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CLUSTER ANALYSIS

Linking Regional Economic Clusters with Targeted Urban Places

INDIANAPOLIS, IN | 10.27.2014

1 | INTRODUCTION

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HOW DID INDUSTRIAL LAND BECOME A LIABILITY?

Large scale economic change has resulted in an excess of industrial land, leading to blight and poor land management. There are three broad reasons for this change:

1 | An overall decline in manufacturing activity

2 | Change in patterns of land use within industries *(higher demand for very large and very small sites)*

3 | Changes to building codes and building systems technologies *(older building types and structural systems are difficult to adapt for modern code requirements and manufacturing needs)*

INTRODUCTION

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HOW DO WE MAKE INDUSTRIAL LAND AN ASSET?

Emphasizing and encouraging building and site improvements on still-flourishing industrial land, while transitioning unused industrial land to other uses, will have several broad economic benefits:

1 | Creates turnkey industrial sites which promote new job growth

2 | Reconcentrates economic activity on vibrant corridors

3 | Allows transition of remaining land to higher and better uses, reducing blight and encouraging smart land management

INDIANAPOLIS METRO AREA

PROJECT GOALS

1 | Identify urban growth opportunities within 2 or 3 of the strongest regional growth clusters

2 | Create land/locational profiles for the urban growth opportunities within these clusters

3 | Comment and advise on the industrial district selection process

4 | Match land/locational profiles to available land data to inform the industrial district selection process

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PROJECT PROCESS

STEP 1

Project team assembles broad profiles of 10 economic clusters in Indianapolis area. Through research and analysis, the 10 clusters are narrowed to two– Food Manufacturing + Distribution, and Local Business-to-Business Services, based on their economic and land use characteristics.

Cluster Selection

STEP 2

Project team performs thorough analysis of location/land patterns and building requirements of firms in the selected clusters. Using national data sources and intensive interviews, the project team develops detailed location, site, and building profiles of the Food Manufacturing + Local B2B clusters

In-Depth Analysis

STEP 3

Project team provides recommendations on promoting growth in the selected clusters, and proposes methodologies for the next round of cluster development and industrial land analysis

Recommendations

2 | CLUSTER SELECTION + METRICS

CLUSTER SELECTION

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1 **CLUSTERS FILTERED FOR:**

cluster growth
urban contribution
job quality
job accessibility
locational preferences + building/site requirements

2 **FINAL CLUSTER SELECTION**

Interviews with local cluster experts to determine specific relevance for this study

ALL CLUSTERS

- Advanced Manufacturing
- Biosciences
- Clean Energy
- Defense and Aerospace
- Food Mfg. + Distribution
- Local Business to Business
- Motorsports (Ind. only)
- TDL (Dist. + E-Commerce)
- TDL (Transp. + Logistics)
- Technology

1

SHORT LIST

- Biosciences
- Defense and Aerospace
- Food Mfg. + Distribution
- Local Business to Business

2

FINAL TWO

- **Food Mfg. + Distribution**
- **Local Business to Business**

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LOCAL BUSINESS–to–BUSINESS

SUBCLUSTERS

ON SITE

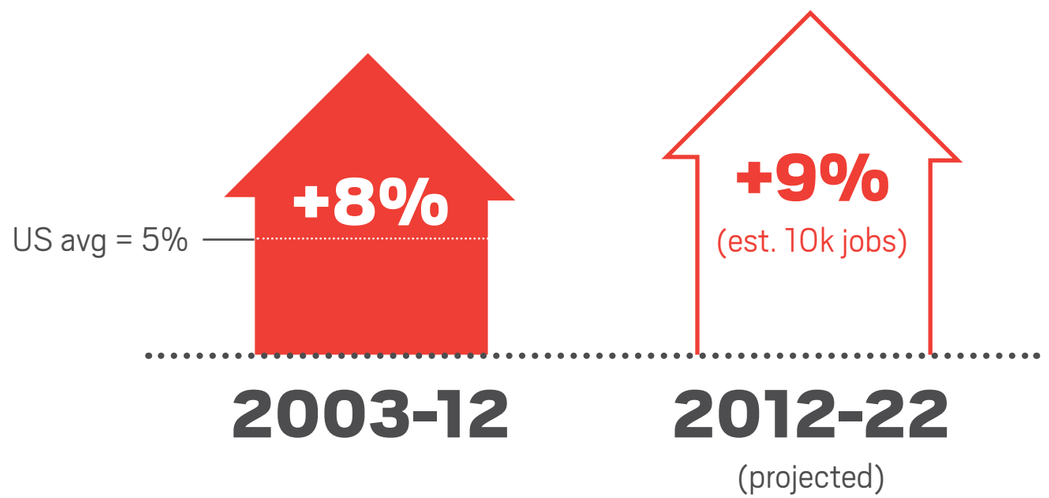
- Warehousing + Storage
- Rental + Leasing
- Other Business Services

OFF SITE

- Facilities Management
- Repair + Servicing
- Local Transportation + Logistics
- Local Trucking
- Waste

KEY JOB METRICS

106,000
area jobs



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FOOD MANUFACTURING + DISTRIBUTION

SUBCLUSTERS

Food Manufacturing

Sugar + confectionary; fruit + vegetable; dairy; meat; seafood; baked + milled products

Beverage Manufacturing

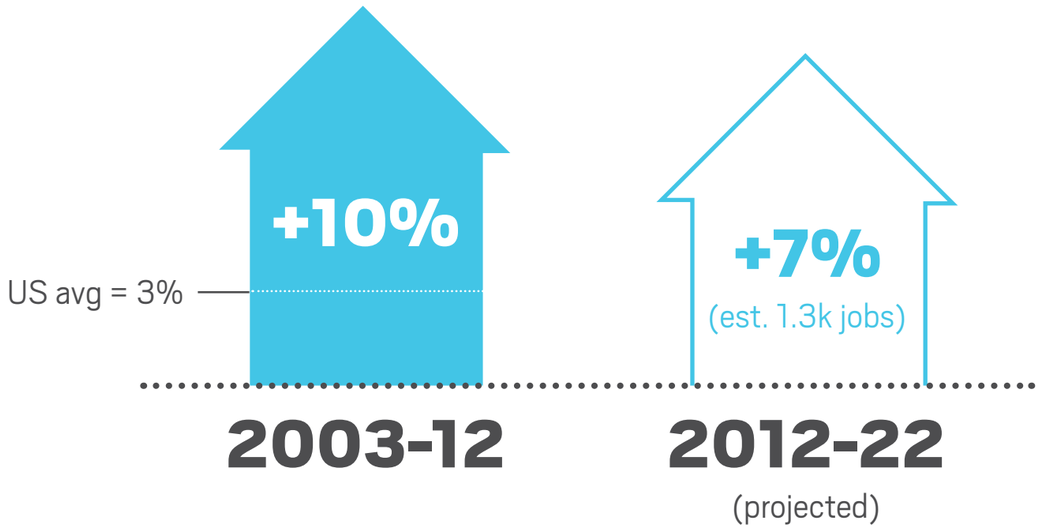
Ice; water; soft drinks; alcohol

Food/Beverage Distribution

Wholesaling; warehousing; storage of food, beverage + farming products

KEY JOB METRICS

17,500
area jobs



CLUSTER METRICS | LOCATIONAL PREFERENCES

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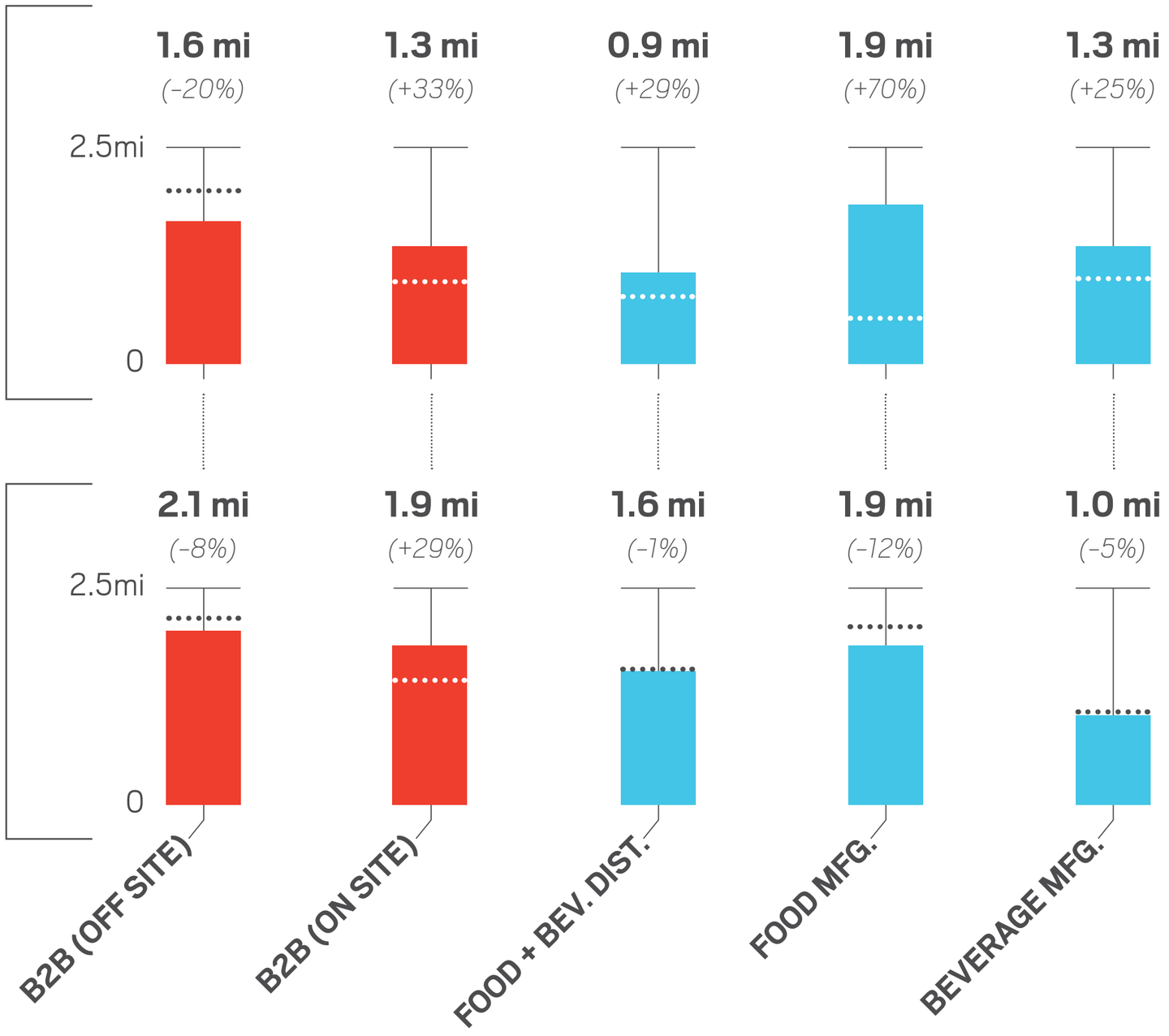
DISTANCE (2008-14 average)
% change from 2000-07

DISTANCE FROM INTERSTATE (miles)



DISTANCE FROM INTERSTATE EXIT ALONG STREETS (miles)

CLUSTER METRICS | BUILDING / SITE REQUIREMENTS

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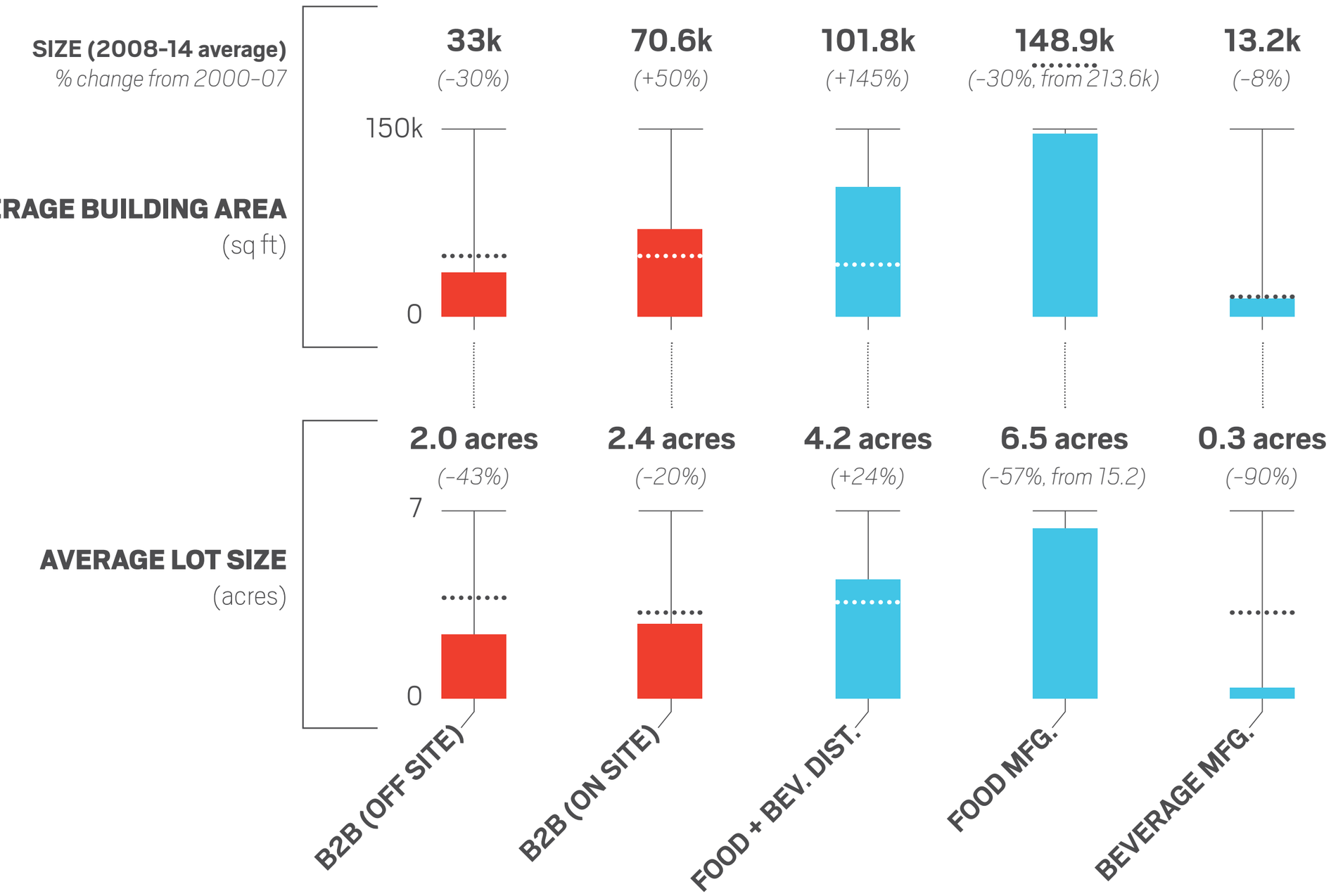
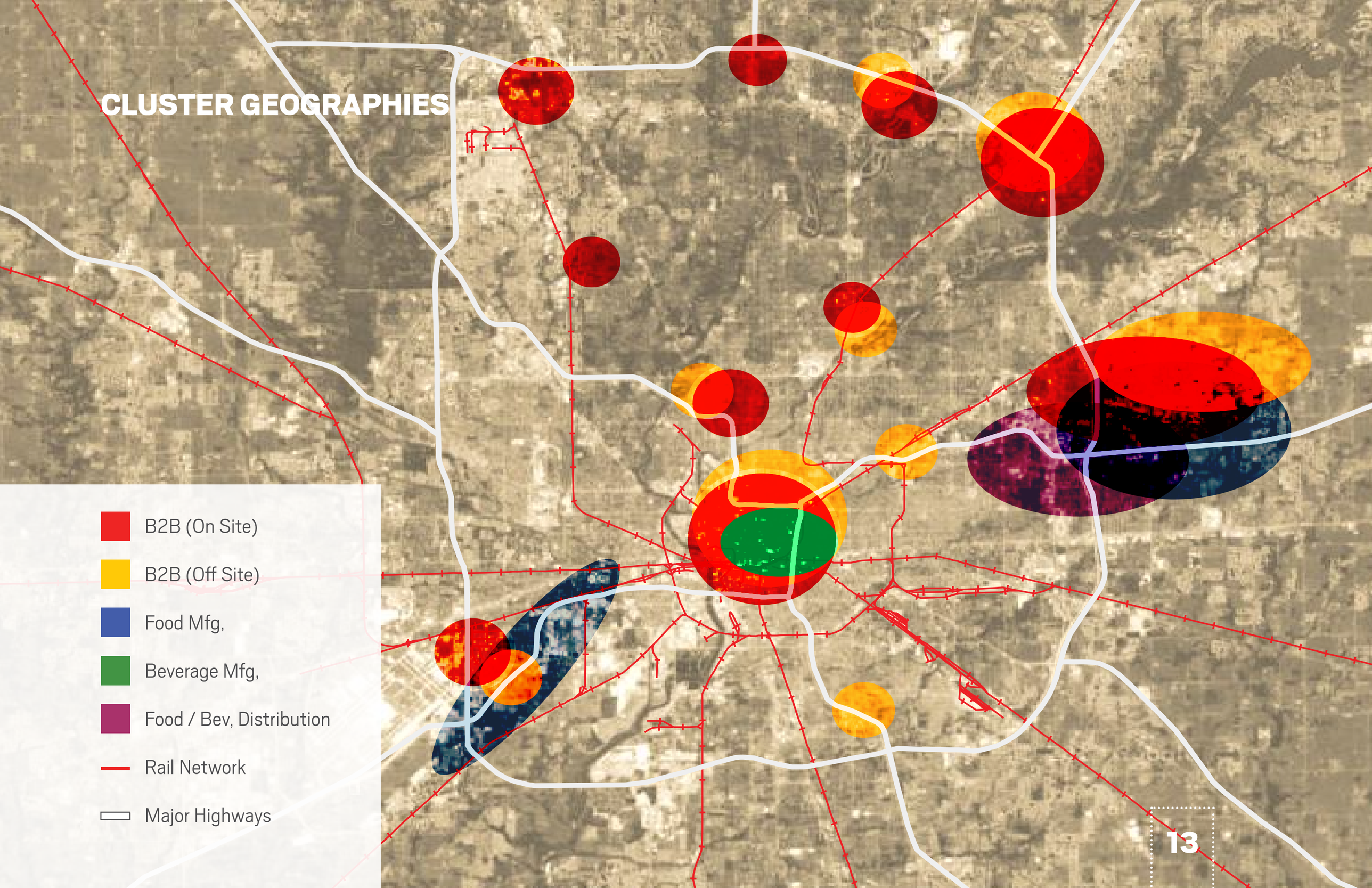


Other Metrics

FAR (Floor Area Ratio)
Parking Spaces
Parking Spaces / 1000 sf
Loading Docks
Building Class
Number of Stories
Ceiling Height
Employees / Bldg Area (1k sf)
Employees / Land Area (acre)
Employees / Parking Space

CLUSTER GEOGRAPHIES



3 | CONCLUSIONS + RECOMMENDATIONS

GROWING THE BLUE COLLAR B2B CLUSTER

B2B is very flexible in terms of company location, size, and building requirements and can absorb land in distressed areas with relatively poor highway access. Based on growth projections (6000 jobs), we estimate that B2B can absorb somewhere between 500- 2000 acres of industrial land over the next decade.

Identify industrial corridors / industrial park settings designed to reduce costs by sharing land and facilities; this will provide benefits for B2B firms, and will also open up land with better highway access for firms who require that access for their operations.

Develop real estate options for B2B firms with downtown customer bases- areas developed for B2B firms could also house land-intensive functions for major anchor institutions (warehousing, repair, etc.), and any other functions that anchor institutions would like to have off-site.

GROWING THE FOOD MANUFACTURING + DISTRIBUTION CLUSTER

Create more shared spaces, or even a targeted district for artisanal food manufacturers; this would build on momentum started by key local businesses. Currently infrastructure is limited for these firms, and creating a district would promote shared spaces and infrastructure while also integrating the emerging food scene with existing neighborhoods.

City and stakeholders can use industrial land investments to alter the lower-wage, lower-skilled labor model in the food cluster- this dynamic keeps firms from growing. Stakeholders could absorb building and other capital costs in return for businesses offering jobs with more competitive pay; this in turn would reduce turnover and increase profitability, creating a self-sustaining model.

1 | Study feasibility of further tech cluster growth near downtown

Tech-related activities might be able to utilize industrial land close to downtown. Examination of location preferences and space needs of tech-related firms could be part of a larger assessment of the feasibility of a downtown Innovation District.

2 | Lower the cost of industrial land revitalization and re-purposing

Explore feasibility of creating reasonably priced, accessible expertise centered on industrial building re-use and renovation. Could be based on national models; Community LIFT program in Memphis provides forgivable loans for facade renovation, and engages 'approved' architects, keeping costs low, and creating local expertise at architecture firms.

3 | Assess the potential of white collar B2B to absorb industrial land

White collar B2B accounts for 35,000 local jobs, and industrial spaces have become viable as office settings. White collar B2B could therefore be an important driver of adaptive re-use of industrial buildings, and could aid industrial corridor absorption.

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