

## Southwest Delivers Savings to Logistics Space Users

**N**ine of the 10 lowest-cost locations for operating a logistics plant west of the Mississippi can be found in the desert region of the country, according to a study by The Boyd Company Inc., a Princeton, N.J.-based location consultant.

The study, released Sept. 23, shows that Mohave Valley, Ariz., is the lowest-cost location in the West, with total annual operating costs of \$13.73 million. The report looked at the costs to operate a new 500,000-sq.-ft. (46,450-sq.-m.) distribution center employing 225 hourly workers and shipping over the road to major markets in the Western U.S. and Canada. Costs included those for hourly labor, shipping, land, construction, property and sales taxes, utilities and other occupancy costs.

Mohave Valley was followed in order by Salt Lake City/Provo, Utah (\$15.72 million in annual operating costs); Tucson, Ariz. (\$15.96 million); Albuquerque/Rio Rancho, N.M. (\$16.25 million); and Phoenix/Mesa, Ariz. (\$16.31 million).

"Despite the weakened national econ-

omy, distribution is projected by Boyd to be a leading generator of new corporate investment and jobs in the West during the next several years," Boyd noted in its report, citing imports from China coming through the ports of Los Angeles and Long Beach, high-growth metro areas in western states and "the sheer size and wealth of the California consumer market, the world's sixth largest economy."

Noting the impact of the \$5-billion Punta Colonet port planned for Mexico's Baja California, the report states that "the center of gravity for western distribution may be shifting decidedly to the southwest with the construction of a major new container seaport that could rival the ports of Los Angeles and Long Beach."

The study suggests that the proposed rail link coming from the new port in Mexico "would enable freight to skip heavily congested Southern California and head directly to U.S. markets, most likely through new lines constructed at border crossings in Arizona — either Yuma or Nogales."

In an interview, Principal John Boyd of The Boyd Co. says that due to high fuel costs, "the trend now is to establish more warehouses, rather than fewer warehouses. Our clients are concluding that they need to be closer to the major population centers, especially California, but not in California, which has difficult labor laws and a highly regulated business climate."

Boyd sees evidence that communities in Arizona, Nevada and New Mexico are willing to compete for logistics facilities.

A good example is **Amazon.com**, which on June 18 announced that it will open a fulfillment and distribution center this fall in the Phoenix suburb of Goodyear. The 500,000-sq.-ft. (46,450-sq.-m.) facility—exactly the size Boyd's study analyzed—creates 600 high-wage jobs, and another 700 temporary positions during the 2008 holiday season.

The announcement came just one month after **Macy's Inc.** opened its own 600,000-sq.-ft. (55,740-sq.-m.) fulfillment and distribution center in Goodyear, employing 500 workers. — Ron Starner

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