Low costs make Salt Lake attractive for HQs

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Earlier this year, the Salt Lake Chamber unveiled a five-year plan to help create 150,000 Utah jobs, and high on a list of priorities to accomplish that goal was luring three major corporations to move their regional headquarters to the state.

Ambitious as that goal may seem, given the continued weakness in the economy, a new survey by a major corporate site-selection company suggests the chamber’s objective may not be that outlandish.

“In today’s soft economy, economics are ruling the corporate site-selection process,” said John H. Boyd of The Boyd Co., a New Jersey firm that offers recommendations to some of the leading U.S. and overseas corporations. “And from that perspective, Salt Lake City measures up pretty well.”

In its 2011 “BizCosts Corporate Headquarters Report,” which compares the cost of running a 75,000-square-foot corporate headquarters with 300 employees in 55 cities, Salt Lake City was the 11th-least expensive, with an estimated annual operating cost of $20.9 million.

New York’s expenses were highest, at $28.5 million, while Orlando had the lowest, at $19.9 million.

Chamber spokesman Marty Carpenter said the report was evidence that Utah remains a good place to do business, adding that the state and Wasatch Front have other strengths not reflected in the numbers. “We have a great quality of life here,” he said.

Boyd noted that historically, corporations never considered moving the location of their head offices. “It was off the table. They would move their factories, outsource jobs overseas but they would never consider moving their headquarters.”

Yet that began to change when Boeing decided a decade ago to move its headquarters from Seattle to Chicago. And Boyd predicts that over the next several years, there will be a flurry of activity by corporations as they seek ways to cut costs.
Boyd, who was in Salt Lake City recently to visit with clients, suggested that Utah may benefit from what he anticipates will be a new exodus of companies fleeing California to get away from its high taxes and cost of doing business.

“A recent poll in California indicated that over half of the likely voters there favored raising corporate income taxes as a way to help deal with the state's budget crisis,” he said.

Corporations across the country increasingly are looking at the financial health of state governments in deciding where they want to move. “Unlike a lot of states, Utah has kept its fiscal house in order,” Boyd said.

What corporations look for when considering moving their headquarters

- Business-friendly tort system 29%
- Low or lack of corporate income taxes 24%
- Fiscal health of state government 18%
- Availability of headquarter-specific incentives 13%
- Low property tax rates 9%
- Business-friendly labor laws 7%

Source: Bizcosts.com, Princeton, N.J.

Headquarters operating costs

Most expensive cities

- New York • $28,484,628
- San Francisco • $27,224,560
- San Jose, Calif. • $26,819,115
- Stamford, Conn. • $26,008,597
- Los Angeles • $25,990,526
- Newark/northern N.J. • $25,531,033
- Orange County, Calif. • $25,525,120
- Chicago • $25,323,201
- San Diego • $25,262,886
- Boston • $25,003,116

Least expensive cities

- Orlando, Fla. • $19,946,895
Oklahoma City • $20,084,529
Jacksonville, Fla. • $20,143,296
Birmingham, Ala. • $20,345,965
San Antonio • $20,511,565
Tucson, Ariz. • $20,513,962
Tampa/St. Petersburg, Fla. • $20,529,824
Wichita, Kan. • $20,574,569
Richmond, Va. • $20,672,863
Albuquerque, N.M. • $20,890,168
Salt Lake City • $20,933,413

Source: The Boyd Co.

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