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By Bill King, Chief Editor

# Economic Development Hot Spots

*Expansion Management and the National Policy Research Council tracked the employment expansion activity of 19 million companies during the past four years. These are the communities where companies tend to grow best.*

**S**UCCESS FOSTERS SUCCESS, and the people on your company's site location search team would do well to remember that adage. After all, the entire purpose behind the process is to find a location where your business operation stands the very best chance of success. Not just an adequate chance ... the very best chance.

There are all kinds of metrics that will help you make an educated evaluation of the various location options open to you and your company. Work force quality, availability and cost generally

top everyone's list, followed by, in no particular order, transportation infrastructure, business climate, taxes, regulatory constraints, living costs, quality of public schools, proximity to colleges and universities, employer healthcare costs, and the presence of specific industry clusters, to name just a few.

The goal is to identify a location — a city or region — where your business stands the best chance of growing and prospering.

Most business leaders don't fancy themselves as something akin to oil and gas wildcatters who take enormous risks in hopes of occasionally catch-

ing lightning in a bottle. Well, maybe in their secret, Walter Mitty moments, when they stand in front of the mirror getting ready for work in the morning, they may imagine themselves as modern day business swashbucklers, putting everything they own at risk for the thrill of the chase.

Fortunately, they also have shareholders, partners and investors to bring them back to reality. Take your risks on product and marketing, not on your plant location. The site location process is not about risk taking, it's about risk reduction.

"Risk minimization is a central

## Top 20 Large Metros

### 1. LAS VEGAS, NEV.

2. Phoenix-Mesa, Ariz.
3. Virginia Beach-Norfolk- Newport News, Va.
4. Orlando, Fla.
5. Salt Lake City-Ogden, Utah
6. Minneapolis-St. Paul, Minn.
7. Austin-San Marcos, Texas
8. Atlanta, Ga.
9. Washington, D.C.-Baltimore, Md.
10. Raleigh-Durham-Chapel Hill, N.C.
11. San Diego, Calif.
12. Sacramento-Yolo, Calif.
13. Tampa-St. Petersburg-Clearwater, Fla.
14. Jacksonville, Fla.
15. Houston-Galveston-Brazoria, Texas
16. Charlotte-Gastonia-Rock Hill, N.C.
17. Kansas City, Mo.-Kan.
18. Dallas-Fort Worth, Texas
19. West Palm Beach-Boca Raton, Fla.
20. Denver-Boulder-Greeley, Colo.

Source: National Policy Research Council, September 2007

## Top 20 Mid-Sized Metros

### 1. FORT MYERS-CAPE CORAL, FLA.

2. Madison, Wis.
3. Boise, Idaho
4. Richmond-Petersburg, Va.
5. Portland, Maine
6. Charleston-North Charleston, S.C.
7. Tucson, Ariz.
8. Sarasota-Bradenton, Fla.
9. Des Moines, Iowa
10. Baton Rouge, La.
11. Omaha, Neb.
12. Stockton-Lodi, Calif.
13. Colorado Springs, Colo.
14. Columbia, S.C.
15. El Paso, Texas
16. Wichita, Kan.
17. Daytona Beach, Fla.
18. Little Rock-North Little Rock, Ark.
19. Bakersfield, Calif.
20. Lakeland-Winter Haven, Fla.

Source: National Policy Research Council, September 2007

**Top 20 Small Metros**

**1. PROVO-OREM, UTAH**

- 2. Reno-Sparks, Nev.
- 3. Naples, Fla.
- 4. Anchorage, Alaska
- 5. Jackson, Tenn.
- 6. Gainesville, Fla.
- 7. Las Cruces, N.M.
- 8. Burlington, Vt.
- 9. Flagstaff, Ariz.
- 10. Fargo-Moorhead, N.D.
- 11. St. Cloud, Minn.
- 12. Fayetteville-Springdale-Rogers, Ark.
- 13. Lawrence, Kan.
- 14. Ocala, Fla.
- 15. Tallahassee, Fla.
- 16. Green Bay, Wis.
- 17. Appleton-Oshkosh-Neenah, Wis.
- 18. Charlottesville, Va.
- 19. McAllen-Edinburg-Mission, Texas
- 20. Redding, Calif.

Source: National Policy Research Council, September 2007

theme in good manufacturing plant location selection,” said Don Schjeldahl, vice president and director of Austin Consulting, a Cleveland-based division of the Austin Co. “Communities that do not support reliable and high quality manufacturing operations are typically not selected for new investment.”

In other words, business leaders feel most comfortable in places and situations where their counterparts have also been successful.

For that reason, one item that every corporate site selection team should factor into their analysis of potential facility locations is the success rate of other companies operating in that particular city or county. After all, that’s the ultimate goal of the site location process.

But how do you identify those locations? You can look at government statistics, like the U.S. Census Bureau’s “County Business Patterns,” but that data, while useful, already tends to be several years old by the time the reports are published. What is needed is data that provides you with real-time information.

It was with that goal in mind that we teamed up with the National Policy Research Council, with its interactive database of 19 million companies. NPRC is a non-partisan think tank dedicated to serving state and local policy-makers.

We wanted to answer two basic questions about business expansions and relocations.

First, we wanted to know the most popular destinations for businesses when they decide to relocate from one city to another. In other words, we wanted to find out which cities were the most successful in expanding their local economy

**HOW WE CALCULATED THE RANKINGS**

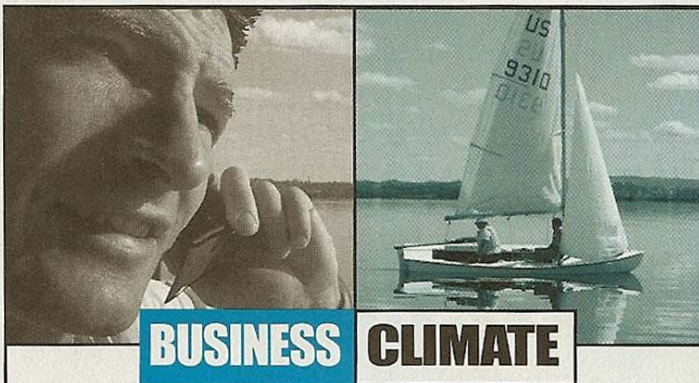
This ranking is based on the percentage of business establishments that employ at least five workers, have existed throughout the most recent four-year period and that added enough jobs to achieve a growth index of at least three.

Metro areas and counties were divided into three groups based on the relative size of their economy and the number of businesses operating there. There are 362 metro areas and 3,141 counties.

All geographic areas of a particular classification, such as large, mid-sized and small-metro areas, are ranked based on both of the above measures. They are then assigned proportionately a scaled score from 100 to 0, with 100 assigned to the top-ranked place and 0 to the bottom-ranked place, and calculating the relative positions of all places in between. This yields an expansion index, which is used to produce the final overall ranking.

To end up with a high overall rank, a place must have a high percentage of its business establishments staying in business and experiencing at least modest growth.

Finally, metro areas in the NPRC’s database reflect the Office of Management and Budget’s pre-2003 definition of metropolitan statistical areas.



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