

[KPMG Competitive Alternatives Study Lists Most Cost-Friendly Business Locations Among Big Cities](#)

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Among the 31 largest U.S. metro areas with populations of 2 million or more, Cincinnati is apparently the most cost-friendly city to do business.

KPMG's 2016 *COMPETITIVE ALTERNATIVES STUDY* (U.S. Cities with population more than 2 million)

City	Cost Index	Rank	City	Cost Index	Rank
Cincinnati, OH	94.0	1	Houston, TX	97.6	17
Orlando, FL	94.4	2	Portland, OR	97.6	18
Tampa, FL	94.6	3	Denver, CO	97.8	19
Cleveland, OH	94.6	4	Las Vegas, NV	98.0	20
San Antonio, TX	94.7	5	Chicago, IL	98.3	21
Atlanta, GA	95.1	6	Sacramento, CA	98.5	22
Charlotte, NC	95.2	7	Riverside-San Bernardino, CA	98.5	23
Miami, FL	95.4	8	North Virginia, Metro DC	99.4	24
St. Louis, MO	96.1	9	Philadelphia, PA	99.8	25
Kansas City, MO	96.2	10	San Diego, CA	99.9	26
Phoenix, AZ	96.2	11	Seattle, WA	100.8	27
Dallas-Fort Worth, TX	96.2	12	Los Angeles, CA	100.8	28
Baltimore, MD	96.5	13	Boston, MA	101.2	29
Detroit, MI	96.8	14	San Francisco, CA	104.5	30
Minneapolis, MN	96.8	15	New York City, NY	104.7	31
Pittsburgh, PA	97.0	16			

Source – KPMG (competitivealternatives.com)

This according to the latest KPMG Competitive Alternatives Study that measures 26 key cost components in each market, including costs associated with taxes, labor, facilities, transportation and utilities, as applicable to seven different business-to-business service sector operations and 12 different manufacturing sector operations.

The KPMG study revealed that Cincinnati had a cost index of 94.0, representing business costs 6.0 percent below the baseline cost index of 100, defined as the average business costs in the four largest U.S. metropolitan areas of New York, Los Angeles, Chicago and Dallas-Fort Worth.

As per the study, contributing factors that make Cincinnati so cost-friendly include the lowest property-based taxes and industrial facility lease costs, and the second lowest industrial land and salary costs. Ohio tax credits applicable to video game production help reduce the effective tax rate for the digital services sector, which also contributed to Cincinnati's top ranking in the study.

Orlando, at 94.4, is the second most cost-friendly city to do business. The city has the second lowest labor costs, along with low office lease costs and costs for both salary and statutory plans and benefits.

Tampa, at 94.6, is the third most cost-friendly city to do business. The city has the lowest wage costs and second lowest statutory and benefit costs, giving it the lowest total labor costs among large U.S. cities.

San Antonio also has the lowest costs for natural gas and for industrial building construction, and Atlanta likewise has the lowest transportation costs and ranks second for total utility costs.

Charlotte has the lowest industrial land costs with competitive costs for electricity, industrial construction and property-based taxes. Miami's moderate labor costs are its primary advantage.

St. Louis also has the lowest effective corporate income tax rate, assisted by [Missouri economic development](#) tax rebates for new job creation and the state's move to location of benefit sourcing for income from services. Kansas City likewise benefits from these same Missouri state tax items, and also from low industrial land costs and the second lowest effective corporate income tax rate.

Ulrich Schmidt, a managing director in KPMG’s Global Location and Expansion Services practice, which helps companies that are expanding, relocating or consolidating their facilities, said in a statement that “Many factors go into site selection decisions, and a study such as ours helps businesses, city leaders and economic development teams begin to consider investments that should ultimately be good for the community and good for business.”

Read the full KPMG Competitive Alternatives Study – [Download \(pdf\)](#)

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