



An attractive option

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Although Southern Utah has experienced years of economic hardship, local and nationwide experts said the area has become an increasingly attractive destination for companies interested in relocating or expanding their presence in the Southwest.

A growing number of business owners and managers are considering Southern Utah as a future location, said John Boyd, a location consultant for The Boyd Company. Boyd's company, a Princeton, N. J.-based site selection firm dedicated to investigating potential locations for its corporate clients, has identified Southern Utah as one of the Southwest region's top destinations for companies.

"Utah is very much in the game right now," Boyd said,

As the economy improves during the next few years, Boyd said he expects to see a number of manufacturers and other companies move to Washington County, creating employment opportunities for members of the community.

With Interstate 15 providing easy access to many key markets in the western United States, including Southern California, Phoenix and Denver, Boyd said Southern Utah is primed for industrial growth.

Boyd said companies perceive Utah as a business-friendly state, with a favorable tax structure for businesses and affordable utility costs often serving as strong motivators.

As many states suffer from crippling financial fallout as a result of the recession, Utah's relative financial stability offers a strong competitive advantage, he said.

"You don't have the budget crisis some of your neighboring states have right now," he said.

While Washington County's troubled real estate market has sent shockwaves through the local economy, companies identify the region's surplus of vacant industrial property as a positive feature.

"It's a huge advantage," Boyd said of the commercial vacancy rate, noting the saturated market offers a vast selection of affordable property.

For example, approximately 25 percent of Washington County's multi-tenant industrial property is vacant, representing more than 1.1 million square feet of available space, said Neil Walter, managing director of NAI Utah Southern Region.

Walter said some companies are beginning to notice Southern Utah's affordable selection of properties.

"We have a couple of other companies that are looking right now," Walter said, although he does not anticipate much activity until 2011.

In the coming years Southern Utah is likely to compete with southern Nevada, New Mexico and other areas for the attention of companies moving from California, Boyd said.

With many representatives from California companies expressing fear about the costs associated with a newly introduced state climate-change law, Boyd said a number of companies plan to flee the state in search of a more business-friendly environment.

Insituform Technologies, a global provider of underground pipe products, is among the companies leaving California behind in favor of Southern Utah.

Ralph Western, North American general manager of manufacturing for the international company, said Insituform is in the process of relocating one of its manufacturing facilities from California's San Francisco Bay Area to Cedar City.

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With fuel costs rising, Cedar City serves as a centralized location for the company's facility, as a portion of its products are distributed in Phoenix, Denver and other metropolitan areas in the region, Western said.

In addition to the geographic advantages of Southern Utah, he said California's unfavorable tax structure and regulations contributed to the company's decision to relocate.

"There are no tax incentives, there are no regularity benefits of being in the state of California right now," he said. "California is not a real business friendly state right now. We were looking for an area that was business friendly."

With no economic relief in sight for many California companies, Western said he expects to see more companies exit the troubled market in the coming years.

Iron County

Western said the company's newly leased manufacturing facility is set to open Nov. 15 at 2255 W. 850 North, providing 12 to 15 jobs for members of the community. If the company meets its goals, the new facility eventually would employ 20 to 30 workers.

With economic conditions improving, companies are expressing renewed interest in Iron County, said Brennan Wood, director of the Cedar City-Iron County Office of Economic Development.

While relocating or expanding a company remains a difficult task amid continued economic instability, Wood said a growing number of companies are scouting the area as a potential location.

"We have a number of companies that have shown interest and made site visits," he said. "Now, it's a little bit of waiting game. They are waiting for the right time, when things will pick up from a production standpoint."

Wood said Cedar City is an attractive destination for manufacturers as a result of its abundance of educated and relatively inexpensive labor.

"It also is a great location logistically for distribution," he said, with the county boasting access to rail, Interstate 15 and a regional airport.

Companies also recognize the value of Utah's young population, he said.

"They see an available workforce for the next 20 years," he said. "That's another major asset that we have as compared to many other locations throughout the United States."

Wood said he expects to see companies begin moving to Iron County as the nation's economic condition improves.

"I think we will see more activity, specifically in the Cedar City market, when the market picks up," he said. "It is an area that is on the verge of growing again. I think that is true for Southern Utah as a whole."

Washington County

Companies are also beginning to target Washington County as a potential location for their manufacturing facilities and back-office operations, said Scott Hirschi, director of the Washington County Economic Development Council.

"The interest level is strong at the moment," Hirschi said, noticing a surge of interest in the last 90 days. "In 2009 there was practically no interest. Things have definitely turned around, but whether that is temporary or permanent remains to be seen."

Hirschi said two out-of-area companies are preparing to announce their new locations in Washington County, adding about 150 new manufacturing and office jobs to the local economy.

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"It will provide a boost to the local economy as new dollars flow into the area," he said.

Aside from the valuable employment gains, Hirschi said companies moving to the area also would serve to calm the minds of many concerned residents.

"There is a psychological lift that comes with new economic activity," he said. "It makes people feel better about the area."

In addition to the two companies preparing to announce their expansion to the Washington County market, Hirschi said about a half-dozen businesses are in the process of considering similar moves.

While a majority of the companies interested in expanding or relocating to Washington County are manufacturers, Hirschi said he hopes to see the county diversify its economy in the next five to 15 years by attracting more businesses in the technology sector.

"Technology companies hire high-skilled people, and they have higher-paying jobs that boost the economy significantly," he said.

In addition to affordable utility rates and access to key markets in the western region, companies also recognize Washington County's quality of life, said Ray Draper, a sales executive for the St. George-based Young Electric Sign Company.

YESCO expanded its presence in the St. George area, upgrading to a 60,000 square-foot facility in 2008, said Draper, who has worked for the Washington County company since 1988.

"It's just a great place to live," Draper said of the area. "You have so many places to go in your free time."

Looking toward the future, Hirschi said he envisions decades of strong economic expansion in Washington County, although it could take several years for the county to recover from the deep wounds inflicted by recession in recent years.

"We've got a lot of repair to do to get us back into a positive, dynamic, robust economy," he said.



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Young Electric Sign Company employee John Kovacs grinds a beam as he works to build a sign at YESCO's manufacturing facility at the Fort Pierce Industrial Park Wednesday in St. George. (Jud Burkett / The Spectrum)

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