

# CORNERING THE CREATIVE ECONOMY

ORLANDO ROLLS OUT THE RED CARPET FOR DIGITAL MEDIA FIRMS TO GET A LEG UP ON THE NEXT BIG WAVE OF HIGH TECH DEVELOPMENT.

By Steve Blount

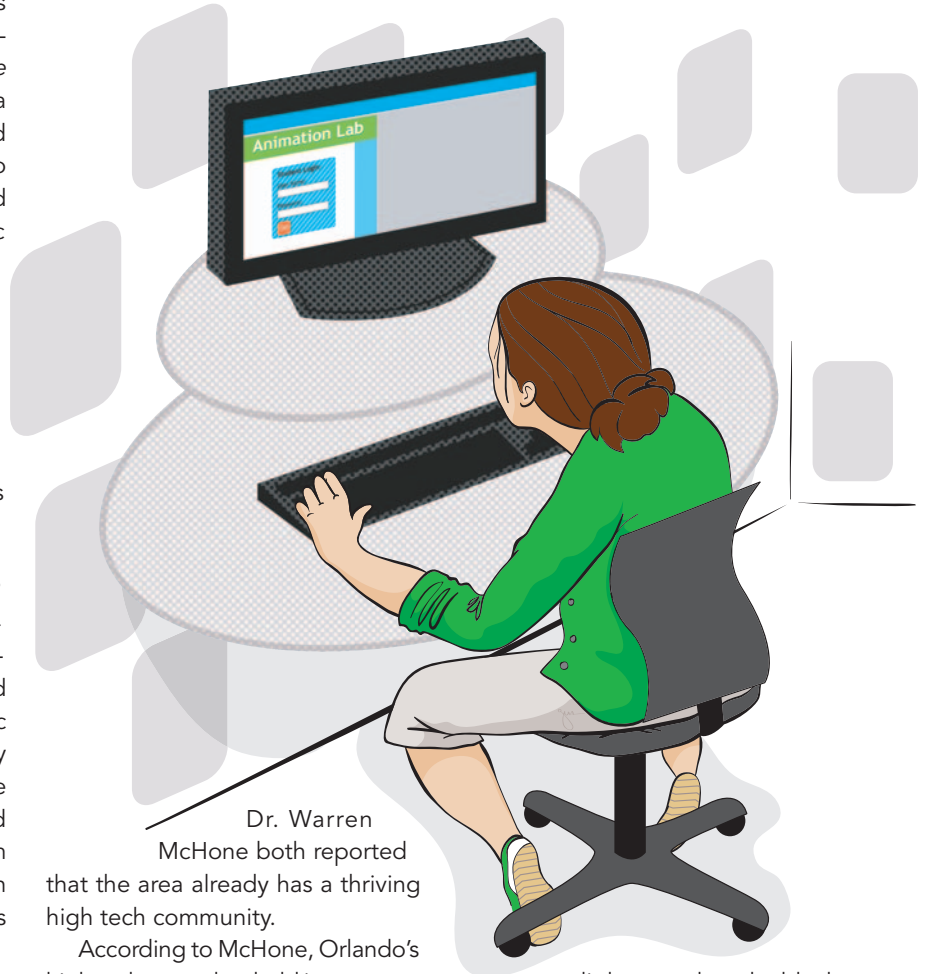
»» At first glance, Central Florida with its teeming theme parks and legions of uniformed service workers might seem an unlikely place to find a clue to the next economy. But it's here ... or, more accurately, it's "virtually" here. This revolution is the "creative economy," and it's been hiding behind the scenes at Orlando's theme parks and developing in "black hat" defense labs all along. The news is that it's now out in the open. Area leaders — including Orlando Mayor Buddy Dyer — are busy harnessing its economic power to revitalize downtown Orlando by significantly enlarging the digital media industry cluster in Central Florida. If you're a member of the area's digital media industry or supplier to it, prepare for blast off. If you're not here, you'll be interested in how the city is rolling out the red carpet to get you here.

Social theorist Richard Florida gets credit for naming the "creative economy" in his book *The Rise of the Creative Class*. In his research, Florida noticed that the high tech jobs coveted by so many communities were going to places like Austin, San Francisco and Seattle; places that had some specific things in common. Most of those boiled down to the fact they are tolerant of people who were different and they offer a variety of lifestyle amenities including cultural events, art museums, nightlife and a music scene. Those amenities attract the workers needed by the companies that make up what he calls the "creative economy."

What is this creative economy? Florida points to workers who use substantial formal education and experience to create forms that can be reused over and over (like a movie, music recording or video game) or who apply that general knowledge and experience to specific problems (like doctors and lawyers). A simpler definition comes from researcher Lou Musante of the research firm Catalytix, who defines this group as "everyone who thinks for a living."

## I THINK, THEREFORE I AM VALUABLE

In separate recent analyses of the Central Florida economy, Catalytix and University of Central Florida economist



Dr. Warren McHone both reported that the area already has a thriving high tech community.

According to McHone, Orlando's high tech sector has held its own over the past six years, weathering the bursting of the tech bubble and the aftermath of the 9/11 attacks with aplomb. In 2004, the average wage for a high tech worker in Orlando was \$70,000 —

a little more than double the average pay of all workers in the area. Also on the plus side, McHone noted that Central Florida's tech sector is diversifying, a key indicator of future stability and competitiveness.



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Musante is quick to point out one area of that diversification. His analysis for Catalytix concluded that there's a significant opportunity for Central Florida to enlarge its digital media industry cluster. In a study due for release this summer, Catalytix reports that the area has 317 digital media businesses that together employ more than 8,000 workers, bring in \$1.4 billion in annual sales and pay out \$280 million in wages. There are another 822 "arts" businesses in the area that employ an additional 6,000 workers.

This is a big business for Central Florida.

## THE ORIGIN OF THE SPECIES

So where did all these creative economy companies come from? The seeds have been here all along. Remember Mr. Toad's Wild Ride and The Hall of Presidents at Walt Disney World®? The people who make Disney's attractions work are called "Imagineers." They dream up experiences and then use

engineering — including sophisticated computer techniques — to create realistic simulations. Universal Studios Florida and others do the same thing.

On the other side of town, at the top-ranked Central Florida Research Park, the co-located commands of the U.S. Army, Navy, Air Force and Marines' simulation and training divisions add another cadre of tech workers skilled at simulating "real life" combat and peace-keeping situations. The presence of these commands has attracted a bevy of contractors to the area — Science Applications International (SAIC), Northrup Grumman and Lockheed Martin among them. Recognizing the potential of the region's growing research university, these military and corporate entities partnered with the University of Central Florida, which has become the lead institution for DoD simulation research (see "The Population of Nerdistan," page 20). Soon the thriving simulation hub began

to also reach out to the region's entertainment and theme park industry, exploring ways to work together to most effectively train a generation of young recruits raised on video games and digital immersion.

If past is prologue, Orlando Mayor Buddy Dyer has a metaphor for what's ahead: "The best way to predict the future is to create it, or at least shape it."

And the city is doing just that.

Dyer was elected mayor in 2003 on his promise to revitalize downtown Orlando.

"I asked people what we needed to do to revitalize downtown and I heard three things: We needed more residents, we needed a grocery store and we needed a movie theater," Dyer says.

Those sound like pretty humble aspirations for the central city in a region that has a population of two million, attracts 40-plus million visitors a year and has figured prominently in the last two national elections. But, like other metropolitan areas, Central Florida had grown in rings around Orlando, leaving the core with a low population and few services. Where others saw disuse and despair, Dyer says he saw a blank canvas and one key advantage: "One of the things that's unique about Orlando is that downtown is still the business hub. That's not true for Tampa; their business hub is Westshore. Atlanta's business hub has moved north of downtown. Orlando still has a lot of workers, especially in legal and finance, downtown."

But few people lived in downtown Orlando. Dyer saw that as an opportunity. A task force of two dozen community leaders produced a comprehensive strategic plan to reinvigorate downtown, and the Mayor's team went to work.

In the course of its study, the task force noticed what the Pentagon had seen, that Orlando had a lot of professionals engaged in digital media, whether that was doing advanced computer and simulation research at

University of Central Florida (UCF), creating defense industry simulations or making video games. One of the area's major employers is Electronic Arts' Tiburon Studios, which has more than 500 workers at its Maitland location and produces the blockbuster Madden NFL® series for EA Sports. It also had a digital media research hub at UCF and a nationally ranked digital media college, Full Sail.

These businesses, the academic back-up and the defense network made a strong argument to focus development resources on digital media and the high-wage workers it could bring.

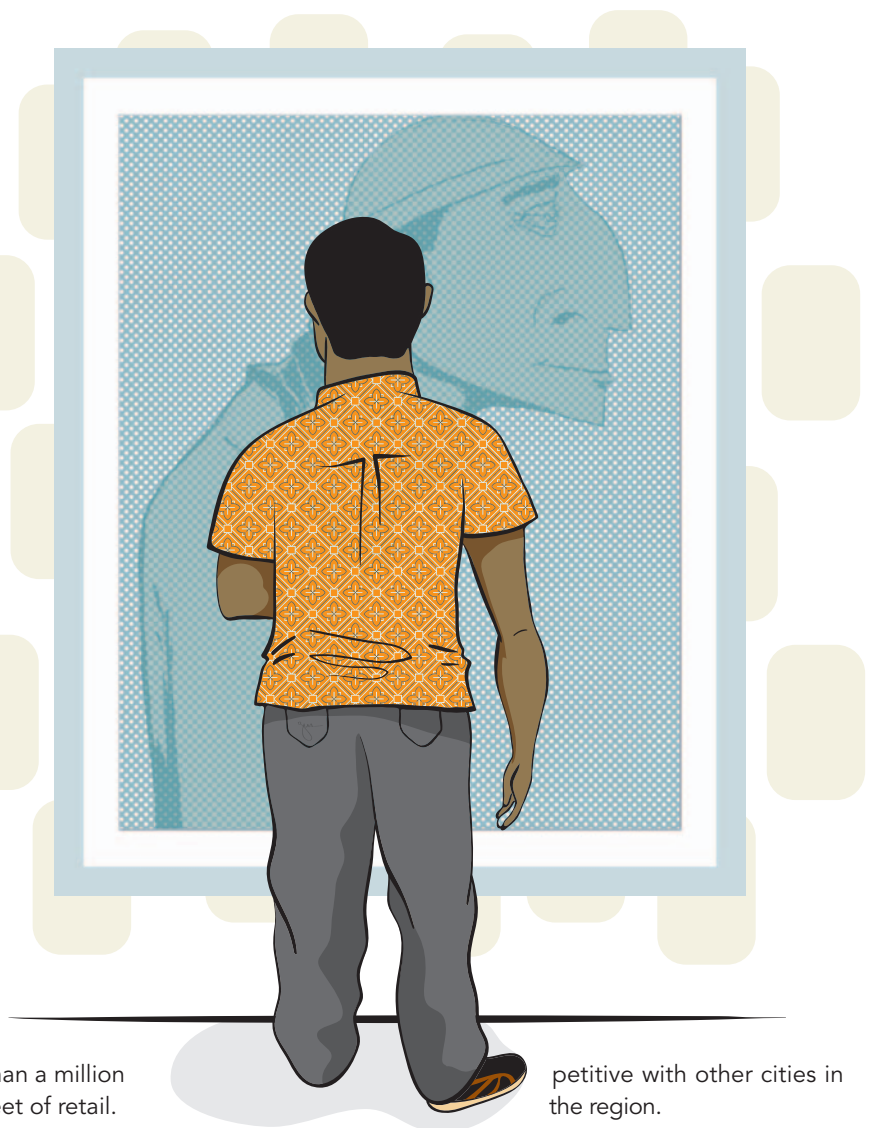
"I'm a true believer in Richard Florida's work," Dyer says. "We have a great hospitality industry that provides a huge boost to our economy, but we need to balance those service industry jobs with high-value, high-wage jobs in other industries as we grow."

Those high-wage jobs will come from members of the "creative class," Dyer believes, and as Florida's research showed, they demand a certain kind of environment, one that offers culture, nightlife and a vibrant urban core.

Accordingly, the city has embarked on an ambitious program that includes repopulating downtown, building three major civic facilities and attracting new businesses — especially digital media businesses — downtown. To do that, they're building on what's already in the region and throwing some serious cash into the game.

## ONE FOR THE MONEY, TWO FOR THE SHOW

The city put everything on the table to get the ball rolling. Demolishing a run-down building — a former dime store — made way for the new Premier Trade Tower and there are currently \$2.5 billion worth of construction projects underway downtown. That includes 8,000 residential units, several million square feet of office space and more



than a million feet of retail.

"Creative workers are the kind of people who may work until 10 o'clock at night, but when they get off they want to be able to walk to restaurants, entertainment or to their homes," Dyer notes. "We're creating an environment where people can live, learn, work and play without having to resort to their cars."

In addition to the residential, office and retail space, the city and county are taking on the redevelopment of two major public venues — the TD Waterhouse Center where the Orlando Magic play and the Citrus Bowl stadium complex — as well as building a new performing arts center. While some questioned the wisdom of tackling all three projects concurrently, Dyer says that all three are essential to make Orlando com-

petitive with other cities in the region.

"We were competing with Palm Beach County for the Scripps [research institution] project a couple of years ago and I'm convinced that one reason Scripps went to Palm Beach was their cultural amenities, especially the Kravis Center," Dyer says.

While taking on three major projects is expensive, the goal is achievable. One of the cards in Orlando's deck is an ace: like all regions in Florida, Central Florida's governments collect a Tourism Development Tax (TDT), which is added to the hotel bills of visitors. Mayor Dyer — in partnership with his counterpart in Orange County, Mayor Richard Crotty — has persuaded the area's leaders to use a small portion of the region's TDT collections to back bonds that will be used to help fund the redevelopment effort.

# The Population of Nerdistan

Who are these folks on whom the mayors are pinning their hopes for a revitalized downtown Orlando?

Military contractors have long been part of the Central Florida high tech scene, starting with what is now Lockheed Martin. Heavily involved in both the space program and U.S. defense missile programs, Martin-Marietta (as it was then known) attracted hundreds of engineers to the area in the 1960s and equipped them with the latest research and tools. Training tools were part of that mix, and applying evolving computer technologies to training were a natural outgrowth. Other mega-contractors including, Harris Corp., got into the act and the Pentagon formally recognized the developing cluster by establishing a military command on the grounds of the Navy's training center in Orlando in 1966. The military commands now lead a group of 140 commercial firms in the development of modeling and simulation technologies for the armed forces.

The University of Central Florida has worked diligently with the military to build the nation's defense simulation capability, and with private companies on commercial uses for simulation technology. Although homegrown and less than 40 years old, UCF became a powerhouse in the simulation world after being designated the lead institution for defense simulation

studies by the Pentagon. Its Institute for Simulation and Training has more than 60 faculty researchers and an equal number of students focused on simulation hardware and software.

UCF has reached beyond the defense world, as well. With support from videogame giant EA Games and the city of Orlando, UCF established the Florida Interactive Entertainment Academy (FIEA) in 2005.

Full Sail is a well-known entertainment technology college with campuses in Los Angeles and Winter Park. Its high intensity programs prepare students for careers in traditional film and music recording settings and for newer jobs in the simulation and video game industries.

Multimedia studios are blossoming in Central Florida, many from seeds planted by the theme park industry. One of the most prominent is i.d.e.a.s, which is physically located on the back lot at Disney/MGM Studios.

Video game publishers are just the latest addition to Central Florida's entertainment technology mix. The biggest is EA Tiburon Studio, which employs about 600 workers in Maitland. EA Tiburon has a number of major launches on its plate for 2006, including releasing Madden NFL for X-Box 360 and what is shaping up to be a very complex Superman title.

## IT TAKES A CREATIVE VILLAGE

Another key component of the plan is the creation of a "creative village" in downtown Orlando. By attracting these businesses — who hire the kind of workers who like to live and play in urban areas — you get a "three-fer": new businesses and their payrolls; residents for the revitalized downtown; and customers for retailers, restaurants and the events to be held at the civic facilities.

To kick-start the village, the city leveraged an asset it already had: the Orlando Expo Center. An aging convention facility, the Expo Center was long ago eclipsed by the mammoth Orange County Convention Center, located a few miles away. The city partnered with UCF to create the Florida Interactive Entertainment Academy (FIEA), which opened in fall 2005. FIEA

offers a master's degree in video game development, the first of its kind in the nation. Coupled with the existing computer science department at UCF and Full Sail's noted digital media courses, FIEA will be a pipeline to commercialize the cutting-edge simulation work being done at UCF and supply the highly skilled workers that the businesses in Orlando's "creative village" will need.

"The Florida Interactive Entertainment Academy will be the catalyst for a lot of what we envision downtown," Dyer says. "[Digital media firms] will want to locate close to FIEA, and the workers who are attracted to that kind of employer want to be in a vibrant downtown environment, not on a suburban campus."

While another EA Tiburon-style business with 500 employees would be a boon, Dyer says they're actively

recruiting everything from two-person boutiques to employers that have 1,000+ workers.

To get employers to buy into their redevelopment plan, the city is offering targeted incentives to companies in industries such as digital media.

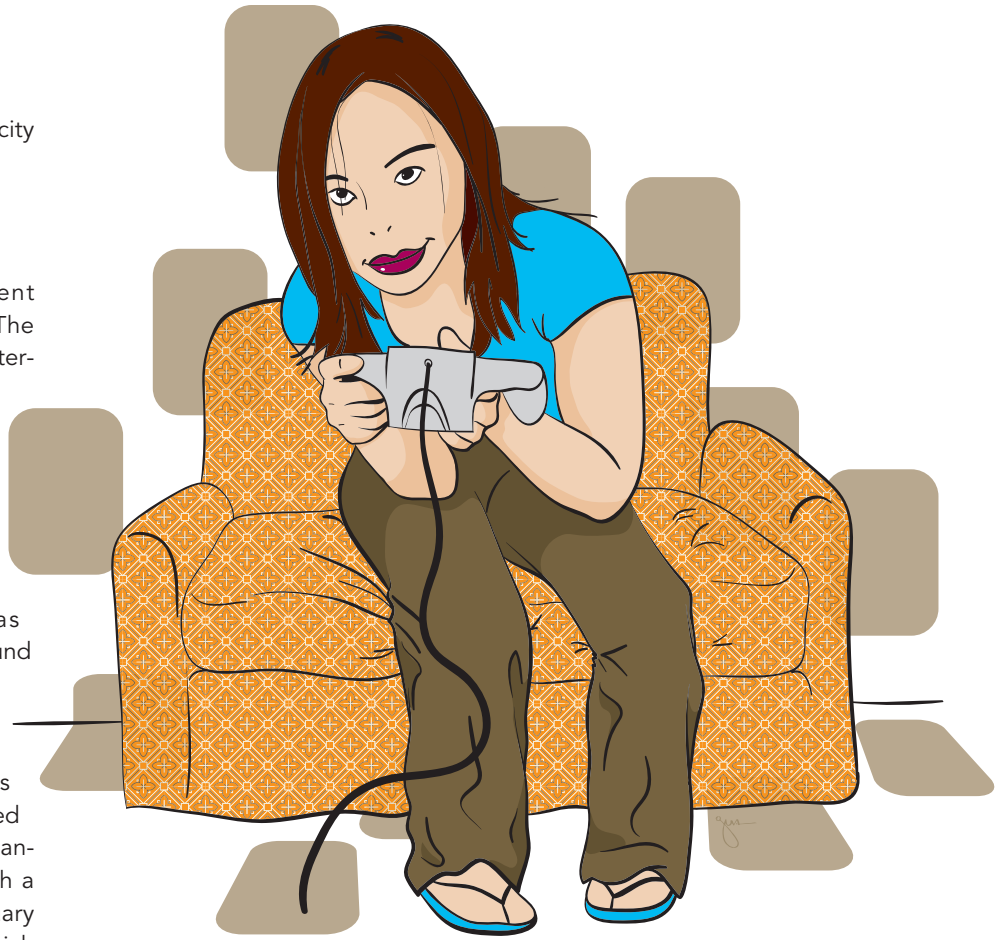
The mayor says the program will be similar to the Qualified Targeted Industry (QTI) program run by the state of Florida. Like QTI, which offers up to \$4,000 per employee for qualified companies, the city program will provide considerable rebates on taxes and fees to employers who create jobs with an average wage that is 200 percent of the city average, or about \$68,000.

Coupled with the state's incentives — which are many and varied, and run the gamut from paying to upgrade tech workers' skills to outright grants — digital media firms willing to play stand to

reap substantial subsidies from the city and state.

## REALITY — OR VIRTUAL REALITY?

Lots of cities have redevelopment plans, many of them very good. The trick is in executing the plans: mustering and maintaining the financial ability, civic commitment and private sector participation needed to make them work. On that score, Orlando seems to be hitting on all cylinders. The region has a funding source in the TDT and the area's powerful hospitality industry has signed off on using the tax to help fund redevelopment. Even the preservationists who initially opposed key provisions of the plan are on board, and the business community has rallied around as well. FIEA enrolled its first class of 16 master's degree candidates in September of 2005 with a projected graduation date of January 2007. The residential projects, which debuted to widespread skepticism, are selling out before they're completed. The mayor has kept two other campaign promises as well: a Publix



grocery store is being built downtown and a multi-screen theater will open later this year.

The lights are on again in downtown

Orlando, the "creative village" is taking shape and its creative economy is gathering steam. And that's reality — not just one of Orlando's famous illusions. **x**

## Beyond the "Creative Village"

In addition to the evolution of a "creative village" in Downtown Orlando, development of the region's high tech infrastructure is occurring throughout the region. A prime example is Orange County Mayor Richard Crotty's proposed Innovation Way, a strategic land use and economic development initiative designed to attract and support technology companies. The 90,000-acre district links the University of Central Florida, one of the nation's 10 largest research universities, with the Orlando International Airport, a facility rated among the busiest and best for customer service.

Also anchoring the district are the Central Florida Research Park and a new campus of Valencia Community College, which has been recognized as the top community college in the nation. The northern half of this area already contains high-quality residential communities, academic institutions and commercial developments. However, the southern portion of Innovation Way

is largely undeveloped.

"We envision Innovation Way not only as a center for high value employment but of new urbanism," says Crotty. "Good jobs, schools, hospitals, shopping and recreational amenities will all be closer to home as a result of the advance planning we've done for the region."

Since Mayor Crotty's announcement of the initiative in 2005, an Innovation Way Study — the result of Vision Workshops and a Community Planning Collaborative that formed the basis for Comprehensive Policy Plan Amendments — has been conducted. The Comprehensive Plan Amendments includes proposed policies to guide the future development of Innovation Way based on Study findings. The Orange County Board of County Commissioners adopted the amendments June 13, 2006. For the latest information on the project, visit [www.orange-countyfl.net](http://www.orange-countyfl.net).