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Dallas Fed Chief: Businesses Ripe for Texas to Steal

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It's time to start stealing, says the president and chief executive of the Federal Reserve Bank of Dallas.

Not money, mind you, but talent. And jobs.

Texas is one of the few big states not flat on its back from the recession. Using its greener pastures as a selling point, the state should "go out and steal everything we can from the rest of the country," says Dallas Fed boss Richard Fisher.

"That means stealing the best brains from places that are depressed, like Rhode Island and Michigan and California," he said. "Jam them into what I call the triangle, which is Austin-San Antonio, Dallas, Houston."

And why not snag some choice employers, while we're at it?

"We ought to be out recruiting every business we can," Fisher said. "No one wants to operate a business in California anymore. Nobody."

So far, Texas has a milder recession than the rest of the country, a jobless rate well below the national average and a brighter forecast than many other regions have. The state's relative health might help it attract corporate bosses and recession refugees alike when the economy improves, according to economists, economic development officials and site selection analysts.

To be sure, the going's apt to be slow in the short term, with credit tight and the economy stuck in a severe recession.

And of course, it's an exaggeration to say no one wants to do business in California, with its enormous resources of industry, financing and education – and an economy that's larger than those of most countries.

"As a global leader in innovation and entrepreneurialism, California has a competitive advantage in tough economic times like we are currently experiencing," said Mike Bowman, a spokesman for California's Business, Transportation and Housing Agency. "The state's strength lies in the size,

diversity and adaptability of its economy as well as in the talent and range of its population."

Much the same goes for Michigan, New York, New England and other places where businesses face a bad economy, high costs or both.

"It's a case-by-case basis," said Mark Arend, editor of *Site Selection* magazine, which tracks corporate expansion decisions. "For some companies, it may make all the sense in the world to relocate to Texas. But for others, it may not make any sense."

Texas has a cluster of large cities, a web of transportation links and relatively low costs – a rare combination in the rest of the country.

John Boyd, a business location consultant in Princeton, N.J., toted up the expense of operating corporate headquarters in 55 cities and found that Dallas had the second-lowest cost after Phoenix.

That may give North Texas and the rest of the state a leg up in the current environment, said Boyd, who heads up the **Boyd Co.**

"Comparative costs are white-hot issues in corporate boardrooms right now, and it's largely because of global considerations and the current recession," he said. "Texas enters this environment with a very attractive position. Your costs are generally low, by national standards."

On the other hand, the recession is slowing down some expansion projects, as many companies struggle to find financing or simply focus on survival.

Employers looking to move operations from such states as California, Florida and Arizona – poster children of the housing bust – might have employees who would be hard-pressed to sell their homes.

"We are still seeing a nice volume and a nice number of projects in the pipeline," said Mike Rosa, vice president of economic development at the Dallas Regional Chamber. "But the movement of projects through that pipeline is a little slower than usual."

"If past is prologue, and I think it will be, we will see a renewed migration of people and businesses into Texas and in particular the Dallas-Fort Worth area," said Bernard Weinstein, a University of North Texas economist. "It will be a combination of push factors in the most distressed areas of the country and pull factors in places like Texas."

Let the stealing begin.

COST OF DOING BUSINESS

Annual operating costs for corporate headquarters in selected cities:

City	Cost
New York	\$27,422,280
San Francisco	\$26,544,688
Los Angeles	\$25,260,954
Chicago	\$24,596,578
Boston	\$24,310,001
Philadelphia	\$23,600,250
Washington, D.C.	\$23,537,358
Seattle	\$23,474,465
Denver	\$22,218,658
Houston	\$21,848,365
Dallas	\$21,582,913
Phoenix	\$21,404,754

NOTE: Figures do not include compensation for top executives. Costs are estimated for a hypothetical 75,000-square-foot headquarters with 300 employees.

SOURCE: **Boyd Co.'s** BizCosts.com