

San Antonio Talent Economy: Bubble and Barriers

A report prepared by the consulting firm Manufacturing Migration

Authored by James Russell and Richey Piiparinen, Co-Principals

Report prepared for SA2020 and the 80/20 Foundation



INTRODUCTION

Great Recession and Talent Migration

Phase I of the San Antonio talent migration project looked at the region's relocation geography. (See report titled "San Antonio Talent Migration Connectivity Profile.") Compared to the largest U.S. metros, San Antonio's college educational attainment rate is near the bottom. There seems to be a poor concentration of talent. The perception is that the area suffers from brain drain. An extensive analysis of migration patterns revealed substantial brain gain hidden by the dramatic overall population growth. In absolute terms, San Antonio's population with a college degree boomed from 2000-2010. It is one of the fastest growing talent markets in the entire United States. In light of the findings, the following research question arises:

How is San Antonio already succeeding in attracting college educated migrants?

Phase II of the San Antonio talent migration project seeks to answer this question with the explicit aim of catalyzing the attraction of more college graduates to the MSA and strategically channeling this flow for purposes of economic development.

Using 2000 as a baseline, San Antonio's brain gain is accelerating in recent years (2008-2011). From 2000-2007, San Antonio ranked 13th out of the 51 largest metros (population over 1 million) in percent increase for residents 25-years old and older with at least a bachelor's degree. From 2008-2011, **San Antonio is ranked 2nd**. Only Jacksonville, Florida did better. The influx of talent is relatively new and suggests a different economic geography on either side of the last recession. For San Antonio, the last downturn was a game changer for the better.

Portland, Oregon is renowned for its ability to attract young, college-educated (YCE) migrants. In an attempt to assess the sustainability of this flow, researchers at Portland State University analyzed the talent migration patterns of the 50 largest (in terms of population) U.S. metros. San Antonio is one of the markets evaluated. Also, the detail about three different time periods over the last Census decade puts San Antonio's brain gain into an economic context:

We analyze data from 1980 to 2010, but in this paper, we generally only report data for three recent periods— 2000, 2005-2007, and 2008-2010— which allows us to assess migration patterns in quite different economic circumstances nationally— end of a prolonged expansionary period, the middle of a jobless economic recovery, and the throes of a deep global recession, respectively.

The most recent recession marks the end of an economic epoch, "a prolonged expansionary period." Looking at the data on either side of the exogenous shock is a way to test the resilience of the talent migration patterns. It also shows how the talent geography is changing. A new economic epoch will usher in new winners and losers.

¹ See "Left Behind: Why People Leave San Antonio" at <http://www.therivardreport.com/left-behind-why-people-leave-san-antonio/>.

² See "Is Portland Really the Place Where Young People Go To Retire? Migration Patterns of Portland's Young and College Educated, 1980-2010" <http://mkn.research.pdx.edu/wp-content/uploads/2012/09/JurjevichSchrockMigrationReport1.pdf>

The study looks at migrants aged 25-39 with a bachelor's degree or higher. For the time periods 2005-2007 and 2008-2010, the top-15 metros are ranked in terms of Demographic Effectiveness (DE):

$$\text{Demographic Effectiveness (DE)}_{ija} = 100 * (\text{Net Migration}_{ija} / \text{Total Migration}_{ija})$$

Here, DE is calculated with Net Migration_{ija} representing the net exchange of age-specific migrants between the origin (i) and destination (j), and Total Migration_{ija} representing the total migration exchange between the origin (i) and destination (j). The upper limit of DE, 100 percent, is reached when all migrants move to a given place and there are no out-migrants. Conversely, the lower limit of DE, -100 percent, is reached when all migrants move from a given place and there are no in-migrants.

For example, college towns have high levels of in-migration every year thanks to the new class of incoming freshman, but those streams are demographically "ineffective" because there is an opposite and typically almost equal flow of graduating seniors who move out of town in search of jobs. The measure is best illustrated with the following example: if 10 total migrants either enter or leave a region during a year, and if all 10 were in-migrants, the effectiveness would be 10/10, or 100%. However, if four were in-migrants and six were out-migrants, the DE would be -2/10, or -20%.

A different way to explain DE is to compare two metros with the same net migration (e.g. +1,000). The metro with the smaller total migration will be rated as more demographically effective. In other words, less migration is needed to accumulate the same brain gain.

For 2005-2007, Portland is 6th best for Demographic Effectiveness (25.7). San Antonio is not among the top-15 metros. For 2008-2010, Portland rises to #2 with a DE score of 29.2 and looks to be recession resistant. Surprisingly, San Antonio is now ranked as 6th with a DE score of 26.6. Dallas is 4th (28.0). Houston (25.6) and Austin (23.7) are 7th and 8th, respectively. All three Texas metros made the top-15 for 2005-2007. San Antonio's DE score of 26.6 for 2008-2010 would have been good enough for 4th place in 2005-2007, eclipsing Houston (26.1), Austin (26.1), and Dallas (17.7). ***In terms of brain gain, the Great Recession shake up of U.S. talent geography is a boon for San Antonio.***

The differences in DE rankings between 2005-2007 and 2008-2010 delineate a watershed event, the Great Recession. The expansionary period coming to a close is the Innovation Economy. We call the emerging economic epoch (new expansionary period) the "Talent Economy". Not only are newcomers such as San Antonio now competing with established talent magnets such as Portland; the migration dynamics we have come to understand are changing. Below is a discussion of economic epochs and associated iconic migration patterns that help to define them. U.S. metros are leaving an era of talent attraction and suburbanization and entering an age of return migration.

Talent Economy

An expansion followed by a recession is a short-term economic cycle. The geography affected is national or regional. A period of expansion at the global scale followed by a deep recession (or depression) defines a long economic cycle. An economic epoch is a long-term economic cycle associated with a dominant activity. For example, during the first half of the 20th century, U.S. workers moved en masse from the farm (Agricultural Economy) to the city for jobs in factories (Manufacturing Economy). Manufacturing dramatically transformed the economic geography in the United States.

In his recent book “The New Geography of Jobs”, economist Enrico Moretti details the transition from the Manufacturing Economy to the Innovation Economy. During the economic epoch when manufacturing was king, prosperity agglomerated in a few cities such as Detroit:

Detroit reached the peak of its economic power in 1950, when it became the third richest city in the United States. It was the Silicon Valley of its day, thanks to its unprecedented agglomeration of cutting-edge companies, many of which were world leaders in their sectors, and it attracted the most creative innovators and engineers. The identification of America’s prosperity with industrialization reached its height in the 1950s, when Charles Wilson, then the CEO of General Motors, famously said, “What is good for General Motors is good for the country, and vice versa.”

Detroit’s rise is economic divergence: global wealth accumulating in a few places. If you want a job, then you must move to Detroit. Economic convergence is the diffusion of wealth. When the cost of labor becomes prohibitive, the economic epoch is at its apex. For Detroit, it was all downhill after the 1950s as the Manufacturing Economy rapidly converged.

“The New Geography of Jobs” is the shift of economic divergence away from the likes of Detroit to another group of winners headed up by the Bay Area (i.e. Silicon Valley). Moretti argues that there are now three Americas: 1) Where the Innovation Economy is thriving, 2) Where the Manufacturing Economy is collapsing, and 3) Places on the fence between the last two economic epochs. Moretti does not consider that the Innovation Economy itself has peaked and commenced converging. The authors do. The last recession was global and continues to negatively impact economies around the world. In view of historic patterns, a new kind of economy is diverging. Workers are fleeing the expensive rents of San Francisco. More metros, such as San Antonio, are competing for world class talent. The evidence suggests the Innovation Economy is converging just as the Manufacturing Economy did some 50-years ago. The term we use for the emerging economic epoch is the “Talent Economy”.

There are various theories of long-term economic cycles. Key features, such as technological innovations, are used to define an economic epoch. Below is a chart describing the last three economic epochs and their respective iconic geographies, industries, and migrations.

| Economic Epoch | Iconic Geography | Iconic Industry | Iconic Migration |
|----------------|------------------|-----------------------|--|
| Manufacturing | Detroit | General Motors | Great Migration Rural-to-Urban |
| Talent | Pittsburgh | Carnegie Mellon Univ. | Return Migration Suburban-to-Big City- Back-to-Urban |

Pertinent to this study are the iconic migrations. As mentioned above, an economic epoch reshapes the national economic geography. During the Manufacturing Economy, the United States became an urban country as people left Appalachia and the rural South for the industrial North in search of employment. The agglomeration of wealth in Detroit allowed families to move out of the crowded city and into suburbs with subsequent generations going on to college. The success of the Manufacturing Economy sparked the rise of the Innovation Economy. “The New Geography of Jobs” is the brain drain from the Rust Belt to the agglomeration of talent in the Bay Area. Many of the innovators Moretti celebrates were groomed in the suburbs of Detroit and Pittsburgh, the metros where the Manufacturing Economy once diverged.

The Talent Economy is the return migration of talent to its Rust Belt roots. Instead of moving back to the suburbs where they grew up, these “boomerangers” take up residence in the urban neighborhoods their parents or grandparents worked so hard to leave behind. Innovation Economy workers got a taste for city living in divergent metros such as Chicago, New York, and San Francisco. Spiraling rents pushed out talent while aging family members asserted a strong pull, the authentic landscape of legacy cities providing a welcome contrast to the cookie-cutter housing tracts of their childhood.

The iconic geography and industry of the Talent Economy deserve explanation. Detroit and the production of automobiles are the hallmarks of the Manufacturing Economy. The Bay Area and the creative tech of Apple define the Innovation Economy. Pittsburgh, a former industrial giant, produces some of the world’s best talent at Carnegie Mellon University. Carnegie Mellon University is a world-class research institution. Other regions journey to campus to poach talent. Its graduates are an Innovation Economy target. But competition is fierce. Instead of fighting with a bunch of companies for Pittsburgh’s best and brightest, Disney and Google come to Pittsburgh.

The Disney story is instructive. Many CMU graduates find their way to Los Angeles to work in the entertainment technology field. Jesse Schell is someone who made this migration. He worked at Disney for seven years. He would return to Pittsburgh and start Schell Games, doing projects for his former employer. Today, Schell Games can hire CMU talent that used to be destined for California. The brain drain “problem” was solved by brain drain and subsequent return migration.

That’s not the entire story. Disney Labs opened up in Pittsburgh to be near the source of talent production. There are similar facilities in Boston and Los Angeles. All of them are run from Pittsburgh. This is the Talent Economy, an emerging economic geography.

Migration and Economic Development

The rise of the Talent Economy, along with the return migration pattern, is a global phenomenon. The two previous economic epochs continue to converge. The rural-to-urban migration thrives where labor is cheapest and manufacturing is still booming. In richer countries, the Innovation Economy is working its way down the urban hierarchy. London’s creative industries are spilling over into Manchester and Berlin. Economist Enrico Moretti notes a distinction between the class of people making the Manufacturing Economy migration and those able to move to take advantage of the agglomeration of the Innovation Economy³ :

At the time of the Great Migration in the 1920s—when more than two million African-Americans abandoned the South for industrial centers in other regions—less-educated individuals were more likely to migrate in search of better lives. Today, the opposite is true: The more education a person has, the more mobile he or she is. College graduates have the highest mobility of all, workers with a community-college education are less mobile, high-school graduates are even less and dropouts are the least mobile of all.

³ See “What Workers Lose By Staying Put” in the Wall Street Journal (May 26, 2012): <http://online.wsj.com/article/SB10001424052702303610504577420701942867414.html>

Worldwide, geographic mobility is increasingly a function of education. The less schooling you have, the more likely you will be literally stuck in poverty. At an individual level, the very act of migration is economic development. Moretti worries that too many people are unable to move to where the jobs are located. Only the educated elite can take full advantage of globalization.

Robert Guest, the business editor of *The Economist*, wrote a book about the most geographically mobile people. In “Borderless Economics”, Guest explains how migrants connect two places and spur economic growth. One of the main takeaways is people develop, not places. Because of our place-centrism, we’ve overlooked the tremendous benefits of migration:

For example, suppose that a Salvadoran who earns \$10,000 a year moves to the United States and starts earning \$20,000. He is suddenly much better off. But since his income of \$10,000 was above average back home, his departure makes El Salvador slightly poorer. And since his new salary of \$20,000 is below the American average, his arrival has made America poorer, too. This is just a snapshot—it does not take account of remittances, networks, and the speed with which immigrants rise within American society. But it captures a crucial anomaly in how we measure the world. By dividing it up into countries, we can make an increase in human prosperity look like the opposite.

The workers whom Moretti sees as stuck cannot move in order to improve. Clearly, individuals suffer. Less apparent is the detriment to places. For El Salvador, what good can come from a Salvadoran living in the United States?

In an Innovation Economy, diaspora networks are an answer to this question. From an article in *The Economist* that reads like Guest himself wrote it :

[D]iaspora networks have three lucrative virtues. First, they speed the flow of information across borders: a Chinese businessman in South Africa who sees a demand for plastic vuvuzelas will quickly inform his cousin who runs a factory in China.

Second, they foster trust. That Chinese factory-owner will believe what his cousin tells him, and act on it fast, perhaps sealing a deal worth millions with a single conversation on Skype.

Third, and most important, diasporas create connections that help people with good ideas collaborate with each other, both within and across ethnicities.

Information, trust, and ideas flow along pathways of international migration. This is part of the infrastructure for the global economy. For San Antonio, brain drain should take a back seat to the places where outmigrants go and the economic growth opportunities these journeys enable. San Antonians develop, not San Antonio.

³ See “Weaving the world together: Mass migration in the internet age is changing the way that people do business” (November 19th, 2011) at <http://www.economist.com/node/21538700>.where outmigrants go and the economic growth

⁴See “Weaving the world together: Mass migration in the internet age is changing the way that people do business” (November 19th, 2011) at <http://www.economist.com/node/21538700>.

In the Innovation Economy, the best and brightest move away from home. In the Talent Economy, expatriates return. Such a migration is already evident at the global scale⁵ :

*In a symbolic shift, Dell moved operations to Lodz from Limerick in Ireland. Ireland has protested the 52.7 million euros in subsidies that Dell got from the Polish government, but **Dell cited the skilled work force in Lodz and proximity to growing markets as the reasons for its move.***

The Irish boom, now possibly the worst bust in Europe, attracted many Poles, who worked with Dell there and are now finding their way home.

“We even have some workers in Lodz who have come from our Limerick, Ireland, factory and who are very happy to have come back to help set up this one,” Mr. Dell said at the opening in January.

Tomasz Rybinski, 30, was among those Poles who left the country after it joined the European Union in 2004. He found work in then-booming Britain, where he spent three years mixing salads, moving boxes in a warehouse and then, finally, working in a factory that made industrial refrigerators.

Rumors this year that layoffs were in the works were enough to convince Mr. Rybinski that the new possibilities in his native Lodz trumped what had by then become a shattered British economy.

Emphasis added. Dell moved operations from Ireland, following the return migration of Poles, to where the talent was produced. This is the Jesse Schell story and Disney shadowing him back to where he earned his degree at Carnegie Mellon University in Pittsburgh. The diaspora networks make this possible. Talent remains linked to the homeland; eventually some prodigal sons and daughters will repatriate and bring business in tow. Geographic mobility is not a zero-sum game. Both places involved in the migration benefit economically.

The relocation of Dell from Ireland to Poland is not just a symbolic anecdote. It is a full-blown trend :

One of the clearest illustrations of “brain gain” in Poland comes from the southern city of Krakow which is experiencing a mini-boom in information technology – at a time when much of Europe’s tech scene is in a windless ocean.

The global reverse migration – turning brain drain to brain gain in many countries – is obvious here: Some 70 IT and multinational firms have opened, employing 20,000 skilled

⁵ See “Despite the Downturn, a Polish City Thrives” in New York Times (August 31, 2009) at <http://www.nytimes.com/2009/09/01/business/global/01zloty.html>.

⁶ See “Krakow’s mini-boom in IT attracts Polish and foreign techies” in The Christian Science Monitor (November 2, 2012) at <http://www.csmonitor.com/World/Global-News/2012/1102/Krakow-s-mini-boom-in-IT-attracts-Polish-and-for-foreign-techies>.

workers – Poles and foreigners alike. Cisco opened in May, and its 90-person staff will soon climb to 500. Google moved an R&D office here. State Street, Capgemini and Lufthansa, Shell, Brown Brothers, and Philip Morris, to name a few, are all present.

The hopeful call Krakow a small Silicon Valley of Central Europe. And the buzz here is a magnet for brain gain: It's a small oasis of Polish bohemia with 14 colleges and universities, and a bar-arts-and-film scene, and – not destroyed like Warsaw in World War II – it retains its Austro-Hungarian architectural charm.

Specific places within Poland are attracting “reverse” migrants. Not only is the Krakow known for its talent production (“14 colleges and universities”), but its sense of place (“Austro-Hungarian architectural charm”). Krakow is distinct and authentic. Like Rust Belt legacy cities, it is the opposite of ubiquitous suburbs or homogenized boutique urbanism that is associated with the creative classification of a city. The pilgrimage home is part economic and part search for culture and identity. Krakow is “Rust Belt Chic”.

Rust Belt Chic Economic Development

Typically, successful development during an economic epoch is understood as failure at the community level. The Manufacturing Economy robbed the rural South of talent and fueled the sprawl challenging U.S. cities today. The Innovation Economy concentrated people with college degrees in a few metros. Most places suffering significant brain drain. Looking in the rearview mirror at what was is discouraging. Hidden beneath alarmist headlines (e.g. “Rural America is Dying”) are the seeds of the next economic long cycle.

For example, a USDA analysis of rural county migration revealed a strong flow of returnees to non-metro areas. The more economically distressed the town, the more important the return migration. Sociologist Ben Winchester took those findings a step further. For rural Minnesota communities, he found brain gain :

As described in the original research report – Rural Migration: The Brain Gain of the Newcomers – population growth and decline examined in the 2000 census information is not consistent across age groups. Digging deeper into demographic shifts in rural counties within age cohorts, we see a loss of high school graduates in the “brain drain” ages of 18-25. Members of this cohort leave their home communities to attend college, locate employment, and expand their horizons.

At the same time, almost all rural Minnesota counties experienced gains in the 30-49 age cohort. Further examination of this rural demographic found that this cohort was choosing to move to rural areas for a better quality of life. This we have termed a “brain gain” because, as we examine the demographics of the 30-49 year old cohort, we see that those migrating to rural areas are in their early/mid-career; they bring significant education, skills and connections to people and resources in other areas. This cohort is an asset to rural areas.

⁷ See “Nonmetropolitan Outmigration Counties: Some Are Poor, Many Are Prosperous” at <http://www.ers.usda.gov/media/135038/err107.pdf>.

⁸ See “Rural Migration: The Brain Gain of the Newcomers” at <http://www1.extension.umn.edu/community/brain-gain/docs/continuing-the-trend.pdf>.

One of the authors of this report (i.e. James Russell) took such ironic conclusions and applied them to Cleveland, a Rust Belt city struggling with demographic decline. Among the surprises unearthed, Cleveland was getting more people from New York City than it was sending. Stories of artists fleeing expensive Brooklyn for Big City on the cheap offered a compelling narrative :

Other so-called second tier cities are giving New York a run for its money by actively courting artists with incentive programs and housing deals. In the Cleveland neighborhood of Collinwood, the Northeast Shores Development Corp. has bought 16 vacant properties and renovated them as artists' residences. All but four have sold, and the development company plans to renovate more properties.

Brian Friedman, executive director of Northeast Shores, says that during the past few months, he has been getting regular calls and visits from artists and musicians interested in relocating from Brooklyn.

"We thought we'd be attracting artists from Cleveland," he says. "I had no idea we'd be getting contacted regularly by people from New York."

New York arts executives say their biggest concern is one they have no way to measure but are nevertheless convinced of: that art school graduates aren't even attempting to move to New York at the beginning of their careers. Mr. Davis of Vinylux says five of his employees are graduates of the prestigious Rhode Island School of Design who moved straight to Philadelphia after graduation.

"Now, the smartest kid has a whole set of options; the best and the brightest go to Berlin, or Austin, Portland or Minneapolis," says Robert Elmes, director of Galapagos Art Space, a Dumbo performance space for emerging artists, that is opening a venue in Berlin. "The recession has created a situation where people don't consider New York City to be a place of opportunity."

Robert Elmes is describing economic convergence of the Creative Class. The people calling from New York weren't calling Northeast Shores out of the blue. They were from Cleveland. Like the Poles in Ireland, it was time to come home. In focus groups of native sons and daughters who had moved back, an interesting pattern emerged. After graduating from college, many young adults from the Cleveland suburbs moved to New York, Chicago, or Boston. In these global cities, expatriates gained a taste for urban living. Upon returning to Cleveland, many settled in historical inner-ring neighborhoods (e.g. Ohio City and Tremont) near downtown. Decades of exodus from the core was beginning to reverse course. What was happening in rural Minnesota was also occurring in urban Rust Belt Ohio.

⁹ See "Artists fleeing the city: High cost of living, fewer part-time jobs drive them out of New York." in Crain's New York Business (November 14, 2010) at <http://www.craigslist.com/article/20101114/FREE/311149985>

The other co-author of this study, Richey Piiparinen, dug deeper into the population numbers just as Ben Winchester had done¹⁰ :

Trends in other inner core neighborhoods are not as clear cut. In Ohio City and Tremont-two of Cleveland's gentrifying neighborhoods-the net immigration of 25-34 year olds mirrors the pattern downtown (The term "gentrification" is used with pause in the Rust Belt, especially given the dearth of cheap housing that has resulted from an oversupply across the whole of the region's inner cities). Given that the Cleveland metro is losing its 25 to 34-year old cohort overall, evidence points to a core resurgence as opposed to a regional trend.

Both the city center and some of the inner-core neighborhoods were breaking away from the overall metro trend. A likely explanation is return migration, talent boomeranging back to residential areas deemed more authentic, more Rust Belt. For this generation, the city instead of the suburbs is the aspirational geography of choice.

The cultural foundation for this migration can be seen in the book, "Rust Belt Chic: The Cleveland Anthology." The pejorative term "Rust Belt" is reclaimed from the slag heap and reframed as a point of pride. Governing magazine covering the about-face :

Step aside Boston, New York City, San Francisco and Seattle. Sorry, but you're just not cool anymore. These days, you need to have crumbling roads, triple-decker apartment buildings, old-fashioned neighborhood bars and lots of rust to gain any hipster cred. When Anthony Bourdain, host of the trendy travel and food show No Reservations, passes up Tuscany, Provence and Barcelona to visit Baltimore, Buffalo and Detroit, you know the Rust Belt has arrived.

The "rust is chic" movement has been around for a while, but thanks to blogs and online magazines, such as RustWire.com, a certain fascination with places that have fallen on hard times like the Rust Belt -- which stretches from the Midwest through the mid-Atlantic and up into the Northeast -- has taken hold. Part of it is the scruffy, industrial look. It may also be a rejection of cities with gleaming condo towers, bistros and boutiques that were once so trendy yet now seem so frothy and fake in the wake of the economic meltdown.

Rust Belt Chic describes a new geographic aesthetic. The urban qualities of the Innovation Economy that attracted talent are rejected. The financial crisis begets a longing for home, where the ground is more stable. But the calling card isn't familiarity. The allure is a strong sense of place, where the roots of history run deep. At all times, you know exactly where you are.

¹⁰ See "Not Dead Yet: The Infill of Cleveland's Urban Core" at http://metrotrends.org/spotlight/Cleveland_Spotlight.cfm.

¹¹ See "The Rust Belt Has Arrived: Interest in cities that have fallen on hard times in the Midwest and Northeast brings new cachet to living and working in the Rust Belt." at <http://www.governing.com/columns/urban-notebook/Rust-Belt-Arrived.html>.

Theoretically speaking, San Antonio is rich with Rust Belt Chic. In “American Nations: A History of the Eleven Rival Regional Cultures of North America”, author Colin Woodard describes Greater San Antonio’s unique cultural geography:

In effect the Texas Revolution pushed the northeastern border of El Norte back to its current location: just north of San Antonio and just south of Corpus Christi. Northeast, north-central, and central Texas—areas never really populated by nortehños —were absorbed into Appalachia, while the northern half of the Gulf Coast was annexed into the Deep South, creating the state’s classic divides between Houston and Dallas, the Hill Country and the coastal plain, the Hispanic south and the Anglo-dominated north.

Three major migrations streams collide in San Antonio (El Norte, Appalachia, and the Deep South) creating a kind of creole found in New Orleans, where cultures mash together into something distinct. San Antonio should sport the kind architecture and neighborhoods that Talent Economy migrants value. This lens will be used to better understand the demographic trends impacting the region. Rust Belt Chic assets will be identified for purposes of better leveraging and enhancing return migration for purposes of economic development.

ANALYSIS

The Metro: Opportunities Create Challenges

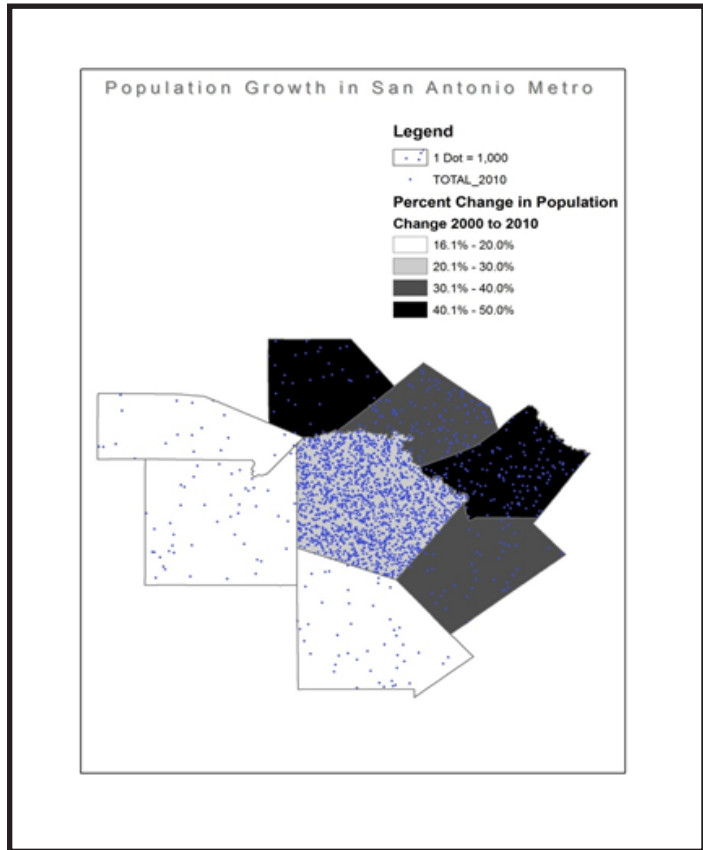
The San Antonio-New Braunfels 8-County MSA grew 32% from 2000 to 2010. Seventy five percent (75%) of this growth occurred in Bexar County, which added 321,842 individuals (See Table 1). The pace of this growth is substantial and continues. For example, most recent Census estimates between 2010 and 2011 rank the San Antonio-New Braunfels metro as the 16th fastest growing MSA in the United States, just ahead of both Dallas-Ft. Worth (17th) and Houston (18th)¹².

Accompanying population growth has been a substantial increase in educational attainment. Specifically—despite brain drain fears predominating the region—San Antonio-New Braunfels ranked as the 4th highest geography for all metros over 1 million in gains of college graduates (See Table 2 next page). Again, Bexar County anchors the metro gain in college graduates. The county increased its number of college graduates (25 and over) from 192,724 in 2000 to 256,984 in 2010, or from 22.7% of the population 25 plus to 25.3%. And while these rates are below the national average, the metro is trending in a positive direction.

Still, challenges exist, particularly relating to how the physical environment is being constructed to meet the demands of growth. Here, sprawl is increasingly becoming a challenge. This challenge is multifaceted. First, the sustainability of the sprawl is increasingly coming into question,

Table 1: County Population 2000 to 2010

| County | Total 2000 | Total 2010 | Percent Change |
|--------------|----------------|----------------|----------------|
| ATASCOSA | 38628 | 44911 | 16% |
| BANDERA | 17645 | 20485 | 16% |
| BEXAR | 1392931 | 1714773 | 23% |
| COMAL | 78021 | 108472 | 39% |
| GUADALUPE | 89023 | 131533 | 48% |
| KENDALL | 23743 | 33410 | 41% |
| MEDINA | 39304 | 46006 | 17% |
| WILSON | 32408 | 42918 | 32% |
| TOTAL | 1711703 | 2142508 | 32% |



¹² See: <http://www.census.gov/newsroom/releases/archives/population/cb12-55.html>

¹³ Source: 2000 Census and American Community Survey 2006-2010

| | <u>MSA</u> | <u>2000</u> | <u>2010</u> | <u>Pct Change</u> |
|-----------|--|---------------|---------------|-------------------|
| 1. | Las Vegas-Paradise, NV | 156083 | 278387 | 78% |
| 2. | Riverside-San Bernardino-Ontario, CA | 312257 | 499663 | 60% |
| 3. | Raleigh-Cary, NC | 193937 | 301012 | 55% |
| 4. | Austin-Round Rock-San Marcos, TX | 281822 | 429163 | 52% |
| 5. | Charlotte-Gastonia-Rock Hill, NC-SC | 244104 | 370330 | 52% |
| 6. | San Antonio-New Braunfels, TX | 232508 | 344247 | 48% |
| 7. | Jacksonville, FL | 164699 | 241801 | 47% |
| 8. | Orlando-Kissimmee-Sanford, FL | 268727 | 394026 | 47% |
| 9. | Nashville-Davidson--Murfreesboro--Franklin, TN | 218873 | 311696 | 42% |
| 10. | Phoenix-Mesa-Glendale, AZ | 515058 | 731643 | 42% |

particularly related to infrastructure costs for areas far from the Bexar County's core.

From a recent San Antonio Express-News Article , County Judge Nelson Wolff states:

Ten years, 20 years from now, we're going to have a nightmare out there. It's not just transportation. It's the whole idea of how you provide services to people out there that are certainly not paying the taxes to get them.

Second—and central to this report—the scattering of talent throughout a given geography can negate the agglomeration effects inherent with talent clustering; that is, while San Antonio-New Braunfels in general—and Bexar County in particular—are gaining traction in the Talent Economy, the ability to capitalize on knowledge's cumulative potential involves mediating physical and psychological barriers that repel communication, and thus power of ideas.

The following will attempt to enhance the potential of San Antonio's burgeoning Talent Economy by (1) identifying barriers to its growth and (2) broadening ironic—or uncovered—existing talent pipelines. The analysis will be mixed methods; that is, both quantitative and qualitative.

For the quantitative component: First, migration patterns for residents age 25-44 will be identified within Bexar County at the census tract level so that “high growth” and “no growth” areas can be ascertained. Second, where outmigration is concerned (i.e., “high growth” areas distant from the Downtown core), analysis by educational attainment, commuting patterns, and income will determine the level the Talent Economy is being dispersed. Third, where immigration is concerned (i.e., high growth areas near the Downtown core) analysis by educational attainment, commuting patterns, income, and out-of-county immigration will determine the level the Talent Economy is coalescing, and where this is occurring.

For the qualitative component: a description about young people's experiences living in San Antonio was gathered from media reports and from a focus group conducted by the study's authors. Also, first-hand accounts from a field study performed by the authors will further supplement the qualitative component. The intent here is to gather anecdotal information to help inform the psychogeography that characterizes the migration patterns uncovered in the quantitative analysis.

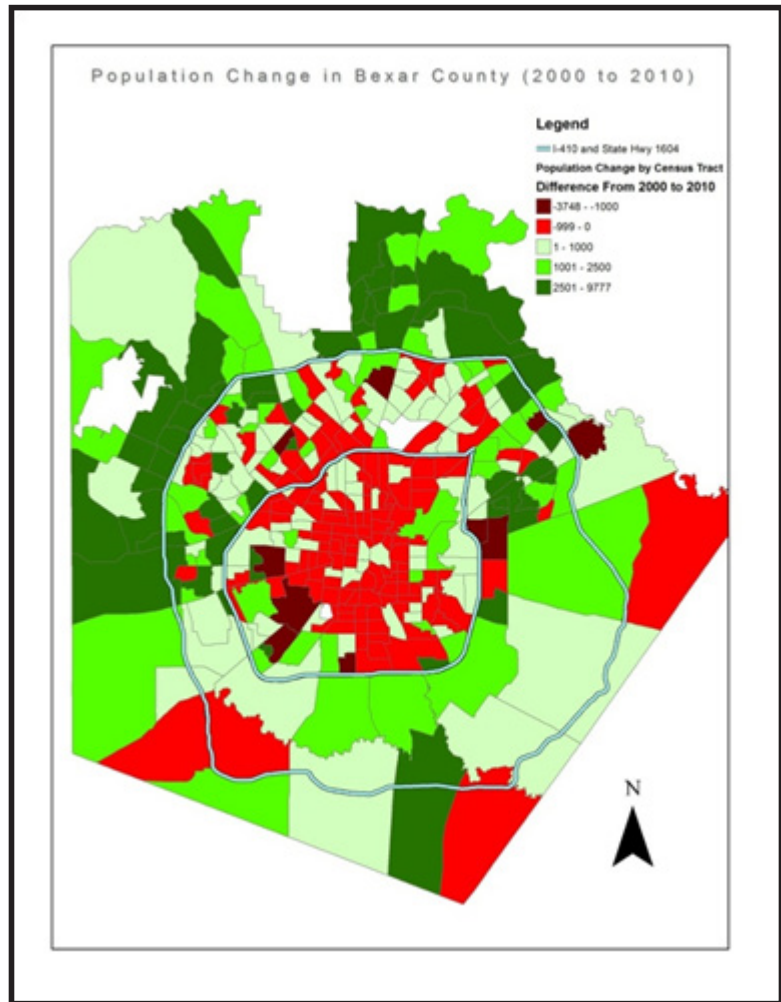
¹⁴See: http://www.mysanantonio.com/news/local_news/article/Wolff-warns-of-suburban-sprawl-nightmare-1026038.php#ixzz2BOSAfLQ

In all, both levels of data will inform strategy for San Antonio on (1) where and how barriers are hindering the cumulative capacity of the Talent Economy, and (2) where and how existing geographies are affording opportunities for talent clusters to take hold.

Bexar County: Talent Diffusion and the Need for Connection

- San Antonio's Talent Grows and Sprawls

The majority of San Antonio-New Braunfels' population growth was centered in Bexar County. Of that growth, city proper grew by 182,761 people, representing 57% of the County gains. Given that the San Antonio footprint itself has extended out into the far reaches of Bexar County —combined with the fact that suburban municipalities such as Alamo Heights are in proximity to the core—comparison by city vs. suburban designation is less helpful. Thus, for the remainder of the analysis, geographies will be compared this way: (1) census tracts within the “First Ring” (i.e., within the I-410 Loop), (2) census tracts within the “Second Ring” (i.e., between I-410 and Hwy 1604), and (3) census tracts within the “Third Ring” (i.e., outside Hwy 1604). The rationale for this breakdown will be made clear as the analysis unfolds.



The map to the right shows total population gain and loss for Bexar County by census tract from 2000 to 2010. Notice the largest population gains exist in the Third Ring, primarily in the north and west. The Second Ring is a mix of gains and losses, with notable shades of growth abutting Third Ring high growth areas. Finally, within the First Ring, population loss is rampant. In all, such geospatial patterns of population gains and losses follows a clear dispersion, or “donut hole”¹⁷,

¹⁵See <http://www.reconnectingamerica.org/assets/Uploads/20080917SanAntonioSmartGrowth.jpg>

¹⁶Note: Because Census boundaries change over time, comparison of identical areas using data collected over multiple years requires reapportionment of data into a common set of boundaries. For purposes of this study Census 2010 boundaries were used as the basis for comparison of areas. Our reapportionment technique is an area-weighted mapping between Census 2000 tracts and Census 2010 tracts. This approach is the best available method for reapportionment of our selected data, which are measured at the tract level. As with any reapportionment method, assumptions used to compensate for lack of access to the original census data will cause some misallocation to exist. Our method assumes a homogenous distribution of population characteristics throughout the area of each tract, which is accurate in aggregate, but unlikely to be exact in any particular case. Data used in commercial products and in academic research may vary slightly from our results if another reapportionment method is used.

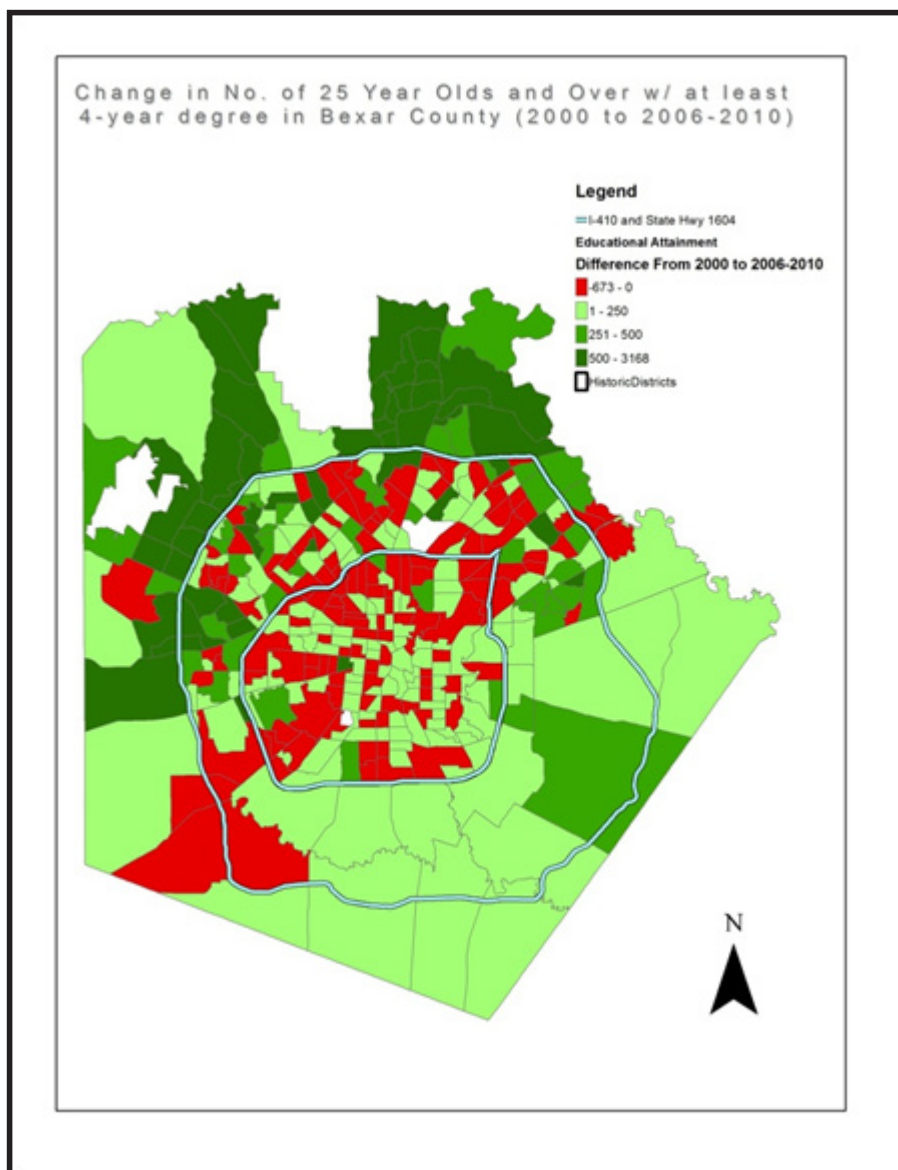
¹⁷See: http://blog.lib.umn.edu/hhhevent/news/5.14.12_MinnPost_Fennelly_suburbs.pdf

patterning that shifts capital from areas around the core to more peripheral territories.

The next map analyzes educational attainment. Here, total gains and losses for those 25 years and older with at least a 4-year college degree were calculated and summarily mapped. Again, mirroring the dispersal of San Antonio's human capital, the area's knowledge capital is diffusing as well, with much of the highest growth tracts in the northern and western Third Ring also gaining the most college graduates. The Second Ring is mixed with spots of educational attainment gains and losses, whereas the First Ring is again the most capitally-drained of the three geographic groups. There are, however, pockets of increased educational attainment in the First Ring, particularly centered on the Downtown core. The significance of this—which is considerable—will be addressed in the subsequent section.

Next, an analysis of immigration and outmigration by age cohort was conducted. This is integral because if an analysis on a targeted demographic—in this case young- and middle-age knowledge workers—is to ensue, deciphering talent flow by age is necessary. Before going further, some description on the technique employed: simplified cohort analysis, and why it was used.

While the previous maps showed gains and losses, it is difficult to decipher if, say, population gain was due to immigration versus births, or conversely, outmigration versus deaths. Also, “brain gain” could just as easily be explained by a resident of a given geography going to college as opposed to an influx of educated newcomers.

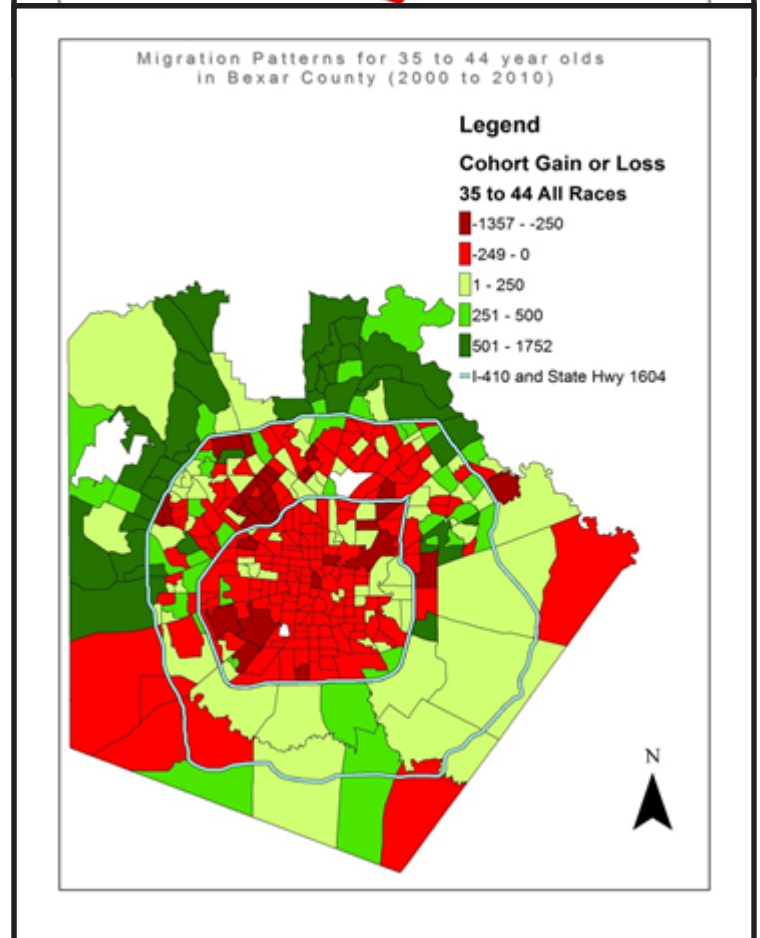
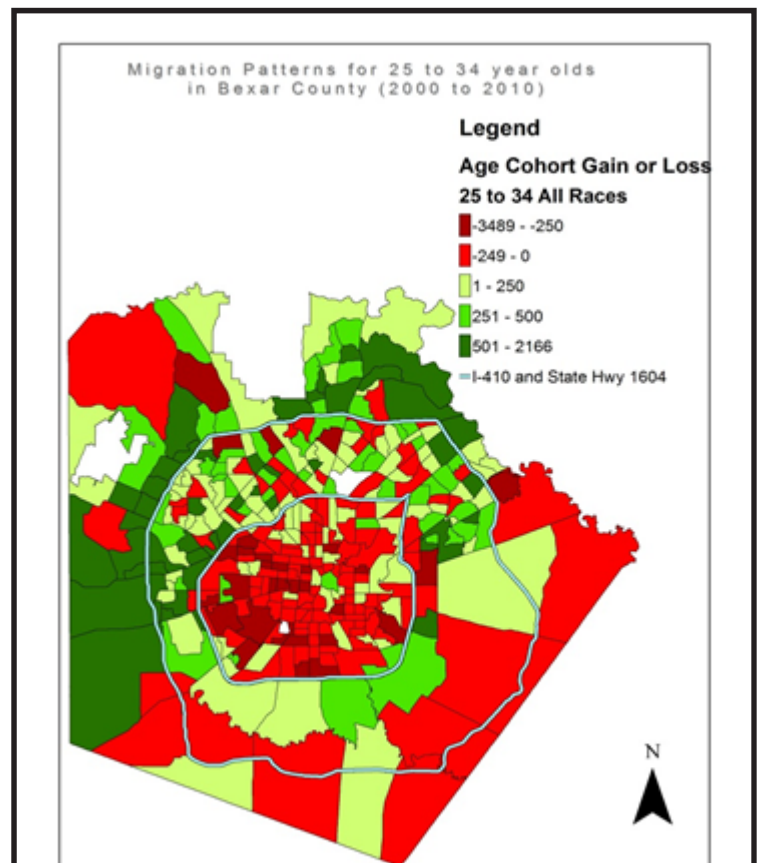


¹⁸Data from the American Community Survey are estimates. The confidence in the estimates varies by the size of the geography, with smaller geographies under examination, such as census tracts, exhibiting larger margins of error (MOE).
¹⁹As such, the presence of error needs to be taken into account when analyzing the results.
For complete description of simplified cohort analysis, see: <http://www1.extension.umn.edu/community/brain-gain/docs/continuing-the-trend.pdf>

Simplified cohort analysis, then, is a method to help to infer flow, be it “out” or “in”. The methodology entails comparing the number of people in an age cohort in 2000 with the number in an age cohort that is 10 years older. For example, if there are 100 people in a given area in the 25-34 age range in 2000, we would expect 100 people in that area in the 35-44 age range in 2010, as they have aged 10 years. If, however, there 500 people in the 35-44 age range in 2010, a positive difference of 400 would lend empirical support that there was an inflow of new residents that cannot be explained by births.

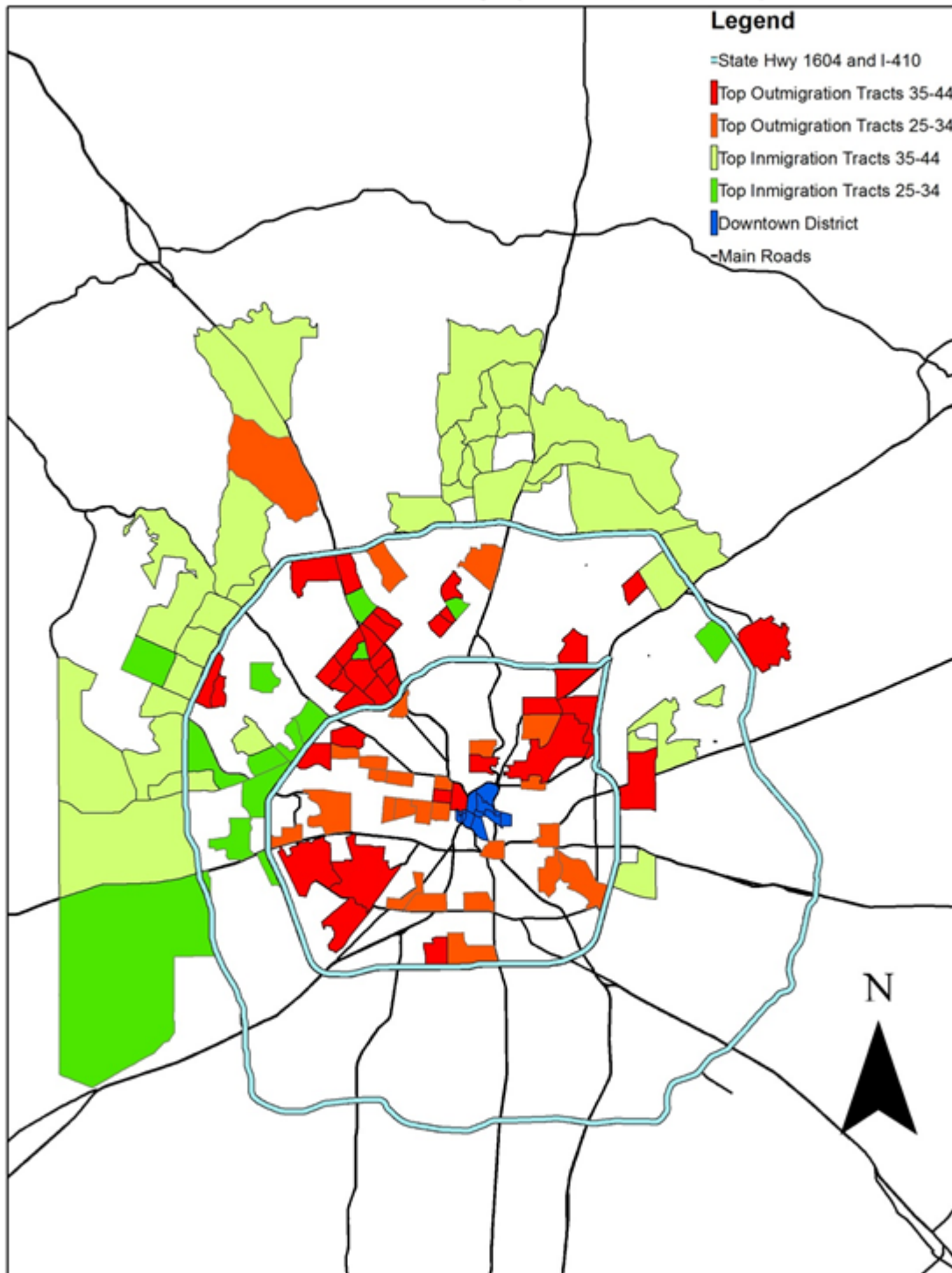
A simplified cohort analysis was performed on two age cohorts: 25- to 34-year olds and 35 to 44-year olds. Performing this analysis helps San Antonio leaders understand where their talent is situating. The map to the upper right shows the cohort analysis for 25- to 34-year olds. The pattern of dispersal shows a core outmigration from the First Ring leading to substantial Second and Third Ring immigration. The 35- to 44-year old analysis largely mirrors this spatial patterning, with the exception being more “flight” from the Second Ring, with a subsequent deepening of high growth spreading into the northern edge of the Third Ring.

Mapping the top ten percent highest growth tracts for both cohorts (henceforth, called “Top Immigration Tracts”) against the tracts with the highest rates of outmigration, the pattern is clear: flight from the core, with talent flowing into the peripheries of Bexar County (see Map next page). While there is very likely an “upward mobility” flow of low- to middle-class inner-city families moving to the suburbs, data from the Longitudinal Employer-Household Dynamics²⁰ shows that the *Top Immigration Tracts* for both



²⁰ See: <http://lehd.did.census.gov/led/>

Top Immigration and Outmigration Tracts for Bexar County (2000 to 2010)



age cohorts are exhibiting rapid increases in high-wage workers (see Table 3). Specifically, the number of residents living in the Top Inmigration Tracts that make \$3,333 or more a month increased from 19,944 in 2002 to 49,501 in 2010. This increase is not simply due to population gains, as the percentage of high-wage workers increased as a percentage of all employed residents from 31% to 46%. Educationally speaking, college graduate rates for the geography were 27%, higher than the County as a whole. Industry sectors that are employing the residents of the Top Inmigration Tracts—and that can be driving the income gains—include Education; Professional, Scientific and Technical Assistance; and Health Care.

As for where in the region residents of Top Inmigration Tracts are employed—that is, where they work— 45% work within 10 miles of their homes, though this is down from 49% in 2002, indicating job sprawl in the region. To that end, 42% work between 10 and 24 miles of their home, with over 11% working over 50 miles away. Image 1 provides a visual indicator of the level of job sprawl—and hence: a “peanut-buttering” of talent and subsequent disconnecting of ideas—that San Antonio’s talent is experiencing. In the map, density of jobs is indicated by shading. Notice the predominance of light blue, indicating lack of employment concentrations for employed residents living in high growth talent tracts. There is, however, some talent clustering in Downtown, and in the area of the UT Health Science Center.

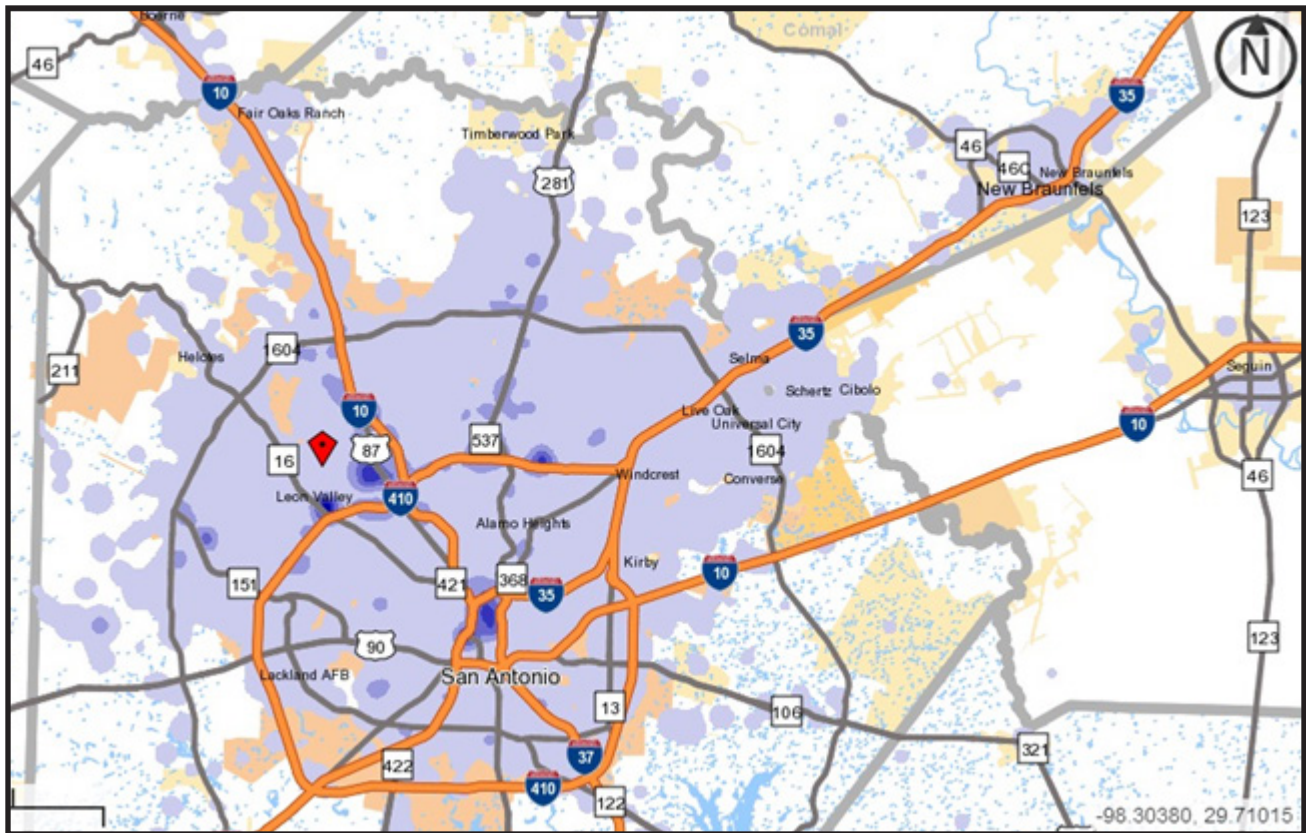
Table 3: LEHD data for Top Inmigration Tracts

| Demographics | 2010 | | 2002 | |
|---|--------------|--------------|--------------|--------------|
| | Count | Share | Count | Share |
| Total Employed Residents | 107,295 | 100.00% | 64,226 | 100.00% |
| Age 29 or younger | 26,925 | 25.10% | 18,185 | 28.30% |
| Age 30 to 54 | 65,788 | 61.30% | 39,549 | 61.60% |
| Age 55 or older | 14,582 | 13.60% | 6,492 | 10.10% |
| \$1,250 per month or less | 19,865 | 18.50% | 16,483 | 25.70% |
| \$1,251 to \$3,333 per month | 37,929 | 35.40% | 27,799 | 43.30% |
| More than \$3,333 per month | 49,501 | 46.10% | 19,944 | 31.10% |
| Less than high school | 11,270 | 14.02% | | |
| High school or equivalent, no college | 19,781 | 24.61% | | |
| Some college or Associate degree | 27,765 | 34.55% | | |
| Bachelor's degree or advanced degree ¹ | 21,554 | 26.82% | | |

| Notable Industry | 2010 | | 2002 | |
|--|--------------|--------------|--------------|--------------|
| | Count | Share | Count | Share |
| Professional, Scientific, and Technical Services | 6,977 | 6.50% | 3,715 | 5.80% |
| Educational Services | 14,382 | 13.40% | 7,645 | 11.90% |
| Health Care and Social Assistance | 16,391 | 15.30% | 7,896 | 12.30% |
| Retail Trade | 9,936 | 9.30% | 7,726 | 12.00% |
| Manufacturing | 4,853 | 4.50% | 3,734 | 5.80% |

1: Education data for those 30 and older

Image 1: Where Residents of *Top Immigration Tracts* Work



- The Vortex, Bubbles, and the Cost of Talent Diffusion

Previous analyses concentrated on metrics that demonstrate San Antonio's talent diffusion. The following qualitative component lends insight into the psychogeography of the target market that live in areas distant from San Antonio's core, with the intent to identify and describe red flags that may lessen the agglomeration effects inherent in San Antonio's burgeoning Talent Economy.

In general, the results of our qualitative analysis—which included media mining, a focus group at Bizdom with educated 20- and 30-somethings, and several days of field observation—revealed three main problems:

- (1) a physical environment that disables connection but fosters psychological isolation (especially for newcomers);
- (2) the negative effect isolation has on personal development, and hence attraction and retention of talent; and

(3) the hindrance that spatial and psychological barriers play on the growth of San Antonio's Talent Economy via an inefficiency in the communication of ideas. In an October 6th post in the Rivard Report entitled "Where I Live: Huebner Oaks", Silvia Castro, a transplant from Salt Lake City, talks up San Antonio's diversity and its authentic downtown feel. But she has issues. From the piece:

"Huebner Oaks is a reasonably convenient place to live, but it is by no means a walkable neighborhood. In fact, our townhouse community doesn't have sidewalk access or a walkout gate. It was built with the assumption that residents leave the community only by automobile. I like our proximity to stores... [B]ut I still yearn for a place that is walkable, interesting and convenient."



"My first impression of downtown San Antonio is that it was an exciting place with a vibrant urban feel that is missing from smaller cities like Austin and Salt Lake City...Access to San Antonio's downtown seems like a bigger hassle than it needs to be. Since I moved here there have been few events that excite me enough to deal with the lack of parking and public transportation."

Ms. Castro speaks to two issues that we have repeatedly come across in our research. One is the lack of feel, direction, or place found in San Antonio's sprawl. The other is the difficulty in getting to San Antonio's core, where that sense of feel, direction, and place exists.

Speaking to that lack of direction, this account is from a 26-year old transplant that moved to an area of the city beyond the I-410 Hwy. She speaks of her arrival:

"I got lost on the highways, the loops. For two months I didn't even know there was a downtown. It held me."

²¹<http://www.therivardreport.com/where-i-live-huebner-oaks-2/>

It was from hearing that account and others like it, that ideas for spatially separating San Antonio into First Ring, Second Ring, and Third Ring took hold. After touring two-thirds of Hwy 1604 one afternoon, the researchers subsequently came up with a useful metaphor for the area between the Second and Third Rings and beyond. We called it the “vortex”, if only for the disorienting feel that the expansively, heavily-paved landscape gives off.

It is a landscape that can be very intimidating and isolating for newcomers and/or returning expats. Such an experience can play a negative role on personal development, and thus will reflect badly in the relationship a person has with their environment, or their sense of place. Said a Vermont native who came to San Antonio via a stint on Capitol Hill, and who resides in the “vortex”:

“It is sad but I still have no real friends since I moved here. I even started going to church near where I live because I thought that’s what people did. It is hard here. It seems like isolation is part of the culture”.

Echoing this sentiment, a 10-year resident of San Antonio who moved from New York City speaks of the difficulty assimilating into the San Antonio community, with a particular emphasis on how the physical landscape acts as a deterrent:

“Nobody can pinpoint what is broken here. Part of the problem is the larger culture is often exclusively centered on the military and the family. The local culture is not yet ready to absorb young professionals, and it’s reflected in how the city is built.”

The migrants’ description of how difficult it is to meet other young people—as well as the problems newcomers are having integrating into San Antonio society—speaks not only to a “fortressing” embodied in the physical landscape, but also to how this form facilitates silo communities, or “bubbles”, that can foster insularity. For example, there was consistent reference in the focus group to the “Trinity Bubble”, or a lack of cross collaboration between student bodies, or between students and the city itself. Said one recent Trinity graduate who remained in San Antonio:

“The Trinity bubble is real. We are right next to Incarnate Word but you wouldn’t know it. We are not far from Downtown but you wouldn’t know it. The climate in the knowledge setting here—it is like a bubble.”

There is some historical context regarding the Trinity Bubble. One quick Google search revealed a 2003 article entitled “Tuttle Ponders Bubble Theory” penned by Dean of Students David Tuttle. While Tuttle himself fights against the notion of “the Bubble”, he describes the bubble theorists as thus:

“For some, there is the notion that the Bubble protects Trinity from the rest of the world - TU equals Trinity Utopia. The argument is that the Bubble offers a false sense of security: everything a student needs is here.”

Of course in the statement “everything a student needs is here” is an implicit understanding that “out there” is not so easy to get around in—thus: socialization and communication taking place in one’s immediate sphere of influence; thus: a lack of talent congregation in spaces due to the difficulty involved in getting around. In fact, the issue of accessibility into and out of Downtown was near unanimous for those focus group members living outside the First Ring, as was the issue of finding a place to live in the core.

²²See: http://www.trinity.edu/departments/student_affairs/dean_of_students/columns/2003.02.07.htm

“It is hard for young professionals to show up together Downtown. The motivation is there but the infrastructure related to parking or public transportation does not meet the demand. And if you go out and want to drink, a cab ride from my house to Downtown costs \$67, one way.”—from a California native who is involved in the local start-up scene.

“I prefer to live within the I-410 Loop, as I am Downtown a lot. But options living in Downtown are limited. The area is made for tourists and not residents.”—a San Antonio native involved with Bizdom that recently moved back from Seattle.

As to how the physical and psychological barriers blocks San Antonio’s Talent Economy growth, there is the issue of negating personal development, or how San Antonio’s build-out is disabling a place where its arriving talent can feel inspired (by) and connected (in). There are also the issues related to efficiency, and how the flow of ideas is being blocked through physical barriers created by dispersal. This blockage has a real effect on economic growth. For instance, in the “urban scaling” research by the Santa Fe Institute , the researchers show that gross domestic product per capita and income per capita rise, on average, 15 percent with each doubling of city population. However, this assumption rests on the area’s ability to efficiently shift people and ideas around. Said Luis Bettencourt, one of the researchers :

What seems to be the case worldwide and through time is that, for cities to exist, their spatial density profile must allow movement of people, energy, materials and information across the city sufficiently quickly and cheaply...

...[T] the conclusion is that cities can exist in many different spatial forms, and specifically at lower or higher densities, provided that people can interact easily.

This of course recognizes the fact that not every city must be dense like New York, or that sprawl—as a land use pattern—is inherently bad. This is only to say that if the goal of San Antonio is develop the region through the growth of ideas via a concentration of talent, then it must recognize that blocks to communication exist, and thus strategize so that the opportunity inherent in its talent immigration is not wasted—or sucked in by the vortex if you will.

- San Antonio’s Ironic Migration Story

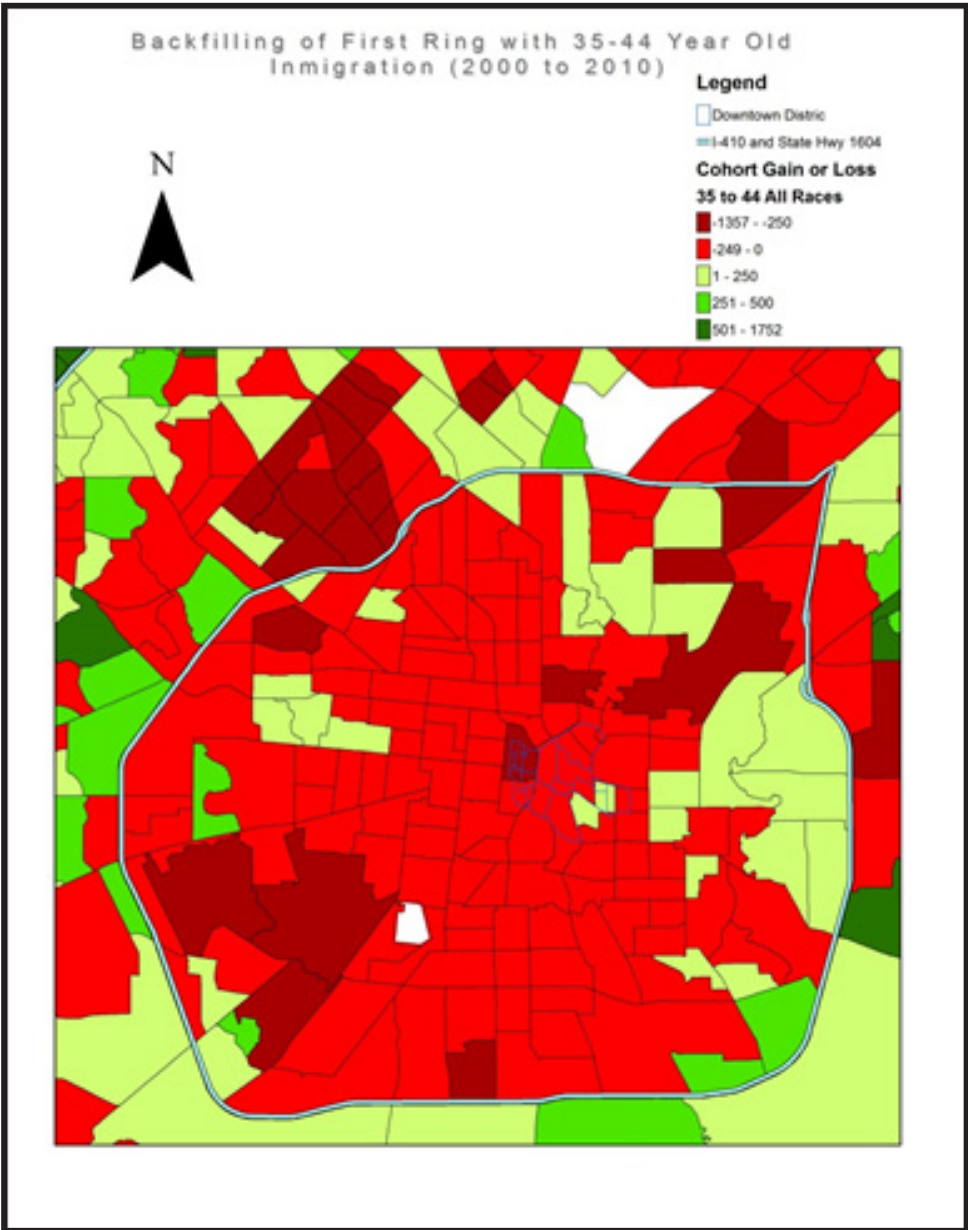
San Antonio’s suburbanization is not a new story in urban development. It is the iconic migration pattern of the Innovation economy. That said, in many regions, particularly in the Rust Belt, this pattern emerged in the mid-20th century, with a shrinking core lasting decades. Only recently has cities like Cleveland seen a modest “backfill” in which young adults are re-entering the core to live and work . What differentiates San Antonio in this regard is that decentralization is coinciding with an emergent backfilling within the First Ring. This migration is going against the grain of diffusion, and is thus “ironic”, or unexpected. And while the backfilling immigration totals (i.e., 40 to 404) are small compared to gains in the thousands for Top Immigration Tracts, that is the point—as it is often those hidden trends that portend to a future that’s hard to see considering the more dominant narrative proves blinding. This part of the analysis, thus, intends to uncover this ironic migration, with a subsequent qualitative evaluation to the psychogeography behind it. Each component will inform strategy.

²³ See: <http://www.santafe.edu/>

²⁴ See: <http://www.newgeography.com/content/002987-density-not-issue-the-urban-scaling-research>

²⁵ See: http://www.metrotrends.org/spotlight/Cleveland_Spotlight.cfm

Bucking the talent dispersal is immigration of young adults into the First Ring. For example, the map to the right shows the results of the cohort analysis for 25- to 34-year olds for census tracts located in the First Ring. Notice areas of light green in the Downtown District, as well to areas in the north, east, and south. The map below and to the right shows the analysis for 35- to 44-year olds. Here, there's less immigration than for the younger age cohort. There are areas of ironic migration, however, into southeast edges of the Downtown district, as well further to the east.



Taken together, these areas of backfill, henceforth referred to as *Ironic Migration Tracts* (see map of tracts on the next page), make up important spatial areas in San Antonio's talent landscape in that the areas represent the places,




or “seeds”, from which this talent landscape can grow. These areas were selected because (1) they are the top gainers for ironic migration of 25-34 year olds and (2) they are in proximity to the core, and as such facilitate connection through efficient use of time and space. The following demographically breaks down the *Ironic Migration Tracts* as a group, and also by subgroups governed by their geographic orientation.

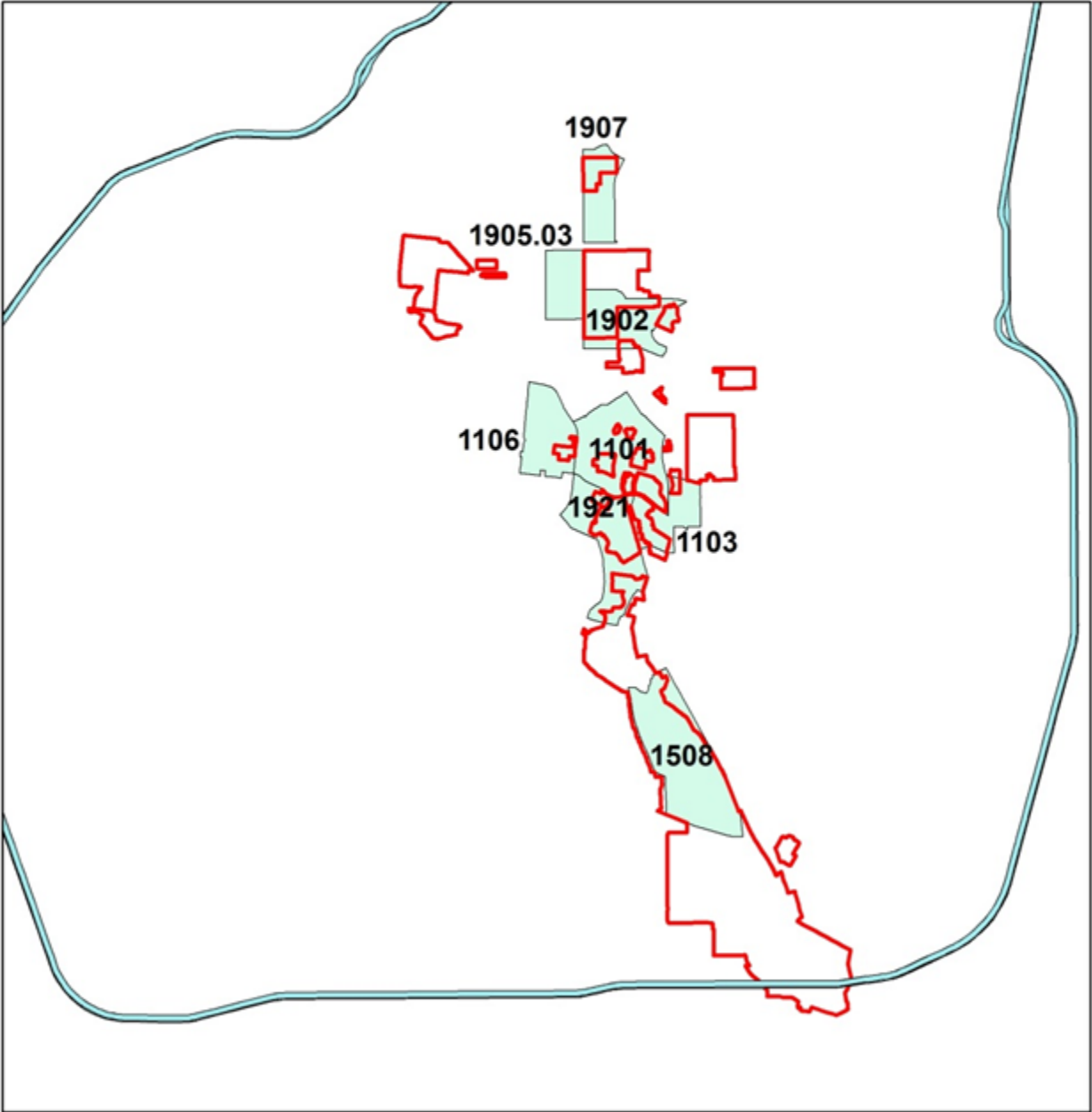
According to data from the Longitudinal Employer-Household Dynamics, the *Ironic Migration Tracts* shrunk in the number of employed residents by over 1,000 (See Table 4). This is not surprising considering the First Ring is a geography of outmigration. That said, the number of high-wage earners (those making at least \$3,333 a month) in these tracts grew substantially from 2002 to 2010, increasing—as a percentage of total employed—from 16.4% to 28.1%. This change in salary structure mirrors trends in industries worked for those living in the *Ironic Migration Tracts*, with a decrease in the number of those employed in Manufacturing and an increase in those employed in Health Care and Professional, Scientific, and Technical Services.

Ironic Migration Tracts



Legend

-  I-410 and State Hwy 1604
-  Historic Districts
-  Potential Target Tracts for Talent Clusters

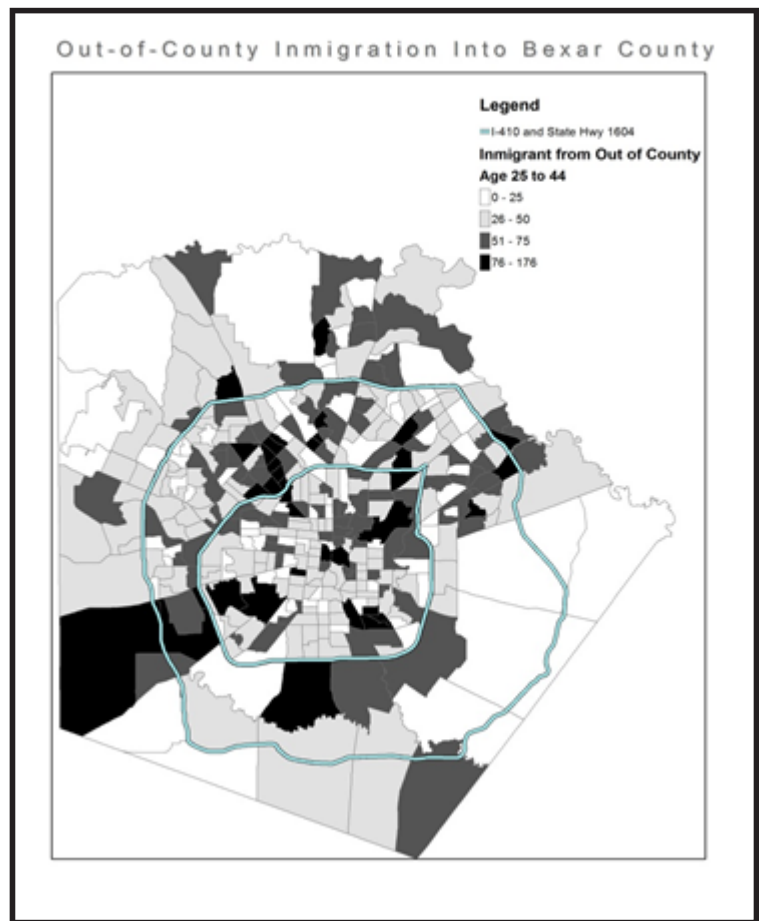


| Table 4: Ironic Migration Tract Data from LEHD | | | | |
|---|--------------|--------------|--------------|--------------|
| Demographics | 2010 | | 2002 | |
| | Count | Share | Count | Share |
| Total Employed Residents | 9,286 | 100.00% | 10,378 | 100.00% |
| Age 29 or younger | 2,482 | 26.70% | 2,909 | 28.00% |
| Age 30 to 54 | 5,090 | 54.80% | 6,085 | 58.60% |
| Age 55 or older | 1,714 | 18.50% | 1,384 | 13.30% |
| \$1,250 per month or less | 2,380 | 25.60% | 3,763 | 36.30% |
| \$1,251 to \$3,333 per month | 4,298 | 46.30% | 4,908 | 47.30% |
| More than \$3,333 per month | 2,608 | 28.10% | 1,707 | 16.40% |
| Less than high school | 1,560 | 22.93% | | |
| High school or equivalent, no college | 1,849 | 27.18% | | |
| Some college or Associate degree | 2,156 | 31.69% | | |
| Bachelor's degree or advanced degree ¹ | 1,239 | 18.21% | | |
| | 2010 | | 2002 | |
| Notable Industry | Count | Share | Count | Share |
| Professional, Scientific, and Technical Services | 542 | 5.80% | 513 | 4.90% |
| Health Care and Social Assistance | 1,375 | 14.80% | 1,345 | 13.00% |
| Accommodation and Food Service | 1,208 | 13.00% | 1,156 | 11.10% |
| Manufacturing | 513 | 5.50% | 715 | 6.90% |
| 1: Education data for those 30 and older | | | | |

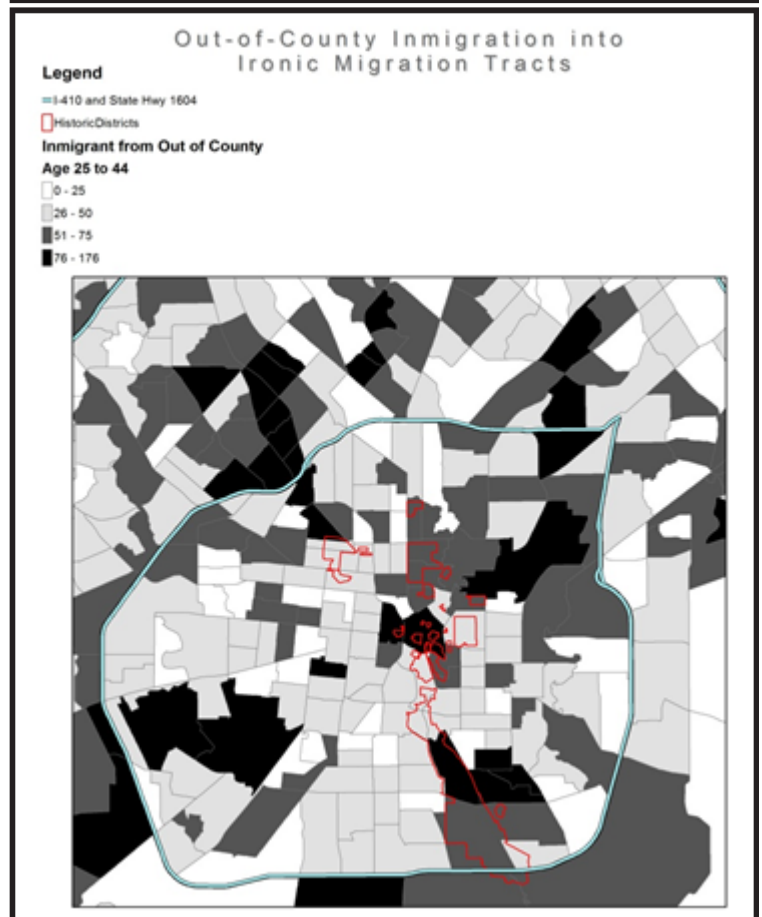
Next, mobility data using the Census' American Community Survey was analyzed to test the hypothesis that the ironic migration is significantly comprised of immigration from outside of Bexar County. Specifically, out-of-county migration—either from within Texas or from outside of Texas—was calculated for both the 25-34 and 35-44 year old cohorts at the census tract level. The map on the next page shows the total number of 25-44 year old out-of-county immigrants for Bexar County. Three patterns are noticeable.

²⁶ Source: American Community Survey, 2007-2011

First, select Top Immigration Tracts in northern Bexar County exhibited gains in out-of-county young immigrants (as shown by darker shading). While expected—given the tracts experienced the most population growth—what is more notable is the extent out-of-county immigration is not occurring in the Third Ring. This re-emphasizes the speculation that much of the Third Ring growth is occurring from within-county migration. Second, the area comprising the University of Texas Health Science Center is also experiencing significant out-of-county gains. Again, this is expected, particularly given the number of international and domestic immigrants arriving for health care employment or training. Third, notice the dark shading in the tracts that comprise the Ironic Migration Tracts. Here—as was theorized in the Introduction—significant out-of-county immigration of the young adult cohort is driving the ironic migration into the First Ring. It is speculated that much of this out-of-county immigration is from young “boomeranging” back to San Antonio from urban locations across the United States. Implications for this finding will be discussed further in the section discussing strategy.



Analyzing commuting patterns for the residents of Ironic Migration Tracts, less people work within 10 miles of their homes in 2010 (67%) as opposed to 2002 (73%), with a substantial number (18%) of Ironic Migration Tract residents working greater than 50 miles away, up from 12% in 2002. This is another indication of job sprawl. Moreover, over 6% of the employed residents work in Austin and Houston, suggesting either super-commuting patterns or, more likely, being employed in knowledge positions in which physical presence at the job site is unnecessary. In mapping job sites for Ironic Migration Tract residents, Image 2 shows density of job locations. Compared to Top Immigration Tract residents, notice a large clustering of job sites in Downtown and in the area of the Medical Center. Also, the lack of job site density in the region of Rackspace is notable (near Windcrest).



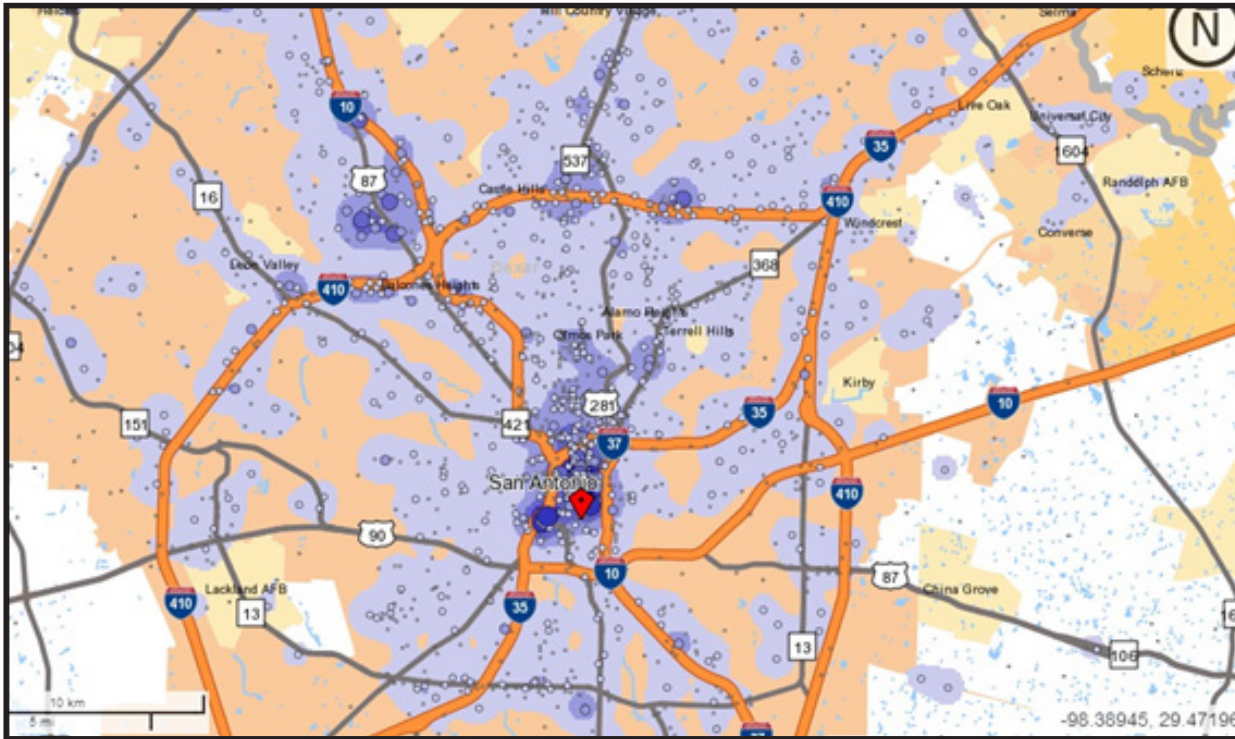


Image 3: Where Residents of Ironic Migration Tracts Work

In doing a reverse-commuting analysis from the zip code of Rackspace—that is, mapping residents employed in zip code 78218 to where they live—notice the densest patterns exist in proximity to the job site (Image 3). This analysis was confirmed in our focus group in which many of the immigrating knowledge workers moved into homes sight unseen at the advice of relocation specialist. Of course this pattern of workers locating near suburban employment parks is classic Innovation Economy migration. The consequence of such a relocation strategy, or lack thereof, was already discussed.

Image 4: Where Zip Code 78218 Employees Live

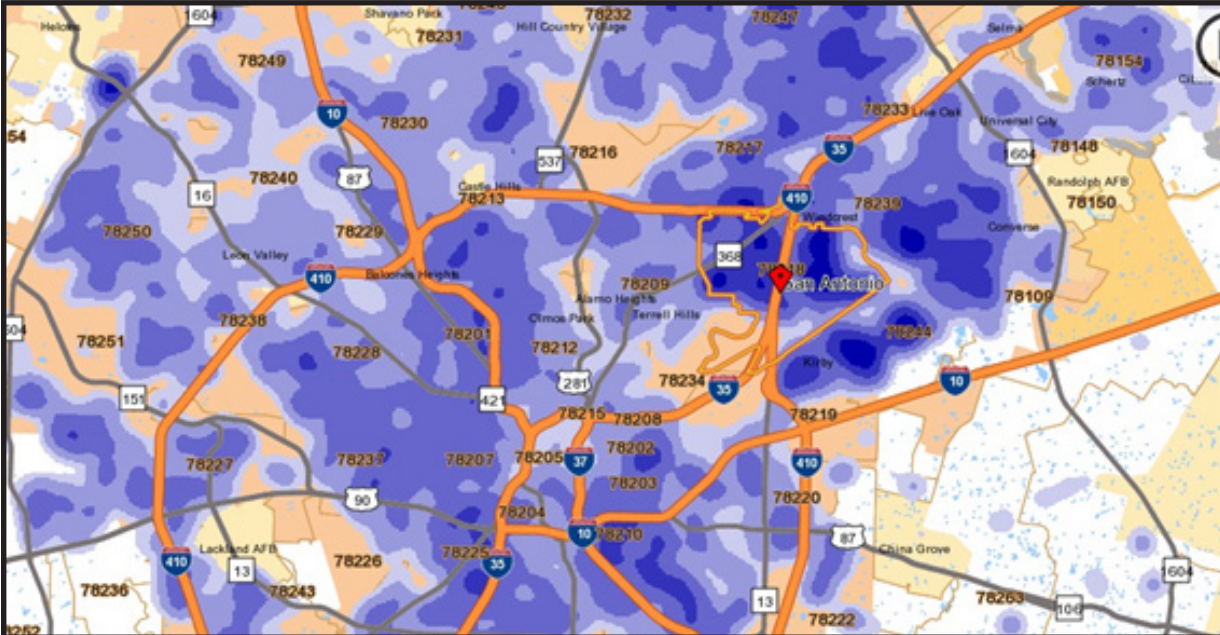


Table 5: Demographic Analysis of Ironic Migration Tracts

| Tract | Historic District | Age Cohort 25-34 | % Gain White | % Gain Hispanic | % Gain Black | Age Cohort 35-44 | Pop. Total 2010 | Percent Change from 2000 | Gain of College Grads (25 and over) |
|---------|-----------------------------------|------------------|--------------|-----------------|--------------|------------------|-----------------|--------------------------|-------------------------------------|
| 1101 | Downtown/Hemisfair | 404 | 43% | 44% | 4% | -178 | 3379 | 1.3% | 100.57 |
| 1106 | Cattleman Square | 214 | 60% | 7% | 32% | -391 | 7553 | 8.4% | -74.79 |
| 1902 | Monte Vista/River Road/Tobin Hill | 177 | 63% | 28% | -6% | -322 | 4375 | -10.3% | 248.74 |
| 1905.03 | Monte Vista | 127 | 97% | 2% | 0% | -118 | 3459 | -6.6% | 25.44 |
| 1907 | Olmos Park Terrace | 102 | 17% | 59% | 6% | -138 | 3060 | 0.2% | 82.93 |
| 1921 | King William/North Mission | 102 | 135% | -47% | 0% | -103 | 2077 | -9.2% | 188.35 |
| 1508 | Mission | 40 | -10% | 83% | 0% | -87 | 3165 | 23.5% | 111.47 |
| 1103 | Lavaca/St. Paul Square | 40 | 140% | -88% | 8% | 9 | 2542 | -1.8% | 194.75 |

Guide: (1) Blue—Central Group; (2) Rose—Northern Group; (3) Yellow—Southern Group

Lastly, Ironic Migration Tracts were analyzed at the individual tract level (see Table 5) to further ascertain the demographic and socioeconomic make-up of San Antonio’s ironic migration. This analysis—combined with spatial grouping—informed a subgrouping of tracts. The subgroups are: (1) the Central Group, (2) the Northern Group, (3) the Southern Group. While each of the groups will be described in detail below, demographic characteristics of Ironic Migration Tracts as a whole exhibit a few general trends: relatively stagnant or declining total population (outside Mission and Cattleman Square); gains in the number of college graduates 25 and over; and an increase in both Hispanic and White young adults aged 25 to 34, with the increase in young Whites outpacing the Hispanic increases in most geographies.

Central Group: The Central Group represents Census Tract 1101 and 1106, or areas encompassing the Downtown and Hemisfair district and the historic district of Cattleman Square. Over 600 25- to 34-year olds immigrated to the neighborhoods. This young immigration was comprised of a variety of races and ethnicities. Together, these tracts are getting younger as exhibited by large outmigration of 35- to 44-year olds. For Tract 1106, the outmigration is driven by Hispanic flight from the core (minus 417). Some of this flight may be educated Hispanic families considering the tract including Cattleman Square is the only Ironic Migration Tract to lose college graduates age 25 and over. Conversely, the Downtown tract gained college graduates, with an equal mixture of both White and Hispanic immigrants.

Northern Group: The Northern Group encompasses three of the tracts—1907, 1905.3, and 1902—that are centrally clustered just north of Downtown, and that contain the Historic Districts of Monte Vista, River Road, Tobin Hill, and Olmos Park Terrace. The vast majority of the young immigration for these tracts—outside of Olmos Park Terrace—is from whites. This ironic migration flow bucks overall population loss from 2000 to 2010 for the area as a whole. These tracts are getting younger and more educated, with Monte Vista/River Road/Tobin Hill neighborhood area experiencing a particular boost in educated residents.

Southern Group: The Southern Group makes up several inner core Historic Districts that are increasingly coming on the radar of San Antonio’s young. Specifically, Census Tract 1103 and 1921 comprise Lavaca/ St. Paul Square and King William/North Mission, respectively, with each area showing a gain in whites, a decrease in Hispanics, and a gain in educational attainment. The tract comprising Mission (1508), however, is different, with a modest influx of Hispanic young corresponding with an increase in college graduates. The neighborhood is perhaps the target for ironic migration of educated Hispanics into the core.

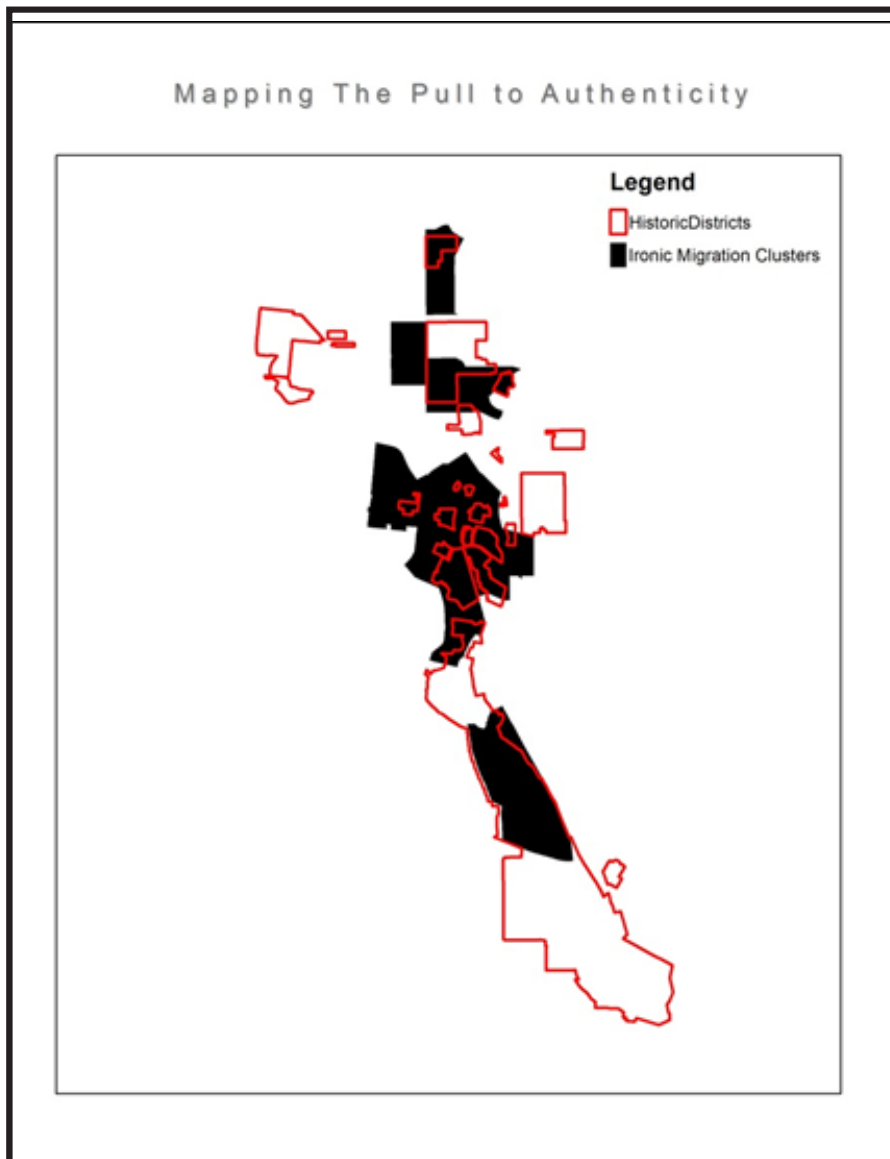
- The Pull to Authentic San Antonio

Now, in regards to the backfilling of an otherwise depopulating core, the ironic migration begs the question: what makes up the psychogeographic attraction that is pulling migrants to these particular parts of San Antonio? If this question can be answered, then San Antonio can begin to implement policy aimed at increasing the talent pipeline by stoking psychogeographic attractions, with the hopes of sparking agglomeration effects that can arise from residential talent clustering near (and in) the core.

In a word, the pull, or the psychogeographic attraction, is authentic San Antonio. The following elaborates.

The best research evolves when empiricism supports anecdotal evidence. In that regard, the “aha” moment in current report arrived once the San Antonio Historic Districts were overlaid over the empirically-identified Ironic Migration Tracts. As you can see in the map to the right, the ironic migration locations paralleled the city’s documented historic neighborhoods. This was a major finding in the analysis, giving the authors empirical backing to begin the rationale behind the psychogeography behind the ironic migration.

This psychogeographic attraction to authentic San Antonio was mined from both new media and the focus group. For instance, in a piece entitled “Where I Live: Dignowity Hill” , the author, originally from the suburb of Alamo Heights, describes how and why she ended up in the neighborhood:



“My husband and I are one of the success stories of finding jobs, a home, and a like-minded urban professional with whom to settle down in San Antonio’s city center. We grew up here, went away for college and grad school, traveled the world, and somehow made it back here to start our careers. We met in 2009, married in 2010 and began the house hunt.

When we happened upon Dignowity Hill as first time homebuyers, we knew we’d hit the jackpot. A little 1890’s farmhouse with a yard full of citrus trees, 1.5 miles from my husband’s job at Lake|Flato downtown, and 2.5 miles to my job on Broadway... At the price we paid, my architect husband could turn the little white house that had been ravaged by time and amateur renovations into our dream home. Plus, we are marathon-runners, and with a six-block hop to the museum reach of the River Walk via the Hays Street Bridge and one of San Antonio’s best skyline panoramas, it was the ideal set-up for two urban professionals ready to re-root in their hometown.”

Echoing this pull to authentic San Antonio living, here is the story of an ex-New Yorker who moved to San Antonio because her husband got a job at Rackspace. As is common, their first relocation was near Rackspace. Her account of this experience proves trying:

“I remember arriving at what we later dubbed Hell on Blanco... which was where Rackspace...had their relocation apartments. It sits in the middle of a desolate part of the northwest side of town near Blanco and Bitters. It did feel like bitters. We hadn’t yet acquired a second car so when my husband was off to his new appointment at Rackspace, I was beating cabin fever in the sweltering heat with my infant child, but unable to go anywhere except to walk-able Walgreen’s. It’s a really bad sign when all the employees at Walgreen’s know both you and your child by name. The nearest and only restaurant was a fondue chain. And I enjoyed it. That’s how starved for options I was. I didn’t know it then, but in San Antonio, I had started at a low point.”



Things changed, though, once she became aware of the Southtown:

“After my Haven on Blanco experience, I quickly turned biased once I found Southtown. I hear most people love where they live in San Antonio, but myself, I fell in love with Southtown. As both a European and a New Yorker, a “walking culture” is a necessity...”

Notice also how this authentic neighborhood landscape

²⁷ See: <http://www.theirivardreport.com/where-i-live-dignowity-hill-story/>

²⁸ See: <http://www.theirivardreport.com/where-i-live-a-happy-wife-mom-in-lavaca/>

creates for connections and community capital development opportunities, as well as the development of local pride:

“Some people we’d met invited us to Blue Star Brewery for First Friday. It was a perfect evening with the mists piercing the summer night balm, the potent King William brew flowing (a specialty of Blue Star Brewery), my Mom visiting (which really helped the transition to move here) and good people having good conversations. There we were, sitting around: babies, moms, everyone chatting, people watching and drinking beer. As more and more people joined our party, I realized that I had hit on a gem.”

This renewed sense of pride being both created—and derived from—San Antonio’s burgeoning authenticity movement was prevalent in the focus group as well. Consistently, the group as whole agreed that something happened several years ago in which the psychology of the city began changing. The aspirational geography was not simply about “leaving for greener pastures”, but rather: a return to San Antonio’s “roots”. From a San Antonio native who returned from stints in Austin and D.C.:

“The city is now growing on me on a different level, and so I am slowly making my way closer to Downtown. It is a completely different place. People seem to be finding their way back [to San Antonio’s roots]”

Said a Sherman, Texas native and recent graduate of Austin College who teaches and lives in the North Mission neighborhood with her husband:

“We wanted to be in the city because we got the feeling there was something bigger going on.”

This emergent movement is also being manifested technologically by the young through social media endeavors aimed at tying the community together through the support of local pride. For instance, one of the focus group members—a native of San Antonio who described it as “an exciting time in the city”—developed the LOC@LIST Map, which is described as “a guide to places that are unique, some historic but all authentic to San Antonio”. The tone and tenor of medium is clear: to build San Antonio’s present through its lineage.

This message is not only arising from the “youth up”, but is increasingly being pondered institutionally from the “top down”. Specifically, in a recent Rivard Report piece, Felix Padron, director of the Department for Culture and Creative Development, asks:

“How do you foster innovation in a community that values its history?”

The current report provides one pathway to answer this timely and all-important question. This pathway entails identifying the future of San Antonio—where they are, and what they need. It is a future that is reaching into the city’s past, and innovating a way of life in the soul of the city’s spaces. Said a Dignowity Hill resident:

“There’s a sort of rakish, cowboy mentality among the folks in Dignowity Hill. They don’t favor convention over progress...or novelty.”

If that sentiment doesn’t speak to innovation, then one wonders what does. The key, though, is to know that talent and innovation neither begins nor ends at the office door step, but is a way of life from the living room to the board room.

²⁹ See: <https://www.facebook.com/TheLocalistMap>

³⁰ See: <http://www.rivardreport.com/fostering-the-arts-in-san-antonio/>

STRATEGY

Rust Belt Return Migration

The bubbles and barriers diluting San Antonio's brain gain is a common problem in the U.S. Rust Belt. Initiatives designed to lure expatriates back home are popping up in Pennsylvania, Ohio, Kentucky, Iowa, and Michigan (to name a few states). Repatriates (repats) can help address population decline and talent shortages, at least that's the hope. But return migration is difficult to track and poorly understood. The authors of this study have researched this phenomenon and designed strategies to take advantage of the "boomerang" trend in the cities of Pittsburgh, Youngstown, and Cleveland. They have also investigated dozens of return migration initiatives both inside and outside the Rust Belt, domestic and international. The emerging Talent Economy is most mature in the Rust Belt given the legacy institutions of higher education producing world class talent. Although rarely recognized as such, talent production is an export industry with tremendous benefits for the source community. In addition to graduating talent in high demand nationally and globally, Rust Belt expats maintain a strong connection to the homeland. The authors use the term "Rust Belt Chic" to describe this cultural affinity and the fierce drive to move back to take part in the urban redevelopment of post-industrial cities. The above demographic analysis reveals that San Antonio has much in common with Rust Belt cities rich in legacy assets. Successful Rust Belt return migration strategies should apply equally well then to San Antonio.

In 2009, the Youngstown Business Incubator (YBI) attempted to build a network of expatriates with an eye towards enticing some of them to return to the Youngstown metro. Diaspora networking on a national scale was a new idea. There were already a number of well-established international diaspora networks (e.g. GlobalScot) that served as models for the YBI project. A Wall Street Journal article about return migration to Scranton, Pennsylvania served as a muse for what came to be called the "Scranton Strategy":

There's a distinctly white-collar movement behind Scranton's comeback. A return of college-educated natives from cities like New York and Philadelphia is fueling a population rise and a civic makeover. Bringing them back are the very small-town qualities many once wanted to escape: the likelihood of meeting acquaintances and relatives on the streets. The embrace here of modest ambition. The deeply held belief -- only heightened by ridicule from the outside world -- that Scranton matters. ...

... Precisely how many natives have heeded the call isn't known. But many returnees seem to orbit in a large circle of other returnees, as the case of Ms. Dempsey illustrates. At her firm she employs an architect who moved back to Scranton from New York City, and a designer who moved here with his boyfriend -- a Scranton native who has started a wine bar in town. One of Ms. Dempsey's siblings, a fashion designer, quit a job at Burberry Group PLC in New York City to join a Scranton-area technology firm, while a brother-in-law left a Wall Street investment bank for a Scranton software startup.

Economic opportunities -- the bait that lured away so many of Scranton's young -- remain limited, however. In a county with an unemployment rate of 6.4% -- compared with a national average of 6.1% -- professionals often start their own businesses to survive.

³¹ See "Behind a Blue-Collar Cliché: 'The Office' and returning natives help Scranton, Pa., stage a comeback" in The Wall Street Journal (October 18, 2008) at <http://online.wsj.com/article/SB122427909893645867.html>

The Scranton case is instructive, an archetype of Rust Belt return migration that has held up well to rigorous testing. The quoted passage contains anecdotal evidence of chain migration, particularly returnees pulling in others from New York City. This network paves the way for more repats. Furthermore, those who do boomerang tend to be entrepreneurial (often out of necessity) and are instrumental in the urban revitalization effort. A survey of downtown Youngstown's rebound was a gold mine of return migration stories. These two observations (i.e. chain migration and return migrants as agents of economic redevelopment) formed the cornerstones of the "Scranton Strategy" that would find its most sophisticated articulation in Cleveland, Ohio.

The 2010 Census came as a great shock to Cleveland. Over the course of the decade, the city lost over 17% of its population. Only Detroit experienced a greater decline. In response to this tremendous demographic challenge, the region quickly cobbled together Global Cleveland and charged that organization with turning the numbers around in time for the next census. Cleveland desperately wants more people to move to Northeast Ohio.

Global Cleveland was initially conceived as a means "to attract immigrant talent and investors to Northeast Ohio in hopes of repopulating the city and creating jobs." The organization would eventually embrace an all-of-the-above approach, which included boomerang (i.e. return) migrants. Global Cleveland hired one of current study's authors, James Russell—who worked for the YBI on the Youngstown Diaspora project—to devise a strategy to attract more repats. Russell conducted a survey of the repat community, as well as leading multiple focus groups. Using primarily IRS data, migration patterns were analyzed and key expatriate markets were identified. The lessons learned from Youngstown were invaluable. In view of Scranton and Youngstown, the assumption was that the return migration was more significant than realized. Ironically, the migrant exchange between Cleveland and New York City over a 14-year period was a net positive for the shrinking metro. Media anecdotes along with the survey and focus group results pointed towards return migration as an explanation for the unexpected gains. The repats were largely invisible, their impact on Cleveland unknown. The first step for employing the Scranton Strategy and catalyzing more return migration was to raise the profile of repats and develop that community. This network, which still claimed strong links to Chicago and NYC, would serve as the anchor for the chain migration that would help repopulate the city.

A repat community development project was going to be a challenge. The focus groups unleashed a torrent of complaints, frustrations, and discontent. A recent blog post about a repat's Cleveland re-entry experience gives voice to the angst :

I need to keep believing that the game changers and boomerangers, the passionate progressive civic leaders and the creative entrepreneurs that I came here to join, to be part of their reshaping and rejuvenation of Cleveland, are here. I need to believe that there are cool people I'll find and connect with (and, in fact, I've found a few already), who resemble the masses of interesting, dynamic, creative, intellectually thirsty friends/colleagues/acquaintances/random strangers I left behind in San Francisco, but I may need to accept that they are fewer and harder to find.

³²See "Plans to welcome immigrants to Cleveland take another step forward" in *The Plain Dealer* (July 15, 2010) at http://blog.cleveland.com/metro/2010/07/plans_to_welcome_immigrants_ta.html.

³³See "Three months in" at *Homecoming Queen: Californiafied Clevelanders come home to reign* (December 18, 2012) at <http://clevelandhomecomingqueen.tumblr.com/post/38222278130/three-months-in>.

Bubbles and barriers, like the ones found in San Antonio, were keeping this repat from finding other like-minded people. Both Cleveland and San Antonio require a strategy to solve this problem. Return migrants finding and connecting with one another are critical to the growth of the Talent Economy.

Talent Clustering in Historic Neighborhoods

Like Cleveland, San Antonio's repat community is hidden. The first reason for this is that the return migration is novel. The brain gain is recent, much of it occurring after 2007. The second reason concerns the bubble and barriers apparent in the demographic analysis. Repats and newcomers aren't connecting, which diminishes their impact on the local economy and culture. San Antonio's own "Scranton Strategy" will endeavor to solve this problem through the formation of "repat ghettos" in historical neighborhoods already sporting ironic brain gain.

In 1998, Michael Porter famously detailed the competitive advantages of economic clusters. Geography matters, more than ever. Certain kinds of industries were agglomerating in a few select places. This sorting of economic activity is a hallmark of the Innovation Economy. College-educated talent moved to where the jobs were (see "The New Geography of Jobs"). In the Talent Economy, talent is agglomerating in a few select places and the jobs are moving to where the workers are. Porter describing the upside of clustering :

*Clusters affect competition in three broad ways: first, by increasing the productivity of companies based in the area; second, by driving the direction and pace of innovation, which underpins future productivity growth; and third, by stimulating the formation of new businesses, which expands and strengthens the cluster itself. **A cluster allows each member to benefit as if it had greater scale or as if it had joined with others formally-without requiring it to sacrifice its flexibility.***

Emphasis added. Clustering like talent would have a similar benefit, particularly if companies in the same economic cluster were not able to make employees sign non-compete agreements. By "like talent" we mean return migrants and newcomers, people who are less risk averse and share a common geographic outlook (i.e. psychogeography). The focus group feedback painted a picture of a San Antonio built for locals who stayed put and tourists visiting. Repats and newcomers didn't belong. There was no place for them.

Migration is one way to define a talent cluster. Industry expertise is another. Physicist Cesar A. Hidalgo and economist Ricardo Hausmann with "A Network View of Economic Development" :

³⁴See "Clusters and the New Economics of Competition" in the Harvard Business Review (November-December, 1998) at <http://xa.yimg.com/kq/groups/23061093/2055444036/name/M.Porter-nw%252Band%252Bclusters.pdf>.

³⁵See the book, "Regional Advantage: Culture and Competition in Silicon Valley and Route 128" by AnnaLee Saxenian.

³⁶See "A Network View of Economic Development" at http://www.chidalgo.com/Papers/HidalgoHausmann_DAI_2008.pdf.

There are many ways in which this analysis can be extended. It may be interesting to study the product space from a labor perspective. One could relate products based on the similarity of the labor skills required to make them. This would allow companies to exchange skilled workers. A new product can more easily be developed if it uses labor skills similar to those used in making existing products. One could also study the patterns of mobility of labor between industries as workers try to adjust to changes in the demand for their skills.

Talent migration links economic clusters across space. The strength of San Antonio as a node in that network depends on the strength of the repat community. For example, many India repats are not only clustering in Bangalore, but in a specific part of the city :

So, what drew him back to India? “Firstly, India is going through a kind of transformation. Another important reason was that my parents were ageing and I wanted to be close to them.”

Family is the biggest reason for people wanting to move back to India. Brij Singh, founder of Apptility.com is no different. “In 2008 we decided to spend time with our family and moved back. The desire to stay close to the family was the biggest reason. Later on business decisions influenced my mind,” said Singh.

He added, “India is at a very interesting point right now. Booming economy, attractive demographics and a rising middle class provides a very conducive environment for career adventures. That is largely the reason you see a lot of folks coming back and ‘doing something’ here.”

But why Koramangala? “We picked Koramangala because it is a hub within a hub in many ways. If Bangalore is a centre of the Indian IT revolution then Koramangala is a centre within Bangalore,” said Singh.

Anshuman Bapna, an MBA from Stanford used to live in New York. He relocated to Koramangala after his stint with Google and Microsoft. “I loved that familiar feeling in Koramangala after I came back. I returned to start my company, Mygola.com. What we were building required an operational scale and technical prowess, both of which could be found here in India,” said Bapna.

Koramangala is a repat ghetto, where return migrants get a “familiar feeling”. The hub within a hub is at the center of India’s economic development. The goal of the Scranton Strategy is to foster the growth of a Koramangala in San Antonio.

In Cleveland, repats felt disenfranchised and alone. There isn’t an easy way to pick out other return migrants in a crowd. There aren’t boomerang affinity groups or distinctive bar hangouts. Repats are practically and functionally invisible. To raise the profile of boomerangers and better network them,

³⁷ See “Indians return from abroad choosing Koramangala as their new home” in *The Economic Times* (December 10, 2012) at <http://economictimes.indiatimes.com/news/emerging-businesses/regional-hubs/south/indians-return-from-abroad-choosing-koramangala-as-their-new-home/articleshow/17554483.cms>.

Global Cleveland holds events just for repats. Whatever works for community development applies equally well to repats. The idea is to deepen the connections between return migrants, as evident in Scranton. Celebrating repat success stories is also critical. Both repats and other locals need to be aware of the positive contributions from return migrants. Such publicity will break down the barriers and the sense of isolation that repats feel.

Repat community development will help forge a collective identity, but in and of itself will not promote talent clustering. The iconic migration for the Talent Economy is return migration. Prodigal sons and daughters leave the suburbs for an alpha global city, where they become accustomed to urban living. Upon returning, they pool in predictable places. In Cleveland and other shrinking cities, repats seek Rust Belt Chic neighborhoods. They are looking for authenticity, distinctiveness, history, and culture. In short, they want a strong sense of place. They also want neighbors who share these values. Repats are intrinsically motivated to agglomerate in areas such as Koramangala. The field work conducted for this report revealed a wealth of Rust Belt Chic neighborhoods in San Antonio that serve as a brain gain magnets. These are the repat ghettos where San Antonio should steer return migrants and newcomers to take up residence.

The same data sets that allowed the researchers to track where people live and work in San Antonio can be used to measure the development of repat ghettos and talent clustering. Rackspace and the Medical Center represent two different economic clusters.

- ***The primary recommendation of this report is to concentrate people who move to San Antonio to work in the major industry clusters of the region to live in the historic neighborhoods where the Talent Economy is taking root.***

Current residents of these neighborhoods are familiar with the challenges of relocation and San Antonio's bubble problem. The parochial charms are an impediment as well as an attraction. Other repats and newcomers who have been in the area longer can show the latest arrivals how to navigate the bubbles and barriers. Relocation specialists should familiarize themselves with Rust Belt Chic San Antonio and encourage talent to settle in historic neighborhoods. Anyone new to the area should be able to plug into cosmopolitan San Antonio in these repat ghettos.

Exporting Talent and Community ROI

- ***A secondary recommendation of this report is to develop a talent export economy.***

San Antonio must rethink the dominant brain drain narrative. Not only will some of the talent that left return (spurring growth), but expats who remain afar represent a network economy that can spark innovation and tap new markets for San Antonio's economic clusters. This section will provide the rationale for the talent export strategy.

Migration is economic development. Thus, brain drain is economic development. Economist Michael A. Clemens, Research Fellow at the Center for Global Development, explains what is wrong with the dominant framework of understanding (i.e. brain drain is bad) :

People develop, not places. *Freedom, income, health, and education are possessed by people. To say that a place is developing, by these definitions, is strictly a shorthand way of saying that these traits are improving for the people in that place. The same traits might improve to a greater degree, for the same people, in another place. This means that development does not fundamentally describe places, and that migration can be a route to development. Speaking of development for a country, village, or any other place has the perverse consequence of simply defining away the development that arises inherently from exercising the freedom to move.*

Conventional economic development thinking is place-centric. Therefore, migration is a zero-sum game. If one place wins (brain gain), then another place must lose (brain drain). Brain gain is economic development. For an individual, moving anywhere is economic development. Migration, like education, makes people more prosperous. Retaining talent is like telling a high school graduate that she can't go to college because it will harm the community.

The interests of individuals and communities are not aligned. Leaving San Antonio for Washington, DC benefits the migrant. What is the community's return on investment? When expats return, they are better developed. They earn more money. They retain valuable business contacts. They tend to be entrepreneurial. Many of them will bring back a college-educated spouse to add to the regional workforce. In this case, the benefits are clear.

But what about all the talent that does not repatriate?

In the field of international economic development, the value of diaspora networks is appreciated. While every country still complains about brain drain of some kind, businesses are scaling thanks to these networks. In the first section of the report, the three benefits of diaspora networks were listed:

1. They speed the flow of information across space (and borders).
2. They foster trust.
3. They connect people who have good ideas with each other.

In essence, diaspora networks reproduce the gains that stem from talent clusters. The result is more innovation and job creation. Brain drain is economic development. People develop, not places.

³⁸ See "Income per natural: Measuring development as if people mattered more than places" at <http://www.hks.harvard.edu/fs/lpritch/Labor%20Mobility%20-%20docs/CP%20income%20per%20natural%20feb%205%202008.pdf>.

³⁹ See "Skill Flow: A Fundamental Reconsideration of Skilled-Worker Mobility and Development" at http://hdr.undp.org/en/reports/global/hdr2009/papers/HDRP_2009_08.pdf.

⁴⁰ See "Diaspora Networks and the International Migration of Skills: How Countries Can Draw on Their Talent Abroad" at <http://crrc.am/store/files/Diaspora%20Networks%20and%20the%20International%20Migration%20of%20Skills.pdf>

San Antonio is already reaping the rewards of return migration. Forming repat ghettos will catalyze the development of the Talent Economy and establish the infrastructure needed to generate a return on investment from brain drain. As learned from Cleveland, networking repats is the best way to network expats. Return migrants are ambassadors to the San Antonio Diaspora. Missing from this equation is a talent production strategy. San Antonio is already exporting world class talent, which is ending up in major global cities such as Washington, DC. What more could the regional universities and colleges do to grow the San Antonio Talent Economy?

- ***The first step of the talent export strategy is to scale up the geography for workforce development.***

What kind of talent is in the most demand nationally and internationally? Institutions of higher education should be aggressive in finding markets for its graduates. Pittsburgh is the iconic geography of the Talent Economy. Talent exports to Los Angeles and Disney Research resulted in an entertainment technology cluster emerging in Pittsburgh.

- ***Whatever economic clusters San Antonio hopes to develop, the metro should discover where there is demand for the requisite talent and steer graduates to that location. This is the second step in the strategy.***

Those migrants create a link between two places. As talent attraction becomes fiercer (economic convergence), the sites of talent production will be more economical because the supply is greater and more certain.

- ***The third (last) step in the talent export strategy is to activate the diaspora network as a pool of expertise and funding for startups and growing companies seeking to scale.***

At this point, the economic cluster should be maturing with San Antonio getting on the global map for this kind of industry.

Higher education, specifically research universities, is the iconic industry of the Talent Economy. Ideally, San Antonio would be better known for the quality of its college graduates and its talent production programs than any economic cluster (e.g. nanotech in Albany, New York). That is the goal of the talent export strategy. Talent production is an economic cluster. The United States has two talent production clusters, Pittsburgh and Boston. As the Talent Economy continues to diverge, one would expect talent to agglomerate in those metros. The new geography of jobs favors the sources of talent, not the magnets. This report is a road map for San Antonio to join Pittsburgh and Boston as global centers for the Talent Economy.

⁴¹ See “Industry Sectors That Define The Nation’s Largest Metro Areas” at <http://www.economicmodeling.com/2011/10/14/industry-sectors-that-defnine-the-nations-most-populous-metro-areas/>.