



Area Development's editors also polled the consultants who work with our corporate executive readers — as well as with economic development agencies that are trying to lure these readers to locate facilities in their areas. We asked the consultants about the types of clients they have worked with, the site selection priorities of these clients, and their plans for the next several years in terms of new and expanded facilities. Here's what they had to say:

Consultants' Clients

The consultants responding to our 2007 survey have worked on projects in a broad range of indus-

tries (Chart A). A third have worked with food and beverage companies, and about a fifth with wood products/furniture manufacturers and with chemicals, plastics and rubber, and electrical equipment/components firms, as well as with IT companies. About a quarter have also worked with fabricated metal producers. Yet, a much larger percentage have worked on site projects in the warehouse and distribution sector (50 percent) as well as in the financial services sector (39 percent). Interestingly, these last two groups — along with IT firms — were not well represented among the respondents to our 2007 Corporate Survey so we can expect the con-

Chart A

Percentage of respondents who have worked on location/expansion projects in following industries:	
MANUFACTURING	
■ Food/Beverages	34%
■ Apparel	7%
■ Wood Products/ Furniture	20%
■ Paper/Printing	11%
■ Chemicals	19%
■ Plastics & Rubber	18%
■ Primary Metals	5%
■ Fabricated Metals	23%
■ Machinery	15%
■ Computers/Peripheral Products	11%
■ Electrical Eqpmt. & Components	19%
■ Transp. Eqpmt. (incl. Automotive)	16%
■ Medical & Scientific Instr.	11%
■ Pharmaceuticals	19%
OTHER	
■ Warehouse/Distribution	50%
■ Financial Services/Ins.	39%
■ Information Technology	21%
■ Other	14%

Chart B

PERCENTAGE OF RESPONDENTS PROVIDING THE FOLLOWING SERVICES:	
■ Location studies	41%
■ Incentives negotiations	29%
■ Site selection decision	41%
■ Construction	5%
■ Other	6%

Chart C

NUMBER OF COMPANIES EMPLOYING CONSULTANTS' SERVICES FOR THEIR LOCATION PROJECTS OVER THE PAST YEAR HAS:	
■ Increased	49%
■ Decreased	19%
■ Remained the same	32%

sultants' experiences and responses to differ somewhat from those reported by our corporate executive survey-takers.

More than 40 percent of the responding consultants have provided location studies and nearly 30 percent have been involved in negotiating incentives for their clients. It's quite significant that 41 percent of those responding also said they have made their clients' site selection decisions for them (Chart B). And while more than 40 percent of the respondents said their clients had narrowed down the geographic area in which they wished to locate, 28 percent said their clients expected the consultants to narrow or make the location decision for them (Chart G).

Additionally, 81 percent of those responding to our 2007 Consultants Survey said the number of firms employing their services over the past year has either held steady (32 percent) or increased (49 percent), and 45 percent said those employing their services were new clients (Charts C and D). Last year, only a quarter of those responding to the 2006 Consultants Survey said clients were new.

In terms of employment numbers, a third of those responding said they have worked with mid-size companies (100–499 employees), and about a quarter each with large (500–999 employees) or very large (1,000 employees or more) firms. Moreover, two-thirds of the responding consultants have worked with both investor-owned and privately held firms (Charts E and F).

Their Clients' Plans

Of those responding to our 2007 Consultants Survey, 90 percent said their clients expect to open new facilities within one or two years. None reported client plans beyond the three-year range (Chart H).

Obviously, consultants are not called in until plans are ready to be set in motion.

Three-quarters of the respondents said their clients only expect to open one facility (Chart I). The consultants also reported that about 30 percent of the planned U.S. projects would be manufacturing operations; 29 percent, warehouse/distribution facilities; 14 percent, headquarters; and 15 percent, back offices or call centers (Chart J). For comparison's sake, we note that of the planned domestic projects

Chart D

OF THOSE COMPANIES EMPLOYING CONSULTANTS' SERVICES:

■ Most have used these services before	55%
■ Most are using these services for the first time	45%

Chart E

IN TERMS OF EMPLOYMENT NUMBERS, THOSE COMPANIES UTILIZING CONSULTANTS' SERVICES ARE GENERALLY:

■ Small (20-99 employees)	16%
■ Mid-size (100-499 employees)	32%
■ Large (500-999 employees)	23%
■ Very large (1,000 or more employees)	29%

Chart F

THE MAJORITY OF COMPANIES FOR WHICH THE CONSULTANTS HAVE RECENTLY DONE WORK ARE:

■ Investor-owned	15%
■ Privately held	18%
■ Both types of companies	67%

Chart G

MOST OF THE CLIENTS WHO ASK CONSULTANTS TO PERFORM A LOCATION SEARCH HAVE:

■ Already gathered preliminary data	19%
■ Already narrowed down the geographic area in which they wish to locate	43%
■ Already chosen several "finalist" communities	11%
■ Expect the consultant to narrow or make the location decision for them	28%

Chart H

THE CLIENT COMPANIES THAT EXPECT TO OPEN NEW FACILITIES PLAN TO DO SO WITHIN:

■ 1 year	42%
■ 2 years	48%
■ 3 years	11%
■ 4 years or more	none

Chart I

THE NUMBER OF FACILITIES THESE COMPANIES PLAN TO OPEN:

■ 1	75%
■ 2	17%
■ 3 or 4	none
■ 5 or more	8%

Chart J

TYPES OF NEW DOMESTIC FACILITIES TO BE OPENED BY CLIENTS (AS PERCENTAGE OF TOTAL PROJECTS):

■ Manufacturing	30%
■ Warehouse/Distribution	29%
■ Headquarters	14%
■ R&D	8%
■ Back Office/Call Center	15%
■ Other	4%

reported by the respondents to our 2007 Corporate Survey, 50 percent will be manufacturing plants; 30 percent, warehouse/distribution operations; only 3 percent will be headquarters facilities; and 4 percent, back offices or call centers. From charts A and J we can conclude that the responding consultants will work on fewer of the domestic manufacturing-type projects planned by our corporate respondents and more of the U.S. headquarters and back-office operations planned by those clients other than the ones responding to our Corporate Survey.

However, the respondents to this year's Consultants Survey and Corporate Survey do agree somewhat on which areas of the country will garner the largest percentage of planned new facilities. Those responding to our 2007 Consultants Survey said 15 percent of the domestic projects planned by their clients would be located in the South (Alabama, Florida, Georgia, Louisiana, and Mississippi), 13 percent in the South Atlantic (North Carolina, South Carolina, Virginia, and West Virginia), and 12 percent in the Midwest (Illinois, Indiana, Michigan, Ohio, and Wisconsin) (Chart K). The corporate respondents' percentages for these areas were 14 percent for the South, 14 percent for the Midwest, and 10 percent for the South Atlantic. The respondents to our 2007 Corporate Survey also said a larger percentage of their planned domestic projects (13 percent) would end up in the West (California, Nevada, Oregon, and Washington) than the consultants reported as being planned by their clients for the West (only 9 percent of the total projects). And nearly two-thirds of the responding consultants said their clients were choosing to establish domestic facilities in a range of U.S. locations (Chart L).



Those responding to our 2007 Consultants Survey reported that more than a quarter of the foreign location projects being planned by their clients are slated for Canada, 13 percent for Asia, and 11 for Eastern Europe (Chart M). Interestingly, 42 percent of the total foreign projects planned by the respondents to our 2007 Corporate Survey will be located in Asia, and only 7 percent in Cana-

da and 6 percent in Eastern Europe. These discrepant responses are another indication that the responding consultants may not be working for many of those firms represented by the respondents to our 2007 Corporate Survey.

Of those foreign facilities to be opened by the clients of the responding consultants, 40 percent are expected to be manufacturing operations (Chart N). In fact, 48 percent of the responding consultants said they have seen an increase in the number of companies establishing foreign facilities as opposed to domestic ones over the last year, although only 39 percent said these foreign facilities are actually replacing domestic ones (Charts O and P).

While helping their clients to set up foreign facilities, about a fifth of the respondents to our Consultants Survey said they had encountered or foresee encountering legal, regulatory, utility and transportation infrastructure, and social/cultural problems (Chart Q).

Clients' Perceived Priorities

We also asked those consultants taking our Consultants Survey to rate the same site selection and quality-of-life factors rated by those taking our Corporate Survey as either "very important," "important," "minor consideration," or "of no importance." We then added up the "very important" and "important" ratings in order to rank the factors (Chart R).

Chart K

CLIENTS' DOMESTIC LOCATION PROJECTS ARE SLATED FOR THE FOLLOWING REGIONS (AS PERCENTAGE OF TOTAL PROJECTS):

■ New England (CT, MA, ME, NH, RI, VT)	7%
■ Middle Atlantic (DE, MD, NJ, NY, PA)	11%
■ South Atlantic (NC, SC, VA, WV)	13%
■ Mid-South (AR, KY, MO, TN)	9%
■ South (AL, FL, GA, LA, MS)	15%
■ Midwest (IL, IN, MI, OH, WI)	12%
■ Plains (IA, KS, MN, NE, ND, SD)	6%
■ Mountain (CO, ID, MT, UT, WY)	5%
■ Southwest (AZ, NM, OK, TX)	11%
■ West (CA, NV, OR, WA)	9%
■ Offshore (AK, HI, PR, VI)	3%

Chart L

MOST COMPANIES ARE CHOOSING TO ESTABLISH NEW DOMESTIC FACILITIES:

■ In close proximity to existing ones	12%
■ Within the same general geographic region	24%
■ In varied regions of the country	63%

Consultants are aware that the need for speed to market has shortened project turnaround times for many firms.

It's interesting to note that, this year, the same factor is ranked first in importance by those responding to both surveys — *highway accessibility*. It was rated as either “very important” or “important” by 97.6 percent of the responding consultants. *Labor costs*, which was ranked second by the Corporate Survey respondents, was ranked third by those responding to the 2007 Consultants Survey, with a 93.8 percent rating. *Availability of skilled labor* was the second most important factor according to the consultants, receiving a 97.5 percent rating. The Corporate Survey takers ranked *availability of skilled labor* in fourth place.

The consultants ranked *available land* as fourth in importance, with a 93.6 percent rating. This factor was in sixth place in the Corporate Survey. Additionally, those responding to our Consultants Survey ranked *expedited or “fast-track” permitting* fifth, with a 92.4 percent rating. This factor is new to our survey this year, as is *availability of buildings*, which holds the number 12 spot in the Consultants Survey with an 82.3 percent rating. Consultants are aware that the need for speed to market has shortened project turnaround times for many firms and they need available buildings and shovel-ready sites. In response to a related question about which factors they found to be most deficient for their clients’ recent location or expansion projects, 30 percent of the responding con-

sultants cited pre-qualified sites (Chart V).

With all the concern about high energy costs, we thought those taking our 2007 Consultants Survey would have ranked *energy availability and costs* high-

Chart M

CLIENTS’ FOREIGN LOCATION PROJECTS ARE SLATED FOR THE FOLLOWING REGIONS (AS PERCENTAGE OF TOTAL PROJECTS):

■ Canada	26%
■ Caribbean	5%
■ Mexico	19%
■ Central America	6%
■ South America	8%
■ Western Europe	7%
■ Eastern Europe	11%
■ Middle East	2%
■ Africa	2%
■ Asia	13%
■ Australia	1%

Chart N

TYPES OF NEW FOREIGN FACILITIES TO BE OPENED BY CLIENTS (AS PERCENTAGE OF TOTAL PROJECTS):

■ Manufacturing	40%
■ Warehouse/Distribution	22%
■ Headquarters	6%
■ R&D	12%
■ Back Office/Call Center	16%
■ Other	4%

More than half said more communities are instituting investment and/or job-creation criteria for companies receiving incentives.

er than ninth place, with an 85.7 percent rating. After all, our Corporate Survey respondents ranked this factor third. Nevertheless, *proximity to major markets* is in the eighth-place spot, considered “very important”

Chart O

HAVE YOU SEEN AN INCREASE IN THE NUMBER OF COMPANIES ESTABLISHING FOREIGN FACILITIES AS OPPOSED TO DOMESTIC ONES OVER THE LAST YEAR?

■ Yes	48%
■ No	52%

Chart P

ARE FOREIGN FACILITIES REPLACING ANY IN THE U.S.?

■ Yes	39%
■ No	61%

Chart Q

PERCENTAGE THAT HAVE ENCOUNTERED OR FORESEE PROBLEMS WHEN HELPING CLIENTS TO LOCATE OVERSEAS:

■ Legal	27%
■ Regulatory	23%
■ Skilled labor shortage	16%
■ Land availability	7%
■ Utility infrastructure	22%
■ Transportation infrastructure	20%
■ Social/cultural	24%
■ Other	7%

or “important” by 87.4 percent of the responding consultants, a possible indication of the need to keep fuel or transportation costs down.

It’s no surprise that the consultants ranked *state and local incentives* and *tax exemptions* so high — sixth and seventh place, respectively (with 90.9 percent and 88.5 percent ratings) — when we consider that incentives negotiations are one of the consultants’ primary functions. In fact, 37 percent of those responding to our 2007 Consultants Survey said incentives are now more important than in the past to their clients who are making location decisions, while 48 percent of the respondents said incentives have always been of great importance to their clients. And nearly 40 percent of the responding consultants consider tax credits, exemptions, and the like to be among the most important incentives sought by their clients (Charts S and T).

Additionally, more than half of those responding to the Consultants Survey said that today more communities are instituting investment and/or job-creation criteria that must be met by companies receiving incentives and, if the companies do not satisfy the investment or job-creation projections, the incentives will have to be paid back to the communities (clawbacks) (Chart U).

Two factors showing the largest increases in importance ratings in our Consultants Survey on a year-over-year basis are *proximity to technical university*

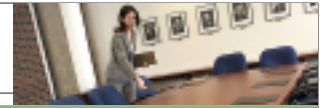


Chart R

Consultants Survey Combined Ratings* of 2007 Factors		
SITE SELECTION FACTORS	2006	2007
Ranking		
1. Highway accessibility	97.5	97.6
2. Availability of skilled labor	92.7	97.5
3. Labor costs	95.0	93.8
4. Available land	92.9	93.6
5. Expedited or "fast-track" permitting	N/A	92.4
6. State and local incentives	95.2	90.9
7. Tax exemptions	87.8	88.5
8. Proximity to major markets	90.3	87.4
9. Energy availability and costs	80.5	85.7
10. Availability of advanced ICT services	N/A	84.8
11. Occupancy or construction costs	90.2	84.4
12. Availability of buildings	N/A	82.3
13. Proximity to suppliers	73.0	76.9
13T. Training programs	67.5	76.9
14. Corporate tax rate	78.1	74.4
14T. Accessibility to major airport	67.5	74.4
15. Environmental regulations	62.5	70.5
16. Right-to-work state	66.7	70.2
17. Low union profile	80.0	69.6
18. Raw materials availability	50.0	57.9
19. Proximity to technical university	39.1	55.9
20. Availability of unskilled labor	43.9	52.6
21. Availability of long-term financing	43.9	50.0
22. Railroad service	39.0	35.1
23. Waterway or oceanport accessibility	28.5	32.5
QUALITY-OF-LIFE FACTORS		
Ranking		
1. Ratings of public schools	69.3	78.5
1T. Low crime rate	68.3	78.5
2. Housing costs	66.7	75.7
3. Housing availability	61.0	72.1
4. Colleges and universities in area	69.0	65.8
5. Health facilities	61.9	65.3
6. Recreational opportunities	50.0	56.5
7. Cultural opportunities	58.6	48.7
8. Climate	39.0	43.6

*All figures are percentages and are the total of "very important" and "important" ratings of the Area Development Consultants Survey and are rounded to the nearest tenth of a percent.

Proximity to technical university and training programs showed the largest year-over-year increases in the Consultants Survey.

Chart S

RELATIVE IMPORTANCE OF INCENTIVES TO CLIENTS WHEN MAKING LOCATION DECISIONS:

■ Have always been of great importance	48%
■ Are more important now than in the past	37%
■ Are less important now than in the past	16%

Chart T

TYPES OF INCENTIVES CLIENTS CONSIDER IMPORTANT WHEN MAKING A LOCATION DECISION:

■ Tax incentives (tax credits, exemptions, etc.)	39%
■ Financial incentives (grants, bonds, loans, etc.)	37%
■ Other incentives (land, utility-rate subsidies, infrastructure support, training, etc.)	32%

Chart U

ARE THE COMMUNITIES INSTITUTING INVESTMENT AND/OR JOB CREATION CRITERIA, I.E., CLAWBACK PROVISIONS THAT MUST BE MET IN ORDER FOR COMPANIES TO RECEIVE INCENTIVES?

■ Yes. This has always been the case.	31%
■ Yes. More are doing so now than in the past.	52%
■ No.	17%

(+16.8 percent) and *training programs* (+9.4 percent). Perhaps the responding consultants are finding that their clients need access to these resources in order to meet their future work force requirements. The responding consultants also ranked *ratings of public schools* first among the quality-of-life factors — with a 78.5 percent rating and tied with *low crime rate*. Continuing this focus on education, they placed *colleges and universities in area* in fourth position among the quality-of-life factors, with a 65.8 percent rating. This factor was ranked eighth among the nine quality-of-life factors by the respondents to our 2007 Corporate Survey, with only 47.3 percent rating it as “very important” or “important.”

Finally, according to the consultants, an “unranked” location factor considered by their clients is whether or not there are businesses performing activities similar to theirs in the area of search (Chart X). More than 90 percent of the respondents to our Consultants Survey said this was a consideration, although only 65 percent of those responding to our 2007 Corporate Survey made a similar claim. And 45 percent of the responding consultants also said that their clients meet with representatives of similar businesses, with nearly two-thirds saying their clients also meet with community representatives (Chart W).

Consultants' Sources of Information

The respondents to our 2007 Consultants Survey are more computer-savvy than the respondents to our Corporate Survey. Fully 80 percent of the responding con-

sultants said they use the Internet to obtain site selection information (as compared to just 55 percent of the corporate respondents). Thirty percent of the responding consultants also use CDs and other software (as compared with just 8 percent of the corporate respondents), and 56 percent of the responding consultants use site magazines like *Area Development* (Chart Y).

Additionally, two-thirds of the responding consultants find economic development websites to be most useful, and a third find online site magazines (like *Area Development Online*) and online property databases (like *FastFacility.com*) to be most useful.

Three quarters of the consultants using the Internet for site information get website addresses from search engines like Google or Yahoo, and a third also get them from ads in magazines like ours (Chart Z).

As in past years, there are similarities and differences between the responses of the corporate group and consultants group taking our surveys. As noted, a larger percentage of those responding to our Consultants Survey have worked with warehouse/distribution (50 percent), financial services (39 percent), information technology (21 percent), and other types of firms that are not well represented among the respondents to our Corporate Survey. And let's not forget that more than half of the respondents to our 2007 Corporate Survey said they do not use consultants when making location decisions — hence the disparate factor ratings and differing perspectives. Nonetheless, both groups' responses provide insight into industries' overall location priorities and plans for the future. **||**

Chart V

FACTORS FOR RECENT LOCATION OR EXPANSION PROJECTS THAT WERE FOUND TO BE MOST DEFICIENT:

■ Labor availability	29%
■ Incentive closing funds	19%
■ Advanced ICT services	7%
■ Pre-qualified sites	30%
■ Other	12%

Chart W

INDIVIDUALS WHOM CLIENTS WANT TO MEET WITH DURING SITE VISITS:

■ Community representatives	63%
■ Representatives of area businesses similar to theirs	45%
■ Educational representatives	21%
■ Other	16%

Chart X

WHEN SITE SELECTING, DO CLIENTS CONSIDER WHETHER THERE ARE BUSINESSES PERFORMING SIMILAR ACTIVITIES TO THEIRS IN THE AREA OF SEARCH?

■ Yes	92%
■ No	8%

Chart Y

SOURCES OF SITE SELECTION INFORMATION USED DURING THE PAST YEAR:

■ Internet	80%
■ CD-ROMs/other software	30%
■ Site magazines (<i>Area Development</i> , etc.)	56%
■ Vertical industry magazines (<i>Modern Plastics</i> , etc.)	20%
■ General business magazines (<i>BusinessWeek</i> , etc.)	20%
■ Financial publications (e.g., <i>FastFacility.com</i>)	23%
■ Response to direct mail/e-mail	26%
■ Response to telemarketing	6%

ONLINE SITES FOUND MOST USEFUL:

■ Economic development websites	64%
■ Site magazines (e.g., <i>Area Development Online</i>)	32%
■ Property databases (e.g., <i>FastFacility.com</i>)	33%
■ Real estate/location directories	27%
■ B2B sites/online magazines (e.g., <i>BusinessWeek.com</i>)	5%
■ Blogs	1%

Chart Z

OF THOSE WHO USE THE INTERNET TO HELP CLIENTS WITH THEIR SITE AND FACILITY PLANNING DECISIONS, METHOD OF OBTAINING WEBSITE ADDRESSES:

■ From search engines, e.g., Google, Yahoo, etc.	74%
■ From print ads in magazines like <i>Area Development</i>	33%
■ From online ads on websites like <i>Area Development Online</i>	24%
■ From TV/radio ads	1%
■ Other	14%

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