Using Economic Incentives to Attract Migrating Talent

How States and Cities Can Impact Market Potential

CBRE

As attention turned to the migration patterns of remote workers during last year's COVID-19 office closures, state and local governments emphasized a variety of incentives to attract these potential residents and their employers—an approach that yielded success with many. In the end, despite fears of rapidly depopulating cities and dispersed talent pools, U.S. domestic migration mostly stayed in line with pre-pandemic trends, according to CBRE's recent analysis of United States Postal Service (USPS) permanent address changes.

While some regions shuffled workers from one city or metro to another nearby, the report suggests no major geographic realignment. However, for companies that are considering a move or expansion, it can be valuable to evaluate the relationship between net migration and aggressive public-private partnerships, training assistance, cost offsets and competitive fiscal and regulatory environments used to attract new employers. The following report summarizes many of these U.S. incentives trends and insights across industries and locations.

States and markets have started using targeted incentives to attract new residents.

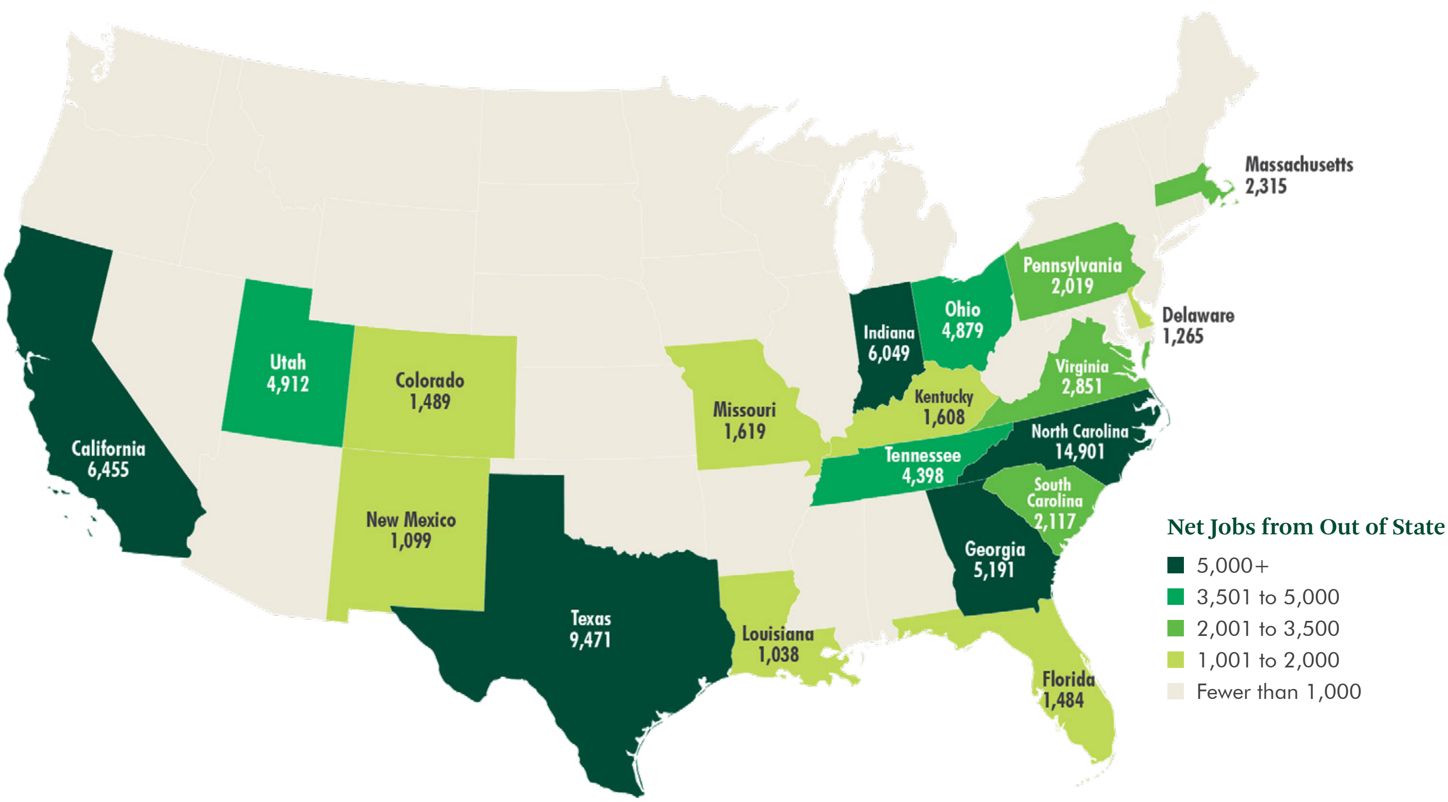
As many companies have embraced hybrid work schedules and remote work, one way that states and cities are attempting to incentivize the migration of new residents is by offering cash incentives for remote workers who choose to relocate. Baltimore, for instance, is offering $5,000 for a down payment on a house in the form of a five-year loan. Meanwhile, Tulsa is offering $10,000 and free coworking space to virtual workers for one year, and Tucson is providing $7,500 in total savings for relocation costs, free internet and housing support. These economic incentives, in addition to those offered to corporations, are aimed at attracting new talent to these jurisdictions. Below is a sampling of the incentives offered to remote workers for relocating.

STATE/LOCAL MARKET	VALUE	DESCRIPTION
Southwest Michigan	Up to $15,000	Forgivable grant for purchasing a home worth at least $200,000
Maine	Up to $15,000	Tax credit for student loans
Topeka, Kansas	Up to $15,000	Cash bonus for purchasing a home
West Virginia	$12,000	Cash incentive
Tulsa, Oklahoma	$10,000	Cash bonus for purchasing a home and free coworking space for one year
Northwest Arkansas	$10,000	Cash incentive
Newton, Iowa	$10,000	Cash bonus for purchasing a home worth at least $180,000
Northwest Alabama	$10,000	Cash incentive
Tucson, Arizona	$7,500	Cash incentive for relocating costs, free internet and housing support
Natchez, Mississippi	$6,000	Cash bonus for purchasing a home worth at least $150,000
Baltimore, Maryland	$5,000	Forgivable five-year loan for home buyers
Savannah, Georgia	Up to $2,000	Cash grant for moving expenses of inbound remote tech workers with at least 3 years of professional experience
Alaska	$1,600	Cash incentive

North Carolina, Texas, California, Indiana and Georgia attracted the most new jobs from companies based outside the state.

CBRE analyzed a sampling of projects tracked by WAVTEQ Incentives Monitor (a leading global incentives tracking database) between January 2020 and May 2021. To measure the states that attracted the most outside employment through tracked incentives, the analysis only included projects where a company expanded in, or relocated to, a state different than its headquarters, identifying 347 incentives projects nationally. According to applicable incentives projects tracked by WAVTEQ, North Carolina attracted the most new jobs from companies based outside the state between January 2020 and May 2021. This was followed by Texas, California, Indiana and Georgia, which—with North Carolina—collectively announced more than 42,000 jobs as part of expansion and relocation projects from out-of-state companies, as tracked by WAVTEQ. All states attracting at least 1,000 jobs tracked during the same period are mapped below *(see Figure 1)*.

Figure 1: Top States for New Jobs from Out-of-State Companies (January 2020 – May 2021)

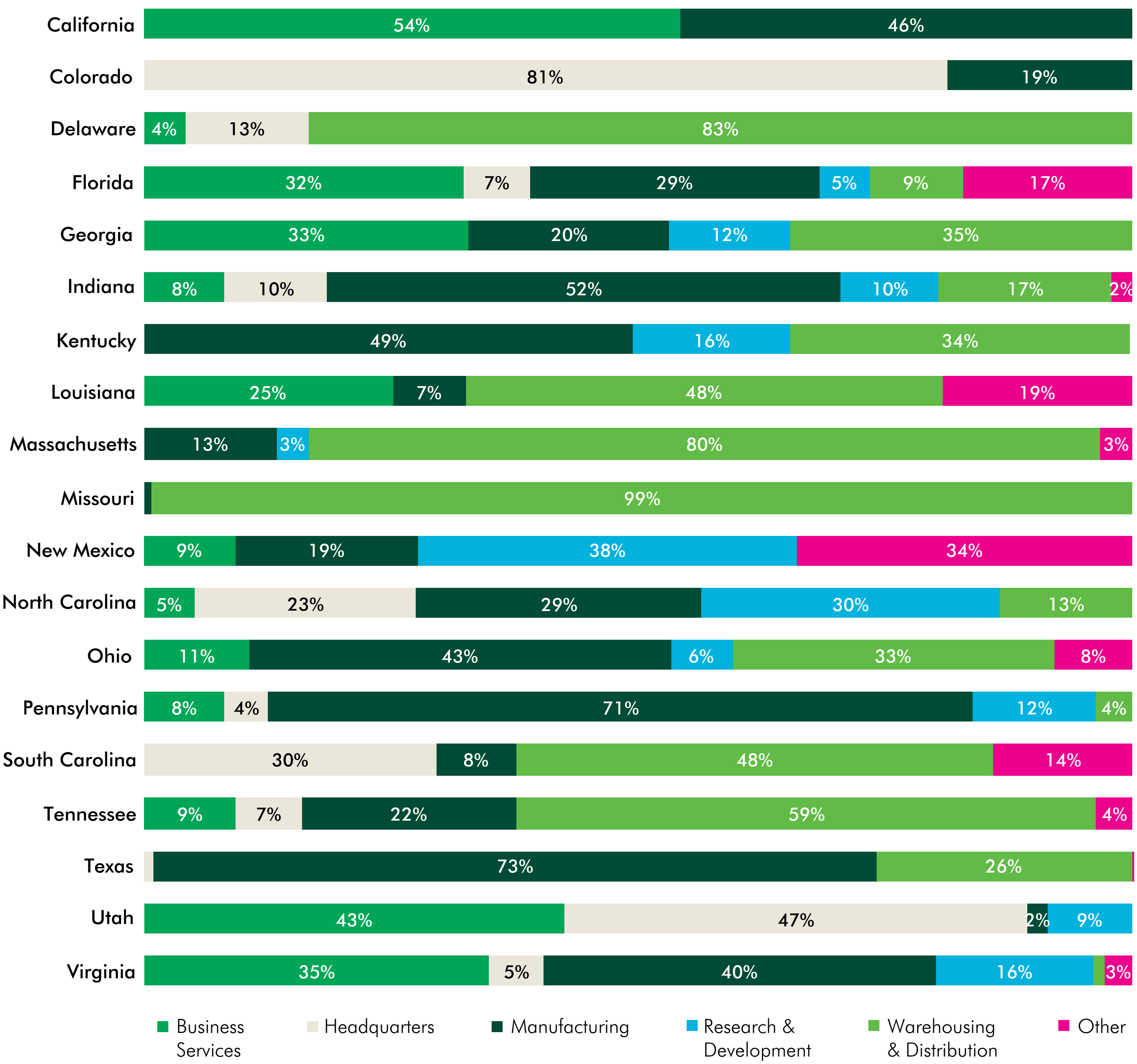


Source: WAVTEQ Incentives Monitor. Shows only states with 1,000 or more tracked jobs. Film production projects were excluded due to their temporary nature and unique site location considerations.

Economic incentives are available across all industry verticals and project types.

Among the states that attracted the most new jobs from companies based in other states, the makeup of project types varied. For example, Utah's projects comprised mostly headquarters and business services operations. A full 71% of Pennsylvania's new jobs were linked to manufacturing projects. And North Carolina showed a strong balance of roles in headquarters, manufacturing, R&D and warehouse projects *(see Figure 2)*.

Figure 2: Share of Total Out-of-State Jobs by Project Type (January 2020 – May 2021)



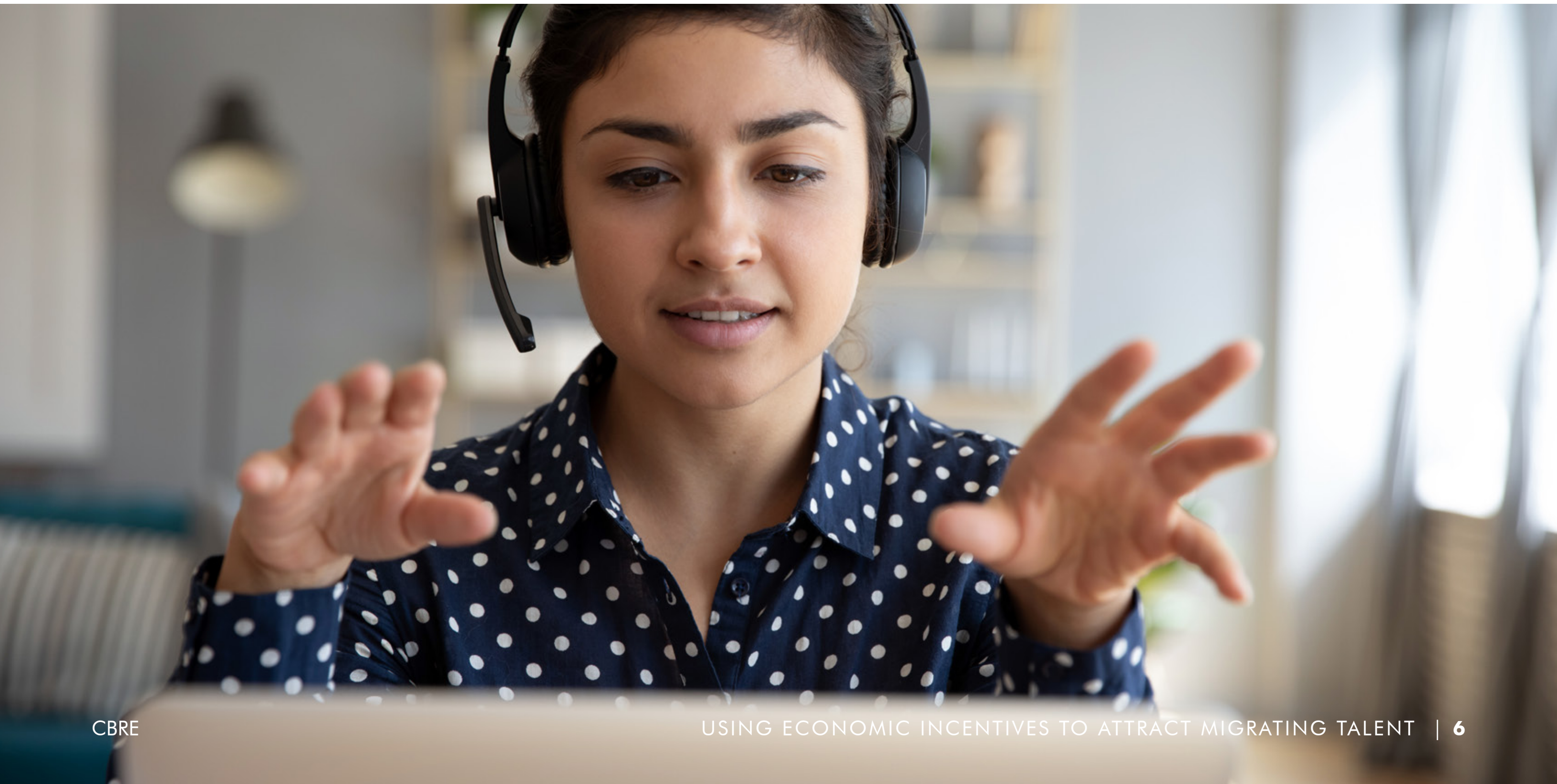
Source: WAVTEQ Incentives Monitor.

States and local markets are incentivizing the migration of new companies through workforce training grants.

Incentives can include more than grants and tax credits. Workforce training programs have taken on increased importance in recent years as the war for talent has intensified and economic shifts required workers to retool their skills for emerging industries. At the same time, states and localities have become more innovative with their training programs, benefiting both employers and employees, whose improved skills serve them throughout their careers. All of this has led to a premium on skills and training across the country. States that continue to invest in workforce development are becoming increasingly crucial and will likely have an advantage going forward.

For example, in a recent engagement, CBRE's Location Incentives Group assisted a confidential software company that was evaluating markets to expand its center of excellence. Ultimately, the client selected Denver, Colorado, due to the city's emerging status as a technology hub. CBRE negotiated for the software company an incentives package valued at more than $1.3 million, which included savings through the Colorado First Job Training Grant, in light of the company's projected creation of 140 new jobs tied to its expansion. These incentives allowed the company to hire more quickly and to train employees with the necessary skills to increase their productivity and wages.

Talent access and cost mitigation are among the most critical drivers for employers when creating and implementing a location strategy. Migration's impact on talent access and the potential for economic incentives to mitigate costs are two important factors, out of many, with which to measure prospective markets. Monitoring the evolving landscape around migration and incentives as the U.S. emerges from the COVID-19 pandemic and recession will be critical to understand existing and emerging opportunities for occupiers who are exploring a footprint in new geographies.



Contact CBRE's Location Incentives Group to learn more about potential incentives for your real estate footprint.

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