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Amazon looking for second home

Expansion sweepstakes open to metropolitan areas across North America

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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 US\$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 a 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 U.S. 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, N.J.-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 United States, could be a top contender for Amazon's new headquarters, according to Boyd.

"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 3.2 kilometres 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 US\$1 billion in state and local subsidies as they've built warehouses across the country, including more than US\$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 US\$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.

He added that if Amazon were to choose a location represented by both Democrats and Republicans, "they would be creating friends in Congress in both parties."

He added that the Washington area, where Bezos recently bought a US\$23-million house, could be a likely contender. The area has a highly-educated population and a growing pool of young workers. Plus, he said, keeping Amazon's headquarters in the United States could help ease relations with the president, who has in the past been critical of the company.

Amazon, which employs 380,000 people, is expanding rapidly. It is in the process of opening a number of new facilities and last month set out to hire 50,000 workers at a dozen locations across the country. The arrival of a sprawling new facility is likely to bring billions of dollars and thousands of well-paying jobs, but some say those benefits could come at a cost.

"Places that tend to have a large, technically skilled workforce are generally already expensive and densely built," said Jed Kolko, chief economist for jobs site Indeed.

"Amazon's headquarters decision will have an impact on the chosen place — more tax revenue, more economic growth — but at the same time, it will probably mean more congestion and higher housing costs."

In just the last month, Amazon announced plans to build three new warehouses that pack and ship packages in New York, Ohio and Oregon. And it recently paid close to US\$14 billion for Whole Foods and its more than 465 stores. The company plans to hire 100,000 people by the middle of next year, adding to its current worldwide staff of more than 380,000.

Amazon's current campus in Seattle takes up 8.1 million square feet, has 33 buildings and 24 restaurants and is home to more than 40,000 employees. At the second headquarters, Amazon said it will hire up to 50,000 new full-time employees over the next 15 years who would have an average pay of more than US\$100,000 a year.

Amazon's website about the search lauds the benefits it can bring to a community. And Amazon's arrival could transform an area: until 10 years ago, the neighborhood near Seattle's campus just north of downtown was dotted with auto parts stores and low-rent apartments. Now the area is a booming pocket of high-rise office complexes, sleek apartment buildings and tony restaurants.

However, Amazon's rise has not been without local critics, who say the influx of mostly well-heeled tech workers has caused housing prices to skyrocket, clogged the streets with traffic and changed the city for the worse. *The Seattle Times* reported Thursday that the median price for a house in August in Seattle was US\$730,000, up almost 17 per cent in a year.