Atlanta likely in consideration for Amazon's $5 billion "HQ2"

September 7, 2017
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Seattle Internet juggernaut Amazon.com Inc. (Nasdaq: AMZN) is on the hunt for a second headquarters site.

Dubbed "HQ2," the more than $5 billion development will bring with it 50,000 jobs, Amazon said Thursday.

“We expect HQ2 to be a full equal to our Seattle headquarters,” CEO Jeff Bezos said in a statement.

To put the scope of the project in context: Amazon’s Seattle headquarters sprawls across 8.1 million square feet, includes 33 buildings, and employs 40,000.

Atlanta, a Fortune 500 headquarters cluster and rising tech hub on the East Coast, will certainly be looked at.

The Georgia Department of Economic Development declined comment Thursday.

An Amazon headquarters would transform Atlanta’s landscape and turbo-boost real estate development already in overdrive. Amazon has been a catalyst for development in downtown Seattle and for the redevelopment of South Lake Union and Denny Triangle.

The HQ2 plans call for developing up to 8 million square feet in three phases over the next 15 years-to17 years.

The first phase will involve an up to 1 million square-foot building to be developed by 2019, according to a filing by Amazon. The company is considering greenfield sites of about 100 acres,
infill sites and existing buildings with on-site mass transit and within 45 miles of an international airport.

"Amazon will prioritize certified or shovel-ready greenfield sites and infill opportunities with appropriate infrastructure and ability to meet the project’s timeline and development demands."

Amazon is looking for cities with strong local and regional talent — particularly in software development and related fields.

Amazon is seeking a "development-oriented" market, site consultant John Boyd Jr. said.

"Atlanta should be the on the short list," Boyd said. “Any competent site search for headquarters will look at Atlanta.”

Other contenders include Tampa and the Miami area, Boyd said, citing Tampa's new waterfront development and Miami's Brightline project.

The Brightline, a high-speed train service between Orlando and Miami, "is going to be a game-changer in the region’s ability to attract new headquarters because of the expanded and bilingual workforce," the New Jersey-based consultant said.

By publicly announcing its intentions to build a second headquarters and opening a Request for Proposals (RFP), Amazon is positioning itself to get the best incentives deal as cities and states will now race to harpoon this economic development whale.

"This is a new model that we’re seeing emerge in terms of high profile HQ site selection process," Boyd said.

Amazon will use the site selection process to not just squeeze incentives, but spur new infrastructure spending and shape state and federal legislative policies.

Atlanta has had success in attracting corporate headquarters, most notably that of Mercedes Benz USA in 2015. Atlanta was also on the shortlist last year to lure General Electric Co.'s (NYSE: GE) headquarters.

While Atlanta offers abundant and relatively inexpensive talent and real estate, and is a low business-cost market, Amazon has a larger presence in other East Coast cities, such as Boston.

Amazon has been bullish on Atlanta in recent years. The company has invested heavily in ringing Metro Atlanta with several warehouses. More importantly, it is silently developing the region into a tech outpost.
In Atlanta, Amazon is building two tech offices. In Buckhead’s Terminus 200 tower, the company has taken about 40,000 square feet and is expanding its Amazon Web Services (AWS) and A9.com visual search teams.

Meanwhile, Amazon has leased nearly 25,000 square feet in an Atlantic Station office tower. Atlanta is said to be building out a Transportation Business Services unit in that location, Atlanta Business Chronicle has learned.

The Transportation Business Services unit is Amazon’s attempt at bringing some of its logistics infrastructure in-house. By doing so, Amazon hopes to squeeze costs from the system, incorporate new technologies and better control the customer service experience.

Amazon is seeking an applied scientist to join the business unit’s Planning and Forecasting team, according to an Atlanta-based job posting.

“Successful Research Scientists within this group are innovators who...are capable of breaking down complex problems and making data-driven decisions, based on a rapid test and learn approach, that best serve customers. If big data, cutting edge technologies, automation and building intelligent systems excite you, if you love to innovate and deliver results, then we want you to be on our team.”

Amazon’s white-collar expansion in Atlanta is a vote of confidence in the city’s ability to generate a skilled workforce and recruit top sales and engineering talent from around the Southeast.

For HQ2, Amazon said it will consider metro areas with more than one million people. Other site selection factors include a “stable and business-friendly environment”, and urban or suburban locations with the potential to attract and retain strong technical talent.

Amazon said it is seeking “communities that think big and creatively when considering locations and real estate options."

For Amazon, site selection is likely driven by the need to find innovative space in a high-profile city with deep technical talent.

"I don’t now how cost-sensitive this site selection process is going to be," Boyd said. "Finding the right talent seems to be much more important to Bezos."

Amazon’s HQ2 will be a complete headquarters for Amazon – not a satellite office. Amazon expects to hire new teams and executives in HQ2, and let existing senior leaders across the company decide whether to locate their teams in HQ1, HQ2 or both.

The company expects that employees who are currently working in HQ1 can choose to continue working there, or they could have an opportunity to move if they would prefer to be located in HQ2.