**Transshipment Points and Port Cities**

Many cities develop as points at which goods transferred from one transport mode to another

Coastal cities developed around points where over sea shipping transferred to over-land

Industry develop at transshipment point to process good; decrease cost of land transport

Examples:

**Buffalo** developed to refine/transport grain products to east coast

**Baltimore** developed as place where flour mills processed wheat grown in surrounding area. Output shipped to West Indies.

**Houston**

Crude oil from Middle East shipped to Houston/Galveston port

Oil is refined into petrochemical products in Houston area

Output shipped to rest of country

4.3% of income generated in Houston comes from petrochemical products industry

The industry makes up 1.3% of income in US as a whole

**Los Angeles** is transshipment point for Japanese cars

**Labor Cost**

Cost of labor may vary by location

may be a determinant of location of economic activity

Labor costs typically make up largest part of firm cost

[Wage in Los Angeles urban area generally higher than in rest of US](http://www.bls.gov/regions/west/news-release/occupationalemploymentandwages_losangeles.htm)

High wage may deter some firms

For example automobiles are not manufactured in Los Angeles County (although it used to)

For some types of production, LA may be a low labor cost area despite high wage

Labor Cost = Wage/productivity

Productivity can be calculated as average product: output/labor hours

Los Angeles attract people highly productive in certain high skilled areas: design, moviemaking

Climate is a good whose demand grows with income, education

Statistics for [Los Angeles](https://www.census.gov/quickfacts/fact/table/CA,losangelescountycalifornia,US/PST045216)

Real Wage in Los Angeles may be below many areas, however