

Amazon scouts for city in N. America to build HQ2

September 9, 2017



A visitor checks in at the Amazon corporate headquarters in Seattle- File

NEW YORK

Amazon.com is scouting North American cities for a second company headquarters, where it plans to hire as many as 50,000 full-time workers, the tech giant announced Thursday.

The Seattle-based company says it plans to invest \$5 billion in construction and operation of the new location, which it is calling Amazon HQ2.

“We expect HQ2 to be a full equal to our Seattle headquarters,” Jeff Bezos, founder and chief executive of Amazon, said in a statement. “Amazon HQ2 will bring billions of dollars in up-front

and ongoing investments, and tens of thousands of high-paying jobs. We're excited to find a second home."

Amazon is seeking proposals from local, state and provincial government leaders, and says it is focusing on metropolitan areas with more than 1 million people. It is also looking for areas that can attract and retain technical workers and "a stable and business-friendly environment." The company plans to make a decision next year.

News of the search has unleashed a wave of speculation about where the world's largest online retailer could set up shop. But experts say the company's decision is likely to be as much about politics as it is about logistics and incentives. Bezos has been a vocal opponent of the Trump administration's immigration bans, and earlier this week was among hundreds of tech leaders who urged the president to reconsider his stance on the "dreamers" immigration program.

"The fact that Amazon is even considering Canada and Mexico shows how important politics has become in the site-selection process," said John Boyd, a Princeton, New Jersey-based location consultant whose clients include Boeing, Chevron and JPMorgan Chase. "This is a high-profile search, and Amazon has an incredible amount of wherewithal to influence state and federal legislation."

Toronto, where it is easier to hire foreign workers than in the US, could be a top contender for Amazon's new headquarters, according to Boyd. (Other areas he thinks are likely: New Jersey, south Florida, northern Virginia, Atlanta.)

"This is the most coveted headquarters project in the country, and Amazon will use it as a way to grow even faster," Boyd said. "New infrastructure investments, workforce training programs, tax incentives – all of those will help Amazon down the line."

According to Amazon, the location does not need to be in an urban or downtown location, or a development-prepped site. The site should, however, be within two miles of a major highway and have access to mass transit. It should also be near a top university and within 45 minutes of an international airport. (Daily direct flights to Seattle, New York, San Francisco and Washington are also a plus, the company said.) Amazon said it will give priority to existing buildings that are at least 500,000 square feet and undeveloped sites that measure about 100 acres.

"We want to encourage states and communities to think creatively for viable real estate options, while not negatively affecting our preferred timeline," the company said.

Among the criteria it will consider, Amazon says, are tax exemptions and other incentives, including relocation grants and fee reductions. "The initial cost and ongoing cost of doing business are critical decision drivers," the company said in its request for proposals, which are due Oct. 19. To date, Amazon has received more than \$1 billion in state and local subsidies as they've built warehouses across the country, including more than \$85 million so far this year, according to Good Jobs First, a watchdog group that tracks government subsidies to businesses.

“This is a company that is scientific about getting tax breaks,” said Greg LeRoy, the group’s executive director. “Most companies – 99.9 per cent of them – go to great lengths to keep their search a secret, so this is a very unusual, highly public episode. What we’re about to see is a textbook auction for tax breaks.”

The announcement comes a week after Amazon completed its \$13.7 billion takeover of Whole Foods Market, leading some lawmakers to raise anti-trust concerns about the company’s growth.

But some say opening a sprawling new headquarters could help the tech giant win over local lawmakers. “It would create a very favorable political environment wherever they located, such that the congressmen and senators where they locate would be supportive of the company if issues came up in Congress with antitrust,” said David Kass, a professor of finance at the University of Maryland.

WP Bloomberg