

## Utah attractive to distributors

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Utah long has been viewed by many in the nation's business community as ideally situated to foster the movement of manufactured goods between both the East and West coasts, and Canada and Mexico.

And now the state known informally as the "Crossroads of the West" is getting a boost to its reputation as a premier location for warehousing and distribution operations.

A new survey by one of the nation's leading corporate site selection companies - The Boyd Co. of Princeton, N.J. - found the cost of operating a distribution warehouse in the Salt Lake City/Provo area was the second lowest among 30 cities it studied.

"Utah has a lot going for it," said consultant John Boyd. "You have a pro-business governor, a relatively low corporate income tax rate, low land and utility costs and a central location."

The study looked at the cost of operating a 500,000-squarefoot distribution center employing 225 hourly workers that ships its cargo by truck to markets in California and through the West.

Annual operating costs ranged from a high of \$24.6 million in Chicago to a low of \$13.7 million in Mohave Valley, Ariz., Boyd said. The cost of operating in the Salt Lake City-Provo area was \$15.7 million a year.

Boyd argues that despite the nation's weakening economy, the expansion, construction and operation of new warehouses will be a major source of new investment and jobs in Utah in the years ahead.

"For years we have watched manufacturing jobs flow offshore," he said. "Now, with imports from countries such as China surging, we're seeing jobs wash back onshore" as demand for workers in distribution centers increases.

Mark Knold, an economist with the Department of Workforce Services, said the state already is seeing job growth in the "general warehousing and storage" sector of the economy. "And it makes sense that we'll be seeing continued growth in the years ahead."

The number of Utahns working in the sector increased nearly 16 percent in the past five years, from 40,300 to 46,700 laborers.

And a lot of the positions being created no longer involve only someone running a forklift or stacking merchandise on pallets, Boyd said. "They are logistical planning and IT [information technology] jobs."

Overstock.com Chief Executive Patrick Byrne said there are plenty of benefits for companies operating warehousing and distribution centers in Utah, including the advantages of an educated and motivated work force.

"It is one of the reasons why you see the big supply chain guys like Wal-Mart operating distribution centers here," Byrne said.

And it also was one of the reasons why Overstock.com, an online discount retailer that operates 1 million square feet of warehousing space in Utah, consolidated its distribution operations in Utah. "At one time we also were operating distribution centers in Oregon and Indiana, but it just made financial sense to consolidate everything here," he said.

Long term, there are trends emerging that should benefit Utah, Boyd said.

The \$5 billion Punta Colonet port project planned for Mexico's Baja California could within five years rival the California ports of Los Angeles and Long Beach as a major entry point for goods coming to North America.

"The center of gravity for western distribution appears to be shifting to Utah and the Southwestern states," he said.

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