

Study finds wide range in DC operating costs

[Joseph Bonney, Senior Editor](#) | Feb 24, 2015 2:00PM EST

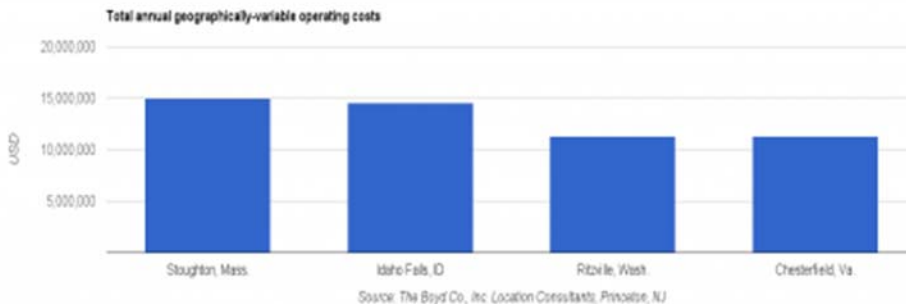


Annual costs to operate a hypothetical 500,000-square-foot distribution center with 150 employees could range from \$11.3 million to \$15 million among U.S. cities surveyed by a national site-selection company.

The most expensive DC location on the list was Stoughton, Massachusetts, with estimated annual costs of \$15 million for labor, electricity, amortized land acquisition and construction, property and sales taxes, and shipping. The least expensive: Chesterfield, Virginia, at just under \$11.3 million.

The numbers were published in a report by The Boyd Company, based in Princeton, New Jersey, which periodically estimates geographically variable costs at “logistics-friendly” locations where companies have shown interest in locating distribution and warehouse facilities.

[Boyd’s most recent similar report, in 2013](#), identified the central Washington town of Quincy as the lowest-cost of 29 surveyed locations. Ritzville, Washington, was identified as the least-expensive western U.S. location among the 25 locations surveyed this year. A DC there would cost an estimated \$11.35 million a year to operate.



Many locations on the 2015 and 2013 lists are at points outside major metropolitan areas but with good access to seaports, intermodal rail, and interstate highways, said John Boyd Jr., principal at the firm that compiled the report.

“The communities on this list are locations that clients and prospective clients have asked about,” Boyd said. The report analyzes costs for similarly sized warehouses that ship over-the-road to a nearby seaport or intermodal hub.

Port and intermodal connections have been a key factor in distribution-center site selection for years, and are becoming increasingly important, Boyd said.

Different locations among the 25 surveyed markets have pluses and minuses in operating costs, according to the report.

Hourly and total facility labor costs were highest in the Meadowlands area of New Jersey (\$18.07 an hour per worker, and \$6.9 million a year for the DC) and lowest at Kingman, Arizona, (\$12.55 an hour, and \$4.8 million a year).

The Meadowlands area also had the highest amortized land and construction costs, \$4.6 million a year, but the lowest estimated truckload shipping costs, \$70,808, because of proximity to the Port of New York and New Jersey.

The area with the lowest land costs, Idaho Falls, Idaho, at \$1.36 million, had higher-than-average truckload shipping costs, more than \$4.6 million, according to the report.

Stoughton, Massachusetts, had the highest costs for property and sales taxes, \$3 million, and electricity, \$1.2 million. Springfield, Oregon, had the lowest tax expense, \$586,070, and Ritzville, Washington, had the cheapest electricity costs, \$392,736.

Copies of the report are available from The Boyd Co. at: Contact@theboydcompany.com

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