

Amazon headquarters: Here's who could be surprise contenders and who has longer odds

Mike Sunnucks - Senior Reporter - *Phoenix Business Journal* – Sep 7, 2017

Amazon.com Inc. (Nasdaq: AMZN) and its founder and CEO Jeff Bezos are looking for a new second headquarters to go along with its Seattle base. The project could total \$5 billion, create 50,000 jobs and total 8 million square feet.



Canadian Prime Minister Justin Trudeau and his wife Sophie Trudeau.

“This is the holy grail,” said John Boyd, an international economic development expert with the Boyd Co. in New Jersey.

Boyd — who has helped companies land investments in Arizona — said Phoenix and other West Coast and Southwestern locations are probably at a disadvantage in the high-stakes competition for Amazon’s second headquarters. That’s mostly because of their time zone proximity to Seattle.

Boyd said some similar dynamics were at play when Boeing (NYSE: BA) moved its headquarters from Seattle to Chicago. That was aimed at time zone and business travel convenience as well as being able to recruit the best workers from across the country.

That puts markets such as Phoenix and Denver at a disadvantage and puts regions such as Dallas, Chicago and Atlanta in the mix, Boyd said.

American Airlines (NYSE: AAL) opted to have its headquarters in Dallas-Forth Worth instead of Arizona after it merged with Tempe-based US Airways.

Boyd also said some unlikely markets could be in the mix for Amazon's second HQ.

"I think Toronto will be in the mix," he said.



Toronto

He notes Amazon's (Nasdaq: AMZN) request for proposals and announcement it was soliciting bids for a second headquarters lists it as a North American headquarters. Boyd doesn't think that is on accident.

"I know Bezos loves Canada and loves Toronto," Boyd said.

He also sees some political cohesiveness with Canadian Prime Minister Justin Trudeau and notes Canada has negotiated new trade deals with European and Asian markets.

Bezos has been a critic of U.S. President Donald Trump, and Trump has hit at Amazon and the *Washington Post*, which Bezos owns, via Twitter (NYSE: TWTR).

Trudeau is more globally minded than Trump when it comes to trade, climate change and immigration.

And Amazon's future rivals may come not from U.S. retailers such as Wal-Mart (NYSE: WMT) or Macy's (NYSE: M) but from Chinese e-commerce and tech firms such as Alibaba (NYSE: BABA).

Canada's universal health system also might appeal to the progressive-minded Bezos, Boyd said.

U.S. companies can spend about 40 percent of payroll benefits on health insurance while in Canada the government runs the health system, Boyd said.

The Toronto region has 9.2 million people and is a major business and technology hub already.

Bezos also could look outside the box both in terms of which city and which real estate he lands the Amazon second headquarters, Boyd said.

He points to a market such as Pittsburgh, which sought to move beyond its Rust Belt roots and has become a decent-sized technology and research hub.

"Bezos likes Pittsburgh," Boyd said.

Amazon issued the RFP today and wants bids in next month.

The company is looking for a location near a major international airport, in a major North American population center at a development location with access to mass transit.

The bidding sweepstakes could entail some big tax breaks and incentives that have become the norm for big corporate site selections.

Amazon has distribution, regional and technology operations in the Phoenix market with locations in Tempe, Chandler, Phoenix and Goodyear.

Boyd said the Washington, D.C., region — including the Northern Virginia and Maryland suburbs — also could be competitive for the Amazon headquarters.

Bezos owns the *Washington Post* and proximity to the federal government and national politics could appeal to the Amazon CEO. The D.C. region also has a sizeable and educated workforce.

Amazon's more progressive political stances also puts a Democratic state such as Maryland more in the mix than maybe for other companies, Boyd said.

Marriott International (Nasdaq: MAR) and Lockheed Martin (NYSE: LMT) have their headquarters in Montgomery County outside of Washington.

We reached out to economic development groups in Arizona and the Phoenix area asking them about the Arizona RFP. Some declined or have not yet responded.

Chris Mackay, director of Phoenix Community and Economic Development, points to some recent success for the city of Phoenix.

“Phoenix is being recognized as a tremendously competitive market for corporate headquarters and high-level corporate services. We have landed five corporate headquarters in the last 18 months in the city, not including two that landed elsewhere in the Valley. We are aware of the Amazon RFP,” said Mackay in a statement.

Phoenix does offer cheaper labor and tax costs than most other large U.S. cities. The Metro light rail system runs from Phoenix into Tempe and Mesa, and there have been talks about extending into Chandler where Intel Corp. (Nasdaq: INTC) has a big semiconductor campus.

Phoenix Sky Harbor International Airport is also one of the largest and most convenient airports in the U.S.

But Arizona hasn’t been politically prone to offer big incentives and tax breaks to individual companies.

Mike Sannucks writes about stocks and financial markets, real estate, government and sports business.