

THE COST OF OPERATING A DISTRIBUTION WAREHOUSE DETAILED IN *BizCosts®* REPORT

A new 2010 *BizCosts® Report* compares the cost of operating a typical distribution warehouse in 72 U.S. locations. *BizCosts®* is a registered trademark of The Boyd Company, Inc., of Princeton, NJ, and refers to the site selection firm's proprietary operating cost data bank.

Annual operating costs in the 2010 study are based on a new construction assumption and range from a high of \$24.4 million in San Francisco, CA to a low of \$12.6 million in Jackson, MS. The report also includes a section analyzing comparative annual warehouse lease costs. Lease costs range from a high of \$4.9 million in San Francisco to a low of \$1.1 million in Jackson, MS, for the model warehouse.

Annual operating costs in the *BizCosts® Report* are scaled to a representative 450,000 sq. ft. distribution warehouse employing 150 hourly workers and shipping over-the-road to a national market. The study analyses all major geographically-variable operating costs critical to the distribution warehouse site selection process, including labor, utilities, industrial lease rates, construction, transportation, and others.

Comparative Distribution Warehouse Locations

In the new 2010 study, major geographically-variable operating costs have been projected for a series of 72 distribution sites in the U.S. The comparative cities all house major or emerging concentrations of warehousing activity and are detailed below by region.

New England Region

- Bridgeport/Stamford/Norwalk/Danbury, Connecticut
- Hartford, Connecticut
- Providence, Rhode Island
- Boston/Cambridge, Massachusetts
- Worcester/Marlborough, Massachusetts
- Springfield, Massachusetts
- Manchester/Nashua/Salem, New Hampshire
- Portland, Maine

Mid-Atlantic Region

- Nassau/Suffolk, New York
- Rochester, New York
- Albany/Schenectady/Troy, New York
- Meadowlands/Northern New Jersey
- Cranbury/Central New Jersey
- Lehigh Valley, Pennsylvania
- Pittsburgh, Pennsylvania
- Lancaster, Pennsylvania

Southeast Region

- Baltimore/Hunt Valley, Maryland
- Richmond, Virginia
- Greensboro/Winston Salem, North Carolina
- Raleigh/Durham, North Carolina
- Greenville/Spartanburg, South Carolina
- Atlanta, Georgia
- Savannah, Georgia

Florida Region

- Jacksonville, Florida

- Orlando, Florida
- Palm Beach County, Florida
- Miami, Florida
- Tampa/St. Petersburg, Florida
- Ft. Myers/Cape Coral, Florida
- Pensacola, Florida

Mid-South Region

- Nashville, Tennessee
- Memphis, Tennessee
- Birmingham, Alabama
- Huntsville, Alabama
- Louisville, Kentucky
- New Orleans, Louisiana
- Jackson, Mississippi

East North Central Region

- Cleveland, Ohio
- Columbus, Ohio
- Cincinnati, Ohio
- Indianapolis, Indiana
- Fort Wayne, Indiana
- Grand Rapids, Michigan
- Ann Arbor, Michigan

South Central Region

- Houston, Texas
- San Antonio, Texas
- Dallas/Ft. Worth, Texas
- Austin, Texas
- El Paso, Texas

➤ Oklahoma City, Oklahoma

➤ Tulsa, Oklahoma

West North Central Region

➤ Chicago, Illinois

➤ Milwaukee, Wisconsin

➤ Minneapolis/St. Paul, Minnesota

➤ Rochester, Minnesota

➤ Kansas City, Missouri

➤ St. Louis, Missouri

➤ Lincoln, Nebraska

Western Region

➤ Phoenix/Scottsdale, Arizona

➤ Tucson, Arizona

➤ Denver/Boulder, Colorado

➤ Salt Lake City, Utah

➤ Provo/Orem, Utah

➤ Seattle/Bellevue, Washington

➤ Portland, Oregon

California Region

➤ San Jose/Sunnyvale, California

➤ San Francisco, California

➤ Sacramento/Davis, California

➤ Los Angeles/Long Beach, California

➤ Orange County, California

➤ San Diego, California

- Riverside/San Bernardino, California

About *BizCosts*®

Founded in 1975, Boyd provides independent plant and office location recommendations to clients such as: Time, Inc.; PepsiCo.; Pratt & Whitney; Pitney Bowes; Philips; Hewlett-Packard and others. The firm's ***BizCosts*® Reports** are recognized as definitive cost benchmarks by corporations worldwide. In today's weak economy and credit crunch, comparative operating costs are ruling the site selection process. Boyd's clients are concluding that often the only way to improve the bottom line is on the cost side of the ledger, not the revenue side.

Operating cost differentials between an acceptable location and an optimum distribution warehouse site can be very substantial, often running into millions of dollars per year. Itemized factor-to-factor annual operating cost comparisons in the ***BizCosts*® Report** are detailed in the following table.

BizCosts.com: What It Costs To Operate A U.S. Distribution Warehouse (1)

	(Highest Cost City)					(Lowest Cost City)
	San Francisco CA Metro Area	Meadowlands/ Northern NJ Metro Area	Phoenix/ Scottsdale AZ Metro Area	St. Louis MO Metro Area	Nashville TN Metro Area	Jackson MS Metro Area
Nonexempt Labor (2)						
Weighted Average Hourly Earnings	\$18.20	\$17.75	\$14.34	\$15.14	\$13.81	\$12.84
Annual Base Payroll Costs	\$5,197,920	\$5,069,400	\$4,095,504	\$4,323,984	\$3,944,136	\$3,667,104
Fringe Benefits	\$1,975,210	\$1,926,372	\$1,556,292	\$1,643,114	\$1,498,772	\$1,393,500
Total Annual Labor Costs	\$7,173,130	\$6,995,772	\$5,651,796	\$5,967,098	\$5,442,908	\$5,060,604
Electric Power Costs (3)	\$928,464	\$904,116	\$582,780	\$352,488	\$426,099	\$446,988
Natural Gas Power Costs (4)	\$243,600	\$359,100	\$351,960	\$357,840	\$230,160	\$240,660
Amortization Costs (5)	\$10,060,820	\$5,557,710	\$5,287,862	\$4,529,699	\$3,605,454	\$3,282,122
Property and Sales Tax Costs (6)	\$2,625,938	\$3,041,195	\$2,336,551	\$1,776,106	\$1,735,046	\$1,277,798
Shipping Costs (7)	\$3,450,790	\$3,051,182	\$2,867,153	\$2,147,807	\$2,297,323	\$2,351,527
Total Annual Geographically-Variable Operating Costs	\$24,482,742	\$19,909,075	\$17,078,102	\$15,131,038	\$13,736,990	\$12,659,699

NOTES:

(1) Totals reflect a construction assumption.

Source: The Boyd Company, Inc.

BizCosts.com: Comparative Warehouse Lease Rates

Location	Estimated Cost/SF (1)	Annual Cost (2)
San Francisco, California	\$10.80	\$4,860,000
Nassau/Suffolk, New York	\$9.15	\$4,117,500
Miami, Florida	\$8.25	\$3,712,500
Meadowlands/Northern, New Jersey	\$7.80	\$3,510,000
Seattle/Bellevue, Washington	\$6.40	\$2,880,000
Austin, Texas	\$5.60	\$2,520,000
Atlanta, Georgia	\$3.25	\$1,462,500
Jackson, Mississippi	\$2.50	\$1,125,000

* Estimated rates do not include utilities and maintenance services. Actual lease costs will vary based on finally selected building chosen by the company and negotiated lease terms.

* Based on 450,000 sq. ft. of leaseable distribution warehouse space.

Additional Information and the Full BizCosts® Report

Additional information as well as the complete and downloadable 83-page

BizCosts® Report are available at the website: www.bizcosts.com.