

INDUSTRIES ON THE INTERSTATES

What Is the Best Location?

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Build a highway, and they will come. That was the hope of those who wanted to attract more business to local communities, and it was the fear of those who did not want to attract any more development. There are many examples of new industrial and office parks built alongside Interstate highways and at interchanges. Yet there are many more examples—tens of thousands of miles of highways—with no business activity at all alongside.

An Interstate highway does not lead automatically to new development. Other location factors—such as access to markets, proximity of the workforce, and availability of utilities—also are necessary for attracting businesses.

Matter of Logistics

The impact of Interstate highways on industry can be measured in more than the savings in travel times between cities—the system has enabled a dramatic evolution in business location and development patterns. The speed and reliability of Interstate highways expanded the labor market for firms, the range of suppliers that firms could choose, and the size of the customer base that could be served with same-day deliveries. Some industries were able to realize economies of scale with larger manufacturing plants and warehouses. The Interstates brought industrial growth to outlying areas that formerly had been too far from cities but now were within a day's round trip.

Areas that were still too isolated and distant from

urban markets, however, were not helped as much. Research findings have confirmed that the greatest impacts of the Interstate system on business growth occurred in nonmetropolitan areas adjacent to metropolitan areas (1).

The system's reliability dramatically improved delivery schedules. The Interstate highways provided a passing lane to get around slow-moving vehicles and did away with at-grade intersections that caused backup delays. The Interstate system also brought more uniformity to overpass heights and bridge weights.

The expanded market reach, greater reliability, and the connectivity to intermodal terminals introduced a new level of logistics planning. The system facilitated just-in-time manufacturing and stocking systems, which in turn led to supply chain corridors, such as Auto Alley, which has attracted seven automobile manufacturers and hundreds of suppliers to locate along the I-65 and I-75 corridors from Alabama and Tennessee to Kentucky, Indiana, and Ohio. Businesses along a multistate corridor can draw from different labor markets yet still be part of a same-day delivery system.

Strategic Interchanges

Industrial and commercial businesses often had sprawled along older highways for many miles, but the Interstates focused new business development near interchanges or along routes accessible to interchanges. A study funded by the Federal Highway Administration found that the impacts of new Inter-



SOURCE: MIDDLETOWN ECONOMIC DEVELOPMENT CORP.

Industrial, warehouse, and retail development clustered at the intersection of I-75 and Ohio State Route 122, Middletown, Ohio.

state highways on economic development varied widely. Some of the case studies that probed into local business locations showed that new industrial parks usually were built near interchanges or along local highways that easily connected to interchanges with the Interstate routes. New logistics and warehousing centers were locating at interconnections between north–south and east–west highways in the vicinity of labor markets and with the necessary zoning and utilities in place (2).

A 10-year tracking of new manufacturing plant locations in Wisconsin shows that industrial plants were built primarily along

- ◆ Interstate highways,
- ◆ Other four-lane highways that did not have the Interstate designation but had similar access control features, and
- ◆ Rural two-lane highways that had easy access to an Interstate highway interchange (3).

Intermodal Connections

The Interstate Highway System and its intermodal connections have provided a model for investment in interregional transportation systems elsewhere. The Trans-European Network, for example, is a \$100 billion effort to improve transportation connectivity across Europe.

Nonetheless, transportation investments still are necessary to support the changing pattern of industries in the United States. With the expansion of large regional, national, and international markets for many goods, freight ton-miles are growing at a faster rate than the population. As international exports also gain a larger share of the U.S. economy, the nation's system of international gateways—airports, marine ports, and border crossings—is facing new demands. Because the Interstate Highway System provides access for goods movement to and from these gateways, demands will arise for new invest-



ment to support the changing role of Interstate highways in our nation's continuing development.

Domestic and foreign-owned automotive plants and suppliers in the northern section of the I-65 and I-75 corridor, with network of links to other Interstates.

References

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