



TOP METROS OF 2007
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Life at the Top

Chicago captures the Top Metro crown for the third straight year.

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Home furnishings superstore calls Chicago home: Pernille Spiers-Lopez, as president of IKEA North America, has overseen a rapid expansion of the Swedish retail giant across North America. Today, the chain operates 33 stores in the U.S. and will next year open its fifth U.S. distribution center – in Joliet just south of Chicago.

The City of Big Shoulders carried a big load in 2007. By recording 236 corporate facility projects, Chicago easily captured its third consecutive No. 1 spot in *Site Selection's* annual Top Metropolitan Areas ranking.

Chicago's victory – its third consecutive win and sixth in the last seven years – was so dominant that its project count more than doubled runner-up metro Cincinnati and accounted for the vast majority of Illinois' 362 facility announcements statewide.

In fact, a case could be made that Chicago propped up a Midwestern economy that was hit with automotive plant closings and job layoffs in many traditional manufacturing centers.

While some of those shutdowns and pink slips fell upon Chicagoans, new plant activity and expansions more than made up for them, according to economists who track economic growth.

"Chicago is definitely trending upward," says Dr. William Fruth, founder and owner of POLICOM, an independent research firm based in Palm City, Fla. "They are having very good growth in the quality of their economy. Their standard of living is growing. Per capita income is increasing and is now very high. Plus, there has been a significant improvement in job quality. The nature of the jobs being created in Chicago is higher-wage employment."

Fruth tracks 28 different measurements to gauge the relative and long-term health of a metro area's economy, and he does it for every metro and micropolitan area in the United States. Since 2004, Chicago's economy has consistently improved, rising from its 39th-place ranking four years ago to 21st by 2007, according to the latest POLICOM rating.

Fruth says one good indicator of Chicago's economic vitality is the fact that growth in per capita welfare the last five years has been very slow in Chicago. "My study shows that they have one of the slowest growth rates in the country in terms of welfare rates. In fact, they have shown an actual decline in per capita welfare over the past five years," he notes.

Industrial Jobs, Plants Multiply

As quality jobs increase the overall size and health of the area's economy, those jobs become more widespread throughout the metro region of Chicago-Naperville-Joliet in Illinois, Indiana and Wisconsin.

Evidence of that spread is the new **IKEA** distribution center in Joliet, Ill., where the Swedish retail giant is building a 650,000-sq.-ft. (60,385-sq.-m.) warehouse and creating 150 jobs as part of a \$111-million capital investment.

Slated to open in spring 2009, the warehouse will be the firm's fifth in the nation and will supply product to five IKEA stores in the Midwest, including two in Greater Chicago's Will County. IKEA has outlets in both Bolingbrook and Schaumburg.

If needed, the warehouse site can be expanded to a phase two that would add 770,000 sq. ft. (71,533 sq. m.), according to a company release. The site is on 72 acres (29 hectares) in the Laraway Crossings Business Park south of Chicago.

"We are thrilled about the opportunity to locate our Midwestern Distribution Center in Joliet," said Keith Keller, IKEA North America's Distribution Services president. "This location's proximity to a rail line offers the long-term capacity, infrastructure and geography that we were seeking to complement our distribution presence in North America, and to ensure our stores can continue to offer well-designed and functional home furnishings at affordable prices."



2007 Top Metros by Number of Projects

Metros with population over 1 million

Rank	Metro	State(s)	Count
1	Chicago-Naperville-Joliet	Ill./Ind./Wis.	236
2	Cincinnati-Middletown	Ohio/Ky./Ind.	111
3	St. Louis	Mo./Ill.	95
4	Houston-Baytown-Sugar Land	Texas	75
5	Minneapolis-St. Paul-Bloomington	Minn./Wis.	74
T6	Nashville-Davidson-Murfreesboro	Tenn.	73
T6	Dallas-Fort Worth-Arlington	Texas	73
8	New York-Newark-Edison	N.Y./N.J./Pa.	72
9	Detroit-Warren-Livonia	Mich.	67
10	Virginia Beach-Norfolk-Newport News	Va.	62

Metros with population 200,000 to 1 million

Rank	Metro	State(s)	Count
1	Greensboro-High Point	N.C.	30
T2	Omaha-Council Bluffs	Neb./Iowa	29
T2	Akron	Ohio	29
T4	Wichita	Kan.	27
T4	Dayton	Ohio	27
T6	Syracuse	N.Y.	25
T6	Raleigh-Cary	N.C.	25
8	Grand Rapids-Wyoming	Mich.	24
9	Tulsa	Okla.	23
T10	Lexington-Fayette	Ky.	22
T10	Knoxville	Tenn.	22

Metros with population less than 200,000

Rank	Metro	State(s)	Count
1	Sioux City	Iowa/Neb./S.D.	23
2	Morristown	Tenn.	15
3	Valdosta	Ga.	13
T4	Jackson	Mich.	10
T4	Johnson City	Tenn.	10
T6	Waterloo-Cedar Falls	Iowa	9
T6	Bowling Green	Ky.	9
T6	Rocky Mount	N.C.	9
T9	Auburn-Opelika	Ala.	8
T9	Decatur	Ala.	8
T9	Kingston	N.Y.	8

Source: Conway Data, Inc.'s New Plant Database



Top States with Most Top Metros

Rank	State	Count
1	New York	9
T2	Ohio	8
T2	Tennessee	8
T4	Pennsylvania	7
T4	Alabama	7
T4	Florida	7
T4	Michigan	7
T4	North Carolina	7
T9	Kentucky	6
T9	Indiana	6

Source: Conway Data, Inc.'s New Plant Database

Worldwide, the firm plans to open between 10 and 20 stores every year to keep up with demand for IKEA products, which are primarily in the home furnishings sector.

Joseph Roth, corporate spokesman at IKEA North America headquarters in Conshohocken, Pa., says the site selection process was driven by the need to find a central location in the Midwest with proximity to all five company stores in the region.

"We needed to find a site of 50 to 100 acres [20 to 40 hectares] zoned for distribution and that allowed a height requirement of 100 feet [30.5 m.]," says Roth. "We also needed a rail line nearby. When we considered all the important factors, it became clear that the Greater Chicago area was a good choice. Plus, we liked the industrial vision of the city of Joliet."

The vision of Joliet meshes well with the vision of World Business Chicago, the economic development organization that represents the entire metro area.

"Our primary asset is our location," says Rita Athas, the new executive director of WBC. "Our location in the center of the country gives us a huge advantage. We are the only dual hub in North America with our airports. We have an intermodal container port. As a result, over 50 percent of all freight that's transported across the U.S. passes through Chicago."

What Others Are Saying

Neil Hensley, senior director of economic development for the Cincinnati USA Partnership, which represents the No. 2 metro area: "Changes in Ohio's tax structure have had a very positive impact on manufacturers considering Ohio. One company I know was considering locating an aerospace manufacturing facility here. Cincinnati went from being the most expensive city on their short list to the least expensive after the tax changes. We also have a lot of higher education institutions. About 800,000 college students at any one time are enrolled at universities within a 2-to-3-hour drive of Cincinnati. A lot of graduates are within easy recruiting distance for companies."

Dick Fleming, president and CEO of the St. Louis Regional Chamber and Growth Association, which represents the No. 3 metro area: "Our branding and marketing efforts have brought economic development deal-flow to an all-time high. In fact, deal-flow has tripled since the brand – 'St. Louis: Perfectly Centered, Remarkably Connected' – was rolled out in early 2006. We now have some 90 deals today in which St. Louis is on the short list, and those deals collectively have a potential of generating more than 14,000 jobs and more than \$3 billion in new capital investment in the 16-county, bi-state St. Louis region. A substantial number of these deals are very high-paying, technology-oriented jobs."

Lighting Up the Night Sky

There's perhaps no better evidence of Chicago's dominance than a new study co-written by Richard Florida, author of *The Rise of the Creative Class* and director of the Prosperity Institute in the Rotman School of Management at the University of Toronto.

Titled "The Rise of the Mega-Region," the study uses a global dataset of nighttime light emissions, combined with population data and published estimates of national GDP, to produce "rough but useful estimates of the economic activity of each region" on the planet. The resulting research identifies 40 mega-regions with economic output of more than \$100 billion each across the globe.

The Chicago-to-Pittsburgh mega-region, according to this methodology, ranks No. 3 in the world in terms of its total economic impact, behind only No. 1 Greater Tokyo and No. 2 Boston-to-Washington.

Only two other U.S. mega-regions make the top 10: Atlanta-to-Charlotte (No. 8) and Southern California (No. 9).

Tracey Hyatt Bosman, associate director of strategic consulting for Grubb & Ellis in Chicago, says that what's happening in Joliet is spreading throughout the metro area. "We are seeing a lot of distribution and warehousing projects these days," she says. "With the rail lines serving this market and the consumer base in the area, there is a lot of industrial activity both in the downtown and in the suburbs. It is really spread out."

Bosman, who has done site consulting work for Fortune 500 companies around the U.S., says there is "no one factor that Chicago really excels in. It doesn't have the lowest labor rates in the country. It doesn't have the most direct flights to London. But when you total up all the site selection factors, Chicago measures up very well and scores highly. It appeals to a wide range of industries, and that is very healthy for the economy. The city has a lot of things to offer a lot of industries."

Bosman points to another factor in Chicago's favor: nature. "A lot of emphasis is being placed these days on business continuity," she says. "Clients are shying away from areas that have a lot of hurricanes, earthquakes, tornadoes, etc. While other locations drop out, Chicagoland stays in the running for projects."

In 2007, Chicagoland did a lot more than just stay in the running. It ran past all other metro areas on its way to No. 1.

Burning Passion Ignites North Carolina Metro

Fire in the Belly tells the story of two men who were laid off from their technology jobs in 1991 in Greensboro, N.C. They responded to their pink slips by launching **RF Micro Devices**, an ambitious startup with lots of dreams but not a lot of money.

Seventeen years later, RFMD produces the power amplifiers contained in more than half of the cell phones made worldwide, and "Fire in the Belly" could double as the anthem of high-tech entrepreneurs throughout the Piedmont Triad region.

For the second year in a row, the metropolitan area of Greensboro-High Point secured more corporate facility projects than any other metro of comparable size in the nation.



RF Micro Devices is expanding its Greensboro headquarters by \$103 million and up to 150 high-wage jobs.

In the population category of 200,000 to 1 million, Greensboro-High Point led all metropolitan statistical areas in 2007 with 30 deals that qualified for inclusion in the Conway New Plant Database.

Among the largest deals last year was RFMD's announced \$103-million expansion at its corporate headquarters in Greensboro, where the firm will create up to 150 high-wage jobs.

"RFMD was offered opportunities in several states and international locations, including Singapore and the U.K.," says company spokeswoman Irma Swain, but state and local officials sealed the deal by granting two performance-based incentives – \$1.2 million from the city of Greensboro and \$4.5 million from the state.

"We wanted to be close to many of our other fabrication facilities," Swain says of the company that produces compound semiconductors for wireless communications. As a result, the company is building its new plant in Enterprise Park on Brigham Road in Greensboro, the anchor community of an MSA that's attracting blue-chip, high-tech talent like Tobacco Road attracts basketball stars.

In 2007, Greensboro won \$260 million in capital investment, 1,500 jobs and 841,000 sq. ft. (78,129 sq. m.) of industrial space. Big deals came from **Honda Aircraft** (300 jobs and \$105 million in investment); **Lenovo** (163 jobs and \$10.5 million); and **Zink Imaging** (60 jobs and 350,000 sq. ft., or 32,515 sq. m.).

Dan Lynch, president of the Greensboro Economic Development Alliance, says the area's growth will take off even more next year with the opening of the \$350-million FedEx Mid-Atlantic hub at the Piedmont Triad International Airport.

"That will be a huge attraction for other companies," Lynch says. "They will have highly sophisticated sorting equipment. This is a project that has been 10 years in the making. When it opens, it will add 1,500 jobs."

Nearby High Point did more than its share to propel the MSA to No. 1. "North Carolina's International City" produced nine corporate facility projects, including the metro area's largest jobs generator.

TransTech Pharma and **PharmaCore** announced Dec. 20 that they would expand in High Point by investing \$23 million and creating 205 jobs that pay an average annual wage of \$96,000.

After being aggressively courted by neighboring states, the two sister homegrown biotech companies decided to stay home.

"Both TransTech Pharma and PharmaCore have been successfully growing their respective businesses in North Carolina since their inception in 1998," said Dr. Adnan Mjalli, founder and chairman of both companies. "After several months of exploring different site locations and growth opportunities, we are pleased to announce that we will continue the expansion of TransTech and PharmaCore in High Point."

Other big projects in High Point last year came from **Advanced Home Care** (\$4 million and 130 jobs); **Larco Construction** (\$4 million); and **Graphic Printing Services Inc.** (\$4 million).

Loren Hill, president of the High Point Economic Development Corp., says the key to the city's recent success has been economic diversification. "You think of High Point as being the furniture capital of the world, but when you look at our annual report, we have many other things going on," he says.

"The Greensboro-High Point metro area offers a unique combination of physical infrastructure and talent," says Don Kirkman, president and CEO of the Piedmont Triad Partnership. "There are six four-year colleges and universities and three community colleges in the three-county MSA that provide significant research and training support for companies that choose to locate in the region."

— Ron Starner

Sioux City Reaps Harvest of Decade-Old Plan



Beef Products Inc. announced a \$400-million expansion in South Sioux City, Neb., in late 2006 and a \$30-million expansion in 2007.

Could 2008 top what became a banner year for Sioux City, Iowa? It will if the second largest capital investment in U.S. history decides to call the tri-state metro area home.

Coming off a record-setting year in which Sioux City led all small metros with 23 corporate facility project announcements, greater Sioux City is poised to take its biggest leap of all if the proposed **Hyperion Energy Center** becomes a reality in Union County, S.D.

Part of a metro area that includes communities in Iowa, Nebraska and South Dakota, Union County is the only confirmed finalist site for the planned \$10-billion oil refinery. In December, Dallas-based Hyperion Resources filed a massive application to rezone 3,882 acres (1,572 hectares) from agricultural use to a proposed Energy Center Planned Development District.

Hyperion officials say the plant would create 1,800 permanent jobs, 4,500 construction jobs and an estimated annual economic impact of \$13.7 billion on the area economy.

"This would be the second largest infrastructure project in U.S. history behind the Big Dig in Boston," says Chris McGowan, executive vice president of the Siouxland Initiative, the economic development arm of the Siouxland Chamber of Commerce. "The project would be an environmentally friendly, green, state-of-the-art, energy technology center which would refine oil."

The skilled labor required at the plant would pay between \$20 and \$30 an hour, according to Hyperion. The potential "Siouxland Site" is just north of Elk Point, S.D., 50 miles (80 km.) south of Sioux Falls, S.D., and 30 miles (48 km.) northwest of Sioux City.

The refinery would be the first one built in the U.S. in more than three decades. Code-named "Project Gorilla," the plant would refine 400,000 barrels of Canadian crude oil per day into gasoline and diesel fuel.

The company said it selected the Union County site because it "has a unique combination of characteristics that make it ideal" for the project. "Geographically, it is in the Canadian crude oil corridor, close to good rail and highway transport, in the vicinity of many major markets and has an abundance of water," Hyperion noted on its Web site.

The company also mentioned the pro-business attitude of South Dakota government officials and its low-tax climate.

Debi Durham, president of both the chamber and the Siouxland Initiative, says it's no accident that the Sioux City area is being considered by major corporations. "You have to go back to a decade ago when the Siouxland Initiative stepped forward with a strategic plan for intermodal transportation, education, health care, quality of life and building our infrastructure," she says. "We worked on getting many industrial sites in our broader region certified. The fruit of that effort is the number one ranking in *Site Selection*."

The industrial projects announced in the area in 2007 represent many sectors: ethanol, food processing, agricultural equipment, customer service centers, logistics, solar energy and others.

The largest deal came from **Prime BioSolutions**, which announced an \$85-million ethanol plant in Dakota County, Neb. Other big deals came from **Beef Products Inc.** (\$30 million in South Sioux City, Neb.); **Specialty Protein Producers** (\$30 million in South Sioux City); and Nutraferma (\$8 million in North Sioux City, S.D.).

"It is pretty much textbook economic development," notes Durham. "These companies fit the criteria of our target industries. When buildings became available, we were able to move them in because we had a ready-made work force."

McGowan says the MSA of 143,000 people competes against much larger communities, "and we are still holding our own."

A distinct advantage, he says, is the "uniqueness of having the tri-state area here. Each state has its own available land, buildings and incentives. The variety that we can offer here with one commercial center is a huge plus."

Also, McGowan says, "Having the I-29 NAFTA Corridor run through the middle of our communities is a big advantage. The barge traffic here along the Missouri River creates a competitive environment for rail. We are very transportation rich, and we are rebuilding our airport and our air service."

If recent history is any indication, Sioux City stands a good chance of landing another major project. Just before the books on 2006 were closed, BPI announced a \$400-million expansion of its meat-processing operations in South Sioux City.

"We knew that they had options," says McGowan. "We worked hard to retain them. It turned out to be the largest economic development announcement in the history of Nebraska."

Before 2008 ends, McGowan hopes that BPI's expansion becomes the second largest announcement ever in the state.

— Ron Starner

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