

'Holy Toledo!' Officials, execs talk N.C.'s chances of landing Amazon HQ2



By Lauren K. Ohnesorge – Staff Writer, Triangle Business Journal

As Amazon unveiled plans to seek out the location for a second North American headquarters, economic developers started salivating Thursday, including those in North Carolina.

That's because the project – an investment potentially worth \$5 billion – means as many as 50,000 jobs for the winning region.

"I guarantee you we are working for every opportunity," Gov. Roy Cooper said Thursday, declining to offer details about the state's pursuit of Amazon, citing confidentiality.

Amazon, according to its request for proposals, has an initial square-foot requirement of 500,000. Phase two would require a total of about 8 million square feet, mirroring the 40,000-employee Seattle headquarters, which includes 33 buildings and 24 restaurants and cafes.

The 5,600-employee SAS Institute headquarters in Cary, at about a dozen buildings, is meager in comparison.

While Amazon hasn't said where it's looking, John Boyd, a site consultant with New Jersey-based The Boyd Company, predicts leading contenders to be Atlanta; Tampa and south Florida; Austin, Texas; Pittsburgh; the Northeast, such as Boston and Jersey City; and even Toronto.

"The conventional wisdom is that Raleigh's labor market is a bit small," he says, though he notes those odds are not "insurmountable."

“It will really depend on the aggressiveness to which Amazon would approach the recruiting dynamic and the burden it would put on HR folks,” he says. “We counsel our clients to look beyond published labor market statistics and look at some of the nuances ... And Raleigh has one of the most-highly-regarded workforces in North Carolina.”

Gregg Sandreuter, partner at Beacon Partners, directs his firm’s development and acquisition activities in the Triangle. Active in local real estate for nearly three decades through projects such as the 3.2-acre Edison in downtown Raleigh and the 34-acre RDU Center, he’s hopeful but realistic about the Triangle’s chances.

“If MetLife employs 1,000 people in two buildings in Cary (213,500 square feet apiece), that means Amazon is going to need 50 times that much,” he notes. “They’re going to need, holy Toledo, 100 [MetLife-sized] buildings.”

With rates for Class A office space in the Triangle circling around \$25 per square-foot, it would be a blockbuster real estate deal. A 500,000-square-foot Class A facility would run upwards of \$12.5 million – though a steal compared to markets such as Boston and San Francisco.

Michael Walden, economist and professor at N.C. State University, says the project could be a “perfect fit” for the Triangle, noting competitive costs, a well-educated workforce and airport access.

“If the company wanted a near-downtown site in Raleigh – as they have in Seattle – some creative ideas could be presented around the [N.C. State University] Centennial Campus as well as a portion of the Dix property,” he says, noting Research Triangle Park as another possibility. “I’ve never seen an estimated direct annual economic impact of \$30 billion – this is mind-boggling! If Amazon comes to N.C., it would be the biggest economic news for the state since the development of RTP – and it might even surpass RTP!”

Joe Milazzo, executive director of the Regional Transportation Alliance business coalition, says the Triangle also has the logistics to attract Amazon. He points to interstate connectivity and Raleigh-Durham International Airport – “The most connected mid-size nonhub airport in America is right here.

“And we have a demonstrated willingness of this community to invest in our own future,” he says, noting that all three Triangle counties voted in favor of a transit referendum to further build out transportation infrastructure. “I know many other markets – including Amazon’s current location – didn’t vote for it the first time ... We have those votes in place and the funding resources to go with that.”

Amazon is no stranger to North Carolina, having recently announced a 600-job distribution center in the state. And the Amazon wind farm, which powers Amazon Web Services, recently started spinning near Elizabeth City.