



March 10, 2021

The Honorable Mayor Dan Gelber and Miami Beach City Commissioners
City of Miami Beach
1700 Convention Center Dr
Miami Beach, FL 33139

RE: Business Relocation Factors

Dear Mayor and Commissioners:

Following the request of Commissioner Richardson, we are detailing in this letter a summary of business relocation factors that are considered as a company evaluates expansion into, or relocation to, a new community. We look forward to continuing to work with you, in coordination with Miami-Dade County and the State of Florida, to expand investment and job creation across the City of Miami Beach.

Business recruitment is a multifaceted effort that requires participation from the public and private sectors and is most successful when applied over a sustained, often multi-year, period. There is no single factor that drives business relocation but rather a matrix of interrelated considerations that are analyzed to define markets that offer the highest probability of success for a business.

Following are key business relocation decision criteria:

- **Available Talent** - This is a key driver for most businesses. Without access to the required skill sets for a business, long term success is unlikely. Available talent is broadly understood as talent in the current workforce; access to recruit talent from area competitors; graduates from regional colleges, universities, and trade schools; and the ability to recruit talent from out of market.
- **Available Real Estate** - Depending on the need, available commercial, industrial, or green space for build-to-suit requirements may be the primary location factor. Availability and cost of residential real estate is often a leading consideration as well. Markets with limited surplus or capacity will have higher real estate costs decreasing the competitiveness of a market.
 - Commercial real estate analysis will include quality of available facilities, parking ratios, ingress/egress, area amenities, utilities, etc.

- **Cost of Doing Business** - The overall costs of doing business will be thoroughly analyzed in a location decision. This includes state and local tax, cost of talent acquisition, cost of real estate, and the costs associated with access to markets for the company's goods and services.
 - Tax rebate incentives, training grants, and other financial offsets are used by successful communities to lower the initial costs of doing business to compete with other markets. An incentive program, however minor, is often perceived by a business as a welcoming gesture, especially at the municipal level.
- **Cost of Relocation** - Often a secondary decision factor that includes the costs of relocating equipment and inventory and executive relocation costs (e.g. community visits, moving expenses, down payment support)
- **Access to markets** - Key to a company's success is access to their primary markets. These markets may include customers, suppliers, partners, financiers, and competitors. Consideration can include what is available locally and what can be easily accessed via transit, roadways, airports and seaports.
- **Regulatory Environment** - A community's regulatory environment may create limitations and challenges for a company to achieve success. A company may seek local legislative changes to make a location more sustainable for their growth.
- **Political Environment** - Many businesses favor communities that are seen as 'Welcoming' and 'Open for Business.' A well-managed, aptly led local government that is accessible will provide a relocating business a level of confidence that commitments made will be honored and issues raised will be addressed. On the contrary, a challenging local political environment can quickly turn a company away.
 - A welcoming political environment includes maintaining an Economic Development team that is empowered to provide direct support services that includes business research and data, permit facilitation, and 'concierge' access to local support needs.
 - As well, political leadership that is available, or proactive in outreach, to prospective companies can greatly influence the location decision.
- **Business Community** - A dynamic business community that includes industry peers (clusters) and related sectors will be more competitive in a location consideration.
 - Local business leader can act as strong influencers in a location decision and successful communities strategically engage local CEOs in their business recruitment efforts.
- **Public Perception** - This can be an early decision factor that could remove a community for consideration even before a formal analysis begins.
 - Effective marketing campaigns to a targeted business audience can influence perceptions of community's competitiveness for business recruitment.
- **Infrastructure/Utilities** - A community's ability to offer key business infrastructure at a competitive rate is a major location decision factor. Infrastructure can include:

water/sewer, natural gas, broadband, redundant electrical service, access to highways, and access to ports.

- **Quality of Place** - This is a bit more intangible but is an increasingly important location factor. This includes community dynamism, access to a creative/arts community, quality of local cuisine, access to museums and other cultural institutions, parks and public spaces, and local environment.
- **Quality of Life** - Related to quality of place but often considered as the level of accessibility to local lifestyle offerings. Quality of life includes an analysis of average wages, cost of living, cost of accessible community amenities, access to healthcare and healthy environments, well as public safety and crime.
 - Quality and accessible K-12 schools both public and private may be a leading location factor.
- **Risk** - All of the above factors, and other considerations, will be evaluated by a company as to the real or perceived risk in selecting a community for business relocation. Lowering or eliminating risk considerations will elevate a community's profile in location decisions.
 - Issues of risk related to our region are the considerations of hurricane, sea level rise and climate change impacts. Local resiliency plans and investments are a mitigation factor.
- **CEO Preference** - After all the data capture, analysis and review, a business location may simply come down to the preference of the CEO - or their spouse.

Following is a graphic that illustrates the typical formal site selection process. It is common for a community to not know that they are in consideration for location until the company defines their short list - step 5. As well, if a community is removed from selection prior to making the short list the community is most likely never informed. Therefore, maintaining an accessible community website with available and relevant market data is important to position a community in the early site selection stages.

While effective marketing and proactive engagement with targeted businesses and the professional site selection/consultant community will aid a community in the early stages of site selection. A professional economic development team that can properly manage public and private sector support for sites visits, incentive negotiation/approval, and myriad local support services will ensure a community in highly competitive in the final stages of a location decision.

THE SITE SELECTION PROCESS **EXPLAINED**

A step-by-step guide to finding the perfect fit.

1

ASSESSMENT

Client company determines needs, finalizes project scope, and identifies potential geographic areas.

2

ASSIGNMENT

Client selects internal staffer and/or consultant to conduct location analysis.

3

RESEARCH

Staffer/Consultant visits community websites and other data sources, eliminating locations not meeting company needs.

4

APPROVAL

A list of qualified sites is sent to the client company for consideration.

5

SHORTLIST

Company finalizes short list of 3-5 locations.

6

SCOUTING

Company representatives/Consultant visit short-listed locations, eliminating those falling short.

7

DUE DILIGENCE

Final due diligence and incentive negotiations begin for top 2 – 3 locations that meet operational goals.

8

SITE VISITS

Managers (and occasionally their families) visit short-listed locations.

9

NEGOTIATIONS

Final due diligence and negotiations are completed.

10

SELECTION

Company reviews all data and selects a final location.

Contributors

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 **BrandAcceleration**
ECONOMIC DEVELOPMENT MARKETING



Thank you.

A handwritten signature in black ink, appearing to read 'James C. Kohnstamm'.

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