

## **LOCATION, LOCATION AND LOCATION**

### ***The Decision Where to Locate within the U.S. Should be a Multifaceted, Multilayered Effort***

It's frequently said that the three most important factors in real estate investment are *location, location and location*. The same may be said with respect to a business' decision to access the U.S. market.

A business or entrepreneur contemplating entering the U.S. market must, of course, consider the familiar substantive and competitive considerations reflected in a focused business plan. Yet frequently unexamined, or at least underemphasized, is the question of where in the U.S. a business' best opportunities might be found.

For some foreign companies considering a beachhead in the U.S., proximity to customers, or university research assets, or access to capital may be primary considerations. For others, location near transportation hubs and logistics centers may be vital.

Within these broad parameters, however, a variety of considerations can spell the difference between red and black ink, particularly in the early days of a U.S. presence.

For example, a technology-driven company may determine that it needs access to a pool of potential employees with university degrees in a particular discipline. The company's office infrastructure – servers, for example – may consist of tangible personal property. The company may have determined that it makes sense to locate within the New England region of the U.S., given the level of highly educated workers in the region, and the availability of direct flights from Boston to most European capitals.

Within the New England region, however, and probably unexplored by the company, there exist significant variations in everything from tax structures to cash and other incentives available to businesses and investors. Certain regions, even communities, in major metropolitan areas offer a variety of circumstances that can directly impact a company's bottom line.

Some states have created "enterprise zones" in which favorable tax treatment, even tax holidays, can be had. In other areas, personal property, such as servers, may be subject to taxes. Within some states, generous R & D grants, matching funds, tax credits and other financial incentives may be offered. Funds may exist for the training and hiring of new employees within particular industries. Real estate may be purchased or leased under highly favorable conditions. Office space within technology incubators may be available.

The list of considerations – some obvious, some less so – is long and requires an understanding of local nuance. The business contemplating a U.S. presence should remember that deciding where to locate within the country is a complex process that only begins at the regional level.

The devil is in the details, but it is in those details that the difference between positive cash flow, and even ultimate profitability, may be found. It is well worth the time and investment to embark upon a strategic and rational examination of the full array of incentives and benefits available to new business investors in the U.S.

*Perry B. Newman is founder and principal of Atlantica Group. Atlantica Group assists clients in North America, Europe and Israel develop international market and business opportunities. Atlantica Group is on the web at [www.atlanticagroup.com](http://www.atlanticagroup.com). © 2009 Atlantica Group LLC*