

PITTSBURGH TRIBUNE-REVIEW

Region reverses trend, begins attracting business HQs

By **Sam Spatter**
FOR THE TRIBUNE-REVIEW
Friday, December 25, 2009

Pittsburgh is attracting mid-size corporate and regional headquarters, reversing a trend of past decades that saw the city lose companies to other parts of the country, experts say.

Most companies select Pittsburgh because it's cheaper to operate here, and because employees are smart and have a strong work ethic, said John Boyd Jr., vice president of the Boyd Co. Inc. of Princeton, N.J., a corporate location consultant.

The most recent company to relocate here was Fenner Dunlop Inc., a conveyor belt manufacturer and a subsidiary of Fenner Plc of the United Kingdom. It leased 15,000 square feet of office space at the Omega Corporate Center, Robinson, for about 40 employees.

Another was the decision of Jones Lang LaSalle Inc., a Chicago-based commercial real estate brokerage and management firm, to consolidate its call center and leasing administration here from Atlanta and Chicago.

"Pittsburgh is enormously competitive. It fits the profile companies seek such as a low, flat personal income tax, low cost of living, low housing prices, strong work ethic and strong medical and educational resources," Boyd said.

Still, the region carries the reputation as a labor union stronghold, which affects decisions by some companies — mainly manufacturers — from locating here, he said.

Pittsburgh's location and its work force was the main reason Fenner Dunlop moved here, said President Cassandra Pan.

"We wanted to be close to our North American belting product manufacturing facilities in both Ohio and Canada, as well as to key locations in our newly acquired service businesses — including Conveyor Service Corp. in Blairsville (Indiana County), which we acquired last year," Pan said.

When Jones Lang LaSalle decided two years ago to consolidate its call center and its leasing administration operations, Pittsburgh was the choice, said JC Pelusi, managing director.

He cited the low cost of doing business here compared to Atlanta and Chicago and other cities, such as Detroit, which was considered. There is no shortage of talented workers; the turnover was low; and the company received financial help from the state, the city and county.

"They all were instrumental in making us welcome and provide the opportunity to grow," he said.

Jones Lang LaSalle promised to add 88 jobs over three years. "We met that number the first year, and we currently are adding from three to four new employees each month, a pace expected to continue in 2010 and beyond," Pelusi said.

Two of those recent hires were Lou Oliva and Rick O'Brien, well-known industrial real estate brokers, from Grubb & Ellis Co. in Pittsburgh.

The firm occupies two floors at 525 William Penn Place with 250 employees, and Pelusi said more space may soon be needed.

Cabot Oil and Gas Corp. this year consolidated its regional headquarters in Pittsburgh, by bring personnel from Colorado and West Virginia to 5 Penn Center West, Robinson, said Dan Adamski, regional director at Jones Lang LaSalle.

"That resulted in 25 employees from Charleston and up to 15 from Denver," he said.

Boyd said Pittsburgh is one of a number of Midwest cities that are being considered by companies for expansion.

The annual cost to operate a 70,000-square-foot corporate headquarters office employing 325 workers is about \$24 million in Pittsburgh, according to a Boyd study. That compares favorably with New York City's \$30.69 million and Philadelphia's \$26.25 million, the study showed.

While Downtown continues to be the main location companies look at, more are looking at suburban sites, such as the Southpointe developments in Washington County, he said.

"Suburban sites provide buffer acreage, and because of the recession, companies are able to buy more land so that, down the road, they can create corporate campuses and consolidate their operations," he said. While free parking is a bonus, it is not a major concern, he said.

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