



UPS to invest \$400 million, create 1,250 jobs at Atlanta logistics hub

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Atlanta Mayor Kasim Reed speaks at the UPS announcement.

United Parcel Service Inc. (NYSE: UPS) will invest \$400 million and create about 1,250 jobs at a new logistics hub near Charlie-Brown Airport on the city's Westside.

Gov. Nathan Deal and Atlanta Mayor Kasim Reed announced the corporate expansion Thursday morning.

On Nov. 8, Atlanta Business Chronicle reported details of the potential expansion, codenamed Project Shark. The UPS facility would be at the Majestic Logistics Center, a 340-acre development about 10 miles west of downtown Atlanta.

The 1.3 million square foot Atlanta regional packaging center will be UPS' third largest, trailing mega-hubs in Louisville, Ky. and Chicago., a real estate source told Atlanta Business Chronicle Nov. 8. Georgia competed with two neighboring states for the project.

The facility — UPS' Southeast hub — will handle more than 100,000 packages per hour and include 15 miles of conveyer belts. It is expected to open in fall 2018, in time for the holiday shopping traffic.

"This building is going to be showcase for UPS customers showing all of our technology that we are implementing," UPS CEO David Abney said.

The UPS expansion in the gritty Fulton Industrial corridor promises to economically revitalize a commercially depressed area and help attract retail, industrial and office developments.

"We have so many of these announcements and they are in parts of the city that are already thriving and doing well," Mayor Reed said. "UPS' intentional decision to put this kind of investment in an area that genuinely needs it, speaks to the character and caliber of one of the world's great businesses."

The site design calls for 1,324 auto parking spaces, 1,064 trailer storage spaces, 57 retail auto spaces and 216 tractor service parking spaces, according to a building permit filed Nov. 8.

"We are looking at the UPS large hubs around the country to define our approach to modernization and expansion," UPS spokeswoman Susan Rosenberg said Tuesday.

UPS has announced a multi-year strategy to put new technology and systems into its hubs that help in the sorting and loading process.

This investment will help with "efficiency improvement, as well as maintaining reliability and delivery accuracy as our volume grows," Rosenberg said.

In Louisville, Ky., UPS has a 5.2 million-square-foot worldwide air hub — Worldport — that processes an average of 1.6 million packages daily. Worldport employs 20,000, making UPS is one of the largest employers in Louisville, and in Kentucky.

UPS plans to announce "two-or-three" more hubs by year-end, Abney said.

"Instead of new buildings like this, we (could be) expanding (and modernizing) existing buildings" at the other sites, he said.

The proposed Atlanta UPS facility is said to a response to competitor FedEx's Atlanta plans. Memphis, Tenn.-based FedEx plans to develop a logistics center on about 90 acres in Jackson County.

The UPS expansion is no doubt fueled by the burgeoning growth of e-commerce as shoppers abandon brick-and-mortar stores for mobile phones and desktops. Freight carriers like UPS and FedEx benefit from that trend as they get to deliver product from warehouses to homes and businesses.

"About half of the packages going through the facility will be e-commerce packages." UPS' Abney said. "A lot of the packages that will be coming through this building, will be carrying products manufactured and shipped to-and-from overseas markets."

In October, UPS said it ordered 14 747-8 Freighters from Boeing(NYSE: BA), and has an option to another 14 of the cargo airplanes.

"These aircraft are a strategic investment for increased capacity for UPS customers around the globe," said Brendan Canavan, president of UPS Airlines. "The 747-8 will allow UPS to upsize our network in both new and existing markets."

Positioning hubs around the country makes sense in an age of instant gratification.

"Same day delivery is the holy grail of logistics and distribution today," said John Boyd Jr., a Princeton, N.J.-based corporate site consultant. "That is where UPS wants to be. A second Worldport would be consistent with that."

Atlanta is an obvious choice for a major logistics hub because of its rail and road infrastructure and proximity to a major seaport.

Atlanta, and the Southeast in general, is also witnessing a population boom. Locating logistics hubs in such high density markets speeds up turnaround time, while lowering delivery costs.

A UPS mega hub would have economic development implications for metro Atlanta —helping recruit e-commerce companies, call centers and and light assembly shops that need to be in proximity. Shoe e-tailer Zappos, for instance, has a major presence at WorldPort, Boyd noted.

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