

ATLANTA BUSINESS CHRONICLE

Uncertainty directs companies elsewhere': Buckhead cityhood could deter corporate relocations



Image: Atlanta Business Chronicle

Buckhead Buildings.

Byron E. Small



By Erin Schilling – Technology Reporter/ Atlanta Inno, Atlanta Business Chronicle
Nov 29, 2021

The Buckhead cityhood movement could hurt Atlanta's chances to lure new companies, possibly slowing momentum the tech sector is providing to the local economy, according to two national site selection experts.

The top considerations for a corporation opening a major hub in a city are access to a strong labor pool and operating costs. But division within the government can make negotiating economic development difficult.

Instability could turn businesses away from Atlanta, the experts said.

Crime surges in the past year prompted cityhood efforts and brought the case to the state legislature, which could vote to allow residents to choose to secede in the 2022 session.

Cityhood proponents say the City of Atlanta isn't providing adequate police presence or city services to Buckhead residents. Critics say the separation would be disastrous for Atlanta. The wealthy neighborhood and shopping district accounts for over 29% of the city's general fund revenues, according to estimates from Atlanta's 2022 budget.

The collaboration among city and state political leaders has been one of the main reasons Georgia is considered a top place to do business, said John Boyd of site selection firm The Boyd Co.

"So much of Georgia winning economic development projects is Democrats and Republicans working together," Boyd said.

Boyd pointed to the Mercedes-Benz Stadium, a \$1.5 billion state-of-the-art sports facility that opened in 2017, as an example. Boyd saw the city and state governments working together on the stadium to provide tax incentives, change zoning regulations and help with financing. That stadium lured the Atlanta United soccer team to the city before it opened, landed big-name sporting events and sparked renewed development interest downtown, according to previous Atlanta Business Chronicle reporting.

Former Gov. Nathan Deal and former Mayor Kasim Reed were productive collaborators, despite being from different political parties. The Porsche Experience Center and the relocation of the Mercedes-Benz U.S. headquarters to Atlanta are two of their major economic development wins. The newly opened Norfolk Southern headquarters in Midtown, which moved from Norfolk, Virginia., is another example of their bipartisan collaboration.

The Buckhead cityhood movement is emblematic of changing dynamics in state and city governments that may make negotiating projects much more difficult. If government leaders are divided on the issue, collaboration suffers, Boyd said.

Business leaders also want to feel City Hall is considering their concerns. Buckhead City Committee CEO Bill White's narrative that the city isn't addressing crime in the area "strikes a chord" with businesses looking at Atlanta for a new office, Boyd said.

Earlier this month, White told Atlanta Business Chronicle at least 126 companies have approached him with plans to relocate to Buckhead City, if the bill passes. One of those is a Fortune 500 company, White said.

When businesses consider moving to new cities, they typically want stability in the local leadership because changes to public transit, taxes or other policies can affect them.

“Uncertainty directs companies elsewhere,” said Jason Hickey, president of Hickey & Associates, a global site selection firm. “It sends a message that companies should hold off until it becomes more stable.”

The cityhood movement comes when Atlanta is reaping the benefits of its diverse labor pool and strong university system. Microsoft Corp., Cisco Systems Inc. and Google LLC are among a few of the tech corporations that have announced major expansions in the city. Most of the development is concentrated in Midtown’s Tech Square, Georgia Tech’s innovation district.

Correction: A previous version of this story referred to the Mercedes-Benz Stadium as Truist Park. This has since been corrected.