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## New York City's Amazon HQ2 Loss Could Be These Cities' Gain

Jeremy Bogaisky - Forbes Staff - Deputy Editor for Industry - Feb 14, 2019



*YOU WIN — Protesters rally against Amazon and the company's plans to move their second headquarters to the Long Island City neighborhood of Queens, at New York City Hall, January 30. (Photo by Drew Angerer/Getty Images)Getty Images*

Amazon said Thursday it was canceling its plans to build a massive office complex in New York City's Long Island City neighborhood, bowing to opposition from local politicians concerned about gentrification, overcrowding and the large tax incentives that the state government had promised. Other cities are now licking their lips over the potential to get some of the 25,000 jobs that New York will miss out on.

Amazon said in a statement that it wouldn't reopen its search for a site for another headquarters complex "at this time," but that it would proceed with its plans to build its other HQ2 in Northern Virginia and an operations center in Nashville, and that it will "continue to hire and grow across our 17 corporate offices and tech hubs in the U.S. and Canada."

Since the much-ballyhooed announcement in November that New York City and Northern Virginia had won the e-commerce giant's HQ2 competition, Amazon and suppliers tied to it have quietly been in discussions on real estate in some of the 18 runner-up cities, says site selection consultant John Boyd, and he expects that the implosion of the New York City project could lead it to go bigger in some of these places.

His short list, based on chatter from real estate developers well before Thursday's announcement: Newark, N.J.; Miami; Pittsburgh; Austin, Texas; and Columbus, Ohio.

"A lot of these markets were very optimistic that in the next 18 months you were going to see investment," says Boyd. "This announcement will throw gasoline on that fire. Projects might happen sooner rather than later."

Boyd, who's based in New Jersey, is high on Newark, where Amazon's Audible unit is based, and where Class A office space is roughly \$30 a square foot, almost a fifth of what it was looking to pay in Long Island City.

"I think Amazon will learn some lessons from this – we can get all the same labor market and transportation advantages and be welcome by crossing the river," says Boyd.

Several major developers are working on office projects in Newark, including CBRE and L+M, and a consortium including Prudential last year purchased the majority of the massive Gateway Center. The city also boasts extensive gigabit-speed Internet infrastructure.

The Innovation District in Miami and Robotics Row in Pittsburgh are two other areas in which Boyd thinks Amazon or its suppliers could be interested.

And New York City may not lose out entirely. Amazon already has about 5,000 employees in the Big Apple, and given the company's interest in fashion and multimedia, it could expand headcount there.

"Amazon can walk and chew gum at the same time," says Boyd. "I don't expect them to develop a punitive posture toward the Big Apple."