



Site Selectors Share Perspective with Upstate Leaders

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Last month, the Upstate SC Alliance welcomed six site selection consultants for a familiarization tour of the Upstate. While the primary purpose of the visit was to educate these business location experts on our region's capacity to accommodate new industries and to showcase innovation assets, the visiting site selectors also shared their insights during a panel discussion sponsored by Nexsen Pruet (<http://upstatealliance.com/About-Us/Search-Investors/Current-Investors-Details.aspx?id=133>) and Alliance Consulting Engineers (<http://upstatealliance.com/About-Us/Search-Investors/Current-Investors-Details.aspx?id=27>).

Here, we recap some highlights from the discussion, which was moderated by Upstate SC Alliance President & CEO John Lummus.

Q: What current global events concern you the most with regard to economic development in the United States?

Jay Garner, Garner Economics: (<http://www.garnereconomics.com/>) "When China slows down, their production has a net effect on the entire supply chain, because so much manufacturing activity is supplied to where U.S. companies are selling products abroad, so when you have global slowdown, it has a multiplier effect on what's happening in North America."

Pete Mohan, Wadley Donovan Gutshaw Consulting (<http://www.wdgconsulting.com/>): "This might not be the most agreeable point, but certainly climate change has impacts that range across the country. Unless there are steps taken to prepare and address those things, there could be taxes and money within this country that have to flow to the remediation of those issues, so planning ahead and dealing with those things could open up money for real things like job development in our communities going forward."

John Nevill, The Austin Company (<http://www.theaustin.com/>): "I would add, we were working with an international company for the last six or seven months, and after the Brexit vote, they said 'We've got to take some time to look at what's going on.' They've taken a wait and see attitude."

How important are incentives?

Pete Mohan, Wadley Donovan Gutshaw Consulting: "We like to say that incentives are the icing on the cake. You can't have a successful operation locate somewhere if the workforce isn't there and the community isn't supportive."

Jay Garner, Garner Economics: "Incentives won't make a bad site good ... But incentives are among the first questions asked, because incentives are either statutory or discretionary, and the client sees what their competitors are doing."

Shan Morris, Wildmor Realty (<http://wildmorrealty.com/>): “I would say that there are a couple of things that South Carolina has – first of all, you’ve got no traffic, and cost of living is dramatically different here than it is in most parts of the country, and those two things when you’re talking about employees up and down the ladder, are very important to emphasize. ... Quality of life and cost of living, you don’t think about that kind of stuff when you’re 30, but you do when you’re 50 or 60, and you don’t want to sit in traffic. Coming from a traffic haven [Atlanta], it’s a big factor.”

Continuing on quality of life, how big of a factor is that now?

Shan Morris, Wildmor Realty: “I met with a director of HR, and she said, ‘We spend \$3 per foot on energy, electricity and gas for our employees. We spend \$30 per foot on our office space across the country. We spend \$60 a foot on our people.’ I now think that more companies are looking toward what’s my turnover rate? How easy is it to hire people, and can we retain the good people that we recruit and spend money on? That’s a huge factor and it’s rising on the list as you talk to folks.”

Charles Ruby, Deloitte Tax LLP (<https://www2.deloitte.com/global/en/services/tax.html>): “Quality of life is different for every individual, so for some it may be access to restaurants and bars, and for others it may be being able to walk to work. So you really need to figure out what your community has, and then talk to that. In reference to quality of life, 10 years ago it wasn’t even on the list, and now it’s probably #4 or #5. Getting near the end of the deal, quality of life will move the needle from one location to another.”

South Carolina is known for having among the lowest unionization rates in the United States. Is this still a priority for companies?

Jay Garner, Garner Economics: “Yes. Most companies don’t want to have third-party intervention. ... It’s always a consideration when we’re sitting down with a client and going through what we call a ‘must’ and ‘wants’ list, and a ‘must’ would be a Right to Work environment.”

What kinds of trends are we seeing in foreign direct investment (FDI) to the United States?

Dianne Jones, Development Advisors (DAI) (<http://dai-locates.com/>): “One of the trends we’re seeing, and it’s not necessarily new, is that they stick in clusters. We’ve seen lots of German companies together and lots of Japanese companies together. So we’re seeing when one of them, the anchor, comes, they often bring with them the outlying supplier. We had a company that came and they brought a gas supplier with them on an outlying parcel. They’re solving their own issues before they’re committing themselves to come, with a good plan in place and bringing the team with them.”

Shan Morris, Wildmor Realty: “You know, foreign investment in 2015 was over \$370 billion. The Netherlands was #1 as far as investment in the U.S. I think the biggest thing that our country offers is security, and I think if we don’t get ahold of that, it’s going to create some issues for continued investment. People want to invest in security and make sure their investment is going to be safe and make sure the climate isn’t going to change ... people want to invest in security in other countries. If we can get that right, they’re projected \$1.7 trillion in FDI in 2017.”

We’ve also seen an increase in interest by food and beverage manufacturers. What factors make a community a good fit for these types of businesses?

Jay Garner, Garner Economics: “The #1 most important factor in attracting food and beverage companies is the availability of water. Even if water’s not used in the processing, it’s used in sanitation, so you’ve got to have the availability, the capacity, and that goes then with the

discharge. Because of energy costs, depending on the commodity, you will see a company that is either going to locate closer to the company or closer to the customer. I ran a quick report using the Greenville-Anderson-Mauldin MSA to see how many food and beverage companies you have here that the feds identify with the appropriate NAICS code. You have 111 companies, and you have a very low location quotient (a ratio of how strong you are in a certain sector, where a desirable number is above 1) – you're at 0.40, and those 111 companies employ 3,931 people. I don't sense that you're really on the radar for those kinds of companies if you have that kind of location quotient. But if you do have the water capacity, then you need to market the heck out of it, because we're just going to continue to get into water wars."

In site selection projects, what is the mix between searches that are building-driven versus projects seeking a greenfield or brownfield site? What sizes are we seeing?

John Nevill, The Austin Company: "We're probably seeing a mix of 50/50 greenfield and brownfield. It's a question of size: less than 150,000 or 185,000 square feet, somebody is going to look at a brownfield or an existing site, whereas something larger, they're going to look at greenfield."

Charles Ruby, Deloitte Tax LLP: "We're seeing probably 70 percent existing buildings and 30 percent greenfield/brownfield. The magic numbers that my clients are looking at is about 60,000 square feet expandable to 120,000 square feet. Having some sort of existing buildings that are open and available often will get you on the short list. And if you don't have it, community space that companies can use during the construction phase to touch down and interview. It is a deal-killer if you don't have that available."



Panel: Upstate's workforce training, infrastructure assets in attracting companies

Amanda Coyne, The Greenville News Published 2:17 p.m. ET Oct. 21, 2016



(Photo: Staff, file)

The readiness of the labor force and quality of life are two main factors companies take into consideration when relocating or choosing an area for expansion, consultants said at a Friday morning event with the Upstate SC Alliance.

The breakfast event at the Poinsett Hotel brought in a panel of six site-selection consultants from around the country to talk about key issues companies consider when they look at an area.

South Carolina has emerged as a competitive state for company relocations and expansions in part because of Greer's inland port, said Pete Mohan, a site selection consultant with Wadley Donovan Gutshaw Consulting in

Jacksonville, Florida.

The Greenville-Spartanburg International Airport also is a growing asset for the region, said John Nevill, senior director of project planning at the Austin Company in Cleveland, Ohio. For international companies, a convenient airport that has direct or one-stop flights from its home country is critical to relocation and expansion decisions.

South Carolina also stands to benefit from some of North Carolina's business losses related to HB2, the law that prohibits cities from enacting nondiscrimination ordinances against LGBT people and bars transgender people from using public facilities that do not align with their sex assigned at birth. While state Sen. Lee Bright filed a bill similar to the North Carolina law, it was not passed and was not supported by Gov. Nikki Haley.

"With South Carolina being so close to North Carolina and HB2, you all have done a really good job of being quiet on that," said Charles Ruby, managing director of Deloitte Tax LLP in New York.

Workforce readiness also was cited as a key factor in choosing locations for economic development. Many companies find that workforce readiness is more important than tax or grant incentives given by states, counties and municipalities, Mohan said.

"Incentives are icing on the cake. You can't have a successful operation and locate there if the workforce isn't there and the community isn't supportive," Mohan said. "If you don't have the people to hire or the labor costs are inordinate, it doesn't make sense to locate there. Training and workforce development are equally, if not more important than incentives they offer."

Greenville County has taken steps towards building its manufacturing workforce through Greenville Technical College's Center for Manufacturing Innovation, which Dianne Jones, a business and project manager with Development Advisors in Charlotte, cited as an example.

The challenge, Mohan said, is not a lack of training programs, but a "stigma" against technical and vocational programs from many parents.

"The programs are in place and the kids can get excited about it. What we have to work on is the stigma with parents," Mohan said. "Every parent wants their kid to go get a four-year degree. You have to reach out to the parents to get their kids enrolled in these programs."

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