THE SITE SELECTOR'S PLAYBOOK

A Step-by-Step Guide to Industrial Location Decisions

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A $350M manufacturing investment will generate $560M in payroll over 20 years, create 1,200+ direct and indirect jobs, and determine your operational competitiveness for the next two decades. Yet most companies spend more time selecting ERP systems than validating the location decision that will impact every aspect of their business. This playbook shows you how to get it right.

Executive Summary

The industrial site selection landscape has fundamentally transformed in 2024–2026. The CHIPS and Science Act has catalyzed over $450 billion in announced semiconductor and advanced manufacturing investments. The Inflation Reduction Act has triggered $270 billion in clean energy and EV manufacturing commitments. Artificial intelligence infrastructure is driving unprecedented data center development, with average project sizes reaching 400+ MW.

This investment surge has created a perfect storm of site selection challenges:

- Utility infrastructure crisis: Transformer lead times have extended to 36–48 months for large power units
- Workforce and housing constraints: Manufacturing labor shortages persist across skilled trades
- Compressed timelines and elevated risk: Companies are attempting to compress 18–24 month processes into 9–12 months

This playbook presents the validation-first methodology used to advise $50M–$3B+ industrial location decisions—a framework that eliminates fatal flaws before they become expensive mistakes.

Core Principles:

- Validation rigor beats marketing polish: Phase II environmental assessments and engineering-level utility validation are the difference
- Fatal flaw elimination drives the process: Power delivery (30–35% of eliminations), environmental clearance (25–30%), workforce availability (20–25%)
- Top-down screening beats RFP fishing: Start with data-driven market analysis
- Incentives rarely determine short lists: They matter in final negotiations but rarely drive short list selection
- Process discipline prevents scope creep and timeline blowouts

Realistic Timeline Expectations:

- Standard industrial project ($100M–$500M CapEx): 9–12 months
- Giga-scale project ($1B–$3B+ CapEx): 16–24 months
- Accelerated timeline (attempting 6–9 months): High risk of discovering fatal flaws

Section 1: The Current Site Selection Environment — Trends Shaping 2025–2026

Before diving into methodology, it is critical to understand the macro forces reshaping industrial site selection.

1A: The Federal Industrial Policy Impact

CHIPS and Science Act ($280 Billion Authorized)

As of Q1 2026, the Commerce Department has announced over $30 billion in proposed CHIPS funding spanning 23 projects in 15 states. This has catalyzed over $450 billion in total announced semiconductor investments.

Site selection implications: These mega-projects have created unprecedented competition for ultra-high power delivery (100–300 MW per fab), ultra-pure water (2–4 million gallons per day), specialized workforce (1,000–3,000 workers per fab), and housing absorption for 2,000–5,000 in-migrating workers.

Inflation Reduction Act ($369 Billion in Climate/Energy Provisions)

The IRA has triggered $270 billion in announced clean energy and EV manufacturing investments through Q4 2025. Site selection implications include supply chain clustering, power delivery requirements of 20–50 MW for battery plants, and incentive stacking achieving 15–25% of CapEx.

1B: The Utility Infrastructure Crisis

This is the #1 fatal flaw in site selection today, and it is getting worse.

- Power transformers (>100 MVA): 30% supply deficit in 2025, lead times 36–48 months
- Distribution transformers: 10% supply deficit, lead times 30–36 months
- Switchgear: 44-week average lead time in Q2 2025
- Import dependency: 80% of U.S. power transformer supply now comes from imports

The strategic implication: Power delivery validation must happen in Week 1 of site selection, not Month 8.

1C: Workforce and Housing Absorption Constraints

Manufacturing labor shortage persists with a 439,000 construction worker deficit. Housing absorption has emerged as a top-3 site elimination factor in 2024–2026.

1D: Environmental Due Diligence and PFAS Risk

Phase II ESA has become a standard requirement. PFAS contamination has become a significant site selection concern with cleanup costs reaching $5M–$50M+ for contaminated sites.

1E: Incentive Landscape and Competitive Dynamics

Industry data shows incentive packages averaging 8–15% of CapEx across competitive states. The strategic insight: Incentives rarely determine which sites make the short list (only 5% of site eliminations). They determine which finalist site wins (30% of final negotiations).

1F: Compressed Timelines and Elevated Risk

Standard manufacturing ($100M–$500M): 11–14 months average. Top causes of delays: utility infrastructure issues (35%), environmental contamination (25%), workforce/housing concerns (20%).

Section 2: Project Definition and Requirements Development

This is where 40% of site selection processes fail before they even start. The solution: invest 4–6 weeks in structured requirements development before any external outreach.

2A: Business Objectives Translation

Start with business strategy, not site criteria. Four strategic questions must be answered first:

- What business problem is this investment solving?
- What is the competitive imperative?
- What is the investment horizon?
- What is the risk tolerance?

2B: Requirements Matrix — Tier 1/2/3 Structure

Tier 1: Absolute Requirements (Pass/Fail)

These are deal-breakers. Sites failing any Tier 1 requirement are eliminated immediately. Typical outcome: 40–60% of initial sites eliminated.

Tier 2: High Priority Requirements (70% of Total Score)

These factors significantly impact project economics, risk, and success. Key factors include power delivery certainty, environmental quality, workforce availability, labor cost competitiveness, and total operating cost.

Tier 3: Differentiators (30% of Total Score)

These factors matter in final rounds when 2–3 sites are comparable. They serve as tiebreakers, not primary drivers.

2C: Internal Alignment and Governance

Before going to market, establish decision-making structure. Site Selection Committee composition includes Executive Sponsor, Committee Chair, and Core Members (CFO, VP HR, VP Supply Chain).

Phase Gates:

- Gate 1 — Requirements approval (Week 4)
- Gate 2 — Long list approval (Week 8)
- Gate 3 — Short list approval (Week 16)
- Gate 4 — Final recommendation (Week 28)
- Gate 5 — Board approval (Week 30)

Section 3: Market Screening and Site Identification Methodology

Fundamental principle: top-down, data-driven screening before EDO engagement. The right approach eliminates 60–70% of sites before site visits, saving 3–6 months.

Phase 3A: National/Regional Market Screening (Weeks 1–3)

Objective: Identify 15–25 competitive markets using data-driven analysis, no EDO contact yet.

- Layer 1: Geographic Constraints — Apply hard geographic filters
- Layer 2: Utility Infrastructure Capacity — Assess substation capacity
- Layer 3: Workforce Availability Analysis — Use occupational employment data
- Layer 4: Operating Cost Competitiveness — Develop preliminary operating cost model

Phase 3B: Strategic EDO Engagement and Validation (Weeks 4–6)

Contact EDOs in target markets with specific validation requirements. This is NOT an RFP process. Demand engineering-level data on utilities and environmental baseline.

Phase 3C: Site Scoring and Long List Development (Weeks 7–8)

Apply the weighted scoring matrix to all validated sites and select the top 8–10 for in-person site visits.

Phase 3D: Site Visits and Short List Selection (Weeks 9–16)

Standard site visit agenda includes kickoff meeting, site walkthrough, lunch with local officials, community college visit, utility provider deep-dive, housing tour, and team debrief.

Select 3–4 sites representing different risk/reward profiles, providing geographic diversity across states/regions.

Section 4: Detailed Due Diligence and Final Site Selection (Weeks 17–30)

Objective: Conduct comprehensive technical, financial, legal, and regulatory due diligence on four finalist sites. The critical principle: trust, but verify.

Phase 4A: Environmental and Geotechnical Due Diligence (Weeks 17–22)

Environmental Phase II ESA

Phase II scope: 8–15 soil borings, 3–5 groundwater monitoring wells, laboratory analysis for VOCs, SVOCs, petroleum hydrocarbons, heavy metals, and PFAS. Timeline: 4–6 weeks.

Geotechnical Investigation

8–15 soil borings to 30–50 feet depth with Standard Penetration Test samples. Possible outcomes range from competent soils (baseline) to severe constraints requiring grouting ($5M–$15M).

Phase 4B: Utility Engineering and Infrastructure Validation (Weeks 17–24)

Obtain formal utility engineering studies confirming service capacity, timeline, and costs. Electrical utility engineering feasibility study includes load analysis, system capacity analysis, service extension design, and cost estimate.

Transformer procurement is critical in 2024–2026. Confirm whether the utility has transformers on order with a firm delivery date.

Phase 4C: Regulatory and Permitting Pathway (Weeks 19–26)

Validate permitting requirements, timeline, and costs. Key permits include Title V Air Quality Permit (10–14 months), NPDES Stormwater Permit, Section 404 Wetland Permit, and Building Permit.

Phase 4D: Incentive Negotiation and Documentation (Weeks 21–28)

Key negotiation principles: Negotiate from position of strength, focus on upfront value, minimize clawbacks, secure commitments in writing, coordinate state and local.

High-value incentive components include property tax abatement, utility rate discounts, sales tax exemption, investment tax credits, job creation tax credits, and infrastructure grants.

Phase 4E: Site Acquisition Due Diligence (Weeks 23–28)

Key activities: title examination, ALTA Survey, appraisal, purchase agreement with contingencies.

Phase 4F: Final Financial Modeling and Risk Assessment (Weeks 25–28)

Develop comprehensive 20-year Total Cost of Ownership model. Include sensitivity analysis and Monte Carlo simulation to understand TCO variance.

Section 5: Final Site Selection and Negotiation (Weeks 29–32)

Phase 5A: Comprehensive Site Scoring (Week 29)

Final weighted scoring matrix categories: Financial (30%), Utility/Infrastructure (20%), Workforce (15%), Risk (15%), Timeline (10%), Incentives (5%), Strategic Fit (5%).

Phase 5B: Site Selection Committee Decision (Week 29)

Present recommended site with comprehensive rationale covering execution certainty, speed to market, strategic fit, and TCO premium justification.

Phase 5C: Final Negotiation and Documentation (Weeks 30–31)

With the selected site identified, leverage competitive tension one final time. Request enhancement to close the gap with alternative offers.

Final documentation required: Economic Development Agreement, Purchase Agreement closing, Utility Service Agreements, Workforce Development MOU.

Phase 5D: Public Announcement (Week 32)

Announcement sequence: Governor's press conference, company press release, local community meeting, media interviews.

Confidential pre-announcement notifications: Non-selected site EDOs receive personal calls thanking them. This relationship management matters.

Section 6: Post-Selection Transition (Weeks 33–36)

The work does not end at announcement. The post-selection phase sets the foundation for successful execution.

- Project team mobilization (Week 33): Engage engineering/EPC contractor, finalize building design
- Permitting finalization (Weeks 33–36): Submit final air permit application, site plan and building permits
- Stakeholder management (ongoing): Monthly updates to state economic development agency, county, and city
- Lessons learned and process documentation (Week 36): Debrief with Site Selection Committee

Conclusion: Key Takeaways for Corporate Site Selection

This playbook has outlined a comprehensive, validation-first methodology for large-scale industrial site selection. The seven principles that drive successful outcomes:

1. Requirements-Driven, Not RFP-Driven

Develop rigorous, tiered requirements upfront. Use data-driven market screening to eliminate 60–70% of markets before any EDO engagement.

2. Validation Before Marketing

Demand engineering-level validation of utility infrastructure, workforce, environmental conditions, and permitting timelines. Fatal flaw analysis eliminates sites with deal-breaking issues.

3. Total Cost of Ownership, Not Just Incentives

Evaluate sites on 20-year TCO (CapEx + OpEx − Incentives), not incentive value alone. Operating costs typically dwarf CapEx and incentives over a facility's lifecycle.

4. Risk-Adjusted Decision Making

Quantify and probability-weight risks. Use Monte Carlo simulation to understand TCO variance.

5. Governance and Trade-Off Frameworks

Establish a cross-functional Site Selection Committee with clear decision rights and phase gates.

6. Speed and Confidentiality

Maintain strict confidentiality protocols. Balance thorough due diligence with speed to market—every month of delay costs $2M–$3M in lost revenue.

7. Incentive Negotiation as Final Step

Negotiate incentives after site selection is substantially complete, using competitive tension and detailed project economics.

Final recommendation: For large-scale manufacturing and data center projects ($300M+ CapEx, 250+ jobs, 40+ MW), the site selection process typically requires 6–9 months from requirements development to final site selection, with an additional 12–18 months to shovel-ready. Budget 1.5–2.5% of CapEx for site selection advisory, due diligence, and transaction costs.

About the Author

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Devin Hillsdon-Smith is the founder and principal consultant of Hyphen Strategies, LLC, a boutique site selection and economic development advisory firm. With 15+ years of experience spanning public sector economic development and private sector site selection, Devin has advised over $8 billion in corporate investments across North America.

Devin serves on the board of directors of the Indiana Economic Development Association (IEDA) and other nonprofit organizations. He is a licensed real estate broker and attorney with deep expertise in utility infrastructure analysis, environmental due diligence, and economic development finance.

Hyphen Strategies specializes in corporate site selection ($50M–$3B+ projects), certified sites programs, regional utilities studies, data center advisory, and affordable/workforce housing development for economic development organizations and growing companies.