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## Strategic Insight | Site Selection

### Logistics hot spots: Georgia

**Georgia has made logistics a priority for years. That focus is now paying off.**

By [Mark B. Solomon](#)

Every industry has its "bible," a trade publication that wields major clout among the sector's practitioners. Within the big money and politically driven world of corporate real estate and regional economic development, arguably the bible is *Site Selection* magazine.

So when the publication ranked Georgia as the state with the best business climate in 2013, it was more than a "sit-up-and-take-notice" moment. It was a validation of years of promotion and investment designed to make the state the country's best place to work, live, and move goods to market.



Mark Arend, the magazine's editor-in-chief, said half of the ranking is based on a survey of site selectors who were asked to choose the top 10 states in terms of attractive business climates. The survey's methodology, Arend said, does not include logistics-specific criteria. "States' logistics assets might have figured into how [site selectors] ranked states, but we can't quantify that," he said.

Still, quality of transportation infrastructure is the second most important criterion in site selection decisions, trailing only the skills of the local workforce, according to the magazine. That plays right into Georgia's strengths. For all the elements that make the Peach State attractive—a pro-business government, reasonable living and business costs, a temperate climate, and a topography bracketed by mountains to the west and in the center, and a seacoast on the east—perhaps no quality elevates it to the top rung in site selectors' eyes as its logistics capabilities.

Georgia offers five interstate highways, 20,000 miles of federal and state roads, and a metropolis in Atlanta that straddles the Eastern and Central time zones and is situated within two days' driving or flying time of 80 percent of all U.S. major markets. The state's "right-to-work" labor climate lessens the influence of unions, a factor for businesses that might be concerned about organized labor's gaining a foothold inside a warehouse or DC. Its logistics apparatus is anchored by the Port of Savannah, the country's fourth-busiest containerport; its sister port in nearby Brunswick that specializes in the handling of roll-on, roll-off cargoes like automobiles; and Hartsfield-Atlanta International Airport, the world's busiest airport. It doesn't hurt that UPS Inc., the nation's largest transportation company, is headquartered in Atlanta and that the company's successful "We Love Logistics" advertising campaign has raised the visibility of the craft, and to a certain degree, the state's role in it.

### **HIGH-PERFORMING PORTS**

At a harbor depth of only 42 feet, Savannah is not and will never be the deepest port on the East Coast. The state has struggled for 14 years to dredge Savannah's harbor to 47 feet; it has budgeted \$231 million for the project, but the federal government has yet to come through with the balance. The dredging project won't be completed for another two to three years at the earliest.

But what Savannah lacks in harbor depth, it makes up in a logistics network that is the envy of virtually every port on the continent. It is the only Southeast port served by the two Eastern Class I railroads, CSX Corp. and Norfolk Southern Corp. Those operations are augmented in part by the services of 25 short-line railroads spread out across the state. Savannah's port operations are a model of efficiency, turning at 41 crane moves an hour, second only to the Port of Charleston (S.C.) with 43. Its Garden City facility is considered a jewel among the nation's terminal operations.

An agreement was reached last July to build an inland port in Cordele, Ga., about 186 miles southwest of Savannah, that will spawn a rail route mostly for agricultural products moving to and from the Garden City terminal. The Cordele facility, located about one mile from I-75, will serve as a gateway to southwest Georgia and adjacent regions of Florida and Alabama, according to the Georgia Ports Authority. It will provide agricultural exporters with rail access to Savannah and to export markets without the cost of draying the goods from Cordele. In addition, trucks can drop off loads at Cordele and pick up arriving freight without having to make the trip to the coast.

K.C. Conway, chief U.S. economist for Colliers International, an industrial real estate concern with a strong port practice, named Georgia the "Best in Logistics" in his spring 2013 port outlook. In particular, Conway cited Brunswick for its excellence in the auto trade. "Georgia ports do logistics incredibly well. They are the best in North America," Conway said.

By contrast, the ports of Los Angeles and Long Beach, the nation's busiest port complex, do a commendable job, but they are hamstrung by a web of state regulations and environmental issues that Savannah is spared from, Conway said.

## **INTANGIBLE ASSETS**

John H. Boyd, head of The Boyd Co. Inc., a site selection concern based in Princeton, N.J., said DC activity in Georgia should remain strong as business improves at Savannah and Florida markets rebound following the financial meltdown and the subsequent recession. Boyd said Georgia is a finalist in many of his company's projects because of its deep and sophisticated information technology (IT) support infrastructure. The state's high-tech prowess is taking on greater importance as more companies co-locate e-commerce functions at a less-expensive DC site than at a head office, Boyd said.

Then there are Georgia's intangible assets, namely an understanding by officials, from Gov. Nathan Deal on down, of the supply chain's importance in facilitating trade and commerce, and in enhancing the value of the DC site that companies have invested millions of dollars in. Perhaps nowhere is the commitment more evident than at the Georgia Center of Innovation for Logistics, a unit of the state's department of economic development. Led by Page Siplon, its executive director, the center acts as a year-round advocate for Georgia's freight-related trade, transportation, and logistics interests, and advances the state's role in U.S. and global commerce.

The center's work culminates each year in the Georgia Logistics Summit, a one-day event held in Atlanta that is expected to draw more than 2,000 attendees when the fourth edition convenes in March. The attendee list is expected to include executives and officials from multiple states and countries.

Another valuable asset is the state's "Quick Start" program, which provides free training services to new and expanding companies. Kia Motors, the fast-growing Korean automaker, took advantage of the program after it decided to build its sole U.S. production site on 2,200 acres in West Point, a once-flourishing south Georgia textile hub that fell on hard times along with the rest of the textile industry. Randy Jackson, vice president, human resources and administration for Kia Motors Manufacturing Georgia Inc., said the company was aware that the West Point area employed thousands of workers who knew their way around a factory. With help from the Quick Start program, Kia retrained many of them to assemble cars.

The training began in the 2006-2007 time frame; the first car rolled off Kia's assembly line in November 2009. Today, Kia directly employs 3,000 people and has another 11,000 dedicated suppliers. "And we are still working with the program," Jackson said.