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Q&A with Matt Samler, Senior Managing Director of Vista Site Selection

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In this edition of *Development Incentives Quarterly*, we welcome Matt Samler, senior managing director of Vista Site Selection. Vista Site Selection, an ancillary business of Vorys, is dedicated to helping companies select the most advantageous and economically viable real estate sites on which to expand existing operations or develop future locations.

In this Q&A, Matt discusses the effect of the U.S. economy, labor market and wage inflation on the site selection process, and how companies can effectively prepare for the future.

How is the changing economy impacting the type and size of incentives being offered to companies?

Given the myriad of events that have and are occurring in the world directly impacting the U.S. economy, ranging from COVID-19, stubbornly high inflation and instability in many corners of the world that has impacted global supply chains, the net effect on incentives has varied. On the manufacturing side, there is now an expectation of significant investment (\$500M+) and net new jobs (500-750+) in many parts of the country, whereas just 3-5 years ago, most communities were more aggressively courting manufacturing projects that were half that size or less. The sheer number of major impact projects (approximately \$1b+ in investment and 1,000+ jobs) in the market over the past few years has created an environment where incentives offered in the manufacturing sector are more conservative in many parts of the country than they have been historically. The same can be said for the distribution sector, where a significant increase in the number of active projects over the past several years has resulted in more conservative offers to projects in parts of the country, particularly where there has already been significant investment. That being said, states are always excited for a project with quality jobs, wages and investment. Also, given the current conditions, I'm confident that most states in the U.S. would be very excited and opportunistic for any larger-scale office sector projects given all that has happened in that sector over the past few years.

How has the tight U.S. labor market and wage inflation impacted site selection?

The labor market has really put a spotlight on the ability for state and local communities to partner with companies to provide customized training to help meet hiring needs. It's one of the many great areas of economic development where a high-quality training program benefits everyone it touches. Not all that long ago, when the labor market was looser, training was often viewed as a "nice to have" feature alongside any tax or non-tax cost offsets, but now states and localities with strong training programs have a distinct competitive advantage when attracting new jobs and investment to their jurisdictions.

What are some creative programs or ways you have seen states and local communities combat the challenging labor market?

Recently, a state in the southeast that is well known for its high-quality manufacturing training programs provided one of our clients a customized "program" biased toward the software industry where college education is often a requirement for certain positions. Our client was provided a single point of contact for the state university system and was then connected to specific and relevant professors across the university system that taught in those areas. The client could then work with professors and other education professionals in the university system and provide feedback and guidance on "real world" applications and also create hands-on events where our client could directly interact with students in those fields while also sharing their knowledge. This partnership helped to create a mutually beneficial environment for the students, professors and our client who needed a highly educated pipeline of talent in a very tight labor market.

What are some of the biggest mistakes you see companies make in the site selection process?

The data sets that are now available as compared to just 10 years ago are absolutely astounding. During the site selection process, if folks are simply looking at wages, along with real estate related costs and incentives, they are missing out on hugely impactful sources of information that are now available if you have the correct team to analyze and interpret the relevant data sets. Folks with the correct experience, plus the relevant data, can pinpoint addresses on a map that would be most beneficial for a client based on their specific needs, rather than simply choosing one city over another. The data allows us to get granular at a level that most folks are not aware of, and that ability to understand these details can have a huge impact on the success of a project. Interestingly, as the incentives environment has become more constrained over the past five or so years, the massive amounts of data now available provide us with the ability to discuss novel approaches to increase incentives for a project. Simply put, analyzing the massive amounts of data from multiple different sources can make a huge impact on where the best locations are for a specific project. If a company is not doing that due diligence, then they are missing out on some potentially impactful insights that are now available.

What industries do you expect will grow or will continue to grow over the next couple of years?

Even with serious headwinds going into 2023, I am generally bullish on the U.S. and how we will benefit from much of the global realignment of supply chains over the coming years. I believe we are also starting to find some potentially positive signs in the office and brick and mortar retail environments, so while I'm bullish on growth in manufacturing, we are also starting to see slivers of light for the office sector in certain markets already, and I believe that will occur more broadly across the U.S. as we get past the next 12-24 months.