids outside of Michigan? In competing for talent and investment with other urban centers and innovation and employment hubs, local leaders must be cognizant of marketing and brand management beyond the regional scale in order to be successful.

Attracting talent to fill important positions with local companies is important. But we also must focus intentionally on growing and retaining talent from within Grand Rapids. Ensuring the local workforce - particularly residents from Downtown’s near neighborhoods - are adequately prepared for and have access to current and coming jobs is critical to the economic future of Downtown and the region. See Goal 6 for recommendations on ensuring quality public schools in and around Downtown and developing the locally-rooted workforce.

# DOWNTOWN INVESTMENT

SINCE 1980

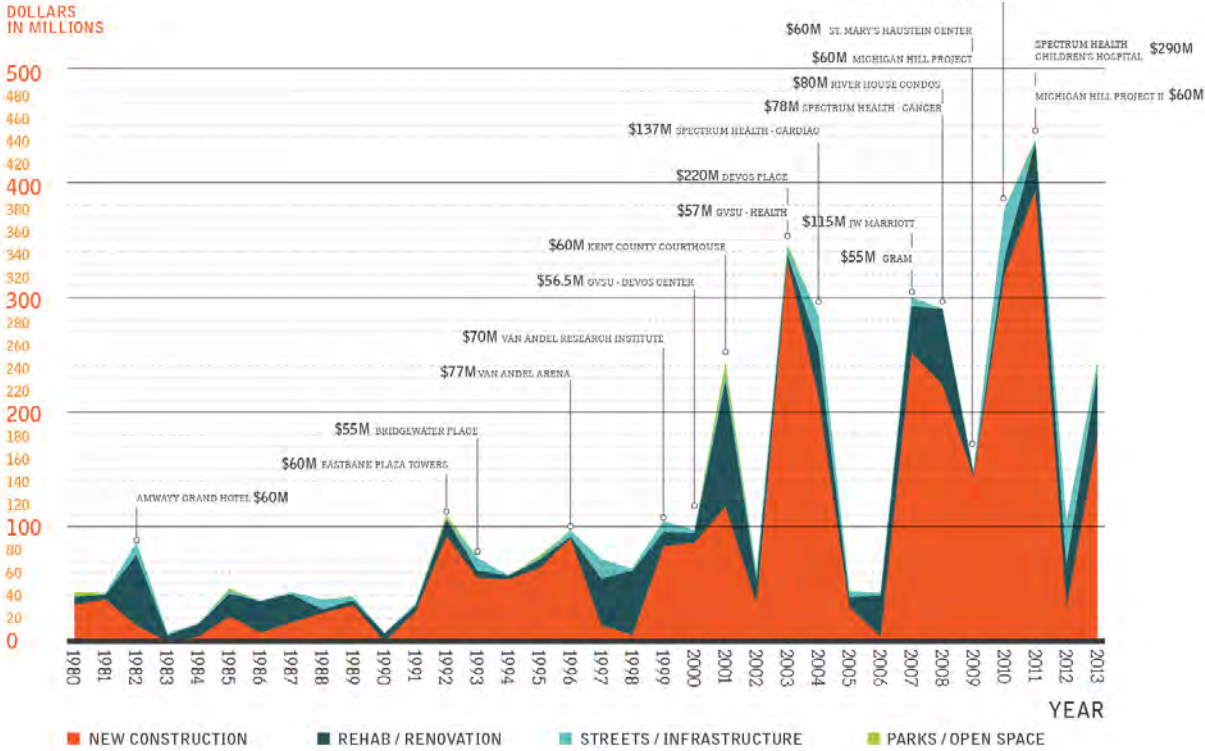


FIG 4.2: Downtown investment since 1980

## 4.1 PROMOTE INCLUSION AND EQUAL PARTICIPATION IN THE LOCAL ECONOMY

### FORMALIZE A LEADERSHIP TEAM AMONG CITY DECISION MAKERS AND MAJOR EMPLOYERS TO ENSURE EQUAL ACCESS TO OPPORTUNITIES

With respect to social justice, diversity, and inclusion, the GR Forward process revealed a lot of common concerns from community leaders to local advocates and representatives from the City's minority communities. The main issues are related to access to and preservation of affordable housing [addressed in Goal 2], cost and shortcomings of public transportation [addressed in Goal 3], and leveling the playing field for minority participation in the local economy and business/employment opportunities. Discussions have highlighted the reality that if these concerns are to be addressed holistically, the City of Grand Rapids Diversity and Inclusion Office, which administers and monitors workforce diversity efforts of the City of Grand Rapids, cannot be alone in these efforts. There remains a need to better coordinate the good work being done by many organizations throughout the community around mutually-agreed upon success metrics.

One promising example is the Jobs Initiative recently funded by the W.K. Kellogg Foundation for research and planning. The idea is to identify the ways in which the City can help to prepare local residents to access jobs related to future

City infrastructure projects. Whether its street improvements or construction work along the Grand River in line with the GR Forward vision, the Jobs Initiative reveals a serious move to proactively address issues around economic inclusion.

Formal partnerships should be encouraged to directly link GR Forward implementation activities with this Jobs Initiative. Equalizing economic opportunity requires the cooperation of private, public, and nonprofit sectors. Leaders among the Diversity and Inclusion Office, local service providers, local business and industry leaders, and place-based nonprofits should be recruited to work on inclusion and economic participation issues through programmatic and structural means. The nature of this collaboration and partnership brings benefits to all participants: local residents secure family wage jobs and employers' participation in building a skilled workforce ensures their own success. Among the specific ideas and initiatives to explore include:

- > Mechanisms that promote job growth and better enable minorities to overcome systemic barriers to living wage employment
- > Development of industry partnership programs between employers and workforce representatives with targeted recruitment efforts in Downtown Grand Rapids and neighboring communities

- > Youth workforce and internship programs akin to the Mayor's 100 Campaign
- > To College, Through College initiative aimed at ensuring young people, particularly first generation and persons of color, have the opportunity to attend and graduate college - this program includes internships and learning opportunities to help young people explore career options.
- > The LEAD program and Mayor's Youth Council
- > The creation of new programs and opportunities to connect City youth with nature and the environment - this can be accomplished through the River Transformation and GR Parks planning processes.
- > Entrepreneurship and capacity building programs to support the growth of minority- and women-owned business enterprises in Downtown Grand Rapids
- > Corporate and institutional policies that increase workforce diversity [especially at management levels], and the hiring of ex-offenders



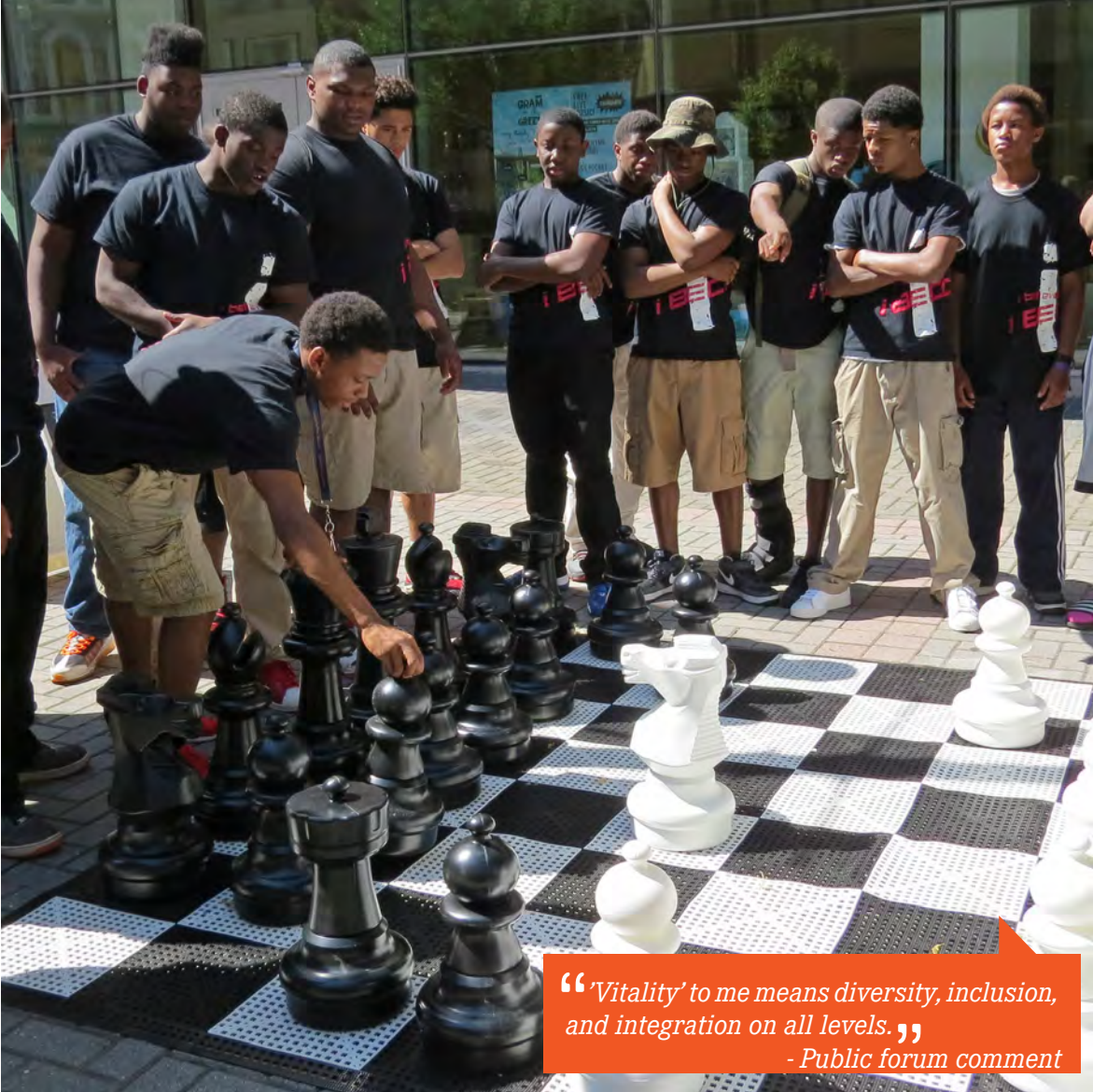
>> **Implement an inclusion module as a part of the business license application process**

At the time of the planning process, the Diversity and Inclusion Office was beginning to explore establishing an inclusion module as a part of the process of applying for a business license in Grand Rapids. This type of program could help close an awareness gap and provide the opportunity to educate new business owners about important topics such as the business case for diversity, understanding the roots and destructive impacts of bias, and how to successfully manage differences in the workplace.

**new economy initiative**  
for southeast michigan

**THE NEW ECONOMY INITIATIVE**  
[www.neweconomyinitiative.org](http://www.neweconomyinitiative.org)

“The New Economy Initiative, a \$130 million, 10-year collaboration of 10 local and national foundations, is working to create a more diverse economy in southeast Michigan by providing technical assistance and capital for entrepreneurs and small businesses, with a focus on low-income neighborhoods and communities of color.”



*“‘Vitality’ to me means diversity, inclusion, and integration on all levels.”  
- Public forum comment*

## 4.2 ATTRACT TALENT AND LINK JOB SEEKERS WITH LOCAL OPPORTUNITIES

Examining workforce statistics, one area of concern is the relative age distribution of the workforce particularly in the life science associated industries. Nearly 50 percent of the workforce in medical equipment and pharmaceuticals is over the age of 45. Nationally the percentage is also nearing 50%. The implication being that replacement talent in this area of specialization will be highly sought after.

In Grand Rapids this concern may be exacerbated by the lower levels of relevant engineering and biological skills in the workforce. This is a reflection of the existing industry mix and not an indictment regarding economic or workforce development programs. Using a measure of employment concentration with the US equaling 1.00, Grand Rapids is well below US occupational levels in some key areas of life sciences, electronics and programming.

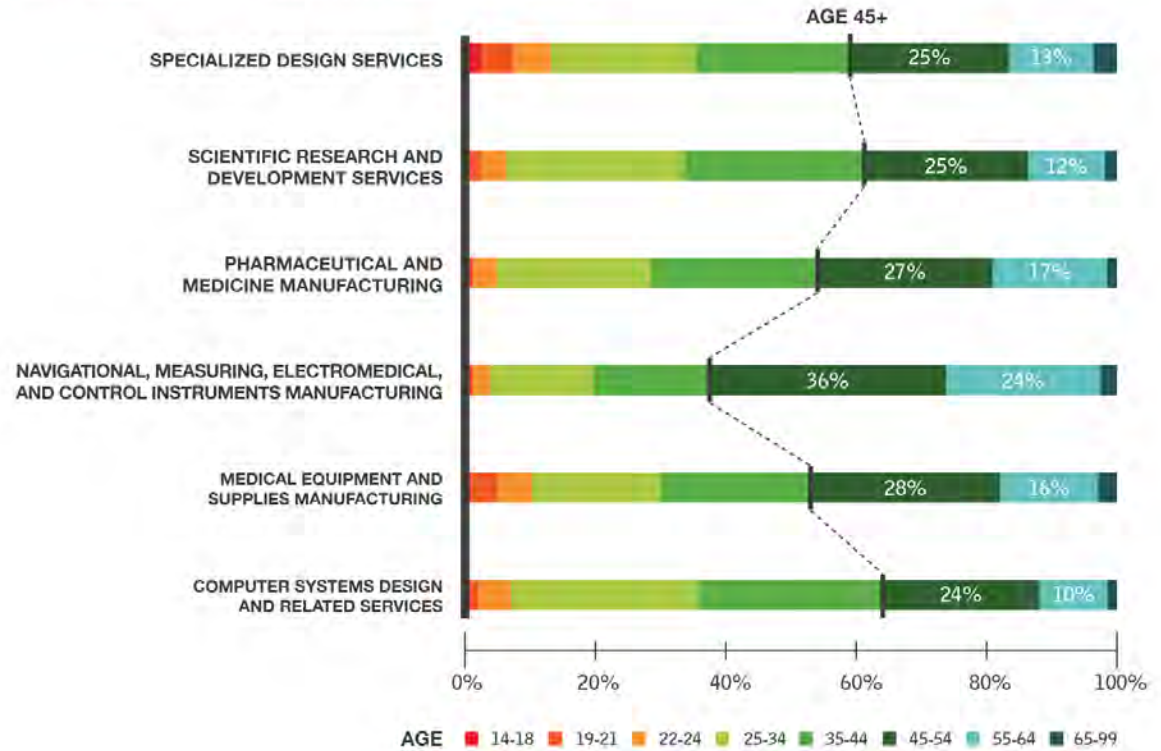
Depending on the category Grand Rapids is 30%-40% below the US average in computer occupations, 60-70% below in electronics engineering, and 45% below in biological science. For any new or existing companies undergoing expansion finding the right skillsets for certain industries may be problematic.

Another perspective on talent is the pipeline created by local universities. As software

FIG 4.3: Age of the workforce by key industry

### TALENT CHALLENGES

SOME KEY INDUSTRIES WITH OLDER WORKFORCES



/ coding is a key area of entrepreneurial development, as well as an increasingly important skillset in healthcare, finance and insurance and engineering, an examination of the talent pipeline from the public universities in Michigan was conducted. Fortunately, the region has an extensive graduation pipeline of undergraduate talent in the field of computer science. Grand Valley State in 2013 had the second largest graduating class in Michigan. However, at the graduate level where more

sophisticated programming and development skills are taught, the regional programs lag. The University of Michigan graduates 3 times the combined totals of Michigan State, Grand Valley State University, Western Michigan University and Ferris State master degree recipients [see figure 4.5].

For the near term Grand Rapids will need recruiting from the outside to fill key occupational categories.

FIG 4.4: Employment estimate for key occupations in Grand Rapids compared to the U.S.

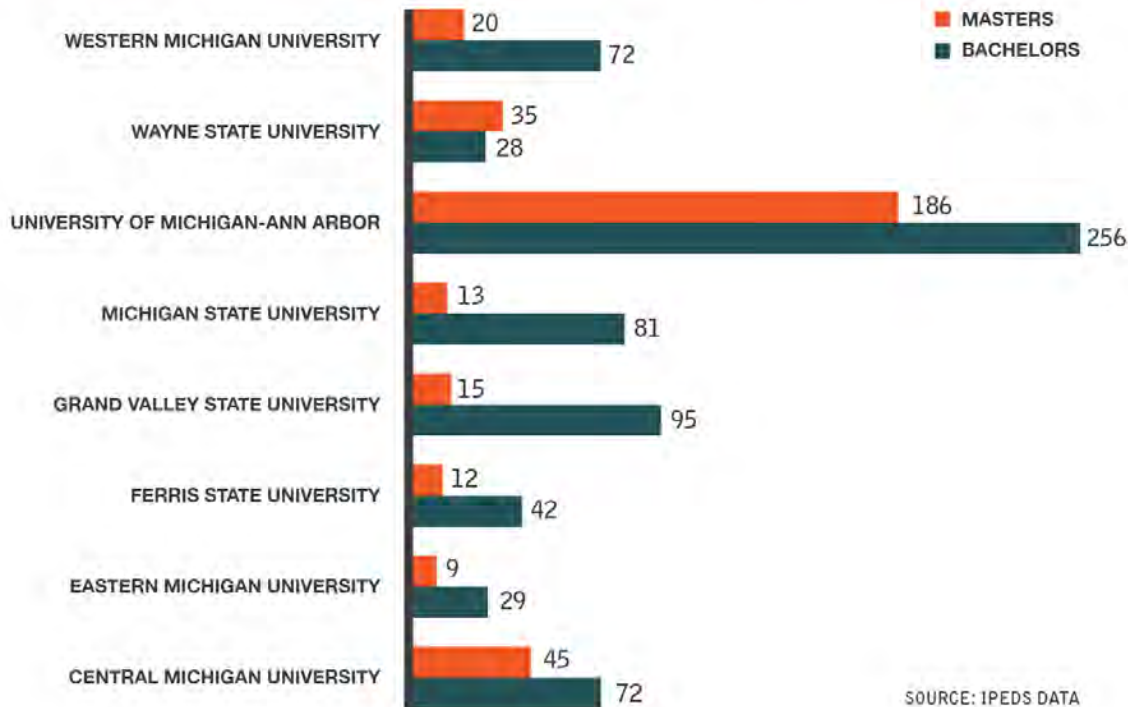
### SOME KEY OCCUPATIONS IN GRAND RAPIDS ARE BELOW NATIONAL NORMS

	Employment Estimate	Compared to US (1.00 = US Average)	
COMPUTER SYSTEMS ANALYSTS	1,170	0.77	WEAKNESS IN COMPUTER SCIENCES
INFORMATION SECURITY ANALYSTS	110	0.47	
COMPUTER PROGRAMMERS	830	0.89	
SOFTWARE DEVELOPERS, APPLICATIONS	1,350	0.70	
SOFTWARE DEVELOPERS, SYSTEMS SOFTWARE	1,120	1.00	
WEB DEVELOPERS	240	0.72	
COMPUTER NETWORK ARCHITECTS	280	0.65	
CHEMICAL ENGINEERS	40	0.37	ENGINEERING + SCIENCE REFLECTS CURRENT INDUSTRIAL BASE
COMPUTER HARDWARE ENGINEERS	70	0.30	
ELECTRICAL ENGINEERS	490	0.97	
ELECTRONICS ENGINEERS, EXCEPT COMPUTER	160	0.39	
ENVIRONMENTAL ENGINEERS	70	0.45	
INDUSTRIAL ENGINEERS	2,340	3.39	
MATERIALS ENGINEERS	60	0.82	
MECHANICAL ENGINEERS	1,260	1.62	
BIOLOGICAL SCIENTISTS, ALL OTHER	50	0.55	
CHEMISTS	90	0.33	
COMMERCIAL + INDUSTRIAL DESIGNERS	220	2.59	STRONG PRODUCT DEVELOPMENT SKILLS BUT... SMALL NUMBERS
TOOL + DIE MAKERS	2,390	10.15	
MODEL MAKERS, METAL + PLASTICS	50	2.44	
FOUNDRY MOLD + COREMAKERS	180	4.60	

FIG 4.5: Computer Science degrees awarded in Michigan, 2013

## DEGREES AWARDED IN COMPUTER SCIENCE - 2013

LOCAL TALENT PRODUCTION WILL NEED TO BE COMPLEMENTED BY OTHER TALENT ATTRACTION STRATEGIES



As part of the analysis of the role/value of Downtown Grand Rapids, the GR Forward team held a workshop on recruitment issues. Five key talent areas were identified as areas of need for companies in the region:

- IT/DATA
- Design/Creative
- Academic Scientist/Researcher
- General Upper/Mid Professional
- Start Up Staff

As Fig 4.11 demonstrates, the specific challenges to getting to “Yes, I’m coming to Grand Rapids” vary across the groups. However, in every case a strong urban lifestyle experience as either a residential location or an entertainment option was viewed as part of the selling proposition to a prospective recruit. Therefore a series of additional actions should be taken to address the region’s talent issues.



Temporary programming like food truck rallies, pop-up beer gardens and other activities described in Goal 5 of GR Forward are essential elements in creating a place that helps to attract and retain talent.

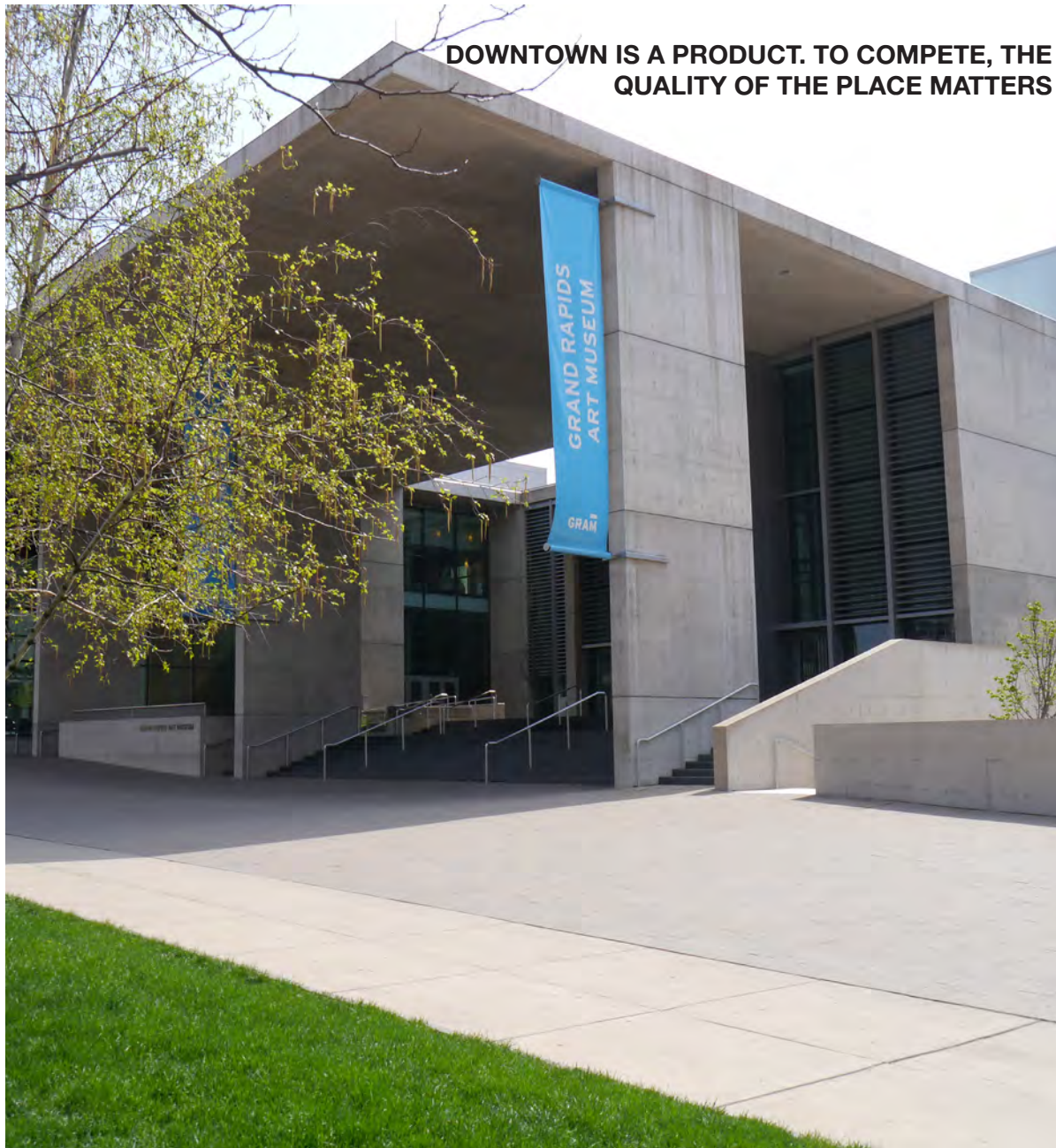
FIG 4.6: Challenges and opportunities in attracting talent to Grand Rapids

# ATTRACTING TALENT

A HIGH-QUALITY DOWNTOWN PLAYS AN IMPORTANT ROLE IN ATTRACTING AND RETAINING VARIOUS TYPES OF TALENT

TYPE	IT/DATA	DESIGN/ CREATIVE	ACADEMIC/ SCIENTIST/ RESEARCHER	GENERAL UPPER/MID PROFESSION	START-UP STAFF
AGE	20s - 30s	28 - 38 "Diaspora returning"	30+	38+	Under 40
CHALLENGE	<ul style="list-style-type: none"> <li>Recruitment issue</li> <li>Perception must be on coast to advance in career</li> <li>"Cutting edge not taking place in GR"</li> </ul>	<ul style="list-style-type: none"> <li>Typically coming from larger cities - have larger city amenity expectation</li> <li>Want to come home but perception of no jobs</li> </ul>	<ul style="list-style-type: none"> <li>Trailing spouse significant problem - typically an academic or researcher</li> <li>Larger city amenity questions</li> <li>"People like me"</li> </ul>	<ul style="list-style-type: none"> <li>Trailing spouse issue</li> <li>Tend toward suburbs due to educational concerns</li> <li>Role of HR in companies diverting people away from downtown</li> </ul>	<ul style="list-style-type: none"> <li>Risk of location - start ups fail - where to find next job in GR</li> </ul>
ATTRACTOR (ROLE OF DOWNTOWN)	<ul style="list-style-type: none"> <li>Lifestyle/living choice</li> <li>Entertainment options</li> <li>Housing options/prices</li> </ul>	<ul style="list-style-type: none"> <li>Lifestyle/living choice</li> <li>Entertainment options</li> <li>Housing options/prices</li> </ul>	<ul style="list-style-type: none"> <li>Lifestyle/living choice</li> <li>Entertainment location</li> <li>Housing options</li> </ul>	<ul style="list-style-type: none"> <li>Entertainment location</li> </ul>	<ul style="list-style-type: none"> <li>Lifestyle/living choice</li> <li>Entertainment location</li> <li>Housing options</li> </ul>

SOURCE: NINIGRET PARTNERS DISCUSSIONS



**DOWNTOWN IS A PRODUCT. TO COMPETE, THE QUALITY OF THE PLACE MATTERS**

## **BUILD THE TALENT POOL TO SUPPORT THE EMERGING TECH ENTREPRENEURS AND THE REGION'S INNOVATION AND CREATIVELY DRIVEN FIRMS**

The region produces a large number of graduates in a number of technical and design fields. Retention of this talent is vital for the long-term viability of the region's innovation and creative driven businesses.

- > Expand active engagement programs with universities, including a range of internships and co-ops programs to increase their access to entry level jobs and support their retention in Grand Rapids.
- > The Mayor in 2014 solicited input from GVSU students to gain insights and develop potential strategies for attracting and retaining college graduates. A recurring theme throughout the document was the perception of a lack of internship and other career entry models. Outreach efforts conducted by the GR Forward team found echoed the findings of this report and suggest that a conversation between local companies and universities needs to occur to help remedy this apparent gap and create a talent pipeline from local universities and colleges that support local businesses.
- > Ensure pathways exist so that Grand Rapids residents can develop and maintain the needed skills to have access to jobs in the City's growing technology sector.

*“ We have 35,000 money-infused college students and no plan for creating Downtown housing, transit, retail, entertainment to capture them ”* - Open house participant

- > Support micro-enterprise opportunities and entrepreneurial activity by establishing partnerships with local incubators and start-up funds.
- > The educational system will be the primary pathway through which existing Grand Rapids residents will access new employment opportunities. Ensuring that the appropriate programs and teaching tools are available is vital to create an opportunity for everyone in Grand Rapids to participate in the emerging economy. Fortunately, Grand Rapids has a strong foundation to help local residents gain access to new and existing jobs both in Downtown and the region. The multiple universities and colleges provide varied programs and skills training in many of the region's industries. In addition, the Grand Rapids Public Schools Centers of Innovation is taking a bold step in preparing youth for employment in a range of fields from design and construction to health sciences. The opportunity exists to ensure that these and other resources are connected and provide a pipeline of education, skills training and, ultimately, employment for Grand Rapidsians. Given the role talent will play in creating the economy of the future, GR Forward recommends evaluating the following items:

- The current biotechnology curriculum and teaching tools at the Innovation Center and the opportunities to link this resource with Grand Rapids Community College and other local universities.
- Coding and computer science curriculum within the school system and with underserved populations [such as the Girls Who Code camps held in Grand Rapids in 2014].
- Access to appropriate professional education programs and credential building such as certificates for tech professionals to help them maintain their skill and knowledge level.

#### FLORIDA'S HIGH SCHOOL INDUSTRIAL BIOTECHNOLOGY PROGRAM

[www.biotility.research.ufl.edu/academic-programs-in-biotechnology/high-school-industrial-biotechnology-program.html](http://www.biotility.research.ufl.edu/academic-programs-in-biotechnology/high-school-industrial-biotechnology-program.html)

“In response to Florida's biotechnology industry transitioning from primarily research and development to high growth manufacturing, initiatives have been implemented to expand the state's biotechnology workforce capacity. Florida's secondary Industrial Biotechnology program was developed to create a pipeline of employees with skills and competencies leading to multiple career paths in the industry. Through NSF funding to the University of Florida's Center of Excellence for Regenerative Health Biotechnology a three-course framework for the program was created.”

## LEVERAGE/EXPAND PROGRAMS TO ADDRESS TRAILING SPOUSES TO ENHANCE RECRUITMENT FOR SMALL BUSINESS

- > Tailor a trailing spouse “product” for small businesses & start ups

The trailing spouse issue was identified as a substantial problem for the recruitment of certain types of technical and creative professionals. Trailing spouse programs like Hello West Michigan exist for the region and work with businesses of all sizes. Hello West Michigan has made a consistent effort to expand their services and support smaller businesses. Linking trailing spouses to smaller firms as well as providing support to smaller firms in their recruitment needs is an important component of an overall talent attraction strategy.



### 4.3 CREATE AND PRESERVE SPACE FOR JOB CREATION AND ECONOMIC GROWTH

There are two critical dimensions to examine when looking at the future demand for space: establishment creation and employment growth. Net establishment change provides an indication of potential new leases. Employment growth provides a sense of the relative size of facilities that might be needed.

Downtown Grand Rapids does not appear to be grabbing its fair share of new professional and technical businesses. Downtown Grand Rapids saw a net loss of 9 businesses within this industry based on CBP data between 2007 and 2012 [last year available]. By comparison, the Metro area saw an increase of 364 professional/technical employment businesses. Additionally, according to CBP data, law firms located Downtown shrank, but Downtown remains home to 13 of the top 20 law firms in terms of lawyer counts in the region based on Grand Rapids Business Journal Book of Lists data.

However, Downtown Grand Rapids has demonstrated an attractiveness for certain sub-segments of professional/technical employment. For example, Downtown is home to 23% of the region’s marketing and advertising businesses, but 44% of new advertising and marketing businesses created between 2007 and 2012 located in the Downtown area. Moreover, 9 of the top 15 advertising agencies [GRBJ Book of Lists capitalized billings] in the Metro region are

located Downtown, along with 50% of standalone research and development organizations. Based on these trends, it is clear Downtown has established itself as the location for creative and scientific endeavors in metro Grand Rapids.

Looking forward, an area of potential demand for Downtown space is the entrepreneurial development activity occurring in the City. Using data obtained from StartGarden and GR Current two dimensions for potential demand were explored: type of industry and associated building typology.

Based on the data, 32 businesses were identified. 15 businesses are associated with software development, 10 are medical device ventures, 9 are service businesses and 2 are involved in consumer products.

*“Have a plan for what people are looking for in Downtown and find a way to actively fill those needs. Have a resource for businesses to locate/relocate - including start up and local companies. Keep the local economy growing.”*  
- Public forum comment

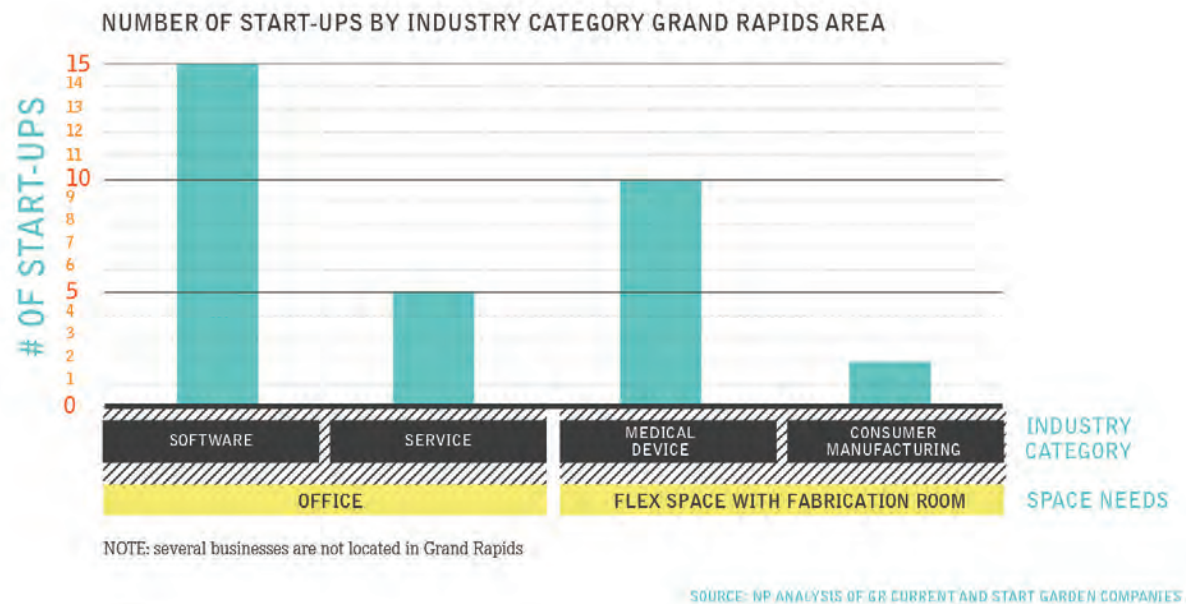
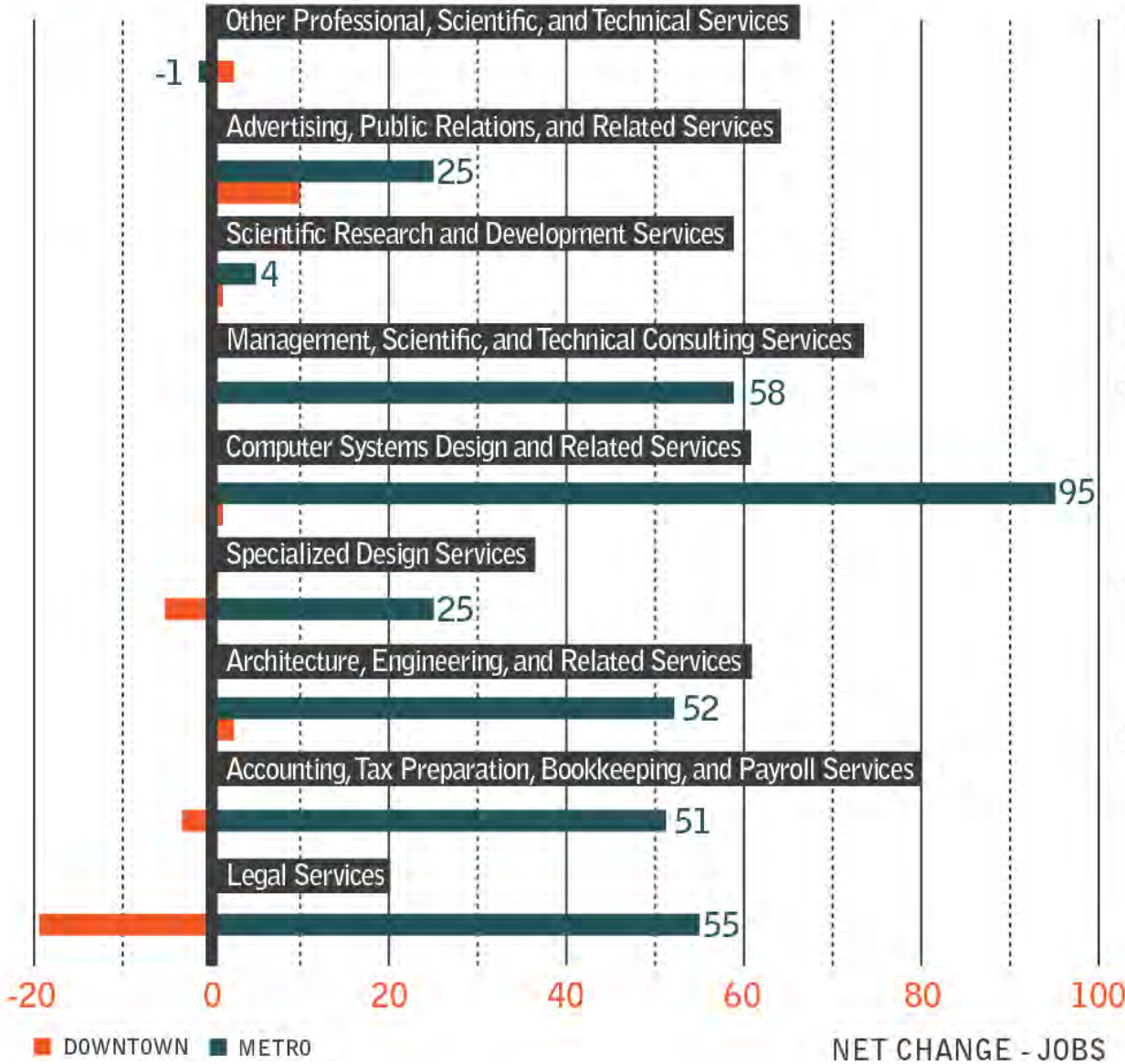


FIG 4.7: Grand Rapids innovation economy: number of start-ups by industry category in the Grand Rapids area



FIG 4.8: Professional technical net establishment change: Downtown vs. the Metro: 2012

DOWNTOWN VS. METRO - 2012



**Downtown does not appear to be grabbing its fair share of the Professional and Technical employment**

HOWEVER:

- >> 44% of new advertising and marketing related businesses in Grand Rapids metro are located downtown
- >> 50% of the standalone research and development activities are downtown
- >> 30% of the new establishments across the metro area with 5-9 employees are located downtown compared to 19% regardless of age

In terms of space requirements, depending on the business model such as outsourcing manufacturing, 24 businesses will require office-type space as their primary facility typology. 12 businesses will require flex space to serve as distribution and fabrication/prototyping space as well as research space. The medical device companies could need space that requires a clean room. Based on interviews and analysis, it appears there is limited space appropriate for medical device/ biotech companies. With regards to the space that is available, lease rates approach \$60/sqft - a rate typically found in much larger and established markets like Boston, MA. It may be that meeting the space needs of these types of companies through their lifecycle particularly once companies grow may be difficult to accomplish within Downtown. If that turns out to be the case, a continued emphasis on entrepreneurial development is critical to provide the tenant pipeline to fill any available spaces that may be created.

Another challenge for the Downtown office environment is that large businesses with high propensity for office uses [professional technical employment, finance and insurance, information services, management offices] tend to be located outside of the Downtown area. An analysis of County Business Patterns [CBP] data found that Downtown Grand Rapids is home to a larger percentage [46%] of midsize firms [those with employee counts between 5 to 250 employees] than Metro Grand Rapids [37%]. Moreover, nearly 20% of the employees working in downtown firms are in firms with between 5-9 employees. Downtown Grand Rapids has

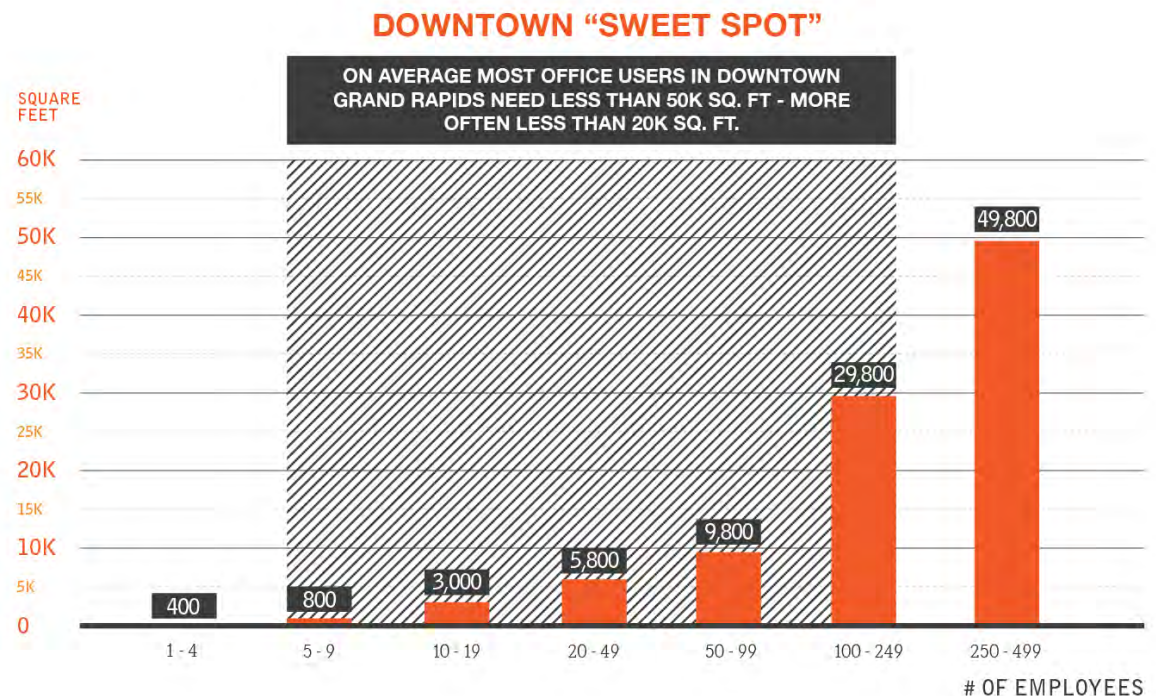
a much higher concentration of these smaller firms [21%] than the metro as a whole [16%]. As firms get larger the difference between Downtown Grand Rapids and the metro area shrinks to essentially parity.

With all of these factors at play, a series of space-based initiatives are suggested to protect the economic future of Grand Rapids.



*Innovation economy office space is often open, flexible and inexpensive for start-up companies.*

**FIG 4.9:** Average establishment space needs [sq. ft.] by number of employees  
Source: Ninigret Partners analysis based on employment size



## PRESERVE OPPORTUNITIES FOR INEXPENSIVE, FLEXIBLE WORK SPACE CLOSE TO DOWNTOWN

The growth in the maker community as well as an active start-up community requires taking action to preserve inexpensive workspace. Aside from co-working and smaller flexible/shared workspaces, commercial space in the immediate Downtown area is largely cost prohibitive to fledgling businesses. A number of existing former warehouses and multi-level factory buildings have been converted to housing and office uses rather than new locations for companies contributing to a lack of low cost Class C space in the Downtown. In other urban areas these low cost spaces on the edges of downtown are often where entrepreneurs and creative/innovation-based companies locate to minimize real estate costs, keep overhead low and maximize the use of their startup capital.

Total Class C inventory is less than 1 million square feet with approximately 100,000 square feet available which translates to a vacancy rate of 15 percent. Experience suggests that as markets go below 15% in vacancy levels, particularly in Central Business Districts, they are effectively at capacity. Absorbing the remaining space typically takes place in increments of a few thousand square feet at a time.

To combat this, GR Forward recommends the following actions:

>> **Create an inventory of remaining warehouse and industrial space and landlords in or near Downtown**

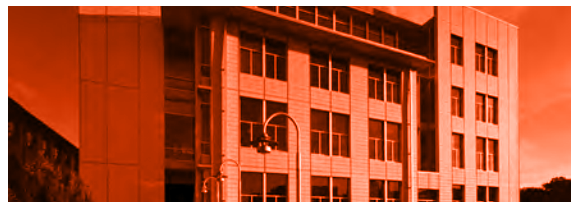
>> **Create a production development and space modernization entity**

The primary focus of most development activity in and near Downtown Grand Rapids has been the creation of commercial, institutional and residential space. Typically flexible industrial space has difficulty making economic sense in urban settings. Simply put, land is expensive and the development of facilities to house small manufacturers and growing companies in need of larger, industrial spaces is not nearly as financially attractive as redeveloping the land for housing or other uses. The private market will not step in to provide the range of buildings necessary to support job growth as there is not financial incentive to do so. Grand Rapids cannot afford to do nothing. A Production Development and Space Modernization Entity would serve to fill the gap that the private market will not fill. As a non-profit, it would have more flexibility in how to finance the development of spaces for work and serve as a strong advocate for local economic growth. As experienced in other cities, a non-profit of this kind creates opportunities

for private sector investment. As such, the entity should be led by both public- and private-sector leaders that have already helped to guide improvements in and around Downtown.

This entity could engage in the following activities focused in the greater Downtown area:

- > Purchase land and buildings to preserve space for potential fabrication and production uses;
- > Develop and redevelop property to create contemporary flex space that can accommodate a range of firms in the technology, life sciences and consumer products industry. This could be done with the entity as a master developer and using a fee-based developer to execute the project;
- > Provide low-cost loans for basic upgrades [repowering, etc.] to modernize older industrial spaces with specific emphasis on owner occupied structures so their capital capacity can be used to reinvest in their businesses rather than upgrade their buildings to support their businesses.



**REGIONAL DEVELOPMENT CORPORATION  
OF SOUTHWESTERN PA**

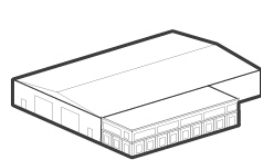
[www.ridc.org/properties/](http://www.ridc.org/properties/)



**GREENPOINT MANUFACTURING &  
DESIGN CENTER**

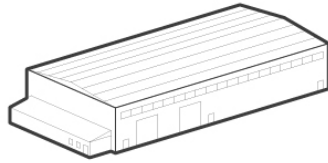
[www.gmdconline.org/about-us](http://www.gmdconline.org/about-us)

**FIG 4.10:** Real estate typologies to accommodate potential Downtown businesses



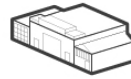
**RESEARCH /  
FABRICATION  
FACILITY**

Pre-clinical R&D,  
prototyping, test  
kitchens, light industrial



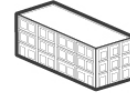
**HIGH BAY  
FLEX SPACE**

Research &  
Development (e.g., clean  
room, air handling  
requirements), Logistics,  
Fabrication,



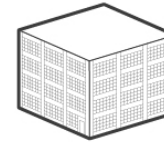
**READY-TO-GO  
SPACE**

Entrepreneurial -  
Industrial service  
businesses



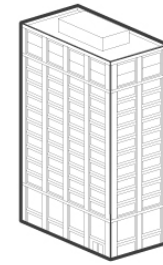
**MIXED-USE /  
GROUND FLOOR  
COMMERCIAL**

Small-scale retailers/  
office users



**MAKER SPACE**

Small batch production  
/ co-working space



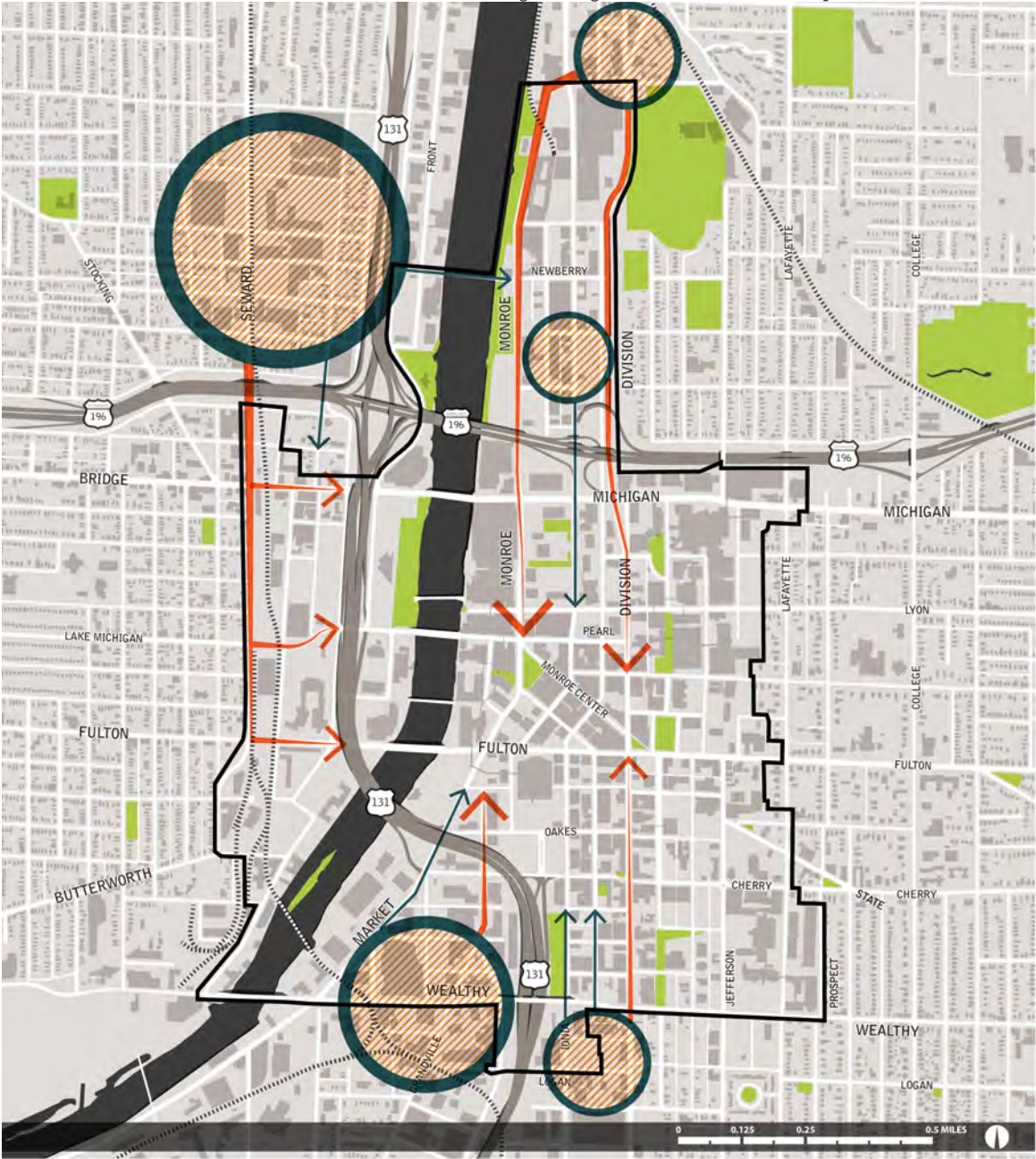
**SOFTWARE /  
PROGRAMMING  
SPACE**

Preclinical lab space,  
"bench research" /  
co-working space




*There are examples of spaces ideally suited to promote job growth in and near Downtown.*

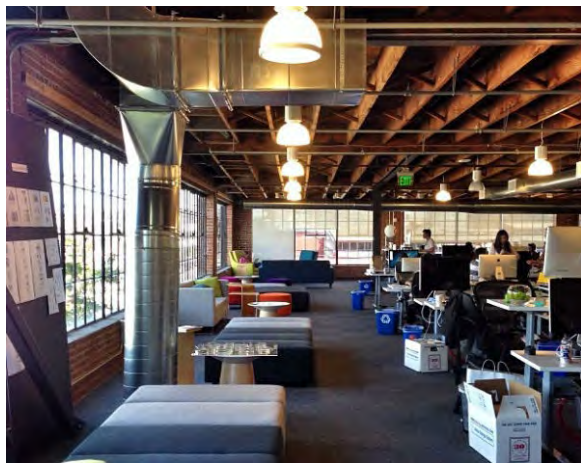


FIG 4.11: Locations in and near Downtown that have existing buildings suitable for flexible workspace



**FLEXIBLE WORK SPACE OPPORTUNITIES**

-  WORK SPACE OPPORTUNITIES
-  MAJOR CONNECTION
-  SECONDARY CONNECTION



**>> Consider zoning regulations and expansion of financial tools to include Westside riverfront production space**

Within relatively close proximity to the Downtown core, there remain buildings that meet the needs of Grand Rapids creative and entrepreneurial businesses. These areas, highlighted in Fig 4.7, will need special provision in the zoning ordinance to support light industrial uses such as creative production and artisanal manufacturing that would be compatible with the character of surrounding uses and neighborhoods. Artisanal manufacturing typically includes uses such as craftsman studios related to various artistic production but also specialty and small-scale production facilities. This could include anything from printing to furniture manufacturing to catering.

At this time, the “Assembly, Manufacturing, or Production of food, textile products, technology, wood products, furniture and fixtures, paper, clay, glass or fabricated metal” are not allowed in City Center and identified in the Transitional City Center zone as a special land use. Given that there are sites and buildings in Monroe North, south of US 131 around Wealthy Street and along the River on the Westside that would be suitable locations for jobs producing activities, the City should consider changing the use codes in both zones to allow some of these activities as a permitted use. Industry today is vastly different than even a few years ago and these types of activities are often good neighbors to other uses. The idea is make it clear that

*Examples of former industrial space repurposed for flexible work space. Clockwise from the top: Philadelphia, Atlanta, Philadelphia & Portland.*

these uses are welcome and a part of the City's strategy to promote job growth. In making this change, two important caveats are necessary:

- > New assembly, manufacturing or production facilities in the City Center or Transitional City Center zones must meet specific performance measures with respect to noise, odor, waste and parking [loading]. It is suggested that a separate category of uses be created that includes artisanal manufacturing and very low impact industrial uses. Larger developments [potentially over 20,000 square feet] could be considered a special land use to ensure that the development does not negatively impact neighboring uses.
- > To preserve space for startups and creative businesses, the City should limit the number of loading bays in order to discourage businesses in the transportation/distribution/logistics sectors from locating in these areas, as there is no benefit to locating these types of uses in a higher value innovation district and excessive



Prototyping, pre-clinical research and small scale production [including food products] need dedicated spaces like clean rooms and suitable production facilities close to Downtown. This requires proactive planning and financial assistance.

truck traffic could be a nuisance to nearby residential zones.

- > Parcels used for these activities located along the Grand River must provide riverfront access where continuous riverfront trails and open space networks are proposed.

### >> Work with institutional users and other single-use building owners to identify non-traditional spaces to incubate small businesses in Downtown

There are many large institutions, businesses and property owners Downtown that control a significant amount of space. While the space serves the needs of the institution and/or business in question, there are times when spaces are underutilized. With local partnerships, these often “non-traditional” spaces could be more effectively used to support start-up businesses. The property owner receives the economic benefit of higher utilization of their space but also the social benefit of supporting job creation in Grand Rapids. This action would effectively provide more potential space for businesses in Downtown without the cost of development.



## RECRUIT AN ANCHOR FOR A NEW DOWNTOWN OFFICE BUILDING

Market conditions do not support speculative development. Few large users are already in Downtown and relatively low rents in the Downtown range from \$18 to \$23 per square foot making new office construction virtually impossible without a major credit worthy anchor tenant. The Arena Place development and subsequent tenant movement will create available space opportunities within the Downtown core. However, the conversion of a number of older buildings such as the Waters Building into non-office uses takes office capacity out of the market.

To create new office space, target companies farther out from Downtown that have a substantial design or innovation component that may find recruiting creative-class type workers difficult into far flung suburban locations. A Downtown location may improve their recruiting success particularly if their workers are seeking an urban lifestyle.



**ECONOMIC  
DEVELOPMENT**

**CITY OF HOUSTON PROPERTY TAX  
ABATEMENT**

[www.gmdconline.org/about-us](http://www.gmdconline.org/about-us)

This is an incentive to companies or developers of industrial buildings. For investors contracting the construction of buildings with appraisal values of \$1,000,000 or more and creating 25 or more jobs by Year 3, they are able to obtain reductions of 50% of their ad valorem taxes payable to the city.

## 4.4 BRAND RAPIDS

Because of the population size of the metro area, Grand Rapids may not make a number of economic and workforce oriented “Top Cities List”. It will require an active campaign of engagement to make sure the array and depth of Grand Rapid’s assets are not overlooked in key lists that pertain to areas of interest and emphasis to the City.

For example, Grand Rapids has an outsized design expertise. It becomes even more telling when compared to the country. In July 2014, City Lab published research regarding the US top design cities<sup>1</sup>. The study looked at different design categories for metropolitan areas of more than 1 million people. In the area of commercial and industrial design, Detroit had the highest concentration. The 2nd highest concentration was Cincinnati. Providence RI was 3rd. However, had Grand Rapids been included, Grand Rapids would have been among the top 3 cities in the United States.

<sup>1</sup> <http://www.citylab.com/design/2014/07/american-leading-design-cities/373146/>

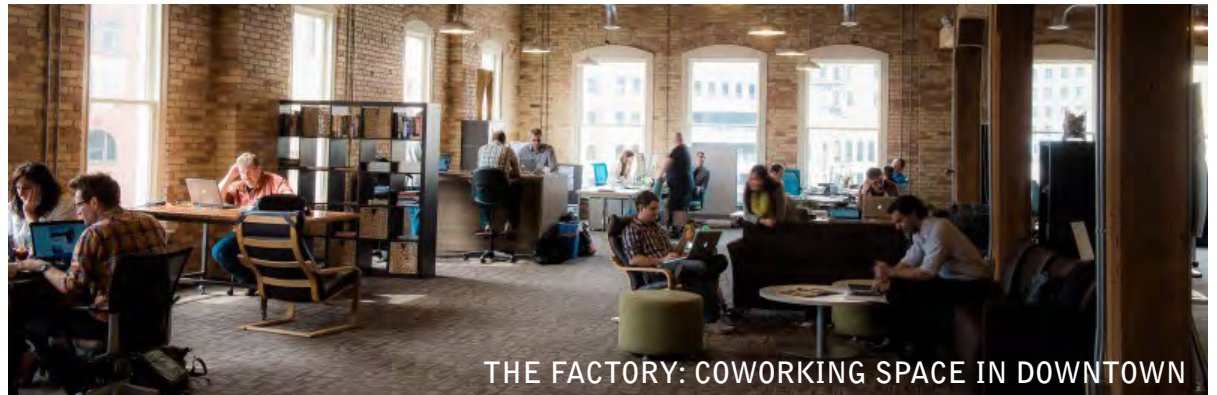
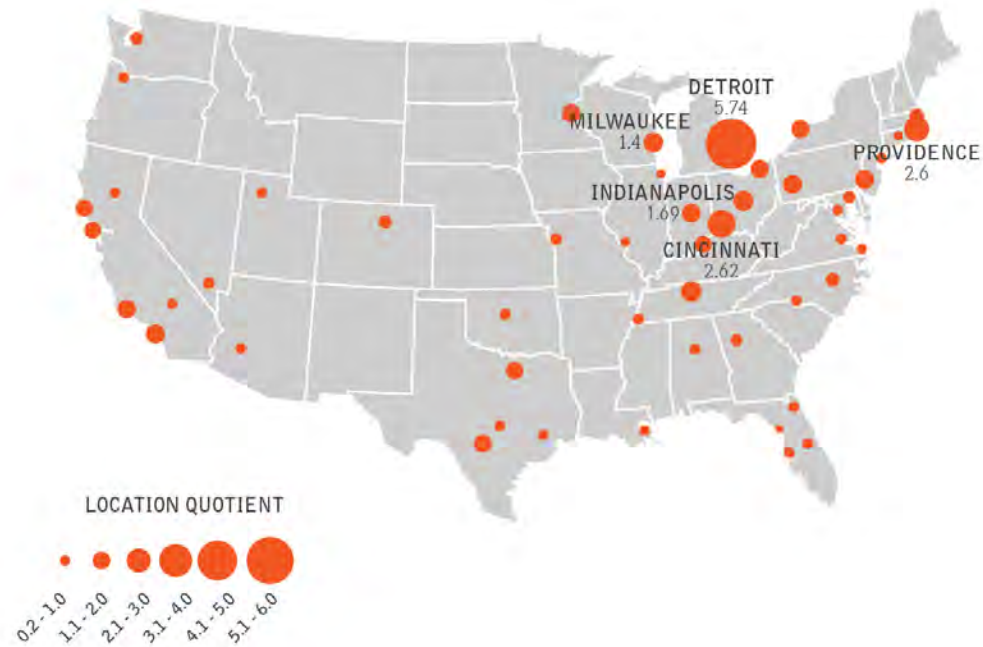
“Grand Rapids has been the biggest secret on the planet... forever”  
- Open house participant

**FIG 4.12:** Location quotient for commercial / industrial designers in the U.S. A location quotient measures how concentrated a particular type of industry is within a region as compared to the nation..

### COMMERCIAL/INDUSTRIAL DESIGNERS

By Metro over 1 Million Persons

SOURCE: Richard Florida, City Lab 2014





## POSITION THE DOWNTOWN AS A STRATEGIC ASSET FOR GREATER GRAND RAPIDS IN THE GLOBAL COMPETITION FOR TALENT AND INNOVATION INVESTMENT

As the region's primary urban lifestyle option and home to an increasing number of scientific, technical & creative resources, Downtown Grand Rapids plays an important role as the premier location of the region's talent and innovation assets. Collaborating with Experience Grand Rapids, The Right Place, Inc., GR Current, and others, the City and DGRI should work towards the following strategies:

- > Undertake direct marketing to strategically chosen "Top American Cities" list

While there has been substantial progress in marketing Grand Rapids to site location specialists and convention/meeting planners, it's important to further reposition and brand Grand Rapids to a wide range of audiences. The accessibility of information today and the ubiquitous Top 10 lists play an important role in shaping people's perception of an area. For talent and potential investors with choices, how the community is presented could be critical in their decision-making process. At the same time active monitoring of key publications and influential blogs should be considered with a response mechanism when oversights by publications such as Top Design Cities occurs.

- > Pursue Enhanced Fiber and Communications Systems

Google Fiber is a high profile example of this type of initiative. It is a new form of economic infrastructure to support entrepreneurial communities involved in digital and big data applications. Reviews of the impact on Kansas City suggest that Google Fiber is making a substantial impact on the local tech community and helped turn Kansas City into a test bed for new ideas enabled by the high speed connectivity. Rocket Fiber is a similar idea being deployed in Detroit. While it lacks the cache of Google Fiber, it has similar capacity and functionality. The City's Department of Technology and Change Management, DGRI and local technology-based businesses should discuss the current infrastructure, coordinate with local utilities and assess opportunities for the development of enhanced communications systems and a 21<sup>st</sup>-century broadband infrastructure to support economic growth.

## CONTINUE TO MARKET AND BRAND GRAND RAPIDS AS A VISITOR DESTINATION IN THE REGION AND BEYOND

Grand Rapids is Western Michigan's "capital" and primary urban center. It provides a true urban environment at a scale that is not overly intimidating. It is a major convention and business meeting location. While the Downtown builds its residential base, the retail and restaurant business will continue to be dependent on a thriving visitor business to enhance the viability of their establishments. Work with local partners to create and market new experiences in Downtown and along the River.



*A key selling point for Grand Rapids is its lifestyle and proximity to Lake Michigan.*



GONUTS  
GRAND RAPIDS, MI

LOCAL  
PRODUCE

LOCAL  
PRODUCE

OH!

## IMPLEMENTATION APPROACH

Creating the active, amenity rich Downtown envisioned by the community will require actions that blend development of a mix of real estate options with a series of initiatives related to talent while reinforcing and enhancing the Grand Rapids brand development work that has been occurring.

These initiatives cross many organizational boundaries and require an increased level of collaboration among a variety of stakeholders. Moreover, these initiatives are not a linear, step by step process. They need to be done in concert with each other to build the critical, diverse mass of people necessary to support that type of Downtown.

The Grand Rapids economy is undergoing a transition that will be increasingly driven by the ability to attract and retain talent - talent that will have choices as to where it will live and work. Grand Rapids needs to ensure that it has put into place the right features, amenities, opportunities, and brand image to get talent to say “Yes, I choose Grand Rapids.”

The following projects are implementation priorities for expanding local job opportunities:

- > Create an inventory of flexible work space and landlords in or near Downtown
- > Initiate discussions on creating a Production Development and Space Modernization Entity
- > Consider zoning regulations and expansion of financial tools to include Westside riverfront production space
- > Begin an active engagement program with college Millennials including a range of internships and co-op programs to increase their access to entry level jobs and support their retention in Grand Rapids
- > Undertake direct marketing to strategically chosen “Top American Cities” list
- > Expand and promote youth workforce and internship programs including the Mayor’s 100 Campaign



## 4 EXPAND JOB OPPORTUNITIES & ENSURE CONTINUED VITALITY OF THE LOCAL ECONOMY

### 4.1 Promote inclusion and equal participation in the local economy

Recommendation	Timeframe	Responsibility / Partners	Source of Funds
<b>Formalize a leadership team among City decision makers and major employers to ensure equal access to opportunities</b>	ongoing	City of Grands Rapids / DGRI/ workforce organizations / GRPS / Hello West Michigan / The Source / local businesses	City of Grands Rapids / DGRI / workforce development organizations

#### *Initial Action Steps -*

Develop industry partnership programs between employers and workforce representatives with targeted recruitment efforts in Downtown Grand Rapids and neighboring communities

Expand and promote youth workforce and internship programs including the Mayor's 100 Campaign

Expand entrepreneurship and capacity building programs to support the growth of minority-and women-owned business enterprises in Downtown Grand Rapids

Promote corporate and institutional policies that increase workforce diversity [especially at management levels], and the hiring of ex-offenders

<b>Implement an inclusion module as a part of the business license application process</b>	ongoing	City of Grand Rapids / local businesses	-
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#### *Initial Action Steps -*

Continue to evaluate the potential structure of an inclusion module for business licensure - include area businesses in the process

### 4.2 Attract talent and link job seekers with local opportunities

Recommendation	Timeframe	Responsibility / Partners	Source of Funds
<b>Build the talent pool to support the emerging tech entrepreneurs and the region's innovation and creatively driven firms</b>	ongoing	Local Institutions / City of Grand Rapids / Hello West Michigan / The Source	foundation grants / federal and state job training programs / NSF IGERT with institutions

#### *Initial Action Steps -*

Begin an active engagement program with college Millennials including a range of internships and co-ops programs to increase their access to entry level jobs and support their retention in Grand Rapids

Ensure pathways exist so that Grand Rapids residents can develop and maintain the needed skills to have access to jobs in the City's growing technology sector

<b>Leverage/expand programs to address the trailing spouse issue to enhance recruitment for small business</b>	within 5 years	DGRI / GR Current / Start Garden / Hello West Michigan	DGRI, GR Current, Start Garden, Hello West Michigan
--	----------------	--	---

#### *Initial Action Steps -*

Work with existing groups to include start ups and small businesses in potential employment pool

#### 4.3 Create and preserve space for job creation and economic growth

Recommendation	Timeframe	Responsibility / Partners	Source of Funds
<b>Preserve opportunities for inexpensive, flexible work space close to Downtown</b>	within 1 year	DGRI / Smart Zone / City of Grand Rapids / Economic development organizations	DGRI / City of Grand Rapids / foundation support

##### *Initial Action Steps -*

Create an inventory of flexible work space and landlords in or near the Downtown, including institutional space

Initiate discussions on creating a Production Development and Space Modernization Entity

Consider zoning regulations and expansion of financial tools to include Westside riverfront production space

<b>Recruit an anchor for a new Downtown office building</b>	within 5 years	DGRI / City of Grand Rapids / Economic development organizations	DGRI / City of Grand Rapids
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##### *Initial Action Steps -*

Target companies farther out from Downtown that have a substantial design or innovation component that may find recruiting creative class type workers difficult into far flung suburban locations

#### 4.4 BRAND Rapids

Recommendation	Timeframe	Responsibility / Partners	Source of Funds
<b>Position the Downtown as a Strategic Asset for Greater Grand Rapids in the Global Competition for Talent and Innovation Investment</b>	1st year	DGRI / Right Place / Tourism & Convention Bureau / City of Grand Rapids / GR Current	institutions / landlords / DGRI & GR Current / coworking spaces & incubators / consortium funded pool

##### *Initial Action Steps -*

Undertake direct marketing to strategically chosen “Top American Cities” list

Evaluate the current fiber infrastructure Downtown, coordinate with local utilities and assess opportunities for the development of Fiber to support the growth of start-up businesses

<b>Market and brand Grand Rapids as a visitor destination in the region and beyond</b>	1st year	DGRI / Tourism & Convention Bureau / Hospitality industry	consortium funded pool
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##### *Initial Action Steps -*

Coordinate and enhance with activities in 5.1

