



# SITE SELECTION MAGAZINE





# Trends in Site Selection

By Ron Starner, EVP, Conway Inc./Site Selection Magazine

## What Site Selectors Want; What Southwestern Illinois Needs

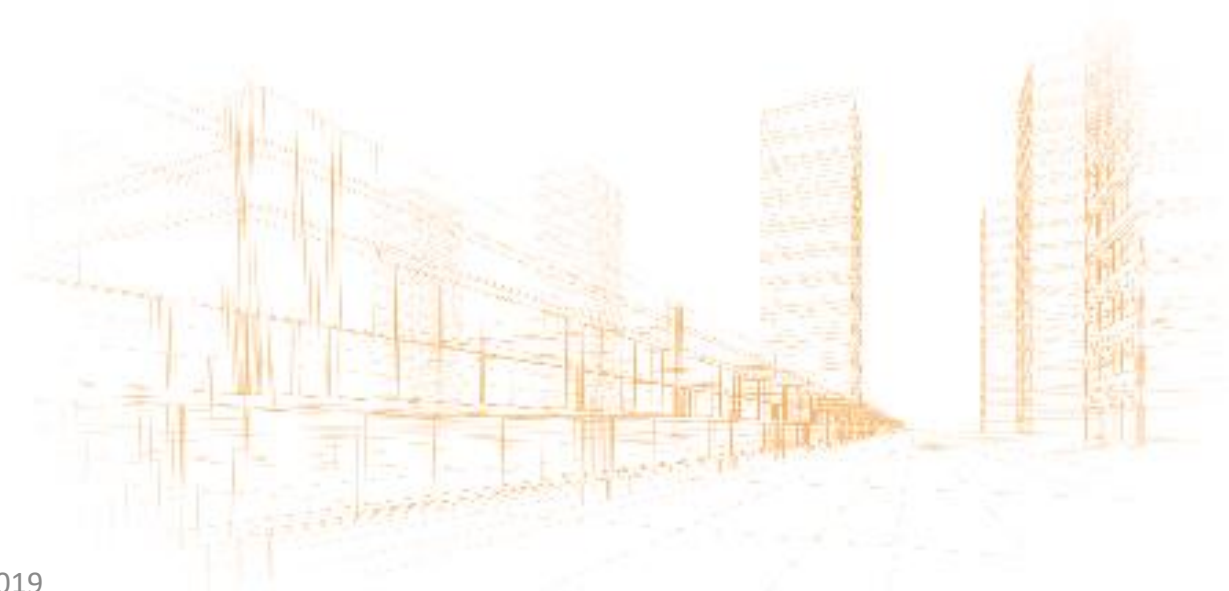
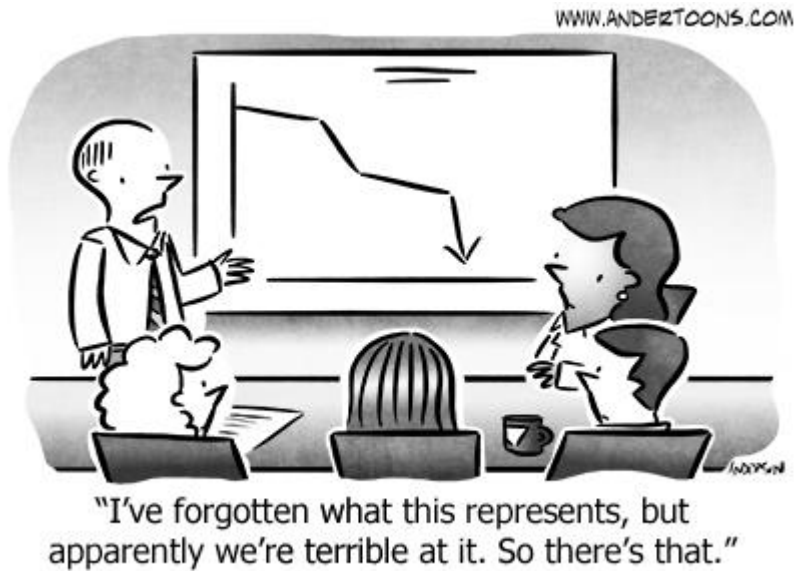


*May 3, 2019*



# A National Perspective

## How Too Many Communities Operate



## The Right 3 Questions to Ask

- What are site selectors looking for?
- Which locations are the most successful at meeting employers' needs and giving site selectors what they want?
- What do communities need to do to get better?

## Most Important Location Criteria

1. Workforce skills
2. Transportation infrastructure
3. Workforce development
4. Higher education resources
5. Utilities (cost, reliability)
6. Right-to-work state
7. State and local tax scheme
8. Ease of permitting and regulatory procedures
9. Quality of life
10. Incentives

*Source: Site Selection survey of corporate real estate executives, October 2018*

## The Most Active Industry Sectors

1t. Headquarters/Back Office	42.4%
1t. Advanced Manufacturing	42.4%
3. Logistics	39.0%
4. Food Processing	32.2%
5. Biomedical/Health Care	28.8%
6t. Data Centers	18.6%
6t. Finance/Insurance/Real Estate	18.6%
6t. Automotive	18.6%
9. Aerospace	13.6%
10. Metals/Metal Fabrication	11.9%

*Source: Site Selection survey of site consultants, October 2018*

## The Top 10 Business Climates

1. **Georgia**
2. North Carolina
3. Texas
4. Ohio
- 5t. South Carolina
- 5t. Tennessee
7. Virginia
- 8t. Alabama
- 8t. Indiana
- 10t. Kentucky
- 10t. Louisiana

*Source: Site Selection's Business Climate Rankings, November 2018*

## The Top 10 States in Project Activity

<b>1.</b>	<b>Texas</b>	<b>608</b>
2.	Ohio	454
<b>3.</b>	<b>Illinois</b>	<b>444</b>
4.	Georgia	300
5.	Kentucky	228
6.	North Carolina	217
7.	Virginia	197
8.	California	190
9.	Michigan	171
10.	Florida	151

*Source: Site Selection Governor's Cup Rankings, March 2019*



## Illinois' Ranking Over Last 10 Years

<b>2009 rank</b>	<b>8<sup>th</sup></b>	<b>196 projects (lowest)</b>
2010 rank	8 <sup>th</sup>	205 projects
2011 rank	7 <sup>th</sup>	216 projects
2012 rank	5 <sup>th</sup>	322 projects
2013 rank	3 <sup>rd</sup>	383 projects
2014 rank	8 <sup>th</sup>	394 projects
2015 rank	3 <sup>rd</sup>	413 projects
2016 rank	3 <sup>rd</sup>	434 projects
2017 rank	3 <sup>rd</sup>	419 projects
<b>2018 rank</b>	<b>3<sup>rd</sup></b>	<b>444 projects (highest)</b>

*Source: Site Selection Governor's Cup Rankings, 2009-2018*

## The Top Performing Metro Areas

1. **Nashville, TN**
2. Seattle, WA
3. Austin, TX
4. San Jose, CA
5. Napa, CA
6. Salt Lake City, UT
7. San Diego, CA
8. Indianapolis, IN
9. Atlanta, GA
10. Portland, OR
- 113. \*St. Louis, MO-IL**

*Source: Dr. William Fruth, POLICOM.com, 2019 (383 U.S. Metropolitan Areas)*

## How St. Louis MSA Has Changed

2010 rank	101
<b>2011 rank</b>	<b>127 (lowest)</b>
2012 rank	93
2013 rank	87
2014 rank	94
2015 rank	73
2016 rank	104
<b>2017 rank</b>	<b>45 (highest)</b>
2018 rank	101
2019 rank	113

*Source: Dr. William Fruth, POLICOM.com, 2019*

## The Top Performing Micro Areas

1. **Pecos, TX**
2. Summit Park, UT
3. Jackson, WY
4. Heber, UT
5. Bozeman, MT
6. Hailey, ID
7. Findlay, OH
8. Hood River, OR
9. Breckenridge, CO
10. Fredericksburg, TX

*Source: The Walton Family Foundation, 2019 (531 U.S. Micropolitan Areas)*

## Illinois' Best Performing Small Towns

### **29. Effingham, IL**

121. Burlington, IA-IL

335. Rochelle, IL

338. Jacksonville, IL

344. Charleston-Mattoon, IL

364. Mount Vernon, IL

374. Ottawa-Peru, IL

384. Fort Madison, IA-IL-MO

394. Quincy, IL-MO

431. Centralia, IL

436. Galesburg, IL

450. Freeport, IL

451. Canton, IL

459. Macomb, IL

473. Pontiac, IL

*Source: The Walton Family Foundation, 2019*



## Illinois' Best Performing MSAs

### **76. Chicago, IL**

123. Champaign-Urbana, IL

177. Davenport-Moline-Rock Island, IA-IL

209. Bloomington, IL

254. Peoria, IL

257. Springfield, IL

275. Cape Girardeau, MO-IL

287. Decatur, IL

309. Carbondale, IL

319. Rockford, IL

361. Kankakee, IL

377. Danville, IL

\*Southwestern Illinois is included in the St. Louis MSA

## The Best Small Cities in America

1. **Leawood, KS**
2. Carmel, IN
3. Princeton, NJ
4. Brentwood, TN
5. Milton, MA
6. Needham, MA
7. Los Altos, CA
8. Littleton, CO
9. Newton, MA
10. West Fargo, ND

*Source: WalletHub, October 2018, Ranking of  
1,200-plus cities of 25,000 to 100,000 population.*

## Qualities of Top Performing Cities

1. Have best-in-class EDOs.
2. Maintain pro-growth, pro-business policies.
3. Support their primary industries.
4. Retain their top talent.
5. Are affordable places to live and do business.
6. Are fiscally sound and well managed.
7. Offer creative and custom incentives.
8. Are hubs for exports and foreign direct investment.
9. Encourage entrepreneurial development.
10. Engage in effective, consistent marketing.

## What Site Selectors Want on Your Site

1. Accurate and Up-to-Date Data	4.57
2. Contact Person and Info	4.36
3. News on Recent Projects	3.84
4. Available Buildings/Sites	3.60
5. Testimonials	2.59
6. Annual Report	2.37
7. Videos	2.29

*Source: Site Selection survey of site consultants, October 2018*

## Where They Turn for Information

1. Various Online Sources	67.8%
2. Industry Publications	64.4%
3. Professional Associations	62.7%
4. My Peers	59.3%
5. EDO Websites	47.5%
6. Fam Tours	27.1%
7. Other	15.0%

*Source: Site Selection survey of site consultants, October 2018*



## Most Common Deal Killers

1. Politics/Lack of Responsiveness	24
2. Lack of Available/Qualified Labor	10
3. Lack of Buildings/Sites	9
4. Costs	5
5. Lack of Utilities	3

*Source: Site Selection survey of site consultants, October 2018*

## Policy Change Most Recommended

1. Adopt Better Incentives	20
2. Improve Education/Workforce	15
3. Lower Taxes	7
4t. Pass Right-to-Work Bill	4
4t. Fund Infrastructure	4

*Source: Site Selection survey of site consultants, October 2018*

## Consultants' Perceptions of St. Louis Area

- “Truthfully, we have never had a company look there or in proximity.”
- “Impressions from industry publications, news articles, etc., are the continued issues with crime, politics, etc. The narrative I hear is consistently negative.”
- “Honesty, I have not formed an impression due to the fact that we do not have clients in the area.”
- “The Greater St. Louis region is an **attractive location** for a variety of projects. The location of St. Louis as it pertains to both regional population, as well as waterway and surface transportation needs, makes the area an **ideal location for logistics-oriented operations.**”
- “I believe St. Louis to be a **very affable national player** for industrial development opportunities based upon cost of living, quality of workforce, incentive opportunities and **general business climate.**”

## Consultants' Perceptions of St. Louis Area

- “St. Louis has declined. I suspect the Illinois side of the fence is the problem, but would have to examine each of the 16 counties to determine where the problem is.”
- **“St. Louis has some of the most attractive and cost-effective suburban office markets in the country.”**
- “Boeing continues to distinguish St. Louis as one of the nation’s leading aerospace clusters. In fact, Boeing is now Missouri’s largest manufacturer.”

## Brookings Report on St. Louis Economy

- In a Brookings study of 70 older industrial U.S. cities, St. Louis ranked among those with stronger economies that are making progress in renewal and reinvention.
- Group of 16 includes St. Louis, Pittsburgh, Waterloo (IA), and Baltimore: “They are combining the things they knew how to do from the past into new kinds of sectors and industries.”
- **“In a knowledge economy, it’s about what your people know and how to do it. It’s not what your machines are good at.”**



## Other Notable St. Louis Area Rankings

- No. 1 in Least Expensive Metro Areas for Grads
- No. 4 in Ten Most Creative Cities in America
- No. 6 in Most Affordable Cities
- No. 7 in Best Big Cities for College Students
- No. 7 in Least Housing Poor Areas
- No. 9 in Best Cities for College Graduates
- No. 9 in Millennial Homeownership
- No. 10 for Best Cities for Beer Lovers in the U.S.
- No. 12 in America's Most Literate Cities
- No. 13 in America's Healthiest Cities
- No. 21 in Best Cities for Recreation

## Best Opportunities for the Region

- Logistics and transportation-oriented development.
- Port development and tenants who need port access.
- Suburban commercial office development.
- Manufacturing tied into target sectors: aerospace, automotive, food processing, life sciences, etc.
- Agricultural projects and ag-science.
- Educational and institutional project development.
- Back-office end-users needing to reduce their costs.
- Data and payment processing operations.

## What to Do to Get Better

1. Double down on your primary industries.
2. Develop certified sites, business parks, research parks.
3. Market, market, market; measure ROI; invest more resources.
4. Consistently communicate your strategy to all key stakeholders. Know the plan; share the plan.
5. Develop downtown business incubators; recruit and support entrepreneurs.
6. Develop downtowns that attract millennial talent and the generation after them.
7. Get a signature win. But don't stop there.

## Additional Resources

- [www.policom.com](http://www.policom.com): The Flow of Money
- [www.siteselection.com](http://www.siteselection.com)
- [www.newgeography.com](http://www.newgeography.com)
- [www.conway.com/analytics](http://www.conway.com/analytics)
- <https://siteselection.com/cc/missouri/2018/digital.html#page=56>



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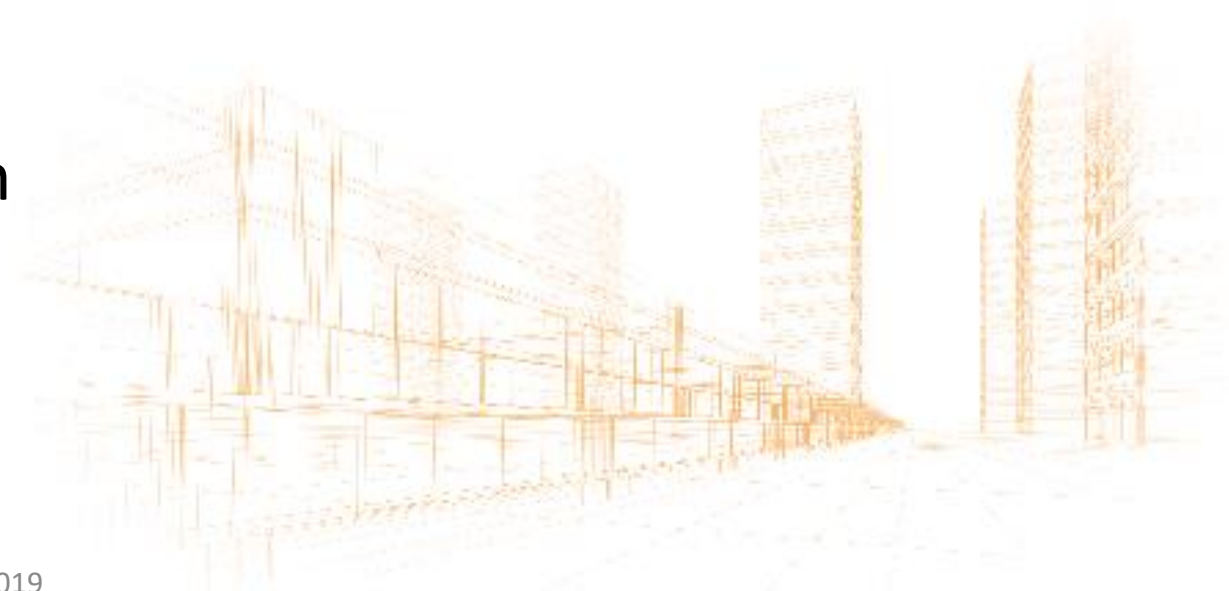
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