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Amazon's new second home? Crystal City is boring, corporate, and perfect for HQ2



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By Tim Logan Globe Staff - November 09, 2018

CRYSTAL CITY, Va. — If Amazon is looking for a blank canvas on which to create a second headquarters, this is it.

Crystal City, a clutch of '80s-vintage office buildings just outside of Washington, D.C., feels like the polar opposite of a hip tech hub like Boston or San Francisco. Its well-manicured streets swell with government workers at lunchtime, but are largely deserted after work. There aren't any brick-and-beam rehabbed warehouses — like Amazon's new outpost in Fort Point — only rows of boxy midrise office buildings in the grim style of Brutalist architecture. Empty storefronts are

everywhere, while a vast subterranean mall beneath them sits at least half-vacant. And forget about trendy retailers or upscale food halls.

No, there is nothing “cool” about Crystal City. It’s charmless and utilitarian. And yet, it’s poised to win at least a half-share of a massive economic development prize: Amazon’s “HQ2.”

The retail giant hasn’t divulged anything, but it has been widely reported this week that the company is in final negotiations to split its hotly sought-after second headquarters into two campuses of up to 25,000 jobs apiece. One would be in Long Island City, Queens, across the East River from Manhattan. The other would be Crystal City, tucked between Reagan

So why not some place smart and charming, like Boston or Pittsburgh? Or why not one of those affordable Sun Belt boomtowns, Atlanta or Dallas, where Amazon would have plenty of room to spread out and grow?

Because Crystal City, like Long Island City, offers something most of those more conventionally attractive places can’t: cheap office space on the edge of a thriving city. Throw in a public transit system, a major airport within walking distance, and all the benefits of easy access to D.C. decision makers, and it’s reasonable to wonder why Amazon even bothered to look anywhere else.

“It checks all their boxes,” said John Boyd, a site selection consultant who has been following Amazon’s search. Crystal City, he said, “was always the most likely place for them.”

The D.C. metro area has long been considered a favorite to land Amazon’s HQ2. After all, Jeff Bezos, the company’s founder and CEO, owns a mansion in the city. He’s also the owner of The Washington Post. Within metro D.C., people who know the region’s real estate landscape say, Crystal City was the obvious choice.

Crucially, its vast rows of office buildings are about 20 percent vacant. There are 2.1 million square feet available in Crystal City and neighboring Pentagon City, according to real estate firm Cushman & Wakefield. (For comparison, the building formerly known as the John Hancock tower is 1.7 million square feet.)

Office rents in Crystal City are half of what they run in fancier parts of the Washington area, and about one-third what companies pay at new buildings in Kendall Square or the Seaport. And it’s just four stops from downtown Washington on the Metro subway system.

“It was like, ‘Oh, look, there’s this empty office district next to the airport.’ How much more obviously suitable could it be?” said David Alpert, founder of Greater Greater Washington, a website that covers urban planning in metro D.C. “Everyone thought Crystal City would be the right place for them.”



BRENDAN SMIALOWSKI/AFP/Getty Images

Named for a chandelier in one of its original buildings, Crystal City – which is actually an unincorporated part of Arlington County, Va. — was built in the 1960s on the site of old junkyards and small factories along the Potomac River. For decades, it was home to military jobs — the Navy had several big commands based here — but many of those moved away long ago. The US Patent and Trademark Office pulled out in 2003, leaving millions of square feet of office space behind.

Today, there are still camo-clad military personnel walking the underground hallways, along with a contingent of suit-and-tie-wearing bureaucrats. But the clientele skews more toward that modern D.C. mix of government contractors, trade groups, and the media. Buildings bear the logos of Bloomberg and PBS, the Consumer Technology Association, and Lockheed Martin.

But a surprisingly large number of tech workers also work in Crystal City, said David Lipson, co-manager of the Washington office of real estate firm Savills Studley. This swath of Northern Virginia boasts skilled workers at federal agencies and contractors, their wages relatively constrained by government pay scales. Some of them could be appealing to Amazon, Lipson said.

“This is fertile hunting ground for a tech company that needs to hire a lot of people,” he said. “That’s one of the things that’s probably attractive here.”

Crystal City has another secret weapon in the competition for Amazon, Lipson said. Most of the office space is owned by one company: Washington real estate giant JBG Smith. While that contributes to the sense of sameness — JBG Smith's logo seems to adorn most of the buildings — it's also been an advantage. Instead of negotiating with a variety of developers, Amazon can partner with one builder for its entire campus.

"JBG Smith gets to offer Amazon something very unusual," Lipson said. "Not only do we have millions of square feet of office space, we actually have this whole little city that we control."

Through a spokesman, JBG Smith declined comment, but the Post reported Saturday that the company has taken several of its Crystal City buildings off the market in anticipation of a deal with Amazon.

In recent years, JBG and the previous owner of Crystal City — Vornado Realty Trust — have tried to spruce up the place. They've leased space in the underground mall to arts groups and studios, and have lined the walls with photos from local artists. There's a strip of new restaurants — chains like Chick-fil-A and Cold Stone Creamery — but also a lively tapas joint and a spacious beer hall. Lately, JBG has taken to sheathing empty buildings in brightly colored murals to break up the rows of gray facades.

Jack Levonian, who has owned a photography store in the underground complex for 46 years, remembers when it was full of Navy personnel shopping for cameras.

"This was a hopping place," he said.

Today, Levonian doesn't sell cameras — he provides photo finishing and other services. The corridors outside his store are busy at lunchtime, but quieter the rest of the day. Like many shop owners, Levonian has followed the Amazon news.

"Everybody's excited," he said. "It's going to create a lot of business."

Ronald Rogers and Rami Khasawneh agree. During a lunch break Wednesday, they were playing table tennis at an outdoor table — another recent addition intended to enliven Crystal City's streetscape. The neighborhood is a pleasant enough place to work, they said, if a little dull. Amazon would mean new opportunities, especially for tech workers like them.

"It's going to change a lot of things around here," Rogers said. "I think it'd be a good thing."

It might even make Crystal City cool.