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Fremont ranks high in national industrial site-selection survey

Nov 4, 2015, 3:52pm PST Updated: Nov 5, 2015, 7:25am PST



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Say you're QVC. You need to plunk down a major new warehouse for all the cubic zirconia you're selling on half-hour jewelry specials. Where are you going to put it?

Not a bad bet: In and around Fremont.

The East Bay city that's home to Tesla Motors Inc. earned a spot on a list of the country's most "logistics-friendly" cities, despite higher costs when compared to middle-of-nowhere towns.

"The reality is, Fremont's proximate to one of the nation's wealthiest demographics," said [John Boyd Jr.](#), principal at New Jersey-based site-selection firm The Boyd Co., which has Silicon Valley clients. "Access to the Port of Oakland is critical. It has good access to intermodal rail. And with Tesla expanding, it's really creating a draw."

The Boyd study examined the pros and cons — and costs — of siting a 500,000-square-foot distribution center with 200 employees in 25 key markets around the country. They represent some of the most commonly scouted locales among the firm's clients.

The Fremont metro area clocks in as the highest-priced California area among those examined, with a total annual operating outlay at \$17.47 million, thanks primarily to high labor costs. (That's still lower than the highest-cost market in the U.S.: Chicago, whose annual operating cost was \$21.8 million.) Weighted average hourly earnings for an employee at a large warehouse in the Fremont

area are nearly \$17, compared to about \$16 in Tracy or Ontario — also large warehouse markets.

But the benefits of being in the market outweigh the high price, at least for those companies that aren't focused primarily on costs.

Those benefits include the sheer size of the trade area, proximity to population centers in San Francisco and San Jose, and easy access to an expanding Port of Oakland. There's also the talent thing: "The modern warehouse houses not just forklift workers but also advanced engineering," Boyd said.

Industrial development is picking up the region, and a lot of the attention is focused on Fremont. But San Jose is also getting interest as well, with projects planned for South San Jose.

California as a whole is becoming more attractive to industrial developers despite its reputation as being a tough place to do business. Boyd said that cities are less resistant to large warehouse centers than they used to be, and that the state benefits from its sheer size and growing trade with Asia.

But when it comes to cost-sensitive industries, the state does face competition from other metro areas, such as Mesquite, Nevada, about an hour outside of Las Vegas. That city ranked as the lowest cost metro of any studied, with annual operating costs of roughly \$13.7 million. "There's new natural gas infrastructure being built there. Thousands of available acres. And you have a new interstate interchange."

Still, it's not all about costs. "Site selection is both a science and an art," Boyd said, adding that it's both a quantitative analysis (what are the financial incentives? How big is the labor market?) and qualitative assessments (such as the willingness of town fathers to promote business).

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