

Corporate Executive Survey Commentary: Some Anomalies in the Location Factor Rankings

Inconsistent with our findings, skilled labor is not the primary concern of this year's corporate respondents. We have, however, also observed a corporate "wait-and-see" attitude.

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[[RELATEDLINKS]]The two most surprising factors with regard to ranking changes are the availability of skilled labor and available land. The availability of skilled labor factor has dropped in importance from #1 to #5 in the latest rankings. For the past few years, the media has been awash in news about the shortage of skilled labor both in the U.S. as well as globally. We have heard this echoed in conversations with many of our corporate manufacturing clients. This drop in ranking surprises us, especially as available land came in higher at #3. Notwithstanding the fact that available land is important for projects that are looking to build ground up, the number of companies that are in need of available land as compared to the number of companies that are in need of skilled labor is minimal. We therefore think that this change in the rankings may be an anomaly.

Based on what we continue to hear from our clients, especially our international clients who are expanding their U.S. presence, it is not surprising that the right-to-work (RTW) state factor rose in ranking from #11 to #7. This increase could in part be due to the attention RTW has gotten in the past few years with several union-entrenched Midwest States successfully having RTW legislation passed. That said, states that are RTW continue to see more pipeline activity than those that are not RTW. One confusing aspect of this jump in ranking is that on a related factor — low union profile — we actually saw a decrease in the ranking from #9 to #14. Common sense would suggest that these two factors would have been more closely aligned in their movement.

It should also be noted that availability of advanced ICT services dropped from #5 to #24. We believe that this may have been due to an anomaly in last year's rankings, and that this factor was incorrectly ranked at #5 last year.

The majority of respondents have had no change in the number of facilities in the past year. While there has been an increase in sales and production in many companies, this has often been achieved through new technology and efficiencies, as opposed to new employees and locations. From an economic outlook standpoint, 61 percent of the executives surveyed believe the economy has not achieved a continuous growth track. In fact, the survey shows that most executives do not expect the economy to recover until 2016 or 2017. This correlates to many companies having taken and continuing to take a cautious, if not wait-and-see, approach.