

EXECUTIVE SUMMARY

INTRODUCTION

The City of Hoover engaged Waymaker Group to conduct an Innovation Ecosystem Study (IES) with the goal of defining strategies to support the growth of high-potential companies in targeted industry clusters, including life sciences, information technology (IT), and corporate operations. The ensuing analysis aims to inform planning initiatives around transforming the Meadow Brook Corporate Park into an innovation hub, utilizing technology-based economic development (TBED) best practices. TBED represents a collaborative model to channel investment into research, talent, and scalable, export-oriented companies, igniting a virtuous innovation cycle that yields significant return for a regional economy. To inform tailored recommendations, the IES leveraged mixed research methods spanning stakeholder interviews, quantitative industry and real estate analysis, and benchmark comparisons against aspirational ecosystems.

Hoover has emerged as a rapidly expanding suburb and prosperous local economy within the broader Birmingham-Hoover metropolitan statistical area (MSA). However, the MSA has faced chronic innovation challenges around risk capital access and density of technology firms, a regional economic context that trickles down to impact Hoover's own TBED ambitions. While Hoover seeks to evolve Meadow Brook into an innovation hub, these constraints require strategic planning grounded in regional maturity.

OVERARCHING GOALS

The IES has three core objectives to inform strategies for Hoover's technology-based economic growth:

- 1. Map Regional Resources and Assets to Address Deficiencies.** Conducting an accurate evaluation of regional context provides a roadmap to address constraints while leveraging differentiating strengths. Assessing innovation inputs like research commercialization, risk capital, and entrepreneurial support spotlights specific deficiencies hampering cluster growth.
- 2. Quantify Existing Industry Strengths and Gaps in Hoover.** While Hoover targeted general clusters like life sciences and IT for growth, granular data analysis clarifies specialized sub-sectors with strong regional alignment and potential. Tailoring recommendations to opportunities grounded in measurable competitiveness allows strategic investment guided by realistic advantages.
- 3. Revitalize Meadow Brook as a Focal Point for Top Regional Prospects.** With data-driven insights on high-potential targets, Meadow Brook can pivot its focus to assist the growth of spotlighted sub-clusters. Aligning investment to the infrastructure and programming needs of these technology organizations allows Meadow Brook to contribute to broader ecosystem success.



QUANTIFICATION OF EXISTING REGIONAL INDUSTRY STRENGTHS AND CONSTRAINTS

Priority Clusters

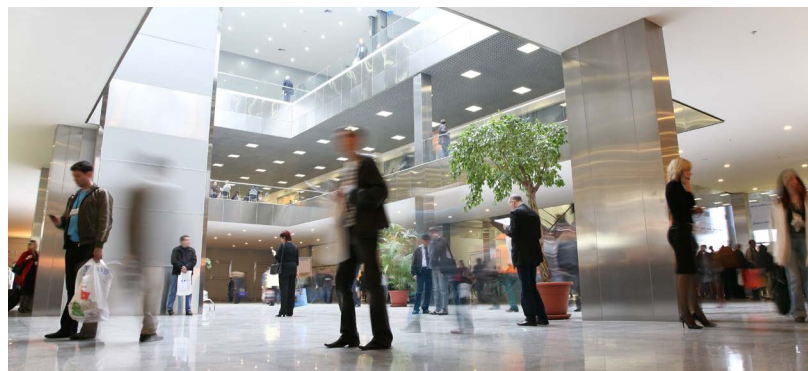
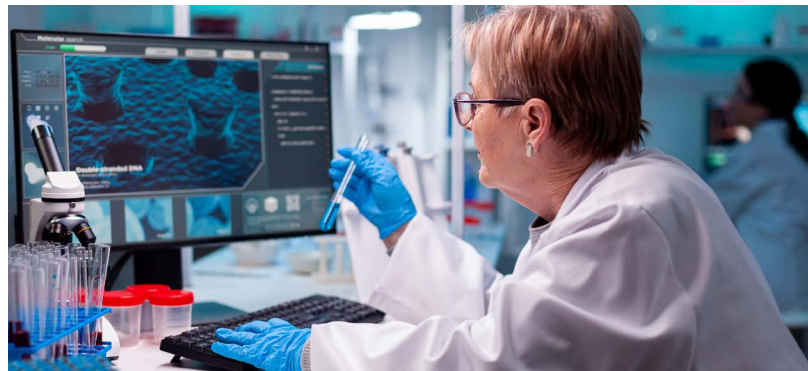
The broader MSA region demonstrates declining performance in some knowledge economy sectors critical for technology-based economic growth. However, Hoover outperforms the MSA across targeted clusters, offering inherent strengths to be built upon strategically. In particular, the life sciences cluster shows early signs of potential, centered around discovery research-stage spillovers emanating from institutions like UAB and Southern Research. Additionally, nearly 250 IT software firms exist in the region, posting explosive 282% job growth over the last 5 years, vastly outpacing national averages and signaling major momentum in the regional industry. Finally, the corporate operations cluster currently represents a deep 32,000+ job specialization in the region, though declining shares of technical roles over time dampens knowledge intensity and risks future volatility.

Overall, while insufficient scale and density of innovation firms restricts the region’s current competitiveness, tailored opportunities exist to leverage measurable strengths in life sciences, fast-scaling IT firms, and the “anchor” of corporate operations.

Sub-Cluster Industry Opportunities

Clusters organically emerge when regional competitive advantages attract firms to the area who then benefit from proximity to one another, reinforcing a cycle of growth and regional specialization. Our analysis therefore sought to identify industries within Hoover’s targeted clusters that exhibit signs of existing competitiveness in the region. We utilized location quotients (LQs), indicating specialized employment concentration, and employment growth rates, signaling momentum, to identify the strongest and most viable sub-cluster industry opportunities in the region. LQs above 1 denote “specialized” industries employing a larger regional share than the nation. Growth rates exceeding national averages reveal “emergent” industries that are increasing their share relative to the nation over time. Through this approach, granular analysis uncovered 8 “specialized” industries exhibiting strong existing concentration and 4 “emergent” industries demonstrating above-average employment growth.

Key specialized sub-sectors include medicinal manufacturing, nanotechnology R&D, and medical laboratories within life sciences and fast-scaling software publishing in IT—together spanning over 3,500 jobs currently. However, declining trajectories in critical management and technical consulting industries have dampened the corporate operations cluster’s regional economic impact over time. Niche industry opportunities within the life sciences and IT clusters represent strong potential for promoting technology-based growth, while scaling corporate operations maximizes near-term economic impact and strengthens regional “anchors” around which the region could support innovation.



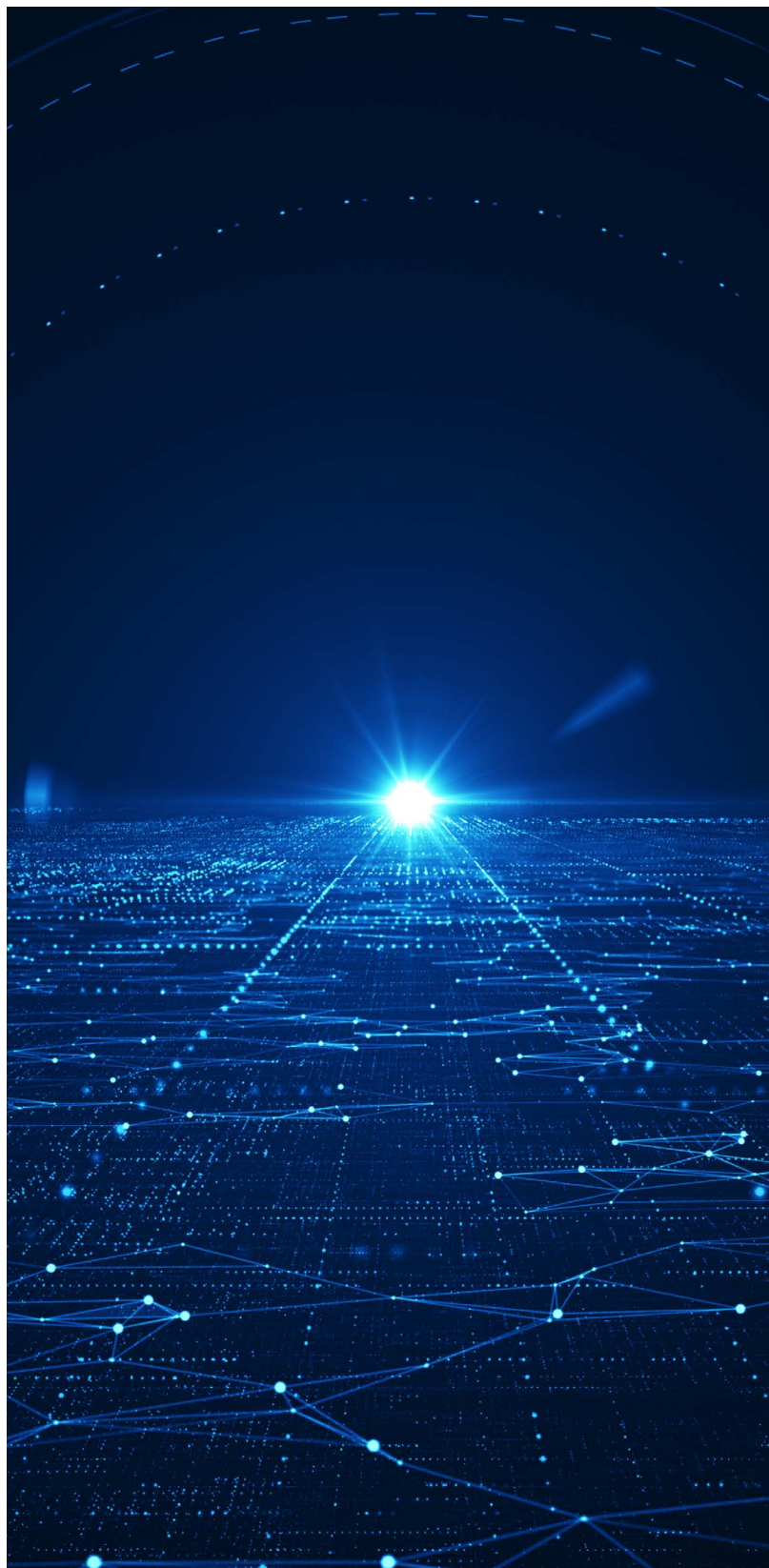
Asset Identification

Vibrant innovation ecosystems rely on a symphony of research funding, commercial translation pathways, entrepreneurial support structures, policy incentives, and accessible real estate options. Assessment of the Birmingham-Hoover region uncovered inherent strengths across these domains, yet also critical gaps.

UAB anchors the ecosystem as a nationally top-tier research powerhouse, securing over \$713 million in R&D expenditures, primarily focused on life sciences. However, their dismal technology transfer outcomes lag every benchmark university, reducing their ability to spin out high-value startups that grow locally. Meanwhile, the MSA's early-stage accelerators concentrate in downtown Birmingham, but with inadequate access to risk capital, seasoned mentorship, or structured support programming, they have struggled to translate their work into large raises, exits, or local scale stories. Several promising state programs have emerged to stimulate innovation and entrepreneurship in Alabama, but deployment hurdles have curbed their relevance to Hoover's near-term TBED ambitions.

Analysis of Meadow Brook revealed tenant mix alignment to IT and corporate operations targets, and low relevance for life science companies. However, distressed 1980s-era infrastructure necessitates upgrades to amenities and layouts that could prove attractive to modern tech firms.

Overall, poor translation between academic R&D, capital, tech ventures, and corporate anchors, coupled with an underdeveloped entrepreneurial climate, has restricted the realization of the region's innovative potential. However, strategically linking strengths and assets tailored to industry growth opportunities offers viability for Hoover to increase its role in the regional tech economy.



STRATEGIC INSIGHTS

Commercialization Opportunities

UAB excels, securing over \$713M in annual research funding, but trails all benchmark universities in translating discoveries into startups, with their rate of IP-driven startup formation around half that of peer universities. Their intense focus on early-stage drug discovery research lacks the downstream infrastructure and support needed to catalyze near-term economic growth in-region.

As a suburban community, Hoover is uniquely poised to complement UAB and Southern Research's gaps by housing niche small-scale drug manufacturing companies tailored to the needs of their spinout companies. Areas like chemistry, manufacturing, and controls (CMC) require significant industrial space that urban centers cannot accommodate. With UAB and Southern Research dominating regional discovery research, tailored CMC services fill a major gap while leveraging proximity.

Overall, UAB provides major innovation capacity through research strength but is still growing its capacity as a startup source. Strategic opportunities exist for Hoover to house complementary entities that address deficiencies in the broader regional innovation continuum.

Entrepreneurial Climate

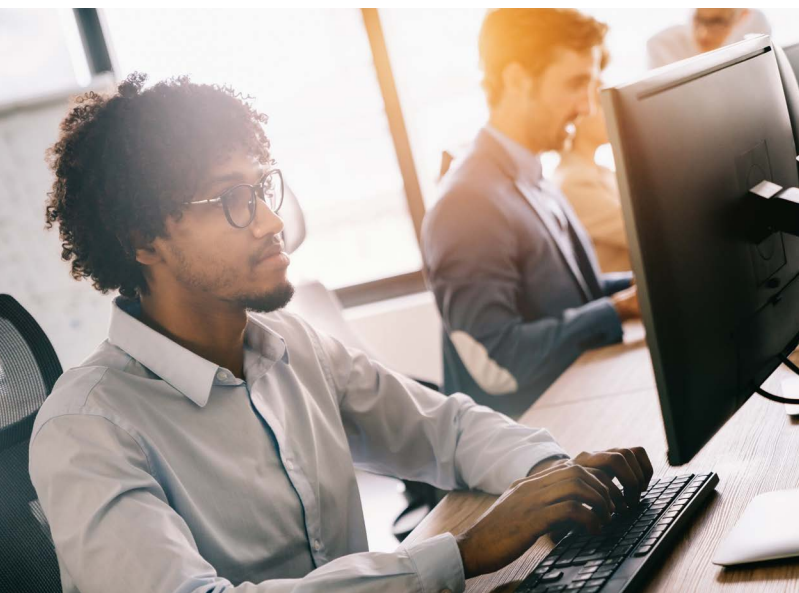
The Birmingham startup ecosystem lags other Southeast U.S. metros, with insufficient risk capital or structures to scale local ventures. With comparably few Series A stage funding rounds raised locally over the past decade, the regional pipeline lacks robustness. Incubators concentrate downtown, offering inadequate post-graduation support to retain maturing ventures.

However, Hoover's base of mature, seasoned founders and dense corporate presence affords unique convening potential. Many seasoned entrepreneurs reside in surrounding suburbs yet remain untapped resources, reluctant to engage with early-stage companies downtown. Formalizing a founder mentor network focused explicitly on accelerating local SaaS and biotech startups represents an opportunity to strengthen the broader entrepreneur ecosystem without competing with downtown resource offerings. Engaging corporate partners as startup mentors, pilot customers, and ecosystem sponsors also holds unrealized potential for resource sharing, funding, and promoting growth and exit activity.

Policy Landscape

While Alabama has created new programs like matching SBIR/STTR grants that follow national best practices for innovation policy, these initiatives are still early-stage. Insufficient data exists to gauge efficacy or relevance to Hoover's near-term growth goals. Additionally, state incentive programs often poorly align to tech firms' distributed workforce models. For example, the Alabama Jobs Act's qualifying thresholds for job numbers, executive relocation, and residency pose barriers to rapidly expanding startups.

However, constructing localized complementary policies offers potential. Exploring county-level partnerships to match state incentives can help attract emerging companies. Specifying tech-friendly criteria into attraction tools maximizes relevance. Proactively incentivizing targeted industry growth is increasingly necessary to remain competitive.



STRATEGIC RECOMMENDATIONS

Tenant Opportunities

Analysis shows corporate operations represents Meadow Brook's strongest tenant opportunity, currently, based on existing professional service providers in areas like construction and consulting. However, deliberate elevation beyond traditional occupants is prudent to sustain growth.

Over-reliance on sectors facing volatility risks complicates durability, as AI threatens up to 30% of corporate roles. Thus, offering transitional aid like reskilling, networking, and flexible space options will prove increasingly valuable. Additionally, enhancing tech functionality and lifestyle amenities can assist in attracting and growing knowledge-based services. Pursuing technical consultancies and R&D support functions could help shift tenant mixes toward more export-intensive activities. Constructing speculative buildings with customizable layouts can accommodate corporate partners' specific needs, provided that infrastructure limitations get upgraded in tandem.

Overall, Meadow Brook must first leverage corporate scale for clustering benefits and density. Large, stable anchors will help fill vacant space in the corporate park in the near-term. However, interlinking these tenants with high-potential startups provides an innovation catalyst to then spark growth in knowledge-intensive sectors. Finally, physical improvements elevating technical infrastructure and quality of life offerings will bolster competitiveness in drawing skilled talent to the area. Combining facility upgrades, corporate partnerships, and cultivating emerging industries will strengthen office park relevance.

Growth Assistance

Tailored business assistance mechanisms amplify state and federal incentives to attract growth firms. Exploring county-level partnerships to create funds matching the Alabama Jobs Act benefits would help catalyze development aligned to tech sectors. Dedicating revenues like sales taxes to construct discretionary, responsive programming offers a proven model observed in competitor regions. Focusing resources on de-risking investments for early-stage ventures aids maturation while offering mechanisms like lease guarantees, credit enhancements, and fee waivers helps founders secure necessary resources.

Being transparent on expedited approvals through by-right entitlements could further enable frictionless growth.

Finally, strategically utilizing federal designation vehicles and their associated benefits could help cultivate external funding. Engaging opportunities like tech hubs, opportunity zones, and collaborative grant programs affords significant capital for regional capacity building. Overall, mounting complementary supports at the local level to amplify state and U.S. government incentives represents a force multiplier to accelerate emerging business growth potential.

Physical Site Enhancements

While Meadow Brook aligns with information technology and corporate operations tenants, 1980s distressed assets require modernization. Strategic opportunities exist in leveraging unique nature trails and amenities to elevate desirability. Integrating mixed-use residence components also activates vibrancy. Additionally, public-private partnerships can help redevelop challenging sites while upgrading spaces to meet technical customization needs of clusters. Combined facility improvements, financing risk mitigation, and strategic layout changes allows Meadow Brook to right-position its assets competitively.

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NEXT STEPS

Key Takeaways

Core strategic recommendations from the IES coalesce into tailored approaches leveraging regional advantages to build Hoover's TBED capacity:

- » Align on specialized sub-sector opportunities showing clear data-validated strength: life sciences manufacturing niches, software publishing, and export-intensive corporate operations
- » Construct complementary entrepreneur support programming boosting the broader regional climate rather than duplicating
- » Formalize mentor networks and corporate partnerships enabling startup progression
- » Mount local business incentives amplifying state and federal vehicles through matches and discretionary appropriations
- » Reinvent Meadow Brook through public-private risk sharing models financing amenity upgrades and technical space enhancements

Progress across these fronts, combining realistic assessments of existing assets with purpose-built solutions addressing deficiencies, provides a path for strategic advancement cementing innovation and inclusion at the center of sustained prosperity for Hoover.

Future Considerations

Hoover's efforts require flexibility in adapting programming approaches as federal and state policies adjust along with changes in industry and technologies. Maintaining an informed hand on the pulse of these external factors while coordinating public and private stakeholders provides necessary agility to activate around opportunities as they arise. Key considerations for future strategic actions include:

- » Assigning an innovation officer to spearhead ongoing implementations and strategic coordination
- » Tracking the emergence of targeted sub-clusters requiring adjustments to economic development efforts
- » Continuing to cultivate regional relationships to balance public partner ambitions around shared goals
- » Assessing new state & federal program evolutions to maximize associated funding opportunities
- » Exploring further feasibility studies and financing options enabling Meadow Brook's physical reimagination
- » Considering formalized governance structures if sufficient critical mass is achieved

