

## **MID AMERICA EDC – 2019 COMPETITIVENESS CONFERENCE & SITE SELECTOR FORUM**

Chicago, IL – December 9 to 10

### ***Leading Your Community to Success***

*Presenter: John Longshore (Global Location Strategies – Greenville, NC)*

- Geography is destiny
- Economic development is a means to change the destiny of a particular geography
- Traditional success metrics:
  - Unemployment
  - Jobs created
  - Capital investment
  - College graduates
  - Wage growth
- Alternate success metrics:
  - Divorce rate
  - Happiness
  - Obesity
  - Livability
  - Poverty

### ***Building Development 101***

*Moderator: Clarence Hulse; Panelists: Nate Green (Montrose Group), Scott Kuchta (Haas & Associates), Robin Stolberg (Jones Land Lasalle Americas Inc.), Pete Anderson (Becknell Industrial), Jason Kester (Agracel Inc.), and Tony Creme (Hillwood Development Co.)*

- Trends:
  - Construction costs very high
  - Vacancy rates very low
- Spec. buildings – average 2-1/2 years to fill
- Labor market is very tight – profile of workforce very important
- Cap rates lower
- Good practices:
  - As much site prep as possible
  - Eliminate as many risks as possible
  - Avoid political uncertainty
  - Concierge-style service – one contact point
- Economic slowdown leading up to Presidential election is typical

- Automation – taller buildings, more electricity needed
- Site conditions are the biggest risk
- Site certification – data typically required for certification is very important and worth having, actual certification is less important

### ***Site Selector Survey***

*Presenter: Ron Starner (Site Selection Magazine/Conway Inc.)*

- Most influential site selection factors: 1) workforce skills, 2) transportation infrastructure, 3) state and local tax scheme, 4) ease of permitting/regulatory process, 5) workforce development, 6) land & building prices and supply, 7) utility costs and reliability, 8) right to work state, 9) higher education services, and 10) quality of life
- Most important information on website: 1) contact information, 2) current data, 3) recent projects, 4) available lands and sites, 5) testimonials, 6) 3D tours of industrial/business parks, 7) videos, and 8) annual reports
- Most common deal killers: 1) lack of responsiveness/poor government leadership, 2) lack of buildings/sites, 3) lack of skilled workers, 4) breach of confidentiality, 5) lack of infrastructure, 6) lack of incentives, 7) logistics/transportation barriers, and 8) economics of deal/costs
- Most active sectors: 1) distribution/logistics, 2) advanced manufacturing, 3) food processing, 4) biomedical/health care, 5) data centers, 6) HQ/back of office, 7) call centers, 8) metals/metal fabrication, 9) automotive, and 10) finance, insurance, and real estate

### ***Site Selector Panel***

*Moderator: Chris Strayer; Panelists: Chad Chancellor (Next Move Group), Bob Westover (Colliers), Tracy Hyatt Bosman (Biggins, Lacy, Shapiro & Co.), Shannon O’Hare (Cushman & Wakefield), Don Schjeldahl (DSG Advisors), Sean Ferguson (Clark St. Associates), John Longshore (Global Location Strategies), Joe Pilewski (Pilewski & Associates), Brandon Talbert (Austin Consulting)*

- Expectation for pre-election slowdown
- Tariffs affecting supply chains
- Site readiness is key factor
- Site selectors get bombarded with emails and newsletters – most of which go unread
- Have solutions in search of a problem regarding workforce
- Mall redevelopment – many positive examples of reuse
- Renewables – culture of sustainability
- Midwest developing as a brand

- Incentives:
  - will be regarded as “not worth it” if reporting/accounting/applying are too burdensome
  - specific incentives can be used to address specific issues – example: New Orleans wanted to attract software development so they offered incentives for software jobs created
  - may make a good site better, but won’t make a bad site good
  - flexibility is key
- Create an environment where deals can happen
- Diversity and equity – can be a factor for companies who emphasize it, like sustainability – generally speaking, culture fit is important

### ***Site Selector Roundtable #1***

*Presenter: John Longshore (Global Location Strategies – Greenville, NC)*

- Global Location Strategies tends to work through state economic development agencies – build a relationship with state/regional agencies
- Marketing to site selectors:
  - Know who you are contacting – for example, Global Location Strategies deals in very large sites so they don’t want info about your 20,000 sq. ft. spec. building – however, others might so find the right recipients for your information
  - Send unique information – for example, the State of Mississippi sent a series of products highlighting various aspects of the state which was memorable because it told a story
  - They can only do so many tours – consider going to visit the site selectors instead
- Clients vary, but most will delegate initial elimination of candidate sites to the site selector – client tends to get more involved the fewer sites there are to consider
- Will recent natural disasters or climate change impact some areas more than others? – context is important, tell a story about how issues are being addressed – example: Iowa flooding, acknowledge and discuss levee improvements, etc.

### ***Site Selector Roundtable #2***

*Presenter: Sean Ferguson (Clark Street Associates – Mountain View, CA)*

- Clark Street Associates specializes in high-tech and advanced manufacturing
- Tend to be research labs and manufacturing for government contracts
- They assist companies that have developed a prototyped product, but don’t know how to transition to mass producing the product – including site selection
- Need a high volume of electricity with high reliability

- Cutting edge manufacturing, 3D printing, AI, material science
- Interested in community character and history – things that don't show up on a spread sheet – site selector needs to tell that story to the clients

### ***Impact of Public-Private Partnerships on Success of Emerging Technology Companies***

*Presenter: Sean Ferguson (Clark Street Associates – Mountain View, CA)*

- Provided historical overview of public-private partnerships including specific examples from different eras
- Age of Exploration: longitude problem – sailors could easily determine latitude, but could not accurately determine longitude – calculations needed to determine longitude required very precise time keeping
- England sponsored a contest for design of the necessary timepiece – John Harrison invented several versions of a highly accurate marine chronometer – competitors on the jury prevented awarding the prize – king intervened to provide the prize money, but Harrison was never formally declared the winner – device came into widespread use
- Industrial Revolution: major problems with animal-based transportation (waste, speed, etc.) – London developed first subway, but it was coal powered and smoke was too problematic for widespread use
- Frank Sprague, a former Edison employee, designed an electric motor in 1886 and designed an electric trolley system for Richmond, VA in 1888
- Boston had a major blizzard in 1888 that shut down transportation – worked with Sprague to create an electric subway system, the first in the United States
- Looking forward, there are more opportunities for public-private partnership than ever before
- Emerging tech companies tend to be highly focused/specialized and don't understand land development, but typically need to build quickly – removing obstacles is often more important than incentives
- Have a vision – provide clarity (example: permitting timelines) – provide support by removing obstacles
- Be able to go beyond fact sheets and explain why you live in your community

### ***Keys to Success in Rural Economic Development***

*Presenter: Janet Ady (Ady & Associates - Madison, WI)*

- Economic development becoming more talent driven and more integrated

- Trend: people are more particular about where they want to live (often choose place then find job); implication for rural areas: market advantages to overcome misperceptions and be welcoming
- Trend: housing is a pervasive barrier to talent relocation; implication for rural areas: housing now an economic development issue, consider a housing study, incentives for housing more common
- Trend: working remotely is feasible for more people; implication for rural areas: some work can be done from anywhere, expanding opportunities (in areas with broadband)
- Trend: broadband has become an urgent and critical need in rural areas; implications: need has surpassed many other types of infrastructure, lack of broadband takes an area out of consideration for many projects
- Trend: Millennial and Gen Z attitudes and values are driving changes with employers and communities; implications: rural areas must be welcoming and inclusive, economic performance metrics starting to include economic mobility and equity
- Trend: talent shortages and increased automation; implications: community branding, support existing businesses, consider employee retention when reviewing projects, be aware of job segments in community that may become obsolete
- Trend: site selectors have more data than ever; implications: be aware how community is viewed, build relationships
- Trend: shift away from public support for incentives; implications: be transparent and communicate