

Becoming the new Detroit

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A decade after the first of two giant auto plants closed, Atlanta is emerging as an automotive hub



Porsche's 28-acre headquarters is at the Northeast corner of Hartsfield-Jackson Atlanta International Airport at One Porsche Drive.

For decades, two giant American auto plants helped shape metro Atlanta's identity and business climate. Ford and General Motors cars dominated the roads, a point of pride for plant workers and a sign of financial prosperity afforded by thousands of coveted auto plant jobs. But when the Great Recession hit, Ford and GM shuttered their plants, a devastating loss for

Hapeville, Doraville and the larger metropolitan area. When that era reached its decided end, no one would have guessed that less than 10 years later, Atlanta would be emerging as the automotive industry hub of the Southeast and on its way to becoming the new Detroit.

Atlanta's beginnings as an auto hub date back to 1910, when Ford Motor Co. built its first plant in Atlanta. Then in 1947, General Motors opened its 165-acre Doraville, Ga., plant and Ford opened a 122-acre plant in Hapeville, Ga. During their heyday, both plants employed thousands of workers.

"It was considered to be a good job, and people were proud to have it," said Jim Stovall, who spent two summers in the early 1970's on Ford's assembly line. "People would come from far, far away, from Alabama, to work there."

Then, in the midst of a gas crisis, both factories announced they would close. Ford was shuttered in 2006, with GM closing two years later. It was disastrous both in terms of layoffs — GM employed about 1,000 when the plant closed, Ford employed over 2,000 — and tax revenue for the state. Sean Gillen, city manager of Doraville, said the plant's closing cost the city over a million dollars a year in lost taxes.

The same impact was felt in Hapeville.

"Overnight, we lost our single largest taxpayer, our second largest employer, our largest water user and a corporate presence that had been in Hapeville for about 60 years," said Mayor Alan Hallman of Hapeville. "It has a pretty devastating impact to the city's economy. As a government, we lost over 10 percent of our revenue."

Redevelopment of both the GM and Ford plants has hit stumbling blocks over the years. Jacoby Development purchased the old Ford plant for over \$40 million in 2008 and also put in a bid for the GM site, which it eventually dropped. It had envisioned 2.1 million square feet of office space and a 500,000-square-foot data center on the Ford site and a mixed-use development in Doraville akin to Atlantic Station, but both sites sat idle for years.

Atlanta-based The Integral Group LLC aims to turn the old GM site into a 10-million-square-foot mixed use development, over \$1.6 billion project that would include office towers, stores, apartments, restaurants and a movie studio. But due to a disagreement between Doraville, DeKalb County officials and DeKalb School Superintendent R. Stephen Green, the project is currently stalled.

"It's the future of our town," said Gillen. "When GM put it their plant, it became the heart of the community for 75 years."

But even during the Recession, there was a ray of hope for Georgia's auto industry — Kia Motor Co. was moving forward with a \$1.2 billion plant on a 220-acre site in West Point, Ga. The plant

began mass production in November 2009, and it now employs about 3,000 and produces more than 40 percent of all Kia vehicles sold in the United States.

“We’ve set a lot of records in the industry since we’ve landed here,” said Randy Jackson, chief administrative officer of Kia Motors Manufacturing Georgia and the first American hired to work at the plant. “We can go back and say we started setting records the day we started taking applications, and we’ve continued to set records by moving to a third shift, which is pretty uncommon on the manufacturing side.”

Then, in May 2011, Porsche Cars North America announced plans to move its headquarters from Sandy Springs, Ga., where it had resided since 1998, to Jacoby’s Aerotropolis Atlanta development, buying 27 acres of the old Ford site. The \$100 million Porsche Experience Center, complete with a test track, opened in May 2015 and employs about 430 — 100 of which were new Georgia hires.

“It was very exciting, to be honest, the idea of having another automotive name on that site,” Hallman said. “And the fact that it was Porsche was huge.”

Last year, Atlanta also scored big with Mercedes-Benz’ announcement it would relocate its North American corporate headquarters to Sandy Springs, Ga. and invest \$100 million in a 200,000-square-foot office space, bringing 800 jobs to the region along with it.

At an Atlanta Press Club Newsmaker Luncheon, Mercedes Benz USA CEO Dietmar Exler said 60 percent of the headquarters’ workforce was new since its move. So far, there’s been no shortage of interest in working there; when Mercedes posted 300 open jobs, it received 13,000 applications.

“Atlanta is a metropolitan area with about 5 to 6 million people,” Exler said. “Obviously in having the access to talent, you’re always well-off in a metro area, and specifically here there’s [The University of] Georgia, Georgia Tech, Emory and all the other schools.”

So Atlanta, once known for its two auto manufacturing plants, is shifting into a different gear with more headquarters and office projects. Karl Brauer, senior analyst with Kelley Blue Book, said though Georgia lost its plants, many auto plants have opened in the Southeast in the past 15 to 18 years, and headquarters tend to follow. In 1994, BMW started production on its first North American production facility in Spartanburg/Greenville S.C., which New Jersey-based site selection consultant John Boyd called “a bellwether move that really opened the levees” for auto companies to come to the Southeast. In the years since, the region has scored a Mercedes plant in Tuscaloosa, Ala.; Nissan office and production space in Smyrna, Tenn.; and, most recently, the first North American Volvo production facilities, near Charleston, S.C.

“That’s not an uncommon trend to see first manufacturing in an area, and eventually headquarters moving in that direction,” Brauer said.

Boyd said it's not necessarily a bad thing that Atlanta is attracting more headquarters than plants these days. Overall, he said metro Atlanta's auto industry is "absolutely" economically better off than a decade ago.

"All the momentum is there today," Boyd said. "Any smart, diligent site selection search in the auto industry will include Atlanta and its environs."

Headquarters and manufacturing facilities have very different ripple effects, and Georgia is now benefitting from both. Kia's manufacturing facility has attracted about 40 companies that supply parts to Kia to the area, and directly and indirectly, the plant has brought 15,000 jobs to the area.

"We've been able to change the west Georgia region dramatically from what it was before we arrived," Kia's Jackson said.

Headquarters don't draw suppliers to the area or provide as many total jobs, but the white collar jobs they provide stimulate the local housing market and increase hotel stays, restaurant and nightlife activity and flights to and from the airport. They also often result in philanthropic endeavors and other sizable financial investments, like Mercedes' purchase of the naming rights for the new \$1.4 billion Atlanta Falcons stadium, now Mercedes-Benz Stadium.

"[The Falcons] were closely involved, and it came pretty much by accident," Exler said. "We hadn't thought about how, we just wanted to do something on the sponsoring side... The opportunity came along and it fit us very well."

Due to favorable climates and low costs of living, the Southeast has emerged as the center of gravity of the automotive industry," Boyd said.

"If you think about it, the art of economic development was really created in the Southeast," Boyd said. "Markets like Atlanta, Charlotte and Jacksonville are pro-business, low cost, right-to-work markets luring away from the overly regulated and unionized Rust Belt and Northeast."

Automotive companies also know they can count on Southeastern states for lucrative incentive packages — part of the reason Kia chose Georgia was the \$410 million in incentives it received to come here.

"Economic development is so competitive, we call it the second war between the states," Boyd said. "Gov. Nathan Deal in Georgia, Gov. Nikki Haley in South Carolina, Gov. Pat McCrory in North Carolina — these governors all prioritize economic development more than anything else, and they're all looking to collect these trophy projects within the automotive sector."

Atlanta's strong logistics place it at the top of most lists when companies are considering a move to the region.

“In Atlanta, it’s easy to travel in the United States, there’s a great airport, great infrastructure, attractive cost of living,” Exler said. “It’s the whole package.”

The Port of Savannah is also enticing to automotive companies.]

“That other thing that was attractive about Georgia to us was the import/export situation,” Jackson said. “The Port of Savannah is a very strong partner with us, and we’re now [its] second largest customer.”

The auto industry’s southward migration is expected to continue, and Atlanta is well-positioned to score other major headquarters.

“All eyes today are on BMW and Volvo, which both have headquarters in New Jersey, where Mercedes recently left,” Boyd said. “We expect those companies to be actively considering relocating out of New Jersey within the next few years, and Atlanta should be in the running for those projects.”

Brauer said the automotive industry in the United States has never been more mobile, and he wouldn’t be surprised if in the future Kia, Hyundai, BMW or Volkswagen announced it was moving to Atlanta.

“Atlanta is becoming the new Detroit,” said Brauer. “It’s the heart of the new expansion of assembly and production in the South.”

Porsche Experience Center

- 27-acre complex on old Ford plant site northeast of airport
- 1.6 mile test track on-site
- \$100 million investment, Porsche’s largest outside Germany
- 430 employees at the new center
- 100 new jobs in Georgia
- 30,000 expected annual guests

Mercedes-Benz USA headquarters

- 200,000 square feet office space in Sandy Springs, Ga.
- \$100 million investment
- 800 employees
- will open Q1 2018

Kia Motors Manufacturing Georgia Inc.

- more than 2,200 acre site in West Point, Ga.
- more than 3,000 employees
- \$1.2 billion investment
- 15,000 jobs created in the region total as a result of the plant's opening
- \$410 million incentive package offered by the state, Troup County and West Point
- produced its 2 millionth vehicle March 29, 2016
- produces more than 40 percent of all Kia vehicles sold in the United States.

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