

A photograph of the El Paso city skyline at night, featuring numerous illuminated buildings and streets. In the foreground on the left, the dark silhouette of a palm tree is visible. The background shows the urban landscape stretching towards the horizon under a clear sky.

# El Paso

The Sun City

Economic Assessment  
October 14, 2019

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Tahar Hichri, Brandon Podojil

# Agenda

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## Review

- Benchmark Regions
- Demographic Assessment
- Presentation Overview



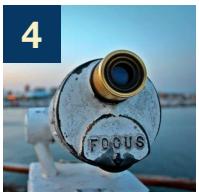
## City Macroeconomics

- GRP per Capita
- Labor Force Participation
- Unemployment Rate
- Patent Filings
- Traded/Local Sectors



## Cluster Analysis

- Occupation Analysis
- Firm Analysis



## Approach 1:

*Focus on Strengths*

- University R&D
- Domestic Infrastructure
- International Infrastructure
- Air Infrastructure
- Defense Sector
- Aerospace Sector



## Approach 2:

*Grow the Creative Economy*

- Healthcare Sector
- Education Sector
- Arts Sector



## Approach 3:

*Create Opportunity for All*

- Transportation Sector
- Review of Opportunities

# Review: Benchmark Regions



## Benchmark Selection Criteria

	Tucson	San Diego	McAllen	Buffalo	Laredo	Odessa
Population	X			X	X	
Region	X	X	X		X	
Bi-National	X	X	X	X	X	
Anchors	X	X	X	X		
Military	X	X				
Mining						X
Total	5	4	4	3	2	1

### Key Takeaway:

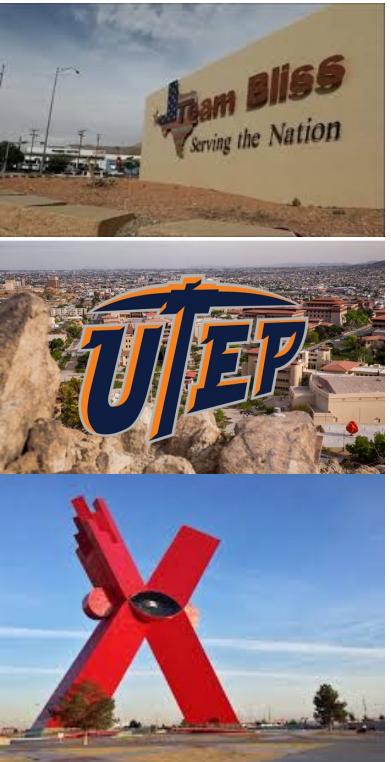
- Each criteria is weighted equally in our analysis
- Three groups of regions are assessed
  - Mexican Border Regions: Tucson, San Diego, McAllen, and Laredo
  - Canadian Border Region: Buffalo
  - Mining/Fossil Fuels Economy: Odessa

Source: Desktop Research

# Demographics Review

<u>Strengths</u>	<u>Weaknesses</u>
➤ El Paso has a relatively young population that is better educated than similar peers	➤ Human capital challenges <ul style="list-style-type: none"><li>○ Decreased educational enrollment</li><li>○ Persistent poverty</li></ul>
<u>Opportunities</u>	<u>Threats</u>
➤ High proportion of population has at least Associates Degree or some college	➤ Potential for exclusive growth <ul style="list-style-type: none"><li>○ Inaccessible Housing</li><li>○ Educational inequality<ul style="list-style-type: none"><li>■ High % college</li><li>■ High % no HS</li></ul></li></ul>

# Economic Analysis Overview



## Strengths

- El Paso boasts a robust local economy which can serve as a base for further growth.
- El Paso is well located to play a critical role in the transportation sector.

## Opportunities

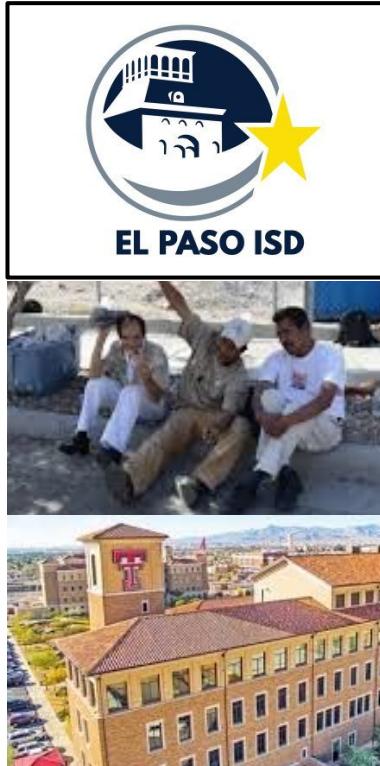
- El Paso is nationally competitive in two sectors:
  - Apparel
  - Transportation
- El Paso has the potential for growth in the aerospace industry.

## Weaknesses

- El Paso's growth and innovation measures lag behind US average and aspirational benchmarks.

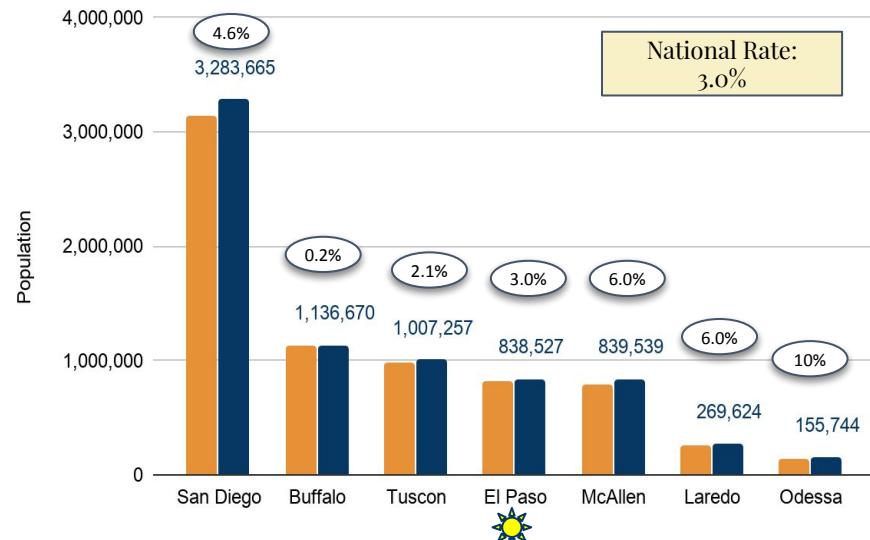
## Threats

- Engineering and Life Science occupations are not competitive. El Paso must address this fact as it grows its healthcare and education sectors.



# El Paso's population growth reflects the US, productivity growth lags behind.

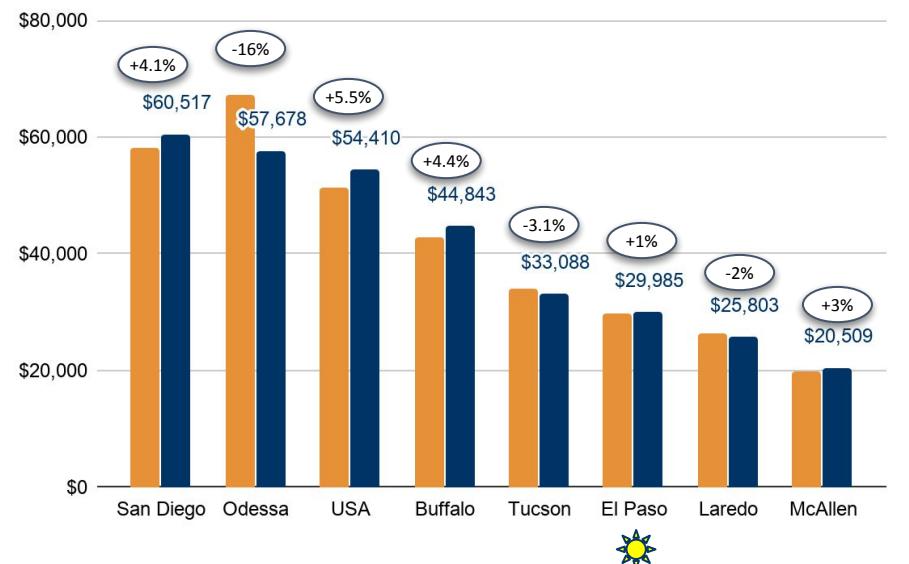
## Total Population



X% : Change in %

Source: U.S. Census Bureau; American Community Survey Demographic and Housing Estimates, 2013-2017 American Community Survey 5-Year Estimates, Table DP05; generated by Ellie Ezzell; using American FactFinder; <<http://factfinder2.census.gov>>; (26 September 2019).

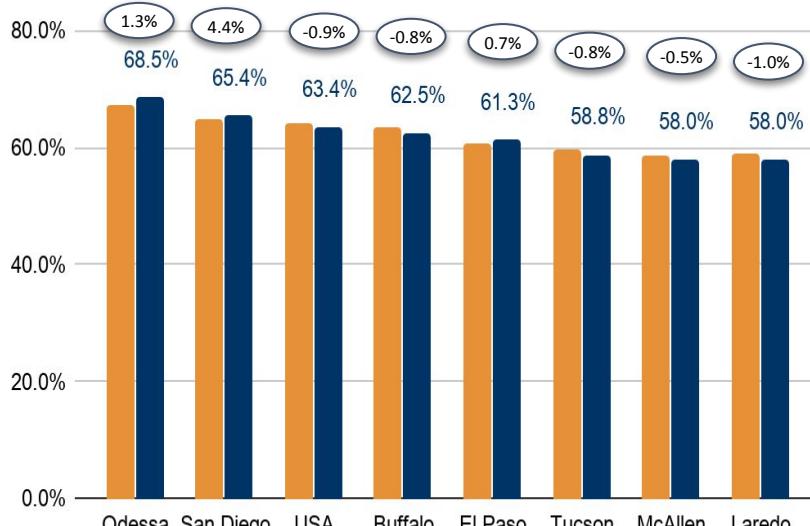
## GRP per Capita (2009 Chained \$)



Source: Bureau of Economic Analysis; Gross Domestic Product by Metropolitan Area; generated by Tahar Hichri; using the interactive Data tool of the BEA; <<https://www.bea.gov/data/gdp/gdp-metropolitan-area>>; (10 October 2019).

# El Paso's employment growth slower than US, same pattern for Hispanic El Pasoans.

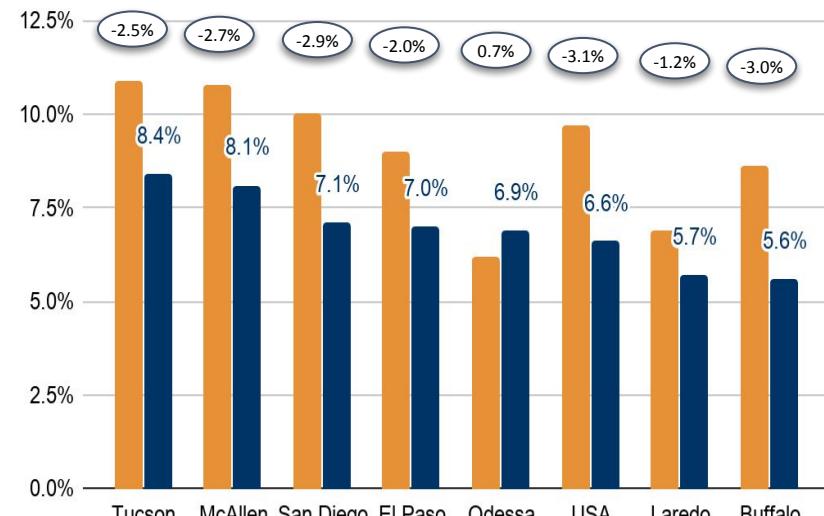
## Labor Force Participation, %



x% : Change in %

**Source:** U.S. Census Bureau; EMPLOYMENT STATUS 2013-2017 American Community Survey 5-Year Estimates, generated by Tahar Hichri; using American FactFinder; <<http://factfinder2.census.gov>>; (10 October 2019).

## Unemployment Rate, %

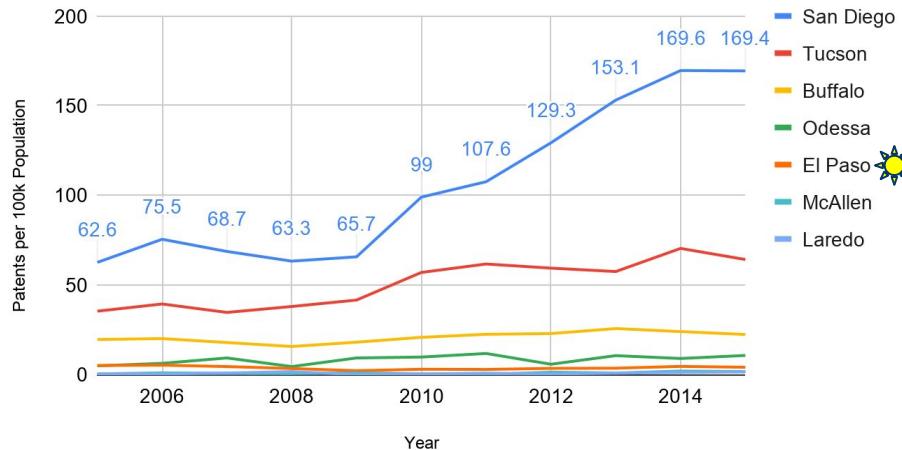


**Source:** U.S. Census Bureau; EMPLOYMENT STATUS 2013-2017 American Community Survey 5-Year Estimates, generated by Tahar Hichri; using American FactFinder; <<http://factfinder2.census.gov>>; (10 October 2019).

# Innovation dropped during recession, lags behind aspirational benchmark regions.

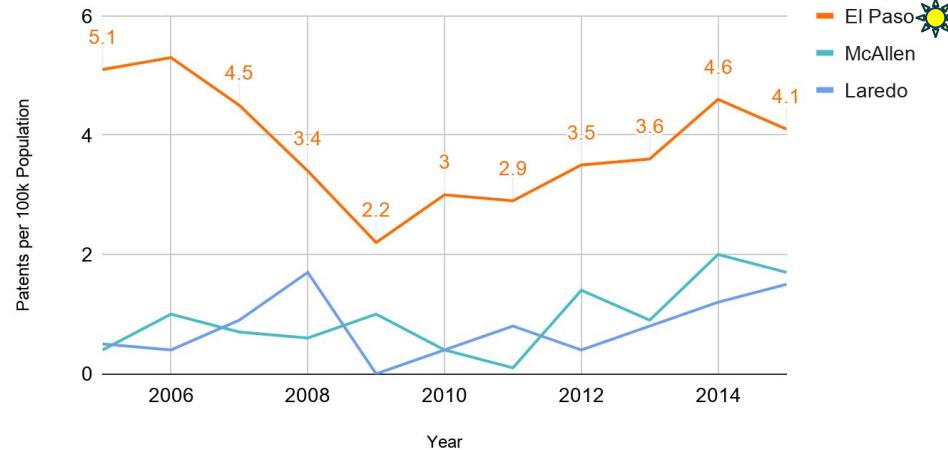
## Patent Filings per 100k Population

All Benchmark Regions



## Patent Filings per 100k Population

San Diego, Tucson, Buffalo, and Odessa omitted



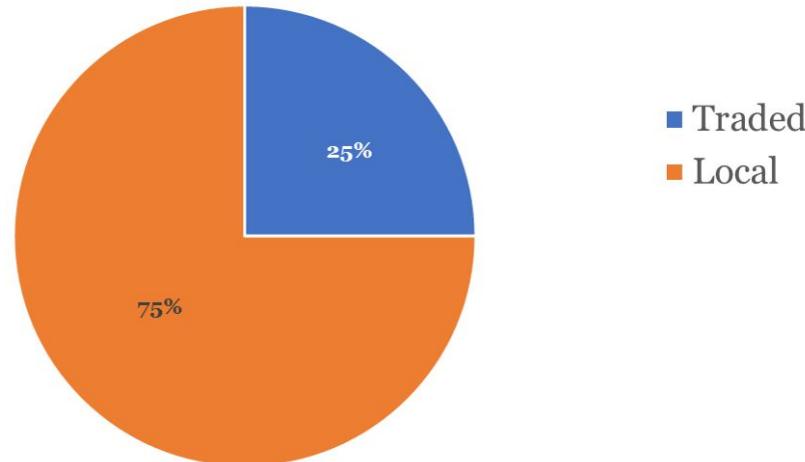
Source: "Patenting Activity, By U.S. Metropolitan/Micropolitan Area, and County."

Accessed October 14, 2019.

[https://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports\\_cbsa.htm](https://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports_cbsa.htm).

# El Paso's Traded/Local split suggests strategies to promote the traded economy.

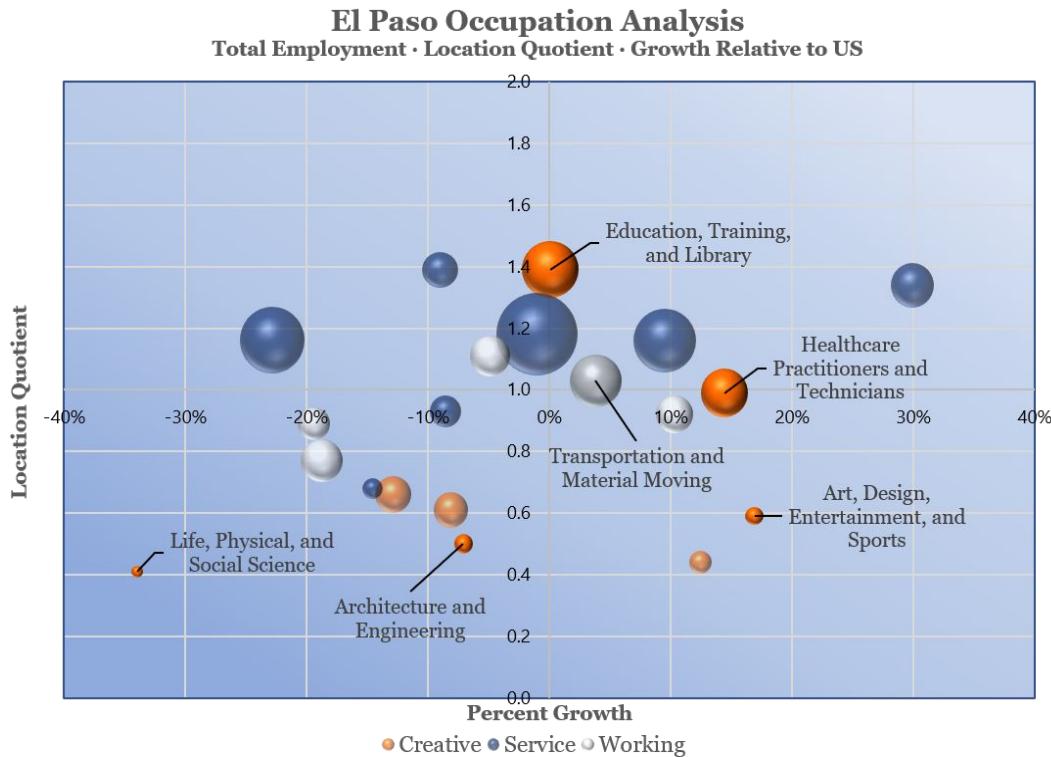
## Traded vs Local Economic Clusters



➤Target split:  
○70% Local  
○30% Traded

Source: "El Paso, TX Metropolitan Area | U.S. Cluster Mapping." Accessed October 14, 2019. [http://www.clustermapping.us/region/msa/el\\_paso\\_tx](http://www.clustermapping.us/region/msa/el_paso_tx).

# El Paso's occupational strengths suggest three main approaches to creating an economic development strategy.



## Key Takeaways:

### Three Approaches:

#### ➤ Focus on Strengths

- Our assessment suggests that Life Science and Engineering are one of El Paso's least advantageous sectors.
- Smart investment in these fields is essential to growing El Paso's nascent healthcare and education sectors.
- El Paso can leverage its unique transportation, geographic, and anchor assets to maximize its growth potential.

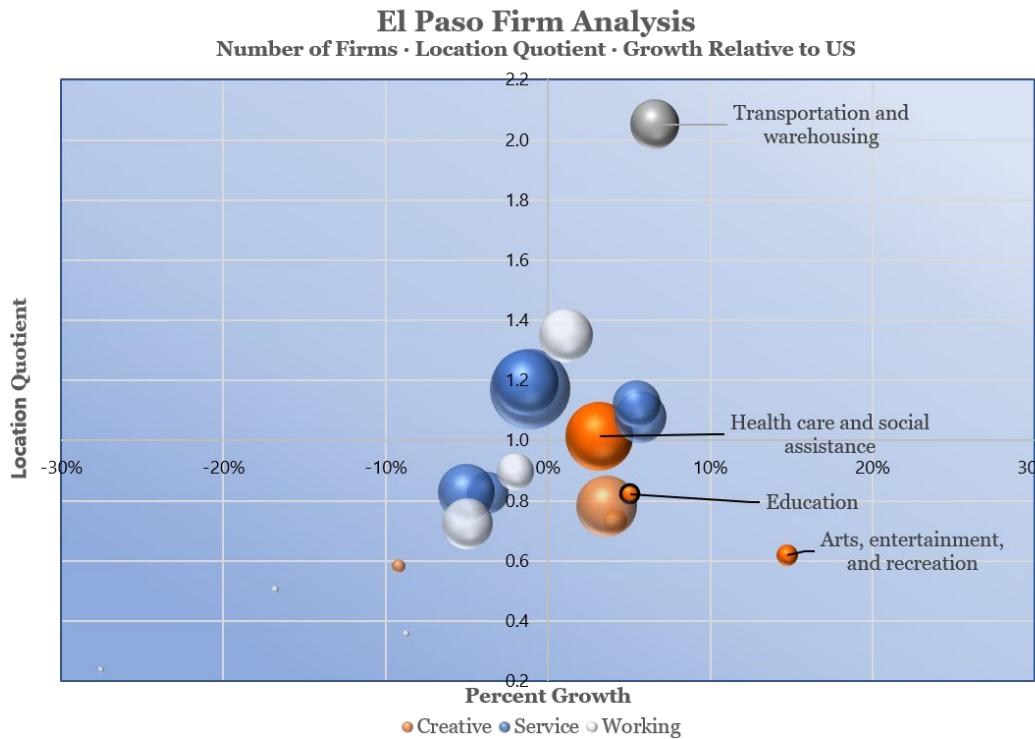
#### ➤ Grow the Creative Economy

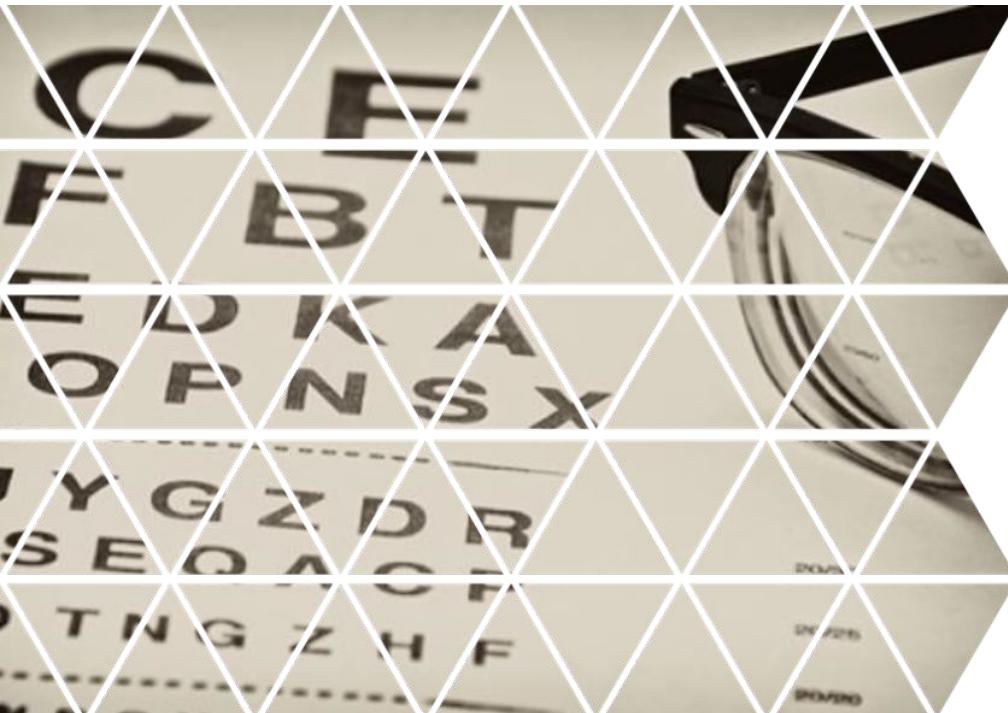
- Healthcare
- Education
- Art, Design, and Entertainment

#### ➤ Ensure Opportunity for all El Pasoans

- Transportation

# Assessment of El Paso's firms verifies the potential for creative and working class advantages.

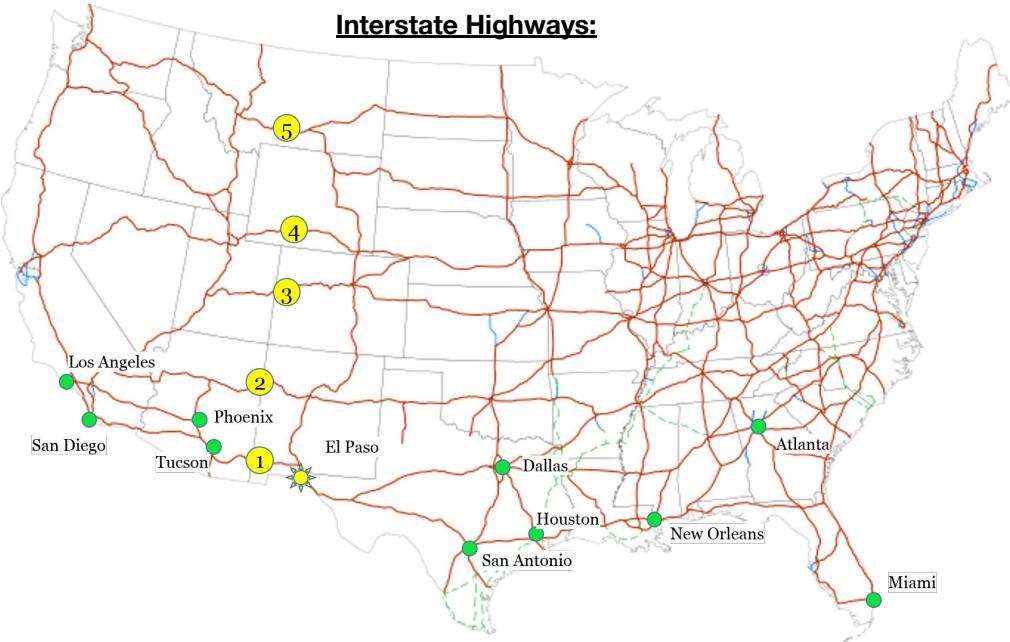




## Strategy 1: Focus on Strengths

# El Paso enjoys geographic advantages in both domestic ground and rail transportation

Interstate Highways:



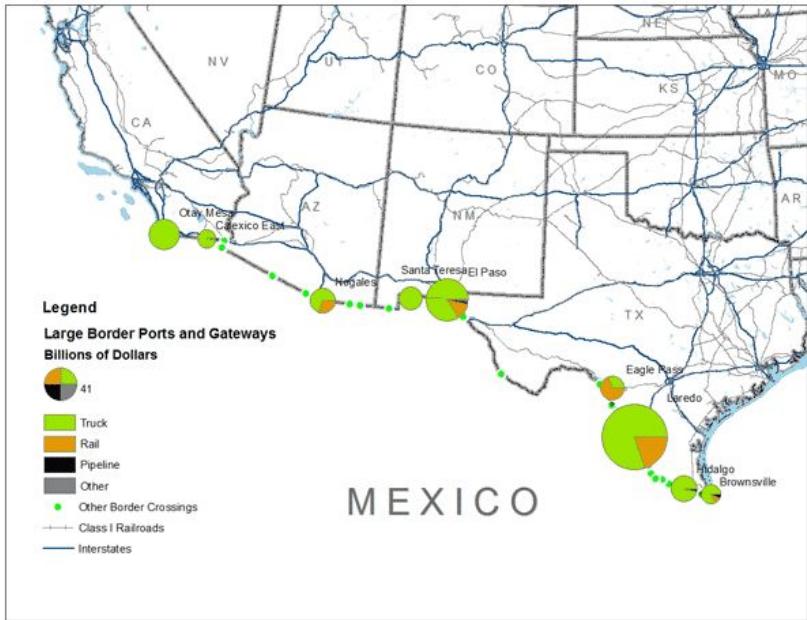
Western US Rail Network:



## Key Takeaways:

- El Paso's location along I-10 makes it pivotal to the nation's transportation economy.
- The western US rail network presents similar advantages for El Paso.

# El Paso's international and state borders make it a regional hub for trade



## Key Takeaways:

- Borderplex Alliance organization promotes El Paso's border assets and trade with both Mexico and New Mexico
- El Paso Foreign Trade Zone No. 68
  - U.S. Customs located onsite at FTZ administrative offices
  - Facilitates international trade by offering financial benefits and opportunities for the transit, assemble, storage, and distribution of goods.
- Access to three out of nine southern U.S. border rail crossings
- Commerce Stats
  - In 2018, El Paso's Port of Entry accounted for 20.1 percent of U.S. land port trade, or about \$81.9 billion in economic activity.

Source: "El Paso Foreign Trade Zone No. 68 | City of El Paso." Accessed October 14, 2019. <http://www.elpasointernationalairport.com/>

US Census

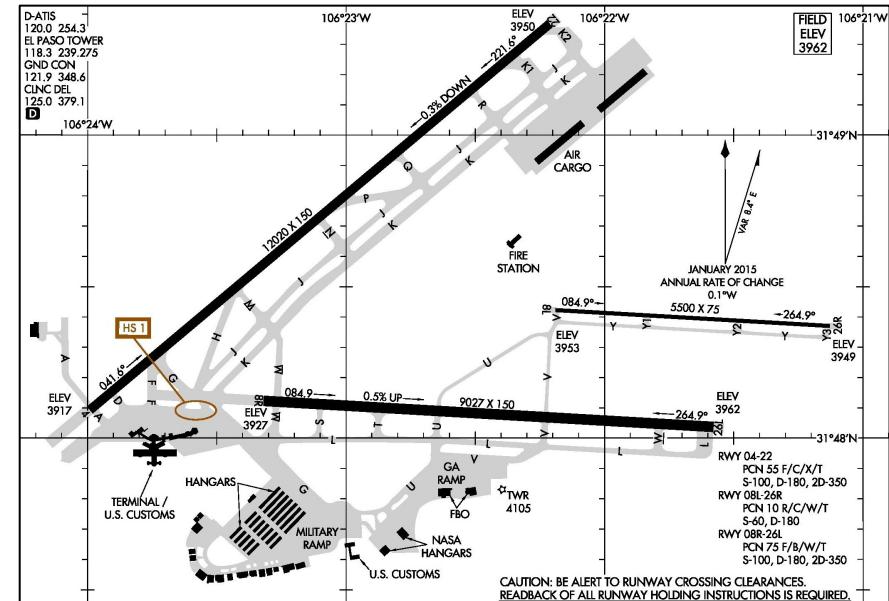
Source: "El Paso Region Freight Rail Study | Texas Department of Transportation." Accessed October 14, 2019. [ftp://ftp.dot.state.tx.us/pub/txdot-info/rail/freight/el\\_paso.pdf](ftp://ftp.dot.state.tx.us/pub/txdot-info/rail/freight/el_paso.pdf).

# El Paso's airport has the capacity to support its growth.



## Key Takeaways:

- Largest air cargo facility along the US-Mexico border at El Paso International Airport
  - 12,020 ft runway can support aircraft up to 350,000 lbs
    - Meets nearly all commercial requirements
  - 288,000 ft<sup>2</sup> of storage available
  - DHL, FedEx and UPS carriers



El Paso's Aerospace Sector is growing, presents an opportunity for El Paso's creative and transportation economy.



**Raytheon**



#### Key Takeaways:

- The El Paso region has access to key aerospace facilities for businesses to build upon:
  - White Sands Space Harbor - 2x35,000 ft and 1x12,800ft dry lakebed runways
  - Spaceport America - 1x12,000 ft concrete runway
  - Corn Ranch - Private spaceport built by Jeff Bezos in Van Horn for Blue Origin
- While El Paso will have to attract outside engineers, it can provide the following:
  - A robust transportation and logistics sector to handle specialized requirements
  - Slack production capacity in El Paso and proximity to Juarez can enable both complex and simple manufacturing.

**Source:** Office of the Governor of Texas; 2017 Aerospace, Aviation, and Defense Report, <[https://gov.texas.gov/uploads/files/business/aerospace\\_report.pdf](https://gov.texas.gov/uploads/files/business/aerospace_report.pdf)>; (14 October 2019).

Spaceport America | About, <<https://www.spaceportamerica.com/about/>>;(14 October 2019).

White Sands Space Harbor | NASA.gov, <<https://www.nasa.gov/centers/wstf/about/history/WSSH.html#.Xaemzi9Onmo>>;(14 October 2019).

# The DoD represents a key anchor and partner in El Paso's growth strategy.



## Key Takeaways:

- As of 2013, the DoD in El Paso:
  - Employed 53,795 uniformed and civilian personnel
  - Spent \$1.4 billion which benefited the local economy
- Data reported during the BCA "Sequester" and likely represent a lower bound estimate
- DoD conducts Workforce Development to prepare departing service members
  - Phoenix Truck Driving School at Fort Bliss nests well with El Paso Transportation Sector

Facility	Employment				Spending (Millions of Dollars)			
	Active Military	Federal Civilian	Contract	Total	Construct	General Contract	Local Purchase	Total
FBTX	31,033	3,503	7,267	41,803	\$216.1	\$851.2	\$4.2	\$1,071.5
HAFB	4,171	845	455	5,471	\$13.7	\$45.2	\$2.0	\$60.9
WSMR	1,066	1,961	2,954	5,981	\$6.6	\$315.9	\$2.7	\$325.3
<b>Total</b>	<b>36,752</b>	<b>6,367</b>	<b>10,676</b>	<b>53,795</b>	<b>\$236.4</b>	<b>\$1,212.3</b>	<b>\$8.9</b>	<b>\$1,457.7</b>



Post Service Workforce  
Development Programs



## Approach 2: Grow the Creative Economy

Robust healthcare Anchors provide opportunities to further develop emerging health professions cluster.

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UNIVERSITY  
MEDICAL CENTER  
OF EL PASO



MEDICAL CENTER  
OF THE AMERICAS  
FOUNDATION

Key Takeaways:

- Medical Center of the Americas
  - Biomedical incubator supports an innovative life sciences ecosystem
  - Provides financial, logistical and advisory supports to biomedical startups
- Three medical schools and three nursing schools in the region
- Highest university life and health sciences R&D expenditures of any border region
- Cross-border health and science partnerships:
  - BIO El Paso/Juarez- Cross-border Biomedical manufacturing partnership

# El Paso has initiatives to leverage anchor institutions and public-private partnerships to support growth.

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## Key Takeaways:

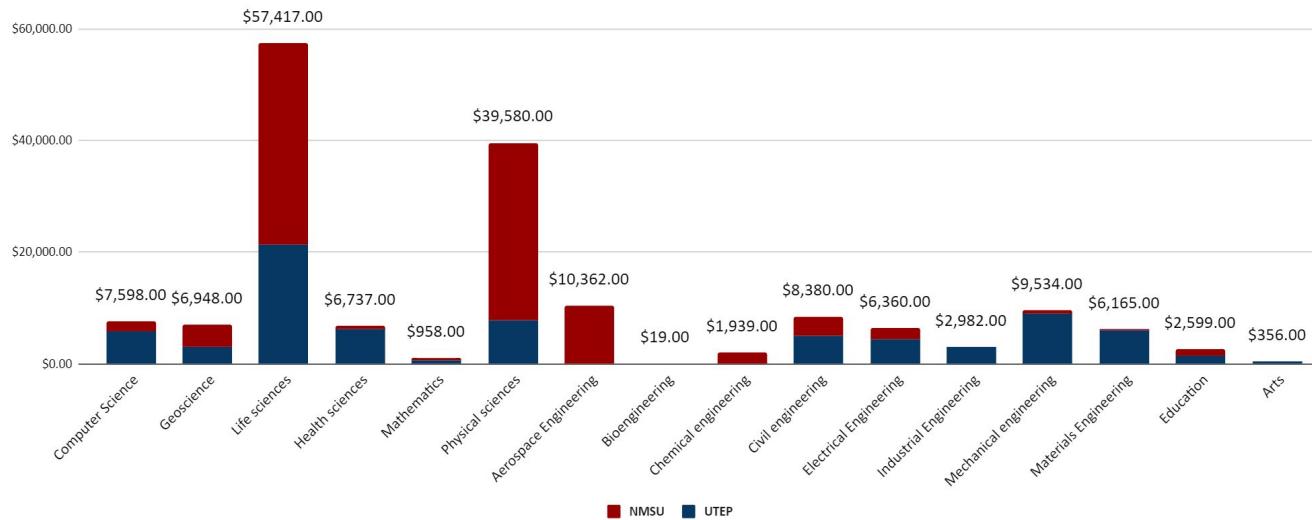
- Accelerate EP
  - El Paso's Economic Development using MOUs to integrate local small business resources
  - Partners include: UTEP, El Paso Community College, Borderplex, and Hub of Human Innovation business incubator
- Education anchors support human capital development in other sectors of interest
  - Ex. University of Texas El Paso
    - 25,000+ students enrolled, 83% of which are from El Paso County
    - Partnerships with corporations including Lockheed Martin
    - Tier 1 research university - \$94.6 million in research expenditures, the Mike Loya Center for Innovation and Commerce, and the GAIA Makerspace



# El Paso boasts strong university R&D budget and must ensure that spending matches economic development strategy.

## El Paso MSA University R&D

UTEP & NMSU



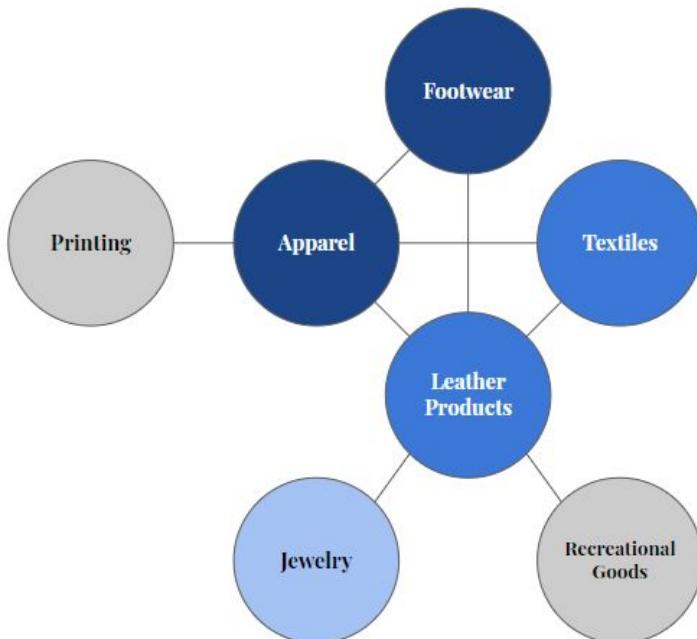
### Key Takeaways:

- Life, Physical, and Social Science and Engineering are some of El Paso's least advantageous sectors.
- El Paso has an emerging opportunity in the healthcare sector. Ensuring that research investment complements areas of strength in El Paso likely to yield greater results.

Source: National Science Foundation, National Center for Science and Engineering Statistics, Higher Education R&D Survey

# Weave competitive apparel economy with art scene initiatives to create a sense of place in El Paso.

## El Paso Apparel Industry



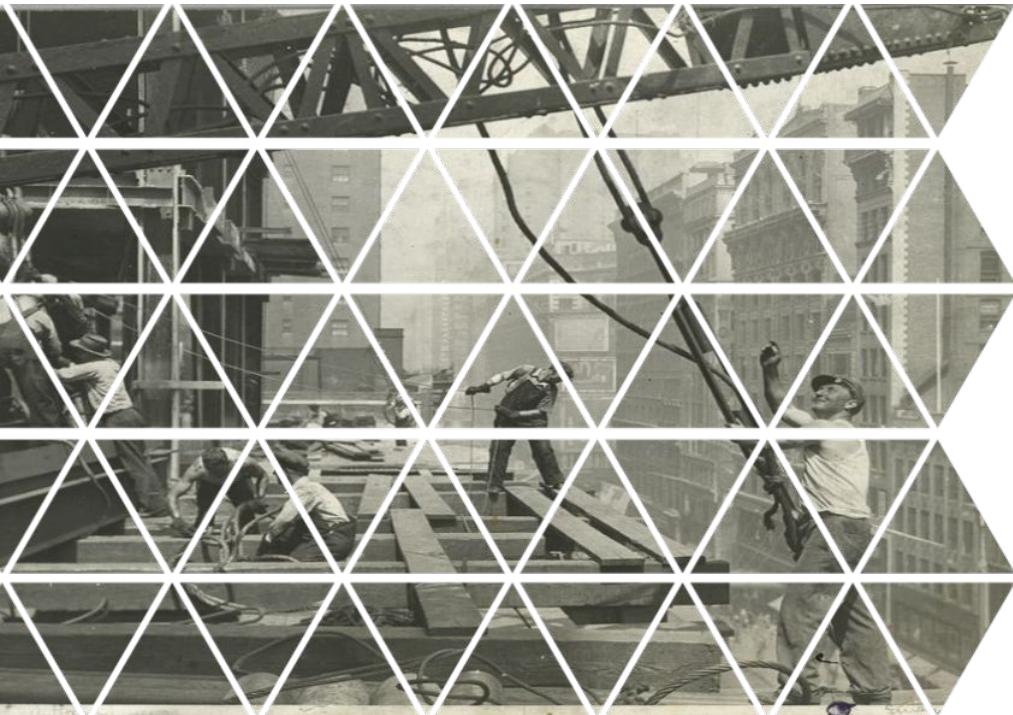
### Key Takeaways:

- El Paso boasts strong apparel and footwear sectors (LQ: 42.45, National Rank: 3).
  - Western and Southwestern apparel
- Potential for STEAM and using the region's four 3-D Printing Makerspaces to support arts and apparel clusters
- Aligning these established sectors with other city art initiatives may benefit future placemaking efforts.
  - Artspace Lofts- El Paso
  - I-10 Airway Project
  - Plaza Theater Renovation

Source: "El Paso, TX Metropolitan Area | U.S. Cluster Mapping." Accessed October 14, 2019. [http://www.clustermapping.us/region/msa/el\\_paso\\_tx](http://www.clustermapping.us/region/msa/el_paso_tx).

"Plaza Theatre - El Paso Live | El Paso Convention and Performing Arts Centers | El Paso Events." Accessed October 14, 2019. [http://elpasolive.com/venues/plaza\\_theatre](http://elpasolive.com/venues/plaza_theatre).

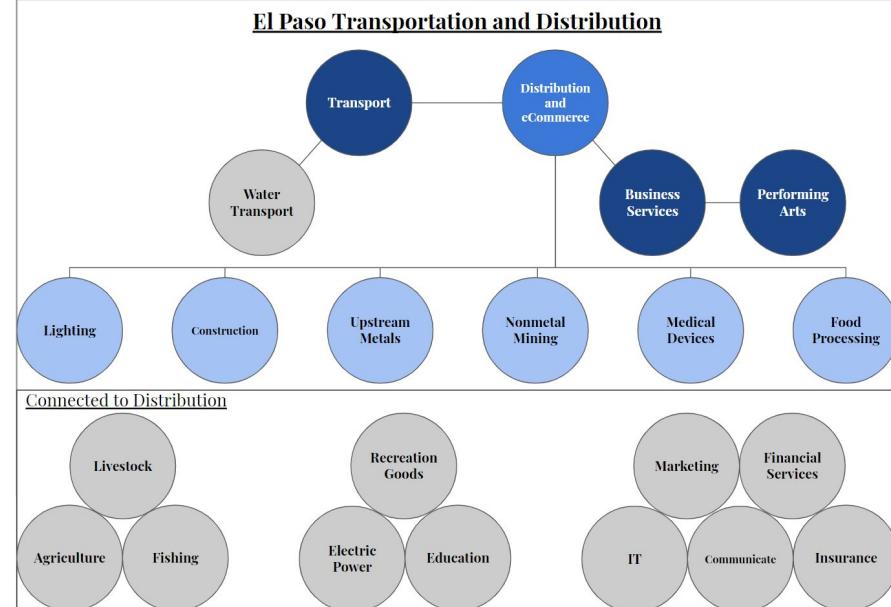
"Home." Accessed October 14, 2019. <https://mcad.elpasotexas.gov/>.



## Strategy 3: Ensure Opportunity for all El Pasoans



# El Paso's Transportation and Distribution economy are the “keys to the castle.”

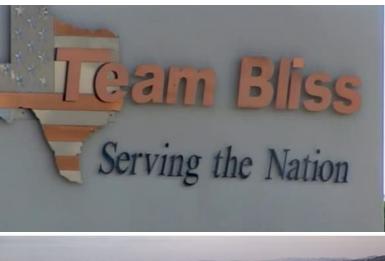


## Key Takeaways:

- Detailed occupation analysis reinforces El Paso's ground transportation advantages.
- Transportation and Distribution affect numerous other sectors of interest to El Paso.

Source: "El Paso, TX Metropolitan Area | U.S. Cluster Mapping." Accessed October 14, 2019. [http://www.clustermapping.us/region/msa/el\\_paso\\_tx](http://www.clustermapping.us/region/msa/el_paso_tx).

# Discussion



## Macroeconomics

- El Paso's population growth reflects the US, productivity growth lags behind.
- El Paso's employment growth slower than US, same pattern for Hispanic El Pasoans.
- Innovation dropped during recession, lags behind aspirational benchmark regions.

## Approach 1: Focus on Strengths

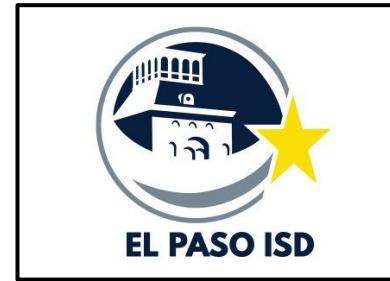
- El Paso enjoys geographic advantages in both domestic ground and rail transportation
- El Paso's international and state borders make it a regional hub for trade
- El Paso's airport has the capacity to support its growth.
- El Paso's Aerospace Sector is growing, presents an opportunity for El Paso's creative and transportation economy.
- The DoD represents a key anchor and partner in El Paso's growth strategy.

## Approach 2: Grow the Creative Economy

- Robust healthcare Anchors provide opportunities to further develop emerging health professions cluster.
- El Paso has initiatives to leverage anchor institutions and public-private partnerships to support growth.
- El Paso boasts strong university R&D budget and must ensure that spending matches economic development strategy.
- Weave competitive apparel economy with art scene initiatives to create a sense of place in El Paso.

## Approach 3: Ensure Opportunity for All El Pasoans

- El Paso's Transportation and Distribution economy are the "keys to the castle."



# Photo Credits

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Right Center: Breyaya Aijae

Right Bottom: TTUHSC El Paso

Slide 20:

El Paso International Airport

El Paso railyard - Library of Congress

Slide 21:

Blue Origin

White Sands Missile Range

Lockheed Martin

Raytheon

Boeing