

COVER STORY

# UPS' BOLD MOVE — \$400M+ ATLANTA HUB



GROUND LOGISTICS HUB COULD HELP REVIVE AGING FULTON INDUSTRIAL CORRIDOR

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**U**nited Parcel Service Inc.'s 5 million-square-foot Worldport hub in Louisville, Ky., has attracted about 250 companies who have brought nearly 13,000 jobs since UPS began its air operations there more than three decades ago.

"UPS had a significant impact on the evolution of the city," said **Deana Karem**, a Greater Louisville economic developer. "It gave us a global presence for being a supply chain mecca."

Metro Atlanta's economic developers hope UPS' latest investment on the westside has a similar effect on one of the city's most economically depressed areas — the Fulton Industrial Boulevard corridor.

The more than \$400 million ground package hub is expected to attract a constellation of auto suppliers, industrial and aircraft parts manufacturers, consumer packaged goods companies and retailers.

Atlanta Business Chronicle reported details of the expansion Oct. 8. On Oct. 10, UPS confirmed plans for the hub — its third largest in the country — near Fulton County Airport (known as **Charlie Brown Field**) on the city's westside. The 1.2-million-square-foot center primarily will serve the southeast United States and create 1,250 jobs.

UPS could receive more than \$23 million in economic incentives for the Atlanta expansion, codenamed Project Shark.

Located at Majestic Logistics Center,

a 340-acre development about 10 miles west of downtown Atlanta, the UPS operation will handle more than 100,000 packages per hour and include 15 miles of conveyor belts.

The highly automated facility will be a technology "showcase" for UPS' global customers, UPS CEO **David Abney** said.

"We are going to take (customers) to this facility and we are going to show what we can actually do," Abney said. "It will be a live demonstration."

*"Just like the phoenix bird...that rebirth out of its ashes, the investment that UPS is making today will certainly lead to the great rebirth of the Fulton Industrial Boulevard corridor."*

#### JOHN EAVES

Fulton County Commission Chairman

Big Brown's expansion in the gritty Fulton Industrial Boulevard corridor promises to revitalize the area and help trigger a retail, industrial and office development boom.

"Of all the places that UPS could put this additional investment, certainly proud that they have chosen one of the most economically challenged parts of our county — Fulton Industrial Boulevard — for this investment," Fulton County Commission Chairman **John Eaves** noted

#### FULTON INDUSTRIAL BLVD. BY THE NUMBERS

## 19,500

Employees working in the area

## 700,000

People within a 10-mile radius

## 1.5 million

Residents within 15 miles of FIB

## \$1 billion

Annual payroll within the district

#### MAJOR EMPLOYERS

United Parcel Service  
MacDermid Printing Solutions  
Cleveland Electric Co.  
National Distributing Company Inc.  
Geiger International Inc.  
The Quaker Oats Co.  
Miller Zell Inc.  
Tie Down Engineering Inc.  
Geiger Group Inc.  
Diaz Wholesale & Manufacturing Co. Inc.  
United Natural Foods Inc.

SOURCE: FULTON INDUSTRIAL BOULEVARD IMPROVEMENT DISTRICT

Oct. 10. "Just like the phoenix bird...that rebirth out of its ashes, the investment that UPS is making today will certainly lead to the great rebirth of the Fulton Industrial Boulevard corridor."

Atlanta Mayor **Kasim Reed** echoed that point.

"We have so many of these announcements and they are in parts of the city that are already thriving and doing well," Reed said. "UPS' intentional decision to put this kind of investment in an area that genuinely needs it, speaks to the character and caliber of one of the world's great businesses."

Eaves and Reed realize the economic development waves the Atlanta hub will create.

"We are a catalyst (for economic development)," UPS spokeswoman **Susan Rosenberg** said. "Anybody that's got distribution needs could locate near the UPS hub or be accessible to our transportation network."

The UPS hub will jump-start the economic revitalization of the Fulton Industrial Boulevard corridor, creating jobs and revenue in an area "that's somewhat been deprived," noted **Al Nash**, Fulton County's economic development chief.

UPS "will attract other businesses who need to be close to the logistics mother-ship," Nash said.

UPS' decision to put a logistics hub in South Fulton will assure other businesses that the area has the workforce and infrastructure to sustain their operations.

"Once you open up a park with an anchor tenant like UPS, there are other (businesses) that come with it," noted **Pat Wilson**, Georgia's economic development chief. "You'll see any number of companies that follow UPS into that area."

Indeed. UPS' 10,000-employee Worldport transformed Bullitt County,



a Louisville suburb 15 minutes from the airport, into a logistics hub, Karem said.

In addition to e-commerce businesses, the hub has attracted auto suppliers, machine parts manufacturers, pharmaceutical companies, packaging companies and aviation parts suppliers.

Worldport helped to turn Louisville into a major auto industry hub, attracting several auto parts suppliers who needed to efficiently move parts to auto plants around the Midwest and nationally, Karem said.

"The automotive industry grew throughout this region, especially in the I-65 corridor, like it did partly because of UPS," she said. "(Suppliers) want to be where they can get product in and out quickly."

The Fulton Industrial Boulevard corridor has the largest concentration of industrial real estate east of the Mississippi. Its proximity to metro Atlanta's burgeoning population and **Hartsfield-Jackson Atlanta International Airport** make it attractive to logistics companies.

UPS' hub builds upon the area's industrial heritage, said **Gil Prado**, executive director of the **Fulton Industrial Community Improvement District (CID)**.

"Companies are looking for last-mile delivery sites and proximity to customers," Prado said. "Fulton Industrial Boulevard delivers that."

Although the district suffered from crime and lack of investment through the 1990s and early 2000s, since the CID's inception in late 2010 the district began to turn around.

"A focus on public safety is the CID's number-one priority," Prado said.

Over the past five years, about \$10 million has been invested in the Fulton Industrial corridor to improve and maintain road infrastructure and implement a public safety strategy.

These efforts led to increased development around the I-20 interchange area. An aging motel is being torn down and redeveloped as a travel center; the Days Inn hotel is receiving a facelift, and more than \$1 million in streetscapes will come to the area in 2017, Prado said.

"We are making the district safer, cleaner and more vibrant," he said. "All that leads into economic development. We prepare the district to compete for economic development projects such as the UPS logistics hub."

UPS' investment is likely to trigger a wave of industrial real estate activity as developers build new inventory and refurbish existing warehouses.

"We are increasingly receiving inquiries about industrial and office development, in the area," Prado said.

Some of the warehouse inventory in Fulton Industrial requires updating to accommodate modern equipment and uses, Nash said. For instance, ceiling heights need to be raised, while columns need to be spaced farther apart.

"The area has gone through a lot of change," Nash said.

The UPS expansion would not have been possible without government foresight.

In 2013, Fulton County reached a deal with Los Angeles, Calif.-based **Majestic Realty Co.** to redevelop more than 300 acres at Charlie Brown Field that didn't



BYRON E. SMALL

have an aviation component to it, Nash said. The site was eyed by **Kroger** for a major distribution center in 2013, but the supermarket chain eventually put it in the Fort Gillem redevelopment.

As part of the deal with Fulton County, Majestic will also build a new operations

center for Charlie Brown Field and several hangars that can be leased to Fortune 500 companies with major operations in Atlanta.

UPS will sublease the land (owned by Fulton County) from Majestic. The logistics giant will own and equip the newly

constructed building on the land.

The UPS expansion in Atlanta is fueled by the burgeoning growth of e-commerce as shoppers abandon brick-and-mortar stores for mobile phones and desktops. Freight carriers, such as UPS and **FedEx**, benefit from that trend as they get to deliver product from warehouses to homes and businesses.

"About half of the packages going through the facility will be e-commerce packages," UPS CEO Abney said.

A lot of the packages that will be coming through this new building will be carrying products manufactured and shipped to and from overseas markets, Abney said.

UPS plans to announce "two or three" more hubs throughout the U.S. by year-end. "Instead of new buildings like this, we (could be) expanding (and modernizing) existing buildings" at the other sites, Abney said.

Positioning hubs around the country makes sense in an age of instant gratification.

"Same-day delivery is the holy grail of logistics and distribution today," said **John Boyd Jr.**, a Princeton, N.J.-based corporate site consultant. "That is where UPS wants to be."

Atlanta is an obvious choice for a major logistics hub because of its rail and road infrastructure and proximity to a major seaport. Atlanta, and the Southeast in general, is also witnessing a population boom. Locating logistics hubs in such high-density markets speeds up turnaround time, while lowering delivery costs.

With its rail and road infrastructure, Atlanta is centrally located to deliver packages across the Southeast.

Competitor FedEx sees opportunity in Atlanta, too. The Memphis, Tenn.-based logistics giant plans to develop a logistics hub on about 90 acres in Jackson County.

## MAJESTIC LOGISTICS CENTER

A 340-acre development about 10 miles west of downtown Atlanta



MAP/MAJESTIC REALTY CO.