

LOCATION/EXPANSION ANALYSIS

for the

STATE OF NEW MEXICO



Prepared by:



FOOTE CONSULTING GROUP, LLC



September 8, 2016

Mr. Don L. Tripp
Speaker of the House
State of New Mexico
trippsdon@netscape.net

Re: Location/Expansion Analysis for the State of New Mexico

Dear Mr. Tripp:

We are pleased to submit our report. Foote Consulting Group (FCG) is a site selection and economic development consulting firm, and a stock holder in the Site Selectors Guild, a company of the top site selectors in the world. Our goal is always to find the right locations and to create more jobs for your community.

We utilize a powerful database that tracks locations and expansions in our site selection work. The database shows where successful activity has occurred. We have used this database in our analysis here.

Please contact me at (480) 399-4854 or at deane@footeconsulting.com at your convenience with questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Deane C. Foote". The signature is written in a cursive, flowing style.

Deane C. Foote, CEcD
President & CEO

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INTRODUCTION

The State of New Mexico through the New Mexico Speaker of the House of Representatives contracted with Foote Consulting Group, LLC (FCG) to undertake an analysis that reviews actual locations/expansions of new and expanded plants in New Mexico and in other parts of the country. The study is designed to help the reader to better understand what states have been the best places for investment to take place, and how New Mexico can improve. FCG is a site selection and economic development consulting company from the Phoenix area with global experience.

As a professional site selector and a member of the prestigious Site Selectors Guild (www.siteselectorsguild.com), a company of the top site selectors in the world, I am constantly examining the best locations for our client's new or expanded operations. We carefully review labor availability and quality; transportation/access to markets; sites/buildings; taxes; incentives; quality of life; and many other elements in order to find the optimal location.

In our analysis for the best sites, we always review location/expansion data in order to determine the types of sector clustering that has taken place in different regions, project employment, and growth industries. We always keep track of which states are growing the fastest by the number of locations/expansions and which sectors are hot.

We maintain a database which tracks locations and expansions from Conway Data. The database tracks actual plant activity of 20 or more jobs, 20,000 square feet in size and up, and \$1 million of capital investment and up. The database includes new or expanded facilities of the following types: Manufacturing; Distribution/Warehouse; Corporate Headquarters; R&D Labs; Data Centers/Call Centers; LNG Terminals; Ethanol Plants; Refineries; Tank Farms; and Mining Facilities.

We use this data in our site selection analysis and in economic development target industry analysis. We have used results from this database in this analysis.

STATE ANALYSIS & CONCLUSIONS

We assisted CELab with a similar analysis a few years ago. This analysis examined location/expansion activity in five southwestern states from 2005 to 2010. As you may recall, New Mexico activity was the worst of all five states.

This analysis is taking these results a few steps further by: examining location/expansion activity from 2011 to 2014; and looking at eleven states, including:

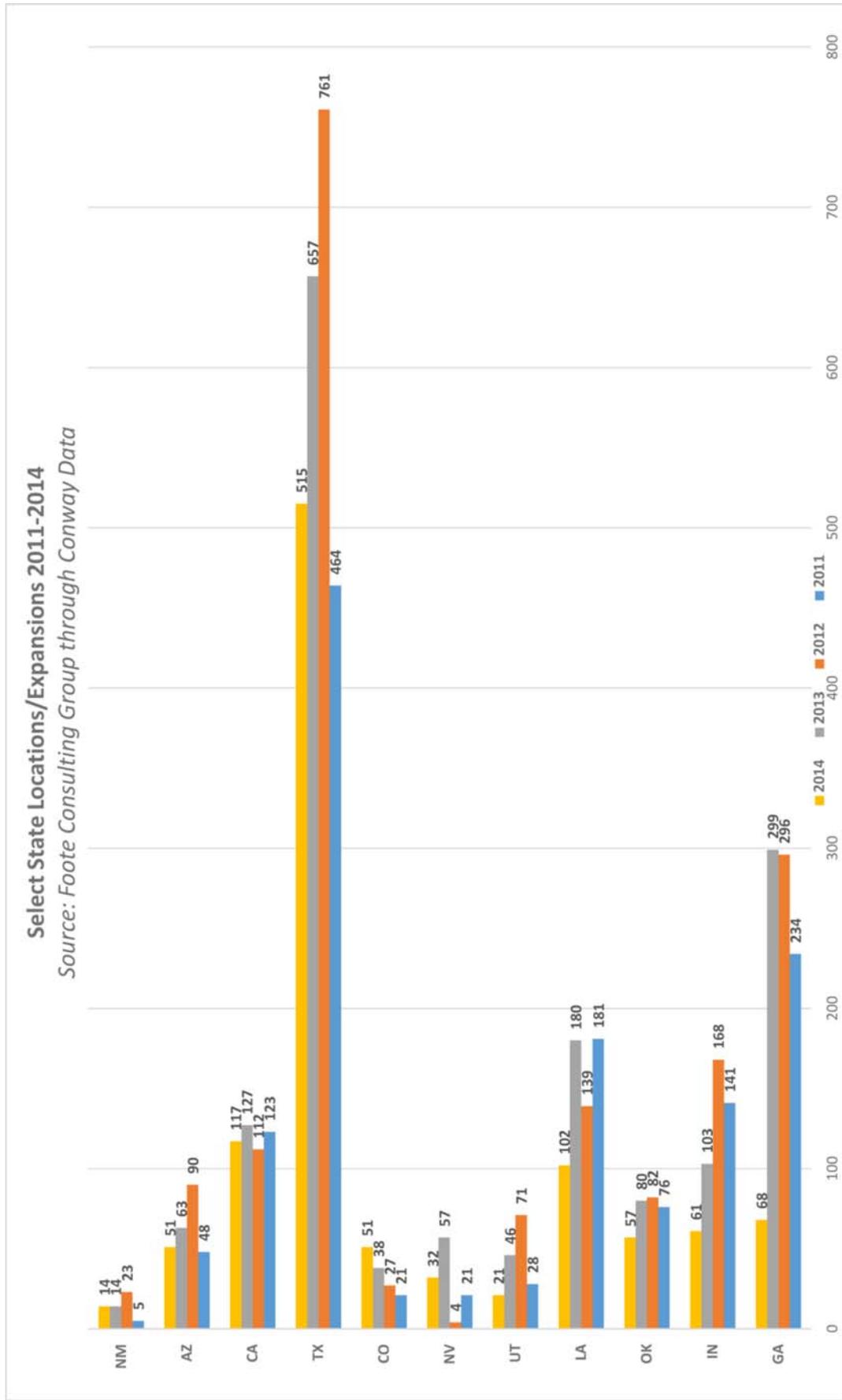
- New Mexico
- Arizona
- California
- Texas
- Colorado
- Nevada
- Utah
- Louisiana
- Oklahoma
- Indiana
- Georgia

The following two graphs show location/expansion activity from 2011 through 2014.



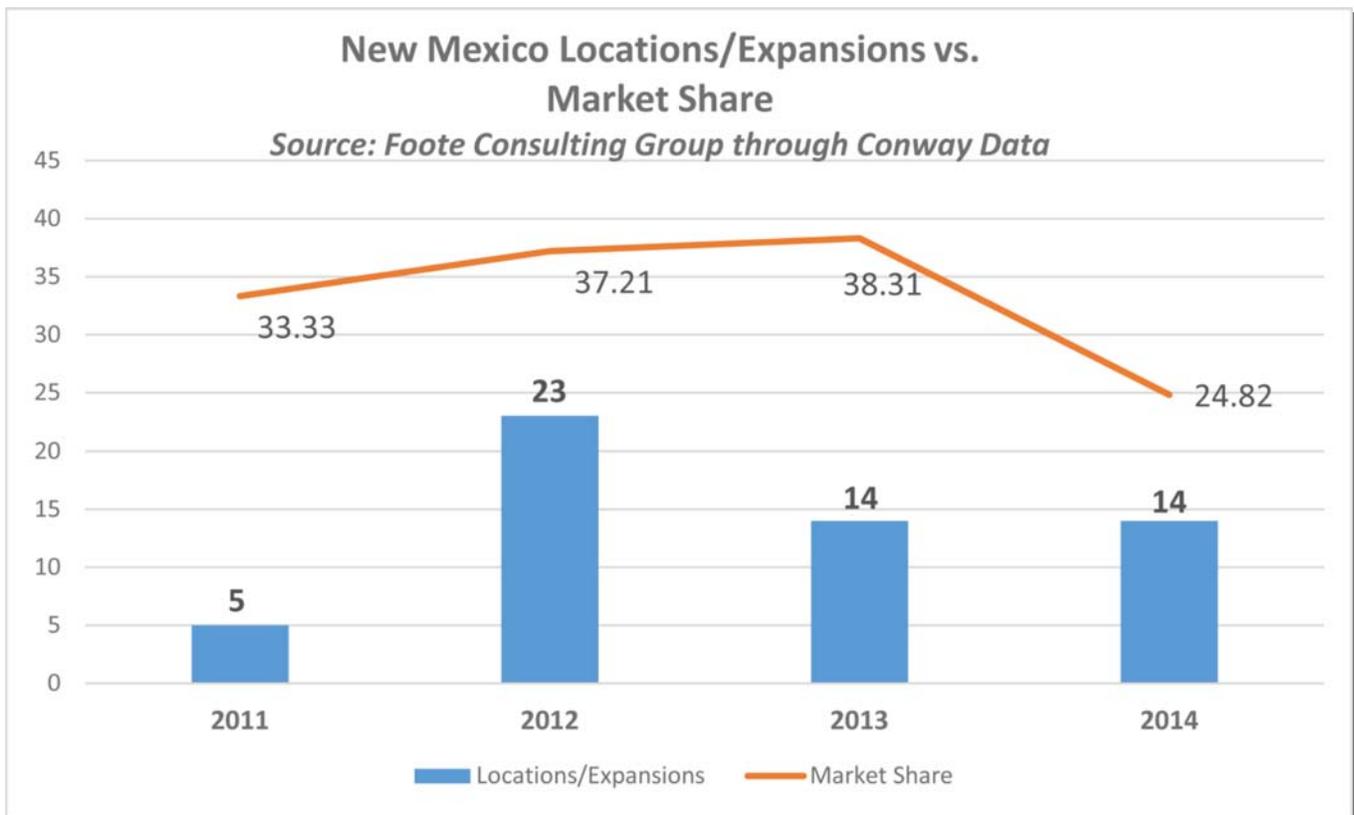
These graphs depict some very useful information, including:

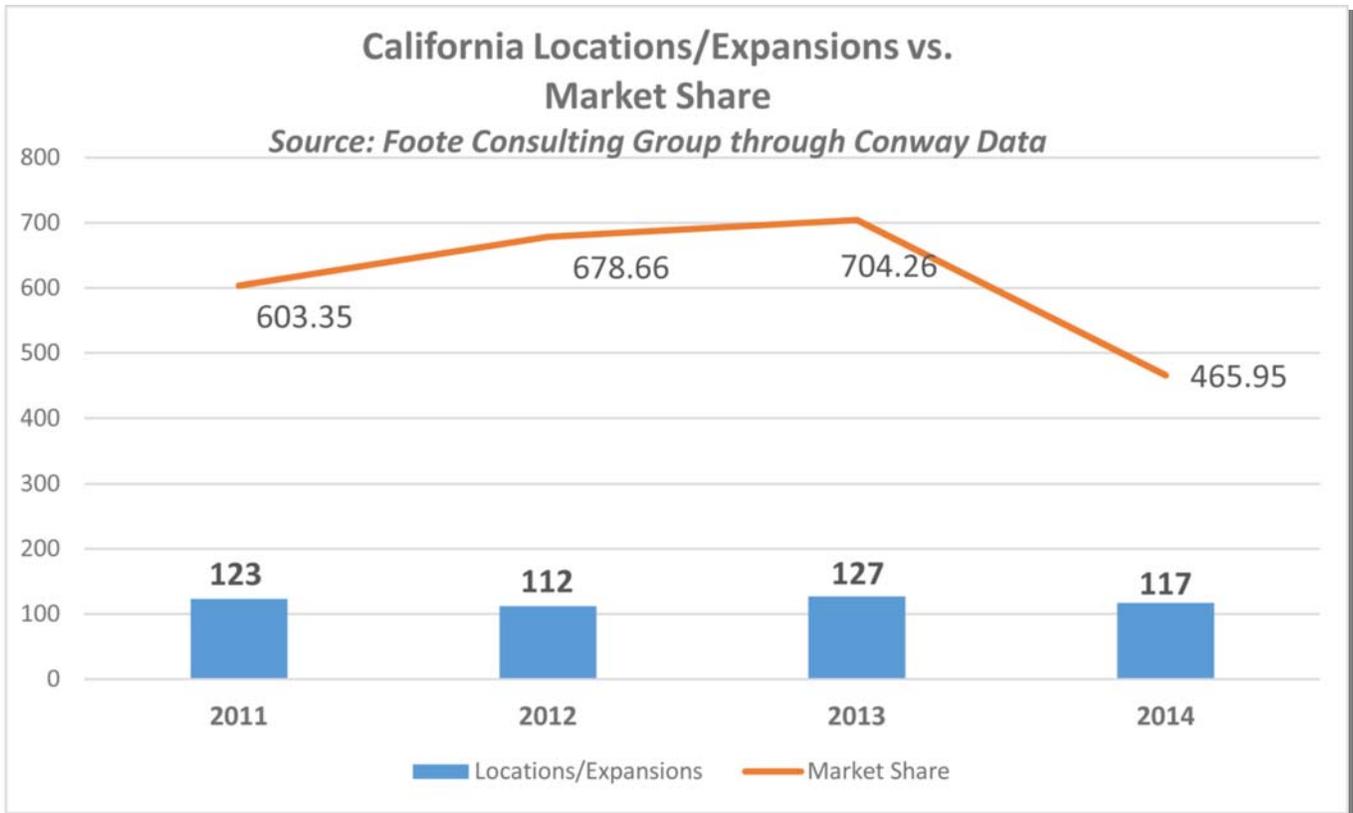
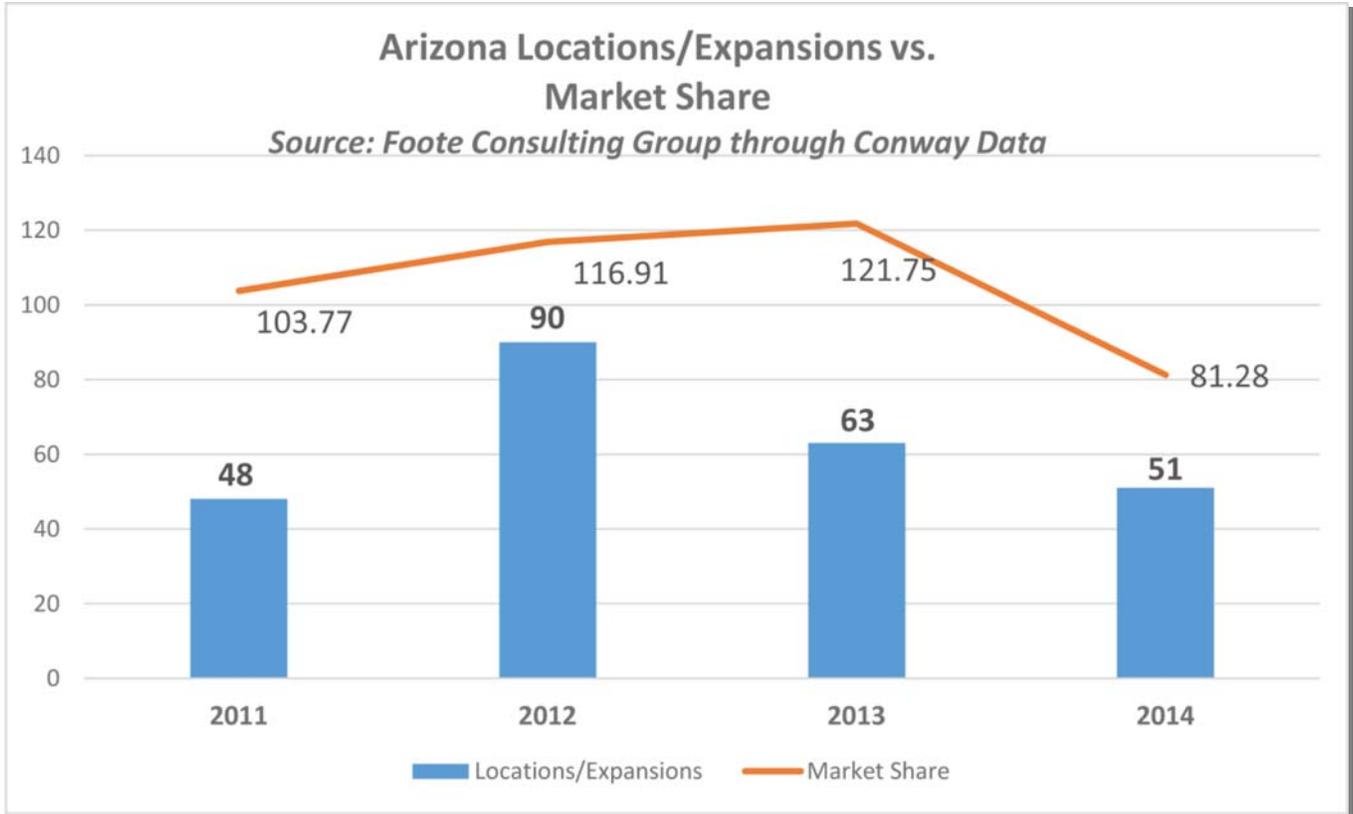
- 2014 activity was down substantially perhaps due to the world economic slowdown.
- All states except New Mexico (number stayed the same) and Colorado showed slower activity in 2014 versus 2013.
- Texas activity through this period greatly surpassed all other states, even though their 2014 activity was slower.
- New Mexico activity was the slowest of all states over this period (except Nevada in 2012).

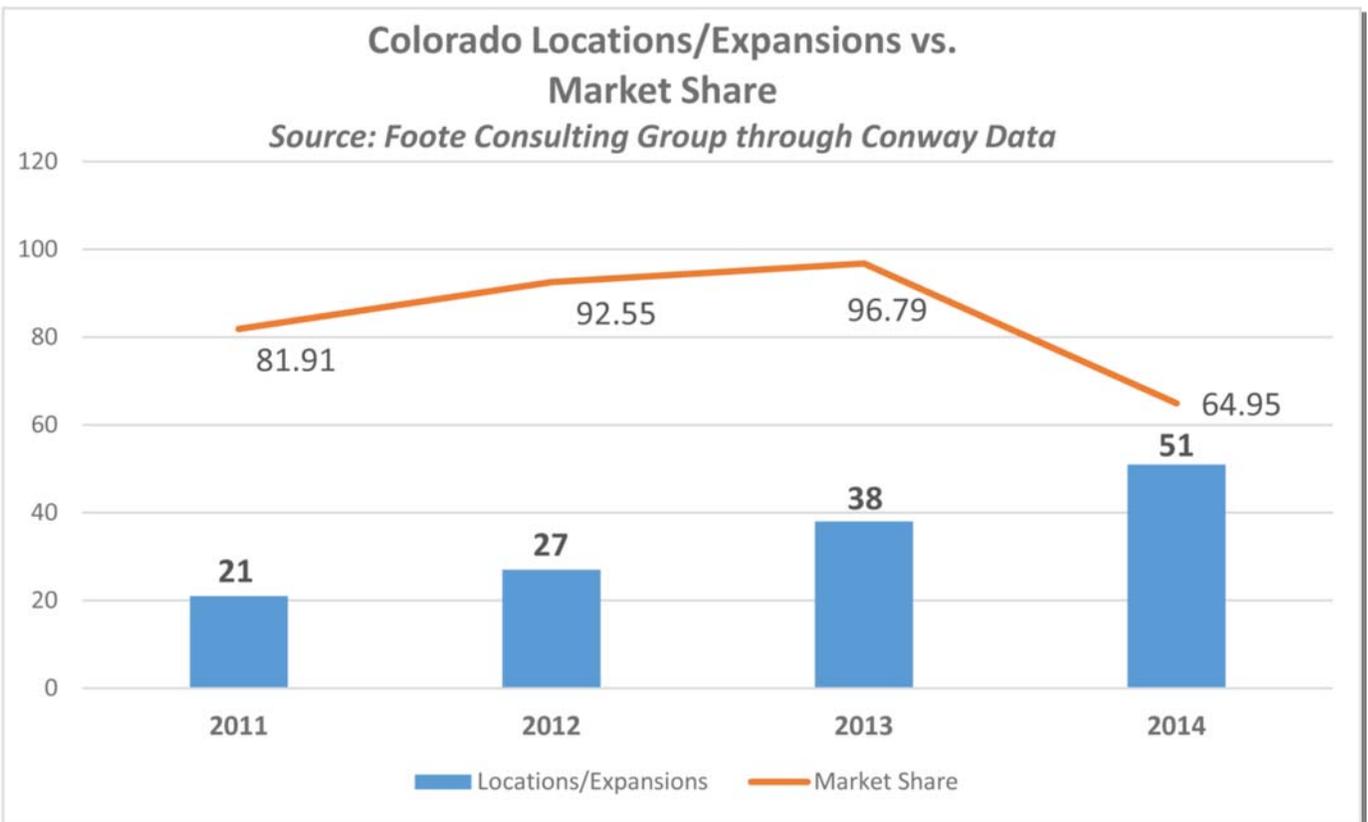
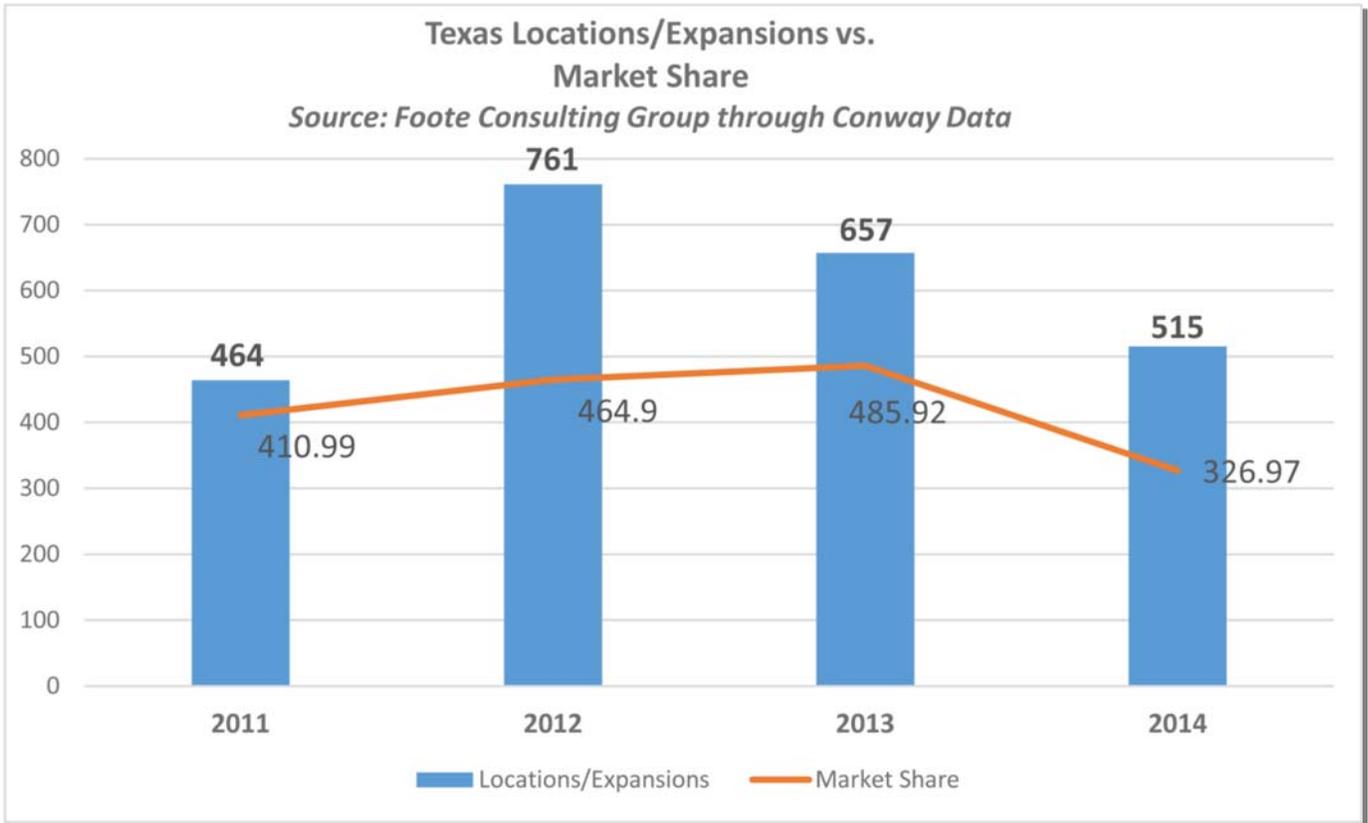


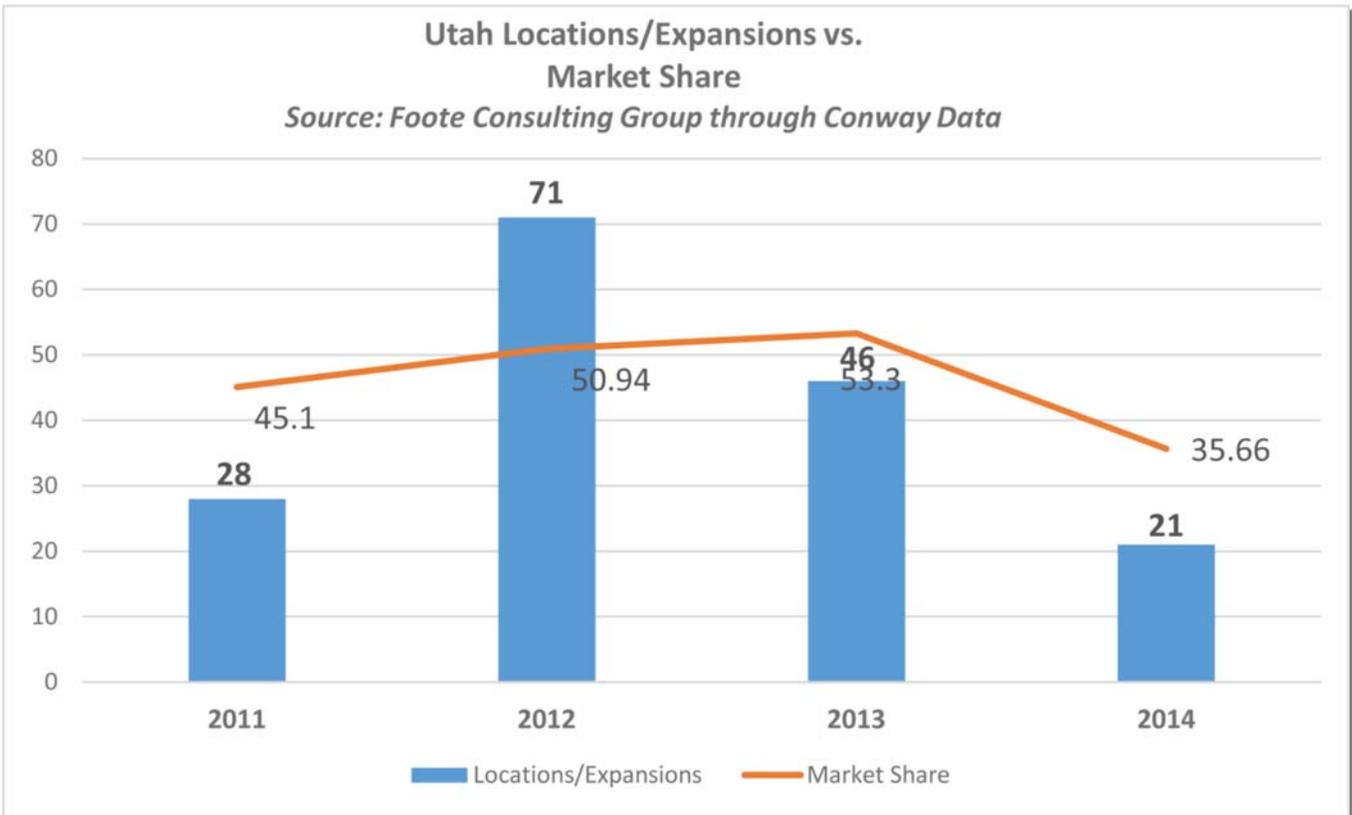
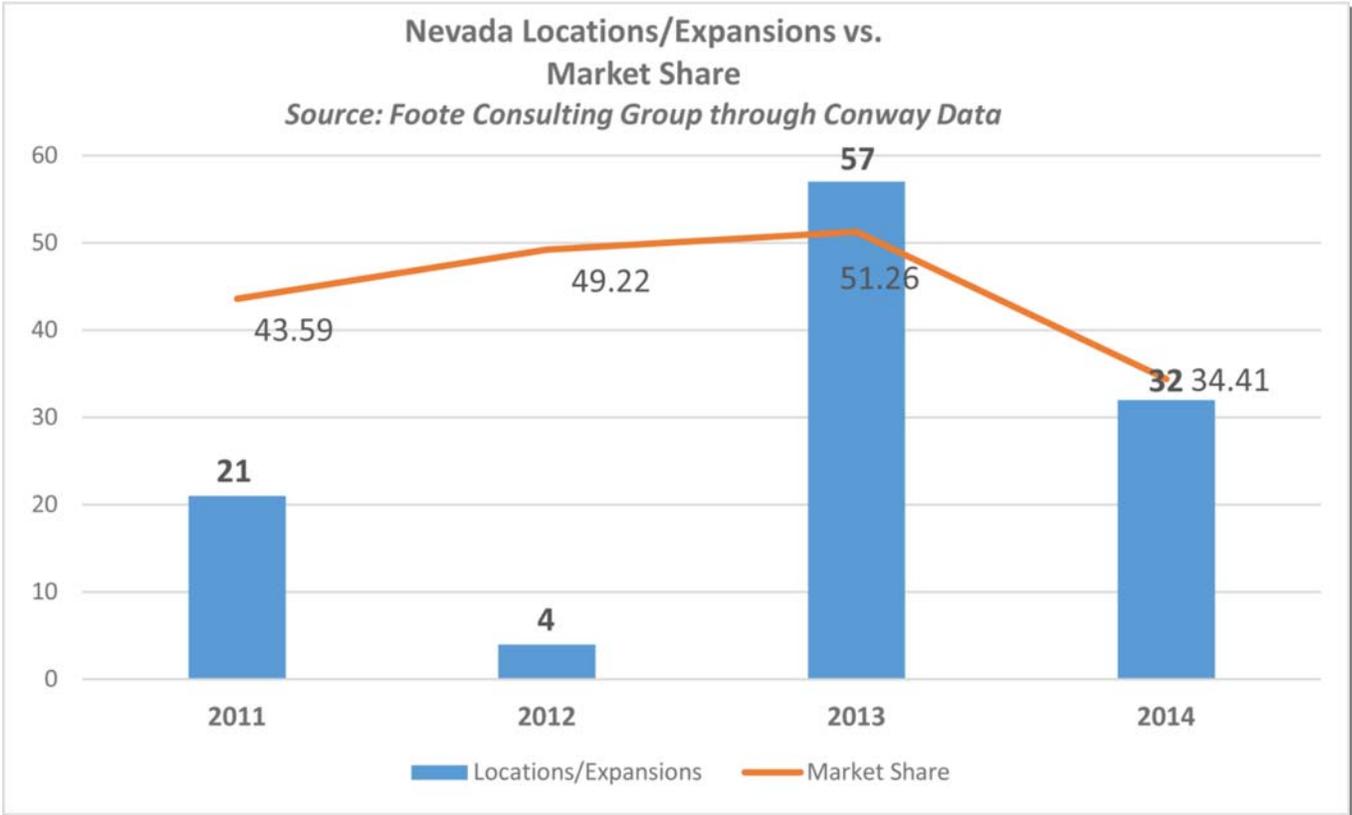
We next examined location/expansion activity on a per capita basis recognizing the vast difference in state sizes. By dividing the U.S. population each year by the total number of location/expansion transactions for that year, we got the per capita number of transactions. To get the per capita market share for each state each year we calculated the percentage of national population for each state. To get the per capita "market share" of the state's transactions, (distributed evenly by population), we multiplied each state's population market share percentage each year by the number of transactions nationally.

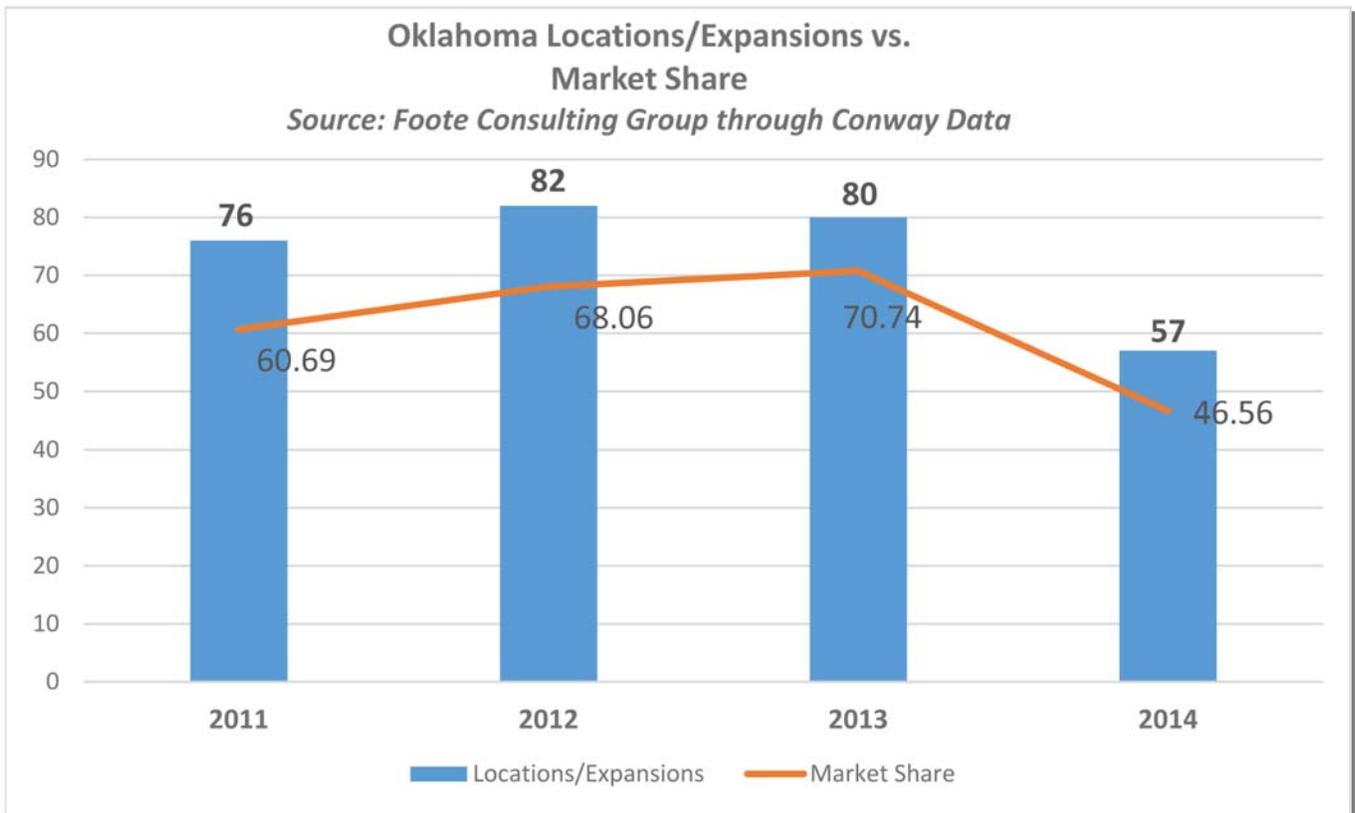
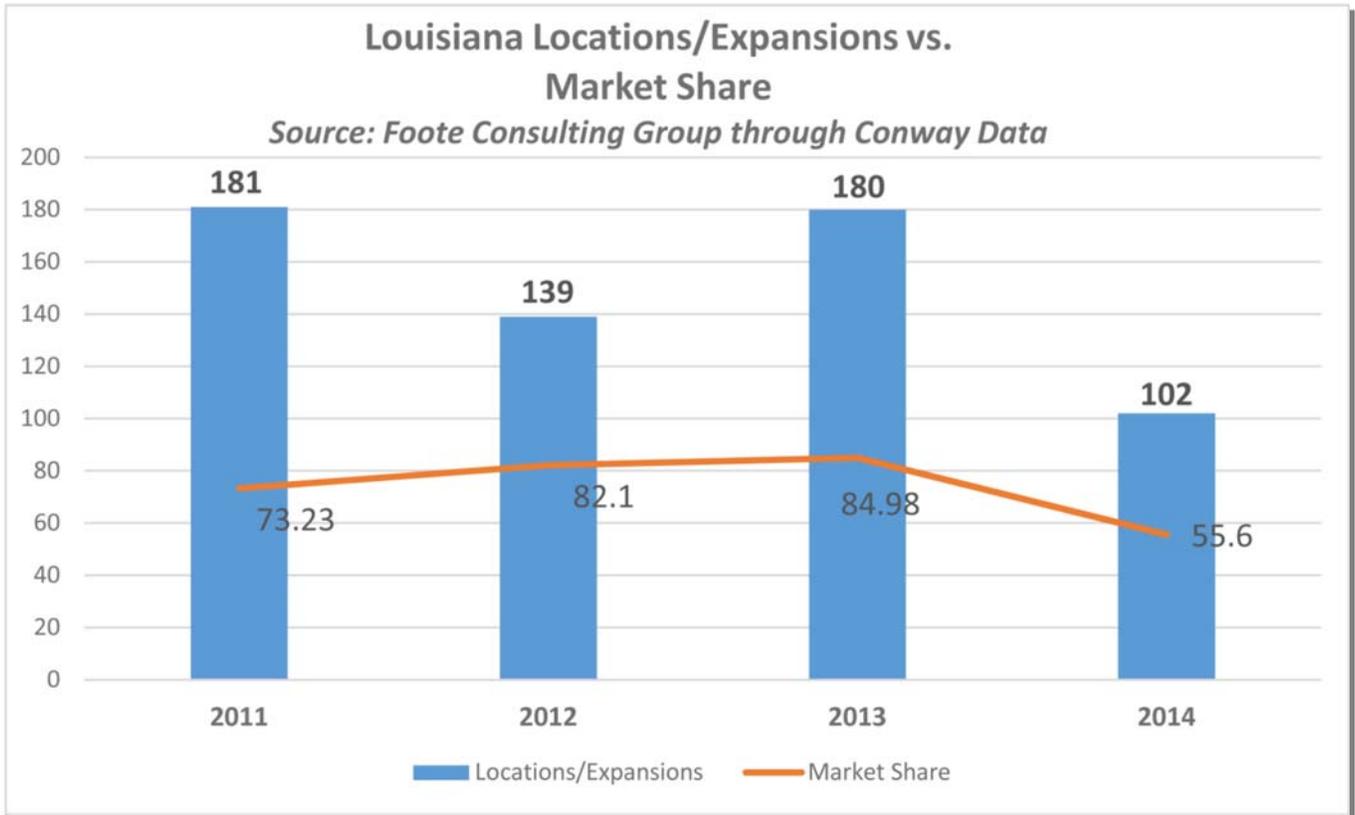
After the per capita "market share" for each state was graphed, we added the location/expansion transactions for each state on the same graph. The following graphs show these results.

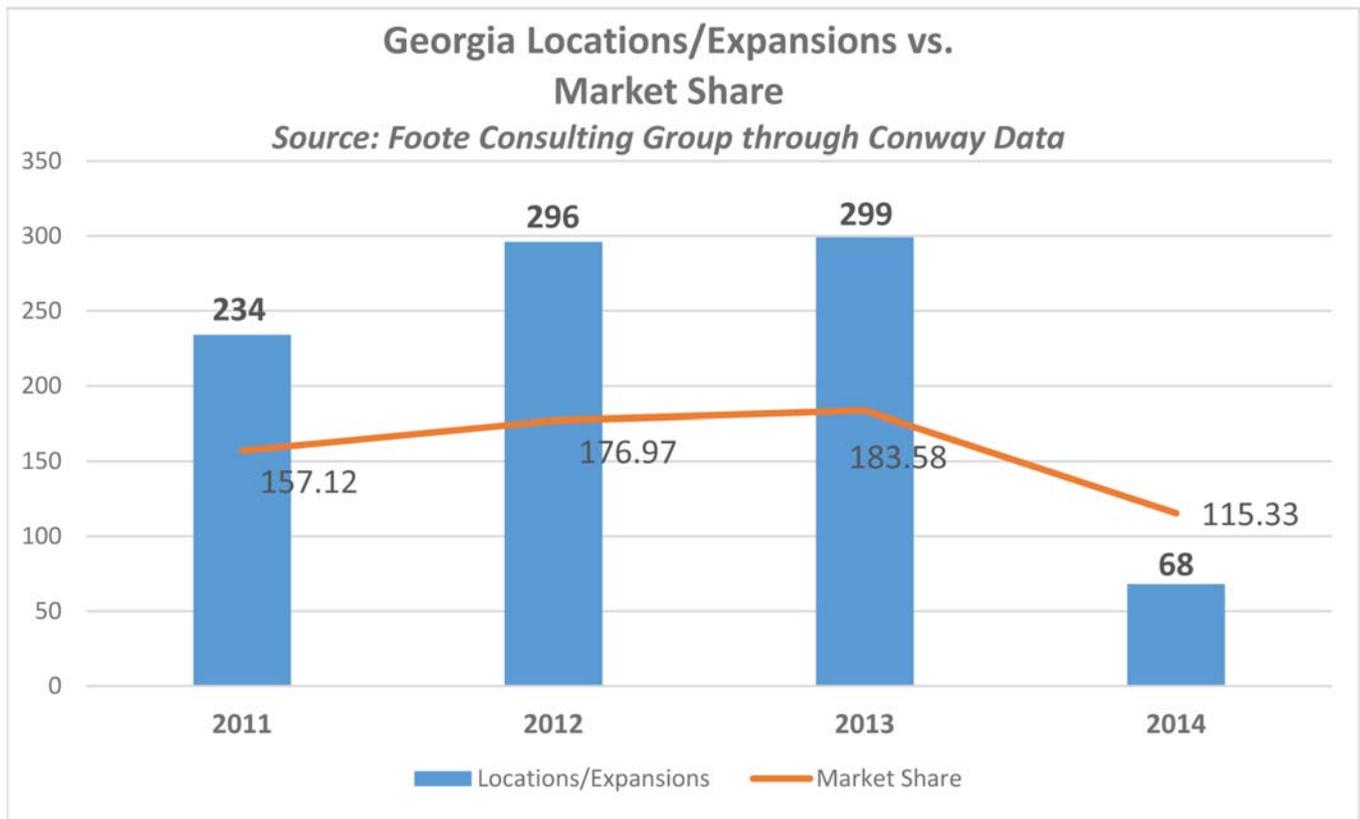
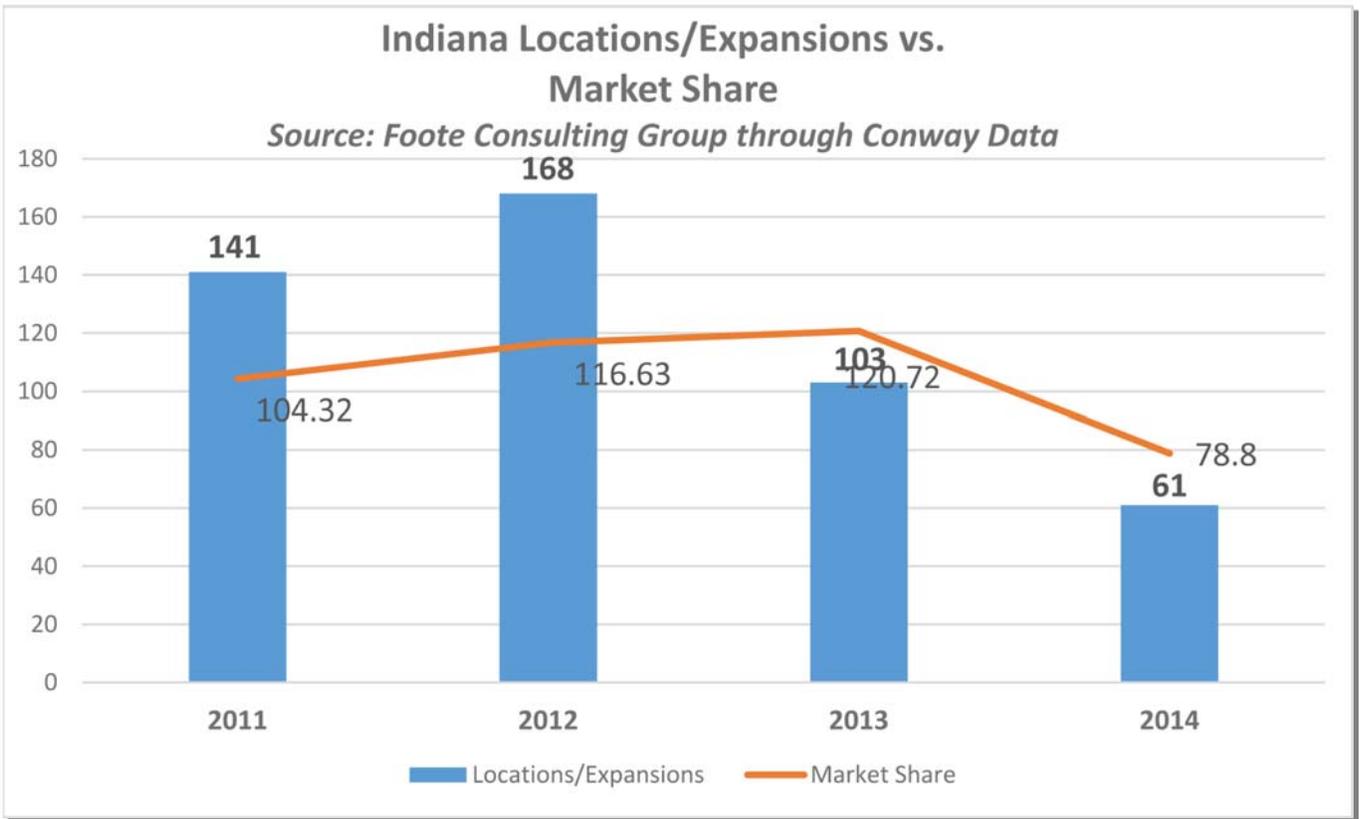












These graphs show some important results:

- New Mexico is substantially below the expected location/expansion “market share” totals. This depicts poor activity.
- California, Arizona, and Colorado are well below as well.
- Texas, Oklahoma, and Louisiana location/expansion totals are well above the “per capita” totals. This shows very good activity.
- The other states are either above or below the “per capita” totals.

RECOMMENDATIONS

It is important to recognize the results here. New Mexico is not in a good position.

Here are some recommendations that may improve your economic development efforts, including:

- **Use location/expansion type of data to improve identification of your target industries, the best industries for New Mexico.** This data can show growth “clusters” that are active regionally.
- **Design marketing plans that are geared toward approaching target companies.** Seek targets in California where the business market is very poor and costs are high.
- **Get to know site selectors, recognizing that they represent up to 30% of all location/expansion projects.** A great way is to get active with the Site Selectors Guild, a company of the top global site selectors. Our next annual meeting is in Tucson, Arizona on March 13-15, 2017 and sponsorship opportunities are available in September. Buy one and get New Mexico’s name in front of the best!

FCG is available to assist with any or all of these recommendations.

For More Information Regarding This Report, Please Contact:

**Mr. Deane C. Foote
President & CEO**



**(480) 399-4854
deane@footeconsulting.com**