



Motor City without GM? Move not out of question, CEO says

BY TIM HIGGINS
FREE PRESS BUSINESS WRITER
May 12, 2009

General Motors Corp. on Monday wouldn't rule out moving its headquarters from downtown Detroit -- a relocation that would devastate the already-beleaguered city, where unemployment is more than 20%.

Chief Executive Officer Fritz Henderson stressed during a conference call Monday that he has no immediate plan to move the automaker from its location in the Renaissance Center, the 73-story landmark on the riverfront that dominates the downtown skyline.

GM spokesman Dan Flores said Monday that GM employs about 4,300 workers in the RenCen and occupies about 70% of the building.

Still, Henderson noted that the company is looking at every idea to improve its business.

"We don't have any such plans, but if we did, it would be motivated by business rationale, which would be cost, efficiency and speed," Henderson said.

GM, which is operating on \$15.4 billion in federal loans, posted a loss of \$6 billion for the first 3 months of the year.

Last week, Warren Mayor Jim Fouts suggested consolidating GM's headquarters at the automaker's technical center there.

"We have some things to offer General Motors," he said Monday. "We have no city income tax, unlike our sister city to the south."

Pitch for headquarters made in private meeting

Fouts pitched the idea of moving General Motors headquarters in downtown Detroit to his suburb last week as part of a way for the troubled automaker to save money.

The suggestion was made during a private meeting with Ed Montgomery, President Barack Obama's director of recovery for auto communities and workers, and Gov. Jennifer Granholm, Fouts told the Free Press.

"The GM Tech Center has everything you want -- they have research, they have design, they have administrative offices," Fouts said. "They just recently made an investment of \$1.5 billion in new development at the Tech Center."

He noted that Warren has provided \$100 million in tax abatements to the Tech Center, which occupies about 1 square mile in the suburb, and the city does not have a city income tax. GM has about 19,000 workers at the Technical Center, which was completed in 1955, the company said.

Fouts said the city would also be willing to offer more incentives to GM to consolidate its operations in Warren.

GM, which is staying afloat on \$15.4 billion in federal loans, is racing to restructure its debt by June 1 or else face bankruptcy.

Asked Monday about the idea of moving GM's headquarters, GM CEO Fritz Henderson didn't rule out the idea.

"We're looking at, frankly, everything within our business but it's not like we have that queued up at the top of our list. But as we look at the structure, look at the business, we're looking at everything," Henderson said. "But at this point, I don't really have anything to report. Our headquarters is here, we've got a fairly large complement of people here. And we're proud to be here."

Michigan Sen. Carl Levin said he spoke with a GM official Monday, and that the fact GM would consider moving doesn't mean it would ever happen. "They have no such plans," Levin said. GM bought the Renaissance Center in October 1996 for a reported \$75 million, and then spent \$500 million renovating it for its headquarters. The work included the creation of the Winter Garden that overlooks the Detroit River and removal of berms that cut off the building from the rest of downtown.

GM spokesman Dan Flores said Monday that GM employs about 4,300 workers in the RenCen and occupies about 70% of the building.

Restructuring expert Van Conway of Birmingham-based Conway MacKenzie Inc. said a move to Warren could save GM money but he said it would be "catastrophic" to the city of Detroit.

Were GM to move out, the value of the building would plummet because there is little demand for that much vacant office space downtown.

Downtown Detroit already suffers an office vacancy rate of around 30%, according to the first-quarter market analysis by the Grubb & Ellis real estate firm.

Contact TIM HIGGINS: 313-222-8784 or thiggins@freepress.com. Reporter Justin Hyde contributed.

