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Amazon to New York: Drop dead



Bloomberg

JOHN PLETZ –February 14, 2019

“We plan to create the 25,000 jobs that were supposed to happen in NYC across our current tech hubs.” Chicago is one of them.

Amazon took its ball and went home, dropping plans for a major expansion in New York City that could have included 25,000 jobs.

While it’s a blow to New York, it’s good news for Chicago and other cities.

“We do not intend to reopen the HQ2 search at this time,” the company said. “We will proceed as planned in Northern Virginia and Nashville, and we will continue to hire and grow across our 17 corporate offices and tech hubs in the U.S. and Canada.”

An Amazon spokesman added, "We plan to create the 25,000 jobs that were supposed to happen in NYC across our current tech hubs network in North America." Chicago is one of 17 cities that Amazon dubs its tech hubs in North America.

In addition to about 10,000 warehouse workers in Illinois, mostly in the Chicago suburbs, Amazon has about 300 workers downtown, mostly connected to its AWS cloud computing service and its growing advertising business. It already plans to have 400 employees here by 2023.

The company's announcement today surprised many who thought Amazon was bluffing a week ago, when word leaked that it was considering pulling out of New York.

The first signs of serious trouble appeared two weeks ago, when an opponent of Amazon's expansion was appointed to a New York state commission that needs to approve the incentive package the state was offering for the expansion.

As soon as the Washington Post reported Feb. 8 that Amazon was reconsidering its New York plans, Illinois Gov. J.B. Pritzker said he contacted the company about reconsidering Chicago, which was one of 17 finalists on Amazon's short list.

Pritzker and Mayor Rahm Emanuel immediately responded with a letter to Amazon, reiterating highlights of Chicago's HQ2 pitch.

It's not clear how quickly Amazon will begin adding jobs, but given all of the publicity around the company, the HQ2 process and its founder, Jeff Bezos, odds are that the next moves will be more discreet.

"Amazon is historically a very private company," said John Boyd Jr., of Boyd, a relocation firm based in Princeton, N.J.

New York seemed like a flawed selection when Amazon announced it would split its planned 50,000-employee second headquarters between Queens and Arlington, Va. For starters, while it has the largest concentration of technical and management talent in the nation, New York was the most expensive choice.

It appeared Amazon also had overlooked the politics. The company seemed most concerned whether Gov. Andrew Cuomo and Mayor Bill De Blasio could work together. But what it should have been concerned about were New Yorkers themselves and its City Council. Almost from the start, politicians questioned whether the incentive package of more than \$3 billion was overpaying.

"For weeks, Amazon has faced an unprecedented backlash over incentives and gentrification," Boyd said. "Given their experience in Seattle, doing HQ2 in the epicenter of the new progressive movement, it's not a surprise. If they could have done it differently, I suspect they'd have invested more time in community-relations building."

Among the most vocal critics was newly elected U.S. Rep. Alexandria Ocasio-Cortez, whose district includes the neighborhood in Long Island City where Amazon was planning to expand. She blasted the expected plan as an example of corporate welfare.

"Amazon is a billion-dollar company," she tweeted in November. "The idea that it will receive hundreds of millions of dollars in tax breaks at a time when our subway is crumbling and our communities need MORE investment, not less, is extremely concerning to residents here."

According to retail giant's corporate blog today:

"After much thought and deliberation, we've decided not to move forward with our plans to build a headquarters for Amazon in Long Island City, Queens. For Amazon, the commitment to build a new headquarters requires positive, collaborative relationships with state and local elected officials who will be supportive over the long-term.

While polls show that 70% of New Yorkers support our plans and investment, a number of state and local politicians have made it clear that they oppose our presence and will not work with us to build the type of relationships that are required to go forward with the project we and many others envisioned in Long Island City.

"We are disappointed to have reached this conclusion—we love New York, its incomparable dynamism, people, and culture—and particularly the community of Long Island City, where we have gotten to know so many optimistic, forward-leaning community leaders, small business owners, and residents. There are currently over 5,000 Amazon employees in Brooklyn, Manhattan, and Staten Island, and we plan to continue growing these teams."