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Moving on up: Estero tops in suburban office markets

By Laura Layden of the Naples Daily News - February 5, 2016



Employees work at their desks in the new Hertz Global headquarters in Estero

When it comes to suburban office markets, Estero is the "Best in the East."

That's according to an analysis done by The Boyd Co. Inc., a leading location consultant based in Princeton, New Jersey.

The site selection firm has also named Estero as one of the top 50 suburban office markets in the U.S., based on the increased interest it has seen from its clients.

Hertz's move from Park Ridge, New Jersey to Estero has landed the Naples-Fort Myers market on The Boyd Co.'s list of the most significant headquarters relocations of all time.

"You're in the big leagues now," said John Boyd Jr., a principal in the firm.

Hertz Global Holdings relocated here to consolidate its operations in New Jersey and Oklahoma, moving into its new worldwide headquarters at Williams Road and U.S. 41 in Estero late last year. "We see additional projects like that coming to Southwest Florida," Boyd said.

His firm's clients include such well-known companies as PepsiCo, Time Inc., JP Morgan Chase and Hewlett-Packard. Boyd was in town Thursday to share his most recent analysis of suburban office markets with a few of his clients at The Ritz-Carlton, Naples.

Other top-ranking markets outside of big cities include Blue Ash, Ohio, and Minden, Nevada.

"Suburban markets are alive and well. It's like the old Mark Twain saying, 'the reports of my death have been greatly exaggerated,' the death of suburban markets has been greatly overstated. These markets are in play for new corporate investment," Boyd said.

Before Hertz's move, Estero had never appeared on any of Boyd's top-ranking lists.

"Clearly, the Hertz move brought enormous stature to Estero," he said. "That's a project that could have easily gone to Miami, Fort Lauderdale or the Treasure Coast."

He sees others choosing Florida as a "common ground for reluctant transferees from different cities and cultures."

"We project mergers and acquisitions to be a new driver for new head office buildings," Boyd said. "Over the next 18 months there's going to be a need for new third-party head office sites."

Based on his work with the heads of human resource departments, recruiters and relocation managers, he said it's clear the popular belief that most young Americans want to live in downtown urban enclaves is often more perception than reality.

There's an acronym The Boyd Co. uses in determining the best sites for headquarters projects, TALIO, which stands for talent, access to global markets, lifestyle, incentives and operating costs, which are all key drivers for relocation decisions.

"Corporations go where the people are. At the end of the day companies are only as good as their talent," Boyd said.

States continue to offer hefty incentives to woo corporate headquarters. That's why he supports Gov. Rick Scott's proposal to create a new \$250 million Florida Enterprise Fund to help attract companies to Florida, Boyd said.

It helps that executives find Southwest Florida attractive, with its championship golf courses and beautiful beaches. It's also a great place to do employee training and host events, with its mostly sunny, warm weather, Boyd said.

His analysis looked at cost factors critical to the corporate site selection process, including labor, real estate and taxes, and found annual operating costs ranging from a high of \$44.7 million in Redwood City, California, to a low of \$33.5 million in Estero. The annual costs are based on a corporate office in a Class A building spanning 125,00 square feet, with 500 workers.

"Operating costs continue to be a major driver. It's in vogue now for companies to be fiscally prudent, to be cost conscious, especially in the pharmaceutical industry," Boyd said.

His report shows Estero having the lowest labor and travel costs and some of the lowest electric and natural gas power costs, and property and sales tax costs, among the 50 top-ranking suburban office markets.

"A major challenge for companies relocating a headquarters is convincing their key people to move with the company so when these companies move to areas with a low cost of living and a lack of a personal income tax, it's a much easier sell," Boyd said.

The next big relocation will likely come from Maryland, where Marriott Corp. has already announced its plans to move its corporate offices from Bethesda because it's too costly and too congested there. Gov. Scott has already shared Florida's keen interest in landing the trophy headquarters, and reportedly plans a trip to Bethesda to make Florida's case, Boyd said.

If Marriott decides to come to Florida, this region, he said, could be an ideal landing spot.

"Southwest Florida is no stranger to Marriott, which operates numerous hotel properties in the region, including The Ritz-Carlton in Naples and the Marco Island Beach Resort," Boyd said. "Marriott said its decision will come before the end of the year. Stay tuned."