



## What's Hot in Florida's Super Region

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By John Boyd



There are a number of national site selection trends that relate especially well to Florida's Super Region and the type of new corporate investment and jobs we see gravitating there in the months and years ahead.

Two deserve special mention. The first trend involves a growth sector in the high-end corporate office relocation arena, namely the unprecedented mobility of the corporate headquarters. The second relates to the importance of strong linkages to the global marketplace to help spur a region's local economy.

### **Corporate Headquarters on the Move**

Historically immune from corporate cost-cutting and restructuring programs, the corporate headquarters office is now untethered and in play like never before. One can say that the head office is the last man standing in the game of restructuring. Indeed, most of our clients have already reconfigured their manufacturing operations (both offshoring and reshoring) and realigned their warehouses given NAFTA, the Panama Canal expansion and the rise of intermodal transport. These same clients have also decentralized or outsourced many of their back office functions from their traditional headquarters home to lower cost, small market cities — both onshore and off.

As companies continue to rationalize cost structures in response to global competition, the focus is increasingly turning to the remaining piece of the restructuring pie: the corporate headquarters. Pent-up demand from clients that have put off moves since the 2008 financial crisis and those seeking to rebrand themselves in a new headquarters address are other drivers here. Also, financial incentives designed specifically to attract corporate headquarters are being

crafted by states competing for this holy grail of economic development. Florida has such incentives in place.

In Florida’s Super Region, economic development practitioners, politicians and business leaders in major market I-4 Corridor cities like Orlando and Tampa would do well to focus on the new mobility of the corporate headquarters, along with the prestige, human capital and philanthropic stimulus a new head office brings to a city. Factors like good international air service, available Class-A office space, the absence of a state income tax and Florida lifestyle amenities all show well for the region.

CORPORATE HEADQUARTERS LOCATION	TOTAL ANNUAL OPERATING COSTS
New York Metro Area, NY	\$29,821,280
San Francisco Metro Area, CA	\$28,539,320
Stamford Metro Area, CT	\$27,332,854
Los Angeles/Long Beach Metro Area, CA	\$27,198,050
Washington Metro Area, DC	\$26,794,851
Boston Metro Area, MA	\$26,614,090
Philadelphia Metro Area, PA	\$25,853,630
Minneapolis/St. Paul Metro Area, MN	\$25,303,607
Chicago Metro Area, IL	\$25,291,978
Seattle/Bellevue Metro Area, WA	\$25,275,370
Cleveland Metro Area, OH	\$24,089,492
Wilmington Metro Area, DE	\$23,944,782
Milwaukee Metro Area, WI	\$23,856,350
St. Louis Metro Area, MO	\$23,610,524
Denver/Boulder Metro Area, CO	\$23,468,881
Pittsburgh Metro Area, PA	\$23,331,057
Cincinnati Metro Area, OH	\$23,271,967
Dallas/Ft. Worth Metro Area, TX	\$22,735,071
Charlotte Metro Area, NC	\$22,115,338
Atlanta Metro Area, GA	\$21,847,278
Richmond Metro Area, VA	\$21,432,459
Orlando/Tampa I-4 Corridor, FL	\$21,141,715
San Antonio/San Marcos Metro Area, TX	\$21,127,653

On the cost front, the I-4 Corridor is one of the most cost-effective office markets in the country. Shown to the left is a comparison of total annual operating costs (labor, real estate, utilities, and taxes) scaled to a representative corporate headquarters office occupying 75,000 square feet of Class-A space and employing 300 workers. Of the surveyed head office markets, only San Antonio/San Marcos, Texas, showed a lower operating cost profile than the I-4 Corridor.

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### **Global Links**

Today, cities that will do well in the competitive tug-of-war for new industry and jobs will be those that have special links to the global economy. We view Florida's Super Region as being especially well positioned on the international front. Its major deep water ports, international

airports, intermodal facilities, world-class destination theme parks, thriving medical tourism sector and internationally-coveted real estate are all drivers linking the region to the global economy.

On the residential real estate front, the Chinese are coming and coming big. The Super Region is joining Chinese home-buying hot spots like Arcadia, Irvine and San Jose in California, Seattle, Las Vegas, northern New Jersey and New York. Our Central Florida real estate friends tell us the communities of Reunion near Kissimmee and Minto Communities' new Festival are doing especially well in attracting Chinese buyers.

In our site selection work for Chinese companies, a precedent base of Chinese people and Chinese culture is key to attracting these companies and their jobs. Chinese companies will invest some \$15 billion in the United States this year and already employ more than 70,000 Americans. Narrowing wage gaps, falling U.S. energy prices and the vagaries of currency markets are pulling Chinese companies across the Pacific and washing jobs back on U.S. shores.

There is no reason the Super Region shouldn't be getting its share of these Chinese projects in sectors like solar, aerospace, machinery and equipment and home appliances, to name a few. Don't forget the hospitality industry, where China's Anbang Insurance Group just set a record for the largest acquisition of a U.S. real estate asset by a Chinese buyer, the \$1.95 billion purchase of the iconic Waldorf Astoria Hotel in New York City.

Closer to home, I would add that the Super Region is well positioned to gain new Cuban-related investment once the embargo is lifted. It's no coincidence that Alliance for Responsible Cuba, the group advocating a lifting of the embargo, selected Tampa for its national headquarters because of its moderate politics on the subject and historical ties to the cigar industry in Ybor City. Tampa's tone has long contrasted with the much more contentious environment on the subject in Miami, where the embargo seems to be a litmus test for doing business. We see Port Tampa Bay and the Tampa International Airport, e.g., becoming the key transport links for goods and people heading to Cuba once the embargo is lifted.