



# e-merging directions

timely research on current commercial real estate topics

## Central US is a Winner in Beauty Contests

Attractiveness is in the eyes of the beholder and the Central United States that Colliers Turley Martin Tucker (CTMT) serves, which encompasses Minneapolis/St. Paul, Indianapolis, Cincinnati, Dayton, Columbus, Kansas City, Nashville and St. Louis, has the critical components that site selection decision makers seek. The winning combination of a well-educated workforce, a robust quality of life, a lower cost of living and of business operation, infrastructure that supports lean logistical services, and taxes and government spending supporting a growing economy, make these sites winners.

The path of a well-educated workforce begins in the local public schools systems and is the source of future generations of employees. Critical thinking and innovative problem solving skills are the fuel of company success. The Central US is a region known for valuing education as shown by the percentage of people who pursue higher education.

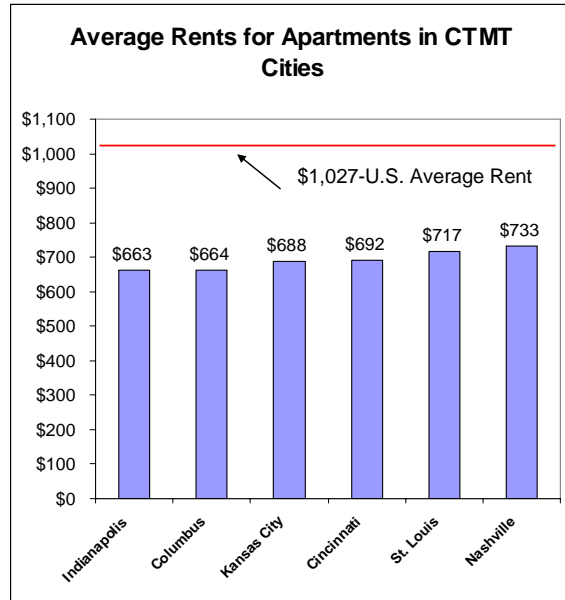
Percentage of Adult Population (25 years and older) within 50 Miles with Post-Secondary Education (2007)

<u>City</u>	<u>Some College or Higher</u>	<u>Bachelor Degree or Higher</u>
Minneapolis/St. Paul	69.8%	38.2%
Kansas City	62.4%	33.7%
St. Louis	60.1%	29.5%
Indianapolis	55.6%	28.1%
Columbus	54.9%	28.8%
Nashville	53.9%	28.0%
Cincinnati	52.5%	26.3%
Dayton	52.2%	25.6%

Source: Applied Geographic Solutions/TIGER Geography 08/07

These cities are home to institutions of higher education that have achieved notable rankings in the U.S. News and World Report's America's Best Colleges 2008, i.e. Washington University in St. Louis (12), Vanderbilt University (19), Ohio State University (57), Miami University-Oxford (67), St. Louis University (82), University of Kansas (85), University of Dayton (112) and Kansas State University (124). In addition there has been a phenomenal growth in educational institutions catering to the non-traditional student populace. DeVry, ITT Technical Institute, and the University of Phoenix are some of the non-traditional colleges that have expanded in the Central US in order to meet the demand from businesses for a workforce whose skills match their needs.

Enticing potential employers and employees to the region is the lower cost of living found in the Central US. According to Reis the average asking rent for an apartment in the U.S. was \$1,027 in the fourth



quarter of 2007. BusinessWeek recently published in its January 2008 issue a list of 20 cities with the lowest average rents for apartments.

The area's desirability was also delineated in the 2007 Forbes list of "Most Affordable Places to Live Well". The metrics used included examining how much of the local housing stock was affordable to the median income earner at present mortgage rates, a cost of living index developed by The Council on Community and Economic Research, a Forbes index based on 2006 Census figures that measures the strength of schools, quality of healthcare, crime and poverty rates, and data from Sperling's Best Places that indicates the best places for entertainment and leisure activities. Again the Central US was a clear winner with Minneapolis (1), Indianapolis (2), Cincinnati (3), St. Louis (4) and Columbus (9) at the top of the list.

Employment growth in CTMT cities, for the most part, exceeded the US average growth rate in 2007. Metro area growth rates for December 2006 to December 2007 were as follows:

Cincinnati	0.3%
Columbus	0.5%
Dayton	-0.4%
Indianapolis	1.1%
Kansas City	1.0%
Minneapolis	0.1%
Nashville	0.5%
St. Louis	1.8%
US Total	0.2%

In addition to the human factor in site selection, the actual physical location of a plant or warehouse must be examined in relation to the movement of supplies into and product out of the site. This may involve assessing the local carrier industry and warehousing capabilities. The road infrastructure should be capable of supporting timely logistical service. This can include proximity to major transportation routes, rail service, port access and air cargo hubs. Taxes and fees are also an economic consideration. The joint study of Expansion Management and Logistics Today magazines awarded the "5-Star" designation to the top 20% of the 362 MSAs (Metropolitan Statistical Areas) for logistics. Kansas City ranked first in 2007, followed by St. Louis, Atlanta, Houston and Dallas-Fort Worth. Also included in the top ten are Cincinnati, Louisville, Chicago, Cleveland and Nashville.

The Central US has developed a strong reputation as a cost effective area for site location. The strength of the educational systems, quality of life, post-secondary workforce, logistics infrastructure, healthcare costs, taxes and government spending on education and basic infrastructure, and the reputation among site consultants taken together were the factors considered when Expansion Management and Logistics Today magazines awarded the "5-Star" designation to the MSAs where business opportunity is greatest.

5-Star Metros for Business Opportunity

MSA	Rank
Minneapolis-St. Paul-Bloomington, Minn.-Wis.	2
Kansas City, Mo.-Kan.	5
Nashville-Davidson-Murfreesboro, Tenn.	18
St. Louis, Mo.-Ill.	23
Cincinnati-Middletown, Ohio-Ky.-Ind.	42
Columbus, Ohio	44
Indianapolis, Ind.	50

*Source: Expansion Management 2007*

However, the best testimony to the fact that the Central US is an excellent place to conduct business is the fact that 52 Fortune 500 companies have seen fit to have their headquarters in these CTMT cities. From Cardinal Health, Inc. in the Columbus area to UnitedHealth Group in Minneapolis/St. Paul, Proctor & Gamble in Cincinnati, WellPoint in Indianapolis, Caremark Rx in Nashville, Emerson Electric Co. in St. Louis, YRC Worldwide in Kansas City, and NCR in Dayton, these companies represent a significant investment in the Central US. They have seen the beauty!

<u>Metro Area</u>	<u>Number of Fortune 500 Headquarters (2007)</u>
Minneapolis/St. Paul	19
Cincinnati	10
St. Louis	9
Columbus	6
Indianapolis	3
Kansas City	2
Nashville	2
Dayton	1



TURLEY  
MARTIN  
TUCKER

**Mary Ann Christenson,  
Research Associate  
Cincinnati**