

# FirstPerson

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## Has the desire to build new high-tech facilities grown over the past few years? Why or why not?

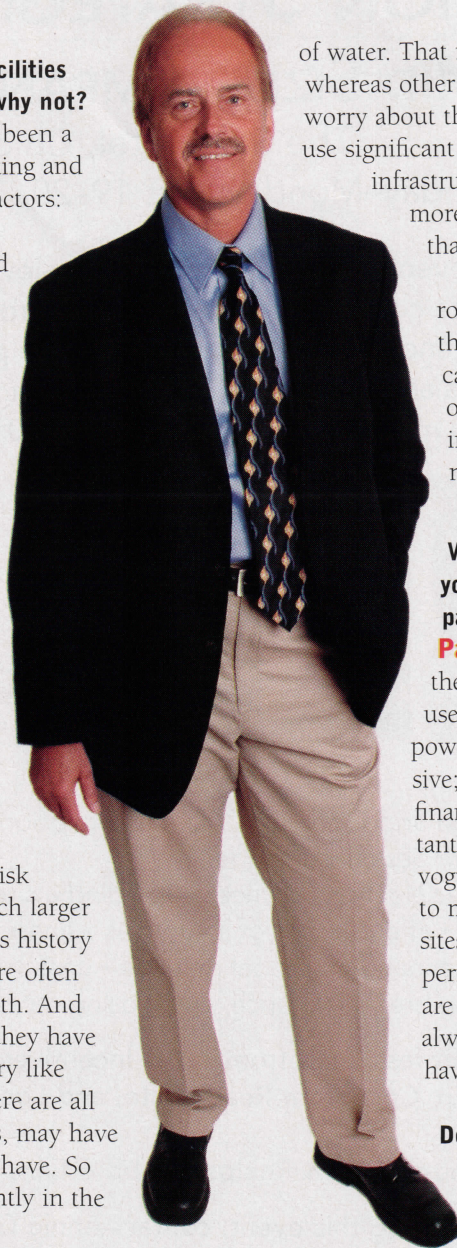
**Pawlak:** In the last few years, there has been a significant uptick in high-tech facility siting and construction. This is driven by several factors: continued growth of some sectors (e.g., biotech), the need for more complex and dense data centers, and the worldwide clamor for alternative energy sources. Most of the emerging technologies require complex facilities, including clean rooms, and the newest style data centers are essentially built like semiconductor fabs, without the process systems; this sector is growing exponentially. Finally, the solar business, which got its start in Europe, is growing worldwide, with a current focus on the United States. These solar (or photovoltaics) plants are high-tech in nature and proliferating.

## How does site selection for high-tech facilities differ from manufacturing or other facilities?

**Pawlak:** Every company has the same risk reward costs, but those costs can be much larger with high-tech facilities. Since there's less history in their industry, high-tech companies are often blazing the path — not following the path. And when they are looking at site selection, they have a lot more things to consider. An industry like pharmaceuticals, for example, where there are all kinds of issues with chemicals and gases, may have worries that lighter manufacturers don't have. So the number of criteria expands significantly in the high-tech sector.

## What are some additional requirements site selectors need to keep in mind when siting a high-tech facility?

**Pawlak:** If you are trying to run or operate a facility that has a clean room, for instance, you have far more angst over its infrastructure requirements than you do if you are a lighter manufacturer. For example, some semiconductor facilities and photovoltaic facilities are huge users



of water. That might eliminate a lot of locations, whereas other types of industry wouldn't even worry about these criteria. These facilities also use significant amounts of power. So some of the infrastructure support requirements are more complicated and more important than for other industries.

Additionally, building a clean room is incredibly expensive, and the property tax bill for a company can be almost as much as the cost of labor. There's just a host of important and complex factors that need to be analyzed.

## What are some of the current trends you see in siting plants that make parts for photovoltaics (PV)?

**Pawlak:** The siting factors mirror the incentives. These plants are huge users of power, so low-cost, reliable power is key. They are capital-intensive; therefore, any assistance with financing and tax structure is important. With alternative energy being in vogue, PV companies are trying to get to market quickly, so "shovel ready" sites — or other means to reduce the permitting and approval process — are valuable. Since overall cost is always critical, lower-cost locations have an advantage.

## Do you see these trends continuing?

**Pawlak:** Yes, these high-tech industries are growing at significant rates, and most are in the early stages of worldwide proliferation; there is considerable upside for the foreseeable future.

## What are some specific incentives that high-tech companies might expect to receive when locating a plant in the United States?

**Pawlak:** Incentives are typically expected to cover four areas: cost/tax reduction, utility rate reductions, stream-

## theAssignment

Chuck Pawlak is Vice President and Managing Director of the Binswanger Technology Group. Binswanger is a full-service real estate firm specializing in industrial and high-tech properties with worldwide capability. Pawlak has 30 years experience working in corporate engineering and real estate groups. He has coordinated the site selection and incentive negotiations for semiconductor fabs and assembly/test plants in the United States, Europe, the Middle East, Asia, and Latin America. Recently, *Area Development* spoke with Pawlak about the site selection needs of high-tech companies and the rewards and risks of locating offshore.