



Baltimore — and Maryland — to vie for second Amazon headquarters

Amazon has opened the search for a second headquarters, promising to spend more than \$5 billion on the site. - September 7, 2017



Sarah Gantz -The Baltimore Sun

Both Baltimore City and County quickly raised their hands after Amazon announced Thursday it is searching North America for a second headquarters site that could eventually employ 50,000 people.

The Seattle-based e-commerce giant's hunt for a second home sparked interest from many cities and likely will result in a bidding war as governments offer subsidies to lure the company.

"This will be the most coveted headquarter project in the history of site selection," said John Boyd, a principal at The Boyd Co. Inc., a corporate site consulting firm in Princeton, N.J.

Amazon issued a public call for proposals Thursday, saying it wants an initial 500,000 square feet of space, preferably in an urban or suburban area, with access to major highways, airports, public transportation and a robust technology workforce. The company expects to eventually invest \$5 billion in a project it calls HQ2 that could span 100 acres with up to 8 million square feet of building space.

"We expect HQ2 to be a full equal to our Seattle headquarters," Amazon CEO Jeff Bezos said in a news release. "Amazon HQ2 will bring billions of dollars of up-front and ongoing investments, and tens of thousands of high-paying jobs. We're excited to find a second home."

With its proximity to major international airports and interstate highways, a strong network of universities and one of the highest concentrations of technology workers in the country, the Greater Baltimore area could be a contender for Amazon's expansion, local officials said.

But the region won't be alone in clamoring for the retail giant's business. Within hours of Amazon's surprise announcement, Boston, Chicago, Dallas, New York and Philadelphia joined a chorus of cities suddenly wooing the massive project.

Closer to home, Washington, D.C., where Bezos, who also owns The Washington Post, recently purchased a \$23 million mansion; Northern Virginia, with its newly extended Metro line; and Montgomery and Prince George's counties also will likely be contenders.

Proposals are due Oct. 19 and Amazon plans to choose a location next year.

Local and state officials are aware the competition will be tough, but said the economic opportunity Amazon offers is worth the fight.

"It's going to be a 50-state competition for it, but we want to make sure Maryland has its hat in the ring," said Steve Pennington, managing director of business and industry sector development at the Maryland Department of Commerce. "We think it's a great opportunity and we think we can be well positioned for it."

Baltimore Mayor Catherine Pugh said the city will "pursue this opportunity aggressively to make a compelling case for Baltimore City as its second headquarter location."

Gov. Larry Hogan pointed to Maryland's central Mid-Atlantic location, with access to a top port on the East Coast and a major metropolitan airport, and his efforts make the state more business-friendly, by cutting taxes, regulations and fees as selling points that could woo Amazon.

"We were successful with one big, million-square-foot Amazon deal already," Hogan said, "and we're going to try to convince them that we're still the place to look."

In 2015, Amazon opened a 1 million-square-foot fulfillment center on Broening Highway, near the port of Baltimore, with a \$43 million incentive package from Maryland and Baltimore. At least 3,000 people work at the fulfillment center and a nearby sorting facility, but that's one of dozens of such facilities Amazon has around the country.

Hogan said he'd welcome Amazon "anywhere they want to go," but said he would prefer to see the retailer set up shop in a part of the state where jobs are needed most, such as Baltimore.

As the state weighs its options for Amazon, "Baltimore County is right in the game," said County Executive Kevin Kamenetz in a statement.

Local officials and developers already are making lists of Baltimore-area sites that could be contenders.

Kamenetz floated Tradepoint Atlantic at Sparrows Point, Greenleigh at Crossroads in White Marsh and Spring Grove in Catonsville as possible sites.

In the city, Port Covington is at the top of everyone's list.

Under Armour CEO Kevin Plank's private development firm Sagamore Development Co. largely owns the South Baltimore site and plans a \$5.5 billion redevelopment with 14.1 million square feet of mixed-use development to be built over 25 years, anchored by a new campus for the athletic apparel company. The project is supported by a \$660 million public financing package from Baltimore.

Sagamore President Marc Weller said the property has the capacity to accommodate Amazon and the firm will work with state and city officials to "aggressively pursue this opportunity."

"More than any other place in the country, Baltimore City and Port Covington would be a perfect home for Amazon's second corporate headquarters," Weller said in a statement. "Along with Under Armour, having another major innovative company's headquarters at Port Covington would be a huge boon for Baltimore City and its workforce."

Other possibilities in Baltimore could include Sagamore-owned Westport, State Center, MetroWest and the Old Town Mall, said Kirby Fowler, president of the Downtown Partnership of Baltimore.

"The city itself fits all the characteristics they're looking for in terms of accessibility, cost of doing business — everything else they've listed in the RFP, we think we're very competitive," said William H. Cole, President and CEO of the Baltimore Development Corp., the city's economic development agency.

Finding the right location is only part of the battle. If Baltimore wants to win over Amazon, the region needs to prove it can produce enough workers and offer employees a desirable place to live.

"The other part of the proposal is selling Baltimore," said Al Barry, a Baltimore-area real estate development consultant. "It's not just geographic — it's also the education, the workforce, which I suspect is going to be almost equally important to the geography and real estate."

The second headquarters is expected to house some 50,000 engineers, software developers, executives and administrative personnel, with an average annual wage of \$100,000.

Applicants are required to detail their area's education system and technology workforce capabilities.

State and local officials say Maryland may be uniquely positioned. Long home to government agencies and contractors that serve them, professional and technical workers account for about 28 percent of the state's workforce, according to federal labor statistics. About 40 percent of Maryland residents over age 25 have a bachelor's degree and 18 percent have a graduate or professional degree, making Maryland's among the most highly educated state workforces.

"We have all the natural assets that would make this work," Cole said.

Amazon also will consider housing options, crime, cost of living and the quality of life that would be available to prospective employees.

"We want to invest in a community where our employees will enjoy living, recreational opportunities, educational opportunities, and an overall high quality of life," the request for proposals reads.

The winning suitor will need to not only offer up a site that meets Amazon's long wish list of features and an impressive incentive package, said the consultant Boyd, but be able to elevate the company's brand as a forward-thinking technology company.

"This isn't going to be cost driven. Operating costs matter, but for a project of this scale and for a company of Amazon's resources," he said, "it's more about the brand and the talent and the panache of this new address."

News of Amazon's request for proposals had the entire region buzzing about its potential to boost economic development here.

Harford County Executive Barry Glassman wasn't sure whether the county had the right spot for Amazon but said a deal anywhere in the region could benefit the county and create opportunities for businesses in Harford County.

"It puts this area on the map as a place to do business," said Julie Mussog, president and CEO of Anne Arundel Economic Development Corp. "It would just be a real game changer for Maryland."

City Councilman Eric T. Costello, whose district encompasses Port Covington, said the reason to go after the Amazon headquarters was a short one: "50,000 jobs."

"The prospect of having 50,000 new jobs here would be incredible," he said. "It would change the city."

Costello said he expects almost every major city in the country will be competing to get the project and he compared Amazon's unusual approach to the process for applying to host the Olympic Games.

"It would be crazy not to go after that opportunity," he said.