

BANNER YEAR

CITY OF ATLANTA EYES 10,000 JOBS, \$1.5B IN INVESTMENT

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In the dog-eat-dog world of economic development, Atlanta has muscled its way to alpha status.

The city of Atlanta is expected to lure more corporate relocations and expansions this year than any time in the past decade, according to economic developers.

Based on the 2015 project pipeline, the city could land about 10,000 jobs and \$1.5 billion in potential investment over the next several years, said **Eloisa Klementich**, managing director with **Invest Atlanta**, the city's economic development arm.

So far this year, 56 percent of economic development wins were relocations to the city, with 44 percent being retention and expansion projects.

The region has attracted relocations and expansions from a phalanx of corporations, including Mercedes-Benz USA (MBUSA), Salesforce, VMware and Kaiser Permanente.

Lower taxes, inexpensive housing, a globally connected airport, and its place at the economic center of the Southeast puts Atlanta on the shortlist of many companies considering the East Coast. A burgeoning workforce of younger, knowledge-economy employees has made Atlanta a "come-to" region.

When it comes to economic development, Atlanta's competition starts with Dallas, which in many ways mirrors the Atlanta market. Based on industry cluster, however, Atlanta finds itself going head-to-head with Boston, Austin, Nashville and Charlotte.

"We show up in every company's top five site-selection list, no matter the industry, because of the diversity of our economy," said **Kevin Johnson**, Invest Atlanta's senior economic development officer.



Kevin Johnson

Interest in Atlanta from corporations seeking relocation and expansion sites is "off the charts," noted New Jersey-based site selection consultant **John Boyd Jr.** Inquiries about Atlanta from clients have more than doubled in the past year, Boyd said.

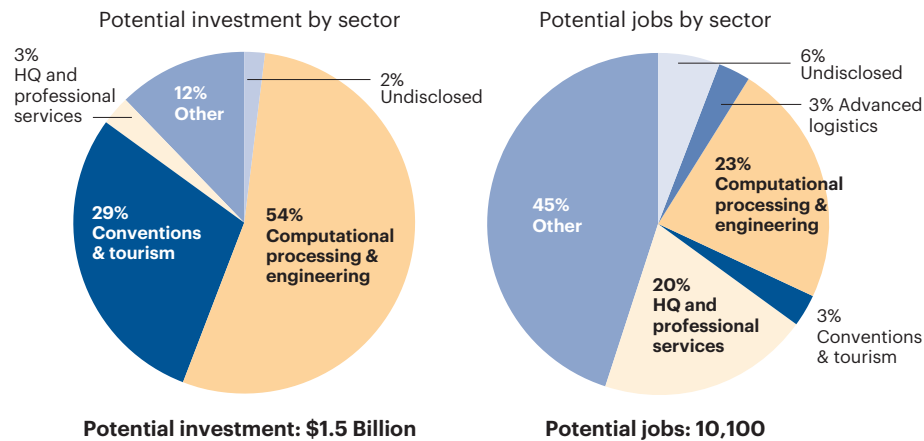
Much of the interest is powered by the high-profile nature of Atlanta's recent successes, Boyd said, referring to Mercedes-Benz, State Farm and NCR. These are companies that resonate across industries and make a compelling case for Atlanta, he said.

Boyd cites the case of Nevada, which saw a surge in economic development prospect activity after it landed Tesla Motors' \$5 billion battery manufacturing plant.

Speaking of Tesla, Atlanta is benefiting from the auto industry's migration south, which is bringing not just the automakers, but their entourage of suppliers. "The Southeast has become the center of gravity for the auto industry and Atlanta is the epicenter of the Southeast," Boyd said.

Metro Atlanta has been especially effective in recruiting corporate relocations and expansions from California.

2015 ACTIVE PIPELINE



2015 YTD JOB GROWTH

RANKING BY PERCENTAGE GROWTH 2015 YTD

	Change	Growth	Number of jobs
1. ATLANTA SANDY SPRINGS MARIETTA, GA	1.9%	47.4	2,596.3
2. DALLAS FORT WORTH ARLINGTON, TX	1.8%	61.4	3,400.7
3. LOS ANGELES LONG BEACH ANAHEIM, CA	1.7%	97.8	5,892.9
4. WASHINGTON ARLINGTON ALEXANDRIA, DC-VA-MD-WV	1.3%	41.2	3,178.4
5. MIAMI FORT LAUDERDALE POMPANO BEACH, FL	1.2%	29.7	2,498.9
6. BOSTON CAMBRIDGE NASHUA, MA-NH	1.1%	29.8	2,639.5
7. NEW YORK NEWARK NEW JERSEY, NY-NJ-PA	0.8%	77.4	9,289.9
8. PHILADELPHIA CAMDEN WILMINGTON, PA-NJ-DE-MD	0.7%	19.0	2,824.7
9. CHICAGO NAPERVILLE ELGIN, IL-IN-WI	0.4%	19.0	4,550.3
10. HOUSTON THE WOODLANDS SUGARLAND	0.2%	5.9	2,983.0
UNITED STATES TOTALS	1.3%	1,779	142,371.0

TOP 10 MSAs by population, ranked in order of 12-month % job growth

SOURCE: BLS DATA AS OF SEPTEMBER 2015

WINS REPORT FOR BUSINESS ATTRACTION, RETENTION AND EXPANSION

	Total Wins	Jobs (Direct, New Full Time)	Investment (direct and leveraged)
2013	17	3,879	\$347,530,000
2014	32	3,470	\$184,940,000
2015*	25	6,801	\$454,500,000
Total	74	14,150	\$986,970,000

*2015 - as of 11/13/2015

Note: Numbers include bond transaction as it is usually a retention, expansion project

The Atlanta metro area ranked No. 9 for attracting businesses from California, according to a study by **Joseph Vranich**, a site selection consultant and president of Irvine, Calif.-based Spectrum Location Solutions. Atlanta was the highest-ranked East Coast metropolitan statistical unit on that list.

In Atlanta, a California company finds the tax environment better, the regulatory environment better, the lifestyle easier, a major airport and a concentration of potential customers and partners, Vranich said.

Metro Atlanta ranked No. 1 among the top 10 metros in the U.S. for forecasted

percentage job growth from 2016 to 2018, according to Moodys Analytics. Metro Atlanta is expected to add an additional 230,000 jobs over that time period.

Atlanta is riding the tailwind of changing hiring philosophies and a more confident workforce. A decade ago, companies would recruit talent to their big-metro, coastal hubs. As skilled talent gets scarcer and more demanding, businesses are taking the office to where the talent already is.

Companies are saying, "we have to be geographically (near) the type of talent that we are going to need to be competitive in a global marketplace," Johnson said. "They are now listening to their

HR directors more than they ever have."

Atlanta's economic expansion is also fueled by the gradual population march to the SunBelt. When companies consider headquarter relocations or major expansions, they are often thinking about where they want to be for the next 30-or-40 years. Indeed, Mercedes-Benz picked Atlanta as its headquarters to attract the talent needed to be "competitive for the next 50 years," MBUSA CEO **Stephen Cannon** said earlier this year.

The 5.6 million person-strong metro Atlanta region is expected to add 2.3 million people and 1.3 million jobs by 2040, according to the Atlanta Regional Commission.

"Companies headquartered in the Northeast and Midwest are seeing Atlanta's demographics and saying "how do you ignore a major population growth market in the United States," Johnson said.

Metro Atlanta, for now, has the advantages of abundant real estate and relatively low wage inflation.

"Twenty years from now, will we still be the low-cost location?," Johnson asked. The "success curse" can kick in, where demand can drive up wages and real estate, he said.

Atlanta's real estate industry is also driving deal-flow with the development of contemporary and creative office inventory, such as Three Alliance Center, Ponce City Market and Atlanta Tech Village.

Creative office space is viewed by knowledge-economy companies as a talent magnet and branding opportunity, Klementich said.

Adaptive reuse projects such as Ponce City Market – a former Sears warehouse – makes Atlanta attractive to tech companies looking for spaces that offer a story. "We take tech companies to abandoned warehouses with birds flying through the building, and they think it's cool," Johnson said.

Over the past few years, Atlanta has landed several corporate relocation and expansion projects eyeing metro Atlanta. In 2013, Atlanta attracted 19 percent of the 177 economic development projects that considered the region. So far this year, 41 percent of metro Atlanta prospects landed in the city.

In recent months, Atlanta has lured several corporate relocations – NCR, WorldPay and Sage – from suburban Atlanta markets. The shift from bucolic suburban campuses to walkable Midtown is about recruiting younger, knowledge-economy workers and to give the corporate brands a patina of cool. Corporations are also partnering more aggressively with area universities such as Georgia Tech for talent and technology development. "Those dynamics are clearly why you're seeing the re-population of the urban core by companies," Johnson said.

Such "musical-chairs" deals are not about poaching jobs from a neighbor as much as keeping the jobs from leaving the state, Klementich clarified. WorldPay and NCR had considered other states for their relocation.

Had the city of Atlanta not competed, those companies and hundreds of jobs would have left Georgia, Klementich said. In most of the intra-region moves, the companies also added several hundred of local jobs as part of organic growth, or consolidation from other states.