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EXCLUSIVE: Mercedes USA chief says Atlanta HQ relo will help company stay 'competitive for the next 50 years.'

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Mercedes-Benz USA will relocate its headquarters to Atlanta this summer — a move that will create about 1,000 jobs and cement the Southeast as the auto industry's center of gravity.

For the city, which has been on a growth sprint, landing the German luxury automaker is the largest economic development coup since **United Parcel Service Inc.** (NYSE: **UPS**) relocated to the area in 1991.

Mercedes' decision to move from sleepy Montvale, N.J. to frenetic Atlanta was about attracting the talent needed to be "competitive for the next 50 years," MBUSA President and CEO [Stephen Cannon](#) told Atlanta Business Chronicle in an exclusive interview Tuesday afternoon.

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"For a brand like Mercedes-Benz — a top 10 global brand — we felt very strongly that we needed to align our brand with a growing brand, and we see Atlanta as a growing brand," Cannon said, anointing Atlanta as one of the South's "premier cities."

On Dec. 16, Atlanta Business Chronicle [first reported](#) **Mercedes-Benz USA's** (MBUSA) plans to relocate its headquarters from Montvale, N.J., to Atlanta. Georgia competed with Texas, North Carolina and Florida for the project.

Mercedes will invest about \$100 million in a more than 200,000-square-foot build-to-suit headquarters. The company is eyeing four sites in the Central Perimeter and Alpharetta for the headquarters project, which is expected to be ready in 2017.

The Southeast has become an emerging threat to the Midwest's domination as an auto industry hub, as **Nissan**, **Toyota**, Kia and **Volkswagen** put plants in low cost, union-free Southern states. Now, the corporate offices are following.

Later this year, **Porsche Cars North America** Inc. will open a \$100 million headquarters at Aerotropolis, a 130-acre mixed-use development near **Hartsfield-Jackson Atlanta International Airport**. Last year, **Toyota Motor Corp.** said it would relocate its U.S. headquarters from Torrance, Calif., to Plano, Texas. And in 2005, **Nissan Motor Co.** moved its North American headquarters from Gardena, Calif., to the Nashville, Tenn., area.

"The Rust Belt was once the center of gravity for the auto industry; now it's the Southeast," site selection consultant [John Boyd](#) said. "The (Mercedes) move punctuates that."

Atlanta's strategic location puts the city in between Mercedes' largest U.S. production plant in Tuscaloosa, Ala. and the Port of Brunswick, it's largest import facility. The relocation "helps us to optimize our footprint in the United States," Cannon said.

Atlanta landed the Mercedes headquarters from a short list that included Dallas and the Charlotte/Raleigh region, because of the region's "top-shelf" infrastructure (Hartsfield-Jackson Atlanta International Airport) and its quality of life.

"We're living in an environment where it's all about talent," Cannon said. "Offering the best quality of life attracts the best talent."

The Atlanta pick is about branding as Mercedes competes with **Audi** and **BMW** for millennial buyers with lower-priced models, consultant Boyd said.

He compared the Mercedes move to Cadillac's relocation from tired Detroit to trendy SoHo in Manhattan. Atlanta, unlike Montvale, is associated with a young and hip image that Mercedes wants to cultivate, Boyd noted.

Talent — and access to mass transit — also drove Mercedes' site selection in Atlanta.

The Central Perimeter offers an appealing balance of suburban and urban living environments, located in between the family friendly northern suburbs and the Millennial-rich in-town neighborhoods.

"Folks concerned with houses and schools can locate north and commute south," Cannon said. "The Gen-Yers who want that urban living... can take a short **MARTA** ride (to work)."

Mercedes, represented by real estate services firm [Jones Lang LaSalle](#), initially eyed six sites in Central Perimeter, Alpharetta and Cobb County before trimming the list to the current four sites — three in the central Perimeter and a "back-up" in Alpharetta,

While Mercedes expects many of its employees to live in Alpharetta, that site — which is not served by MARTA — would be inconvenient for the Millennials in Buckhead and Midtown, Cannon said.

The relocation process, which began six months ago, will involve Mercedes taking temporary space over summer.

The decision to build a single office tower or a campus, will hinge on the chosen site.

"If the parcel is small, that will make us go vertical," Cannon said. "And, if we have a little bit more acreage we can go a little bit more horizontal."

Mercedes move to Atlanta is likely to have a domino effect in northern New Jersey, home to BMW and Volvo U.S. headquarters.

"The next conversation will be at BMW," Boyd said. "The clock is now ticking."

The Southern migration of foreign automaker headquarters is driven by a maturing industry.

When these companies first entered the U.S. decades ago, they had just sales and marketing outposts, noted [Karl Brauer](#), senior analyst with Kelly Blue Book. That meant the automakers could put their headquarters in glamorous metros such as New York and Los Angeles, .

As these foreign automakers ramp up domestic manufacturing with new plants, logistics require them to relocate their headquarters closer to their manufacturing hubs, Brauer said.

He cites Toyota leaving California for Texas, and rumors of **Honda** considering bailing on Southern California for Ohio, where it has a large plant.

"I would not be surprised if BMW, Volvo or **Subaru** (Mercedes' North Jersey neighbors) relocate to the Southeast, if not in Atlanta." Brauer said.

Beyond the demographics (the Southeast has younger, growing populations) and the market realities (auto manufacturing especially for the imports have coalesced in the union-free South), is the issue of soaring taxes in the Northeast hubs.

"The property and personal income tax in Bergen County is a major prohibitive business climate factor," Boyd said.

For Mercedes, the decision to move was, in part, driven by where it was. The company has been in its north New Jersey headquarters since the early 1970s. Mercedes had outgrown the building, which Cannon said was at the end of its useful life.

"Rather than just continue to add onto this current investment, we said 'why don't we widen our aperture and take a broader look at an opportunity that this might present?' " Cannon said. It was "a once-in-50-year opportunity to evaluate our position in New Jersey."

After that, things moved fast — the process took about six months. Just before Thanksgiving, Cannon pitched his relocation recommendation to the Mercedes board.

"Atlanta brought their A-game," Cannon said, noting, "You guys have a top-flight economic development team."

New Jersey didn't exactly roll over when it heard Montvale's second-largest private employer was considering walking out. Gov. [Chris Christie](#), a potential 2016 presidential candidate, got personally

involved and met with Cannon before Christmas.

"New Jersey wanted to make sure that they weren't going to let us go without a fight," Cannon said. "And, they did exactly that."

Urvaksh Karkaria covers Technology.