

## MEDIA RELEASE

TO REQUEST THE FULL REPORT, CONTACT:

Noelle Salerno, Marketing Manager, 512-480-9802, [noelle@avalancheconsulting.com](mailto:noelle@avalancheconsulting.com)

Chris Engle, Vice President, 512-695-0100, [chris@avalancheconsulting.com](mailto:chris@avalancheconsulting.com)

## U.S. Economic Developers Express Renewed Optimism for the Future; Prospect Activity Grows but Moderates

Austin, TX (February 14, 2012)—According to a bi-annual survey of 190 economic developers across the U.S. conducted in January 2012 by Avalanche Consulting, Inc., perceptions about the national economy have greatly improved. Just less than half (49%) of economic developers indicate the national economy as poor or very poor, a sizeable improvement from our last survey result of 77%. Forty-two percent of economic developers indicate a “neutral” perception of the national economy.

Perception of federal government policies improved slightly, but a majority of economic developers (58%) still believe federal policies are currently poor. According to the survey respondents, the best policies for today’s economy are decreasing regulation, job creation incentives, reducing government and/or taxes, tax reform, and entrepreneurship incentives. Economic developers also called for a renewed focus on manufacturing and the policies required to bring the industry back to the U.S.

The survey also asks respondents to indicate whether their prospect activity increased, decreased, or stayed the same in the second half of 2011 versus the first half (see a definition of prospect activity at the end of this release). Fifty percent (50%) of economic developers indicated an increase in prospect activity, which is a slight decrease from the previous survey. This reflects a moderating rate of prospect growth as activity returns to its pre-recession levels. Although the upward trend of strong growth has reversed, the gap between announcements and leads has shrunk as more projects come to fruition. Project size continues its upward trend, as 44% of economic developers said their average project size increased in terms of square footage, investment, jobs, and payroll. The top 5 industries showing the most improvement in prospect activity industry in the second half of 2011 were: Manufacturing, Health Care Services, Clean Energy, Distribution, and Food Processing.

### *Definition of Prospect Activity*

Prospects are companies that are considering an expansion/relocation and are competitively evaluating multiple cities as part of their decision. Economic development organizations often assist these companies with their information needs, site and building search, workforce

assessments, and/or financing and incentives. Prospects are flagged as various types as they move through the decision process:

- Lead – A company makes an initial request for information or indicates that an expansion/relocation decision process has begun.
- Prospect – A formal “Request for Proposals” is usually sent, which includes the requirements for the project expansion/relocation.
- Visit – A community is short-listed and company representatives visit multiple communities to gather and confirm information.
- Announcement – A company makes a decision and issues a public statement announcing the winning community for the company’s expansion/relocation.

The survey also asks economic developers to indicate whether “Startups/Ventures” and “Closures/Layoffs” increased or decreased.

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**Avalanche Consulting** is one of the nation's leading economic development consultancies specializing in economic and workforce development, strategic planning, target industry analysis, workforce demand assessments, and marketing plans. Learn more at:

<http://www.AvalancheConsulting.com>

The **Economic Developers Index** is a bi-annual survey of U.S. economic developers to gauge changes in prospect activity and perceptions of the economy. While other surveys exist to measure sentiment of businesses or consumers, this survey is focused on economic developers, who have unique insights on the future of job creation in U.S. communities.



In January 2012, about 190 qualified responses were collected for the survey, which was the 6<sup>th</sup> consecutive survey conducted. The survey is done by Avalanche Consulting as a free service to the economic development community. Only survey respondents and the media are provided copies of the complete report.

<http://www.EconomicDevelopersIndex.com>