

# COVID-19 IMPACTS SITE SELECTOR SURVEY

## KEY FINDINGS

The current impacts from Coronavirus disease (COVID-19) are tremendous, and economic development is in a state of uncertainty. Questions are consistently raised asking where efforts should be placed over the next 18 to 24 months. To help combat the uncertainties, Consultant Connect surveyed active site selectors for their input to help economic development professionals target their strategies accordingly.

### SITE CONSULTING BUSINESS

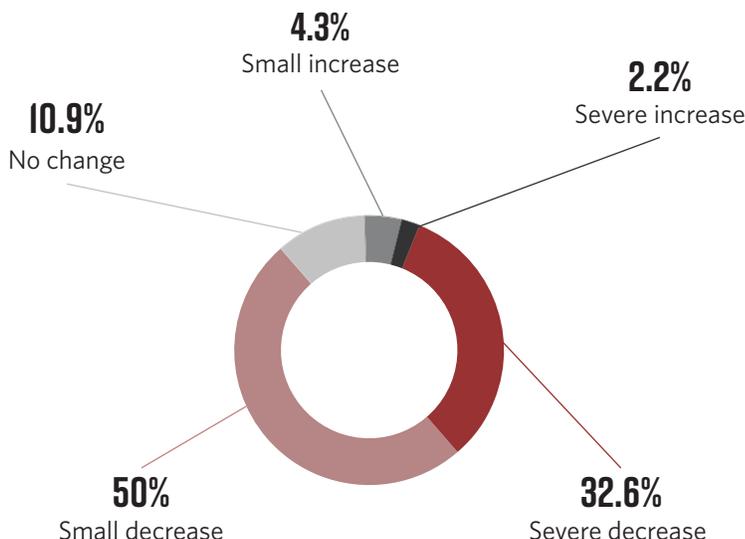


According to site consultants, an average of 52% of deals HAVE COME TO A HALT.



However, 70% of those PROJECTS WILL COME BACK once restrictions are lifted.

#### HOW WILL SOCIAL DISTANCING THROUGH 2020 AFFECT DEAL FLOW?



#### 3 BIG WAYS COVID-19 WILL CHANGE THE SITE SELECTION INDUSTRY

1

##### TECHNOLOGY

Pivot and adapt to a more virtual platform, decline of in-person visits

2

##### ONSHORING

Eventual uptick in projects due to projected onshoring

3

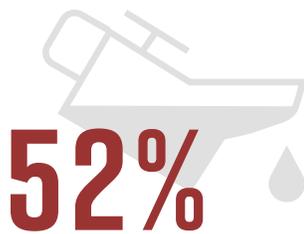
##### MOVEMENT

Shift to communities which are "low-cost leaders"

# ECONOMIC IMPACT AND RECOVERY



70% of consultants surveyed feel that **SIGNIFICANT ONSHORING WILL START** to happen as a result of COVID-19.



52% of consultants surveyed feel that the **LEAST LIKELY INDUSTRY TO SEE ONSHORING PROJECTS** will be oil, gas and mining.

For economic developers, this is a big sign that relationships with existing employers are more important than ever. With 70% of responding consultants saying it's either somewhat likely or very likely that onshoring will happen, economic developers probably won't have to look far for projects.



**Businesses will start to look at states that include work-from-home as 'eligible employees' and they will look to states that provide some relief for IT and capital-intensive projects.**



Almost certainly less physical real estate will be needed for each requirement.

It's not surprising that the transportation/warehousing and agriculture/food and beverage services industries topped the list of industries which will see the fastest comeback. One consultant stated there will be "more online sales and increased stock inside warehouses," which signals economic development professionals to expect increased demand for transportation, as well as "for more warehouse space."

## THE TOP THREE

TOP 3 INDUSTRIES MOST LIKELY TO SEE ONSHORING OF PROJECTS:



**78%**

Manufacturing (non-auto)



**41%**

Data Centers, Telecommunications, Finance



**37%**

Agriculture, Food and Beverage Services

TOP 3 WORRIES OF SITE CONSULTANTS OVERALL RIGHT NOW:

**70%**

ECONOMIC RECESSION

**50%**

UNCERTAINTY IN SEVERITY OF THE VIRUS AND ITS TREATMENT

**41%**

ANOTHER WAVE OF LOCKDOWNS

TOP 3 INDUSTRIES WHICH WILL BOUNCE BACK RELATIVELY FAST:



**67%**

Transportation, Warehousing



**59%**

Data Centers, Telecommunications, Finance



**46%**

Agriculture, Food and Beverage Services

1 The move away from large urban cores to regions with lower costs of living: We will see “a shift from metro areas to smaller cities that are poised for growth.”

2 An increased shift towards automation: 40% of consultants mentioned an increase in automation and artificial intelligence (AI).

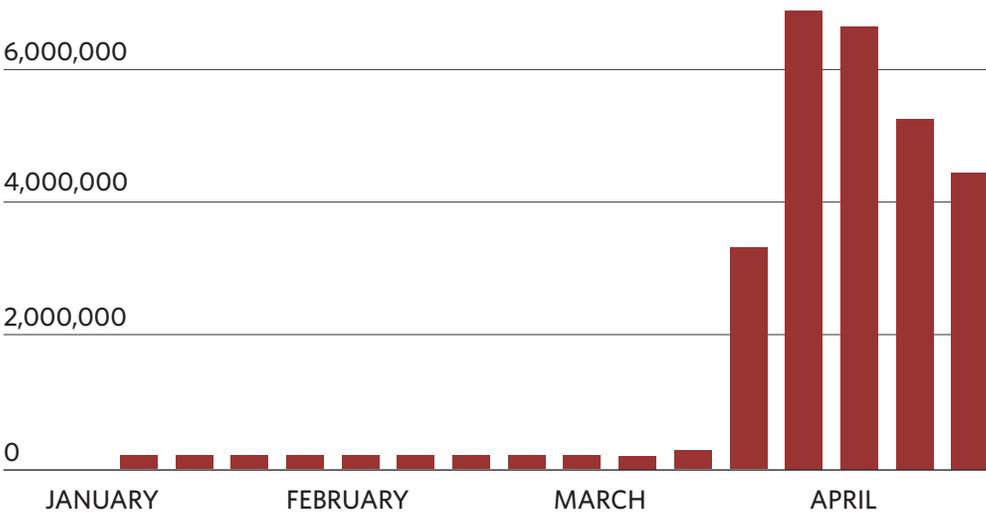
3 Shifts in consumer goods: Consultants surveyed mentioned things like changes in third party logistics (3PLs), increases in e-commerce, and increased demand for curbside service at local stores.

4 Supply chain shifts: “Supply chains will likely get shorter and more diversified. Instead of relying on one specific company to provide all component parts, there could be a shift to multiple suppliers to lessen the impact of a closure.”

# 4 UPCOMING SHIFTS

## WORKFORCE

### WEEKLY INITIAL UNEMPLOYMENT CLAIMS IN 2020



SOURCE | U.S. Bureau of Labor Statistics

Workforce and talent discussions dominated the industry for the past few years. We went from low unemployment to high unemployment seemingly overnight. Once the dust settles from lockdowns, predictions of unemployment are hovering near the 9% mark.

WE ASKED SITE CONSULTANTS HOW THEY THINK THE WORKFORCE CONVERSATION WILL BE IMPACTED OVER THE NEXT 12 TO 18 MONTHS, AND TWO THEMES EMERGED:



#### SKILLS

“The noise is all about skills. Onshoring will exacerbate this issue even among the larger number of unemployed.”



#### AUTOMATION

“Workforce will continue to pivot towards higher automation, more specific and high-tech skill sets.”

# ECONOMIC DEVELOPER RESPONSE AND RECOVERY

TOP 3 MISTAKES ECONOMIC DEVELOPERS MADE WHILE RESPONDING TO COVID-19:

**48%**

SLOW / NO CRISIS PLAN

**41%**

FLOODING OF COMMUNICATION CAUSING EVERYTHING TO FEEL LIKE NOISE

**46%**

INABILITY TO PIVOT QUICKLY

TIP | Focus on digital marketing and outreach (virtual site tours, website).

TIP | Make sure to stay up-to-date on the current condition of the local market: know the companies doing well and the ones not doing so well.

**67%**

EXISTING INDUSTRY RELATIONSHIPS

"Focus on close communication with existing employers. Monitor any recent closures/downsizings to be able to share with consultants."

**59%**

BUILDING VIRTUAL TOOLKITS

"Be prepared with user friendly websites, clear incentive policies, available designated land for building sites."

TOP 3 AREAS ECONOMIC DEVELOPERS SHOULD GO "ALL IN" ON OVER THE NEXT 3 TO 6 MONTHS TO PREPARE FOR WHAT'S AHEAD.

**54%**

INCENTIVE DEVELOPMENT + RESTRUCTURING

"Be very targeted as to what industries will be the most active in the coming years and tailor incentives, proposals, and workforce programs to meet these needs."

## IT'S JANUARY 2022. WHICH EDO'S THRIVED THROUGH THIS PANDEMIC? WHAT DID THEY DO DIFFERENT THAT SECURED THEIR FUTURE?

"The EDOs that survived had an eclectic mix of membership (not just governmental or one industry) and business that they work with. Also, the ones that figured out a way to help retrain their laid-off workforce that might have previously been reluctant to move to a more in demand industry and job."

"EDO's with a focus on 'quality' in every sense of the word; those businesses and EDOs who best understand their customers."



## STAYING AHEAD OF THE ANTICIPATED VOLUME OF DEAL FLOW

"Pull out strategic plans, review and update them; focus on ways to improve the quality of sites and buildings in the community's 'product offer'."

"Be proactive. Revise average community wages. Companies are getting crushed on costs and will seek the best economics."

"Get programs in place that supercharge investments on the front end to make these decisions faster."

"Be very targeted as to what industries will be the most active in the coming years and tailor incentives, proposals, and workforce programs to meet these needs."

## THE NEW NORMAL

We've all heard the term a lot lately. So what do site consultants think the new normal will look like post-pandemic, and what permanent shifts do they think we will see in the economic development industry?



### INCREASING ROLE OF TECHNOLOGY

"More use of technology - more virtual site visits, more VR, webinars, etc. It was already happening, but COVID-19 has made it become more of a standard operating policy."

### CONSCIOUSNESS SURROUNDING TRAVEL

"Climate change and environmental awareness will be dramatic. All activities requiring transportation that involves burning fossil fuel will be weighed against 'best alternative'."



**CLOSING THOUGHTS** | The future feels uncertain for so many people right now, and that uncertainty carries through into our business world. Though the data from this survey strongly indicates solutions to focus on in some areas, other more open-ended areas have shown ideas that are all over the board. It is especially important in this time that communication lines are kept open. Consultant Connect remains committed to providing in-depth knowledge from trusted site consulting sources.

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