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Who wants HQ2? Some finalists back away from Amazon's big project

By Mark Williams
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Amazon CEO Jeff Bezos walks onstage for the launch of the new Amazon Fire Phone, in Seattle. In a milestone announced Tuesday, March 6, 2018, Bezos has become the first person to amass a fortune surpassing \$100 billion in Forbes magazine's annual ranking of the world's richest moguls.

Amazon's search for a second headquarters is becoming more of a story about which of the 20 finalists really wants the massive project.

Residents of Denver and Austin, Texas, have been lukewarm about the project, and Nashville has acknowledged it already has challenges managing its growth. Last week, Arlington, Texas, said it's no longer a part of a bid by the Dallas region.

"The competition for Amazon HQ2 appears to be turning into a race to exit the race for the economic prize," said K.C. Conway, chief economist for the commercial real-estate group CCIM Institute and director of research at the Alabama Center for Real Estate at the University of

Alabama. "Amazon might want to decide sooner rather than later before the 20 finalists pool shrinks further."

Amazon announced plans last year to build a second headquarters, throwing open the competition to cities across the country. In January, the Seattle-based company picked 20 finalists, including Columbus, out of 238 bids for a project that will come with 50,000 jobs that pay an average of \$100,000 and a massive \$5 billion investment.

While the project's amazing scope was enough to set off a frenzy of interest nationally, a reverse effect is raising questions now: How does a city absorb such a massive endeavor, and at what cost?

Cities have voiced concerns about the incentives the winning city will have to provide to Amazon and what the project will mean for housing costs, traffic congestion and population growth for the winning city. The cities still being considered have low jobless rates already, meaning it could be difficult for Amazon to find the skilled workers it needs.

"These are all good problems to have," said John Boyd, principal of the Boyd Co., based in Princeton, New Jersey, which provides site-selection services to some of the nation's biggest companies.

Amazon will be leery of any city "that isn't excited to be partnering with Amazon," he said.

Even Amazon's home city of Seattle has gotten into the act with a new \$275-per-worker tax on large employers such as Amazon to be used to address homelessness and fund affordable housing projects.

Boyd suspects that some of the 50,000 jobs to be created at HQ2 will include jobs Amazon might move out of Seattle.

A survey of residents of the 20 final cities released in April by Elon University in North Carolina, in partnership with the Business Journals, found the level of support for the project varied.

In Columbus, nearly half of all residents say they "strongly support" the project and 32 percent say they "somewhat support" it. That was the fourth-highest level of support. Support was weakest in Boston, Denver and Los Angeles.

As for Columbus, economic-development officials say they understand there would be challenges should the city win, but the city hasn't had second thoughts about being in the competition.

"Wow, this is big, really important, transformational," said Steve Schoeny, the city's development director. "Because it's transformational, it comes with a lot of challenges."

"We've had a very realistic look at what this could mean from the get-go, about how we can be ready for this kind of growth, whether it comes from Amazon or 80 companies. Regardless, we're going to face some kind of challenges."

Conway believes a decision is coming soon and that Pittsburgh and Columbus remain high on Amazon's list among the finalists, something he has been saying for months.

"Both cities have great universities delivering the desired ... workforce, and both get logistics and technology," he said.

Amazon already has a significant presence here with data centers in New Albany, Dublin and Hilliard, major distribution operations in Obetz and Etna Township in Licking County and a smaller center in Columbus as part of its Prime Now Service.

Last week, the company said it will build another large distribution center in West Jefferson in Madison County that will employ 1,500 workers. The announcement is just the latest of what has been a string of projects worth more than \$2 billion that Amazon has developed in Ohio since 2011.

Local development officials say the West Jefferson project isn't a consolation prize for HQ2, but that it continues to show the region's strength as a logistics hub.

Even if Columbus comes up short with HQ2, it still figures to do well with Amazon, Boyd said.

"There's some tangible benefit of forging a relationship with Amazon that could lead to future Amazon projects," he said.