

## **FedEx Logistics moving headquarters to former Gibson Guitar building in Downtown Memphis**

A FedEx company is moving its corporate headquarters to Downtown Memphis and bringing 680 jobs along with it.

FedEx Logistics is relocating to the Gibson Guitar Building, Gov. Bill Lee and local officials announced Tuesday at the former guitar factory off Beale Street.

This is Lee's first economic development announcement since taking office.

"I'm happy it's in Downtown Memphis," Lee said.

Richard Smith, CEO of FedEx Logistics and chairman of the Greater Memphis Chamber, said the location is ideal for the future of the company and suggested that the number of employees Downtown could grow to as many as 1,200.

"These are in fact transformative times for both our city and for the FedEx company I run, FedEx Logistics, and we could not be happier to be a part of Memphis' bright future," Smith said.

The FedEx Logistics lease at the building will begin in April 2020, the company said. FedEx will expand the building from 154,000 square feet to just under 200,000 square feet, according to the company.

FedEx Logistics is a specialty trade subsidiary of FedEx that employs more than 20,000 people globally. Its services include customs brokerage, helping move air and sea freight and clearing goods across borders.

### **Richard Smith: Gibson building 'just a cool space'**

Gibson Guitar Corp. built the factory at 145 Lt. George W. Lee Ave. in 1998 but, after a series of financial hurdles, announced in December that production would be phased out in Memphis and consolidated to Nashville.

In 2017, Gibson sold the building to the New York-based investment firm Somera Road Inc. Local development firm Orgel Family LP bought into the project later.

Explaining the FedEx Logistics move to the building, Smith said that younger generations want to work in "bustling urban cores." He painted a vision of FedEx employees commuting via Bird scooters, enjoying Downtown restaurants and taking in a Memphis Grizzlies game at FedEx Forum after work.



Rendering of the new FedEx Logistics global headquarters that will be located at the former Gibson Guitar building in Downtown Memphis. (Photo: Business Wire)

“You've got to understand the vision: It's just a cool space,” Smith said while holding one of the last Gibson guitars to be produced in the building, colored FedEx purple.

There are currently about 3,000 FedEx Logistics employees in Memphis, Smith said, and the company's headquarters are now in East Memphis. FedEx Logistics was called FedEx Trade Networks until its rebrand in January.

About half of the employees that will fill the building are already in FedEx Logistics offices in the Memphis area, Smith said, meaning the move will create roughly 350 new jobs in the city, adding to the already existing jobs that will move to the new HQ. He said to expect more growth in the coming years.

“Once we max this building out, we’re a large company, so we’re going to continue to grow and our headquarters will continue to be here in Downtown,” Smith said.

FedEx consolidated many of its offerings into FedEx Logistics in March 2018. The company says it handles about 7 million customs brokerage transactions annually and gives its customers the ability to reach 95 percent of the world's gross domestic product.

## **Trenary's death put pause on deal**

Representatives of the FedEx division examined the factory building last year but decided to walk away from a deal when other issues absorbed top executives at the division.

Smith said FedEx Logistics bobbed in an out of its moving plans due to [the death of Greater Memphis Chamber CEO Phil Trenary](#), who was shot and killed in September on South Front Street in Downtown.

“We had to ensure our employees felt safe down here,” Smith said.

FedEx held meetings with city officials about safety measures in Downtown in the wake of Trenary’s death, and FedEx “felt comfortable re-engaging” in negotiations, Smith said. Then, FedEx Logistics

announced its rebrand from FedEx Trade Networks in January, which shifted the company's focus elsewhere and slowed negotiations further.

FedEx eyes incentives for move

FedEx Logistics is seeking a \$2 million grant from the Economic Development and Growth Engine for Memphis & Shelby County (EDGE) to help offset building renovation costs.

The grant will be available after \$12.2 million worth of improvements are made to the building and employment obligations are met, among other conditions, according to terms laid out by EDGE.

The grant "will be part of an overall package offered" by state and local bodies for the FedEx Logistics move, according to EDGE. Details of other incentives were scant Tuesday.

Lee said FedEx Logistics will invest \$44 million into the facility to turn it into its headquarters. According to EDGE, the project cost totals \$47.3 million.

That price tag includes the building purchase price (\$14.1 million), hard construction and exterior renovations (\$21 million) and interior renovations and improvements (\$12.2 million).

## Growing Downtown

FedEx would add to a growing corporate presence Downtown.

Including the FedEx announcement, more than 3,000 office jobs are in the process of being moved Downtown or have recently moved, pushing the vacancy rate for office space in the central business district to about 15 percent from about 20 percent several years ago.

Investment firms Wunderlich Securities and Southern Sun Asset Management committed to moving offices Downtown in recent months, along with ServiceMaster Global Holdings and Meritan.

Boston-based Indigo Ag also is [expanding its operations center Downtown](#). It joins longtime Downtown stakeholder First Tennessee Bank, which consolidated offices throughout the city into its Downtown headquarters.

Other significant Downtown tenants are the law firms Baker Donelson and Bass Berry Sims, and the Hnedak Bobo architectural firm.