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Atlanta's in the sweet spot for corporate locations

Atlanta Business Chronicle - by [Douglas Sams](#) Staff Writer

As more companies continue moving their headquarters to the South, metro Atlanta sits in the sweet spot.

Businesses are intent on streamlining their operations in regions with lower operating costs and a growing labor force.

Companies also want to relocate to cities whose airports offer quick access to international destinations, as U.S. business continues to expand into emerging global markets.

So far in 2010 those factors have made Atlanta a magnet.

A string of headquarter relocations and consolidations have included mobile phone giant Sony Ericsson, which announced in November that it would move its North American headquarters from Research Triangle Park, N.C., to Atlanta.

The move combined its North America region and its Latin America region, based in Miami, to create Region Americas in Atlanta.

Other recent wins include the Belgian solar company **Enfinity Corp.** with Americas headquarters in Sandy Springs; tax advisory firm **CCH Small Firm Services**, with corporate headquarters in Kennesaw; and aluminum giant **Novelis Inc.** with North American headquarters heading to Buckhead.

More deals are in the works, state officials say.

The state Department of Economic Development confirmed that it has 52 headquarters projects in its pipeline of economic development deals.

The headquarters represent the potential for 20,518 new jobs for the state and \$216 billion in investment, according to the department.

Georgia's economic development officials geared up their teams to meet the demand.

"We saw this trend coming," said Heidi Green, deputy commissioner for global commerce at the Georgia Department of Economic Development.

Georgia real estate, including office space, is less expensive, Green said. The state also has a large and talented labor pool, and a strong university system.

That was one reason Enfinity cited for relocating from Sacramento, Calif., to Atlanta.

The state's work on headquarters projects comes at a critical time for the Georgia economy.

The state unemployment rate climbed to 10.4 percent on March 3, prompting Labor Commissioner Michael Thurmond to say, "Georgia's unemployment crisis is deepening."

Atlanta is in prime position to offset the job loss, as more headquarters move from Northern cities to the South, analysts say.

One reason: Companies are cutting costs, and the South is a cheaper place to do business.

That bodes well for Atlanta in its recruitment of both regional and national headquarters, said John Boyd, president of **The Boyd Company Inc.**, a Princeton, N.J.-based consultant.

Atlanta generally has cheaper real estate, lower taxes and less expensive energy costs than northern U.S. cities.

New York creates the highest annual operating cost for a headquarters, at \$30.6 million, according to the Boyd study.

Atlanta stands at \$23.2 million.

The cheapest alternative is Sioux Falls, S.D., at \$21.1 million a year.

Historically, headquarter moves were off-limits to corporate cost-cutting. It was more common to lower operating costs by consolidating logistics networks, downsizing operations or moving jobs offshore, Boyd said.

Meanwhile, the headquarters were left untouched.

That has changed during the past decade, especially since the Great Recession.

Now, headquarter consolidations are common.

Most of the recent Georgia deals involved a consolidation.

CCH Small Firm Services, based in Rome, Ga., announced Feb. 25 it plans to consolidate into a 130,000-square-foot headquarters in Kennesaw. The company has at least 600 full-time employees at offices in Georgia, Pierce, Fla., and Caribou, Maine.

On February 11, Novelis, an aluminum products giant that's a major supplier of **Coca-Cola** bottlers, said it was combining its North American headquarters with its existing world headquarters in Buckhead.

Novelis is probably moving into an expanded office at Buckhead's Two Alliance building.

Sony Ericsson is still considering where to locate its new Atlanta headquarters.

The Boeing Co.'s move from Seattle to Chicago in 2001 suggested companies would begin to consider headquarters in cost-cutting moves, Boyd said.

"It was the bellwether," Boyd said. "Boeing was a fixture in Seattle. Its identity was the Pacific Northwest. That move threw down the gauntlet. From there, companies began to look at cost on every level of the corporate structure, including the headquarters."

But, Atlanta will attract headquarters for reasons other than lower costs, Boyd said.

Hartsfield-Jackson Atlanta International Airport as an economic engine for the region is nothing new.

But, several trends have made the airport an even more important asset for the city, Boyd said.

In recent years, companies have shown a preference to relocate headquarters to cities with major international gateway airports.

That marks a change from preferences after the Sept. 11, 2001, attacks, when companies focused on cities that had smaller airports, with less congestion and less security. It meant quicker departure and fewer travel hassles.

Delta Air Lines Inc.'s decision to buy Northwest Airlines also created a stronger company, with more international flights. That gives Atlanta another advantage.

"There has been a swing back to major gateway airports," Boyd said. "It is the No. 1 rationale for a corporation."

The South is also growing faster than other parts of the United States.

Companies are "deeply concerned with costs and productivity," but also focused on regions with growing labor markets, said Mike Lafitte, president for the Americas with CB **Richard Ellis Inc.**

"A market like Atlanta is going to fare well," he said.

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