

Oklahoma City, Nashville Ranked Most Cost-Attractive Business Locations Among Mid-Sized U.S. Cities: KPMG Study

New Orleans, Indianapolis, Raleigh, Austin Also Seen As Highly Cost-Competitive

Oklahoma City's strong cost advantages for labor, facility leases, expenses and property taxes contribute to its ranking as the least-costly city to do business among 13 locations in the United States with populations between 1 million and 2 million, according to a study by KPMG LLP, the audit, tax and advisory firm. Nashville, Tenn., ranked second in the study for mid-sized cities.

New Orleans and Indianapolis ranked third and fourth, respectively. Other cities that ranked high were Raleigh, N.C., (5) and Austin, Texas (6). Further down the list of 13 cities were Salt Lake City (7); Buffalo, N.Y. (8); Wilmington, Del. (9); and Providence, R.I. (10).

"KPMG's *Competitive Alternatives* study provides a thorough biennial comparison of some key metropolitan area business locations in the United States, offering a comprehensive guide for companies considering sites for their business operations," said Hartley Powell, principal in KPMG's Global Location and Expansion Services practice.

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"The KPMG study is particularly valuable for its measurement of significant factors that contribute to business operating costs and which often vary by location, including costs associated with taxes, labor, facilities, transportation and utilities," he said.

KPMG's 2012 *Competitive Alternatives* study measured 26 significant cost components in each market, including labor, taxes, real estate and utilities, as they apply to 19 industries over a 10-year analysis horizon. Information is also provided on a variety of non-cost components. The study enables companies to perform a "quick scan" of locations to determine which markets can offer an advantageous business environment.

The 13 Mid-Sized Cities' Cost Index Results

- Oklahoma City – The KPMG study reveals that Oklahoma City had a cost index of 95.5, representing business costs 4.5 percent below the U.S. national baseline of 100.0. Nashville followed closely at 95.7. New Orleans had a cost index of 96.0 and Indianapolis at 96.3.
- Nashville – Nashville's ranking was driven by low costs for industrial and office leasing, and cost advantages in transportation and salaries.
- New Orleans and Indianapolis – New Orleans had very low leasing costs for downtown office space, favorable effective income tax rates (net of incentives) and low natural gas costs. Indianapolis benefited from low costs in transportation, office leasing and statutory labor costs.
- Raleigh and Austin – Raleigh ranked fifth among mid-sized cities with a cost index of 96.6, helped by favorable costs for employee benefits and sales tax. Austin followed in sixth place, with a cost index of 97.0, profiting from the lowest natural gas costs among the mid-sized cities studied.
- Salt Lake City and Buffalo – Salt Lake City ranked seventh with a cost index of 97.2, benefiting from being the cost leader among the mid-sized cities studied for statutory and other employer-paid benefits, and for electricity costs. Buffalo, with a cost index of 97.8 ranked eighth, with moderately low wage and salary costs, statutory labor costs and suburban office lease costs.
- Wilmington and Providence – Both cities had a cost index of 98.0, placing them ninth and tenth, respectively, among mid-sized cities studied.
- Trenton, N.J., and Hartford, Conn. – These locations were

identified as the most expensive areas to do business among the mid-sized cities studied, with cost indexes of 101.0 and 100.1, respectively. Trenton's score reflected high labor costs compared to other cities, while Hartford's cost index was due to high industrial-facility lease costs, as well as high electricity costs.

Consider Incentives and Credits

"While business costs are a major component of the site-selection process, businesses should carefully consider non-cost factors that influence the business attractiveness of different locations," Powell said. "Our study addresses these non-cost factors, which include labor availability and skills, economic conditions, infrastructure, innovation, regulatory environment, cost of living and quality of life."

Cost indexes for the 13 mid-sized U.S. cities studied follow. The baseline cost index (U.S. = 100.0) is defined as the average of business costs in the four largest U.S. metropolitan areas: New York, Los Angeles, Chicago, and Dallas-Fort Worth.

KPMG's 2012 COMPETITIVE ALTERNATIVES STUDY

(U.S. Cities with population of 1 million to 2 million)

City	Cost Index	Rank
Oklahoma City, OK	95.5	1
Nashville, TN	95.7	2
New Orleans, LA	96.0	3
Indianapolis, IN	96.3	4
Raleigh, NC	96.6	5
Austin, TX	97.0	6
Salt Lake City, UT	97.2	7
Buffalo, NY	97.8	8
Wilmington, DE	98.0	9
Providence, RI	98.0	10
Las Vegas, NV	98.7	11
Hartford, CT	100.1	12
Trenton, NJ	101.0	13

Cost-index figures were created by measuring the combined impact of 26 cost components that are most likely to vary by location. More than 1,900 individual business scenarios were examined, analyzing more than 50,000 items of data.

These U.S. mid-sized city results are part of a global 2012 *Competitive Alternatives* study, which measured business operating costs in more than 110 cities in 14 countries. The complete 2012 study is available online at www.CompetitiveAlternatives.com.

About KPMG's Global Location and Expansion Services Practice

KPMG's Global Location and Expansion Services practice, with more than 50 U.S. professionals, offers a comprehensive range of expansion-based business services that help companies find tax and non-tax efficiencies when expanding, relocating or consolidating their facilities. The practice operates domestically and globally and is part of KPMG's State and Local Tax practice in the United States.

About KPMG LLP

KPMG LLP, the audit, tax and advisory firm (www.kpmg.com/us), is the U.S. member firm of KPMG International Cooperative ("KPMG International"). KPMG International's member firms have 145,000 people, including more than 8,000 partners, in 152 countries.

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