



Region Rising: Shaping Greater Washington's Economy for the Future

February 2026

Executive Summary:

Navigating toward the Economy of the Future in the Greater Washington Region

Greater Washington’s economy is at an inflection point: without a concerted effort to diversify the economy and shift our path, we risk lagging economic outcomes and falling behind our U.S. peers.¹ This moment presents an opportunity for regional stakeholders to consider how greater alignment around a shared economic vision could support future outcomes.

We already have a strong foundation of strategic intent among the jurisdictions that make up our region.² But the complexities we face today—federal administration shifts, changing workplaces, rise of AI, global competition—require more than just these individual strategies: we need coordinated action across jurisdictions and sectors. We believe a strategy for the Greater Washington Economy of the Future can help us:

- Establish a common understanding of our region’s true competitive advantages
- Identify where each jurisdiction is best positioned to excel
- Develop specific, actionable steps that both public and private sectors can take together



Our regional vision is clear: We are America’s Capital of Trusted Innovation.

The region’s economic future could be shaped by continued investment in innovation aligned with broader economic priorities. This economic future will combine our world-class research, proximity to federal decision-makers, history as the center for global change, and deep expertise in the technologies that define national competitiveness: AI-enabled cybersecurity, life sciences breakthroughs, and defense technology. Region Rising outlines key priorities:

¹ The Greater Washington Partnership would like to thank McKinsey & Company for its analytical support, including economic and data analysis, which helped to inform this report. The conclusions and recommendations are those of the Greater Washington Partnership.

² Within the last three years, DC has published its “Growth Agenda,” Maryland has outlined a strategy for “Winning the Decade,” and Virginia’s Strategic Plan also highlights how the state plans to position itself for nationally leading outcomes.



Defend and extend foundational sectors

Foundational sectors form the bedrock of the regional economy, providing stability and a significant share of employment. There are eight sectors identified as foundational sectors for the region: government services, education, local health services, transportation and distribution, tourism and entertainment, professional business services, media and communications, as well as financial services.



Promote high-growth sectors

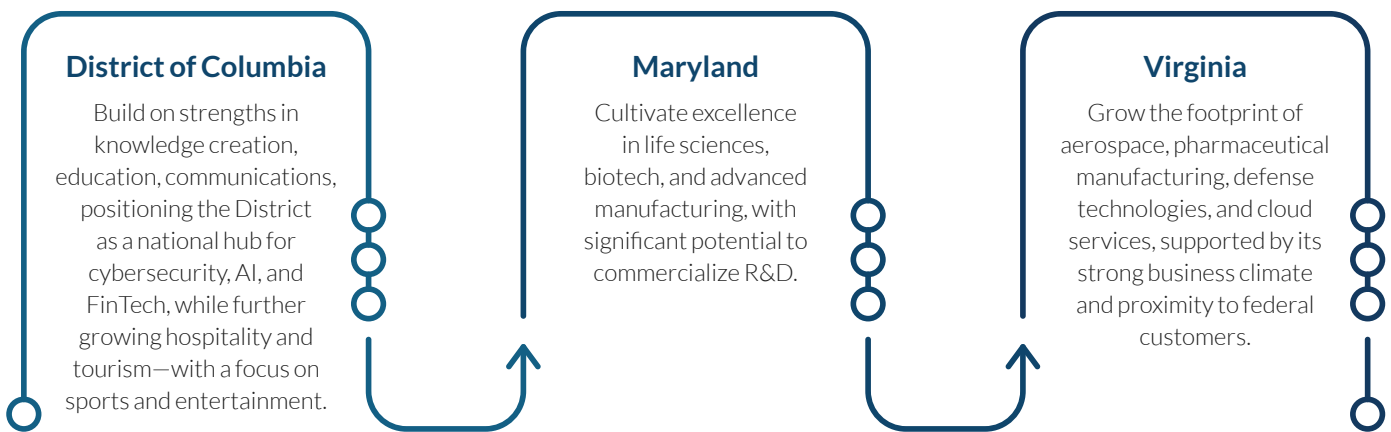
The region has an opportunity to diversify the economy and invest in high-growth sectors—technology (e.g., cybersecurity, AI), life sciences, and aerospace & defense—that are projected to increase jobs by double the rate of foundational sectors.



Invest in areas that enable growth and competitiveness across our sectors

There are several cross-cutting “enablers” and underlying business conditions that have an outsized role in the location decisions of people and companies. Four enablers were identified as priorities to “get right”: innovation, talent, livability, and business friendliness.

Together, Maryland, DC, and Virginia form a regional ecosystem poised to establish itself as a global leader in these critical industries. **To unlock the potential growth outlined in this strategy, each jurisdiction can focus on the unique assets,** or “spikes,” where they can create opportunities for national leadership in high-growth areas. The potential “regional spikes” for each of our jurisdictions include:



The region stands at a pivotal moment, with the opportunity to shape a future-ready economy. We must now seize this moment to coordinate our strengths and compete as one powerful economic force. **This strategy serves as a tool for aligning our region’s leaders and key stakeholders around this shared goal of reinvention and economic diversification. Together we can write our region’s next chapter.**



Greater Washington at an Inflection Point:

The imperative to build the “Economy of the Future”

Showcasing a shared strategy for the Greater Washington Economy of the Future

Our global economy is facing unprecedented change, and our region is not insulated from these disruptions. We already have a strong foundation of strategic intent among the jurisdictions that make up our region. Within the last three years, DC has published its “Growth Agenda,” Maryland has outlined a strategy for “Winning the Decade,” and Virginia’s Strategic Plan also highlights how the state intends to position itself for nationally leading outcomes. These strategies provide a compelling foundation. But the complexities we face today require more than just these individual strategies: we need coordinated action across jurisdictions and sectors.

Given these complexities, we believe a shared agenda for the Greater Washington Economy of the Future can help us:

- Establish a common understanding of our region’s true competitive advantages
- Identify where each jurisdiction is best positioned to excel
- Develop specific, actionable steps that both public and private sectors can take together

A region rich in economic strengths and assets

The region—stretching from Baltimore, Md. through Washington, DC to Richmond, Va.—has a lot to celebrate in terms of its strong economic performance. It ranks among the top-performing regions nationally, outperforming both peer regions and the U.S. average across several key macroeconomic indicators. The region is among the top U.S. regions in GDP per capita (21% above U.S. avg.), boasts higher labor force participation (4.8pp above US avg.) and substantially higher average wages (20% above U.S. avg.)³ Together, these indicators underscore the region’s strong economic foundations and robust labor markets.

Complementing these strengths, the region has a large, highly educated workforce that outperforms peers on educational attainment, alongside robust world-class assets and institutions.

Greater Washington snapshot

50+

Fortune 1000
companies



Home to stable
anchor employers

11

R1 research
institutions



Epicenter of the
federal government

Top 5

in the nation in
risk capital and
startup activity



Home to cutting edge
innovation with venture
capital funding in the
region trailing only San
Francisco, Boston, and
New York City

³ Analysis using Lightcast data

Figure 1: Summary of Macroeconomic Insights

Comparison with peer regions and US averages ● Performing better ● Performing similarly ● Performing worse

	Indicator	Current data (2024 or 2025 ¹)		Comparison to peers and US averages (2024)			
		Region	US	Region	DC	Richmond	Baltimore
Areas of leading national performance	Unemployment rate <i>December 2025</i>	4.2%	4.5%	●	●	●	●
	Labor force participation rate <i>August 2025</i>	67.8%	62.7%	●	●	●	●
	Median household income	\$112.2K	\$80.0K	●	●	●	●
Opportunity areas to improve future performance	Change in unemployment <i>Increase during 2025</i>	1.2%	0.5%	●	●	●	●
	Real GDP <i>Growth rate, 2019-24</i>	2.1%	2.4%	●	●	●	●
	Employment <i>Growth rate, 2019-24</i>	0.2%	0.5%	●	●	●	●
	Population <i>Growth rate, 2019-24</i>	0.5%	0.6%	●	●	●	●

1. Unemployment rate and labor force participation rate are as of August 2025, Median household income is for 2024, Change in unemployment shows the change from 2024 average to August 2025, Real GDP, Employment, and Population growth rates show the change from 2019 to 2024
Source: Lightcast, Bureau of Labor Statistics, US Census American Community Survey, Moody's Analytics

The imperative to address competitiveness challenges

The region stands at a defining moment, and how we respond to today's economic risks will determine our long-term success. At a macro level, risks include shifts in the federal government's regional employment, heavy-indexing on slower growth industries, changing demand in labor, skills, and services given the rise of AI— which may put pressure on employment levels, and global competition to capture investment and employment from high-growth industries.

While unemployment has previously been an area of leading national performance for the region, **this trend may be shifting as changes in unemployment during 2025 in the region outpaced the nation by more than 2-to-1.** Real GDP growth has been tepid and lags U.S. and peer regions. Across the region, real GDP growth has been 11% compared

to a peer average of 13% over the last 5 years. Within the region, Richmond leads GDP growth with DC close behind and Baltimore lagging Richmond by 7% in 2024. In addition, while unemployment and labor force participation are high, total employment has slowed in recent years. Richmond and DC's total employment growth over the last 5-years is above the U.S. and peer regions, but Baltimore lags behind. A major driver in the lagging employment growth is average population growth that has kept up with the national average, but not "high-growth" peer regions and population growth hubs across the U.S. Compared to the U.S. overall population growth rate of 0.6%, DC has performed on par and Richmond performed well, with population growth rate of 0.6% and 1.0% respectively. However, the region overall lags peers.

There are several drivers of lagging economic performance in these areas that need to be addressed to enable the region to reaffirm our position as a leading national, if not global economy.

First, the region's overreliance on "Feds, Eds, and Meds" sectors has weighed on growth.

"Feds, Eds, and Meds" refers to the federal government, education and research institutions, and health services. Today, 26% of the region share of jobs is in Feds, Eds and Meds, double the level of leading growth peers such as Boston or Seattle. DC's employment in federal services (not including contractors), is almost twice the "key industry" concentration that Detroit has in automotives. Given the large share of jobs in Feds, Eds, and Meds, the region's historical job growth in these sectors combined was 0.8%, half that of peer regions with a 1.6% job growth rate.⁴ When broken down to each sector's relative share and historical growth rates from 2014-2024, we see the over-representation of the federal sector, and underperformance of "Eds" and "Meds." The region share of jobs in the federal sector is 7 percentage points higher than peers, with a forecasted growth rate of just 0.4%. Meanwhile "Eds" and "Meds" experience challenges of underperformance in growth, -0.6% growth rate over the last 10 years versus peers.

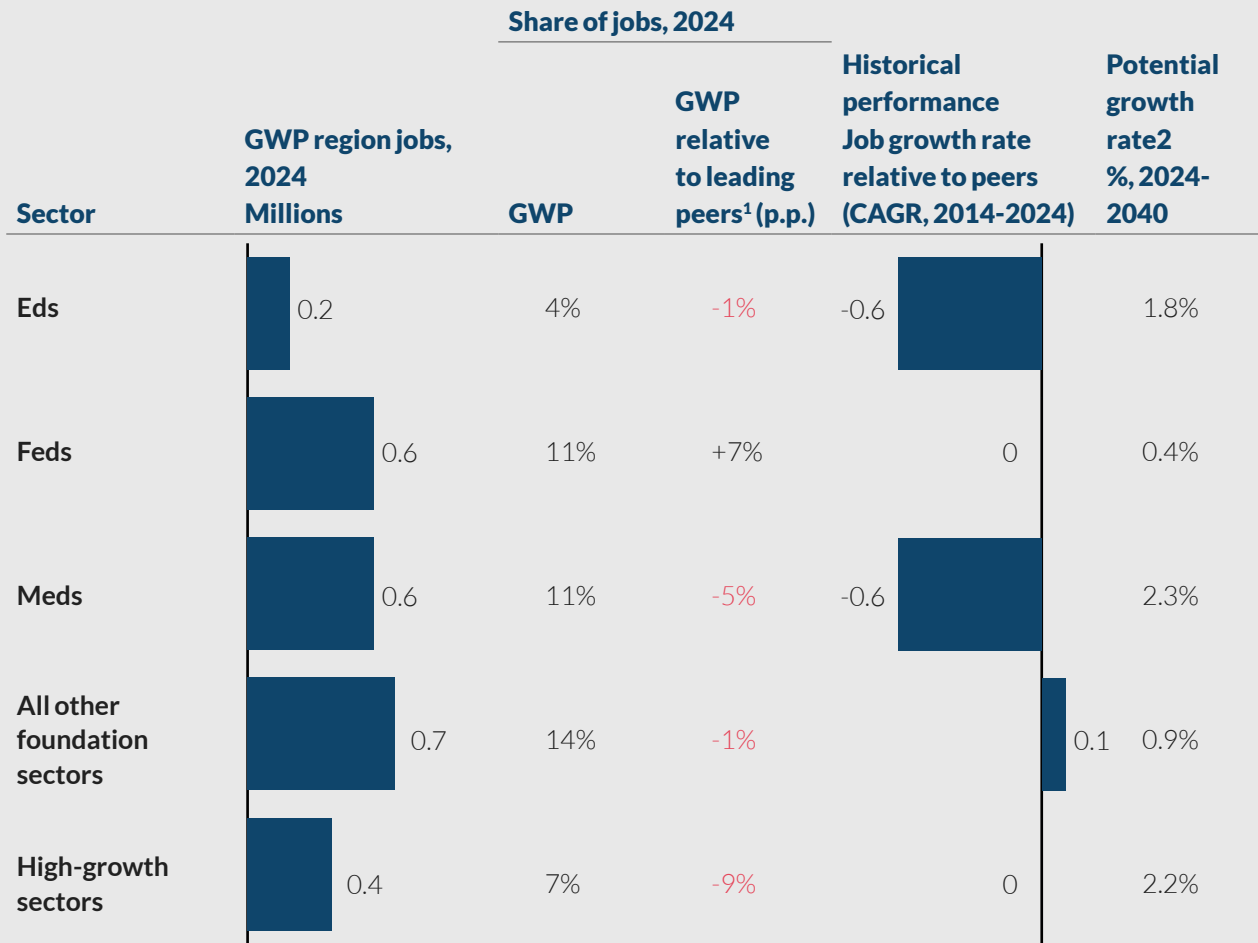
Based on analyses, federal employment growth may slow, or potentially contract, over the next few years. Some estimates suggest this could translate to a GDP reduction of ~\$10B-49B and job reductions of 50-300K (up to 22% of 2024 jobs) in the region's economy.⁵ Since the beginning of 2025, federal jobs have declined by 271K nationally and, in October 2025, 162K federal workers lost their jobs as they faced the last month workers could officially take a voluntary leave package.⁶

⁴ Analysis using Lightcast data (CAGR 2014-2024)

⁵ Estimates based on comparison of historic momentum case and resulting forecast % changes in the region's total jobs and GDP, using 2024 data

⁶ Bureau of Labor Statistics

Figure 2: The region’s sector mix may be a major driver of slower growth



1. Leading peers are Boston (Eds), Boston (Feds), New York (Meds), Boston (All Other), and Houston (High-Growth)
2. Based on an analysis of the following scenarios: GWP region 10-yr projected growth, projected 10-yr growth for all peer MSAs (Atlanta, Boston, Chicago, New York, Los Angeles, Houston, Philadelphia, San Francisco-San Jose, Charlotte, and Seattle MSAs; highest performing peer with similar sector size to GWP region)

Source: Lightcast

Second, “high-growth industries” play a smaller role in the regional economy, which means the region may miss growth opportunities: High-growth sectors (e.g., technology, life sciences, aerospace and defense) make up 7% of jobs in the region. This is less than half of the participation in these sectors in the economy relative to top performing high-growth peers, such as the Bay Area (16%) and Seattle (13%).

Despite lower participation in these sectors, the region’s high-growth sectors perform just as well in their growth as these high-growth peers. Job growth rate in the region of high-growth sectors is effectively equal to our major metro peers. The challenge is the share of jobs in these areas, which have historically outperformed “Feds, Eds, Meds” by more than double in terms of job growth, is far lower. Looking to the future, these high-growth sectors

are expected to continue to outperform, on average, with forecasted employment growth at more than double the rate of the “Feds, Eds, and Meds” over the next 10 years (2.2% vs. 0.9%)⁷.

Third, despite strengths highlighted above, many core “enablers” of growth lag in their performance, dampening regional competitiveness. The region maintains real strengths in education attainment and research; however, performance lags in our ability to retain talent, convert knowledge assets into startups and scale up, and shows mixed performance on livability and business-friendliness:



Retaining talent: The region is among the best in the U.S. in educational attainment and experiences high levels of in-migration. However, the region also struggles with significant out-migration and low graduate retention, leading the region to operate as a sort of “talent exchange.” **Outmigrants cite jobs and housing as top reasons for moving. Between 2019 and 2023, 56% of residents moving to the region cite job-related reasons, notably more than the U.S. average (39%), while more people are leaving the region for housing reasons (22%) than U.S. average (18%).**



Innovation: The region has leading levels of R&D, for example the state of Maryland ranks #1 in the U.S. in academic R&D. However, it lags significantly in converting this research into economic activity and outcomes. Baltimore, with nationally leading R&D engine Johns Hopkins as an anchor, is leading the charge in R&D. Yet the lags in commercialization, startup, and scale-ups (MD ranks 44th in patents per 1m people and 50th in startup early job creation). Richmond is the only region MSA that is performing on par with peers in technology and life science job growth. Among the top 10 major U.S. metros, the region ranks 3rd in academic R&D expenditure, behind Boston and the Bay Area, but drops to 4th in patents filed per capita and 6th in venture capital investment per capita and tech and life science job creation.⁸



Livability and business-friendliness: The region shows mixed performance on congestion and homeownership, while rental cost burdens are much higher. The region has comparatively low energy costs and cost of doing business, with some mixed performance across MSAs. The region is performing better across a select few indicators, whereas peers show clear and consistent spikes. For example, the

⁷ Analysis using Lightcast data

⁸ Maryland performs the highest in the region in innovation, leading in academic R&D (#1) and small business innovation (#9), but struggles in patent generation (#44) and scale-up (#50 in startup job creation and #46 in new business profitability). DC has mixed performance in innovation, with some strengths in later stages of the pipeline (#3 in startup density, #5 in VC per capita, #2 in startup job creation) but ranking in the middle or bottom half of states in commercialization metrics. Virginia ranks average among states across many of the innovation indicators, but is among the top 10 in count of research institutions (#9) and small business innovation (#3)

Bay Area leads in end-to-end innovation outcomes, while livability and business friendliness lag. On the other hand, Houston is highly business friendly, has high livability, and attracts tech/life sciences job growth, but struggles with the initial segments of the innovation funnel with R&D.

Figure 3: The region performance on key competitiveness factors

Comparison with peer regions ● Performing better ● Performing similarly ● Performing worse ■ Potential risks

Enablers	Components	GWP	MSAs			Peers		
			DC	Rich	Balt	Seattle	Boston	Houston
Innovation	R&D Academic R&D Spend	●	●	●	●	●	●	●
	Commercialization Patents per 1m people	●	●	●	●	●	●	●
	Startup Venture capital per capita	●	●	●	●	●	●	●
	Scale-up Tech/life science job growth	●	●	●	●	●	●	●
Talent	Educational attainment	●	●	●	●	●	●	●
	Graduate retention	●	●	●	●	●	●	●
	Out-migration¹	●	●	●	●	●	●	●
	In-migration¹	●	●	●	●	●	●	●
Livability	Congestion Commute times	●	●	●	●	●	●	●
	Housing Home/rental cost burden	●	●	●	●	●	●	●
Business friendliness	Cost of doing business	●	●	●	●	●	●	●
	Energy costs	●	●	●	●	●	●	●

1. Estimate for GWP region accounts for migration between the 3 MSAs, and therefore shows a lower rate of both in- and out-migration
Source: Lightcast



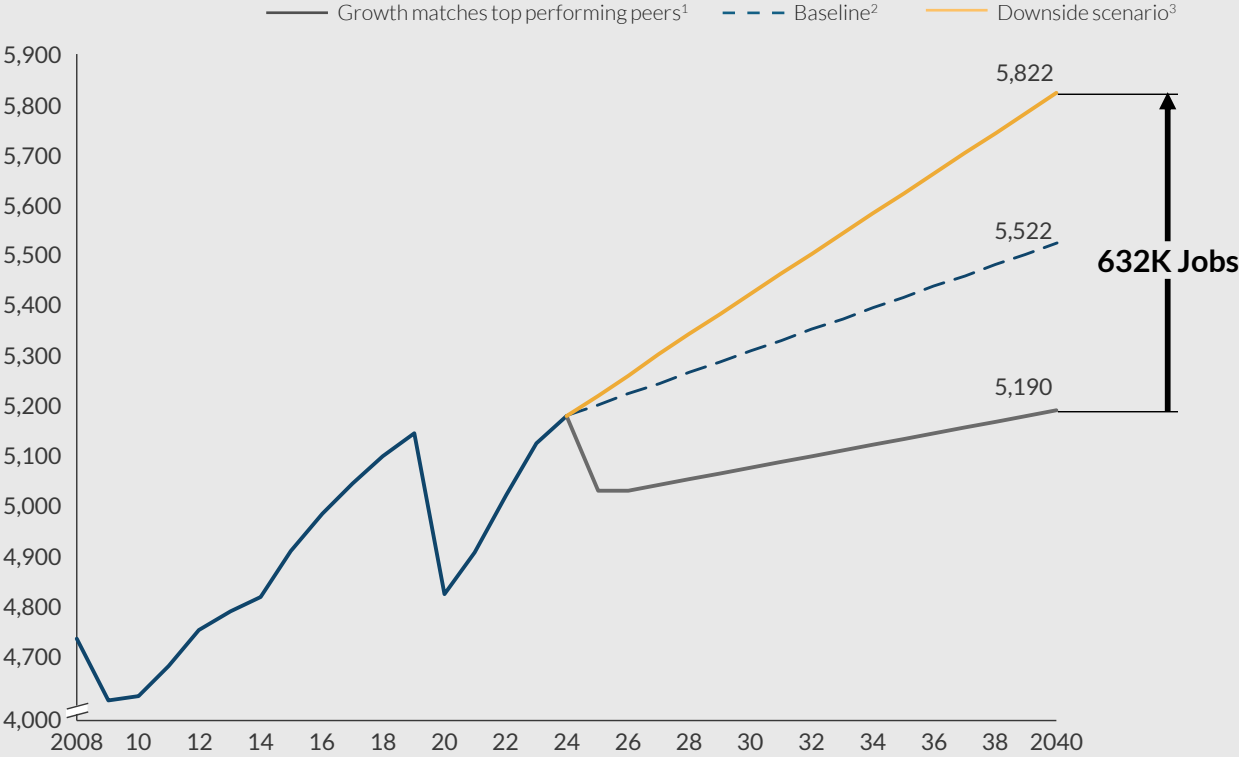
Together, these factors show that while the region has strong foundations, several looming challenges will limit its ability to actualize its economic growth potential. Addressing gaps in industry mix, talent retention, innovation commercialization, and livability will be important for strengthening the region’s long-term trajectory and ensuring it remains competitive. This context frames the significance of the region’s potential growth paths.

The risk of inaction: forecasted growth

If our region experiences the adverse impact of unmitigated workforce reductions due to federal administrative reforms, the “downside” scenario suggests that overall employment growth may be flat, or even contract. However, if the region can successfully increase its regional footprint in the high-growth industries of the future and address relevant competitiveness challenges, the potential impact is significant. If growth matches that of top performing peers through 2040, the region could experience more than 600K more workers as compared to this “downside” scenario.

Regional coordination and collaboration will be critical to collectively address these challenges and increase the chances of achieving the “high-growth” scenario. The region’s composition—multiple states, with overlapping MSAs/cities—creates a unique challenge for coordination. However, the region can use this moment to demonstrate its resilience and emerge as a stronger, more competitive region.

Figure 4: Forecasted job growth and potential growth scenarios



- 1. Potential growth if the region were to match top peers' growth in priority sectors, using similar size sectors
 - 2. Based on Lightcast job growth projections
 - 3. Based on potential impact of federal policies through 2026, low-end scenario and Lightcast job growth projections for the region
- Source: Lightcast, Moody's Analytics



Navigating Greater Washington's Economy of the Future

Our global economy is facing unprecedented change, and our region is not insulated from these disruptions. An agenda to address these challenges and capture the potential can help our region achieve the “upside” growth scenario. We believe **a strategy for Greater Washington's Economy of the Future** can help us:

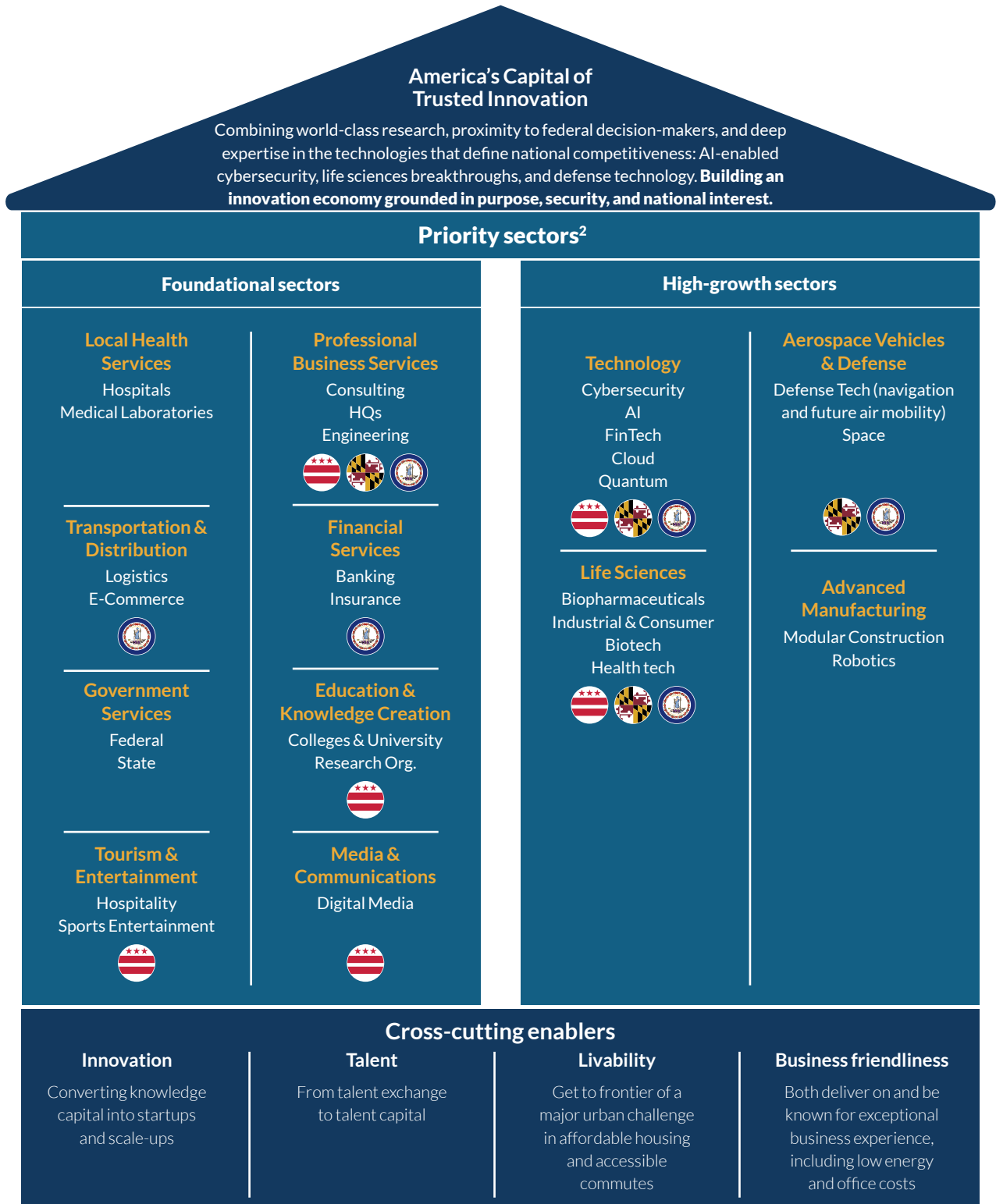
- Establish a common understanding of our region's true competitive advantages
- Identify where each jurisdiction is best positioned to excel
- Develop specific, actionable steps that both public and private sectors can take together

Building upon existing strategic plans, the proposed agenda is composed of priority sectors and cross-cutting enablers, designed to capture the region's industries of today and tomorrow. To identify priority sectors, we analyzed the regional “right to win” (our regions strengths—across employment growth, Location Quotient⁹, VC “fair share”¹⁰) and “want to win” (the promising national growth opportunities—across U.S. employment growth, U.S. VC spend, average wage). We then categorized these prioritized sectors into two areas: our “foundational” sectors and our “high-growth sectors”. In addition, by looking at differences in specialization and employment across MSAs, we identified areas of high specialization within regions, or “regional spikes.” Considerations around macroeconomic factors and trends, including federal government impact, job accessibility, and the impact of automation and future of work, were also considered in prioritizing areas of focus in the agenda.

⁹ Location Quotient (LQ) is a statistical measure that measure whether a region is more or less specialized in a sector than compared to the US

¹⁰ VC “fair share” is the region's share of US venture capital funding in a given sector compared to the region's GDP share in the sector

Figure 5: The Greater Washington Economy of the Future



Regional priorities¹:



DC Come Back Plan



DC Growth Agenda



MD Winning the Decade



VA Strategic plan

1. Regional priorities taken from the following plans: [DC Come Back Plan](#), [DC Growth Agenda](#), [MD Winning The Decade](#), [VA Strategic Plan](#).
2. U.S. employment growth of over 1%; Sectors are in order of current number of jobs



Our vision: The Region as America’s Capital of Trusted Innovation.

This vision builds on our strengths and recognizes changing global trends and disruptions. As we consider the assets and unique strengths our region possesses, and how the world is changing, we believe this unified vision can help guide the region’s focus.

We must build an innovation economy grounded in purpose, security, and national interest. This economic future will combine our world-class research, proximity to federal decision-makers, history as the center for global change, and deep expertise in the technologies that define national competitiveness: AI-enabled cybersecurity, life sciences breakthroughs, and defense technology.

Grounded in this vision, this strategy outlines priority sectors as well as cross-cutting “enablers” and underlying business conditions. With focused effort and investment, these areas are expected to have an outsized impact on our economic outcomes. The portfolio of priority sectors and enablers have the potential to deliver on our multidimensional vision. While there is a strong focus on high-growth industries and leading in innovation, there are also foundational sectors that are resilient, representing varying types of occupations across the board.

This agenda is inclusive of not just high-skill occupations, but also mid- to low-skill occupations with strong pathways to upward mobility. While high-growth sectors are less accessible on average, these sectors are still expected to add more than 5,000 accessible jobs over the next 10 years, nearly 10% of projected accessible job growth.

Across Greater Washington, three key areas emerged as central to support the region’s future competitiveness:

1. Defend and extend foundational sectors

Foundational sectors form the bedrock of the regional economy, providing stability and a significant share of employment. There are eight sectors identified as foundational sectors for the region: government services, education and knowledge creation, local health services, transportation and distribution, tourism and entertainment, professional business services, media and communications, as well as financial services. A few key components of foundational sectors to highlight:



Government services (“Feds”) are undoubtedly strong contributors to the regional economy, and despite disruptions, remain one of the region’s distinctive assets and the reason why many adjacent jobs (e.g., tech, professional services) are located here. Preserving this footprint and the direct and indirect employment benefits should remain a priority, despite disruptions.



Education and knowledge creation (“Eds”) includes cultivating our existing anchor organizations, including Johns Hopkins, the University of Maryland, American University, George Washington University, Georgetown, and more. These institutions serve as one of the key avenues to increase the innovation and commercialization of R&D. Similarly, the high level of talent generated by these anchor institutions closely ties to the quality and quantity of the region’s workforce. Ensuring that education and knowledge creation institutions continue to be a staple sector of the region will be crucial.



Local health services (“Meds”) include hospitals, clinics, community health organizations, and medical laboratories, supported by the region’s strong life sciences and medical research ecosystem. As one of Baltimore’s regional spikes along with a growing population and increasing demand for accessible healthcare, the local health services sector is poised to remain a stable and crucial part of the economy. Particularly in underserved areas, there may be opportunities to close the gaps in access and quality of local health services while also providing quality accessible jobs for residents.



Professional services include consulting, engineering services, and corporate HQs. The region has significant specialization in this sector at the regional level, but a large proportion of professional services are tied to federal spending. Reduced federal spending on contractors has and may continue to affect the workforce in this sector, resulting in cancelled contracts and layoffs.



Tourism and entertainment include sports, entertainment, and hospitality. Among the two, sports entertainment is a growing sub-sector, driven by rising demand for live events, sports team investments, and new venue developments. With ongoing and planned investments in major sports facilities and adjacent development (e.g., Capital One Arena, Washington Commanders, alongside investments in Camden Yards and others), the region is well positioned to expand both job creation and visitor spending. Employment in this sub-sector is projected to grow by 1.9% over the next decade.

While these sectors may not grow as rapidly, they are critical to sustaining economic resilience and community well-being. They play a foundational role for the region's key enablers, whether by contributing to customer-supplier relationships, talent and human capital, part of the innovation ecosystem, or an outsized role in supporting inclusive opportunities and pathways. Importantly, foundational sectors tend to be more accessible¹¹ to workers with less than a 4-year+ degree, with three sectors (health services, hospitality, and transportation) having the highest share of jobs that do not require a 4-year+ degree, and contribute to ~90% of projected accessible job growth.

There are opportunities to lean into key subsectors where there is innovation and growth potential (e.g., sports entertainment within tourism and hospitality; e-commerce within logistics and distribution). **The foundational sectors have the potential to create between 100K – 200K jobs with a forecasted growth rate of 0.9% between 2024 and 2040.**¹²

2. Promote high-growth sectors

Among sectors identified in this strategy, high-growth sectors have significant potential to drive future growth. Given the region's current federal reliance, there is an opportunity to diversify the economy and help reposition those workers into new areas. Promoting high-growth sectors is a means to do so. High-growth sectors—technology, life sciences, and aerospace & defense—are projected to increase jobs by 2x the rate of foundational sectors. Based on our estimates, the technology sector and key subsectors—cybersecurity, AI, Cloud services, and quantum—can add between 35K to 100K jobs, life sciences—industrial & consumer biotech and biopharmaceuticals—can add between 10K to 30K jobs, while Aerospace and defense—space, future air mobility, and navigation—can add up to 20K jobs in the next 10 years¹³.

These focus areas consider emerging “Arenas of Competition”¹⁴—areas that have experienced significant revenue growth in the recent past and are poised to experience even greater growth in the future. The “Arenas” are also areas with high “share shift” rates, meaning high turnover in the companies that lead in these fields. Put simply, these are the battleground areas that will define the Fortune 500, if not Fortune 50, companies of the future.

¹¹ Accessible jobs are defined as jobs that do not require a 4-year+ degree

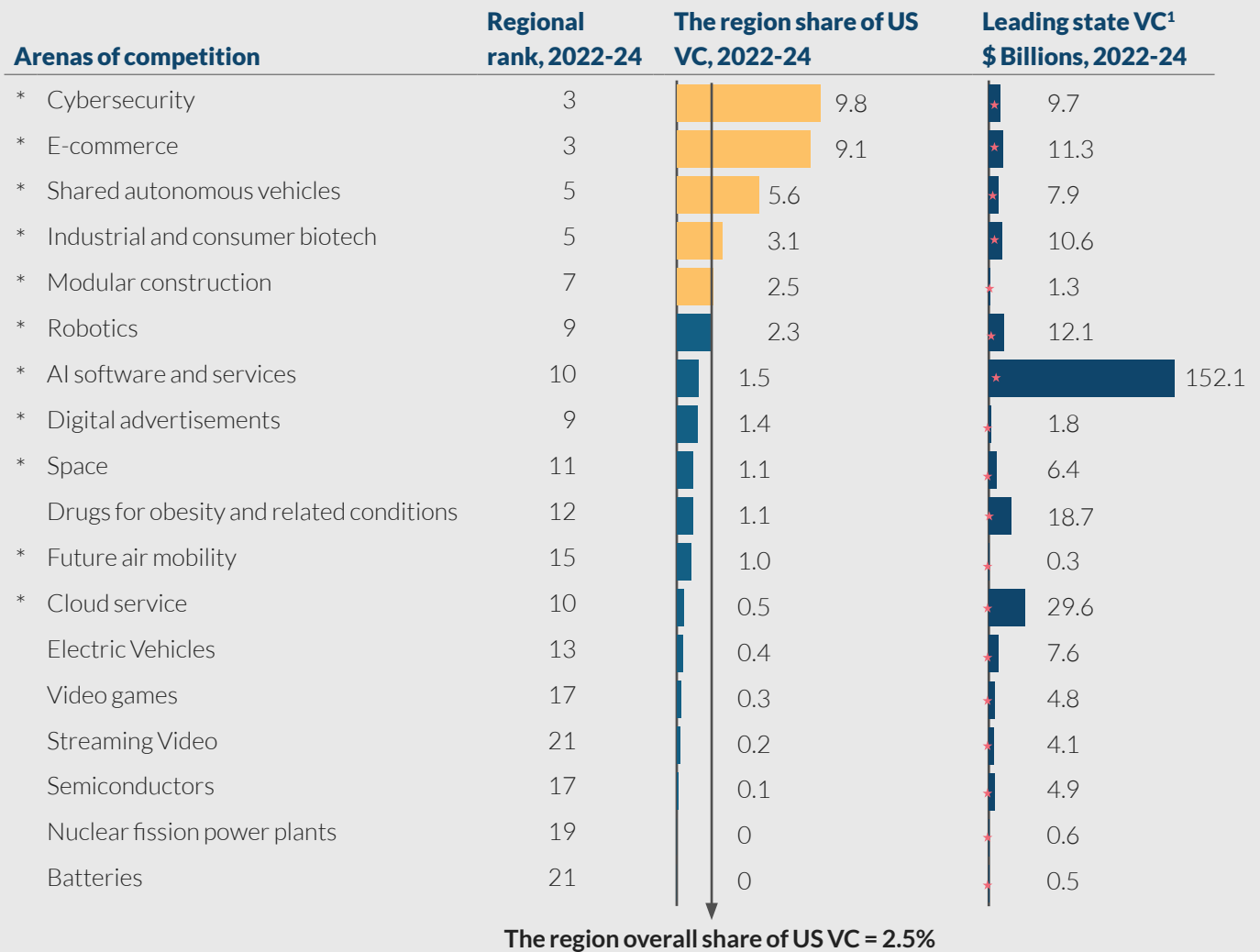
¹² Calculations based on an analysis of the following scenarios: GWP region 10-yr projected growth, projected 10-yr growth for all peer MSAs (Atlanta, Boston, Chicago, New York, Los Angeles, Houston, Philadelphia, San Francisco-San Jose, Charlotte, and Seattle MSAs; highest performing peer with similar sector size to GWP Region”

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¹⁴ McKinsey Global Institute's "The Next Big Arenas of Competition"

Figure 6: Venture Capital Investment in Arenas of Competition

* Potential priority sub-sector ★ The region



1. California leads in all arenas except for Nuclear fission power plants (New York) and Batteries (Michigan)

Source: Pitchbook, accessed 6/27/2025; Lightcast; press search

There are a few key sectors and associated subsectors to highlight:

- Technology (cyber, AI, cloud, quantum and FinTech):** Within the technology sector, the region has existing strengths in software and cybersecurity, with emerging strengths in other future high-growth sub-sectors like AI, FinTech, and Quantum. The potential growth, benefits to other sectors, as well as existing efforts in the region make technology a key sector to “win”. This sector has outsized growth potential that the region could and should capture and can add between 35K to 100K jobs in the next 10 years.¹⁵ In addition,

¹⁵ Forecasted jobs added is based on an analysis of the following scenarios: The region 10-yr projected growth, projected 10-yr growth for all peer MSAs (Atlanta, Boston, Chicago, New York, Los Angeles, Houston, Philadelphia, San Francisco-San Jose, Charlotte, and Seattle MSAs; highest performing peer with similar sector size to the region

Maryland, Virginia, and DC have all committed to technology as a priority sector, with various existing efforts underway (e.g., making Maryland the “Capital of Quantum”).

- **Life Sciences (biopharma, biotech and health-tech):** The region is a growing hub for innovation in biotechnology, pharmaceuticals, and medical research. There exists some degree of specialization and competitive advantage within the region, particularly with anchor companies like AstraZeneca in Maryland and its proximity to federal agencies like the NIH and FDA, as well as leading academic institutions like Johns Hopkins. There is potential outsized growth in specific sub-sectors within the life sciences industry with high potential for job growth and further investment. The life sciences sector is a high-growth sector that is estimated to add 10K to 30K jobs in the next 10 years¹⁶. Key subsectors to “win” within life sciences is biotech. Specializing in key aspects of biotech, attracting targeted investments, and building relevant infrastructure (e.g., manufacturing facilities for bio-based materials) could help the region attract more than its “fair share” of investment in these subsectors, where today the region captures 3.1% of national VC, compared to the region’s 2.5% share across all investment areas.
- **Aerospace and Defense (defense tech, autonomy and space):** The region already has strong infrastructure and assets, being home to major defense contractors, government agencies, and commercial aerospace players (e.g., Goddard Space Flight Center, Northrop Grumman, Boeing). Building upon strong assets, this sector has had high historic growth in the region (4.4% growth rate over the past 10 years), with the Baltimore MSA being particularly highly specialized (LQ = 2.8). Aerospace and defense (Space, Future air mobility, and Navigation) can add up to 20K jobs in the next 10 years.¹⁷ There are key opportunities in each of the high-growth sub-sectors. Space and future air mobility are key sub-sectors to win, given the share of VC going to the top state and the potential for the region to close the gap

3. Invest in areas that enable growth and competitiveness across our sectors

There are several **cross-cutting “enablers” and underlying business conditions** that have an outsized role in the location decisions of companies and people in the foundational and high-growth sectors highlighted. They enable the region to be more competitive and therefore grow the presence of the priority sectors in the region. Importantly, these enablers are also key decision drivers for attracting, retaining and supporting expansions for companies, particularly in high-growth sectors. From a competitiveness standpoint, the

¹⁶ Calculations based on an analysis of the following scenarios: GWP region 10-yr projected growth, projected 10-yr growth for all peer MSAs (Atlanta, Boston, Chicago, New York, Los Angeles, Houston, Philadelphia, San Francisco-San Jose, Charlotte, and Seattle MSAs; highest performing peer with similar sector size to GWP Region”

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region fares differently across different enablers when compared to other metro areas and will require targeted investment to build on existing strengths and address weaknesses. Four enablers identified (innovation, talent, livability, and business friendliness), emerge as priorities to get right:

- **Converting research into innovation:** The region has some of the highest levels of R&D but falls behind when it comes to commercialization, startups, and scale-ups. As mentioned, MD ranks #1 in Academic R&D spend but #50 in startup early job creation.¹⁸ Focusing on the latter stages of the innovation funnel is crucial to developing home-grown companies, becoming a hub for startups, and capturing share in high-growth sectors.
- **Strengthening the talent pipeline:** Despite high education attainment levels, the region struggles with graduate retention and out-migration. To remain competitive in both foundational and high-growth sectors, the region needs to ensure a steady supply of talent with in-demand skills and maintain a robust workforce that serves as the foundation for growth in each industry.
- **Improving livability:** To retain and attract talent, the region must be a place where people want to and can afford to live in. This requires addressing housing attainability (47% of the region's renters are cost-burdened, spending over a third of their income on rent), reducing commute times (DC metro area is among the highest in the nation in commute times of 30+ minutes), and continuing to invest in arts and culture, recreation, safety, and other quality-of-life factors. Disparities in housing availability, affordability, and accessibility of commute options across counties and underserved areas will be a crucial area for the region to invest in.
- **Doubling down on business friendliness:** While the region's cost of doing business is lower than many peers and the U.S. average, driven by lower tax, energy, and real estate costs, there is some variation within the region. To remain competitive, the region can continue to create an environment that attracts businesses to locate, start, and grow, tapping into its proximity to regulators and the government.

Building on these strengths while addressing competitiveness challenges of these components of this strategy can unlock significant growth in the region, filling the gaps of federal disruptions to jobs and setting the region on a competitive, high-growth trajectory.

¹⁸ Academic R&D spend (2023), Startup job creation (2021); Data from United States Patents and Trademarks Office (USPTO), National Science Foundation (NSF), Kauffman Indicators of Entrepreneurship, Moody's Analytics, PitchBook

To unlock the potential growth outlined in Region Rising, each jurisdiction can focus on the unique assets, or “spikes,” where they can create opportunities for national leadership in high-growth areas. The potential “regional spikes” for each of our jurisdictions include:

MARYLAND

Maryland is well positioned to cultivate excellence in life sciences, biotechnology, and advanced manufacturing, supported by a deep base of educational and research institutions as well as lab facilities. Given this foundation, Maryland has significant potential to commercialize R&D and translate scientific leadership into sustained economic growth.

WASHINGTON

The District can build on its strengths in knowledge creation, education, and communications to position and position itself as a national hub for cybersecurity, artificial intelligence, and financial technology. With an existing foundation in hospitality and tourism, DC could further develop this sector, particularly in sports and entertainment, expanding visitor-driven economic activity alongside high-growth technology sectors.

VIRGINIA

Virginia can grow its footprint in aerospace, pharmaceutical manufacturing, defense technologies, and cloud services by leveraging its strong business climate and proximity to federal customers. Aerospace and defense is highly concentrated in the region, while financial and business services provide a strong foundation. Together, these strengths position Virginia to expand its role as a national leader in mission-critical industries serving both public-sector and commercial markets.



From Strategy to Action:

How to put Concepts into Practice

The potential for impact

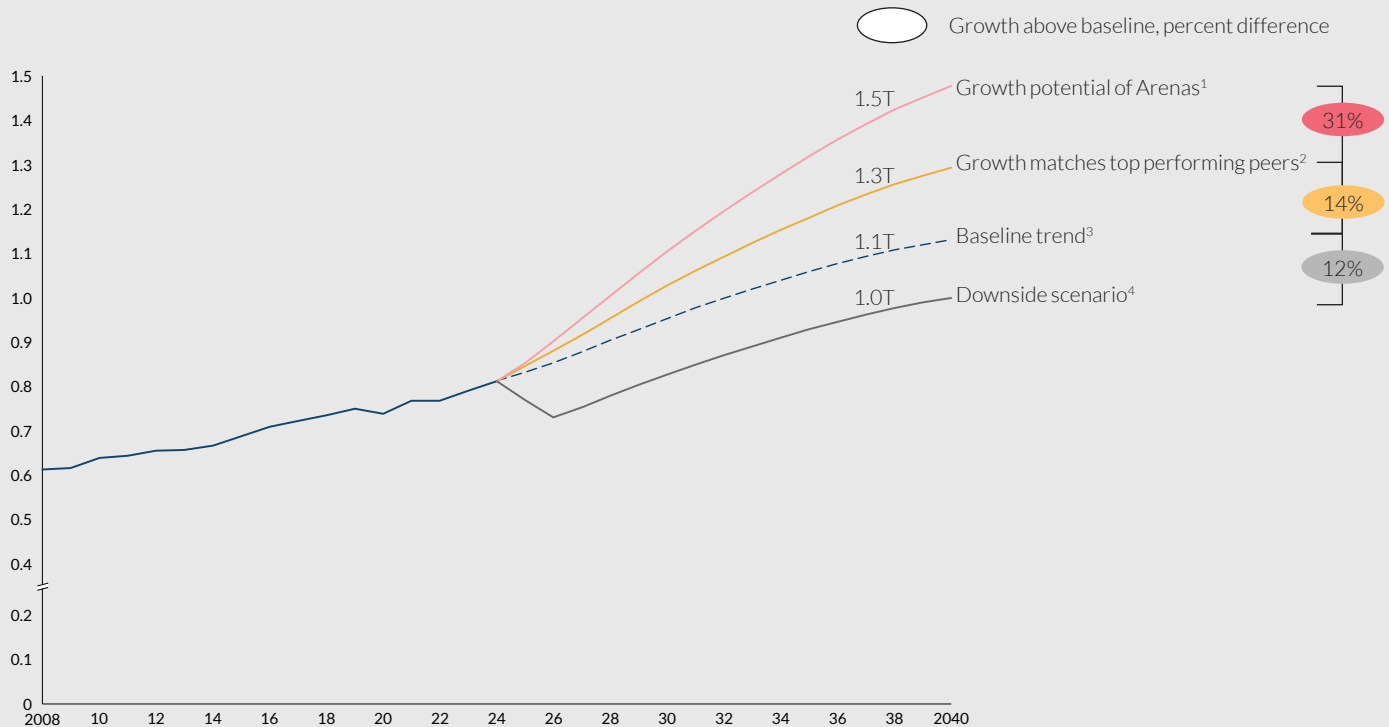
This agenda can be a tool to support our entire economic development ecosystem, informing partnerships across jurisdictions, guiding public and private investment decisions, driving workforce priorities, and serving as a tool to illustrate a unified narrative for the region.

Successfully delivering on the areas highlighted in Region Rising has the potential to change the trajectory of the region's employment and productivity outcomes. The region's GDP is forecasted to grow by 39% through 2040. Federal disruptions that may result in an estimated \$50B loss across the government and related sectors over the next two years. Resulting GDP would be 12% lower than the forecasted baseline levels.

By contrast, if the region were to match the growth of top peers in foundational and high-growth sectors, the region's GDP would grow by 59%, contributing ~\$160B more to the economy by 2040 (1.6x current GDP). This increases GDP per capita by \$15K and is a 14% difference compared to the baseline trend in 2040 (see Figure 4).

Figure 7: Forecasted GDP growth scenarios

GDP forecasted growth scenarios, real GDP chained to 2017, \$ Trillion



1. Potential growth if the region were to invest in select Arenas of the Future, based on MGI Arenas revenue projections
2. Potential growth if the region were to match top peers' growth in priority sectors, using similar size sectors
3. Based on the region historical growth
4. Based on potential impact of federal policies through 2026, low-end scenario and the region historical growth

Source: Lightcast, Moody's Analytics

Levers for action

To translate the focus areas into results, we considered leading practices and examples of initiatives that were able to deliver similar aspiration for their regions that we see as an opportunity for the region.

To defend and extend foundational sectors, a few levers and case examples include:

- **Encouraging existing companies to build business communities and sector councils:** For example, the Detroit Regional Partnership convened major employers: Ford, GM, and DTE Energy, to lead sector councils in mobility and clean energy. These councils align business, education, and government to shape talent pipelines and coordinate investment efforts, engaging 90+ companies and attracting \$3.3B in investment since 2020.¹⁹

¹⁹ Detroit Regional Partnership

- **Helping companies in foundational sectors to innovate and expand into new markets:** In Michigan, a core industry is manufacturing. The state’s Economic Growth Institute’s Industry 4.0 Initiative supports up to \$25,000 in matching funds for approved projects for Michigan’s small manufacturers looking to implement Industry 4.0 manufacturing technologies. The program is funded by the Michigan Economic Development Corporation and in partnership with Manufacturing Growth Alliance.²⁰

To support high-growth sectors, other cities, states, and countries have used a range of approaches to support business attraction in high-growth sectors:

- **Deploy sector-based incentives to attract anchor companies:** To secure Amazon’s second headquarters, Virginia offered financial incentives through a performance-based grant valued at \$23 million, which ties to the company meeting targets of occupying 6 million sq ft of office space and job creation.²¹
- **Develop strategic real estate to attract business:** Boston-Cambridge developed 1.8M sq ft of offices and shared lab spaces like Lab Central in Kendall Square, establishing itself as a top biotech hub.²² Since its development, Kendall Square is a site with over 60 public companies with a combined market value of \$70B and 100,000+ jobs.

To turn knowledge capital into startups and scale-ups, the region can consider additional initiatives:

- **Partner with higher education to promote startup growth:** Cornell Tech’s two-acre campus on Roosevelt Island, a partnership between Cornell University and Technion-Israel Institute of Technology, is the flagship of “Applied Sciences NYC”. It has launched 115+ startups valued at \$700M+ and created 500+ jobs.²³ The program has scale advantages for innovators and investors through rigorous academic instruction, support for incubation, and corporate connections. Since 2014, more than 41 startups have been founded by Cornell Tech alumni, which have also raised more than \$32 million and employed more than 170 people.
- **Develop strategic real estate to build innovation districts:** Rutgers University in New Jersey built a 4M+ sq ft mixed use innovation hub designed to serve as a lightning rod for

²⁰ [Michigan Economic Development Corporation](#)

²¹ [Arlington, Virginia](#): This initiative an example of cross-region, cross-sector collaboration among leaders, including the Greater Washington Partnership, to deliver significant positive economic impact. To see more details on the efforts to secure Amazon HQ2 decision to locate in Northern Virginia, GWP’s role, and the economic impact, see report linked [here](#)

²² [Kendall Square](#)

²³ [Roosevelt Island](#)



talent and facilitate more collaboration with industry, serving 50+ startups annually and 40% startups with minority founders.²⁴

In addition, there are various strategies to support the region in shifting from a talent exchange to a talent capital.

- **Scale production of in-demand skills:** Ohio launched the Ohio-To-Work initiative to upskill displaced workers for in-demand industries during the COVID-19 crisis. The program partnered with employers and training providers to deliver targeted reskilling into sectors like healthcare, manufacturing, and IT.²⁵ To date, Ohio-To-Work has served over 10K workers across the state. 54% of served, 46% of reskilled, and 59% of placed participants represent Ohio’s minority communities.
- **Partner with educational institutions to align academia with employers’ talent needs:** In Virginia, Phlow, a Richmond-based pharmaceutical manufacturing company, saw significant growth in its scale and workforce through its partnerships with educational institutions. Specifically, partnerships with Virginia Commonwealth University, Virginia State University, and regional community colleges—alongside participation in the \$120M Advanced Pharmaceutical Manufacturing Workforce Training Center—aligned curricula, applied research, and training with employer demand.²⁶

These potential levers are a few of many ways to unlock success across the region’s foundational and high-growth sectors, as well as key enablers in innovation and talent reveal key opportunities for the region to capitalize on.

²⁴ Rutgers University

²⁵ Ohio To Work

²⁶ GWP Emerging Growth Case Study: Phlow

Figure 8: Potential levers and case studies to unlock success

Component of framework	Category	Levers	Case studies
Defend and extend foundational sectors	Support continued attraction	Encourage existing companies to build business community and sector council	Maryland
		Help companies to innovate / expand into new market opportunities	Michigan
Focus on high-growth sectors	Proactive business cultivation	Attract businesses (e.g., anchor companies) through sector-based incentives	Virginia
	Real estate	Develop strategic real estate (e.g., commercial buildings, lab space) to attract businesses	California Massachusetts
	Regulation / policy	Enact business friendly regulations (e.g., tax exemptions) to cultivate specific sectors	Florida
Convert knowledge capital into startups and scale-ups	Support founders	Provide incentives for angel investors or entrepreneurs	New Jersey
		Created dedicated initiatives (e.g., mentorship programs) to help founders build capabilities	Ohio
	Support startups	Partner with higher education institutions to promote startup growth	New York
	Support scale-ups	Develop strategic real estate to build innovation district	New Jersey
Develop network of regional funders and institutions (e.g., incubators, VCs, angels)		Maryland	
From talent exchange to talent capital	Upskill/retrain workforce	Scale production of in-demand skills	Ohio
		Develop work-based experiences (internships, fellowships, competitions)	Wisconsin
		Partner with educational institutions to align academia with employers' talent needs	Virginia
	Retention	Provide incentives for recent graduates to stay in region	New York
		Develop career navigation and employment pathways services	Arizona

Taking inspiration and learnings from these peers, specific initiatives and actions tailored to the region can help catalyze these areas, as well as the cross cutting “enablers” identified. Some of the highest potential initiatives for action considered include:



CEO-led Growth Ambassadors

Leverage leading executives to help support business attraction and relocation and provide visible support to targeted leading company CEOs as they consider establishing headquarters or major employment centers within the region.



Employer-Educator Alignment

Utilize established Employer and Higher Education partnerships that GWP has developed to align education programs with employer demand, translate university research into regional ventures, and promote greater student and faculty entrepreneurship.



Amplifying attraction campaigns

Coordinate across the region to run proactive campaigns to promote the region and engage with potential companies and investors with a consistent narrative.



Enhance connections to job seekers

Build resources and central tools to connect job seekers across the regions to skill-building and job opportunities, developing the region’s position as a “talent capital.”



Strengthen regional startups pipeline

Strengthen the regional startup pipeline by supporting emerging firms annually with executive mentorship, commercialization guidance, and direct VC connections—turning more R&D into patents, startups, and high-growth companies rooted in the region.



Deploy targeted regional growth initiatives

Launch targeted regional growth initiative that convenes sector CEOs, investors, and elected leaders to identify the top three conditions needed for scaling technology, life sciences, aerospace, defense technology, quantum, and advanced manufacturing. Regional accountability can be measured on GWP’s Economic Growth Scorecard.

Organizing for action

The region stands at a pivotal moment, with the opportunity to shape a future-ready economy. The question is not whether our region has potential, we know it does. The question is whether we can seize this moment to coordinate our strengths and compete as one powerful economic force. We believe this agenda can be a tool for coordination, collaboration and communication to accelerate this vision coming into reality. It can be used in a few ways:



Communicate

Provide a common language and data to communicate a compelling story about what is at stake for the region, growth opportunities, and future vision.



Collaborate

Help regional players unite under a common goal and coordinate implementation of meaningful progress across the region, with an emphasis on bolstering high-growth sectors, defending foundational sectors, and focusing on key enablers.



Champion

Help champion the region's vision, by advocating for policies, investments, and initiatives that drive change towards these goals across the public and private sector.

By many measures, we are already a model region across the nation, if not the globe. But this status is in no way guaranteed for us in the future. The forces of change are significant and accelerating. The actions, investments and partnerships that are formed today will have a lasting impact on what our region looks like in the years and decades to come. We have come together, as a region, to deliver inspirational, resilient, and inclusive outcomes, and positioned appropriately, we can define our future together.



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