



# Mohr Partners, Inc.

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## Site Selection for Call Centers

The perfect location for a call center requires focus beyond a building's features or a site's amenities. Every client has a unique set of requirements for their ideal call center. Many factors go into the location and site selection decisions for call center spaces, including a varying list of special requirements and details. Through its seasoned practice, Mohr Partners, Inc.'s (MPI) internal research and site selection team helps take the guess work out of the site selection process.

During an initial interview, MPI helps clients define the criteria that are most important to the success of their company. The client ranks the details that matter most to them, and MPI uses this information, along with extensive demographic research and business intelligence modeling, to define a list of the top markets uniquely tailored to that individual client. Throughout this entire process, MPI considers many factors within the current market climate, including current and past market trends, labor demographics, wage rates, call center saturation rates, number of competitors in the market, and more. Below, MPI has identified the top five essential elements that go into call center site selections.

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## 01 Market Saturation Rates

Market saturation rates are often one of the top factors that MPI will consider when locating a space for a new call center. Market saturation rates help measure direct competition within a specific market, and are calculated by dividing the total number of call center employees by the total labor force within a given area. The resulting ratio indicates the saturation rate of call center employees within a market area. For example, if a market with a labor force of 100,000 has 1,800 call center employees, the saturation rate would be 1.8%. An ideal market would have a saturation rate of 3% or lower, minimizing the risk of oversaturation.

Oversaturated markets tend to drive competition for the labor force. During such time, employee retention drops, and call centers must compete for talent by providing workplace incentives and higher wages. The importance of market saturation rates may be mitigated if a company is looking to hire a specialized labor force, such as registered nurses or licensed technicians who may field more specific customer questions.

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# 3%

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## 02 Unemployment Rates and Total Available Workforce

In addition to market saturation rates, MPI utilizes tools to analyze both unemployment rates and the total available workforce when helping clients with the site selection process for call centers. In the past, call centers were located in areas with a large total available workforce, such as in large cities. However, if those same areas have low

unemployment rates, it can create competition within the market for minimum wage positions, and encourage wage increases.

Areas of high unemployment, however, tend to create ideal locations for call centers based on the labor availability, lower wages, and



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lessened competition. Typically, call centers do not require a highly skilled workforce, and employees can be trained and on-boarded to their positions quickly. Additionally, cities or states

in economic decline may offer incentives, such as tax abatements or training incentives, to encourage call centers to move to their location and boost the local economy.

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### 03 Labor Force Demographics

A call center will quickly fail if the necessary labor force does not exist within a given market. It is important to consider local area demographics when searching for ideal call center locations. Analyzing demographics such as education rates, wage rates, and income levels in a given area can help MPI determine whether or not ideal call center employees exist within a market.

If a client is seeking a specialized workforce, such as bilingual employees or specialists in a

given field, MPI's research and site selection team will use additional analytics to pinpoint areas where larger groups of these potential employees exist. MPI can also look for areas with high rates of unemployment within a less-educated workforce, such as the areas near military bases and community colleges. These types of areas tend to provide an ideal labor force for call centers, with high concentrations of minimally educated individuals searching for lower wages and part-time employment.

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### 04 Labor Costs

Labor costs are typically the largest expense for call centers, accounting for approximately 70%-75% of call center overhead. Call centers must pay competitive rates to attract quality candidates and retain employees. In addition to competing for talent with other call centers, employers must also compete with other traditional minimum-wage careers, such as retail and fast food companies.

The call center industry has recently seen a market disruption due to state-mandated

increases for minimum wage across several states, including Arizona and Washington. To stay competitive in the changing marketplace, call centers in these areas must either raise wages or relocate to areas where the minimum wage levels are lower.

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*Labor costs make up 70%-75% of call center expenditures.*

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### 05 Speed to Market

Once a market has been chosen, the site selection process for real estate begins. Building a fully customized call center from the ground up is rarely the best option for a company, and MPI makes it a priority to find the perfect site for the best price. With

the closing of many big box retailers, there is an opportunity for a call center to take over the facility and get to market sooner. Big box retail spaces are large and open, making them the perfect canvas to create a fully operational call center.



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The open facilities are easily converted into a call center, with enough space for cubicles, training rooms, break rooms, and management offices, while providing sufficient parking for all employees.

“Plug-n-play” call centers provide an ideal opportunity for companies looking to get to market quickly. These locations come equipped with the necessary amenities for a fully-functioning call center including work stations, fiber optic cables, and more. Because the facility has already gone

through the local zoning and use permit process, “plug-n-play” call centers provide a space for a company to move in and get started quickly. Some facilities even include a backup generator to ensure consistent service through the busiest times or power outages. MPI maintains a database of approximately 1,200 “plug-n-play” call centers that are currently available nationwide. This database helps MPI quickly facilitate the transaction to get a client’s call center up and running within a short time span.

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## Conclusion

It is important to understand the complexities within current market conditions and how they may affect the call center site selection as a whole. From initial client specifications

to market and site selection, the highly experienced call center team at Mohr Partners, Inc. can locate the ideal call center location for any client.

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## About Mohr Partners (MPI)

Advising companies on the optimal location for call centers is a core competency at Mohr Partners, Inc. (MPI), a global real estate services firm. Since 1986, MPI has been the key advisor on numerous projects for call center operations and corporations. Our broad base of services has earned MPI a preeminent reputation as a “one source” provider of creative approaches and flawless execution of call center strategies. Whether the decision concerns a new call center, consolidation of existing centers, or disposition of a center no longer satisfying operational requirements or economic parameters, MPI is your call center specialist.

For over two decades, MPI has assisted with numerous call center projects nationally and internationally, providing strategic services

and planning, site selection, project and construction management, comparative financial analysis, lease negotiation expertise, and market research and analysis. MPI maintains an extensive database of over 1,000 potential call center sites at all times.

We provide a comprehensive portfolio approach to account management with a focus on the business drivers and objectives of our clients. We give our clients a global perspective of their real estate costs, developing tailored solutions to reduce real estate occupancy costs wherever their property is located. Our purpose is to align your real estate goals and objectives with your business objectives to ensure your success.