



Businesses could give N.J. another look

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By Leslie Kwoh/The Star-Ledger



John Boyd Jr., a principal with the Boyd Company Inc. of Princeton, believes New Jersey re-branding itself as more business-friendly has great marketing value.

John Boyd Jr. may work in New Jersey, but as a corporate site selection expert he's often advised clients against it.

While his firm has helped big companies like JPMorgan Chase, Time and Royal Caribbean find office space in other states, New Jersey is usually perceived as "too congested, expensive, business unfriendly," said Boyd, a principal with the Boyd Company Inc. in Princeton.

Local businesses seem to agree. Only one in 10 companies said the Garden State is an ideal location for new or expanded facilities, according to a recent survey by the New Jersey Business and

Industry Association.

However, that may soon change, according to Boyd, who said he detects "a new sense of optimism" among businesses that are giving New Jersey a second look.

He spoke to Your Business about why he thinks the state is on the verge of a comeback.

Q. What has New Jersey's business climate been like up until now?

A. I'll be honest with you — most of our work in the past few years has been taking companies out of New Jersey. Most projects are cost driven, and the high cost of living and property taxes here have really hurt the state. Another aspect is the leadership. In 2005, every city wanted Stiefel Laboratories and Princeton was the runner-up. Ultimately, they chose North Carolina, and a big reason was because Gov. Corzine's team just wasn't up to speed in terms of coming up with incentive packages and answering phone calls.

Q. But you see the tide starting to turn now?

A. The marketing value of the state trying to re-brand itself as more business-friendly is enormous. There's a sense that Gov. Christie is returning fiscal sanity to the state, and he's becoming a national hero for it. He's brought the

state into the spotlight by staring down public teachers and public sector unions, and also by saying no to reckless spending projects like the Hudson River tunnel project. He recently vetoed the millionaire's tax, which is great because for years New Jersey has hemorrhaged wealthy citizens to other states. States can't tax their way out of a budget crisis. They need to cut spending and grow their way out.

Q. The concept of New Jersey as a hub for businesses isn't new, as we saw with the development of the Route 1 corridor in the 1980s. What's the appeal now?

A. Companies want to re-brand themselves as being fiscally prudent. They've already restructured their distribution, logistics and back offices. The next area of corporate cost cutting is the headquarters arena. The idea that a company can have proximity to New York but pay a fraction of the price for Class A office space is very appealing.

Q. In which parts of the state do you see the biggest potential for growth?

A. We've identified three trends. In North Jersey, specifically Bergen County, we see some new headquarters projects on the horizon for Fortune 500 companies, as well as European and Canadian firms. Class A space there is at historic lows now.

In Central Jersey, the Panama Canal expansion over the next decade is going to increase container shipments at ports throughout the East Coast, like Elizabeth and Newark, which will lead to more distribution projects throughout the state. That means we should see growth along the Turnpike, from Exit 8A down to Exit 7.

In South Jersey, there's enormous potential for aerospace projects because land costs are low. The Federal Aviation Administration recently detailed plans for the \$40 billion NextGen project, which will take the air traffic control system from radio to satellite, and the epicenter is in Atlantic County.

Q. Some economists and business groups have said states that attract companies with tax incentives are placing an unfair burden on smaller businesses. Do you agree?

A. That's probably true, but I can tell you our clients expect incentives. Every state offers them. The company will tell you they want it all: incentives, good taxes, location. Sometimes, states actually lose out with incentives, like when Dell recently decided to cut its North Carolina plant, despite having received a \$280 million incentive. But in New Jersey, incentives do play more of a role, especially because costs are so inflated and high here.

This interview was edited and condensed for length and clarity. Leslie Kwoh: (973) 392-4147 or lkwoh@starledger.com.

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