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Montrose Group 2023 Economic Development Trends

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Source: <http://www.bearjournal.com/wp-content/uploads/2014/03/1301baac-mulder-man.jpg>

Source: http://montrose-connector.com/blog_updates/news_story-558863-container_ship-8-148842.jpg

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Montrose Group 2023 Economic Development Trends

Montrose Group Top 10 2023 Economic Development Trends

- Incentive Compliance
- Searching for a Skilled Workforce
- Housing is the New Workforce
- Logistics Development Slowdown
- Tax Codes Get Back to Basics
- Renewable Energy Growth
- Megaproject II
- Rise of the Midwest
- Office Reboot
- Opportunity Europe

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#1 Incentive Compliance in 2023

Company	Project	New jobs target	Actual new jobs as of 2023	Difference	2022 Incentive payments
DSU Weaker Medical Center	New James Cancer Hospital tower	5,815	8,664	3,049	\$ 6,569,872
Huntington National Bank	Citywide jobs growth including Cleveland Ave. operations center	1,000	460	(540)	\$ 1,325,610
Nationwide Children's Hospital	Main campus expansion including behavioral health	1,500	447	(1,053)	\$1,102,563
Roche	HQ 80 on the Square and Easton call center	868	507	(361)	\$ 958,842
CoverMyMeds	Franklin Ave. HQ (opened 2023)	1,023	866	(156)	\$ 332,742
DSU Logistics	HQ 80 on the Square	150	121	-29	\$ 94,472
Candid Care Co.	Second HQ for home-orthodontia business	150	184	34	\$ 87,505
Morgan Stanley	Office consolidation and expansion	300	242	-58	\$63,125
OhioHealth Corp.	Corporate HQ and Olentangy River Road growth	1,156	126	(1,030)	\$ 52,273
Williams Lee Inc.	Operations center for financial/legal services firm	550	150	(400)	\$ 46,182
Nationwide Mutual Insurance	Consolidate workers downtown, Arena District, Grandview Yard	1,400	0	(1,400)	\$ -

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#1 Incentive Compliance

Economic Development Incentive Compliance Checklist

- Communication tied to annual reports
- Role of Market Conditions

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#2 Searching for a Skilled Workforce in 2023

Population Growth Drives Skilled Workforce

Area of Study	Population					
	2010		2020		2027	
	Number	Percent	Number	Percent	Number	Percent
Ohio	11,536,504	100.0%	11,820,906	100.0%	11,829,083	100.0%
Regional Growth Partnership	1,236,439	10.7%	1,210,191	10.5%	1,200,619	10.4%
REDI Cincinnati	1,625,402	14.1%	1,728,160	15.0%	1,738,389	15.1%
One Columbus	2,009,816	17.4%	2,297,797	19.9%	2,353,082	20.4%
Team NEO	4,335,920	37.6%	4,298,526	37.3%	4,265,095	37.0%
Ohio Southeast	986,326	8.5%	941,691	8.2%	932,317	8.1%
Dayton Development Coalition	1,280,151	11.1%	1,287,296	11.2%	1,283,846	11.1%

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#2 Searching for a Skilled Workforce

Companies Workforce Development Strategies

- Upskilling Existing Employees
- Reimagining Training
- Work-from-Home/Remote Workforce

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#2 Searching for a Skilled Workforce

Montrose Workforce Study

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#3 Housing is the New Workforce

Housing Costs Comparison for Growth Markets

Fact	Indianapolis	Charlotte	Nashville	Columbus	Austin
Median Home Value	\$145,200	\$235,000	\$264,600	\$160,000	\$358,600
Median gross rent	\$911	\$1,185	\$1,170	\$989	\$1,346

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#3 Housing is the New Workforce

Montrose Housing Study

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graph LR
    A((Economic and Demographic Trends)) --> B((Housing Trends))
    B --> C((Housing Needs))
    C --> D((Regional Housing Market Analysis))
    D --> E((Montrose Group Housing Study))
  
```

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#3 Housing is the New Workforce

Montrose Group Housing Public-Private Partnership Creation

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graph LR
    A[Developer RFP] --> B[Developer Identification]
    B --> C[Developer Negotiations]
    C --> D[Incentive Analysis]
  
```

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#3 Housing is the New Workforce

State Housing Policy Agenda

- Housing Mezzanine Fund
- Zoning Reform
- Property Tax Assessment Reform
- Rural Housing Loan Program
- Housing Infrastructure Fund
- State Housing Tax Credit

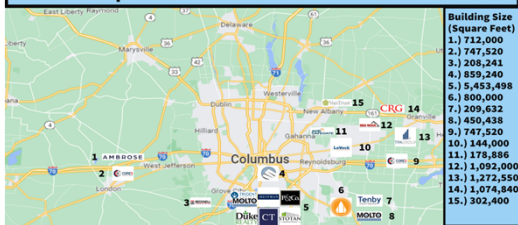
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#4 Logistics Development Slowdown in 2023

17-Million Square Feet of Industrial Planned for Central Ohio



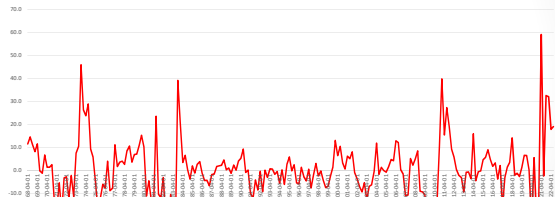
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#4 Logistics Development Slowdown in 2023

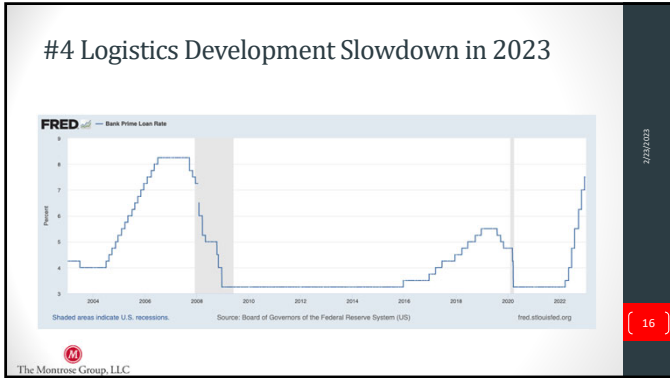
U.S. Consumer Price Index Increases

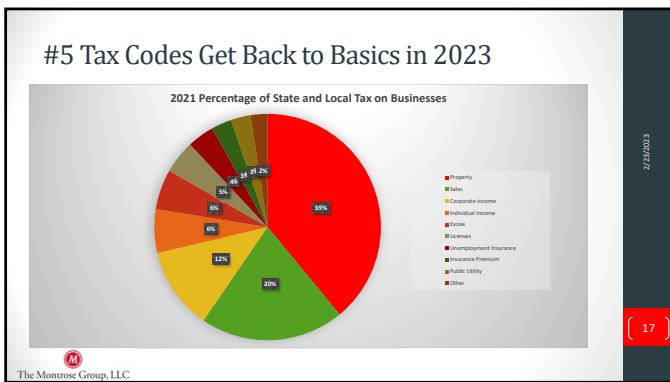


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#5 Tax Codes Get Back to Basics in 2023

Highest Effective Business Tax Rate	Lowest Effective Business Tax Rate
<ul style="list-style-type: none"> • New Mexico • Vermont • North Dakota • Maine • Mississippi 	<ul style="list-style-type: none"> • North Carolina • Michigan • Missouri • Georgia • Massachusetts

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#5 Tax Codes Get Back to Basics in 2023

1/8/23, 11:35 AM Budget Surplus in West Virginia Prompts Governor to Promote Tax Breaks - WSJ

US

Budget Surplus in West Virginia Prompts Governor to Promote Tax Breaks

Move bears echoes elsewhere, as governors from both parties in states flush with cash are also considering cuts or new spending

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#5 Tax Codes Get Back to Basics in 2023

Ohio Sales Tax Exemption Foregone Revenue

Sector	Foregone Revenue
MISCELLANEOUS	411,000,000
PRODUCTS & SERVICES	981,600,000
PROPERTY & SERVICES	949,000,000
RELIGIOUS & NOT FOR PROFITS	727,300,000
MANUFACTURING & INDUSTRY	2,456,800,000

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#6 Renewable Energy Growth in 2023

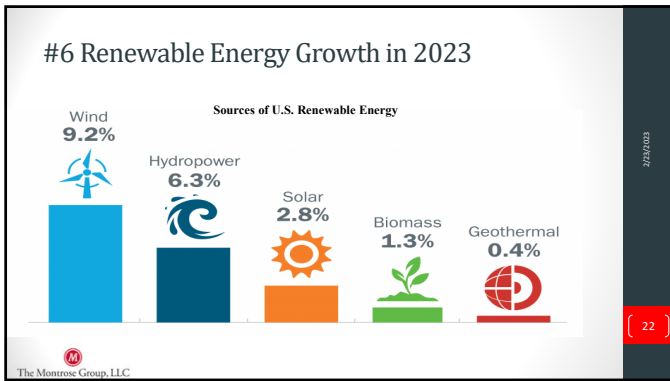
Sources of Renewable Energy

- Bioenergy
- Geothermal Energy
- Hydrogen
- Hydropower
- Marine Energy
- Solar Energy
- Wind Energy

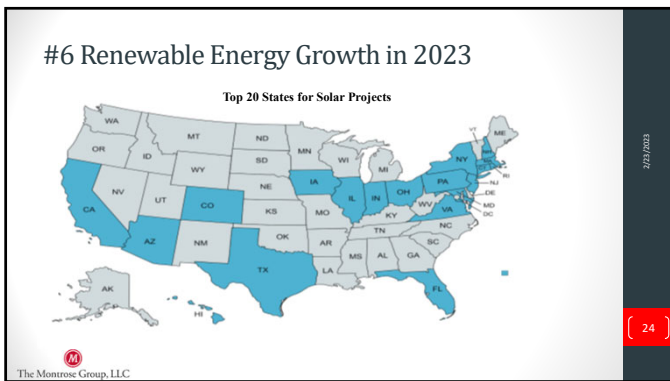
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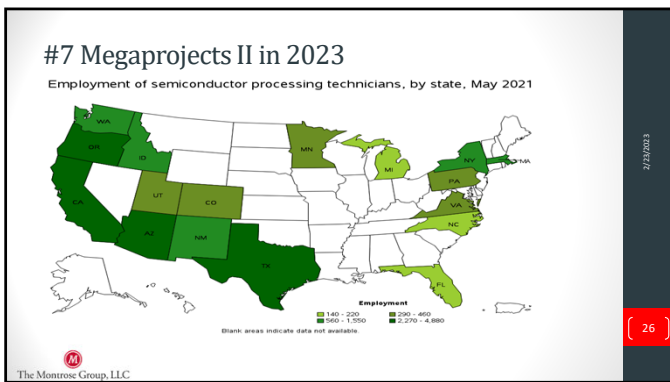
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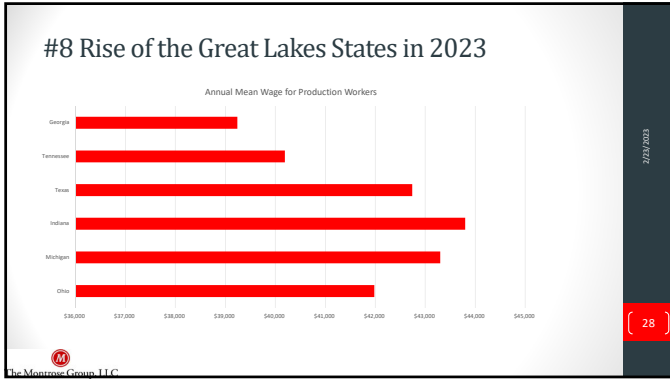
- ### #6 Renewable Energy Growth in 2023
- Leading U.S. Corporate ESG Ratings
- Microsoft
 - Linde
 - Accenture
 - JB Hunt
 - Xylem
 - Texas Instruments
 - Salesforce.com
 - Gildan Activewear
 - Metropolitan Bank
 - IHS Markit
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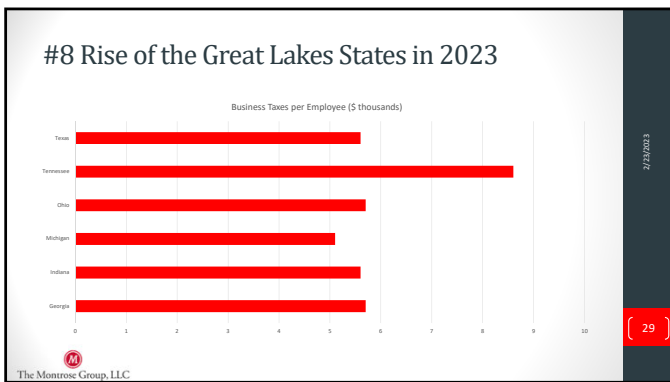


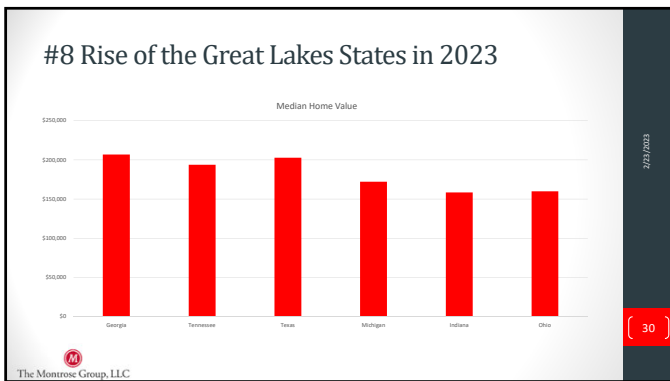




- ### #7 Megaprojects II in 2023
- U.S. New Semiconductor Fab Facilities Announced
- Global Foundries, Malta, New York
 - Intel, Chandler, Arizona
 - Intel, Rio Rancho, New Mexico
 - Intel, Columbus, Ohio
 - Samsung, Taylor, Texas
 - Samsung, Austin/Taylor, Texas
 - TSMC, Phoenix, Arizona
 - Texas Instruments, Sherman, Texas
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#9 Office Reboot in 2023

McKinsey WFH Survey

- 58% WFH at least one day a week
- 87% WFH based upon the flexibility
- 35% WFH full-time
- 23% WFH part-time

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#9 Office Reboot in 2023

Office Vacancy Rate Q3 2022

City	Vacancy Rate (Q3 2022)
Charlotte	~18.5%
Atlanta	~19.5%
Indianapolis	~19.5%
Denver	~14.5%
Nashville	~19.5%
Columbus	~25.5%

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#9 Office Reboot in 2023

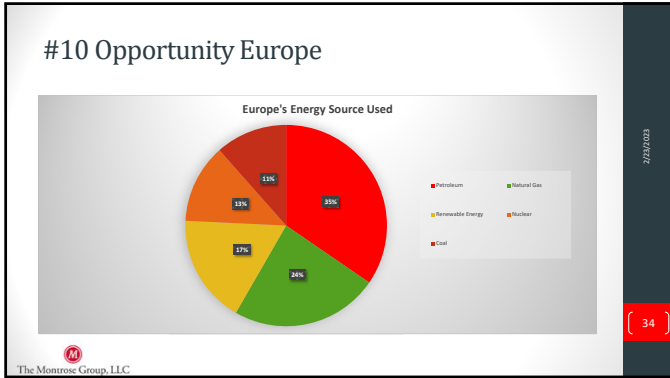
Transforming Office to Housing Government Policy Solutions

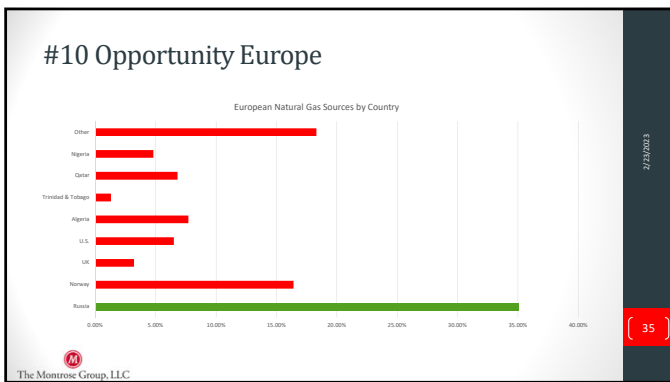
- Tax Abatement
- Parking
- Historic Preservation Tax Credits
- Transformational Mixed Use Tax Credits
- State Housing Tax Credits

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#10 Opportunity Europe

European Energy Crisis

- German baseload power, the benchmark European electricity price, is trading more than 1,400% above its average in the 2010s
- Natural gas prices from the prime Russian pipeline feeding Europe spiked to \$288 a MW based upon Russian's reduction of service

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#10 Opportunity Europe



ArcelorMittal



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Conclusions	Thoughts
Questions	Contact <ul style="list-style-type: none">• rrobinson@montrosegroupllc.com• nagreen@montrosegroupllc.com• jgrant@montrosegroupllc.com

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