2005 Rankings Report

Nine new location rankings kick off our first annual Rankings Report.

By Business Facilities staff

Welcome to the first annual edition of the Business Facilities Rankings Report. Longtime readers know that we have ranked locations around the world on a variety of measures for years. Typically, our rankings have been spread across the calendar year.

Starting this year, the bulk of our rankings will be concentrated in a single issue. Our Rankings Report consolidates some of our most popular rankings into one spot. In the following pages, you'll be able to find our picks of the best U.S. locations for industries including automotive and biotechnology; you'll see the places in the U.S. you can't afford to overlook if you're expanding or relocating a manufacturing plant or a corporate headquarters facility; and you'll learn which locations in the U.S. have the best educated workforce and the lowest-cost labor force, as well as the most favorable tax climate.

We also have ranked the Canadian provinces (this year, we do it by "Best Value for Workforce") and we report on a ranking of European cities performed by Cushman & Wakefield.

To keep things interesting, we've ranked states in some cases and cities/metros in others. Next year, some of the types of rankings will surely change, and others will carry over. E-mail your suggestions to feedback@groupc.com.

Headings for reports:

2005 Rankings Report

Concentrated Automotive Power

Traditional states have been joined by a few Southeastern states in our measurement of automotive influence.

Following on last year's Automotive Power Centers rankings, we tweaked the ranking criteria a bit to reflect more on automotive employment, taking wages out of the equation. This year, we looked only at auto-dependent workers as a percentage of the state workforce; auto-related employment; and number of automotive facilities in the state. Each of these three factors counted equally.

Our data was taken from what is reported by the Alliance of Automobile Manufacturers (which in turn got its data from the "2004 Ward's Motor Vehicle Facts & Figures" data book). A few definitions: Auto-dependent jobs can include independent repairers, vehicle shipping services, the aftermarket industry, car wash employees, tow truck drivers, rental car employees, and other employment that is dependent on the auto industry. Looking at these jobs as a percent of the workforce gives a general idea of how auto-oriented the workforce is. Auto-related jobs include suppliers of parts and components, suppliers of raw materials, and support services such as advertising and engineering consultants. Finally, when we say we looked at the number of automotive facilities, we mean everything from final assembly plants to parts distribution, corporate offices, research and development, sales and marketing centers, financial centers, and engineering and design facilities.

U.S. AUTOMOTIVE POWER CENTERS	
1	Michigan
2	California
3	Ohio
4	Illinois
5	Indiana
6	Missouri
7	Georgia
8	Kentucky
9	Tennessee
10	New Jersey

The results still favor Michigan and California. The fact is that despite the gains in the automotive industry seen by other parts of the country over the last decade, Michigan is still by far the nexus of automotive experience in this country. The state has figured out how to level the playing field so that it will continue to get its share of U.S. automotive investment, most notably through Gov. Jennifer M. Granholm's six-point automotive economic development plan unveiled last year.

"Michigan is a global center for both halves of the automotive equation—research and production," says Granholm. "In the future, it's that high-tech research and development that will fuel not just the nation's auto industry, but the growth of Michigan's economy as well."

Toyota's announcement in April could be seen as a vote of confidence in the six-point plan; the company announced it will spend $150 million initially to create research and

development facilities in York Township, MI, creating 400 jobs. The company is receiving $38.9 million worth of various incentives.

It’s interesting to note that since this ranking tends to favor states with the longest history in the automotive industry, there are still hot states from the Southeast in the top 10: Georgia, Kentucky, and Tennessee. While none of these states has been in the news recently the way that, say, Alabama has with its Hyundai plant, or Mississippi with Nissan, there are nonetheless high concentrations of automotive talent and facilities there. Ford and GM have plants in Georgia; Ford and Toyota have plants in Kentucky; and Saturn and Nissan have plants in Tennessee.

Even with a major assembly plant, it still requires a lot of secondary business and supplier plants to make our ranking, and these Southeast states are likely to continue to rise as the automotive industry in the region grows.

2005 Rankings Report

Top States for Biotech Growth

Illinois, New York, and Massachusetts top the list of states that are good prospects for growing biotech firms.

If the recent BIO 2005 Annual International Convention at the Philadelphia Convention Center is any indication of how much attention the biotechnology industry is garnering these days, the industry certainly is rapidly growing in popularity. The convention set new records for attendance and international representation—total registration was 18,730, with representatives from 56 countries and all 50 U.S. states. More than 500 journalists from 36 countries covered BIO 2005.

Source: "Laboratories of Innovation: State Bioscience Initiatives 2004," by the Battelle Memorial Institute and the State Science and Technology Institute (SSTI) for the Biotechnology Industry Organization (BIO).

Economic developers' interest in attracting biotechnology companies has been growing steadily in the past four years. According to a recent BIO study, in 2001 only 14 states targeted the bioscience sector but by 2004, 40 states specifically included biosciences on their lists of development prospects. The booths at BIO 2005 were further proof of this trend, and illustrated clearly that interest is not just growing in the U.S.: Walking the aisles of the exhibit hall you could find economic developers from Oklahoma City to Singapore trying to attract the attention of growing biotech companies.

This growing interest in attracting biotech companies is one reason why we compile a ranking of the best states for biotechnology companies. We selected a variety of factors that we feel contribute to creating the most fertile soil in which to grow a biotechnology company. The eight factors we measured for each state are listed below.

TOP STATES FOR BIOTECH GROWTH	
1	Illinois
2	New York
3	Massachusetts
4	North Carolina
5	Texas
6	Maryland
6	New Jersey
8	California
9	Georgia
10	Florida
11	Ohio
11	Pennsylvania
13	Michigan
14	Minnesota
15	Iowa
16	Virginia
17	Washington
18	Tennessee
19	Indiana
20	Missouri

SOURCE: "LABORATORIES OF INNOVATION: STATE BIOSCIENCE INITIATIVES 2004," BY THE BATTELLE MEMORIAL INSTITUTE AND THE STATE SCIENCE AND TECHNOLOGY INSTITUTE (SSTI) FOR THE BIOTECHNOLOGY INDUSTRY ORGANIZATION (BIO).

•Number of establishments in 2002 in the four major biotech subsectors—agricultural feedstocks and chemicals, drugs and pharmaceuticals, medical devices and equipment, and research and testing;

•Average percent change in number of establishments among the four major biotech subsectors from 2001-2002;

•Years since a biotech strategy was adopted (the longer, the better);

•Number of biotech research parks in the state (including those under development);

•Number of biotech incubators;

•Whether bioscience facilities financing is available;

•Life sciences R&D expenditures for FY 2002; and

•Average number of biological scientists in the workforce during FY 2000-2002.

Taking those factors into consideration, Illinois, New York, and Massachusetts topped our list. Here's a closer look at the biotech leaders:

ILLINOIS

What makes Illinois a strong choice for biotech companies? Its strength lies in its consistency. While Illinois ranks first in only one category (number of biotech research parks, tied with Massachusetts with four), it landed in the top 10 in all but one of the other categories. It is home to a large number of bioscience facilities, 776 (ranking it fourth in that category) and experienced positive growth of nearly 4% in the number of bioscience establishments. Illinois also offers five biotech incubators, offers bioscience facilities financing, and the state ranks seventh overall in life sciences R&D expenditures. It ranks sixth for the number of biological scientists in the workforce.

In April, Governor Rod Blagojevich announced a $1 million investment in the Illinois Technology Innovation Campus, a planned development intended to help transform the state from a scientific research hub to a launching pad for bioscience technologies. The facility is expected to create 3,250 new jobs on site, and more than 10,000 ripple-effect jobs. Upon completion, the campus will generate $1.8 billion annually in statewide economic activity, according to a study conducted by Applied Real Estate Analysis, Inc.

"As the global economy continues to evolve, we must invest in the technologies of today and tomorrow," says Gov. Blagojevich. "The Technology Innovation Campus is a tremendous opportunity to take the scientific research that is being produced throughout Illinois from concept to commercialization. Illinois has all the necessary ingredients to become the bio and nanotech capital of the world, and this public-private partnership involving our universities, national laboratories, industry leaders, and our fine state and local elected officials is a giant leap in helping us achieve this attainable goal. Even during

these challenging fiscal times, we must have a capital budget to continue supporting vital projects like this that are moving our economy into the 21st century and beyond."

NEW YORK

Within this ranking, New York fared well when it came to number of biotech incubators (six, ranking it second); second overall in life sciences R&D expenditures with $1,887,079; and second in number of biological scientists in the workforce with 33,347. New York also got points for offering bioscience facilities financing. The state ranks third in number of biotech research parks, and is home to 749 bioscience facilities, ranking it fifth. However, the state experienced negative growth (-2.7%) in its number of bioscience establishments. Among New York's greatest strengths is its Centers of Excellence program, financed by the Empire State Development Corp.

MASSACHUSETTS

Our ranking reflects Massachusetts' long history as a hotbed for the life sciences. It ranks first in the number of biotech research parks, tied with Illinois with four. It is home to 749 bioscience facilities, ranking it fifth. It experienced a slight increase (0.4%) in the number of bioscience establishments. Massachusetts offers three biotech incubators, ranking it 10th; it ranks eighth overall in life sciences R&D expenditures with $805,513; and seventh for the number of biological scientists in the workforce at 18,147. Massachusetts recently invested $90 million in a Biomedical Research Institute, a joint project of UMass Amherst and Bay State Medical Center.