

WHY BASE EMPLOYERS CHOOSE ONE LOCATION OVER ANOTHER

A community is not judged by potential employers solely by how a community is operating today. Companies also consider where the community is going. Is it taking care of existing companies? Is local government efficient, professional, consistent and graft-free? Is the community investing in education and basic infrastructure?

The environment to attract good paying jobs has been increasingly competitive over the years and has been impacted by the Great Recession of 2008-09. The number of domestic facility sitings was down 53% from 2008 to 2009. Only 4 percent of those came to mountain states (CO, ID, MT, UT, WY). And the companies that were planning to expand had smaller projects. Recent concerns cited by corporate decision makers include rising energy costs, intensifying global competition and compressed time to market.¹¹

There are many others factors upon which company owners and executives base their site and facility planning decisions. The following table ranks those factors. It is from the 24th Annual Corporate Survey conducted in 2009 by *Area Development Magazine*.

Respondents were asked to rate the factors as Very Important, Important, Minor Consideration or Of No Importance. Thirty-five factors were rated, then categorized as 'Site Selection Factors' or 'Quality of Life Factors.'

According to this survey, cost of doing business in a particular community or region is still the most important factor to companies looking to site a facility. In fact, seven of the top-10 ranked site selection factors are directly or closely related to cost of doing business in a community, including:

1. labor costs
2. tax exemptions
3. energy availability and costs
4. availability of skilled labor
5. occupancy or construction costs
6. state and local incentives
7. in-bound, out-bound shipping costs

The advantage goes to communities that can make the business case.

As noted elsewhere in this brief, all communities, including Fort Collins, tout their great quality of life. Yet, quality of life factors didn't make it into the top 10 factors important to the people actually making decisions about where to locate their business operations. The top-ranked quality of life factor is 'low crime rate' at 11th overall with recreation (presumably including such things as biking, outdoor recreation, open space, etc.) ranking 29th overall.

This is not to say that quality of life is unimportant. Those of us already in the community highly value our outstanding quality of life. The point is that we overvalue it as *the* economic development strategy for our community.

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¹¹ 24th Annual Corporate Survey, *Area Development Magazine*

24TH ANNUAL CORPORATE SURVEY, AREA DEVELOPMENT MAGAZINE

Figure 26

Combined Ratings of 2009 Factors

Corporate Survey 2009

SITE SELECTION FACTORS		
SITE SELECTION RANKING	OVERALL RANK	2009
1. Labor costs	1	96.7
2. Highway accessibility	2	92.9
3. Tax exemptions	3	88.4
4. Energy availability and costs	4	88.0
5. Corporate tax rate	5	87.0
6. Availability of skilled labor	6	86.9
7. Occupancy or construction costs	7	86.7
8. State and local incentives	8	84.9
9. Availability of advanced ICT services	9	83.2
10. Inbound/outbound shipping costs	10	81.7
11. Low union profile	12	75.8
12. Available land	13	75.7
12. Availability of buildings	13	75.7
14. Right-to-work state	15	74.0
15. Proximity to major markets	16	73.3
16. Expedited or 'fast track' permitting	17	72.2
17. Environmental regulations	18	71.2
18. Availability of long-term financing	20	65.4
19. Proximity to suppliers	21	63.9
20. Training programs	23	61.7
21. Raw materials availability	26	57.0
22. Availability of unskilled labor	27	55.5
23. Accessibility to major airport	31	49.0
24. Proximity to technical university	33	36.7
25. Railroad service	34	27.4
26. Waterway or oceanport accessibility	35	17.7
QUALITY-OF-LIFE FACTORS		
QUALITY OF LIFE RANKING	OVERALL RANK	2009
1. Low crime rate	11	79.0
2. Healthcare facilities	19	68.4
3. Housing facilities	22	62.4
4. Housing costs	24	61.5
5. Ratings of public schools	25	61.4
6. Climate	28	55.0
7. Recreational opportunities	29	52.7
8. Colleges and universities in the area	30	50.7
9. Cultural opportunities	32	46.0
All figures are percentages and are the total of 'very important' and 'important' ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.		