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**Riga Technical University  
53<sup>rd</sup> International  
Scientific Conference**

Dedicated to the 150<sup>th</sup> Anniversary and  
The 1<sup>st</sup> Congress of World Engineers and  
Riga Polytechnical Institute / RTU Alumni

**DIGEST**

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# Economically advantageous location assessment for the industrial business in Latvia

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**Keywords** –business in the Baltic Sea Region, R&D activities, economically advantageous location, location strategy, market attractiveness assessment.

## I. INTRODUCTION

There are a number of reasons to assess the local market attractiveness to allocate the business.

The authors targeted to work out the questionnaire to conduct the survey in Latvia for the leading companies in the industrial business origin from the Baltic Sea Region.

The main idea is to get to know the key principle in their choice of the most appropriate territory to the industrial objects.

A research object is industrial real estate property market in Latvia. The subject of the research is the leading manufacturing companies in Latvia with the headquarters from the Baltic Sea Region.

The main methods of the research used are the qualitative data analysis to obtaining a list of the required companies according to the criteria number worked out, and a literature observation which has indicated the theoretical background of the statistics and the issues of the market attractiveness, strategic analysis and business scope in the Baltic Sea Region.

## II. THEORETICAL ASPECT

Investigation for the spatial analysis as territory concept development and support of the strategic real property allocation theory characterizes the beginning of the 21<sup>st</sup> century and few decades earlier. The latest works devoted to the multiple criteria decision analysis using the programming. The authors considered the competition effect, local market particularities and investment environment, locational strategy (Le Bas and Sierra 2002) and multinational cooperation (Yeaple 2003). Sweden invested into the developing Baltic economies most actively in the second and third year of the target countries' GDP growth. The financial crisis coursed the prompt capital outflow of the investigated Swedish assets and its reallocation. It has increased the assets the stable economies countries. The Lithuanian scientists facilitate forecasts of possible trends of fixed investment and corresponding economic growth (Staube and Geipele 2011).

The authors have obtained the list of 500 multinational entrepreneurs from the BSR of the large and middle scale of C, D, E (NACE categories) working in the territory of Latvia.

## III. THE ASSESSMENT CRITERIA FOR MARKET ATTRACTIVENESS

When looking at the business allocating and local market development plans issue the authors categorize it in three types of collaboration: 1) industry and agriculture; 2) trade and services; 3) construction as a support and interaction branch.

The strategic decision on what to build or what cropper to grow and where effects the real estate market expansion opportunities in the aspect of location availability.

However, the Headquarter analyze the countries' business attractiveness values.

TABLE I  
THE MARKET ATTRACTIVENESS ASSESSMENT CRITERIA

1	Advantageous geopolitical location
2	Attractive tax policy
3	Low level of rivalry
4	Low price level of the staple in Latvia
5	Close collaboration with local scientists in the company's R&D activities
6	Beneficial credit terms and conditions for the industrial business
7	The advance to use the local natural resources for the manufacture
8	High professional level of the local specialists
9	Well-developed transport infrastructure
10	The company has full manufacturing process organized in Latvia, including its realization in local market

## IV. THE ASSESSMENT CRITERIA FOR ECONOMICALLY ADVANTAGEOUS LOCATION

Formulating the right location criteria might be influenced by a choice of Headquarter, collaboration perspectives with the local authorities, the development plans of the administrative territory or location correspondence to the manufacture's requirements.

It is considered to outline three tasks of the survey: 1) to determine the influence of a level and conditions of the market development; 2) to define threats in a territory acquisition; 3) to analyze if the current locations match the strategic plans of the enterprise.

The author highlights the following issues: the role of the market development stage and conditions; the main obstacles in the location choosing and territory's planning and management, the companies' strategic plans.

A hypothesis of the research says that Latvia does not use its advantageous location effectively. There is still a misbalance in a real estate market and the locations do not require the long-term plans of the operating companies. Low market capacities, limitations of the locations' physical and strategic development characteristics, protective tax policy and recent brain exodus create threats for attracting businesses. Companies rather use lower cost development countries and the location in the Latvia's neighboring countries.

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