

## Shovel-Ready Sites Provide Plenty of Development Opportunities in 2021

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*By Michael Keating, Contributing Writer for Expansion Solutions*

*~ Sites for electric vehicle assembly, food and pharma are in high demand ~*

Economists at the Federal Reserve expect the U.S. economy to grow in 2021 by four percent and unemployment to decline to 5.5 percent. Investment banker Morgan Stanley predicts real GDP growth in the U.S. could reach 5.9 percent this year. Those super-charged forecasts mean shovel-ready sites will be in high demand among facility managers.

COVID-19, however, has added a wrinkle to handicapping new project development. “The pandemic has brought to the fore a new set of critical factors that need to be addressed in order for a site to be truly shovel-ready,” says John H. “Jack” Boyd, founder and principal at The Boyd Co. One key factor, Boyd explains, is the need for CDC health and safety protocols fully in place to protect construction workers and employees from COVID-19. “Another is the need for a risk assessment of possible supply chain disruptions and their impact on the timing and cost of the proposed project. Also, contingency plans need to be clearly spelled out in project contracts that address potential COVID-related delays along with the issues of liability and of force majeure and their possible impact on the project.” Boyd’s Princeton, NJ-based firm offers location consulting services.

Site location experts tell Expansion Solutions that numerous high-profile industries are potential builders on shovel-ready sites in 2021. In the Volunteer State, business expansions are running on all cylinders, says Kirby Lewis, Site Development Director-Community and Rural Development at the Tennessee Department of Economic & Community Development (TNECD). “The TNECD business development team is seeing project activity from all industry sectors. Due to the COVID-19 economy, I would say reshoring and distribution projects are a huge portion of the projects we see right now. We are also seeing a lot of movement, and a lot of success, in the electric vehicle space.” Lewis adds that these industries all require just-in-time delivery of their raw materials and products. “I would assume these facilities needed to be constructed yesterday, so site-readiness is paramount to winning these projects,” he explains.

The TNECD assists communities prepare industrial sites for private investment and job creation via its Select Tennessee Certified Sites (STCS) program, launched in 2012. Go here to learn more about Tennessee’s Certified Sites: <https://tnecd.com/sites/certified-sites/>.

Motor vehicles are driving plant expansions in the Peach State, says Georgia’s Deputy Commissioner for Global Commerce Scott McMurray. “Absolutely the Number 1 fastest-moving sector for us is the automotive industry. This includes all of the new investments in the electrification of the auto industry, with all of these new electric vehicles and batteries that are coming online. Industry players have to move extremely quickly in order to meet the new demands of the big OEMs to meet their ambitious EV production schedules.” McMurray’s position is within the Georgia Department of Economic Development.

He explains that the Georgia Ready for Accelerated Development (GRAD) Program has been a resource for auto/truck industry officials looking for shovel-ready sites. The GRAD Program site offers 60+ industrial certified sites that are ready for fast-track construction projects through advance due diligence. Go here: <https://www.georgia.org/grad-certified-sites>.

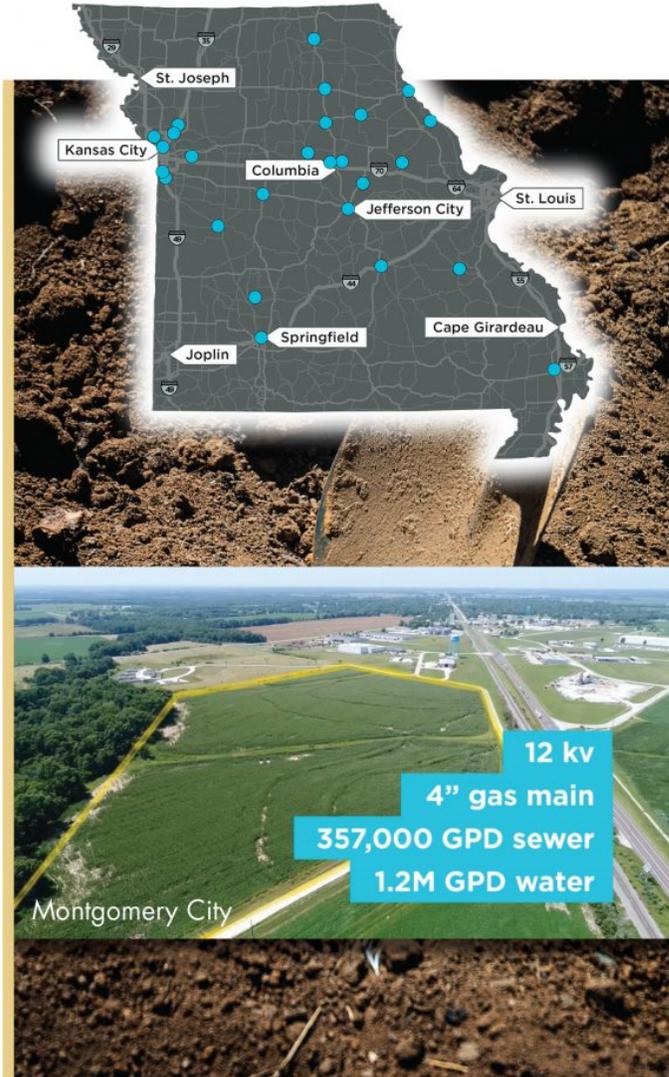
McMurray says auto-truck executives want to review GRAD-certified sites first. The reason: "Auto-truck industry personnel know those sites will be the quickest to develop, because the due diligence has been done and the sites have been certified to a certain level of preparation."

A second industry that is moving quickly right now for McMurray's team is logistics, particularly on the eCommerce side. Yet a third, high-activity sector is food processing. "We are seeing a far above average number of food processing projects right now coming through the state of Georgia," McMurray says.

A couple of sectors are leading the way in project development in San Marcos, Texas, says Jason Giulietti, President of the Greater San Marcos (Texas) Partnership. "Looking ahead, food manufacturing companies and food/cold storage facilities appear to be most in need of shovel-ready sites. With COVID-19 still very much front of mind for many, these facilities no longer have the luxury of time to get operational as they try to keep up with demand of the new normal." The Greater San Marcos region represents the southern portion of the Austin, Texas MSA.

In the Show Me State, developers have an appetite for building foodstuffs facilities, says Kylee Garretson, Director, Business Recruitment and Capacity Building at the Kansas City, MO-based Missouri Partnership. "Since the beginning of the pandemic in March 2020, Missouri has seen a surge of food-related projects. These companies have extremely fast-paced timelines, and they want to be fully operational very quickly. Having sites with strong water, wastewater, and electric capacity previously identified has allowed us to respond to these requests fast and efficiently."

## Missouri Certified Sites



Garretson says her organization is also seeing an increased interest in sites that allow for manufacturing and distribution. “Missouri is a top contender for these projects due to the combination of our access to raw materials, talent availability, cost of doing business, regulatory environment, and globally connected logistics and transportation infrastructure.” The Missouri Partnership is a public-private economic development partnership.

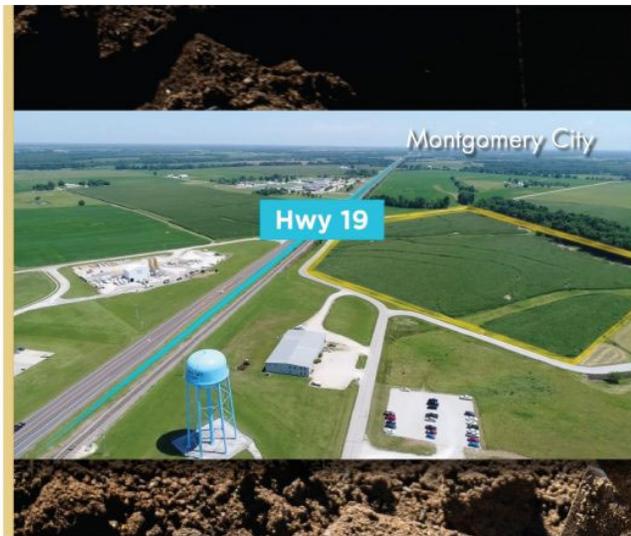
Jack Boyd at The Boyd Co. says a couple of industry sectors in the U.S. are most in need of shovel-ready project locations in the first quarter of 2021. “Cold storage and pharma-related distribution centers are making up a big part of our current workload at this point in 2021,” Boyd tells Expansion Solutions.

Boyd offers predictions on a few other fast-expanding areas: “In advanced

manufacturing, we see aerospace, the auto industry (especially EV production) and eCommerce-related food and beverage facilities as high-growth sectors in 2021.” Boyd says there is also a strong need for available shovel-ready space in the following: tech operations like AI and cybersecurity labs, data centers, and videogame/multimedia entertainment centers.

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*-- Kyle Garretson, Director, Business Recruitment and Capacity Building at the Kansas City, MO-based Missouri Partnership*



Boyd sees many more options for developers down the road: "Aside from the many brownfield industrial sites around the country ready for new construction in 2021, those many millions of square feet of vacant or soon to be vacant retail space victims of eCommerce are primed for re-use and can also be viewed as 'shovel-ready' opportunities for a variety of Boyd site selection projects. These adaptive uses include last-mile fulfillment centers, corporate back offices, call centers, data centers and other mixed-used concepts." Boyd adds that many of these prospective sites have developer-friendly features. "Most of this vacant retail space is located near major highways and transit hubs, has utility and broadband infrastructure, has plentiful parking, is near population clusters, and has open architecture which reduces construction costs and lead times for our clients."

A multitude of industries are in great need of readily available project locations this year, says Philip Schneider, President, Schneider Strategy Consulting. "In 2020, we witnessed an incredible ramp-up in logistics projects – fulfillment centers large and small – so sites with full documentation suitable for distribution were very valuable," Schneider explains. He says the same holds true for projects able to meet the needs of biopharma and medical device projects, which need to develop sites rapidly in the face of the pandemic. Likewise, data centers are another category which has been growing at an incredible pace due to the explosion of eCommerce and the virtual workplace. "Food production facilities have also greatly benefitted from document-ready sites given their often very specific and robust utility, transportation, and site cleanliness requirements," Schneider says.

Yes, data centers are a rapidly expanding category, says Tracey Hyatt Bosman, CEcD, Managing Director at Biggins Lacy Shapiro & Co. The firm offers site selection consulting services. "We expect to see strong activity in the data center industry, as the tremendous growth in virtual work and educational platforms adds to an already-strong growth trajectory." Hyatt Bosman says data centers require very strict development standards and robust utility infrastructure. "So sites that

# DEFINING THE TERMS

Shovel-ready is a term used to describe a construction or development site that is considered to be at an advanced stage of investigation about the environmental, physical and financial condition of the property and the surrounding area where the property is located.

A Certified Site limits the risks associated with development by providing detailed information about a site, including price and availability, utilities, access, environmental concerns and potential development costs. Periodically, sites are re-certified to ensure current and accurate data. On certified sites, the due diligence has been completed and the sites have been documented and accredited to a certain level of preparation.

Document-ready sites: Philip Schneider, President, Schneider Strategy Consulting, offered a definition of this term. "The concept of 'Document Ready' conveys the fact that all the required information is available on the site and does not presuppose it is shovel-ready for a specific project or industry."

have already gone through a detailed evaluation against these requirements, and in some cases are 'certified' as such, certainly hold a competitive advantage in a site selection search for these types of operations."

## Avoid Environmental Issues and Other Surprises

Facility developers and other executives need to do their ecological homework, says Wyatt Kendall, Partner at Morris, Manning, & Martin, LLP. "Proper environmental due diligence is essential to confirm that projects marketed as 'shovel-ready' are in fact immediately ready for development." He adds that projects underway still may have ecosystem issues and problems. "And even if a project is truly shovel-ready, there may still be environmental issues that must be addressed during the construction stage and such issues can impact development timing and cost and require regulatory interaction and approval."

A shovel-ready site, for the State of Tennessee Department of Economic and Community Development (TNECD), means a site that has no surprises, says Kirby Lewis at the TNECD. "The site needs to show that all of the applicable due diligence is completed with positive results; that the site is under control, whether that be through an option on private property or direct ownership by a public entity; that the necessary infrastructure is in place with adequate capacity; and that the site is relatively flat." Lewis explains that site selection is a game of elimination. "For shovel-ready sites, we want to make sure that we have done everything we can to ensure we are showing sites that don't have an easy reason to be eliminated."

Developers dislike unexpected news on their sites and projects, says Tracey Hyatt Bosman at Biggins Lacy Shapiro & Co. "'No surprises' is foundational to the concept of 'shovel ready,'" Hyatt Bosman tells Expansion Solutions. "Any unexpected contamination, historic, wetlands/floodplain, or

environmental/wildlife issues that pop up can cause significant delays and pose a material risk to the timely and successful completion of a project.”

There are countless critical factors that need to be evaluated in locating the right site; and some of those factors may or may not be on the shovel-ready checklist. Bill Schalliol, Esq., who is Executive Director of Economic Development in St. Joseph County, Indiana’s Department of Infrastructure, Planning & Growth, offers this advice for expanding companies looking for the best shovel-ready location for a new facility: “I would encourage executives looking for shovel-ready sites to make sure the information that has been collected for site certification is current and up-to-date. Executives need to be willing to consider sites that provide the most competitive logistics and broadband-powered opportunities. If the site is difficult to get to or has bad broadband, the situation will likely be difficult to improve.”

**Bio:** *Michael Keating is an award-winning journalist-editor-web content producer and business communicator. He produces content on the government market, HVAC certification, site location, procurement, infrastructure & technology at Expansion Solutions & other prestige publications. For three decades he compiled an annual forecast on government budgets and procurement for national publications. He’s also constructed metro-area and state rankings on health care costs, quality of life, knowledge workforces, logistics and other topics. Keating has a master’s degree in library science and volunteers at the annual Decatur, GA Book Festival. Go to his LinkedIn profile at <https://www.linkedin.com/in/mikekeat/> or visit <http://mikekeat.net/> for more details. You can reach him at [mikekeat@gmail.com](mailto:mikekeat@gmail.com).*