

# Mercedes-Benz USA Confirms Move to Atlanta Area--Update

By Dow Jones Business News, January 06, 2015, 07:15:00 PM EDT

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Daimler AG is moving down south, uprooting Mercedes-Benz USA's headquarters from its longtime perch in New Jersey with plans to relocate it to an Atlanta suburb.

Wooed by lower costs, proximity to a Mercedes-Benz factory and government incentives, the German luxury car maker in July will begin moving about 1,000 U.S. personnel to a temporary facility and later move to Sandy Springs, Ga.

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The operation, which includes staff working on the Sprinter van business and the Smart mini car lineup, will permanently move into a new building erected on a 10-acre site in the same city.

Daimler executives turned down a significant incentive package from New Jersey to keep its U.S. headquarters in Montvale, where it had been running operations since 1972. Now the second-largest luxury car brand in the U.S. behind BMW AG, Mercedes is joining several other auto makers to have moved operations and corporate headquarters to the South to take advantage of low union membership in right-to-work states, low corporate taxes and easy access to well-maintained highways, rail lines, ports and airports.

"We think the infrastructure in the States has changed," Daimler Chief Executive Dieter Zetsche said in an interview on Tuesday. "The South is much more relevant than it used to be. We think it's like a new start, a rejuvenation of our company to make that move."

A small group of employees will continue working in New Jersey, the company said.

John Boyd, principal of the Boyd Company Inc., a Princeton, N.J.-based site selection consultant, said that New Jersey has the country's most appealing incentives policy in his assessment, but it was outweighed by the cost-savings and convenience of moving to the U.S. South. He said that the move would reduce Mercedes-Benz's costs, including real estate, energy and property taxes, by about 20%.

Daimler and Georgia state officials declined to provide details on how much the luxury auto maker would receive in tax incentives to make the move. Mercedes has a plant in Alabama, which builds about half the vehicles sold by the German auto maker in the U.S. and is expected to reach an annual output of 300,000 vehicles by 2016.

Last April, Toyota Motor Corp. said it would relocate the majority of its U.S. operations to a new campus in Plano, Texas.

Commercial real-estate firm JLL Inc., which helped Toyota in its site selection, is assisting with Mercedes-Benz's relocation.

South Korea's Kia Motors Corp. opened a plant near Columbus, Ga., in 2010. A year later Volkswagen AG opened a plant in Chattanooga, Tenn. Other operations include BMW's plant in South Carolina and Hyundai

Motor Co.'s plant in Alabama. The Georgia port in Brunswick is one of the nation's leading importers of new automobiles.

Outside of the auto industry, Mercedes-Benz joins corporations based in Atlanta, including Coca-Cola Co., Delta Air Lines Inc., United Parcel Service Inc. and Home Depot Inc.

The move would be a welcome boost to the metro Atlanta area, which has struggled since the recession and still has an unemployment rate above the national average.

Officials with New Jersey's Economic Development Authority didn't respond to requests for comment. New Jersey was in the running until the end, according to a person briefed on the matter. Other sites included Tampa, Florida; Charlotte, N.C.; Dallas and Plano, Texas.

Mercedes-Benz's decision to move as many as 1,000 jobs from the state is "another body blow for new jersey's labor markets," said Joseph Seneca, a Rutgers University economist. The company said several operational areas would remain in Montvale and Robbinsville, N.J.

New Jersey has retooled its incentives policy in the last year, giving companies outside of urban areas more ready access to tax breaks. But the state's recovery from the downturn has proven slow and uneven.

Recently billboards pleaded "Bergen County (hearts) Mercedes-Benz #Please stay."

Mr. Boyd said that companies are showing an increasing willingness to relocate their corporate headquarters as well as manufacturing and back office facilities. For Mercedes, the move to an urban center could help give the car maker a more appealing image to young consumers, he said.

"It became apparent that to achieve the sustained, profitable growth and efficiencies we require for the decades ahead, our headquarters would have to be located elsewhere," said Mercedes-Benz USA Chief Executive Stephen Cannon. " That brought us to Atlanta."

Mr. Zetsche also pointed to the easier access to the Hartsfield-Jackson Atlanta International Airport which is the world's busiest airport in terms of passengers.

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01-06-151915ET

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