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Port played huge role in landing Caterpillar

Atlanta Business Chronicle by Douglas Sams, Commercial Real Estate Editor

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Caterpillar Inc. chose its site near Athens, Ga. because it allowed quick access to East Coast ports.

The heavy equipment maker plans to export about 40 percent of the small tractors and mini-excavators it manufactures at the plant, where production could start in late 2013. Caterpillar had looked in North Carolina, South Carolina and other parts of Georgia, but ultimately chose the 900-acre "Orkin" family site on the Athens-Clarke Oconee county line.

"We went through a rigorous process to find just the right location," said Mary Bell, vice president of its Building Construction Products Division, based in Cary, N.C. Athens, and its proximity to the Port of Savannah, was a major plus, Bell said.

Caterpillar will be about four hours from the Port of Savannah.

The Southeast emerged as a leading site to house the company's growing U.S. manufacturing operations because of access to East Coast ports and the expansion of the Panama canal.

Georgia was aggressive in luring the company, offering potentially \$77.7 million in state and local incentives.

Almost two years ago, Peoria, Ill.-based Caterpillar began to study shifting excavator production from Japan to the United States. The move was projected to triple capacity of hydraulic excavators produced in the United States.

That decision reflects a broader trend of relocating jobs based overseas back to the United States, a process some call reshoring.

"This project is a terrific coup for Athens, and it's probably a precursor of more reshoring projects," said John Boyd, a principal with The Boyd Co. Inc., a site selection consulting firm in Princeton, N. J,

More companies overextended their supply chains to Asia and Europe and now battle wage increases in those countries and higher fuel costs, Boyd said. They also see the U.S. dollar's falling value making it cheaper to manufacture products here rather than abroad.

At the same time, they still need to reach global consumers. Caterpillar plans for its Athens plant to export around the world, with an emphasis on South America.

"For some manufacturers, access to the ports is huge," said Bob Robers, a vice president within the industrial brokerage and logistics consulting group of **Jones Lang LaSalle Inc.** "This is a classic example of that."

Douglas Sams covers Commercial Real Estate