

## Urban Growth Hubs

### Pennsylvania Transfer of Wealth Study

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#### Background and Introduction

The Center for Rural Entrepreneurship has been retained by the [Center for Rural Pennsylvania](#) to update the Commonwealth's **Transfer of Wealth Opportunity (TOW)** analysis. Related to this project the Center has prepared a [series](#) of mini-reports focusing on unique factors that impact community TOW opportunities. This mini-report addresses the likely impact of **Urban Growth Hubs**.

#### Question and Additional Information

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#### What are Urban Growth Hubs?

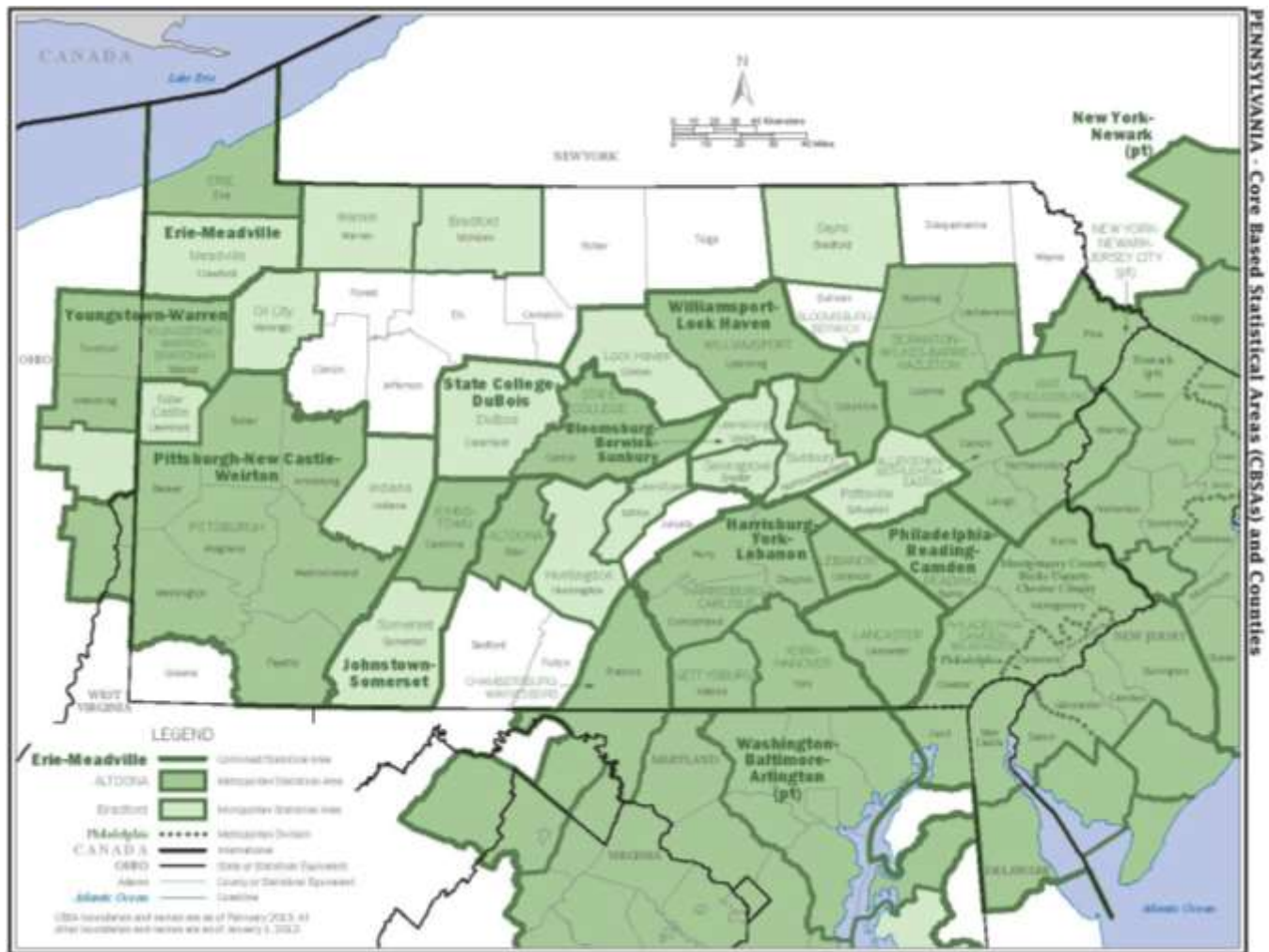
In North America, regional economies are generally organized around one or more metropolitan areas. On a smaller scale, multi-county economies are often anchored by a micropolitan area. There are often strong linkages between urban hubs and the more rural communities within their economic and social footprints. For the purposes of our TOW analysis, we have identified the following **Urban Growth Hubs** that could influence our TOW scenarios over the 50 year horizon:

*Philadelphia – Washington/Baltimore – New York City*  
*Pittsburgh – Erie – State College – Harrisburg*

The map on the following page provides current information on Metropolitan, Micropolitan and Rural regions in the Commonwealth.

**Philadelphia.** Despite the inherent challenges of legacy urban places, cities like Philadelphia have great capacity for renewal and growth. There is evidence of this renewal in a rising creative class in the Philadelphia metro region. We assume that over the next 50 years, this renewal will expand and increase wealth formation in pockets within the metro region.

**Washington/Baltimore.** The Washington/Baltimore metroplex is already pushing into southeastern Pennsylvania. The State Demographer is picking up these trends. We assume that they will continue and intensify in the outlying years of our scenarios.



**New York City.** New York City has consistently demonstrated its ability to renew itself as a world class city. The city's footprint is well established in East Central Pennsylvania extending to Scranton. We assume this footprint effect will continue and deepen significantly over time. A unique aspect of the New York City footprint is the movement of higher wealth families to the Commonwealth often as part-time residents (second and third homes) and then permanent residents. This trend has a significant wealth formation effect.

**Pittsburgh.** Pittsburgh is continually undergoing significant economic restructuring. There is considerable talk about Pittsburgh's renewal and rise as a new "knowledge-based" economy. Historical and current data provides weak evidence, but there are signs of change. We assume that this renewal will occur and impact the outlying years of our TOW scenarios.

**Erie, State College & Harrisburg.** Erie, Centre County (where Penn State is located), Harrisburg (State Capital) and their environs all show some signs of becoming more of a knowledge-based economy. However, the historical and current data provides little sense of the strength of these potential trends. At this point, we are assuming that there will not be significant departure from the Demographer's forecasts.

## Why are Urban Growth Hubs Important?

Massive economic restructuring is occurring globally and at an increasingly rapid pace. Given the increasing importance of knowledge-based economic activities – the source for new innovation, increased entrepreneurship, and the rise of high-growth companies like Google and Apple - urban hubs are likely to be at the center of this innovation activity. Where this occurs, significant new wealth is created. Highly successful urban growth hubs create significant development opportunities for more rural communities in their footprint, with potentially positive implications for wealth formation.

## What Has Our Analysis Found?

Communities are like people. It is very hard to predict how they will turn out. What we know is that America's communities have a history of and capacity for economic and social renewal. Major American cities like New York and Los Angeles, when written off as failing, have repeatedly renewed themselves. The same can be true for more rural communities. The rise of Micropolitan Areas as major growth centers illustrates this hard to predict renewal dynamic. Even very rural communities across America include examples of economic and social renewal. We cannot predict with absolute reliability what will happen to the Commonwealth's **urban growth hubs**. Based on the best information we have been able to procure, we are making the following assumptions in our TOW scenarios:

- **Philadelphia** – We assume steady economic and social renewal with particular wealth formation in the suburban areas throughout the forecast and stronger wealth formation in the core city in the out-years.
- **Washington/Baltimore** – The Washington/Baltimore footprint will grow in southeastern PA, driving development and increasing wealth formation in the mid- to out-year periods.
- **New York City** - The New York City footprint will deepen in east central PA and will create significant growth in household wealth due to high wealth families establishing permanent residence in this part of the Commonwealth.
- **Pittsburgh** – We assume that economic renewal will continue and accelerate in the out-years of our scenarios, increasing wealth formation rates later in our forecast.
- **Erie, State College & Harrisburg** - Economic renewal and development will slowly accelerate over time, but the levels of this renewal will be such that we are not adjusting our base TOW scenarios.

## Supporting Research and Sources

The following analysis was developed by the Center for Rural Entrepreneurship using historic and current secondary research and informed by the Project's Technical Advisory Committee. For more information on this analysis contact Don Macke at [don@e2mail.org](mailto:don@e2mail.org).



The Center promotes and sustains the vitality of Pennsylvania's rural and small communities by sponsoring research projects to identify policy options for legislative and executive branch consideration and action; collecting data on trends and conditions to understand the diversity of rural Pennsylvania; publishing information and research results to inform and educate audiences about the diverse people and communities of rural Pennsylvania; and participating in local, state and national forums on rural issues to present and learn from best practices.

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