

The next big threat to Tennessee's auto industry: Elon Musk

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Scott Harrison Staff Reporter



John Boyd is Principal, The Boyd Co., Inc.

Smyrna is one of the top small cities in the U.S. for advanced manufacturing.

That's based on a new report from The Boyd Company Inc., a New Jersey-based site selection consultant firm. John Boyd, the firm's principal, was in Nashville this week to discuss his company's findings.

Boyd's firm factors it costs a little more than \$22 million per year to operate a high-tech manufacturing facility in Smyrna, placing it at No. 13 on The Boyd Company's ranking of the top 40 small cities for advanced manufacturing. Such a total takes into account labor costs, power costs and property and sales taxes.

Smyrna is home to Nissan North America's massive manufacturing campus, the busiest automotive plant in North America. The presence of Nissan in Middle Tennessee, as well as General Motors in Spring Hill and Volkswagen

in Chattanooga, has made Tennessee a hotbed for auto suppliers (Business Facilities recently ranked the state as the top in the country for automotive manufacturing). Nissan is investing \$160 million to house a new auto supplier park within its campus.



Tesla Model S

“Smyrna is very attractive when you look at the costs of labor compared to other markets, and the real estate costs,” Boyd told me. “The region also benefits from a strong business climate. ... The Nashville brand is very strong. It’s hard having this conversation without talking about the strength of the city’s brand.”

Yet Boyd points to a big potential threat to Tennessee’s status as an automotive hub: Elon Musk and Tesla.

Tesla is in the midst of building an estimated \$5 billion lithium-ion battery factory outside of Reno, Nev. Boyd says the interest from advanced manufacturers looking to set up shop near this sprawling facility has been overwhelming. Tesla announced the project last year.

“Since the Tesla gigafactory search, our phone has been ringing off the hook with suppliers,” Boyd told me.

“Historically, we’d present a report like this in Nashville and focus on the right-to-work neighbors, markets like South Carolina, Georgia and North Carolina,” Boyd said. “Now you have a new market you’re competing with head on, and that’s northern Nevada. That’s emerging as a real threat to the Nashville region, and it’s all related to the [new] Tesla factory.”

The Boyd Company report ranks Gardnerville, Nev., which is an hour south of new Tesla gigafactory, as the top small city for advanced manufacturing in the West. General Electric and Starbucks both have facilities there.

Boyd said developments out West must be on Tennessee's radar, and that of other Southern states.

"The emergence of Nevada is something folks in the Southeast need to keep an eye on," Boyd said. "We saw the rust belt and the Northeast lose a lot of its industrial base to the Southeast. Now we're seeing companies looking at right-to-work states in the west. Tesla's gigafactory site search really showcased Nevada's business climate."

Lafayette, Ind., ranks as the best in the Midwest on The Boyd Company's ranking. Pooler, Ga., which is just west of Savannah, tops their list for best eastern city.