

The Columbus Dispatch

Columbus fighting with much bigger cities for development prizes

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For economic-development leaders across the country, 2017 is turning into the year of the megaproject.

Foxconn, Amazon and a partnership of Toyota and Mazda have set off bidding wars with public announcements that they are looking for sites for gigantic investments. Each example is notable because of its sheer size — with billions of dollars and thousands of jobs — and the fact that this often-secretive process is being conducted at least partly in the open.

Columbus leaders talk about how the city has a solid case to attract these projects, particularly with Foxconn and Amazon. But what do outside experts, some of whom have been involved in some of the largest projects of the past few decades, have to say?

“I believe Columbus is punching above its weight,” said Woody Hydrick, managing principal at Global Location Strategies in Greenville, South Carolina. “I’m a fan.”

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He says the region’s greatest assets are its location, which is a one-day drive from key population centers in a good chunk of the U.S. and Canada, and a well-trained work force that is closely tied to Ohio State University.

“It’s remarkable what’s happened to Downtown Columbus, the rebirth of the area and that connection to the university,” he said.

Here are the details on the development prizes that are creating so much excitement nationally:

- Seattle-based Amazon has said it is seeking a location for a second U.S. headquarters. The company’s public announcement has led cities to scramble to make their cases. More than 200 cities or regions, including Columbus, have submitted bids for this project that could lead to \$5 billion in investments and up to 50,000 jobs.
- Foxconn, based in Taiwan, announced it was looking for U.S. sites for manufacturing video screens for various uses. The company selected Wisconsin in July for an initial investment of \$10 billion that could lead to as many as 13,000 jobs. The company has said it continues to explore options for other plants or offices in the U.S., and Columbus leaders have said they are confident they will attract some part of this.
- Toyota and Mazda, both based in Japan, are forming a partnership to make electric vehicles, and have said they will spend \$1.6 billion and hire 4,000 people at a new U.S. plant. The winning site also would get an influx of jobs from parts suppliers who would want to be near the new plant. At least a dozen states have been considered. Media reports do not list Ohio among the likely candidates, but even if the plant was built in Kentucky or Indiana, Ohio parts suppliers likely would see an increase in demand.

Betty McIntosh, a senior managing director at Cushman & Wakefield, is amazed that the people behind the three projects have chosen to go public with their intentions. Typically, the plans are kept secret until the last possible moment, in part so that the companies are not overwhelmed with inquiries.

She works in the Atlanta office of the global real-estate advisory firm, and has been part of some huge projects, such as Hyundai’s selection of Alabama for an assembly plant in the early 2000s.

She views Columbus as “a white-collar town” with a highly educated work force.

"You've got engineers and designers and IT people," she said, which makes her think of the region as a strong contender for research and development offices.

Columbus is "a well-established and highly regarded headquarters city for financial services and insurance employers," said Ron Starner, executive vice president of Conway Inc., which publishes Site Selection magazine. "That's a testimonial that carries a lot of weight with a lot of businesses."

Looking more broadly at assets that apply to all of Ohio, several people cited access to fresh water and a favorable state tax system for businesses.

"Access to fresh water is a huge advantage," said Steve Weitzner, principal at Silver Lode Consulting, a Cleveland firm that advises companies about site selection.

Columbus' main liabilities have to do with the way it is sometimes perceived, and concerns that it may not be large enough to provide enough workers for a gigantic project.

"There's also a big perception (that Columbus is part of an) aging Rust Belt area of the Midwest and the U.S.," Hydrick said. "Frankly, I think Columbus has done a good job, like Indianapolis and other cities, to fight off that perception."

Weitzner sees evidence that companies, especially on the coasts, have been slow to realize Columbus "is of the most vibrant and growing cities in the country."

In other words, "Maybe people who haven't been to Ohio or experienced Ohio have a false impression of the state," he said.

One point of disagreement among the experts is the importance of Ohio's laws regarding labor unions. Ohio is not a "right-to-work" state, which means that a worker in a union shop is automatically part of the union. Hydrick says this is a negative when it comes to recruiting companies. McIntosh and Weitzner disagree, and say that the labor climate in the state varies by region, and they caution against generalizing about the entire state.

Then there is the size issue. Starner says Columbus can make a strong case for a wide array of projects, but might have difficulty with the very largest ones, such as Amazon's.

"It really boils down to critical mass," he said.

The Columbus metro area population is slightly more 2 million and growing, which ranks 33rd in the country.

Most of the regions frequently listed as top options for Amazon are much larger, such as Atlanta and Boston, which are both in the top 10 in population.

Even if Columbus is not selected for any of the current megaprojects, the region has been on a hot streak. Two examples: Facebook announced plans for a data center in New Albany, and Amazon has rapidly expanded in the region with data centers and warehouses.

Almost as important is that Columbus is part of the conversation for some big projects that might have been unthinkable before, Starner said.

"The reality is that the more often you make the short list," he said, "the more often you will win the big prize."

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