



Macy's cancels plan for 630-job tech unit at Atlantic Station, as company faces 'challenging time'

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BYRON E. SMALL | Macy's Lenox Square.

Macy's Inc. confirmed it will not open a 630-job technology hub in Midtown, a decision likely stemming from challenges navigating effects from the Covid-19 pandemic.

Macy's also reported on Thursday it estimated a \$1.1 billion first quarter operating loss, with a "precipitous decline in sales" because of store closures in March, Chairman and CEO Jeff Gennette said. A steady uptick in its digital business in April only partially offset the loss of sales from stores, Gennette added.

Macy's announced Feb. 14 it planned to close its technology office in San Francisco and open a new U.S. tech hub in Midtown. It also said it would relocate its Cincinnati headquarters to New York — part of a massive overhaul for the 162-year-old company.

In Atlanta, it signed a lease for almost 108,000 square feet at a new 7-story building in Atlantic Station called T3 West Midtown, which would contain the new Macy's technology unit. The long-term lease is estimated to range in value from \$40 million to \$50 million, excluding concessions and escalation costs, according to people familiar with the project. It is unclear what Macy's plans to do with the space, including pursuing an option to sublease it to another tenant.

Macy's had been negotiating with state economic development officials, including a \$1.7 million Regional Economic Business Assistance grant, a job creation incentive that encourages business to relocate to Georgia.

Bisnow was first to report on Thursday that Macy's would no longer occupy the space at the Atlantic Station building.

Macy's provided little clarity on plans for its tech unit, including whether it would keep those jobs in San Francisco or move some of them to its existing operations in Johns Creek, Ga., about an hour north of Midtown.

"We have notified the Georgia Department of Economic Development that we will not proceed on our application for economic support in connection with the T3 facility," Macy's said in an email to Atlanta Business Chronicle. "We look forward to our ongoing presence in the Atlanta area, which includes our tech hub centered at our John's Creek campus"

A Georgia Economic Development spokeswoman said, "We are continuing to work with the company on their long-term plans. ..."

In February, a little over a week after announcing the overhaul, Gennette said the following on an earnings call:

"So when I look at the culture and I look at all digital now being consolidated to New York and all technology being consolidated to Atlanta, I think the metabolism of the company is going to pick up dramatically. We're getting all of our new colleagues set up. We're ahead of our hiring plans. We actually had a higher percentage of colleagues from San Francisco that have elected to move [to] New York or Atlanta. And we're very happy with the caliber of talent that we have available in both New York and Atlanta."

By that time, the coronavirus was spreading across the United States, though its impact on the U.S. retail sector wouldn't be felt for another month.