Southern Economic Development Council (SEDC)
2025 Site Selection Summit

Among Panelists Presenting

Jennifer Fletcher (Deloitte), **Ulrich Schmidt** (KPMG), **Bob Hess** (Newmark), **Meredith O'Connor** (Jones Lang LaSalle), **Josh Bays** (Site Selection Group), **Michael Johnson** (Moffatt & Nichol), **Greg Word** (VisionFirst Advisors), **Kristen Lanier** (Terracon), and **Beth Land** (Land Strategies).

Overview

Mixed outlook on economy from panelists; some were optimistic that U.S. trade policy – whether tariffs are imposed or not – will stabilize, and a prolonged economic downturn will be avoided. Others more pessimistic, citing marking uncertainty, due to policy uncertainty.

Key Comments

"*Large CAPEX projects still out there ... many of these projects were planned two, three years ago, and have long timelines that extend beyond short-term market changes. Site consultants are generally involved early in the process (corporate site selection), and that pipeline is continuing.*"

Regarding industrial land availability – "*All the good sites across multiple states are gone ... large, prepped sites are not out there. There are no premier sites, except for a few mega-sites* (1,000 acres or larger)."

"*Labor* (trained workforce) *still an issue ... for that reason, seeing more firms investing in automation, ways to use technological advances to replace need for some labor*." A couple of panelists noted that corporations are seeking out communities that have apprenticeship programs and innovative approaches to workforce training.

The number of jobs created may not be the driving metric for economic development performance that it's been in the past.

- Communities are placing more weight on capital investment, how industrial/data buildings and equipment impact the tax rolls.
- Businesses are contemplating smaller projects (in terms of manpower needs) ... seeing that in energy (renewables) sector projects, like battery storage facilities.

Increasingly, "speed to market" is the preferred perk for companies undertaking significant CAPEX projects. Tax abatements and grants are helpful, but "time is money" – going through a two-month permitting process instead of an eight-month (or longer) process is what most companies both want and value.

Another trend: projects that require substantial resources (water, energy) and resource applications. In many cases, deficiencies in power and the lack of water resources are not easily solved, and may take time. One remedy is found in Alabama, where the state has proposed creating an "energy infrastructure bank," which would support energy infrastructure projects in the state (through no-interest loans), like building of a new electric generation plant in support of economic development. [One panelist mentioned the recent blackouts in Spain and Portugal, noting that the problem is much worse in Europe than the U.S.]

Regarding recent developments in trade policy at the national level, a few panelists were quick to point out that state and local policies are often more important in the placement or relocation of CAPEX projects that the nuances of national policies. Focus on what you can control, noted one site consultant.

A few years ago, companies structured supply chains based on the view of "*make it where you buy it*" – setting up manufacturing/assembly plants where they bought materials, usually at the lowest cost. In that world, China/southeast Asia did well. Now, it's becoming "*make it where you sell it*," which is driving reshoring of some manufacturing operations. This was going on before the current Trump Administration, but federal policies may help to increase that trend.

On the topic of foreign direct investment (FDI), it was noted that most of those projects are often mergers and acquisitions, with an international firm buying a company or operation already planted in the U.S. "*Companies like a toe in the water*." They like starting small, and then scaling up operations, while testing market demand.

Stay in contact with the local, existing business base, and be ready to assist firms targeted for a merger/acquisition; the acquiring firm might be more inclined to expand/upgrade local facilities, if it believes the community will help and support it.

To prepare, think like you're leading a hostile takeover, and note which firms in your local economy might be ripe for a merger or acquisition.

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