

Wilmington, Delaware

Target Industry Report

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Introduction

This portion of the City of Wilmington, DE Economic Development Plan provides an identification of target clusters and industry sectors that should form the basis of the City's business development efforts over the next three to five years. The recommended targets in this report have emerged from the extensive analysis performed and reported on in the SWOT Analysis portion of this project which contained:

- A detailed Competitive Assessment that provides an objective evaluation of the competitive strengths and weaknesses of the City as an economic development product; and
- A detailed Data Profile that provides an understanding of Wilmington's demographics and economy with time series and/or comparisons to New Castle County, the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, Delaware and the nation, where appropriate.

The use of target clusters and sectors should not overly limit Wilmington's business development efforts – that is, this is not a matter of the City limiting its interests to only those clusters and sectors recommended herein. Rather, it should reflect the facts that:

- There are certain types and clusters of business that best meet the economic and community development goals of the City, and should therefore be a priority; and
- Marketing budgets are not infinite and should be focused on those types of business that offer the best return on investment in terms of meeting the City's economic and community development goals.

This does not mean that business development efforts should be limited to just the identified targets. There are two types of targets that Wilmington may be able to capitalize on in the future:

1. Targets of intent – those clusters and industry sectors (the term "industry" is used here generically to mean any form of business) that have been specifically identified as highly desirable for the City; and
2. Targets of opportunity – those individual companies and types of business that fall outside the rather narrow target group intended for aggressive marketing and recruitment, but are nonetheless of interest and value to the City.

The primary difference between the two is that the approach to the first group is proactive, whereas the approach to the second group is reactive. Both groups are of potential value to the City of Wilmington.

These marketing and business assistance efforts are not limited to business recruitment or attraction; rather, they should apply to the entire range of business attraction, retention, expansion, creation and transition programs, services and initiatives.

Some Fundamental Principles

In working on many similar target industry analyses and recommendations, the WDG-Garnet team has developed the following set of three principles that we believe should guide the selection of targets for future economic growth:

Sustainability

Sustainability is the long-term maintenance of well-being as it cuts across the various environmental, economic and social dimensions of human and community life. A simple definition of sustainability is “having a long life span.” From this perspective, the economic development targets recommended in this report must have the potential of longevity, be environmentally sensitive, contribute to the improved standard of living for the City’s residents and to the community as a whole, and be socially equitable.

Balance

There is no “one size fits all” correct approach to the complexities of a local economy, such as that represented in Wilmington, and of a regional economy, of which the City is a part. While residents may share the need for common quality of life factors, there are vast differences in experiences, abilities and desired employment opportunities within the population.

- Intended targets must provide an appropriate balance between a primary motivation of maximizing value-added, livable wage jobs and creating employment opportunities for residents of all abilities and the desired type of employment.
- While “green is good” and environmental sensitivity must be a foundation of the City’s future economy and economic development efforts, not every new job created must be in a cluster or sector considered to be green.
- Jobs based on innovation and creativity and the existing business base must be balanced with “nuts and bolts jobs” that match the skills, experiences and desires of some of the City’s and labor market area’s residents.

Diversity

Local economies based on a limited number of industries, types of operations, or clusters are at risk if short-term or structural changes impact the economic base. A healthy economy will be diverse, offering a variety of job opportunities and structures in a cross-section of industries, clusters and operational types. The City’s economic base is narrowing and becoming less diverse, and the number of jobs is decreasing, as shown in the SWOT. Diversity must be a goal of the City, but founded on current assets.

Selecting Strategic Industry Sectors

The consulting team’s typical approach to target identification is to first identify the broad spectrum of target industries, clusters or sectors that would fit well in the client community or region and have

the potential of helping that community or region achieve its economic development goals. This generally results in a list of potential targets that is too long to function effectively for targeting purposes. The next step is to refine and prioritize this list to arrive at a reasonable number that will comprise the primary list of targets. Through this process we have identified the four recommended targets listed in the following section.

Wilmington can pursue, develop and nurture these targets through a combination of marketing, workforce development, infrastructure development, downtown development, real estate development, and other initiatives, as outlined in the Action Plan section of the City's Economic Development Plan.

Combined or alone, these targets will contribute to the City's economic stability and diversification; its overall wealth and quality of life; its goals for economic, environmental and social sustainability; growth in entrepreneurial development and the retention, development and attraction of a workforce that matches the skill needs of current and future industry, and the skill sets that exist or can be developed in the City.

The Recommended Targets

Professional, Technical and Scientific Services

The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services. Three sectors within this industry recommended for Wilmington as the most opportune targets are:

- Legal Services (NAICS¹ Code 5411)
- Architectural and Engineering Services (NAICS Code 5413)
- Scientific Research and Development Services (NAICS Code 5417)

The City's assets for attracting and retaining this industry include:

- **A very strong employment and establishment base in this target.**
 - The industry is the City's second largest employer, with 8,640 jobs, or 16.8% of the total number of jobs (2011 data, U.S. Census On the Map).
 - 7.2% of the City's residents are employed in professional, scientific and technical services, the fifth largest employment sector for Wilmington residents.

¹ NAICS is the North American Industry Classification System.

- The number of jobs has been steady between 2002 and 2011, according to the Census Bureau's On the Map database, while the Delaware Department of Labor data shows an increase of 161 jobs between 2011 and 2012.
- Wilmington is home to 38% of the County's jobs in this sector, compared to 19% for all jobs, according to the U.S. Census On the Map database, indicating the City is a major hub of jobs within the County.
- The U.S. Bureau of Labor Statistics data shows an employment of 23,228 in 2013 in New Castle County, the fourth largest sector by employment. This sector is one of the six that saw growth between 2003 and 2013 in the County. Within this sector, legal services, architectural and engineering services, and scientific research and development services showed the most employment growth at 17.2%, 1.2% and 29.0% respectively, over the 10 year period. There were 385 legal sector establishments in the County in 2013, 240 architectural and engineering service establishments, and 77 scientific research establishments. Comparable data does not exist for the City.
- According to the U.S. Bureau of Labor Statistics, the County has a location quotient of 1.36, an indicator of an existing comparatively high employment and skill base. Comparable data for the City does not exist.
 - Location Quotients (LQs) are ratios that allow an area's distribution of employment by industry to be compared to a reference or base area's distribution. The reference area is usually the U.S., but it can also be a state or a metropolitan area. The reference or base industry is usually the All industry total. The discussion below assumes the defaults are used. LQs also allow areas to be easily compared to each other.

If an LQ is equal to 1, then the industry has the same share of its area employment as it does in the reference area. An LQ greater than 1 indicates an industry with a greater share of the local area employment than is the case in the reference area. For example (assuming the U.S. as the reference area), Las Vegas will have an LQ greater than 1 in the Leisure and Hospitality industry because this industry makes up a larger share of the Las Vegas employment total than it does for the country as a whole.

- Legal Services and Architectural. Engineering and related services are County targets
- **High salaries typify the industry.** Average salaries are high. The County average in 2013 was \$101,788. Comparable data for the City is not available.
- **Access to customers and infrastructure.** The City is close to the Philadelphia, Baltimore, New York and Washington DC markets to serve diverse business and government markets. Location on the I-95 fiber pipeline provides users, outside of the downtown, with modest cost optimal bandwidth for data uploading and downloading.
- **Entrepreneurial opportunities.** This industry is typified by diversified entrepreneurial activity.

Examples of employers in the City or in New Castle County within this target industry are:

- **Adhesives Research Capital**
- **C B Research & Development**

- Central Focus
- Charles River Accugenix Svc
- Cordjia Technology Svc
- Atlantic Coast Labs Inc
- Atlantic Hydrol Inc
- Brightfields Inc
- Cardno ENTRIX
- Dajak
- Applied Control Engineering
- BE&K Inc
- Capitol Environmental Svc Inc
- CBI Group LLC
- Cirrus Engineering
- Delaware Engineering & Design
- Delaware Geological Survey
- Frederic R Harris Inc
- JMT
- Johnson Mirmiran & Thompson
- Karins & Assoc Inc
- KCITechnologies Inc
- Kercher Engineering Inc
- Landmark Engineering
- Larson Engineering
- Louis Berger Group
- Mc Bride & Ziegler Inc
- Mc Cormick Taylor Inc
- Tetra Tech Architects & Engrs
- W F Consulting

Healthcare

This target is for the attraction, retention and development of activities related to healthcare. Health care is identified as a target by New Castle County, Greater Newark Partnership and DEDO, and is recommended as a target for the City.

The health care industry, or medical industry, is an aggregation of three business and service sectors that provides goods and services to treat patients with curative, preventive, rehabilitative, and palliative care.

- Ambulatory Health Care
- Hospitals
- Nursing and Residential Care Facilities

Table 1 shows the subgroups to each of these three industry sectors according to their NAICS codes and description.

TABLE 1: HEALTH CARE INDUSTRY SECTORS

NAICS Code	Sector and Subsector Description
621	Ambulatory Health Care Services
621111	Offices of Physicians (except Mental Health Specialists)
621112	Offices of Physicians, Mental Health Specialists
621210	Offices of Dentists
621310	Offices of Chiropractors
621320	Offices of Optometrists
621330	Offices of Mental Health Practitioners (except Physicians)
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists
621391	Offices of Podiatrists
621399	Offices of All Other Miscellaneous Health Practitioners
621410	Family Planning Centers
621420	Outpatient Mental Health and Substance Abuse Centers
621491	HMO Medical Centers
621492	Kidney Dialysis Centers
621493	Freestanding Ambulatory Surgical and Emergency Centers
621498	All Other Outpatient Care Centers
621511	Medical Laboratories
621512	Diagnostic Imaging Centers
621610	Home Health Care Services
621910	Ambulance Services
621991	Blood and Organ Banks
621999	All Other Miscellaneous Ambulatory Health Care Services
622	Hospitals
622110	General Medical and Surgical Hospitals
622210	Psychiatric and Substance Abuse Hospitals
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals
623	Nursing and Residential Care Facilities
623110	Nursing Care Facilities (Skilled Nursing Facilities)
623210	Residential Intellectual and Developmental Disability Facilities
623220	Residential Mental Health and Substance Abuse Facilities
623311	Continuing Care Retirement Communities
623312	Assisted Living Facilities for the Elderly
623990	Other Residential Care Facilities

These three sectors and their subsectors are suited to Wilmington for development because of its following assets, among others:

- **The City is home to Wilmington Hospital, a part of the Christiana Health Care System.** The Christiana Care Health System is one of the country's largest health care providers, ranking 17th for hospital admissions.
 - Wilmington Hospital has undergone significant redevelopment through an expansion of 337,000 square feet, creating a 1 million-square-foot, state-of-the-science facility including a nine-story tower, and an Emergency Department double its current size.
- **Health Care is the third largest employer in the City with 5,760 jobs (2011, U.S. Census On the Map data).**
- **The industry had the largest gain in employment of all the City's industry sectors.** Between 2002 and 2012 there was an increase of 3,094 jobs (116%), according to U.S. Census Bureau On the Map data.
- **Health Care is the leading source of jobs for City residents, with almost 20% employed in the industry (2011, U.S. Census On the Map data).**
- **Philadelphia and Baltimore offer additional networking opportunities with leading national hospitals.** Philadelphia offers the University of Pennsylvania and Thomas Jefferson University Hospitals, and the Baltimore area is home to Johns Hopkins and the University of Maryland Medical System.
- **The County is home to the University of Delaware's Physical Therapy Department.** This department is ranked #2 in the nation by *U.S. News and World Report*. Inter-disciplinary research is conducted at the facility to help advance physical therapy, positioning it as a resource for any company involved in biomechanics and related fields.

Examples of employers in the City within this target industry are:

- **Christiana Health Care System**
- **St. Francis Hospital**
- **Wilmington VA Medical Center**
- **Westside Family Healthcare**
- **Regency Healthcare & Rehabilitation Center**
- **Henrietta Johnson Medical Center**
- **Crestview Medical Center**
- **Lombardy Medical Center, Inc**

Port Related Operations

The Port Related Operations target consists of eight sectors, as outline in Table 3.

TABLE 3: PORT RELATED OPERATIONS

NAICS	Sector and Subsector Description
488310	Docking facility operations
488310	Harbor maintenance services (except dredging)
488310	Harbor operation
488310	Maintenance services, waterfront terminal (except dredging)
488310	Port facility operation
488310	Waterfront terminal operation (e.g., docks, piers, wharves)
493	Warehousing and storage
various	Assorted vendor, supplier and related operations

In addition, there are many other maritime related businesses that may capitalize on a location in close proximity to the Port, such as maritime insurance firms, maritime security firms, and similar types of business.

This target is recommended for the City because of its role in the economic health of the City and the following advantages. It is a target of the County.

- **The Port is a full-service deep-water port and marine terminal** on the Christina and Delaware Rivers capable of handling all types of cargo with customized logistics. In calendar year 2009, the port handled 359 vessels of containerized, non-containerized cargo; dry bulk cargo; and liquid bulk petroleum cargo.
- **The port is the busiest terminal on the Delaware River.**
- **The Port ranks as the nation's leading gateway for imports of fresh fruit, banana, and juice concentrate, automobiles, steel, forest products, livestock (the East Coast's largest export port), petroleum, and other cargo.** The port has handled specialized cargo such as rocket parts from Ukraine and wind turbine blades from South America. It is also North America's leading perishable terminal, handling more than 200,000 TEUs (20-foot equivalent units) annually primarily for Dole Fresh Fruit Company and Chiquita Fresh North America. The Dole Food Company operations make the port the largest facility in the nation for banana imports.
- **The Port has the nation's largest cold-storage complex** with six temperature-controlled warehouses totaling 816,000 square feet. Distributors and companies use this facility as their northeastern and mid-Atlantic distribution center because of its good access to the market in these regions.
- **The Port provides quick access to I-495 and I-95**, the East Coast's interstate backbone.
- **The port has a 3,435-foot wharf face along the Christina River** with depths of 35–38 feet alongside, and the Delaware River portion of the port is being deepened to 42 feet. There are nine berths facing the Christina River, including seven general cargo berths, one petroleum

berth, one floating roll-on/roll-off berth, in addition to an automobile berth facing the Delaware River

- **Cargo handling facilities** include two 50-ton capacity gantry cranes and one 75-ton capacity gantry crane.
- **The port has 50 acres of open space for storage, and 250,000 square feet of dry warehouse and storage space**, in addition to the refrigerated space noted previously.
- **The port is served by CSX and Norfolk Southern railroads.**
- **The port is a foreign trade zone**, although this capability is not used.
- **A refrigerated trailer hub** which accommodates multi-day parking of trucks with perishable cargo destined for transport is in close proximity to the port.

Examples of employers in the City within this target industry are:

- **Delaware River Stevedores, Inc**
- **Murphy marine Service, Inc**
- **Diamond State Port Corporation**

Financial Services & Insurance

This target consists of four industry sectors and subsectors as listed in Table 2. New Castle County and Greater Newark Partnership have identified Financial Services as a target for business attraction, retention and expansion; DEDO has Financial Services and Insurance as a target for the State. These business activities and overall business services are recommended as targets for the County.

This industry is typified by diversified entrepreneurial activity.

TABLE 2: FINANCIAL SERVICES AND INSURANCE

NAICS Code	Sector Description
522	Credit intermediation and related activities
523	Securities, commodity contracts, and other financial investments and related activities
524	Insurance carriers and related activities
525	Funds, trusts, and other financial vehicles

Wilmington offers the following advantages for this target.

- **An established industry presence.**
 - The Census Bureau On the Map data indicates that there are 11,500 industry jobs in the City (2011 data), Wilmington’s largest employment sector.
 - The Census data shows the City is home to 34% of the County’s industry jobs, compared to 19% for all jobs.
 - The Delaware Department of Labor data shows there was an increase in jobs in the City within the Securities and Commodity Contracts subsector (NAICS 524) between 2010 and 2012.

- According to The U.S. Bureau of Labor Statistics, the County has:
 - 34,282 industry jobs
 - 1,069 establishments
 - An extremely high industry employment location quotient of 2.91
 - **High salaries typify the industry.** Average salaries are high. The County average in 2013 was \$92,147. Comparable data for the City is not available.
- **A long-term commitment to the sector.** For over twenty years Delaware – with Wilmington and New Castle County as the nexus – has been recognized as a center for the banking, financial services and insurance industry. The State has been viewed as an ideal location for international financial institutions seeking to enter U.S. markets. As DEDO notes on its Website “Delaware's pro-business legal and regulatory environment, strategic positioning, and landmark legislation, such as the Financial Center Development Act, have paved the way for the financial services industry to become a key component of the economic strength and growth.”
- **Global and regional banking institutions**, including J.P. Morgan-Chase, Barclay's Bank, Bank of America, Chase Bank, Capital One Services, Highmark Blue Cross Blue Shield, Delaware Claims Processing and Wilmington Trust have strong presences in the County, and the County is home to Sallie Mae, the nation's No. 1 financial services company specializing in education.
- **The University of Delaware** also supports the County's strong financial services sector through the Alfred Lerner College of Business and Economics. Students from the university provide top talent for the County's business, insurance and financial services operations.

Examples of employers in the City within this target industry are:

- **Chase Bank USA NA**
- **Capital One Services II, LLC**
- **Barclays Bank DE**
- **JP Morgan Chase Bank, NA**
- **FIA Card Services**
- **Highmark Blue Cross and Blue Shield**
- **Bank of America, NA**
- **Delaware Claims Processing**

Arts, Entertainment, Tourism and Athletics

Arts, Entertainment and Tourism

The arts, entertainment and tourism together form an important element to an area's economic development. They generate revenue through visitors from other locations, support the retail, accommodation and restaurant sectors and provide employment to area residents. To that end, the City has an active tourism initiative through the Office of the Mayor and through the Greater Wilmington Convention & Visitors Bureau.

The arts, entertainment and tourism target consists of four sectors, as listed in Table 4.

TABLE 4: ARTS, ENTERTAINMENT AND TOURISM TARGETS

NAICS	Sector and Subsector Description
7111	Performing Arts Companies
711211	Sports Teams and Clubs
7115	Independent Artists, Writers, and Performers
712	Museums, Historical Sites, and Similar Institutions

Wilmington offers the following advantages for this target:

- Delaware College of Art and Design.** DCAD is an accredited two year institution in Wilmington that awards an Associate of Fine Arts Degree. The school was founded in 1996 through a partnership between New York City based Pratt Institute and the Corcoran College of Art and Design in Washington, D.C. Pratt Institute and the Corcoran are among the nation’s oldest and most distinguished visual arts colleges. The partnership provides shared curricula, faculty expertise and resources with DCAD to create one of the richest opportunities available in American art and design education.

Qualified graduates may transfer to complete a four-year BFA degree at Pratt, the Corcoran, or other prestigious art and design schools.

- The "in" campaign for the City of Wilmington.** This campaign promotes the arts and entertainment activities and venues of the City, and its restaurants and clubs.
- Long established cultural facilities in the City of Wilmington, including:**

 - Delaware Children's Theatre
 - Delaware Symphony Orchestra
 - Delaware Theatre Company
 - DuPont Theatre
 - First State Ballet Theatre
 - Grand Opera House
 - OperaDelaware
 - Wilmington Drama League
 - World Cafe Live at the Queen
- Numerous nearby cultural and entertainment opportunities to complement the City’s attractions.**

 - There are over 160 arts and entertainment venues in the Greater Wilmington area, as detailed on the Greater Wilmington Convention and Visitors Bureau’s website: <http://www.visitwilmingtonde.com>
- Wilmington’s Creative District.** This initiative by the Wilmington Renaissance Corporation, together with its partners, is to develop a Creative District in the Downtown/Quaker Hill/West Center City neighborhood. The Center is envisioned to be the city’s creative nexus where local creative entrepreneurs (artists, musicians, designers, makers, manufacturers) and residents will thrive, and locally designed goods and original works will be made and sold.

Athletics

According to a report written by C.H. Johnson Consulting, Inc., the City is in need of an indoor sports and community center to provide recreational and competitive athletic opportunities, primarily for regional sports organizations and teams, and provide an educational venue for children. According to the report, the area's existing indoor sports facilities do not meet local demand. This supply/demand imbalance forces many local events, such as club tournaments, camps and clinics to use facilities in Maryland and Pennsylvania. A particular need was noted for track and field, volleyball, field hockey and lacrosse events.

Development of a facility would allow these activities to be held in Delaware, particularly in Wilmington, and if properly designed, could host regional tournaments that are now held out-of-state. The facility also may offer the potential as a new home for the Delaware 87ers, which play their home games at the Bob Carpenter Center on the campus of University of Delaware in Newark, and may be looking for a new home.

Regional events offer the potential for attracting overnight visitors from outside the area who would stay at local hotels, eat at local restaurants, and shop at local stores generating added dollars to the local economy.

This target's NAICS Code and description is:

- 71394 Fitness and Recreational Sports Centers

Backup Targets

Two additional targets are offered as alternative opportunities for consideration by the City.

1. **Manufacturing.** This industry sector once was a leading employer in the City. Data from the Census' On the Map database shows that in 2002 there were 4,630 sector jobs in the City. However, over the years sector jobs decreased to 930 by 2011, or a decline of 80%. This is the latest data available. The County had less of a decline in manufacturing jobs during this time period - 48%. Development of flex space in portions of the City may offer opportunities for expansion of small manufacturing/distribution operations serving regional markets.
2. **Retail Trade.** Efforts can be made by the City to increase the number and variety of retail operations in the City to serve residents and workers. Retail jobs are not highly paid, but they offer employment opportunities for people first entering the workforce and for people seeking part-time employment. Retail operations also add to the quality of life for residents and workers. In Wilmington, retail is the third largest employment sector, accounting for 11% of the City's jobs. However, the consultant team recommends that this industry not be considered as a target industry, requiring special development efforts by the City. Development of retail opportunities should be a goal of the City, but support efforts can be taken through existing City programs.