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# EXPANSION

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HELPING GROWING COMPANIES EVALUATE FUTURE LOCATIONS

# 5-Star Logistics Metros

<u>Metropolitan Statistical Area</u>	<u>T&amp;W Industry</u>	<u>T&amp;W Work</u>	<u>Road Infrastr.</u>	<u>Road Density/</u>	<u>Road Cond.</u>	<u>Interstate Taxes/ Hwys Fees</u>	<u>Rail</u>	<u>Water</u>	<u>Air</u>	
Akron, Ohio MSA	67	127	120	166	186	23	241	34	178	93
Albany-Schenectady-Troy, N.Y. MSA	80	96	6	144	317	15	297	34	40	69
Anchorage, Alaska MSA	55	80	276	44	253	36	13	310	53	52
Atlanta-Sandy Springs-Marietta, Ga. MSA	6	100	278	341	4	12	1	34	178	8
Baltimore-Towson, Md. MSA	19	30	118	241	277	3	220	34	16	22
Baton Rouge, La. MSA	74	93	296	317	277	52	62	102	9	107
Beaumont-Port Arthur, Texas MSA	103	84	145	131	134	157	90	24	5	194
Birmingham-Hoover, Ala. MSA	50	69	214	244	197	23	48	24	178	56
Boston-Cambridge-Quincy, Mass.-N.H. MSA	10	55	83	270	341	23	139	34	23	7
Buffalo-Cheektowaga-Tonawanda, N.Y. MSA	45	14	6	157	317	81	297	6	65	58
Charleston-North Charleston, S.C. MSA	61	13	335	222	169	120	20	63	25	84
Chattanooga, Tenn.-Ga. MSA	100	77	252	176	49	52	29	63	54	113
Chicago-Naperville-Joliet, Ill.-Ind.-Wis. MSA	1	65	117	341	75	2	288	1	10	3
Cincinnati-Middletown, Ohio-Ky.-Ind. MSA	28	66	185	234	185	15	157	34	37	28
Cleveland-Elyria-Mentor, Ohio MSA	24	46	120	112	186	5	241	17	31	38
Columbus, Ohio MSA	32	68	120	226	186	36	241	34	178	37
Corpus Christi, Texas MSA	116	174	145	87	134	157	90	151	8	132
Dallas-Fort Worth-Arlington, Texas MSA	8	90	145	279	134	4	90	7	178	9

<u>Metropolitan Statistical Area</u>	<u>T&amp;W Industry</u>	<u>T&amp;W Work</u>	<u>Road Infrastr.</u>	<u>Road Density/</u>	<u>Road Cond.</u>	<u>Interstate Taxes/</u>		<u>Rail</u>	<u>Water</u>	<u>Air</u>
						<u>Hwys</u>	<u>Fees</u>			
Davenport-Moline-Rock Island, Iowa-Ill. MSA	97	128	186	78	117	23	282	63	178	103
Denver-Aurora, Colo. MSA	21	71	104	296	125	15	229	63	178	15
Detroit-Warren-Livonia, Mich. MSA	8	41	130	348	221	5	70	7	27	23
Duluth, Minn.-Wis. MSA	124	199	225	190	23	120	212	34	18	144
Grand Rapids-Wyoming, Mich. MSA	48	73	130	230	221	81	70	63	178	66
Harrisburg-Carlisle, Pa. MSA	57	54	84	98	342	23	340	34	178	85
Hartford-West Hartford-East Hartford, Conn.	54	36	67	172	332	36	284	34	178	46
Honolulu, Hawaii MSA	63	151	40	91	314	23	28	347	26	47
Houston-Baytown-Sugar Land, Texas MSA	4	33	145	322	134	52	90	17	2	6
Indianapolis, Ind. MSA	26	23	145	323	87	12	128	34	178	34
Jacksonville, Fla. MSA	27	21	17	283	24	52	251	63	29	48
Kansas City, Mo.-Kan. MSA	22	11	267	93	208	9	165	17	51	33
Knoxville, Tenn. MSA	73	44	226	334	81	36	84	102	77	98
Little Rock-North Little Rock, Ark. MSA	61	56	258	76	210	23	171	34	178	74
Los Angeles-Long Beach-Santa Ana, Calif. MSA	2	26	41	302	288	9	184	102	4	2
Louisville, Ky.-Ind. MSA	29	2	205	220	214	15	121	10	39	55
Memphis, Tenn.-Miss.-Ark. MSA	22	122	274	336	133	52	123	34	30	16
Miami-Fort Lauderdale-Miami Beach, Fla. MSA	5	4	17	355	24	36	251	151	19	5
Milwaukee-Waukesha-West Allis, Wis. MSA	33	24	241	335	53	36	352	63	52	44
Minneapolis-St. Paul-Bloomington, Minn.-Wis. MSA	13	96	213	291	18	5	169	7	41	25
Mobile, Ala. MSA	70	63	214	272	197	52	48	24	83	112
Nashville-Davidson-Murfreesboro, Tenn. MSA	36	64	226	231	81	36	84	102	48	43
New Haven-Milford, Conn. MSA	70	156	67	142	332	52	284	24	38	96
New Orleans-Metairie-Kenner, La. MSA	20	26	296	252	277	52	62	17	1	42
New York-Newark-Edison, N.Y.-N.J.-Pa. MSA	3	38	5	238	339	1	170	2	3	1
Oklahoma City, Okla. MSA	41	15	296	247	332	15	16	63	178	59
Omaha-Council Bluffs, Neb.-Iowa MSA	38	19	329	316	255	36	213	15	178	54
Peoria, Ill. MSA	109	81	84	165	65	81	320	10	178	116
Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md. MSA	7	60	82	283	328	15	219	3	6	12
Phoenix-Mesa-Scottsdale, Ariz. MSA	15	39	111	339	44	81	214	24	178	13
Pittsburgh, Pa. MSA	25	99	84	82	342	23	340	4	14	10
Portland-Vancouver-Beaverton, Ore.-Wash. MSA	18	89	212	289	220	36	336	10	20	32
Richmond, Va. MSA	45	109	188	133	161	15	36	225	59	49

# 2005 Logistics Quotient™ :

## The Top Logistics Metros in the United States

Since the beginning of time, cities have come and gone based upon their proximity to a major transportation artery. In fact, nothing is quite so important to a region's economy than the transportation infrastructure upon which it moves. Without a doubt, transportation is the foundation upon which all logistics is built.

Whether a company is setting up a manufacturing facility, distribution center, retail outlet or whatever, it is absolutely critical that the location it chooses be supported by a robust transportation infrastructure. Regardless of the specific type of facility, it will need to be able to quickly and economically move raw materials, supplies and finished products in and out.

Sure, it's important to look closely at other factors, such as the local work force, business climate, taxes and real estate prices — to mention just a few. But all of those areas can be mitigated in some form or fashion. Not having the transportation infrastructure you require, however, will almost always get a location removed from your list of possibilities.

So important is this as a site location factor that, for the past five years, Expansion Management and Logistics Today magazines have teamed up to produce our annual Logistics Quotient™ ranking of the most logistics-friendly metros in the United States.

**The Logistics Quotient ranks metro areas according to 10 major categories, as described below. Together, they give a pretty comprehensive overview of a region's logistics infrastructure.**

The study evaluates the overall logistics infrastructure of our nation's 362 metropolitan statistical areas (MSAs) based upon 10 major categories, including the transportation and warehousing (T&W) industry, T&W work force, road infrastructure, road congestion, road conditions, interstate highway access, vehicle taxes and fees, railroad access, water port access, and air cargo access.

Topping this year's list as the most logistics-friendly metro is the New York-Newark-Edison, N.Y., N.J., Pa., MSA, followed by Houston, Chicago, Cleveland and Detroit.

Rounding out the top 10 are St. Louis, Minneapolis-St. Paul, San Francisco-Oakland, Kansas City, and Jacksonville, Fla.

### **The 10 major categories**

The Logistics Quotient ranks metro areas according to 10 major categories, as described below. Together, they give a pretty comprehensive overview of a region's logistics infrastructure.

**Transportation and Warehousing Industry.** This category attempts to get a feel for the depth and strength of the metrowide T&W industry and includes the number of companies in the metro area that are engaged in the transportation and warehousing (T&W) industry sector, along with the annual revenue generated by the T&W industry sector. Information comes from the U.S. Department of Commerce.

The top five metros in this category are Chicago, Los Angeles, New York, Houston and Miami.

**Transportation and Warehousing Work Force.** This category attempts to get a feel for the depth and cost of the metrowide T&W work force and includes the total annual payroll of companies in the T&W industry sector, the total number of employees, the average salary and the T&W revenue per employee. Information comes from the U.S. Department of Commerce.

The top five metros in this category are St. Louis, Louisville, Fayetteville, Ark., Miami, and El Paso, Texas.

**Interstate Highway Access.** This category focuses on the interstate highway infrastructure and includes the number of interstate highways that pass through the metro area, as well as the number of interstate auxiliary routes (i.e., beltways, bypasses, etc.). Information comes from the Federal Highway Administration.

The top five metros in this category are New York, Chicago, Baltimore, Dallas-Fort Worth and Cleveland.

**Road Conditions.** This category includes the average roughness of the metro area's roads, as well as the percentage of bridges that are obsolete or structurally deficient, including five-year trends. Information comes from the Federal Highway Administration.

**Road Congestion.** Whether a metro area has adequate roads depends upon the amount of traffic using those roads. Clearly, what is considered an adequate infrastructure for Huntsville, Ala., is clearly insufficient for a city like Atlanta. This category includes such things as roadway miles per capita, total miles of freeways, average daily freeway traffic and average daily traffic per freeway lane. Information comes from the Federal Highway Administration.

**Road Infrastructure.** This category attempts to look into the future in terms of keeping up with an adequate road infrastructure. It includes public roads mileage, capital outlay for roads and bridges, highway maintenance per mile and spending for highway law enforcement. Information comes from the Federal Highway Administration.

**Vehicle Taxes and Fees.** This category includes highway user taxes and fees, as well as motor fuel excise taxes. Data on state and federal highway user taxes and fees was provided by the Wisconsin Motor Carriers Association, while data on motor fuel excise taxes was provided by the Federation of Tax Administrators.

**Railroad Access.** This category includes the number of railroad carriers that service a metro. The data came from ALK Technologies Inc. of Princeton, N.J.

The top five metros in this category are Chicago, New York, Philadelphia, Pittsburgh and St. Louis.

**Water Port Access.** This category includes total tonnage for all ports located within the confines of the metro area and comes from the U.S. Army Corps of Engineers' Waterborne Commerce Statistics Center.

The top five metros in this category are New Orleans, Houston, New York, Los Angeles, and Beaumont, Texas.

**Air Cargo Access.** This category includes the number of air courier companies, as well as the total air cargo tonnage for the metro. The data comes from the Federal Aviation Administration, as well as from the Bureau of Transportation Statistics.

The top five metros in this category are New York, Los Angeles, Chicago, Washington, D.C., and Miami.

You probably noticed that road transportation factors have a heavy presence in these rankings. That is because most of our readers, as well as most of Logistics Today's readers, are with companies that do most of their shipping by ground.

Finally, one of the standard features of Expansion Management's various annual metro "Quotient" studies is the awarding of the "5-Star Metro" designation to the top 20 percent of the MSAs. Metros that earn this distinction can rightfully consider themselves to be among the elite cities when it comes to that particular category.

Metros that rank in the 21 to 40 percentile are designated as "4-Star Metros," while those that rank in the middle (41 to 60 percentile) are awarded 3-Stars.

The bottom 40 percent are awarded 2-Stars and 1-Star respectively.

### **Some Perspective on the Results**

It is important to remember that the overall rankings represent an MSA's overall strength in all categories. However, for your company's purposes, perhaps not every category is important as others.

For that reason, it is a good idea to look at a metro's ranking in each category and assign your own weight to that category based upon its importance to you.

For example, if your company doesn't use rail or water or air cargo, then those categories are obviously less important. Conversely, if your company does rely heavily on one or more of those means, then perhaps the ground transportation categories should be weighted less. That is how the Logistics Quotient is designed to be used.

Along those lines, we'd like to say a few words about rankings in general. Rankings are simply a reflection of how we as individuals make decisions — we gather data, evaluate it, prioritize it, and see what comes up.

The most important factor when looking at ratings is to understand the criteria upon which those ratings/rankings are based. If the initial set of criteria makes sense to you, then the results should make sense to you as well.

If it doesn't, then you need to go back and re-examine your criteria. In other words, if you don't like the results, don't shoot the messenger.

With that in mind, we present this year's most logistics-friendly metros.

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<b><u>Metropolitan Statistical Area</u></b>	<b><u>T&amp;W Industry</u></b>	<b><u>T&amp;W Work</u></b>	<b><u>Road Infrastr.</u></b>	<b><u>Road Density/</u></b>	<b><u>Road Cond.</u></b>	<b><u>Interstate Taxes/</u></b>		<b><u>Rail</u></b>	<b><u>Water</u></b>	<b><u>Air</u></b>
						<b><u>Hwys</u></b>	<b><u>Fees</u></b>			
Riverside-San Bernardino-Ontario, Calif. MSA	15	7	41	261	288	52	184	102	178	31
Rochester, N.Y. MSA	77	28	6	146	317	52	297	10	79	65
Sacramento-Arden-Arcade-Roseville, Calif. MSA	49	32	41	303	288	52	184	34	73	36
Salt Lake City, Utah MSA	35	60	145	333	19	23	222	102	178	35
San Antonio, Texas MSA	42	19	145	172	134	23	90	102	178	45
San Diego-Carlsbad-San Marcos, Calif. MSA	34	10	41	249	288	23	184	102	55	24
San Francisco-Oakland-Fremont, Calif. MSA	17	87	41	209	288	12	184	34	17	10
Savannah, Ga. MSA	84	12	278	244	4	52	1	63	28	108
Scranton-Wilkes Barre, Pa. MSA	67	8	84	18	342	52	340	24	178	127
Seattle-Tacoma-Bellevue, Wash. MSA	14	78	72	247	241	52	310	15	13	18
St. Louis, Mo.-Ill. MSA	12	1	202	264	179	5	177	5	21	27
Stockton, Calif. MSA	60	103	41	202	288	157	184	63	62	142
Syracuse, N.Y. MSA	69	37	6	61	317	36	297	102	75	67
Tampa-St. Petersburg-Clearwater, Fla. MSA	31	16	17	362	24	23	251	310	12	20
Toledo, Ohio MSA	75	108	120	257	186	15	241	34	34	104
Trenton-Ewing, N.J. MSA	154	59	1	129	355	81	30	151	71	123
Tulsa, Okla. MSA	44	92	296	101	332	81	16	34	58	61
Virginia Beach-Norfolk-Newport News, Va.-N.C. MSA	39	86	199	233	178	36	61	34	15	39
Washington-Arlington-Alexandria, D.C.-Md.-Va.-W.Va. MSA	10	18	187	293	209	9	122	63	72	4
Wichita, Kan. MSA	91	90	263	37	98	81	238	63	178	78
Youngstown-Warren-Boardman, Ohio-Pa. MSA	77	48	116	70	258	52	283	10	178	167

**SOURCE:** 2005 Logistics Quotient™, Expansion Management and Logistics Today magazines, September 2005.