

# The Bulletin

## How Central Oregon can become a business magnet

By *Ben Alexander* / Bulletin guest columnist

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The recession has been difficult across the West and especially so in Central Oregon. With 20-20 hindsight, it is now clear that a heavy reliance on real estate, construction and related finance is perilous.

Such an economic foundation is too narrow by itself to sustain long-term prosperity and resilience. With high land and home prices, specifically in Bend and Sisters, recruitment interest dwindled and existing companies considered departure.

But the downturn also forced a restructuring that has improved the region's economic competitiveness. Central Oregon is a special and unique place with many advantages. The region's challenge is to sustain its desirability as a place to live to help create a broader range of industry diversity, especially in high-wage, high-skill sectors.

I recently had the opportunity to meet with a number of Central Oregon's business leaders as part of developing a report on how Deschutes County can improve its economic competitiveness. The study, done in cooperation with Economic Development of Central Oregon, was presented at that organization's annual meeting earlier this month.

When considering the region's economic future, there is a crucial question: How is Central Oregon going to compete in what is truly a fierce competitive environment?

The companies in Deschutes County are already more innovative and the economy more developed in higher-skill sectors than in similarly sized peers in the West such as St. George, Utah and Coeur d'Alene/Post Falls, Idaho.

That said, Central Oregon has not yet made the leap to compete with larger urban centers such as Boise, Idaho, and Boulder, Colo., with the culture of innovation and educational resources found there.

If Deschutes County, along with the entire tri-county area, wants to take an ambitious step forward, the community will need to address issues of scale, depth, skills and access for the region to contend on this higher plane.

Below is a list of recommendations, some of which are already in circulation, that Headwaters Economics believes will serve Central Oregon well by supporting the growth of existing businesses as well as attracting new companies.

- **Housing:** Although prices have fallen significantly, housing costs still put the county at a competitive disadvantage. For example, housing prices are now only slightly lower than in Boulder, Colo. A greater variety and cost range of housing, located near downtowns and work locations, will make it easier to retain and attract firms and workers.
- **Amenities:** Central Oregon should sustain and increase quality of life through green spaces and trails, vibrant downtowns and diverse cultural opportunities. Our study shows that these assets keep people in the region and are vital to attract skilled labor and their families.
- **Capital:** Public and private incentives can make a difference by providing low-interest loans, development bonds and loan forgiveness — and should be combined with efforts to help businesses know which banks can provide short-term capital.
- **Networks:** Peer-to-peer business networks are critical for businesses to exchange ideas and talent. Businesses also should explore whether there is the foundation of a material sciences business cluster in the region as a way to boost this potentially significant sector.
- **Collaboration:** Designate a clear point of contact for new and current businesses looking for assistance. Coordination also should encourage companies to search first for services locally. To improve recruitment of skilled workers, business advocates should focus on the needs of spouses through a jobs bank or referral arrangements.
- **Marketing:** Deschutes County should emphasize its strengths — such as recreation and quality of life — along with the positive news about how the region is more competitive now than at the peak of the last business cycle. It also makes sense to target business owners when they first come here as tourists.
- **Access:** Compared with its peers, Deschutes County is isolated from larger cities and should take steps to improve air, rail, road and freight services and infrastructure.
- **Education:** Increasing the intellectual capital and work force skills of the community depends largely on implementing a strategy to expand educational institutions and opportunities; this has been central to the economic success stories of competitors.

Despite the pain of the recession, it is an exciting time for Central Oregon. Talented people are staying because of the high quality of life, and housing prices have fallen. But this is not enough to compete successfully at the next level. It will take cooperation and new investments to create an environment that will foster a more diverse, high-skill economy.

*Ben Alexander is associate director of Headwaters Economics, an independent, nonprofit research group whose mission is to improve community development decisions in the West. The study is available at: [www.headwaterseconomics.org/deschutes](http://www.headwaterseconomics.org/deschutes).*