

2021 Economic Development Strategies: Talent Attraction, Incentives and a Regional Mindset

By Caryl Communications

The economy is poised for solid growth long-term and business and talent attraction are key strategies for economic development according to speakers at [NAIOP New Jersey's](#) Annual Meeting and Commercial Real Estate Outlook. The virtual event looked at economic trends for the year ahead and offered fresh perspectives on economic development in the Garden State.

The commercial real estate development association also elected its 2021 officers and trustees, welcoming longtime member Gus Milano, president and chief operating officer at Hartz Mountain Industries, as incoming president.

U.S. Economy is Poised for Solid Growth Long-Term

Ryan Severino, chief economist for JLL, presented an overview of the economic outlook for the year ahead. "The world has clearly gone through some interesting and challenging times. This time really is different because we have never had a global pandemic in the era of modern economics. It's a universal phenomenon that is reflected in the data."

Nationally, the second quarter of 2020 was the worst in U.S. history, followed by the best quarter in the country's history. "We are still dealing with a lot of unprecedented uncertainty, but I'm cautiously optimistic about the trajectory of our economy," said Severino. "I feel most uncertain about the next six months, and a lot better about the outlook beyond that. We have a good opportunity for the economy to not just make up lost ground but to grow at a normal rate, at least through the middle of this decade."

New Jersey's CRE Industry is Positioned Well for the Future

Severino also believes there is cause for optimism in New Jersey. "New Jersey is not imploding as dire headlines would often lead us to believe. Yes, we are supply constrained and it is expensive to live here, but population and employment have gone up since the recession."

Data shows there is a greater concentration of older people and those who are retiring leaving the state, and a more uniform distribution of people moving in. Citing New Jersey's world-class public school system, abundance of universities and research institutions and consistent ranking as one of the 10 best places to raise a child, Severino said, "Educated professionals continue to move in and at a greater rate over time. This would not be the case if they did not see opportunities here."

The state's commercial real estate industry remains relatively strong despite the impact of the pandemic. The residential market is experiencing a lack of affordable supply as the exodus from urban areas continues, and there is a shortage of available warehouse and distribution space to lease. "The pandemic has only increased demand in an industrial market that has never been stronger," said Severino.

He noted that retail performs well here because there is a lot of discretionary income, and while office is seen as a weak spot, the pandemic could change that dynamic as more people prefer traveling to suburban satellite offices to working in the city. “Overall, commercial real estate in New Jersey is positioned well for the future.”

Strategies and Opportunities for Business and Talent Attraction

Clark Machermer, senior managing director northeast for Crow Holdings Industrial, led a panel discussion featuring economic development experts Tracye McDaniel, president of Austin-based TIP Strategies, and Jeff Hite, chief economic development officer for the Nashville Area Chamber of Commerce. McDaniel and Hite offered fresh insights into strategies that Tennessee and Texas have used to attract business and talent – and how New Jersey might benefit from considering them.

Companies Want a Regional Approach

Texas and Tennessee have recognized the need for taking a regional approach to economic development, and implemented their strategies with great success. “The Nashville Area Chamber of Commerce launched its first five-year regional initiative, Partnership 2000, in 1990, and it has served as the catalyst for 30 years of sustained growth,” said Hite. “You need to have a strong core to attract businesses and talent. Nashville is the brand, and our large regional assets have all been placed downtown. But when companies get here, what they see is a region with two million people.”

McDaniel said that promoting the attributes of a region or an entire state is a business and talent attraction strategy that has proven successful in Houston and other areas of Texas as well. Machermer noted that there could be numerous benefits to branding some of New Jersey’s larger cities, which offer companies the educated and diverse talent they seek. McDaniel, who was the founding CEO of Choose New Jersey, said, “For many years, the state struggled with an identity. Choose New Jersey created the platform for developing a clear understanding of what the state is. And that’s a powerful story you can tell.”

Talent Attraction is the “Secret Sauce”

When the panelists were asked about key drivers of their state’s successful economic development strategies, talent recruitment and retention topped the list. “You cannot attract industry if they cannot hire,” said McDaniel. “An economic development organization that is not thinking about talent is not winning.”

Hite described talent recruiting as Nashville’s “secret sauce.” “We look at talent attraction the same way we do business attraction. Job creators are chasing talent, and Nashville is growing, recruiting and retaining talent.” Attractive quality of place and jobs are the region’s biggest draws, and communities are creating aggressive, targeted recruitment campaigns that often include incentives for workers willing to relocate. “We also focus on maintaining the quality of our education in order to fill the local talent pipeline,” said Hite. “We want to make sure short- and long-term talent solutions are there.”

Smooth Permitting Processes and Incentives are Essential

Noting that issues pertaining to New Jersey's permitting processes and incentive programs often discourage companies from moving to the state, Machermer asked the panelists how important these policies are to attracting and retaining businesses.

"Austin is creating a new economic development commission to address permitting and zoning," said McDaniel. "A policy needs to be part of the discussion, and it needs to be comprehensive in a framework that makes it easy for companies to work with communities." She added that community leaders are looking at the benefit incentives can provide, and businesses expect them to do so. "You have to consider incentives if you want to be competitive in the landscape."

Hite said incentives must be part of any proposal. "They will not make a bad project good, but when companies are looking at an area and they cannot check that box, the community may be eliminated." There are a variety of ways communities can make incentives work, such as developing performance-based incentives that involve building infrastructure or providing training.

Government Can Play a Vital Role in Fostering Growth

McDaniel and Hite believe government can play a vital role in fostering economic growth. "There is a strong role for government when it comes to policy-setting and creating a business environment that companies are attracted to," said McDaniel. "This includes creating certainty in areas where you can be competitive and investing public dollars in the infrastructure that makes a market attractive."

Hite emphasized the importance of educating public sector leaders at the local and regional levels. "We put together an economic development roadshow that has been very successful in helping public officials understand the issues and the importance of having a comprehensive community development plan that provides a roadmap for investment."

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