Norfolk Southern likely to leave Virginia for Atlanta; planes and people are a big reason

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Norfolk Southern (NYSE: NSC) is reportedly getting ready to pull up stakes and move its corporate headquarters to Atlanta, a move a corporate relocation expert calls "an opportunity for them to recalibrate and refresh their brand."

"They'll be relocating to an exciting city like Atlanta," John Boyd of The Boyd Companies said in an interview with FreightWaves. He cited the "skill set" of the people in Atlanta, where Norfolk Southern already has a little less than 2,000 employees in Atlanta’s Midtown area. A story in the Norfolk Virginian Pilot said the railroad had about 500 employees at its corporate headquarters in downtown Norfolk across two buildings.
In a recent fact sheet, NS listed about 4,700 employees in Georgia, though that would be on its rail system as well. The company operates about 1,700 miles of track in the state.

There's another huge factor in the move: Atlanta Hartsfield-Jackson International Airport, the busiest in the world. A recent glance at the online flight board for Norfolk's airport found the usual lineup of flights to major hubs: United to Houston, American to Chicago, Delta to Detroit, and so on. Want to go somewhere else? Change planes.

But moving to a city with an airport that has direct flights to just about everywhere is a "common denominator" in corporate headquarters moves, Boyd said.

According to Boyd, Norfolk Southern is likely to end up in Atlanta's Gulch development that is being led by a Los Angeles-based developer, CIM. The Gulch was described in one story as "woebegone," but CIM is looking at a project that would take up 12-15 city blocks with 12 million square feet of new construction. The Gulch area has been talked about as a possible site for Amazon's second headquarters.

Boyd said the Gulch site is not guaranteed, however. "I would not be surprised if Norfolk Southern looks at other class A opportunities in Midtown or the northern suburbs, which has new exciting class A projects coming online," he said.

As far as whether he thinks Norfolk Southern is going to make the move, Boyd said: "Everything I'm hearing indicates this is going to happen."

Although Boyd isn't an expert on railroads, even he knew of Norfolk Southern's competitive position. "They're in an intense battle for market share with CSX (NASDAQ: CSX)," he said. "That means they're also in a battle for talent and skill set, so the Atlanta address is what they're looking to do."

CSX is based in less-glamorous Jacksonville, but Jacksonville's airport does service about 6 million passengers per year. Norfolk's is about half that.

In the recent Virginian-Pilot story, the anguish expressed in Norfolk about the possible loss of NS was palpable. The newspaper reported that NS' statement on the issue was that the company "is in the process of developing its next long-range plan. That effort is considering many courses of action, including the possibility of consolidating headquarters into a single location."

The story quoted James Koch, an economist with Old Dominion University--which is in Norfolk--as describing a NS move as "a body blow to the regional economy and especially to Norfolk."

But he said the move had been speculated for some time, given the shift of employees to Atlanta over the years.
"Well-paid individuals would depart," Koch said of a move to Atlanta. "It would also result in a significant decline in regional charitable contributions, memberships, civic participation, and a noticeable decline in restaurant and entertainment patronage as well."

NS pulled a significant number of employees out of smaller Virginia city Roanoke several years ago, but the Star City, as it’s known, remained the headquarters for NS’ Virginia division.