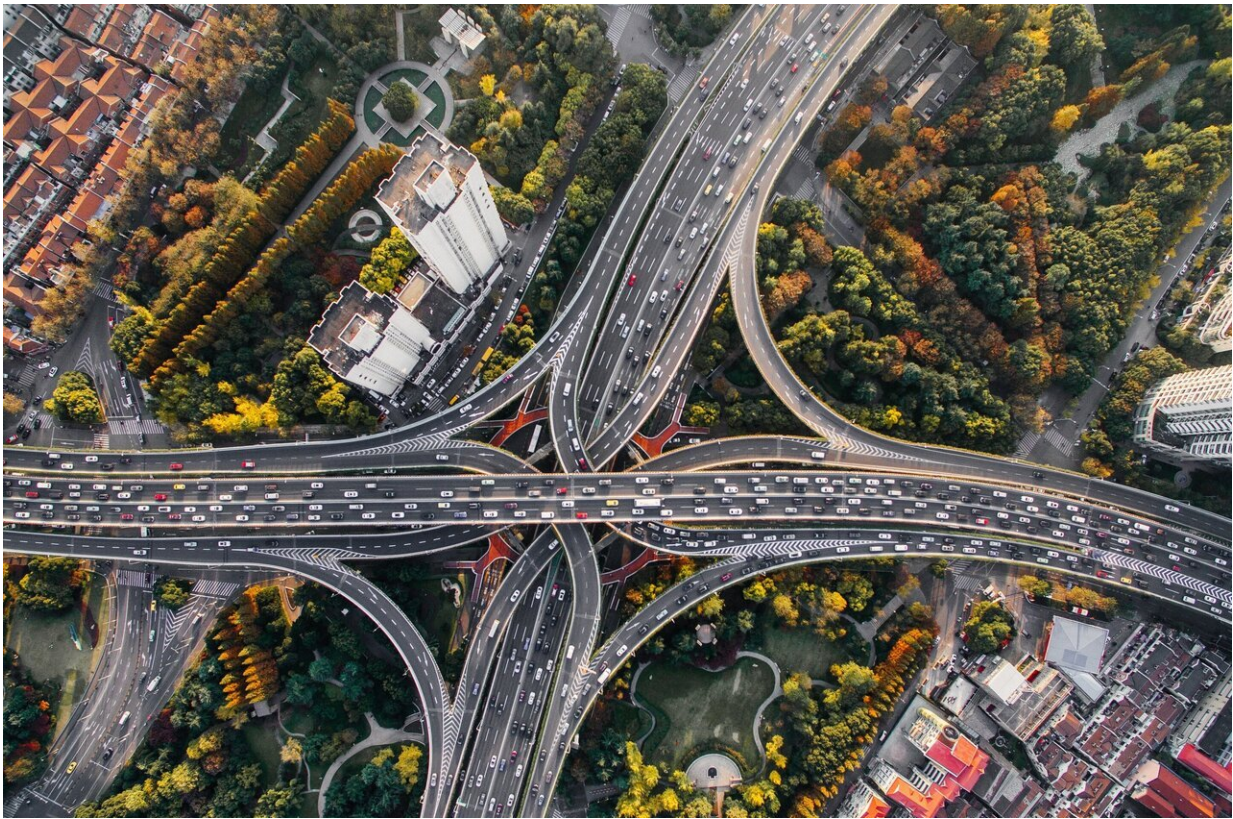


Both downtown and suburbs appeal to small, high-growth firms

March 29 2022, by Tatyana Woodall



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The movement of high-growth firms that directly contribute to the regional economy may be more complex than previously thought, new research suggests.

A case study in Franklin County, Ohio—home to Columbus—found that when growing firms moved within the county, almost equal numbers of them moved downtown or to the suburbs. Most likely was that they moved somewhere near their original location.

That means the three prevailing theories that predict where growing firms will move are all correct: outward in search of cheaper prices, inward in search of better urban amenities, and nearby to minimize relocation costs.

"These three patterns almost equally exist within [urban areas](#). That means that there is not a single pattern that is dominating the growth of the region," said Yasuyuki Motoyama, author of the study and assistant professor of city and [regional planning](#) at The Ohio State University.

The study was published recently in *GeoJournal*.

Motoyama, who has been investigating small, high-growth firms for over a decade, said that Columbus makes a good [case study](#) because it has been a bustling economic center for just over 30 years, but now is an especially vibrant area for growing businesses.

Using the [business](#) database InfoGroup, (now Data Axle) Motoyama was able to identify companies in the Columbus area that met the definition of small, high-growth firms in the study period of 2016 to 2019. These were firms that had 100% sales growth over the three-year period and had revenue of \$1 million or higher in 2019.

Motoyama identified 586 high-growth firms that met these criteria, which made up 2.1% of all businesses in Franklin County. The study tracked the 87 companies (14.8%) that moved between 2016 and 2019.

These high-growth firms ended up tripling their share of the county's

employment rates by 2019, and their share of the county's sales increased more than seven times, up to 10.6%.

That suggests that these businesses will continue to grow and expand, and these fast-growing companies could end up becoming a huge factor in Ohio's economic development, Motoyama said.

Results showed that 19.5% of firms in the study moved inward toward downtown, 17.2% moved outward from the center city and the highest percentage—25.3%—moved to nearby locations. The remainder moved out of the county.

The study also found that contrary to popular belief, many of these high-growth firms that help drive the [local economy](#) aren't conventionally located in medical, pharmaceutical or IT fields.

Instead, they cover a diverse array of disciplines and specialties.

"High-growth companies exist in virtually every sector, including retail, restaurants, transportation companies, and other [manufacturing companies](#)," Motoyama said.

Previous research into the movement of companies mainly focused on how the relocation of large manufacturing firms affected [local communities](#). Typically, these kinds of firms can displace or add a great number of local jobs, but it's still unclear whether such displacement brings about a net positive in the workforce, since a gain in one city is considered a loss in another, Motoyama said.

But locally developed high-growth firms contribute an enormous amount to the economy by directly adding both employment and wealth locally and nationally, he said.

Motoyama's research also has implications for [government policy](#). He says that the study suggests that one-size-fits-all incentive packages to attract and keep businesses for cheaper prices won't work, and a variety of options are needed to help local businesses thrive.

"The government should be thinking about different kinds of support packages for different kinds of companies," he said.

Motoyama hopes to continue his research into other communities in Ohio, including Cleveland or Cincinnati. "I think it would be important to conduct similar research in other metropolitan areas in Ohio," he said.

"I'd like to investigate further what's happening in those areas that are experiencing different growth patterns: what kind of high-growth companies exist, and where they are moving."

More information: Yasuyuki Motoyama, Where do high-growth firms go?, *GeoJournal* (2022). [DOI: 10.1007/s10708-022-10603-w](https://doi.org/10.1007/s10708-022-10603-w)

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