

OBJECTIVE 1 DEEP DIVE: PROPEL INCLUSIVE ECONOMIC GROWTH & INNOVATION

Increasing quality jobs occurs primarily through the retention and growth of existing businesses, secondarily through entrepreneurship, and finally through business attraction. Traded sector clusters are the drivers of economic growth, maximizing quality job creation and bringing dollars in from outside of the region. As such, identifying and analyzing traded sector clusters enables targeting the most promising ones and designing initiatives to deliberately strengthen them by addressing cluster-specific challenges and seizing opportunities. **The actions in this objective focus on inclusive economic growth through competitive industries with the outcomes of creating quality jobs and increasing gross regional product.** It is primarily through these competitive industries that Portland can grow quality employment opportunities for Portlanders.

Clusters are industry-based concentrations of firms and related economic actors and institutions that, because of their proximity and close interactions, experience greater efficiency and productivity.

Portland has many promising traded sector industry clusters, including Green Cities, Athletic & Outdoor, Metals & Machinery, and Food & Beverage Manufacturing. It also has cross-cutting functional clusters around headquarters, software and professional services that intersect with and support these key clusters. Together, these clusters offer major growth opportunities - some in established, growing industries (e.g., Athletic & Outdoor, Software), some more emergent (e.g., Green Cities innovations around grid modernization), and others in legacy industries with a strong employment base and lower barrier to entry positions (e.g. Metals & Machinery).

Innovation is a key driver of wealth creation and economic growth. Increased investment in research and development, particularly when focused on local strengths and priority industry clusters, can lead to innovation and accelerate growth. Capitalizing on cluster growth opportunities—and particularly pivoting toward growth that incents and supports inclusive and sustainable companies, industries, and growth—must be private sector-informed and led.

This approach requires engagement of higher education, both private and public capital providers, supportive public policy, and organizations focused on supporting impactful interventions - creating an ecosystem and networks that host and support a diversity of businesses, entrepreneurs, input and actions. Greater private sector engagement and collaboration across sectors, within and across clusters, on talent, innovation, infrastructure, market development and related issues alongside opportunities can translate these growth opportunities into long-term prosperity for Portland.

The five priority industry clusters – **Athletic and Outdoor, Green Cities, Food & Beverage Manufacturing, Metals & Machinery, and Software** – demonstrate economic strength and competitiveness in Portland and future growth potential, offer quality employment opportunities, and can be leveraged to achieve equity, inclusion, and climate action goals. Organization, leadership, and opportunities for strategic interventions were also analyzed when identifying existing industry-specific opportunities and contribution to a strong ecosystem for growth in each industry.

OVERVIEW: Competitive industry clusters

Cluster & Job Quality	Inclusion Opportunities	Innovation & Growth	Key Opportunities
<p>Green Cities & Clean Tech</p> <p>Workers in clean energy earn higher wages than other industries by 8% to 19%.</p>	<p>With 67% of jobs requiring an associate’s degree or less, there are relatively low barriers to entry with lower educational requirements (but greater science/ technical skills) than other industries. A significant portion of jobs within the clean economy is in manufacturing.</p> <p>Opportunity to create and sustain pathways between skill-adjacent “brown” and green jobs to support workers in industries with potentially declining job prospects. And develop new education and training pipelines designed to fill apparent gaps and prepare the region’s workforce for new and greener economic activity.</p>	<p>Portland’s legacy “green” services strengths can be leveraged to make Portland the place where new green products are invented and commercialized, ranging from low-carbon infrastructure and materials to products to support the smart grid and EVs, to products created from recyclables and waste, to sustainable food product R&D.</p>	<p>The region’s strong software workforce has the potential to be deployed to support innovation within these emerging industries. Expanded climate policies and regulations, significant federal funding (e.g., Inflation Reduction Act; Bipartisan Infrastructure Law), rapid technological advancements and fast-changing societal attitudes are all driving growth across many sectors of the clean economy.</p>
<p>Athletic & Outdoor</p> <p>The Portland MSA has much higher wages than the US average for A&O.</p>	<p>The region has lower BIPOC employment (30%) than nationally (41%).</p> <p>Opportunities exist to expand on-the-job training and certification programs in partnership with higher education partners.</p> <p>There are also opportunities to further accelerate growth for entrepreneurs in this sector, particularly with BIPOC entrepreneurs.</p>	<p>The A&O cluster in Portland is anchored by major corporations, which drive its growth. This cluster is fueled by constant innovation and evolution, entrepreneurship, and legendary rivalries, balanced with personal cooperation. Particularly within Multnomah County, many small entrepreneurial firms have been growing, significantly increasing employment and LQ over the last 10 years.</p>	<p>The Portland MSA has the highest concentration of apparel & outdoor employees in the country, largely focused on design and innovation. Opportunities for growth in this cluster include upcycling, recommerce, and the digitization of new technologies. The Athletic & Outdoor cluster can align to climate action goals through these trends in upcycling and recommerce, reducing the carbon footprint of goods produced and making Portland a leader in this space.</p>
<p>Food & Beverage Manufacturing</p> <p>Wages offer a good opportunity for populations with less education, and less experience.</p>	<p>The food and beverage manufacturing cluster employment grew by 23% from 2010-2020. The cluster demonstrates strong inclusive growth potential, with lower education requirements and a more diverse workforce than the U.S. cluster overall. 77% of jobs are accessible with up to an associate’s degree.</p>	<p>Consumer demand for plant-based and locally sourced ingredients are creating new business and innovation opportunities. The region has a rich history of entrepreneurship in craft products, positioning it as a fertile hub for producers looking to test their recipes in a receptive market. With food and beverage already a cluster that offers lower barriers to entry than other industries, the opportunities to create BIPOC wealth via business ownership and growth are strong.</p>	<p>There is still much room for innovation in food and beverage products as well as processing technology and equipment. This industry tends to lag others in incorporating more advanced and automated manufacturing options, but certain trends, like labor pressures, are prompting companies to be more aggressive in their efforts to become more competitive in their processes and innovate.</p>
<p>Software</p> <p>Provides the highest average wage compared to the other</p>	<p>This cluster has a distinct lack of diverse talent attraction and retention, providing an opportunity to improve diverse hiring.</p> <p>The presence of a strong industry-specific organization, Technology Association of</p>	<p>The Portland market outpaced the national growth rate of 65% from 2010-2020, with Multnomah County employment increasing 117% in that time, and the number of establishments more than doubling. A focus on entrepreneurial activity to support and foster innovation in this sector will have positive long-term impact on the diversity of</p>	<p>The cluster crosscuts and is integrated within the other priority clusters, including supporting Metals & Machinery, Athletic & Outdoor, Green Cities and Food & Beverage. As the use of technology solutions continues to increase exponentially, this trend will increase. There may be opportunity to deploy an already-strong software workforce to serve other and</p>

<p>priority clusters.</p>	<p>Oregon (TAO), creates local organizational capacity to embed private sector partnership in strategic interventions.</p>	<p>the industry as firms with BIPOC and/or female founders and leaders often have a more diverse employee base.</p>	<p>emerging markets as they digitize. This will likely require industry-specific training programs.</p>
<p>Metals & Machinery</p> <p>Salaries are on par with the national average (\$73k), and pay will likely increase with digitization and innovation, and offer relatively low barrier to entry.</p>	<p>This cluster has typically had strong on-the-job training and opportunities to move up within companies with the addition of new skills (e.g. from welding to repair for barges). Occupations in this cluster have relatively low barriers to entry (75% of employees in this cluster in Multnomah County do not have a BA) while offering quality job opportunities.</p> <p>Skills-based training will continue to be important and presents opportunities to upskill Portland’s BIPOC and female workforce to enter this sector.</p>	<p>Employs more than 10,000 people in Multnomah County and the direct economic impact in 2021 exceeded \$7 billion. The cluster’s relative stability and substantial share of the economy is due to the region’s established metals manufacturing strengths. Metals & Machinery supports the highest volume of exports of any of the priority clusters.</p> <p>The industry has the highest multiplier effect of any economic sector: for every \$1 spent in manufacturing, another \$2.74 is added to the economy. (Source link)</p>	<p>There is a strong base of metals fabricators in Portland with opportunities to scale production of clean economy products ranging from Cross-Laminated Timber241 to EV components). There are also opportunities for Metals and Machinery companies to upskill their workforce and retool, both for process improvements and to reach climate goals.</p>