



Positive regional 'brand' is a magnet for new business

Blue Ash leads the way

Greg Paeth
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It's been a pretty good year for Blue Ash, a city of about 12,000 that swells to around 40,000 when hordes of employees head to work each day.

And according to a recent article in Site Selection magazine by the Boyd Company, Blue Ash might have to accommodate an even larger work-week population in the near future.

The Boyd Company of Princeton, N.J., which does location consulting work for some of the largest companies in the country, identified Blue Ash as the most cost-effective suburban office market in the Midwest for operating a headquarters, administrative or “back office” facility that would occupy 125,000 square feet and employ 500 people.

The annual cost of operating such an office in Blue Ash would be about \$34.3 million, a total that includes roughly \$31.2 million to cover salaries averaging \$45,518 and fringe benefits, the Boyd Company research shows.

Of the 50 suburban markets in the U.S. and Canada that were studied by the company, only four were less expensive than Blue Ash.

Estero, Fla., near Ft. Myers, was rated as the least expensive suburban market in Boyd’s eastern region and in the country with an annual operating cost of \$33.6 million. Minden, Nev., near Reno, had the lowest costs in Boyd’s western region with an annual total about \$30,000 more than Blue Ash.

At the other end of the spectrum was Redwood City, Cal., which was the most expensive of the 50 markets at \$44.7 million per year.

“The rumors of the death of the suburban market have been grossly exaggerated,” said John Boyd Jr., a principal in a firm that was founded in 1975. “Despite everything we’ve been hearing about projects moving downtown, there are a number of very attractive, desirable suburban markets throughout North America.”

Boyd, who was in town last week to make two presentations to corporate site selectors at the Cincinnati Marriott at RiverCenter in Covington, noted that companies are indeed attracted to Blue Ash for the low operating costs. But also, he said, they like some of the improvements in the Ohio state business climate made by Gov. and presidential candidate John Kasich. “Not being political – but bringing the personal income tax rate down is something that companies like,” Boyd said.

The accolades in Site Selection follow a number of announcements Blue Ash has made recently about six companies that soon will bring some 1,200 new jobs to the city.

The biggest impact will be from Cincinnati-based Kroger Co., which said it would add 650 jobs to the Blue Ash workforce. More recently, Tripack, located in Florence, said it would move into a 200,000-square-foot building in Blue Ash, where 85 employees will make equipment for “shrink sleeve labels” for cans and bottles.

“It’s been a tremendous year for Blue Ash in terms of job growth and the absorption of Class A office space,” said Neil Hensley, the city’s economic development director. Demand for Class A space in Blue Ash is evidenced by a 5.4 vacancy rate, he said, which is just a third of the region’s 16 percent rate.

Job growth in Blue Ash seems to mirror similar growth throughout the region.

The U.S. Bureau of Labor Statistics said at the end of July that area unemployment was 4.6 percent in June, down a full percentage point from a year earlier and nearly one point below the national rate of 5.5 percent. That Cincinnati figure represents one of the lowest jobless rates in the region in more than a decade.

Total non-farm employment for the region, which includes some 15 counties in Ohio, Kentucky and Indiana, stood at 1,075,800, a figure that reflects an increase of 28,400 jobs, or 2.7 percent, from a year ago.

Janet Harrah, Senior Director of the Center for Economic Analysis and Development at Northern Kentucky University's Haile/US Bank College of Business, said there are several reasons to be optimistic about the economy.

"For example," Harrah wrote in an email, "at the airport we have new low-cost carriers and expanded options; the community has made great strides in recent years to expand our region's entrepreneur support network; we have been reinvesting in our urban core as evidenced by the streetcar, the Banks, and the revitalization of the Over-the-Rhine neighborhood; and there are a number of large commercial construction projects under way around the region, such as the Kenwood Collection, the new GE office building (in The Banks) and Mercer Commons in Over-the-Rhine."

All of these projects contribute to job growth and a falling unemployment rate, she said.

As might be expected, Boyd Company clients include companies that want to open a new office or relocate an existing office. Less obvious are companies that want information they can use to get a better deal at their current site.

"For every project you hear about, there are 40 or 50 projects that are under the radar screen," Boyd said. "And a lot of those projects, quite frankly, are companies that just want to see how much they can save in another market and then confidentially take that document to a state official and leverage a better incentive deal to stay where they are or to negotiate a better lease at the industrial park or the office park."

"Ninety percent of the work for our current clients," he said, "are companies that probably aren't going to go anywhere."

Boyd described site selection as both an art and a science. The science in the process calls for scrutiny of labor and real estate costs, the cost of utilities, property and sales taxes and travel costs.

The artistry involves what Boyd described as qualitative factors.

“Things like air service, proximity to a major university, proximity to cultural amenities or professional sports franchises. And one of the things Hamilton County and Butler County and the northern suburbs can leverage is the great downtown cultural amenities and the great walk-ability Cincinnati has to offer,” he said.

Air transportation at the Cincinnati/Northern Kentucky International Airport, however, was one of the few drawbacks to Blue Ash and the surrounding region that Boyd noted.

“You know, the one negative that our clients continue to talk about is air service, the lack of direct flights to major markets,” said Boyd, who recalled that Chiquita cited that as a factor when the company moved out of Cincinnati in 2011 and relocated to Charlotte, N.C.

The Boyd Company analysis of the 50 suburban markets showed that air travel costs at the Cincinnati airport would be more than \$188,000 per year, the highest of the 50 markets and about \$6,000 more than the area that ranked second highest, The Woodlands outside of Houston.

High airfares in the Cincinnati region, where Delta Airlines has been the primary carrier, have been a long-running concern for air travelers and companies whose employees fly frequently. For the fourth quarter of last year, the most recent statistics available from the U.S. Department of Transportation show that the average Cincinnati fare was \$485, third highest in the country.

Boyd said travel costs in themselves, however, are not a major consideration for companies that want to open an office.

“Labor costs and real estate costs dominate the equation, and property and personal income taxes are much more dominant factors,” he said.

Although the Boyd Company research pinpointed the city of Blue Ash as the best suburban market in the Midwest, Boyd said nearby cities such as Norwood and Mason, Butler County and the region as a whole have a national reputation as good places to do business. And a lot of that is related to the recognizable branding of local companies like Procter & Gamble, the consumer products giant based in downtown Cincinnati.

“Blue Ash has a brand. A lot of people know Blue Ash, and a lot of that is related to Procter & Gamble,” Boyd said, a value that is impossible to overstate.

“Site selection is increasingly about branding,” he said. “Companies need to brand themselves as the best companies to work for, because with the global economy, you need to attract the best workers.”

Asked for a no-spin assessment of Cincinnati from someone who spends much of his time traveling throughout the country, Boyd offered this: “It’s a real gem. It’s a relatively small city of

only 300,000 people, yet it's regarded as a real heavyweight center of influence by corporate decision-makers throughout North America. A lot of that is because of Procter & Gamble and the impressive roster of Fortune 500 companies who have significant operations here."