

OPINION

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Op-ed

## Handicapping the Amazon sweepstakes

**A corporate relocation expert considers New York's competitors for the retail giant's second headquarters**

By John Boyd Jr.



*John Boyd, Jr.*

Amazon HQ2—New York, New York is calling.

Not since the height of the iconic “I Love NY” campaign has there been such a rallying around New York as a top location for business as we are now seeing with New York City’s pitch for Amazon’s proposed \$5 billion, 50,000-worker corporate headquarters. And well it should. New York City offers some very compelling reasons for Amazon’s HQ2 to be here.

First, a bit on the search itself. Unlike most site-selection projects, Amazon’s is playing out very publicly. It is reminiscent of General Motors’ hunt back in the late 1980s for a location to manufacture its then new-age Saturn line, when mayors and governors pitched their cities and states on the Phil Donahue Show. Very few companies have the swagger and wherewithal to pull off this strategy. It is something we generally do not recommend to our clients because it risks an exodus of staff, an onslaught of disruptive solicitations by economic-development agencies and politicians, the scrutiny of the media and having to deal with questions like: “Why should a

state give millions of tax credits and incentives to Jeff Bezos—the richest man in the world—when it cannot afford to sufficiently fund pensions, health care and education?”

The fact of the matter is incentives are a necessary evil in the high-stakes competition among states for jobs and corporate investment. In high-cost New York, tax breaks, training funds and infrastructure improvements are especially needed to compete with lower-cost markets.

Fortunately for New York City, the Amazon search is not leading with costs—given the deep pockets of Amazon—but with intellectual capital and real estate, which are strong suits of New York. Also, the city's strongest candidates are the more cost-effective boroughs of Brooklyn, Queens and the Bronx. Amazon will look closely at sites like public transit-rich Sunnyside, Queens, with its proximity to diverse housing options on Long Island and ready access to LaGuardia and JFK airports. So will several attractive redevelopment possibilities in Brooklyn stretching from Williamsburg to Sunset Park and the Brooklyn Army Terminal. Queens also has the Willets Point redevelopment area that includes the Iron Triangle. All of these options can meet Amazon's ambitious real estate requirements, which are estimated to be as high as 8 million square feet.

Long a center of excellence in sectors including finance, media and fashion, New York City's emergence in technology will resonate with Amazon. The company knows that staffing HQ2 with the best and brightest in the deep and diverse New York City labor pool will pose no problem at all.

I have called the Amazon HQ2 search the “holy grail” for industry-seeking states and their economic-development foot soldiers and politicians. Cities that we see posing the most competition to New York include nearby Newark. Bezos and his wife are Princeton grads and Amazon is one of the largest employers in the Garden State—which is home to the company's most successful subsidiary, Audible.com.

Nationally, strong candidates include Dallas, Chicago, Atlanta, Philadelphia, Boston and the Washington, D.C., environs. Toronto—with Canada's open immigration and globalist policies much in tune with the progressive Bezos—is also in the mix.

South Florida is another interesting candidate. Beyond the state's premier business climate and lack of a personal income tax, the new Bright Line transit system connecting Orlando to Miami is a labor-market key. High-growth South Florida is a magnet for global intellectual capital and multilingual skill sets, which complement Amazon's plans to rapidly grow in Latin America. Palm Beach County, in particular, has vast acreages of affordable land for development in the western portion of the county.

I do not believe hurricanes will be a deal killer (although the timing of Hurricane Irma has not been a friend to Florida's chances). Bezos realizes that corporate site selection has always been a matter of trade-offs and that there are no perfect locations. Also keep in mind that futurist Bezos' Blue Origin space company aims to put people on Mars and make it habitable. In comparison to the Red Planet, South Florida's hurricane season pales in comparison as a challenge to the man who thinks outside the box.

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