

Forward

SIoux FALLS

PROGRESS REPORT, Fourth Quarter, 2008

Numbers show 2008 another successful year in Sioux Falls

During a time when the nation was posting job losses and declining economic growth, in addition to falling home values, Sioux Falls numbers told a different story.

“According to the State Department of Labor, during the period from 2006 through 2008, the Sioux Falls metropolitan area added 8,000 new jobs,” reported Mary Medema, Workforce Development Director. “From January through September of 2008, the Sioux Falls area grew by 1,840 jobs. Not only is our unemployment one of the lowest in the nation at 2.5%, but our employment opportunities continue to grow, too. Recent announcements of staff reductions by some local employers remind us all why seizing economic development opportunities is so important for a community. An on-going focus on job growth and business success will help insulate us from the dramatic changes we are seeing in other parts of the country.”

According to the city of Sioux Falls Planning Department, nearly 5,800 building permits were issued in Sioux Falls through November, 2008, with a valuation of \$377 million in new construction. Capital investment through November of this year totaled \$187 million.

“While 2008 was not a record-setting year in the Sioux Falls area, we experienced excellent growth,” said Development Foundation President Slater Barr. “Many of the most vital sectors of our economy, from health care through retail, have major building projects going on, setting up 2009 as another year of construction and economic stability here in Sioux Falls.”



Regional developments include the construction of the Tower Tech wind energy plant near Brandon.



New home construction continues to drive infrastructure improvements in all directions around Sioux Falls.

The communities around Sioux Falls also contributed to the growth of our metropolitan statistical area during 2008. New companies in the region which completed their projects this year included Bergquist, moving into an \$11 million electronics manufacturing plant in Brandon, and Wilson Trailer, which began production at their \$6.5 million grain trailer plant in Lennox. Wausau Supply added 75,000 square feet to the building products company's facility in the Corson Development Park and Fusion Plastics built a 50,000 square foot manufacturing plant in the area, among other construction projects reported.

“From school construction to the building of cutting-edge manufacturing facilities like the Tower Tech wind energy plant near Brandon, this area is showing signs of growth and confidence in the future,” said Jeff Eckhoff, Executive Director of the Minnehaha and Lincoln County Economic Development Associations. “Because job opportunities continue to expand, new families are moving into our area, fueling new home construction, retail expansions and further growth.”

That cycle of development success also has made area home values defy national trends. While national average home prices fell 2.7% in the third quarter of 2008, South Dakota reported a 3.9% increase in home values, according to the Federal Housing Finance Agency. Sioux Falls area home prices are still rising modestly, and the area, as well as the rest of the state, has seen stability in housing costs and valuation that much of the nation has not experienced. Regional economists maintain that our area did not participate

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National news says business is best in Sioux Falls

SiouxFalls ranks FIRST among US cities with populations between 50,000 and 177,000 as the best place for business and careers, according to this year's survey in *Forbes* magazine—for the sixth

consecutive year. Sioux Falls came in at or near the top in most categories in the national magazine's rankings. The study rates communities on job growth and earned income, plus a measure of activity in critical technologies that foster future growth. According to *Forbes*, no community in the United States is a more economical place to do business than Sioux Falls, making Sioux Falls the best place in America to make a profit.

According to the most recent data from the Bureau of Labor Statistics, as reported by *MSN Careers*, job seekers are better off looking at cities like Sioux Falls, South Dakota and Idaho Falls, Idaho, cities that registered the lowest unemployment rates in the country.

When it comes to business friendliness, South Dakota ranks #2, according to the *Tax Foundation*. The recently completed 2009 State Business Tax Climate Index ranks states based on the taxes that matter to businesses and business investment: corporate tax, individual income tax, sales tax, unemployment tax and property tax, and measures how well a state's tax system encourages investment by maintaining a broad tax base and low rates. Wyoming

ranked #1 and states in the bottom ten included Minnesota (41st), Nebraska (42nd) and Iowa (44th).

The Chicago-based *Pollina Corporate Real Estate* firm named South Dakota one of the "Top 10 Most Business-Friendly States" for 2008. South Dakota, the sixth best pro-business state, moved up from the 7th best in 2007. The survey cited a strong standing in the areas of low taxes, a well-educated work force and low workers' compensation costs as helping to keep South Dakota in the Top 10.

Sioux Falls recently was recognized by the *CNN Money* web site as one of the 100 best places to live and launch a new business. The site ranked Sioux Falls as number 45 on the list. *CNN Money* credited South Dakota's business-friendly tax structure as a plus, stating that it costs about 45% less to open a business here than in New York. The site also touted the city's arts scene and highly educated work force. Number one on the list was Bellevue, Washington. Sioux Falls ranked between Oro Valley, Arizona and Madison, Wisconsin.

Successful year in Sioux Falls

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in the housing "bubble" of recent years, and thus has been spared the painful effects of the bursting of that speculative surge nationwide.

"There is little doubt that our area will face challenges during 2009 as a result of the national economic picture," Barr said. "But it is important to remember as we weather those challenges that we have a robust and resilient regional economy that will enable us to emerge stronger than ever once the recession is behind us."



Technology Business Center Update

Financial company graduates from Technology Business Center

First Financial Service Center has become the latest company to relocate from the South Dakota Technology Business Center to new offices away from the incubator. The firm's new operations center is at the First Dakota Bank Building, 101 North Main Avenue in downtown Sioux Falls.

First Financial Service Center is a loan servicing company, providing customer service, credit underwriting and collection services for various personal consumer loan providers. After opening its doors in a small downtown office, the company was accepted into the Technology Business Center in February, 2005.

"We were excited to come to the SDTBC as a fledgling company and enjoy outstanding technical infrastructure and an entrepreneurial environment," said James C. Jacobson, FFSC president. "Because of the support of the SDTBC, we were actually able to diversify and start another small businesses, *raizology*. This company provides a fundraising platform that allows non-profit groups to sell redemption cards that



First Financial Service Center recently graduated from SDTBC.

can then be used to order online a personalized calendar; mailed directly to the supporter."

Congratulations to First Financial Service Center on its business success and new facility!



Chairman's Report

Confidence in our bright future leads to planning efforts

Despite the dire national news about our economy, Sioux Falls and South Dakota continue to buck the trends and show the effects of pragmatic business planning and sustainable economic growth. As you will see in this issue of *Progress Report*, not only do our local business growth numbers tell a story of South Dakota success, but national news sources concur in what we've always said—this is the best place in America to grow a business and raise a family!

As part of our confidence in our future, planning is already underway for Forward Sioux Falls VI, the next phase of our program for continued prosperity in the Sioux Falls area. Forward Sioux Falls V has begun some exciting initiatives. During the next year we plan to talk to you, our investors, about our success with those initiatives and your priorities

By Kelby Krabbenhoft,
Chairman,
Forward Sioux Falls



for the future. That assessment will guide us in thinking out new ideas and action plans for Forward Sioux Falls VI. As we all know, **today** is the time to prepare for an even better tomorrow.

As we go through the holiday season and enter a challenging new year in 2009, may we always remember how fortunate we are to live here in Sioux Falls, South Dakota. We have opportunities and advantages that other communities only dream of. And we have a solid history of success—success in working together to improve the quality of life for ourselves, our colleagues, our children and grandchildren.

I look forward to working with all of you in 2009 and extend my very best wishes for a warm and joyous holiday celebration.



Housing Partnership Update

SEHP expands employee homeownership education benefits

With today's economic uncertainties, home ownership counseling and education is needed now more than ever. The Sioux Empire Housing Partnership has been meeting that need for years by providing pre-purchase housing counseling and education to strengthen and sustain our local workforce. Throughout the years, thousands of local employees have taken advantage of the home buying opportunities presented to them. This past year alone, over 1,800 employees from the area participated

in either one-on-one counseling or on-site employer seminars.

Recently, SEHP added another service to its list of employer-assisted homeownership benefits. Last month, housing counselors attended a *Foreclosure Intervention and Default Counseling* training in Pierre put on by the nationally recognized NeighborWorks Training Institute. This five-day course provided critical knowledge and skill sets needed for housing counselors to be successful in foreclosure counseling. The staff at SEHP learned to counsel homeowners in a variety of complex circumstances, from the steps homeowners should be taking to prevent foreclosure to understanding the loss mitigation options available to homeowners in foreclosure.

SEHP is still focused on pre-purchase education to create more confident, financially successful homebuyers but is also directing efforts toward homeownership preservation in a tight economy. Foreclosure can push families into crisis, reducing their stability and quality of life. Foreclosure also has dire social and economic side effects



on communities. Education and counseling can help homeowners and potential homeowners reduce their chances of foreclosure.

Providing education and counseling options to help employees achieve and maintain successful homeownership is one of the greatest workforce benefits that can be provided in these trying economic times. Employees gain the knowledge to protect themselves from risky financing options while learning budget and credit techniques to help them prevent foreclosure.

If you are interested in providing your employees with the tools and information for successful home ownership, please contact the Sioux Empire Housing Partnership at 605-339-0942.



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Investment leads to a cycle of growth

As we examine our local economy against the background of national news stories about this recession, we see very specific differences. So many of our economic benchmarks—from unemployment to job creation to home prices—tell positive stories, reflecting our diversified, stable and consistently growing economy. Naturally, we will be affected by what's happening in Washington and on Wall Street, but to a lesser extent than some parts of the nation. People in our area—and in communities more hard-hit by the recession—are asking why things are different here.

I believe the answer lies in the very roots of Forward Sioux Falls. The founders of this program understood that planning for the future with investors from the business community would actually **shape** the economy of Sioux Falls. As specific priorities were identified in the early phases of Forward Sioux Falls, the action plans created to address those challenges had an impact

*By Slater Barr, President
of the Sioux Falls
Development Foundation*



on the development of Sioux Falls and its economy. The stability and diversification that we enjoy today can be traced directly to investment of our area companies in their community and in Forward Sioux Falls.

Because our local economy has not suffered the shocks to its system that other communities have endured, we continue to see job growth and the resultant population growth that opportunity will always bring. And because families continue to locate in the Sioux Falls area, businesses continue to grow, providing more jobs, more paychecks and more prosperity. That prosperity attracts a new cycle of job-seekers, employment

grows and the cycle continues strong.

It's not rocket science. We plan for the future. We invest in our community. We identify our priorities and act on them. And we have confidence in our continued growth. It makes a difference—and that difference shows here in Sioux Falls.



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