



ATLANTA NEWS 6:00 a.m. Monday, October 26, 2009

Text size: [input]

Engine for growth has run out of fuel

By Bill Torpy and Jim Tarpe
The Atlanta Journal-Constitution

The Phoenix. Economic engine of Georgia. Business powerhouse of the South.

[Enlarge photo](#)



Bitu Honarvar, bhonarvar@ajc.com

Aditya Patel (left) and Jean Durand work in an oil field application lab at Kemira research center near Georgia Tech. The high-tech center, which is scheduled to employ 85 workers, is the kind of development the city says it is trying to attract.

From its roots as a railroad hub to creating the world's busiest airport, Atlanta has long been the place in the region to commit commerce.

[Story continues below ↓](#)



Related

- [Reporters chat live at 8 a.m.](#)
- [Permits down, quality now up](#)
- [Part 1: City leaders fiddle as crime fears flare](#)
- [Part 2: Pumped-up pensions squeeze city](#)
- [Part 3: What stinks? High cost of water, sewer](#)
- [Part 4: No walking away from panhandling problem](#)
- [Part 5: Conflict between city, state](#)

More Atlanta/Fulton news »

- [King: New life for SCLC](#)
- [Iraqi man accused of running over daughter arrested in Atlanta](#)
- [Forbes: Atlanta 23rd safest city](#)
- [Johnston family wants sanctions](#)
- [Atlanta/South Fulton](#)
- [North Fulton](#)

Atlanta Flood 2009 »

- [WSB: Atlanta forecast, radar](#)
- [Find help | Volunteer](#)
- [Map: Ongoing road, bridge closings](#)
- [Insurance tips](#)
- [Photos: Leaving the shelter](#)

This decade had a promising start. Buoyed by an Olympic confidence, the city expanded its tax digest by 50 percent while adding nearly 100,000 residents from 2002 to 2008. Languishing neighborhoods were reborn, neglected infrastructure was rebuilt and moribund sections of downtown returned to life.

But Atlanta has hit a wall. The recession is devouring property values. Once bustling office buildings are increasingly vacant. Large swaths of south- and west-side neighborhoods are becoming foreclosure ghost towns. And as companies opt for the suburbs, the city has lost jobs, even as its population has grown. In 2000, the city boasted 478,000 jobs. By 2008, there were 395,000.

These problems couldn't come at a worse time for city government, which has laid off and furloughed workers while raising taxes. At a time when Atlanta needs new money more than ever, its tax digest, which dropped 7 percent last year after years of growth, is almost certain to shrink again. Bringing in new business is more vital than ever.

Time was when a company's move to Atlanta meant finding a spot on Peachtree Street. But Georgia-Pacific was the last Fortune 500 company to move its

Barcelo Hotels & Resorts

\$129 & up -- All-Inclusive Resorts in Mexico, 30% OFF
www.travelzoo.com

Win an Atlantic City Getaway

Click here to register
www.atlanticcitynj.com

- [E-mail newsletters](#)
- [Breaking news alerts](#)
- [Mobile edition](#)
- [RSS feeds](#)
- [Today's news](#)
- [Tools and widgets](#)

- [Homes](#)
- [Jobs](#)
- [Cars](#)
- [Classifieds](#)

Find Atlanta homes for sale

Select neighborhood

[Advanced search »](#) [Sell or rent your home](#)

Now Hiring: Henry Medical Center

Industry associations are valuable assets
Tackle your fears about job searching
[Find a job »](#)

Henry Medical Center
featured employer
[Post a resume](#)

Find new and used cars in Atlanta

Hyundai's Genesis is loaded
Chrysler minivans still set the standard
[Find a car »](#) [Sell your car](#)

Search Atlanta classifieds

Enter keyword [Search](#)

[Browse categories »](#) [Post an ad](#)

- [Most viewed stories](#)
- [Top photo galleries](#)

- [Gwinnett County police bust spa, arrest one for prostitution](#)
- [Clayton teachers on leave after fight over Facebook love letter](#)

Engine for growth has run out of fuel | ajc.com

corporate headquarters downtown from another city. That was in the early 1980s.

Even some of Atlanta's biggest cheerleaders worry.

"It's this simple: If I was the CEO of a major company, I would not open a place in downtown Atlanta," said [Home Depot](#) co-founder Bernie Marcus, who four years ago spent \$250 million of his fortune to build one of downtown's biggest attractions, the Georgia Aquarium.

Marcus predicts Atlanta will lose "a lot of taxes and a lot of jobs" if leaders do not step up and address crime and quality-of-life issues. "I just don't understand why they are afraid to address this problem," he said. "It's self-defeating."

A new mayor will be elected in nine days, barring a runoff. He or she will face challenges unseen by any other mayor in a generation as Atlanta's economic engine — growth — has, at least for now, run out of fuel.

"I don't see much development in this town for the next four or five years," said Jerry Miller, who developed the historic Castleberry Hill area just south of downtown. Still, he believes the city will rebound.

"As we're in the long, hard winter, the places that will emerge soonest will be intown Atlanta, places that offer a quality of life" not found in the suburbs, he said. "But you need someone with an enduring vision of where you're going."

Battling Campbell legacy

Eight years ago Mayor Shirley Franklin took office after a corrupt and racially divisive two terms in office by Bill Campbell, who ended up in federal prison. The alliance of business leaders and City Hall that had long worked to improve the region was broken. Any vestige of trust in city politicians was long gone.

Franklin quickly marshaled support to rebuild Atlanta's dilapidated water and sewer systems, a \$4.1 billion undertaking. Lee Thomas, who as president of Georgia-Pacific helped build business support for the massive endeavor, said the difference between Franklin and her predecessor was "night and day."

He said the next mayor must forge the same alliance with business leaders to tackle tough, long-standing problems such as transportation, education, public safety and creating a climate for business.

In 2004, Franklin, tired of seeing other cities outwork Atlanta in wooing business, revamped and enlarged the Atlanta Development Authority, pledging a "multi-pronged effort to increase Atlanta's ability to attract, retain and grow" businesses and increase housing for the middle class.

Part of her reasoning was obvious. For Atlanta, the trend of big companies — [Home Depot](#), [UPS](#), [NCR](#) — locating in the city has been something like a game of horseshoes: close but not quite.

As recently as August, Fortune 500 firm First Data Corp. announced it was relocating its global headquarters to Atlanta, bringing up to 1,000 jobs. However, the actual destination was Sandy Springs, the city's neighbor to the north.

Too many 'negatives'?

In fact, nine Fortune 500 companies list Atlanta as their headquarters' location. But just four — Coca Cola, [Delta Air Lines](#), Southern Co. and SunTrust — reside within the city limits. Ten more in Fortune's next 500 also list Atlanta, but just three are actually in the city. With its newest addition, Sandy Springs has eight Fortune 1,000 companies — one more than Atlanta.

Sandy Springs Councilman Rusty Paul said companies moving to his city may still demand an Atlanta address, "But they don't want the taxes and bureaucracy that come with the city. The perception of crime, the perception of politics. All that hurts the city in attracting businesses."

Many companies also find the cheaper, available land in the suburbs more conducive to creating campus-style headquarters, development experts say.

[3. FBI: Former H. Rap Brown leads violence in prison](#) [Put this on your site](#)

[4. Frightful forecast: rain, thunderstorms for Halloween](#)

[5. Plane crashes into Lawrenceville home](#)

[More popular stories »](#)



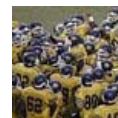
Milton vs. Roswell



Sandy Creek vs. Starr's Mill



Woodstock vs. Cherokee



Marist vs. Southwest DeKalb

[More photo galleries »](#)

[Put this on your site](#)



[Do Good Locally »](#)

Find nonprofit causes near you

[Go: Clean Up the Track in Fulton County](#)

[Give: Give Auction Items for the Kittys](#)

[Help: Compile Food Boxes for the Holidays](#)

[Find more causes »](#)

[List your nonprofit](#)

[KUDZU Services »](#)

Find the right people for the job

Enter keyword or business name

[Search](#)

[Emergency Guide: Helping you recover from the floods.](#)

[Deals: Find them on home projects and more.](#)

Regional rivals, such as Charlotte, point to recent recruiting coups. This month, it landed health care provider Premier Inc.'s headquarters.

Tony Crumbley, a Charlotte Chamber of Commerce official, said the Atlanta area is still attractive to business, but the city's downtown has many "negatives" to overcome. "We did not allow our downtown to go to shambles," he said.

Atlanta officials shrug off those statements, arguing the city competes with major cities like Dallas and Denver, not upstarts like Charlotte.

"Charlotte has Atlanta envy, and has had for decades," said Metro Atlanta Chamber of Commerce President Sam Williams.

"We're after jobs," Williams said. "The corporate headquarters is a little icing on the cake. But the cake is jobs."

Recipe for success

Atlanta boosters argue that nurturing a healthy regional environment for homegrown startups, supporting medium-sized companies and wooing international firms — coupled with a growing, educated inner-core population — is the recipe for success.

Mayor Franklin said that no part of the metro area can survive alone any longer, but argued that historically, Atlanta's contributions to the region "dwarf the reverse."

"The Atlanta region thrives because generations of Atlantans have invested in infrastructure to create a healthy and economically viable city and region," she said in an e-mailed comment.

"Those who think the [metro] region would thrive without Atlanta are wrong."

Atlanta Development Authority president Peggy McCormick said her agency measures success differently than do counterparts in many cities. While ADA officials travel to other cities and overseas to woo businesses, they also work to build ongoing relationships with local firms, checking on their progress and troubleshooting to ease bureaucratic problems. She said the city's actions have spurred a resurgence in many neighborhoods and brought national and international investment.

"I have been around the country and heard too many presentations from cities that are shrinking," she said. "Being a growing city is a good thing. We measure our success in residential growth, job growth and investment growth."

Atlanta's population has grown by 28 percent this decade to 538,000 residents, many of them young, white and highly educated. This trend, which started in the late 1990s and picked up in the past decade, was not the result of any sweeping urban renewal plans, like the building of Atlantic Station; it was home by home.

That growth helped the city's tax digest jump nearly 60 percent in Franklin's first six years to \$27.6 billion. But as recession took hold, it dropped nearly 7 percent last year and will probably drop further this year.

Even as Atlanta's population grew, the number of jobs in the city plummeted by 17 percent this decade, according to U.S. Census figures. By contrast, Charlotte's job base grew 8 percent. Most of Atlanta's losses occurred between 2000 and 2002; improvement that began after 2004 was killed by the recession. The city's job loss this decade leads other similarly sized cities, such as St. Louis, which lost 12 percent of its jobs, and Denver, down 4 percent.

Among jobs leaving the city are those at The Atlanta Journal-Constitution, which will move next year from downtown to Dunwoody. Executives said the company will save money by renting a smaller space than the building it currently owns.

Starting up, taking off

Boosters say the city's airport, highways, business community and universities form a nexus that draws international trade, high-tech startups, logistics firms and biomedical companies. That is the city's future, they say.

Companies “are looking for a supply of talent. Georgia Tech, Georgia State, the Atlanta Universities and Emory provide that,” said Charles Whatley, ADA’s director of commerce and entrepreneurship. The agency has 100 “active deals” in the works, he said, ranging from international companies interested in Atlanta to local firms wanting to expand.

“Eighty percent of job growth is organic,” spurred by a variety of economic factors, said ADA chief McCormick. She notes there are 23,000 registered businesses in the city, ranging from giants such as [Coca-Cola](#) to two-person consulting firms.

While Atlanta does do well at fostering high-tech startups, some 40 percent of them move away after three years “and reach their potential elsewhere,” says a new study by Danny Breznitz, a Georgia Tech professor of public policy. It’s a pattern, he says, that threatens the city’s continued success.

“Atlanta has a lot of Fortune 500 companies, but they are not connected to the high-tech [startups] and they aren’t connected to each other,” Breznitz said in an interview.

“The [new] companies are not socially embedded here,” making it easy to leave if they get a better offer elsewhere.

City officials say they haven’t turned their backs on large companies. The city successfully kept Southern Co. from moving its headquarters away from downtown with a 2005 bond issue, retaining 900 jobs in the city. About \$2.3 million in bond funding went toward the \$41 million project, the ADA said.

ADA officials also point to the 10 tax allocation districts set up in the last decade, saying they spur investment in underutilized areas. In TADs, increases in property taxes fund improvements such as green space and transportation in a designated area.

The most high-profile TADs are Atlantic Station and the Beltline — a development district envisioned along the city’s old rail lines that is seen as Atlanta’s biggest project in years.

Assessed valuations in TAD areas have grown from \$1.4 billion to \$3.8 billion in recent years, the ADA says. The agency has expanded the program to south- and west-side areas such as Metropolitan and Hollowell parkways, but those areas remain blighted.

Emory Morsberger, who is developing a multifaceted project around the old City Hall East, says the key to the city’s future is continuing intown renewal, neighborhood by neighborhood, making the city a place where people want to be. Success on that front brings in more commercial investment.

“The thing that will make Atlanta succeed or fail is its success in attracting the ‘creative class,’ ” he said, referring to young, educated residents who are “creative, entrepreneurial and are seeking new ideas.”

“It’s not elitist,” he said. “It’s who we need to attract.”

Debate over NPUs

But Jim Brown, a veteran Atlanta developer, says the city’s zoning system works against those who want to build just the type of developments Atlanta needs. In particular, Brown blames the city’s Neighborhood Planning Unit system for thwarting creative plans for in-fill and “quality of life” projects that could bring both residential density and green space into the city.

Many developers argue NPU advisory boards, made up of residents who make recommendations to the City Council on zoning matters, often rule on emotional issues and wield too much political power.

“The NPU system has a lot of clout; many of the [current city] councilmen came out of that system,” said Brown. Case in point, he said, was a Buckhead development where he sued to get approval to build 17 homes on a 10-acre lot. Building luxury homes on two-acre lots right off an I-75 exit, as the site was zoned for, would have been absurd, he said.

Dianne Olansky, who heads the NPU near Piedmont Park, said the system “gives a voice to

everyday Joes” and improves the development process by including people who best know the neighborhoods. “It can be messy, but democracy is messy,” she said.

Debates over policies and politics aside, the city’s next mayor must focus on improving both fundamental government services and relations with its suburban neighbors for its economy to prosper, say two leading Atlanta businessmen.

Charles Brewer, who founded high-tech firm Mindspring and more recently developed a new urbanist project in East Atlanta, believes the city still has enormous potential for economic growth, but also huge problems it must confront. Public safety is first on the list.

“If that’s not dealt with at some acceptable level, none of the other stuff matters,” said Brewer, an Ansley Park resident. “People with a choice will just leave, and it will lead to a downward spiral regardless of what we do about transportation and things like that.”

When his Internet service provider company was young, Brewer said, he went downtown looking for office space. But after being accosted by a phalanx of panhandlers, “I said, ‘No way.’ I was not going to subject my employees to this,” Brewer said. He located in Midtown.

[Home Depot](#) co-founder Arthur Blank said his company’s headquarters was located outside the city more because of proximity to highways and area stores than any reservations about downtown.

But Atlanta faces big challenges, he said, and there’s no single magic bullet that will solve them.

“The next mayor has to be the mayor of the region,” the Atlanta [Falcons](#) owner said. “He or she has to have a good relationship with all of the counties that make up the Atlanta region.

“The [city of Atlanta](#), and the region, is the heartbeat of the state,” he said. “Without a heart the body will not live.”

FORTUNE'S TOP COMPANIES

Fortune magazine’s annual ranking of the top 1,000 companies in the country lists 29 in Georgia, 19 of them supposedly based in Atlanta. But a closer look shows seven are actually in Atlanta proper, while the 12 others are headquartered outside the city limits.

Fortune 1000 companies headquartered in Atlanta

Rank	Company	Revenue (in millions)
73	Coca-Cola	31,944
111	Delta Air Lines	22,697
149	Southern Co.	17,127
211	SunTrust Banks	12,800.8
717	AGL Resources	2,800
869	Acuity Brands	2,124.4
915	Equifax	1,935.7

Fortune 1000 companies headquartered elsewhere in metro area

Rank	Company	Location	Revenue (in millions)
25	Home Depot	Cobb County	71,288
43	United Parcel Service	Sandy Springs	51,486
116	Coca-Cola Enterprises	Cobb	21,807
247	Genuine Parts	Cobb	11,015.3
387	Newell Rubbermaid	Sandy Springs	6,470.6
660	Mirant	Sandy Springs	3,188
703	Georgia Gulf	Dunwoody	2,916.5
722	BlueLinx Holdings	Cobb	2,779.7
736	Spectrum Brands	Sandy Springs	2,692.7
883	Beazer Homes	Sandy Springs	2,078.1
945	Mueller Water Products	Sandy Springs	1,859.3
957	Wendy's/Arby's Group	Sandy Springs	1,822.8

Atlanta's bond rating

How Atlanta's municipal bond rating — a gauge of its fiscal [fitness](#) — compares to those of similar-sized U.S. cities, according to Moody's Investors Service. All the ratings listed are considered investment-grade, or favorable. Cities are listed ranked by best quality to lesser quality.

Charlotte Aaa

Seattle Aaa

Boston Aa1

Denver Aa1

Kansas City Aa3

Atlanta A1

Miami A2

St. Louis A2

CANDIDATES' VIEWS

Lisa Borders

I believe in making Atlanta work. Having brought the [Atlanta Dream](#) to the city, I am the only candidate with experience bringing new business to Atlanta. I will continue to support projects that will create jobs, improve transportation and spur sustainable economic development, such as championing the BeltLine, continuing funding for MARTA, maximizing TADs, and identifying regional transportation solutions. Finally, I will attract new businesses to Atlanta by targeting specific industries, like biomedical and green technology.

Mary Norwood

Atlanta is blessed with a strategic location, an entrepreneurial civic-minded spirit, and a work force with talents that can compete with anyone. Living up to our potential means we must get the basics right again: attracting investment by getting city finances in order, restoring public safety, sweeping litter from streets, fixing potholes, putting homeowners into abandoned homes, managing choking [traffic](#). We cannot expect business to invest in a city on the verge of bankruptcy, unsafe, gridlocked and poorly maintained.

Kasim Reed

Atlanta is home to some of the most recognizable global brands. We have enormous potential for future growth and development. My top priorities will be to ensure that Atlanta is safer, cleaner and easier to get around. This will encourage businesses looking to relocate and will aid in retaining existing ones. I will work hard to bring good-paying jobs. We must also preserve what makes Atlanta so special — our intown neighborhoods must never be sacrificed for the sake of growth. We need more affordable housing, renovation of dilapidated property and the jobs that growth brings.

Jesse Spikes

Atlanta is the social and economic heart of the South. To assure continued prosperity, I will ensure that city government is efficient and friendly in its interactions with the business community. Licenses, permits, zoning approvals, etc. will be obtained in an efficient, cost-effective and customer-friendly fashion. I will ensure that the city's basic services make Atlanta a place where everyone enjoys living and working. I have 32 years of experience as a business and finance attorney and small business owner. I will use this experience to ensure continued sustainable

development in all parts of Atlanta.

ABOUT THIS SERIES

Atlanta has always been a city with vision — the kind of vision that concocts the world’s favorite soft drink, sees beyond race, invents cable news, produces the world’s largest airport and hosts the Olympics. But it takes more than vision; it takes a commitment to solve problems. On Nov. 3, Atlanta will choose a new mayor for the first time in eight years — a change of guard that comes at a critical juncture. A veteran team of AJC reporters is looking deeply into the key challenges ahead, issues that resonate far beyond Atlanta’s city limits. A team of outside experts also will offer its suggestions and solutions.

Sept. 20: [As fears about crime grow, city leaders promise a lot but maintain status quo.](#)

Sept. 27: [Controversial decision to boost city pensions imperil Atlanta’s financial prospects.](#)

Oct. 4: [Atlanta may have one of America’s priciest glass of water — and it could get worse.](#)

Oct. 11: [After years of promises, panhandling problems persists.](#)

Oct. 18: [Georgia’s capital gets little support from the state compared to most American cities.](#)

Oct. 25: [Will the city’s long-maligned bureaucracy hamper Atlanta’s sustained growth?](#)

Nov. 1: [Advice from experts, who will offer their solutions to city woes.](#)

Inside AJC.COM



Your favorite candy



Candy corn? Sweet tarts? Tootsie Rolls? Jolly Ranchers. Time to vote for your favorite Halloween treat!

My Style



Daniel Jones says Atlanta fashion is 'electic. Definitely an infusion of preppy, bohemian... and edgy.'

Can you see the change?



What's altered in the two photos? See how you score when you play the Find 5 challenge!

Would you trade him?



There is one Brave whose name is occasionally mentioned as a potential trade piece: Jair Jurrjens

Obama Urges Homeowners to Refinance
(\$90,000 Refinance \$499/mo) See Rates - No Credit Check Req. SeeRefinanceRates

Refinance Now at 4.25% Fixed
No hidden fees-4.4% APR! No obligation. Get 4 free quotes. No SSN req. MortgageRefinance

Obama Wants You to Return to School
Get Your Degree Now. Financial Aid & Scholarships are available. www.classesusa.com

Ads by Yahoo!

TELL US WHAT YOU THINK ABOUT THE SITE

Subscribe »

Sign up for home delivery
The Atlanta Journal-Constitution

Customer Care »

Vacation stops, manage

SECTIONS

- News
- Sports
- Entertainment
- Travel
- ...

GUIDES

- Best of Atlanta
- School Guide
- Neighborhood Guide
- AJC in Education
- ...

ADVERTISING

- About our ads
- Advertise with us
- E-Sheets

AJC SITES

Send us your suggestions about this page.

Your e-mail address (will not be shared)

AJC SERVICES

- [Staff contacts](#)
- [Reprints and permission](#)
- [Contests](#)
- [Submit event listings](#)
- [Send us news tips](#)
- [Careers at Cox](#)
- [AJC Store](#)
- [AJC Conversation](#)

- [Lifestyle](#)
- [Obituaries](#)

OTHER EDITIONS

- [Sign up for newsletters](#)
- [Sign up for ajcMobile](#)
- [RSS and Widgets](#)
- [Today's news | A1 image](#)
- [Archives](#)

- [Atlanta Topics](#)
- [Travel Guide](#)
- [Atlanta Holiday Guide](#)

- [AccessAtlanta](#)
- [Atlanta Jobs](#)
- [Atlanta Homes](#)
- [Atlanta Apartments](#)
- [Atlanta Cars](#)
- [Atlanta Classifieds](#)
- [Mundo Hispánico](#)
- [BuenRato](#)

[Send Feedback](#)