

# Study finds cost of doing business is lower in Buffalo Niagara region

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Running a business in the Buffalo Niagara region costs 2.2 percent less than the national average, according to a study by accounting firm KPMG.

That means there are a lot of cities where it is less expensive to do business, and still more cities where it is more expensive.

The study of 87 U.S. and Canadian cities ranks the Buffalo Niagara region in the bottom third for affordability, meaning two-thirds of the cities are more affordable.

While the region fares well in labor and facility costs, it compares poorly in transportation and utility expenses, according to a study released Friday by KPMG.

The study found that the region has particularly strong competitive advantages in some industries, including professional and support services, as well as biotechnology and product testing. In each of those industries, costs in the Buffalo Niagara region are more than 8 percent lower than the national average, KPMG found.

The region's labor costs were competitive, with wages and salaries averaging 10 percent less than the national average and benefit costs 6 percent below the national norm. Suburban office lease costs were 12 percent lower than the national average.

At the same time, the region's competitiveness is hurt by high utility costs, which are 39 percent higher than the national average, primarily because of high electricity bills, and transportation costs that are 12 percent above the U.S. benchmark. Overall taxes were

1 percent above the national average.

Hartley Powell, a principal in KPMG's global location and expansion services practice, said the study is a way for businesses to compare a wide range of factors that influence a business' operating costs.

Those costs, Powell noted, "often vary by location, including costs associated with taxes, labor, facilities, transportation and utilities."

The study included 87 cities in the United States and Canada, along with nearly two dozen others worldwide. It measured how 26 different cost factors would affect operating expenses for businesses in 19 different industries over a 10-year period.

"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.

Among the 31 cities that KPMG studied in the Northeastern U.S. and Canada, the Buffalo Niagara region ranked 21st.

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