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Nashville seen as dark horse contender for Amazon HQ2

Jamie McGee, Lizzy Alfs and Natalie Neysa Alund, The Tennessean, Jan. 18, 2018



(Photo: Jens Meyer / AP)

Amazon named Nashville among 20 finalist cities for its second headquarters on Thursday, pitting the city against larger contenders including Denver, New York, Atlanta and Toronto.

The Seattle-based company estimates the headquarters would bring 50,000 jobs and yield a \$5 billion investment, making it a coveted project for cities across North America. Amazon received proposals from 238 cities last year.

Amazon-level growth could lead to increased traffic and other strains on infrastructure. Video provided by Newsy Newslook

Among the 20 remaining contenders, Nashville is smaller than each metropolitan area except Raleigh. While the city's prospects are buoyed by lower taxes and lower cost of living, limited transportation options and a smaller tech sector than some of its peers could be an obstacle.

Even so, John H. Boyd, principal in Princeton, N.J.-based location consultants The Boyd Company Inc., said Nashville could be the dark horse on the list of finalists.

"Nashville is on a roll right now. It's one of the hottest cities in the country for new corporate investment and jobs," Boyd said.

A clerk reaches to a shelf to pick an item for a customer order at the Amazon Prime warehouse, in New York on Dec. 17, 2017. Amazon announced, Jan. 18, 2018, that it has narrowed down its potential site for a second headquarters in North America to 20 metropolitan areas, mainly on the East Coast. Mark Lennihan, AP

The Wall Street Journal pointed to Indianapolis and Columbus as the surprise candidates, while the New York Times also included Nashville and Miami in that category.

Ralph Schulz, CEO of the Nashville Area Chamber of Commerce, has described Nashville as an "underdog" for the Amazon bid, but the same description was often used when Nashville was vying for a Major League Soccer team. Nashville was awarded a team in December.

Amazon, which announced its search for a second headquarters in September, said it will work with the remaining candidates to further evaluate them and will make a decision this year.

"Thank you to all 238 communities that submitted proposals," Holly Sullivan, an Amazon public policy official, said in a press statement. "Getting from 238 to 20 was very tough — all the proposals showed tremendous enthusiasm and creativity,"

Shortly after the announcement, Nashville Mayor Megan Barry expressed her excitement about the news on Twitter.

"Over the coming weeks and months, we look forward to working more closely with @amazon to show them why Music City would be the perfect fit for their company," she tweeted.

City and state incentive packages are expected to be key components of the winning bid.

How Nashville stacks up

In a request for proposals, Amazon said it sought a metropolitan area with more than 1 million people, a "stable and business-friendly environment," and an urban or suburban site "with the

potential to attract and retain strong technical talent." Mass transit options, including rail, train, subway and bus routes were also listed among core preferences.

Boyd said a Music City headquarters would help Amazon recruit and maintain a skilled workforce, and the lower cost of living in Nashville compared to other contenders, such as Chicago and Boston, could be a huge draw. Throw in Nashville's booming tourism industry and the infrastructure to support corporate events, and the city stands a legitimate chance, he said.

"Nashville is almost too exciting to ignore. Most analysts would not put it in the top five or six strongest candidates, but it's clearly in the running here. Amazon is very familiar with the Nashville market," Boyd said, referring to Amazon's already large presence in Middle Tennessee via its distribution, warehousing fulfillment and sortation centers.

In this Tuesday, Aug. 1, 2017, photo, an Amazon employee sorts items brought to him by robotic shelves at the Amazon Fulfillment center in Robbinsville Township, N.J. Amazon is holding a giant job fair Wednesday, Aug. 2, and plans to make thousands of job offers on the spot at nearly a dozen U.S. warehouses. (AP Photo/Julio Cortez) Julio Cortez, AP

Nashville's depth of universities and geography also will be assets in the Amazon pursuit, said University of Tennessee at Knoxville economist Bill Fox. He said an eastern location would make the most sense, given Amazon's current West Coast site, and said Nashville has a "legitimate chance" to land the site.

"It just seems really unlikely to me that Amazon would want to locate west," Fox said. "From a location perspective, it would look like a really good option."

But the city lacks a sophisticated transit system underway in several competing cities, including Washington, D.C., Denver and Boston. Barry is pushing for a \$5.4 billion transit plan that residents will be able to approve through a referendum vote in May, but the construction will take at least 15 years, if approved.

And while the city has a growing technology sector, there may not be enough tech workers in place to lure Amazon.

"Compared to some of the other cities on the shortlist, we have far fewer tech workers. That's a fact," Nashville Technology Council CEO Brian Moyer said. "The Middle Tennessee educational community is firmly committed to the challenge of meeting the increased talent demand. The tech apprenticeship program that we are launching shows we are committed to finding new and innovative ways to meet our current and future talent needs."

With Amazon expanding its pharmaceutical capabilities, the proximity to health care companies in Nashville might also be a draw, he said.

Where would an Amazon facility go?

The proposal has not been made public, so it is unclear what sites were identified to Amazon. In emails to city officials, first reported by the Nashville Business Journal, business leaders recommended multiple sites including River North, Nashville Yards and the 300-acre mixed-use development site in Antioch where IKEA will be located.

River North is a mixed-use site on the East bank of the Cumberland River near where Topgolf opened a sports entertainment complex. Chicago-based Monroe Investment Partners owns about 100 acres in that area, which is located across the river from Germantown, and is seeking potential tenants.

The Nashville Yards site is located along Broadway and the Gulch railroad. In an email to city officials, an engineering firm mentioned the possibility of building a pedestrian bridge over the CSX railroad and a streetcar system to connect campuses at 5th and Broadway, Nashville Yards and the Gannett building, home to The Tennessean.

What other cities are in the running?

Atlanta, Austin, Boston, Chicago, Columbus, Ohio, Dallas, Denver, Indianapolis, Los Angeles, Miami, Montgomery County, Md., Newark, New York City, Northern Virginia, Philadelphia, Pittsburgh, Raleigh, Toronto, Washington, D.C.

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