

Report: Mercedes-Benz USA mulling headquarters move to N.C. or Georgia

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Another international automaker is considering moving its U.S. headquarters to the Southeast, in this instance Mercedes-Benz USA, according to multiple media reports,

And once again, North Carolina sites may be playing the role of leverage for the company with its preferred choice, which appears to be Atlanta.

The media reports, which began Tuesday, have the automaker moving from Montvale, N.J., where it has been based since 1972 and has about 1,000 employees.

The Record of Bergen, N.J., citing several unidentified sources, said Atlanta has emerged as the top choice for a proposed 150,000-square-foot facility. It reported Thursday that negotiations have renewed with N.J. legislators about keeping the headquarters in place. A decision could be made as soon as January, the newspaper reported.

Other cities listed in media reports or by site-selection consultants are Raleigh, Savannah, Ga., and Jacksonville, Fla. The Charlotte Observer reported that several North Carolina cities are under consideration.

One potential positive on North Carolina's side is that Daimler AG subsidiaries have several operations in the state, including Thomas Built Buses in High Point and Daimler Trucks in Mount Holly and Gastonia.

The Record said Mercedes-Benz USA may be offered between \$40 million and \$50 million in local and state incentives in Georgia.

A Mercedes-Benz USA spokesman said the company "does not comment on rumor or speculation." John Lassiter, chairman of the state's new public-private economic development partnership, declined to comment to The Charlotte Observer.

The Associated Press, citing N.C. economic development recruiting documents and emails, said in September that North Carolina offered Toyota Motor Corp. about \$107 million in incentives to move its North American headquarters and more than 3,000 jobs from Southern California to Charlotte.

Even though the incentive offer was twice as much as what Texas and a Dallas suburb offered, Toyota



AP Mercedes Benz

Mercedes-Benz USA has been based out of Montvale, N.J. since 1972.

selected the Texas site in part because of factors that include no corporate and income tax, as well as direct flights to Japan. Mike Michels, a spokesman for Toyota Motor Sales U.S.A. Inc., said its decision was based on several factors: incentives, geography, transportation, cost of living and educational opportunities.

Travel connections to Mercedes' home in Stuttgart, Germany, via Frankfurt, may also work in Atlanta's favor.

"Beyond cost savings, international air service through Atlanta Hartsfield Jackson is a real key here," said John H. Boyd, a principal at The Boyd Co., a corporate site-selection firm in Princeton, N.J.

"Frankfurt is served by several carriers out of Atlanta, including Delta, Luftansa, KLM, AirFrance.

"It's probably no accident Raleigh-Durham International Airport has been doing all it can in recent months to get nonstop service to Frankfurt."

Boyd said another factor going against North Carolina — the lack of an auto industry cluster — is probably the biggest chagrin of its governors and Commerce secretaries since the 1980s. During that time, North Carolina has been a runner-up on U.S. manufacturing plants for at least Mercedes-Benz, BMW and Toyota.

"North Carolina has NASCAR, but really does not have an auto industry pedigree," Boyd said.

"It might have been different if BMW went to North Carolina 20 years ago instead of Spartanburg, but it did not and an auto industry cluster around that coveted project at the time never materialized in North Carolina."

Boyd said don't discount New Jersey's ability to keep the Mercedes-Benz headquarters now that its state legislature is galvanized.

"New Jersey has some of the most compelling incentives in the country in its economic development arsenal," Boyd said.

"Its Choose NJ industry-attraction organization, private like what North Carolina has begun, has a track record of pulling out all the stops and achieving some impressive 11th-hour successes," such as Panasonic, Campbell Soup, Lockheed-Martin and Subaru.

"You can be sure that Gov. (Chris) Christie is also doing all he can to retain this trophy employer in the state," Boyd said.

Boyd said another nuance is "the branding factor."

"Mercedes is fighting tooth and nail with BMW, Audi, and Cadillac for the young, smart, educated buyers, the millennials, if you will." Boyd said.

"That turf fight is being fought over the series of new more affordable, entry-level models being introduced by all of these companies.

"Above and beyond the quantitative cost factors and international air service, Mercedes may feel its

branding might be enhanced by a move to a younger, high-growth, high- tech market like Atlanta.”

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